

LUXURY MARKET REPORT

- January 2018 -

INSTITUTE *for*
LUXURY HOME
MARKETING®

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THIS IS YOUR LUXURY MARKET REPORT



MAP OF LUXURY RESIDENTIAL MARKETS

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

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

- LUXURY REPORT OVERVIEW -

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

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

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

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

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

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

REPORT GLOSSARY

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

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


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

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

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

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

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

A photograph of a modern dining room. In the foreground, a round wooden dining table is surrounded by six yellow upholstered chairs with dark wood frames. The table sits on a circular, multi-colored patterned rug. In the background, a large, dark wood bookshelf with glass doors holds various books and decorative items. A chandelier with multiple glass spheres hangs from the ceiling. Large windows on the right side of the room offer a view of greenery outside. The floor is a light-colored, polished material.

“Importantly, during the last few years, 2014 to 2017 did see the emergence of a new generation, as well as a marked increase in the number of ultra-wealthy, forming a distinct shift of the spending power of money from “inherited money” to “self-made money” as well as new emerging markets.”

NORTH AMERICAN LUXURY REVIEW | 2017


Welcome to 2018 and our review of 2017 and the expectations of the current luxury market in North America (US and Canada). In a snapshot, 2017 gave us a year of a strong, consistent, stable luxury market where, for the most part, luxury prices stabilized and a “new norm” was formed. Some spoke of the market softening and that the market had reached its peak, but the reality is that all markets will find a new plateau – and for luxury property prices and sales volumes – 2017 was the year.

Perhaps this new plateau was felt all the more keenly because of the longevity of the run on upward trending prices, fast turnover, and huge demand, but it should be remembered that the majority of this increase was simply the market adjusting itself back after the crash in 2008.

Importantly, during the last few years, 2014 to 2017 did see the emergence of a new generation, as well as a marked increase in the number of ultra-wealthy, forming a distinct shift of the spending power of money from “inherited money” to “self-made money” as well as new emerging markets. According to a recent report from Wealth-X, these new high net worth individuals are pushing the trend of business globalization through increased and unrelenting technology development and lifestyle mobility – they are the contributors to many of the world’s emerging markets and regard property as part of their wealth portfolio.

Other trends have also emerged over the last few years including increased buying activity in new markets such as the major cities of Texas and Colorado, the Tech industry cities of Silicon Valley and San Francisco, as well as increased push into more Asian populated cities such as Seattle. As the single-family luxury market plateaued, we also saw a trend of the high net worth investment money moving towards the attached luxury market in its search for financial opportunities.

As we move into 2018, the statistics indicate that this overall trend for North America will become our new norm and considered by many to be termed a “Balanced Market.” In the following monthly report compare 2016 averages against 2017 and there are a few surprises. However, overall the numbers are fairly consistent and therefore provide a stable luxury market, which is vital to global business and the new mobility trend.



“In the single-family luxury home market, the number of sales fell 5.3% alongside a slight price decrease of \$1,496,000 in November 2017 to \$1,468,750 in December 2017 [...] One of the most dramatic changes is the significant decrease of luxury listings coming on to the market, a decrease of over 38.5% from November 2017. ”

NORTH AMERICAN LUXURY REVIEW | **DECEMBER 2017**

Last month's real estate figures for North America show that residential property sales in the luxury market decreased by 6.7% over November 2017 while the median days on market increased from 31 to 41 days. Compared to December 2016, the median luxury home sale price has decreased by 2.1%, which may be the reason that days listed on the market have decreased to 45 days over 2016's median of 56 days. These figures are to be expected at this time of year as generally winter months are not considered strong months for selling homes.

In the single-family luxury home market, the number of sales fell 5.3% alongside a slight price decrease of \$1,496,000 in November 2017 to \$1,468,750 in December 2017. Surprisingly, compared to December 2016 the single-family luxury market saw a 3.1% increase against the median sold price of \$1,425,000. The median sold price to list price ratio remained steady at approximately 97% as did the length of time a property remained on the market, about 54-58 days.

One of the most dramatic changes is the significant decrease of luxury listings coming on to the market, a decrease of over 38.5% from November 2017. Many homeowners could be choosing to wait until the new year to list, and this will be an area we will review further in next month's report. Another unexpected twist is that the number of single-family home sales actual increased by 7.9% over December 2016.

In the attached luxury home market, the number of sales fell 10.3% compared to the previous month, but rose 8.5% compared to sales in December 2016. Although the median sold price dropped by 5% between November 2017 and December 2017, the general expectation is that this is a market that still has room for growth as the median sold price to list price ratio remained steady at approximately 98%. The length of time a property stayed on the market also remained stable, at about 39 days.

The attached property market is also seeing a significant decrease in luxury listings coming on to the market, though we have seen a 72% increase over December 2016.

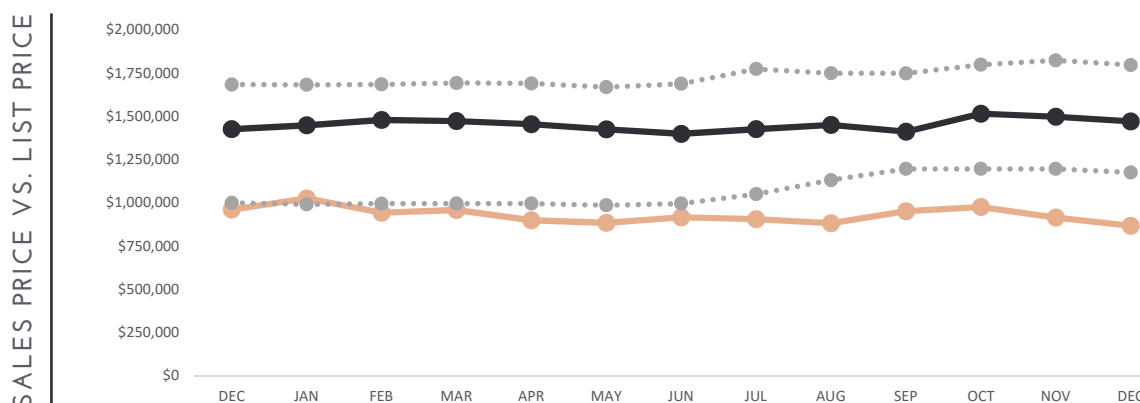
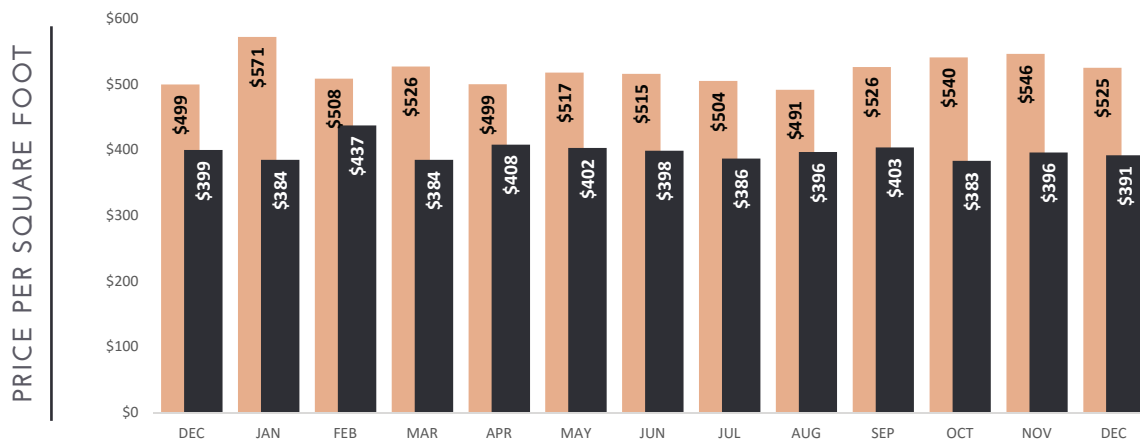
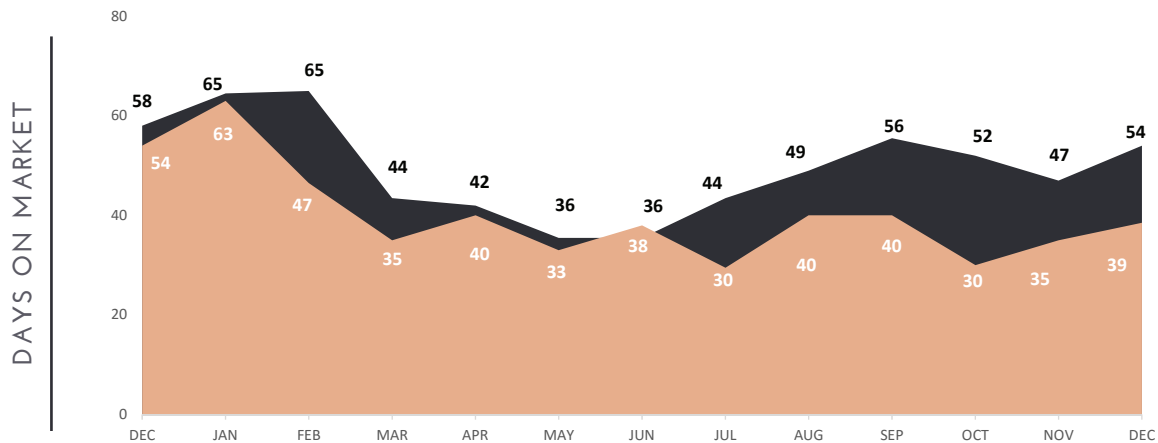
If the market continues to see a consistent rise in inventory without a reciprocal increase in sales, this will have a bearing on the average price of luxury homes across North America. However, it must be noted that this is a summary of the luxury trend for the whole of North America. For more specific information about a particular luxury market, please refer to its corresponding individual report, as trends vary dramatically depending on their location, time of year, and other local factors.

- 13 MONTH MARKET TRENDS -

FOR THE LUXURY NORTH AMERICAN MARKET

Single-Family Homes
 Attached Homes
 Single-Family List Price
 Attached List Price

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



- LUXURY MONTHLY MARKET REVIEW -

A Review of Key Market Differences Month Over Month

November 2017 | December 2017

SINGLE-FAMILY HOMES

	November	December		November	December
Median List Price	\$1,822,450	\$1,795,000	Total Inventory	24,390	21,347
Median Sale Price	\$1,496,000	\$1,468,750	New Listings	4,989	3,068
Median SP/LP Ratio	97.10%	96.74%	Total Sold	3,744	3,546
Total Sales Ratio	15.35%	16.61%	Median Days on Market	47	54
Median Price per Sq. Ft.	\$396	\$391	Average Home Size	3,487	3,655

Median prices represent properties priced above respective city benchmark prices.



SINGLE-FAMILY HOMES MARKET SUMMARY | DECEMBER 2017

- Official Market Type: **Balanced Market** with a **16.6% Sales Ratio**.¹
- Homes are selling for an average of **97% of list price**.
- The average luxury threshold² price is **\$1,057,00** the median luxury home sale price is **\$1,468,750**.
- Markets with the Highest Median Sales Price: **Vail** (\$3,700,000), **San Francisco** (\$3,600,000), **LA-Beach Cities** (\$3,486,000) and **Silicon Valley** (\$3,400,000).
- Markets with the Highest Sales Ratio: **San Francisco** (150%), **Seattle** (80%), **Sacramento** (51%) and **Silicon Valley** (38%).

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

- LUXURY MONTHLY MARKET REVIEW -

A Review of Key Market Differences Month Over Month

November 2017 | December 2017

ATTACHED HOMES

	November	December		November	December
Median List Price	\$1,195,000	\$1,175,000	Total Inventory	8,942	8,010
Median Sale Price	\$914,065	\$866,500	New Listings	2,061	1,385
Median SP/LP Ratio	98.34%	98.19%	Total Sold	1,439	1,290
Total Sales Ratio	16.09%	16.10%	Median Days on Market	35	39
Median Price per Sq. Ft.	\$546	\$525	Average Home Size	1,970	2,034

Median prices represent properties priced above respective city benchmark prices.



ATTACHED HOMES MARKET SUMMARY | DECEMBER 2017

- Official Market Type: **Balanced Market** with a **16% Sales Ratio**.¹
- Attached homes are selling for an average of **98% of list price**.
- The average luxury threshold² price is **\$720,000**, the median attached luxury sale price is **\$866,500**.
- Markets with the Highest Median Sales Price: **Vail** (\$3,350,000), **San Francisco** (\$2,297,500), **Maui** (\$2,111,500) and **Santa Barbara** (\$2,000,000).
- Markets with the Highest Sales Ratio: **Silicon Valley** (500%), **LA-The Valley** (88%), **LA-Beach Cities** (74%) and **Seattle** (63%).

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

- LUXURY MONTHLY MARKET REVIEW -

SINGLE-FAMILY HOMES

State	Market Name	Median List Price	Median Sold Price	Inventory	New Listings	Sold	Days on Market	Market Status
AB	Calgary	\$1,212,450	\$1,000,000	362	72	45	48	Buyers
AZ	Phoenix	\$799,000	\$649,900	684	111	129	73	Balanced
AZ	Scottsdale	\$1,795,000	\$1,350,000	1,292	133	95	64	Buyers
AZ	Tucson	\$770,000	\$655,000	718	83	81	33	Buyers
BC	Vancouver	\$3,998,000	\$3,324,000	1,008	117	46	54	Buyers
BC	Victoria	\$1,779,900	\$1,470,000	181	34	34	45	Balanced
CA	LA - Beach Cities	\$5,300,000	\$3,486,000	201	22	39	46	Balanced
CA	LA - City	\$4,190,000	\$2,906,500	544	74	92	48	Balanced
CA	LA - The Valley	\$2,325,000	\$1,766,695	343	59	84	59	Sellers
CA	Marin County	\$4,395,000	\$2,743,250	55	3	20	64	Sellers
CA	Napa County	\$2,595,000	\$2,075,000	71	5	10	101	Buyers
CA	Orange County	\$2,495,000	\$1,889,605	1,071	156	227	57	Sellers
CA	Palm Springs & Palm Desert	\$1,795,000	\$1,467,500	630	89	40	81	Buyers
CA	Sacramento	\$779,000	\$700,467	418	100	215	33	Sellers
CA	San Diego	\$2,300,000	\$1,552,500	841	153	206	44	Sellers
CA	San Francisco	\$4,191,500	\$3,600,000	16	5	24	22	Sellers
CA	Santa Barbara	\$4,485,000	\$3,089,000	179	4	29	116	Balanced
CA	Silicon Valley	\$6,988,000	\$3,400,000	77	18	29	9	Sellers
CO	Boulder	\$1,912,500	\$1,282,500	126	9	30	94	Sellers
CO	Denver	\$999,450	\$827,500	748	107	242	40	Sellers
CO	Vail	\$4,500,000	\$3,700,000	135	15	6	175	Buyers
DC	Washington D.C.	\$3,890,000	\$2,410,000	49	3	18	53	Sellers
FL	Boca Raton & Delray Beach	\$1,999,500	\$1,512,500	575	81	24	119	Buyers
FL	Miami	\$1,399,000	\$892,000	1,344	193	76	154	Buyers
FL	Palm Beach Towns	\$2,975,000	\$2,925,000	389	57	19	218	Buyers
FL	Sarasota & Beaches	\$1,599,777	\$1,427,500	493	72	40	96	Buyers
GA	Atlanta	\$1,195,000	\$960,028	1,083	130	127	62	Buyers
HI	Maui	\$3,495,000	\$2,400,000	93	26	5	-	Buyers
IL	Chicago	\$1,449,000	\$1,165,000	387	58	91	94	Sellers
MA	Boston	\$3,900,000	\$2,220,000	27	1	7	165	Sellers
MD	Montgomery County	\$1,772,500	\$1,548,080	268	34	54	57	Balanced
MI	Oakland County	\$744,900	\$600,000	879	120	108	34	Buyers
MO	St. Louis	\$749,500	\$703,750	141	26	26	44	Balanced
NC	Raleigh-Durham	\$699,995	\$652,447	781	98	185	22	Sellers
NV	Las Vegas	\$749,900	\$612,000	1,181	188	197	47	Balanced
NY	Staten Island	\$1,250,000	\$999,900	127	18	13	96	Buyers
ON	Toronto	\$3,450,000	\$3,125,000	241	58	30	28	Buyers
TN	Nashville	\$950,000	\$904,500	333	68	76	29	Sellers
TX	Austin	\$1,095,000	\$817,125	553	66	154	46	Sellers
TX	Dallas	\$1,149,000	\$951,000	507	70	141	51	Sellers
TX	Houston	\$825,000	\$720,313	1,485	240	279	90	Balanced
UT	Park City	\$3,599,000	\$2,265,000	247	25	17	73	Buyers
VA	Fairfax County	\$1,650,000	\$1,399,875	376	51	66	46	Balanced
WA	Seattle	\$2,231,500	\$1,489,500	88	16	70	18	Sellers

Median prices represent properties priced above respective city benchmark prices.

- LUXURY MONTHLY MARKET REVIEW -

ATTACHED HOMES

State	Market Name	Median List Price	Median Sold Price	Inventory	New Listings	Sold	Days on Market	Market Status
AB	Calgary	\$859,900	\$782,500	177.00	45.00	26.00	58.00	Buyers
AZ	Phoenix	–	–	–	–	–	–	–
AZ	Scottsdale	\$699,000	\$640,000	169.00	21.00	30.00	79.00	Balanced
AZ	Tucson	–	–	–	–	–	–	–
BC	Vancouver	\$1,994,900	\$1,838,000	379.00	86.00	49.00	20.00	Buyers
BC	Victoria	\$850,000	\$784,000	87.00	19.00	25.00	14.00	Sellers
CA	LA – Beach Cities	\$1,599,000	\$1,497,500	27.00	3.00	20.00	35.00	Sellers
CA	LA – City	\$1,595,500	\$1,240,000	204.00	27.00	64.00	42.00	Sellers
CA	LA – The Valley	\$709,500	\$694,500	64.00	23.00	56.00	50.00	Sellers
CA	Marin County	\$1,345,000	\$1,025,000	8.00	0.00	3.00	27.00	Sellers
CA	Napa County	–	–	–	–	–	–	–
CA	Orange County	\$1,175,000	\$973,500	223.00	36.00	90.00	34.00	Sellers
CA	Palm Springs & Palm Desert	–	–	–	–	–	–	–
CA	Sacramento	–	–	–	–	–	–	–
CA	San Diego	\$1,167,500	\$866,500	306.00	68.00	88.00	21.00	Sellers
CA	San Francisco	\$2,749,000	\$2,297,500	42.00	11.00	26.00	51.00	Sellers
CA	Santa Barbara	\$1,695,000	\$2,000,000	25.00	5.00	9.00	1.00	Sellers
CA	Silicon Valley	\$1,394,384	\$1,500,000	4.00	10.00	20.00	7.00	Sellers
CO	Boulder	\$839,000	\$771,265	31.00	11.00	15.00	11.00	Sellers
CO	Denver	\$699,000	\$672,567	342.00	70.00	154.00	32.00	Sellers
CO	Vail	\$3,147,500	\$3,350,000	86.00	25.00	7.00	179.00	Buyers
DC	Washington	\$1,995,000	\$1,600,000	101.00	21.00	38.00	13.00	Sellers
FL	Boca Raton & Delray Beach	\$897,000	\$685,000	406.00	61.00	37.00	55.00	Buyers
FL	Miami	\$995,000	\$830,000	2,685.00	325.00	67.00	183.00	Buyers
FL	Palm Beach Towns	\$1,300,000	\$930,000	233.00	42.00	11.00	115.00	Buyers
FL	Sarasota & Beaches	\$1,199,000	\$1,174,500	225.00	75.00	58.00	0.00	Sellers
GA	Atlanta	\$672,400	\$629,000	474.00	75.00	65.00	48.00	Buyers
HI	Maui	\$1,682,500	\$2,111,500	160.00	33.00	12.00	–	Buyers
IL	Chicago	\$1,310,000	\$862,000	80.00	14.00	9.00	45.00	Buyers
MA	Boston	\$2,650,000	\$1,937,500	164.00	20.00	44.00	54.00	Sellers
MD	Montgomery County	\$849,990	\$727,500	135.00	32.00	50.00	21.00	Sellers
MI	Oakland County	\$894,450	\$662,500	64.00	8.00	12.00	46.00	Balanced
MO	St. Louis	–	–	–	–	–	–	–
NC	Raleigh-Durham	–	–	–	–	–	–	–
NV	Las Vegas	–	–	–	–	–	–	–
NY	Staten Island	–	–	–	–	–	–	–
ON	Toronto	\$1,279,007	\$1,187,500	239.00	85.00	46.00	18.00	Balanced
TN	Nashville	\$739,350	\$655,000	82.00	13.00	13.00	20.00	Balanced
TX	Austin	\$742,000	\$680,000	147.00	25.00	24.00	76.00	Balanced
TX	Dallas	\$750,000	\$655,000	155.00	23.00	35.00	78.00	Sellers
TX	Houston	\$649,000	\$620,000	201.00	30.00	20.00	108.00	Buyers
UT	Park City	\$2,135,000	\$1,385,000	162.00	18.00	9.00	87.00	Buyers
VA	Fairfax County	\$685,035	\$705,000	77.00	21.00	29.00	29.00	Sellers
WA	Seattle	\$1,702,000	\$956,000	46.00	4.00	29.00	21.00	Sellers

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