

Coldwell Banker Schmitt

Tropical



Breezes

Volume 3, Number 4

The Real Estate Newsletter
of the Florida Keys!

Winter 2004/05

Florida Keys Real Estate Market* Comparison January to September 2004 Vs. 2003

*Source: Tri-Services Multiple Listing Service (MLS) Board Key Largo To Key West.
(Sales Activity From Sales Reported Through The MLS Services And Do Not Include All Sales.)

The Florida Keys real estate market remains very active with **2,818** sales, **7%** more selling in the 1st nine months of 2004 versus 2003. The growth over the same period 2003 versus 2002 was **9%**. The Upper Keys had the most sales, **965** for **13%** growth followed by Key West with **11%** more at **826**. The Middle Keys with **471** properties sold grew by **1%**, followed by the Lower Keys with **556** sales, down **1%**.

Property values continued to rise, up **43%** similar to the 1st nine months of 2003 versus 2002. The total value of properties sold in the 1st nine months was over **\$1.5B** compared to **\$1.4B** for all of 2003. Key West again leads the Keys in Dollar Value Of Sales up **50%** to **\$613M**, followed by the Upper Keys with **\$465M** for a **43%** increase. The Lower Keys grew **37%** to **\$229M**, the Middle Keys with **\$266M** expanded **32%** in total value of sold properties.

	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 Jan-Sept. 2004:	13% More 965	1% More 471	1% Less 556	11% More 826	7% More 2,818
\$ Value of Sales Jan-Sept. 2004: (in millions \$)	43% More \$465M	32% More \$266M	37% More \$229M	50% More \$613M	43% More \$1.57B
Avg. Days To Sell Jan-Sept. 2004:	2% More 155	17% Less 142	17% Less 121	24% Less 135	13% Less 140
Avg. Sales Price Jan-Sept. 2004:	26% More \$482K	30% More \$565K	38% More \$412K	34% More \$742K	32% More \$557K
Properties "For Sale" Jan-Sept. 2004:	22% Less 452	22% More 261	11% More 253	8% More 433	1% Less 1,399

As expected in such an active market the "Days to Sell" continues to decline, with the exception of the Upper Keys which increased slightly, up **2%** to **155** days. The Lower Keys has the lowest period to sell of **121** days, down **17%** over 2003. Key West number of days to sell dropped the most, **34%** less to **135** days with the Middle Keys at **142** days, having declined **17%**. Overall the average of **140** days is **13%** less than the **161** days for the 1st nine months of 2003 versus 2002.

The Keys average Sales Price of **\$557K** compares to **\$424K** at the end of September 2003, up **32%**. By comparison, it increased **31%** during the 1st nine months of 2002. The Lower Keys led all areas with a **38%** increase to **\$412K** versus **\$297K** as of September 30, 2003. This is the 1st time Lower Keys average sale price exceeded **\$400K**. Key West followed with a **34%** increase to **\$742K**. The Middle Keys grew **30%** to **\$565K** and the Upper Keys to **\$482K** with a **26%** increase.

Though the number of property sales continued to increase, only the Upper Keys had fewer properties available for sale, **22%** less with **452**. The Middle Keys available properties grew **22%** to **261**, the Lower Keys **8%** to **253** and Key West **8%** with **433**. Overall the Keys inventory of properties available for sale was **1%** less, **1,399** compared to **1,421** at the end of September 2003.

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Real Estate Market News

Listing and Sale History For The Florida Keys 1998—2004

*Source: Tri-Services Multiple Listing Service (MLS) Board Key Largo To Key West.
(Sales Activity From Sales Reported Through The MLS Services And Do Not Include All Sales.)

This chart shows the growth and change in the Florida Keys real estate market during the past 6 years and 9 months.

The number of properties placed on the market "For Sale" increased **33%** from 1998 to 2003. The annualized rate for 2004 would be a **39%** increase.

"Days to Sell" for all properties declined **42%** in 7 years.

The number of "Sold" properties is up **52%** 1998 to 2003 and at the annualized rate for 2004 will jump to **68%** over 7 years.

Most impressive is the surge in "Sale Price" of **141%** since 1998, with nearly half of the increase occurring over the last 3 years, i.e. from 2002 to date.

	Properties 'Offered 'For Sale''	Average 'Days to Sell''	# Properties 'Sold''	Average 'Sale Price''
Sept. 30 2004	3,857	140	2,818	\$557,128
2003	4901	158	3,390	\$433,728
2002	4538	190	3,164	\$328,757
2001	4090	196	2,878	\$288,051
2000	4228	217	2,489	\$277,498
1999	4046	212	2,426	\$248,437
1998	3680	241	2,228	\$231,897

National Association of Realtors Predicts 10 More Boom Years For Residential Sales

*Source: Florida Association of Realtors

The size of the existing home market has doubled since the real estate boom began in 1992, and while sales may drop slightly from the record 6.55 million for 2004, the current real estate boom "will not bust," predicts NAR Chief Economist David Lereah. "You need a bubble to bust and, except for a few local markets, we don't have one," he says.

Even better news, he says, is that the continued expansion of the real estate market should last for another decade, fueled by several solid underpinnings: low interest rates, strong demographics, immigration, a lean housing supply, and recent innovations in housing finance.

Lereah also predicts mortgage rates will not rise above 7.5% in the next decade and that existing home sales will remain between 6.1 million and 6.4 million annual units as long as economic expansion continues.

Yearly Mortgage Comparison As Of September 30, 2004*

Loan Type	2004		2003		2002		2000		1994		1984	
30-yr Fixed Rate Mortgages	5.72%	0.6%	6.15%	0.5%	6.09%	0.6%	7.91%	1.0%	8.64%	1.8%	14.35%	2.6%
15-yr Fixed Rate Mortgages	5.12%	0.6%	5.46%	0.6%	5.51%	0.6%	7.60%	1.0%	8.13%	1.8%	N/A	N/A
1-yr Adjustable Rate Mortgages	3.99%	0.7%	3.86%	0.6%	4.29%	0.5%	7.27%	1.0%	5.54%	1.5%	12.00%	2.6%

*Source: Freddie-Mac

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Good News For Florida Property Owners

*Source: Florida Association of Realtors

New Sales Tax Deduction Will Save Floridians Money...You may now deduct Florida sales taxes from federal income taxes in 2004 and 2005.

The recently-signed American Jobs Creation Act (AJCA) of 2004 resurrected a sales tax deduction last provided to taxpayers back in 1986. Prior to the Act's effective date, taxpayers generally could deduct only income, real estate and certain personal property taxes imposed by their state or locality as an itemized deduction on Schedule A.

This comes as good news to taxpayers, but especially those living in a state such as **Florida** that does not have a state income tax. Taxpayers living in other states may also deduct sales taxes from their federal forms, but they must choose between the sales tax deduction or a deduction for their local and state income taxes — they cannot deduct both.

"This is a great opportunity for taxpayers that may result in a significant difference and improvement in their bottom line this tax season," says Mark Steber, CPA and Vice President, tax resources for Jackson Hewitt Tax Service, Inc. "In planning to make the most of this provision, taxpayers may want to schedule major purchases simultaneously to ensure itemized deductions exceed the standard deduction for a particular year. Depending on their tax bracket and other issues present in their tax return, taxpayers should also consider whether they should schedule their purchases for 2004 or 2005."

Florida taxpayers may deduct the actual amount of sales taxes paid or, if easier, deduct a standard amount as determined from a table currently being developed by the IRS. Additionally, the taxpayer may start with the table's standard deduction and increase the deduction amount by the level of sales tax paid on some big ticket items, such as a motor vehicle, boat or other large item soon to be defined by the IRS.

"Taxpayers, along with their tax preparer, need to evaluate which option will provide the greatest tax advantage," says Steber. "Those taxpayers choosing to deduct actual sales and use tax expenses will need to keep their receipts to support the amount of their deduction or opt to use the IRS standard amount table. In any event, always save the receipt for the large item purchases such as a car or boat."

According to Steber, the tax change could mean that it's better for some taxpayers to buy a big ticket item before the end of 2004 to maximize allowable deductions; but others planning major purchases in 2005 may want to wait to piggy-back on the planned tax savings then. In all cases, an accountant will offer the best advice.

Coldwell Banker Schmitt News

Tiffany & Co. Presents "By Invitation Only"

Moving Forward By Giving Back



COLDWELL BANKER SCHMITT
CHARITABLE FOUNDATION

Tiffany & Co. presents a fund raising event in the Florida Keys for the **Coldwell Banker Schmitt Charitable Foundation**. On Friday, March 11, 2005, Tiffany's will present thousands of dollars of jewelry and gift items to be awarded to the lucky "key holder" who unlocks each item's gift box.

This **"By Invitation Only"** evening affair is **limited to 300 attendees** and will be hosted at Hawk's Cay Resort on Duck Key.

A tax-deductible donation made payable to the Coldwell Banker Schmitt Charitable Foundation of \$100 per person or \$150 per couple, will confirm your reservation. For more information, or to confirm an invitation to this special event now, call Colleen at (800) 366-5181 ext. 6503.

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The market was slightly slowed by the numerous Hurricanes that threatened the Keys during the 3rd quarter this year, requiring evacuation of visitors and residents, before bypassing and going to the East or West of our islands.

With the election over and interest rates forecast to remain favorable we anticipate demand for all types of properties throughout the Florida Keys to remain strong, which should continue to increase the value of any purchase. Should you or some one you know be interested in purchasing or selling property anywhere in the Keys, contact one of our modern, fully staffed offices in your area to experience the personal interest and professional attention to your needs that continues to make **CBSREC "The Most Trusted Name in Florida Keys Real Estate."**

For viewing listings Keys wide or any area throughout the State of Florida visit our website, www.RealEstateFloridaKeys.com. Should you know of anyone interested in renting a property they can contact us at buyparadise@bellsouth.net and visit our Vacation Rental website at www.rentalsfloridakeys.com.

More Florida Keys History For You



1924 Tourists At The Long Key Fishing Club

If you have a piece of history you would like to share with us, email it to buyparadise@bellsouth.net.

If you would like a **FREE** Comparative Market Analysis contact one of our five offices from Key Largo to Key West. We are the **"Most Trusted Name In Florida Keys Real Estate"**.

Moving Forward By Giving Back



COLDWELL BANKER SCHMITT
CHARITABLE FOUNDATION

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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