

REAL ESTATE

Median price for US luxury homes up 9pc as at-large market sees sales dip: Redfin

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The real estate brokerage reports that sales of high-end homes have taken yet another hit in the three-month period ending Jan. 31, 2023. Image credit: Redfin

By AMIRAH KEATON

Proprietary data from Redfin's research team suggests luxury homes have been undergoing a stress test for the last few months.

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The real estate brokerage reports that sales of high-end homes have taken yet another hit, down 44.6 percent year-over-year. Though this round of data notably overlaps with the company's penultimate findings in terms of timeframe last round, experts studied the three months ending Nov. 30, 2022, versus the current report, which analyzes the three months ending Jan. 31, 2023, suggesting November's figures are represented by both exercises results still signal concern for industry players across major U.S. markets.

"The silver lining for the luxury buyers who are still in the market is that competition is sparse and jumbo loans now often have lower mortgage rates than other loan types, in part because there's less risk that high-end buyers will default on their mortgages," said Chen Zhao, Economics Research Lead at **Redfin**, in a statement.

"Wealthy house hunters are also frequently offered additional rate discounts from their banks as a perk for storing substantial funds there."

Redfin's findings are the result of an analysis that divided all U.S. residential properties into tiers based on **Redfin Estimates** of the homes' market values as of Feb. 25, 2023. The company's report defines luxury homes as those estimated to be in the top 5 percent based on market value, and non-luxury homes as those estimated to be in the 35th-65th percentile based on market value.

Deeper dive

Redfin's current round of data suggests that decreases in purchases represent the second-lowest level on record.

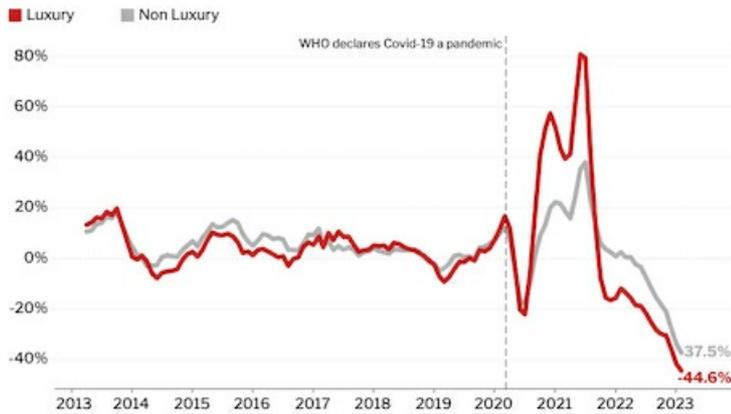
For comparison's sake, Redfin also provides an update on the non-luxury real estate market, which has seen a lesser dip, at 37.5 percent, versus luxury's near 45 percent decrease. Also of note, the company's records date back to 2012.

This aside, higher-than-usual interest rates and a relatively tight supply spell slower sales for domestic luxury real

estate operations.

Luxury-Home Sales Sink a Record 45%

Year-over-year change in homes sold



Source: Redfin analysis of MLS data

Note: All values are three month moving aggregates ending on date shown; most recent data point represents three months ending Jan. 31, 2023.

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Image credit: Redfin

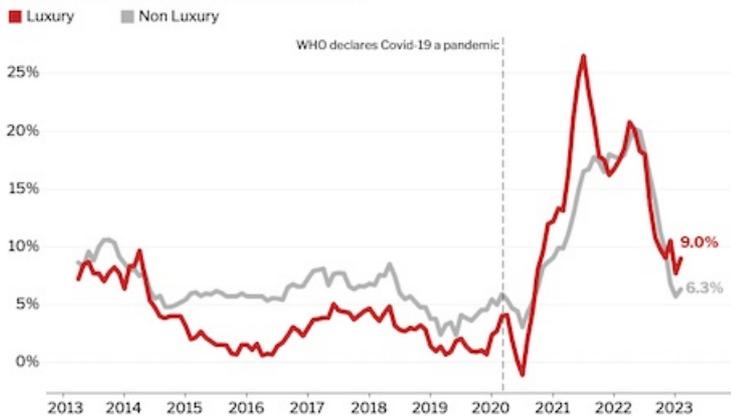
Another factor at play involves pandemic highs.

Redfin notes that luxury home sales grew faster than non-luxury sales during the global health crisis, lending the market more room to fall today.

Framed by larger-scale turbulence, experts state that the median sale price of luxury homes has risen by 9 percent year-over-year to \$1.09 million within this three-month period.

Luxury-Home Prices Rise 9%

Year-over-year change in median sale price



Source: Redfin analysis of MLS data

Note: All values are three month moving aggregates ending on date shown; most recent data point represents three months ending Jan. 31, 2023.

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Image credit: Redfin

Though the figure represents just half the year-over-year gains of a year earlier, prices for luxury properties remain near the all-time high of \$1.1 million reached in spring 2022, says the firm's experts, a promising update for sellers focused on the market's upper end.

The number of luxury homes for sale notably rose 7.1 percent year over year, marking the biggest jump since 2015.

Historically speaking, however, the amount of inventory "in stock" still struggles.

The report lists that the number of luxury homes for sale during the three months ending Jan. 31 was not much higher than record lows experienced about one year ago. New listings also fell 6.6 percent year-over-year.

Metropolitan mayhem

Miami led all cities nationwide in reductions, falling 68.7 percent year-over-year.

On the East Coast, Nassau County-Suffolk County, NY followed, down 62.6 percent for the three months ending Jan. 31.

Million-dollar-plus homes are making up a smaller portion of the housing pie than last spring as home values drop from record highs and mortgage rates climb. [#realestate](#)

Redfin (@Redfin) [March 9, 2023](#)

West Coast markets continued to drive figures down, with Riverside, Anaheim and San Jose seeing losses of 59.8 percent, 59.3 percent and 59 percent, respectively.

Interestingly, four of the 5 cities listed also experienced the largest drops during Redfin's last round of reporting ([see story](#)).

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