

REAL ESTATE

## COVID-19 continues fueling growth of emerging markets

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*Sustainability is also top of mind for many luxury buyers. Image credit: Splinter Creek/Luxury Portfolio International*

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By SARAH RAMIREZ

NEW YORK Globally, 2022 is poised to be another strong year in luxury real estate as more affluent homeowners are ready to sell.

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Both luxury buyers and sellers believe competition is climbing, according to panelists at the second annual State of Luxury Real Estate 2022 conference on Jan. 12. In the United States and abroad, however, limited home inventory remains a top concern.

"There are more people interested in selling, which is going to increase the number of units that get sold," said Chandler Mount, founder/CEO at [Affluent Consumer Research Company](#).

"It'll also potentially have an opportunity to lower the cost, or at least lower the rapid rise in costs," he said. "I think maybe dollars will be similar to last year, but units might be even higher."

### Sustaining momentum

According to [Luxury Portfolio International](#)'s "State of Luxury Real Estate 2022" report, Europe and Asia Pacific have the greatest increases in interest for purchasing residential real estate. All regions are forecast to show growth this year, however.

This is in part because more homeowners are feeling comfortable with listing their current properties and upgrading. In 2021, hesitancy among homeowners to sell their homes contributed to inventory shortages, pushing prices upwards.



*Available homes and building materials are both in short supply. Image credit: Luxury Portfolio International*

In today's climate, luxury buyers are motivated by several factors, including strong confidence in their personal finances, apprehension about purchasing power, fear of missing out, sustainability and COVID-19 anxieties and lifestyle changes ([see story](#)).

The demand for luxury homes has led to a global surge in home prices, with Australia, the U.S. and Canada seeing the strong growth. This has also coincided with other factors.

"You have that combination of high demand fueled by low mortgage rates, and at the same time, the supply chain issues that are currently hurting supply and so what do you have, right?" said Gay Cororaton, senior economist and director of housing and commercial research at the research group of the [National Association of Realtors](#).

"You have record prices, prices rising at a record high level and, of course, the price distribution is now shifting to the upper end of the market."

In the U.S., sales of homes listed for at least \$1 million have climbed the fastest in the west, while population growth is strongest in Sunbelt states.

According to the National Association of Realtors, the top 10 "hidden gem" markets that will see the strongest appreciation are scattered throughout the Sunbelt, including Tucson, Arizona and Dallas, Texas.



*Tucson is an emerging luxury market. Image credit: Luxury Portfolio International*

Although home sales continue to climb in suburban, rural and resort markets, urban centers have not disappeared either.

"The city isn't dead," Ms. Cororaton said. "We've seen from apartment data that renters are coming back to New York, D.C., L.A., San Francisco."

Inside luxury homes

As far as the amenities that affluents are seeking, the top priorities are sustainable living and escapism from the anxieties of work-from-home lifestyles.

Consumers are no longer interested in living in homes that are off-gassing or releasing poisonous chemicals into the air. Instead, they want solar panels, induction stove tops and greater energy efficiency. More homes are also being designed as if they were boutique hotels, with a full run of amenities ranging from pools and saunas to state-of-the-art gyms ([see story](#)).

Whether it is a new home office, spiffed-up kitchen, installation of a pool or an overall facelift, home renovations are helping consumers feel more comfortable in the spaces in which they are spending the most time ([see story](#)).

"And I do suspect that the designer community will begin to increasingly respond to this movement, creating in the home office-like environments," said David Kaufman, global digital director at [Architectural Digest](#). "But also, architects, designers working on commercial space will recreate the home with more green space and earthiness."

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