



LUXURY MARKET REPORT

- July 2018 -

INSTITUTE *for*
LUXURY HOME
MARKETING®

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THIS IS YOUR LUXURY MARKET REPORT



MAP OF LUXURY RESIDENTIAL MARKETS

Welcome to the Luxury Market Report, your guide to luxury real estate market data and trends for North America. Produced monthly by The Institute for Luxury Home Marketing, this report provides an in-depth look at the top residential markets across the United States and Canada. Within the individual markets, you will find established luxury benchmark prices and detailed survey of luxury active and sold properties designed to showcase current market status and recent trends. The national report illustrates a compilation of the top North American markets to review overall standards and trends.

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The Luxury Market Report is a monthly analysis provided by The Institute for Luxury Home Marketing. Luxury benchmark prices are determined by The Institute annually. This active and sold data has been compiled by various sources, including local MLS boards, local tax records and Realtor.com. Data is deemed reliable to the best of our knowledge, but is not guaranteed.

- LUXURY REPORT EXPLAINED -

The Institute for Luxury Home Marketing has analyzed a number of metrics — including sales prices, sales volumes, number of sales, sales-price-to-list-price ratios, days on market and price-per-square-foot – to provide you a comprehensive North American Luxury Market report.

Additionally, we have further examined all of the individual luxury markets to provide both an overview and an in-depth analysis – including, where data is sufficient, a breakdown by luxury single-family homes and luxury attached homes.

It is our intention to include additional luxury markets on a continual basis. If your market is not featured, please contact us so we can implement the necessary qualification process. More in-depth reports on the luxury communities in your market are available as well.

Looking through this report, you will notice three distinct market statuses, Buyer's Market, Seller's Market, and Balanced Market. A **Buyer's Market** indicates that buyers have greater control over the price point. This market type is demonstrated by a substantial number of homes on the market and few sales, suggesting demand for residential properties is slow for that market and/or price point.

By contrast, a **Seller's Market** gives sellers greater control over the price point. Typically this means there are few homes on the market and a generous demand, causing competition between buyers who ultimately drive sales prices higher.

A **Balanced Market** indicates that neither the buyers nor the sellers control the price point at which that property will sell and that there is neither a glut nor a lack of inventory. Typically, this type of market sees a stabilization of both the list and sold price, the length of time the property is on the market as well as the expectancy amongst homeowners in their respective communities – so long as their home is priced in accordance with the current market value.

REPORT GLOSSARY

REMAINING INVENTORY: The total number of homes available at the close of a month.

DAYS ON MARKET: Measures the number of days a home is available on the market before a purchase offer is accepted.

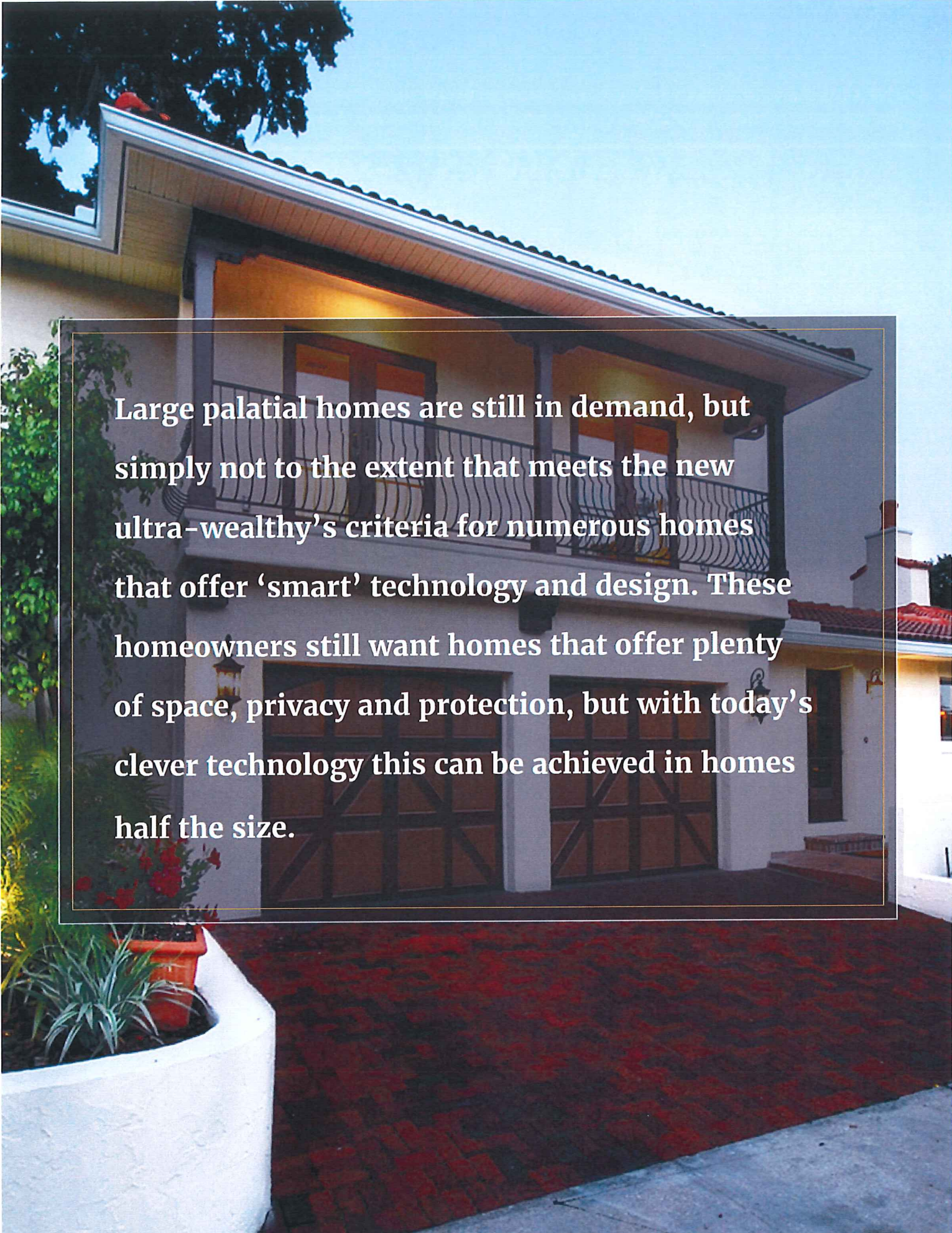
LUXURY BENCHMARK PRICE: The price point that marks the transition from traditional homes to luxury homes.

NEW LISTINGS: The number of homes that entered the market during the current month.

PRICE PER SQUARE FOOT: Measures the dollar amount of the home's price for an individual square foot.

SALES RATIO: Sales Ratio defines market speed and determines whether the market currently favors buyers or sellers. Buyer's Market = up to 14%; Balanced Market = 15 to 20%; Seller's Market = 21% plus. If >100%, sales from previous month exceeds current inventory.

SP/LP RATIO: The Sales Price/List Price Ratio compares the value of the sold price to the value of the list price.

A photograph of a two-story house with a balcony and large garage doors. The house has a white exterior and a dark roof. The balcony has a black metal railing. The garage doors are dark with a wooden grain pattern. The house is surrounded by greenery and a red brick driveway. A semi-circular white planter with plants is in the foreground.

Large palatial homes are still in demand, but simply not to the extent that meets the new ultra-wealthy's criteria for numerous homes that offer 'smart' technology and design. These homeowners still want homes that offer plenty of space, privacy and protection, but with today's clever technology this can be achieved in homes half the size.



NORTH AMERICAN LUXURY REVIEW | JUNE 2018

2018 was predicted as the year of change – not just in North America but globally – for the luxury real estate market.

Predictions included the slowing down of the global luxury real estate market, specifically in major metropolitans and existing key luxury locations, but an increase of demand in secondary markets. There were also concerns about the negative impact of tax changes and government regulations including tariffs against foreign investors. In terms of types of properties selling, predictions indicated that demand would increase for luxury developments with outstanding amenities but decrease for “McMansion-style” properties.

Now, at the mid-point of 2018, it's time to look at the validity of these predictions by analyzing the data over the last 6 months and reviewing the trends that have developed – to see if indeed, this is the year of change.

Location has always been paramount when money is no object, whether a home is steps from the beach, situated in the mountains or the heart of the city – and the wealthiest and most powerful players have always trended towards the same cities and locations to buy their properties. But the world's richest who, according to Wealth-X, currently own nearly \$3 trillion worth of real estate, are changing their spending habits.

This wealth and who owns it is evolving because the majority, upward of 65% of these ultra-wealthy are new self-made entrepreneurs. Their needs are different because their businesses are often both technology driven and globally located. In addition to their primary residence, they often have 2-5 other properties located near their key business locations, or in a major city of influence and/or a favored leisure destination. Distribution of this wealth has also changed geographically and there has also been a significant increase in the number of ultra-wealthy individuals – with predictions of a further global 20% rise over the next 2-3 years – with the strongest growth from the Asia-Pacific region.



During 2017, the luxury single-family detached home sales showed a very stable and dependable market. In the early part of 2018, inventory constraints eased with a growing number of luxury properties coming on the market. Prices started to level off, rather than the anticipated fall, because demand remains consistent. Six months into 2018 and all indicators illustrate that overall this market segment remains healthy.

However, not all luxury market segments thrived in 2018. Luxury residential development of McMansion style properties in many cities proved to be “white elephants” – although smart thinking has seen many turned into multi-family homes. The ultra high-end showed a substantial slow down too, although not due to affordability – rather in part due to the types of properties available on the market not matching the new trend for homes with quality-rich amenities.

Large palatial homes are still in demand, but simply not to the extent that meets the new ultra-wealthy’s criteria for numerous homes that offer ‘smart’ technology and design. These homeowners still want homes that offer plenty of space, privacy and protection, but with today’s clever technology this can be achieved in homes half the size. Instead features such as smart home automation, unique designs, and custom spaces are achieving the extraordinary price tags. Trends such as expansive windows, indoor-outdoor living spaces, magnificent garages to house all the toys, resort-style spa with pools, saunas and hot tubs, statement cellars and attention to eco-friendly features.

Conversely, secondary and emerging luxury markets saw a favorable shift. Advances in technology has made homes more accessible for buyers to be no longer constrained by location, especially in luxury markets near tech hubs such as Greater Seattle, Greater Tacoma, Portland, Raleigh-Durham, San Francisco and Silicon Valley where there are still significant growth and sales. Three of these tech cities, Silicon Valley, Seattle, and San Francisco are consistently in the top 3 markets for sales ratio, meaning that homes sell almost or as quickly as they enter the market.

Other markets such as Denver, Dallas, Houston, Nashville and Las Vegas are still seeing an increase in demand for their luxury markets as entrepreneurs and baby boomers look for homes in locations that offer and appreciate their requirements for unique experiences, new opportunities and value for money. As an example, the Denver luxury single-family market has the 4th highest sales ratio of the cities included in this report at 45%, with only tech giant cities showing higher ratios.

Luxury condominiums have proven to be one of the strongest sectors in this market, especially over the last few months. Early predictions of a steady demand in most markets, with downtown cores showing strongest growth,



have proven to be correct. The combination of young professionals looking for live-work-play lifestyles, global entrepreneurs using wealth from their businesses and baby boomers leveraging equity from their single-family residences to purchase luxurious full amenity condos are the main drivers in this market. Those selling luxury condos can continue to expect top dollar in 2018, despite recent initiatives to cool urban markets. In June 2018, the larger cities with the highest luxury median attached price were San Francisco (\$2,456,000), Greater Boston (\$2,002,500) and Naples (\$1,812,500), all of whom are known for having strong attached property markets.

The exponential growth and price increases in the global real estate market has created a significant problem in many of the world's major cities – causing difficulties for their local population to purchase homes. Governments have sought to find solutions by bringing in cooling measures – 2018 saw the biggest overhaul of the US tax code, and major cities in Canada implemented additional taxes on second homes, foreign buyers and on properties valued over the luxury threshold.

The plan to remove tax deductions in the US for state and local income tax caused many of the wealthy self-employed, empty nesters, second homeowners and foreign investors to move or change their primary residences from high-tax states such as New York, Connecticut, Illinois, California to states without the same income tax levels such as Florida, Texas, Nevada and Tennessee.

Significant increases in taxes do hamper people's ability to move, when costs become a major consideration in the choice of whether to move, it restricts the natural flow in the property market. There have been a significant drop in prices in some markets as a result of these tax changes being keenly felt, The Big Apple, Washington D.C., and Boston saw prices dropping as much as 6% against the same period in 2017 to attract buyers—a trend likely to continue throughout 2018. In Canada, the cities of Vancouver, Toronto and Greater Toronto Area markets saw significant drops in sales as well as a substantial increase in inventory. For example, in June 2018 Vancouver's single-family luxury median sales price dropped 9.2% its number of sales decreased by 45% against June 2017 while its luxury median attached price rose 2% over last year but experienced a 38% decrease in sales.

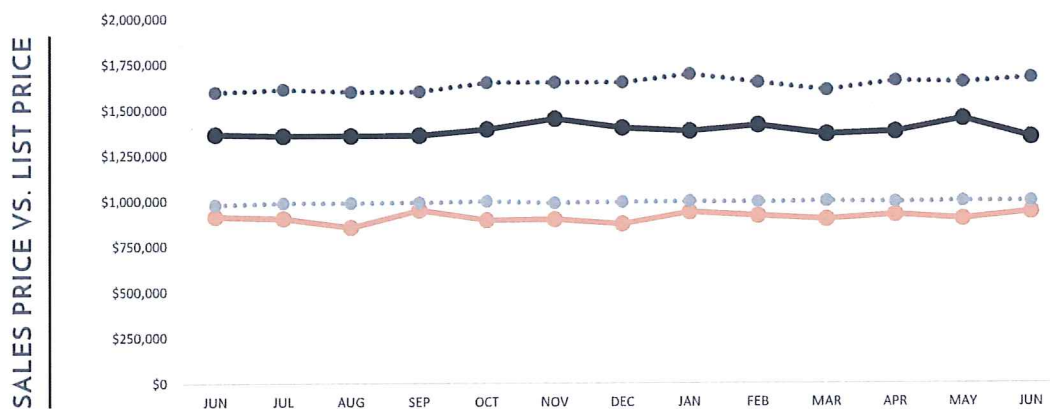
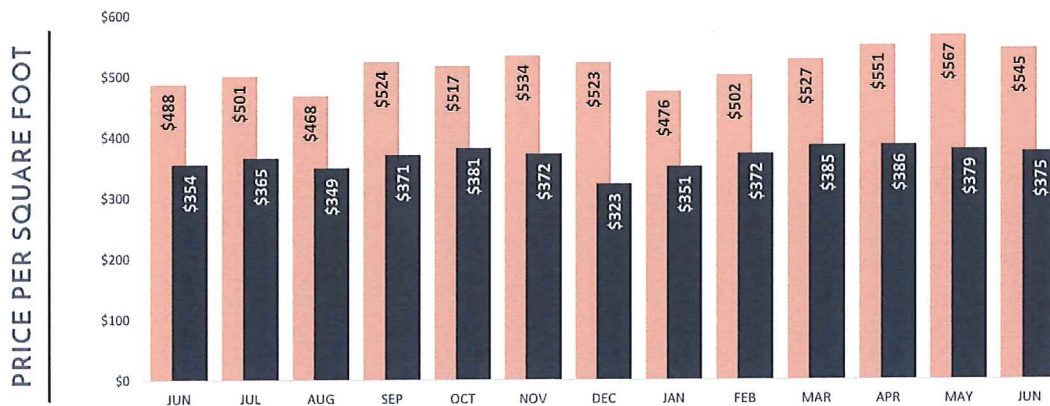
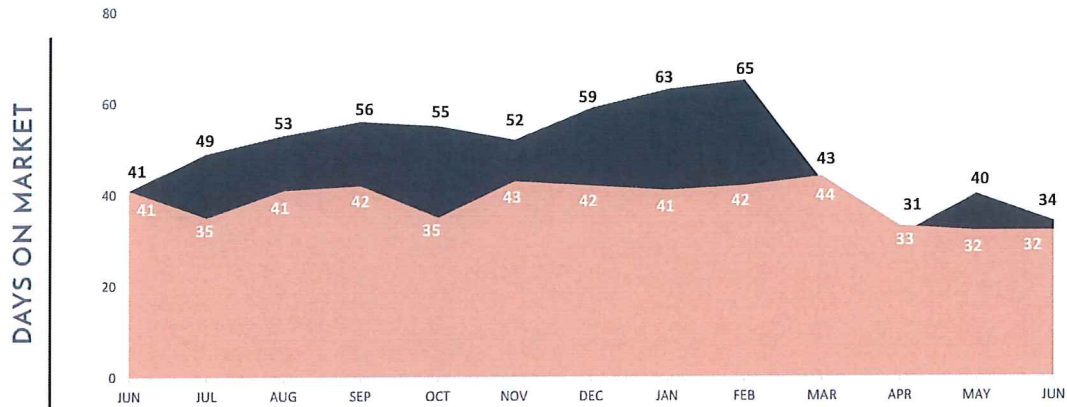
How these tax implications will continue to impact the North American real estate market as a whole and within individual markets will need to be watched as carefully as the new trends in buying and the spending power of the ultra-wealthy. While this report seeks to give an overall view of the luxury market and concurs that luxury real estate is firmly entering into a year of change it is still important to recognize that individual markets must be viewed separately too – certainly one of the most significant observations is that there are many markets in the 'change' process and the trends described above are causing a variety of influences that are often in contradiction to current expectations.

- 13-MONTH MARKET TRENDS* -

FOR THE LUXURY NORTH AMERICAN MARKET

■ Single-Family Homes ■ Attached Homes ●●● Single-Family List Price ●●● Attached List Price

All data is based off median values. Median prices represent properties priced above respective city benchmark prices.



Discrepancies between statistics published between the June 2018 and July 2018 Luxury Market Reports are due to the addition of Okanagan Valley, BC; Orlando, FL; Greater Toronto - York, ON; Charlotte, NC; Fort Worth, TX; revisions to Jacksonville Beaches; and the separation of Paradise Valley, AZ from Scottsdale, AZ.

- LUXURY MONTHLY MARKET REVIEW -

A Review of Key Market Differences Month Over Month

May 2018 | June 2018

SINGLE-FAMILY HOMES

	May	June		May	June
Median List Price	\$1,650,000	\$1,675,000	Total Inventory	42,794	44,052
Median Sale Price	\$1,450,000	\$1,349,000	New Listings	13,051	11,595
Median SP/LP Ratio	97.59%	97.56%	Total Sold	7,644	8,001
Total Sales Ratio	17.86%	18.16%	Median Days on Market	40	34
Median Price per Sq. Ft.	\$379	\$375	Average Home Size	3,648	3,700

Median prices represent properties priced above respective city benchmark prices.



SINGLE-FAMILY HOMES MARKET SUMMARY | JUNE 2018

- Official Market Type: **Balanced Market** with a **18.16% Sales Ratio**.¹
- Homes are selling for an average of **97.56% of list price**.
- The median luxury threshold² price is **\$1,000,000**, and the median luxury home sales price is **\$1,349,000**.
- Markets with the Highest Median Sales Price: **Vail** (\$3,911,500), **LA-Beach Cities** (\$3,500,000), **Vancouver** (\$3,200,500), and **Toronto** (\$3,100,000).
- Markets with the Highest Sales Ratio: **Silicon Valley** (93%), **Seattle** (60%), **San Francisco** (59%), and **Denver** (45%).

¹Sales Ratio defines market speed and market type: Buyer's = up to 14%; Balanced = 15 to 20%; Seller's = 21% plus. If >100%, sales from previous month exceeds current inventory. ²The luxury threshold price is set in December of each year by The Institute for Luxury Home Marketing.

- LUXURY MONTHLY MARKET REVIEW -

A Review of Key Market Differences Month Over Month

May 2018 | June 2018

ATTACHED HOMES

	May	June		May	June
Median List Price	\$999,000	\$999,000	Total Inventory	13,356	13,600
Median Sale Price	\$901,990	\$940,000	New Listings	4,108	3,838
Median SP/LP Ratio	99.00%	98.34%	Total Sold	2,416	2,456
Total Sales Ratio	18.09%	18.06%	Median Days on Market	32	32
Median Price per Sq. Ft.	\$567	\$545	Average Home Size	2,089	2,024

Median prices represent properties priced above respective city benchmark prices.



ATTACHED HOMES MARKET SUMMARY | JUNE 2018

- Official Market Type: **Balanced Market** with an **18.06% Sales Ratio**.¹
- Attached homes are selling for an average of **98.34% of list price**.
- The median luxury threshold² price is **\$720,000**, and the median attached luxury sale price is **\$940,000**.
- Markets with the Highest Median Sales Price: **Vail** (\$4,300,000), **San Francisco** (\$2,456,000), **Park City** (\$2,400,000), and **Greater Boston** (\$2,002,500).
- Markets with the Highest Sales Ratio: **Silicon Valley** (191%), **Marin County** (94%), **Fairfax County** (64%), and **LA-Beach Cities** (63%).

¹Sales Ratio defines market speed and market type: Buyer's = up to 14%; Balanced = 15 to 20%; Seller's = 21% plus. If >100%, sales from previous month exceeds current inventory. ²The luxury threshold price is set in December of each year by The Institute for Luxury Home Marketing.

- LUXURY MONTHLY MARKET REVIEW -

SINGLE-FAMILY HOMES

State	Market Name	Median List Price	Median Sold Price	Inventory	New Listings	Sold	Days on Market	Market Status
AB	Calgary	\$1,100,000	\$993,500	855	304	145	31	Balanced
AZ	Paradise Valley	\$2,853,000	\$2,610,000	196	33	16	122	Buyer's
AZ	Phoenix	\$724,900	\$682,000	851	207	192	70	Seller's
AZ	Scottsdale	\$1,675,000	\$1,292,500	812	104	130	110	Balanced
AZ	Tucson	\$750,000	\$645,500	713	115	118	39	Balanced
BC	Okanagan Valley	\$1,599,000	\$1,355,000	653	133	36	59	Buyer's
BC	Vancouver	\$3,899,500	\$3,200,500	1,562	413	62	25	Buyer's
BC	Victoria	\$1,799,900	\$1,550,000	437	152	67	27	Balanced
CA	Los Angeles Beach Cities	\$4,785,000	\$3,500,000	432	126	85	25	Balanced
CA	Los Angeles City	\$4,898,000	\$3,087,500	701	242	124	41	Balanced
CA	Los Angeles The Valley	\$2,100,000	\$1,765,000	669	239	151	51	Seller's
CA	Marin County	\$3,891,500	\$2,968,750	142	18	52	28	Seller's
CA	Napa County	\$2,795,000	\$2,100,000	149	20	19	34	Buyer's
CA	Orange County	\$2,380,000	\$1,782,500	1,676	478	316	28	Balanced
CA	Palm Springs & Palm Desert	\$1,782,000	\$1,327,500	482	64	63	125	Buyer's
CA	Sacramento	\$782,500	\$710,000	896	364	339	13	Seller's
CA	San Diego	\$2,195,000	\$1,625,000	1,452	475	297	29	Balanced
CA	San Francisco	\$4,342,500	\$3,000,000	70	24	41	11	Seller's
CA	Santa Barbara	\$3,689,850	\$2,850,000	268	52	21	11	Buyer's
CA	Silicon Valley	\$4,958,000	\$3,010,000	196	95	183	10	Seller's
CO	Boulder	\$1,737,500	\$1,335,500	230	77	73	56	Seller's
CO	Denver	\$979,500	\$833,750	1,149	435	522	8	Seller's
CO	Vail	\$4,269,500	\$3,911,500	138	21	6	217	Buyer's
DC	Washington D.C.	\$3,495,000	\$2,410,000	69	17	17	9	Seller's
FL	Boca Raton & Delray Beach	\$1,999,000	\$1,731,250	610	84	44	91	Buyer's
FL	Greater Fort Lauderdale	\$1,275,000	\$905,000	1,645	321	163	72	Buyer's
FL	Jacksonville Beaches	\$1,239,000	\$1,060,000	323	64	39	44	Buyer's
FL	Miami	\$1,345,000	\$920,265	1,390	221	112	89	Buyer's
FL	Naples	\$1,800,000	\$1,567,500	1,137	115	128	94	Buyer's

Median prices represent properties priced above respective city benchmark prices.

- LUXURY MONTHLY MARKET REVIEW -

SINGLE-FAMILY HOMES

State	Market Name	Median List Price	Median Sold Price	Inventory	New Listings	Sold	Days on Market	Market Status
FL	Orlando	\$1,647,000	\$1,400,000	581	90	43	70	Buyer's
FL	Palm Beach Towns	\$3,097,500	\$2,437,432	360	38	36	102	Buyer's
FL	Sarasota & Beaches	\$1,695,000	\$1,540,000	546	73	47	95	Buyer's
GA	Atlanta	\$1,175,000	\$950,000	1,391	351	268	34	Balanced
HI	Maui	\$3,247,500	\$2,200,000	208	27	11	232	Buyer's
IL	Chicago	\$1,269,450	\$1,050,000	2,284	671	421	45	Balanced
MA	Greater Boston	\$2,950,000	\$2,500,000	140	29	47	16	Seller's
MD	Montgomery County	\$1,775,000	\$1,385,000	435	118	110	19	Seller's
MI	Oakland County	\$750,000	\$630,000	1,303	486	201	23	Balanced
MO	St. Louis	\$786,500	\$702,500	244	72	76	10	Seller's
NC	Charlotte	\$899,000	\$789,000	1,255	280	264	20	Seller's
NC	Raleigh-Durham	\$725,000	\$652,000	1,056	235	303	4	Seller's
NV	Las Vegas	\$749,900	\$610,000	1,327	387	318	28	Seller's
NY	Brooklyn	\$1,454,000	\$1,270,000	192	49	17	69	Buyer's
NY	Long Island	\$1,489,000	\$1,160,000	3,664	836	353	55	Buyer's
NY	Staten Island	\$1,199,999	\$980,750	199	58	20	66	Buyer's
ON	Greater Toronto - York	\$2,288,000	\$1,750,000	573	238	57	29	Buyer's
ON	Toronto	\$3,388,000	\$3,100,000	528	247	81	13	Balanced
TN	Nashville	\$994,900	\$914,381	371	147	110	18	Seller's
TX	Austin	\$1,012,500	\$832,400	810	233	256	20	Seller's
TX	Collin County	\$705,649	\$656,000	1,117	309	201	29	Balanced
TX	Dallas	\$1,062,000	\$925,000	882	264	185	42	Balanced
TX	Fort Worth	\$879,000	\$769,795	925	255	231	16	Seller's
TX	Houston	\$835,000	\$735,000	2,019	568	412	38	Balanced
TX	The Woodlands & Spring	\$785,000	\$686,750	582	164	96	40	Balanced
UT	Park City	\$2,962,500	\$1,975,000	274	53	28	131	Buyer's
VA	Fairfax County	\$1,629,000	\$1,349,000	631	153	98	27	Balanced
WA	Seattle	\$1,699,450	\$1,550,000	252	151	150	8	Seller's

Median prices represent properties priced above respective city benchmark prices.

- LUXURY MONTHLY MARKET REVIEW -

ATTACHED HOMES

State	Market Name	Median List Price	Median Sold Price	Inventory	New Listings	Sold	Days on Market	Market Status
AB	Calgary	\$825,000	\$789,375	368	147	40	32	Buyer's
AZ	Paradise Valley	-	-	-	-	-	-	-
AZ	Phoenix	-	-	-	-	-	-	-
AZ	Scottsdale	\$696,800	\$600,000	117	31	25	63	Seller's
AZ	Tucson	-	-	-	-	-	-	-
BC	Okanagan Valley	-	-	-	-	-	-	-
BC	Vancouver	\$1,968,000	\$1,737,500	832	287	54	14	Buyer's
BC	Victoria	\$825,000	\$802,500	217	99	55	15	Seller's
CA	Los Angeles Beach Cities	\$1,598,000	\$1,472,000	75	39	47	12	Seller's
CA	Los Angeles City	\$1,625,400	\$1,204,750	316	124	92	35	Seller's
CA	Los Angeles The Valley	\$699,000	\$687,500	141	74	70	35	Seller's
CA	Marin County	\$1,197,000	\$1,085,000	16	3	15	21	Seller's
CA	Napa County	-	-	-	-	-	-	-
CA	Orange County	\$1,050,000	\$950,000	505	194	137	24	Seller's
CA	Palm Springs & Palm Desert	-	-	-	-	-	-	-
CA	Sacramento	-	-	-	-	-	-	-
CA	San Diego	\$1,083,950	\$865,000	518	243	163	21	Seller's
CA	San Francisco	\$3,050,000	\$2,456,000	90	25	34	17	Seller's
CA	Santa Barbara	\$1,697,500	\$1,359,000	44	13	5	31	Buyer's
CA	Silicon Valley	\$1,488,880	\$1,452,500	67	55	128	9	Seller's
CO	Boulder	\$850,500	\$812,000	66	23	13	35	Balanced
CO	Denver	\$699,900	\$627,355	429	167	206	9	Seller's
CO	Vail	\$3,395,000	\$4,300,000	85	19	7	152	Buyer's
DC	Washington D.C.	\$1,800,000	\$1,690,000	162	52	32	10	Balanced
FL	Boca Raton & Delray Beach	\$830,000	\$710,000	367	55	49	63	Buyer's
FL	Greater Fort Lauderdale	\$850,000	\$822,318	1,201	276	168	21	Buyer's
FL	Jacksonville Beaches	\$1,225,000	\$1,412,500	47	15	10	76	Seller's
FL	Miami	\$999,000	\$940,000	2,803	356	108	169	Buyer's
FL	Naples	\$1,995,000	\$1,812,500	290	29	28	90	Buyer's

Markets with dashes do not have a significant luxury market for this report. Median prices represent properties priced above respective city benchmark prices.

- LUXURY MONTHLY MARKET REVIEW -

ATTACHED HOMES

State	Market Name	Median List Price	Median Sold Price	Inventory	New Listings	Sold	Days on Market	Market Status
FL	Orlando	\$799,000	\$574,250	87	13	8	84	Buyer's
FL	Palm Beach Towns	\$1,477,500	\$1,296,250	192	21	20	110	Buyer's
FL	Sarasota & Beaches	\$1,199,500	\$1,131,250	220	33	26	52	Buyer's
GA	Atlanta	\$675,000	\$593,750	513	122	84	43	Balanced
HI	Maui	\$1,725,000	\$1,662,500	139	24	19	248	Buyer's
IL	Chicago	\$1,178,888	\$934,900	1,041	332	161	35	Balanced
MA	Greater Boston	\$2,399,000	\$2,002,500	229	54	80	17	Seller's
MD	Montgomery County	\$812,495	\$645,000	182	59	66	10	Seller's
MI	Oakland County	\$787,000	\$570,000	64	16	9	25	Buyer's
MO	St. Louis	-	-	-	-	-	-	-
NC	Charlotte	\$716,990	\$680,000	127	27	37	29	Seller's
NC	Raleigh-Durham	-	-	-	-	-	-	-
NV	Las Vegas	-	-	-	-	-	-	-
NY	Brooklyn	\$998,500	\$1,138,000	68	15	2	129	Buyer's
NY	Long Island	\$900,445	\$948,000	302	82	23	70	Buyer's
NY	Staten Island	-	-	-	-	-	-	-
ON	Greater Toronto - York	\$765,000	\$720,000	143	78	27	28	Balanced
ON	Toronto	\$1,299,450	\$1,172,500	414	313	162	11	Seller's
TN	Nashville	\$699,450	\$577,500	102	29	18	5	Balanced
TX	Austin	\$700,000	\$640,000	201	53	27	54	Buyer's
TX	Collin County	-	-	-	-	-	-	-
TX	Dallas	\$710,000	\$597,500	209	49	30	46	Buyer's
TX	Fort Worth	-	-	-	-	-	-	-
TX	Houston	\$649,000	\$624,900	235	77	31	56	Buyer's
TX	The Woodlands & Spring	-	-	-	-	-	-	-
UT	Park City	\$2,090,000	\$2,400,000	155	14	19	84	Buyer's
VA	Fairfax County	\$700,573	\$657,825	132	56	84	12	Seller's
WA	Seattle	\$1,299,995	\$1,150,000	89	45	37	16	Seller's

Markets with dashes do not have a significant luxury market for this report. Median prices represent properties priced above respective city benchmark prices.