

Florida Keys Real Estate Market Comparison: January-September 2016 vs. 2015

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

All figures are as of September 30, 2016	Upper Keys	Middle Keys	Lower Keys	Key West	All Areas	All Areas
	Lower Matecumbe-KL	7 Mile Bridge-Long Key	Bay Point-Big Pine	KW-Shark Key	Keys-wide	<u>2015</u>
Number of Sales	20% less 643	3% less 449	13% less 430	15% less 609	14% less 2,131	2,481
Avg Sale Price	13% more \$560K	19% more \$474K	22% more \$457K	16% more \$798K	16% more \$589K	\$508K
\$ Value of Sales	10% less \$360M	15% more \$212M	6% more \$196M	1% less \$486M	no change \$1,255M	\$1,261M
Sale Price to Original List Price	1% more 89.16%	no change 89.12%	no change 91.83%	2% more 94.05%	1% more 91.04%	90.32%
Sale Price to Final List Price	1% more 93.45%	no change 92.74%	1% more 95.15%	1% less 97.19%	no change 94.63%	94.22%
Avg Days to Sell	12% less 144	3% more 136	21% less 129	9% less 153	10% less 141	157
Pending Transactions	136	76	77	99	388	N/A
Listed Properties	27% more 795	28% more 607	15% more 416	3% more 775	17% more 2,593	2,220
Avg List Price	10% less \$968K	6% more \$711K	11% less \$720K	2% more \$732K	3% less \$798K	\$826K
Months of Inventory	36% more 11	25% more 12	22% more 9	9% more 11	27% more 11	8

KEYS-WIDE OVERVIEW OF SALES AND LISTINGS FOR ALL PROPERTY TYPES:

The **Sale** of **2,131** properties during the first nine months of 2016 was **14%** lower than the **2,481** sold during that same period in 2015. This reverses the trend of the past ten years, that of exceeding each previous January-September period since 2005 when it was **2,337**. The nine-month record of **2,818** occurred in 2004 with the low of **913** in 2008.

The **\$589K Average Sale Price (ASP)** at the end of September was **16%** more than the **\$508K** last year. The **\$589K** for the first nine months of 2016 is a reduction of **27%** from the peak of **\$805K** in 2006. The lowest recorded during this century was **\$273K** in 2000.

There was virtually no change in the **Dollar Value of Sales (DVS)** of **\$1.255 Billion** compared to **\$1.261 Billion** for January-September 2015 as a result of the **16%** increase in ASP that was counterbalanced by the **14%** decrease in number of sales. The record DVS year occurred in 2005 at **\$1.8B**, the result of an ASP of **\$788K** and **2,337** properties sold. The lowest DVS of **\$505MM** occurred in 2009 with **1,090** sales and an ASP of **\$463K**.

The **Sale Price-to-Original List Price (SP/OLP)** increased **1%** to a new high of **91.04%** compared to **90.32%** a year earlier. The lowest, **62.49%**, occurred at the end of December 2009. (The SP/OLP compares the *sale* price of the property to the *list* price of the property at the time it first came on the market. It provides a measure of the mismatch between many sellers' initial list price and the market price acceptable to buyers.) [\(continued on page 2\)](#)

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The **Sale Price-to-Final List Price (SP/FLP)** of **94.63%** was nearly the same as the **94.22%** of last year. The peak for this ratio was **94.85%** for 2004 and the low, **87.10%** during 2009. (The SP/FLP compares the sale price of the property to the list price of the property at the time the contract was *written* instead of the time the property was first *listed*. It reflects the average percentage of the final listed price that buyers are paying for properties that have sold.)

The margin between the SP/OLP (**91.04%**) and SP/FLP (**94.63%**) is **3.59%**. That margin indicates, on average, a seller can anticipate price reductions during the term of the listing of about **3.5%** from their Original List Price to the Final List Price prior to receiving a buyer's offer which would be about **9%** less than the Original List Price. The lowest margin between SP/OLP and SP/FLP was **3.1%** at the end of Q1 2014; in itself, a significant reduction from the previous low of **7%** in 2001 and 2005. The largest variance, **25%**, occurred at the end of 2009 when the SP/OLP was the lowest to date, **62.49%**, resulting in a record **37.5%** difference as the SP/FLP was **12.9%**; also a record.

Days On the Market to Sell declined **10%** to **141** days from the **157** recorded for the first nine months of 2015. (This is a measure of the number of days between the date the property was listed and the date the sale closed vs. when the property went under contract.)

The **2,593 Properties For Sale** on September 30, 2016 was **17%** more than the **2,220** on that date in 2015 and a **49%** reduction from the peak of **5,084** in March of 2007. We anticipate the increase in inventory that began in Q3 2015, after nearly 9 years of decreasing inventory, will continue due to current market conditions.

The **\$798K Average Listed Price (ALP)** during the first nine months of 2016 is down **3%** from **\$826K** at the end of Q3 last year. The ALP peaked at the end of 2007 at **\$990K**, then decreased **30%** to **\$695K** by the end of 2012, before increasing by **19%** to **\$828K** at the end of 2015.

The **11 Months of Inventory (MOI)** is a **27%** increase from **8** at the end of September last year. The lowest MOI was **3** at the end of Q2 2004 and the high of **55** months occurred at the end of March 2008. (MOI provides a measure of the rate of sales versus the supply of properties and is also known as the "absorption rate."). See page 4 for "What Do the Numbers Forecast."

MARKET AREA DETAILS (Jan-Sep 2016 vs 2015)

Area	Percent +/-	1st 9 Mo. 2016	1st 9 Mo. 2015	Area	Percent +/-	1st 9 Mo. 2016	1st 9 Mo. 2015
Number of Sales				Listed Properties			
UK	-20%	643	804	UK	27%	795	628
MK	-3%	449	464	MK	28%	607	473
LK	-13%	430	497	LK	15%	416	363
KW	-15%	609	716	KW	3%	775	756
Average List Price (000s)				Average Sale Price (000s)			
UK	-10%	\$968	\$1,000	UK	13%	\$560	\$495
MK	6%	\$711	\$672	MK	19%	\$474	\$397
LK	-11%	\$720	\$811	LK	22%	\$457	\$373
KW	2%	\$732	\$721	KW	16%	\$798	\$688
Sale Price-to-Final List Price				Sale Price-to-Original List Price:			
UK	1%	93.45%	92.26%	UK	1%	89.16%	88.54%
MK	n/c	92.74%	92.37%	MK	n/c	89.12%	89.22%
LK	1%	95.15%	94.25%	LK	n/c	91.83%	91.44%
KW	-1%	97.19%	97.99%	KW	2%	94.05%	92.06%
Dollar Value of Sales (MMs)				Number of Pending Transactions at Month End:			
UK	-10%	\$360	\$398	UK		136	
MK	15%	\$212	\$184	MK		76	
LK	6%	\$196	\$185	LK		77	
KW	-1%	\$486	\$493	KW		99	
Average Days On the Market to Sell				Months of Inventory			
UK	-12%	144	163	UK	36%	11	7
MK	3%	136	132	MK	25%	12	9
LK	-21%	129	164	LK	22%	9	7
KW	-9%	153	168	KW	9%	11	10

UK = Upper Keys, MK = Middle Keys, LK = Lower Keys, KW = Key West

History of Sales by Property Type 2000-2016

As noted in the Market Overview, the number of sales for all property types has declined by **14%** for the first nine months of 2016 versus 2015 with the Average Sales Price (ASP) increasing by **18%** during the same period, which is unusual.

The chart on this page provides readers with perspective concerning the reduced number of sales and the actual change in ASP by property type: *Residential Waterfront & Non-Waterfront* (Included are single family, condominium, duplex, half duplex and townhouses), *Lots & Land Waterfront & Non-Waterfront*, *Commercial*, *Boat Slips* and *Mobile Homes*, from January through September 2000-2016.

- For 2016 numbers for # of Sales and ASP are in **blue**.
- The year with the record high for # of Sales & ASP, has the cell background in **Salmon**.
- The year with the previous high has a **light blue** background.
- The year with the lowest number has a **light green** background.

The following is a summary for each property type.

Residential Waterfront:

- Sales: **867** are **8%** lower than the record high of **943** set in 2015.
- ASP: **\$745K** is **11%** higher than **\$669K** of 2015.

Residential Non-Waterfront:

- Sales: **687** is **15%** lower than the record high of **816** set in 2015.
- ASP: **\$568K** is **16%** higher than **\$491K** of 2015.

Lots & Land Waterfront:

- Sales: **107** is **32%** lower than the **158** of 2015.
- ASP: **\$231K** is **24%** lower than the **\$302K** of 2015 and one of the two property types that has experienced a reduction vs. increase in ASP.

Lots & Land Non-Waterfront:

- Sales: **146** matches the **147** of 2015.
- ASP: **\$98K** is **8%** higher than the **\$91K** last year.

Commercial:

- Sales: **69** is **30%** lower than the **99** of 2015.
- ASP: **\$1.016M** is **9%** lower than the **\$1.123M** of 2015 and the only other property type other than Waterfront Lots & Land with a reduction in ASP.

Boat Slips:

- Sales: **44** are **34%** lower than **67** of 2015.
- ASP: **\$202K** is **199%** higher than the **\$67K** of 2015.

Mobile Homes:

- Sales: **136** is **18%** lower than **165** a year ago.
- ASP: **\$235K** is **12%** higher than **\$210K** of 2015.

	Residential		Residential		Lots & Land		Lots & Land	
	Waterfront		Non-Waterfront		Waterfront		Non-Waterfront	
	# Sales	Avg SP	# Sales	Avg SP	# Sales	Avg SP	# Sales	Avg SP
2016	867	\$745,253	687	\$568,058	107	\$231,424	146	\$98,735
2015	943	\$669,023	816	\$491,573	158	\$302,893	147	\$91,554
2014	804	\$638,807	703	\$447,199	112	\$234,493	133	\$82,711
2013	807	\$583,742	673	\$414,717	120	\$193,117	93	\$84,038
2012	685	\$575,382	566	\$361,877	71	\$242,832	84	\$41,699
2011	682	\$539,700	576	\$368,382	61	\$272,385	53	\$145,538
2010	554	\$543,340	537	\$344,136	45	\$134,520	43	\$50,582
2009	481	\$619,849	421	\$348,879	43	\$352,534	55	\$155,745
2008	393	\$803,671	274	\$508,704	44	\$363,738	35	\$141,132
2007	421	\$973,339	299	\$562,271	41	\$634,113	36	\$126,229
2006	418	\$1,034,110	313	\$655,732	52	\$628,719	102	\$117,804
2005	864	\$1,053,027	706	\$694,967	165	\$455,082	177	\$174,689
2004	925	\$755,441	717	\$551,991	251	\$257,903	229	\$62,794
2003	846	\$562,261	467	\$324,284	199	\$203,369	186	\$56,975
2002	795	\$437,401	411	\$245,339	229	\$153,759	140	\$29,820
2001	864	\$376,695	412	\$219,187	186	\$106,290	82	\$25,671
2000	707	\$334,901	351	\$197,788	154	\$156,676	48	\$32,107

Residential: Single Family, Condo, Duplex, Half-Duplexes & Townhome
Not included: Long Term Rental Properties

	Commercial		Boat Slips		Mobile Homes	
	# Sales	Avg SP	# Sales	Avg SP	# Sales	Avg SP
2016	69	\$1,016,033	44	\$202,185	136	\$235,254
2015	99	\$1,123,214	67	\$67,526	165	\$210,514
2014	85	\$1,521,793	48	\$63,935	181	\$203,014
2013	91	\$682,098	30	\$71,506	176	\$171,976
2012	69	\$728,807	24	\$89,547	134	\$158,598
2011	76	\$553,001	19	\$182,078	130	\$160,803
2010	68	\$582,623	6	\$66,416	92	\$174,853
2009	36	\$652,555	9	\$128,722	82	\$183,327
2008	70	\$824,790	22	\$192,327	72	\$285,554
2007	87	\$1,149,878	18	\$348,972	102	\$321,924
2006	118	\$1,841,715	9	\$273,555	138	\$354,668
2005	86	\$2,503,151	51	\$247,235	281	\$306,150
2004	53	\$1,455,692			302	\$241,868
2003	47	\$768,460			284	\$179,407
2002	41	\$686,936			262	\$132,796
2001	38	\$687,936			240	\$118,663
2000	30	\$537,063			170	\$104,253



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What Do the Numbers Forecast?

The continuing trend indicated by a rising number of properties listed for sale coupled with a declining number of sales leads us to expect the market to eventually experience decreasing average sale prices. That historic relationship has been countered, however, by an increase in the number of sales and average sale price within the luxury property market of \$1M+ properties, as shown in our Fall/Winter *Luxury Island Properties Report*. With **14%** fewer buyers having **17%** more properties to choose among, the trend of fewer sales will continue as there is an immutable relationship between listings and sales: When listings increase, sales decrease, and vice versa.

The question remains, “What caused this market slowdown?” First, a large portion of the Keys real estate market consists of vacation home and second home sales. Nationally, that sector is down over **18.5%** and the Florida vacation market is down **5%** according to National Association of Realtors reports released in April of this year. (The next update will be released at the end of October.) Second, the turmoil of the fall elections coupled with general global economic uncertainty appears to have created a cautious attitude regarding discretionary spending on real estate. Many, if not most markets nationwide, are experiencing reduced numbers of sales as a result of these factors.

