



## PALM BEACH REAL ESTATE Q2 2021 | RESIDENTIAL MARKET REPORT SINGLE FAMILY & CONDOMINIUM/CO-OP

### OVERVIEW

The last 3 months have witnessed continued improvement in the global outlook. The vaccine rollout, combined with further policy support and the easing of restrictions, has led to a powerful recovery in the United States. The S&P 500 is expected to report its highest earnings growth in more than 10 years (FactSet), and job gains, although slower than hoped, picked up significantly in June with an encouraging 850,000 new jobs, (WSJ). While initial evidence is inconclusive as to whether expanded unemployment insurance is hindering a broader return to work, it's possible the expiration of benefits nationwide in the first week of September will help reduce unemployment to pre-pandemic levels. The tremendous surge in economic activity is not without concerns, particularly over inflation and a potential resurgent wave of infections. However, when viewed in context with the phenomenal rate of recovery, it is expected that near term complications will prove transitory as the expansion transitions to more gradual growth, (Northern Trust).

Amid the amplified economic rebound in the second quarter and the reopening of summer destinations in the Northeast, the Palm Beach real estate market displayed sustained demand, highlighting the structural tailwinds focused on quality of life, pro-business environments, and attractive real estate investments that continue to propel South Florida, and in particular Palm Beach County. The state of Florida saw 14,000 new license plate registrations from New York alone, 42% of which were in Palm Beach County, more than Miami-Dade or Broward counties, according to data compiled by the Business Development Board of Palm Beach County, (Palm Beach Post). Palm Beach County also recorded the largest new net income gain across all counties in the country, taking in an additional \$3.4B during 2020, with 41% of relocations to the county coming from New York, (NMRK).

In summary, Palm Beach's second quarter fundamentals were historically exceptional. The latest town estimates show the town's total market value has reached a record high of approximately \$28B, up 13% from the \$24B estimate issued this time last year, (PB Daily News). Highlighting this continued rise were records in quarterly sales volume and median and average prices, with single-family sales volume topping \$1.47B and single-family median prices eclipsing \$8MM, marking the highest median price in the country, (PropertyShark). As we continue to settle into a "new normal," Palm Beach remains poised for sustained growth for the foreseeable future.



### INVENTORY

#### *Single-Family Residential:*

- At the end of Q2 2021, there were only 33 offerings in the Multiple Listing Service (MLS), versus 154 this time last year.
- Based on Q2 2021's established absorption rate, this represents a 1-month supply, the most limited Q2 supply on record.

*Midtown Condo/Co-Op:*

- At the end of Q2 2021, there were only 23 offerings in the MLS, versus 90 this time last year.
- Based on 2021's established absorption rate, this represents approximately a 1-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 53 offerings in the MLS, versus the 150 at the end of Q2 2020.
- Based on 2021's established absorption rate, this represents approximately a 1.1-month supply, further demonstrating the Palm Beach real estate market's limited supply across all price categories.



## TRANSACTIONS

*Single-Family Residential:*

- Quarter-over-quarter, Q2 2021 witnessed a record 85% increase in transaction volume with 111 closed sales — the highest Q2 volume on record.
- Q2 2021 ended with 28 properties under contract, the second highest number of Q2 pending sales in over a decade, and even more impressive considering the extremely constrained inventory.
- The first half of 2021 saw a total transactional count of 205, equating to an 83% increase over the 112 transactions closed during the first half of 2020.

*Midtown Condo/Co-Op:*

- Quarter-over-quarter, Q2 2021 saw a 133% surge in transaction volume with a record-breaking 93 sales.
- Pending transactions were also strong with a record 52 offerings under contract at the end of Q2, a strong indicator that momentum will continue through the summer months and into next season.

*South End Condo/Co-Op:*

- Quarter-over-quarter, Q2 2021 saw a staggering 309% increase with 143 transactions.
- Pending transactions set another record for the quarter with 35 properties under contract, indicating this momentum will continue through the summer months and beyond.



## DOLLAR VOLUME

### *Single-Family Residential:*

- Quarter-over-quarter, Q2 2021 more than doubled its 2020 counterpart, reaching new heights with a record \$1.47B in dollar volume. The previous record for Q2 dollar volume was \$702MM, recorded last year.
- Q2 2021 ended with over \$470MM in pending dollar volume. Of the 28 properties under contract, 15 were valued over \$10MM, 7% more than this time last year.
- Furthermore, Q2 2021 witnessed 46 closings over \$10MM, more than doubling this metric from Q2 2020 and illustrating the highest number of sales over \$10MM on record. Of these 46 trades, 27 were priced between \$10MM-\$20MM, 10 were between \$20MM-\$30MM, 4 were between \$30MM-\$40MM, 3 were between \$40MM-\$50MM, and 2 were over \$100MM, with the highest valued just under \$110M.
- The first half of 2021 amassed a staggering \$2.64B in dollar volume, the highest recorded dollar volume for both mid-year *and* year-end, already surpassing total year-end 2020 volume by 8%.

### *Midtown Condo/Co-Op:*

- Quarter-over-quarter, Q2 2021 surged 140%, generating approximately \$176MM in dollar volume, a record high across all quarters.
- Q2 2021 ended with a record \$92.6MM in pending dollar volume.

### *South End Condo/Co-Op:*

- Quarter-over-quarter, Q2 2021 was up 382%, having generated a record \$158MM in dollar volume, the highest quarterly dollar volume recorded in the South End.
- Q2 2021 ended with \$30MM in pending dollar volume.



## PRICES

### *Single-Family Residential:*

- Median price increased 22% quarter-over-quarter, reaching \$8.25MM, the highest on record for Q2.
- Average price saw a 13% gain quarter-over-quarter, reaching a record \$13.22MM.

### *Midtown Condo/Co-Op:*

- Quarter-over-quarter, median price saw a 25% increase, reaching a record \$1.39MM.
- Average price also saw a new Q2 record of \$1.89MM.



### *South End Condo/Co-Op:*

- Quarter-over-quarter, median price increased 11%, reaching a record \$830K.
- Similarly, average price increased 18% quarter-over-quarter, passing the million-dollar mark for the first time in the Q2 metrics with a record \$1.1MM in average sale price. This also marks the first consecutive quarters with \$1MM+ in average sales prices.

## OBSERVATIONS

As illustrated in the above statistics, the Palm Beach real estate market has remained the beneficiary of current global, political, and economic forces, as well as its own inherent, distinguishing qualities. Amidst the continued vaccine rollout and subsequent, albeit partial, return to normalcy for many, there remains a shifted — and likely permanent — prioritization of quality-of-life fundamentals, further buoying the demand for the beauty, safety, and security intrinsic to Palm Beach and its surrounding areas. The recent rise of the Delta variant may propel this demand further, as it's likely to stymie more immediate returns to normalcy in dense locations. Palm Beach's record-breaking metrics displayed thus far, resulting from limited supply and surging demand, reflect this wider context of Palm Beach/West Palm Beach rising as a top destination for both individuals and businesses, and we expect this momentum to continue for the foreseeable future.

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2021 WSJ, REAL Trends Ranking, by Individual Sales Volume, #3 in Palm Beach, #5 in FL & #11 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.*