
PERSPECTIVES

BY FORBES GLOBAL PROPERTIES

An outlook on luxury real estate

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IS LUXURY



Bellona
Palm Beach, NSW, Australia
Private Property Global

LETTER FROM THE CHAIR AND CEO

Prime residential real estate continues to be an enormously attractive asset for the world's most affluent individuals. Despite inflationary pressures, stock market volatility, and geopolitical conflicts, luxury property markets remained resilient and have a strong outlook for 2023:

- The skyrocketing luxury real estate sales peak that occurred in many markets during 2021 has proven to be short-lived, with 2022 making a return to more steady price growth and a slowdown of transaction volume. However, prime property prices grew by 34% on average over the past five years in our studied markets worldwide.
- Exchange rate shifts, coupled with the slow post-pandemic return of foreign buyers, are impacting the ebb and flow of the global luxury markets, creating opportunities for some buyers and challenges for others.
- As lockdowns and Covid restrictions eased, affluent buyers have been looking beyond their walls, prioritizing outdoor spaces and access to lifestyle amenities as they often choose to vacation where they live.
- Record prices were achieved for trophy homes in 2022, led by billionaires on the Forbes 400 list. Despite ranking among the year's priciest sales, these transactions were typically no more than 1% of the buyers' overall net worth. The top 25 sales were clustered in 11 regions of the world, topped by South Florida, Hong Kong, and Los Angeles.

This report captures the collective wisdom and insights of our global network—over 13,000 agents operating out of 440 offices in 22 countries. The experts cited are leaders in their local real estate markets and are recognized authorities in the world of luxury real estate.

Our team is pleased to present these findings.



Co-Founder and Chair



Michael Jalbert
Chief Executive Officer



51-Acre Oceanfront Estate
Honouliuli, Big Island, Hawai'i
Hawai'i Life

Contents

I	Luxury Property Market Activity	2
II	Luxury Home Buyer Preferences	12
III	Trophy Sales in 2022	24
IV	International Buyers	34
V	2023 Outlook	42

LUXURY PROPERTY MARKET ACTIVITY

The global prime property market continued a rapid growth trajectory in early 2022 following a period of pandemic-era fueled price appreciation and booming sales. However, shifting macro economic factors in the second half of the year led to a slowdown in transaction volume across many luxury property markets. In turn, prices remained stable and, in many cases, higher than before. We explore the factors that influenced these shifts and which markets are bucking the global trend.

Luxury property sales stabilize following extraordinary post-pandemic growth

Skyrocketing home prices and record-breaking luxury sales volumes that captured headlines during the Covid pandemic were abated somewhat in 2022. Sales activity and price growth at the rates seen between late 2020 to early 2022 were not sustainable. After beginning 2022 at the same breakneck speeds that characterized 2021, volatile financial markets, rising inflation, limited housing supply, and economic and geopolitical uncertainty gave sellers and buyers reason to pause, causing luxury real estate transaction activity to ease.

Prime property sales in many markets across the globe began to slow in mid-2022, returning to the more normalized pace of prepandemic years.

In our study of 20 top primary and second-home markets across six countries, luxury property sales volumes spiked in 2021, growing on aggregate by 35% over 2017 figures. See Exhibit 1. Aggregate prime property sales volume in 2022 increased by 5% over the total

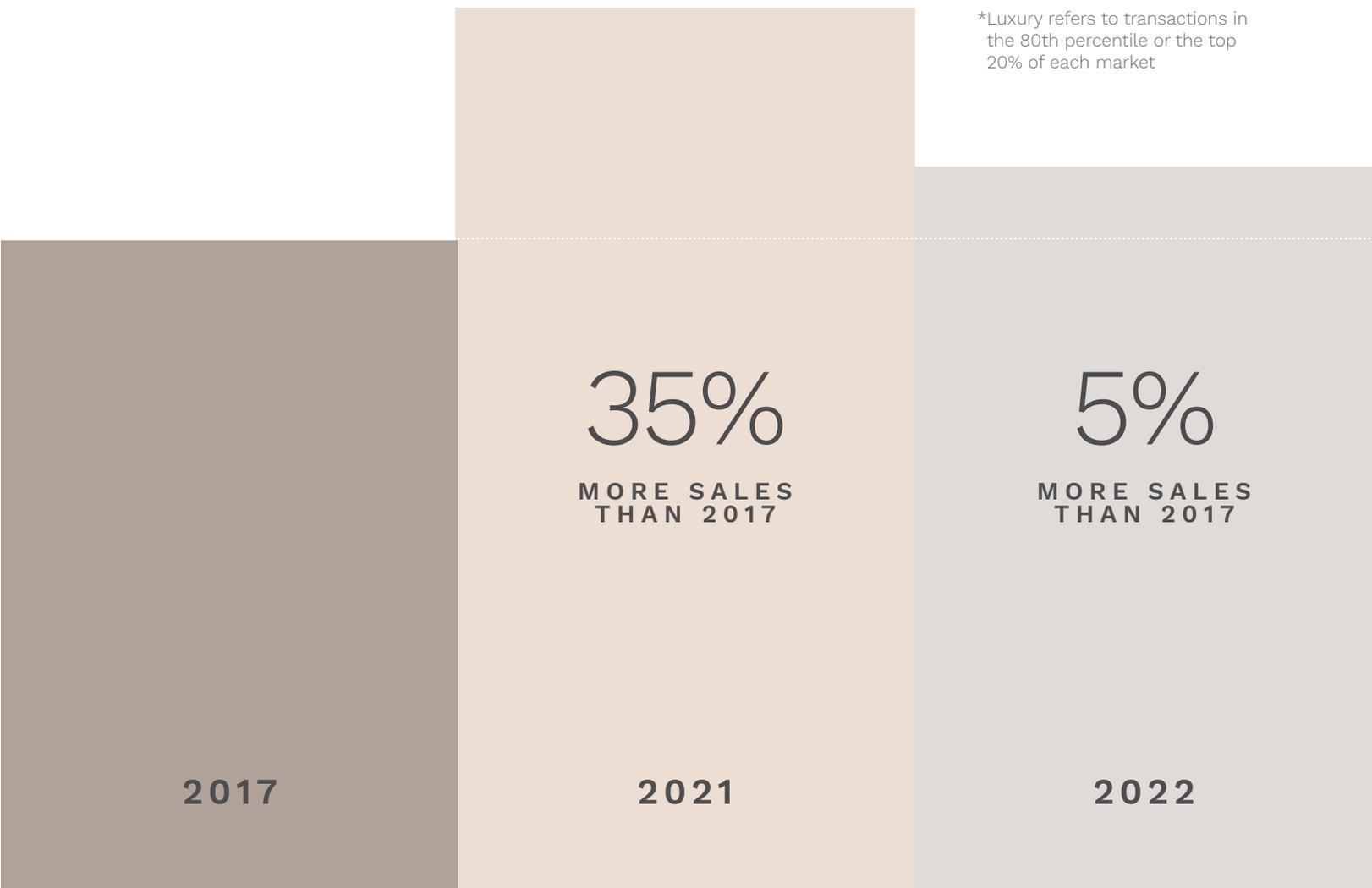
number transactions in 2017, a 20% decline over 2021.

“Buyers of luxury properties in 2022 watched their financial investment portfolio diminish, which created a cautious approach to purchase and many stayed on the sidelines,” said Andy Nelson of Willis Allen Real Estate in San Diego, California. “That has reduced the number of sales even though prices of those few sales have remained strong.”

EXHIBIT 1

Luxury Sales Skyrocketed in 2021, and Returned to Prepandemic Norms in 2022

Percent increase in aggregate number of luxury* residential sales across 20 top markets worldwide; Q1-Q3 2017, 2021, and 2022



Luxury Sales Prices Remain Stable in Most Markets... for Now

Many premier global centers—as well as prized second-home resort destinations—continue to command exceptional prices for prime property. Numerous markets, including the cities of Miami, Dubai, Melbourne and the states of Arizona, Massachusetts, and Utah, recorded their highest-ever priced residential transactions in 2022 as explored in Section III of this report.

Across our studied property markets, prices at the highest 20% of the market (the 80th percentile of closed transactions) saw significant price increases over a five-year period. On average, sales prices of luxury residences in 2022 were 34% higher than 2017. In 2021, sales prices were similarly high, and averaged 33% more than 2017 prices.

“The threat of higher interest rates and adjustments in the stock market began to erode buyer confidence and buying capacity.”

—*Terry Sprague of LUXE in Oregon*

“When it comes to the top end of the market, a lack of ultraluxury projects, compared to the overall supply in the mid to high-end of the market resulted in the price change.”

—*Hadi Hamra of Driven Properties in Dubai*

Comparing 2022 to 2021, 63% of our markets saw a year-over-year increase in prices. Thirty-seven percent of markets reported year-on-year price declines, but most decreases were modest, and none exceeded 15%.

For many real estate experts, realistic pricing became a key factor in successful transactions during the latter part of 2022. Early in the year, “the threat of higher interest rates and adjustments in the stock market began to erode buyer confidence and buying capacity,” observed Terry Sprague of LUXE in Oregon. “Sellers had to reduce their expectations of list price by 15 to 20% in order to motivate buyers to transact in this higher interest rate environment.” When sellers’ prices aligned with the new market expectations, demand remained strong and transactions occurred. “Updated, well-located properties that are priced in line with current market dynamics are still seeing a strong amount of demand,”

34%

AVERAGE 5-YEAR PRICE GROWTH
OF LUXURY RESIDENTIAL SALES
ACROSS 20 TOP MARKETS
WORLDWIDE, Q1-Q3, 2017-2022

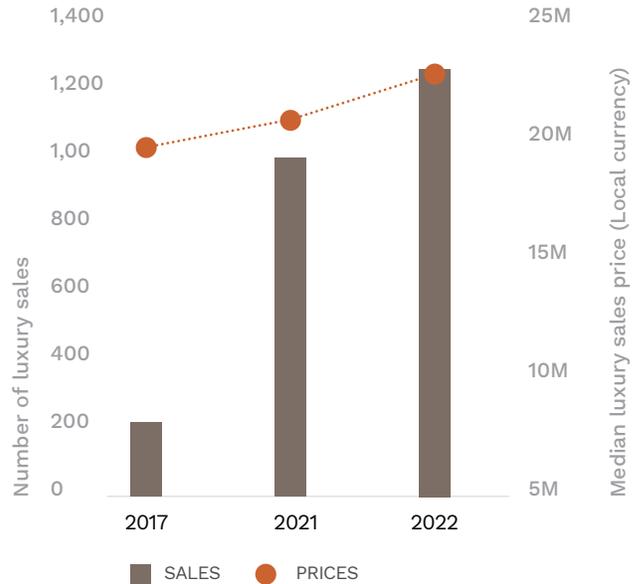
concluded Matt Fitzgerald of Slifer Smith & Frampton in Vail, Colorado. “Aspirationally priced homes are going to experience extended days on market.”

While most property markets studied reported a year-on-year contraction in sales volume and a slight increase or stabilization in luxury property prices, as seen by a sampling of markets in Exhibit 3, an example of a market that bucked the trend was Dubai. See Exhibit 2. Both prices and transactions increased in this vibrant city, exceeding 2021’s extraordinary peaks. This was driven by strong local economic factors and a shortage of supply. “When it comes to the top end of the market, a lack of ultraluxury projects, compared to the overall supply in the mid to high-end of the market resulted in the price change,” explained Hadi Hamra of Driven Properties. “The luxury segment outperformed all others significantly.”

EXHIBIT 2

Luxury Property Transactions and Sales Prices in Dubai

Q1-Q3 2017, 2021, and 2022



Six-Bedroom Residence at Jumeirah 3 Villas Dubai, United Arab Emirates Driven Properties

Luxury Remains Resilient, Especially Compared to the Overall Property Market

In general, luxury markets remain more immune to rising inflation than the overall housing market and affluent buyers are less susceptible to affordability and interest rate concerns impacting many housing markets worldwide.

“Resort properties in the Lake Tahoe region have outperformed relative to the overall market,” noted Jeff Brown of Tahoe Mountain Realty Tahoe-Truckee. Despite a slowdown in transactions last year, luxury property prices in the region continued to perform well, growing by 82% and 60% over 2017 levels in 2022 and 2021, respectively.

Affluent individuals typically expect the long-term capital values of a luxury property to increase due to scarcity of supply, location, and quality of lifestyle offerings. This still holds true, even in a high-interest rate environment, because affluent buyers rely less on credit, and their buying decisions are typically less sensitive to spikes in interest rates. Ken Jacobs of Private Property Global noted that “many of Sydney’s most expensive houses are purchased without the need for financing,” adding that when a mortgage is applied to the property it is usually only for tax implications or business reasons rather than any affordability issues. Buyers of prime property are instead more influenced by stock market changes and often finance purchases by leveraging their equities portfolio, meaning that a downturn in the stock markets can affect their mindset to buy property.

In some markets, financial volatility and lack of clarity around economic prospects has resulted in some prospective affluent individuals pausing on a potential property search. “We are seeing a lot of buyers, but also an almost equal amount of sellers sit on the sidelines until there is a clearer picture of when rates will level off and the impact on the economy as a whole,” said Barry Cohen of Barry Cohen Homes in Toronto. Cohen added that the luxury segment is not seeing prices decline as much as the market as a whole because of the lack of high-end homes available on the market.



Villa Katy
Porto Cervo, Sardinia, Italy
Rarex

“The resort properties in the Lake Tahoe region have seen outsized appreciation relative to the overall market.”

—*Jeff Brown of Tahoe Mountain Realty in California*





Inventory Constraints Hampering Growth Underpin Luxury Home Pricing

Like the case of Dubai, many developed economies are still grappling with a significant shortage of housing stock at all price levels. The United States is lacking at least 3.8 million homes according to [Freddie Mac](#). [The Canadian Mortgage and Housing Corporation](#) said that Canada will need another 3.5 million homes by 2030 if construction continues at its current rate. New Covid-related supply chain challenges and labor shortages slowed home building in numerous markets globally in 2020-2022. In Australia, the number of new dwellings in the 12 months prior to June 2022 dropped by 18.6% compared to the full year to June 2019 before Covid, according to the [Australian Housing and Urban Research Institute](#).

These inventory constraints, while causing affordability issues at the lower and middle pricing tiers of the market, have underpinned price growth at the top-end of many property markets. “Lack of quality inventory and the onset of the Covid pandemic appear to have had a significant play in sales volume and prices,” said Dr. Lora Higdon of Autograph in Michigan’s lakefront shorefront resort regions, where luxury sales prices spiked in 2021.

While priorities and motivations of high-net-worth individuals (HNWIs) and ultra-high-net-worth individuals (UHNWIs) individuals may have shifted, the preference for ownership has not. “Even though most high-end properties are purchased without financing, HNW buyers are certainly aware of the inflationary impact



on the value of cash,” notes Krista Klees of Slifer Smith & Frampton in Aspen, Colorado. “Better to invest in a tangible asset that can generate family memories and experiences than watch cash erode at an annual rate year-to-date of 8.2% due to soaring inflation.” Joshua Miller of OKAY.com in Hong Kong concurred: “As is often the case in times of uncertainty, there has been a “flight to quality” in real estate. The stock market downturn may also be leading buyers to seek refuge in real estate as a more stable investment, particularly if there are concerns of higher inflation in the near-to-medium term.”

Across the globe, affluent individuals continue to look beyond the short-term turbulence and focus on future opportunities, and con-

tinue to seek out luxury property purchases as safe and secure storage for their wealth. Despite substantial headwinds facing the global economy, several factors—including limited supply, demand fueled by currency fluctuations, and investors seeking returns—have prevented a more severe market slowdown for luxury property markets.

“Better to invest in a tangible asset that can generate family memories and experiences than watching cash erode at an annual rate year-to-date of 8.2% due to soaring inflation.”

—*Krista Klees of Slifer Smith & Frampton in Colorado*



EXHIBIT 3

Luxury Property Transactions and Sales Prices in Select Markets Over 5 Years

Left axis reflects total luxury real estate sales, Q1-Q3. Right axis reflects median sales price for luxury homes in local currency, Q3



|| LUXURY HOME BUYER PREFERENCES

The features and amenities desired most by affluent individuals across the globe for a luxury property purchase are always evolving, especially in today's post-pandemic world. From the collective insights and experiences of our real estate specialists across 20 countries, we have crafted a snapshot of top luxury home buyer preferences. This is what luxury is today....

What Luxury Home Buyers Are Looking for Today

In the post-pandemic world, luxury homes are expected to have amenities that cater to the changing needs and preferences of HNW and UHNW individuals. Along with the traditional must-have amenities, such as the latest smart-home technology and spa-like bathrooms, several features have become increasingly popular, including dual home offices, private pools and cutting-edge kitchens. Outdoor living spaces and proximity to lifestyle activities are top requests, illustrating the reassessment of buyer priorities over the last three years.

“Due to Covid, buyers have been demanding more physical interior space and private outdoor space,” observed Michael Rossi of Elegran Real Estate in New York City. “Some new developments of late have been building private resident pools



and tennis courts as part of an expanding array of amenities. Some buildings have even developed a few apartments with private pools on expansive terraces.”

The past three years have been one of the most historically notable periods for the luxury real estate market. The pandemic, followed by the 2022 post-Covid period, has had a massive impact on the amenities that luxury buyers not only want in a home but truly need to maintain their lifestyles.

All of these amenities are the epitome of luxury and exclusivity, making them ideal for

homeowners who desire the best in terms of comfort and style, especially in the new normal of the post-Covid world.

To understand the preferences of today’s luxury buyers better and to help potential sellers understand key features in lifestyle markets, we surveyed experts from Forbes Global Properties member brokerages and asked them to share luxury home-buyer priorities in their respective property markets. The following are the top five ranked priorities for luxury homebuyers today.

What Are Luxury Home Buyers Prioritizing?

Top-ranked amenities and features for luxury home buyers, according to a survey of Forbes Global Properties member brokerages worldwide, November 2022

1 Outdoor Space (gardens, terraces)

As lockdowns and Covid restrictions have eased across the globe, expansive indoor spaces are no longer the number one priority for affluent homebuyers. Outdoor spaces, especially covered outdoor entertaining areas, are in high demand.

Last year's rank: #5 (tie)

2 Proximity to Lifestyle Amenities (e.g. ski access, beach)

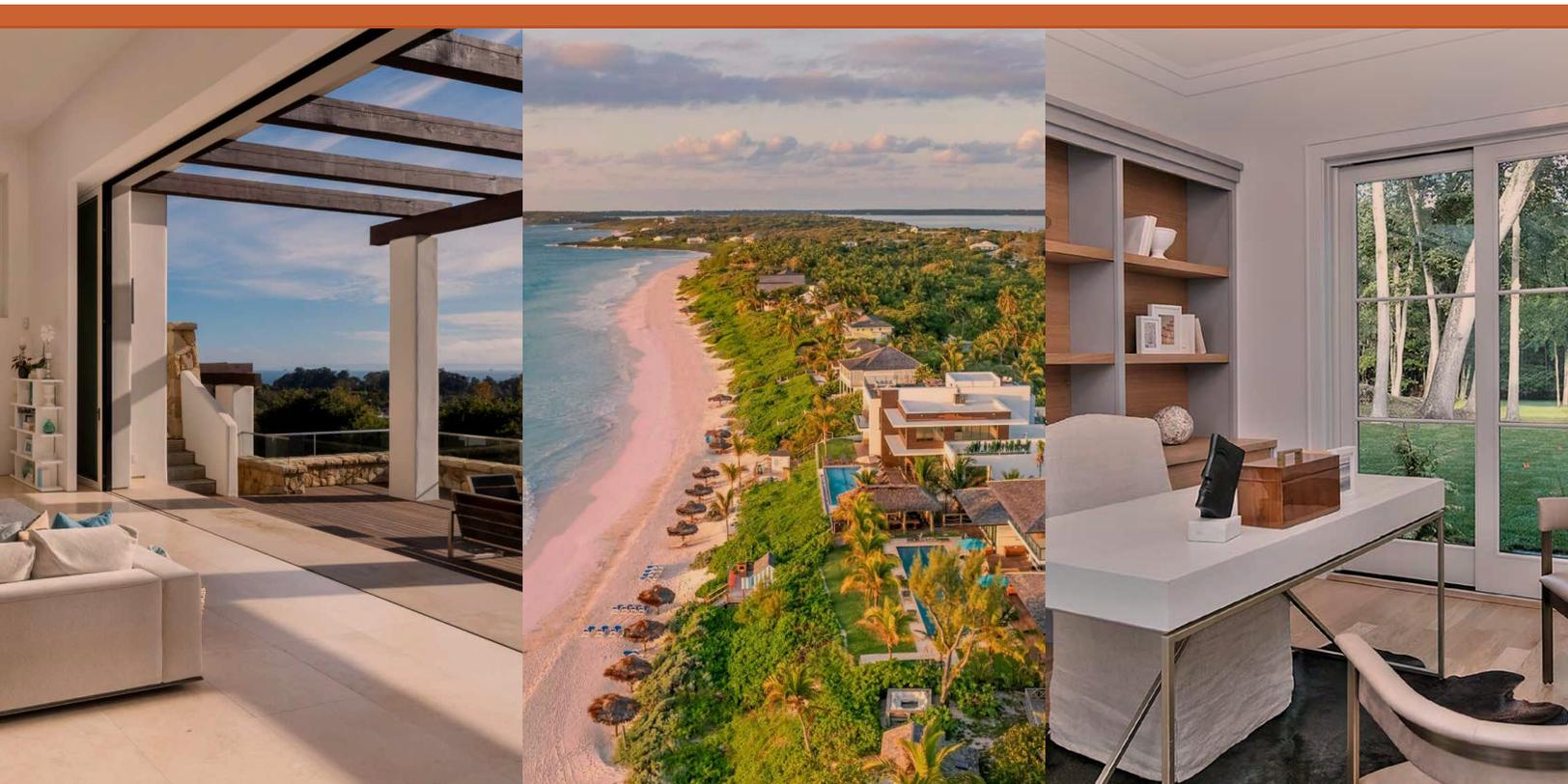
Homebuyers are seeking access to lifestyle amenities beyond their homes. Amenitized communities and buildings are a high priority for buyers today.

Last year's rank: N/A (new)

3 Multiple Home Offices (2+)*

A dedicated home office is no longer adequate. Buyers are looking for multiple home offices to accommodate several family members working or studying remotely.

Last year's rank: N/A (new)



* TIED IN THIRD PLACE

3 More Space*

Hosting and entertaining are back: Buyers are looking for extra space, additional bedrooms, plus large multifunction rooms and other entertaining amenities to host guests.

Last year's rank: #1

.....

4 Pool/Private Fitness

Private pools, especially in new residential developments, are exceptionally popular with buyers today. Even more prized: pools — on a private terrace or balcony — with views.

Last year's rank: #5 (tie)

.....

5 Gourmet/Large Kitchens

Expansive and upgraded kitchens with top-tier appliances are in high demand by today's luxury homebuyers across the globe.

Last year's rank: N/A (new)

.....





1 Outdoor Space

Outdoor space ranked as the number one amenity for affluent home buyers today, according to a survey of Forbes Global Properties member brokerages across 20 countries. Outdoor living spaces, such as decks, patios, and landscaped gardens are increasingly important for buyers as they provide a safe and private area for socializing and relaxation, as well as opportunities for enjoying nature and improving physical and mental health. According to Terry Sprague of Oregon-based LUXE, “In the last three years, the term, ‘vacation where you live’ has been a common description of the most popular homes with yards for entertaining and covered outdoor amenities.”

More outdoor space also means the addition of high-end recreational amenities, which can potentially add value to a home. “Now, more than ever, buyers are wanting outdoor spaces and lifestyle amenities,” said Barak Sky of [Long & Foster Real Estate](#) in Washington, D.C. “Since

the pandemic began everyone seems to want pools, patios, putting greens and anything else you can imagine.”

The preference for outdoor spaces was also reported by experts in prized European second-home destinations. In the Italian resort town of Costa Smeralda, Fernando Velez of [RAREX](#) noted: “Compared to five years ago, our clients today are seeking properties with large outdoor spaces, and exceptional privacy.” Similarly in Sweden, “affluent buyers are prioritizing luxury homes with expansive outdoor areas and mature gardens, for privacy and entertaining purposes,” said Beqo Hoti of [Shaza Luxury Real Estate](#).

“Since the pandemic began, everyone seems to want pools, patios, putting greens, and anything else you can imagine.”

—*Barak Sky of Long & Foster Real Estate in Washington, D.C.*

2 Proximity to Lifestyle Amenities

It's been said that "location is everything," and this adage has rarely been truer than it is today. It's no surprise that Forbes Global Properties members ranked proximity to local lifestyle amenities as the second most important feature for luxury buyers today. From being close to the beach, golf courses or cultural facilities, such as theaters, it's clear that prime property purchasers desire convenience in the activities they enjoy.

This point was illustrated by TD Smith of [Telluride Real Estate Corp.](#) in Colorado's Rocky Mountains who explained that the influx of new buyers to the Telluride region want to be close as possible to the area's most desirable lifestyle amenities. "The Telluride market has been positively influenced by buyers seeking mountain properties as an escape from the pandemic," he noted. "Homes with convenient ski access remain in exceptionally high demand."

"Luxury home buyers want to be close to the action while still maintaining privacy," said Antonio Ribes Bas of Rimontgó in Jávea, Costa Blanca, Spain. "Sea views are exceptionally important for our buyers, but they also want to live in a location with a sense of security and privacy."

"Homes with convenient ski access remain in exceptionally high demand."

—*TD Smith of Telluride Real Estate Corp. in Colorado*



La Palmeraie Villa Two
Harbour Island, Bahamas
MAISON Bahamas

3* Multiple Home Offices

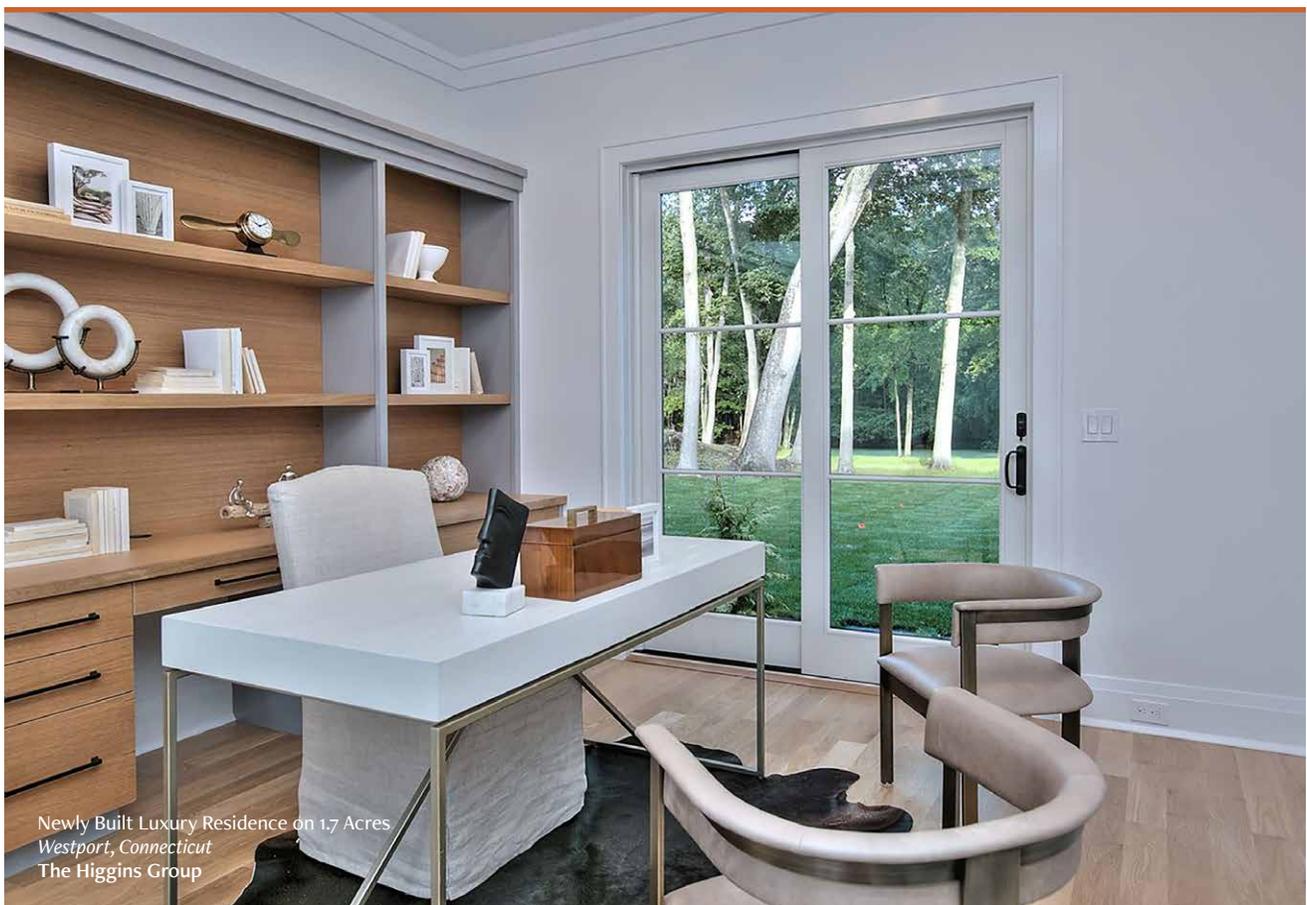
Tied for third place with more space are luxury residences that can facilitate multiple home offices. “Luxury properties have historically offered a single home office. But today’s affluent buyers respond to multiple, dedicated spaces that accommodate more than one working family member,” explained Ben Kruger of [Hilton & Hyland](#) in Los Angeles. “While this amenity may fall lower on a homebuyer wish list than more obvious features like outdoor space, multiple home offices stand to significantly increase the quality of living for a household of working professionals.”

Developers are also onto this trend and building properties to accommodate families

where more than one person works from home. “Builders are keeping this buyer demand in mind when producing plans for spec or semi-custom homes and are more commonly including that in-demand office/flex space, or an extra bedroom that provides buyers with greater flexibility,” said Catie Ish of Barker Realty in Santa Fe, New Mexico.

“Luxury properties have historically offered a single home office. But today’s affluent buyers respond to multiple, dedicated spaces that accommodate more than one working family member”

—Ben Kruger of *Hilton & Hyland in California*



Newly Built Luxury Residence on 1.7 Acres
Westport, Connecticut
The Higgins Group

* TIED IN THIRD PLACE



3* More Space

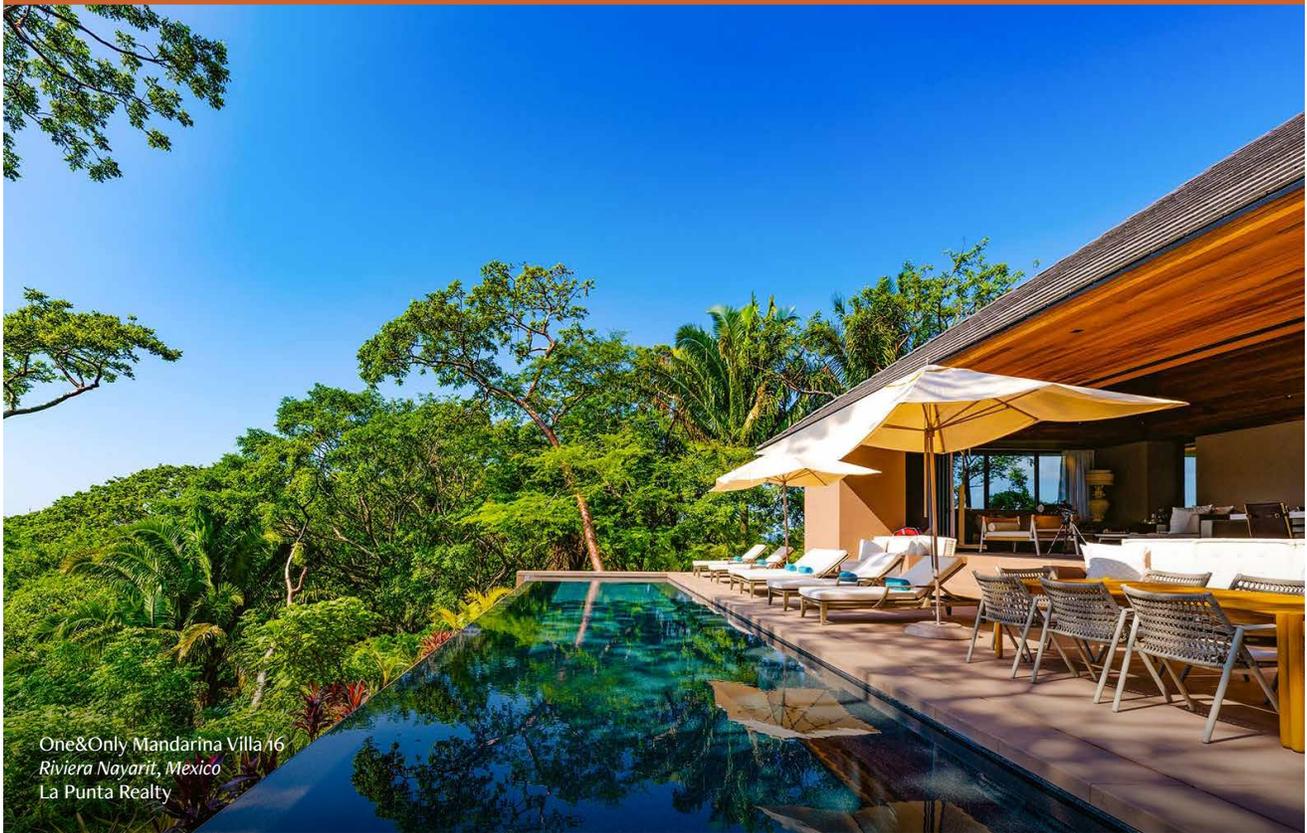
After being cooped up during the lockdowns, everyone became more aware of the limitations of the square footage in their current homes, making it easy to understand why more space was the third most prioritized feature for homebuyers, according to Forbes Global Properties members. Expansive living spaces are highly desirable features among UHNW homebuyers, particularly among buyers looking outside crowded metropolitan areas.

“Affluent buyers are prioritizing homes with more square footage than they had previously, often seeking out spacious homes with one or two areas to work remotely, room for a gym, a media area, and an inground pool.”

—*Vicki Gaily of Special Properties in New Jersey*

Vicki Gaily of Special Properties in Bergen County, New Jersey, observed that the size of the property is paramount for today’s post-pandemic buyers. “Affluent buyers are prioritizing homes with more square footage than they had previously, often seeking out spacious homes with one or two areas to work remotely, room for a gym, a media area, and an inground pool.”

Space was essential for the new mass influx of residents who moved to Texas during the pandemic, where, as locals say, “Everything is bigger.” [Teni Kalafian of Baker & Co.](#) in Houston observed: “Buyers coming from other states understand that double the square footage in their homes is achievable here, things that were not a factor a couple of years ago. Thought processes after Covid have changed. You’re going to have a much easier time finding your dream home in Texas.”



4 Pool/Fitness Space

Times have changed and pools have become a necessity, especially for families, which is why it is the fourth-most requested amenity by luxury homebuyers today. “Not too long ago, having a pool would make it harder to sell a house. Now, if you have a pool, you can expect the exact opposite,” said Barak Sky of Long & Foster. “People want to entertain at home and be able to have all the fun features they can do so and to make their friends and family want to come over. I don’t see this trend changing anytime soon.”

In ultraprime international markets, private swimming pools also increase the perceived value and appeal of a luxury property, making it more attractive to global UHNW buyers who are willing to pay a premium for such amenities. “We are seeing new projects that are offering private pools on the balconies, usually in penthouses. These units have been particularly popular and are the first to sell out,” observed Abdullah Alajaji of Driven Properties in Dubai.

“We are seeing new projects that are offering private pools on the balconies, usually in penthouses. These units have been particularly popular and are the first to sell out.”

—*Abdullah Alajaji of Driven Properties in Dubai*



Architecturally Significant
Estate on Stratheden Road
Toronto, Canada
Barry Cohen Homes

5 Gourmet/Large Kitchens

The fifth-most requested feature by luxury buyers is large or gourmet-style kitchens. “Luxury real estate buyers are seeking properties that offer both spacious indoor and outdoor living areas, with a seamless flow between the two,” said Paul Salazar of [Hilton & Hyland](#). “These buyers desire homes that feature gourmet kitchens with opulent marble islands that open to the living area, with large glass pocket sliders leading to a backyard oasis complete with a pool, outdoor chef’s kitchen, fire pit and other luxurious amenities.” Large kitchens facilitate informal entertaining and a relaxed atmosphere particularly desired in a post-Covid world.

“These buyers desire homes that feature gourmet kitchens with opulent marble islands that open to the living area, with large glass pocket sliders leading to a backyard oasis complete with a pool, outdoor chef’s kitchen, fire pit, and other luxurious amenities”

—Paul Salazar of
Hilton & Hyland in California

Other Amenities

An additional amenity that affluent buyers prioritized included an electric vehicle charging station. “An electric vehicle charger is an increasingly popular addition to many home garages, offering buyers the convenience of at-home charging,” said John Turpin of Turpin Realtors in North Central New Jersey. Ben Kruger of Hilton & Hyland in Los Angeles anticipates that “demand for this amenity will only increase in the coming years as luxury automakers transition away from gas-powered vehicles. Homeowners reluctant to complete this upgrade should secure estimates to help future buyers understand the cost and process of installation.”

Today’s affluent homebuyers are also seeking out contemporary finishes and fixtures. In Fairfield County, Connecticut, luxury home buyers are prioritizing “...more modern, sleek, white and gray finishes throughout their homes, more so than ever before,” said Richard Higgins of The Higgins Group.

Another increasingly sought-after amenity is security. Affluent homebuyers are prioritizing communities that offer additional levels of safety, explained Dale Sorensen Jr. of Dale Sorensen Real Estate in Vero Beach, Florida. “Homes within small towns and guard-gated communities are increasingly popular with luxury buyers on the Treasure Coast.” Leonard Rabinowitz of [Hilton & Hyland](#) concurred: “I’m seeing more interest in state-of-the-art smart home security systems, safe rooms, top-rated police in communities like Beverly Hills and even vertical living with a 24/7-staffed front desk.”

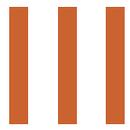


Stunning Five-Bedroom-Oceanfront Estate
Vero Beach, Florida
Dale Sorensen Real Estate

“An electric vehicle charger is an increasingly popular addition to many home garages, offering buyers the convenience of at-home charging.”

— *John Turpin of Turpin Realtors in New Jersey*





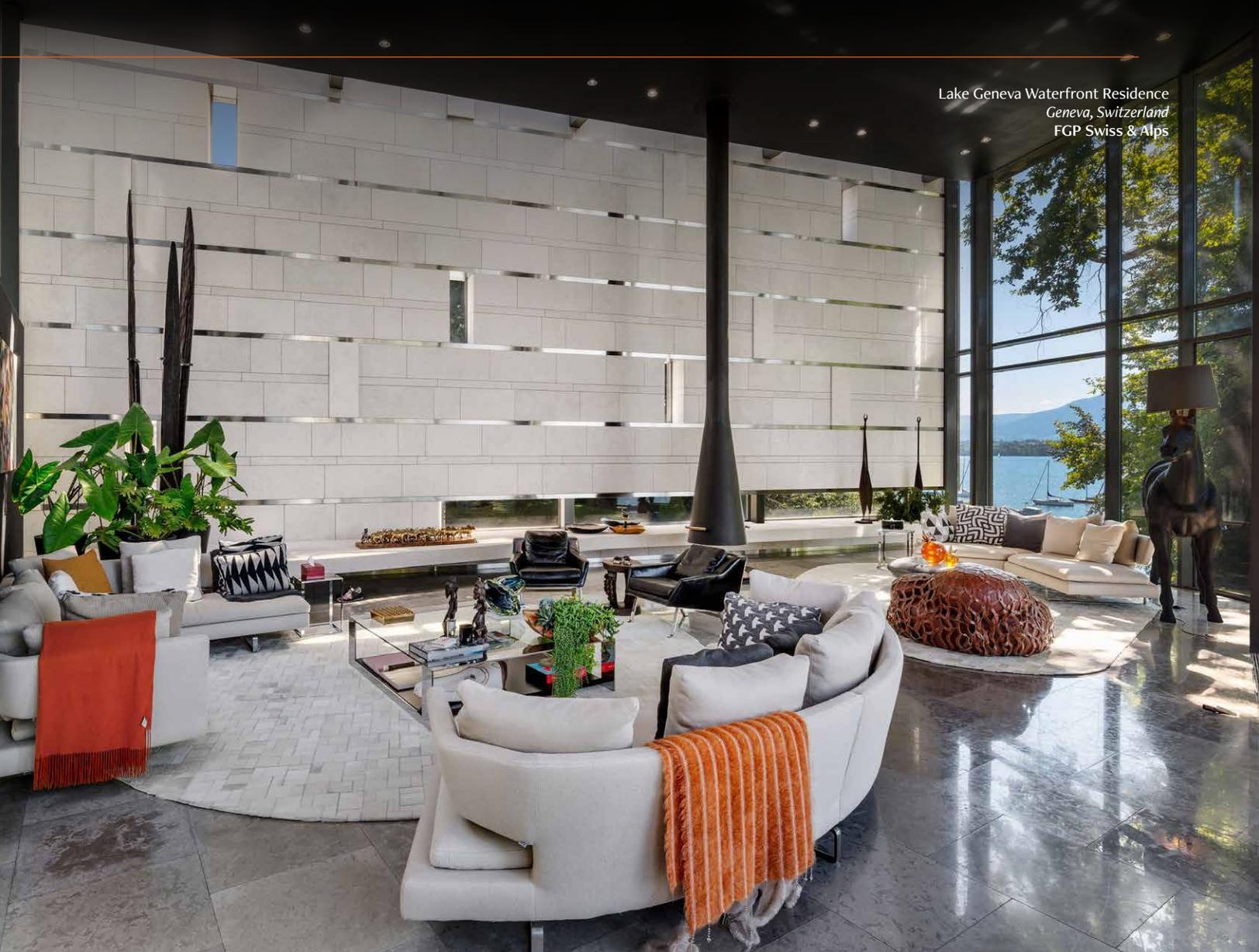
TROPHY SALES IN 2022

The ultrahigh end of the residential market established new price benchmarks in 2022 as the world's wealthiest individuals continued to seek out trophy property acquisitions as a safe and secure vehicle for building, maintaining, growing, and enjoying wealth. We examine where the top trophy home sales are taking place and who are the buyers behind these acquisitions.

Trophy Properties Sales Reach New Heights in 2022

Globally, the top-end of the luxury real estate market exhibited a strong number of high-priced sales, demonstrating continued confidence in the enduring value of ultraprime property. Despite recessionary fears, geopolitical volatility, and a financial market slowdown, the world's wealthiest continued to seek out trophy homes, and a significant number of residential sales records were shattered across the globe in 2022.

A study of the world's 100 highest priced real estate transactions from January–November 2022, revealed fascinating insights about the residential acquisitions and preferences of the world's wealthiest individuals—including how and where they are choosing to live, work and play. Of these top 100 sales, 58%



were in major global cities, and just over a third were in prized jet-set vacation destinations.

Prices at the apex of the property market are typically driven by the location, uniqueness, rarity, size, provenance, design, and quality of residential offering, as well as by fundamental supply and demand conditions that determine what the market will bear. Further analysis of the top 25 sales showed they ranged in price from US \$72 million to \$173 million (see Exhibits 4 and 5) and were clustered in 11 regions across the globe. South Florida recorded the highest number of sales in this

tranche in 2022, followed by Hong Kong and Los Angeles.

The aggregate value of the top 25 deals exceeded US \$2.57 billion and involved at least six members of the Forbes 400 list or their estates according to public reports. Except for a US \$120 million property purchase by Snapchat founder Evan Spiegel (#380 on the Forbes 400, approximately 4.3% of his estimated US \$2.8 billion net worth), Forbes 400 members who were involved with 2022's top residential deals spent no more than 1% of their net worth on these trophy home sales.

Crowning the most expensive real estate sales list in 2022 was [Florida's largest-ever residential sale](#): a 22-acre ocean-to-lake estate that sold for US \$173 million. Known as “Gemini,” the south of Palm Beach Manalapan compound included part of Bird Island.

Oracle co-founder [Larry Ellison](#) (#4 on the Forbes 400, US \$110.4 billion net worth) bought the property in June. The seller was a trust associated with Netscape co-founder [James](#)

[Clark](#) (#359 on the Forbes 400, US \$2.8 billion net worth). The transaction equated to a mere 0.17% of Ellison's net worth.

Further south, Miami cracked the US \$100 million mark for the first time with the [US \\$106.9 million sale of the Arsht Estate](#)—two homes set on four acres in Biscayne Bay. [Citadel founder and CEO Ken Griffin](#) (#21 on the Forbes 400, US \$32.4 billion net worth) bought the waterfront property in a deal that

SIGNIFICANT SALE: CHANGE OF HEART IN TELLURIDE

THE WHO: TD Smith of Telluride Real Estate Corp. in Telluride, Colorado.

THE WHAT: The seller of Berman Buckskin Ranch—a rustic 1,400-acre ranch set in Placerville, Colorado in the foothills of the San Miguel Mountains—was Lyle Berman, a professional poker player and business executive. The US \$24.5 million listing included a 32,000-square-foot equestrian center, a three-acre trout pond, and an eight-bedroom house built originally for Academy Award-winning director Oliver Stone. Months after listing the property, Berman decided to retain the home and 35 acres for his grandchildren and sell the remainder for US \$15 million. The transaction included a log cabin, a bunkhouse, and a vet hospital.

THE HOW: Berman's decision to keep a piece of the property delayed the closing by six months, said Smith. “There was a lot of complex documentation. Because he was carving out 35 acres, that all had to be surveyed, subdivided, and approved.” In addition to the house and land, a considerable amenities package was also agreed upon by both parties, allowing the family to continue accessing the property's various facilities. Smith added that the deal hinged on the rapport between buyer and seller. “It never would have worked unless the buyer loved Lyle. Thankfully, they got along well.”

Surrounded by federally controlled property, the Telluride Region is limited to roughly 14,000 private acres, making sizable parcels such as Berman Buckskin Ranch, an increasingly rare commodity, according to Smith. “It's this assurance of future controlled growth that positively drives the marketplace, both with regard to volume and value.”

comprised approximately 0.35% of Griffin's net worth.

Businesswoman and philanthropist [Adrienne Arsht](#) reportedly purchased the property for US \$4 million in 1996. The home sold in September, capturing a US \$100 million-plus gain for Arsht over 26 years of ownership. With this transaction, buyer Griffin bested the previous Miami sales record, which he also set: a US \$75 million Star Island home in Biscayne Bay purchased in 2021.

Across the pond in London, Indian gas businessman [Ajay Kalsi](#) paid nearly £130 (US \$158.7 million) for [stately 1820s row houses](#) that overlook Regent's Park. It was a rare sale located in London's prime West End within the chic Marylebone district.

London represented three of 2022's top 25 residential sales. In addition to the Kalsi purchase, an apartment sold at 5 Stanhope Gate for £60 million (US \$74.4 million) in late May, and a 12-bedroom house sold for £90



SIGNIFICANT SALE: NEW YORK CITY PENTHOUSE FIVE YEARS IN THE MAKING

THE WHO: Chris Fry of Elegran in New York City

THE WHAT: After seeing a pandemic-fueled exodus from many city-dwellers, Manhattan real estate bounced back with a smattering of landmark sales, including the purchase of two newly developed residences at the recently renovated Steinway Tower. Located in NYC's 'Billionaire's Row' near the southern end of Central Park, 111 West 57th Street underwent a renovation that included the addition of 60 luxury condominiums and 68 floors, making it the tallest residential building in the Western Hemisphere. An international buyer purchased two of these luxury residences for a combined US \$33.75 million.

THE HOW: Thanks to a connection with a developer, Fry was able to get his client, a wealthy Chinese venture capitalist, early access to purchase before the general brokerage community and the public in 2017. When the pandemic hit, construction came to a halt, beginning a string of obstacles that set the completion date back a few years. Despite these setbacks, Fry says his client was ultimately satisfied with their new homes. "It was a difficult process, but I was just trying to keep him pumped up about the properties because he knew that this was going to be one of the nicest buildings in Manhattan. Now that it's all done, he loves it."

A recent market report from Elegran noted that Manhattan's prices remained at prepandemic averages and that "NYC residential real estate would appear to be the new gold standard" as a method for capital appreciation by many of the world's wealthiest individuals.

million (US \$109 million) in central London’s Belgravia.

Four Hong Kong residences were counted among the top 25 sales of 2022. They topped out at HKD \$900 million (US \$114.9 million) for a unit in the mountainous residential area of Jardine’s Lookout in the Wan Chai District. Also significant in Hong Kong’s exclusive Shouson Hill neighborhood, breaking a

sales record for that area in June—a HKD \$870 million (US \$111 million) sale of a 8,032-square-foot home.

Forbes Global Properties members mastered several north of US \$50 million deals. Topping that list was the US \$126 million sale of Bel-Air’s messianically monikered “The One.” With a hefty bankruptcy auction fee, the price maxed out at US \$141 million, breaking the

SIGNIFICANT SALE: L.A.’S MOST PUBLICIZED PROPERTY



THE WHO: Stuart Vetterick of Hilton & Hyland in Beverly Hills, California

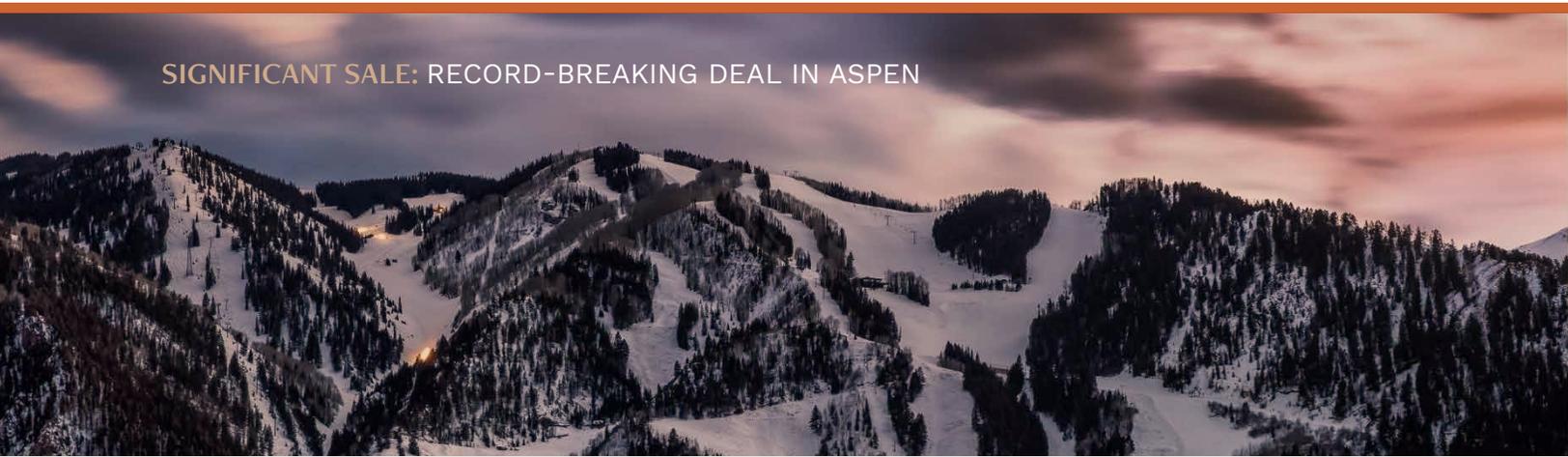
THE WHAT: Headlines surrounding the mega-mansion known as ‘The One’ started appearing years ago when developer Nile Niami began marketing the property at an astounding US \$500 million. Fast forward to March 2022, after consistent delays, construction challenges and a bankruptcy proceeding, the saga of “The One” ended when Fashion Nova founder Richard Saghian placed the winning bid of US \$126 million. At 105,000 square feet, the residence is considered the largest in Los Angeles and includes a 4,000 square foot guesthouse, a sky deck with cabanas, a nightclub, outdoor running track, and a moat.

THE HOW: Having spent time in investment banking, Vetterick was well-equipped to represent Saghian in this high-profile sale, which required sound analysis of risk and reward. In addition to his own expertise, Vetterick also credits Saghian’s, who, over the course of his four-and-a-half year home-search, morphed into something of a luxury real estate expert. “We visited over 75 properties and, in that time, I would say Richard has become one of the most educated high-end buyers out there.”

The sale, along with several other US \$50 million-plus transactions in the area, underscores the continued appetite for ultraluxe properties in Los Angeles. Looking to 2023, Vetterick says that prices should continue to crawl higher as city and county building regulations as well as the newly passed ULA Transfer Tax dwindle an already starved inventory. “The low inventory should push the market prices slightly up in 2023.”

record for an auction sale. [Stuart Vetterick](#) of Beverly Hills-based [Hilton & Hyland](#) co-represented the buyer, [Fashion Nova founder Richard Saghian](#)—a fan of the home’s architect, [Paul McLean](#). The 105,000-square-foot behemoth has 12 bedrooms and 42 bathrooms, panoramic ocean and mountain views, five pools, a 10,000-square-foot sky deck, a nightclub, and a wellness spa, among other amusements.

Forbes Global Properties members mastered several north of US \$50 million deals. Topping that list was the US \$126 million sale of Bel-Air’s messianically monikered “**The One.**”



SIGNIFICANT SALE: RECORD-BREAKING DEAL IN ASPEN

THE WHO: Liz Leeds of Slifer, Slifer Smith & Frampton in Aspen, Colorado

THE WHAT: With one client, Liz Leeds was able to facilitate the sale and purchase of two of Aspen’s most expensive homes. The first, a 16,700-square-foot mansion at the base of Aspen Mountain, was sold for US \$60 million. The seven-bedroom home, which features a golf simulator, a bowling alley and a turnstile garage, was initially not on the market. For their new home, Leeds’ client purchased a 15,000-square-foot residence for US \$51 million just a few miles away.

THE HOW: The sale of the mountainside estate was only considered after an unsolicited offer aligned with the owner’s minimum price. “It was definitely not a negotiation situation,” said Leeds. “My client said she would sell it for a certain amount and wasn’t interested in selling it for anything less. And so, we got a full-price offer.” The search and purchase of a new home for her client was done in congruence with the sale, a process that required thoughtful multitasking. “It was a juggling act. Everything was happening simultaneously and, in the end, they both closed within a day of each other.”

The two transactions that make up the US\$111 million trade are among several unsolicited offers in the tens of millions seen in Aspen over recent years. Opposing supply and demand factors will continue to fuel a seller’s market in 2023, noted Leeds. “Demand is still high so I expect to see the higher-end homes selling. Days on market may be longer but, ultimately, these properties will trade. While some sellers may be more motivated to sell, we are not at a point where a buyer is getting a real deal.”



Aspen Park Residence
Aspen, Colorado
Sold by Slifer Smith & Frampton Real Estate



In Aspen, Colorado, Liz Leeds of Slifer [Smith & Frampton](#) closed on one of the area's all-time top deals: a US [\\$60 million 16,700 square-foot 7-bedroom estate](#). "We got a full-price offer," Leeds [said last June](#). Leeds also facilitated her client's US \$51 million buy of a nearby property (Aspen Park), both properties closing within a day of each other.

In the United Arab Emirates, Lina Allaoa and Kianoush Darban of Driven Properties mastered the highest price per square foot ever paid for a property in Dubai. At about US \$3,440 per square foot, the sale was for a home in the Bulgari Resort and Residences, located on Jumeirah Bay Island.

Several other luxury real estate markets surpassed all-time local record prices in 2022, including:

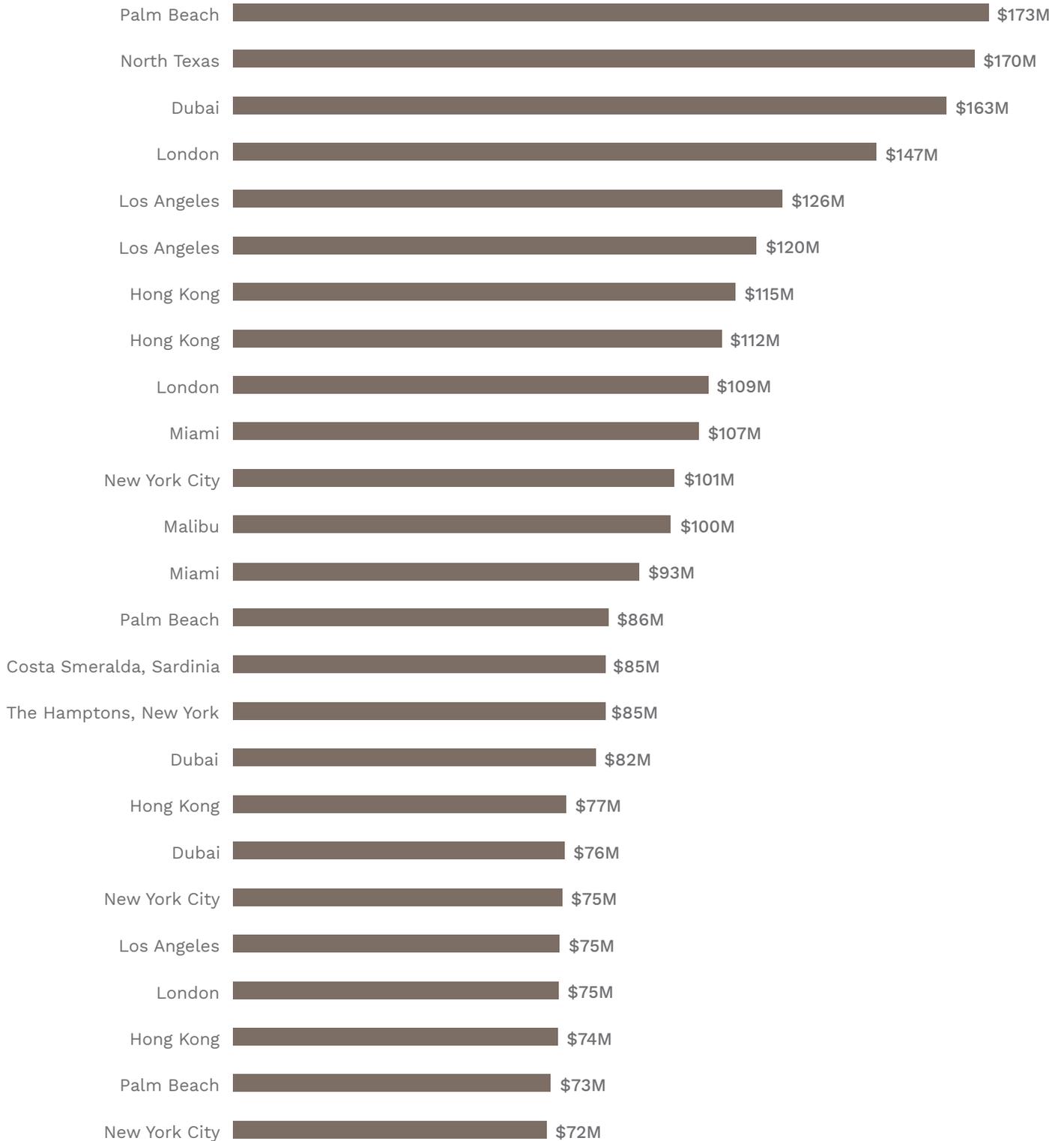
- An A\$80 million (US \$62.2 million) home in Melbourne's suburb of Toorak
- A US \$21 million home in Houston, Texas, modeled after an English estate
- A US [\\$28.1 million Scottsdale, Arizona property](#), pocketed by an international buyer
- [A US \\$70 million sale in the Hamptons](#), capturing the record for a nonwaterfront home
- A US \$37 million estate in Nantucket with adjacent parcels purchased by [John W. Henry](#) (#271 on the Forbes 400, US \$4 billion net worth), owner and publisher of The Boston Globe, and owner of the Boston Red Sox.

Well-priced trophy homes continued to command strong prices in the world's top destinations. These record-breaking sales are testament to the enduring popularity of luxury real estate as a safe storage of wealth and a preferred investment vehicle of global UHNWIs.

EXHIBIT 4

**Top 25 Prime Property
Sales Worldwide**

US\$, January 1 - November 30, 2022



Note: Limited to publicly reported residential transactions and sales data provided by Forbes Global Properties members

EXHIBIT 5

Locations With the Most Ultraprime Property Sales

#1 South Florida (5 sales)

#2 Hong Kong (4)
Los Angeles (4)

#3 Dubai (3)
London (3)
New York City (3)

Top 25 Sales Key Facts

\$2.57B

aggregate value
of all 25 sales

56%

of top sales
were in the US*

* Partly due to strength of USD, partly due to transparency of publicly available sales data
(i.e. some sales may have occurred in other parts of the world but were not publicly made available)

IV INTERNATIONAL LUXURY BUYERS

As much of the world opened in 2022 following two-plus years of pandemic restrictions, stories of wealthy overseas property buyers returning to prime property markets were noticeably absent from the headlines. We explore how exchange rate fluctuations, Covid travel restrictions, and the ongoing conflict in Ukraine has impacted the motivations and capabilities of potential buyers purchasing property abroad.

Are Foreign Buyers Back? The Post-pandemic Overseas Buyer Activity was Limited in 2022

Once a conspicuous force in many of the world's major cities, foreign buyers mostly disappeared from global prime property markets when the Covid pandemic shut down international travel in 2020. As restrictions lifted and economies started to recover in 2021-2022, overseas buyers began to return to many property markets, but in smaller numbers and with different priorities and challenges than before the pandemic.



Returning international buyers are being met with headwinds in some markets, particularly from governments seeking to control speculation and demand from overseas buyers. For instance, the Singaporean government increased the Additional Buyer's Stamp Duty for foreign buyers from 20% to 30%, and the Australian government doubled the fees required to be paid by overseas property investors.

Canada introduced a two-year national ban on overseas residential property buyers beginning in 2023. And while not directly targeting foreign buyers, a new tax for property transactions over US \$5 million in Los Angeles beginning in April 2023 will apply to overseas buyers.

International Buyer Sales Declined in Nearly Half of Luxury Markets

Based on a study of Forbes Global Properties members, nearly half (42%) of surveyed luxury property markets reported declines in the number of overseas buyers of luxury homes in 2022 compared to the same period five years ago (See Exhibits 6 and 7). Some of the sharpest drops in the numbers of foreign buyers were recorded in coastal and suburban areas of California, due in part to local Covid travel restrictions in China and other parts of Asia, according to the [National Association of Realtors](#). “There are significantly fewer overseas buyers in coastal Orange County due to Covid and those potential buyers not being able to move around,” said Mike Shapiro of EQTY in Newport Beach, California, noting that in 2017 approximately 30% of luxury buyers in the area were from abroad.

Potential homebuyers from Asia purchasing in the U.S. have been negatively impacted by

“There are significantly fewer overseas buyers in coastal Orange County due to Covid and those potential buyers not being able to move around”

—*Mike Shapiro of EQTY in California*

exchange rates, interest rates (both in their own countries and locally) and in some cases the ability to transfer funds to the United States, causing lower foreign investment in several regions across the globe than before Covid. “A much larger percentage of purchases were made by overseas buyers in 2017, especially those from China,” observed Jared Antin of Elegran Real Estate in New York City, where overseas buyers of luxury homes reached 20% in 2022, up from 10% in 2021, but still below the heights witnessed in the mid-late 2010s. Regulatory tightening in China and a strengthening US dollar has applied significant downward pressure on the overseas buyer segment of the market since 2017.

Second-home buying by overseas homebuyers reflected broader trends in tourism – travelers as well as luxury homebuyers were returning after the pandemic, albeit slowly. According to [Tourism Economics](#), a research firm, global outbound leisure spending won’t fully bounce

“We are seeing a return of the international buyer, with travel restrictions having eased from Covid and despite the strong dollar, buyers looking to diversify and purchase New York City real estate because it has a reputation of being incredibly stable and a hedge against inflation and geopolitical issues”

—*Jared Antin of Elegran
Real Estate in New York*

back until early 2024, exceeding 2019 levels by 21% in 2024 and then surging to 55% more than 2019 by 2026. Declines in travel during the pandemic had been a hindrance to cross-border real estate transactions, but perhaps more impactful in the behavior of overseas property buyers has been a shift away from globalization that began during the pandemic and came into full force with the advent of the first attack on a European sovereign nation in nearly 80 years. As BlackRock's CEO Larry Fink observed: "The world is undergoing a transformation... The Russian invasion of Ukraine has put an end to the globalization we have experienced over the last three decades."

International Home Buyers Have Returned in Nearly One-Third of Luxury Markets

Despite lower overall numbers of overseas buyers compared to five years ago, markets like New York City and Miami that have traditionally been hubs for international buyers saw a year-on-year uptick in foreign buyer interest in 2022 as compared to 2021 as the world began to reopen. Property in these markets have long-term appeal for risk-averse overseas buyers. "We are seeing a return of the international buyer, with travel restrictions having eased from Covid and despite the strong dollar, buyers looking to diversify and purchase New York City real estate because it has a reputation of being



13th Century Château
on over 162 acres
Haute-Savoie, France
Groupe Mercure

incredibly stable and a hedge against inflation and geopolitical issues,” added Antin in New York City. “Miami is no longer just a gateway to Latin America — it’s a gateway to the global community,” said Adam Kaufman of Legacy Development Sales & Marketing in Miami. “We’re seeing a surge in foreign buying activity from affluent individuals from diverse geographies who see South Florida luxury property as a safe and stable investment,” added Mark Pordes of Legacy Development Sales & Marketing.

Nearly a third of surveyed markets reported that the number of foreign buyers had

exceeded 2017 levels. In Dubai, foreigners grew to about 30% of luxury home buyers in 2022, due in part to the UAE’s new infrastructure, tax and investment opportunities, economic growth, as well as its dynamic approach to adapting immigration regulations to attract private wealth, capital, and talent. According to the latest [Henley Global Citizens Report](#), which monitors private wealth and investment migration trends worldwide, the UAE was on track to record the highest net influx of HNWI of any country in 2022. Regional instability and the war in Ukraine also played a key role in Dubai’s resurgent property market. “Russian

“We’re seeing a surge in foreign buying activity from affluent individuals from diverse geographies who see South Florida luxury property as a safe and stable investment.”

—*Mark Pordes of Legacy Development Sales & Marketing in Florida*



The Penthouse at Regalia
Miami, Florida
Legacy Development Sales & Marketing

buyers have always been present in Dubai. However, in 2022, we witnessed an increased number of them,” said Abdullah Alajaji of Driven Properties. The Henley Global Citizens Report supports this observation: Russia suffered the biggest emigration of millionaires, with forecast net outflows of 15,000 by the end of 2022 — a massive 15% of its HNWI population and 9,500 more than in 2019, pre-pandemic.

Twenty-six percent of our studied markets reported that the numbers of international buyers had almost returned to 2017 figures. In Australia’s most populous cities, Sydney

and Melbourne, international buyers began to trickle back to the market in the latter part of 2022, representing approximately 10% of buyers at the top end of the market compared to 5% in 2021. Ken Jacobs of Private Property Global in Australia provides a snapshot of current market dynamics: “We have experienced a short pause during the pandemic years of the normal volumes of new buyers from overseas — particularly, China, the USA and UK. This has undoubtedly changed in the second half of 2022 with noticeable new levels of interest from families seeking a luxury property in the Sydney and Melbourne marketplaces.”

EXHIBIT 6

“Have overseas luxury home buyer purchases increased or decreased in your market compared to 5 years ago?”

Q3 2017 vs Q3 2022; Trends in Forbes Global Properties member markets in 20 countries

▼
42%
DECREASED

—
32%

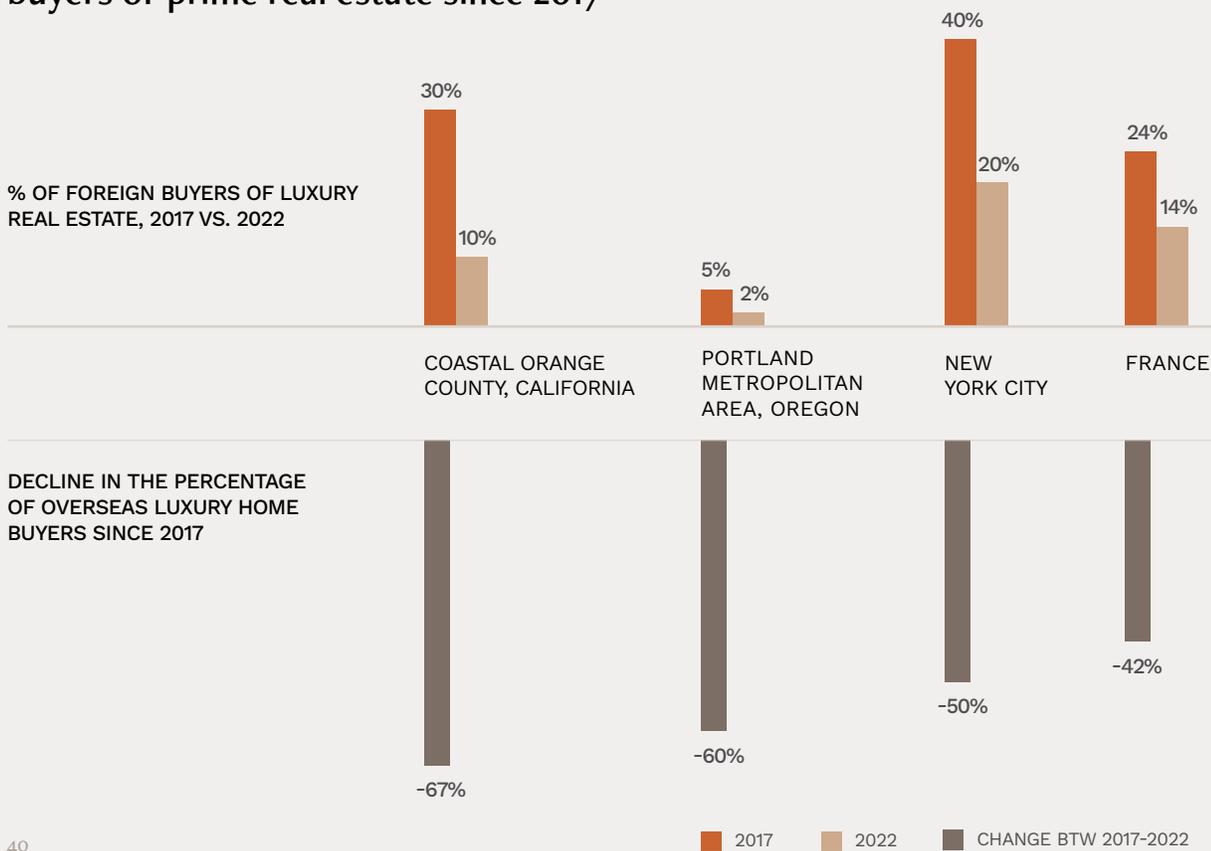
▲
26%
INCREASED



EXHIBIT 7

Markets with notable shifts in overseas buyers of prime real estate since 2017

ILLUSTRATIVE





American Buyers Benefited From Exchange Rates

Extensive fluctuations in global exchange rates—the US dollar peaked at a 20-year high in mid-2022 and the euro fell below parity—have presented exceptional opportunities, as well as challenges, for buyers seeking to acquire prime property outside their resident country. This meant that for luxury homebuyers purchasing European property in US dollars, properties were discounted due to the strength of the greenback. Resort destinations like the northeast coast of Sardinia, particularly Costa Smeralda, became an increasingly popular destination for these currency-buoyed U.S. buyers who were “considering purchasing a second home, with steady price growth also linked to scarcity of supply and availability of stock,” noted Fernando Velez of RAREX. Similarly in Australia, “the weakened position of the AUD against the USD has seen Australian property getting some additional attention from the U.S. — both from returning ex-pats and U.S. investors,” said Jacobs of Private Property Global.

Consistent with the new American purchase power and traveling trends in 2022, American investors abroad shifted from renting to buying since the pandemic. According to Cinzia Romanelli of Building Heritage in Florence, the mix of nationalities and motivation of buyers purchasing luxury property in Italy has undergone a significant change since before the pandemic. “We saw a shift. Five years ago most of the buyers were coming focused on rentals; nowadays, after Covid, buyers are recognizing the fiscal and lifestyle benefits, and we have seen an increasing number of sales.”

Despite economic volatility, geopolitical instability, and lingering Covid concerns, many continued to invest in luxury residential property outside their home countries. It is seen as a secure investment option due to the long-term benefits it can offer — including tax incentives, hedges against inflation, diversification of assets—in addition to the lifestyle appeal.

V 2023 OUTLOOK

As global property markets adapt to the changing economic and geopolitical landscape of a post-Covid world, we predict that luxury property will remain an important part of most HNW and UHNW individual's overall investment strategy. We asked our real estate experts around the globe to discuss the factors they believe will be most influential in impacting the decisions of potential luxury buyers in 2023 and beyond.

The Trends Impacting Prime Property Markets

Over the last three years, many of the world's prime property markets have witnessed higher levels of activity and price growth than ever before. The extraordinary demand for prestige housing began to wane in the latter part of 2022 as inflationary pressures, recession fears, equity portfolio depreciation, political instability, and inventory constraints caused some buyers pause.

As we move into 2023, we asked experts from across the Forbes Global Properties network what they anticipate will be the factors set to influence their luxury property markets this year and beyond.

What is the number one issue luxury property specialists anticipate will impact their markets in 2023? Nearly two-



Martis Camp Estate
Truckee, California
Tahoe Mountain Realty

thirds of our surveyed brokers reported that economic concerns is one of the top three factors impacting their markets in 2023, with an overwhelmingly negative anticipated effect on both luxury pricing and transaction volume. Among the other factors cited by members as likely to impact markets in 2023 are inventory constraints (45%), political instability (41%), the impact of remote work (38%) and a shift in overseas buyers and foreign investment (31%). Other factors will have a more positive or mixed effect on prime property markets.

In addition to these top factors, many Forbes Global Properties members noted that another

issue likely to impede sales activity is the gap between luxury seller and buyer pricing expectations. Although appropriately priced property listings will continue to attract offers, aspirationally priced properties will receive little qualified activity. Consumer uncertainty about the potential for further price reductions in 2023 is resulting in hesitation on behalf of buyers to act. In a market that is no longer responsive to over-pricing, brokers anticipate that sellers' motivation to transact will result in an easing of luxury prices, and buyers and investors will re-enter the market to pursue opportunities.

Another factor that is set to influence certain regional luxury markets in 2023 is the sway of government intervention. “Effective January 1, 2023, the Canadian Federal Government banned most foreigners from buying homes for two years and is providing billions of dollars to spur construction activity in an attempt to cool off a surging real estate market,” says Richard Beaumier, President and Agency Executive Officer of Profusion Immobilier in Montreal. “This government intervention is likely to have a negative impact on the property market.”

Even in Europe, where citizenships through investment in real estate has been popular over the past decade, resulting in increased luxury home activity, governments have greatly increased the price of investment in many countries with ‘Golden Visa’ programs.

The make-up of the affluent buyers and the way they purchase prime property is set to have an impact in 2023 as well. In Hawai‘i, “new wealth and new HNWI’s continued to fuel luxury real estate’s growth through the first half of 2022,” said Matt Beall of Hawai‘i Life. “We are

seeing a more motivated group of buyers who are not as sensitive to higher mortgage rates as buyers of less-expensive homes. Many view luxury real estate as an asset class and many have been buyers who converted crypto currencies in order to purchase.”

Although not likely to impact overall market movements, many members reported that environmental concerns are having an impact on how, what and where buyers are purchasing prime property. According to Anthony Morsinkhof of PQ Property Intelligence in New Zealand, “Affluent buyers who may have previously wanted a direct waterfront property are now seeking to purchase atop a hill overlooking the water versus directly on the water, to offset potential insurance and environmental issues that may arise.” According to Forbes, nearly a third of Americans cited climate change as a reason to move in 2022, as concerns about severe weather like hurricanes and wildfires, that cause property damage as well as extreme temperatures, became important.



1 Economic Concerns

A confluence of economic concerns — from rising inflation to a decline in stock market portfolios to recessionary fears — topped the list of the factors brokers predict will influence prime property markets in 2023. “We believe a downward price shift in the luxury market will be driven by continued concern over recession, stock market volatility, and interest rate hikes,” said Catherine Bassick of Bassick in Boston, Massachusetts.

Some luxury real estate experts expressed concern that declines in the equities and bonds markets and the limited IPO activity in 2022, resulting in modest bonuses for Wall Street and financial services executives for 2022, will be an additional factor. This, coupled with substantial job cuts in the tech industry, are expected to diminish the purchasing power and motivation of some HNWIs and UHNWIs, and may have a softening effect on the prime property market, particularly for secondary homes, which are considered more discretionary acquisitions.

62%

EXPECT NEGATIVE IMPACT

OF SURVEYED MEMBERS EXPECT **ECONOMIC CONCERNS** TO BE ONE OF THE TOP 3 FACTORS IMPACTING THEIR LUXURY PROPERTY MARKET IN 2023



2 Inventory Constraints for Suitable Homes

In many of the world's top property markets, lack of suitable inventory remains a major issue. In total, 45% of brokers surveyed expect this trend to influence luxury sales in 2023.

Inventory constraints have been an ongoing issue stemming from the 2008 global financial crisis. At the end of 2020, the U.S. was short 3.8 million units of housing, [according to Freddie Mac](#), and inventory constraints have been exacerbated by the pandemic-fueled housing boom. In undersupplied Houston, Texas: "Covid compounded the short supply, and a steady amount of domestic and international migration to Texas, and specifically Houston, continued to keep supply low," said Jaime Baker of Baker & Co.

The scarcity of top-tier properties for sale will continue to restrict potential activity in 2023, as some wary sellers in particular retreat to the sidelines. Renee Grubb of Village Properties in Santa Barbara, California, explained that "Even though it has been and remains a seller's market, sellers are reluctant to sell unless they really want or need to. It's difficult to find a replacement property." In San Diego, inventory constraints are fueled in part by "older residents who have so much capital gain in their property. Rather than market their house, they're staying and thus they're not bringing inventory to fuel demand," said Andy Nelson of Willis Allen Real Estate.

In 2023, seller hesitancy is likely to continue across the board. "Within the top 20% of the market, "need-based" seller/buyers continue to transact, but there is a hesitance for "want-based" buyers as they hope inventory choice will increase and pricing will become more favorable," observed Michael Bassick of Bassick.

35%

EXPECT NEGATIVE IMPACT

10%

EXPECT POSITIVE IMPACT

OF SURVEYED MEMBERS EXPECT **INVENTORY CONSTRAINTS** TO BE ONE OF THE TOP 3 FACTORS IMPACTING THEIR LUXURY PROPERTY MARKET IN 2023



3 Political Instability (Local or Global)

Political uncertainty can greatly impact the behavior and buying power of HNWIs, potentially leading to fluctuations in the luxury housing market. In total, 41% of members surveyed reported that political instability is one of the top factors likely to influence their luxury property market in 2023. Twenty-four percent of respondents thought it would negatively impact their market.

HNWIs are turning to safe and secure property purchases that mitigate exposure to risk due to concerns about higher tax burdens and political gridlock, as well as broader geopolitical issues such as the war in Ukraine and political unrest in Brazil and Peru. Seventeen percent of survey respondents expect political instability to have a positive influence on their markets, citing the potential for inbound migration and investment in their areas as a result of political instability elsewhere. These surveyed members saw a case for opportunity. Rising numbers of HNWIs are moving from one country to another with an eye towards more stable socio-political environments and/or inviting tax structures. [According to Henley](#), the chief beneficiary nations are the United Arab Emirates, Australia, and Singapore.

24%

EXPECT NEGATIVE IMPACT

17%

EXPECT POSITIVE IMPACT

OF SURVEYED MEMBERS EXPECT **POLITICAL INSTABILITY** TO BE ONE OF THE TOP 3 FACTORS IMPACTING THEIR LUXURY PROPERTY MARKET IN 2023



Impressive Modern Villa
Valencia, Spain
Rimontgó

4 Impact of Remote Work

The pandemic-fueled remote work trend is set to continue in 2023 and beyond. According to more than a third of Forbes Global Properties surveyed members, remote working is overwhelmingly positive for property markets and will be one of the most important factors impacting their luxury markets in 2023.

“The trend of working from home, or even partially remote work, and the drive to find higher-quality living spaces outside of major metropolitan areas, are not fading anytime soon,” said Matt Beall of Hawai'i Life. He predicts that “wealthy buyers will continue to leave denser urban areas in favor of more private, spacious, sustainable, and health-conscious surroundings.”

In France, young families will continue to bolster the growing trend of buying “a second property further from their physical workplace, in order to improve their quality of life,” observed Olivier de Chabot-Tramecourt of Groupe Mercure. “These are no longer strictly speaking secondary residences, but more semimain residences.”

New direct flight paths will continue to open opportunities for remote workers in resort destinations. In Mexico's Los Cabos region, [a new direct flight to and from Europe](#) is already attracting potential buyers to the region, and additional flights are in the works, noted Ramiro Palenque Bullrich of 2Seas Los Cabos. “Since the pandemic began more buyers are living here full-time since they can work remotely. Why not be at the beach if you can live and work anywhere?”

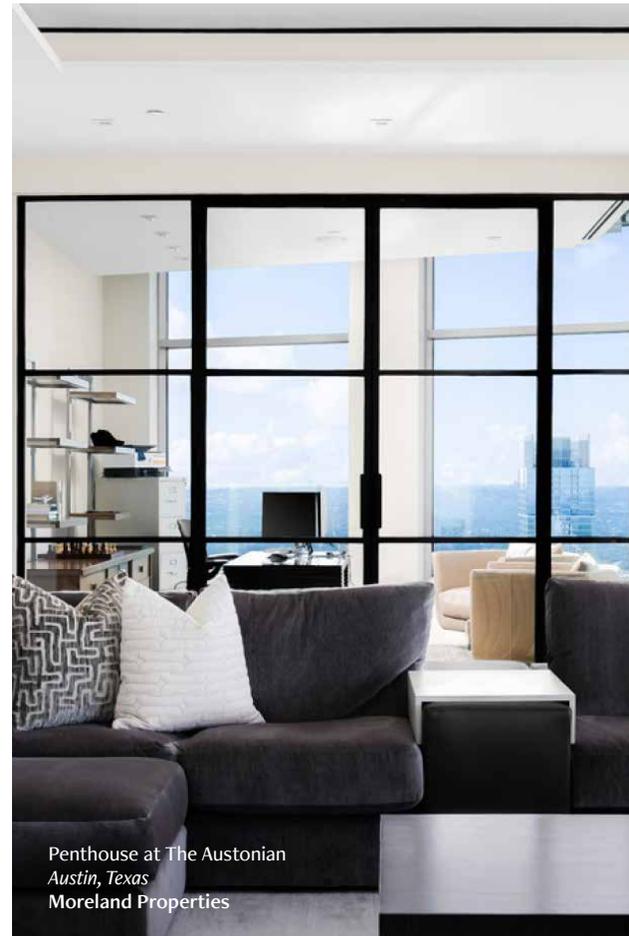
“Since the pandemic began more buyers are living here full-time since they can work remotely. Why not be at the beach if you can live and work anywhere?”

—*Ramiro Palenque Bullrich of 2Seas
Los Cabos in Mexico*

38%

EXPECT POSITIVE IMPACT

OF SURVEYED BROKERS REPORTED THAT **REMOTE WORK** WOULD BE ONE OF THE TOP 3 FACTORS LIKELY TO IMPACT THEIR LUXURY PROPERTY MARKET IN 2023



Penthouse at The Austonian
Austin, Texas
Moreland Properties

5 Shift in Overseas Buyers and Foreign Investment

As the world continues to open beyond pandemic-era restrictions, nearly one-third of brokers reported that an expected change in overseas investment and the number of foreign buyers would positively impact their markets.

As explored further in Section IV, a renewed interest from potential prime property buyers in Asia is expected to boost the activity in some markets during 2023. “Australia has seen a recent resurgence of interest from Asian region buyers and this is further predicted for 2023 — a positive for our market,” said Jacobs of Private Property Global.

An uptick in buyer interest in Hong Kong’s luxury homes is expected in 2023, fueled by an expected more free flow of travel between Hong Kong and China. “This will create a strong catalyst for buyer interest from China as was seen pre-Covid,” according to OKAY.com’s Joshua Miller. “If inflation and interest rates plateau in 2023, we anticipate a return of these long-term investors to the market seeking attractive properties that have experienced price corrections.”

31%

EXPECT POSITIVE IMPACT

OF SURVEYED BROKERS EXPECT **OVERSEAS BUYERS** TO BE ONE OF THE TOP 3 FACTORS IMPACTING THEIR LUXURY PROPERTY MARKET IN 2023

“Australia has seen a recent resurgence of interest from Asian region buyers and this is further predicted for 2023 — a positive for our market.”

—Ken Jacobs of Private Property Global in Australia



Forbes

GLOBAL PROPERTIES



Iconic Montecito Estate
Montecito, California
Village Properties

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