



PALM BEACH REAL ESTATE
Q3 2020 | RESIDENTIAL MARKET REPORT
SINGLE FAMILY & CONDOMINIUM/CO-OP

OVERVIEW

Impressively, as of the end of Q3 2020, the Palm Beach Real Estate Market has already surpassed the entirety of 2019's year-end transaction count by 56%, 2019's year-end dollar volume by 41% and 2019's year-end median sale price by 18%. By all accounts Q3 2020 concluded as prognosticated, displaying continued growth and appreciation due, in large part, for the safety, security and quality of life that Palm Beach has to offer. While the continued uncertainty and strain of the COVID-19 pandemic, as well as the still shifting economic and political landscape, have clouded future visibility, we at Frisbie Palm Beach continue to witness the positive impact of the broader macro political and economic trends on the Palm Beach Residential Real Estate Market.

Uncertainty around the outcome of the 2020 election cycle and the timeline for a COVID-19 vaccine will continue to influence animal spirits, however, regardless of outcome, waves of short and long-term economic drivers are poised to favor the demand for the exceptional quality of life the Palm Beach Community offers.

- Upcoming Election:
 - If the Democrats prevail, fear of incremental taxation will add to the surge of in-migration from high tax regions.
 - If the Republicans prevail, Palm Beach will continue to benefit from the expanding economy.
 - And in the event of a contestable election scenario, any continuation of unrest only enhances the appeal of the safety and security of Palm Beach.
- COVID-19 Vaccine:
 - While the reopening economy and schools back in session are having an impact on infection rates, recorded fatalities per 100,000 population have declined substantially from peak levels in March and April with cities, hospitals, households, and businesses all making significant improvements on mortality mitigation.
 - With over 40 candidate vaccines in clinical evaluation, it is probable that we are on track to introduce efficacious treatments and vaccines in the not too distant future, (CDC).
 - While fortunately, the COVID-19 outlook is improving, the ominous negativity of the pandemic has significantly precipitated "quality of life" prioritization, thereby accelerating the demand for all Palm Beach has to offer.
- Continued In-Migration:
 - Palm Beach has witnessed an accelerated influx of homebuyers from primarily more dense urban communities within the greater New York area, the West Coast, the Midwest, etc.
 - Florida is the top receiver of in-migration from New York, Illinois, New Jersey, Connecticut, and Massachusetts, (Bloomberg).
 - Florida is the second fastest growing state with nearly 1,000 people moving into Florida every day, 45% of whom move to South Florida, (NYT).

- Decentralized Suburbs: Remote workforce is increasing productivity. As a result, companies that can do so are rapidly adopting remote work policies, which are leading to a broadened definition of “the suburb.” There is no longer a requirement that suburbs stay clustered around large cities, rather, high-income workers are able to stay in their current jobs without the restriction of city and nearby suburb limits. Furthermore, these individuals are choosing to invest in hard assets like real estate in areas more conducive to their lifestyles.
- Technology to Lead the 21st Century Economy:
 - The tech sector is growing at a rapid pace. We are seeing huge market debuts from new tech unicorns like Snowflake, Asana, and OpenDoor, as well as the continued and massive expansion of existing giants like Apple, Alphabet, and Amazon.
 - Since the U.S. is the dominant global leader in technology it becomes highly probable that we will witness an even greater acceleration in the significant contribution the technology sector generates for both our National and Global Economies, (First Republic Bank).
- Equity Markets Continue Growth:
 - For the second consecutive quarter, U.S. stocks showed dramatic gains.
 - The S&P 500 and Dow Jones Industrial Average gained 8.5% and 7.6% respectively over the past three months, (WSJ).
 - Most notably, both indexes are up more than 26% since the end of March, demonstrating the best 6-month performance since 2009, (WSJ).
 - Given the depth of the economic downturn and the outlook in early spring, these impressive advances represent clear indications for future economic improvement.
- The Millennial Difference:
 - Millennials represent the largest single generation ever at a population of 2.5B globally.
 - Millennials are just beginning to enter their prime income and spending years. Over the next two decades, millennial earning and spending will increase towards forecasted peaks, suggesting a very powerful economic force.
- Don't Fight The Fed: Fed Chairman, Jerome Powell, has vocally pledged support for the continued improvement of the economy for Americans of all income levels. As such, the Fed has cut short-term interest rates to near 0% and committed to not raising these historically low rates until inflation rises above 2%, which policy makers anticipate will be through at least 2023, (Federal Reserve).

When combining a strengthening economy and robust equity markets with low interest rates, tax refugees, and a surge of in-migration, the metrics suggest that Palm Beach housing valuations will continue on an upward trajectory.



INVENTORY

At the end of Q3 2020, there were 113 single-family offerings in the Multiple Listing Service (MLS), versus 153 this time last year. Given 2020's impressive absorption

rate, this represents approximately a 5-month supply, a 55% reduction from the 11-month supply this time last year.

At the end of Q3 2020, there were 105 Midtown condo/co-op offerings in the MLS, versus 93 this time last year. However, given 2020's current absorption rate this actually represents approximately a 6-month supply whereas this time last year there was an 8-month supply.



TRANSACTIONS

Q3 2020's single-family transactions, totaling 80, represent a 196% increase from the 27 transactions of Q3 2019. Additionally, Q3 2020 ended with 25 properties under contract, a 108% increase over the 12 pending sales at the end of Q3 2019.

Q3 2020's Midtown condo/co-op transactions, totaling 28, represent a 10% decrease from the 31 transactions of Q3 2019. Likely not noteworthy as Q3 2020 ended with 26 properties under contract, a 271% increase over the 7 pending sales at the end of Q3 2019, several of which have already closed in the first two weeks of Q4.



DOLLAR VOLUME

Q3 2020's single-family market generated approximately \$582MM in dollar volume, representing a 41% increase over Q3 2019. Additionally, Q3 2020 ended with \$224MM in pending dollar volume, an 80% increase over the \$124MM pending volume seen at the end of Q3 2019.

Q3 2020's Midtown condo/co-op market generated \$62.5MM in dollar volume, a 106% increase over Q3 2019 and the highest Q3 dollar volume on record. Q3 2020 also ended with an additional \$37MM in pending dollar volume.



PRICES

Average Price:

For the first three quarters of 2020 the average single-family price was \$9.27MM. An unnoteworthy decrease of 6% as this metric can be highly influenced by the presence and/or absence of very high or low sales.

In the Midtown condo/co-op market, the first three quarters saw an average sale price of \$1.8MM, representing an impressive 32% increase over 2019's average price from the same time period. 2020's Q3 average price set a new record at \$2.23MM, a 128% increase from Q3 2019.



Median Price:

For the first three quarters of 2020 the median single-family sale price was \$5.76MM, representing a 15% increase over the same time period in 2019.

Similarly, in the Midtown condo/co-op market, the first three quarters saw a median sale price of \$1.23MM, a 33% increase when compared to 2019's same time period (\$922K). Additionally, the median sale price for 2020's Q3 was a record breaking \$2MM, a 190% increase from 2019's Q3 median price.

OBSERVATIONS

In a historic Federal stimulus comparison, the U.S. provided \$7T in aid following the COVID-19 pandemic, roughly 14x the 2008 stimulus package. In turn the U.S. witnessed a record recovery period of roughly 6 months and while we are not out of the woods yet, Fed Chairman Jerome Powell continues to pledge The Fed's "full range of tools" to aid economic recovery "for as long as it takes," adding definitively that, the U.S. "economy will recover fully from this difficult period," (Federal Reserve). Progress in containing and combating the pandemic and its economic ramifications combined with other notable trends—remote workforce productivity, big tech expansion, continued stock market recovery, increased millennial spending, and record low interest rates—provide powerful support for an optimistic stance. If past is prologue, then even with the uncertainties that lie ahead, the recent surge in our Palm Beach metrics provides further affirmation that Palm Beach is well positioned for sustained growth.

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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.