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Palm Beach County home sales jump in March, prices up 28 percent

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BY [KIMBERLY MILLER](#) - PALM BEACH POST STAFF WRITER

Palm Beach County home prices soared to \$249,894 last month, a level last seen in November 2008 and one that is raising more concern about whether the market's rapid gains will lead to another bubble.

The 28 percent increase in median sales price in March from the same time in 2012 was measured in a report released Monday by the Realtors Association of the Palm Beaches and the Florida Realtors. A 12 percent hike in sales volume of single-family homes was also noted in the report.

Statewide, the median price for a single-family home was \$160,000, up 15 percent from the previous year. The number of homes sold was up 9 percent during the same period.

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Market experts agree low housing inventory and high investor demand are helping drive price increases, but they differ on whether the double-digit price jumps are damaging to the market.

Barb Kozlow, Realtors Association of the Palm Beaches president-elect, said she's not concerned the price increases will lead to another housing bubble because the market conditions causing them are different than before the crash.

Whereas flippers looking for a quick return were part of the problem in the past, today's buyers are looking at long-term investments, she said.

“Many are making improvements with the intention of renting the property,” Kozlow said.

About 50 percent of home sales in Palm Beach County last month were cash deals, usually an indicator of an investor purchase.

But Florida International University real estate professor Ken H. Johnson said he’s worried the sales price statistics could be misinterpreted and lead to a buying frenzy and “overly exuberant” bidding.

“Housing is a sound investment now, but be leery of that number,” Johnson said about the overall 28 percent price increase. “I think we are comparing the price of steak and lobster this year to the price of hamburger last year.”

Unlike leading housing indexes, which measure the sale of the same home over time to give a truer change in value, Monday’s report is a snapshot that can compare vastly different properties.

Sales of non-distressed Palm Beach County homes were up 28 percent in March and sold for a median price of \$271,500, an 18 percent increase from last year.

At the same time, 54 percent fewer bank-owned homes were sold last month compared to the previous year. Bank-owned homes sold for a median price of \$145,000 in March, up 13 percent from the previous year.

Johnson noted that the Federal Housing Finance Agency home price index measured only a 1.23 percent increase in Palm Beach County from the fourth-quarter of 2011 to the same time in 2012.

March sales of condominiums and townhomes in Palm Beach County were up 6.6 percent from the previous year, while the median price jumped 22.7 percent to \$101,250, according to the Realtors report.

“I don’t think they are purposefully trying to trick anyone,” Johnson said. “The numbers just need to be heavily investigated.”

Nationwide, home sales dipped 0.6 percent in March from February to a seasonally adjusted annual rate of 4.92 million, but remain 10 percent higher than they were in March 2012. The national median home price for all housing types was \$184,300 in March, a nearly 12 percent increase from last year.

Inventory nationwide was up 1.6 percent to a 4.7 months’ supply. Palm Beach County’s inventory slipped to 5.5 months in March from 5.8 months in February.

“We need a housing supply of over six months to have a generally balanced market between home buyers and sellers, but it’s unlikely we’ll get there without greater increase in housing construction,” said Lawrence Yun, chief economist for the National Association of Realtors. “The inventory improvement nationally last month results from a seasonal gain, but conditions continue to broadly favor sellers.”

Palm Beach County Realtor Cheri Knottnerus has experienced that.

She’s been trying to help a couple find a home for more than a year. They recently put in a bid \$15,000 above asking price, but they lost out to someone willing to pay even more.

“It’s so hard to find anything right now,” Knottnerus said.