

REAL ESTATE

## Stunted home sales amid US tech hubs threatening market growth: Redfin

August 8, 2023



*Despite West Coast woes, second-quarter luxury home sales dropped 21.4 percent year-over-year, the smallest dip of the last 365 days, experts say. Image credit: Redfin*

By LUXURY DAILY NEWS SERVICE

Coastal luxury real estate markets are taking a hit as, overall, high-end home prices are on the rise.

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Real estate brokerage Redfin reports that, between April and June 2023, luxury home sales dropped 24.1 percent year-over-year. The figure marks the smallest decline of the last 365 days, though downturns amid markets covering U.S. tech hubs threaten this figure, as economic uncertainty continues to impact the overall sector.

"High mortgage rates are prompting many middle-income homeowners to stay put, but wealthy homeowners can often afford to move even if it means taking on a higher rate and monthly payment," said Daryl Fairweather, chief economist at **Redfin**, in a statement.

"Wealthy buyers are also more likely to pay in cash, meaning they're less likely to be deterred by elevated mortgage rates," Mr. Fairweather said. "Normally when the housing market is hurting, it's the luxury market that's hurting the most by far, but today's market is unusual because there isn't a recession.

"While a lot of high-end homebuyers remain on the sidelines, many of the ones who are in the market are still willing to spend big."

West Coast woes

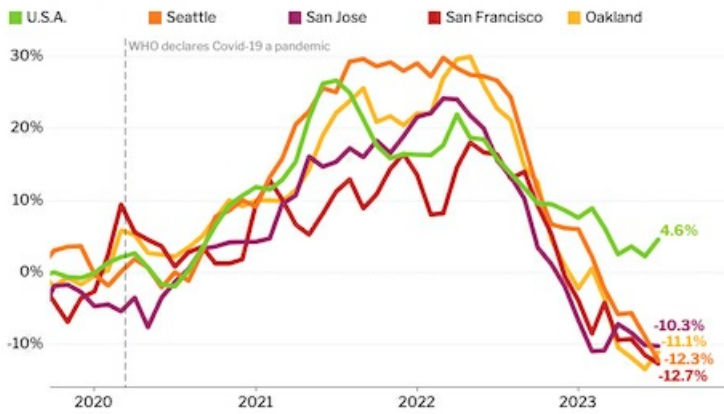
Million-dollar homes in coastal cities such as Seattle and San Francisco are facing double-digit price losses, according to the analysis, which divided all U.S. residential properties into tiers based on Redfin Estimates of the homes' market values as of July 16, 2023, says the firm.

In Q2, Seattle experienced a record free fall of 12.7 percent year-over-year, the steepest dip of the 50 most populous U.S. metropolitan areas, landing at \$4.8 million in median price.

Regions nearby are also reaching milestones, albeit in the wrong direction.

## Luxury-Home Prices Post Double-Digit Drops in Bay Area, Seattle

### Year-over-year change in median sale price of luxury homes



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 June 30, 2023.

Homes in cities such as Seattle and San Francisco took double-digit property value losses in Q2. Image credit: Redfin

Redfin shares that Oakland and San Jose are also navigating troubled waters, facing respective declines of 11.1 percent and 10.3 percent in their median sale price compared to the same period in 2022.

Experts explain that these coastal centers were already at the top of the food chain in terms of cost per unit, thus creating more room to fall as of late.

Additionally, stock market shifts and tech layoffs are believed to be driving buying power down in these areas, though as financial turmoil and recession-led worries let up, high-end homes could see a boost, says Redfin.

The team points toward San Francisco's year-over-year standing for proof of concept, citing a fall of just 4 percent in the second quarter, the lowest of any other major metropolitan area.

The luxury market as a whole posted its smallest active listings decline since 2020 in the same period, declining at a rate of just 2.4 percent year-over-year, with non-luxury listings down a record 29.8 percent.

All in all, the top 5 percent of properties are faring relatively well when compared to both the general market, as well as prior luxury market reports from Redfin ([see story](#)).

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