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TROPICAL BREEZES

THE REAL ESTATE NEWSLETTER OF THE FLORIDA KEYS!

Summer 2006

"The Most Trusted Name In Florida Keys Real Estate"

Volume 5, Number 2

Florida Keys Real Estate Market 1st Half 2006 vs 2005

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

In the first half of 2006, the Florida Keys real estate market experienced reductions in activity similar to what has occurred throughout most of the country. The accompanying chart shows the number of sales across the Keys declined **48%**, average days to sell increased **15%**, with **69%** more properties "For Sale" than during the first six months in 2005. Though each geographic area of the Keys varied somewhat in the percentage of change for sales, time-to-sell, and number of properties "For Sale," the overall trend is the same.

The Upper and Middle Keys experienced the largest drop in number of sales, down **54%** and **52%** respectively, followed by the Lower Keys (**-45%**) and Key West (**-35%**). As expected, with the drop in sales, the dollar value of sales also declined across the board, down **46%** Keys-wide to \$694M versus \$1.2B over the same period last year.

Average days-to-sell has varied month to month, increasing to 202 days in May, then dropping to 168 days Keys-wide versus 145 days during June 2005, and 160 days at the end of 2005. The Lower Keys experienced the largest increase, up **19%** to 182 days followed by the Upper Keys (**+17%**) at 171 days, and the Middle Keys (**+8%**) at 164 days. Key West had the only decrease, down **11%** to 121 days versus 137 days last June.

The average sales price Keys-wide of \$762K is just **2%** over the \$749K mark set during the 1st half of 2005, and down **23%** from the January 2006 average of \$1M. Key West continues to have the highest average at \$893K though it is down **6%** from \$953K last June, and \$1M at the end of 2005. The Middle Keys average is \$828K, up **11%** from last June, and \$804K at the start of 2006, followed by the Upper Keys \$788K, up **16%** over June 2005, and \$706K at the end of 2005. While the Lower Keys has the lowest average sales price \$717K, it also has the largest growth, up **+22%** from \$592K at the end of June 2005, and \$594K on December 31, 2005.

New properties "Listed" each month in 2006 increased **20%** Keys-wide for a total of 3,679 as of June 30, 2006. The Upper Keys has placed the most properties on the market with 1,255 (**+27%**), followed by the Lower Keys at 760, up **18%**. The Middle Keys is up **7%** with 625, and Key West, up **4%** with 1,039. *(continued on page 2)*

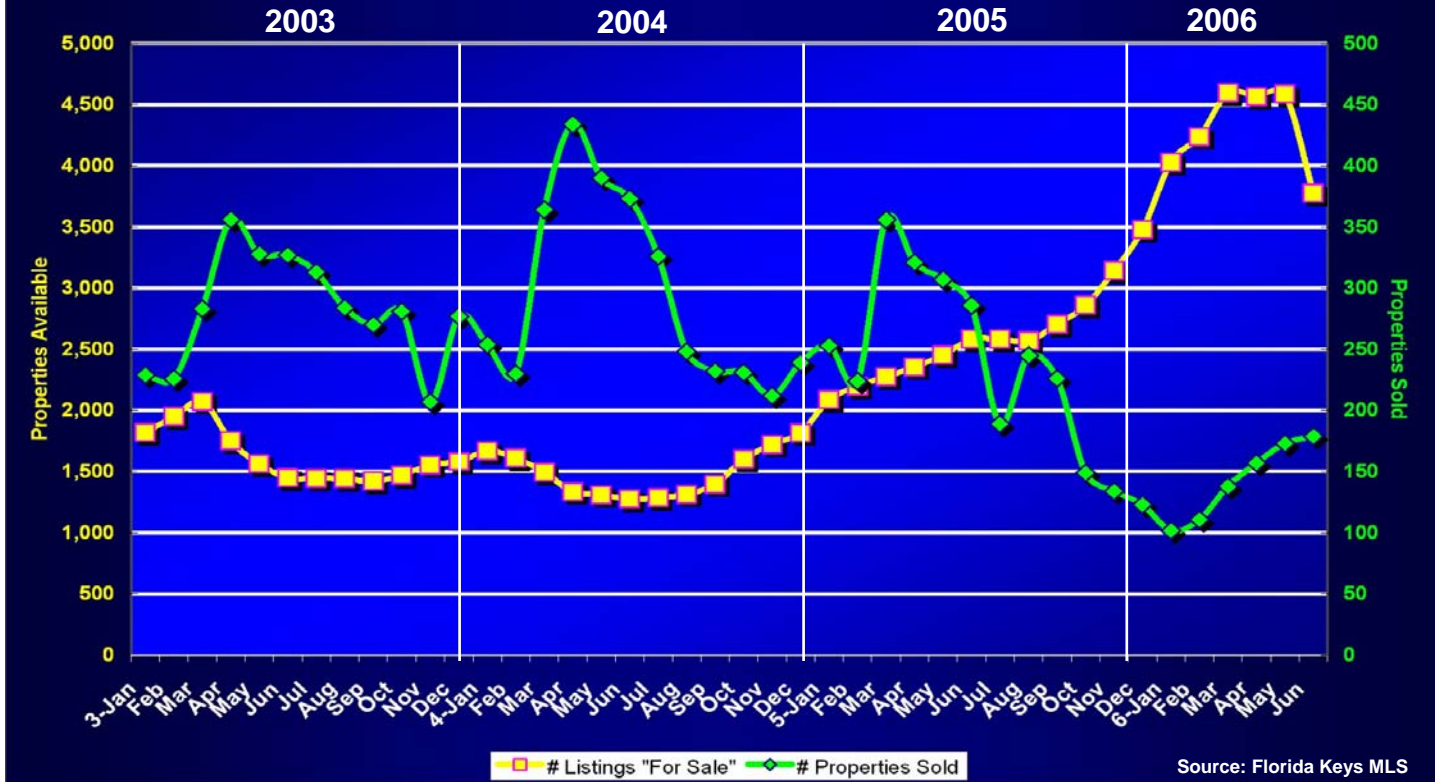
	<u>Upper Keys</u> (Lower Matecumbe to Key Largo)	<u>Middle Keys</u> (7 Mile Bridge to Long Key)	<u>Lower Keys</u> (Bay Point to Big Pine)	<u>Key West</u> (Key West to Shark Key)	<u>All Areas</u> Keys Wide
Green (+) Red (-)					
Total Number of Sales As of 6/30/06:	54% Less 256	52% Less 167	45% Less 170	35% Less 300	48% Less 893
\$ Value of Sales As of 6/30/06: (in millions \$)	47% Less \$202MM	46% Less \$138MM	40% Less \$86MM	39% Less \$268MM	46% Less \$694MM
Avg. Days To Sell As of 6/30/06:	17% More 171	8% More 164	19% More 182	11% Less 121	15% More 168
Avg. Sales Price As of 6/30/06:	16% More \$788K	11% More \$828K	22% More \$717K	6% Less \$893K	2% More \$762K
New Properties Listed in 1st Half 2006	27% More 1,255	7% More 625	18% More 760	4% More 1,039	20% More 3,679
Avg. List Price Properties "For Sale" As of 6/30/06:	2% More \$1.2MM	11% More \$1.1MM	18% More \$760K	13% Less \$1.MM	3% Less \$1MM
Number of Properties "For Sale" As of 6/30/06:	32% More 884	127% More 978	102% More 1,029	73% More 1,690	69% More 3,776

www.RealEstateFloridaKeys.com



Real Estate Market News

Number of Properties Available vs Sold Keys-Wide



Source: Florida Keys MLS

(continued from page 1)

Keys-wide the average "List Price" declined 3% to \$1MM versus \$1.1MM at the end of June 2005. Unlike prior years, the highest average "List Price" in the Keys is not Key West, as the Upper Keys averaged \$1.2MM, 2% over the same period in 2005. The Middle Keys is second at \$1.1MM (+11%). Key West is third with \$1MM, 13% lower, and the Lower Keys \$760K, up 18%.

While the total number of properties "For Sale" increased from 3,400 at the end of December 2005 to as high as 4,577 in May 2006, it dropped to 3,776 in June 2006, which is 69% above June 2005. All submarkets have increased inventory with the Middle Keys having the largest growth with 978 (+27%) followed by the Lower Keys (+102%) with 1,029 properties. Key West has the most properties "For Sale" with 1,690 (+73%). The Upper Keys is up 32% to 884 listings.

Though real estate activity over the first six months of 2006 has declined from the record activity of the past five years, 2006 month-to-month market statistics indicate a gradual improvement. The chart on this page indicates the number of properties available "For Sale" by the yellow squares. The number of sales by month since January 2003 is shown by the green line. Historically, the peak sales month each year is April. In 2006 to date, the number of sales continued to increase after bottoming out in January. At the same time, the inventory of properties "For Sale" dropped from 4,557 at the end of May, to 3,776 on June 30, and is the lowest since the end of 2005. Our take on this is that a number of owners tested the market during the past six months and found it not responsive to the price they sought, and, consequently, decided to either not sell or to wait until conditions improve. At the same time, property owners considering selling decided to hold off, as reflected in the declining number of properties being listed "For Sale" each month since February. Sales have grown slowly yet consistently since January, and we are experiencing increasing buyer inquiries and showings as the year progresses. (continued on page 4)

Yearly Mortgage Comparison As Of June 30, 2006*

Loan Type	2006		2005		2004		2002		2000		1994	
30-yr Fixed Rate Mortgages	6.68%	0.5	5.58%	0.6%	6.29%	0.6%	6.65%	0.6%	8.29%	0.9%	8.40%	1.8%
15-yr Fixed Rate Mortgages	6.31%	0.5	5.17%	0.6%	5.66%	0.6%	6.11%	0.6%	7.99%	0.9%	7.91%	1.8%
1-yr Adjustable Rate Mortgages	5.71%	0.5	4.24%	0.6%	4.10%	0.7%	4.65%	0.5%	7.24%	0.9%	5.45%	1.5%

*Source: Freddie-Mac

Coldwell Banker Schmitt Update

Keys-Wide Market Share

Coldwell Banker Schmitt Real Estate increased its market share of Listings Sold and Buyer Sales by 63% in the first half of 2006, in spite of the slower market. **CBSREC agents now participate in almost one of every four sales Keys-wide!** Our market share is **74%** higher than the #2 Company. This level of success is a tribute to our Sales Associates' knowledge of the market, their dedication to servicing their clients, and their ability to make good things happen for them. In fact:

- Keys-wide we have **24.8%** of the market based on the value of sales, and **22.2%** based on number of sales.
- Of the 268 real estate offices doing business in the Keys, Coldwell Banker Schmitt's five offices rank **first, second, third, fourth, and ninth for number of sales.**
- More of our Sales Associates rank in the **Top 25, Top 50** and **Top 100** of the 1,250 associates Keys-wide for sales than the next three companies combined.

Enhancements to Client Service and Support Systems

- Our newly relaunched website features live, interactive Site Greeters to help our visitors quickly locate information of interest and answer their questions. Visit www.RealEstateFloridaKeys.com to experience this new technology. We now also feature more ways than ever to search for residential and commercial properties as well as a greatly enhanced Florida Keys information resources center.
- We're currently redeveloping our vacation rentals website, www.RentalsFloridaKeys.com, to provide everyone planning a vacation in the Keys with a user-friendly site that will allow them to easily find properties of interest, check availability online, and explore the surrounding attractions and amenities in each area of the Florida Keys.
- We've made a major commitment to integrating virtual tour technology into our marketing of properties for sale and rent through our agreement with VisualTour®, with the goal of having 100% of our properties with a visual tour by year end. According to Realtor.com, the number-one real estate portal on the Internet, properties with virtual tours attain 40% more views on average than those without. This is particularly important as recent NAR studies show 79 percent of buyers use the Internet to search for properties and 85 percent of that group consider virtual tours useful.
- 42-inch plasma display screens in the conference room of every office to better provide buyers and sellers with viewing of current listings and sales on our website.
- Company Intranet site that provides our 150 agents and support staff with 24/7 immediate notification of new company listings and specific buyer needs throughout the Keys as well as communications and information concerning all aspects of the real estate market and company activities.

Training Department and Dedicated Training Facility

The first and only Training Center dedicated to Real Estate to come to the Florida Keys provides top quality training by experienced professionals for new agents to CBSREC, enhancing and upgrading the sales skills of experienced agents, and license training for a career in real estate.

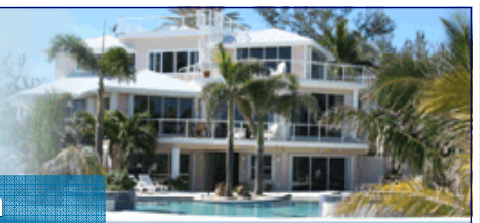
The Center incorporates state-of-the-art learning facilities with computer banks, communication booths and broadband wireless/internet connection, meeting the learning and development needs of every agent from highly experienced and successful to the newest agent in the company.

We're pleased to announce that Dan Licata, formerly with Century 21, has joined Coldwell Banker Schmitt, bringing over 30 years experience in Real Estate Training and Sales. Dan is well known throughout the Keys for his many years as a highly successful instructor of Pre- and Post-Licensing, and Continuing Education Real Estate Classes. He will now continue to provide sales training in our new Marathon facility.



Florida Keys
Welcome to Paradise

Visit www.RealEstateFloridaKeys.com



(continued from page 2)

The Keys remains, compared to all other sub-tropical and non-tropical resort markets, a very good opportunity for ownership and future appreciation. Because interest rates are not expected to increase significantly, the economy continues to exhibit growth, the stock market has experienced its share of ups and downs, and, to date, The Keys have not been threatened by Tropical Storm activity (versus the number of close calls by this time last year), our forecast is that the Fall market will show significant growth in sales. With the leveling of average sales price and slight reduction in listed price, the third quarter provides a window of opportunity to find real value when purchasing in the Keys.

Should you or someone you know be interested in purchasing or selling property anywhere in The Keys, or to get the latest market information, contact us at one of our conveniently located and fully-staffed offices from Key Largo to Key West to experience the personal interest and professional attention to your needs that continues to make Coldwell Banker Schmitt Real Estate Co. **"The Most Trusted Name in Florida Keys Real Estate."** You can contact us via email at info@cbschmitt.com, or visit us online at our newly relaunched website: www.RealEstateFloridaKeys.com.

More Florida Keys History For You



INDIANS IN THE FLORIDA KEYS?

You bet! These Tamiami Trail Seminoles were hired by Stanley Switlik, land developer, philanthropist, to hand plant his entire 18-hole golf course with a grass said to be suitable to withstand the semi-tropical weather. The Indians camped right where they were working.

If you would like a **FREE** Comparative Market Analysis, contact one of our five offices at the toll free numbers below. We are the **"Most Trusted Name In Florida Keys Real Estate"**.

Key Largo (877) 289-0035 Islamorada (800) 207-4160
Marathon (800) 366-5181 Big Pine (800) 488-3050
Key West (800) 598-7727



When you buy or sell with Coldwell Banker Schmitt Real Estate Co. you are also helping the less fortunate in the Florida Keys with a contribution.

Look For The Little Conch House
With A Big Red Heart!

If you would like to make a donation
call (305) 289-6503.

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