



PALM BEACH REAL ESTATE
Q1 2020 | RESIDENTIAL MARKET REPORT
SINGLE FAMILY & CONDOMINIUM/CO-OP

OVERVIEW

The world is under quarantine by the hand of an invisible foe. From all of us at Frisbie Palm Beach, we want to take a moment to express our deepest empathy for the countless lives that have been affected during these trying times, as well as share our heartfelt gratitude for the brave men and women on the front lines. To our Medical community, First Responders, and Public Service Leaders, we are so incredibly thankful for your tireless and often heroic efforts.

Since the Frisbie family began writing this report almost ten years ago, we have painstakingly strived to present our readers with the most accurate data and even-handed prognostications for the Palm Beach Real Estate Market. To that end, we always felt it prudent to acknowledge worst case scenarios and their potential impact, making a point to note the possible influences of unforeseen circumstances and/or a Black Swan event. The covid-19 pandemic is the Black Swan we hoped the world would not meet. While this coronavirus has inflicted devastating effects across the world, any “economic outlook hinges critically on bending the contagion curve,” which many believe will be achieved in the second quarter, (*Northern Trust, April 2020 U.S. Economic Outlook*). At present, however, covid-19’s global spread has not only ended the longest-running bull market in American history but has also sent the world into a tailspin with over 50% of global GDP in lockdown, (*Economist, April 11th, 2020*). Despite the influence of covid-19, the Palm Beach Real Estate Market’s first quarter surpassed every first quarter record since we began our data collection in 1998. While the migration from high tax states continued throughout Q1 2020, this in-flow of “tax refugees” grew to also include residents from dense urban areas who, when compelled to homeschool and work remotely, chose the safety, security, and tranquility of Palm Beach. As the world recovers from this pandemic and businesses see the benefits of working remotely, we anticipate this “migration” momentum will grow.



INVENTORY

At the end of Q1 2020, there were 149 single family offerings in the Multiple Listing Service (MLS), numerically approximating a 10-month supply, whether including or excluding the 8 properties that were withdrawn in the month of March. This represents significant absorption over 2019’s year-end supply of 12-months.

In the Midtown condo/co-op market, there were 125 offerings, numerically approximating a 9- or 10-month supply whether including or excluding the 13 properties that were withdrawn in the month of March. This represents almost no change in supply levels from 2019’s year end.

In the South End condo/co-op market, there were 153 offerings, numerically approximating a 6- or 7-month supply whether including or excluding the 26 properties that were withdrawn in the month of March. This represents minor absorption over 2019’s year-end supply of approximately 7-months.



TRANSACTIONS

Q1 2020’s single family transactions, totaling 48, represent a 66% increase from the 29 transactions of Q1 2019. Additionally, Q1 2020 ended with 24 properties under contract, indicating a 20% increase in pending transactions when compared to Q1 2019.



Q1 2020's condo/co-op transactions, totaling 44 in the Midtown market and 94 in the South End market, experienced a 15% decrease and 32% increase, respectively, from Q1 2019.



DOLLAR VOLUME

Q1 2020's single family market generated approximately \$416MM in dollar volume, representing not only an impressive 168% increase over Q1 2019, but also the largest first quarter on record. Furthermore, Q1 2020's pending transactions total more than \$435MM, a 132% increase over Q1 2019 and the largest pending dollar volume recorded. While Q1 2019 saw 2 trades over \$10MM, Q1 2020 witnessed 12: 7 of which were between \$10MM-\$20MM, 3 between \$20MM-30MM, and 2 between \$30MM-\$40MM, with the highest priced at \$40MM. Pending transactions also recorded an increase in the upper-end with 11 pending trades priced over \$10MM, 5 of these were between \$10MM-\$20MM, 1 between \$20MM-\$30MM, another between \$30MM-\$40MM, 4 over \$40MM, and the highest priced at \$85MM.

Q1 2020's Midtown condo/co-op market recorded a dollar volume of approximately \$54.6MM, representing a 27% decrease from Q1 2019. While this is largely attributed to the transactional decline mentioned in the prior section, it is worth noting the new contemporary Bristol tower in West Palm Beach saw 4 additional closings at the beginning of this year totaling \$34.2MM. If these were included in the Midtown numbers, there would have been a 19% jump in the Q1 metrics. The highest Q1 2020 Midtown sale at \$9.14MM occurred at the Leverett House, while the highest sale of last year was only \$7.4MM.

Q1 2020's South End condo/co-op market generated approximately \$48.49MM in total dollar volume, a 34% jump from Q1 2019 and the second highest dollar volume on record for the South-End.



PRICES

Average Price: Q1 2020's average single-family price of \$8.67MM represents a 62% increase from Q1 2019 and is the highest Q1 average price on record. Furthermore, the average price of pending transactions is also record-setting at \$17.4MM. Averages can be buoyed by high end sales, though given the large number of high dollar transactions it is our sense this demonstrates confidence in the Palm Beach Real Estate Market. Over the last 12 months (Q2 2019 - Q1 2020) Palm Beach saw 37 sales over \$10MM, of which 11 were over \$30MM with the 3 highest priced at \$99MM, \$110MM, and \$111MM. The same time period from the year prior (Q2 2018 - Q1 2019) recorded significantly fewer, it saw 22 sales over \$10MM, of which only 5 were over \$30MM with the highest priced at \$43MM. Before covid-19 swept the international landscape, the U.S. economy grew from 2019 to 2020 amid fears around not only the record-breaking equity markets, but also geopolitical policies as well as the looming Presidential election. Thus, it is especially encouraging that despite those animal spirit headwinds, the Palm Beach Real Estate Market's high-end showed continued performance.

Q1 2020's Midtown condo/co-op market witnessed a record breaking \$2.02MM in average sale price, a 41% jump from Q1 2019.

Q1 2020's South End market recorded an average price of \$516K, up 1% from Q1 2019.



Median Price: Q1 2020's median single-family price of \$5.6MM represents another all-time high, outpacing 2019's Q1 by 35%, 2018's Q1 by 35%, 2017's Q1 by 62%, and 2016's Q1 by 33%.

Q1 2020's Midtown condo/co-op market's median price of \$875K was up 2% from Q1 2019.

Q1 2020's South End market continued the upward trend with a median price of \$301K, representing a 16% increase from Q1 2019.

OBSERVATIONS

While the pain is very much in the forefront, and a global pandemic is nothing to take lightly, it is not the end of the world. Winston Churchill said it memorably with his iconic WWII phrase, "Keep Calm and Carry On." This will pass and, when it does, the U.S. economy, as well as the global community, will emerge with a different worldview. Despite mild fears around geopolitical policy, the longest running bull market, and a looming election, prevailing sentiments at the start of 2020 favored moderate economic growth. It is reasonable to assume markets would have continued to grow if not for this global pandemic. This additional level of uncertainty will continue to influence animal spirits in the weeks and months ahead, but through it all, Palm Beach remains a tropical oasis in a challenged world.

The wave of in-migration witnessed before covid-19, from both high tax states and an aging Boomer population, has now grown to include urbanites, young and old, favoring Palm Beach's sunny shores as a safe haven for their loved ones and for their home office. In the wake of this pandemic, solutions will continue to emerge in an effort to provide businesses and consumers further ease in both communication and transportation for employees and services. Thus, it is logical to expect the migratory influx from high tax states and dense urban areas to further swell. Palm Beach's tropical climate, surreal beauty, and exceptional safety and security positions this market to remain a beneficiary of these trends. We look forward to seeing you soon... for now, from at least 6 feet away.

SUZANNE FRISBIE | BROKER ASSOCIATE – PREMIER ESTATE PROPERTIES, PALM BEACH
561.373.0941 | SUZANNE@FRISBIEPALMBEACH.COM

WWW.FRISBIEPALMBEACH.COM | FACEBOOK.COM/FRISBIEPALMBEACH | @FRISBIEPALMBEACH

Above information pertains to the 33480 zip code and 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.