

# Palm Beach Daily News

WEDNESDAY, DECEMBER 26, 2005

25 cents

## Report: Real estate market on island continues to boom

Real estate attorney Les Evans' summary for mid-year 2005 says interest rates, storms haven't burst bubble.

By CANDI CALKINS  
Daily News Staff Writer

With a steady stream of buyers willing to pay millions of dollars, often in cash, for a luxury home in sunny Palm Beach, the island's real estate market is largely immune to the effects of rising interest rates and speculative bubbles that may affect real estate markets elsewhere.

That's the conclusion that Les Evans, a real estate attorney and publisher of *The Evans Report*, draws from his mid-year report on island transactions.

Evans usually publishes an annual report on the island real estate market in the spring, but began issuing a mid-year report in December because he said "this year people did not want to wait a whole year for information."

About \$970 million in Palm Beach homes and condominium sales occurred during the first six months of 2005, a 5 percent increase over 2004, he said, putting the island on track for an estimated \$1.8 billion in real estate transactions during 2005.

The average price for a Palm Beach home was \$4.6 million for the first half of 2005, up from \$3.47 million to boost real estate prices.

Evans said a combination of fewer homes on the market and more Baby Boomers in the market for Palm Beach retirement homes combined to boost real estate prices.

The report issued this week is compiled from sales closing documents filed with Palm Beach County.

"A lot of people were wondering how this year would be, compared to last year, with rising interest rates," Evans said. "What we found here are some startling changes. It's been more positive than people would have thought."

Please see REPORT, Page 4

**INSIDE**

Classified ..... 4  
 Crossword ..... 5  
 Horoscope ..... 2

Moye Times ..... 5  
 Obituary ..... 2  
 Today ..... 2

**W/E/A**

### A COMPARISON

	2004	2005	Change
<b>Single Family Homes</b>			
■ Number of sales	135	136	+1
■ Number of years between sales	7.7	6.99	-.71
■ Average annual percentage change	20.24%	24.93%	+4.69%
■ Average price	\$3,472,569	\$4,641,611	+\$1,169,042
<b>Condominiums</b>			
	2004	2005	Change
■ Number of sales	287	278	-9
■ Number of years between sales	8.24	8.32	+.08
■ Average annual percentage change	20.69%	25.62%	+4.93%
■ Average price	\$645,433	\$853,873	+\$208,440

# REPORT

'There is no bubble here and will be no bubble here'

From Page 1

for the first six months of 2004.

Home prices in Palm Beach increased by 24.93 percent for the first half of 2005, compared to a 20.24 percent increase in the same time period in 2004.

Marlene Hayes, of Claude D. Reese Real Estate on Bradley Place and the new president of the Palm Beach Board of Realtors, said she agrees with the National Association of Realtors that real estate markets in general may see prices leveling off as overall demand goes down. But she said the situation on the island is different.

"There will always be a demand in Palm Beach," Hayes said. "If someone wants a home [in Palm Beach], they will buy it.

"And you have educated real estate agents that will fill that demand as far as information and education," Hayes said. "We're approaching the season, so we're all looking very hopeful and positive."

Evans attributes the smaller inventory of island real estate partly to a slow decrease in the number of overall units.

Every time lots or homes are combined to create larger homes, every time condominium units are combined to create larger units, every time small apartments buildings are converted to condominiums and remodeled into larger units, the island's inventory of housing units is affected. He estimates the island's overall housing inventory may have decreased 8-10 percent over the past four or five years.

In addition, more island buyers are purchasing homes as a long-term investment rather than for speculation.

The report showed that the average Palm Beach home sold during the first half of 2005 was owned for about seven years, down from an average of 7.7 years in the first half of 2004.

With Baby Boomers now approaching retirement age, many are cashing out their stock market gains to buy retirement homes "and they're not moving to Montana or North Dakota," Evans said. "They're moving to Florida."

He said the threat of hurricanes has not diminished the demand for Florida homes probably because the odds of a hurricane in Florida are much smaller than the odds of cold, snowy winters up north.

In addition, real estate price increases have made Palm Beach homes and condominiums a more rewarding investment than the stock market in recent years. While the stock market has been relatively flat, Palm Beach home prices increased an average 24.93 percent and condominiums, 25.62 percent, in the first half of 2005 as compared to the first half of 2004.

"I think a lot of people are putting their money into real estate, and they are trying to get a piece of paradise before it becomes unreachable," Evans said. Real estate investments are "continuing to outpace any other kind of investment."

And the affluence of Palm Beach buyers insulates the island market from rising interest rates. Evans estimates that a majority of residential transactions in Palm Beach involve cash.

"There is a shortage here,

---

**'There will always be a demand in Palm Beach. If someone wants a home [in Palm Beach], they will buy it.'**

**MARLENE HAYES**

President of the Palm Beach Board of Realtors

---

not an oversupply of houses available, and that's totally the opposite of the situation where there could be a bubble," Evans said. "This report basically validates that there is no bubble here and will be no bubble here on the island."

Even though only four home sales topped the \$20 million mark during the first half of 2005, including two \$33.6 million transactions for the

same property at 1960 S. Ocean Blvd., there were also only three home sales under \$1 million. So while higher priced transactions might seem to skew the market picture, "over six months it tends to even out," Evans said.

Evans believes that real estate prices continued to climb during the second half of 2005. He said Hurricane Wilma did affect sales for the end of October and November "but the market's picked up very strongly since then."

Evans said statistics show the average Palm Beach home appreciated in value by about 25 percent annually for the past seven or eight years. "I think the appreciation is going to continue. I don't know how long it is going to keep going at this rate, but historically Palm Beach has never gone down."

— ccalkins@pbdailynews.com