

REAL ESTATE

Trump's administration gives rise to luxury property price increase

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431 Wilton Ave in Palo Alto, California property courtesy of Redfin

By BRIELLE JAEKEL

Luxury properties are seeing significant gains following a stagnant 2016, after United States President Trump's promises of tax relief give wealthy consumers expectations for positive economic growth.

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Property prices are up 4.2 percent from last year, likely supported by the new White House administration, according to [new research from Redfin](#). The administration has also pushed price points in luxury home sales in Washington after President Trump's appointees have purchased extravagant properties.

"After tepid price growth in the luxury segment throughout 2016, the luxury market rallied at the start of the year with prices up 4.2 percent compared to last year," said Nela Richardson, chief economist at Redfin, Washington. "Luxury buyers may be acting on their optimism about the economic outlook thanks to President Trump's promises of large tax cuts for wealthy individuals and corporations."

Luxury housing increase

Redfin analyzes housing prices in more than 1,000 cities across the U.S. Luxury homes are defined as properties among the top 5 percent most expensive homes sold in the city in each quarter.



Secretary of State Rex Tillerson reportedly bought a \$5.5 million home.

The recent price growth of luxury homes across the U.S. is the highest gains seen since 2014. This is due to affluent individuals' expectations for oncoming tax cuts.

Growth of prices in sales in Washington saw a rise of 32.6 percent in the first quarter compared to the same quarter last year. This is due to newly appointed Secretary of Commerce Wilbur Ross and Treasury Secretary Steve Mnuchin purchasing homes for a price of more than \$10 million.

While the number of average homes for sale on the market is increasingly low, luxury homes are seeing growth. In the first quarter of 2017, homes priced at \$1 million or more saw an increase of 1 percent.

The higher priced houses are seeing even more growth in supply, with homes more than \$15 million increasing in number by 15 percent since this quarter last year.



Redfin luxury property in Florida

While Washington saw the most growth in price, St. Petersburg, FL followed close behind. Washington's average sale price in the luxury market was \$2.708 million, while St. Petersburg saw an average price in luxury of \$1.227 million.

Additional insight

Despite the uncertainty that the future of the housing market held while the election was near the end, overall housing prices hit the highest mark since 2006 in the third quarter of 2016, according to Knight Frank.

The global housing index by Knight Frank detailed results from Q3 of 2016 that showed an increase of 5.3 percent in the year up to September. The increase was its highest within two years, but U.S. prices then continued to exceed prices before the pre-financial crisis peak in 2006 ([see more](#)).

Since President Trump was elected in November, the prices of high-end real estate in the Washington Metro Area have been growing, according to another report from Buyer's Edge.

Buyers Edge compared the prices of properties sold before the election and those sold after, seeing a significant bump in the prices paid for more recent purchases, which it dubbed the "Trump Impact." Typically, presidents have a negligible impact on home value in the Washington area, but Mr. Trump's associations with the world of luxury appear to have broken the mold ([see more](#)).

"The average price of a luxury property in Washington, D.C. increased 32.6 percent compared to last year," Redfin's Ms. Richardson said. "This increase can be linked to multi-million dollar home purchases of several Trump appointees, including Treasury Secretary Steve Mnuchin, Secretary of Commerce Wilbur Ross and Secretary of State Rex Tillerson."

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