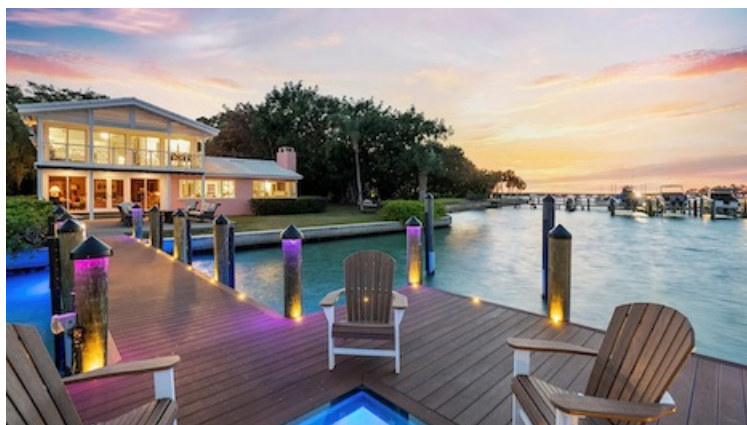


REAL ESTATE

## After years of instability due to COVID-19, brokers turn optimistic

October 7, 2022



*Ninety-five percent of real estate professionals are reporting moderate to high optimism about their overall market in the next 12 months. Image credit: Luxury Portfolio International/Michael Saunders & Company*

By KATIE TAMOLA

The reality remains that since 2020, the real estate market has served somewhat volatile due to the unprecedented circumstances of the COVID-19 pandemic and global strife.

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Optimism is in the air, however, according to The Business of Luxury Real Estate **report** from Luxury Portfolio International, which notes that 95 percent of real estate professionals are reporting moderate to high optimism about their overall market in the next 12 months. A steadier market is anticipated, as 63 percent of member brokerages expect stable or growing sales throughout the remainder of 2022.

"Members are optimistic as optimistic as markets stabilize," said Mickey Alam Khan, president of **Luxury Portfolio International**, New York, in a statement.

"Members are apprehensive about world events but buyers remain confident," he said. "Members want to maximize technology investments, including skill refreshers for existing tech and ways to apply insights about the customer."

Research cited in the report stems from a representative sample of member firms at Luxury Portfolio International. Owners, brokers, management, marketers and licensed sales agents a total of 116 individuals from 80 member firms in nine territories in North America and Europe completed an online survey in July and August 2022.

A companion study by Affluent Consumer Research Company in July and August 2022, surveying 1,259 affluent consumers in the United States, including a subset of 164 luxury home buyers. The average annual income of the consumer is \$600,000 and their net worth, excluding their primary residence, is \$7.1 million.

Maintain positivity, remain prepared

Although it is impossible to predict the future, a certain level of uncertainty is to be expected with real estate as one cannot always account for the impacts of an ever-changing global climate and economy.

After recent calamitous circumstances, a certain level of stability a feeling that the market will right itself is anticipated, however.



*Inventories have been growing year to date for 47 percent of member firms. Image credit: Splinter Creek/Luxury Portfolio International*

And some aspects that buyers revered and sought after at the onset of the pandemic remain. Demand remains high for features like ample outdoor space, trophy views and locations.

Currently, size and modern amenities are the most common factors in the sale of luxury homes.

Additionally, recently constructed and homes that are move-in ready are highly attractive to affluent buyers.

Inventories have been growing year to date for 47 percent of member firms.

A rise in inventory has led to an increase in time listed on the market, which has led to price reductions in specific markets. This has ultimately led to a small shift to a buyer's market, the first time since the pandemic.

Although members acknowledge that an increase in inventory is necessary for market stabilization, they also note that geopolitics and economic disruption have had a negative impact on luxury markets.

Respondent members who are optimistic about increasing their sales are tapping software usage to automate and manage organizational tasks related to open houses, scheduling and competitive marketing analyses. They are hoping these tools help them find continued success.

Regarding the change in luxury inventory in the last six months, 47 percent is attributed to growing inventory, 28 percent to shrinking inventory and 25 percent stable.

The prediction of luxury sales over the next six months is broken down as follows: 20 percent more sales, 36 percent fewer sales and 43 percent stable.

Going international

When contemplating the state of luxury real estate, one cannot dismiss the integral impact of international buyers.

International buyers account for 18 percent of the total luxury business for 79 percent of member firms. The number of international buyers remains unchanged over the past year at 66 percent.



*International buyers are seeking privacy. Image credit: Luxury Portfolio International*

International buyers are continually seeking privacy, safety, high-quality private schools, safer investments and cultural enhancements.

Sotheby's International Realty's 2022 Luxury Outlook report, identified key trends shaping the prime housing market

and noted that luxury real estate remains a sound investment amid low interest rates and inflation.

The report found that despite the slowed activity of new investors, vaccination rollouts and lifting travel restrictions would likely ignite a surge in international investments ([see story](#)).

For affluents looking to go international, as always, the options are plentiful.

In June, hospitality brand Mandarin Oriental announced it was bringing its residences to the Caribbean for the first time.

The Residences at Mandarin Oriental, Grand Cayman has launched sales for the upcoming property, expected to be completed in 2025. Located on Grand Cayman's southern-most coast, St. James Point, the project is a joint effort by codevelopers Melkonian Capital Management (Melkonian) and RAL Development Services (RAL) ([see story](#)).

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