

REAL ESTATE

Luxury real estate sees slight turnaround in Q2

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Luxury homebuyers are finding Nevada more affordable. Image credit: Redfin

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Luxury real estate prices saw a modest rebound in the second quarter after a slump earlier this year.

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According to a new report from Redfin, the average sales price for a luxury home in the second quarter of 2019 was \$1.64 million, a 1 percent bump year-over-year. However, sales of homes priced at more than \$1.5 million fell for the third straight quarter.

For its quarterly report, Redfin surveyed more than 1,000 cities across the United States, excluding New York. The research considers homes with sales prices within the top 5 percent as luxury.

Mixed results

Luxury home prices saw a minor gain amid falling sales and increased inventory, suggesting that the market remains weak.

Nonetheless, this marks a return to the trend of slow growth in luxury real estate after a drop in the first quarter.

At the start of 2019, sale prices for luxury homes fell for the first time in three years, as prices declined almost 2 percent year-over-year. In the largest luxury sales decline since 2010, sales of homes priced at \$2 million and above declined by double digits ([see story](#)).

Year-over-year, sales of homes priced at or above \$1.5 million dropped 4.6 percent in the second quarter. Meanwhile, sales of homes priced under \$1.5 million which includes luxury homes in some markets fell 6.7 percent from the previous year.

For the fifth straight quarter, luxury home supply increased. Inventory of homes valued at \$1.5 million and above grew by 18.7 percent, the biggest jump since 2017.

Although only 1.3 percent of luxury homes sold above the listing price, time on the market dropped by three days in the second quarter 2019. On average, high-end properties went under contract in 68 days.

Warm weather markets saw some of the biggest gains in luxury real estate prices, led by Paradise, NV. The city,

which is a suburb of Las Vegas, saw the average luxury home price climb 46.8 percent to \$1.08 million.

Another Las Vegas suburb, Henderson, NV, experienced a 16.4 percent year-over-year increase in luxury home prices for an average of \$1.22 million. Three cities in Florida landed among the top 10 for the sharpest growth, with Fort Lauderdale, FL seeing prices jump 35.6 percent to an average of \$3.64 million.

Outliers include northeast cities Boston, MA and Philadelphia, PA, which experienced price jumps of 37.7 and 20 percent, respectively. At an average sales price of \$4.71 million, Boston also boasts the most expensive luxury average among the cities with price gains.

Continuing a trend, the most expensive real estate markets saw the largest declines in luxury home prices.

Longmont, CO saw a drop of 27.4 percent to an average luxury real estate price of \$1.19 million. Honolulu, HI had the greatest average luxury home price at \$2.91 million, a decrease of 12.5 percent.

Coming and going

Additional expenses hold sway on real estate decisions, even among those considering luxury listings.

High taxes and driving costs are pushing consumers out of pricey metro areas into less populated cities with lower income taxes, according to another recent report from Redfin.

Phoenix, AZ has seen the greatest influx of the real estate firm's users in the past quarter as those in big metro areas such as New York and Los Angeles are no longer holding on to long-term residences. New York and San Francisco saw the greatest number of residents migrating from their cities ([see story](#)).

The home buying experience also continues to evolve.

Retail giant Amazon is extending its influence to another category with the launch of a new service in partnership with real estate firm Realogy, in a move that will likely disrupt the home market.

Together, the partners are debuting TurnKey, a service that leverages Realogy's position and expertise in real estate with Amazon's retail footprint, to offer an end-to-end experience that starts with the search and ends with a set-up home. Buying a home and moving can be a stressful ordeal, and TurnKey aims to streamline the transition to a new address ([see story](#)).