



PALM BEACH REAL ESTATE
Q2 2023 RESIDENTIAL MARKET REPORT
SINGLE FAMILY & CONDOMINIUM/CO-OP

OVERVIEW

The first half of 2023 was marked by continued economic uncertainty, having endured four U.S. bank failures, fears over debt ceiling negotiations, rising geopolitical uncertainty, and lingering concerns over inflation and rising interest rates. Despite the likely challenges still ahead, there are signs of a resilient economy: the S&P 500 had its 4th-best first half in the last 25 years, the labor market remains strong, consumers continue spending on big-ticket services and commodities, and corporate debt levels appear stable (J.P. Morgan). While the Fed decided against an additional rate hike at the recent June meeting, further tightening is possible in the months ahead, though at a slower pace than what's been experienced over the last 16 months. Recession fears persist, but there remains hope for a soft landing, with marginal economic growth expected in the quarters ahead.

This wider-scale economic uncertainty, coupled with low, weak, often uninspired local housing inventory, has tempered the recent accelerated growth of the Palm Beach real estate market. The persistent in-migration to South Florida, however, and particular interest in Palm Beach County, has continued to place upward pressure on prices, with both average and median prices for the quarter up over 130% compared with their pre-pandemic 2019 levels. According to a new report by the Palm Beach [County] Property Appraiser, overall market values jumped 21% last year to \$49B, and the town of Palm Beach "continues to show solid value increase year over year and remains one of the most significant contributors to the overall Palm Beach County valuation picture."



INVENTORY

Single-Family Residential:

- At the end of Q2 2023, there were 75 active offerings in the Multiple Listing Service (MLS). Based on Q2 2023's established absorption rate, this represents an approximate 7-month supply.
- Inventory continues to steadily increase over recent historic lows, but remains well under pre-pandemic levels, down over 50% from Q2 2019.
- Over a quarter of all Q2 trades occurred off-market, signaling the generally uninspiring supply.

Midtown Condo/Co-Op:

- At the end of Q2 2023, there were 46 offerings in the MLS. Based on Q2 2023's established absorption rate, this represents approximately a 6-month supply.
- Inventory is similarly increasing steadily in this market compared to recent record lows, but remains well under pre-pandemic levels.

South End Condo/Co-Op:

- At the end of Q2 2023, there were 89 offerings in the MLS. Based on Q2 2023's established absorption rate, this represents an approximate 5-month supply.
- Similar to Midtown, these inventory levels are increasing over the recent record lows, but are still far below stabilized, pre-pandemic levels.



TRANSACTIONS

Single-Family Residential:

- With a total of 33 transactions, Q2 2023 is down 42% in Transaction Volume as compared with Q2 2022. The quarter ended with the same number of pending properties as Q2 2022.
- As inventory remains low and often lackluster, it continues to impact overall Transaction Volume.

Midtown Condo/Co-Op:

- Q2 2023 transactions, totaling 24, are down 51% compared with Q2 2022.
- This is again a result of constrained inventory which, while up slightly over the last two years, remains far below pre-pandemic levels, down 48% when compared to Q2 2019.

South End Condo/Co-Op:

- Q2 2023 transactions, totaling 58, are down 13% compared with Q2 2022.
- 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:

- Q2 2023 Dollar Volume, totaling \$563M, is down 51% from the outlier \$1.1B of Q2 2022, but is on par with pre-pandemic values, even representing a 37% increase over Q2 2019.
- This second quarter witnessed 20 trades priced over \$10M, with the highest sale fetching \$66.5M for a direct lakefront, estate section home.

Midtown Condo/Co-Op:

- Q2 2023 Dollar Volume, totaling \$117M, is down 41% from the outlier Q2 2022, but is still above pre-pandemic levels, up 34% when compared to Q2 2019.

South End Condo/Co-Op:

- Totaling \$102M, Dollar Volume is down 40% compared to Q2 2022, again another outlier metric.
- This still illustrates the third highest South End Dollar Volume on record, up 50% when compared to Q2 2019.



PRICES

Single-Family Residential:

- The Q2 2023 median price of \$11.35M is down 23% compared with the record breaker of Q2 2022 (\$14.75M), but up nearly 132% compared to pre-pandemic Q2 2019. It is also the second highest Q2 median on record. Although easing slightly off recent highs, prices remain significantly elevated over pre-pandemic levels.
- Looking at Q1 and Q2 combined, the median price for the first half of 2023, totaling \$10.5M, is down only 12% compared to the first half of 2022.

- Q2 2023's average price of \$17M is down 15% over Q2 2022, a previous outlier and record-setter, but remains the second highest Q2 average on record, and is up 134% when compared to pre-pandemic Q2 2019.
- Compared with the first half of 2022, average price is down only 2% in 2023.
- Asking prices have increased since last quarter, especially among premium waterfront properties.
- Nearly 30% of all transactions in Q2 occurred off-market, including 3 sales priced over \$20M.

Midtown Condo/Co-Op:

- Q2 2023's median price, totaling a record breaking \$3.1M, is up 27% over Q2 2022.
- Average price also set a new record totaling \$4.9M, up 21% over Q2 2022.
- The weakening single-family home inventory continues to redirect buyers' attention towards high-end condos, inflicting upward pressure on pricing.

South End Condo/Co-Op:

- Another record breaker, Q2 2023's median price reached \$1.25M, a 6% jump over Q2 2022.
- Average price decreased by 9% to \$1.76M, but is still the second highest on record for Q2 South End.

OBSERVATIONS

Macro-economic conditions, combined with ongoing constraints on compelling inventory, continue to slow the recent record-setting growth in the Palm Beach real estate market. While this unprecedented (and arguably unsustainable) progress may have plateaued, interest and demand in South Florida remains robust. According to recent IRS data, six southern states, Florida included, now contribute more to the national GDP than the Northeast, having witnessed \$100B of new income in-migration during 2020 and 2021, while the Northeast saw a decrease (out-migration) of \$60B, as roughly 2.2 million people migrated south during covid. "The switch happened during the pandemic and shows no signs of reverting" (Bloomberg). Florida leads the nation as the dominant high-growth region, with a 4.8% increase in population between 2020 and 2022. Miami reached \$20B in income in 2021, largely a result of the dramatic outflow from northern cities like New York, Chicago, and D.C. As there's no indication that these trends will ease, we can expect demand to persist for the foreseeable future. With an enduring reputation for quality, safety, beauty, and a favorable tax climate, we expect the Palm Beach real estate market to remain the beneficiary of this heightened demand.

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

561.373.0941 | 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 | FACEBOOK.COM/FRISBIEPALMBEACH | @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.