

PALM BEACH REAL ESTATE UPDATE Q1 2018 | RESIDENTIAL MARKET ANALYSIS

OVERVIEW

As predicted, the Palm Beach real estate market continued its positive momentum through Q1 2018, marked by impressive escalations in both transaction and dollar volumes. General economic optimism persisted from 2017 into the new year, buoyed in large part by confirmation of a major tax reform package and subsequent increases in public spending, both of which drove faster economic growth. As compared with what can be described as a “historically quiet 2017” in the equities market, 2018 has experienced higher, yet more normalized volatility, a result mainly of concerns related to rising U.S. protectionism and increasing interest rates and inflation. While these moderate bouts of volatility are not expected to negatively impact the economy’s current steadfastness, they can increase the challenges associated with identifying lower-risk investment opportunities. By contrast, Palm Beach’s residential real estate market, insulated by the town’s intrinsic beauty, unparalleled safety and security, advantageous tax structure and robust demand demographic, continues to offer prudent investment opportunities relative to the comparable alternatives.



INVENTORY

At the end of Q1 2018, there were 183 listings in the Multiple Listing Service (MLS) numerically approximating a 12-month supply. This illustrates an 8% decrease in inventory as compared with the end of Q1 2017.



TRANSACTIONS

Q1 2018’s transactions, totaling 47, were up an impressive 62% over Q1 2017.



VOLUME

Q1 2018’s dollar volume, totaling \$328M, represented a 28% increase over Q1 2017, and the highest Q1 dollar volume ever recorded. Q1 2018 also set a record for the highest number of transactions priced at or over \$10M, with 10 in total, demonstrating a 66% increase from the previous record year and a 150% increase over Q1 2017, which totaled only 4 sales over \$10M. The highest trade in Q1 2018, closing at \$41.75M, occurred at the end of March and was quickly followed by two additional sales over \$10M in the first week of April, bringing the YTD total sales at or over \$10M to 12. With 27 properties currently pending, 6 of which have asking prices over \$10M, we can expect this demand for premium, quality product to continue to permeate the market into Q2 and beyond, exerting upward pressure on prices and encouraging overall buyer activity.



PRICES

Average Price: Q1 2018’s average price of \$6.98M represented a 14% increase over Q1 2017. This calculation excludes the rare \$85M outlier trade that took place in January 2017, given its misleading implications.

Median Price: Q1 2018’s median price of \$4.2M reflects an increase of 14% over Q1 2017. Again, this calculation excludes the aforementioned outlier trade in January 2017.

OBSERVATIONS

As illustrated in the above metrics, the Palm Beach residential real estate market continued its positive performance into 2018, and, barring an unforeseen black swan event, is poised for growth in the months ahead. World renowned for its many qualities, not the least of which is its highly credited safety and security, Palm Beach continues to attract a discerning buyer demographic, offering attractive investment and quality of life opportunities, in spite of – or perhaps as a partial result of – wider, macro-level economic uncertainties. As economic projections for the foreseeable future point to more of the same, Palm Beach is well positioned for continued market success.

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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.