



Happy 2023! After a brutally slow winter, things are picking back up and we're leasing houses at a good pace. But, so far 2023 looks a lot different than the past couple of years.

Read more on that below. We've got a great newsletter for you, and along with it, the promise that our team is ready for whatever the new year may bring. Please reach out and let us know how we can help you accomplish your goals with your Pensacola investment properties.

Contents of this issue include:

Year End Items: 1099 Tax Documents, HOA Dues & Property Taxes

What's New in Pensacola: An Update on the Pensacola Area

Predictions for 2023: Rent Growth Declines and More

Read More: Recent Articles on Our Blog

Build-to-Rent Communities: New Developments in Pensacola

Maintenance Specials: Pressure Wash & Spring HVAC Tune Up

Market Update: Rental Market Update & Pensacola Real Estate Market Update

-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 will find **two year-end statements** for January- June (in the "Documents"

section) and July-December (in the "Statements" section), your 1099, and copies of invoices paid during 2022. Remember, we switched over to Rentvine in June. If you did not establish your online portal yet, now is the time to do so. Reply to this email for a fresh invitation.

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.

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

Annual Association Dues

The majority of 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.

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.



What's New in Pensacola?

All is well in Pensacola! The Pensacola area is a healthy, mid-sized metro. We continue to see:

- An increase in population growth. Nearly 15,000 residents have moved to our area since 2020.
- A business and landlord friendly government.
- Strong employment with over 200,000 jobs in the metro area.
- Significant new construction in all single family, multi-family, and commercial properties especially in the Downtown Pensacola, Beulah, and Pace areas.

We know these are all positive indicators that will keep your investment performing better than homes in other locations as we head into an economic and housing downturn.

Predictions for 2023

We're ready for whatever is to come, but always plan for the worst and hope for the best. We're worried about the state of the economy with the recent inversion of the yield curve, slowing housing market, and impending recession. I'm no economist, so I'll stick with thoughts regarding the single and multi-family rental market in Pensacola.

Rent Growth Declines

We do anticipate rents to stabilize and even decrease this year. Some predictions call for a decrease in rents while others say we should have a flat to normal increase.

- Both apartment and single family rents began to decline in Q4 2022 after hitting their peak in summer 2022. Looking back to 2018-2020, we saw annual year over year increases of about 3% in Pensacola. We saw 20% increase in 2021 and 13% increase in 2022.
- Rents are still very strong relative to previous years, and especially when considering year over year rents or properties that have been occupied for a while. Unfortunately, a lot of landlords are not on board with the adjusting market and are still trying to capitalize on unrealistic rental prices.
- Inventory levels are increasing. Read more about this below.

Increase in Inventory Levels

After a large number of landlords sold their rental properties in 2021 and 2022, inventory levels favored landlords. We expect them to favor tenants in 2023, and here's why:

- Property owners will now decide to rent instead of selling, or choose to list their home for rent when it does not sell in a certain amount of time.
- We've seen a huge increase in short-term rentals flooding the long-term rental market from failed AirBnB's.
- There is a large increase in build-to-rent neighborhoods and new multi-family construction in our area. Nationally, we understand multi-family new construction is at a 50 year high, and that certainly matches the tune in Pensacola. *Read more below!*
- New investors continue to purchase properties adding to inventory levels.

Tenant Delinquency Increase

We're still seeing an increase in delinquency, especially with the Christmas holiday, and in the number of NSF checks over the last two months. We hope this subsides once tax returns come in. However, we will continue to track this metric and report to you. As many renters do not have significant savings, we expect this trend to continue in the coming economic recession as inflation continues to dwindle savings accounts. Our local job market is solid, and we sure hope it stays that way, but expenses have risen for everyone so we will battle this in the coming year.

Increase in Application Fraud

Advances in technology have allowed for prospective tenants to get their hands on fake paystubs very easily. We've seen an increase in counterfeit documentation submitted at application time. As landlords tightened down on criteria after COVID moratoriums, renters are finding creative ways to get approved for housing. Here are some tips on our blog: [10 Ways to Spot Fake Paystubs](#)

Revisit our [predictions from 2022](#) to see they all came true here! Luckily, we have seen supply chain delays easing up, making it easier to get appliances and parts for mechanical systems.

Local Rent Control Petition

A local group has started a petition requesting the Pensacola City Council to declare a State of Housing Emergency so they can force landlords to prove why they are increasing rent and to establish rent control measures. While the council seems against this idea, it's something we will continue to watch, and has become a very popular topic in many local governments. Luckily, the state of Florida has a ban on rent control measures at a state level, and if this gets enacted, it will be in the city limits only. We'll keep you posted on this topic but don't expect it to gain a lot of traction locally.

They are also talking about adding additional regulations for short-term rentals. Again, Florida law does not allow local government to ban short-term rentals but cities are allowed to pass regulations to treat these rentals as a business. This is more likely to evolve into local legislation.

Insurance Market

The Florida insurance market seems to be stabilizing some with recent legislation, but increased prices are here to stay. If your roof has not yet been replaced in the last 15 years, you will need to eventually plan for this improvement to keep your insurance. We're happy to be a resource for you when it comes to your insurance policy. Reach out with any questions.

The cost for insurance on a Florida home is now 4x the national average. According to the Florida Office of Insurance Regulation, here's the average cost for insurance for our area.

- **Escambia County** Single family \$2,929 / Condo \$1,471
- **Santa Rosa County** Single family \$2,745 / Condo \$1,477
- **Okaloosa County** Single family \$3,014 / Condo \$1,418

New Construction Build-to-Rent Communities

In the last few years, Pensacola has seen massive new single-family, multi-family, and commercial new construction, with the most new construction growth occurring in Downtown Pensacola, Beulah, Pace, and Navarre. More concerning to us, is the development of five new construction build-to-rent communities in our area.

Beulah is now home to Rock Ridge, the first new construction rental community in our area. The neighborhood features 69 homes and features a \$0 deposit option for renters. More recently, Jennings Place in Beulah is under construction. They are now leasing over 75 units and offering up to 2 months of free rent on select homes and 1 month's free rent on all units. The community features over 238 homes and is affecting our ability to rent newly built homes in the area for market rent. This community features a community pool, and all homes are pet friendly with a fenced yard and come with a technology package. These properties are starting at \$2,050 and are causing downward rent pressure on similar homes built nearby.

Not only are these subdivisions offering move-in incentives (up to 2 month's free rent), reducing qualification requirements, and offering neighborhood amenities that we cannot offer at your home.

In Pace, Dixon Preserves is a new build-to-rent community off Chumuckla Hwy with similar amenities and around 100 properties. They are advertising flexible lease terms and marketing to those with large dogs that are having a hard time finding other rental properties because of their pets. As this development leases up, we'll likely see move-in incentives and downward rent pressure on nearby newly constructed homes.

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.



STR Market Oversaturated

Considering a move to the short-term rental market? We're being inundated with landlords who have not been able to reach their goals with their AirBnB style rentals. While this was going really well when the housing market was crazy, it seems there are too many short-term rentals to meet demand, especially in the off season. Read more on our [blog here](#).

HVAC Price Increases

Your heating and air conditioning system is one of the most important and most costly systems in your property. We emailed this fall to let you know to expect increases in heating and air conditioning systems in 2023 due to new legislation. Missed it? Read more on our [blog here](#).



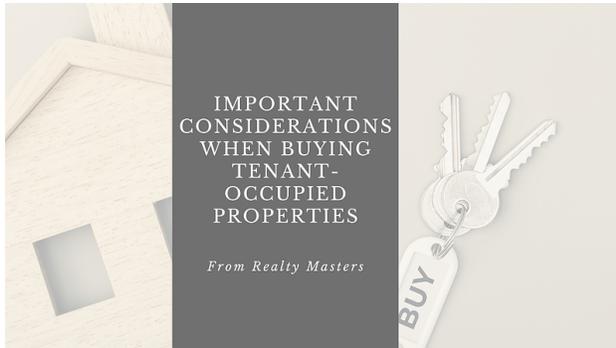
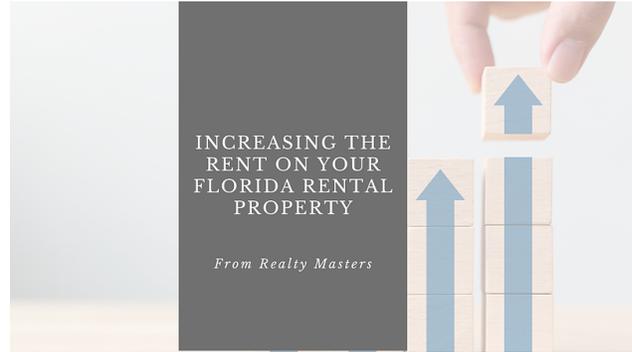
Top Investment Real Estate Considerations

Looking at investment properties to purchase? Here's our recommendations on what you should be looking at in a Pensacola investment property. We'll talk through income, location, and property-specific considerations when choosing a property. Read more on our [blog here](#).



Increasing the Rent on your Florida Rental Property

This is a rundown of the basics for new landlords on increasing your rent. We talk about Florida laws and best practices for raising the rent on your rental property including considerations that should impact your decision on a hefty increase. Read more about on our [blog here](#).



Buying a Tenant-Occupied Property

We're experts on buying a tenant-occupied property, but sadly most agents are not. If you're considering a multi-family purchase or buying a single-family home with an existing tenant, you should review this article on our [blog here](#).

Routinely Invest in your Property

Don't forget to routinely invest in your rental property. If you wait until your long-term tenants vacate, you will no doubt regret this choice. It's best to systematically update and upgrade your property to achieve maximum rent and to reduce maintenance expenses. Looking for some ideas on how to do this? Here are a few suggestions:

- Invest in an appliance package to swap out old appliances. Appliance repair costs are expensive and sometimes exceed the cost of a new appliance.
- Update your lighting. Add a ceiling fan or change out those 90's fixtures.
- Trim any trees that are encroaching any buildings or your roof line.
- Add a privacy fence to your property if it doesn't have one. This is one of our most requested amenities at single and multi-family homes alike.



HVAC Tune-Up Special

We recommend this service yearly in early spring to prevent future costly maintenance. We have two vendors who offer yearly heating and air conditioning tune ups for \$85.

A well-maintained HVAC system tends to have a longer life span. As we know, most tenants are not great at maintaining the HVAC system and this is one of the ways we can help educate our tenants and extend the life of your systems. Reach out to your property manager or respond to this email to schedule a tune up for early spring.

Pressure Washing Special

Grace Under Pressure is offering a \$209 house and concrete special per building for all single family properties through March 6th. For a small fee, he can add on sweeping off the roof, cleaning gutters, or a low-pressure roof cleaning.

Pressure washing is part of regular routine maintenance 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 is in need of pressure washing and take advantage of this offer today.



Pensacola Rental Market Update

As we said, it was a brutal winter. After two years without a seasonal slowdown, we were shocked at how fast the rental market cooled here in Pensacola. Zillow currently defines the Pensacola rental market as cool, and for once, we agree with Zillow. Many landlords (and luckily renters) are not yet aware of this shift, but it's painfully clear to us that things have changed. Luckily, we're still seeing strong year over year rent growth, especially if you've had a tenant in place for more than a year. Unfortunately, owners who placed tenants at the top of the market last summer may have to keep their rents the same or even reduce them to get, or keep, a quality tenant. Here's what we're seeing:

- Average days on the market moved from 14 last summer to 46 in December, with many higher end properties sitting longer.
- Rents have been on the decline since August 2022. Rental rates peaked in spring and summer 2022 and have been on a sharp decline since August 2022. In 2022 nationwide, year over year reported rent growth was less than 4%, a stark contrast to the massive rent growth we saw in 2021.
- Rental inventory levels are now 4x that of what it was in summer 2022. We continue to watch this number climb, and along with it, days on the market and vacancy rates both here in Pensacola and nationwide.

As we see it locally, downward pressure on rents is coming from:

- As we all know, housing prices have become unaffordable to the average wage earner. Affordability concerns are high as record inflation affects budgets.
- There is an oversupply of rentals caused by an abundance of failed AirBnB's, new construction apartment and single family rentals, and combining households due to financial pressures. To combat these changes in the market, we're amping up marketing efforts to include extra paid advertising, videos and social media reels, application fee specials, and more.

Each property should be analyzed individually, and we will do this for you. Please consider our analysis when we reach out at renewal time or when it's time to relist your property. We're happy to chat more about your property or the market anytime, so reach out to our team today.



**WE HELPED
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market value.

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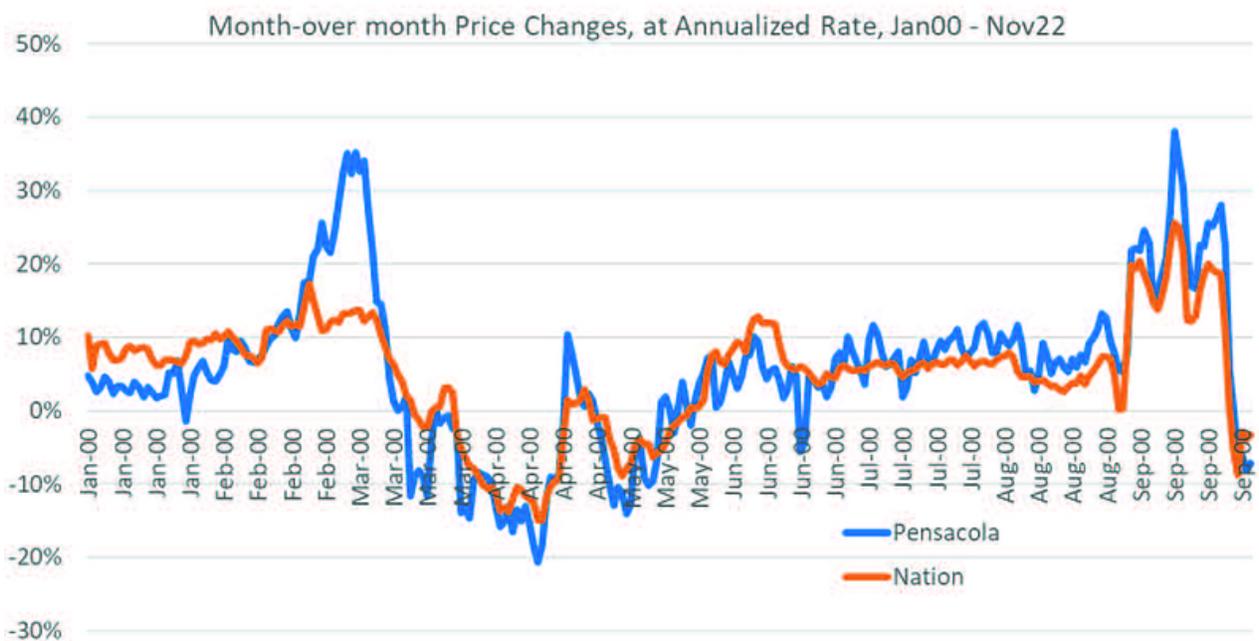
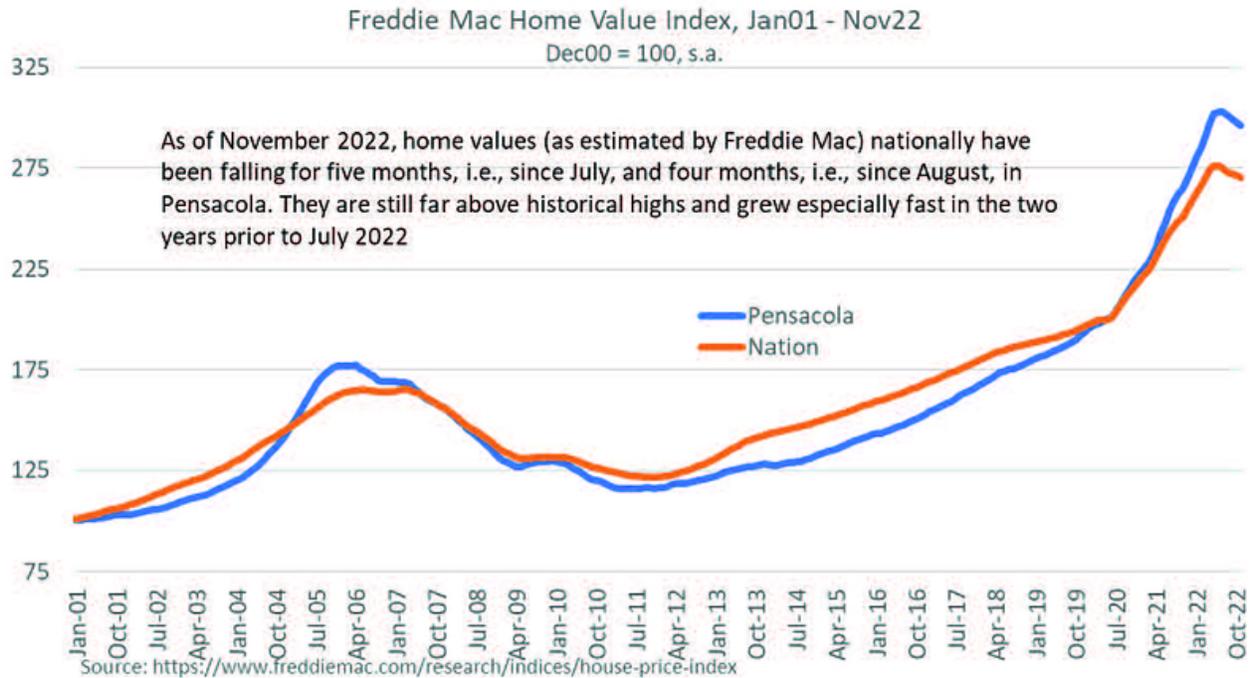
Pensacola Real Estate Sales Market Update

It's still a great time to sell your house, but not nearly as great of a time as it was last summer when home prices peaked in June 2022. We're still technically in a seller's market because of supply levels, but it seems with fewer buyers, they have the upper hand. Here's a snapshot of what we're seeing in the Pensacola real estate market now and in the last quarter.

- Average days on the market have increased to 42 days, nearly triple that of what it was in July 2022 at its lowest of 15 days on the market.
- 4th quarter sales in 2022 were down 34% compared to 2021.
- The current median sales price is around \$310,000, down from the peak in June 2022 at \$340,000.
- Inventory levels remain historically low, but the number of new listings being added to the market remains low also. We assume this is because sellers are locked into their existing homes and less people can afford to buy at today's prices and interest rates.
- Average list-to-sell ratios have declined, and buyers are now asking for closing costs, repairs, and other concessions in the home buying process.
- Builders are offering incredible incentives to clear out new construction inventory including upgrades, closing cost incentives, and interest rate buydowns forcing the prices of newly built resale down.

Here are some slides from our friend Dr. Rick Harper, local economist, from a presentation Nicole and Pam attended last week on the changing market.

Where is the market heading? Consensus today is that drastic price cuts are coming, but that we won't have another housing collapse like we faced during The Great Recession. It's also widely accepted that certain markets will experience this downturn worse than others. We feel we're in a good position in Pensacola to fare the market changes, although data suggests that our market is trending comparatively to the national market. Read more on Business Insider: [11 real estate analysts and economists break down how bad they think it's going to get in 2023](#)





INVESTMENT OPPORTUNITIES

HOW CAN REALTY MASTERS HELP
BUILD YOUR PORTFOLIO?

Looking to Invest?

In recent years, it's been hard for us to recommend buying new properties as we faced record home prices. We are hopeful better conditions for investors come in 2023. We're always on the look out for single and multi-family deals. Reply to this email if you're interested and we'll touch base when we see them!

Small to Medium Apartments

Are you interested in an apartment community? We've seen a few hit the market recently.

Contact me about investment deals

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

Help Us By Leaving a Review

We'd sure love it if you could leave us a few kind words on **Google!** **Click to leave a review.**
<https://g.page/r/CXj53mzbIMfrEAI/review> Having top placement on Google helps us rent our properties faster than the Pensacola average. We appreciate you!

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.



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