

REAL ESTATE

Sales uptick accelerating; inventory dropping

Realtors seeing serious buyers, many with cash

By KAREN QUIST
kquist@keynoter.com

Home sales in the Florida Keys are up nearly 20 percent over 2008, making inroads in the excess inventory that's plagued the market.

That year-to-date improvement is positive, to be sure, but Realtors across the Keys are most heartened by how busy the usually slow late summer and early fall months have turned out to be.

"The bottom is behind us, clearly," says Brian Schmitt, president of Coldwell Banker Schmitt. "When September is the biggest month of the year, something is different."

By the end of August, 2009 was outpacing the previous year, but by just 11 percent. Then sales activity exploded.

Usually not one to see trends in a month's activity, Schmitt says he's confident that October will show similarly positive results.

"The rate of change is accelerating," Schmitt says of activity in the Keys market, which like much of the country has been plagued by declining prices, excess inventory and foreclosures.

The number of homes for sale in the Keys now stands at 3,500, after hovering around 5,000 for several years.

Schmitt says there are

two major drivers working to shave the number of homes for sale: 19 percent more sales and 17 percent fewer listings.

Sales are really starting to pick up in the Upper and Middle Keys, while sales in the Lower Keys are staying strong.

Margo Newman of Coldwell Banker Schmitt says the sales climate in the Upper Keys has changed.

"We were lagging," she says. "We weren't getting the showings as we are now. August really seemed to pick up, and September was just phenomenal."

Upper Keys sales are up 10 percent year to date, as Newman says

lookers

become buyers. The first quarter was tough, says Alexa Wheeler of Realty World Freewheeler, which has two Upper Keys offices, but "our volume is higher today than it was all of last year and still climbing."

It'll be a long time before prices rebound, but sales are putting them on the right track. "I'm encouraged. I think we've turned the corner," she says.

The story is the same elsewhere.

"Sales are up 31 percent in Marathon," Schmitt says, and up 26 percent in the Lower Keys."

Performance in the Lower Keys has tended to outpace the rest of the county since the market started its freefall.

"We've always had an overall greater value," says Sandra Tuttle of Schwartz Property Sales on Big Pine Key. It's a value that's drawing first-time buyers to the more sparsely populated islands with a mix of wooded dry lots and waterfront — mostly canal — homes.

Those new buyers are also able to take advantage of an \$8,000 federal tax credit set aside for those who haven't owned a home in the past three years.

Tuttle has no doubt that there's a sustained increase in activity. One of the home inspectors she works with had 20 inspections to do in September, twice as many as usual.

Schwartz's offices in the other parts of the Keys are reporting bumps in sales as

well, Tuttle says.

Coldwell Banker Schmitt's Patti Nickless has been in the business 20 years, and she's never experienced a third quarter this busy in the Lower Keys.

"There seem to be a lot of people who have \$300,000 to spend," she says. "Everyone wants to get the best value that they can."

Low interest rates on mortgages are helping to spur sales, as is the first-timer's credit, which many say they'd like to see extended beyond its Nov. 31 expiration.

Victor Heymann of Paradise Real Estate in Key West says financing is out there for buyers with good

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credit scores and a down payment, but it's not as "creative" as it used to be. "And that's not a bad thing," he's quick to add.

But cash is king these days, Realtors say. All areas of the Keys are seeing buyers willing to pay cash for the right property.

Demand is highest in single-family homes on and off the water, Schmitt says. Condominiums are gaining ground, but they'll continue to lag behind the rest of the market for a while, as will vacant lots.

Activity is still greatest at the low end of the market, with 75 percent of sales below \$500,000 and 90 percent below \$1 million.

Buyers are coming from all over, Realtors report. There are the usual mainlanders looking for a Keys' weekend or vacation getaway, and others from farther afield looking toward retirement. Speculators are

noticeably absent.

A constant refrain is that many thought they'd never be able to afford a Keys home after the 2002 - 2007 boom.

"The sales we are closing are to people who love the Keys and are making a long-term investment," Tuttle says. "The buyers today are looking forward to future retirement in the Keys and a great family vacation spot."

Sales in Key West are up 20 percent over last year, and the number of listings is down 25 percent.

Terri Spottswood is principal broker at Truman & Co., which specializes in Key West real estate at all price points. She's optimistic, and very busy.

"It's encouraging," she says. "You feel good when there's not so much out there."

Sales are slow at the high end, but both Old and New Town are selling well at the low end, and the middle — the \$1 million range — is

January through September 2009 vs. 2008

Numbers reflect activity January through September 2009	Upper Keys Lower Matecumbe to Key Largo	Middle Keys 7 Mile Bridge to Long Key	Lower Keys Bay Point to Big Pine	Key West Key West to Shark Key	All Areas
Total sales	316	166	211	397	1,090
2009 vs. 2008	+10%	+31%	+26%	+20%	+19%
Average sales price	\$503,000	\$442,000	\$400,000	\$474,000	\$463,000
2009 vs. 2008	-21%	-32%	-17%	-24%	-23%
Average list price	\$868,000	\$824,000	\$613,000	\$995,000	\$860,000
2009 vs. 2008	-10%	-13%	-6%	+2%	-6%
Number of properties	1,268	774	502	1,047	3,591
2009 vs. 2008	-14%	-0.4%	-25%	-25%	-17%
Months of inventory	36	42	21	24	30
2009 vs. 2008	-21%	-24%	-41%	-37%	-30%

SOURCE: Coldwell Banker Schmitt Real Estate Co.

picking up.

"The lower end is stable," she says of home prices. "We're no longer in a declining market."

Key West is attracting its usual mix of buyers from all over, but Spottswood said she's also seeing former residents coming back to buy, as well as locals swapping condos for single-family homes. And she's seeing more first-time buyers.

Spottswood and her

agents are starting to see multiple offers, especially at the low end, and they're continuing to see cash.

"People are beginning to realize we're at the bottom, and they better jump in now," Spottswood says.

Schmitt expects foreclosures to continue to play a role in the market, but he doesn't think they'll have much influence on price anymore.

For a while now,

Schmitt's been convinced that he could sell a house today for more than he'd be able to sell it for in six months. He doesn't believe that anymore.

"The best deals are in the rear view mirror," says Schmitt, who sees prices in certain segments starting to stabilize and even rise.

As inventory continues to drop, Schmitt says, it'll create a sense of urgency in the market.

Price stabilization and even price increases will happen in small pockets, and it'll become an overall trend in 2011, he adds.

"Listings are down five months in a row. Sales are up for five months in a row."

"I don't think it's an aberration. I think it's a start of a continuous trend," Schmitt says. "I think the tide is coming in and you're not going to stop it."