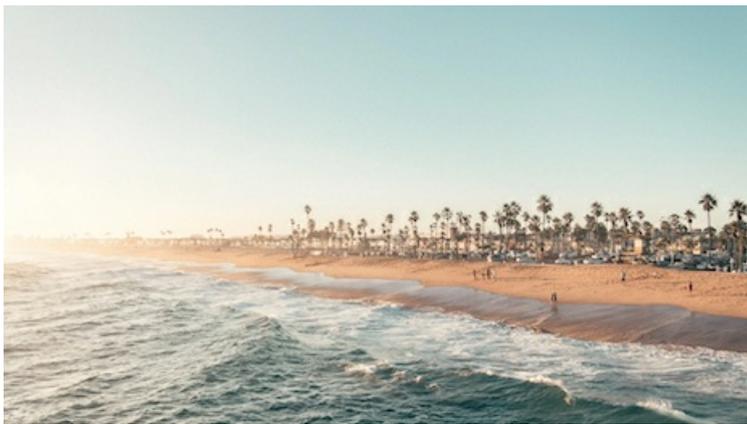


REAL ESTATE

## Luxury second home purchases down 28pc in Q3, up 152pc from pre-pandemic levels: report

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*No longer facing corporate ties to any particular city, employees and executives alike are switching between primary and secondary residences more often. Image credit: Pacaso*

By AMIRAH KEATON

A new report from second-home property broker Pacaso backs theories that corporate work-from-home policies are changing luxury living standards.

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No longer tied to one metropolitan area in particular, employees and executives alike are making the switch between primary and secondary properties at a much greater frequency. The luxury housing market is quickly shifting to support, per new Q3 second home market analysis from the firm.

"Remote work has become so prevalent that it's created a new normal for luxury second homes, and we should continue to see elevated demand in historical terms even as market conditions take the froth off," said Austin Allison, CEO and cofounder at [Pacaso](#), in a statement.

"That's why I remain bullish on second homes in the long run, especially in the luxury tier and despite the short-term challenges," he said. "Market conditions are temporary, but remote work and the desire to spend time with your people in amazing places are here to stay."

For the report, Pacaso sourced the nation's top second-home markets from census data, before analyzing real estate activity and mortgage rate lock data, a leading indicator of second home buying activity, in the top second-home markets. Pacaso's research team looked at mortgage rate lock volume for both second homes and investment properties for Q3 2022 with a purchase price of greater than \$1 million to focus on the luxury end of the second home and investment property category, with Q3 representing the months of July through September 2022.

### Second home stats

Mortgage rate hikes, a weak stock market and general economic hesitation are to blame for lacking second-home sales in Q3, down 28 percent year-over-year, according to Pacaso's research team.

Pacaso's Second Home Market Analysis Q3 2022: Key takeaways report shows that, despite a downturn in luxury second home sales from July to September of this year, YoY sales have skyrocketed since the pandemic's height.

"The pandemic unleashed unprecedented, unsustainable demand for luxury second homes," Mr. Allison said.

"While market conditions deterred many buyers from making purchases in Q3, mortgage rate locks are still flowing at double the pace from before the pandemic," he said. "Remote work has become so prevalent that it has created a new normal for luxury second homes, and we should continue to see elevated demand in historical terms even as market conditions take the froth off."



A second-home listing on Pacaso. The firm simplifies luxury co-ownership. Image credit: Pacaso

According to the brokerage, in each quarter from 2020 Q3 to 2022 Q3, luxury second-home fulfillment has come in at more than double the level in the corresponding quarter of 2019.

Premiere destinations trending down among affluent homebuyers include Park City, Utah, Truckee-Grass Valley, California, and Santa Barbara County, California, while those trending upward include Washington County, Utah, Belknap County, New Hampshire and Currituck County, North Carolina, at 450 percent, 183.3 percent and 160 percent, respectively.

Homes also maintained strong values in Q3, in the face of sales retractions.



Luxury real estate prices have held up due to low inventory. Image credit: Pacaso

Remote work is changing the face of real estate, usurping outpacing a corporate history of staying central to one metropolitan location as the standard of living.

According to the U.S. Census, only 5.3 percent of employees worked remotely in 2018, as opposed to over half of all workers today. A McKinsey revealed that 92 million workers have the option to work from home for a partial or complete week.

The future of the second-home market remains sturdy, according to this outlook.

Looking back

Q2 was a strong quarter for luxury second home acquisitions, having increased nearly 25 percent year-over-year

during the second quarter of 2022, and approximately 235 percent as compared to Q1 ending March 2020. Pacaso's Q2 data also confirmed that location, price, and home size are the top three most important considerations to buyers in the purchasing decision of a second home ([see story](#)).

The firm's findings seem to align with news of a luxury housing slowdown. Luxury U.S. home sales appear to be leveling out from the record-setting highs of the last year or so.

During the three months ending Aug. 31, 2022, sales of luxury U.S. homes fell 28.1 percent year-over-year, according to newly-released data from real estate brokerage Redfin ([see story](#)).

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