

REAL ESTATE

Saltwater pools, EV charging stations among amenities most important to luxury homebuyers: Sotheby's

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Agents across the globe are reporting low luxury inventories in home markets, signaling resilience. Image credit: Sotheby's

By MARYBETH CONNAUGHTON

Sotheby's International Realty states that wealth owners remain keenly interested in high-end properties, despite record-high interest rates.

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Wealth creation will rise by \$169 trillion in three years' time, according to the global real estate company's latest round of research revealing what luxury homebuyers are seeking from their property pursuits in 2023. The resulting [Luxury Outlook 2023 Report](#) sees a new cohort of luxury buyers skyrocketing high-end property sales for the foreseeable future.

"As a leader in luxury real estate, buyers and sellers know they can turn to Sotheby's International Realty agents in any market," said Philip White, president and CEO of Sotheby's International Realty, in a statement.

"Luxury Outlook is an extension of the service and expertise our clients have come to expect from our brand and offers an inside-look into the biggest happenings in real estate from how past market corrections can set a stage for what lies ahead, to the up-and-coming global markets for luxury investors."

House and home

To compile its findings, the global real estate brand surveyed its agents throughout the world whose area of sales expertise remains upward of \$10 million. In addition, leaders from institutions such as Credit Suisse, Morgan Stanley, and the U.S.-based National Association of Realtors input their expertise.

A. Bradley Nelson, chief marketing officer of Sotheby's International Realty, posits that as an effect of the COVID-19 pandemic, buyers are more invested in their home lives, justifying expensive renovations and acquisitions by the amount of time spent on-premise, a trend he believes is permanent.

Prospective high-end property sellers are holding on for the time being, in an attempt to avoid additional mortgage costs with rising interest. Though the Federal National Mortgage Association cites the eventual steady fall of

mortgage rates, Fannie Mae simultaneously admits that rates will likely not drop below the 6 percent level for now.



Greenspaces and well-tended gardens are among the top attractions for luxury homebuyers, per reports. Image credit: Sotheby's

Thus, luxury homeowners are buying and retaining rather than selling. As a result, both new home construction and the inventory of existing homes for sale are down.

In fact, a combined 64 percent of agents surveyed said the number of high-end homes in their regions ranged between "low" and "very low."

Since affluent populations are staying a while, buyers are making the most of their spaces, says Sotheby's saltwater swimming pools, massage rooms and energy-efficient fireplaces are among the most in-demand amenities cited in the report.

The global property presence also points out that in an effort to stabilize interest rates, which have soared to more than twice the rate of the previous year, buyers are paying in cash. To capitalize on those dollars, the value of which is the highest it has been in decades, many Americans are buying abroad.

Learn what's in store for luxury real estate in the 2023 [@sothebysrealty](#) [#LuxuryOutlook](#) report. Read more: <https://t.co/cesqS97o4Y> pic.twitter.com/x8eGSaFb81

Sotheby's International Realty (@sothebysrealty) [January 5, 2023](#)

European countries of interest include some familiar favorites such as Italy, Greece and Portugal, as well as some emerging markets in Montenegro, Serbia and Bulgaria.

A Mexico-based Sotheby's International Realty associate is predicting that 60 percent of sales in Mexico City will be from foreign buyers this year.

"Last year, probably 40 percent of our sales in Mexico City were to foreign buyers, and this year I'm guessing it will be 60 percent," said Rodrigo Perez del Toro, sales associate at Mexico Sotheby's International Realty.

"Mexico City wasn't previously the typical area where foreign buyers would invest in Mexico, but we have been achieving a different level of buyers," he said. "Right now, we have a buyer interested in purchasing several properties from \$5 million to \$30 million."

Stateside, growth in Florida continues to be steady due, the report suggests, to a lack of state income tax. Colorado remains a favorite as well.

Looking ahead

Sotheby's [Luxury Outlook 2023 Report](#) echoes sentiments expressed by many economists and financial experts, as society experiences some of the greatest transfers of wealth in modern history.

"Baby Boomers," those aged 70 and above of the U.S. population, have a collective net worth of \$35 trillion according to the U.S. Federal Reserve. Families of wealth are choosing to transfer property to the upcoming generation ([see story](#)) via expansive homes while all are still alive, to curb future estate taxes.

Those ages 21 to 42, who obtain or inherit wealth, are also increasingly becoming interested in storing assets in cryptocurrencies versus traditional stocks, per a 2022 Bank of America Private Bank Study of Wealthy Americans.



In March of 2022, Goldman Sachs became the first major U.S. bank to offer over-the-counter crypto trading. Image credit: Goldman Sachs

For many luxury buyers, home marks a return to the traditional. For others, it is a decidedly futuristic affair.

A good number are moving to vaster, greener spaces for an improved quality of life. Some are settling into "agrihoods" planned developments where communities sustain themselves with local produce and live in a manner so as not to disturb the land.

Others are leaving terra firma entirely. Digital real estate is on the rise, with platforms such as Voxels and Somnium Space selling "land" in the metaverse.

The Sandbox platform will play host to "Meta Residence," the first virtual counterpart to a real-world mansion this one in Miami. It is set to go to auction later this year.



Image credit: Sotheby's International Realty

The luxury real estate market ([see story](#)) continues to evolve and change. Sotheby's report aims to help prospective buyers navigate both.

"Buyers and sellers are once again maneuvering an ever-changing and fast-moving real estate market," said Sotheby's International Realty's Mr. Nelson.

"Our goal for the third edition of the Luxury Outlook report was to couple the expert insight of our agents with the perspectives of leading institutions on the trends affluent buyers can expect in the months ahead to help them make opportunistic transactions in 2023."

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