

REAL ESTATE

Threshold for lavish real estate on the rise

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10-bedroom home for sale, an example of luxury homes. Image credit: Trulia.

By BRIELLE JAEKEL

The lopsided real estate market, where the availability of homes priced more than \$1 million is more abundant than demand, has raised the limit of what is considered luxury to a much higher level.

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Today, \$5 million is considered the new \$1 million within luxury real estate, as affluent homebuyers seek bigger and better to showcase lavish lifestyles. A [new report from Trulia](#) shows that the number of homes valued at the \$1 million mark has quadrupled in 16 years, but \$5 million homes are increasing even faster.

"From the all the listings we reviewed, over 7,000, or 0.28 percent, were listed for \$5 million or more," said Cheryl Young, senior economist at Trulia, San Francisco. "These ultra-expensive listings represent the most luxurious homes available in the last year.

"Million-dollar homes are no longer the domain of exclusivity," she said. "\$5 million-plus homes are on the rise: Over the past year, the share of \$5 million-plus increased 19.8%, or two percentage more than \$1 million-plus homes."

Lavish living

San Francisco has the highest ratio of \$5 million homes, which make up 3 percent of its total market. Long Island, NY follows as a close second with \$5 million homes being 2.2 percent of the market.

Wealthy homebuyers are purchasing these lavish homes for the ample room to roam and their extra bedrooms, bathrooms and square footage. Trulia found that 86 out of the largest 100 metro areas have at least one or more homes listed for more than \$5 million.

Ultra-luxury properties as whole have more bathrooms than bedrooms, with more than 100 listings designed this way. This concept is a direct opposite to lower-end listings, which almost always have more bedrooms than bathrooms.



Estate priced at \$30,000,000. Image credit: Trulia.

These homes also have four times the amount of square footage than the average home in the United States.

While the extra bathrooms and acreage are a draw to wealthy consumers, it is really the location and spectacular views that can drive the price tag up to more than \$5 million. Amongst listings priced higher, the word "view" was noted in 87.8 percent more listings than those priced below \$5 million.

Penthouses make up a significant portion of this statistic, responsible for 30 percent of all listings over the \$5 million mark and only 1.5 percent of other listings.

Phrases alluding to waterfront properties are also significant with homes at this price point, being 60 times more frequent in this higher tier than other listings.



Listing in Rancho Mirage for more than \$9,000,000. Image credit: Trulia

Well-known architects and designers are also much more apparent in the \$5 million home group, being mentioned 44.7 and 14.1 times more, respectively, than listings priced below.

Additional insights

Despite a slightly weakened 2017, luxury housing in the United States is still booming, particularly in states such as Colorado and Hawaii.

According to another report from realtor.com, growth in the sales of luxury homes in 2017 slowed compared to 2016, but the market remains strong overall with high demand. Luxury real estate dealers will have to be smart about selling houses in key markets and fast growing cities such as Seattle and San Francisco ([see more](#)).

However, while new developments in luxury as well as demand from global investors are propelling the house-price dynamics in Manhattan, growth within top-of-the-line properties has already slowed in this region.

According to the UBS Global Real Estate Bubble Index 2017, Toronto is also at the greatest risk for a housing bubble, while San Francisco and Los Angeles are the most overvalued cities in the United States. Boston and New York were

revealed to be fair value, while Chicago is most undervalued ([see more](#)).

"In terms of the growth in high value homes, the rate of growth of \$5 million-plus homes is outpacing \$1 million-plus homes," Trulia's Ms. Young said. "In terms of what warrants price tags of more than \$5 million, not surprisingly high-end buyers seek homes that check off the best in terms of location, property size, leisure amenities and bespoke design features but a few things jumped out.

"These \$5 million-plus homes come with more bathrooms than bedrooms," she said. "They have a median number of six bathrooms vs. five bedrooms.

"Also, while these the homes are larger in square footage and come with greater acre, people will also pay for some extreme amenities such as bulletproof glass and 24-karat gold fixtures."

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