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As Inventory Tightens, Strong Buyer Interest Pushes Home Prices Higher Again in May

- **Despite high demand for homes in Lee County, the number of properties for sale remains at historically low levels. Meanwhile, builders face multiple challenges as they seek to address the shortfall.**

The law of supply and demand was in full effect in the Lee County housing market in May, as low inventory continued to drive prices higher.

For single-family homes in Southwest Florida, the average sale price rose nearly 48% last month versus a year ago to \$507,517. The median price jumped 39% compared to May 2020 to \$365,000. As a result, the housing affordability index dropped nearly 27% compared to last year at this time.

On the supply side of single-family properties, the number of houses for sale dropped more than 77% in May vs. a year ago. That translates into a meager 0.7 months' supply of inventory. A year ago, Lee County had a 4.9-month supply, which is more typical in this area for late spring. The average single-family home sold in just 27 days last month — 60% less than in 2020.

Meanwhile, sales trends for condominiums and townhouses, which includes duplexes, roughly mirrored the single-family marketplace. However, housing inventory was especially tight in this segment, resulting in a drop of 91.7% — a two-week supply. That compares with a six-month supply of condos and townhouses a year ago.

The average price for condo and townhouse units sold in May was \$330,890, with the median coming in at \$246,000. Condos and townhouses lasted just 36 days on the market last month compared to 74 days in May 2020.

As pandemic restrictions ease, more buyers are coming into the market, but are finding that there is a diminished supply of homes available. With such a limited supply of existing homes for sale, the market is looking to home builders to provide a much-needed boost of inventory to help meet buyer demand. However, increasing material and labor costs, along with supply chain challenges, have contributed to significantly higher construction costs, with builders passing these costs on to homebuyers. Analysts expect the current historically low levels of homes for sale to continue for some time.

About the Royal Palm Coast Realtor Association

Comprising a membership of more than 8,000 Realtors, RPCRA exists to advance the success of its members, serving as a resource for professional development and an advocate in community issues affecting members, their customers and property owners' rights. RPCRA serves Southwest Florida Realtors with offices in Cape Coral and Fort Myers. For more information, visit www.rpcra.org.

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Media Contact:

Jim Sanville, RPCRA Marketing and Communications, jim@rpcra.org, 239-936-3537 x240

Detailed market statistics available upon request.