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THE REAL ESTATE NEWSLETTER OF THE FLORIDA KEYS!

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"The Most Trusted Name In Florida Keys Real Estate"

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Florida Keys Real Estate Market 1st Quarter 2007 vs 2006

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

MARKET OVERVIEW 1ST QUARTER 2007 VS 2006

During the 1st Quarter of 2007, the Florida Keys real estate market continued to show improvement as the **-45% to -58%** decline in number of sold properties per quarter, and for the year 2006, dropped to **-20%** compared to the 1st quarter last year. And, the Lower Keys and Key West experienced increased sales for the first time since 2004. For March 2007 the number of sales Keys-wide was the highest number since last May and slightly exceeds March of 2006. Also, for the 1st time the Average Sales Price dropped in all areas. Additionally, the number of new properties placed on the market "for sale" declined for the 1st time while the number of properties "on the market" increased the smallest amount since the last quarter of 2004. You will notice a new row in the chart; the "Months of Inventory" to indicate how many months are required to sell the inventory of properties "on the market" at the current rate of sales. The average price of properties listed for sale again declined Keys-wide with small increases in Key West and the Lower Keys, which, again, are the only areas with more sales in 2007 vs 2006.

Overall, The Keys real estate market is characterized, on one hand, by buyers who are serious, yet hesitant, due to their uncertainty that the market has bottomed out. And, on the other, by sellers coming to terms with the fact that the significant changes in the market of the past 18 months means, with a large inventory of properties available, to stand out as "the property to purchase," the listing price must be lower than in past years. When the price is adjusted to a point where the property stands out among its competition, offers normally occur. Realtors and buyers watch closely for price changes in the price range of interest to them. Buyers are looking for good value.

KEYS WIDE MARKET AREA DETAILS 1ST QUARTER 2007 VS 2006

	<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 3/31/07:	24% Less 108	56% Less 46	11% More 62	5% More 119	20% Less 335
\$ Value of Sales As of 3/31/07: (in millions \$)	33% Less \$75.3MM	62% Less \$35.6MM	31% Less \$34.6MM	17% Less \$88.3MM	36% Less \$232MM
Avg. Days To Sell As of 3/31/07:	116% More 286	133% More 266	38% More 217	19% Less 192	50% More 240
Avg. Sales Price As of 3/31/07:	11% Less \$697K	14% Less \$774K	38% Less \$557K	21% Less \$743K	28% Less \$670K
New Properties Listed As of 3/31/07	12% Less 627	15% Less 304	27% Less 363	22% Less 562	19% Less 1,856
Avg. List Price Properties "For Sale" As of 3/31/07:	3% Less \$1MM	1% Less \$966K	4% More \$765K	3% More \$1MM	10% Less \$939K
Months of Inventory As of 3/31/07	48% More 34	84% More 57	9% Less 32	No Change 40	35% More 46
Number of Properties "For Sale" As of 3/31/07:	19% More 1,581	19% More 922	13% More 981	6% More 1,570	19% More 5,054

Number of Sales: As noted above, the Lower Keys' (up **+11%** to 62) and Key West's (up **+5%** to 119), increases in the number of sales reversed a continual decline for those market areas that started with the 1st quarter of 2005. The Middle Keys experienced the largest decline in number of sales (**-56%** to 46) followed by the Upper Keys (**-24%** to 108). Overall sales were off **-20%** to 335 versus the 1st quarter 2006.

\$ Value of Sales: The drop in number of sales combined with that of the average sales price brought the overall dollar value of sales down **-36%** to \$232MM Keys-wide. The biggest drop occurred in the Middle Keys **-62%** to \$35.6MM with the Upper Keys at **-33%** and Lower Keys with **-31%** for \$75.3MM and \$34.6MM respectively in dollar value. Key West had the lowest decline **-17%** to \$88.3MM. (continued on page 4)



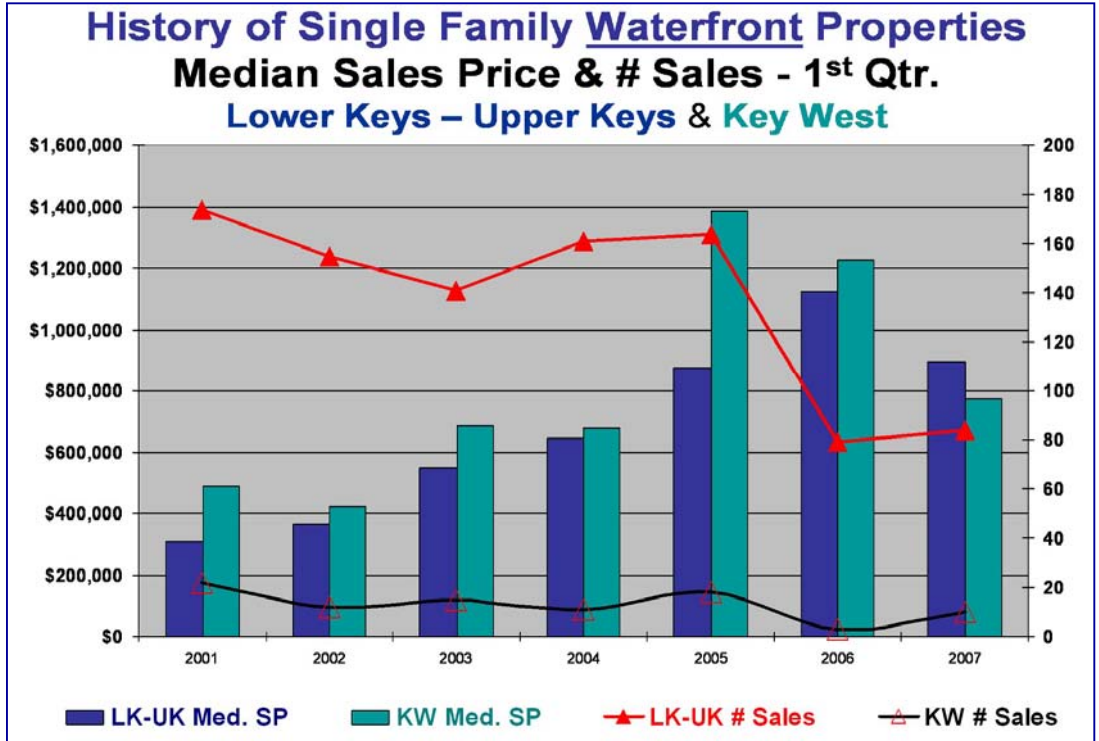
Florida Keys
Welcome to Paradise

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What You've Gotten For The Money

The properties pictured here are the actual median-priced homes for the First Quarters of 2001, 2003, 2005 and 2007. (The median price represents the midpoint with an equal number of homes that sold for more, and an equal number that sold for less.) We have separated waterfront (W/F) and non-waterfront (Non W/F) properties within both the Key West MLS, which extends to Shark Key (MM 11), and the Lower Keys - Upper Keys (LK-UK) areas north of Shark Key. Details concerning the home and its sale are indicated below each photo.



THE MEDIAN-PRICED W/F HOME SOLD IN THE LOWER KEYS—UPPER KEYS



2001
SP:\$310K LP:\$339K DOM 298
192 Plantation Dr, Islamorada
3Br, 3Ba, Canal, No Pool
Taxes:\$2,479, Living Sq/Ft. 1,736, Lot: 8,050 Sq/Ft



2003
SP:\$549K LP:\$549K DOM 203
855 101st. Ocean St, Marathon
4Br, 3Ba, Canal, No Pool, Yr/Bit: 1973
Taxes:\$2,475, Living Sq/Ft.2,600, Lot: 6,698 Sq/Ft



2005
SP:\$875K LP:\$896K DOM 129
978 Shaw Dr., Key Largo
3Br, 2Ba, Canal, No Pool, Yr/Bit: 1993
Taxes:\$2,698, Living Sq/Ft. 1,456, Lot: 9,937 Sq/Ft



2007
SP:\$899K LP:\$899K DOM 0
17260 Oleander Lane, Sugarloaf Key
3Br, 2Ba, End Canal, No Pool, Yr/Bit: 1989
Taxes:\$12,863, Living Sq/Ft. 2,463, Lot: 26,000 Sq/Ft

THE MEDIAN-PRICED W/F HOME SOLD IN KEY WEST



2001
SP:\$500K LP:\$575K DOM 207
0 Evergreen, Key Haven, KW
3Br, 3Ba, Canal, No Pool, Yr/Bit: 2000
Taxes:\$1,684 Living Sq/Ft. 2,559,
Lot: 8,712 Sq/Ft



2003
SP:\$685K LP:\$695K DOM 153
417 Cactus, Key Haven, KW
4Br, 2Ba, Waterfront, No Pool, Yr/Bit: 1977
Taxes:\$4,776, Living Sq/Ft. 2,000,
Lot: 8,712 Sq/Ft



2005
SP:\$1.5M LP:\$1.595M DOM 68
4 Cannon Royal Dr., Shark Key, KW
3Br, 3.5Ba, Waterfront, Boat House, Dock, No
Pool, Yr/Bit: 1989 Taxes:\$7,997 Living Sq/Ft. 2,852,
Lot: 13,068 Sq/Ft



2007
SP:\$800K LP:\$989K DOM 147
25 Evergreen Ave, Key West
3Br, 3Ba, Canal, No Pool, Yr/Bit: 1990
Taxes:\$4,962, Living Sq/Ft. 1,740,
Lot: 6,000 Sq/Ft

Yearly Mortgage Comparison As Of March 31, 2007*

Loan Type	2007		2005		2003		2001	
30-yr Fixed Rate Mortgages Rate/Points	6.16%	0.5%	5.93%	0.5%	5.75%	0.6%	6.95%	0.9%
1-yr Adjustable Rate Mortgages Rate/Points	5.44%	0.6%	4.23%	0.8%	3.76%	0.6%	6.28%	0.9%

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*Source: Freddie-Mac

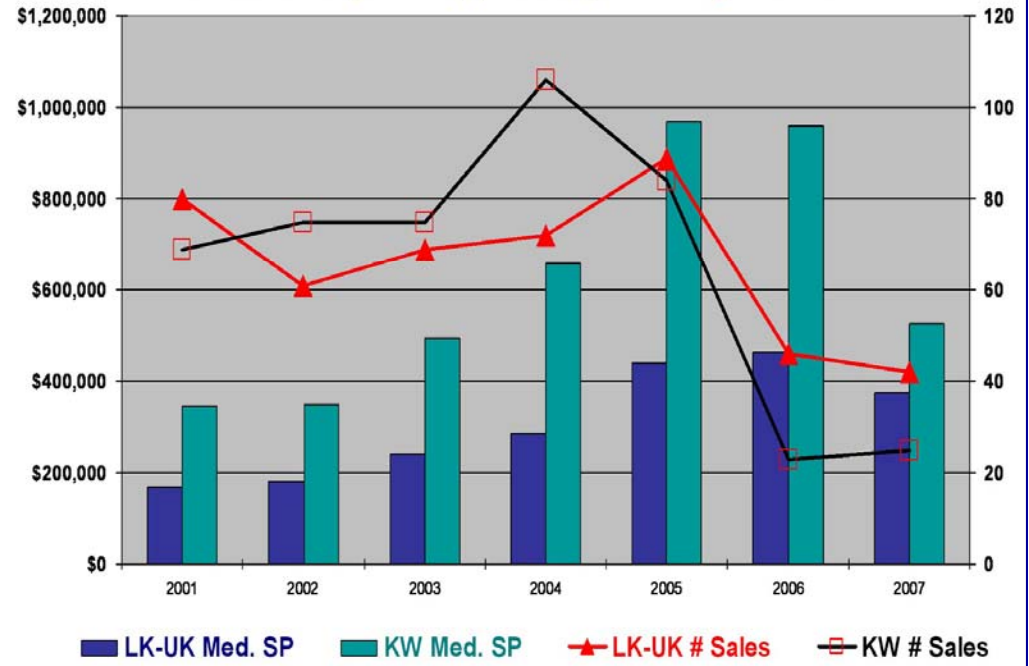
What You've Gotten For The Money

So What Have You Gotten For The Money?

All of the median-priced W/F homes in the Keys and Key West are three and four bedrooms with no pools with an average 2,045 s/f of living area. In Key West you paid \$500K for it in 2001, \$1.5MM in 2005 and \$800K in 2007. Outside Key West you paid \$310K in 2001 and \$899K in 2007.

For Non W/F homes there is a big difference between Key West and outside Key West. The average median-priced home outside Key West is 2BR with 1,052 s/f, no pool, and you paid \$167K for it in 2001, \$440K, in 2005, and \$375K in 2007. In Key West the median-priced home varies with regard to bedrooms and pool, but is on average 1,726 s/f and you paid \$385K for it in 2001, \$970K in 2005 and \$525K in 2007.

History of Single Family Non-Waterfront Properties Median Sales Price & # Sales – 1st Qtr. Lower Keys – Upper Keys & Key West



THE MEDIAN-PRICED NON W/F HOME SOLD IN THE LOWER KEYS—UPPER KEYS



2001
SP:\$167K LP:\$185K DOM 114
30330 Palm Dr., Big Pine
2Br, 1Ba, No Pool, Yr/Blt:1953
Taxes:\$353, Living Sq/Ft. 1,020
Lot: 12,500 Sq/Ft



2003
SP:\$247K LP:\$269K DOM 106
206 Dove Lake, Key Largo
3Br, 1Ba, No Pool, Yr/Blt:1990
Taxes:\$708, Living Sq/Ft. 1,170,
Lot: 6,000 Sq/Ft



2005
SP:\$440K LP:\$485K DOM 178
213 Jerome East Ave, Upper Matecumbe Key
2Br, 2Ba, No Pool, Yr/Blt:1956
Taxes:\$3,263, Living Sq/Ft. 1,135,
Lot: 9,375 Sq/Ft



2007
SP:\$375K LP:\$489K DOM 68
66 N. Blackwater Lane, Key Largo
2Br, 2Ba, No Pool, Yr/Blt:2006
Taxes:\$2,980, Living Sq/Ft. 890,
Lot: 9,275 Sq/Ft

THE MEDIAN-PRICED NON W/F HOME SOLD IN KEY WEST



2001
SP:\$385K LP:\$405K DOM 384
1410 Petronia St, Key West
3Br, 2Ba, No Pool, Yr/Blt:1933
Taxes:\$1,911, Living Sq/Ft. 1,465,
Lot: 2,220 Sq/Ft



2003
SP:\$495K LP:\$525K DOM 225
222 Golf Club #434, Key West
2Br, 2.1Ba, Pool Part of Complex, Yr/Blt:2000
Taxes:\$3,070, Living Sq/Ft. 1,120,
Lot: 21,780 Sq/Ft



2005
SP:\$970K LP:\$975K DOM 290
3006 Flagler Ave, Key West
6Br, 4Ba, No Pool, Yr/Blt:1963
Taxes:\$3,228, Living Sq/Ft. 2,652,
Lot: 6,534 Sq/Ft



2007
SP:\$525K LP:\$650K DOM 297
1213 19th Terrace, Key West
3Br, 2Ba, Pool, Yr/Blt:1968
Taxes:\$3,188, Living Sq/Ft. 1,668,
Lot: 5,800 Sq/Ft

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(continued from page 1)

Average Days to Sell: The change in Multiple Listing Services (MLS) that occurred in the winter and spring of 2006, which resulted in the Key West market area having a different MLS than the rest of the Keys, resulted in significant disruption to the ability to track statistics, in particular Days to Sell. The two systems have now matured and are linking to share data in late April which will improve consistency of data for the future. For that reason we are the most skeptical of the validity of the data in this category compared to any other. The trend is what's important, and that continues to increase, **+50%** to 240 days Keys-wide with **+116%** to 286 days for the Upper Keys, **+133%** at 266 days in the Middle Keys, and **+38%** with 217 days for the Lower Keys. Only Key West declined, **-19%** to 192 days.

Average Sale Price: The Upper and Middle Keys had the smallest drop in average sales price with **-11%** to \$697K and **-14%** to \$774K, respectively. Key West declined **-21%** to \$743K with the Lower Keys down **-38%** to \$557K. Overall The Keys average sales price was off **-28%** to \$670K, the lowest since the end of 2004 when it averaged \$563K. The peak average price was \$802K in 2006.

New Properties Listed: All market areas experienced a reduction, with the Lower Keys at **-27%** to 363 followed by **-22%** and 562 properties in Key West. The Middle Keys with 304 properties was **-15%** and **-12%** to 627 properties for the Upper Keys. Keys-wide the drop was **-19%** to 1,856 properties placed on the market during the 1st Quarter 2007.

Average List Price: The Lower Keys average increased **+4%** to \$765K, followed by Key West **+3%** at \$1,094K. The Middle Keys declined **-1%** to \$966K and the Upper Keys with \$1,059K was down **-3%**. Keys-wide the decline averaged **-10%** to \$939K.

Months of Inventory: Keys-wide there is a 46-month supply of properties with the Middle Keys at 57 months, **+84%** over last year, followed by the Upper Keys **+48%** and 34 months. Key West had no change with 40 months. Only the Lower Keys declined **-9%** to 32 months.

Number of Properties "For Sale": The Upper Keys and Middle Keys inventory of properties were each up **+19%** with 1,581 and 922 respectively. The Lower Keys rose **+13%** to 981 and Key West had just a **+6%** increase to 1,570. The overall increase for the Keys was **+19%** with 5,054 properties on the market at the end of March.

What is Ahead for the Keys Real Estate Market? The most probable scenario is for the market to gradually improve as the year progresses provided interest rates remain at their current levels, which are lower than at the same period last year; home owners and buyers realize a positive impact from the Florida Legislature's initiatives regarding property taxes, homestead exemptions and local area sales taxes; and the positive results from the grass roots effort to reduce windstorm rates, which is most ably led by the Keys organization FIRM (Fair Insurance Rates for Monroe County) to continue to achieve lower rates. Buyer interest for value properties is strong; therefore, positive resolution of the foregoing items coupled with sellers adjusting their prices to the reality of this market should result in improving sales levels versus the previous 18 months, as evidenced in Key West and the Lower Keys this past quarter.

More Florida Keys History For You



Flagler's P & O Terminal In Key West 1925

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