luxurydefined 2018
an insight into the luxury residential market
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 knowledge 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 affecting 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.
- 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 effect 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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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, specula-tion 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 Palensque Bulrich,
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 “rus-tic” 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-Neuman,
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.
Mike Greeff, Greeff Properties

“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...
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.

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<td>US$1M+ residential real estate in a particular geographic area, not necessarily the entire metro region</td>
<td>Cities, urban areas and suburbs where the majority of properties are generally owner-occupied or primary residences</td>
<td>Resort and lifestyle destinations with a significant second-home cohort and populations of generally less than 500,000</td>
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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

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

A look at the world of luxury real estate today reveals a robust marketplace 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 the 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

At a Glance: Luxury Defined

Luxury Defined report uncovers the reasons behind the uptick in luxury home sales in 2017, strong performance of second-home markets, and the shifting sentiment of affluent home buyers and sellers across the globe.
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.

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.

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.

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.
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 6–7) 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 UK’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.
$360m
Highest-priced sale in 2017 was recorded in Hong Kong, our top performing housing market.

30%
of our top 10 markets were impacted by new foreign-buyer restrictions that were introduced over the past 18 months.

60%
of our top 10 ranking luxury property markets are located on the Pacific Rim and have significant Chinese-buyer contingents.

50%
of the top 10 markets recorded annual growth in luxury sales of ten percent or higher.

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.
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 comparable 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 strong domestic demand and an increase in 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 new and additional government cooling measures—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).
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, 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, and many sought out at least one luxury property acquisition in 2017 and early 2018, whether
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, 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 Landscape 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 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 sellers adjusted 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.”

In the ultra-high-end enclaves of Los Angeles, realistic pricing is also increasingly a priority for buyers says Zach Goldsmith of Hilton & Hyland Real Estate: “While we’ve been riding a tremendous wave in Beverly Hills with the sky being the limit on pricing, we’re also noticing rational pricing growing in importance. The longer our priciest homes sit on the market, the more likely they are to sell for less.”

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, noting that house
Second-Home Markets Rally, Bolstered by Affluent Retirees and Telecommuting Buyers
Second-Home Markets with Significant Annual Growth in Luxury Sales, 2016-2017

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 with 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 buyers’ primary resident markets. As prices of luxury homes in many urban primary markets have rapidly appreciated in recent years, prime properties in...
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 buyers’ 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.
How long does it take to sell a luxury home worldwide?
Average days on market for $1M+ homes worldwide, year-end 2014-2017

Luxury housing markets worldwide

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<th>Year</th>
<th>Average days on market</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>190 days</td>
</tr>
<tr>
<td>2016</td>
<td>220 days</td>
</tr>
<tr>
<td>2015</td>
<td>195 days</td>
</tr>
<tr>
<td>2014</td>
<td>254 days</td>
</tr>
</tbody>
</table>

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
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.
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**

<table>
<thead>
<tr>
<th>1945</th>
<th>1950</th>
<th>1955</th>
<th>1960</th>
<th>1965</th>
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<tbody>
<tr>
<td>Baby Boomers Aged 54-72 in 2018</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>1,083 billionaires with an aggregate net wealth of $4.082 trillion</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Television, Moon Landing, Vietnam War, Civil Rights</td>
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**MILLENNIALS**

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<th></th>
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</thead>
<tbody>
<tr>
<td>Millennials Aged 22-37 in 2018</td>
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<tr>
<td>43 billionaires with an aggregate net wealth of $218.3 billion</td>
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<tr>
<td>Mobile Technology, Terrorism, Global Financial Crisis, Diversity</td>
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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 65-15 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**
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 instructive lessons.

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.

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 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.

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

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

157x
Number of average priced Chicago homes you can buy for the same price as the top Chicago home sold in 2017.
The Price of Luxury: A Global House Price Comparison
Residential Real Estate Prices in Primary Housing Markets

London
Greenwich, Connecticut
New York City
Los Angeles
Hong Kong
Vancouver
Orange County, California
NW Bergen, New Jersey
Zurich*
Sydney
Stockholm
San Diego
Victoria, BC, Canada
Toronto
Tokyo*
Nuevo León, Mexico
Long Island, New York
Fort Worth, Texas
Paris
Miami
Portland, Oregon
Buenos Aires
Washington, DC region
Chicago
Austin, Texas
Monmouth, New Jersey
Ottawa, Canada
Santiago, Chile
Prague
Houston
Charlotte, North Carolina
Atlanta
Cape Town
Montreal
Cincinnati, Ohio

$360m
$25m
$91m
$88m
$120m

THE STATE OF LUXURY HOUSING WORLDWIDE

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

- Monaco
- Jupiter Island, Florida
- Costa Smeralda, Italy
- Bordeaux, France*
- French Riviera
- Tuscany and Umbria, Italy
- Palm Beach, Florida
- Lake Annecy, France
- The Hamptons*
- Telluride, Colorado
- Cape Cod, Massachusetts
- Park City, Utah
- Sun Valley, Idaho
- Lake Tahoe, Nevada
- Naples, Florida
- Bahamas
- Hawaii
- Florida Keys
- Los Cabos, Mexico
- Santa Fe, New Mexico
- Biarritz, France*
- Big Sky, Montana
- Charleston, South Carolina
- Sarasota, Florida
- Harry and Georgetown Counties, South Carolina
- Greenville, South Carolina

Average Home Sales Prices, Year-End 2017

Average Luxury Home Sales Prices, Year-End 2017

Highest-Price Residential Sale in 2017

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

*Only average sales price data available
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.

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.
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.1

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

<table>
<thead>
<tr>
<th>Details of Measure</th>
<th>MEASURES IMPACT</th>
<th>Year</th>
<th>Location</th>
<th>New or Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>20% foreign buyers stamp duty; expanded to more areas of BC</td>
<td></td>
<td>2018</td>
<td>British Columbia</td>
<td>Increase</td>
</tr>
<tr>
<td>5% transfer tax for $3M+ homes; expanded to more areas of BC</td>
<td></td>
<td>2018</td>
<td>British Columbia</td>
<td>New</td>
</tr>
<tr>
<td>Ban on foreigners buying existing homes</td>
<td></td>
<td>2018</td>
<td>New Zealand</td>
<td>Proposed</td>
</tr>
<tr>
<td>Tax on &quot;empty homes&quot; doubled to 100% of council tax</td>
<td></td>
<td>2017</td>
<td>United Kingdom*</td>
<td>Increase</td>
</tr>
<tr>
<td>Tax on &quot;empty homes&quot; of $500,000 annually</td>
<td></td>
<td>2017</td>
<td>Australia</td>
<td>Increase</td>
</tr>
<tr>
<td>8% foreign buyers stamp duty; 2% foreign buyers annual land tax</td>
<td></td>
<td>2017</td>
<td>NSW, Australia</td>
<td>New</td>
</tr>
<tr>
<td>15% foreign buyers stamp duty</td>
<td></td>
<td>2017</td>
<td>Toronto</td>
<td>New</td>
</tr>
<tr>
<td>1.5% foreign buyers annual land tax</td>
<td></td>
<td>2017</td>
<td>Victoria, Australia</td>
<td>Increase</td>
</tr>
<tr>
<td>Tax on &quot;empty homes&quot; (1% of assessed value)</td>
<td></td>
<td>2017</td>
<td>Vancouver</td>
<td>New</td>
</tr>
<tr>
<td>15% double stamp duty for all purchases</td>
<td></td>
<td>2016</td>
<td>Hong Kong</td>
<td>New</td>
</tr>
<tr>
<td>4% foreign buyers stamp duty</td>
<td></td>
<td>2016</td>
<td>NSW, Australia</td>
<td>New</td>
</tr>
<tr>
<td>15% foreign buyers stamp duty</td>
<td></td>
<td>2016</td>
<td>Vancouver</td>
<td>New</td>
</tr>
<tr>
<td>7% foreign buyers stamp duty</td>
<td></td>
<td>2016</td>
<td>Victoria, Australia</td>
<td>Increase</td>
</tr>
<tr>
<td>3% additional stamp duty on 2nd home purchases</td>
<td></td>
<td>2016</td>
<td>United Kingdom*</td>
<td>Increase</td>
</tr>
<tr>
<td>Tax on &quot;empty homes&quot; — 20% premium on the annual taxe d'habitation</td>
<td></td>
<td>2015</td>
<td>Paris</td>
<td>New</td>
</tr>
<tr>
<td>12% stamp duty land tax for £1.5M+ homes</td>
<td></td>
<td>2014</td>
<td>United Kingdom*</td>
<td>Increase</td>
</tr>
<tr>
<td>8.5% stamp duty for HK$2M+ purchases</td>
<td></td>
<td>2013</td>
<td>Hong Kong</td>
<td>Increase</td>
</tr>
<tr>
<td>15% foreign buyers stamp duty</td>
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<td>2013</td>
<td>Singapore</td>
<td>Increase</td>
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<tr>
<td>Transfer fee doubled from 3% to 4%</td>
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<td>2013</td>
<td>UAE</td>
<td>Increase</td>
</tr>
<tr>
<td>7% tax on second-home purchases</td>
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<td>2013</td>
<td>Singapore</td>
<td>New</td>
</tr>
<tr>
<td>Special stamp duty of up to 20% for properties resold within 3 years</td>
<td></td>
<td>2012</td>
<td>Hong Kong</td>
<td>Increase</td>
</tr>
<tr>
<td>15% foreign buyers stamp duty</td>
<td></td>
<td>2012</td>
<td>Hong Kong</td>
<td>New</td>
</tr>
<tr>
<td>7% stamp duty for £2M+ home sales, 5% for £1-2M home sales</td>
<td></td>
<td>2012</td>
<td>United Kingdom*</td>
<td>Increase</td>
</tr>
<tr>
<td>10% foreign buyers stamp duty</td>
<td></td>
<td>2011</td>
<td>Hong Kong</td>
<td>New</td>
</tr>
<tr>
<td>10% foreign buyers stamp duty</td>
<td></td>
<td>2011</td>
<td>Singapore</td>
<td>New</td>
</tr>
<tr>
<td>3% tax on 2nd home purchases (residents) and 3rd+ home purchases (locals)</td>
<td></td>
<td>2011</td>
<td>Singapore</td>
<td>New</td>
</tr>
<tr>
<td>Special stamp duty of up to 20% for properties resold within 2 years</td>
<td></td>
<td>2010</td>
<td>Hong Kong</td>
<td>New</td>
</tr>
</tbody>
</table>

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

"Vancouver’s luxury market has slowed since the introduction of various cooling market measures in late 2016 and again in early 2018, as buyers figure out the upshot of all these new taxes. That said, two months after this year’s measures were announced, pricing in our detached housing market has adjusted 8-10 percent, and activity has since increased with offers being made across the board at varying price points. This would indicate that the 10 percent adjustment is enough to incite buyers back into the marketplace.

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

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$54.6 million). Had it sold to a foreign buyer, he or she would have had to pay more than A$10 million (US$7.5 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

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

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
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; mudslides and wildfires in Portugal and California—were the highest on record. 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 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 Islands of St. 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.

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 St. Thomas, St. John and St. Croix. “It’s made us look like a very attractive value.”
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 Landscape 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 Florida’s Tampa Bay region ($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 kilometers 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.
Top International Residential Property Sales in 2017

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

Note: Due to space constraints, the chart above excludes nine additional residential transactions from Hong Kong’s Mount Nicholson development that sold for US$65 million and below.

*List price

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**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)
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.

“Position, view, amenities, and architectural merit” are all things the trophy home buyer desires.
A Snapshot of Trophy Asset Prices and Performance

How do luxury home sales compare with luxury goods sales trends across other collector categories? We ask our Christie’s colleagues for their insights on trends in trophy acquisitions in some of the top collecting categories.

- **$450m**
  - 2017 Top Fine Art Sale At Auction
  - Leonardo da Vinci’s “Salvator Mundi,” painted circa 1500*

- **$360m**
  - Top 2017 Real Estate Sale At Auction
  - Pollock’s Path Estate in The Peak, Hong Kong

- **$71m**
  - Top 2017 Jewellery Sale At Auction
  - An Oval-Cut Fancy Vivid Pink IF Diamond of 59.60 ct

- **$17.8m**
  - 2017 Top Watch Sale At Auction
  - “Paul Newman” Rolex Daytona Ref. 6239

- **$384k**
  - Top 2017 Handbag Sale At Auction
  - Hermès White Himalaya Crocodile Diamond Birkin*

- **$262k**
  - Top 2017 Wine Sale At Auction
  - 12-bottle Case of Domaine de la Romanée-Conti’s Romanée-Conti 1988*

Leonardo da Vinci’s Salvator Mundi—which sold at Christie’s in November 2017 for $450 million—not only became the most expensive work of art in history, but more than doubled the previous auction record. It was, said Christie’s CEO Guillaume Cerutti, “a great moment for Christie’s and a great moment for the art market.”

*Sold at Christie’s
A Snapshot of Trophy Asset Prices and Performance (continued)

Top 2017 Fine Art Sales at Auction

<table>
<thead>
<tr>
<th>#1 Highest-Priced Sale</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highest-Priced Sale</td>
<td>$450,300,000</td>
<td>$81,000,000</td>
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</table>

Average Sale Price

<table>
<thead>
<tr>
<th>Average Sale Price</th>
<th>2017</th>
<th>2016</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>$113,410,000</td>
<td>$55,711,000</td>
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Aggregate Value

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<thead>
<tr>
<th>Aggregate Value</th>
<th>2017</th>
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<tbody>
<tr>
<td></td>
<td>$1,134,100,000</td>
<td>$557,107,504</td>
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Year-on-Year Change in Aggregate Sold Value

<table>
<thead>
<tr>
<th>Year-on-Year Change in Aggregate Sold Value</th>
<th>2017</th>
<th>2016</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>104%</td>
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Top 2017 Jewellery Sales at Auction

<table>
<thead>
<tr>
<th>#1 Highest-Priced Jewellery Sale</th>
<th>2017</th>
<th>2016</th>
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<tbody>
<tr>
<td>Highest-Priced Sale</td>
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Average Sale Price

<table>
<thead>
<tr>
<th>Average Sale Price</th>
<th>2017</th>
<th>2016</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>$26,544,000</td>
<td>$37,400,000</td>
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Aggregate Value

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<thead>
<tr>
<th>Aggregate Value</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$265,500,000</td>
<td>$254,400,000</td>
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</table>

Year-on-Year Change in Aggregate Sold Value

<table>
<thead>
<tr>
<th>Year-on-Year Change in Aggregate Sold Value</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4%</td>
<td></td>
</tr>
</tbody>
</table>

2017 was a year of record-breaking jewellery sales at auction, following two years of strong market performance driven by the prices of colored diamonds which are rarer than white diamonds. “Nine world records were set by our department in 2017 and were driven by intense competition from collectors who bid at the highest levels for important diamonds, rare gems, and jewels,” says Rahul Kadakia, International Head of Jewellery at Christie’s. Records set at Christie’s included the largest diamond ever sold at auction which sold for $33.7 million and the ‘Pink Promise,’ a diamond ring that commanded $32.2 million, a new record price per carat for a pink diamond.

For all categories except real estate: Top 10 sales only reference publicly reported items sold at auction. Private sales are not included. Prices are listed in US dollars. Sources: Christie’s and various industry publications (see Bibliography for details)
“The overall market for top handbag collectors has matured in recent years,” says Matthew Rubinger, International Head of Handbags and Accessories at Christie’s, which set the world record for a bag sold at auction with the sale of a $383,522 (HK$2.98 million) Hermès Himalaya Birkin bag in November 2017, breaking the previous world record—also set by Christie’s—for a Himalaya Birkin which sold earlier in the year. “The most valuable bags are the diamond pieces, and the top collector pieces are the ones from the Himalaya family.”

*Sold at Christie’s*
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

<table>
<thead>
<tr>
<th>Property Name</th>
<th>Location</th>
<th>Country</th>
<th>Sale Price</th>
<th>List Price</th>
<th>Local Price</th>
<th>Sq Ft</th>
</tr>
</thead>
<tbody>
<tr>
<td>House 2 at Mount Nicholson</td>
<td>Hong Kong</td>
<td>Hong Kong</td>
<td>$178,344,000</td>
<td></td>
<td>HK$1,400,000,000</td>
<td>9,217</td>
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<tr>
<td>Malibu’s Carbon Beach</td>
<td>Malibu, California</td>
<td>United States</td>
<td>$110,000,000</td>
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<td></td>
<td>6,934</td>
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<tr>
<td>House 17 at Mount Nicholson</td>
<td>Hong Kong</td>
<td>Hong Kong</td>
<td>$99,376,000</td>
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<td>7,984</td>
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<td>Widenstein Townhouse</td>
<td>New York</td>
<td>United States</td>
<td>$90,000,000</td>
<td>$100,000,000</td>
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<td>20,000</td>
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<tr>
<td>Malibu Compound*</td>
<td>Malibu, California</td>
<td>United States</td>
<td>$85,000,000</td>
<td>Undisclosed</td>
<td></td>
<td>15,000</td>
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<tr>
<td>Seagram Heir Bel-Air Compound</td>
<td>Los Angeles</td>
<td>United States</td>
<td>$85,000,000</td>
<td></td>
<td></td>
<td>19,000</td>
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<tr>
<td>Mount Nicholson - Apartment</td>
<td>Hong Kong</td>
<td>Hong Kong</td>
<td>$75,500,000</td>
<td></td>
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<td>4,596</td>
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<td>Mount Nicholson - Apartment</td>
<td>Hong Kong</td>
<td>Hong Kong</td>
<td>$70,079,000</td>
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<td>4,266</td>
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<tr>
<td>The Getty Penthouse</td>
<td>New York</td>
<td>United States</td>
<td>$60,000,000</td>
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<td>10,000</td>
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<td>15 Central Park West Duplex</td>
<td>New York</td>
<td>United States</td>
<td>$50,000,000</td>
<td>$60,000,000</td>
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<td>5,400</td>
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<tr>
<td>Villa Maria Water Mill Estate</td>
<td>The Hamptons</td>
<td>United States</td>
<td>$49,000,000</td>
<td>$72,000,000</td>
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<td>20,000</td>
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<tr>
<td>443 Greenwich Penthouse</td>
<td>New York</td>
<td>United States</td>
<td>$43,788,000</td>
<td>$45,000,000</td>
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<td>8,569</td>
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<tr>
<td>Stonington Mansion</td>
<td>Melbourne</td>
<td>Australia</td>
<td>$42,000,000</td>
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<td>A$52,500,000</td>
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<tr>
<td>432 Park Avenue Residence</td>
<td>New York</td>
<td>United States</td>
<td>$42,000,000</td>
<td>$45,000,000</td>
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<td>7,748</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Property Name</th>
<th>Location</th>
<th>Country</th>
<th>List Price</th>
<th>Listed</th>
<th>Residence Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rare Detached House on The Peak**</td>
<td>Hong Kong</td>
<td>China</td>
<td>$445,900,000</td>
<td>2018</td>
<td>Single Family Estate</td>
</tr>
<tr>
<td>Le Palais Bulles/Bubble Palace**</td>
<td>Théoule-sur-Mer</td>
<td>France</td>
<td>$418,000,000</td>
<td>2015</td>
<td>Single Family Estate</td>
</tr>
<tr>
<td>Villa Les Cèdres</td>
<td>French Riviera</td>
<td>France</td>
<td>$418,000,000</td>
<td>2017</td>
<td>Single Family Estate</td>
</tr>
<tr>
<td>Odéon Tower Sky Penthouse</td>
<td>Monaco</td>
<td>Monaco</td>
<td>$359,000,000</td>
<td>2014</td>
<td>Apartment</td>
</tr>
<tr>
<td>Chartwell Estate**</td>
<td>Los Angeles</td>
<td>United States</td>
<td>$350,000,000</td>
<td>2017</td>
<td>Single Family Estate</td>
</tr>
<tr>
<td>Molokai Ranch</td>
<td>Hawaii</td>
<td>United States</td>
<td>$260,000,000</td>
<td>2017</td>
<td>Ranch</td>
</tr>
<tr>
<td>220 Central Park South Quadplex</td>
<td>New York</td>
<td>United States</td>
<td>$250,000,000</td>
<td>2017</td>
<td>Apartment</td>
</tr>
<tr>
<td>Sandow Lakes Ranch</td>
<td>Milla County, Texas</td>
<td>United States</td>
<td>$250,000,000</td>
<td>2016</td>
<td>Ranch</td>
</tr>
<tr>
<td>Deep Water Bay House**</td>
<td>Hong Kong</td>
<td>China</td>
<td>$230,000,000</td>
<td>2017</td>
<td>Single Family</td>
</tr>
<tr>
<td>The Manor**</td>
<td>Los Angeles</td>
<td>United States</td>
<td>$200,000,000</td>
<td>2016</td>
<td>Single Family Estate</td>
</tr>
<tr>
<td>The Beverly House</td>
<td>Los Angeles</td>
<td>United States</td>
<td>$195,000,000</td>
<td>2007</td>
<td>Single Family Estate</td>
</tr>
<tr>
<td>Billionaire**</td>
<td>Los Angeles</td>
<td>United States</td>
<td>$188,000,000</td>
<td>2017</td>
<td>Single Family Spec Home</td>
</tr>
<tr>
<td>Lonsdaleale Estate</td>
<td>St. Moritz</td>
<td>Switzerland</td>
<td>$185,000,000</td>
<td>2017</td>
<td>Single Family Estate</td>
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<tr>
<td>Jule Pond (Henry Ford Estate)</td>
<td>The Hamptons, New York</td>
<td>United States</td>
<td>$175,000,000</td>
<td>2017</td>
<td>Single Family Estate</td>
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<tr>
<td>Gemini</td>
<td>Manalapan, Florida</td>
<td>United States</td>
<td>$165,000,000</td>
<td>2015</td>
<td>Single Family Estate</td>
</tr>
<tr>
<td>Meadow Lane Oceanfront Estate</td>
<td>The Hamptons, New York</td>
<td>United States</td>
<td>$150,000,000</td>
<td>2018</td>
<td>Single Family Estate</td>
</tr>
<tr>
<td>West Creek Ranch</td>
<td>Gateway, Colorado</td>
<td>United States</td>
<td>$149,000,000</td>
<td>2017</td>
<td>Ranch</td>
</tr>
<tr>
<td>Villa on the Port</td>
<td>Monaco</td>
<td>Monaco</td>
<td>$143,000,000</td>
<td>2017</td>
<td>Single Family Estate</td>
</tr>
<tr>
<td>520 Park Avenue Penthouse</td>
<td>New York</td>
<td>United States</td>
<td>$130,000,000</td>
<td>2015</td>
<td>Apartment</td>
</tr>
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<td>Palazzo di Amore</td>
<td>Los Angeles</td>
<td>United States</td>
<td>$129,000,000</td>
<td>2014</td>
<td>Single Family Estate</td>
</tr>
<tr>
<td>Palazrate Barbados</td>
<td>St. Peter, Barbados</td>
<td>Barbados</td>
<td>$125,000,000</td>
<td>2015</td>
<td>Compound</td>
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<tr>
<td>Château de la Croix des Gardes</td>
<td>French Riviera</td>
<td>France</td>
<td>$120,000,000</td>
<td>2015</td>
<td>Single Family Estate</td>
</tr>
<tr>
<td>Cologny Manor</td>
<td>Geneva</td>
<td>Switzerland</td>
<td>$119,000,000</td>
<td>2016</td>
<td>Single Family Estate</td>
</tr>
<tr>
<td>Alassio Mediterranean Island</td>
<td>Alassio</td>
<td>Italy</td>
<td>$118,910,000</td>
<td>2018</td>
<td>Single Family Home/Island</td>
</tr>
<tr>
<td>Overbays Estate</td>
<td>Hong Kong</td>
<td>China</td>
<td>$114,800,000</td>
<td>2013</td>
<td>Single Family</td>
</tr>
<tr>
<td>Palais Vénitien</td>
<td>French Riviera</td>
<td>France</td>
<td>$113,000,000</td>
<td>2012</td>
<td>Single Family Estate</td>
</tr>
<tr>
<td>Woolworth Penthouse</td>
<td>New York</td>
<td>United States</td>
<td>$110,000,000</td>
<td>2017</td>
<td>Apartment</td>
</tr>
<tr>
<td>Beverly Hills Mountaintop Estate**</td>
<td>Los Angeles</td>
<td>United States</td>
<td>$110,000,000</td>
<td>2018</td>
<td>Single Family Estate</td>
</tr>
<tr>
<td>220 Central Park South Penthouse</td>
<td>New York</td>
<td>United States</td>
<td>$108,000,000</td>
<td>2017</td>
<td>Apartment</td>
</tr>
<tr>
<td>Las Varas Ranch</td>
<td>Goleta, California</td>
<td>United States</td>
<td>$108,000,000</td>
<td>2016</td>
<td>Ranch</td>
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<tr>
<td>Théoule-sur-Mer Manor</td>
<td>French Riviera</td>
<td>France</td>
<td>$107,000,000</td>
<td>2018</td>
<td>Single Family Estate</td>
</tr>
<tr>
<td>Barker Road Townhouse**</td>
<td>Hong Kong</td>
<td>China</td>
<td>$106,000,000</td>
<td>2018</td>
<td>Single Family Estate</td>
</tr>
<tr>
<td>Almanan Castle</td>
<td>Geneva</td>
<td>Switzerland</td>
<td>$100,000,000</td>
<td>2014</td>
<td>Single Family Estate</td>
</tr>
<tr>
<td>220 Central Park South Penthouse</td>
<td>New York</td>
<td>United States</td>
<td>$100,000,000</td>
<td>2017</td>
<td>Apartment</td>
</tr>
<tr>
<td>Islas Canoetlas**</td>
<td>Las Perlas Archipelago</td>
<td>Panama</td>
<td>$100,000,000</td>
<td>2015</td>
<td>Private Island</td>
</tr>
<tr>
<td>Merv Griffin Estate</td>
<td>Los Angeles</td>
<td>United States</td>
<td>$100,000,000</td>
<td>2016</td>
<td>Single Family Estate</td>
</tr>
</tbody>
</table>

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 rumored 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 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.

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

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<td>35 Melbourne</td>
<td>$770</td>
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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 to 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 third, fourth, and fifth residences to acquire as 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 renaissance 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 “Architects Row”—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: Gate 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
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.

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 Aries, Christie’s International Real Estate NY

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

<table>
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<tr>
<th>Name</th>
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<th>Type</th>
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<td>Metal Shutter Houses</td>
<td>Shigeru Ban</td>
<td>Residential</td>
<td>2008</td>
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<tr>
<td>HL-23</td>
<td>Neil Denari</td>
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<tr>
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<td>Selldorf Architects</td>
<td>Residential</td>
<td>2011</td>
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<tr>
<td>505W19</td>
<td>Thomas Juul-Hansen</td>
<td>Residential</td>
<td>2015</td>
</tr>
<tr>
<td>The Fitzroy</td>
<td>Roman and Williams</td>
<td>Residential</td>
<td>2017</td>
</tr>
<tr>
<td>Soori High Line</td>
<td>Soo K. Chan</td>
<td>Residential</td>
<td>2017</td>
</tr>
<tr>
<td>Jardim</td>
<td>Isay Weinfeld</td>
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<td>2017</td>
</tr>
<tr>
<td>515 Highline</td>
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</tr>
<tr>
<td>220 Eleventh</td>
<td>Zaha Hadid</td>
<td>Residential</td>
<td>2019</td>
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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 Neo-classical-style homes, as well as its 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 a 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.

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

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.

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:

**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

**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.

**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.

**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.
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: Azticou Azalea Garden is a stunning Japanese-inspired haven

San Pedro Garza García, Monterrey, Mexico
Population: 122,000
Luxury Price Range: $2M to $3M
Known to many as simply “Garza García,” 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 García.

Montreux, Reno, Nevada
Population: 25,000
Luxury Price Range: $2M to $5M
Montreux (pronounced “Mon-tree”) 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.

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.

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.
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

New York

Rome

Paris

Rome

Stockholm

Hannover

Zurich

Los Angeles

Miami

Dallas

San Diego

Buenos Aires

Detroit area

Chicago

Austin, Texas

Charlotte, North Carolina

Santa Fe, New Mexico

Park City, Utah

Charleston, South Carolina

Los Cabos, Mexico

Sarasota, Florida

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

Los Angeles

Miami

Fort Worth, Texas

Northwest Bergen County, New Jersey

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

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

Monaco

Typical property around the average luxury ppsf ($5,200)
Elegant apartment located in the prestigious "Parc Saint Roman."
*Asking Price*: $13.4 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

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

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

Chicago

Asking Price: $400

Atlanta, Georgia

Asking Price: $2.9 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

WWW.CHRISTIESREALESTATE.COM
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   org/users/50903-oecd/posts/20445-five-generation-work
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SECTION 2. THE POLITICIZATION OF PROPERTY OWNERSHIP
1. Dr. Eisenberg, Elliot. “The Late Great Mortgage Interest Deduc-
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2. “Additional Buyer’s Stamp Duty (ABSD).” The Singapore
   Stamp-Duty-for-Property/Working-out-your-Stamp-Duty/
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SECTION 3. THE IMPACT OF NATURAL DISASTERS ON PRIME PROPERTY MARKETS


SECTION 4. TROPHY HOMES — A SNAPSHOT OF TROPHY ASSET PRICES AND PERFORMANCE

All sale information reflects publicly reported auction sale data from various industry sources and is listed in US dollars. Items sold at Christie’s are denoted with an asterisk.

FINE ART


3. “Contraste de forms” (Fernand Léger) sold for $70 million in New York on 13 November 2017*; ibid.

4. “Sixty Last Suppers” (Andy Warhol) sold for $60.8 million in New York on 15 November 2017*; ibid.

5. “Bauerngarten (Blumengarten)” (Gustav Klimt) sold for £48 million ($59.3 million) in London on 1 March 2017; ibid.

6. “Le Meurtre” (Pablo Picasso) sold for $12.2 million in London on 7 December 2017; ibid.

JEWELLERY


HANDBAGS


4. “Bvlgari Crocodile Diamond Birkin 35” sold for $196,176 (Sale 14898, Lot 63*); Christie’s.

5. “Hermès: Rose Scheherazade Crocodile Diamond Birkin 30” sold for $176,176 (Sale 14557, Lot 3464*); Christie’s.


7. “Hermès: White Himalaya Madour Crocodile Reissue Kelly 32” sold for $144,184 (Sale 14712, Lot 3507*); Christie’s.

8. “Hermès: White Himalaya Madour Crocodile Reissue Kelly 32” sold for $126,565 (Sale 14898, Lot 139*); Christie’s.


WINE


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—unless otherwise noted.
- 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 five months of 2018.
- Supplementary market data for the following markets was compiled and sourced from:
  - 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
  - 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.
This report is intended to be an informative piece that outlines key areas of consensus and disagreement among residential real estate professionals in the luxury real estate market. Although prepared with careful analysis, it is not intended to be prescriptive or to imply endorsement of the findings by any of the parties, companies, or individuals involved in the discussions, research, or any other aspect of the development of this paper. The views, opinions, and data contained within this paper are the aggregate findings of a large group of residential real estate professionals and do not imply a view or opinion on the part of any of the companies represented, their members, employees, or agents. We make no express or implied warranties or guarantees with respect to the accuracy of any of the material presented, and, to the extent allowable under applicable law, we disclaim liability for any errors, inaccuracies, or omissions contained in these contents and for any loss or damages sustained by any party for any direct or indirect reliance on the material presented herein. This white paper does not necessarily reflect the views of Christie’s International Real Estate, Inc. or any of our other related companies or Affiliates.