

REAL ESTATE

Counties with state, national parks see biggest jump in luxury second-home activity in 2022: report

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A luxury second-home listing located in Napa Valley, California. The county appears mid-ranking in a list of Pacaso's top growth markets for 2022. Image credit: Pacaso

By MARYBETH CONNAUGHTON

Real estate platform and second-home property company Pacaso has released the top luxury second-home markets of 2022, the results of which are telling.

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A mix of well-known and emerging locations, regions included in the ranking share one common trait: nearly all of these counties house natural landmarks, like a national park, beach or mountain range. Analysis of counties that have made the cut could help to inform the task of predicting which territories carry the potential to trend in 2023.

"Despite a national cooling in residential real estate, we're finding that the luxury real estate market is still in a league of its own," said Austin Allison, CEO and co-founder of **Pacaso**, in a statement.

"We've continued to see luxury sales volume growth in many top destination communities across the U.S.," Mr. Allison said. "[It is] just not the whiplash-inducing lightning-speed growth we saw throughout much of 2020 and 2021.

"High-net-worth buyers are not as reliant on financing, so they might be less deterred by rising rates, and we hear a lot from our buyers that they don't want to wait for perfect market conditions, they are ready to enjoy the benefits of a second home now."

For the **Top Second Home Markets Report**, the real estate firm used mortgage rate lock data to identify the U.S. counties that incurred the biggest annual increases for properties priced above \$1 million, comparing data from Jan. 1, 2022, through Dec. 6, 2022, to that of the same time frame in 2021. Only those counties with a minimum of 50 second-home transactions during the stated period, and those with a rate-lock share of at least 10 percent, were included.

Where to, now?

A mortgage rate lock occurs when a lender promises to hold a particular loan's interest rate, safeguarding the buyer

from any quick-change market fluctuations for an agreed-upon duration of time. When applying for a mortgage rate lock, buyers must specify purchase intent, whether that be for a primary home, secondary home or investment property, making the figures effective indicators of second home buying activity says Pacaso, whose top spot goes to Utah's Washington County.

Long beloved for its stunning national scenery, the state's southernmost county's share difference is up 10.3 percent YoY, marking the largest year-over-year jump in second-home buying activity nationwide, according to the firm.

Top 10 markets with biggest increases in share of luxury second home rate locks					
RANK	COUNTY	LANDMARK OR MAJOR CITY	% OF SECOND HOME RATE LOCKS YTD	SHARE DIFFERENCE YOY	AVERAGE SECOND HOME PRICE YTD
01	Washington County, Utah	Zion National Park	26.80%	10.30%	\$1,370K
02	Osceola County, Florida	Kissimmee	26.80%	6.10%	\$1,653K
03	Nevada County, California	Sierra Nevada Mountains	36.80%	4.50%	\$1,639K
04	Indian River County, Florida	Indian River Lagoon	26.40%	2.80%	\$1,737K
05	Napa County, California	Napa Valley	12.80%	2.10%	\$2,611K
06	Kauai County, Hawaii	Kapa'a	36.30%	1.90%	\$1,908K
07	Cape May County, New Jersey	Cape May Beaches	79.50%	1.70%	\$1,900K
08	Santa Fe County, New Mexico	Sangre de Cristo Mountains	33.00%	1.00%	\$1,699K
09	New York County, New York	New York City	12.90%	0.80%	\$2,481K
10	Whatcom County, Washington	North Cascades National Park	10.50%	0.30%	\$1,595K

The report gives a hint as to what is enticing more people to buy second homes in these 10 destinations. Image Credit: Pacaso

Market rankings are a result of the firm's ability to tap solid real estate data. The recognition that an area's anchoring attraction drove luxury homebuyer engagement, however, requires an additional level of analysis.

For example, experts cite the aforementioned County's property and its proximity to prized natural wonder and popular luxury vacation destination Zion National Park, as a source of the region's rising desirability.

In terms of the county where second homes comprised a substantial share of respective market activity so, sans 2021 comparison, this measure simply takes a look at market activity year-to-date Cape May County, New Jersey takes the crown.

Of all mortgage rate locks, 79.5 percent of the affluent Jersey shore town's dealings were for second homes, far outpacing any other county on Pacaso's list.



Of Pacaso's top 10 counties, Jersey beach town Cape May takes the crown for the highest percentage of second home rate locks year-to-date. Image credit: Pacaso

The next highest in activity Nevada County, California pales in comparison in terms of activity, but stand-alone still comes in strong, at 36.8 percent. The area boasts the Sierra Nevada mountains and is just a short jaunt away from Lake Tahoe's world-class ski resorts.

Otherwise, familiar entries like Napa County, CA the county leads the pack in highest average second home price so far this year, at \$2.6 million Santa Fe, NM, and Kauai County, HI, all of which house major natural landmarks, made the top 10 at numbers five, eight, and six, respectively.

"Places like Napa, Kauai, and New York City all made the list this year," Mr. Allison said.

"In previous years, lesser-known 'destination-adjacent' locations saw the biggest shifts, but this year there's a mix of established markets and up-and-coming destinations," he said. "More modest price growth, and perhaps even price

drops in some markets, could be contributing to some buyers turning again to these established locations to find the second home of their dreams."

A league of its own

Pacaso's founder posits that those with a high net worth are generally less reliant on financing, remaining unfazed by shifts in loan terms.

"High-net-worth buyers are not as reliant on financing, so they might be less deterred by rising rates, and we hear a lot from our buyers that they don't want to wait for perfect market conditions they are ready to enjoy the benefits of a second home now," Mr. Allison said.

A great portion of the company's value seems to lay in its ability to simplify the second homeownership process for this group of wealthy buyers. The property broker has, for instance, previously partnered with two premium travel services to provide its clients with a number of exclusive perks.

Last year, Pacaso clients were offered a six-month membership and priority booking with premium ride-share service Alto. Members also gained access to seats on scheduled flights, even being given the option to charter a private aircraft entirely, via green-minded regional air travel company Surf Air ([see story](#)).

Top-of-the-line offerings seek to ensure that last year's market gains ([see story](#)) are not lost in 2023.

"Despite a national cooling in residential real estate, we're finding that the luxury real estate market is still in a league of its own," Mr. Allison said.

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