

Island's Real Estate Prices Resist Low-Balling

With a new report showing that Palm Beach's single-family home prices rose last year, brokers agree that properties priced appropriately for the market are attracting buyers

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Among those who remain unabashedly bullish about the state of the island's single-family real estate market, Palm Beach attorney Leslie Evans has the figures he says back him up.

- Evans, whose namesake law firm does extensive research into the sales of properties on the island, says real estate here continues to attract buyers in search of the qualities that Palm Beach has always offered — a resort lifestyle in a beautiful, secure community with good weather year-round and a wide range of upscale residences.
- The company's latest Evans Report — an in-depth analysis of properties sold in Palm Beach during 2008 — shows that prices of single-family homes continued to escalate last year.

The report, which breaks down single-family and condominium sales by geographic areas on the island, shows that the average

sales price of a single-family home last year was about \$7.14 million, compared to about \$5.11 million for 2007.

The median single-family home price last year, meanwhile, was \$3.875 million, compared to \$3.5 million in 2007. The median price is the price at which half the homes sold for more and half for less.

The report's averages reflected the fact that 2008 set records for residential real estate sales on the island, led by Donald Trump's much-publicized \$95 million sale of 515 N. County Road in July to Russian billionaire Dmitry Rybolovlev. The other two highest-dollar transactions were the April sale of an estate at 1236 S. Ocean Blvd. for \$81.5 million and the July sale of 60 Blossom Way for \$68.5 million.

Big-dollar anomalies aside, the overall pricing track record bodes well for single-family home sellers on the island, Evans says, even in an uncertain economic climate.

"People are not in a panic to sell, because the prices are still going up," he says.

The number of sales of single-family homes, the report says, dropped from 142 to 104. But those sales numbers don't reflect sales conveyed through limited liability companies, which were unrecorded and couldn't be tracked, Evans explains.

In addition, the total sales volume of single-family homes sold in 2008 was \$742.6 million, compared to \$725.75 million in 2007.

"That's an increase of almost \$17 million in homes sold here," Evans says. "Have you seen any other place where you can say that happened?"

Despite the country's economic woes — including massive upheavals in its financial and real estate industries — Evans takes the long view when evaluating the strength of the Palm Beach market. He says Palm Beach's appeal is largely a case of supply and demand, pointing to the fact that geographic and zoning restrictions limit the number of housing units available in Palm Beach, as houses have been demolished and lots combined to make larger properties.

In addition, only one major multi-family condominium — Bellaria on South Ocean Boulevard — has opened in Palm Beach since 2004.

"The overall housing stock has dropped tremendously over the past five years, but the

demand is high," Evans says.

The amount of housing stock in Palm Beach is indeed limited, agrees Ava Van de Water, executive vice president and broker at the Palm Beach brokerage of Brown Harris Stevens.

"We can't add more homes, unless we tear something down," Van de Water says.

Like other agencies on the island, Brown Harris Stevens has seen an uptick in buyers shopping for new homes since the middle of January after sluggish sales in the fourth-quarter of last year.

"We're in a different economic climate — there's no doubt about that," Van de Water acknowledges. "There's definitely more inventory."

But she adds that the properties that move most easily today are those that are priced fairly, based on square-footage, condition and other factors.

"This is a great time to buy — and those who are selling have priced it right," Van de Water adds.

William Yahn, regional senior vice president at Corcoran Group Real Estate's Palm Beach brokerage, likewise has noted

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an increase in sales since January.

"There's a great pent-up demand," Yahn says, although he readily acknowledges that the Palm Beach market has become more challenging in light of the nation's economic struggles.

Even so, Yahn says, "we've had a tremendous increase in activity since January."

Corcoran's January sales in Palm Beach included a home that sold for more than \$12 million and several other transactions in a range under that figure.

Those homes sold for between \$830 per square foot and \$1,250 per square foot — a price that Yahn says is appropriate for today's market. Those square-footage figures, he adds, are about the same as in 2008.

The key in pricing properties to sell is to avoid setting the price unrealistically high in the first place, Yahn says.

"The market is holding," he says. "We try to encourage sellers to price (properties) toward the market."

And long gone, he adds, are the buyers who came to Palm Beach late last year

expecting "fire sales" of properties by sellers supposedly anxious to liquidate their assets in the wake of the Bernard Madoff fraud case and the meltdowns of financial giants such as Bear Stearns and Lehman Brothers. The consensus among local real estate agencies is that those would-be home buyers found slim pickings in Palm Beach.

"Almost all of them left empty-handed," Yahn notes. The Evans Report also examined condo sales on the island, and as expected by many agents who had noted a slowdown in the market, prices and the number of transactions were down last year.

The average condo sold for a median price of \$600,000 in 2008, compared to \$825,000 in 2007, the report showed. The island saw 196 condos change hands last year, 49 fewer than in 2007.

The report also showed that of the single-family homes sold in Palm Beach in 2008:

- six sold for more than \$20 million, compared to three in 2007;
- one sold for between \$15 million and \$20 million, compared to six in 2007;

• twenty-three sold for between \$5 million and \$10 million, compared to 31 in 2007;

• thirty-three sold for between \$2.5 million and \$5 million, compared to 53 in 2007; and

• thirty-five sold for less

than \$2.5 million, compared to 42 in 2007.

Evans says he and his staff compile their sales and price figures from a variety of sources, including public records, newspapers, multiple listing services and other sources.