

REAL ESTATE

## U.S. luxury homes sales experience biggest decline on record in last three months: Redfin

December 28, 2022



*Redfin reports the biggest decline in luxury home sales on record. Image courtesy of Redfin*

By LUXURY DAILY NEWS SERVICE

Sales of luxury homes have decreased by the historic rate of 38 percent the worst on record according to a new report.

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In the United States, the rate represents the drop felt as compared to October 2021 through November 2021. Real estate brokerage Redfin's **latest report** reveals that though sales are dropping across the board, non-luxury homes included, there is hope for sellers.

"There has been a small shift in the market that's not fully showing up in the data yet," said Shoshana Godwin, senior lead broker at Redfin, in a statement.

"With mortgage rates falling, a lot of house hunters see this as their moment to come back and compete," Ms. Godwin said. "Many of my buyers are taking out jumbo loans mortgages typically used for purchases of high-end homes.

"While some data shows jumbo mortgage rates above 6 percent, some of my buyers are getting rates in the low 5 percent range."

Resident upheaval

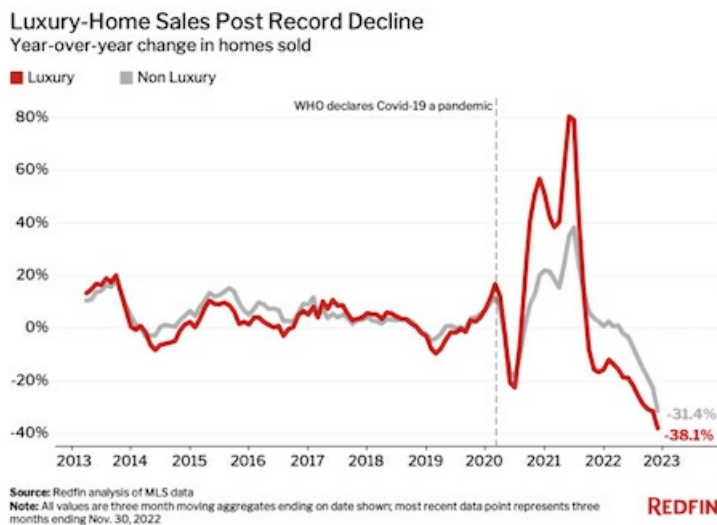
Amidst soaring interest rates and inflation, as well as the declining stock market and economic optimism, home sales lost demand especially luxury homes.

Redfin claims that as pockets shrink, people are less inclined to splurge on luxury goods in general.

As far as luxury real estate is concerned, though reports vary per expert source, the firm suggests that luxury homes are often bought as investment properties. On top of that, during the height of the pandemic, luxury homes hit new sales heights.

Now, as demand dwindles, this creates a situation in which there is more room to fall than before. Additionally, as the stock market tanks, so do the assets of high-end investors the same people who generally make up this population of home buyers.

Both rent and the value of homes are expected to decline further in 2023.



Redfin's data corroborates reports. The infographic also indicates where the global health crisis hits amid the timeline. Image credit: Redfin

The markets that are most exclusive during times of economic stability are outpacing others in massive declines, more unattainable than ever. Coastal luxury homes stand at the forefront, leading the fall in sales.

For example, in Nassau County, New York, sales of luxury homes dropped 65.6 percent since last year, compared to the same three-month period ending at the end of November in 2021. This remains the biggest decline within U.S. urban areas, as buyers stay away from pricey regions.

Other steep declines include San Diego's 60.4 percent drop in sales, San Jose's 58.7 percent, Riverside's 55.6 percent and Anaheim's 55.5 percent.

Drops are causing luxury homes to stay for sale longer, flooding the market with dated listings rather than new ones, which are down by 2.9 percent.

The number of luxury homes for sale across the U.S. market increased by 5.2 percent year-over-year, however. Though non-luxury homes for sale are decreasing by 5.7 percent, the increase within luxury markets to roughly 163,000 homes available marks the biggest jump since 2016.

High-end home sales are plummeting. Here's why:

Luxury sales spiked during the pandemic, so there's more room to fall

Affluent buyers' spending power is suffering from a faltering stock market

Investment opportunities are lackluster

Redfin (@Redfin) December 28, 2022

As demand was slow during the measured period, the prices of homes in both the luxury and non-luxury markets grew by only 10 percent, as compared to last year's growth of 17 percent during the same time period.

According to Redfin's reports, however, the demand within the homebuyer's market is beginning to rise again, coinciding with the lessening interest rates.

The Homebuyer Demand Index from Redfin shows an increased rate of tour requests and purchasing activity, as more people move to become home buyers. Redfin predicts that this will result in more luxury homes being bought, lessening the dramatic drop.

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