

REAL ESTATE

Luxury home sales surge, as prices, new listings climb

April 23, 2021



Miami saw triple-digit growth in luxury home sales year-over-year. Image credit: Redfin

By SARAH RAMIREZ

Sales of luxury homes in the United States continue to climb, as affluents take advantage of newfound work flexibility and low mortgage rates to buy high-end residences.

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According to new data from real estate brokerage Redfin, luxury home sales climbed almost 42 percent year-over-year in the first quarter of 2021. Luxury homes are also selling faster and often above asking price, further fueling a competitive market, particularly in vacation destinations.

"With a huge shortage of affordable homes for sale, many non-luxury homeowners are hesitant to put their properties on the market because they're worried [that] they'll have trouble finding their next house," said Daryl Fairweather, chief economist at Redfin. "This isn't as big of an issue for luxury homeowners since there's a relative abundance of high-end homes to choose from."

Redfin defines luxury homes as those with sales prices in the top 5 percent of a market.

Sales stay strong

While sales growth has typically followed similar trends across price tiers, growth of luxury homes is greatly outpacing the rest of the market.

For the three months ending March 31, luxury home sales grew 41.6 percent y-o-y compared to home sales in the "expensive" tier, which grew by 15.3 percent. Sales of the most affordable homes increased by 14.7 percent, while mid-priced and affordable homes saw single-digit growth.



The median time on the market for a luxury home in Seattle is less than one week. Image credit: Redfin

In the U.S., housing demand is exceeding supply, but this discrepancy is less pronounced in the luxury market further helping push high-end home sales.

The number of luxury homes listed for sale dipped 5.1 percent y-o-y in Q1, the smallest decline across price tiers. While active luxury listings have declined, more high-end homeowners continue to place their properties on the market fueling 15.8 percent growth y-o-y in new listings during Q1.

Luxury home sellers may be motivated by falling marketing time and increasing sales prices.

High-end homes spent a median of 61 days on the market in the first quarter selling 38 days faster than luxury homes in Q1 2020. Although luxury homes tend to be on the market longer than less expensive properties, this was the steepest decline in listing time across price tiers.

With luxury inventory limited and moving quickly, luxury prices jumped 14.7 percent y-o-y to a median sales price of \$975,000.

The 49 most populous metro areas in the U.S., excluding New York City, all recorded increases in luxury home sales.

Miami saw the strongest growth in luxury homes sales during the first quarter at 101.1 percent well above double the national average of 41.6 percent. The coastal city also saw its median luxury sales price climb 18.5 percent to \$2.15 million.



Luxury home sale prices were up 25 percent in Phoenix y-o-y. Image credit: Redfin

Meanwhile, San Francisco recorded the highest median sales price of \$4.7 million, a modest 0.9 percent increase. Home sales increased by 52 percent while marketing time fell by 13 days to a median of 16 days.

Only Boston saw median luxury home prices fall, with a dip of 0.7 percent to \$1.86 million. Phoenix recorded the strongest luxury home price growth, with sales prices up 25 percent to a median of \$1.25 million.

Focus on luxury

As luxury real estate markets across the U.S. continue to see strong growth, Redfin has expanded its offerings for high-end home sellers to new regions.

In March, Redfin Premier launched in several new markets, including Los Angeles, San Francisco, Seattle and Washington, DC. The brokerage also added new digital services, such as HD video tours for its Premier listings to reach more domestic and international luxury home buyers ([see story](#)).

Redfin Premier was already available in several U.S. markets, including Boston, Chicago and San Diego. Homes priced at more than \$1 million automatically qualify for Redfin Premier, although the threshold is \$1.5 million in the San Francisco Bay area.

Interest in million-dollar-plus homes among affluents in the United States continues to climb, nearly a year into the COVID-19 pandemic.

In January, more than one in 10 saved searches on Redfin.com filtered for homes priced at \$1 million and above, a four-year high. This is up from 8.5 percent in January 2020 ([see story](#)).

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