



HOMEOWNER'S QUARTERLY



Happy 2022 from Pensacola & Realty Masters

We're flying through the first month of 2022 and hope things are well with you. We have been busy with year-end tax reporting and selling and leasing properties. We've got our first quarter newsletter with some updates and predictions for what to expect in 2022. Please reach out if we can assist you or provide an update on your property. -*The Team at Realty Masters*

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What To Expect in 2022: Predictions and more

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More Roof Talk: Read if you did not replace your roof after 2020's hurricane

Good Reading for Landlords: Rent Control, Other Legislation, Real Estate & Current Events

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

What's New in Pensacola?

Pensacolian's are already preparing for beach weather and Mardi Gras! 2021 was a good year for the area, despite the COVID pandemic. Luckily, our area's economy fared well in 2021 with low unemployment and increasing rents and sales prices. Our area has remained open for business and free of legislation affecting landlords since the federal CDC Moratorium ended. We've heard of upsetting, anti-landlord legislation coming from several states and glad to report that none of that is affecting us here. These include rent control measures, tenant screening restrictions, relocation payments to tenants, winter eviction bans, tenants right of rescission, etc. (*Check the "Good Reading for Landlords section to view some of these articles! Phew! I am stressed out just reading them.*)

Pensacola is increasingly chosen as a new place to live and/or retire. In fact, in October, Pensacola was voted among top 10 on [U.S. News Best Places to Retire List](#), jumping 15 spots from our 2020's position at #25 on the list. Migration into the Pensacola area continues to exceed out migration and is expected to continue.

There are no changes to major employers, the military, or the local colleges that feed our pool of qualified renters. New construction among residential, multi-family and commercial is still strong. Vacancy rates are low. The real estate market is strong (see Real Estate Market Update for more

details). The great news is, your Pensacola area investment is safe. Pensacola, Florida is still a great place to own an investment and be a landlord.



What to Expect as a Landlord in 2022

We wish we knew what to expect in the world this year, but we don't. We can give some educated opinions on what to expect here in Pensacola as a landlord in 2022 though. Rents are increasing, but so is the cost of everything else! Here's a short list of what we expect in 2022:

Increasing Rents: The good news first! Rents are increasing and will continue to increase.

Sales prices have been rising for years but rents lagged behind the rapidly appreciating sales market during the first year of the pandemic. Why? This is because COVID affected the lower to middle class immediately and in a more drastic way. In our area, tourism suffered and many jobs were liquidated. Sadly, many renters live paycheck to paycheck and this effect was detrimental. New legislation, including eviction moratoriums, prevented landlords from evicting tenants. We were just happy to keep your tenant and collect rent timely! As the economy strengthened, jobs came back full steam, and rental assistance was offered, and the rental market stabilized.

According to Pensacola MLS, the average rental rate for properties rented in our area increased 13% in 2021. We saw similar increases among our portfolio for new move in rent increases. Of course, these come with considerable turnover expenses so it may be best to add a more modest increase to your tenant to keep them in place. We do expect rents to continue to increase.

Increasing Costs: Along with increased rents, we are seeing increases resulting from increased labor expenses, material costs, inflation in general, and insurance premium expenses. Many of our vendors and service partners have been forced to raise prices to accommodate for these factors. We have also noticed an increase in material costs across the board. As always, we will do our best to keep your costs low, but please understand that these expenses will increase. (*Read more about insurance premiums below!*)

Everything is Taking Longer: If you ordered furniture in 2020, you know the deal. Our service providers are experiencing staffing shortages due to COVID, the employment market, and serious supply chain disruptions. In some cases, parts are no longer available or will take so long to arrive, repair of the current system or product is no longer an option and replacement may be necessary. Just know that we are doing the best we can with the resources we have.

Increased Delinquency: While we've not seen this as an official prediction, we are concerned about the possibility of an increase in tenant delinquency. Our local power company has just substantially increased rates. Along with inflation and rising rents, we worry that we will see more tenants struggling to make ends meet. Currently, rental assistance programs are still providing assistance for tenants, but it is only for those who are under a certain income level. With the cost of living increasing all around, we expect this to continue to create an affordability issue for renters.

Increased Legislation: We hope that we don't see increased legislation, but some of you will in other areas, so keep an eye on this, and vote if you have the option to in your local municipalities.

Regardless of what the year brings, we ask that you be patient with us and with our service providers as we navigate these changes and more, as we are doing the best we can to provide you with affordable, reliable service providers.



Your tax documents have been uploaded to your owner's portal.

[Access your online account here](#). In your online account, you will find a year-end statement, 1099, and copies of invoices paid during 2021.

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 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

Annual Homeowner's 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 not update your mailing address with the HOA? Make sure you reach out and handle this payment as homeowner's

Okaloosa County Tax Collector- Mary Esther,
Fort Walton Beach, Shalimar

associations are allowed to charge a late fee,
abate your rent, or begin legal proceedings.

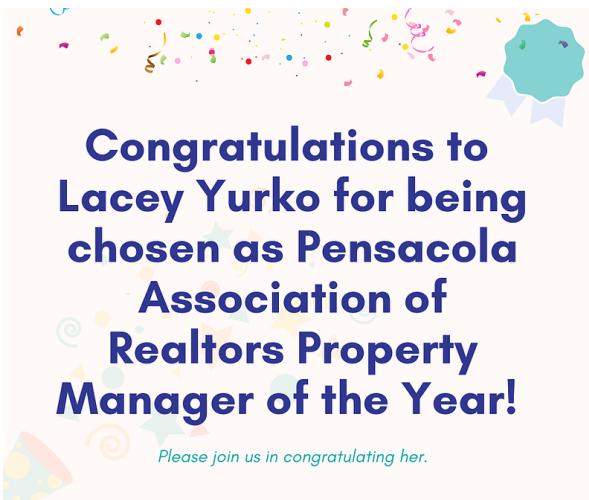
Making Changes to Title or Ownership of Property

We understand you may want to make changes in ownership for your rental property like deeding the property to an LLC, a life estate, or a trust. Should you have any changes in ownership during our relationship together, we need to be made aware of these changes immediately. Changes in ownership do affect the legal documents we prepare for you including the lease and management agreement. If you have made recent changes to ownership, please reply to let us know so we can determine what paperwork needs to be updated.

Realty Masters Team Updates

After 10 years with the company, Patty has moved on to a different opportunity. Constance is a licensed Realtor with both real estate sales and property management experience, and is kind yet firm. If you have not yet met Constance, and Patty was your property manager, please reach out! Email her at

Constance@pensacolarealtymasters.com or give her a call.





Roof Age Key Insurance Factor

Roof Replacement Important for Insurance Coverage

If you already replaced your roof post Hurricane Sally, then you can ignore this article and be happy that you are done (for now) with the most expensive capital improvement your Florida home needs.

If you did not replace your roof after Hurricane Sally in September 2020, and the roof on your rental property is aging, you will likely see an increase in your insurance renewal premium. We are seeing significant increases, as much as 25-65% increases in premiums, on homes that have a roof age of 15 years or more.

If you've owned your rental for some time and replaced it after Hurricane Ivan back in September 2004, or purchased a newer construction home built in that time period, your roof is coming due for replacement soon and you should begin saving for this expense. Unfortunately, age of the home, roof, and water heater are main considerations for insurance companies. If you receive a crazy renewal offer, you should consider reaching out to a local insurance agent and shopping for a new policy. Ultimately, we believe roof age will continue to be a factor as insurance companies struggle financially and act to limit their risk. If you need a local insurance agent contact, reach out to us and let us know.

Good Reading for Landlords

Here are some real estate related articles that may interest you!

Rent Control & Legislation

- [The Worst States for Landlords Across the United States](#) by Bay Property Management Group
- [The Most Landlord Friendly States](#) on Fortune Builders
- [Statewide Rent Control Laws by State](#) by IPropertyManagement
- [LA County Rent Stabilization and Tenant Protection Ordinance](#) by Tobener Ravenscroft
- [Rent Control Vs. Rent Stabilization](#) by Forbes

Real Estate & Current Events

- [An Insider Explains the Supply-Chain Crisis](#) by the Wall Street Journal
- [Will Higher Interest Rates Slow the Market](#) by the Home Buying Institute
- [As Florida home prices spike, middle-class residents wonder if they can afford to stay](#) by The Washington Post
- [Florida remains top destination in great COVID migration](#) by Real Estate Weekly
- [Florida property insurers dropping homeowners based on roofs' age](#) by Click Orlando



MARKET UPDATE

Pensacola Rental Market Update

Rents have been strong over the last quarter. In fact, we saw an 18% increase in new move in rental rates in November, and a 21% increase in new move in rental rates in December, which set records for us with an average quarterly move in increase of approximately 17%.

Rents are strong and will remain strong during 2022. We predict rents to continue to increase at this time, however, we are starting to see an increase in inventory and a trend of price decreases among active rentals so we do not recommend increasing above market rent just due to low inventory. We saw really aggressive, almost unrealistic pricing in fall and have seen an increase in the average number of days on the market since then.

Pensacola rental inventory levels are now higher than they have been at any point during 2021. We are currently advising for less aggressive pricing than we saw some homes go for in the late summer and fall months. You will still likely have a great increase in your monthly rent, especially if you have had the tenant in place for more than a year.

Additionally, as many landlords did upgrades and remodeled their units to achieve maximum rents, remember that your property may need be updated, or even improved, to achieve market value.

Pensacola Real Estate Market Update

The Pensacola Real Estate Market continued to outperform historic metrics. We closed out 2021 with a record median sales price of \$300,000. 2021 showed historical metrics across the board with the highest number of closed sales, the highest median sales price, and lowest days on the market. Average days on the market for single family homes sold between \$100,000 and \$300,000 was around 17 days, with homes priced under \$100,000 and homes priced above \$300,000 at an approximate average of 40 days. This is all good news for homeowners and landlords, but not so much for homebuyers or those looking to expand their portfolio.

Predictions for 2022

With rising home prices, lower consumer confidence and increasing fears of inflation, we are starting to see signs of the market cooling down a little. The consensus among experts is that the price growth we saw in 2021 is not sustainable as affordability becomes an issue for many Americans.

At this time, experts predict a small increase in inventory and a slowing of price increases in 2022. We expect prices to begin to stabilize and continue to increase at a slower, more realistic pace. While inflation is concerning, there is not a consensus among experts that a market adjustment or a market crash is on the immediate horizon.

One of the factors experts predict will influence the market is the increase in interest rates. As interest rates have already increased a 1/2 a percent since the beginning of the year, we'll see what effect

additional increases in rates have on the market. As we know, interest rates are still historically low, but as prices are historically high, we do anticipate this will outprice some buyers. Properties are still selling fast and for top dollar, so if you have considered selling, reach out and let us know how we can help you accomplish your goals.

If you are looking to build your rental portfolio, it is harder than ever to find a cash flow investment in the area. We'd be happy to discuss this further with you if you have questions.

Request a Market Analysis

Interested in a CMA to know what the current market value of your rental property is?

Contact me for a market evaluation

How can we better assist you? Reach out to our team!

Help Us By Leaving a Review

We'd sure love it if you could leave us a few kind words on **Google!** Just [Google Realty Masters of Florida](#) and click to leave a 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.



Realty Masters of Florida

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Call us Monday- Saturday at **850.473.3983**

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