

Market Outlook

JULY 2022

Sarasota & Manatee Counties

Sanderling (Siesta Key)

7323 Pine Needle Road

Sarasota, FL 34242

Judie Berger Team

Photo courtesy of Coastal Photography

Premier

Sotheby's
INTERNATIONAL REALTY



My how things have changed

After two years of unprecedented growth in sales and rising prices, the market has shifted. Odds are you already know the market has slowed, but you want to know where the market is headed for the remainder of 2022.

Though nobody can predict the future, we can make an educated projection based on our knowledge of the immediate past and the market dynamics driving the Sarasota market. When I say "immediate past" I mean the past 60 days. The market shifted in mid-April 2022 (Easter). We are no longer in a frenzied boom market nationally or locally, but Florida and more specifically Sarasota are better positioned to weather the shift than much of the country.

Our goal is to provide you insight and advice so you can make better decisions in your real estate investments. We encourage you to take a few minutes to digest the data and corresponding perspectives within.

Craig Cerreta, Managing Broker

Sarasota
50 Central Ave, Suite 110
Sarasota FL 34236
941-364-4000

Longboat Key
517 Bay Isles Pkwy
Longboat Key FL 34228
941-383-2500

Lakewood Ranch
8141 Lakewood Main
Lakewood Ranch, FL 34202
941-907-9541

Venice
215 W Venice Ave
Venice FL 34285
941-488-2600



9804 2nd Ter NW Bradenton 34209
Amy Royall



1280 Hidden Harbor Way, Siesta Key 34242 Judie Berger Team

Big Picture—Nationally



Americans cannot help but be confused by the constant barrage of contradictory news, data, and forecasts on the housing market's future.

In the past two years we have witnessed incredibly strong consumer demand for housing combined with the most rapid housing price increases since the 1920s. Prices remain at record highs.

The pace of appreciation has slowed nationally and has actually seen pricing pullbacks in some other markets. Inventories remain at historical lows which helps to maintain the current price averages. Most, if not all, markets are finally seeing a significant increase of inventory which should balance out the supply / demand balance.

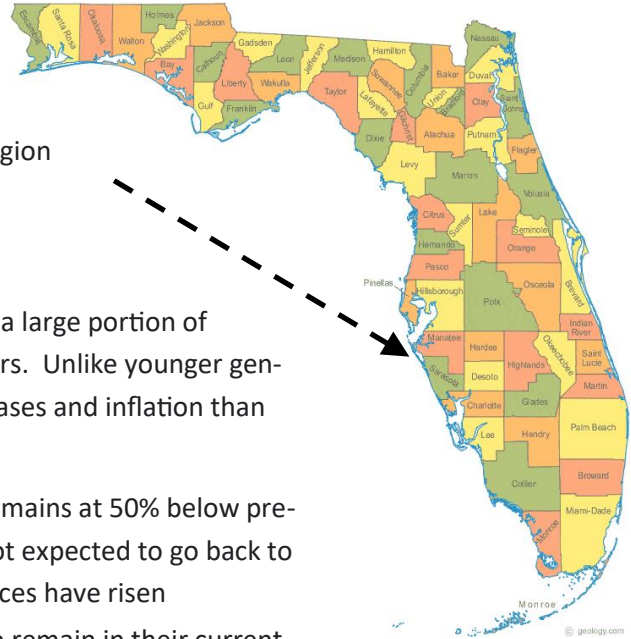
THE BAD (or Not so Good)

- Inflation will be with us for the upcoming future.
- Consumer Spending is stagnating as inflation erases gains.
- Supply chain issues will continue, resulting in continued building cost increases.
- Interest Rates along with higher home prices have reduced home buying power by 60+%.
- Demand for Vacation Homes has returned to Pre-pandemic levels.
- The stock market declined significantly back to January 2021 levels, impacting consumer confidence.
- Rental rates are still increasing due to a massive national shortage of rental inventory.
- Economists predict a slowing economy and possibly a moderate recession through 2023.

GOOD FOR REAL ESTATE

- Inflation should grow at a slower pace going forward. The worst should be over.
- Housing prices historically increase during inflationary times (just not as fast as inflation).
- People invest in hard assets like real estate during difficult or volatile times.
- Investors looking to expand their rental portfolios will do so due to the huge demand for rentals and the belief that overall values should hold steady (market dependent).
- Housing inventory is still at historically low levels, keeping price pressure up.
- Baby Boomers are still retiring at unprecedented rates and still want to move to their dream home.
- Many Gen-x and Millennials are investing in Real Estate to secure their future.

Sarasota & Bradenton



Simply put: the sun is still shining on Sarasota! Our local region will weather the market shift better than most.

Why? Simple economics: Supply Vs Demand

Demand is slowing, but it is still phenomenal because such a large portion of our buyer pool is the retiring (or near retiring) baby boomers. Unlike younger generations, Boomers are less affected by mortgage rate increases and inflation than markets primarily comprised of younger generations.

Supply has risen significantly in the past quarter, but still remains at 50% below pre-pandemic levels. It will continue to increase, however is not expected to go back to pre-pandemic levels anytime in the foreseeable future. Prices have risen to a level forcing many if not most existing home owners to remain in their current homes which are affordable and within their existing budget.

DOES THAT MEAN OUR PRICES WILL ALL REMAIN HIGH?

So far the majority of price corrections have been against inflated asking prices, not against the underlying actual home value. How can this be when we see daily price reductions? Local asking prices surged upward on average 20% between January 1st and April 17th, 2022 (Easter) which was a faster pace than anytime in the prior two years. That 20% gain is being pulled back closer to average sold prices in early 2022.

Multiple offers and escalation clauses have mostly evaporated except on the “handful” of truly unique highest demand properties. Buyers are taking their time again, looking at multiple properties and making more aggressive offers with the intent of negotiating.

We will and are seeing price corrections today. Asking prices over the past quarter had become irrationally high as late-to-the-party sellers tried to capitalize on the market. Those who did not sell before the shift are experiencing 10% to 20% “asking” (List) price reductions. We believe much of the actual home value gains from 2020 and 2021 will remain firm, but the recent excessive asking prices will continue to pull back.

A RETURN TO NORMALCY

The level of demand in Sarasota / Bradenton today is similar to that of 2019 which was a great year by normal standards. The average price being paid today is comparable to those in early Q1 2022. Sellers who adjust their expectations will sell their homes and still reap the profits gained over the past several years, just not the unsustainable increases over the past few months.

Could we see further adjustments? Yes, but history tells us Americans want to live in beautiful locations like Sarasota / Bradenton. Supply vs Demand!

Sarasota & Bradenton's Finest Homes

\$20,000,000 Dall'Acqua & Napolitano
1312 Casey Key Rd Nokomis 34275



Courtesy of Coastal Home Photography



\$17,500,000 Jayne Kocher
8413 9TH Avenue NW Bradenton

Courtesy of Coastal Home Photog-

\$12,000,000 Schemmel Soda Group
3736 Meridale Rd, Sarasota 34238



Courtesy of Coastal Home

\$7,500,000 Judie Berger Team
1280 Hidden Harbor Way, Siesta Key



Courtesy of Coastal Home

\$6,995,000 Peter G Laughlin Group
29641 State Rd 70 E, MYAKKA CITY 34251



Courtesy of Pix360 Photography



\$5,750,000 Donna Soda
7931 Midnight Pass, Siesta Key 34242

Courtesy of Coastal Home



\$2,399,000 Keri Allen
1330 Ocelot Rd, Venice 34293

Courtesy of Prion Photography



\$2,400,000 Cindy Pierro
1005 Riviera Dunes, Palmetto 34221

Courtesy of Coastal Home



\$2,300,000 Linda Dooley
7647 Albert Tillinghast Dr, Sarasota 34240

Courtesy of Pix360 Photography



\$1,825,000 Laura Stavola
10311 Saddle Horse Dr, Sarasota 34241

Courtesy of CMS Photograph



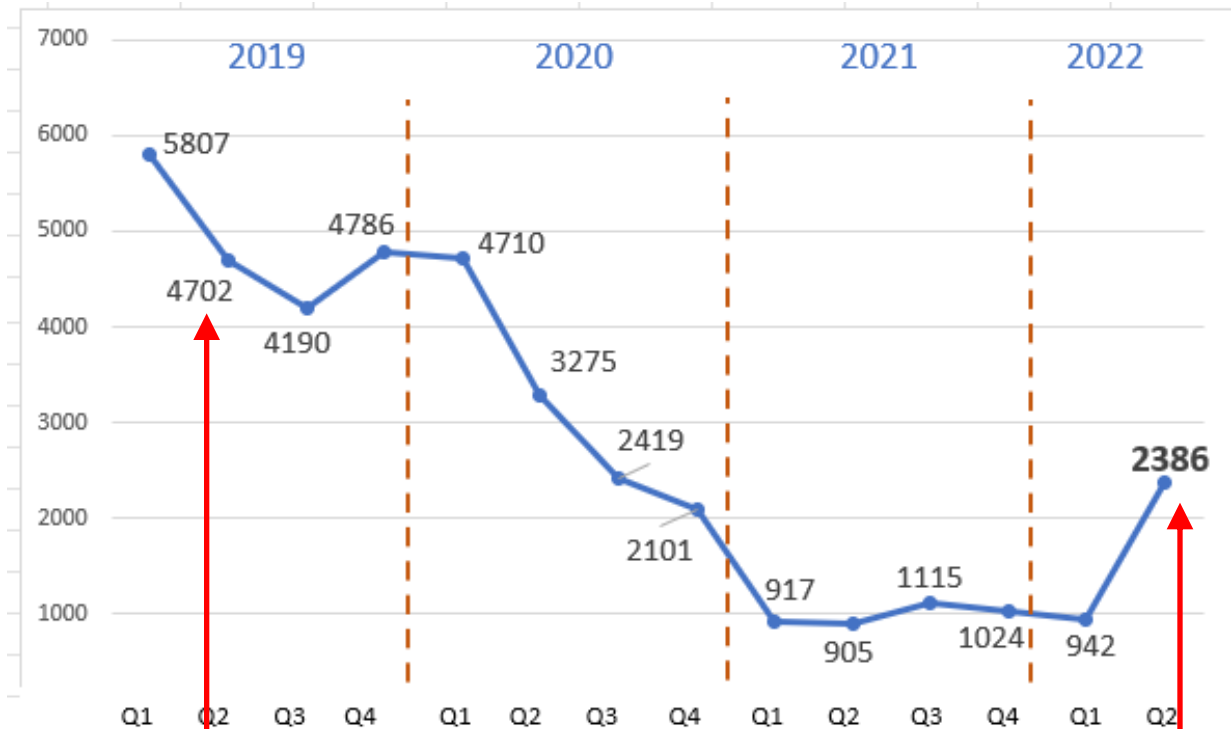
\$1,900,000 Wesley – Giordano
325 Salerno Dr, Venice 34285

Courtesy of Prion Photography

SUPPLY

Single Family Homes “For Sale”

Sarasota & Manatee Counties - per Stellar MLS



Declined from March 2020 thru March 2021

Historic lows for the prior 5 quarters

Up 153% since March 31, 2022

Still only 50% of the typical inventory that we saw on June 30th 2019

The biggest inventory gains have been in the \$2.5 Million plus segment which is nearing a balanced supply vs demand level. All segments below \$2.5 Million are still undersupplied.

Under \$500,000 is the most undersupplied segment with only 720 homes for sale which represents approximately 30% of the total homes for sale. In a pre-pandemic market we normally saw 60% of the total homes for sale being offered at \$500,000 or under. First time home buyers and affordability restricted buyers have very few choices and are not likely to see improvement over the coming months.

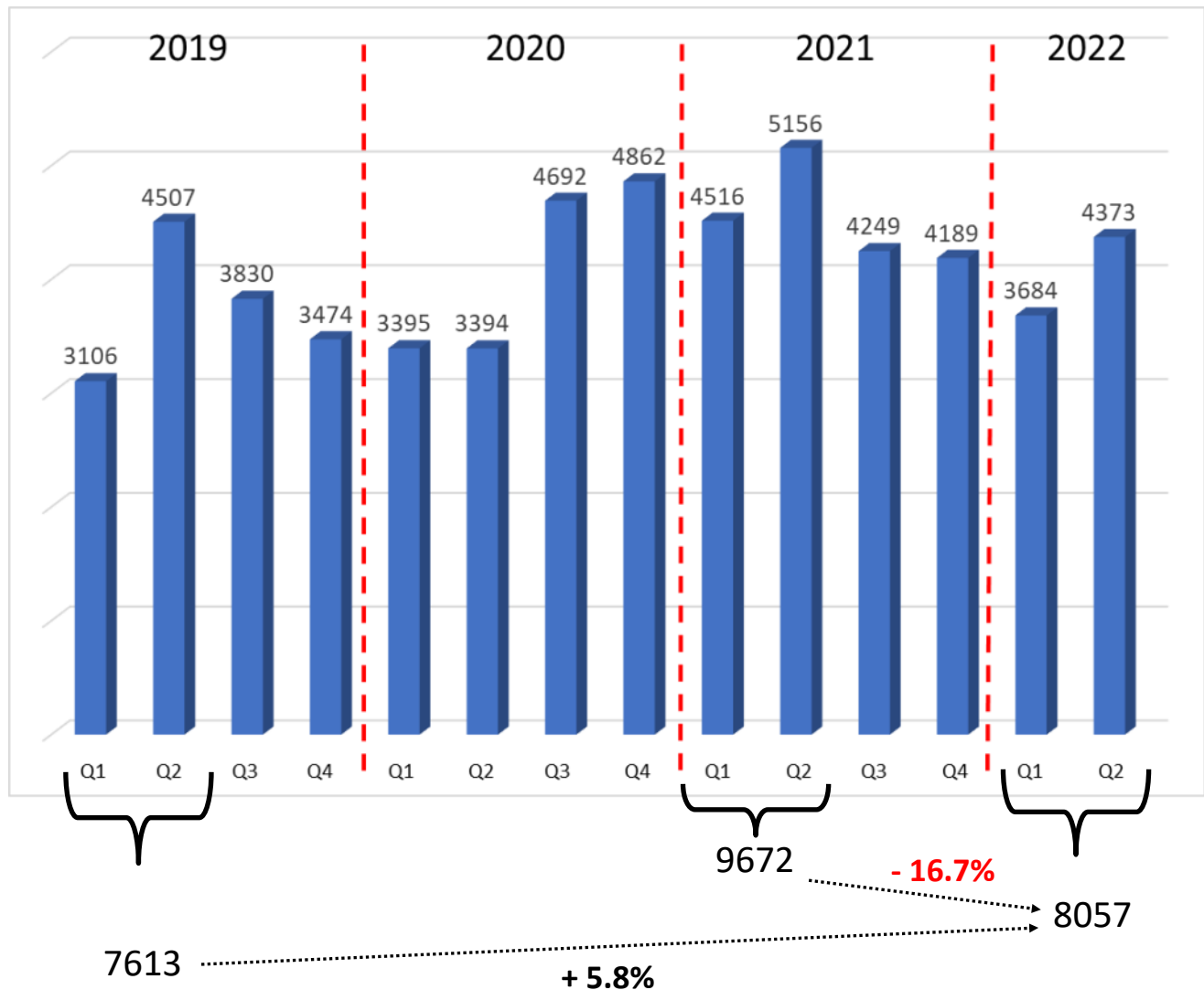
Premier Sotheby's International Realty

Data supplied is from the Stellar MLS is deemed but not guaranteed to be 100% accurate

DEMAND - Sold & Closed

Single Family Homes

By Quarter - All Prices



The number of homes sold and closed in the first two (2) quarters of 2022 is down **-16.7%** from the same two (2) quarters of 2021. There is no question that both 2020 and 2021 were abnormal years.

The first two quarters of 2019 would be a better benchmark gauge of market momentum because it was a Pre-Covid normal year. 2019 was a strong year with a more normal or balanced market.

The first two (2) quarters of 2022 are up **+5.8%** compared to the first two (2) quarters of 2019. The takeaway being that so far “demand” is comparable to a strong normal market year like 2019.

DEMAND - Units Sold & Closed

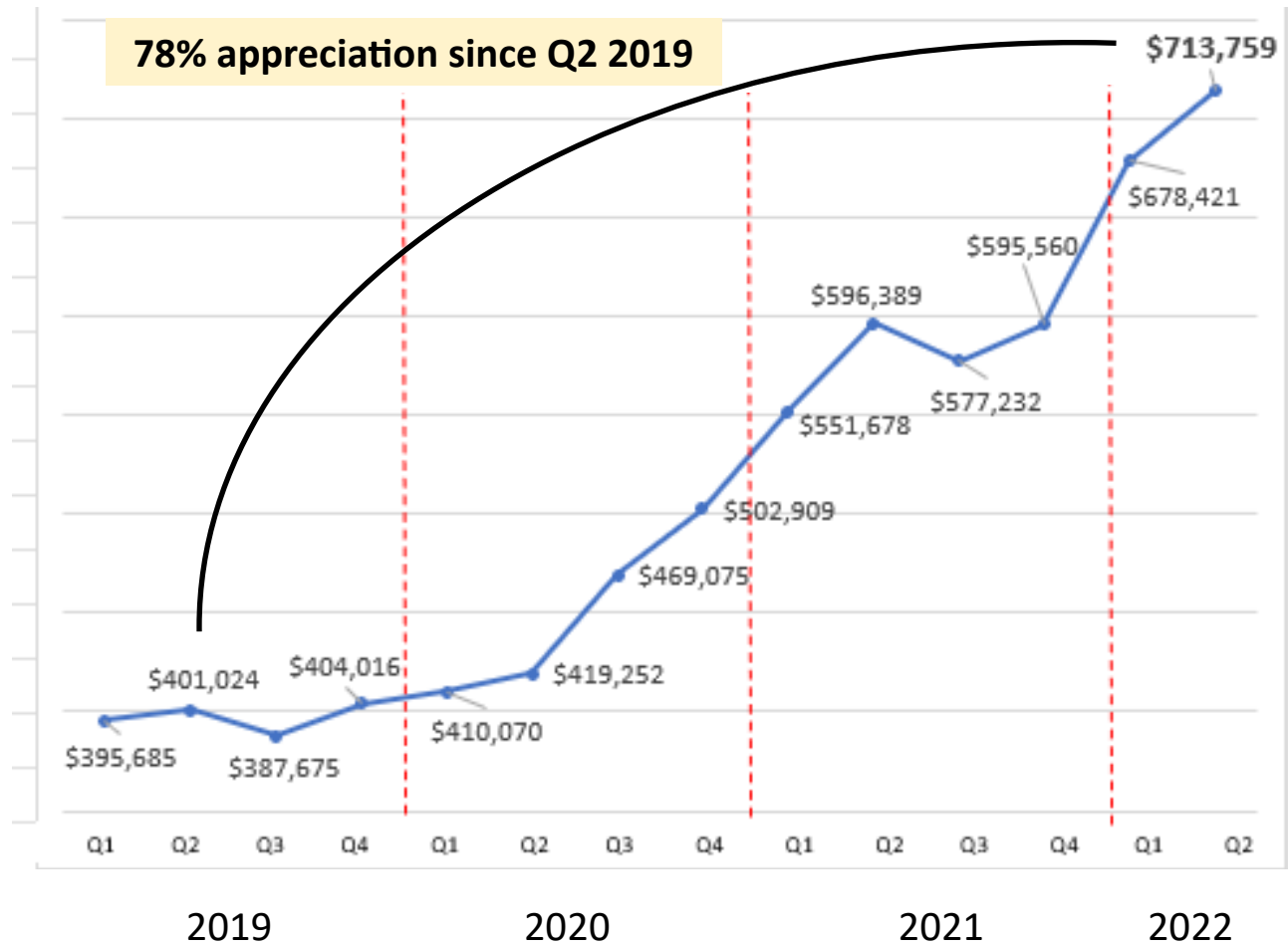
Single Family Homes

Year to Date Comparison Thru 6/30		Sold & Closed		
Under \$500,000	2019	6368		<i>The weakest segment. Dramatically reduced inventory resulted in far fewer sales.</i>
	2020	5574	-13%	
	2021	6552	18%	
	2022	4007	-39%	
\$500K to \$1 Mil	2019	1013		<i>Strongest segment in terms of unit sales. Expected to continue growing if inventory can keep up with demand.</i>
	2020	998	-1.5%	
	2021	2158	116%	
	2022	3106	44%	
\$1 Mil to \$2.5 Mil	2019	286		<i>Nearly identical number of units sold as the same time a year earlier, but still more than double 2019 and 2020.</i>
	2020	245	-14%	
	2021	724	196%	
	2022	731	1%	
Above \$2.5 mi	2019	41		<i>Homes "for sale" over \$2.5 Mil increased by 37% while sales remained constant resulting in increasing inventory and days on the market.</i>
	2020	51	24%	
	2021	215	322%	
	2022	214	-0.5%	
Combined Totals	2019	7708		<i>2022 is shaping up to be a strong year. Homes sold are down year over year, but still well ahead of pre-pandemic years.</i>
	2020	6868	-11%	
	2021	9649	41%	
	2022	8058	-17%	

Average Sold Price

Single Family Homes

Sarasota & Manatee Counties - per Stellar MLS



Phenomenal appreciation!

We expect significant reduction in price appreciation going forward, but that does not mean we will see a reduction in the actual underlying home values.

Without question the bar has been raised in Sarasota as more buyers from the Northeastern US and South-eastern Florida purchase higher end homes here.

6/30/2019	\$401,024	
6/30/2020	\$419,242	5%
6/30/2021	\$596,389	43%
6/30/2022	\$713,759	20%

Premier Sotheby's International Realty

Data supplied is from the Stellar MLS is deemed but not guaranteed to be 100% accurate

Sarasota & Bradenton's most spectacular Condominiums



Epoch

\$16,350,000

605 S Gulfstream Ave, PH 18 Sarasota 34236

Moriah Taliaferro

Photos courtesy of Gianfranco Spagnolo



Aqua

\$13,770,000

280 Golden Gate Point 400 Sarasota 34236

Lisa Rooks Morris and Amy Drake

Photos courtesy of Gianfranco Spagnolo



Regent Place

\$4,350,000

675 Longboat Club Rd, Longboat Key 34228

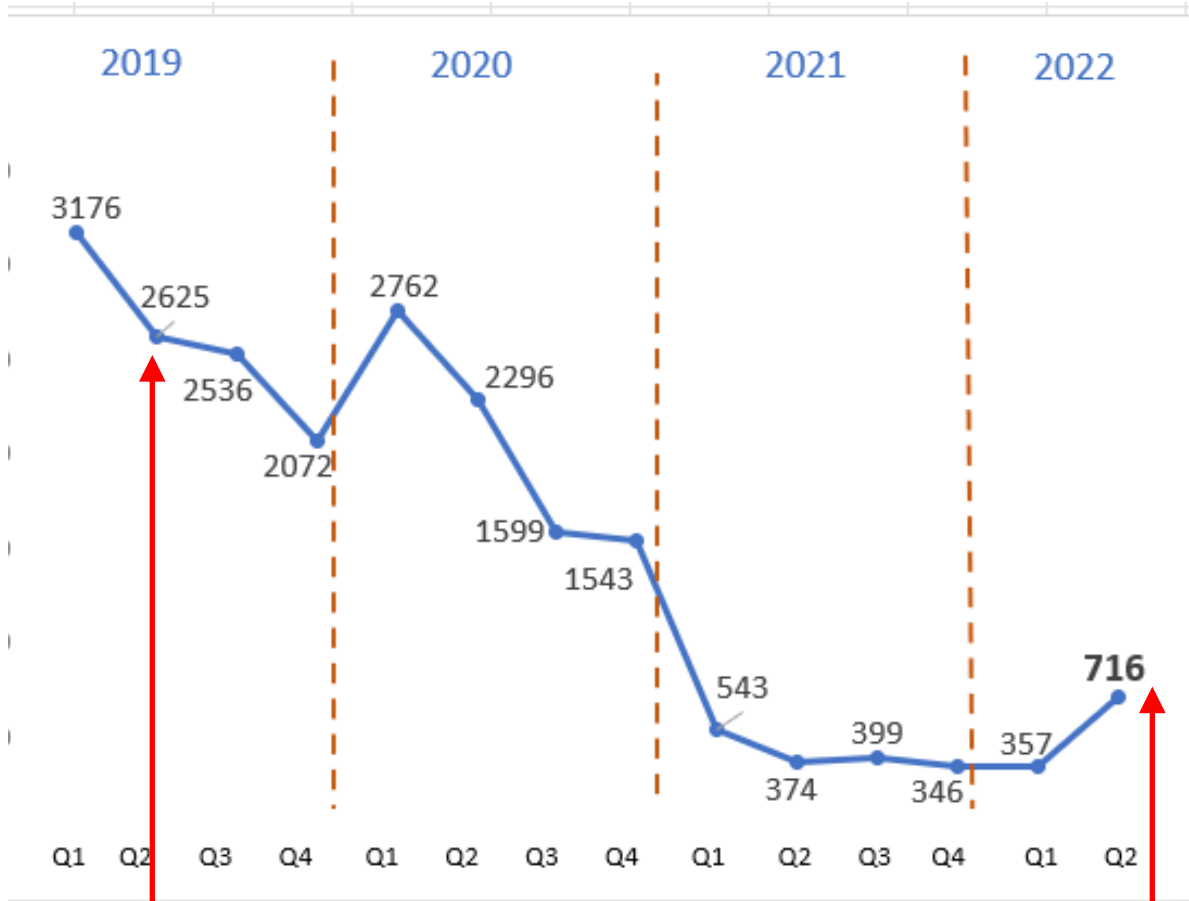
Jo Rutstein & Hilary Souza

Photos courtesy of Coastal Home Photography



SUPPLY

Condominiums & Townhomes “For Sale”



Declined from March 2020 thru March 2021

Historic lows for the past 5 quarters

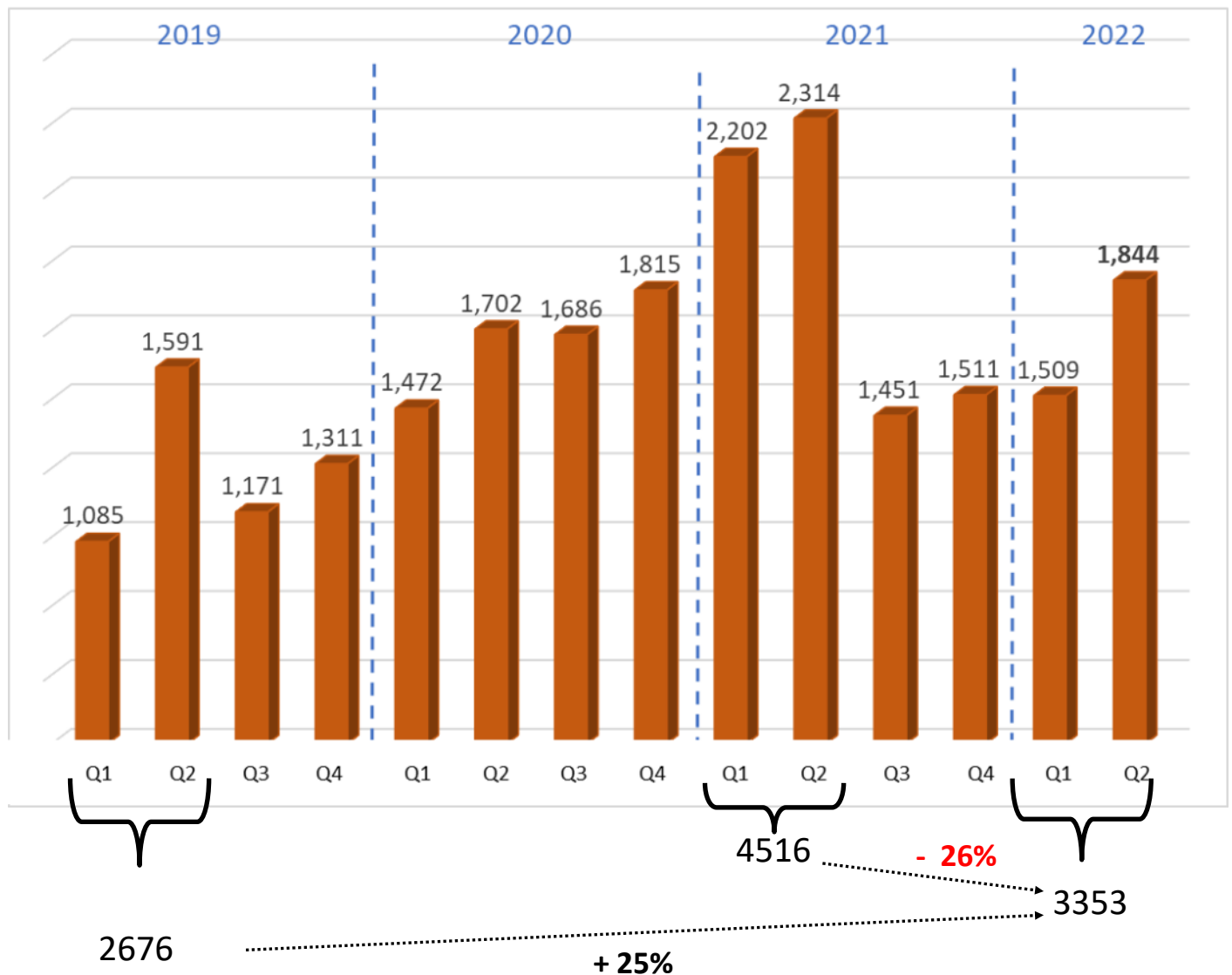
Up 100% since March 31, 2022

Still less than 1/3 of the typical inventory that we saw on June 30th 2019

Condominium inventory has not increased as aggressively as single family inventory. It has improved but has continued to struggle keeping up with demand. As a result we are seeing a stronger Seller's Market for Condos. New construction is still well behind demand, especially in the low to moderate price points. Inventory is expected to continue rising but more slowly than single family.

DEMAND - Sold & Closed

Condominiums & Townhomes



Condominiums sold far fewer units year-to-date in 2022 than last year, but similar to Single Family Homes the pace of sales far exceeds 2019. The first two quarters of 2019 would be a better benchmark gauge of market momentum because it was a Pre-Covid normal year. 2019 was a strong year with a more balanced market.

Condo sales are harder to track and analyze due to huge swings when new projects are completed. Such is evidenced a year ago in the first half of 2021 when numerous projects completed at a wide variety of price points.

Regardless, sales have slowed due to a lack of inventory even taking New Projects into consideration.

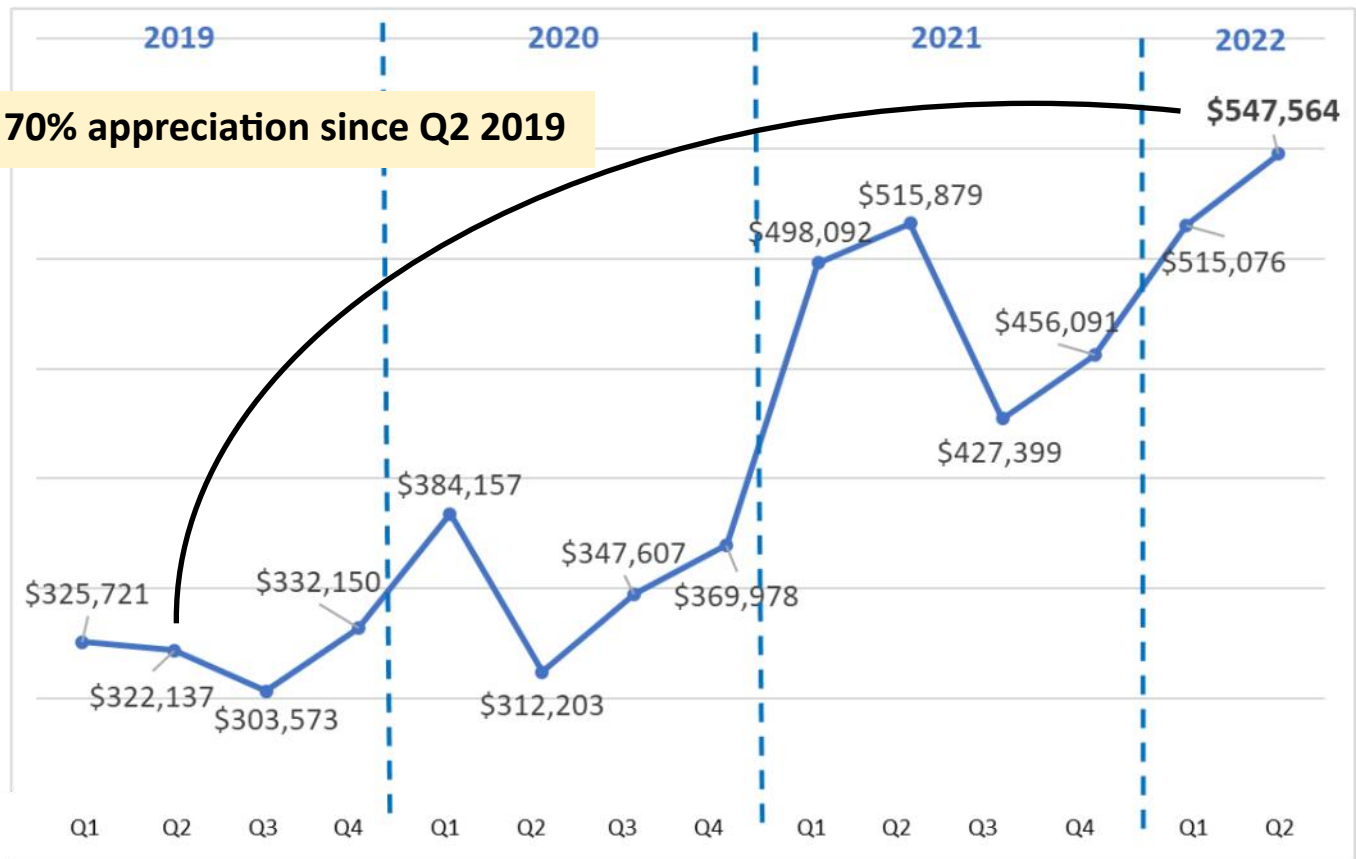
DEMAND - Sold & Closed

Condominiums & Townhomes

Year to Date Comparison Thru 6/30		Sold & Closed		
Under \$500,000	2019	2271		<i>Dramatically undersupplied inventory resulted in far fewer sales.</i>
	2020	2124	-7%	
	2021	3435	62%	
	2022	2366	-31%	
\$500K to \$1 Mil	2019	308		<i>Solid resale activity and demand but not enough new construction options to keep up with demand at this price.</i>
	2020	336	9%	
	2021	705	110%	
	2022	658	-7%	
\$1 Mil to \$2.5 Mil	2019	84		<i>The condo market sweet spot, especially for new construction. Continued growth anticipated as new projects come to market.</i>
	2020	129	54%	
	2021	240	86%	
	2022	269	12%	
Above \$2.5 mi	2019	13		<i>The high-end luxury segment is driven by new projects. This number will recover when the current construction projects are completed.</i>
	2020	11	-15%	
	2021	151	1273%	
	2022	61	-60%	
Combined Totals	2019	2676		<i>The -26% decline in sold units is misleading because supply is still well below demand. Four out of five multiple offer situations today are in the condo segment. Demand is strong.</i>
	2020	2600	-3%	
	2021	4531	74%	
	2022	3354	-26%	

Average Sold Price

Condominiums & Townhomes



70% appreciation since June 30, 2019

Though we expect a reduction in the pace of resale condo price appreciation going forward, we still expect condos to appreciate because supply is not keeping up with demand.

We will see upward spikes in average prices as large currently under construction new projects come to completion and closure in 2023.

The condo market is still substantially undersupplied .

6/30/2019	\$322,137	
6/30/2020	\$312,203	- 3%
6/30/2021	\$515,879	65%
6/30/2022	\$547,564	6%

Will we return to a “normal” market?

Overall the market is still strong. 2022 is shaping up to look more like 2019 than anytime during the pandemic. Looking back at 2019 we saw a constant demand primarily driven by retiring baby boomers combined with a growing population of millennials. The baby boomers are still retiring and still coming to Florida. The millennials will struggle with higher prices and interest rates more than the boomers, thus risking a pullback in millennial demand over the coming months.

Buyers will have increasing choice giving them the luxury of considering options and negotiating offers. Seller expectations have to shift as they come to grips with the fact that multiple offers are less likely and buyers are demanding more favorable terms. Days on the market are increasing. So far it is still very low comparative to a normal market like 2019, but it is increasing.

Today's Buyer is pushing back against overpriced homes. As a result homes that are even 5% to 10% overpriced are not selling unless they are an ultra desirable unicorn. What a change from a few months ago when multiple offers and escalation clauses were pushing prices well above list price. Sounds like a more normal market.

Does this mean the market bubble has burst? NO. Does this mean prices in Sarasota / Bradenton are going to drop? NO. Buyers are still willing to pay a fair dollar for a nice home in excellent condition. Many economists predict continued inventory shortages and some continued price appreciation for Florida. Others project a flat market or even moderate pull back. Nobody knows for sure. What we do know is that we live in a highly desirable location where people want to be.

All said, we cannot stick our head in the sand ignoring the market shift. The frenzied market is history, and it has been replaced with a more normal market. That can change. Real estate is highly influenced by consumer confidence, stock market, world events and politics. The balance of 2022 has the potential to be volatile, so the best advice I can offer you today is to pay close attention to real trends and non-biased news. As a society we are too influenced by social media reporting which is totally biased and in the vast majority of cases driven by a personal agenda of the person or organization presenting it.

Craig Cerreta, Managing Broker



Premier | Sotheby's
INTERNATIONAL REALTY

Sarasota
50 Central Ave, Suite 110
Sarasota FL 34236
941-364-4000

Longboat Key
517 Bay Isles Pkwy
Longboat Key FL 34228
941-383-2500

Lakewood Ranch
8141 Lakewood Main
Lakewood Ranch, FL 34202
941-907-9541

Venice
215 W Venice Ave
Venice FL 34285
941-488-2600

Everyone deserves
the extraordinary,
because luxury is
not about price —
rather it's about an
experience. And
when it comes to
real estate,
experience matters.



PREMIERSOTHEBYSREALTY.COM

Premier Sotheby's International Realty, Inc. All Rights Reserved. Sotheby's International Realty is a registered trademark licensed to Sotheby's International Realty Affiliates LLC. Each office is independently owned and operated. Equal Housing opportunity.

This material is based upon information from the Stellar MLS, which we consider to be reliable but not guaranteed to be accurate. This offering is subject to errors, omissions, and changes without notice. If your property is listed with another real estate broker, please disregard. It is not our intention to solicit the offerings of other real estate brokers. This material and its trademarks may not be republished or redistributed without prior written permission from Premier Sotheby's International Realty.