

REAL ESTATE

Cash purchases of luxury homes hit all-time high: Redfin

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All-cash purchases also reached an all-time high in usage. Image credit: Redfin

By LUXURY DAILY NEWS SERVICE

The cost of luxury homes in the United States has elevated to its largest average ever, according to new findings from real estate brokerage Redfin.

In the firm's Q4 2023 report, it revealed that the "typical" sale price of a luxury home in the U.S. reached \$1.17 million, an all-time high. Alongside this, the number of luxury homes sold throughout the year fell by 2 percent, a margin that represents the smallest decline the market has seen since 2021, potentially signaling a recovery in the real estate market following years of poor performance.

"More luxury listings will temper price growth as the year goes on," said Sheharyar Bokhari, senior economist at Redfin, in a statement.

"Overall, that's a good thing for the high-end market," Mr. Bokhari said. "Sellers will still fetch fair prices, buyers will have more to choose from and sales should tick up."

Bounce back

All-cash purchases propelled the market to its highest-ever sales prices, the means of payment also reaching an all-time mark in usage.

By the end of 2023, 46.5 percent of luxury homes were bought with cash, representing nearly half of all buys. The percentage of all-cash property purchases has increased over time, as consumers pivot to avoid rising mortgage rates.

Luxury Prices Rise at Twice the Pace of Non-Luxury Prices

Year-over-year change in median home-sale price



Source: Redfin analysis of MLS data - Created with Datawrapper

Luxury home prices are rising at a much greater rate than those outside the premium market. Image credit: Redfin

In Q3 2023, just over 40 percent of U.S. luxury homes were bought using liquid currency ([see story](#)).

"A lot of luxury buyers are coming in with cash, snapping up expensive homes," said Heather Mahmood-Corley, a premier agent at Redfin, in a statement.

"High-end homes are selling fast, especially in desirable areas like luxurious Scottsdale, or Tempe, which West Coast transplants love because it's centrally located," Ms. Mahmood-Corley said. "One client recently bought a house in Tempe, flipped it, and it sold for \$1.4 million in two days."

Listings have also soared, up 20 percent year-over-year, reaching levels of availability unseen since before the COVID-19 pandemic. The amount of inventory is in the same boat up 13 percent compared to the previous year, with the figure expected to grow even further in 2024.

These changes are said to be due to luxury homeowners seeing that they can demand higher prices, leading to an increased interest in selling the properties. Markets such as Phoenix, Tampa and New York are leading the pack in new listings, with Las Vegas seeing the largest increase in sales over the course of 2023.

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