

# **Palm Beach County home sales reach median price of nearly \$500K during red-hot 2021**



A blistering 2021 housing market rocketed median prices of single-family homes in Palm Beach County to nearly half-a-million dollars — and the average price to near seven figures — amid bidding wars that rivaled the heady boomtime days of the early 2000s.

The 22% bump in median price to \$475,000 last year over 2020 was revealed in an annual report released Thursday by the Broward, Palm Beaches and St. Lucie Realtors group.

It was no surprise to agents navigating the market fracas.

“It’s really crazy what we are seeing,” said Carlos Melendez, president of the Realtors group. “I’ve had sellers say to me, anyone coming in below a certain offer, don’t even waste time presenting it to them.”

Luxe property sales last year edged the average cost of a single-family home closer to \$1 million — a rapacious price tag largely driven by low interest rates, low inventory and a population on the move during a second year of pandemic unease.

### **Average price eye-popping, but also distorted by top dollars for luxury homes**

The average sales price for a single-family home last year was \$926,303, a 35.6% increase from 2020 but a whopping 71% increase over 2019.

Average prices can be misleading because they are skewed by eye-popping sales such as the \$33.4 million purchase of a former Jordanian princess's Palm Beach home in November. The median price is the midpoint where half of the properties sell for less and half for more. It isn't as sensitive to over-the-top mansion sales.

Prices for townhomes and condominiums followed single-family sales last year with the median price up 17% to \$240,000 and the average price of \$407,697, up 21% from 2020.

“The year took off and never let up,” said Boca Raton-based Realtor **Bonnie Heatzig, executive director of luxury sales at Douglas Elliman in South Florida**. “It was an exciting year. We saw things that never happened before.”

Melendez said he had a buyer offer \$7 million on a home listed for \$5.9 million and still lose to a higher bid. **Heatzig** said she had clients from Manhattan who offered just over \$7 million on a waterfront home listed at \$6.9 million. Her clients won the contract even as other bids were coming in.

“These are people who never thought they would buy in Florida but came down during COVID to escape the restrictions and fell in love with South Florida,” she said. “2021 absolutely brought a time when there were unprecedented bidding wars.”

### **Pace of people moving to Palm Beach County from New York picked up speed in 2021**

According to driver’s license records, about 8,100 people traded New York IDs for those with Palm Beach County addresses last year. That’s 37% higher than the average for 2017-2021. Statewide, 61,730 New York IDs were exchanged for one from the Sunshine State. That’s 34% higher than the 5-year average.

“Our real estate is comparatively inexpensive to Manhattan prices,” **Heatzig** said.

The median time it took for a Palm Beach County home to go under contract last year was 15 days, down from 37 days in 2020, and 53 days in 2019.

In the Treasure Coast, Martin County’s median single-family home price was \$479,500 in 2021, up 20% over 2020. St. Lucie County’s median home price was \$307,500 in 2021, an increase of 23% from 2020.

The number of December home sales did slide 10% in Palm Beach County from the previous year, but median prices were still up 23.5% in December to \$525,000. Home sales were down 20% in Martin County last month. St. Lucie County sales climbed 24% in December 2021 compared to December 2020.



## **Supply versus demand: Lack of available homes major factor in price increases**

The intensity of home buying was partly caused by a lack of inventory with an average of just 1.1 months' supply available last year. That's a decrease of 52 percent over 2020.

A year-end report for 2019 showed an average of 6,162 home listings were active throughout the year in Palm Beach County. Last year ended with an average of 1,832 active listings.

"The inventory is not keeping up with demand," said Sandro Herrera, a Realtor and owner of Oasis Capital Solutions in Lake Park. "I don't believe we will see a slowdown any time soon."

Tim Becker, director of the Bergstrom Real Estate Center at the University of Florida, said while the frenzied market may resemble the boom in the early 2000s, the buying circumstances are different.

Whereas bad loans, rampant flipping and home equity withdrawals epically tanked real estate prices following the 2008 to 2009 economic bust, people buying today are more "financially capable," he said.

"Back then you had people taking out home equity to buy two, three and four rental properties when they really couldn't even afford one," Becker said.

A total of 19,495 single-family homes sold in Palm Beach County last year, with 41% of buyers paying in cash. That's up from total sales of 18,174 in 2020 when 32% paid in cash. Becker does not expect a slowdown in sales or price hikes this year, but he said it's still unclear whether the newcomers from other states will stay long-term.

“To the extent that New York passed another tax increase I suspect we will have more people moving here,” he said. “It will be very difficult for supply to catch up.”

And while that's good for sellers, Melendez said it's frustrating for buyers, especially people looking to purchase their first home.

“You want to help as many families as possible and it's hard to constantly deliver bad news,” Melendez said. “It can be a sad situation, but that's the market.”