

Islamorada Free Press
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2009 Upper Keys Housing Market Report

ISLAMORADA, Florida Keys: “The numbers are in; during 2009 we sold more homes than in either 2008 or 2007, but it took a little longer and the average prices dropped from \$637,668 to \$534,786, just under 20%. Also, worthy of note is that the inventory has been declining for 2 years”, reports Islamorada Realtor Jim Larson.

Here are the statistics for the previous 10 years.

YEAR	#SALES	AVERAGE SALE PRICE	DAYS ON MARKET	INVENTORY
2009	383	\$534,786	282	1009
2008	310	637,668	232	1181
2007	364	774,985	247	1245
2006	420	812,175	182	1135
2005	814	740,847	145	805
2004	913	571,557	143	
2003	886	424,750	146	
2002	801	343,702	142	
2001	797	285,592	155	
2000	741	245,433	171	

Here is what some expert sources are saying about 2010:

“Inventory levels have been falling since early 2009, and if the speed of this escalates just slightly, we could see a feeding frenzy by March or April as buyers scramble to get into the market before it is too late,” reports a Realtor from the **Naples – Bonita Springs** area.

A **South Florida** economist notes that “Sales volumes have improved, and even homebuilders are reporting better business on a per-subdivision basis.” While a **Miami** based analyst cites the weak U.S. dollar making vacation properties particularly attractive to European buyers; plus Brazilian investors are expected to show more interest in our market due to the rapid rebound of their nation’s economy.

An **Orlando** area broker speculates high transaction activity during 2010, including plenty of short sales and foreclosures. Their market is a mix of everything from first-time buyers, investors and boomers who feel now is the time to buy a vacation home. **Daytona Beach** predicts a gradual increase in prices.

Tampa Bay area expects an increasing number of transactions in 2010 as prices remain at rock bottom lows.

Resort properties in the **Panhandle** are expected to recover more quickly than primary homes, because the economies in key feeder markets like Atlanta, Birmingham and Jackson, MS are likely to bounce back sooner than much of Florida.

A **Jacksonville** Realtor reports increasing sales activity over the past several months, including the middle – and upper-range price segments. “All of the factors are favorable for homeownership, he says, consumers are getting back in stride, looking for the home of their dreams and going for it.”

A **Sarasota** agent says they are seeing prices beginning to stabilize and even increase in certain price points. She expects their high selling season to start early 2010 with sales growth and returning prosperity.

With regards to unemployment, a current **Morgan Stanley Research Report** notes: “*Goodbye to the Job Recession.*” The great US employment recession is finally ending, as several signs point to positive job growth very soon. That’s critical for our call that growth will be sustainable through 2011, creating a virtuous circle of output, income and spending gains, and collateral comfort for further improvement in credit availability.

And finally, we should examine why people want to buy a second home in the Florida Keys. With our sub-tropical climate we’re an escape destination for snowbirds across the USA, Canada and Europe. For Americans, homeownership runs in our blood. Over the long haul, our real estate investments almost always increase in value and if we choose to rent our second homes while we’re elsewhere, there are still pretty good tax benefits to be had. The Keys have the only climate of its kind within the boundary of the continental United States. Compared to the Caribbean, our economy is more secure as is our government, plus you can drive to the Keys. And as earlier reported the Keys are a strong real estate market, perhaps the strongest in the entire state. That is reflected in our small distress sale rate of only 25% as compared to 65% in the Miami market and even 50% in Atlanta. Our supply is limited; it always has been and always will be. Where other Florida vacation areas can expand geographically, The Keys cannot.

So what will happen with Keys real estate during 2010? Referring to the **TEN YEAR CHART**, the numbers of sales from 2002 to 2005 averaged 854 per year, while the past 4 year average has only been 369; I see sales volume climbing into the 600 level, especially with the current average prices a *quarter of a million dollars less per transaction* than the peak years. And with numbers of sales rising and inventory falling, the next logical event to occur will be the leveling off of the prices. I would not be surprised to see the beginning a gradual price climb during 2010.

The market area covered in this report is from Key Largo through Long Key, single family, condo, townhouse, half duplex and mobile home.

Jim Larson is a lifelong Realtor who is certified by the National Association of Realtors as a *Residential Specialist (CRS)*, by the International Consortium of Real Estate Associations as a *Transnational Referral Certified Agent (TRC)* and holds a *Certificate in Real Estate* from the *University of Michigan*. He has been an Islamorada resident since the 1990s and is affiliated with Keller Williams Realty Premier Properties on Kendall Drive in Miami.

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