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# COLDWELL BANKER SCHMITT'S LUXURY ISLAND PROPERTIES REPORT

**LUXURY ISLAND PROPERTIES** is Coldwell Banker Schmitt's exclusive program for marketing Florida Keys residential properties listed and sold in excess of **\$1M**. During the past 12 months, such listings represented **10%** of the overall market by number of sales and **31%** by dollar volume. The percent of change noted in the following paragraphs results from comparing the current 12-month period to the same period a year earlier (April 2016 - March 2017 vs April 2015 - March 2016). This rolling 12 month comparison increases sample size increasing statistical accuracy.

## LUXURY ISLAND PROPERTIES FLORIDA KEYS REAL ESTATE MARKET APRIL 2016—MARCH 2017 VS. APRIL 2015—MARCH 2016

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

All dates are as of March 31, 2017 unless otherwise noted	Upper Keys	Middle Keys	Lower Keys	Key West	All Areas	All Areas
	Lower Matecumbe- Key Largo	7 Mile Bridge-Long Key	Bay Point-Big Pine	KW-Shark Key	Keys-wide	2016
Number of Sales	11% less 90	76% more 67	58% more 30	22% more 110	20% more 297	248
Avg. Sale Price	8% more \$1,847,880	6% less \$1,491,172	6% less \$1,425,315	16% more \$1,809,737	5% more \$1,710,600	\$1.625M
\$ Value of Sales	4% less \$166M	66% more \$100.3M	49% more \$42.7M	42% more \$199M	26% more \$508M	\$403M
Sale Price to Original List Price	3% more 88.23%	2% more 86.82%	3% less 87.72%	3% more 90.53%	1% more 88.33%	87.20%
Sale Price to Final List Price	2% more 91.50%	2% more 91.23%	2% less 91.13%	no change 94.36%	1% more 92.06%	91.57%
Avg. Days to Sell	12% less 210	38% less 171	46% less 163	12% more 187	26% less 183	246
Pending Transactions	21	13	7	34	75	N/A
Listed Properties	11% more 181	10% more 80	8% more 76	15% more 183	14% more 520	455
Avg. List Price	no change \$2,505,570	31% less \$1,820,912	17% less \$2,134,630	10% less \$2,044,106	11% less \$2,183,624	\$2.446M
Months of Inventory	26% more 24	39% less 14	19% less 30	5% less 20	5% less 21	22

## KEYS-WIDE MARKET OVERVIEW

**Sales** rose **20%** to **297** compared to **248**. A year ago the increase continues the trend of the past three years of an escalating number of luxury property sales each successive year. Of interest: Keys-wide, the sales of all property types priced below **\$1M** declined **8%** during the same period. (Please see our *Coldwell Banker Schmitt Real Estate Report* January-March 2017 vs. 2016 for complete news and trends concerning the Keys market for all property types.)

The **Average Sales Price** rose **5%** from **\$1,625,544** to **\$1,710,600**.

The **Dollar Value of Sales** (DVS) totaled **\$508,048,244**, up **26%** from **\$403,134,844**. This is a consequence of the **20%** increase in number of sales and **5%** rise in ASP.

The **Sale Price-to-Original List Price** (SP/OLP) rose by **1%** to **88.33%** from **87.20%**. (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.)

The **Sale Price-to-Final List Price** (SP/FLP) of **92.06%** was a **1%** increase from **91.57%** and continues the upward trend since 2010 for this important market metric. (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.) **(Continued on page 4)**

## HOW IS IT THAT AVERAGE SALE PRICES ARE UP IN THE FACE OF FEWER SALES?

Month-to-month, throughout 2016, the number of sales for all property types decreased compared to the preceding year, while the Average Sales Price (ASP) increased, as did the inventory of listed properties (LP). Not until January of this year did the number of sales increase, **20%** in January, **1%** in February, then down **-1%** in March. Traditionally, the ASP declines with declining sales, particularly when buyers have more choices available due to increases in LP. Why didn't the ASP decline this time? What impact has the luxury property market had on the **ASP** of the overall Keys real estate market? The accompanying table provides answers: It shows the number of **Sales** and **ASP** for each of the four major sub-market areas as well as for the entire Florida Keys market between April of 2016 and March 2017 compared to the same period over the previous 12 months, (April 2015 - March 2016).

Section 1 of the chart displays **All Property Types** and Section 2 presents **All Property Types with an ASP less than \$1M**. The remaining sections show activity for the luxury market as a group and the three predominant price ranges; \$1M-\$1.9M, \$2M-\$2.9M and \$3M+.

Overall, the number of sales declined **-6%** **Keys-wide**: **Key West -12%**, **Upper Keys -10%**, **Lower Keys -1%** and **Middle Keys 2%**. Nevertheless, the **ASP** was up **5%**: **18%** in the **Middle Keys** and **Key West**, **12%** in the **Lower Keys** while the **Upper Keys** was off **-13%**.

All property types with an **ASP** less than **\$1M** experienced an **-8%** decline in number of sales: **-15%** for **KW**, **-11%** in the **UK**, **-3%** in the **LK** and **-1%** in the **MK**. Overall the **ASP** up **2%**: **9%** for the **MK**, **5%** in the **LK**, **no change** in the **UK** and **-1%** in **KW**.

Luxury properties, as a composite group, continued the trend started in **January 2016** with increased numbers of sales each month, except for **-6%** in **June** and **July**, increasing to **22%** in December, **25%** in January 2017, **20%** in both February and March. The March increase resulted from increases of **76%** in the **MK**, **58%** in the **LK**, **22%** for **KW**, with only the **UK** declining **-11%**.

Despite luxury properties accounting for just **11%** of all Keys-wide sales: **10% UK**, **11% MK**, **5% LK** and **15% KW**, the **ASP** for each submarket area is significantly higher than that for all properties: **70% UK**, **64% MK**, **68% LK** and **57% KW**. When combined with increasing sales produced a higher **ASP** for all submarkets except the **UK** that had **-11%** drop in luxury sales.

Which price brackets within the luxury property market had the greatest impact on the overall Keys market? Overall the **\$1M-\$1.9M** price bracket accounts for **75%** of luxury sales: **62% UK**, **88% MK**, **93% LK** and **73% KW**. Sales increased **103%** in the **MK**, **65%** in the **LK**, **1%** in **KW** and declined **-30%** in the **UK**. The **ASP** increase for the **MK** and **LK** came primarily from this price bracket.

The **\$2M-\$2.9M** price bracket sales rose **125%** in **KW** and **31%** in the **UK** while declining **-100%** in the **LK** (0 vs 1 sale previous year) and **-14%** in **MK**.

For the **\$3M+** price bracket, sales were up **123% Keys-wide**: **300% KW** (12 vs 3), **100% LK** (2 vs 1), **86% UK** with no change in the **MK**.

In summary, the luxury property market has played a significant role in the overall increase in **ASP** across the Keys:

- **Keys-wide**: **All Property Types ASP** increased **5%** while **All Property Types ASP less \$1M** rose **2%**. The **20%** increase in luxury properties sold accounted for the overall increase.
- **Upper Keys**: **All Property Types ASP** decreased **-13%** while **All Property Types ASP less \$1M** had **no change**. The **-11%** decrease in overall luxury properties sold accounted for the overall decrease.
- **Middle Keys**: **All Property Types ASP** increased **18%** while **All Property Types ASP less \$1M** rose **9%**. The **76%** increase in luxury properties sold accounted for the overall increase.
- **Lower Keys**: **All Property Types ASP** increased **12%** while **All Property Types ASP less \$1M** rose **5%**. The **58%** increase in luxury properties sold accounted for the overall increase.
- **Key West**: **All Property Types ASP** increased **18%** while **All Property Types ASP less \$1M** declined **-1%**. The overall **22%** increase in luxury properties was driven by the **173%** growth in **\$2M+** properties sold accounted for the overall increase.
- Whether the luxury market will start to slow, as has the overall market, remains to be determined and will be addressed in our next *Luxury Island Properties Report* at the end of September.

# Comparison of Total Sales and Average Sale Price By Property Type

April 2016 - March 2017 vs April 2015 - March 2016

All Property Types by Market Area

	Upper Keys	Middle Keys	Lower Keys	Key West	Keys-wide
<b>Sales</b>					
2017	862	586	569	739	2,756
2016	960	573	573	839	2,945
% Chg.	-10%	2%	-1%	-12%	-6%
<b>Average Sale Price</b>					
2017	\$542,560	\$530,982	\$459,582	\$783,787	\$587,650
2016	\$621,250	\$448,397	\$408,873	\$664,419	\$558,595
% Chg.	-13%	18%	12%	18%	5%
<b>All Property Types with ASP of less than \$1M</b>					
% All Sales	88%	87%	95%	83%	88%
2017	762	512	540	614	2,428
2016	858	515	554	723	2,650
% Chg.	-11%	-1%	-3%	-15%	-8%
<b>Average Sale Price</b>					
2017	\$380,638	\$373,858	\$388,130	\$448,736	\$398,095
2016	\$379,709	\$342,346	\$367,989	\$451,067	\$389,466
% Chg.	0%	9%	5%	-1%	2%
<b>Luxury Properties with ASP of \$1M+</b>					
% All Sales	10%	11%	5%	15%	11%
2017	90	67	30	110	297
2016	101	38	19	90	248
% Chg.	-11%	76%	58%	22%	20%
<b>Average Sale Price</b>					
2017	\$1,847,880	\$1,491,172	\$1,425,315	\$1,809,737	\$1,710,600
2016	\$1,716,836	\$1,592,855	\$1,510,052	\$1,561,277	\$1,625,544
% Chg.	8%	-6%	-6%	16%	5%
<b>Luxury Properties with ASP of \$1M-\$1.9M</b>					
% Sales \$1M+	62%	88%	93%	73%	75%
2017	56	59	28	80	223
2016	80	29	17	79	205
% Chg.	-30%	103%	65%	1%	9%
<b>Luxury Properties with ASP of \$2M-\$2.9M</b>					
% Sales \$1M+	23%	9%	0%	16%	15%
2017	21	6	0	18	45
2016	16	7	1	8	32
% Chg.	31%	-14%	-100%	125%	41%
<b>Luxury Properties with ASP of \$3M-\$99M</b>					
% Sales \$1M+	14%	3%	7%	11%	10%
2017	13	2	2	12	29
2016	7	2	1	3	13
% Chg.	86%	0%	100%	300%	123%

(Continued from page 1)

The margin between the SP/OLP (**88.33%**) and SP/FLP (**92.06%**) is **3.73%** which indicates, on average, a seller can anticipate price reductions during the term of the listing of about **3.7%** from their original list price to the final list price prior to receiving a buyer's offer. Correspondingly, sellers and buyers today can expect the contract price, on average, to be **8%** less than the final list price and **11.6%** less than the original list price.

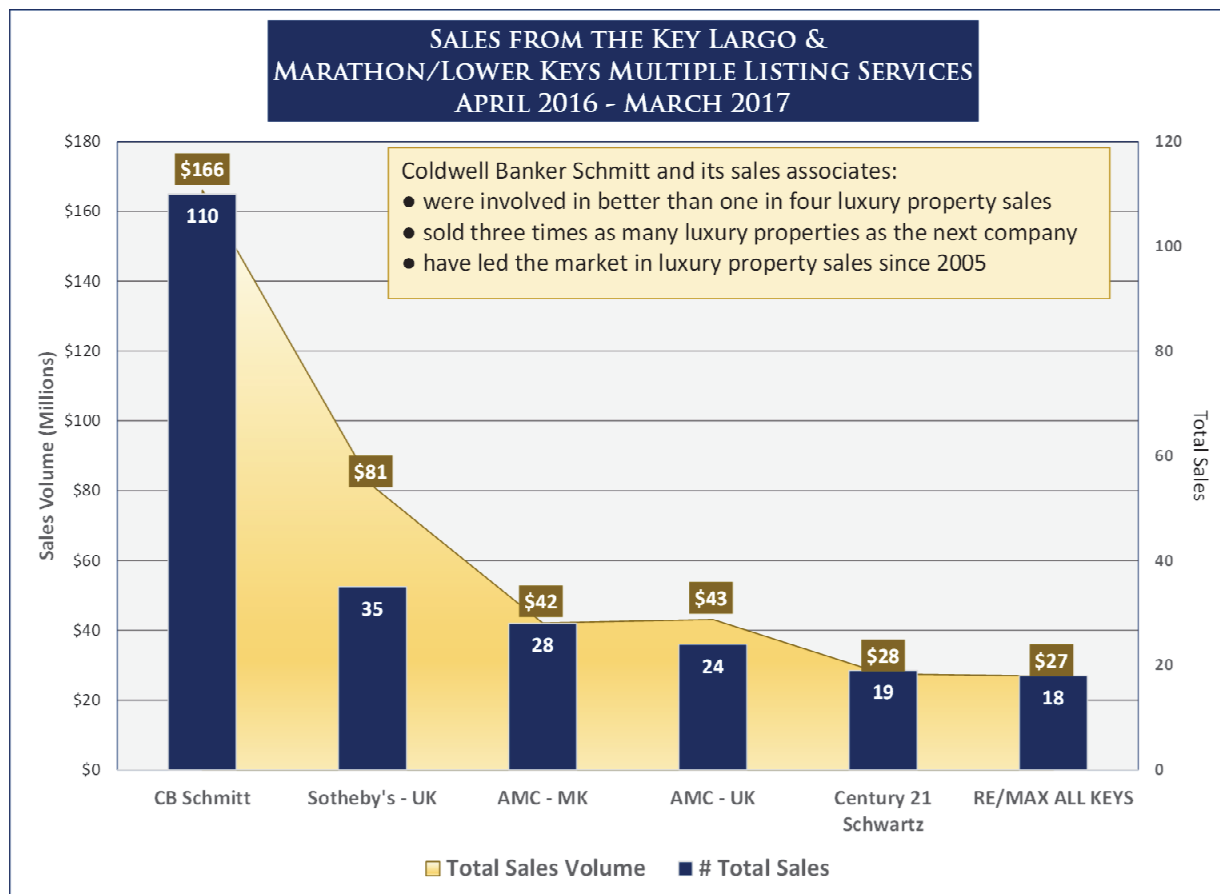
**Average Days to Sell (ADS)** was **183** (6 months), down **26%** from **246** a year earlier. (ADS is a measure of the number of days between the date the property was listed and the date of the sale.) For non-luxury residential properties, the **ADS** is **134** (4.5 months) and represents no change from the previous year. Therefore, on average, it takes **33%** longer to sell a luxury property.

There were **520** luxury properties listed with an **Average List Price** of **\$2,183,624**. With the current rate of sales over the past 12 months, the **Months of Inventory (MOI)** is **21** vs **22** (**-5%**). The figure for all property types is **15** MOI. (MOI provides a measure of the rate of sales versus the supply of properties and is also known as the "absorption rate.") Therefore the absorption rate for luxury properties is also **33%** longer.

**What is ahead for the Keys luxury market:** Sales within the luxury market increased **20%** during the past 12 months. Luxury sales were up **15%** at the end of Q3 2016. We had anticipated the luxury market would soften, however, that has not occurred to date. The continued increase in listings in all areas of luxury homes is an indicator that a slowing of sales in this sector cannot be far behind. We will report on what occurs with our next *Luxury Island Property Report* at the end of Q3 2017.

We welcome your thoughts and comments concerning the type of information in which you're most interested. We want to provide you with information relevant to any decision you may be facing about the sale or purchase of a Luxury Island Property. Please email us at [LuxuryIslandProperties@cbschmitt.com](mailto:LuxuryIslandProperties@cbschmitt.com) or send postal mail to Coldwell Banker Schmitt, Luxury Island Properties Division, 11100 Overseas Highway, Marathon, FL 33050.

## THE LEADING COMPANY FOR SALES & LISTINGS OF LUXURY ISLAND PROPERTIES KEYS-WIDE.



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