luxurydefined 2018

an insight into the luxury residential market

CHRISTIE'S
INTERNATIONAL REAL ESTATE

FOREWORD

2017 and early 2018 have shown robust growth in luxury real estate sales across most geographical markets. A stable global economy, a strong stock market, low interest rates and rising consumer confidence served as positive tailwinds for the luxury residential real estate markets. Still, there continue to be a multitude of issues presenting both opportunities and challenges for prime property investors and sellers across the globe. Luxury markets are increasingly impacted by macroeconomic factors from political uncertainty, natural disasters and terrorism fears to high equity prices, shifting buyer demographics, currency risks, and increased taxes and buying restrictions on residential real estate.

This year's *Luxury Defined* presents insights into the world of luxury real estate and captures the collective wisdom and insights of our global network—comprised of 27,000 agents operating out of 940 offices globally—as well as specialists from the broader Christie's world. As we are under common ownership with Christie's art auction house, Christie's International Real Estate is uniquely qualified to understand the shifts and trends impacting high value asset classes, from fine art to fine homes, alongside the motivations of the affluent individuals who purchase them—a distinction that sets us apart from our major competitors. The real estate experts you will hear from in this white paper are the recognized authorities in their local property markets, with particular expertise in luxury real estate.

As the recognized authorities in the high-end housing market, we are frequently asked questions such as: Which are the "hottest" luxury housing markets? How are the international prime property markets performing, and what are the chief drivers? As we look back on the winding road that the luxury real estate sector has traveled since the beginning of 2017 and into the first four months of 2018, several key themes and findings have emerged:

- Worldwide luxury residential sales recorded robust 11 percent growth in 2017, buoyed by a revitalized global economy, stock market strength, and rising consumer confidence.
- Second-home resort markets rallied in 2017 and into 2018 after stagnant growth in 2016.
- Hong Kong ranked as the world's most luxurious housing market, followed by New York and London.
- The "hottest" ranking luxury primary housing market in the world is Victoria, BC, with strong year-on-year luxury sales volumes and high domestic demand.
- Santa Fe, New Mexico, is the "hottest" luxury second-home market, reaching sales volumes of million-dollar-plus homes not seen since pre-crisis years.
- Trophy home sales dipped in 2017—only three homes achieved the US$100 million+ "billionaire's benchmark"—as the year's 10 most expensive homes sold worldwide for aggregate of $1.24 billion, down from $1.32 billion in 2016.
- Star architects are now almost a prerequisite for high-end residential developments, dominating the landscape of emerging luxury corridors like West Chelsea in New York.
- Inventory constraints remained an issue in many prime property markets, as buyers from different, traditionally non-competing demographic and lifestyle cohorts competed for a limited supply of luxury residences, particularly at the entry-level luxury tiers.
- Limited stock and high demand resulted in a decline in the time needed to sell a prime property—luxury homes sold in an average of 190 days in 2017, down from 220 in 2016.
- Natural disasters and terrorism fears impacted not only the directly affected housing markets, but also impacted other luxury housing markets in ways that may have a lasting impact on second-home buying trends.
- New taxes and foreign-buyer restrictions were introduced in several housing markets in 2017 and 2018, reflecting the continued politicization of property ownership across the globe.
- Little is being done by governments to address the supply constraint issue prevalent in many global markets.

Our team is pleased to present the subsequent findings and we hope you find this report instructive.

Dan Conn, CEO
Christie's International Real Estate

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Introduction

Luxury is ....

A word too often used by anyone with goods or services to sell. It gives branding agencies heartburn because of its overuse and the consumer's resulting lackluster response, which defeat the very purpose of the word. "Luxury" needs to be reimagined. Rather than a banal adjective for anything costly or fine, it should be considered as a noun, more in terms of "having the luxury of" something that we aspire to obtain.

Half a century ago, some, but not all of us had "the luxury of" watching color TV. Before that, a family was grateful for the luxury of radio, telephone, of running water and flushing toilets. Today, we take for granted the garage door that opens with a button, the microwave oven, and smart home devices that can talk to us.

Depending on where you live, of course, these things are still considered luxuries. And they can be fleeting, even in the developed world. Hurricanes, flooding, wildfires, volcanic eruptions, and other natural disasters have proven that all of this has to be viewed in terms of one other important luxury, which is to live in a safe and secure environment. We are reminded too often that many, but not all of us, have that luxury of comfort and security.

In the decade since the global financial crisis began, the delineations of "luxury" in prime property have changed dramatically. More than ever before, luxury today means vastly different things to a widening arc of high-net-worth individuals (HNWIs) and ultra-high-net-worth individuals (UHNWIs), emerging from a continually expanding and diversifying spectrum. Adding to this is an increasingly complex geopolitical picture. The resurgence of populism, Brexit, climate change, growing wealth disparities, increased terrorism and privacy fears, and the "disruption" and digitization of information have challenged many affluent consumers' long-held assumptions and sense of stability about the world around them. These macro and micro influences have shifted the where, what, and why behind HNWIs' and UHNWIs' residential real estate transactions, and how they view the luxuries of home ownership.

It is under this lens that we examine property markets in this year's *Luxury Defined* report, presenting unique new insights about the ever-evolving world of luxury. Together with the collective knowledge of our more than 140 affiliated brokerages in 49 countries—all selected for their records of success in high-end property sales—we examine differences between the luxury and the general housing markets and explore the impact of government intervention, political turmoil, money market fluctuations, environmental disasters, and demographic shifts on the prime property sector.

Research Approach

Lifestyle and location are two key hallmarks of value and are central to the choice of affluent individuals when they consider a residential property acquisition. As such, in this year's *Luxury Defined*—our sixth annual study of the global prime property markets—we examined qualitative elements such as client profiles, buying trends, destination preferences, and lifestyle amenities that shape the luxury sector (in other words the luxuries they sought) alongside quantitative factors including sales volumes, house prices, top transactions, and housing market supply. Eighty-one international luxury property markets were compared based on these characteristics. This study culminated in the *Luxury Index* which ranks of the world's top cities for luxury real estate, and the *Luxury Thermometer*, a global indicator of the "hottest" luxury primary and second-home markets.

Selection Criteria and Research Parameters

In analyzing luxury markets for this study, we reviewed factors that influence prices and luxury housing density, including a market's billionaire population, cost of living, luxury hotel density, and global cities rankings. Housing data for each selected market was sourced from our Affiliated brokerages and, where noted, is supplemented by data from government and industry associations. To offer a nuanced portrait of the global prime property sector, housing markets are segmented into several categories, outlined below.

NOTES: All amounts in this report are presented in US dollars and were calculated with average exchange rates for full-year 2017, unless noted. Data in the report covers the period January 1, 2017 through December 31, 2017 unless otherwise noted.

Report Legend

Luxury Housing Market
US$1M+ residential real estate in a designated geographic area, not shipping information limited to the entire metro region

Primary Markets
Cities, urban areas and suburbs where the majority of properties are generally owner-occupied or primary residences

Second-Home Markets
Resort and lifestyle destinations with a significant second-home cohort and populations of generally less than 500,000

"Luxury" accounts for more than simply price. What the world's wealthy consider the most desirable features, amenities, and styles in prime property is always evolving. Below are some of the trends shaping luxury housing across the globe today...

IN BANGKOK, THAILAND

LUXURY APARTMENTS ARE BOUGHT FOR LIFESTYLE

An influx of new luxury developments is attracting strong buyer interest, but unlike in other cities, speculation isn't an issue. The majority of our high-end property sales are to what could be termed 'lifestyle' buyers. They are buying for the medium or long term and generally aren't investing with a view to flipping.

Tim Skevington,
Richmont's Luxury Real Estate

IN LOS CABOS, MEXICO

LUXURY HOTELS ARE RAISING EXPECTATIONS

We have seen a number of new buyers make Los Cabos their permanent residence due to new luxury hotels and new residential developments, which are adding high-end inventory to the market. These luxury hotel brands—such as the Four Seasons, St. Regis, and AMAN—are elevating the expectations of affluent home buyers. Access to lifestyle offerings, fine finishes, and premium amenities are increasingly sought after.

Ramiro Palenque Bullrich,
2Seas Los Cabos

IN IRELAND

LUXURY IS FARAWAY ESTATES
STILL CLOSE TO URBAN AMENITIES

In the Country Homes market outside of Dublin, affluent buyers increasingly prioritize estates with period architecture on large acreage (30+ acres), though they still want to be within 20 minutes of an amenity-rich town or city. Pretty Georgian houses with mature gardens and land to keep a few horses are very sought after and will witness multiple bidders.

Roseanne de Vere Hunt,
Sherry FitzGerald

IN HOUSTON, TEXAS

LUXURY TECH MAKES LIFE MORE ENJOYABLE

One of the newest trends we're seeing is a preference toward smart homes. Affluent buyers are increasingly seeking tech-equipped homes that make life both easier and a lot more fun. More than ever before, savvy buyers are looking for luxury homes with automation that controls the lights, music, fans, shades, and that can even adjust the thermostat when they're not home.

Nancy Almodovar,
Nan and Company Properties

IN ATLANTA, GEORGIA

LUXURY IS NOT ALWAYS BIGGER

Today's mid-tier luxury buyers prioritize privacy and security, preferring tech-enabled homes that require minimal upkeep. A sprawling estate is not needed, but a mansion with a smaller footprint—especially one which appropriately showcases unique and rare art pieces or other collections—is highly attractive.

Jenni Bonura, Harry Norman, Realtors

IN MONTANA

LUXURY IS RUSTIC DESIGN WITH A MODERN EDGE

While past buyers were primarily interested in "rustic" Montana homes, there has been an increasing shift towards mountain modern. There will always be a place in our resort market for traditional mountain homes but the influx of people from all over the globe will continue to bring new demands.

Dale Crosby-Newman,
PureWest Real Estate

IN PORTLAND, OREGON

LUXURY IS TECH-CONVENIENT

For many wealthy wine aficionados, luxury living is viewing your wine collection from an app on your phone—controlling temperatures, lighting, music, and overall ambiance. In-home cellars increasingly have technology for organizing, cataloging, securing, and displaying wine, and are controlled by the same smart technology as the rest of the home.

Kendra Ratcliff,
Luxe Platinum Properties

IN CAPE TOWN, SOUTH AFRICA

LUXURY IS ENERGY EFFICIENT

The inclusion of energy- and water-saving devices into home design ultimately changes the way we see our homes. Affluent buyers are on the lookout for homes with suitable green features as it not only makes their living experience hassle-free in dealing with the current climate, but also adds value to the home in the event of a future resale. While the Western Cape's current drought status may not be an everlasting issue, energy-efficient homes certainly will be.

Mike Greeff, Greeff Properties

IN TELLURIDE, COLORADO

LUXURY IS DINING OFFLINE

Dining rooms are experiencing a renaissance. Families tend to move at a very hectic pace in this digital era, and the dining room seems to be a place of respite and to catch up at the end of the day away from smart phones.

T.D. Smith, Telluride Real Estate Corp.

IN CINCINNATI, OHIO

LUXURY IS IN-TOWN LIVING WITH ELEVATED VIEWS

More luxury homes are being built in downtown Cincinnati, responding to growing demand from well-heeled buyers. New townhomes with expansive floor-to-ceiling windows, rooftop terraces, and extremely high-quality construction coupled with unobstructed views are increasingly sought after.

Scott Nelson, Comey & Shepherd Realtors

IN MONTERREY, MEXICO

LUXURY IS LOOKING UP

Vertical living is a priority for wealthy buyers looking for luxury amenities, security, and privacy. We are seeing a notable increase in sales of luxury apartments, especially with seniors and empty nesters.

Scarlet Mireles, Gerencia
RED Grupo Inmobiliario

At a Glance:
Luxury Defined

A look at the world of luxury real estate today reveals a robust marketplace following despite regional pockets of slowing growth. Synthesizing data from more than 80 luxury housing markets, this year's *Luxury Defined* report uncovers the reasons behind the uptick in luxury home sales in 2017, strong performance of second-home markets, and shifting sentiment of affluent home buyers and sellers across the globe.

Luxury Index:
Most Luxurious Global Cities for Prime Property

With two residential sales above $100 million and the highest price per square foot of any urban area, Hong Kong ranks as the 'most luxurious' major housing market worldwide for the second consecutive year. Five of the top 10 markets, recorded year-on-year growth in luxury home sales of ten percent or higher.

Top 10 most luxurious cities for luxury real estate, 2017

1 — **Hong Kong**
2 — New York
3 — London
4 — Singapore
5 — San Francisco
6 — Los Angeles
7 — Sydney
8 — Paris
9 — Toronto
10 — Vancouver

Luxury Thermometer: Hottest Primary Markets

The Canadian city of Victoria, BC, topped this year's list of hottest primary housing markets, with significant year-on-year increases in both luxury sales volumes and prices.

1) **Victoria, British Columbia**
2) San Diego, California
3) Orange County, California
4) Washington, DC
5) Paris, France

Top 5 hottest primary markets for luxury real estate, 2017

Luxury Thermometer: Hottest Second-Home Markets

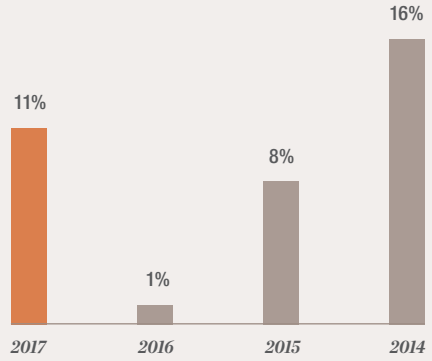
Showing strong year-on-year performance in million-dollar-plus home sales, the historic city of Santa Fe tops our list of hottest second-home markets, followed by Toronto's 'weekender' market of Muskoka.

1) **Santa Fe, New Mexico**
2) Muskoka, Ontario, Canada
3) Sarasota, Florida
4) Sun Valley, Idaho
5) Bahamas

Top 5 hottest second-home resort markets for luxury real estate, 2017

Global Luxury Property Sales Growth

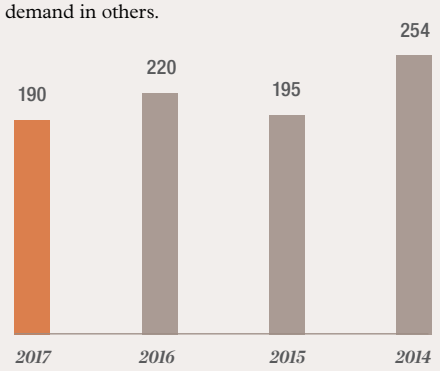
After a year of tepid growth, sales of international luxury homes rebounded in 2017, posting the best annual growth rate in three years.



Annual change in US$1M+ residential unit sales across international luxury housing markets where sales data was available

Average Time to Sell a Luxury Home

Million-dollar-plus homes took less time to sell in 2017 than in 2016, indicating more realistic pricing in some markets and higher demand in others.



Average days on market for $1M+ homes across studied luxury markets worldwide

Starting Price for Luxury Homes

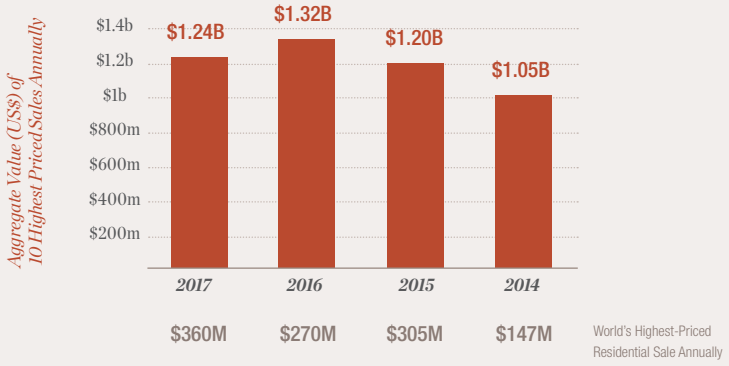
Worldwide, the average starting price of a luxury home differs significantly by region and market type—from under $1 million in Ottawa, Canada, to above $10 million in Monaco.

Worldwide average	**$2.4M**
Monaco	$10M+
St. Barths	$8M+
Zurich	$5M+
London	$4M+
Cannes	$4M+
Telluride, Colorado	$4M+
Hong Kong	$3M+
Palm Beach, Florida	$3M+
Honolulu, Hawaii	$2M+
Paris	$2M+
Vancouver	$2M+
São Paulo	$1M+
Tokyo	$1M+
Buenos Aires	$1M+
Lake Annecy, France	$1M+
Santiago, Chile	$1M+
Algarve, Portugal	$750K+
Mexico City	$750K+
Ottawa, Canada	$750K+
Valencia, Spain	$750K+

Average starting price for luxury homes, US$, December 2017

Trophy Home Tracker: Top 10 Sales Worldwide

The world's 10 highest-priced home sales in 2017 were lower in aggregate sales volume than in 2016, even though the year's $360 million top sale in Hong Kong is the most expensive residential transaction on record.



10 highest-priced publicly reported individual residential unit sales worldwide in each year, US$

The Christie's Luxury Housing Rankings

Our annual research of the world's top prime property markets is summarized in the Christie's International Real Estate Luxury Housing Rankings. The *Luxury Index* gives a "luxury" ranking to each housing market and measures the top 10 performing prime property markets reviewed in this study. The *Luxury Thermometer* (pages 4-5) evaluates growth and demand, offering rankings of the "hottest" prime property markets worldwide.

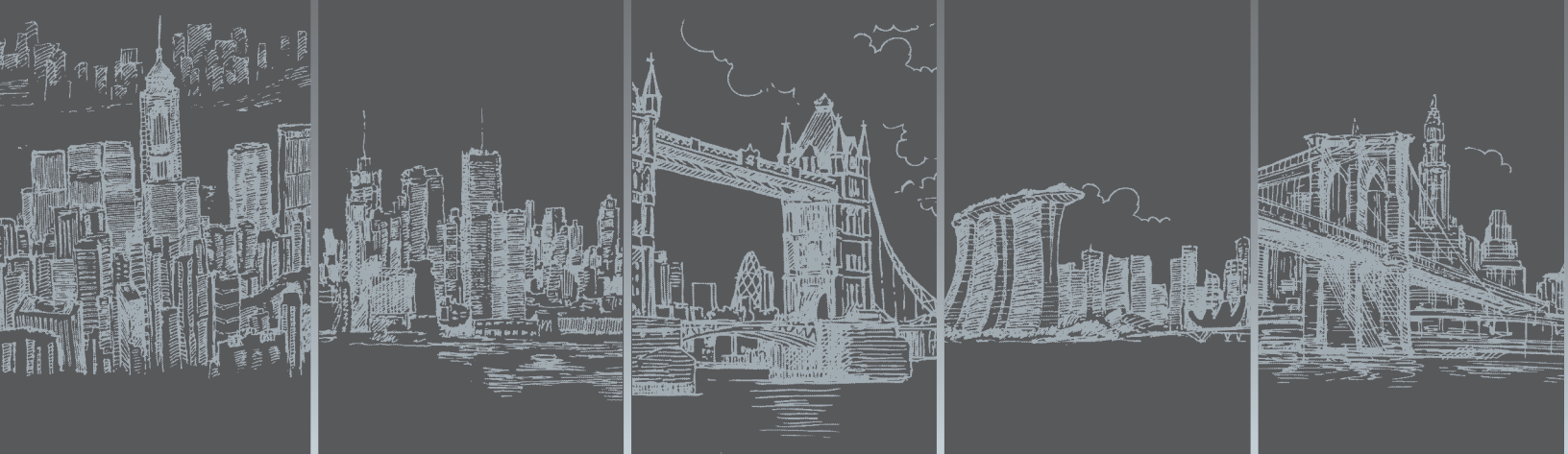
For the second year running, Hong Kong has seized the top slot in our *Luxury Index* rankings. With two residential sales above $100 million and significant annual growth in luxury home sales, Hong Kong led in almost all categories and once again set new sales price records for the region. The city-state takes the crown despite years of stamp duties to manage the limited supply of real estate and curb rising property prices. There still appears to be significant demand for premium real estate in the city, which saw continued demand from mainland Chinese buyers seeking to hedge against yuan depreciation.

New York overtakes London to take second place in this year's rankings. In New York, luxury price increases and robust sales volumes, particularly at the lower-end of the luxury market, bolstered the city's Index position. Uncertainty over the impact of the U.K.'s EU Referendum and stamp duties increases have cooled London's market, though the city still recorded strong top sales and average per square foot sales prices.

Miami drops off this year's rankings, as a result of lower overall prices and a significant store of unsold inventory.

2017 Luxury Index

1	2	3	4	5
Hong Kong	New York	London	Singapore	San Francisco
2017	2017	2017	2017	2017
▶ #1 in 2016	▲ #3 in 2016	▼ #2 in 2016	▲ #5 in 2016	▲ #7 in 2016



$360m

Highest priced sale in 2017 was recorded in Hong Kong, our top performing housing market

6

of our top 10 ranking luxury property markets are located on the Pacific Rim and have significant Chinese-buyer contingents

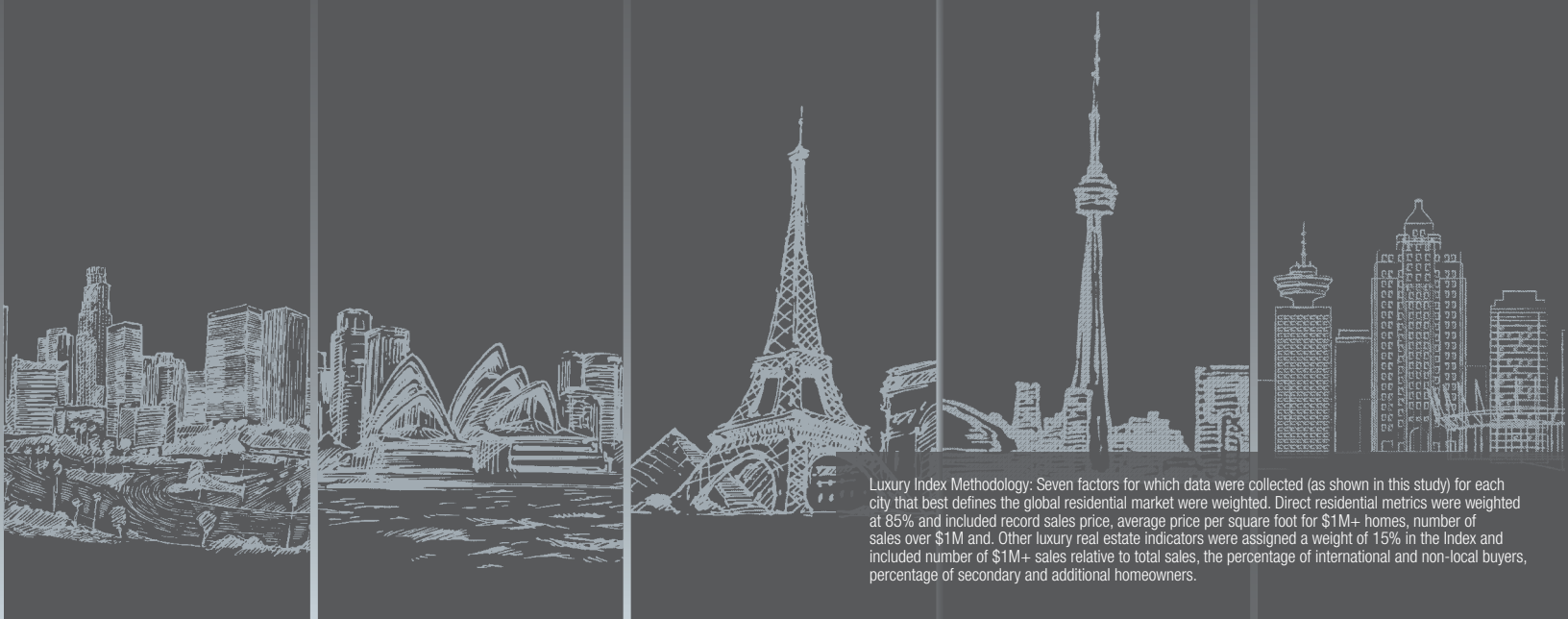
30%

of our top 10 markets were impacted by new foreign-buyer restrictions that were introduced over the past 18 months

50%

of the top 10 markets recorded annual growth in luxury sales of ten percent or higher

6	7	8	9	10
Los Angeles	Sydney	Paris	Toronto	Vancouver
2017	2017	2017	2017	2017
▼ #4 in 2016	▼ #6 in 2016	▶ # 8 in 2016	▶ #9 in 2016	NEW



Luxury Index Methodology: Seven factors for which data were collected (as shown in this study) for each city that best defines the global residential market were weighted. Direct residential metrics were weighted at 85% and included record sales price, average price per square foot for $1M+ homes, number of sales over $1M and. Other luxury real estate indicators were assigned a weight of 15% in the Index and included number of $1M+ sales relative to total sales, the percentage of international and non-local buyers, percentage of secondary and additional homeowners.

Luxury Thermometer

Hottest Primary Markets

1. *Victoria, BC, Canada*
2. *San Diego, California*
3. *Orange County, California*
4. *Washington, DC*
5. *Paris, France*

26%
Annual increase in luxury sales

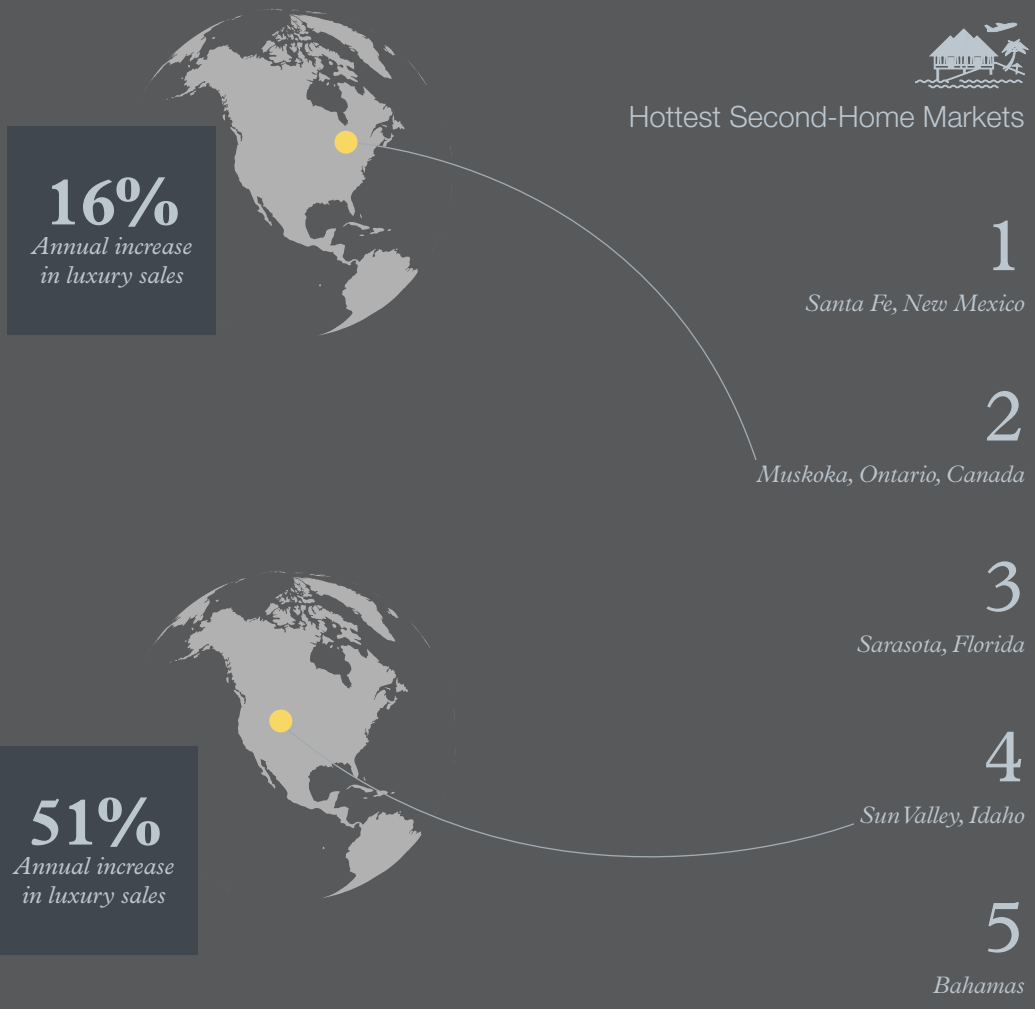
10%
Decrease in time to sell a luxury home

Every year, *Luxury Defined* highlights the influence of social and economic trends on the global real estate market and works to illustrate their impact on luxury housing. Evaluating growth and demand, the *Luxury Thermometer* has historically been a single ranking of the world's ten "hottest" luxury housing markets. This year, the *Luxury Thermometer* will take a new approach to gauging the hottest luxury housing markets.

Unlike other prime property indicators, the *Luxury Thermometer* weighs annual changes in days on market and sales volumes more heavily than year-on-year price shifts. Sales volumes—as numerous studies have proven—are the most reliable predictor of a housing market's future market health and price increases, barring changes in market fundamentals. The *Thermometer's* emphasis on sales volumes and selling time however, proves challenging when compared across different types of housing markets—sales activity in St. Barths, for example, will never rival the volume in Sydney or San Diego; market conditions for large Asian cities are not necessarily comparative to the market influences of the Bahamas. Consequently, in this year's *Luxury Thermometer* we have split the rankings into two categories: primary luxury markets and second-home luxury markets, to present a more accurate relative comparison between markets.

'Hottest' Primary Housing Markets

As was the case in 2015 and 2016, Victoria in British Columbia is one of the hottest luxury markets in the world. Powered by an influx of buyers from the United States and China, Victoria is experiencing the same rapid growth in housing prices and sales volumes that have strengthened Toronto and Vancouver in recent years. Like Vancouver,



the Victoria market has reached a point where additional government cooling measures appear imminent this year—taxing foreign buyers, limiting speculative buyers, and adding transparency rules could lead to a cooling in 2018. However, if Toronto and Vancouver can be a measure, it is likely Victoria will continue to perform well despite these regulations. In 2017, the average time to sell a luxury property was only 32 days, down from 41 days in 2016 – this is among the fastest selling turnover for markets surveyed.

Foreign buyers continue to drive many of the primary luxury markets along the Pacific Rim—in 2016, six of the ten top markets were on the Pacific coast. In 2017, three of five primary markets follow this trend. One notable exception, Paris, stands as the only European market on either list. Paris, placing seventh last year, continues to see new buyers from the UK and other parts of Europe because of recent instability – as a result, Paris has seen a 7.9 percent increase in luxury real estate prices and strong sales volume growth.

'Hottest' Second-Home Markets

Sitting atop this list, is Santa Fe, New Mexico, with luxury sales volumes not seen since the pre-crisis levels. A market that lagged after the 2008 recession is finally catching up—known to have an excellent quality of life and relative affordability is seeing a surge of new buyers creating inventory shortages throughout the city.

Despite record low inventory, Ontario's 'weekender' market of Muskoka ranks second on the list, buoyed by an influx of affluent 'lifestyle arbitrage' baby boomer buyers from Toronto.

Luxury Thermometer Methodology: Six factors for each primary and second-home resort housing market were synthesized to assess the 'health' of the $1M+ market. Factors were weighted in two categories. The first was given a weight of 65% and included luxury sales velocity metrics (growth in $1M+ unit sales in 2017 over 2016, change in the average number of days on market for $1M+ homes in 2017 over 2016, change in average $1M+ sales price in 2017 over 2016 and change in the average home price for the entire market in 2017 over 2016). The second category was given a weight of 35% and incorporated other luxury real estate market health indicators (absorption rate and average number of days on the market for $1M+ homes in 2017).

The six scores for each city across all factors were then totaled, resulting in the Luxury Thermometer for that city. The top five markets were the highest overall aggregate scores in each respective category (primary and second-home markets).

Domaine des Bordes, Paris Region, France

The State of Luxury Housing Worldwide

Prime Residential Property Markets Prosper Across the Globe as a Result of Healthy Macroeconomic Influences and Growing Wealth Prospects

Luxury Residential Real Estate—The Rule Defying Market

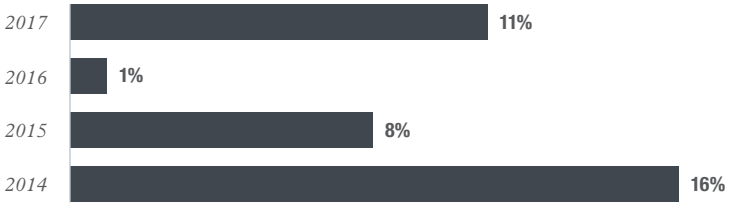
The population of potential luxury home buyers—from billionaires to the less but still affluent—has swelled worldwide in recent years. The ranks of the world's billionaires grew to number 2,208 in 2018,[1] and their combined net worth rose to US$9.1 trillion, up 18 percent from the year prior.

Record-breaking equity markets expanded the wealth of the high-net-worth (HNW) and ultra-high-net-worth (UHNW) individuals in 2017, acting as a demand accelerator for luxury property markets the world over. Rising consumer confidence, low interest rates, and a stable global economy growing in concert kept demand for prime property strong throughout 2017 and into 2018, despite localized pockets of tumult and uncertainty that gave some buyers pause.

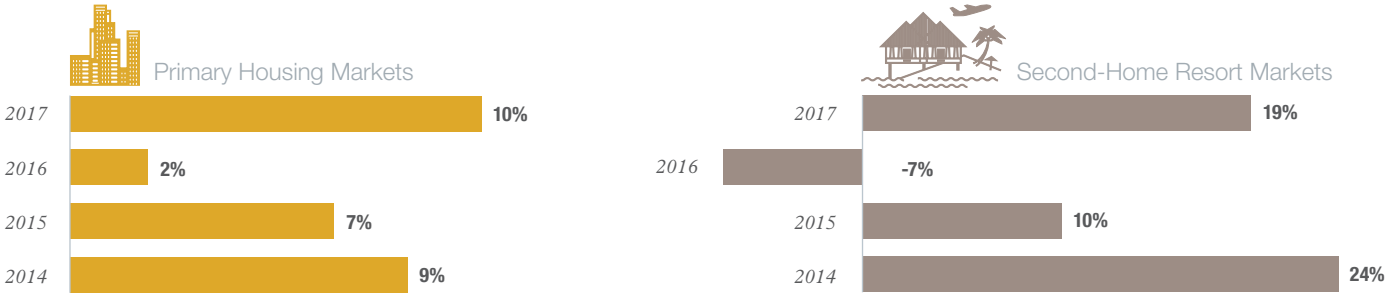
More than half of the world's HNWIs and UHNWIs own two or more residences,[2] and many sought out at least one luxury property acquisition in 2017 and early 2018, whether

Overall Luxury Home Sales Rebound in 2017, Recording Best Rate Growth Since 2014*

Luxury Housing Markets Worldwide



Million-Dollar-Plus Home Sales in Primary Housing Markets Showed Remarkable Strength in 2017; Second-Home Markets Bounce Back



*Annual Change in the Number of US$1M+ Residential Individual Unit Sales Across Luxury Housing Markets Globally

for a lifestyle upgrade, the safe storage and preservation of wealth, or as a "passion" investment. Overall prime property sales worldwide were up by 11 percent in 2017, the highest year-on-year growth levels since 2014.

With global GDP well above its pre-crisis peak[3], the sustained bull market, notwithstanding recent volatility, enticed many HNWIs to acquire well-priced and carefully selected luxury residences, particularly in safe-haven locations. Many major markets saw robust year-on-year luxury sales increases, including Hong Kong, Paris, Los Angeles, and Tokyo.

"The booming stock market prompted many investors to flow funds into luxury property," says Eric Wong of Landscope in Hong Kong, which saw soaring luxury property prices and transactions in 2017 and early 2018. "When the stock market is going well people feel better off and are more comfortable that things are moving ahead," concurs David Ogilvy of David Ogilvy & Associates in Greenwich, Connecticut, where four $20 million-plus homes sold in the last quarter of 2017 alone, contrasting with zero sales above that price in 2016, and just one in 2015.

As equity market volatility appears to be the new normal in 2018—stock-market reversals have already made this year one of the more volatile on record, with the VIX volatility index recording its highest quarterly average[3] since 2007—this flight to safe assets is likely an enduring trend. For the world's wealthiest individuals, a luxury residential purchase remains a lower-risk and higher reward investment, irrespective of where we sit in the economic cycle.

Low interest rates, high consumer confidence, relatively buoyant equity prices, and a strong global economy growing in concert kept demand for prime property robust throughout 2017 and into 2018, despite localized pockets of tumult that gave some buyers pause

Sustained firmness in high-end property markets can not only be attributed to strong equities markets and a healthy economy—realistic pricing played a significant part. Luxury sales were particularly strong in markets where prices remained below pre-crisis peaks and where buyers and sellers showed a willingness to adjust pricing expectations to new market realities. "Price was the name of the game in 2017," says Michael Saunders of Michael Saunders & Company in Sarasota, Florida, where luxury homes sold in record numbers after homeowners adjusted their prices. "The median sales price declined nearly three percent in the upper-end, and original list-to-sell price ratios were as high as 85 percent. Once prices were adjusted, list-to-sell price ratios shrunk to 98 percent—a significant swing."

From Sarasota to Singapore and beyond, once sellers adjusted prices to what buyers considered fair market value, product began to move. "Most sellers of luxury homes have finally realized and acted on the fact that their homes were overpriced," says Karen Stephens of Page Taft Real Living in Guilford, Connecticut. "Homes priced at $2 million and above became active once prices were brought into line with the rest of the post-2007 market, which in this area sustained a 20 percent drop in value."

Luxury Sales in Primary Housing Markets Flourish

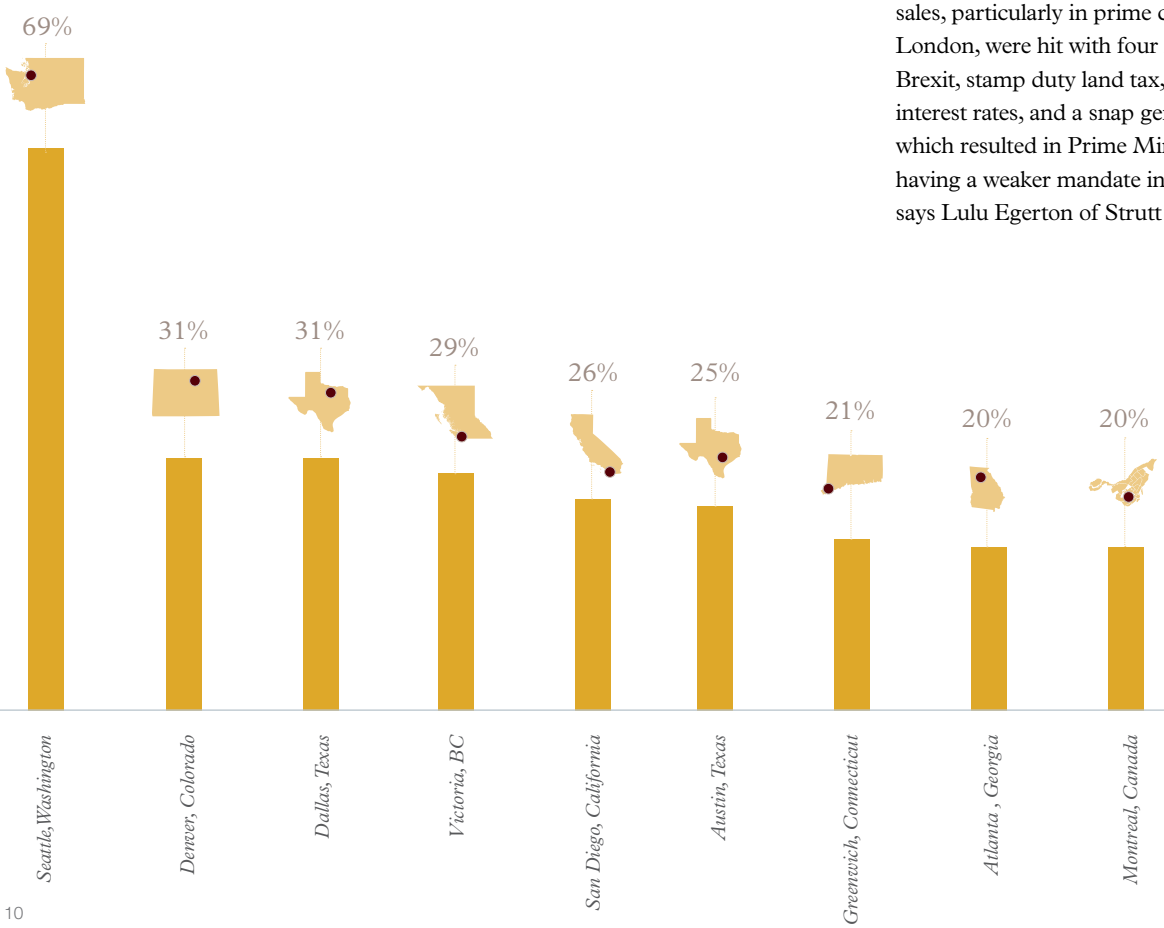
Worldwide sales of million-dollar-plus homes in primary housing markets soared in 2017. Luxury transaction volumes were up 10 percent year-on-year, the strongest annual gains in this luxury housing cohort recorded in our previous four *Luxury Defined* reports.

It must be noted, however, that 2016 sales volumes in many markets were uncharacteristically low, thus the year-on-year comparison shows exceptional growth. The number of luxury homes sold in 2017 across some major markets—in cities such as Miami, London, and Singapore—was still much lower than annual sales volumes recorded several years ago.

London represents a prime example of this trend. Although the city's £2 million-plus sector recorded a four percent annual increase in the number of property sales, volumes still are lagging the rapid pace set in the earlier part of the decade. "Luxury sales, particularly in prime central London, were hit with four issues in 2017: Brexit, stamp duty land tax, a rise in interest rates, and a snap general election which resulted in Prime Minister May having a weaker mandate in Parliament," says Lulu Egerton of Strutt & Parker,

Primary Housing Markets Report Robust Growth in Luxury Home Sales

Primary Housing Markets with Significant Annual Growth in Luxury Sales, 2016-2017



noting that house prices fell alongside buyer confidence and transactions. "After a tough period of adjustment, 2018 has started with attractively priced luxury properties and motivated vendors."

London stands in contrast to Paris, where the luxury housing market went from strength to strength, especially since the election of President Macron. "It's as if a wind of newly found confidence has swept over the apprehension and pessimism that dominated the last few years, a trend seen among both domestic and international clientele," says Charles-Marie Jottras of Daniel Féau Conseil Immobilier, noting that his firm closed over 50 sales for €4 million+ in 2017, more than double the prior year.

In many primary housing markets, low interest rates and a lack of sufficient stock remained an impediment to growth, fueling price appreciation and shortening time to sell in some areas. Since the global financial crisis began, luxury housing supply has been low and remains in decline. Inventory remains an issue at the entry-level luxury price points in markets with a fast-growing population of high-wage earners and low unemployment. In Dublin, for example, Marian Finnegan of Sherry FitzGerald notes that supply constraints persist across all market sectors. "The latest estimates on stock for sale reveal that only 1.3 percent of our private housing is available for sale. This is especially pronounced at the higher end of the market."

In New York, a torrent of new luxury developments hit the market in the past 18 months, adding needed stock to the marketplace. The new supply remains insufficient to keep up with demand below $5 million, however, which remains strong. Limited inventory at lower-luxury tiers, coupled a disparity between what buyers and sellers consider fair market value at the top end of the market, contributed to the city's slowing transactions. Sales of million-dollar-plus in NYC were up by two percent year-on-year, buoyed by demand in the lower-luxury price tiers.

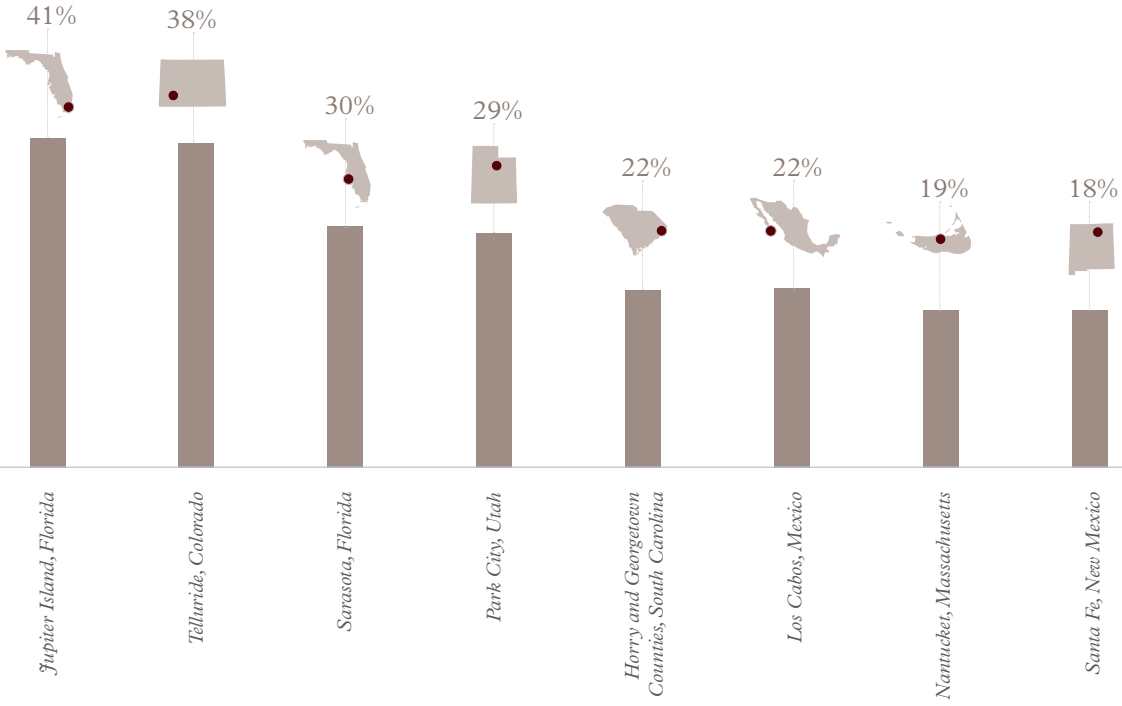
Second-Home Markets Rebound Worldwide

Historically, real estate market dynamics were considered a local phenomenon. In the luxury sector, this is no longer the case, as the value drivers for prime property in one corner of the globe increasingly originate from a completely different region of the world. This trend is most evident in secondary markets—second home and resort lifestyle destinations—where luxury sales volumes grew by 19 percent year-on-year, up from seven percent annual declines the year prior.

Vacation-area markets reflected strength in luxury housing markets more broadly, as well as macroeconomic factors impacting luxury housing in buyer's primary resident markets. As prices of luxury homes in many urban primary markets have rapidly appreciated in recent years, prime properties in

Second-Home Markets Rally, Bolstered by Affluent Retirees and Telecommuting Buyers

Second-Home Markets with Significant Annual Growth in Luxury Sales, 2016-2017



second-home areas appeared reasonably priced to potential affluent buyers from these regions. These factors, coupled with strong consumer confidence and stock market highs, bolstered 2017 vacation home sales. Furthermore, although luxury homes in some second-home destinations are no longer priced at the bottom, prices remain a long way from the top, offering significant incentive for buyers to purchase.

Ranking as the hottest second-home markets worldwide in our *Luxury Thermometer*, New Mexico's capital city of Santa Fe posted luxury sales volume levels not seen since 2005-2006. "Santa Fe's luxury market has been one of the slower markets to improve but we are finally seeing some solid gains," says David Barker of Barker Real Estate. "Luxury sales continued marching up the ladder with an 18 percent increase in 2017 sales over 2016. We see no change in this trend in 2018 as Santa Fe continues to rate highly in buyer's minds."

Other secondary markets in the US also saw resurgent sales. In North Carolina, Lake Norman's luxury market swelled. "The $2 million+ market had its best year since 2007," notes Reed Jackson of Ivester Jackson Distinctive Properties. Million-dollar-plus home sales in the city soared by 54 percent year-on-year. In the Rocky Mountain ski markets of Telluride, Colorado, and Sun Valley, Idaho, luxury sales posted 38 percent and 51 percent annual gains respectively.

Likewise, in the French seaside second-home market of La Baule, affluent buyers are once again transacting en masse, as rising house prices in their own local housing markets and still-low interest rates make a lifestyle purchase increasingly appealing. Property prices rose by 4.5 percent in 2017 says David Bilder of La Baule & Vous, boosted by a resurgence of affluent Parisian and overseas buyers, attracted by the region's discreet glamour and value luxury prices.

Despite the generally rosy outlook for secondary markets, inventory constraints plaguing many primary housing markets are beginning to be reflected in some second-home destinations. "Luxury sales volume was down dramatically in 2017, primarily driven by lack of luxury housing supply," says Chris Rhinesmith of Pine Acres Realty in Cape Cod, Massachusetts. In the 'weekender' market of Muskoka just outside of Toronto, "Inventory for the recreational marketplace as a whole has declined by almost 50 percent in two years," says Chris Kapches of Chestnut Park Real Estate. "It is not surprising that declining inventories lead to declining sales, and concomitantly to rising average sale prices. Reduced inventory levels continue to put pressure on buyers, as they are being forced to pay more for desirable recreational properties."

Much of the second-home buying power over the past 12-18 months has emerged from record-breaking equity markets. Rising interest rates are likely to temper high equity market prices, which have traditionally served as an indicator for home sales volumes at resort and lifestyle housing markets, particularly at the high end. It is with great interest that we watch how second-home markets are impacted by these shifts in market fundamentals, as well as how second-home markets are affected by the new US tax laws in the next 12 months.

Luxury homes across the globe took on average **190 days** to sell in 2017—significantly faster than in 2016

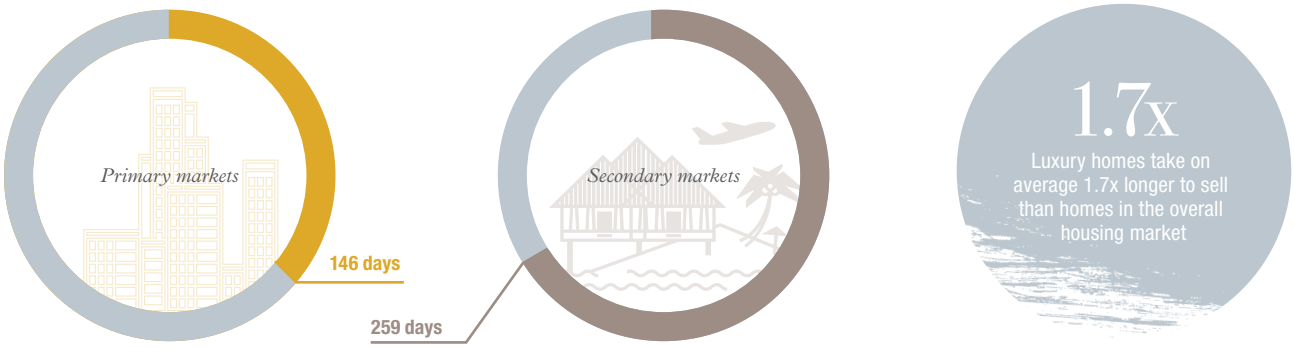
Ryujindo

How long does it take to sell a luxury home worldwide?

Average days on market for $1M+ homes worldwide, year-end 2014-2017

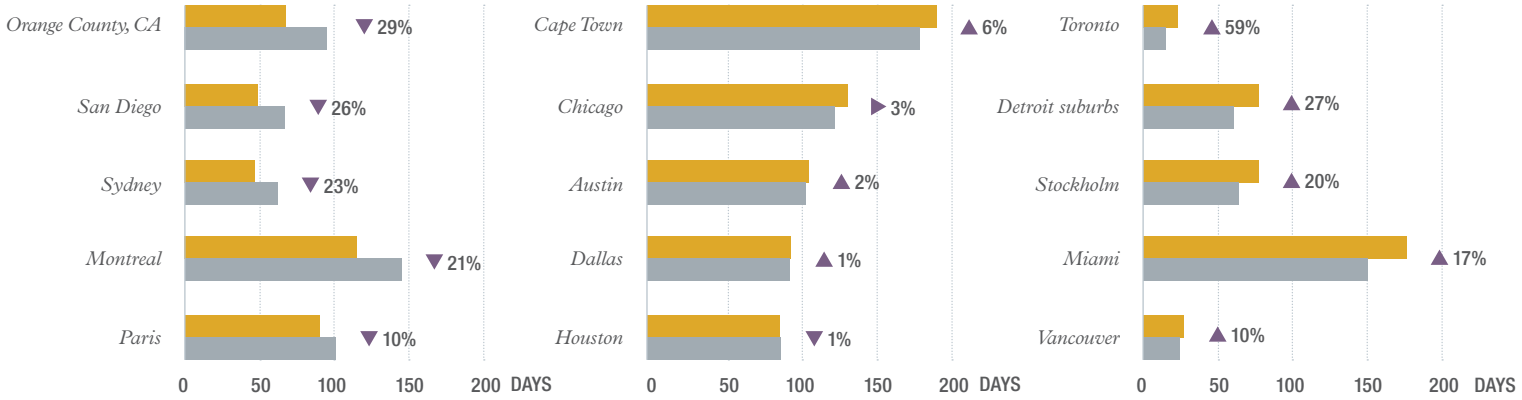
Luxury homes sell faster in primary than in secondary markets

Average days on market for $1M+ homes as of December 31, 2017



Time to sell across select primary housing markets reflects local sales volume trends

Average days on market for $1M+ homes in select primary housing markets, 2016-2017



54 Bond, New York, New York

Luxury Homes Sell Faster in 2017

Limited luxury housing stock and high demand is evidenced by the decline in the time needed to sell a prime property. With the exception of markets affected by newly introduced cooling measures (Toronto, Vancouver) and markets with an influx of new inventory (New York, Miami), primary markets across the globe witnessed declines in the average time needed to sell a luxury home. The average days on market for luxury homes in primary housing markets was 146 days at year-end 2017, compared with 160 days the year prior.

Second-home resort markets also saw a drop in the average time to sell luxury homes. A typical luxury home in vacation and resort markets took 259 days to sell in 2017, down from 305 days in 2016. This trend is exemplified in Bordeaux: "Having held back in the run-up to the recent presidential election, prospective château buyers—especially those with dollars—are now inquiring at a good pace and sales volumes are beginning to increase," says Michael Baynes of Maxwell-Baynes.

In Palm Beach, Florida, low inventory and strong demand is causing a decline in days on market. Affluent buyers typically shop for property during the area's peak December-February season and purchase mid-year, "but this year, they are making decisions earlier because they don't want to miss out," says Jim McCann of Premier Estate Properties. "The property they want may be gone."

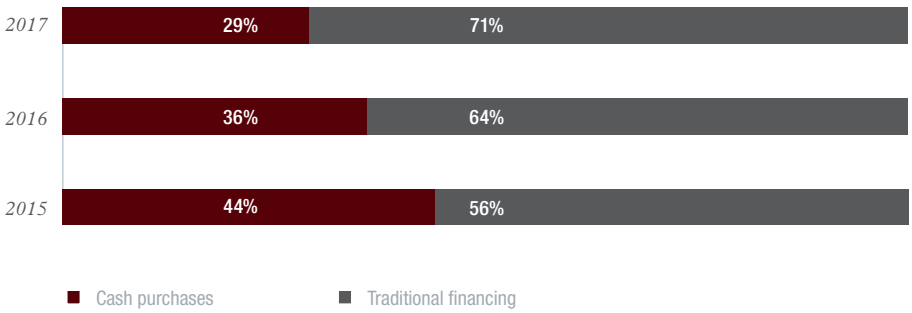
Interestingly, some second-home markets with robust year-on-year sales growth saw increases in the time to sell a luxury property—in Telluride for example, luxury sales increased 38 percent but homes took 430 days to sell compared to 380 in 2016. This anomaly can be attributed to a host of "dinosaur" listings finally selling. As sellers adjusted pricing expectations, once-overpriced homes that had lingered on the market were reduced in price and eventually sold, in turn increasing the overall average days on market.

Cash Buyers Decline—Again

Luxury home purchases with cash or non-traditional financing are not as prevalent as they were just a few years ago. Across our surveyed housing markets, on average only 29 percent of million-dollar-plus homes were purchased with cash in 2017, a notable drop from 36 percent in 2016 and an even more significant decline from the 44 percent reported in 2015. Despite several rate increases in many markets, rates remain at relatively low levels and may be contributing to this trend. "While interest rates continue to rise, the increases are pacing slowly and will not have a huge effect on mortgage payments for luxury home buyers," says Drew Grossklaus of William Means Real Estate in Charleston, South Carolina.

Cash Buyers for Luxury Home Sales on the Decline

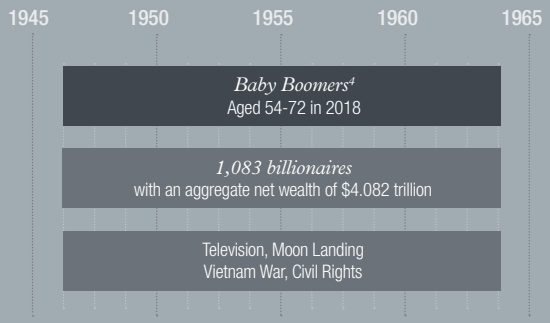
Financing of US$1M+ home sales across studied international luxury housing markets, 2015-2017



Understanding the Luxury Home Buyers Driving Sales

After years of media coverage around millennials not entering the housing market, the affluent cohort of these buyers is finally becoming a major force in the luxury housing market. But these buyers are faced with challenges including low inventory in many markets, and competition for high-end homes with affluent buyers who are downsizing into urban areas. We asked our experts across the world, what are the two largest demographic cohorts of affluent home buyers looking for and how are their preferences shaping the luxury market?

BABY BOOMERS



BILLIONAIRE POPULATION

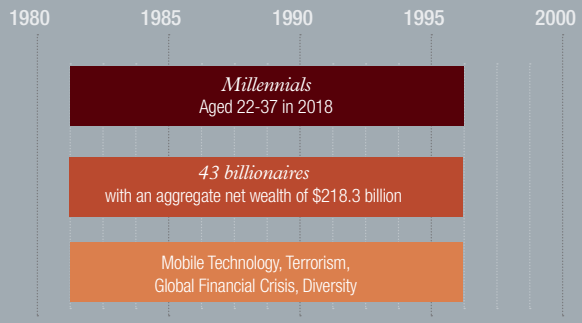
DEFINING EXPERIENCES[5]
(OECD population)

Boomers are embracing a new lifestyle: "The tail-end baby boomers continue to be a major market force, adding supply and demand pressures on the market as they downsize. Boomers are selling large luxury properties and reinvesting in multiple homes with different lifestyle locations. A boomer selling a $4 million residence may purchase two homes for $2 million to meet their changing retirement needs."
Terry Sprague, Luxe Platinum Properties, Portland, Oregon

Staying put rather than downsizing, some boomers are adding to inventory constraints: "Boomers have voiced objections to living the same way as their parents did in retirement. Often in good health and with active lifestyles, they want residences that give easy access to local culture and recreational facilities, but also have the flexibility to meet future care requirements. The current lack of suitable accommodation is having a negative impact on the wider housing market. With empty nesters lacking an incentive to downsize and deciding to stay in their existing homes, there is less housing stock available for younger buyers."
Stephanie McMahon, Strutt & Parker, London, UK

Empty nesters want to be close to, but not in, the action: "More baby boomers are moving from their estates in the suburbs to luxury condos in more urban or close-in suburban (sometimes called "surban") areas. Even when downsizing, these buyers want additional bedrooms and bathrooms to accommodate visiting guests or adult children. They're looking in similar areas as millennial buyers, but the boomers often want to be one block off the activity, versus right on top of the action."
Jeffrey S. Detwiler, Long & Foster Real Estate, Washington, DC

MILLENNIALS



Affluent older millennials are leveraging the sharing economy to upgrade a second-home purchase: "Millennials are buying second homes that are slightly more expensive than they otherwise would have bought, as long as they can use Airbnb or VRBO (Vacation Rental By Owner) to rent them out more frequently and at higher price points."
Mike Herman, Oliver Luxury Real Estate, Lake Tahoe, Nevada

Second-home millennial buyers want in-town convenience and modern entertaining amenities: "Millennials are attracted to the second-home lifestyle in Cannes—it is a large market for such buyers, especially as it is busy year-round with festivals. Affluent millennials typically spend €5-15 million on contemporary properties that are ready to live in, with sea views and large reception rooms that open onto terraces. They prefer homes near the town center in La Californie and the Super Cannes area."
Angie Delattre, Michaël Zingraf Real Estate, French Riviera, France

Nomad millennials are reinventing luxury by telecommuting from and reinventing second-tier urban locales: "Millennials are looking for lifestyle experiences that cater to their specific tastes. Many are forgoing life in the suburbs in favor of second-tier cities experiencing a rebirth such as Austin, Lisbon, and Asheville, as well as once-gritty urban enclaves—including parts of Brooklyn and New Jersey's Hudson Waterfront—in order to enjoy a 'hip' yet luxurious lifestyle at a more affordable price. Entrepreneurs and creatives are flocking to entry-level luxury residences in these cosmopolitan communities and remote-working destinations."
Bill Hamm, Christie's International Real Estate, NYC

"Young luxury—where parents partially or fully fund purchases for their adult children, who are still in school or who are early in their earning years—demonstrates a definite preference for dwellings where personal services are either contained within or immediately adjacent in location."
Jenni Bonura, Harry Norman, Realtors; Atlanta, Georgia

NB: Our analysis uses average (mean) sales prices as it is the only available data point in some international housing markets and therefore offers the most comprehensive global snapshot of prime property prices.

How is Luxury Different? Comparing Top and Luxury Sales Prices with Overall Housing Prices

Record-breaking trophy home sales prices are sometimes erroneously used akin to the way a "clickbait" story is presented online—an intentional act of over-promising or misrepresenting a story in order to exploit a reader's curiosity. Although these stratospheric sales mesmerize the buying public, they are the exception rather than the rule, and are not symptomatic of the health or performance of a luxury property market. In short, they reveal the luxuries the world's wealthiest individuals can obtain in a single home purchase, whether it be prized land, an already installed art and automobile collection, an exceptional view, or all of the above. Trophy sales are generally the most desirable and unique properties in a particular market, and the sales prices are not illustrative of a wider trend.

That notwithstanding, evaluating the highest-priced local market sale in a single calendar year against average and luxury sales prices across housing markets, reveals intriguing insights about international luxury housing density and the relationship between luxury and overall housing markets more generally. Our study of the record local sale price, average luxury sales prices, and general housing market sales prices across luxury housing markets in 20 countries offers intriguing insights.

Luxury homes on average sell for 3.4 times more than homes across the entire housing market. However, as noted on page 13, luxury homes take on average 1.7 times longer to sell than homes in the overall market, in part because the pool of potential buyers able to purchase high-value property is much smaller than that of the general housing market.

Trophy home sales, while not reflective of the general market, do offer unique insights when studied across international markets. On average, the highest-priced homes across the globe sell for 39 times more than the average house price in a particular market. One of the markets with the largest variance in house prices to top sales prices in 2017 was in Chicago, where the highest-priced home sold in 2017—a $58.75 million four floor penthouse in the new 9 W Walton development—equates to 157 average priced homes ($375K). This top sale is, however, an outlier when examined in the context of overall and even luxury home sales prices. In the "Windy City," the average sale price of a luxury home is 4.3 times higher than that of homes in the overall market.

Sunset Ridge, Telluride, Colorado

How average house prices stack up to luxury and trophy home prices

While not reflective of the general housing market, trophy home sales do offer fascinating insights when compared across international markets

157x

Number of average priced Chicago homes you can buy for the same price as the top Chicago home sold in 2017

39x

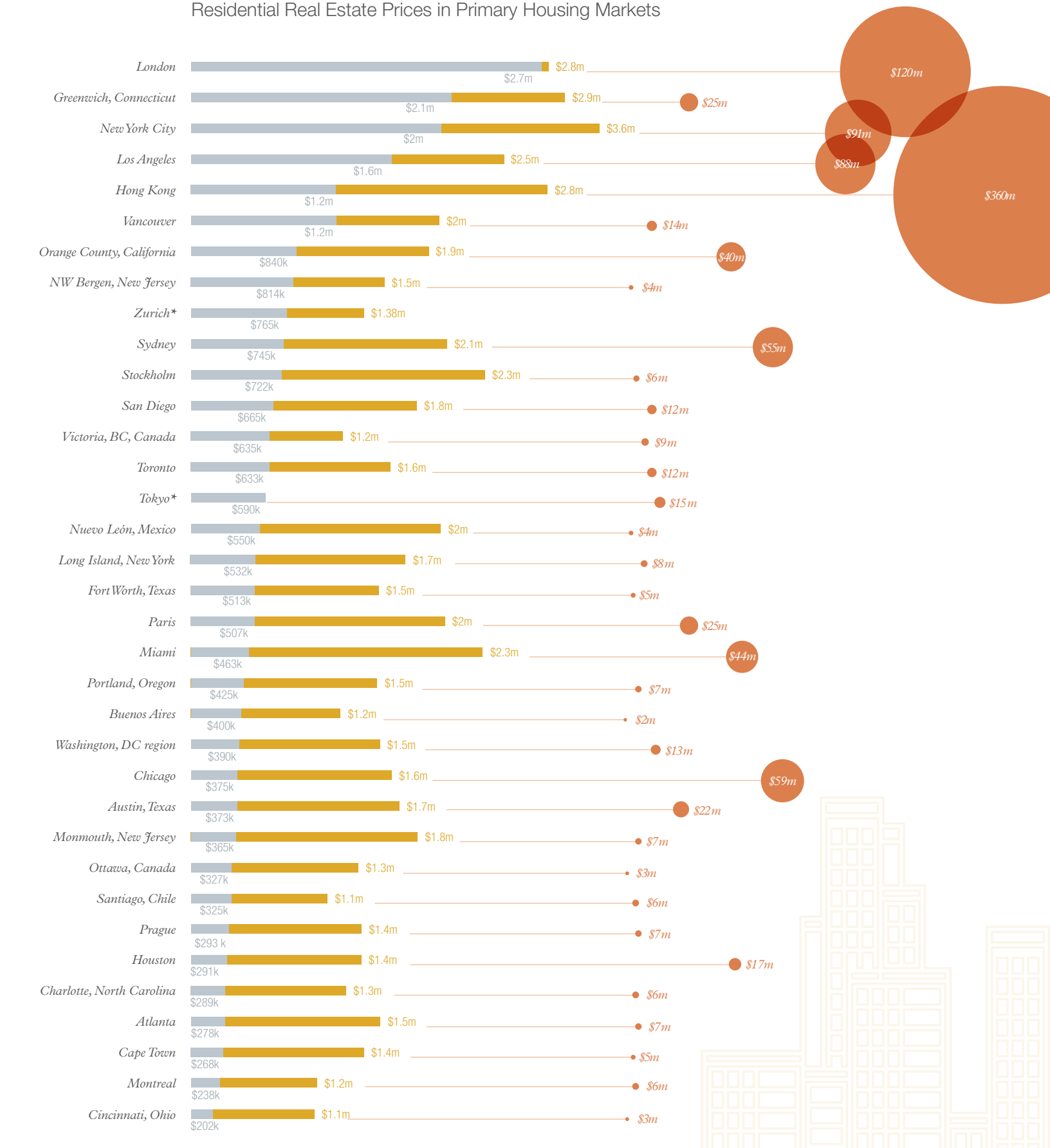
The highest-priced home buys, on average, 39 regular-priced homes in the same housing market

3.4x

Globally, the average luxury home sells for 3.4 times more than the overall average home

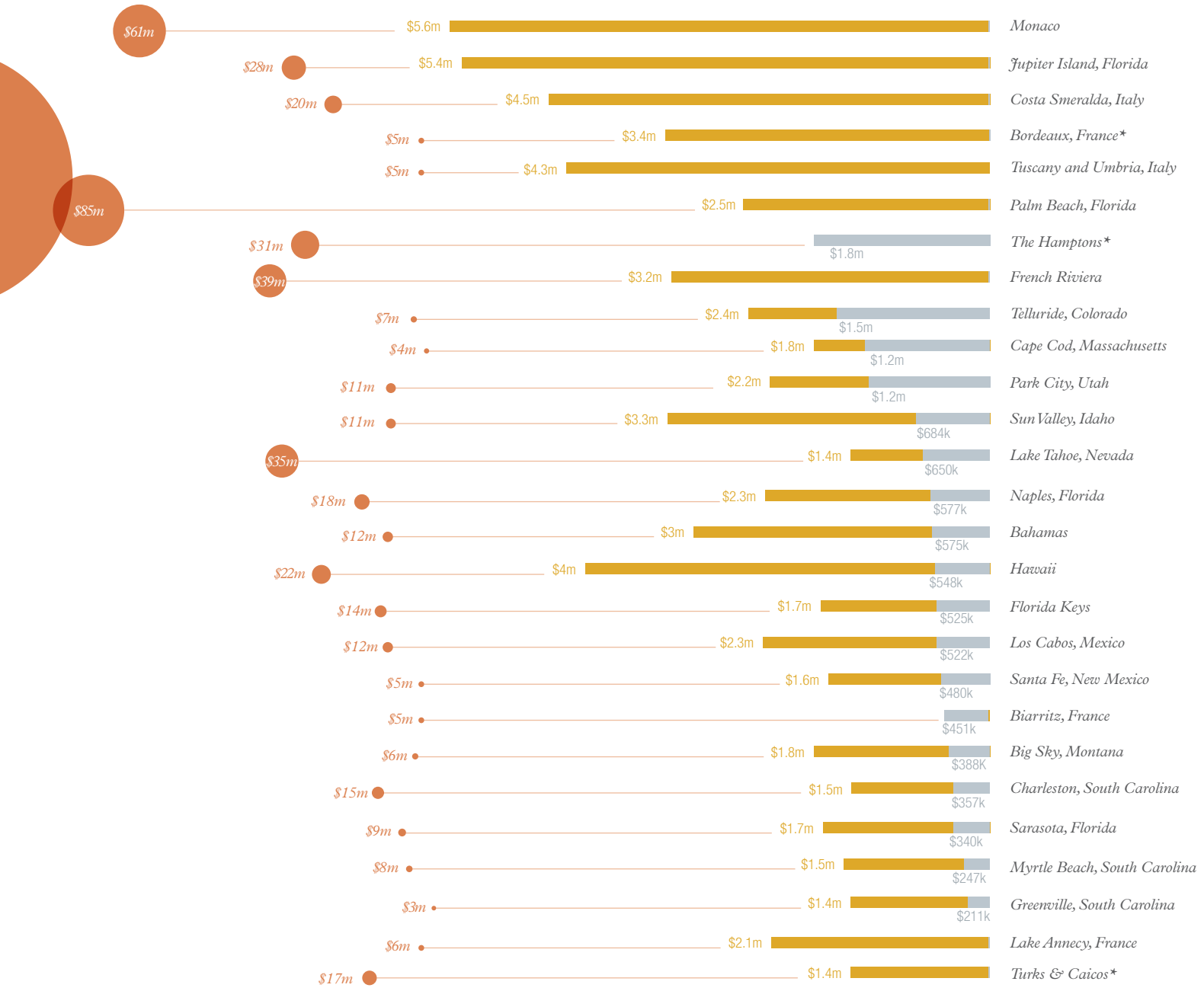
The Price of Luxury: A Global House Price Comparison

Residential Real Estate Prices in Primary Housing Markets



NB: Highest-priced sale data is presented on a different scale to the average overall and average luxury sales price data.

Residential Real Estate Prices in Second-Home Markets



NB: Highest-priced sale data is presented on a different scale to the average overall and average luxury sales price data.

- Average Luxury Home Sales Prices, *Year-End 2017*
- Average Home Sales Prices, *Year-End 2017*
- Highest Price Residential Sale in 2017

* Only average sales price data available

The Copper House, Singapore

The Politicization of Property Ownership

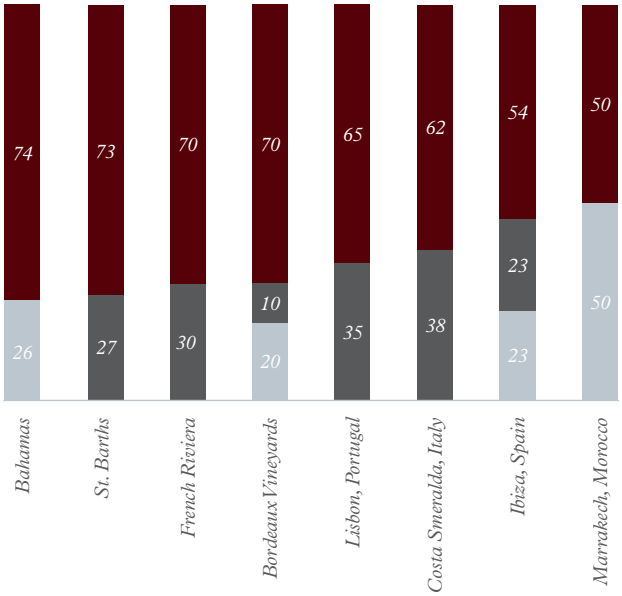
Foreign-buyer restrictions and taxation on high-value homes are increasingly the norm in many prime property markets across the globe

Residential real estate ownership, particularly in the luxury sector, is increasingly treated as a topical political issue in many markets across the globe. Property purchases by ultra-high-net-worth residents and affluent foreigners are creating—or perhaps more accurately are perceived by governments and media to be creating—major waves in local urban housing markets. Governments across the globe have seized on this trend, implementing new restrictions and taxes as part of efforts to curb house price speculation, raise much needed funds, and address housing shortage and affordability issues. Additionally, others have proposed legislation that penalizes affluent and foreign buyers in an effort to appease populist concerns.

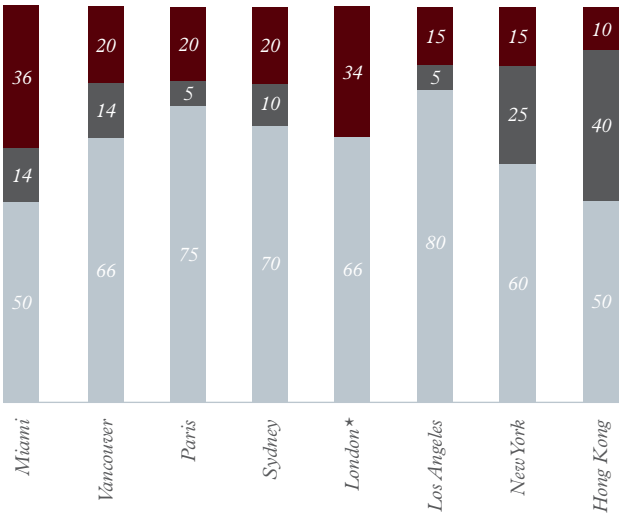
Since the first wave of government intervention began in 2010-2011, more than 15 local and national governments have introduced measures impacting both affluent domestic and overseas buyers, whether for a primary residence, second home, or investment. These efforts have had mixed results—Singapore's transactions slowed and house prices fell from 2014-2016, beginning to stabilize in 2017. By comparison, Hong Kong's transactions dropped from 2013-2015, but prices continued to skyrocket, especially in the ultra-prime sector, and show no sign of a downward trend.

As stories of wealthy international buyers led the headlines in recent years, more governments introduced measures in 2017—most notably in Ontario, Canada, and across Australia. Although transactions slowed in both Toronto and Sydney in 2018 as a result of these changes, the long-term effects remain unclear as both markets remain relatively stable. More measures are also being discussed in New Zealand among other areas. One thing remains certain: increased government scrutiny and intervention is here to stay across prime property markets worldwide.

Luxury housing markets with high percentages of foreign buyers *(%, 2017)*



Breakdown of luxury home buyers in select global economic hubs *(%, 2017)*



* Reflects a combined figure for domestic, non-local buyers and local buyers

We have seen increased interest from buyers in the Middle East, Asia, and from British expats who are able to buy in US dollars or Euros, and can seize upon the currency advantage, says Lulu Egerton of Strutt & Parker in the UK

The New US Tax Legislation and its Impact on Prime Property

New tax laws introduced by the Trump administration in late 2017 are set to have ramifications for prime property markets in the United States—and in some cases beyond. The new legislation limits deductions for property taxes as well as interest on mortgages. "This inability to deduct mortgage interest, despite it being technically deductible, could make home ownership slightly less appealing, and that will reduce the demand for home ownership, thus lowering house prices," says economist Dr. Elliot Eisenberg.

The tax changes are already shifting market sentiment in areas like Connecticut. "Real estate taxes have become topical where in the past they were an afterthought," says Karen Stephens of Page Taft Real Living. "The number is handicapping the luxury market and the $10,000 capped write-off will not help the situation."

In Washington, DC, although tax reform "did not have a sizable impact on the 2017 market, it could affect the luxury housing market in 2018," says Jeffrey S. Detwiler of Long & Foster Real Estate. "With the mortgage interest and property tax deductions lowered, the cost of home ownership is higher in the upper price ranges. That may drive buyers in the $1-3 million brackets to look for price adjustments to accommodate the increased cost."

The law removes tax deductions for state and local income taxes, which may prompt some HNWIs to shift their primary residence from high-tax states such as Connecticut and California, to low or no state income tax states such as Texas or Florida. The new reforms have already prompted renewed interest in some markets. "We're seeing an influx of buyers from Northern California where housing costs are much higher," says Mike Herman of Oliver Luxury Real Estate in Reno, Nevada. "Luxury homeowners from Silicon Valley or San Francisco can save tens of thousands in taxes by purchasing a primary residence here."

The new legislation, which is widely acknowledged to benefit high-income earners, may have longer lasting impact on the luxury market—a net positive effect as the wealth of the HNW and UHNW population appreciates.

Snapshot of Notable Recently Introduced Taxes and Foreign-Buyer Restrictions

	MEASURES IMPACT						
Details of Measure	Foreign Buyers	Luxury Buyers	2nd Home Buyers	2nd Home Owners	Year	Location	New or Increase
20% foreign buyers stamp duty; expanded to more areas of BC	●				2018	British Columbia	Increase
5% transfer tax for C$3M+ homes; expanded to more areas of BC		●			2018	British Columbia	Increase
Ban on foreigners buying existing homes	●				2018	New Zealand	*Proposed*
Tax on "empty homes" doubled to 100% of council tax				●	2017	United Kingdom*	Increase
Tax on "empty homes" of A$5,000 annually				●	2017	Australia	Increase
8% foreign buyers stamp duty; 2% foreign buyers annual land tax	●				2017	NSW, Australia	Increase
15% foreign buyers stamp duty	●				2017	Toronto	New
1.5% foreign buyers annual land tax	●				2017	Victoria, Australia	Increase
Tax on "empty homes" (1% of assessed value)				●	2017	Vancouver	New
15% double stamp duty for all purchases		●			2016	Hong Kong	New
4% foreign buyers stamp duty	●				2016	NSW, Australia	New
15% foreign buyers stamp duty	●				2016	Vancouver	New
7% foreign buyers stamp duty	●				2016	Victoria, Australia	Increase
3% additional stamp duty on 2nd home purchases			●		2016	United Kingdom*	Increase
Tax on "empty homes" — 20% premium on the annual taxe d'habitation				●	2015	Paris	New
12% stamp duty land tax for £1.5M+ homes		●			2014	United Kingdom*	Increase
8.5% stamp duty for HK$2M+ purchases		●			2013	Hong Kong	Increase
15% foreign buyers stamp duty	●				2013	Singapore	Increase
Transfer fee doubled from 2% to 4%		●			2013	UAE	Increase
7% tax on second-home purchases			●		2013	Singapore	New
Special stamp duty of up to 20% for properties resold within 3 years		●			2012	Hong Kong	Increase
15% foreign buyers stamp duty	●				2012	Hong Kong	New
7% stamp duty for £2M+ home sales, 5% for £1-2M home sales		●			2012	United Kingdom*	Increase
10% foreign buyers stamp duty	●				2011	Hong Kong	New
10% foreign buyers stamp duty	●				2011	Singapore	New
3% tax on 2nd home purchases (residents) and 3rd+ home purchases (locals)			●		2011	Singapore	New
Special stamp duty of up to 20% for properties resold within 2 years		●			2010	Hong Kong	New

* Different taxation rules apply across England, Scotland and Wales, please seek professional guidance before purchasing.

Vancouver's luxury market has already slowed since the introduction of various cooling market measures in late 2016 and may continue to do so if additional proposed legislation is introduced in 2018. The proposed foreign-buyer ban is not likely to proceed, but we expect to see higher taxes for luxury home buyers and owners.

Faith Wilson, Faith Wilson Group, Vancouver, Canada

As more countries impose similar taxes, those in Singapore and Hong Kong who are interested in buying overseas property have simply factored that into their overall transaction cost. When considering a purchase in Singapore, clients compare it with the cost of a purchase in London, Tokyo, Los Angeles, New York, or Sydney, rather than to the cost of another property in Singapore.

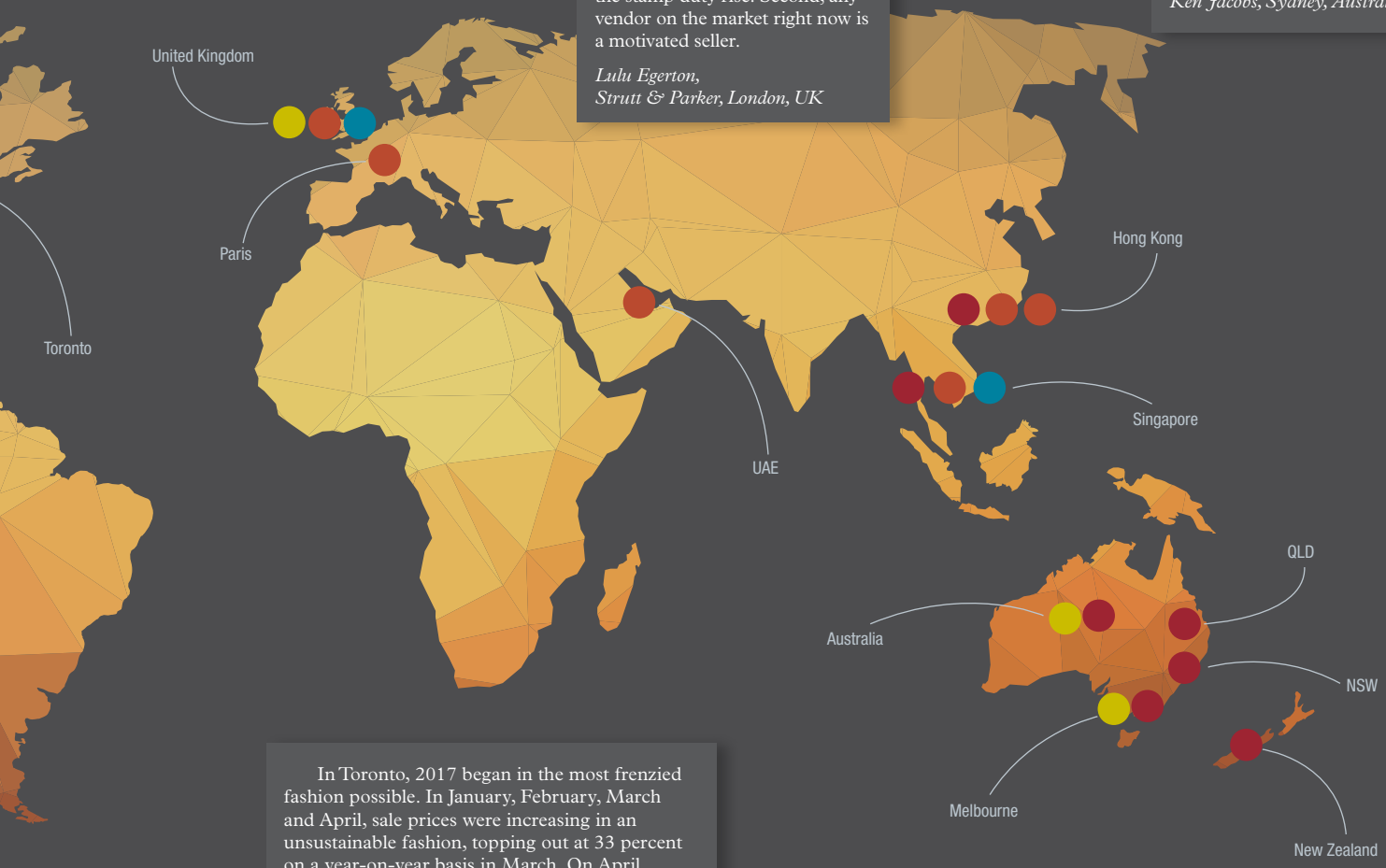
Dave Loo, Singapore
Christie's International Real Estate, Singapore

The uncertainty around the UK's long term prosperity after Brexit and the increased stamp duty land tax resulted in London house prices falling by an average of 15 percent. It was very difficult for agents to set asking prices and for Vendors to accept the falling market. Added to which, purchasers have been reluctant to commit to property, preferring to wait and see for the general economic picture to become clearer. There is good news as we start 2018. First, luxury properties in the UK are now attractively priced to absorb the stamp duty rise. Second, any vendor on the market right now is a motivated seller.

Lulu Egerton,
Strutt & Parker, London, UK

We have seen a change in the number of buyers purchasing from China due to their government tightening on funds being transferred out of the country, as well as the restrictions imposed by the Australian Foreign Investment Review Board. Australia's most expensive home sold in 2017 was a Sydney estate that went to a local Australian buyer for A$71 million (US$53.6 million). Had it sold to a foreign buyer, he or she would have had to pay more than A$10 million (US$7.52 million) in stamp duty as a result of the increased levies, plus an additional A$1.9 million in land taxes.

Ken Jacobs, Sydney, Australia



In Toronto, 2017 began in the most frenzied fashion possible. In January, February, March and April, sale prices were increasing in an unsustainable fashion, topping out at 33 percent on a year-on-year basis in March. On April 20th, everything changed. The government announced the Ontario Fair Housing Plan. Amongst other measures, it imposed a 15 percent tax on residential purchases by foreign buyers. Technically this measure should have had an insignificant effect on the market—after all only 4 percent of all homes were purchased by foreigners. But the implementation of the tax acted as a psychological wake up call, causing buyers to stop, look at the amounts they were paying for properties, and wait to see what the impact of the tax would be on sales and sale prices. By May, sales of residential properties had declined by more than 20 percent.

Chris Kapches,
Chestnut Park Real Estate, Toronto, Canada

Petite Saline, St. Barths, French West Indies

The Impact of Natural Disasters on Prime Property Markets

The most severe season of natural disasters in recent memory left a trail of destruction in 2017. Insurance losses from the year's catastrophic events— hurricanes in the Caribbean, Puerto Rico, Florida, and Texas; earthquakes in Italy, and Mexico; the most severe flooding in South Asia in a decade; and mudslides in Portugal and California—were the highest on record.[1] More recently, the volcano eruption and flooding in Hawaii has caused significant destruction already in 2018. The extreme weather created havoc in prime coastal areas, destroying thousands of homes and causing damage in the billions of dollars. The events have scripted a kind of mantra for real estate agents in the 21st century: "Natural disasters are the new reality."

For luxury real estate markets in many of the impacted areas, however, recovery has been relatively fast, with activity approaching or exceeding normal seasonal levels and record sales prices reported in several locations. What's more, for the majority of high-end homes in the affected areas, damage was minimal, due in large part to homes having been well-built or rebuilt to code, with hurricane-proof glass and reinforced roof systems, in the wake of previous disasters. Some luxury markets however, Puerto Rico in particular, remain at a

standstill until the community at large returns to normality.

On St. Barths in the Caribbean, Hurricane Irma delivered sustained winds of 235 m.p.h., the most powerful hurricane ever recorded in the North Atlantic. It closed airports, roads, and offices and did extensive damage to properties on the water and to most of the island's hotels, as was the case on St. Thomas and on other Caribbean islands before hitting the United States. On the US mainland, Hurricane Harvey caused the worst flooding in Houston's history, with upwards of $190 billion[2] in damage in Texas and Louisiana.

Also hard hit was Northern California. There, the Tubbs fire damaged or destroyed some 7,500 homes including some in the wine-growing counties of Napa and Sonoma. Meanwhile, the Thomas fire—the largest wildfire in the state's history—destroyed or threatened many luxury homes in Santa Barbara and Ventura Counties. Following the fire, heavy rains caused mudslides that left wide swaths of destruction in Montecito in Santa Barbara County. "There was nothing to stop the mud," recalls Renee Grubb of Village Properties. "When all the debris and boulders started coming down, they didn't follow the creeks," as had been predicted. "They didn't care." Some 325 homes were destroyed or damaged, including seven of eight residences on a single high-end street. But Puerto Rico suffered the most catastrophic losses—first from Irma, and two weeks later from Hurricane Maria—with an estimated $94 billion in damages and some 70 percent of residents without power, clean water, or access to hospitals and food supplies for weeks and months in some areas. "The economic distress in the Island during the first three quarters of 2017 and the Impact of Hurricanes Irma & Maria have stalled luxury sales in Puerto Rico," says Letty Brunet of Trillion Realty Group. "Real estate transactions taking place at this time are of distressed properties and rentals."

Remarkably, many other real estate markets in the areas have rebounded—some faster than others. "Our numbers are up over 20 percent in the Luxury Market from last year," says Ginger Henderson of American Caribbean Real Estate of the Florida Keys, which received major damage. "The overall economy in our country is great right now and people still want to own a second home in the Keys."

On St. Barths, Sibarth Real Estate reopened two weeks after Irma hit. "We had a number of contracts or verbal agreements in place before the hurricane hit and we've managed to keep most of them," says Sibarth's Christian Wattiau. There, as on all of the islands, the loss of hotels has impacted tourism, which in turn feeds home buyers. In Montecito, agents at Village Properties saw a slowdown due to inaccessible roads and neighborhoods in disaster zones, but also because many residents pulled their homes off the market until repairs could be completed. Still, high-end listings are selling.

Oddly enough, widespread news coverage of the disasters has only appeared to help. "The old saying—'There's no such thing as bad publicity'—put us up on everyone's radar," notes Peter Briggs of John Foster Real Estate, which covers the US Virgin

Uptown Apartment, Houston, Texas

Islands of Thomas, St. John and St. Croix. "It's made us look like a very attractive value."

Even as roads were blocked by debris, buyers looking for deals descended on Montecito, as they did on St. Thomas, St. Barths, and Houston. But discount-shoppers found few sellers. "We haven't seen discounting in the high-end Houston neighborhoods because there is still a lot of demand," says Nancy Almodovar of Nan and Company Properties. "If a luxury property is priced competitively, it moves at that price within 30 days."

While the majority of high-end homes came through the destructive weather relatively unscathed, even damaged properties sold—some at record prices. On St. Barths, Christian Wattiau sold the Girasol estate, a 7.5-acre waterfront family compound listed at $67 million, which achieved one of the highest residential sale prices ever recorded on the island. "Indeed, the property was under contract before the hurricane hit, and closed two months after the disaster," says Wattiau. "The gardens and landscaping really took a beating," he says, "but they didn't scare away the buyer. He knew that a property like this wouldn't come onto the market again for many years."

Badly damaged landscapes haven't kept others from looking, either. In Montecito, a potential buyer viewed a high-end 15-acre parcel in one of the declared disaster areas. "Hey, I used to live in Malibu," he reportedly told Village Properties' Renee Grubb. "Every time you turned around there was a fire and then a flood!"

Luxury buyers "haven't been deterred," confirms Ginger Henderson in the Florida Keys, adding that stormy weather "is a fact of life people are willing to live with."

In the wake of the catastrophic weather season, many luxury real estate experts are already seeing new building codes mandated or suggested. As of January 1st, new construction within the 100-year flood plain in Houston must be built a minimum of two feet above that level. On St. Thomas, the uniform building code is expected to expand sustained wind limits from 165 to 190 miles per hour. Building codes are also certain to change in Montecito, though home buyers and sellers won't know until early this summer when the Federal Emergency Management Agency (FEMA) is scheduled to release re-drawn maps showing where new homes can be built and existing homes rebuilt.

Grand Newly Renovated Estate, Montecito, California

Insurance rates, meanwhile, are expected to rise from 10 to 15 percent in most of the impacted markets—and possibly as much as 20 percent on St. Barths, though the French government maintains a national natural catastrophe fund that could absorb a sizable portion of that increase.

The remainder of 2018 looks strong for many prime real estate markets in affected areas. "It actually seems to have accelerated," says Peter Briggs on St. Thomas, while noting a 10 to 15 percent lowering of prices in condos in the islands. "We've been busier in the last two months than we have been for the past 24 to 36."

Again, uncertainty remains in the areas most impacted. But in the Florida Keys, "Prices are up and the outlook is very positive," reports Ginger Henderson. "This is the busiest vacation season we've ever had because people cancelled during the storms. Now they are coming from all over, and they're staying, and liking it here, and they're buying."

Six months after Harvey hit Houston, the market for high-end homes finally appears to have revived. "We're busy," says Nancy Almodovar. "People are confident and are shopping. I think if we didn't see a serious decline after the hurricane, we're not going to see one now."

Despite future risks and the prospect of more stringent building codes and hikes in insurance rates, the strength of the global economy and the continuing allure of high-end properties in desirable locations indicate a strong market for the rest of 2018.

Oddly enough, widespread news coverage of the disasters has only appeared to help. “The old saying—‘There’s no such thing as bad publicity’—put us up on everyone’s radar,” notes Peter Briggs of John Foster Real Estate, which covers the US Virgin Islands of Thomas, St. John and St. Croix. “It’s made us look like a very attractive value.”

Mountaintop Castle on the Coast of St. Croix, US Virgin Islands

Hackwood Park, Hampshire, England

Trophy Homes

Trends and market forces that set the bar higher in the game of trophy real estate

Trophy homes are the pinnacle of real estate ownership. In 2017, the global prime property market saw transactions for a plethora of these top-tier properties in terms of both quality and price. Trophy home buyers expect the best across a broad category of attributes, chief among which continues to be location.

KS Koh of Landscope Christie's International Real Estate in Hong Kong, highlights one global trend: the purchase of newly constructed trophy homes. The 2017 sale of a new detached house in The Peak for $149 million (HK$1.2 billion) was the year's highest-priced completed trophy home sale worldwide, second in price to a $360 million (HK $2.8 billion) teardown apartment building in the same neighborhood which will be rebuilt as a single-family residence. In Hong Kong, "new builds always achieve much higher prices," says Koh. "Nobody talks about provenance here and old houses are always torn down and rebuilt." Indeed, it seems that luxury buyer preferences for new builds are increasingly an international phenomenon, though provenance still generates cachet at the ultra high-end and remains vital in some markets like the English countryside.

The Hong Kong sale is just one of several top-tier new-build sales in 2017 that include three apartments at New York's 432 Park Avenue that sold as a single penthouse unit for $91 million,

and a four-floor apartment at 9 W. Walton in Chicago, which achieved $58.7 million, the highest-priced residential sale ever achieved in the city.

Of the top five trophy homes to sell globally in 2017, two were resale homes with provenance and three—including the Hong Kong and New York sales—were new builds.

Listed at $67 million, the sale of Girasol in St. Barths, French West Indies, was one of the top sales recorded in the year 2017. Originally built by banker Benjamin de Rothschild, it "is one of the most spectacular private residential properties on the island," according to Christian Wattiau of St. Barths-based Sibarth Real Estate. This sale, which occurred after Hurricane Irma, is a positive sign of continued consumer confidence in the island and is one of the highest sale prices ever recorded on the island.

Although fewer homes sold above the "billionaire's benchmark" of $100-million last year (three in 2017 versus 10 in 2016 and four in 2015), the trophy home market across the globe remains active. Last year witnessed the sales of the most expensive properties ever to change hands in the United States cities of greater Washington, DC ($35 million), Seattle ($23.4 million), Austin ($21.8 million, the highest ever recorded on the Multiple Listing Service) and Tampa Bay ($11.2 million), as well as in the state of Arizona ($15.7 million).

Trophy homes can also be benchmark properties in their own market, they need not be global record-setters. In Australia, the sale of a property known as Elaine for $54.6 million (A$71 million) became the highest residential real estate sale in the country's history. Comprising 1.72 acres of beachfront property overlooking Sydney Harbour, the Elaine estate is notable not only for the record price it set, but also for her "natural attributes," says Ken Jacobs of Ken Jacobs in Australia, who handled the Elaine sale. In addition to being only five kilometres from Sydney's Central Business District, the historic residence was owned by the same family for 130 years and is situated on the second largest privately owned lot on Sydney Harbour.

Jacobs identifies a theme among buyers of Australian trophy homes that can be extrapolated to include global ultra-high-end buyers: properties that prioritize privacy and security. The Boyd Residence, a $66-million, three-story penthouse Jacobs is currently marketing, epitomizes this desire for discretion. "The only residential component in a high-rise commercial building," this penthouse even has its own carpark.

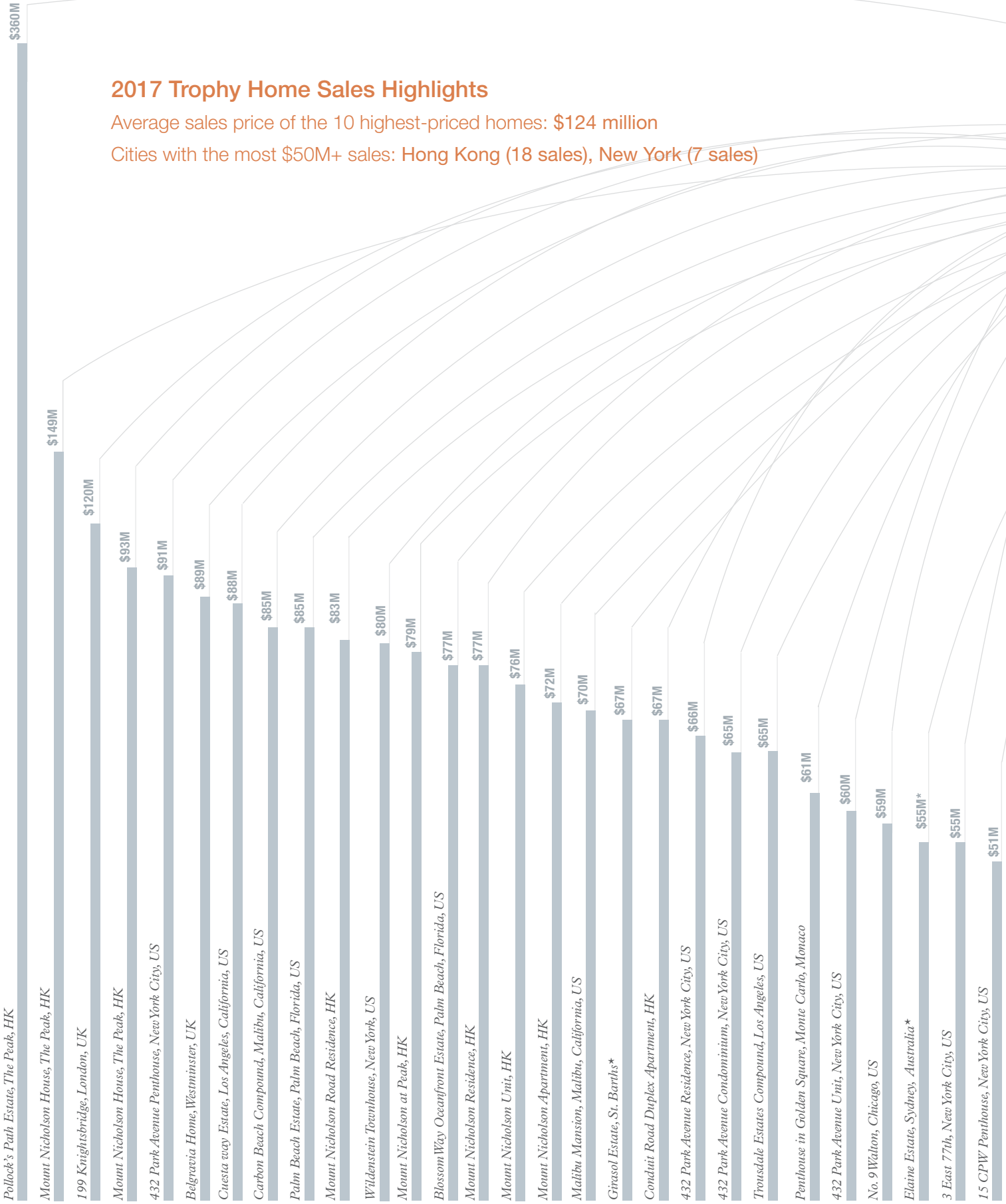
Jacobs explains that "position, view, amenities, and architectural merit" are all things the trophy home buyer desires. Sibarth's Christian Wattiau seconds this, advising that location, lot size, spectacular views, privacy, and uber-luxurious furnishings all contribute to a trophy home's mettle. Whether new build or resale, each of the trophy homes that sold in 2017 and early 2018 have many, if not all, of these characteristics.

New-build trophy homes are increasingly a global phenomenon

2017 Trophy Home Sales Highlights

Average sales price of the 10 highest-priced homes: **$124 million**

Cities with the most $50M+ sales: **Hong Kong (18 sales), New York (7 sales)**



*List price

Note these are highlights of top sales and exclude sales in Hong Kong above $76M.

Top International Residential Property Sales in 2017

Publicly reported individual unit residential real estate transactions over US$50 million

"Position, view, amenities, and architectural merit" are all things the trophy home buyer desires

At the very top end of the market, there are a number of unparalleled $100-million-plus properties currently offered for sale across the globe that also lay claim to these qualities. Michaël Zingraf Real Estate has the famous Le Palais Bulles (Bubble Palace) in Côte d'Azur listed for $418 million (€350 million). This property, with its 12,900-square-foot home and 180-degree sea views, is among the highest-priced homes currently available for sale worldwide.

Another exceptional estate with provenance on the other side of the world, Chartwell Estate came to market in 2017 and is being offered by Hilton & Hyland Real Estate in Los Angeles. With an initial price tag of $350 million, this lavish 10.3-acre Bel-Air estate is truly extraordinary.

With strong trophy sales already recorded in 2018—including record-breaking local-area sales of $110 million in Malibu, California, and $42 million (A$52.5 million) in Melbourne, Australia—both new builds and resale homes with provenance alike are showing continued upward momentum.

The Billionaire, Los Angeles, California

A Snapshot of Trophy Asset Prices and Performance

How do top luxury home sales compare with trophy luxury goods acquisitions? We asked our Christie's colleagues for a snapshot of the highest-priced sales at Christie's auctions in 2017 across some of the top collecting categories.

$450m

Top 2017 Fine Art Sale*
Leonardo da Vinci's "Salvator Mundi," painted circa 1500

$33.7m

Top 2017 Jewellery Sale*
An Emerald and Diamond Necklace by de Grisogono, set with a 163.41ct D-Color Diamond

$384k

Top 2017 Handbag Sale*
An Exceptional Matte White Niloticus Himalaya Crocodile Diamond Birkin 30, Hermès 2011

$262k

Top 2017 Wine Sale*
12-Bottle Case of Domaine de la Romanée-Conti, Romanée-Conti 1988

Pictured at left, Leonardo da Vinci's *Salvator Mundi*—which sold at Christie's in November 2017 for $450 million—became not only the most expensive work of art in history, but more than doubled the previous auction record.

** Highest-priced sale in each collecting category at a Christie's auction in 2017*

The Evolution of the $100M+ Trophy Home Market

In 2017...

- 33 trophy $100M+ homes were offered for sale as of May 2017
- 13 trophy $100M+ homes were listed for sale
- 3 trophy $100M+ homes had price reductions (1 property dropped below $100M)
- 4 trophy $100M+ listings were sold (3 sales over $100M, all in Hong Kong; 1 $100M+ trophy listing in LA sold for below $100M)
- 3 trophy homes were taken off the market

In 2018 so far...

- 36 trophy $100M+ homes are offered for sale as of May 2018
- 6 trophy $100M+ homes were listed for sale
- 2 trophy $100M+ listings had price reductions (1 dropped below $100M)
- 2 trophy $100M+ listings have sold as of May 15, 2018

Top Residential Sales Worldwide | 2018 year to date

As of May 15

Property Name	Location	Country	Sale Price	List Price	Local Price	Sq Ft
House 2 at Mount Nicholson	Hong Kong	Hong Kong	$178,344,000	-	HK$1,400,000,000	9,217
Malibu's Carbon Beach	Malibu, California	United States	$110,000,000	-	-	6,934
House 17 at Mount Nicholson	Hong Kong	Hong Kong	$99,376,000	-	-	7,984
Wildenstein Townhouse	New York	United States	$90,000,000	$100,000,000	-	20,500
Malibu Compound*	Malibu, California	United States	$85,000,000	Undisclosed	-	15,000
Seagram Heir Bel-Air Compound	Los Angeles	United States	$85,000,000	-	-	19,000
Mount Nicholson - Apartment	Hong Kong	Hong Kong	$75,500,000	-	-	4,596
Mount Nicholson - Apartment	Hong Kong	Hong Kong	$70,079,000	-	-	4,266
The Getty Penthouse	New York	United States	$59,000,000	-	-	10,000
15 Central Park West Duplex	New York	United States	$50,000,000	56,000,000	-	5,400
Villa Maria Water Mill Estate	The Hamptons	United States	$49,000,000	$72,000,000	-	20,000
443 Greenwich Penthouse	New York	United States	$43,788,000	$58,000,000	-	8,569
Stonington Mansion	Melbourne	Australia	$42,000,000	-	A$52,500,000	22,000
432 Park Avenue Residence	New York	United States	$42,000,000	$45,000,000	-	7,748

*Although this was initially reported as a $120 million real estate transaction, the property sold for $85 million. The buyer paid an additional $35 million for the contents.

Trophy US$100M+ Properties Offered for Sale Worldwide (As of May 15, 2018)

	Property Name	Location	Country	List Price	Listed	Residence Type
1	Rare Detached House on The Peak **	Hong Kong	China	$445,900,000	2018	Single Family Estate
2	Le Palais Bulles/Bubble Palace **	Théoule-sur-Mer	France	$418,000,000	2015	Single Family Estate
3	Villa Les Cèdres	French Riviera	France	$418,000,000	2017	Single Family Estate
4	Odeon Tower Sky Penthouse	Monaco	Monaco	$359,000,000	2014	Apartment
5	Chartwell Estate **	Los Angeles	United States	$350,000,000	2017	Single Family Estate
6	Molokai Ranch	Hawaii	United States	$260,000,000	2017	Ranch
7	220 Central Park South Quadplex	New York	United States	$250,000,000	2017	Apartment
8	Sandow Lakes Ranch	Milam County, Texas	United States	$250,000,000	2016	Ranch
9	Deep Water Bay House **	Hong Kong	China	$230,000,000	2017	Single Family
10	The Manor **	Los Angeles	United States	$200,000,000	2016	Single Family Estate
11	The Beverly House	Los Angeles	United States	$195,000,000	2007	Single Family Estate
12	Billionaire **	Los Angeles	United States	$188,000,000	2017	Single Family Spec Home
13	Lonsdaleite Estate	St. Moritz	Switzerland	$185,000,000	2017	Single Family Estate
14	Jule Pond (Henry Ford Estate)	The Hamptons, New York	United States	$175,000,000	2017	Single Family Estate
15	Gemini	Manalapan, Florida	United States	$165,000,000	2015	Single Family Estate
16	Meadow Lane Oceanfront Estate	The Hamptons, New York	United States	$150,000,000	2018	Single Family Estate
17	West Creek Ranch	Gateway, Colorado	United States	$149,000,000	2017	Ranch
18	Villa on the Port	Monaco	Monaco	$143,000,000	2017	Single Family Estate
19	520 Park Avenue Penthouse	New York	United States	$130,000,000	2015	Apartment
20	Palazzo di Amore	Los Angeles	United States	$129,000,000	2014	Single Family Estate
21	Palazzate Barbados	St. Peter, Barbados	Barbados	$125,000,000	2015	Compound
22	Château de la Croix des Gardes	French Riviera	France	$120,000,000	2015	Single Family Estate
23	Cologny Manor	Geneva	Switzerland	$119,000,000	2016	Single Family Estate
24	Alassio Mediterranean Island	Alassio	Italy	$118,910,000	2018	Single Family Home/Island
25	Overbays Estate	Hong Kong	China	$114,800,000	2013	Single Family
26	Palais Vénitien	French Riviera	France	$113,000,000	2012	Single Family Estate
27	Woolworth Penthouse	New York	United States	$110,000,000	2017	Apartment
28	Beverly Hills Mountaintop Estate **	Los Angeles	United States	$110,000,000	2018	Single Family Estate
29	220 Central Park South Penthouse	New York	United States	$108,000,000	2017	Apartment
30	Las Varas Ranch	Goleta, California	United States	$108,000,000	2016	Ranch
31	Théoule-sur-Mer Manor	French Riviera	France	$107,000,000	2018	Single Family Estate
32	Barker Road Townhouse **	Hong Kong	China	$106,000,000	2018	Single Family Estate
33	Allaman Castle	Geneva	Switzerland	$100,000,000	2014	Single Family Estate
34	220 Central Park South Penthouse	New York	United States	$100,000,000	2017	Apartment
35	Islas Canyonetas **	Las Perlas Archipelago	Panama	$100,000,000	2015	Private Island
36	Merv Griffin Estate	Los Angeles	United States	$100,000,000	2016	Single Family Estate
			Total List Value:	**$6,549,610,000**		

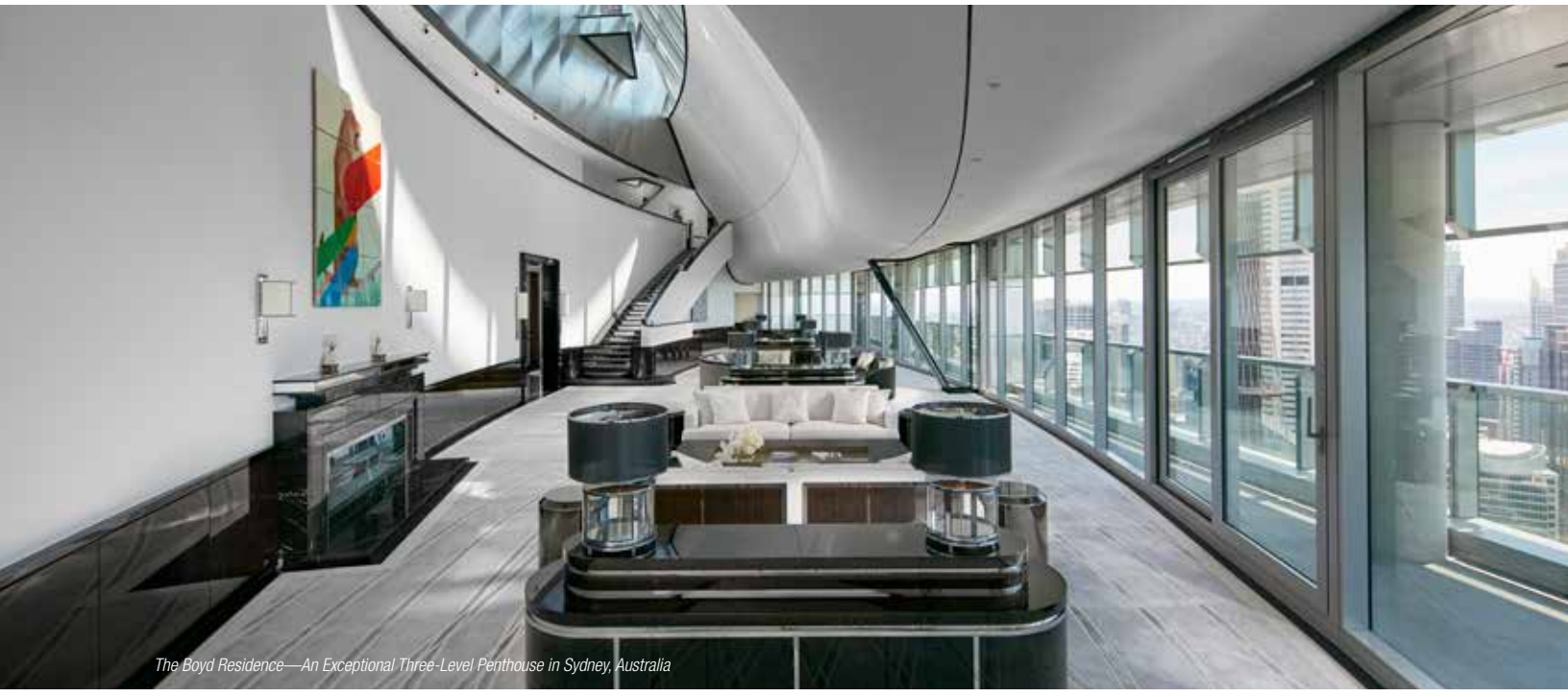
**Represented by a Christie's International Real Estate exclusive Affiliate.

NB: Several properties, including a $500 million spec home in Los Angeles, are rumoured to be for sale, but have not been included in this list as they are not officially on the market.

More trophy homes are available for sale across the globe than ever before. Thirteen new $100 million-plus properties came to market in 2017, and today 36 properties at this price point or more are on offer across seven countries. From the 33 trophy properties that were for sale in May 2017 (as published in our 2017 *Luxury Defined* report), two properties were reduced in price below the benchmark, three properties were removed from public offer, and one property sold, but was not included in our aggregate list of $100 million-plus sales as it sold below this price point.

Record-Breaking and Notable International Penthouse Sales in 2017 and 2018

Individual Unit Sales Prices and Price Per Square Foot, US$



The Boyd Residence—An Exceptional Three-Level Penthouse in Sydney, Australia

Details of penthouse sales displayed in descending order by price per square foot, as represented on the chart at left

2017 SALES

	Location	Price / Sq Ft	Size (Sq Ft)	Price (US$)	Type
1	Hong Kong	$16,966	4,242	$72M	New
2	London	$15,000	8,000	$120M	Resale
3	Hong Kong	$13,453	4,971	$67M	New
4	Monaco	$12,150	5,000	$61M	Resale
5	New York	$9,538	5,300	$51M	Resale
6	New York	$7,594	12,000	$91M	New
7	New York	$7,580	7,929	$60M	New
8	New York	$6,138	7,799	$48M	New
8a	New York	$5,946	6,400	$38M	New
9	Sydney	$4,738	2,913	$14M	New
10	Singapore	$4,442	10,300	$46M	New
11	San Francisco	$3,922	4,048	$16M	New
12	Honolulu	$3,667	6,000	$22M	New
13	New York	$3,667	12,000	$44M	Resale
14	Chicago	$2,350	25,000	$59M	New
15	Toronto	$2,286	7,000	$16M	Resale
16	New York (Brooklyn)	$2,202	6,813	$15M	Resale
17	Los Angeles	$2,146	9,318	$20M	Resale
18	Dublin	$1,928	3,800	$7M	New
19	Washington, DC	$1,867	4,500	$8M	Resale
20	Bangkok	$1,842	10,204	$19M	New
21	Auckland	$1,649	3,832	$6M	New
22	Jerusalem	$1,601	6,997	$11M	Resale
23	Miami	$1,250	20,000	$25M	New
24	Dubai	$932	29,800	$28M	New

Grand Penthouse at Waiea, Honolulu, Hawaii

2018 SALES (AS OF MAY 15)

	Location	Price / Sq Ft	Size (Sq Ft)	Price (US$)	Type
25	New York	$9,230	5,417	$50M	Resale
26	New York	$8,152	3,977	$32M	Resale
27	New York	$5,900	10,000	$59M	New
28	New York	$5,110	8,569	$44M	New
29	Miami	$3,563	4,154	$15M	Resale
30	Miami	$2,605	7,101	$19M	Resale
31	Stockholm	$2,466	3,025	$7M	New
32	Boston	$2,169	4,703	$10M	Resale
33	Seattle	$1,871	6,400	$12M	Resale
34	Mumbai	$1,779	17,000	$30M	Resale
35	Melbourne	$770	7,965	$6M	Resale

The Penthouse Premium

Is there any type of urban housing more suitable to deem a "trophy residence" than the penthouse? Penthouses gained acclaim as the pinnacle of apartment living with the advent of the elevator in 1920s New York. Today's penthouses are the finest, largest, and most private residences in high-rise developments, often spanning multiple floors. Consequently, they tend to sell for a premium over non-penthouse apartments.

Penthouse sales broke records across the globe in 2017. The trend for upscale and up-high living is reflected in the sheer number of trophy apartments on our top annual global sales list (listed on page 30), comprising just over half of the sales. To better understand this unique trophy market sub-sector, we studied 24 local record-breaking penthouse and sub-penthouse sales across the globe in 2017 and examined sales prices, prices paid per square foot, and overall penthouse size. Several of these residences also topped their local market's 2017 transactions. Perhaps not surprisingly, the highest-priced penthouses also achieved some of the year's highest prices per square foot. Of the ten most expensive penthouses sold in 2017, only two were larger than 10,000 square feet, indicating that bigger is not always better for penthouse buyers.

Interestingly, two penthouses that smashed local area price records—the penthouses in Dubai and Chicago—were among the lowest on the price-per-square-foot spectrum, in part because the buyers were purchasing incredibly large residences (both 25,000+ square feet) that were much higher than their local area's average price per square foot, even for luxury homes.

Architecture as Art:
The Rise of the Trophy Art Home and the Starchitect Neighborhood

Trophy real estate has become the ultimate collectible treasure. Starchitects—the portmanteau given architects whose critical and celebrity acclaim have rendered them stars of the architecture world—have changed the skylines of many major cities in recent years. Increasingly, discerning buyers see acquisitions of starchitect-designed homes as an opportunity to live in a piece of art and are being drawn to acquire third, fourth, and fifth residences to acquire an architectural collectible. For many UHNW international investors, owning a Zaha Hadid duplex is akin to owning a Damien Hirst artwork or a one-of-a-kind Bugatti.

A prime example of this can be seen in NYC's west side around the redeveloped High Line park, which opened in 2009. A once-gritty industrial area, Manhattan's West Chelsea neighborhood has experienced a renaissance over the past decade, as top architects from across the globe have flocked to the area to leave their lasting impression.

Spanning a mere 0.77 square miles, this enclave has become one of the densest areas of luxury residential development in the world. Over the past decade, many of the new developments have focused on stunning design, modern layouts, and ultra-luxury amenities. This renascent neighborhood has bucked Manhattan's trend of falling prices and slowing sales. It remains a beacon of premium prices, in part due to its continually evolving skyline. At $2.4 million, West Chelsea's median sales price for 2016-17 was 70 percent greater than the overall downtown median sales price ($1.4 million) during the same period.

Within this area, one particular line of developments—known locally as "Starchitects Row" and featuring towering glass masterpieces designed by internationally acclaimed starchitects including several winners of the Pritzker Architecture Prize—is attracting a new wave of well-heeled luxury buyers. From January 2017-April 2018, starchitect-designed residences along Starchitects Row sold for a median price of $6.12 million, a staggering 115 percent premium over the median price of million-dollar-plus residences in new developments across New York City.

In the next three years, more than 2,400 units are expected to come to market in West Chelsea. We take a look at this star-studded neighborhood and spotlight some of the most iconic starchitect-designed new buildings where art and architecture are inextricably linked.

1 551 W 21st Street

Location: Northeast Corner of 11th Avenue	**Architect:** Foster + Partners (Norman Foster)
#Floors: 19	**# Apts:** 44
Occupancy: 2017	**Average PPSF:** $3,212*
Notable Amenities: Gated port cochère, residents' lounge, gym and spa, and 24-hour doorman, porter and valet services	

Overlooking the Hudson River and downtown Manhattan, Foster + Partners' masterfully designed 551 West 21st Street offers ultra-luxurious residences and deluxe resort-style amenities and services.

2 100 Eleventh Avenue

Location: Between West 19th & West 20th Streets	**Architect:** Jean Nouvel
#Floors: 23	**# Apts:** 72
Occupancy: 2010	**Average PPSF:** $2,340*
Notable Amenities: Lap pool, private garden, and 24-hour concierge service	

Described as "a vision machine" by its architect, Jean Nouvel, the LEED-certified structure has one of the most technologically advanced curtain wall systems in NYC yet its traditional masonry reflects West Chelsea's industrial architectural heritage.

3 The Getty

Location: 239 10th avenue, Between West 24th & 25th streets	**Architect:** Peter Marino
#Floors: 12	**# Apts:** 6
Occupancy: 2018	**Average PPSF:** $5,826* sold; $4,512 listed
Notable Amenities: Contains an art gallery and art museum	

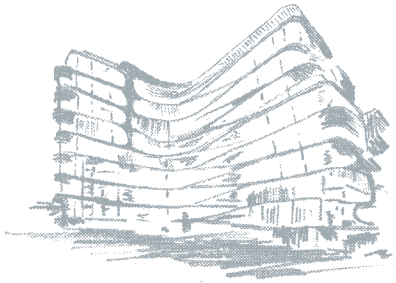
The Getty's distinctive checkerboard metal-and-glass façade comprises 167 window panes—all different sizes—while its residences feature rich interiors adorned with marble and stone sourced from more than 80 countries.

* Average per square foot as of April 16-17

4 **The XI** (The Eleventh)

Location: 76 11th Avenue, Between West 17th and W 18th Streets	**Architect:** Bjarke Ingels
#Floors: 36	**# Apts:** 247
Occupancy: 2020	
Notable Amenities: Designated wine cellar/tasting area	

The XI, Bjarke Ingels' feat of engineering, rises between the Hudson River and The High Line. The full-block development blends luxury living with premier retail outlets, and the first US outpost of Six Senses Hotels and Spas.



5 **The Zaha Hadid Building:** 520 West 28th Street

Location: Between the High Line & 11th Avenue	**Architect:** Zaha Hadid
#Floors: 11	**# Apts:** 39
Occupancy: 2017	**Average PPSF:** $3,090 sold; $3,922* listed
Notable Amenities: 75-foot skylit swimming pool, the city's first private IMAX theatre	

Designed by world-renowned architect Zaha Hadid, the new Chelsea condos at 520 West 28th Street leave an indelible mark upon Manhattan's visual landscape.

"There's no questioning the strength and maturation of the larger West Side—from Hudson Yards, through West Chelsea and West Village, down to Tribeca—many notable projects have been attracting attention: 551 W 21st, 70 Vestry, 160 Leroy, 443 Greenwich, and all the new developments coming to West Chelsea's "Architects Row." With over 300 art galleries (including those of top gallerists Paula Cooper, Barbara Gladstone, Gagosian, David Zwirner), the elevated High Line Park, and the host of amenities, restaurants, businesses, and community resources being offered through the Hudson Yards project, this neighborhood—in particular—has become a primary destination for individuals in the arts, fashion, tech, and finance industries."

— Erin Boisson Aires, Christie's International Real Estate NY

The Evolution of a Starchitect Neighborhood:
New Buildings Designed by Top Architects in Recent Years

	Name	Architect	Type	Built
6	IAC Interactive Headquarters	Frank Gehry	Commercial	2007
7	Metal Shutter Houses	Shigeru Ban	Residential	2008
8	HL-23	Neil Denari	Residential	2008
9	200 Eleventh Avenue	Selldorf Architects	Residential	2011
10	Whitney Museum of American Art	Renzo Piano	Museum	2015
11	505W19	Thomas Juul-Hansen	Residential	2015
12	The Fitzroy	Roman and Williams	Residential	2017
13	Soori High Line	Soo K. Chan	Residential	2017
14	Jardim	Isay Weinfeld	Residential	2017
15	515 Highline	Soo K. Chan	Residential	2019
16	220 Eleventh	Zaha Hadid	Residential	2019

- Notable Starchitect-designed Developments
- Pritzker Prize-winning architect
- Museum

La Garibaldina, Costa Smeralda, Sardinia

Hidden Luxury Enclaves

A showcase of up-and-coming and lesser known international luxury communities hidden in plain sight

General overview of all luxury markets

While the global luxury atlas is studded with many familiar names—who doesn't know St. Barths or Monaco, for example?—we recently asked Christie's International Real Estate Affiliates for insights regarding those luxury enclaves that may not be as known to all, and yet are compelling options for an inspired real estate acquisition. Many are "cities within a city," while others are true suburbs and some are standalone communities in their own right. Whatever the case, they present alluring options for the seeker of luxury lifestyles—sometimes on a road less traveled and sometimes just hiding before our very eyes.

**Brookhaven,
Atlanta Georgia**

Population: 42,000
Luxury Price Range: $1M to $5M

Located just northeast of Buckhead, historic Brookhaven is celebrated for its unique blend of Contemporary, Colonial, Federal and Neoclassical-style homes, as well as it's picturesque parks, private golf club and tree-lined streets.

This charming garden suburb is a true hidden gem, adjacent to Peachtree Road and the bustling high-end lifestyle of Buckhead, Atlanta.

Best-Kept Secret: *The first community in Georgia, and the southeast, to be designed around a golf course.*

**Bragança Paulista,
São Paulo, Brazil**

Population: 161,000
Luxury Price Range: $5M to $10M

An hour's drive from São Paulo, Bragança Paulista is commuter city increasingly known for its high-end gated community Quinta da Baroneza, with its outstanding golf club and amenities including ecological tracks, lakes, bike paths, and equestrian facilities.

Best-Kept Secret: *Residents have a wealth of leisure options including nearby Lake Taboão.*

Palm Beach, Sydney, Australia

Population: 1,600
Luxury Price Range: $2M to $5M

Locals call it "Palmy"—and this seaside section of north Sydney, once known for weekend getaways, is fast becoming a permanent address, with good reason. Palm Beach boasts luxurious villas and yet maintains an understated elegance.

Best-Kept Secret: *Barrenjoey Lighthouse is Sydney's northernmost spot and a whale-watching mecca.*

**Hancock Park,
Los Angeles, California**

Population: 144,000
Luxury Price Range: $3M to $10M

This centrally located, historic neighborhood is an unexpected, stately oasis, with spacious lots and regal estates that have been home to some of Los Angeles's leading lights, city fathers, and celebrities—only minutes from downtown and L.A.'s burgeoning Koreatown.

Best-Kept Secret: *Large lots and great values*

Bangsaray, Thailand

Population: 8,000
Luxury Price Range: $700K to $3M

Situated only 15 miles from Pattaya—one of the country's liveliest beach resorts—this once sleepy fishing village is emerging into a boutique resort hot spot. Unspoiled by high-rise buildings and tourist mobs, Bangsaray (also Bang Saray) offers calm turquoise-water beaches, outstanding seafood dining options, and lush natural splendor.

Best-Kept Secret: *Although watersports are a major draw, Bangsaray is also home to several top-rated golf courses*

While they may not be among the most "luxurious" or the "hottest" prime property markets in the world, these concealed luxury enclaves are increasingly offering compelling options for a grand real estate acquisition. Here are our top 15 picks of luxury gems on the rise:

West Chelsea, New York, New York

Population: 40,000
Luxury Price Range: $8M to $40M

Once-industrial West Chelsea is Manhattan's latest chic address, with the High Line as a recognized landmark and where star architects are visibly at work in the neighborhood. Luxury co-ops, lofts, and townhouses reflect a newfound gentrification.

Best-Kept Secret: *The Museum at FIT is a serious fashion-lover's Valhalla.*

Oeiras, Lisbon, Portugal

Population: 172,000
Luxury Price Range: $2M to $7M

Located in a waterfront area of the Tagus River estuary between Lisbon and Cascais, this distinctive district enjoys a mild climate, unique quality of life, and river and sea views yet it is not immediately evident to the casual visitor.

Best-Kept Secret: *A technology hub attracting corporate buyers.*

White City, London, England

Population: 13,000
Luxury Price Range: $1M to $11M

This northwest London enclave near Shepherds Bush is the former BBC hub, whose signature Television Centre has been redeveloped as a housing mecca—including luxury high-rise residences. Early demand indicates this district will be a good investment for savvy buyers.

Best-Kept Secret: *Location of London's newest Soho House private club*

Mahwah, New Jersey

Population: 24,000
Luxury Price Range: $2M to $48M

Known as Bergen County's parkland, Mahwah is home to some 300 luxury residences, many of which are extremely well-priced. Its most notable flagship luxury residence is the storied Darlington Estate, pictured above.

Best-Kept Secret: *Home to several state and county parks, offering hiking, skiing, swimming and fishing.*

Prague, Czech Republic

Population: 1.3 million
Luxury Price Range: $1M to $19M

This picturesque capital city where Mozart famously performed is experiencing a resurgence of interest in its luxury market. While Prague is no secret to the tourist, it is still an underestimated luxury address, and boasts many spectacular properties.

Best-Kept Secret: *Pařížská Street is Prague's exclusive shopping avenue and a luxury-brand fixture.*

Nun's Island, Montreal, Canada

Population: 19,000
Luxury Price Range: $2M to $12M

This 920-acre isle in the St. Lawrence River is within Montreal city limits and is home to high-rise condominiums, penthouses, and row houses. It is also a growing luxury neighborhood, with its rare standalone residences commanding top dollar and the new Symphonia POP development promising to be a modern-luxury magnet.

Best-Kept Secret: *Outstanding views of the city from high-rise residences*

Arcachon, Gironde, France

Population: 10,700
Luxury Price Range: $2M to $5M

Less familiar than the Côte d'Azur, France's Côte d'Argent is Europe's longest strand of beach, and the quaint bayside town of Arcachon is its centerpiece. Celebrated for its nightlife, this young settlement (founded in 1857) is a growing luxury enclave, in spite or perhaps because of little tourist traffic.

Best-Kept Secret: *Arcachon oysters are a prized delicacy among local seafood offerings.*

Montreux, Reno, Nevada

Population: 25,000
Luxury Price Range: $2M to $5M

Montreux (pronounced "Mon-troe") is a secluded section of west Reno situated among towering pines with views ranging from snowcapped mountains to golf fairways. Residences reflect varied architectural styles.

Best-Kept Secret: *Nevada's only Jack Nicklaus-designed golf course is here.*

San Pedro Garza García, Monterrey, Mexico

Population: 122,000
Luxury Price Range: $2M to $3M

Known to many as simply "Garza Garcia," this Monterrey suburb is becoming known for some sought-after gated luxury enclaves such as El Santuario and Renaciamento, which enjoy spectacular views. Monterrey overall is Mexico's wealthiest city and a hub of business in the north.

Best-Kept Secret: *Chipinque National Park is an ecological oasis within Garza Garcia.*

Northeast Harbor, Mount Desert, Maine

Population: 529
Luxury Price Range: $3M to $5M

This quiet village on Mt. Desert Island near Acadia National Park is a favorite summer destination for many notable East Coast families, including the Rockefellers. Its population, not surprisingly, increases in the summer season.

Best-Kept Secret: *Asticou Azalea Garden is a stunning Japanese-inspired haven*

Baldridge House, Fort Worth, Texas

Relative Values

A global comparison of prime property markets by square-foot prices

Just as average and top sales prices reveal remarkable variation worldwide, luxury property prices as ranked by prices per square foot not surprisingly reveal similarly vast ranges across our studied luxury property markets.

In the world's primary housing markets, the average price per square foot for luxury sales at the end of 2017 ranged from $185 in Mexico City to $4,900 in Hong Kong. The most expensive cities based on square foot prices were Hong Kong, London ($2,574), and New York ($2,065). Hong Kong also achieved the highest recorded square-foot price in 2017, with an eye-popping $16,966 per square foot for a prime residence in The Peak.

Across second-home resort markets, the highest prices per square foot for luxury homes were in Monaco, where prime property sales average $5,027 per square foot. Luxury ski enclave Gstaad and prized Florida destination Naples also command high prices per square foot for luxury homes, averaging $2,780 and $2,235 respectively. For second-home buyers looking for the greatest value, Bordeaux vineyards offer significant appeal. Luxury vineyard properties in this premier French wine destination average $314 per square foot and average $500 per square foot in the city of Bordeaux.

Average prices per square foot (ppsf) for luxury homes in select primary housing markets

US$, Year-end 2017

London

Typical property around the average luxury ppsf ($2,436)

Prince Edward Mansions is a sought-after Victorian mansion block in Notting Hill.

Asking Price: *£7.95 million*

Miami

Typical property around the average luxury ppsf ($640)

Showcase Mediterranean-style villa on historic Espanola Drive minutes to downtown.

Asking Price: *$2.9 million*

Atlanta, Georgia

Typical property around the average luxury ppsf ($640)

Pristinely maintained, stately brick home, on Moores Mill Road in a lovely neighborhood.

Asking Price: *$2.9 million*

Santiago, Chile

Typical property around the average luxury ppsf ($390)

Great Mediterranean house in luxury condominium, only a few steps from Colegio Monte Tabor.

Asking Price: *$1 million*

Monaco

Typical property around the average luxury ppsf ($5,200)

Elegant apartment located in the prestigious ''Parc Saint Roman."

Asking Price: *$13.4 million*

Sun Valley, Idaho

Typical property around the average luxury ppsf ($642)

A French Country Home with a nearby lake and hiking trails.

Asking Price: *$4.5 million*

Palm Beach Gardens, Florida

Typical property around the average luxury ppsf ($483)

A stunning waterfront oasis surrounds this extraordinary, top-of-the-line custom estate.

Asking Price: *$2.9 million*

Reno, Nevada

Typical property around the average luxury ppsf ($540)

A magnificent estate home on Montreux Golf and Country Club.

Asking Price: *$2.9 million*

Paradise Valley, Arizona

Typical property around the average luxury ppsf ($350)

A beautiful family home with space for outdoor entertaining.

Asking Price: *$1.9 million*

Average prices per square foot (ppsf) for luxury homes in select second-home destinations

US$, December 2017

Surveyed Affiliates

22 Seas Los Cabos
Agence Clerc Conseil Immobilier
Agenzia Romolini Immobiliare Srl
American Caribbean Real Estate, Inc.
Avantgarde Properties
Axpe Imóveis Especiais
Barker Realty, Inc.
BlackStream International Real Estate LLC
Borquez & Asociados Limitada
Broker Immobiliare
CDR San Miguel
Chestnut Park Real Estate Limited, Brokerage
Coach Realtors
Coastal Properties Group
Comey & Shepherd Realtors
Côte Ouest Immobilier
Daniel Féau Conseil Immobilier
David Ogilvy & Associates, Inc.
Dilbeck Estates
Elite Homes US, LLC
Esslinger-Wooten-Maxwell, Inc. Realtors
Estela Exclusive Homes
Faith Wilson Group
Fenton Lang & Associates
First Team Estates
Friedberg Properties & Associates
Gerencia RED Grupo Inmobiliario
Giordano, Wegman, Walsh and Associates
Gloria Nilson & Co. Real Estate
Great Point Properties Inc
Greeff Properties
H.G. Christie Ltd.
Hall & Hunter Realtors
Hammer Draff Great Properties
Harry Norman, Realtors
Hawaii Life Real Estate Brokers
The Higgins Group
Hilton & Hyland Real Estate
HK Lane
Illustrated Properties Real Estate, Inc.
Immobilsarda Srl
Ivester Jackson BlackStream
Ivester Jackson Distinctive Properties
Jackson Hole Real Estate Associates LLC
Japan Capital Realty
Jess Reid Real Estate
John Foster Real Estate
Judice & Araujo Imóveis
Julio Corredor & CIA
Ken Jacobs
Kensington Luxury Properties Marrakech
La Commerciale SRL
Landscope Christie's International Real Estate
LandVest, Inc.
Lila Delman Real Estate International
Long & Foster Real Estate, Inc.
LUX Bienes Raices S.A. de C.V.
Luxe Platinum Properties
Luximo's
Luxury Homes Netherlands Holding BV
Marilyn Wilson Dream Properties
Maxwell-Baynes Real Estate
Michael Saunders & Company
Michaël Zingraf Real Estate
Moreland Properties
Nan and Company Properties
Neumann Real Estate LLC
Newport Realty
Niagara-on-the-Lake Realty (1994) Ltd, Real Estate Brokerage
North Harbor Real Estate
Oliver Luxury Real Estate
One Caribbean Estates
Page Taft Real Living
Pine Acres Realty
Plantación Properties
Ploumis Sotiropoulos Real Estate
Porta da Frente, Lda
Premier Estate Properties
Profusion Realty Inc.
Provenance Properties of Cayman
PureWest Real Estate
Randall Realtors
Regal Real Estate
Regency International Holdings LTD
ReMind Group S.A.
Residence 365 B.V.
Residence Fastighetsmäkleri
Richardson Properties, Inc.
Richmont's Luxury Real Estate
Rimontgó
Seabolt Brokers
Sherry FitzGerald Ltd.
Sibarth Real Estate
Sinclair Realty Limited
Singapore Christie's International Real Estate
Société Privée de Gérance
Special Properties Real Estate Services, LLC
Stiller & Hohla Immobilien GmbH
Strand Hill Properties
Strutt & Parker
Sun Valley Real Estate
Svoboda & Williams
Telluride Real Estate Corp.
Terramar Servicios Inmobiliarios
The Lachicotte Company
Trillion Realty Group
Village Properties Realtors
Walt Danley Realty
Wetag Consulting Immobiliare SA
William Means Real Estate
William Raveis Real Estate
Willis Allen Real Estate
Wüst und Wüst AG

Research Parameters

- 81 luxury housing markets were studied for this report.
- All information is based on data provided by the exclusive Affiliates of Christie's International Real Estate unless otherwise noted.
- In some cases (e.g. Los Angeles, Sydney), the data refers to certain luxury enclaves within a city where each exclusive Affiliate operates, not necessarily the entire city or region.
- Prices are listed in US dollars.
- Exchange rates are calculated from Oanda.com and are based on a full year average for 2017.
- Data is based on a full calendar year for 2017 and/ or the first three months of 2018.
- Supplementary market data for the following markets was compiled and sourced from:

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  Montreal: "QFREB Barometers." Québec Federation of Real Estate Boards, www.fciq.ca/real-estate-market/real-estate-market-statistics/qfreb-barometers

  New York: Automated City Register Information System (ACRIS), Property Shark, Real Estate Board of New York (REBNY) accessed through Perchwell.com

  San Francisco: California Association of Realtors (CAR), www.car.org/en/marketdata/interactive

  Seattle: Northwest Multiple Listing Service; Rosenberg, Mike. "Million-Dollar Home Sales Surge in King County, Creeping into Cheaper Neighborhoods." The Seattle Times, 23 Jan. 2018, www.seattletimes.com/business/real-estate/million-dollar-home-sales-surge-in-king-county-creeping-into-cheaper-neighborhoods

  Sydney: Australian Property Monitors (APM), www.apm.com.au
- To account for historical averages and to maintain a stable baseline of research, our *Luxury Defined* research reports refer to "luxury real estate" as homes priced at US$1M and above unless otherwise noted. The starting price point for luxury homes varies significantly across our studied markets.

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