

FRISBIE PALM BEACH REAL ESTATE UPDATE

3RD QUARTER 2015 | RESIDENTIAL MARKET ANALYSIS

OVERVIEW

Q3 continued Palm Beach real estate's 2015 characteristics of low inventory and attractive appreciation despite "headwinds" of: (i) the end of 6 years of Quantitative Easing in late 2014, (ii) the dramatic collapse of energy prices, (iii) the disquieting contraction in global economic growth, and (iv) wide spread geo-political unrest. While these factors have impeded momentum, they have nonetheless combined to make United States real estate one of 2015's more prudent investment strategies. Per the "Economist": America is "the world's indispensable economy." Another report attributes the relative performance of the U.S. to "TINA" (There Is No Alternative).

INVENTORY

- Inventory continues to be tight. There are currently 130 residential offerings, numerically approximating an 8 month supply, however, at least 50% of this inventory is uninspiring.
- Lack of "good" inventory continues to be the #1 complaint among real estate agents & prospective Buyers.
- In 2014 30% of the residential properties sold were not formally listed in the Multiple Listing Service (aka non-MLS properties). Thus far, in 2015, 41% of the properties sold have been non-MLS. We are constantly calling past clients/friends/acquaintances/professionals to ferret out quality inventory.
- There are a significant number of potential Buyers who are struggling to find their preferred property attributes.
- We'd suggest that there are several interesting opportunities for "educated Buyers" particularly, if they are willing to renovate. An ability to see beyond a property's current condition is extremely beneficial, if securing advantageous pricing is a significant priority.

TRANSACTIONS

At the end of Q3 2015, Year-To-Date (YTD) transactions of 144 reflects a decrease of 18% vs. same period 2014 transactions of 176. This is attributable to the aforementioned headwinds and tight inventory.

VOLUME

YTD 2015 Volume of \$869,367,414 vs. same period 2014 of \$978,461,901, reflects a decrease of 11%.

PRICES

- Tight inventory and sustained demand continues to put upward pressure on valuations.
- Average Price: YTD 2015 of \$6,037,274 vs. same period 2014 of \$5,559,442 reflects an increase of 9%.
- Median Price: YTD 2015 of \$3,585,000 vs. same period 2014 of \$2,960,000 reflects an increase of 21%.
- Side note: Of the 130 properties currently listed in the MLS, 40 have asking prices over \$10M.
- We know of several Buyers who have offered premiums for targeted properties.
- 4 properties sold twice in 2015, highlighting some top performances. The appreciation ranged from:
 1. 6.1% in 6 months
 2. 18.8% in 7 months
 3. 19.3% in 2.5 months
 4. 48.8% in 4 months

OBSERVATIONS

Both the upper echelon of the Baby Boom demographic and the finance industry have targeted Palm Beach for its beautiful weather, quality of life, favorable tax advantages and positive investment trends. Palm Beach's constrained inventory of only 2,500 single family homes juxtaposes favorably with: (i) the 10,000 Baby Boomers, per day, over the next 15+ years, reaching retirement age of 65 and (ii) the American fund managers, per the "Economist", who now run 55% of the world's assets under management; many of whom are adding Palm Beach homes to their "portfolios". Although economic vagaries are unpredictable, these forces are formidable and will likely contribute to momentum over the foreseeable future, enhancing upward pricing pressure on quality Palm Beach residences. It appears we may have entered a global economic environment of low growth and low return. And it is possible Palm Beach may continue to be one of the better performers relative to other alternatives.

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

SUZANNE FRISBIE | 561.373.0941 | suzanne.frisbie@gmail.com

[CLICK HERE TO VIEW SUZANNE'S PROFILE AND PREVIOUSLY ARCHIVED REPORTS.](#)