



PALM BEACH REAL ESTATE  
Q3 2022 RESIDENTIAL MARKET REPORT  
SINGLE FAMILY & CONDOMINIUM/CO-OP

## OVERVIEW

The third quarter of this year has been marked by continued economic uncertainty, with national challenges related to equity market volatility and inflation, and global concerns over Russia's invasion of Ukraine, supply chain issues, the slowdown in China, and potential Covid resurgences. September's newly released Inflation Report, revealing the consumer-price index accelerated to a new four-decade high, did little to quell concerns, instead it solidified Fed plans to continue raising rates at the most aggressive pace since the early 1980s (WSJ). However, some still maintain that a serious U.S. recession may be avoidable, as was echoed in a report by Northern Trust: "We continue to expect any recession to be relatively shallow as we don't see structural excesses evident in today's U.S. economy. Household and corporate balance sheets appear healthy, bank lending standards have remained strong, and there has already been quite a bit of speculative excess wrung out of risk-asset markets."

The Palm Beach real estate market has begun to reflect this wider context of economic uncertainty. The combination of global market volatility and local limited, uninspiring inventory has both investors and end-users struggling to identify exciting opportunities. That said, Palm Beach remains a highly desirable, safe-haven destination, and a prudent investment designation relative to the alternatives.



## INVENTORY

### *Single-Family Residential:*

- At the end of Q3 2022, there were only 46 active offerings in the Multiple Listing Service (MLS), the second lowest Q3 inventory on record.
- Based on Q3 2022's established absorption rate, this represents just under a 10-month supply. While inventory is slowly increasing from recent record lows, it has yet to rebound to its more stable, pre-pandemic levels. Further, the quality of current inventory remains compromised, as many would-be sellers are unwilling to list given the difficulties, and costs, of sourcing a viable alternative.

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

- At the end of Q3 2022, there were only 29 offerings in the MLS.
- Based on Q3 2022's established absorption rate, this represents approximately a 5-month supply, the second lowest on record.

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

- At the end of Q3 2022, there were 79 offerings in the MLS.
- Based on Q3 2022's established absorption rate, this represents a 7-month supply, which is an indicator of strong demand in this market.



## TRANSACTIONS

### *Single-Family Residential:*

- With a total of 14 transactions, Q3 2022 is down 68% in Transaction Volume year-over-year. This is likely a result of the aforementioned market instability combined with the preexisting tight and uninspiring inventory, which has dropped to near-record lows. The quarter ended with 8 properties under contract, down by only one from Q3 2021, yet up 85% in asking price dollar volume, a possible indicator that momentum may pick up in the last quarter of the year.

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

- Q3 2022 transactions, totaling 17, are down 65% year-over-year versus last year's record high numbers.

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

- Q3 2022 transactions, totaling 33, are down 59% year-over-year.
- 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), these numbers may increase.



## DOLLAR VOLUME

### *Single-Family Residential:*

- Q3 2022 Dollar Volume, totaling \$186M, is down 76% from the record setting \$761M of Q3 2021. While a significant percentage change, Q3 2021 was a strong outlier and substantial record breaker.
- This third quarter witnessed 7 trades priced over \$10M, with the highest fetching \$44.8M. Year to date, 56% of all trades exceeded the \$10M mark.

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

- Q3 2022 Dollar Volume, totaling \$48.5M, is down 50% year-over-year. While a palpable change from last year, Midtown's Dollar Volume is up 60% compared to pre-pandemic Q3 2019.

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

- With a total of \$54M, South End Dollar Volume is down 23% year-over-year, but still boasts the second highest Dollar Volume on record for this location.



## PRICES

### *Single-Family Residential:*

- The Q3 2022 median price of \$9.8M is off only 7% year-over-year, and second only to last year's record breaking median of \$10.5M, illustrating the extent to which prices have stayed strong despite market challenges.
- Q3 2022's average price of \$13.3M is down 23% over last year, though remains the third highest average price on record.

- Asking prices have remained strong, with the average asking price per total square foot reaching \$4,520 and \$3,281 for waterfront and interior properties, respectively. The median asking price per total square foot is \$4,648 and \$3,153, for waterfront and interior properties, respectively.

*Midtown Condo/Co-Op:*

- Year-over-year, median price saw an impressive 148% increase, reaching a record-breaking \$2.5M. As single-family home inventory continues to wane, many buyers have shifted focus to high-end condos, edging prices up.
- Average price, also reaching a record breaking number of \$2.5M, is up 24% year-over-year.

*South End Condo/Co-Op:*

- Year-over-year, median price increased 60%, reaching a record of nearly \$1M, the highest Q3 median on record.
- Similarly, average price increased an impressive 86% year-over-year, amounting to \$1.6M.

## OBSERVATIONS

While the Palm Beach residential real estate market remains partially insulated from the wider, turbulent economic context, it is not wholly unaffected, as evidenced in the above metrics. The island's intrinsic beauty, safety, enviable climate, and quality of life standards continue to drive demand, but limited, uninspiring, and ambitiously priced inventory, combined with current recessionary macroeconomics, have a number of buyers in a holding pattern. That said, area school applications are up as much as 100% compared to pre-pandemic levels, and delayed admissions processes are forcing would-be buyers to wait until their children are guaranteed a spot in the most distinguished schools before committing to a home. According to the Department of Highway Safety, August 2022 witnessed the highest recorded number in a single month of New Yorkers moving to Florida, with a total of 5,838 people shifting residency to the Sunshine State. And while many of the Palm Beach real estate market metrics are off year-over-year, it's important to remember that 2021 was an exceptional, outlier year across all statistics. Despite limited inventory, current year-to-date dollar volume, totaling approximately \$2.1B, is already nearly twice as high as pre-pandemic year-end 2019 levels, highlighting the continued upward pressure on pricing. Furthermore, the summer of 2022 displayed the first reversion to seasonal behavior in Palm Beach since the onset of the pandemic, with the overall population receding to more typical summer levels in favor of vacation destinations, often moving real estate investment contemplation to the back burner.

While many continue to watch and wait, interest and demand in the Palm Beach market remains strong for both residential and commercial uses. We anticipate that, when the current economic uncertainty dissipates, momentum will resume.

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