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 2009 Vs 2008

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

KEYS-WIDE OVERVIEW

The **Number of Sales** in the first nine months of 2009 totaled **1,090**, a **+19%** increase relative to the same period in 2008. This is the first time since September 2004 that sales haven't declined compared to the same 9 month period the preceding year. The Keys market experienced increasing sales during the 1st quarter and the 1st half of 2009 when they rose by **+5%** during each period compared to the previous year. Sales for 2008 had declined by **-11%** versus the prior year. (Please see page 2 of this edition for further information concerning changes in the real estate market Keys-wide.)

The **Dollar Value of Sales** during the same period decreased by **-8%** to **$505MM** compared to that period last year when it was **$552MM**. The decline in **Dollar Value** reflects the continued decline of the average sales price.

The **Average Sale Price** of **$463K**, is **-23%** less than the **$604K** attained over the same period in 2008. The Average Sale Price at the end of 2008 was **$588K**.

The **Original List Price to Sale Price** ratio for this period was **72.06%** compared to **75.41%** at the end of September 2008, a **-4%** drop. This means that Sellers can expect, on average, to get **27.94%** less for their property than they originally asked. At the end of 2008 the percentage was **21.40%.** The Final List Price to Sale Price ratio (the listed price at the time of obtaining a contract that results in a sale) declined **-1%** to **87.04%** from **88.14%** last September.

The **Average List Price** of **$860K** is **-6%** lower than this time last year, continuing the trend of gradually declining listing prices. It was **$913K** after being **$969K** and **$1MM** at the end of the 3rd quarter in 2008, 2007, and 2006, respectively.

The **3,202 New Properties Listed** in the first 9 months of 2009 is **-4%** less than one year ago. The total had declined **–7%** to **3,327** for the end of the 3rd quarter 2008 after dropping **-23%** to **3,571** during that period in **2007**. For the first nine months of 2006, new properties increased **+16%** versus 2005. This continues a positive and continuous downward trend of the number of properties available for sale that began in 2007.

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 9/30/09:	10% More 316	31% More 166	26% More 211	20% More 397	19% More 1,090
$ Value of Sales As of 9/30/09: (in millions $)	13% Less $159MM	11% Less $73MM	5% More $84MM	8% Less $188MM	8% Less $505MM
Avg. Days To Sell As of 9/30/09:	1% Less 277	3% More 267	10% Less 256	7% Less 211	4% Less 253
Avg. Sales Price As of 9/30/09:	21% Less $503K	32% Less $442K	17% Less $400K	24% Less $474K	23% Less $463K
Original List Price to Sale Price As of 9/30/09:	9% Less 70.36%	5% Less 69.09%	1% More 76.75%	N/A	4% Less 72.06%
Sale Price to Final List Price As of 9/30/09:	1% Less 86.51%	2% Less 85.54%	.4% Less 88.08%	2% Less 88.03%	1% Less 87.04%
New Properties Listed As of 9/30/09:	19% Less 1,016	7% More 664	7% Less 502	11% More 1,020	4% Less 3,202
Avg. List Price Properties *"For Sale"* As of 9/30/09:	10% Less $868K	13% Less $824K	6% Less $613K	2% More $995K	6% Less $860K
Months of Inventory As of 9/30/09:	21% Less 36	24% Less 42	41% Less 21	37% Less 24	30% Less 30
Number of Properties *"For Sale"* As of 9/30/09:	14% Less 1,268	.4% Less 774	25% Less 502	25% Less 1,047	17% Less 3,591

The **Months of Inventory** (the months required to sell the existing inventory on September 30, 2009 **if** no other properties were listed for sale on the market) decreased by **-30%** to **30** months (2.5 years). It was **43** months at the end of September 2008 and **46** months at the end of 2008, and down from **54** months at the end of the 1st quarter 2008. This may be the most important single market indicator. MOI changes seasonally based on the time of year when sales and listings peak and ebb. June is typically the month where MOI is at its lowest: closings are at their peak and listings are at a mid-point within their annual cycles.

That has not been the case in 2009 as the increase in sales during the 3rd quarter (see article on page 2) and the decline in properties for sale resulted in the lowest MOI as of September 30 in **18** months.

The **Number of Properties For Sale** of **3,591**, is **-17%** less than at this time last year, **4,316**. September 2009 is the fifth consecutive month the number of properties for sale has been below **4,000** since December 2005. Properties priced for the market are selling quickly as the supply of "A Prime" properties in all price ranges is dwindling rapidly.

The **Average Days To Sell** a property was **253**, **-4%** from last September's **264**. **(continued on page 4)**

Florida Keys Sales and Months of Inventory (MOI)
By Quarter 2004—2009

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

The two charts at right, *Lower Keys through Upper Keys Market* and *Key West Market*, present the number of sales and months of Inventory (MOI) for each quarter of every year from 2004 through the 3rd Quarter 2009.

The benefit of a quarterly presentation is that through viewing data over shorter increments of time, we're better able to recognize developing trends of activity in the Florida Keys real estate market.

The percentage of change for each quarter is compared to the 3rd quarter 2009, except for the 4th quarter which is compared to itself in 2008. The cells highlighted in yellow identify quarters when the number of sales was less, or the MOI greater than the 3rd quarter 2009. MOI is a key indicator of market activity and represents the relationship of sales to inventory. It reflects the number of months to sell the existing inventory of listed properties **if** no other properties were added to that inventory. Notice that during the active market of 2004 and 2005 it was 4 to 10 months, cresting as high as 54 months during the 1st quarter of 2008.

Lower Keys through Upper Keys Market

		2004	2005	2006	2007	2008	2009
1st Qtr	# Sales	564	560	296	214	183	168
		-70%	-70%	-43%	-21%	-8%	
	MOI	5	7	31	46	54	48
		860%	586%	55%	4%	-11%	
2nd Qtr	# Sales	822	648	343	288	231	275
		-67%	-58%	-20%	-5%	19%	
	MOI	4	8	25	36	43	34
		750%	325%	36%	-6%	-21%	
3rd Qtr	# Sales	543	480	201	205	177	256
		-53%	-47%	27%	25%	45%	
	MOI	4	9	31	37	43	30
		650%	233%	-3%	-19%	-30%	
4th Qtr	# Sales	458	289	181	141	158	
		-66%	-45%	-13%	12%		
	MOI	6	10	37	40	46	
		667%	360%	24%	15%		

Key West Market

		2004	2005	2006	2007	2008	2009
1st Qtr	# Sales	301	281	130	125	95	112
		-63%	-60%	-14%	-10%	18%	
	MOI	6	11	40	40	54	37
		517%	236%	-8%	-8%	-31%	
2nd Qtr	# Sales	413	284	170	148	127	122
		-70%	-57%	-28%	-18%	-4%	
	MOI	5	12	34	34	39	29
		480%	142%	-15%	-15%	-26%	
3rd Qtr	# Sales	296	174	86	99	112	163
		-45%	-6%	90%	65%	46%	
	MOI	5	14	34	34	38	24
		380%	71%	-29%	-29%	-37%	
4th Qtr	# Sales	230	97	100	100	93	
		-60%	-4%	-7%	-7%		
	MOI	7	19	37	33	41	
		486%	116%	11%	24%		

Lower Keys to Upper Keys:

4th Quarter of 2008: For the 1st time, sales increased over the previous quarter; i.e., **158** sales compared to **141** in 2007, a **+12%** increase. The statistics for the entire year of 2008 showed sales decreased by **-11%** compared to 2007.

1st Quarter 2009: MOI decreased by **-11%** to **48** months, the 1st MOI reduction in 6 years.

2nd Quarter2009: Sales were up **+19%** to **275**, which exceeded the **231** of the same period in 2008. MOI declined **-6%** from 2007 and **-21%** from 2008 to **34** MOI, the first time the MOI was less during that quarter than in the preceding two years.

3rd Quarter 2009: Sales exceeded the preceding three years by **+27%** to **+45%** and MOI receded to **30**, from **-3%** down to **-30%**, over that same time frame. The strength of the increase in sales over the prior three years following the improved numbers of the previous three quarters is further indication that the market has changed. The statistics on the 1st page show sales have increased Keys-wide **+19%** from Jan-Sep 2009 Vs 2008 while properties on the market are down **-17%**.

Key West:

1st Quarter 2009: This quarter provides the first indication of an improving Key West market as sales increased **+18%** to **112** over 2008 and the MOI dropped significantly to **37**, **-31%** from 2008 and **-8%** from 2006 and 2007.

2nd Quarter 2009: Sales were close to exceeding 2008, **122** versus **127** **-4%,** however, the **29** MOI was again lower than the previous 3 years, dropping **-15%** to **-26%** because of the continued reduction in the number of listings for sale.

3rd Quarter 2009: Sales and MOI improved significantly over 2006, 2007 and 2008. For sales, **163**, the growth ranged from **+90%** to **+46%** and the MOI of **30** from **-29%** to **-37%**. The Key West statistics for the 1st 9 months of 2009 reflect sales increased **+20%** with a **24** MOI compared to that period in 2008.

Conclusion: Increasing sales and decreasing inventory occurring at the same time has resulted in dramatic MOI trends for succeeding quarters starting with the 4th quarter 2008 indicating that The Keys real estate market has entered a new phase. Additional evidence is that sales since May of 2009 have increased each month. Historically, sales peak in May and decline during the summer and fall months, reaching a low ebb in Sept., Oct. or Nov. every year with the Fall being the slowest season of the year. Finally, the 4th quarter 2009 has started with continued unseasonably strong buyer activity. Taken together with a large backlog of pending sales, it indicates the positive market trends will persist through year end.

We never stop moving:

COLDWELL BANKER

SCHMITT REAL ESTATE CO.

Coldwell Banker Schmitt Real Estate Co. Launches Green Initiative

Source: Florida Keys Press Release September 2009

Coldwell Banker Schmitt Real Estate Co. (CBSREC), has launched an internal **"Going Green"** initiative with the goal of reducing the company's impact on the environment.

Each of CBSREC's five offices between Key Largo and Key West is implementing policies and procedures to reduce the use of products and services that adversely affect the environment.

CBSREC was an early adopter of "paperless office" technologies implementing a sophisticated scanning and document imaging system used in processing real estate and rentals transactions. The company is now widening the scope of that initiative, enhancing its support for internet-based and email communications with its customers and prospects to cut down on the use of paper, envelopes, toner, electricity, and mail services.

It is in the process of moving recipients of its 20,000-circulation newsletter from postal delivery to email, documents will be printed only as needed rather than in preset quantities, office thermostats are being adjusted upward, lights are being turned off in unused areas of the offices and the blank sides of printed paper are being utilized for in-house use.

Despite the lack of recycling services for commercial enterprises in parts of The Keys, CBSREC Realtors® and staff are nevertheless increasing recycling by bringing recyclable products home from the office for residential pick-up.

Florida Keys glee 09 GREEN LIVING & ENERGY EDUCATION 2009 Business Member

Brian Schmitt noted "As The Keys' oldest real estate company, we've had a unique view of both The Keys' environment's fragility and its ability to rebound from stress when sound management practices are put in place. **'Reduce, reuse and recycle'** not only makes good sense from a business perspective but it's in keeping with how we see our civic responsibility as residents of these islands and their surrounding waters. We'll also be looking at additional measures we can take to further reduce our environmental impact. We've become a business member of GLEE and will look at the suggestions coming from its pending Business Partner program."

MARKET HIGHLIGHTS FOR THE FIRST NINE MONTHS OF 2009 With Coldwell Banker Schmitt's Relative Performance

SALES:

- The Keys-wide Total # of Sales is UP with **19%** more sales in the first nine months of 2009 vs. the same period in 2008. **CBSREC sales are up 28% during this same period, or 42% better than the market, and our market share has increased to 2.5 times that of the #2 Company. "CBSREC Agents are involved in better than one of every 5 transactions Keys-wide."**
- The Keys-wide Dollar Value of All Sales is down **-8%** reflecting the continued reduction in Average Sales Price from $604,476 on September 30 of 2008 to $463,447 on September 30, 2009. **CBSREC has 2.5 times the sales $ Volume of the #2 Company and 4.6 times that of the #3 Company.**
- The final Sales Price to Original List Price for the Keys-wide market is **72.06%** which means that sellers on average give up **27.9%** of the original asking price to buyers. **The margin for CBSREC's Sellers is only 24.03% - CBSREC gets 3.9% more for its Sellers than other brokers.**

LISTINGS:

- The Number of Listings is below 4,000 for the fifth month in a row, and the first time since December 2005 as the aftermath of Wilma in late October of 2005 increased the number of listings dramatically to nearly 4,800 in January 2006. While the number of listings has declined -**17%** from September 2008, **CBSREC's listing market share has increased by 46% over the past four years.**
- Months of Inventory (MOI) is at **30** months (a measure of how many months it would take to sell the existing inventory), down from a peak of 55 months. **The MOI for CBSREC is 17 even though we have gained 46% market share in listings. This means properties listed with CBSREC will sell, on average, nearly ONE YEAR faster than with all other brokers.**

AGENTS & OFFICES:

- One-third of the Top 100 agents out of 990 agents in the Florida Keys are CBSREC agents, more than the next 8 companies combined.
- Each of our offices rank #1 for sales in every market area of the Keys out of all 294 offices. We are the Number-One Company for sales in the Upper Keys, Middle Keys, Lower Keys, and Key West as well as Keys-wide overall by a large margin.

(continued from page 1)

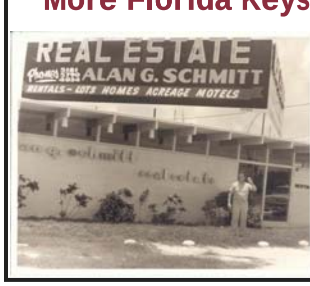
SUB-MARKET AREA DETAILS

Number of Sales: The **Middle Keys** had the largest increase in sales **+31%** to **166**, followed by the Lower Keys **+26%** to **211** and **Key West** at **+20%** with **397** properties sold. The **Upper Keys** with **316** sales increased **+10%**.

Dollar Value of Sales: The declining trend of the last 4 years continued in three of the four market areas during the 3rd quarter. The **Lower Keys** Dollar Value increased **+5%** to **$84MM** compared to **$80MM** last September becoming the first market area to post an increase in 4 years. **Key West** had an **-8%** decline to **$188MM**, the **Middle Keys** was off **-11%** to **$73MM** and the **Upper Keys** was down **-13%** to **$159MM**.

Average Days to Sell: Three of the four market areas experienced declines ranging from **-1%** to **277** days in the **Upper Keys,** to **-7% 211** days in **Key West,** and **-10%** with **256** days across the **Lower Keys**. Only the **Middle Keys** at **267** days had an increase, **+3%**.

More Florida Keys History



Started in 1955 by Alan G. Schmitt. CBSREC Celebrates its 54th Anniversary this year.

Average Sale Price: The largest reduction occurred in the **Middle Keys** market, **-32%** to **$442K** where it had been **$648K** last September and **$661K** on December 31 2008. **Key West,** at **$474K,** was down **-24%** compared to **$620K** a year ago and **$612K** to end 2008. It was followed by a **-21%** drop in the **Upper Keys** to **$503K** versus **$638K** last September, and **$607K** in December. The **Lower Keys** declined **-17%** to **$400K** compared to **$481K** and **$456K** for the same months in 2008. The average sale prices at the end of 2007 by Keys market area were: **MK - $695K**, **KW - $823K, UK - $739K and LK - $563K**. The **Key West** market has been impacted by a large number of short sales and foreclosures in properties priced below **$500K**.

New Properties Listed: Two market areas had a reduction in new listings arriving on the market: the **Upper Keys** with **1,016** declined **-19%,** and the **Lower Keys -7%** with **502** properties. **Key West** experienced the biggest increase, **+11%** to **1,020**, followed by the **Middle Keys** at **+7%** with **664** properties. This is a positive trend for the market.

Average List Price: The **Middle Keys** led the market in declining list price, down **-13%** to **$824K** from **$961K** last September 30th, and **$896K** at the end of 2008. The **Upper Keys'** average list price dropped **-10%** to **$868K** versus **$961K** and **$965K** for the same periods last year. The **Lower Keys** experienced a decrease of **-6%** to **$613K;** it was **$649K** last September and **$634K** at the end of December 2008. The average list price for properties in **Key West** increased by **+2%** to **$995K**, after being **$975K** and **$962K** for those time periods in 2008.

Months of Inventory: All market areas declined with the **Lower Keys** experiencing the largest with a drop of **-41%** to **21** MOI**,** which had been **36** months at the end of December 2008**. Key West** followed with a **-37%** decrease to **24** MOI versus **41** to end 2008. The **Middle Keys** fell **-24%** to **42** months compared with **61** MOI on 31 December 2008. The **Upper Keys** at **36** MOI, **-21%** after being **48** to end last year.

Number of Properties For Sale: Both the **Lower Keys** and **Key West** declined **-25%** to **502** and **1,047** respectively. They were **708** and **1,460,** respectively, at the end of December 2008. **Upper Keys** listings were down **-14%** to **1,268** after being **1,590** at the end of the last year. With 774 listings, **Middle Keys** properties declined **-.4%** after being **808** on December 31.

What is ahead for the Keys Real Estate Market?

In the time MLS statistics have been available, September has never once been the best month for sales. In fact, September, October and November typically have the distinction of being the very worst months for sales. In 2009, however, it appears they could potentially be the best months. The dynamics of this market have definitely changed. We now have the two most powerful market forces, supply and demand, working together. With fewer new properties coming on the market to replenish the supply of properties for sale, and double-digit declines of listings for sale, coupled with double-digit increases in the number of sales, the market is poised for a dramatic and potentially swift turnaround. Some of the best buying opportunities may now only be visible in our rear view mirror. Low tide has certainly passed. The only question now is how far away is high tide?

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."

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Marathon (800) 366-5181 Big Pine (800) 488-3050
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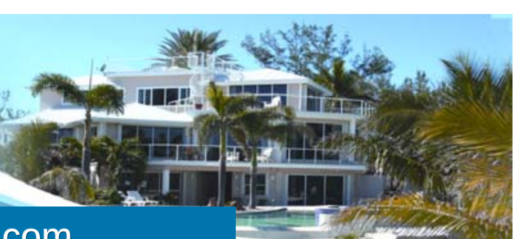

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