



PALM BEACH REAL ESTATE Q1 2021 | RESIDENTIAL MARKET REPORT SINGLE FAMILY & CONDOMINIUM/CO-OP

OVERVIEW

A new “normal” has arrived; the shift to remote working has encouraged a prioritization of quality-of-life fundamentals. Accordingly, the lifestyle afforded by Florida’s inviting climate continues to attract residential buyers leaving the northeast, northwest, and west coast. In addition to individuals rethinking their daily routines, major corporations have begun a similar shift, primarily for economic reasons, with Palm Beach and West Palm Beach witnessing an influx of prominent financial institutions including Goldman Sachs, NewDay USA, Citadel, Elliot Management Corp., and Point72 Asset Management, further fueling South Florida’s absorption rates.

According to Fed Chair Jerome Powell, we’re going into a period of faster growth and high job creation. Fed officials are now projecting the economy will grow 6.5% this year, which would be the fastest economic expansion since 1984 (Financial Times). Although inflation rates are expected to rise in 2021, the Fed says this bump is transient as rates will fall in 2022 and 2023. Fed officials also added that the U.S. economy was recovering faster than expected due to powerful fiscal help and accelerated vaccine distribution (CNBC). This trend is expected to continue as nearly one-third of Americans have received at least one dose (CDC).

This time last year, the Palm Beach Real Estate Market’s first quarter dollar volume was the highest ever recorded. Meanwhile, this year Palm Beach’s Residential Q1 dollar volume has surpassed the past four Q1’s combined with a record shattering \$1.12B. With an astonishing \$1+B in pending transactions, we prognosticate inventory will remain low throughout the year while demand will continue to increase.



INVENTORY

Single-Family Residential:

- At the end of Q1 2021, there were only 37 offerings in the Multiple Listing Service (MLS), versus 149 this time last year.
- Based on Q1 2021’s established absorption rate, this represents approximately a 1.4-month supply, the most limited Q1 supply on record.

Midtown Condo/Co-Op:

- At the end of Q1 2021, there were only 37 offerings in the MLS, versus 125 this time last year.
- Based on 2021’s established absorption rate, this represents approximately a 1.4-month supply, the same as the Single-Family Residential market, and the most limited on record.

South End Condo/Co-Op:

- At the end of Q1 2021, there were 58 offerings in the MLS, versus the 153 at the end of Q1 2020.
- Based on 2021's established absorption rate, this represents only a 2.1-month supply.



TRANSACTIONS

Single-Family Residential:

- Quarter-over-quarter, Q1 2021 witnessed a 54% increase in transaction volume with a record 80 transactions.
- Pending transactions also set a record for the quarter, which ended with 70 properties under contract. This illustrates a staggering 192% increase over Q1 2020, and presents a strong indicator that current momentum will continue in Q2 and beyond.

Midtown Condo/Co-Op:

- Quarter-over-quarter, Q1 2021 saw a 64% surge in transaction volume with a record 82 transactions.
- Again, pending transactions also set a record with 37 offerings under contract at the end of Q1, representing a 76% increase quarter-over-quarter. We can similarly expect momentum in the Midtown condo/co-op market to continue well into 2021.

South End Condo/Co-Op:

- Quarter-over-quarter, Q1 2021 saw a 35% increase with 81 transactions.
- Pending transactions again set a record with a 450% increase over Q1 2020, based on 77 offerings under contract. This metric suggests current momentum will continue well into 2021 for South End condo/co-op offerings.
- 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 and, due to the unprecedented sales volume, the CRS has been experiencing longer than usual delays.



DOLLAR VOLUME

Single-Family Residential:

- Quarter-over-quarter, Q1 2021 witnessed an impressive 160% increase with a record-shattering \$1.12B in Dollar Volume. The previous record for Q1 dollar volume was \$430MM, recorded in Q1 2020.

- Q1 2021's Pending Dollar Volume increased 139% over Q1 2020, reaching \$1.04B, another record for Q1 pending sales.
- This first quarter also witnessed a profound 24 trades priced over \$10MM, twice as many as Q1 2020. Of these 24 trades, 5 were between \$20MM-\$30MM, 2 were between \$30MM-\$40MM, 4 were between \$40MM-\$50MM, 2 were between \$50MM-\$60MM, 1 was \$73MM, and 1 was \$133MM, marking a new record high for Palm Beach County.

Midtown Condo/Co-Op:

- Quarter-over-quarter, Q1 2021 surged 102%, generating approximately \$137MM in Dollar Volume, a record high.
- Q1 2021 ended with a record \$89.9MM in Pending Dollar Volume.

South End Condo/Co-Op:

- Quarter-over-quarter, Q1 2021 saw a 99% increase, generating a record \$94.2MM in Dollar Volume.
- Similarly, Q1 2021 ended with a record \$74.6MM in Pending Dollar Volume.



PRICES

Single-Family Residential:

- Median price increased an impressive 44% quarter-over-quarter, reaching \$6.9MM, the highest on record.
- Even more impressive, average price jumped 69% quarter-over-quarter, reaching a record \$14MM.

Midtown Condo/Co-Op:

- Quarter-over-quarter, median price saw a 30% increase, reaching a record \$1.1MM.
- Similarly, average price jumped 23% quarter-over-quarter, reaching a record \$1.67MM.

South End Condo/Co-Op:

- Quarter-over-quarter, median price increased 59%, reaching a record \$840K.
- Similarly, average price increased 48% quarter-over-quarter, passing the million-dollar mark for the first time with a record \$1.16MM average sale price.



OBSERVATIONS

The strong recovery of the economy during the pandemic is only a precursor to the anticipated economic growth that some are calling the post-Covid “Roaring 20s”. The Fed remains committed to bolstering the economy as needed and vaccines are expected to reach all age groups by the end of May.

As financial titans continue to pour into Palm Beach and West Palm Beach, occupying thousands of square feet in commercial space, and bringing thousands of employees with them, we can expect another massive surge in residential demand. When combining this unprecedented demand with record breaking low-level inventory, economic principles dictate that an increase in pricing is inevitable.

When considered in tandem with these broader macro factors, the inherent beauty, safety and security of Palm Beach will continue to attract discerning buyers and investors alike, instilling confidence that the current Palm Beach Residential Market’s momentum will endure well into 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.