

REAL ESTATE

Affluent consumers to push record luxury home sales into 2023: Christie's

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The sale of a 15,700-square-foot home in Paradise Valley, Ariz. for a record-breaking \$21 million is one of the transactions profiled in Christie's 2022 Mid-Year Luxury Trends Report. Image courtesy of Christie's International Real Estate

By AMIRAH KEATON

Despite dreary economic outlooks for the upcoming year, luxury real estate is set to continue thriving, as affluent buyers increasingly seek hard assets, according to luxury brokerage Christie's International Real Estate.

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The firm has released its [2022 Mid-Year Luxury Trends Report](#), which features global insights on high-income buyers' housing wants and needs. Unimpacted by factors such as high-interest rates, rising inflation and stock index losses, luxury consumers will likely continue driving record-high sales.

"The strength of luxury real estate around the world in the first half of 2022 took a lot of observers by surprise," said Thad Wong, co-CEO of [Christie's International Real Estate](#), in a statement.

"But throughout our network certainly not in every market, but in many brokers are predicting a strong finish to the year with momentum carrying into next year."

For this report, the auction house subsidiary tapped interviews and insights from 20 independent Christie's International Real Estate affiliates across Mainland North America, the Caribbean, Europe, the Middle East and South East Asia, in addition to field observations from Mr. Wong and his co-CEO, Mike Golden.

Homeowners Insurance

In its latest report, Christie's has identified the three overarching trends currently driving luxury real estate worldwide: luxury consumers' enduring preference for hard assets, a strong outlook for the future of blue-chip luxury markets and, finally, high-income homebuyers' hunt for untapped areas of value.



An Aspen listing on Christie's International Real Estate network. Image courtesy of Christie's

First up on the list of conditions benefiting luxury real estate: buyers' preferences for tangible assets.

Luxury real estate's fiscal categorization as a largely recession-proof asset safeguards affluent primary and second-home buyers and investors from regular shifts in the economy. Thus, homes with high price tags provide a good amount of investment stability relative to other, more volatile markets.

As ultra-high net worth earners seek to hedge against inflation with these safe-haven investments, they are also able to enjoy an added bonus of instant gratification: the benefits of their acquisitions are available to be enjoyed almost immediately.

"The biggest trend that we're going to continue to see through the end of 2022 is that a lot of clients are still looking for marquee assets," said Nick Vanassche, partner at Christie's International Real Estate, the Saints, in a [statement](#).

"They're looking for places to park cash."

Next, the blue-chip luxury market outlook is set to remain strong, according to Christie's. Low-risk properties with a solid rate of returns are in high demand, despite their equally high price tags.

The world's largest luxury real estate market, New York City, tops this list. Manhattan's gradual reopening has prompted a wave of wealthy residents who are following suit with swift metropolitan reentries.

A combination of an affinity for city living, and a light paranoia about losing a foothold on prosperous New York City property ownership has buyers flocking back with haste. Aspen is yet another staple blue-chip market.

"People of generational wealth understand that New York real estate is one of the most secure investments in the world," said Kate Meier, licensed real estate salesperson at Meier Estates & Ventures Team, a division of Christie's International Real Estate, in a [statement](#).

"They understand it's part of their wealth portfolio," she said. "It will gain value and give a better return than almost any other investment they might have."

Building upon blue-chip values, a refreshed generational mindset is leading luxury buyers towards securing financial stability for future family members.

Slater Anderson, Managing Director at LandVest, breaks down the pandemic's impact on generational planning at Christie's 2022 Owners Conference in Aspen

Affluent homebuyers are increasingly interested in expensive vacation home markets, where local legislation supports lower tax liabilities, yielding higher property values in the long run, despite an initially higher barrier to entry on the purchase of these homes in exclusive communities.

"We are seeing more and more wealthy families buying with long-term ambitions; buying through partnerships in which they will transfer the shares to future generations," said Christian Wattiau, chairman at Sibarth Real Estate, a division of Christie's International Real Estate, in a [statement](#).

Take St. Bart's, for example: the territory's growing popularity among forward-looking investors is due in part to favorable tax laws for foreign nationals, which include provisions such as no income tax, wealth tax or property tax. Additionally, after 18 years of property ownership, a sliding scale on the capital gains tax grants owners a 0 percent liability.

Last, but certainly not least, amid a luxury market teeming with skyrocketing property appreciation, luxury buyers are searching for the corners of the globe that are offering the most bang for their buck.

These so-called "value pockets" allow those interested in luxury real estate purchases to get in early, with the opportunity to buy low and eventually sell high.

Phoenix, Arizona is a prime example the city has witnessed one of the fastest-appreciating housing markets of all in the country. Houses in the area have experienced year-over-year price gains of more than 30 percent, according to June's S&P CoreLogic Case-Shiller Index.

The larger tri-state area is seeing similar gains.

"Luxury buyers continue to see value pockets in the suburban tri-state markets of New York City, including Bergen County in Northern New Jersey, where we saw record sales in the first half of 2022," said Sonja Cullaro, executive vice president at Christie's International Real Estate Group, in a [statement](#).

Art imitates life

Christie's mid-year report includes a special section, which draws parallels between luxury homes and luxury goods, suggesting a positive correlation between the two entities.

According to the auction house, this year, Christie's experienced its best first half fiscal since 2015, touting seven of the twelve most expensive artworks sold at auction during this timeframe. Its overall sales landed at \$4.1 billion, up 18 percent as compared to the first half of 2021.

"Our results in the first half of the year have been remarkably strong," said Guillaume Cerutti, CEO of Christie's, in a [statement](#).

It is fair to say that, similarly to the pandemic-induced shifts in living styles that were partially responsible for luxury's real estate boom, the art world has also benefitted immensely from a recent cultural renaissance of sorts, resonating deeply as evidenced by demand.