

PALM BEACH REAL ESTATE UPDATE Q3 2017 | RESIDENTIAL MARKET ANALYSIS

OVERVIEW

Palm Beach's 2017 residential real estate market continued its upward trajectory throughout Q3. The quarter began with strong performances in July and August, where both transaction and dollar volume increased substantially month over month, and ended with similarly impressive YTD increases in dollar volume, transaction volume and average price. While Palm Beach's market activity slowed briefly as a consequence of Hurricane Irma, it rebounded quickly to resume its previous upward momentum, and is poised today for a strong Q4. As commented by Fed Chair Janet Yellen in a recent briefing, "While the effects of the hurricanes on the U.S. economy are quite noticeable in the short term, history suggests that the longer-term effects will be modest and that aggregate economic activity will recover quickly." These sentiments, combined with optimism around regulation cuts and tax reform, are likely to sustain the current positive economic environment, one from which the Palm Beach real estate market continues to benefit.



INVENTORY

At the close of Q3 2017 there were 137 residential offerings in the Multiple Listing Service (MLS), numerically approximating a 12-month supply.



TRANSACTIONS

Q3 2017's transactions, totaling 31, represent an increase of 15% vs. Q3 2016's transactions of 27. Both July and August of 2017 saw 33% and 23% increases in transaction volume, respectively, over their 2016 counterparts. Only 13 additional transactions are required to surpass 2016's year-end total transactions, a plausible accomplishment as we are positioned to see double digit sales in Q4 2017.



VOLUME

Quarter over quarter, 2017's dollar volume of \$167M is up 9% over 2016's \$153M; YTD, dollar volume is up 29% over the first three quarters of 2016. As anticipated, 2017's total dollar volume has surpassed the \$1B mark, and did so by the first week of October. Today, YTD dollar volume amounts to more than \$1.036B, an already 19% increase over the entirety of 2016's total dollar volume. Q3 2017 concluded with 16 properties under contract, totaling \$200M+. Should all current pending contracts close before year-end, we are likely to witness the highest year-end dollar volume on record, surpassing even 2014's record breaking \$1.16B.



PRICES

- Average Price: YTD, 2017's average sale price is up an impressive 25% over this same time period last year. While the majority of transactions in Q3 were under \$10M, October recorded a sale of \$37M; and, interesting to note, four properties with asking prices over \$20M are currently under contract. If all close before year-end, we could see a more than 50% increase in sales over \$20M as compared with 2016, highlighting the demand for quality, premium product.
- Median Price: Q3 2017's median price of \$3.75M vs. Q3 2016's \$3.7M reflects a slight increase of 1%.

OBSERVATIONS

In stark contrast to 2016's contentious election year, characterized by uncertainty, investment hesitation and a somewhat sluggish real estate market, Palm Beach has recovered nicely and considerably throughout 2017, reflecting an aforementioned "era of optimism" and an enduring confidence in the market's inherent desirability and potential for continued growth. A recent Palm Beach Daily News article echoed these optimistic sentiments on the local market, stating, "Palm Beach - if not yet in overdrive - is at least shifting into third gear." As evidenced by the compelling statistics above, the Palm Beach residential real estate market continues to offer attractive investment and quality of life opportunities.

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