

COLDWELL BANKER SCHMITT'S LUXURY ISLAND PROPERTIES REPORT



Fall 2023



KEYS-WIDE COMPARISON OF JANUARY THROUGH SEPTEMBER 2023 VS 2022

The 'Normalization' of the Luxury Real Estate Market that we first reported on in our Spring 2023 newsletter has continued. The Luxury Market (residential listed at over \$1.3 Million) is now in complete sync with the overall real estate market which includes all residential, lots, land, commercial, boat slips, and other sub-categories of the overall market. YTD through the first 9 months of 2023, luxury sales are down 21.3 % compared to overall sales which are down 30.5%, while the average sale prices for luxury and the overall market are essentially flat. Average list prices are up slightly for both categories and marketing times increased 58.2 % and 46.3% respectively, which are, however, still below traditional levels. One of the most important metrics is inventory, which has been the key factor allowing for stable prices for the overall and luxury market in the face of significantly fewer sales in each category. See our Fall 2023 *Real Estate Report* covering the overall real estate market in the Keys for a thorough analysis of this important topic. To be included in the luxury stats, a residential property had to be listed for \$1.3 Million or more while some sales actually occurred at less than \$1.3 Million. Page 2 of this report breaks down the 422 YTD luxury residential sales and plots them on a graph to show the range of sales prices from \$1 Million to over \$5 Million along with the average Days to Sell. From this graph, there appears to be two concentrations of sale prices – the lower between \$1.3 and \$1.7 Million (34% of Luxury Sales) and the higher between \$2 and 3 million (28% of sales) while the total number of sales above \$3 Million represents 20% of all luxury sales. The other graph on page 2 clearly shows that the concentration of luxury sales are waterfront (69%). Page 3 of this Report compares the 4 Submarket areas in the Keys relative to the number of sales and average sale prices along with comparing inventories and marketing times for each of the areas. We finish the report with an Outlook for International Buyers, who do not currently represent a significant part of our market. Our next Luxury Real Estate Report will come out in the Spring of 2024. Between now and then we expect to continue to see more luxury listings and a continued normalization of the luxury market as it continues to more closely reflect the overall market with prices continuing to remain stable. Given the continued increase in the average sale prices we will be raising the threshold for Luxury to \$1.5 Million in 2024 which will better reflect the dynamics of this market going forward.



Keys-wide sales
fell -21.3% from 536 to
422.



Average Sale Price (ASP)
rose 0.1% from \$2,392,640 to
\$2,395,487



Average List Price (ALP)
was up 1.4% from
\$3,103,998 to \$3,147,888



Days On Market (DOM)
rose 58.2% from 55 to 87.



Properties For Sale
rose by 38.5% from 301 to
417.

Based on Single Family, Townhouse, Condo, Duplex & Half-Duplex homes listed at \$1,300,000+

KEYS-WIDE COMPARISON OF LIST PRICE TO SALE PRICE

Sales Price % vs
Original Listed Price for
properties sold after
price reductions

89.4%
*Down -0.8% from
Prior 12 Months*

Sales Price % vs Listed
Price at the time the
property obtained a
contract & sold

94.0%
*Down -1.9%
from Prior 12
Months*

Average List
Price reduction
during listing
term for sold
properties

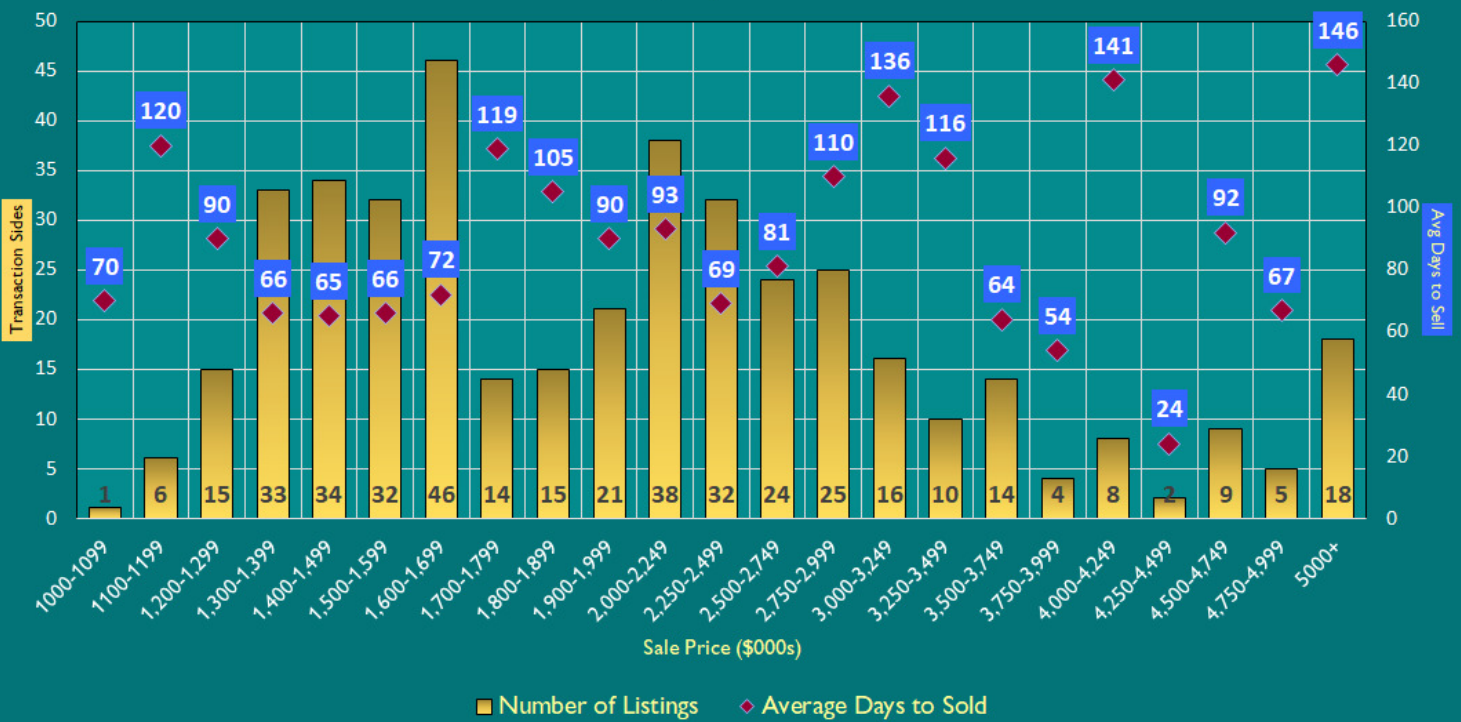
4.6%
*Down from
5.8% Prior 12
Months*

MARKET ANALYSIS: PRICE RANGE REPORT

During the January-September 2023 time frame, 422 residences listed at \$1.3 million and higher were sold.

- The average price for the 422 properties is \$2,395,487.
- The highest sale price was \$23,000,000.
- The median price was \$1,956,940.
- The lowest price was \$1,000,000.
- The average Market Time was 87 days.

Sale Price Range with Transaction Sides & Average Days to Sell:
January-September 2023



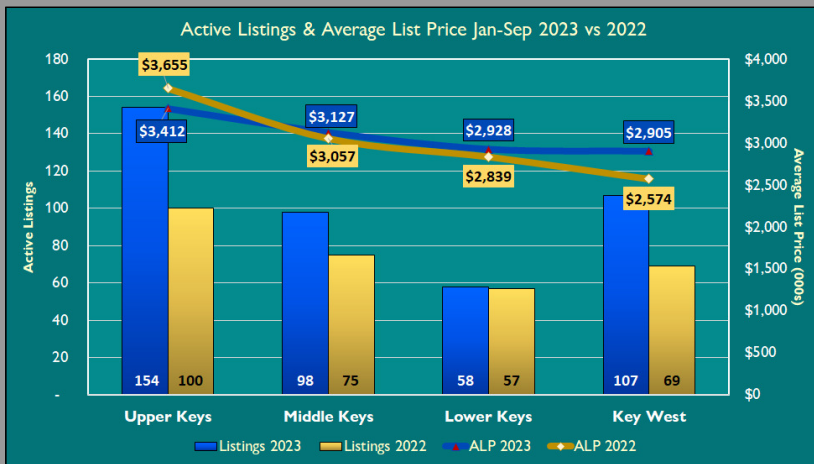
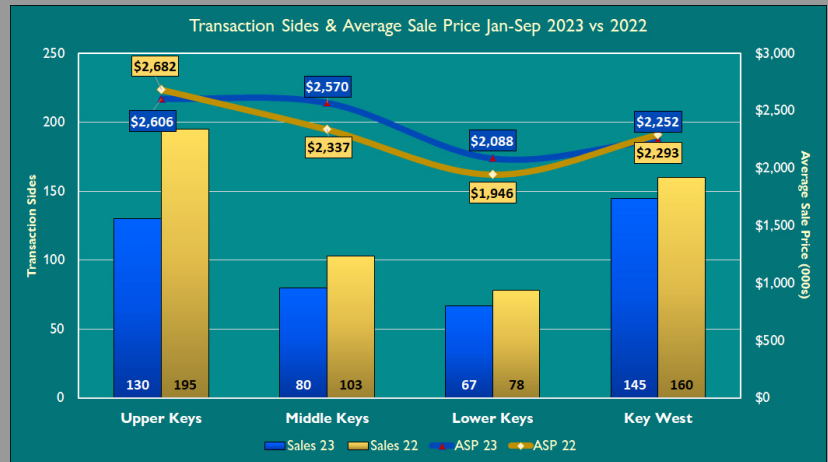
Single Family Homes accounted for 89% of all luxury residential sales with 63% located waterfront and 27% non-waterfront. (Most non-waterfront luxury sales occur in the Key West submarket). 69% of all luxury sales were for waterfront properties, a higher percentage than the 62% recorded in Q1-Q3 2022.

Total Sales & Average Sale Price by Property Type & Waterfront:
January - September 2023



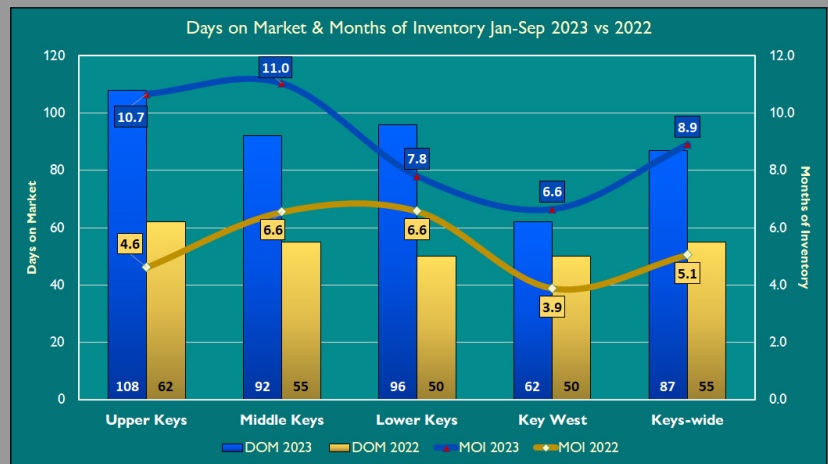
SUBMARKET ANALYSIS

While residential sales were down -32% Keys-wide for the first 9 months of 2023, in the luxury segment they fell by -21%. The greatest decline came in the Upper Keys, down -33%. Elsewhere, the Middle Keys was off -22% while sales in the Lower Keys sales fell -14% and Key West decreased -9%. The average sale price increased slightly by 0.1% Keys-wide. The Middle Keys and Lower Keys posted gains of 10% and 7%, respectively, however Key West was down -2% and the Upper Keys, -3%.



The number of luxury listings jumped 39%. The increase was only 2% in the Lower Keys, but it ranged from 31% to 55% in the other submarkets. The average list price was up 1.4% market-wide. The Middle Keys and Lower Keys posted small increases of 3% and 2%, respectively, while the ALP was up 13% in Key West. It declined -7% in the Upper Keys.

The days on market to close was up 58% Keys-wide. Key West posted the smallest gain (24%), however, the Middle Keys was up 67%, the Upper Keys rose 74% and the Lower Keys, 92%. The Months of Inventory (also known as the absorption rate) increased 76%. This ranged from 18% higher in the Lower Keys to 131% higher in the Upper Keys.



THE OUTLOOK FOR INTERNATIONAL BUYERS OF KEYS PROPERTIES

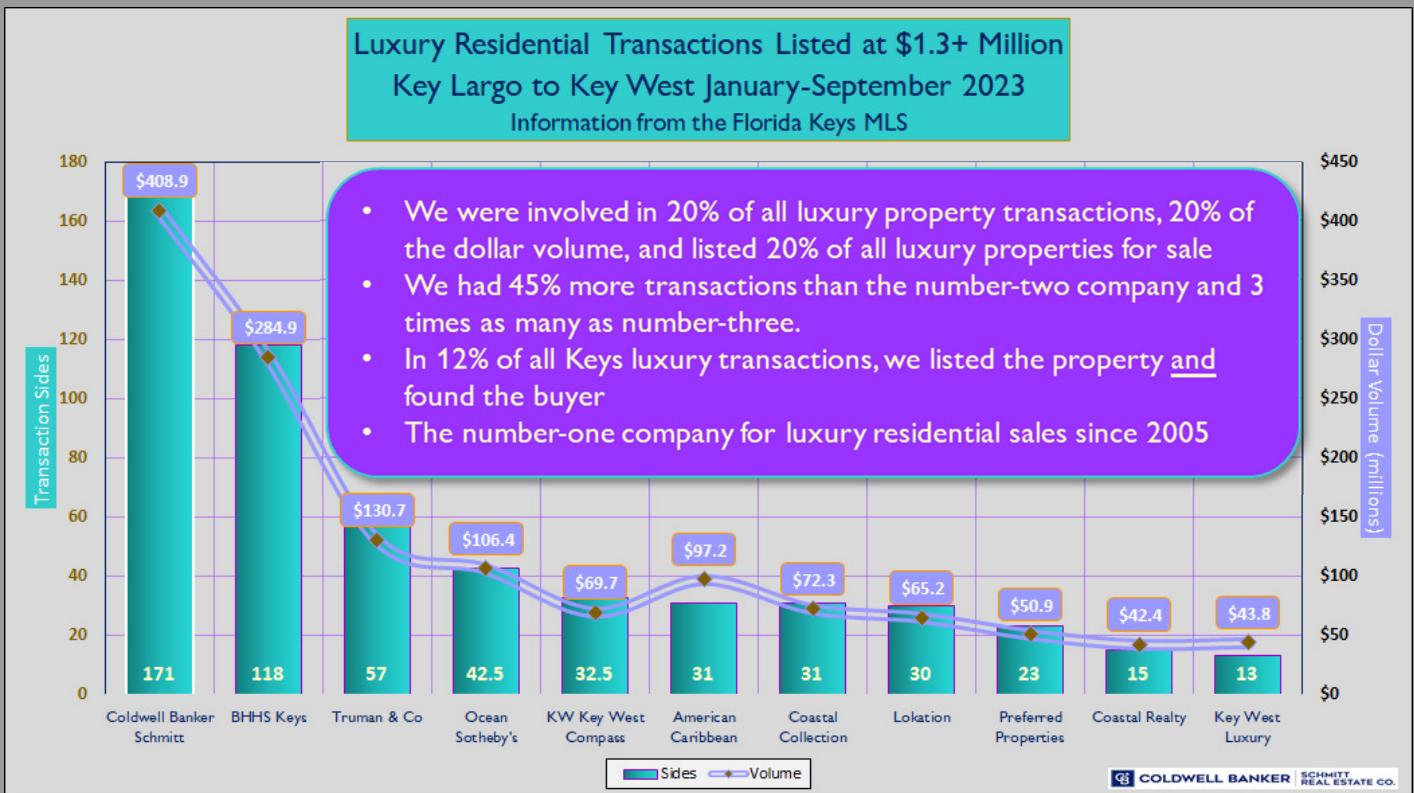
The purchase of real estate in the United States by international buyers has not yet recovered to pre-pandemic levels, per the NAR's 2023 *International Transactions in U.S. Residential Real Estate*.

- As of February 2023, the 4.1 million monthly tourist arrivals to the United States were still below the nearly 5 million arrivals in February 2020.

(continued on page 4)

- As foreign travel to the United States continued to recover, the number of existing homes purchased by foreign buyers during April 2022 March 2023 decreased to 84,600, the lowest level since NAR estimated foreign buyer purchases in 2009, and a 14% decline from the prior period, or 14,000 fewer buyers.
- Along with the decrease in number of homes purchased, the dollar volume of foreign buyer purchases decreased slightly to \$53.3 billion, a 9.6% decrease from the prior period.
- The share of foreign buyer purchases to existing-home sales was 1.8% (1.6% in the prior period) while the dollar volume of foreign buyer purchases to the total existing-home sales volume decreased slightly to 2.3% (2.6% in the prior period). 15% of foreign buyers purchased properties worth more than \$1M from April 2022—March 2023.
- Florida remains the top destination for foreign buyers, with a buyer share of 23%. Florida’s main buyers were from Latin America (46%) and Canada (24%). It was the top state destination among Canadian and Colombian buyers. Canadian buyers were the most likely of any nationality to purchase a home for vacation use at 49%.
- One positive from this year’s study: the percentage of foreign buyers who bought in a resort area (vs. central city or suburban or small town/rural area) increased from 29% in the 2022 study to 35% in 2023, and that includes 27% of Canadian buyers.

WHICH COMPANY’S AGENTS WOULD YOU WANT TO SELL YOUR PROPERTY?



Coldwell Banker Schmitt, the market share leader for listings and sales of \$1,300,000+ properties from Key Largo to Key West, publishes the *Luxury Island Properties* newsletter semi-annually.