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Cape Coral Home Prices Plunge as Market Crashes

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Once one of Florida's fastest-growing housing markets, Cape Coral is now facing a sharp reversal that has left many homeowners and potential buyers concerned about what comes next. The same city that saw prices skyrocket during the pandemic is now grappling with a steep downturn, becoming a case study of how quickly fortunes can change in real estate.

Over the past few years, Cape Coral attracted waves of out-of-state buyers looking for more space, better weather, and affordable homes. The surge pushed home prices to record highs. Between May 2020 and May 2022, the city's median home price nearly doubled, from

around $239,000 to over $436,000. But that boom, driven largely by low interest rates and remote work opportunities, has come to a grinding halt.

Today, the story looks very different.

In just the last year, Cape Coral's median home price dropped 7.7%, falling to $361,250. Over two years, prices are down roughly 11%the steepest decline among all major metropolitan areas in the United States, according to a recent analysis for *The Wall Street Journal* conducted by Homes.com.

The market is now flooded with homes. As of May, Cape Coral had a surplus of over 10,000 units more than a 500% increase since 2022. More than half of all listings in the city have undergone price reductions, well above the national average. The oversupply is the result of several overlapping challenges: overbuilding during the boom years, fewer buyers due to high mortgage rates, and a cooling of out-of-state demand.

And while Florida as a whole is experiencing a slowdown, Cape Coral is facing some unique struggles. The city is still recovering from Hurricane Ian, which struck in late 2022 and left behind damage that many homeowners and developers are still trying to manage. Add in rising insurance costs and flood risks, and the equation becomes even tougher for both buyers and sellers.

Across the country, more people are putting their homes up for sale, but fewer are buying. High borrowing costs and affordability issues are making it harder for people to enter the market. In Cape Coral, the disconnect between supply and demand is especially sharp.

While some see this as a necessary correction after an overheated market, others worry that further price drops could continue throughout the year. For now, Cape Coral serves as a reminder of how quickly real estate markets can shift and how important it is to stay grounded in the fundamentals, even in times of rapid growth.

As one of the most closely watched housing markets in the country, Cape Coral may offer early clues about where the rest of Florida and the U.S. might be heading next.

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