

2024 MID-YEAR

# LUXURY OUTLOOK<sup>SM</sup>



Aspen  
Snowmass

Sotheby's  
INTERNATIONAL REALTY



# A view from the Roaring Fork Valley



**ANDREW ERNEMANN**  
President & Partner  
Aspen Snowmass  
Sotheby's International Realty  
AspenSnowmassSIR.com

# \$108<sub>M</sub>

A new record sales price in Aspen was established in April 2024.

In a year marked by global elections and uncertainty about U.S. interest rates, the luxury property market continues to see demand.

Through the 2024 Mid-Year Luxury Outlook<sup>SM</sup> report, we explore opportunities for you to invest wisely.

Here in Aspen the luxury real estate market has continued to show impressive strength with several high-end transactions already closed in 2024. The two highest-priced sales ever in Aspen closed earlier this year, one of which was the first-ever \$100m+ sale in Aspen.

As the trends in this report explore, choosing to invest near a cultural institution has proven lucrative historically. Aspen has an abundance of cultural offerings, especially considering the relatively small local population base, including The Aspen Institute, Aspen Music Festival & School, Aspen Art Museum, Jazz Aspen Snowmass and many other organizations and events.

Our partnership with Sotheby's Concierge Auctions provides an alternative format to sell luxury real estate. There have been several successful property auction sales in the Aspen area over the past several years, and increasingly property sellers are finding Sotheby's Concierge Auctions to be a proven pathway to the closing table.

Another topic in the report is the U.S. interest rate forecast. As the report concludes, the time to buy is now. Historically the best opportunities for investment in Aspen were typically found in A+ locations such as the downtown area, the West End and Red Mountain; and over the past few years many of the neighborhoods further from downtown

Aspen have experienced strong price appreciation, including Snowmass Village.

While interest rates don't impact the "typical" Aspen real estate buyer as much as other parts of the country there is always a correlation between the flow of funds and the relative liquidity of buying and selling homes in prime resort markets.

## Local Market Pulse

As previously noted the Aspen area real estate market has continued to show pricing strength, and the vacation rental market has also been impressively robust for the past several years.

Possible headwinds include increasing listing inventory of available homes, although the current available listing inventory is still historically low compared to pre-COVID levels, and some signs of buyers seeking more negotiating power, although this is relative considering the average sale discount is approximately 5%± off the listing price.

There are some phenomenal properties in the Aspen area that hit the market this summer. We invite you to explore them all at [sothebysrealty.com](https://sothebysrealty.com).

I hope this compilation of research and industry perspectives, exclusively presented by Sotheby's International Realty, helps you as you look to invest your equity wisely in the year ahead.



64 Pitkin Way  
Aspen, Colorado  
Price Upon Request  
[sothebysrealty.com/id/25RXYH](https://sothebysrealty.com/id/25RXYH)





# Welcome

## Responding to change

Sotheby's International Realty Chief Marketing Officer  
A. Bradley Nelson introduces the new mid-year installment  
of the Sotheby's International Realty Luxury Outlook<sup>SM</sup> report



The speed of change in the world at large—and in the real estate sector, specifically—has never moved so fast. In response to this acceleration, we have increased the frequency of the Sotheby's International Realty Luxury Outlook<sup>SM</sup> report by releasing a mid-year update, to establish a true global trendline for premium property. Our aim is to offer as much insight and perspective as possible, to help our clients make informed and smart decisions regarding their real estate portfolios.

When we released our 2024 Luxury Outlook<sup>SM</sup> report in January, there was an expectation there were going to be several interest rate decreases in the U.S. in 2024, based on earlier indications from the

Federal Reserve. That, in turn, could help to unlock housing inventory, because lower interest rates would make monthly mortgage payments more approachable, enabling potential buyers who were waiting on the sidelines to transact again. Of course, interest rates have not yet fallen. But that does not mean that the luxury property market has stalled.

Those in the Millennial generation—which is the largest generation in recorded history, numbering more than 72 million people in the U.S. alone, according to Census figures—are now entering their prime income-earning years, with many considering home purchases. Coupled with an estimated US\$16 trillion wealth transfer from Baby Boomers and the Silent Generation to Millennials and Gen Z in the next decade, according to The New York Times, this creates immense demand for luxury real estate, independent of interest rate fluctuations.

According to an investment report released by J.P. Morgan Private Bank in April 2024, “the state of the luxury market, defined as the top 10% of home values, is not impacted by changing mortgage rates like the overall housing market.” With a post-pandemic surge in their net worth, along with factors like private aviation and remote work, luxury home prices have seen dramatic gains. The bank's advice is clear: “Now is a good time to buy a luxury home.”

Another anticipated impact on property markets that we'll explore in this report is the extraordinary number of elections taking place this year around the world, including the U.S. presidential race. There is some myth and mystique around this—do elections impact the housing market? This report separates fact from fiction, particularly regarding luxury real estate, which, despite what is happening in the

“  
OUR AIM IS TO  
OFFER AS MUCH  
INSIGHT AND  
PERSPECTIVE AS  
POSSIBLE, TO HELP  
OUR CLIENTS MAKE  
INFORMED AND  
SMART DECISIONS  
REGARDING THEIR  
REAL ESTATE  
PORTFOLIOS



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



A late 19th-century country estate on 13 acres overlooking the Hudson River was reimagined for the 21st century by its owner, named by Architectural Digest as one of the top 100 designers.



wider world, has outperformed the real estate market at large so far this year.

While we continue to see record prices for important properties, many buyers are looking to find a home they will not only enjoy living in, but that will also serve as an investment vehicle and increase in value. In this report, we examine how cultural investment in many cities—such as new museums, gallery districts, and public art parks—affects residential real estate prices in the surrounding neighborhoods.

For those thinking of homes as investment vehicles, there is also the financial concept of “time value of money” to consider. When selling a home, owners may often be singularly focused on the

sales price. The reality is, holding out for the ideal price incurs costs, from maintenance, taxes, lost investment opportunities, and delaying a move to another property that might better suit your lifestyle. As this report shows, Sotheby’s Concierge Auctions provides a solution for those considering their bottom line returns on a sale,

which an increasing number of clients are leveraging to accelerate the sales process.

But a home is more than the money tied up in it, it’s about cultivating an environment conducive to your happiness. For many, that’s living on a golf course, or near the water, or in a property that best displays a beloved art collection.

As collectors have become more sophisticated, many homes today are being designed around an art collection that is meant to be enjoyed daily, as opposed to sitting in storage. Drawing on proprietary data from Sotheby’s fine arts division, this report also provides insight for collectors looking to make informed decisions about the art on their walls. After all, what better frame is there for a collection than a home?

We hope that luxury buyers and sellers find this mid-year report useful and that it provides the transparency and insight into the premium property market for which Sotheby’s International Realty is known.





## Contents

### 8 Industry Horizons

A Q&A with Philip A. White Jr., president and chief executive officer, Sotheby's International Realty

### 14 People Power

The impact of global elections on property markets

### 20 Economic Bellwether

What a drop in U.S. interest rates could mean for real estate

### 26 Creative Cities

How cultural institutions can affect luxury markets

### 34 Hammer Time

Chad Roffers, CEO, Sotheby's Concierge Auctions, on how luxury properties are bought and sold on the platform

### 40 Picture Perfect

A recent report from Sotheby's can help new art collectors know what to buy

### 44 Property Index

Learn more about the homes in this report



Top left: View the breathtaking seaview panoramas of Ibiza in this property of two independent villas.

Left: Experience the beauty of the mountains from this five-bedroom Colorado retreat.



Modern elegance meets unrivaled luxury with an eco-conscious twist at this Hillsborough, California, home.





# INDUSTRY *horizons*

**Philip A. White Jr., president and chief executive officer of Sotheby's International Realty, shares his thoughts about the real estate market and the company's plans for the future**

As president and chief executive officer of Sotheby's International Realty, Philip A. White Jr. oversees the brand worldwide. The company has a presence in 83 countries and territories, where more than 1,100 offices and 26,400 sales associates handled US\$143 billion in property sales in 2023. He spoke to us about whether economic developments in 2024 played out as expected, how the shift to remote work has affected home-buying, which international markets are growing in appeal, and other trends in store for prime property markets in the months ahead.

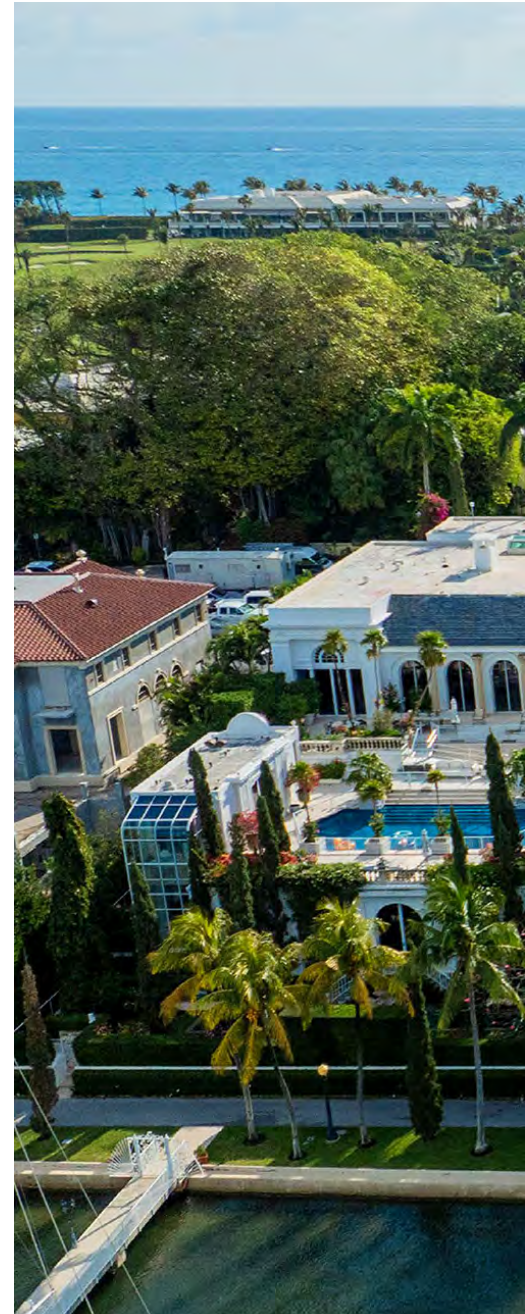


**At the beginning of the year, you saw high-end sales continuing as we moved out of a post-pandemic economic downturn. Did that pan out as you expected?**

Yes, I believe it did. Despite market adjustments, the demand for luxury properties remains steady. In the first quarter of 2024, we achieved notable milestones, setting new benchmarks in various regions.

In Palm Beach, Florida, we brought the buyer to the sale of a waterfront estate for US\$74.25 million, the highest sale in the first quarter of 2024 for the town. Another one of our companies achieved a record for the Washington, D.C. area, with the sale of an equestrian estate for US\$14.75 million, which was the most expensive in that area to kick off the year. In North Carolina, our affiliate closed on a property in Kure Beach in March 2024 for US\$9.2 million, which was nearly triple the previous high sales price in the area. The company also facilitated the highest-priced single-family home transaction ever recorded on Topsail Beach in Pender County in May 2024, further demonstrating the appeal for premium properties that offer an unparalleled living experience. We also continue to see international success. Our affiliate in Dubai achieved the sale of a home in Emirates Hills for US\$40.2 million, marking the country's third-highest villa sale in 2024.

Our first quarter of 2024 was impressive and illustrates that luxury listings continue to outperform the



Above: An extraordinary lakefront estate in Palm Beach, Florida.





general market. We know that exceptional properties in sought-after locations are attracting strong interest and will often sell at premium prices. I look forward to a strong remainder of the year.

**A major topic of discussion for 2024 has been the long-awaited fall in interest rates in the U.S. How do you see this playing out in the second half of the year?**

Many industry forecasts anticipate that the Federal Reserve will lower interest rates later this year, which will likely be influenced

by broader economic conditions and the continued focus on inflation reduction. But while interest rates impact everything, for the luxury buyer, the performance of the stock and equity markets plays a bigger role in their purchasing decisions.

These luxury buyers often buy properties in cash and, recently, we noticed a growing trend for all-cash transactions. Notably, the stock market was up 20% last year, and it is up this year, too, which also drives purchasing behavior. This positive momentum not only reflects investor

confidence but also plays a large role in the purchasing decisions for luxury buyers.

**Another important subject is the recent legal settlement by the National Association of Realtors that has generated a lot of questions about how buyers and sellers will work with brokers. What impact will this have on the high-end property market?**

The settlement has certainly stirred discussions within the real estate industry and beyond. We've seen the headlines, but





Live a country manor lifestyle on Long Island, New York, at this waterfront estate.

Right: Nestled against the tranquility of a national forest in northern Utah, this exclusive mountain modern estate is less than 40 minutes from Park City.



what the news doesn't cover is the value a trusted real estate advisor provides when you're making one of the biggest financial and personal investments of your life. There are clear benefits and advantages in working with a real estate agent. They can provide in-depth market knowledge, advise on pricing strategies, negotiate, and help navigate sales contracts.

What our goal is, and has always been, is to provide high-quality, above-and-beyond service to our clients. Our agents are deeply involved in the communities they serve, so their expert knowledge is an asset for buyers looking to purchase a home in a place they may have never lived before. Clients also benefit from the global nature of Sotheby's International Realty, which means they can buy and sell a home anywhere in the world.

For sellers, there has been a shifting market, and it can be overwhelming. There is no one better to advise them than an experienced real estate agent who can recommend the best time to list and assess the value of their home. Nothing compares to the value our agents bring, and it is because of them that buyers and sellers can feel assured when making these momentous purchasing decisions.

**A recent report found that many white-collar professionals are living farther away from their companies' headquarters than used to be the case. How has this affected property demand, and do you think this trend will continue?** The post-pandemic shift to remote work has significantly influenced demand and spurred increasing interest in suburban and rural areas, impacting inventory and driving up values. This "zip code shift" has enabled people to work from almost anywhere. Interestingly, the trend seems to be particularly popular among buyers seeking family properties.

Buyer preferences have evolved, and we're still seeing interest in home features like outdoor space, gyms, and dedicated offices. The flexibility offered by remote and hybrid work has enabled buyers to strike a better balance between work and lifestyle, further influencing their property preferences and location choice. What we saw during the pandemic continues to ring true—buyers want bigger homes, and often, these are found outside of urban city centers.

However, we're also witnessing a leveling out in markets that experienced a surge in interest immediately following the pandemic. As many individuals are drawn back to the allure and vibrance of city life, and with more workers choosing to return to office environments (with many being required to do so), certain migration patterns that were accelerated during the pandemic may begin to diminish.

**We have also seen housing prices and the cost of living rise in once more-affordable locations such as Florida and Texas, bringing them closer to expensive locales like New York. Are these places still appealing to homebuyers, or are they turning their attention elsewhere?**

According to the U.S. Census Bureau, Texas was the most popular state Americans moved to in 2023. Although inflation and escalating housing costs have affected these states as well, individuals considering a relocation from New York, for instance, can still find cost savings. Texas remains an attractive destination for buyers, largely due to its favorable climate and the absence of state income tax. Florida maintains its appeal for similar reasons.

However, we're seeing buyers also expanding their interests. Some who may be heading to markets such as Florida





This property in Kure Beach, North Carolina, sold for nearly triple the previous highest sales price in the area.







are stopping along the way and exploring new locations, such as the Carolinas. In fact, South Carolina surpassed Florida as the fastest growing state in the nation in 2023, according to the U.S. Census Bureau. The state of Georgia can also be counted among the Southern states growing in popularity. Tennessee has continued to see interest, alongside Maine and Colorado. The Hudson Valley in New York remains popular, too.

### **Which international markets are growing in appeal?**

In the EMEIA region (Europe, the Middle East, India, and Africa), France and Italy continue to hold appeal for buyers. Our affiliate in Paris had a sale above €20 million and Italy sold a property for €26 million in the first quarter of 2024. There were several significant sales in the U.K. as well, so the market continues to see interest from luxury buyers.

In the Caribbean and Latin America, the hot markets continue to be the Bahamas and Turks and Caicos. Mexico is also seeing strong growth, especially with North American clients.

In the Asia Pacific region, Hong Kong is experiencing a resurgence based on the elimination of additional buyers' stamp duty. Overseas purchasers now pay only 4.25%—the same as locals. Mainland China residents are taking advantage of the changes, as are many expats, high-net-worth individuals, and professionals looking for investment opportunities. Japan is also continuing to see interest from overseas purchasers who are looking beyond Tokyo to markets like Niseko and Kyoto. In Australia, the state of Queensland continues to benefit from inward migration trends and infrastructure

development related to the 2032 Summer Olympics is driving interest in Brisbane.

### **What are your own expectations for Sotheby's International Realty in the coming months and into next year? What are you most excited about?**

I am proud to say that we've had a strong start to the year. We have made significant strides in expanding our global presence, with the establishment of new offices and partnerships.

We launched Poland Sotheby's International Realty in April 2024, and we continue to seek out strategic growth opportunities. We are particularly energized about our growth prospects in the U.K. and Spain, and our continued expansion in Australia and New Zealand. In the Caribbean and Latin America (CALA) region, we will also represent the new Four Seasons residences in St. Kitts and Nevis, which is an exciting development.

Beyond expansions, I'm looking forward to continuing our strategic partnerships. Our experiential popups with Sotheby's auction house and Art Basel Miami Beach underscore our commitment to meeting our clients where they are. I'm also optimistic about the brand's continued digital-first approach, which is crucial to connecting with today's consumers.

From our award-winning website, to embracing the power of social media and engaging with notable personalities, our digital-first approach has allowed us to extend our reach and engage with our audience more effectively. In fact, we've seen celebrities viewing our content more frequently, resulting in listings going viral. We are encouraged by the positive response and look forward to building on this momentum throughout the year.



# People POWER

**More than half of the world's population will vote in national elections this year, so how will political change affect real estate markets?**

This year marks an unprecedented wave of national elections across the globe. According to Reuters and The Economist, about half of the world's voting-age population—over four billion people spanning nearly 80 countries that collectively account for more than 60% of global GDP—will be eligible to cast their ballots in what Time magazine has dubbed “the ultimate election year.”

The most closely watched election is in the U.S., the world's largest economy and third-largest nation by population, which will elect its next president in November 2024. The Democratic and Republican party platforms' approaches to real estate are starkly different. Democrats are looking to improve housing affordability through initiatives such as tax credits and down-payment assistance, while Republicans aim to stimulate economic growth through pro-business, low-tax, low-regulation policies. “The U.S. 2024 presidential election represents a critical moment for investors and financial analysts around the world—with the potential to have an impact on several areas, from economic policies to specific markets, the outcome could shape the global economic future,” says Renata Victorino, director, Bossa Nova Sotheby's

International Realty in São Paulo, Brazil. Victorino and her colleagues in South America are keeping a keen eye on what is happening in the U.S., even as municipal elections take place in Brazil in October 2024 to decide the leaders in more than 5,000 cities and towns across the country.

Meanwhile, in other areas of the world, India—the largest nation by population—started its massive six-week election process in April 2024 and voting for the parliament of the 27-member European Union took place in June 2024.

These events could have a dramatic effect on real estate markets for years to come, with the outcomes already playing out in countries that held elections in the first half of 2024, and the anticipation of changes in the political landscape felt in countries that have yet to hit the polls.

## The election effect

“Historically, the housing market tends to experience a slowdown in activity during presidential election years,” according to a report issued by the Nationwide Mortgage Bankers in March 2024. “This trend is particularly noticeable in the months leading up to the

election as individuals prioritize political developments over real estate decisions.”

“Every election year the market typically softens,” says Claire Reynolds, managing partner, United Kingdom Sotheby's International Realty in London, who has been involved in luxury property sales for two decades. “Uncertainty can create a wait-and-watch attitude, resulting in a market with temporarily subdued growth.”

Christie-Anne Weiss, global advisor, TTR Sotheby's International Realty, Washington, D.C., who has more than 40 years' experience in navigating the market during presidential elections, agrees. “From my experience, what we see again and again is that our market gets quieter around October,” the month before Election Day, she says. “Once the election is over and we know who the president is, business will resume as normal. It is buyer psychology; people do not make major investment decisions when there is imminent uncertainty.”

This effect spans the world. Pre-election uncertainty “slows down housing sales, specifically in metro markets, and impacts stock market activity, especially if a coalition government looks like it's coming into power,” says



“

THERE'S A LOT MORE CONVERSATION ABOUT POLITICS THIS YEAR, AND A LOT OF POLARIZATION. BUT, WHEN IT COMES TO REAL ESTATE, PEOPLE ARE MORE FOCUSED ON INTEREST RATES THAN POLITICS

”

—  
RUSS ANDERSON, *president and chief executive officer,*  
*Briggs Freeman Sotheby's International Realty in Dallas, Texas*

A photograph of a balcony with a glass table and chairs, overlooking a large body of water and a large white building (the Kennedy Center) in the distance. The scene is captured during sunset or sunrise, with a soft, warm glow. The balcony has a dark metal railing and a small potted plant on the table. The building in the background is a long, white, classical-style structure with many windows, situated on a hillside overlooking the water.

A view of the Kennedy Center  
from the Residences at the  
Ritz-Carlton Georgetown in  
Washington, D.C.

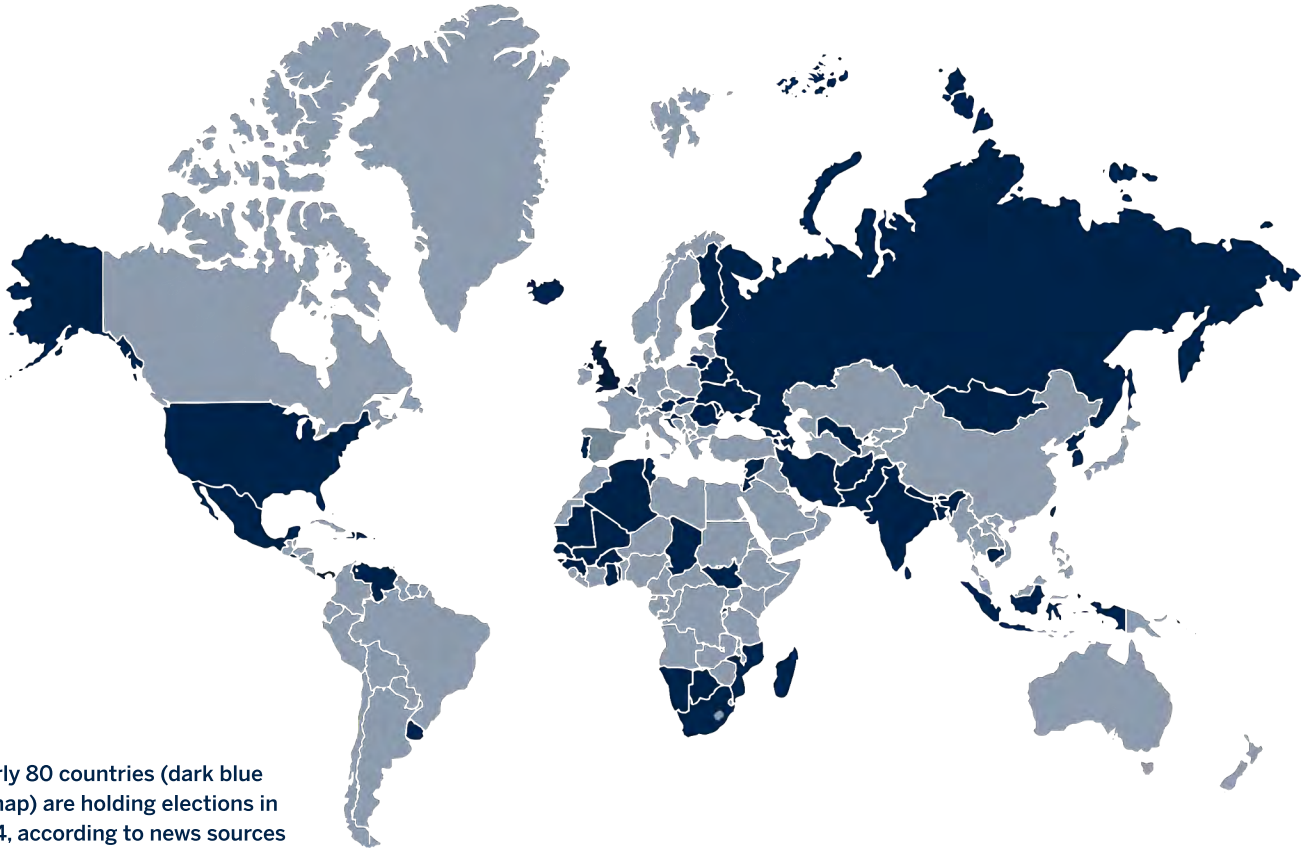


A stunning 150-year-old home in North Goa, India, where elections kicked off in spring 2024.

Bottom right: This 11-bedroom house in central London offers spaciousness that is rarely found in the city. Elections in the U.K. occurred in July 2024.







Nearly 80 countries (dark blue on map) are holding elections in 2024, according to news sources including The Economist, Reuters and Time magazine. This equals:

**4 billion**  
people eligible to  
vote in elections worldwide

**50%**  
of the world's population

**60%**  
of GDP



Ashwin Chadha, chief executive officer, India Sotheby's International Realty, whose background as a seasoned banker with BNP Paribas, Citibank, and Barclays has been invaluable to his work in real estate.

A sense of political stability, on the other hand, can have an unsurprisingly positive effect. Since India's incumbent Bharatiya Janata Party (BJP) has held onto power in this year's elections, Chadha observes that the real estate market is likely to benefit. "The current government has reiterated its intentions for high spending, drawing in investments to boost the manufacturing sector," he notes. "Both infrastructure spending and manufacturing augur positively for the property market, including luxury real estate."

Manufacturing is one of the industries that has led to the rise in the



country's millionaires, which numbered 850,000 in 2022, an increase of 473,000 since 2012, according to research by the Swiss bank Credit Suisse. It also calculated that the number of millionaires in India grew annually during that time by around 8.5%, compared with an average GDP growth of 5.6%.

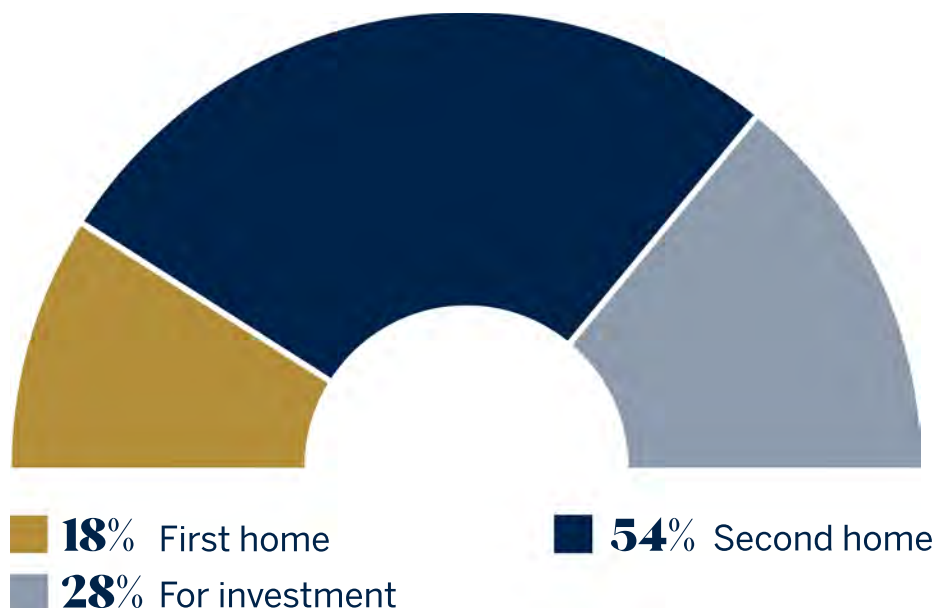
Hein Pretorius, real estate associate, Lew Geffen Sotheby's International Realty in South Africa, says May 2024 was a "watershed" election for South Africa. "This is the first year since 1994 that the ruling African National Congress [ANC] party does not have an outright majority," he says. "The ANC is going to have to choose a partner in a coalition government, and it has a number of options." The party's main opposition, the Democratic Alliance, which has pushed a major land reform policy that would transfer state-owned land to individuals,

has said it is open to coalition talks.

In the U.K., meanwhile, the Conservative and Labour parties went head-to-head in a general election on July 4, 2024 with the Labour party winning by a clear majority.

"The recent elections offer an opportunity for change. Against the backdrop of an optimistic interest rates outlook, housing plays a big part of the new government's manifesto," says Reynolds. "Only 18% of buyers [in central London] are purchasing their main home, 54% are purchasing a second home, and the other 28% are buying for investment," Reynolds adds, citing statistics gathered by her firm. "International investment is hugely vital for the prime central London market, with the three most dominant groups of buyers being from the U.S., the Middle East, and China."

**Case study: home buyer statistics in central London in 2024.**  
**Source: United Kingdom Sotheby's International Realty, London.**



## Keeping watch on interest rates

While real estate agents the world over are watching out for political changes, they are keeping an even closer eye on interest rates, which may play an even bigger role in homeowners' decisions to buy and sell than who occupies the seats of power. (For more on this topic, see our in-depth analysis on the impact interest rates could have on property markets around the world, on page 20.) This is because interest rates are set by the Federal Reserve's Federal Open Market Committee, a group of 12 banking leaders, and not by those seated in the White House or Congress.

"There's a lot more conversation about politics this year, and a lot of polarization," says Russ Anderson, president and chief executive officer, Briggs Freeman Sotheby's International Realty in Dallas, Texas, who has three decades of experience in real estate and banking. "But, when it comes to real estate, people are more focused on interest rates than politics. No matter who wins, if interest rates start falling, I think people will buy. If they stay elevated, people will remain on the sidelines."

Weiss echoes this view, saying that the major drivers in property markets this year are "interest rates and the broader economic environment, more so than the upcoming election." While interest rates are affecting the market at various price points, Weiss sees transactions taking place across the board, especially with the increase in luxury inventory in the Washington, D.C. area. "It is a wonderful time, in particular, for cash buyers," she says.

In Brazil, rates are already going down, and are expected to fall further, Victorino



This 2015 home in Austin, Texas, sits on the coveted location of Lake Austin.



Photos: (page 15) TTR Sotheby's International Realty; (page 16) India Sotheby's International Realty; (page 17) United Kingdom Sotheby's International Realty.

points out. The country's central bank reduced the basic interest rate by half a percentage point in March 2024, reducing it from 11.25% to 10.75%. "The change helps to make financing for real estate more accessible," she says. According to a survey of economists released by Brazil's central bank, the expectation was that by the end of 2024, rates would reach single digits. "The most affluent buyers do not depend on credit, but for investors, the reduction in interest rates makes real estate a more interesting option, favoring those seeking long-term profitability."

As for India, strong economic fundamentals are being bolstered by falling interest rates along with rising wealth. "The economy is growing by close to 8%, and inflation is now pretty much under control," says Chadha. "According to a report by Jefferies, a leading global, full-service investment banking and capital markets firm,

India is expected to be the world's third-largest economy by 2027. It is currently the fifth-largest economy, having just displaced the U.K., and our prime minister has an aggressive economic plan." Such economic growth would also affect property markets.

## An interconnected world

While real estate agents are watching their own local elections closely, the property market is highly interconnected globally, so they have an eye on other elections as well, and the U.S. election looms the largest.

Chadha, even in his bullishness, recognizes concerns from abroad. "There are always risks," he says. Internationally, a slowdown in the U.S. could have "a cascading effect on foreign investment."

But Victorino points out that "investment in the real estate market

is one of the most stable, and the easiest to recover, even in unstable scenarios."

Experts including Lawrence Yun, chief economist at the National Association of Realtors (NAR), agree that investing in real estate is solid in the long-term. According to a report issued by the NAR in 2023, upper-income households in the U.S. saw the value of their homes increase by an average of US\$150,800 over the past 10 years. "This analysis shows how homeownership is a catalyst for building wealth for people from all walks of life," says Yun, adding that, on average, homeowners are able to build "a net worth about 40 times higher than that of a renter."

"An uncertain market can present good opportunities for those with an appetite for higher-risk investments, or those who take a longer-term view," says Reynolds. "For those taking a five-year or longer view, we're forecasting good growth."





This Modernist-inspired home sits on a private 38-acre site in Healdsburg, California.



# ECONOMIC *bellwether*

## What will the anticipated drop in U.S. mortgage rates mean for real estate markets?

An intensely awaited development for the U.S. housing market this year is a long-anticipated fall in interest rates. While inflation has dropped over the past year, this progress has been slow, and officials within the Federal Reserve, the country's central bank, have kept interest rates at 5.25% to 5.5%—a 23-year high—since July 2023.

Where the Federal Reserve leads, mortgage rates follow. The average 30-year rate reached a peak of 7.79% in October 2023, the highest level in 20 years, according to national mortgage lender Freddie Mac. As a result, property sales have been on a steady decline over the past three years, based on U.S. Census data. The difficulty in securing a property during this higher-rate cycle even led U.S. President Joe Biden to comment on the issue in his State of the Union address in March 2024.

He proposed a US\$10,000 tax incentive designed to encourage first-time buyers and those wanting to sell their starter homes. "I want to provide an annual tax credit that will give Americans US\$400 a month for the next two years as mortgage rates come down to put toward their mortgage, when they buy a first home or trade up for a little more space," he said.

With another presidential election taking place in November 2024 (see our in-depth analysis on the potential impact of elections across the globe on page 14), concerns that the Federal Reserve's decision on rates might be further delayed were dismissed by its chairperson Jerome Powell, who

said the bank's policymakers will "do what we think is the right thing, when we think it is the right thing."

Industry experts expect borrowers to get a bit of breathing room by 2025, however. The Mortgage Bankers Association estimates that rates will fall to about 5.9% by 2025, while Wells Fargo has made a similar forecast of 6%. In mid-June 2024, the Federal Reserve projected that it would only make one cut to interest rates this year, with Powell saying the "restrictive" policy "is having the effect we would hope for" in stabilizing the economy.

"I believe we can say with some certainty that U.S. mortgage rates will be lower at the end of the year," says Anthony Chan, former chief economist, JPMorgan Chase. He anticipates that the rate at the end of 2024 will be around 6.4% and will fall to 5.9% in 2025.

"As buyers see lower rates, they will be less worried about the 'lock-in effect'—the hesitancy of selling their house if it means taking out a higher-rate mortgage for their next home," adds Chan. "This will ultimately support housing activity if the economy avoids a slowdown."

Fears of a downturn have dropped significantly, with JPMorgan Chase reversing its prediction in 2024.

At a speech at the Economic Club of New York at the end of April 2024, the bank's Chief Executive Officer Jamie Dimon said the economy was "booming," adding that "the American consumer—even if we go into recession—is much wealthier than before."

### U.S. mortgage rate predictions

7.03%

Current rate in May 2024  
(Freddie Mac)

6.9%

2025 (Fannie Mae)

6%

2025 (Wells Fargo)

5.9%

2025 (MBA)



## Less means more

While leading institutions predict interest rates will decline, homebuyers face other roadblocks to securing a property: rising prices and low inventory. Although the number of homes on the market has risen this year, according to data released by the National Association of Realtors in April 2024, the projected time it would take for this current inventory to run out if no additional homes were built or offered for sale is 3.2 months—well below the six-month national average. Inventory for newly built homes is above this average, at 8.3 months, according to U.S. Census data.

This, in turn, could create upward pressure on prices until inventory reaches normal levels. Investment bank Goldman Sachs estimates that property prices will rise in the U.S. due to pent-up demand. According to Roger Ashworth, the firm's senior strategist on its structured credit team, and analyst Vinay Viswanathan, home prices could rise by 5% in 2024, and by 3.7% in 2025.

J.P. Morgan Private Bank advised its clients in April 2024 that "now is a good time to buy a luxury home." The bank said this was because the luxury market "is not impacted by changing mortgage rates like the overall housing market is" but is driven by increases in total net worth. "A post-pandemic surge in the total wealth of the top-income households... has spurred dramatic gains in luxury housing prices," the bank added, and "that shows no signs of abating."

Cities such as Chicago, Illinois are already seeing this effect. "Lincoln Park has been more in demand than I have seen in 20 years due to the lack of inventory and the healthy amount of appreciation over the past few years," says Sam Jenkins, vice president of sales,

# 3.2 months

**The time it would take current house inventory to run out (April 2024). Source: National Association of Realtors.**

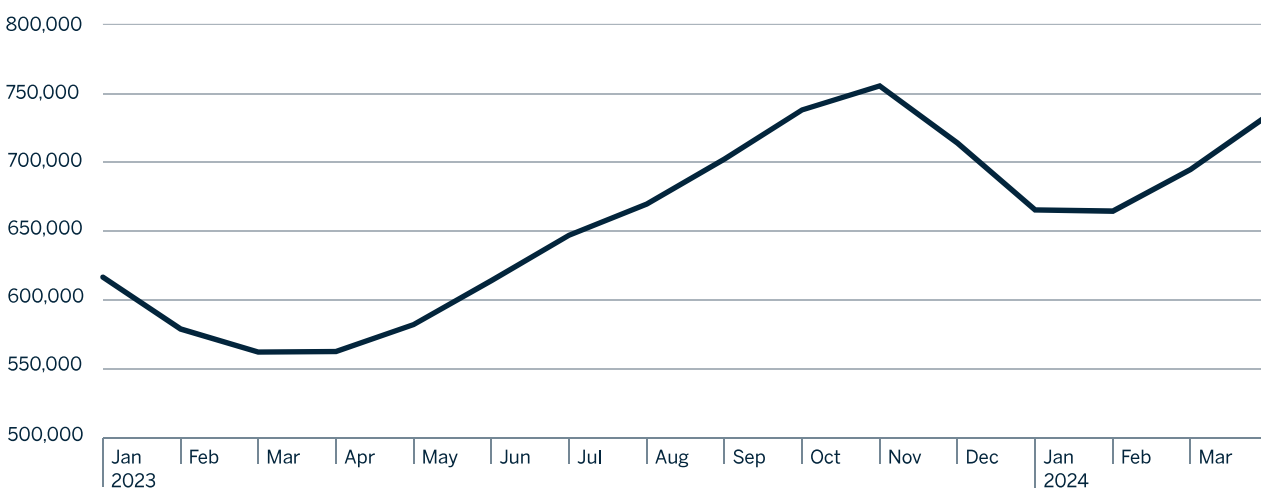
Jameson Sotheby's International Realty. "Good inventory that is priced correctly is few and far between."

Despite the 5%-10% increase in prices, he says the Chicago market is fairly accessible. "But the time is now if you are looking at the big picture in the long-term," adds Jenkins. "By next spring it could be a frenzy again, with multiple bids and more demand waiting in the wings."

In New York City, prices could be tempered as sellers who have been waiting for a year or more finally list their properties. "It is likely that as interest rates fall, sellers will feel more bullish about the market and finally list their 'warehoused properties,'" says Jonathan Hettinger, senior global real estate advisor, Sotheby's International Realty - Downtown Manhattan Brokerage. "This increase in supply could limit the price appreciation we would normally expect in a declining interest rate environment."

In New York City, the market for luxury properties selling above US\$4 million has been somewhat insulated

**Number of homes currently on the market. Source: National Association of Realtors.**







A custom-designed O'Brien Harris kitchen lies at the heart of each residence at One Chicago in Chicago, Illinois.

from the rise in interest rates. “This is because many such purchases are done on an all-cash basis,” says Hettinger. “It’s likely that a decline in interest rates will impact lower-priced properties more than those at the top end. Cash buyers always have a major leg-up on buyers who require a mortgage—I don’t see this changing.”

George Ballantyne, global real estate advisor, Gibson Sotheby’s International Realty in Boston, Massachusetts, agrees. “I don’t think I have any luxury buyers who have mentioned interest rates during their search or negotiation,” he says. These buyers have other sources of financing and their offers are not contingent on them obtaining a mortgage, adds Ballantyne.

A similar effect is seen on the West Coast, where “many Bay Area residents have access to substantial assets, whether they are personal or familial,” says Alex

Hachiya, senior real estate advisor, Sotheby’s International Realty - San Francisco Brokerage. “Now more than ever, sellers prefer to work with buyers who make all-cash offers.”

Hachiya also echoes a warning about waiting for interest rates to come down, as this “will most likely mean buyers will end up paying a higher purchase price, since additional buyer activity will drive prices up.”

In general, a more important factor in the luxury field is how U.S. equity markets are performing and what returns are being generated, says Chan. “If investors are doing well, as they did in 2023 and have so far in 2024, that will boost demand for luxury housing.” Buyers who have seen massive gains in their stock market portfolios may also opt for slightly more expensive homes when interest rates start declining, he says, as a way to secure those profits.





This transformed bungalow in Auckland, New Zealand, is nestled into the mountainside.

## Global ripples

Global financial markets are interconnected, so a change in U.S. interest rates affects capital flow in other countries, which in turn can lead to changes in interest rates, says Paulo Fernandes, owner and CEO, Paris Ouest Sotheby's International Realty in Paris, France.

Europe's real estate markets have already seen some softening—prices for residential properties declined by 0.3% in the EU in 2023 and 1.1% in the Eurozone, based on data from Eurostat released in April 2024. The largest drop occurred in Germany (7.1%) where economic growth has been slow, while prices rose in Bulgaria (10.1%), Croatia (9.5%), Lithuania (8.3%), Poland (13%), and Portugal (7.78%) due to higher growth.

Any impact felt in France from falling interest rates in the U.S. will be "indirect, complex, and may take some time to materialize," says Fernandes. "It is difficult to give a precise time frame, as it depends on many factors and how the financial markets and central banks react to the new conditions. The national economy and the state of the political sphere should also be taken into account. These can attenuate or amplify the impact."

The same applies on the other side of the world. "If interest rates increase, the yen will appreciate, which may impact the number of inbound clients for a bit," says Mugi Fukushima, director, List Sotheby's International Realty, Japan. "Overseas clients account for 30% of our clientele, so we're watching what happens [in the U.S.] quite closely."

"Some estimates suggest that it takes between one and two years for U.S. monetary policy to have its

“

THE TIME [TO BUY]  
IS NOW IF YOU ARE  
LOOKING AT THE  
BIG PICTURE IN  
THE LONG-TERM

”

—  
SAM JENKINS, *vice president of sales,*  
*Jameson Sotheby's International Realty*  
*in Chicago, Illinois*



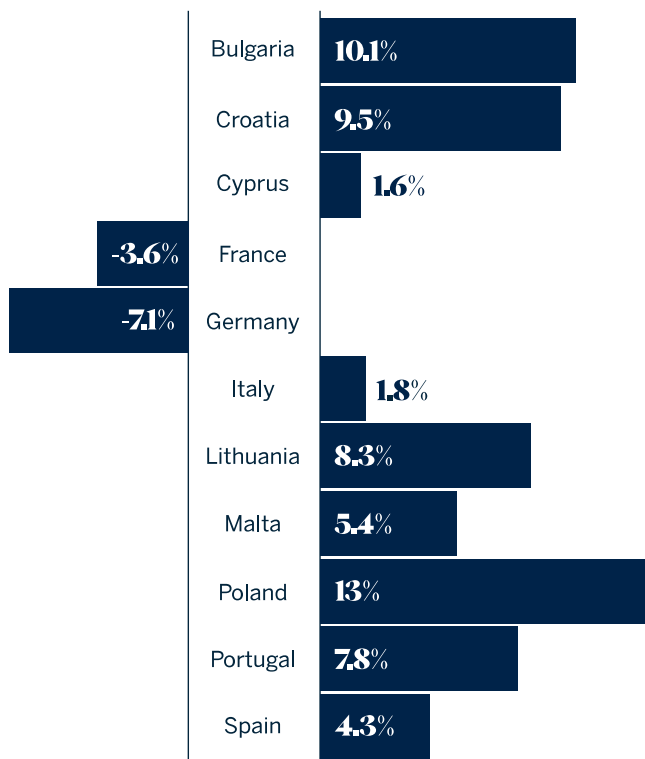
maximum effect," says Julian Brown, managing director and founder, New Zealand Sotheby's International Realty. "However, there is a large degree of uncertainty because the structure of the economy changes over time, and conditions vary."

Fluctuating exchange rates are important to how attractive the New Zealand property market is. "We have a lot of international interest, especially from the U.S., due to the weaker New Zealand dollar," says Brown. Buyers who are interested in purchasing homes in New Zealand also have more flexibility when it comes to mortgages, as they can be split into multiple loans at different terms and rates.

Buyers in the U.S. should also be aware that while 7.55% may be the standard for a 30-year fixed-rate mortgage there now, they vary globally, averaging 3.95% in France for example, or as high as 11.01% in Mexico, where most property deals are primarily done in cash. These rates are influenced by various factors, including the monetary policy of central banks, the local inflation rate, and each country's economic growth.

"The bottom line is that residential real estate markets in the United Kingdom, Europe, and Asia are influenced by economic growth, while luxury markets are more influenced by local equity markets," says Chan. "In Asia, Thailand and Malaysia are facing some growth headwinds. After a recession, New Zealand may recover during the second half of the year. South Korea is expected to enjoy stable economic growth. Japan may be slowing down, but is coming back with a booming equity market, which should boost sales of real estate."

**Housing price changes in key European countries (April 2024).**  
**Source: Eurostat.**



Photos: (page 20) Sotheby's International Realty - San Francisco Brokerage; (page 23) Jameson Sotheby's International Realty; (page 24) New Zealand Sotheby's International Realty.

**How mortgage rates work in different countries**

Mortgage rates vary widely across the world, as does the typical term of a loan. There are also many variations in the types of deals offered by mortgage lenders, from long-term or time-limited fixed-rate deals to variable rate loans tied to the current interest rate.

Based on information gathered through financial websites, including Bankrate and Statista, local banks, and Sotheby's International Realty agents, below are the current average mortgage rates in eight countries as of June 2024.

**U.S.**  
**7.55%**

*Term average: 30 years, but can range as short as three*

**U.K.**  
**5.15%**

*Term average: 2-5 years. After this, borrowers normally negotiate a new loan*

**France**  
**3.95%**

*Term average: 25-30 years*

**Spain**  
**3.985%**

*Term average: 25 years*

**Mexico**  
**11.01%**

*Most real estate transactions are conducted in cash*

**New Zealand**  
**6.5% to 8.5%**

*Term average: 25-30 years*

**Japan**  
**3.36%**

*Term average: 35 years*

**UAE**  
**3.94% to 4.19%**

*Term average: 1-5 years*



# CREATIVE *cities*

## How the nearby presence of cultural institutions can affect luxury real estate markets

American urban planner and theorist Kevin Lynch observed in 1960 that “as an artificial world, the city should be so in the best sense: made by art, shaped for human purposes.” This credo, advocating for cities to be artfully designed environments tailored to the needs of its residents, has taken on different forms in the years since, but a perennial truth is that substantial cultural investment is an essential element of urban life around the globe.

This notion is also backed by national statistics about the growing importance of culture on society. According to data released in March 2024 by the National Endowment for the Arts and the Bureau of Economic Analysis (BEA), the economic impact of the arts and cultural industries in America, for example, “hit an all-time high in 2022, contributing 4.3% of GDP, or US\$1.1 trillion, to the U.S. economy.”

The history of harnessing cultural resources in the service of community-building is long and rich. In major cities such as New York, “luxury residences have built up around cultural concepts such as public spaces, the arts, and restaurants,” according to Stan Ponte, senior global real estate advisor, Sotheby's International Realty - East Side Manhattan Brokerage. For example, Manhattan apartments near the Lincoln Center for the Performing Arts, opened in the 1960s, remain in high demand, Ponte notes.

Likewise, the High Line, a once-abandoned elevated rail line in the Meatpacking District that was converted into a public park in 2006, studded with rotating sculptural installations by high-profile contemporary artists, “has resulted in one of the most sought-after neighborhoods, with residential prices reaching as high as US\$6,000 per square foot in 2024,” Ponte says. In comparison, the average price per square foot in Manhattan in 2024 is US\$1,500, according to Realtor.com. “When the High Line opened in 2009, the average condo price was US\$1,596,279. In 2023, the average price stood at US\$4,345,027,” Ponte adds.

The High Line soon attracted other cultural institutions, such as the Whitney Museum of American Art, which moved into its Renzo Piano-designed building in 2015, and a flood of art galleries, restaurants and shops.

Most intentionally established cultural districts “start from somewhere,” says Daniel Payne, managing principal, AEA Consulting, a company based in London and New York that set up the Global Cultural Districts Network in 2013, whose members include policymakers, planners, and executives consulting on international development projects. Payne says a respected institution often provides the anchor for a dynamic neighborhood, such as the Brooklyn Academy of Music in New

York or the Dallas Museum of Art in Texas. Other public projects, such as Millennium Park in Chicago, Illinois, introduce a different dynamic that generates new real estate value. In Hong Kong, the arrival of the Art Basel fair and an influx of galleries show how “residential real estate moves to follow the creative dollar,” adds Payne.

Cultural events also have the power to attract a wider clientele to the local real estate market. According to ONE Sotheby's International Realty agent, Elena Bluntzer, the arrival of the Art Basel fair in Miami Beach in 2002, which city officials estimate contributes US\$500 million to the local economy, as well as the development of the Miami Design District, have been transformative for the area—especially in the past few years. “Art Basel is a perfect fit for Miami's eclectic tastes. Many of my clients are serious art collectors, so it's crucial to find properties that complement and showcase their collections. Fortunately, Miami offers an abundance of such homes, making it an ideal market for art enthusiasts.”

The St. Regis Residences Brickell, designed by Robert A.M. Stern Architects, where ONE Sotheby's International Realty is the exclusive listing partner, is “one of the most exciting, ultra luxury buildings in Miami right now. The architects and the developers have gone above and beyond expectations attracting the most discerning



“  
RESIDENTIAL REAL ESTATE MOVES  
TO FOLLOW THE CREATIVE DOLLAR  
”

—  
DANIEL PAYNE, *managing principal, AEA Consulting*



A breathtaking six-bedroom home minutes from Miami, Florida, where culture has been transformative in recent years.





Full of natural light, this contemporary property, located south of Mexico City, Mexico, has high ceilings and marble floors.

buyers to our dynamic city,” adds Bluntzer.

During Art Basel in Miami Beach last year, artists Caitlin Longan and Jongsuk Yoon even displayed their works in the building’s Sales Gallery.

To gauge the effect new or existing cultural institutions can have on the price of residential real estate, we asked six Sotheby’s International Realty leaders from cities around the world how the presence of galleries, museums, and other venues have had an effect on their local property markets.

## Doha

The country’s sustainable development plan, Qatar National Vision 2030, was enacted in 2008, and the capital has been swirling with activity ever since. “The focus on art, education, and architecture is not just transforming the physical skyline of Doha but also enriching its cultural fabric, positioning the city and country as a beacon of innovation in the region and beyond,” says Zhanna Yerkozhanova,

general manager, Qatar Sotheby’s International Realty.

Cultural initiatives and residential real estate are a compelling symbiotic formula. Msheireb Downtown Doha is one such mixed-use development that, Yerkozhanova says, “combines traditional Qatari heritage with modern design and sustainability principles.” The inaugural Design Doha biennial launched in February 2024, and destinations such as the National Museum of Qatar—designed by Jean Nouvel and opened in 2019—have further advanced the various Qatar Museums projects led by Sheikha Al-Mayassa bint Hamad bin Khalifa Al Thani under the patronage of her brother, the Emir of Qatar.

“We are investing in nothing less than a complete cultural infrastructure,” says Ahmad Al Namla, chief executive officer, Qatar Museums, in a promotional report published through The Wall Street Journal. “Since 2008, we have launched four new world-class museums, with another four in development; built incubator hubs for emerging artists and creative

entrepreneurs; and strengthened cross-cultural cooperation through the bilateral Years of Culture initiative. We have also established exhibition galleries and events, preserved UNESCO World Heritage Sites, and installed 100-plus works of public art.”

While real estate transactions totaled US\$4.6 billion in 2023, this was a decrease from the amount seen during 2022, when the excitement around the World Cup helped push transactions up to US\$5.8 billion, according to a report issued in February 2024 by local company Hapondo. But investment in rental properties remained strong, according to data gathered by the Real Estate Registration Department of the Qatar Ministry of Justice, with sales of residential units totalling US\$754 million in 2023, a rise of 82% from the year before, when they made US\$414 million. The average price for residential properties also increased by 26% over the same time, from US\$576,000 in 2022 to US\$724,000 in 2023, according to the government figures.

“While the quantitative impact of



cultural institutions on real estate values in Doha might vary, their overall contribution to making areas more attractive for high-end real estate investment is significant,” says Yerkozhanova. “The proximity to these institutions is more than a ‘nice to have,’ it is an asset to both the tangible and intangible value of luxury real estate in the city.”

## Mexico City

It sometimes feels impossible to open Instagram without spotting swoon-inducing images of lush, plant-filled living spaces outfitted with cutting-edge interior design and art in Mexico City. The country’s capital is clearly on a hot streak, infusing yet more verve into its already robust art and design scene.

The international clientele served by Mexico Sotheby’s International Realty agent Mirari García Alcocer are drawn to Polanco, as well as the hip hubs of Colonia Roma and La Condesa. “In Polanco you have shops, entertainment, theaters, and a lot of affluence,” she says. It’s near the city center but offers a breather from the intensity of Centro Histórico. García Alcocer points to the prestigious, leafy Polanco streets of Campos Eliseos and Rubén Darío as commanding the highest sales figures, ranging from US\$836 to US\$1,114 per square foot in 2024, given their proximity to Chapultepec Park, the National Museum of Anthropology and the Museo Tamayo of contemporary art.

Two attention-grabbing newer attractions—the Museo Soumaya, which houses billionaire Carlos Slim’s extensive collections of art and antiquities, and the Museo Jumex, a wide-ranging collection of contemporary art—are about 3km away in what has been dubbed Nuevo Polanco. With recent figures hovering at approximately US\$275 per square foot in 2024, properties in this up-and-coming area don’t command as high a price just yet, and so pose appealing investment potential,

García Alcocer says.

She believes these major cultural institutions have enhanced Mexico City’s appeal, as has the burgeoning art gallery cluster in San Miguel Chapultepec. “For some people, nearby cultural landmarks are a significant factor that can influence their choice of neighborhood or property. For others, they are viewed as desirable amenities within a wider urban ecosystem.”

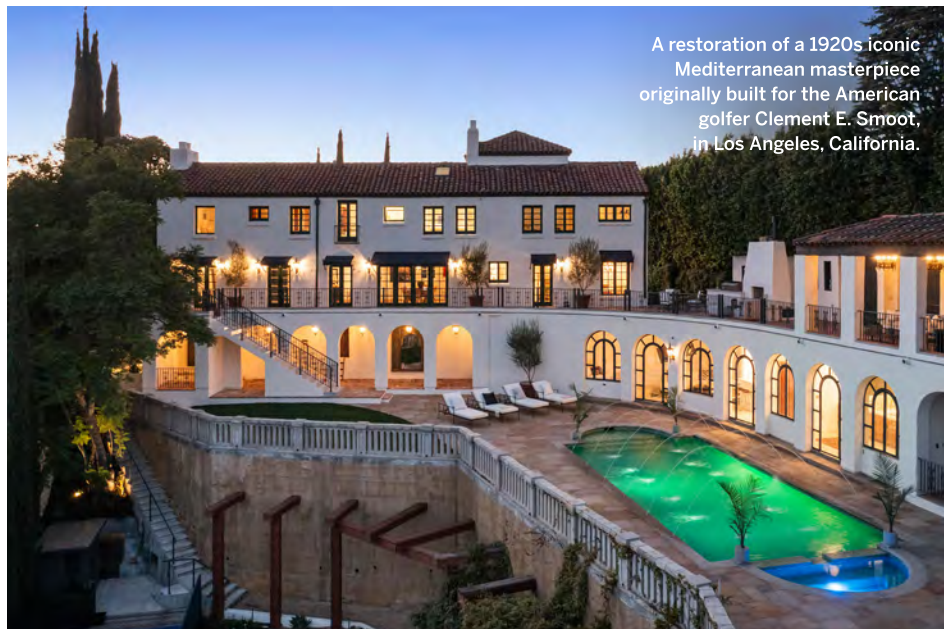
## Singapore

Global finance and cultural heritage thrive side-by-side in the carefully planned capital of the city-state. The future seems to have already arrived at cutting-edge sites such as the Marina Bay Sands resort, Marina Bay Financial Centre, and within the horticultural splendor of the Gardens by the Bay nature park—which is part of Singapore’s signature “garden city” vision of sustainability through livable density, first introduced by Prime Minister Lee Kuan Yew in 1967. Today, almost 50% of the city is

devoted to green space, according to the government, and its ambitious Green Plan aims to make 80% of Singapore’s existing buildings eco-friendly by 2030.

Meanwhile, in the Civic District, prioritizing adaptive reuse and sensitive conversions have ushered in new chapters for the former City Hall and Supreme Court, which have been transformed into the National Gallery Singapore. In 2004, the Old Parliament House, built in 1827 and one of the oldest buildings in the city, became The Arts House, a venue for exhibitions and concerts. Similarly, Gillman Barracks is a cluster of contemporary arts organizations housed in a former military barracks that was built in 1936.

New projects include a Singapore outpost of Japan’s Whitestone Gallery and the New Art Museum Singapore, which share a 20,000 square feet building designed by architect Kengo Kuma—the largest art space in Southeast Asia, according to the organizers. Kuma is also co-designing a new Founders’ Memorial in the Bay East Garden with



A restoration of a 1920s iconic Mediterranean masterpiece originally built for the American golfer Clement E. Smoot, in Los Angeles, California.



the local firm K2LD Architects, which is due to be completed in 2028.

Culture is an important pillar of society for the Singaporean government, which released an updated Heritage Plan in July 2023. According to the report, the country's National Heritage Board, "recognizes the economic potential of heritage and aims to use it in order to invigorate Singapore's cultural industries and boost our cultural capital both at home and abroad."

Nancy Tey, senior associate vice president, List Sotheby's International Realty, Singapore, says recent government efforts to incentivize more housing construction in Singapore's Financial District means "it remains vibrant and lively at night and on weekends." She adds that "there is a strong rental market in the city, as expatriates prefer to live close to their place of work and to places of interest and entertainment."

While the price of private housing in Singapore is closely regulated through government policy to maintain stability, says Lewis Cha, executive director, List Sotheby's International Realty, Singapore, "connectivity to amenities—whether cultural or commercial—would tend to increase the appeal and value of well-constructed residences that are within proximity." This may be why prices for private homes in Singapore have steadily risen in recent years, climbing by 1.5% in the first quarter of 2024, compared with the previous three months, according to estimates released by the country's Urban Redevelopment Authority.

## Hong Kong

As Art Basel, Art Central, and Sotheby's Hong Kong Sales converge at the Convention and Exhibition Centre every spring, the city experiences an invigorating charge. This energy, however, isn't limited to one particular season. May Teng, business development manager, List Sotheby's

International Realty, Hong Kong, says momentum has been building as "blue-chip galleries and new auction houses open in landmark locations."

This year, Sotheby's auction house in Hong Kong will move to a new headquarters at Six Pacific Place and open a 24,000 square foot maison at Landmark Chater. The West Kowloon Cultural District is already solidly on the map, with the ambitious M+ museum, which opened in 2021, and the new Hong Kong Palace Museum.

Teng cites strong interest in the Harbourside towers in West Kowloon as an example of how proximity to a cultural and business hub drives up prices. During the first quarter of 2024, the building marked a record sale at over US\$13.5 million, Teng says, translating to more than US\$7,700 per square foot, while the average transaction for the three-tower complex constructed above Kowloon Station lands at around US\$4,300 per square foot.

The city's recently changed fiscal policy is another key factor. In February 2024, says Teng, the Hong Kong government "scrapped all 'property cooling measures' with immediate effect." This means that three separate stamp duties levied on property sales have been abolished. "We welcome all international buyers to invest in property in Hong Kong, including global art collectors and investors who value international opportunities, luxury, art, and lifestyle," she adds.

## Los Angeles

"For high-net-worth buyers, the world's playground is in Los Angeles. Three hundred days a year we have beautiful weather," says Marc Noah, real estate advisor, Sotheby's International Realty - Beverly Hills Brokerage. In recent years, Los Angeles has also become a cultural metropolis, with the arrival of the Frieze





This custom-built Texas residence is a masterpiece of architectural ingenuity and meticulous planning.





A New York City townhouse with an inspired contemporary design in the heart of Chelsea.





art fair in 2019 boosting the development of the gallery scene.

In the Mid-City area, a much-anticipated building designed by Peter Zumthor to house the David Geffen Galleries of the Los Angeles County Museum of Art (LACMA) is slated to open later this year. This will join the museum's existing buildings by Renzo Piano, the Italian architect who has also made a significant imprint next door at the Academy Museum of Motion Pictures, which debuted in 2021.

LACMA's permanent public art installations, including Chris Burden's "Urban Light," 2008, which the Los Angeles Times has called one of the "city's most popular landmarks and tourist attractions," have already transformed the foot traffic in the area, making the stretch of Wilshire a regular stop for visitors and Instagrammers.

In a decentralized city such as LA, the presence of these institutions and other destinations, such as the Getty Center in West LA and Downtown's Broad Museum and the Museum of Contemporary Art, help to anchor their neighborhoods, attract visitors, and nourish the general cultural climate. "Downtown has changed because of cultural districts, and MoCA has been there 30-plus years now," Payne of AEA Consulting observes about LA. "Disney Hall and the Broad opened and that's created some changes to the environment there."

Noah still sees the highest demand for luxury properties in the famed 90210 Beverly Hills zip code, where the average price per square foot is US\$1,487, compared to a city-wide average

of US\$718, according to Realtor.com. He says that living near LACMA and the Petersen Automotive Museum in communities such as historic Hancock Park and Beverly Grove "is a benefit buyers get, but it's not the only driving force." He adds: "You get a great neighborhood, walkability, and a convenience factor."

## Dallas

Covering 118 acres of downtown Dallas, the Dallas Arts District is the largest contiguous urban arts district in the nation, according to the non-profit organization that manages its development. The district dates its foundation to 1984, when the Dallas Museum of Art opened its Edward Larrabee Barnes-designed building, and since then a number of significant cultural facilities have joined the neighborhood, including the AT&T Performing Arts Center, a US\$354 million campus that opened in 2009 and includes an opera house, a 12-story theater, a public park, and 2,500-seat outdoor performance space.

More recently, a number of luxury residential high-rises have cropped up, such as Museum Tower, which was exclusively represented by Briggs Freeman Sotheby's International Realty. The company is also the exclusive brokerage for the Hall Arts Residences, a 28-story tower overlooking the Dallas Arts District that includes just 49 luxury homes, including three penthouse apartments.

"Hall Arts Residences has—quite literally—pushed the height of luxury to new levels in the Dallas condominium market,"

says Kyle Richards, real estate advisor, Briggs Freeman Sotheby's International Realty. "It is also the first building in Dallas to achieve across-the-board sales at more than US\$1,100 per square foot, during phase one of the project. The newly unveiled Masterpiece Collection—the last new homes available, on floors 20 through 25—is averaging more than US\$1,300 per square foot.

Two full-floor, custom-designed penthouses are being offered at an average of more than US\$2,500 per square foot."

Comparatively, the average asking price for a condominium tower apartment in Dallas is US\$560 per square foot, Richards says, and the average sold price is US\$460 per square foot. "The average sales price for all condominium sales activity in Dallas County is US\$300 per square foot," Richards says. "That goes to show the importance of putting an emphasis on services, amenities and quality finishes in a superior location, such as the Dallas Arts District."

As these locations show, cities shape their inhabitants, and vice versa. This reciprocity can reach its most dynamic potential when eager audiences have easy access to forward-thinking institutions, which in turn become part of the fabric of everyday life. That's artful living, indeed.



# HAMMER *time*

## Sotheby's Concierge Auctions accelerates the way luxury properties are bought and sold

Some have probably never considered the possibility of selling their luxury real estate at auction. They may not even be aware that such an option exists, and could even be forgiven for thinking a property auction is not something one chooses but is forced to turn to following financial hardship. They would probably be surprised to learn that the average price for the top 10 properties sold through Sotheby's Concierge Auctions in 2023 was US\$18.2 million. The year before it was US\$20.3 million.

"It's a great way to arrive at market value," says Chad Roffers, co-founder and chief executive officer, Sotheby's Concierge Auctions. A case in point is the Southampton, New York property La Dune, which sold at auction for US\$88.48 million in March 2024. The historic estate on Gin Lane was once the most expensive listing in the Hamptons.

The first property to be sold live alongside art at Sotheby's, La Dune received bids from seven individuals

based in New York, Connecticut, Georgia, and the Caribbean, competing in the room and via telephone. A single buyer, based in New York, eventually secured the full property for more than twice his opening bid.

"Our partnership with Sotheby's Concierge Auctions is a great benefit for our clients," says Philip A. White Jr., president and chief executive officer, Sotheby's International Realty. "The buyer pool for luxury properties is small, so for sellers who want to move quickly, the auction route allows them to sell a property—anywhere in the world—in just five weeks. Using this approach, we can target buyers who have the means and interest in luxury properties, enabling them to achieve fair market value."

Indeed, one of the key takeaways from the Sotheby's Concierge Auctions' Luxury Home Index, last published in 2023, is that buyers looking for luxury properties are a select few, which means these homes can take longer

Highly revered as one of the most iconic estates in the Hamptons, La Dune sold at auction for US\$88.48 million.





This unique property in Oregon was sold via Sotheby's Concierge Auctions in May 2024.

“

IF THE PROPERTY HASN'T SOLD  
WITHIN 90 DAYS, THAT'S THE  
BEST TIME TO GET US INVOLVED

”

—  
CHAD ROFFERS, *founder and chief executive officer, Sotheby's Concierge Auctions*





to sell. "In our experience, if you don't sell your property within 90 days of it coming on the market, it's probably going to take you much longer," says Roffers, adding that in some cases that can mean as long as three years.

As part of the auction process, over a period of 35 days, Sotheby's Concierge Auctions usually fields nearly 500 inquiries per home listed for auction. This number is quickly winnowed down, and after 25-50 in-person visits to the property, each lot ends up with five to seven bidders, on average.

According to Frank Aazami, real estate associate, Russ Lyon Sotheby's International Realty in Arizona, the Sotheby's Concierge Auctions platform "expands the buyer pool for our sellers," and that when it comes to managing a diverse portfolio of luxury properties around the world, "expediency is crucial." Aazami adds that the auction format "allows us to move through the process efficiently." In September 2024, his firm is collaborating

with Sotheby's Concierge Auctions to offer a significant guard-gated residence in the exclusive Saguaro Forest Community of Desert Mountain, in Scottsdale, Arizona.

Luxury homes also tend to have less quantifiable features, such as bespoke architecture or customized amenities. "These are unique assets, but they can be difficult to price," Roffers says, "and you're looking for a very specific kind of buyer who doesn't always come along at the same time you are selling."

He adds that many buyers are shopping for a third or even fourth home, which means geography and the type of home ranks behind their first priority, which Roffers describes as "lifestyle." Sotheby's Concierge Auctions bidders can browse its properties and mentally picture the lifestyle they might pursue there.

"Maybe they want to spend time in a warm place on the beach, or maybe they want to buy in a city with all the attendant museums and culture. They are constantly



Highest Sotheby's International Realty properties sold at auction by year.



Far left: The Newton Baker House, previously owned by Jacqueline Kennedy Onassis, was auctioned by Sotheby's Concierge Auctions in 2023.



“

THE BUYER POOL FOR LUXURY PROPERTIES IS SMALL, SO FOR SELLERS WHO WANT TO MOVE QUICKLY, THE AUCTION ROUTE ALLOWS THEM TO SELL A PROPERTY—ANYWHERE IN THE WORLD—IN JUST FIVE WEEKS

”

—  
PHILIP A. WHITE, JR., *president and chief executive officer, Sotheby's International Realty*



This one-of-a-kind, architect-designed home in California is majestically perched in one of the most exclusive neighborhoods in Palos Verdes Estates, with the most coveted view in the entire South Bay.



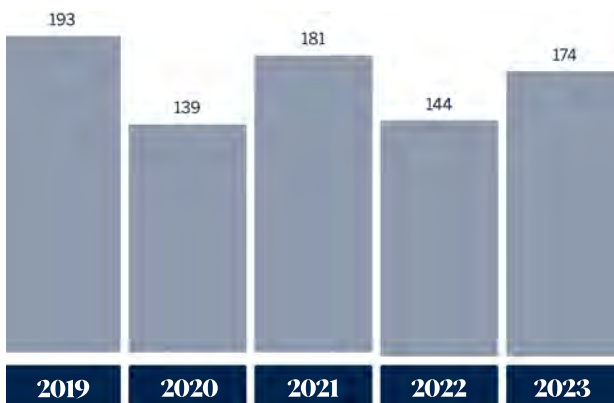
on the lookout for unique situations," Roffers says. "We auction exceptional properties in interesting communities. Moreover, buyers get the opportunity to pay a truly market-driven price."

This could mean that a person bidding on a Hamptons compound might not have even been shopping for a beach house when they checked out Sotheby's Concierge Auctions. "We just sold a property in the ski resort of Vail for US\$20 million," says Roffers. "The buyer also spent US\$3.5 million with us on a house in Texas." Roffers estimates that three out of 10 bidders have not seen the property they are bidding on. They might have sent a representative to examine it before the auction but have not necessarily stepped through the front door until move-in day.

Most of the company's auctions take place online, but there have also been live components at the headquarters of Sotheby's auction house in New York, London, and Hong Kong, which is exciting to witness. "I remember one person was there in the room and she had her paddle raised the whole time," Roffers says. "She was on the gas out of the gate and didn't stop until she won."

Roffers emphasizes that Sotheby's Concierge Auctions is a good choice for a broad range of sellers. "The main thing I'd tell sellers is the sooner they decide to use us the better," he says. "If the property hasn't sold within 90 days, that's the best time to get us involved."

### Number of properties sold through Sotheby's Concierge Auctions each year.



### Above and beyond at auction

The spectacle of the auction room has been known to give rise to a competitive spirit among potential buyers. For example, according to a 2022 study shared by the American Economic Association of bidding behavior at housing auctions in Norway, researchers found that "competition is associated with higher sale prices, shorter bid deadlines, shorter intervals between subsequent bids, smaller bid increments, shorter time-on-market, and a higher sell-ask spread. Moreover, bidders who are unsuccessful in earlier auctions tend to increase their maximum bid as the number of unsuccessful attempts increases."

At times, this aggressive atmosphere can push hammer prices above the original asking price. Below is a list of properties recently sold by Sotheby's International Realty at auction that surpassed their list prices. (Source: Sotheby's Concierge Auctions.)



#### 1106 Palmer Avenue, Winter Park, FL 32789

**Sold on:** February 21, 2024  
**List price:** US\$3,595,000  
**Sold price:** US\$3,696,000  
**Increase:** 2.8%  
**Days on the market:** 928  
**Number of bidders:** 8  
**Bidder locations:** Florida, Texas

#### 444 Sidney Baker St S, Kerrville, TX 78028

**Sold on:** March 18, 2022  
**List price:** US\$3,800,000  
**Sold price:** US\$4,648,000  
**Increase:** 22.3%  
**Days on the market:** 1,536  
**Number of bidders:** 14  
**Bidder locations:** Texas, Iowa, New York, California, Missouri

#### 1133 14th Street #2350, Denver, CO 80202

**Sold on:** February 27, 2017  
**List price:** US\$1,800,000  
**Sold price:** US\$1,864,800  
**Increase:** 3.6%  
**Days on the market:** 130  
**Number of bidders:** 7  
**Bidder locations:** Texas, Colorado, Florida



# PICTURE *perfect*

## Well-chosen art can enhance the value of your home

The relationship between high art and noteworthy buildings is as old as civilization itself: think of the celebrated sculptures that once adorned the exterior of the Parthenon in Athens, or Michelangelo's magnificent ceiling frescoes for the Sistine Chapel in Rome. And when it comes to residential properties, nothing enhances an extraordinary home like a carefully crafted art collection. Virtually every cover story in *Architectural Digest* illustrates this point: important paintings hanging on the walls of a Park Avenue apartment or a French Riviera mansion signify beauty, taste, and style, elevating the perceived value of a home.

Art's power to enhance an extraordinary residence has been proven again and again over decades of high-profile sales, in which Sotheby's International Realty offered the homes of collectors whose art was also brought to auction through Sotheby's. A few cases in point: in 2013, the Modern art collection of Alex and Elisabeth Lewyt, headlined by a rare Paul Cézanne still-life, sold for a total of US\$99 million across 23 auctions in New York and Paris, far above the presale estimate. Likewise, their New York townhouse, sold by Meredyth Hull Smith, senior global real estate advisor and associate broker, Sotheby's International Realty - East Side Manhattan Brokerage, achieved US\$8 million, while their Sands Point Long Island estate, represented by Daniel Gale Sotheby's International Realty went for US\$17 million.

That same year, Jack Cotton Jr., real estate advisor, Sotheby's International Realty - Osterville Brokerage, sold Rachel Lambert "Bunny" Mellon's Cape Cod estate for a record US\$19.5 million. Mellon was one of the greatest art collectors and philanthropists in the U.S., and a sale of "masterworks" from her collection at Sotheby's created a sensation in November 2014, when the single-owner auction flew past its estimate to bring in a total of US\$159 million, while her jewelry achieved US\$45 million, more than doubling expectations.

We continue to see the marriage of art and real estate in today's homes. Michael Carucci, executive vice president, Gibson Sotheby's International Realty in Boston, Massachusetts, credits "the fusion of fine art and luxury real estate" as central to his success in selling some of the most valuable properties in New England. "It is very typical for owners of homes worth US\$10 million and higher to be collectors," Carucci says.

He often invites artists to show their work in properties he is representing, transforming residences into galleries. In 2020, he commissioned celebrated Boston artist Giovanni Decunto to create a suite of paintings for One Dalton Four Seasons Private Residences; the eventual purchaser of the US\$7.2 million apartment fell in love with the paintings and bought them as well. Carucci is currently offering a US\$10.9 million Boston penthouse at 1 Franklin Street; its owner

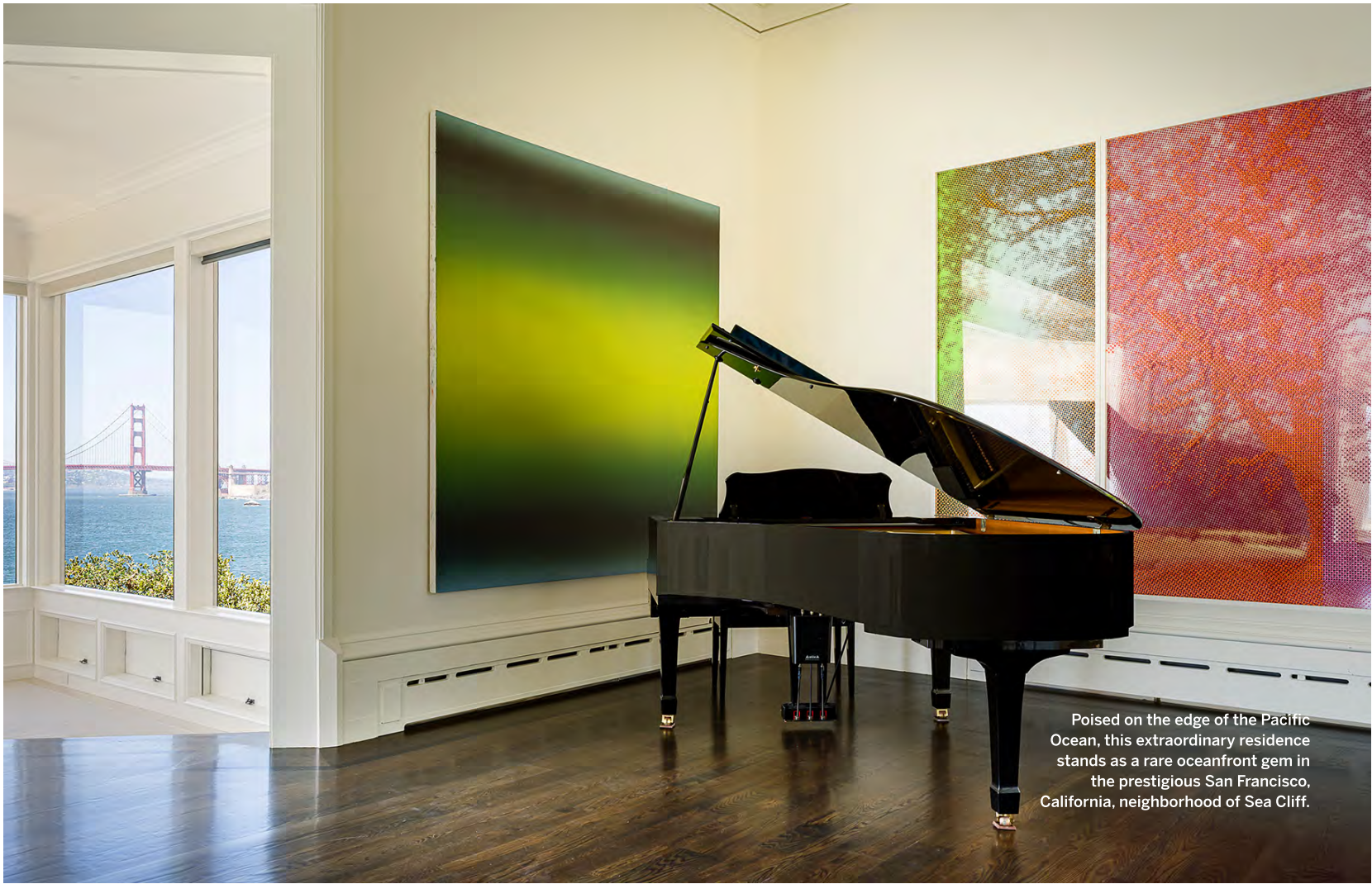
is a well-known mega-collector, which has already sparked high buyer interest.

Like Carucci, Tania Toubba, real estate advisor, Sotheby's International Realty - San Francisco Brokerage, recognizes the uncanny power of art to sell a home. "There is no better way to create environments that resonate with discerning buyers than to showcase a carefully curated art collection," says Toubba. She is currently offering a sensational 8,000 square foot oceanfront residence in the Sea Cliff neighborhood of San Francisco, California, priced at US\$26 million.

To show the house to its best advantage, she brought in artist Paul Rusconi to curate a collection of paintings, sculptures, and works on paper by blue chip masters including Robert Rauschenberg, Elaine de Kooning, John Chamberlain, and Damien Hirst. The launch event was treated like a gallery opening, attracting top-tier brokers, architects, designers, and builders. "It was a bold move that paid off," says Toubba. "Our guests were blown away. The profound reaction to the installation affirmed that individuals develop a deeper emotional connection to a property when showcased with art."

While finding the perfect luxury home can be time-consuming, buyers have a plethora of publicly available sales data to help them assess the particular market they are interested in. When it comes to high-end art, however, the market is famously one that is closely guarded, with fewer data sets available to the public,





Poised on the edge of the Pacific Ocean, this extraordinary residence stands as a rare oceanfront gem in the prestigious San Francisco, California, neighborhood of Sea Cliff.





global art market totaled US\$65 billion in 2023. This figure, which includes sales at auction and through galleries, is slightly below 2022, but still above pre-pandemic levels. The U.S. remains the largest market for art in the world, accounting for 42% of all sales (US\$27.2 billion). For the first time, China surpassed the U.K., becoming the second biggest national market; a 9% year-on-year increase brought that country's total sales to US\$12.2 billion. The report credits post-Covid demand and the return of art fairs to Hong Kong as fueling that dramatic growth.

Sotheby's auction house has seen participation in auctions grow substantially since the start of the pandemic, largely due to the rise of online auctions and an increased focus on digital marketing. Year-end statistics show that the number of bidders increased 28% from pre-pandemic levels, in 2019. Last year saw an astonishing 11% growth in bidders from 2022, of which 44% were new customers. To meet increased demand, Sotheby's now mounts 25% more auctions than in 2019, and offers many more items estimated at less than US\$10,000. Interestingly, the luxury categories—watches, jewelry, and wine—fueled much of this growth and are now the biggest entry point for people interested in trying out the auction experience.

When buying real estate, the old maxim is that location is everything. For art, it is artists who power the market, and the most recent Sotheby's Insight Report, published by the auction house in March and December 2023, identifies the 50 most bankable. While it is impossible to predict the future of the market with certainty, works by these artists have proven to be the most coveted over the past five years, and thus the most likely to maintain or increase in demand. All artists included in the top 50 today were born in the 19th and 20th centuries. Here are a few key takeaways for those considering investing in the high end of the art market.

“

IT IS VERY TYPICAL FOR OWNERS OF HOMES WORTH US\$10 MILLION AND HIGHER TO BE COLLECTORS

”

— MICHAEL CARUCCI,  
*executive vice president,  
Gibson Sotheby's International Realty  
in Boston, Massachusetts*

which has given rise to an industry of advisers, dealers, and other experts. For the uninitiated, entry into this world can feel daunting. Fortunately, a handful of publicly available art market reports provide hard data and important context that can be helpful for anyone contemplating the purchase of investment-grade art.

Foremost is the annual Art Basel and UBS Global Art Market Report. The latest edition, released in March 2024, provides the broadest assessment of the current global art market and is considered the most reliable. According to the report, the



## The Five: Picasso, Monet, Warhol, Basquiat, and Richter

The art market is a pyramid, with tens of thousands of artists at the base whose prices are extremely affordable but aren't likely to increase in value. The top end is much more selective: fewer than 900 artists have sold works at auction for more than US\$1 million over the past five years, and just five account for a third of the total market during this period. Pablo Picasso, Claude Monet, Andy Warhol, Jean-Michel Basquiat, and Gerhard Richter never go out of style. The first four are among the few whose individual works have surpassed US\$100 million at auction.

## Women ascendant

For most of recorded history, women were prohibited from becoming artists, and the few who overcame these restrictions were either ignored or relegated to second-class status, with little institutional support. As a result, they are underrepresented in museum collections, and were rarely the

subject of career-making exhibitions. That is starting to change, as major museums focus more curatorial attention on female artists from all periods and the auction market realizes their potential. Leading the pack is the Abstract Expressionist Joan Mitchell, the first woman to break the US\$10 million barrier at auction. She ranks at 17 in the top 50 by total sales, followed by Yayoi Kusama at 19, British painter Cecily Brown at 39, and Helen Frankenthaler at 47. Women have made tremendous gains in the market, but with just five represented in the top 50, there is still a long way to go.

## A new generation

The fastest-growing segment at the upper end of the fine-art market is dominated by young artists, which the report defines as those born in 1977 or later. Romanian artist Adrian Ghenie and Canadian Matthew Wong, who died at age 35 in 2019, both made it into the top 50, but several up-and-coming artists, notably 34-year-old British Flora Yukhnovich and 41-year-old Nigerian Njideka Akunyili Crosby, have injected excitement into the market, with rising prices resulting from the surge in demand.

## Asian opportunities

Works by several Chinese painters, including Zao Wou-Ki, Zhang Daqian (a protean figure who is often compared to Picasso), Sanyu, and Liu Ye, are among the most valuable in the world, but these artists are little known outside of their home country and their markets have generally been limited to buyers within China. Given the depth and quality of their work, it seems only a matter of time before the rest of the collecting world catches up. By contrast, Japanese artists Yayoi Kusama and Yoshitomo Nara have international followings: in fact, Kusama's star keeps rising, perhaps because her recognizable art has become central to Louis Vuitton's international advertising campaigns.

As with real estate, the fine art market experiences ups and downs. Education is key to understanding the market, and there are now more resources than ever before to judge its value. But regardless of its investment potential, great art has an uncanny ability to elevate a home—and add immeasurable pleasure to the lives of its occupants.

### Top 5 US\$1 million+ artists by value 2018-2023 (H1).

Source: Sotheby's Insight Report: The Artists Who Power The \$1 Million+ Market.

Rank	Value of lots sold	Number of lots sold
1. Pablo Picasso (1881-1973)	US\$2,467,417,757	278
2. Claude Monet (1840-1926)	US\$1,506,471,768	96
3. Jean-Michel Basquiat (1960-88)	US\$1,247,628,262	117
4. Andy Warhol (1928-87)	US\$1,164,438,003	148
5. Gerhard Richter (b.1932)	US\$849,834,052	107



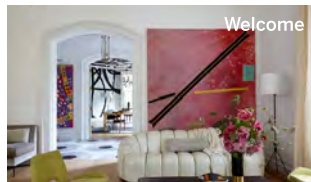
# Property Index

Prices are rounded, and accurate as of June 2024.  
All are subject to change and currency fluctuations.



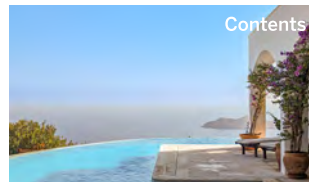
Cover

**Miami, Florida**  
**US\$47 million**  
ONE  
Sotheby's International Realty



Welcome

**Palisades, New York**  
**US\$28.5 million (ID: SXXTTX)**  
Ellis  
Sotheby's International Realty



Contents

**Ibiza, Spain**  
**Price upon request (ID: 5P8YRP)**  
Ibiza  
Sotheby's International Realty



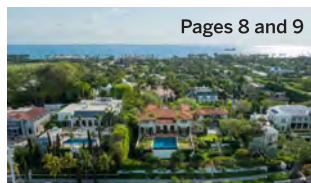
Contents

**Telluride, Colorado**  
**US\$21 million (ID: 5PHJBB)**  
LIV  
Sotheby's International Realty



Contents

**Hillsborough, California**  
**SOLD**  
Golden Gate  
Sotheby's International Realty



Pages 8 and 9

**Palm Beach, Florida**  
**SOLD**  
Sotheby's International Realty -  
Palm Beach Brokerage



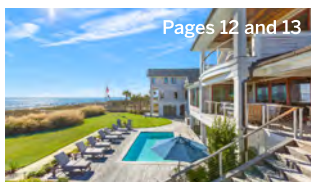
Page 10

**Locust Valley, New York**  
**US\$28 million (ID: G5B4HT)**  
Daniel Gale  
Sotheby's International Realty



Page 11

**Kamas, Utah**  
**US\$17.495 million (ID: LQEQCN)**  
Summit  
Sotheby's International Realty



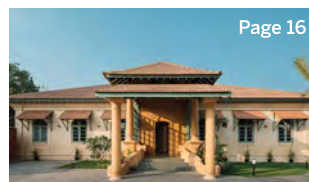
Pages 12 and 13

**Kure Beach, North Carolina**  
**SOLD**  
Landmark  
Sotheby's International Realty



Page 15

**Washington, D.C.**  
**SOLD**  
TTR  
Sotheby's International Realty



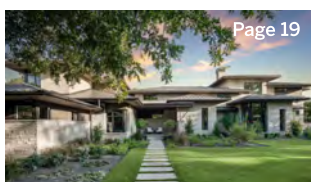
Page 16

**Goa, India**  
**Price upon request (ID: 3RR7FZ)**  
India  
Sotheby's International Realty



Page 17

**London, England**  
**£65 million (ID: LW8ZVN)**  
United Kingdom  
Sotheby's International Realty



Page 19

**Austin, Texas**  
**US\$17.5 million (ID: 5QXB6F)**  
Kuper  
Sotheby's International Realty



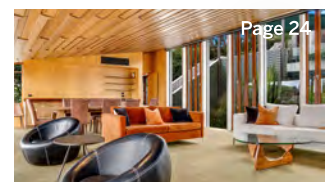
Page 20

**Healdsburg, California**  
**US\$15.9 million (ID: N36QTP)**  
Sotheby's International Realty -  
San Francisco Brokerage



Page 23

**Chicago, Illinois**  
**US\$9.75 million (ID: TXTB76)**  
Jameson  
Sotheby's International Realty



Page 24

**Auckland, New Zealand**  
**Price upon request (ID: Q6F8VS)**  
New Zealand  
Sotheby's International Realty

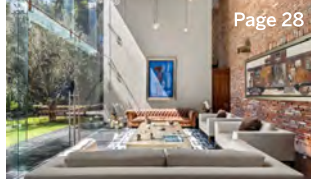


## Mid-Year Luxury Outlook 2024



Page 27

**Key Biscayne, Florida**  
**US\$37.5 million (ID: 5W5LC8)**  
 ONE  
 Sotheby's International Realty



Page 28

**Mexico City, Mexico**  
**US\$4.675 million (ID: KT3VG9)**  
 Mexico  
 Sotheby's International Realty



Page 29

**Los Angeles, California**  
**US\$6.695 million (ID: CFEQF5)**  
 Sotheby's International Realty -  
 Los Feliz Brokerage



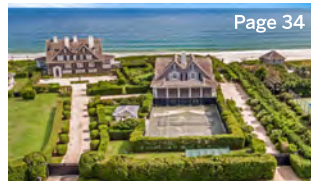
Pages 30 and 31

**Highland Park, Texas**  
**US\$14.9 million (ID: 7BCJJT)**  
 Briggs Freeman  
 Sotheby's International Realty



Page 32

**New York, NY**  
**US\$17.5 million (ID: 8VP2TH)**  
 Sotheby's International Realty -  
 Downtown Manhattan Brokerage



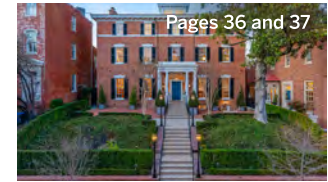
Page 34

**Southampton, New York**  
**SOLD**  
 Sotheby's International Realty -  
 Southampton Brokerage



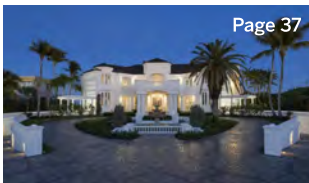
Page 35

**Cloverdale, Oregon**  
**SOLD**  
 Cascade Hasson  
 Sotheby's International Realty



Pages 36 and 37

**Washington, D.C.**  
**SOLD**  
 TTR  
 Sotheby's International Realty



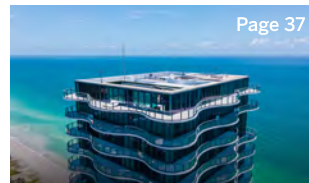
Page 37

**Vero Beach, Florida**  
**SOLD**  
 ONE  
 Sotheby's International Realty



Page 37

**Jackson Hole, Wyoming**  
**SOLD**  
 Jackson Hole  
 Sotheby's International Realty



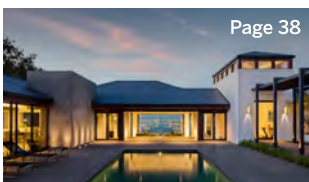
Page 37

**Sunny Isles Beach, Florida**  
**SOLD**  
 ONE  
 Sotheby's International Realty



Page 37

**Thousand Oaks, California**  
**SOLD**  
 Sotheby's International Realty -  
 Westlake Village Brokerage



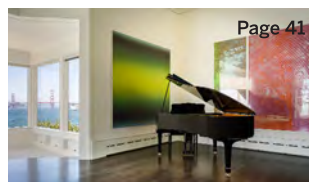
Page 38

**Palos Verdes Estates, California**  
**US\$11.999 million (ID: LQHXY4)**  
 Vista  
 Sotheby's International Realty



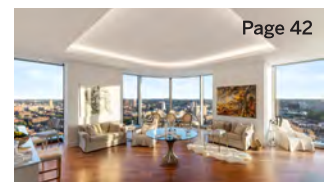
Page 39

**Winter Park, Florida**  
**SOLD**  
 Premier  
 Sotheby's International Realty



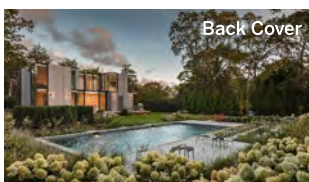
Page 41

**San Francisco, California**  
**US\$26 million (ID: 4F2VVK)**  
 Sotheby's International Realty -  
 San Francisco Brokerage



Page 42

**Boston, Massachusetts**  
**SOLD**  
 Gibson  
 Sotheby's International Realty



Back Cover

**East Hampton, New York**  
**US\$11.995 million (ID: 2GVDQW)**  
 Sotheby's International Realty -  
 Bridgehampton Brokerage

**Find out more about the homes  
 in this report at [sothebysrealty.com](https://sothebysrealty.com)**





Aspen  
Snowmass

**Sotheby's**  
INTERNATIONAL REALTY

© 2024 Sotheby's International Realty. All Rights Reserved. Sotheby's International Realty® is a registered trademark and used with permission. Each Sotheby's International Realty office is independently owned and operated, except those operated by Sotheby's International Realty, Inc. This material is based upon information which we consider reliable but because it has been supplied by third parties, we cannot represent that it is accurate or complete and it should not be relied upon as such. All offerings are subject to errors, omissions, changes including price or withdrawal without notice. If your property is listed with a real estate broker, please disregard. It is not our intention to solicit the offerings of other real estate brokers. We are happy to work with them and cooperate fully. Equal Housing Opportunity.