

FRISBIE PALM BEACH REAL ESTATE UPDATE

4th QUARTER 2016 | Year End RESIDENTIAL MARKET ANALYSIS

OVERVIEW

To summarize the Palm Beach real estate market of 2016, we reference our “**OBSERVATIONS**” summary paragraph from our 2016 3rd Quarter Report:

“... fast approaching one of the more contentious presidential elections in recent memory, coupled with lingering global market volatility and trends in anemic growth, low returns are likely to continue. Conventional wisdom suggests a natural inclination to postpone large investment decisions until after the election. Regardless of party affiliation or political ties, history shows that, as election-related uncertainty wanes, markets tend to improve within the first year of a presidential term.”

Indeed, 2016’s performance reflected the weight of said election pressures and meager financial growth, as evidenced in the below statistics. However, since the election, projections for U.S. economic growth have improved, the U.S. equity markets have jumped significantly and, as predicted, the elevation in “Animal Spirits” is starting to manifest itself in the Palm Beach real estate market.

INVENTORY

At the end of Q4 2016 there were 185 residential offerings in the Multiple Listing Service (MLS), numerically approximating a 17-month supply. It is important to note approximately 15% represents “shadow” and/or previously non-MLS inventory which is now “formally” listed, thus not “new.” A large portion of the inventory remains overpriced and/or uninspiring.

TRANSACTIONS

Year to date transactions totaled 137, down 22% year over year. We attribute much of the decrease to the aforementioned risk adjustment and inventory issues. It is interesting to note 42% of transactions in 2015 were non-MLS; 29% in 2016 were non-MLS. As supply is finite we suspect it will be more and more difficult to identify non-MLS product. Given 2016’s scarcity of compelling, well priced inventory, it was often challenging to motivate potential Buyers/Sellers to act decisively.

VOLUME

Dollar Volume at the close of 2016, totaling \$874M, was down 18% year over year.

PRICES

For the majority of the year, Palm Beach real estate valuations reflected growth rates similar to the U.S. equity markets. Although demand continued to exercise moderate upward pressure on valuations, “asking prices” often indicated a disconnect between Buyer and Seller. Well priced properties, those reflective of current market, continued to trade well.

- **Average Price:** 2016 average sale price was \$6.4M, a 5% increase year over year.
- **Median Price:** 2016 median price was \$4M, a 5% increase year over year.

OBSERVATIONS

Both 2015 and 2016 saw 7 transactions over \$20M. In 2017, we are already aware of \$168+M in pending contracts, including 2 pending transactions priced over \$38M. In tandem with Ken Griffin’s much publicized \$85M January closing, these statistics bode well for premium real estate in 2017. Again, “...as election-related uncertainty wanes, markets tend to improve within the first year of a presidential term.” Accordingly, we are projecting above market returns for Palm Beach real estate in 2017.

SUZANNE FRISBIE | 561.373.0941 | suzanne.frisbie@gmail.com

Broker-Associate | Corcoran Group Palm Beach

The above information is derived from the Multiple Listing Service (MLS) in conjunction with the Property Tax Appraiser’s website (PAPA), the Courthouse Retrieval System (CRS) & individual transaction Broker confirmation.