

REAL ESTATE

## Ultra-luxury real estate deals in Greater Los Angeles bumped by mansion tax: Compass

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The 806 home sales of at least \$10 million that took place in the U.S. during 2023's first six months totaled \$13.85 billion. Image credit: Compass

By EMILY IRIS DEGN

Real estate brokerage Compass is out with new findings that detail where \$10 million-plus residential transactions are happening.

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The firm is releasing a **Mid-Year Ultra-Luxury Report** for the first time, revealing that regions in wildfire and drought-ridden areas of the United States are seeing bigger investments than ever before, with the five markets that show the biggest jump from 2022's transactions being in Houston, Dallas-Fort Worth, Boulder, Jackson Hole and Seattle. Resort markets are also continuing their reign, from Martha's Vineyard to California's Wine Country, as buyers eye second home opportunities.

"Historically, the Wine Country luxury market has been driven primarily by buyers from the San Francisco and Silicon Valley regions," said Mark Stornetta, real estate agent at Compass, Sonoma.

"However, there has been a recent surge in interest from international buyers who see the region as an attractive destination for second homes, property development opportunities and a stable investment option due to its proximity to the Bay Area."

For the report, Compass reviewed the residential transactions and sales volumes that total at least \$10 million across 76 U.S. markets from January to June of 2023, covering the first and second quarters. The information is sourced from "all public data" across domestic real estate brokerages.

Hot markets

The 806 home sales of at least \$10 million that took place in the U.S. during 2023's first six months totaled \$13.85 billion.

The top ten markets with the most spending remain mostly predictable, matching 2022 rankings. Greater Los Angeles, Manhattan, Miami and Palm Beach top the list.

However, there are some significant jumps in key spots, as luxury buyers increasingly favor second-home markets.

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Martha's Vineyard sales volume for ultra-luxury homes are up by 107 percent year-over-year (y-o-y), with individual transactions of \$10 million or above jumping 50 percent. With this bolstered popularity, the locale is among the 10 markets seeing the biggest increases in the number of sales, coming in at number six.

Experts and local agents attribute this to seaside views, personal space and other attributes typical of resort markets.

"Properties with the wow' factor, be it an incredible waterfront home or an expansive property, are still the ones most sought after," said Peyton Wallace, real estate agent at Compass, Martha's Vineyard.

Each of the top five most improved markets in terms of ultra-luxury transaction totals are situated in regions at high risk of wildfires and droughts due to climate change.

Coming in at number five, Greater Seattle saw a 55.6 percent increase in individual sales y-o-y, with total sales volumes climbing 115.9 percent. The city and surrounding areas are bracing for extended wildfire seasons, as officials warn that climbing temperatures are turning the state's swath of forests into tinder in western Washington, firefighters are reporting that they have already responded to more wildfires in the first six months of 2023 than they did in all of 2022.



*Though wildfires and droughts are famously plaguing Colorado, more luxury buyers than ever before are investing in property in Boulder. Image credit: Compass*

The third and fourth markets on the list are facing similar problems, with Jackson Hole and Boulder sitting in the middle of the West's notorious wildfire center.

In the Wyoming town, total transactions jumped 60 percent y-o-y in 2023. The total sales volume of \$10 million homes soared 120.3 percent.

Boulder saw a 100 percent increase in these transactions, with the volume of total sales rising 132 percent since 2022.

Two markets in Texas, both extremely drought-prone, each bumped up transactions by 200 percent compared to last year. Houston and Dallas-Fort Worth took second and first place respectively for markets with the most improved performances Dallas-Fort Worth saw a 300 percent increase in total sales volume y-o-y so far in 2023.

#### Climate choices

As ultra-high-net-worth individuals (UHNWIs) increasingly prioritize experiences over material goods ([see story](#)), their choice of address is beginning to reflect this mentality.

As a result, resort markets are booming ([see story](#)), which could explain why the top seven most improved locales y-o-y are popular second-home picks, despite their high climate risk. Perhaps affluent buyers believe that the chance to relax and enjoy nature-filled, recreation-friendly residences ([see story](#)) for now is worth whatever relocation costs they will face in the future due to ecological emergencies.

Whatever the reason, this year's UHNWIs do not seem to be shaping their purchasing decisions around avoiding climate catastrophes in the way that other populations have been ([see story](#)).



*Sun Valley and otherski towns around the country have always been popular retreats, but are seeing even more investments from luxury buyers. Image credit: Compass*

The American West, an epicenter of collapsing aquifers and record-breaking heat, is especially undergoing more development than ever, from ski towns to mountainous suburbs. Sun Valley is one of those enjoying the spotlight.

"The region's exceptional amenities, such as world-class skiing, arts, culture and year-round outdoor activities, attract buyers from major cities nationwide and worldwide," said Michelle Englert, real estate agent at Compass, Sun Valley.

"As a result, Sun Valley is undergoing significant development, with excessive money going into new home construction, hotels, and commercial projects re-shaping the valley's landscape."