

Annual Report on the Palm Beach County Housing Market

FOR RESIDENTIAL REAL ESTATE ACTIVITY
IN PALM BEACH COUNTY



2012

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With a mean crossover dribble and a wicked head fake, housing is again driving the lane with authority.

Between 2007 and 2011, housing markets were overburdened with distressed properties, excessive supply and weak consumer demand. But a timeout was taken in 2012, and the market was able to rehydrate and breathe easier. Yearlong evidence points to market recovery – just in time to alleviate beleaguered homeowners and relieve a dwindling tax base.

Housing has been the center of attention in 2012 – and it's lonely at the top. For the first time since 2006, housing is on track to be a net positive contributor to GDP. Some have claimed that an accommodating Federal Reserve policy has driven down interest rates so much that it's enabled families to purchase up to 50 percent more house than they otherwise could. Others make a more "market fundamentals" argument, asserting that dramatic declines in supply and solid increases in demand have led to the year's successful turnaround jump shot. The truth lies somewhere in the paint.

Low mortgage rates, affordable prices and rising rents created a three-point play that bolstered consumer confidence. On a national scale, natural disasters, fiscal cliffs, contested elections and sovereign debt crises could not slow down buyers. Consequently, home values are ticking higher in many regions.

In addition to the feel-good nature of a housing recovery, it has tangible benefits to homeowners – particularly those still in underwater mortgage situations. Rising prices should convince more sellers to re-enter the marketplace, passing the rock to buyers.

Listings In general, sellers remained along the baseline, but there are hints of change in the listings playbook. Traditional sellers are returning just as banks seem to be listing fewer distressed properties. In 2012, homeowners introduced 33,934 new properties to the marketplace, a 4.2 percent increase or 1,365 more units than 2011.

Sales The buyer rebound remained strong throughout the year. Better still, housing demand strengthened without performance-enhancing government incentives. Closed sales were up 3.6 percent to 26,248 for the year. That's the most since 2007.

Inventory Currently, buyers have 38.8 percent fewer choices than last year at this time. Changing teams, sellers have 38.8 percent less competition. Supply-side correction is generally a positive, but many local communities are on the brink of a housing shortage, which has given rise to new construction in certain neighborhoods. Move-in ready inventory is at a premium. Thus, restoring seller confidence is a slam dunk to continued recovery. Well-priced and well-presented listings are fetching 90.3 percent of list price at sale, on average, up 3.2 percent over last year.

Prices Both locally and nationally, home prices are turning a corner. In fact, we ended 2012 with a 15.2 percent median price gain compared to 2011, to end the year at \$144,000.

Sustaining a healthy, equitable and bubble-free housing market is of paramount importance. It will require both public and private cooperation – something that was difficult to achieve last year. This recovery is fragile, and an injury at this juncture could be devastating. Given the importance of housing to the overall economy, it's also critical to the recovery of our nation. Here's to continued improvement and a breakaway year!

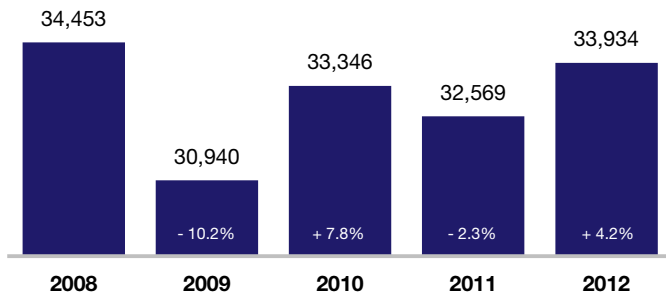
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Quick Facts

New Listings



Top 5 Areas: Change in New Listings from 2011

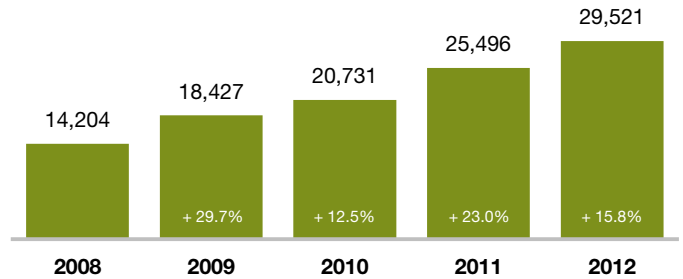
| | |
|--------------------|----------|
| Haverhill | + 116.7% |
| Pahokee | + 46.2% |
| Atlantis | + 45.5% |
| Lake Clarke Shores | + 28.6% |
| South Palm Beach | + 28.0% |

Bottom 5 Areas: Change in New Listings from 2011

| | |
|-----------------|---------|
| West Palm Beach | - 4.8% |
| Ocean Ridge | - 11.1% |
| Greenacres | - 12.5% |
| Hypoluxo | - 14.5% |
| South Bay | - 60.0% |

Pending Sales

Includes properties in pending or contingent status.



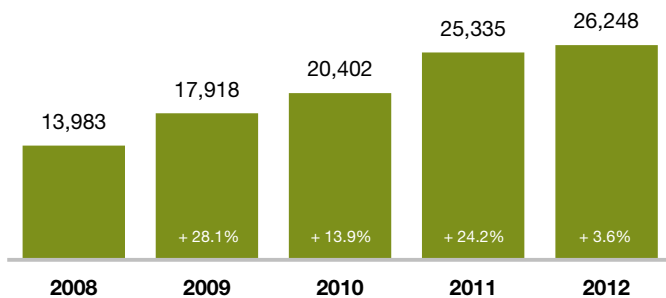
Top 5 Areas: Change in Pending Sales from 2011

| | |
|------------------|---------|
| Atlantis | + 84.2% |
| Pahokee | + 83.3% |
| South Palm Beach | + 62.5% |
| Haverhill | + 58.3% |
| South Bay | + 50.0% |

Bottom 5 Areas: Change in Pending Sales from 2011

| | |
|---------------|---------|
| Singer Island | + 5.6% |
| Riviera Beach | + 5.3% |
| Greenacres | + 4.0% |
| Hypoluxo | - 1.6% |
| Ocean Ridge | - 15.0% |

Closed Sales



Top 5 Areas: Change in Closed Sales from 2011

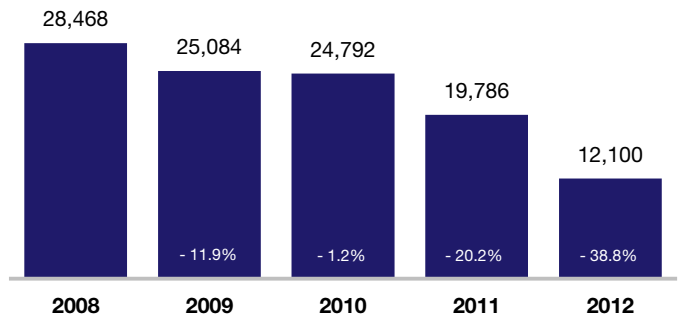
| | |
|------------------|---------|
| South Palm Beach | + 71.4% |
| Pahokee | + 66.7% |
| South Bay | + 50.0% |
| Atlantis | + 44.2% |
| Tequesta | + 33.8% |

Bottom 5 Areas: Change in Closed Sales from 2011

| | |
|--------------------|---------|
| West Palm Beach | - 7.8% |
| Loxahatchee Groves | - 8.4% |
| Hypoluxo | - 15.1% |
| Riviera Beach | - 17.0% |
| Ocean Ridge | - 21.3% |

Inventory of Homes for Sale

At the end of each year.



Top 5 Areas: Change in Homes for Sale from 2011

| | |
|------------------|----------|
| Haverhill | + 125.0% |
| South Palm Beach | + 22.2% |
| Hobe Sound | - 14.0% |
| Atlantis | - 16.7% |
| Pahokee | - 20.0% |

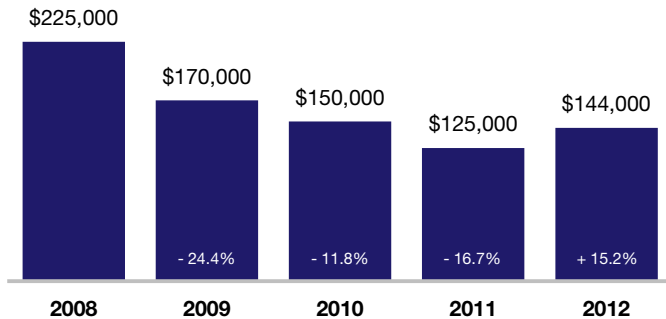
Bottom 5 Areas: Change in Homes for Sale from 2011

| | |
|------------------|----------|
| Lake Park | - 56.5% |
| Palm Springs | - 58.1% |
| Greenacres | - 58.5% |
| Royal Palm Beach | - 68.8% |
| South Bay | - 100.0% |

* Contingent sales activity was added to the Pending Sales metric as of January 2011, therefore year-over-year comparisons may appear high through 2011.

Quick Facts

Median Sales Price



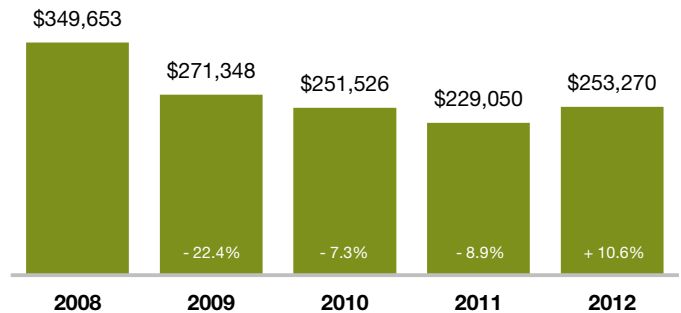
Top 5 Areas: Change in Median Sales Price from 2011

| | |
|------------------|---------|
| South Palm Beach | + 57.7% |
| Pahokee | + 54.8% |
| Hypoluxo | + 32.7% |
| Lake Park | + 23.1% |
| Lantana | + 22.6% |

Bottom 5 Areas: Change in Median Sales Price from 2011

| | |
|-------------------|---------|
| Atlantis | - 1.5% |
| Singer Island | - 4.3% |
| Palm Beach Shores | - 7.7% |
| Ocean Ridge | - 10.3% |
| Belle Glade | - 26.9% |

Average Sales Price



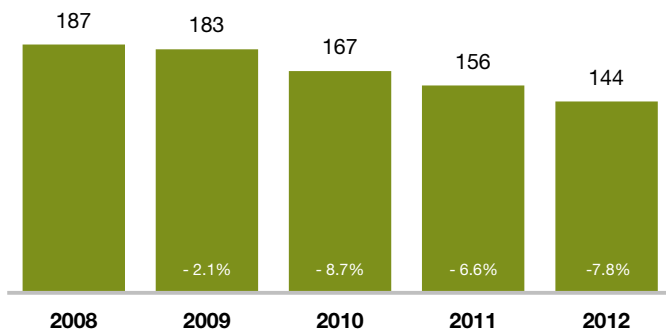
Top 5 Areas: Change in Average Sales Price from 2011

| | |
|------------------|---------|
| South Palm Beach | + 67.0% |
| Juno Beach | + 23.1% |
| North Palm Beach | + 22.0% |
| Lake Park | + 21.2% |
| Wellington | + 20.0% |

Bottom 5 Areas: Change in Average Sales Price from 2011

| | |
|---------------|---------|
| Hobe Sound | - 9.9% |
| Singer Island | - 10.1% |
| Lantana | - 15.2% |
| Pahokee | - 15.6% |
| Belle Glade | - 28.4% |

Days on Market Until Sale



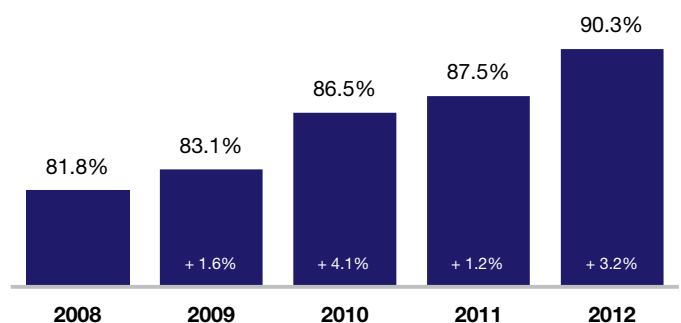
Top 5 Areas: Change in Days on Market Until Sale from 2011

| | |
|--------------------|---------|
| South Bay | + 29.0% |
| Atlantis | + 13.7% |
| Juno Beach | + 7.1% |
| Loxahatchee Groves | + 5.7% |
| Royal Palm Beach | + 2.7% |

Bottom 5 Areas: Change in Days on Market Until Sale from 2011

| | |
|--------------------|---------|
| South Palm Beach | - 30.1% |
| Lake Clarke Shores | - 31.0% |
| Belle Glade | - 31.6% |
| Haverhill | - 32.8% |
| Pahokee | - 71.3% |

Percent of Original List Price Received



Top 5 Areas: Change in Pct. of Orig. Price Received from 2011

| | |
|-------------------|---------|
| Belle Glade | + 12.7% |
| South Palm Beach | + 7.4% |
| Lantana | + 7.3% |
| Haverhill | + 6.4% |
| Palm Beach Shores | + 6.3% |

Bottom 5 Areas: Change in Pct. of Orig. Price Received from 2011

| | |
|---------------|--------|
| Hypoluxo | + 1.0% |
| Atlantis | + 0.8% |
| Pahokee | + 0.5% |
| Riviera Beach | - 0.5% |
| South Bay | - 5.0% |

Property Type Review

149

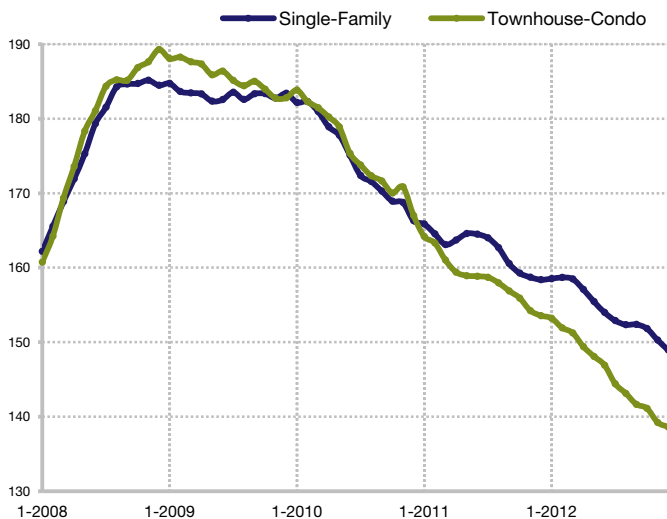
Average Days on Market Until Sale Single-Family Detached

139

Average Days on Market Until Sale Townhouse-Condo

Days on Market Until Sale

This chart uses a rolling 12-month average for each data point.



Top Areas: Townhouse-Condo Attached Market Share in 2012

| | |
|--------------------|--------|
| South Palm Beach | 100.0% |
| Hypoluxo | 96.3% |
| Highland Beach | 93.0% |
| Singer Island | 86.6% |
| Juno Beach | 77.6% |
| Palm Springs | 73.6% |
| Delray Beach | 68.8% |
| Palm Beach Shores | 68.8% |
| North Palm Beach | 65.9% |
| Greenacres | 62.7% |
| Ocean Ridge | 58.3% |
| West Palm Beach | 56.4% |
| Riviera Beach | 54.8% |
| Boca Raton | 52.3% |
| Lake Park | 52.1% |
| Palm Beach County | 50.0% |
| Tequesta | 49.8% |
| Jupiter | 45.4% |
| Boynton Beach | 44.2% |
| Palm Beach Gardens | 41.0% |
| Royal Palm Beach | 36.3% |
| Lantana | 32.0% |
| Lake Worth | 30.6% |
| Wellington | 25.1% |
| Atlantis | 21.0% |
| Hobe Sound | 20.4% |

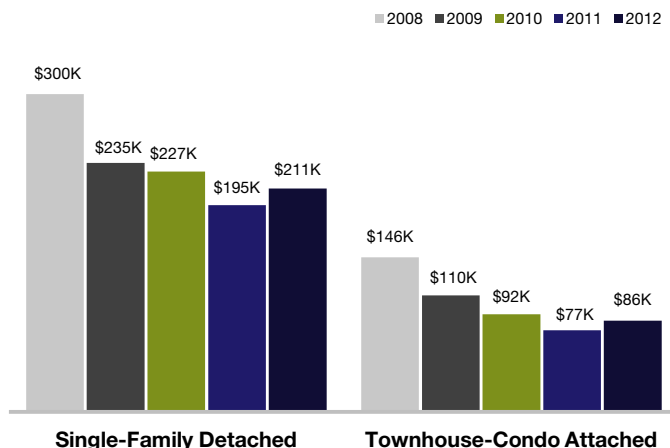
+ 8.2%

One-Year Change in Price Single-Family Detached

+ 11.7%

One-Year Change in Price Townhouse-Condo Attached

Median Sales Price



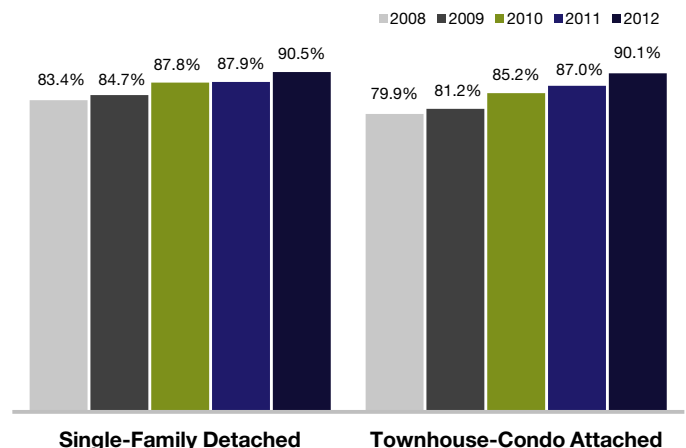
90.5%

Pct. of Orig. Price Received Single-Family Detached

90.1%

Pct. of Orig. Price Received Townhouse-Condo Attached

Percent of Original List Price Received





Lender-Mediated Review

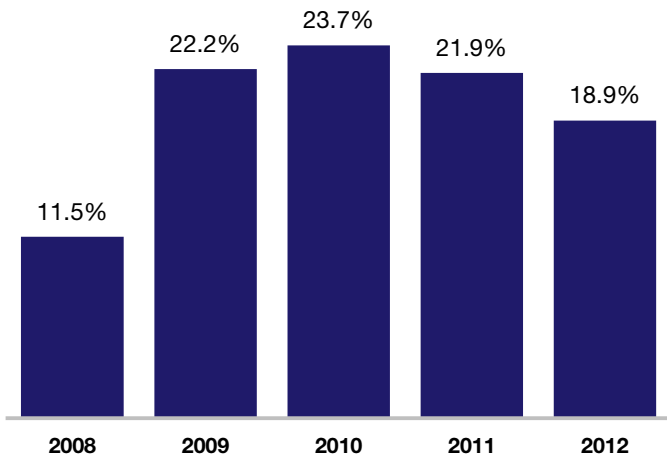
18.9%

Percent of Sales that were Lender-Mediated in 2012

- 10.7%

One-Year Change in Sales of Lender-Mediated

Percent of Sales That Were Lender-Mediated



Top Areas: Lender-Mediated Market Share in 2012

| | |
|--------------------|-------|
| Lantana | 34.8% |
| Loxahatchee Groves | 31.4% |
| Royal Palm Beach | 29.9% |
| Greenacres | 29.0% |
| Lake Park | 28.1% |
| Riviera Beach | 26.9% |
| West Palm Beach | 25.9% |
| Lake Clarke Shores | 25.0% |
| Palm Springs | 24.8% |
| Lake Worth | 24.6% |
| Hypoluxo | 24.3% |
| Wellington | 22.8% |
| Palm Beach County | 18.9% |
| Boynton Beach | 18.2% |
| Palm Beach Gardens | 16.9% |
| Haverhill | 16.7% |
| South Palm Beach | 16.7% |
| Atlantis | 16.1% |
| Hobe Sound | 15.9% |
| Belle Glade | 15.2% |
| North Palm Beach | 15.0% |
| Jupiter | 14.5% |
| Tequesta | 13.2% |
| Boca Raton | 11.7% |
| Delray Beach | 10.4% |
| Ocean Ridge | 8.3% |

- 15.3%

Four-Year Change in Price All Properties

- 13.1%

Four-Year Change in Price Traditional Properties

- 32.4%

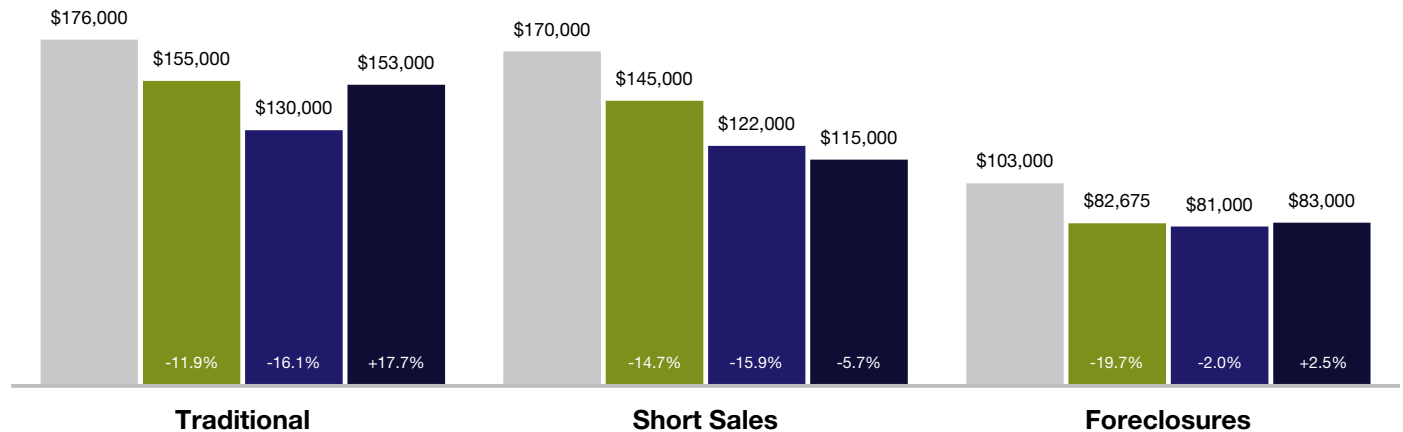
Four-Year Change in Price Short Sales

- 19.4%

Four-Year Change in Price Foreclosures

Median Sales Price

■ 2009 ■ 2010 ■ 2011 ■ 2012





Bedroom Count Review

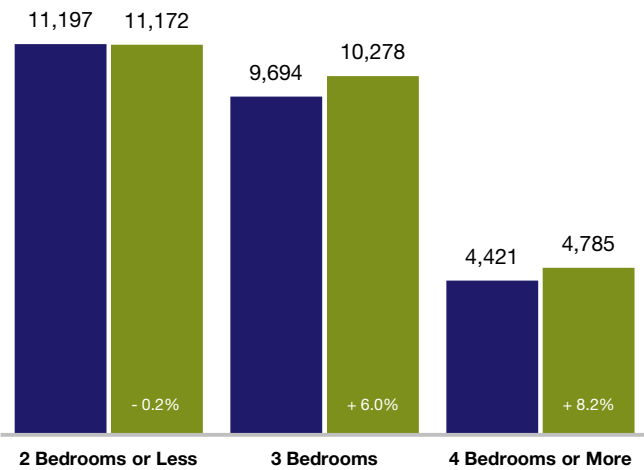
- 0.2%

Reduction in Closed Sales
2 Bedrooms or Less

+ 8.2%

Growth in Closed Sales
4 Bedrooms or More

Closed Sales



The sum of Closed Sales across these breakouts is not necessarily the sum of all sales due to invalid or missing bedroom counts in a listing.

Top Areas: 4 Bedrooms or More Market Share in 2012

| | |
|--------------------|-------|
| Lake Clarke Shores | 50.0% |
| Wellington | 45.7% |
| Haverhill | 41.7% |
| Loxahatchee Groves | 39.7% |
| Royal Palm Beach | 31.0% |
| Ocean Ridge | 27.1% |
| Boca Raton | 23.3% |
| Palm Beach Gardens | 23.2% |
| Jupiter | 22.1% |
| Belle Glade | 21.2% |
| Pahokee | 20.0% |
| Lake Worth | 19.7% |
| Atlantis | 19.4% |
| Hobe Sound | 18.7% |
| Palm Beach County | 18.2% |
| Tequesta | 17.7% |
| North Palm Beach | 14.7% |
| Lantana | 13.8% |
| Boynton Beach | 12.9% |
| West Palm Beach | 12.4% |
| Riviera Beach | 11.1% |
| Lake Park | 10.7% |
| Delray Beach | 10.6% |
| Juno Beach | 10.3% |
| Greenacres | 9.3% |
| Highland Beach | 9.3% |

90.3%

Percent of Original List Price
Received in 2012 for
All Properties

89.4%

Percent of Original List Price
Received in 2012 for
2 Bedrooms or Less

91.4%

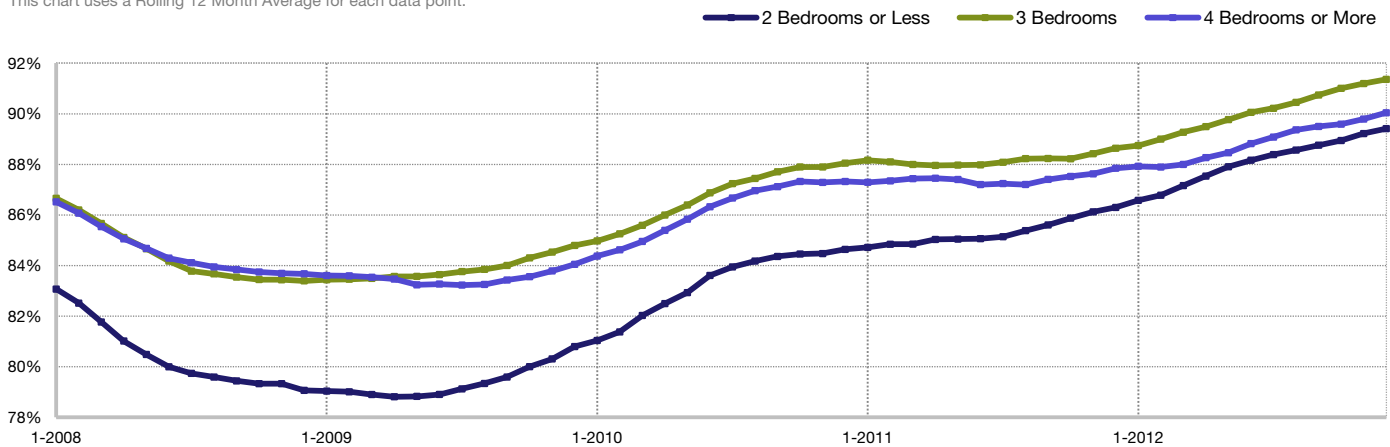
Percent of Original List Price
Received in 2012 for
3 Bedrooms

90.0%

Percent of Original List Price
Received in 2012 for
4 Bedrooms or More

Percent of Original List Price Received

This chart uses a Rolling 12 Month Average for each data point.





Area Overviews

| | Total Closed Sales | Change from 2011 | Percent Townhouse- Condo | Percent Lender- Mediated | Percent 2 Beds or Less | Days on Market Until Sale | Pct. of Orig. Price Received |
|--------------------------|-----------------------|---------------------|--------------------------------|--------------------------------|---------------------------|---------------------------------|------------------------------------|
| Palm Beach County | 26,248 | + 3.6% | 50.5% | 18.9% | 42.6% | 144 | 90.3% |
| Atlantis | 62 | + 44.2% | 21.0% | 16.1% | 30.6% | 209 | 82.8% |
| Belle Glade | 33 | + 13.8% | 3.0% | 15.2% | 21.2% | 119 | 89.2% |
| Boca Raton | 3,876 | + 9.5% | 52.3% | 11.7% | 40.4% | 151 | 88.3% |
| Boynton Beach | 3,286 | + 11.0% | 44.2% | 18.2% | 40.6% | 136 | 90.5% |
| Delray Beach | 2,843 | + 5.4% | 68.8% | 10.4% | 62.9% | 134 | 88.1% |
| Greenacres | 687 | - 4.1% | 62.7% | 29.0% | 49.3% | 119 | 93.5% |
| Haverhill | 12 | 0.0% | 0.0% | 16.7% | 8.3% | 89 | 101.0% |
| Highland Beach | 227 | + 17.0% | 93.0% | 4.8% | 65.6% | 239 | 84.6% |
| Hobe Sound | 289 | + 15.6% | 20.4% | 15.9% | 36.0% | 154 | 87.9% |
| Hypoluxo | 107 | - 15.1% | 96.3% | 24.3% | 65.4% | 111 | 91.3% |
| Juno Beach | 107 | + 7.0% | 77.6% | 7.5% | 55.1% | 224 | 84.7% |
| Jupiter | 1,785 | + 9.8% | 45.4% | 14.5% | 31.5% | 155 | 89.9% |
| Lake Clarke Shores | 16 | + 33.3% | 6.3% | 25.0% | 12.5% | 173 | 84.4% |
| Lake Park | 121 | + 9.0% | 52.1% | 28.1% | 53.7% | 145 | 90.9% |
| Lake Worth | 2,340 | + 2.4% | 30.6% | 24.6% | 34.1% | 137 | 91.2% |
| Lantana | 253 | - 3.8% | 32.0% | 34.8% | 43.5% | 135 | 92.0% |
| Loxahatchee Groves | 423 | - 8.4% | 0.0% | 31.4% | 5.2% | 135 | 93.0% |
| North Palm Beach | 381 | + 21.7% | 65.9% | 15.0% | 56.7% | 166 | 85.7% |
| Ocean Ridge | 48 | - 21.3% | 58.3% | 8.3% | 41.7% | 244 | 81.5% |
| Pahokee | 10 | + 66.7% | 10.0% | 0.0% | 30.0% | 94 | 87.2% |
| Palm Beach Gardens | 1,611 | + 5.9% | 41.0% | 16.9% | 29.1% | 165 | 89.7% |
| Palm Beach Shores | 32 | + 28.0% | 68.8% | 3.1% | 68.8% | 197 | 86.0% |
| Palm Springs | 246 | + 2.1% | 73.6% | 24.8% | 62.6% | 114 | 93.8% |
| Riviera Beach | 387 | - 17.0% | 54.8% | 26.9% | 34.4% | 111 | 95.8% |
| Royal Palm Beach | 859 | - 1.6% | 36.3% | 29.9% | 27.5% | 130 | 93.5% |
| Singer Island | 172 | - 6.0% | 86.6% | 7.0% | 66.3% | 239 | 85.2% |
| South Bay | 3 | + 50.0% | 0.0% | 0.0% | 33.3% | 207 | 80.6% |
| South Palm Beach | 12 | + 71.4% | 100.0% | 16.7% | 83.3% | 159 | 85.5% |
| Tequesta | 317 | + 33.8% | 49.8% | 13.2% | 36.0% | 184 | 87.1% |
| Wellington | 1,103 | + 7.6% | 25.1% | 22.8% | 12.5% | 152 | 91.4% |
| West Palm Beach | 4,567 | - 7.8% | 56.4% | 25.9% | 52.9% | 128 | 93.0% |



Area Historical Median Prices

| | 2008 | 2009 | 2010 | 2011 | 2012 | Change From 2011 | Change From 2008 |
|--------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Palm Beach County | \$225,000 | \$170,000 | \$150,000 | \$125,000 | \$144,000 | + 15.2% | - 36.0% |
| Atlantis | \$335,400 | \$230,000 | \$217,500 | \$257,000 | \$253,250 | - 1.5% | - 24.5% |
| Belle Glade | \$135,000 | \$137,450 | \$77,500 | \$65,000 | \$47,500 | - 26.9% | - 64.8% |
| Boca Raton | \$289,000 | \$230,000 | \$217,000 | \$190,000 | \$206,000 | + 8.4% | - 28.7% |
| Boynton Beach | \$210,000 | \$165,000 | \$155,000 | \$125,900 | \$135,000 | + 7.2% | - 35.7% |
| Delray Beach | \$150,000 | \$116,000 | \$110,000 | \$87,250 | \$99,900 | + 14.5% | - 33.4% |
| Greenacres | \$128,000 | \$110,000 | \$80,000 | \$59,500 | \$69,705 | + 17.2% | - 45.5% |
| Haverhill | \$157,450 | \$145,000 | \$128,000 | \$120,510 | \$132,000 | + 9.5% | - 16.2% |
| Highland Beach | \$435,000 | \$418,000 | \$400,000 | \$375,000 | \$400,000 | + 6.7% | - 8.0% |
| Hobe Sound | \$275,000 | \$215,000 | \$229,500 | \$180,000 | \$184,500 | + 2.5% | - 32.9% |
| Hypoluxo | \$191,500 | \$134,500 | \$131,001 | \$105,500 | \$140,000 | + 32.7% | - 26.9% |
| Juno Beach | \$360,000 | \$252,500 | \$300,000 | \$340,000 | \$352,500 | + 3.7% | - 2.1% |
| Jupiter | \$290,000 | \$240,000 | \$233,000 | \$220,000 | \$245,000 | + 11.4% | - 15.5% |
| Lake Clarke Shores | \$180,000 | \$235,000 | \$230,000 | \$217,750 | \$220,000 | + 1.0% | + 22.2% |
| Lake Park | \$138,000 | \$101,000 | \$79,000 | \$72,500 | \$89,229 | + 23.1% | - 35.3% |
| Lake Worth | \$185,000 | \$130,000 | \$110,000 | \$91,000 | \$103,000 | + 13.2% | - 44.3% |
| Lantana | \$152,500 | \$106,500 | \$100,025 | \$70,550 | \$86,500 | + 22.6% | - 43.3% |
| Loxahatchee Groves | \$229,000 | \$185,000 | \$159,900 | \$141,800 | \$157,900 | + 11.4% | - 31.0% |
| North Palm Beach | \$236,000 | \$196,900 | \$174,500 | \$162,500 | \$170,000 | + 4.6% | - 28.0% |
| Ocean Ridge | \$800,000 | \$578,000 | \$605,000 | \$576,250 | \$517,000 | - 10.3% | - 35.4% |
| Pahokee | \$119,000 | \$43,965 | \$79,950 | \$21,000 | \$32,500 | + 54.8% | - 72.7% |
| Palm Beach Gardens | \$300,000 | \$255,000 | \$230,000 | \$210,000 | \$240,000 | + 14.3% | - 20.0% |
| Palm Beach Shores | \$424,500 | \$334,750 | \$300,500 | \$308,750 | \$285,000 | - 7.7% | - 32.9% |
| Palm Springs | \$105,000 | \$72,500 | \$64,500 | \$50,000 | \$55,000 | + 10.0% | - 47.6% |
| Riviera Beach | \$144,700 | \$80,000 | \$60,000 | \$65,000 | \$75,000 | + 15.4% | - 48.2% |
| Royal Palm Beach | \$198,500 | \$169,000 | \$137,750 | \$115,000 | \$129,900 | + 13.0% | - 34.6% |
| Singer Island | \$463,750 | \$377,500 | \$325,000 | \$350,000 | \$335,000 | - 4.3% | - 27.8% |
| South Bay | \$115,000 | \$29,000 | \$49,500 | \$33,000 | \$40,000 | + 21.2% | - 65.2% |
| South Palm Beach | \$229,500 | \$230,000 | \$163,750 | \$124,000 | \$195,500 | + 57.7% | - 14.8% |
| Tequesta | \$252,400 | \$254,250 | \$263,000 | \$250,000 | \$250,000 | 0.0% | - 1.0% |
| Wellington | \$311,500 | \$250,000 | \$257,000 | \$236,250 | \$237,500 | + 0.5% | - 23.8% |
| West Palm Beach | \$150,000 | \$100,000 | \$75,000 | \$67,325 | \$80,000 | + 18.8% | - 46.7% |