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TROPICAL BREEZES

THE REAL ESTATE NEWSLETTER OF THE FLORIDA KEYS!

Summer 2007

"The Most Trusted Name In Florida Keys Real Estate"

Volume 6, Number 3

Florida Keys Real Estate Market 1st Half 2007 vs 2006

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

MARKET OVERVIEW 1ST HALF 2007 VS 2006

The number of sales Keys-wide for the 1st half of 2007 declined **-19%** compared to the 1st half of 2006. That, however, is a significant **+60%** improvement over the **-48%** decline in sales during the 1st half of 2006 compared to 2005.

The average sales price across The Keys was down **-6%** compared to mid-year 2006. The highest yearly average sales price experienced Keys-wide was \$802K at the end of 2006. The \$746K average on June 30, 2007 is a **-7%** drop.

With fewer sales and lower sales prices, the total dollar value of sales dropped **-24%**, which was almost a **+50%** improvement over the **-46%** decline during the 1st half of 2006 compared to 2005.

The average days a property was on the market before selling rose by **+33%** to 226 days versus the 1st half of 2006.

We have added a new category: "Original List Price to Sale Price" which measures the difference between the original list price and final sales price. This category includes properties selling without a reduction in list price (priced right initially) and those that have one or more reductions before reaching a list price that attracted the attention of the many well informed buyers active in the market today. See page 2 for interesting information concerning the days-to-sell, and original list price versus sale price for single family residences by market area, during the 1st half of 2007.

The number of new properties coming on the market for sale since January dropped **-22%** versus the 1st 6 months of 2006, which had experienced a **+20%** increase over the 1st 6-month period of 2005. Additionally, the number of listings available for purchase rose just **+6%** this half year compared to **+69%** in 2006 relative to 2005, and the average list price declined slightly **-8%**. Months-of-inventory rose **+38%** reflecting the large inventory of properties for sale with the continuing decline in the overall number of sales.

Green (+) Red (-)	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
Total Number of Sales As of 6/30/07:	23% Less 244	35% Less 117	9% Less 137	10% Less 269	19% Less 767
\$ Value of Sales As of 6/30/07: (in millions \$)	19% Less \$188.7MM	39% Less \$87.8MM	19% Less \$85.6MM	22% Less \$210MM	24% Less \$572.4MM
Avg. Days To Sell As of 6/30/07:	29% More 237	25% More 232	36% More 233	44% More 202	33% More 226
Avg. Sales Price As of 6/30/07:	6% More \$773K	7% Less \$751K	11% Less \$625K	13% Less \$781K	6% Less \$746K
Original List Price to Sale Price As of 6/30/07:	1.5% More 82.28%	3.6% Less 86.25%	13.2% Less 73.67	14.6% Less 78.27%	7.7% Less 80.12%
New Properties Listed As of 6/30/07:	16% Less 1,033	17% Less 507	34% Less 449	24% Less 788	22% Less 2,777
Avg. List Price Properties "For Sale" As of 6/30/07:	7% Less \$1MM	1.5% More \$993K	1% More \$730K	1% Less \$1.1MM	.8% Less \$941K
Months of Inventory As of 6/30/07:	38% More 36	65% More 43	23% More 32	26% More 34	38% More 36
Number of Properties "For Sale" As of 6/30/07:	4% More 1,447	5% More 829	6% Less 742	17% More 1,541	6% More 4,559

KEYS-WIDE MARKET AREA DETAILS 1ST HALF 2007 VS 2006

Number of Sales: The Lower Keys and Key West had the smallest decline in sales with **-9%** to 137 and **-10%** to 269 respectively. The Upper Keys dropped **-23%** to 244 with the Middle Keys was down **-35%** at 117 sales. On June 30, 2006 the six month reduction in sales versus the same period in 2005 was **-45%** for the Lower Keys, **-35%** for Key West, **-54%** in the Upper Keys and **-52%** across the Middle Keys, for a reduction Keys-wide of **-48%**. This year it is **-19%**, a definite improvement.

\$ Value of Sales: As we would expect, the decline in number of sales and average sales price reduced the overall value of sales **-39%** in the Middle Keys at \$87.8M, followed by Key West with **-22%** and \$210M, with the Lower and Upper Keys both off **-19%** at \$85.6M and \$188.7M respectively. As noted above, the Keys-wide decline averaged **-24%** to \$572.4M. (continued on page 4)

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COLDWELL
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SCHMITT REAL ESTATE CO.
50
Years
1955-2005

Significance of "Initial List Price" Single Family Properties 1st Half 2007 vs. 2006

The chart to the right compares "Single Family home sales prices" and "time on the market for homes sold without a price reduction" versus those that "sold with a list price reduction" by Market Area, and shows the importance the Original List Price has on the actual Contract Price and length of time on the market (Days on Market).

Homes that sold without a price reduction (i.e., were priced appropriately for their features and values in relation to the market at the time they were listed) brought higher prices and took substantially less time to sell than those that required one or more price reductions to reach the "appropriate price" in the mind of the very knowledgeable buyers that are the norm in the market today. This is not a good time for sellers to test the market but to price their property aggressively at the time of listing to achieve the best possible price.

Understand that up to 90% of the buyers start looking for property on the Internet and spend 2 to 3 months researching the market in which they have an interest before contacting the listing agent of the property or properties the buyer's research indicates provide value. Educated and informed buyers are out there and quickly recognize properties that are priced right. Those properties are being sold in a much shorter time frame and at a higher price.

That is why CBSREC totally revamped its website in the past year and has nearly completed development of a new state-of-the-art Vacation Rental website projected to be online by mid-August. To our revamped Sales website, we added virtual tours which attract 40% more viewings than listings with only still photos, interactive "Site Greeters" assisting visitors through live chat, and an automated, real-time contact notification and tracking system, "Online Rapid Response," to provide our agents with the ability to respond immediately to all inquires on their seller's properties. The first agent to respond in a knowledgeable and professional manner will usually end up working with the buyer and we want that to be a CBSREC agent. We know that's the type of service our sellers expect and demand.

You will notice that **properties priced appropriately at the time of coming on the market** sold for **100%** of the initial List Price in the Upper Keys to **92.7%** in the Middle Keys, **90%** for Key West and a low of **88.7%** in the Lower Keys. The "Days on the Market to Sell" varied from **51** in the Lower Keys, to **68** in Key West, to **95** for the Middle Keys, and to **99** in the Upper Keys.

Properties priced too high initially, requiring one or more price reductions before reaching the value price that attracted buyers, sold from a high in the Lower Keys of **82.5%** of Original List price, **-6.2%** less than those priced correctly, and spent **245** days on the market, which was **+380%** longer than the **51** days of correctly priced properties, during which period the seller must maintain, insure and make mortgage payments on the unsold home, further decreasing their return on investment.

In the Upper Keys the **81%** of Original List Price to Sale Price was **-19%** lower than those selling without a price reduction, and the **199** days to contract, **+101%** longer.

For the Middle Keys, the Original List Price to Sale Price of **76.5%** was **-16.2%** less than properties without a price reduction, and the **249** days to contract was an increase of **+262%**!

Key West properties were **74.2%** of Original List Price to Sale Price, **-16.7%** less and **143** days longer to achieve a contact, **+210%**.

	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)
TOTAL SALES	83	32	70	19
# Sales Not Requiring a Reduction of "List Price"	8	17	28	7
List Price to Sales Price	100%	92.7%	88.7%	90.9%
Days on the Market to Sell	99	95	51	68
# Sales Requiring a Reduction of "List Price"	75	15	52	12
Sales Price % Versus Original "List Price"	81%	76.5%	82.5%	74.2%
Sales Price % Versus Final Reduced "LP"	90%	88.2%	89.1%	90.7%
Days on the Market to Sell	199	344	245	211
Sale Price % of Price Reduced Properties Vs Non-Reduced	-19%	-16.2%	-6.2%	-16.7%
Days Longer to Sell of Price Reduced Properties	100 = +101%	249 = +262%	194 = +380%	143 = +210%

Yearly Mortgage Comparison As Of June 30, 2007 *

Loan Type	2007		2005		2003		2001	
30-yr Fixed Rate Mortgages Rate/Points	6.66%	0.4%	5.58%	0.6%	5.23%	0.6%	7.16%	1.0%
1-yr Adjustable Rate Mortgages Rate/Points	5.68%	0.7%	4.24%	0.6%	3.52%	0.6%	5.71%	0.9%

*Source: Freddie-Mac

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CBSREC News 1st Half 2007

OVER 1,300 VIRTUAL TOURS NOW ONLINE AT REALSTATEFLORIDAKEYS.COM

Visitors to CBSREC's website, RealEstateFloridaKeys.com, can view over 1,300 virtual tours posted by CBSREC's Sales Associates for property listings and vacation rentals. Virtual Tours give viewers a truly detailed picture of a property through panoramic and 360-degree visuals as well as the accompanying text and audio descriptions. Since CBSREC began its program with VisualTour®, we've posted over 1,900 tours and they've attracted 230,000+ viewings. Nine out of ten buyers rated them as "very" or "somewhat useful" in the NAR's 2006 Profile of Home Buyers and Sellers research study.



REALSTATEFLORIDAKEYS.COM RATED THE MOST VISITED REAL ESTATE COMPANY WEBSITE IN THE FLORIDA KEYS

CBSREC's website, RealEstateFloridaKeys.com, is ranked as the number-one, most visited among all Florida Keys real estate company websites by Alexa.com, an Amazon.com company. Alexa's rankings are based on the web surfing of millions of people who have downloaded the Alexa toolbar, and are reported on a rolling three-month average.



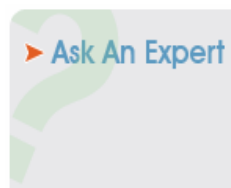
COLDWELL BANKER SCHMITT REAL ESTATE CO. AND TIFFANY & CO. 3RD ANNUAL "KEYS FOR A CAUSE" FUNDRAISING EVENT --- A SOLD OUT SUCCESS!

"Keys for a Cause," the 3rd annual fundraising event co-sponsored by the Coldwell Banker Schmitt Charitable Foundation (CBSCF) and Tiffany & Co. was held on Saturday, March 24th, 2007. The cocktail party and Tiffany treasure box affair's 200 attendees contributed over \$50,000. 100 percent of the event's proceeds will be used to assist truly needy residents of the Florida Keys by the Coldwell Banker Schmitt Charitable Foundation. Tiffany & Co., the exclusive jeweler, provided hand-selected jewelry and gift items that were won by the guests.



COLDWELL BANKER SCHMITT IMPLEMENTS NEW "ONLINE RAPID RESPONSE" TECHNOLOGY FOR INSTANT CUSTOMER FOLLOW-UP

We've implemented new "Online Rapid Response" technology as a powerful tool to ensure that every person contacting us receives a fast, professional response. When prospective home buyers and sellers make an inquiry, the system telephones the appropriate agent instantly and automatically conveys the consumer's information along with preferred method and time for follow-up. As Brian Schmitt, President/Broker, said "Technology like this can help you see your dream house before someone else, or get an offer on your home that much quicker." According to the 2006 "Profile of Home Buyers & Sellers" research study from the National Association of Realtors® (NAR), 92% of homebuyers surveyed felt a Sales Associate's speed of response was very important. The software powering Online Rapid Response won the 2005 CIO 100 Award and 2005 Inman Innovator Award, "Most Innovative Technology."



Ask An Expert: Rental Properties

AN ACTUAL QUESTION & RESPONSE FROM THE "ASK AN EXPERT" FEATURE ON OUR WEBSITE

QUESTION: Question: We are considering buying a second home on Little Torch Key in Monroe County. The owner states that the home has a variance to the 28 day transient rules. They claim that they can and do rent by the week. How would I confirm this to be accurate?

ANSWER: Thanks for your question. Rentals of less than 28 days in unincorporated Monroe County (Little Torch Key) are not allowed in the single family land use district, which is denoted with a zoning classification of Improved Subdivision or I.S. and the Urban Residential Mobile (URM) land use district.

If the property is not located in either of those districts, rentals of less than 28 days are allowed subject to meeting all of the standards of Florida Statutes Chapter 509, which regulate transient lodgings.

I am not aware of a variance procedure within these land use districts, however, that would allow vacation rentals. You should verify the seller's representation with the Monroe County Planning Department at (305) 289-2500.

If you do rent the home on a vacation rental basis, you will not be able to homestead the property, or qualify for Save Our Homes tax assessment benefits, and you will be required to obtain a sales tax license and collect and pay the 11.5% sales tax on short term rentals, get a Monroe County occupational license, and file a tangible property tax form, and pay tangible property tax on the value of the furnishings.

-- Brian Schmitt, Broker for Coldwell Banker Schmitt Real Estate Co.

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(continued from page 1)

Average Days to Sell: Key West experienced the largest increase in days to sell **+44%** to 202 days, followed by the Lower Keys at **+36%** and 233 days. The Upper Keys was **+29%** and 237 days and the Middle Keys **+25%** with 232 days. The overall average Keys-wide has been 226 days, a **+33%** increase.

Average Sale Price: Key West continues to lead The Keys in average sale price at \$781K, which is **-13%** less than June 30, 2006, followed closely by the Upper Keys with \$773K **+6%** (the only area with an increase). The Lower Keys declined **-11%** to \$625K and the Middle Keys dropped **-7%** to \$751K. Overall, Keys-wide sale prices were off **6%** at \$746K versus \$762K for the same six month period in 2006.

Original List Price to Sale Price: The Upper Keys was the only area experiencing a reduction in the percentage difference between original list price of the property when it was placed on the market to the price paid by the buyer at closing, with **+1.5%** to 82.3% from 81.1% the 1st half of 2006. Key West had the largest increase in percentage difference, **-14.6%** at 78.3% of original list price vs. 91.7% a year ago, followed by the Lower Keys **-13.2%** to 73.7% versus 84.9% last year and the Middle Keys **-3.6%** with 86.3% compared to 89.5% in 2006

New Properties Listed: For the 1st half of 2007, all market areas had fewer new listings placed on the market for sale than during the same period in 2006 which, in turn, experienced more properties placed on the market in every market area for an average increase of **+20%** over 2005. The Lower Keys had **-34%** fewer new listings (449) followed by Key West, **-24%** (788), Middle Keys **-17%** (507) and Upper Keys **-16%** (1,033) for the 1st half of 2007 vs 2006.

Average "List Price": The average list price dropped by **-7%** to \$1,003 in the Upper Keys and **-1%** to \$1,046 in Key West. It rose **+1.5%** in the Middle Keys to \$993K and **+1%** to \$730K in the Lower Keys. Keys-wide, the average of \$941K was **-8%**.

Months of Inventory: With fewer sales and more properties on the market the months of inventory increased **+65%** to 43 months in the Middle Keys, **+38%** to 36 months in the Upper Keys, **+26%**, and 34 months in Key West, and for the Lower Keys, 32 months. Up **+23%** for a Keys-wide average of 36 months, **+38%** versus the end of June 2006.

Number of Properties "For Sale": The Lower Keys was the only market area with a decrease, **-6%** to 742. All other market areas increased; Key West rose the most **+17%** to 1,541 followed by the Lower Keys; Middle Keys, **+5%** with 829 properties; and the Upper Keys **+4%** with 1,447 properties "For Sale" on 30 June. The increase in each area was significantly lower than the increase a year ago when comparing 2006 to 2005 as the Lower Keys rose **+102%**, Key West **+73%**, Middle Keys **+127%**, and Upper Keys **+32%** for a Keys-wide average of **+69%**.

What is Ahead for the Keys Real Estate Market? We are experiencing more buyers actively pursuing properties priced appropriately for the market. Sellers must price their property aggressively at the time of listing, or it will languish on the market and sell for less in the months ahead than at the time of listing. Reference the difference between original list price and sale price and the overall decline in sale price during the 1st half of 2006. To date, nothing indicates this will change in the near term.

IN THE FIRST HALF OF 2007, CBSREC REMAINED THE #1 REAL ESTATE COMPANY IN EVERY MARKET AREA IN THE FLORIDA KEYS

# Offices	Company	Ranking	# Sales	Market Share
5	Coldwell Banker Schmitt	#1	272	17.7%
9	C-21 Prestige	#2	178	11.6%
5	Schwartz GMAC	#3	104	6.8%
4	Prudential	#4	80	5.2%

OFFICE RANKINGS OF THE 286 OFFICES KEYS-WIDE

# Offices	Company	Individual Office Rankings
5	Coldwell Banker Schmitt	#1,#2,#3,#5 & #18
9	C-21 Prestige	#4,#10,#12,#15,#20,#21, #44, #45,#49
5	Schwartz GMAC	#7,#9,#19,#28,#67
4	Prudential	#8,#16,#17,#63

SALES ASSOCIATE RANKING OF 1,128 AGENTS KEYS-WIDE

CBSREC has more Top Agents than the next six (6) companies combined!

Company	# Agents	Top 50	Top 100	Top 150
Coldwell Banker Schmitt	119	11	20	28
C-21 Prestige	110	5	12	15
Schwartz GMAC	56	3	5	10
Prudential	44	3	5	8
Exit	32	1	3	4



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