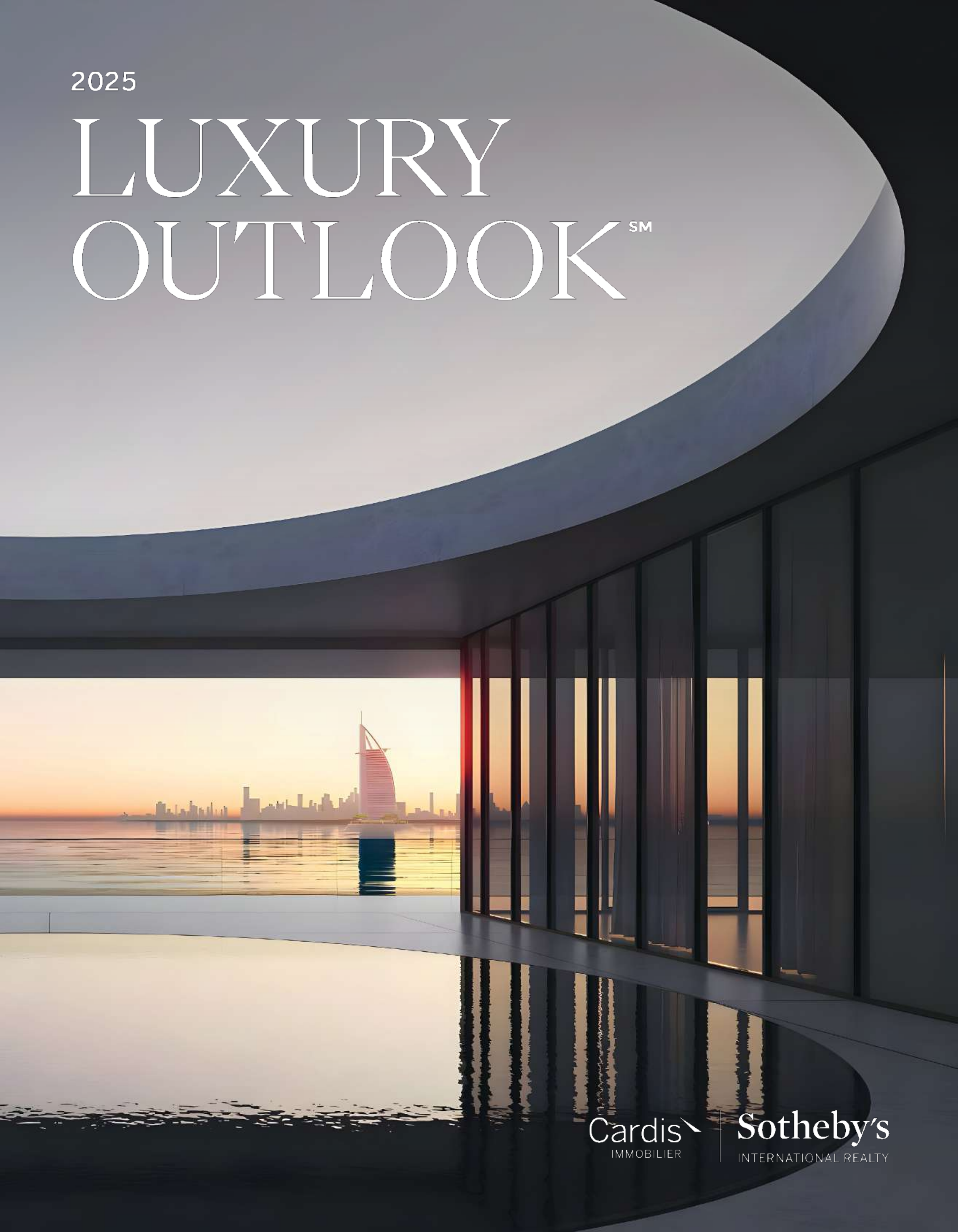
2025

LUXURY OUTLOOK℠



Cardis IMMOBILIER | Sotheby's INTERNATIONAL REALTY

Contents

Front and back covers: The Armani Beach Residences on Palm Jumeirah, due to be completed at the end of 2026, are one of Dubai's most anticipated luxury branded residences.

Above: Experience unparalleled luxury with the four+ bedroom beach villa at Four Seasons Private Residences Tropicalia, El Seibo, Dominican Republic.

Right: This elegant Freeland, Washington, home offers the best of waterfront living.

Photos: (front and back covers) Dubai Sotheby's International Realty; (page 2) Dominican Republic Sotheby's International Realty; (page 3) Realogics Sotheby's International Realty.

Welcome

A clearer picture

Sotheby's International Realty Chief Marketing Officer A. Bradley Nelson introduces the Sotheby's International Realty 2025 Luxury Outlook℠ report

When we first introduced the Luxury Outlook℠ report in 2021, the definition of home was undergoing a seismic shift as a result of COVID-19. Unprecedented changes in the real estate market created a critical need to provide our clients with timely, global intelligence informed in real time by our unparalleled network of more than 1,100 offices in 83 countries and territories. Our goal with this report is to deliver strategic insights so that you can make informed decisions.

As we enter 2025, the global luxury property market remains resilient. Our Luxury Outlook℠ report provides an in-depth analysis of the many indicators that validate PricewaterhouseCoopers' October 2024 forecast of an impending real estate cycle upturn. We're seeing encouraging signs across key markets, with inventory stabilizing and returning to healthy levels in prime locations worldwide, and we hope to see pent-up demand drive a global increase in transactions in the coming months.

Following a landmark year of elections around the world, the direction of government in many democracies has become clearer. Politics are unpredictable, but here in the U.S., financial markets have responded bullishly to a decisive result, and as Philip A. White Jr., our president and CEO, points out, ultra-high-net-worth individuals (UHNWIs) pay close attention to stock market performance when making real estate investment decisions.

The anticipated US$84 trillion transfer of wealth from the Silent Generation and Baby Boomers to Generation X, Millennials and younger gathers momentum. These younger generations value lifestyle, community and meaningful connections—particularly after years of digital-first interactions.

Proximity to nature, arts and culture is profoundly shaping the tastes of emerging affluent buyers. "'The White Lotus' effect," based on the hit HBO television show set in a luxurious resort, is drawing wealthy, younger investors, including digital nomads and professionals in the finance and technology sectors, to the timeless allure of destinations

> "WE'RE SEEING ENCOURAGING SIGNS ACROSS KEY MARKETS, WITH INVENTORY STABILIZING AND RETURNING TO HEALTHY LEVELS IN PRIME LOCATIONS WORLDWIDE"
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> A. BRADLEY NELSON
> *chief marketing officer*
> *Sotheby's International Realty*

A remarkable fusion of Italian and French style at a home in Dallas' most desirable neighborhood, Highland Park.

such as Italy. Similarly, the entry of storied fashion brands such as Dolce & Gabbana into the branded residency market in Miami, Florida, underscores a compelling trend: our lifestyle preferences are increasingly intertwined with real estate investments. Branded residences and the curated services and amenities they offer are emblematic of this trend of experience-led property purchases.

In today's social media-driven world, homes have transcended their traditional role, becoming curated backdrops that we broadcast into the world. Whether buyers are looking for newly constructed homes—a market segment particularly popular with Generation X and now representing 16% of all home sales—or are undertaking restorations of historic properties, we continue to find that a home's greatest selling point is its uniqueness.

Beyond the U.S., the mobility of UHNWIs continues to create new hubs for global luxury real estate. The Côte d'Azur in France has seen sustained price increases and growing interest from buyers in North America, the Middle East and Asia. Spain, too, has emerged as a hotspot for international buyers, with a dynamic market where Sotheby's International Realty has significantly expanded its operational investment in the past year. We also continue to grow our presence in London, England, where Claire Reynolds, managing partner, United Kingdom Sotheby's International Realty, notes that Americans' affinity for the British capital has never been stronger. Queensland, Australia, meanwhile, remains a vibrant, growing market, while Dubai Sotheby's International Realty achieved a record breaking US$65.5 million sale for a Jumeirah Bay Island villa in 2024.

At the time of writing, Sotheby's International Realty offered 44,000 homes for sale. Inventory levels in the upper echelons of the market are improving and numerous examples of architecturally significant properties in premium locations, including assets never before offered for sale, are now available. If you haven't explored our portfolio recently, I encourage you to renew your interest this year. ■

Photo: (page 5) Briggs Freeman Sotheby's International Realty.

MARKET *outlook*

The future looks bright for luxury property as U.S. federal interest rates and economic markers ease into a state of normalcy

A magnificent 35-foot stone bell tower crowns this Irvine, California, estate.

This oceanfront property on Figure Eight Island was one of the most expensive homes sold in North Carolina in 2024.

Following a period of high interest rates, global elections and fluctuating economic markers in 2024, the luxury housing market is showing impressive adaptability to face the year ahead, says Philip A. White Jr., president and CEO, Sotheby's International Realty. "Despite economic uncertainties and global geopolitical shifts, the luxury real estate sector has demonstrated remarkable resilience historically," says White. "Our most discerning investors and high-net-worth individuals [HNWIs] continue to exhibit unwavering confidence in premium properties, evidenced by Bank of America Private Bank's findings [in June 2024], which showed that these buyers dedicate up to 32% of their investment portfolios to real estate holdings. This substantial allocation underscores the prestige and value of exceptional properties. Additionally, limited inventory in prime locations continues to drive appreciation, reflecting the market's sustained vigor and competitive spirit."

The luxury end of the housing market has performed well above the non-luxury market in recent years, according to an April 2024 report by J.P. Morgan Private Bank, based on data from Miller Samuel, the National Association of Realtors (NAR) and Haver Analytics. The report found that luxury home prices increased 65% from the fourth quarter of 2019 to the fourth quarter of 2023, compared with a 40% gain in the non-luxury market. And according to the 2025 Emerging Trends in Real Estate report issued by PricewaterhouseCoopers in October 2024, "We are on the cusp of the next upturn in the real estate cycle, and now is the time to be thinking about planning, laying the groundwork for the next two to three years of growth."

This upward cycle can already be seen in the significant luxury sales and listing achievements made in 2024, White says. Sotheby's International Realty witnessed unprecedented sales across several key markets last year.

For example, White adds, the Florida Panhandle set a new record for the area with a US$28.5 million beachfront property sale brokered by Scenic Sotheby's International Realty. Internationally, in Dubai, a new high was set when Dubai Sotheby's International Realty and Saudi Arabia Sotheby's International Realty partnered to sell a villa for US$65.5 million, the most expensive ever sold on Jumeirah Bay Island, Dubai. In New Zealand, the NZ$21.8 million (US$2.9 million) sale of a home in March 2024 set a national record for the year. Puerto Rico Sotheby's International Realty achieved US$13.4 million in September 2024 for a triplex home in San Juan, Puerto Rico, for the first time ever.

Home values on the rise over the past 4 years.

Source: J.P. Morgan Private Bank, April 2024.

"We also saw luxury properties list at record prices, including the historic Hitchcock Estate in New York's Hudson Valley, listed by Heather Croner Real Estate Sotheby's International Realty at US$65 million, making it the most expensive home for sale in the area, and a record-breaking US$12 million mansion in the state of South Carolina, represented by Herlong Sotheby's International Realty, underscoring the strong demand for premium real estate and reflecting just how much buyers value these one-of-a-kind homes," White says.

Moreover, the trend of record-breaking prices continued across various regions. "Sotheby's International Realty - San Francisco Brokerage listed a US$32 million home in June 2024, making it the city's most expensive home for sale," White adds. "Additionally, we continued to see impressive transactions achieved in smaller markets such as in North Carolina, where Premier Sotheby's International Realty set a new record for the state with the sale of a US$15.85 million home in October 2024. Prominent Properties Sotheby's International Realty in New Jersey also achieved a US$16.7 million sale in July 2024, the state's priciest sale of the year, and TTR Sotheby's International Realty broke the record for priciest home sale ever in Washington, D.C. at US$25M, secured just after the U.S. election, indicating that luxury buyers are still actively seeking exceptional properties across a range of locations."

Despite economic fluctuations, the luxury segment remains vibrant, with noteworthy activity continuing throughout the year around the world. "Our strategic expansion into new markets such as Anguilla and Poland has broadened our global reach and influence, enhancing our ability to serve our clients better wherever they are in the world," White says.

In the luxury realm, the performance of financial markets is a key driver of home sales, says White. "HNWIs often make real estate decisions based on the stock market, as fluctuations may influence their desire to invest in luxury properties," he says. "While overall economic ▸

The Cost of The California Wildfires

On January 7, 2025, devastating wildfires swept through Los Angeles County, California, burning 40,000 acres, according to NBC, and destroying thousands of homes and businesses across Pacific Palisades, Malibu, Altadena and the Hollywood Hills. Tens of thousands of residents were displaced and city officials reported at least 24 fatalities, with these numbers expected to rise as damage assessments continue.

"The L.A. wildfires are shaping up to be the costliest climate disaster in U.S. history, which stems both from their size and the high value of the residential real estate they are destroying," J.P. Morgan economist Abiel Reinhart told Reuters.

Securing permanent, long-term housing for the widespread displaced residents represented the biggest challenge ahead, warned Pasadena's mayor on January 8, 2025, according to The New York Times. This sudden influx will further strain the Los Angeles housing market, which already had a shortage of around 337,000 homes, driving up rents and construction costs, The New York Times reported. The Wall Street Journal notes that "demand for rentals could keep growing, as some displaced people are still focused on their immediate needs and haven't started house hunting."

According to the California Association of Realtors, while home sales in the affected areas will likely experience a sharp decline in the near term and demand will take time to recover, the overall Los Angeles market should begin to bounce back later in the spring of 2025.

Sotheby's International Realty stands by those impacted by the devastation, and has compiled a list of resources:

growth and geopolitical stability also play roles, luxury buyers and sellers closely monitor market trends to gauge the right timing and opportunities for their investments."

While forecasts vary, most analysts anticipate growth in the S&P 500 in 2025, with UBS predicting a 10% gain in that index next year, according to its November 2024 report. Inflation in the U.S. had somewhat stabilized, reaching 2.4% in September 2024, according to the Bureau of Labor Statistics, but economists interviewed by Bloomberg in December 2024 predicted this could rise to 2.5% in 2025 rather than continue downward. The U.S. labor market, meanwhile, is resilient and consumer spending is anticipated to rise.

In its December 2024 United States Economic Forecast, financial consultants Deloitte predicted housing prices would rise by 4.8% by the end of 2024, with growth expected to slow to 2.9% in 2025, before rising again towards 2026.

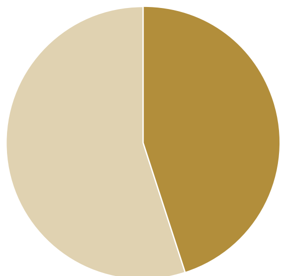
Interest rates have a less pronounced impact on the luxury housing market, in part because many buyers prefer to pay cash, which mitigates the influence of fluctuating interest rates on their purchasing decisions, White adds. According to the 2025 Sotheby's International Realty agent survey, nearly half of polled agents said that 75% or more of their buyers were paying in cash in 2024.

Beyond financial considerations, lifestyle factors play an important role in luxury buyer dynamics. "The strong desire for high-quality, unique properties that enhance one's lifestyle remains," White says. "Buyers continue to seek homes that align with their personal aspirations and values." Trends such as hybrid working, heightened demand for wellness amenities, and sustainability are shaping the luxury housing market and influencing buyers' decisions.

"We're seeing that emerging affluents are increasingly

Set amid lush tropical vegetation on nearly two acres of landscaped lands is this bespoke, luxury beachfront retreat at The St. Regis Bahia Beach Resort in Puerto Rico.

Cash is king.
Source: 2025 Sotheby's International Realty agent survey.



45%

of Sotheby's International Realty agents surveyed said that most of their clients buying luxury homes were paying in cash.

driven by the lifestyle they aspire to, often prioritizing their personal interests and values when choosing a home," White says. "For example, a buyer who loves hiking might choose a home in a mountain community because it aligns with their outdoor passions—they'll work out the logistics later. This shift highlights how lifestyle preferences are becoming a central factor in luxury real estate decisions."

One factor that currently shows limited impact on markets is changes in commission practices. Despite industry changes being in the news, White notes that commissions have always been negotiable and that Sotheby's International Realty agents are well-versed in this practice, given the unique nature of high-end real estate.

"We continue to see clients recognize the value of experienced agents who provide tailored, high-quality service," White says. "This is especially true in complex luxury transactions where expertise is crucial. Ultimately, the biggest movers in the luxury market are still tied to broader economic factors and changing lifestyle preferences. These fundamental elements, plus the demand for more space or prime locations, continue to drive the market more than commission structures."

Prices Reach a Record High

Looking ahead, White says that prices and sales in the luxury market are anticipated to remain strong, with properties likely continuing to outperform the average housing market. "As federal interest rates begin a downward trajectory, we may expect to see movement from homeowners who have been holding back," White notes. "In the meantime, inventory in prime markets remains tight, which will continue to push▶

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WE ARE ON THE CUSP OF THE NEXT UPTURN IN THE REAL ESTATE CYCLE, AND NOW IS THE TIME TO PLAN FOR THE NEXT TWO TO THREE YEARS OF GROWTH

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2025 EMERGING TRENDS IN REAL ESTATE REPORT, *PricewaterhouseCoopers, October 2024*

prices upward. This is also creating a dynamic where more deals are happening off-market before properties are publicly listed.”

The median home price for all properties in the U.S. broke records in June 2024 at US$426,900, according to a NAR report that month, and luxury homes also achieved new highs. For example, during the second quarter of 2024, the median sales price in San Jose, California, rose to US$2,008,000, the first time any metro area recorded a median price above US$2 million, according to an August 2024 NAR report.

In July 2024, CNBC reported that sales of homes priced at US$100 million and above were on track to double in 2024 compared with 2023 and to surpass the record of nine homes sold in that extreme upper bracket price range in 2021. Between the fourth quarter of 2019 and the fourth quarter of 2023, median prices jumped 56% in Miami, Florida, and 28% in New York City, according to the April 2024 J.P. Morgan Private Bank report. But industry analysts see prices starting to normalize in 2025, with Fannie Mae predicting that price growth will slow to 3.6%, and the NAR to 1.8%, according to a December 2024 report by Morningstar Market.

“In New York City, there are affluent people who buy homes priced between US$5 million and US$15 million, and then there are the ultra-wealthy, particularly tech people from the West Coast, venture capitalists and people in private equity and hedge funds,” says Jeremy Stein, global real estate advisor, Sotheby’s International Realty - Downtown Manhattan Brokerage. “The ultra-wealthy are the ones who have been the most active in our market, which has been very good in the US$15 million-and-up range.” Stein has also seen all-cash transactions ramped up to 75% of purchases in the city in 2024.

According to a December 2024 article in Bloomberg, the city’s luxury housing market has started to tilt in the buyers’ favor, with prices easing and new developments offering more options. One major shift in the New York City market is that penthouses are now first, rather than last, to sell in newly built condominiums, a reflection of limited inventory that dampened sales activity in 2024, Stein says. “I think we’re poised for a new upward cycle in New York City, because some sellers have been on the sidelines and are ready to move now,” he says.

Low inventory is also an issue in Palm Beach, Florida—particularly for waterfront property, says Todd Peter, senior global real estate advisor, Sotheby’s International Realty - Palm Beach Brokerage. The luxury market there starts at US$25 million and prices have climbed for the limited number of oceanfront properties.

Peter sold a waterfront lot without a house on it for US$50 million in 2024, along with a record-breaking sale of US$74.5 million for an off-market listing, both on the Intracoastal Waterway.

“The volume of sales has been similar in the past two years, but we’ve seen a boom in this area since the pandemic,” Peter says. “People moved here to try it out and now they’re staying for the weather, lifestyle and tax advantages.” Among those who have recently moved to the area is the hedge fund billionaire and art collector Ken Griffin, who has relocated his company Citadel there and bought a combined 25 acres worth an estimated US$450 million, according to the Palm Beach Post.

In Orange County, California, luxury market activity, which starts at US$10 million, more than doubled in 2021 and 2022 compared with 2019 and 2020, says Sean Stanfield, global real estate advisor, Pacific Sotheby’s International Realty.

“Things slowed quite a bit in 2023 and 2024 and although the higher end of the market had more activity in 2024 than in 2023, those transactions have taken longer and have been a little more challenging than in the previous two years,” Stanfield says. “Appreciation has continued in the luxury market, but each pocket of the county has seen varying degrees of increase. For 2025, we anticipate more activity in the US$3 million to US$10 million price range, but activity above US$10 million will likely continue at the same pace as we saw this year based on the market reports that we follow.”

A big factor anticipated to influence the forecast is possible interest rate cuts, Stanfield says. “Rate cuts could create a significant number of sellers who were ▸

Dramatic ocean views meet modern construction in this Manalapan, Florida, home.

In New York City, 111 West 57th Street is an elegant tower of glass, terracotta and bronze, rising to 1,428 feet, overlooking Central Park.

previously married to their mortgages to consider making a move. If we see a major increase in inventory, prices will likely remain pretty stable, but if we see rate cuts without a large increase in inventory, we will likely see more strong appreciation. We have had a couple of years of record low transactions, so there is pent-up demand for buyers and sellers. We believe we will see a significant increase in transaction count in 2025."

Another factor likely to influence upper-bracket markets in the coming years is the estimated US$84 trillion expected to be transferred from the Silent Generation and Baby Boomers to their younger heirs by 2045, according to consulting firm Cerulli Associates.

"The wealth transfer expected over the next decade will have a major impact on the luxury housing market, especially as younger generations inherit this wealth," White says.

As the Global Economy Normalizes, So Will Property Markets

The economy has largely normalized following the volatility of the pandemic years, which has led to adjustments in the property market, White says. "The extreme pace and frenzy of the pandemic has given way to a more stable market, with a return to more balanced conditions. Buyers are able to be more thoughtful about their purchasing decisions. However, deals are still occurring at a strong pace and high-demand areas continue to attract significant interest."

Overall, home sales volume in the U.S. in 2024 was a little behind 2023, but the upper brackets performed better than the average priced market, according to Lawrence Yun, chief economist, NAR. "The stock market kept hitting new highs throughout most of the year, and the concentration of wealth in the market is primarily among people who buy upper-tier properties," he says. "In addition, there was 20% to 30% more inventory of properties priced at US$1 million and above in 2024 compared with 2023, which offered more choice for buyers."

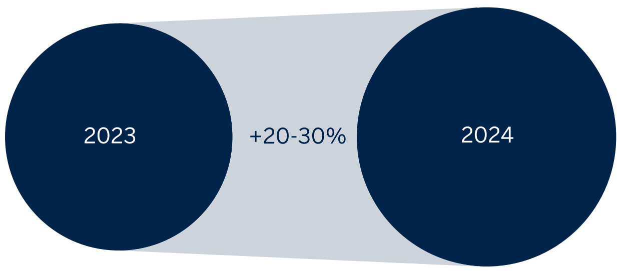
Higher-than-normal mortgage rates in 2024 had a psychological impact on buyers and sellers. "Normally, while the upper-end buyers have more flexibility with cash, sales activity even of luxury homes often behaves as if mortgage rates matter," Yun says.

But 2024 was an exception. Mortgage rates remained close to or above 7% for much of the year, dipping closer to 6% in late August and rising again slightly to 6.81% at the end of November 2024, according to data published by Freddie Mac. While that dampened buyer activity in most of the market, upper-end activity increased. More than likely that was because of robust stock market returns that provided extra leverage and confidence, says Yun. "Markets with expensive homes, such as California from San Diego all the way to San Francisco, bounced back strongly this year and New York and Boston are also holding steady. That's a function of more sales in those markets and price increases."

Generally, international buyer activity has yet to normalize and actually decreased in 2024 compared with 2023, which was also a slower-than-normal year, according to NAR data released in July 2024. Just 54,300 homes were sold in the U.S. to foreign buyers between April 2023 and March 2024, down 36% from the previous year and the lowest level since the organization began tracking these sales in 2009. Contributing factors include the pullback of Chinese buyers and the strong dollar, which added to purchase costs, Yun says.

However, White says international buyers continue to be a vital segment of the luxury real estate market. "These buyers often invest substantial capital, which ▸

20% to 30% more properties priced at US$1 million and above in 2024 compared to 2023.
Source: Lawrence Yun, National Association of Realtors.



can drive property values and foster economic growth in various areas. We are seeing a resurgence of interest from international buyers from Hong Kong and buyers from South Korea, the U.K. and the Middle East are particularly active in New York City. Buyers from Greece are expressing interest in Los Angeles, California, and Indian buyers have their eyes on New York City and Miami, Florida. They are drawn to the U.S. for its stable real estate market, attractive investment opportunities and desirable living conditions."

For example, the unique blend of charm, technological innovation and world-class amenities in Austin, Texas, is transforming the city "from a rising star to a shining beacon" in luxury real estate, says Kumara Wilcoxon, global real estate advisor, Kuper Sotheby's International Realty in Austin.

"Austin's luxury real estate market faced a transitional period in 2024, marked by a cautious 'wait-and-see' approach from buyers," Wilcoxon says. "This hesitation stems from the substantial appreciation during 2020 to 2022, which created a gap between seller expectations and buyer willingness. Currently, the market favors exceptional properties and perceived deals."

As of October 2024, luxury homes in Austin ranged from US$1.5 million to US$2 million in many prime areas, rising to US$35 million and up, according to local market data. This wide range reflects the market's diversity and appeal to various affluent buyers, she says.

"As the global economy normalizes, we anticipate a gradual return of buyer confidence and potential price stabilization. Key market influencers include economic conditions, tech industry performance, stock market fluctuations and evolving work patterns. The influx of technology companies is expected to drive job growth and boost the luxury housing sector."

Wilcoxon anticipates a slow but steady recovery in 2025, with modest price growth and increased transactions. Buyers will likely remain selective, prioritizing value and unique features. "Despite current challenges, Austin's long-term outlook remains bright," she says. "The city continues to attract out-of-state buyers, drawn by its family-friendly environment, absence of state income tax and thriving tech scene. Innovative developments like Sixth & Blanco—combining boutique hotels, retail and luxury residences—showcase Austin's evolution into a world-class destination. These projects are reshaping the city's skyline and elevating its status in the national luxury real estate landscape."

The Texas city is just one location that wealthy American homebuyers are looking at across the country as they embrace flexible working schedules. This trend has been further impacted by the growing availability of private aviation. During the first half of 2024, 1,363 new jets were delivered to private owners, an increase of 5.3% over the first half of 2023, according to a September 2024 report by the General Aviation Manufacturers Association.

"The abundance of private aviation shows that people are willing to spend money and travel to enjoy a second or third home," Yun says. "We've seen Montana's luxury market ramp up even though not that many people live there. They're flying in from Seattle and San Francisco."

Private aviation benefits Palm Beach, Florida, too, Peter says, because even though there are multiple daily commercial flights at three nearby airports, there are also numerous private airports. The effect can even be seen overseas. "The increased use of private jets has made the Côte d'Azur in France even more accessible to international buyers, highlighting the region's appeal as a global luxury hub," says Frederic Barth, CEO, Côte d'Azur Sotheby's International Realty.

Overseas markets are also benefiting from the recovery from pandemic volatility and the luxury real estate market on the Côte d'Azur remained resilient in 2024, with price growth supported by the desirable lifestyle and limited supply. "Demand for unique, secure and private residences is unlikely to wane," Barth says. "A return to overall economic stability will further support investments, although macroeconomic factors, including inflation and interest rate policies, may influence short-term market dynamics."

Globally, inflation declined in 2024 and was forecasted to end at under 5% compared to nearly 8% in 2022, according to the S&P Global Market Intelligence report published in September 2024. It forecasts a further decline in global inflation to about 3% in 2025 and 2026.

France's Côte d'Azur continues to attract European buyers, especially from the U.K. and Germany, but geopolitical factors and fiscal changes have diversified the buyer pool, with growing interest from North America, the Middle East and Asia.

Photos: (pages 6 and 7) Pacific Sotheby's International Realty; (page 8) Landmark Sotheby's International Realty; (pages 10) Puerto Rico Sotheby's International Realty; (page 13) Equestrian Sotheby's International Realty; (page 14) Sotheby's International Realty - East Side Manhattan Brokerage; (page 17) Cote d'Azur Sotheby's International Realty; (page 18) Sotheby's International Realty - St. Helena Brokerage.

Villa La Favorite, a Belle Époque residence overlooking the sea in Cannes, was built *circa* 1884 for Maxime Outrey, a former French ambassador to the United States and Japan.

> "AS THE GLOBAL ECONOMY NORMALIZES, WE ANTICIPATE A GRADUAL RETURN OF BUYER CONFIDENCE AND POTENTIAL PRICE STABILIZATION"

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KUMARA WILCOXON, *global real estate advisor, Kuper Sotheby's International Realty*

The Vineyard Homes at Stanly Ranch Auberge Resorts Collection in Napa Valley, California, were designed to prioritize wellness, comfort and spaces for generational gatherings.

New Home Building Remains Resilient

New development impacts many luxury markets. The extreme shortage of homes in the U.S. at all price points has led to increases in new home construction. Newly built homes now make up approximately 16% of all home sales, compared with 12% before the pandemic, according to an April 2024 report from ING Financial Services. However, the number of homes built annually continues to lag behind demand. Approximately 670,000 new homes were anticipated to be sold in 2024, according to ING's analysis, which is similar to the average for every year since 1990. However, the U.S. population grew from 250 million to 340 million during the same period.

Many of today's buyers, particularly at the upper end of the market, prefer a newly built home to avoid renovating, but they're not always easy to find, Peter says. "In Chicago, there's been a shift away from luxury condos to new high-end rental buildings because of the cost of financing," adds Tim Salm, senior vice president of sales, Jameson Sotheby's International Realty in Illinois. "Builders have less of an appetite for risk and it is easier to rent luxury apartments than to sell high-end units."

Newly built custom homes on infill lots in the city of Chicago, Illinois, and in nearby vacation home markets, such as the North Shore suburbs and Lake Geneva, are

extremely popular because of the ability of homeowners to commute into the city occasionally. “It has been a tepid year for luxury homes in the city in 2024, but the secondary home market is still doing record business,” Salm says. “People feel like they’re making up for the time they lost during COVID, so they’re buying a small luxury condo in the city and a vacation home nearby so they get the yin and yang of both lifestyles. We’re also selling luxury homes to young people who have inherited wealth or whose parents want to set them up to build equity.”

The new-home-building segment of the luxury market is evolving with several key trends, White says. “Developers will likely focus on creating innovative, high-end properties that cater to evolving buyer preferences for space, privacy and luxury amenities, as well as sustainability,” he says. “We’re seeing continued strong demand for branded residences that offer a unique blend of high-end living and exclusive services. Often developed in collaboration with renowned brands, these residences provide buyers with not just a home but a lifestyle experience, combining premium real estate with exceptional service. We recently took over sales for 111 West 57th Street in New York City, which offers incredible luxury amenities, including the only on-site padel court in a Manhattan development.”

Given the regulations in sought-after communities such as Napa Valley, California, it’s a surprising twist that some newly built properties are available. “Buyers of luxury properties were more active in 2024 than in 2023,” says Hillary Ryan, global real estate advisor, Sotheby’s International Realty - St. Helena Brokerage. “There’s increased inventory of luxury properties available and new ultra-luxury inventory will bring more buyers into our market who were previously looking but did not find a home that matched their requirements.”

While Napa Valley has long been a robust second-home market for buyers from the Bay Area, Ryan has recently seen an increase in primary-home buyers, since people can commute as needed. “Buyers here are seeking compound-like properties with a focus on wellness,” she says. “In the ultra-luxury category buyers expect to have a gym, productive gardens for farm-to-table dining, spa-like bathrooms, tennis and pickleball courts and even Zen gardens and infrared saunas. The influence of biohacking culture has made an impact on what buyers are seeking in their wine country residences.”

The market has settled into a more predictable rhythm, but the demand for luxury properties remains robust, White says. “We don’t expect this to change and while we don’t have a crystal ball, we believe the luxury real estate market will continue seeing record transactions and sustained interest in high-end properties.” ■

Investment landscape

When Sotheby's International Realty published its 2024 Mid-Year Luxury Outlook in July 2024, two topics were at the forefront of the year's agenda: whether a long-awaited reduction in U.S. interest rates would occur and what impact the many elections around the world would have on property markets. As the year came to a close, both of those questions had been answered.

On September 18, 2024, the U.S. Federal Reserve, the country's central bank, cut interest rates by half a percentage point to 4.75% to 5%, the first reduction since March 2020 and down from a 20-year high of 5.25% to 5.50%. The Fed made a further quarter-point reduction in both November and December 2024, with only a further two cuts anticipated in 2025. However, Jerome Powell, the central bank's chair, suggested during the announcement of these changes—the first of which took place on the heels of the U.S. Presidential election—that policymakers would be watching incoming economic data closely, as a new Presidential administration takes power in January 2025, before making any future adjustments.

The key indicator that will affect any further decisions the Fed makes on interest rates is inflation. When it made its first cut in September 2024, inflation was at 2.4%, nearing the Fed's 2% benchmark for price stability, down from a 20-year high of 9.1% in June 2022, according to the U.S. Bureau of Labor. Following the U.S. Presidential election, and the anticipation of tariffs promised by the incoming administration in 2025, inflation began to rise to 2.7% in November 2024, according to the Bureau of Labor Statistics, and could continue to change in the coming year.

In turn, the Fed presented a cautious approach to any further interest rate cuts. "We know that reducing policy restraint too fast or too much could hinder progress on inflation," Powell said during a press conference following the Fed's rate cut in December 2024. "At the same time, reducing policy restraint too slowly could unduly weaken economic activity and employment. In considering the extent and timing of additional adjustments to the target range for the federal funds rate, the committee will assess incoming data, the evolving outlook, and the balance of risks. We're not on any preset course." Powell added that, despite expectation that inflation will be higher in 2025, the Fed is on track to continue to cut interests rates. "I think the actual cuts that we make next year will not be because of anything we wrote down today," he said. "We're going to react to data."

Changes in interest rates have a direct effect on mortgage rates. Anticipating the Fed's cuts, mortgage rates had started to fall in August 2024 to an average of 6.7%, down from a 20-year high of 7.79% in October 2023. But with lowered expectations about future cuts from the Fed and concerns about inflation, mortgage rates also slowed with the Mortgage Bankers Association (MBA) adjusting its expectations to range between 6.4% and 6.6% in 2025, according to a November 2024 report from Housing Wire. Fannie Mae also revised its projections to 6.4% in 2025 and above 6% in 2026.

Mortgage rates would be further affected if the incoming U.S. president revives efforts to reprivatize the country's two largest mortgage guarantors, Fannie Mae and Freddie Mac, which were taken under government conservatorship following the 2008 housing crisis, according to an early December 2024 report from CNN. "The law says they are eventually to be privatized," Susan Wachter, professor of real estate and finance at the Wharton School of the University of Pennsylvania, told CNN. "But the stakes are very, very high as to how this is carried out." One way to mitigate the market swings that could occur would be for the government to charge the companies a fee for the guarantee of a bailout in a future crisis.

> "REDUCING POLICY RESTRAINT TOO FAST OR TOO MUCH COULD HINDER PROGRESS ON INFLATION"
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> JEROME POWELL,
> *chairman, U.S. Federal Reserve System*

Meanwhile, the impact of the Fed's interest rate decision also started to ripple out globally. While rates in the U.K. had dropped from a 16-year average high of 5.25% in June 2024 to 4.75% in November 2024, Bank of England policymakers told the BBC that any future rate cuts would likely be more gradual since inflation concerns persisted and the newly installed Labour government's budget and tax plans would likely increase consumer prices.

Meanwhile, the People's Bank of China instructed the country's commercial banks to lower mortgage rates for existing home loans by at least 30 basis points below the loan prime rate. The one-year rate was set at 3.35%, the five-year rate at 3.85%.

This Colonial Revival-style home in Washington, D.C., has a commanding presence in the heart of Georgetown's prestigious East Village.

Photo: TTR Sotheby's International Realty.

Political Changes

The impact of many national elections was still playing out as this report was being compiled. According to Reuters and The Economist, about half of the world's voting-age population—in nearly 80 countries, collectively accounting for more than 60% of global GDP—were eligible to participate in elections in 2024.

The most closely watched of these was in the U.S., the world's largest economy and third-largest nation by population, which elected its next president in November. The Republican Party achieved a decisive victory in the election, winning the presidency and securing a majority in both houses of Congress. The outcome led to a surge in the U.S. stock market according to a report in The New York Times on November 6, 2024—the day after the election—and strengthened the value of the American dollar against the currency of major trading partners, including Japan, Mexico and China, due to the proposed tariffs the incoming administration has promised to impose against foreign goods. According to analysts cited by the The New York Times, the incoming Republican president's economic platform is expected to bolster growth but also raise inflation, which could lead to higher interest rates over time.

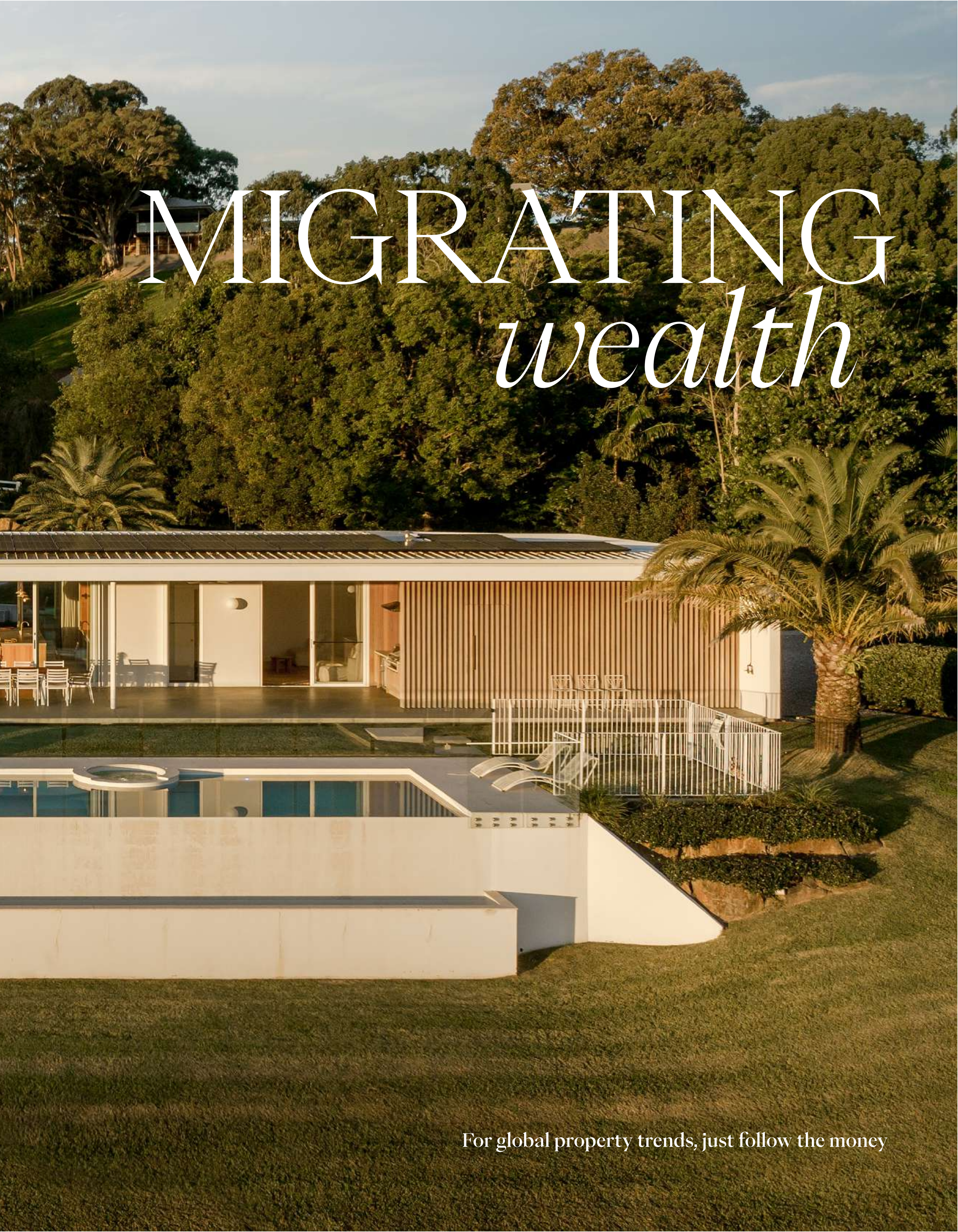
Meanwhile, in the U.K., a landslide victory for the Labour Party in July 2024 stimulated the property market, with home prices in September rising at their fastest pace in nearly two years. The average price was up 4.7% from a year before and had risen for the third straight month, according to U.K. lender Halifax. However, a projected increase in taxes on the country's wealthy has led real estate agents in the luxury sector to seek out U.S. buyers for their high-end properties, according to Bloomberg.

And in India, the incumbent Bharatiya Janata Party (BJP) held onto power but did not win an outright majority, leading to a coalition government with the Telugu Desam Party and Janata Dal (United). The BJP's tepid victory has not adversely affected the country's property markets, however, with a September 2024 Reuters poll of housing experts finding that property prices in India were expected to rise 7.75% in 2024, nearly double 2023's 4.3% growth, mainly driven by demand for luxury properties. ■

Las Palmas, built in 2020 to honor the essence of midcentury-influenced Australian design, unfolds from a central foyer across two expansive linear wings.

MIGRATING *wealth*

For global property trends, just follow the money



Occupying the 10th and 11th floors, this five-bedroom penthouse located in the prestigious One Hyde Park building offers uninterrupted views of London.

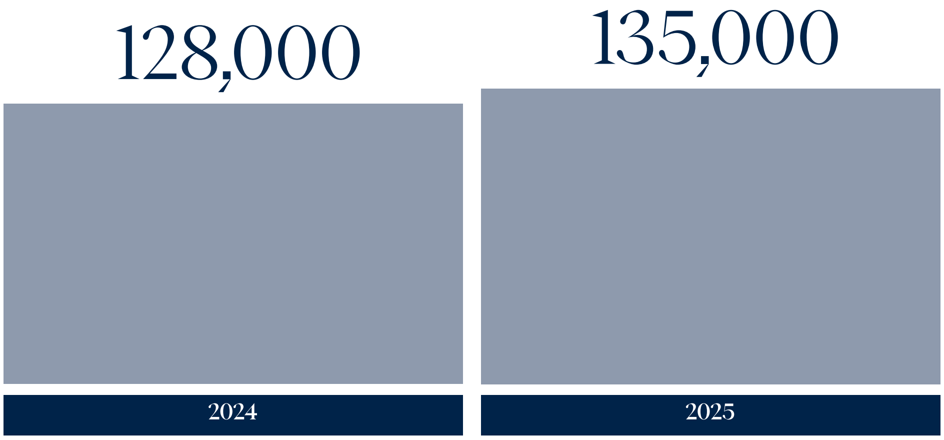
Millionaires are on the move. The great wealth migration, which paused briefly during the pandemic, hit record levels in 2024 as an estimated 128,000 high-net-worth individuals (HNWIs) migrated to new countries, according to the 2024 Henley Private Wealth Migration Report, an annual publication analyzing the movement of HNWIs and their wealth.

This trend was further backed up by banking giant UBS, which found in its December 2024 Billionaire Ambitions Report that the world's ultra-wealthy have relocated more frequently since 2020, with 176 having moved from a total population of 2,682—or one in 15.

Although there is no standard legal definition, a HNWI is popularly defined as someone with at least US$1 million in investable assets. Shifts in HNWI demographics are an important barometer of a country's economic health and political stability, with major outflows often indicating serious underlying issues. A country's political climate was found to be the primary concern of both buyers and sellers when choosing housing, a 2025 survey of Sotheby's International Realty agents revealed, followed by interest rates, inflation and tax reform.

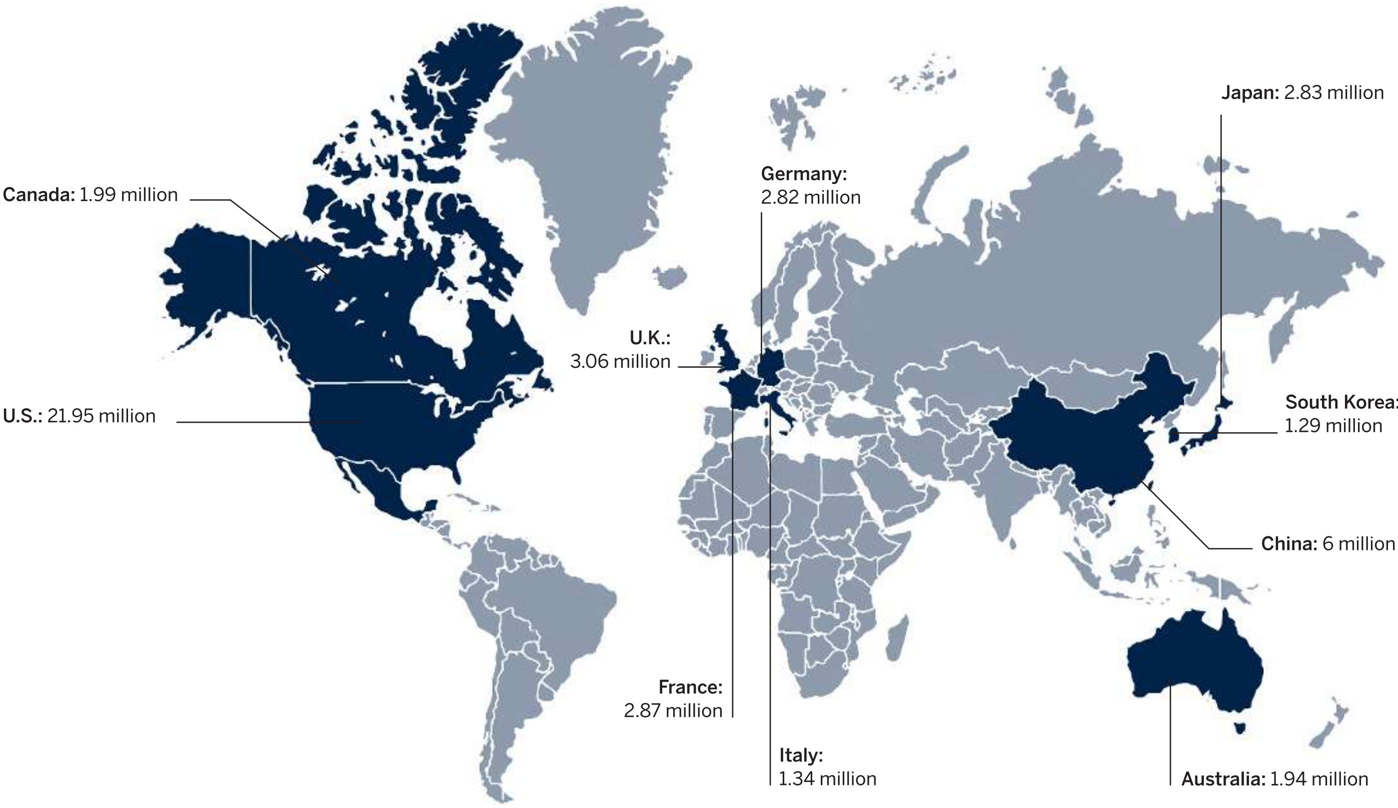
Number of HNWIs migrating to new countries.

Source: Henley & Partners.



The top 10 countries HNWIs call home.

Source: UBS Global Wealth Report 2024.



With over 135,000 HNWIs projected to migrate in 2025, according to the Henley report, understanding these trends is crucial for investors and real estate professionals seeking to navigate the evolving dynamics of luxury markets while capitalizing on emerging opportunities.

Where HNWIs Are Currently Based

The U.S. is home to 21.95 million HNWIs, or 38% of the global total, according to the 2024 UBS Global Wealth Report. The Henley USA Wealth Report for 2024 found that most HNWIs live in New York City, New York (349,500); the San Francisco Bay Area, California (305,700); Los Angeles, California (212,100); Chicago, Illinois (120,500); Houston, Texas (90,900); and Dallas, Texas (68,600), followed by Seattle, Washington; Boston, Massachusetts; Miami, Florida; Austin, Texas; and Washington, D.C.

New York stands out with attractive financial incentives, including investment opportunities, access to global markets and wealth management services, not to mention a rich cultural scene.

"New York remains the financial capital of the world, along with the best of art, fashion, dining, music, theater, medicine and, not least, some of the world's most interesting people," says Nikki Field, senior global real estate advisor and associate broker, Sotheby's International Realty - East Side Manhattan Brokerage. "New York real estate is the ultimate store of value, a tangible asset similar to gold, but one that you can actually enjoy and live in."

Not far behind New York, San Francisco, California, is a secondary U.S. hub for wealth, attracting HNWIs with its booming tech sector and innovation-driven economy.

"Silicon Valley has always attracted global talent," says John Young, global real estate advisor, Golden Gate Sotheby's International Realty. "I expect the luxury property market to look fairly similar in a year, because the core drivers—the imbalance of new jobs to new housing units, being the center of the innovation economy and the rapid minting of affluence (NVIDIA employees being the most salient recent example)—look to remain strong for the foreseeable future."

The American Immigration Council reported in 2021 that 40.6% of the population of Santa Clara County, in California, where Silicon Valley is located, is foreign-born. "On a recent listing that sold for US$14.5 million, the buyer pool was a third locals, a third overseas Chinese and a third from everywhere else, including New York, Switzerland, Florida, England, Russia, Boston and Hawaii," says Young.

Although New York City and the San Francisco Bay Area are likely to stay in the top five for years to come, the current most popular states for relocation are Florida, Texas, North Carolina, Arizona and South Carolina, highlighting a growing preference for the South, as reported by MarketWatch in August 2024.

"Houston, Texas, is a hub for the energy sector. We are continuing to see an inflow of HNWIs in energy-related positions," says Walter Bering, broker associate, Martha ▶

Turner Sotheby's International Realty. "Since Texas does not have a state income tax, we have also seen an influx of buyers from other states looking for some tax relief. Prices for a luxury home in Houston are usually less than what a relocating buyer would pay in their prior location; therefore relocating HNWIs are usually very pleased with their housing choice."

In global terms, China, the world's second-largest economy, is home to more than six million HNWIs, according to the UBS report. And they tend to live in the country's major cities, with Beijing leading the way with 125,600 HNWIs, followed by Shanghai (123,400), Shenzhen (50,300), Hangzhou (31,600) and Guangzhou (24,500), according to Henley & Partners.

The U.K. is third in the UBS report, with 3.06 million HNWIs, most of whom live in London (227,000) and Manchester (23,300). The rest of the top 10, in descending order, is made up of France (2.87 million), Japan (2.83 million), Germany (2.82 million), Canada (1.99 million), Australia (1.94 million), Italy (1.34 million) and South Korea (1.29 million).

Where HNWIs Are Coming and Going

The United Arab Emirates (UAE) is the world's leading wealth magnet, with inflows from the U.K. and Europe contributing to a record-breaking 6,700 HNWIs immigrating there in 2024, in many cases attracted to the UAE's thriving luxury real estate market, appealing tax incentives, golden visas offering residency in exchange for investment and lifestyle options that cater exclusively to the wealthy.

A steady and surefire number two, the U.S. welcomed an additional 3,800 millionaires in 2024 and Singapore came in third with a net inflow of 3,500. Following were Canada (3,200), Australia (2,500), Italy (2,200), Switzerland (1,500), Greece (1,200), Portugal (800) and Japan (400), as reported by Henley & Partners.

In regard to outflow, millionaires are continuing to move out of China, with 15,200 HNWIs leaving in 2024 following the 13,800 who left in 2023. The majority of them are relocating to Singapore, Canada, Japan or the U.S.

After the U.K. saw 4,200 millionaires exit in 2023, its HNWI migration out of the country more than doubled in 2024, to 9,500. Following Brexit, the U.K.'s political and economic landscape has changed considerably, with millionaires attributing their departure to rising taxes, political and economic uncertainty, along with competing and more favorable wealth preservation options abroad, according to Henley & Partners.

At number three, India saw a loss of HNWIs that slowed considerably, with a 2024 projected outflow of 4,300, compared with 5,100 in 2023. South Korea was forecasted to lose 1,200 in 2024, up from 800 in 2023, and Russia's exodus has finally slowed: 1,000 HNWIs were expected to relocate in 2024, following the 2,800 who left in 2023 and the 8,500 who relocated in 2022.

Following the top five are Brazil (800), South Africa (600), Taiwan (400), Nigeria (300) and Vietnam (300). All inflow and outflow data was gathered from the Henley Private Wealth Migration Report 2024.

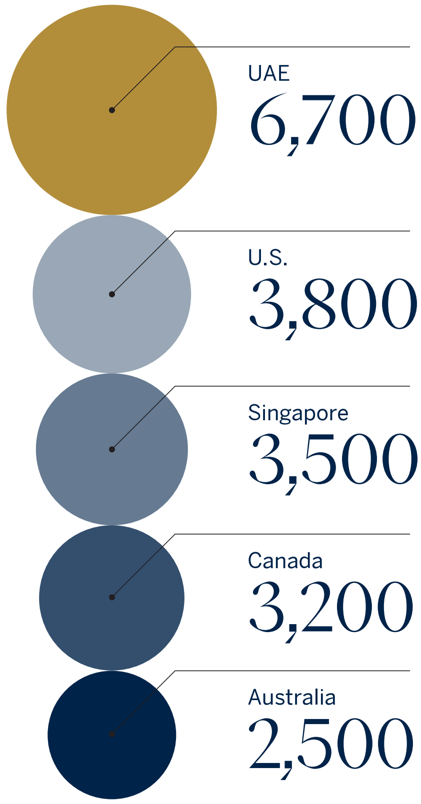
The luxury property market has seen many gains during this time, with a few countries in particular experiencing major shifts due to HNWI inflows and outflows.

Australia

The luxury property market in Australia has "skyrocketed" over the past five years, according to a report published in July 2024 by Westpac Private Bank's inaugural Prestige Property Report, with the number of homes selling for more than AU$5 million increasing by 240% between

The top 5 countries HNWIs moved to in 2024 (number of people).

Source: Henley & Partners.



Luxury properties in Australia such as Las Palmas in Byron Bay are highly sought after by migrating HNWIs.

2019 and 2021 before leveling off in 2022 to 2023. This growth has largely been seen in Sydney, which accounted for nearly two-thirds of luxury sales according to Westpac, followed by Melbourne, Brisbane, Perth and Adelaide.

"Interestingly, despite global economic uncertainty, Australian buyer demand has remained robust," Westpac's report found. "We can attribute this resilience to historically low interest rates but also a preference for housing assets where values have historically shown less vulnerability to shocks. Australia also recorded a rise in foreign investment activity, albeit from a relatively low base during the pandemic."

"The luxury property market has been fueled by strong demand for lifestyle properties," says Lana Faulkner, head of growth and performance, Queensland Sotheby's International Realty. "HNWIs are increasingly drawn to these areas. Over the past year, we've seen a significant influx of buyers seeking beachfront homes, rural estates and properties that offer proximity to these tropical destinations."

A growing desire for bespoke features, such as wellness amenities, sustainable design and access to Australia's world-renowned natural treasures has attracted the wealthy to Queensland's luxury property market.

"This surge in interest has driven property values higher, and we've seen several high-end transactions as a result," says Faulkner. "Looking ahead, with the continued appeal of Queensland's lifestyle destinations, flexible remote working and Australia's stable economy, we expect the luxury property market to remain strong and continue growing."

At the time of publication, there are more than 250 luxury homes listed for sale in Australia, highlighting an active and vibrant luxury property market. One major highlight of 2024 was the AU$30.39 million (US$20.1 million) sale of a four-bedroom, five-bath waterfront mansion called Rockpool in Vaucluse, a suburb of Sydney, by Sydney Sotheby's International Realty. A growing interest from HNWIs in Australia's luxury properties reinforces the trend of ▶

The scenic Wetherly Estate is set in 30 acres of grounds and gardens on Salt Spring Island, Canada.

rising property values and increased high-end transactions, signaling the potential for continued expansion.

Canada

In 2024, Canada's luxury real estate market exhibited remarkable stability. According to Sotheby's International Realty Canada's Top-Tier Real Estate: Fall 2024 State of Luxury Report, released in October 2024, the market for condos in Toronto and Vancouver has shifted to favor buyers, with prices stabilizing as supply outstrips demand. "While demand for luxury single-family homes has remained resilient, overall market dynamics have evolved to better favor homebuyers in these two key markets, creating advantageous conditions for purchasing luxury homes in cities typically renowned for hyper-competition."

According to the report, sales of homes priced over CA$4 million remained consistent year-over-year in the Greater Toronto Area during the peak summer season (July-August 2024), with an uptick of around 3%. "Preliminary fall activity indicates similar trends ahead, as CA$4 million-plus residential sales in the Greater Toronto Area saw an annual increase of 9% between September 1-30 [2024]," the report found. The most impressive activity was seen in Calgary, however, which "continued to surpass major cities across Canada in the third quarter of 2024, as gains in population from immigration and in-migration boosted demand across all residential housing types." September 2024 luxury sales activity was pointing to an active and healthy market ahead, the report added, with CA$1 million-plus sales up by 15% and with two properties sold over CA$4 million.

"Canada has long been recognized as a global destination for HNWIs for a wide variety of reasons," explains Don Kottick, president and CEO, Sotheby's International Realty Canada. "Our very conservative and stable banking system not only withstood but actually shone during the 2008 global financial crisis, which did not go unnoticed by many HNWIs. Canada is also a land of vast resources, unlimited water, excess supplies of natural gas and petroleum, a functioning healthcare system with social safety nets and still with lots of open land to grow and expand. The tax rate to deliver our high Canadian standard of healthcare and infrastructure is slightly elevated relative to other global destinations, but changes in the government often bring adjustments. Canada will continue to be a global destination as we also benefit from being next to the biggest economy in the world—the U.S."

"In 2024, we had a slightly lighter May and June relative to 2023, but the pace in the other months drove the activity levels to the point where we will have a stronger year," Kottick adds. "Our total listing count is approximately 2,500 listings across Canada. Our most expensive listing sold in 2024 was CA$14.27 million, occurring in Quebec, and the most

> "CANADA HAS LONG BEEN RECOGNIZED AS A GLOBAL DESTINATION FOR HIGH-NET-WORTH INDIVIDUALS FOR A WIDE VARIETY OF REASONS"
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> **DON KOTTICK,** *president and CEO, Sotheby's International Realty Canada*

expensive buy-side transaction was CA$14.75 million in West Vancouver."

Compared with 2023, sales for luxury homes were up for the first eight months of 2024, with Halifax, Nova Scotia, recording the highest year-over-year median price rise of 8.6%, as reported by the Nova Scotia Department of Finance in April 2024.

"We found that Alberta was one of the provinces that led the luxury market in all of 2024, specifically Calgary, followed by Edmonton," Kottick says. "Calgary and Montreal led the way in the major centers in terms of housing affordability. And Toronto was the chosen destination for arriving residents."

While sales remain strong throughout Canada, many are waiting to see if the foreign buyer ban, which has blocked foreign ownership of Canadian housing since 2022 and was extended to January 2027, will be lifted. In the coming year, the interplay between government regulations and evolving buyer preferences will be pivotal in shaping the future of Canada's luxury housing market.

"The current government implemented a foreign buyer ban directed primarily at urban markets, not rural properties," says Kottick. "It has been determined that the ban did not create the desired result, however, it will remain until the next election, which could happen any time within the next 12 months. The ban also resulted in unintended consequences, as many smaller provinces suffered economic slowdowns due to reduced tourism. It also restricted investment in new construction, which negatively slowed the needed addition of new inventory into the market. Canada does track the number of foreigners buying in Canada, but the numbers have never exceeded 1% to 2% of the market."

United Arab Emirates

Dubai's luxury real estate market continues to experience an unprecedented surge in growth, with a record-setting influx of HNWIs driving US$4.4 billion in investments and a notable rise in the sale of ultra-high-end properties. Arabian Business reported in July 2024 that more than 100 homes priced at US$10 million and up sold during the first quarter of 2024, marking a 19% increase compared with the same period last year.

"One of the most notable trends in Dubai's prime and super-prime property segments this year has been the rise of branded residences, which saw an impressive 44% surge in transaction volume during the first half of 2024," says Chris Whitehead, managing partner, Dubai Sotheby's International Realty. Branded properties (see page 82), currently in high demand and short supply, include Baccarat Residences, the Four Seasons Private Residences DIFC, One & Only and Eden House.

"This year, investors have shown even stronger interest in branded residences—particularly those still under construction," says Whitehead. "These homes can easily command premiums upward of 25% for roughly the same size and quality as their unbranded counterparts. One factor here is the legacy behind some of these brand names—particularly historic brands like Baccarat, which rest on centuries of trust and heritage."

Living in the UAE offers many perks to HNWIs, including golden visas, which grant residence or citizenship in return for investment (see page 34), zero income tax and a lifestyle that caters to the wealthy. Providing a trusted legal framework that preserves and enhances wealth, the UAE has been successful in attracting HNWIs from around the globe, mainly from India, other parts of the Middle East, Russia and Africa, according to the Henley Private Wealth Migration Report 2024.

"From 24/7 concierge services to more niche amenities like residents-only cigar lounges, these branded residences offer a five-star hotel living experience," says Whitehead. "For busy investors who travel frequently, these amenities add immense value and convenience." As demand for branded residences continues to grow, the UAE's unique appeal as a haven for the wealthy underscores its position as a global leader in luxury living. ▸

Inspired by classical Italian villas, this home in Portola Valley, California, evokes the Tuscan countryside.

United Kingdom

Despite a net outflow of 9,500 HNWIs, the U.K. remains a magnet for wealthy individuals emigrating from the U.S., China, India and the Middle East, according to Henley & Partners, though recent political and fiscal changes—including a new government, strict tax rulings and budget decisions—could impact this trend.

"If you look at the biggest contributing factor, we have a change in government, we have shifted from Conservative to Labour," says Claire Reynolds, managing partner, United Kingdom Sotheby's International Realty. "Some of the wealthier residents invested in the U.K. would normally stay for a Conservative government, but there's a change in the non-domiciled policy. Currently, it means they only pay tax on what they make in the U.K., but the policy will soon change where all of their worldwide income will be taxed. We don't yet know the extent of what that policy change will look like."

Luckily, American buyers are stepping in. As Bloomberg reported in August 2024, in response to U.S. domestic politics and social challenges and encouraged by a strong dollar, a growing number of HNWIs are investing in British properties.

The supply of super-premium properties in the U.K. has increased since 2023 as sellers continue to enter the market, while demand has lagged slightly, reports TwentyCi, a U.K. residential property analyst, in its April 2024 Property & Homemover report.

This has led to a competitive market, since buyers have more negotiating power. Of four deals with foreign buyers amounting to US$250 million, Reynolds says three were completed successfully, and one fell through.

"Americans' love of London has never been stronger and I've never seen so many buying in London as there are now," says Reynolds. "It's a very resilient market because of the London lifestyle, the stability, education system and language. London remains one of the most popular areas to buy."

In a dynamic landscape shaped by political changes and shifting policies, the enduring allure of London, bolstered by a surge of American investment, highlights the city's resilience and continued status as a prime destination for HNWIs.

United States

Despite having the second-highest millionaire inflow, the U.S. is experiencing the lowest level of foreign-buyer purchases since 2009 (see page 34), driven partly by higher interest rates and a strong dollar.

As detailed by the National Association of Realtors 2024 Profile of International Transactions in U.S. Residential Real Estate report, international buyers purchased US$42 billion in existing residential properties in the U.S. from April 2023 to March 2024, down 21.2% year-over-year, with foreign buyers purchasing 54,300 homes, down 36%.

According to John Young, global real estate advisor, Golden Gate Sotheby's International Realty, Silicon Valley in California continues to draw in HNWIs and its luxury property market remains unaffected by any decrease in international buyers. "We have seen a decrease in Chinese buyers looking for properties in the US$2 million to US$5 million range, as it's become harder for them to move money to the U.S.," says Young. "But in the US$10 million-plus range, many ultra-high-net-worth buyers have money outside China already, so are not as impacted. However, there are plenty of local buyers who are filling the gap and keeping prices strong."

According to the Henley & Partners 2024 USA Wealth Report, Florida and Texas are also exceptions and have been steadily accumulating more HNWIs while strengthening their luxury property markets along the way.

"Florida is attractive to HNWIs for many reasons," says Joel Schemmel, global real estate advisor, Premier Sotheby's International Realty in Florida. "Certainly, among them is the strong investment environment and stability of the U.S. market. Another reason is that Florida continues to have an amazing combination of factors to fuel this migration, including no income tax, a fantastic warm climate, a multitude of year-round lifestyle options, workplace mobility and significant infrastructure investment, such as schools and airports."

"A strong positive migration to Florida certainly plays into the luxury real estate market. While we saw amazing value increases during the pandemic years, we have continued to see a more modest positive value trend in recent years," Schemmel says. "In the last year or so, we have seen a trend toward more availability of real estate in the luxury market. Buyers are enjoying having more options."

Texas is another location that does not impose a state income tax, which has similarly resulted in an influx of buyers looking for tax relief, according to Bering. "The price of a luxury home in Houston is usually less than a relocating HNWI would pay in their current location, so they are usually very pleased with their choice. I sold a property in August 2024 to a Chinese family with a list price of US$6.399 million." The most appealing feature of the location for that family was a nearby private school their children ▶

When location is everything, a residence situated in one of Chicago's most sought-after neighborhoods is an ideal choice.

> “PROXIMITY TO GOOD SCHOOLS IS OFTEN A DECIDING FACTOR IN WHERE A BUYER WILL PURCHASE”
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> **WALTER BERING,** *broker associate, Martha Turner Sotheby’s International Realty*

could attend. “Proximity to good schools is often a deciding factor in where a buyer will purchase,” Bering says.

And although most HNWIs purchase their home for cash, interest rates can still affect their decisions. “‘Move-up’ buyers—those looking for a bigger home or one in a better location—will be inclined to make the move when interest rates drop. That would create more demand and ultimately higher prices,” Bering says.

As the U.S. luxury real estate market navigates a complex landscape marked by fluctuating interest rates and changing buyer demographics, regions like Florida and Texas demonstrate resilience and an increasing appeal to HNWIs, ensuring a competitive market moving forward.

Singapore

Singapore emerges as a renewed hotspot for inbound wealth, according to Henley & Partners, clinching the third most popular location for HNWIs based on its reputation as the most business-friendly city on Earth. “Singapore consistently ranks among the top destinations for migrating millionaires,” Henley & Partners found. “It is also the world’s fastest-growing family office hub, aided by the absence of capital gains tax in the city-state.”

It’s impressive considering that, with a total population of only 5.9 million, Singapore has more than 300,000 millionaires—meaning 5% of its residents are HNWIs. And all those millionaires are looking for a place to live, resulting in the total value of luxury homes in Singapore reaching US$482.5 million in the second quarter of 2024, up 26.2% from the first quarter’s US$382.4 million, according to The Straits Times.

“Singapore is able to attract wealthy foreigners due to its strong rule of law, robust and predictable regulatory regime, safe and family-friendly environment, as well as its world-class education and healthcare systems,” says Veniz Kwong, head of sales, List Sotheby’s International Realty, Singapore. “Yet there has been a noticeable decline in property investment since mid-2023.”

According to data from Singapore’s Urban Redevelopment Authority, the 60% additional buyer’s stamp duty (ABSD) imposed on non-residents has curbed foreign investment, notably in high-end residential properties.

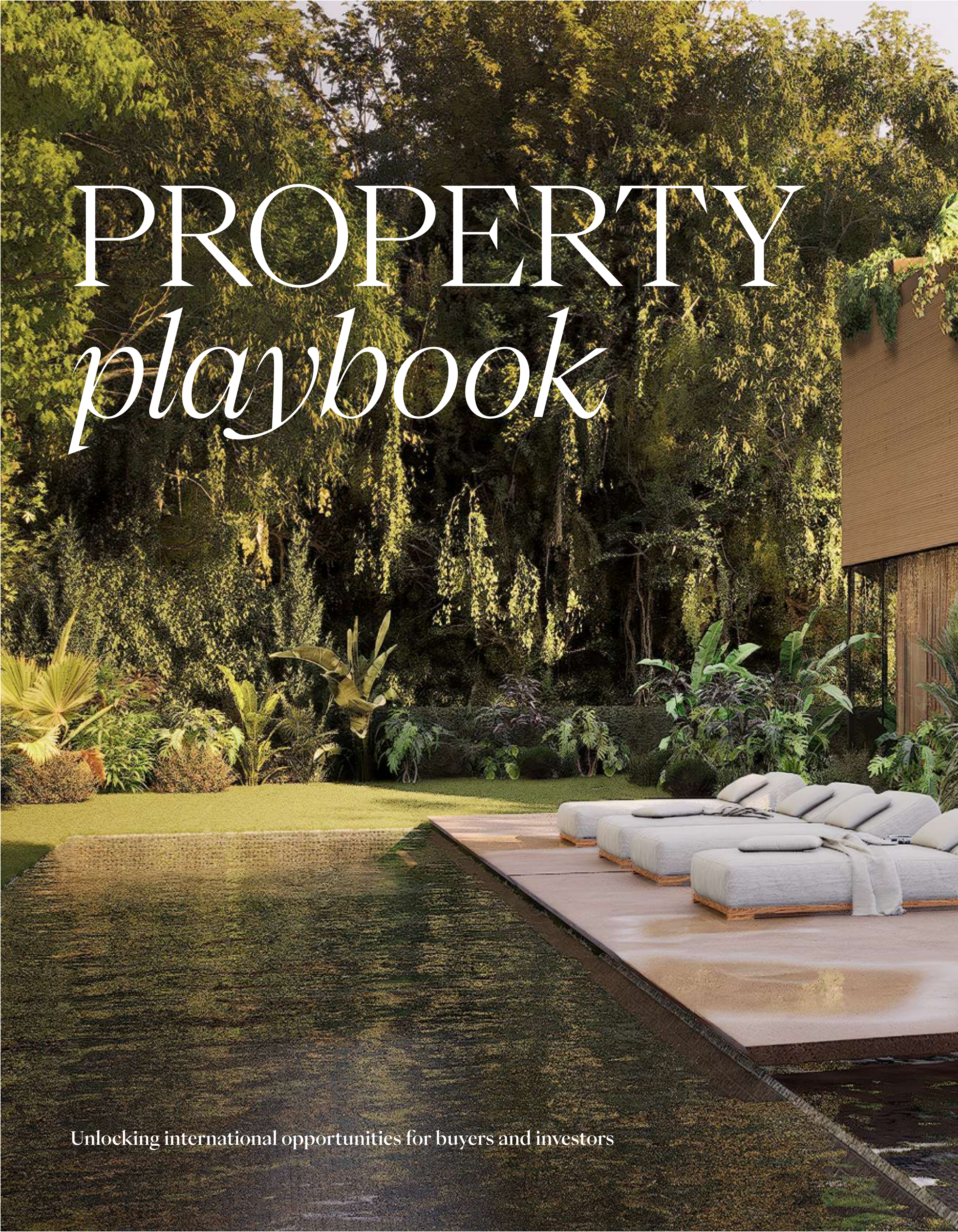
“The luxury market has slowed down in the past year, in line with the wider market. Yet, prices have been holding up, mainly due to a scarcity of luxury property for sale, as well as the ability of sellers to stay put if offers do not meet their expectations,” says Kwong. “We have observed an increasing trend of foreigners waiting to obtain permanent residency before they invest in residential property.”

Despite recent challenges, the city-state’s robust legal framework and quality of life continue to attract investors, suggesting a promising outlook for the luxury property sector as it adapts to the evolving trends in foreign investment.

As can be seen from these examples, the ongoing migration of HNWIs is reshaping global property markets, with 2024 marking a record influx of millionaires seeking new landscapes and opportunities. Regions like the United Arab Emirates, the U.S. and Singapore have emerged as key destinations, driven by favorable economic conditions, political stability and appealing lifestyles. Despite some challenges—such as regulatory hurdles in Singapore and changing tax policies in the U.K.—the luxury real estate markets in these regions continue to thrive, reflecting healthy competition and strong demand.

As HNWIs navigate their relocation choices, their preferences significantly impact local real estate dynamics, emphasizing the importance for buyers and sellers alike of understanding wealth migration trends. ■

Photos: (pages 22 and 23, 27) Byron Bay Sotheby’s International Realty; (page 24) United Kingdom Sotheby’s International Realty; (page 28) Sotheby’s International Realty Canada; (page 30) Golden Gate Sotheby’s International Realty; (page 32) Jameson Sotheby’s International Realty.


PROPERTY
playbook
Unlocking international opportunities for buyers and investors

The Infinite House in Lisbon, Portugal, is a unique architectural work comprising two interconnected structures that form an infinity symbol.

With the world's wealthy migrating to new countries in record numbers (see page 22), the global property market for high-end homes is witnessing a dynamic shift, as savvy investors look beyond their traditional borders to secure prime real estate.

In the U.S., foreign interest in residential properties sat at a 15-year low, according to a July 2024 report from the National Association of Realtors (NAR) on international transactions in U.S. residential real estate, driven in part by a strong U.S. dollar and rising home prices. NAR also estimated that 50% of U.S. home sales to foreign buyers were in cash, making the strong dollar a deterrent to international home sales. However, this trend may change in the coming months, according to NAR chief economist Lawrence Yun.

In 2025, international engagement in the U.S. could seem uncertain at first, Yun says, due to the high trade tariffs the president-elect has suggested implementing against countries including Canada, Mexico and China, which led the list of countries with the most U.S. home purchases, according to NAR. "Yet the [incoming] administration is likely to welcome foreign investment and purchases in the U.S., since the concern is about Americans buying too many foreign products [over those made in the U.S.]," Yun says, adding that, as a real estate developer with a number of properties in the U.S., the president-elect would no doubt welcome foreign buyers. "In addition, the Federal Reserve and many other central banks are in an interest-rate-cutting mode and that often lifts real estate sales, including international sales," Yun says. "I expect some gains in foreign buyers in 2025."

The biggest factors affecting foreign buyer activity in the U.S. are lower interest rates and continuing job gains, Yun adds, which point to a healthy American economy. "It is also interesting to see the value of gold and Bitcoin rise so much in the past year. This is likely due to high national debt in the U.S. and generally in many other countries," he says. "In times of financial overstretch, there is a desire for more limited supply assets like gold and Bitcoin. Certainly, real estate could be considered to be in this category. So there may be increased interest in U.S. real estate as a way to diversify asset holding by the wealthy, domestically and globally."

The most popular destination for foreign buyers in the U.S. was Florida, which has held the top spot for 16 consecutive years, according to the NAR report, and Yun expects that state to continue to attract the most foreign buyers in 2025. "It is still more affordable in relation to [other markets]," he says.

"Real estate continues to be a key vehicle for foreign buyers seeking not only financial growth but also security and global mobility," says Tammy Fahmi, senior vice president, global servicing and strategy, Sotheby's International Realty. "In the past year, our companies have seen international buyers from Canada, U.K., UAE, Mexico, France, Hong Kong, and Portugal investing in U.S. properties." For investors, this moment presents the potential for significant returns, especially in markets like luxury real estate, where all-cash transactions remain common. By acting strategically, international buyers ▶

Foreign buyer activity in the U.S.

Source: National Association of Realtors.

Year	Total value	Number of units
2011	US$66.4 billion	210,800
2012	US$82.5 billion	206,200
2013	US$68.2 billion	192,500
2014	US$92.2 billion	232,600
2015	US$103.9 billion	208,900
2016	US$102.6 billion	214,900
2017	US$153 billion	284,500
2018	US$121 billion	104,821
2019	US$77.9 billion	183,100
2020	US$74 billion	154,000
2021	US$54.4 billion	107,000
2022	US$59 billion	98,600
2023	US$53.3 billion	84,600
2024	US$42 billion	54,300

Occupying 26 forested hectares, this spectacular estate in Valle de Bravo, Mexico, features rivers, lakes and waterfalls.

Jumby Bay Island, a privately owned 300-acre Caribbean archipelago located off the coast of Antigua, offers privacy, serenity and sweeping ocean views.

can take advantage of favorable currency dynamics and property price corrections, potentially positioning themselves for future gains in a rebounding market.

Beyond the U.S., countries around the world leverage residency-by-investment programs—commonly known as "golden visas"—to entice high-net-worth individuals (HNWIs) seeking new homes, financial stability or even second citizenships. These programs, which vary widely in investment requirements and benefits, have proven especially appealing in places like Greece, Portugal and Singapore, where the promise of residency or citizenship in exchange for a financial contribution is reshaping global migration patterns.

Immigrating to a new country can be difficult even under the best circumstances, making residency and citizenship permits vitally important. To illustrate, fewer than 1% of those who want to permanently move to the U.S. can do so legally, according to the Cato Institute. Golden visas offer an alternative to standard immigration routes and can create a fast track to foreign residency. Such golden visas are of particular appeal to foreign homebuyers looking to purchase luxury properties as first or second homes or as investments, and they bring in billions of dollars of economic revenue to the countries that offer them. Greece, for example, has seen nearly US$6 billion enter the real estate market from foreign buyers in the 10 years since it opened its golden visa program, according to data released by Greece's Ministry of Migration and Asylum in February 2024.

Although not a legal term, a golden visa allows a HNWI to immigrate with residency rights in exchange for a "defined economic contribution" or investment, says Henley & Partners, a specialist residence and citizenship company. Depending on the country, golden visa programs grant residency, residency leading to fast-track citizenship or citizenship. ▶

The most attractive golden visas.

Source: Henley & Partners.

Each year, Henley & Partners issues reports comparing the relative worth of the most reputable residency and citizenship programs around the world, with input from leading academic researchers, country risk specialists, economists, independent expert immigration and citizenship lawyers. Countries are ranked based on factors including reputation, quality of life, taxes and investment requirements. Below are the top five residency and citizen programs from its 2024 report and their overall scores out of 100.

Residency

Citizenship

Golden visas were first issued by the Caribbean islands of Saint Kitts and Nevis in 1984, according to Investment Migration Insider. They have since been introduced around the world in many different versions. Requirements vary by country, but standard investment options include cash and government bonds, usually bought in the nation's currency, and real estate.

Having a large HNWI population can materially benefit a host country. Their presence, says Henley & Partners, increases foreign-exchange revenue, supports local stock markets with equity investments and contributes to the direct and indirect creation of jobs. According to the Henley & Partners June 2024 report, about 20% of relocating HNWIs are entrepreneurs and company founders. That percentage increases to 60% for those whose wealth exceeds US$100 million.

While a few countries, including Ireland and the U.K., have altered or scrapped their golden visa programs entirely, according to Henley & Partners there are still more than 100 countries offering them, including 60% of those in the European Union. A quick look at residency-by-investment options in various trending markets highlights the many routes HNWIs can pursue to obtain residency or citizenship around the world.

Hong Kong

The New Capital Investment Entrant Scheme is Hong Kong's version of a golden visa. To apply, individuals agree to invest a minimum of HK$30 million (US$3.86 million) in "permissible assets," such as shares and bonds denominated in Hong Kong dollars. In September 2024, the South China Morning Post found that 47 applicants had entered the program, a number that is expected to grow throughout 2025.

According to Global Property Guide, a source of trends and information on buying overseas properties, foreigners can buy or rent property in Hong Kong without restriction, although some countries are excluded. "The Hong Kong government is implementing measures to revive the economy by encouraging global talent, immigrants and businesses to invest here and strengthen the property sector," says Kenichi Tamamura, general manager overseas business development, List Sotheby's International Realty, Hong Kong.

The special administrative region of China is celebrated as a business-friendly city with world-class infrastructure. However, its luxury property market has struggled in recent years due to supply shortages, high interest rates and the imposition of three additional stamp duties that targeted local speculators, second-home buyers and foreign investors in an attempt to cool down an overheating market. This changed in February 2024 when the government abolished all three additional stamp duties.

Tamamura says, "After the pandemic, many multinational company executives left. However, since the middle of 2024, we have seen more relocating to Hong Kong, which provides great support to the luxury property rental market. We are seeing HNWIs grow their property portfolios here due to the recent removal of additional stamp duty for foreign buyers, easing mortgage restrictions, falling interest rates and the New Capital Investment Entrant Scheme."

Mexico

While there is no official golden visa program in Mexico, there is also no barrier for non-residents who want to buy property: for 7,500 pesos (US$382) Mexico's Ministry of Foreign Affairs will

Active Investor Plus Visa
Investment over four years (in NZ$).
Source: Henley & Partners.

$5 million – $15 million

"MANY MORE YOUNG FAMILIES HAVE RELOCATED [TO SAN MIGUEL DE ALLENDE, MEXICO] SINCE COVID"

SHERYL CLARK, *owner and broker, San Miguel Sotheby's International Realty and Querétaro Sotheby's International Realty*

This coastal residence in Auckland, New Zealand, has been designed to make the most of its Takapuna beachfront position.

issue the necessary permit. "The only document required to apply is an active passport with a tourist visa, which is provided upon entering Mexico," says Sheryl Clark, owner and broker, San Miguel Sotheby's International Realty and Querétaro Sotheby's International Realty.

Applications for permanent residency grew 44% from 2022 to 2024, according to Mexico's Migration Policy Unit. Americans are the primary buyers of Mexican properties and accounted for 60% of all foreigners entering Mexico in the first quarter of 2024.

"San Miguel de Allende, which is about 170 miles northeast of Mexico City, is a large second-home market for U.S. citizens," Clark says. "Our market used to be primarily retirees, but since COVID, many more young families have relocated there and San Miguel de Allende provides an easy entry point to living in Mexico."

Outside of Querétaro and San Miguel de Allende, Mexico City continues to garner attention for its unique neighborhoods and comparatively low real estate prices—though it has the highest average home prices in Mexico.

"As we continue to see the greatest transfer of wealth to younger generations, we think we will continue to see an increasing number of young families moving to these areas," Clark says.

New Zealand

Announced in September 2022, the Active Investor Plus Visa has replaced New Zealand's former golden visas and allows applicants to live or work in New Zealand indefinitely. To qualify, applicants must agree to invest between NZ$5 million (US$3.2 million) and NZ$15 million (US$9.5 million) over the course of four years, while committing to live for at least 117 days in New Zealand over this period. Investments can include direct investment into approved businesses, managed funds, listed equities or philanthropy.

"Outside of this program, foreigners can't buy property in New Zealand unless they are Australian or Singaporean," says Mark Harris, co-founder and managing director, New Zealand Sotheby's International Realty. Negotiations for reopening the property market to overseas buyers with lower investment thresholds are ongoing in the government.

High interest rates, which rose from 0.25% in October 2021 to 5.5% in May 2023, cooled an overheating property market. Despite a sluggish 2024, a Reuters poll of property strategists conducted in ▸

Nestled in one of Bangkok's most desirable locations, The 528 Estate is a mansion curated by Baccarat and designed to epitomize opulence.

November 2024 predicts a 5.1% rise in housing prices for 2025 as projected interest rate cuts by the Reserve Bank of New Zealand take effect.

"New Zealand remains popular with Australians and expats returning home from Europe and overseas," Harris says. "It is still a relatively affordable place to buy and own a property, and geopolitical turmoil in the Middle East and Europe is driving more inquiries about such 'safe haven' locations."

Singapore

Singapore offers one of the most sought after golden visa policies in Asia: the Global Investor Programme. Qualifying investments begin at SG$10 million (US$7.8 million), and successful applicants generally receive a permanent residence permit within nine to 12 months of applying.

Growth in the number of family offices—companies that manage the assets of a single wealthy family—registered in the country has been a notable driver of the Singapore economy. Chee Hong Tat, the country's minister for transport and second minister for finance, recently reported that the number of family offices grew from 400 in 2020 to 1,650 in August 2024.

"Growth has been robust, and we expect the number of new family offices for 2024 to surpass the 300 that were added in 2023," says Veniz Kwong, head of sales, List Sotheby's International Realty, Singapore. "Wealth flowing into Hong Kong and Singapore is primarily from within Asia, led by HNWIs from mainland China, India and Indonesia."

“

FURTHER LOWERING OF INTEREST RATES MIGHT ALLOW HNWIs TO REVIEW THEIR INVESTMENT PORTFOLIOS AND SHIFT MORE FUNDS TOWARD PROPERTY

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VENIZ KWONG, *head of sales, List Sotheby's International Realty, Singapore*

When it comes to buying luxury property, obtaining residency is highly advantageous—non-residents pay a buyer's stamp duty of 60% on property purchases. “We have observed an increasing trend of foreigners waiting to obtain permanent residency in Singapore before they invest in property,” Kwong says, noting that purchases by citizens from the U.S., Switzerland, Iceland, Norway and Liechtenstein are exempt from 60% Additional Buyer's Stamp Duty on their first residential property purchase. “Further lowering of interest rates might allow HNWIs to review their investment portfolios and shift more funds toward property. Against this backdrop we expect the demand for luxury property to see some improvement.”

Thailand

One of the most sought-after destinations in Southeast Asia, Thailand offers affordable luxury housing and a high standard of living. The Thailand Privilege Residence Program, whose successful applicants receive the Thailand Elite Visa, is a long-term tourist visa allowing residency for 5, 10, 15 or 20 years and includes favorable tax breaks. According to the Thai Embassy, the application fee, paid directly to the government, is dependent on which membership program is chosen.

“We don't have a golden visa, but there is the option for foreigners to apply,” says Phakrjira Jansakran, director of sales, List Sotheby's International Realty, Thailand. “The Thailand Elite Visa is a long-term visa program designed to attract foreign nationals who wish to stay in Thailand for extended periods. Managed by the Thailand Privilege Card Company, a subsidiary of the Tourism Authority of Thailand (TAT), the Elite Visa offers multiple visa packages, each with different benefits, costs and durations.” Options include:

Gold card: A five-year multiple-entry visa for 900,000 baht (US$26,800).

Platinum card: A five-year multiple-entry visa that can be renewed for an additional five years. The cost for the main applicant is 1.5 million baht (US$44,680) plus 1 million baht (US$29,782) for each additional applicant.

Diamond card: A five-year multiple-entry visa that can be renewed for two additional terms of five years each. The cost for the main applicant is 2.5 million baht (US$74,452) and 1.5 million baht (US$44,680) for each additional applicant.

Reserve card: A five-year multiple-entry visa that can be renewed for three additional terms of five years each. It costs 5 million baht (US$148,900) and is only available via invitation.

“Foreigners can purchase and own condominiums in Thailand—with 49% of a building's total area allowed to be bought by foreigners and 51% set aside for Thai buyers. Foreigners can purchase a house and/or land by setting up a Thai company —whose shareholders must be 49% foreigner and 51% Thai—with a lawyer's support. Most foreigners who purchase villas in southern Thailand have to follow this process,” Jansakran says. “Foreign buyers in Bangkok largely prefer to buy condominiums rather than a house due to the ownership complications, but some foreigners who prefer houses will consult with a lawyer.” Research by CBRE Global Commercial Real Estate Services on condominium sales for the first half of 2024 revealed that foreign buyers composed 33% of the market, a steady jump from 25% in 2022-2023.

“In the super-luxury real estate sector, where units are 350,000 baht (US$10,300) per square meter and above, and within branded residential properties, sales were strong in the first half of 2024, achieving ▸

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> UPCOMING CHANGES INCLUDE THE REMOVAL OF PREFERENTIAL TAX TREATMENT FOR U.K. CITIZENS WHO ARE NOT RESIDENTS IN THE U.K. FOR TAX PURPOSES, STARTING IN APRIL 2025
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> CLAIRE REYNOLDS, *managing partner, United Kingdom Sotheby's International Realty*

rates of 86% and 90%, respectively," Jansakran says. "This success is partly due to the scarcity of supply, which likely heightened buyer interest and contributed to the brisk pace of sales. Key factors influencing a developer's decision to launch new projects include global and Thai economic conditions, which are likely to impact high-end and luxury markets, along with mid-range and lower segments, more than the super-luxury market."

Most HNWIs reside in Bangkok and Phuket, home to "Millionaire's Mile," which includes Nai Thon Beach, Layan Beach, Bang Tao Beach and Kamala Beach and is famed for its high-end luxury properties.

United Kingdom

The U.K. has made many changes to its residency rules over the past few years, notably to its golden visa program. The Tier 1 (Investor) visa allowed non-EU citizens to live in the U.K. in exchange for a large financial investment. It was closed in 2022 to curb the inflow of potentially illicit funds, namely from countries or individuals subject to international sanctions.

Otherwise, the U.K. offers a significant number of visas—with different eligibility qualifications and valid for varied lengths of time—for those who want to live, work or study in the U.K. They include the Innovator Founder visa for entrepreneurs and the Global Talent visa for those who excel in science or the arts. However, there are no residency qualifications for foreign nationals who want to buy U.K. properties.

The U.K. luxury home market is notable for its long-term stability and continues to offer good returns, though there are tax changes in the pipeline that might affect some investors. "We have had a change in government direction following the general election in July 2024," says Claire Reynolds, managing partner, United Kingdom Sotheby's International Realty. "Upcoming changes include the removal of preferential tax treatment for U.K. citizens who are not residents in the U.K. for tax purposes, starting in April 2025."

Changes to the non-domicile policy affect any U.K. resident whose permanent home, for tax purposes, is outside the U.K., according to an October 2024 report by the BBC. Currently a "non-dom" only pays tax on what they earn in the U.K., allowing HNWIs significant savings if their main home is in a lower-tax country.

United States

The U.S. government's EB-5 Immigrant Investor Program was started in 1990 to stimulate the economy by attracting foreign investment in commercial enterprises. Each applicant must present a plan to create or preserve at least 10 American jobs. In turn, they are granted the right to live and work freely in the U.S. and apply for permanent residency.

The EB-5 visa also requires a minimum investment of US$1 million. Investments can be made in cash, stock, infrastructure or equipment or to an established business that is struggling financially.

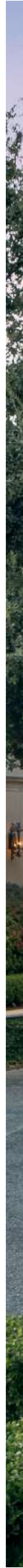
Interest rates have kept many waiting to purchase property; following 2022 interest rate hikes aimed at tamping inflation, investors finally saw relief in September 2024, when the U.S. central bank cut the federal funds rate to a range of 4.75%-5%.

While interest rates remain vital to luxury property buyers, the health of the stock and equity markets plays an even bigger role in most purchasing decisions. A growing trend for all-cash transactions has been noted in luxury property markets worldwide.

As real estate markets continue to evolve, investors can leverage shifting global, political and economic conditions with residency-by-investment programs to secure high-value assets abroad.

Given these options, investors are well-positioned to capitalize on the rising demand for luxury properties in both established and emerging markets, making 2025 a promising year for the luxury real estate market. ■

Photos: (pages 34 and 35) Portugal Sotheby's International Realty; (page 37) Mexico Sotheby's International Realty; (page 38) Antigua and Barbuda Sotheby's International Realty; (page 41) New Zealand Sotheby's International Realty; (page 42) List Sotheby's International Realty, Thailand; (page 45) Briggs Freeman Sotheby's International Realty.



This luxurious estate in Dallas, Texas, has been meticulously designed to provide the perfect private retreat.


Art for All
Art for All

Generational SHIFTS

The transfer of an estimated US$84T in wealth between older and younger generations is driving change in the market for high-end homes

A quarter of new developments in Spain—including this four-bedroom estate in Mallorca—are focused on luxury, which is higher than ever before.

The global real estate market has seen some dramatic shifts over the past five years, driven by fluctuating interest rates and the work-from-home revolution sparked by the global COVID-19 pandemic. The luxury property sector is somewhat insulated from things like interest rate changes, according to market experts including J.P. Morgan Private Bank. But a factor that could impact it is a massive intergenerational transfer of wealth on the horizon.

Wealth transferring from the Silent Generation and Baby Boomers to younger generations (in US$).
Source: Cerulli Associates.

$84 trillion

According to a January 2022 report from consulting firm Cerulli Associates, by 2045 as much as US$84 trillion will have flowed from the Silent Generation and Baby Boomers—those born between 1928 and 1964—into the bank accounts of their children and grandchildren. In response, the luxury market is changing to reflect the tastes and preferences of younger generations.

Many young buyers are using an inheritance to purchase their first home or to trade up to their second, according to an April 2024 report from the National Association of Realtors (NAR). Wealthy parents are also buying homes for their adult children, in some cases with money placed in a trust, according to a November 2024 report by Business Insider.

At the same time, women are coming into their own as independent homebuyers. They outnumbered single men by 12%, according to a November 2024 NAR report. These major trends are not only affecting the post-pandemic luxury market—they may help to define it for years to come.

The Rise of Generation X

According to the 2025 Sotheby's International Realty agent survey, the fastest-growing group of luxury-homebuyers is Generation X—those born between 1965 and 1980. They are expected to inherit the most money from their parents, an estimated US$30 trillion, according to data from consulting firm Cerulli Associates. Making up 24% of homebuyers in 2024, according to the NAR report, Generation X is also among the highest earners, with a median income of US$126,900 in 2023, which makes them able to afford larger homes, at a median size of 1,940 square feet.

"Many Gen Xers are now well into successful careers, and the work-from-home revolution is partly shaping their needs," says Cathy Taub, global real estate advisor, Sotheby's International Realty - East Side Manhattan Brokerage. "In New York City, Gen Xers want layouts with office space separate from the living areas and bedrooms," Taub says. "They prefer to have square footage allocated to kitchens and living areas as opposed to bedrooms—though they all seem to want a five-fixture bathroom. Outdoor space—whether a terrace, balcony or communal building roof space—is often a top priority, as well as amenity spaces for fitness and conference space."

As the next to reach retirement age, Generation X is also starting to look at homes that will accommodate them in later life, according to an April 2024 report from The New York Times.

Drawn by larger square footage and outdoor space, some buyers are seeking homes in the Garden State. As Dennis McCormack, broker and managing partner, Prominent Properties Sotheby's International Realty, which has three locations in northern New Jersey, states, "Just 17 miles from Midtown Manhattan, the suburbs of New Jersey can provide a luxurious sanctuary for city workers."

His clients haven't slowed their purchasing due to high interest rates, as they might have in the past, he says, since nearly all of them are buying in cash. About half his buyers work in finance, while many others are medical professionals.

"Everybody wants new builds," he says. "They don't want to renovate. That means there are some very good deals for people who don't mind rolling up their sleeves and renovating a bathroom and a kitchen. But my clients' time is valuable and they would rather pay a premium for a new property."

One major concern for McCormack's Generation X buyers is that they get the smartest home they can find on the market. "The more automated it is, the more it can do for you, the better," he says.

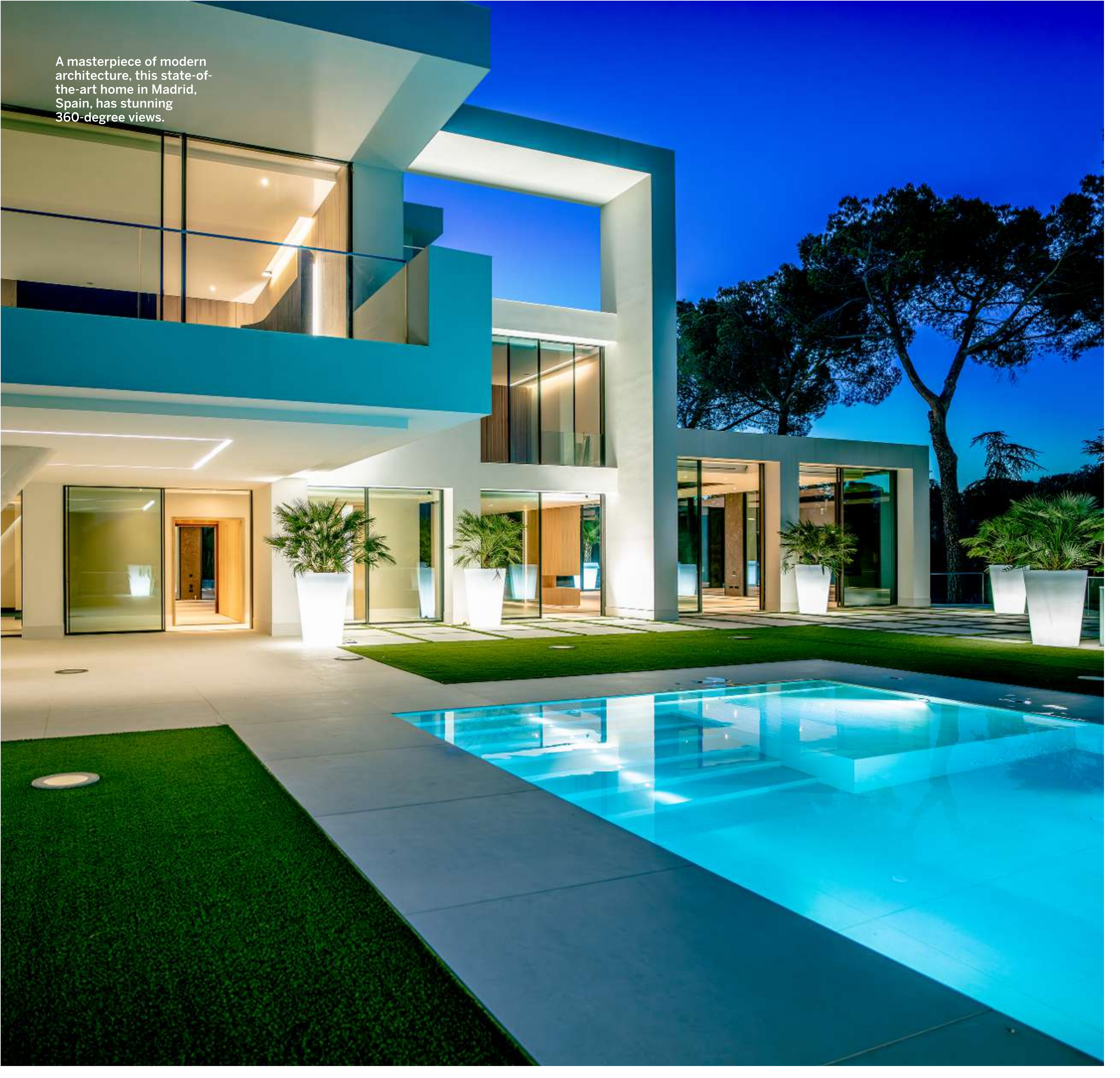
Parents Buying for Children

The current luxury market is a family affair. According to a September 2024 report by U.K. financial services firm Legal & General, gifts from family members to buy ▶

Sotheby's International Realty agents who cited Generation X as the fastest-growing demographic of homebuyers.
Source: 2025 Sotheby's International Realty agent survey.

53%

Overlooking the Gulf of Mexico from a sugar-sand beach, this custom six-bedroom home combines sophistication, comfort, and breathtaking vistas from nearly every room.



A masterpiece of modern architecture, this state-of-the-art home in Madrid, Spain, has stunning 360-degree views.

Family Fundings.
Source: Legal & General.

42 %

of surveyed U.K. homebuyers aged under 55 in 2024 had parental help.

$14.8 billion

will be given by parents to help their children buy homes by 2026 (in US$).

> DEVELOPERS HAVE COME TO UNDERSTAND THAT IT'S ABOUT LIFESTYLE—NOT JUST THE PROPERTY ITSELF BUT EVERYTHING AROUND IT
>
> —
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> PALOMA PÉREZ BRAVO, *CEO, VIVA Sotheby's International Realty*

property are at a record high, with 42% of properties bought in the U.K. in 2024 by people under 55 being financed with help from parents. By 2026, the firm estimates the annual amount given will reach £11.3 billion [US$14.8 billion]. This trend can be seen in other markets, too, including New York and Spain.

"In the past, Spain was never considered a luxury market compared with France, England or Italy, but in the past two years there has been an amazing change," says Paloma Pérez Bravo, CEO, VIVA Sotheby's International Realty. "Developers and everybody else have come to understand that it's about lifestyle—not just the property itself but everything around it."

A quarter of new developments in Pérez Bravo's market, she points out, are focused on luxury, which is higher than ever before. "International buyers are now taking a look at Spain and finding this is the moment to buy, because prices are increasing," she says.

"Parents are thinking this is a good way to transfer wealth to their children, especially in terms of tax advantages," Pérez Bravo says. "They also know that real estate is a hedge against financial instability and can help them to diversify their investment portfolio. People throughout the Latin world, from Mexico, Venezuela and Miami, are happy for their adult children to study or start a company in Madrid, and they know it has some of the world's greatest cultural assets."

Pérez Bravo says there is a noticeable difference in the preferences of the older and younger generations when it comes to property. Whereas parents are more likely to emphasize location and to think of the home as a status symbol, their children are thinking more about the lifestyle the home will afford them. They may put a priority on being close to a golf course or premium shopping, for example. These buyers are driving up the luxury market in parts of cities where the older generation might not have considered living.

Another issue that mainly concerns the younger generation is sustainability. They want a home that is "green and respectful," says Pérez Bravo. While E.U. countries already have stringent environmental legislation, the younger generation is happy to go above and beyond.

Back in New York City, Taub is also seeing a rise in parents opting to buy rather than rent properties for their children. "Given how tight the rental market has been and how attractive cash sales are for sellers, foreign buyers are opting to purchase rather than rent condos for their children," says Taub.

Recently passed regulations have also influenced the growth of cash sales. "The 2019 tenant protection legislation prohibits landlords from accepting more than one month's rent and one month's security, and it is more difficult for foreign investors to rent property in the U.S. if they don't have a credit history in the country, U.S. tax returns and other documentation required by landlords," says Taub.

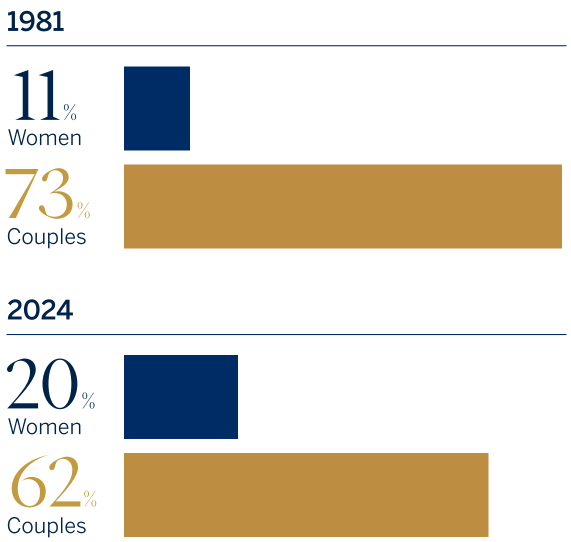
The Rise of Women Doing It for Themselves

Back in 1981, couples made up 73% of U.S. homeowners, according to data released in November 2024 by NAR. Over the ensuing three decades, that proportion fell to 62%. In the same period, single-woman homeownership rose from 11% to 20%. A similar gender shift holds for luxury property, especially among younger buyers.

Women's presence in the high-end housing market is set to increase, despite an enduring gender pay gap overall. According to McKinsey & Company research cited by Bloomberg news in December 2024, women are expected to be in charge of US$34 trillion, or about 38% of all investable assets in the U.S. by 2030, and in a December 2024 speech, Ida Liu, global head of Citi Private Bank, said women will control over 50% of the global wealth market in the next five years. What's more, data from a March 2024 report from the Bank of America Institute indicates that the coming intergenerational wealth transfer "will contribute to women controlling more wealth than ever before." ▸

Homeownership by women versus couples.

Source: National Association of Realtors.



"We are seeing more women than ever purchasing homes," says Marsha Burke, global real estate advisor, Scenic Sotheby's International Realty on Florida's Emerald Coast. She adds that women now represent about 20% of her clients. Burke's real estate territory includes some of the best beaches on the Gulf of Mexico, and the beauty of the surroundings is a major attraction for these buyers. "They are financially savvy and know what they want," she says. "Financial autonomy is the overarching theme that has propelled the number of women purchasing their own homes."

"From personal experience, younger women are motivated to purchase their own homes in part because of the opportunity to build wealth," Burke says. "Some of the considerations for younger women are long-term safety and security, as well as a space to work from home. They tend to value areas where they will be able to create community connections and lead active lives." And these women are ready to stand up for themselves, she says.

"I have had several experiences where women are willing to walk away from the negotiating table if their goals are not being met, both on the sale and the buy side," Burke says. "Gone are the days when there is a difference in negotiating with women versus men. Many women tap into their career experience and are empowered to take on the home-buying process."

According to a November 2024 report by NAR, the ages of homebuyers also reached all-time highs last year, with the median buyer age hitting a peak of 56 years old. While the typical first-time buyer was around 38 years old, NAR found some 50% of repeat buyers were 61 years or older. Among them are older single women who are downsizing and moving into homes that are more tailored to their needs. "Some are in their second half of life—they've lost a spouse or are divorced and have the wealth to make a choice about where they want to live," Burke says. Many are looking for an active lifestyle, so they look for access to features such as beaches, gyms and biking and walking trails and opt for buying a new home rather than moving into an assisted living facility.

While she offers a full range of services to all her clients, Burke adds that women buying on their own may be looking to their real estate agents for something distinct. "They're looking for a partner to walk them through the process," she says. "Even once they're in their new home, we can help them make social connections. I don't look at it as a sales role—I look at it as a partnership to help them find a home that's going to make them happy for years to come."

On the West Coast of the U.S., Lori Berris, global real estate advisor, Sotheby's International Realty - Beverly Hills Brokerage, also represents many senior women. "They are often looking for properties in gated and secure communities," she says. "They also want grounds, so they move into 20-acre complexes. They want resort living but in the middle of the city."

And while they may be downsizing their individual residences, they still want space for their treasured possessions. "My clients bring their art, sculptures and furniture," says Berris. "At one of my Century City complexes, I feel like I'm at the Los Angeles County Museum of Art."

Perhaps only one thing about the luxury housing market is certain—that it won't remain static. Experts continue to watch interest and mortgage rates closely, even as trillions in wealth, some of it in the form of luxury properties, will shift from older generations to younger. Meanwhile, women will continue to assert their own place in the market, fueled by an increasing concentration of wealth. Add evolving technology and an increasing demand for smart homes by Generation X buyers and what seems undeniable is that the luxury market will continue to evolve in exciting ways. ■

Photos: (pages 46 and 47) Mallorca Sotheby's International Realty; (page 49) Scenic Sotheby's International Realty; (page 50) Madrid Sotheby's International Realty.

Millennial TASTES

For the first time, a new generation has surpassed Baby Boomers as the biggest group of homebuyers —and their property preferences are distinct

The Millennial generation is breaking into the luxury property market in a major way. In the 2025 Sotheby's International Realty agent survey, those born between 1981 and 1996, currently aged 29 to 44, were identified as the second fastest-growing group of homebuyers by some 32% of responding brokers. They number some 72.7 million in the U.S., and according to the National Association of Realtors (NAR), surpassed Baby Boomers in 2024 to become the largest group of homebuyers at 38%, an increase from 28% in 2023.

This trend has been growing for some time. The Washington Post reported in 2022 that Millennials' impact on the housing market was being felt especially at the high end, and Fortune 500 homebuilding company Toll Brothers reported in May 2024 that 30% of its customers were first-time buyers—and that most of them were Millennials.

With some US$84 trillion expected to pass from the Silent Generation and Baby Boomers to younger generations, according to a January 2022 report from consulting firm Cerulli Associates, Millennials could inherit as much as US$27 trillion by 2045. So it's crucial to know how to get their attention, where they look for guidance about real estate and what distinct tastes they share.

Whether a result of changing tax regimes, the cultural impact of popular media like the HBO TV series "The White Lotus" or rapidly climbing real estate prices, Sotheby's International Realty agents from the shores of Lake Como in Italy to Washington, D.C., are navigating a new reality.

Attention Is Everything

One distinct aspect of Millennial buyers is, not surprisingly, their extensive use of social media in their property research. "Social media is everything," says Daniel Heider, global real estate advisor, TTR Sotheby's International Realty in Washington, D.C. "Almost everyone uses social media. TikTok has been the most downloaded app for some time. The smartphone is to our generation what the TV was to our parents and radio was to our grandparents. There's nothing more important than attention and most of the attention today is on social media."

Millennials are among the most active age groups on social media, with a June 2024 report by McKinsey & Company finding that Millennials and Gen Z buy products through social media four times more often than older generations do. More than one-third of survey ▸

> “MILLENNIALS WANT TURNKEY PROPERTIES, AND THEY’RE WILLING TO PAY FOR IT”

—

DANIEL HEIDER, global real estate advisor, *TTR Sotheby’s International Realty*

respondents from these younger generations said they had made a purchase on social media in the prior three months.

At least 50% of Heider’s clients are Millennials. Buyers in this age range aren’t usually coming into the market for the first time, he says. “They are coming into more money and many are now going from their first house to their second.” In other cases, a property’s resident may be a Millennial but an older relative is signing on the dotted line. “It’s not necessarily a new thing for us to list a property for US$3 million, US$4 million or US$5 million and sell it for cash to the parents of somebody who is incoming for graduate school,” he says. “We have luxury buildings that are chock-full of students.” Though some of his buyers are entrepreneurs, most purchasing at the US$3 million-plus level are using an inheritance or money that had been placed in a trust by their parents.

What are Millennial buyers looking for? “Turnkey properties,” says Heider. “They don’t want to deal with improvements. They want it ready, down to the landscaping, and they’re willing to pay for it.” That could include amenities, of which “wellness facilities, cold plunges, steam rooms, pickleball courts and infrared saunas” are popular. Millennials are not unique in prioritizing health-related assets: the Global Wellness Institute notes that the “wellness real estate” market—homes designed to support holistic health—may reach a value of US$887 billion by 2027.

The value of “wellness real estate” by 2027 (in US$).

Source: Global Wellness Institute.

$887 billion

“The White Lotus” Effect

The lifestyle in Italy may be slower than in power-driven Washington, D.C., but Diletta Giorgolo Spinola, head of residential, Italy Sotheby’s International Realty, says social media is just as crucial. A decade ago, she would make long videos to promote her properties, whereas now she makes an Instagram Reel of just a few seconds. “Now, we have Hollywood stars calling directly because of an Instagram Reel,” she says.

Giorgolo Spinola has also seen a surge in Millennial buyers. She says high-net-worth individuals are relocating because if they transfer their tax residence to Italy, they only have to pay a flat tax on income earned worldwide. The levy was introduced in 2017 to stimulate the sluggish economy and while it doubled in August 2024, it is still only €200,000 [US$218,000] a year. Now, even Mexican or South American buyers, who might typically have relocated to places like Miami, are bound for Italy. Meanwhile, in the U.K., the new government has resolved to end a tax benefit for non-domiciled residents—those whose principal home is not in the U.K. A “non-dom” currently only pays tax on income earned in the U.K., but under the new proposals would pay U.K. rates of tax on income earned anywhere in the world.

The quality of life relative to the expense in Italy is more affordable when compared to places like Paris and London, says Giorgolo Spinola. Even luxury buyers appreciate that they can dine very well in Italy for just €30 [US$32.90] a head. While families are more likely to buy in cities like Milan and Rome, wealthy younger buyers, including “digital nomads” and those in venture capital or tech, are more likely to buy in places like Lake Como and Lake Maggiore.

New buyers want a mixture of the old and the contemporary in their new homes. “The dream is a 21st-century home in a historic building,” says Giorgolo Spinola. Many of Italy’s cities are basically open-air museums and strict regulations govern alterations to the exteriors of older buildings. However, buyers

This grand villa on the hills above the city of Verbania, Italy, has wonderful views of Lake Maggiore.

In the heart of Austin, Texas, this meticulously designed home offers a private, serene oasis in an enviable central location.

The Millennial generation (those born between 1981 and 1996) by the numbers.

Source: National Association of Realtors, 2025 Sotheby's International Realty agent survey.

72.7

million people in the U.S.

38%

of homebuyers in 2024

32%

of Sotheby's International Realty agents surveyed cited Millennials as the fastest-growing generation of homeowners

$27 trillion

in inherited wealth by 2045 (in US$)

often renovate interiors to bring properties up to 21st-century energy consumption standards while also installing the latest amenities. "They want to be more self-sufficient," Giorgolo Spinola explains. "They want to buy properties with features like an olive grove, a vineyard or orange or lemon trees." Equally concerned about the health of the planet, they are also looking for sustainable homes.

While the media has always shaped perceptions of luxury, the increasing presence of streaming has changed the game. Hit shows and films such as "Bridgerton" and "Saltburn" are feeding a taste for Old World glamour, and Giorgolo Spinola saw "'The White Lotus' effect" first-hand after the HBO comedy-drama set its 2022 season in Sicily, Italy. "Two months later, we had twice as many American and British buyers looking there," she says. "It could be that, thanks to these shows, younger people understand that owning a piece of history is a status symbol. TV shows are definitely shaping their perceptions of what luxury is."

Instagram Is the Mood Board

If people buying in Italy are being inspired by "The White Lotus," those in Nashville, Tennessee, are more likely being drawn to the sort of high-end homes featured in entertainment television and on social media.

"I work with quite a few Millennials," says Kelly Ladwig, global real estate advisor, Zeitlin Sotheby's International Realty in Nashville, "and they have definitely been influenced by television shows and social media. Instagram has brought so many ideas and home features to so many people's attention. Now, my clients might want a walk-in scullery, a breakfast nook or a keeping room." As early as 2019, according to a report that year from Statista, some 65% of Millennials described social media as "extremely" or "somewhat" influential on their home decor decisions.

The Music City has seen luxury prices rocket in the 2000s, partly due to clients with funds from previous home sales in more expensive markets, says Ladwig. "A few years ago a luxury home in Nashville cost about US$1.5 million; now it's more like US$4 million to US$5 million."

Some of her Millennial clients work in tech and real estate, while others are athletes or influencers. "It's exciting working with them," says Ladwig. "They're savvy, they're smart and they are much more knowledgeable about what luxury is. They expect wine storage, bars and outdoor entertainment and for their home to be wired for sound and media. Many want golf simulators, music rooms and gyms. And we are now seeing builders put electric vehicle chargers in garages."

Depending on their household's makeup, some Millennials are seeking more square footage so their kids can entertain friends. Game rooms, movie rooms and swimming pools can make the house a place where they can congregate. Buyers without children might value more high-end finishes over size. Some of them use Instagram for inspiration, calling it "the new Pinterest," and follow interior designers to find new ideas.

Entire Nashville neighborhoods now reflect the arrival of the Millennial generation, Ladwig says. "We see a lot of Millennials moving to places like Green Hills, along with the always-popular East Nashville and the Nations. We are also seeing people move to neighborhoods like the Grove in College Grove, which five years ago was unheard of."

"Younger and younger buyers can aspire to luxury price points," Ladwig says. "Four years ago, I had clients who were 24 or 25 looking at luxury homes but who were really concerned they would be the youngest ones in the neighborhood. Fast-forward four years and the neighborhood is full of people their own age."

This trend is seen not just in Tennessee but across the country, as younger generations seek to grow their wealth through homeownership. "This notable rise is attributed to both younger Millennials stepping into homeownership for the first time and older Millennials transitioning to larger homes that suit their evolving needs," notes Dr. Jessica Lautz, NAR deputy chief economist and vice president of research. ■

Photos: (page 55) Italy Sotheby's International Realty; (page 56) Kuper Sotheby's International Realty.

IDEAL *locations*

Where are the most livable cities in the world? Discover the destinations that claim the title

Year after year, a number of cities consistently rank among the best places to live in the world based on research conducted by organizations such as the Economist Intelligence Unit (EIU) and U.S. News & World Report. What makes them so dependably hospitable to residents and investors comes down to a number of factors, including a location's economic stability, cultural and social benefits like museums and access to amenities such as outdoor recreation. Most of these cities also boast luxury living options for homeowners looking to enhance their lifestyles, both in terms of property and geography.

These lists can have genuine impacts on the cities they champion. "Rankings such as the EIU Global Liveability Index play an increasingly significant role in the luxury real estate market," says Andreas Kron, CEO, Zürich Sotheby's International Realty in Switzerland. Kron notes that Zürich's consistently strong ranking as one of the world's most livable cities "enhances its prestige and bolsters its appeal to prospective buyers and investors," adding that the lists draw particular interest from international clients, whether they are looking for an investment property or a new residence.

Vivienne Huisman, global real estate advisor, Sotheby's International Realty Canada, echoes that sentiment, "When a city like Calgary [which ranked fifth on the EIU's list] consistently ranks high, it enhances its global reputation, attracting individuals looking for a better lifestyle as well as businesses seeking a strong economic environment. These kinds of accolades often lead to a surge in interest, particularly from out-of-province buyers or international investors. They can also affirm ▸


In a historic quarter of Vienna's city center, this regal penthouse residence in a 19th-century building has been revitalized for luxurious modern living.

This Caribbean-inspired home enjoys a coveted location in Naples, Florida, which came in at number one on U.S. News & World Report's list of top 10 places to live in the U.S.

a city's potential for long-term growth and stability, increasing the perceived value of real estate investments."

For the Global Liveability Index 2024, published in July, the EIU assigned 173 cities throughout the world a score of 1 to 100, using 30 indicators spread among five categories: stability, healthcare, culture and environment, education and infrastructure. Based on this framework, the top 10 most livable cities in 2024 were Vienna, Austria; Copenhagen, Denmark; Zürich, Switzerland; Melbourne, Australia; Calgary, Canada; Geneva, Switzerland; Sydney, Australia; Vancouver, Canada; Osaka, Japan; and Auckland, New Zealand.

As is evident from the top 10, Western Europe maintained its position as the most livable region in the world. This was also Vienna's third year in a row at the number one spot, which the Austrian capital clinched with a score of 98.4. This is based on the city receiving a perfect score of 100 across four of the five metrics the EIU tracks. The exception was a score of 93.5 in the category of culture and environment, due to "a lack of major sporting events."

Vienna's appeal is backed by municipal census data released in 2024 by the City of Vienna Department of Economic Affairs, Labour and Statistics, which shows that Vienna's population of roughly two million has grown by about 13% over the past decade—a relatively large rate compared to other European cities—with overnight tourist visits increasing by more than 35% in the same period. The city is projecting that the total population of Vienna will increase by 310,000, or 15.6%, in the next 30 years, totaling 2,292,000 residents by 2053.

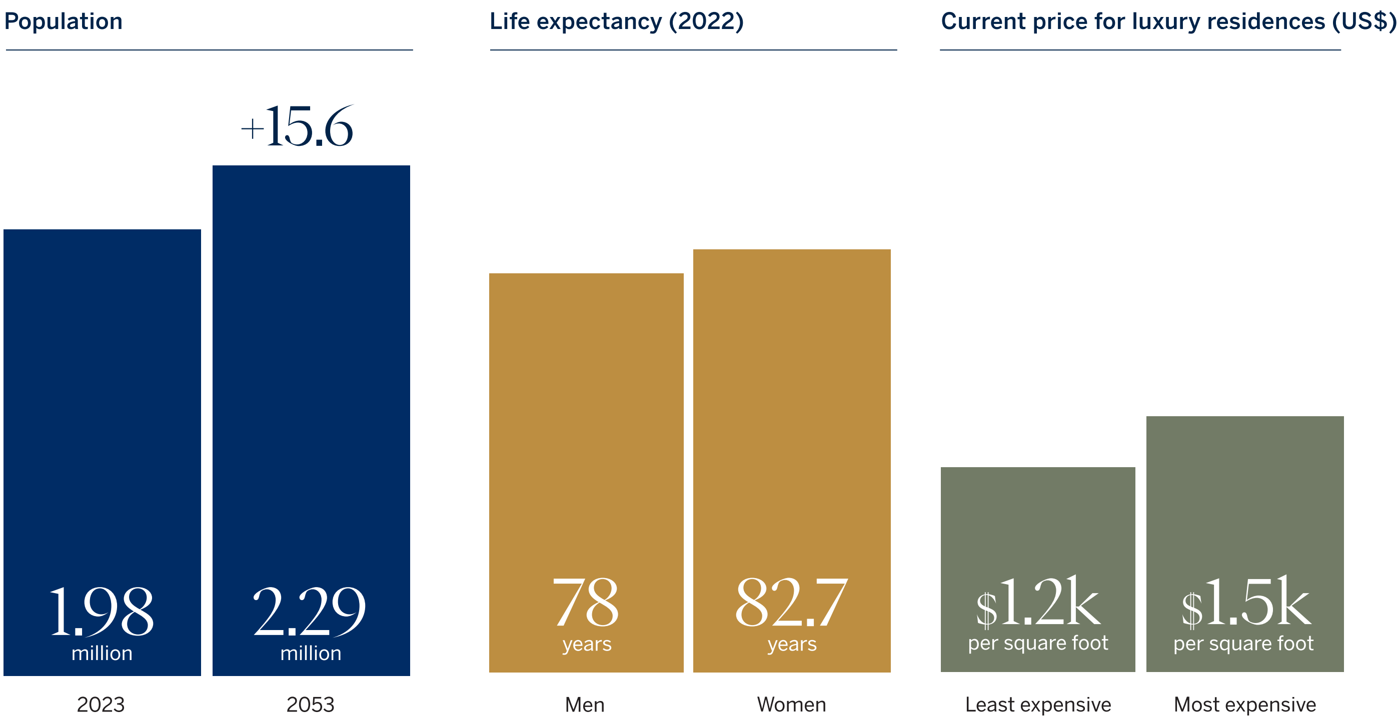
So what makes it such a welcoming city? As with every city on the list, there is a combination of tangible benefits—economic stability, safety, healthcare, infrastructure, culture, access to nature and green spaces, shopping and dining—and intangibles such as how these harmonize to impact the day-to-day of residents.

"Attaining the title of 'most livable city' is closely tied to a city's reputation for being future-ready and secure," says Nuaar Gušmirovićova, international relations manager and global real estate advisor, Austria Sotheby's International Realty. "When a city's infrastructure and policies foster political and economic stability, inclusivity, safety and environmental responsibility, it becomes an attractive choice for long-term investment by both individuals and businesses."

Vienna's high ranking "attracts numerous expats from around the globe," Gušmirovićova adds, "drawn by the ▶

Quality of life indicators in Vienna, Austria, by the numbers.

Source: City of Vienna, Austria Sotheby's International Realty.



promise of a lifestyle that offers work opportunities alongside diverse leisure and cultural experiences." Gušmirovićova cites a "combination of excellent infrastructure, cultural richness, strong public services and thoughtful urban planning" as the bedrock of the city's continued success, adding that "several aspects of daily life make Vienna truly stand out: a high-quality healthcare system, well-organized public transportation, quality housing, political stability, safety and a strong commitment to environmental sustainability."

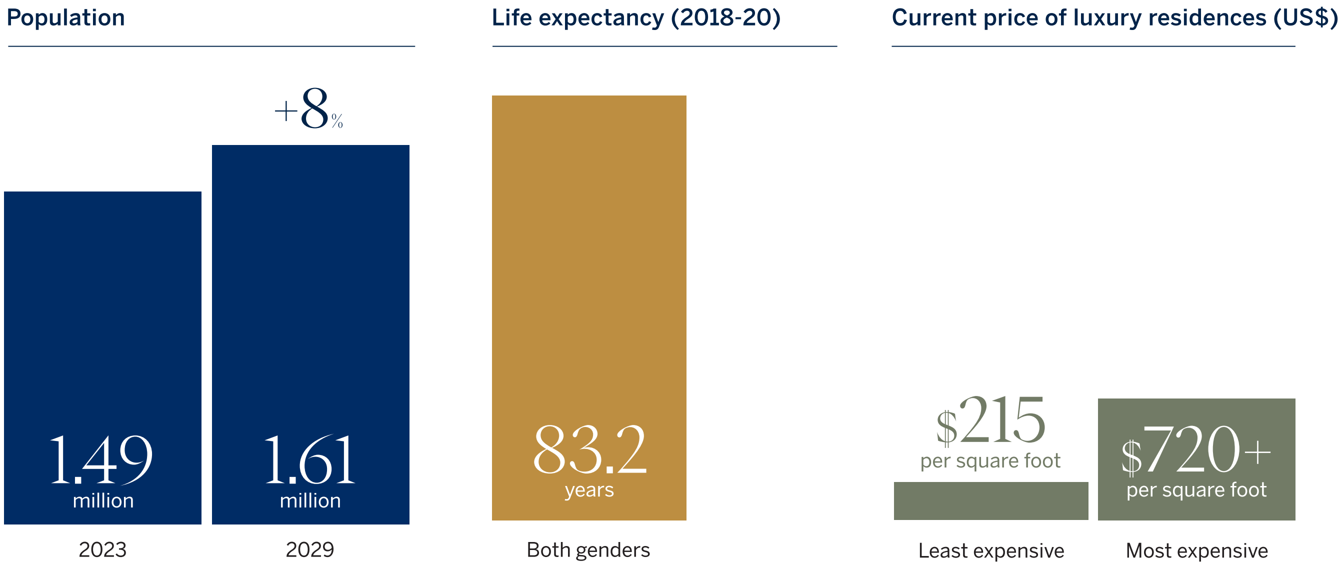
Vienna offers a particularly appealing blend of historical elegance and modern amenities. The city's public transportation is efficient, extensive and easy to navigate, and despite its purported lack of major sporting events, Vienna is a cultural powerhouse, with a rich heritage in music, art and architecture. The city's commitment to environmental sustainability also contributes to its high livability, with an abundance of parks, gardens and outdoor recreational opportunities. Luxury neighborhoods in Vienna boast an array of opportunity for prospective residents, ranging from historical and culturally dense districts like the Innere Stadt to those such as Döbling and Hietzing, which abut the city's western edge and offer stand-alone homes and villas with easy access to the region's woodlands, hills and abundant natural beauty.

Zürich, another perennial favorite, also melds experiential and cultural delights in a safe and economically sound city with efficient infrastructure. "Zürich has experienced steady population growth. Between 2010 and 2020, the population increased by around 10% and currently approximately 440,000 people live in Zürich itself and more than 1.5 million in the greater metropolitan area," Kron says.

According to 2024 municipal data published by the City of Zürich, by 2018 about one-third of residents were of non-Swiss origin, a reminder of how welcoming and appealing the city is. "As a global financial hub and innovation center, Zürich attracts highly skilled professionals from around the world," Kron says. "Switzerland's stable political and economic environment, its strong currency—the Swiss franc, which based on exchange rates in mid-December 2024, is worth around US$1.12—and low inflation rates make it a secure and attractive location for international investors. Zürich's low crime rate and top-tier healthcare system also make it one of the safest and most desirable places to live."

As is also true of Vienna, Zürich has never lost sight of the importance of natural beauty to the human experience, and this combination—what Kron calls a "blend of urban luxury and proximity to nature"—is a consistently winning recipe. He says that even Zürich's most high-end and sought-after neighborhoods, districts such as Zürichberg, Seefeld and Enge, "offer quick access to nature, whether for a walk by the lake, a hike in the nearby mountains or weekend skiing trips." Real estate costs in these prime locations "typically start at CHF25,000 per square meter [US$2,610 per square foot] and can go up to CHF40,000 per square meter [US$4,230

Quality of life indicators in Calgary, Canada, by the numbers.
Source: City of Calgary, Sotheby's International Realty Canada.




Nestled amidst the verdant landscape, this magnificent manor house, one of Vancouver's largest residential properties, has panoramic vistas that stretch as far as the Gulf Islands.

per square foot]." It's also worth pointing out that, relative to countries such as Germany, the U.K., and the U.S., Switzerland offers significantly lower tax rates for high-net-worth individuals, which no doubt adds to the draw.

Calgary, the capital of the western Canadian province of Alberta, is one of two North American cities, alongside Vancouver, to make the EIU's top 10. In Calgary, residents can find a metropolitan experience in proximity to natural beauty—the city is set beside the foothills of the Canadian Rockies. It has high wages and a strong economy coupled with relative affordability when compared with other Canadian cities, such as Toronto or Vancouver.

Now home to almost 1.5 million residents, Calgary is steadily growing at a much faster rate than Vancouver. "Over the past decade, Calgary has consistently been among the fastest-growing cities in Canada, with an annual growth rate of around 2% to 3%," says Huisman. "A significant portion of population growth comes from both international and interprovincial migration." Huisman estimates that Calgary's population will grow to about 1.6 million residents within the next 20 years.

Increased demand for property has also resulted in an increase in value, with the average home price in Calgary rising nearly 10% in one year—from around CA$505,000 (US$375,000) in mid-2022 to CA$550,000 (US$408,000) in mid-2023—and $1 million-plus sales climbing 31% year-over-year between 2023 and 2024. Huisman notes that continued growth is expected, "though at a more moderate pace. The anticipated average annual growth rate is around 3% to 5%. This is slower than the recent surge but reflects a more sustainable rate of appreciation."

Calgary has also seen a boom in the luxury market, with a notable increase in home sales over CA$1 million (US$742,000). "Unlike some other Canadian cities, where luxury market activity has cooled due to rising interest ▸

This idyllic property outside Carbondale, Colorado, is nestled in a meadow surrounded by the beaauty of a national forest.

rates, Calgary's luxury market remains relatively resilient," says Huisman. "Factors such as economic recovery, lifestyle preferences and the city's growing appeal as a destination for remote workers and high-net-worth individuals have kept demand strong."

She also notes that, due to the market's expected appreciation, some buyers are treating luxury properties as investment assets. Prices for luxury homes in Calgary typically range from CA$500 to CA$700 per square foot (US$370-US$519), with homes on the higher end—over CA$3 million (US$2.2 million)—ranging closer to CA$700 to more than CA$1,000 per square foot (US$519-US$742).

Luxury condos—many of which are in sought-after downtown areas or high-end developments—are priced closer to CA$500 to CA$800 per square foot, though "penthouses or units in exclusive buildings" can exceed

> "FACTORS SUCH AS ECONOMIC RECOVERY, LIFESTYLE PREFERENCES AND THE CITY'S GROWING APPEAL HAVE KEPT DEMAND STRONG"
>
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> **VIVIENNE HUISMAN**, global real estate advisor, *Sotheby's International Realty Canada*

CA$1,000 per square foot. Luxury townhouses are generally priced from CA$400 to CA$600 per square foot, depending on location, property age and amenities.

In May 2024, U.S. News & World Report also released its 2024-2025 list of top 10 places to live in the U.S. The publication has shifted its methodology compared with recent years, moving from what it refers to as "metropolitan area-based data" to "city data," resulting in a markedly different outcome. Only three cities from its previous surveys—Boulder and Colorado Springs in Colorado and Naples, Florida—remain in the top 10.

"In previous years, we considered the metro area of a given place, which takes a broader look at the location using metropolitan statistical areas, a metric used by the U.S. Census Bureau, among others," says U.S. News' senior real estate editor Dawn Bradbury. "By changing to a city view, we're getting more targeted and more consistent data."

The new parameters fall broadly into four categories, with weight given to a public survey about what Americans value in their home cities. The first is "quality of life," which accounts for 32% of the ranking. This combines factors such as crime rate, well-being, average commute times, availability and quality of healthcare, air quality and the likelihood of natural hazards. The second category is "value," which makes up 27% of the ranking and measures the cost of living relative to median income. The third is "desirability," accounting for 19%, which considers population growth, the local weather and the per-capita presence of dining and drinking destinations. The final metric comprises the employment rate and earning potential in the city.

"Every year, we evaluate the weighting of the different indexes that go into determining our Best Places to Live rankings," Bradbury says. "While quality of life is still the predominant metric, value continues to gain importance, and employment also saw an increase. As a whole, this list feels more in line with public priorities right now."

Based on this new methodology, Naples, Florida, came in at number one in this year's report, followed by Boise, Idaho; Colorado Springs, Colorado; Greenville, South Carolina; Charlotte, North Carolina; Raleigh, North Carolina; Huntsville, Alabama; Virginia Beach, Virginia; Austin, Texas; and Boulder, Colorado.

With the new framework applied, Southern and Midwestern cities (see page 67) have risen significantly in the ranks. According to U.S. Census data released in 2024, around 1.2 million Americans relocated to a Southern state and around 1.3 million moved to a Midwestern state in 2023.

As with the EIU's list, a consistent trend U.S. News & World Report found in its research about livability was an emphasis on access to nature and outdoor activities, economic resilience and increased opportunities for remote working. A depth of cultural opportunities and hospitality are also consistent factors. Cities such as Austin, Texas (number nine on the U.S. News & World Report list), are also becoming major hubs for tech industries, as companies such as Tesla, Amazon, Dell and Oracle have moved their headquarters there in recent years.

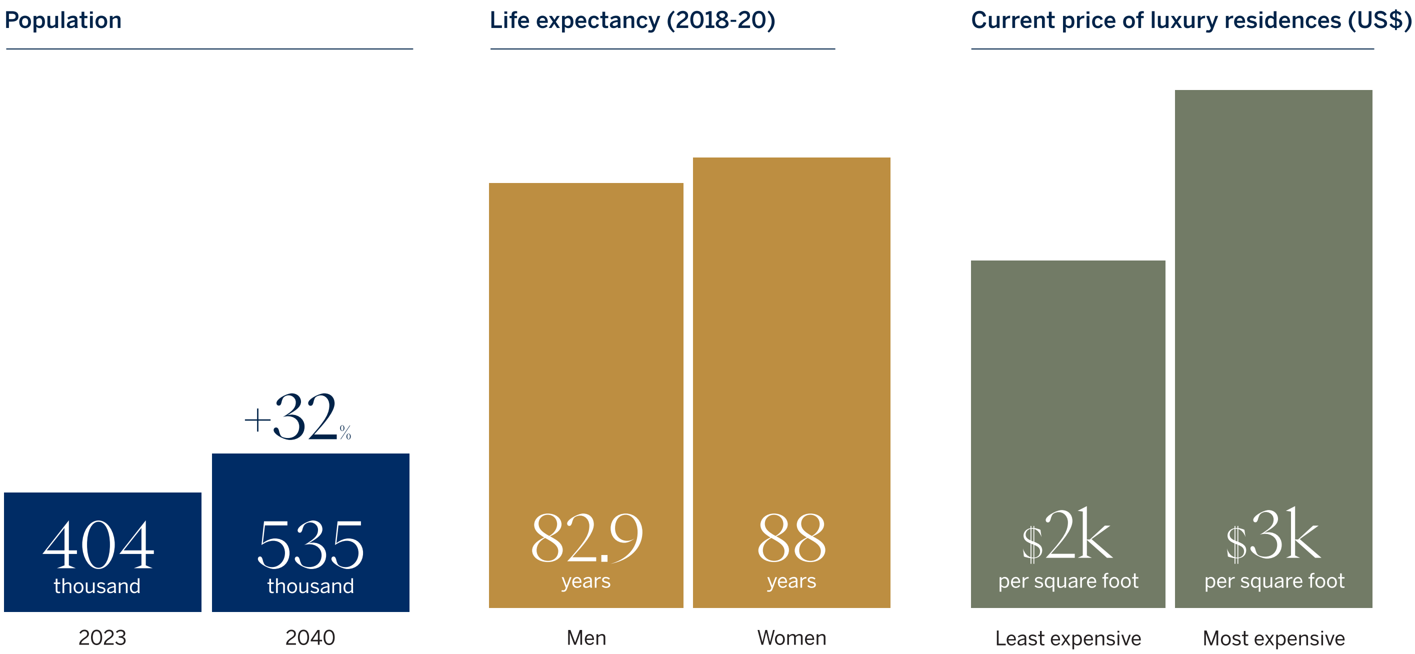
Once considered a luxury destination primarily for retirees and snowbirds, the number one spot on the list, Naples, Florida, has opened itself up to a far wider demographic. The city is particularly attractive to those seeking a high-end lifestyle. According to Karen Van Arsdale, global real estate advisor, Premier Sotheby's ▶

International Realty, a luxury property in the town costs between US$2,000 and US$3,000 per square foot. On top of this, the area also provides a unique combination of outdoor activities, ranging from the famously pristine Gulf of Mexico beaches to the wild Everglades National Park. It's also noteworthy for potential residents that Florida does not have a state income tax and Naples residents are eligible for what is known as a "homestead exemption," which decreases a property's taxable value.

Other cities on the list still maintain serious luxury amenities and focus on quality of life, but at a lower price point compared to other markets. Eric Scott, global real estate advisor, LIV Sotheby's International Realty, who specializes in the luxury market in Colorado Springs, Colorado—which landed in third place on the U.S. News & World Report list—noted that luxury resale homes in Colorado Springs are in the US$300 to US$400 per square foot range, with large custom new builds coming in at US$600 to over US$800 per square foot as of October 2024. "Quality of life is a huge draw for our city," Scott says. "Colorado Springs has always been a beautiful place. It's at the foot of the mountains and has fantastic weather—roughly 300 days of sunshine per year, four true seasons and spectacular autumns. There are lots of things to do outside, which promotes a very healthy and active community. We have seen an influx of people moving to this area since the pandemic, especially those who work remotely and in the tech industry, as well as people from the coasts and major cities. They are gravitating toward the climate, natural beauty and cost of living, but I also think there is a 'life is too short' aspect, with people stepping away from city life to find some balance," Scott says.

This shift reflects a broader trend of Americans choosing to relocate to places that offer not just economic opportunity but also a more fulfilling and sustainable way of life. "If you look at most of the top cities on this list, they share some combination of relative affordability, a strong job market and a somewhat esoteric 'quality of life' moniker, which I think primarily has to do with the outdoors but also work flexibility. They all share connectivity to natural spaces and the ability to experience the outdoors as part of daily or weekly life," Scott says, pointing specifically to the more than 350 miles of scenic hiking trails of Colorado Springs. ■

Quality of life indicators in Naples, Florida, by the numbers.
Source: U.S. Census, Collier County Comprehensive Planning Section, Premier Sotheby's International Realty.



Photos: (pages 58 and 59) Austria Sotheby's International Realty; (page 60) Premier Sotheby's International Realty; (page 63) Sotheby's International Realty Canada; (page 64) Aspen Snowmass Sotheby's International Realty.

Midwestern RENAISSANCE

Why millions of Americans are flocking to invest in Rust Belt real estate

For several years now, Midwestern cities have consistently ranked among the best places to live in the U.S. The region has seen major booms in its housing markets, and cities such as Cincinnati, Ohio; Milwaukee, Wisconsin; and St. Louis, Missouri, are experiencing large demand in the upper tier of their markets and seeing homes sell at a much faster rate than the national average.

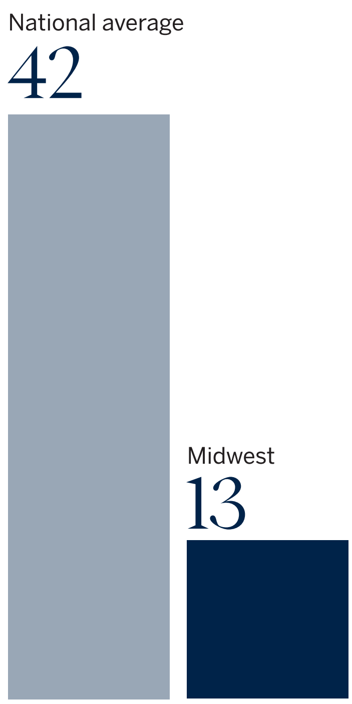
A list published by Realtor.com in August 2024 placed three Midwestern ZIP codes among 2024's top 10 areas for real estate sales. The annual list is compiled according to which areas see homes sell the fastest and receive the most listing views. Properties in these areas took an average of 13 days to sell—far quicker than the national average of 42.

According to the study, asking prices in cities that made the list grew by an average of 7.4% in the first half of 2024, compared with a national median listing price growth of just 0.4%. And while real estate inventory grew, it was offset by high demand and quick sales. This meant the number of homes for sale increased by only 5.7% in these areas, compared to the U.S. six-month average of 24.7%.

Midwestern states are drawing a number of homebuyers who want to return to their roots. According to a report published by the National Association of Realtors in November 2024, 18 percent of homebuyers surveyed had moved back to an area in which they previously lived, and this was most common among those moving to the Midwest.

For families, Midwestern cities offer excellent schools and an abundance of universities, as well as an environment conducive to outdoor activities. Meanwhile, for those in the early and middle stages of their lives and careers, economic opportunities remain strong. A 2023 Forbes article, "'Silicon Prairie': Why the Midwest Is Becoming a Thriving Hub for Fintechs," noted that five of the top states for starting a business that year were Midwestern—Indiana, North Dakota, South Dakota, Illinois and Ohio. (Following this trend, Sotheby's International Realty opened its first office in South Dakota in December 2024.) With a particular focus ▸

Number of days on the market before sale in 2024.
Source: Realtor.com.



In the prestigious University Club Tower in Milwaukee, Wisconsin, this full-floor residence features spacious living areas, sophisticated design, and spectacular views of the lakefront and the vibrant cityscape.

on the tech sector, the article drew a direct correlation between the relatively lower cost of living in these states and their desirability among those with the talent and ability to start new companies. It also pointed out that the local talent pool in these areas is bolstered by the presence of some of the country's best universities.

Paul Handle, managing director, Mahler Sotheby's International Realty based in Milwaukee, Wisconsin, says that his region is currently undergoing a "renaissance of sorts" in terms of luxury real estate. "Luxury buyers are increasingly looking at the Midwest because of the incredible value they receive compared with coastal cities. They can purchase expansive properties, often with unique architectural details or waterfront access, for a fraction of the cost they would pay in New York, Los Angeles or Miami. Beyond price, there's the appeal of a slower pace of life, lower property taxes and more predictable environmental conditions."

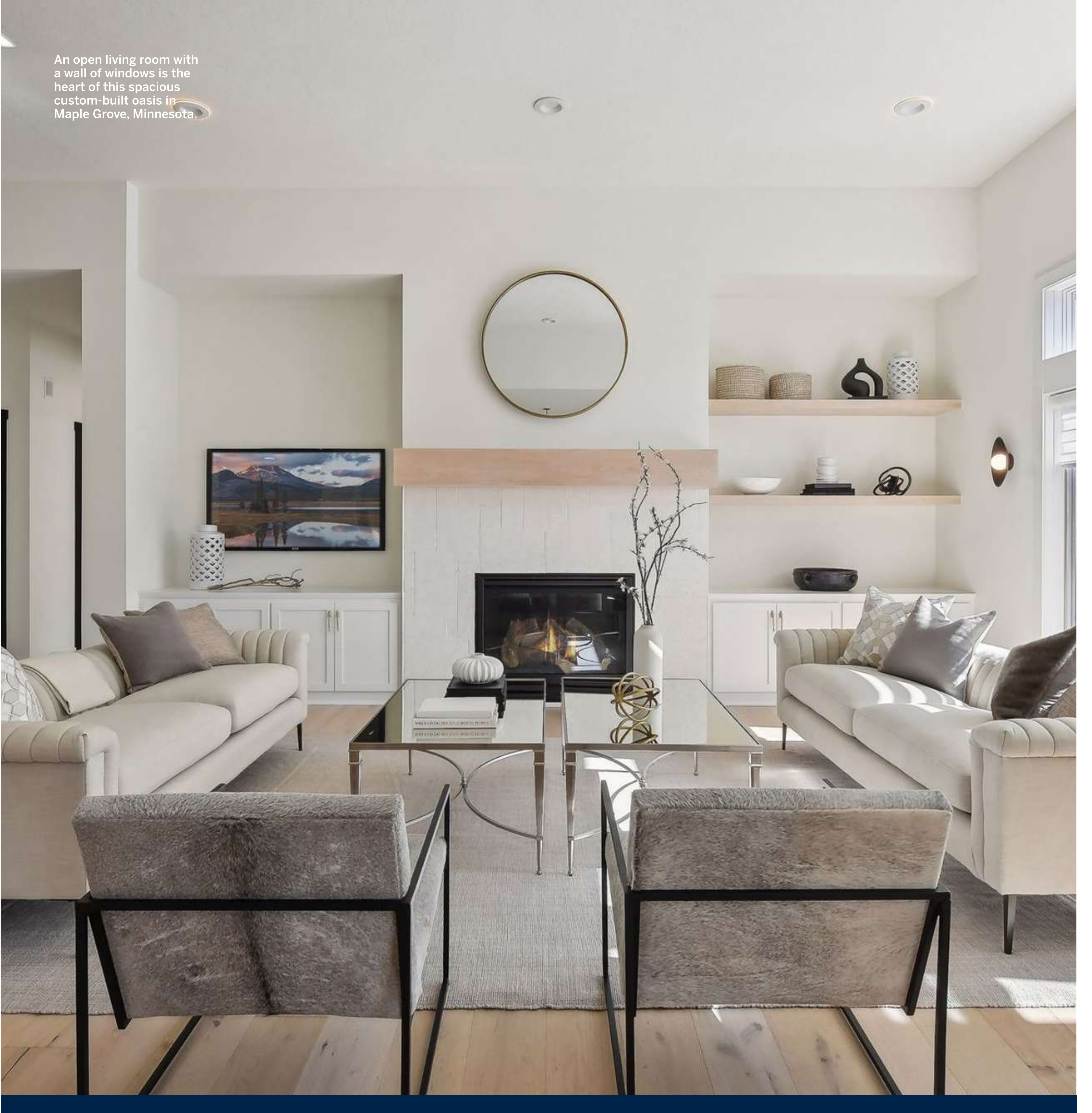
Handle notes that homes in the luxury segment of Milwaukee's market range from US$400 to US$1,000 per square foot, depending on the neighborhood and site. "Waterfront properties, especially on Lake Michigan, and penthouse units in downtown condos command prices at the higher end of that spectrum, while homes in more suburban luxury developments may be priced more modestly," he says. "Lake Geneva in Wisconsin can see even higher prices per square foot due to the desirability of lakefront property."

Luxury buyers "get more space and property for their money without sacrificing access to cultural or economic opportunities," says Handle. "Milwaukee is home to excellent museums and a thriving art and food scene. The cost of living is significantly lower than in coastal cities, while still providing access to high-end properties near Lake Michigan, in western suburbs and in Lake County. The pace of life is more relaxed and the sense of community is strong, with many returning residents citing a desire to be closer to family and friends."

Data backs up Handle's cost-of-living analysis. The Council for Community and Economic Research's (C2ER) Cost of Living Index, published in August 2024, shows that the country's most affordable states sit squarely in the Midwest and the South. Its research takes into account data on housing prices, utilities, transportation and health care, based on government survey data about the expenses for professional and executive households.

Though "bang for your buck" is surely a factor—properties in the Midwestern ZIP codes that made the list were priced on average 24.6% lower than the national median—the unemployment rates in these regions are also some of the lowest in the country, an indication of strong regional economies. As the study detailed, "While some buyers are looking for a deal in a given area, others are less concerned about keeping the price low, whether because they are making a move from a higher-priced area or because they are cashing in on their existing home equity and looking to upgrade. Pricier markets also may be especially attractive to high-earning buyers looking to relocate from a bustling business hub to somewhere with a more holistic appeal."

Rural Midwestern communities have seen a spike in population since 2020, when the COVID-19 pandemic shifted many people to remote working, but urban Midwestern locales have seen booms in both their populations and the job vacancies that predate the pandemic are continuing to rise. In 2019, the Manhattan Institute, a New York–based think tank that focuses on urban policy, identified 10 Midwestern cities that ▶



An open living room with a wall of windows is the heart of this spacious custom-built oasis in Maple Grove, Minnesota.

Population growth in three key Midwestern cities from 2010-2023.

Source: The Manhattan Institute, U.S. Census.

28.88 %
Des Moines, Iowa

25.45 %
Fargo, North Dakota

14.37 %
Columbus, Ohio

> "THE MIDWEST HAS THE APPEAL OF A SLOWER PACE OF LIFE AND LOWER PROPERTY TAXES"

—

PAUL HANDLE, *managing director, Mahler Sotheby's International Realty*

were growing both economically and demographically at a rate much faster than the national average.

In addition to population and jobs growth, the cities identified in this study—Cincinnati, Ohio; Columbus, Ohio; Des Moines, Iowa; Fargo, North Dakota; Grand Rapids, Michigan; Indianapolis, Indiana; Kansas City, Missouri; Lexington, Kentucky; Madison, Wisconsin; and Minneapolis–Saint Paul, Minnesota—also fared better in terms of GDP per capita and college-degree attainment. Today, many of these cities continue to see significant population increases, with the three fastest growing among them—Des Moines, Iowa; Indianapolis, Indiana; and Madison, Wisconsin—seeing their resident numbers rise between 2% and 3.1% from 2020 to 2023, according to U.S. Census data released in March 2024.

"For those seeking cities with fewer of the challenges that come with larger metropolitan areas, several other exceptional options are available," says Kathe Barge, associate broker and global real estate advisor, Piatt Sotheby's International Realty in Pittsburgh, Pennsylvania.

Speaking about her native Pittsburgh, Pennsylvania, Barge adds that "both the city and its surrounding suburbs are seeing a rise in high-end condominium developments and upscale residential communities, offering prospective buyers an appealing mix of historical charm and modern convenience. These new developments are elevating Pittsburgh's reputation as a destination for luxury living, with a growing number of options for those seeking contemporary luxury amid the city's rich cultural landscape."

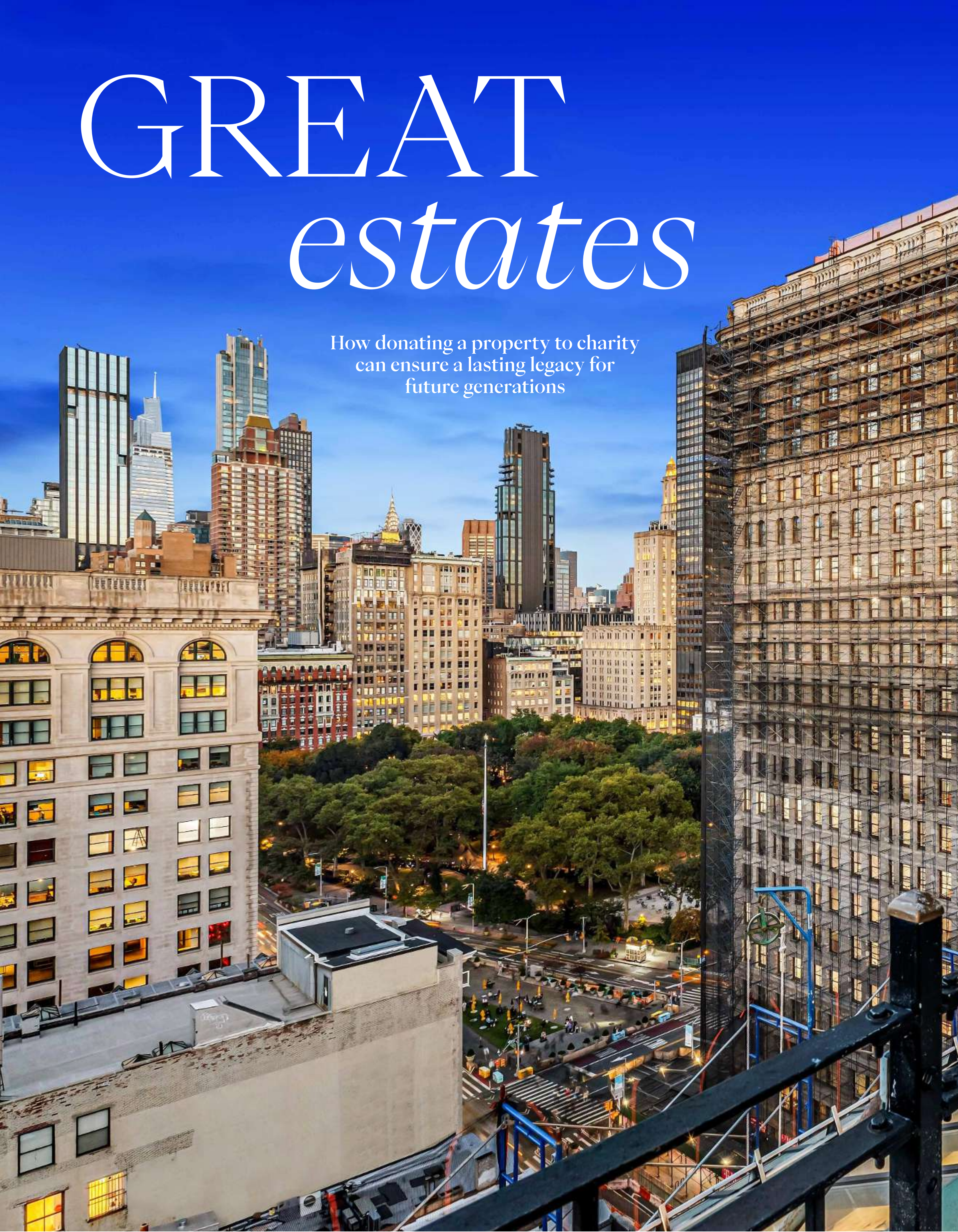
Barge says many of the newcomers she sees fall into three categories. The first is returning Millennials—those born between the early 1980s and the late 1990s—who were raised in the region, spent time elsewhere and are seeking a more manageable pace of life and more substantive real estate opportunities. Then there are people from the West Coast who are attracted by the region's growing tech scene, affordable real estate, good schools and lower childcare costs. Finally, there are returning retirees, who left the region for work and are now "seeking the comfort of familiar surroundings, an affordable lifestyle and the benefit of not paying state income tax on retirement earnings." Barge adds that luxury real estate opportunities in Pittsburgh as of September 2024 ranged from US$600 to US$1,100 per square foot.

It is clear that the Midwest's luxury market isn't just about the cost of property; it is also about investing in a region poised for continued transformation and success. These communities allow their residents to look ahead toward carving out a stable future, with room to grow and a lifestyle suited to their needs. ■

Photos: (page 68) Mahler Sotheby's International Realty; (page 70) Lakes Sotheby's International Realty.

GREAT *estates*

How donating a property to charity can ensure a lasting legacy for future generations



The gold cupola is the standout feature of the penthouse atop the Beaux-Arts building at 170 Fifth Avenue. The home's current entrepreneur owner plans to donate the sale's proceeds to philanthropic causes.

Leaving a lasting legacy can take many forms, especially when significant real estate holdings are involved. House museums are one way to allow the legacy and work of a notable person to be preserved and shared with the public even after the end of their life. In the case of properties of significant market value, designating a charitable use for them and empowering the recipient with an endowment to maintain them can be a particularly beneficial route for all parties. “Real estate donations have become a prominent way to make a meaningful impact,” observes Claire Groome, global real estate advisor, Sotheby’s International Realty - East Side Manhattan Brokerage.

The decision to donate a property can also make financial sense. “There are different tax advantages that could be at play, depending on the type and timing of the transaction,” explains Meeta Yadava,

Estate tax deduction for charitable gifts (in US$).

Source: BMO Family Office.

$1 = $1

$1 in donations = $1 in estate tax deductions.

Proceeds from the sale of this Ponte Vedra Beach estate in Florida, will go to fund brain cancer research.

> "THERE ARE DIFFERENT TAX ADVANTAGES THAT COULD BE AT PLAY, DEPENDING ON THE TYPE AND TIMING OF THE TRANSACTION"

—

MEETA YADAVA,
managing director, BMO Family Office

Given to charity by Americans in 2023 (in US$).

Source: Giving USA and American Endowment Foundation.

$557.16 billion

estate planner, managing director of the wealth advisory firm BMO Family Office and leader of the BMO for Women program. "Broadly speaking, during your life you typically get a better income tax benefit by donating a property and having the charity sell the property than you would if you sold it yourself and donated the proceeds to charity. After you pass, your estate will get a dollar-for-dollar tax deduction for charitable gifts."

IRS policies incentivize such choices. Donations of real estate to charitable and not-for-profit entities that have been held for over one year can lower or eliminate capital gains tax obligations, or the fair market value can be claimed as an income tax deduction. Passing property to a donor-advised fund (DAF) is another appealing—and flexible—option. In this case, a 501(c)(3) sponsoring organization maintains and manages investments that grow tax-free and advisors determine subsequent donations. Meanwhile, contributed donations and assets are immediately eligible for tax benefits.

When selling a significant estate, family dynamics are often complicated and this act of generosity presents an alternative option. Yadava endorses "the ability to turn something the kids might fight over—like a house—into something that they can work together on in the future." Further, if a family opts to transfer a property to a DAF, "the kids can be named as advisors on that fund and make grant decisions as a family," she adds. "It's a great way to make philanthropy a unifying force."

Sometimes the long-term goal is to make a property programmatically educational and engage with the public. The list of house museums flourishing today is extensive, both in the U.S. and abroad. In September 2021, for instance, David Huberman, global real estate advisor, Gustave White Sotheby's International Realty, brokered the US$27 million sale of the Gilded Age landmark Miramar mansion in Newport, Rhode Island. Its buyers, Blackstone CEO Steve Schwarzman and his wife Christine, plan to establish an endowment-funded museum that will eventually be open to the public.

Groome notes that "sellers increasingly seek ways to align their assets with their values and passions." Yet following an altruistic path doesn't always mean maximizing tax incentives. The US$25 million penthouse at 170 Fifth Avenue is among the listings Groome and Lawrence Treglia, senior global real estate advisor, Sotheby's International Realty - East Side Manhattan Brokerage, represent. This standout residence is notable for originally serving as the Beaux-Arts-style headquarters of piano manufacturer Sohmer & Co. when it was built in 1898. Now, the sumptuous four-bedroom loft duplex—which blends Old World charm with contemporary upgrades, including a private rooftop terrace and access to the ▸

building's gold cupola—will make a powerful impression in an unexpected way.

The entrepreneur and philanthropist Greg Carr plans to dedicate funds from the sale to his private foundation, which helps restore the ecological habitats and wildlife at Gorongosa National Park in Mozambique, and develop economic and educational opportunities for area residents.

"Donating makes an attractive alternative for those who value social impact and want their assets to make a difference," Groome says. "Sellers find satisfaction in supporting causes such as environmental conservation or affordable housing or issues they are passionate about." Such is the case with Rick Sontag, the founder of the Brain Tumor Network and The Sontag Foundation, who has donated his Ponte Vedra Beach estate to The Sontag Foundation. The property is now listed with ONE Sotheby's International Realty for a record-seeking US$25.5 million, with proceeds from the sale going to fund brain cancer research.

Attachment to an alma mater can run deep and a donation to the school that helps shape future generations is a common first step for many philanthropists. The Adler House in Williamstown, Massachusetts, tells the story of a family who formed strong bonds to nearby Williams College, which opened in 1793. Nearly two decades after commissioning architect Chad Floyd of Centerbrook Architects & Planners to rebuild it, in 2022 Susan Adler donated the house to the college. Her gift was in memory of her husband, Herbert, who sat on two college committees, and a thank you to the school for educating their daughter, who studied art history there.

Proceeds from the sale of the house will help to fund the construction of the new Williams College Museum of Art, designed by Brooklyn-based architects SO-IL and slated to open in 2027.

"The Adlers invested quite a bit to build this beautiful contemporary home on the hill," says Jeff Loholdt, global real estate advisor, William Pitt Sotheby's International Realty, who services the Great Barrington, Massachusetts, area. Its siting and unique style make the house a rare find in the Berkshires market. "It's a substantial home," Loholdt says. The fact that the 34-acre estate is surrounded by 8,000 acres of protected wilderness—with views of Mount Greylock, the highest point in Massachusetts—is a bonus.

Despite its rural settings, the property is within walking distance of downtown Williamstown and Williams College. The split-level house has shared living spaces on the main floor, with three bedroom suites on the upper level and four bedrooms and six baths in total.

Ample outdoor areas and a pool take further advantage of the vistas. "It's ideal for those who want to entertain. It's pretty versatile," says Loholdt. The bespoke nature of the interior design and architecture means it features "notable antiques built into the home" that will transfer to the next owner.

While managing the US$2.5 million listing, Loholdt primarily works with the office of the college provost, which in turn liaises with the trustees. This type of arrangement is different from negotiating with individual buyers and sellers, since "negotiations or adjustments to the terms of contracts can take more time due to the layers of approvals," he says.

The relatively reduced "emotional attachment," however, can smooth out some steps along the way, and the established networks associated with Williams College offer a degree of built-in marketing support. Overall, it's a win-win. "The current plan is the best scenario not only for the college, but for the town."

Indeed, often a gift of property benefits more than just one beneficiary. ▸

The Adler House, designed by renowned architect Chad Floyd, was donated to Williams College in 2022.

“SELLERS FIND SATISFACTION IN SUPPORTING CAUSES LIKE ENVIRONMENTAL CONSERVATION, AFFORDABLE HOUSING OR ISSUES THEY ARE PASSIONATE ABOUT”

—

CLAIRE GROOME,
global real estate advisor, Sotheby's International Realty - East Side Manhattan Brokerage

When Jessica Canning, global real estate advisor, Sotheby's International Realty - Carmel Brokerage met representatives of the Community Foundation for Monterey County (CFMC), the agent-client relationship that emerged was a break from the norm. The nonprofit organization had received an astonishingly generous gift from the estate of Charles de Guigné, a fourth-generation Californian who passed away in 2017 at the age of 78.

When Canning was approached, the executors of de Guigné's estate—a member of a prosperous Bay Area family descended from French nobility—had just transferred the title of the 17 Mile Drive property he had inherited from his parents, Christian de Guigné III and his wife, Eleanor, to CFMC.

The resulting proceeds of the US$18 million sale were used to establish an endowed fund that is managed by the charity. It is called the Charles Auguste de Guigné Charitable Foundation and supports the Society for the Prevention of Cruelty to Animals for Monterey County and the Montage Health Foundation, both causes that were important to the philanthropist.

“CFMC had owned the property for almost a year and was preparing the due diligence disclosures and property information. We were honored to represent them,” Canning says about the sale of the house, which closed in November 2019.

The de Guigné home represented an especially prized opportunity. The 17 Mile Drive double lot stretched across nearly 10 acres of private water frontage on Pebble Beach, California. It had been Charles de Guigné's primary residence and represented “a marquee sale,” says Canning. Built *circa* 1930, the 9,000-square-foot Spanish Colonial Revival home reflected a romantic aesthetic that was once popular in the Golden State.

Canning says that because the average-sized lot in Pebble Beach is about 1.5 acres, finding this amount of available land at Sunset Point was “remarkable,” especially with the bonuses of positioning and privacy. “It was a positive experience for us because the seller, in this case the foundation, was organized as far as the listing was concerned,” Canning says. “They were very pragmatic.”

A similarly generous donation was made in nearby Carmel Valley, California, where a classic California Ranch home belied the intriguing, unconventional past of its former owner. “Robert Darwin was a Renaissance man: his interests were broad and he did so much in his life,” says Nora Seaborn, global real estate advisor, Sotheby's International Realty - Carmel Valley Brokerage.

Darwin, a native of New Jersey who found success in real estate, horse breeding and establishing the TransJet logistics company, surprised and delighted his local community in 2020 by announcing the biggest gift ever made to California State University Monterey Bay (CSUMB). He died in 2023 at the age of 96, leaving a portfolio of assets that included his art collection and residence in the Miramonte area of Carmel Valley, located directly across from Garland Ranch Regional Park.

In early summer 2024, global real estate advisor Lisa McLean, of Sotheby's International Realty - Carmel Valley Brokerage, brought the 23-acre Darwin Estate to market as part of the larger ▸

Photos: (pages 72 and 73) Sotheby's International Realty - East Side Manhattan Brokerage; (page 74) ONE Sotheby's International Realty; (page 77) William Pitt Sotheby's International Realty; (page 79, 80) Sotheby's International Realty - Carmel Brokerage.

The Charles de Guigné estate, originally built in 1930 and since expanded, sits on a rare, nearly 10-acre parcel in famed Pebble Beach, California

Once a world-class thoroughbred breeding farm, the Robert Darwin estate is situated on 22.8 acres in Carmel Valley, California.

effort to advance the entrepreneur, author and actor's large contribution to CSUMB. The US$7.6 million listing of the home, which has four bedrooms and four bathrooms, along with a pool, spa, tennis court and separate two-bedroom guesthouse and studio, was the first time that the property had been on the market since Darwin bought it in 1967.

Darwin's unorthodox career trajectory included serving in the U.S. Navy during World War II and then pursuing stardom as an actor and screenwriter in Los Angeles during the 1950s. His later wish was to fund full-tuition scholarships at CSUMB for incoming students from Monterey and Santa Cruz counties with a grade point average of 3.2 and higher and to help launch a campaign for a new performing arts center on campus.

While de Guigné and Darwin did not have any children as their immediate heirs, Yadava points to changes in California property tax law that will influence future decisions about inheritances. "For many generations, wealthy families have been able to pass down luxury residences without increasing their property tax base," she says. Now properties valued at more than US$1 million in addition to non-primary residences are subject to tax reassessment, thereby discouraging transfer of such homes within families and making other options, like donating to a charity, more attractive.

"Individuals inheriting a residence that has been in their family for multiple generations could be facing a very large property tax increase and may not be interested in keeping the property as a result," Yadava says. "I would also say that, many times, children inheriting luxury homes were not using them as their primary residence, so that restriction is a big hurdle to overcome."

For other philanthropic-minded individuals and families who are considering donating a property to charity, Yadava suggests they start these discussions early so they can amplify their impact while reducing capital gains and/or income tax burdens. "As with all planning, I suggest connecting with your financial, tax, legal and accounting professionals to determine how best to accomplish your goal," she says. "And, of course, contact the charity you are thinking of working with well before the date of the gift."

The importance of a mission to do good in the world also needs to be matched by internal organizational wherewithal. Donors should be confident that the recipient organization not only aligns with their philanthropic goals but is also compatible with the size of their donation before moving forward with a partnership. "Each charity has its own requirements, and you want to make sure they are able to handle such a gift," Yadava says, adding that, in general, "the bigger the organization, the more equipped they are." ■

Branded LIVING

Luxury residences are the perfect way to enhance your lifestyle and cities like Miami and Dubai are leading the way

Exceptional finishes abound in this stunning downtown Dubai penthouse, which reflects the heritage of the Baccarat brand.

A branded residential property has subtle details that impart authenticity to every facet of living there. It might be in the stitching on a leather couch that echoes the craftsmanship found in a prized sports car or bathroom fixtures that resemble a favorite handbag from an Italian boutique.

Today's branded residences are havens that entice both brand loyalists and clients who are seeking a like-minded community. Simply put: today's buyers want to live in style.

"The landscape of branded residences is expanding rapidly, transcending traditional luxury hotel brands," says Alexandra Hare, vice president of development marketing, Sotheby's International Realty Development Advisors. "Renowned names in luxury goods are now redefining residential experiences, offering distinctive lifestyle amenities and cutting-edge designs to cater to the discerning tastes of today's luxury consumer."

The Rise of Branded Residences

Branded residences have existed for several decades but the trend notably picked up during 2020, according to global architecture firm WATG. Since then, the firm has tracked 84 new projects that have opened around the world.

As of 2024, the global branded residential market is valued at US$66 billion, according to a study published in August 2024 by Luxonomy, an online platform that provides insights into the luxury industry. It also found that in the past decade alone, the number of branded residences has increased by 150%.

Miami, Florida and Dubai in particular have emerged as key testing markets for branded residences. The cosmopolitan hub of Dubai connects Asia, Africa and Europe, while also attracting a global network of high-net-worth individuals. Similarly, Miami connects Latin America, Europe and North America, while offering a vibrant international culture that attracts well-traveled affluent buyers.

Both cities have experienced many firsts. For example, in 2017 Bulgari Residences debuted in Dubai, marking the first residential project from the Italian jewelry brand. And 888 Brickell Dolce & Gabbana, a 90-story tower in Miami, is the Italian fashion brand's first residential project in the U.S. Both Dubai and Miami are synonymous with the lavish lifestyles favored by buyers of these prestigious brands.

"Latin American buyers, who make up a large part of Miami's demographic, love brands and branded residences," says Miami-based Ignacio Gonzalez-Arias, global real estate advisor and business development, ONE Sotheby's International Realty. "In my experience, the Miami buyer wants to buy into a project that is also an experience."

While brands once only collaborated on residential projects with hotels, standalone branded developments are becoming increasingly common. The desire for privacy and intimate experiences has heightened this demand. Brand-name condominiums offer resort-style living without the transient ▶

Fendi Private Residences, set over three new buildings, is an ambitious development in Crans-Montana, Switzerland.

The global market for branded residences.

Source: Luxonomy.

$66 billion

Total value (in US$)

150%

Rise in branded residences over the past 10 years.

The Fendi Private Residences in the Swiss Alps were designed by Marco Costanzi, who also oversees the look and feel of Fendi boutiques.

“

IN 15 OR 20 YEARS, THESE RESIDENCES WILL LIKELY STILL APPRECIATE

”

—

IGNACIO GONZALEZ-ARIAS,
global real estate advisor and business development, ONE Sotheby's International Realty

nature of a hotel. Standalone projects can also be more lucrative for developers, as branded residences fetch higher prices.

It is not uncommon for branded homes to fetch a 25% premium compared with non-branded condos, the Miami-based architect Bernardo Fort-Brescia told Forbes in March 2024. In short, buyers pay more up front for a brand name that is linked to high-quality service and craftsmanship, top-notch design and bespoke amenities. This makes projects stand out in an overcrowded market.

Buying into a Lifestyle

In most cases, moving into a branded residence requires only one thing besides the ability to pay for it—a suitcase. More often than not, those buying a second, third, fourth or even fifth home want an efficient, no-fuss experience. As proven by the success of the branded residential model, buyers often don't want to spend time designing and furnishing a residence. Part of their premium cost is that these programs already have a successful developer, renowned architect or globally respected designer behind them.

What a hotelier brings to the table when they create a branded residence is obvious, but for luxury brands such as Dolce & Gabbana, Fendi or Baccarat the lifestyle expertise they bring to the project is more nuanced.

"Dolce & Gabbana is a great example of a seamless lifestyle transition," Gonzalez-Arias says. "It already has a furniture and accessories line, Dolce & Gabbana Casa, and has been a part of beach clubs in Spain and Italy, so it has experience in the hospitality world. If you see Dolce & Gabbana's latest shows in Italy, it is not just about fashion but about lifestyle. It is important to remember that it excels in custom-made, handcrafted clothes and has a deep connection to Italian history and a very loyal clientele. With this residential project, we're selling the lifestyle above all."

This comes in the form of travertine flooring sourced from Italy, while the entrance is punctuated by decorative golden beads, similar to the brand's necklaces and handbag hardware. It's these subtle and defining details that draw in customers and ultimately command a premium. Prices for homes at 888 Brickell Dolce & Gabbana, exclusively marketed and sold by ONE Sotheby's International Realty, start at US$2.1 million, at an average of US$1,500 per square foot, as of October 2024. "In 15 or 20 years, these residences will likely still appreciate," Gonzalez-Arias says. "Buying into a brand often guarantees quality."

In markets like Switzerland, developers are taking cues from cities like Miami. Steiger & Cie Sotheby's International Realty recently launched Fendi Private Residences Crans-Montana. The company, which is handling everything from operations to sales, says that branded residences in Switzerland are quite new.

Steiger & Cie Sotheby's International Realty collaborated with the fourth-generation family-owned Hôtel Alpina & Savoy, Comina Architecture and the famous Italian luxury brand Fendi to bring an extraordinary new development in the sought-after region of Crans-Montana, known for its incredible skiing. Fendi Private Residences occupies three new buildings: Paradis, which has seven residences; Savoy, which will have large suites available for purchase and rental; and Alpina, which will have three residences. Prices start at CHF5.2 million (US$6 million), around CHF2,800 (US$3,200) per square foot. The first units will be delivered in summer 2026.

"In Switzerland, we are pioneering the branded residential market with Fendi Private Residences," says Florian Steiger, co-founder, Steiger & Cie Sotheby's International Realty. "The Swiss real estate market is quite small but very high-end. We were aware of what was happening in other markets, and while the country may take a little more time to adapt to new trends like this, we thought about the strong ties we have with our Italian neighbors. Fendi has a deep understanding of things beyond fashion, such as interior design."

The residences are standalone and outfitted by Fendi Casa, the brand's home and decor line. When you work with Fendi, Steiger explains, it uses its go-to architect Marco Costanzi to design, renovate or recreate spaces. He is responsible for the design of Fendi boutiques, which adds a through line to every project he works on.

Bespoke Design

In some residential projects, the brand tie is much more evident. Baccarat, the French crystal glassware company founded in 1764, now also sells high-end home decor, lighting and jewelry. The first Baccarat Hotel and Residences opened in 2015 in New York City. From the restaurants to the bedrooms to the palatial apartments, the property feels like a Baccarat boutique.

The company has plans to open similar projects in Miami and Dubai. In Dubai, the Baccarat Hotel and Residences, set for completion in 2026, will include 144 hotel rooms and suites and 49 branded residences, offering two- to four-bedroom apartments and four- and five-bedroom penthouses. The project, which opened sales in late 2023, is already more than 65% sold, says Sal Arfeen, associate director, Dubai Sotheby's International Realty. Prices start at around ▸

Sales premium for branded properties.

Source: Forbes, March 2024.

25%

Photos: (pages 82 and 83) Dubai Sotheby's International Realty; (page 85, 86) Steiger & Cie Sotheby's International Realty; (page 88) ONE Sotheby's International Realty.

As Miami's tallest tower and Dolce & Gabbana's first residential project in the U.S., 888 Brickell offers 259 residences, each meticulously curated and fully furnished by Dolce & Gabbana.

The record for the highest price-per-square-foot for a pre-construction apartment in Dubai (in US$).
Source: Baccarat Residences Dubai, March 2024.

$55 million

US$5 million and up to US$3,811 per square foot, as of October 2024. In April 2023, the sale of a US$55 million apartment at Baccarat Residences Dubai set a record for the highest price-per-square-foot for a pre-construction apartment in Dubai.

What's unusual about Baccarat's Dubai project is that there will be two towers. The first consists of the hotel in the bottom half, with residences above. The second consists solely of residences. "Someone who wants a bit more privacy might choose to buy in the second, all-residential tower," Arfeen says. "You still have full access to all the hotel facilities and amenities. The second tower's residences are unfurnished, meaning a buyer can put their own touches on their home."

Five-Star Amenities

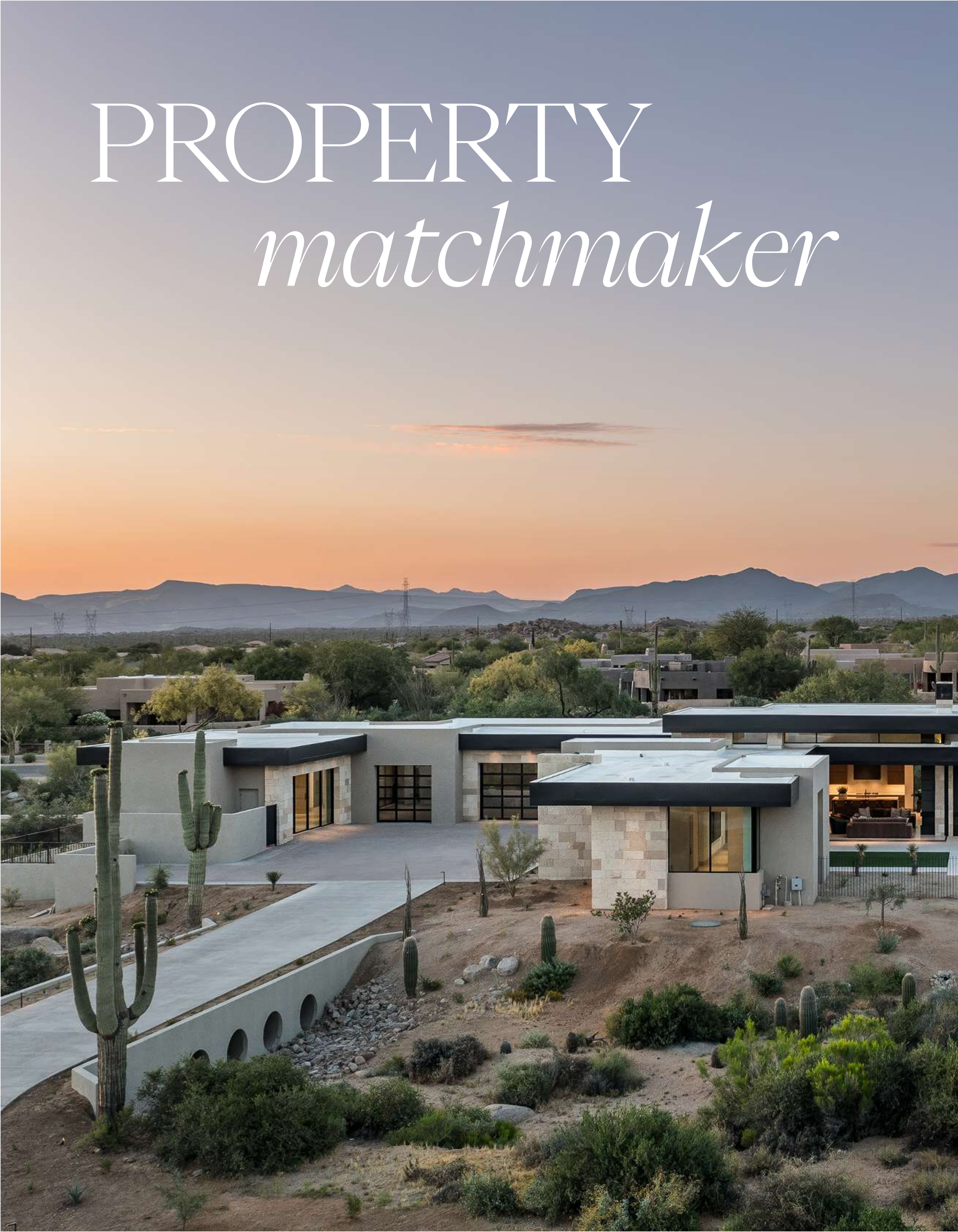
Gone are the days of windowless gyms or uninspiring terraces. Luxury and ultra-luxury condominium buildings are akin to checking into your most anticipated vacation destination, chock-full of amenities and round-the-clock services that cater to your every whim.

The 115,000 square feet of amenity space at 888 Brickell Dolce & Gabbana includes a 4,000-square-foot pool deck, a swimming pool, three signature restaurants, a Dolce & Gabbana-branded spa, a cigar room and a fitness center. The brand's singular amenities also include services such as custom tailoring—a resource that might entice the most discerning fashion devotees.

Branded residences are considered trophy properties thanks to their premium price tags, premier amenities, turnkey lifestyle and access to a global brand network. Most offer professional management and maintenance, not to mention hotel-style services such as property upkeep, room service, housekeeping and more. There is also high rental potential for those who want to put their property in a rental pool when they're away.

Today's luxury homebuyer is more invested in holistic lifestyle experiences, which offer the ability to fully immerse into a brand's aesthetic or service philosophy. Beyond the prestige of these designer addresses, branded properties serve curated living experiences on a silver platter. ■

PROPERTY *matchmaker*



How artificial intelligence is changing real estate
and matching buyers with homes

This four-bedroom home in Scottsdale, Arizona—designed by award-winning architect C.P. Drewett—is a paragon of light-filled modern architecture fully immersed in its setting.

The full potential of generative artificial intelligence (AI) remains to be seen, but what is already evident is the way the technology has captured the public's imagination. Its proponents see a future where users no longer need to spend time on mundane tasks like writing emails and can instead focus on finding new inspirations.

Stock market investors have already seen the benefits of AI, leading some to wonder how it will ultimately affect real estate—an industry that is a "historically slow adopter of new technologies," according to a recent report on the subject by consultants McKinsey & Company. The question is an important one, since the research found that AI "could generate US$110 billion to US$180 billion or more in value for the real estate industry," according to the report. Real estate agents could also use AI in the near future to match buyers with their dream homes or investors with properties that will turn a better profit.

Pioneering luxury agents from California to Greece are exploring the ways that AI is already changing the game for the industry and how the technology can benefit their clients.

"I use AI quite often," says Tyler Mearce, global real estate advisor, Sotheby's International Realty - Montecito Brokerage. Like many agents polled for this report, he finds the technology to be most useful in the creation of marketing materials, such as listing descriptions and Instagram captions. "We can get started with marketing and administrative tasks while we're still taking notes about the home. You drop in selling points like, 'Hey, I've got a beautiful Spanish architecture home located in Montecito, California, by the beach, four bedrooms, four bathrooms all en suite, beautifully renovated, here's the square footage,' and AI can help create an initial draft of the copy as inspiration."

Speeding up such smaller tasks allows agents to focus on the bigger picture, such as finding the right buyer. Not only does this save time in the fast-paced world of luxury real estate—"'We signed this listing agreement 20 minutes ago; why haven't we taken photos yet?'" Mearce jokes—but he's found that after editing, the integration of AI in the copywriting process tends to produce text that clients respond to positively, concisely summarizing the listing and highlighting key features,

Andrea Healey, global real estate advisor, Oceanfront Sotheby's International Realty on Kauai, Hawaii, has also found AI to be a valuable marketing tool—and in ways that go beyond generating copy. "It is really good at visualizing data," she explains. Her marketing plans tend to display "graphs specifically tailored to potential buyers" and she likes to include summaries of monthly activity in her regular outreach emails to potential clients, so they can be informed about the overall state of the market and make educated decisions.

"I save the stats from this month and the same month last year, then I give it all ▶

The value AI could generate for the real estate industry (in US$).

Source: McKinsey & Company.

$110 billion

$180 billion

Exquisite craftsmanship and thoughtful design seamlessly blend to create this unparalleled residential masterpiece located in the Filothei neighborhood of Greece.

This sophisticated condominium in Boston, Massachusetts, offers many custom features from herringbone oak floors to hi-tech controls for window shades and lights.

to AI and say: 'Can you please analyze this data, summarize it separately from the buyers' and the sellers' perspective, and then create graphs that summarize what it means?' What AI created in five minutes would probably take me a couple of hours," Healey says, allowing her more time to focus on client care.

Perhaps even more impressive to Healey is the way that AI learns. Rather than having to teach the program how to do the work afresh each month, it recalls her previous inputs and preferences and repeats what it did the last time.

Both Healey and Mearce have found that in addition to creating content, AI is also useful for promoting it. It easily generates hashtags for TikTok, Instagram or YouTube, having learned which are best suited to reaching a particular audience so that tailored properties will show up in prospective buyers' feeds.

As impressive as all this is, it is just the tip of the iceberg. The potential of AI has revitalized the microprocessor industry, as demonstrated by the skyrocketing stock price of the U.S. silicon chip maker Nvidia, which in November 2024 unseated Apple to become the world's most valuable company, according to a report by Barron's. More powerful hardware and software are on the way, which means AI will be able to do more and increasingly complicated tasks in the near future.

This excites many in luxury real estate. Savvas Savvaidis, president and CEO, Greece Sotheby's International Realty, is optimistic about AI's use in the future, particularly when it comes to what he sees as the holy grail of technology in luxury real estate: the possibility of using generative AI to pair sellers with potential buyers. "Matching the right properties with the right people is complex, involving far

Photos: (pages 90 and 91) Russ Lyon Sotheby's International Realty; (page 93) Greece Sotheby's International Realty; (page 94) Gibson Sotheby's International Realty.

more than just square footage, budget or features," Savvaidis says. "Each buyer is unique and their circumstances, timing and even aesthetic preferences can be nuanced and evolving. This is especially crucial in Greece, when considering the sheer number and diversity of its islands. Each one presents a set of considerations for potential buyers. AI could assist agents in navigating this complexity, offering tailored solutions that cater to individual preferences and lifestyles."

Savvaidis is not alone in seeing such vast potential for AI in real estate. A November 2024 report by the National Association of Realtors (NAR) noted a plethora of other areas where it could prove useful, among them lead generation, client nurturing and property diligence. It even found that agents who make use of AI "are not only more efficient but are also perceived as more innovative and client-focused," according to NAR. "The automation of routine tasks allows these agents to focus on the irreplaceable, human aspect of their jobs—building relationships, understanding client needs on a deeper level and providing personalized service that goes beyond the transactional." The technology's impact on interior design can already be seen, with a number of companies offering AI-assisted interior design tools such as Planner 5D, Homestyler and Leaperr. The tennis star Venus Williams even co-founded an AI interior-design platform called Palazzo in 2024, which allows users to upload a photo of their room and give it a virtual makeover, from decor to light fixtures and furniture.

Many agents have wish lists for what they hope the next iterations of AI will be able to do, but they are aware of the technology's current limitations. Deborah Pirro, global real estate advisor, Daniel Gale Sotheby's International Realty on Long Island, New York, uses AI for the first draft of a text but stresses that the tool is only as good as the person using it.

Beyond the current hiccups, Mearce expresses skepticism about AI's ability to value a home based on neighborhood and square footage, even in the future. Some real estate platforms have tried to roll out such a feature for years, but it's useless in Montecito, California, for example, where many of the homes are not new and proximity to a private school can be a deciding factor to a buyer. "There can be a million-dollar difference between two homes that are in the same condition with the same square footage," he says.

No matter what improvements increased processing power brings to AI, buying and selling luxury real estate will always be a nuanced business that needs to target a specific community. For this reason it will always require the human touch: taste, trustworthiness and geniality, which can never be replicated by a computer program.

"AI should be seen as a powerful assistant, a brainstorming tool and an executive support, not a replacement for human expertise," Savvaidis says. "Its effectiveness hinges on the user's knowledge and experience, as AI requires guidance and feedback to truly shine. In the luxury real estate market, clients are seeking more than just a transaction. They want a trusted advisor who understands their aspirations and lifestyle. Negotiating complex deals, navigating emotional decision-making and providing a personalized service are all areas where human connection and expertise will remain paramount." ■

HYBRID *homes*

Why luxury property buyers are balancing sustainability with convenience

While electric vehicles (EVs) have long been lauded as a consummate symbol of sustainability, in practice many eco-conscious buyers are taking a more tempered approach. By and large, they are choosing hybrid models—vehicles that have both a gas-powered engine and an electric motor—over fully electric options. In fact, S&P Global Mobility data released in April 2024 reveals that U.S. registrations for hybrid vehicles rose by 48% in the first quarter of 2024, but by just 5.2% for EVs.

Some luxury-home buyers are taking a similar approach when investing in real estate. Hybrid homes—which include sustainable design features such as solar panels, rainfall-harvesting systems or green roofs—are becoming increasingly common. According to the 2025 Sotheby's International Realty agent survey, eco-amenities, sustainable materials and solar panels are the top environmentally friendly extras buyers are seeking.

Ryan MacLaughlin, owner and principal broker, Island Sotheby's International Realty in Maui, Hawaii, says, "100% of the homes we're selling at the high end have some sort of sustainable feature."

"It's become a selling point in a way it hasn't been before," says Anders Elbe, global real estate advisor, Skeppsholmen Sotheby's International Realty in Stockholm, Sweden.

Saving Money While Adding Value

When asked why luxury clients invest in hybrid homes so reliably, Sotheby's International Realty agents say the answer is two-fold: eco-friendly design features help lower utility costs over time and add value to the property. For financially savvy homeowners, being environmentally conscious is typically a win-win.

"The high-end homeowner is still the most price-conscious on the market," says MacLaughlin. "Even though they have money to spend, they have been successful for a reason. They don't want to waste money and sustainable features help them feel confident they can run their homes as efficiently as possible at a lower cost."

Darlene Streit, global real estate advisor, Sotheby's International Realty - Santa Fe Brokerage in New Mexico, finds that her buyers are often willing to pay a premium if sustainability features are already in place. "There was a craze with people renovating their homes to be more sustainable during the pandemic and now I find that more people want that done for them," she says. "Renovating is not as easy as it appears, nor does it cost exactly what the contractor tells them. They will pay more to have it done, rather than have to worry about doing it themselves."

Sales premium for energy-efficient homes.
Source: Freddie Mac.

3-5%
Increase in sale price

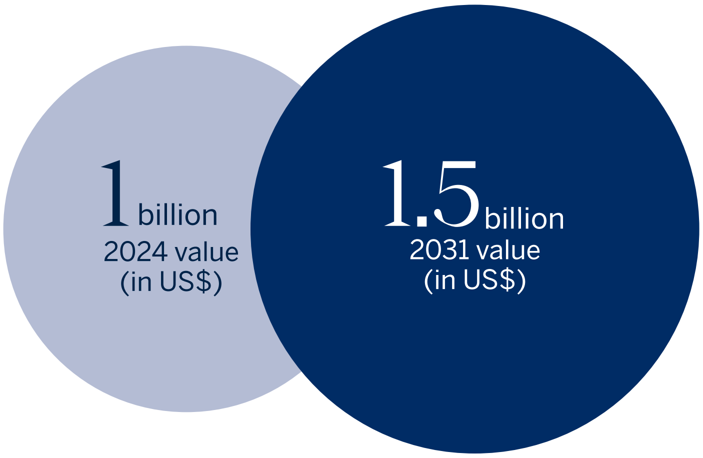
Alkira Resort House in Port Douglas, Australia—designed by architect Charles Wright—is celebrated for its sustainable off-grid luxury.

While there's debate about exactly how much value sustainable features add to a home, an October 2024 article published by Freddie Mac, one of the largest buyers of mortgages in the U.S., found that energy-efficient homes typically sold for 3% to 5% more than less-sustainable properties.

What to Invest In

When building or converting an existing property into a hybrid home, increasing its overall value requires the careful selection of sustainability features tailored to the building's size and the local climate. In sunny Hawaii, for example, solar panels are hugely popular, says MacLaughlin. ▸

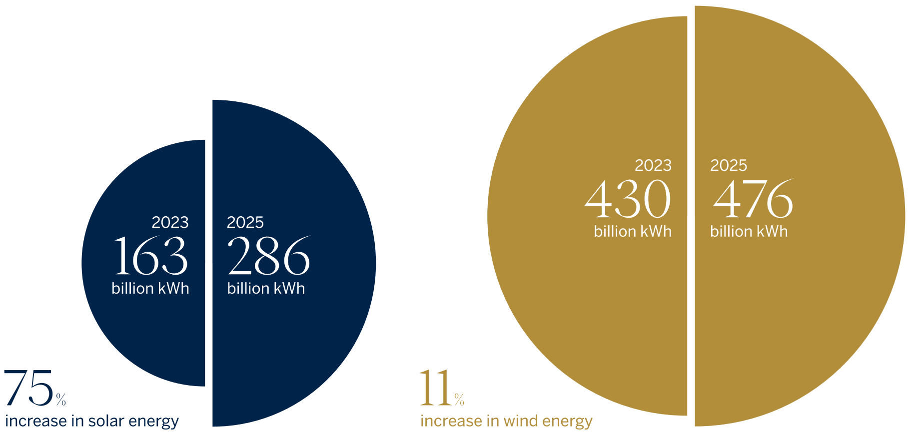
When it rains it pours: the rise in the rainwater-harvesting market.
Source: Verified Market Research.



This chic, light-filled villa on a large beachfront lot enjoys water and sunset views as well as a desirable location just minutes from Vaxholm, Sweden.

Green power in the U.S.

Source: U.S. Energy Information Administration.



According to the U.S. Energy Information Administration (EIA), in 2023 solar panels accounted for just 3.9% of the electricity generated in the U.S. However, as attitudes toward climate continue to change, that number is expected to grow rapidly. The EIA estimated in January 2024 that solar panel energy generation will grow 75% by the end of 2025, accounting for 286 billion kilowatt-hours (kWh) that year. Solar panels are typically installed with a storage system, such as a battery, which can save excess electricity for later use.

EnergySage, a solar-power marketplace funded by the U.S. Department of Energy, estimates that the average solar panel installation costs around US$33,763. Because Hawaii receives an average of 25 to 30 inches of rain each year—more than any other U.S. state—MacLaughlin says that water-catchment systems are also a common hybrid home feature. But Streit has seen plenty of them in Santa Fe's drier climate, too. Rainwater harvesting involves collecting and storing water from a home's gutters for later use around the house. Unlike tap water, it has not been filtered or chemically treated, so it should not be consumed or used for cooking, bathing or watering edible plants unless a proper filtration and disinfecting system is also installed. However, stored rainwater is safe to use for purposes such as irrigating ornamental plants or washing cars.

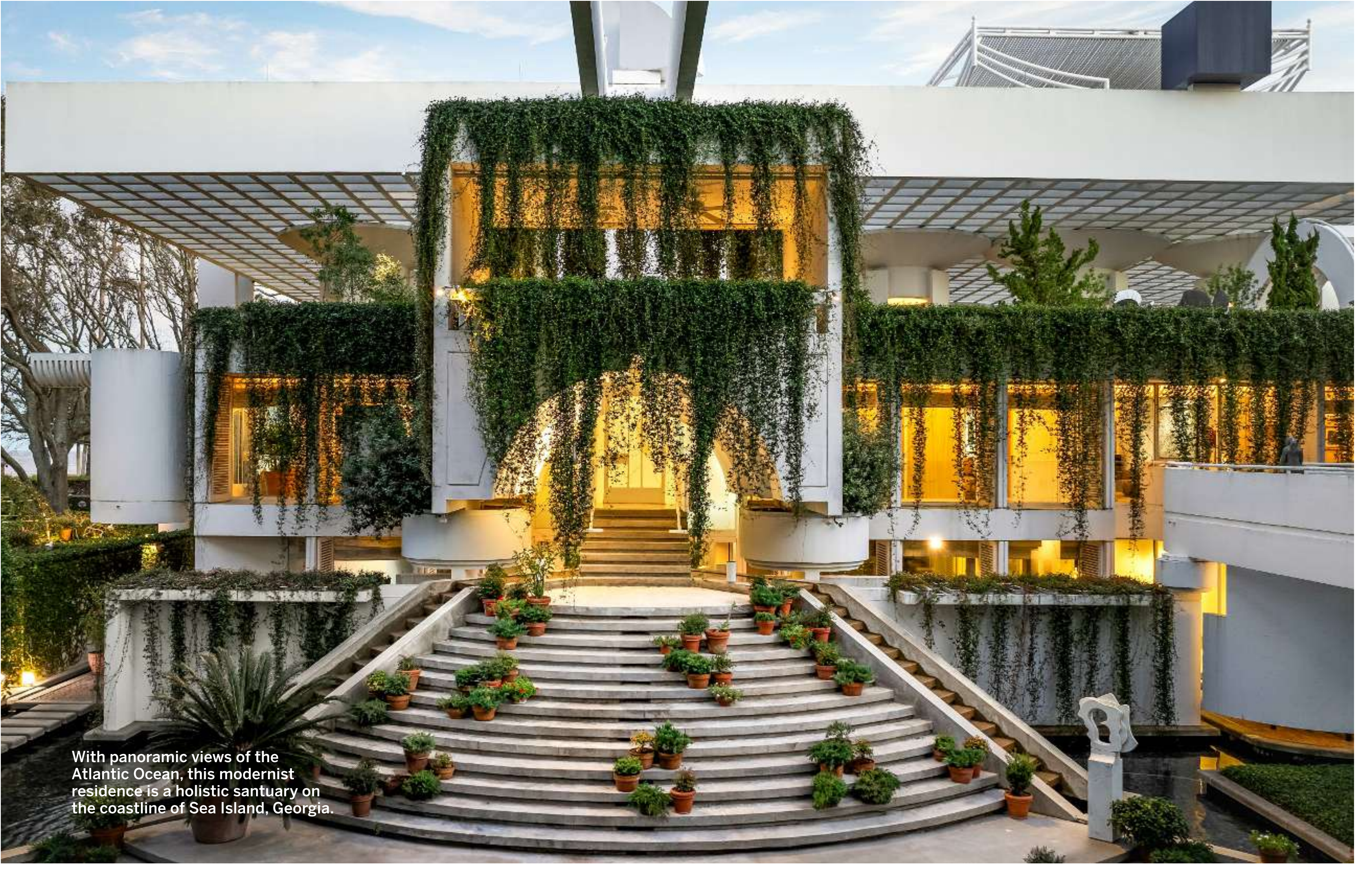
Valued at just over US$1 billion in 2024, the market for rainwater harvesting systems is projected to reach US$1.5 billion by 2031, according to a July 2024 report by Verified Market Research.

In Sweden, green roofs—which feature vegetation planted over a waterproof membrane—aren't just a popular way to be more sustainable. According to Elbe, legislation exists to help make them increasingly more prominent. "In some cases, government regulations mandate them as part of the process of acquiring a building permit," he says.

At their most basic level, these living roofs act as additional insulation. However, green roofs also help to manage stormwater runoff, particularly in cities where concrete and paved surfaces prevent it from being easily absorbed into the ground. According to a September 2024 report in The Guardian, homes with features like green roofs typically use 80% to 90% less energy and have ambient indoor temperatures up to 7°F lower than other homes. With the optional inclusion of a rainwater-harvesting system, green roofs can contribute significantly to household water needs.

The cost of a green roof can vary greatly, depending on the roof slope, size and type of vegetation used. However, according to a July 2024 report in the journal Science of The Total Environment, the cost of installing a green roof can often be fully justified in terms of its long-term sustainability.

While a green roof's insulating properties can help to naturally maintain a hybrid home's interior temperature, a smart thermostat gives a homeowner precise control. These Wi-Fi-connected, AI-driven devices automatically switch the heating system on or off according to a set schedule and can be remotely adjusted ▶


With panoramic views of the Atlantic Ocean, this modernist residence is a holistic santuary on the coastline of Sea Island, Georgia.


Irrigation systems keep the 10.89 acres of pastures lush on this gated estate in the Tumalo community near Bend, Oregon, where sustainable farm living meets luxury.

> "IT'S ABOUT CARING FOR OUR PLANET AND OUR ECOSYSTEM. PEOPLE ARE BECOMING MORE CONSCIOUS OF THAT, AND I THINK THE SENTIMENT IS ONLY GOING TO GET STRONGER"

—

DARLENE STREIT, *global real estate advisor, Sotheby's International Realty - Santa Fe Brokerage*

using an app. They save energy and money by avoiding unnecessary heating or cooling.

"Smart thermostats are a great choice for those who have multiple properties and want the security of knowing they can monitor their homes from afar," says Streit, who has seen many installed in luxury homes in Santa Fe, New Mexico. That number is slowly growing nationally as well. Market research firm Statista found in October 2024 that 14.1% of American households had a smart thermostat, and this is expected to hit 16.3% by 2029.

Peace of Mind

Innovative technologies harnessing renewable resources are becoming increasingly prevalent. Yet luxury homeowners, who are often early adopters of new innovations, have been gradually embracing these advancements. Sotheby's International Realty agents say their clients' preferences for hybrid homes, rather than full self-sufficiency, come down to reliability and peace of mind.

"Some homeowners don't fully trust the technology yet," Streit says, adding that some of her clients feel these advances are simply too new. "I think people are still a little nervous about abandoning what they're used to," she says. "They like having the ability to switch back and forth—say, between solar power and the grid—as needed. It gives them the best of both worlds."

In other cases, hybrid living offers an added layer of security, given that sustainable features are often weather dependent. MacLaughlin agrees that homeowners, particularly those in the luxury market, want to know that their assets will be protected, no matter what nature throws their way.

Looking to the Future

That said, the limitations—real or perceived—of sustainable homes may eventually fade. All of the agents interviewed feel that sustainability will continue to have a growing impact on the real estate market, largely due to a shift in cultural attitudes. "At the end of the day, it's not about the money you can save or what your home can do," says Streit. "It's about caring for our planet and our ecosystem. People are becoming more conscious of that and I think the sentiment is only going to get stronger."

Elbe concurs. He believes that this is happening on a global scale. "There are deeper cultural changes happening now," he says. "As sustainability becomes a standard expectation in high-end homes, it will stop being a trend and start becoming a long-term shift in how wealth and responsibility are perceived." ■

Photos: (page 97) Queensland Sotheby's International Realty; (page 98) Skeppsholmen Sotheby's International Realty; (page 100) Atlanta Fine Homes Sotheby's International Realty. Cascade Hasson Sotheby's International Realty.

Property Index

Prices are rounded and accurate as of January 2025.
All are subject to change and currency fluctuations.

Dubai, United Arab Emirates
US$131.364 million (ID: Y4X3NL)
Dubai
Sotheby's International Realty

El Seibo, Dominican Republic
US$9.995 million (ID: WS75QB)
Dominican Republic
Sotheby's International Realty

Freeland, Washington
US$12.5 million
Realogics
Sotheby's International Realty

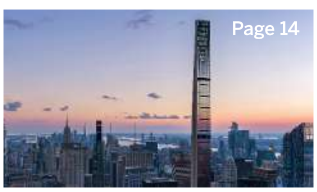
Highland Park, Texas
US$32.5 million (ID: S9HB7Z)
Briggs Freeman
Sotheby's International Realty

Irvine, California
US$45 million (ID: 5LVVMD)
Pacific
Sotheby's International Realty

Figure Eight Island, North Carolina
SOLD
Landmark
Sotheby's International Realty

Bahia Beach, Puerto Rico
Price upon request (ID: JSMKWG)
Puerto Rico
Sotheby's International Realty

Manalapan, Florida
US$85 million (ID: J65JT6)
Equestrian
Sotheby's International Realty



New York, New York
US$49 million (ID: QY3PRQ)
Sotheby's International Realty -
East Side Manhattan Brokerage

Cannes, France
SOLD
Cote d'Azur
Sotheby's International Realty

Napa, California
US$8.695 million (ID: T4XCMM)
Sotheby's International Realty
- St Helena Brokerage

Washington, D.C.
US$10.5 million (ID: Q9MCRY)
TTR
Sotheby's International Realty

Byron Bay, Australia
SOLD
Byron Bay
Sotheby's International Realty

London, England
US$221.969 million (ID: R9HELM)
United Kingdom
Sotheby's International Realty

Byron Bay, Australia
SOLD
Byron Bay
Sotheby's International Realty

Salt Spring Island, Canada
US$6.073 million (ID: S53WBY)
Sotheby's International Realty
Canada

Portola Valley, California
US$85 million (ID: YRF5SY)
Golden Gate
Sotheby's International Realty

Chicago, Illinois
US$11.65 million (ID: VGTLR8)
Jameson
Sotheby's International Realty

Lisbon, Portugal
Price upon request (ID: ZZZ4X3)
Portugal
Sotheby's International Realty

Valle de Bravo, Mexico
US$19.5 million
Mexico
Sotheby's International Realty

Jumby Bay, Antigua and Barbuda
US$40 million (ID: TDBC39)
Antigua and Barbuda
Sotheby's International Realty

Auckland, New Zealand
Price upon request (ID: HK8D66)
New Zealand
Sotheby's International Realty

Bangkok, Thailand
US$4.69 million (ID: PL2YZP)
List Sotheby's International Realty,
Thailand

Highland Park, Texas
US$32.5 million (ID: S9HB7Z)
Briggs Freeman
Sotheby's International Realty

Mallorca, Spain
US$8.792 million (ID: WMTE4Z)
Mallorca
Sotheby's International Realty

Santa Rosa Beach, Florida
SOLD
Scenic
Sotheby's International Realty

Madrid, Spain
Price upon request (ID: N3BH9K)
Madrid
Sotheby's International Realty

Verbania, Italy
US$7.141 million (ID: 6NJY3X)
Italy
Sotheby's International Realty

Austin, Texas
SOLD
Kuper
Sotheby's International Realty

Vienna, Austria
US$8.87 million (ID: FBQPY2)
Austria
Sotheby's International Realty

Naples, Florida
US$13.9 million (ID: W3Z4DM)
Premier
Sotheby's International Realty

Vancouver, Canada
US$19.032 million (ID: CHFKKZ)
Sotheby's International Realty
Canada

Carbondale, Colorado
US$29.5 million (ID: YBPW5L)
Aspen Snowmass
Sotheby's International Realty

Milwaukee, Wisconsin
US$3.295 million (ID: SLG7V2)
Mahler
Sotheby's International Realty

Maple Grove, Minnesota
US$2.795 million (ID: 7DRCRX)
Lakes
Sotheby's International Realty

New York, New York
US$25 million (ID: RRKK5B)
Sotheby's International Realty -
East Side Manhattan Brokerage

Ponte Vedra Beach, Florida
US$25.5 million (ID: DRBDBQ)
ONE
Sotheby's International Realty

Williamstown, Massachusetts
US$1.995 million (ID: 7VXFV5)
William Pitt
Sotheby's International Realty

Pebble Beach, California
SOLD
Sotheby's International Realty -
Carmel Brokerage

Carmel Valley, California
US$7.1 million (ID: 7NSZTG)
Sotheby's International Realty -
Carmel Valley Brokerage

Dubai, United Arab Emirates
US$17.887 million (ID: TFENC7)
Dubai
Sotheby's International Realty

Valais, Switzerland
Price upon request (ID: C2F4GJ)
Steiger & Cie Sotheby's
International Realty

Valais, Switzerland
Price upon request (ID: C2F4GJ)
Steiger & Cie Sotheby's
International Realty

Miami, Florida
Price upon request
ONE Sotheby's
International Realty

Scottsdale, Arizona
US$8.4 million (ID: MBPL63)
Russ Lyon
Sotheby's International Realty

Athens, Greece
Price upon request (ID: 3JWYCX)
Greece
Sotheby's International Realty

Boston, Massachusetts
US$7.5 million (ID: 2D7WLS)
Gibson
Sotheby's International Realty

Port Douglas, Australia
Price upon request (ID: LK626V)
Queensland
Sotheby's International Realty

Vaxholm, Sweden
SOLD
Skeppsholmen
Sotheby's International Realty

Sea Island, Georgia
US$40 million (ID: H8MNR3)
Atlanta Fine Homes
Sotheby's International Realty

Bend, Oregon
US$4.8 million (ID: MBQGRN)
Cascade Hasson
Sotheby's International Realty

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