



Coldwell Banker Schmitt's Real Estate Report

Vol. 23 No 2
Spring 2023

KEYS-WIDE COMPARISON: JANUARY-MARCH 2023 VS. 2022

The normalization of the Florida Keys Real Estate market proceeds in earnest with continued downward adjustments in number of sales & average sale prices, increases in inventories of properties for sale, and marketing times over the all-time peak sales levels in 2021 and 2022. With 39% fewer buyers and 27% more properties for buyers to choose from sellers are having to readjust their expectations from a year ago. The average seller is suffering price reductions over 4% during the term of the listing and achieving almost 10% less than the original list price when the property sells which is taking 25% longer. While those statistics may sound dire the reality is that this market remains historically quite good relative to average sale prices which are down less than 1%, buoyed by an inventory of properties for sale which is running at about half of the historical average. Unlike the last downturn in the Keys starting in 2006 when inventories ballooned, sellers are staying put in 2023, not ready to make a lateral move in a relatively price-stable market or lose their low interest rate mortgage. With so many sales in 2021 & 2022 those buyers are simply not ready to sell yet and there is little motivation for them to do so. Going forward in 2023, we expect that the current market dynamics will continue to play out with low inventories maintaining the higher price points established as a result of the Pandemic. We do not forecast any wholesale reduction in property values as a result of the current market or the ongoing challenges driving fewer sales. Besides the continuing challenges posed by higher interest rates put in place to slow the economy along with real estate sales, the market will be affected going forward by the lack of wind insurance for coverage over \$1 million and increasing premiums. FEMA may finally enact the new Flood Insurance Rate Maps in 2023 which will further stress flood insurance premiums. In our 68-year Company history, we have seen greater challenges than these, all of which the market has overcome and even prospered as a result of. We believe that the allure of the Keys will overwhelm any of these risks and obstacles and there will always be great demand to own real estate in the Florida Keys.



Keys-wide Sales
decreased
39% from
897 to 547



Average Sale Price (ASP) was
down 0.8% to
\$1,032,171 from
\$1,040,486



Average List Price (ALP) was
up 15.8% from
\$1,427,950 to
\$1,653,532



Days On Market (DOM)
was up 25% going
from 60 to 75
days



Properties For Sale
increased
26.9% from
1,199 to 1,521

Based on All Property Types

KEYS-WIDE COMPARISON: SALE PRICE-TO-LIST PRICE RATIO

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

90.52%
Down 1.9%
from 2022

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

94.86%
Down 2.2%
from 2022

Avg List
Price
reduction
during
listing term
for sold
properties

4.3%
Down 4.8%
from 2022

REALESTATEFLORIDAKEYS.COM – WHERE OUR TRAFFIC ORIGINATES

We're pleased to note a 16% increase in visitors to our website over the 12-month period ending March 31, 2023. Because most buyers search for and find their home on the internet, we ensure our listings are exposed where they're looking. Visits from organic search engine links posted the biggest proportionate gain among all our channels, up 91%, while social media and advertising referrals were essentially unchanged. Visits via smart phones were up 3% to 57% overall while visits via desktop PC (40%) fell by a similar amount. Visits via tablet (e.g. iPad) was unchanged at 3%. Here, we present a look at where those visits originate geographically, ranking the top 20 domestic markets and nations in order. Overall, 93.75% of visits originated in the United States — 2% more than in the previous 12 months — and within the USA, visits from Florida accounted for 37% of the total, a decrease of about 9% from the previous year. Canada is traditionally our number-one international point of origin but we've seen a dramatic rise in visits from Ireland, perhaps in response to the current uncertainties about the future of EU access and border policies.

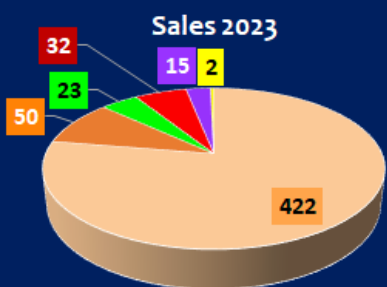
Domestic Metro Area

1. Miami-Ft. Lauderdale FL
2. Atlanta GA
3. Tampa-St. Petersburg-Sarasota FL
4. Washington DC-Hagerstown MD
5. New York, NY
6. Yakima-Pasco-Richland-Kennewick WA
7. Orlando-Daytona Beach-Melbourne FL
8. Des Moines-Ames IA
9. San Antonio, TX
10. Chicago, IL
11. Greenville-Spartanburg-Asheville-Anderson
12. West Palm Beach-Ft. Pierce FL
13. Cheyenne WY-Scottsbluff NE
14. Philadelphia, PA
15. Ft. Myers-Naples FL
16. Spokane WA
17. Dallas- Ft. Worth TX
18. Charlotte NC
19. Boston MA—Manchester NH
20. Raleigh-Durham-Fayetteville NC

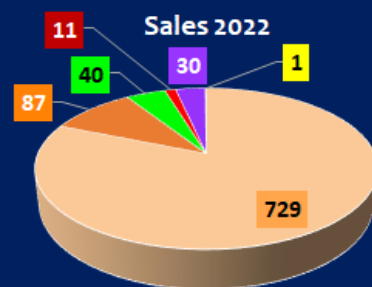
International

1. United States
2. Ireland
3. Canada
4. Sweden
5. India
6. Germany
7. Philippines
8. United Kingdom
9. France
10. Pakistan
11. Indonesia
12. Russia
13. Bangladesh
14. Netherlands
15. Mexico
16. Brazil
17. Japan
18. South Korea
19. Nigeria
20. Italy

REALESTATEFLORIDAKEYS.COM – SALES BY PROPERTY TYPE



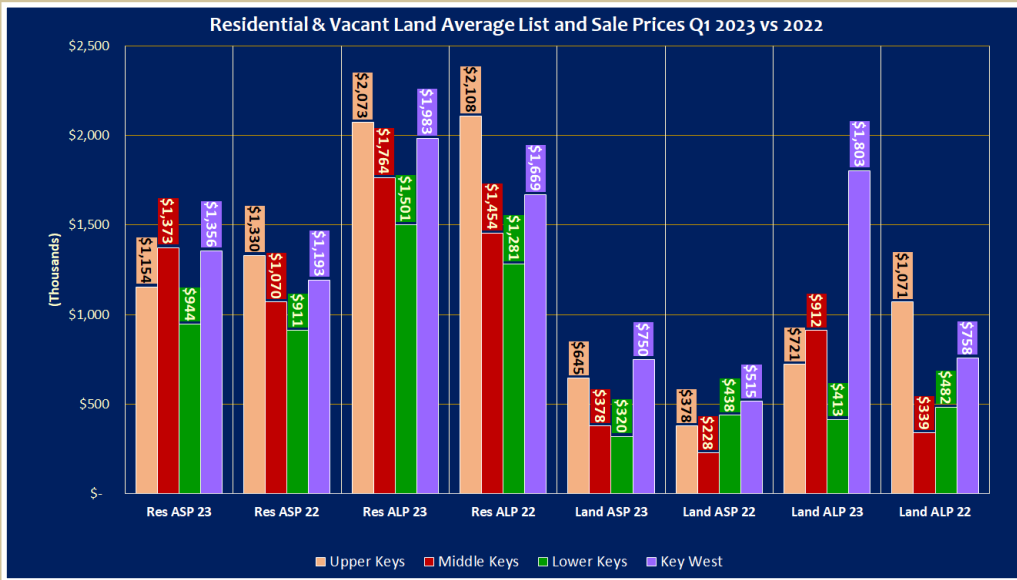
■ Residential ■ Land ■ Commercial
■ LT Rentals ■ Boat Slips ■ Business Opp



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■ LT Rentals ■ Boat Slips ■ Business Opp

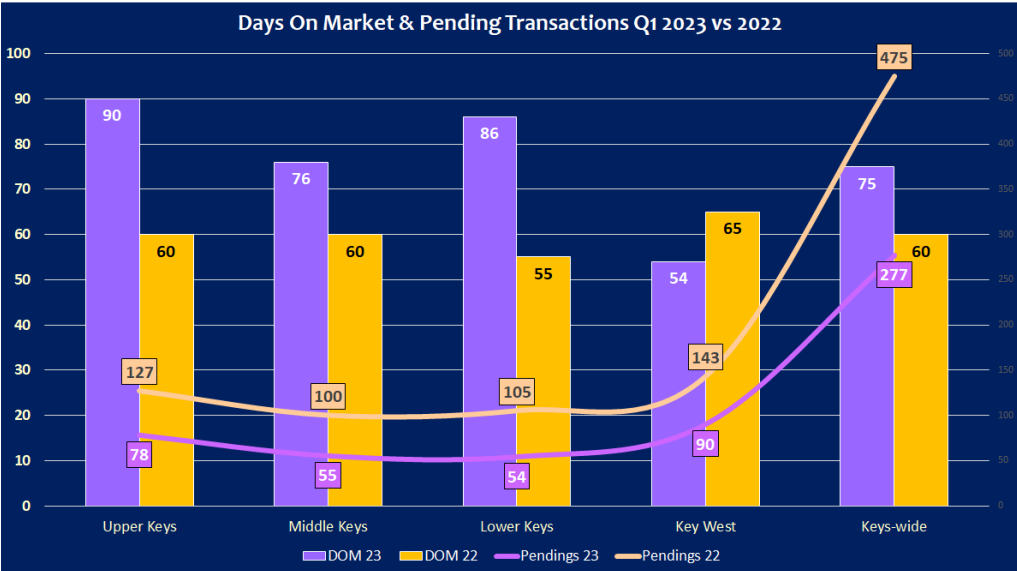
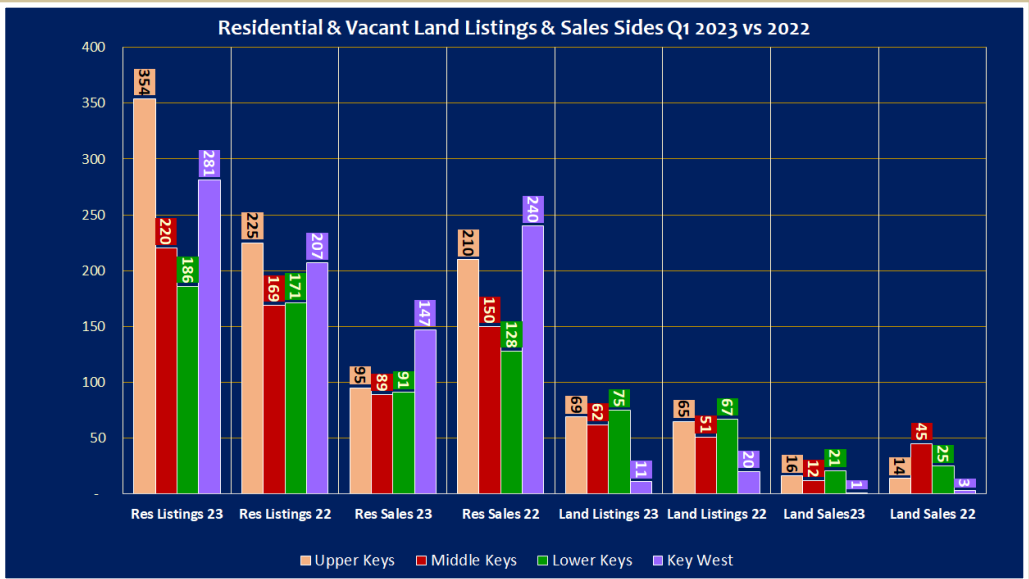
Sales in the first quarter of 2023 were 61% of Q1 2022's total. The percentage of sales by property type was relatively unchanged for residential (78% vs. 81% in 2022), vacant land (9% vs. 10%), commercial (unchanged at 4%), boat slips (unchanged at 3%) and business opportunities (less than 1% each year). The main difference was in the percentage of long-term rentals. There were few available in Q1 2022, ranging from 17 to 33 listed at any given time. In Q1 2023, the number available has ranged between 64 to 92 listed. Consequently, they accounted for 6% of transactions vs. 1% in Q1 2022.

THE KEYS SUBMARKETS REPORT



The average residential sale price was up 6% Keys-wide with the Upper Keys the only submarket to experience a decline (87% of Q1 22) and the Middle Keys leading with a 28% increase. Residential list prices were up from 17% (Lower Keys) to 21% (Middle Keys) except for the Upper Keys at 98% of Q1 22. Vacant Land list and sale prices fluctuated widely as can be expected given the much smaller number of sales.

Keys-wide in Q1 2023, the number of residential active listings increased by 35% over Q1 2022. Residential sales sides were 58% of Q1 2022's level. Q1 2023 Vacant Land listings were up 7% over Q1 2022 while land sales were at 57% of 2022's total. The Upper Keys saw the most dramatic swing with 57% more residential listings but less than half as many sales.



The number of listings with the status of pending, contingent, or contingent-show for Q1 2023 represents 58% of 2022's Keys-wide count. All areas were down ranging from the Lower Keys at 51% of March 31, 2022 to Key West at 63%. Days On Market rose 25% across-the-board with Key West the only area to post a decrease from Q1 2022.



PRESORTED STD.
U.S. POSTAGE
PAID
Marathon, FL
PERMIT NO. 15

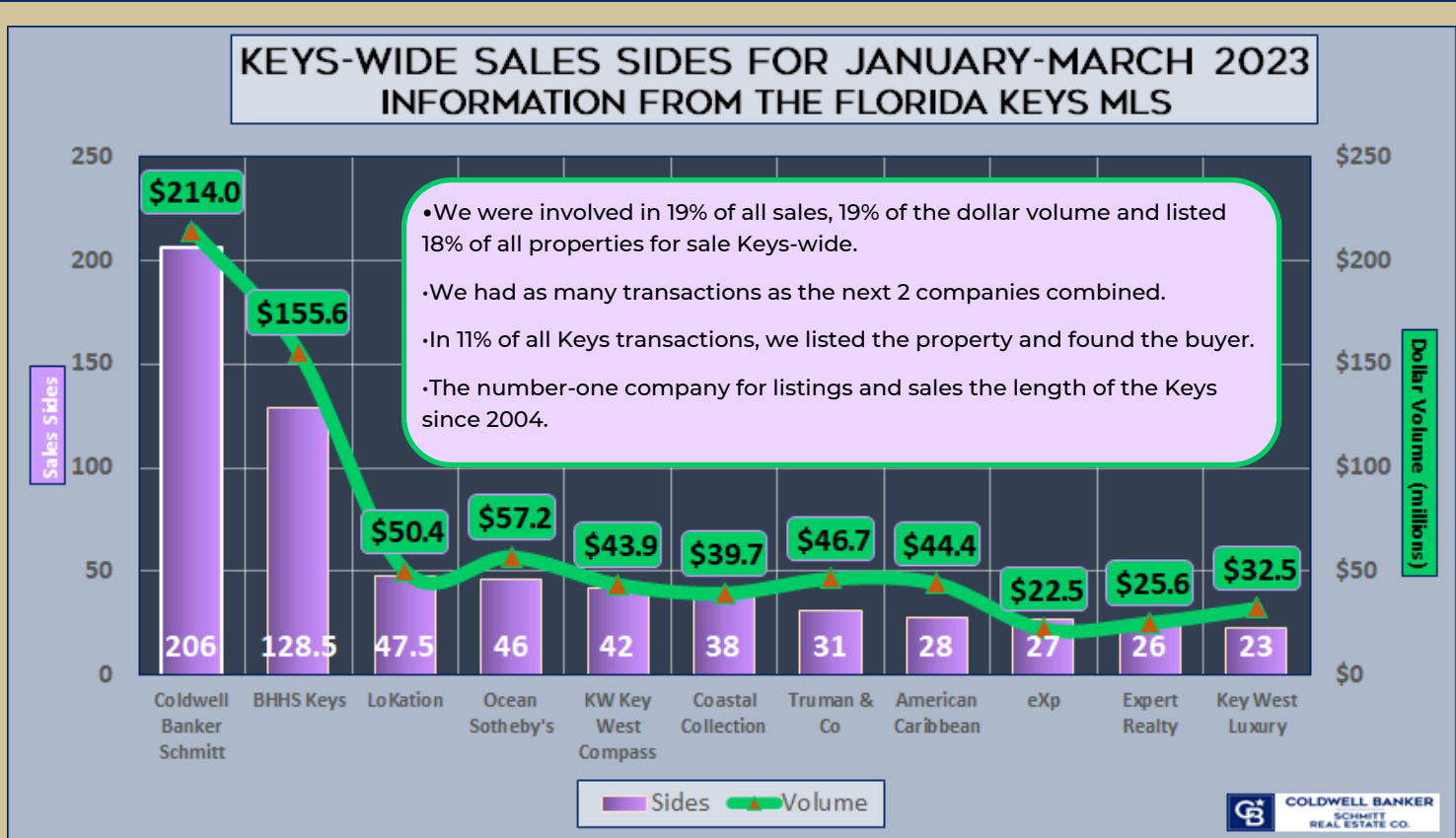
11050 Overseas Hwy. — Main Office
Marathon, FL 33050
Toll Free: 800-366-5181
Office: 305-743-5181

AND/OR CURRENT RESIDENT:

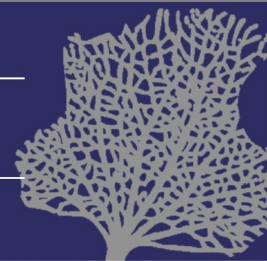
If you would like a **FREE** Comparative Market Analysis, contact one of our five offices at the toll free numbers below. We are *“The Most Trusted Name In Florida Keys Real Estate.”*

Key Largo (877) 289-0035 100430 Overseas Hwy. | Islamorada (800) 207-4160 85996 Overseas Hwy. | Marathon (800) 366-5181 11050 Overseas Hwy. | Big Pine (800) 488-3050 29967 Overseas Hwy. | Key West (800) 598-7727 1201 White Street, #101

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



COLDWELL BANKER SCHMITT IS THE LEADING COMPANY FOR SALES & LISTINGS SOLD KEYS-WIDE



Keys-wide Comparison of January through March 2023 vs 2022

The Luxury Residential Market in the Florida Keys (residential listed over \$1.3 Million) has been the brightest spot bolstering the market with the most sustainable gains during the Pandemic-fueled runup in the overall real estate market. We are now starting to see the normalization of the Luxury Market more closely coincide with the overall real estate market trends of the past year in the Keys (See our Spring 2023 CBS Real Estate Report) and to even lead the market downward from the never-before-seen highs of 2021 and 2022. Luxury sales are down year over year 28.6 % while the overall market is down 39%. The average sale price for Luxury declined over 5% while the overall market's was less than 1%. Marketing times for Luxury also exceeded those for the overall market rising over 30% while the overall market increase was 25%. Inventories of unsold Luxury homes increased by almost 65% while the overall market was up 27%. In the face of all of these clear market indicators sellers are still resisting their reality, posting increased average list prices for both Luxury and the overall market. We can also clearly see the writing on the wall for at least the next quarter as well by looking at Pending sales at the end of the First Quarter which were down over 40% for the overall market and over 29% for Luxury which will continue to support the year over year declines we have seen year to date. The one metric that continues to differentiate the current normalization cycle — which is inevitable in the real estate market — is the lack of motivated sellers. Even with the increases in the number of listings in 2023 over 2022, current inventories are running about half of what they would be in a typical normal market which we experienced from 2015 to 2020. The lack of sellers and the lack of motivation evidenced by increasing average list prices in a declining market will serve to otherwise buoy prices. The Luxury market is less affected by interest rates with higher percentages of cash transactions so the declines we are experiencing cannot be completely blamed on the Fed's efforts to control inflation, with other more subtle and nuanced factors at play including a more wait-and-see attitude relative to the economy and prices. With low inventories and high equities in their luxury properties sellers are not exhibiting any urgency to sell.



Keys-wide sales
fell -28.6% from 196 to
140.



Average Sale Price
(ASP) was down 5.1% at
\$2,267,431 compared with
\$2,389,072 one year
earlier.



Average List Price (ALP)
was up 1.8% from
\$3,032,859 to \$3,086,076



Days On Market (DOM)
rose 30.6% from 62 to 81.



Properties For Sale
rose by 64.9% from 268 to
442.

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

89.5%
Up 0.9% from
Prior 12 Months

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

94.1%
Down -2.7%
from Prior 12
Months

Average List
Price reduction
during listing
term for sold
properties

4.6%
Down from
8.1% Prior 12
Months

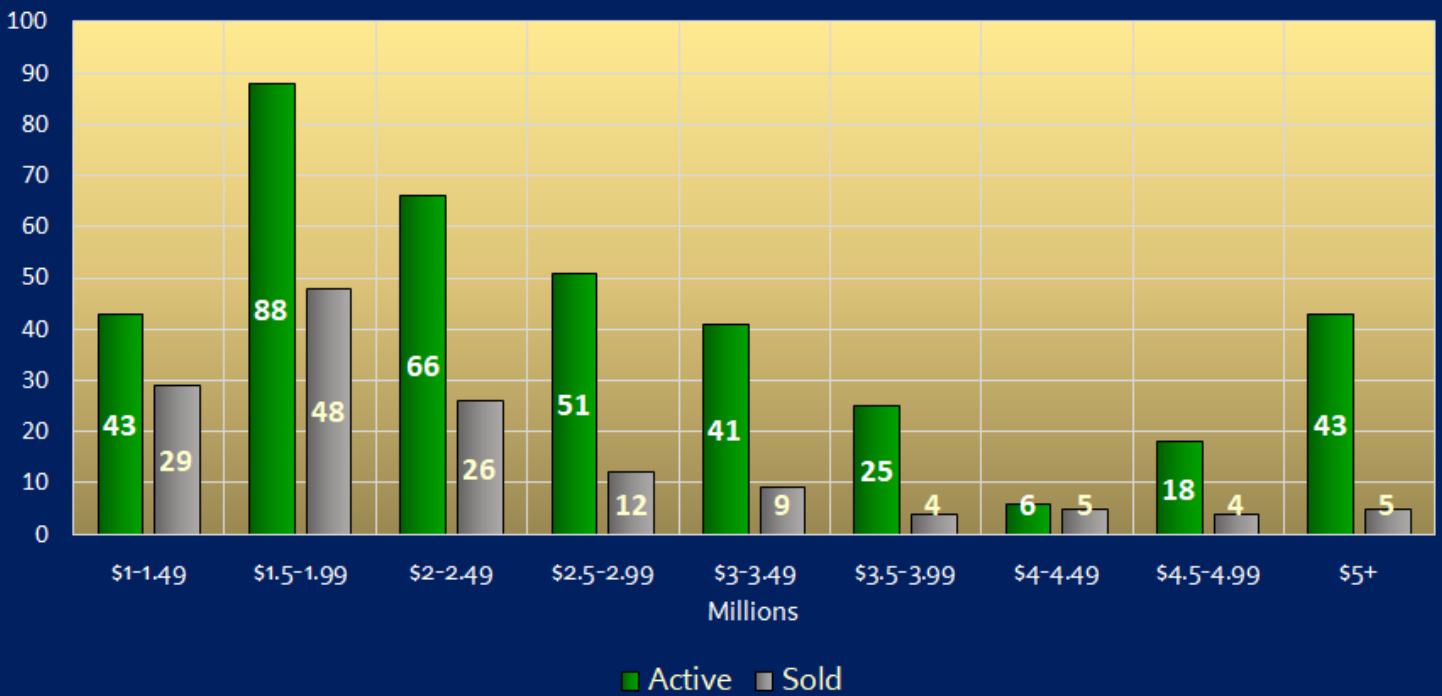
Market Analysis: price range report

At the end of March 2023, the number of active luxury listings (residences listed at \$1.3+ million) stood at 381 while the number of sales totaled 142, or 37% of the active listing count.

Among the active listings, the average price for the 381 properties was \$3,212,029. The highest price was \$29,750,000. The median price was \$2,450,000. The lowest price was \$1,300,000. The average Market Time was 152 days.

Among the sold properties, the average price for the 142 properties was \$2,264,985. The highest price was \$6,500,000. The median price was \$1,899,999. The lowest price was \$1,127,000. The average Market Time was 84 days.

Active Listings & Sales by Price Range Q1 2023 Listed at \$1.3+ Million



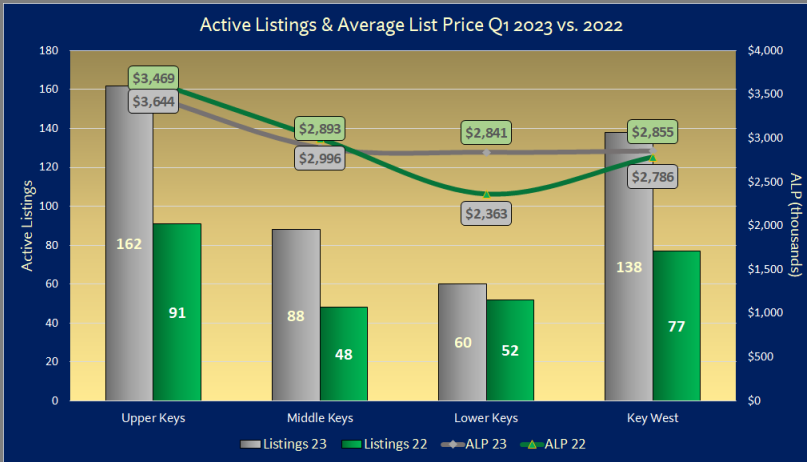
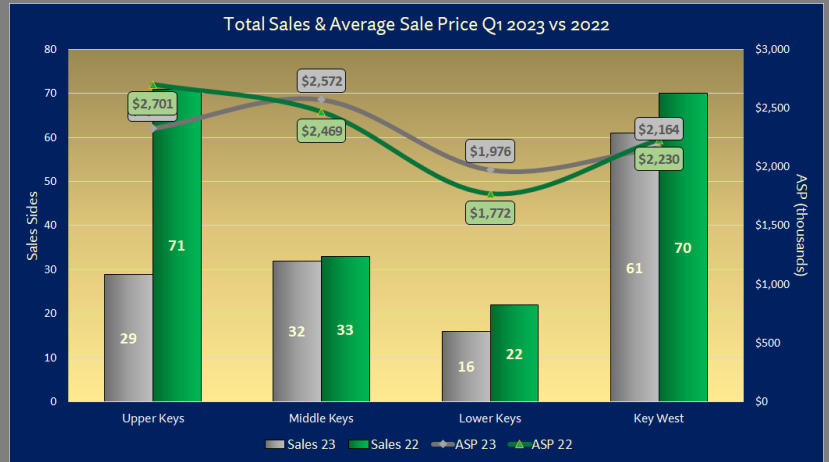
Single Family Homes accounted for 89% of all luxury residential sales with 57% located waterfront and 32% non-waterfront. (Most non-waterfront luxury sales occur in the Key West submarket). 62% of all luxury sales were for waterfront properties, a lower percentage than the 70% recorded in Q1 of 2022. (See chart on page 4.)

Total Sales & ASP by Property Type and Waterfront Listed at \$1.3+ Million



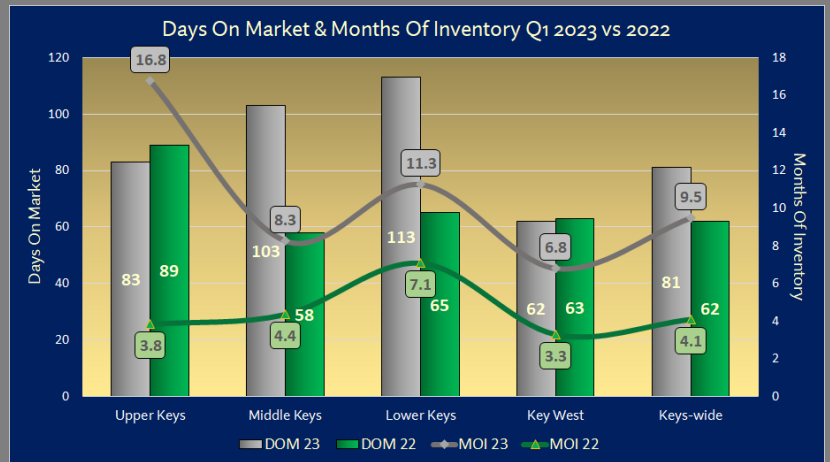
Submarket Analysis

While residential sales were down -39% for the first 3 months of 2023, in the luxury segment they fell by -28% Keys-wide. The greatest decline came in the Middle Keys, down -45%. Elsewhere, the Upper Keys was off -43% while sales in Key West decreased -39% and Lower Keys sales fell -25%. The average sale price fell by 5% Keys-wide. The Middle Keys and Lower Keys posted gains of 4% and 12%, respectively, however Key West was down -3% and the Upper Keys, -14%.



The number of luxury listings jumped 65%. The increase was only 15% in the Lower Keys, but it ranged from 78% to 83% in the other submarkets. The average list price was up 2% market-wide. The Middle Keys and Upper Keys posted small declines of -3% and -5%, respectively, while the ALP was up 3% in Key West and 20% in the Lower Keys.

The days on market to close was up 31% Keys-wide. There were small decreases in Key West (-2%) and the Upper Keys (-7%), however, the Lower Keys was up 74% and the Middle Keys rose 78%. The Months of Inventory (also known as the absorption rate) increased 131%. This ranged from 59% higher in the Lower Keys to 336% higher in the Upper Keys.



The Housing Market Just Took a Turn, and International Buyers Are Back

By Liz Gehringer

With affluent individuals from overseas stepping back into the game to purchase their dream property, the Coldwell Banker Global Luxury program fielded a new survey to explore the trends and attitudes of the wealthy international consumer. We polled more than 1,200 high-net-worth consumers from 12 countries on their dreams and sentiments of buying U.S. real estate, paired with our annual luxury real estate outlook, "The Report."

We found that 80% of respondents believe purchasing real estate in the U.S. is a safe investment, with more than three quarters of them rating the current U.S. market conditions to purchase a home as "excellent or good."

One size does not fit all when looking at the desires and motives for international investment in U.S. real estate.

Our survey found that buyers are looking for a feeling of comfort that only a home base can provide, with frequent business trips to the U.S. (36%) coming in on top. Following as a close second, 34% say a recent movie or television series sparked interest in purchasing in the U.S. – maybe *Sex and the City* influenced their Upper East Side apartment purchase or even a Montana ranch was a must-have after watching *Yellowstone* – these buyers are making their dreams a reality. Have you ever been on a trip and thought to yourself, “I could imagine myself living here” — you’re not alone: 34% of these buyers had the same thought after a vacation.

Across the board, the most important amenities that respondents would desire for their international dream home purchase include the latest smart home technology, eco-friendly and sustainable design features, state-of-the-art security system, a home with breathtaking views and privacy. Highlighted in *The Report*, the number of global millionaires is at its highest point in history. By 2026, it is estimated that the number of millionaires worldwide will surge by 40%, and one in seven adults will have a net worth of at least \$1 million.

Wealthy consumers abroad seeking out their dream home in the United States is nothing new, but as borders reopen, several factors are fueling the propensity for owning property here. Real estate has long been a tool for the affluent to generate long-term wealth and diversify their investment portfolios. Rising home equity levels have also left global property owners with a lot of cash to work with, leaving many searching overseas for their next home purchase.

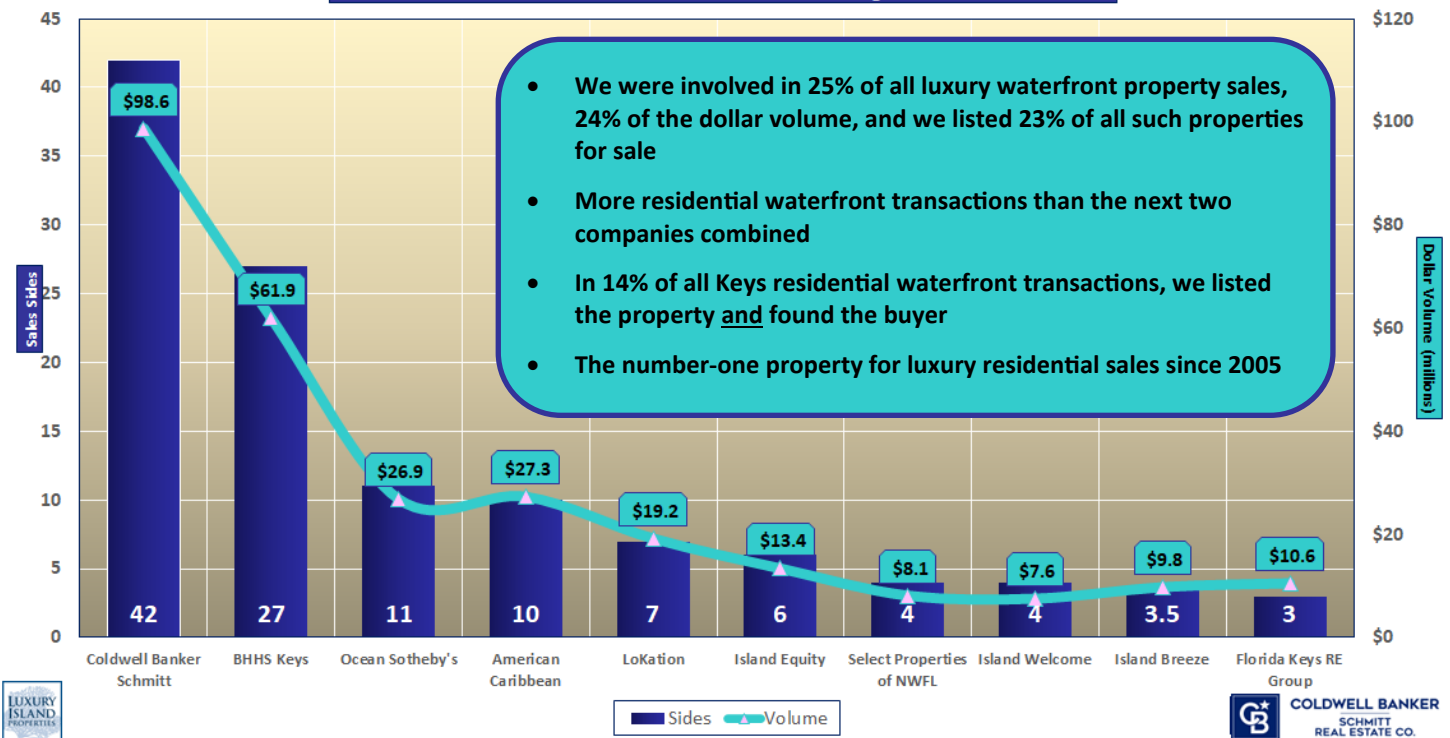
Thanks to the strength of the dollar and a comparatively historically strong economy, the U.S. is a favorable location for international buyers looking to purchase real estate. The value of the U.S. dollar is up over 14% compared to some currencies. More than one-third of respondents from our survey report that one of their top motivations to purchase property in the U.S. is for investment. Global real estate investments present vast wealth-building opportunities, increased buying power and, in some cases, notable discounts when purchasing in the U.S. dollar or other strong currencies.

To read *The Report* and learn more about Coldwell Banker’s international survey, please visit blog.coldwellbankerluxury.com/.

Liz Gehringer is president of Coldwell Banker Affiliate Business and chief operating officer of Coldwell Banker Real Estate LLC

Which Company’s Agents would You Want to Sell *Your* Property?

Keys-wide Waterfront Luxury Sales Sides for January-March 2023
Information from the Florida Keys MLS



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.