

REAL ESTATE

Wealthy owners' passion for London supports \$6K per-square-foot price

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Development in London, showing the city's popularity with the affluent. Image credit: Knight Frank.

By BRIELLE JAEKEL

A new report from Coldwell Banker shows London, New York, Tokyo, Sydney and Paris are the top cities of choice for affluent homebuyers.

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According to [the Global Luxury report by Coldwell Banker and Luxury Home Marketing](#), London's luxury segment is the most expensive in the world with prices reaching \$6,000 per square foot. New York is a close second, as home to 8,375 ultra wealthy individuals, but the city saw prices level off last year.

"Each time we release The Report, the top buyer and seller luxury markets always pack some surprises," said Craig Hogan, vice president of Luxury for Coldwell Banker Real Estate. "The concentration of wealth varies greatly depending on current events and shifting demographics, which both introduces unexpected luxury markets and bolsters existing luxury markets."

Luxury real estate

Florida could be the next powerhouse in terms of luxury real estate markets, suggests the report.

Boca Raton and Miami, Florida are set to become the top two markets for buyers in luxury housing, with median inventory list price at almost \$2 million. But, Denver, CO will likely be beneficial to sellers looking to do well in real estate.



Sotheby's listing in Denver, Colorado. Image credit: Denver.

While the luxury market in the United States saw an abundance of listings in the middle of the summer last year, by the end of 2017 listings became less available.

Brooklyn, New York was one of the most significant "in-demand" markets, while Manhattan saw lower total sales by the end of the year.

However, New York is home to the world's tallest residential building that has entered the record books in dollar amount, holding the most expensive sales.

New York's 432 Park Avenue, developed by CIM Group and Macklowe Properties, has surpassed \$2 billion in unit sales, greater than any single residential project in the city. The 1,396-foot residential condominium features luxury apartments with amenities reflective of a high-end hotel and has 48 residents who have closed at \$20 million ([see more](#)).

Los Angeles still retains its place as a powerhouse for sellers in luxury, but a few markets within the city have struggled with price drops. The city's beach towns, for instance, saw prices consistent with sitting on the market for an extended period of time.

Beverly Hills, Hollywood and Downtown supported a \$1,084 price per square foot average in Los Angeles, with an increase of 11 percent in homes sold for more than \$5 million.



Teles Properties listing in Los Angeles. Image credit: Teles Properties.

The financial cities across the world are still retaining the top wealthy citizens with the greater New York area ranking as the top area for wealthy consumers.

Future of wealth

Coldwell Banker's report predicts that the total net worth coming from the ultra wealthy worldwide will exceed \$46.2 trillion by the year 2020. There will also likely be upwards of 318,000 ultra-high-net-worth individuals.

The tax reform bill passed by Congress late last year is poised to have an effect on the country's luxury real estate industry as buyers consider moving across state lines to deal with tax rate changes.

A report from Redfin found that 38 percent of prospective home buyers cited high taxes as the primary economic concern that would shape their purchasing decisions. Now that the law has been passed, these concerns may diminish for more affluent customers while increasing for those less well off ([see more](#)).

"We were most surprised to see that 14 of the 20 contenders for Amazon's new second headquarters (HQ2) appeared on The Report's Power Markets list," Coldwell Banker Real Estate's Mr. Hogan said. "This new Amazon hub will bring plenty of job growth and is destined to strengthen its local luxury market wherever it may land."

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