

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 June 2010 Vs 2009

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

KEYS-WIDE OVERVIEW

The **957** sales for the first half of 2010 represent a **+36%** increase from the **705** for that period in 2009 and exceeds the first six-months totals of **653** in 2008. Last year's sales between January and June increased **+17%** over 2008. That was the first time they had exceeded the previous year since 2004 when they were up **+14%** to **2,008** over 2003. **Of particular note:** Sales during Q2 of 2010 were the highest, **553**, for a second quarter since 2005, exceeding the **350** in 2009, **331** in 2008, **409** in 2007 and **505** in 2006. Additionally, sales during Q1 2010, **404**, were the highest since 2006. Sales had declined **-19%** during the first six months for 2008 vs. 2007 and 2007 vs. 2006, respectively, after falling **-48%** for 2006 vs. 2005, and **-16%** for 2005 vs. 2004.

The Dollar Value of Sales rose **+13%** to **\$404MM** compared to the first half of 2009. That is the first time the dollar value of sales has increased between January and June since 2005 when it was **\$1,285MM**. The 2009 dollar value of sales for the same period declined **-18%** vs. 2008, which, in turn, was off **-32%** vs. 2007. 2007 was down **-24%** vs. 2006 which dropped **-46%** vs. 2005.

Selling a property took an average of **235** days, a **+5%** rise from **224** days for the first half of 2009. The **251** days during that same period in 2008 was the high mark after being **226** days during 2007. The lowest days on the market, **143**, occurred in the first half of 2004.

The Sale-Price-to-Original-List-Price (SP/OLP) rose **+1%** to **72.06%** on June 30, 2009. More importantly, the current ratio increased from **62.49%** at the beginning of 2010. The SP/OLP compares the sale price of the property to the list price of the property at the time it first came on the market versus the list price at the time the contract that ultimately closed was written, and provides a measure of the mismatch between the initial list price of many Sellers and the market price acceptable to Buyers.

The average Sale-Price-to-Final-List-Price (SP/FLP) of sold properties rose **4** full percentage points to **91.12%** at the end of June 2010 from **87.10%** at the end of 2009 where it has steadily been for the past 3 years. It is a very significant indicator of market health and balance. The margin for negotiating sales price dropped overall from about **13%** to less than **9%**, which signifies a growing recognition that prices are near bottom. The margin in April 2009 was the low at **84.83%**, the high was **95.99%** in January of 2004, the year that set the record for sales sides with **7,020**. The SP/FLP compares the Sale Price to the List Price at the time the property goes under contract. This figure shows the actual percent of reduction, on average, that buyers and sellers can expect from the list price of a property correctly priced for its amenities, condition and location.

The **\$423K** Average Sale Price from January to June 2010 is **-13%** less than the **\$484K** for that period in 2009 when it had declined **-22%** from **\$626K** over the first half of 2008. Average sales price dropped **-17%** in 2008 after having been **\$746K** during 2007 and **\$762K** in 2006. The four-year decrease from **\$746K** in 2007 to **\$423K** this June is **-44%**. **Of note:** At the end of Q1 2010, the ASP was **\$417K**. We have witnessed the average sales price declining at an average rate of about **2%** per month over the past couple of years. That rate of decline vs. the prior year has been reduced in the first half of 2010 to about **1%** per month, and analyzing changes and monthly scale (see page 2), those losses may now actually be gains. Looking at a monthly change in sale price vs the quarterly composite average through the year (Chart on page 2) reveals that, on a month-to-month basis, the average sale price increased **+10%** from March of this year to June, **\$404K** to **\$446K**. As the chart on page 2 also shows, that is the first time prices have increased month upon month for more than a single month prior to again declining, a further indicator that the decline in sale price of the past three years may be over.

Pending Transactions is a market activity trend indicator as it provides a forecast for closed sales over the next two to three months. This is because pending properties have an agreed-upon contract and are in the process of completing contingencies of the contract such as (continued on page 2)

	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 06/30/10:	31% More 259	47% More 172	16% More 194	43% More 332	36% More 957
\$ Value of Sales as of 06/30/10: (in millions \$)	10% More \$117.2MM	57% More \$79.4MM	1% Less \$70.0MM	7% More \$137.6MM	13% More \$404.3MM
Avg. Days to Sell as of 06/30/10:	5% Less 264	14% More 299	2% More 210	11% More 167	5% More 235
Sale Price to Original List Price as of 06/30/10:	10% More 76.60%	11% Less 60.03%	9% More 79.79%	4% Less 71.83%	1% More 72.06%
Sale Price to Final List Price as of 06/30/10:	6% More 90.67%	5% More 89.79%	4% More 90.66%	8% More 93.36%	7% More 91.12%
Avg. Sales Price as of 06/30/10:	16% Less \$453K	7% More \$462K	15% Less \$361K	18% Less \$415K	13% Less \$423K
Pending Transactions as of 06/30/10:	29% More 311	36% More 188	11% More 214	36% More 328	27% More 1,041
Number of Properties For Sale as of 06/30/10:	4% More 1,338	7% More 830	4% More 580	9% Less 1,021	.5% More 3,769
Months of Inventory as of 06/30/10:	21% Less 31	28% Less 29	11% Less 18	37% Less 18	25% Less 24
Avg. List Price Properties For Sale as of 06/30/10:	8% Less \$831K	19% Less \$692K	.4% Less \$593K	13% Less \$872K	12% Less \$775K



(continued from page 1)

inspections, financing, title search, etc., prior to the agreed closing date, which is typically from 15 to 60 days from contract date. Keys-wide pending transactions increased +27% compared to the first half of 2009, going from 820 to 1,041 in 2010.

The 2010 number is the highest since 1,297 in 2005, after having been 830, 789 and 673 during the first six months of 2006, 2007 and 2008, respectively. There was a slight slowdown in the market as measured by the number of pendings in June 2010 compared to June of 2009 which is the result of the misleading media reports regarding the presence and potential of Gulf oil in the Keys. To date, none of the speculative information has been supported by data from any valid study, Gulf of Mexico models of currents, or projected changes to the movement of water within the Gulf of Mexico. The impact of the negative information resulted in a slowing of the Keys market during the latter half of May and June, and caused a decline in contracts written. Pending sales for May 2010 accordingly were only 13% higher than in May 2009 while June 2010 was 5% lower than June 2009, after having been from 52% to 28% higher between January and April 2010 versus those same months in 2009. Our view is that those buyers hesitant to write contracts will return in time as the real story unfolds and The Keys turns out to not be adversely impacted by the BP oil spill.

The 3,769 Properties For Sale at the end of June 2010 is a slight increase of +.5% from the 2009 number of 3,750 which had declined -17% from the 4,540 at the end of June 2008.

The 24 Months Of Inventory (MOI) versus 32 at the end of June 2009 represents a -25% drop. This follows the -21% decline in the first half of 2009 that reversed the +20% increase in MOI to 43 for 2008 vs. 2007, the highest level for the first half of any year. This 2010 reduction in MOI resulted from increased sales alone as inventory was essentially unchanged from a year ago. Listings peaked at 5,084 in March 2007 and have declined by -25% to 3,769 at the end of June 2010.

The Average List Price (LP) declined -12% to \$775K compared to \$878K in June of 2009 when the LP was down -5% compared to the \$878K of 2008's first half. \$1,058K was the highest LP at the end of March 2005. The June 2010 LP is -27% less than that price.

SUB MARKET AREA DETAILS

Number of Sales: All Keys markets experienced increases in sales. The Middle Keys led the way with a +47% jump to 172 from 117 in 2009, which, in turn, had risen +27% from 87 in 2008; a -25% drop from 2007. Key West was next, +43%, with 332 sales following the 2009 increase of +4% to 232 after having declined -18% in the first half of 2008 with 223 sales. The Upper Keys sales total of 259 rose +31% from the 198 sales over that period in 2009, which was +3% compared to the 192 in 2008. Lower Keys sales increased the least to 194, +16%, compared to 167 in 2009, which was +38% higher than 2008's 121 properties. **Of note:** The 2010 sales for each market area is the highest since 2005 which was the second-highest, first half-year of sales since the peak of 2,045 in 2004.

Dollar Value of Sales: Every market area increased except the Lower Keys which was down slightly -1% to \$70MM vs. \$70.9MM in 2009. The Middle Keys, with the largest increase in number of sales combined with a +7% average sales price (ASP) increase, produced \$79.4MM for dollar value of sales, +57%, versus the \$50.7MM in 2009 which was down -13% from 2008. The Upper Keys rose +10% to \$117.2MM from the \$106.5MM of 2009, which had declined -18% from 2008. Key West was up +7% to \$137.6MM from \$128.6MM in 2009 which was -22% less than 2008.

Average Sale Price: As noted above, the Middle Keys went from \$433K in 2009 to \$462K in 2010, +7%, which is the first time a market area has increased in ASP during the first six months of the year since the Upper Keys' +6% in 2007. The Lower Keys declined -15% to \$361K compared to \$425K in 2009, which had fallen -19% from 2008. The Upper Keys average sales price fell -16% to \$453K compared to \$538K for 2009 which was off -14% from 2008. Key West's ASP declined -18% to \$415K versus \$502K for 2009, which was down -17% from 2008.

Pending Sales: The Middle Keys, with 188 vs. 138 pending sales during the first half of 2010 vs. 2009, rose +36%. That also is +94% beyond 2008's pending sales of 97. The +29% increase to 311 from 242 in the Upper Keys was also +51% over the 206 of 2008. Key West's pending sales grew by +36% to 328 from 242 in 2009. 2010 was +44% greater than the 216 of 2008. For the Lower Keys, pending sales grew +11% to 214 vs. 193 in 2009, and +40% compared to the 153 of 2008.

Average Days to Sell: The Upper Keys was the only region with a reduction, -5% at 264 from 278 during the 2009's first half, after registering 248 for 2008 and 237 for 2007. The Lower Keys increased to 210 days, +2% over the 206 of 2009, 285 of 2008 and 233 of 2007. Key West increased +11% to 167 days from 151 last year, 212 days in 2008 and 202 in 2007. Key West's number of days on market is measured from the listing date to the contract date. Elsewhere in The Keys, it's measured from the listing date to closing which necessitates adding 45 to 60 days to the Key West numbers for a fair comparison. The Middle Keys was up +14% to 299 days after having risen +6% to 274 days through the first six months of 2009 compared to 260 in 2008 and 232 in 2007. We continue to feel that all of these sale periods are artificially low as they do not accurately account for the property having been listed previously with one or more brokers prior to being sold. Additionally, developer sales and sales entered for statistical purposes typically show as "one day to sell," which, given the relatively low number of sales over the past four years, can substantially, but artificially, lower the number.

(continued on page 4)

Keys-wide History Avg. Sale Price & SP to Final LP



Introducing the New ColdwellBanker.com

Coldwell Banker's website has been revised from top to bottom and was relaunched in July. The site now presents a streamlined look, new home buying and selling resources, and features tight integration of Web 2.0 technologies such as social networking and video.



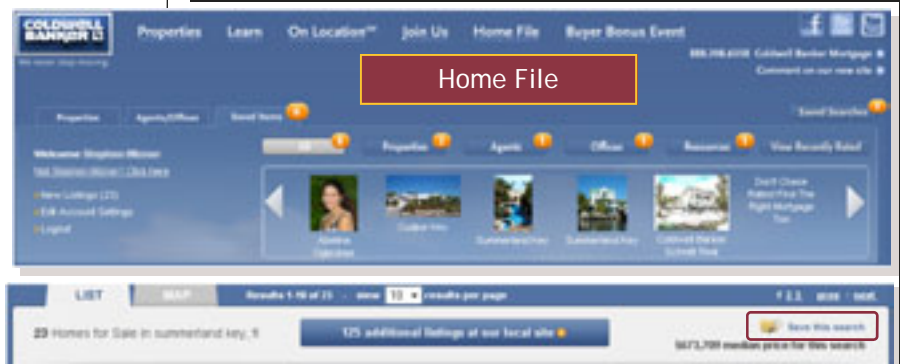
You can visit the new Coldwell Banker site from any of the property search pages on RealEstateFloridaKeys.com, Coldwell Banker Schmitt's website, or by navigating to coldwellbanker.com. Let us know how you like it.

Property listings, agent & office profiles and resource files carry links for sharing information through avenues such as email, Facebook, Twitter, StumbleUpon, and others.



In place of the Personal Retriever service, Coldwell Banker now offers the expanded "Home File." Home File lets you create a personal folder into which you can add and save properties, offices, agent profiles, resource files and videos on the site, and set up home search parameters through which you'll be notified via email of new listings meeting your requirements.

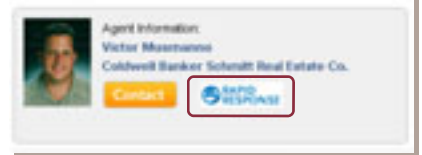
Home File can be accessed directly from the home page. Registration only requires a name, email address, and password. (Personal Retriever users can log in with their existing email address and password.) You add a property to your Home File simply by clicking on the "save" button that appears with each listing, or by "rating" the property using the star icons. When you do, a frame displays at the top of the page showing the items already saved to the home file. To save a search, you need only click on the "save" link after entering your parameters and clicking on "list" or "map."



Property Search has been both simplified and made more versatile. You can enter a price range of your choosing, pull down windows to select the number of beds & baths desired, and designate a geo radius ranging from 1 mile to 25 miles or "any". There are check boxes to isolate listings with scheduled Open Houses, listings with virtual tours, or homes listed within the last two weeks. You can also narrow your search by choosing among various property type criteria and amenities. Search results can be displayed in a list or on a map.



Each property listing also offers prospective buyers the option of using our Rapid Response system which instantly conveys their contact info and comments to the listing agent.



Video is featured extensively throughout the site. Property videos are integrated into the listing photo gallery & can be run within the photo frame. They're also accessed through Coldwell Banker's "On Location" YouTube channel.



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Number of Properties For Sale: Key West was the only market area with fewer properties for sale, declining by **-9%** to **1,021**, down from **1,124** in 2009 and the peak of **1,690** in 2006, a **-40%** reduction over four years. Lower Keys listings rose **+4%** to **580** from **559** in 2009, **695** in 2008 and the peak of **1,021** in 2006, a **-43%** drop in 4 years. The Upper Keys also increased **+4%** to **1,338** properties from **1,289** in 2009, and that market area peak of **1,541** in 2008, **-13%** over two years. The Middle Keys, with **830** listings, grew **+7%** from **779** in 2009 and the peak of **978** in 2006 for a **-15%** drop over 4 years.

Months of Inventory (MOI): Reflecting the increase in number of sales, and in spite of slight increases in properties on the market, all market areas' MOI declined. The biggest drop, **-37%** to **18** MOI from **29** in 2009 was in Key West. It was **39** in 2008, a **-54%** fall over 2 years. The Middle Keys followed at **-28%** with **29** MOI compared to **40** in 2009 and **54** in 2008, a **-61%** reduction in two years. A **-11%** drop to **18** months from **20** in 2009 occurred in the Lower Keys. It was **34** for a **-47%** decline since 2008. The Upper Keys' MOI of **31** was **-21%** down from **39** MOI in 2009 and **47** in 2008, **-34%** in two years.

Average List Price: The Middle Keys had the largest reduction with **-19%** to **\$692K** from **\$857K** in 2009 and **\$970K** in 2008, becoming **-29%** lower in 2 years. Key West, at **\$872K**, was **-13%** lower than the **\$1,006K** in 2009 and the peak of **\$1,160K** in 2005 for a reduction of **-25%** over 5 years. Upper Keys List Prices dropped **-8%** at **\$831K** vs. **\$901K** in 2009 and **\$1,180K** in 2006, **-30%** for 4 years. The Lower Keys was just **-.4%** less to **\$593K** from **\$596K** in 2009 and from **\$760K** in 2006 which is **-22%** during that four-year period.

What is Ahead for the Keys Real Estate Market? Sales for each of the months from February through June 2010 exceed the number for every year back to 2005. Pending Sales also exceed prior months in the same manner back to 2005 except June which was ahead of prior years with the exception of June 2009; the direct result of negative publicity from the oil spill as discussed above. The number of properties for sale at the end of June was **-26%** less than the record of **5,084** in March of 2007, with the overall trend showing a decline and now flattening in inventory compared to the same periods in past years. For sales to continue increasing, pending sales must consistently be at a higher level, as a portion of the pendings fail to close and those properties come back on the market. Reductions in pending sales below the level of closed sales forecast reductions in closed sales in coming months, as depicted in the chart in last quarter's edition of *Tropical Breezes*, illustrating this virtual lockstep relationship. The number of new pending sales registered in Q2 was less than the number of closed sales registered in Q1 which we attribute to the negative publicity The Keys received about tar balls on the beach in Key West and the potential for oil impacting The Keys. Now that this erroneous information has been discredited and the well is now capped, we believe that the market will be reinvigorated with only a short slowdown in the sales growth curve. Sales will continue to be fueled by historically low interest rates and bottoming prices which are indicated by significantly reduced margins reflected in the sales price to list price ratios, and monthly increases in average sales prices, as shown in the chart on page 2 over the past few months of 2010. Our earlier predictions for continued market improvement at the expense of smaller reductions in average sales price than previously experienced was accurate. We continue to forecast more of the same with only a slight hesitation caused by the media's overzealous and misleading coverage of the oil spill as it relates to the Florida Keys.

More Florida Keys History



Dredges worked 24 hours a day building land for what became the 2nd city in Monroe County. Key Colony Beach was incorporated in March 1958.

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