



FRISBIE

PALM BEACH REAL ESTATE Q2 2024 RESIDENTIAL MARKET REPORT SINGLE FAMILY & CONDOMINIUM/CO-OP

OVERVIEW

In a nation founded on the principles of democracy and discourse, it is disheartening to witness the abhorrent political violence of the past weekend, which underscores the polarization and divisiveness of our nation's current political landscape. Following a highly contentious primary season, pressures may escalate further in the months ahead, prompting added uncertainty and market volatility, though historically speaking, elections rarely drive market outcomes over the longer term.

With U.S. inflation having cooled considerably in June, expectations for future Fed rate cuts are mounting. Signs of a weakening labor market, including rising unemployment and sluggish wage growth, pose risks to overall economic growth, while also diminishing a major source of inflation. Despite the recent ease in inflation, consumer spending is down among non-essential / discretionary items, as years of cumulative price increases have taken their toll. Positively, however, equity markets are reaching new highs due to significant earnings growth in American companies.

Locally, the Palm Beach residential real estate market appears resilient. Limited inventory continues to put pressure on the number of transactions, while today's pricing and ultra high-end trades more than compensate for lost sales. Q2 2024 witnessed some of the highest priced transactions in the history of Palm Beach, many of which occurred off-market, again signaling inventory constraints. Palm Beach's midtown condo / co-op market, however, appears increasingly challenged by requisite engineering surveys, costly assessments, and mounting competition from newer buildings in West Palm Beach.



INVENTORY

Single-Family Residential:

- At the end of Q2 2024, there were 85 active offerings in the Multiple Listing Service (MLS). Based on Q2 2024's absorption rate, this represents an approximate 7-month supply.
- Inventory continues to steadily increase, but remains low relative to pre-pandemic levels, down 90% compared to Q2 2019.

Midtown Condo/Co-Op:

- At the end of Q2 2024, there were 77 offerings in the MLS. Based on Q2 2024's absorption rate, this represents an approximate 11-month supply.
- While still below pre-pandemic levels, inventory in this sector has increased more notably than others, up 67% compared with Q2 2023.

South End Condo/Co-Op:

- At the end of Q2 2024, there were 93 offerings in the MLS. Based on Q2 2024's absorption rate, this represents an approximate 6-month supply.
- While also steadily increasing, supply among South End condos / co-ops remains down roughly 40% over pre-pandemic 2019 levels.



TRANSACTIONS

Single-Family Residential:

- With a total of 34 transactions, Q2 2024 is off 6% from Q2 2023, witnessing only 2 fewer transactions.
- The quarter ended with 9 MLS properties pending, up slightly over Q2 2023, and totaling \$174M in asking dollar volume.
- 24% of all Q2 trades occurred off-market, including 3 of the 4 highest priced transactions of the quarter, which alone amounted to a combined dollar volume of \$300.5M.
- Numerous ultra high-priced trades, several of which approached or greatly exceeded \$100M, buoyed dollar volume well above pre-pandemic levels.

Midtown Condo/Co-Op:

- Q2 2024 transactions, totaling 21, are down 16% compared with Q2 2023.
- Activity in midtown appears hindered by inventory constraints and assessments for repairs and maintenance among much of the older building product on the island, a majority of which was built in the 1970's and 80's.
- Further, mounting competition posed by new, luxury, and highly amenitized buildings "just over the bridge" in West Palm Beach is luring potential buyers away. Just 5 years ago, the Bristol debuted as the City's first new luxury residential tower in a decade. Today, there are 24 residential development projects either planned or under construction across West Palm Beach, amounting to nearly 7,000 new units, and ranging from small townhouses to ultra-luxury towers with premium penthouses.
- A number of these high-end buildings are clustered along or around Flagler Drive, with proximity and easy access to Palm Beach Island, as well as stunning water views, including highly anticipated projects like South Flagler House, The Ritz Carlton Residences, Mr. C Hotel & Residences, Shorecrest, Olara, Alba Palm Beach, and several others in the works.

South End Condo/Co-Op:

- Q2 2024 transactions, totaling 46, are down 21% compared with Q2 2023.
- The south end condo/co-op market is subject to similar constraints as those seen in the midtown market, and also tends to have a large percentage of trades occur off-market. Numbers may increase as off-market transactions populate in the Courthouse Retrieval System (CRS).



DOLLAR VOLUME

Single-Family Residential:

- Q2 2024 dollar volume, totaling \$986M, is up 11% from Q2 2023, and is the third highest Q2 dollar volume on record, behind the 2 record-breaking outliers of 2021 and 2022.
- Boosting this impressive total dollar volume was the record-breaking sale of Palm Beach's only private island at 10 Tarpon Isle, which sold in May for \$152M. At closing, it was the most expensive residential sale in the U.S. YTD, surpassed only recently by the \$210M sale of an oceanfront home in Malibu, California.

- Also trading in May of this year was the second highest sale YTD, an off-market oceanfront estate at 455 N County Road that sold for \$148M. Never before has Palm Beach witnessed 2 trades in one month with a combined dollar volume of nearly \$300M.

Midtown Condo/Co-Op:

- Q2 2024 dollar volume, totaling \$64M, is down 47% from Q2 2023.
- As noted, this is linked to limits on inventory, anticipated costs and assessments, and increasing buyer interest in newer buildings in West Palm Beach.

South End Condo/Co-Op:

- Totalling \$82M, Q2 2024 dollar volume is down 20% compared to Q2 2023.
- Compared to pre-pandemic 2019, however, this figure is up 20%.



PRICES

Single-Family Residential:

- The Q2 2024 median price of \$12.375M is up 8% compared with Q2 2023 and represents the second highest Q2 median on record.
- Q2 2024 produced an impressive average price of \$29M, up 17% from Q2 2023, and the highest average price of any quarter in the Palm Beach residential real estate market. This figure was made possible by the two aforementioned high dollar sales in May that traded for \$148M and \$152M, the latter of which remains the highest priced 2024 sale in the state of Florida to date.
- Nearly 60% of all Q2 transactions were priced over \$10M, and 18% were priced at or over \$50M.
- Towards the end of Q2, a north-end direct oceanfront estate hit the market with an asking price of \$96M, another example of one of the most expensive single-family homes ever marketed for sale in the MLS.

Midtown Condo/Co-Op:

- Q2 2024's median price, totaling \$3M, is down 9% over Q2 2023's record setter \$3.3M, but is the second highest Q2 median on record. Compared to pre-pandemic Q2 2019, this metric is up over 180%.
- Q2's average price of \$3.1M is down 37% compared with Q2 2023, another outlier, but is also well above pre-pandemic levels.
- While prices remain elevated in this Midtown market, they are tapering slightly as sellers adjust to more competitive pricing in an effort to attract buyers.

South End Condo/Co-Op:

- Q2 2024's median price of \$1.2M is matched with Q2 2023, which last year was the highest on record.
- Average price, totaling \$1.8M, is up 1% compared with Q2 2023, second only to Q2 2022's outlier \$1.95M.

OBSERVATIONS

The Palm Beach residential real estate market continued its overall positive performance throughout the second quarter of this year. While transaction volume is down, price increases and a string of ultra high-end sales led to a combined dollar volume of \$1.32B for the first half of 2024 – more than the year-end dollar volume of pre-pandemic 2019, and with half as many sales. Even as supply increases, much remains limited or generally uninspired; when quality, “turn-key” opportunities arise, buyers are willing to pay substantial premiums to secure them. According to new data from the Palm Beach County Property Appraiser, total market values in town reached \$54.68B, up over 10% from last year and nearly double what was recorded for pre-pandemic 2019. The resulting \$5.24B of added taxable value generates funds for critical initiatives throughout Palm Beach, further boosting its inherent demand and desirability. Similarly, prices throughout all of Palm Beach County are on the rise, where market value reached a record-breaking \$514.1B in 2024, also up 10% over last year. An exception seems to be among aging condominium buildings facing costly safety inspection laws and assessments, where values have plateaued or tapered as a result.

West Palm Beach’s office market also remains resilient, attracting and securing major financial firms to new and proposed Class A office buildings throughout the central business district, now referred to as Wall Street South, where rental prices are up more than 4% year over year. This, in turn, naturally contributes to both population growth and residential demand for premium housing.

For the second year in a row, Florida’s economy ranked #1 in the nation, according to CNBC’s “Top States for Business.” Florida also led the nation last year for domestic tourism, attracting nearly 140 million visitors worldwide.

Amidst macro-level economic uncertainty, especially heightened in an election year, stable growth in the local Palm Beach real estate market can be expected to continue in the months ahead. As a “high barrier to entry” market with a finite supply, Palm Beach’s fundamentals of beauty, safety and security will continue to support demand.

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2024 WSJ, REAL Trends Ranking, by Individual Sales Volume, #3 in Palm Beach, #6 in FL & #26 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.