



Coldwell Banker Schmitt's Real Estate Report

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Summer 2017

Florida Keys Real Estate Market Comparison: January–June 2017 vs. 2016

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

All figures are as of June 30, 2017	Upper Keys	Middle Keys	Lower Keys	Key West	All Areas	All Areas	All Areas
	Lower Matecumbe-KL	7 Mile Bridge-Long Key	Bay Point-Big Pine	KW-Shark Key	Keys-wide	<u>2016</u>	<u>2015</u>
Number of Sales	3% more 448	5% less 271	4% more 290	1% more 436	1% more 1,445	1,430	1,742
Average Sale Price	2% less \$560K	12% more \$569K	3% less \$459K	no change \$716K	1% more \$588K	\$582K	\$519K
\$ Value of Sales	1% more \$251M	7% more \$154M	1% more \$133M	1% more \$312M	2% more \$851M	\$833M	\$883K
Sale Price to Original List Price	2% less 87.33%	2% more 91.03%	1% less 90.65%	2% more 95.18%	no change 91.05%	90.99%	90.69%
Sale Price to Final List Price	1% less 92.39%	1% more 94.20%	2% less 93.65%	no change 97.46%	no change 94.43%	94.77%	93.95%
Average Days to Sell	13% more 143	21% more 164	19% less 107	13% less 137	no change 138	138	165
Pending Transactions	98	46	57	87	288	N/A	N/A
Listed Properties	1% less 803	23% less 476	4% less 424	10% more 806	4% less 2,509	2,613	2,382
Average List Price	16% less \$1,081K	39% more \$888K	13% more \$763K	22% more \$896K	7% more \$931K	\$873K	\$805K
Months of Inventory	no change 1	15% less 11	no change 9	10% more 11	9% less 10	11	8

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

The **Sales** total of **1,445** properties is an increase of **1%** from the **1,430** for 2016. The record for the first six months of the year occurred in 2002 with **3,584** sales. The low of **628** came in 2008.

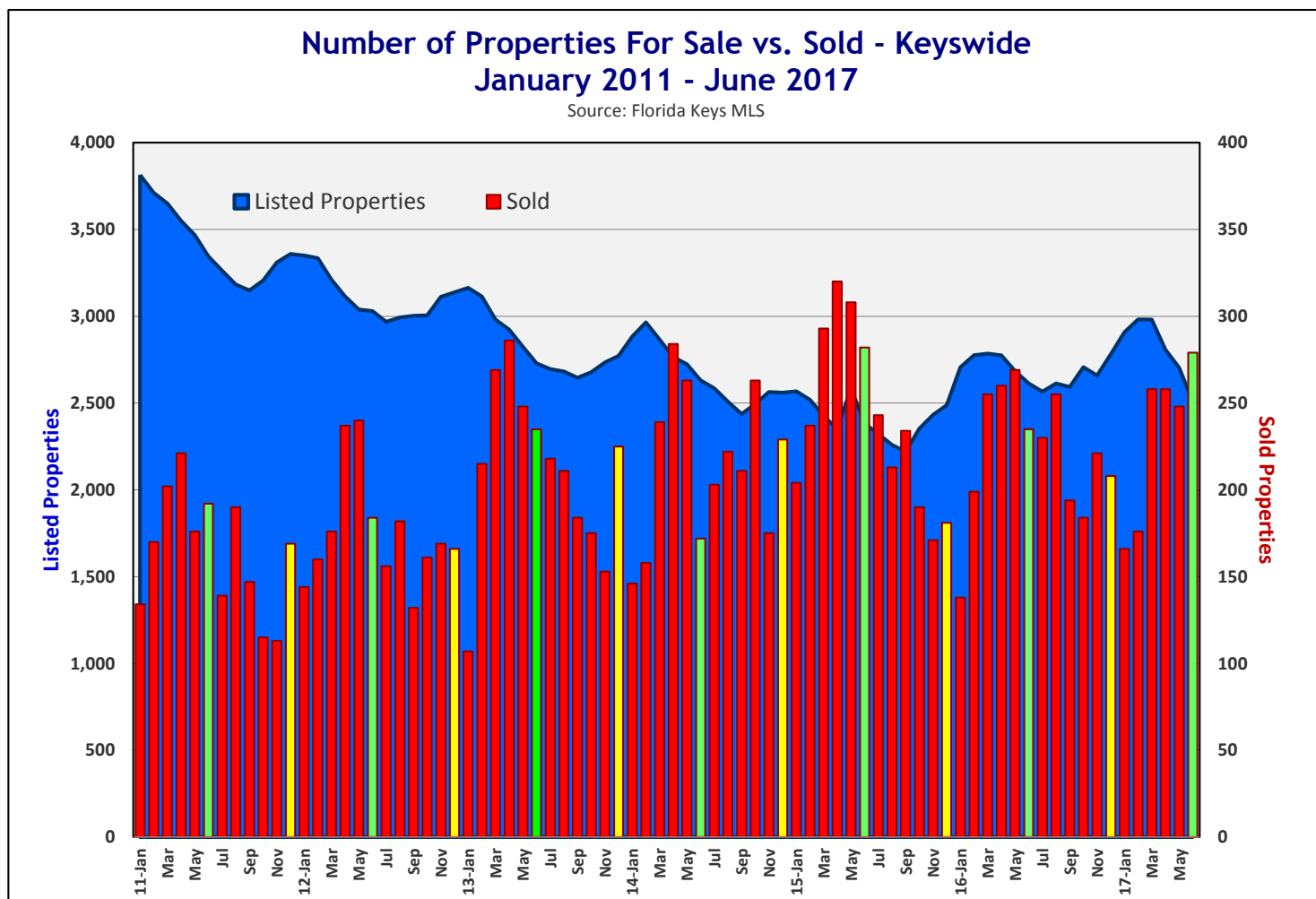
The **\$588K Average Sale Price (ASP)** increased **1%** from **\$582K** over the same period last year, but is still less than the peak of **\$846K** for Q1 of 2006. Of note: the ASP has risen **2%** from **\$576K** in December of last year. The lowest was **\$404K** at the end of 2011.

The **Dollar Value of Sales (DVS)** of **\$851M** is up **2%** compared to **\$833M** for the first half of 2016 as a result of the **1%** increase in ASP and **1%** increase in number of sales.

The **Sale Price-to-Original List Price (SP/OLP)** of **91.05%** is up just a tick from the first half of 2016, **90.99%**, which at that time was the highest percentage on record. (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 versus the list price at the time the contract was written, thereby providing a measure of the mismatch between many sellers' initial list price and the market price acceptable to buyers.) The lowest, **62.49%**, occurred in 2009.

The **Sale Price-to-Final List Price (SP/FLP)** was just slightly lower at **94.43%** compared to **94.77%** during the first half of 2016. (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, and reflects the average percentage of the final listed price that buyers are paying for properties that have sold.) This metric tends to decline as the inventory of listings increases. The previous high was **94.85%** in 2004 with the lowest, **87.10%**, occurring in 2009. (continued on page 4)

The accompanying chart depicts the number of properties listed for sale, which in reality represents the number of sellers in the Keys market, just as the number of sales represents the number of buyers in the market, for each month from January 2011 through June 2017. The trend in number of sellers (listed properties) is shown by the solid blue background. The trend in number of buyers (sales) is represented by the red vertical lines with each December in yellow and June in green. This chart illustrates two important concepts concerning the Florida Keys real estate market.



First, the number of listings (sellers) forecasts the number of sales (buyers). You will notice that as the number of sellers (in blue) increases, the number of buyers (in red) decreases, and when the number of sellers decreases, the presence of buyers increases. Therefore, when we see more sellers i.e. more listings vs prior periods we can predict that there will be fewer buyers i.e. sales. And when the number of listings (sellers) begins to decline over prior periods that event signals more sales (buyers). We have charted this since 2000 and the inverted relationship is reflected in both strong and weak markets. We chose to limit the chart to the past 6.5 years to provide a clearer picture and understanding of the inverse relationship between sellers and buyers.

Second, there is a repeating annual cycle of listings (sellers) and sales (buyers). Historically, the number of sellers in the Keys market starts to increase in October or November and peaks in January or February, then recedes until late fall. The upturn in buyer's presence starts after the first of the year with the peak coming in March or April (with subsequent closings occurring 30-60 days later). Understanding the annual cycle, we can always predict that there will be fewer buyers with somewhat fewer listings to choose from between now and the end of the year (about 60% of all sales occur in the first six months of each year), which means that sellers will have fewer opportunities to sell in the second half of the year and therefore they need to be more flexible in terms of their negotiations to sell their property between now and 2018.

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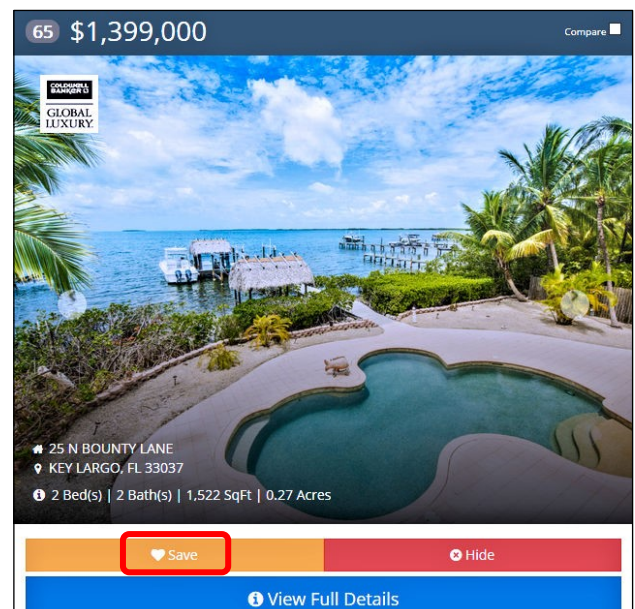
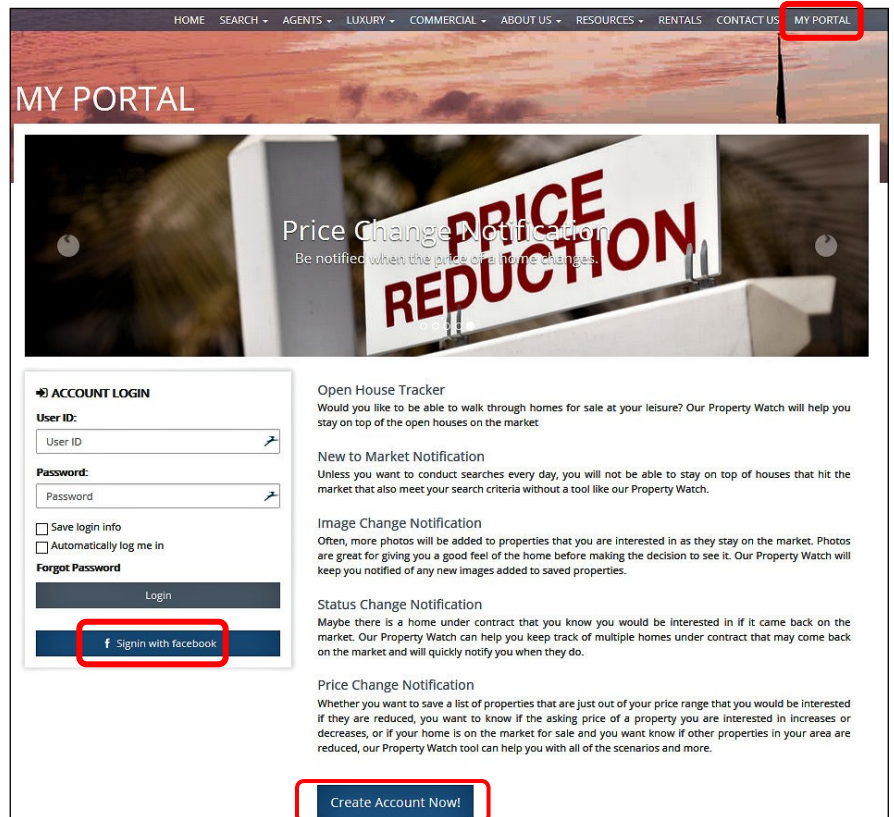
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The difference between the SP/OLP (**91.05%**) and SP/FLP (**94.43%**) is **3.38%** which represents, on average, that sellers can anticipate price reductions during the term of the listing of about **3.4%** from their original list price to the final list price prior to receiving a buyer's offer. Additionally, sellers and buyers today can expect the contract price, on average, to be approximately **5.5%** less than the final list price. From 2001-2005, that average was **5%** less with the greatest differential at **12.9%** in 2009.

Average Days to Sell (ADS) matched last year's record low of **138**. The high of **165** days occurred during the first half of 2015 with the previous low of **143** at the end of June 2004. The low ADS is the result of buyers moving quickly on well-priced properties as they are perceived to have the best value. (ADS is the number of days between the date the property was listed and the date the sale closed.)

The **2,509 Properties For Sale** on June 30, 2017 is **4%** less than **2,613** on that date in 2016. The reduction in inventory coming after last year when it increased **10%** during the first six months and was up **12%** at year's end, reverts to an ongoing reduction of listed properties during the first half of the year commencing in 2007. Since then, the trend has been downward, off **7%** in March and **1%** for April and May.

The **Average List Price** (ALP) of **\$931K** is an increase of **7%** from the **\$873K** at the end of June last year and **16%** more than on June 30, 2015. The ASP continues to be driven by the high-end luxury market which, with sales up **26%** and listed properties up **21%**, remained very active during the first half of 2017.

The **10 Months of Inventory** (MOI) is **9%** less than the **11** MOI at the end of 2016's first half, and also illustrates the change in the market we have been discussing. (MOI provides a measure of the rate of sales versus the supply of properties and is also known as the "absorption rate.") The record high for the first half of the year occurred in 2008 at **43**, with the low of **3** in 2002.

What do the numbers forecast? Sales were **18%** less for 2016 versus 2015, then increased **20%** in January 2017, dropping to a **1%** increase during February, declining to **1%** less in March, and **2%** less for April and May prior to the **1%** rise at the end of June this year. The listing inventory during the past six months has declined as it went from being up **12%** at the end of Q4 2015 to **7%** for January and February, up **1%** for April and May, then **4%** fewer listings at the end of June. At mid-year, we have a relatively flat market that appears to be heading toward fewer listings and increased sales during the second half of the year versus last year unless rising interest rates have a negative impact on sales. The average sales price has not moved much since 2016 and the margins between list and sales prices are steady over the past 12 months, therefore we do not predict any significant changes in the next quarter. We will be monitoring what happens closely and report on it in our Q3 *Real Estate Report*.