



# FRISBIE

## PALM BEACH REAL ESTATE Q1 2024 RESIDENTIAL MARKET REPORT SINGLE FAMILY & CONDOMINIUM/CO-OP

### OVERVIEW

The first quarter ushered in a run of healthy growth for the U.S. economy, somewhat unexpected given wide-spread concerns that it could weaken. Job creation and labor force participation are exceeding expectations, wages continue to rise, and consumer sentiment has reached new highs, all boosting the supply-side of the economy. As noted recently by JP Morgan, “So far in 2024, there are signs that U.S. growth is still strong, and that growth in the rest of the world may start to accelerate.” While economists on the whole agree the inflation-surge has passed, opinions are mixed on the extent to which – if at all – rates will be cut this year. Down considerably from its peak, inflation still remains above the Fed’s 2% target, yet a healthy economy likely reduces any sense of urgency to cut rates further. While geopolitical tensions and the upcoming election are likely to cause intermittent volatility, recession risks are relatively low, and an overall positive performance can be expected in the near term.

True to form, the Palm Beach residential real estate market has maintained its steady pace through the first quarter of this year. Persistent demand parallels a slowly increasing supply, and continues its upward pressure on pricing, with Q1 witnessing the highest median price on record for single family residential. The Midtown condo market appears increasingly hindered by competing new, luxury product over the bridge, but still maintains high price points for premium offerings. Although season is winding down, the second quarter is historically the most active as deals are finalized before the summer, thus we predict continued momentum in the months ahead.



### INVENTORY

#### *Single-Family Residential:*

- At the end of Q1 2024, there were 120 active offerings in the Multiple Listing Service (MLS). Based on 2024’s absorption rate, this represents an approximate 16-month supply, a fair amount of which is overpriced or uninspiring.
- Inventory continues its steady rise, but remains low relative to pre-pandemic levels, down 40% compared to Q1 2019.

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

- At the end of Q1 2024, there were 85 offerings in the MLS. Based on 2024’s absorption rate, this represents approximately a 9-month supply.
- As with the single-family market, condo supply is up, but remains well under pre-pandemic levels.

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

- At the end of Q1 2024, there were 129 offerings in the MLS. Based on 2024’s absorption rate, this represents an approximate 11-month supply.
- Although still well below pre-pandemic levels, the South-End condo inventory is up as well.



## TRANSACTIONS

### *Single-Family Residential:*

- With a total of 22 transactions, Q1 2024 is down a mere 4% over Q1 2023, which witnessed one more transaction.
- The quarter ended with 15 MLS properties pending, up 36% from Q1 2023, and totaling \$388M in asking dollar volume, a near 100% increase in pending dollar volume from Q1 2023, and potential indicator of a strong start to Q2. There are several off-market transactions pending as well, yet total asking price volume is unclear.
- A recent Q2 off-market sale of a vacant beach lot near town, totaling \$85M, likely sets a record for a parcel of its size, and again bodes well for sustained momentum in the months ahead.
- Most significantly on the horizon is the now pending sale of Palm Beach's highest priced listing, the only private island at 10 Tarpon Isle, co-listed with me with an asking price of \$187.5M.

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

- Q1 2024 transactions, totaling 27, are down 7% compared with Q1 2023.
- As noted in our prior report, transaction volume remains continually hindered by i) inventory restraints, ii) assessments for required structural repairs on older buildings and, iii) attractive opportunities among new condo developments in West Palm Beach, creating viable alternatives to some of the older, on-island product.
- For example, a \$28+M penthouse sale at the ultra-luxury Bristol tower set a record for the highest priced single condo deal ever recorded in West Palm Beach, demonstrating the increasing prices buyers are willing to pay for quality, new construction.

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

- Q1 2024 transactions, totaling 35, are down 24% compared with Q1 2023.
- 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:*

- Q1 2024 dollar volume, totaling \$333.5M, is down 25% from Q1 2023.
- This transaction volume is comparable to pre-pandemic levels, nearly identical to Q1 2018 and double that of Q1 2019.
- Over 70% of all Q1 transactions were priced over \$10M, with the highest sale fetching \$75M for an off-market, lakefront estate.

*Midtown Condo/Co-Op:*

- Q1 2024 dollar volume, totaling \$29.2M, is off a very considerable 73% from Q1 2023.
- As suggested, the condo market may be increasingly impacted by alternative options in new, highly amenitized, waterfront towers sprouting up in premium West Palm Beach locations. An estimated two dozen residential projects, including a pipeline of roughly 6,600 units, are currently planned for / under construction in the city.

*South End Condo/Co-Op:*

- Totalling \$49.5M, Q1 2024 dollar volume is off 29% compared to Q1 2023.
- This figure is consistent with pre-pandemic South End transaction volume, up roughly 30% compared to Q1 2019.



## PRICES

*Single-Family Residential:*

- The Q1 2024 median price of \$12.25M is up a remarkable 47% compared with Q1 2023 and represents the highest Q1 median price on record.
- Q1 2024's average price of \$15.2M is down 22% over Q1 2023's record breaker (\$19.4M), though it is still the third highest Q1 average on record, and up substantially when compared with pre-pandemic levels.
- 14% of Q1 transactions occurred off-market, including the highest priced sale of the quarter (\$75M). As inventory increases, so, too, do the number of MLS-related transactions.

*Midtown Condo/Co-Op:*

- Q1 2024's median price, totaling \$2.9M, is down 23% over the outlier of Q1 2023 (\$3.7M), but is the second highest Q1 median on record. Compared to pre-pandemic Q1 2019, this metric is up a considerable 236%.
- Q1's average price of \$1M is down 71% compared with Q1 2023, another outlier, but is more consistent with pre-pandemic levels.

*South End Condo/Co-Op:*

- Q1 2024's median price of \$1.1M is up 21% compared with the outlier achieved in Q1 2023, setting a new record for the highest Q1 median price on record.
- Average price, totaling \$1.4M, is down 7% compared with Q1 2023, again an outlier, and remains the second highest Q1 average on record.

## OBSERVATIONS

The ongoing population surge into south Florida, specifically Palm Beach County, continues to catalyze demand for high-end housing. Recent IRS data revealed Palm Beach County as the number one destination for wealth migration in the US during the pandemic, leading with a \$7B net gain in adjusted gross income. Florida as a state experienced the highest net gain in the country at \$39.2B, driven in large part by New Yorkers seeking safety, security, a warmer climate, and more favorable tax conditions. As a result of this



in-migration, West Palm Beach and Palm Beach have experienced a dramatic rise in high-net-worth individuals, ranking second in the US for influx of millionaire residents (Henley & Partners). According to Forbes' latest list, at least 59 billionaires own property on Palm Beach, the majority of whom experienced increases to their overall net worth in the prior year. Businesses, too, have been flocking to the state, with the number of Florida corporate headquarters increasing by 86% in the 12 months ending in March of 2023, the largest growth rate of any state. Further promoting positive economic impact is a significant rise in tourism, with Palm Beach County welcoming 9.5 million tourists in 2023, a 4.4% increase over the prior year.

Despite any macro-level economic uncertainty, the local Palm Beach real estate market appears poised for continued, stable growth, as we're currently witnessing a likely strong start to the second quarter and can anticipate the momentum to continue in the months ahead. As always, Palm Beach is distinguished for its safety and quality of life fundamentals, as well as its inherent tropical beauty, all of which make it an enduring and attractive safe haven for end-users and investors alike.

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

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

2023 WSJ, REAL Trends Ranking, by Individual Sales Volume, **#3** in Palm Beach, **#7** in FL & **#26** 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.*