

# REAL ESTATE MARKET ANALYSIS & FORECAST 2024

## FOR PALM BEACH COUNTY, FLORIDA

KELLERWILLIAMS  
*Luxury*  
INTERNATIONAL

**kw** COASTAL  
PARTNERS  
KELLERWILLIAMS

By Maximilian Stalinski  
Keller Williams Coastal Partners  
Cell 424-288-9434  
Email [Maximilian@MSPA.com](mailto:Maximilian@MSPA.com)  
Website [maximiliandollarlistings.com](http://maximiliandollarlistings.com)

# Important Notice

This publication does not constitute an offer to sell, or the solicitation of an offer to buy, any securities or any interests in any investment products advised by, or the advisory services of, Maximilian Stalinski PA (“MSPA”). This publication has been prepared without regard to the specific investment objectives, financial situation or particular needs of recipients and under no circumstances is this publication on its own intended to be, or serves as, investment advice. The discussions set forth in this publication are intended for informational purposes only, do not constitute investment advice and are subject to correction, completion and amendment without notice. Further, nothing herein constitutes legal or tax advice. Prior to making any investment, an investor should consult with its own investment, accounting, legal and tax advisers to independently evaluate the risks, consequences and suitability of that investment.

MSPA has taken reasonable care to ensure that the information contained in this publication is accurate and has been obtained from reliable sources. Any opinions, forecasts, projections or other statements that are made in this publication are forward-looking statements. Although MSPA believes that the expectations reflected in such forward-looking statements are reasonable, they do involve a number of assumptions, risks and uncertainties. Accordingly, MSPA does not make any express or implied representation or warranty, and no responsibility is accepted with respect to the adequacy, accuracy, completeness or reasonableness of the facts, opinions, estimates, forecasts, or other information set out in this publication or any further information, written or oral notice, or other document at any time supplied in connection with this publication. MSPA does not undertake and is under no obligation to update or keep current the information or content contained in this publication for future events. MSPA does not accept any liability in negligence or otherwise for any loss or damage suffered by any party resulting from reliance on this publication and nothing contained herein shall be relied upon as a promise or guarantee regarding any future events or performance.

By accepting receipt of this publication, the recipient agrees not to distribute, offer or sell this publication or copies of it and agrees not to make use of the publication other than for its own general information purposes.

# EXECUTIVE SUMMARY

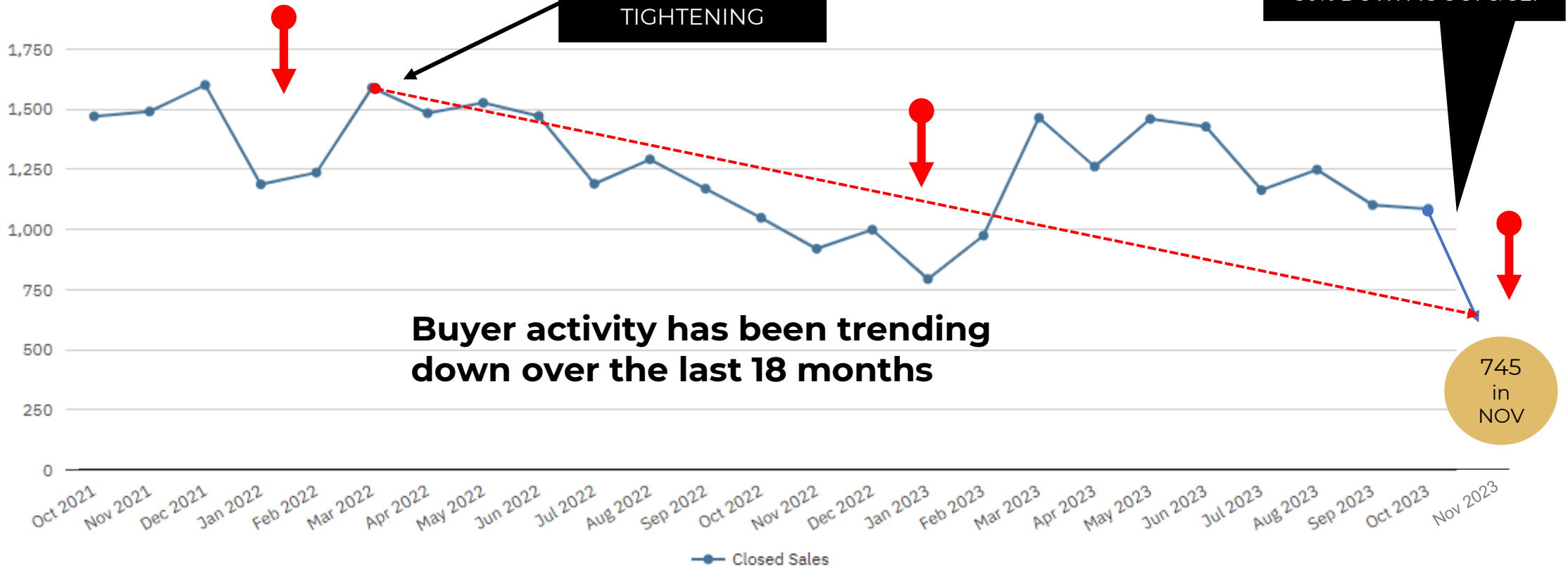
- Housing affordability is down and unlikely to improve unless mortgage rates drop into the 5% territory. The FED predicts to keep rates elevated **through 2026**
- **Overall price growth is no longer demand driven** – a new sales mix is driving average and median prices up (fewer middle class homes sell vs. more upper class and luxury homes)
  - Real prices are at best stalling or starting to decline (especially in the local condo market)
  - Very **high inventory levels** paired with **record low sales** going into Q1-2024 will most likely trigger more price concessions (as seen in Q1-2023), as few Buyers will have even more options to shop
- US Recession Probability Index sees a **70% chance for a recession by May 2024**, which is weighing on investment decisions

**There is no market collapse in sight, well priced homes will sell. However, the 2024 RE is facing more risk factors going forward:**

- Significantly higher inventory levels (highly motivated condo owners will try to exit paired with the return of homeowners that didn't sell in 2022 or 2023)
- Affordability remains low, leading to a very small Buyer pool
- Higher recessionary pressures will be factored into pricing decisions (whether we have a recession or not)

# FEWER HOMES ARE SELLING: CLOSINGS HAVE DECREASED BY -50% OVER THE LAST 6 MONTHS

Palm Beach County: Closed Sales  
Single-Family Homes, All Price Tiers, All Sale Types

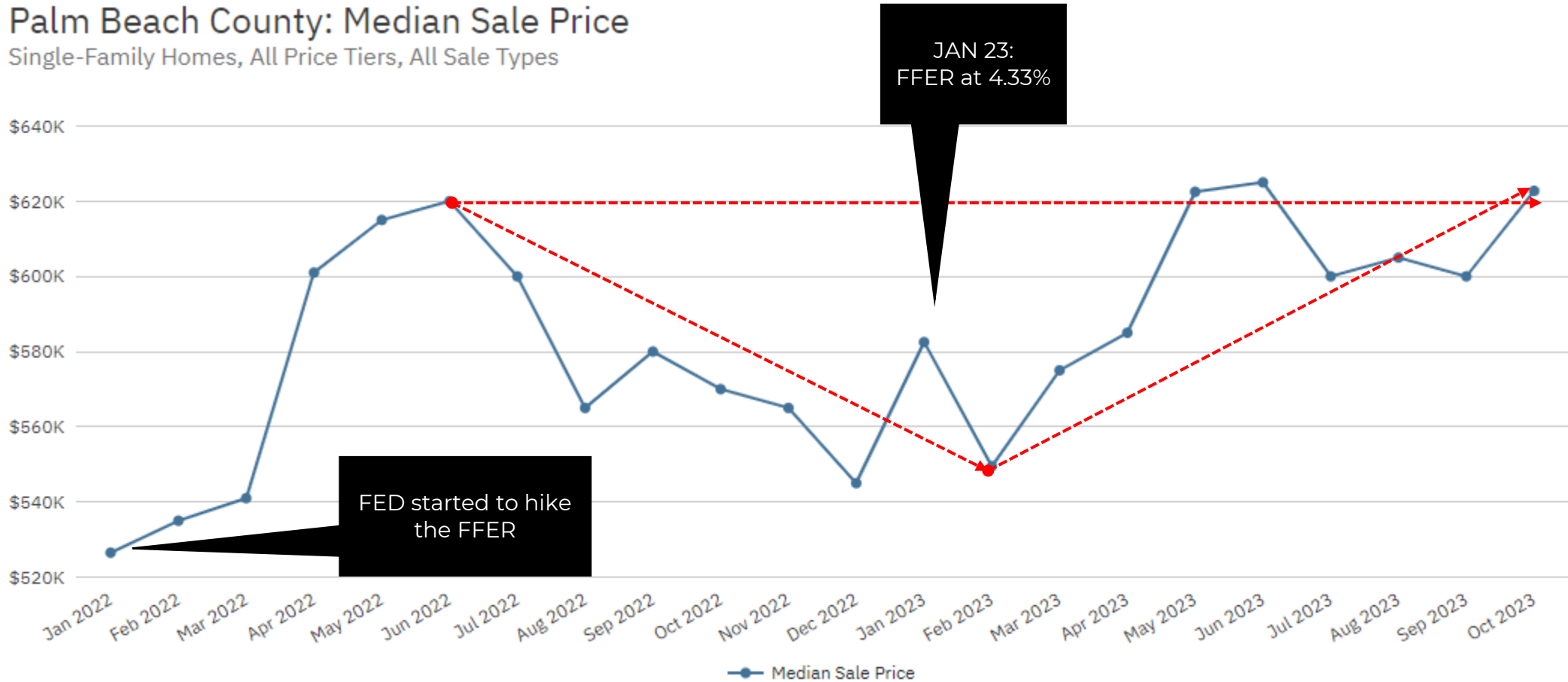


**NOV 2023 was the least active month since JAN 2012! Usually JAN & FEB are the slowest months of the year, increasing the likelihood that JAN 24 / FEB 24 will see even less activity than NOV 23.**

This publication has been prepared without regard to the specific objectives or needs of recipients and under no circumstances is this publication on its own intended to be, or serves as, investment advice.

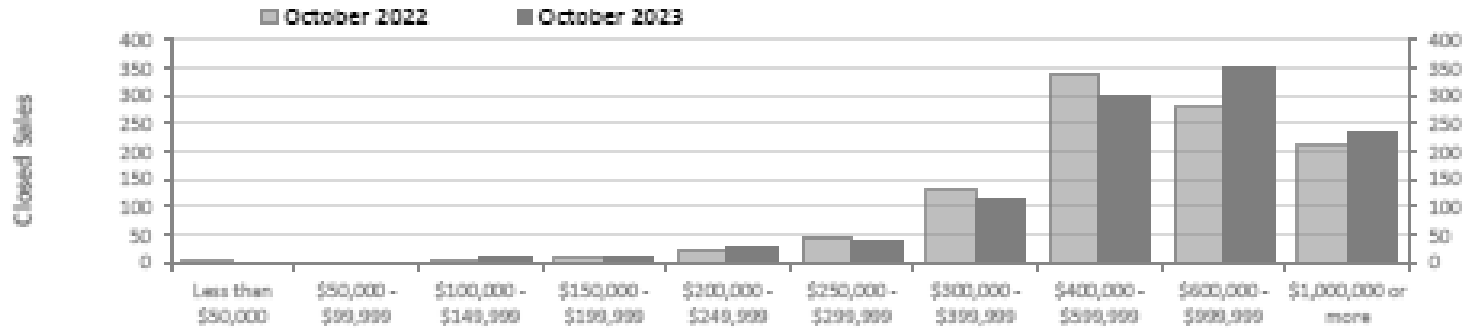
# AVERAGE AND MEDIAN HOME PRICES HAVE BEEN INCHING HIGHER. BUT DO HOME VALUES INCREASE AS WELL?

Palm Beach County: Median Sale Price  
Single-Family Homes, All Price Tiers, All Sale Types



**The Median Sale Price has rebounded to '22 levels. However, we're now seeing a different sales mix, suggesting "price growth" is not driven by demand!**

**IN FACT FEWER MIDDLE CLASS HOMES ARE SELLING WHILE AT THE SAME TIME PROPORTIONALLY MORE LUXURY HOMES ARE SELLING. BOTH FACTORS ARTIFICIALLY INFLATE AGGREGATE PRICES**

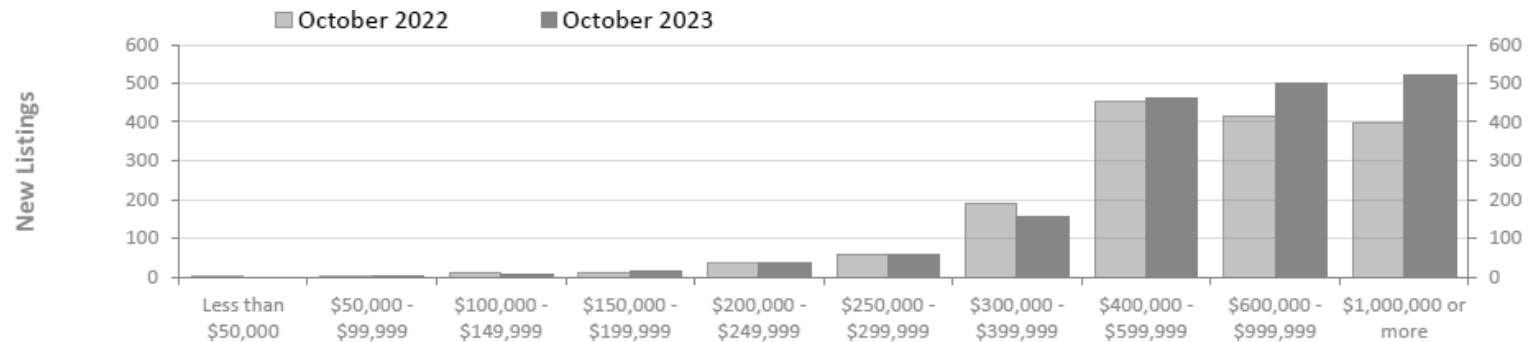


Sale Price	Closed Sales	Percent Change Year-over-Year
Less than \$50,000	1	-50.0%
\$50,000 - \$99,999	0	-100.0%
\$100,000 - \$149,999	10	100.0%
\$150,000 - \$199,999	13	30.0%
\$200,000 - \$249,999	25	8.7%
\$250,000 - \$299,999	42	-12.5%
\$300,000 - \$399,999	113	-13.7%
\$400,000 - \$599,999	296	-12.9%
\$600,000 - \$999,999	351	25.8%
\$1,000,000 or more	235	11.9%

Luxury homes are selling at a higher proportion than usual, driving average SALES prices up

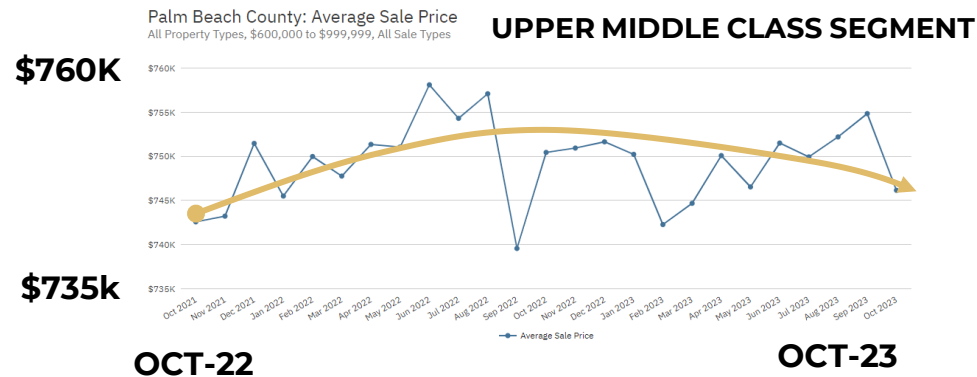
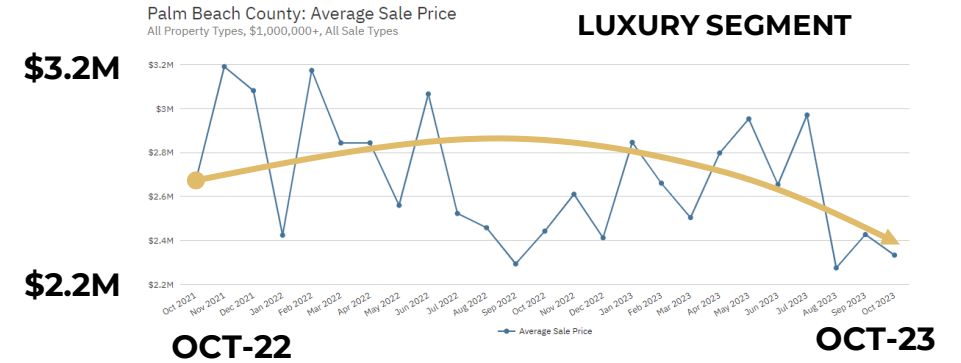
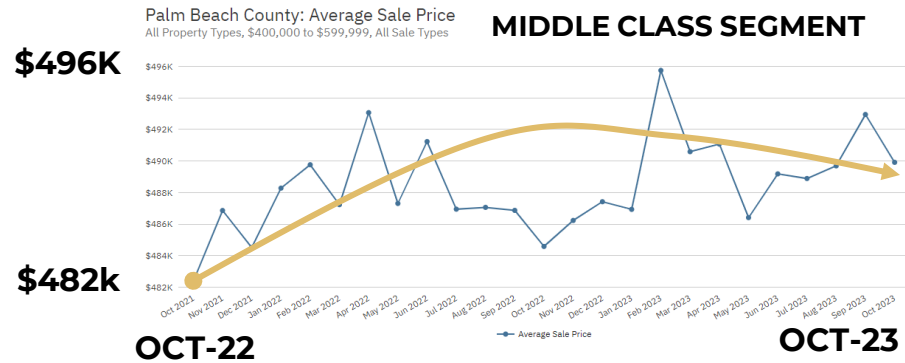
Initial Listing Price	New Listings	Percent Change Year-over-Year
Less than \$50,000	0	-100.0%
\$50,000 - \$99,999	3	200.0%
\$100,000 - \$149,999	6	-50.0%
\$150,000 - \$199,999	13	8.3%
\$200,000 - \$249,999	36	2.9%
\$250,000 - \$299,999	57	-5.0%
\$300,000 - \$399,999	156	-17.5%
\$400,000 - \$599,999	461	2.0%
\$600,000 - \$999,999	502	20.7%
\$1,000,000 or more	523	31.1%

**TYPICAL SALES MIX IN PBC: ~55% < \$500k, 32% \$500k to \$999k and 18% +\$1M**



**Demand for Non-Luxury Homes is hitting rock bottom due to unaffordability, which distorts the average and median sale price models.**

# AVERAGE HOME SALE PRICES PER SEGMENT HAVE ACTUALLY STALLED OR ARE STARTING TO DECREASE.



MIDDLE CLASS ASP YoY Price Change: **+1.5%**

UPPER MIDDLE CLASS ASP YoY Price Change: **+0.5%**

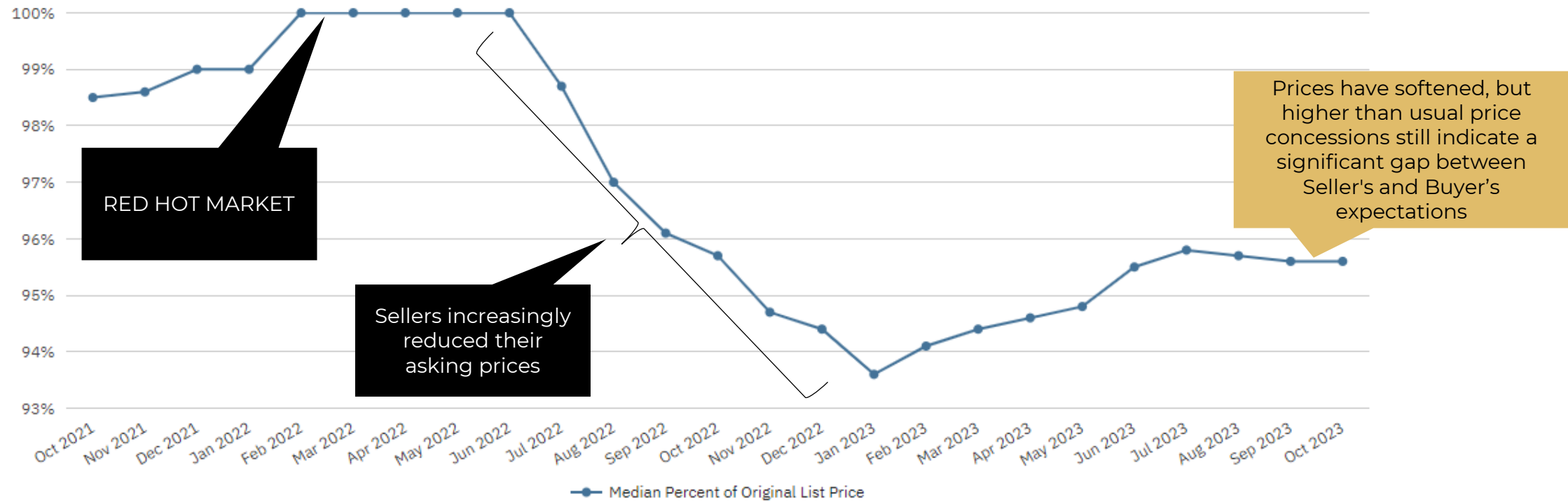
LUXURY ASP YoY Price Change: **-13.9%**

**The data shows no meaningful price improvement over the past 12 months!**

# MORE EVIDENCE OF SOFTENING PRICES: INCREASED SELLER CONCESSIONS AND PRICE REDUCTIONS ON CLOSED SALES

## Palm Beach County: Median Percent of Original List Price

All Property Types, All Price Tiers, All Sale Types

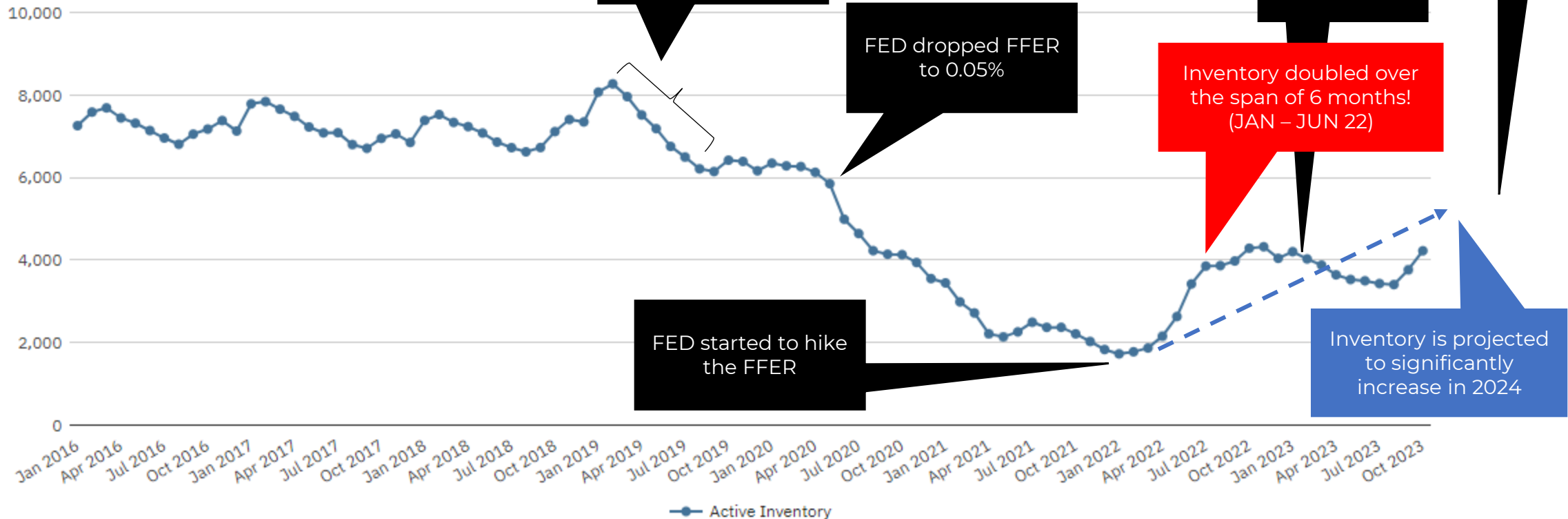


**Record low sales in the 2<sup>nd</sup> half of 2022 led to sky high inventory.  
Back then a wave of price reductions brought the local real estate market back to life in Q1/2023.**



# MORE INVENTORY FOLLOWED BY MORE PRICE CUTS?

Palm Beach County: Active Inventory  
Single-Family Homes, All Price Tiers, All Sale Types



**Slow sales during the 2<sup>nd</sup> half of 2022 have led to significantly higher inventory in Q1-2023, to which the market then reacted with high price cuts. Projected inventory levels for Q1-2024 are trending higher than a year ago, increasing the likelihood of more price cuts.**

# EXPERTS PREDICT THE CURRENT REAL ESTATE MARKET WILL ONLY SIGNIFICANTLY IMPROVE ONCE MORTGAGE RATES RANGE BETWEEN 5% and 6%. THE FED SAYS THAT WON'T HAPPEN UNTIL 2026!

## • INTEREST RATES

- FED has stated rates will remain elevated until their goal of 2% stabilized inflation is met
- The inflation rate (10/2023) is between 3.20% and 3.70% which **indicates the FED is not done...**



The U.S. Economy Today | Holiday Spending, Explained | The 30-Year Mortgage Problem | Economic Pessimism

### *Are High Rates Going to Last? Fed Officials Increasingly Think So.*

Federal Reserve officials forecast **higher interest rates through 2026** this week, a sign that borrowing costs are not heading back to the rock-bottom levels normal before the pandemic.



REUTERS®

World ▾ Business ▾ Markets ▾ Sustainability ▾ Legal ▾ Breakingviews More ▾

U.S. Markets

### Fed's Bowman says she still expects another interest rate hike

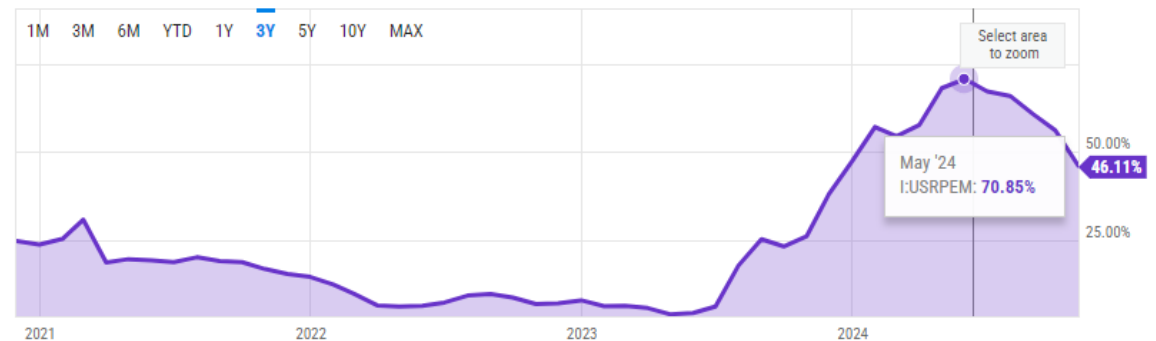
Reuters

November 28, 2023 10:48 AM EST · Updated a day ago



VIEW FULL CHART

Level Chart



## • ECONOMIC DEVELOPMENT

- The US recession probability index (USRPEM) estimates the risk of having a recession at **70.85% by May 2024** (long-term average: 14.42%)

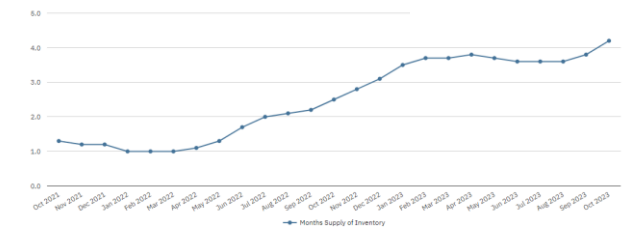
**The current ingredients for 2024 do not indicate a meaningful improvement of market conditions.**

## OUTLOOK 2024: FEW BUYERS, MORE HOMES AVAILABLE FOR SALE. INCREASED LIKELIHOOD FOR PRICE REDUCTIONS

- **November was the slowest month in sales (units) since January 2012. Usually January or February of any given year are the slowest months for sales (units) with an average drop of 15% to 25%**
- **In Q1-2023, higher inventory levels triggered median price reductions of 6.5%. Currently all indicators suggest this pattern will repeat itself in Q1-2024, only on a more severe level:**

The local condo market is showing signs of distress and has turned into a **very slow Buyers market**.

Palm Beach County: Months Supply of Inventory  
Townhouses and Condos, All Price Tiers, All Sale Types



- **Single Family Homes:**

- Many Sellers (in particular those that didn't sell over the last 12 months) are planning to go back to market for the spring season 2024!

- **Condos & Townhouses:**

- The number of Condos for sale is currently **rapidly increasing!** (owners are rushing to sell)
- Condo owners are now **triggered to sell** due to significantly **higher cost of ownership**
  - In some buildings, monthly maintenance fees will go up by +100% or more in 2024
  - Structural assessments (Senate Bill 4D) and additionally required reserve funding (Florida Condo Safety Act) will put a **squeeze on affordability** (in particular owners on a fixed income)

# OTHER RELEVANT INFORMATION

**yahoo!finance**

Search for news, symbols or companies



Sign in



Mail

Finance

Watchlists

My Portfolio

Markets

News

Videos

Yahoo Finance Plus

Screeners

Personal Finance

...

Try the new yahoo!finance →

FORTUNE

## Goldman just dropped a housing market forecast for 2024 and sees high home prices, high mortgage rates—and the lowest number of existing home sales since the early '90s

<https://finance.yahoo.com/news/goldman-just-dropped-housing-market-171933934.html>

Home prices are poised to drop as the frozen housing market thaws, 2 top experts say

Theron Mohamed Nov 24, 2023, 10:43 AM EST



Two housing experts see prices falling. Reuters

Your Market View

NAME / PRICE	+ / -	%	DATE
▼ TSLA 239.16	0.33	0.14%	12/01/23 4:45 PM
▲ AAPL 191.15	-0.09	-0.05%	12/01/23 4:45 PM
▲ MSFT 374.03	-0.48	-0.13%	12/01/23 4:45 PM
▲ NFLX 465.00	-0.74	-0.16%	12/01/23 4:45 PM
▲ SPOT 180.00	-0.74	-0.41%	12/01/23 4:26 PM

Video



- US home prices may decline, Moody's chief economist Mark Zandi and Redfin CEO Glenn Kelman said.
- Price drops may be needed to thaw the housing market, which could take years, Zandi said.
- Kelman expects home prices to drop next year, as listings are up and sellers are cutting prices.

<https://markets.businessinsider.com/news/commodities/home-prices-housing-market-forecast-zandi-kelman-mortgage-affordability-rates-2023-11>

# THANK YOU

– Maximilian Stalinski –

Cell 424-288-9434 Email maximilian@MSPA.com

MDL Group - maximiliandollarlistings.com

Offices in Palm Beach East and Boca Raton

KELLERWILLIAMS  
*Luxury*  
INTERNATIONAL

**kw** COASTAL  
PARTNERS  
KELLERWILLIAMS



FEATURED ON



THE  
AMERICAN  
DREAM



**FOX**



**CBS**

Each office is independently owned & operated. All information presented herein is deemed reliable and made available solely for informational purposes. The information, statements, comments, views, and opinions expressed do not constitute and should not be construed as an offer to buy or sell any real estate. Past performance is not a guarantee for future results. Reference to these media organizations should not be construed to imply an endorsement of Maximilian or MDL Group or Keller Williams or its products