

REAL ESTATE

Southern California home to most expensive, strongest seller's markets

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LA's coastal cities had the highest median price per square foot in 2018. Image credit: Coldwell Banker

By SARAH RAMIREZ

The Los Angeles-Beach metro area was the most expensive luxury market last year, edging out other American cities with the costliest median price per square foot for single homes.

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According to Coldwell Banker's [State of Luxury 2019](#) report, both well-established and emerging luxury markets offer opportunities for affluents looking to invest in residential real estate. "Power markets" across the United States have several common denominators that make them attractive for luxury buyers.

"No two markets are identical, but luxury home prices held up overall in 2018," said Craig Hogan, vice president of luxury for [Coldwell Banker Real Estate](#), Chicago. "Factors including increasing inventory levels, elevated pricing and to a lesser degree rising interest rates, all played a role in a moderation in the pace of luxury home sales.

"We're also seeing a trend among wealthy individuals who prefer owning multiple homes in several countries, especially across the borders in North America," he said. "Most U.S. millionaires own multiple homes, and demi-billionaires with a net worth of at least \$500 million own nearly 10 homes on average."

For the annual report, the Coldwell Banker Global Luxury program collaborated with The Institute for Luxury Home Marketing to analyze the top 5 percent and 10 percent of active and sold listings in 2018.

Power markets

Leading luxury housing markets tend to be destinations in their own rights. Among the characteristics they share are airport accessibility, ease of doing business, presence of prestige brands and housing options that emphasize exclusivity, privacy and views.

The Los Angeles-beach area, including coastal cities such as Santa Monica and Malibu, had a median price per square foot of \$1,398 in 2018, making the top 10 percent of single-family homes the most expensive in the country. The top five percent of homes in the market were priced at a median of \$1,699 per square foot, compared to median prices of \$1,101 and \$561 per square foot in the city limits and the Valley, respectively.



The most expensive condominiums were found in Vail, CO. Image credit: Coldwell Banker

Luxury condominiums in Vail, CO were the most costly in 2018, with a \$1,629 median price per square foot. Single-family homes in the popular skiing destination had a median price per square foot of \$655.

Both Los Angeles beaches and Vail are luxury buyers' markets, but Los Angeles leans a little more balanced.

The top five luxury buyer's markets of 2018 include Maui, HI; Palm Beach, FL; Washington, D.C.; Kauai, HI and Brooklyn, NY.

In Maui, the median price per square foot of a single-family luxury home was \$700. The top 10 percent of homes stayed on the market a median of 206 days.



Raleigh had the lowest median marketing time in the country. Image credit: Coldwell Banker

2018's top five luxury sellers' markets include the Los Angeles Valley; Detroit, MI; Las Vegas; Boulder, CO and Raleigh, NC.

Based on the top 10 percent of homes, Raleigh had the shortest market time for single-family homes at three days. The median price per square foot rose 7 percent from 2017 to hit \$183.

Additional context

Last year's Coldwell Banker report suggested Florida could be the next powerhouse in terms of luxury real estate markets.

Boca Raton and Miami, FL were set to become the top two markets for buyers in luxury housing, with median inventory list price at almost \$2 million. Denver, CO was also expected to be attractive to sellers looking to do well in real estate.

In 2017, a few markets within the Los Angeles area 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 ([see story](#)).

Rising real estate prices are not always indicative of a healthy market.

Although the average sales price for luxury homes in the United States rose nearly 5 percent in the fourth quarter of 2018, the sales of homes priced at \$2 million and above fell year-over-year.

According to Redfin, the average sales price of luxury homes rose to an average of \$1,772,000 to end 2018. With the supply of luxury homes listed at more than \$2 million declined during 2018, the number of sales of such homes fell

3.9 percent annually in the fourth quarter ([see story](#)).

"Home sales at the million-dollar price point and higher have risen dramatically," Mr. Hogan said. "Luxury markets such as Seattle, Denver, Dallas, Austin, Atlanta and Greenwich, Connecticut are high-end markets to watch."

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