

REAL ESTATE

## Luxury home price growth continues to slow: Redfin

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*San Jose and the Bay Area continue to dominate luxury real estate in the U.S. Image credit: Redfin*

By SARAH RAMIREZ

The growth rate for luxury homes in the United States continues to slow, as the most expensive homes reached an average price of \$1.7 million in the third quarter.

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According to Redfin, this is a jump of 3.2 percent year-over-year, the lowest growth rate since the fourth quarter of 2016. The average luxury home price is also a decline from the second quarter of 2018, when the average luxury home cost \$1.9 million ([see story](#)).

"We have seen homes go under contract faster every year since 2015," said Daryl Fairweather, chief economist at [Redfin](#), Seattle. "Buyers are able to look at more homes more quickly in part thanks to real estate technology."

Redfin surveyed more than 1,000 cities across the United States, and considers homes with sales prices within the top 5 percent as luxury.

### Bay Area boost

Since 2015, luxury homes have continued to go under contract at a faster pace. In the second and third quarters of 2018, luxury homes were on the market for an average 65 days before going under contract.

San Jose, CA is among the most competitive luxury markets, with homes finding buyers an average of 19 days after being listed. The other speediest markets on the West Coast include Oakland, CA; Seattle and San Francisco, where homes are listed for an average of 34 days.



*Luxury homebuyers are finding Reno more affordable. Image credit: Redfin*

Buyers relocating out of the Bay Area are finding themselves more able to afford luxury homes. Luxury home prices were up 29.6 percent in Reno, NV, propelled by people who sold more modest homes, million-dollar homes in San Francisco and the surrounding area.

Meanwhile, luxury real estate in Florida was more of a mixed bag in the third quarter of 2018.

West Palm Beach saw the average luxury home price reach \$1.7 million, a 54.5 percent boost year-over-year. However, less than 100 miles to the north, Vero Beach, FL saw luxury home prices fall 46.1 percent to \$1.4 million.

Across Florida, cities including St. Petersburg, Fort Lauderdale and Sarasota saw high-end home prices drop between 8 and 17 percent.



*Sarasota saw luxury home prices drop in Q3 of 2018. Image credit: Realtor.com*

Nationwide, only 1.5 percent of homes are being sold above asking price.

The number of sales of homes priced at or above \$2 million was up 3.2 percent in the third quarter of 2018 compared to a year earlier. However, inventory of such homes was down 6.0 percent year-over-year.

#### Additional insights

Outside of the West Coast and warm-weathered Florida, luxury homes in Ashburn, VA part of the Washington D.C. metropolitan area are selling in just 23 days.

Ecommerce giant Amazon recently announced its plans to open a new headquarters Northern Virginia, the surrounding real estate markets are bracing for major changes. Amazon will be building office space in an area the company is dubbing National Landing, which includes parts of nearby neighborhoods Potomac Yard, Crystal City and Pentagon City ([see story](#)).

Beyond the United States, luxury real estate prices are also growing more slowly.

According to Knight Frank, the rate of growth in the third quarter of 2018 has been the slowest in the last six years and is the third consecutive quarter of average price decline. Nearly three-quarters of prime cities saw an increase of prices year-over-year ([see story](#)).

"A great deal of the slowing price growth among luxury homes can be explained by the stock market, a strong indicator of luxury homebuyers' wealth, or at least their perceived wealth," Dr. Fairweather said. "The swings many

people have been watching in their stock portfolios have only grown more frequent in recent weeks, so we expect this trend of slowing luxury home price growth to continue at least into the end of the year."

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