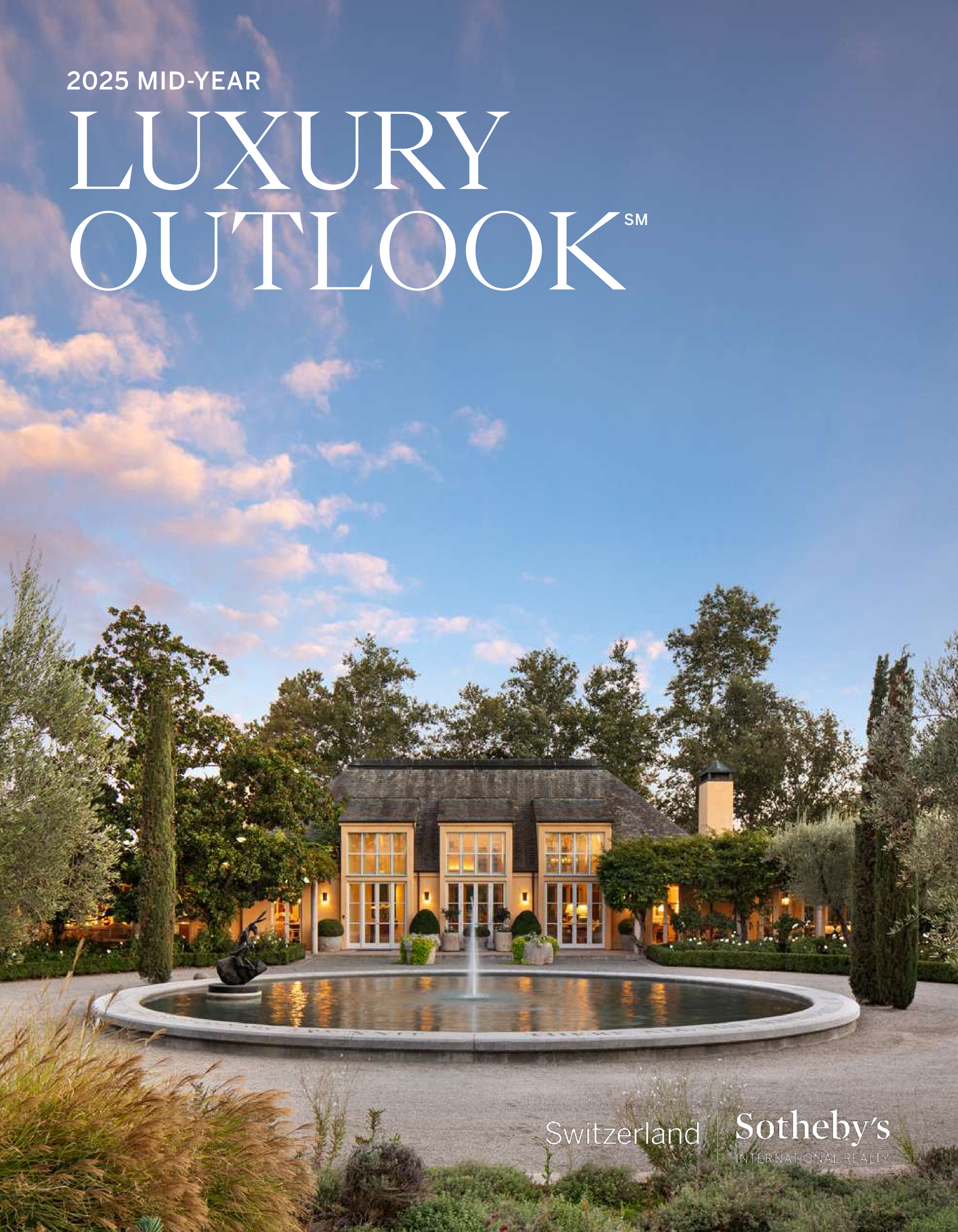
2025 MID-YEAR

LUXURY OUTLOOK℠



Contents

Front and back covers: An elegant eight-bedroom residence in Napa Valley, California sits close to the region's prestigious wineries.

Above: This architectural masterpiece in Raleigh, North Carolina, incorporates state-of-the-art elements.

Right: This luxurious modern mountain retreat in Evergreen, Colorado, is nestled among 10 private acres and showcases breathtaking views.

Photos: (front and back covers) Sotheby's International Realty - St. Helena Brokerage; (page 2) Hodge & Kittrell Sotheby's International Realty; (page 3) LIV Sotheby's International Realty.

Welcome

Opportunities abound

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

As the Sotheby's International Realty brand releases its 2025 Mid-Year Luxury OutlookSM report, we look ahead to the trends and developments affecting the global luxury real estate market.

Luxury real estate outperformed traditional real estate markets throughout 2024 and in the early months of 2025. The top half of the wealthiest households in the U.S. saw the greatest gains in real estate value, according to an April 2025 report from Realtor.com®. Upscale property transactions slowed slightly in response to global economic disruption in spring 2025. Still, there's optimism that the luxury real estate market will withstand financial volatility as a perennial safe haven.

Economic uncertainties—especially stock market volatility—can create opportunities. For some people, this could be the moment they can catch a break in the storm of competition from other buyers, compared to just a few months ago.

The 2025 Mid-Year Luxury Outlook report highlights factors that influence the enduring importance of real estate as an asset class that contributes to the wealth of ultra-high-net-worth individuals as part of a diversified portfolio. Continued strong inventory in the upper end of the residential property sector, demographics that drive demand, and the resilience of the global housing market provide momentum even in the face of economic headwinds.

This report includes insights from Sotheby's International Realty affiliated agents from around the globe, who specialize in transactions in the US$10 million and up price category, along with data and analysis from UBS, J.P. Morgan, Moody's, McKinsey and Company, Bain and Company, Cotality (formerly CoreLogic), the National Association of REALTORS® and the National Association of Home Builders®.

The content in the report incorporates insights into financing options for luxury buyers and dives into insurance needs of high-net-worth individuals for their homes and other assets, such as art and jewelry. The report also looks at paths to recovery for property markets after a natural disaster, such as the Los Angeles wildfires and earthquakes in Southeast Asia, as well as how homeowners navigate the decision to rebuild or relocate.

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>
> A. BRADLEY NELSON
> *chief marketing officer*
> *Sotheby's International Realty*

This stately, ivy-clad stone manor in Connecticut occupies a majestic site encompassing 25 rolling acres.

Photo: Sotheby's International Realty - Greenwich Brokerage.

Finally, the report turns a sharp eye on five key markets with an emerging—or reemerging—luxury residential component: San Francisco, California; Salt Lake City, Utah; Puerto Rico; Saudi Arabia; and India. Each profile features information about what's driving the high-end property market in these locations, including new developments, growth in the high-end housing market and an appetite for luxury.

Global demand for luxury property is unlikely to slow, given that real estate is an investment that you can actually enjoy while you own it. That demand can be found among a diversity of family structures that acquire luxury property.

Sellers can consider enhancing their home's appeal to homebuyers by investigating local regulations to see if a guest house can be added to increase versatility in living arrangements or accommodate a multigenerational family compound.

Investors seeking stability, whether in their own country or another, may be likely to consider real estate in the coming year in response to stock market volatility. In addition, currency fluctuations, which led to a surge of Americans buying property in the U.K. in 2024, will likely continue to drive cross-border purchasing.

On the supply side, the Sotheby's International Realty brand anticipates growth at the upper end of the market from both new construction and existing properties. We saw an unprecedented level of transactions in 2020 and 2021 when some people were forced to make frenzied decisions. As we come up to the five-year mark after those purchases, and as things begin to normalize again, we anticipate a realignment in priorities that could trigger more sales.

Simultaneously, new development is redefining luxury in some unexpected places. Lifestyle-oriented markets continue to attract new upscale development and both local and out-of-state buyers.

Read on to learn more valuable insights from the 2025 Mid-Year Luxury Outlook report. ■

An eye on the MARKET

The luxury property landscape is anticipated to remain strong amid global turbulence throughout 2025

An extraordinary residence in Higuera Blanca, Mexico spread over four buildings, inspired by the Mayan temples of Yucatan.

This five-bedroom house in Sonoma, California, offers light-filled indoor-outdoor living and vineyard views.

The enduring view of real estate as a stable investment is anticipated to contribute to its continued appeal in 2025, with opportunities in global luxury property markets persisting despite ongoing concerns about tariff impacts and inflation. Data released by the Bureau of Labor Statistics beat economists' expectations according to a June 2025 report in The New York Times, although anticipation is growing that consumer price increases could peak in the fourth quarter of 2025 if tariffs remain in place.

"The luxury real estate market saw a strong finish in 2024, meeting and even surpassing expectations in several areas," says Philip A. White Jr., president and CEO, Sotheby's International Realty. "The Sotheby's International Realty brand's U.S. sales volume growth outpaced the broader market in 2024, achieving 9.4%, compared to the industry's 5.2% overall market growth reported by the National Association of REALTORS® (NAR)."

Luxury property purchases in 2024 and early in 2025 outperformed the rest of the market because of the continued appeal of owning hard assets and the ability of upper bracket buyers to pay cash rather than borrow at higher interest rates, White says. Globally, the Sotheby's International Realty brand achieved US$157 billion in 2024 sales volume, marking one of its best years ever, and its global referral network generated US$4.6 billion.

"These numbers demonstrate the appeal of luxury real estate as an investment—something our discerning clients understand well as they continue to seek exceptional properties that offer both lifestyle benefits and reliable portfolio diversification across multiple countries and markets," White says. "Our performance reflects the strength of the brand's unparalleled global network, the expertise of our affiliated agents and our iconic brand positioning, all of which provide clients with greater access to properties, prospects and market insights—key differentiators that have enabled us to not just respond to the luxury real estate landscape but actively help shape it."

Sales of properties at US$10 million and above soared between February 1 and May 1, 2025, compared to that

The US$1-million-plus market, in numbers

Source: Realtor.com®

50%

of the wealthiest households in the U.S. saw the biggest gains in 2024

18.7%

of total assets for the top 10% wealthiest households in 2024 were in real estate

7.6%

of all existing home sales in the U.S. in February 2025 were US$1-million-plus properties

same period in 2024, according to analysis published in May 2025 by The Wall Street Journal. Sales were up 50% in Palm Beach, Florida; 48% in Miami, Florida; 44% in Aspen, Colorado; 33% in Beverly Hills, California; 29% in Los Angeles, California; and 21% in Manhattan, New York, according to the report.

The strength of sales in the 2024 luxury real estate market continued in some markets in 2025, White says, with properties that were priced correctly selling quickly. The assurances felt around the luxury real estate market stems from two main themes. First, a volatile global election year is over, removing some elements of uncertainty for wealthy individuals. Second, while inventory is growing in some areas, an inventory shortage of luxury homes is anticipated to continue to push prices higher, increasing the value of property portfolios.

In the U.S., the top half of the wealthiest households saw the biggest gains in real estate value among all homeowners in 2024, according to an April 2025 report by Realtor.com®. Sales of US$1-million-plus properties made up 7.6% of all existing home sales in the U.S. in February 2025, compared to 5% in 2023. But among the 10% wealthiest households, real estate represented 18.7% of their total assets in late 2024, down from 19.9% two years earlier, despite gains in value. In late 2024, 36.3% of the assets among this group of households comprised corporate equities and mutual fund shares, the highest share ever recorded. However, recent stock market volatility is likely to have dropped that share back to one-third, similar to the end of 2023.

The Realtor.com® report also found that in early 2025, there were fewer properties priced over US$1 million being listed for sale but demand for expensive homes remained high, with those homes selling faster than median-priced ones. Price cuts in the first few months of 2025 were more common for lower-priced homes, rising to 22.6%, while high-end properties stayed more stable, with only a slight increase from 13% to 13.6%.

The report also noted that volatility in the stock market and geopolitics could drive luxury home sales ▸

higher: "While 2025 started off strong, with bullish predictions and record highs, markets grappled with on-then-off-again tariffs and uncertainty over the impact of the current policy decisions. Moves like deregulation and potential tax cuts could help the economy and markets, but the unpredictability is pushing some wealthy investors toward real estate, which feels safer than stocks," according to the report.

Some of those potential investors may face competition when seeking new properties. While one factor contributing to the lack of supply in the overall housing market is that not enough new homes have been built in the past decade, another is interest rates, according to research published in February 2025 by J.P. Morgan. Since mortgage rates began to rise in March 2022, homeowners with a mortgage rate under 4% are continuing to stay put for longer to avoid the need to borrow at a higher rate for their next home, so housing stock at all levels is not becoming available to other buyers.

Interest rates remaining at higher levels for longer periods have also contributed to anticipated further price increases globally at all price points, according to research published by the investment bank UBS in September 2024. "Unintentionally, central banks have laid the foundations for the next price boom," noted the UBS 2024 Global Real Estate Bubble Index report. "Since the sharp rise in interest rates thwarted the plans of many real estate developers, new construction has [declined] in many cities and looks set to exacerbate the housing shortage, thereby leading to upward price pressure in the future."

Multiple factors influence the performance of luxury real estate markets. One of the most important is the confidence of high-net-worth individuals (HNWIs). Significant U.S. stock market gains—with the S&P 500 up 23% in 2024—boosted the willingness of affluent people to spend some of those profits on real assets such as property. The continued financial well-being of HNWIs extends beyond real estate: in 2024, the top 10% of U.S. households—those with an income of US$250,000 or more—accounted for approximately 50% of all consumer spending, according to a February 2025 article in The Wall Street Journal citing data from U.S. financial services company Moody's. The stock market fluctuated as the U.S. imposed and paused global tariffs, and concerns continued around inflation and a potentially softer economy. The S&P 500 dropped 12.71% in mid-April 2025 from its record high in February 2025, although it had recovered by mid-May 2025, erasing those losses and coming within 4.2% of its high point, according to a report by AP News in May.

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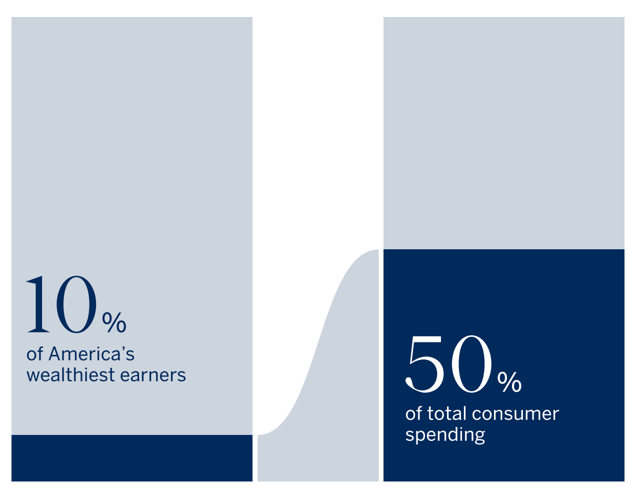
> SELMA HEPP
> *chief economist, Cotality*

U.S. consumer trends

10% of America's wealthiest earners = 50% of total consumer spending = nearly 1/3 of GDP

Source: The Wall Street Journal/Moody's



Photos: (page 6) Puerto Vallarta Sotheby's International Realty; (page 8) Sotheby's International Realty - Wine Country Brokerage; (page 11) Sotheby's International Realty - East Side Manhattan Brokerage.

The grand 111 West 57th Street Quadplex 80, in New York City, has two private terraces and 360-degree views of Manhattan and Central Park.

Resilience in the luxury property market

The gap in performance between the regular and luxury housing markets is anticipated to continue in 2025, amid headwinds caused by changing political and economic dynamics. "Everything in the economy is uncertain at the moment, but in the high-income world, that translates to opportunities," says Selma Hepp, chief economist, Cotality, a property data analytics firm. "Many of the policy changes promised by the new administration in the U.S.—such as tax cuts—are advantageous to HNWIs. In addition, wealthier households have more resources and are less concerned about inflation and unemployment. No one is immune to uncertainty, but it's less of a concern for HNWIs because they have investments."

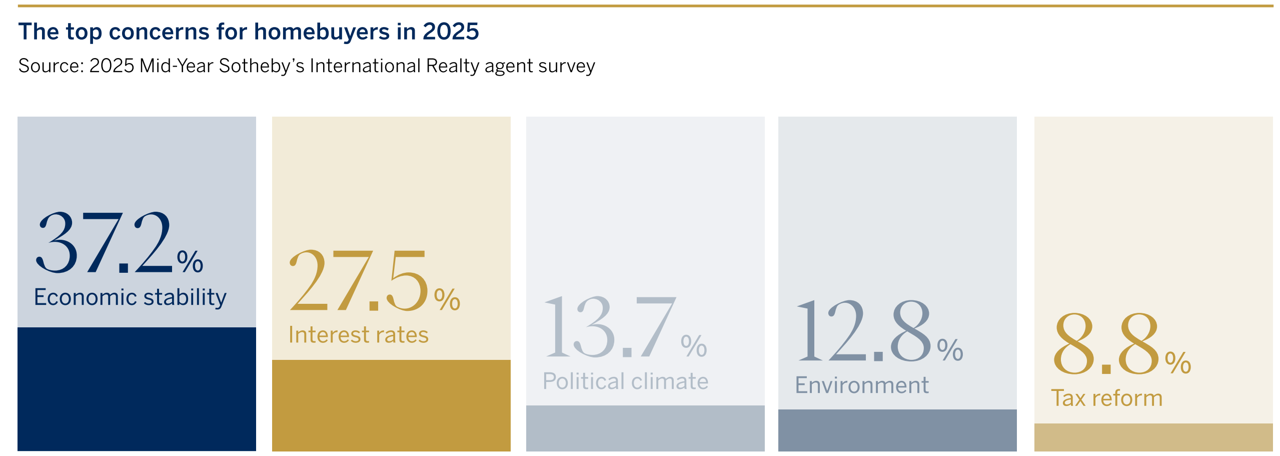
This buffer means that activity in the luxury real estate market is anticipated to continue at its current pace, with new luxury listings coming to market at notable price points. For example, in March 2025, the former home of singer Bing Crosby in Lower North Hillsborough, California, was listed by Golden Gate Sotheby's International Realty and was quickly sold by June 2025 for US$25 million, marking the highest sale in the region in more than two years. Also in March 2025, Sylt Sotheby's International Realty listed a castle set among 185 acres on Germany's Baltic coast for US$201 million.

Since Nikki Field, global real estate advisor, Sotheby's International Realty - East Side Manhattan Brokerage, and her team took over sales at 111 West 57th St. in mid-2024, they have accelerated momentum at the iconic tower. The team listed the tallest "Quadplex" penthouse in the U.S.—soaring over Billionaire's Row at more than 1,000 feet in the air, with a lofty price to match: US$110 million—and had done over US$285 million in sales (covering both closings and contracts signed). As of May 2025, the team had signed 10 contracts and announced that the building is 81% sold, including a recent closing of Penthouse 72 for US$46.9 million.

"High-net-worth buyers remain actively engaged, particularly in the ultra-luxury real estate segment, where unique properties continue to command premium prices," White says.

The Sotheby's International Realty brand's experience shows that well-positioned luxury properties continue to attract buyers, especially those offering distinctive amenities, privacy and lifestyle benefits that align with evolving luxury preferences, he adds. "While geopolitics may introduce uncertainty, growing ►

This villa in Sardinia sits on the seafront and broke the record for Italy's most expensive residential sale, selling for more than €160 million (US$172.8 million).



inventory and pent-up buyer demand signal positive market conditions. Our experience tells us that investment portfolio performance plays into the financial decisions of luxury property buyers," White adds. "However, if a deal pops up that fits their needs, they will likely act on it, regardless of other factors. For example, in March 2025, Dubai Sotheby's International Realty achieved a record sale for a villa on Dubai's upmarket Jumeirah Bay Island of US$90 million, breaking its own record—a US$65.5 million sale in 2024."

Italy's most expensive residential real estate sale in history—a 28-bedroom seafront villa in Sardinia with two private beaches, three pools and two piers—sold for US$172.8 million in March 2025, with both the buyer and the seller represented by Italy Sotheby's International Realty.

"HNWIs tend to follow the stock market and financial indicators more closely than the other factors," White says. "However, we're seeing a sustained pattern where cash buyers remain particularly active in the market, continuing to engage in significant transactions regardless of other factors. This cash buyer resilience has become a defining characteristic of the luxury segment, consistently driving demand and transaction volume even as other market segments experience more volatility."

Despite the buoyancy of the luxury property market, the 2025 Mid-Year Sotheby's International Realty agent survey revealed that the top concerns for homebuyers this year are inflation and interest rates. Other issues that may influence their real estate decisions include the global political situation, climate change and tax reforms.

Policies and politics and the luxury property market

Some observers have been concerned that tariffs and immigration policies could harm the U.S. real estate market (see p24), with analysis from The New York Times estimating in April 2025 that, if fully enforced, tariffs and limiting immigration would add 16% to labor costs and 31% to materials costs for homes. Of course, that estimate may change depending on the specific tariffs and how long they last, along with immigration enforcement policies.

"Tariffs on building materials and other items used to build and furnish homes raise the cost of construction, remodeling and even moving," says Robert Dietz, chief economist, National Association of Home Builders (NAHB). "NAHB estimates indicate that the initial rounds of the tariffs would raise the cost of construction by up to US$10,000 for a typical single-family property and even more for high-end homes." Tariffs on construction materials also increase the cost of rebuilding homes, which ultimately will raise insurance costs for homeowners, Dietz says.

"But in times of uncertainty, real estate becomes even more important as an asset," Hepp says. While she doesn't anticipate tariffs having as big an impact on luxury real estate as has been suggested, she does think there may be a spike in prices for some luxury materials as high-end homes destroyed by wildfires in California and floods in North Carolina and Florida are rebuilt (see p26 for more about the impact of natural disasters on homebuyers). ▸

This mountainside sanctuary in Aspen, Colorado is accented by hand-scraped beams and walnut flooring.

How generational trends are shaping housing purchases

Aside from policy changes, generational trends among buyers and sellers demonstrate the increasing importance of equity among purchasers, according to NAR's 2025 Home Buyers and Sellers Generational Trends report. Gen Xers (born between 1965 and 1980) had the highest-earning homebuyers, with a median income of US$130,000 in 2023, and they purchased the largest homes, along with younger millennials (born between 1990 and 1996), at a median of 2,000 square feet. These younger generations also had the most diverse family structures, with Gen X buyers the most likely to purchase a multi-generational home at 21%, and younger millennials having the highest share of unmarried couples buying homes at 13%.

Sellers hoping to appeal to these demographics need to know how to highlight the flexibility of their properties. "Gen Xers are today's sandwich generation," says Jessica Lautz, NAR deputy chief economist and vice president of research, about the report's findings. "They are purchasing multigenerational homes to accommodate aging relatives, children over the age of 18 and even for cost savings. While Gen X are purchasing at the highest household incomes, they may still feel the squeeze as they aim to find a home that serves everyone."

Photos: (page 12) Italy Sotheby's International Realty; (page 14) Aspen Snowmass Sotheby's International Realty.

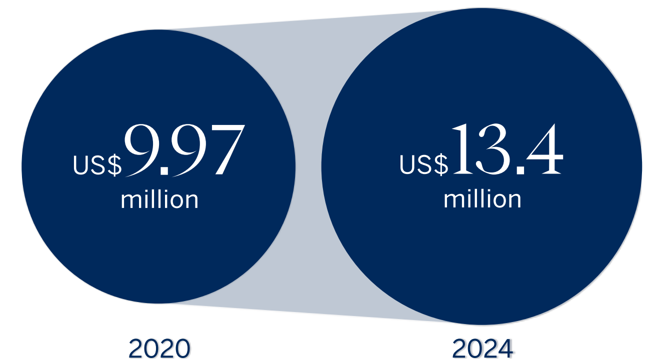
Spotlight on U.S. luxury property markets

The first two months of 2025 were among the busiest starts to the year seen in the New York City luxury property market in the past 20 years, says Juliette R. Janssens, global real estate advisor, Sotheby's International Realty - East Side Manhattan Brokerage. "We saw momentum pick up after the election due to pent up demand and increased liquidity from previous stock market performance," says Allison B. Koffman, global real estate advisor at the same office. "We have experienced bidding wars at every price point, from US$2 million to US$10 million and up."

Median sales prices in Aspen, Colorado

US$9.97 million for a single-family home in 2020
US$13.4 million for a single-family home in 2024

Source: Aspen Snowmass Sotheby's International Realty



Janssens says condos on the Upper East Side are particularly sought after, along with those on the Upper West Side and downtown. "Buyers favor condos because they're less restrictive—you can rent them out or buy with a trust or limited liability company—unlike co-ops. Condos have been the favorite child for a while, especially for a new generation of buyers who are less concerned about being at a certain address than earlier generations."

In addition to profiting from the stock market, many New York City buyers in the financial industry have used their recent bonuses to buy real estate, Koffman says. "New luxury buildings all over the city have already sold their best apartments just from buyers looking at floor plans."

In Aspen, Colorado, a severe lack of inventory and restrictions on new development have kept prices high, says Tim Estin, global real estate advisor, Aspen Snowmass Sotheby's International Realty. Land use rules have restricted new homes to a maximum of 9,250 square feet, and new restrictions may reduce that to 8,750 square feet in 2026. "Inventory is consistently 40% to 50% less than it was before the pandemic," he adds. In February 2019, there were 382 units for sale in Aspen compared to 187 listings in February 2025.

Estin also notes that the "billionaire effect" in Aspen keeps prices high. "Whenever we have a big high-end sale, the net effect is that it pushes average prices higher. There's a gravitational force for prices to keep rising." The median sale price for a single-family home in Aspen was US$13.4 million in 2024, compared to US$9.97 million in 2020. ▸

In the Bay Area, California, the housing market flattened in 2024 but started this year with new momentum and a new mayor, who is generating optimism, says Kara Warrin, global real estate advisor, Golden Gate Sotheby’s International Realty, serving Marin County and San Francisco.

“Our luxury property market isn’t impacted by interest rates because 85% of transactions are with cash,” Warrin says. “Our team sold more than US$65 million between October and December 2024, with an average sale price of US$6 million. The buyers tend to be local people who want something bigger and better and have the cash to pay for it.”

Inventory is low in San Francisco and in nearby Marin County locations with ferry access to the city, such as Sausalito, Tiburon, Belvedere and Mill Valley, Warrin adds.

One trend that helps buyers in the area is less competition from foreign investors. “The strong dollar and political climate in the U.S. have kept our international buyer pool smaller,” she says. “Many of our buyers in the tech industry have done well and need to be in the Bay Area, but we also have a ‘silver wave’ of sellers and buyers. They are usually long-term business owners or people who inherited money and want to downsize now that they are in their 60s and 70s.”

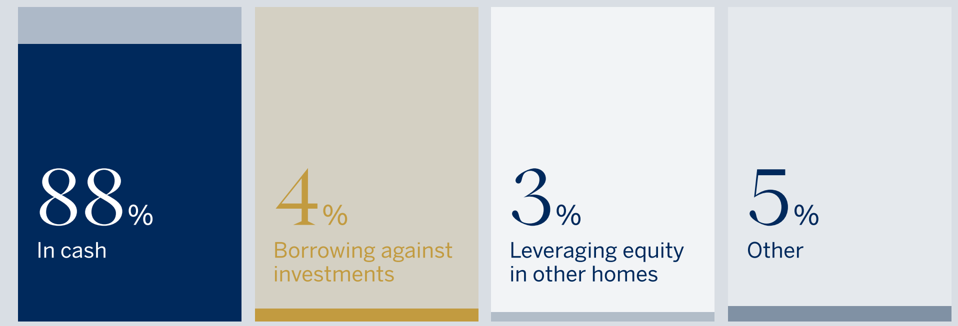
Both groups have lots of purchasing power, with the older buyers looking for a penthouse with a view or smaller single-level living and younger families looking for single-family homes. “The luxury property market will likely stay extremely strong in the Bay Area, with homes selling quickly for what they are worth but not at a crazy rate of appreciation,” Warrin says. ▸

One of San Francisco’s only historic waterfront compounds, The Valhalla 1893 in Sausalito, California, has hosted the likes of Marlon Brando and John F. Kennedy.

Financing options

Top transaction methods for luxury property

Source: 2025 Mid-Year Sotheby’s International Realty agent survey



When U.S. mortgage rates were historically low between 2009 and early 2021, savvy HNWIs jumped at the opportunity to invest in real estate with “jumbo loans.” This term refers to mortgages that exceed the limits set by the government-backed funding agencies Fannie Mae and Freddie Mac. In 2025, that means loans of US$806,500 or more in most markets, or US$1,209,750 in high-cost localities.

Today, wealthy homebuyers are still just as likely to invest in property around the globe, but they are more likely to pay cash now that borrowing costs are higher. According to the 2025 Mid-Year Sotheby’s International Realty agent survey, 88% of HNWI clients across the globe prefer to purchase real estate with cash.

“Our market is 80% cash, but the few clients who borrow funds to buy a property usually pay interest rates well below the standard rate,” says Dan Dockray, global real estate advisor, LIV Sotheby’s International Realty in Colorado. “These are buyers who have a strong relationship with their banks, which will typically shave at least a point off the market rate.”

In early 2025, these borrowers typically paid 5% or less on a jumbo loan, compared to nearly 7% for other borrowers, he says. “Some cash buyers are actually leveraging their investments and may be pulling US$2 million or more out in cash against their assets.”

Unlike a jumbo loan, which can take weeks to access because of documentation requirements and can generate substantial borrower fees, loans against investments can often be approved in one day, says Keith M. Bloomfield, founder and CEO of FFT Wealth Management, a New York City–based firm that serves ultra-high-net-worth individuals (UHNWIs).

“Our margin rates are lower than the prevailing jumbo mortgage rate, and borrowers can leverage up to 50% of their portfolio,” Bloomfield says. “It’s all a numbers game based on interest rates, their return on investments and whether someone needs capital for their business or another expense.”

Financial institutions such as UBS, Morgan Stanley and Raymond James have excellent programs for financing property purchases for people who keep their investment portfolio with them, says Brian Weiner, founder and CEO of the Family Office Resource Group, a wealth management firm that also serves UHNWIs. “The challenge with this approach is that securities portfolios tend to fluctuate,” Weiner says. “In the event of a serious market correction, the borrower may need to cover any shortfall. Another concern is that you’re committed to that financial institution, so making a change might not be so easy.”

An alternative option is an intra-family loan, often made via a trust or a limited-liability company, which allows UHNWIs to finance purchases made by other family members. “The rates for such loans are usually much lower than traditional mortgages, which can lead to amazing cost savings,” Weiner says.

For example, as of March 2025, the interest rate established by the IRS for an intra-family loan of more than nine years was 4.81%, compared to 6.31% for a traditional mortgage.

Economic factors vary according to the level of wealth of the client. “For UHNWIs, property purchases and sales are purely a lifestyle choice,” Dockray says. “At a lower price point, such as the US$5 million range, we tend to see more activity when the stock market rises. Buyers below that point are more likely to pay attention to interest rates.”

However, many entrepreneurs drive real estate transactions, so inflation or other economic factors that impact their business could influence their real estate decisions. Successful transactions often hinge on clients sharing information about their banking relationships early in the process. Understanding whether financial institutions can authorize and facilitate loans in specific markets—specifically in cross-border scenarios—can help prevent complications.

“Agents need to know which lenders can work with wealthy buyers and what they can offer, which changes often,” Dockray says. When a buyer needs to finance their purchase, it’s best to use local lenders whenever possible. The worst situation is when someone has an out-of-state personal banker, who says they can execute in our market but at the last minute they can’t. It can derail a deal to ask a seller to wait while your buyer scrambles to rearrange their financing.” ■

The factors that influence global luxury property buyers

Economist Hepp also believes that foreign investment in U.S. real estate could be influenced in part by geopolitical circumstances. "While some foreign buyers will continue to be attracted to investing in U.S. real estate because the country is considered a stable economy, others may be less likely to invest here because of changes in immigration policies," she says. "It will probably balance out in the coming years."

In terms of cross-border luxury transactions, there has been an increase in activity from U.S. buyers looking to purchase properties in Europe, a trend that was also seen during the pandemic, White says. "Market forecasts from our affiliate leaders remain positive for the coming months. This optimism is particularly strong in markets such as Italy, Portugal, Dubai, the U.K., France and Spain, as well as in countries offering fiscal tax benefits and residency programs, such as Malta and Switzerland."

Cross-border transactions were also driven by the strong performance of the U.S. dollar at the start of the year. Outside of Europe, U.S. luxury property buyers are seeking homes in locations such as Japan and Mexico due to currency advantages. "We are seeing a growing luxury market in Mexico that is attracting more and more buyers from the U.S.," White says. "San Miguel continues to grow substantially, as do other mostly coastal markets, such as Los Cabos, Playa del Carmen and Puerto Vallarta.

Trends in Europe and the U.K.

The primary motivations for Americans buying overseas appear to be economics, politics, lifestyle, potential investment opportunities and the favorable exchange rate, White says. "Demand from U.S. buyers was robust in 2024, particularly in markets that aligned with their motivations. Portugal continues to be a compelling destination, with U.S. buyers becoming the top foreign nationality in 2024. In Italy, the U.S. buyer share has significantly increased since 2023, fueled by the strong dollar and a new lump-sum tax regime. Our affiliate in Paris, France, Propriétés Parisiennes Sotheby's International Realty, also noted that 70% of its foreign buyers were from the U.S. in 2024."

Demand for prime properties in central Paris remains strong, says Delphine Gibert Avitan, director, Propriétés Parisiennes Sotheby's International Realty. "High-profile sales have continued, particularly in the most sought-after arrondissements, but buyers are showing increased selectivity, favoring properties that offer a unique architectural or historical character. There's a continued preference for properties with outdoor spaces and terraces, along with high demand for meticulously renovated turnkey residences. There's also an increasing focus on energy-efficient and historically preserved properties due to evolving regulations and buyer preferences."

In April 2025, Alexander V. G. Kraft, chairman and CEO, Sotheby's International Realty France and Monaco, secured the Maybourne Residences in Saint-Germain-des-Prés, one of the most prestigious areas of Paris. The residences are exclusively listed by Propriétés Parisiennes Sotheby's International Realty and are the first private homes in Paris that will benefit from hotel services. They are also the most expensive, with a €60,000 per square meter (US$5,750 per square foot) listing price. "These developments offer Americans not just properties but lifestyle experiences in prestigious locations," White says.

The Paris residences represent a global trend among luxury property buyers who are looking for hotel-like amenities for their private homes.

Lower interest rates in Europe may encourage some HNWIs to re-enter the market there, Gibert Avitan adds, although cash transactions dominate the ultra-luxury sector. "Geopolitical uncertainty tends to reinforce the appeal of stable luxury markets such as Paris, London and major European capitals."

Sustained interest in Paris among American buyers, particularly those motivated by lifestyle and long-term investment potential, is matched by the appeal of London. "Buyers in London in 2024 did very well because there was lots of supply and the market was unsettled before our general election," says Becky Fatemi, executive partner, United Kingdom Sotheby's International Realty. "There's more clarity globally now that the U.S. and U.K. elections are behind us, and there are still good opportunities in the U.K. as we've experienced a significant exodus of foreign buyers."

Some wealthy people from Europe, the Middle East and Africa have left the U.K. since reforms in 2024 eliminated long-standing tax benefits for residents whose permanent home is outside the U.K. In addition, in November 2024 the new center-left U.K. government ▸

Photos: (page 16) Golden Gate Sotheby's International Realty; (page 19) Sotheby's International Realty France and Monaco.

Residents of the Maybourne, in Saint-Germain-des-Prés, Paris, have access to the luxury spa at the adjoining hotel.

> "MARKET FORECASTS FROM OUR AFFILIATE LEADERS REMAIN POSITIVE FOR THE COMING MONTHS"
>
> — PHILIP A. WHITE JR., *president and CEO, Sotheby's International Realty*

An architectural icon in Toorak in Melbourne, Australia, with six bedrooms and ornamental gardens.

imposed a 2% surcharge on home purchases made by non-residents and an extra 5% on buyers who own more than one residential property.

In 2024, Americans made up 20% of foreign buyers in the U.K, according to Fatemi. The market segment between £2 million and £10 million (US$2.6 million to US$13 million) remains active, with foreign buyers predominantly purchasing properties as a pied-à-terre or investment assets for family members. In addition, interest rates are lower in the U.K. Robust bonuses for people in the financial sector also led to a boost in purchases at the end of 2024 and in early 2025.

"One reason Americans were buying in the U.K. is the strength of the dollar compared to the pound," Fatemi says. "Even though they might have to pay stamp duty of as much as 19%, the strength of the dollar and lower interest rates offset the expense." She says prices are the highest they have ever been, so buyers from Dubai and Abu Dhabi are also looking to London for investment opportunities.

> "THERE'S MORE CLARITY GLOBALLY NOW THAT THE U.S. AND U.K. ELECTIONS ARE BEHIND US"
>
> —
>
> BECKY FATEMI
> *executive partner, United Kingdom Sotheby's International Realty*

Photos: (page 20) Peninsula Sotheby's International Realty; (page 21) New Zealand Sotheby's International Realty.

Trends in Australia and New Zealand

Australia's luxury real estate market also showed robust performance in 2024. "Sydney Sotheby's International Realty achieved a record year in 2024," White says. "Our brand also has plans for continued expansion in Australia in the coming months."

Sydney remains one of the world's most expensive luxury property markets. Other capital markets in Melbourne, Perth and Brisbane represent attractive alternatives for luxury property buyers seeking value and lifestyle appeal.

Melbourne Sotheby's International Realty set a record for the South Yarra neighborhood with the sale of a contemporary home for just under AU$26 million (US$16.5 million), the highest recorded price since 2018 and a new record per square meter at AU$41,000 (US$26,127). "I believe we'll continue to see this trend for strong demand for luxury real estate by the ultra-rich and finite supply in highly sought-after suburbs of Melbourne, which offer world-class amenities," says Antoinette Nido, managing director, Melbourne Sotheby's International Realty.

In Australia's major cities, demand is being driven by UHNWIs and an increasing appetite for prestige property investments. Market forecasts from data analytics firms Cotality and Domain suggest a 5.3% annual property value growth rate for 2025 compared to 2024, along with sustained interest in landmark residences and branded developments. While foreign purchases of existing homes are on hold for two years from April 1, 2025 the same restrictions do not apply to new developments, which represent ownership and investment opportunities for overseas purchasers.

"In New Zealand, a significant market development emerged in March 2025 with updates to the Active Investor Plus Visa Scheme," White says. "This policy change now permits foreigners to own homes based on eligibility related to investment thresholds and physical presence requirements. New Zealand Sotheby's International Realty was involved in the top three national sales in 2024 and six of the top ten, suggesting strong underlying market momentum." ▸

Queenstown, New Zealand, is home to this secluded lakefront residence.

Trends in Hong Kong and Singapore

Property markets in China struggled in 2024, and measures have been taken to deliver stability. "The government has eliminated excessive stamp duties and introduced programs to attract wealthy individuals, family offices and qualified professionals, encouraging a new wave of potential buyers from the Chinese mainland, Southeast Asia and the Middle East," White says.

Singapore's luxury housing market was noticeably slower until the summer of 2024, when interest rate cuts by the U.S. Federal Reserve encouraged economic confidence among homebuyers and investors, says Sueann Lye, global real estate advisor, List Sotheby's International Realty, Singapore.

"There was a noticeable flow of wealth into the Singapore market in 2024, indicated by higher sales in the second half of the year," Lye says. "On a per-square-foot basis, the average price of so-called 'good-class bungalows' rose 4% year-over-year from 2023 to 2024. In 2025, we expect the good-class bungalow market to strengthen and prices to rise marginally due to the limited supply." A "good-class bungalow" is a planning designation that indicates a single-family home located in one of 39 residential areas and on a lot of at least 1,400 square meters (15,070 square feet). They are typically the most luxurious and costly homes in Singapore.

However, luxury apartments did not perform as well, with total sales down 30% in 2024 compared to 2023, Lye says. She anticipates the current performance of apartments to remain the same in the second half of 2025. "This could be attributed to the lack of new luxury projects for sale in 2024 and to the hike in additional buyer's stamp duty (ABSD). Since April 2023, foreign buyers of residential properties have to pay 60% of the sales price, which is a deterrent. In addition, ABSD rates were raised for citizens and permanent residents buying second properties from 20% to 30%." As a result, luxury properties in Singapore are increasingly being purchased by citizens and permanent residents as their primary residence.

"We have noticed an increasing number of buyers from the U.S., Norway and Switzerland over the past two years," Lye says. "Under their respective free trade agreements, nationals and/or permanent residents from these three countries who buy residential properties in Singapore, as well as those from Iceland and Liechtenstein, will be accorded the same tax treatment as Singaporean citizens," Lye says.

More broadly in Asia, the Sotheby's International Realty brand opened an office in the Philippines in March 2025 to widen its reach in the region. "The luxury residential real estate sector in the Philippines has seen steady growth fueled by increased demand from affluent buyers and investors," White says. "As the financial center of the country and a key hub for multinational corporations, the city of Makati is the prime location for high-end residences offering premium amenities and security."

A nine-bedroom mansion located in Emerald Hills with views of the Dubai skyline.

Photo: Dubai Sotheby's International Realty

Trends in the Middle East

Despite ongoing global economic and geopolitical challenges, the luxury real estate sector in the Middle East remains robust, says Zhanna Yerkozhanova, general manager, Qatar Sotheby's International Realty. "HNWIs are actively purchasing exclusive properties in the top locations. This year, foreign investment is anticipated to rise due to favorable exchange rates and government initiatives attracting affluent buyers."

Approximately 6,700 millionaires are estimated to have migrated to homes in the UAE in 2024, with Dubai recognized as a luxury property magnet. Similar to other high-end markets, Dubai continues to struggle to keep up with demand. An array of luxury mansions and penthouses that range in price from US$60 million to more than US$120 million are under construction or recently completed in Dubai for buyers from Europe, Asia and the Americas, according to a February 2025 Bloomberg report.

Branded residences in the Gulf Cooperation Council (GCC)—which includes Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates—are anticipated to stay strong as buyers seek not just luxury but integrated experiential lifestyles. "Qatar is uniquely positioned as a leading Middle Eastern economy, benefiting from a strong banking system, no personal income tax and the possibility for investors to obtain permanent residency," Yerkozhanova says. "Qatar's strategic vision and infrastructure investments position it for continued interest and potential growth in the luxury sector, along with its position as a gateway between Europe and Asia."

Oman, known as a tourism destination for its beautiful landscapes, also has a stable economy bolstered by oil reserves and progressive government policies, which has led to its emergence as a hub for international business, capital transfer and immigration. "Our exclusive projects—the Residences at the St. Regis Marsa Arabia Island, the Pearl—Qatar and the Residences at the St. Regis Al Mouj Muscat Resort—consistently attract international buyers," Yerkozhanova says.

Market resilience

The luxury property market has demonstrated remarkable strength even in the face of broader economic challenges, as the Sotheby's International Realty brand demonstrated in 2024, White says. "Luxury real estate has consistently led the market and outperformed the industry. Sales are taking place at a steady pace, and we anticipate this momentum to continue. Affluent buyers remain active, and the demand for high-end properties remains strong."

In 2025, White anticipates sales in the global luxury property market will continue to show growth. "Active housing inventory is rising in most markets on a year-over-year basis, but some still remain tight," he says. According to NAR data released at the end of May 2025, housing inventory in the U.S. climbed nearly 21% from a year ago. "Overall, we are optimistic about the future of the global luxury property market. The combination of strong demand, impressive sales growth and the resilience of the luxury segment positions it well for continued success in the coming months."

As luxury property buyers and sellers contemplate their next moves for 2025 and beyond, they are likely to focus attention on markets that consistently demonstrate resilience in any economic climate. ■

This estate in Bradbury, California, was meticulously designed following Feng Shui principles and includes a 100ft pool and garage for 20 cars.

Steady Course

Luxury real estate presents resilient opportunities amid market shifts, experts say

On-again, off-again tariffs, stock market volatility, stubborn inflation and currency fluctuations are likely to continue to affect global real estate markets in the coming months, but they could still present opportunities for some buyers.

"Despite elevated interest rates and slower overall sales activity, the high-end real estate segment continues to show resilience," says Odeta Kushi, deputy chief economist, First American Financial Corp., a provider of title, settlement and risk solutions for real estate transactions. "Wealthy homebuyers are often motivated by lifestyle, portfolio strategy or long-term bets on a specific market, not just short-term cost considerations. And, while headwinds such as trade tensions or financial market volatility may shift the pace or location of demand, they rarely erase it."

The upper end of the housing market has consistently performed well in the past few years, attributed in part to strong stock market performance, says Lawrence Yun, chief economist, National Association of REALTORS® (NAR).

While noting that market dynamics might temporarily slow activity, Yun remains optimistic about luxury real estate's long-term trajectory. "We're starting to see a little hesitancy at the upper end, mostly because of the uncertainty about where the stock market will be in a month or next year," Yun says. "But in the big picture, there's sizable pent-up demand for trade-up buyers. In addition, even with a stock market correction, there's plenty of household wealth being transferred to the next generation that will add to the demand for luxury housing."

Tariffs, investors and luxury housing

"Residential construction costs, already more than 40% higher than pre-pandemic levels, could be further strained by sustained tariffs," Kushi says. Buyer preferences may shift toward turnkey homes that avoid the added cost and delay of new construction or major renovations, she says.

"If tariffs continue to increase construction costs, that will likely jeopardize profits on the already slim margins in the building industry," says Joel Berner, senior economist, Realtor.com®. "It's likely more builders will pivot to higher-end homes where the profit margins are a little better, which would increase the inventory of luxury homes."

Photo: Pacific Sotheby's International Realty

"Among the top 10% of wealthiest households, real estate represents 18.7% of their total investment portfolio, down from 19.9% two years ago," according to a Realtor.com® April 2025 report, Berner says. That percentage may be higher after the most recent stock market correction, he adds.

Stock market volatility can have a dual effect on the luxury housing market, Kushi says. "On one hand, sharp swings in equities can prompt some high-net-worth individuals to delay big purchases due to uncertainty," she says. "On the other, real estate—especially in prime markets—might be seen as a safer, more tangible store of value."

The US$1-million-plus segment has continued to grow in 2025, now comprising nearly 13% of all recent existing-home sales, according to April 2025 data from NAR, Kushi points out. "This suggests many affluent buyers still see real estate as a safe place to park money, offering both investment potential and the value of a place to live," she adds.

"When the stock market experiences severe swings, wealthier households in the U.S., and globally, look for a more tangible, secure asset," Yun says. "If the stock market continues to be volatile, people are more likely to invest in real estate as a hedge against uncertainty," he says.

Slowdown risk, interest rates and the luxury market

Berner anticipates the U.S. Federal Reserve Board (the Fed) to hold interest rates steady at least until several months of better inflation numbers are reported. Tariffs are expected to drive prices higher, which works against lowering interest rates, he says.

However, slowdown risks have risen due to evolving trade policies, Berner continues. "[It] isn't necessarily bad for the housing market, with the exception of the 2008-2010 housing-led downturn. Periods of economic cooldowns usually generate lower interest rates, which has a positive overall impact on the housing market, even the upper end."

Currency fluctuations and cross-border purchases

Inflation in May remained steady, according to a June 2025 report in The New York Times, and most economists anticipated that the Fed will continue to hold interest rates at 4.25%–4.5% for the rest of 2025. Meanwhile, trade wars led to a weakening dollar—down 9.07% for the year as of June 18, 2025, according to The Wall Street Journal. In mid-May, officials in China and the U.S. agreed to a 90-day pause on new tariffs, according to a May 2025 report by AP News. As part of the agreement, the U.S. dropped its tariffs on China to 30% from the previous 145%, while China dropped its tariffs on U.S. products from 125% to 10%.

Overseas investor purchases in the U.S. slowed when the dollar was strengthening, which made it more costly to buy in the U.S., Yun says. However, a weaker dollar could make the U.S. more attractive to real estate investors, Berner says.

"When a local currency weakens, international buyers with stronger currencies may find better value, effectively boosting their purchasing power," Kushi says. "But it's not just about pricing—currency shifts often reflect broader economic signals."

"The President's 'Gold Card' proposed visa program, which offers a path to citizenship for people who invest US$5 million, could potentially boost high-end demand for U.S. real estate," Yun says.

Continued volatility on many fronts is anticipated in 2025, but the luxury housing market is likely to be a source of continued opportunity. ■

Recovery EFFORTS

What natural disasters and market shifts mean for homebuyers and sellers

This hillside residence in Malibu, California, set above Malibu Pier, has views of the Pacific Ocean and scenic mountains.

A luxury residence in The Cape, a private community in Phuket, Thailand, known for its natural beauty and high-end property market.

> "THE NUMBER OF DAMAGING NATURAL DISASTERS IS GROWING… REINFORCING THE INCREASING IMPORTANCE OF CONSIDERING CLIMATE RESILIENCE WHEN INVESTING IN LUXURY REAL ESTATE"

In January 2025, Californians witnessed the devastating impact of 14 wildfires that swept through Los Angeles and San Diego Counties. The destruction was widespread and ABC News reported that, by March 2025, the fires had burned 37,000 acres of land and destroyed 16,000 buildings before being contained.

Meanwhile, thousands of miles away, a 7.7 magnitude earthquake struck Southeast Asia that same month, centered just six miles from the city of Sagaing in Myanmar. In early April 2025, a spokesman for the ruling military government said at least 3,649 people had been killed. The earthquake also affected neighboring countries, including Thailand, Laos, Bangladesh, India and China.

Both disasters served as stark reminders of nature's capacity to transform communities and reshape landscapes in a matter of days. From hurricanes and wildfires to floods and earthquakes, natural disasters are not only deadly, but they also exert a huge financial toll. In a year defined by climate volatility, 2024 saw global natural catastrophes cause an estimated US$320 billion in economic losses, with insured losses reaching between US$135 billion and US$140 billion, according to analysis published in January 2025 by the insurance companies Munich Re and Swiss Re. These figures mark a stark departure from historic norms, significantly exceeding the inflation-adjusted insured loss averages of the past decade—and even the past 30 years.

According to a January 2025 report by Moody's, 2024 was the fifth consecutive year in which insured global losses from natural disasters surpassed US$100 billion, pointing to a sustained period of climatic disruption. The majority of the losses were weather-related, driven by powerful natural events including tropical cyclones, severe storms and flooding. Notably, nearly a third of the insured losses were attributed to major hurricanes making landfall in the U.S.

The number of such damaging natural disasters is growing. According to data released in January 2025 by the National Centers for Environmental Information, part of the National Oceanic and Atmospheric Administration, in 2024, the U.S. alone suffered 27 natural disasters where the estimated damage exceeded US$1 billion. This trend is having profound consequences for high-end property markets around the world, reinforcing the increasing importance of considering climate resilience when investing in luxury real estate.

The recovery period after a disaster can also affect the real estate market, as homeowners navigate insurance claims, changes to zoning laws and the emotional and financial costs of rebuilding or relocating. According to a May 2025 report from Bank of America Institute, 23% of U.S. homeowners have experienced property damage or loss in the past five years due to severe weather and 65% are preparing their homes to withstand future events.

Homeowners affected by natural disasters typically have three main options: rebuilding their property to its original specifications, reconstructing with enhanced climate resilience or moving to a new location.

Each option impacts housing inventory and luxury home prices differently—rebuilding or upgrading slows the return of homes to the market, limiting supply and potentially driving up prices, while relocation can shift demand to new areas, putting upward pressure on prices in less-affected, high-demand regions. These dynamics can create localized surges or shortages in luxury real estate inventory, depending on the pace and scale of recovery. We have outlined the specific concerns and opportunities related to each option overleaf. ▸

Billion-dollar natural disasters

Time period	No. of natural disasters	Cost (US$)	Deaths
1980s	33	US$219.6 bn	299
1990s	57	US$335.3 bn	308
2000s	67	US$621.3 bn	310
2010s	131	US$994.6 bn	523
2020-2024	115	US$746.7 bn	504

Source: NOAA www.ncei.noaa.gov/access/billions

Losses from natural disasters

	Overall losses (US$)	Average insured losses (US$)
Past 30 years	US$181 bn	US$94 bn
Past 10 Years	US$261 bn	US$94 bn
Past 5 Years	US$261 bn	US$106 bn
2023	US$268 bn	US$106 bn
2024	US$320 bn	US$140 bn

Source: Munich Re and Swiss Re

Selling for nearly US$16 million in 2024, this Banner Elk home set a record for most expensive home sold in North Carolina.

1. Restoring a property to its original state

Rebuilding to spec—restoring a home to its pre-disaster condition—allows homeowners to regain some semblance of normality. It is also often the most straightforward option, provided that any insurance payout is sufficient to cover the construction costs and local regulations allow for it.

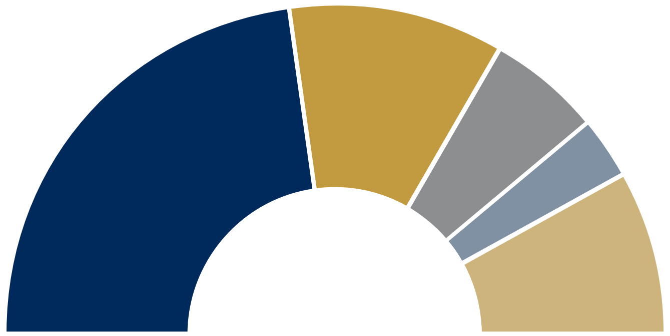
According to the 2025 Mid-Year Sotheby's International Realty agent survey, 46% of respondents said the top concern of clients who lived in areas that had experienced weather-related damage was rebuilding their home to its original state. This was followed closely by rebuilding to a more damage-resistant standard (21%).

"Many people are looking to build exactly as before," says Joe Cilic, global real estate advisor, Sotheby's International Realty - Pacific Palisades Brokerage, although some leeway is being allowed because many homeowners lost houses that were built decades ago. "Following the wildfires, building regulations have been relaxed so people can build homes 10% bigger than what they had or to the current building code, whichever is greater."

Prices of homes and land in the area have also been affected by the fires. "The average sales price for a single family home in the Pacific Palisades was US$4.6 million in 2024, and it is the same in 2025. However, there have not been many sales of surviving homes since the fire—only 11 as of April 2025. Interestingly, the average list price currently for surviving homes is US$9.7 million, which is a significant jump from historical norms. However, this is due to low inventory in the fire-impacted areas and a more typical inventory in the priciest area of the Palisades, the Riviera, which was largely unaffected by the fires," Cilic adds. "Prior to the fire, we did not have many vacant land sales, and now we do, with current asking prices ranging from US$750,000 to US$8.25 million, and an average sale price of US$2.8 million. In comparing this to pre-fire values of properties that were torn down to build, for example land value sales, we have seen prices of land discounted between 20% and 35% compared to pre-fire sales."

Homeowners' top concern post-disaster

Source: 2025 Mid-Year Sotheby's International Realty agent survey



46% Rebuilding or repairing their property to its original condition
21% Rebuilding their property to make it more resistant to damage
11% Selling the property and moving to a new location
6% Finding a new home in the same location
16% Other

The new land sales align with estimated historic land values based on a rule of thumb that a plot of land in Los Angeles is worth between 40% and 60% of a property's overall value. This calculation has historically been used to estimate land values even when few vacant parcels were available for sale. Selma Hepp, chief economist for Cotality, told HousingWire in March 2025 that the cost of land in Los Angeles has already increased at triple the pace since the onset of the pandemic, while home prices have gone up about 50%.

While rebuilding efforts continue, the process is still evolving, and many homeowners are working through the complexities of both regulatory adjustments and the shifting real estate market. "Thus far, only approximately 4% of the homes damaged or destroyed in the Palisades Fire have come to market, as of May 2025," Cilic says. "We expect that number to increase over the next couple of years to between 10% and 15%, but the vast majority of owners intend to rebuild, and many projects are already underway, with plans submitted for approval."

However, rebuilding to spec is not always feasible. Updated building codes introduced by local or national governments after a disaster might require alterations to a home that increase the cost of rebuilding beyond what the insurance payout will cover. A February 2025 study by First Street, a company that models the financial risks caused by climate change, found that by 2055, climate-driven events will increase homeowner insurance premiums by an average of 29.4% nationwide and could result in the destruction of US$1.47 trillion in real estate.

In regions prone to flooding, such as parts of Florida, new regulations may mandate elevated foundations to reduce the risk of future damage. According to the Federal Emergency Management Agency (FEMA), just one inch of floodwater can cause up to US$25,000 in damage. Navigating these evolving building codes requires homeowners to balance their desire for a similar home with the reality of new regulations. While some may feel that rebuilding to spec offers a sense of closure, it's crucial to weigh the financial feasibility against any regulatory challenges. ▸

2. Incorporating resilience and disaster-proofing

A natural disaster can give property owners the opportunity to enhance their home's resilience, and many are opting to do just that. For example, in wildfire-prone areas they might install ember-resistant vents in the roof and create landscaping with open spaces free of any combustible plants to act as a firebreak. In regions prone to storms and ocean surges, upgrades such as hurricane-rated windows, structural reinforcement and improved drainage systems are possible options.

After the fires in California, it became apparent that many of the surviving houses incorporated some fire-preservation features, according to a January 2025 report by the Los Angeles Times. "Some houses were better suited to handle wildfires, so there will be a push to incorporate more resilience when rebuilding," Cilic says. This will also be the case for people looking to move to the affected areas and build new homes.

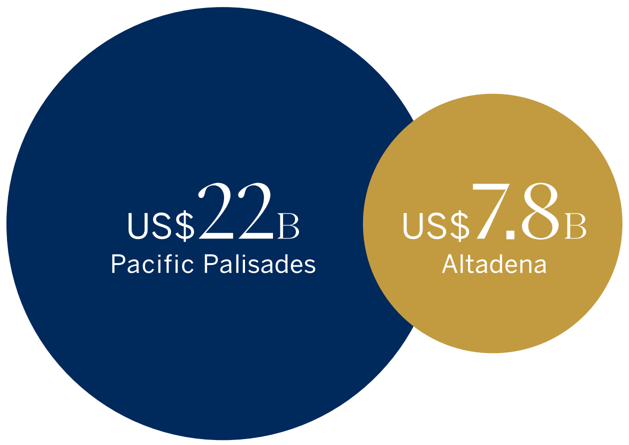
This market shift is evident in the Pacific Palisades neighborhood, where despite an estimated US$22 billion in real estate losses, according to a February 2025 report in the Los Angeles Times, many have retained their value. According to data on the Pacific Palisades housing market trends by Realtor.com®, the median listing home price in the Pacific Palisades neighborhood was US$6.2 million in March 2025, an 11.3% increase on the year before. Similarly, although Altadena saw a loss of over US$7.8 billion in property value, this has not led to a market collapse. The median list price in Altadena in March 2025 was US$1.2 million, according to Realtor.com®, about in line with its US$1.26 million median list price one year ago.

"People who felt they were priced out of Pacific Palisades are now entering the market," Cilic says. "The consensus is that the neighborhood will be even more desirable after the rebuild because everything will be new. People feel like it's going to be an even higher-end luxury property market."

In fact, the post-disaster market is experiencing increased interest, particularly where there are opportunities for rebuilding or new construction. An April 2025 report by The Wall Street Journal supports this and found that wealthy individuals continue to move to locations that are at risk of climate events and are "setting home-price records when they get there." Indeed, despite recent storms, two cities along Florida's west coast, Naples and Tampa, were identified by advisor Henley & Partners as "future wealth hotspots" in its USA Wealth Report 2024.

The financial toll of the Los Angeles wildfires

US$22 billion in real estate lost in Pacific Palisades
US$7.8 billion in real estate lost in Altadena
Source: Los Angeles Times



One of the key advantages of rebuilding with disaster-resistant features is the potential for long-term financial benefits. Homes built to withstand future disasters attract reduced insurance premiums and offer greater long-term value and peace of mind for their owners. Moreover, many municipalities now mandate better safety measures as part of the rebuilding process.

This trend is particularly evident in coastal regions, where modern construction standards are playing an increasingly significant role in shaping real estate markets. "The contrast between older and newer homes in coastal markets has never been more apparent," says Budge Huskey, president and CEO, Premier Sotheby's International Realty, which has offices in Florida and North Carolina.

"In some cases a beachfront home may sustain catastrophic damage, while a neighboring structure built under more stringent regulations remains virtually untouched. Florida's 50% rule underscores this dynamic, requiring that any home sustaining damage exceeding 50% of the value of improvements is rebuilt or replaced to meet current codes. While this may seem rigid, it ensures the continued enhancement of coastal infrastructure, fostering a market where builders and buyers alike can seize the opportunity to create resilient residences." ▸


Naples, Florida, is a popular luxury real estate market with high-end properties such as this five bedroom residence.

Two cities along Florida's west coast, Naples and Tampa, were identified by advisor Henley & Partners as "future wealth hotspots" in its USA Wealth Report 2024.

The recent impact of Hurricane Helene was less predictable for homeowners in North Carolina. For example, Biltmore Forest, among the most desirable upscale residential communities in Asheville, is estimated to have lost 100,000 trees, but only 35 homes were damaged.

"The event led to widely disparate outcomes, with some small villages along rivers destroyed, while other areas primarily suffered tree damage," says Huskey. "Asheville experienced terrible destruction in some areas from the flooded river, but other places saw limited or no damage whatsoever to structures." The resilience in this case applies to the area's market overall, rather than individual properties. "Closings were delayed, yet most pending transactions moved forward. Most of the properties that were damaged were repaired and returned to the market, with the exception of the most highly impacted areas. While the evidence of Helene remains significant to this day, months after the event, the vast majority of homes on the market are undamaged."

Additionally, a pattern of market recovery emerged immediately following the hurricane. According to an October 2024 report by HousingWire, new home listings in the Asheville, North Carolina metropolitan area "snapped back sharply" closer to normal levels in the week following Hurricane Helene, with sources reporting that "out-of-town investors were among the most interested buyers."

Coastal markets worldwide have also implemented measures to mitigate the impact of natural disasters and ensure long-term stability. "Phuket and Koh Samui in Thailand have been affected by major storms over the years, although properties there haven't suffered as badly as those battered by the hurricanes in the U.S.," says Felix Desjardins, global real estate advisor, List Sotheby's International Realty, Thailand.

"A particularly catastrophic disaster was the 2004 Indian Ocean tsunami, which severely damaged large parts of the western coast of Phuket. That location is thriving at the moment and is the most in-demand. The government has tsunami alarm systems in place and established safe evacuation routes. Although a tsunami of that strength is probably a once-in-a-lifetime event, some buyers are avoiding the beachfront and opting for hillside locations just in case."

This cautious approach by buyers mirrors a broader global trend, where both regulatory improvements and shifting buyer priorities are shaping the future of luxury real estate in disaster-prone regions. "Over the years, two key trends have emerged in response to natural events," Huskey says. "First, municipal building codes for new construction continue to evolve, reinforcing homes against severe storms through elevated structural requirements. Second, buyers are becoming increasingly selective, evaluating properties not only for their lifestyle appeal but also for their long-term investment viability based on perceived risk."

3. Moving to a new area

For some homeowners, the emotional and financial burden of rebuilding after a disaster—paired with the uncertainty of future events—leads them to consider relocating. In many cases moving just a short distance can provide a safer living environment, while maintaining proximity to familiar surroundings. "We see many people moving away from the coast—but not too far away," says Melinda Gunther, global real estate advisor, Premier Sotheby's International Realty in Naples, Florida. "Beachfront people are happy to look two or three miles inland."

This shift in behavior has a direct impact on real estate markets and underscores the growing influence of climate change on where and how people choose to live, with some regions already seeing shifts in buyer preferences and housing demand.

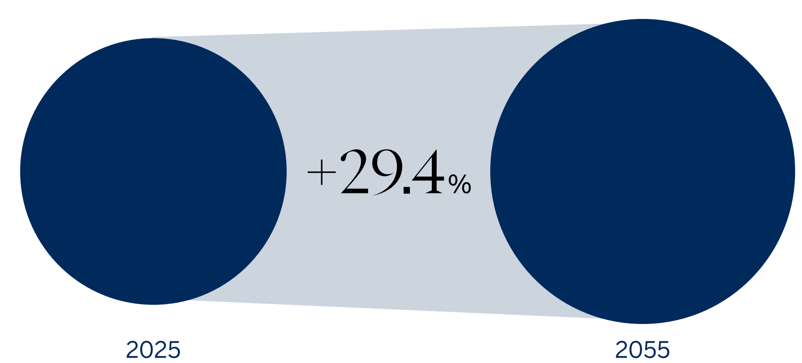
"While North Carolina's real estate market has yet to experience significant shifts due to recent storm activity, Florida's coastal regions are seeing nuanced changes in buyer behavior," Huskey says. "The impact of storm surges caused by recent hurricanes has prompted some long-term residents to consider transitioning to country club communities or luxury condominiums, prioritizing the convenience of a 'lock-and-leave' lifestyle with reduced property maintenance."

In other countries, regions susceptible to natural disasters may differ from prime luxury real estate locations, as in Japan, where major earthquakes hit the southern island of Kyushu in 2024 and 2025. "In the Tokyo metropolitan area, our main target area, we have not seen any price hikes or declines due to natural disasters," says Kantaro Aoki, global real estate advisor, List Sotheby's International Realty, Japan. "This may be due to the fact that the area was not near the epicenter of the recent earthquakes."

Interestingly, relocation can also create new opportunities. When homeowners leave disaster-prone areas, their homes become available to newcomers—sometimes making these regions more desirable in the long run. "In the weeks following Hurricane Helene, our ▸

The economic impact of climate catastrophe

Source: First Street



Increase in U.S. homeowner insurance premiums by 2055

Photos: (page 26) Sotheby's International Realty - Malibu Brokerage; (page 28) List Sotheby's International Realty - Thailand; (pages 30, 33 and 34) Premier Sotheby's International Realty.

advisors in North Carolina facilitated two record-breaking sales—setting new price benchmarks for the entire state," Huskey says.

One of these sales—a 5,200-square-foot four-bedroom home on five acres in Linville, North Carolina, that only had generator power following the storm—closed for an impressive US$14 million. "As expected, market activity temporarily softened in the immediate aftermath as buyers and sellers reassessed conditions, but the resilience of the luxury sector remains evident, driven by a long-term vision and confidence in these coveted markets."

By adapting to evolving risk factors and shifting preferences, both buyers and sellers are playing a role in shaping the future of real estate in disaster-prone areas.

A changing landscape

As climate-driven events become more common, real estate markets are responding with a mix of resilience, regulation and strategic decision-making. In high-impact areas including Pacific Palisades and Altadena, property values remain strong despite significant losses, as many homeowners choose to rebuild with enhanced disaster-resistant features, often encouraged by more flexible building codes. Meanwhile, others are opting to relocate, fueling demand in adjacent, less-affected areas and reshaping buyer behavior.

For sellers, this means a potentially competitive market if they stay and rebuild with modern safety standards, increasing long-term property appeal. For buyers, the current climate presents opportunities to enter previously inaccessible luxury property markets—though often with a higher emphasis on insurance, structural resilience and risk mitigation. Ultimately, whether staying or moving, homeowners must weigh lifestyle preferences against evolving risks and the economic realities of climate change. ■

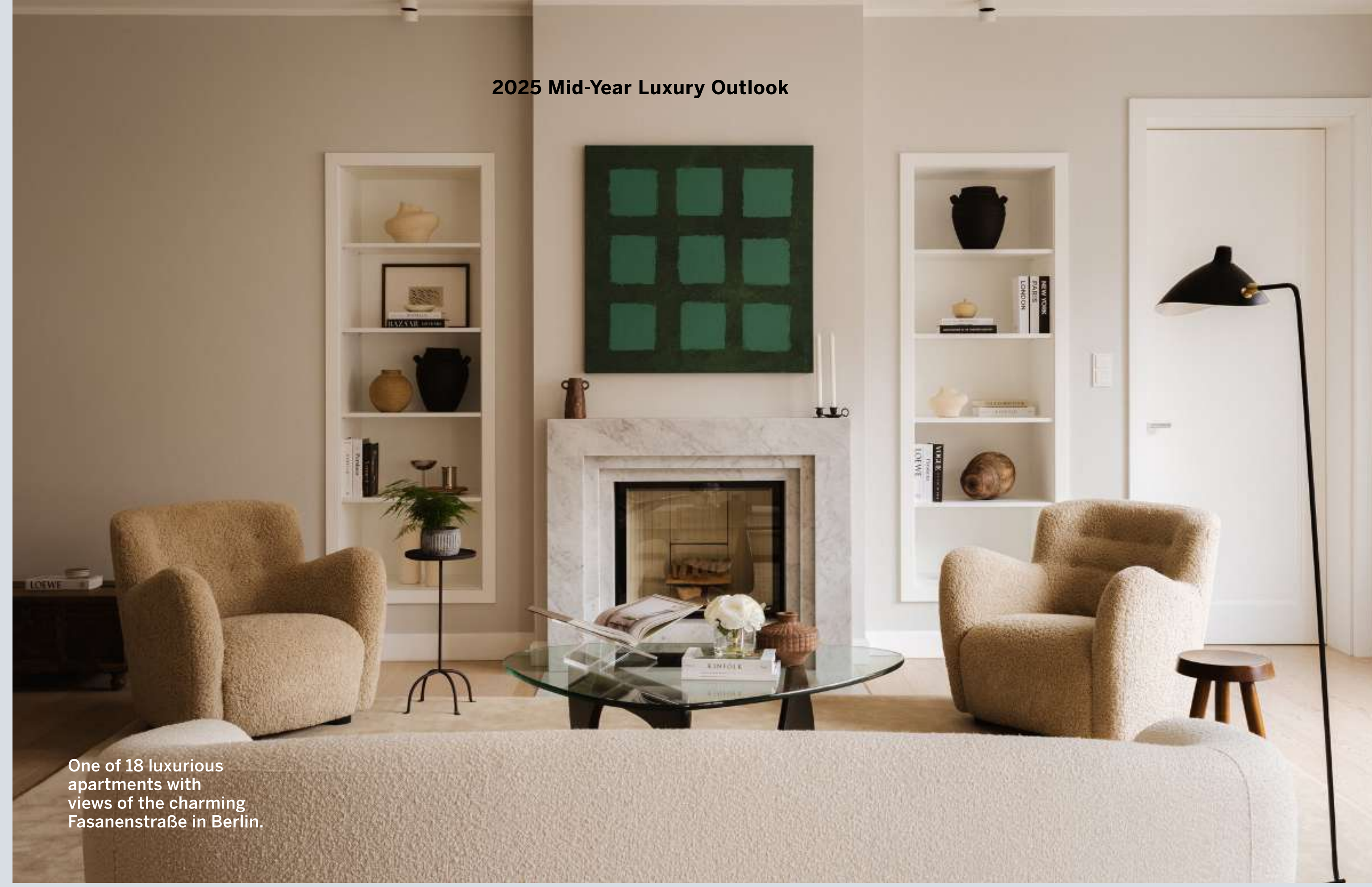
"THE NEIGHBORHOOD WILL BE EVEN MORE DESIRABLE AFTER THE REBUILD BECAUSE EVERYTHING WILL BE NEW"

—

JOE CILIC
global real estate advisor, Sotheby's International Realty - Pacific Palisades Brokerage

Bespoke insurance

Safeguarding wealth with specialized coverage



One of 18 luxurious apartments with views of the charming Fasanenstraße in Berlin.

Photo: Berlin Sotheby's International Realty.

Insurance policies to cover the possessions and property of the wealthy are far from one-size-fits-all. Their assets may encompass everything from multi-million-dollar estates to rare cars, wine cellars, yachts and priceless collections of fine art, so high-net-worth individuals (HNWIs) frequently turn to specialist insurance professionals and companies.

"When advising clients on protecting their property, the first step is ensuring they have a robust insurance policy tailored to its value and unique features, including coverage for high-end finishes, smart home technology and additional structures such as guest houses or pools," says Chase Mizell, global real estate advisor, Atlanta Fine Homes Sotheby's International Realty. "I also recommend consulting a risk management specialist to explore excess liability coverage and flood insurance, even if their property is not in a flood zone."

For luxury homeowners, rebuilding a home following a disaster can be complicated. Many HNWIs invest heavily in bespoke architecture, custom finishes and rare materials that can be hard to source or replicate. Luxury homes also often come with bespoke features such as extensive landscaping, indoor swimming pools and advanced home technology, all of which can significantly increase the rebuilding cost.

Traditional home insurance policies, such as the state-sponsored California Fair Access to Insurance Requirements (FAIR) Plan, which has a maximum coverage of US$3 million, may not adequately cover these assets. Luxury homeowners may need policies that account for the cost of rebuilding with higher-quality materials and design services.

One important option is a guaranteed or extended replacement cost policy. "Guaranteed replacement cost provides more coverage than standard replacement cost," says Carolyn Boris, vice president and product development manager, personal risk services, for insurance company Chubb. "In general, guaranteed replacement cost means the insurer will repair, replace or rebuild damaged property to the same or similar design, using materials and workmanship of comparable quality. Depending on the insurer and the state where the property is located, the cost to repair, replace or rebuild may exceed the amount stated in a standard replacement cost policy." It can even cover an unlimited amount or a specified percentage over the policy amount, Boris adds.

While policies like these come at a premium, they offer valuable peace of mind. Guaranteed replacement cost coverage ensures that the homeowner won't be left to cover the difference should rebuilding costs exceed the policy's limit. "All insurers that specialize in insuring high-value homes offer some form of guaranteed replacement cost coverage, though they may have different names for it, such as extended or enhanced replacement cost coverage," says Boris.

Items such as fine art, rare antiques, designer clothing, high-end jewelry and luxury watches are just some of the objects that can be damaged when a home is destroyed. Standard insurance policies often fail to account for the true value of such items, which is where specialized policies come into play. Any valuable item should be appraised by an expert to determine its current market value. Once the value is agreed upon, a specialized insurance policy can be created to ensure the asset is sufficiently protected.

"We recommend that collectors update any appraisals on a regular basis to ensure items are insured in line with the market," says Laura Doyle, senior vice president of fine art and valuable collections product manager at Chubb. "For most valuable objects, the recommended time frame for reappraisal is every three to five years. In more dynamic markets, such as post-war and contemporary art, we recommend reviewing values every one to three years. Insurance schedules should be updated with the most current values. Appraisal fees should be based on an hourly rate and never tied to the value of an item."

Wealthy individuals often hold their property in trusts to preserve wealth through generations and to mitigate tax liabilities. However, when it comes to insurance, the structure of the property ownership can add an extra layer of complexity. A common mistake among HNWIs is neglecting to have the trust named as the owner on the insurance policy. This oversight can create potential legal and financial problems if something were to happen to the property.

"Holding a residence in a trust offers privacy, estate planning benefits and asset protection," Mizell says. "It allows the owner to control how the property is managed and transferred, while avoiding probate and potentially reducing estate tax exposure. It is critical that the trust is correctly listed as the owner on the insurance policy. Many insurers require additional endorsements or specific language in the policy to ensure proper coverage. Clients should work closely with their estate attorney and insurance provider to structure the trust appropriately and avoid coverage gaps." ■

LUXURY *Renaissance*

A look at the locations that are becoming or re-emerging as centers for high-end living

A rendered image of a new home that forms part of Haven the Residences in the heart of Condado Beach, Puerto Rico.

Demand for high-end goods and real estate might not run in tandem, but they are both good indicators of emerging or improving luxury markets. In February 2025, for example, Sotheby's held its first international auction in Saudi Arabia. The sale in the historic town of Diriyah included fine art, watches, jewelry, handbags and sports memorabilia. In downtown San Francisco, California, meanwhile, esteemed international brands are moving into premises that had been vacated due to the city's challenges following the pandemic. India's high-net-worth individuals—whose numbers are increasing—are also developing an appetite for expensive branded products and properties, while Puerto Rico is becoming a popular location for wealthy people seeking vacation properties or second homes.

In 2024, the global market for personal luxury goods experienced its first correction in 15 years. Although sales were down by little more than a percentage point from the previous year, some analysts believe the change could signal a potential slowdown in the luxury market overall. "All of the industry's growth-driving engines have stalled," was the assessment of consultancy McKinsey & Company in its January 2025 report The State of Luxury: How to Navigate a Slowdown.

However, analysts at fellow consultancy Bain & Company believe the long-term trend for luxury spending remains positive, though there has been a significant shift in consumer preferences, according to a press release from November 2024. "Luxury spending has shown remarkable stability this year despite macroeconomic uncertainty, largely driven by consumers' appetite for luxury experiences," said Claudia D'Arpizio, Bain & Company partner and lead author of the company's annual Luxury Goods Report.

Bain's tracking encompasses nine categories, including cars, hospitality, personal goods and art. There was a notable shift towards categories such as gourmet food and fine dining (up 8%) and private yachts and jets, with spending up by 13%. The market for cruises grew by 30%. Meanwhile, the 2025 Mid-Year Sotheby's International Realty agent survey identified art and cars as the leading luxury products high-end homeowners also invest in.

Luxury consumer behavior doesn't stop at goods and experiences—it has fundamentally reshaped expectations in high-end real estate markets as well.

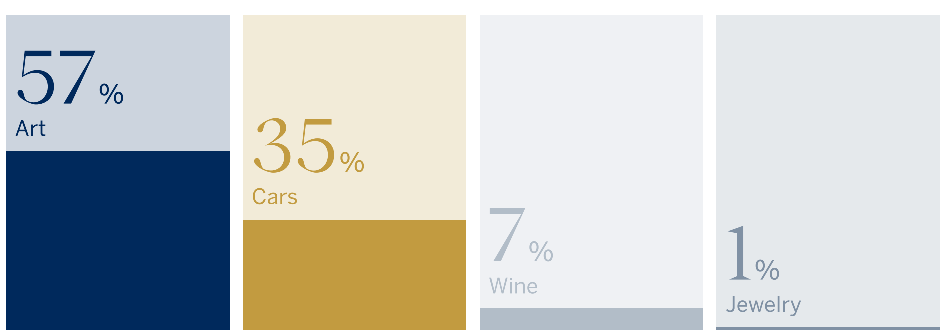
The shift toward "experiential luxury" is an evolving consumer trait that has become prominent in real estate, particularly at premium price points. "What's driving today's high-end market is the feeling a home delivers as much as its address," says Tammy Fahmi, senior vice president of global servicing and strategy, Sotheby's International Realty. "What we're witnessing in luxury real estate isn't just a trend—it's a fundamental redefinition of value. This experiential revolution transcends cultural boundaries, with buyers willing to pay substantial premiums for properties that offer exceptional features that reflect their lifestyles."

This is backed up by findings in the 23rd edition of the annual Luxury Study, released in January 2025 by Bain & Company and Fondazione Altagamma, the trade association of Italian luxury goods manufacturers. According to the report, despite a slight decrease of 1% to 3% in overall luxury spending in 2024, which totaled €1.48 trillion globally, compared to the year before, "luxury experiences maintained faster-than-average growth as consumers continued to move their spending to travel and social events." Looking ahead, the study's research "suggests a slightly improving context throughout 2025... though this is highly dependent on the unfolding macroeconomic scenarios in key regions. Looking toward 2030, the market will likely embark on a long-term positive trajectory, with a growing addressable consumer base."

Across each of the following markets, we observe distinct patterns in how luxury property and goods evolve together. In some regions, real estate investment precedes retail growth, while in others, established luxury experiences attract wealthy property buyers, demonstrating how these twin markets reflect and reinforce local wealth creation. ▸

Top 'passion investments' made by luxury homeowners

Source: 2025 Mid-Year Sotheby's International Realty agent survey



This home in Salt Lake City, Utah, has panoramic views of the Wasatch Range, Great Salt Lake and the snow-capped Oquirrh peaks.

> "LUXURY SPENDING HAS SHOWN REMARKABLE STABILITY THIS YEAR DESPITE MACROECONOMIC UNCERTAINTY, LARGELY DRIVEN BY CONSUMERS' APPETITE FOR LUXURY EXPERIENCES"
>
> —
>
> CLAUDIA D'ARPIZIO, *Bain & Company partner*

A four-bedroom waterside villa at Four Seasons Private Residences on Shura Island with expansive views of the Red Sea.

Creating sanctuaries in Saudi Arabia

In Saudi Arabia, the phrase “giga-project” is finding its way into real estate conversations as new urban and resort developments with the potential to change the concept of luxury living take shape. As recently as 10 years ago, luxury properties in Saudi Arabia had few amenities, says Erick Knaider, managing partner, Saudi Arabia Sotheby’s International Realty. “But with the country opening up and the Saudi Vision 2030 initiative, coupled with an inflow of executives and foreign companies, demand for upscale developments with amenities has been on the rise.” Saudi Vision 2030 is a multi-year blueprint to diversify the economy and create a dynamic environment for both local and international investors. Now in its second phase, it has sparked a number of other giga-projects.

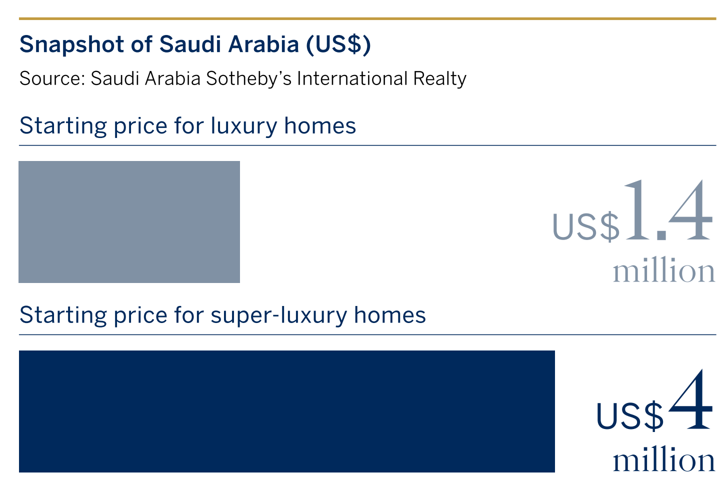
A massive new development at Diriyah, near the capital, Riyadh, is ushering in a fresh understanding of urban luxury. “This project is not just a building,” Knaider explains. With state-of-the-art infrastructure, branded and non-branded high-end residences, commercial spaces, restaurants, schools and universities, it is basically a city within a city.

“You never need to leave unless you’re going to the airport,” Knaider says. “Even the non-branded residential components are built to a completely different standard. Every brand under the sun will be there, whether it’s Ritz-Carlton, Raffles, Baccarat or Corinthia residences. Even Aman is setting up a development.”

According to Knaider, wealthy Saudis are familiar with the assurance of white-glove service and the superior quality a brand delivers. High-net-worth consumers bring similar expectations to luxury goods. A diversified economy is one aspect of the Saudi Vision 2030 initiative that “has led to a rise in luxury retail spaces and increased opportunities for global luxury brands to enter the Saudi Arabia market,” according to a report published in December 2024 by Ken Research, a global market intelligence consultancy.

Just off Saudi Arabia’s west coast, a massive development called the Red Sea Project is anticipated to increase tourism and make Saudi Arabia a major global destination by 2030. Informed by a deep commitment to actively restoring and enhancing vital ecosystems, the project encompasses an archipelago of more than 90 islands, 75% of which will remain untouched. When complete, this giga-project will comprise 50 resorts. It is, according to Knaider, “a one-of-a-kind development. Nowhere else in the world is a development of this scale being built that considers sustainability and regenerative tourism,” he says. “It’s basically compiling what you’ve got in St. Barts, the Seychelles and the Maldives and putting them all in one destination.” The initial five resorts are completed, with an additional 11 anticipated in 2025. Residential offerings are expansive, diverse and inventive, ranging from eco-lodges chiseled into ancient mountain faces to stainless-steel overwater pods that reflect the sky and sea. The aesthetic merges sustainable, futuristic design with Saudi heritage and hospitality. The cost of luxury properties in these resorts ranges from US$1.4 million to US$110 million, Knaider says.

International and domestic buyers are already showing interest. The project includes an airport that provides easy access to the Middle East, Asia, Europe and the Americas. “Early sales have exceeded expectations, and the Red Sea is quickly becoming one of the most sought-after destinations in the region,” Knaider says. ▸



An abundance of luxury in India

With the world's fifth largest economy, growing incomes and a youthful population, India is becoming an increasingly important part of the global luxury landscape, according to a report by INSEAD Knowledge, the research arm of business school INSEAD, published in January 2025. India's luxury goods market was worth an estimated US$17 billion in 2024, with watches and jewelry comprising the largest segment. This figure is anticipated to at least triple by 2030.

Real estate appears to be pursuing a similar trajectory, as demand for high-end properties has surged in the past two years. In 2024, the luxury real estate market was valued at approximately US$45 billion and is projected to reach US$105 billion by 2030, according to a report released in January 2025 by market research company MarkNtel Advisors. "The Indian economy is one of the fastest growing in the world and a buoyant capital market, and tech founders are cashing in on the equity added in 2024," explains Akash Puri, director of international business, India Sotheby's International Realty.

"Luxury living in India is characterized by prime locations, expansive layouts and premium amenities," Puri says. A key trend for 2025 will be the growing demand for trophy and bespoke luxury assets, particularly spacious farmhouses and gated villas in hill and beach destinations.

This four-bedroom standalone villa is perched on a hill in Siolim in North Goa, India.

Snapshot of India (US$)

Source: India Sotheby's International Realty

Areas that consistently record the highest prices per square foot include Lutyens' Delhi, an exclusive enclave in New Delhi, the capital, planned by the British architect Edwin Lutyens between 1912 and 1932. The neighborhood is synonymous with luxury and is home to the official residence of the country's president and many other government buildings. Elite buyers in Delhi also look to the blend of heritage charm and modern amenities offered by Jor Bagh and Golf Links (the Delhi Golf Club is nearby). Two other neighborhoods renowned for upscale residences, Vasant Vihar and Shanti Niketan, are popular among diplomats and expatriates.

According to UBS's 2024 Billionaire Ambitions Report, the country's richest people have seen a staggering 42% surge in their collective wealth in recent years. Over the past decade, India's billionaire count has more than doubled—to 185—and their collective wealth has jumped by 263% to US$905.6 billion.

In addition to New Delhi, several cities are experiencing steady demand, Puri says. The most prominent is Mumbai, the country's wealthiest city and its financial capital. Demand for luxury developments is anticipated to remain stable in the tech hub of Bengaluru (formerly known as Bangalore).

Upscale homebuyers are seeking more than prime locations. According to Puri, luxury buyer preferences in India include amenities such as advanced security systems, home automation and wellness facilities. Another draw is access to open green spaces as well as a growing emphasis on eco-friendly designs and energy efficiency. As always, finding a residence that offers a blend of privacy and community is also a key consideration for wealthy buyers. ▸

Discovering the beauty of Puerto Rico

When Puerto Rico Sotheby's International Realty opened its doors in 2012, the highest sale on the island was just over US$2 million. In 2021, by contrast, the office set a new record for the island with a US$30 million waterfront property in Dorado Beach, a Ritz-Carlton Reserve. In 2024, the company achieved the sale of a US$13.4 million penthouse in Condado Beach, San Juan, and set a new record for the area. This aligns with growth in the luxury goods market on the island, with revenue from this industry forecasted to reach US$533.44 million in 2025, and grow annually by 3.06%, according to a September 2024 report by Statista Market Insights.

Margaret Pena Juvelier, founder and president, Puerto Rico Sotheby's International Realty, explains the island's growing appeal. "Everyone speaks both Spanish and English, which is wonderful. It's dollar-based. It's U.S.-based. All the federal laws apply here, so it's very safe. And we have everything: arts, culture, a ballet company, a symphony orchestra. Because of all that, it is a much more interesting island. We had an exceptional 2024, having surpassed our volume for 2023 by the third quarter. In the first quarter of 2025, we had 19 transactions under contract. We are seeing strength and buoyancy in the luxury property market, and its scope has grown tremendously in terms of both locations and buyer profiles."

The luxury property market begins at around US$2 million and climbs to above US$40 million, Juvelier says. "I think real estate developers' and buyers' expectations have evolved in the last 10 to 15 years. We have seen broader demand and expansion of where on the island people would consider living."

In addition to traditional resorts such as the Ritz-Carlton at Dorado Beach or the St. Regis at Bahia Beach, buyers are looking further afield. "Some are choosing what to buy based on lifestyle," says Juvelier, pointing to a US$6 million custom-built house on a horse farm in a mountain setting with water views. Ten years ago, she says, "you would never have seen anyone considering something outside of a traditional gated resort."

Historically, U.S. buyers have dominated luxury sales, largely thanks to tax benefits and easy access. Now, Juvelier says, Puerto Rico is becoming an international destination both for vacation-home buyers and a growing number of others searching for long-term residences. Plans for several new communities under development will cater to both markets.

Moncayo, on the east coast of the island near Puerto del Rey, a boater haven with the Caribbean's largest marina, will consist of a town center, a 400-acre nature preserve, a 100-acre organic farm, a golf course and a private club, in addition to villas and private residences from Auberge Resorts. Also being planned is another mega development, Esencia, on more than 2,000 acres on the island's west coast. Plans call for two golf courses, an equestrian center and a bilingual K-12 school. The plan will be implemented in five phases, with the first expected to be completed three years after starting construction. ▸

Snapshot of Puerto Rico (US$)

Source: Puerto Rico Sotheby's International Realty

A rendered interior view of one of two new properties being constructed for Haven the Residences in Condado Beach, Puerto Rico.

This modern estate in Salt Lake City, Utah, perched above the Salt Lake Valley basin, is a geometric feat of glass and steel.

Snapshot of Utah (US$)

Source: Summit Sotheby's International Realty

Utah's upscale side

When residential sales of US$15 million are no longer the exception and US$2 million is an entree to the upscale market, a region's luxury status is unquestionable. Since January 2025, there have been 15 sales over US$15 million in Utah, a record for the state, according to Kerry Oman, global real estate advisor, Summit Sotheby's International Realty. Compare that to 2024, when there were only 18 transactions of more than US$15 million for the entire year.

The most expensive sale as of April 2025 was a home that was listed for US$32 million at the Colony at White Pine Canyon, one of Park City's highest-priced neighborhoods; Michael LaPay, global real estate advisor, Summit Sotheby's International Realty, worked with the buyers.

Ultra-luxury in Utah, especially Park City, takes the concept of amenities to a new level with private ski lifts, climbing walls, indoor sports courts, extensive wellness features and the odd helipad. Extensive compounds can sometimes exceed 70,000 square feet of interior space. One of Oman's current listings, priced at US$35 million, features two bunkrooms (à la Swiss Family Robinson), a replica of Disneyland's famed Enchanted Tiki Room bar and a tunnel connecting the main house to a massive pool barn.

Oman estimates that the average price of a luxury property in the Salt Lake Valley is now US$3 million. From March 2024 to March 2025, there were 124 sales between US$2 million and US$3 million in the city and nearby suburbs, a 53% year-over-year increase. During the same period, 39 homes sold for over US$3 million and seven for over US$5 million, with US$7.5 million being the highest price.

Just before the end of 2024, a US$65 million chalet in one of Deer Valley's most exclusive neighborhoods, Deer Crest, sold within four days, Oman says. In nearby Park City, US$10 million is the threshold for the upscale market, and inventory is anticipated to grow as an extensive expansion of Deer Valley's east side continues. However, ski-in/ski-out gated communities such as the Colony at White Pine Canyon and Deer Crest remain the prime luxury locations, Oman adds.

Park City might reign as the premier upscale area, but Utah luxury covers a broad sweep of land between the Oquirrh and Wasatch Mountains along the Salt Lake Valley. In addition to Salt Lake City's traditional luxury addresses along the East Bench, Federal Heights, the Avenues and Holladay, upscale homes and new luxury neighborhoods can be found in Draper, Herriman and Alpine.

What brings buyers to Utah? Outside observers often attribute the growth of luxury property in Salt Lake City to an influx of tech money from entrepreneurs and companies such as Adobe, Ancestry, Clearlink, Qualtrics, Vivint and others. In recent years, parts of Salt Lake Valley have been dubbed Silicon Slopes. Oman recently listed a US$17 million European-style estate in the Provo-Orem area that is the former home of Bruce Bastian, one of Utah's original tech legends, who founded early text-editing software firm WordPerfect.

But the state's appeal stretches beyond the tech industry, according to Oman. "Utah has a tremendous economy, and people are coming here for diverse reasons," he says. These include the cost of homes compared to other markets, ease of access, year-round recreation, culture, the arts, education and access to excellent healthcare. "It's certainly driven by a lot of wealthier C-suite buyers, but I also see many doctors, researchers, biomedical engineers and individuals with manufacturing and construction backgrounds," he adds. In the 2000s, Utah became a top location for industrial banks and a growing financial services sector continues to attract newcomers.

Known for its beautiful mountain backdrop, Salt Lake City in Utah was among the cities highlighted in Henley & Partners USA Wealth Report 2024 as a "future wealth hub"—a distinction it earned through its reputation as one of America's "least-stressed city," with lifestyles centered around an abundance of ways to play outdoors, from skiing and riding to fly-fishing, biking and rock climbing. It is rising in popularity as a base for tech and financial start-ups.

"Utah is a great place to raise families," says Oman. "It's driven not so much by the types of jobs people might have but by the lifestyle they can have here. One of the biggest feeder markets are people with ties to Utah." California has always been a significant state for incoming residents, along with Arizona, Texas and the Pacific Northwest. Now, Utah's pull extends to Florida and New York. "And then it spills over to all the other states," says Oman. ▸

Photos: (page 38 and 47) Puerto Rico Sotheby's International Realty; (page 41 and 48) Summit Sotheby's International Realty; (page 42) Saudi Arabia Sotheby's International Realty; (page 44) India Sotheby's International Realty; (page 51) Sotheby's International Realty - San Francisco Brokerage.

Luxury revival in San Francisco

Not so long ago, reports from San Francisco, California, detailed the flight of retailers from the downtown area. Today, previously vacant stores are being occupied by brands that cater to the ultra-wealthy, transforming Union Square into a premier destination where shopping by appointment and prime European retailers are the norm, according to a February 2025 report from real estate data company CoStar.

It's not just high-end retailers that have their sights on the city. An April 2025 report from Bloomberg, among others, shows growing interest and purchases of commercial properties from a range of big names, including Golden State Warriors' star Stephen Curry, Google's Sergey Brin and well-capitalized investment groups. On the residential side, agents are seeing growing demand for ultra-high-end properties.

"There is renewed confidence and momentum in San Francisco, particularly at the top end of the market," says Neill Bassi, global real estate advisor, Sotheby's International Realty - San Francisco Brokerage. "One of the things that defines San Francisco real estate is that it's a momentum market, energized by the belief that tomorrow is going to be better than yesterday. There was a little bit of a lull for a short time, but if you ask anyone who's buying today, their confidence is ultra-high."

Bassi specializes in single-family homes within the city proper, where US$7 million to US$8 million is the threshold for luxury and the ultra-high market starts at or above US$20 million. "In 2024, we had more sales over US$20 million recorded in a single calendar year than ever before," he says. A transaction led by Bassi, a US$30 million estate in Sea Cliff, has already set a record this year, as of April 2025. "If you look at the sales north of US$20 million last year, you'll see some that are on double lots, fully renovated within the last 10 years or sooner, with big views. Then you'll see others that are long-term, multi-year renovation projects in a once-in-a-generation location."

Buyers today include former residents of the city who are returning after a hiatus of four or five years along with newcomers drawn by the city's tech industry. Unlike the last surge of newcomers, who were drawn to Silicon Valley, those new to the city are apt to look north to Presidio Heights and Pacific Heights.

Snapshot of San Francisco (US$)

Source: Sotheby's International Realty - San Francisco Brokerage

This sophisticated 1930s home in San Francisco, California, has elegant wood paneling and the dining room is crowned by a dramatic ceiling.

> "THERE IS RENEWED CONFIDENCE AND MOMENTUM IN SAN FRANCISCO, PARTICULARLY AT THE TOP END OF THE MARKET"
>
> —
>
> NEILL BASSI
> *global real estate advisor, Sotheby's International Realty - San Francisco Brokerage*

San Francisco is a place to create wealth and also to live a full, rich life, Bassi says. Education, proximity to top universities, access to cultural amenities like the opera and ballet, innovative tech ecosystems and healthcare are all essentials. "For the ultra-high-net-worth client, there is a real value proposition to commit to raising a family here," he adds.

Property is still the ultimate luxury

At a time when demand for some luxury goods is softening, real estate tells a different story. In San Francisco, luxury brands are leading a revival of the high-end market. In Puerto Rico, new resorts are bringing innovative concepts that bridge lifestyles—from hotels to residences—and in Saudi Arabia, inspired urban planning is showcasing new prototypes for luxury. India's thriving economy is driving demand for upscale properties, and in Utah, luxury is coming down from the peaks to a broad sweep of valley extending from Salt Lake City. All these changes not only show where new hubs for luxury real estate are emerging or reviving, but they also provide clues to their future evolution. ■

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


Cover

Rutherford, California
US$19.95 million (ID: 5KQZR6)
Sotheby's International Realty
- St. Helena Brokerage


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Raleigh, North Carolina
US$5.75 million (ID: 8NEX77)
Hodge & Kittrell
Sotheby's International Realty


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Evergreen, Colorado
US$5.15 million (ID: 83BN34)
LIV
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Welcome

Greenwich, Connecticut
US$25 million (ID: 7EKFXH)
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Higuera Blanca, Mexico
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Puerto Vallarta
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Sonoma, California
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Sotheby's International Realty -
Wine Country Brokerage


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New York, New York
US$110 million (ID: ER8L2D)
Sotheby's International Realty
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SOLD
Italy
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Aspen, Colorado
US$12.5 million (ID: 69539T)
Aspen Snowmass
Sotheby's International Realty


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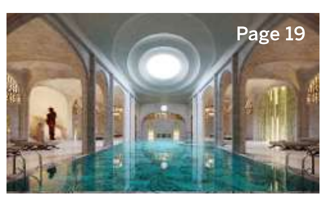
Sausalito, California
US$28 million (ID: 8NNSRY)
Golden Gate
Sotheby's International Realty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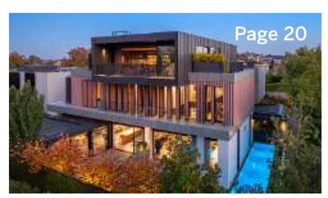
Paris, France
Price upon request
Propriétés Parisiennes
Sotheby's International Realty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Toorak, Australia
Price upon request (ID: K54445)
Peninsula
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Queenstown, New Zealand
Price upon request (ID: V7EWFC)
New Zealand
Sotheby's International Realty


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Dubai, United Arab Emirates
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Dubai
Sotheby's International Realty


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Bradbury, California
US$28 million (ID: 7G74DD)
Pacific
Sotheby's International Realty


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Malibu, California
US$48 million (ID: 29BKFK)
Sotheby's International Realty
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Phuket, Thailand
US$18 million (ID: MRYPVY)
List Sotheby's International Realty
- Thailand


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Banner Elk, North Carolina
SOLD
Premier
Sotheby's International Realty


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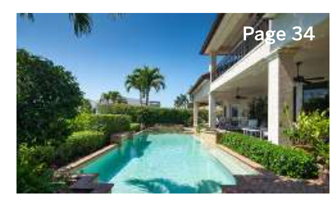
Naples, Florida
US$4.5 million (ID: GXHH34)
Premier
Sotheby's International Realty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Naples, Florida
US$4.5 million (ID: GXHH34)
Premier
Sotheby's International Realty


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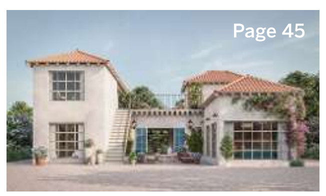
Berlin, Germany
US$4.814 million (ID: TNCSWM)
Berlin
Sotheby's International Realty

San Juan, Puerto Rico
US$4.875 million (ID: TKKCF6)
Puerto Rico
Sotheby's International Realty

Salt Lake City, Utah
US$12.5 million (ID: KSVLPH)
Summit
Sotheby's International Realty

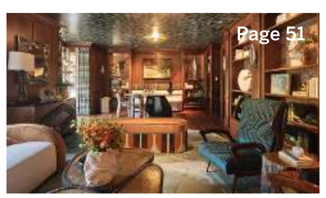
Shura Island, Saudi Arabia
US$11.645 million (ID: KKLLCT)
Saudi Arabia
Sotheby's International Realty



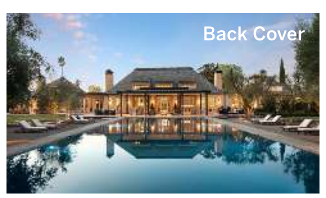
Goa, India
US$1.581 million (ID: G9CJVL)
India
Sotheby's International Realty

San Juan, Puerto Rico
US$4.875 million (ID: TKKCF6)
Puerto Rico
Sotheby's International Realty

Salt Lake City, Utah
US$12.5 million (ID: KSVLPH)
Summit
Sotheby's International Realty



San Francisco, California
US$19.5 million (ID: RG767Z)
Sotheby's International Realty
- San Francisco Brokerage



Rutherford, California
US$19.95 million (ID: 5KQZR6)
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Find out more about the homes in this report at sothebysrealty.com

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