



Global
Luxury
Landscape

2022



**BERKSHIRE
HATHAWAY**
HomeServices



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Welcome

A Letter From Our CEO

The last few years have been underscored by record sales, bidding wars and feverish activity. But now we are seeing a shifting market, due to high inflation levels, rising interest rates, continued low inventory and a series of significant geopolitical events. As the real estate market enters a new chapter, Berkshire Hathaway HomeServices does so with a strong financial footing, while remaining steadfast to our core values of trust, integrity, stability and longevity.

Reflecting on the past 12 months in the luxury sector—and calling upon network experts to share their thoughts for the future—we see the transition from a red-hot market to one that is more evenly paced. With this shift, we still believe that lifestyle choices will influence the luxury market, and there will be plenty of opportunity for those seeking or selling their home. In addition, some of the trends that emerged throughout this high-velocity period will grow and endure.

Stateside, we have seen areas that were traditionally second-home destinations—like Hawaii and Cape Cod—transform into primary residence hotspots. Buyers are opting for larger homes away from the city where they spend the majority of their time, yet they still want something accessible and practical in urban areas. That's a trend that will continue to thrive as cost and quality of life are further prioritized, even in the higher end of the market.

As expected, international buyers made up for lost time after travel restrictions lifted and injected a flurry of activity into local markets. London, Portugal, and hubs across the U.S., including Austin, have seen renewed, and—in some cases—even stronger interest from overseas investors, which has buoyed their respective luxury markets.

These trends and more are examined in the pages that follow, as told by the Mansion Global Custom Studios team of writers and researchers. I hope you enjoy reading more about the topics that are on the minds of those within the luxury industry as we move toward a new horizon together.

CHRISTY BUDNICK
CEO
Berkshire Hathaway HomeServices



A villa for sale in Mallorca, Spain, with six bedrooms and panoramic sea and city views, is part of Son Vida Golf Resort.

House Price Growth Expected to Stall Amid Economic Uncertainty, Though Luxury May Be Insulated

WHILE THERE'S UNCERTAINTY FACING THE GLOBAL ECONOMY, market watchers and industry experts expect the luxury real estate market to be somewhat insulated from a potential softening of the mass market. And even across the lower-ends of the market, it's highly likely we'll just see a slight adjustment after months of record growth.

Real house prices across the intergovernmental Organisation for Economic Cooperation and Development's 38 countries rose 16% in the two years to the fourth quarter of 2021, the fastest pace since records began 50 years ago. In the U.S., the pandemic triggered cumulative house-price growth at between 30% and 40%, said Selma Hepp, deputy chief economist for CoreLogic.

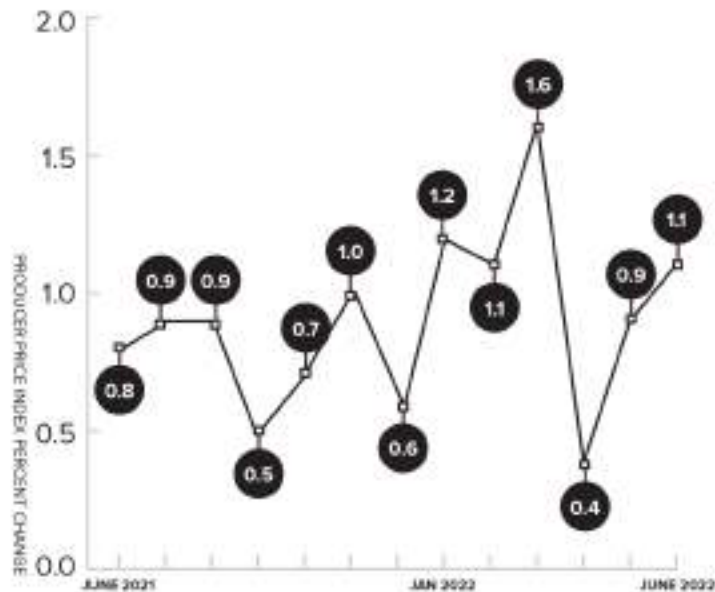
"The dramatic decline in mortgage rates to record lows pumped up housing demand, but most unexpected was the surge in demand due to remote work," said Mark Zandi, chief economist of Moody's Analytics. Data from Moody's Analytics show that a 1% increase in migration results in a 15% increase in house prices. "The luxury market also benefited from high-income households being forced to shelter in place, and thus wanting to upgrade their primary residence and purchase second and vacation homes. Similar dynamics that impacted the U.S. housing market



The volatility of the market may push some high-net-worth buyers to view luxury real estate as an investment hedge.

2022 Inflation Snapshot

According to the U.S. Bureau of Labor Statistics, June 2022 saw a major bump in inflation over the months prior. On an unadjusted basis, prices moved up 11.3% for the 12 months ending in June, the largest increase since a record 11.6% bump in March 2022.



Source: Bureau of Labor Statistics, Producer Price Index News Release summary

impacted markets in many other international markets, for similar reasons," he added.

The surging demand that helped increase price growth has resulted in house prices being overvalued across much of the U.S.; in some cases more so than during the housing-bubble peak in October 2005, data from Moody's Analytics show. The European Central Bank warned in May that houses in the euro zone are overvalued on average by nearly 15% and by up to 60% in some countries.

House prices are set to go sideways in the coming year or more, with contractions in certain U.S. markets predicted to drop 2.2% in the most extreme scenario. Most major markets around the world are likely to experience similar patterns.

"Obviously prices growing at 20%-plus year over year is not sustainable, and that's one of the main reasons why a lot of markets are considered overvalued," Ms. Hepp said. The combination of price growth and rising mortgage rates has led to a "30% higher expense on a home today than on the same home a year ago," she added.

With many of the world's central banks having increased interest rates in an attempt to curb inflation, analysts predict a slowdown in house-price growth and the gradual cooling

"Prices growing at 20%-plus year over year is not sustainable, and that's one of the main reasons why a lot of markets are considered overvalued."

SELMA HEPP
Deputy Chief Economist
CoreLogic

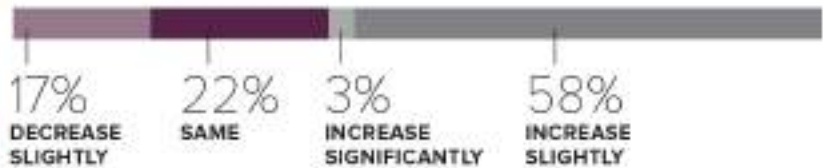


This six-bedroom house in a guard-gated community in Greenwich, Connecticut, features a resort-like outdoor space, which includes a large pool and pool houses.

Expected Price Changes

A summer 2022 survey of Berkshire Hathaway HomeServices network members asked agents to anticipate future changes to home prices.

How do you expect prices to change in the next few months?



Source: Berkshire Hathaway HomeServices 2022 Luxury Report Survey Results

of markets that have been red hot for the past two years. A looming recession and potential prolonged bear market are also likely to affect housing in the near term.

"When you look at midlevel and luxury, they're more tuned into the stock market, inflation and world events. That's the sector that we may see putting buyer decisions on pause," said Christy Budnick, CEO of Berkshire Hathaway HomeServices. Superluxury is likely to be a lot less affected, she said, as ultra-high-net-worth buyers may look to diversify their portfolios with real estate.

However, there is, of course, the issue of a potential recession. "If the U.S. is in recession, it is likely much of the rest of the world will be as well, and this would be tough on

the luxury real estate market," Mr. Zandi said. "It would likely mean even lower stock and bond prices, a strong U.S. dollar and less income."

On the other hand, while those aforementioned mortgage-rate increases may discourage first-time and lower-income buyers, high-net-worth buyers may be somewhat insulated. "Higher mortgage rates will affect the luxury market, albeit less so than the rest of the housing market, as the luxury market has a higher share of cash buyers that don't need a mortgage," Mr. Zandi said.

Stock market and cryptocurrency volatility are also likely to impact luxury housing markets around the world. "Weaker stock and crypto prices will take a bite out of housing demand, as buyers were cashing in stocks and crypto to help finance home purchases," Mr. Zandi said.

But Ms. Hepp said that the volatility of the market may push some high-net-worth buyers to view luxury real estate as an investment hedge. "When concern arises over volatility in the stock market or even the recent volatility we saw with cryptocurrencies, they will transfer that wealth into real estate, so it may be that demand for luxury real estate will remain really strong in light of a lot of other volatility out there," she said.

30%–40%

In the U.S., the pandemic triggered cumulative house price growth of between 30% and 40%.



The rising cost of house-building materials is unlikely to ebb in the current geopolitical landscape.

NEW BUILDS: CONTINUING SHORTAGES MAY BOLSTER THE MARKET FOR ALREADY COMPLETED HOMES

Home construction is among the global industries that have been most negatively affected by the pandemic. Since the onset of Covid-19, 90% of American home builders have been impacted by supply-chain issues, according to a January survey by housing market research firm Zonda. Continuing shortages of materials, coupled with rising inflation, mean that unpredictable delays and rising costs in new construction are likely to continue into 2023.

The prices of goods used in residential construction in the U.S. increased 40.4% between January 2020 and June 2022, according to the National

Association of Home Builders (NAHB). Building materials increased 36.3% from the start of the year to May. In Europe and other parts of the world, similar problems are hampering efforts to build. Labor shortages are compounding the problem.

"Inflation will result in higher costs of construction, which will crimp builder margins as they won't be able to pass along their higher costs to home buyers given the other factors weighing on housing demand," Mr. Zandi said.

In the U.S., nearly half of all builders are adding escalation clauses to their sale prices to cover themselves in case of skyrocketing costs, according to a recent survey from NAHB. This offers a measure of protection for builders but passes uncertainty on to the buyer. In the U.S., new-home sales fell to their weakest pace in two

years in April, a decline of 16.9% year over year. Prices for a newly built single-family home increased 19.7% in the same period.

The rising cost of materials is unlikely to ebb in the current geopolitical landscape. "It is definitely a very serious concern and it's been a concern for the market since the onset of the pandemic," Ms. Hepp said, adding that the pre-pandemic model of purchasing homes on spec has been severely impacted by builders' inability to give accurate estimates.

"Because builders cannot lock in their expenses at the moment, they have a hard time keeping these contracts. The costs keep accelerating and buyers may drop out as a result of that," she said, adding that the luxury market often suffers even more from supply-chain issues due to the use of rare and costly materials.



A contemporary take on a classic London mansion. This apartment is in an intuitively designed building that slots into the urban fabric of Marylebone.

International Buyers Undeterred by Rising Interest Rates as Travel Restrictions Lift

INTERNATIONAL BUYERS BEGAN TRICKLING BACK TO LUXURY

real estate markets around the world as lockdowns lifted. With lingering pandemic travel restrictions relaxed in most major markets, that trickle is becoming a flood. And the ratio of international to domestic buyers in many markets is set to keep increasing through the end of the year.

"Once border restrictions were lifted, we quickly noticed many people wanted to travel freely and, subsequently, move forward with transactions that they had been waiting to see through," said Christy Budnick, CEO of Berkshire Hathaway HomeServices. "Some destinations that typically relied on overseas investors ground to a halt during the pandemic, but now they are booming, and that is great for the travel, tourism and real estate industries."

Mexico

In San Miguel de Allende, an expat destination and UNESCO World Heritage site in the central highlands of Mexico. "Covid-19 decimated the market in 2020," said Gregory Gunter, broker of Berkshire Hathaway HomeServices Colonial Homes San Miguel. But international buyers flocked to the city as soon as travel bans were lifted. "We had people arriving in record numbers in 2021, and of course that has spilled over into this year as well," he said.

"About 55% of our buyers through the registered transactions are American, and about 11% are Canadian," Mr. Gunter said. The majority are seeking retirement homes, but the pandemic also brought younger buyers taking advantage of remote-work policies.

TOP MARKETS



Marylebone Square offers an elegant living experience in the heart of central London.

London

As International Travel Grows, British Buyers May Take Back Seat

For the first time in 20 years, British buyers dominated the luxury market during the pandemic, as they took advantage of the unique opportunity to have foreign investors kept at bay due to travel restrictions, according to Martin Bikhit, managing director of Berkshire Hathaway HomeServices London Kay & Co.

"Now that international travel is re-opening, however, foreign aspirational buyers are once again looking to London as a safe haven to park their cash, due to low taxes and strong appreciation," Mr. Bikhit said.

London luxury pricing is still strong, especially in well-established neighborhoods such as Belgravia, Chelsea and Knightsbridge; however, buyers are shifting away from properties based on location alone, and toward choosing primary homes with their lifestyle preferences in mind.

"Buyers are asking themselves how they want to live rather than where. If someone has a choice between an okay building in Belgravia and one in a less favorable neighborhood with amazing views of the Thames, they're choosing the latter," Mr. Bikhit said.

Inventory in the London luxury market is low, but sales did go up over the past year. "London was in a new-construction drought from 2000 to 2010, and then in 2010 to 2020 there was an explosion. London goes through generational phases. But now, we're coming to the end of the new-construction pipeline because there is only so much space available."

Looking ahead, Mr. Bikhit predicts the rest of the year is going to be especially interesting.

"For the first time in three years, London will have its tourism season, so the luxury market should be busy through September. I'm cautiously optimistic that we are headed for a realization of real pent-up demand, and I hope that's going to manifest," Mr. Bikhit said. ●

As international buyers return to the market, luxury properties are fetching record prices. "Historically in San Miguel we've only sold about a dozen homes a year that were \$1 million or more in value. For the last 18 months, it's been about triple that," Mr. Gunter said.

The strength of the U.S. dollar makes properties in Mexico a favorable investment for American buyers. While house prices are quoted in U.S. dollars, they are recorded on the deed in pesos, so property prices can appreciate once the dollar value tamps down.

United Kingdom

After a two-year lull, international buyers are beginning to return to the British market, albeit somewhat slowly, said Martin Bikhit, managing director of Berkshire Hathaway HomeServices London Kay & Co. International buyers "accounted for 75% of any sale over £10 million prior to the pandemic, but that completely reversed during the pandemic," he said. In their absence, domestic buyers "managed to secure properties at some very competitive levels," contributing to record-setting price growth.

But demand from international buyers is ramping up for properties in prime central London, particularly luxury properties close to Hyde Park. "I expect that we'll probably move towards a 60/40 situation in terms of global versus domestic buyers," Mr. Bikhit said, adding that international buyers will once again be in the majority by the end of 2023.

The strength of the U.S. dollar advantages certain international buyers. "We are seeing more and more American buyers, and indeed Canadian buyers, and I think a big part of that is taxation driven," Mr. Bikhit said. "Middle Eastern currencies are tied to the dollar, and Middle Eastern buyers are quite prevalent here in the U.K., and indeed in London in particular."

7%

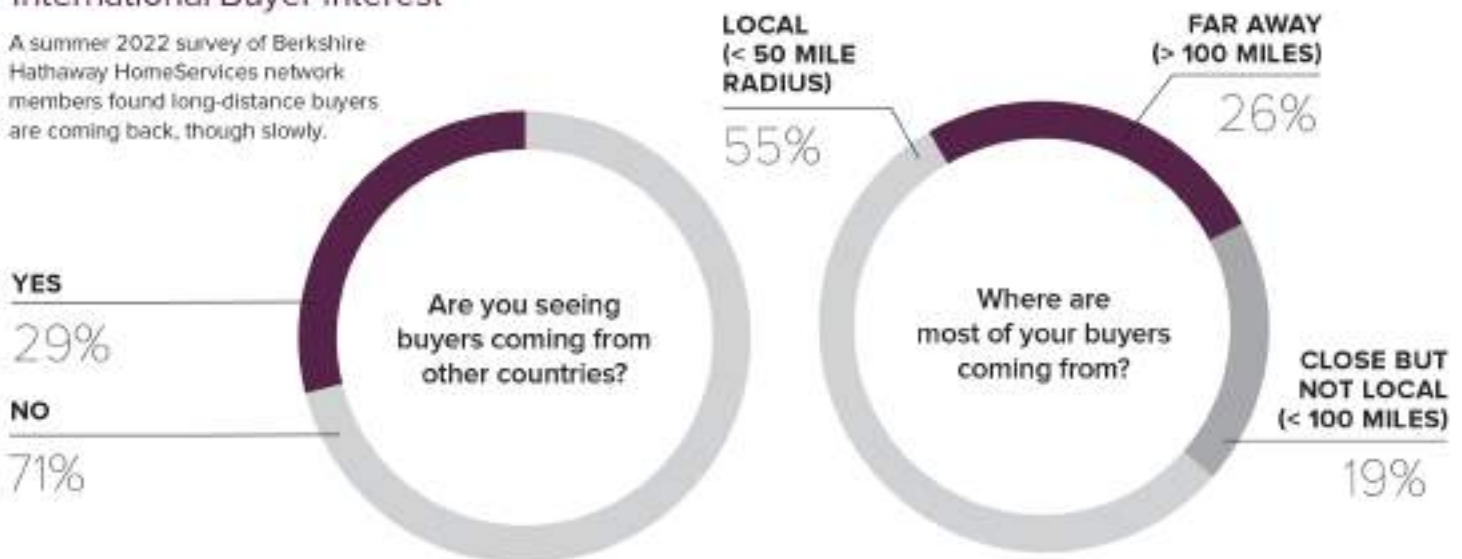
At the height of the pandemic, international investment in U.S. real estate fell to nearly record lows of 7%, according to Deloitte.

41%

In 2021 the number of international buyers increased by 41% year over year in Spain.

International Buyer Interest

A summer 2022 survey of Berkshire Hathaway HomeServices network members found long-distance buyers are coming back, though slowly.



Source: Berkshire Hathaway HomeServices 2022 Luxury Report Survey Results

United States

International buyers are returning to the U.S. market, but buying patterns have changed. Foreign real estate investment accounted for as much as 20% of total real estate investment activity prior to the second quarter of 2020, according to professional-services company Deloitte. At the height of the pandemic, it fell to 7%, the lowest since the 2007–2008 financial crisis. As international buyers return, they are thinking beyond major metropolitan areas and starting to invest in more markets throughout the U.S., particularly cities in the Sun Belt.

In New York, “It’s only in the last six months where you can walk down the streets and you see the tourists

everywhere,” said Steven James, president and CEO of Berkshire Hathaway HomeServices New York Properties. The foreign buyer is buying, he said, but not at the same levels as before the pandemic.

Even prior to the pandemic, he estimates that international buyers accounted for only 2% to 5% of luxury residential real estate sales in New York. “There was a great myth about the foreign buyer, that they were buying most of the market,” he said.

Mr. James expects more international buyers to return to the Big Apple in the coming months, “but I still think we have residual Covid-19 issues here,” he said, with some buyers more reticent to invest in a city that was hit hard during the worst of the pandemic. In addition, some buyers might be biding their time in hopes of securing a better deal once price growth slows later in the year.

Canada

Oakville, located just outside Toronto, has one of the highest concentrations of luxury properties in Canada. Thanks to its excellent schools, it has long been a favorite spot for high-net-worth international buyers looking for a family home, said Duncan Harvey, branch partner and broker at Berkshire Hathaway HomeServices West Realty.

After a lull in the early months of the pandemic, prices for luxury properties began to climb swiftly, driven by domestic buyers seeking to upgrade to larger homes. But the ratio of domestic to international buyers is set to shift in the coming months as interest rates rise.

“It’s only in the last six months where you can walk down the streets and you see the tourists everywhere.”

STEVEN JAMES

President and CEO
Berkshire Hathaway HomeServices
New York Properties



King's Hills is an exclusive collection of villas located minutes from the prestigious marina of Puerto Banus and Marbella City in Spain.

"For the local buyer right now, it's going to be very expensive to borrow money, so this is typically when I think we're going to see a big spike in the international buyers, because they're usually the ones coming in with cash," he said.

Even as the overall market is predicted to slow, high-end family properties, particularly in Vancouver and the Greater Toronto Area, will remain in high demand with international buyers moving to Canada. Some of the reasons: "healthcare, the schools, it's a safe country, and quality of life is very high here," Mr. Harvey said.

Spain

Property prices in Spain's luxury market have risen by up to 30% since the onset of the pandemic. "There has been an incredible demand on properties that has led to a lack of inventory," said Bruno Rabassa Roig, CEO of Berkshire Hathaway HomeServices Spain, adding that in 2021 the number of international buyers increased by 41% year over year.

Buyers who hold money in U.S. dollars are in a strong position. The majority are Latin American buyers—primarily from Chile, Colombia, Mexico, Peru and Venezuela—seeking high-end properties in Madrid. European buyers—most hailing from Britain, Germany, France and Belgium—are interested in the Balearic Islands, the region of Valencia, Alicante and the region of Málaga, he said.

Data from the Spanish Ministry of Transport, Mobility and Urban Agenda shows sales by nonresident foreigners in Spain were up 5.6% in 2021 when compared with 2019, while sales to resident foreigners rose 8% in the same period.

Mr. Roig expects interest from international buyers to remain strong, even as the overall market slows later in the year as a result of interest rate hikes. "The only thing that seems to be slowing down the market is the lack of stock." ●

"For the local buyer right now, it's going to be very expensive to borrow money, so this is typically when I think we're going to see a big spike in the international buyers."

DUNCAN HARVEY

Branch Partner and Broker
Berkshire Hathaway HomeServices West Realty



Homes like this four-bedroom on more than four acres in Blowing Rock, North Carolina, have attracted lots of interest, and inventory is still an issue.

With Increases in Inventory, Buyers Can Take a Breath—In Some Parts of the World

WHILE AN INFUX OF NEW LISTINGS IN THE U.S. HOUSING market have begun to alleviate an acute shortage of supply, certain sectors of the luxury market are seeing houses come to the market at a slower pace, keeping the advantage squarely in the hands of sellers.

According to Realtor.com's Monthly Housing Trends Report, released in June 2022, the number of active listings across the market in the U.S. rose 18.7% year over year—a significant increase from May's year-over-year rate of 8%.

In 40 of the country's 50 largest metro markets, stock increased, with Austin, Texas; Phoenix; and Raleigh, North Carolina, recording the most significant gains.

In terms of new listings in June, the largest increases were in the southern markets, notably Raleigh, Nashville; and Charlotte, North Carolina; as well as in Las Vegas.

In the luxury sector, though, it's still "a high-velocity market," according to Christy Budnick, CEO of Berkshire Hathaway HomeServices, with a "huge number of buyers vying for that inventory."

She noted that on the luxury end, appropriately priced properties are still being purchased swiftly, but "you're seeing homes that are priced a bit too high sitting on the market for longer. That wasn't the case a year ago."

Overall, the uptick in inventory seems to be giving buyers at least a chance at taking a breather. "I really believe today's

buyer is taking a breath and being a little more strategic and maybe not quite as emotional," Ms. Budnick said.

In Miami, after two years of steadily decreasing inventory of luxury condos and single-family homes priced from \$2 million to \$150 million, sellers are starting to resurface, though numbers are still historically low.

The second quarter of 2022 brought a 47% increase in the number of single-family homes priced over \$2 million and a 12% increase in the number of \$2-million-plus condos being offered for sale.

The number of active single-family home and condo listings at the end of June, however, was still 23% lower than what had been available on April 1, 2020, at the start of the pandemic lockdowns. Ron Shuffield, president and CEO of Berkshire Hathaway HomeServices EWM Realty, said that by the end of June 2022, inventory priced over \$2 million was still below the "optimum balance" of 12 to 18 months of supply.

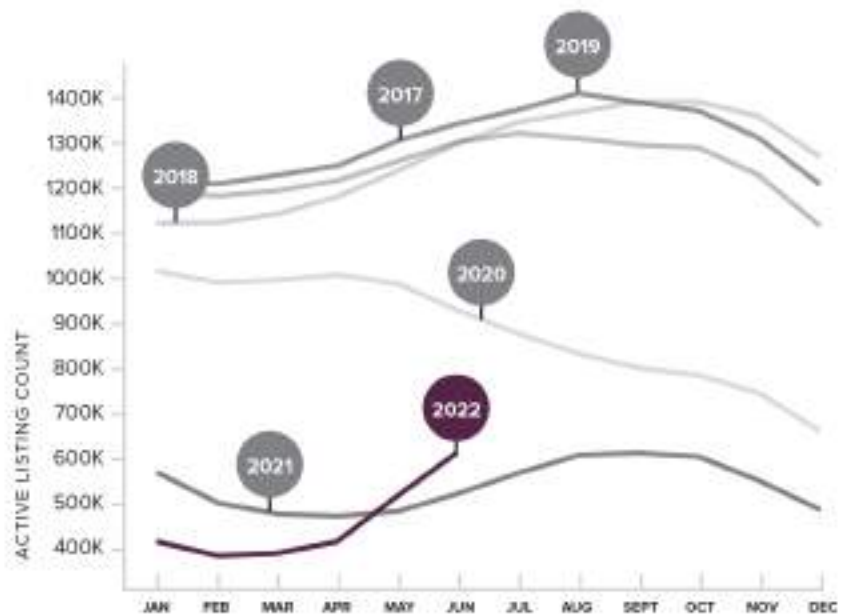
He pointed to current inflationary pressures and the steep increase in mortgage interest rates thus far in 2022 as metrics to watch. But, on the other hand, he said, Florida is the second-fastest growing state in the country, behind Texas, and is expected to continue increasing its permanent population by over 650 new residents per day, with a growing percentage of these newcomers being considered affluent.

More properties are being offered for sale, he said,

Inventory Rebound

According to Realtor.com's June Housing Report, the inventory recovery accelerated across the U.S., with active listings growing at the fastest annual pace (up 18.7%) ever seen in Realtor.com's data history going back to 2017.

Source: Realtor.com June 2022 Monthly Housing Market Trends Report



because "sellers, who have been watching the market closely for the past two years, in the hope of targeting the highest value point in this cycle of changing values, are now sensing that we are close to the high point of this economic cycle."

He said he anticipates that months of supply "will continue to increase, probably for the remainder of 2022, which will likely push the number of months of supply for luxury properties beyond 18 months [at which point it's considered a buyer's market]. This increase in months of supply will place pressure on the rate of price increases and will eventually cause prices to level out."

Over in Nashville, an area whose luxury market is still extremely strong—with multiple offers, buyers waiving appraisals, and homes selling for over asking price—purchasers of houses priced at \$2.5 million and higher are beginning to ask sellers for concessions and repairs, a sign that the tide might be turning.

But still, inventory is "extremely low," said Ginger Holmes, president/owner of Berkshire Hathaway HomeServices Woodmont Realty. "We wondered how it could get lower than last year, but it has."

With only a one-month supply of luxury properties on the market and continued interest from buyers, Ms. Holmes said it's likely to take six months to a year for things to balance out in her market.

"New construction needs to continue so local homeowners can feel a little more confident that they can find another home," she said. "And builders need to go back to putting houses on the market when they start construction, instead of waiting until they are almost complete due to challenges of pricing."

Spurred by new construction of single-family homes, the luxury market has shifted in favor of buyers in the coastal New Jersey communities of Margate, Longport and Ventnor.

"Inventory for specifically new construction luxury homes has increased dramatically, giving buyers exponentially more leverage than they previously had," said Troy Rosenzweig, a sales associate with Berkshire Hathaway HomeServices Fox & Roach, REALTORS®, New Jersey. "The only way to have the current inventory absorbed is to decrease the asking price."

He added that the "accelerants" that were fueling the seller's market—low mortgage-interest rates, government loans during Covid-19 such as the Paycheck Protection Program, skyrocketing equity markets, and positive consumer sentiment—"have all reversed and are the core reason the market is slowing."

Yet over in Monmouth County on the northern part of the Jersey Shore, where luxury properties sell for \$2 million to \$10 million, the pandemic-induced seller's market is still in full throttle. "Inventory is not increasing," said Mario Venancio, sales associate at Berkshire Hathaway HomeServices Fox & Roach, REALTORS®, Rumson Sales Office.

He expects more properties to come on the market, as "some sellers will jump in to capitalize on a market with limited supply. I don't believe we can go from grossly low inventory to an abundance of supply overnight. Many prospective sellers fear they have nowhere to go if they sell." Mr. Venancio expects it to take 18 to 24 months to build inventory.

Outside the U.S., the inventory situation is also shifting. "Inventory in all markets is still difficult to come by, but with construction at full speed, we now have many luxury proper-

TOP MARKETS



The luxury market in the borough of Brooklyn is heating up. More availability of land—compared with Manhattan—is bringing high-end developers to the outer borough.

New York
The City Is Back

The New York luxury market looks good and is only going to get better, according to Steven James, president and CEO of Berkshire Hathaway HomeServices New York Properties.

Now that more residents and tourists are back, condo sales under \$2 million are doing really well. “The upper end of the market—properties over \$5 million—is a little softer than the rest of the market,” Mr. James said, “but developers still want to sell condos. And properties in the \$2 million to \$5 million range, in the right building with good amenities in a good location, are also doing well.”

In the past four months, sellers have been listening more to the brokerage community and have gotten smart about pricing by focusing on comps, meaning comparable homes for sale.

Candace Adams, CEO of Berkshire Hathaway HomeServices New England Properties, said that as a result of the excellent pricing in the city, more properties are receiving multiple offers, especially from those looking to downsize or from younger buyers moving back into the city.

Condos on the Upper East Side have done well before, during and after the pandemic, but now the Brooklyn luxury market is heating up because plots for developers are less pricey.

“Developers are going to Brooklyn and Queens due to lot availability and cost,” Mr. James said.

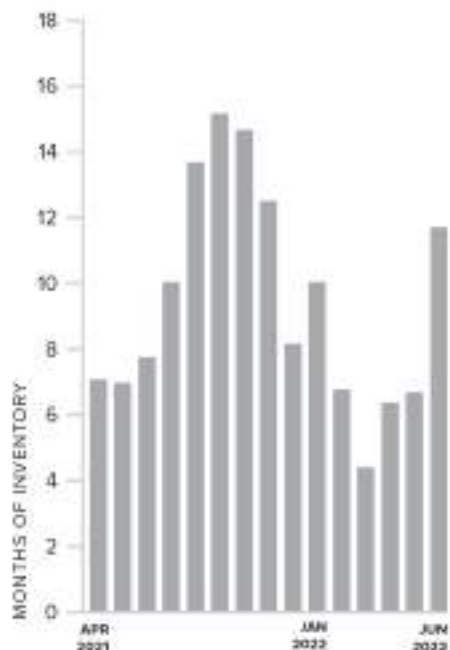
Ms. Adams said that despite some softening in the past year, the second-home shoreline-property market outside the city is also still very hot, though inventory is a problem.

“We are also seeing that more buyers are receptive to outlier properties that have more land, a pool and a home office, because more people can work from home. These properties were stacking up before the pandemic, but now showings are well-attended, and this is only going to continue,” Ms. Adams said.

“If you are thinking of selling in the next six months [outside the city], now is the time to put your home on the market.” •

\$2 Million-Plus Sales
Inventory in Miami-Dade

Berkshire Hathaway HomeServices EWM Realty surveyed the number of \$2 million-plus homes for sale in Miami-Dade from April 2021 through June 2022.



Source: Berkshire Hathaway HomeServices EWM Realty

ties in the wings with a good deal being sold off-plan,” said Michael Vincent, CEO of Berkshire Hathaway HomeServices Portugal Property. “However, it should be noted that the country’s building regulations are extremely strict, which keeps the exclusivity appeal.”

He estimated that it may take two to three years for a building boom to alleviate the property shortage.

Cesar Santos, owner and CEO of Berkshire Hathaway HomeServices Atlantic Portugal, whose office focuses on all of mainland Portugal, Madeira and the Azores, said that new-construction inventory is increasing, “but not enough for market needs. All of the new developments are sold when they are only at the project phase, which shows that there is not enough for the requests.”

Mr. Santos said that “the only way to alleviate inventory needs is by creating new developments at low-populated residential areas near the most trendy places,” and promoting them as investment opportunities. •



This zen hilltop oasis in San Miguel de Allende boasts contemporary elegance, on the edge of the Botanical Gardens.

Buyers Think Outside the Box for Architectural Styles

AS HOMEOWNERS GET INCREASINGLY MORE CREATIVE WHEN it comes to the architectural style of their homes, blending genres is moving beyond a trend—it's becoming a permanent feature of homes.

For example, you'll often see Mid-Century Modern-style homes with Mediterranean influences in Las Vegas and, in Los Angeles, classic Mediterranean homes are now adding Cape Cod-style or Craftsman features.

And, although South Florida is known for its Mediterranean style of architecture and Art Deco influences, several new luxury properties are being designed with clean exterior lines, lots of wide windows and minimalist interior moldings and finishes, said Ron Shuffield, CEO and owner of Berkshire Hathaway HomeServices EWM Realty in Coral Gables, Florida.

The sensibilities of homeowners are also driving this trend. "Our market is patterned after the Mediterranean style of Europe, and we know that back in the 1920s, many developers went to Spain and spent weeks gathering materials and finishes," he said. "But many millennials prefer a minimalistic look. We're seeing houses that have beautiful moldings, finishes and cabinetry that are being ripped out while these new homeowners keep some of the finishes, including the oversize arched windows."

The goal: to blend an old-school Mediterranean feel on the exterior with a more contemporary look inside the home, something Mr. Shuffield expects homeowners will come to expect.

"This is especially true in parts of the country where you can't change the exteriors due to historic-district designations," he said.

The same trend is occurring in Mexico, said Ian Gengos, owner of Berkshire Hathaway HomeServices Baja Real Estate in Baja California Sur, Mexico.

"With the shift from being a vacation market to a second primary-home market, the trend is toward larger homes and design choices that are no longer representative of the 'Mexican hacienda' style," Mr. Gengos said. "Blending old-world materials like stone and indigenous wood with modern, contemporary lines, minimalist decor, indoor-outdoor living and sleek simplicity are the current trend."

While these homes are indeed evolving architecturally, there are other practical reasons for the trend.

"Here in the high desert, electricity is our biggest cost to think about," Mr. Gengos said. "It's been interesting to see how these style choices are also lending themselves to energy efficiency and air flow. After all, it makes a big difference in cooling a space, for example, when you shift to an open-floor plan."

Ultimately, blending styles helps with resale value, Mr. Shuffield added. Everyone, he said, "wants a family room adjacent to the kitchen so everyone is together, and they want everything to open to the outside. You can't do that in an old home which is why, often, the best way to do this is by blending architectural styles." ■



A once-in-a-lifetime coastal oasis with commanding views over Nantucket Sound and an unprecedented 280 feet of private sandy beach on 3.66 acres.

Hybrid Work Options Fuel Market

WHEN COVID-19 HIT, IT WAS THE FIRST TIME MANY PEOPLE had worked remotely. For quite a few, there's no going back.

Many companies now allow employees to work from home permanently, while many others offer hybrid work situations, with employees coming into the office just a few days per week, or month.

With more-flexible work arrangements, some are spending more time in second homes, while others make the leap to relocate to vacation destinations permanently.

"The increase in hybrid working has given so much freedom that we are seeing more people asking themselves, 'What would tomorrow look like if I could sell my house today...and move anywhere I want to go?'" said Christy Budnick, CEO of Berkshire Hathaway HomeServices. "It boils down to lifestyle choices."

The pandemic caused a massive shift in priorities, leading people to put their lifestyle first. According to a 2022 Work Trend Index report by Microsoft, 53% of employees say they are more likely now to prioritize their health and well-being over work than before the pandemic.

As a result, home prices in places such as Cape Cod, the Bahamas and Hawaii—traditionally second-home locations for luxury buyers—have increased considerably.

Judy Whitfield, broker in charge of Berkshire Hathaway HomeServices Hawaii Realty, said she began to see people relocating to Hawaii in September 2020 to get away from crowded cities.

"People were coming to Hawaii because at the time it was one of the safest places in the country," she said. As more employees got the green light to work from anywhere, demand has only continued to increase. Some buyers are so eager to get their hands on a home in Hawaii that they make offers sight unseen.

"It's definitely created an impact on the prices here, because these people are typically cash buyers," Ms. Whitfield said.

On Oahu, prices for single-family homes hit a record high of \$1.15 million in May 2022, up 17.9% from last year. Luxury home sales over \$3 million are up 59% YTD over the same time period as last year.

Cape Cod Real Estate Snapshot

Inventory was down, while prices were up during the first quarter of 2022 in Barnstable County.

Based on information provided to and compiled by COMLS covering the period 11/22-3/31/22

HOMES FOR SALE

2021
1,763

2022
1,102

↓37%

NEW LISTINGS

2021
1,100

2022
998

↓9%

SOLD LISTINGS

2021
1,093

2022
858

↓22%

MEDIAN LIST \$

2021
\$524,900

2022
\$579,000

↑10%

MEDIAN SOLD \$

2021
\$525,000

2022
\$590,000

↑12%

Berkshire Hathaway HomeServices
Robert Paul Properties 2022 Q1 Market Overview

With buyers making primary homes out of their vacation houses, demands for amenities and space have also changed.

"They're looking for bigger homes—they're looking for an office space, a media room, exercise rooms and outdoor space to keep their families entertained," Ms. Whitfield said. Some newer condo developments also include shared workspaces for those working remotely.

In Cape Cod, incoming buyers are seeking out larger homes in favor of the traditional beach cottage.

"It's kind of a role reversal," said Emily Clark, president of Berkshire Hathaway HomeServices Robert Paul Properties in Cape Cod. "Before, we would see people start with smaller second homes on the Cape, and they would have their primary home close to the city. Now, they might be looking for something smaller in the urban area, because they're able to spend more time away and work remotely on the Cape."

Ms. Clark has even seen some renters from Boston and New York opt to make their first home purchase in the Cape.

"Buy your second home first," she said. It's a way for some to invest in a home earlier, as second-home markets can offer larger homes at a smaller price point than urban centers.

But prices are rapidly pushing upward. In Cape Cod, the median sales price of single-family homes increased to \$675,000 so far in 2022, up 53% from \$441,250 in March 2020. •

53%

According to a 2022 Work Trend Index report by Microsoft, 53% of employees say they are now more likely to prioritize their health and well-being over work than they were before the pandemic.

STATE OF THE CITY

While some people are spending more time at their second homes, the allure of a vibrant life in the city is calling some buyers back.

"People who may have bought a lifestyle-driven property at a winery or beach location, for example, are coming back to the cities almost as a second-home destination, either because they have had to come back into the office part-time, or they've missed the city life," Ms. Budnick said.

In New York, where real estate prices took a hit during the pandemic, many are back on a full-time or part-time basis, said Brad Loe, executive vice president and director of sales at Berkshire Hathaway HomeServices New York Properties.

That trend is reflected in the rebound of housing prices. As of the first quarter of 2022, the median sales price in New York was \$1.2 million, up 11% year over year.

Steven James, president and CEO of Berkshire Hathaway HomeServices New York Properties, has also seen activity pick back up in the city, in the real estate market and beyond. "It's slowly trickling back," he said.





This sprawling home in Georgia offers water views and lots of room to roam inside and out.

Bigger Is Better For Homes

"I find that a lot of ultra-high-net-worth individuals want to replicate the features they love about their original home when they buy a second or third home."

MARTIN BIKHIT

Managing Director

Berkshire Hathaway HomeServices London Kay & Co.

A COUPLE OF YEARS AGO, THE LUXURY HOUSING MARKET

was in the dawn of the jewel-box era, when perfectly designed small places were desirable. As soon as lockdowns began, luxury buyers recognized that they wanted as much space as possible and adopted a "more is more" attitude.

"Leading up to the pandemic, we were seeing an interest in smaller spaces closer to downtown and the resort. But that quickly pivoted to buyers wanting bonus spaces in their homes for offices and workout areas, bigger and more private outdoor living spaces, and estate homes with multiple wings to allow for multigenerational living," said John Sofro, co-owner of Berkshire Hathaway HomeServices Sun Valley Properties in Ketchum, Idaho. "That being said, the rising costs of building and real estate in general makes it feasible that there will be a return to embracing the jewel-box properties that were gaining favor before the pandemic."

Affordability issues are likely to increase demand for smaller spaces going forward, said Michael Slevin, president of Berkshire Hathaway HomeServices Colorado Properties in Vail, while demand for larger homes and homesites increased dramatically over the past two years.

"Theater and exercise rooms were in demand, as were formal home offices versus transitioning an extra bedroom into an office," said Mr. Slevin. "Outdoor living space and access to trail systems, the ski slopes and other activities were also priorities."

TOP MARKETS



La Jolla, California, has seen an increase in sales of \$10 million-plus homes.

La Jolla, San Diego Affluent Buyers Opting to Call San Diego Home

The La Jolla, California, office of Berkshire Hathaway HomeServices California Properties is experiencing an exceedingly robust sales year, outpacing 20 of its previous 22 years, according to Martha Mosier, president of Berkshire Hathaway HomeServices California Properties.

"Year over year, sales of La Jolla properties \$7 million-plus have almost doubled and sales of properties \$5 million-plus have doubled," Ms. Mosier said. "There seems to be a great deal of capital in the affluent market, and these fortunate buyers have a desire to live in San Diego."

The market saw a slight increase in listings moving into summer, due in part to a shift attributed to interest rate increases and inflation, according to Ms. Mosier.

A current lack of available inventory in La Jolla, paired with the high demand for properties, suggests the market will continue on its stable trajectory throughout the remainder of 2022, she said.

On the lower-priced end of the luxury market, 109 single-family homes sold with an average price of \$2.93 million in the first quarter of 2021, whereas 102 single-family homes were sold with an average price of \$4.441 million in 2022. By comparison, the average condo price increased

from \$971,480 to \$1.456 million year over year in 2022, according to Ms. Mosier.

Throughout La Jolla, the most notable change within the past year is the unprecedented number of sales of homes priced \$10 million or above, said Ms. Mosier.

The properties that aren't selling, however, are those that are missing the mark with pricing. "Sellers who have overpriced their homes are starting to feel the pinch," she said. That pinch can be in the form of longer days on the market and price reductions on listings priced above comparable properties.

Despite stock market volatility, rising interest rates, and inflation creating uncertainty for buyers, Ms. Mosier believes the continued housing-supply issues and demand will maintain a very competitive seller's market, wherein prices will remain stable.

"Many homeowners who have purchased or refinanced within the last few years aren't planning a move in the near future due to lack of inventory and the favorable interest rate they were able to avail themselves of," Ms. Mosier said. "In La Jolla, properties that aren't overpriced, have great locations or views, are in great condition, or have something special about them are getting multiple offers." •

Sun Valley Luxury Snapshot

For the 26 months between January 2018 and April 2020, 12 homes sold for \$5 million or more in the Sun Valley market. Over the next 24 months, 48 homes sold for \$5 million or more.



JANUARY 2018 - APRIL 2020
12 HOMES SOLD FOR US\$5M+



APRIL 2020 -
APRIL 2022

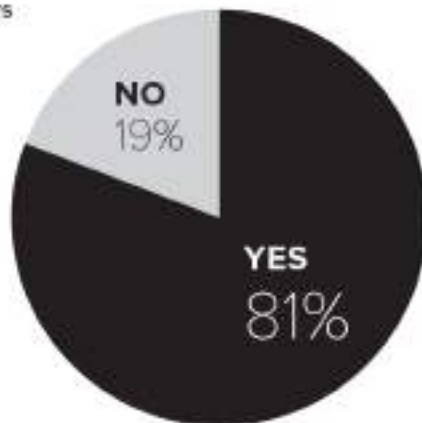
48 HOMES SOLD FOR US\$5M+

John Sobie, co-owner of Berkshire Hathaway HomeServices Sun Valley

Buyer Flexibility

A summer 2022 survey of Berkshire Hathaway HomeServices network members found that due to inventory shortages, many buyers are willing to be flexible and do the work to perfect their homes.

Have your buyers become more flexible on the homes they're willing to purchase?





The appeal of suburban New York towns like Greenwich, Connecticut, has yet to abate, with large homes still drawing high-end buyers looking for more space inside and out.

Covid-19 Catapulting Migration to the Suburbs

The allure of a larger home with land and privacy when the pandemic began created a flight from New York to its high-end suburbs that has yet to abate, according to Candace Adams, CEO of Berkshire Hathaway HomeServices New England Properties.

"We're seeing some people downsize into the city and take advantage of the opportunity to sell a larger suburban home, but the demand for upsized homes in areas near New York continues," Ms. Adams said. "People want multiple offices, bigger living areas, recreational amenities like pools and basketball courts, and space for multi-generational living."

Priorities changed during the pandemic and are shifting again now.

"Three years ago, everyone wanted property where they could walk to the train and to villages," Ms. Adams said. "Then everyone wanted a country property with acreage and privacy, as far as 90 minutes to two hours from New York. Now people want to be a little closer to the city, especially if they're New Yorkers."

In London, even as the reverse migration has begun from larger suburban residences back into the city, prime buyers still want to keep their bigger houses, said Martin Bikhil, managing director of Berkshire Hathaway HomeServices London Kay & Co.

Buying and Renovating to Get the Space They Crave

When a client of Mr. Bikhil wanted to buy a second home in London, her goal was to buy a property similar to her home in Westchester County outside New York.

"I find that a lot of ultra-high-net-worth individuals want to replicate the features they love about their original home when they buy a second or third home," Mr. Bikhil said. "So, if they have an outdoor swimming pool or his-and-hers bedroom suites, they want that lifestyle in every property they own."

Mr. Bikhil recently helped a client buy a five-level town-house with a big garden in Chelsea for about £15 million. The buyer then spent £4 million to create a more-open floor plan, add a solarium and build separate bathrooms in the primary suite.

In Sun Valley prior to the pandemic, many of the luxury homes were older and in need of upgrades, Mr. Sofro said.

"This was resulting in high days-on-market numbers," he said. "This changed in May 2020, when high-end buyers went all-in, and virtually every one of those languishing listings were bought at or near list price. In virtually every high-end sale, the buyers made upgrades and expansions."

As always in real estate, location matters most. "Buyers prefer turnkey properties if they can find them, but people will buy and renovate if they must to get a beautiful parcel of land in the location where they want to live," said Ms. Adams. •



In Lafayette, California, this tranquil and private home sits on nearly three acres of land.

Superluxury Soars

SUPERLUXURY REAL ESTATE IS SUPERCHARGED RIGHT NOW, and shows no signs of slowing down.

"It's booming across the board," said Christy Budnick, CEO of Berkshire Hathaway HomeServices. "I have never, ever seen superluxury this active before."

The market is hotter than ever, partly spurred by the pandemic, which prompted high-end buyers to seek properties that can offer comfortable and luxurious living. In general, these properties can start between \$10 million and \$20 million, but they can also go much higher, depending on the market.

Candace Adams, CEO of Berkshire Hathaway HomeServices New England Properties, said Covid-19 has had an irrevocable impact on how buyers view superluxury properties, and what aspects they most value in these homes.

"People really decided they wanted to allocate their resources to housing, home and nesting, and making sure their families were secure," she said.

"I think personally that consumer behavior and human behavior has changed since Covid-19," she added. "And I think that you're going to see people put their resources towards housing more than they ever had before."

According to Martha Mosier, president of Berkshire Hathaway HomeServices California Properties, the superluxury boom is being driven in part by city residents seeking bigger properties than metropolises can provide.

"Many executives and business owners from larger cities [have] elected to migrate out of high-density areas," Ms. Mosier said. "[They are] opting for a primary residence with more land and space, as they pivot to a 'work from home' or hybrid arrangement limiting their daily commute into the workplace."

According to Ivan Sher, of Berkshire Hathaway HomeServices Nevada Properties, "quality" is the watchword at the forefront of buyers' minds, not just for their immediate needs, but in terms of the long view as well.

What You Get for \$40 Million-\$50 Million



NEW YORK CITY

\$40,000,000

5 Bedrooms
6.5 Bathrooms
7,488 Square Feet
Condominium

STAND OUT AMENITIES

Concierge
Gym
Outdoor Space



GREENWICH, CONNECTICUT

\$41,500,000

6 Bedrooms
9 Bathrooms
12,972 Square Feet
Single-Family Home

STAND OUT AMENITIES

Waterfront
Pool
2 Private Beaches



MONTECITO, CALIFORNIA

\$39,995,000

7 Bedrooms
12 Bathrooms
11,547 Square Feet
Single-Family Home

STAND OUT AMENITIES

Layered Gardens
Persian Water Gardens



BOCA RATON, FLORIDA

\$40,000,000

6 Bedrooms
7.2 Bathrooms
9,692 Square Feet
Single-Family Home

STAND OUT AMENITIES

Crestron Smart-Home System
European Marble Kitchen



BIRD CAY & CAT CAY, BAHAMAS

\$50,000,000

6 Bedrooms
6 Bathrooms
230 Acres
Private Island

STAND OUT AMENITIES

4.75 Miles of Water Frontage
Private Beaches

"People are looking for the best. There's also a resale component in the purchase, too," he said.

In terms of amenities, location still is the most important feature, but buyers are putting a premium on privacy and security as well.

"Security has become another interesting component of the search for superluxury," Ms. Adams said. "People want a safe environment, whether it be a smart home that's secure, or a gated entry, or community or association that provides controlled access."

High-end buyers are also looking for their luxury residence to be multifunctional. Home offices are at the forefront of that multifunctionality. "They're not considered just one-off spots when people sit when they get home from work. They've made it more functional and more appropri-

ate for their environment," Mr. Sher said, adding that Zoom calls now factor heavily into the look and design of these spaces.

Besides de rigueur amenities such as swimming pools, home gyms and home theaters—all of which continue to be in high demand—there are also requests for at-home spas, beauty salons, climate-controlled car showcases that can fit five or more cars, as well as properties that include expansive outdoor space, such as private beaches or golf courses.

In today's world, the demand for superluxury properties isn't just about upgrading into better homes, but also about sound investment for the future.

"We have examples of multiple offers with bidding \$1 million over list," Ms. Mosier said. "We have also had buyers purchase a home and then sell for a profit shortly thereafter."

Superluxury Levels

A summer 2022 survey of Berkshire Hathaway HomeServices network members asked agents to define the top end of their markets. Most were in the \$10 million-\$20 million range.

How do you define superluxury in your market? What's the minimum?



Source: Berkshire Hathaway HomeServices 2022 Luxury Report Survey Results



A home office in this castle-like estate in Oak Brook, Illinois, offers ample space to get work done.

For example, one client bought property for \$12 million and resold in six to eight weeks for \$15.5 million, she said.

While square footage is a draw, it isn't the only one. "Luxury is being defined more by quality, finishes, location, architecture and design, rather than the size of the home," Mr. Sher said.

And no one expects the bubble to burst. Most superluxury buyers, for example, can withstand interest-rate hikes. Many can pay in cash. And even as the U.S. economy begins to feel the impact of rising inflation, superluxury buyers are often less impacted by ups and downs in the market.

"Because they're cash buyers typically, they're ready to act. I really don't believe that some of the events that will impact other buyer segments are going to affect them," Ms. Budnick said. •

"We have examples of multiple offers with bidding \$1 million over list."

MARTHA MOSIER

President

Berkshire Hathaway HomeServices California Properties



The interior of a castle in Loule Hills, Portugal, with sea views.

Luxury Transitions: Markets Attracting High-End Buyers

156%

In Sarasota, Florida, prices for luxury homes increased 156% from 2019 to 2022, according to data from Realtor.com.

27%

Prices for luxury homes jumped 27% in Tucson between the fourth quarter of 2021 and the first quarter of 2022.

WHILE PERENNIAL FAVORITES FOR LUXURY BUYERS SUCH as Nantucket, Massachusetts; Aspen, Colorado; and Palm Beach, Florida, continue to thrive, lesser-expected locales like Sarasota, Las Vegas, Austin, Tucson, and Portugal are seeing home values spike and increases in luxury level listings.

"Now more than ever people want to live life to the fullest. So destinations that offer lifestyle rich amenities have become particularly sought after, whether that's ski, beach, equestrian or however they choose to spend their time," said Christy Budnick, CEO of Berkshire Hathaway HomeServices. Favorable income and property taxes help, too.

For example, in the Sarasota, Florida, market, the top metro area for luxury-price increases, prices for luxury homes increased 156% from 2019 to 2022, according to data from Realtor.com.

In Lisbon, prices were up 14% in the luxury market in 2021 over 2020, and Michael Vincent, CEO of Berkshire Hathaway HomeServices Portugal Property in Vilamoura

Luxury Growth Across Top 10 U.S. Metros

Realtor.com looked at luxury price growth and corresponding metros among the 95th percentile of properties with a \$1 million threshold during the second quarter of 2022.

	95TH PERCENTILE PRICE CHANGE	95TH PERCENTILE PRICE - DAYS ON MARKET CHANGE	ACTIVE US\$1M+ LISTINGS CHANGE	NEW US\$1M+ LISTINGS CHANGE	95TH PERCENTILE PRICE 2022 Q2	DAYS ON MARKET 2022 Q2
Virginia Beach-Norfolk-Newport News, VA-NC	13.64%	-62.86%	58.72%	122.66%	\$1,250,000	39
Atlanta-Sandy Springs-Roswell, GA	6.67%	-52.75%	37.79%	80.73%	\$1,599,900	43
Kansas City, MO-KS	6.15%	-67.16%	68.29%	184.09%	\$990,000	44
Greenville-Anderson-Mauldin, SC	4.65%	-36.59%	31.71%	85.06%	\$1,350,000	52
Boise City, ID	4.16%	-51.35%	141.33%	152.07%	\$1,749,900	36
San Antonio-New Braunfels, TX	3.92%	-44.83%	33.59%	139.15%	\$1,299,000	48
Tampa-St. Petersburg-Clearwater, FL	3.80%	-51.96%	46.97%	96.19%	\$2,075,000	49
Charlotte-Concord-Gastonia, NC-SC	3.51%	-44.29%	59.18%	114.83%	\$1,625,000	39
Houston-The Woodlands-Sugar Land, TX	3.51%	-44.87%	23.26%	61.47%	\$1,475,000	43
Dallas-Fort Worth-Arlington, TX	3.19%	-43.75%	111.06%	158.02%	\$1,650,000	36
Nationwide	-3.41%	-43.76%	50.76%	107.36%	\$1,835,008	56

Source: Realtor.com

Marina, anticipates luxury prices will rise 25% in 2022 compared to 2021. The supply of luxury homes was 15% lower in April 2022 compared to that same time last year. Low inventory and high demand are pushing prices up, particularly in the Algarve, where prices have increased by 20% over the past six months, Mr. Vincent said.

"Lisbon has always been seen as one of the most appealing areas for luxury buyers from all over the world," Mr. Vincent said. "A penthouse apartment in Lisbon can easily sell for €7 million. There are also pockets of extremely high-end resorts in the Algarve on Portugal's Southern coast, such as Quinta do Lago and Vale do Lobo, where luxurious villas start at €2 million to €3 million and can go to €20 million."

In Lisbon, luxury buyers are primarily Spanish, North Americans, British, Brazilian and French, Mr. Vincent said. In the Algarve, luxury buyers are primarily British, Dutch, French, German and Spanish.

Hot markets for high-net-worth buyers

California luxury buyers are the primary drivers of the markets in Texas, Arizona and Nevada, along with other domestic and some foreign buyers. In Austin, often called "Silicon Hills" for its tech-based economy, more luxury homes are being built at higher prices, said Rick Ellis, COO and general manager of Berkshire Hathaway HomeServices Texas Realty in Austin. Prices of luxury properties in Austin rose 104% between the first quarter of 2019 and the first quarter of 2022, according to Realtor.com.

"Downtown is the newest and most expensive place to live in Austin," Mr. Ellis said. "There's a crane on almost every corner building new high-rise condos at a median \$818 per square foot."

Luxury buyers in Austin, who often work for tech companies, tend to pay cash, Mr. Ellis said.

"About 25% of available homes are priced over \$1 million," Mr. Ellis said. "We're not Los Angeles, San Francisco or

TOP MARKETS



Due to low inventory, it's still a seller's market in Miami.

Miami

South Florida's Seller's Market Feels the Heat

It's a seller's market in Miami for single-family homes and condos over \$2 million, according to Ron Shuffield, CEO and owner of Berkshire Hathaway HomeServices EWM Realty.

"Our Miami-Dade County Multiple Listing Service [MLS] currently has a five-month supply of single-family homes priced at \$2 million or more, while condominiums priced in this same range have an MLS supply of six months," Mr. Shuffield said. Note: Anything less than 12 months is considered a seller's market.

But the area is beginning to see an inventory increase, after the past two years brought a 32% decrease in combined inventory for condos and single-family homes. In the eight weeks from April 1 to May 24, for example, inventory for single-family homes increased 22% and condos 5%. Mr. Shuffield expects even more properties will hit the market soon.

"Condos now represent the majority of sales in Miami. This shift is caused by changes in lifestyle preferences, as most buyers have multiple homes elsewhere, but are looking to set up a permanent residence in Miami," he said.

Condos built in the last 20 years that are around 2,000 square feet are often being combined to create luxury units that are 6,000–8,000 square feet, Mr. Shuffield said. The median price of a condo in 2020 was \$2.9 million, and \$3.3 million in 2022, he added.

"Miami probably has the highest percentage of newer luxury inventory being offered anywhere in the world," Mr. Shuffield said. In fact, 39% of condo inventory and 22% of single-family-home inventory in the area has been built within the past seven years, according to Mr. Shuffield.

Although South Florida is known for its Mediterranean style of architecture and Art Deco influences, these new luxury properties are being designed with clean exterior lines, lots of wide windows, and minimalist interior moldings and finishes, according to Mr. Shuffield.

"With the surge in new development over the past 20 years, the contemporary designed single-family home and condo-style has taken center stage." •

Buyer Demand

A summer 2022 survey of Berkshire Hathaway HomeServices network members asked about buyer demand, which appeared strong as of mid-2022.

16%
INCREASED
SLIGHTLY

32%
INCREASED
SIGNIFICANTLY

How has buyer demand changed in the past 3 months compared to a year ago?

23%
SAME

29%
DECREASED
SLIGHTLY

Source: Berkshire Hathaway HomeServices
2022 Luxury Report Survey Results

Manhattan yet, but the trend is moving in that direction. The California rich are becoming the Texas rich, and more luxury buyers come to Austin every day."

Approximately 20% of Austin's luxury buyers are foreign, with the majority coming from India, Mr. Ellis said.

Luxury buyers in Tucson, Arizona, are looking for both primary and second homes, and include a mix of local buyers, foreign purchasers and other domestic buyers, particularly from California, said Mark Stark, Chairman of Berkshire Hathaway HomeServices Arizona Properties, California Properties and Nevada Properties in Las Vegas. Prices for luxury homes jumped 27% in Tucson between the fourth quarter of 2021 and the first quarter of 2022, according to Realtor.com.

"In Las Vegas, luxury buyers often look in areas such as The Ridges in Summerlin, Ascaya and the Foothills area in Henderson Hills, and on Lake Las Vegas," said Mr. Stark. "International buyers and domestic buyers who are fans of high-rise living are attracted by the buildings on the Las Vegas Strip, which are a tremendous bargain compared to places like New York."

Luxury high-rise condos in Las Vegas cost \$1,000 to \$1,500 per square foot, compared with \$4,000 to \$6,000 in New York, Mr. Stark said. Luxury-home prices rose 32% in Las Vegas between the first quarter of 2021 and the first quarter of 2022.

"This isn't the Las Vegas of 20 years ago that was dominated by a single industry, gaming," said Mr. Stark. "The overall diversification of the local economy flourishes."



Sarasota, Florida, is seeing lots of growth in its luxury sector, after often being undervalued compared with Naples and the east coast of Florida.

Affluent buyers continue to head South

High-net-worth households are expanding their U.S. horizons from Naples, Palm Beach and Miami to other locations in Florida.

"Sarasota is now known as a go-to destination for retirement and second homes as well as primary residences in the luxury segment," said Mike Holland, managing broker of Berkshire Hathaway HomeServices Florida Realty in Sarasota. "We have historically been undervalued compared with Naples and the east coast of Florida, but the word is now out."

The Sarasota region has seen substantial growth in luxury buyers, especially in Casey Key, Siesta Key, Longboat Key, Lakewood Ranch and downtown Sarasota, Mr. Holland said. Purchasers include local buyers who are trading up as well as buyers from Miami, New York, California, Illinois, the U.K. and Germany.

While Palm Beach has always been known as a luxury market for "snowbirds" from the Northeast, high-net-worth buyers from California, Illinois, Ohio, Wisconsin, Pennsylvania, Washington State and Oregon are also purchasing property in Palm Beach Gardens, Jupiter and nearby locations.

"These are not new luxury markets, but they have become more sought-after since 2021, as more buyers leave their home state for better weather and no state income tax," said Trish Murray, managing broker of Berkshire Hathaway HomeServices Florida Realty in Jupiter. "Luxury properties are skyrocketing throughout South Florida and the newest battlegrounds for the uber-rich are oceanfront properties that are fetching exorbitant record-high prices."

The demand from ultrahigh-net-worth people has increased in part because they're bringing their companies to Florida, said Ms. Murray.

"I predict we'll see a lot more luxury home buyers in the future," said Kevin Dickenson, a broker associate with Berkshire Hathaway HomeServices Florida Realty in Jupiter. "One extremely important indicator is that Miami developers are moving north into Palm Beach County and buying up land." •

"Sarasota is...a go-to destination for retirement and second homes as well as primary residences in the luxury segment. We have historically been undervalued compared with Naples and the east coast of Florida, but the word is now out."

MIKE HOLLAND

Managing Broker
Berkshire Hathaway HomeServices Florida Realty



Some of the world's largest tech companies—including Meta and Apple—are expanding into Austin, lifting up its real estate as a result.

Tech Industry Reshapes Cities Around the Globe

“There’s not enough houses to meet the demand. As a result, the prices are going up.”

RICK ELLIS

Chief Operating Officer and General Manager
Berkshire Hathaway HomeServices Texas Realty

TWO DECADES AGO, TEXAS’ SPRAWLING CAPITAL, AUSTIN, was best known for its live music scene and its “Keep Austin Weird” motto.

Since the pandemic, though, it has become one of the hottest relocation cities for tech workers. Google, Facebook and Oracle have hired thousands. Tesla CEO Elon Musk—who recently moved the company’s headquarters to the city—predicts Austin will be the “biggest boom town that America has seen in 50 years.”

Cities around the globe, including Austin, are experiencing massive changes as the tech industry moves in. In markets like Austin, Dubai and London, tech has pushed demand for luxury housing upward and, in some cases, spurred the creation of entirely new urban neighborhoods.

Along the banks of the Colorado River, Tesla is building a 4.3 million-square-foot gigafactory, where it is expected to employ 5,000 full-time workers by 2024. Apple is also building a new \$1 billion, 3 million-square-foot campus

TOP MARKETS



Las Vegas is getting a boost from both primary and vacation home buyers who are snapping up condos and houses.

Rising Interest in Relocations

Research from Realtor.com indicates that home shopper interest in relocating is on the rise. In the U.S., the Southern and Sun Belt markets were especially attractive for out-of-market viewers.

PERCENTAGE OF REALTOR.COM LISTING VIEWERS FROM OUT OF STATE



Source: Realtor.com Q1 2022 Cross-Market Demand Report

there, which could eventually house up to 15,000 employees. And Facebook parent company Meta has leased 33 floors in what will be Austin's tallest skyscraper.

All of these company additions have caused the city to swell. Between 2000 and 2020, Austin nearly doubled its population, growing from 1.24 million to 2.29 million. New homes are going up around the city, and more and more condos are under way downtown.

"There's not enough houses to meet the demand," said Rick Ellis, general manager of Berkshire Hathaway HomeServices Texas Realty in Austin. "As a result, the prices are going up."

Tech, it seems, has been building offices faster than developers can finish building new housing for the employees. As a result of the shortage, the median home price in the City of Austin as of April 2022 was \$640,000, up 16% year over year. Mr. Ellis estimates that nearly a fifth of the buyers are brought into Texas by the tech companies.

Las Vegas Buyers Seek Elegant Homes in the Entertainment Capital

Las Vegas is known around the world for its glitz and glamour, but its luxury buyer clientele is diversifying along with its industry.

"The hospitality industry thrives while benefiting greatly from the emerging music and major sports franchises that are taking root in Las Vegas," explained Forrest Barbee, licensed corporate broker at Berkshire Hathaway HomeServices Nevada Properties. "The overall diversification of the local economy flourishes, as the various core businesses synergistically reinforce one another," Mr. Barbee said. He has watched Las Vegas transform over the past 20 years from a city dominated solely by the gaming industry, he said.

And while the area is known for its man-made Strip, natural draws like Red Rock Canyon—a scenic drive, with hiking and trails, plants and wildlife—are also at buyers' fingertips.

Primary-residence purchases in Las Vegas, according to Mr. Barbee, are largely made by those moving in from out of state due to the increased acceptance of remote work.

And for everyone from California buyers trading up for more space and higher amenities, to

international buyers drawn to high-rise living on the Strip, Las Vegas offers relative affordability in the luxury market compared with other big U.S. cities, according to Mr. Barbee.

"Buyers end up paying \$4,000–\$6,000 per square foot in cities like New York, compared with \$1,000–\$1,500 per square foot in Las Vegas," Mr. Barbee said.

But Nevada buyers aren't looking only for a new primary residence.

"High-rises also provide great second home or investment opportunities, given the unique nature of the Las Vegas Strip," Mr. Barbee said.

The hottest luxury markets off the Strip are the Ridges/Summerlin, Henderson Hills and Lake Las Vegas. The Las Vegas area has three months of inventory for homes at or above \$1 million, according to Mr. Barbee.

"The soaring luxury market is driving the overall median market prices upward due to the larger number of luxury sales in the past year," Mr. Barbee said.

Mr. Barbee expects the luxury market to remain steady, outperforming all other market segments for the remainder of 2022. •

HEALTHCARE & LIFE SCIENCES

Beyond technology companies, King's Cross is also a hub for biotech innovation. The neighborhood is home to the London BioScience Innovation Center, one of the largest laboratory and office-space complexes for life-sciences companies in the U.K., as well as the Francis Crick Institute, a well-regarded bioscience research center. More recently, in February, AstraZeneca opened its new 37,000-square-foot headquarters in King's Cross London.

**Austin, Texas, Snapshot**

According to the Austin Board of Realtors, house prices in May 2022 were up significantly year over year as the number of days on market are down slightly and inventory is up a bit as well.

**MEDIAN SALES PRICE**

\$550,000 **↑ 19%**

**AVERAGE DAYS ON MARKET**

15 Days **↓ 1 Day**

**MONTHS OF INVENTORY**

1.2 Months **↑ 0.7 Months**

Source: Austin Board of Realtors Market Statistics

“Post-Brexit there was this big concern about the brain drain and talent going to mainland Europe. The fact that Facebook and Google, two of the world’s biggest tech companies, have based their European headquarters in London is testament to the strength of this market.”

MARTIN BIKHIT

Managing Director
Berkshire Hathaway HomeServices London Kay & Co.

London

London, meanwhile, boasts a long-established reputation as a tech hub. And yet, even in London’s crowded center, the industry has still found a way to grow. In recent years, King’s Cross—once an underused industrial site and rail hub in north central London—has exploded, with new tech offices and residential apartments.

Alphabet, Google’s parent company, is building a vast complex that is longer than the Shard—the U.K.’s biggest skyscraper—is tall. In March, Meta opened its new London corporate headquarters there, with a capacity for 4,000 employees.

“London remains the tech hub of Europe,” said Martin Bikhit, managing director of Berkshire Hathaway HomeServices London Kay & Co in London. “Post-Brexit there was this big concern about the brain drain and talent going to mainland Europe. The fact that Facebook and Google, two of the world’s biggest tech companies, have based their European headquarters in London is testament to the strength of this market.”

Tech employees don’t just want to work in King’s Cross—they want to live there, too. Coveted properties include the Gasholders, former interlocking gasholder triplets built in the 1960s that have been reimaged as luxury apartments, and the brand-new mixed-use residential block Capella, which is set to be completed in 2024. In the last year, sale prices in King’s Cross have increased by 24.1%, and rents are up by 9%.

The area benefits from its youthful culture and the proximity to St. Pancras rail station, which provides Eurostar rail service into Paris. Residents and workers also enjoy the neighborhood’s assortment of hip restaurants and canal-side bars.

“Let’s face it, if you are attracting the best talent in the world, they’re going to be fussy about where they work and where they live,” Mr. Bikhit said.



A peek at the luxe new Marylebone Square in London.



A burgeoning tech economy and government incentives to buy are benefiting Dubai's real estate.

Dubai

In the Middle East, Dubai has become the site of a burgeoning tech economy, with a flood of new talent coming in from India and Pakistan.

"The government is youthful by nature and promotes every single opportunity it has to make Dubai an innovative city," said Phil Sheridan, a CEO with Berkshire Hathaway HomeServices Gulf Properties.

US\$2.87B

In 2021, investments in Middle East and North Africa tech firms, excluding Israel, quadrupled to **\$2.87 billion**, up from \$654 million in 2020, according to Dubai-based research firm Wamda.

In 2021, investments in Middle East and North Africa tech firms, excluding Israel, quadrupled to **\$2.87 billion**, up from \$654 million in 2020, according to Dubai-based research firm Wamda. Nearly half of that went to the United Arab Emirates.

Low taxes, light business regulation and the U.A.E.'s decision to keep its borders open throughout most of the pandemic helped to lure international workers and create a thriving environment for tech companies.

As a result, luxury property prices have increased significantly in the last year, Mr. Sheridan said. Much of the demand is driven by the highly affluent moving to Dubai via their Golden Visa program, which allows for those making an investment of two million U.A.E. dirham (or about \$545,000) to apply for a 10-year residency permit.

"The affluent have recognized that as [an option for] second homes or even primary homes," Mr. Sheridan said.

He expects that the government will continue to foster innovation in Dubai, making it a top city worldwide for tech.

"It will become number one fairly quickly," he said. •



The land is fertile for vineyards in Porto, Portugal.

Farms, Vineyards and Ranches See Boom as Working Properties

THE LAST FEW YEARS HAVE SEEN HIGH-NET-WORTH BUYERS search out spacious properties on larger plots of land. Now some investors are taking that a step further, seeking a deeper connection to the outdoors, by purchasing sprawling working properties like vineyards and farms.

Taking perhaps a cue from Bill Gates—who as of 2020 became the largest private farmland owner in the U.S.—these individuals are investing in working properties ranging from horse ranches in Colorado to vineyards in Portugal’s wine country.

They come looking for a home that allows them to pursue their passions 24/7—whether that’s organic farming, horse breeding or wine making—while earning returns on their investments.

“There’s been an enormous increase [in these kinds of investments] starting during Covid-19 and still lasting,” said

Marcus Benussi, managing partner and general counsel of Berkshire Hathaway HomeServices MAGGI Properties Agency in Italy. “Germans, Americans and Brits are seeking farms in different areas than what we were used to seeing in the past. Most of them are deeply engaged and focused on bio-farming, renewables, and cow and horse breeding.”

Portugal, too, has seen a dramatic uptick in interest from overseas buyers recently. The number of Americans living in the country has increased by 45% over the past year, and the Portuguese government estimates international buyers have sunk \$6 billion into property investments since 2012.

Working properties, particularly vineyards, hold special appeal.

“We have some beautiful estates and fantastic wineries, and the land is very fertile. It’s like the California of Europe,” said Michael Vincent, CEO of Berkshire Hathaway



Farms and ranches offer space, an opportunity to explore hobbies—an even a potential income.

HomeServices Portugal Property. “We’ve seen a massive influx of Americans because they spot that.”

And in Italy, many international investors buy working properties with an eye toward converting them to income-generating destinations that will attract tourists.

“Many foreigners look for properties that might have a long or medium-term return on investment if transformed into boutique bed and breakfasts or small relais [country-side hotels],” Mr. Benussi said. “The best business models of these investors are often in combination with services such as smart-working amenities, car or scooter rentals, and concierge services, which is exactly what tourists are looking for. So, the incredible phenomena in many areas is that many foreigners are hosted in properties in Italy, by foreigners.”

Savvy buyers of working properties in Portugal, too, are turning a profit on the fruits of their labor. Mr. Vincent cited a client who purchased a vineyard in the wine-producing Douro Valley, where he can export wine to the U.S. for as much as three times as what he could sell it for domestically.

There are other perks as well. Portugal’s Golden Visa program, for instance, confers residency, and, within five to six years, Portuguese citizenship, on foreigners who invest at least €280,000.

The long-term outlook is positive for such investors, due to the relatively slow pace of new development in Portugal.

“There’s no over-build of properties, and no high-rises,” Mr. Vincent said. “Things take time, but when you buy something, it has value.”

In the U.S., Aspen, Colorado, has long been a destination for wealthy buyers looking to invest in working properties. Because of the city’s elevation, there are no wineries; instead, land is used for farms, cattle ranches, organic gardening, and more recently, polo grounds. The region tends to draw buyers who come not on impulse, but as a result of long-range planning.

“Here it’s not so much the couple who leaves the city and decides to do organic farming, because the entry price is steep,” said Brenda Wild of Berkshire Hathaway

HomeServices Signature Properties in Aspen. “People purchase sanctuaries here that are often held as family-trust pieces.”

Investing in any working property comes with many additional considerations; prospective buyers should consult with local experts who can guide them.

“I ask a lot of questions about the buyer’s goals,” Ms. Wild said. “What’s your vision? Do you want to come here and raise Kobe beef, or have a polo field, or create a family compound? Going from there, what are the views, the building rights, the water rights and the agricultural status of the property?”

For those buying in a foreign country, understanding the local tax structure and working with an attorney is key. These additional requirements don’t seem to be deterring international investors, Mr. Vincent said.

“Things are the busiest they’ve ever been, with a huge influx of buyers,” he said. “The best time to buy was yesterday.” •

“We have some beautiful estates and fantastic wineries, and the land is very fertile. It’s like the California of Europe. We’ve seen a massive influx of Americans because they spot that.”

MICHAEL VINCENT
CEO

Berkshire Hathaway HomeServices Portugal Property



The metaverse can be home to virtual residences or act as a sales tool for very real properties.

What Does Real Estate on The Metaverse Look Like?

OUR CONCEPT OF THE METAVERSE ISN'T NEW TO THE 21ST century. The idea of a computerized dimension—an artificial realm in which human visitors could assume other identities, experience fictional adventures or live in impossible environments with other avatars—is as old as science fiction could manage.

The hotly competitive sphere of real estate interacts with that metaverse in two distinct ways—one rooted in a virtual domain of NFT (nonfungible token) ownership, and the other offering sales tools anchored to the very material business of real-world sales.

The Virtual World

A parcel of land or a private building closing for more than \$2 million is rarely considered news—unless the property in question doesn't exist in the realm of the five senses. Within the last six months, two virtual real estate deals ran north of that number for the first time in history.

In November 2021, a virtual plot in the blockchain-funded universe of Decentraland sold to the equally virtual real estate firm Metaverse Group for a very real

\$2.43 million. The Metaverse Group's parent company, Tokens.com, reports the space will largely be used for virtual fashion shows.

Then, a playing environment for the videogame *Axie Infinity* sold for \$2.48 million in February 2022 to a private buyer, who paid using cryptocurrency.

While bitcoin and other cryptocurrencies are experiencing instability, Rolf Illenberger, managing director of virtual-reality developer VRdirect, said the adjustments of blockchain currency won't stop the sales of metaverse properties.

"People have the desire to express their individuality and character through these luxury items in the real world," Mr. Illenberger said. "A digital Rolex, ensured by NFT, will have the same status as a real-life Rolex. You are what you own."

Daniel Yurcho, NFT consultant, insisted that a virtual real estate boom is under way and will continue through any blockchain uncertainty. "Virtual land selling for millions of dollars is wildly speculative at this point," Mr. Yurcho said. "It's a gold rush, and companies don't want to be left out of these metaverse opportunities."

TOP MARKETS



Remote work opportunities have led to more international investment in Madrid.

Madrid A Post-Covid-19 Lockdown Luxury Boom

As foreign investors flock back to the city, Madrid's luxury real estate market has experienced a post-Covid-19 lockdown boom, according to Bruno Rabassa Roig, CEO of Berkshire Hathaway HomeServices Spain.

"More foreigners are moving to Spain to take advantage of remote working at a location that better suits their lifestyle," Mr. Roig said. Easy access via air, a high-speed train network, and a lower cost of living also add to the allure for foreigners. Not to mention that those who had their money in U.S. dollars have been greatly favored by the current exchange rate.

Mr. Roig expects a continued increase in foreign investment over the coming year, especially from South America, due to the tumultuous political conditions there. The Golden Visa program in Spain—which allows for citizenship with real estate investment—along with the recuperation of the tourism industry should support the upward trend.

Local buyers have placed additional importance on properties with outdoor space and a home office after the past few pandemic years, but higher prices are making that more of a challenge.

"Prices have increased 30% in certain spots," Mr. Roig said. "Today, it's a seller's market with low inventory. We also have very low production of new homes due to the notable increase in construction costs," Mr. Roig said.

In Madrid, the neighborhoods of Barrio de Salamanca, Chamberí and Justicia are especially popular, and have very low inventory. According to Mr. Roig, properties listed in these areas sell very fast for the right price, which can be up to €18,000 per square meter.

"Sales from the first and second quarters this year are higher than the same period last year because, despite higher interest rates, buyers can still take out mortgages at reasonable fixed rates," Mr. Roig said.

The best advice on how to purchase your luxury dream property in Madrid, Mr. Roig said, is to work with an expert who understands the market's nuances. "It is the secret to a successful deal for all parties," he said. •

The Real World

With constant improvements in 3D-rendering and virtual reality advancing the metaverse experience, real estate developers and agents can put such tools to work selling upscale residences—especially those yet to be built.

As luxury homes remain in high demand, with construction slowed by labor and material shortages, more buyers are investing in what will be built as long as a year or more in the future. Agents can offer a virtual walkthrough of a home—highlighting amenities, offering bespoke options and demonstrating decor possibilities.

In addition to making the traditional printed real estate sales brochure all but obsolete, another advantage of 3D rendering and VR tech is that the sales exploration experience for buyers at home becomes the same as for shoppers touring the property itself.

Potential buyers can sit in front of their own computers and explore the virtual imagery of their home of the future—with the option of inviting the realtor to guide the experience via video-conferencing software. The combined effect takes the concept of the traditional house walk-through with the real estate agent, and conducts it in the metaverse space. •

"People have the desire to express their individuality and character through these luxury items in the real world. A digital Rolex, ensured by NFT, will have the same status as a real-life Rolex. You are what you own."

ROLF ILLENBERGER
Managing Director
VRdirect



Travelers want to do more—and to do it with eco-friendliness in mind.

Record Interest in Bucket-List Trips And Family Travel

96%

According to the 2022 Impact Tourism Report by Kind Traveler, 96% of travelers said it's important their tourism dollars make a positive impact on communities they visit and the environment.

DESPITE THE CHALLENGES OF THE PANDEMIC AND HIGH inflation, Americans are hitting the road.

The World Travel & Tourism Council (W.T.T.C.), which represents the global travel and tourism industry, projects that travel and tourism in the U.S. will reach pre-pandemic levels in 2022, contributing nearly \$2 trillion to the economy.

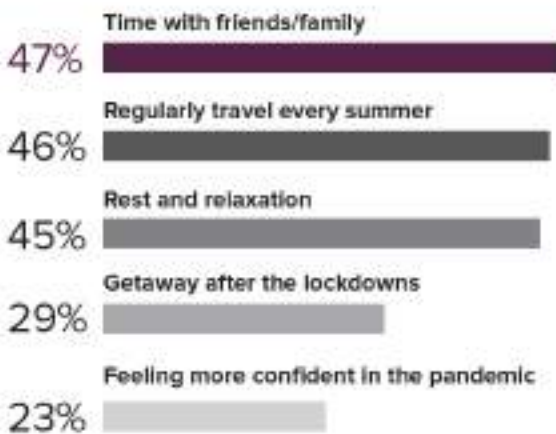
Bucket-List Travel is Booming

Luxury-tour operators have reported a surge in long-lead travel bookings for bucket list-style trips for 2022 and beyond, with customers' most common explanation being a pent-up desire combined with extra funds to spend, in light of not being able to travel during the worst of the pandemic. Some older travelers are concerned about having fewer healthy years left to travel.

Intrepid Travel, the largest small-group adventure-travel company in the world, has reported an increased number of customers booking remote trips in adventure-filled countries, with the company's Antarctica trips—far from the crowds, in what is widely considered the ultimate bucket-list destination—ranking as the top-sold option for North

Top Travel Motivators

In March, Deloitte surveyed more than 4,200 Americans on their summer plans and why they were heading out.



Source: 2022 Deloitte Summer Travel Survey

Americans. Recent company data showed that the Galápagos Islands took the top spot for sales growth, followed by Antarctica, Tanzania and Madagascar.

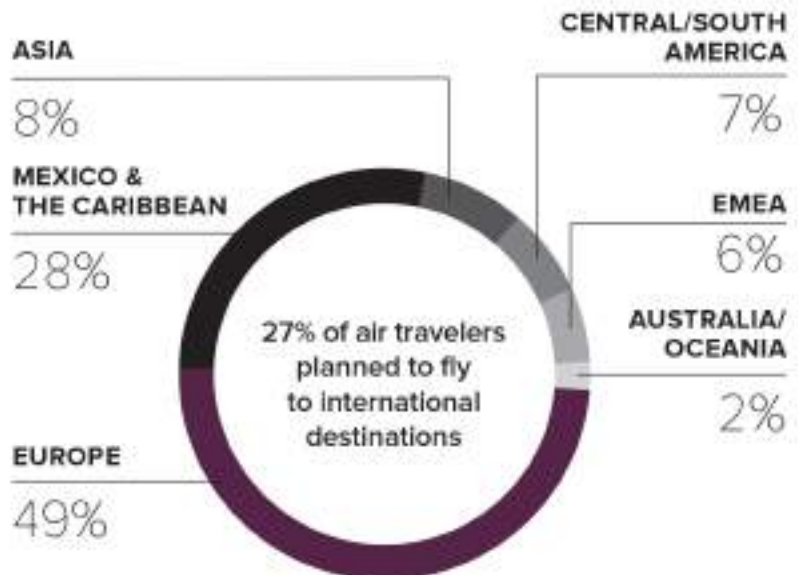
Lindblad Expeditions, which has joined forces with National Geographic for more than 15 years, reports that the majority of its customers who didn't get to travel in 2020 or 2021 rebooked the same trip for 2022. Both of the company's 35-day "Epic Antarctica" expeditions in 2021 and 2022 were sold out, and pre-bookings for 2023 have been strong.

The American Express Travel: 2022 Global Travel Trends Report revealed that dream destinations are increasingly becoming a reality for travelers—65% agreed they would rather take their dream vacation than purchase a new car. And 55% of respondents said they want to book a once-in-a-lifetime vacation in 2022, and in light of the pandemic's lingering effects, 74% of respondents said they are willing to book a trip for 2022 even if they might have to cancel or modify it later.

In Expedia's 2022 Travel Trends Report, the company found that 65% of respondents are planning to "go big" on their next trip.

International Destination Breakdown

Deloitte found the majority of international travel from the U.S. this year was headed toward Europe.



Source: 2022 Deloitte Summer Travel Survey

Extended Family Travel

After two years of missed celebrations and special occasions, families are seeking a do-over and are planning vacations to celebrate these events in a big way.

Furthermore, the traditional family vacation is commonly becoming multigenerational—parents are increasingly looking for hotels with child-care options and connecting rooms. This explains the increasing demand for experiences that are educational and entertaining for all ages, as families look to make new memories together.

And destinations that are ideal for large, multigenerational traveling parties, such as those with a high inventory of large villas—including the Caribbean, Mexico and Maldives—are seeing an uptick in bookings. On the higher end, they're adding personal chefs, private jet flights, helicopter transfers, and even entire hotel buyouts and private-island takeovers.

According to the American Express Travel: 2022 Global Travel Trends Report, 79% of respondents said they are most looking forward to traveling with their family in 2022, 76% said they plan to travel more with family in 2022 than they did in 2021, and 58% said they are more interested in multigenerational family trips than ever before.

TOP MARKETS



International buyers and legacy owners purchase much of Nantucket's luxury real estate.

Nantucket

Tight Inventory, High Prices, But Some Signs of Slowing

With its pristine beaches, centuries-old housing stock, and miles of biking and hiking trails, the Massachusetts island of Nantucket has long been a favorite of luxury-home buyers.

The last couple of years have seen a particularly busy real estate market, said Michael O'Mara, owner, principal broker and president of Berkshire Hathaway HomeServices Island Properties. Looking back, "2020 was a good year, 2021 was a fantastic year, and 2022 will be a year where the average price is going to be up substantially," he said.

The average price of a single-family house is up 42% year over year—now \$3.9 million, compared to \$2.79 million a year ago.

"At the top end, you'll see \$30 million and up," Mr. O'Mara said. "I've got a couple of listings right now for \$25 million-plus. There seems to be an active number of people who can spend that kind of money."

So far this year, the number of sold properties is down 42% from 2021—130 now, compared to 225 a year ago, he said. But the dollar value of those sales is down only 22%. In fact, sellers are getting 97% of their asking price.

"We've always been a family resort, picking up traffic from

everywhere—New York, Washington, D.C., Boston, Palm Beach and a lot of Texans lately," he said.

"We have an international crowd" and a lot of legacy homeowners who have been here for generations, said Mr. O'Mara, a 50-year resident of the island.

"We have the most heavily used airport for private aviation in New England," he added, though a ferry is the most common form of transportation to the island.

Like so many luxury markets around the world, the lack of inventory on Nantucket has been a problem since the end of 2021.

Complicating the inventory picture is that there is very little vacant land for sale, Mr. O'Mara said. About 46% of the island is owned by conservation groups.

So far this year, despite rising interest rates and a down stock market, prices on the island have held steady, Mr. O'Mara said. "I've seen a couple of people drop their prices, but not many."

"If the stock-market slide continues, inventory will go up, and the average price will go down," he said. "We're about to show some cracks, but not big ones."

"The bottom of the market, which is usually financed, will be the first to show some pain," he said. ■

The luxury travel agency Black Tomato reports that bucket list family travel now accounts for 55% of bookings, with the majority of requests falling into what the company defines as "BFG" travel: Big Family Get-Togethers.

Especially popular are heritage trips in which a family discovers their ancestral homeland, and "skip-gen" travel in which grandparents go it alone with their grandchildren, according to reports.

Unplugging With Experiential Travel

The urge to unplug while reconnecting with nature and exploring the outdoors is a hot traveling trend this year. Outdoor-oriented resorts and vacation rentals, family-friendly tours, houseboat rentals, well-located campgrounds and dude ranches are particularly sought after by family travelers.

Furthermore, travelers are increasingly focused on engaging in positive practices, including wellness activities, giving back to communities, and protecting the environment.

According to the 2022 Impact Tourism Report by Kind Traveler, 96% of travelers said it's important their tourism

Destinations suited for multigenerational traveling parties, such as those with lots of large villas—including the Caribbean, Mexico and the Maldives—are seeing an uptick in bookings.



This 4,000-square-foot home is located in Koko Head in Honolulu, Hawaii. The state is getting a boost from an increased interest in sustainable travel.

dollars make a positive impact on the communities they visit and the environment. Hubs of sustainable tourism like Belize, Costa Rica and Hawaii have emerged as top picks. Eco-activities such as stargazing and glamping remain wildly popular. Travelers are also increasingly likely to patronize small businesses and seek out hotel brands that partner with local philanthropic organizations and have sustainability initiatives.

According to the American Express Travel: 2022 Global Travel Trends Report, 81% of respondents said they want to travel to destinations where they can immerse themselves in the local culture, 81% said they want the money they spend while traveling to go back to the local community, and 62% said they want to be more thoughtful about where and how they travel.

As for experiential travel, 70% of respondents stated they are interested in cultural immersion and taking a tour on future trips.

And now more than ever, experts say, travelers are seeking out experiences untainted by crowds and lines—the kind of huge, impactful encounters found in nature. •

Travel Trends

An Amex Trendex online poll was conducted in February 2022 among 2,000 U.S. travelers and 1,000 outside the U.S.



81%

81% said they want the money they spend while traveling to go **back to the local community.**



81%

81% of respondents said they want to travel to destinations where they can **immerse themselves in the local culture.**



65%

65% agreed they would rather **take their dream vacation** than purchase a new car.



55%

55% of respondents said they want to **book a once-in-a-lifetime vacation** in 2022.

Source: Amex Trendex Online Poll



The iconic nature of vintage designer pieces appeals to consumers—especially millennials and Gen-Z.

Sustainability Fuels Luxury Vintage Market

US\$43.6B

The global secondhand luxury goods market grew by 33.0% year over year to \$43.6 billion in 2021.

85%

According to Coresight Research, vintage sales at Poshmark surged more than 85% in the past two years.

WHEN IT COMES TO LUXURY GOODS, VINTAGE ITEMS ARE proving to be timeless, attracting more buyers across different age groups.

Almost half, or 43%, of buyers cited sustainability as their key driver for shopping luxury resale, and 29% of shoppers made their first-ever pre-owned luxury purchase last year, according to The RealReal's 2021 Luxury Resale Report. Buying a preworn item reduces greenhouse gasses, water use and landfill waste. "It doesn't create the wear and tear on the environment," said Marie Driscoll, managing director, luxury and retail at Coresight Research, which provides data-driven consulting and analysis to retailers. "We know that approximately 40% of the apparel that is made annually isn't sold. We're making too much apparel, and there's a lot of apparel that looks the same. When you find vintage, it looks different."

The greatest growth in luxury resale buyers came from Gen Z—those born starting in 1995—at a 33% increase year over year from the first half of 2021; with millennials—born between 1981 and 1996—still the top buyers for the market overall, according to The RealReal's report. But Gen X—those born between 1965 and 1980—led the way in buying and

consigning Gucci products, The RealReal's biggest resale brand. Getting a unique luxury item at a lower price point is part of the excitement, or the "treasure hunt," Ms. Driscoll said. "You find one-of-a-kind items—things that are rare, and they're not that costly."

Items from the 1970s, '80s and '90s are having a moment.

Social media—and TikTok in particular—is influential in teaching a new generation of vintage buyers. "The viral nature makes the appeal even greater," said Dana Telsey, CEO and chief research officer at Telsey Advisory Group, a research, banking, and consulting brokerage firm that focuses on the retail and consumer sector. The role of a social media influencer is a crucial part of marketing these pieces, Ms. Telsey said. "They're engaging you through telling a story, putting the fashion in context, showing how it works, and maybe sending you to potential places to buy it," Ms. Driscoll said.

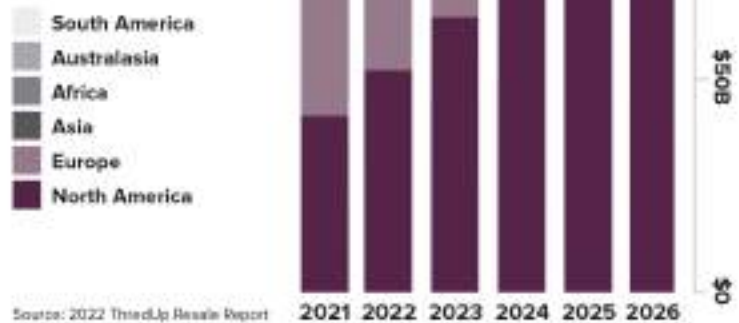
The iconic nature of many of these vintage designer pieces is also feeding interest, Ms. Telsey said. Both design and brand awareness play a part.

In fact, vintage sales at Poshmark surged more than 85% in the past two years, according to a company spokesperson. On top of this, the global secondhand luxury goods market grew by 33.0% year over year to \$43.6 billion in 2021, and is expected to grow by a still-strong 27.0% to \$55.4 billion in 2022, Coresight Research estimates based on Bain & Co. data.

The demand for vintage luxury has accelerated—and will likely continue to accelerate—"because of No. 1, the popularity of styles that may be from the past; No. 2, the authenticity and the exclusivity of those limited style offerings; and No. 3, the importance of sustainability," Ms. Telsey said. •

Secondhand Market Forecasts

According to ThredUp, a high-end online consignment and thrift store, the global secondhand apparel market is expected to grow three times faster than the global apparel market. The fastest growth is expected this year.



Source: 2022 ThredUp Resale Report

"We know that approximately 40% of the apparel that is made annually isn't sold. We're making too much apparel, and there's a lot of apparel that looks the same. When you find vintage, it looks different."

MARIE DRISCOLL

Managing Director
Luxury and Retail, Coresight Research



Investments in Burgundy have proven to be a safer bet than many stocks during this tumultuous year.

Burgundy Prices Soar

“We’ve seen an uptick in people who traditionally you wouldn’t think of as wine enthusiasts. So now you have producers making less and less, while demand is going up.”

ANTHONY ZHANG
Co-Founder and CEO
VinoVest

BURGUNDY HAS BEEN SOARING IN VALUE FOR MANY MONTHS, showcasing one of the best investment attributes of the collectible wine market: its low correlation to publicly traded securities.

While the S&P 500 tumbled more than 16% this year through May, collectible wines were up an average of more than 3%, and Burgundy—the top tier of the market—climbed 18.6%, continuing an almost uninterrupted surge since the beginning of 2021, according to Liv-Ex, a London-based wine marketplace and creator of major wine indexes.

“Collectors with Burgundy in their portfolios have the most bragging rights these days,” said Justin Gibbs, co-founder of Liv-Ex. “Some producers literally have just a few barrels produced, so getting bottles is a feat.”

In this year’s first quarter, some Burgundy wines saw prices up by triple-digit percentage points over the same period last year. The 2018 vintage of Domaine Bernard Bonin’s Meursault Le Limozin exploded 171%, and Prieure Roch’s 2017 Vosne-Romanee Clous was up 164%, according to Liv-Ex.

The spotlight on Burgundy is the wine market’s latest act. Until 2016, Bordeaux seemed unbeatable as the most coveted wine and accounted for about 70% of the sales, due largely to its popularity in China. But after the Chinese government passed a new law prohibiting officials from receiving gifts, sales of Bordeaux plummeted.

TOP MARKETS



Dubai still has plenty of room to build more high-end real estate.

Dubai

A Record-Breaking Luxury Market, With Inventory to Spare

In this year's first quarter, Burgundy inched ahead of Bordeaux as the most widely traded type of wine, with a 28.8% share of the market, up from 4.2% in 2012, according to Liv-Ex.

It is price, not volume, that has lifted Burgundy's profile in the market. Burgundy producers have historically released a fraction of the bottles of other wine types—about 200 million bottles each year, compared with about 900 million out of Bordeaux, according to VinoVest, a Los Angeles-based wine-investment platform.

Lately, supply has been shrinking due to climate issues affecting the growing seasons, said Anthony Zhang, co-founder and CEO of VinoVest. Meanwhile, the pandemic drew new collectors to the market who, working virtually, found they had more time to tend to hobbies and investments.

"We've seen an uptick in people who traditionally you wouldn't think of as wine enthusiasts. So now you have producers making less and less, while demand is going up," said Mr. Zhang, who holds a portfolio of some 500,000 wines—including thousands of bottles of Burgundy—in storage facilities around the world. "The top tier of the Burgundy market—where the price per bottle is more than \$1,000—has been seeing the highest demand, and my outlook is that I don't see it slowing anytime soon."

What Collectors Need to Know

Unlike a sports collectible, which you can put on a shelf or on your wall and enjoy, a number of factors must be considered with wines, such as storage temperature, lighting, humidity and vibrations.

Or, of course, you can simply enjoy it with a fine meal. "But at these prices, the further you go up the price ladder, the fewer the people who can afford to pull the cork," Mr. Gibbs said. "More likely, they'll be like a museum piece in a collection."

Hanging on to bottles has proven to be a wise portfolio strategy in recent years. The five-year return on the S&P 500 through May of this year was 79.3%; Liv-Ex's Burgundy 150 index was up 120%. •

Unlike most luxury real estate markets across the globe, Dubai isn't seeing a shortage of inventory.

"We have no shortage of land," said Phil Sheridan, CEO of Berkshire Hathaway HomeServices Gulf Properties.

And the luxury market has been incredibly strong. "We are seeing almost daily records" in terms of individual sales and numbers of transactions, he said. Prices have almost doubled in the last two years.

Even with all of the price jumps, the United Arab Emirates city remains a good buy, Mr. Sheridan said. According to the October 2021 UBS Global Real Estate Bubble Index, which analyzed residential property values in 25 major cities around the world, Dubai was ranked as having the lowest risk of a bubble, receiving the only "undervalued" rating of all 25.

The government has made it much easier for foreigners to obtain residency visas, Mr. Sheridan said. Previously, you had to be sponsored by an employer, but now anyone buying property for more than \$150,000 can obtain one. It is also fairly streamlined for foreigners to set up a business in Dubai.

That has triggered a flight of

capital into Dubai from buyers around the world, he said. "The ultrawealthy use this as their second, third or fourth luxury home."

The fact that Dubai has no corporate or personal income tax is appealing, too.

And the demographic has skewed younger in recent years, Mr. Sheridan said. "The average buyer is now 35."

Most new projects are sold off-plan and pre-construction, and demand is high. When a developer announces new-launch dates, "people line up all night to get a right to purchase," Mr. Sheridan said, and developments will sell out in the first hour.

Burj Khalifa, the world's tallest building, has drawn lots of attention from luxury buyers. Other busy submarkets include the new Business Bay central business district, which Mr. Sheridan described as the "Manhattan of Dubai;" the Crescent section of Palm Jumeirah; and the World Islands.

"We've become a convention city," he said. "There is always something going on here, whether it's healthcare or tech or beauty."

Looking ahead, "I see it continuing for some time," he said, "as the rest of the world [deals with other issues], whether it's high interest rates, government turmoil or higher taxation." •



Collectors are showing more interest in boosting their portfolios with the work of living artists.

Young Artists Make a Splash in Art World

"It used to be that young artists were featured at the beginning of an auction to signal that this is a person to start paying attention to. But now there are entire auctions dedicated to young artists."

CAROLINE ORR
Art Services Specialist
Bank of America Private Bank

YOUNG CONTEMPORARY ARTISTS ARE MAKING A BIG SPLASH

in international collectors' circles, fetching lofty prices alongside blue-chip works and upending the idea that artists' fame and fortune must wait until late in life or even after death.

"It used to be that young artists were featured at the beginning of an auction to signal that this is a person to start paying attention to. But now there are entire auctions dedicated to young artists," said Caroline Orr, art services specialist at Bank of America Private Bank. "There's a platform and venue for showcasing their works that never was available before."

Last year, total sales at auction for works by artists under age 40 reached a record \$450 million, up 275% over 2020 sales, according to Artprice, which tracks international auction sales. The overall global art auction market also surged last year, but not nearly as much. Sales reached \$171 billion, up 60% over 2020.

Young Artists See Value Soar

Last year, total sales at auction for works by artists under age 40 reached a record \$450 million, up 275% over 2020 sales, according to Artprice, which tracks international auction sales.

Source: Artprice



Youthful artists are giving the contemporary art market a massive boost. Last year, sales of contemporary art accounted for 23% of the total art market, compared with 3% in 2000, according to ArtMarket.com. Meanwhile, the contemporary art index, which tracks prices paid, has risen 400% since 2000.

Among the young artists setting personal lofty records is Jade Fadojulimi, a 28-year-old British painter whose 2017 work *Myths of Pleasure* fetched \$1.6 million last year. Her previous record was \$378,000 for her painting, *Lotus Land*.

Last year was also a breakout year for 37-year-old Polish painter Ewa Juszkiewicz, who creates unconventional portraits of women sitting in a classic pose, but with a startling twist, such as the back of a woman's head where her face should be. Her prices hit six figures last year, peaking with the \$730,800 sale of *Girl in Blue*, which depicts an affluent woman with a large fungus in place of her head.

Several forces have shifted the spotlight to young artists. Demographic trends are a big factor. Millennials are a growing force as they enter midcareer and their earnings—and spending power—increases. Their preferences tend to tilt more toward contemporary art, often with a powerful statement.

"Important in this is the particular cultural moment we have traversed over the past couple of years," said Drew Watson, senior vice president and head of art services at Bank of America Private Bank. "The #MeToo and Black Lives Matter movements brought real emphasis on art that speaks to political and cultural issues and issues of identity. Emerging contemporary artists speak to this cultural moment."

Two emerging popular subsets of the trend are female and Black artists, who have traditionally been overshadowed, Mr. Watson said.

An important backdrop for today's changing art world is the wild surge in popularity of nonfungible tokens (NFTs) in 2021. These digital collectibles' sales surged to \$17 billion in 2021, driven by sales of everything from sports collectibles to fine-art NFTs, and have been a platform for unknown contemporary artists to spotlight their works.

The medium has had a huge effect of democratization in the art world. It not only changed buying habits of collectors and influenced collectors' preferences, it helped raise a new crop of potential buyers.

"Collectors who entered this channel are crossing over into traditional collecting," Mr. Watson said. ■

"Emerging contemporary artists speak to this cultural moment."

DREW WATSON

Senior Vice President and Head of Art Services
Bank of America Private Bank



The creative economy is about more than music and theater; it also includes the work of artisans.

Nurturing the Creative Economy Through Investment

IMPACT INVESTORS LOOKING FOR WAYS TO TRANSFORM

ailing communities are increasingly channeling capital into the creative economy, relying on a growing body of research that indicates thriving culture is key to driving economic revitalization.

Indeed, there are clear links between culture and well-being. A concentration of assets in a low- or moderate-income community's culture has a statistically significant impact on the health, education and security of its residents, according to a 2017 study by Mark Stern, a professor of social policy and history at the University of Pennsylvania.

35% AND 38%

In the U.S., around 35% of women-owned businesses and 38% of businesses owned by Black, indigenous and people of color align with the creative economy.

Yet it is only recently that the creative economy has been clearly defined and identified as an important facet of impact investing, said Laura Callanan, founder of Upstart Co-Lab, a nonprofit launched in 2016 to help bridge capital between investors and creative entrepreneurs.

Ms. Callanan launched Upstart after identifying a gaping disparity between the creative economy's contribution of some 5% to the U.S. economy and the capital it was attracting from impact investors: almost nil.

Part of the problem has been that the creative economy hasn't been clearly defined, so Upstart took on the task, including not just the traditional arts such as music and theater, but any facet that supports the unique culture of a community. Consider nail art, furniture-making, local cuisine, toy and game designers, jewelry makers and real estate that houses artists—all are part of the creative economy definition that's being mainstreamed by Upstart Co-Lab. In all, some 145 industries are included in the creative economy.

"What the creative economy can contribute includes a positive change in quality of life, economic development, jobs and community resiliency," Ms. Callanan said, adding that

TOP MARKETS



The balcony of this four-bedroom, four-bathroom home in Snowmass Village offers breathtaking views.

Aspen Pricing Remains Strong, Inventory Down, as Sales Slow Slightly

For the first quarter of 2022, Aspen sales were down 2% compared with last year, said Brenda Wild, owner/broker of Berkshire Hathaway HomeServices Signature Properties in Aspen, Colorado. “We have seen a slowdown across all sectors of the luxury market.”

Pricing remains strong. The average price of a single-family home in Aspen has increased 24%, from \$12.65 million in 2021 to \$15.47 million this year.

Luxury condos are selling for \$2,500 to \$3,500 per square foot, compared with \$1,500 to \$2,000 before the Covid-19 pandemic. “We have a large condo market, especially in Aspen and Snowmass,” Ms. Wild added.

And cash is king. “Over 63% of our deals are cash,” she said.

While Aspen has a small pool of international luxury buyers, it primarily draws from five U.S. states: California, New York, Illinois, Florida and Texas, Ms. Wild said. “Recently we’ve seen a big influx of Florida buyers. And Texans love to come out here in the summer to get out of the heat.”

Inventory continues to be a problem. “On average, we usually see an absorption rate of five to eight months,” but lately that has hovered in the one- to 1.5-month range, she said.

“Those purchasers who came

here to live during the pandemic are now calling to rent their places out,” she said. “They aren’t here on a long-term basis.”

Beyond all of the great outdoor activities, both in summer and winter, Aspen has become a cultural hub, too, with a vibrant year-round fine-arts community, Ms. Wild said.

There is also a top-level business community in Aspen, she said. “Aspen offers a great opportunity for CEOs and business owners to network with their peers and draw on all of that innovative and creative energy.”

As far as active submarkets, the nearby town of Basalt, Colorado, has seen its average home price triple over the pandemic. “It has fabulous restaurants and it’s a little bit easier-going,” she said. “A lot of people from the Denver area retire to Basalt.”

A younger demographic is also active in the Aspen-area luxury market.

As far as amenities, “everybody loves an updated home, and smart-home features are really important,” she said.

“For those who can afford it, Aspen will continue to offer everything they are looking for,” Ms. Wild said. In 2021, the Aspen market generated \$4.5 billion in sales, “and I think we’ll come close to that this year.” •

supporting small creative businesses creates role models for other entrepreneurs and can help nurture what Ms. Callanan refers to as a “creative middle class.”

She points out that nurturing the creative economy in communities naturally overlaps with the goals of many social impact investors, because it supports diverse entrepreneurs and workers. In the U.S., around 35% of women-owned businesses and 38% of businesses owned by Black, indigenous and people of color align with the creative economy.

Upstart has become a central platform for research and connecting capital with impact opportunities. The group has assisted in channeling some \$18 million into impact funds and creative businesses and is a resource for investors to find on-ramps for their capital that may not seem immediately obvious.

Honeycomb Credit, a Pittsburgh-based crowdfunding platform that helped finance more than 150 businesses between 2018 and 2021, recently launched its Loan Participation Fund to help match investor capital with the lending needs of community-based small businesses that are primarily associated with facets of the creative economy.

Another success story is the launch of Upriver Studios in 2016, which used impact capital to build a film and television production business. The company then turned the investments into a thriving \$57 million business employing almost 200 people in Saugerties, N.Y., a community north of New York City.

Upstart also helped raise the profile of Preemadonna, which received \$200,000 in impact capital last year to bring a so-called Nailbot to market this year. The product creates nail art with nontoxic water-based ink and could potentially disrupt the \$15 billion nail-care industry. Upstart created its own impact portfolio, the Inclusive Creative Economy Fund, this year, aiming to attract charitable dollars from foundations and donor-advised funds, as well as private capital from investors.

The creative economy is just one growing facet of the broad impact investing markets, which have exploded in recent years as awareness grows about how capital can drive change and more pathways open for investors. Assets under management in impact investors exploded 42.4% in 2021, to \$715 billion from \$502 billion, according to the Global Impact Investing Network. •



NetJets is responding to record demand by pushing to increase its fleet size.

Private Jets: More Popular Than Ever

THERE HAS NEVER BEEN A BUSIER TIME FOR PRIVATE AVIATION than 2022. Record numbers of travelers have looked to fly private, commonly citing flexibility, convenience and safety as key motivating factors.

The primary cause for these increases was the widespread switch to private flying as a result of Covid-19, but various industry watchers believe it's likely to continue even as societies move out of the pandemic phase. (92% of the members of Private Jet Card Comparisons, an online buyer's guide to private-aviation solutions, said they would fly the same or more in 2022 compared with 2021.)

Further fueling the boom in private-jet travel is the increased demand for business aviation. WingX, a data research and consulting company that tracks the business-aviation industry, reports that 2021 was the busiest year on record for global business-jet activity, with 3.3 million business-jet flights worldwide in 2021, the most on record for a single year and 7% more than the previous high point in 2019.

More Aircraft Needed

NetJets (a Berkshire Hathaway Co.), the world's largest private-jet company, expects the heightened flight demand for business and leisure travel to continue, as NetJets customers are flying nearly 40% more than they did prior to the pandemic (regularly exceeding 700 flights globally per day), with demand exceeding all other highs in the company's 58-year history.

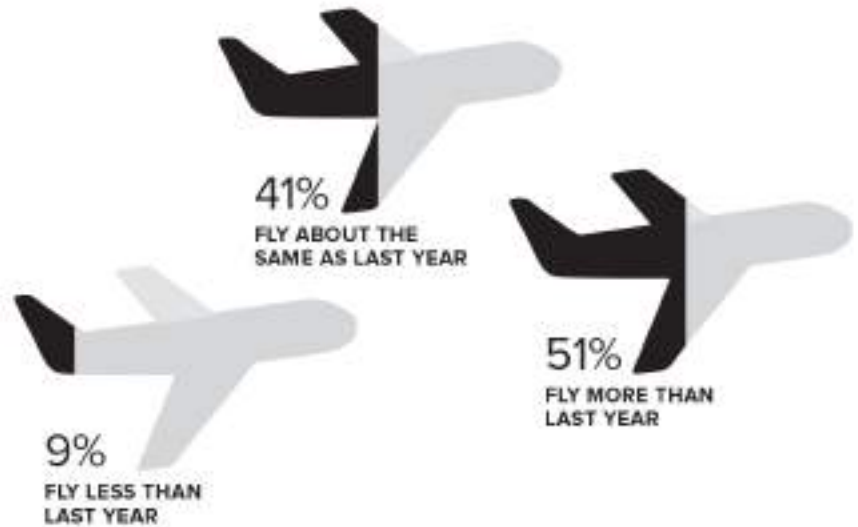
"For business travelers, NetJets believes the increase in travel is a result of the drive to return to in-person meetings," said Patrick Gallagher, president of sales, marketing and service at NetJets. "Meanwhile, the increased demand from leisure travelers can be attributed to those who are opting for private aviation for the first time as they re-evaluate the value of the safety, security and efficiency that it offers."

Like other industry leaders, NetJets is responding to the record demand by pushing to increase its fleet size. In 2021 the company paused aircraft disposals, pulled

Private-Jet Plans for 2022

Private-jet fliers planned to fly more in 2022 than 2021, but they are looking at new providers as the industry struggles with demand and supply-chain issues, according to research from Private Jet Card Comparisons.

Source: Private Jet Card Comparisons



forward deliveries where possible and exhausted all production capacity from its manufacturer partners. In November and December 2021 NetJets purchased 14 aircraft, bringing the total for the year to 55, and the company is planning on acquiring more than 75 new aircraft in 2022. To support the increase in owners and flights in 2021, NetJets recruited more than 630 new staff, including 300+ pilots, with recruiting continuing into 2022, bringing the total to nearly 4,000 pilots worldwide.

Focusing on Sustainability

Sustainability remains a key focus across the industry; in 2021 NetJets became the first private-aviation company to buy a stake in the production of sustainable aviation fuel (SAF) by partnering with WasteFuel®, a next-generation waste-to-fuel business that converts municipal waste into SAF. The partnership will establish up to five biorefineries; the first will be in Manila, Philippines, and is slated to be operational in 2025.

Going Above and Beyond for Passengers

In light of the record demand, private-jet companies are looking to stand out from the competition by creating guest experiences that go beyond just getting them from one place to another.

NetJets' owner services team creates personal connections with customers while providing personalized service. Crews create experiences around emotional moments, such as decorating the cabin for a birthday, providing a special

dessert for an anniversary, or lining the cabin with beach-themed gifts for a family's vacation.

Seeing as how families with children and pets are expected to continue to use private jets more regularly in 2022, myriad operators have begun offering greater accommodations, outfitting their planes with booster seats and sleeping areas where a child can nap comfortably. A growing number of private jets feature entertainment systems designed to keep children occupied on long flights, with refreshments on-board that are healthy and appropriate for little ones. Going forward, it's inevitable that aircraft staff will be increasingly trained to handle milk and baby food, storing it in appropriate locations that are easy for parents to access while in flight.

In-flight culinary experiences are of growing importance, too. NetJets has appealed to discerning owners departing from the New York City metro area by forging new partnerships with the renowned city restaurants Sadelle's and Parm, as well as the legendary chef Jean-Georges Vongerichten. •

40%

NetJets customers are flying nearly 40% more than they did prior to the pandemic (regularly exceeding 700 flights globally per day), with demand exceeding all other highs in the company's 58-year history.



The Pearl 95, as the name implies, is 95.9 feet long and has a cruising range of 380 nautical miles.

For Yachts, Bigger Is (Mostly) Better

“With sailing, new boaters have to take lessons, and they can start using their motorboats much more quickly. You can go to Nantucket for lunch, or Block Island and back in a day—something you can’t do in a sailboat.”

JENNIFER STEWART

President
Berthon International’s U.S. division

“IT’S A FEEDING FRENZY!” SAID JENNIFER STEWART, PRESIDENT of the yacht broker Berthon International’s U.S. division.

Powerboats are leading the charge. “With sailing, new boaters have to take lessons, and they can start using their motorboats much more quickly. You can go to Nantucket for lunch, or Block Island and back in a day—something you can’t do in a sailboat,” Berthon’s most popular sizes for powered boats are 36 feet to 48 feet, Ms. Stewart said.

But the largest yachts—some of which are virtual cities on the water, 450 feet or longer—are also selling briskly. The strongest segment in larger yachts is the 120- to 150-foot category, accounting for almost half of the global market. But Allied Market Research (AMR) said boats of more than 250 feet are gaining because they’re getting easier to handle, and the ultrawealthy population is growing.

Georges Bourgoignie, a sales broker at Fraser in Miami, explained that “people are spending money like water on houses, boats and planes,” adding that new orders face delivery at the end of 2023—“and it will take longer for the bigger boats we deal in.”

The global luxury-yacht market reached \$6.5 billion in 2021, up from \$5.8 billion in 2020. It’s expected to grow to \$11.8 billion by 2027, said ResearchAndMarkets.com. Allied Market Research (AMR) projects \$12.8 billion by 2031, fueled

TOP MARKETS



In Hawaii, international buyers have been replaced by mainland U.S. buyers.

Oahu, Hawaii Mainland U.S. Buyers Boost Luxury Market

by available purchasing power, high demand and the sale of ever-bigger yachts.

Yachts are getting more technologically sophisticated, adding features such as gyroscopic stabilization with computer control to reduce rocking and rolling; carbon fiber and composite construction to reduce weight; hybrid powertrains; and solar panels. Battery electric power is still a challenge for larger boats, though we may see continued advancement in that sphere as younger generations enter the market.

Recent design trends, according to Boat International, include enclosed “beach club” pool layouts replacing open-exterior decks; stern lounges; and softer, curving lines that mimic nature.

U.K.-based Sue Grant, a managing director at Berthon International, said current buyers are giddy but also practical. “A super-buoyant market favors the seller,” she said, “but buyers are canny, and they won’t pay a ridiculous premium. Those yachts that have sold best have been recent and in excellent condition.”

According to Boat International, there are more than 1,000 “superyachts” being built or on order in 2022, a 24.7% rise from 2021’s 847. Also last year, 493 people became billionaires, according to Forbes. The increase in the wealth of billionaires tallies closely to the growth in the yacht-sales market.

Yachts continue to get larger, and more luxurious. The Malaysian billionaire Robert Kuok Hock Nien is reportedly the owner of the History Supreme, the world’s most expensive superyacht at \$4.8 billion. Some 10,000 kilograms of gold and platinum were applied to the yacht as it was being built, and a highlight is a statue made from Tyrannosaurus Rex bones.

For boaters who don’t need ownership, there’s always the option of leasing a superyacht. The 466-foot, 11-cabin Flying Fox cost an estimated \$400 million to build, has a staff of 55, and can accommodate 25 luxury-loving guests. Features include two helipads and a two-deck wellness center. Rental is \$3.1 million per week. •

Due to travel restrictions and a very strong dollar, international buyers on the Hawaiian island of Oahu have dropped off considerably, but buyers from the mainland U.S. have more than made up the difference, according to Kalama Kim, president of Berkshire Hathaway HomeServices Hawai‘i Realty.

When the pandemic began in March 2020, “we saw people saying ‘we can work from anywhere—let’s move to Hawaii,’” Mr. Kim said. Much of that has continued.

Mainland U.S. buyers are primarily from the western states of Oregon, Washington and California, and now also Nevada and Colorado, he said.

The pandemic has also brought a steady rise in prices, according to Mr. Kim. The average price for a single-family home in Oahu in April was \$1.4 million, up from \$940,000 two years ago. Average condo prices rose to \$613,000 in April compared with \$520,000 two years ago.

New condos continue to sell out quickly, and the resale market for condos continues to surge. The Oahu luxury market has a large number of second-home buyers, and these condos are quite convenient as second homes, Mr. Kim said.

The lifestyle on Oahu is particularly appealing “because it has a little bit of everything—beaches, big surf, a large city and an urban feel,” he said. “We have a vigorous restaurant scene, an art scene and that live/work/play feel that you will only find on Oahu.”

Busy submarkets, according to Mr. Kim, include the Kakaako district, a hip neighborhood between downtown Honolulu and Waikiki; the North Shore and Kailua, two premium spots on the island that are famous for their beaches; and the traditional luxury market in Diamond Head.

Inventory is tight, he said. In the luxury-condo market, remaining supply is now below five months. The previous low was 7.3 months in 2005.

The market for single-family homes is even tighter, he said. “We’re now down to four months supply. That’s the lowest we’ve ever seen.”

Looking ahead, “we believe there is a strong pent-up demand because of the lack of inventory,” he said. “People are going to wait until more listings come on the market, which will be eaten up quickly,” often paid for in cash. •

Super-Customized Home Amenities

With homeowners re-evaluating what they want in their dream spaces, they're demanding more—looking for extra comforts and amenities not often seen before. As a result, home builders have been kicking amenities up more than a notch. Here, a report on the state-of-the-art customized add-ons we're seeing:

HIGH-END GYM-STYLE BATHROOMS



"These include steam showers and professional gym-like set-ups where there are no walls and the entire floor is tile and drainage," said Steven James, president and CEO of Berkshire Hathaway HomeServices New York Properties.

ELEVATORS ON SHOW



"In the past, a lot of them were almost invisible or hidden behind a door," said Kevin Larsen, senior vice president of Berkshire Hathaway HomeServices Utah Properties. "Now they've become a showpiece and offer gorgeous views."

CUSTOM GARAGES TO FIT A FLEET



"Homeowners are spending nearly \$80,000 per bay to add lifts to their garage in order to fit the eight to 10 cars they own," Mr. Larsen said. "This is especially common if they live on a tight lot line and don't have the land to add another garage, or if they want to have their recreational vehicles and boats to be parked side by side with their numerous cars."

UPSCALE POOL HOUSES



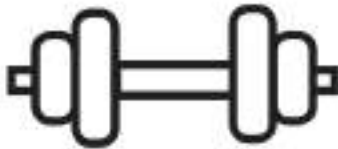
"These have become minihouses that are their own destination," Mr. James said. "They'll usually have a full-scale bathroom, kitchen and a sitting room/den. They're like a second house on the property."

LUXURIOUS LAVATORIES



"Whether it's the ever-rising popularity of installing heated toilets or bidets," Mr. Larsen said, "it's become a big status symbol to have a \$10,000 toilet in each one of your bathrooms."

INDOOR SPORTING FACILITIES



"For adrenaline junkies who want to be able to do some rock climbing in the house, these walls are easily installed either in the vaulted ceiling of a recreational section of the home or in any space in the home that's two stories in height," Mr. Larsen said.

CLOSETS TO STORE CLOTHES FOR ALL SEASONS



"For those who want to have the easiest time accessing off-season clothing, homeowners are asking for hydraulic racks that rotate up and down—kind of like the ones you'd see at a professional dry cleaner's," Mr. Larsen said.

CHEF QUALITY CATERING KITCHENS



"We're seeing a lot of interest in larger catering-style prep areas where homeowners can tuck away all the supplies they need for, say, a big family gathering or dinner party. Butler pantries have especially grown in popularity," said Maria Kazakos, vice president of operations of Berkshire Hathaway HomeServices Carolinas Realty.

SPACES FOR HOME BEAUTY TREATMENTS



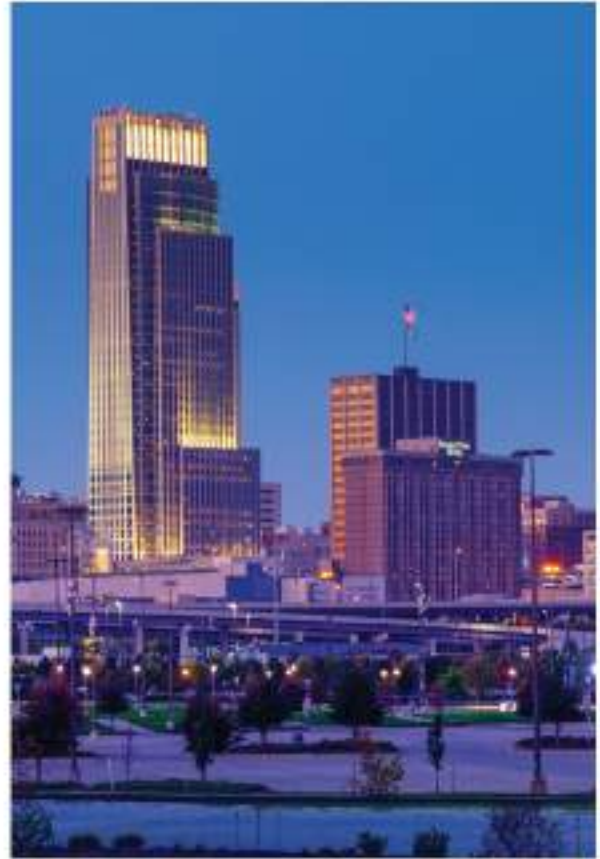
"We continue to see requests for homes with separate spa spaces indoors," Mr. Larsen said. "This way, a masseuse can come in to do treatments in the home rather than the homeowner having to go out of the home for a massage. We're also seeing that homeowners want a separate outside entrance for these spaces."

Emerging Markets

Skyrocketing price points are placing new areas in the luxury sector. In some cases, the most desirable vacation destinations are attracting full-time residents who have discovered it's just as much fun to work remotely in paradise as it is to play.

Here are some key destinations that are burgeoning luxury markets.

OMAHA, NEBRASKA



Luxury home prices in Omaha have risen 20% to 40% in the past few years.

Bidding wars that lead to sales within a week or less are fueling Omaha's luxury market.

"We have seen what I think is a 50% increase in need for these types of homes in recent years, without the inventory to fill that need," said Michael Maley, a broker/developer with Berkshire Hathaway HomeServices Ambassador Real Estate.

Prices of luxury properties, those over \$750,000, have increased 20% to 40% in the past few years, especially in 2020, 2021 and the first half of 2022, he said, adding that the highest recorded resale in the city in 2021 was \$3.91 million.

"I think prices will hold steady for the foreseeable future," he said. "In my opinion, we saw all the appreciation that we should have seen for the next five to seven years in a two-year timespan, and now prices will not drop, but they will hold steady and flat for a long time." ■

SPOKANE, WASHINGTON



Buyers from Southern California and Arizona have boosted the real estate market in Spokane, Washington.

After a pandemic-induced spike in prices, rising interest rates and low inventory are leveling out the luxury market in Spokane, the economic and cultural center of the metro area.

"Home prices are starting to plateau," said Jennifer Collins, broker/relocation director and vice president of Berkshire Hathaway HomeServices First Look Real Estate. "And we are just starting to see the market stabilizing again."

While list prices have been holding steady, Ms. Collins said that sales prices "have been coming in \$50,000 to \$100,000 under list, as we start to see our market even out."

Luxury properties that are appropriately priced generally stay on the market for a month from list to closing. Many of the buyers are transplants from Southern California or Arizona who are attracted by the lower prices and higher number of amenities that Spokane houses offer.

As for the future, "we expect prices to hold steady," she said. "Interest rates are rising, but our inventory deficit will keep prices slightly inflated. We may see a slight drop in the next couple of years as we move into a buyer's market." •

PHOENIX/SCOTTSDALE, ARIZONA



In the Phoenix/Scottsdale area, luxury sales are outpacing the general market.

The number of monthly and annual luxury sales in the Phoenix/Scottsdale area is increasing at a much faster pace than in the overall market.

"Luxury-market sales have come into their own," said Forrest L. Barbee, a corporate broker with Berkshire Hathaway HomeServices Nevada Properties, who works in Arizona and California. "This is the same trend we see in Nevada and Southern California as well right now."

With 2.5 months of inventory in the luxury sector, single-family houses priced at \$1 million and above are only staying on the market for an average of 15 to 45 days.

"Many buyers are trading up during this economic boom," Mr. Barbee said. "There has been a lot of migration from California, but the Southwest climate has attracted many others from around the country and out of the country."

He added that the shift to remote working has also been to the benefit of the Phoenix/Scottsdale area.

"It would be reasonable to expect some cooling off for both market price rises and closed sales," he said. "But prices will be more affected by jobs and job growth than by mortgage-interest rates. We can expect the luxury-market growth to be a sustainable trend even as the lower price points in the market experience a great deal of contraction." •

JACKSON HOLE, WYOMING



Jackson Hole, a paradise for outdoor enthusiasts, has long been a prime spot for luxury purchases, but the pandemic put the market in high gear.

Luxury inventory in Jackson Hole has always been in scarce supply, and now there's so much new competition for it that properties are selling for over asking price and generating multiple offers.

"Prices are up 20% from last year, and they rose very quickly," said Kurt J. Harland, owner and managing partner of Berkshire Hathaway HomeServices Brokers of Jackson Hole Real Estate. "We've had an abundance of all-cash buyers who don't need to finance, and they threw the appraisals out the window. The prices they paid established new benchmarks."

Tim Harland, an associate broker with the firm's Harland Brothers Team, said the "ever-escalating" prices have redefined the dollar definition of luxury in the town: The market used to start at over \$3 million, but recently it's considered to be \$5 million and up.

There's only a two-month supply of inventory, and in June 2022, there were only 46 luxury residential properties on the market—half as many as in 2021. And properties were averaging only 90 days on the market.

"That's not very long considering there's a 60-day close on luxury properties," Kurt Harland said.

Although Jackson Hole, a paradise for outdoor enthusiasts, has long been a prime spot for luxury purchases, the pandemic really put the market in high gear.

"A lot of people who had vacation homes here relocated permanently while working remotely," Kurt Harland said. "Some of them decided to stay and bought larger, more expensive properties."

The state's low property-tax rate helps, too. The majority of the new buyers, the Harlands said, are coming from the East Coast and the West Coast, and there is an influx of purchasers from California.

The Harlands said they expect prices to continue to ascend, although probably not as rapidly as they have been.

"Even with rising interest rates, this is predominantly a cash buyer's market that is not as affected by inflation, interest rates and other compounding factors," Tim Harland said. •

GREECE



The luxury market in towns like Cyclades, Greece, is dominated by vacation-home buyers.

Experienced foreign investors and high-net-worth individuals who are looking to minimize risk and maximize profit are fueling a seller's market in Greece.

After a decade-long decline, prices are starting to increase somewhat, pushing the luxury sector to €1 million and more.

"But the war in Ukraine and the geopolitical uncertainty in Southeast Europe, which intensified due to Turkey's provocation and rhetoric against Greece, clearly had a negative impact on real estate demand in the spring and summer of 2022," said Kyriakos Xydīs, managing partner of Berkshire Hathaway HomeServices Athens Properties. "Prices are stagnant, and there is intense concern about the course of prices given the almost daily appreciation of raw materials."

But that hasn't discouraged all buyers.

The market is dominated by holiday home purchases, especially new-construction luxury residences in the resort areas of Cyclades, Crete and Corfu, and luxury apartments in Athens and its northern and southern suburbs, which are known as the Athenian Riviera. In addition, demand is strong in the classic vacation destinations—Mykonos, Santorini, Porto Heli, Rhodes, Corfu and Crete.

"Greek real estate was and remains cheaper than that of Western Europe and of our wider 'neighborhood' of Spain, Southern France, Italy and Portugal," Mr. Xydīs said. "Unfortunately, however, our geographical location and especially our neighbors are points of concern for foreign buyers, and the assessment of the relevant risk puts Greek properties at a disadvantage."

He added that if the political issues are resolved, prices are bound to go up because "demand is there." •

CHITTENDEN COUNTY, VERMONT



Historic charm and natural beauty bring buyers to Chittenden County, Vermont.

On the eastern shore of Lake Champlain, just south of the Canadian border, Chittenden County, home of Burlington, the largest city in Vermont, is the scene of a vibrant luxury real estate market.

"There seems to be a stronger demand than usual, and we are seeing multiple offers, with luxury homes selling over list price," said Robbi Handy Holmes, a Realtor/broker, CRS, ABR, C2EX, for Berkshire Hathaway HomeServices Vermont Realty Group. "And in many transactions, the sales are all cash."

Typically, single-family luxury homes in the county sell for \$1 million to \$3 million, she said, adding that the record high sales price, set in April 2022 for a property in Shelburne, was \$10.25 million—\$450,000 above list price.

Ms. Holmes said inventory is so low in the county that appropriately priced properties are on the market no more than seven to 10 days. Prices, she added, have risen 10% to 15% within the last year.

She attributes the seller's market, in part, to the fact that more people are working remotely, adding that "the state has always been a desirable place to live, with great outdoor activities on the Green Mountains and Lake Champlain."

She noted that young professionals, as well as retirees who want to be closer to children and grandchildren, are buying luxury properties in the county. She expects the luxury market to "hold steady" because of the desirability of its location. •

GREATER MONTREAL AREA, CANADA



The market in Montreal is starting to stabilize after months of record highs.

The incredibly active seller's market in the Greater Montreal Area appears to be slowly winding down, according to Sacha Brosseau, founder and CEO of Berkshire Hathaway HomeServices Québec.

"We're starting to get back to normal," he said, adding that in the beginning of summer, the "significant uptick" in active listings on the luxury market, which starts at C\$1.5 million to C\$2 million, started to erase the record-low inventories of 2021.

"Buyers are beginning to say they do not want to overpay, and sellers are starting to list because they don't want to miss out on the record prices properties are bringing," he said.

The dramatic swings in the stock market, more so than rising mortgage interest rates, are one of the numerous factors causing prospective purchasers of luxury properties to hold back, he said.

Luxury real estate in the Greater Montreal Area, which is French-speaking and has strict laws on retaining the language that deter some commercial investment from abroad, has always been more affordable and more stable than the markets in other major Canadian cities, such as Toronto, Vancouver and Calgary.

Pre-pandemic, the Montreal market typically experienced year-over-year growth of 5% to 7%, far lower than the 18% rate since, where prime properties received up to 30 bids and many sold so rapidly that open houses weren't even held.

"The fact that the market is stabilizing is fantastic," Mr. Brosseau said. "I expect the seller's market will be gone by September, or at least not predominate." •

30A, FLORIDA



Bidding wars and off-market sales were recently de rigueur in Rosemary Beach.

In the Northwest Gulf area known as 30A, which includes the New Urbanist luxury resort towns of Seaside, WaterColor, Alys Beach and Rosemary Beach, the scorching hot seller's market that began during the pandemic with bidding wars and off-market sales started to show signs of simmering down in the second quarter of 2022.

"We're seeing both inventory and days on the market increasing," said Brad Dahler, luxury property specialist of Berkshire Hathaway HomeServices Beach Real Estate Properties of Florida. He said that the average sale price of detached single-family residences increased 22% from 2020 to 2021, while the average number of days on the market in 2021 decreased 61% from 2020.

"Appropriately priced properties are selling fairly quickly," he said. "Our inventory is on the rise but still well below 2020 levels."

30A is attracting buyers who are within a six-hour drive of the area—these buyers are snapping up primary residences as well as summer homes, some of which are for investment.

"Prices appear to be settling into a more traditional capital-appreciation range after we were seeing average sales prices soar during 2020 and 2021," Mr. Dahler said. "This expected return to a more historically normal price-appreciation range will be healthy for the market overall." •

SARASOTA, FLORIDA



Billionaires are among the wealthy buyers who have begun to appreciate the Gulf Coast city of Sarasota.

The luxury market in Sarasota, the Gulf Coast city in southwest central Florida, is experiencing a period of unprecedented strength and growth, making it attractive, for the first time, to billionaires.

"It's definitely a seller's market," said Michael Holland, managing broker for the Lakewood Ranch, Sarasota, Palmer Ranch and Sun City Center Offices of Berkshire Hathaway HomeServices Florida Realty. "Any reasonably priced luxury home that satisfies the needs of its target market is going to get a lot of activity and potentially multiple offers."

Closed units and prices are up across all sectors, including the luxury market, where prices have increased more than 30%, and sometimes substantially more, over the past two years.

"The price range of properties considered as luxury single-family homes or condominiums has moved up, and \$2 million would be considered as a starting point," Mr. Holland said, adding that the highest recorded sale for a single-family residence, \$16.5 million, was set in 2021.

He said that prices of new luxury condos, both downtown and on the beaches, are \$3 million and higher. "And

new-construction single-family home prices have skyrocketed and are in short supply," he said.

In the resale market, there is a one- to two-month supply of single-family homes and condominiums. "Resale condominiums, assuming they are in a desirable location, will often sell within a week," he said. "Resale homes may spend more time on the market, but price and condition, as well as location, are obviously key."

Sarasota's amenities—its pristine white-sand beaches, waterfront properties, well-ranked schools, cultural and culinary offerings, and proximity to Tampa, Orlando and Fort Lauderdale/Miami, as well as the state's favorable property-tax rates and lack of income tax—have made it a go-to destination for retirement homes, vacation residences and primary houses.

"The outlook for the next couple of years looks good," Mr. Holland said. "Luxury buyers are typically more resilient to recessions or market downturns because they are not dependent on the stock market for the bulk of their wealth. Sarasota is and has been undervalued compared to other luxury markets in Florida and the rest of the country, so values should be maintained." ■

BOULDER, COLORADO



Pictureque spots like Loch Vale in Rocky Mountain National Park are among the outdoor attractions that bring buyers to the Boulder area.

The luxury market in Boulder, where single-family houses start at over \$2.5 million, is characterized by high appreciation, low standing inventory and decreased days on the market.

"Covid-19 has played a significant factor," said Christopher M. Jungman, broker/owner of Berkshire Hathaway HomeServices Rocky Mountain, REALTORS®. "With the nationwide shift to home-based employment, we have seen an increase in movement to Boulder from Southern California and the San Francisco Bay Area."

He noted that buyers are putting a premium on a variety of stay-at-home features, including pools, office space, outdoor entertaining areas and gyms.

Across the board, the rolling 12-month average price for single-family houses in the city rose 16% from May 2021 to May 2022, and the median price was up 24.7%. In the luxury market, the median price climbed 15.3% from March through May 2022. Mr. Jungman noted that because the sample size in the luxury market is so small, its monthly numbers can vary greatly.

In spring 2022, the market started to cool slightly as

interest rates rose, "but overall financial insecurity within the stock market and other global markets has also played a significant role for luxury buyers who are less willing to take money out of stocks and put it into real estate because they will be realizing a big loss. Most would rather let it sit in the stock market," he said.

Calling Boulder one of the "most stable markets in the country over the past 30 years," Mr. Jungman said there may be some slight market corrections that occur before the end of the year.

"I don't expect that to lead to a decrease in prices but rather a slight decrease in the rate of appreciation and an increase in days on the market," he said.

He added that even if, as forecast, a slight national recession takes place, he expects Boulder to weather the storm "extremely well."

"During the financial crisis of 2008 and 2009, we experienced a very slight decrease in average price," he said. "While other markets around the country experienced market shifts from a 30%-to-50% reduction in value, Boulder lost approximately 1%." •

THE BAHAMAS



The beaches, sunny climate and accessibility from all over the world have made places like Cat Island in the Bahamas all the more appealing.

The luxury market in the Bahamas has been on an upswing since the third quarter of 2020.

"It's very much a seller's market," said Jim Bernard, president/broker with Berkshire Hathaway HomeServices Bahamas Real Estate. "Luxury inventory is thin, and we've had a few bidding wars."

He noted that at the onset of the pandemic's work-from-home mandate, families began moving to the Bahamas—for the beaches, the sunny climate, the laid-back lifestyle, the tax-friendly environment, the stable government and the direct air flights—to rent for the duration.

"The rental inventory within the luxury communities dried up quickly and is still very low," he said. "These renters quickly realized how wonderful a place the Bahamas is to live, work and play. Many of them purchased luxury homes."

Most of the houses are single family, and prices in the islands' luxury gated communities range from \$3 million to over \$40 million.

"Luxury properties in desirable communities have seen a minimum price appreciation of 25% since 2020," he said.

These new buyers, he added, are far younger than the retirees the Bahamas typically has attracted. "Recently, we've seen a surge in tech-company executives, finance professionals and cryptocurrency companies moving here," he said.

Mr. Bernard said the demand will "remain strong for the long term. If the economy tightens up, we will naturally see a slowdown in sales, but the factors that are driving the demand for our real estate will always be there...Nobody's making any more beachfront." ■

INDIA



India has seen new developments hit record price highs.

In India's luxury market, sales have doubled since the start of the pandemic, and prices have risen 30% to 50%.

"Luxury is sizzling," said Sanjay Kackar, president of business development at Berkshire Hathaway HomeServices Orenda India, adding that "appropriately priced" properties are sold within two to three months, and "there is a queue of people waiting to buy them."

In Mumbai and Pune, for instance, luxury housing sales in 2022 were the highest in four years, Mr. Kackar said.

He noted that in Gurgaon, which is just southwest of New Delhi in northern India, the developer DLF sold 19 units worth US\$74 million total in the Camellias project in the fourth quarter of 2021; in the second and third quarters of fiscal year 2022, DLF's sales reached record-setting highs—53 units valued at US\$208 million.

The increase in interest in luxury properties is part of a larger trend of acquiring high-end goods in the post-pandemic world.

"Covid-19 has taught people in India to enjoy their money today," he said.

Developers are enticing buyers with multistory mixed-use luxury-branded projects in converted office buildings and factories that offer a host of amenities, including clubs, gyms, banquet halls, restaurants and green spaces.

"The Indian economy continues to grow," Mr. Kackar said. "The next couple of years should see steady growth but maybe not as exponential." ■



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