

FRISBIE PALM BEACH REAL ESTATE UPDATE

1ST QUARTER 2015 | RESIDENTIAL MARKET ANALYSIS

OVERVIEW

The Palm Beach residential real estate market, as an asset class, continued to perform well in Q1 2015, despite external headwinds such as (i) the oil price collapse, (ii) fears of interest rate increases, (iii) the strengthening American dollar, (iv) California's port dispute, and (v) one of the worst winters in recorded history.

With the U.S. investment/finance community challenged by intolerably high taxes and staggering real estate prices in the New York City area, Palm Beach continues to prove a significant relative value in an increasingly preferable climate. As such, we continue to prognosticate a growing in-migration of affluent Buyers from northern climes.

INVENTORY

Inventory remains tight, with 131 single family residential housing units currently available through the Palm Beach Multiple Listing Service (MLS). Considering 2014's absorption of just over 200 units, current inventory represents just under an 8 month supply. Since replacement efforts are complex and generally take 2-3 years, this continues to place upward pressure on prices.

TRANSACTIONS

Q1 2015's transaction volume of 49 vs. Q1 2014's 54 is likely a result of the lack of quality inventory and the external forces noted above.

VOLUME

Continuing the market's anticipated "above average performance," Q1 2015 dollar volume rose 5% over Q1 2014, reaching a record total of \$326,920,013.

PRICES

Q1's \$6,671,837 average sale price and \$3,900,000 median sale price represent an increase over Q1 2014 of 16.4% and a stunning 68%, respectively, causing asking prices for new/like new construction inland and waterfront to rise towards \$1,500 and \$3,000 per square foot of living space, respectively. While impressive, these prices are a bargain when compared to Manhattan's premium, highest-tier real estate values, and present unique and attractive opportunities for investors and homeowners alike.

Please feel free to contact me to discuss any details further.

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