

Nicole St Aubin

From: Nicole St Aubin <user2466-1050261819@systememerge.com>
Sent: Tuesday, July 25, 2023 11:31 AM
To: Nicole St Aubin
Subject: Realty Masters Homeowner's Quarterly Newsletter



Spring was fantastic and we're now well into quarter 3 in the Florida panhandle. Summer in Florida sounds way better than it really is so we're glad it's passing quickly. While we love a good beach day, we're all tired of the heat and rain, tall grass, mosquitos, and air conditioning calls. As this is our busy season, we're turning and renting houses as fast as possible and working overtime to get it done. If there's something you need, don't hesitate to reach out! We hope all is well with you.

-The Realty Masters Team

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Recommending More Conservative Renewal Rates

We are recommending more conservative renewal rates for many properties, especially properties that were rented at premium rates last summer. Historically, renewal rate increases averaged about 2%. Last year, we saw that number increase to up to 5-7% on average but lately have seen these rates settle in around 4%. Keep in mind that every property is different.

Tenant's Skipping out on Last Month's Rent

Unfortunately, we've noticed this trend continuing with nearly 5% of vacating tenants skipping out on last month's rent. This accounts for the majority of our delinquencies right now. While these tenants typically vacate a little earlier than the end of the month, we expect this trend to continue. We know tenants are using their last month's rent to pay a deposit on a new property as increasing inflation and higher housing costs are causing families to struggle with the high expenses of moving.

Good Reading for Landlords

Here's a few telling headlines and our picks to read this quarter:

- [Redfin](#)- Rental Market Tracker: The Typical U.S. Asking Rent is Only \$24 Below Its Record High
- [New York Fed](#)- Center for Microeconomic Data: Housing Market
- [WRE News](#)- Manhattan's office vacancy level at new record high
- [Fannie Mae](#)- Consumer Confidence in Housing May have Plateaued

New Construction Design Flaws and Preventative Maintenance

If you have a newer construction home, read this! We've noticed that several of the new builders are building houses with two issues that can become a hazard for your rental property.

A/C Unit Installed in the Attic

Not only are your tenants less likely to change the filter timely if they have to get a ladder out to do it, the system cannot run as efficiently in the heat of summer when housed in the attic. We recommend yearly service on any units that are installed inside the attic to prevent a costly drain line clog. Let us know if you'd like to have your A/C unit serviced and we'll get it scheduled for you.

Dryer Vents Routed Up or Through the Roof

Many of the builders who are putting A/C units in the attic are also installing dryer exhaust vents that do not vent right out of the house like a traditional dryer vent. Unfortunately, there's no way to know when the dryer vent is clogged and needs to be cleaned with this type of system and no way we can make the tenant accountable for cleaning them. You should have dryer vents cleaned every few years if you do not have typical venting.





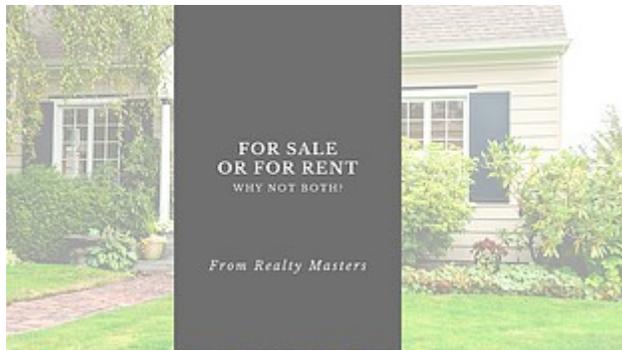
Past Due on Your Mortgage?

Recent news shows that early-stage mortgage delinquency has increased in Q2 of 2023. If you find yourself falling behind on your mortgage, please reach out to us to inform us. We recently had a situation with a property owner who fell behind two months on their VA mortgage. The bank came to the house and rekeyed the side door. Unfortunately, this was a case of bad timing as the new tenants were moving into the property as the bank was rekeying the property. The person who worked for the asset management company told the tenants that the home was in foreclosure. Obviously, the owner caught up the payment, however this situation could have lost him the tenant. We are bringing this to your attention as this is an unusual response from the banks, but with recent banking turmoil, this may be the new normal on how they deal with delinquencies.

If you're behind on your mortgage, please notify us immediately. We also ask that you notify the mortgage company and discuss your options with them. You may be able to defer a few payments or set up a payment plan. The good news is that while the sales market has slowed, real estate prices are still up, and most homeowners have a lot of equity. We're happy to discuss your options for selling the property or reducing your expenses.

Recent Articles on Our Blog

We've been writing a lot on [our blog](#) recently! Here's some of our new articles you may be interested in.

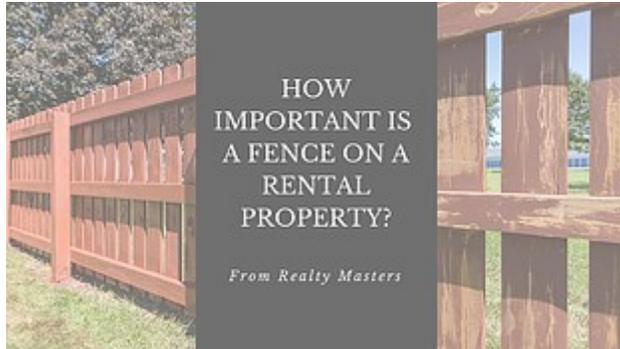
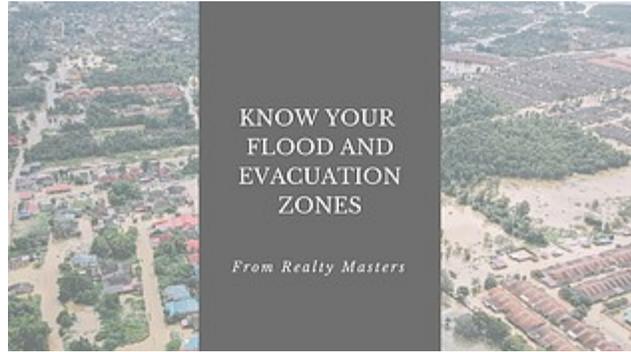


For Sale or For Rent, Why Not Both?

Did you know that we can list your home for sale and for rent simultaneously to see which happens first? Our Realtors are trained in both leasing and selling your home. As your reasons to try both markets may vary, the outcome is the same: to maximize your reach and profit as soon as possible. [Read more here.](#)

Find your Flood & Evacuation Zones

Especially in hurricane season, awareness of your location in relation to these zones is important. Take a minute to search your property address to see if you are in a flood or evacuation zone. If you are near a body of water or have an elevated flood or evacuation zone, you may consider additional insurance to protect your property. [Read more here.](#)



How Important is a Fence on a Rental Property?

A fenced in yard is one of the most highly requested and desirable amenities for your Pensacola investment property. It's one of the first questions we get when renters are inquiring about a property, and the most common feedback we receive from tenants and buyers house hunting when a fence is not present. [Read more here.](#)

Pensacola Multi-Family Sales Market Update

Pensacola multi-family sales prices have increased drastically in recent years. In the Pensacola area, the average sales price of a duplex increased nearly 67% and a quadplex increased nearly 40% from 2020 to 2022. Did you miss our multi-family sales market update? Read more on [our blog here.](#)



Hurricane Season is June 1st through November 30th

With peak hurricane season right around the corner, now is a good time to consider preventative maintenance at your property. Spending some money now can save you much more down the road.

- **Yard care:** Ensure no limbs are hanging over the roof. If there are strong winds this can scrape off the shingles or even worse possibly fall on the home. Are there any dead trees or old fences that can become hazardous in high winds?
- **Flood Prevention:** If your property is located near a body of water that is prone to flooding or has experienced flooding issues from poor drainage in the past, it's a good idea to look into options to deter storm water from entering your property. Simple improvements like the addition of gutters or installation of French drains or drain boxes can reduce the likelihood of flooding at your property. Remember, regular insurance policies do NOT cover flood damages so be sure you have an active flood policy.
- **Hurricane shutters:** Does your home have hurricane shutters? Have you provided the information to us on where they are in the home? If you do not have hurricane shutters, would you like a quote to get them or do you have another plan we need to know about?

- **Insurance:** Review your insurance policies. We've seen huge changes in the Florida insurance market in recent years. Many carriers went out of business and non-renewed policies in Florida. Remember, we do not pay your insurance for you and it's your responsibility to be sure you have sufficient coverage. After major damage to your property, it can take a long time to clean up and get materials to make repairs. This can delay how long it takes before we can get a tenant in your home again. Does your insurance cover that lost rental income? Now would be a good time to do a review of your policy with your insurance agent. *Note: if there is a named storm in the Gulf, the insurance company will NOT bind a policy until (sometimes days after) the storm has passed).



Pensacola Rental Market Update

The rental market has been much cooler this summer than years past. Rental inventory levels continue to climb from:

- A huge influx of new construction single and multi-family apartments, townhomes, and houses.
- Failed Airbnb rentals hitting the long-term rental market.
- Homeowners choosing to rent rather than sell as they typically chose in recent years.

As inventory levels increase, rents may level and/or drop off as renters do have more options. The good news is that many of these newer housing options are luxury properties and come with a higher price tag than a traditional long-term rental. Right now, we're seeing staggering numbers of available rentals that are 3-4x the inventory levels we've seen in recent years.

We are seeing an increase in days on the market. The average days on the market for the 2nd quarter was 29 days on the market, more than double last year's average. Luckily, our average was only 18 days on the market. To achieve this, we are doing additional advertising and pushing vacancies more aggressively than we have in years. These efforts include:

- Social media paid advertising, listings, and Facebook Groups
- YouTube shorts, Instagram videos, Facebook reels and video tours
- Professional photography
- Application fee specials

Please be sure you take our pricing suggestions and do the recommended repairs to your property so we can get it leased without extended vacancies. You may want to be less aggressive with rental increases at renewal time to prevent a vacancy.

Unfortunately, this is a bad sign in peak rental season, and we do anticipate the average days on the market for the rest of the year to continue to increase.

Pensacola Real Estate Sales Market Update

Quarter two shows the Pensacola real estate market has remained steady. Real estate sales prices remain strong while days on the market have more than doubled in comparison to last year. The population continues to grow keeping demand high as more people relocate to the Pensacola area. Tightened inventory continues to put pressure on housing prices.

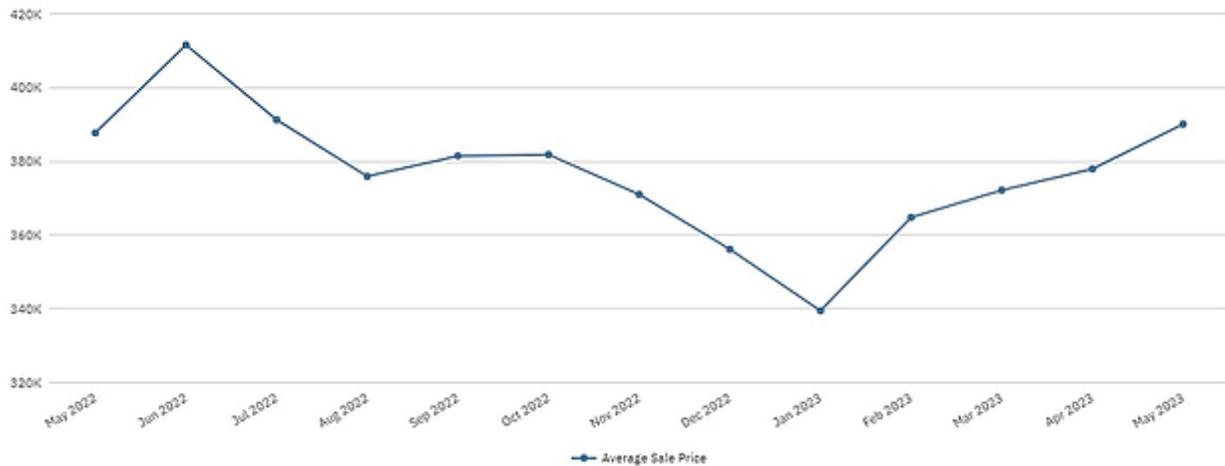
Here are a few statistics:

- The days on the market for the properties sold this quarter outpaced the previous quarter, going from 53 to 47 this quarter.
- The number of listings sold has also jumped from last quarter by 35% in comparison to last quarter.
- The average sales price also increased from \$360,775 to \$395,670 this quarter.
- Even list to sale price ratio improved from 96.99% to 98.02%.

While these changes have not been drastic, every major indicator has seen an improvement from last quarter to this quarter even as interest rates continued to rise. The Pensacola real estate market, along with most of Florida, is experiencing a very resilient market despite economic indicators. While it is great to be optimistic, it is also important to consider Q2 historically is the strongest quarter for the real estate market and a lot of the growth can be attributed to seasonal market conditions. If you own a large amount of real estate, it may be a good time to sell a portion of your portfolio to mitigate your risk and avoid missing the start of the trend reversal. Obtain a CMA on our website below or reach out to our sales team by calling or emailing us.

Pensacola - Ferry Pass - Brent MSA: Average Sale Price

All Property Types, All Price Tiers, All Sale Types





Considering selling a rental property?

We're happy to provide a market analysis to help you decide what the best course of action for your rental is. Request one here.

**Request
CMA**

Did you know? You can text our office! (850) 473-3983

Questions About Your Property?

If you have any questions or concerns about your rental property, please respond to this email to reach a supervisor, or reach out to our office by phone, text, or email. Don't hesitate to let us know how we can be of assistance to you. We look forward to hearing from you.



Realty Masters of Florida

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