



# Coldwell Banker Schmitt's Real Estate Report

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Spring 2018

## Florida Keys Real Estate Market Comparison: January—March 2018 vs. 2017

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

| All figures are as of<br>March 31, 2018 | 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           | 2017      | 2016      |
| Number of Sales                         | 8% less<br>184      | 4% more<br>120         | 5% more<br>140     | 12% more<br>199     | 3% more<br>643      | 625       | 611       |
| Average Sale Price                      | 10% more<br>\$597K  | 17% less<br>\$526K     | 10% less<br>\$450K | 5% less<br>\$725K   | 3% less<br>\$591K   | \$612K    | \$588K    |
| \$ Value of Sales                       | 2% more<br>\$109M   | 13% less<br>\$63.1M    | 5% less<br>\$63M   | 8% more<br>\$145M   | no change<br>\$381M | \$383M    | \$359M    |
| Sale Price to<br>Original List Price    | 1% more<br>89.76%   | 2% less<br>89.95%      | 2% more<br>92.10%  | 1% less<br>92.27%   | no change<br>91.02% | 90.96%    | 91.89%    |
| Sale Price to<br>Final List Price       | no change<br>92.57% | 2% less<br>92.05%      | 2% more<br>93.78%  | no change<br>95.62% | no change<br>93.51% | 93.56%    | 94.90%    |
| Average Days<br>to Sell                 | 24% less<br>113     | 20% less<br>114        | 12% less<br>98     | 50% more<br>199     | 2% less<br>131      | 134       | 134       |
| Pending<br>Transactions                 | 9% less<br>122      | 21% less<br>77         | 10% less<br>94     | 1% less<br>144      | 9% less<br>437      | 481       | N/A       |
| Listed Properties                       | 5% less<br>827      | 24% less<br>490        | 21% less<br>418    | 13% less<br>822     | 14% less<br>2,557   | 2,981     | 2,785     |
| Average List Price                      | 3% more<br>\$1.069M | 13% more<br>\$824K     | 2% less<br>\$705K  | 7% more<br>\$942K   | 7% more<br>\$922K   | \$864K    | \$810K    |
| Months of<br>Inventory                  | no change<br>13     | 29% less<br>12         | 25% less<br>9      | 25% less<br>12      | 14% less<br>12      | 14        | 14        |

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

Sales increased **3%** to **643** from **625**. They have risen **3%** each month of the quarter over the same month in 2017 after ending 2017 down **-5%**.

The **2,557 Properties For Sale** declined **-14%** from **2,981** a year ago and is a **-41%** reduction from the peak of **5,084** in March of 2007. This decrease is the single most important indicator of a market with increasing sales and we expect it to continue.

The **Average Sale Price** decreased **-3%** to **\$591K** from **\$612K** in Q1 last year. That's **-30%** less than the peak of **\$846K** for Q1 in 2006.

The **Average Listing Price**, **\$922K**, rose **7%** from **\$864K**. The ALP peak was **\$990K** at the end of 2007. The low of **\$695K** occurred in 2012, the ALP has risen **33%** during the past **63** months.

The **Dollar Value of Sales** totaled **\$381M** -- not a significant change from **\$383M** -- a result of the **-3%** decrease in ASP matched by a **3%** increase in number of sales. The Q1 DVS for 2018 and 2017 are the highest since 2006 (**\$341M**). The peak for a first quarter was 2005 at **\$584M**; the lowest was 2009's **\$138M**.

The **Sale Price-to-Original List Price** ratio (SP/OLP) also did not change much at **91.02%** compared to **90.96%** last year and is the highest on record. The lowest was **62.49%** in 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 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.) **( continued on page 4 )**

# Hurricane Irma's Impact on the Florida Keys Real Estate Market

We are frequently asked, "What has been the impact of Hurricane Irma on the Keys real estate market?" The accompanying chart provides answers. It compares sales activity by type of property within each submarket area for two intervals of time: The last four months of 2017 directly Post-Irma and Q1 of 2018.

The property types include Single Family Waterfront, Single Family Non-Waterfront, Condominiums, Townhomes, Duplexes and Half-Duplexes, Mobile Homes, Commercial, and Vacant Land.

The submarkets are defined as follows: the Upper Keys includes Lower Matecumbe through Key Largo. The Middle Keys extends from the Seven Mile Bridge through Long Key. The Lower Keys lie between Bay Point and Big Pine Key. Key West runs from the Southernmost Point through Shark Key.

The first time frame runs from September (Irma struck on September 10) through December 2017. We compare it to that same period in 2016 to see the initial impact of Irma on the Keys market. The second period encompasses the first quarter, January through March 2018, and to determine the status of the market, we compare it to Q1 2017.

The following is a synopsis of the noteworthy factors:

## Single Family Waterfront (SFWF):

- September through December: The overall **-36%** decline in sales Keys-wide compared to the same period in 2016 was the result of just **17** sales occurring in September compared to **46** in 2016; and only **25** closed in October compared to **53** in 2016. The combined decrease in sales during that two-month period amounted to **-58%**. The market started to recover during November and December. Sales were **-13%** less than in 2016 which brought the overall reduction in sales for that four-month period to **-36%**. The Average Sale Price (ASP) declined **-5%** going from **\$880,999** in 2016 to **\$834,362** at the end of December 2017.
- Q1 2018: Sales increased **1%** though they were up **20%** in the Upper Keys. This was offset by a **-19%** drop in the Middle Keys and **-1%** in the Lower Keys. The overall increase in SFWF sales in Q1 indicates an improving market for SFWF properties. The ASP was off by **-8%** at **\$474,771** compared to **\$516,799** during the Q1 2017. Note: Key West has very few SFWF residences, and none have sold over the past seven months.

## Single Family Non-Waterfront (SFNWF):

- September through December: Sales for the Key West market area increased **23%** which moderated the **-30%** to **-38%** decline in sales for the other three markets to **-13%**. The **-30%** decrease in sales was the result of the Middle Keys having no SFNWF sales in September at all combined with only **18** sales coming from the other three market areas. Comparing this to the **40** sales in September 2016 means a **-55%** decrease for September 2017. October sales were **-7%**, November was down **-4%** and December sales increased **6%**. The ASP increased **3%** to **\$494,997** from **\$482,454** during the last four months of 2017.
- Q1 2018: Sales increased **1%** overall Keys-wide as the result of Lower Keys sales being up **21%** and Key West up **11%** combining to offset the **-13%** decline for the Upper Keys and **-26%** drop for the Middle Keys SFNWF properties. Keys-wide, January sales increased **26%** over January 2017, February sales were **-13%**, and March sales were down **-4%**. The ASP was off **-8%** to **\$475,771** from **\$516,799** in 2017.

## Condominiums, Townhomes, Duplexes and Half-Duplexes:

- September through December: During September 2017, sales for all four submarket areas decreased **-64%** compared to 2016, **15** versus **42**. For the two months of October and November 2017, the reduction in sales was **-28%** compared to 2016, and for December, **-13%**, while the ASP declined by **-21%** at **\$402,746** compared to **\$511,280** at the end of December 2016.
- Q1 2018: All four submarket areas experienced increased sales for a Keys-wide increase of **13%**. Note: The Lower Keys has very few of these property types in the region. Overall, the market for such properties has improved more than any other property type as January sales were off **-5%** followed by a February rise of **29%**, then March sales up **19%**. As would be expected with the increased number of sales, the ASP in each region has risen an overall average of **18%** to **\$494,817** from **\$419,709** during Q1 2018.

## Mobile Homes:

- September through December: Keys-wide, mobile homes had the biggest overall drop in residential property types with sales off **-42%**. The Upper Keys was down **-58%**, Middle Keys **-38%**, and the Lower Keys off **-25%**. For September, there were just **2** MH sales compared to **25** in 2016, down **-92%** since the Lower Keys and Key West had no MH sales in September. Since a number of mobile homes were totally destroyed or damaged beyond repair, there are now fewer available for purchase. The positive aspect of that is these destroyed properties are being sold as lots with ROGO exemptions for building new residences meeting current codes. As of March 31 2018, there were **18** active ROGO-exempt properties, **4** pending and **7** closed for the **7-month** period of September 2017 through March 2018. The ASP declined **-11%** to **\$206,455** from **\$232,359** at the end of the Q4 2016.
- Q1 2018: Keys-wide sales increased **2%** due to a **60%** increase in Key West and **200%** rise in the Middle Keys market which had sold just **2** MH properties during Q1 2017 compared to **6** for that same period this year. The Lower Keys, which suffered the most damage from Hurricane Irma, had **-23%** fewer sales with a **-34%** drop in ASP from **\$225,409** in 2017 to **\$149,411** this year. The Key West ASP for MH also declined by **-39%** and caused a **-14%** drop in the Keys-wide overall ASP to **\$215,024** from **\$250,986** during Q1 2018.

## Commercial Properties:

- September through December: The commercial market sales increased by **52%** due to a **200%** increase in the Upper Keys and a **100%** increase in the Key West markets compared to no change in the Lower Keys and a **-44%** decrease in the Middle Keys. The ASP rose by **12%** to **\$1,180,184** from **\$1,051,575** at the end of December 2016.
- Q1 2018: Overall sales were up **11%** as the Middle Keys, Lower Keys and Key West market areas experienced positive sales growth. The single exception was the Upper Keys which was down **-33%**. The ASP went from **\$3,533,999** during Q1 2017 -- the result of a **\$10.9M** January sale of a resort property in the Lower Keys -- to **\$825,113**.

## Vacant Land:

- September through December: All submarket areas experienced fewer sales for an overall reduction of **-26%** based on **81** sales versus **109** during the same period in 2016. Interestingly, the ASP rose by **121%** due to a **457%** increase in the Upper Keys, **73%** in Key West, and **18%** in the Lower Keys. The Middle Keys ASP was down just **-2%**. The ASP increased **121%** to **\$369,245** compared to **\$167,280** at the end of December 2016 due to the November sale of a **\$13,830,000** 40-acre estate in Lower Matecumbe.
- Q1 2018: Keys-wide, the land market was off **-15%** with **57** sales versus **67** in Q1 2016 due primarily to a **-63%** decline in Upper Keys land sales. Middle Keys sales, **14**, were just **2** behind the **16** of 2017, **-13%**, while the Lower Keys and Key West land sales were up **53%** and **50%**, respectively. The ASP is off **-26%** at **\$211,113** compared to **\$283,937** at the end of March 2017.

The Keys-wide market from September through December 2017 experienced an overall **-26%** reduction in sales compared to the same period in 2016. Our first feature notes that Keys-wide sales increased **3%** during Q1 2018 and, in the closing remarks to that article, states we expect the trend of increasing sales to continue during the second quarter of 2018 as the number of properties listed for sale remains the lowest it has been since March of 2005.

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

### All Property Types by Market Area

|  | Upper Keys |             | Middle Keys |             | Lower Keys |              | Key West       |             | Keys-wide |           |
|--|------------|-------------|-------------|-------------|------------|--------------|----------------|-------------|-----------|-----------|
|  | Sales      | Avg SP      | Sales       | Avg SP      | Sales      | Avg SP       | Sales          | Avg SP      | Sales     | Avg SP    |
| <b>Single Family Waterfront Properties</b>                 |            |             |             |             |            |              |                |             |           |           |
| Sep-Dec 2017   | 37         | \$1,030,157 | 27          | \$826,608   | 59         | \$646,322    | None to Report |             | 123       | 834,362   |
| Sep-Dec 2016   | 54         | \$1,151,978 | 41          | \$850,000   | 98         | \$641,018    |                |             | 193       | 880,999   |
| % Change   | -31%       | -11%        | -34%        | -3%         | -40%       | 1%           |                |             | -36%      | -5%       |
| Jan-Mar 2018   | 55         | \$1,204,109 | 30          | \$938,924   | 68         | \$651,451    |                |             | 153       | 931,495   |
| Jan-Mar 2017   | 46         | \$1,175,956 | 37          | \$1,163,181 | 69         | \$593,086    |                |             | 152       | 977,408   |
| % Change   | 20%        | 2%          | -19%        | -19%        | -1%        | 10%          |                |             | 1%        | -5%       |
| <b>Single Family Non-Waterfront Properties</b>             |            |             |             |             |            |              |                |             |           |           |
| Sep-Dec 2017   | 58         | \$393,024   | 13          | \$341,626   | 15         | \$379,400    | 85             | \$865,939   | 171       | 494,997   |
| Sep-Dec 2016   | 83         | \$399,679   | 21          | \$389,259   | 23         | \$337,521    | 69             | \$803,357   | 196       | 482,454   |
| % Change   | -30%       | -2%         | -38%        | -12%        | -35%       | 12%          | 23%            | 8%          | -13%      | 3%        |
| Jan-Mar 2018   | 40         | \$427,510   | 14          | \$285,857   | 17         | \$286,411    | 91             | \$903,306   | 162       | 475,771   |
| Jan-Mar 2017   | 46         | \$400,492   | 19          | \$358,852   | 14         | \$360,714    | 82             | \$947,137   | 161       | 516,799   |
| % Change   | -13%       | 7%          | -26%        | -20%        | 21%        | -21%         | 11%            | -5%         | 1%        | -8%       |
| <b>Condominiums, Townhomes, Duplex and One-Half Duplex</b> |            |             |             |             |            |              |                |             |           |           |
| Sep-Dec 2017   | 29         | \$411,765   | 24          | \$392,923   | 1          | \$310,000    | 54             | \$496,296   | 108       | 402,746   |
| Sep-Dec 2016   | 45         | \$435,072   | 47          | \$519,164   | 2          | \$532,500    | 70             | \$558,384   | 164       | 511,280   |
| % Change   | -36%       | -5%         | -49%        | -24%        | -50%       | -42%         | -23%           | -11%        | -34%      | -21%      |
| Jan-Mar 2018   | 41         | \$417,557   | 40          | \$470,750   | 4          | \$446,250    | 64             | \$644,709   | 149       | 494,817   |
| Jan-Mar 2017   | 35         | \$384,522   | 36          | \$412,631   | 1          | \$300,000    | 60             | \$581,683   | 132       | 419,709   |
| % Change   | 17%        | 9%          | 11%         | 14%         | 300%       | 49%          | 7%             | 11%         | 13%       | 18%       |
| <b>Mobile Homes</b>  |            |             |             |             |            |              |                |             |           |           |
| Sep-Dec 2017   | 14         | \$270,928   | 8           | \$201,812   | 12         | \$173,125    | 4              | \$180,000   | 38        | 206,466   |
| Sep-Dec 2016   | 33         | \$318,663   | 13          | \$245,115   | 16         | \$172,656    | 4              | \$193,000   | 66        | 232,359   |
| % Change   | -58%       | -15%        | -38%        | -18%        | -25%       | 0%           | 0%             | -7%         | -42%      | -11%      |
| Jan-Mar 2018   | 18         | \$302,583   | 6           | \$232,416   | 17         | \$149,411    | 8              | \$175,687   | 49        | 215,024   |
| Jan-Mar 2017   | 19         | \$295,736   | 2           | \$195,000   | 22         | \$225,409    | 5              | \$287,800   | 48        | 250,986   |
| % Change   | -5%        | 2%          | 200%        | 19%         | -23%       | -34%         | 60%            | -39%        | 2%        | -14%      |
| <b>Commercial</b>  |            |             |             |             |            |              |                |             |           |           |
| Sep-Dec 2017   | 12         | \$1,783,942 | 5           | \$436,960   | 1          | \$475,000    | 14             | \$2,024,833 | 32        | 1,180,184 |
| Sep-Dec 2016   | 4          | \$1,036,000 | 9           | \$2,053,805 | 1          | \$95,556     | 7              | \$1,020,938 | 21        | 1,051,575 |
| % Change   | 200%       | 72%         | -44%        | -79%        | 0%         | 397%         | 100%           | 98%         | 52%       | 12%       |
| Jan-Mar 2018   | 4          | \$480,000   | 6           | \$894,166   | 7          | \$535,144    | 13             | \$1,391,140 | 30        | 825,113   |
| Jan-Mar 2017   | 6          | \$792,983   | 1           | \$1,525,000 | 1          | \$10,900,000 | 19             | \$918,014   | 27        | 3,533,999 |
| % Change   | -33%       | -39%        | 500%        | -41%        | 600%       | -95%         | -32%           | 52%         | 11%       | -77%      |
| <b>Land</b>  |            |             |             |             |            |              |                |             |           |           |
| Sep-Dec 2017   | 30         | \$747,600   | 18          | \$169,341   | 32         | \$145,039    | 1              | \$415,000   | 81        | 369,245   |
| Sep-Dec 2016   | 31         | \$134,243   | 35          | \$173,200   | 35         | \$122,428    | 8              | \$239,250   | 109       | 167,280   |
| % Change   | -3%        | 457%        | -49%        | -2%         | -9%        | 18%          | -88%           | 73%         | -26%      | 121%      |
| Jan-Mar 2018   | 11         | \$217,768   | 14          | \$128,700   | 26         | \$169,319    | 6              | \$328,666   | 57        | 211,113   |
| Jan-Mar 2017   | 30         | \$298,263   | 16          | \$328,409   | 17         | \$191,576    | 4              | \$317,500   | 67        | 283,937   |
| % Change   | -63%       | -27%        | -13%        | -61%        | 53%        | -12%         | 50%            | 4%          | -15%      | -26%      |



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The **Sale Price-to-Final List Price (SP/FLP)** of **93.51%** also remained static from the **93.56%** attained in 2017. (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.) The high was **94.85%** in 2004, the low, **87.10%** in 2009.

The margin between the SP/OLP (**91.02%**) and SP/FLP (**93.51%**) is **2.5%** which is a low record and indicates, on average, that a seller can anticipate price reductions during the term of the listing of about **2.5%** from their Original List Price to the Final List Price prior to receiving a buyer’s offer. The previous low, **3.6%**, was at the end of 2016. The largest reduction, **-25%**, occurred at the end of 2009. Additionally, sellers and buyers today can expect the contract price, on average, to be **6.5%** less than the final list price, nearly one-half the **-12.9%** decline recorded in 2009.

The **Average Days to Sell, 131** compared to **134**, is **-2%** less than a year ago. (ADS is a measure of the number of days between the date the property was listed and the date the sale closed.)

The **12 Months of Inventory** is a decrease of **-14%** from **14** a year ago and down **-78%** from the peak of **55** in Q1 2008. (MOI provides a measure of the rate of sales versus the supply of properties and is also known as the “absorption rate.”)

### What do the Numbers Forecast?

The story continues to be the decrease in the number of properties listed for sale that occurred each month during the first quarter: January down **-16%**, February down **-19%** and March down **-14%** following the **-18%** reduction for 2017 (**2,286**) from 2016 (**2,781**). The best barometer of the market is the number of listings for sale and that number remains the lowest it has been since March of 2005. There is an immutable relationship between listings and sales: When listings decrease, sales increase, and vice versa. We noted in the *Winter 2018 Real Estate Report* which recaps all of 2017 that buyer interest continues to be steady, there hasn’t been a surge in the number of listings as occurred following Hurricane Wilma, and though interest rates have increased slightly, they remain relatively low. With buyers having fewer properties to choose among, the trend of increasing sales should continue in the second quarter of the year which is the biggest quarter for closings.

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