TROPICAL BREEZES

Volume 8, Number 2
Spring 2009

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 March 2009 Vs 2008

*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 3/31/09:	19% Less 69	11% Less 40	19% More 57	27% More 112	4% More 278
$ Value of Sales As of 3/31/09: (in millions $)	34% Less $36MM	30% Less $19MM	27% More $28MM	11% Less $54MM	17% Less $138MM
Avg. Days To Sell As of 3/31/09:	8% More 258	17% More 286	18% More 250	10% More 159	14% More 238
Avg. Sales Price As of 3/31/09:	19% Less $528K	30% Less $481K	7% More $488K	30% Less $482K	22% Less $494K
Original List Price to Sale Price As of 3/31/09:	18% Less 65.65%	12% Less 70.63%	11% More 80.47%	8% More 86.79%	3% Less 75.89%
New Properties Listed As of 3/31/09:	24% Less 368	6% More 284	26% Less 173	11% Less 461	14% Less 1,286
Avg. List Price Properties *"For Sale"* As of 3/31/09:	13% Less $914K	13% Less $841K	9% Less $623K	4% Less $983K	10% Less $875K
Months of Inventory As of 3/31/09:	10% More 62	17% More 70	23% Less 36	31% Less 37	12% Less 48
Number of Properties *"For Sale"* As of 3/31/09:	11% Less 1,437	4% More 929	9% Less 692	12% Less 1,391	8% Less 4,449

KEYS-WIDE OVERVIEW

The number of sales for the first quarter 2009 was **278**, a **+4%** increase relative to the same period in 2008. **This is the first time Keys-wide sales have increased during the 1st quarter since 2004** when they were up **+11%** over 2003. The subsequent decline was **-2%**, 2005 vs. 2004; **-51%**, 2006 vs. 2005; **-20%**, 2007 vs. 2006; and **-21%**, 2008 vs. 2007. The reduction for all of 2008 vs. 2007 was **-11%**.

Average sales price at the end of the 1st quarter was **$495K**, **-22%** compared to that period in 2008, almost matching the sales price at the end of the 1st quarter of 2004, when it had increased **+25%** over that period in 2003. It was **$588K** at the end of 2008. The recent price history at the end of March has been: 2008 = **$625K**; 2007 = **$670K**; 2006 = **$846K**; 2005 = **$720K**. The reduction from **$846K** at the end of March 2006 to **$495K** this March is **-41%**.

The Dollar Value of Sales fell **-17%** to **$137MM** over the 1st quarter. The 1st quarter decline in 2008 vs. 2007 was **-30%** to **$165MM**; in 2007 vs. 2006 it was **-36%** at **$232MM**; and for 2006 vs. 2005 it was down **-43%** to **$341MM**.

Selling a property took an average of **238** days, a **+14%** rise from the 1st quarter of 2008 when it was **210** days. This was an increase of **+7%** over the same months during 2007, which increased **+50%** to **240** days compared to 2006.

The original list-price-to-sale price (OLP/SP) declined **-3%** to **75.9%** from **80.6%** on March 31, 2008. (The OLP/SP compares the sale price of the property to the list price of the property at the time it first came on the market versus the list price at the time the contract was written.)

New properties available for sale declined **-14%** to **1,286**, compared to **1,500** in 2008, which was a **-19%** drop from **1,856** at the end of the 1st quarter of 2007. The 1st quarter of 2006 experienced a **+24%** increase with **2,365** new properties offered for sale.

The **4,449** properties for sale on March 31, 2009 was a drop of **-8%** from the 2008 number of **4,856** which, in turn, was a **-4%** decline from the end of March 2007, reversing the increases of **+11%** and **5,054** properties at the end of March 2007, and **+103%** to **4,543** to end March of 2006.

The **48** months of inventory (MOI) vs. **54** in March of 2008, represents a **-12%** drop, a reversal of the **+20%** increase in MOI for 2008 vs. 2007, and **+35%** for 2007 vs. 2006. This was an increase over the same period in 2007, which was **+35%** compared to properties listed during the 1st quarter 2006. This reduction in MOI is the result of both increased sales and slightly declining inventory of properties available to purchase.

The average "Listed Price" (LP) declined **-10%** to **$875**K compared to **$970K** in March of 2008 when the LP was down **-2%** compared to the 1st quarter 2007.

The overriding Keys-wide market trends were a result of activity occurring in the Lower Keys and Key West, which both experienced fewer listings and more sales than one year ago, resulting in the first decrease in MOI vs. the Middle and Upper Keys, which show decreases in the number of sales and increases in MOI.

FOUR SUBMARKET AREA DETAILS

Number of Sales: The Upper Keys sales of **69** were down **-19%** from the **85** sales for the 1st quarter 2008, which was off **-22%** compared to 2007, after having declined **-24%** from 2006. The Middle Keys was next with a **-11%** drop to **40** from **45** in 2008, a **-2%** reduction from 2007, which had fallen **-56%** from the **104** sales in the 1st quarter of 2006. The Lower Keys saw its 2009 sales increase by **+19%** with **57** compared to 2008 after having declined **-16%** versus the 1st quarter 2007, which, in turn, had risen by **+11%** over 2006 sales . Key West, in this 1st quarter, had the biggest increase in the Keys, **+27%** with **112** sales after a decrease of **-30%** during the 1st quarter 2008 compared to 2007, which had risen **+5%** compared to 2006. **(continued on page 4)**

SCHMITT REAL ESTATE CO. 50 Years 1955-2005

Florida Keys Real Estate Market
1998 through the 1st Quarter 2009

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

The front page of *Tropical Breezes* compares the market activity of the 1st quarter 2009 to 1st quarter 2008 with some additional years included as appropriate. Considering the significant change in the Keys market as well as nationwide, we thought a perspective of the Florida Keys Market and what that means for sellers and buyers today would be of interest to our readers. The charts on this page, therefore, show Listing and Sales information from 1998 through the 1st quarter 2009.

Chart 1, Listed Properties, confirms the record level increase in listings in 2005, +91% over 2004. The increase actually started during the 1st half of 2005 and accelerated in the 2nd half due to the impact of Hurricane Wilma in late October. It increased from 2005 by +33% to its peak in 2006 at **4,628** listings, a +155% rise from the low point of **1,818** at the end of 2003.

The number of **listings has declined very slowly from the peak of 4,628 in 2006 to 4,449 on March 31, 2009**, -4% which means the market still has excessive inventory. The Average List Price Keys-wide went from **$289K** in 1998 to the peak of **$990K** in 2007, a +242% increase in nine years which is an average of +27% per year. The average list price has gone down just -11% to **$875** since its peak only 15 months ago.

As evidenced by this chart, the market dramatically changed in 2005 with a doubling of the inventory. However, the average list price did not adjust to this change until 2008, three years later.

Chart 2, Sold Properties, shows the annual sales by year and average sales price for The Keys. Sales increased from **2,079** in 1998 to a peak of **3,510** in 2004, +68%. Over the past 3 years sales have declined to **1,166**, -310% from the 2004 record high. The Average sale price went from **$230K** in 1998 to **$805K** by December 2006, a +250% overall growth figure, with +31% to +39% per year from 2003 through 2005. Since 2006, the price has fallen to **$494K**, -61%. The average sale price is now at the late 2003 and early 2004 level which provides an excellent opportunity for buyers. While the average sale price declined by -40% from the peak in 2006, the average list price which peaked in 2007, has only declined by -12%.

Chart 3, the 1st column shows the percentage of the final sales price compared to the original list price for the property at the time it was placed on the market for sale. Column 2 shows the percentage of the final sales price to the listed price of the property at the time it went under contract, which could have occurred after one or more price reductions and a number of months of being available for sale. Column 3 indicates the percentage difference between the original listed price and the price that attracted a buyer when the property finally was sold. The trend commencing in 2006 is that of increasing divergence in the spread between the original list price and final reduced list price that attracted a buyer, and is the result of the continuing high inventory of properties on the market at a much higher listed price than buyers are willing to pay, reaching +22% during the 1st quarter of 2009. Property owners who want or need to have their property sold in a timely manner need to consider three factors: First, the market continues to have too many properties for sale. Second, properties not priced correctly for the market will take longer to sell and more than likely will require one or more price reductions, and, third, the decline in average sale price has not leveled off, so just as the property was worth more four, six or eight months ago than now, that property is worth more today than it will be in two, four or more months in the future. Price declines will continue until inventories reach a balanced level which, as previously reported here, is between 2,500 and 3,000 properties for sale Keys-wide versus the current level of 4,449. An added factor to the high inventory is that the number of short sales and bank-owned properties continues to increase. These properties must sell and they place sellers who are not in a distressed situation in a difficult position. In order to attract buyers they must compete not only with these distressed property listings, but with the sales prices of these distressed properties, which continue to set lower benchmarks.

#1 Listed Properties

	Listings Taken		Average List Price	
	# Listings 31 Dec.	% Change Vs Previous Year	Average List Price	% Change Vs Previous Year
2009 1st Qtr.	4,449	.6%	$875,249	-2.6%
2008	4,424	-.1%	$899,084	-9.2%
2007	4,430	-4%	$990,131	.7%
2006	4,628	33%	$983,032	.7%
2005	3,469	91%	$976,150	23%
2004	1,818	.4%	$792,371	33%
2003	1,810	.7%	$594,647	26%
2002	1,822	-11%	$471,377	25%
2001	2,058	-24%	$375,802	12%
2000	2,712	-14%	$336,324	11%
1999	3,174	100%	$303,718	5%
1998	1,585		$289,380	

#2 Sold Properties

	Sales		Average Sales Price	
	# Sales	% Change Vs Previous Year	Average Sales Price	% Change Vs Previous Year
2009 1st Qtr	278		$494,756	-16%
2008	1,166	-11%	$588,194	-21%
2007	1,311	-12%	$731,000	-10%
2006	1,500	-45%	$805,883	3%
2005	2,752	-22%	$782,400	39%
2004	3,510	4%	$563,362	30%
2003	3,377	7%	$433,022	31%
2002	3,162	10%	$328,801	14%
2001	2,874	19%	$288,166	5%
2000	2,413	5%	$274,995	12%
1999	2,301	11%	$246,525	7%
1998	2,079		$230,830	

#3 Comparison of List Price to Sales Price Percentage

	Sales Price % Vs. The Original Listed Price for Properties That Sold After 1 or More Price Reductions	Sales Price % Vs. The Listed Price At the Time The Property Obtained a Contract & SOLD	% Difference Between the Original Listed Price and the Listed Price When Obtaining a Contract & SOLD
2009 1st Qtr	71.17%	87.26%	+22%
2008	75.41%	87.42%	+16%
2007	77.46%	87.74%	+13%
2006	82.52%	91.92%	+11%
2005	87.50%	94.68%	+8%
2004	87.09%	94.85%	+9%

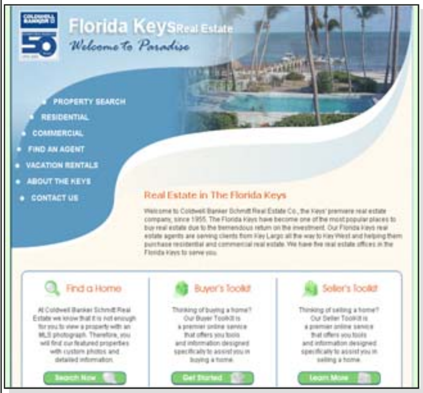
PROJECTIONS

There is clearly light ahead, however. With sales increasing for the first time since 2004 coupled with simultaneous inventory reductions, the trends we reported on in 2008 have now begun to stem the ebb. We expect continued increases in sales in the 2nd quarter along with continuing decreases in inventory which will inevitably begin to affect prices – first reducing the decline, then stabilizing prices -- followed by a slow, but steady increase which we could begin to see in 2010.

The improved market conditions in the Lower Keys including reduction in new and total listings for sale, and increases in the number of sales and in the average sales price with similar trends in Key West (with exception of average sales price), may already signal the beginning of a turning point in those markets which were affected by the downturn before the Middle and Upper Keys.

Marketing News

Our real estate web site, RealEstateFloridaKeys.com, had 37,554 visits from 31,164 unique visitors during the 1st three months of 2009, for an average of 417 visits per day. 79% were first-time visitors. The visits originated from 128 countries or territories. Our Top 10 international markets, in order, included Canada, the U.K., Germany, India, the Netherlands, Denmark, France, Belgium, Switzerland and Australia. The Top 10 points of origin in the U.S. were Florida, New York, New Jersey, Pennsylvania, Illinois, Massachusetts, Virginia, Michigan, Ohio and California.

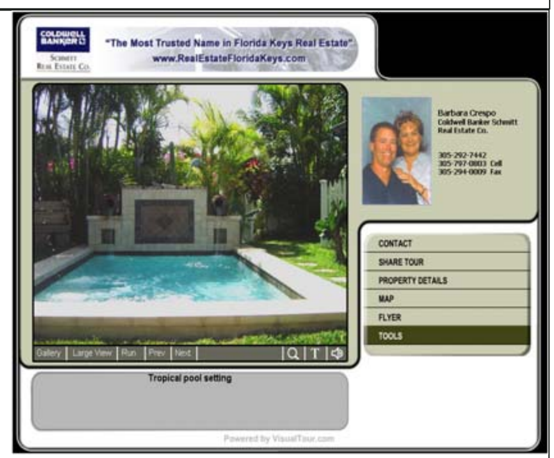


RealEstateFloridaKeys.com is ranked #1 in Google for “Florida Keys Real Estate,” “Florida Keys Realtors,” “Florida Keys Commercial Real Estate,” “Key West Real Estate Listings,” and is within the Top 10 for terms such as “real estate in Florida,” “Florida Keys property,” “Florida real estate,” “Lower Keys real estate,” “Key Largo real estate,” “Middle Keys real estate,” and “commercial real estate Florida” among others. Consequently, 75% of our 1st quarter traffic came through search engines.

Our Site Greeters provide live chat services between 6 a.m. and midnight 7 days a week. During the 1st quarter, 312 visitors completed chat sessions or filled out “contact us” forms. An additional 45 visitors used the “quick call back” form or one of the email links to get in touch.

Coldwell Banker Schmitt’s real estate listings can currently be accessed on over 200 other web sites. They include such sites as ColdwellBanker.com, ColdwellBankerPreviews.com, Realtor.com, Yahoo, Trulia, Zillow, Google Base, OceanHomesUSA.com, FrontDoor.com (HGTV), OpenHouse.com, AOL, WSJ.com (Previews listings), WorldProperties.com, MSN.com, Excite.com, VisualTour.com, the Keys’ two (2) MLS systems as well as State of Florida IDX, other Realogy sites including Century 21, ERA and Better Homes & Gardens, and many others. Contact your Coldwell Banker Schmitt Realtor® for a complete list.

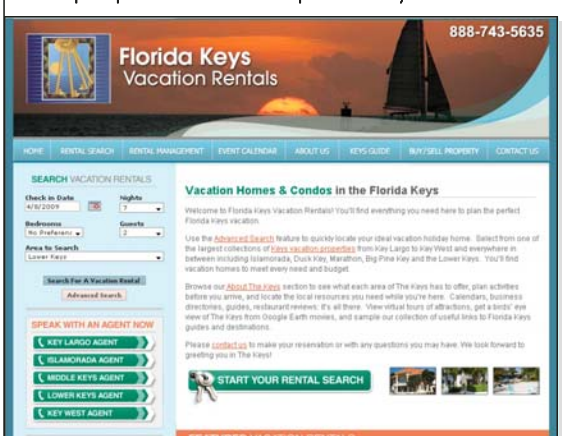
The first quarter of 2009 has been a busy one for the virtual tours of Coldwell Banker Schmitt’s sales associates and rental managers. Every CBSREC residential listing carries a virtual tour, almost all of which are created through the VisualTour system. Between January 1 and the end of March, our agents added 255 new VisualTours bringing our active total inventory to 2,011 tours. Those tours were viewed 105,290 times during that time for an average of 7,521 per week. All told, our active tours have been viewed over 609,000 times.



Prospects emailed links to our tours to friends and family 400 times, and 100 of them contacted the agent directly through the tour viewer’s email application.

CBSREC agents gained new capabilities in the latest release of VisualTour’s software among which is one allowing them to convert VisualTours to videos that can be uploaded directly to video-centric web sites such as YouTube.com. Watch for a CBSREC channel on YouTube.com coming in the near future.

During the 1st three months of 2009, RentalsFloridaKeys.com, the web site of our sister company, Florida Keys Vacation Rentals Inc., had 37,548 visits from 29,538 unique visitors for an average of 417 visits per day. 75% were people who had not previously visited our site. The visits emanated from 87 different countries & territories. The top international points of origin included Canada, the U.K., Germany, Netherlands, India, France, Belgium, Ireland, Switzerland and Italy. Domestically, the top states were Florida, New York, Georgia, Illinois, Pennsylvania, Michigan, New Jersey, Ohio, North Carolina & Virginia.



Our search engine optimization efforts have been yielding dividends and fully 50% of our site traffic came from them. RentalsFloridaKeys.com is now #1 on Google for “Keys vacation rentals,” “Rentals Florida Keys,” and “Florida Keys rental management.” We’re within the top 10 results for terms such as “Florida Keys vacation home,” “Florida Keys condos,” “Florida Keys vacation,” “Florida Keys beach rentals,” “Key Largo rentals,” “Islamorada rentals,” “Lower Keys vacation rentals,” “Marathon rentals,” and “Key West condos.”

We offer live chat between 6 a.m. and midnight to help visitors find the information they need or connect with our rental managers, and 548 visitors completed chats or filled out “contact us” forms during the first three months of 2009. Another 244 used the site’s “Click To Call” feature to connect directly with rental managers via telephone.

(continued from page 1)

Dollar Value of Sales: The Upper Keys, with the largest decrease in number of sales, experienced a -34% drop to **$36MM** from the **$55MM** of 2008, which had declined -27% from 2007. The Middle Keys was off -30% to **$19MM**, versus 2008 which, at **$27MM,** was down -26% from 2007. Key West declined -11% to **$54MM** from **$60MM** in 2008, off -33% from 2007. The Lower Keys increased +27% to **$28MM** due to the increased number of sales and increase in average sales price during the 1st quarter 2009. **$21.8MM** was the dollar volume amount for 2008, a -31% reduction from 2007, which also was down -31% from 2006.

Average Sale Price: Only the Lower Keys increased, +7% to **$488K**, compared to **$455K** over the 1st quarter 2008, which had realized a -19% decline from 2007. Of the other areas, the Upper Keys had the smallest reduction in average sales price, -19% to **$528K**, compared to **$649K** for 2008, which had a -7% reduction from **$649K** in 2007. Both the Middle Keys and Key West experienced average sales price declines of -30%. The Middle Keys went from **$690K** to **$481K** and Key West from **$691K** to **$482K** so the two regions had the lowest average sales price in The Keys at the end of March 2008. Those regions had the highest average sales price over the same period in 2008 and 2007.

Average Days to Sell: The days to sell in all regions increased. The Upper Keys was up +8% to **258** days after having declined -10% to **239** days during the 1st quarter 2008 compared to 2007. Key West increased +10% to **159** days after declining to **144** days, -10% in 2008 versus 2007. The Middle Keys was up +17% to **286** days compared to **245** days in 2008, which had risen +7% from 2007 during the 1st quarter. The Lower Keys rose +18% to **250** days compared to **211** days in 2008.

Unfortunately, all of these sale periods are artificially low as they do not take into account if the property was previously listed with another broker prior to being sold. Also, developer sales along with sales entered for statistical purposes typically show one day as the days-to-sell figure, which, given the relatively low number of sales, can substantially but artificially lower the number.

New Properties Listed: All market areas except the Middle Keys realized a reduction in new listings inputted during the period. The Lower Keys -26% at **173** was followed by -24% and **368** properties in the Upper Keys, and Key West with **461** properties, down -11%. The Middle Keys with **284** properties rose +6%.

Number of Properties For Sale: The same market areas, with Marathon being the only exception, also had fewer properties available for sale on March 31, 2009 than on March 31, 2008. Key West, with **1,391** listings, dropped -12%. The Upper Keys at -11% declined to **1,437** properties, and the Lower Keys, with **692** listings, was down -9%. The Middle Keys inventory of properties rose +4% to **929**.

Months of Inventory: The largest increase of +17% to **70** months occurred in the Middle Keys with the Upper Keys being the only other region with an increase, +10% to **62** months. Key West had the biggest decline at -31% to **37** months followed by the Lower Keys -23% at **36** months, which represents almost one-half of those in Marathon.

Average List Price: The Upper and Middle Keys each had the biggest reduction with -13% to **$914K** and **$841**, respectively. The Lower Keys declined -9% to **$623K** and Key West, at **$983K**, was down -4%.

What is Ahead for the Keys Real Estate Market? March 2009 sales exceeded the number for March of 2008. February sales exceeded sales in that month for 2008 and 2007. December 2008 sales also exceeded December 2007 sales. With the exception of January, three of the past four months have shown improvement in the number of sales which we believe constitutes a trend. The number of properties for sale at the end of March was less than for March of 2008, 2007 and 2006, and the overall trend shows a continuing reduction in inventory. The Average Sale Price is back to the early 2004 levels. Interest in owning property in "Paradise" is higher as we continue to work with more and more buyers.

The market has three things happening which combine to stifle any feeling of urgency on the part of buyers. The first is continued excessive inventory, with over 4,000 properties on the market. The second is the continued decline in average sales price, so the question always is: "Has the market reached the bottom?" The third is historic low and declining interest rates, yet some buyers have difficulty in obtaining a mortgage, particularly for second or vacation homes. A significant reduction in inventory, a flattening or rise in average sale price, or increasing mortgage rates could serve to create urgency among the many buyers looking at property today as these factors may signal that the elusive bottom has been reached.

What many potential buyers are missing is that the prime properties for location, condition and price are disappearing as we are experiencing multiple offers on the best opportunities. The disappointment for buyers once urgency begins to set in will be that even though there still may be a fairly large inventory, most of the best properties will already be sold and the bottom will have long ago passed them by.

More Florida Keys History For You

Key West Terminal for P & O Steamships—1925

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