

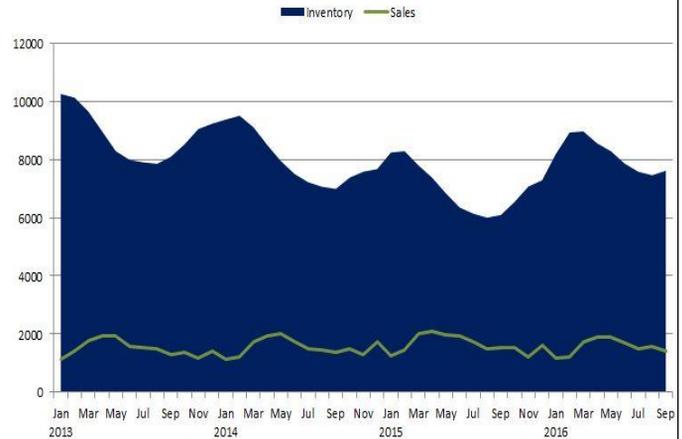


# Lee County Inventory

Inventory VS Closed Sales YOY



Inventory VS Closed Sales



A tale of two graphics. Both are true, yet they each give a different impression of the market. On the doorstep of season, we're analyzing inventory to make sense of where we stand in Lee County.

The graphs you see above reflect combined single-family and multi-family inventory. The graph on the left reflects the year-over-year percentage changes in pace of sales and inventory. The graph on the right shows the same pace of sales and inventory, just presented as the actual numbers. How can that be? Perspective.

The purpose of demonstrating this distinction is that much of the reporting surrounding inventory and sales focuses on year-over-year changes. And in a seasonal market, that's rightly so. However,

if that's the only perspective one has on the status of our market, it could lead to a negative outlook that doesn't tell the whole story. As you can see, the year-over-year pace of sales is definitely down over the past year (though we had a slight uptick in August) and the past year of inventory changes gives the visual impression that a mountain of inventory is forming. After all, it would be a true statement that inventory is up 25% in September 2016 over September 2015.

But then you have to inject some context (graph on the right). Yes, inventory is up 25% over this time last year, but actual inventory at this same time in 2014 was higher. That's an impression you certainly don't get from the graph

on the left.

So what's our point in all of this? Have perspective. Consider trends with a wider time horizon. And understand that when you hear things like, 'Inventory is up 25% over last year!' - it may not have the same meaning as the impression that statement gives.

We aren't here to cheerlead the market. We aim to tell it like it is. If we think there's a structural inventory problem, we'll say so. We just don't see it. And the data above is part of the reason why. What we can expect is that the quality of inventory is improving, and buyers will have better options than they did last season. This data also suggests that the slight increase we are seeing in inventory will further support the recent trends we've seen toward price stabilization.

Data Source: Florida Realtors

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