



Are you surviving winter? We're already celebrating Mardi Gras here in the south and getting ready for the beach days coming soon. After a slow winter, both the real estate market and rental market are picking up. So are other trends though- including increases in insurance costs and a notable increase in tenant delinquency. *Read more below!* We hope you enjoy this quarter's newsletter. Reach out with any questions.

-Nicole and The Realty Masters Team



Tax Documents are in your Portal

Your tax documents have been uploaded to your owner's portal. Access your online account [here](#). In your online account, you'll find your 2023 year-end statement under the "Statements" tab. It's labeled "EOY Statement" and contains two documents, a statement and a cash flow report. Your 1099 has been uploaded under the "Files" tab. ***1099's have been mailed but year-end statements will not be mailed.*** Please get your year-end statement from your portal or reach out to request one now. Please reach out with any questions.

Property Tax Payments Overdue

Keep in mind, we do not pay your property taxes. If they are not escrowed by your mortgage company, you will need to pay them directly. Make sure you update your address with the county when you move.

Annual Association Dues

Most homeowner's associations bill annually at the beginning of the new year. It is your responsibility to know if your HOA dues are paid and you should be sure they have your proper address at all times.

Want to ensure your taxes have been paid? You can search your account by last name or property address using these links:

[Escambia County Tax Collector](#) - Pensacola, Cantonment, Pensacola Beach

[Santa Rosa County Tax Collector](#) - Pace, Milton, Gulf Breeze, Navarre

[Okaloosa County Tax Collector](#) - Mary Esther, Fort Walton Beach, Shalimar

Are you sure you are current on your HOA dues? We can make the payment for your homeowner's association dues if you send us the bill, allow us time to process payment, and have funds in your account to make the payment.

Did you move and forget to update your mailing address with the HOA? Remember that associations are allowed to charge a late fee, abate your rent, or begin legal proceedings if the dues are not paid.



We had a busy last quarter of 2023, but the truth is the rental market was the slowest we've seen in years. Here's an update for you on what we've been up to.

In December, we hosted our annual vendor party where we thank all the vendors who provide maintenance services for your properties all year. We had a circus theme and it was a blast. If you're local and have a contractor to recommend, send them to complete [our vendor packet](#) as we're always looking to add new vendors to our network.

Our holiday events were a success! We spent our charitable giving budget this year giving **back to your tenants and had so much fun doing it.**

- We gave three families a fabulous Thanksgiving dinner!
- We hosted a holiday toy drive for your tenants this year with the help of contractors and our staff. We were able to give away over \$1,500 in toys to 25 families. *Thank you to all the landlords who gave their tenants a gift card in addition to our toy drive.*

Now, for what's to come! We'd like to start the New Year off by predicting trends ([check out 2023's predictions](#)). We'll likely see many of these trends continue. While we did overall see a positive rent growth year-over-year, it was marginal and did not cover your increase in expenses during the same period.

Delinquency Trends Worsen- Delinquency worsened over 2023 but it was minimal compared to our expectations. We contribute this to a strong screening criteria that we have not waived on much since

we tightened after COVID. Courthouse records show evictions increased 30% from 2022 to 2023. Personally, we've filed more evictions in January of this year than we did during the entirety of last year. While January is the worst month for delinquencies each year due to people overspending and traveling for the holidays, we know this is a sign many renters are financially burdened and out of savings. We will need to take delinquencies seriously this year.

Pensacola's New Multi-Family Growth Continues- In fact, Pensacola was rated among top markets for planned multi-family units as compared to existing inventory by a recent study. We anticipate single-family build-to-rent communities to continue in our area in 2024. We recently saw a D.R. Horton townhome community off 9 Mile Rd. in Pensacola pivot from sales to a rental community after other nearby townhomes were not selling as desired.

Rents will Decline or Remain Stable- Rent growth will definitely decline, but we are also worried that year-over-year rents will decline in many properties. Newer construction homes are more susceptible to this as they rented at premiums when new. We're still seeing an influx of new construction apartments, townhomes, and homes that are putting downward pressure on rents. We anticipate rents will remain stable should interest rates stay higher, and rents could decline slightly in our area if the sales market recovers and more people return to purchasing.

Pressure Washing Special

Grace Under Pressure is offering a \$200 house wash special per building for all single-family properties through February 29th! For a small fee, he can add on the driveway, sweeping off the roof, cleaning gutters, or a low-pressure roof cleaning.

Pressure washing is part of regular routine maintenance that you should do on your property.

Some properties need this service yearly, while some can wait a couple years. Reach out to your property manager to see if your property needs pressure washing and take advantage of this offer today.



Days on the Market Increasing

We leased homes in record time during 2021 and 2022, but we saw that change some in 2023. Our average days on the market increased to 21 days with a median days on the market of 15. The

Pensacola MLS showed 34 average days on the market and 23 median days on the market. We saw days on the market increase substantially in fall and winter, and we anticipate this number will continue to grow higher in 2024 as we find ourselves in a more balanced rental market. Given this, we recommend a less aggressive pricing strategy as even one month's lost rent can create a substantial change in your earnings for the year.

Pet-Friendly Properties

Did you know that the U.S. Census Bureau's most recent survey concluded that more households have pets than children? Pet owners represent more than 70% of the renter population, and it's important to offer a pet friendly home to capitalize on your investment. Pet friendly properties rent faster and for more money! We recommend accepting pets upon approval with a \$250 pet fee per pet.

Considering Dropping Full Coverage Insurance?

These homeowner's insurance rates are making us a little queasy. We understand if you want to drop your full coverage insurance, although we don't recommend it. If you do, please notify us and purchase a liability insurance to protect yourself from litigation. A liability policy is so affordable. At minimum, we do require a sufficient liability policy to manage your property. We're happy to refer you to an insurance agent who can help you secure this or an additional umbrella liability policy to cover multiple properties.



DID YOU KNOW?

*In 2023, the **median days on the market in the Pensacola area was 23 days.***

*Realty Masters median days on the market was a week faster with a **median of 15 days on the market in 2023.***

*Data retrieved from Pensacola MLS

Good Reading for Landlords

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

- [Redfin](#)- The Lock-In Effect- 89% of homeowners have a mortgage under 6%
- [Federal Reserve Bank of New York](#)- Mapping Home Prices Changes Year Over Year
- [DS News](#)- Rent Prices Decline for 8th Consecutive Month
- [National Apartment Association](#)- Challenging Times for the Rental Housing Industry
- [Fannie Mae](#)- Mortgage Rates Expected to Dip Below 6% in 2024, Boosting Home Sales

Watching Proposed Legislation

There are a few bills in the Florida Legislature that have us worried. Florida has always been a landlord friendly state and we sure hope to see that come out of this legislative session, but we'll keep you posted of any significant changes that may arise.

Do you have Citizen's Property Insurance?

Are you one of the 1.6 million Florida homeowners insured with Citizens property insurance? We've been hearing about some significant changes to Citizens in the recent months and we invited Chip Kooser, insurance agent with All Risk Insurance, to come educate you on these issues.



These changes will eventually affect all Florida homeowners with Citizens. Watch this video and contact your insurance agent when you receive your renewal if you own a Florida rental property or if you receive any letters from Citizens.

These significant changes affect premiums and coverage and include:

1) **Depopulation of Citizens policies.** Citizens is trying to reduce the number of policies that it has and has private market carriers willing to accept the policies by way of assigning them to other carriers. You may receive a letter assigning you to a new insurance company. Review the offer and contact your insurance agent for more information. You may or may not want to take the assignment Citizens is placing you with but you will need to take action on this letter or your policy will be reassigned.

2) **A requirement for a separate flood policy through FEMA.** Effective in 2023, all Citizens renewals and flood zones are required to maintain a separate flood policy through FEMA in order to keep their insurance with Citizens. As of now, only properties in a flood zone have this requirement, but within a few years, all Florida homeowners insured through Citizens will be required to carry flood insurance regardless of their flood zone designation.

Effective at your next renewal, any property in a special flood hazard area will be required to get a flood policy. They will introduce a new category of homes that need to secure flood insurance yearly, regardless of flood zone, based on replacement value costs:

- In 2024, any homes with a replacement value above \$600,000 will be required to obtain a flood policy.
- By 2025, homes insured with a \$500,000 or higher replacement value
- In 2026, homes insured with a \$400,000 or higher replacement value
- By 2027, all Florida homeowners with Citizens Insurance will be required to secure and maintain flood insurance regardless of flood zone or replacement cost value.

3) **35% surcharge on short-term rental properties assessed.** While this premium is only being charged on short term vacation rentals in Florida, the premium is being assessed on all rental properties. It is on the homeowner to provide proof to Citizens that the property is rented long-term in order to waive the 35% assessment by providing a lease. If you do not provide this documentation, your policy will be assessed at 35% premium as if it were a short-term rental. Make sure to read the fine print and send in the requested documents so you can avoid this penalty if you are a long-term property owner with Citizens Insurance.

Reach out to Chip Kooser at All Risk Insurance Agency in Milton by visiting their website www.allriskins.com or contacting Chip directly via phone at [850-623-8912](tel:850-623-8912) extension 1311 or [via email](#). As always, if you have questions about your Florida insurance policy, reach out to our team for advice.

Recent Articles on Our Blog

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



How to Make Your Property More Attractive to Renters

With so many new construction properties on the rental market, many older properties are having to compete with new construction. With all the newly remodeled and new construction options available to renters, it's important to make updates to your Pensacola rental property to ensure that you are comparable to the competition. [Read more here.](#)

Pensacola Rental Market Update 2023 & Predictions for 2024

As Pensacola's largest property management company, we wanted to give you an update on the Pensacola rental market and provide our predictions for Pensacola landlords for rents in 2024. [Read more here.](#)



7 Questions to Ask Before Converting your Home into a Rental Property

If you are a newer landlord, this article is for you! Here are some questions to help you decide if you want to be a landlord for the short or long-term.

[Read more here.](#)



Pensacola Rental Market Update

Many of you have been following the current market trends and it's clear that prices peaked in 2022 and early 2023. We still saw a small increase in overall rents during 2023, but that was largely dependent on the property type. While some areas of the market are seeing a reduction in pricing, others remain steady with current rental rates.

We're seeing a cooling market, with a significant increase in days on the market. Affordable properties do not seem to be affected as much, however, those that are dated are sitting longer than those that are affordable. We're doing our best to combat this with video tours, social media postings, floor plans, and additional internet advertisements. We're constantly watching activity and may need to adjust the price if your property is not renting in a reasonable amount of time. The most common feedback from prospective renters beyond price is condition. Tenants are demanding more updated interiors. If your property is not updated, it's not competing with the majority of the rentals on the market and your rent will need to be adjusted accordingly.

If you're looking to enhance your investment properties and compete with the growing inventory, check out our recent blog on how to make your property [more attractive to renters](#).

PENSACOLA MARKET UPDATE

Metric	Value	Change
Days on the Market	70%	↑
Number of Active Listings	62%	↑
Average Rental Price	3%	↓
Market Temperature	COOL	↓

DAYS ON THE MARKET
2022 was 20 DOM
2023 was 34 DOM

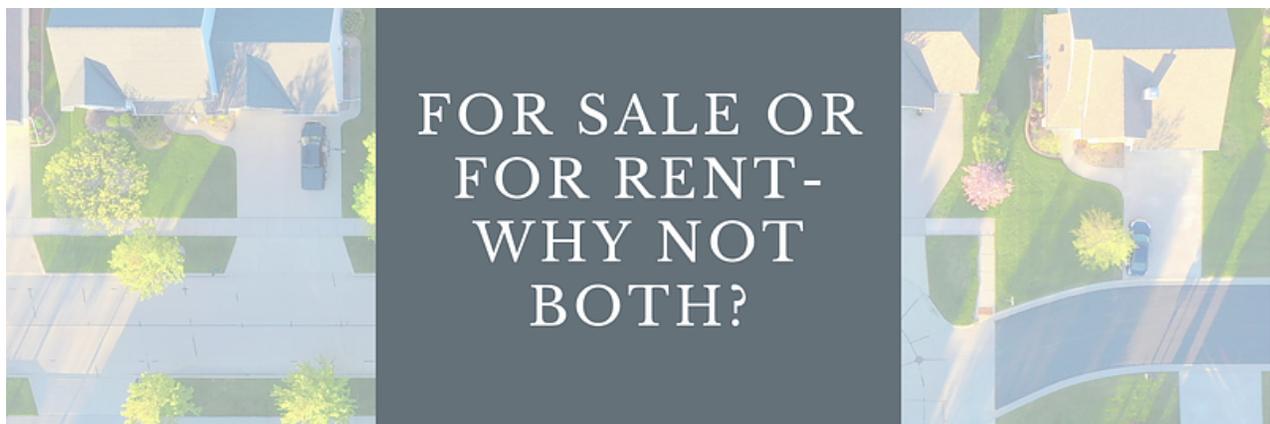
NUMBER OF ACTIVE LISTINGS
There was a 62% increase in active rentals from 2022 to 2023

AVERAGE RENTAL PRICE
Average rental price increased by 3% from 2022 to 2023

MARKET TEMPERATURE
This is how Pensacola Market compares to the national average

Call or Text Us at **850-473-3983**

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Pensacola Real Estate Sales Market Update

2023 brought a year of rate hikes and uncertainty in the economy and real estate market. Despite this,

the Pensacola real estate market remained relatively strong due to low inventory and continued growth in population in the area. Let's look at some statistics from 2023.

- The median and average sales price in Pensacola increased \$4 per square foot in 2023. The median sales price in Escambia County was \$245,000 and in Santa Rosa was \$340,000.

However, when you look deeper, most of the other statistics do not look as favorable.

- Total sales decreased 24% for the year as compared to 2022.
- The average days on the market for a sale went up 22% from 45 days in the 4th of quarter of 2022 to 55 days in the 4th quarter of 2023.
- While inventory is still historically low, we saw an increase in inventory over 2023. In the 4th quarter of 2023, only 72% of listings sold compared to 86% the previous year.
- Zillow named Pensacola as one of the top 10 markets for price drops in November 2023. We've seen significant price cuts in listings.

With less homes selling at a higher average price, 2023's real estate market was the slowest we've seen in years. Many buyers in lower price ranges were just not buying as much. Lower priced buyers are likely being priced out or have chosen to wait to purchase until interest rates decrease. Alternatively, higher end listings are not affected as much by increased interest rates. Along with tightened supply from interest-rate locked homeowners and the increase in the cost to build, these are all likely reasons why average prices have continued to show growth while all other market statistics have not been as favorable.

If you purchased your home in 2022 or 2023 you will likely not see home equity that allows you to sell your home. However, if you have owned for longer, you will find that now is still a great time to sell. Homes are still selling close to all-time highs at this point, but it is going to take a bit longer on the market to get a buyer and you may face more competition along the way. It is important to see how the economy does in 2024 and what interest rates do to see what impact these changes may have on the real estate market.

If you want to discuss your property, give us a call or complete the form below and we'll touch base after we've reviewed the market data.



Pensacola Fourplex for Sale

Are you interested in a multi-family purchase opportunity? We've got two fourplexes being listed this month. Here's 6374 Fairfield Drive coming available for \$429,900.

[Request Info](#)

Considering selling?

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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