

Agents say residential market shows recovery in sales, rentals

By Rich Pollack

June is normally when real estate professionals — who help connect sellers and buyers of luxury homes along South Florida's coast — can relax a little and catch their breath.

This was not a normal June, however, and instead of kicking back, many real estate professionals went into July working overtime as the residential home market kicked back up.

"This has been the busiest June we've had in my 17-year real estate career," said Nick Malinosky, executive director of luxury sales for Douglas Elliman Real Estate. "I'm three times busier than I would normally be this time of year."

The driving force behind this seeming real estate boom — with increased demand for rentals as well as condo and single-family home sales — may be COVID-19.

Pent-up demand in the real estate market, which all but dried up early in the pandemic, combined with people's desires to flee urban areas hit hard by the virus, made for busy phones in local real estate offices.

"I've never seen it like this," said Steven Presson of the Corcoran Group, who specializes in coastal homes in South Palm Beach County. "Every day I'm seeing homes that were on the market for a long time being sold."

In Palm Beach County, there were 138 closed sales of homes over \$1 million in March, down 25% from the previous year, and only 93 in April, down 37% from April 2019.

But from May 1 through late June there were about 250 closed sales of homes over \$1 million. That's still down from the 392 similar sales during the same period last year, or 36%, but it shows that a recovery is taking place.

"The fact that we're that close and that high considering the pandemic is indicative of how quickly we've recovered," said Jarrod Lowe, president of the Broward, Palm Beaches and St. Lucie Realtors. "It's a testament to how much of a thriving market we're in."

Lowe said the trend crosses all aspects of the residential home-buying market in Palm Beach County. "The residential market is just on fire," he said.

Rentals also heating up

Demand also is high for rental properties, especially from residents of the Northeast and the Chicago area. Demand began growing soon after the number of coronavirus cases began rapidly increasing in those areas, according to agents.

"We started getting an incredible amount of calls from people looking for rental properties," Malinosky said.

That helped push the price of rental units up — in some cases dramatically.

To illustrate the point, Presson highlights a coastal home that rented for \$25,000 a month for three months. Normally, he said, that same home would have rented for about \$10,000 a month during the same time period. Even higher offers came in after the first offer had been accepted.

Real estate agents will tell you that the market could be even hotter were it not for some unexpected obstacles.

"Our biggest problem right now is low inventory," says Patricia Towle, a sales associate at Sotheby's International Realty in Palm Beach who sees the market on track to make a strong come back. "Sellers pulled their homes off the market because of uncertainty."

Buyers were a little nervous as well.

Towle says she had a buyer who put in an offer on a home prior to the pandemic but pulled it once conditions deteriorated.

The buyer stayed in touch with her and came back after the

slowdown with the same offer on the table with no conditions and a quick closing.

Towle, who specializes in Point Manalapan and Hypoluxo Island, said that in mid-March there had been seven closings and three sales pending. After a lull in activity during April and May, sales picked back up, with 12 closings by mid-June.

One area where there's not as much activity as there is with single-family homes is in the condo and townhouse market — with restrictions brought on by the pandemic having a lot to do with that.

Condo buyer frustrated

Many condo associations, according to Malinosky, didn't allow showings, while others restricted access so that even after a unit was purchased the new buyer could not move in right away.

That proved to be frustrating for 84-year-old Tom Carr, who closed on a condo in Highland Beach on March 9 but

discovered two days later that the condo association would not allow his furniture to be delivered.

"The virus made it impossible for me to move in," he said.

Carr, who had to be out of his nearby rental unit by the end of April, ended up living in a neighbor's apartment and overseeing some repairs while the neighbor was away. He was able to move into his new condo in mid-June, with all of the deliveries coming in one day.

Another challenge for those selling condominiums and townhouses has been travel restrictions and a reluctance of prospective buyers to fly in.

To get around that problem, some agents have been offering virtual tours and have seen units sold without the buyers' ever stepping foot inside.

Malinosky says there were still quite a few sales in the condo market as well as inquiries, and he foresees improvement as restrictions are loosened. "The demand is

there," he said.

The demand is especially high, he believes, for spacious condos where residents can work from home, perhaps with a window view of the ocean.

Privacy is also an issue, with some buyers looking for units that come with a private elevator and even private pools.

When it comes down to it, what buyers of both condos and single-family homes are looking for is the same thing — the Florida lifestyle.

"People are figuring that if they're going to be anywhere, they would rather be in Florida," said Malinosky, adding that some see it as a more open and safer environment.

It doesn't hurt, either, that taxes in Florida are more affordable than those in many parts of the Northeast.

Presson says a lot of buyers he's seeing these days are people who have been indecisive about moving to Florida.

"COVID pushed them off the fence," he said. ★

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