

The Real Estate Newsletter Of The Florida Keys! Coldwell Banker Schmitt Real Estate Co. *The Most Trusted Name in Florida Keys Real Estate Since 1955*

Florida Keys Real Estate Market Comparison January to September 2010 Vs 2009

*Source: Tri-Services Multiple Listing Service (MLS) Board
Key Largo To Key West

KEYS-WIDE OVERVIEW

The **Number of Sales** in the first nine months of 2010 totaled **1,374**, an **+18%** increase relative to the same period in 2009 when it improved by **+19%** to **1,165** over the prior period. That was the first time since September 2004 that sales hadn't declined compared to the same 9-month period for the preceding year. Sales for January-September in 2008 totaled **975**, down **-11%** versus that period for 2007. The Keys market has realized increased sales during each quarter since the 1st quarter of 2009 as compared to the previous year.

The **Dollar Value of Sales** during the same period increased by **+5%** to **\$563.3MM**. Last year, it was **\$535MM** for that period after having declined **-8%** versus January-September 2008. The increased dollar value is the result of the growth in number of sales coupled with less of a reduction in the percent of decline for the average sales price year-to-date versus 2009.

Average Days To Sell a property at **243** is up **+2%** from last September's **238**. It was **264** at the end of September 2008.

The **Sale Price to Original List Price** ratio is **69.46%** compared to **69.79%** at the end of September 2009, virtually no change. This means that sellers can expect, on average, to receive **30.54%** less for their property than they originally asked. At the end of 2008, that percentage was **26.43%**, and it was **17.50%** in September 2007. The **Final List Price to Sale Price** ratio (the listed price at the time of obtaining a contract that results in a sale) rose **+5%** to **91.01%** from **86.95%** last September.

The **Average Sale Price** of **\$410K** is down **-11%** from the **\$459K** of last September when it had dropped **-23%** from **\$604K** during the same period in 2008.

Pending Transactions are properties with an agreed-upon contract in the process of completing contract contingencies such as inspections, financing, title search, etc. prior to the closing date, which tends to be from 15 to 60 days from the date of contract agreement. As such, it's a market activity trend indicator by way of providing a forecast for closed sales over the next two to three months. Pending sales over this nine-month period are up **+16%** with **1,477** versus **1,278** in 2009 and **1,009** in 2008. Compared to 2008, the 2010 number is up **46%**.

The **Number of Properties For Sale**, **3,811** is **+6%** over the **3,591** of last September, which was **-17%** less than the **4,316** for September 2008, September 2010 is the 16th consecutive month the number of properties for sale has been below **4,000** since December 2005.

The **Months of Inventory** (the months required to sell the existing inventory on September 30, 2010 if no other properties were listed for sale on the market) decreased by **-10%** to **25** months (2 years) from **28** in 2009. MOI was **43** months at the end of September 2008 and **73** months at the end of Q1 2007. MOI changes seasonally. It's based on the time of year when sales and listings peak and ebb, and it may be the most important single market indicator of overall market activity since it represents the ratio of sales to listings.

The **Average List Price** of **\$751K** is off **-13%** from **\$860K** a year ago when it had dropped **-6%** from September 2008, continuing the trend of gradually declining listing prices, which were **\$913K**, **\$969K** and **\$1MM** at the end of Q3 in 2008, 2007, and 2006, respectively.

SUB-MARKET AREA DETAILS

Number of Sales: All areas of the Keys experienced an increase over the same 9-month period in 2009. The **Middle Keys** had the largest increase in sales up **+44%** to **251**, followed by the **Upper Keys** at **+18%** to 380 and **Key West**, **+14%**, with 453 properties sold. The Lower Keys, with **290** sales, increased **+7%**.

Dollar Value of Sales: The declining trend of the last four years continued in two of the four market areas during Q3. The **Lower Keys** dollar value fell **-11%** to **\$100MM** compared to **\$112MM** last September. The Upper Keys was off just **-1%** with **\$158.6MM** versus **\$160MM** in 2009. Reversing that trend, the **Middle Keys** increased **+46%** to **\$109MM** compared to **\$74MM**. **Key West** rose **+4%** to **\$195.6MM** compared to **\$187MM** by September 30, 2009. (continued on page 4)

	Upper Keys (Lower Matecumbe to Key Largo)	Middle Keys (7 Mile Bridge to Long Key)	Lower Keys (Bay Point to Big Pine)	Key West (Key West to Shark Key)	All Areas Keys-Wide
Green (+) Red (-)					
Total Number of Sales as of 09/30/10:	18% More 380	44% More 251	7% More 290	14% More 453	18% More 1,374
\$ Value of Sales as of 09/30/10: (in millions \$)	1% Less \$158.6MM	46% More \$109MM	11% Less \$100MM	4% More \$195.6MM	5% More \$563.3MM
Avg. Days to Sell as of 09/30/10:	1% Less 273	15% More 300	1% Less 241	8% Less 157	2% More 243
Sale Price to Original List Price as of 09/30/10:	6% More 74.40%	9% Less 62.85%	7% More 79.92%	6% Less 60.67%	No Change 69.46%
Sale Price to Final List Price as of 09/30/10:	4% More 90.02%	5% More 89.76%	3% More 90.64%	6% More 93.62%	5% More 91.01%
Avg. Sales Price as of 09/30/10:	16% Less \$417K	1% More \$434K	17% Less \$345K	8% Less \$431K	11% Less \$410K
Pending Transactions as of 09/30/10:	19% More 436	40% More 277	1% More 313	12% More 451	16% More 1,477
Number of Properties For Sale as of 09/30/10:	2% More 1,294	2% More 790	40% More 701	2% Less 1,026	6% More 3,811
Months of Inventory as of 09/30/10:	14% Less 31	29% Less 28	31% More 22	14% Less 20	10% Less 25
Avg. List Price Properties For Sale as of 09/30/10:	12% Less \$766K	14% Less \$709K	No Change \$613K	14% Less \$859K	13% Less \$751K

Real Estate Market News

“Short Sales” and “Bank Owned Sales” Impact on The Keys Market

- The chart below provides quarterly data from 2008 through Q3 2010 Keys-wide for Short Sales and Bank Owned Listings and Sales. The Keys MLS commenced requiring designation of such properties in 2008, so that tracking of these segments is now possible.
- The chart shows Listings and Sales for Short Sales (**SS**) and Bank Owned Sales (**BO**) steadily increasing due to better reporting and more activity in this sector of the market.
 - ◇ **SS Listings** appear to have peaked in 2009 and have declined **-15%** so far in 2010. **SS Sales**, after increasing **+113%** in the first two quarters of 2010 vs. 2009, were down **-13%** in Q3 2010 over the prior quarter, possibly signaling a decrease following the decreased number of **SS Listings**.
 - ◇ **BO Listings** increased **+53%**; **Sales +42%** over the first three quarters of 2010 vs. 2009.
- In 2009, reported **SS** and **BO** each represented **16%** of all sales, respectively. In 2010 those percentages are **22%** and **19%**, respectively signaling their increasing impact and influence on the market.
- Many buyers believe **SS** and **BO** represent the best values in the market. That is not always the case as:
 - ◇ The approval process for **SS** remains lengthy and uncertain.
 - ◇ A **BO** is typically sold with no warranties as to the property’s condition.
- An example of the impact of the long approval process for **SS** versus **BO** is the following comparison as of October 1, 2010:
 - ◇ There were **131 Active BO Listings** with **51 Pending Contracts (39%)**. **4 Listings** were placed back on the market after failing and just **4** of the **Pending** contracts occurred earlier than September 2010.
 - ◇ For **SS**, there were **356 Active listings** with **274 Pending Contracts (77%)** waiting Bank approval, with **44 (16%)** contracts occurring earlier than September 2010, and one waiting bank approval since April 2009! Of the active listings, **67 (19%)** are back on the market due to the contract failing, as often the buyer tires of waiting for bank approval and moves on to another property.
- Combined **SS** and **BO** properties represent **23%** of all listings and **41%** of all sales to date in 2010 compared to **26%** of Listing and **34%** of Sales from Jan-Sep 2009. While it would appear that the relative contribution of **SS** to the totals is declining the increase in **BO Listings** and **Sales** has served to continue their impact and influence going forward.



MARKET HIGHLIGHTS JANUARY - SEPTEMBER 2010

with Coldwell Banker Schmitt Real Estate Co. (CBSREC)

SALES:

- Keys-wide Total Sales are UP **+18%** during the first nine months of 2010 vs. the same period in 2009.
- CBSREC sales rose **+40%** during that same period which is **+122%** over the market.
 - CBSREC Market Share increased **+3.8** times that of the #2 Company.
 - CBSREC Agents are involved in nearly **1** of every **4** transactions Keys-wide.
- Final Sales Price to Original List Price for the Keys-wide market is **69.46%**.
 - Sellers, on average, give up **30.54%** of the original asking price to buyers.
- CBSREC's Final Sales Price to Original List Price is **74.90%**
 - CBSREC Sellers receive **+5.4%** more for their property as the margin is only **25.18%**.
- "Months of Inventory (MOI) for the Market" is **25**, down from a peak of **55** months. (MOI is a measure of how many months it would take to sell the existing inventory.)
- MOI for CBSREC is **21** even though we have gained **+46%** market share in listings.
 - Properties listed with CBSREC have on average **Sold 4+ months faster** than with all other brokers.

AGENTS & OFFICES:

- **One-third** of the Top 100 agents out of nearly 994 agents in the Florida Keys are CBSREC agents, a total higher than for the next **6** companies combined.
- **Each CBSREC Office Ranks #1** in sales in every market area in The Keys: **Upper Keys, Middle Keys, Lower Keys** and **Key West** out of all **294** offices.
- **CBSREC is the #1 Company for Listings and Sales Keys-wide**, by a large margin.

Keys-wide Market Highlights January - September 2010 Vs 2009

Year	Sales Sides		Sale Price to Original List Price			Market Share Sales		Market Share Listings	
	Keys-wide	CBSREC	Keys-wide	CBSREC	CBSREC Seller's \$\$	#2 Company	CBSREC	#2 Company	CBSREC
2009	2,330	450							
2010	2,749	632	69.46%	74.90%	+5.4%	6%	23.1%	6.2%	21%
% Change	+18%	+40%				-25%	+13%	Versus #2 Co. +238%	
CBSREC Vs Market . By % of Change		+122%				Versus #2 Co. +285%			

(continued from page 1)

Average Days to Sell: Three of the four market areas experienced declines. The **Upper Keys** and **Lower Keys** were each down **-1%** with **273** and **241** days, respectively. **Key West** ended September **-8%** with **157** days. Only the **Middle Keys** at **300** days had an increase, **+15%**.

Average Sale Price: The largest reduction occurred in the **Lower Keys** market, **-17%** to **\$345K** where it had been **\$414K** last September, **\$481K** in 2008, with a September peak of **\$675K** in 2006. The **Upper Keys** followed at **\$417K**, **-16%**, compared to **\$498K** in 2009 and **\$638K** in 2008, that September peak being **\$759K** in 2006. **Key West** at **\$431K** was down **-8%** compared to **\$471K** a year ago, **\$620** for September 2008, and topped at **\$1MM** to end September in 2005. The **Middle Keys** is the first market area to realize an increase in sales price since September 2006 with a slight rise of **+1%** to **\$434K** from **\$430K** last year, **\$648K** in 2008, and a September high of **\$806K** in 2005.

Pending Transactions: All four market areas increased their pending sales with the **Middle Keys** surging **+40%**, **277** versus **198** last September. That is followed by the **Upper Keys**, **+19%** to **436** over **366** in 2009. **Key West** with **451** rose **+12%** from **403** this past year. The **Lower Keys** rose nearly **+1%**, **313** over **311** as of September 2009.

Number of Properties For Sale: Only **Key West** had a decline in properties for sale, **-2%** to **1,026** from **1,047** last September. The September high was **1,394** in 2007. The **Lower Keys** rose **+40%**, **701** to **502** a year ago and peaked with **790** in 2006. Both the **Upper Keys** and **Middle Keys** rose **+2%**, going from **1,268** to **1,294** in the **UK**, and **774** to **790** in the **MK**. The September high for the **UK** was **1,519** in 2006 and **794** in 2007 for the **MK**.

Months of Inventory: The **Middle Keys** declined **-29%** to **28 MOI** as opposed to **40 MOI** last September and **55 MOI** in 2008. **Upper Keys** and **Key West** dropped **-14%** to **31** and **20** months, respectively, compared to **36** and **24** last September, and **46** and **38** in 2008. **MOI** for the **Lower Keys** increased **+32%** to **22** from **17** in 2009 after being **36** months in 2008.

Average List Price: The **Middle Keys** led the market in declining list price, down **-14%** to **\$709K** from **\$824K** in 2009, after peaking at **\$1MM** on September 30, 2006. **Key West** also declined **-14%** to **\$859K** versus **\$995K** last September. That high was **\$1.1MM** for September 2005. The **Upper Keys** average list price of **\$766K** dropped **-12%** from **\$868K** in 2009 after topping out at **\$1.2MM** at the end of Q3 2006. There was no change in the **Lower Keys Avg LP** as it remained **\$613K**. The highest at **\$761K** occurred in September 2006.

WHAT IS AHEAD FOR THE KEYS REAL ESTATE MARKET?

The **+18%** increase in the number of sales in the first nine months of 2010 over the prior year reflects a significant slowing from Q1 which was up **+37%**, and Q2, which was up **+34%** over the same periods in 2009. These increases came after 2009 sales increased **+34%** over 2008.

Sales in the three months of 2010's third quarter were actually down **-2%** over the same three months in 2009. Interestingly, the number of listings, which has been on a steady decline, actually increased in all three months of Q3 over those months in 2009. This reinforces the tight lockstep inverse relationship of listings and sales that is also apparent seasonally. The number of listings typically peaks in Q1 of every year while closed sales ebb and sales peak in Q2 when listings are at their low point.

Sales in Q3 reflect activity that occurred in Q2 and the early part of Q3 as it takes between 45 and 60 days to close a sale once the contract is signed.

We will have to wait to see if the slowing in sales is a result of a slowing market or was related to an event. There is evidence to suggest that the slowdown was related to media reports about the Gulf oil spill reaching The Keys which served to cancel a number of contracts and put many more buyers on the sidelines to wait out the result.

The other apparent trend, which is good news, is that after the average sales price declined on average about **-2%** per month through 2008 and 2009, that rate is now about **-1%**. Still declining, but at about half the rate of recent years.

With continued downward pressure on prices fueled by growing inventories and historic-never before seen interest rates-Keys Real Estate represents great value, especially for a long term hold.

More Florida Keys History



Most of the original bridges had catwalks on at least one side of the bridge for fishing even the 7-Mile Bridge. They were removed in the 1980's when construction of the new bridges began.

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