

# LUXURY OUTLOOK

2024



Berlin

Sotheby's

INTERNATIONAL REALTY





This house overlooking the sea is part of the Barracuda Hotel & Villas, a gated community in Bahia, Brazil. It is in a preserved area of the Atlantic Forest, with the ocean just beyond the tree line, and hotel amenities at your fingertips.





# Welcome

**W**elcome to the Sotheby's International Realty 2024 Luxury Outlook. In the pages ahead, we'll explore what you need to know in order to stay informed and ready to make a smart real estate decision at any moment.

After the past few years' frenzied market, we're hitting more of a buyer-seller equilibrium, with inventory levels moving up ever so slightly, buyers getting used to a new normal of interest rates, prices generally holding steady, and high-end home seekers expanding their reaches to more parts of the globe.

There are lots of changes happening, and we explore them in depth—everything from the newest tech tools currently disrupting the real estate market, from artificial intelligence to smart-home technology, to pinpointing the parts of the world where tax incentives are increasingly enticing wealthy citizens.

We look at emerging markets such as Saudi Arabia and Mexico City, as well as the tried-and-true high-net-worth enclaves such as New York and Miami. We explore the strength of these markets, the effects of fluctuating currencies there, and much more.

We also look at the growing importance of sustainability and climate resilience to home builders and buyers, how hybrid work has shifted the world's real estate needs, and how provenance can help homes sell.

This is a difficult time when it comes to geopolitical challenges, with several conflicts raging around the world at once. That makes it difficult to predict what the future

will bring, and whether an intensification of conflict could affect financial markets.

For now, there continues to be economic uncertainty into 2024, despite some sporadic positive news. In the U.S., for one, economic growth accelerated in the fourth quarter of 2023, according to the Commerce Department.

While many experts are torn about the effects the conflicts are likely to have from a financial perspective, many market watchers predict an overall positive 2024 for the real estate market. As Sotheby's International Realty CEO Philip A. White Jr. points out in an interview on page 6, Freddie Mac is forecasting prices rising by 0.8% between August 2023 and August 2024, followed by another 0.9% gain in the following 12 months, pointing to "tremendous" demand for houses relative to supply, continuing "to keep upward pressure on prices."

For now, at least, most of the worries about the real estate market stalling due to rising interest rates haven't come to fruition, with demand strong, as people move both because they're going through major life events—such as new children and new jobs—or simply because they want to upgrade their homes and, with it, their lifestyle.

Speaking of the lifestyle factor, as always, we explore the high-end purchases people are making outside the real estate realm, including art, collectibles, and more.

We know that luxury buyers and sellers want to spend wisely, and staying well-informed is just the way to do it.

**A. BRADLEY NELSON**  
Chief Marketing Officer  
Sotheby's International Realty







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As president and CEO of Sotheby's International Realty, Philip A. White Jr. oversees the brand worldwide. The company is now in 83 countries and territories, with more than 1,100 offices and more than 26,500 sales associates. He spoke to us about what he finds exciting—and challenging—in the months ahead.

**WHAT WAS THE BIG REAL ESTATE STORY OF 2023, AND WHAT DO YOU THINK THAT TELLS US ABOUT 2024?**

The story of 2023 was about the postpandemic real estate market adjusting to slightly higher inventory levels and ever-increasing interest rates—a bit of a market reset. The demand was there if the frenzy wasn't.

But we still saw some very big-ticket sales in 2023. For example, we sold a waterfront estate in Greenwich, Connecticut, for US\$138.83 million, the most expensive residential property ever sold in the state, and we set a record in Washington, D.C., for the Bouvier compound, for US\$52 million. We also sold a Palm Beach, Florida, teardown for US\$50 million, and we had a lot of sales in the US\$30 million–range in San Francisco, California, and Manhattan. And the strength at the upper end is not just in the U.S.; we sold the most expensive property in Dubai for over US\$100 million. In September in Sydney, a trophy property in the Bellevue Hill suburb sold for A\$40 million.

We may not be seeing as many bidding wars, but standout properties in desirable areas still tend to sell, and at a premium, too.

I've always said that the high-end leads us out of an economic downturn, and that's

# Where We're Headed

*Q&A with Philip A. White Jr., President and CEO,  
Sotheby's International Realty*



what we see now. I see it continuing into the new year.

#### **LARGE SALES SEEM TO BE HAPPENING IN THE AUCTION WORLD, TOO.**

These real estate transactions correlate with the fine art and luxury categories, too. We recently saw Princess Diana's sweater sell for US\$1.1 million and Sotheby's had a [Queen frontman] Freddie Mercury exhibition in London with 140,000 visitors.

#### **WHAT ARE YOUR THOUGHTS ON THE EFFECT OF STILL-INCREASING INTEREST RATES? HOW IS THAT AFFECTING BOTH DEMAND AND INVENTORY?**

Rates are likely to stay higher for a while longer. At first the higher prices meant homeowners took pause before moving unless they had to, because they didn't want to part with their 3% rates (remember, many people refinanced over the past few years)—that has created a bit of a lockdown effect.

At this point, though, many consumers are becoming accustomed to new interest rates and making moves when they see a property they really want, or when they have to. There are always going to be the primary life changes/motivations that cause people to move—marriage, divorce, downsizing, retirement.

#### **ARE THE SAME LOCATIONS—FLORIDA IN THE U.S., FOR EXAMPLE—SEEING INCREASED INTEREST INTERNATIONALLY AND FROM PEOPLE COMING IN FROM OTHER STATES?**

Overall we're seeing that, around the world, areas with tax advantages are becoming

increasingly attractive to the affluent. They're expanding their scope as long as it makes financial sense to do so.

And some areas, like Florida, as you mention, have such tight inventory that people are expanding their searches to new areas within the state. For example, there's not much inventory in Palm Beach, Florida, so people look further to Jupiter or West Palm Beach. West Palm Beach, for one, is a hot market, with a lot of new towers, which you couldn't build in Palm Beach. We opened an office in Wellington, Florida, too, where people look for equestrian properties. People increasingly want properties that feature access to amenities like golf and horseback riding.

#### **SOTHEBY'S INTERNATIONAL REALTY IS ALWAYS EXPANDING ITS REACH. WHAT'S ON THE DOCKET?**

We've recently expanded in London, opening a new space that's right behind the Sotheby's auction house. We also opened 64 new offices in 2023, and we recruited top agents around the world to ensure that our clients receive the same consistent service, no matter where in the world they are transacting.

Sotheby's Concierge Auctions is a growing part of the business and there were a lot of exciting developments there in 2023. We sold a Malibu spec home for US\$26.5 million, and in October 2023, we held the Sotheby's Concierge Auctions' Exceptional Global Properties auction, honoring Sotheby's 50th anniversary and marking the first-ever exhibition of real estate to gavel live in Asia.

#### **DURING YOUR TENURE AT THE HELM OF SOTHEBY'S INTERNATIONAL**

#### **REALTY, WHAT HAVE BEEN SOME OF THE MOST SIGNIFICANT AND LONG-LASTING CHANGES YOU'VE WITNESSED?**

The world has gotten smaller, with feeder markets expanding all over the globe. I never thought we'd be in 83 countries, but our international market is more relevant than ever.

And, of course, there's the digital transformation we've seen. Our agents have had to embrace so many new technologies, from the early days of the internet to virtual showings to artificial intelligence.

Those who embrace it, and see the opportunities new technologies offer, do well.

#### **WHAT ARE YOU MOST EXCITED ABOUT IN 2024?**

There's a lot of excitement at the high end of the market. Demand remains high despite those higher mortgage rates, which also don't tend to affect the high-end market as much as the rest of the market.

Many forecasts for 2024 are positive. Freddie Mac is forecasting prices rising by 0.8% between August 2023 and August 2024, followed by another 0.9% gain in the following 12 months, pointing to "tremendous" demand for houses relative to supply, continuing "to keep upward pressure on prices." In October 2023, Fannie Mae said that in 2024 they expect "purchase volumes to grow 10% to US\$1.4 trillion, an upgrade of US\$7 billion from [September's] forecast, as our stronger home-price expectation outweighs minor downward revisions to the sales forecast."

We're hopeful that everything we've done to expand the business and cement our strength around the world will lead to a strong 2024 and beyond. ▣



# Global Real Estate Regulations and Policy Trends: Shaping Investment Opportunities



**Above:** This stunning oceanfront estate in Casa de Campo in the Dominican Republic boasts 13 bedrooms—with room for guests and staff.

A global environment and economy that's more unpredictable than ever means that maximizing potential on real estate requires understanding and negotiating swift changes in foreign policy and investment rules.

Look no further than so-called Golden Visa opportunities: using property acquisition as a

means to gain citizenship in a given country. Once prominent in Europe, these opportunities are dwindling. Portugal is phasing out the real estate investment portion of its program, and Spain may follow suit, according to multiple reports.

"The program created a lot of local demand in Portugal," says Francis Greenburger, CEO of developer Time Equities Inc., "and without it that demand could be gone."

The United Kingdom and Ireland have already closed similar programs. Although Indonesia is one of the newest countries to formalize a Golden Visa effort, it's unclear if this will drive new investment given the geopolitical differences in the Asian nation compared with those in Europe.

To be clear, there is still plenty of capital changing hands internationally, especially when it comes to American-bound interest. The National Association of Realtors polled its members from April to May 2023 and found a total volume of US\$53.3 billion of foreign buyer residential purchases from April 2022 to March 2023 (a 9.6% decrease from the prior period), with half of those buyers using their purchased property as a vacation home, rental, or both. The largest groups of buyers were of Asian and Latin American origin, with China representing the top stand-alone country, according to the report. California, Texas, and Florida were the three states with the most interest across most foreign groups.

The same report from NAR also notes strength in outbound interest, with a 7% increase in American buyers looking to a range of international locales for their next real estate purchase. Compared with prior years, American buyers are now showing closer-to-equal interest in Latin America, China, Canada, and parts of Western Europe.

While the overall international market remains robust, policy and regulatory changes are closely linked with real estate markets, driving investment decisions as a result.

## The Correlation Between Regulation and Geopolitical Risks

Both 2022 and 2023 marked a higher period of geostrategic risk across the globe, most notably in terms of the wars in Ukraine and the Middle East, and increased tensions



between the U.S. and China. These conflicts, in part, have led to the acceleration of new regulations and a shift in the flow of capital, such as investment in Dubai real estate. The United Arab Emirates has not imposed restrictions on Russian assets, whereas many others, such as the U.S, the U.K., and the European Union, have.

Plus, “there have been new rules and laws passed in areas such as financial data processing, state-level policies, and access to financial products,” says Marie Grasmeier, a licensed CPA in South Florida specializing in international business transactions. “An example of the latter is the U.K. Financial Conduct Authority’s Consumer Duty rules, which took effect in 2023.” These new guidelines are meant to streamline financial- product information, so consumers know exactly what they’re agreeing to and can get quick and efficient assistance from financial firms when they need it.

According to Jonathan Woloshin, real estate and lodging analyst at UBS, there’s a continued effort by the U.S. Treasury Department to curb money laundering with tougher rules around using anonymous entities, like an LLC or S Corporation, to purchase property, which may affect the flow of inbound real estate capital. Previously, these rules were specific to certain major markets such as Los Angeles, California or New York, but there is growing expectation that they will soon be rolled out nationally.

“It is anticipated that title insurers would be responsible for reporting to the Treasury’s Financial Crimes Enforcement Network the identities of the beneficial owners of companies paying cash for U.S. real estate,” he notes in a recent company blog post.

While stricter regulations connected to geopolitical activity may be on the horizon, perhaps the largest unknown driver will be climate change. A rapidly changing environment will undoubtedly urge governments to consider more significant legislation requiring more climate-resilient construction and development. Thomas Scott, group head of real estate at international citizenship and residence firm Henley & Partners, cites a regulation in the U.K. that would have required all leased properties to meet a minimum energy efficiency standard by 2028.

However, as an example of how controversial these mandates can be, the British government rolled back the requirement in September 2023 as part of

## Buyer/Seller Concerns Through the Years

A look at what Sotheby’s International Realty agents pinpointed as the biggest issues facing their clients—from 2022 to 2024.

2022	2023	2024
 <p>1 LOCAL POLICY OR TAX CHANGES</p>	 <p>1 ECONOMIC UNCERTAINTY</p>	 <p>1 POLITICAL CLIMATE</p>
 <p>2 ECONOMIC RECOVERY</p>	 <p>2 FLEXIBLE WORK</p>	 <p>2 INTEREST RATES</p>
 <p>3 COVID-19 PANDEMIC</p>	 <p>3 LOCAL POLICY OR TAX CHANGES</p>	 <p>3 INFLATION</p>
 <p>4 RETURN TO THE WORKPLACE</p>	 <p>4 CLIMATE CHANGE AND NATURAL DISASTERS</p>	 <p>4 LOCAL POLICY OR TAX CHANGES</p>
 <p>5 CLIMATE CHANGE AND NATURAL DISASTERS</p>	 <p>5 LINGERING COVID-19 ISSUES</p>	 <p>5 CLIMATE CHANGE AND NATURAL DISASTERS</p>

Source: Sotheby’s International Realty Luxury Outlook 2024 Agent Survey; Sotheby’s International Realty Luxury Outlook 2023 Agent Survey; Sotheby’s International Realty Luxury Outlook 2022 Agent Survey





**Left:** Set in the tony London neighborhood of Mayfair, this three-bedroom duplex is wonderfully bright and has been finished to an exceptional standard.

a larger “streamlining of work,” inextricably linking climate-related policy-making to the politics of the moment.

In certain natural disaster-prone areas such as the Caribbean (subject to the wrath of hurricanes) and parts of the American West (dealing with increased and more intense wildfires), a variety of resilience strategies are already under way—some voluntary, and others mandated by local authorities.

In another example, Singapore’s strict and high taxation of foreign capital buying real estate is significantly curbing demand there, according to UBS’ 2023 Global Real Estate Bubble Index. It’s prompting higher rents as a result, and the index suggests that even more rent-driven regulations in the future could have an impact on the investment value of that particular market. As a key hub for Asian finance and trade, it’s an important country for real estate investors to monitor.

## Interest Rates Still Driving The Conversation

“The big story right now is rates,” says Jonathan Kessler, head of credit and cash management solutions for PNC Private Bank.

Especially for inbound buyers looking at American properties, high interest rates—which have spent many months moving upward—are prompting buyers to consider alternative options for financing, such as a securities-based line of credit (which Kessler says is “one of the easiest and quickest options”), or even looking at intrafamily loans for high-net-worth families. He adds that currency considerations also come into play. The strength of the U.S. dollar in the past few years has made investing in dollar-backed properties less attractive.

The UBS Index notes that “average

mortgage rates have roughly tripled since 2021 in most markets,” and that’s correlating to a pause in annual nominal price growth in the 25 large cities the index analyzes. Higher interest rates are eliminating most of the price gains of the past three years, and even dropping some markets to pre-pandemic levels.

Even in a cash-driven market like Dubai, which has seen price growth and a red-hot rental market in recent years, the UBS Index reports potential for weakening momentum into 2024. A fast increase in new construction and supply, and uncertainty around interest rates, could also lead to an overall slowdown. The ramping up of geopolitical tensions across the Middle East following the attack in Israel and subsequent war in Gaza also create question marks.

## With This Much Uncertainty, Professional Expertise Matters

A normal transaction in quiet economic times is complex enough, but in the current climate of environmental and geopolitical turmoil, one of the clearest strategies to help minimize risk is by having a team in place to assist through any real estate expenditure, whether personal or investment.

International transactions often rely on tax treaties, which the U.S. has with more than 40 countries. But not all of those treaties are uniform.

“Americans buying overseas should consult with a professional who is familiar with international income-tax treaties and regulations for foreign investors, and it’s important to consider the Foreign Account Tax Compliance Act [FACTA],” Grasmeyer advises.

FACTA was created as part of the Hiring Incentives to Restore Employment Act of 2010 and was designed to mandate foreign-asset reporting if it meets certain thresholds. FACTA is not administered by the Internal Revenue Service, but by the Treasury Department, and it covers assets such as real estate, cash, stocks, partnership interests, and precious metals.

For foreign nationals selling American real estate, the Foreign Investment in Real Property Tax Act (FIRPTA) requires careful consideration. Those investors looking for anonymity may find themselves being taxed twice on the same transaction in order to keep that privacy, according to Grasmeyer. She also notes that FIRPTA requires 15% of the gross proceeds from the sale to be remitted to the Treasury Department at closing, with no regard to the cost basis or actual capital-gains tax liability.

With large transaction values, estate taxes can also come into play. This is where the teamwork of a qualified international accountant and estate attorney is crucial.

“It’s important to note that U.S. citizens and tax residents are subject to worldwide taxation regardless of where income is earned or where the taxpayer resides,” she adds. ■

# US\$53.3B

The National Association of Realtors found a total volume of **US\$53.3 billion of foreign buyer residential purchases** from April 2022–March 2023, with half of those buyers using their purchased property as a vacation home, rental, or both.



# Demographic Shifts and The Evolution of Real Estate: A Global Perspective



**Left:** Set in Corfu, Greece, Ayline is an impressive villa that showcases a unique blend of Corfu-style and Venetian-style architectural influences fused with modern aesthetics.

**G**enerally speaking, wealthier citizens around the world are more mobile than ever.

Especially as the global economy emerges from the pandemic, more buyers are maintaining multiple residences, whether in different states or on different continents.

"Greece's luxury real estate market is currently undergoing a transformation, attracting a diverse and international range of buyers," says Savvas Savvaidis, president and CEO, Greece Sotheby's International Realty, noting increased inbound interest in the Mediterranean country coming from Central Europe, Egypt, and Australia, among other regions.

This increased mobility means buyers

and sellers are looking at transactions with a modified perspective, whether that's in light of higher taxes, new government incentives, or in the face of a changing climate.

## Tax, Regulation Still Dictate Migration in Some Markets

Franky Cho, COO, List Sotheby's International Realty, Hong Kong works within a real estate market where the government is especially ambitious in building a favorable ecosystem to attract immigration.

"The government has been driving new initiatives to attract more talent and wealthy individuals to Hong Kong," he says. "We see

this as a new opportunity to capture new crops of high-net-worth clients, especially from mainland China."

Specifically, actions like the talent-admission plan, which offers a 24-month visa for certain applicants of a particular education and annual income standard, is driving higher demand for quality housing. Cho expects this particular demographic to buy or rent condos close to the most vibrant parts of Hong Kong, with extra focus on newer buildings for mainland China clients.

"They expect turnkey properties with everything ready to move in," he adds.

What's more, the introduction of the single-family office tax plan in May 2023 realized compelling tax incentives for family offices to set up their operations in Hong





Kong. Cho says certain families are now able to incorporate high-end luxury properties as part of this new tax vehicle, and it's making transactions possible now where they may have been previously less advantageous for an investment portfolio.

In Southern California, a new property tax is driving some migration out of the city of Los Angeles. The tax, known as ULA, added a one-time tax at the time of transaction on real estate within the city, with properties valued above US\$5 million enduring an additional 4.45% tax, and properties above US\$10 million a 5.95% tax.

"It's causing more high-end owners to consider a move," says Jennifer J. Janzen, real estate associate, Pacific Sotheby's International Realty.

Primarily operating in the quieter North San Diego County area, she has seen more buyers move south from Los Angeles and Orange County not only to escape the tax, but to get more value. These buyers are balancing out those escaping California's high tax burden, moving to tax-advantageous states

like Texas, Florida, Tennessee, and Wyoming.

"If they don't move entirely, they will downsize locally and make their out-of-state property their primary residence," she adds.

## Uncertainty About Global Economy Drives Caution

In Austin, Texas, Bridget Ramey, Kuper Sotheby's International Realty associate, confirms that there is a surge of buyers moving to the Lone Star state to escape some of those high costs, especially people in their 50s.

"Buyers were quiet in the first part of 2023, and there's more inventory now, so buyers are more discerning," she says. "We're still above where we were pre-pandemic with pricing, so that's a success in my book."

She's seeing second- and third-home owners keep a downsized residence in the market, but leave during the hot Texas

summers. She notes that housing prices have come down also in large part to interest rates.

"You used to have to pay 20% over asking, but now a home is priced 20% lower, though rates still play a role," she says. "What we're trying to do is be very pragmatic with pricing. Putting a high number on a listing before may have been worth it, but now potentially not as much."

In contrast, Savvaidis says that in 2024 it will be less about caution and more about Greece's economic recovery. An increased willingness from Greek banks to offer international financing, along with a potential interest-rate reduction in the second quarter of the year, could add more impetus to international buying power.

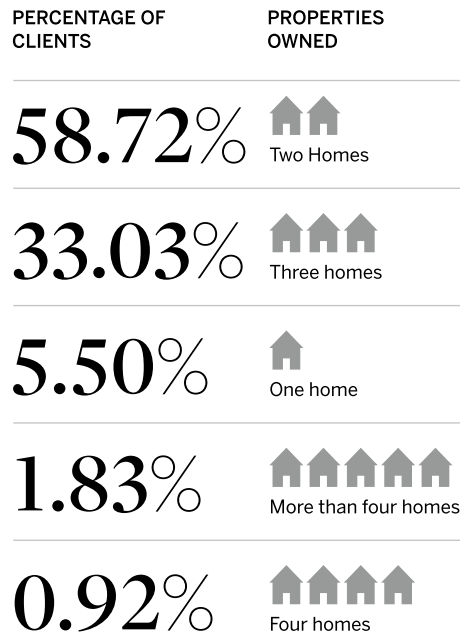
"This enhanced accessibility (of loans) is expected to play a pivotal role in driving demand and closing deals in the luxury real estate sector," he says. "Easier financing, compared with previous years, is projected to incentivize more buyers to invest in Greece's upscale properties."





## How Many Homes Do They Own?

A survey of agents from across Sotheby's International Realty reveals that most of their high-end clients own two or three homes.



Source: Sotheby's International Realty Luxury Outlook 2024 Agent Survey

## A More Climate-Resilient Outlook

The changing climate continues to be another driver for luxury buyers, as they factor sustainability and environmental awareness into their purchasing and selling decisions.

It comes as no surprise that buyers in Southern California are now much more cognizant of wildfire risk, and Janzen notes that's spurring builders to design homes that are more fire-resistant, whether through landscaping, material choices, or otherwise.

"It's a continued emphasis here," she says. "Many new buildings are also being designed and constructed with solar panels, high-efficiency HVAC, and LEED [Leadership in Energy and Environmental Design] certification."

Savvaidis says sustainability is going to take "center stage" in 2024, especially through the integration of smart homes and other cutting-edge technologies.

"A renaissance is unfolding," he says. "Time-honored materials like marble and stone are enjoying a resurgence, while contemporary designs with sleek lines remain prevalent."

International buyers are driving these design choices, especially as they shift toward smaller, more manageable properties. Savvaidis notes this transition is helping grow the town-home market, and allowing buyers to look at some of Greece's more underdeveloped areas along with particular island locales.

Downsizing does not mean sacrificing amenities, though.

"Serviced apartments and buildings offering hotel-style amenities are revolutionizing the concept of luxury living," he says.

Globally speaking, the luxury real estate market is adapting to a new kind of buyer who understands that enjoying a quality residential offering will mean being more adaptable to the ebbs and flows of an unpredictable global landscape. ▣



**At left:** Form meets function in this nearly six-acre compound on Lake Austin in Texas, with more than 10,500 square feet of interior space.

**Above:** Crowning a 14-acre plateau in the picturesque hills of California's Rancho Santa Fe, this eight-bedroom sanctuary is a true escape from city life.



# Emerging Real Estate Hot Spots: Unveiling the Next Global Investment Destinations

While there will likely always be an enduring desire for people to own a pied-à-terre in Paris or a villa in Tuscany, the appeal and financial potential of global real estate markets shifts for a variety of reasons from one year to the next. Property values change, new developments emerge, currencies fluctuate, and laws are adjusted, all of which affect investment opportunities.

Markets that currently entice global investors and are poised for more growth include Australia, Mexico, Saudi Arabia, and Turkey, according to Sotheby's International

Realty insiders. Each offers a unique set of attractions for domestic and foreign real estate investors.

## Australia's Lifestyle Destinations Beckon

While ultra-high-net-worth investors from around the globe own property in Sydney and Melbourne, they often choose to buy a second home in one of the vacation destinations in Queensland, Australia, says Paul Arthur, CEO, Queensland Sotheby's International Realty.

"We call them 'lifestyle properties,' and the state of Queensland has five or six of the best lifestyle locations in Australia," Arthur says.

Depending on the location, anywhere from 10% to 20% of the buyers are foreign, including Australian expats, with the rest domestic buyers, he says.

"Australia fared well during the pandemic and is considered a safe haven for buyers because of the stability of our economy and the Australian dollar," Arthur says. "Queensland still offers an amazing value for luxury properties compared to many global markets. The change in workplace practices makes this location





**Opposite page:** Stonebrook is cocooned within an exceptionally secluded and rare five-acre sanctuary in Brisbane, Australia, creating the ultimate oasis to escape, rest, and retreat.

**Left:** The home's gourmet open kitchen features Gaggenau and Sub-Zero appliances.

even more appealing because people can enjoy their lifestyle properties for longer periods of time."

For international investors, Arthur points out the current opportunity to take advantage of better value because the Australian dollar is weak compared with the euro, the pound, and the American dollar. "Property values almost doubled in the Gold Coast area of Queensland over the past three years," Arthur says. "There's a mix of single-family homes from A\$800,000 to A\$27 million, and high-rise condos from A\$1.2 million to A\$7 million. The Gold Coast is known for its pristine beaches, glitz and glamour, nightlife, and restaurants." Many of the condo buyers there are looking for canal-front properties with docks for boats and jet skis, Arthur says. "There's plenty of new development on the Gold Coast, with about 15% to 20% of buyers from Asia, especially Singapore, Hong Kong, and China," he says. "Noosa, which is north of Brisbane, has significant height and building restrictions, which makes it appealing for many buyers who like the flora and fauna, smaller buildings, and exclusivity."

The Whitsundays region, which offers access to the Great Barrier Reef and has numerous islands and private islands, appeals to serious boaters, Arthur says. They mostly buy condos that start at A\$1.2 million and up. Single-family homes on an island are priced up to A\$20 million. "For people looking for a tropical climate, Port Douglas has a wet and dry

season, access to the Daintree rainforest and to the Great Barrier Reef," Arthur says. "This is a lifestyle location that attracts a lot of Australians and Australian expats. The homes range from A\$800,000 to A\$12 million."

## Mexico City's Resurgence Into a Cultural Beacon

Mexico City is one of the world's top places for quality of life, says Laura de la Torre de Skipsey, real estate professional, Mexico Sotheby's International Realty. The capital city, known for its spectacular art and archaeological museums, world-class shopping, exciting nightlife, and acclaimed restaurants, is a magnet for Americans and Canadians looking for a metropolitan lifestyle, de la Torre de Skipsey says.

"We've seen a big influx of remote workers from America and Canada who can buy a home here and experience an amazing quality of life," she says. "American manufacturers are also coming to Mexico and bringing their executives here, plus we have expats from all over the world who want to enjoy the city and resort areas."

In addition to Mexico City, de la Torre de Skipsey says Europeans and Americans are investing in property in Oaxaca, Escondido, Puerto Vallarta, and Riviera Maya.

"The key factors encouraging people to buy property here are the lifestyle and the culture, especially in the city," she says. "Plus,

Mexico is close to the U.S. and easy to get to. Europeans are especially drawn to the resort communities for second and third homes."

For many years, all her clients were Mexicans, de la Torre de Skipsey says.

"Now, more Americans and British families are buying single-family homes in the city in neighborhoods like Las Lomas because that's where a lot of American, British, and French schools are located," she says. "People looking for nightlife and the city lifestyle are drawn to Condesa and Roma, which are already expensive and well-known."

The neighborhoods of Colonia and Polanca are also popular, especially the new Rubén Darío 225 tower, which has US\$4 million to US\$10 million apartments with room-sized terraces overlooking the city.

"Five years ago, our market wasn't anything like this, but now North Americans and Europeans are recognizing the value they can get investing in Mexico, along with the culture," de la Torre de Skipsey says. "This is only the beginning of the growth of the luxury market here."

## Saudi Arabia Poised for Progress

While luxury properties can be found in abundance in Saudi Arabia, only Saudis can buy and sell properties there, says Erick Knaider, managing partner, Saudi Arabia Sotheby's International Realty.

"Technically, an expat or foreign investor



**Right:** A home on a gated street in the Las Lomas de Chapultepec neighborhood of Mexico City, is made of stone, metal and wood, components that make the design feel organic.



can partner with someone in Saudi Arabia and follow an extremely strict set of rules to buy property,” Knaider says. “For example, they must use the property as their personal residence and can only own one property in the kingdom. But frankly, almost no one has done this.”

But that is all about to change.

“The final stages are in place to enact a law that will allow foreign investment in Saudi real estate, which will mean a drastic shift in demand,” Knaider says. “This law will be a huge turning point for luxury real estate here. It will be the final piece of the puzzle and encourage more development.”

Knaider says that Sotheby’s International Realty entered Saudi Arabia in early 2023 in anticipation of the game-changing rules.

“For the past few decades, builders in the kingdom have looked into developing branded residences, which are extremely popular in Dubai, but most have waited because of the lack of foreign investors,” Knaider says. “Foreign investors are drawn to branded residences because of the sense of comfort and luxury associated with them. They know what to expect.”

In Saudi Arabia, very few branded residences have been built so far. Instead, luxury buyers typically purchase land and build a custom villa, he says.

“There are some luxury condo developments, especially on the coast in Jeddah, such as Raffles, where there are very large units with at least 875 square meters that are priced from US\$2.7 million and above,” Knaider says. “But they are only sold to Saudis so far. The only other examples of development like that are the Fairmont in Riyadh and the Four Seasons coming next door to Raffles.”

Knaider anticipates dramatic change when new regulations are enacted, which he expects could be within the year.

“We need to build luxury residential communities with the amenities people want, such as a swimming pool, basketball courts, and a town center shopping area,” Knaider says. “Nothing like that exists yet, so we are optimistic that this represents an enormous opportunity for investors.”

## Rich History, Culture Attract Global Buyers To Turkey

Turkey’s location as the crossroads for Asia, Europe, and the Middle East contributes to the country’s cosmopolitan appeal for a wide range of international

buyers, says Can Turkan, CEO, Türkiye Sotheby’s International Realty.

“The 300% depreciation of the Turkish currency compared to the American dollar over the past three years has driven up tourism and demand for residential properties,” Turkan adds. “High-net-worth individuals from Russia and Ukraine continue to buy property here and, as usual, we have many buyers from Kuwait, Saudi Arabia, Qatar, the United Arab Emirates, and Lebanon who purchase homes in Turkey because they like that we are a Muslim country and a modern country.”

Foreign buyers who purchase US\$400,000 worth of property in Turkey are eligible for Turkish citizenship, which Turkan says has attracted many wealthy people from Syria, Afghanistan, Iraq, and Iran who want stability.

“Another pool of buyers are high-net-worth individuals who just want a special luxury residence to enjoy full-time or for several weeks of vacation each year,” he says. “We also see European buyers, especially Turkish immigrants to Germany, who want to invest in Turkey.”

In Istanbul, international investors primarily focus on the European side of the Bosphorus Strait, which is part of the continental divide between Europe and Asia and connects the Black Sea and the Sea of Marmara, because of the fine dining and luxury shopping opportunities there, while domestic luxury buyers focus on the Asian side, he says. The Asian side is quieter, which appeals to local Turks and Turkish expats, while the European side is more bustling.

“While there are some branded residences in Istanbul, we are talking with developers and luxury auto and fashion brands to develop more of them,” Turkan says.

↓ 300%

The **300% depreciation of the Turkish currency** compared with the American dollar over the past three years has driven up tourism and demand for residential properties, according to Can Turkan, CEO, Türkiye Sotheby’s International Realty.





**At top:** This spacious apartment is within the luxury branded Raffles Residences Jeddah, fast becoming one of the most talked-about real estate developments in Saudi Arabia. The building offers breathtaking views and five-star service.

**Below:** This historic waterfront mansion, which stands on the European side of the Bosphorus in Istanbul, Turkey, dates back to the early 19th century.

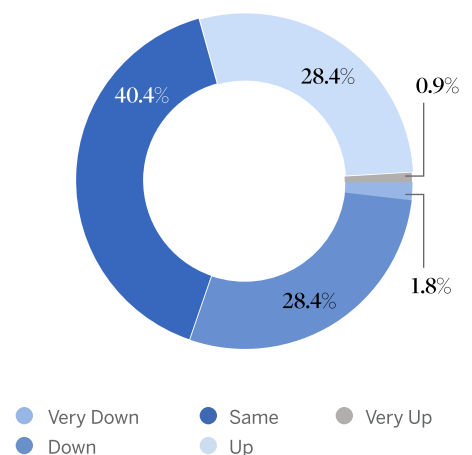
"High-net-worth buyers focus most on the 700 waterfront mansions on either side of the Bosphorus, which sell for US\$10 million up to US\$300 million. No one can build along the Bosphorus anymore, so these properties are like investing in gold and will only increase in value."

Turkan anticipates that over the next two decades, development in Istanbul of all types will be concentrated to the north and west of the city from the Third Bosphorus Bridge toward Istanbul International Airport, which could appeal to long-term investors. Another concentration of wealth in Turkey is in the resort area of Bodrum on the Aegean in Southern Turkey, where branded residences such as the Mandarin Oriental, the Four Seasons, and the Ritz-Carlton are located. "Bodrum is similar to the Côte d'Azur and the Greek islands," Turkan says. "It attracts an international crowd including Americans who bring their yachts there. U.S. buyers are rare, but we see a few. We're also seeing more Latin American luxury buyers from Colombia and Venezuela."

Besides the opportunities in Istanbul and Bodrum, Turkan says there's room for upscale residential development in Izmir, a resort city on the Aegean and the third-largest city in Turkey. ■

## 2024 Sales Predictions

Asked how they expect the number of sales to change during the first half of 2024 compared with last year, most real estate agents from across Sotheby's International Realty said they see more of the same.



Source: Sotheby's International Realty Luxury Outlook 2024 Agent Survey



# How a Synergy Of Tech Tools Is Disrupting Real Estate



**Above:** Innovative technology makes showing homes in remote places, like Turks and Caicos, easier. Above, one of 17 exceptional Sky Villas within the Arc high-end development.

**T**he real estate industry has faced many tech shake-ups. From the rise of the Multiple Listing Service to algorithm-based instant buying, savvy agents have adopted the technology necessary to better serve clients. The past three years, however, have seen an unprecedented advancement of tools that were already reshaping the real estate landscape, brought on by the challenges of remote life during the pandemic. Along

with the rise of artificial intelligence and data analytics, smart-home technology, and sustainable construction—the real estate industry’s tech acceleration is providing unparalleled opportunities for agents willing to adapt, helping homebuyers and sellers research and make moves more seamlessly—and in some cases dynamically—than ever before.

## Bridge to the Possible

“Virtual and augmented reality are revolutionizing the property-viewing experience for buyers,” explains Ena Pereda of ONE Sotheby’s International Realty in Miami, Florida. “The portability, the interactivity of virtual staging and real-time property modifications, as well as the ability to explore real estate globally, have completely transformed the real estate purchase process.” Detailed 3-D virtual-reality platforms, which synthesize drone technology and 360-degree camera footage with AI capabilities and data analytics, capture both the macro and micro views of a home. Buyers can “walk through” available properties and explore those spaces remotely—enjoying the panoramic view from a living-room terrace or examining the finest details of cabinet fixtures—without ever having stepped inside. In fact, Sotheby’s International Realty was an early adopter of these technologies, integrating them since 2016.

Augmented reality is another cutting-edge tool giving real estate agents an edge. “Buyers can not only interact with a space—let’s say open doors or turn on and



**Left:** A soon-to-be-completed villa in Miami Beach is a LEED Gold-Certified, Crestron smart home with a home theater, 88-foot long cascading infinity-edge pool/jacuzzi, and many more amenities.

off lights—but with design apps, they can also actually visualize changes or even full renovations before they make a purchase,” Pereda says. By incorporating up-to-the-minute neighborhood logistics, school ratings, and local amenities, combined VR and AR tech gives buyers a landslide of sensory and analytical information. They offer an exceptional sense of ownership over a space, blurring borders and broadening possibilities. “Buyers and sellers have a global community they can virtually explore at their fingertips,” says Pereda. “This in turn is empowering real estate professionals by enhancing marketing capabilities, expanding our reach to remote buyers, and improving overall customer engagement.”

## Real Estate in (Virtual) Paradise

Joe Zahm, president, Turks & Caicos Sotheby's International Realty, is one agent who's utilizing innovative technology to turn the concept of remote on its head. Zahm has traditionally contended with accessibility issues when showcasing properties. With

40 far-flung islands in the middle of the Caribbean, Turks & Caicos is highly desirable for its combination of preserved natural beauty and its remote, edge-of-the-world island appeal—but that's also presented an impediment for buyers hoping to jump into the local luxury-home market. “It's a great distance to drive, or boat, or even fly between available properties,” Zahm says.

Zahm found a solution to this problem in the Immersion Theater platform, which captures entire resort destinations through enhanced 3-D technology and a bird's-eye view from drones, then projects the interactive image onto a 9-by-16-foot screen. “Essentially it shrinks the universe and absorbs properties, projects, and neighborhoods,” says Zahm of the platform, which is fully merged with the MLS. “Lower-priority properties can be quickly ruled out and buyers create a more desirable short list.”

In a vacation market like Turks & Caicos, the Immersion Theater platform solves another problem—access. “Interesting properties are often rented and unavailable to show when buyers are visiting,” explains Zahm. “Immersion Theater allows potential buyers to experience a rented property and either eliminate or add it.” Sellers are equally excited by the possibilities the

platform presents. Not only can they see their properties showcased in an optimal, impactful way, the platform reduces the number of in-person showings necessary for a sale. This prospect is especially valuable to luxury real estate owners. “Sellers of higher-priced homes with longer than average days on the market are open to extending their listing agreements,” Zahm says. “They know they can continue to maximize their rental income due to the reduced number of in-person showings.”

## Bringing Plans to Life

The one-two punch of enhanced 3-D technology and analytics has also proved a boon for new construction projects. “Our developers are completely blown away with the possibilities our tech presents,” Zahm says. “The combination of drone and 3-D modeling brings preconstruction projects to life. Developers then get ideas about how to optimize their schematic concept and designs.” Not only do 3-D models and drones aid in site assessment and precise planning, but they're also enhancing efficiency and reducing construction costs, Pereda says. “Sustainable construction,

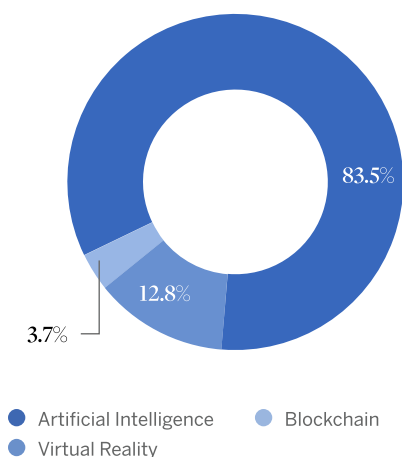




**Above:** Last fall, a new-construction home dubbed Meta Residence sold in Miami's Pinecrest village for US\$11.2 million. The world's first "MetaReal" Mansion, the real-world house had a digital twin in the Sandbox Metaverse.

## Looking Ahead

Sotheby's International Realty agents weighed in on which cutting-edge technologies are likely to have the biggest impact on the real estate industry in the next five years.



Source: Sotheby's International Realty Luxury Outlook 2024 Agent Survey

smart-home technologies that monitor and optimize resource usage and cybersecurity measures, are all becoming increasingly important in new developments."

Tech advancements are making predevelopment sales much more palatable for buyers, too. Enhanced 3-D renderings make developments tangible long before they're completed, and drones allow buyers to monitor projects in real time.

## Investing in People

"Technology isn't here to displace agents," explains Anton Danilovich, real estate broker, Golden Gate Sotheby's International Realty in California, and founder of the real estate analytics platform TopHap. "Real estate is always going to need experienced professionals with extensive local knowledge to facilitate transactions and stand with clients. But if agents embrace tech with open arms, it's going to make them better, faster, stronger, smarter professionals." Danilovich began flipping properties early in his real estate career, which attracted builders and developers as clients. "My job quickly became about assessing opportunities in different markets," he explains. "But real estate is essentially local. Most agents are deeply rooted in their own area, but if they move five miles in any direction, they become a fish out of water." The process

of researching potential investments was time-consuming, even before he drove, or flew, to see a property.

To solve that problem for himself and other agents, Danilovich partnered with software developer Dennis Khvostionov to found TopHap. Building on 60 years of data gathered from aggregators, the department of transportation and NASA flight missions, the company created 3D topography models for properties throughout the U.S., then layered in data sets—everything from real-time market updates to environmental factors to noise levels to rental potential—and visualized it all as an online, navigable heat map. "Now agents can do a detailed property analysis in about 60 seconds," Danilovich says. "It empowers agents with data to back up their expertise," he adds.

## Metaverse Meets Reality

In the fall of 2023, ONE Sotheby's International Realty sold a new-construction home in Miami's Pinecrest village for US\$11.2 million. Impressive by any standards, this one had an interesting hook—dubbed Meta Residence, it was the world's first "MetaReal" Mansion, a real-world house with a digital twin in the Sandbox Metaverse. The all-cash transaction—which obtained the highest price per square foot in Pinecrest at US\$1,335—was a collaboration between ONE Sotheby's International Realty, Voxal Architects, and NFT collector and contractor Gabe Sierra of Sierra Development. The purchaser received both the NFT of the asset and the physical home, which are mirror images of each other. "It was a fun effect," says Michael Martinez, real estate agent and vice president, ONE Sotheby's International Realty, who represented the buyer and the seller. While the NFT may not have sold the house, "it was the cherry on top," he says. "It was different, fun, and the buyer liked the idea."

The novelty garnered attention, while, at the same time, proved that agents are staying up to date with what's new. "We're always immersing ourselves in the latest technologies and trends," Martinez says. "There's a lot of young, savvy people who are becoming ultra wealthy, so anything we can do to change the traditional real estate model, we embrace."

He's always open to learning new things, he says. "We have to adjust for the times and for individual markets." ■

# Real Estate Investment In the Digital Age: Navigating Data and Analytics For More Transparency

Once exclusively the tool of the market researcher or the expert broker, data analytics quantifying the real estate realm are now at the fingertips of both the high-end homebuyer and seller. The targeted use of national and regional data evaluating offer and sale prices, applied mortgage rates, specific and collective home equity, property, and neighborhood ages, average home amenities and lot sizes, etc., allow the user to make informed choices in the selling or buying of any luxury home.

Whether a broker is searching for promising leads or an individual buyer is scouting a new neighborhood, data-driven analysis scouts out the direct economic impact on real estate sales. Buyers can do much of their own homework now, and the pros say consumers are coming into offices better equipped to ask the right questions.

Danielle Hale, chief economist with Realtor.com, points to distinct types of indicators for real estate data analysis by professionals and consumers.

“At Realtor.com, we track the numbers of homes available, their prices, and their time on market on a monthly basis,” Hale says. “This type of market information is available in different geographies. Our stats cover the national market before drilling down to the metro level. Many local associations will produce similar sorts of data.”

Hale explains that such information is essential for deducing what's happening in the housing market as several important questions can be answered with the right

data points. “Are home sales moving slower or faster? Are home prices going up or down? Are homes sitting longer on the market—and, if so, what types of homes are selling quicker?”

Jason Friedman, senior global luxury advisor, Daniel Gale Sotheby's International Realty on Long Island, New York, points out that the difficulties of gathering these sort of comparative analysis numbers can vary between regions and cities. Homes in suburban areas can be trickier to compare than, say, a building in Manhattan where there are more comparable units for sale at the same time.

## A Peek Into Realtor.com Data Across 50 Metros, November 2023

This Realtor.com data found the combined annual median list-price growth rate for active listings was 5.1%. The data below looks at regional specifics, showing that on average, Northeastern metros had the highest price-growth rate (with an average increase of 7.8% year over year). Larger Southern metros saw the lowest growth (3.2%). Data like this help inform pricing on the sellers' side and offers on the buyers' side.

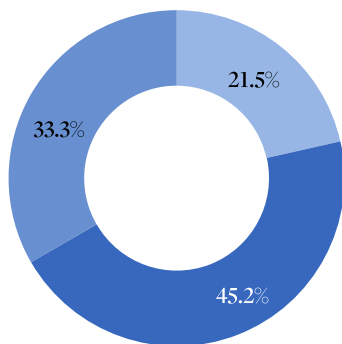
REGION	YEAR-OVER-YEAR STATISTICS				
	ACTIVE LISTING COUNT	NEW LISTING COUNT	MEDIAN LISTING PRICE	MEDIAN DAYS ON MARKET	
Midwest	-2.3% ▼	+2.6% ▲	+5.7% ▲	-1 ▼	
Northeast	-8.1% ▼	+3.1% ▲	+7.8% ▲	-5 ▼	
South	+3.7% ▲	+3.4% ▲	+3.2% ▲	-2 ▼	
West	-19.9% ▼	+2.7% ▲	+6.4% ▲	-6 ▼	

Source: Realtor.com



## AI and VR in Real Estate

Real estate agents from across Sotheby's International Realty weighed in on which of the new technologies they're currently using in their business.



● Artificial Intelligence ● Virtual Reality ● None of the above

Source: Sotheby's International Realty Luxury Outlook 2024 Agent Survey

And these data points help sellers know how to price and buyers know what to offer.

"What makes this kind of data analysis appealing to consumers is—whether buying, selling or investing—they can now do their research the way appraisers do it," Friedman says. "We're seeing more (consumers) coming in better informed, with their research done, because everything is online now. They come to us with a much cleaner picture, and they can make their regional neighborhood comparisons easier."

However, Friedman adds the suburbs or more rural areas involve more complex factors, such as venue amenities (lakeside, park adjacent, landscaping, view, etc.), era of construction, architecture, and build quality. Such elements can significantly vary the pricing of homes even within a generally limited location.

Real estate data collection and analysis is especially important in newly booming areas without a reliable value and pricing history, he says. For example, banks suddenly looking to set acceptable loan amounts for such rapidly developing

regions need something to set their financial amounts before they turn to the analytics for a foundation.

"It's important for professionals to know everything that's going on with these numbers," Hale explains. "They have to counsel buyers and sellers in a market where consumers need to be really aggressive because there are fewer sellers and a lot of buyers. We're seeing this data now driving buyers to be really assertive in their offers—asking price or above—because we can see the market is highly competitive."

Friedman believes accessing data analytics is especially important for home buyers looking to move to other local regions or more distant parts of the country.

"Getting online and searching through this information can make a difference if you're looking to buy outside of your individual familiarity," Friedman says. "In the past, those region-to-region buyers were more likely to rely on the analysis of a real estate firm or broker. Now, they might still go that route with professionals, but they get there with a better understanding of what they're looking at by doing their own online data research."

Hale agrees. "Not everyone is going to be comfortable digging into the data themselves, but there are a lot of resources out there for individual consumers—such as our [realtor.com/research](#) site," she explains. "But, it's also important to check those insights with what professionals are seeing on the ground."

## AI's Growing Role

In this age, any talk of data collection and analysis leads to questions about the impact and function of artificial intelligence and the tools it can bring to the real estate buying and selling process. While both Hale and Friedman acknowledge the growing influence of AI in their field, neither believes it's in a position to take a major role yet.

"At Realtor.com, we've experimented with AI," Hale says. "What we've found is, while AI is great at summarizing existing information, it's not useful for creating insights from new data. You can ask AI why people might be moving from Los Angeles, California, to Austin, Texas, and it'll do a good job of answering that because it'll synthesize and distill what's been written on that topic. But, if you ask it to predict the data on cross-market shopping movements, it's not going to be able to tell you much. So, we need to be careful on how we use it."

Friedman believes the luxury real estate market will always be human-driven, with or without AI involved.

"For areas in which numbers tend to stay stable, it's easier to apply AI—when it's apples to apples," he adds. "But, in less developed areas where more variables are involved, there's always going to be room for people to do the analysis. Of course, if AI gets advanced enough, it'll do more. Still, I don't see anything out there right now to put a dent in the human factor."▮

"We're seeing more (consumers) coming in better informed, with their research done, because everything is online now. They come to us with a much cleaner picture, and they can make their regional neighborhood comparisons easier."

### JASON FRIEDMAN

Senior Global Luxury Advisor  
Daniel Gale Sotheby's International Realty

# Hybrid Work Leads to Busier Suburbs, Some Deals To Be Had in the Cities

**H**ybrid work arrangements are here to stay. According to data from property technology and security firm Kastle Systems, whose Back to Work Barometer tracks access to offices in top U.S. metro areas, occupancy hovered around 50% in September 2023—dipping as low as 26.2% in cities like New York and San Francisco on Fridays.

The implications are huge for commercial and residential real estate. How will overlapping work and home lives change what homebuyers and residential tenants want? What happens to retail that once served a steady, five-day flow of office workers? As workers untether from offices, what other spaces will serve as workplaces?

To find out, we spoke to Sotheby's International Realty agents in five locations facing related, but very different, challenges.

"The transformation of the sanctuary that was home into an office has changed how people prioritize what they're buying, where they're buying, and how they're working," says Joel Schilperoort, broker associate, Sotheby's International Realty - San Francisco Brokerage in the city's Marina district. "Pre-Covid, population density didn't matter. Buyers went from, 'I want to be in a complete city environment' to 'I want the suburbs, parks, outdoor space, and an office at home.'"

As a result, "suburban neighborhoods are more competitive than they've ever been, even with high interest rates."



**Top:** This Ross, California, home has Italianate grandeur and modern design with panoramic views of Mount Tamalpais, the verdant hills of Marin, and the San Pablo Bay.

**Bottom:** Set on four manicured acres, this Alpine, New Jersey, home feels like a resort—just six miles from New York City.





**At left:** Among the draws of this Georgian home in Dublin, Ireland, set on nine acres is a large, sun lit central study that's well suited for work, with south-facing views of Dublin's coastline.

The hottest suburban area in his region is Marin County, across the Golden Gate Bridge from San Francisco, he says. About 15 miles north of downtown, its affluent towns include Mill Valley, Larkspur, Belvedere, and Corte Madera.

"You definitely see more people at coffee shops" in the suburbs, he says, many of whom are taking meetings, holding conference calls, or dialing into Zoom sessions.

But there hasn't yet been a re-energizing of the office market in the San Francisco suburbs, he adds. And recent reports have concentrated on artificial intelligence-focused companies giving the city's faltering commercial real-estate market a boost. (OpenAI, creator of ChatGPT, for one, is headquartered in San Francisco's Mission District.)

And it appears as though several big-ticket sales during the second half of 2023—including a US\$23.5 million off-market deal and a US\$17.5 million condo sale, both in Pacific Heights—point to strength in the city's residential real estate market, too.

Like San Francisco, work from home has buoyed a widening commuter belt around Dublin, Ireland, while continuing to affect

fortunes of city retail and food businesses, says David Byrne, managing director, Lisney Sotheby's International Realty in Dublin.

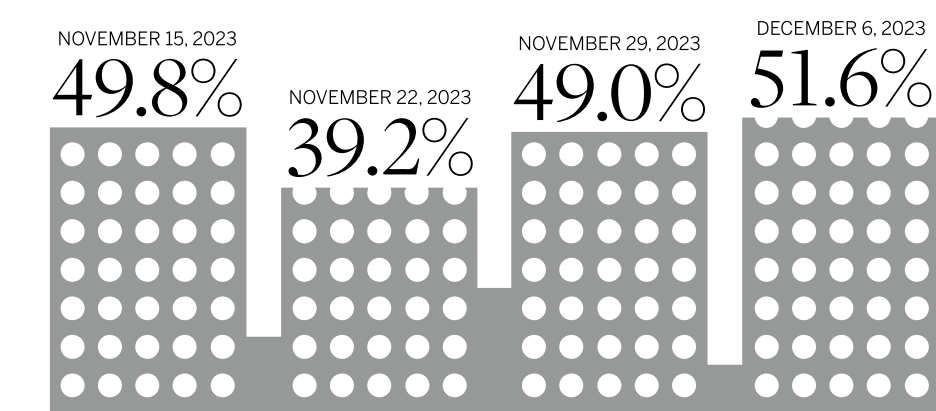
"There's been a complete revitalization of commercial activity in suburban locations because of the population influx," Byrne says. "Locations that were busy on weekends and quiet on weekdays are now

humming seven days a week."

The dominance of telecommuting has shifted the demands from affluent homebuyers in terms of product and location, he adds. "The most sought-after locations used to be near the city, with a fine stock of quality Victorian and Georgian homes," Byrne says. "That's moved to

**Back to Work**

Occupancy for office buildings based on an average of 10 major metro cities, including: San Francisco, Austin, Chicago, Washington D.C., San Jose, New York, Houston, Los Angeles, Dallas, and Philadelphia.



Source: Kastle.com as of December 2023

coastal or suburban locations with more space and a garden. There's a greater emphasis on outdoor space, and typically dedicating a room in the house to become an office. But homes with ample green space also offer opportunities to build 'timber cabins' where owners can work. They're assessing space needs in a completely different way."

One of the limitations of how far buyers can go from Dublin isn't traffic or limited services, but Wi-Fi, Byrne says. "There are still some parts of the country where Wi-Fi is poor, which makes working from home challenging," he says. "It's changing, but very slowly."

For tenants, work from home has made "developments with communal working spaces the most sought-after," Byrne says. "Any communal space in those projects has been adapted to become a workspace. That was not as important pre-Covid. On-site amenities were less important, because tenants would have used them near their offices. Now, they want amenities both at home and to lure them back to the office."

Back in the U.S., Boston, Massachusetts, like Dublin, saw a dramatic expansion of its commuter belt as a result of work-from-home and hybrid plans. "What had been a seven-to-10-mile radius expanded a great deal, with some people moving to smaller cities that offer more affordable prices, like Portsmouth, New Hampshire, or Portland, Maine," says Colleen Barry, CEO, Gibson Sotheby's International Realty in Boston. "As a result, there has been huge upward pressure on prices in some of those towns. In places like Cape Cod, I saw people from New York who were thrilled to pay US\$1 million for a house. There is a shift in perceived value of these areas."

Prices in Boston held steady, though. "We're relatively small, and we have many legs to the stool—schools, medical, technology, finance," she says. "Even with the exodus to other communities, demand did not fall in the city."

Rentals have not held up as consistently, as priorities changed for remote workers, she says. "Units with fewer bedrooms are more challenging," she says. "People are thinking that if this is the workspace, living space, and workout space, they need more flexibility." Tenants are "not necessarily being drawn to buildings with amenities, but to neighborhoods with amenities."

"The value of commercial real estate has gone down, a lot," she says. Suburban office markets have not seen increased demand as a result of remote work, but their communities have. "Areas that for years didn't have a thriving main street now have one, like Portsmouth, and Portland," she says. "People who had social amenities in the city want them in their new homes."

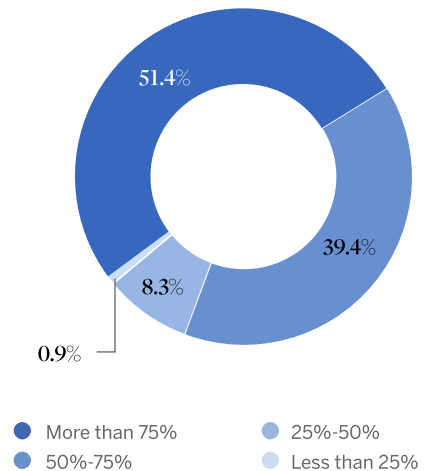
Unlike Boston, a city half its geographic size, Seattle, Washington, relies heavily on the tech sector, and much of the city's new construction had been "urban campuses" aimed at attracting workers downtown, says Dean Jones, principal and owner, Realogics Sotheby's International Realty. After hybrid work arrangements took hold, "the whole walk-to-work component of living downtown became less critical."

After "hitting bottom" in early 2023 with commercial and retail vacancies that were precipitated by flight to the suburbs, Seattle is rebounding, Jones says. "Apartments downtown were the first to rebound, because rents were low. Condos saw up to 25% price corrections, so they're coming back because they're the last bastion of attainable homes. Even remote workers who left are coming back to the city because they're realizing their dollar goes further."

Empty office buildings present bigger challenges, he says. "Many projects that were purpose-built for the tech boom were delivered as shell and core only,

## Plans to Buy in 2024

The majority of real estate agents from across Sotheby's International Realty who responded to our survey said their clients plan to buy in 2024.



Source: Sotheby's International Realty Luxury Outlook 2024 Agent Survey

**Below:** A French château comes to mind when viewing this majestic 15,000-square-foot manor on 1.5 acres adjoining a golf course in Houston, Texas' landmark River Oaks neighborhood.





with no interior build-outs. It's a maximum opportunity for another build-to-suit tenant—which might be another tech company," Jones says. "The real casualties will be tired class B and C office parks built in the 1970s and now losing tenants to class A at the same price."

In Westchester County, outside of New York City, suburban office parks are taking a different shape in the wake of the remote-work revolution, according to Ellen Stern, associate broker, Julia B. Fee Sotheby's International Realty in Rye, New York. "We're seeing a lot of multiuse spaces that include businesses like fitness facilities that are a destination," she says.

Like commuter belts around other areas, affluent Westchester is seeing a revitalization of main streets in sought-after towns like Rye, Scarsdale, Larchmont, and Bronxville. "Everything that had been available in the city is now available here," she says. "We're starting to mimic urban services with everything from healthful quick-service dining options to a vitamin-drip bar. That's not particularly suburban."

But the exodus from New York City has less to do with remote work than with simply needing more space, Stern says. "In most of the families moving here, both parents work. We have a lot of financial-services people, and they're all back at the office. I don't see 'not going back to the office' as a main driver," she says. "Even though you'll have more of three days in the office and two days remote, you'll see a lot of families where one parent's hybrid and one is fully back at work."

Still, home offices are "an essential requirement" for homebuyers, many of whom "were taking Zoom calls in bathrooms during Covid," Stern says. "Now, I see people taking Zoom calls on their walks." ■

# 50%

According to data from property technology and security firm Kastle Systems, whose Back to Work Barometer tracks access to offices in top U.S. metro areas, **occupancy hovered around 50%** in September 2023.

## New Tech Hubs Around the World

Nowadays, a tech hub can sprout anywhere—sometimes in surprising locations.

Tech-jobs site Dice used job-postings salaries to pinpoint which U.S. cities are new tech-industry hot spots—some boasting double-digit growth year over year.

At the top: Houston, Texas (+45.6% year over year), and Miami, Florida, (+33.6%), along with Phoenix, Arizona (+31.7%), San Diego, California (+29.4%), Charlotte, North Carolina (+27.6%), Boston, Massachusetts (+25.6%), Los Angeles, California (+23.3%), Chicago, Illinois (+21.9%), and Tampa, Florida (+21%), all of which grew more than 20%.

Detroit, Michigan, another fast-growing tech hub, has seen investments from Amazon, Microsoft, and Apple, along with a surge in start-ups and venture capital activity, according to Dice. And Orlando, Florida, better known for theme parks, has doubled down on tech, defense, and training, with a healthy start-up ecosystem.

A slightly different picture emerged from a study by PitchBook-NVCA Venture Monitor, which tracks venture-capital activity. Usurping Silicon Valley's primary position, Miami, Florida, attracted the most VC money from 2020–2022, followed by Chicago; Denver, Colorado; Philadelphia, Pennsylvania; and Bridgeport, Connecticut.

"Smaller markets have also seen their tech ecosystem grow because of their vibrancy," according to Kyle Stanford, lead venture capital analyst at PitchBook. "They have strong university systems. They're places people want to live, where there's a lot going on." Nashville, Tennessee, and Minneapolis, Minnesota, are also emerging as smaller-scale tech hubs, he says.

Proximity to heavy-hitting tech hubs like New York and Boston, Massachusetts, has also buoyed cities like Philadelphia and Bridgeport, Stanford says.

In its own report on "Pandemic Trends and Shifts in the Geography of Tech," the Brookings Institution concluded that Atlanta, Georgia; Dallas, Texas; Denver; Miami and Orlando; San Diego;

Kansas City and St. Louis, Missouri; and Salt Lake City, Utah, added a combined 14,000 tech jobs and increased their share of the tech sector—all while "tech-sector employment growth slowed in the biggest, most dominant tech centers" including San Jose and Los Angeles, California, and Boston.

"The next group of places moving up are often anchored by significant Fortune 500 businesses, which means a lot of tech in nontech companies," says Brookings Institution senior fellow Mark Muro, one of the report's authors. "These locations tend to have good universities, and great pools of STEM talent."

The ascent of these secondary tech hubs has had "significant" effects on real estate, Muro says. "Decentralization has really benefited attractive suburbs, exurbs, and small metro areas," he says.

Perhaps recognizing the shifts, President Biden's administration recently launched a program to designate 31 cities as "Tech Hubs," to be given federal grants. The locations range from a Baltimore, Maryland, healthcare Tech Hub to a semiconductor-development lab in southern Oklahoma to a nuclear-energy Tech Hub in Idaho and Wyoming.

But Muro cautioned that betting against traditional tech hubs like San Francisco, New York, and Boston is premature. "When a new, early-stage technology comes up, like generative AI, it tends to be highly concentrated in the big, powerful cities," he says. "You can never count out those command-control centers."

Internationally, global recruiting firm Oyster ranked the world's top 10 cities for tech talent, with Vancouver, Canada, at No. 1, followed by Mexico City, Mexico; Manchester, United Kingdom; Lagos, Nigeria; Austin, Texas; Buenos Aires, Argentina; Bengaluru, India; Dublin, Ireland; Barcelona, Spain; and Nairobi, Kenya.

"Rising rents and taxes in megahubs, increased adoption of remote and flexible working, and tech-focused government policy, for example, have pushed talent to newer and emerging tech markets," according to the report. ■

# Buyers Steer Money Toward Sustainable Homes



**W**hen Wohali, a luxury, 5,000-acre planned community, breaks ground later this year in Utah, it will boast a long list of sustainable features: thousands of acres set aside under a conservation easement, a solar-panel farm, and community buildings featuring solar roofs.

Once a niche interest, real estate developers are now building with sustainability at the top of mind, as buyers demand homes that integrate more renewable energy and reduce their carbon footprint.

“People are making decisions with a focus on the future related to what’s best for the environment,” says Onie Bolduc, head of sales at Wohali and associate broker, Summit Sotheby’s International Realty in Park City, Utah.

Worldwide, buildings account for 37% of global carbon emissions and 34% of energy demand, according to a 2022 report by the United Nations Environment Program. Reducing their impact has clear implications for the environment.

In Sweden, sustainability has become something buyers expect, says Anders Elbe, real estate associate, Sweden Sotheby’s International Realty in Stockholm—perhaps unsurprising for a country where 69% of the land is covered by forest.

“Nature is everywhere,” Elbe says. “With foreign buyers, that’s what they appreciate.”

Swedish real estate developers have been at the forefront of using green building materials in both offices and residential

towers. For example, Developer Atrium Ljungberg is planning a new ecodistrict in Stockholm called “Wood City” that would include 7,000 office spaces and 2,000 homes—all built using mass timber construction, which is more environmentally friendly than steel and concrete.

## Energy Efficiency Translates to Cost Savings

In some parts of the world, like Puerto Rico, rising energy prices have made buyers more conscious of their electricity and gas consumption, pushing them toward homes with solar power and energy-efficient appliances.

“Solar panels are highly sought after, not only for reducing energy bills but also for backup power during outages,” says Brenda Nieves, a broker with Puerto Rico Sotheby’s International Realty in San Juan.

More environmentally friendly heating systems can also help reduce costs. In Park City, Bolduc has noticed more homes being built with ground-source heat pump geothermal systems, rather than typical radiant boilers. The pumps can heat and cool a house, as well as supply it with hot water.

Of course, those systems do come at a cost. In the U.S., buyers can expect to pay somewhere between US\$15,000 and US\$30,000 to purchase and install a solar system on their roof, according to the Center for Sustainable Energy. Geothermal

**Above:** Utah’s Wohali community offers world-class golf, with an emphasis on sustainability.

## Sustainable Features

Our agents pinpointed the types of eco-friendly “extras” buyers are looking for.



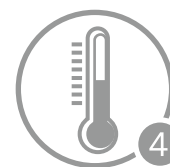
E-VEHICLE  
CHARGING POINTS



SOLAR ENERGY



ECO MATERIALS



ECO AMENITIES

Source: Sotheby’s International Realty Luxury Outlook 2024 Agent Survey



heating systems can cost between US\$25,000 and US\$40,000.

Luckily for homeowners, many governments offer tax credits. In the U.S., for example, those who buy and install a solar-energy system in their home before the end of 2032 can get back 30% of the cost in the form of a federal tax credit.

Still, the question of whether the investments made in sustainability will translate to a home's value may depend on location.

In Puerto Rico, where the island's vulnerability to natural disasters, like hurricanes, has increased awareness about the need for resilient and eco-friendly homes, buyers will pay more for a home in line with environmental goals, Nieves says.

In Park City, Bolduc says, it can be a challenge to make money on a resell for buyers who invest heavily in sustainable design.

"You're looking for a needle in a haystack, someone who's willing to pay for those premiums," Bolduc says.

## Walkability, Eco-Friendly Cars, and a More Green Community at Large

In Puerto Rico, Nieves says, electric-vehicle charging stations are gaining popularity among eco-conscious buyers shifting toward electric cars.

A recent survey of Sotheby's International Realty agents found that an electric-vehicle charging station was the most popular consideration among homebuyers with an eye toward sustainability, beating out solar and other amenities.

Beyond the home and property itself, real estate developers are also thinking about how they can build a community around environmentally friendly standards.

Wohali, the Utah planned community, is designed to incorporate nature: 3,400 of the community's 5,000 acres are under a conservation easement, protecting it as open space where residents can hike, mountain bike, and Nordic ski.

The community also includes a five-acre solar farm, which helps to provide power to the community as a whole. All of the amenity buildings will include solar roofs and be Leadership in Energy and Environmental Design, or LEED, certified.



**Above:** This uniquely modern house in Stockholm, Sweden, is an architectural masterpiece with a spectacular roof terrace with an unparalleled view.



**Left:** The much sought-after Fransche Hoek Estate in South Africa features a well-equipped solar system and a solar geyser and pool.

Even the golf course at Wohali was designed to be more green—it is one of 1,000 Certified Audubon Cooperative Sanctuary courses worldwide, awarded to courses that enhance wildlife habitat and meet certain standards for environmental management.

## ESG Gains in Popularity

The greater interest in sustainability touches both homebuyers and larger commercial investors.

As investors begin to weigh the risk associated with climate change, they've started to pay attention to metrics and certifications that show a building is meeting environmental performance goals.

One of those certifications is awarded by the WELL Building Institute, which has developed a standard to promote healthier buildings which include a building's air quality and temperature control.

"Worsening health threats from

climate-related impacts continue to push market demand for healthy buildings," says Liz Miles, vice president of stakeholder relations with the International WELL Building Institute.

Air pollution from Canadian wildfires has triggered a wake-up call to fortify buildings with measures to improve indoor air quality. Likewise, excessive heat has highlighted the importance of buildings that can be resilient in the face of climate change.

Some investors believe that over the long term, older buildings will be forced to decarbonize, lowering the values of homes that haven't been retrofitted.

"Sustainability is part of the ESG (environmental, social, and governance) paradigm shift in real estate in recent years," Miles notes. "From regulators to investors to consumers and anybody in between, the demand to measure nonfinancial factors to evaluate organizational success has become the new business imperative." ■

# Real Estate Resilience: Building for an Uncertain Future

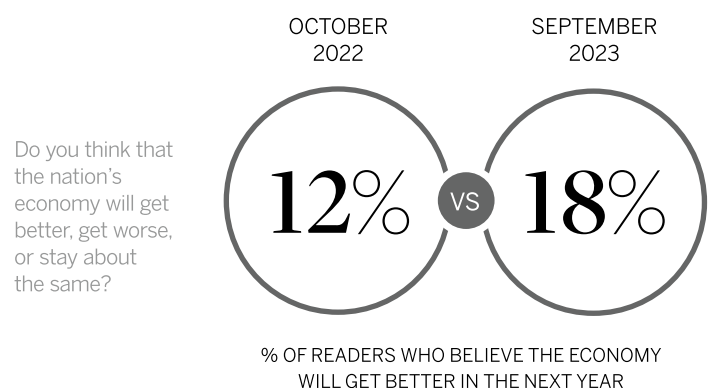
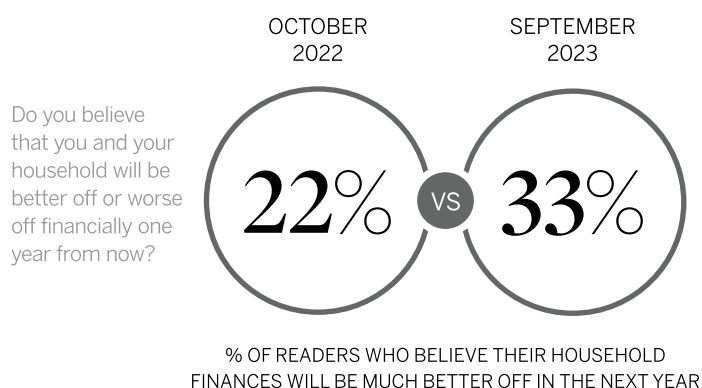
**T**he real estate industry and key real estate investors are re-evaluating their purchasing practices and portfolios in the wake of natural disasters ranging from raging wildfires to extreme flooding that are creating economic uncertainties in global markets. With regulators developing new reporting standards, governments enacting laws that restrict emissions and tenants demanding sustainable buildings, the industry has the chance to play a critical and leading role in the transition, according to "Climate Risk and the Opportunity for Real Estate," a February 2022 report by McKinsey & Co. Because real estate generates some 39% of global emissions, the report notes, "real estate is central to global climate change mitigation efforts." The industry has already begun to lead the way. "Leading real estate players are figuring out

how to assess climate risks and incorporate them into their capital allocation, asset selection, and asset management processes," says Brodie Boland, a partner at McKinsey & Co. and a co-author of the report. "They are choosing assets in areas that will be resilient and are avoiding areas that will be exposed to increasing risks. They also are investing in the resilience of individual assets through measures such as energy efficiency, innovative design, and operational planning." Noting that the impacts of climate risks will be uneven in geographic areas across the globe, Boland says buyers are avoiding or discounting high-risk areas. "Many of the areas are surprising—it's not all coastal areas," he says. "Some places will experience heat levels that reduce their attractiveness or even threaten life and health. Others will experience heavy rains, or, conversely, drought." The industry is responding in a variety of ways, says Mark Bearak, principal architect

of New York City-based dtls.Architecture and an adjunct professor at Barnard University. "Smaller projects use ecologically sensitive materials, more efficient mechanical systems, and far superior insulation," he says. "On a larger scale, cities encourage designs that elevate mechanical floors in flood-prone areas, enforce solar panels and green roofs on new structures, and institute performance standards like passive buildings." New York and California, which have updated their building codes to plan for 100-year events, are leading the way on sustainability, Bearak says, adding that savvy investors conduct extensive research before buying. Under New York City's Local Law 97, one of the most far-reaching sustainability measures in the nation, most buildings will have to meet stricter energy efficiency and greenhouse gas emissions standards starting in 2024, with the goal of reducing

## Economic Outlook and Optimism

WSJ Intelligence's Consumer Confidence & Economic Monitor Study, published in September 2023, which surveyed 733 Wall Street Journal readers, found some signs of optimistic outlooks.





them 40% by 2030 and 80% by 2050. And in California, an environmental pioneer, the two latest initiatives, part of the state's ground-breaking Climate Accountability Package, place stringent greenhouse-gas reporting requirements on major companies.

It pays to be diligent when building or buying, he says, because "neighbors can have different rules and conditions on each block." His advice? "Research FEMA flood maps and fire-prone zones. Don't rely on past climate events in the area."

The website HabitableLiving.com, which offers free online climate-risk ratings for every property in the U.S. and Canada, is one tool that potential buyers, builders, and investors can use to make informed decisions.

Each market responds to climate change differently. In Hong Kong, one of the world's leading financial centers, buyers are diverse and dynamic—and prompt to respond



**At top:** Set in San Francisco's Russian Hill neighborhood, this four-bedroom new build was completed in 2018 and features large walls of glass with city views, high ceilings, and myriad skylights.

**Above:** Large glass doors from the bright, high-ceilinged living room open onto the garden, a paved patio, and a private lap pool in this luxury Hong Kong home.

to economic and environmental issues, quickly moving to more stable markets, and selecting modern residential buildings that are energy efficient.

"On environmental, social, and governance, and green buildings, the Hong Kong government is speeding up in leading various organizations to support developers

on green financing," says Franky Cho, chief operating officer, List Sotheby's International Realty, Hong Kong. The building industry, he adds, is responding to consumer demand, delivering sustainable luxury condos packed with modern amenities. "A lot of reputable builders make environmental, social, and governance and green buildings a key priority, as we know that environmental issues can only be solved with full attention from leaders. Architects also are paying more attention and are considering the impact on the neighborhood when they are designing and building properties." Helen Gurfel, head of sustainability and innovation at CBRE Investment Management, a global real assets manager, says resilience is an ongoing process that includes "effective governance, responsiveness, dependable infrastructure, vision and active planning, financial resilience, adaptive capacity, and investment in technology/innovative solutions." Savvy real estate investors, she says, take a holistic approach to sustainability as climate risks "will have significant impacts on real estate markets and assets." Those impacts—insurance risk, business continuity, disaster recovery, bottom-line expense, obsolescence risk, reputational risk, and regulatory risk—can, in the





long term, lead to the displacement of communities, she says.

"It is not only a question of the location of a property that might determine potential risks but also the resilience of the asset itself," she says. "Was the asset designed and built with features to withstand climate-related hazards?" At CBRE Investment Management, they use "industry and proprietary tools to evaluate risk for each investment during due diligence and throughout the investment life cycle," she says.

A focus on climate change, she adds, "is fundamental to maximizing long-term investment returns by mitigating risk and taking advantage of opportunities to enhance value."

She says investors should evaluate not only the physical property but also the ability of the community to respond and adapt.

Gurfel says investors should focus on climate adaptation—reducing the environment's physical impact on assets—as well as climate change mitigation—reducing the impact of assets on the environment to enhance their value to users and prospective purchasers.

"Climate change mitigation is done through decarbonization efforts, focusing resources on efficiency, electrification and renewable energy," she says. ■

## Sustainable Destinations And Climate-Safe Spots

Where is sustainability a top priority, and where are the world's most stable places to live in terms of climate?

Savvy real estate investors can look to studies and data-driven reports that identify and rank the most sustainable cities, as well as the most climate-stable ones around the globe, to plan for the coming decades.

### FOCUS ON SUSTAINABILITY

"Sustainability is the key to urban prosperity," notes the 2022 edition of the Arcadis Sustainable Cities Index, created by Arcadis, a global design and consultancy firm, whose rankings are determined by three factors—impact on planet, people, and profit. "To be truly sustainable, cities must look beyond economic development to the health of their natural environment and the quality of the life of the people that live there."

Oslo, Norway, heads the Arcadis list with an overall ranking of first in the category of planet, 17th in the quality of life of people, and 39th in profit. Stockholm, Sweden, ranks No. 2 overall, followed by Tokyo, Japan (the only Asian city in the top 20), Copenhagen, Denmark, and Berlin, Germany.

Only two U.S. cities—Seattle, Washington, and San Francisco, California—made the top-10 list, according to the report, which notes that while they dominate in the profit sector, their downfalls are in the planet and people categories.

But even these top-ranked cities, according to the report, cannot "rest on their laurels...they must consider how they will maintain their prosperity in the face of the four megatrends of urbanization, climate change, digitization, and changing societal expectations."

### CLIMATE-SAFE CITIES

To determine the most climate-safe cities

in the U.S., CoreLogic, the California-based customized data-services company, uses a Climate Risk Analytics: Composite Risk Score to rank cities on natural hazards on a scale of 1, the lowest risk, to 100, the highest.

CoreLogic's 2022 study of single-family residences factors in not only the impact of natural disasters on a particular piece of property by its geographic location, but also individual characteristics that make it resilient or vulnerable to natural hazards, climate change, and their impacts on the built environment.

The study evaluated environmental risks to 154 million U.S. properties, identifying 124 current least-risk counties that have a score of 1 and projecting by 2050 the top 10 states that will remain least risky, assuming little to no reduction in greenhouse-gas emissions in the face of climate change.

New Mexico and its McKinley county, which is west of Santa Fe and Albuquerque, topped the list. Colorado and the counties of Conejos, Summit, Saguache, Eagle, San Juan, and Chaffee also made the cut, as did Utah and its Duchesne and Emery counties. Washington and its Spokane county also are on the list.

"These counties have little exposure to hurricane risk and only moderate exposure to wildfire, inland flooding, and severe convective storms," according to the report, which adds that "while these perils are projected to have an increasing impact on these communities in the projected climate-change scenario, the risk remains low relative to the elevated risk projected for other regions."

On the global front, the most resilient cities include London, Singapore and Paris, according to an index developed by Economist Impact, which issues reports on big-theme topics. ■



# Where Cash Is Always King

A historic rise in mortgage interest rates has translated into a higher percentage of all-cash deals around the world.

The rising rates, according to Stephen Moroukian, product and proposition director at Barclays Private Bank, “have without a doubt driven up cash percentages, and that is a familiar theme across all luxury markets,” he says, especially those with U.S. dollar and British pound sterling markets.

Noting that cash buyers have always been, and will always remain, prevalent in areas such as Singapore, Hong Kong, the United Arab Emirates, South Africa, and parts of West Africa, Moroukian says that mortgage-less deals have expanded to include “mature markets such as the United Kingdom and the U.S., particularly in Miami, Florida and New York City, New York.”

According to the National Association of Realtors’ 2023 International Transactions in U.S. Residential Real Estate report, which polled agents in April and May 2023, the share of foreign buyers who made all-cash purchases in the U.S. from April 2022 to March 2023 was 42%, compared with 26% among all buyers of existing homes.

All-cash deals, of course, are mutually advantageous to all parties in the transaction—they reassure sellers that the deal will be smooth and swift without a bank’s interference, and they allow purchasers to

keep a lower and more private profile.

“Given the global nature of luxury residential-property buyers and their unique financial situations, various other considerations around wealth planning, global currency-exchange rates, and global taxation must be fully considered,” Moroukian says.

It’s not so much the location of the property that fuels all-cash deals, he notes, but a combination of factors—“mortgage market maturity and availability of credit to complex individuals at an established level, where the properties themselves have a good degree of liquidity in their marketplace and where the cost of arranging finance has ancillary benefits and is not unreasonably costly to put into place.”

Below, some key markets where cash is king.

## New York City

During the third quarter of 2023, 57% of the over-US\$5 million market were cash deals, says Lisa Larson, associate broker, Sotheby’s International Realty - East Side Manhattan Brokerage. The majority of over-US\$10 million were cash, too, she says.

In new developments, “cash is the only option to secure the deal,” she says, adding that buyers of condos that are under

construction have a longer time period to produce the money.

Larson’s recent all-cash buyers include a parent searching for a studio for her daughter, an art collector looking at new developments in Chelsea, and a trust-fund purchaser who bid on a Greenwich Village apartment with the intent to get a mortgage once rates decline.

“With interest rates rising and the stock market and economy in flux, New York City real estate is an attractive place to invest for luxury buyers who are very liquid and sitting on excess cash,” Larson says, adding that cash transactions shorten the closing time by about 30 days.

She expects the number of all-cash deals to return “to pre-pandemic levels of roughly 50% across all price points—it’s 30% nationally—when economic conditions improve and interest rates fall.”

## Dubai, United Arab Emirates

All-cash deals in Dubai have been the rule rather than the exception.

“It’s common for ultra-high-net-worth individuals who choose to buy here to purchase in all cash,” says Honey Deylami, executive partner, Dubai Sotheby’s International Realty. “It’s very rare that ultra-high-net-worth individuals look for a mortgage for their primary or vacation homes.”

She notes that off-plan projects, those still under construction that allow payment plans, are major incentives for all-cash sales.

Since 2021, she adds, there has been a “remarkable increase” in all-cash transactions, “underscoring the growing appeal of Dubai as a premier destination for the wealthier strata of society.”

She expects all-cash deals to continue to increase, adding that such transactions also are rising in midmarket purchases.



At left: For those looking for lots of space, this triplex penthouse in Manhattan’s Meatpacking District spans two apartments.

## All-Cash Cape Town Purchases From Around the World

Nine recent all-cash sales of properties in Cape Town show how international the market is in the South African city.

PRICE	BUYER'S ORIGINS
R75 million (US\$4 million)	Austria
R32 million (US\$1.707 million)	Bermuda
R29.95 million (US\$1.598 million)	England, Poland
R29.95 million (US\$1.598 million)	Scotland
R27 million (US\$1.44 million)	Hong Kong
R24.8 million (US\$1.323 million)	Local Buyer
R17.9 million (US\$954,590)	Local Buyer
R14 million (US\$746,607)	Portugal
R10 million (US\$533,291)	Hong Kong

Source: Lew Geffen Sotheby's International Realty. \*Conversions as of mid-November 2023

## Cape Town, South Africa

Some 70% of luxury real estate purchases are all-cash deals in Cape Town, South Africa, a longtime trend that shows no signs of diminishing, according to Claude McKirby, owner and director, Lew Geffen Sotheby's International Realty.

"Cape Town is one of the most desirable places to live, and with the exchange rate in favor of foreign buyers and our prime lending rate at a 14-year high of 11.75%, all of our residential sales to foreign buyers are cash," says McKirby.

Most of the buyers from abroad purchase vacation homes in Cape Town. Nine recent all-cash sales of properties ranged in price from R10 million (US\$531,705), to a buyer in Hong Kong, to R75 million (just under US\$4 million), to a buyer in Austria.

Noting that the selling price, on average, is about 8% lower than the asking price in the luxury sector, McKirby says "cash buyers definitely hold more bargaining power than conditional offers, and therefore they can negotiate slightly discounted deals."

## Spain

While properties in Spain, especially vacation homes, have always been traded

predominantly in all-cash deals, the number of these types of transactions increased slightly in 2023 because of high mortgage-interest rates.

"All-cash deals occur in all price ranges of the luxury segment," says Alejandra Vanoli, managing director, VIVA Sotheby's International Realty, which covers all of Spain except the Catalonia region. "This year we experienced all-cash deals between €600,000 and €11 million (US\$633,945 to US\$11.62 million)."

But the all-cash deals have not enticed sellers to give discounts in Spain, Vanoli says, adding that even lower interest rates are unlikely to reduce the number of all-cash sales in the luxury sector of the market, since loans customarily have not been a popular purchasing choice.

## Hong Kong

Fueled by affluent buyers who desire privacy, cash remains the preferred purchasing method for luxury residential properties in Hong Kong despite government scrutiny and regulation.

Noting that such deals have remained stable as the market slowed and the total number of transactions dropped in 2023, Franky Cho, chief operating officer, List



**Above:** This mansion on Marbella's Golden Mile offers two private pools and access to the beach for the ideal Spanish vacation home.

Sotheby's International Realty, Hong Kong, says that "in most cases, they buy these luxury properties under separate company entities for easier management and flexibility for the next transaction. It creates an extra layer of privacy."

Early in 2023, a mainland Chinese businessman, for example, paid all cash for two luxury condos (for investment purposed) for US\$7.5 million.

Though applying for a mortgage requires more disclosure of information and may lengthen the transaction process, some high-net-worth buyers do take out 10% mortgages because all-cash deals automatically trigger oversight by the tax department of the government, which is on the lookout for money laundering. "The government will have less concern if there is a mortgage, which implies the source of money is checked by banks that approved it," Cho says.

## Montecito, California

Historically an all-cash market for purchases of primary and vacation homes at all price points, Montecito's numbers haven't increased with the advent of higher mortgage-interest rates.

"The more expensive the home, the larger the percentage of cash deals," says Maureen McDermut, a global real estate advisor with Sotheby's International Realty - Montecito Brokerage. "It's part of the normal buying process here."

McDermut notes that the percentages of the most recent all-cash deals in the Santa Barbara County town—47% in September 2023 and 39% in October 2023—are on par with the past several years. "It all depends on the total number of transactions that have closed," she says.▮





# Builder Confidence Grows Amid Strong Demand





**Above:** Frontgate/Avon in Avon, Colorado, is a new, astutely appointed, amenity-rich development that will consist of a four-story condominium building with up to 75 residences and nine townhomes.

**A**s luxury markets try to build back inventory to pre-pandemic levels, some areas are seeing robust new growth amid continuing strong demand from buyers and restored confidence among builders and developers.

A lack of existing inventory and solid demand in the U.S. helped offset rising mortgage rates and pushed single-family home production higher, with overall housing starts increasing 7% in September 2023 to a seasonally adjusted annual rate of 1.36 million units, according to a recent report from the U.S. Department of Housing and Urban Development and the U.S. Census Bureau.

Within this overall number, single-family housing starts increased 3.2% to a 963,000 seasonally adjusted annual rate. Note, though, that single-family starts were 12.8% lower year-to-date due to higher interest rates. The multifamily sector, which includes apartment buildings and condos, increased 17.6% to an annualized 395,000 pace, according to the report.

In South Florida, luxury new development in West Palm Beach is “booming,” says Sonja Stevens, senior global real estate advisor, Sotheby’s International Realty - Palm Beach Brokerage.

The Bristol, which launched in 2016, features 69 units in a 25-story tower on South Flagler Avenue, and “sold out pretty quickly,” with prices ranging from US\$5 million to just under US\$44 million, she says. “It’s been a tremendous success, and people doubled and tripled their investments on resales,” with prices ranging from US\$16 million to US\$23 million.

Forté on Flagler, a collection of 41 four- and five-bedroom luxury condos that launched in 2019, has also done quite well, Stevens says. “I think there are four left, priced from US\$5 million to over US\$8 million.”

Sales at the 275-unit, 26-story Olara luxury condo tower on North Flagler Drive in West Palm Beach are also doing well, she says.

“Inventory during the pandemic went down to nil,” Stevens says. “It’s not huge now, but better, and prices are still extremely high. In fact, I’ve never seen prices here go down, even in 2008.”

Related Cos., which is based in New York, “is putting up several new buildings in West

Palm,” including South Flagler House, which features two 28-story towers designed by the highly regarded architect Robert A.M. Stern and his firm, RAMSA, she says. The marketing of the building will likely start later this year.

South Flagler House, which will feature two- to five-bedroom units with prices starting at US\$7.5 million, will be RAMSA’s first foray into the luxury residential high-rise market in Florida.

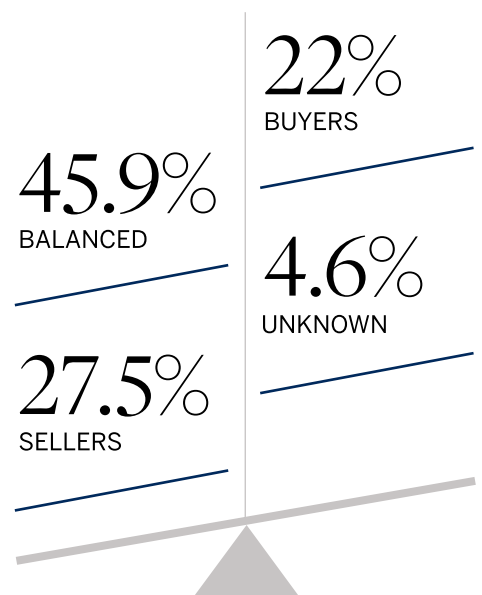
A boom of new development is also rolling through Park City, Utah, a popular winter ski destination.

“There is a lot of luxury construction going on in the Park City area,” says Sheila Hall, associate broker and real estate agent, Summit Sotheby’s International Realty. “Luxury builders are very, very busy in Park City.”

An entirely new ski resort is being built, operated by Deer Valley ski resort, she says. Lot prices for single-family homes in this new, so far unnamed village range from US\$2.5 million to US\$6.5 million. “I just closed on one where a buyer from Connecticut paid US\$5.25 million for a half-acre lot.”

## Buyers or Sellers Market Ahead?

Most agents see a balanced market ahead.



Source: Sotheby's International Realty Luxury Outlook 2023 Agent Survey





And then these buyers will pay from “US\$5 million to US\$15 million for the house itself,” says Hall, who lives in Park City. “Our consistent feeder markets are the New York metro area, Miami, Texas, California, and Chicago.”

The market for new luxury condos in Park City, many of which have a hotel component, is also quite active, she says.

Along with being a resort destination, Park City is also a suburb of Salt Lake City with “great access to the airport,” she says. “That’s a big selling point for us.”

Because it’s just 30 minutes from Salt Lake City, Park City also attracts a lot of professionals willing to pay more for housing and make that commute, she says.

The core of Park City is quite landlocked because of the surrounding mountains, and growth has moved into outlying areas that used to be farmland, Hall says.

The luxury market has become the bulk of the housing market, she adds.

Outside the U.S., Thailand is also seeing a renewed demand for new luxury real estate. “There is a clear demand for luxury housing projects and new luxury condominiums, driven by limited supplies and evolving buyer preferences,” says Phakrjira Jansakran, director of sales, List Sotheby’s International



Realty, Thailand, which specializes in luxury residential property in Bangkok and other major resort destinations in Thailand.

Builder confidence remains strong in Thailand’s luxury housing market, with both small and large developers expressing confidence in the country’s property

**Top:** A view of the recently built HALL Arts Residences penthouse in downtown Dallas, Texas.

**Bottom:** Situated on a cliff top in Phuket, Thailand, the custom-built Villa Mayavee faces westward across the open ocean to glorious sunsets.

growth, she says. "This is reflected in consecutive project launches compared to the past two years."

Builders and developers in the luxury housing market have been proactive in upgrading designs and creating spaces that cater to new needs and desires, Jansakran says. "The shift in buyer preferences, favoring housing over condominiums since the pandemic began, has prompted this response."

In particular, houses with larger living spaces and enhanced privacy are drawing lots of interest, she says. "Additionally, downtown condos, branded residences, and innovative projects like healthcare and wellness properties are attracting attention."

"Luxury housing primarily appeals to Thai buyers," while the condominium market has seen increased interest from buyers from Southeast Asia and the Middle East, she says.

In recent years, the new condo supply has been abundant, "comprising over 95% of developments in midtown and suburban markets," Jansakran says. However, the downtown supply has been less robust, "at less than 70% of pre-Covid levels. Over the last couple of years, there has been a notable focus on the domestic own-use market."

In Eagle County, Colorado, the Vail and Beaver Creek luxury markets have been particularly busy, says Vail-based Matthew Blake, broker associate, LIV Sotheby's International Realty, whose expertise is new developments.

"Here, we are essentially an island surrounded by national forest land," he says. "There is a fixed supply of inventory and not a lot of vacant land. We're pretty much all built out."

Vail-Beaver Creek, which is less than two hours from Denver, is a "very sophisticated, cosmopolitan ski resort area, with a sophisticated arts and restaurant scene," he says. "Post-Covid, people really want to spend time here in the mountains, and Covid gave people that permission to do it."

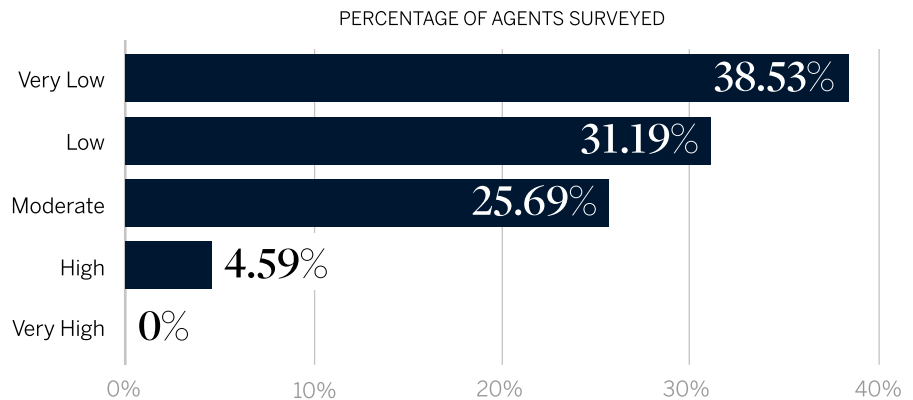
Vail was developed in the early 1960s and Beaver Creek in the early 1980s, so a lot of the existing housing can be quite dated, Blake says. "New development tends to fare very well here."

The first phase of a new development known as Frontgate Avon, which opened in 2022 and has a total of 75 condos and nine townhomes, is "over 85% sold," he says. "Every eight to 10 sales, we raise the

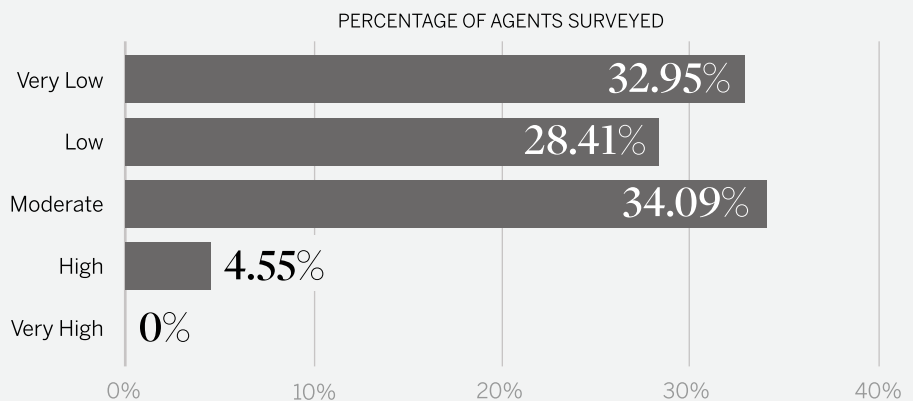
## Inventory Through the Years

Surveys of Sotheby's International Realty agents from 2022 through 2024 have shown inventory is very low in the majority of markets, with the exception of 2023, when the majority of respondents said inventory was moderate. High-inventory areas are in the vast minority.

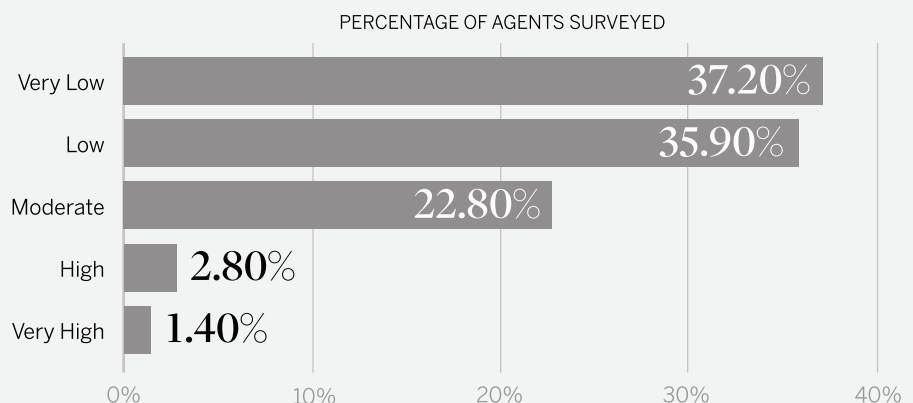
### INVENTORY IN 2024



### INVENTORY IN 2023



### INVENTORY IN 2022



Source: Sotheby's International Realty Luxury Outlook 2024 Agent Survey; Sotheby's International Realty Luxury Outlook 2023 Agent Survey; Sotheby's International Realty Luxury Outlook 2022 Agent Survey



“There is a clear demand for luxury housing projects and new luxury condominiums, driven by limited supplies and evolving buyer preferences.”

**PHAKRJIRA JANSAKRAN**

Director of sales, List Sotheby's International Realty, Thailand

**Below:** The Frontgate/Avon in Avon, Colorado, has lots of communal spaces that will bring neighbors together in the high-end development, both indoors and outdoors.

prices, and we're still getting a very strong absorption rate.”

“It's the first big post-pandemic development we've had out here,” Blake says. “In light of the pandemic and what buyers are looking for, they have larger floor plans, more offices, and large outdoor spaces. People particularly like the large one-level floor plans.”

Most of the units are in the US\$1.9 million to US\$2.5 million range, with some going as high as US\$4.5 million, he says. “We keep setting price-per-square-foot records over and over again.” The second phase is under construction, with a December 2024 completion date.

For the Vail—Beaver Creek area, the Frontgate Avon prices are “very much midmarket,” Blake says. “Things have gotten really expensive here. We now have more sales over US\$5 million than under US\$500,000 in the county,” and over the past three years, 85% of his buyers are paying all cash.

In Eagle County, the average price for a single-family home is US\$1.8 million, and in Vail that soars to US\$10 million, he says.

“Our overall sales volume is down, but prices are up, and we still have lots of inventory challenges,” Blake says. In all of Eagle County, there are now 350 listings, compared with 800 to 900 in 2018 and 2019. “Our inventory is still historically low.”

In the central Oregon city of Bend, luxury resales are driving the market, says Brian Ladd, principal broker, Ladd Group,

Cascade Sotheby's International Realty. “We sell a lot in the US\$2 million to US\$5 million range in Bend.”

The median price in the city is US\$750,000, he says. “Our average is the US\$1.3 million price point.”

Pending sales are flat year over year, but because there is so little inventory, prices are up 5% year over year, he says.

Inventory is still about half of what it was historically, but it's up 50% year over year, Ladd says. “The pandemic ate up all of our inventory. At one point in 2021, we had less than 30 days of luxury-market inventory, compared with a normal of six to nine months of supply.”

“We are running out of land inventory,” he says. There are 10 to 15 luxury residential lots on the market now, compared with a typical number of 50 to 100.

“Because there is so little luxury inventory, our market is primarily driven by resale or the construction of new custom homes,” he says.

“From 2007 and 2008 through 2013, '14 and '15, there was very little high-end new construction in our market,” Ladd says. The ones built since then are now seeing their first turnover for resale.

In the Tetherow resort community in Bend, 450 custom-home sites were sold directly to the consumer, starting in 2011 and 2012, he says. “It was a large driver in custom-home sites in our market.”

Those US\$400,000 and US\$500,000 homes are “now selling for close to the US\$1 million mark,” he says. ▣



# Branded Residences Go Beyond Hotels

The popularity of branded residences continues, with high-end buyers looking to companies they know and trust when buying their second, third, and fourth homes.

The sector got started with hotel brands, which remain popular all over the world. In Asia, sales have been brisk at Four Seasons Hotel & Residences, Kyoto; Park Hyatt Niseko Hanazono, and Four Seasons Private Residences Bangkok, including a penthouse at the latter property.

In the U.S., the Ritz-Carlton Vail in Colorado, “saw a 15% premium because of its brand name,” since sales began in 2010, according to LIV Sotheby’s International Realty’s Blake. About 40% of buyers were international, he says, and “that demographic really relies on and trusts the brand.” Blake says prices have more than doubled since the last original residence sold in 2016—units that were for US\$2 million to US\$8 million are now from US\$4 million to US\$15 million.

But now the trend has expanded to include everything from fashion houses to luxury carmakers.

Worldwide there are more than 700 branded residential developments, with some 100,000 total homes either completed or in the planning stages, according to real estate design firm and consultancy WATG Strategy.

It’s about “brand extension,” says Chris Graham, author of the “Branded Residences: An Overview” report, the fifth edition of which was released in June 2023. “Owners can be immersed 24/7 in a brand they love.”

When he published the first edition of the report in 2016, “branded residences were a bit of a rarity,” says Graham, managing director of the London-based

Graham Associates marketing firm. “Now it has become a mainstream model, a model that’s a triple-win situation in that it benefits buyers, operators, and developers.”

As part of their appeal, branded residences tend to have resort-level amenities, including restaurants and bars, housekeeping and concierge services, pre-arrival food shopping, and child- and pet-care services—all amenities that appeal to those who may not live there full time and want errands handled for them.

Other benefits include a lock-and-leave option, with the home maintained and serviced in the owner’s absence, and an option to put the home into the building’s rental pool to offset maintenance costs.

In the U.S., Miami has been the primary hub for the luxury branded residences market.

In Sunny Isles Beach, branded residences include a Porsche Design Tower, Residences by Armani Casa, and the forthcoming Bentley Residences, which will feature 62 floors and an exterior of recessed glass in the British automaker’s signature diamond-in-diamond quilted design. The Porsche tower, which broke ground in 2014 and opened in 2017, offers a car elevator that takes drivers and their cars right up to their homes.

In downtown Miami, the 391-unit Aston Martin Residences nearly sold out.

“Branded residences are definitely a trend here,” says Anna Sherrill, vice president of sales, ONE Sotheby’s International Realty, who specializes in the luxury condo market in Miami-Dade County. “People do have expectations about a brand, and with that brand come the amazing services that people want.”

But the quality needs to be there, too. “Not all of them are successful,”

Sherrill says. “You can’t just slap a brand on a building and expect it to do well.”

Graham concurs. “As more brands join the party and branded residences increasingly become ‘standard,’ competition gets tougher,” he says.

“A brand name always brings value to a property,” says Viviane Wolak, broker associate, ONE Sotheby’s International Realty in Miami. “You know what to expect.”

Branded residences are particularly appealing to the international market in South Florida, she says. “These are sophisticated buyers who want to buy into something they know and trust.”

Sherrill agrees. “Miami has a lot of Latin Americans and Europeans,” she says. “They’re not here all of the time, but when they are, they want all of the services one gets with a resort.”

In the international market, Bangkok, Thailand, currently has 19 “super-luxury” residential projects, including seven branded residences, says Phakrjira Jansakran, director of sales, List Sotheby’s International Realty, Thailand. “These non-hotel-branded residences are gaining significant interest among high-end buyers and investors.”

They often outperform other super-luxury projects. “We anticipate continued interest in super-luxury branded residences from both local and international buyers,” she says.

In Dubai, Bugatti Residences by Binghatti is expected to be completed in 2026. The development in the prime area of the Business Bay is the first-ever residential project by luxury sports-car maker Bugatti, in collaboration with Emirati property developer Binghatti. The 46-story building includes 171 apartments and 11 Sky Mansion penthouses.

Also in Dubai, overlooking the Persian Gulf on Jumeirah Bay Island, the Bulgari Lighthouse, a 27-story tower with a branched, undulating facade meant to imitate coral, is under development from the luxury watchmaker. It will feature 31 penthouses and a three-story Sky Villa. ■

“It has become a mainstream model, a model that’s a triple-win situation in that it benefits buyers, operators, and developers.”

**CHRIS GRAHAM**

Author of “Branded Residences: An Overview”



# Try-Before-Buy Mentality Boosts Luxury Rental Markets



**I**n the wake of a sluggish sales market, some would-be luxury sellers are renting out their properties rather than letting them potentially sit idle for months at a time—and in many areas this newfound luxury rental market is booming.

In southwest Florida, “our rents are up 50% over two years ago,” says Giovanna D’Alessandro, director, rental division and managing broker, Premier Sotheby’s International Realty, which is based in Naples, Florida, and also covers Sarasota, Bradenton, and the Tampa metro market.

“People are flocking here,” she says.

## Southwest Florida: Luxury Owners Rent Out Their Homes to Wait Out Market

This area of Florida was undervalued for many years and now prices have come up, she says. “We’re now neck and neck” with east coast communities like Miami, Palm

Beach County, and Fort Lauderdale, she says.

“On the southeast side, folks are looking for that vibrancy and nightlife,” D’Alessandro says. “The southwest side is more about the outdoor experience. And you have more privacy—we have stretches of beach where you may not see another person.”

“I think we will be at this level for the next three or four years,” she says. “I’m optimistic.”

During the pandemic, homeowners found renters on their own, through services such as Airbnb or just word of mouth, she says. Now amid more competition it’s challenging to find renters, and “folks are turning to us to fill their houses.”

Among rentals in her market, luxury is usually defined as properties over US\$10,000 a month, D’Alessandro says. Short-term luxury rentals, which are usually furnished and may rent by the week or month, go for US\$10,000 a month up to US\$80,000.

“The highest-end luxury rentals we manage are US\$100,00 to US\$150,000

per month for seasonal rentals (January through April),” she says. As for annual rentals in the luxury market, these range from US\$15,000 to US\$30,000 per month.

Rates are dependent on a number of factors, including the location, amenities, quality of the furnishings and finishes, and proximity to the beach, she says. “A location next to the Gulf of Mexico is key.”

Renters are “definitely from the Northeast—New York, New Jersey, Pennsylvania, Massachusetts, Connecticut, and we get a huge draw from the Midwest—Ohio, Minnesota, and Michigan, and Canadians,” D’Alessandro says.

The southwest Florida market is seeing a slight retraction of rental rates, about 10%, in part due to ample inventory, she says. In light of this, owners are waiting out a sluggish sales market and putting their houses up for rent. “Most are second-home owners who may only come to Florida two or three months a year.”

D’Alessandro doesn’t think the luxury rentals are impeding overall inventory, though. “Every new wave of renters or



**Opposite page:** This still-under-construction home in Naples, Florida, boasts a split floor plan that offers three bedroom suites plus an additional half bathroom. It's available for US\$40,000 a month.

**At left:** This Bridgehampton, New York, waterfront home, available as a rental, is in a hard-to-beat location, with 140 feet of direct oceanfront.

tenants brings potential buyers. They may be waiting it out for the right time to buy," but renting "gives them a taste of what ownership could be. Most people rent before they buy."

## Italy: Luxury Renters Snap Up Top Lifestyle Properties

"The luxury rental market in Italy is booming, with more and more interest every year," says Lodovico Pignatti Morano, managing partner, Italy Sotheby's International Realty, which has 14 offices throughout the country.

In particular, there is a lot of interest in Tuscany, Sardinia, Capri, and Puglia, and his office has started to rent apartments in Rome, he says. "People want to enjoy the local life, the culture, the arts, the glamour."

"We have seen an increase in demand for high-end accommodations, an increase in demand from abroad to come over to Italy to enjoy the lifestyle," Morano says. "That has pushed some owners to convert their own homes into rentals."

His office's retreats division, which was established in 2016 and handles rentals throughout Italy, is doing well, with about 300 properties for rent, he says. There are some properties available for €5,000 a

week, but most start at €10,000 and go up.

The luxury renters are "Americans, English, not Europeans, and Saudis and (those from) the Gulf," he says. The owners of the properties vary, but are primarily Italian.

As far as how this booming rental market is affecting overall inventory, "we've seen a slight reduction in available properties for sale," Morano says. "In some areas, yes, it is a big deal. It does limit options for local renters and can sometimes drive up property prices, but that is rare," he says.

In large cities like Rome and Milan, rentals are more long-term rather than short-term seasonal rentals. These two cities also have particularly low inventory, he says. "It can be very difficult to find luxury properties there."

But many renters do, in fact, become buyers, he says. Full luxury and move-in ready conditions help. "If a renter has an amazing experience, they can become a buyer."

## Colorado: Try-Before-You-Buy Mentality and New Condos

Valerie Forbes, director of broker relationships and rentals, Aspen Snowmass Sotheby's International Realty, is seeing

similar trends in Colorado.

"People want to try out different areas to see what they like before they buy," she says. "Tenants that do visit lead to sales."

Forbes says they have "over 220 luxury rental listings," most of which are private single-family homes rather than condos. "We still continue to excel in our numbers, year over year. I hit my end-of-year goals [for rentals] by the end of September 2023," she says.

"We're seeing more rentals in the US\$100,000-plus range," which would be for a four- or five-bedroom house in Aspen, she says.

For the 2022/23 winter, the average seasonal rent for a single-family home in Aspen was US\$65,000, compared with an average summer 2023 rental of US\$90,000, she says. The winter trend is to stay one to two weeks, while summer stays tend to be one to two months.

In nearby Snowmass, the average winter rent was US\$38,000, compared with US\$37,000 in the summer, for the entire season.

For comparison and perspective, the average price for a single-family home in Aspen is now US\$14 million, Forbes says.

Renters come from the same places buyers come from, she says, namely Texas, Florida, California, Colorado, and Illinois.

Aspen is definitely more popular for rentals than Snowmass, Forbes says. "People want to be in Aspen in that four- to five-bedroom house. They want updated and really exclusive, with a lot of entertaining space and high-end artwork, and space perhaps for a nanny or other staff."

Pools and hot tubs are also popular amenities, she says.

Snowmass has a "number of new condo developments and those condos are now trickling into the rental pool," Forbes says.

## Hamptons: A Post-Lockdown Dip Hits Luxury Rentals

In the Hamptons, many owners of high-end rental properties got spoiled during the Covid-19 pandemic because demand was high, inventory was down, and it was easy to find tenants, says Frank Bodenchak, senior global real estate advisor, Sotheby's





International Realty–Bridgehampton Brokerage. “Some renters were staying for two years or renting sight-unseen.”

During Covid, there was a 15% cut in available rental inventory as many landlords used their homes themselves for part, and sometimes all, of the period they’d normally rent, he says.

Now the supply is increasingly back to normal, and demand is down, especially for long-term rentals, Bodenchak says. People who previously rented for the summer may be renting for just a month now.

This past summer, “owners who got complacent with their homes during Covid had quite a wake-up call, and many who insisted on Covid prices went unrented,” Bodenchak says. “It especially hurt the homes that are in the bottom 50% and need renovation or new furniture.”

Prices for luxury rentals in the Hamptons came down 10% to 15% for 2023, compared with their Covid peak a couple of years ago, he says.

Owners are beginning to realize that they need to “update their homes to reflect what tenants are looking for—properties in great condition—newer furniture, neutral colors, and tasteful artwork,” he says.

“With one normally compelling Water Mill South property,” the owner had not made improvements for three years because he had locked in year-round tenants during the pandemic, Bodenchak

says. “When the property came back as a new rental listing, we did 27 showings without offers.”

After he and his team worked with the owner to make US\$15,000 in painting and furniture improvements, the house “rented immediately for August for US\$110,000,” he says.

In the Hamptons, “luxury” is defined as US\$5 million to US\$25 million for sales, and luxury rentals typically range from US\$250,000 to US\$1 million for the summer, he says. “Some oceanfront properties will go for US\$1 million a month, but those are rare.”

An almost new house done by a designer with new furniture may get US\$300,000 to US\$400,000 for the summer, he says. “I had one that just got US\$110,000 for Labor Day week.”

As for consistently hot areas, “Southampton Village has fared the best,” Bodenchak says. “They have a loyal following of tenants who come back year after year.”

High-end Hamptons renters are mostly from the greater New York metropolitan area, “but now about one-fifth of my renters are from Florida, especially the Palm Beach and Miami area,” he says. “They may have made Florida their primary residence, but they don’t want to be there during the hottest months. And I always have renters from London, who may be expats.” ■

**Above:** Set only 400 yards from the ocean, this 10,000-square-foot traditional gated estate in East Hampton, New York, is perched high on the rear of a two-acre property, producing a dramatic entrance and commanding ocean views from the second floor.

“People want to try out different areas to see what they like before they buy...Tenants that do visit lead to sales.”

**VALERIE FORBES**

Director of Broker Relationships and Rentals  
Aspen Snowmass  
Sotheby’s International Realty



# Going With the Flow: Currency Fluctuations Lift Luxury International Purchases

**W**hether they're looking for an apartment in London or Tokyo or a Barcelona penthouse, Americans buying property overseas—particularly in Asia and Europe—have benefited for several years from the strength of the U.S. dollar. While currency fluctuations occur daily and the exchange rate may be slowing international purchases of U.S. real estate, it has also contributed to an increase in American buying power in Europe and Japan, according to experts. And Americans' wanderlust, matched with their buying power, is anticipated to continue to keep global luxury markets thriving.

"In 2022, Portugal Sotheby's International Realty achieved our best result ever," says

Duarte Marques, new development director, Portugal Sotheby's International Realty in Lisbon. "About 52% of our clients are of international origin, with Americans leading the way, followed by the British. It's worth noting that, five years ago, Americans weren't even in our top five countries for buyers, and now they occupy the first position."

Over the past two years, the euro has been down 8% compared with the U.S. dollar, and over the past five years it has declined 9%, according to XE.com. That trend shifted during the third quarter of 2023, with the euro up 6% year over year compared with the dollar.

U.S. dollars are a global reserve currency, regarded as a safe investment based on the solidity of the economy and the government. Rising interest rates have contributed to

the strength of the dollar since the Federal Reserve began raising rates in March 2022. Rates are expected to remain elevated for the foreseeable future.

Currency fluctuations have been particularly dramatic between the U.S. dollar and the Japanese yen, which has decreased by 25% compared with the U.S. dollar over the past two years and was down 24% over the past five years. Between November 2022 to November 2023, the yen fell 5.6% compared with the dollar. The yen first began its slide compared to the dollar in January 2021 and continues to decline.

"The current weak yen and the strong dollar is a big chance for us," says Mugi Fukushima, branch manager, List Sotheby's International Realty, Japan in Ginza, Tokyo. "Most of the new development



**At left:** Built in 2016, this modern condominium is located in the Four Seasons Hotel Residences Kyoto in Japan.



condominiums are very popular with Japanese buyers, but recently they have increasingly wanted to resell their purchases to overseas clients after their purchase because they can sell for a little more thanks to the weaker yen."

## Exchange Rate Brings More Americans to Barcelona

The strong dollar is one of the most important reasons Americans are buying luxury properties in Spain, says Christoph Toelle, managing partner, Barcelona & Costa Brava Sotheby's International Realty.

"The increase in American buyers started before the pandemic, Toelle says. "By today, U.S. buyers [represent] the biggest share of all our foreign buyers in Barcelona."

There are multiple motivations for American buyers in Barcelona besides the favorable exchange rate, Toelle says.

"Compared to major cities in the U.S., the price of a comparable property is much lower in Barcelona," Toelle says. "Plus, if you invest more than €500,000 of equity in Spain, you are entitled to ask for a 'Golden Visa.' This means you can enter and leave the European Schengen states as often as you want without the need of a visa, and allows you to stay for longer time periods in Spain or the Schengen states."

Toelle says many American buyers plan to retire in Barcelona.

"We hear from them that, besides the beauty of the city, the beaches, and the lifestyle, they want to retire here because of the safe environment and the excellent, very affordable healthcare system," Toelle says.

## Discounts on London Homes

A lot of international buyers have fast-tracked their decisions to invest in London due to a strong currency play, combined with the fact that pricing has come down since a 2014 peak, according to Claire Reynolds, managing director, Sotheby's International Realty. In some cases, during the early days of Covid-19, buyers were seeing a 40% discount in the cost of homes in London for those two reasons. The pound has

gotten stronger since then, she says, but U.S. dollar-backed buyers are still seeing favorable currency exchanges, despite not-as-steep discounts.

Reynolds says certain centrally located London areas known for their pied-à-terres—like Mayfair and Knightsbridge—are particularly popular with buyers from the Middle East and India. Kensington, Notting Hill, and Holland Park are more popular with Americans, who are often looking for larger, primary homes for their families.

The "lock-up-and-leave" style apartment popular in Mayfair and Kensington is epitomized by the Four Seasons residences in Mayfair, she says. "That's really set the tone. We've found that buyers are willing to pay up to 30% more for these branded residences," she says.

Reynolds warns that currencies can fluctuate throughout the course of a property sale. Because international deals can take one to three months between when the offer is accepted and the buyer is actually converting their currency and paying for the home, there can be

significant changes. "If you're buying in dollars, the big question is when you'll be converting them to pounds." It's important to stay on top of currency fluctuations throughout the process, she says.

## Portugal's Popularity Aided by Dollar Strength

The cost of living in Portugal, which was already lower than in the U.S., has become even more affordable because of the appreciation of the dollar against the euro, certainly contributing to attracting Americans to Portugal, says Marques.

"Americans have been able to purchase properties in Portugal with significant discounts, in some cases reaching between 15% and 20% because of the strength of the dollar," Marques says. "Portugal has been gaining popularity, driven by its weather, with an average of 300 sunny days per year, the sense of security, and the quality of the healthcare system. For



**At left:** This detached villa in Portugal, with eight en-suite bedrooms, offers a stunning view over the cliffs and Oura Beach, including from the panoramic primary bedroom.

**At right:** This impressive property is located at the top of Barcelona and has three floors, each with their own living rooms and awe-inspiring views.



instance, the cost of one month of health insurance in the U.S. can cover an entire year in Portugal, with broader coverage.”

The favorable exchange rate for Americans has also made Portugal a hub for digital nomads, Marques says.

“Lisbon often ranks in the top five of the best cities in the world for digital nomads,” he says. “This has further enhanced the country’s appeal to an international audience.”

In response to the influx of Americans, the new development department at Portugal Sotheby’s International Realty is working closely with developers to create products tailored to luxury American buyers and other overseas buyers, Marques says.

## Strong Dollar Entices More Foreign Buyers to Japan

While some people might look at a weaker yen as a negative situation, Fukushima sees this as an opportunity to attract more foreign buyers to Japan.

“We’re seeing more Singaporeans considering buying, especially in the ski resorts of Japan,” Fukushima says. “In addition to this, they have set their sights on Japan as a destination to move their funds to, due to the rising stamp duty in Singapore.”

In response to the increase in luxury buyers from other countries, List Sotheby’s International Realty, Japan is increasing

its marketing overseas.

“We will continue to strengthen our inbound clients service,” Fukushima says. “Now we go to different countries every month to hold seminars on Japanese real estate. Recently we held it in Singapore, and we were able to make contact with a number of clients.”

List Sotheby’s International Realty, Japan also plans to develop housing styles that will appeal to foreigners, Fukushima says.

“Most of them are interested in Tokyo’s city condominiums and the Kyoto area, but we also see a lot of interest in several ski resorts and ocean areas,” Fukushima says.

Another trend, Fukushima says, is the rise of interest among Japanese citizens in purchasing property outside the country.

“While overseas clients are increasing, Japanese who want to buy overseas properties, especially in Asia and Hawaii, are also increasing,” Fukushima says. “Perhaps most of them are planning to transfer funds to foreign countries now. The current exchange-rate movements leave us with nothing but a big chance.”

## Cash Buyers and Currency Fluctuations

Given the complexity of buying property in other countries and, in many cases, the limited availability of mortgage financing

for foreign buyers, most luxury buyers around the world pay cash. Timing the purchase to a dip in the exchange rate can be nearly impossible, but the general trend of a stronger dollar continues to benefit American buyers.

In Japan, overseas clients must pay cash to buy real estate, Fukushima says. As a result, the country has experienced an overall increase in cash buyers with its influx of foreign buyers.

Marques estimates that 95% of Portugal Sotheby’s International Realty buyers pay cash, but there are some options for financing. “We have strong partnerships with major banks in Portugal to facilitate financing for foreign buyers, including Americans,” Marques says. “Our partnerships also extend to the legal and fiscal sectors, ensuring that we are well-prepared to assist Americans in optimizing their fiscal strategies when investing in Portugal.”

In Spain, too, most foreign buyers, especially Americans, are cash buyers, Toelle says.

“Some buyers like to leverage and ask for external finance, since their equity is invested with a higher yield than the actual interest rate they have to pay for external finance in Spain,” Toelle says. ■

## Currency Rate Snapshot

A look at the currency rates during the second week of December 2023 showed the Japanese yen and Australian dollar are the only two of the six major currencies below that are down year over year compared to the U.S. dollar.

CURRENCY	RATE	YOY CHANGE
EUR/USD	1.07915	▲ 2.57%
JPY/USD	0.0068688	▼ 6.08%
GBP/USD	1.25533	▲ 2.59%
CHF/USD	1.14162	▲ 6.76%
CAD/USD	0.734862	▲ 0.36%
AUD/USD	0.656082	▼ 3.22%

Source: XE Foreign Exchange Company, December 12, 2023



# The Pull of Provenance: Do Celebrity Connections Actually Sell Homes?

**G**ood PR is essential for marketing a luxury property, and when it comes to commanding attention for a home for sale, there's nothing quite like a celebrity connection.

Back in 2018, for instance, a Turks and Caicos estate garnered plenty of press when it went up for auction. But more than its 10,000-square-foot size, private beach access, or tennis courts, it was the six-bedroom's provenance as the former island retreat of the musician Prince—complete with a telltale purple driveway—that drew the most notice.

Stars exert a powerful pull, and when a property has been owned by someone famous, it usually adds up to more eyes on that listing, agents say.

"There's no question that provenance or pedigree helps in the world of luxury products," says Eric Lavey, senior global real estate advisor, Sotheby's International Realty—Beverly Hills Brokerage. "It's human nature. A person who is regarded as having high taste chose this as their home, so the assumption is this must be a wonderful property."

The impact of celebrity provenance "is very difficult to appraise precisely," says Frederic Barth, managing director, Côte d'Azur Sotheby's International Realty. But, he says, "it eases the process and makes it easier to find the right buyer."

And finding the right buyer is key for the properties in question, often large and singular estates that would be out of reach financially for most. When Bruce Willis decided to sell his resort home on Parrot Cay, a private island, for instance, the fact that the actor had built the retreat and owned it for over a decade was instrumental in connecting with the new owners.



"The Bruce Willis connection helped with respect to time on the market," says Nina Siegenthaler, vice president, Turks & Caicos Sotheby's International Realty. "There were articles about it in The Wall Street Journal and Mansion Global, and that PR push helped with getting eyes on the listing. That's how the buyer became familiar with the offering."

The compound sold for US\$27 million, which Siegenthaler says is the value they

had anticipated.

The new owners weren't hindered by the celebrity connection when it came to making significant renovations, but the home's provenance had been a major draw for them to sign on the dotted line.

Even a minor brush with fame can be helpful in moving a property off the market quickly. If a home doesn't necessarily have any famous former owners, a celebrity endorsement can make a difference. "Did



**Below:** More than its 10,000-square-foot size or private beach access, it was this Turks and Caicos home's provenance as the former island retreat of the musician Prince that drew the most notice when it went for sale by auction.

**At right:** An elegant historic residence, The Domaine de Beaumont is located between the villages of Mougins and Valbonne, a few minutes from Cannes, on the French Riviera.



someone famous rent the property and were photographed there? That's positive," Lavey says.

One home he sold, in the Hollywood Hills, had been previously owned by producer Hal B. Wallis, and later, actress Doris Roberts, most recognized from *Everybody Loves Raymond*. But what really got buyers interested was a tenant who had once stayed in the property's guest cottage: James Dean.

Even though Dean lived there briefly in the 1950s—and the guest cottage was no longer detached but part of the house—people were fascinated by this piece of its history.

"The house was completely gutted, and when it was done the neighbors all came to see the property," Lavey says. "Many people had heard the James Dean story. We never leaned on it, but the home sold quickly."

Agents say they find that when a property is linked with a person of great renown, media attention quickly follows.

When the Merrywood Estate—Jackie Kennedy's childhood home in Virginia—came onto the market, a number of major outlets ran the story of the sprawling, Georgian mansion.

"The press picked it up and then it took on a life of its own," says Mark Lowham, CEO, TTR Sotheby's International Realty. "It definitely captured the imagination and attention of a number of buyers, including the one who ended up purchasing it."

So much of marketing comes down to effective storytelling, and a home with the provenance of a high-profile former owner, storied history, or notable architecture—or all three ideally—make it much easier for agents to tell that story, with the press helping to boost awareness.

This can translate to a higher sales price. "In terms of the eventual transaction, the more interest you generate, the better the outcome will be," Lowham explains.

Because of their price point, though, many high-end homes have very small potential buyer pools. In such cases, provenance is instrumental in connecting with just the right person for the property. When another home with a Kennedy connection—a Côte d'Azur villa that was once a vacation destination for John F. Kennedy—came onto the market, its bona fides certainly helped with visibility.

But it didn't necessarily generate tons of competition among buyers. "We're talking about fairly big numbers—the property was listed for US\$31.5 million," Barth says. "I'd love to have a waiting list for a home like that, but it's not the reality of the market. But there's no doubt its provenance helped in terms of visibility and marketing, which leads to a situation where it's easier to sell."

## Does Discretion Help?

Being thoughtful and strategic about how a home's provenance is advertised is key to the high visibility that can lead to a successful sale. Often, agents find it's more effective to be discreet about a celebrity connection, rather than tout it upfront.

For the Kennedy villa, for instance, Barth notes that there was nothing on the listing page that referenced JFK's time at the property.

"When we were contacted through digital marketing, we would send an expanded brochure, which included some photographs of JFK's family, and JFK playing in the garden when he was a child," he says. "These were meant to be informative, and help emphasize the history of the property."

And in some cases, a famous homeowner does not want to be mentioned at all in promotional materials. But even then, provenance can play a role.

"We had a property where the owner preferred to keep the sale private," Siegenthaler says. "We didn't have that promotional aspect to help us. But the owner, a fashion designer, had lent a sense of style and quality to the property, so provenance in that case did help dictate the valuation." ■



# Dubai Super-Luxury Breaks Records as Buyers Seek Lifestyle Perks Amid Rising Prices



**D**ubai, United Arab Emirates, saw record-breaking sale prices throughout 2023, with super-luxury residences selling for up to US\$4,000 (AED14,692) per square foot, marking consecutive year-over-year increases since 2020, according to Chris Whitehead, managing partner, Dubai Sotheby's International Realty.

According to Whitehead, for the past two or three years post-Covid lockdowns, high-net-worth buyers have been flocking from

continental European countries like the U.K., France, and Germany to relocate to Dubai, in part to benefit from its lack of real estate tax—leading to skyrocketing prices.

Last year, Dubai Sotheby's International Realty sold a penthouse planned at Dubai's Marsa Al Arab Hotel for US\$114 million (AED420 million), followed by an apartment at the Bulgari Lighthouse that sold for US\$112 million (AED410 million).

Also in 2023, a megamansion in Dubai's Emirates Hill neighborhood listed for a record-breaking US\$204 million (AED749.3

**Above:** This seven-bedroom villa in Dubai Hills View features a hammam, a sauna with a Himalayan rock-salt wall, and a wine cellar with room for hundreds of bottles.





**Top:** One of the premier units in the Baccarat Residences in Dubai, this five-bedroom apartment offers a host of unique features and stunning views over the downtown Dubai skyline.

**Bottom:** Set in the Palm Jumeirah neighborhood, this custom-built five-bedroom home has four floors with high-end features and amenities dotted throughout.

million) with Dubai Sotheby's International Realty.

"Buyers are coming for the property quality, the value for the money, the cleanliness, and the retail. Dubai was always transient; people came to make money and then left to go back to where they came from. But now, many are moving for the lifestyle and staying," Whitehead says.

In 2023, average residential prices in Dubai rose 16.9% in the first two quarters, according to CBRE's UAE Real Estate Market Review, with average apartment prices increasing by 17.2% and average villa prices by 15.1%. Transaction volume for the year to June 2023 also increased by 42.3% year over year during the second quarter of 2023.

Whitehead expects this trend of high demand and escalating prices for luxury properties to continue, as recent political unrest in certain Middle Eastern countries is driving even more buyers toward Dubai for its relative safety and stability.

"There is a shortage of luxury property in Dubai, but in the last three years, the market has started to introduce many luxury products that are currently under development," Whitehead says.

Branded, service residences are particularly popular. "The ultra-high-net-worth buyers want service and confidence in a recognizable brand name," Whitehead says. "We just launched the Baccarat Residences in Dubai, which has been extremely successful." The Baccarat Residences offer two-to-five-bedroom apartments and penthouses beginning at US\$4.9 million (AED18 million).

"Many of the world's most renowned architects and designers want to put their name in Dubai right now," Whitehead



says. "The current flavor of design is very contemporary, very L.A. and Miami, with lots of white, glass, and black framing."

The struggle is in finding prime land in Dubai. "Buyers want the beach lifestyle, not necessarily the city, and the reduced land bank is also pushing the price market up," he says.

Buyers are looking for individuality and customization, as well as turnkey properties. "They don't want to come in and build. They can afford to pay to put down their bags and start living," Whitehead says.

And those same high-end buyers are

finding relative deals. "Dubai is already very undervalued for trophy-asset properties," he says. "Buyers are paying two to three times the price per square foot in London, and Dubai is tax-free. The ultra-high-net-worth individuals of Dubai spend the winter here and the summer in Europe."

The future of super-luxury properties in Dubai is positive, according to Whitehead. "There isn't any sign of slowdown. Supply is short, demand is high, and Dubai isn't a transitional market anymore. Buyers are coming to stay, and that's why the market is maturing." ▣





# With Real Estate Prices Rising And Tax Changes Coming, Strategizing Is Key

**R**eal estate is not only the most significant asset many people transfer to their heirs, but also the most complicated aspect of an estate plan. The legacy of a family residence or vacation home can have major investment and tax implications.

Property owners are facing pressure to firm up wealth-transfer strategies to take advantage of a US\$12.92 million per-person estate-tax exemption, which is scheduled to expire after 2025. The current exemption, which amounts to US\$25.84 million per couple, is the highest ever and was passed under the Tax Cuts and Jobs Act of 2017 with a built-in sunset, after which the exemption returns to its 2017 level of US\$5.5 million, adjusted for inflation.

Given a strong appreciation in real estate values in recent years and the looming drop in the estate-tax exemption, even folks who do not consider themselves high-net-worth will have to get strategic to minimize the tax impact of their wealth transfer, says Jason Thompson, chief wealth strategist at Rockefeller Global Family Office.

If you expect your property will continue to appreciate, it can be a big advantage to transfer ownership during your lifetime, Thompson says. "Once you make a gift, you have removed it from your estate at its current value, along with all of the future appreciation," he says.

Even better is if you can transfer property at a discounted valuation so that the gift uses up less of your estate-tax exemption, he says.

Rising interest rates over the past year have improved the effectiveness of a couple of estate planners' favorite types of irrevocable trusts that enable discounted wealth transfers.

"These trusts can't be amended, and they should raise questions about whether you have enough liquidity in your own name," Thompson says. "But from a tax-strategy standpoint, these are good planning tools."

Consider the so-called Qualified Personal Residential Trust (QPRT), a tool often used by folks who want to transfer their property's ownership but also want to continue living in the home.

"We haven't used the strategy for about a decade, but now that interest rates have come back up, a lot of planners are pulling it out of the tool kit," says Justin Flach, managing director for wealth strategy at U.S. Bank Wealth Management.

A QPRT, which can be used to transfer a primary home and one vacation property, is a way to remove the asset from your estate during your lifetime at a discounted valuation, while still living in the property for at least the term of the trust.

The owner gifts a property to the trust, and at the end of the term the property title is transferred to the trust's beneficiaries.

The value of the property for gift and estate-tax purposes is not the current value of the home. Rather, it is the actuarial value of the owner's remainder interest in the property at the end of the trust's term. The longer the term of the trust, the lower the actuarial value and the better the wealth-transfer tax impact.

During the trust's term, the owner continues to pay property expenses and can continue to live in the property. Once the term is up, if the owner wants to continue living in the property, a rental agreement must be established, and rent must be paid to beneficiaries.

The risk with these trusts is that the owner dies before the term is up, Flach says. If this happens, the trust dissolves and the ownership of the home returns to the estate.

A second type of irrevocable trust that shines when interest rates are high is for folks who want to leave a property—whether a personal residence or investment property—to charity: a charitable remainder trust (CRT).

The owner may not continue living in the home, but receives an annuity payment for the trust's term. In the year the trust is established, the owner can take a tax deduction equal to the value of the property at the end of the trust's term.

While these strategies can be highly effective for tax minimization, it is generally not advised to purchase property as a means to transfer wealth. Whether or not to buy property is an investment question, not an estate-planning question, Flach says. "You have to look at your overall portfolio and ask if a property is the right asset to put into your investment mix." ■

**Above:** The 7,000-square-foot Falcon Brae Villa is a secluded and luxurious retreat aptly named for the New Zealand falcons that swoop and glide through the skies above.

# Amid Some Normalization, 'Crème de la Crème,' Midlevel, and High-Profile Collections Boost Art Market

While the art market is experiencing a bit of a reset—after pandemic-era demand pushed sales to a lofty US\$16.4 billion in 2021 and US\$15.9 billion in 2022—high-profile collections are still driving strong prices.

"We expect to see great estate collections come to market in greater volume over the next decade, and as they do, these sales will dominate the art world as singular convening moments in which collectors will have a rare opportunity to acquire major works that are fresh to the market, having remained hidden from view for decades if not generations," says Mari-Claudia Jiménez, head of global business development, Sotheby's. "More than ever, we are seeing the power of provenance motivate collectors to learn about art through the lens of other important collectors as well as be inspired by their stories."

## Big-Name Auctions Rule

In September 2023, Sotheby's presented *Freddie Mercury: A World of His Own*, a six-part auction featuring a never-before-seen trove of fine art, costumes, and personal wardrobe items, musical instruments, handwritten draft lyrics, decorative arts and furniture, and personal belongings of the late Queen frontman. A total of 150,000 people visited the touring exhibitions around the world, with the auctions attracting 41,800 bids across 1,406 lots. The series was 100% sold, with nearly 99% of lots selling above their high estimates, to bring a combined total of £40 million (US\$50.4 million), against an estimated £7.6 million to £11.3 million—a record for any collection of its kind. Bidders came from 76 countries, and more than 85% were participating at



At left: Pablo Picasso's painting of his lover Marie-Thérèse Walter, *Femme à la montre*, sold for US\$139.4 million and was the prized lot of the November 2023 auction season.

Sotheby's for the first time. Among the most exciting moments were the record set for a composer's piano (Mercury's Yamaha Grand Piano, US\$2.2 million); the price achieved for the autograph manuscript draft lyrics for "Bohemian Rhapsody" (US\$1.7 million); the record set for a piece of jewelry belonging to a rockstar (Silver Snake Bangle; US\$881,717), and the soaring price paid for Mercury's Tiffany & Co. Silver Moustache Comb (US\$193,853).

In November 2023, the collection of the late Emily Fisher Landau, one of the greatest American Modern and Contemporary Art

patrons of recent years, achieved US\$406 million in sales, and included the US\$139.4 million sale of Pablo Picasso's *Femme à la montre*, a painting of his lover, Marie-Thérèse Walter, which took the top spot as the most valuable work of art sold at auction in 2023. The collection also included standout works by Jasper Johns, Andy Warhol, Ed Ruscha, and a piece from Agnes Martin, *Grey Stone II*, 1961, which sold for US\$18.7 million, after a seven-minute battle among eight bidders. The price as the hammer came down doubled its US\$8 million high estimate and set a record for the artist.



## Strong Sales at Midlevel; At the Top, Fewer Sales, But Strong Interest

While some buyers may welcome a post-pandemic “return to normal” as a sign of softening prices, in the highly segmented and complex fine-art market it can be misleading to look for blanket pricing trends, Jiménez says.

Overall, in the first half of 2023, Sotheby’s saw its sales results down a modest 7%, compared with a drop of 23% and 40% at its auction-house peers Christie’s and Phillips, respectively.

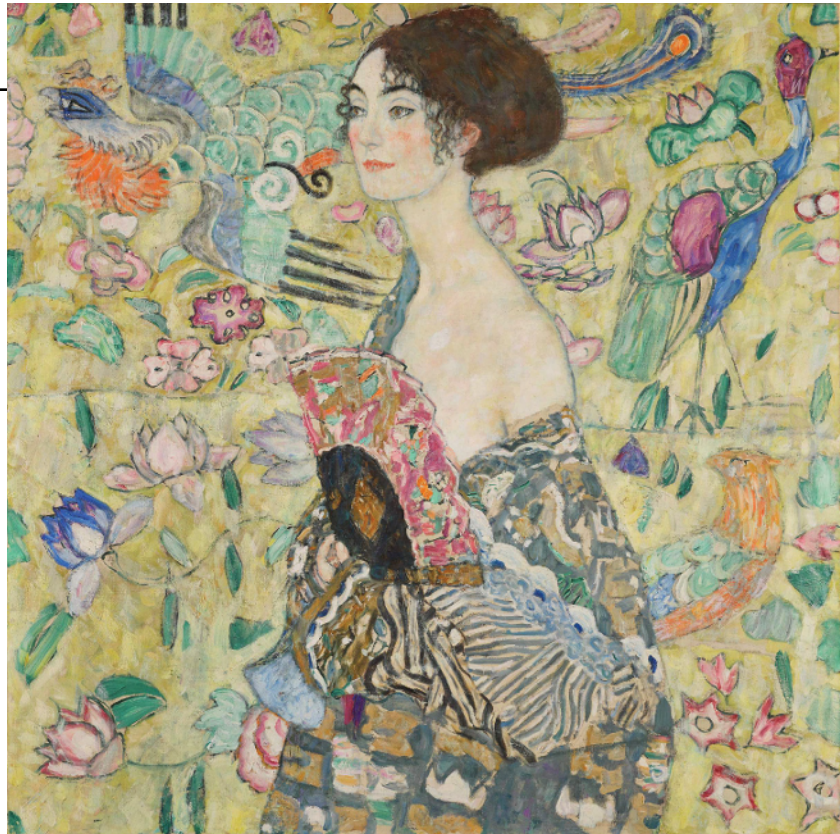
Muted overall sales in the first half of 2023 were largely due to a 51% contraction at the US\$10 million-plus end of the market, while sales of lesser-valued works topped last year’s levels. Sales were up 14% through May 2023 for works in the US\$1 million to US\$10 million range, and up 18% in the US\$100,000 to US\$1 million segment, according to Artnet.

This is a sharp about-face from 2022, when sales at the top end of the market surged to almost US\$5 billion, the highest level in more than five years, while sales declined in lower price brackets, Artnet data show.

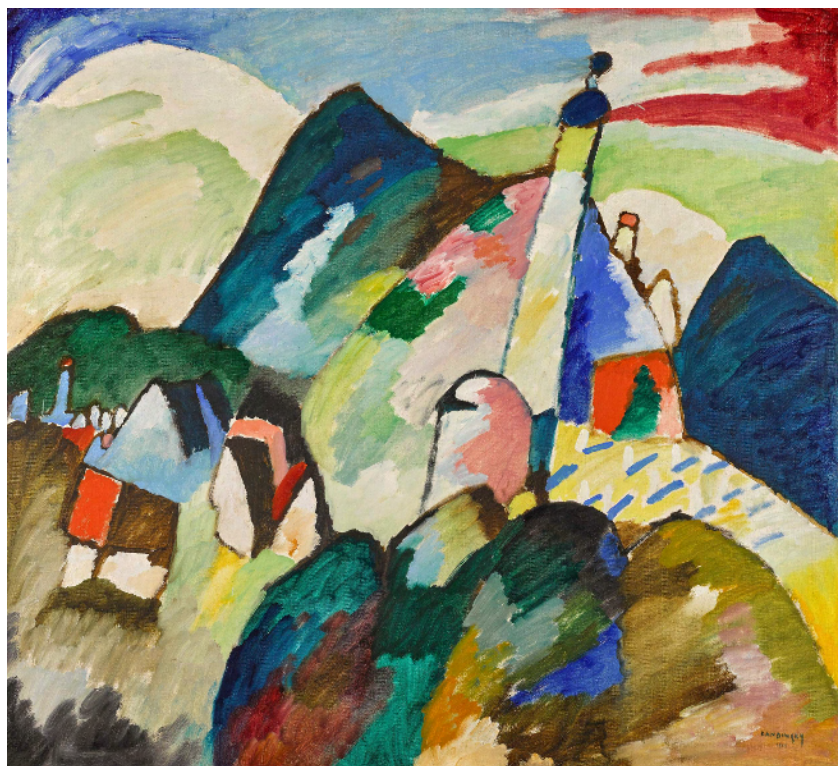
Fewer works are now coming to public sale, but those that do stir excitement among buyers, particularly in the US\$15 million-and-up segment known as the Masterpiece market, Jiménez says. “We’re still seeing a deep market for works in this high-end price range of up to US\$40 million or more, with more than four bids per lot. That’s an increase of nearly 30% over 2022.”

More bids, of course, mean continued pressure on pricing. “Each additional bid in an auction leads to an increase in the hammer price of 25% to 30%, so having four bids is the sweet spot to maximizing value,” Jiménez says.

The sale of Gustav Klimt’s famous *Lady with a Fan* hit that sweet spot at a Sotheby’s London auction in June 2023 with an around US\$108 million price, the highest ever fetched at a public art sale in Europe,



**Top:** *Dame mit Fächer* (Lady with a Fan)—the last portrait created by Gustav Klimt—sold in London in June 2023 for around US\$108 million, becoming the most valuable work of art ever sold at auction in Europe.



**Bottom:** This brightly colored landscape of the Bavarian village of Murnau, titled *Murnau mit Kirche II*, sold for around US\$45 million in London in March 2023, setting a record for Wassily Kandinsky.

and the highest on record for the Austrian artist's work. The prearranged minimum price for the work, depicting a bare-shouldered woman wrapped in an opulent robe, was US\$80 million, but after 10 minutes of bidding, a fourth bid by Patti Wong, a Hong Kong art advisor, sealed the deal.

The sale of Wassily Kandinsky's *Murnau With Church II* in March 2023 set a record for the artist's works at auction around US\$45 million

And most recently, Sotheby's modern and contemporary art sales in November 2023 saw a total of 27 works sell for more than US\$10 million—among the most ever for a marquee week at the auction house—signaling a rebound at the top.

"When pieces at this end of the market come to market, they are once-in-a-lifetime opportunities, so people, regardless of uneasiness about the economy or what's going on in the world, tend to jump on them," Jiménez says.

In the middle market between US\$5 million and US\$15 million, sales volume was high in 2023, but the bidding didn't have the same fervor as in the high end, Jiménez says. "You see far more price sensitivity at this level."

Interestingly, the market for European Old Masters—works from the late 13th century to the early 19th century—held up best. While the Old Masters market has accounted for a shrinking proportion of the overall art market for years, it tends to be more stable in uncertain times.

Among notable sales in 2023 in this category was a portrait of Marie Antoinette's pet dog, Pompon, by Jacques Barthélémy Delamarre. The estimated sale price was between US\$3,000 and US\$5,000, but at an auction in May, 15 bidders drove the final price to US\$279,400.

Overall, buyers in 2023 were highly selective, leaving some works on the table, unsold, at auction, but still driving up prices on rare pieces.

"Anything a bit more average or not so unique isn't getting the same bidding activity as top-quality, fresh-to-the-market opportunities," Jiménez says. "Clients have refocused on the crème de la crème." ■

## Top Sotheby's Auction Sales of 2023

### PABLO PICASSO

*Femme à la Montre*

Pablo Picasso's 1932 painting of his lover Marie-Thérèse Walter, *Femme à la montre*, sold for **US\$139.4 million**, and was the prized lot of the November auction season. It was part of an evening sale of blue-chip modern and contemporary art from the estate of Emily Fisher Landau.

### GUSTAV KLIMT

*Dame mit Fächer* (Lady with a Fan)

This masterpiece—the last portrait created by the iconic Viennese painter—sold in London in June 2023 for around **US\$108 million**, becoming the most valuable work of art ever sold at auction in Europe.

### GUSTAV KLIMT

*Insel im Attersee*

Created between 1901 and 1902, this evocative landscape painting depicting Klimt's bucolic summers at Attersee sold in May 2023 for **US\$53.2 million** as part of Sotheby's Modern Evening in New York.

### WASSILY KANDINSKY

*Murnau mit Kirche II*

This brightly colored landscape of the Bavarian village of Murnau sold for around **US\$45 million** in London in March 2023, setting a record for the Russian artist. Completed in 1910, the work was stolen by the Nazis and spent decades in a Dutch museum.

### CODEX SASSOON

In May 2023, the oldest, most complete Hebrew Bible sold in New York for **US\$38.1 million**—a new record for the most expensive manuscript ever sold at auction. Dating to the late ninth century or early 10th century, it will appear on public display at the ANU-Museum of the Jewish People in Tel Aviv.

### FANCY VIVID

#### PURPLISH-PINK DIAMOND

This oval brilliant-cut purplish-pink diamond weighing 14.83 carats sold for **US\$34.8 million** in May 2023 as part of Sotheby's Magnificent Jewels and Noble Jewels auction in Geneva, setting



an auction record for a fancy purplish-pink diamond and a new price-per-carat record for the color grade. The internally flawless Russian gem was named "The Spirit of the Rose," after a famous ballet performed by the Ballets Russes.

### ESTRELA DE FURA: 55.22 (above)

This gem, the largest gem-quality ruby ever brought to auction, weighing in at 55.22 carats, sold for US\$34.8 million in June 2023 as part of Sotheby's Magnificent Jewels sale in New York. It is now considered the world's most valuable colored gemstone.

### LOUISE BOURGEOIS

*Spider*

Setting a new auction record for a sculpture by a woman artist, this 10-foot-tall bronze spider sculpture sold for **US\$32.8 million** in May 2023 in New York. The towering 1996 work by this French-American artist, who only began creating her spider sculptures in her 80s, is over 18 feet across and is only one of only four spider works to ever appear at auction.

### ZHANG DAQIAN

*Pink Lotuses on Gold Screen*

Created in 1973, this splashed-ink and color on gold paper two-panel masterpiece sold for **US\$32.1 million** in April 2023 in Hong Kong on the occasion of Sotheby's 50th anniversary in Asia. Compared by many to Monet's *Waterlilies*, it is one of the most famous works by one of the most prestigious 20th-century Chinese painters. ■



# What's New, What's Next in Home Design

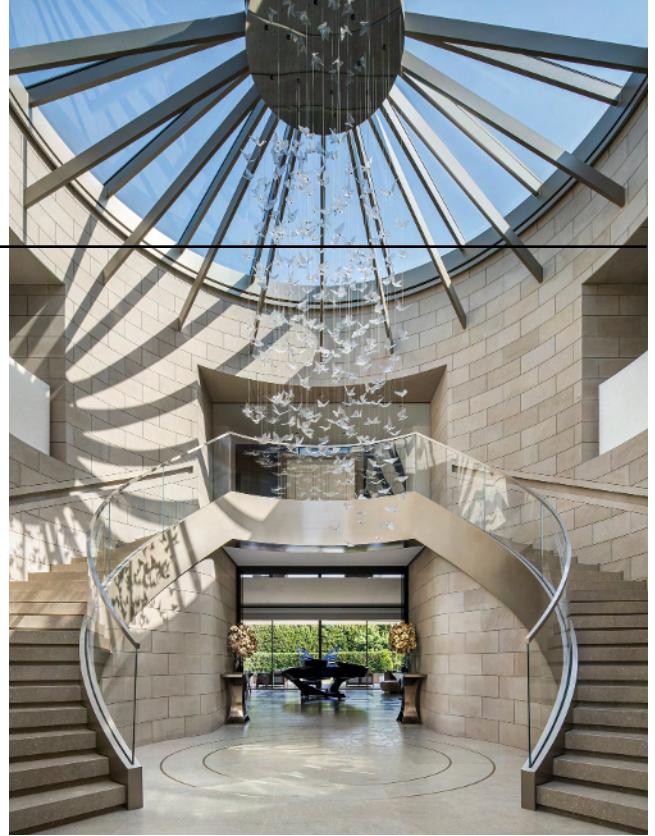
Many factors can shape the look and feel of our spaces. While homeowner preference, fashion, and technological advancement play a part, it's perhaps the cultural zeitgeist that most influences the aesthetics of home.

To find out the trends taking hold and what's on the horizon for home design, we spoke to five designers whom Architectural Digest designated as top talents for its AD100 ranking to get their takes—and one thing is clear, design is becoming more introspective than ever.

"As we look ahead to what will shape the future of design, **sustainability will become an even greater focus**. As clients become increasingly concerned about waste, supporting the natural environment and selecting materials that work within those concerns will be paramount, having a ripple effect on the industry. More than ever before, we're seeing a level of quality in sustainable products that are mutually beneficial, such as surfaces like Cosentino's HybriQ by Silestone, which utilizes technology to reduce environmental impact while still maintaining an incredible level of durability, longevity, and style that homeowners love. Sustainability is not something to sacrifice for anymore, it's something that is achievable in the home, and it's here to stay. We are moving toward **natural color tones such as the colors in parklands and gardens**. Specifically, green, which typically was rarely used in interiors, is a very popular color now. Other colors that we are seeing demand for take a cue from nature—colors of the mountains, sunset, desert, and sea. For example, clients are gravitating toward rust, creams, saddle brown, blues, sea green, and sand."

## Young Huh

Founder, Young Huh Interior Design,  
and Cosentino Design Alliance member



"On social media, people are seeing so many things driving their decisions. We try to bring them back to their own emotional selves and figure out what it is they really are looking for, **what's going to make them happy and be right for their family**. Take color for example; it's very emotional and influential in mood and behavior. And if it's used properly, it can give a whole new perspective to the home. We're moving toward **using color not just because it's pretty, but because it energetically works for the client and is intentional and purposeful**.

People want more **open family space, but they also want recreational and private spaces**—rec rooms, theaters, lounges, places to go to entertain and be entertained, yet not always all together. In almost every project, we're putting in double islands that bring families together visually, but separate them physically. Adding one extra island brings people into the kitchen, but also keeps them far enough apart where they're not in the same space.

An **indoor-outdoor connection** is becoming a mainstay. Skylights are getting more creative in shape and scale. Clients are asking for **more windows**, but they also want to have protection from the sun. We're starting to use special glass that's like transition sunglasses; when the sun hits it, it gets darker. It's a great option for when you don't want to have shades or drapes. You can have it set up to automatically tint when the sun hits and you can also override it with controls. It creates an automated thermal barrier."

## Brian Pinkett

AIA, Partner, Landry Design Group Inc.

"They want to be **comfortable everywhere**. They want their bedroom to be comfortable. They want their kitchen to be comfortable. They want their dining room to be comfortable. I have a client who wants to have a sofa or some kind of chaise in his office and in his bathroom in every home that he owns. For another client, where they read is important—so lighting and seating are big factors. **Design is becoming more thoughtful**. People are taking more time to really think about how they want things to be.

"Adding history to a new space is something we're doing more and more. For example, we use a lot of reclaimed floors because they don't feel brand new. **We make some kind of history, some kind of patina through materials like reclaimed antique stone and marble**, which create a juxtaposition against that new feeling, which can be very cold. Another technique we're using is to line walls in **fabric that's new but faded**, so it looks lived-in. It's about bridging the gap between old and new so that it feels comfortable and timeless and has a soul."

## Robert Stilin

Founder, Robert Stilin Interiors



"I am seeing a lot of references to **maximalist interiors**. These use **layers of luxury fabrics and soft furnishings and carved and formed furnishings** by artists for a collected look with a focus on artworks in ceramics and fiber art. There's more attention to **organic, natural materials, imperfect textures, and the visual hand of the artist**—meaning ceramics, carved wood, felted material, and natural stone. The visual sleight of hand and markings that show the human touch give the work humanity and honesty. Artists' examples include Katherine Glenday, Jerome Pereira, and Nic Webb.

We are focused on **high-quality materials and fabrics that are safe for everyone** to use in their homes and for the environment. I just saw a great show at Gallery Fumi featuring Max Lamb works in cardboard. Artists are looking for ways to challenge themselves by working with materials that are repurposed and reused, and by using new techniques."

## Nicole Hollis

Founder, NICOLEHOLLIS Inc. interior design

"There's been a return to faith in the design process. Our hope for the foreseeable future of interiors is that it trends in step with our approach to design—no trademark of style, but rather to progress design for each user, whether that be **sustainability, invoking artificial intelligence for smart homes, or allowing spaces to organically diversify in use and function** to accommodate timeless needs.

A re-evaluation of **'brown furniture' (English and American)**, with regard to style, craftsmanship, and history, together with its original source and provenance, is emerging. This is primarily 17th- and 18th-century English, continental, and American furniture made typically of mahogany or walnut. The hardwoods used in that day are from old-growth hardwood sources and will last for hundreds of years more as they have lasted for the past 200 to 300 years.

Glass will continue to develop in ways that we have yet to imagine as an architectural and structural material. We are excited to see **new glass materials that are more robust, long-lasting, and adaptable** than conventional glass. This is in addition to innovations to make glass manufacturing sustainable for the long term, eliminating the use of carbon-containing batch materials. We're also anxious to see more aesthetically appropriate photovoltaic roofing materials such as shingles and tiles. Those currently made by GAF or Tesla, while useful to a certain extent, are not yet pleasing to the eye and, in terms of efficiency, leave much to be desired."

## Brian Sawyer

FASLA, Co-Founder, Sawyer | Berson





# Hotel-Style, At Home

A luxury-hotel stay is the ultimate sensory escape. So it's no wonder homeowners and designers alike are looking to hotels for their home-design cues. "The term 'resimmercial' is going around the design community," says Young Huh of Young Huh Interior Design and Cosentino Design Alliance member. "It's essentially the concept of blurring the lines between commercial and residential design to create a home experience with elements of hospitality you might see in a spa or a luxury hotel."

Private residences are infusing both a sanctuary-like feel to attend to self-care needs as well as an element of leisure to everyday living. It's a trend with which Jim Tinson, AIA, CEO, Hart Howerton, is very familiar. His firm, which consists of architects, planners, landscape architects, and interior designers, works on projects that span the residential, commercial, and hospitality markets—designing everything from hotels and private clubs to residential communities, private homes, and institutions.

"What we talk about is designing complete environments; everything we do informs the other," Tinson says.

His clientele no longer draws a distinction between their vacation accommodations, private clubs, or primary residences, he says. "They're well-traveled: They've seen the best things; they've been to the best places" and they're referring to those places when deciding how to design their homes, Tinson says.

"We bring elements of leisure to primary living and then create destination homes that basically reflect a mobile lifestyle...There's a focus on elevated amenities and hospitality experiences baked into private homes."

## JIM TINSON

AIA, CEO, Hart Howerton

"We bring elements of leisure to primary living and then create destination homes that basically reflect a mobile lifestyle," he says. "There's a focus on elevated amenities and hospitality experiences baked into private homes."

Here are some of the top trends blurring the lines between home and hotel in private residences:

## Hotel-Style Suites

Instead of standard secondary bedrooms, Tinson's clients are asking for complete suites, "so that guests walk in and feel like they're staying with the graciousness of a high-end hotel." Subsequent bedrooms are designed in exactly the same ways: with en-suite, comfortable bathrooms, closets, and black-out shades in the fashion in which Tinson's firm designs hotel rooms.

## In-Room Kitchenettes

"Every client right now is looking for a morning kitchen or wet bar in their [primary bedroom] suite as well as guest rooms," Tinson says. This could be a below-counter fridge or a coffee station. "They want the kind of hospitality experience they would get at a hotel delivered to their home." Even the ability to grab a bottle of water or juice—or make a cup of coffee without having to go to the kitchen.

## Spalike Experiences

From curbless showers to stand-alone tubs to indoor-outdoor showers set in a garden, primary bathrooms are becoming more and more like spa retreats. For Huh, a spa bathroom can be achieved with something as simple as a luxurious bathtub and a neutral, calming color palette. Then there are wellness rooms with hot and cold plunges and infrared saunas. "We've even designed massage rooms with outside access, so a therapist could come in from the outside," Tinson says.

## Family Zones

Today's hotels feature fun zones the entire family can use simultaneously. "In the old days, we would create spaces just for kids; now we're designing family entertainment destinations with a game room, indoor-outdoor pool tables, bowling, and a golf simulator," Tinson says. And clients are requesting these same family zones in their own homes.

## Ski-Boot Rooms

Anyone who's gone to a five-star ski resort knows part of the beauty is in the boot room. Now, these same swanky storage facilities are being installed in private residences. They might look like expansive mud rooms that are designed with features such as heated lockers, boot warmers, and ample equipment storage, Tinson says.

## Complete Cocktail Bars

Home bars are going way beyond the roll-up cart or basement-afterthought variety and venturing into full hotel-bar experiences. For example, Tinson designed a hotel-worthy cocktail bar for a client that felt more like a real bar with racks overhead and seating. "My client wanted to be able to entertain guests in a hospitality-type environment in the comfort of home," Tinson says. ▣

# Collectibles Appeal To Younger Audiences, Those Looking To Diversify Investments



**T** Rex, anyone? How about a Gorgosaurus? The world of luxury collectibles has a history of eye-catching oddities that sell alongside the market's traditional assortment of high-end watches, wine, and sports memorabilia.

In fact, dinosaur skeletons have been among auctioned outliers with occasional sales for years, but since the beginning of 2022, at least seven either partial or full behemoth skeletons have been hammered at stunning prices.

Among them was an approximately nine-foot-tall skeleton of an 80-million-year-old Gorgosaurus, close kin of the Tyrannosaurus rex. It was snapped up in frenzied bidding at Sotheby's for US\$6.1 million. Soon after, the skull of a T. Rex sold at the auction house, also for US\$6.1 million.

"A lot of billionaires don't understand why they would want a US\$100 million artwork on their walls but think it's really cool to own a T. Rex," says Mari-Claudia Jiménez, head of global business development at Sotheby's.

The dynamic luxury-collectibles market has been on a tear in recent years, as challenging market conditions have fueled investor interest. Aside from status symbols or simply fun conversation pieces, high-end collectibles can be strong portfolio diversifiers alongside stocks, bonds, and more common alternative investments like private equity and real estate.

As inflation spiked over the past couple of years and the stock and bond markets

**Above:** The nine-foot-tall skeleton of an 80-million-year-old Gorgosaurus, close kin of the Tyrannosaurus rex, was snapped up in frenzied bidding at Sotheby's for US\$6.1 million.





**Left:** A diamond-studded Himalayan Birkin 30, constructed out of Niloticus crocodile skin dyed in white and gray, and with 18-karat white gold hardware, broke records.

lost value in 2022, many investors have been looking for assets likely to retain value and whose outlook for growth isn't tied to the markets.

Collectibles are proving to be important portfolio diversifiers with strong return potential. Consider that in the 10-year period from 2013 through 2022, preowned collectible luxury watches—a US\$22 billion market—appreciated by an average annual 7%, and by 27% between 2020 and 2022, according to Boston Consulting Group.

Meanwhile, auction houses have focused on broadening their categories and their services to appeal to a more diverse group. A major target has been a younger clientele. In APAC, Sotheby's has expanded its footprint in Shanghai and Seoul with pop-up events and innovative retail strategies to attract a new demographic and generation of buyers. (Note: The Asia Pacific headquarters in Hong Kong is being relocated to the upscale, highly visible Hong Kong Land portfolio in Central District, set to open in 2024.)

Most headline news related to auction-house sales of collectibles is about high-end sales. Indeed, they are stunning. For example, it was news in 2022 when a handbag fetched the highest price ever for its category at a Sotheby's auction: over US\$450,000 for a diamond-studded Himalayan Birkin 30, constructed out of Niloticus crocodile skin dyed in white and gray, and with 18-karat white gold hardware.

While such bags and the dinosaur skeletons have rung up on the high end, there is considerable volume on the more affordable entry-level end of the spectrum, such as three skateboard decks painted by Takashi Murakami for US\$2,250

recently posted for sale at Sotheby's, or an announcement designed by Keith Haring for a dance event starring Yoko Ono in 1987, priced at US\$575.

These items are among a diverse selection that continues to be available through Sotheby's Buy Now platform, which was launched in 2020 as a marketplace of luxury collectibles available for sale directly on the auction house's website.

Among the most popular sports collectibles through this platform has been its streetwear line of sneakers.

"This is one of the most extraordinary worlds we've entered—rare, one-of-a-kind sneakers," Jiménez says. Sotheby's collaborated with Nike and Louis Vuitton to sell a limited run that could be purchased only online through the auction house, for US\$40,000 to US\$50,000 each. The line is called "Air Force 1" by designer Virgil Abloh, Louis Vuitton's former men's artistic director, who died in 2021.

"Widening the number and types of bidders we appeal to is an important new development," Jiménez says. "Buyers are finding we are appealing to a much younger clientele, and that is really exciting for us."

Younger buyers began bidding in greater numbers during the peak of the Covid-19 pandemic, when auction houses expanded their online auction capabilities. "We had to focus more on digital presentations and online auctions, and that made us more accessible," Jiménez says. "It was intimidating to walk into our premises. The fact that you can now register online and bid in your pajamas the way you would on eBay created a democratization in the art world." ■

## Diversifying Through Properties and Passion Assets

WSJ Intelligence's Consumer Confidence & Economic Monitor Study, published in September 2023, which surveyed 733 Wall Street Journal readers, found them diversifying assets.

**How, if at all, has the current economy impacted your investments in these categories?** Below, the percentage of respondents that currently invest in varied asset classes:



**28%**

SECONDARY OR VACATION HOMES

**26%**

RESIDENTIAL RENTAL PROPERTIES



**20%**

JEWELRY

**20%**

ART AND COLLECTIBLES



**15%**

WATCHES

**14%**

WINE AND SPIRITS



Source: WSJ Intelligence Consumer Confidence & Economic Monitor Study, September 2023



**Left:** Spanning 12,435 square feet, this third-floor apartment in Chicago is tastefully curated, perfect for both grand-scale entertaining and casual everyday living, with large windows that provide natural light and scenic views.

"The key is making sure there's minimal fluctuation in temperature and humidity," Doyle says.

One option is to install climate controls that are tied to your home alarm systems.

"This way if the temperature or humidity exceeds the preset range, you would get an alert," Doyle says. "This is critical for clients who travel extensively."

Finally, if you have an extensive outdoor sculpture garden, protect it by considering all the elements.

"You don't want them to be installed in an area where there could be water pooling at the base," Doyle says. "Make sure they're elevated and always check nearby trees, and make sure no loose branches can fall down and damage the artwork."

To best prepare your outdoor space for outdoor art, consult with a landscaper or, better yet, work with outdoor sculpture conservators who will come and inspect your works on a regular basis. Plus, "hand-trim around sculptures," she says.

## Security

"Make sure your security system aligns with the value of your collection," Doyle says. "In addition, be sure to install a multilayered security system that will alert a third party if the system is activated. Perimeter contacts on doors and windows, interior motion sensors, and glass-break detectors are all critical, too."

Finally, don't forget to secure each and every level of the home.

"We frequently see break-ins targeting second-story doors and windows," Doyle says.

Plus, Doyle says, getting the most coverage is the way to protect your home and the valuables inside it. "Any claim payout can be affected by the terms, conditions, and exclusions contained in the applicable policy." In order to best protect valuable pieces, she says, collectors should consider purchasing an "all-risk" valuable-articles policy from a carrier "having deep knowledge and experience regarding the unique exposures involving outdoor sculpture and claims arising from perils like flood, fire, and breakage." ■

# Prepping a Home for an Art Collection

**A**s art collectors know, there are three features that matter most to ensuring your works stay safe in your home—lighting, fire suppression, and climate, including temperature, humidity, and exposure to excessive heat and moisture.

But preparation really begins with installation, says Laura Doyle, senior vice president, fine art and valuable collections product leader at Chubb Insurance. "Homeowners should work with architects, a professional art handler, and art advisors to design an installation plan," she says. "Those experts will advise you on the fragility of the work and the weight of the pieces to make sure everything is installed with the right weight gradings."

Once all of your artwork is placed, homeowners should check the installation hardware every decade.

"This is critical, as hooks and wires can weaken over time," Doyle says.

## Lighting

The most important thing you need to consider from a lighting perspective is that you're minimizing direct light on works of art.

"Certain works are more sensitive to light damage," Doyle says. "These include textiles, works on paper, and photographs."

Consider installing works away from windows or installing film on your windows. In addition, since ultraviolet light is extremely damaging to artwork, fine-art lighting systems are important.

"There are lighting designers who offer

specific components for at-home art collections," she says. "In addition, if you have a home with floor-to-ceiling glass walls, think about what artwork will be in that area, and consider installing works that are less light-sensitive in rooms with light flooding in."

## Fire Suppression

In California specifically, fire is a huge issue for homeowners and homebuyers. As such, insurance rates are often higher, too.

"Unless you're living in an old house, you have fire suppression set," says Ginger Martin, senior associate, Sotheby's International Realty—St. Helena Brokerage, who specializes in California's wine region. "Anything newer than 20 years ago requires fire protection."

Generally speaking, it's a good idea to have centrally monitored heat- and smoke-detection systems set up in your home, says Doyle.

"There should be at least one smoke detector every 900 square feet, especially in rooms with artwork," she says. "Smoke can cause extensive damage so it's critical to have heat detectors in your garage, attic, and kitchen, too."

In addition, consider installing a monitored system to alert a third party so, if you're not home, smoke can be addressed immediately.

## Climate Control

You don't want the humidity to get too high in a home with artwork, Martin says.



# Property Index

Prices are rounded, and accurate as of 12/2023. All are subject to change and currency fluctuations.



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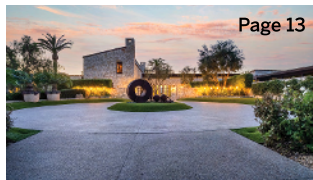
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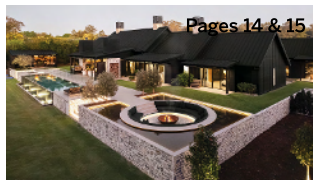
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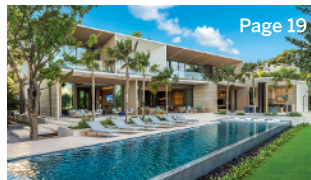
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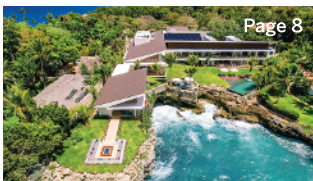
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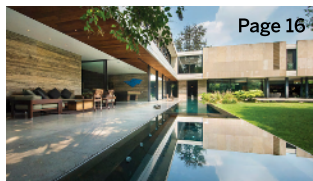
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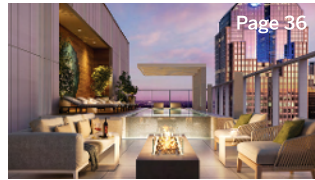
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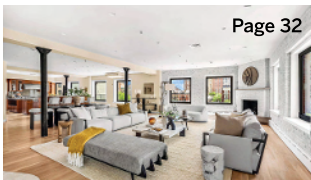
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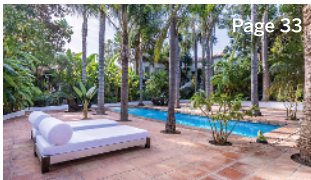
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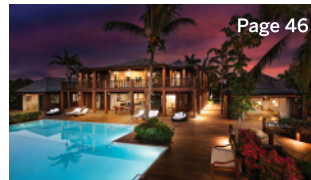
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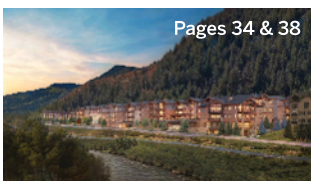
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# Berlin

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# Sotheby's

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