



PALM BEACH REAL ESTATE
Q3 2023 RESIDENTIAL MARKET REPORT
SINGLE FAMILY & CONDOMINIUM/CO-OP

OVERVIEW

We are deeply saddened by the recent terrorist actions of Hamas and the tragic loss of innocent life. Our hearts go out to all who are impacted.

President Daniel Pinto of JP Morgan Chase & Co. spoke about the vulnerability of the robust U.S. economy to political and economic risks. He noted that while consumers and businesses are strong, with high levels of savings and robust finances, issues such as persistent high inflation and elevated or still-increasing interest rates would create additional stress. Pinto also noted how a string of geopolitical risks, including the Russian invasion of Ukraine, the Hamas attack on Israel, and issues surrounding the US/China relationship, could trigger a deterioration of the economy (Bloomberg).

Meanwhile, locally, inventory remains constrained and often uninspiring, yet demand for premium housing is robust. This favorable supply/demand ratio has continued its upward pressure on pricing, with Q3 witnessing the highest averages and median prices on record. By the end of Q3 2023, the Palm Beach real estate market had amassed sales exceeding \$1.5B in total dollar volume, more than year-end totals for all pre-pandemic years recorded. As a safe haven and highly desirable destination, continuously the beneficiary of accelerating in-migration and widespread investment, demand in and around Palm Beach is poised to continue for the foreseeable future.



INVENTORY

Single-Family Residential:

- At the end of Q3 2023, there were 73 active offerings in the Multiple Listing Service (MLS). Based on Q3 2023's established absorption rate, this represents an approximate 18-month supply.
- As noted in prior reports, inventory continues to steadily increase over recent historic lows, but remains well under pre-pandemic levels, down over 50% from Q3 2019.

Midtown Condo/Co-Op:

- At the end of Q3 2023, there were 44 offerings in the MLS. Based on Q3 2023's established absorption rate, this represents approximately an 11-month supply.
- As with the single family market, inventory continues to steadily increase among Midtown condos, but remains well under pre-pandemic levels.

South End Condo/Co-Op:

- At the end of Q3 2023, there were 69 offerings in the MLS. Based on Q3 2023's established absorption rate, this represents an approximate 11-month supply.
- Inventory in the South End has decreased 13% from Q3 2022 and is down 56% compared to pre-pandemic 2019 levels.



TRANSACTIONS

Single-Family Residential:

- With a total of 13 transactions, Q3 2023 is down 7% in Transaction Volume as compared with Q3 2022. The quarter ended with the same number of pending properties as Q3 2022, 8 in total.
- Low and often uninspiring inventory continues its negative impact on Transaction Volume.

Midtown Condo/Co-Op:

- Q3 2023 transactions, totaling 12, are down 33% compared with Q3 2022.
- This remains due, in large part, to constraints on inventory, which remains well below stabilized, pre-pandemic levels.

South End Condo/Co-Op:

- Q3 2023 transactions, totaling 18, are down 45% compared with Q3 2022. This is largely a result of the decreasing and constrained inventory.
- 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:

- Q3 2023 Dollar Volume, totaling \$336M, is up an impressive 81% from Q3 2022. This is due to the high price tag of the majority of Q3 trades, with 66% priced over \$30M.
- A notable 85% of all Q3 transactions were priced over \$10M, with the remaining trades priced over \$9M. The highest sale, totaling \$74M, was followed by a sale for \$50M and three sales priced at or over \$30M.

Midtown Condo/Co-Op:

- Q3 2023 Dollar Volume, totaling \$25M, is down 49% from Q3 2022.

South End Condo/Co-Op:

- Totalling \$12.5M, Dollar Volume is down 77% compared to Q3 2022.
- Again, this figure is mainly driven by the aforementioned inventory constraints.



PRICES

Single-Family Residential:

- The Q3 2023 median price of \$16.9M is up 72% compared with Q3 2022, and represents, by far, the highest Q3 median price on record.
- Q3 2023's average price of \$25.8M is up a whopping 95% over Q3 2022. This sets a record for the highest average price ever; not just in Q3, but in any quarter.
- Asking prices remain strong, with the averages reaching nearly \$5,000 and \$3,100 per total SF for waterfront and interior properties, respectively. Median asking prices hit a record of \$5,111 and \$3,024 per total SF for waterfront and interior properties, respectively.
- 30% of Q3 transactions occurred off-market, including 4 sales priced over \$10M.

Midtown Condo/Co-Op:

- Q3 2023's median price, totaling \$1.725M, is down 30% over the outlier of Q3 2022, but is still the second highest Q3 median on record.
- Q3's average price of \$2M is down 23% compared with Q3 2022's record setter, but is also the second highest Q3 average price on record.

South End Condo/Co-Op:

- Q3 2023's median price of \$592K is down 41% compared with last year's record breaking statistic, but still exceeds pre-pandemic 2019 levels.
- Average price is down 57% at \$691K, but is also above pre-pandemic 2019 levels.

OBSERVATIONS

The broader economic uncertainty, coupled with lingering local inventory constraints, continues to hinder the recent accelerated momentum of the Palm Beach real estate market. However, as evidenced by the above pricing statistics, demand remains strong for quality product, with buyers willing to pay premiums to lock in their piece of paradise. According to Forbes, the total number of billionaires with residential ties to Palm Beach has reached a new record of 57, with combined fortunes totaling \$444.5B, and we believe these figures to be considerably higher off-record. While Florida has always been known as a haven for ultra-wealthy retirees, it is rapidly attracting a younger, highly affluent crowd, now the top state for net in-migration of professionals aged 26 to 35 earning at least \$200K annually, according to new data by the IRS. Further, the recent merger of the PGA Tour and LIV Golf will ignite a different demand demographic—that of the professional golfer. While Florida is already a preferred destination among golfers, it's anticipated that the merger—which will increase PGA Tour events and subsequent revenues, will amplify this appeal, and prompt a surge in high-profile golfers moving to the Sunshine State (Florida of Tomorrow). According to new research by Zillow, Florida is second only to California as the state with the most valuable housing market in the country, with residential property values soaring by \$160B since June of 2022. This ranks Florida's housing stock values, now totaling \$3.8T, above New York. Over 3,000 new homes are currently under development in West Palm Beach to satisfy this ever-increasing demand, where Florida buyers are paying the highest premiums for their homes nationwide. Since the start of the pandemic, 104 investment firms have relocated headquarters to Florida, with 37 of them landing in Palm Beach, swapping high-cost-of-living locales for more favorable tax environments and overall climate (Bloomberg). The progress and growth show no signs of slowing, “what began as a warm-weather haven from pandemic restrictions has turned into a place not only catering to the current influx of professionals, but doubling down on the premise that even more are still to come” (NYPost). This enduring demand, coupled with Palm Beach's long standing reputation for safety, security, and quality, will continue its positive impact on the Palm Beach real estate market.

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2023 WSJ, REAL Trends Ranking, by Individual Sales Volume, #3 in Palm Beach, #7 in FL & #26 in U.S.
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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.