

**Florida Keys Real Estate Market Comparison: January–December 2016 vs. 2015**

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

All figures are as of December 31, 2016	Upper Keys	Middle Keys	Lower Keys	Key West	All Areas	All Areas
	Lower Matecumbe-KL	7 Mile Bridge-Long Key	Bay Point-Big Pine	KW-Shark Key	Keys-wide	<u>2015</u>
Number of Sales	14% less 851	1% less 575	8% less 707	17% less 748	11% less 2,881	3,241
Avg Sale Price	6% less \$552K	20% more \$498K	17% more \$465K	20% more \$766K	9% more \$576K	\$527K
\$ Value of Sales	20% less \$470M	19% more \$286M	7% more \$329M	no change \$573M	3% less \$1,659M	\$1,709M
Sale Price to Original List Price	no change 89.31%	1% more 89.53%	1% more 90.99%	4% more 93.61%	2% more 90.86%	89.33%
Sale Price to Final List Price	3% more 93.21%	1% more 92.94%	no change 94.78%	1% less 96.79%	1% more 94.43%	93.71%
Avg Days to Sell	6% less 146	4% less 135	17% less 137	8% less 155	9% less 143	158
Pending Transactions	98	55	141	100	394	N/A
Listed Properties	14% more 805	23% more 634	16% more 545	no change 797	12% more 2,781	2,488
Avg List Price	3% more \$1,005K	2% less \$745K	5% more \$762K	7% more \$854K	3% more \$855K	\$828K
Months of Inventory	22% more 11	18% more 13	29% more 9	18% more 13	33% more 12	9

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

The **Sales** total of **2,881** properties during 2016 was **11%** less than the **3,241** properties sold during that same period in 2015. That reduction ended the streak that started with 2009's **1,560** sales of exceeding each previous year's sales total. The record of **3,510** occurred in 2004 with the low of **1,166** coming in 2008. (See page 2 for more information concerning the decline in number of sales.)

The **\$576K Average Sale Price (ASP)** was **9%** more than the **\$527K** for that same time frame last year, which places the 2016 ASP in the range of 2008's **\$588K** average price. The peak to date for this century was **\$805K** in 2006, with a low of **\$273K** in 2000. (Page 2 also carries additional ASP information.)

The **Dollar Value of Sales (DVS)** declined **3%** to **\$1,659M** compared to **\$1,709M** for 2015 primarily due to the **11%** decrease in number of sales. However, this is the second consecutive year of sales exceeding the billion-dollar mark, last achieved in 2006. The record year occurred in 2005 with **\$2.3B** in sales when the ASP was **\$782K** and **2,752** properties sold. The lowest DVS occurred in 2008 with **\$685M** resulting from **1,166** sales with an ASP of **\$588K**.

The **Average Days to Sell (ADS)** declined **9%** to **143** days from the **158** of 2015. The peak was **264** days in 2012 with a low of **140** days in 2004. (**ADS** is a measure of the number of days between the date the property was listed and the date the sale closed.) [\(continued on page 4\)](#)

## How is it That Average Sale Prices are Up in the Face of Fewer Sales?

How does one reconcile an **11%** reduction in the number of sales with a **9%** increase in average sale price (ASP)? This situation prompted our look into which property type and price range was most impacted by the lower total sales, and which benefited from the increased average sales price. Since residential properties -- specifically Single Family, Condominium, Duplex, Half-Duplex and Townhomes -- accounted for **70%** of all real estate sales in the Keys during 2016, we developed the two accompanying charts. The first chart is for waterfront (WF) property types. The second chart is for the non-waterfront (NWF) residential sales. Each chart has eight columns. The first column shows the various sales statistical categories in 2016 and 2015, and the percentage of change between them. The second through sixth columns segment by price bracket. For the WF chart, the seventh column combines all residential **WF** price brackets and the last column is for *All Property Types* across the Keys. The second chart is similar except for the last column which combines the activity of both **WF** and **NWF** properties.

**Number of Sales:** The **WF** chart shows a **26%** drop for properties priced below **\$500K**, a **4%** increase in the **\$500K-\$999K** bracket with **27%**, **69%** and **89%** increases, respectively, in sales of properties within the three luxury (**\$1M+**) price brackets. With **136** fewer sales in the lowest price bracket, the combined increase in sales of the remaining price brackets (**69**) only made up for **51%** of the reduction in those sales. The **NWF** properties chart shows similar results with a **21%** reduction in the lowest price bracket, a **7%** drop in the **\$1M-\$1.999M** price bracket, and just a **1%** increase in the **\$5K-\$999K** price bracket. Even though the percentage of increase for the **\$2M+** price brackets was significant at **100%** and **250%**, respectively, the actual increase in number of sales -- **7** and **5** over 2015's -- when combined with the increase of only **2** in the **\$5K-\$999K** price bracket, equaled **14**. This amounted to just **9%** of the **135** fewer sales in the lowest price bracket. Please note: the last column on the **NWF** chart combines the **WF 6%** and **NWF 14%** reductions in sales activity for an overall **9%** reduction in total sales.

The **Average Sales Price (ASP)** for properties in the **less-than-\$500K** price range increased by **3%** for **WF** and **8%** for **NWF** properties even though both had fewer sales. The most significant change in **ASP** was the **17%** reduction for the **WF \$3M+** category and the **11%** decline for the **NWF \$2M-\$2.9M** category. Nevertheless, 2016's **35%** increase in sales of **WF** properties priced **\$1M+** created a **14%** increase in the overall **ASP** for all **WF** properties. For **NWF** properties, the **11%** growth in sales from **\$1M+** properties resulted in a **15%** increase in the **ASP** for **NWF** properties. This is the same percentage increase for the combined **ASP** of the residential properties and the primary factor in the overall market **ASP** increasing by **9%**.

Of interest is that the combined total listings for **WF** and **NWF** residential properties, **1,490**, makes up **54%** of all property types listings, while the sales of this group accounted for **70%** of the sales of all property types in 2016, which shows that improved residential properties are selling at a higher rate than other property types.

The **Months of Inventory (MOI)** for all property types in 2016 was **12**. It was **10** for the **WF** group, and a low of **6** for the **below-\$500K** price bracket. **NWF MOI** is **8** with a low of **5** for the lowest price bracket. Consequently, the combined **MOI** for **WF** and **NWF** properties is **9**, which is **25%** lower than the **12** for all property types.

This analysis provides valuable insight into the market:

- The overall decline in number of sales in 2016 extended to **WF** and **NWF** residential properties.
- The decline in number of sales was most acute at the lowest price levels.
- The highest price levels of **\$2M+** plus saw the greatest increase in number of sales and contributed significantly to the overall increase in ASP in 2016.
- The lower overall number of residential sales was comprised of more luxury (**\$1M+**) sales in 2016.
- Residential sales are occurring at a higher rate than sales of other property types.

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# Sales Residential Properties 2016 vs 2015

(Single Family, Condo, Duplex, 1/2 Duplex & Townhomes)

## Waterfront

Type of Sales Activity	\$0-\$499K	\$500K-\$999K	\$1M-\$1.999M	\$2M-\$2.999M	\$3M+	WF Combined	All Property Types
# Sales 2016	391	499	156	27	17	1,090	2,881
# Sales 2015	527	482	123	16	9	1,157	3,241
<b>% Change</b>	<b>-26%</b>	<b>4%</b>	<b>27%</b>	<b>69%</b>	<b>89%</b>	<b>-6%</b>	<b>-11%</b>
ASP 2016	\$375,014	\$682,664	\$1,310,101	\$2,394,518	\$4,236,345	\$759,503	\$576,093
ASP 2015	\$362,967	\$673,593	\$1,376,032	\$2,383,437	\$5,087,472	\$664,762	\$527,405
<b>% Change</b>	<b>3%</b>	<b>1%</b>	<b>-5%</b>	<b>0%</b>	<b>-17%</b>	<b>14%</b>	<b>9%</b>
\$ Value of Sales 2016	\$146,630,618	\$340,150,455	\$204,375,764	\$64,652,000	\$72,050,000	\$827,958,637	\$1,659,723,823
\$ Value of Sales 2015	\$191,284,011	\$324,672,018	\$169,252,016	\$38,135,000	\$45,787,250	\$769,130,295	\$1,709,324,513
<b>% Change</b>	<b>-23%</b>	<b>5%</b>	<b>21%</b>	<b>70%</b>	<b>57%</b>	<b>8%</b>	<b>-3%</b>
Days to Sell 2016	115	121	202	316	172	136	143
Days to Sell 2015	131	160	219	285	183	155	158
<b>% Change</b>	<b>-12%</b>	<b>-24%</b>	<b>-8%</b>	<b>11%</b>	<b>-6%</b>	<b>-12%</b>	<b>-9%</b>
SP/OLP 2016	91.01%	92.82%	89.31%	83.57%	92.62%	91.88%	90.86%
SP/OLP 2015	92.10%	92.48%	87.38%	84.65%	88.93%	92.78%	89.33%
<b>% Change</b>	<b>-1%</b>	<b>0%</b>	<b>2%</b>	<b>-1%</b>	<b>4%</b>	<b>-1%</b>	<b>2%</b>
SP/FLP 2016	94.43%	95.45%	92.13%	89.78%	92.86%	93.75%	94.43%
SP/FLP 2015	94.88%	94.62%	92.31%	90.36%	89.17%	93.61%	93.71%
<b>% Change</b>	<b>0%</b>	<b>1%</b>	<b>0%</b>	<b>-1%</b>	<b>4%</b>	<b>0%</b>	<b>1%</b>
<b>Listed Properties</b>	199	393	205	69	47	913	2,781
Months of Inventory 2016	6	9	16	31	33	10	12

## Non-Waterfront

Type of Sales Activity	\$0-\$499K	\$500-\$999K	\$1M-\$1.999M	\$2M-\$2.999M	\$3M+	NWF Combined	All Residential Types
# Sales 2016	586	227	57	14	7	891	1,984
# Sales 2015	739	225	61	7	2	1,034	2,191
<b>% Change</b>	<b>-21%</b>	<b>1%</b>	<b>-7%</b>	<b>100%</b>	<b>250%</b>	<b>-14%</b>	<b>-9%</b>
ASP 2016	\$339,966	\$669,833	\$1,388,532	\$2,273,142	\$3,845,714	\$549,004	\$665,277
ASP 2015	\$315,052	\$673,716	\$1,379,710	\$2,549,285	\$3,750,139	\$477,676	\$576,470
<b>% Change</b>	<b>8%</b>	<b>-1%</b>	<b>1%</b>	<b>-11%</b>	<b>3%</b>	<b>15%</b>	<b>15%</b>
\$ Value of Sales 2016	\$199,220,100	\$152,052,423	\$79,146,350	\$31,824,000	\$26,920,000	\$489,162,693	\$1,319,911,530
\$ Value of Sales 2015	\$232,823,523	\$151,586,117	\$84,162,323	\$17,845,000	\$7,500,270	\$493,917,242	\$1,263,047,537
<b>% Change</b>	<b>-14%</b>	<b>0%</b>	<b>-6%</b>	<b>78%</b>	<b>259%</b>	<b>-1%</b>	<b>5%</b>
Days to Sell 2016	99	152	176	173	111	118	128
Days to Sell 2015	108	146	186	190	701	122	140
<b>% Change</b>	<b>-8%</b>	<b>4%</b>	<b>-5%</b>	<b>-9%</b>	<b>-84%</b>	<b>-3%</b>	<b>-9%</b>
SP/OLP 2016	92.97%	92.96%	90.90%	92.50%	85.47%	92.15%	92.94%
SP/OLP 2015	93.75%	92.37%	91.38%	93.24%	87.31%	93.48%	93.14%
<b>% Change</b>	<b>-1%</b>	<b>1%</b>	<b>-1%</b>	<b>-1%</b>	<b>-2%</b>	<b>-1%</b>	<b>0%</b>
SP/FLP 2016	95.91%	95.69%	94.87%	94.95%	93.98%	95.50%	94.26%
SP/FLP 2015	95.87%	95.43%	94.45%	93.73%	89.34%	95.31%	94.40%
<b>% Change</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>1%</b>	<b>5%</b>	<b>0%</b>	<b>0%</b>
<b>Listed Properties</b>	263	184	99	17	14	577	1,490
Months of Inventory 2016	5	10	21	15	24	8	9



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The **Sale Price-to-Original List Price (SP/OLP)** improved **2%** to establish a new high of **90.86%** compared to **89.33%**, the previous high, a year earlier. The record low of **62.49%** came in 2009. (The **OLP/SP** compares the sale price of the property to the list price of the property at the time it first came on the market and provides a measure of the difference between many sellers’ initial list price and the market price acceptable to buyers.)

The **Sale Price-to-Final List Price (SP/FLP)** of **94.43%** rose **1%** from **93.71%** last year. (The **FLP/SP** 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 peak for this rate **was 94.85%** for 2004 and the low, **87.10%**, occurred in 2009.

The margin between the **OLP/SP (90.86%)** and **FLP/SP (94.43%)** is **3.57%**. That margin indicates, on average, that sellers can anticipate a price reduction of about **3.5%** during the term of the listing from their original listing price prior to receiving the buyer’s offer. The previous low of **7%** occurred in 2001 and 2005, with the largest variance being **25%** at the end of 2009. Similarly, sellers and buyers today can expect the contract price to be **5.6%** less, on average, than the final list price and about **9%** less than the original list price. From 2001-2005, the average margin for **FLP/SP** was nearly **5%** with the high being **13%** for 2009 when the **OLP/SP** was **37.5%**.

The **2,781 Properties For Sale** at the end of December 2016 was **12%** more than **2,488** on that date in 2015 though it is a **55%** reduction from the peak of **5,084** in March of 2007. This is the single, most important measure of our slowing market. The number of sales cannot increase over prior periods until the number of listings decreases over those prior periods.

The **12 Months of Inventory (MOI)** increased from **9 Months** at the end of last year and is an increase of **33%**, still behind the **55 months** on March 31, 2008. The lowest **MOI** to date was **3** and happened at the end of Q2 in 2004. (**MOI** provides a measure of the rate of sales versus the supply of properties and is also known as the “absorption rate.”)

The **Average Listed Price (ALP)** for 2016 of **\$855K** is up **3%** from **\$828K** last year. The ALP peak was **\$990K** at the end of 2007; however, the ALP has steadily increased since the 2012 low of **\$695K**.

**What Do the Numbers Forecast?** As mentioned, the single best barometer of the market is the number of listings for sale. During 2016, there were **11%** fewer buyers which contributed to the **12%** increase in the number of sellers (listings) at the end of the year. Historically, the market has not experienced an increase in the number of sales without a concomitant decrease in the number of listings. Otherwise stated, there is an inverse relationship between the number of buyers and the number of sellers. Accordingly, we don’t anticipate and can’t project a sustained increase in the number of sales in 2017 until we see a decrease in the number of listings for sale.