

PBC home prices top historic U.S. trends

SE Florida market rated 29th most overvalued

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Palm Beach County home sales slumped this year and prices stagnated, but a review of the nation's top 100 housing markets shows South Florida maintained enough activity to buoy prices 15% higher than historic trends.

The analysis by housing economists at Florida International University and The University of Mississippi, looked at April prices for all property types in Palm Beach, Broward and Miami-Dade counties and found the average price adjusted for inflation was \$256,870.

That's 15.4% over what it would be if the market had followed a traditional trajectory. Of the 100 markets analyzed, southeast Florida ranked 29th for most overvalued.

"There is just a lot of interest in South Florida," said University of Mississippi economist Ken Johnson with The Beracha and Johnson Real Estate Initiative "There are 10 cities in the U.S. where the average price has been drifting down. Miami is not part of that group by any means."

New Orleans, Honolulu, Hawaii, San Francisco, Austin, Texas, and San Antonio, Texas are areas that have experienced falling prices, with New Orleans 14% below its historic price trend in April, according to the study.

Johnson, a former Florida Atlantic University professor, created the market report with FIU real estate professor Eli Beracha.

The most overvalued market in the country is Detroit, followed by Cleveland and Las Vegas. Johnson said it's not clear why Detroit and Cleveland are coming out as so overvalued but believes it may have something to do with a high number of vacant properties in the cities.

Other Florida markets where prices are running above historic trends include Palm Bay (15%), Tampa (14%), Lakeland (14%), Deltona (12.5%), Jacksonville (12%) and Cape Coral, (12%). Realtors said they've seen home sales slow this year as buyers monitor mortgage interest rates and navigate economic uncertainties.

Ryan Sparks has had his mother's Jupiter home on the market for more than 200 days and has lowered the price twice. The home at 6481 Spartina Circle has five bedrooms but no pool and the kitchen is original to the house built in 1997.

"It's not a shabby kitchen, but it's not granite countertops," said Sparks, whose listing on Realtor.com notes that he's a motivated seller. "We've come to accept that the pandemic

valuations are not what we can hold on- to.” New and renovated properties are still experiencing high traffic, said Douglas Elliman Palm Beach Realtor Michael Melear.

“A lot of the transactions happening are the A-plus stuff and things that are priced aggressively to sell,” Melear said.

In April, the median sale price on a single-family home in Palm Beach County was \$645,000. That’s less than 1% below the price in April 2024. The average sale price in April was \$1.2 million, according to the Broward, Palm Beaches, and St. Lucie Realtors Group.

The overall number of homes sold in April was 1,330, which is 5% lower than last year.

Debbie Smith, a broker with Reliant Realty, said she’s seen a trend of people wanting homes that aren’t in homeowners associations. She echoed Melear’s observations that new and remodeled homes are selling at a premium.

“People don’t want to have to do any work,” Smith said. “They come down here, they don’t know the contractors, and they want everything fixed up.”

Palm Beach County’s supply of single-family home inventory in April was at 5.9 months, a 34% increase from 2024. Realtors consider a balanced market, where neither the buyer nor seller has the upper hand, to be a supply of 5.5 to 6 months.

As of June 5, a fixed rate 30-year mortgage had an interest rate of 6.85% according to Freddie Mac. That’s down from where it started the year near 7%. Economists at the online brokerage Redfin said they expect interest rates to remain near 6.8% for the remainder of the year.

“If I’m a buyer, I’ll go out and do the best I can,” Johnson said. “This is a good time to buy. If you are waiting for a crash, you’re going to be waiting a long time.”

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