

## The \$165m home in Palm Beach, Florida – and other bargains

The area is a super-rich haven but prices for some trophy homes are being slashed in a bid to attract buyers

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Worth Avenue in downtown Palm Beach © Alamy

8 HOURS AGO by: Kevin Brass

On the Florida island of Palm Beach, home to some of the most expensive properties in the US, some sellers are slashing prices. About half a mile from Donald Trump's private club, Mar-a-Lago — on a stretch known as “Billionaires' Row” — a new 12,100 sq ft, six-bedroom Italian-style villa priced at \$39.5m last November sold in April for \$31.59m — a 20 per cent discount. In June, a 3.4-acre waterfront estate sold for \$25.2m, a year after it was listed for \$32m.

Buyers “want what they want, but they're not going to overpay for it”, says Ava Van de Water, a broker with Brown Harris Stevens of Palm Beach.

After a slow 2016, sales have been increasing in recent months as buyers take advantage of what is perceived as a rare price dip in the market. In the second quarter of 2017, there were nine sales above \$10m, compared with three in the first quarter, says Leslie Evans, a local real estate attorney who produces a quarterly analysis of sales in Palm Beach. There has been a “tremendous pick up” in sales in recent months, he says. “It's going back to normal.”

“Normal” is different in Palm Beach than most markets. Palm Beach has always attracted the US version of royalty, from the Kennedys to Trump. Current homeowners include the US commerce secretary Wilbur Ross, financier Henry Kravis, Netscape founder Jim Clark and real estate developer Stephen Ross.

In 2016, the average sale price of a single-family home in Palm Beach was about \$6m, according to Evans' data. Yet the US election and uncertainty over the economy weighed on the market, with the number of home sales dropping 18 per cent, his research shows.

“We always see [slow sales] in election years,” says Todd Peter, an agent with Sotheby’s International Realty in Palm Beach. “A lot of people were sitting on the sidelines.”

Confidence has returned in the wake of the election. “For the ultra-rich, Trump being elected was seen as a real positive,” said Jack McCabe, a Florida-based real estate consultant.

Yet buyers are spending less, according to a study by appraisers Miller Samuel for Douglas Elliman Real Estate. In the first quarter of 2017, the median price for prime homes was \$7.47m, down 29.1 per cent, from \$10.54m, a year earlier. Buyers in the quarter paid an average of 13.2 per cent below the asking price, Miller Samuel found.

Valuing a property in Palm Beach can be difficult. The more oceanfront area a property has, the higher the price.

Many of the big estates sit on the market for a year or two waiting for a buyer. “Most of the houses are unique, one of a kind,” McCabe said. “It’s not like you can find two or three [comparable] sales.”

In 2015 a 15-acre property went on sale priced at \$195m; last month it was relisted for \$165m, which would still make it one of the most expensive properties in the US. Owned by the Ziff family, who made their money in publishing, the oceanfront property has more than 30 bedrooms spread across the main house, guest house and several cottages. Even at \$165m, it remains “excellent value based on recent luxury sales”, according to Sotheby’s International Realty, its listing agent. At \$11m an acre, the property is priced well below the \$19m to \$32m-an-acre achieved by recent sales in the area.

Oceanfront property with more than 30 bedrooms on Palm Beach, \$165m

The current record for a home sale in Palm Beach is the \$95m that Russian fertiliser magnate Dmitry Rybolovlev paid Trump in 2008 for a 6.3-acre waterfront property. Rybolovlev tore down the 62,000 sq ft house and split the 6.3-acre property into three lots. One 2.35-acre parcel sold last November for a reported \$34.34m; the others are on the market for \$38.5m and \$39.5m.

Many older homes are seen as tear-downs, especially if an owner can sub-divide the property, says local broker Linda Gary. Older homes tend to sit on the market for longer; today's buyers are not interested in fixer-uppers.

"They definitely want new or renovated," says Gary. "They don't want to deal with architects and builders."

She is marketing a newly built eight-bedroom property with 242ft of direct ocean frontage, a massage room and bowling alley for \$64.9m.

Some sellers have been "ambitious" in their pricing, which explains the recent discounts, says local agent Suzanne Frisbie. Despite the drops, "none is trading well below market".

There are only 2,500 homes on the island and 82 on the waterfront, leading to a natural "scarcity" of quality properties, she says. Buyers are not put off by the current prices. With homes selling for \$3,000 per sq ft, Palm Beach "looks inexpensive" compared with London and Hong Kong, where prime homes often sell for more than \$4,000 per sq ft.

## Buying guide

- There is no state income tax in Florida
- Many properties are sold off-market and are never publicly listed for sale
- Private jets can fly into Palm Beach international airport. Fort Lauderdale airport is about a 45-minute drive
- Significant homes are "landmarked", the local version of historic protection, which limits what can be changed to the exterior

## What you can buy for . . .

**\$1m** A two-bedroom condominium

**\$5m** A four-bedroom, contemporary house just off the beach

**\$25m** A five-bedroom, 10,000 sq ft, waterfront mansion with a private dock

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*Main photograph: Alamy*

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