

# CPEX Real Estate Research

## Florida: Palm Beach County Investment Sales Study

*"Keeping Abreast of a Changing Market"*

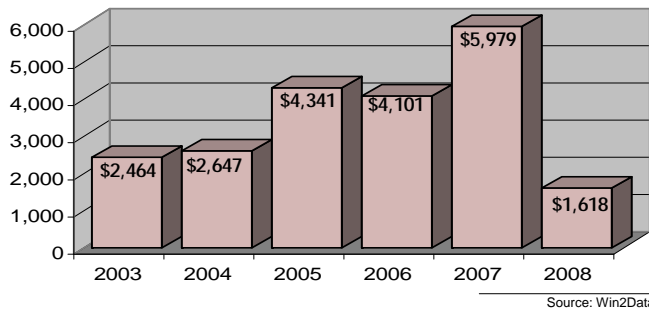
Issue: 3, March 2009

NY Research Group 718-687-4201

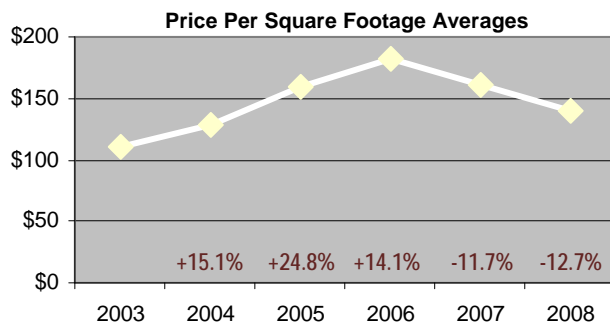
### Palm Beach County Commercial Real Estate Review

Mar. 15th – There are a number of factors that help to explain the Palm Beach County Real Estate Commercial Sales Market. We'll analyze annual dollar volume, annual unit sales, and price-per-square-foot averages from 2003 to 2008 in order to get a sense of the trends for this year and what to expect in the near future. Please bear in mind that this market has been hit especially hard in 2008; this is one indicator of the overall market downturn that has become systemic to the credit crunch.

**Total Annual Dollar Volume (\$M)**

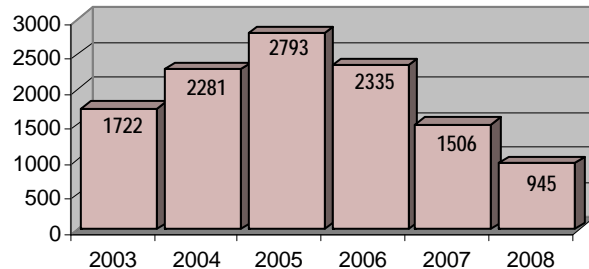


➤ The average price per square foot increases in years 2005 and 2006 shows 20% and even 30% increases from the previous years for most property types, which lured investors into buying properties that they couldn't afford. This ultimately lead to the credit crisis, spike in foreclosures, and decline in overall sales prices and volume in 2008.



◀ It is important to point out several factors including that from 2006-2008, Palm Beach County has been one of the hardest hit real estate foreclosure counties in the country, which explains the steady decline in the annual number of sales and the price per square foot averages during those years.

**Total Annual Number of Sales**



◀ The vacancy rate in Palm Beach County is also continuing to rise. It will be difficult to reverse the downward trend for the average price per sq foot paid, annual dollar volume and annual number of sales for the second half of 2009 and 2010 because of the continued vacancy increases and rise in foreclosures. It will take time and a return to historical values before buyers feel comfortable enough to re-enter the market in any meaningful volume.

For a more detailed analysis across all product types in the Palm Beach County Market, please see the following pages as we analyze the market through the various product-types, including: Commercial Condo Sales, Multifamily, Industrial, Office, and Retail.

*Note: Data does not include refinances, deed transfers, or other property recordings. Sales data may include non-arms length transactions, but also may include existing building sales with development potential.*

\*Data Source: [Win2Data - First American CoreLogic, Inc.](#)



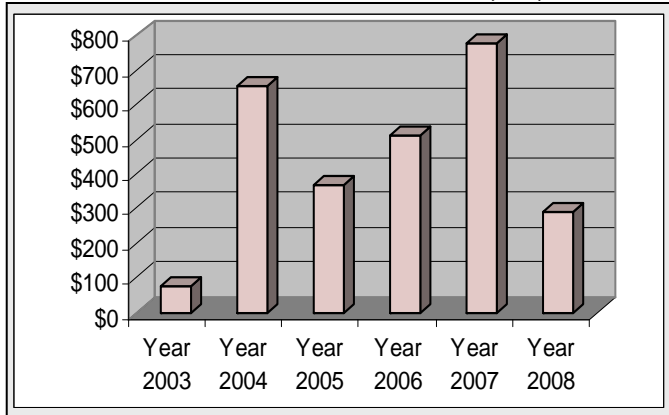
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# CPEX Real Estate Research

## Palm Beach County: Commercial Condo Sales

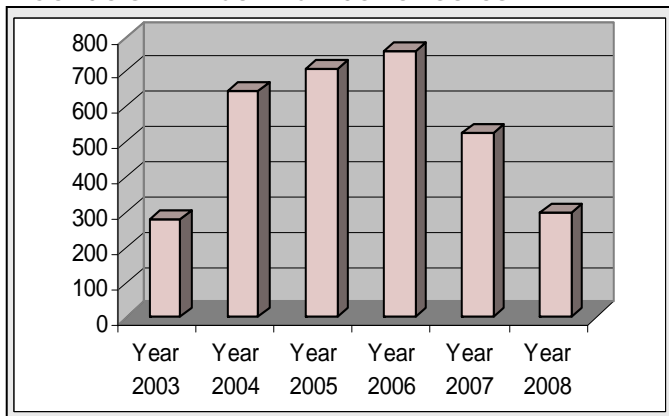
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Condo's: Annual Dollar Volume (\$M)



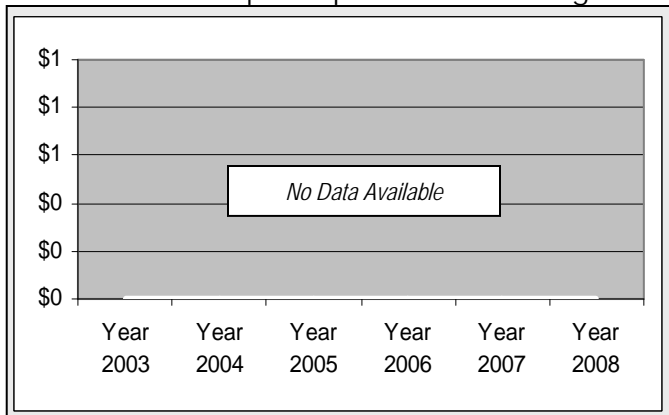
Condos	Total \$
Year 2003	\$73,133,394
Year 2004	\$654,269,508
Year 2005	\$366,554,658
Year 2006	\$509,702,665
Year 2007	\$777,762,613
Year 2008	\$292,263,835

Condo's: Annual Number of Sales



Condos	# of Sales
Year 2003	280
Year 2004	647
Year 2005	708
Year 2006	761
Year 2007	528
Year 2008	300

Condo's: Price per Square Foot Averages



Condos	\$/Sq Ft Avg
Year 2003	==
Year 2004	==
Year 2005	==
Year 2006	==
Year 2007	==
Year 2008	==

### Summary

While price-per-square footage numbers could not be generated from our source for this property class, the number of Commercial Condominium Sales continued to drop from the historically high levels of 2006. After that top-level of 761 closings, last year's level of 300 closings indicates a continuing slow-down is likely for the first half of 2009.

\*Data Source: [Win2Data](http://Win2Data.com) - First American CoreLogic, Inc.

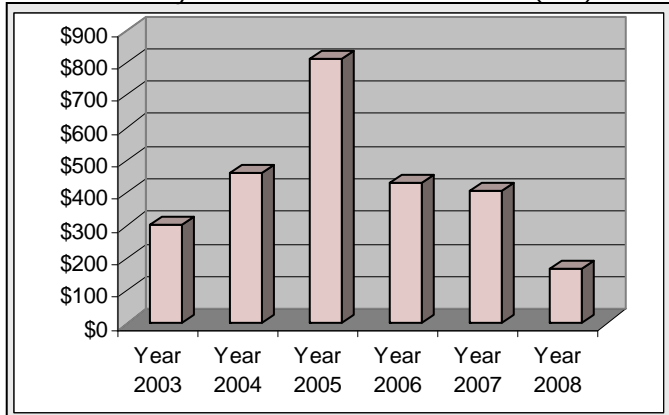


# CPEX Real Estate Research

## Palm Beach County: Multifamily Sales

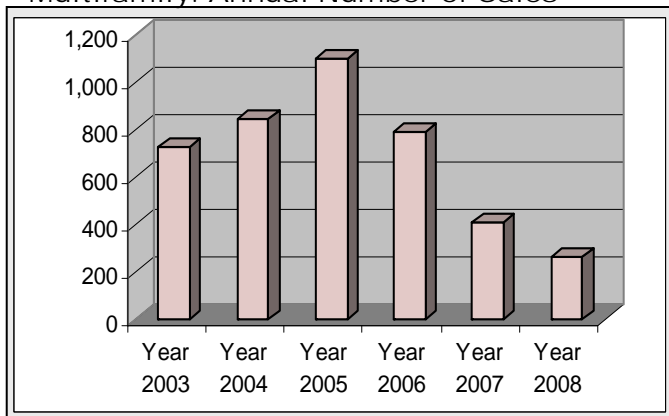
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Multifamily: Annual Dollar Volume (\$M)



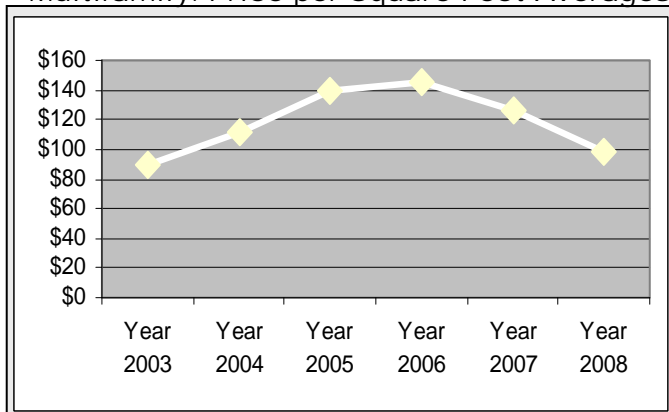
Multifamily	Total \$
Year 2003	\$303,549,528
Year 2004	\$462,075,745
Year 2005	\$813,925,001
Year 2006	\$431,702,034
Year 2007	\$409,160,018
Year 2008	\$169,076,945

Multifamily: Annual Number of Sales



Multifamily	# of Sales
Year 2003	726
Year 2004	844
Year 2005	1,099
Year 2006	790
Year 2007	410
Year 2008	265

Multifamily: Price per Square Foot Averages



Multifamily	\$/Sq Ft Avg
Year 2003	\$89
Year 2004	\$112
Year 2005	\$140
Year 2006	\$145
Year 2007	\$126
Year 2008	\$98

### Summary

The Multifamily Market in Palm Beach County shows the dramatic rise in price per square footage averages, which occurred in the market through 2006 with a sharp and continued drop over the last two years.



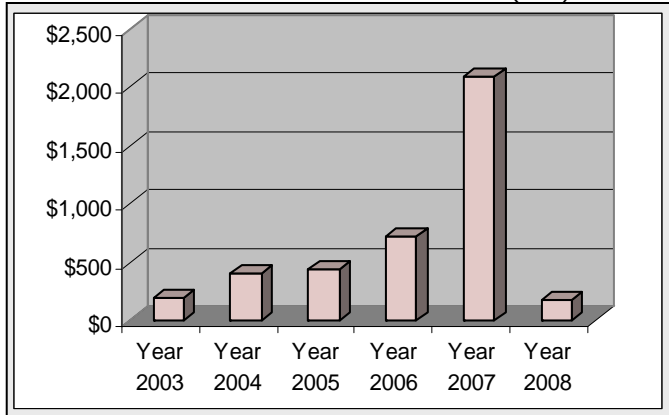
\*Data Source: [Win2Data - First American CoreLogic, Inc.](http://Win2Data.com)

# CPEX Real Estate Research

## Palm Beach County: Industrial Sales

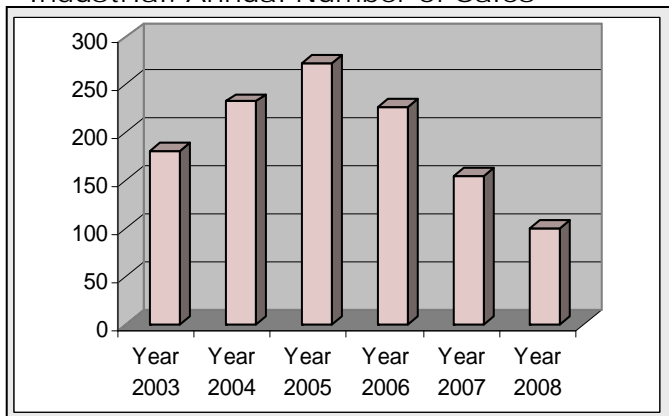
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Industrial: Annual Dollar Volume (\$M)



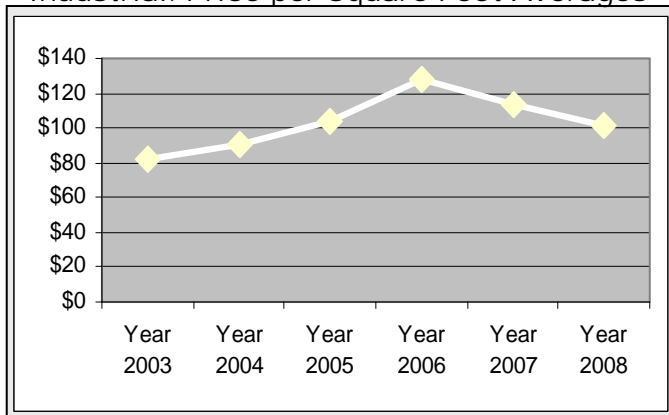
Industrial	Total \$
Year 2003	\$187,630,300
Year 2004	\$403,465,918
Year 2005	\$440,848,441
Year 2006	\$713,653,744
Year 2007	\$2,090,891,623
Year 2008	\$174,922,686

Industrial: Annual Number of Sales



Industrial	# of Sales
Year 2003	181
Year 2004	232
Year 2005	272
Year 2006	226
Year 2007	155
Year 2008	100

Industrial: Price per Square Foot Averages



Industrial	\$/Sq Ft Avg
Year 2003	\$82
Year 2004	\$90
Year 2005	\$104
Year 2006	\$128
Year 2007	\$114
Year 2008	\$101

### Summary

The Industrial market in Palm Beach County mimics the rise and fall that we see across the board in other product types: Average price per square feet numbers rise to \$128/sq ft in 2006 and drops to the normalized base of \$100 in 2008.



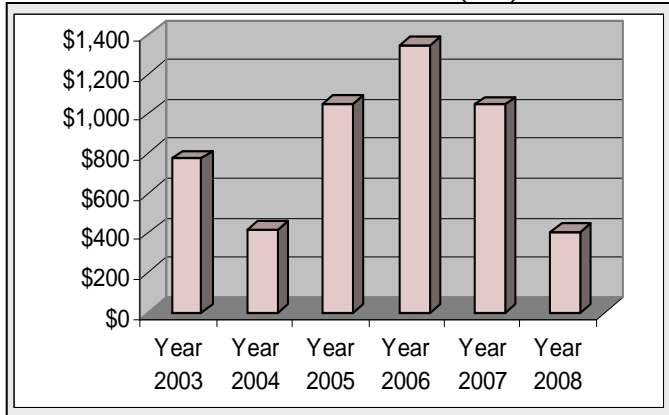
\*Data Source: [Win2Data - First American CoreLogic, Inc.](#)

# CPEX Real Estate Research

## Palm Beach County: Office Sales

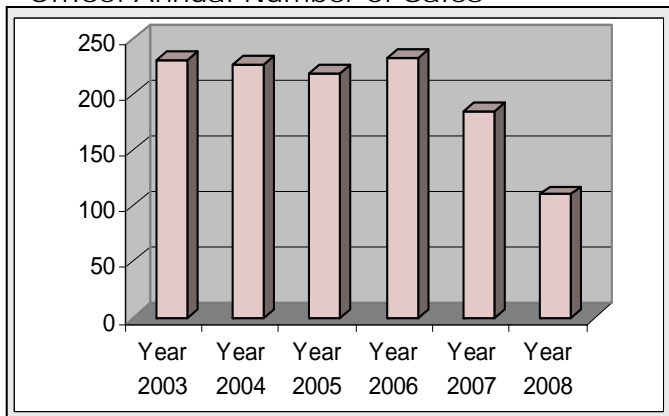
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Office: Annual Dollar Volume (\$M)



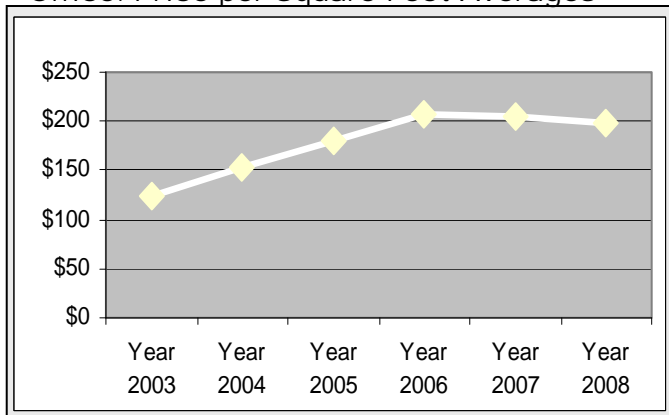
Office	Total \$
Year 2003	\$773,679,094
Year 2004	\$417,361,768
Year 2005	\$1,051,475,217
Year 2006	\$1,350,396,803
Year 2007	\$1,046,592,578
Year 2008	\$400,755,766

Office: Annual Number of Sales



Office	# of Sales
Year 2003	231
Year 2004	226
Year 2005	218
Year 2006	232
Year 2007	185
Year 2008	110

Office: Price per Square Foot Averages



Office	\$/Sq Ft Avg
Year 2003	\$123
Year 2004	\$154
Year 2005	\$181
Year 2006	\$207
Year 2007	\$204
Year 2008	\$198

### Summary

The Office Market in Palm Beach Market shows a surprising stabilized average price per square foot pricing in the last two years. While other markets had average prices drop, the Office Market showed unexpected resiliency in keeping its pricing close to the highs achieved in 2006.



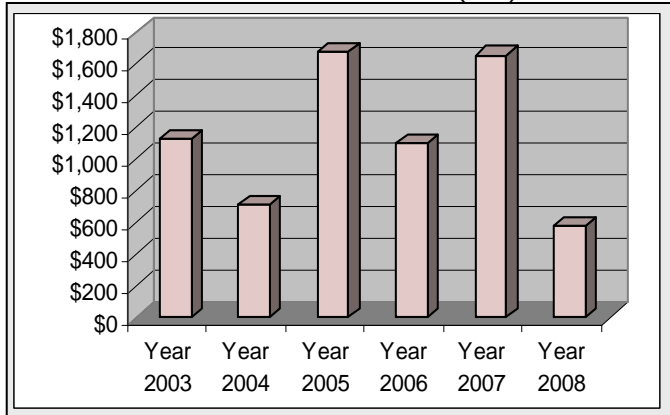
\*Data Source: [Win2Data - First American CoreLogic, Inc.](#)

# CPEX Real Estate Research

## Palm Beach County: Retail Market Sales

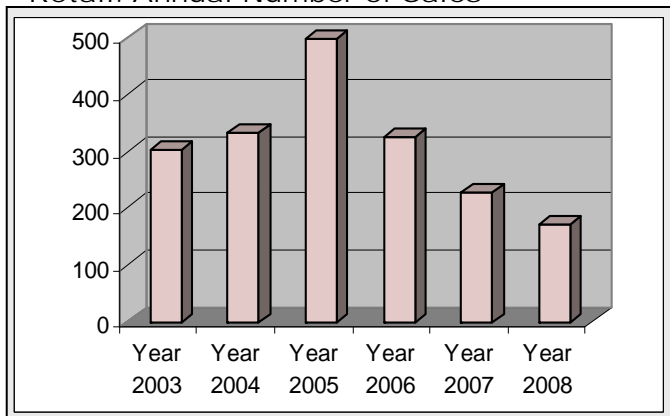
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Retail: Annual Dollar Volume (\$M)



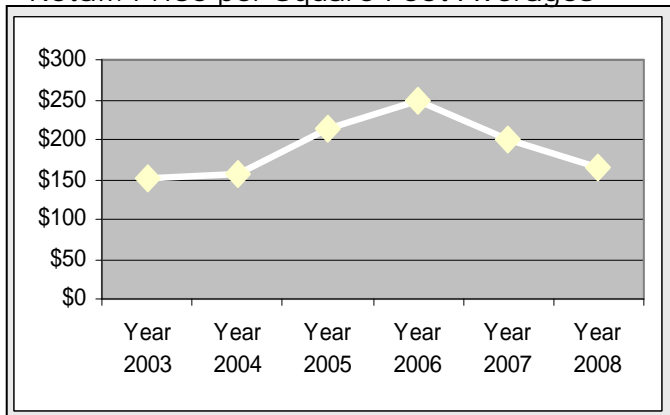
Retail	Total \$
Year 2003	\$1,125,518,645
Year 2004	\$709,883,950
Year 2005	\$1,668,407,186
Year 2006	\$1,095,873,793
Year 2007	\$1,654,231,588
Year 2008	\$581,010,511

Retail: Annual Number of Sales



Retail	# of Sales
Year 2003	304
Year 2004	332
Year 2005	496
Year 2006	326
Year 2007	228
Year 2008	170

Retail: Price per Square Foot Averages



Retail	\$/Sq Ft Avg
Year 2003	\$151
Year 2004	\$156
Year 2005	\$214
Year 2006	\$249
Year 2007	\$200
Year 2008	\$165

### Summary

The Retail Market in Palm Beach shows a 34% drop off of the highs achieved in 2006, when the market demonstrated recent growth from 2003 to 2006. With the dramatic economic troubles affecting various sectors of the economy, we expect retail pricing to experience continued negative pressure well into 2009.



\*Data Source: [Win2Data - First American CoreLogic, Inc.](#)