

REAL ESTATE

Nearly half of all luxury homes sold in Q3 were purchased in cash: Redfin

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Real estate brokerage Redfin's Q3 report shows that median sale prices for high-end homes have surged 9 percent year-over-year, reaching \$1.1 million. Image credit: Redfin

By LUXURY DAILY NEWS SERVICE

U.S. luxury home prices are rising nearly three times faster than those of non-luxury, according to new findings.

Real estate brokerage Redfin's Q3 report shows that median sale prices for high-end homes have surged 9 percent year-over-year, reaching \$1.1 million. The jump is said to be caused by an increasing number of high-end buyers 43 percent, to be exact purchasing properties with cash to avoid high mortgage rates, up from 35 percent of luxury buyers using cash last year.

"Wealthy homebuyers have more tools to weather the storm of high mortgage rates," said Jason Aleem, senior vice president of real estate operations at Redfin, in a statement.

"Many of them can afford to pay in cash, meaning they're escaping high mortgage rates altogether," Mr. Aleem said. "Others are choosing to take on a higher rate and refinance later an expensive option that isn't feasible for a lot of lower-income consumers.

"Affluent Americans are still spending big, in large part because of pandemic savings and resilient housing and stock values."

Outperforming expectations

The third quarter median sale price on a luxury home hit the highest level of any July through September stretch in Redfin's records.

Luxury listings have reversed course slightly. In Q2 2023, the total number of luxury homes on the market fell 2.4 percent as, for instance, new constructions costly development fees raise final prices on these projects were snapped up by all-cash buyers willing to shell out more for deals while seeking to avoid pesky debts.

Last quarter, however, the supply of these homes nationwide grew 2.9 percent y-o-y, suggesting a higher amount of luxury residences are waiting to be claimed. In comparison, non-luxury homes saw a 20.8 drop in active listings.

"While many luxury buyers have the resources to forge ahead even when mortgage rates are elevated, stubbornly high rates and home prices will likely push some affluent house hunters to the sidelines in the coming months," said Daryl Fairweather, chief economist at Redfin, in a statement.

Luxury Home Prices Grow Nearly Three Times Faster Than Non Luxury Prices

Year-over-year change in median sale price



Redfin's data shows that luxury home prices are rebounding much quicker than their non-luxury counterparts. Image credit: Redfin

"High costs, along with the uptick in the number of high-end homes for sale, could cause luxury price growth to cool."

Luxury home sales declined 10.6 percent y-o-y in the third quarter of this year, however, this is at nearly half the rate of non-luxury homes, which continue to decline by 17 percent compared to last year.

Also, several hot U.S. markets, including Tampa, New York (see story), Las Vegas, San Francisco and Austin, are seeing jumps in activity.

The Institute for Luxury Home Marketing's October 2023 [Luxury Market Report](#) mirrors Redfin's findings, adding that affluent buyers are searching for move-in-ready floor plans, and are expecting unique amenities related to wellness, technological integrations, privacy and more, suggesting properties from sellers that consider these factors are spending a lot less time on the market (see story).