

OVERVIEW

2020 was an intense and difficult year. On behalf of the entire Frisbie Family, our hearts go out to all who have suffered during this time. We are incredibly grateful to the brave men and women who are working tirelessly to keep us all safe; thank you for your selfless service.

In spite of the unprecedented challenges faced throughout 2020, including the amplified election-related civil unrest experienced in the last quarter, the Palm Beach Residential Real Estate Market outperformed expectations, ending the year with often-staggering, record breaking highs. Remaining a beneficiary of accelerated in-migration from dense urban areas and high-tax states, Palm Beach continues to attract individuals and businesses alike, seeking the safety, security, and overall quality of life that this market so uniquely provides.



INVENTORY

Single-Family Residential:

- At year-end 2020, there were 78 offerings in the Multiple Listing Service (MLS), versus 181 at the end of 2019.
- Based on 2020's established absorption rate, this represents only a 3-month supply, the most limited on record.

Midtown Condo/Co-Op:

- At year-end 2020, there were 105 offerings in the MLS, versus 93 at the end of 2019.
- Based on 2020's established absorption rate, this represents an approximate 5-month supply.

South End Condo/Co-Op:

- At year-end 2020, there were 119 offerings in the MLS, versus the 169 at the end of 2019.
- Based on 2020's established absorption rate, this represents only a 4.5-month supply.



TRANSACTIONS

Single-Family Residential:

- Quarter-over-quarter, Q4 2020 increased a staggering 317% with a record 96 transactions.
- Quarter-over-quarter, Q4 2020 saw a 96% increase in pending transactions, with a record 45 properties under contract - a strong indicator that current momentum will carry well into 2021 for single-family offerings.

- Year-over-year, 2020's Total Transactions witnessed a stunning 122% increase with a record 289 sales.

Midtown Condo/Co-Op:

- Quarter-over-quarter, Q4 2020 saw an impressive 115% increase with a record 58 transactions.
- Quarter-over-quarter, Q4 2020 saw a stunning 144% increase in pending transactions, with a record 22 offerings under contract. This metric suggests current momentum will continue well into 2021 for midtown condo/co-op offerings.
- Year-over-year, 2020's Total Transactions increased by 16% with a record 193 sales.

South End Condo/Co-Op:

- Quarter-over-quarter, Q4 2020 saw a 4% bump with a record 74 transactions.
- Quarter-over-quarter, Q4 2020 saw a 92% increase in pending transactions, with a record 23 offerings under contract. This metric suggests current momentum will continue well into 2021 for south end condo/co-op offerings.
- Year-over-year, 2020's Total Transactions increased by 9% with 317 sales.



DOLLAR VOLUME

Single-Family Residential:

- Quarter-over-quarter, Q4 2020 witnessed an impressive 173% increase with a record \$712MM in Dollar Volume.
- Quarter-over-quarter, Q4 2020's Pending Dollar Volume witnessed a stunning 96% increase, ending the year with a record \$629MM in pending sales.
- Quarter-over-quarter, Q4 2020 saw 14 trades priced over \$10MM, as compared with only 4 in Q4 2019. Of these 14 trades, 7 were over \$20MM, 3 were over \$30MM, and 1 was over \$50MM.
- Year-over-year, 2020 experienced an incredible 96% increase in Total Dollar Volume with a record-shattering \$2.4B in sales volume.
- Year-end 2020 had 59 properties trade above \$10MM, with the highest transaction valued at approximately \$80MM.

Midtown Condo/Co-Op:

- Quarter-over-quarter, Q4 2020 increased an impressive 172%, generating a record \$107MM in Dollar Volume.
- Q4 2020 ended with a record \$54MM in Pending Dollar Volume.

- Q4 2020 saw 3 transactions over \$10MM, the most on record, with the highest valued at \$14MM.
- Year-over-year, 2020's Total Dollar Volume rose 38%, reaching a record \$320MM in sales.
- Year-end 2020 enjoyed a record 4 transactions over \$10MM.

South End Condo/Co-Op:

- Quarter-over-quarter, Q4 2020 saw a 7% increase, generating a record \$52MM in Dollar Volume.
- Year-over-year, 2020's Total Dollar Volume rose 6%, amassing \$195MM in sales. The South End Condo/Co-op market is known to have a large percentage of trades happen off-market. As these off-market transactions continue to populate in the Courthouse Retrieval System (CRS), we expect these numbers to increase.



PRICES

Single-Family Residential:

- Quarter-over-quarter, median price increased an impressive 40%, reaching \$5.33MM, the second highest on record.
- Year-over-year, 2020's median price for single family homes jumped 18% to a record \$5.48MM.

Midtown Condo/Co-Op:

- Quarter-over-quarter, median price saw a 17% increase, reaching a record \$963K.
- Year-over-year, 2020's median price enjoyed a 6% gain, reaching a record \$975K.

South End Condo/Co-Op:

- Quarter-over-quarter, median price increased 15%, reaching a record \$461K.
- Year-over-year, 2020's median price increased 1%, reaching a record \$400K.

OBSERVATIONS

The ominous nature of the pandemic precipitated a surge in “quality of life” prioritization, prompting many to trade long commutes, inner-city apartments, or populated offices for beach walks, back yards, and zoom calls. This trend is expected to continue for the foreseeable future as many have found success in operating remotely. In addition to individuals and families, major companies are also benefiting from newfound efficiencies and have begun their own southern migration. Since our last report, Goldman Sachs is the most recent heavy hitter to consider the move, one which would add them to a list of



financial giants including Citadel, Blackstone, and Elliot Management, all of whom have opened offices or moved headquarters to South Florida in the past year. Such behavior led Bloomberg to label Palm Beach the new “Hamptons South”, as many seek a lifestyle where, as one New Yorker put it, “it’s pretty and the streets are clean,” (Bloomberg). The deep uncertainty experienced over the last year continues to emphasize what matters most: family, health, and safety. Prioritization of these core values are intrinsic to Palm Beach’s allure, long renowned for its exceptional beauty and security. As cities and suburbs look to the future, growing desires for safety and walkability set Palm Beach in a league of its own with a quality of life seldom found elsewhere.

From a macro view, it is expected that global recovery will continue, and global equities will make new highs in 2021 as vaccines continue to roll-out. Goldman Sachs released a revised GDP estimate, projecting a 5.3% increase compared to a 2020 drop of about 3.5%. Unemployment is expected to decline under a Biden administration and inflation will likely find modest growth to pre-pandemic levels. Monetary and fiscal policy should remain supportive as the Federal Reserve expressed its position to continue using all available tools to bolster the economy on an “as-needed” basis. When combining these broader macro political and economic trends with increased prioritization of core values, the metrics suggest that the Palm Beach Residential Market will continue on an upward trajectory, remaining a premium safe haven choice in 2021.

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2020 WSJ, REAL Trends Ranking, by Individual Sales Volume, #1 in Palm Beach, #1 in FL & #15 in U.S.

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Above information pertains to the 33480 zip code and is derived from the Palm Beach Multiple Listing Service, The Beaches Multiple Listing Service (collectively referred to as the 'MLS') in conjunction with the Property Tax Appraiser's website (PAPA), the Courthouse Retrieval System (CRS) & individual transaction Broker testimonial.