



FRISBIE

PALM BEACH REAL ESTATE Q4 2023 RESIDENTIAL MARKET REPORT SINGLE FAMILY & CONDOMINIUM/CO-OP

OVERVIEW

After embarking on 2023 with modest to low expectations, the year ended better—from an economic standpoint—than most anticipated. With challenges ranging from escalating interest rates and lingering inflation to numerous bank failures, geopolitical concerns, and looming fears of a recession, 2023 carried its share of uncertainty and adversity. The continued conflict in Russia/Ukraine, combined with the more recent devastating attacks on Israel and subsequent tensions in the area, further exacerbated volatility and uncertainty. The economy ultimately proved an ability to withstand such hurdles, however, leading to an emerging confidence in 2024's capacity to do the same. While risks remain, and election years only add to the inevitable turbulence, "cooler inflation, rising wages and the prospect of falling interest rates will help to keep the economy on track." (Northern Trust). As fears of a recession continue to dissipate, the path to a soft landing appears promising.

From a local standpoint, the Palm Beach residential real estate market continues to reflect both sustained demand and constrained supply. Although the year started off slow, the second half of 2023 showed increased momentum in transaction volume, dollar volume, and pricing, a pace we expect to maintain in 2024. And while conditions have cooled from the frenzy witnessed at the start of covid, prices and overall dollar volume remain considerably elevated from pre-pandemic levels. Continually the beneficiary of in-migration and increasing population, and as a highly desirable destination to live, work, and play, Palm Beach is poised to perform positively in 2024.



INVENTORY

Single-Family Residential:

- At the end of Q4 2023, there were 110 active offerings in the Multiple Listing Service (MLS). Based on 2023's absorption rate, this represents an approximate 14-month supply.
- Inventory typically rises in the fall and winter months, as properties are timed to hit the market for "season." And while Q4 supply is up compared to recent historic lows, it remains far below pre-pandemic levels.

Midtown Condo/Co-Op:

- At the end of Q4 2023, there were 64 offerings in the MLS. Based on 2023's absorption rate, this represents approximately a 10-month supply.
- Supply continues its steady incline, but remains well under pre-pandemic levels.

South End Condo/Co-Op:

- At the end of Q4 2023, there were 104 offerings in the MLS. Based on 2023's absorption rate, this represents an approximate 8-month supply.
- As with Midtown and Single-Family, the South-End condo inventory is steadily increasing, but remains well below pre-pandemic levels.



TRANSACTIONS

Single-Family Residential:

- With a total of 20 transactions, Q4 2023 is up 54% as compared with Q4 2022.
- 2023 year-end total transaction volume, reaching 92, was down 26% from year-end 2022, driven by the lower transaction counts in the first half of the year. Momentum picked up in the second half of the year, however, with transaction volume ending up 22% overall when compared to the second half of 2022.
- The quarter ended with 9 properties pending, up 30% from Q4 2022, and totaling \$112.5M in asking dollar volume.
- Inventory remains historically low, with much of it priced at aspirational levels, which in turn negatively impacts transaction volume.

Midtown Condo/Co-Op:

- Q4 2023 transactions, totaling 13, are down 50% compared with Q4 2022.
- At year-end 2023, Midtown recorded 79 transactions, down 43% from year-end 2022.
- Inventory restraints on the island continue to negatively impact transactions. Additionally, (i) many older buildings are facing large assessments for structural renovations, potentially deterring sales and, (ii) increasing luxury condo development in West Palm Beach is offering viable alternatives for buyers seeking new product, many of whom are willing to forgo a Palm Beach address for new construction.

South End Condo/Co-Op:

- Q4 2023 transactions, totaling 26, are up 24% compared with Q4 2022.
- At year-end, the South End had a total of 148 transactions, down 38% over last year. Given the recent uptick in momentum this past quarter, however, it's possible we will see more sustained activity in 2024. Additionally, the aforementioned assessment costs and uncertainties may be placing strain on this segment of the market.
- 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:

- Q4 2023 dollar volume, totaling \$223M, is down 20% from Q4 2022.
- Similarly, year-end dollar volume, totaling \$1.9B, is down 16% from year-end 2022. When compared to 2019 pre-pandemic year-end levels, however, this figure is up over 50%.
- When looking at the second half of 2023, combined dollar volumes for Q3 and Q4 are up 22% compared with the second half of 2022.
- Half of all Q4 transactions were priced over \$10M, with the highest trade at \$32.6M for an off-market, oceanfront, 1928 home.

Midtown Condo/Co-Op:

- Q4 2023 dollar volume, totaling \$58M, is down 36% from Q4 2022.
- Similarly, year-end dollar volume, totaling \$312M, is down 31% from year-end 2022, but is considerably higher than year-end pre-pandemic levels.

South End Condo/Co-Op:

- Totalling an impressive \$34.6M, Q4 2023 dollar volume is up 138% compared to Q4 2022.
- At year-end, 2023 dollar volume totaled \$219M, a 37% decrease over year-end 2022, but elevated when compared to recent pre-pandemic years.



PRICES

Single-Family Residential:

- The Q4 2023 median price of \$9.4M is down 38% compared with the outlier Q4 2022 metric (\$15.25M), but is still the second highest Q4 median on record.
- At year-end, the 2023 median price was off only 2% from year-end 2022, totaling \$11.75M, and is also the second highest year-end median on record.
- Q4 2023's average price of \$11.2M is down 48% over Q4 2022's record breaking price, though it is still the third highest Q4 median on record, and up considerably when compared with pre-pandemic levels.
- The year-end 2023 average price set a record high at \$20.6M, up 15% over year-end 2022. Based on this metric, the Palm Beach real estate market is said to be the most expensive in the country.
- 15% of Q4 transactions occurred off-market, including the highest priced sale of the quarter (\$32.6M). At year-end 2023, 33% of all transactions occurred off-market.

Midtown Condo/Co-Op:

- Q4 2023's median price, totaling \$2.3M, is down 28% over the outlier of Q4 2022, but is up nearly 140% compared to pre-pandemic levels.
- For year-end, however, 2023's median price set a record at \$2.9M, up 21% over the previous year.
- Q4's average price of \$4.4M is up 29% compared with Q4 2022, and sets a new record for the highest Q4 average in Midtown.
- Similarly for year-end, average price hit a record \$4M, up 22% from year-end 2022, reflecting the premium buyers are willing to pay for the right fit and finish.

South End Condo/Co-Op:

- Q4 2023's median price of \$847K is up a whopping 78% compared with Q4 2022.
- Similarly, average price is up 93%, reaching a record breaking \$1.3M.
- Year-end average price remains unchanged from 2022, totaling nearly \$1.5M, while median price is up 2% with a total of \$935K.

OBSERVATIONS

As noted, the second half of 2023 demonstrated an uptick in momentum for the Palm Beach real estate market, although it remains hindered by limited, often uninspiring, and / or ambitiously priced inventory. Demand is steady, if not increasing, in large part due to the continued southward demographic shift in the US. According to new census data, the south accounted for 87% of the country's overall growth in 2023, with Florida ranking #1 for population migration for the second year in a row, welcoming over 1,000 new residents a day. Florida now has 3 million more residents than New York. Dubbed "the great wealth migration," this movement includes highly affluent buyers relocating from high-tax states, seeking the luxury, safety, and optimal quality of life that Palm Beach provides, and willing to pay a premium for access. 2023 witnessed the highest price ever paid for a single-family residence on the island, with the \$170M purchase of an oceanfront estate. With current MLS listed inventory including 3 properties priced between \$150M-\$200M, there's the potential this staggering record may be broken in the year ahead. Additionally, based on the aforementioned year-end residential average price of \$20.6M, the Palm Beach residential real estate market is considered the most expensive in the country. As macro-level uncertainty persists, demand for a trusted safe haven continues to intensify. For its security, beauty, and intrinsic quality of life characteristics, the Palm Beach real estate market is poised for an overall positive performance in the year ahead.

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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.