

## 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 2011 vs. 2010

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

#### KEYS-WIDE OVERVIEW

Sales for the nine months of 2011, increased **+17%** to **1,621** from **1,341** last year, which exceeds the sales total of **1,208** for the same time frame in 2006 and every year afterward. The lowest total for the first nine months of the year was **913** in 2008.

The **\$413K Average Sale Price (ASP)** at the end of September was **+3%** over the **\$401K** for that period last year. Similar to Q1 and Q2 in 2011, this is the first time the ASP has increased during the first three quarters of the year since 2006 when it was **\$800K**. The **\$413K** today is a reduction of **-48%** during the past five years which puts The Keys' ASP back to the price range of 2003.

The Keys-wide **Dollar Value of Sales** also rose **+21%** to **\$670.1MM** compared to **\$555.2M** for the first nine months of 2010. The Dollar Value of Sales had declined yearly from 2006 through 2009, falling **-50%** during this period. For all of 2010 it rose **+5%** over 2009.

The **Sale Price-to-Original List Price (OLP/SP)** increased **+8%** to **79.57%** compared to **73.77%** during the first nine months of 2011. The OLP/SP 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 was written. It provides a measure of the difference between many sellers' initial list price and the market price acceptable to buyers. The low point was **62.49%** during 2009.

The **Sale Price-to-Final List Price (FLP/SP)** of **92.78%** rose **2%** from **90.84%** in 2010. The FLP/SP compares the sale price of the property to the list price of the property at the time the contract was written instead of the time the property was first listed, and reflects the average discount from the Final List Price that buyers, on average, expect. The low point of **87.10%** also occurred for 2009.

The Sale Price to Original List Price and Sale Price to Final List Price ratios reflect how well buyers are aligned with the prices sellers set, or, if one subtracts the ratios from 100%, what the "average discount" is that buyers expect from the original and final sales prices. The discounts currently are 20.43% and 7.22% respectively. These discounts are significantly less than what buyers could anticipate in recent years and are approximately the levels of discount experienced in a seller's market.

**Average Days to Sell** increased to **249** days, up **+3%** over the nine months of 2010 which required **242** days on the market.

**Pending Transactions** provide a forecast for closed sales over the next two to three months as they are properties that have an agreed-upon contract and are in the process of completing the contingencies of that contract such as inspections, financing, title search, etc., prior to the agreed closing date, which tends to be from 15 to 90 days. Keys-wide Pending Transactions increased **+23%** compared to the first nine months of 2010, going from **1,430** to **1,764** in 2011. That is the highest total since **1,751** on September 30, 2005, after being as low as **1,099** during that period in 2008. There are currently more pending transactions awaiting closing than have closed so far in 2011.

The **3,149 Properties For Sale** on September 30, 2011 was a drop of **-17%** from **3,811** in 2010 and is a **-38%** reduction from the peak of **5,084** in March 2007, and is the lowest number of listings for sale since **2,702** on September 30, 2005.

The **Average Listed Price (ALP)** also declined, **-7%** to **\$701K** compared to **\$751K** in September of 2010. The ALP peak of **\$990K** occurred at the end of 2007, and has since fallen **-29%**.

	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 9/30/11:	32% More 524	8% More 271	12% More 321	12% More 505	17% More 1,621
\$ Value of Sales as of 9/30/11: (in millions \$)	36% More \$216.7MM	10% Less \$97.5MM	20% More \$111.7MM	26% More \$244.2MM	21% More \$670.1MM
Avg. Days to Sell as of 9/30/11:	7% More 286	2% More 305	3% More 242	7% More 164	5% More 249
Sale Price to Original List Price as of 9/30/11:	1% More 74.81%	17% More 73.39%	11% More 88.43%	5% More 81.63%	8% More 79.57%
Sale Price to Final List Price as of 9/30/11:	1% Less 88.63%	1% More 90.47%	8% More 97.45%	No Change 94.55%	2% More 92.78%
Avg. Sales Price as of 9/30/11:	3% More \$413K	17% Less \$359K	7% More \$348K	12% More \$483K	3% More \$413K
Pending Transactions as of 9/30/11:	39% More 569	19% More 302	26% More 366	10% More 527	23% More 1,764
Number of Properties For Sale as of 9/30/11:	18% Less 1,064	17% Less 658	22% Less 544	14% Less 883	17% Less 3,149
Months of Inventory as of 9/30/11:	38% Less 18	23% Less 22	31% Less 15	23% Less 16	29% Less 17
Avg. List Price Properties For Sale as of 9/30/11:	2% Less \$750K	3% Less \$685K	8% Less \$567K	14% Less \$737K	7% Less \$701K

(continued on page 4)

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# Florida Keys Real Estate Market News

## Distressed Property Listings and Sales

Is there another wave of Foreclosures or Short Sales on the horizon in The Keys? The short answer is "NO."

The chart on this page displays the percentage of all Keys listings and sales that are either bank owned or short sales, i.e., the distressed properties market. The blue line represents the percentage of all listed distressed properties and the red line all sold distressed properties. Though the chart starts in 2008 the statistics prior to 2009 are not reliable as the Multiple Listing Services in The Keys did not require Short Sales or Bank Owned properties to be so designated until 2009.

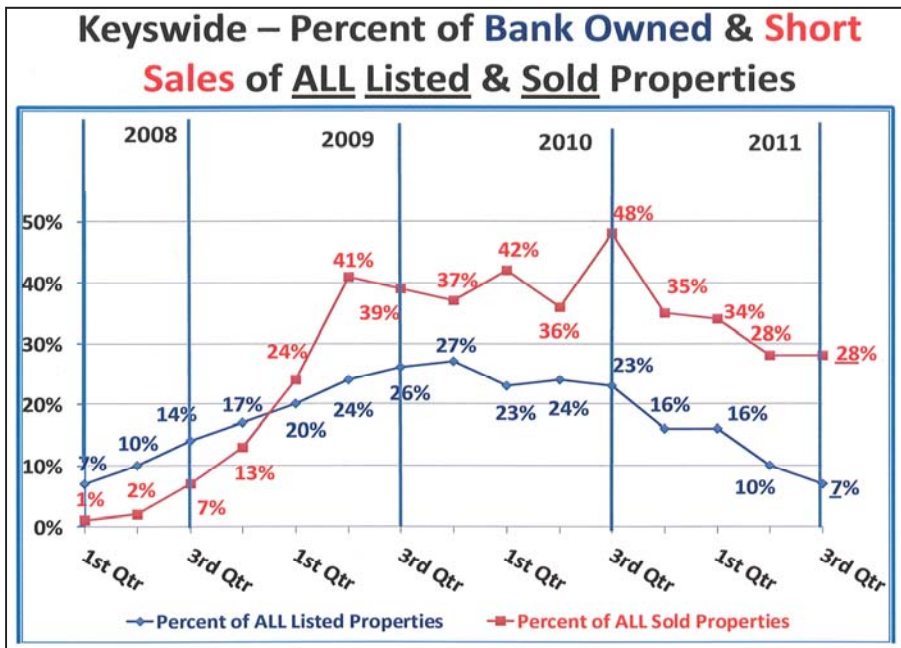
Distressed Property listings peaked at the end of the 4th Qtr 2009 with **27%** of all listings being distressed and has gradually declined over the ensuing 21 months to **7%** for 3rd Qtr 2011 which

alternatively means that **93%** of the properties on the market currently are not distressed. Of note is that the total of all listings on the market declined **-16%** during those 21 months while the reduction for Distressed Listings was **-74%**.

Distressed Sales also have been a significant factor in the Keys market peaking at **48%** of all sales for 3<sup>rd</sup> Qtr 2010 and then declining to **28%** during 2<sup>nd</sup> and 3<sup>rd</sup> Qtrs of 2011. There were **+17%** more sales of all properties Keys-wide year-to-date than in YTD 3<sup>rd</sup> Qtr 2010, yet the overall reduction in the market of Distressed Sales was **-42%**.

Distressed properties are selling at a rate four times higher than non-distressed properties as buyers perceive that these properties reflect the better buying opportunities. As the inventory of distressed properties continues to be depleted and fewer new distressed properties come on the market, as we anticipate, and there are fewer listings overall, market forces will drive prices upward.

Therefore, our answer to the question at the top of the page is clearly supported by the numbers. Our view is that the market has absorbed the vast majority of distressed properties in The Keys and there is not another wave of them about to appear within the market in the months ahead. As evidenced by the chart on the next page, the Keys' market activity began its decline in 2005 well before most markets and before the subprime monetary crises. Because the Keys real estate markets were affected early on (which was exacerbated by Hurricane Wilma), and because our intrinsic growth and development restrictions did not allow for overbuilding, the Keys have had longer to recover and did not also have to recover from the burden of unsold new housing in addition to existing homes as was the case in many other areas of Florida.



## Inside Coldwell Banker Schmitt: What's New & Exciting?

We have long believed (and our post-sale surveys affirm) that we owe our success and leadership position in Florida Keys real estate to our unblinking focus on client service.

It's why we prefer to work with you as single agents rather than in the transactional agent role that virtually every other Keys real estate company adopts. It's why we have extended office hours and offer live chat on our website from 6 a.m. to 1 a.m. seven days a week. It's the biggest reason why we have more Realtors® among the Top 100 Keys-wide than the next six companies combined.

There are so many elements contributing to client service. One of the less-visible but vitally important elements is the technology infrastructure underpinning all our communications. At a time when close to 90 percent of buyers begin their home search on the Internet and use GPS-enabled SmartPhones to instantly locate and learn about nearby properties for sale, our agents must have the capability to take advantage of all opportunities to connect seller with buyer, and thrive within this new paradigm.

Accordingly, Coldwell Banker Schmitt has just completed an upgrade of its data network migrating from T-1 to a new, state-of-the-art, Metro Ethernet wide area network linking each of its offices and the Internet with bandwidth many times faster than T-1, and with the highest level of stability and performance available. Web research, email downloads and video uploads are lightning-quick.

One of the most important objectives of Realtors every day is successfully managing your access to them and their communications with you as well as prospects and professional associates. In order to streamline the process, CBSREC sales associates and staff now have a new, IP-based phone system giving them unparalleled flexibility in call and message management.

We've also added new multifunction machines to each office that combine copying, scanning, printing and faxing with ultra-high printing speeds. A secure printing function enables full confidentiality for sensitive documents.

Coldwell Banker Schmitt is committed to delivering the finest home selling and buying experience to you, our customer, and these infrastructure investments will help our people to continue delivering on that promise.

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## Predicting the Future

The information presented in this chart shows how it's possible to predict the future of The Keys real estate market with some confidence. Starting in 2003, the chart presents, by quarter, Listings (blue line with blue numbers), Sales (red line with red numbers), Pending Transactions (green line with black numbers) and Average Sales Price (brown dotted line). For ease of reference, the light blue vertical line marks the third quarter of each year and the dashed faint red line aligns January of each year. Also shown are two important events: first, the arrival of Hurricane Wilma (orange dotted vertical line) in late October 2005; second, the turning point (yellow arrow) for The Keys real estate market at the end of 2008.



We start by focusing on the relationship of listings, sales and pending transactions prior to Wilma; the area to the left of the dotted yellow Wilma line. Notice the inverse relationship between listings and sales: when sales are up, listings are down. The Blue (Listings) and Red (Sales) curves are mirror images of one another. That rule of real estate is reflected across the entire chart. During the pre-Wilma period, sales were occurring at record levels. The number of pending transactions (sales over the next 30 to 90 days), however, were consistently less than the number of sales. Subsequent sales, therefore, had to decline. Today, with 20/20 hindsight, we can see that the decline in sales commenced during the third quarter of 2004: the number of sales each succeeding quarter was less than the same quarter in the preceding year, pending transactions continued to lag sales, and, therefore, the number of sales declined and the number of listings started to increase. Hurricane Wilma accelerated the increase in listings and the drop in sales which resulted in the listing and sales lines crossing.

Next, concentrate on the period from Hurricane Wilma to the "Turning Point" and notice that listings remained at record high levels with sales at record low levels, and pending transactions typically lagged behind the number of sales until 2008.

Now, focus on the period from "Turning Point" to Q3 2011. This period, starting in the fourth quarter of 2008 begins the steady downward trend in listings and the point where pendings exceed sales in every quarter except one. We can see by reviewing the historic relationships shown on this chart between listings, sales and pendings that as listings go down and pendings exceed sales, that sales must inevitably go up. The trends of this chart, accordingly, provide a forecast of the future of the Keys real estate market. In the months ahead, listings will continue to decrease due to sales increasing which is anticipated by pending transactions exceeding sales month after month. Consequently, we believe that the remainder of 2011 and 2012 will see a continued increase in sales with decreasing listings. This will ultimately lead to increased prices reflected in the average sales price curve which follows the sales trend line by a few quarters.

**Coldwell Banker Schmitt** continues to outpace the competition Keys-wide for listings and sales with more sales than the next four companies combined despite the recent merger of three competitors (C-21 Keysearch, Schwartz Properties & Prudential Keyside Properties) into C-21 Schwartz (as shown in following chart). For Sellers, it's our well-proven "Every Day Until It Is Sold" marketing program and for Buyers, it's our "Points of Difference" programs that tailors our agents' services to help realize their Keys real estate dreams that sets us apart. Each program includes a signed Services Guarantee commitment of performance. Those programs, supported by the advanced technology systems and equipment described below, provide every client with the high level of service they expect and deserve, thereby ensuring Coldwell Banker Schmitt continues to be known as "The Most Trusted Name in Florida Keys Real Estate" as it has for the past 56 years.

Offices	Company	Listed Properties			Sold Sales Sides			\$ Volume of Sales Sides		
		Rank	#	Mkt. Share	Rank	#	Mkt. Share	Rank	Value	Mkt. Share
6	Coldwell Banker Schmitt	#1	763	24%	#1	763	24%	#1	\$323M	24%
8	C-21 Schwartz	#2	416	13%	#2	401	12%	#2	\$137M	12%
1	Truman & Co.	#4	147	5%	#6	102	3%	#3	\$86M	5%
1	Prudential K & G	#3	208	7%	#3	147	5%	#4	\$53M	4%
1	Amer. Carib. Middle Keys	#6	92	3%	#5	114	4%	#5	\$46M	4%
2	Realty World Freewheeler	#5	137	4%	#4	136	4%	#6	\$44M	3%

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The **17 Months of Inventory (MOI)** from **25** at the end of Q3 2010 is a **-29%** drop, continuing down from **49** and **48** months on September 30, 2007 and 2008, respectively. The 2011 reduction in MOI results from a simultaneous increase in number of sales and decreasing inventory of properties for sale.

**MARKET AREA DETAILS**

**Number of Sales:** All Keys Market Areas had increased sales. The **Upper** led with a **+32%** increase to **524** from **396**. The **Lower Keys** and **Key West** were up **+12%** to **321** from **286**, and **505** versus **450** during 2010. **Middle Keys** sales increased **+8%** to **271** versus **252** last year.

**Average Sale Price:** The **Middle Keys** was the only market that declined, **-17%** to **\$359K** compared to **\$432K** over the first nine months of 2010, and **\$463K** in 2009. The **Lower Keys ASP** led the increases at **+7%** to **\$348K** compared to **\$289K** for 2010 after being **\$400K** during the same period in 2009. **Key West's** ASP surpassed both 2010 and 2009, up **+12%** to **\$483K** from **\$429K** last year and **\$474K** in 2009. The **Upper Keys ASP** increased **+3%** to **\$413K** compared to **\$402K** last year and **\$503K** in 2009.

**Dollar Value of Sales:** The **Upper Keys**, with the largest increase in number of sales and a slight increase in ASP, generated **\$216.7M** in Dollar Value of Sales, **+36%** versus the **\$159.4M** in 2010. **Key West, +26%** to **\$244.2M** over **\$193.4M** in 2010 benefited from the **+12%** increase in Average Sale Price (ASP) together with the increased number of sales. The **Lower Keys** Dollar Value grew **+20%** to **\$111.7M** compared to **\$93.4M** last year. The only decline was in the **Middle Keys, -10%** to **\$97.5M** from **\$108.8M** in 2010 due to a **-17%** decrease in ASP.

**Pending Sales:** The **Pending Sales** for the **Upper Keys market** increased **+39%** to **569** from **408** last year. The **Lower Keys**, with **366** Pending Sales, was **+26%** beyond the **291** for Q3 2010. **Middle Keys** Pending Sales rose by **+19%** to **302** compared to **253** during the first nine months of 2010. **Key West** Pending Sales of **527** were **+10%** above **478** in 2010.

**Average Days to Sell:** The **Upper Keys** and **Key West** increased **+7%** to **286** and **164** days respectively, compared to **267** and **153** days last year. The **Lower Keys** rose **+3%** at **242** versus **234** as of September 30, 2010. The **Middle Keys** were at **305** days, **+2%** over **300** in 2010. **Key West** is consistently lower as the MLS provider for **Key West** measures from the listing date to the date of the contract while the other **Keys** areas are measured to the date of closing.

**Number of Properties For Sale:** All markets saw declining listing inventories from January thru September. The **Lower Keys** was down **-22%** with **544** vs. **701** last year. The **Upper Keys** down **-18%** at **1,064** compared to **1,294** in 2010. The **Middle Keys** total reduced **-17%** to **658** versus **790** while **Key West** listings dropped **-14%** to **883** compared to **1,026** in 2010.

**Average List Price:** **Key West** had the biggest reduction down **-14%** to **\$737K** compared to **\$859K** in 2010 and **\$955K** for 2009. The **Lower Keys** dropped **-8%** to **\$567K** from **\$613K** in 2010. It was **\$596K** in 2009. **Upper Keys** List Prices dropped **-2%** to **\$750** from **\$766K** a year ago and **\$901K** in 2009. The **Middle Keys** declined **-3%** to **\$685K** from **\$709K** in 2010 which was down **-10%** from **\$857K** in 2009.

**Months of Inventory (MOI):** Reflecting the increase in number of sales and reduction in properties on the market, all market areas' MOI declined with the biggest drop, **-38%** in the **Upper Keys** at **18** MOI compared to **29** in 2010. The **Lower Keys** went from **22** to **15** MOI, a **-31%** reduction. Both the **Middle Keys** and **Key West** MOI dropped **-23%** to **22** and **16** compared to **28** and **21** in 2010, respectively.

**What do the Numbers Forecast?** With **+17%** more sales, prices stabilizing with slight increases coupled with **-17%** fewer properties for sale and **+23%** more sales pending, the market forecast continues to indicate, as it did at the end of Q3, that the fourth quarter will be the most positive it has been in a number of years.

**More Florida Keys History**



Guy Lombardo with his brothers along with Phil Sadowski in Marathon in the 1950s. The current day Cabana Breezes was then known as Lombardo's Restaurant. The Florida Keys Concert Association is bringing the famous Guy Lombardo Band back to the Keys 50+ years later for repeat performances in Marathon and the Upper Keys early 2012.

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