

REAL ESTATE

Lifestyle is replacing location: Forbes Global Properties

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Residence in Beverly Hills, California. Image credit: Hilton & Hyland

By NORA HOWE

With lingering effects of the COVID-19 pandemic matched with increased buyer demand, a shift in luxury home purchasing behavior continues to shape the market.

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According to Forbes Global Properties' [2021 Year-End Market Perspective](#) report, 2021 median prices considerably outpaced 2020 as wealth creation and capital availability significantly accelerated. With changing priorities, the focus on lifestyle over location caused an increase in demand for luxury amenities and second homes.

"The performance of the international luxury property sector over the past twelve months, and that of our growing network, has been nothing short of extraordinary," said Jeff Hyland, president and cofounder of [Forbes Global Properties](#), in a statement.

"A significant period of time spent at home, coupled with a growing population of high-net-worth individuals, dramatically amplified interest in luxury property acquisitions and second home purchases."

Findings for this report were drawn from the performance and insights of more than 2,400 Forbes member brokerages in 140 locations across 11 countries.

Changing markets

A significant decrease in housing inventory matched with increased buyer demand drove prices.

U.S. markets such as Lake Tahoe saw gains of 29 percent, while southern California's Ventura County and Scottsdale, Arizona also saw double-digit growth of 28 and 24 percent, respectively.



Casa Tres Cervezas in San Miguel de Allende, Mexico. Image credit: CDR San Miguel

Internationally, Sydney saw the highest level of growth with a 32 percent increase in median home price, while Toronto saw a 17 percent average price increase.

According to Forbes, this trend in massive price increases is likely to return to more stable levels over the next two years due to pressure from inflation.

Demographically, buyers are getting younger.

Gen X, Millennials and Gen Z made up more than two-thirds of buyers in many of the luxury primary home markets studied by Forbes Global Properties. Gen X had an overwhelming 70 percent share in the Lake Tahoe home market and 50 percent in Hong Kong.

Individuals over the age of 75 accounted for 8 percent of the buyers in Santa Barbara, and only 5 percent of buyers in both Hong Kong and Dubai.

The increasingly younger buyer population is responsible for shifting property messaging and marketing strategies to digital touchpoints.

Additionally, there seems to be a shift toward second home markets as primary residences.

Nearly all brokers in surveyed second home markets reported that, even if luxury homes were purchased initially as vacation residences, high-net-worth individuals are increasingly using these homes for primary home purposes and for longer periods of time.



Oceanfront estate in Vero Beach, Florida. Image credit: Dale Sorensen Real Estate

With remote work still heavily in effect for many companies, individuals are theoretically able to work from anywhere in the world.

As many buyers were interested in access to activities like skiing and golf, properties in Montana, Telluride, Lake Tahoe and the Swiss Alps were especially popular.

Luxury amenities

While location used to be a primary factor in home buying, this is shifting to amenities as buyers are focusing more on lifestyle.

Forbes Global Properties members ranked buyer priorities within their respective markets, demonstrating an overwhelming 68 percent preference for more space, both indoors and outdoors. Further, 64 percent of affluent buyers prioritized a home office, followed by 32 percent seeking privacy and 19 percent gravitating towards a move-in-ready home.

Due in part to COVID-19, the market for online home decor, which reached \$98.4 billion in 2020, is likely to balloon to \$348.3 billion by 2027 ([see story](#)).

The fifth most in-demand feature was a tie between a private pool and fitness facility and increased green spaces such as balconies, terraces and gardens, each accounting for 18 percent of those surveyed.

While families prioritize space for offices, school work and play, affluent empty nesters typically look for gyms, indoor pools and spaces for yoga ([see story](#)).

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