

OVERVIEW

As anticipated, the lingering, widely internalized uncertainty surrounding November's election has waned in the first quarter of 2017, with global, national and local markets improving. Recent studies show that, since the Presidential election, Americans are entering a "new era of optimism," feeling economically optimistic and displaying record high optimism towards investing. According to the latest All-American Economic Survey, a CNBC special report, 38% believe the economy is good or excellent, (up 400 basis points from December), 44% approve of the President's handling of the economy, 47% believe now is a good time to invest, 40% expect the economy to improve in the next year and, of those 40%, 67% believe the improvements will be directly linked to President Trump's policies. While these statistics reflect positively on the Administration's economic policies, President Trump's approval ratings remain, in contrast, surprisingly low, representative of the polarization among political parties relating to other areas of the new Administration's agenda. Although essential to remain cognizant of these and other risk factors, from Brexit to potentially unobtainable campaign promises, it is logical to expect positive economic sentiments to endure in the months ahead. As evidenced by a positive first quarter, the Palm Beach residential real estate market appears to reflect the current and growing economic optimism, even benefitting disproportionately from an unsolicited and unintended marketing campaign, deemed by some as "Mar-a-Lago Mania," and promulgated by the President's 7 highly publicized visits to the island since his inauguration. Per another CNBC report, Florida property inquiries from Chinese buyers, for example, are up 62.5% from 2015. Arguably in need of little introduction or positive PR, as the advantages of Palm Beach tend to speak for themselves, buoyed global interest and awareness in the Palm Beach market should continue to put positive pressure on valuations and encourage further market activity.



INVENTORY

At the close of Q1 2017 there were 198 residential offerings in the Multiple Listing Service (MLS), numerically approximating a 12-month supply, 50+% of which continue to be uninspiring. 17% of the residential properties sold in the first quarter were not formally listed in the MLS, down from 32% at the end of Q1 2016. This illustrates the difficulties in sourcing off-market opportunities as alternatives.



TRANSACTIONS

Q1 2017's transactions, totaling 28, represent a decrease of 24% vs. Q1 2016's transactions of 37. At the close of the quarter, however, there were 32 properties under contract totaling nearly \$270M in asking prices, more than twice as many as were seen at the end of Q1 2016 and highly reflective of the renewed market activity, aforementioned optimism and likely continuation of positive growth.



VOLUME

Q1 2017's volume of \$252,857,500 vs. Q1 2016's \$273,872,266 reflects a decrease of 8%.

SUZANNE FRISBIE | BROKER ASSOCIATE - CORCORAN GROUP PALM BEACH
561.373.0941 | SUZANNE.FRISBIE@GMAIL.COM

PRICES

Sustained demand for compelling product continues to put pressure on valuations.

- Average Price: Q1 2017's average price of \$9,030,625 vs. Q1 2016's \$7,401,953 reflects an increase of 22%, influenced by two large sales at approximately \$50M and \$85M.
- Median Price: Q1 2017's median price of \$4,085,000 vs. Q1 2016's \$4,250,000 reflects a slight decrease of 4%.
- Of the 198 properties currently listed in the MLS, an impressive 68 (34%) have asking prices over \$10M.
- Q1 2017 marked one of the highest priced single real estate transactions in Palm Beach history, Ken Griffin's \$85M oceanfront, 4+ acre land purchase at 1290 North Ocean Blvd. This sale is 1 of 4 transactions recorded to date over \$35M, the second highest of which was a \$77M "net sale" at 60 Blossom Way; 3 additional properties are currently under contract with asking prices over \$35M. The first 3+ months of 2017 have seen as many sales over \$35M as all of 2016 and 2015 combined, each of which witnessed 3 and 1 transactions over \$35M, respectively. As predicted, Palm Beach is witnessing the manifestation of previously postponed large investment decisions, further reflecting the wider context of economic optimism.

OBSERVATIONS

In the wake of our recent Presidential election, the uncertainty and subsequent risk reduction and/or investment postponement experienced in the latter half of 2016 has begun to subside. Highly insulated by its opportune tax advantages, enviable climate, positive market trends and overall safety and quality of life, Palm Beach continues to offer compelling investment opportunities relative to comparable alternatives. Despite the unpredictability of all economic environments, and while uncertainties around the new Administration will persist, Palm Beach is poised to continue its positive momentum, propelled by its intrinsic and globally recognized quality, attracting discerning investors and users alike.

SUZANNE FRISBIE | BROKER ASSOCIATE - CORCORAN GROUP PALM BEACH
561.373.0941 | SUZANNE.FRISBIE@GMAIL.COM