

CAPE TOWN, SOUTH AFRICA | R184,000,000 | WEB CODE: WIRG ON LUXURYPORTFOLIO.COM

SOLRE 2023

STATE OF LUXURY REAL ESTATE 2023

ABILITY TO ADAPT IS KEY IN EVOLVING MARKET



WORLD'S LEADING NETWORK OF INDEPENDENT LUXURY REAL ESTATE BROKERAGES



President's Welcome	3
Executive Summary	5
Methodology	9
Luxury Residential Real Estate Market Behavior	10
Consumer demand for real estate	11
U.S. luxury market trends	17
International buyer trends	22
Consumer Sentiment	24
Buyer Insight: Tenure with wealth	25
Buyer Insight: In tune with themselves	26
Buyer Insight: A life well-lived	29
Confidence and Spending	34
Confident for a reason	35
Spending remains healthy	38
Buyer Trends in Luxury Real Estate	40
Buyer motivation	41
Quality investment	44
Purchasing trends	49
Summary of Key Findings and Recommendations	52



STATE OF LUXURY REAL ESTATE 2023 SOLRE | 2023

In the 2023 edition of the State of Luxury Real Estate (SOLRE) report, we observe that the global wealthy are living in a state of adaptation to changing – and often unpredictable – circumstances.

Adaptability is the defining spirit of buyers currently, and confidence is its currency. The worldwide wealth outlook is positive over the next five years. Breakout growth among ultra-high-net-worth individuals is creating a global upper-middle class. These concurrent trends set an encouraging tone for the year ahead:

- Consumers are aware of the potential headwinds from their local economic conditions to the fragmented political landscape to ever-present concerns over climate change and COVID-19.
- These consumers are resilient in the face of these concerns. Most see their own fortunes improved in late 2022 and expect 2023 to be an even stronger year for them.
- Luxury real estate remains a solid investment in a time of upheaval with financial investments. Owners and buyers expect values to rise in 2023 and investment-property purchase expectations remain at 2022 levels.

Our scope of research has evolved to meet the changing demands of the industry. The focus remains on the top 5 percent income earning households, and this year we have expanded our point of view to include 28 global markets across six continents, representing the opinions of 90 percent of the world's affluent class.

The Luxury Portfolio International membership now also participates in our Business of Luxury Real Estate series. This is an exclusive, insider's look at the top markets around the world.

I would like to thank the entire team at Luxury Portfolio International, our members and principal researcher Chandler Mount, CEO of Affluent Consumer Research Company, for their diligent and collaborative investigation of the latest trends in luxury residential real estate. To our readers, I encourage your continued dedication to learning and growing your relationships with clients and prospects. I hope you have a great year ahead, tapping opportunities and overcoming challenges with verve and informed decision-making.

Mickey ALAM KHAN

President, Luxury Portfolio International

 @MickeyAlamKhan

THE THEME OF 2023 IS ADAPTABILITY

“And the most successful people are those who accept and adapt to constant change. This adaptability requires a degree of flexibility and humility most people can't manage”

- PAUL LUTUS, AUTHOR

“It is not the strongest of the species that survives, nor the most intelligent that survives. It is the one that is the most adaptable to change”

- CHARLES DARWIN,
NATURALIST

“Enjoying success requires the ability to adapt. Only by being open to change will you have a true opportunity to get the most from your talent”

-NOLAN RYAN,
MLB HALL OF FAMER

THE STATE OF THE LUXURY HOME BUYER



Behavior

Buying and selling to remain active
Pandemic fueled the creation of new luxury markets
New York, Beijing and Singapore are the hottest markets for international buyers



Mindset

Alert
Resilient
Motivated
Sensitive
Confident



Trends

Cities are hot with investors
Long-term view on purchases
Fewer cash-only purchases
Next-gen buyers open to making home purchases online

Luxury Home Buyers' Market Behavior

The global market for luxury residential real estate buying and selling intentions is similar to 2022 – a definite step down from the peak, but consumers remain optimistic in their purchasing plans.

The mid-2020 to mid-2021 luxury market buying frenzy pushed some clients out of contention in their most-desired markets. U.S. buyers have adapted to the situation by looking in secondary markets. There are hundreds more luxury markets today than in 2019.

MARKET INTENTIONS ARE ROBUST

- 2023-25 will be off pandemic highs but likely stronger than pre-COVID

NECESSITY IS THE MOTHER OF INVENTION

- Market saturation and lack of stock is spurring the creation of new luxury locales

MAJOR ECONOMIC AND POLITICAL CITIES TOP THE LIST OF IN-DEMAND DESTINATIONS

- Established, tried-and-true luxury markets a haven for international buyers—if they can find a place

Luxury Home Buyers’ State of Mind

Buyers are not blind to the amount of uncertainty that exists all over the world. In fact, they recognize that a recession is here (or is likely to be here soon), that COVID-19 remains an issue and that foreign and domestic politics are under stress.

But it does not really bother them.

Buyers have instead turned to their own strengths—financial, intellectual, emotional and social—to build resilience against the turbulence of the world.

These buyers, in a word, are **adapting**.

ALERT

- Aware of headwinds stemming from domestic politics, economic strain and foreign relations

RESILIENT

- Trust their own instincts to navigate uncertain times

MOTIVATED

- Have identified real estate as one of—if not the—best investment categories of 2023

SENSITIVE

- In tune with their wants and desires and focused on a life well-lived. They turn to both reasons and feelings to make their purchases

CONFIDENT

- The class is growing, their financial health is improving and spending is a joy

Luxury Home Buyer Trends in Residential RE

Those in the market to buy have adapted to their current situation and feel empowered to move forward with life. Those on the luxury real estate sidelines radiate a nagging sense of fear that may hold them back.

Luxury buyers are becoming more effective home buyers. They are prioritizing key facts and figures about the quality of the investment and also considering how the purchase makes them feel.

Professionals who cater to reason over emotion and vice-versa are only doing half the job that luxury buyers need them to do.

- READY TO ACT**
 - Decisive and feeling inspired toward their next home purchase
- RETURN TO QUALITY (INVESTMENTS)**
 - The highest priority for luxury buyers in 2023 is investment quality. They want it in the right setting and neighborhood—and it has to feel right
- CITIES REMAIN HOT**
 - Primary home and investment property buyers active in city centers
- LONG TERM VIEW ON THE PURCHASE**
 - Whether a legacy property or a home to 'age-in-place' buyers
- CASH-ONLY PURCHASES LIKELY TO DECLINE**
 - Financing is getting more complex; liquidity will help buyers act fast
- NEXT-GEN BUYERS ARE OPEN TO TECH-ENABLED PURCHASING**
 - The under-50-years-old buyer is more willing to purchase sight unseen and via online channels

METHODOLOGY

The State of Luxury Real Estate (SOLRE) 2023 is a consumer-focused study combining insights from the world's high-income and high-asset individuals.

At its heart, the SOLRE research is based on information and insights from individuals in the top 5 percent of 28 countries on six continents (equivalent of USD \$250,000 or more in annual household income). Since its inception in 2021 the research has included more than 14,000 affluent individuals and more than 100 luxury real estate professionals from the LPI network.

This report calls attention to the luxury home buyer – those individuals who are most likely to purchase a luxury home in the next three years based on their current socio-economic status and their intentions to purchase real estate at USD \$1 million or more.

Interviews were conducted in October and November 2020, 2021 and 2022. Findings are representative of the global affluent class at the 95 percent confidence level.

The margin of error is +/- 3% at the 95% confidence level. Percentages may not match prior reports due to the trended-weighting process.

Median household income	\$450,000	Total affluent consumer interviews: 2,944 AMERICAS: 950 <ul style="list-style-type: none"> North America: 456 United States, Canada, Mexico Latin America: 494 Brazil, Chile, Colombia, Costa Rica EMEA: 951 <ul style="list-style-type: none"> Europe and UK: 601 France, Germany, Switzerland, Italy, Spain, Russia, United Kingdom Middle East/Africa: 350 United Arab Emirates, Saudi Arabia, Egypt, South Africa ASIA PACIFIC: 1,044 <ul style="list-style-type: none"> East Asia: 504 China/Hong Kong/Taiwan, Japan, South Korea South Asia: 180 India S.E. Asia and Australasia: 360 Singapore, Indonesia, Australia, New Zealand Total luxury home buyers interviewed: 1,143
Current primary home value	\$1.25 million	
Median household assets	\$3.40 million	
Next home value	\$1.75 million	

CRETE, ELOUNDA, GREECE | €4,730,000 | WEB CODE: ABGO ON LUXURYPORTFOLIO.COM

2023 RESIDENTIAL REAL ESTATE

LUXURY REAL ESTATE DEMAND EQUALS 2022, NOTICEABLY
SLOWER THAN 2021

The Affluent Housing Shortage Continues

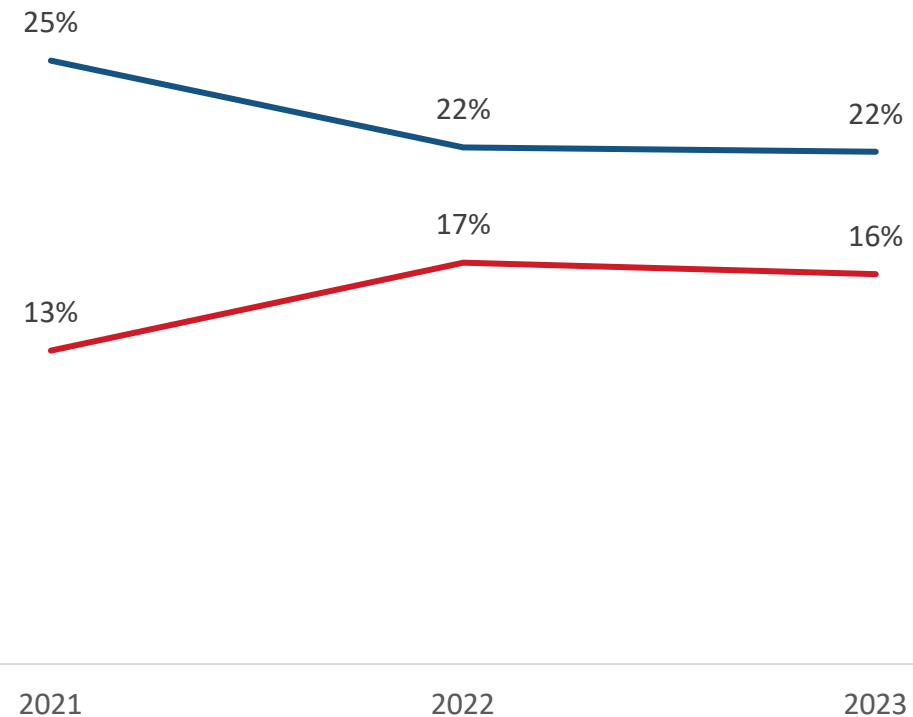
For the third consecutive year the number of real estate buyers is greater than the number of real estate sellers.

This amounts to a shortfall in the total number of available housing units acceptable to affluent consumers. In effect, the need for new housing stock remains a priority.

Aging stock and projections of fewer sellers than buyers globally suggest the creation of markets and developments will be needed to meet the overall demand.

Demand for residential real estate (any price) in the next 3 years | Global Affluent

— Purchase in the next 3 years — Sell in the next 3 years



Luxury Residential Market Establishes New Normal

As with the total residential market, luxury real estate saw a decline in demand in 2022. The decline is in response to economic pressures brought on by rising interest rates and stock market volatility, as well as the glut of buyers in 2021 accelerating demand.

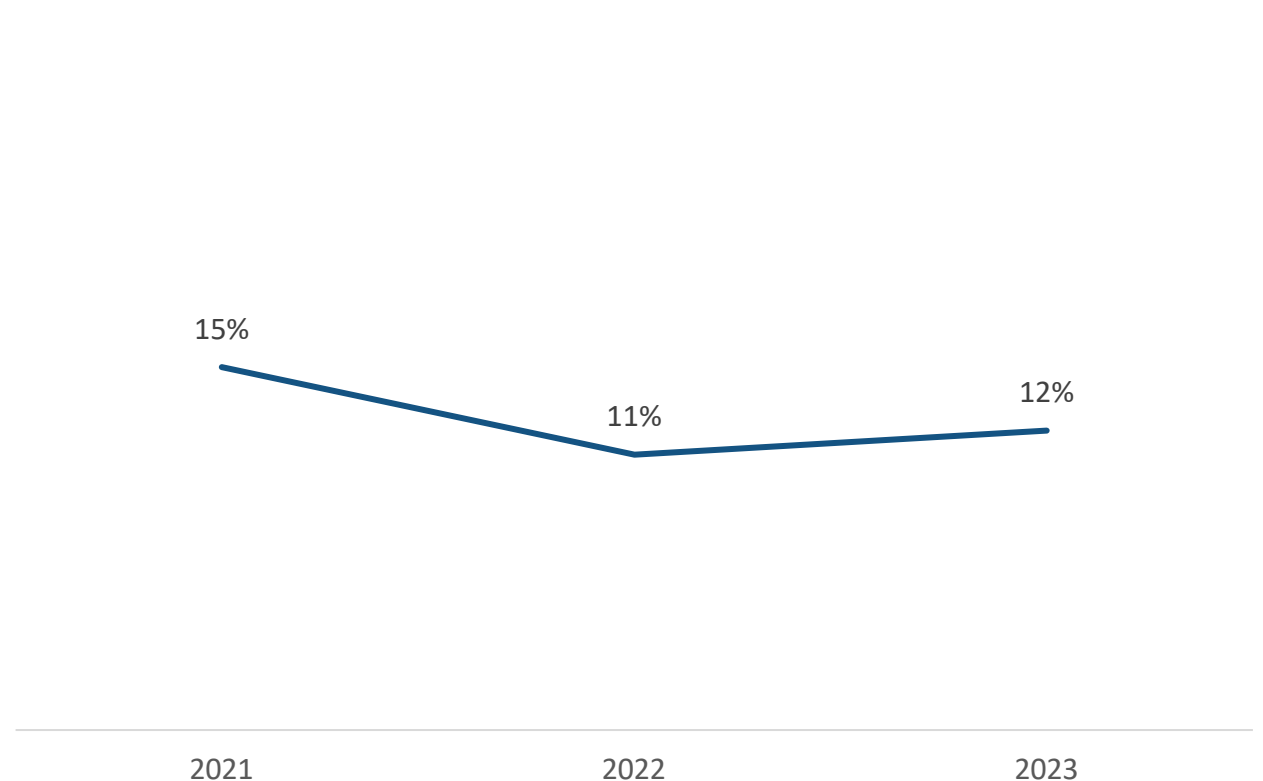
The strong U.S. dollar has also impacted the global marketplace as the effective cost rose dramatically in some areas.

Considering these headwinds, the 2023 forecast appears primed for another solid year overall.

Professionals are cautioned to take these projections as a point-in-time snapshot of consumer opinion.

Demand for luxury residential real estate in the next 3 years (USD \$1 million or more) | Global Affluent

— Demand for luxury residential real estate



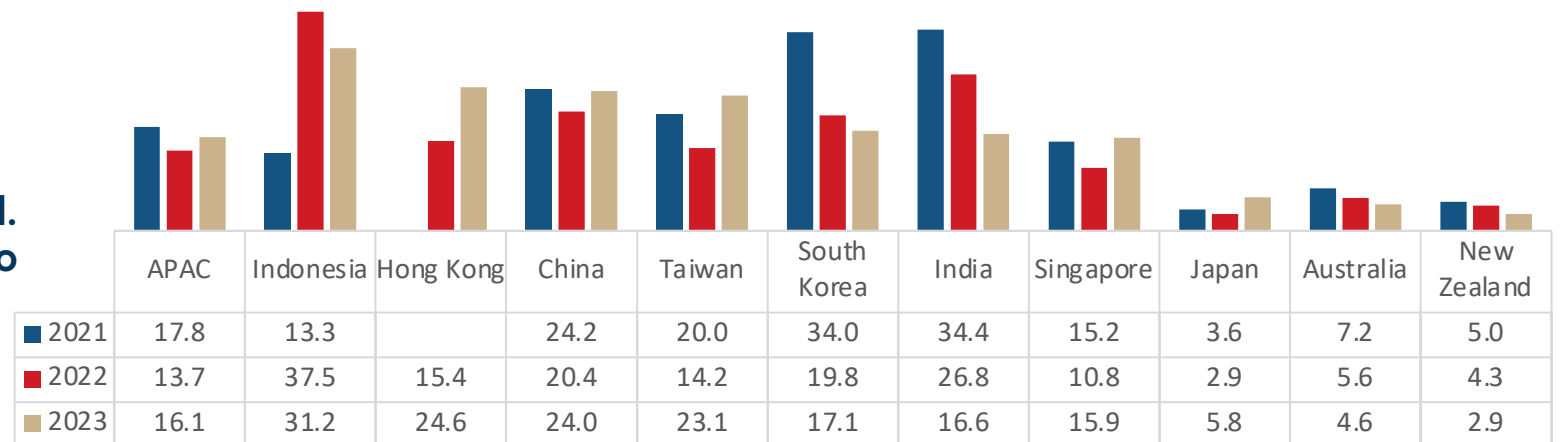
Asia-Pacific Affluent Expressing Pent-up Demand for Housing

Indonesia leads for the second year in a row with overall interest in luxury real estate from its affluent class. Strong economic performance from trade in natural resources and finished electrical products has made Indonesia a top-20 country for personal wealth, estimated at \$3.8 trillion.

The Chinese economy has faced serious issues over the past 12 months, in particular the crackdown on technology companies by issuing billions of dollars in fines to domestic tech firms. This has hurt in the short term, but positions China for strong growth in the future by enforcing anti-trust rules and thereby increasing competition.

China's zero-COVID policy will play a significant factor in its economic output and consumer interest in remaining local. Famously wealthy Jack Ma is reported to have relocated to Japan amid the shake-ups at home.

Demand for luxury residential real estate by residents of Asia Pacific



Europeans Remain in a Post-COVID Slump

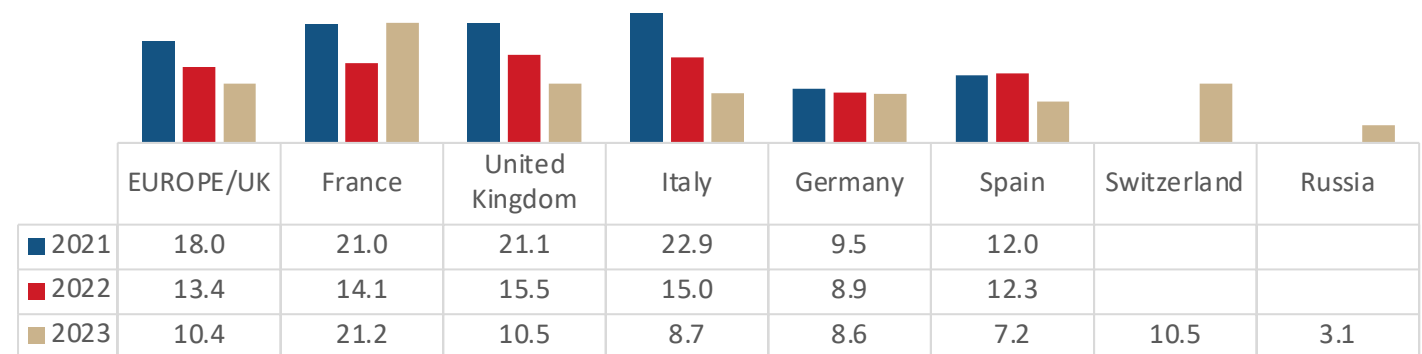
Over the past three years, the affluent consumers in major European economies have steadily reduced their demand for luxury real estate.

The United Kingdom and Italy have experienced the greatest declines in that time. Both nations have experienced a high degree of political fragmentation and instability.

The continent has experienced post-COVID economic contractions made worse by the war in Ukraine. On a positive note, the affluent in France have regained their purchase interest thanks to strong public support and private investment.

Currency performance will be an indicator for the overall economic picture—including luxury real estate.

Demand for luxury residential real estate by residents of Europe/UK



South America Has Strong Intentions Despite Economic and Political Shifts

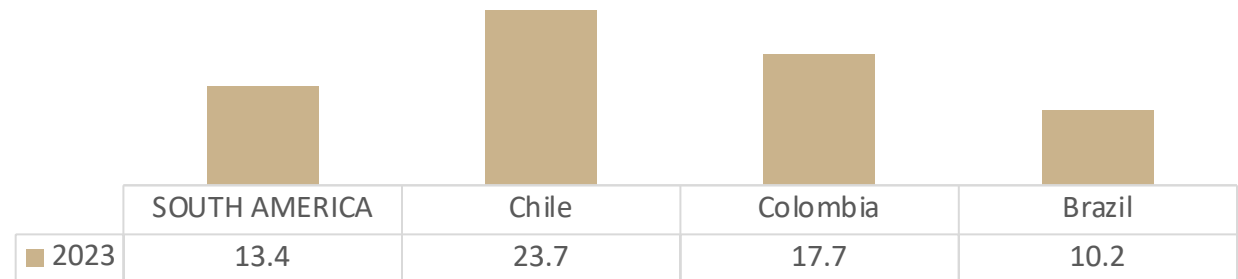
Chile faces significant hurdles as it works through economic recovery. The country's slowing GDP, which is predicted to turn negative in 2023, is its biggest challenge. In spite of that, property remains a wealth creator for the continent's most stable country.

Colombia has greater interest in real estate due to financial freedoms protected by the democratic government there.

Brazil is the largest economy in South America, yet demand for luxury real estate is below the continental average. Brazil has enjoyed relatively strong economic growth this year but is forecast to slow in 2023.

Political stability in the region remains a point of interest for economic growth and attracting foreign investment in real estate.

Demand for luxury residential real estate by residents of South America



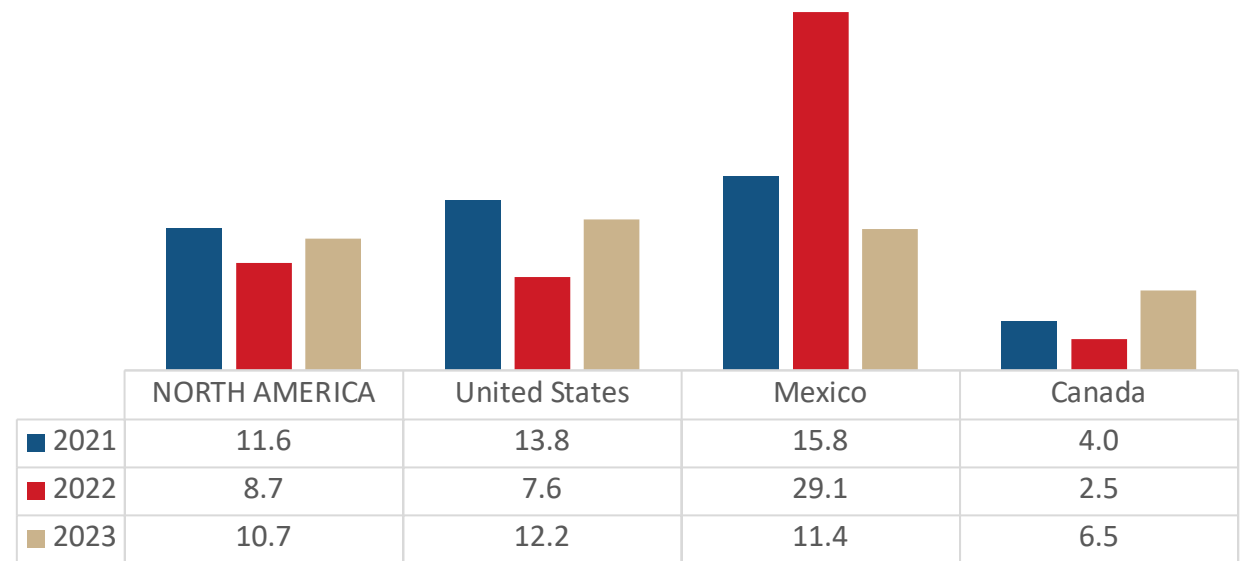
North America Is Bullish on Luxury Real Estate

The affluent residing in the United States and Canada have significantly higher demand for luxury real estate compared to a year ago and on par with the results from 2021.

Affluent Mexican residents have returned to a comparable pace after a year that saw a 7.7 percent increase in demand nationwide. This fast-moving market may have triggered a fear-of-missing-out situation that brought additional buyers to the market.

Overall demand in North America is on the uptick in 2023 fueled by a confident U.S. buyer.

Demand for luxury residential real estate by residents of North America

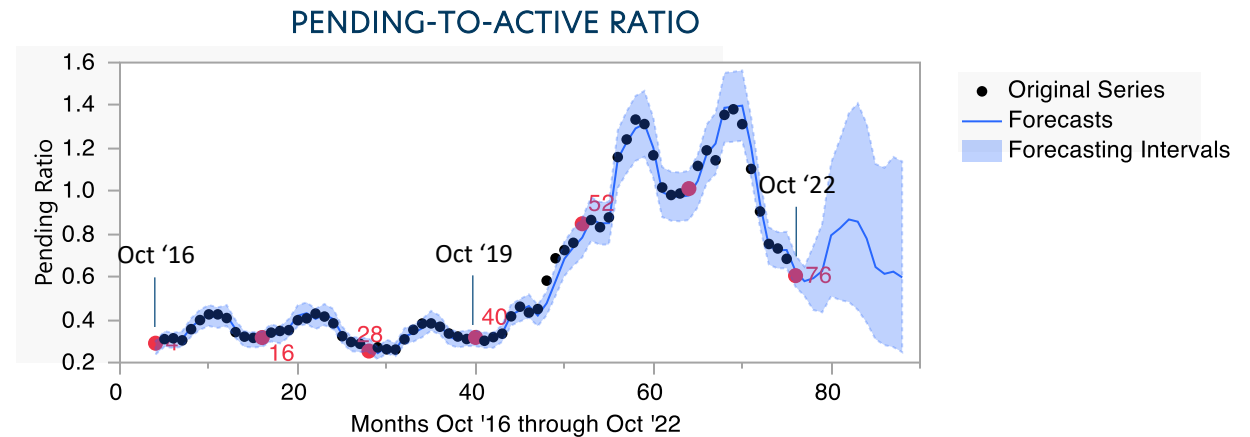
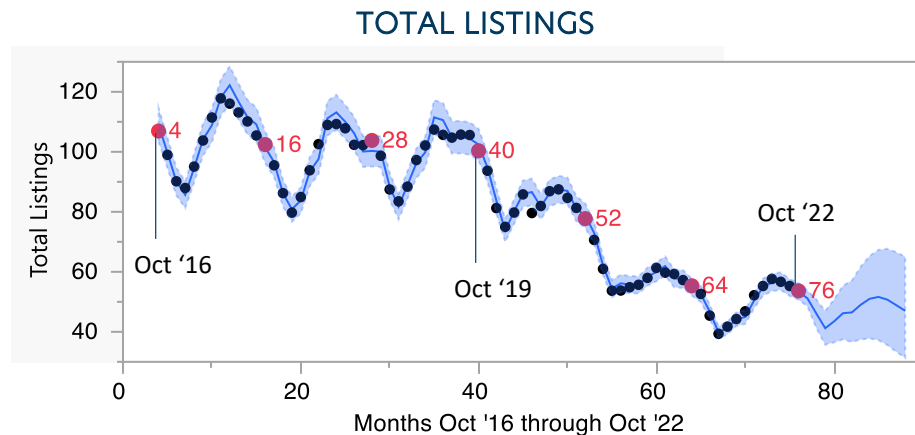


Listings in Decline While Sales Have Slowed—but Still Outpace 2019 Levels

Analysis of the top 10 percent of ZIP codes by home value over the past seven years (6,876 ZIPs in 6,225 cities and towns). The average list price of a home in these ZIP codes is \$1.9 million, with an average price per square foot of \$440.

A DEFICIT IN LISTINGS. The total number of listings has declined from 115 to less than 60, on average, per month. This is the second year in a row where U.S. luxury markets have underperformed in total listings added.

WE ARE PAST THE GLUT. The pending-to-active ratio has been inverted for much of the past two years. On average, there were more homes pending sale than were available for purchase—this represents the frenzy of the market and its subsequent cooling off. While slower than it has been, we remain above historical levels.

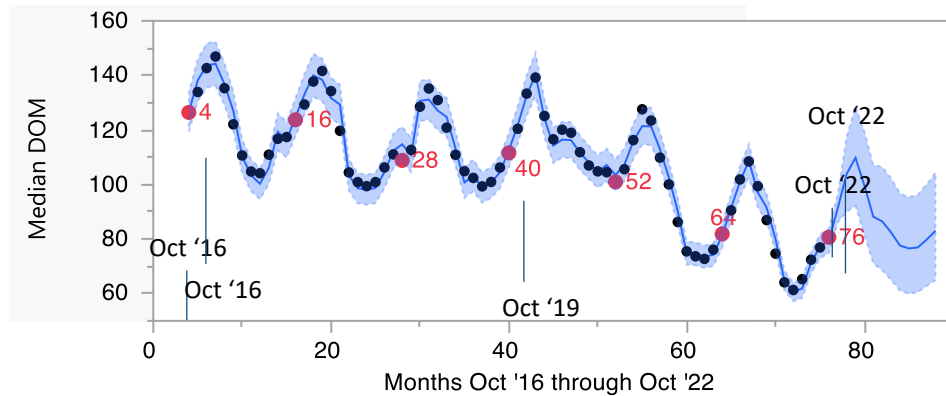


Source: realtor.com residential listings database, analyzed by Affluent Consumer Research Company

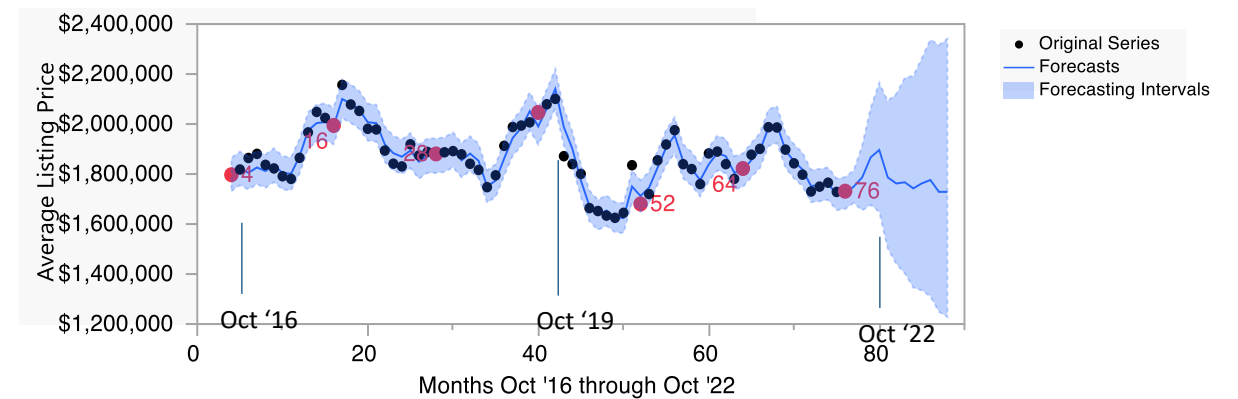
RAPID PACE TO MEET DEMAND. The median number of days on the market has declined from 147 to 61 over the past seven years. First-quarter 2023 is forecast to have increased days on market as part of the normal cycle and by the end of the year will likely shave a few days off from the average of 2022.

NO SIGN OF A BUBBLE IN ESTABLISHED PLACES. Ending the year 2019, the average list price came close to its seven-year high of \$2.15 million. A steep correction in 2020 has balanced out and is relatively stable over the past 36 months. This speaks to the investment quality of luxury residential real estate.

DAYS ON MARKET



AVERAGE LISTING PRICE



Source: realtor.com residential listings database, analyzed by Affluent Consumer Research Company

Established Luxury Places Experienced Modest Growth Since 2019

The most expensive places in the United States are also likely to have had relatively low growth rates since the pandemic began.

Ranked from 1 to 5,385 based on Listing Price and CAGR; Non-luxury places are included in the rankings but not shown here. CAGR: Compound annual growth rate in median listing price between 2019 and 2022 Source: realtor.com residential listings database, analyzed by Affluent Consumer Research Company

The Top 20 U.S. Places by Median Listing Price 2020

Place Name	Median Listing Price 2022	Price Rank	CAGR Since 2019	CAGR Rank
Palo Alto, CA	\$10,324,037	1	34%	5
Aspen, CO	\$9,557,250	2	3%	4718
Sagaponack, NY	\$8,831,100	3	6%	3960
Pebble Beach, CA	\$8,206,761	4	24%	35
Newport Coast, CA	\$7,843,725	5	17%	246
Malibu, CA	\$6,974,400	6	14%	621
Water Mill, NY	\$6,015,458	7	11%	1141
Rancho Santa Fe, CA	\$5,634,463	8	17%	245
Amagansett, NY	\$5,616,375	9	23%	49
Bridgehampton, NY	\$5,386,475	10	5%	4213
Corona Del Mar, CA	\$5,243,488	11	12%	875
Beverly Hills, CA	\$5,195,336	12	7%	3404
Newport Beach, CA	\$5,061,589	13	15%	424
Telluride, CO	\$5,052,000	14	20%	88
Edwards, CO	\$4,996,225	15	24%	40
Del Mar, CA	\$4,869,500	16	20%	113
Los Altos, CA	\$4,751,983	17	2%	4893
Paradise Valley, AZ	\$4,748,475	18	18%	165
Belvedere Tiburon, CA	\$4,676,186	19	3%	4685
Manhattan Beach, CA	\$4,511,850	20	9%	2117

The United States Minted 199 New Luxury Places Since the Pandemic Began

The U.S. is a mature luxury real estate market—and yet new places continue to develop that meet the USD \$1 million threshold for luxury.

Each place listed here was below the luxury threshold of \$1 million in 2019, but due to rapid growth is now comfortably considered a luxury market.

Buyers and sellers in quickly growing markets have both an opportunity and a challenge. Home values are on the rise in these markets, but they may overshoot the mark.

Ranked from 1 to 5,385 based on Listing Price and CAGR; Non-luxury places are included in the rankings but not shown here. CAGR: Compound annual growth rate in median listing price between 2019 and 2022 Source: realtor.com residential listings database, analyzed by Affluent Consumer Research Company

The Top 20 U.S. Places where Median Listing Price surpassed \$1 million between 2019 and 2022

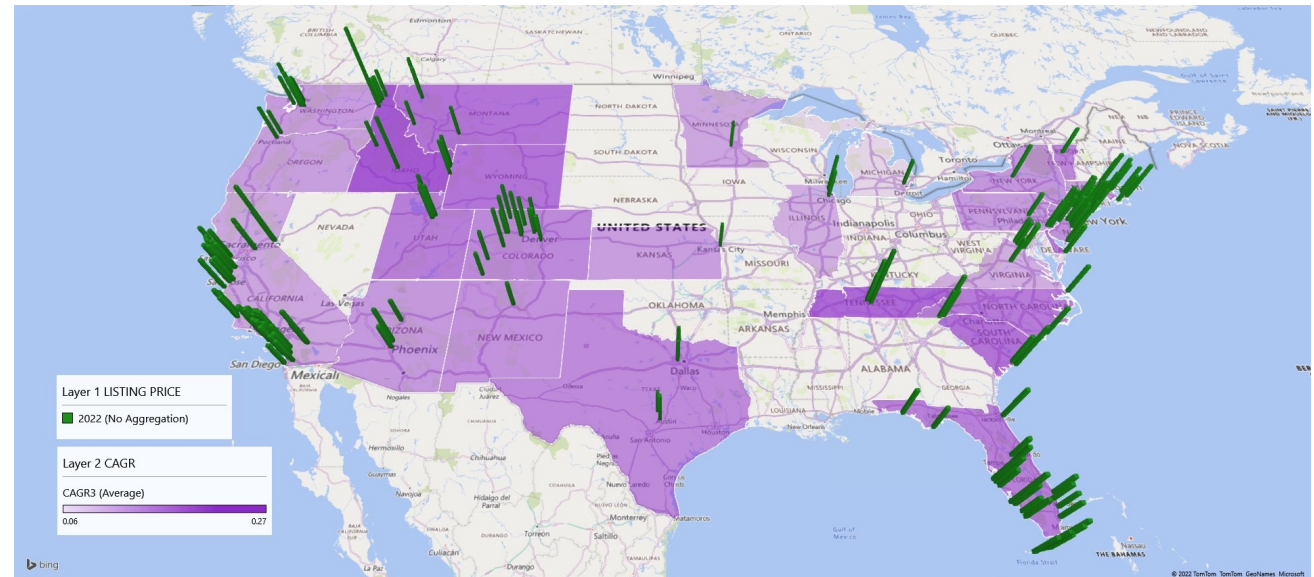
Place Name	Median Listing Price 2022	Price Rank	CAGR Since 2019	CAGR Rank
Harrison, ID	\$3,205,500	46	37%	2
College Grove, TN	\$2,462,122	66	37%	3
Tahoe City, CA	\$2,426,425	68	30%	10
Hailey, ID	\$2,191,550	87	30%	11
Bradenton Beach, FL	\$2,122,525	93	31%	7
Captiva, FL	\$1,980,150	111	22%	54
Breckenridge, CO	\$1,957,450	112	19%	126
Folly Beach, SC	\$1,947,403	115	26%	30
Cashiers, NC	\$1,939,650	117	24%	37
Spring Lake, NJ	\$1,878,488	125	20%	114
Brentwood, TN	\$1,826,997	132	18%	183
Sea Isle City, NJ	\$1,812,960	133	23%	46
Berwyn, PA	\$1,720,837	138	17%	207
Crested Butte, CO	\$1,712,606	140	18%	195
Eagle, CO	\$1,649,844	150	22%	56
Southlake, TX	\$1,646,313	151	16%	301
Indian Wells, CA	\$1,632,575	152	16%	339
Carefree, AZ	\$1,631,250	153	16%	256
Longboat Key, FL	\$1,622,323	156	26%	31
Southold, NY	\$1,589,650	159	21%	82

Emerging Luxury Places Appear In Both Familiar and Surprising Locations

Idaho had the fastest-growing luxury destinations in the United States between 2019 and 2022. Ketchum and Sun Valley are well-known destinations now joined by Harrison, Hailey, Driggs, Victor, Sagle, Hayden, Athol and McCall.

Familiar luxury spots also saw significant growth in listing price: California, Washington, Colorado, Texas, Florida and the northeast I-95 corridor.

What do these places, and many other growing luxury markets, have in common? Access to lifestyle amenities such as being outdoors and near cultural centers.



CAGR: Compound annual growth rate in median listing price between 2019 and 2022 Source: realtor.com residential listings database, analyzed by Affluent Consumer Research Company

Americans Abroad

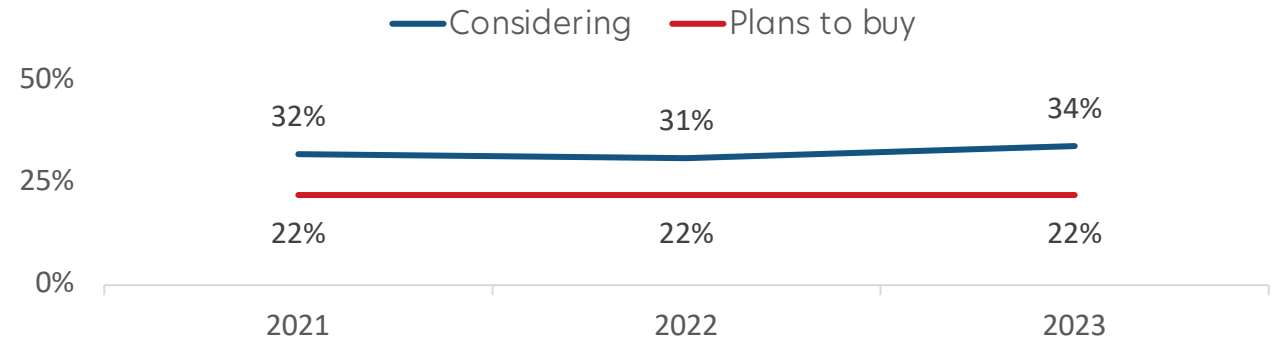
Luxury home buyers from the United States are the most likely international buyers in the coming year.

As a group, U.S. buyers account for approximately half of international buyers, and are three-times (325) the global average (100) in likelihood to buy outside their country.

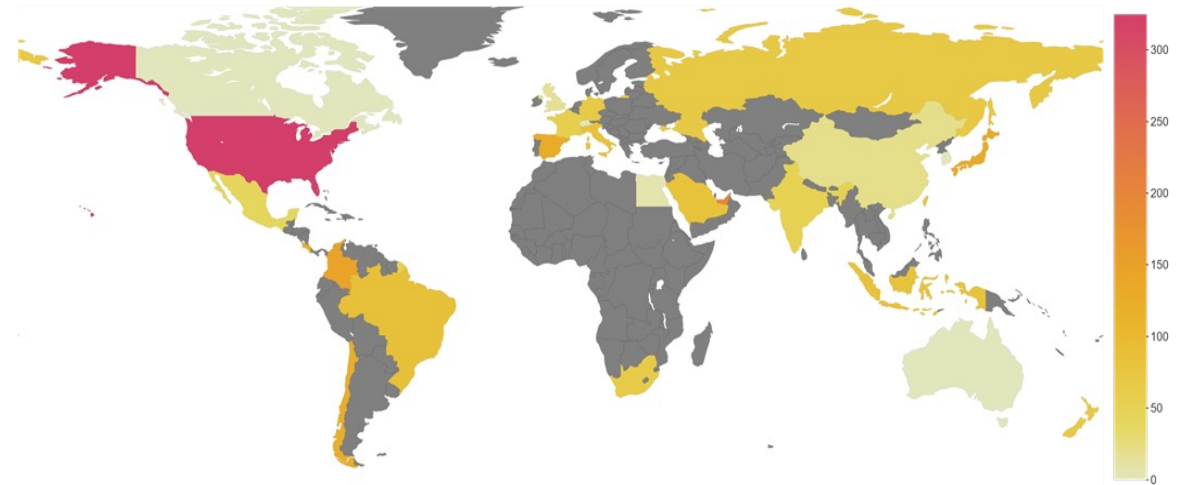
Americans were also the leading international travelers in 2022—the number of international flights originating in the United States equaled those in September 2019.

Collaboration between luxury professionals and local tourism and economic development boards is vital in 2023. As luxury travel goes so goes the rest of the market.

International Purchase | Luxury Home Buyers

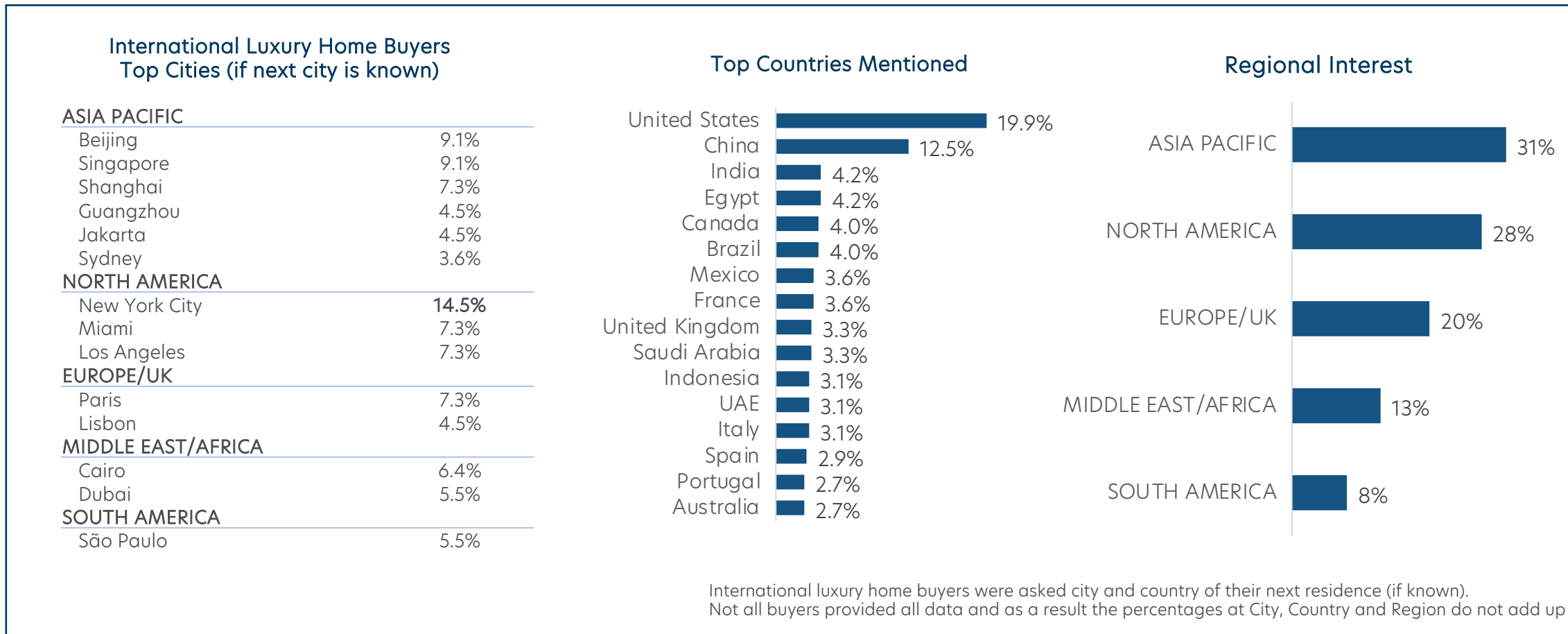


International Buyers: Source Markets | Luxury Home Buyers



Luxury buyers have their sights set on New York, which is anticipated to be the hottest luxury residential market, with Beijing and Singapore right on its heels.

The United States is attracting the highest percentage of buyers, with a noticeable influx from South America, headed toward the coasts.



GRANITE SPRINGS, NY, USA | \$100,000,000 | WEB CODE: AZSN ON LUXURYPORTFOLIO.COM

CONSUMER SENTIMENT

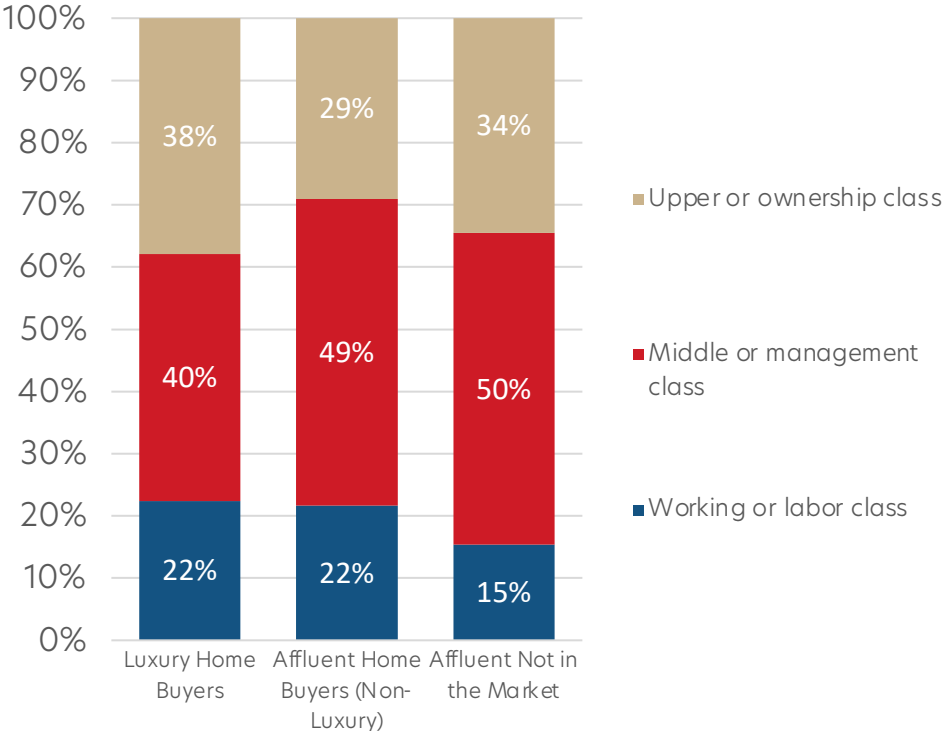
ENDURING CHANGES FROM THE PANDEMIC DEMONSTRATE
NEW PRIORITIES



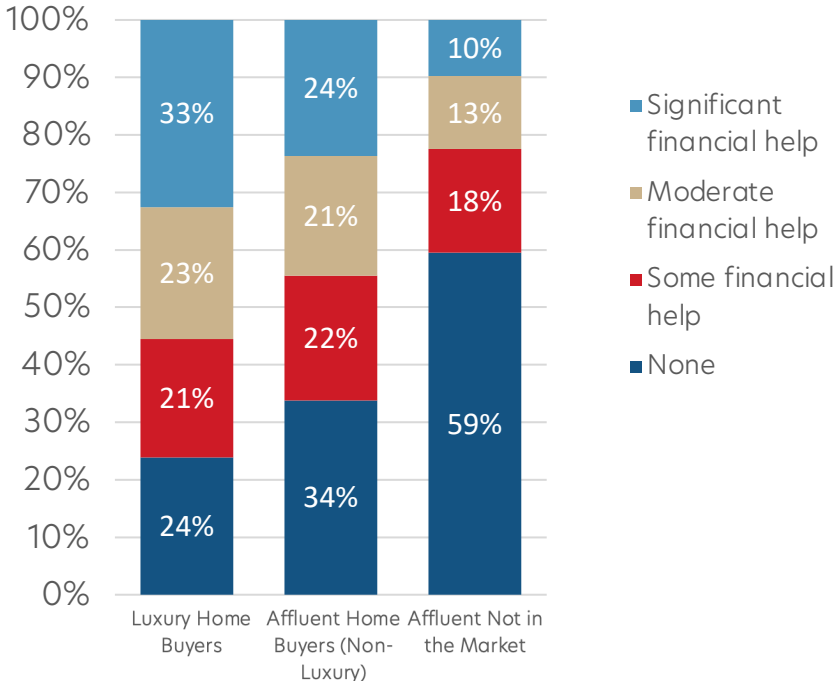
A Long History of Living With Wealth and Affluence

In 2016 we identified a trend among an emerging class we coined 'The New Aristocracy.' This group came from money, was experienced with success at an early age and defined luxury in different terms than their predecessors. The luxury home buyer of today may not perceive an advantage in status, as most affluent often underestimate their class. What is clear, however, is the history of wealth and affluence that they bring to the table. Eight in 10 luxury buyers have already received family money and three quarters expect another shot in the arm in the future.

Perceived socio-economic status | Global Affluent



Financial help expect to receive from family | Global Affluent



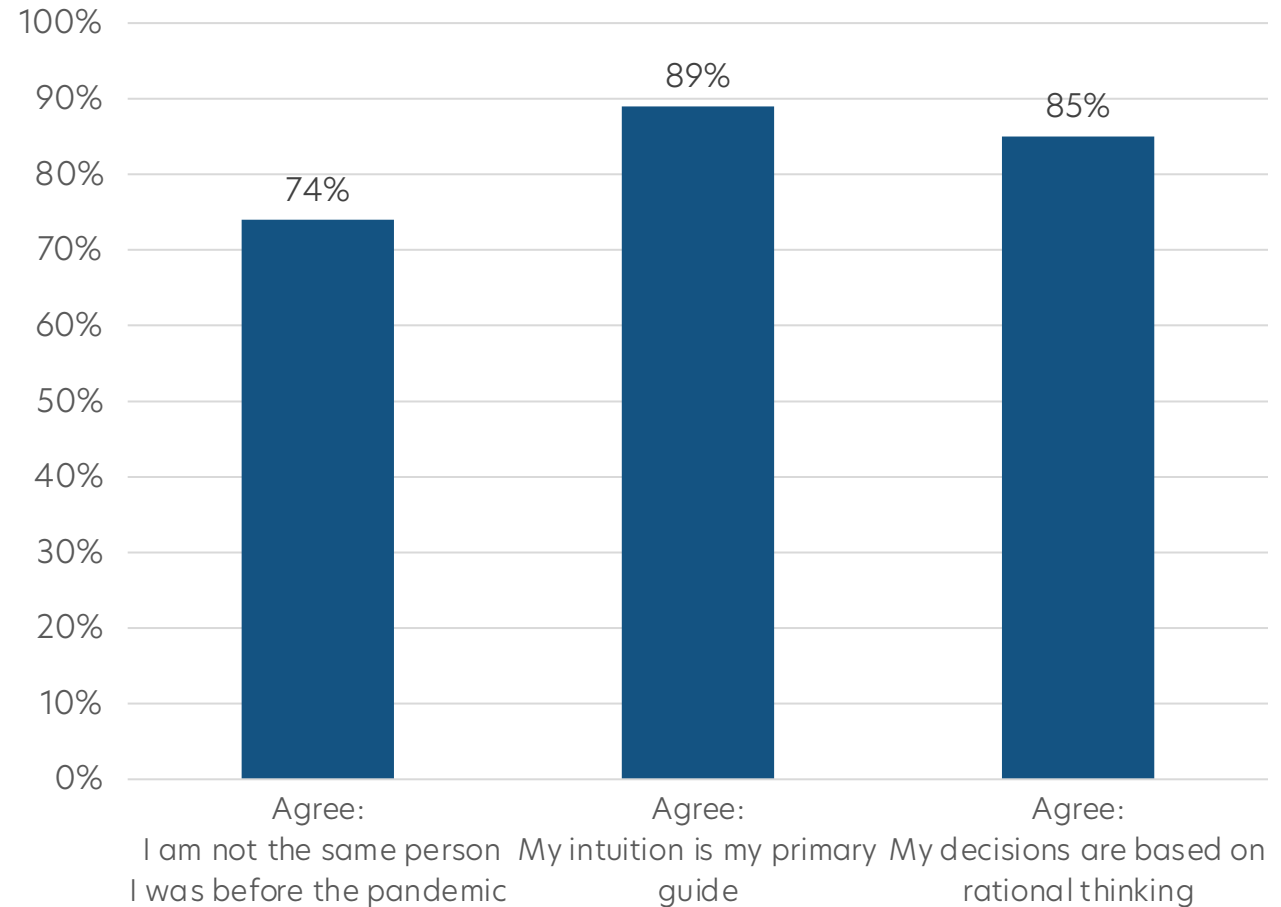
Trusting Their Instincts

Most luxury home buyers recognize that they have evolved since the pandemic began, contributing to greater reliance on their gut feelings to validate what they have already quantified on paper.

Luxury real estate professionals are tasked with elevating the experience of home viewing and visiting.

The implication is that the cost of marketing and selling luxury property is likely to increase.

Sentiment | Luxury Home Buyers

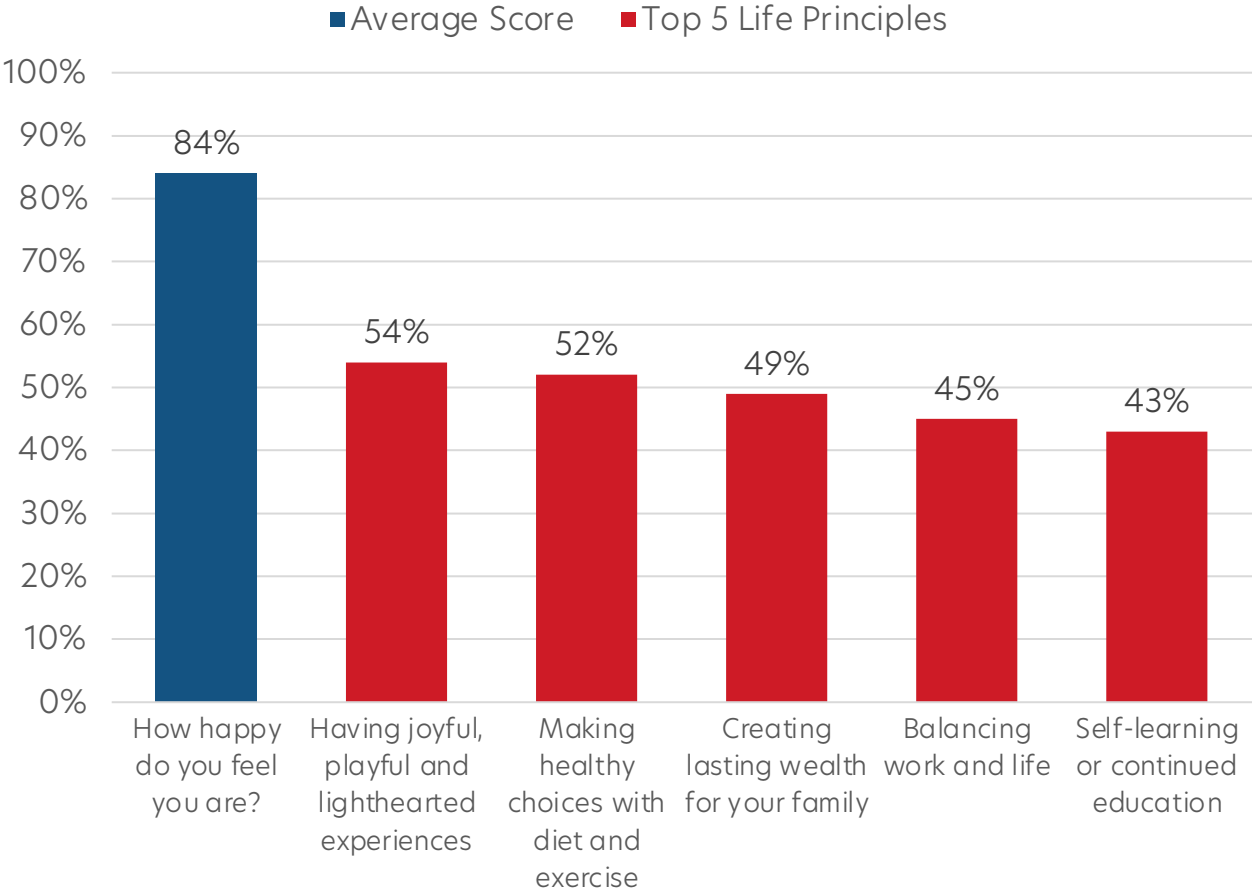


Intensely Happy by Design

Most luxury home buyers recognize that they have evolved since the pandemic began, with a particular focus on personal and family well-being, health, wealth and wisdom.






Buyers who are open to change tend to be more optimistic for their future, more ready to make decisions and focused more on the things they can control (such as their perception of things) and less concerned with matters beyond their control (such as the global economy).

Sentiment | Luxury Home Buyers



Living Their Values: Recreation Activities Align With Priorities

Weekend relaxation priorities | Luxury Home Buyers

					
TYPE OF RELAXATION	Family/Home Experiences	Mental Stimulation	Mindlessness	Physical Stimulation	Luxury
PRIORITY ORDER	44%	32%	29%	24%	19%
EXAMPLES	<ul style="list-style-type: none"> Time with family Time outside Watching TV or movies Watching sports 	<ul style="list-style-type: none"> Reading Cooking 	<ul style="list-style-type: none"> Meditation Yoga Video games 	<ul style="list-style-type: none"> Hiking Bike riding Tennis or Golf Gardening 	<ul style="list-style-type: none"> Pamper session Manicure/pedicure Massage

Personal Well-being Activities Are Remarkably Consistent Globally

The top eight most common ways to relax are essentially the same all over the affluent world, with only minor variations by region.

Screens play a large role in the at-home experience, and to counterbalance this trend families are spending time outdoors, playing recreational sports and engaging in hobbies and skill-building activities.

WAYS TO RELAX | LUXURY HOME BUYERS

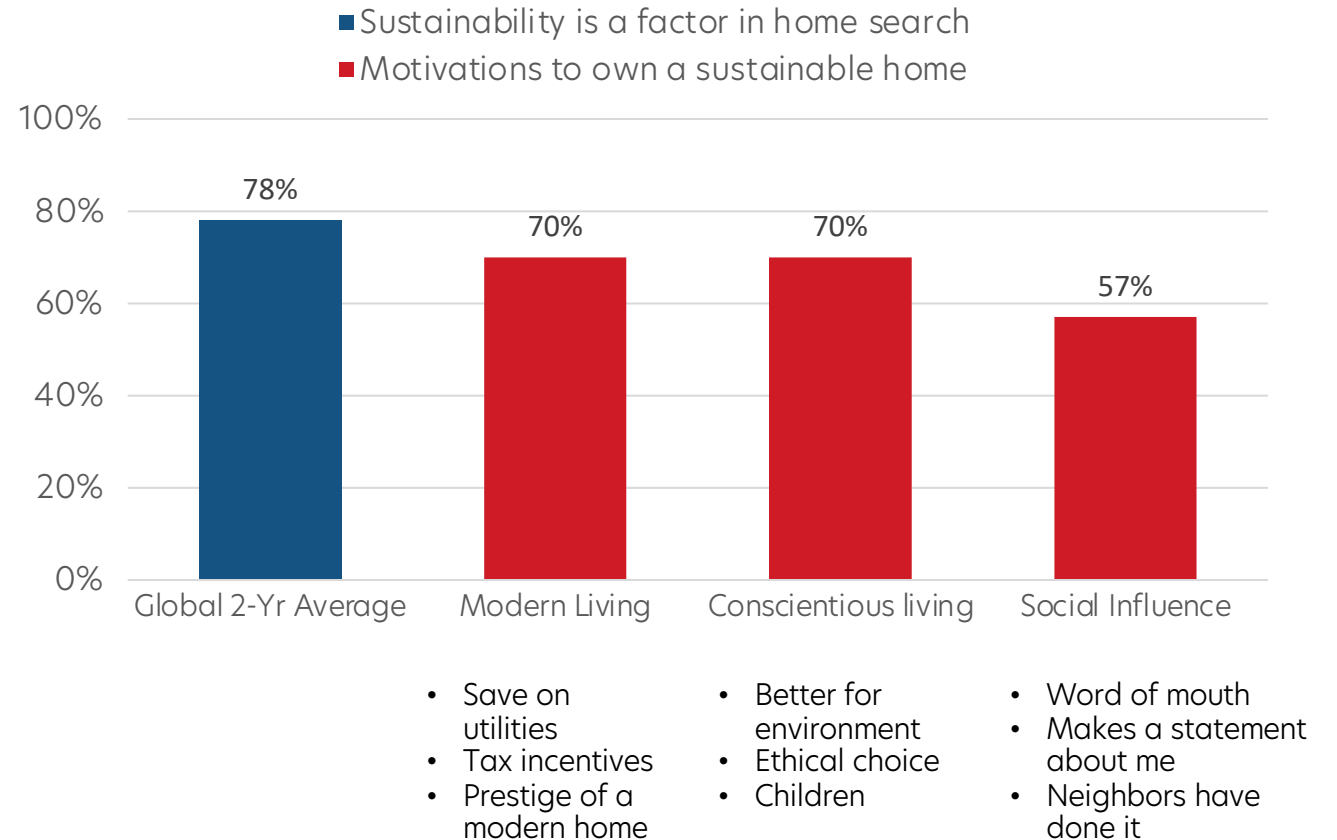
ITEM RANKS FROM 1-17	GLOBAL RANK (INDEX)		AMERICAS	EMEA	APAC
Time with family	1	100	1	1	1
Watching TV programs or movies	2	95	2	2	2
Video games	3	74	4	4	3
Watching sports	4	72	5	3	4
Time outside	5	68	3	6	11
Reading	6	66	6	7	9
Cooking	7	64	7	5	7
Play a recreational sport (tennis, golf, fishing, ect.)	8	56	8	8	6
Bike riding	9	49	12	12	5
Yoga	10	47	13	14	8
Hiking	11	45	9	15	12
Meditation	12	45	11	9	13
Have a massage	13	45	15	10	10
Gardening	14	43	10	13	15
Play tennis	15	37	16	11	14
Get my nails done	16	35	14	16	17
Have a pamper session	17	30	17	17	16

Environmental Sustainability Is an Element of Well-being

Environmental sustainability is a significant factor for most luxury home buyers. More than half of buyers (55 percent) would pay more for a home with sustainability features that they care about. Luxury buyers care more about sustainability features than all other affluents. They truly distinguish an average from an extraordinary home.

The strongest motivations for owning an environmentally sustainable home are a mix of conscientious choices and practical living.

Sentiment | Luxury Home Buyers



Inspiration Is the Most Potent Form of Social Well-being

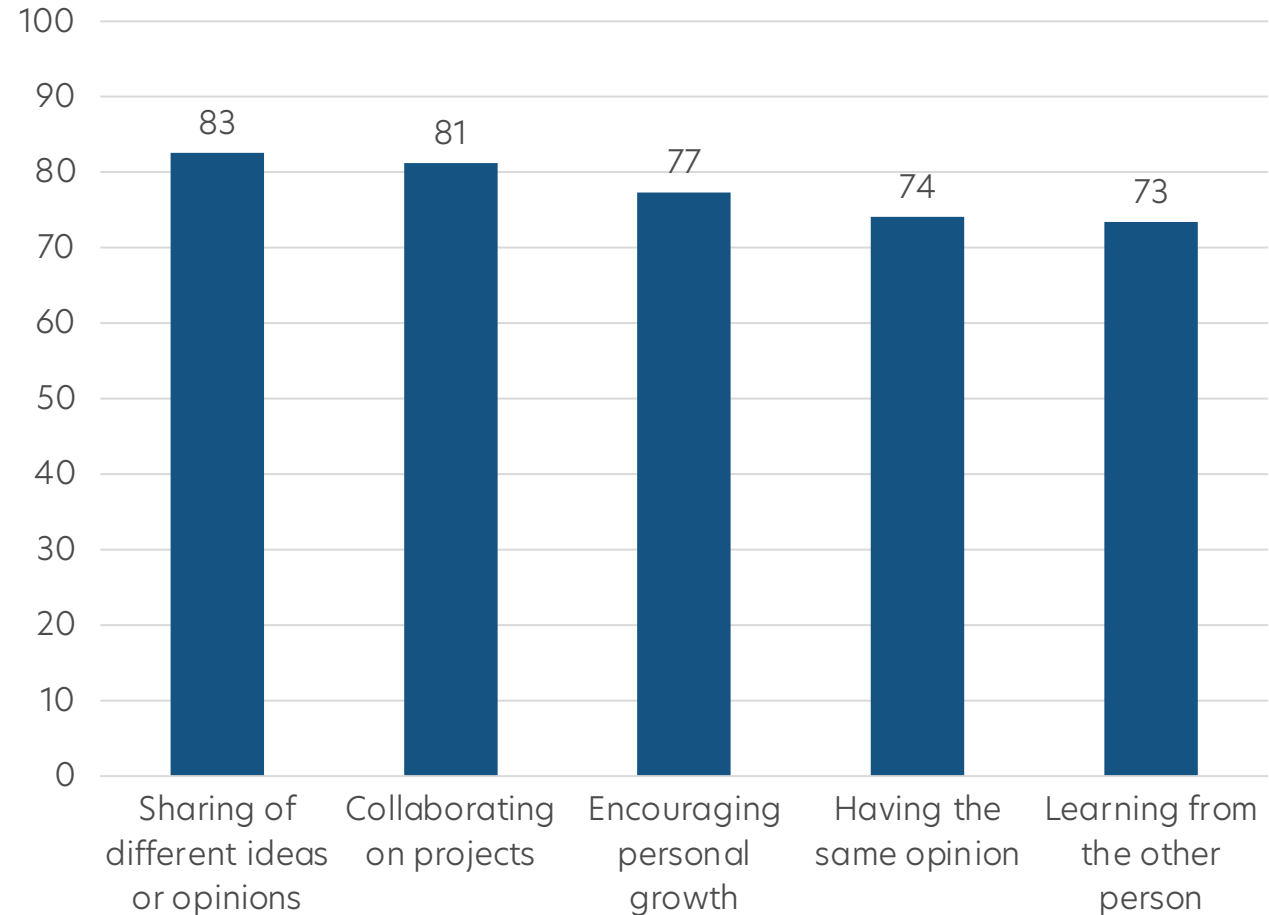
Social well-being is achieved through personal development and learning from other people - iron sharpens iron.

Luxury home buyers are open-minded with their close friends, enjoying shared opinions but also recognizing the benefit of an array of opinions and skills.

These 'challenge' moments result in understanding and growth, which means the closest relationships are not necessarily 'feel-good' relationships. They may be more useful and invigorating than warm and fuzzy.

Friendships tend to align on career achievement, education and appreciation for a similar style or taste.

Inspiration in Relationships | Luxury Home Buyers



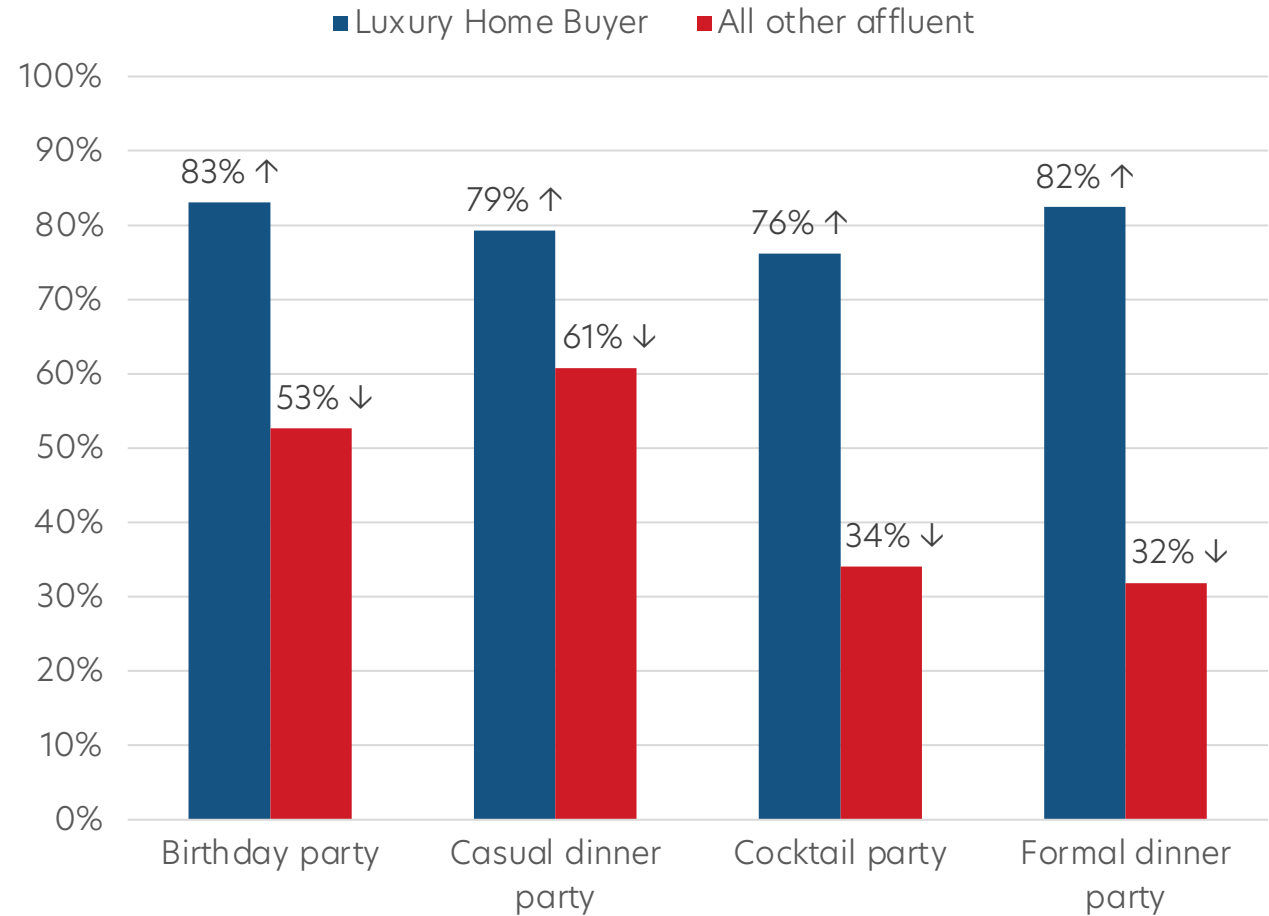
Ready to Entertain at Home Again

Luxury home buyers are resoundingly back in the swing of things when it comes to at-home entertaining. Most have plans to attend or host a social event in the next four weeks.

The trend has been mostly steady since the summer, but there is a notable uptick in cocktail parties which may be an early indicator for networking and expanding-the-group social events.

A corollary to this trend is the increased need for gift-giving, for which luxury home buyers tend to give luxury items such as fine wine, gourmet foods and luxury brand items.

Social plans in the next 4 weeks | Reside in United States



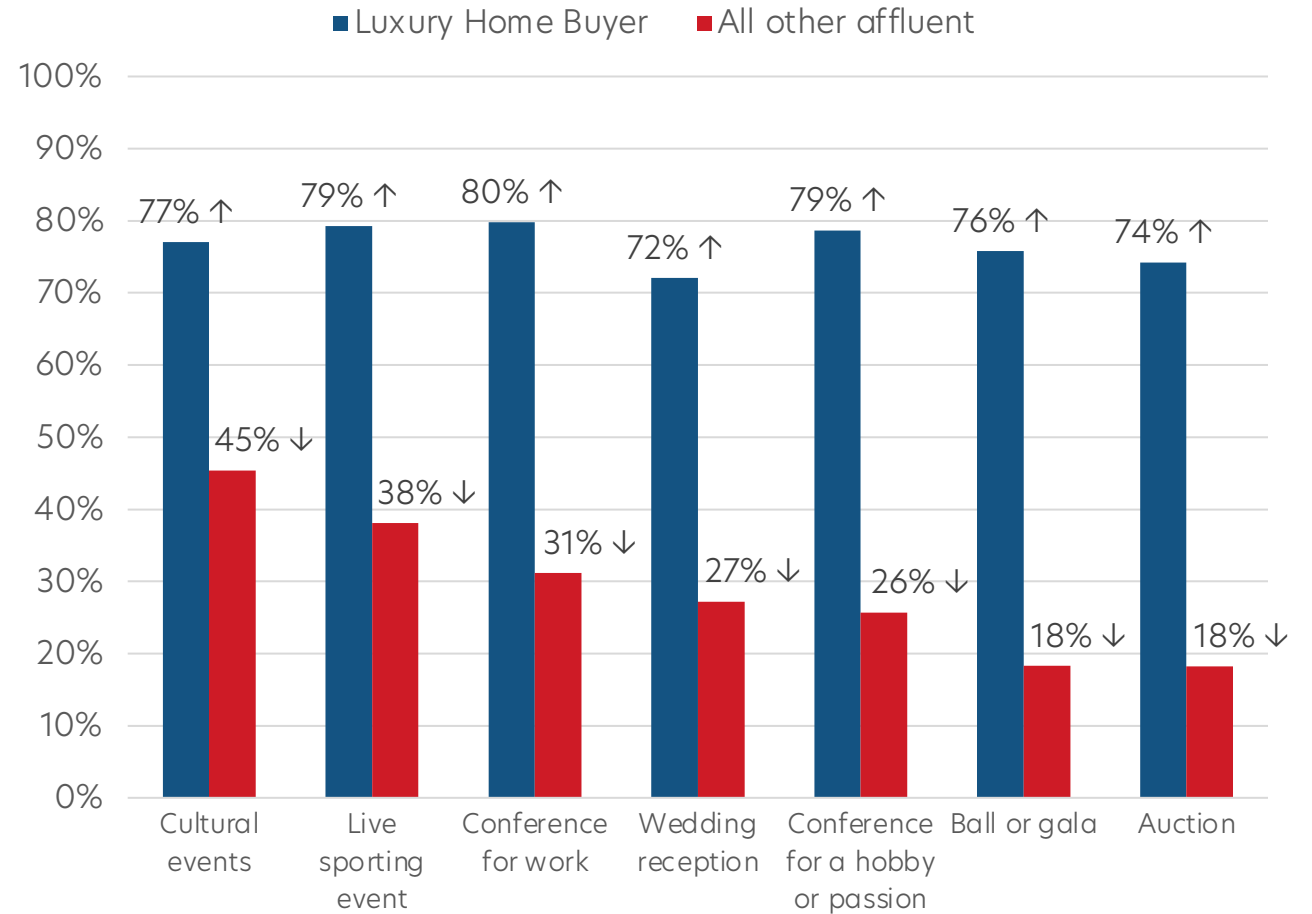
Large-scale Events Regaining Popularity

Luxury home buyers are more likely than the average affluent consumer to have plans to attend a large-scale social event.

This implies a need to return to large population centers that can handle the types of crowds visiting cultural events such as concerts, live sporting events and conferences for work and personal interests.

This may create an opportunity to engage with a consumer base visiting from outside of their home market. Tourism will do double duty as a driver for real estate growth.

Social plans in the next 4 weeks | Reside in United States



NASHVILLE, TN, USA | \$10,900,000 | WEB CODE: EWYI ON LUXURYPORTFOLIO.COM

CONFIDENCE AND SPENDING

CONSUMERS ARE RESILIENT WHILE RECESSION AND
ECONOMIC ISSUES ARE EVIDENT



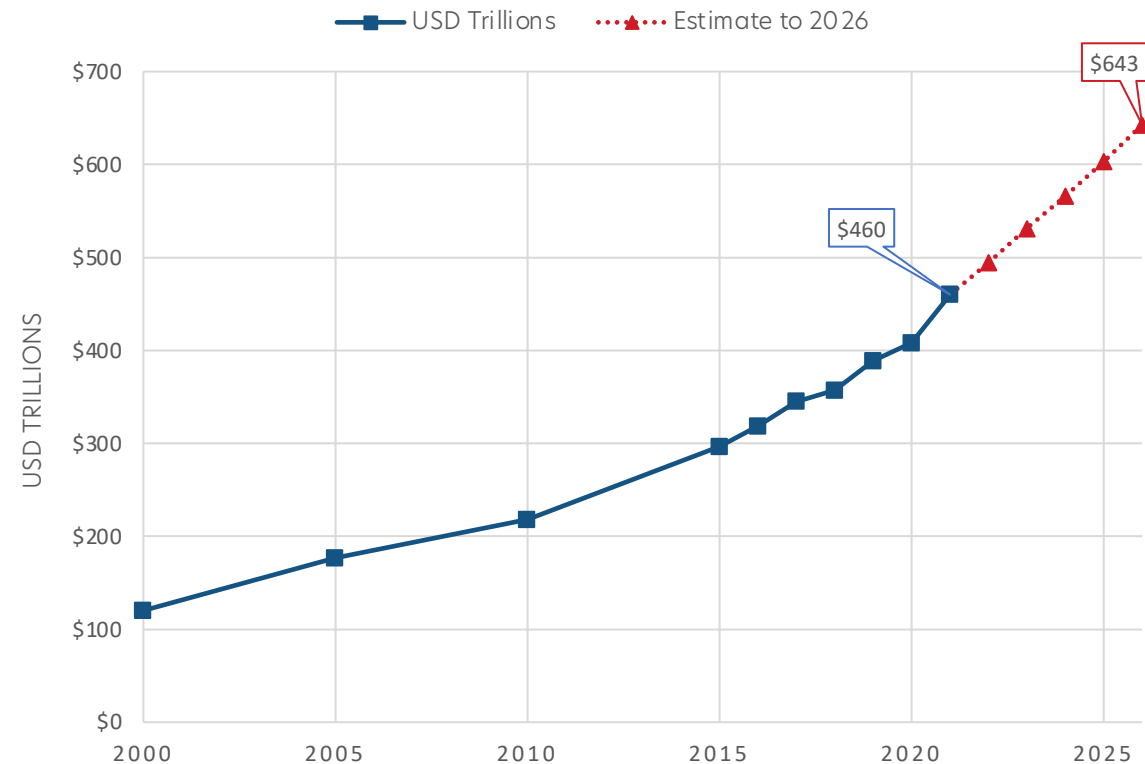
Wealth Creation Continues at a Historically High Pace

Global wealth grew 13 percent last year, with forecasts anticipating robust growth through mid-decade.

As total wealth grows, the number of high- and ultra-high-net-worth individuals also climbs, reaching all-time highs. The millionaire cohort is expected to grow by 40 percent, to reach new highs of 87 million HNWI by 2026.

The United States, China, United Kingdom, Canada, Australia, New Zealand and India are experiencing the most growth in HNWI this year. Japan, France, Germany and Italy have experienced decline.

GLOBAL PERSONAL WEALTH

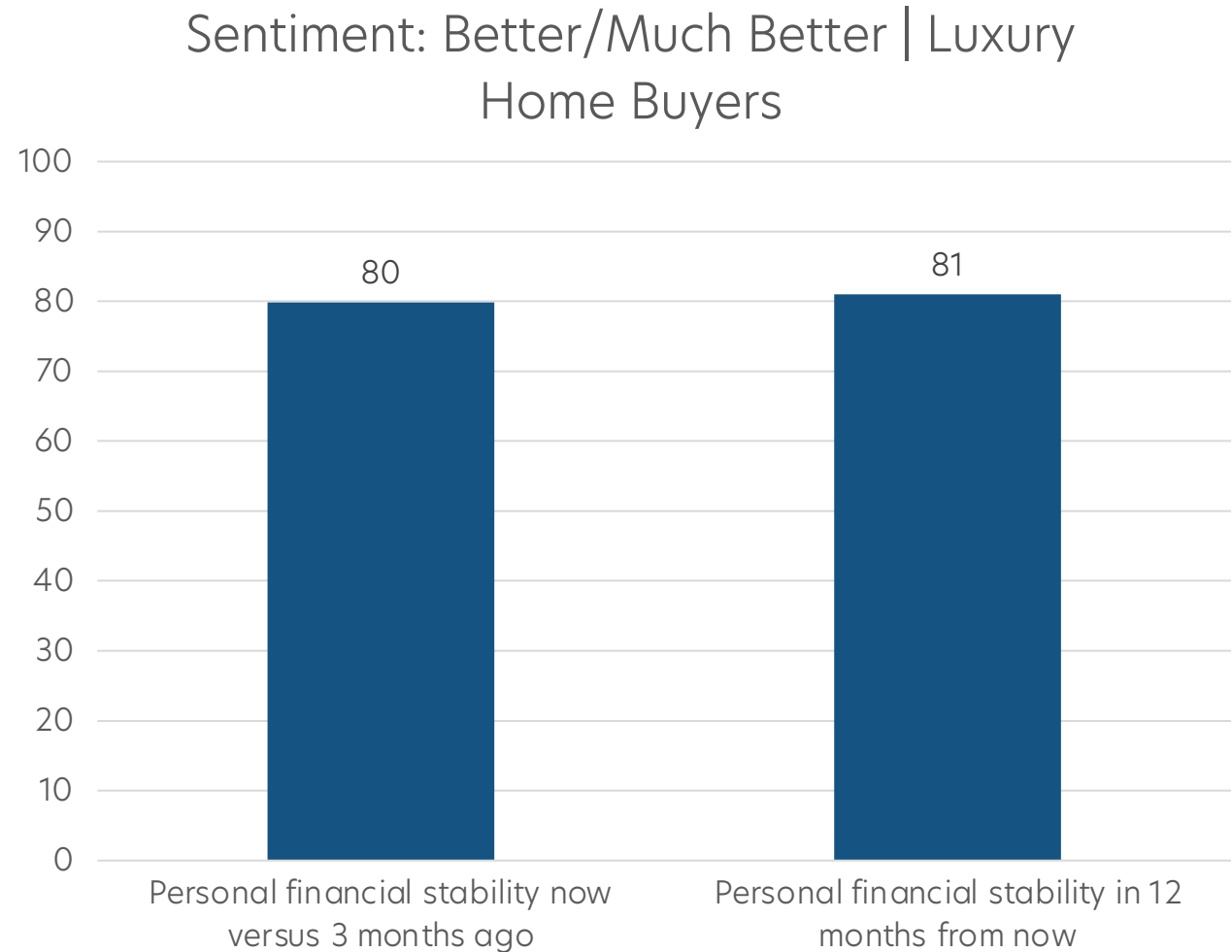


2000 TO 2021 WITH ESTIMATE TO 2026

Total Wealth (USD trn) at smoothed exchange rates (2000-2021)
 Source: Credit Suisse Global Wealth Databook. Forecast to 2026 by Affluent Consumer Research Company

Personal Financial Outlook Is Healthy

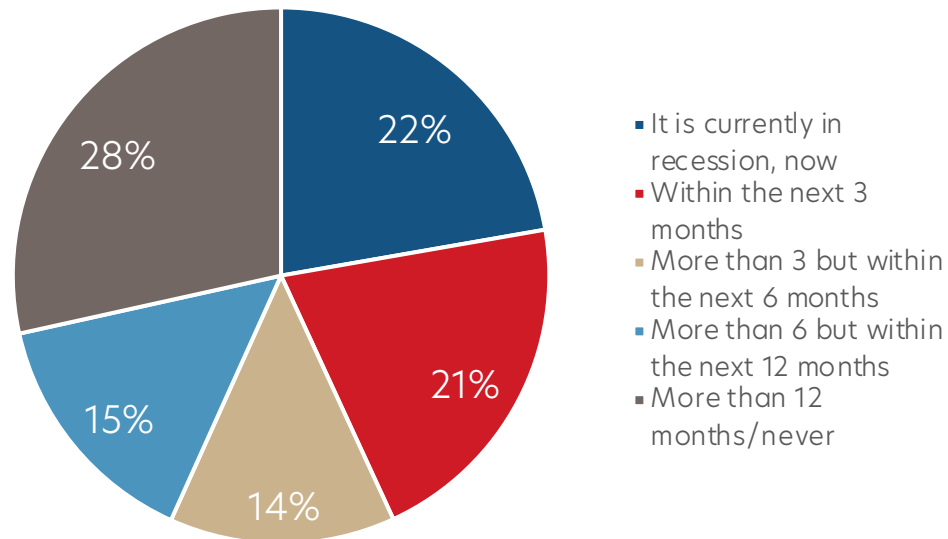
Globally, luxury home buyers have seen their own personal financial stability improving over the past quarter (80 percent). They expect this trend to continue into the coming year.



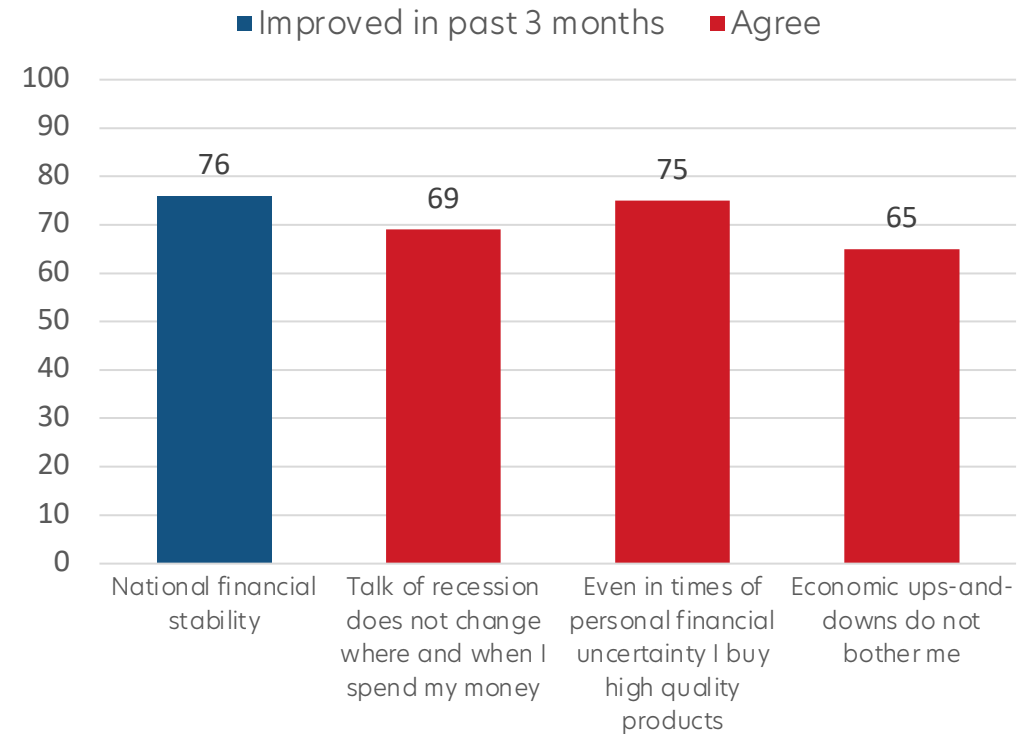
Luxury Home Buyers Are Alert to the Realities of the Day, but Are Not Troubled by Them

Consumers recognize that a recession is possible, or even likely, in 2023. However, their individual situations are strong and their attitudes positive despite headwinds.

Time frame to recession (by country of residence) | Luxury Home Buyers



Sentiment | Luxury Home Buyers



Spending Intentions Are High Between 2022 and 2023

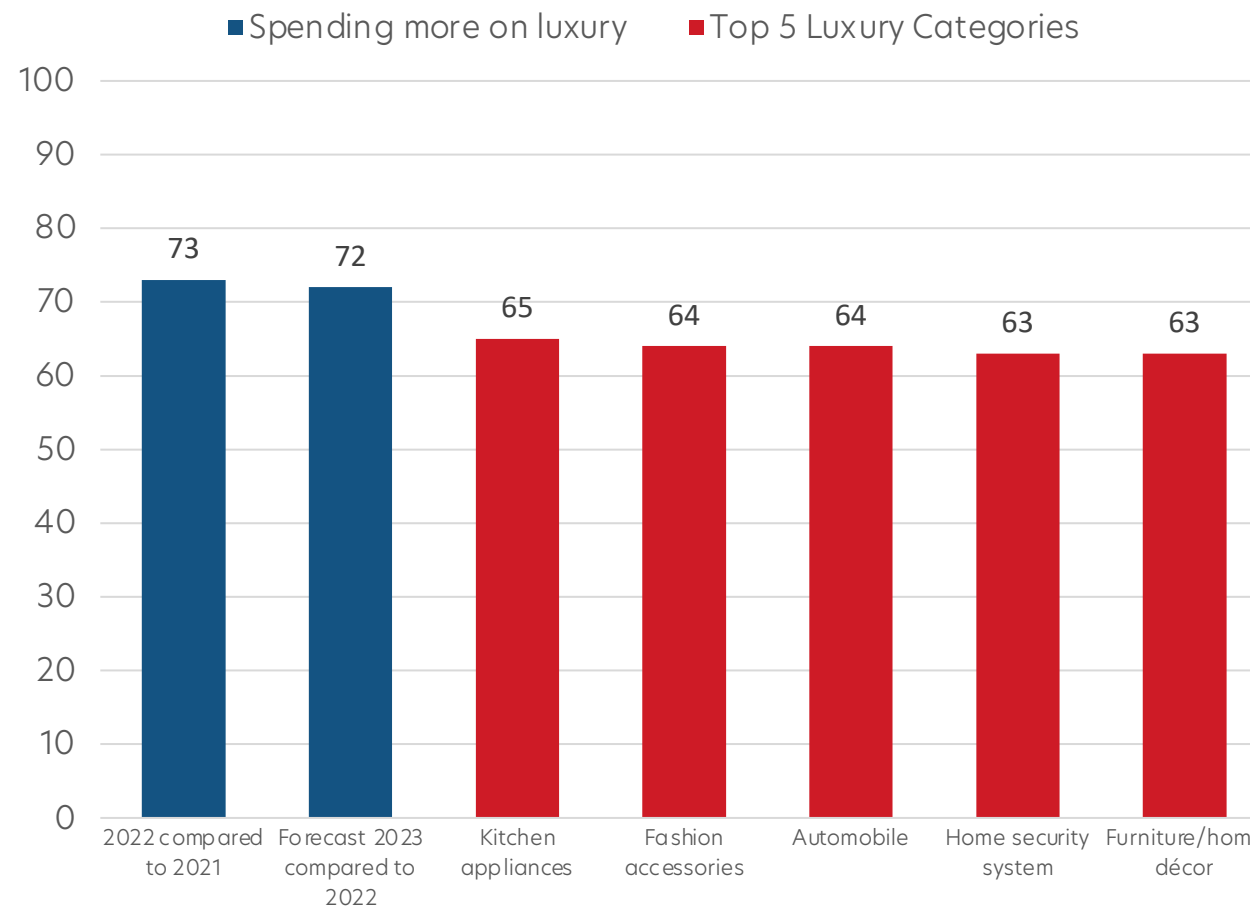
Luxury home buyers are likely to make additional purchases for the home, including luxury brand kitchen appliances, designer furniture and high-end home security systems. Other upgrades include a new car, new clothes and personal care items.



“Based on McKinsey’s analysis of fashion forecasts, the luxury sector is expected to grow between 5 and 10 percent in 2023, driven by strong momentum in China (projected to grow between 9 and 14 percent) and in the United States (projected to grow between 5 and 10 percent).”

Quote: McKinsey State of Fashion 2023 report, November 29, 2022

Luxury Category Purchases | Luxury Home Buyers



Luxury Spending on Home Goods Expected to Rise During the Holiday Season

American affluent and wealthy consumers are gearing up for a happy holiday relating to luxury purchases.

Home- and real estate-related categories are among the biggest beneficiaries of the gift-giving trend.

Luxury Category Likely-to-Purchase, Ranked (1-27) | U.S. Affluent & Wealthy

RANK	Next 3 Months (Avg July-October)	Holiday Gifting (November)	Change in Rank Position
Luxury confections/chocolate	#5	#1	+4
Luxury brand fashion apparel	4	2	+2
Luxury brand furniture/home décor	15	3	+12
High-end home electronics	11	4	+7
Fine wine	6	5	+1
Luxury brand beauty or skincare	2	6	-4
Luxury brand fashion accessories/leather goods	3	7	-4
Luxury jewelry	16	8	+8
Luxury timepieces	21	9	+12
Luxury brand kitchen appliances	9	10	-1
Premium cabin seating on an airplane	8	11	-3
High-end security system	18	12	+6
Exterior home renovation	20	13	+7
Luxury firearms	26	14	+12
Luxury personal electronics	12	15	-3
Gourmet food	1	16	-15
Luxury brand cruise ship/yacht vacation	19	17	+2
Interior home renovation	14	18	-4
Original artwork	22	19	+3
Luxury brand hotel/resort stay	10	20	-10
Craft spirits	17	21	-4
Luxury-brand automobile	13	22	-9
Recreational vehicles (sailboat, ATV, etc.)	25	23	+2
Private jet travel	27	24	+3
Fine tobacco products	24	25	-1
Luxury beauty services and treatments	7	26	-19
Concierge medical services	23	27	-4

BRUSSELS, BELGIUM | €5,900,000 | WEB CODE: GHRF ON LUXURYPORTFOLIO.COM

BUYER TRENDS IN LUXURY RESIDENTIAL REAL ESTATE



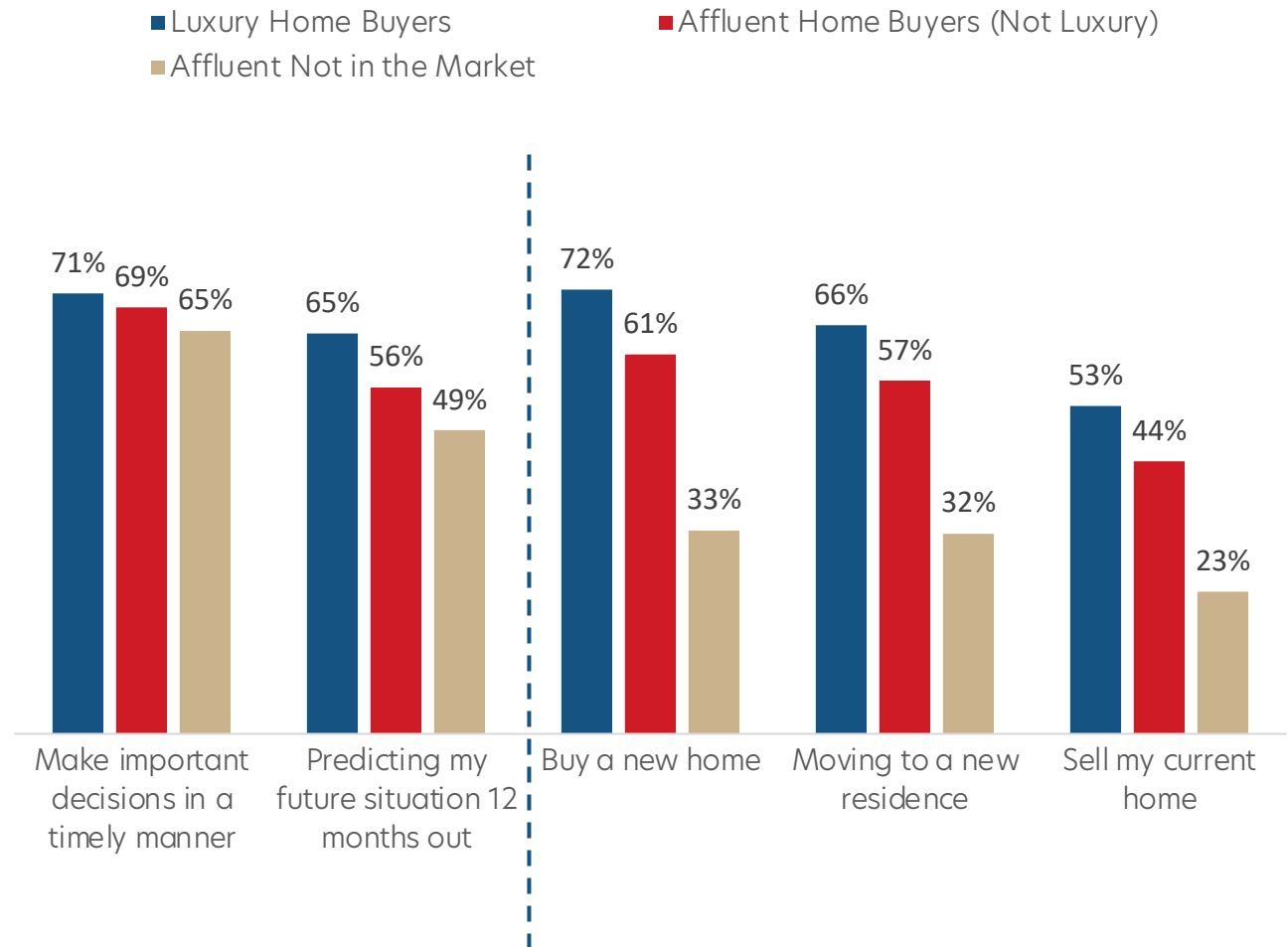
Consumers Are Prepared to Act, and Buyers are *Motivated*

The average luxury home buyer presents a high level of confidence in both decision making and predicting their own circumstances over the coming year.

And while most buyers are mentally ready to make the purchase and move to a new home, there remains some preparation to be done when it comes to selling their home.

Confidence plays a role in motivation. Staying connected with potential clients to gauge interest and comfort with action will help maintain leads.

Readiness Scale 0-100 | Global Affluent



Fear Keeps Many Potential Clients Out of the Market Entirely

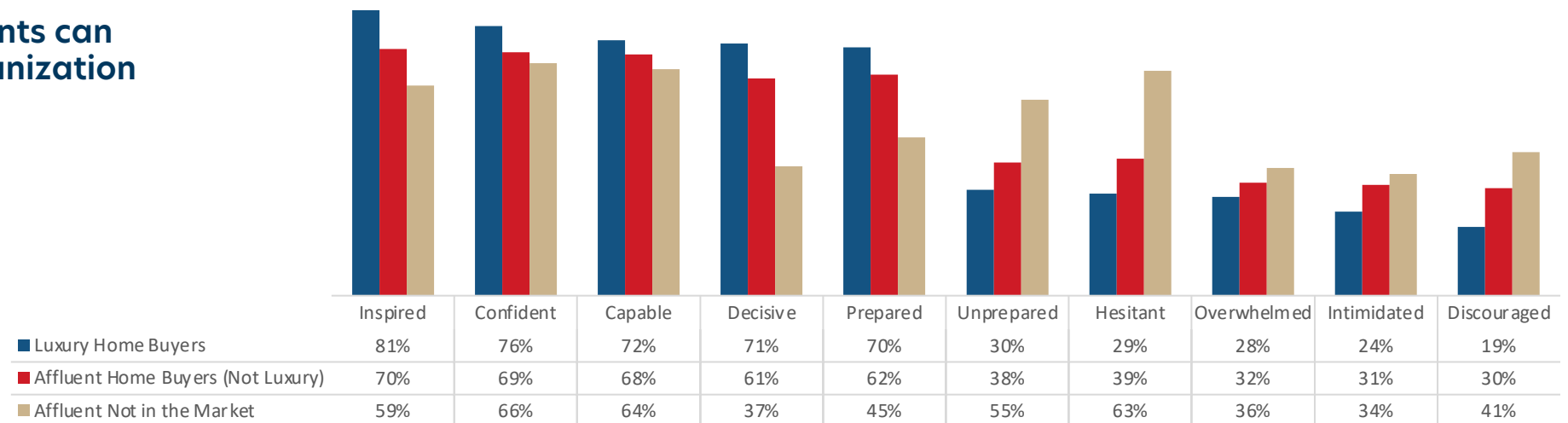
Capability is not keeping potential clients out of the market – equal proportions feel confident and capable of such a move. Instead, we find hesitation and a lack of preparation as leading factors in non-action, combined with a fading sense of inspiration.

The apparent answer is that many affluent consumers need to hear about the positives in owning luxury real estate.

Clients can feel less hesitant when there is a clear plan in place. What are the goals? What are the timelines? What are the opportunities? Luxury agents can help their clients with organization and preparation.

Respondents indicate their sentiment by selected A/B or neither. Table is filtered to those with an opinion.
 Pairs: Inspired/Discouraged | Confident/Intimidated | Capable/Overwhelmed | Decisive/Hesitant | Prepared/Unprepared

Feelings About Moving to a New Home | Global Affluent

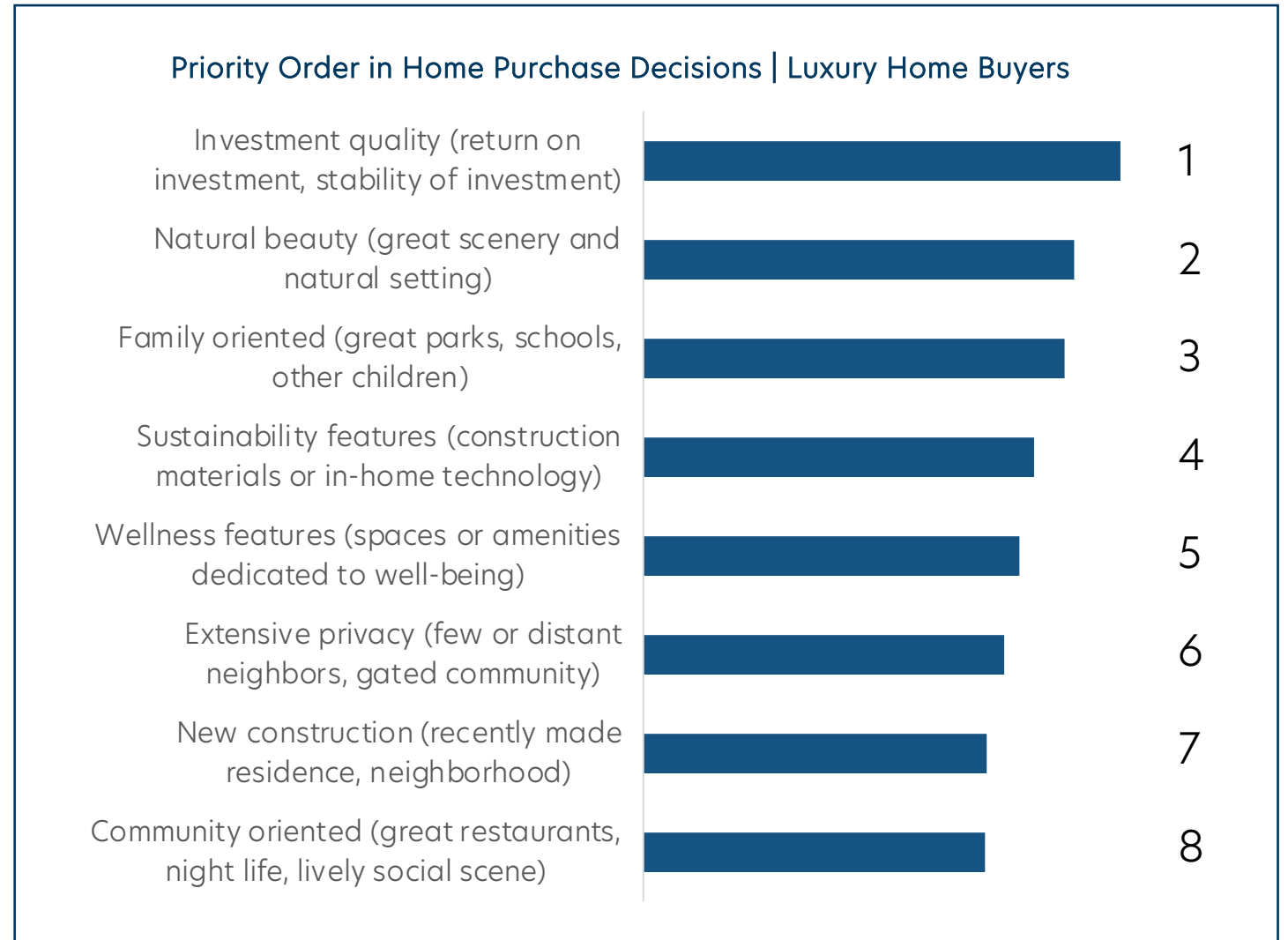


Sound Investment is the Top Priority in 2023

The reality is that for many luxury buyers each of these categories are significantly important, but when tasked to rank order in a competitive context (this or that) the hierarchy becomes clear:

- Quality of investment
- Beauty
- Family
- Good for the world
- Good for me

Certainly, each market and buyer will have their own sense of priority order, but as a global class this is what matters most.

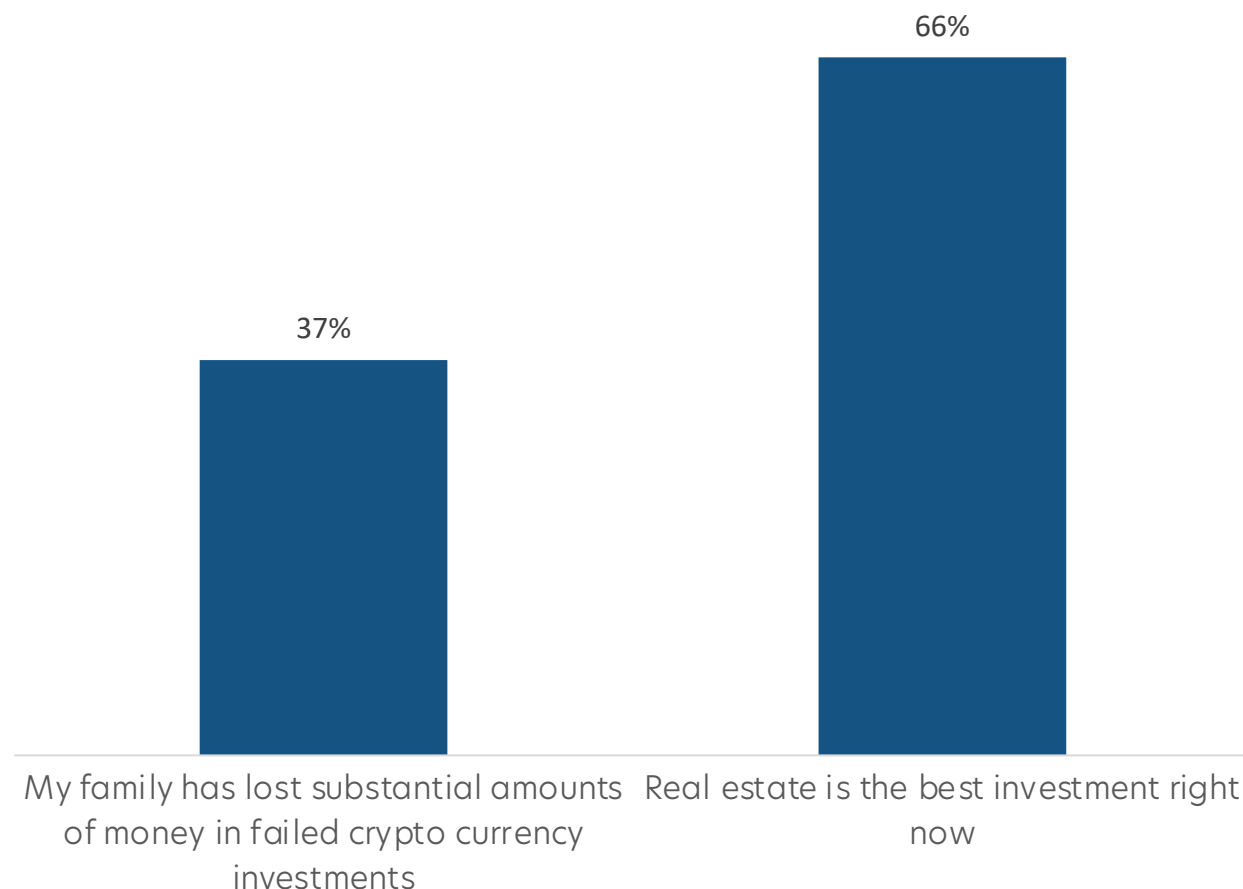


A Difficult Investing Year Spurs a Return to Quality

Nearly four out of 10 luxury home buyers had significant exposure to the cryptocurrency rise and fall of the early '20s. Those who have lost are understandably less confident in their overall financial well-being and have quite a pessimistic view on a potential recession.

That said, they are more resilient than the average affluent consumer and more determined to have a better outlook in the year ahead.

Sentiment | Luxury Home Buyers



Luxury Investment Properties Are On-trend

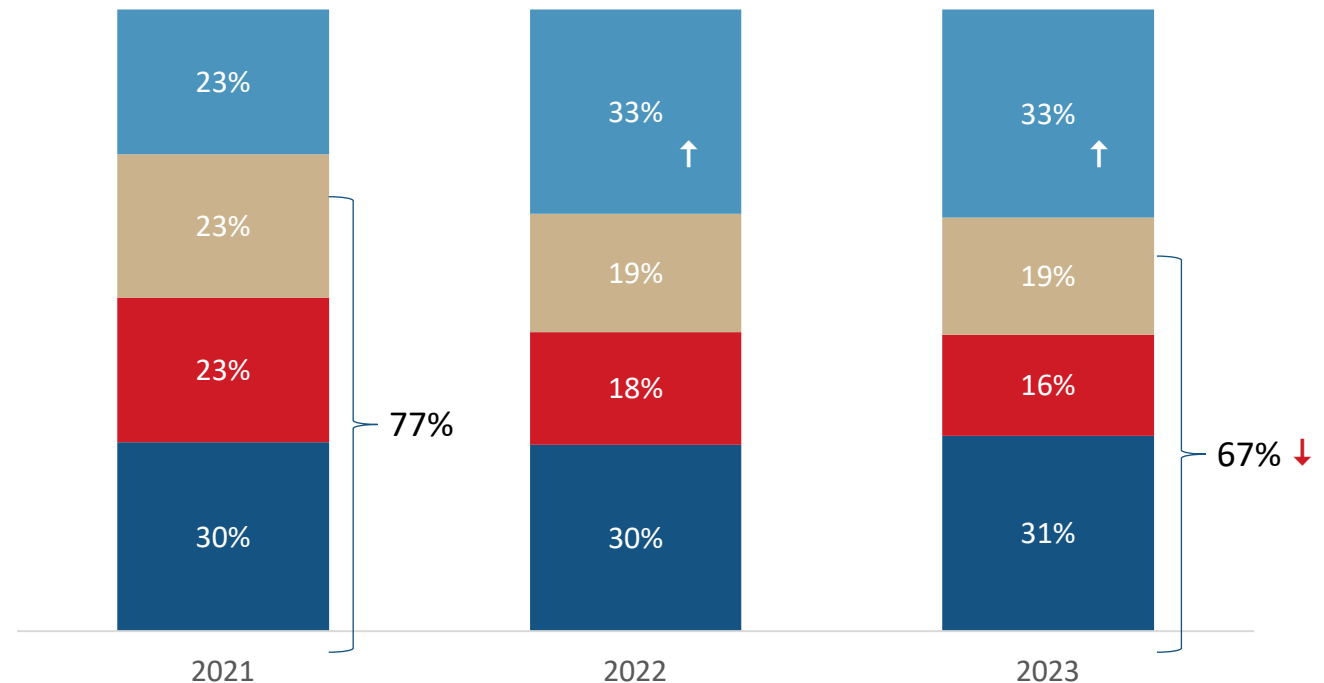
For the second year running, the proportion of luxury home investors has equaled one-third of the overall pool of buyers.

This has reduced the share of buyers looking for personal-use property by 10 percentage points, or a 13 percent shift in the market's makeup.

There is a two-fold impact to this change. First, there are more buyers for sellers to contact who may be more organized than individuals looking through traditional channels. Second, the value of a property is not only tied to recently sold comparable residences, but also to rental units.

Reason for Purchase | Luxury Home Buyers

- Investment/rental property
- Vacation residence
- Secondary residence or pieds-a-terre
- Primary residence (more than 6 months of the year)



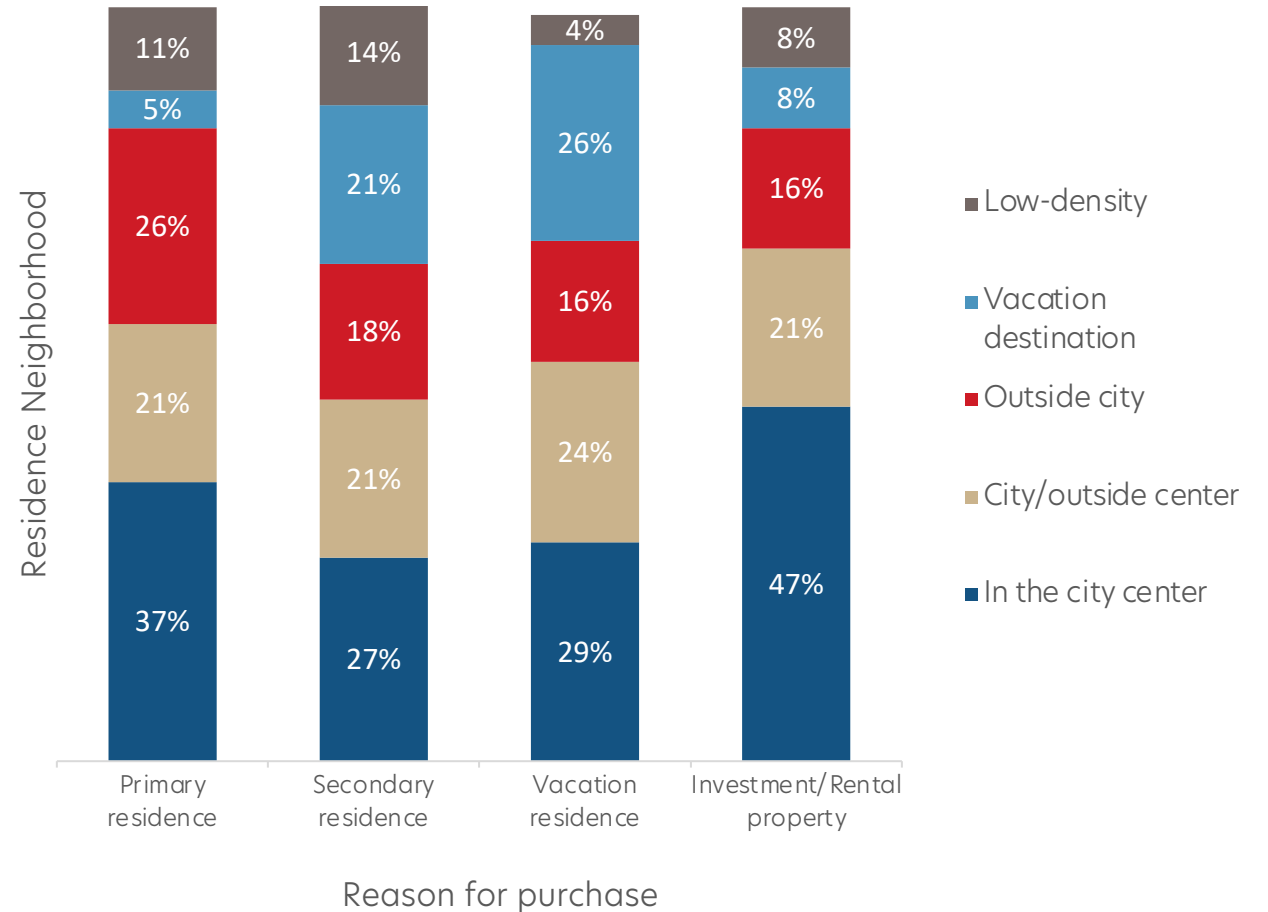
The City Center Remains the Most Desirable Address

Thirty-seven percent of luxury home buyers expect to purchase in the city center, where investors outnumber primary home buyers.

This dynamic is predicted to cause investment-grade properties to come off the market more quickly while dwellers search for turnkey residences – the results being an increase in home prices for city center luxury properties.

Luxury buyers are interested in city living for a variety of benefits: nearby shopping, restaurants/night life and a shorter commute. What they will not sacrifice is the quality of schools – whether public or private – and access to parks and nature. Bonuses of being downtown include culture and medical facilities. Parking is the real treat for this buyer.

Residence Neighborhood | Luxury Home Buyers



Focus is Shifting from Shared Walls to Single-Family Homes

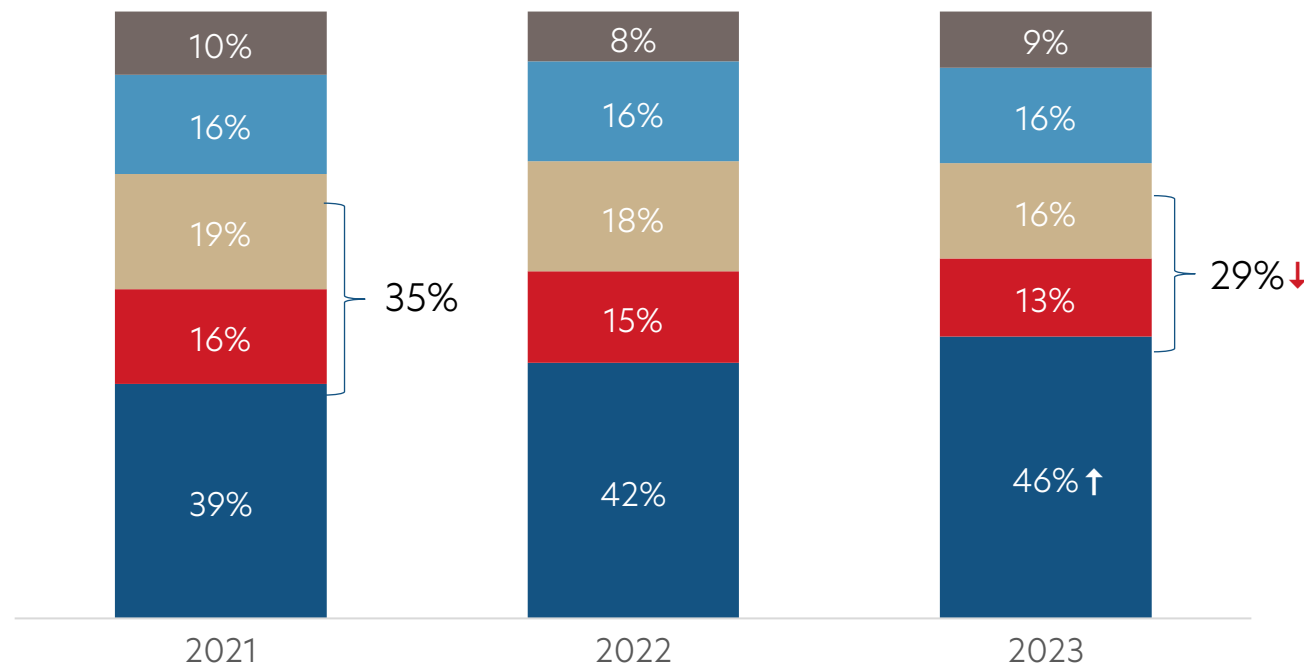
Over the past three years of SOLRE research a trend toward single-family homes has emerged.

This trend continues to be the largest segment of the market and considering the demographic changes of luxury buyers it makes sense that they would seek family-oriented spaces.

Shared-wall living spaces such as townhouses and condos/apartments have gradually declined—down by more than 15 percent since 2021. Branded hotel and high-rise penthouse residences are unchanged over time and tend to cater to wealthy empty-nesters rather than emerging high-earners.

Style of Next Residence | Luxury Home Buyers

- Branded hotel or resort residence (with access to its amenities)
- High-rise penthouse apartment (top floors in a large building)
- Townhouse (a single-family home that shares a wall with another)
- Condominium/apartment (single unit within a larger building; shared walls)
- Single-family home/landed residences (built on a single lot, no shared walls)



In It for the Long Haul

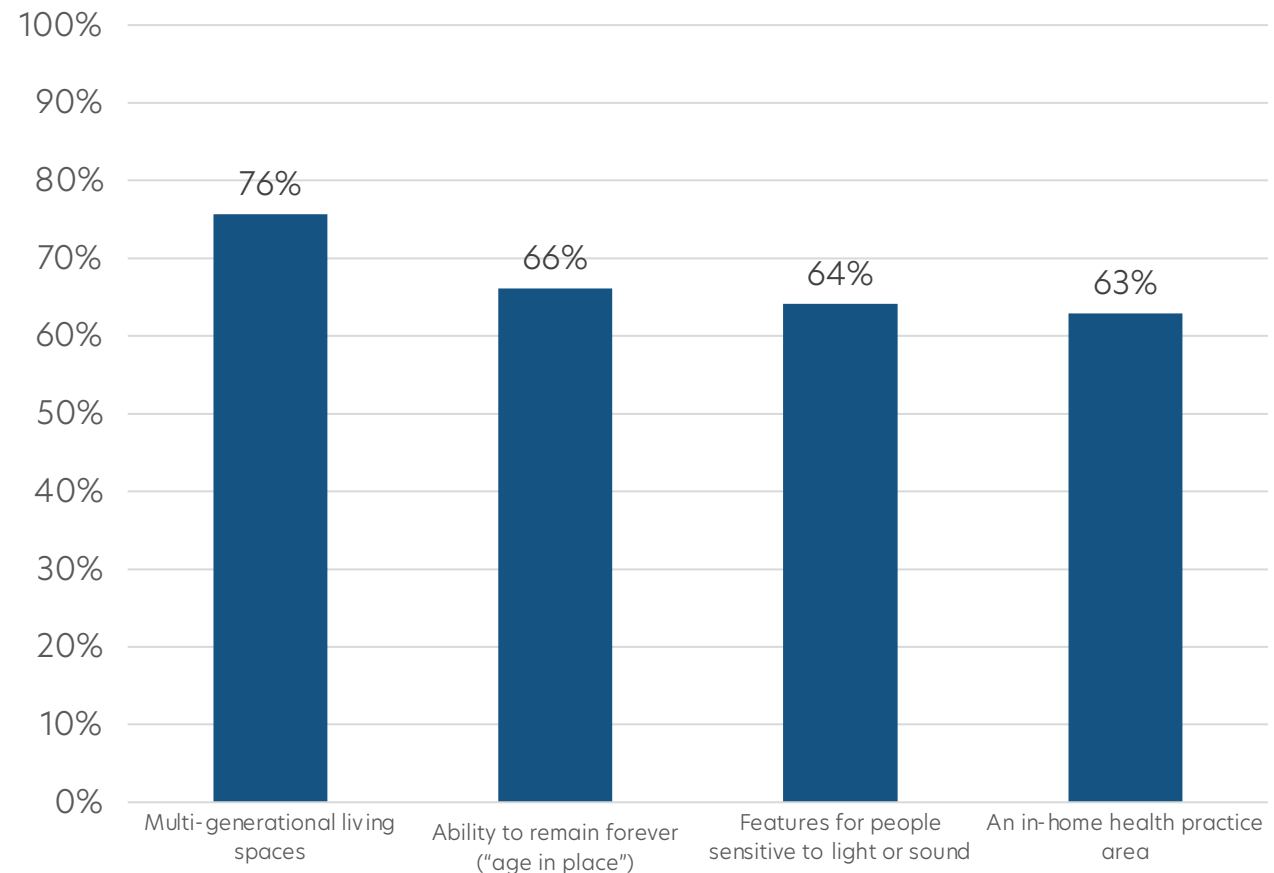
More than half of luxury home buyers (61 percent) view their next home purchase as a 'legacy property for their heirs,' and an equal amount want the ability to age-in-place (66 percent).

Part of their legacy may include housing multiple generations of family (76 percent), single-floor living capability and even a place to receive medical professionals for non-acute treatments (such as hydration, level testing and regular checkups).

Two-thirds of buyers also have sensitivities to light or sound, suggesting another level of renovation that may be needed in busy areas.

Bottom line: Luxury buyers are seeking homes that can do it all. They are planning for the long haul even if life takes them to other places later on.

Specialty Needs and Expectations for Next Home |
Luxury Home Buyers



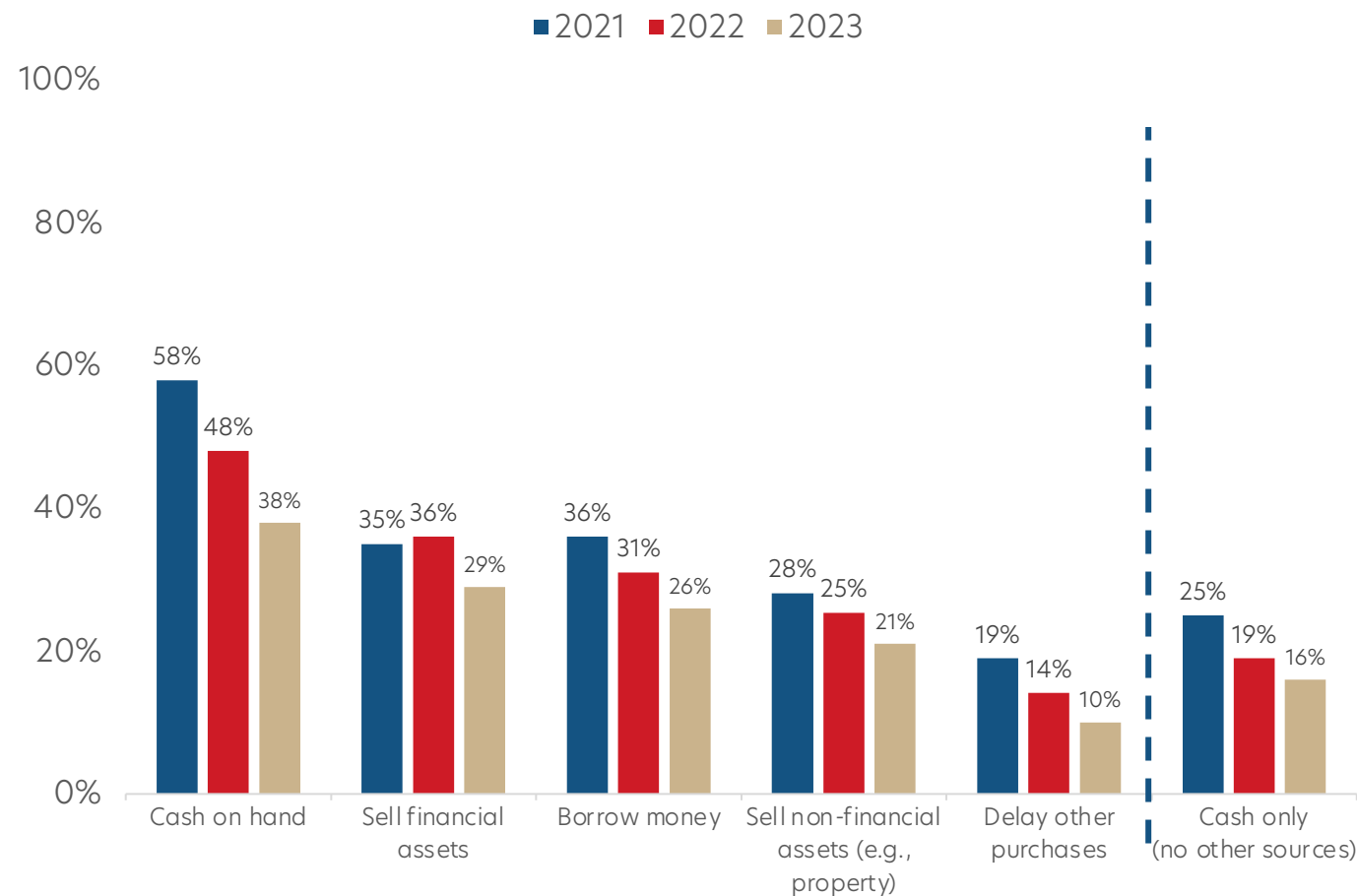
Financing: Cash Is No. 1, But It Is Complicated

Financing with cash on-hand remains the most common form of home purchase financing for luxury buyers globally. Selling of financial assets and borrowing money round out most finance packages.

Fewer buyers are relying solely on cash—25 percent were all-cash buyers in 2021 compared to 16 percent in 2023. Instead, financial and real assets are being liquidated and alternative financing options—while in decline—remain an important part of the financial picture.

Luxury buyers appear to be considering more complex financial structuring this year. In a tight market, buyers will want to be as liquid as possible at the start of the house hunt.

Financing the home purchase | Luxury Home Buyers



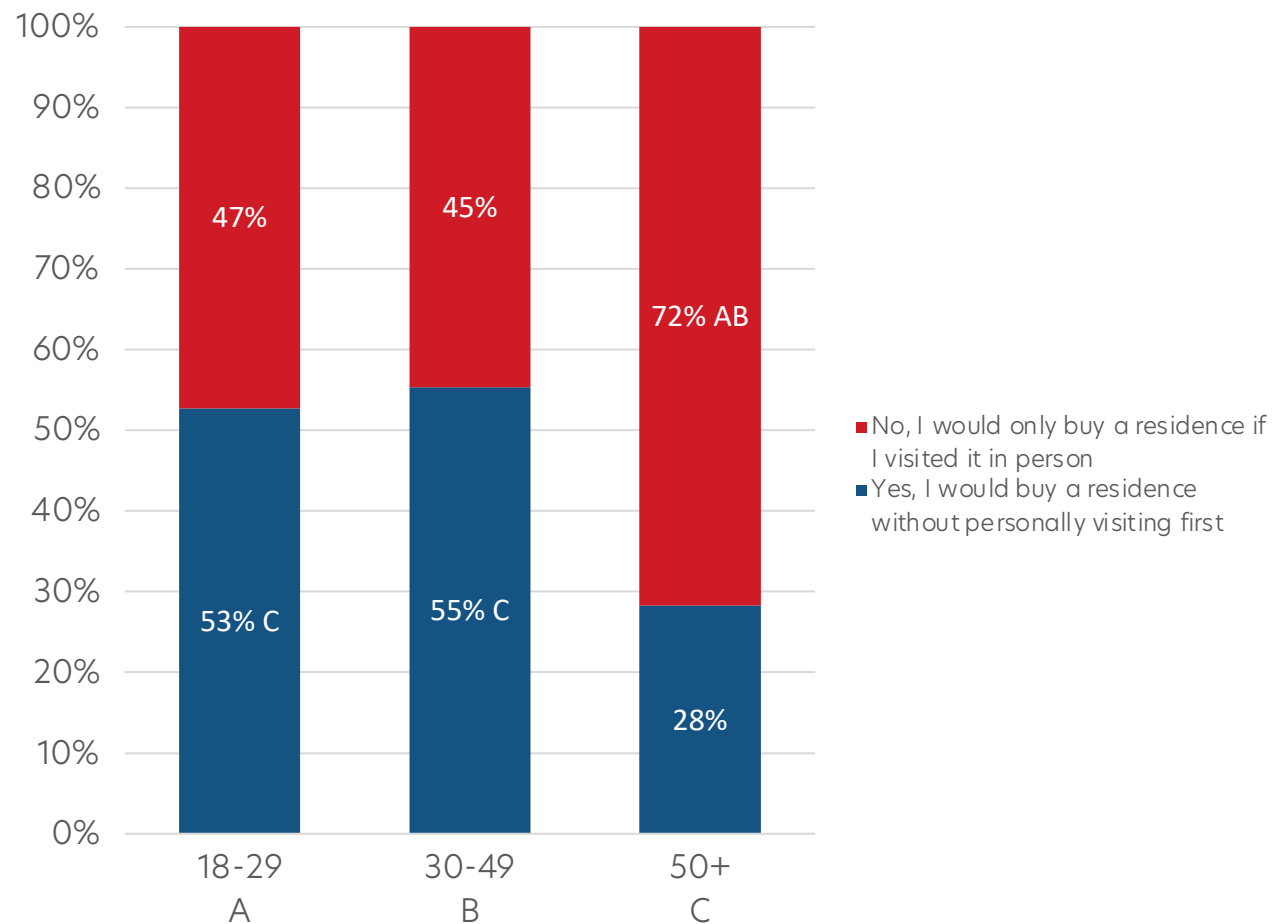
Next-gen Buyers Are Open to Virtual Buying Opportunities

Luxury home buyers under age 50 approach the home purchase with a greater interest in virtual home purchasing than the traditional buyer.

This openness creates many opportunities for attracting international buyers. Those seeking property in the Middle East and Africa are particularly interested in a long-distance purchase (57 percent are open to it).

The real news here is the shift in mindset from having to visit the residence in person versus having a video overview or a trusted advisor walking the property and making the recommendation to buy.

Open to buy a home sight unseen | Luxury Home Buyers



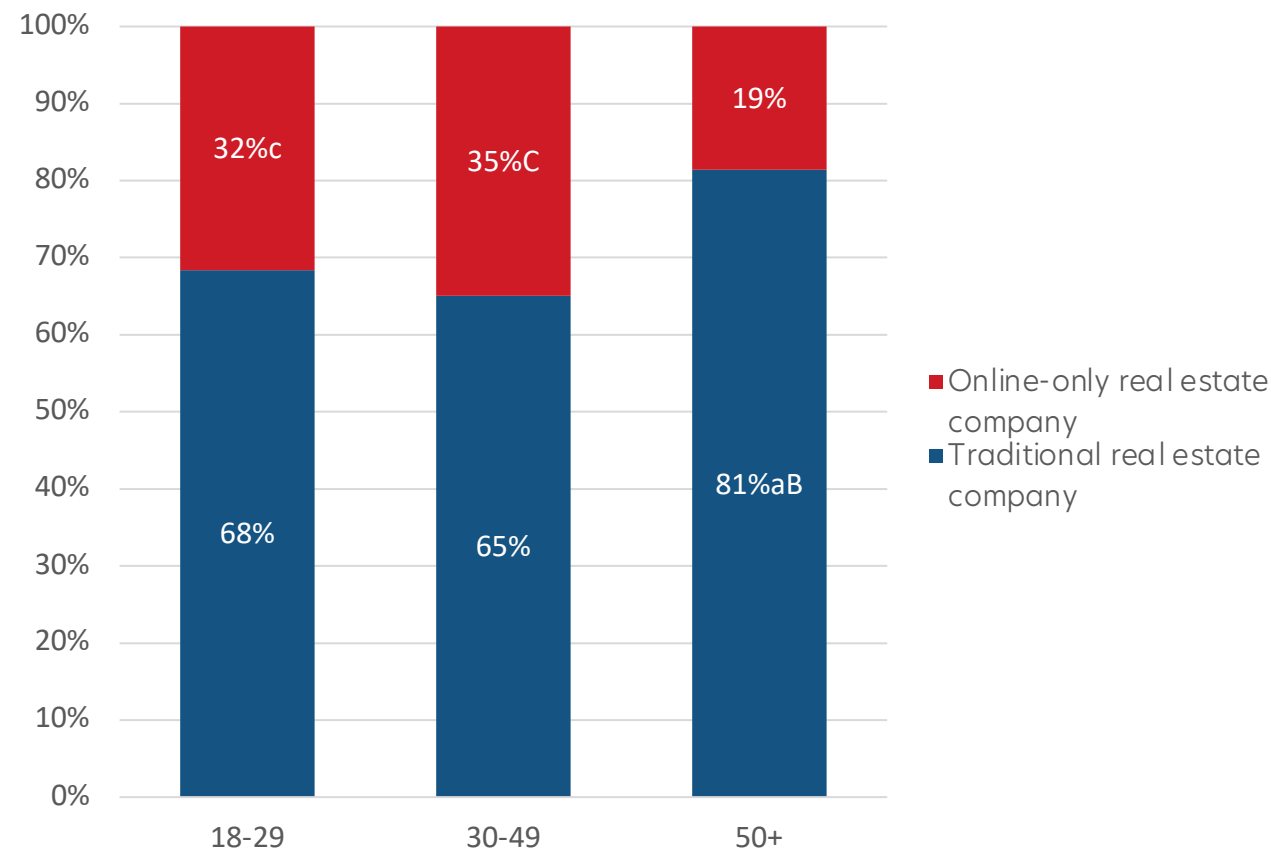
Use of Online Agency Appeals to Next-gen Buyers

Traditional real estate companies are preferred by the majority of luxury home buyers, regardless of age. However, there is a clear age-related shift toward online-only real estate companies.

Primary home buyers are significantly more likely to prefer traditional companies, too, at 75 percent compared to 25 percent for online agencies. Investment buyers also prefer traditional companies but appear more open to online services (65/35).

Traditional luxury real estate companies that keep up to date with the technology that satisfies buyers will be competitive much longer than those who do not.

Preferred type of real estate company to BUY |
Luxury Home Buyers






PARK CITY, UT, USA | \$29,000,000 | WEB CODE: OZHH ON LUXURYPORTFOLIO.COM

SUMMARY OF FINDINGS AND RECOMMENDATIONS



KEY FINDINGS AND RECOMMENDATIONS

		Finding	Implication	Action
BEHAVIOR		New luxury markets are being created	Buyers will not stop their search because of a lack of housing stock	Expand your horizons to include more local areas for development and improve inter-city networking to capture overflow buyers. Use highly targeted digital advertising to reach buyers where they live and play.
		Life is geared to happiness and joy	Modern luxury markets will meet a growing mix of amenities for personal and communal needs	Buyers want to have a good feeling about living in the market. What do they do to feel good? What does your market offer? What does it need to add?
MINDSET				
TRENDS		Luxury buyers are adapting to the present circumstance	Adaptive people behave with decisiveness, confidence and drive	Professionals are also adapting—by learning something new, by applying that learning to their work and by focusing on building fulfilling relationships. The advice here is to create more 'self time,' perhaps to reflect in nature to reset for working with intense clients.

MONTECITO, CA, USA | \$33,500,000 | WEB CODE: NWMF ON LUXURYPORTFOLIO.COM

STATE OF LUXURY REAL ESTATE

2023

SOLRE | 2023

 LUXURY
PORTFOLIO
INTERNATIONAL

Leading
REAL ESTATE COMPANIES
OF THE WORLD

luxuryportfolio.com

CHICAGO | 161 N. Clark Street, Suite 1200 | Chicago, IL 60601 | USA | +1 312 424 0400
LONDON | 1 Northumberland Avenue | Trafalgar Square | London WC2N 5BW | UK | +44 20 7872 5525
NEW YORK | 590 Madison Avenue, 21st Floor | New York, NY 10022 | USA | +1 212 521 4390
SINGAPORE | 1 Raffles Place | #20-61 Tower 2 | Singapore 048616 | +65 6808 6984

©2022 Luxury Portfolio International.®
All rights reserved. Unauthorized use of this
members-only document is prohibited