



# FRISBIE

## PALM BEACH REAL ESTATE Q2 2022 RESIDENTIAL MARKET REPORT SINGLE FAMILY & CONDOMINIUM/CO-OP

### OVERVIEW

As anticipated in our previous report, the Palm Beach real estate market demonstrated an overall positive performance in the second quarter. While fears of a recession loom, recent economic activity looks unlike any other “pre-recession” on record. Although economic output fell in the first quarter, the job market remained strong through the first half of the year, and demand for workers is still abundant. Volatility in equity markets is unlikely to ease until central banks feel inflation is under control, which often simultaneously signals recession. And if a recession is inevitable, most economists predict it will be shallow, short-lived, and not in the near-term, a “bend-but-don’t-break” scenario, that will ultimately assist the Fed in managing inflation (JP Morgan).

As shown in the data below, the Palm Beach residential real estate market appeared largely immune to this wider context of economic uncertainty. With quality inventory still constrained and demand ever-increasing, prices are being pushed beyond even the record-setting thresholds witnessed last quarter and throughout 2021. Given the quality of life intrinsic to Palm Beach and surrounding coastal communities, we anticipate this demand to uphold for the foreseeable future.



### INVENTORY

#### *Single-Family Residential:*

- At the end of Q2 2022, there were only 41 active offerings in the Multiple Listing Service (MLS), the second lowest Q2 inventory on record.
- Based on Q2 2022’s established absorption rate, this represents approximately a 2.3-month supply, again the second most limited Q2 supply on record. While inventory is up slightly over Q2 2021, it remains extremely tight, down over 75% from pre-pandemic Q2 2019 levels.

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

- At the end of Q2 2022, there were only 24 offerings in the MLS.
- Based on Q2 2022’s established absorption rate, this represents approximately a 1.5-month supply. When compared to pre-pandemic 2019 levels, supply is down 69%.

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

- At the end of Q2 2022, there were 67 offerings in the MLS.
- Based on Q2 2022’s established absorption rate, this represents a 2.3-month supply. When compared to pre-pandemic 2019 levels, supply is down 48%.



### TRANSACTIONS

#### *Single-Family Residential:*

- Year-over-year, Q2 2022 is down 54% in Transaction Volume with a total of 53 transactions. This was to be expected, as Q2 2021 Transaction Volume was the

highest on record, surpassing the prior two Q2s combined. Given tight inventory, it is not surprising to see such a distinction.

*Midtown Condo/Co-Op:*

- Q2 2022 transactions, totaling 49, are down 47% year-over-year. When compared to pre-pandemic 2019 levels, however, transactions are down only 14%, illustrating again the extremity of 2021's outlier statistics.

*South End Condo/Co-Op:*

- Q2 2022 transactions, totaling 86, are down 40% year-over-year. When compared to 2019 pre-pandemic levels, however, transactions are down only 15%.
- The South End condo/co-op market is known to have a large percentage of trades occur off-market. As these off-market transactions continue to populate in the Courthouse Retrieval System (CRS), we expect these numbers to increase.



## DOLLAR VOLUME

*Single-Family Residential:*

- Q2 2022 Dollar Volume is down only 28% from the record shattering \$1.54B of Q2 2021, amassing a still-impressive \$1.1B total, the second-highest Q2 Dollar Volume on record. Before 2021, no Q2 Dollar Volume had ever surpassed the \$1B mark. When compared to pre-pandemic 2019 metrics, Q2 2022 would be up a whopping 169%.
- This second quarter witnessed 36 trades priced over \$10M, 11 of which were over \$30M, with the highest fetching \$86M. When considering the entire first half of 2022, nearly 58% of all trades exceeded the \$10M mark.

*Midtown Condo/Co-Op:*

- Despite the decrease in Transaction Volume, Q2 2022 Dollar Volume, totaling \$183M, is up 4% year-over-year, and represented the highest Q2 Midtown Dollar Volume on record. This, again, indicative of the surging prices and limited supply across all housing asset categories.

*South End Condo/Co-Op:*

- In the South End, Dollar Volume is up 8% year-over-year, amounting to a staggering and record-breaking \$170M.



## PRICES

*Single-Family Residential:*

- The Q2 2022 median price increased an impressive 88% year-over-year, reaching a record-breaking \$15.5M, illustrating the magnitude by which prices continue to escalate, even when compared to last year's staggering metrics.
- Similarly, average price is up 57% over Q2 2021, reaching \$20.85M, again the highest Q2 average price ever recorded and a further testament to escalating prices.

- Sellers are continuing to seek premium prices for their properties as inventory remains tight, with the average asking price per total square foot now reaching \$4,963 and \$3,167 for waterfront and interior properties, respectively. The median asking price per total square foot is \$5,321 and \$3,107, for waterfront and interior properties, respectively.

*Midtown Condo/Co-Op:*

- Year-over-year, median price saw an impressive 72% increase, reaching a record-breaking \$2.4M.
- Similarly, average price was up a staggering 98%, reaching another record-breaking \$3.75M.

*South End Condo/Co-Op:*

- Year-over-year, median price increased 50%, reaching a record of nearly \$1.25M, the first time a Q2 median has surpassed the \$1M mark.
- Similarly, average price increased an impressive 79% year-over-year, amounting to just shy of \$2M.

## OBSERVATIONS

As evidenced in the above metrics, demand for Palm Beach residential real estate remains strong, while severely constrained inventory continues to place upward pressure on prices across both single family and condo/co-op asset classes. A great deal of the increasing housing demand continues to stem from in-migration, most notably from New York state, where, according to data from the Florida Department of Highway Safety, a total of 21,546 New Yorkers claimed a Florida residence in the first four months of this year, up 12% from this time last year, with Palm Beach County attracting the highest percentage. Similarly, migration from New Jersey, Connecticut, and California to the Sunshine State is up 9%, 4%, and 18%, respectively, as compared with the same time span last year. Forbes has also labeled Palm Beach County as Florida's "billionaire hub", with the super-rich "flocking there for business opportunities, convenient transport links, and a chance to live in paradise" (BDB). Businesses, too, are similarly transitioning to South Florida, with Palm Beach County specifically fielding increased interest from venture capital, private equity, hedge fund, and financial-services companies, having recently welcomed new office openings from Goldman Sachs, NewDay USA, Point72, Virtu Financial, and Elliot Management. Billionaire Ken Griffin is the latest to announce a contribution to "Wall Street South", with a move of his firms, Citadel and Citadel Securities, from Chicago to Miami, while opening a satellite office on Worth Avenue in Palm Beach. With even more business openings and relocations anticipated, Palm Beach Mayor Moore recently highlighted the island's reputation as a "hometown of 'captains of industry.'" While many assumed this exodus to Florida would wane post-pandemic, it has managed only to intensify, as individuals, families, and businesses continue to prioritize the intrinsic quality of life standards - and tax benefits - of South Florida.

Although we can expect some degree of sustained economic instability and market volatility, demand and desire for Palm Beach real estate is likely to endure. Inventory restrictions seem to only compound as fewer residents are willing to sell and risk an inability to re-enter the market. And in-



spite of lifted covid restrictions and a “return to normal” in many other areas, new residents, now with a taste of the many benefits of a South Florida lifestyle, refuse to look back. For these many reasons, combined with its intrinsic beauty, safety, and security, Palm Beach is poised to remain a highly desirable destination and prudent investment opportunity.

**SUZANNE FRISBIE | BROKER ASSOCIATE – THE CORCORAN GROUP, PALM BEACH**

561.373.0941 | [SUZANNE@FRISBIEPALMBEACH.COM](mailto:SUZANNE@FRISBIEPALMBEACH.COM)

2022 WSJ, REAL Trends Ranking, by Individual Sales Volume, **#2** in Palm Beach, **#4** in FL & **#7** in U.S.

[WWW.FRISBIEPALMBEACH.COM](http://WWW.FRISBIEPALMBEACH.COM) | [FACEBOOK.COM/FRISBIEPALMBEACH](https://FACEBOOK.COM/FRISBIEPALMBEACH) | [@FRISBIEPALMBEACH](https://@FRISBIEPALMBEACH)

*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.*