

REAL ESTATE

Trump brand premium has vanished since announcing presidential candidacy

July 21, 2016



Trump Palace and Trump Royale, Sunny Isles, FL

By FORREST CARDAMENIS

Condominiums bearing the name of Donald Trump no longer see a boost in market performance, according to research from real estate brokerage firm Redfin.

Subscribe to **Luxury Daily**
Plus: Just released
State of Luxury 2019 **Save \$246 ▶**

Prior to the namesake's polarizing presidential run, Trump-branded condominiums long outperformed comparable residences on the market by virtue of the brand name. It is difficult to ascertain the degree to which politics and economics are responsible, but the study nevertheless suggests the Trump name has lost something in value.

"Our study carefully controlled for many factors in order to compare Trump-branded condos to other luxurious homes to ensure we were not comparing apples to oranges," said Nela Richardson, chief economist at Redfin. "We did, in fact, find that there was a Trump premium prior to his campaign and that it vanished in the first five months of 2016.

"Although this might be attributed to some of the negative press Mr. Trump has received, we can't conclusively make that claim based on housing market statistics alone," she said. "In order to do so one could survey buyers and sellers of Trump-branded condos to find out what's driving this trend, but even then you would be tracking opinion during a very heated political season."

The study compared Trump unit sales in the first five months of 2015 to those in the first five months of 2016. Overall, it covered 161 Trump units and 920 comparable properties in limited to sales in Hollywood Beach and Sunny Isles Beach, FL; Honolulu, HI; Chicago, IL; Las Vegas, NV; Jersey City, NJ; New Rochelle, NY; Shrub Oak, NY; and White Plains, NY.

Trump bump

In the first five months of 2015, before Mr. Trump announced his presidential run, Trump-branded units commanded a price 6.8 percent higher than similar homes overall, and 9 percent more per square foot. These numbers are controlled for size, number of bedrooms and bathrooms, location and other factors.

In 2016, these "Trump premiums" were reduced to a 1.7 percent premium for sales price and 4.6 percent per square foot, both deemed by Redfin as statistically insignificant figures highly unlikely to be related to the Trump branding.



Trump Tower Chicago

The valuation of Trump's name, from his beginnings as a real estate mogul to the successes of his books to his turn on hit reality TV show, "The Apprentice," has become apparent. The Trump name long ago ceased to be buildings owned by Trump as the brand founder became a licensee of his own name.

But even as Mr. Trump fought his way to the Republican presidential nomination on the strength of his business clout, outsider perspective and "make America great again" slogan, his favorability ratings have plummeted. The candidate has regularly come under fire for racist and misogynistic attacks, as well as for a refusal to discuss issues in depth or detail.

Polls regularly record Mr. Trump's unfavorability rating to be around 60 percent, with an even higher share of the public agreeing that he is unqualified to be president. With much of the public now actively disliking the namesake, demand for homes with his name may have fallen.

However, Redfin also cautions against attributing the changes in the past year to politics.

"Trump condos have lost the price advantage they enjoyed before the campaign and are starting to sell similarly to comparable condos," Ms. Richardson said. "While it is tempting to blame politics, it's likely that market conditions have changed, making it harder for uber-luxurious condos to fetch top dollar."



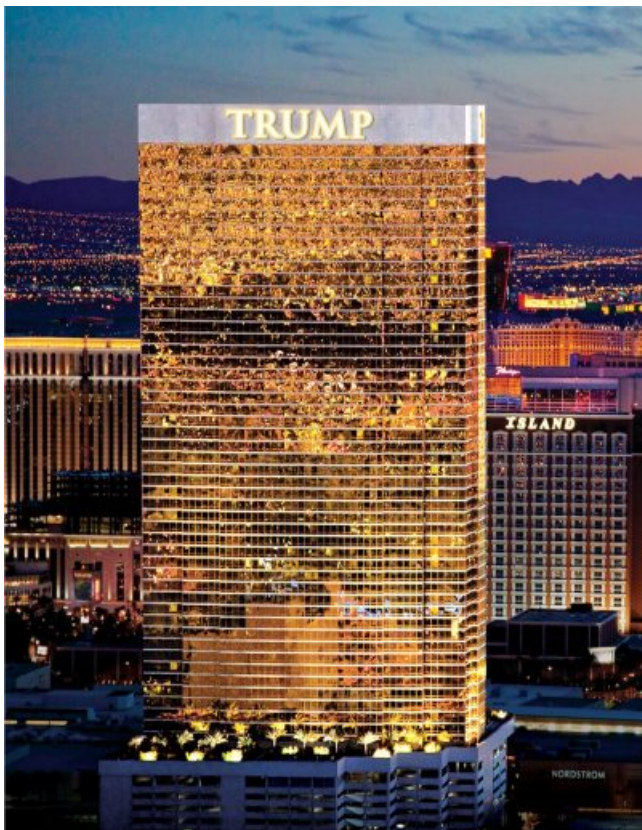
1 Central Park West Trump condo interior

"The luxury market has been fighting a chill since late last year and even the gold-plated faucets in Trump's bathrooms cannot overcome a slowdown in demand from wealthy buyers caused by the rocky global markets in 2016."

With overall demand for ultra-luxury condos slipping in response to numerous economic issues, it follows that buyers are not willing to pay a premium for a name, with more standard needs of comfort and security rising to the forefront.

With the dollar rising, foreign buyers could be looking elsewhere for homes. A national influx in luxury residences, including those with the names of other luxury hoteliers, could also be providing the Trump name with more competition.

Regional differences could also impact the "Trump premium." Homes near the mogul's hometown of New York might still receive benefits, while the Democratic leaning of Chicago, Las Vegas, Hollywood Beach and Sunny Isles Beach, FL might be detrimental to the Trump brand name to varying extents.



Trump International Hotel, Las Vegas

As Redfin notes, however, breaking down the results regionally could lead to unrepresentative findings due to minuscule sample sizes.

While not a subject of Redfin's study, [Yahoo Finance](#), who commissioned the study, notes that Trump hotel prices are low, too. In both Las Vegas and Toronto, rooms rates are much more favorable compared to the luxury

competitors in the neighborhood.

Political power

Regardless of whether or not Mr. Trump's political temper is also tempering the value of his name, experts are predicting that his presidency would not be optimal for home value growth.

Home values will end 2016 up 4 percent year-over-year, according to realty experts participating in Zillow's Home Price Expectations Survey.

The 4 percent number is slightly higher than the 3.7 percent that was predicted at the survey's prior conduction, a result of a more stabilized United States stock market and rebounding oil prices, among other factors. Further into the future, however, the U.S. president could play a large role in shaping the housing market's future, with Democrat presidential candidate Hillary Clinton viewed as significantly more favorable than Mr. Trump ([see story](#)).

Looking beyond Trump-branded residences, it's easy to believe numerous other factors are making it hard to isolate the political factor.

The luxury housing market is in a slump, with prices falling 1.1 percent in the first quarter of 2016 compared to the year-ago period, according to a previous report from Redfin.

Aside from a positive blip in 2015's fourth quarter, the market has been slowing since the third quarter of 2014, so the drop is not terribly surprising. With prices falling, buyers are taking advantage, and several cities are proving themselves as viable luxury hubs for the future ([see story](#)).

"One of the reasons why studying the real estate market is so exciting is because there are an endless number of factors to consider when trying to determine a trend," Ms. Richardson said. "Since in many cases purchasing a home is not just a financial decision but also an emotional one, the reputation or public perception of a property can certainly affect its value, whether positively or negatively.

"It's pretty rare to see a home with an actual brand name on it," she said. "But just like with any other brand, if it's reputation becomes tarnished it's stock tends to decline."