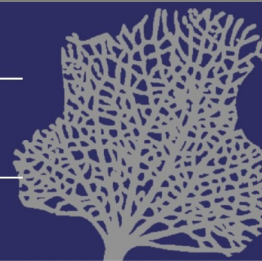




The Most Trusted Name in
Florida Keys Real Estate Since 1955

COLDWELL BANKER SCHMITT'S LUXURY ISLAND PROPERTIES REPORT

Spring 2023



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

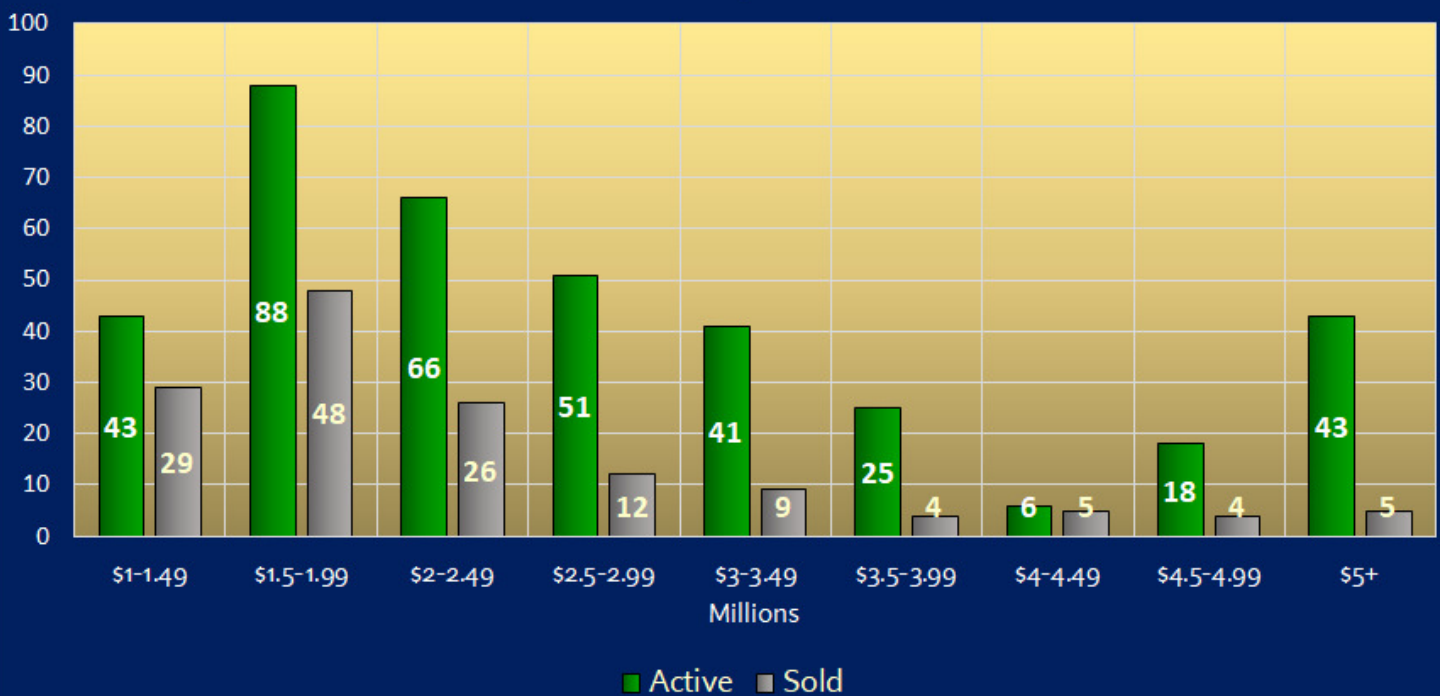
MARKET ANALYSIS: PRICE RANGE REPORT

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



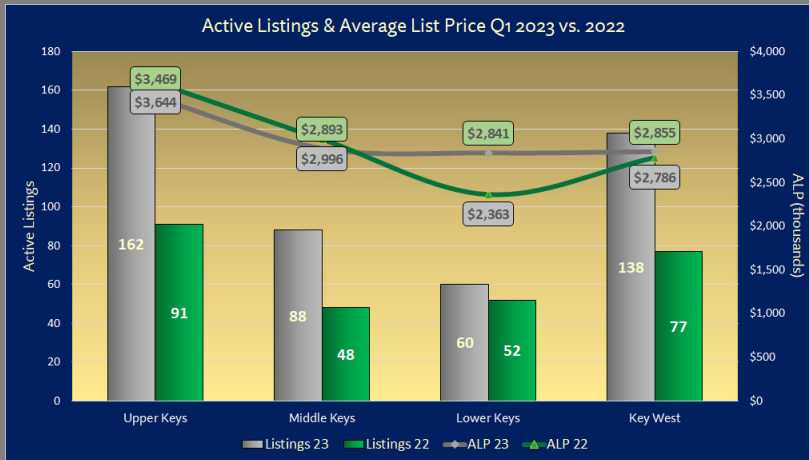
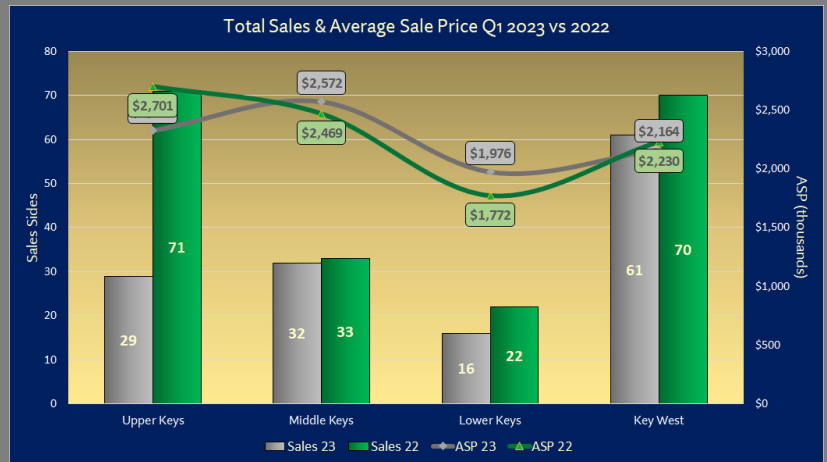
Single Family Homes accounted for 89% of all luxury residential sales with 57% located waterfront and 32% non-waterfront. (Most non-waterfront luxury sales occur in the Key West submarket). 62% of all luxury sales were for waterfront properties, a lower percentage than the 70% recorded in Q1 of 2022.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

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



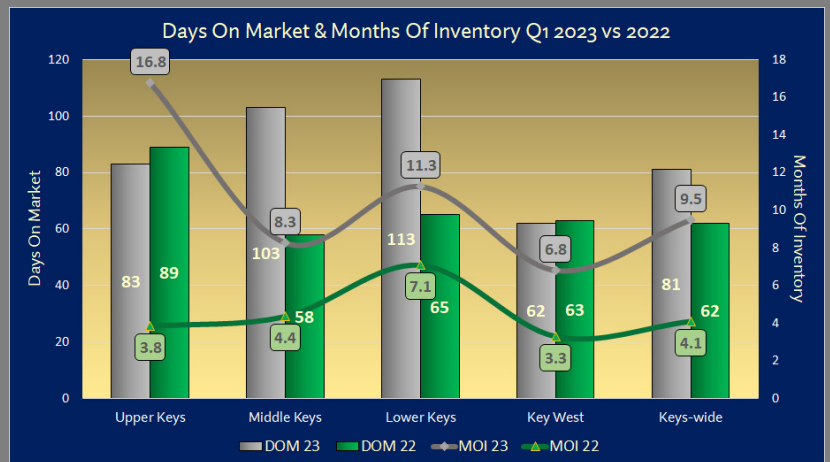
SUBMARKET ANALYSIS

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.

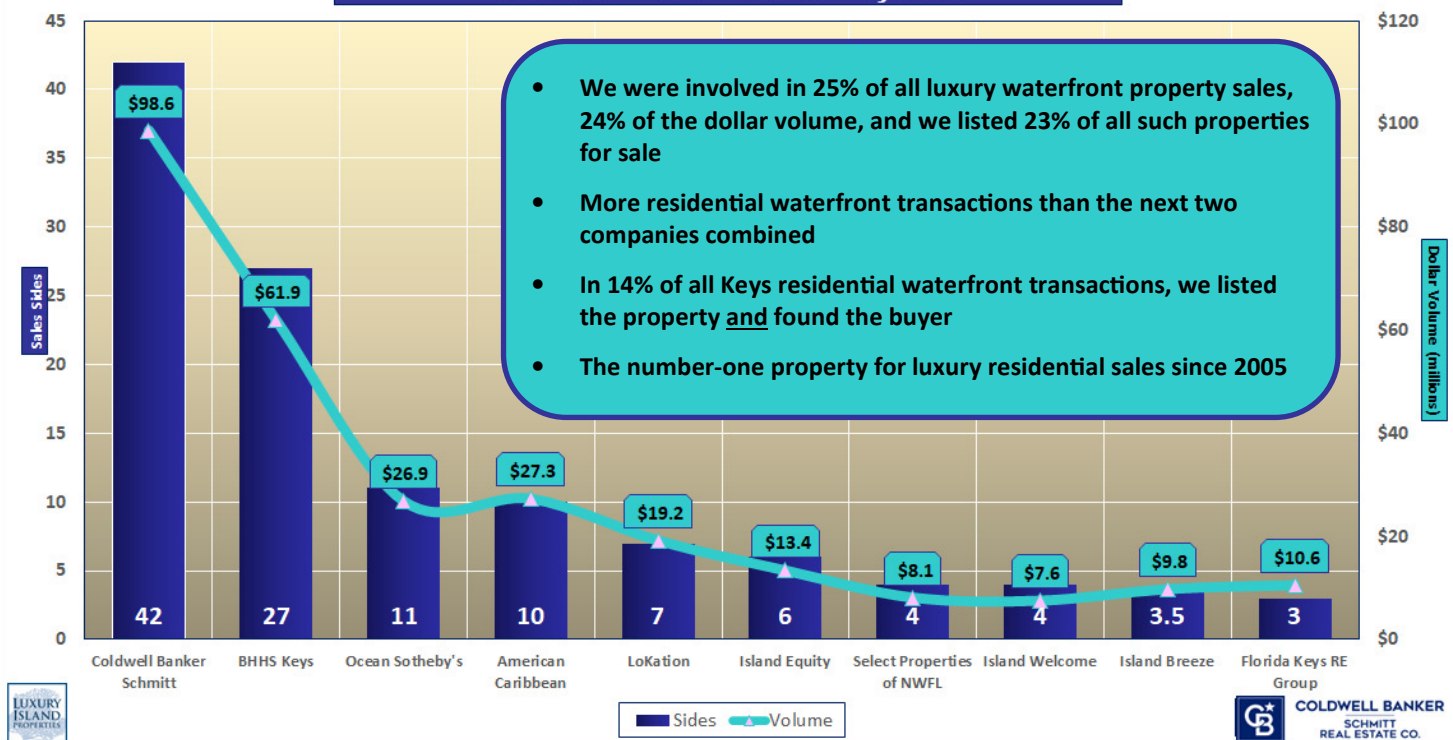
Thanks to the strength of the dollar and a comparatively historically strong economy, the U.S. is a favorable location for international buyers looking to purchase real estate. The value of the U.S. dollar is up over 14% compared to some currencies. More than one-third of respondents from our survey 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.