

PALM BEACH REAL ESTATE UPDATE  
Q3 2018 | RESIDENTIAL MARKET ANALYSIS

## OVERVIEW

The Palm Beach residential real estate market has performed positively through the first three quarters of 2018, buoyed in part by an impressive 30% increase in +\$20MM sales compared to this same time last year. From a macro level, the unemployment rate has dropped to 3.7%, its lowest level since 1969 (WSJ), and household wealth has surged by 83% to an all-time high of \$100.8 trillion (Forbes). Wage growth is on track to top 3% for the year and GDP growth is expected to be 3.1%, up from the 2.8% projection the Federal Reserve made back in June (CNBC). In light of these economic tailwinds, the Federal Reserve has continued its process of normalizing rates with its third hike this year, although rates still remain below their neutral level (Northern Trust U.S. Economic Outlook). In spite of interest rate fears, stock market volatility, looming tariffs, and the divisive political climate, the aforementioned economic momentum continues to advance the Palm Beach real estate market. With its high barriers to entry and constrained supply pool, the Palm Beach market remains well positioned as our economic cycle matures.



### INVENTORY

At the end of Q3 2018, there were 127 listings in the Multiple Listing Service, numerically approximating 10 months of inventory. This highlights a 7% reduction in supply from Q3 2017.



### TRANSACTIONS

Year to date, transactions in the first three quarters of 2018 were up 12% compared with this same time period last year.



### DOLLAR VOLUME

Q3 2018 generated \$269MM in dollar volume, illustrating an impressive 49% increase over Q3 2017. This delta was due in large part to the 5 transactions in Q3 2018 priced over \$20MM, while Q3 2017 had none. Year over year, 2018 is up 8% on dollar volume as compared with the first three quarters of 2017. 2018 has thus far recorded 13 transactions priced over \$20MM, a 30% increase over this same time frame last year.



### PRICES

Average Price: Q3 2018's average price of \$8.7MM represented a 64% increase over Q3 2017, buoyed by the aforementioned activity in the market's upper end.

Median Price: Q3 2018's median price of \$4.2MM reflected a 1% increase over Q3 2017.



## OBSERVATIONS

While some premium real estate markets in New York, New Jersey and Connecticut are experiencing increasing supply and decreasing activity, due largely to expanded taxation, Palm Beach continues to perform. As evidenced by the above statistics, the Palm Beach market is a beneficiary of domestic tax refugees, constrained supply pools, and high barriers to entry. With the political uncertainties of the midterm elections soon to be behind us, and barring unforeseen events, Palm Beach remains poised 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.*