

Palm Beach County home prices lag U.S. average

By **JEFF OSTROWSKI**

Palm Beach Post Staff Writer

Updated: 10:14 p.m. Friday, March 16, 2012

Posted: 10:04 p.m. Friday, March 16, 2012

Palm Beach County homes are selling for a hefty discount below the national average, a price correction that marks a sharp reversal from the boom-time premium commanded by properties here.

It's a trend that has housing experts predicting Palm Beach County prices could bounce back - but only after the area's flood of foreclosures and short sales recedes.

"I would say that, yes, we have overcorrected," said Jack McCabe, a housing analyst in Deerfield Beach. "When the market does recover, there's going to be a lot of room for appreciation."

During the 1990s and early 2000s, Palm Beach County home prices hovered about 10 percent below the national average, according to a Palm Beach Post analysis of data collected by the National Association of Home Builders.

In 2005, Palm Beach County prices spiked, reaching a premium of as much as 19 percent over the national average.

During the crash, Palm Beach County homes have sold for much less than the national average. The gap has been more than 20 percent since late 2010.

During the fourth quarter of 2011, the median price of new and existing houses and condos sold in Palm Beach County was \$129,000, 24 percent below the national median of \$170,000.

Palm Beach County became a poster child for boom-and-bust markets. Prices soared, developers overbuilt and mortgage fraud was rampant.

"The bigger the boom, the bigger the bust," said Ken H. Johnson, a real estate economist at Florida International University. "That's what it amounts to."

Palm Beach County prices won't narrow the gap with national prices for at least two years, McCabe predicted, because of the area's glut of distressed properties. Lenders filed 1,198 new foreclosures in February, up 58.5 percent from February 2011, according to the Palm Beach County Clerk and Comptroller's office.

All those foreclosures act as a "wet blanket" on prices, said John Tuccillo, chief economist for the Florida Realtors.

"Because of the distressed properties, the overcorrection will not be corrected as quickly as it happened," Tuccillo said. "You'll see a gradual return to that trend line, but it's going to take a while to happen."

Foreclosures aren't the only drag on home prices. Many Americans feel so burned by the housing bust that they'd rather rent than buy.

FIU's Johnson sees another challenge: High windstorm insurance premiums don't show up on home price charts but cut into how much buyers can pay for Florida properties. The average windstorm premium collected by Citizens Property Insurance Corp. on homes in Palm Beach County is more than \$2,400.

Even so, Johnson predicts Palm Beach County prices will slowly recover.

"I think the ship has turned, and we're going to see prices come back," Johnson said.

Find this article at:

[Print this page](#)

[Close](#)

<http://www.palmbeachpost.com/money/real-estate/palm-beach-county-home-prices-lag-u-s-2243029.html>

**AND THE WINNING NUMBER IS... 951 YAMATO
BOCA RATON CLASS-A OFFICE SPACE AT ITS BEST**

First Class Finishes, Convenience, Services and a Tri-Rail Shuttle Stop.

