

REAL ESTATE

Manhattan, Los Angeles and San Diego rank as top US luxury property markets: report

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My Affordable Luxury's survey evaluates U.S. cities with the most expensive luxury property markets. Image credit: My Affordable Luxury Magazine

By ELLEN KELLEHER

The luxury housing market looks to be in relatively good shape going into 2021 thanks to feverish sales activity over the last six months and the fact that affluents have been shielded from the economic severity of the pandemic.

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While cities still face real estate slowdowns due to wealthy buyers fleeing to suburbia to escape lockdowns, Manhattan, Los Angeles, San Diego and San Francisco remain the most expensive markets in the United States. However, stark differences divide one luxury property market from the next, according to a [new report](#) by *My Affordable Luxury Magazine*.

"One key insight is that the luxury real estate market has a very different dynamic compared to the overall market," said Salomea Restea, a spokesperson for *My Affordable Luxury Magazine*, New York. "Some of the most expensive and well-established luxury markets are in cities where the average house price would indicate a much more modest ranking."

The survey evaluated the top 10 percent of real estate across the U.S. listed on Zillow and Redfin, priced at \$500,000 or higher, in December. The median listing prices were sourced from Redfin.

Trends explained

Per the report, Manhattan still ranks as the priciest luxury market in the country, with the least expensive luxury property listed for nearly \$6.5 million. The size of the luxury real estate market in Manhattan is notable as there are over 1,000 properties listed above \$6.5 million.

The pandemic's arrival is shifting the balance of power in Manhattan and putting buyers in the driver's seat.

"Smart buyers are securing luxury penthouses, new developments and supersized space at large discounts," said Mara Flash Blum of Sotheby's International Realty in conversation with *My Affordable Luxury*.

Top 10 Cities with the Most Expensive Luxury Markets in the U.S.

Ranking	Market	Starting Point for Luxury Property	Median List Price
1	Manhattan	\$6,495,000	\$1,300,000
2	Los Angeles	\$4,499,000	\$975,000
3	San Diego	\$3,200,000	\$749,000
4	San Francisco	\$3,150,000	\$1,350,000
5	Boston	\$2,795,000	\$799,000
6	Honolulu	\$2,450,000	\$555,000
7	Brooklyn	\$2,200,000	\$900,000
8	San Jose	\$1,999,000	\$999,000
9	Washington D.C.	\$1,895,000	\$640,000
10	Dallas	\$1,850,000	\$425,000
10	Charleston	\$1,850,000	\$441,000

Source: Analysis by myaffordableluxury.com

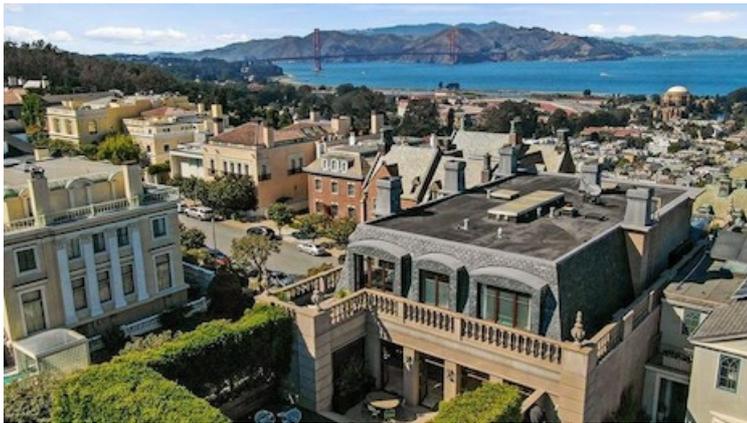
Image credit: My Affordable Luxury Magazine

In second place is Los Angeles, which features hundreds of homes above \$5 million. With the median sales price in the Californian city's luxury segment up 33 percent year-on-year in the third quarter of 2020, there has been a rush to buy L.A. homes with offices, gyms and private outdoor spaces, per the report.

A surprise contender in the ranking is San Diego, which pulled ahead of well-established markets such as San Francisco and Boston to finish in third-place thanks to its proximity to the beach and gorgeous weather. The minimum price for a luxury property in the city is \$3.2 million while the median list price is \$749,000.

San Francisco and Boston, meanwhile, boast the fourth and fifth priciest luxury markets in the country.

In San Francisco, the property market tends to be homogenous as there is a lack of trophy homes priced at \$30 million or above which are easily found in Manhattan or Los Angeles. Condominiums have taken a hit in high-density areas of San Francisco this year while sales of high-end single family homes have rebounded.



Downtown San Francisco lacks higher-end trophy properties worth more than \$30 million. Image credit: Redfin

Rounding out the list of the top five markets is Boston where luxury property is priced at \$2.795 million or above.

The city's downtown suffered its share of setbacks this year similar to downtown San Francisco and Manhattan. A glut of unsold condos sits on the market in central Boston, per the report.

Other property markets drawing attention in the survey include Honolulu and Hawaii, where the number of luxury properties sold in 2020 in the state kept pace with 2019 sales.

Brownstones in Brooklyn remained popular this year, despite a slowdown in its luxury market. In October, three times more contracts were signed for townhomes year-over-year, per the report.

Lastly, San Jose, Washington D.C., Dallas and Charleston also finished in the list of top ten property markets.

Per the report, San Jose in California is a strong sellers market and high demand from buyers coupled with low inventory is pushing prices higher. In Washington D.C., a booming sales market is being matched by a crash in the luxury rentals market, while Dallas and Charleston remain the most expensive luxury markets in the South.

Wealthy fare better amid pandemic

As the pandemic had a lesser impact on high-net-worth individuals, sales of the most expensive homes in the United States are far outpacing sales of medium-priced ones.

According to Coldwell Banker's Global Luxury's report "2020: A Look at Wealth: New Affluent Trailblazers," demand for the most exclusive properties is surging, with the median price of a luxury property climbing to roughly \$1.4 million for a single-family home at the end of March 2020 ([see story](#)).

Indeed, supply has shrunk in many markets and housing priorities have shifted for many prospective and current homeowners.

Per another 2020 report from Redfin, sales of U.S. luxury homes climbed 41.5 percent in the third quarter from the year-ago period, marking the biggest jump in prices seen since 2013.

Underlining the disparity in how COVID-19 is playing out across the U.S., this rise compares to just a 3 percent increase in sales of medium-priced homes and a 4.2 percent fall in affordable home prices ([see story](#)).

The situation could change further if remote work and remote school become more acceptable practices in the years ahead.

"It's hard to predict how our post-pandemic world will look," *My Affordable Luxury's* Ms. Restea said. "One trend that will probably continue and play a key role in the development of luxury markets is the desire to live in places that offer a great lifestyle, culture and lower taxes."

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