

## KEYS-WIDE OVERVIEW

The Keys-wide sale of **65** commercial properties in the first half of 2018 is a **16%** increase from the **56** sold during the first half of 2017 and surpasses the previous half-year record high of **59** that occurred in 2006 with the low, **13**, in 2009.

The **\$772K Average Sale Price (ASP)** represents a **-12%** decrease from **\$877K** for the same period last year. Keys-wide, the highest **ASP** for the first half of a year, **\$2.38M**, occurred in 2005, and the lowest, **\$638K**, in 2010.

The **Dollar Value of Sales** increased **2%** to **\$50M** compared to **\$49M** for 2017. Over the past **17.5** years, the highest DVS during the first half of the year was **\$124M** in 2005. The lowest, **\$12M**, occurred in 2009.

The **Sale Price-to-Original List Price (SP/OLP)** showed a decrease of **-4%** at **85.19%** from **88.65%** a year earlier. (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 and provides a measure of the mismatch between many sellers' initial list price and the market price acceptable to buyers.) The highest, **98.03%**, occurred in 2000 with the lowest, **58.78%**, in **2007**.

The **Sale Price-to-Final List Price (SP/FLP)** of **87.38%** is a **-4%** decrease from **91.19%** 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 highest, **98.09%**, occurred in 2014 with the lowest, **81.43%**, in 2009.

The resulting margin between the **SP/OLP (85.19%)** and **SP/FLP (87.38%)** is **2.2%** which indicates, on average, a seller can anticipate price reductions during the term of the listing of about **2%** from the original list price to the final list price prior to receiving a buyer's offer. The lowest, **1.32%**, occurred during the first half of 2006, and the largest reduction was **48.55%** in 2007.

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Sales of Commercial Properties by Market Area & Keys-wide 2018 vs 2017						
January - June						
	Upper Keys	Middle Keys	Lower Keys	Key West	Keys-wide	Keys-wide 2016
<b>Sales</b>						
2018	14	8	10	33	65	25
2017	8	3	6	39	56	
% Chg.	75%	167%	67%	-15%	16%	
<b>Average Sale Price</b>						
2018	\$718,808	\$742,500	\$630,960	\$846,364	\$772,968	\$15,608,088
2017	\$692,300	\$1,526,666	\$2,540,838	\$609,494	\$877,387	
% Chg.	4%	-51%	-75%	39%	-12%	
<b>Dollar Volume</b>						
2018	\$10,063,325	\$5,940,000	\$6,309,609	\$27,930,018	\$50,242,952	\$46.9M
2017	\$5,538,400	\$4,580,000	\$15,245,028	\$23,770,268	\$49,133,696	
% Chg.	82%	30%	-59%	17%	2%	
<b>Sale Price-to-Original LP</b>						
2018	84.57%	80.40%	86.13%	89.65%	85.19%	87.31%
2017	85.52%	90.69%	86.07%	92.30%	88.65%	
% Chg.	-1%	-11%	0%	-3%	-4%	
<b>Sale Price-to-Final LP</b>						
2018	83.92%	83.38%	93.79%	88.43%	87.38%	89.15%
2017	89.31%	99.57%	89.10%	86.76%	91.19%	
% Chg.	-6%	-16%	5%	2%	-4%	
<b>Average Days to Sell (DOM)</b>						
2018	188	223	286	232	232	175
2017	208	361	362	224	289	
% Chg.	-10%	-38%	-21%	4%	-20%	
<b>Listings On Market</b>						
2018	36	35	27	90	188	192
2017	20	40	34	29	123	
% Chg.	80%	-13%	-21%	210%	53%	
<b>Average List Price</b>						
2018	\$2,878,709	\$2,340,925	\$955,582	\$1,252,011	\$1,723,657	\$2,163,270
2017	\$2,286,695	\$2,319,042	\$1,243,702	\$3,102,655	\$2,201,288	
% Chg.	26%	1%	-23%	-60%	-22%	
<b>Months of Inventory</b>						
2018	15	26	16	16	17	46
2017	15	80	34	4	13	
% Chg.	0%	-68%	-53%	300%	31%	
<b>Pending Transactions at the End of December</b>						
2018	3	2	4	7	16	N/A
2017	3	1	0	9	13	
% Chg.	0%	100%	400%	-22%	23%	

The chart on the right lists each of the 65 commercial transactions that occurred in the first six months of 2018, with detail and descriptions of each. These sales are grouped by area and include the address, the alternate key number (to allow you to search the Property Appraiser's website for more detail), the sale date, sale price, building or lot sq. footage, \$/sq. ft. sale price and a description of what was sold. Each area lists the average sale price, square footage and \$/sq. ft sale price with an overall Keys-wide average at the bottom of the page.

The value of commercial property is greatly affected by location, zoning and size. Properties located on US1 with retail and restaurant use will typically be more valuable than warehouse or office space off of US1. Waterfront properties typically have greater value than non-waterfront properties when the waterfront is useable.

Development and re-development of commercial properties is regulated by zoning, land use and the non-residential rate of growth ordinance or N-ROGO otherwise known as N-BPAS or Non-Residential Building Permits Allocation System. Allocations of building rights for commercial square footage are given out by local government in an established ratio with residential ROGO or BPAS. Unincorporated Monroe County and the cities award allocations for commercial square footage of new buildings based on their Comprehensive Plan and Land Development Regulations (LDRs). Existing commercial square footage can be redeveloped onsite within setbacks and building height restrictions. Additional building square footage can be added based on density, which is a function of the intensity of use, which can be determined by the Density and Intensities Tables in the LDRs. All of the various political jurisdictions in the Keys have available commercial square footage to allocate and competition for awards through N-ROGO and N-BPAS is not nearly as competitive as for market rate residential units.

Entitlements for transient residential units which are defined as campground spaces, RV spaces and hotel rooms that are available for nightly rentals, have not been available (with the exception of 100 transients given to the City of Marathon about 10 years ago) through ROGO or BPAS since 1986. Therefore, the number of transient units today is essentially the same as it was over 30 years ago. Transient units can be sold and transferred from one site to another. In the City of Key West, there were three (3) sales of transient ROGOs allowing for construction of three (3) transient units ranging in price from \$160,000 to \$175,000. The most recent sales of Transient Buildings Rights in Marathon (known there as TRUs) has been \$80,000. Monroe County has had a moratorium on the transfer of all building rights, therefore, there have been no recent sales to report.

ROGO, N-ROGO and N-BPAS as we know it today all end in 2023 at which time it is generally agreed that we will have exceeded the 24-hour evacuation time established by State Statute, which is the basis and limiting metric for ROGO and BPAS. As we get closer to 2023, we believe the values of existing developed Commercial and Residential properties will rise given the uncertainty of any more or a severe reduction in the number of building permits for new construction after 2023.

# Closed Commercial Property - Key Largo to Key West 2018

Property Address	AK-Number	Sale Date	Price (US\$)	Bldg or Lot (SF)	\$/SF	Type of Use
<b>Upper Keys</b>						
87889 Overseas Hwy	1507351	2/7/2018	\$800,000	3,210	\$249	Comm Bldg
140 Porto Salvo Dr	1500798	3/29/2018	\$395,000	1,568	\$252	Comm Bldg
152 Georgia Ave	1585564	3/29/2018	\$250,000	871	\$287	Auto Repair Business w/land & Bldg
101611 Overseas Hwy	1560961	3/29/2018	\$475,000	3,526	\$135	2 Comm Lots Plus Bldg
102245 Overseas Hwy	1667048	4/13/2018	\$280,000	1,173	\$239	Comm Bldg & One Residence
105850 Overseas Hwy	1656381	4/17/2018	\$1,475,000	1,920	\$768	1 Acre Lot Plus Bldg
85998 Overseas Hwy	1497711	5/1/2018	\$580,000	1,568	\$370	Professional Office Bldg
92001 Overseas Hwy	8642709	5/4/2018	\$500,000	1,260	\$397	Office Bldg 18,600 sq. ft. land
98275 Overseas Hwy	1103403	5/30/2018	\$380,000	1,200	\$317	Comm Property 31,365 sq. ft. land
87770 Overseas Hwy	1510076	5/31/2018	\$3,100,000	5,328	\$582	Bay Front Motel & Marina 10 Units
90184 Overseas Hwy	1529800	6/21/2018	\$1,200,000	6,017	\$199	Bank Bldg 31,500 sq. ft. land
95710 Overseas Hwy	1100188	6/22/2018	\$625,000	1,707	\$366	Iconic Restaurant w/2-Cop License
<b>Average Upper Keys</b>			<b>\$838,333</b>	<b>2,446</b>	<b>\$347</b>	
<b>Middle Keys</b>						
7931 Overseas Hwy	1425109	1/4/2018	\$1,000,000	2,733	NA	7 Unit Motel Plus Mobile Home & Garage
2601-2673 Overseas Hwy	1395617	1/12/2018	\$815,000	1,704	\$478	Comm Bldg 20,000 sq. ft. land
1470 Overseas Hwy	1394718	2/10/2018	\$1,500,000	2,036	\$737	7 Rental Units Waterfront
13371 Overseas Hwy	8648391	2/23/2018	\$1,025,000	9,000	\$114	Mixed Use Comm Bldg 44,866 sq. ft. land
5100 Ocean Terrace	8643632	3/1/2018	\$650,000	5,521	\$118	Comm Bldg w/ Upstairs Apt 3 Full Baths
2797 Overseas Hwy	1395838	3/9/2018	\$375,000	2,520	\$149	Comm Bldg
7849 Overseas Hwy	1118320	4/13/2018	\$300,000	1,864	\$161	Comm Bldg 10,145 sq. ft. land
5800 Overseas Hwy	8703651	6/5/2018	\$275,000	1,421	\$194	Comm Condo Office Currently Dental Office
<b>Average Middle Keys</b>			<b>\$742,500</b>	<b>3,350</b>	<b>\$244</b>	
<b>Lower Keys</b>						
30964 Overseas Hwy	1139408	1/4/2018	\$425,000	1,600	\$266	Comm Bldg 20,800 sq. ft. land
50 Chamber St	1348244	2/1/2018	\$362,000	4,800	\$75	Warehouse Damaged by Irma 18,750 sq. ft. land
24814 Overseas Hwy	1251011	2/20/2018	\$825,000	4,640	\$178	Waterfront Strip Center 150 ft. dock
29770 Overseas Hwy	1311936	3/1/2018	\$1,200,000	2,196	\$546	Two Comm Lots zoned Sub Urban Comm 14,516 sq. ft. land
19269 Bad George Rd	1150169	3/21/2018	\$499,999	6,205	\$81	Sports & Leisure Club 2 Acres, Rest, Pool, etc.
28575 Overseas Hwy	1282227	4/25/2018	\$2,350,000	4,796	\$490	Church 33,904 sq. ft. land
Vacant Geraldine St	1389757	4/30/2018	\$210,000	10,950	\$19	Comm Fishing Lot Trap Storage SW for 50' Boats
<b>Average Lower Keys</b>			<b>\$838,857</b>	<b>5,027</b>	<b>\$236</b>	
<b>Key West</b>						
5700 Laurel Ave	1158666	1/17/2018	\$8,500,000	14,255	\$596	Redevelop 53 Perm/8 Transient Units + Bldg
1010 Kennedy Dr	9081837	1/26/2018	\$475,000	1,208	\$393	Office Condo
1016 Fleming ST	1007552	2/6/2018	\$3,025,000	3,652	\$828	Iconic Guest House w/9 units w 11 bedrooms
1 Transient ROGO	9999999	2/16/18	\$160,000	N/A	N/A	1 Transient ROGO
901 Fleming St	1005843	3/2/2018	\$1,150,000	3,010	\$382	2 & 1/2 Story Storefront Prop. With Apartment
1430 Grinnell St	9103928	3/5/2018	\$1,035,000	2,880	\$359	4 Plex in Casa Marina area
1 Transient ROGO	9999999	3/28/2018	\$165,000	N/A	N/A	1 Transient ROGO
323 Petronia St	1013684	4/2/2018	\$1,570,990	6,459	\$243	2 Parcels and 3 Bldgs in Old Town—5 vacation rentals
6150 2ND St, Stock Isl	1158569	4/9/2018	\$500,000	1,925	\$260	Mixed Use Comm with 2 Bldgs
6325 1st 14th St	8849427	4/13/2018	\$1,270,000	5,390	\$236	Waterfront Mobile Home Park—6 units
6325 1st 6 St	1158674	4/13/2018	\$1,270,000	5,114	\$248	Waterfront Mobile Home Park—7 units
550 Avenue F	1194701	5/3/2018	\$565,000	2,160	\$262	Comm Bldg 26,640 sq. ft. land
302 Southard St	9085257	5/4/2018	\$75,000	137	\$547	Business Condominium
300 Southard St	9085236	5/14/2018	\$62,000	137	\$453	Business Condominium
3720 N Roosevelt Blvd	9087915	5/30/2018	\$365,000	1,133	\$322	Comm Bldg
1012 Truman Ave	9090142	5/31/2018	\$375,000	718	\$522	Comm/Residential Use Condo
417 Southard St	1010324	6/19/2018	\$1,750,000	6,459	\$271	Large Comm Bldg with 2 Apartments Up
800 14th St	8571712	6/20/2018	\$1,329,000	2,362	\$563	Comm Repair Shops
1 Transient ROGO	9999999	6/29/2018	\$175,000	N/A	N/A	1 Transient ROGO
<b>Average Key West</b>			<b>\$1,244,315</b>	<b>3,562</b>	<b>\$405</b>	
<b>Average Keys-Wide</b>			<b>\$989,435</b>	<b>3,450</b>	<b>\$331</b>	

(continued from page 1)

**Average Days to Sell (ADS)** decreased **-20%** to **232** days from the **289** over the same period last year. (This is a measure of the number of days between the date the property was listed and the date the sale closed.)

**Listed Properties** increased by **53%** going from **123** at the end of June last year to **188** on that date this year.

The **17 Months of Inventory (MOI)** is an increase of **31%** from **13** months at the end of June 2016 and is the result of the increased number of listings. MOI measures the rate of sales versus the supply of properties and is also known as the “absorption rate.”

## MARKET AREA DETAILS

### The Upper Keys

- Highest increase in **Dollar Volume of Sales**, **82%** to **\$10M** from **\$5.5M**
- Highest increase in **Listed Properties**, **80%** to **36** from **20**.

### The Middle Keys

- Highest increase in **Number of Sales**, **167%** to **8** from **3**.
- Largest decrease in **In Sale Price-to-Original List Price**, **-11%** to **80.40%** compared to **90.69%**.
- Largest decrease in **Sale Price-to-Final List Price**, **-16%** to **83.38%** compared to **99.57%**.
- Largest decrease in **Days on Market**, **-38%** to **223** days from **361**.
- Largest decrease in **Months of Inventory**, **-68%** to **26** from **80** due to the growth in **Sold Properties** with fewer **Listed Properties**.

### The Lower Keys

- Largest decrease in **Average Sale Price**, **-75%** to **\$630K** from **\$2.4M**.
- Largest decrease in **Dollar Volume of Sales**, **-59%** to **\$6.3M** from **\$15.2M**.

### Key West

- Highest increase in **Average Sales Price**, **39%** to **\$846K** from **\$609K**.
- Only Market with increased **Days On the Market**, **4%** to **232** from **224**.
- Highest increase in **Number of Listed Properties**, **210%** to **90** from **29**.
- Largest decrease in **Average List Price**, **-60%** to **\$1.2M** versus **\$3.1M**.
- Only Market to have fewer **Pending Transactions**, **-22%** with **7** versus **9**.

The significant increase in number of sales during the first half of this year is offset by the decrease in average sale price and the increase in number of listings. What this means for the average seller is that while there is more activity, it will take longer to sell, on average, going forward which is reflected in the months of inventory. The average seller will receive **-13%** less than their asking price and the sales and marketing process will take almost 8 months which is about twice as long as the overall market.



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