

OVERVIEW

As prognosticated, economic optimism remains strong with global, national and local markets continuing to improve, despite the growing recognition that Presidential campaign promises may prove unattainable. The economy is on a trajectory of sustained growth, as financial conditions remain supportive and near-term risks to the economic outlook are balanced (Northern Trust Economic Outlook). The ensuing Wealth Effect, combined with historically low interest rates, Baby Boomer demographics and advantageous tax treatments continues to stimulate and enhance Palm Beach real estate valuations.



INVENTORY

At the close of Q2 2017 there were 143 residential offerings in the Multiple Listing Service (MLS), numerically approximating a 12-month supply.



TRANSACTIONS

Q2 2017's transactions, totaling 61, represent an increase of 17% vs. Q2 2016's transactions of 52.



VOLUME

Q2 2017's volume of \$559M vs. Q2 2016's \$331M reflects an increase of 69%. 2017 YTD volume, totaling \$831M, is just 5% behind the entirety of 2016's total dollar volume. Q2 2017 concluded with 23 properties under contract totaling \$212M+. Upon closing, these sales will place 2017 total dollar volume 19% ahead of 2016's total volume. As we are only halfway through the year, there is certainly more to come in the months ahead.



PRICES

Sustained demand for compelling product continues to put upward pressure on valuations.

- Average Price: Q2 2017's average price of \$9.2M vs. Q2 2016's \$6.4M reflects an increase of 44%, influenced by 4 large sales; 3 in the mid/high \$30Ms, and 1 at \$81M. The first half of 2017 witnessed 10 transactions over \$20M, (11% of total transactions), more than were seen in 2016 and 2015, each of which witnessed 7 in total. Of these 10 transactions, 6 were over \$30M, 3 over \$40M, and 2 over \$80M, demonstrating increasing demand for investments in premium, high-caliber residential.
- Median Price: Q2 2017's median price of \$4.2M vs. Q2 2016's \$4.375M reflects a slight decrease of 4%, likely attributable to the increasing number of net (vs. gross) closings.

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OBSERVATIONS

While this economic recovery is one of the longest on record, it is also the slowest (MarketWatch). The emotional and financial imprint left by 2008-2009, as well as the regulations issued in its aftermath, have made this recovery quite sluggish, but also sustainable and free of cyclical excess (Palladium Partners). The economic projections for the foreseeable future point to more of the same. As proven by the above metrics, this is an environment in which highly desirable Palm Beach continues to offer compelling investment opportunities relative to comparable alternatives. Palm Beach is poised to continue its positive performance.

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Above information is derived from the Multiple Listing Service (MLS) in conjunction with the Property Tax Appraiser's website (PAPA), the Courthouse Retrieval System (CRS) & individual transaction Broker confirmation.