

REAL ESTATE

## Ultra-luxury real estate buyers still flocking to cities: Compass

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*Manhattan luxury real estate is faring well since the pandemic began, with Brooklyn proving to be a new force to be reckoned with. Image courtesy of Emily Iris Degn*

By EMILY IRIS DEGN

According to the results of the latest study from American real estate brokerage Compass, Brooklyn is the biggest newcomer to the ultra-luxury market.

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Having come up during the pandemic, emerging markets such as Brooklyn are seeming to not only keep up with the high pandemic numbers, but to beat out pre-pandemic sales. The [Ultra-Luxury Report](#) explored the phenomenon, tracking residential sales within the United States that surpassed 10 million dollars.

"[High net-worth individuals] increasingly want turn-key and bigger homes in cities like New York and Washington D.C.," said Scott Hustis and Mark Jovanovic, founding agents of [Compass](#) and members of the Compass Strategic Committee.

"But each market has its particularities," Mr. Hustis and Mr. Jovanovic said. "In Dallas for instance, you have lots of New Yorkers and Californians moving there attracted to their big homes and tax-friendly environment.

"The common theme across markets is that there is not enough quality ultra-luxury inventory."

Brooklyn bridges the gap

Manhattan is known for high prices, but ultra-luxury sales continue to climb in Brooklyn as buyers flock to the brownstone-lined streets of the borough.

In 2019, Brooklyn did not see a single ultra-luxury sale over 10 million dollars. In 2022, there were 13, as high-spending buyers discovered the appeal of the New York City borough.



*Brooklyn is positioning itself as the new ultra-luxury 'it' spot for high-spending buyers. Image credit: Emily Iris Degn*

"Brooklyn is beyond special," Mr. Hustis and Mr. Jovanovic said.

"It has beautiful tree-lined streets, landmarked properties, and world-class attractions," they said. "Low inventory and high demand for renovated and large townhouses have pushed prices upward."

Manhattan in general led the charge in luxury sales. Last year, 343 ultra-luxury sales were made there, totaling in 6 billion dollars.

The second annual report looked to residential sales numbers, volumes and transactions in the U.S. that were above the 10 million mark. Compass considered 53 markets in the country for the study.

The experts concluded that the pandemic sparked excitement over non-traditional luxury markets, as consumers moved away from the normal enclaves.

Brooklyn was among those bridging the gap from pre-pandemic notions of luxury locations to the pandemic era's new normal, as buyers re-determined what ultra-luxury looked like to them.

"Brooklyn offers the cool hip' factor that parts of Manhattan lack, [like] a Manhattan view, with Apple stores, Whole Foods and many upscale daily conveniences and amenities like gyms, yoga studios and great restaurants," said Richard Hodos, vice chairman of [JLL New York Retail Services](#).

"Brooklyn is warmer, more friendly, less cold and more creativeless formulaic' if you will," Mr. Hodos said. "The addition of Hermes and Google along with many established brands like J. Crew, Anthropologie, Apple and Whole Foods made it less difficult for many loyal Manhattanites to make the jump.

"Plus, in many cases, it's only a subway stop or two from places like Brookfield Place where they can get their fix of luxury shopping: Ferragamo, Gucci, Louis Vuitton, Bottega Veneta, Tory Burch, Zegna, and other luxe brands and restaurants."



*Mr. Hodos weighs in on the appeal of Brooklyn compared to the rest of Manhattan- the entire city proving to be resilient against the possible recession. Image courtesy of JLL New York Retail Services Team*

Brooklyn saw an increase of 333 percent in sales, putting into perspective just how drastically the real estate market is changing. North Florida and Boulder also saw a dramatic 300 percent yearly increase as buyers explored new markets.

A handful of other markets with no pre-pandemic ultra-luxury sales showed 25 to 100 percent increases year over year in 2022. East Bay in California, central Florida, Dallas-Fort Worth and Austin, Texas were among them.

Across the nation, 1,774 residential properties valued at least at the ultra-luxury price point traded for 29.5 billion dollars. This signaled a diversification on the part of high spenders to their real estate offerings amidst tough times.

In other words, luxury real estate aficionados were spreading out, looking to new territory.

Even as historically popular ultra-luxury markets experienced a decrease in sales volumes, luxury buyers continued to discover new places to put down roots. Both the buyers and the luxury market were seemingly untouched by recession rumors.

"Nothing is recession-proof, but ultra-luxury buyers are not as impacted by higher interest rates or market volatility as the attainable real estate market," Mr. Hustis and Mr. Jovanovic said.

"When something special comes on, big spenders are not afraid to transact."

#### Pandering pandemic

The experts at Compass conclude that the pandemic largely served high spenders, as many took it as an opportunity to build wealth amidst the economic downfall of others.

The pandemic has especially been beneficial to young luxury buyers, as outlined in the latest [Luxury FirstLook](#) session ([see story](#)).

As millennials continue to dominate luxury real estate sales, it is clear that the pandemic is further driving their position of power after having come into



[see story](#)).

Whatever the reasoning behind the success of young luxury buyers during the pandemic, it is clear that those with heavy amounts of resources are set to do well during hard times.

"[The report's findings is] evidence that the ultra-wealthy who seize opportunities in volatile times usually end up winning in the long term," said Tony Sargent, agent at Compass, New York.