

BROWN HARRIS STEVENS

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Palm Beach Residential Market Report

Spring 2008



SINGLE-FAMILY HOMES

Perhaps in a delayed reaction to the national slowdown, the Palm Beach single-family home market softened in the six months ending March 2008, with sales and prices lower than the same period a year ago. Housing markets that are predominantly secondary, such as Palm Beach, are typically more vulnerable to periods of economic uncertainty, as most purchases can be delayed. The median price for single-family homes of \$3,500,000 was 17% below the six months ending March 2007, while the number of sales fell 41% during this time. The average price posted an 8% decline during this time, aided by the sharp jump in prices in the Estate Section, the only area where prices rose.

It is important to note that the small number of single-family homes that typically close during this period can lead to large fluctuations in these statistics, and this data is based only on sales listed through the Palm Beach Multiple Listing Service. Increasingly, many sales at the high end of the market are being transferred as interests in companies, and therefore are not in the MLS nor recorded publically.

In the North End, the average price of \$3,307,083 over the past six months was 33% below the same period a year ago, while the Midtown average price fell 34%. Not surprisingly, homes took longer to sell in this market than a year ago. The average days on the market increased 22% for single-family homes throughout Palm Beach from a year ago. This was fueled by the North End market, where it took 27% longer to sell a home than a year ago.

| SALES | | | | | NEW LISTINGS | |
|------------------------------|--------|------------------------|---------------|--------------|--------------|---------------------|
| | Number | Average Days on Market | Average Price | Median Price | Number | Median Asking Price |
| NORTH END | | | | | | |
| Oct 07-Mar 08 | 12 | 285 | \$3,307,083 | \$2,737,500 | 88 | \$4,097,500 |
| Oct 06-Mar 07 | 21 | 225 | \$4,950,768 | \$4,150,000 | 79 | \$3,875,000 |
| % Change | -43% | 27% | -33% | -34% | 11% | 6% |
| MIDTOWN | | | | | | |
| Oct 07-Mar 08 | 7 | 201 | \$3,442,857 | \$3,500,000 | 58 | \$3,872,500 |
| Oct 06-Mar 07 | 14 | 210 | \$5,235,714 | \$4,925,000 | 48 | \$4,347,500 |
| % Change | -50% | -4% | -34% | -29% | 21% | -11% |
| ESTATE SECTION | | | | | | |
| Oct 07-Mar 08 | 4 | 254 | \$10,835,812 | \$9,934,125 | 32 | \$12,250,000 |
| Oct 06-Mar 07 | 3 | 119 | \$6,147,892 | \$6,400,000 | 29 | \$8,750,000 |
| % Change | 33% | 113% | 76% | 55% | 10% | 40% |
| PALM BEACH TOTAL | | | | | | |
| Oct 07-Mar 08 | 23 | 254 | \$4,657,750 | \$3,500,000 | 180 | \$4,610,500 |
| Oct 06-Mar 07 | 39 | 209 | \$5,079,738 | \$4,221,945 | 162 | \$4,699,500 |
| % Change | -41% | 22% | -8% | -17% | 11% | -2% |
| MANALAPAN & HYPOLUXO ISLAND* | | | | | | |
| Oct 07-Mar 08 | 3 | 381 | \$2,416,667 | \$2,300,000 | 24 | \$2,225,000 |
| Oct 06-Mar 07 | 10 | 320 | \$2,157,600 | \$1,937,500 | 39 | \$2,895,000 |
| % Change | -70% | 19% | 12% | 19% | -38% | -23% |

*Not included in Palm Beach Total

Source: Palm Beach Board of Realtors' Multiple Listing Service

Prepared by: Gregory Heym, Chief Economist, Brown Harris Stevens

All information is from sources deemed reliable but is subject to errors, omissions, change of price, prior sale or withdrawal without notice.

CONDOS AND CO-OPS

During the period from October 2007 to March 2008, 76 apartments changed hands in Palm Beach, an increase of 7% from a year ago. This gain was contained in the Midtown market, where the number of sales rose 18% over the past year. While prices fell from a year ago, the declines were well below those seen in single-family homes. The average Palm Beach apartment price of \$995,930 was 7% less than a year ago, led by a 12% decline in the South End.

Contrary to single-family homes, apartments took slightly less time to sell than a year ago at an average of 194 days. Also of note was a 16% decline in the number of new apartments being placed on the market in Palm Beach, from 534 to 446.

| SALES | | | | | NEW LISTINGS | |
|------------------|--------|------------------------|---------------|--------------|--------------|---------------------|
| | Number | Average Days on Market | Average Price | Median Price | Number | Median Asking Price |
| MIDTOWN | | | | | | |
| Oct 07-Mar 08 | 33 | 199 | \$1,400,597 | \$1,000,000 | 134 | \$932,500 |
| Oct 06-Mar 07 | 28 | 196 | \$1,510,854 | \$1,130,699 | 136 | \$1,222,500 |
| % Change | 18% | 2% | -7% | -12% | -1% | -24% |
| SOUTH END | | | | | | |
| Oct 07-Mar 08 | 43 | 190 | \$685,372 | \$420,000 | 301 | \$549,000 |
| Oct 06-Mar 07 | 43 | 196 | \$781,756 | \$500,000 | 388 | \$549,000 |
| % Change | 0% | -3% | -12% | -16% | -22% | 0% |
| PALM BEACH TOTAL | | | | | | |
| Oct 07-Mar 08 | 76 | 194 | \$995,930 | \$700,000 | 446 | \$625,000 |
| Oct 06-Mar 07 | 71 | 196 | \$1,069,287 | \$725,000 | 534 | \$659,000 |
| % Change | 7% | -1% | -7% | -3% | -16% | -5% |

TOWNHOUSES

| SALES | | | | | NEW LISTINGS | |
|------------------|--------|------------------------|-------------------------------|------------------------------|--------------|---------------------|
| | Number | Average Days on Market | Average Price Per Square Foot | Median Price Per Square Foot | Number | Median Asking Price |
| PALM BEACH TOTAL | | | | | | |
| Oct 07-Mar 08 | 6 | 322 | \$725 | \$712 | 15 | \$2,850,000 |
| Oct 06-Mar 07 | 7 | 220 | \$648 | \$635 | 19 | \$3,500,000 |
| % Change | -14% | 46% | 12% | 12% | -21% | -19% |

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