

ROYAL PALM MARKET REPORT

Dear Neighbor,

As summer is lazily drawing to a close and fall is knocking at our door, sales metrics for the same three-month period year-over-year are down across the board. Sales volume for the same period in 2018 was \$66,505,000 vs. \$40,347,212; average sales price per square foot fell from \$655 to \$561 and total sales fell from 18 to 13. On a more positive note, the average days on market has fallen from 215 to 169 and there was a significant jump in sales from June to July.

Meanwhile, in the upper echelons of the Royal Palm Market, the average price for a waterfront home has risen sharply. We are seeing an increase in sales of significant waterfront estates including the newly built (2017) 239 W. Coconut Palm Road by SRD Construction for \$10,200,000, which closed 8/2/2018 after 539 days on market.

This sale was the third home sale over \$10,000,000 this year, the fourth in the past two years and only the ninth sale over \$10,000,000 recorded in the MLS indicating a growing market for homes over \$10,000,000.

The highest priced homes in Royal Palm are finding an audience with 18% of sales this quarter being priced at \$8,000,000 or more. Currently, 24% of available inventory is over \$8,000,000 – what I describe as the high price tier. Meanwhile, 14% of sales in the past 12 months fell into this group indicating nearly two years of inventory on-market today.

We have an abundantly available inventory of mid-market priced homes in Royal Palm – those properties priced between \$4,000,000 and \$8,000,000. In fact, 38% of the homes available on-market today are priced in this tier. Only 18% of total sales this three-month period fell into this group and 31% of sales over the last 12 months.

The lower price tier properties – those under \$4,000,000 – represent the largest segment of sales with 55% of the sales over the last 12 months and 64% of the sales in the last three months falling into this price band. This is the sole category in Royal Palm where we see less than one year of inventory on the market.

Real Estate Q&A

Q: What is a buyer's market vs. a seller's market? Is this just a figure of speech or is it an actual thing one can define?

A: In a "seller's market" increasing demand for property of a certain type or in a specific area drives up prices. Here are some common drivers of demand:

Economic factors – the local labor market heats up, bringing an inflow of new residents and pushing up home prices before sufficient housing inventory can be built.

Interest rates trending downward – improves home affordability, creating more buyer interest, particularly for those buying with financing who can afford a more expensive home as the cost of money goes down.

A short-term spike in interest rates – may compel "on the fence" buyers to make a purchase if they believe the upward trend will continue. Buyers want to make a move before their purchasing power (the amount they can borrow) erodes.

Low inventory – fewer homes on the market because of a lack of new construction or fewer resale homes hitting the market. Prices for existing homes will generally increase when fewer units are available.

A "buyer's market" is characterized by declining home prices and reduced demand. Several factors may affect long-term and short-term buyer demand, like:

Interest rates trending higher – the amount of money the people can borrow to buy a home is reduced because the cost of money is higher, thus reducing the total number of potential buyers in the market. Home prices drop to meet the level of demand and buyers find better deals.

Short-term drop in interest rates

– can give borrowers a temporary edge with more purchasing power before home prices can react to the recent interest rate changes.

High inventory – a new subdivision or multiple homes hitting the market around the same time can create downward pressure on prices of all homes nearby, particularly if they lack highly desirable features.

Natural disasters – a recent hurricane or tornado can dramatically affect property values in the locale where those disruptions occurred.

A "stratified market" is one in which supply and demand characteristics differ by price point, in the same area (usually a neighborhood or city). For example, home sales for properties under \$3,000,000 in Royal Palm may be brisk (seller's market) while homes over \$8,000,000 may be sluggish (buyer's market). A classic example of this scenario is seen in major international destination cities such as London, Miami, New York, San Francisco, Toronto, and Vancouver where international investors – looking to park their money in the United States – buy the expensive real estate. At the same time, home sales activity in mid-priced homes in the same area may be entirely different.

If you have questions or suggestions or to submit a potential "Question of the Month," please email us: spotlight@pinkpalm.com. We would love to hear from you. What did you like about the report? What else would you like to see?

Rochelle

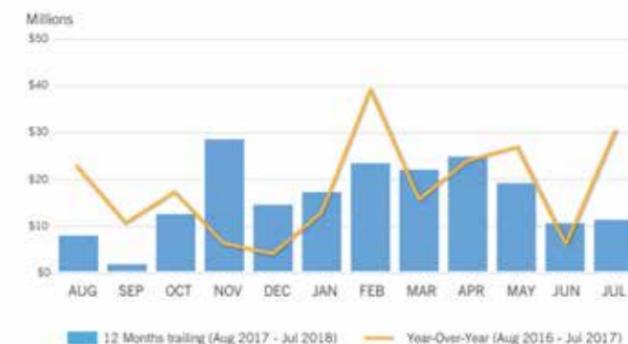
Rochelle LeCavalier Broker/Owner —
Pink Palm Properties

PINK PALM
East Boca Raton Luxury Real Estate

MARKET SNAPSHOT (AS OF AUG. 2018)



OVERALL SALES (SLIDING WINDOW)



MARKET MATRIX

	Last 3 Months May 2018 - Jul 2018	Year Over Year Comparison		3 Months Earlier Comparison		
		Change %	May 2017 - Jul 2017	Change %	Feb 2018 - Apr 2018	
WATER	No. of Sales	3	-70%	10	-50%	6
	Total Value of Sales	\$21,000,000	-32%	\$44,060,000	-51%	\$42,900,000
	Average Selling Price	\$7,000,000	50%	\$4,406,000	-2%	\$7,150,000
	Average Price per SqFt	\$676	-10%	\$750	-22%	\$865
	Average DOM	196	43%	137	-5%	206
GOLF	No. of Sales	2	-33%	3	100%	1
	Total Value of Sales	\$5,475,000	-60%	\$13,770,000	-200%	\$1,775,000
	Average Selling Price	\$2,737,500	-40%	\$4,590,000	54%	\$1,775,000
	Average Price per SqFt	\$515	-14%	\$602	-25%	\$689
	Average DOM	159	-72%	594	NA	0
INTERIOR	No. of Sales	8	50%	5	0%	8
	Total Value of Sales	\$13,872,212	50%	\$8,675,000	-45%	\$25,078,712
	Average Selling Price	\$1,734,026	0%	\$1,735,000	-45%	\$3,134,839
	Average Price per SqFt	\$529	7%	\$496	-19%	\$657
	Average DOM	161	13%	143	10%	147
TOTAL	No. of Sales	13	-20%	18	-12%	15
	Total Value of Sales	\$40,347,212	-39%	\$66,505,000	-42%	\$69,753,712
	Average Selling Price	\$3,103,632	-16%	\$3,694,722	-31%	\$4,650,247
	Average Price per SqFt	\$561	-14%	\$655	-24%	\$742
	Average DOM	169	-21%	215	5%	161

About Rochelle LeCavalier

With over 15 years of successful residential real estate development, sales, and finance experience including multi-million dollar spec home and rental property investor syndication – Rochelle is known by her clients as an exceptionally valuable resource on a number of fronts. She has an understanding of global markets yet maintains a hyper-local, granular grasp of Boca Raton luxury real estate market.

