TROPICAL *BREEZES*

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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 2008 Vs 2007

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

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 09/30/08:	16% Less 288	23% Less 127	14% Less 167	10% Less 331	15% Less 913
$ Value of Sales As of 09/30/08: (in millions $)	29% Less $183MM	30% Less $82MM	30% Less $80MM	33% Less $205MM	31% Less $552MM
Avg. Days To Sell As of 09/30/08:	16% More 279	4% More 262	16% More 287	31% More 227	16% More 264
Avg. Sales Price As of 09/30/08:	15% Less $638K	9% Less $648K	18% Less $481K	26% Less $620K	19% Less $604K
Original List Price to Sale Price As of 09/30/08:	No Change 77.41%	14% Less 72.85%	.9% More 75.64%	27% Less 68.37%	11% Less 73.57%
New Properties Listed As of 09/30/08:	7% Less 1,250	4% Less 622	5% Less 540	9% Less 915	7% Less 3,327
Avg. List Price Properties *"For Sale"* As of 09/30/08:	11% Less $961K	2% Less $944K	8% Less $650K	2% Less $973K	6% Less $913K
Months of Inventory As of 09/30/08:	19% More 46	26% More 55	14% More 36	11% More 38	16% More 43
Number of Properties *"For Sale"* As of 09/30/08:	.3% More 1,473	2% Less 777	3% Less 673	.1% Less 1,393	.8% Less 4,316

KEYS-WIDE MARKET OVERVIEW

The **Number of Sales** in the first nine months of 2008 totaled **913**, a **-15%** decline relative to the same period in 2007. Sales had declined during the 1st quarter by **-21%**, and **-19%** by mid-year compared to 2007. So, while the market continues to decline, the trend is positive as the decreases are becoming smaller.

The **Dollar Value of Sales** during the same period decreased by **-31%** to **$552MM** compared to that period last year when it was **$794MM**. Year-to-date, the **Dollar Value** has been **-30%** to **-32%** each quarter versus 2007, which reflects the continued decline in number of sales and average sales price.

The **Average Sale Price** of **$604K**, is **-19%** less than the **$744K** attained over the same period in 2007. The Average Sale Price at the end of 2007 was **$731K.** For 1st quarter 2008, it was **$635K**, then **$626K** at the end of 2nd quarter 2008.

Original List Price to Sale Price was **73.6%** compared to **82.6%** at the end of September 2007, an **-11%** drop. This means that Sellers can expect, on average, to get **26.3%** less for their property than they originally asked. In the 2003-2005 market, that margin was as low as **4-5%**.

The **Average List Price** of **$913K** is **-6%** lower than this time last year, continuing the trend of gradually declining listing prices. It was **$969K** and **$1MM** at the end of the 3rd quarter in 2007 and 2006, respectively.

The **3,327 New Properties Listed** is **-7%** less than one year ago. It had declined **-23%** to **3,571** over the 1st three quarters last year compared to 2006 after having increased **+16%** during the 1st nine months of 2006 versus 2005. This is another positive trend in 2008.

The **Months of Inventory** (the months required to sell the existing inventory on September 30, 2008 ***if*** no other properties were listed for sale on the market) increased by **+16%** to **43** months (3.5 years), the same as it was at the end of the 2nd quarter 2008, and down from **54** months at the end of the 1st quarter 2008. This may be the most important single market indicator. The market will not start to recover until these ratios turn **red** or the trend reverses to fewer months.

The **Number of Properties For Sale** of **4,316**, is very close to the inventory level at the end of the 3rd quarter in both 2007 and 2006, however, it is **+60%** higher than the end of the 3rd quarter in 2005 when it was **2,702**. The continuing high inventory of properties provides for a wide range of competition. Buyers have plenty of purchasing opportunities in all price ranges. Sellers need to keep in mind that it will take **3.5** years at recent sales levels for the market to absorb the inventory and Buyers should recognize that they may never have this level of choice at this level of price again.

With the continuing large property inventory, **264** was the **Average Days To Sell** a property, an increase of **+16%** from this period in 2007, and up **+12%** since the end of 2007 when the average number of days need to sell was **235**.

SUB-MARKET AREA DETAILS

Number of Sales: **Key West** had the smallest decline in number of sales, **-10%** with **331;** followed by the **Lower Keys** at **-14%** and **167** properties; the **Upper Keys** with **-16%** for **288** properties; and the **Middle Keys, -23%** and **127** properties sold.

Dollar Value of Sales: The declining trend noted in the first two quarters of 2008 continued in the four market areas during the 3rd quarter with each realizing a **-29%** or greater reduction in overall value of sales. The Dollar Value had dropped by **-19%** during the same period in 2007 and by **-48%** in 2006 compared to 2005. **Key West** had the biggest drop at **-33%** with **$205M,** the **Lower Keys** to **$80MM** and **Middle Keys** to **$82MM** -- each had **-30%** declines -- with the **Upper Keys** down **-29%** to **$183MM.**
(continued on page 4)

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Real Estate Market News

Comparison January to September 1999—2008 Keys-wide

The charts on this page provide a comparison of The Keys real estate market during the 1st 9 months of each year from **1999** through **2008** both Keys-wide and by sub-market area.

The **number of sales** in **2008** is about one-third of the peak years of **2003** and **2004**.

The **average sale price** has fallen between **-15%** and **-20%** from its peak in 2005 and 2006 except in Key West (where the impact of Hurricane Wilma was the most severe and speculation was the highest leading to the highest average sales prices in the market, which has now fallen below the Middle and Upper Keys) which declined **-38%**.

With number of sales down by a factor of 3 from the peak year of 2004, and the decline in average sales price, the dollar value of properties sold is **-69%** less in all Keys areas except the Middle Keys where it's **-79%** from the peak year of 2005.

The **number of properties for sale** has declined only slightly, **-2%** to **-4%** from the peak in 2007, and consequently, with fewer sales, the **Months of Inventory** has continued to increase, averaging **3** to **3.5** years in all market areas except the Middle Keys where it's **4.6** years.

The "perspective point" of all these numbers is that the average sales price currently is greater than in 2004 in all markets except Key West where you have to go back one more year to 2003 which, in all cases, is not very long ago. This does not mean that properties are now selling for 2004 prices. Today's sales prices of the same property sold in 2004 have come down 30% to 50% or more in some cases. The average sale price is more a measure of what is selling and with fewer sales, a couple of large ticket sales can skew the numbers significantly. Currently, the market is out of balance due to the record high inventory of properties for sale. This is the inverse of the situation in 2003-2004 and the early months of 2005 during which a record low number of properties were for sale. How long the excessive inventory of properties will remain on the market and when we will reach a balanced market is a question that does not have an answer at this point. As discussed in last quarter's newsletter, the overall number of listings needs to get down to 2500 to 3000 properties before we will see a stabilized market.

of Sales

Year	Upper	Middle	Lower	Key West	All
1999	643	388	391	541	1963
2000	717	346	394	551	2008
2001	755	407	500	649	2311
2002	769	488	526	762	2545
2003	850	482	560	820	2712
2004	965	471	556	826	2818
2005	827	482	425	603	2337
2006	441	217	216	334	1208
2007	343	164	195	366	1068
2008	288	127	167	331	913

Average Sale Price (Thousands)

Year	Upper	Middle	Lower	Key West	All
1999	$226	$251	$173	$320	$242
2000	$245	$285	$209	$336	$268
2001	$273	$302	$210	$360	$286
2002	$305	$335	$257	$397	$323
2003	$392	$433	$297	$536	$424
2004	$482	$565	$412	$742	$557
2005	$707	$806	$586	$1M	$788
2006	$759	$749	$675	$970	$800
2007	$752	$712	$587	$833	$744
2008	$638	$648	$481	$620	$604

Days On the Market

Year	Upper	Middle	Lower	Key West	All
1999	205	184	188	225	200
2000	190	264	233	209	224
2001	228	227	222	197	209
2002	131	193	171	171	166
2003	152	172	146	177	161
2004	155	142	121	135	140
2005	157	157	155	148	154
2006	193	186	182	162	181
2007	241	251	247	174	228
2008	279	262	287	227	264

Properties "For Sale"

Year	Upper	Middle	Lower	Key West	All
1999	659	366	523	777	2326
2000	575	373	490	542	1980
2001	484	293	267	458	1502
2002	472	659	243	393	1768
2003	652	294	296	462	1704
2004	452	261	253	433	1399
2005	749	452	526	976	2703
2006	1519	746	790	1262	4317
2007	1469	794	692	1394	4349
2008	1473	777	673	1393	4316

$ Value of Sales (Millions)

Year	Upper	Middle	Lower	Key West	All
1999	$145	$97	$68	$173	$483
2000	$176	$99	$82	$185	$542
2001	$206	$123	$105	$234	$668
2002	$234	$163	$135	$302	$834
2003	$333	$205	$167	$440	$1.1B
2004	$465	$266	$229	$613	$1.57B
2005	$585	$388	$249	$630	$1.8B
2006	$366	$175	$159	$323	$1.0B
2007	$256	$116	$114	$305	$794
2008	$183	$82	$80	$205	$552

Months of Inventory (MOI)

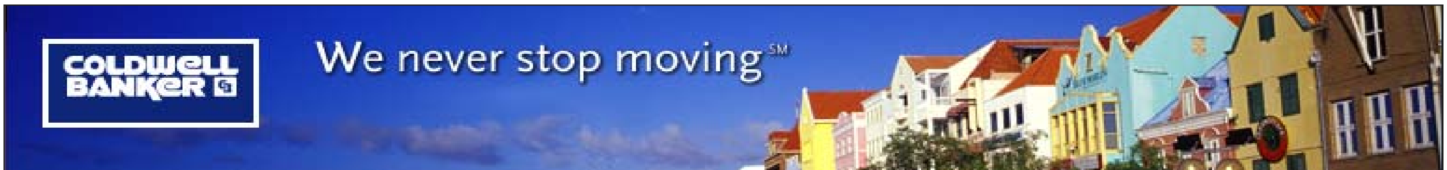
Year	Upper	Middle	Lower	Key West	All
1999	9	9	12	13	11
2000	7	10	11	9	9
2001	6	6	5	6	6
2002	6	12	4	5	6
2003	7	5	5	5	6
2004	4	5	4	5	4
2005	8	8	11	15	10
2006	31	31	33	34	32
2007	39	44	32	34	37
2008	46	55	36	38	43

Marketing News

RealEstateFloridaKeys.com Still #1

Coldwell Banker Schmitt's web site, **RealEstateFloridaKeys.com**, continues to be ranked very highly in the major search engines, bringing more prospective Buyers to our Sellers' listings. Here, for example, is how we rank for our most important term, **"Florida Keys Real Estate"**:

Google #1	**Live.com (Microsoft) #1**	**AOL.com #1**	**Yahoo #2**
Ask.com #1	**Search.com #1**	**Metacrawler.com #1**	



Coldwellbanker.com Continues to be Ranked the Number-One Real Estate Brand Online

For the eighth month in a row, **coldwellbanker.com** held the top position as the number-one national real estate brand online for the month of August, as reported and ranked by Nielsen NetRatings for unique visitors traffic.

Those websites that ranked higher than Coldwell Banker (see chart below) are aggregators (or a site which takes listings from multiple source). Four of the seven websites are Coldwell Banker listing distribution partners on whose web sites all **coldwellbanker.com** listings, including, of course, all Coldwell Banker Schmitt listings, automatically appear: Yahoo! Real Estate, AOL Real Estate, Zillow and Trulia. Beginning this month coldwellbanker.com will become an aggregator as well and will display all listings for all companies nationwide. CBSREC listings also appear on Realtor.com, VisualTour.com and RapMLS.com.

Brand or Channel	Unique Audience [000]
Realtor.com	6,325
Yahoo! Real Estate	5,514
AOL Real Estate	5,195
MSN Real Estate	3,947
Zillow.com	3,418
Trulia	2,530
Coldwell Banker	**1,867**
Home Gain	1,587
Homes.com Network	1,583
VisualTour.com	1,517
Move.com	1,511
RealtyTrac	1,502
Rent.com	1,497
RE/MAX	1,488
Apartments.com	1,279
Rapmls.com	1,190
Century 21	1,187
LivingChoices.com	1,161
Foreclosure.com	1,054
ForRent.com Network	928
The HouseValues Network	886
HomeScape.com	841
Ziprealty.com	835
Apartment Ratings	754
MyNewPlace	741
RealEstate.com	642

Coldwell Banker Releases the 2008 Home Price Comparison Index Study

Location	Waterfront/ Non-waterfront	Average Sale Price
Key Largo (MM 91-106)	WF	$969,278
Islamorada (MM 65-90)	WF	$955,933
Duck Key	WF	$1,535,000
Key Colony Beach	WF	$896,250
Marathon & Coco Plum	WF	$958,798
Lower Keys	WF	$921,089
Key West Old Town (MM:0-1.2)	NWF	$1,086,281
Key West New Town (MM:1.2-4)	NWF	$849,286
Key Haven	WF	$925,000

Differing from most housing reports which compare median prices, the annual **Coldwell Banker** HPCI, which first launched in the late 1980s, provides an apples-to-apples comparison of a similar type 2,200 square foot, four bedroom, two-and-a-half bath home with a family room (or equivalent) and a two-car garage in 315 markets across the United States in addition to Puerto Rico, Canada and a sampling of countries/territories outside of North America where **Coldwell Banker** has a presence.

Although both are waterfront cities, something besides the salt water separates La Jolla, Calif. on the Pacific Ocean from Sioux City, Iowa on the Missouri River – a $1.7 million dollar difference in the cost of homes. La Jolla topped the chart as the most expensive real estate market in the nation with a $1,841,667 average home price. Sixteen hundred miles away in America's heartland sits Sioux City, the most affordable real estate market in America, where a similar home would cost $133,459.

Subject homes in The Florida Keys, per an analysis prepared by Coldwell Banker Schmitt, depending on location, ranged from $818,239 for the Key West market area to $1,535,000 on Duck Key, making The Keys one of the most expensive markets in the nation.

The Keys, at the lower end of the scale, compares to the average price of homes in Bellevue, WA ($814,483) and, at the higher end, to Newport Beach, CA ($1,546,250). Among the 83 markets studied outside of the U.S., the range represented in The Keys is similar in price to Cork County, Ireland, where the subject home costs $822,093, and to Paris, France ($1,413,077).

For complete comparisons visit **realestatefloridakeys.com/kb/ and http://hpci.coldwellbanker.com**.

(continued from page 1)

This continued decline has far-reaching impacts on overall commission levels to the industry, documentary stamp taxes to the State and overall title insurance premiums, which are all percentages of the sales volume.

__Average Days to Sell:__ All four market areas of The Keys have required over **220** Days to Sell. **Key West** was the shortest at **227**, a **+31%** increase over this time in 2007 and **+30%** since the end of 2007. The **Middle Keys** was up **+4%** to **262** days compared to **251** at the end of 2007. The **Upper and Lower Keys** each increased **+16%** for **279** and **287** days, respectively. The **Upper Keys** required **257** and the **Lower Keys** needed **253** at the end of 2007.

__Average Sale Price:__ The largest reduction occurred in the **Key West** market, **-26%** to **$620K**. The **Lower Keys** at **$481K**, down **-18%,** was followed by a **-15%** drop in the **Upper Keys** to **$638K,** and **$648K** in the **Middle Keys** versus the same months in 2007. The average sale price at the end of 2007 by Keys area was: **UK - $739K, MK - $695K, LK - $563K** and **KW - $823K**. The Key West market has been impacted by a large number of Short Sales and Foreclosures in properties priced below **$450K** year-to-date.

__New Properties Listed:__ All four market areas continue to have a slight reduction in new listings arriving on the market. Key West experienced the biggest reduction, **-9%** to **915**, followed by the **Upper Keys** at **-7%** with **1,250** properties. The **Lower Keys** at **540** was **-5%** less, and the **Middle Keys** with **622** was **-4%**. This is a very positive trend for our market.

__Average List Price:__ The **Upper Keys** led the market in declining list price, down **-11%** to **$961K**, from **$1.1MM** at the end of 2007. The **Lower Keys** average list price dropped **-8%** to **$650K** versus **$687K** at the end of the year. The **Middle Keys** and **Key West** experienced decreases of **-2%** to **$944K** and **$973K,** respectively. At the end of 2007, their average list prices were **$984K** and **$987K**.

__Months of Inventory:__ The biggest increase, **+26%** to **55** months was in the **Middle Keys**, followed by the **Upper Keys** at **+19%** to **46**, then the **Lower Keys** at **+14%** to **36,** and **Key West** at **+11%** to **38**.

__Number of Properties For Sale:__ The Upper Keys was the only market area with a slight increase in properties offered for sale up **+.3%** to **1,473**. The **Lower Keys** was down **-3%** at **673**, the **Middle Keys** with **777** was down **-2%**, and Key West was down **-.1%** to **1,393** properties for sale. This is a continuing positive trend illustrating that the inventory has peaked, which will set the stage for the market to recover.

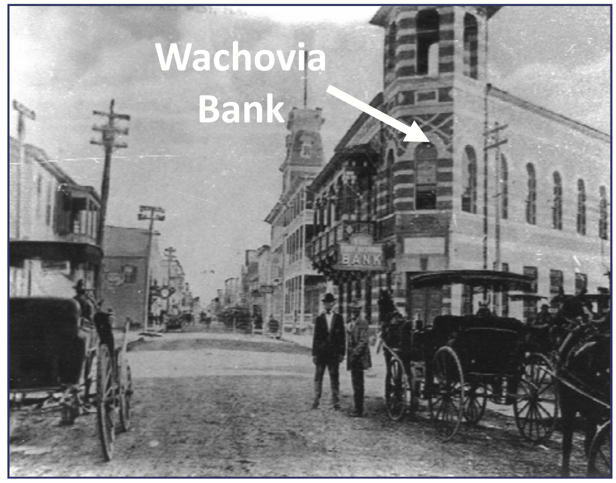
__**What is ahead for the Keys Real Estate Market?**__

Given the current turmoil of the financial markets, it's impossible at this point to know the near-term impact on Florida Keys real estate. Even though listing prices and sales prices are well below the peak levels of 2004 and 2005, the high inventory of properties for sale compared to the number of sales has driven the months of inventory from single digits and the low teens to the 30s, 40s, and as high as 50 months. On the plus side, we are experiencing growing buyer interest about properties; in particular, those that are well priced for the current market situation. Those are the properties receiving offers. There are excellent values available , and lots of choice in every market area and price range for those who want to own or invest in property in The Keys.

As Warren Buffet was recently quoted " A simple rule dictates my buying: Be fearful when others are greedy and greedy when others are fearful". Certainly this current market has created a lot of fear so it may be the best time to buy.

See page two for a history of Florida Keys real estate since 1999. It provides an interesting perspective on what has transpired in the market both by market area and viewed Keys-wide.

More Florida Keys History For You



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