



Stellar MLS 2023 Market Report

Part 1: 2023 Outline

Sales YoY

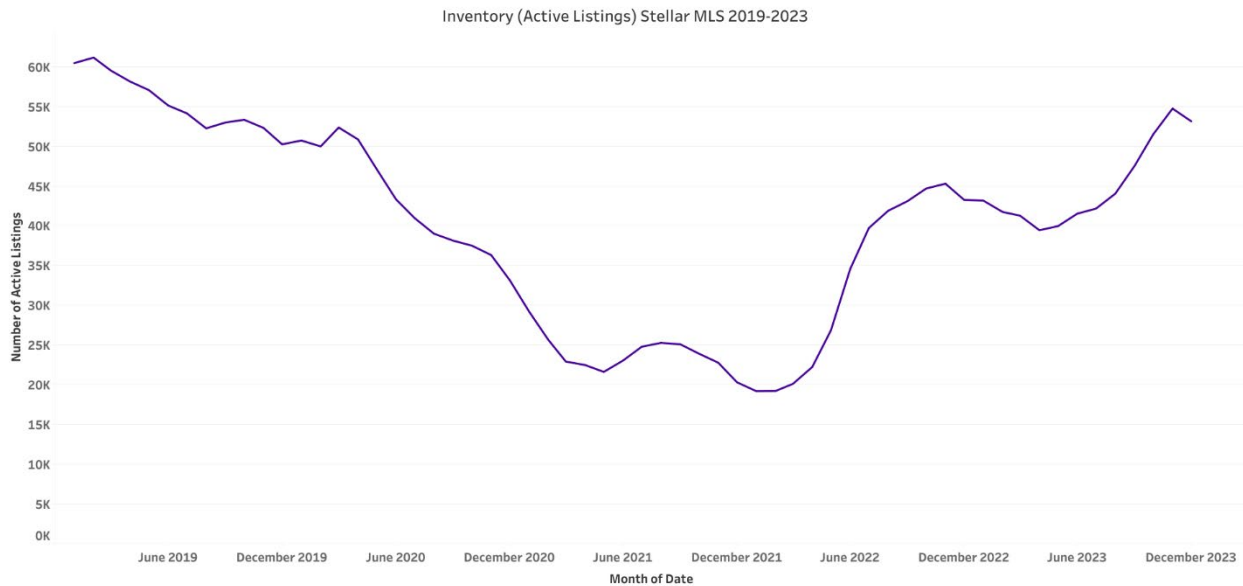


Residential unit sales (all types) declined to the lowest point in the past five years, falling below pre-Covid sales in 2019. 2023 Sales are down 23% from the peak set in 2021. While sales have declined, inventory in 2023 has increased over the three previous years, but the monthly average for 2023 is below that in 2019. Based on active listings, the months of inventory in Stellar MLS for December 2023 were just over four months at the current sales rate, placing it at the same level as early 2020.

The sales volume of residential property in Stellar MLS was **over 80 billion dollars** in 2023. This is lower than the 86 billion for 2021 but is substantially higher than the 54 and 62 billion in 2019 and 2020, respectively. The average sales price per unit **was 21% higher in 2023 than in 2021**, reflecting the fact that home prices increased during COVID, and have remained elevated.

Inventory Increase

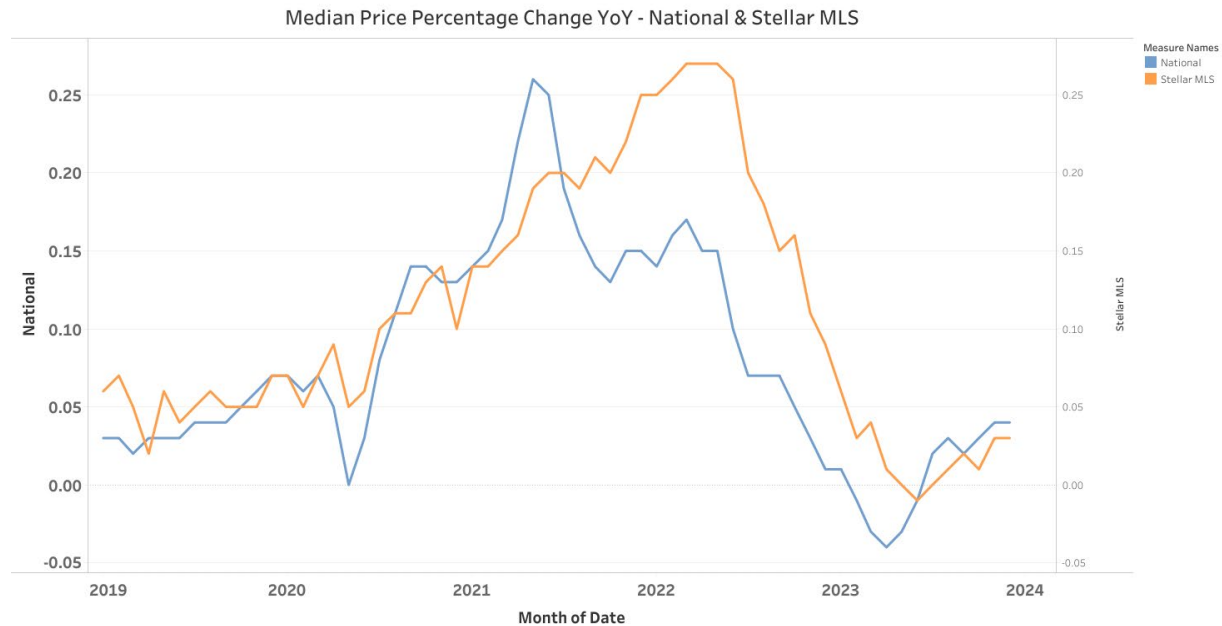
Active listings in December 2023 were 53,133. November 2023, with 54,730 listings, was the **highest number of active listings in the MLS since May 2019**. The monthly average active listings for Stellar MLS in 2023 was 45,003, 88% higher than in 2021 and 35% higher than in 2022 but still 4% lower than the pre-COVID year of 2019.



Days On Market (DOM)

The monthly average of a listing's DOM was forty-four days in 2023. **This number is almost twice the average DOM during COVID in 2021 and 2022** of twenty-eight and twenty-three days, respectively. The 2023 DOM is on par with the 5-year, pre-COVID average and below the 10-year average for Stellar MLS."

Median Price Increase



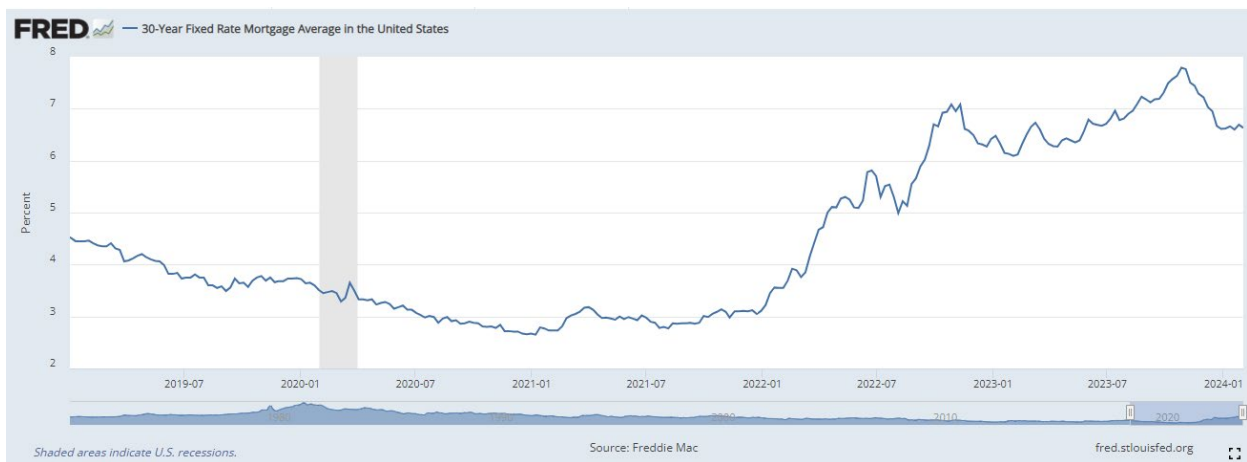
*Chart shows the percentage change of median price for the same month from the previous year.

The median price steadily increased over three years within the Stellar MLS market; the median price nationally peaked several months earlier. In 2022, the percentage of YoY increases began to decline (still showing growth). This decline coincided with the rise in mortgage interest rates. Both the national and Stellar MLS YoY change dipped to negative in mid-2023 before showing YoY increases the rest of the year. **The median home price for the Stellar MLS market area was \$370,000 and \$382,600 nationally, respectively, at the end of 2023.**

Mortgage Rates

The increase in mortgage rates over the past two years has reduced affordability for many home buyers because of the increased borrowing cost, without a corresponding reduction in home prices. Increased mortgage rates have traditionally applied downward pressure on home prices. **In 2023, median home prices still increased**, combined with the increase of mortgage rates, contributing to the decline in residential home sales in 2023.

In a survey of mortgage lenders, a 30-year conventional mortgage rate **reached as high as 8%** in October 2023. That rate fell by 0.8% from October to December and is below 7% in January 2024. (Bankrate.com)



The Federal Open Market Committee (FOMC), in its December 2023 meeting, **"held its key interest rate steady for the third straight time and set the table for multiple cuts to come in 2024 and beyond."** from a CNBC report (Cox, 2023). These further reductions in interest rates should lower borrowing costs for buyers and spur more sales.

Population Growth – Migration

More individuals are opting to leave high-cost-of-living areas for housing markets that are less competitive and more affordable. Mass layoffs, rising inflation, state taxes, increased mortgage rates, and the continued growth of remote work have sustained the migration trend in 2023 that began during the pandemic.

According to North American Van Lines data, the key trends in migration are as follows:

1. Overall moving volume **has declined by 12% compared to 2022.**
2. Southern states continue to attract inbound movers, with top destinations including South Carolina, North Carolina, Tennessee, Arizona, and Florida since 2020.
3. Illinois retains the highest percentage of outbound movers, with California being a close second.
4. More individuals are taking advantage of remote and hybrid work options to **relocate to suburban areas in the South.**

Individuals with higher-than-average incomes are increasingly relocating to less competitive, more affordable housing markets. This trend has intensified over the past couple of years as housing affordability declined. The pandemic-induced increase in home prices and an increase in mortgage rates has further heightened **the search for affordable housing.**



Population Growth – Migration (Continued)

The rise of remote work has sparked a suburban surge, with **people moving away from cities in search of affordable housing**. This trend began to take off at the end of 2020 and continues to influence migration patterns in 2023. Many companies downsized their corporate office spaces, leading to reduced capacity for full-time office staff. **In 2023, 27% of Americans work remotely**. The increased flexibility of remote work has triggered an exodus of residents from high-cost areas.

Illinois has consistently held its position as the top state for outbound moves since 2014. Other notable outbound states include California and Pennsylvania. California residents have long contended with the highest tax rates in the United States. These higher taxes reduce overall income, leaving fewer funds for discretionary spending and investment. Additionally, high property taxes play a further role in motivating Golden State residents to explore alternative locations.

In 2023, the most popular destinations for movers were South Carolina, Tennessee, Arizona, and Florida, thanks to their low cost of living and reasonable housing prices.

According to Zillow economists, Orlando is among the top 50 metro areas and is a leading migration destination, experiencing many outbound moves from New York, Dallas, Chicago, and Los Angeles.

Top Net Inbound Destinations	Where the Movers Came From			
Charlotte	New York	Chicago	Dallas	Houston
Providence	San Diego	New York	Chicago	Los Angeles
Indianapolis	Chicago	Dallas	Detroit	Philadelphia
Orlando	New York	Dallas	Chicago	Los Angeles
Raleigh	New York	Boston	Dallas	Austin

According to Redfin, **approximately 2% of homebuyers searched to relocate to the Orlando area** from other metro cities across the country. The top three cities where homebuyers searched to move to Orlando are New York, Miami, and Washington, DC. Around 66% of Orlando homebuyers searched to stay within the Orlando area.

Florida's International Real Estate Market

Florida REALTORS® released their "2023 Profile of International Residential Transactions in Florida" report, shedding light on the dynamics of the state's international real estate market. The report revealed notable trends and changes in purchasing behavior.

The report indicates **a significant 18% decline in residential property sales for international buyers** compared to the preceding 12 months. Despite this decrease, the total dollar volume of international purchases **stood at \$12.6 billion**, indicating a substantial economic contribution to Florida's real estate market.

Canadian buyers emerged as the frontrunners in terms of total dollar volume, **accounting for \$2.1 billion in purchases**. However, it's noteworthy that while Canadians maintained their lead, there was a notable decline in the dollar volume of purchases by buyers from Colombia, Peru, and Mexico.

International buyers encounter similar challenges to their domestic counterparts, including higher property prices and increased interest rates. **A significant proportion—68%—of international buyers opted not to invest in Florida properties, with 47% citing cost as the primary deterrent.**

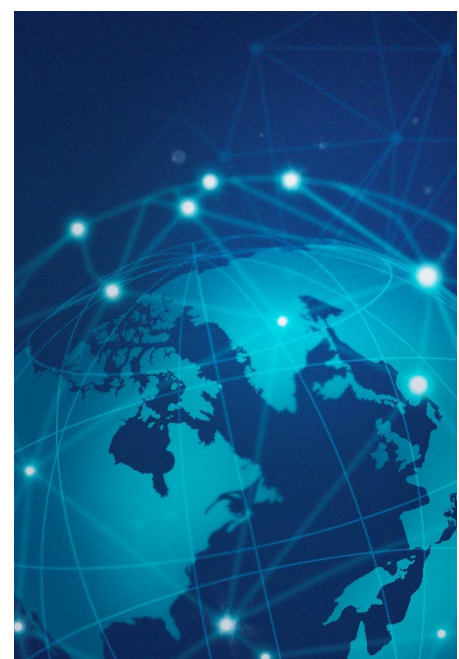
A striking statistic revealed that a vast majority—**93%—of international buyers visited Florida before finalizing their property purchase**. This underscores the importance of firsthand experience and familiarity with the region before committing to a real estate investment.

Top 5 International Buyers by Dollar Volume:

- Canada (\$2.1 billion)
- Brazil (\$1.5 billion)
- Colombia (\$982 million)
- Peru (\$539 million)
- Mexico (\$524 million)

Top International Buyer Destinations in Florida

- Miami-Ft. Lauderdale-West Palm Beach (47%)
- Orlando-Kissimmee-Sanford (14%)
- Tampa-St. Petersburg-Clearwater (8%)
- Cape Coral-Ft. Myers (6%)
- North Port-Sarasota-Bradenton (4%)



Part 2: 2024 Outlook



Excluding the volatile COVID years of 2020 and 2021, **last quarter’s growth was the fourth fastest growth rate during the last two decades**. The two largest drivers of economic growth in Q3 were consumption and investment; these growth rates were nearly twice their typical contributions in the five years prior to the 2020 recession. **(FreddieMac)**

“Due to the still tight supply of for sale inventory, we forecast house prices to increase 2.7% in 2024 nationally”. **(FreddieMac)**

GDP Growth, Quarterly Forecast



Source: Federal Reserve Bank of Atlanta.

Insurance

The affordability of and, in many instances, the ability to obtain coverage of homeowners' insurance has become a challenge for homeowners in the State of Florida.

Since 2017, eleven property and casualty companies that offered homeowners insurance in Florida have liquidated. This has reduced the number of insurers and added to the pressures driving prices up to the point of **Florida being one of the nation's most expensive states for homeowner insurance**. "Florida has always presented a risky market to home insurance companies due to the high threat of widespread weather-related damage;" with the elevated level of litigation with insurance companies, **"Florida only accounts for 9 percent of the country's home insurance claims, it is home to 79 percent of the country's home insurance lawsuits."** (Deventer, Bankrate.com). While the state legislature has introduced and passed measures to try to mitigate these risks, the impact on affordability and availability of homeowner insurance, and its effect on home sales still presents uncertainty in the market.



Mortgage Rates

While mortgage rates increased during 2023, and to date **peaked at 8%**, **"NAR predicts the 30-year fixed-rate mortgage to average 6.3% in 2024; realtor.com® projects 6.5%.** This likely will improve housing affordability and entice more home buyers to return to the market" says NAR Chief Economist Lawrence Yun. These reduced mortgage rates are still above 2021; they should incentivize home purchases.

Sales & Inventory

Zillow economists, in their 2024 housing predictions, think that many homeowners who have been reluctant to sell their existing properties with a much lower mortgage interest rate, will begin to be willing to sell into the market in the desire for an upgrade or new location, bringing added inventory to the market.



While some in the industry predict homes to remain flat (as compared to 2023), NAR predicts home sale sales to **increase to 4.7 million units in 2024**. With reduced mortgage rates and “Job growth will be a determinant for long-term housing demand” (Yun, Realtor® Magazine)

- In the most recent Stellar MLS inventory report, **active listings have increased 40%** from the previous year.
- Months of inventory (calculated as total current active listings divided by totals sales) of the most recent month ending is 4.2 months, which is a **38% increase** from the same month the previous year.
- The days on market (DOM) in the most recent Stellar MLS report is 57 days, which is a **16% increase** from the same period the previous year.
- While the median sales price of residential properties has declined slightly from the previous few months, **the most recent median sales price of \$366,555 is up by 4%** from the same period the previous year.

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The data in this report is an information service only and may be subject to change.

Any comments or Feedback please email: stats@Stellarmls.com

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