

# FRISBIE PALM BEACH REAL ESTATE UPDATE

## 1ST QUARTER 2014 | RESIDENTIAL MARKET ANALYSIS

### OVERVIEW

- As reported last quarter (see below), the tax motivated buying mentioned has proven to be a formidable driver in the PB marketplace, with significant evidence of more to come.
- The slow recovery over last 5 years has engendered a steady increase in the metrics and should bode well for further appreciation over the next several years.
- There are those who voice concern over the potential for approaching bubbles in investment and alternative markets. We see no evidence of the forward indicators of this in the PB market and continue to prognosticate healthy appreciation for the foreseeable future.

### INVENTORY

- Listed inventory of quality turnkey properties continues to be low. As a result, those of us (PB Realtors) with a long history of working together have been meeting privately, far more regularly, to share off-market opportunities.
- Premium locations and well priced properties are moving quickly.

### TRANSACTIONS

Q1 2014 recorded 48 sales, an 11% increase over Q1 2013 and a 104% increase over Q1 2012.

- Q1 2014 saw 2 sales over \$30M
- And 2 sales over \$20M

Currently there are approximately 31 residential properties under contract.

- 2 with asking prices over \$44M
- 11 priced between \$5M and \$12.5M

The reemergence of multiple transactions over \$20M bodes well for every category in the PB marketplace, as strength in the upper-end generates confidence over the entire spectrum.

### VOLUME

Q1 2014 Volume of \$240+M exceeds Q1 2013 by 28% and exceeds Q1 2012 by 189%

### PRICES

Low inventory and increased demand continue to push prices up.

### OBSERVATIONS

- The market for Sellers has firmed nicely, particularly for those with premium or well located properties, especially when priced well. The typical, sophisticated, PB Buyer has little appetite for inflated pricing.
- Multiple bids and backup offers are back. In some cases, Buyers have bid at full asking price or over to secure a well positioned property.
- For Buyers, there are still opportunities. My recommendation to prospective Buyers is to be ready to bid quickly and efficiently, when some thing of interest appears, as too much rumination/contemplation risks losing a potential acquisition to another Buyer.
- If one is investing for the longer term, leaning in on price for premium properties may be advisable, particularly where scarcity of product within a category exists.

**Please feel free to contact me to discuss any details further.**

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