The REPORT 2022

Luxury Market Insights

Presented By

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In 1978, when Joyce sold the famed Sonny & Cher mansion for $4.2 million—more than double the amount anyone had ever paid for a home in the United States at the time—she established her reputation for negotiating historic landmark estates and luxury residential sales. The following year she formed the first company in the United States to specialize in estates valued at more than $1 million. She spent the next three decades selling some of America's most significant residences, setting record after record along the way and quickly becoming one of the most respected names in luxury real estate. In 2010, Joyce set the highest priced sale in the nation for "Le Belvedere." For nearly 20 years, Joyce has served as head of the Estates Division of Coldwell Banker® and has amassed over $5 billion in career sales.

Described as the "First Lady of Luxury Real Estate" by the Chinese media and the "Billionaire's Broker" by The Hollywood Reporter, Joyce consistently ranks among the nation's leading agents in The Wall Street Journal's "Real Trends" and has remained a long-standing member of the Society of Excellence, Coldwell Banker's highest honor. She appeared in Elle magazine's "Women in Hollywood Power List" and garnered a front-page cover story as one of 2015 Haute Living's "100 Most Influential Angelenos," where she was distinguished as a top power player. Joyce was also named among the "35 Most Influential People in Luxury Real Estate" by Unique Homes, and she has received a Global Image Leader Award from the Los Angeles Business Journal. She has won an unprecedented three awards from LuxuryRealEstate.com: Extraordinary Philanthropist, Most Prestigious Listing and Billionaire's Club. In 2016, Joyce and her team set a record for closing the highest sale ever in the Beverly Hills Flats. A longtime member of the Board of REALTORS® and Chamber of Commerce, Joyce earned the coveted Lifetime Achievement Award from the Greater Los Angeles Board of REALTORS®.

Recognized all over the world as a luxury real estate authority, Joyce is frequently called upon by the international press to offer her expertise. She has been widely quoted in Forbes magazine, The Wall Street Journal and the Robb Report and has appeared on television on E! Entertainment News with Michael Corbett and on CNN's Money Shot, among others. Known for her superb communication skills, she has served as a key speaker at UCLA and for the National Association of REALTORS®, Women's National Congress, YPO Graduate Forum and the Governor's Conference for Women.

Despite the demands of her business, Joyce remains passionately dedicated to philanthropic projects. She serves on the Southern California Executive Board for UNICEF and served on the Board of Directors for the Blue Ribbon Committee at the Music Center. She has also been actively involved with the Los Angeles Library Foundation Board, St. Joseph's Center for the Homeless, Coldwell Banker Community Foundation Board, American Cancer Society, Women President's Organization and Children Uniting Nations. Her civic and charitable contributions have been honored by the National Women's Political Committee and the Anti-Defamation League. She has long been a member of the highly selective International Women's Forum chapter, The Trusteeship.

Joyce's master's degree in business education from USC has given her a competitive edge. Her luxury real estate expertise, negotiating power, integrity and passion for personal service are nothing short of inspiring. Today, she remains as dedicated for her celebrated clients' best interests as her own, which encompass film, art, music, world travel, yoga and helping others. She has resided for many years in an award-winning, mid-century modern home in Beverly Hills. Her greatest joy is seeing her outstanding clients happy and settled in their own beautiful homes!

WELCOME TO THE REPORT : 2022
LUXURY MARKET INSIGHTS

Real estate analysis is based on what has occurred in the past; it is how predictions are made and how future decisions are evaluated. The last two years have profound lessons for our present and future.

A once-in-a-generation pandemic initiated a paradigm shift: people began reimagining their ideas of home and rediscovering their essential values at the very moment when wealth was rising to historic levels around the world, thanks to rebounding stock markets and surging home equity gains. According to the latest Wealth-X data, the population of individuals with a net worth of $5 million+ reached more than 3.6 million globally. That was an increase of 19.8% over 2020 and a notable difference from 2020, which saw only a 2.2% gain over 2019. This extraordinary wealth growth led to a real estate expansion like we've never seen before. A new map for luxury opened up new locations and multiple homeownership in greater numbers. Home as safe haven became the rallying cry for our time.

Where do we go from here? What opportunities should we look for?

Rather than focusing solely on the past, we are looking forward in The Report 2022. Annual statistics in the top 10% of 120 U.S. markets were analyzed with Coldwell Banker Global Luxury's partner, the Institute for Luxury Home Marketing, to provide a view into future trends that could impact luxury real estate and the next opportunities that lie ahead. Also consulted were Wealth-X to provide a global outlook on wealth, homeownership trends and where current and upcoming pockets of international affluence may reside. Wealth management expert Barry Ritholtz added his financial perspective, and as always, Coldwell Banker Global Luxury Property Specialists and colleagues lent their boots-on-the-ground market insights.

We hope you find the information invaluable in this report.

Joyce Rey

INSIDE THE REPORT 2022

Luxury Market INSIGHTS

INSIDE THE REPORT 2022

GLOBAL LUXURY

EXECUTIVE SUMMARY

1 GLOBAL WEALTH RISES BY DOUBLE DIGITS IN 2021

Data from Wealth-X shows that the world's affluent population – those with a net worth of $5 million+ – grew 19.8% from 2020 to 2021, adding 597,550 individuals to bring the total population to 3,612,730 individuals worldwide. Their combined wealth rose 20.4% to over $75 trillion. This was a significant increase from 2020, which saw only a 2.1% year-over-year gain. U.S. wealth growth rates were higher in 2021, rising 24.8% in both total wealth and population of individuals with a net worth $5 million+ year-over-year.

2 THE GREAT RECONCILIATION LEADS TO HISTORIC REAL ESTATE EXPANSION

Massive wealth creation, combined with a transformation of living patterns that is expected to last for generations to come (what we're calling "The Great Reconciliation"), led to insatiable demand for larger properties and more of them, depleted inventory and soaring prices. In 2021, sales of luxury single-family homes rose 14.5% while prices increased 20.3% from 2020. Sales of attached luxury homes saw a more dramatic uptick of 29.6% year-over-year and a 16.6% increase in prices.

3 A NEW MAP OPENS UP FOR LUXURY

Affluent consumers are no longer concentrated in cities like Los Angeles and New York City. They are everywhere, in places such as Colorado, Idaho, Georgia and Tennessee. Work-from-home opportunities, the desire for extra space, climate change considerations and accessibility to their dream locations means luxury may continue to expand throughout the country as consumers search for the home that best fits their needs and desires.

4 TRENDS SET TO INFLUENCE LUXURY REAL ESTATE IN 2022 IDENTIFIED

Curated from market insights provided by the Institute for Luxury Home Marketing and a survey conducted with Coldwell Banker Global Luxury Property Specialists, several emerging trends may potentially influence the market in 2022. These trends include: the return of international buyers to the U.S. property buying scene, a supply and demand equilibrium, rising price thresholds and new luxury benchmarks, a growing focus on sustainability and a widening market for multiple homeownership as nearly 70% of individuals with a net worth of $5 million+ now own two or more properties.

5 WHERE ARE THE NEXT OPPORTUNITIES?

The Opportunity Index, introduced this year for The Report, highlights 120 major U.S. luxury property markets according to their "opportunity" or their buying potential. These markets may still have room to rise and houses to buy in 2022, which include hidden gems and undiscovered suburbs right next door to known affluent hotspots. Staten Island took the top spot for single-family homes and Cincinnati ranked highest as an opportunity for attached homes.

6 WHERE DOES THE WORLD'S AFFLUENT LIVE OUTSIDE OF THE U.S.?

As multiple homeownership climbs among the affluent and relocations are expected to continue, it is important for luxury real estate professionals to understand affluent individuals' relationship to location and their preferences for primary or secondary homeownership in those places. Data provided by Wealth-X sheds more light on 21 major cities outside of the U.S. with the highest populations of wealthy individuals (those with a net worth of $5 million+), primary vs. secondary homeowners and residential vs. real estate footprints in these locations.

WEALTH AND POPULATION GROWTH **2020-2021**

Individuals with $5 million+ net worth

GLOBAL	2020	2021
Wealth	2.1%	**20.4%**
Population	2.2%	**19.8%**

U.S.	2020	2021
Wealth	8.1%	**24.8%**
Population	8.3%	**24.8%**

Double-digit global wealth and population gains, combined with new living patterns, drove a real estate surge in 2021.

Source: Wealth-X

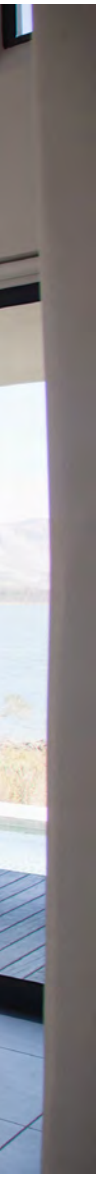
Luxury in REVIEW 2021

Historic low inventory, rapid price gains, new wealth and massive digitalization completely changed the luxury real estate landscape in what has been hailed as the year of reconciliation.

HISTORIC YEAR FOR **SALES AND PRICES**

The year 2021 will be remembered for having one of the most remarkable spring buying seasons on record.

Between March and June, demand for luxury properties soared as people searched for safe places to put their wealth and bigger, better homes that fit new values shaped by the pandemic. These unprecedented four months sent both prices and sales soaring and inventory dropping to such lows that the market never fully recovered in 2021.



A ***LUXURY HOME*** *IS DEFINED AS A PROPERTY IN THE TOP 10% OF ANY GIVEN MARKET.*

In the 120 U.S. markets analyzed by the Institute for Luxury Home Marketing, the number of sold properties increased exponentially over the spring buying season from March-June 2021.

- Single-family home sales were 77.2% higher during this period in 2021 and attached home sales were 98.8% higher compared to the same period in 2020.
- After June 2021, sales began to stabilize for the remainder of the year.

Meanwhile, prices continued to rise from 2020's already historic levels:

- The median price point for single-family luxury properties rose by 20.3% over 2020 and 29.7% over 2019.
- The median price point for attached properties grew by 16.6% compared to 2020, which had been a challenging year since prices fell by an average of 5.6% against 2019.

Source: Institute for Luxury Home Marketing

DEMAND EXPANDS

Whereas the 2020 market was primarily distinguished by the rise in demand for single-family properties, 2021 saw demand diversify and expand across nearly all property types and market segments.

Single-Family Properties

By the end of December 2021, inventory levels were 20.7% lower compared to December 2020. People's desire for more space and work-from-home settings continued. The panic buying from 2020 was largely replaced by confident buying as the affluent had a more long range view of their needs: investment potential, location, lifestyle or commuting distance.

Attached Properties

The uptick was striking in cities like New York and Chicago, which experienced an exodus of people leaving the metropolitan area during the height of the pandemic in 2020. Sales of attached homes in Manhattan rose by 101.7% (according to UrbanDigs) and 55.9% in Chicago. Distinguishing in 2021, however, was the type of attached product in demand: buyers wanted more square footage and access to private outdoor space. And it wasn't just cities that benefited from the return of the condo; vacation destinations also saw gains as buyers looked for low maintenance properties for personal, recreational and investment purposes.

Single-Family Homes 2020-2021

$1,289,000 Median Price	↑ 20.3%	$1,550,500 Median Price
105,054 Total Sold	↑ 14.5%	120,320 Total Sold
25,795 Avg. Monthly Inventory	↓ 19.9%	20,662 Avg. Monthly Inventory

Attached Properties 2020-2021

$853,652 Median Price	↑ 16.6%	$995,000 Median Price
28,059 Total Sold	↑ 29.6%	36,353 Total Sold
10,669 Avg. Monthly Inventory	↓ 20.3%	8,502 Avg. Monthly Inventory

Source: Institute for Luxury Home Marketing, Wealth-X, National Agricultural Statistics Service and UrbanDigs

Second Home Owners 2021

$5M+ Net Worth	24%	Own 2 Homes
	46%	Own 3+ Homes

Land 2020-2021

$3,160/acre Farm	↑ 7.0%	$3,380/acre Farm
$4,100/acre Crop	↑ 7.8%	$4,420/acre Crop
$1,400/acre Pasture	↑ 5.7%	$1,480/acre Pasture

Second Homes

The appeal of the “escape home,” a defining feature of the 2020 real estate market, only grew in the eyes of affluent buyers in 2021. Today, the number of affluent individuals with a net worth $5 million+ who own two or more properties is over 70% in the U.S.[1] Second homes in mountain, lake or beach settings were sought-after as places for leisure, but some savvy investors also chose to ride the price upswing of condos in major cities. Multiple homeownership, or co-primary ownership, was another unique trend to rise out of 2020. Armed with more freedom to work from home than ever before, many affluent homeowners chose to swap a secondary residence for a primary residence or opted to own multiple properties in different locations based on their lifestyle preferences.

Land

An area that receives little attention in luxury real estate discussions is raw land. Key findings indicate a significant increase in the purchase of land between 2020 and 2021, particularly for recreational and farmland as buyers sought more space and acreage to build their dream home away from dense cities following the pandemic. Sales of raw land in the U.S. increased 7% from 2021 to 2020, according to USDA, National Agricultural Statistics Service. Similarly, cropland also increased nearly 8% and pastureland value rose by almost 6% from 2020.[2]

See pages 136-137 for a full list of resources

RAPID **REINVENTION**

The pandemic sped up certain trends and acted as a catalyst for changes in consumer behavior across the globe in 2021.

*ONLINE WILL BECOME THE **LEADING CHANNEL** FOR LUXURY PURCHASES BY 2025.[3]*

CONVENIENCE FACTOR: THE ONLINE MOVEMENT

Businesses had to adjust quickly to shifts in lifestyles and purchasing behavior as international travel was restricted and more luxury consumers were poised to make high-priced purchases online than ever before. Websites and mobile apps became the new dominant sales channels for most luxury brands as consumers preferred the convenience of online to brick-and-mortar experiences.

Bain & Company reported that the share of purchases made online nearly doubled from 12% in 2019 to 23% in 2020.[4]

Considerable progress was made in improving online user experiences over 2020 to 2021, so transactions could be conducted seamlessly. From in-app checkouts to live-stream sales and virtual "try-before-you-buy" experiences, luxury brands looked to new technology to enhance their customers' experience both online and offline.

In the real estate sector, online property tours and immersive walkthroughs became paramount during the pandemic. Significant, too, was the growing number of affluent buyers suddenly willing to use virtual technology to make property purchases. While sight-unseen property buying did occur with primary home transactions, the trend was more pronounced in the secondary/vacation property market when last-minute travel wasn't possible, in-person safety was a concern or steep competition was a barrier.

It is difficult to say whether this is a long-term industry shift or simply a pandemic phenomenon. While it's fair to say these consumers were not afraid to use virtual technology to make an initial offer on a property, it is harder to pinpoint if they were removing homes from the market and closing escrow before viewing them in person. Behind the scenes, the majority of these buyers were most likely guided by trusted real estate professionals on the ground who used their local insight and knowledge to secure the right home for them.

There is no doubt that the shift to online will continue to alter the shape of luxury in the future. Digital, gaming, AR and VR technologies, and the metaverse, as it matures, will provide all sectors of luxury an opportunity to push the boundaries of what's possible and create long-term value for agents and their clients.

See pages 136-137 for a full list of resources

PURPOSE-DRIVEN LUXURY

As younger consumers continue to drive growth in the luxury world, their rising influence has pushed luxury brands to be more "purpose-driven" with sustainability, well-being, authenticity, diversity and inclusion being elevated as values over more typical luxury status symbols. Some affluent consumers in 2021 also began to embrace ideas of "less is more" and "elevated essentialism," buying fewer but higher quality luxury goods (or so-called "investment" pieces).

These items must not only answer a need but also have a real purpose and create value in their lives and the lives of others. The result is that affluent consumers are demanding more from the companies they do business with than ever before — more sustainable operations, more inclusivity and more positive societal impact. If businesses wish to remain relevant in the future, they will need to transparently communicate their stance on environmental, ethical and social issues and deliver on these goals.

LOCALIZATION

With limited international tourism, affluent consumers developed an interest and preference for locally made products, local shopping and travel destinations and local real estate – such as escape properties that are within easy driving distance of their primary residences. Consumers also stepped up to support their local economies, as many small businesses struggled to recover after the 2020 shutdowns. This mindset also goes hand-in-hand with growing consumer awareness of the environmental costs of global shipping and manufacturing. Luxury brands will have to remain sensitive to these concerns and adapt to a community's existing culture if they want to be locally relevant.

LUXURY BECOMES LESS OF A STATUS SYMBOL, AS THE MILLENNIAL AND GEN Z GENERATIONS INFLUENCE A CHANGE OF VALUES TOWARDS ***SUSTAINABILITY, WELL-BEING, AUTHENTICITY, DIVERSITY AND INCLUSION.***

THE GREAT **RECONCILIATION**

If 2020 was the year of resilience, then 2021 was the year of reconciliation. Once the pandemic's duration made it less likely that people would bounce back from the pandemic unchanged, people began to redefine what the "next normal" looked like. The hallmarks of 2020 – the frantic search for more space and safe havens, mass migrations out of the city and FOMO-meets-YOLO mindsets – gradually settled into realigned lifestyles and values. People began to focus on what matters most to them: family, health, home and all of the things that connect them to purpose, happiness and overall well-being.

THE FRANTIC SEARCH FOR MORE SPACE AND SAFE HAVENS, MASS MIGRATIONS OUT OF THE CITY AND FOMO-MEETS-YOLO MINDSETS GRADUALLY SETTLED INTO REALIGNED LIFESTYLES AND VALUES.

The expectation is that the profound lifestyle and cultural changes that occurred throughout 2020 and 2021 due to the pandemic will be deep and lasting. How we choose to live with a virus that continues to mutate and evolve will ultimately define us as humans and as members of our communities. Even if COVID-19 fades into the background and eventually turns endemic (which it is largely expected to do sometime this year or next), our patterns for living have been permanently transformed for generations to come.

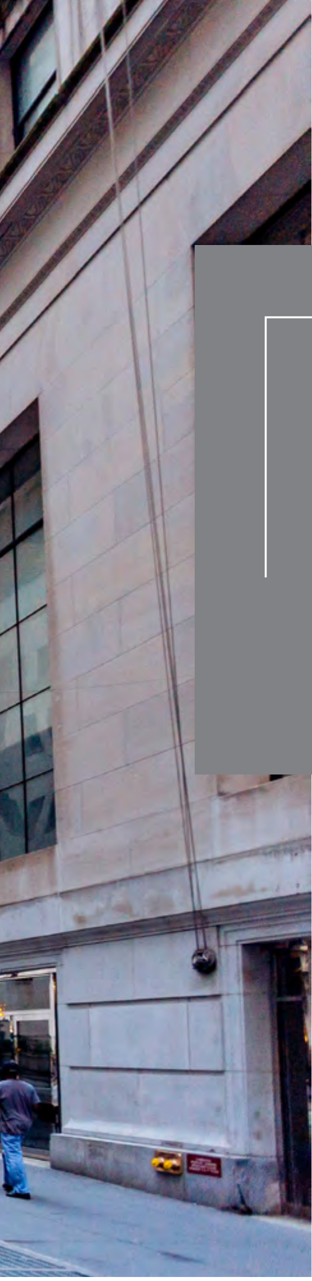
Financial Drivers OF WEALTH

Demographic, economic, geographic and social factors combine to influence prices and pace of sales in the luxury home market.

SIGNIFICANT **MILESTONES**

Fundamentally, one of the most potent drivers of high-end residential sales is the financial condition of luxury buyers.

Measured by assets they own and how those assets performed, there is little doubt that 2021 will be remembered as a very good year for wealth creation among potential buyers. Stocks, real estate and cryptocurrencies all provided solid returns that allowed affluent investors to multiply their net worth and for households of more modest wealth to attain significant net worth milestones for the first time.



Wealth is BOOMING *all around and that's helping* PUSH *the luxury home market to* NEW HIGHS.

RIDING HIGH ON REBOUNDING STOCKS

The bull market in stocks over the past 13 years, and especially since the brief coronavirus meltdown in March 2020, has been a big source of new wealth creation and substantially fueled luxury home purchases.

Global financial markets in 2021 reflected strength across the board in risk assets like stocks and real estate, building on bullish trends that began in 2020 following a quick bear market that took the S&P 500 Index lower by 35% in just one month.

From the low-water mark in March 2020, the U.S. large CAP index more than doubled and produced another exceptional year of gains above 20% in 2021.

Among the few asset classes not to produce positive returns in 2021 were bonds, gold, and emerging markets equities, but percentage declines were limited to the low single digits.

Savvy and often younger investors who were suddenly homebound in the early days of COVID-19 took advantage of commission-free stock and options trades to ride the upsurge in individual stocks, including superstars like Tesla and vaccine maker Moderna, which rose ten-fold in value since the onset of the pandemic.[1]

Speculation was also rampant in "meme stocks" like GameStop, AMC Entertainment and dozens of others that were heavily sold short and soared from the single digits to hundreds of dollars per share after Reddit users talked up the stocks on message boards and in videos.[2]

See pages 136-137 for a full list of resources

PERFECT STORM SWELLS RANKS OF WEALTHY

Stocks have provided handsome returns for affluent homebuyers who simply own an index fund that tracks the S&P 500. This has been a winning strategy and a rewarding bet over the past decade, turning $1 million invested ten years ago into $4.64 million by the end of 2021.

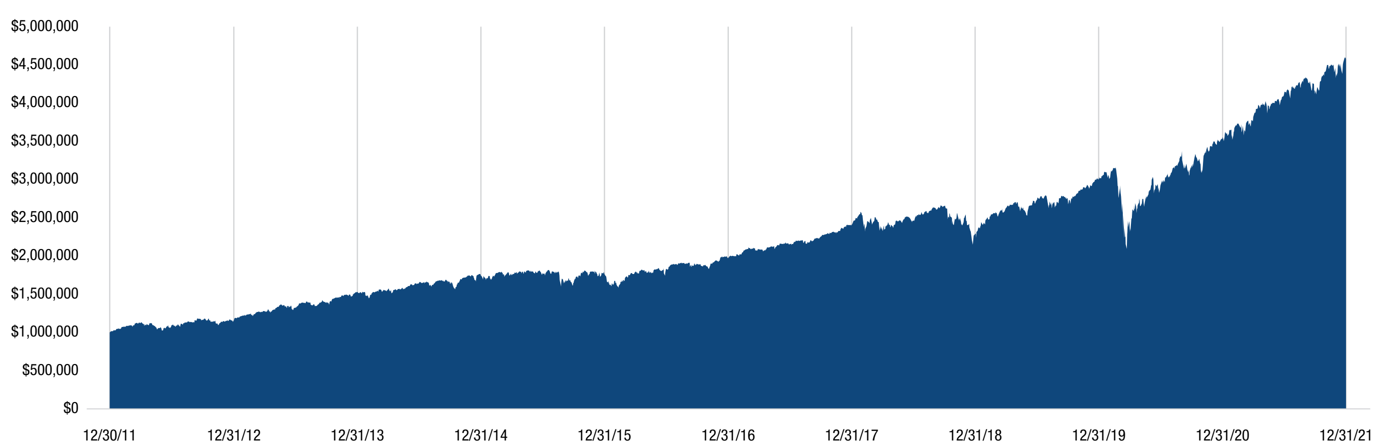
The 16.6% annualized return over the past decade is well above the 10.9% annual return delivered by the S&P 500 over the past century, aided in no small part by the Federal Reserve, which has been quick to cut interest rates and inject money into the economy in response to a crisis like the COVID-19 outbreak in 2020, or the Great Recession in 2008.

Several trillion dollars of government aid given out since the early stages of the pandemic also provided a lift to both stocks and real estate.

The nearly universal rise in asset values has had a healthy effect on the wealth of people from all levels of net worth. According to Credit Suisse, financial asset holdings were responsible for creating $22.5 trillion in new wealth last year, while real estate and other tangible assets added $10 trillion. This helped drive the global millionaire population 10% higher to 56 million people.[3]

Separate research from Wealth-X shows that the number of individuals with a minimum net worth of $5 million and who own properties worth between $1 million and $5 million+ soared 180% from 2019 to 2021. Those from this group who owned properties priced $5 million+ more than doubled.[4]

S&P500 1MM Growth 2011-2021



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Global Millionaire population
INCREASES 10% TO 56 MILLION

REAL ESTATE STAYS HOT IN EXTREME SELLER'S MARKET

In much the same way as the stock market has behaved over the past decade, the residential real estate market has also been a wealth multiplier, as the median price of an existing single-family home rose 118.2% since 2011.[5]

Home price gains tend to track GDP and income trends over the long-term, but appreciation has accelerated along with the pace of sales for high-end homes during the pandemic.

According to data from the National Association of REALTORS® (NAR), sales of homes priced $1 million+ jumped 30% year-over-year in the fourth quarter of 2021, more than any other price category. In addition, the $1 million+ property market share in the United States has doubled in the last two years. Million-dollar sales of existing homes comprised 6.2% of all transactions in 2021, up from 3.1% in 2019.

U.S. Median Home Sales Price % Change

CRYPTO CRAZE MINTS NEW MILLENNIAL MILLIONAIRES

Cryptocurrencies are a relatively new asset class with less than a decade of trading history, but crypto caught fire in 2021 amid a flood of new accounts flowing at crypto exchanges like Coinbase and prominent coverage by financial media.

In 2021, stock exchange-traded funds launched and made it possible to own crypto in retirement accounts. Surging interest drove Bitcoin prices up 900% from the pandemic low in 2020 through last year's high, gyrating wildly on an overall upward trajectory.

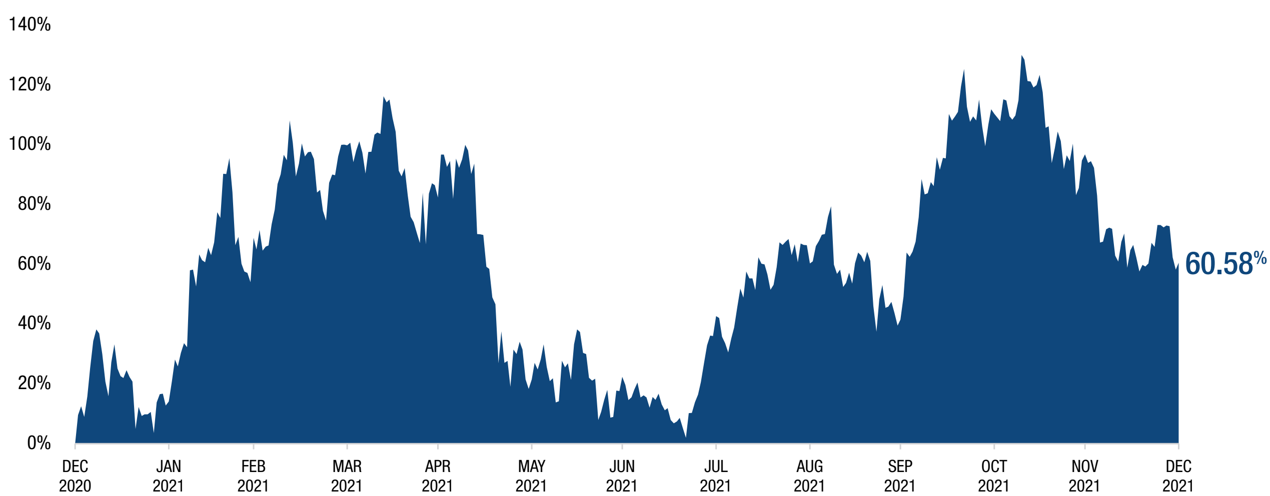
At the peak of the market last fall, the total market capitalization of all cryptocurrencies topped $3 trillion, representing a small but rapidly growing share of fresh funds that may have otherwise found their way into the $36 trillion U.S. residential real estate market, or the $48 trillion U.S. stock market.

Particularly for affluent millennials, the rocket fuel returns of the past several years have established and reinforced the idea that the road to riches is paved in cryptocurrencies. According to a CNBC survey, 83% of millennial millionaires own digital currencies, compared to a tiny 4% slice of baby boomers and less than 25% of Gen-Xers.[6]

Among seven-figure-net-worth millennials, 53% allocate at least half of their liquid net worth to currencies like Bitcoin, Ethereum, Litecoin and others.

Almost one-third of millionaires born between 1981 and 1996 had at least 75% of their net worth invested in crypto. Nearly half (48%) of millennial millionaire crypto investors say they will add to their holdings in 2022.

Bitcoin Price % Change



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CRYPTO RICHES FUELS LUXURY REAL ESTATE PURCHASES

Many of those made newly rich by cryptocurrencies are electing to reposition their wealth from the digital domain into luxury real estate.[7] Although still rare, some sellers are willing to accept crypto assets as payment for their properties,[8] like a $22.5 million Miami Beach penthouse that sold last June.[9]

"Miami has become a global hub for the crypto community, especially with a lot of tech migration coming from the San Francisco Bay Area, including Peter Thiel and others," said **Danny Hertzberg** of the Jills Zeder Group with Coldwell Banker Realty in Miami Beach. "Some very big names in crypto have bought significant properties here, although they typically liquidate their holdings and close in dollars rather than Bitcoin, Ethereum or other currencies."

Wealth repositions from DIGITAL TO LUXURY REAL ESTATE

BLOCKCHAIN POWERS NEW REAL ESTATE INVESTMENT

Individual investors since the 1960s have been able to own commercial real estate through real estate investment trusts (REITs), which trade on stock exchanges. In recent year; however, there have been several new ways to invest in real estate without being a direct owner.

"The Delaware Statutory Trust and syndicated partnerships have been popular vehicles for affluent investors to own real estate assets, and increasingly we see a lot of interest in crowd-sourced funding offered by companies like CrowdStreet, Fundrise or Realty Mogul," said **Daniel Spiegel**, managing director of Coldwell Banker Commercial.

The latest evolution of fractional real estate ownership is tokenization, which involves converting a real estate asset into a virtual token on the blockchain and offering it for sale. Investors purchase digital coins, which represent ownership of the underlying asset. Coldwell Banker this year is partnering with Coinweb to tokenize luxury residential and high-end commercial property portfolios in Thailand.[10]

See pages 136-137 for a full list of resources

MAKING MONEY MOVES IN 2022: **FIVE MYTHS DEBUNKED**

BARRY RITHOLTZ
Co-Founder, Chairman and Chief Investment Officer of Ritholtz Wealth Management LLC

Investors have enjoyed above-average returns from stocks in recent years, and property markets are also scaling new peaks. That doesn't necessarily mean a long-term downturn or a bear market is on the horizon. Here are five cases where you're probably better off questioning the conventional wisdom when it comes to making money moves in 2022.

MYTH #1

Because the U.S. stock market has produced double-digit percentage returns in five of the past six years, stocks are due for tough times ahead.

Stocks hit a few speed bumps in early 2022, following exceptional gains the prior decade. Although it's tempting to declare the end of the run for stocks, this may just be a more normal year than we've recently experienced. Historically, stocks see about an 8% per year return on average over long periods of time, and we've been way above average the past decade, up about 13% per year. Last year was almost 28%. When you're up that much, it would not be surprising to see mean reversion back towards more average returns the following years. To use a football analogy, I'd say it's early in the third quarter of this bull market.

MYTH #2

The stock market is important because of the wealth effect it has on people. When stocks go up, they feel good and go out and spend money, which stimulates the economy.

People, including the Federal Reserve, get this exactly backward. When you have a robust economy, with rising wages and plentiful jobs, consumers will spend their disposable income, buying new houses; they'll upgrade out of one house into a more desirable home. They'll renovate, buy furniture, appliances and durable goods. That's the positive cycle we should continue to see. As businesses do well, that benefits the middle-class, entrepreneurs and the very wealthy. The rising economic tide lifts everything – including the stock market – but it's the economy lifting sentiment and markets, not vice-versa. The vast majority of Americans own little or no stocks. The top 10% of American households own 89% of U.S. stocks – a record high. They're much more concerned about wage growth and job availability, which are both on the rise.

MYTH
#3

The Federal Reserve raising interest rates to fight inflation in 2022 is bad news for the economy, and higher mortgage rates will hurt housing.

It will take more than a few rate hikes to knock an economy this strong off its course. Historically when the Fed raises rates slowly from a very low basis as they are discussing doing now, the economy has held firm and the stock market has done well, too. Housing is in an historically unique period. We overbuilt single-family homes going into the great financial crisis in the 2000s, and then we wildly under-built them for the next decade until the pandemic. Last year saw the most single-family homes built since 2006, but the home sales to supply ratio is the lowest it's ever been. It will take at least two or three years before there's sufficient supply to meet demand.

MYTH
#4

Once the pandemic passes and interest rates return to more normal levels, the residential real estate market will suffer.

Property values have gone up because of shifts in demand. The thought of being in a tiny apartment with one or two spouses working remotely, with a child or two doing remote schooling education was no fun. People who could, purchased and relocated properties in the suburbs or the country. That increase in demand combined with very low-interest rates, plus ongoing limited supply is a recipe for increased prices.

All the various supplies that go into homebuilding have risen in prices too, and it is likely to take quarters or years to work out those supply chain issues. I suspect that entry-level homes and mid-priced homes have reset higher permanently, and higher-priced homes too. However, at the very high-end, perhaps some of the wild aspirational asking prices may start to go away as things normalize. The crazy bidding wars will eventually peter out, but the housing market is very far from crashing and burning. The year 2022 is nothing like 2005 or 2006 at the peak.

MYTH
#5

Cryptocurrencies are just curious obsessions of a limited number of people with little impact on markets for other assets.

Crypto has created vast new wealth, and many recently rich crypto investors are diversifying at least a portion of their gains into hard assets, especially real estate: 11.6% of first-time homebuyers are selling crypto to use for their down payments. People taking money out of hot investments to buy real estate is nothing new. I have vivid memories of meeting clients in the late 1990s during the tech boom and bubble who were contemplating selling internet stocks to buy a bigger house or purchase a vacation property. I didn't discourage them. What better to do with your money than enjoy family and friends in beautiful surroundings?

Barry L. Ritholtz heads Ritholtz Wealth Management LLC, a financial planning and asset management firm with over $2.3 billion in assets under management. He has spent his career focused on how the intersection of behavioral economics and data affects investors.

The Agent's Changing **ROLE**

Today's agents have had to become global wealth experts, lifestyle aficionados, technology gurus and trusted advisors.

WINNING THE **FUTURE**

M. Ryan Gorman, Liz Gehringer and Tim Foley share their insights on the agent's next evolution.

M. RYAN GORMAN
Chief Executive Officer, Coldwell Banker Real Estate

Q: *How has the role of the real estate professional changed over the last two years?*

A:

M. RYAN GORMAN —
The shift to working more virtually massively accelerated a nascent trend in the luxury segment and really across the board. Many higher earning professionals – including business owners – had long been able to work remotely, leveraging video calls and other technology; but until now, a relative few felt it was acceptable to conduct certain kinds of business virtually, such as client or investor visits.

Luxury real estate professionals are accustomed to advising clients on not simply comparing homes in a market but on comparing markets to one another. The pandemic forced top professionals to deepen their ties to their networks across the country and around the world to speak intelligently about key considerations. This is where the Coldwell Banker Global Luxury® network truly shines.

LIZ GEHRINGER —
Completing transactions via a digital process was necessitated by the pandemic and has now become an accepted process. Many feared this shift would eliminate the real estate agent, but instead it has centered the agent in the buying and selling process.

With all of the migration happening last year and more people buying multiple homes, the luxury agent has also become the affluent buyer's connection point to new locations. Our own Coldwell Banker-affiliated sales associates have the ability to refer buyers across a global network of over 100,000 sales associates in 41 countries — which is a powerful advantage.

We also have top Coldwell Banker Global Luxury Property Specialists from key markets in the U.S. and abroad who stay in contact with each other regularly and create opportunities for their clients to acquire sought-after real estate around the world. Some have told me that 80% of their business came from these connections last year, which is remarkable.

TIM FOLEY —
I think the role of the real estate agent has evolved in terms of perception. They are now truly seen as trusted professionals. What we learned during the last two years was that the service, local and global real estate knowledge and expertise of a trusted agent couldn't be replaced by the digital process.

In the luxury sphere especially, we have always sought to elevate the expertise of Luxury Property Specialists through continuous training, education and opportunities to network with the best of the best.

What's exciting to me is that perception and reality have finally aligned when it comes to the true role of the agent. Never before has the expertise of the agent been more valued than right now.

LIZ GEHRINGER
President of Affiliate Business and Chief Operating Officer, Coldwell Banker Real Estate

TIM FOLEY
Executive Vice President of Operations, Coldwell Banker Realty

Q: *What are some of the most exciting opportunities for real estate when it comes to disruptive technologies?*

A:

LIZ —
Blockchain technology, the technology that powers Bitcoin and other cryptocurrencies, could have a role in terms of evolving how real estate changes hands. We're beginning to see it on the property buying side. The most common scenario we hear right now is that crypto investors are using their gains to "cash-out" and purchase real estate.

While it may be less common that they are using crypto as actual currency in real estate transactions, that could change. Blockchain technology could also have implications for due diligence and title management, as there are opportunities for creating an instant verifiable and authentic digital record of a property.

Luxury real estate professionals will want to pay close attention to the next evolution of this space since they will most likely be the ones to see it first.

RYAN —
We ensure our affiliated agents have the virtual tools they and their clients need to couple superior and personalized experiences with cutting edge digital efficiencies. I believe augmented reality ("AR") will prove itself valuable first in the luxury segment, and we will be there to leverage AR for our affiliated agents and clients.

> "*The* ENTIRE ECOSYSTEM *of real estate information is so* CRITICAL *today.*

TIM —
I see some of the most exciting opportunities being in the integration of various products and tools that clients and agents use to execute a transaction.

It's the entire eco-system of real estate information that is so critical to buyers and sellers today such as comparable locations, the availability of listings, market trend data, the ability to view and even purchase homes virtually and the provision of related services such as mortgage, title, warranty and insurance.

The new ColdwellBanker.com site is launching in March 2022, and you're really going to see these ideas come into focus. This way, we can deliver perhaps the most meaningful disruption of all: a better experience for buyers and sellers, and an enhanced ability for agents to help even more clients pursue their dreams.

Q: *How is the company responding to the increasing numbers of affluent buyers who now appear more comfortable with online home shopping and sight-unseen offers?*

A:

TIM —

In this new buying environment, it is more imperative now than ever to be able to leverage an agent's expertise online as well as on the ground.

One of the ways we are doing that is through a new suite of productivity tools we've begun to roll out to agents, with complete availability by December 2022. These tools are designed to make both the agent and the broker more productive in a virtual world and focused on helping agents assist their buyers in navigating the real estate process in a more streamlined fashion.

Coldwell Banker is leading the industry in creating a more streamlined and delightful experience for buyers, sellers and agents by increasing the connectivity, transparency and velocity of home-related information among all of the individuals and service providers in the real estate ecosystem.

The Coldwell Banker Global Luxury program also offers a unique advantage of having access to an international network of over 7,000 real estate professionals who specialize in the representation of affluent buyers and sellers and industry-leading and bespoke tools and services.

RYAN —

Coldwell Banker has always been a leader in adopting the latest technology and facilitating cutting-edge approaches. Our certified professionals see agility as a core competency.

The pandemic put this to the test and we rose to the occasion, with both tools and learning resources on how best to facilitate a superior experience for discerning clients looking to be efficient with their time, while fully exploring potential future homes.

Some of our happiest customers and most significant transactions involved sight-unseen offers – though there is nothing quite like experiencing the finest properties on earth in person, and we believe that will continue to be important to most buyers who will use virtual technology to narrow choices and optimize the return on their investment of time.

> “ *AR is quickly* TAKING THE ROLE *of allowing people to* FULLY EXPERIENCE *the space of a listing.*

LIZ —

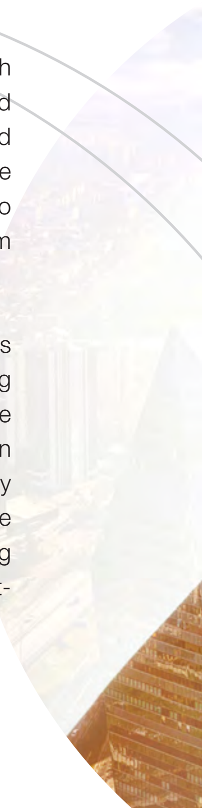
We are in the role of supporting the agents who are serving these affluent buyers by navigating today's shifting dynamics so that they can continue to anticipate their clients' needs.

Now more than ever there is a very significant role for the agent, one that gives the affluent buyer the financial and emotional confidence to do the deal.

We know that our Luxury Property Specialists are doing real-time communication via video, from within the listings as well as from a variety of locations nearby, for example via FaceTime. They work to give the real feel that the neighborhood and house tour would have provided. AR is quickly taking on the role of allowing people to fully experience the space of a listing.

Equally, they are providing in-depth financial analysis of the market and its investment opportunities and finding additional ways to provide extra information that is pertinent to the buyer, such as testimonials from neighbors, or about local schools.

Many agents do repeat business with clients or earn trust by being incredibly studied in gathering the buyer's needs. This is resulting in affluent buyers relying more heavily on top agents to help them make the choice to buy – and with growing frequency, that could mean sight-unseen.



Q: *Where do you see the role of the agent evolving in the future?*

A:

RYAN —
I firmly believe the best real estate agents, in luxury and well beyond, will always focus first and foremost on their role as trusted advisors. The role of an agent gets more challenging and yet more exciting every day, and I believe that will never stop.

For top luxury real estate professionals, this includes remaining up to speed on the latest developments not simply in their markets of focus but in the larger realm of macroeconomics, global fund flows, technological and legal innovation and consumer trends.

LIZ —
I think the evolution of the luxury agent is going to be that of a lifestyle ambassador. Agents will be the literal connections to a community and the lifestyle it offers.

Tomorrow's agents will need to be well-versed on predictive factors beyond market stats and comps, such as school wait lists and local philanthropy, so they can give clients an accurate picture of the community experience and settling-in process.

With so much relocation happening across luxury markets, agents now need to be able to speak about other markets from a place of knowledge. An agent in Aspen will need to understand what's happening in Naples, Florida, or Chicago, and that's going to be required at the top-end.

With the average affluent buyer getting younger, the future agent will need to understand what lifestyle and community mean to a younger buyer. Millennials tend to be philanthropically minded and very conscious about the environment and social issues, so agents need to be educated on sustainability and climate change, and willing to demonstrate their sincere commitment to fairness, inclusion and equity as it relates to housing and community building.

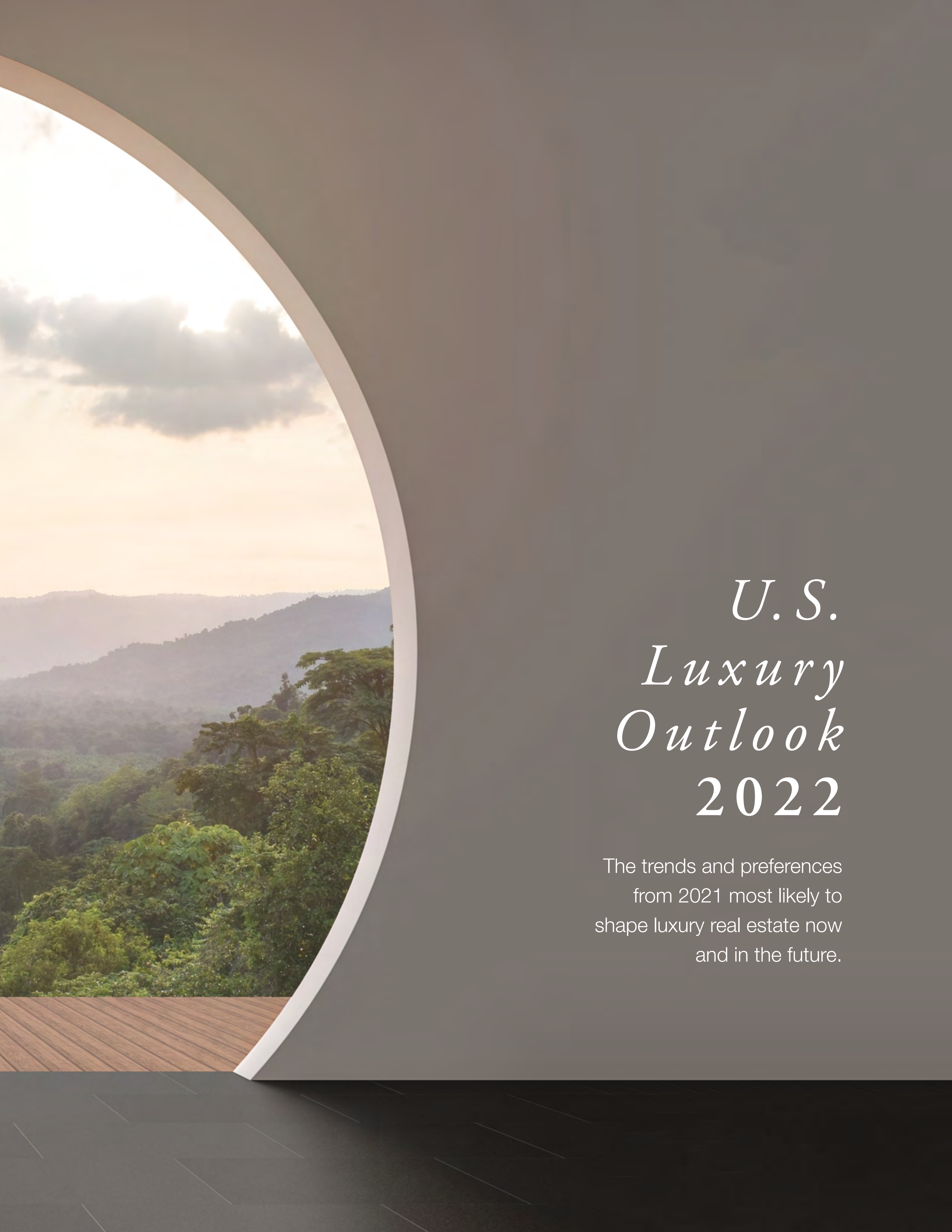
Agents will continue to have perhaps the most influential role in how communities develop as they draw a diverse clientele to form them.

TIM —
Agents of the future will have more time to engage in the broader lifestyles of their clients because of streamlined and more fully integrated transactional tools and processes.

They will increasingly leverage the tools of social media, digital marketing, and online advertising to more deeply and consistently engage with clients when they are not looking to buy or sell a home.

Agents will employ a "surround sound" strategy of being present in many facets of the affluent client's life, from offering unsolicited market research and information related to potential second home markets to extending the reach of clients' philanthropic endeavors via their sphere of influence and assisting multiple generations through partnerships with family offices and wealth managers.

They'll further their credentials as being trusted advisors. In doing so, affluent clients will increasingly value the expertise and access provided by the modern real estate agent.



U.S. Luxury Outlook 2022

The trends and preferences from 2021 most likely to shape luxury real estate now and in the future.

COLDWELL BANKER **VISION SURVEY**

Home Preferences of the Affluent

The Vision Survey, conducted with nearly 40 Coldwell Banker Global Luxury Property Specialists at the end of 2021, identifies the emerging trends and the shifting preferences of affluent buyers as lifestyles continued to evolve.

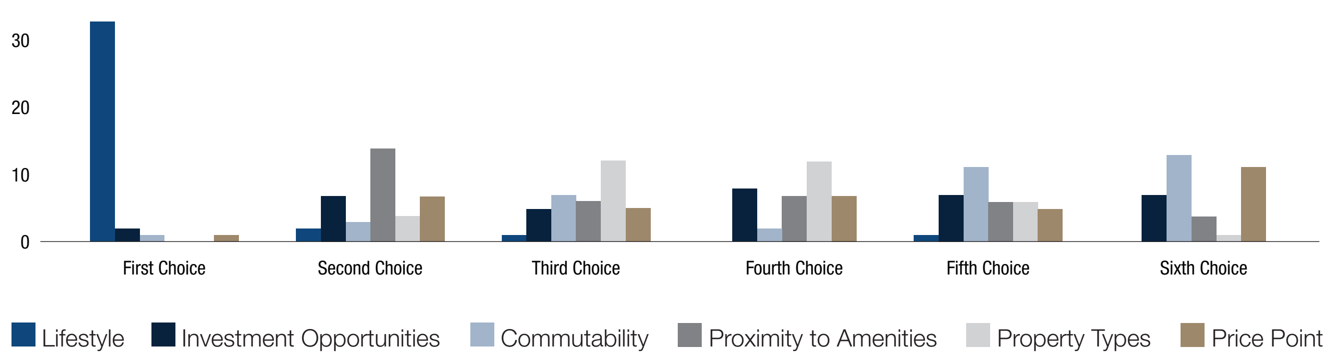
LIFESTYLE IS A TOP DRIVER

The residual effects of 2020 were still impacting affluent buyers' real estate decisions in 2021. They continued to prioritize health, wellness, family, home and lifestyle. In fact, an overwhelming majority of Luxury Property Specialists surveyed said that buyers were purchasing in their market for lifestyle reasons.

The desire for space, safe havens and places of escape continued to be top-of-mind for people.

"In 2020, the first surge of buyers were motivated by escaping the cities to a safe and comfortable environment," said **Tim Allen** of Coldwell Banker Realty in Carmel-by-the-Sea/Junipero, California. "In 2021, we experienced a second surge of buyers looking to improve their long-term quality of life as their priorities had changed." And some buyers also began to re-prioritize proximity to cities after many companies shifted back to the office or other hybrid work models.

Reasons Buyers Want to Purchase in a Particular Location



BUYERS MAKE BIG MOVES

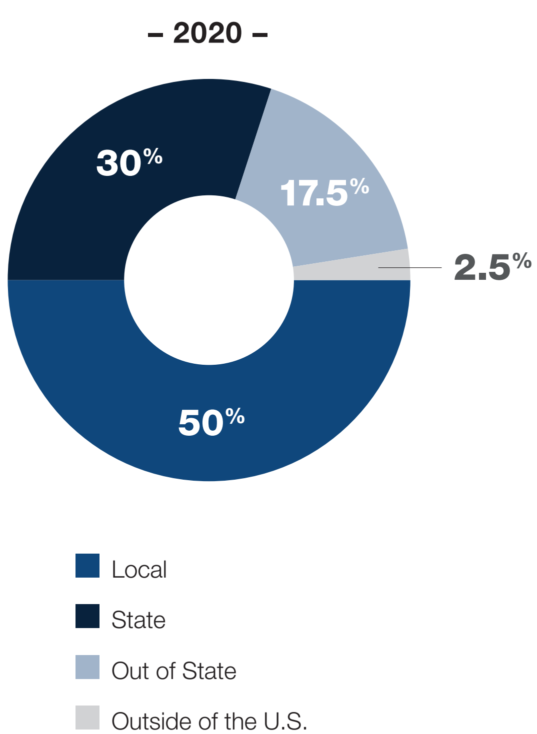
A notable difference between 2020 and 2021 was the number of Luxury Property Specialists reporting that buyers were making major geographical moves. A majority – nearly 38% – said that most of their buyers were coming from out of state. Comparatively in 2020, 50% of respondents said that their buyers were local and only 18% said their buyers were from out of state. Only 8% said their buyers were international in 2021 – not a surprise, given that many countries closed their borders to travelers during the pandemic.

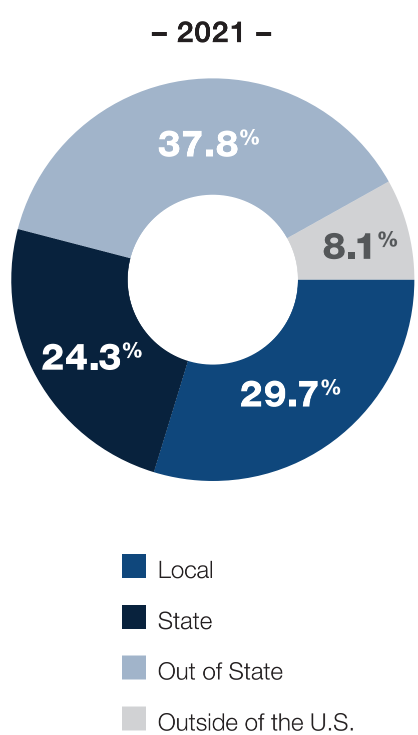
Another trend that continued in 2021 was affluent buyers' growing focus on secondary residences. While the majority of luxury home purchases last year were primary residences, 32% of survey respondents said their buyers were purchasing secondary residences.

"In 2020, many buyers were intending to purchase second homes that could be used during the pandemic until they relocated back to their primary residential state – mostly from California," said **Mary Anne Fitch** of Coldwell Banker Island Properties in Maui. "In 2021, some buyers decided to make Maui their primary residence since the pandemic has not ended and their children can attend school instead of learning remotely."

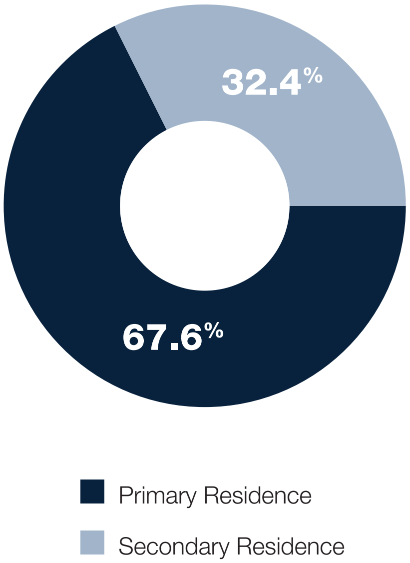
Of those buyers who were purchasing secondary residences, about 41% of respondents said they were buying the property for vacation use or short-term rentals and 32% said they were buying the property as an investment in a good location.

Where Buyers Primarily Came From





Type of Residential Purchases Being Made



> *32% of survey respondents said their buyers were purchasing* SECONDARY RESIDENCES – UP FROM 23% *in 2020.*

MOVE-IN-READY OR BUST

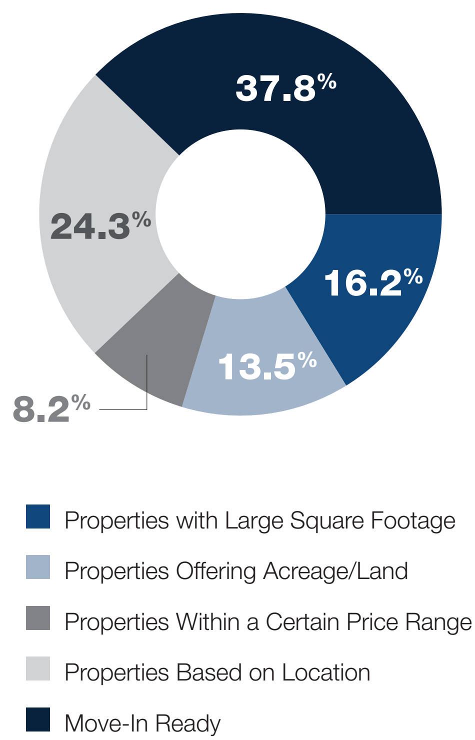
A majority of Luxury Property Specialists said move-in-ready homes were highest in demand. It also ranked highest in buyer priorities for the year.

“Trending in 2022 will be move-in-ready homes,” said **Jade Mills** of Coldwell Banker Realty in Beverly Hills. “People do not want to do any type of work.” Added **Tammy Templin** of Coldwell Banker Realty in Austin, Texas: “Buyers will pay much more for move-in-ready.” Indeed, price was less of a consideration for luxury buyers – only 8% of respondents said properties within a certain price range were most in demand.

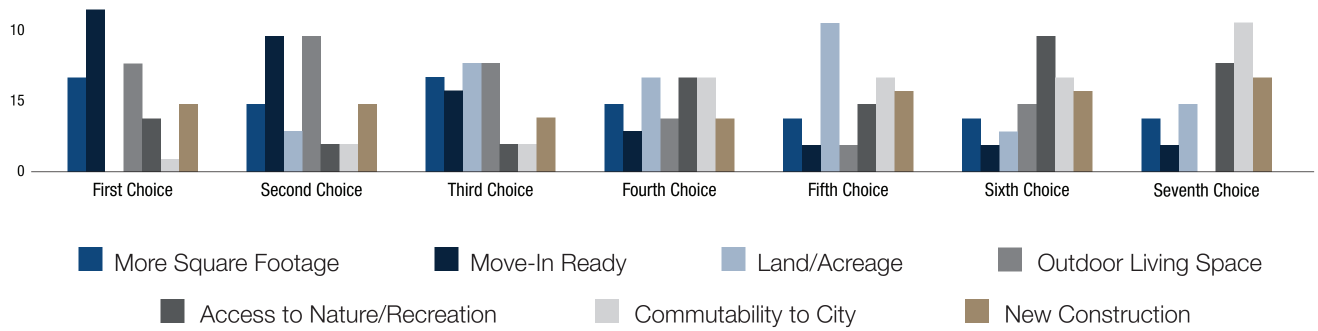
Land and acreage notched up in some buyers’ minds as an option as they encountered steep competition and scarcity of turnkey and new construction opportunities.

“We still have many opportunities to purchase land in the outlying areas,” said **Marny Schlopy** of Coldwell Banker Realty in Park City, Utah. “When buyers cannot find what they want, they are purchasing land to build in the future.”

Luxury Properties in Highest Demand



Top Priorities for Luxury Buyers, Ranked



WANTED: LARGE YARDS AND POOLS

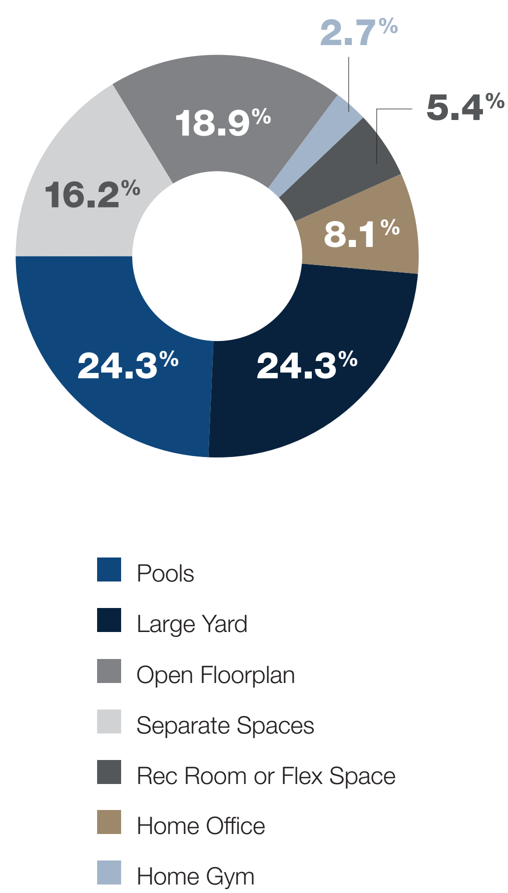
Large yards and pools were the most sought-after home amenities among luxury buyers in 2021, largely unchanged from 2020. Homes offices – a must-have commodity at the height of the pandemic – took a backseat to other long-term considerations such as open floorplans and separate living spaces. Although that's not to say home offices – and oftentimes, two – were not important to buyers, they were just not essential to closing the deal.

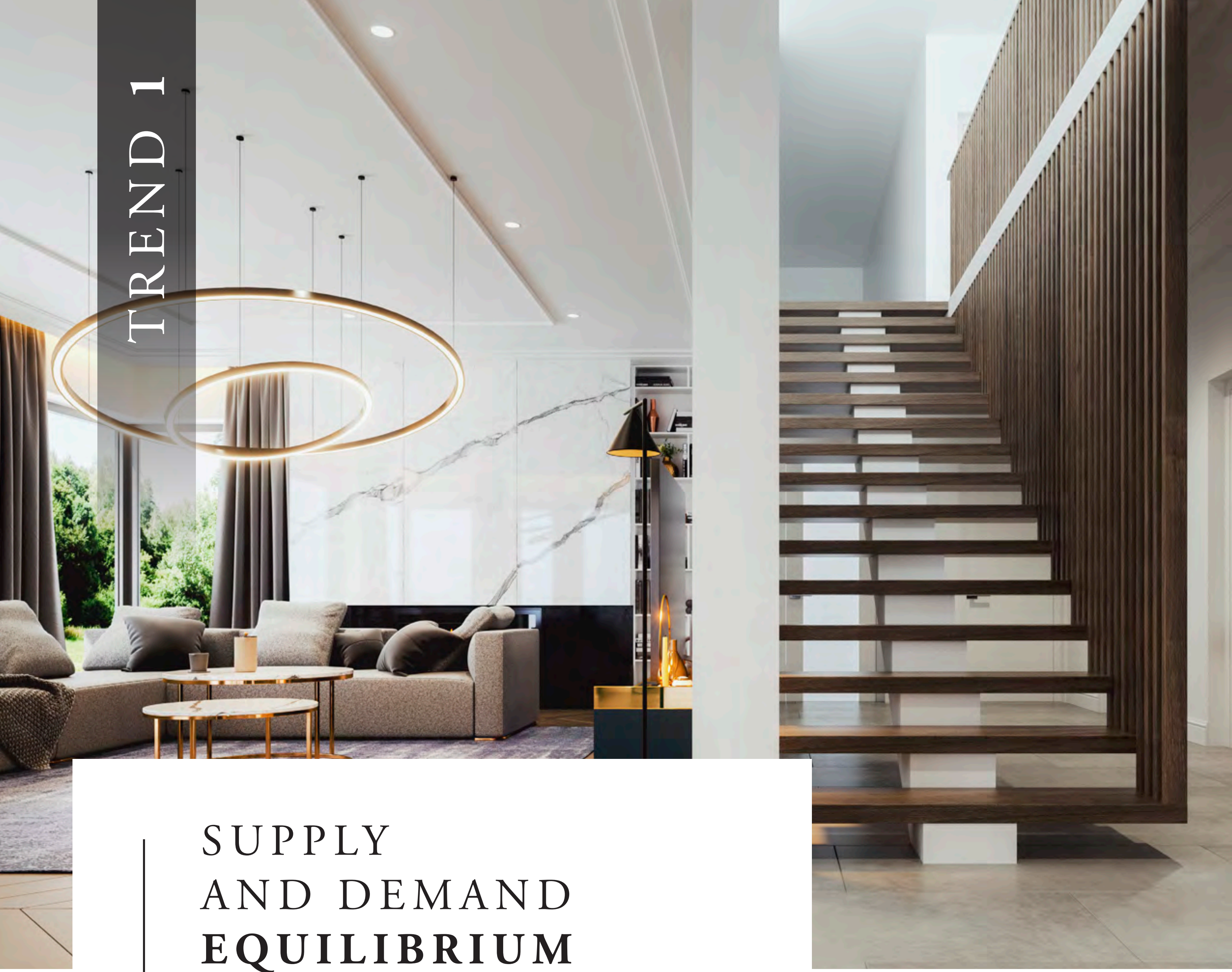
"Buyers continue to seek larger turnkey residences that incorporate home offices and entertaining space, which include both interior open floorplans as well as outdoor amenities," said **Diane Polland** of Coldwell Banker American Homes in Great Neck, New York.

SETTLING INTO A NEW NORMAL

On the whole, "buyers in 2021 still had the same priorities and goals for luxury real estate purchases as in 2020," said **Carrie Wells** of Coldwell Banker Mason Morse in Aspen, just at a less frenetic pace.

Top Amenities on Buyers' Wish Lists





TREND 1

SUPPLY AND DEMAND **EQUILIBRIUM**

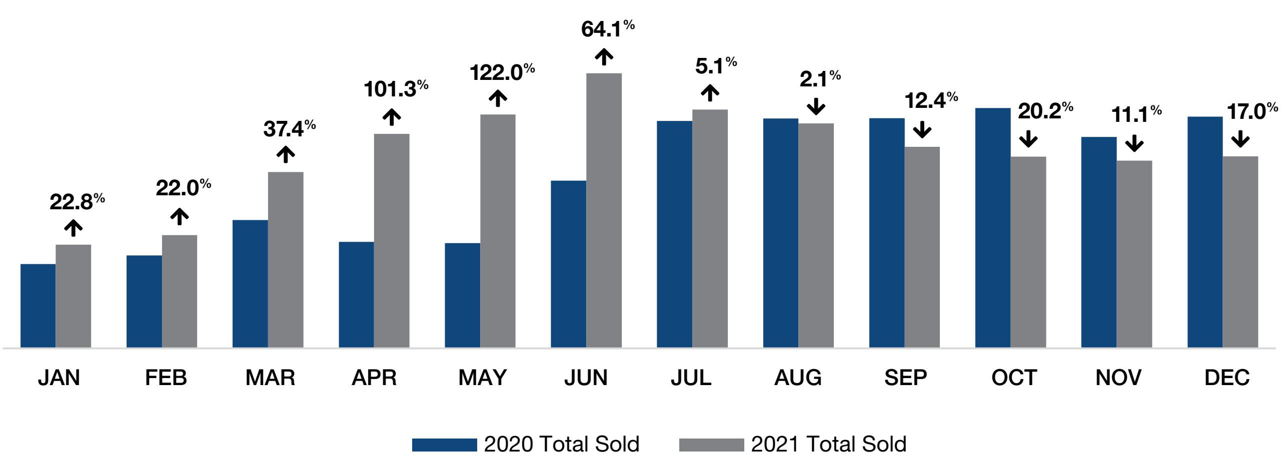
One of the defining characteristics of the 2021 luxury real estate market was low inventory and high demand. But there was more going on behind the scenes, which could have important implications for 2022.

VOLUME AND VELOCITY OF SALES

Luxury properties in 2021 sold much faster than they did in 2020:

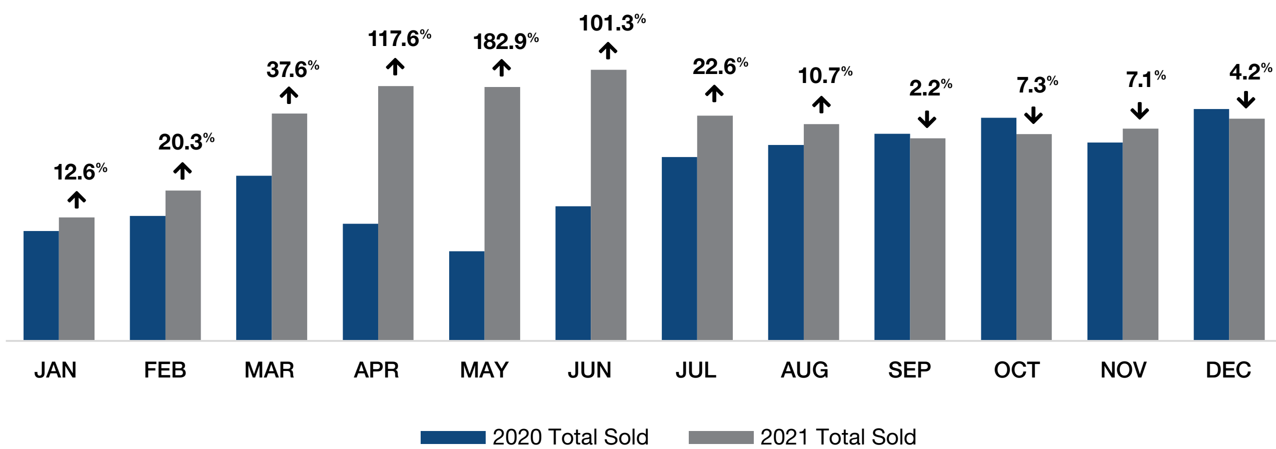
- Single-family homes were on the market for a median of 17 days – down from 39 in 2020 – and attached properties dropped from 39 days in 2020 to 18 in 2021.
- Sales volume in the top 10% for single-family homes rose 14.5% and a staggering 29.6% for attached properties in 2021 compared to 2020.
- Given the sales growth of 21.8% for single-family and 9% for attached properties between 2019 and 2020, these numbers represent an unparalleled demand for luxury homes over the last two years.
- The most significant velocity of sales occurred during April and May 2021 for single-family homes, and between April and June for attached properties, when the number of sales per month more than doubled compared with any other month in the last two years.

Comparative Sold Data for Single-Family Homes



Source: Institute for Luxury Home Marketing

Comparative Sold Data for Attached Homes



Also unprecedented were the extraordinary levels of sales in both the $5 to $10 million and $10 million+ price ranges, which climbed 294% and 301% respectively for single-family homes in 2021 compared to sales in 2019, and 245% and 226% respectively for attached homes – astonishing, given that a majority of ultra-luxury sales are cash transactions.

Growth of Single-Family Home Sales 2019-2021

294%

$5M - $10M

301%

$10M+

Growth of Attached Home Sales 2019-2021

245%

$5M - $10M

226%

$10M+

Source: Institute for Luxury Home Marketing

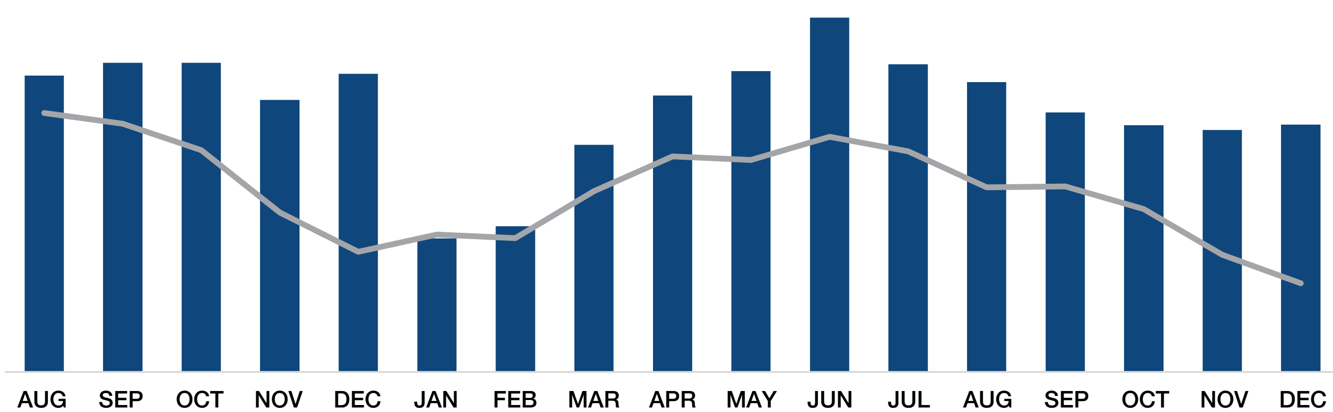
DECLINE OF NEW INVENTORY

Happening simultaneously with the higher volume and velocity of sales was a decline in new inventory entering the market month-to-month:

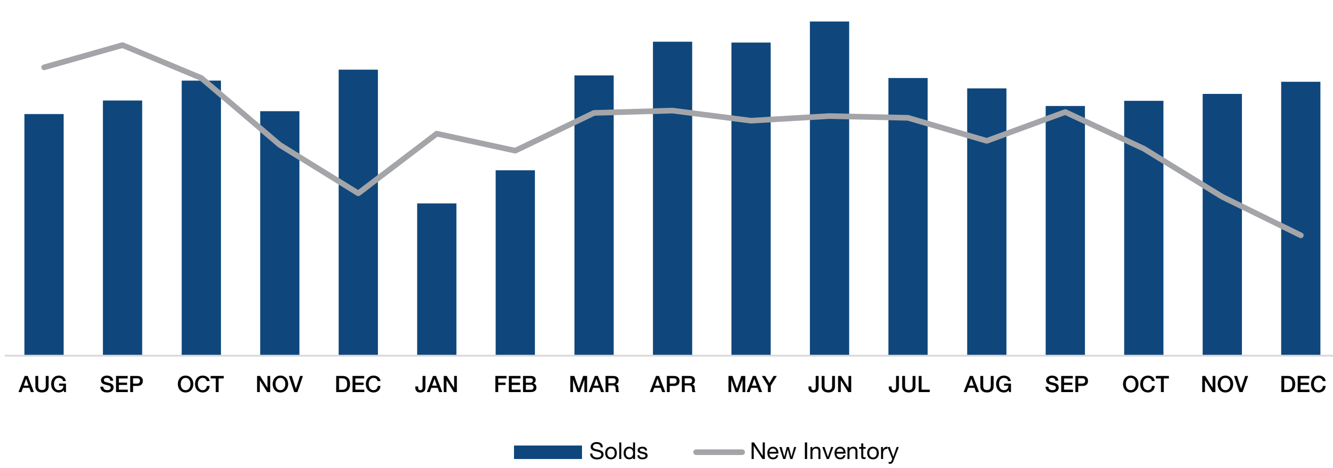
- New luxury single-family home listings have declined an average of 30.3% each month since August 2020 – when sales first began to outpace new listings.
- New attached luxury property listings have declined an average of 23.9% each month since March 2021 – when sales in this segment began to regularly outpace new listings and showed a new trend.

The frenzied spring buying months of March to June 2021 saw the biggest impact on inventory levels. After that, the housing supply never fully recovered from the deficits. Even during the seasonal slowdown in the final two months of 2021, the numbers of new listings coming onto the market could not keep up with demand.

Total Sold vs. New Inventory for Single-Family Homes



Total Sold vs. New Inventory for Attached Homes



Source: Institute for Luxury Home Marketing

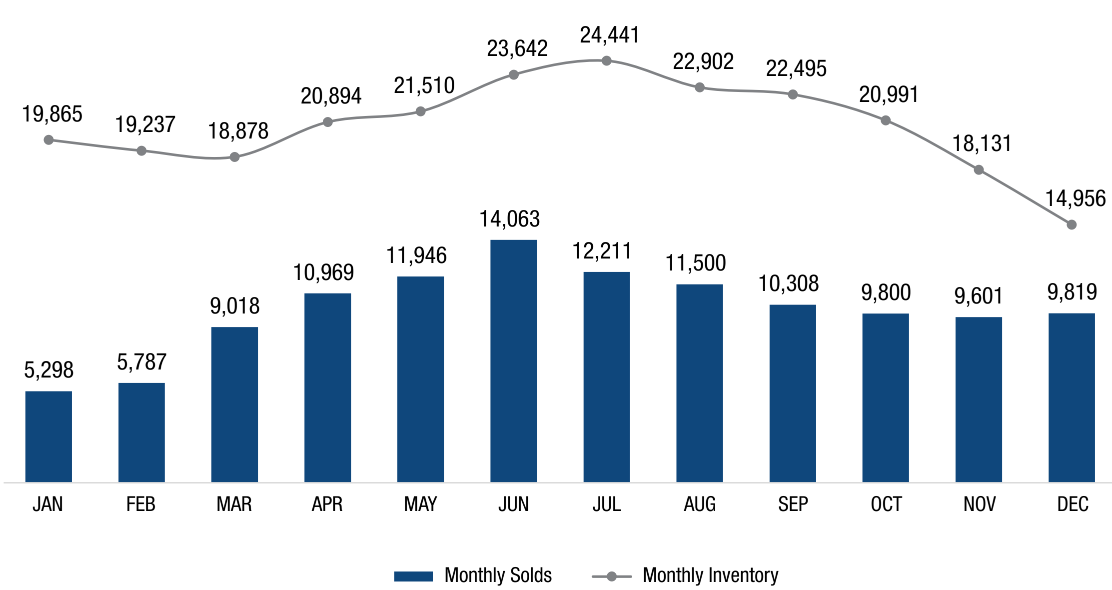
LACK OF DESIRABLE INVENTORY

Despite the drop in new single-family home listings entering the market, the overall sales for the year still equaled less than 50% of the total inventory available for single-family homes.

The attached home market, due to the lack of demand in 2020 and the first few months of 2021, has not seen the dramatic impact of falling new inventory affect its baseline yet, and overall sales for the year equaled less than 36% of the total inventory available.

This data point lends additional nuance to the low inventory story. Perhaps a more accurate description of the real estate supply issue should be: "low desirable inventory."

Monthly Luxury Single-Family Home Inventory Levels Compared to Sales



Source: Institute for Luxury Home Marketing

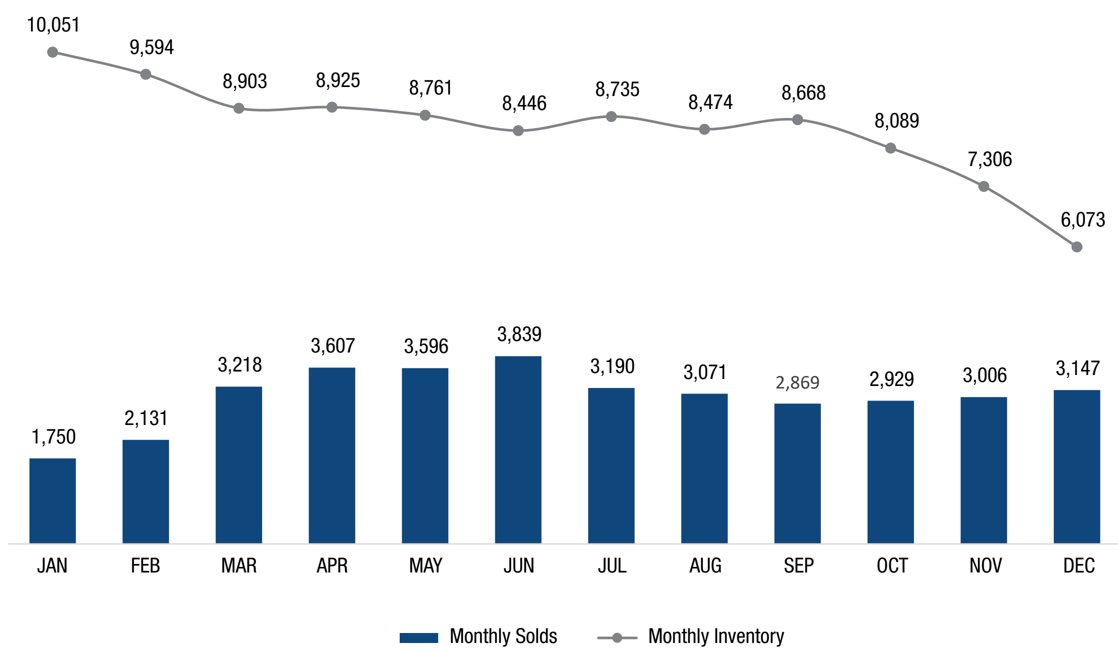
> 73% *of Luxury Property Specialists said a* LACK OF INVENTORY *remains their* BIGGEST IMMEDIATE CHALLENGE *for 2022.*

There are properties still available from months where inventory did exceed demand, plus new construction homes and developments coming onto the market. The levels of supply and demand are not equal across all luxury real estate markets either, nor for specific price points, property types, locations and other variables that make up buyers' deciding factors. This disparity of choice is the main reason why there is still inventory available.

"Properties that are in need of work and overpriced are not selling," said **Joyce Rey** of Coldwell Banker Realty in Beverly Hills. "Once a home sits on the market for over about a month, people stop looking at it because they wonder why, in this market, would anything sit for longer than 30 days and they assume there must be something wrong with it."

Indeed, properties that needed work in 2021 were "very difficult to move," agreed **Nathan Zeder** of Coldwell Banker Realty in Coral Gables, Florida, while **Jonathan Radford** of Coldwell Banker Realty in Boston added: "People don't want to do renovations, mainly due to construction delays, supply chain issues and escalating construction costs." It's the same in California's Napa wine country: "Properties that are dated and require updating are often difficult to sell," said **Cyd Greer** of Coldwell Banker Brokers of the Valley. "Our buyers are busy professionals with very little time to invest in a remodeling process." Due to the difficulties associated with building and remodeling, 76% of Luxury Property Specialists surveyed said that move-in-ready homes are in most demand and have the lowest inventory.

Monthly Luxury Attached Property Inventory Levels Compared to Sales



Source: Institute for Luxury Home Marketing

LOOKING ***AHEAD***

A few market factors could shift later in the year, putting supply and demand on more equal footing.

MORE LISTINGS

While the level of listings is still low in most markets going into 2022, the gap between new listings and the number of sold properties could eventually close. If the turning point has been reached, then the number of available listings should continue to increase as 2022 progresses and new sellers come forward.

Some sellers may have been eager to list their homes in 2021, but didn't out of fear of being locked out by housing shortages and steep competition in their chosen market. This only further contributed to the inventory squeeze in 2021. Savvy real estate agents have already begun to dig deep into their local networks to ease potential sellers' minds and provide them with housing alternatives.

With their agent's guidance, sellers may recognize that they have a few market conditions in their favor: 1) less competition, 2) prices still have room to increase in some markets, and 3) the window of opportunity for sellers could be closing by the end of 2022.

"In the Chicago's North Shore and western suburbs, we have incredibly low inventory and a ton of buyers," said **Dawn McKenna** of Coldwell Banker Realty in Hinsdale, Illinois. "We are actively contacting potential sellers to start conversations and better understand the circumstances of what would make them move. We are working to create the supply by educating our sellers on the current market conditions."

NEW CONSTRUCTION RAMP-UP

The labor shortages and building supply chain issues that caused construction delays in 2021 are largely expected to get resolved this year. New-home construction already showed an increase in activity by the end of 2021.

These encouraging signs have led some experts, such as those at NAR, to forecast a strong pipeline of newly built inventory to hit the market and further ease housing shortages. The high-end property market is particularly primed to benefit from a ramp-up in new construction, given affluent buyers' growing preference for move-in-ready and new builds. Still, a new construction surge is not expected to relieve upward pressure on prices.

"New construction homes sell at a premium price per square foot," said **Jennifer Zales** of Coldwell Banker Realty in Tampa Bay. "If we can get homes completed timely in 2022, they will sell right away."

REAL ESTATE REALISM

Realizing that a price ceiling may have been reached in some markets, sellers could get more realistic with their expectations on pricing. "There are sellers that are not clear on where they intend to move," said **Diane Polland** of Coldwell Banker American Homes in Great Neck, New York. "In my opinion, uncertainty factors are one of the main reasons why they are less eager to accept an offer. In addition, there is always the situation where the seller's expectations do not meet market value."

Buyers who lost out on properties in 2021 may also adjust expectations based on current market conditions, such as expanding their search to locations previously not on their radar or considering properties that need work. "Throughout 2021, I saw an increasing shift from move-in-ready and new construction purchases to buyers who were willing to invest in significant renovation and remodeling in order to secure location and space as their priority," noted **Jennifer Cameron** of Coldwell Banker Bain in Seattle.

In some heated markets, buyers may also start balking at high prices. They may be able to afford to pay a premium for a home they want, but they also don't need to buy. They still want to see good value for their dollar and an opportunity to ride an upswing on investment return.

Another unknown is how much buyer fatigue will factor into overall demand this year.

"Following the old rules, some buyers have lost out on homes that they were interested in by underbidding or being too slow in moving forward with a deal. It is a learning curve and with the support of a professional and knowledgeable broker, buyers can find the right home for their family," added Polland.

A question remains about how many buyers are going to be left to buy up the new inventory expected to hit the market in 2022. Will there simply be fewer buyers this year?

If all of these factors converge in 2022, it could eventually move the market toward a more balanced state, where the number of buyers and sellers comes closer together.

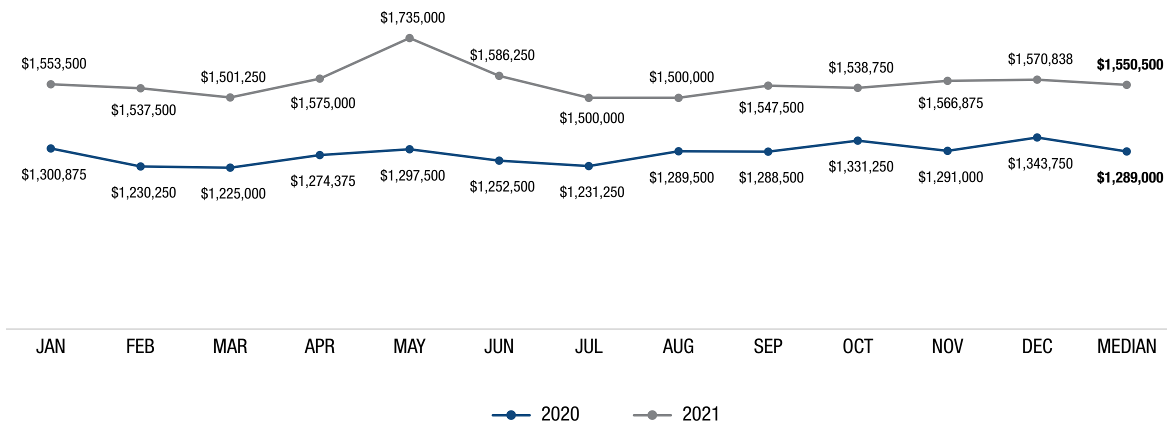
TREND 2

RISING PRICE **THRESHOLDS**

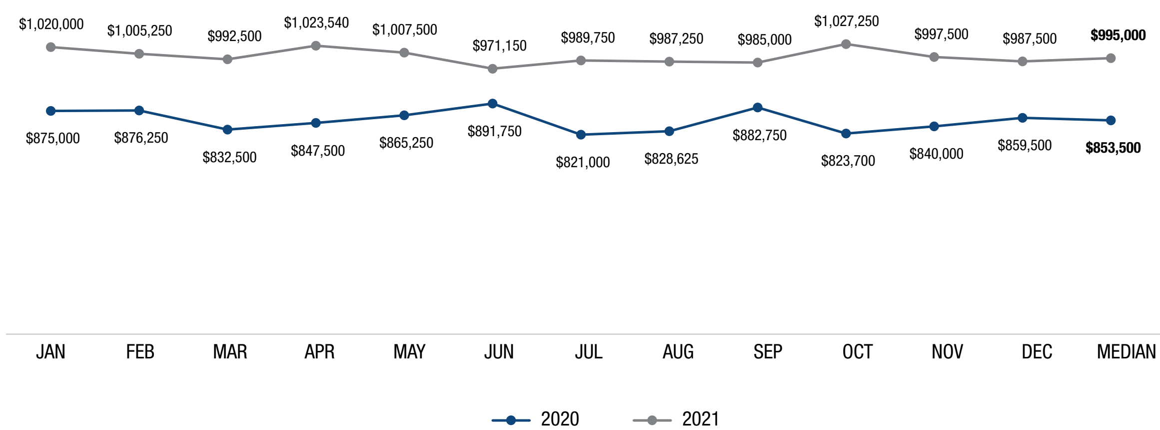
A New Benchmark for Luxury

Prices are at historic levels. Will they continue to rise, stabilize or fall?

Comparative Monthly Median Sold Prices for Single-Family Homes



Comparative Monthly Median Sold Prices for Attached Homes



HISTORIC PRICE ACCELERATION

Luxury home prices rose faster in 2021 than in any one-year period in documented history. From January 2020 to December 2021, median luxury sold prices rose 20.3% for single-family homes and 16.6% for attached properties in the top 10% of 120 markets reviewed by the Institute for Luxury Home Marketing. The median 2021 sales price for single-family homes is now $1.55 million compared to $1.28 million in 2020 and for attached homes, it is $982,000 compared to $853,500.

Source: Institute for Luxury Home Marketing

Entry-level price thresholds for luxury homes similarly rose in markets across the United States, thus changing the very definition of a luxury property. According to the Institute for Luxury Home Marketing, the entry-level luxury price threshold for single-family homes has increased by 29.7% since 2019 and 10% for attached properties.

For example, the entry-level luxury home price in Los Angeles hovered around $2 million for many years, but is now closer to $3 million, according to **Joyce Rey** of Coldwell Banker Realty in Beverly Hills. The increases are not concentrated in major U.S. cities either. Even in small resort markets like Hilton Head Island, S.C., the barrier to entry increased nearly 40% since 2019, from about $550,000 to $779,000 – "while at the same time experiencing a more than 60% decrease in the inventory of homes," noted **Thomas M. Kersey** with Coldwell Banker Access Realty.

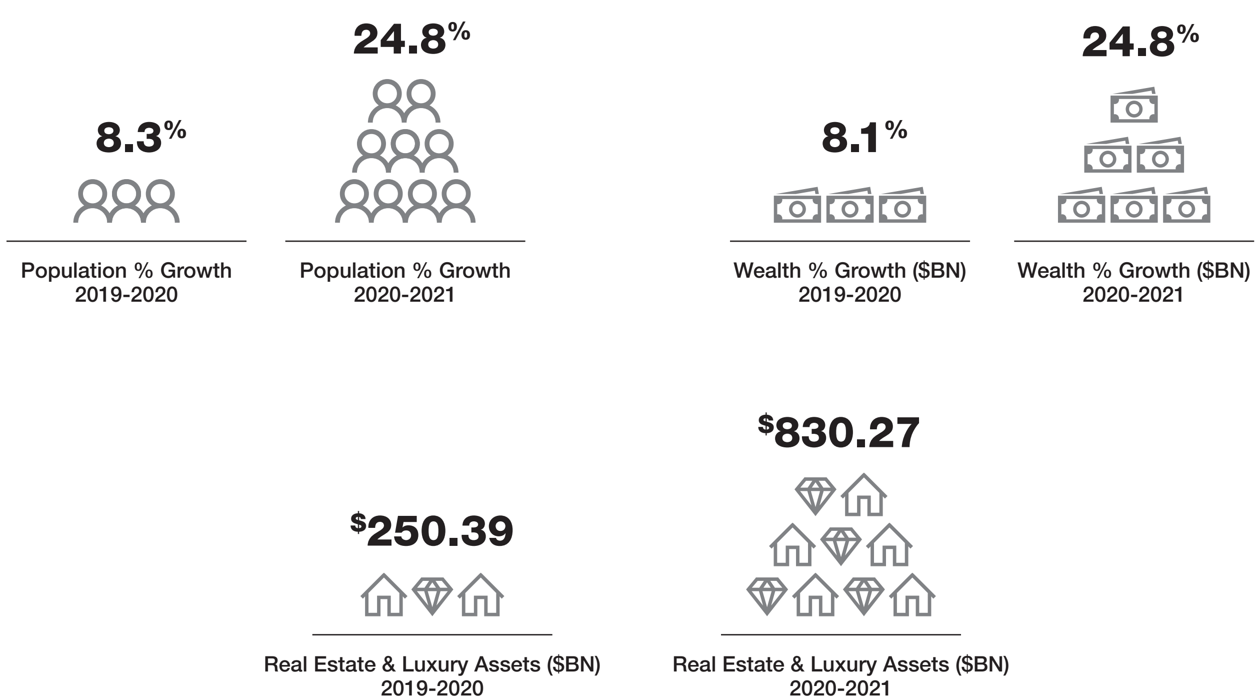
UNPRECEDENTED WEALTH GROWTH

Luxury home prices shot up in 2021 because of low supply, certainly, but also because of unprecedented demand driven by increasing numbers of affluent individuals entering the market. In other words, demand exploded just as the population of wealthy individuals grew.

In the United States, the number of individuals with a net worth of $5 million+ rose by a staggering 24.8% in 2021 compared to 2020 and 33% since 2019. Their representative dollar volume increased at a similar rate of 32.9% from 2019, as did their growth rate for real estate wealth from 2019 to 2021.

More wealthy individuals than ever before means that they could afford to pay a premium for bigger, better homes, thus setting new price benchmarks.

U.S. Net Worth and Population Growth for Individuals with $5 Million+



Source: Wealth-X

Real Estate Ownership Growth 2019-2021

Real Estate Value	# of Individuals in 2019	# of Individuals in 2021	% Growth Rate	% of Individual Homeownership
$1M - $5M	377,750	1,058,149	180.1%	71%
$5M+	105,497	213,535	102.4%	14%

DRIVERS OF NEW AMERICAN WEALTH

With foreign investment greatly reduced in 2020 and 2021, the heated property market was driven primarily by domestic affluent buyers who saw their wealth increase during the pandemic. Flush with cash from rebounding stock markets, rising home values, increased savings and cryptocurrency gains, a new group of millionaires flooded the market in spring 2021 in search of safe places to put their wealth and bigger, better living environments that would easily allow them to work, play and relax at a single address.

The number of properties sold in the $1 to $5 million range saw the highest growth in 2021.

Nearly three times as many individuals with a $5 million+ net worth own $1 to $5 million in real estate in 2021, compared to 2019 – a 180% increase in luxury property ownership. This equals 71% of individuals with a net worth of $5 million+ now owning properties valued in the $1 to $5 million range.

Source: Institute for Luxury Home Marketing

DEMAND AND PRICE INELASTICITY

In a typical real estate market, rising prices will have a negative effect on demand. According to economic theory, price elasticity indicates by what percentage the number of housing units demanded will decrease in response to a one-percentage-point increase in property prices. However, due to extreme supply constraints in the luxury sector and increasing numbers of the affluent over the last two years, demand for luxury homes has become price inelastic.

The high-end residential market has shown very little sensitivity of demand to the unprecedented price increases that occurred over 2020 and 2021.

The contradictory nature of this market and its resistance to normal economic principles makes it somewhat difficult to predict.

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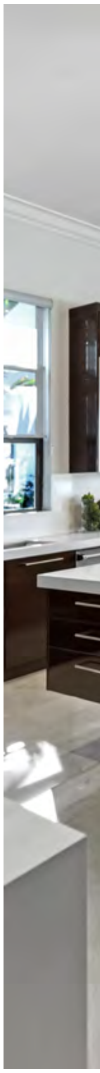
70% of Luxury Property Specialists said a NEW LUXURY HOME PRICE BENCHMARK *has been reached.*



LOOKING ***AHEAD***

The big question for 2022 is: Will these new luxury price thresholds become the new normal, even if supply and demand equalize? The answer lies in the “if.” While most Coldwell Banker Global Luxury Property Specialists contend that the current rate of price growth isn't sustainable long term, the majority do not expect demand and supply to level out enough to bring prices down significantly in 2022.

Delays in new construction haven’t helped ease housing supply levels, putting upward pressure on the resale market. Even if construction does pick up later in the year, the effects on inventory won’t be felt for months, if not longer. And even if new construction brings new homes to market, it won’t necessarily lower prices. “New construction makes prices go higher,” notes **Jill Hertzberg** of Coldwell Banker Realty in Miami Beach.

There is also an expectation that international buying power will return to the U.S. real estate market in 2022. If that happens, demand could remain the same as 2021 or possibly increase.

With little change in inventory initially forecasted, especially in affluent communities experiencing a backlog of buyers for properties in the highest demand categories, such as move-in-ready homes and new construction, the expectation

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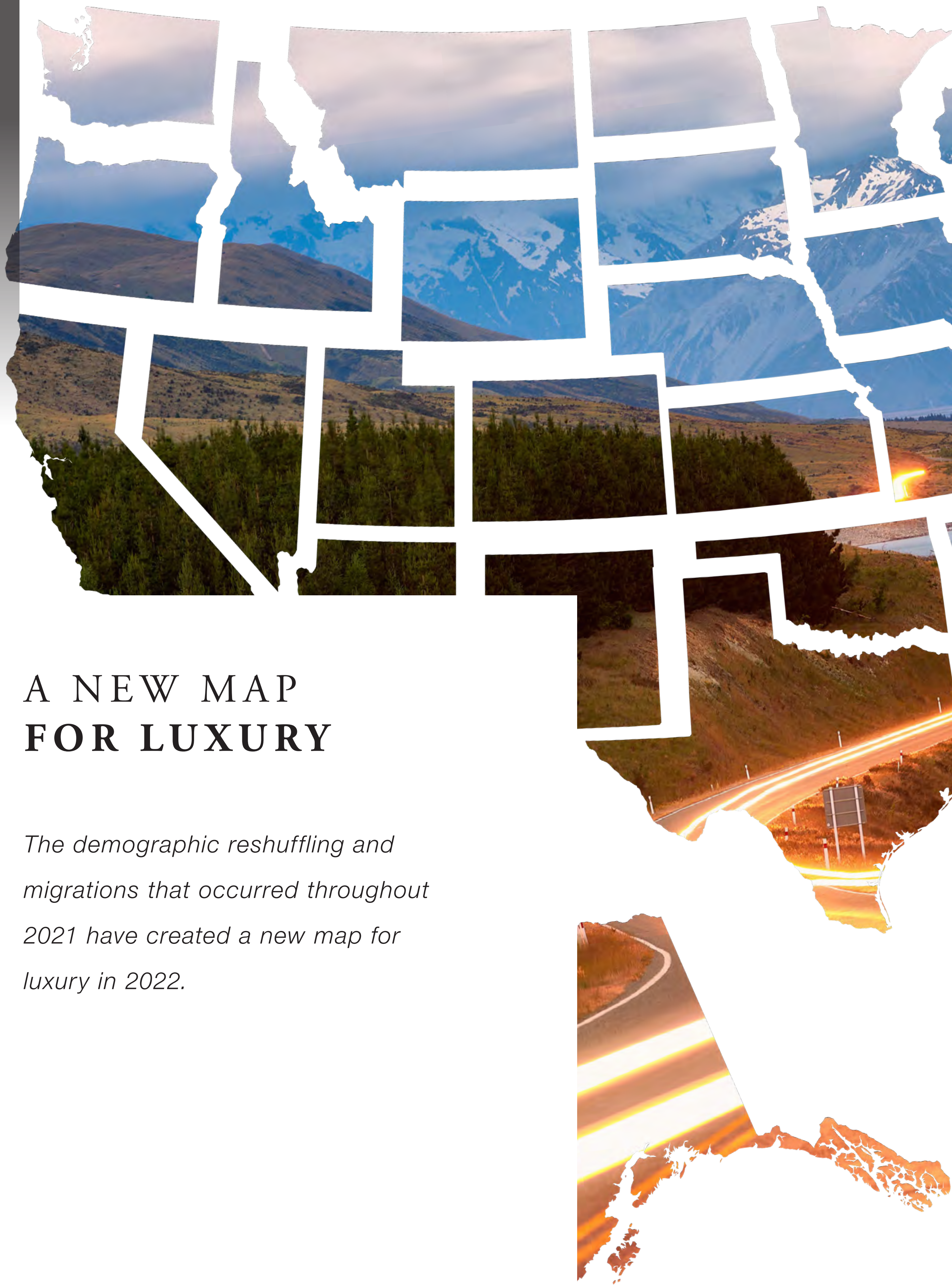
International luxury property buyers are predicted to RETURN.

is that the new price thresholds set in 2021 will remain in place for 2022. “Our luxury market has been undervalued for many years and has not caught up,” said **Lucio Bernal** of Coldwell Banker Realty in Palm Springs. “We feel our market will sustain its current values and continue to be relevant as a market area.”

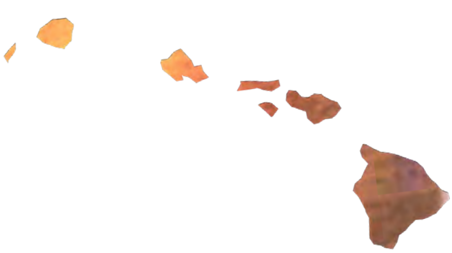
In inventory-strapped resort towns like Aspen, prices may not have peaked even though the median luxury single-family home sold price in 2021 now sits at $8,475,000 – up 58% compared to 2020. Supply levels are at historic lows – about 30% – and aren’t expected to improve any time soon, thanks to Aspen City Council’s recent moratorium on all new home construction. “Buyers understand that property prices have dramatically increased,” said **Carrie Wells** of Coldwell Banker Mason Morse in Aspen. “With the lack of inventory, they are paying up to purchase what they want.”

In Beverly Hills, where the median luxury home price hit $3,310,000 in 2021, Luxury Property Specialists expect the new price levels to remain the same or possibly increase. “2022 will continue with little or no negotiating power for buyers,” said **Valerie Fitzgerald** of Coldwell Banker Realty in Beverly Hills. “Offers will be at asking price or higher in many cases. A teardown in Beverly Hills will likely continue to fetch $6 million and above. Crypto buyers will outspend high-end buyers.” Similarly, **Jade Mills** doesn’t see a price correction on the horizon in L.A.’s hottest westside ZIP codes. “Even though the interest rates have risen, it has not affected the real estate boom in the first two months of 2022. The frenzy continues. We are seeing multiple offers on properties that we feel are priced right. This is our new realism.”



A NEW MAP
FOR LUXURY

The demographic reshuffling and migrations that occurred throughout 2021 have created a new map for luxury in 2022.



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38% of Luxury Property Specialists said MOST BUYERS *were from* OUT-OF-STATE.

MAJOR MOVES

The panicked 2020 push to escape the cities and purchase properties that fit an immediate need was replaced with an eye towards investing in the future in 2021. Affluent buyers began making major life-changing geographical moves – often out of state – as they were freed up by work-from-home opportunities and searched communities that better fit with their lifestyle and values. Safety, health, wellness and community still factored heavily into people's relocation decisions, and they had more money to do it than ever before, thanks to the historic wealth gains of 2020 and 2021.

All of this movement created an expansion of the luxury market and opportunity for discovery of new territories.


VALUES-BASED MIGRATION

Among the beneficiaries of this paradigm shift were Sun Belt states like Arizona, Florida, Georgia, Nevada, North and South Carolina, Oklahoma, Tennessee and Texas. Four of these Sun Belt states – Florida, Texas, Tennessee and Nevada – have no income tax, which appealed to companies and top earners with financial considerations. Cities such as Tucson, Tampa, Atlanta, Las Vegas, Nashville and Austin, if inventory levels allowed, saw an uptick in the number of luxury single-family home purchases in 2021. Prices jumped by a median of 22.1% in these five cities while inventory levels fell by a median of 23%.

"More companies are relocating to the Tampa Bay Area, as well as buyers looking to flee high-tax states," said **Jennifer Zales** of Coldwell Banker Realty in Tampa Bay. "We expect the growth to be strong for the foreseeable future. Many of these buyers are seeking luxury real estate, where in comparison to the markets they are coming from, represent a better value and price."

Florida wasn't the only state that gained out-of-state businesses and high-earning workers. Texas was the most popular destination for California companies moving their headquarters, per a report by the Hoover Institution at Stanford University. Tennessee was the next most-attractive location after Texas, followed by three other Western states – Arizona, Nevada and Colorado – which offer convenient, short flights from the Golden State.

Golden Millennials (those born between 1980 and 1985) also jumped into the housing market in record numbers in 2021. Bucking tradition, they often skipped starter condos in high-cost cities and headed straight to smaller secondary cities and suburbs since they could work from anywhere.

“Young buyers were moving from San Francisco and San Jose, as they could get more home for their money and larger yards with entertaining spaces,” said **Khrista Jarvis** of Coldwell Banker Realty in Danville, California, an East Bay suburb about 22 miles from Oakland and 31 miles from San Francisco.

	Number of Sales	Median Sold Prices	Median Monthly Inventory
Tucson, AZ	+5.6%	+21.9%	-27.6%
Tampa, FL	+2.5%	+18.5%	-19.0%
Atlanta, GA	+8.5%	+17.2%	-15.3%
Las Vegas, NV	+19.8%	+23.3%	-31.1%
Nashville, TN	+7.5%	+29.2%	-25.6%
Austin, TX	-1.6%	+22.2%	-19.3%

Source: Institute for Luxury Home Marketing

Secondary cities like Denver, Boise, Sacramento, San Antonio, Raleigh-Durham and Salt Lake City became increasingly sought-after destinations. Inventory levels for luxury single-family homes dropped between 19% and 36% year-over-year in these six markets, affecting the number of possible sales at the end of 2021. As a result, prices rose annually between 19.9% and 37.5%.

Affluent suburbs that offer space and city commutability were also sought-after as buyers planned to eventually return to work at some point. "We had even more buyers looking to move to the North Shore from the city in 2021," said **Annie Lenzke** and **Katie Moor** with the Dawn McKenna Group in Chicago's North Shore and affiliated with Coldwell Banker Realty. Noted **Frank Isoldi** of Coldwell Banker Realty in Westfield, New Jersey, about 16 miles southwest of Manhattan: "I think the suburbs will continue to see a tremendous increase in demand this spring. With inventory already at an all-time low, prices will continue to rise and most likely stay there for the foreseeable future."

Luxury retailers even followed the affluent to some of these locations. Gucci set up shop in Oak Brook. Moncler opened in Vail. Dior headed to Scottsdale. Louis Vuitton debuted in Plano, Texas.

	Number of Sales	Median Sold Prices	Median Monthly Inventory
Denver	+4.8%	+22.7%	-25.5%
Boise	-13.1%	+37.5%	-19.0%
Sacramento	+25.5%	+20.0%	-36.0%
San Antonio	-5.7%	+17.0%	-28.0%
Raleigh-Durham	-1.9%	+19.9%	-21.6%
Salt Lake City	-0.1%	+29.2%	-29.2%

Source: Institute for Luxury Home Marketing

"YOU ONLY LIVE ONCE" MIGRATIONS

The "You Only Live Once" crowd, which included affluent baby boomers and affluent Gen Xers, flocked to resort towns that could offer more space and lifestyle opportunities. This group was more likely to own multiple homes, including a home in the city and an "escape house" in a less populated location.

Aspen, Vail, Steamboat Springs and Breckenridge all posted record years for real estate. Vail for instance saw a 61% jump in its median purchase price. Ski towns outside of Colorado also soared, like Jackson Hole, Park City, Montana's Big Sky and Lake Tahoe. Some of these resort towns were so small that inventory could simply not keep up with demand.

Destinations along the coast were similarly popular; Sarasota, Florida, and its surrounding communities saw a 16% drop in inventory as did Sussex County, Delaware, where 2021 inventory was down by 42% from 2020.

	Number of Sales	Median Sold Prices	Median Monthly Inventory
Manhattan	+101.7%	+0.7%	-0.3%
San Francisco	+45.2%	+4.4%	-2.0%
Washington, D.C.	+17.1%	+10.3%	-16.1%
Boston	+42.9%	+9.4%	-1.4%
Chicago	+55.9%	+6.2%	-5.9%

URBAN RESURGENCE

Still, low-density living was not for everyone. The culture, creative vibrancy, hospitality amenities, services, infrastructure and tax base that comes with major metropolises are not easily replicated elsewhere. It turns out that people still wanted to be near businesses even if they don't show up to the office every day or even live in one place full-time. It's the reason why New York, San Francisco, Washington, D.C., Philadelphia and Chicago roared back to life in 2021, some gaining as much as 10.3% in luxury home prices from 2020. Moves back to the city were happening as people encountered a friendlier buying environment for condos with less competition than suburban single-family homes. Moves were also happening *within* the city as buyers looked for larger square footage and outdoor spaces.

"The NYC market re-emerged in 2021," said **Wendy Greenbaum** of Coldwell Banker Warburg. "Larger space was a top priority for buyers, as people realized that living and working in the city may require more square footage than had previously been acceptable."

Source: Institute for Luxury Home Marketing

LOOKING ***AHEAD***

All of this movement around the map shows that modern affluent consumers are no longer concentrated in a few coastal cities; they're everywhere. There's no reason to think the decentralization of luxury will stop in 2022.

Luxury may be on the move for the foreseeable future.

Beyond lifestyle motivations, affluent buyers have begun to factor in other considerations into their relocation decisions, such as climate change.

Concerns about natural disasters and extreme temperatures have filtered into the buyer consciousness, which goes back to the values of health and safety that became so essential after 2020. In Napa Valley, **Cyd Greer** of Coldwell Banker Brokers of the Valley has already seen some of this affect her market: "Properties in the high fire hazard area sometimes pose challenges because of the difficulty in finding insurance," she said.

In waterfront communities like Miami Beach, rising sea levels are another consideration, although some high-end builders and architects have recently responded by

integrating raised columns and other innovative solutions into their residential designs. **Jill Eber, Jill Hertzberg** and **Danny Hertzberg** of the Jills Zeder Group with Coldwell Banker Realty in Miami Beach recently listed and sold such a property on Rivo Alto Island by a Chile-based construction and real estate group.

Climate migrations could continue to move luxury around the map in the future, especially as affluent buyers are getting increasingly younger.

Many Millennials and Generation Zers have grown up viewing climate change as a threat. Now that they are coming of homebuying age and starting their own families, climate concerns are expected to greatly influence how they spend their money, including homebuying.

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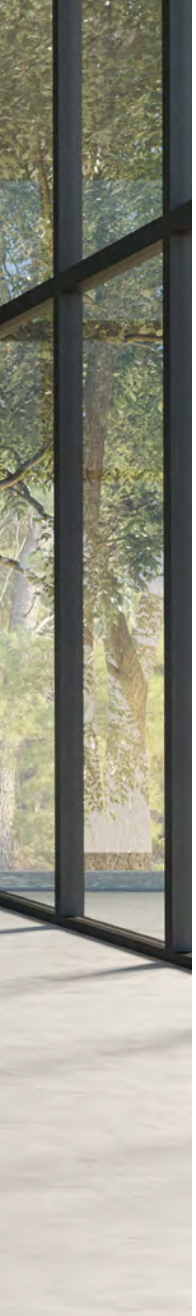
CLIMATE ISSUES *impacting local markets and the* CONCERNS *of the next generation need to be* PRIORITIZED.

TREND 4

LUXURY NEW DEVELOPMENT **ON THE RISE**

Trends in 2022 are set to reflect the new realities of living with the pandemic, including buyer demand for particular types of architecture, building materials and locations – from urban to suburban, and even more remote settings.

However, the most prominent trends in new luxury development, especially geographical preferences, are extensions of well-entrenched themes that were dominant before the onset of the COVID-19 pandemic in early 2020.



DEMAND FOR DEVELOPMENT

Homebuilders are responding to feverish demand for freshly built homes. Monthly new home starts in the United States have trended steadily higher over the past 10 years, rising 145% from 694,000 in 2011 to 1.70 million at the end of 2021.[1]

Despite the stepped-up pace of building over the past decade, newly built homes – and especially those in the luxury market – remain in scarce supply, with inventory in many major markets purchased as quickly as it becomes available.

"New construction in the high-end market has ramped up over the past three years and there are more players involved, but the cost to build has jumped about 30% since January 2020," notes **Cyd Greer** from Coldwell Banker Brokers of the Valley. "We could certainly benefit from even more new construction activity because of our shortage of move-in-ready inventory."

Market dynamics point to further price escalation for newly built luxury homes as a scarcity of inventory accompanies intense interest from buyers. "I believe that new construction in 2022 will increase in price because there is not enough supply and tons of demand," said **Ash Risk** of Coldwell Banker Realty in Arcadia, California.

New Residential Construction Statistics for 2021[1]

Building Permits: **1,873,000**

Housing Starts: **1,702,000**

Housing Completions: **1,295,000**

See pages 136-137 for a full list of resources

CONSTRUCTION SURGES IN SOUTHERN STATES

The South by far has been the most active region for new home construction in the United States since World War II, and the ascendancy of southern states in new construction projects has persisted and even strengthened over the past two decades, especially in the past year. The trend has been buoyed by rapid and widespread development throughout Florida and Texas.

The absence of a personal income tax in these states, and since 2020, more relaxed COVID-19 restrictions, have been significant factors influencing migration from states like New York, New Jersey and Illinois and propelling a residential building boom in the South.

"New construction homes sell at a premium price per square foot, and if we can get homes completed on a timely basis in 2022, they will sell right away," said **Jennifer Zales** of Coldwell Banker Realty in Tampa, Florida.

Monthly U.S. housing starts at the end of 2021 were up 11% compared to where they were at the end of 2020. Pulling the national average higher were the South where starts surged 32%, and the Midwest, which saw an increase of more than 21%. The Northeast witnessed a 19% contraction and starts in the West dropped by 16%.

In fourth quarter 2021, Southern U.S. housing starts were running at an annual pace of 933,000 homes, accounting for more than half (56%) of all new home construction in the nation.[2]

Builders have responded to overwhelming demand for new luxury homes in Florida with single-family and condominium developments breaking ground on both coasts along the Gulf of Mexico and the Atlantic Ocean, while new luxury enclaves in markets like Austin, Dallas, Houston and San Antonio have fueled an upsurge in Texas.

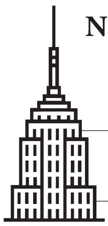
See pages 136-137 for a full list of resources

LUXURY STAGES COMEBACK IN CITIES

The onset of the pandemic initially triggered an outflow from densely populated urban centers and into the suburbs, and the nearly ubiquitous shift to remote office settings for highly compensated workers seemed to signal a sea change in location preferences for luxury buyers. While feverish demand for new coastal and golf course communities suggests a continued strong appetite for suburban settings, new luxury developments in major cities reflect renewed ardor for urban living among high-net-worth individuals.

In New York City, the number of closed condo and co-op sales nearly doubled in 2021, and prices exceeded lofty pre-pandemic levels.[3]

Number of Sales – NYC



2021: **1,706**

2020: **846**

There were eight sales above $50 million with the priciest of them a $157.5 million purchase of two floors at 220 Central Park South. New Manhattan luxury developments saw intense interest from eager buyers, including a $32.7 million Park Avenue duplex penthouse and a $31 million West Village quadruplex penthouse.[4]

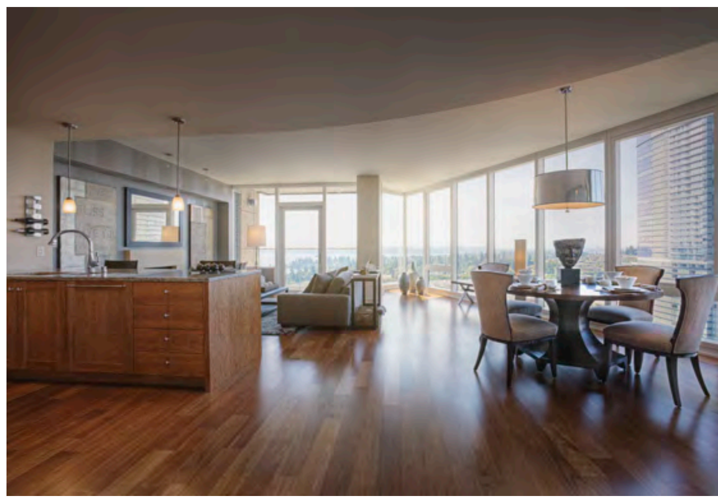
"New luxury construction is selling very well in Manhattan," observes **Wendy Greenbaum** of Coldwell Banker Warburg. "Prices are high in new construction, and they may prove to be a rising tide for the rest of the market."

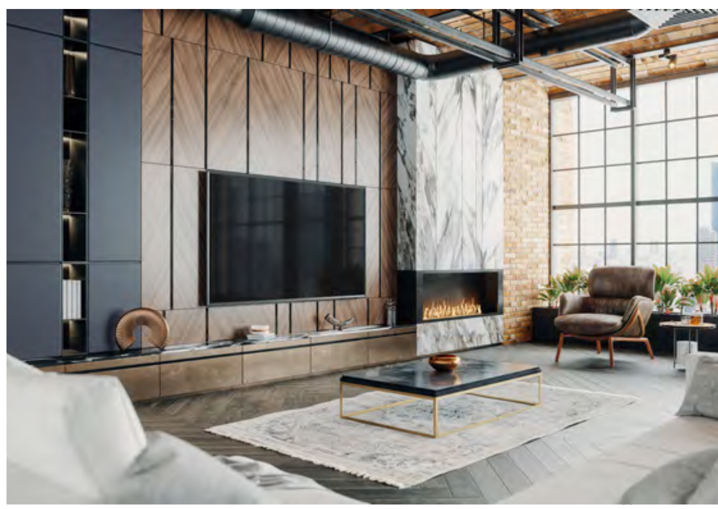
Voracious appetites of luxury buyers for urban living were also apparent in new high-end developments outside of Manhattan. New buildings in the South End of Boston are selling swiftly, often before construction has even begun.

"Based only on plans and without even a shovel in the ground, a new luxury building in Bay Village with units averaging $3 million sold out in three weeks, and we sold 40% of a 66-unit building in the South End where construction is just getting underway," said **Ricardo Rodriguez** of Coldwell Banker Realty in Boston-Back Bay.

The renaissance in city living and new construction is also evident in Chicago, where the major trend in the early stages of the pandemic was a migration to the suburbs.

"After being on hold for a while with COVID-19, we're seeing developments moving forward and selling in West Loop and River North, areas that took a hit over the past two years," said **Dawn McKenna** of Coldwell Banker Realty in Hinsdale and Chicago. "The issue in areas like Lincoln Park and Lakeview is finding the land to build, but those that are built tend to sell pre-construction due to the high demand in those areas."





Source: UrbanDigs

DESIGN TRENDS REFLECT STAY-AT-HOME REALITIES

The two of the biggest demographic groups comprising today's luxury homebuyers are baby boomers, who have been a dominant force for the past two decades, and the even larger population of 25- to 40-year-old millennials now in their prime child-rearing years. As the pandemic prompted working parents and school-age kids to spend more of their time at home, new luxury home layouts have adapted, offering larger floorplans that often include private workspaces for both students and stay-at-home workers, as well as a greater focus on recreation and leisure.[5]

"The home was suddenly catapulted into a new level of prominence with its purpose expanding beyond just a functional dwelling to filling many other non-traditional roles, such as office, gym or school," said Rose Quint, the National Association of Home Builder's (NAHB) vice president of survey research. She notes that homebuyers with at least one teleworker and/or one virtual student are significantly more likely to be affected by the pandemic.[6] Another growing trend is the importance placed on proper lighting, with windows, skylights and French doors designed to maximize natural light. Indoor finishes incorporate greater use of wood, stone, and other natural materials, while indoor gardens are also employed to quench a thirst for nature. Builders increasingly offer fixtures and amenities that promote wellness and healthy lifestyles.[7]

Technology
Wireless home automation, which allows control of all aspects of the home from a phone.

Magnificent Kitchen
Complete with all the latest restaurant quality appliances, warming drawers, wine fridge and walk-in pantry.

Reclaimed Materials
Awareness of environmental issues has driven the desire to use old reclaimed materials such as wood beams, flooring, and doors.

Spa Bathroom
The ultimate opulence would be to create a space that offers the feeling of entering one of the world's most exotic destination spas.

Outdoor Kitchen and Patio Area
Craving the need to be outdoors, fully stock kitchens, food prep areas, lavish seating and lounging areas are in high demand.

Pools and Hot Tubs
And even changing cabanas are all back in vogue, add a water feature such as a waterfall or fountain and plenty of private spaces and it's the perfect getaway.

Five-Star Master Bedrooms
Addressing the need for a private sanctuary it's imperative that this space is large enough to include a king size bed, seating areas and don't forget a built-in automation system for all the luxury amenities.

Walk-in Wardrobe
High priority for the affluent to store and even display their often extraordinary array of clothing, shoes, bags and accessories.

Home Gym and/or Yoga Room
The zenith of the right exercise room would have a space that allowed for all their preferred weights, machines and equipment, as well as added extras such as a sauna and/or steam room — and don't forget the surround sound and televisions.

Character
Last but certainly not least, is the need to create a personal space, both inside and out, that creates a home which not only includes unique features, but goes on to showcase the character of the homeowner.

See pages 136-137 for a full list of resources

LOOKING ***AHEAD***

In 2022, luxury buyers are expected to continue purchasing new homes at a brisk pace, even as rising construction costs and limited supply push prices higher both in the cities and in the suburbs. Escalating prices are unlikely to deter strong demand for greenfield and teardown developments.

“Builders, investors and users are seeking prime locations to purchase older homes as sites for their building opportunities, and new construction is the most sought out commodity, but there is extremely limited availability in this category, so selling prices will naturally increase,” said **Diane Polland** of Coldwell Banker Realty in Great Neck, New York.

New luxury construction should continue to be absorbed quickly as builders seek out new sites for development. “The greater Seattle area still lacks enough new construction opportunities to make a significant change in inventory,” said **Jennifer Cameron** of Coldwell Banker Bain in Seattle. “Lack of availability of product, workforce, and higher costs are all influencing factors.”

TREND 5

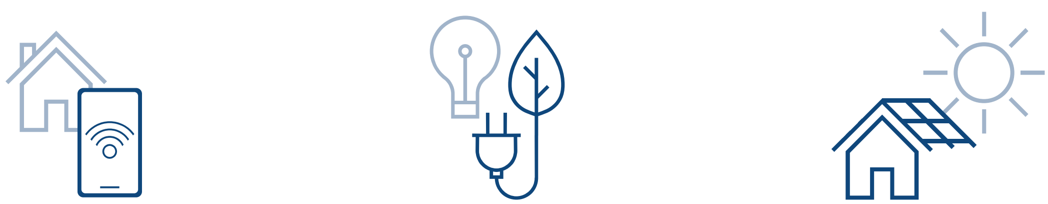
THE SUSTAINABILITY **SHIFT**

The expectation for 2022 and beyond is that more homes will go "green" because of the shifting buyer preferences and the construction industry's growing commitment toward a zero-carbon future.

Sustainability and environmental considerations were already becoming increasingly important purchase criteria among wealthy homebuyers, but the movement could gain even more traction moving forward. Areas of interest for green design include net zero energy-efficient homes, LEED certification, locally sourced or recycled materials, solar-paneled roofs, smart home systems, geothermal heating and cooling, and energy-efficient appliances and lighting.

The majority of Coldwell Banker Global Luxury Property Specialists surveyed for The Report noted that smart home control systems, followed by energy-efficient appliances and green roofs/solar panels are among the top green design must-haves for their affluent clients. In addition, there has also been keen interest in the sustainability and wellness features of new developments, as well as the diversity, equity and inclusion policies of local governments.

Top 3 "Green" Design Requirements



Smart home control systems

Energy efficient appliances

Green roofs/ solar panels

Source: Survey of Luxury Property Specialists

GOVERNMENT AND INDUSTRY TARGET NET ZERO FUTURE

Last fall's assembly of government and business leaders from 26 countries at the Glasgow Climate Change Conference (COP26) produced renewed commitments to take specific steps to eliminate carbon dioxide emissions over the next three decades, originally outlined in the 2015 Paris Climate Accord. Also at the conference, leading companies from multiple industries pledged to take concrete action on climate goals to reach zero emissions by 2050.

The building construction industry was especially ambitious, with 122 global firms like engineering and architecture powerhouse Skidmore, Owings & Merrill (SOM) signing on to the Net Zero Carbon Buildings Commitment of the World Green Building Council, which aims to reduce net carbon in new buildings 50% by 2030 and to achieve carbon neutrality by 2050.[1]

There are also pledges to reduce toxic building materials and to innovative approaches to carbon capture like SOM's "Urban Sequoia" prototype building, which envisions buildings that grow forests of trees to reduce carbon dioxide through photosynthesis.

See pages 136-137 for a full list of resources

HEALTH AND WELLNESS AS SUSTAINABILITY

Due to the climate and health events of 2020 to 2021, there is an expectation that there will be a growing emphasis on sustainability when it comes to implementing new health, wellness and safety features into new developments.

About 20% of Luxury Property Specialists believe this to be the case in their local markets.

“While it's true that most luxury buyers have put a larger focus on wellness amenities and flex space, more Seattle area luxury buyers are putting an increasing focus on sustainability,” said **Jennifer Cameron** of Coldwell Banker Bain in Seattle. “It's not just for energy efficiency. Buyers truly want to know that they are doing their part to contribute to the environment.”

LUXURY MEANS WELLNESS, ENVIRONMENTAL HARMONY

Research has consistently shown an appetite among luxury buyers for eco-friendly homes and those designed with wellness in mind. Biophilia is an increasingly popular concept used to describe the union of personal health and environmental friendliness through designs that include plants, natural lighting, fresh air and water.

A growing number of new developments prominently feature a closer communion with nature,[2] including Summit Blue in Silverthorne, Colorado, The Railyard in Truckee, California, and The Waterfront on Daniel Island, South Carolina.

“Being surrounded by natural elements helps to ease anxiety and depression through suppression of the sympathetic nervous system and blood pressure, and promotes comfortable, soothed and natural feelings,” notes Evangeline Dennie, architectural and interior designer in the Dallas-Fort Worth area who focuses on wellness and sustainability designs. “Furthermore, buying cabinetry, furniture, paint, and cleaning products that are certified to be free of toxic chemicals can strengthen the immune system and reduce cancer relative to an average home.”

“YOUNGER *generations of* AFFLUENT CONSUMERS *are set to account for* 70% *of the* LUXURY MARKET *by 2025 and contribute* 130% *of luxury market* GROWTH[3]

YOUNGER BUYERS EMBRACE SUSTAINABILITY

Millennial buyers are especially attracted to homes that incorporate personal and environmental wellness into the design, and they are most likely to view eco-friendliness as a buying factor. For this group, luxury is defined by functionality, environmental harmony, and ease of use.

“Buyers between the ages of 25 to 44 years old are 89 million-strong and make up the largest age group, so their preferences will drive changes in home design and features, but I think all age groups will be driving demand for smart, eco-friendly, and healthy home features and designs,” according to Gay Cororaton, a senior economist from NAR.

“Millennials may look at smart technologies as a means to contribute to environmental sustainability and combat global warming through lower carbon emissions, while baby boomers regard smart technologies as supportive mechanisms to help them age in place in their homes safely and comfortably with features like lights that turn off automatically if they leave a room and forget to turn them off.”

In real estate, as in fashion and other luxury categories, younger buyers place a far heavier emphasis on sustainability than older generations. Research from Bain & Co. forecasts that millennials and Generation Z will account for the bulk of the growth in luxury sales through 2025.

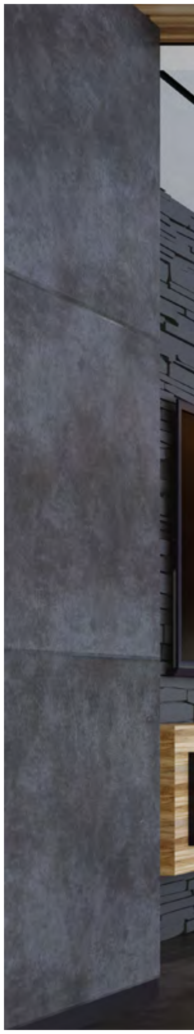
See pages 136-137 for a full list of resources

FOCUS ON EFFICIENCY AND ENVIRONMENT

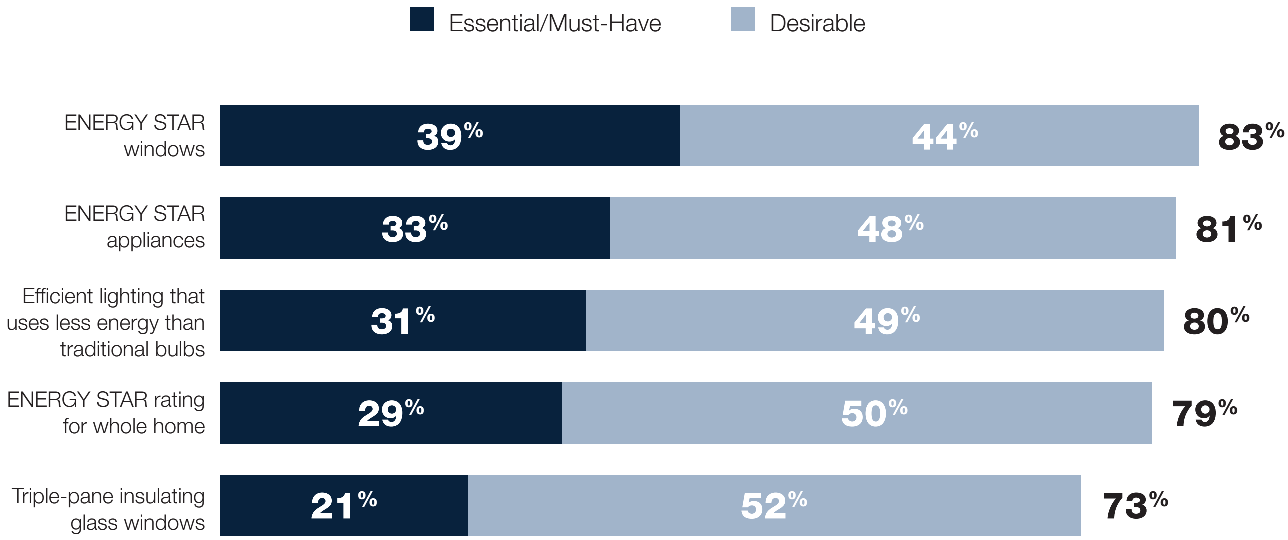
According to research from NAHB, homebuyers say that they are concerned about the environmental impact of new builds, and more than half are willing to pay for upgrades like solar panels and insulated windows.

"One characteristic that homebuyers value above any other is energy efficiency, and this provides an informative look into window preferences," said Rose Quint, who authored NAHB's "What Homebuyers Really Want,"[4] a study of buyer preferences for several categories of home features including size, location and layout, in addition to environmental friendliness, technology, community and use of outdoor space.

Among window types and materials, the three most popular directly relate to energy conservation. "Energy Star" rated windows are viewed as essential by 39% of potential buyers, while triple-pane insulating glass and Low-E insulating glass are deemed necessities by more than one-fifth (21%) of buyers. In fact, excluding water-conserving toilets, each of the top ten green features deals with energy efficiency, including lighting that uses less energy than traditional bulbs, insulation greater than required by code, tankless water heaters and solar water heating and electric systems.[5]



Top 5 Most Wanted Energy Efficient Features



Source: NAHB

See pages 136-137 for a full list of resources

LOOKING ***AHEAD***

Sustainability and environmental friendliness in the past may have been simply tangential features of luxury real estate, but as younger buyers become an increasingly dominant demographic, these considerations will assume far greater importance in the high-end residential market.

In addition to the health and well-being of the planet, millennial and Gen-Z buyers will demand homes that also focus on the health and well-being of people – from the air they breathe to the food and water they consume. Forward-thinking developers and builders are already emphasizing these factors, and more will incorporate these elements in 2022 and beyond.

"90% *of* GEN-Z BUYERS *believe that brands should be* CLEAR *in their positions on* ENVIRONMENTAL *and* SOCIAL ISSUES.[6]

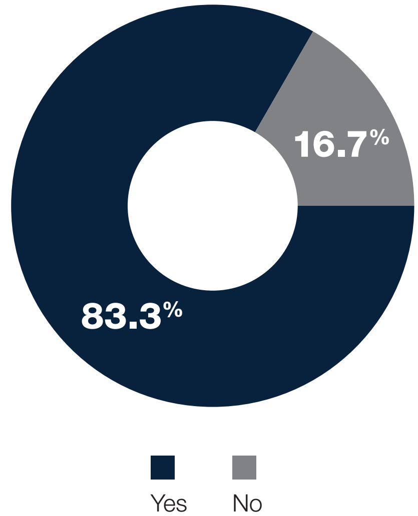
See pages 136-137 for a full list of resources

TREND 6

RETURN OF INTERNATIONAL **BUYERS**

Loosened travel restrictions are expected to reignite foreign interest in U.S. real estate as a safety net in 2022.

> *Approximately* 83%
> *of Luxury Property*
> *Specialists surveyed expect*
> INTERNATIONAL
> BUYERS *to* RETURN
> *to the* U.S. LUXURY
> MARKET *in 2022.*



In September 2021, the U.S. government announced that international travelers can enter the U.S. with proof of an FDA-approved COVID-19 vaccination and a negative COVID-19 test. Worries over the omicron variant may temper that momentum, at least for the first part of the year, and there is also a limit to the number of countries that are currently permitted to travel to the United States.

ROOM TO RISE

If international buyers do return to the U.S. real estate scene in 2022, it could make up for any potential lag in demand from fatigued U.S. buyers and push up prices even higher.

International demand has considerable room to grow.

In 2021, the sales volume generated by international homebuyers hit its lowest level since 2011, according to NAR. The volume of U.S. residential properties purchased by international buyers declined by 31% from April 2020 to March 2021 and 27% from the previous year. The dollar volume of foreign buyer purchases whittled down to 2.8% of the $5.8 trillion of existing-home sales during this period, from a peak of 10% in 2017. In terms of the number of homes sold, foreign buyer purchases accounted for just 1.8% of existing-home sales, from a peak of 5.2% in 2017.

However, like their American counterparts, affluent investors overseas have also benefited from massive wealth creation during the pandemic with rising asset prices and stock markets. Wealthier than ever before, these international investors could be looking for greater returns where they can find them and may be eager to put their money in U.S. real estate, which has traditionally been regarded as a safe haven.

See pages 136-137 for a full list of resources

ORIGINS OF DEMAND

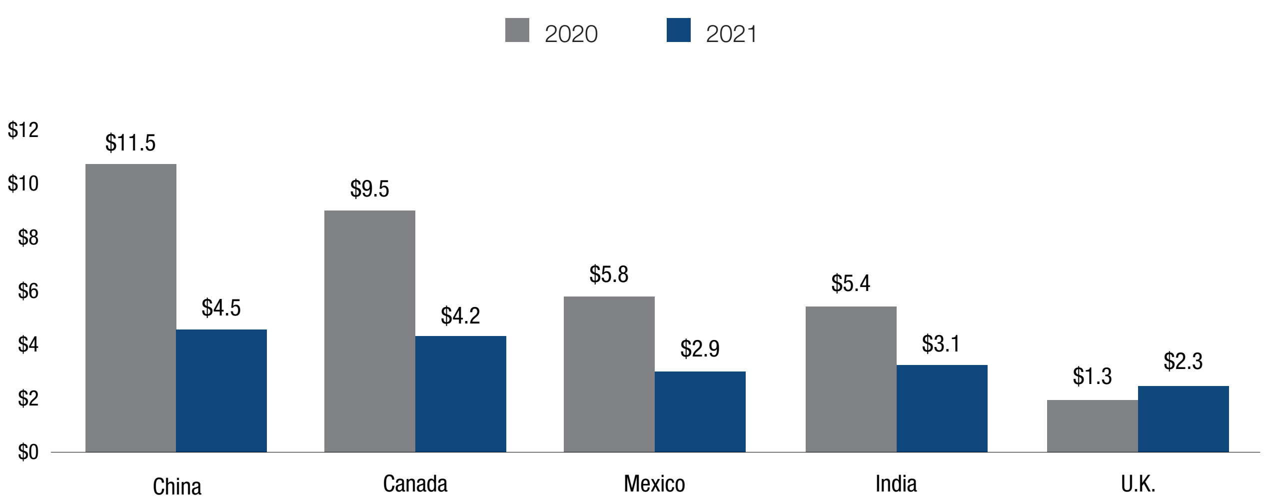
Where will demand for U.S. real estate come from in 2022?

High-net-worth individuals from Asia are expected to play a major role as they look for a safe haven from turmoil in that part of the world. Traditionally, China has been the biggest source of overseas buyers for the United States.

However, the Chinese government's crackdown on capital flight and overseas real estate transactions had already slowed the flow of money into the U.S., even before the pandemic. Chinese purchases of U.S. real estate totaled $32 billion in 2017, but fell to $11.5 billion by 2020 and $4.5 billion in 2021. "I see a lot of our luxury buyers asking to buy with Chinese currency because it's difficult to bring funds from China," noted **Ash Rizk** of Coldwell Banker Realty in Arcadia, an area about 13 miles northeast of Los Angeles that has been popular with Chinese buyers.

In 2021, the majority of international investment came from Canada and Mexico, helped by their North American proximity. But these countries could reshuffle once again in 2022 if and when borders open up more widely. Affluent Middle Eastern buyers are also expected to return to U.S. shores in 2022.

U.S. Real Estate Purchased By Dollar Volume ($BN)[2]



Source: The 2021 Profile of International Transactions in U.S. Residential Real Estate, NAR

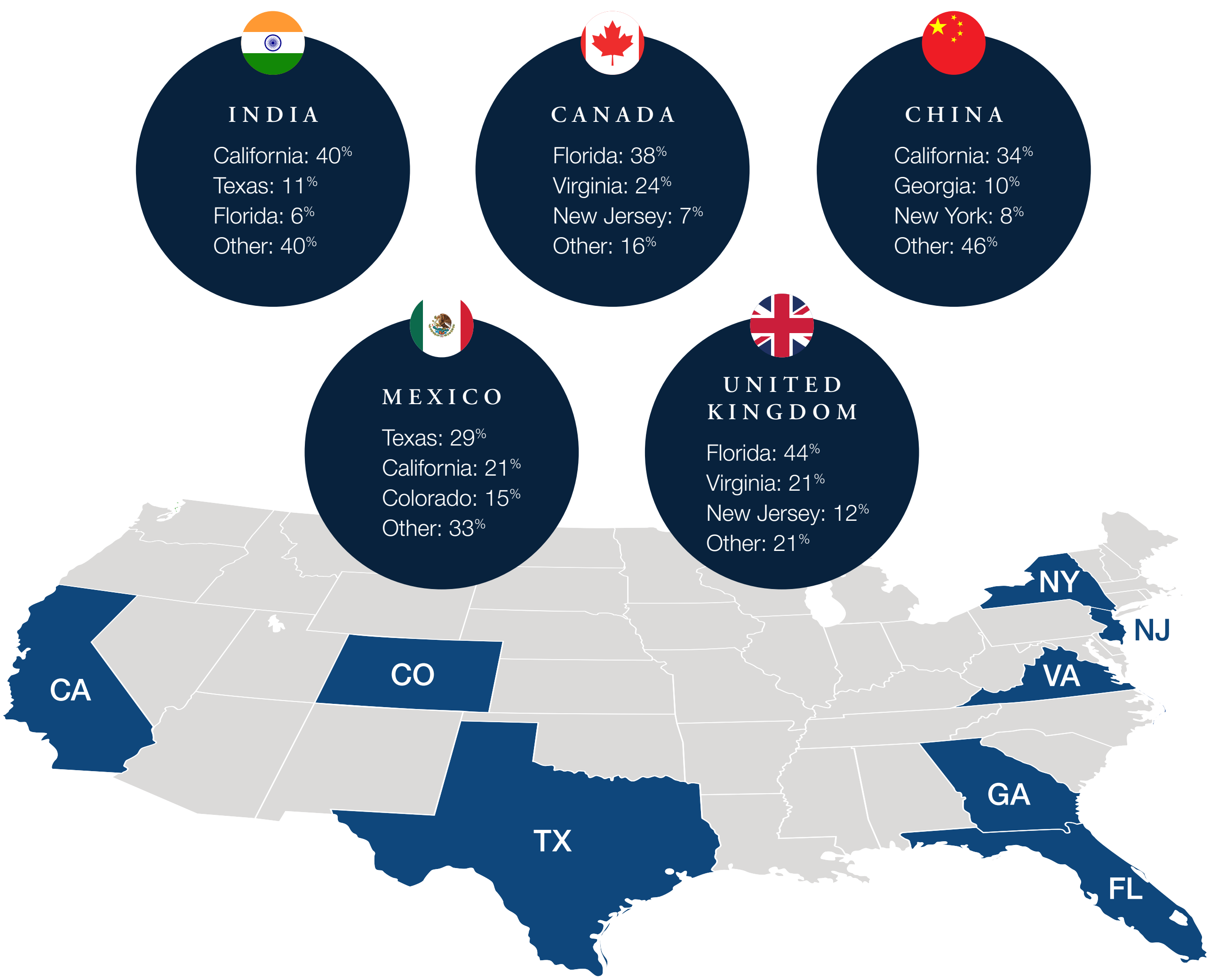
See pages 136-137 for a full list of resources

U.S. HOTSPOTS FOR INTERNATIONAL BUYERS

The five U.S. states that attracted the greatest number of foreign homebuyers from April 2020 to March 2021 were California, Arizona, Texas, Florida and New Jersey.[3] The flow of international buyers shows their propensity for certain regional markets; for example, Europeans (specifically those from the U.K. and Germany) prefer New York City. In West Coast locales like Los Angeles, San Francisco and Seattle, Chinese nationals make up the bulk of international buyers, followed by buyers from the Middle East. In Miami Beach and the coastal regions of Florida, a large population of South Americans continues to gravitate to its sunny shores.

Coastal metro areas like San Francisco, Los Angeles, Miami, Boston and New York have traditionally attracted the most foreign dollars, due to the strength of property values in these markets. These cities, and their respective luxury condo markets, are primed to benefit most from any international buying surge.

However, pandemic-era dynamics may push some foreign investors away from major metro centers. Affordable secondary cities, suburbs and inland housing markets could be best poised to take advantage of this push should foreign investors make this shift away from the coasts in 2022.



Source: The 2021 Profile of International Transactions in U.S. Residential Real Estate, NAR

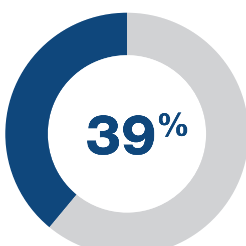
See pages 136-137 for a full list of resources

INTERNATIONAL BUYERS' WISHLIST

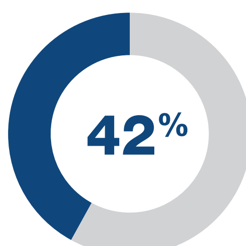
According to the agents interviewed for the survey, the majority say that overseas buyers prefer new construction and turnkey properties – whether it's a newly built mansion in Beverly Hills or a Manhattan high-rise. They also prefer to be near the water and need direct flight paths, with easy airport access. As with domestic buyers, agents expect to see international buyers seeking out the luxury of additional space and privacy in 2022.

While having a financial return will always be top of mind for this investor, the 2022 investor is expected to shift their focus away from high-rise condos and densely packed resort residences to single-family homes. The expectation is also that single-family homes will appreciate more in value and will be easier to rent out for long-term or vacation rentals. North America remains the top driver of demand for this type of residence.

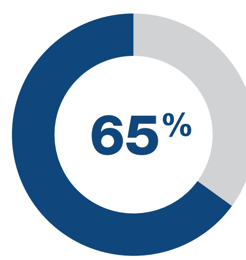
Profile of International Buyer Transactions in 2021[4]



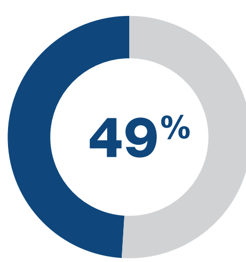
Purchased as an All-Cash Transaction



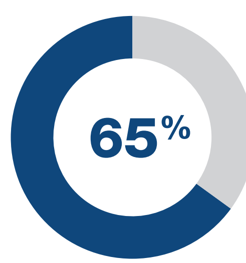
Purchased a Property for Use as a Vacation Home, Rental or Both



Purchased a Detached Single-Family or Townhome



Purchased in a Suburban Area



of Buyers Were Referred by Personal or Business Contacts

Source: NAR

CONCLUSION: IMPACTS FOR **THE FUTURE**

There are many reasons for continued optimism. An expected new development boom, the return of international buyers and price sustainability all bode well for the luxury real estate sector's long-term strength.

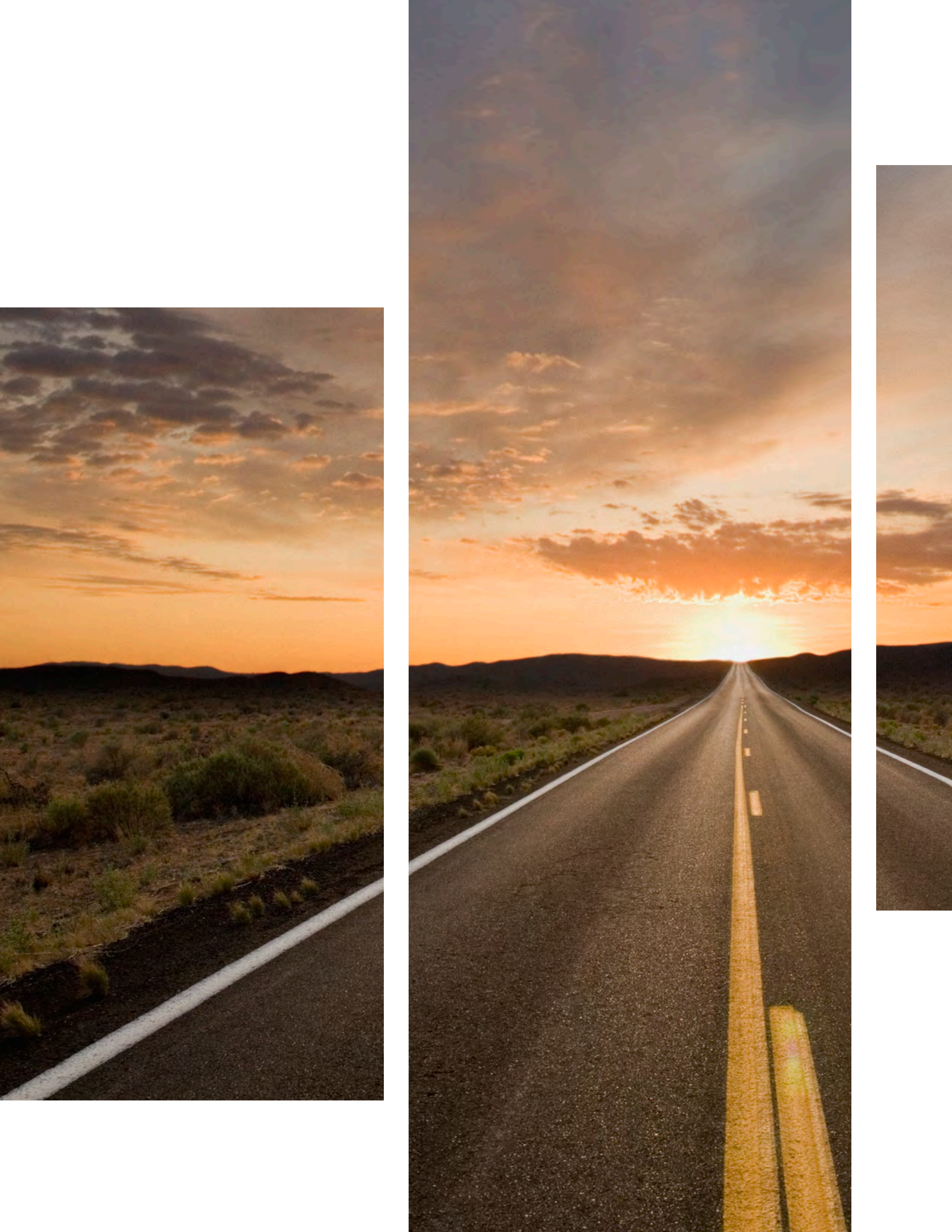
However, there is still much uncertainty around the effects of COVID-19 and the emergence of the omicron variant, along with construction supply bottlenecks plus rising inflation and interest rates, increasing global debt and environmental concerns that could impact demand for high-end properties.

Opportunities

- Price sustainability / inelasticity
- New development ramp-up
- Return of international investors
- Real estate as wealth asset diversification
- Real estate as inflation hedge

Weaknesses

- Low desirable housing supply
- High prices
- Rising inflation
- Rising U.S. national debt
- Environmental concerns



The Opportunity INDEX

REVIEW OF 120 U.S. LUXURY MARKETS*

Are there still opportunities for appreciation and growth in the luxury real estate market? And if so, where are they?

The Opportunity Index is for informational and educational purposes only.

THE OPPORTUNITY **INDEX**

These markets may still have room to rise and houses to buy in 2022.

Given the historic price increases and the fast-paced competitive nature of luxury property buying today, our research team wanted to explore the market data from a different perspective for 2022. This led us to develop the “Opportunity Index.”

Measuring a market’s percentage of price increase from 2020 to 2021 against current inventory levels, the Index evaluates and ranks 120 major U.S. luxury property markets according to their "opportunity," or their buying potential in this new real estate environment.

Knowing that residential real estate can be an emotional buy and perceived “opportunities” can be subjective, the Opportunity Index is intended only to provide property investors with a theoretical framework for determining which opportunities or locations might be worth a look.

This is not to discount the multitude of tangibles and intangibles that factor heavily into a personal evaluation of a real estate opportunity. Furthermore, in a dynamic market like this one, opportunity is always moving and changing.

Less pricier metros not at their peak

Hidden gems and places of proximity

Big cities on the rebound

The next regional boomtowns

Off-the-grid second-home spots

Growing green cities

METHODOLOGY

Using the 2021 national average year-over-year sold price growths for luxury homes as our baseline (24% for single-family detached properties and 16% for attached properties) each market was awarded a **100 point score.**

Any market with average prices below our price baselines were determined to have room for price growth, and therefore, awarded a point per percentage decrease.

This score was then added to the score for the national average inventory level decrease (a 20% drop became the baseline). A **100 point score** was awarded to markets at the baseline of -20% and a point added to those with lower percentage scores – as they theoretically had more available inventory and potentially more opportunity.

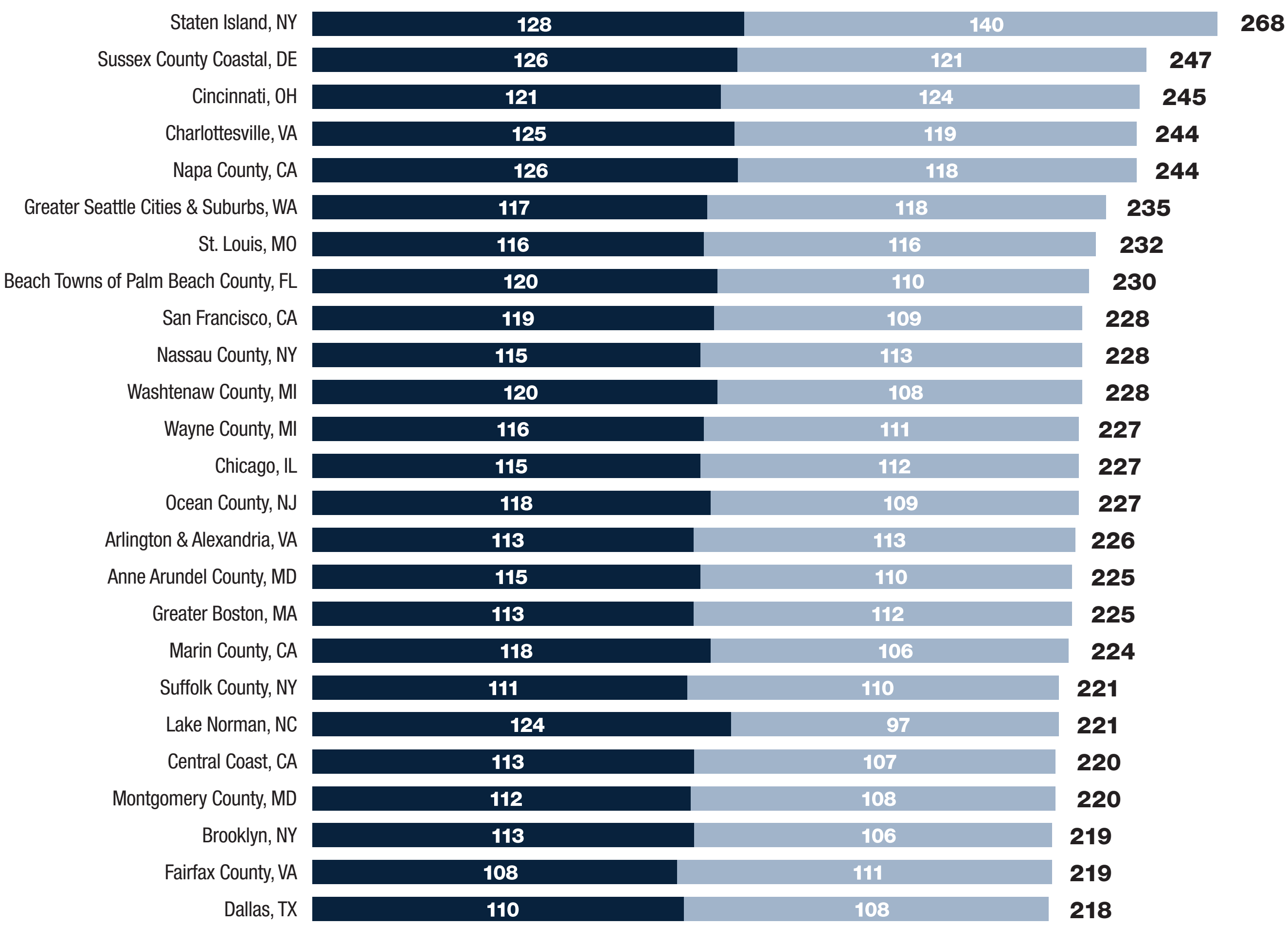
TOP SINGLE-FAMILY PROPERTY OPPORTUNITIES

Staten Island led the Opportunity Index for single-family properties with a score of 268, followed by Delaware's Sussex County Coastal, Cincinnati, Charlottesville and Napa County.

All five of these markets demonstrated overall price stability and moderate drops in average sold prices over 2020 (ranging from -5% to -2%) – much lower than the national average gain of 24%.

Staten Island ranked among the highest in terms of inventory levels out of any of the 120 markets analyzed, maintaining a 20% increase in inventory levels from 2020.

This was a notable difference compared to a market like Boise-centered Ada County, Idaho, which saw a 55% drop in inventory from 2020 and scored a 151 on the index, far below the 200 opportunity baseline. Only two other markets recorded any inventory gains at all in 2021 – Sussex County Coastal and Cincinnati – while Charlottesville simply maintained its inventory levels from 2020. This highlights how pervasive is the lack of high-end single-family housing supply in the majority of U.S. housing markets.



A total score of 200+ was determined to be the baseline for a market to become an "opportunity."

Growth Opportunity Sold Price Score   Growth Opportunity Inventory Level Score

See page 137 for a full list of resources

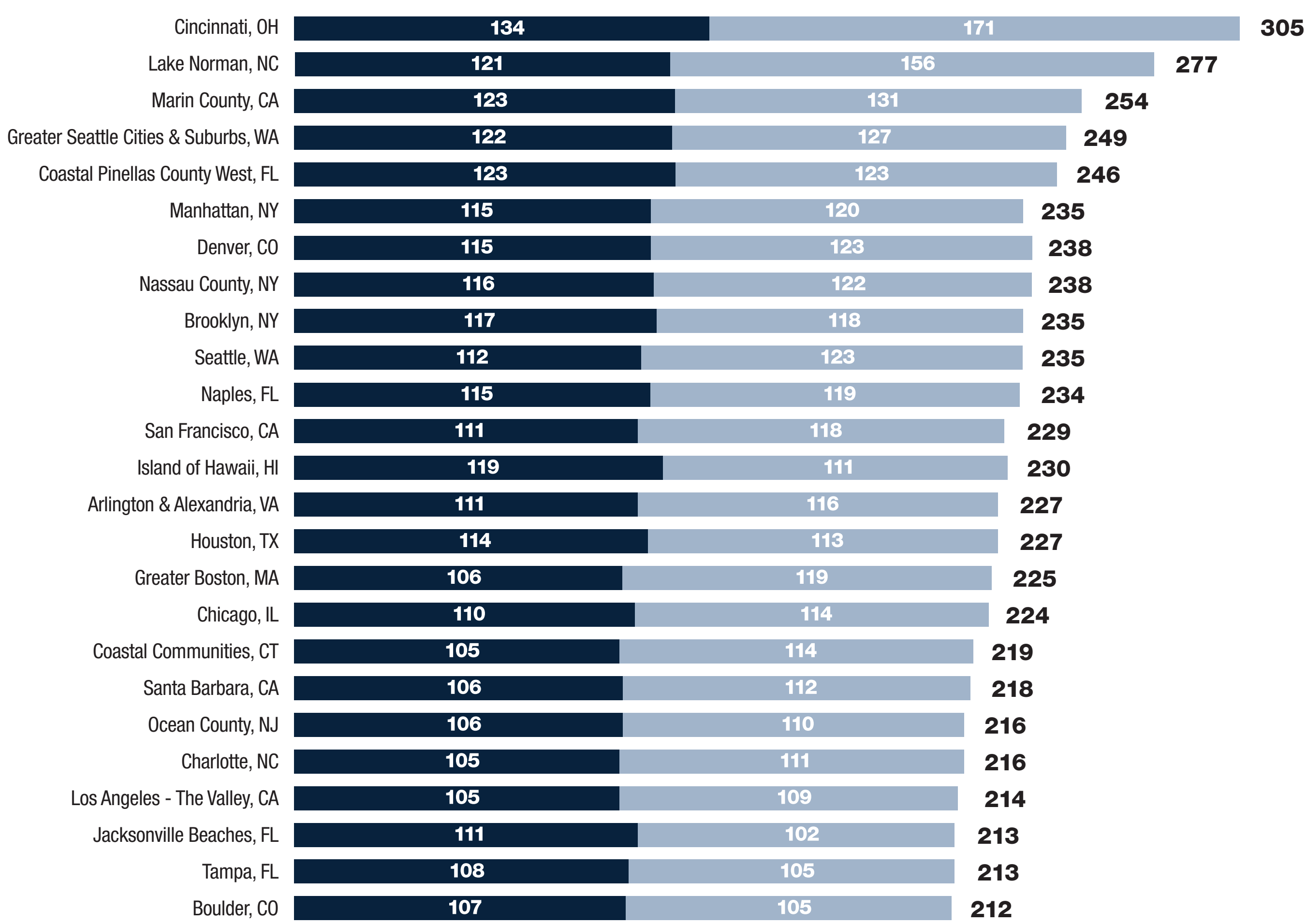
TOP ATTACHED PROPERTY OPPORTUNITIES

The luxury attached property market differs considerably from the single-family property market, both in terms of the sheer numbers of markets reviewed (there are fewer of them) and the timeline for demand.

Overall, in 2021, attached homes experienced more gradual declines in inventory. However, their upward price swings were more dramatic compared to 2020. Among the most notable opportunity markets for luxury attached properties: Cincinnati ranked highest with a score of 305 as attached home prices dropped by 18% and inventory levels increased by 50%, followed by Lake Norman, North Carolina, California's Marin County, Greater Seattle and Coastal Pinellas County, Florida (which includes Tampa, St. Petersburg and Clearwater).

Comparatively, Ada County ranked lowest on the Opportunity Index for high-end attached properties with an opportunity score of 109 as it saw its inventory levels in this rarified property segment drop by a staggering 62% and prices rise by 26%.

There were only eight markets out of the 80 attached markets analyzed that saw any inventory gains during 2021.



A total score of 200+ was determined to be the baseline for a market to become an "opportunity."

Growth Opportunity Sold Price Score   Growth Opportunity Inventory Level Score

See page 137 for a full list of resources

RISING SECONDARY CITIES

Cities outside the top tier may be prime targets for real estate investing in 2022.

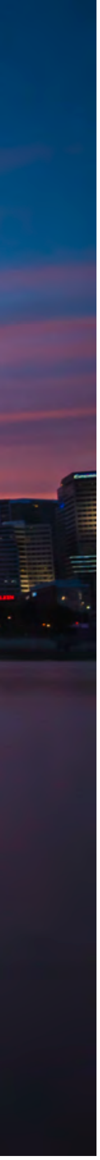
Small, secondary metros have been on the rise, representing some of the strongest real estate opportunities this year.

Immediately following the onset of the pandemic, those who lived in high-cost big cities flocked to smaller cities and far-flung towns that could offer improved safety, more space and better affordability.

As a result, prices in America's smaller cities and towns shot up to record highs in 2021. In Duluth, Georgia, a town of less than 30,000, the average sold luxury single-family home price rose 50% from 2020 to 2021. In Scottsdale and Palm Springs, it was up by 35%. Similar stories occurred all across the country, from Sarasota to San Diego, where average luxury single-family home price increases reached as high as 47%.

Prices for luxury attached homes in some cities rose almost nearly as fast. Salt Lake City's average sold price for a luxury attached home jumped 33% from 2020, followed by Austin at 30%, Scottsdale at 29% and Nashville at 29%.

While the national expectation is that the unprecedented price appreciations of 2020 to 2021 will not be a fixture of the 2022 market, the Opportunity Index shows that there are smaller cities and towns on the rise that have not reached last



INDEX **SCORE**

Cincinnati, OH

Opportunity Index Score:	**245**
Average Sold Luxury SFH Price:	**$657,125**
SFH Prices YOY:	**↑ 2%**
SFH Inventory YOY:	**↑ 4%**
SFH Sales YOY:	**↑ 29%**

Charlottesville, VA

Opportunity Index Score:	**245**
Average Sold Luxury SFH Price:	**$1,065,000**
SFH Prices YOY:	**↓ 2%**
SFH Inventory YOY:	**↔ 0%**
SFH Sales YOY:	**↑ 17%**

St. Louis, MO

Opportunity Index Score:	**232**
Average Sold Luxury SFH Price:	**$657,125**
SFH Prices YOY:	**↑ 8%**
SFH Inventory YOY:	**↓ 4%**
SFH Sales YOY:	**↑ 21%**

Boulder, CO

Opportunity Index Score:	**212**
Average Sold Luxury Attached Price:	**$1,025,000**
Attached Prices YOY:	**↑ 9%**
Attached Inventory YOY:	**↓ 15%**
Attached Sales YOY:	**↑ 29%**

year's national averages in terms of price increases or inventory declines. Which secondary markets have yet to reach their full potential?

Many of them are concentrated in the Midwest. Cities like Cincinnati and St. Louis, Michigan's Washtenaw and Wayne Counties, DuPage and Will Counties in Illinois, Minnesota's Twin Cities, Johnson County in Kansas and Kansas City, Missouri, all ranked above the baseline on the Opportunity Index.

With a population over 300,000, millennial magnet Cincinnati ranked No. 3 on the Index for luxury single-family homes and No. 1 for luxury attached homes. While the Greater Cincinnati area finished 2021 with strong sales, the record price increases of 2020 appear to have relaxed in 2021 – hitting below the national average for the year. Inventory levels also appeared to be modestly improving for single-family homes, while the attached housing supply got a 50% boost from 2020.

Comparable to Cincinnati in population size with a strong rental market and millennial appeal, St. Louis enjoyed another strong year in 2021 with the average sold price for a luxury single-family home rising another 8% from 2020. Inventory levels were also slightly down from the year prior, but nowhere near the national average declines.

In the Mid-Atlantic, Virginia's Charlottesville ranked No. 4 on the Index for luxury single-family homes, followed by Arlington, Alexandria and Fairfax County. With a population of only 46,553, Charlottesville is one of the smallest single-family markets in the top five. Inventory has been historically tight in the historic college town; however, a reprieve could be on the horizon. More listings are expected on the market in 2022, and housing construction in the region is up from last year, per U.S. Census data.[1]

Moving further west, the opportunity outlook becomes more mixed. While Boulder's single-family market has seen historic price appreciation, opportunities may still be found in the attached home market, where inventory levels and price growth are below national averages.

See pages 136-137 for a full list of resources

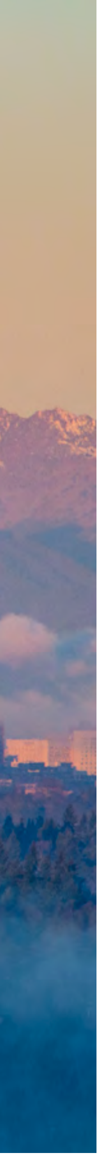
POWER OF **PROXIMITY**

Fleeing the city? Some suburbs and city-adjacent communities are still riding high.

The urban exodus to exurbs, rural towns and far-flung suburbs was a favorite story of the pandemic – but it turns out, most people didn't go far. According to a study of 50 populous cities by Bloomberg, 84% of the moves were to somewhere within the perimeter of the central metro area. Close-in suburbs and satellite cities that still give people proximity to urban life have been among the largest beneficiaries of these outward migrations.

Many of these communities have seen their inventory levels drop to record lows, making opportunities in these prime locales harder to find in 2022. But the power of proximity will still be a factor this year, especially if more companies decide to bring their employees back into the office even if only for one or two days a week.

New York City's outer boroughs have continued to see a surge in homebuying activity. Sometimes called the "forgotten borough," Staten Island is NYC's second-wealthiest borough and its least populated. What was previously seen as its geographical shortcoming – it is insulated from Manhattan, connected only via the Verrazzano-Narrows Bridge or a 25-minute ferry ride – may be seen as an advantage if the pandemic endures past 2022. Inventory levels for both single-family and attached homes are comparatively small compared with bigger boroughs, but prices have not changed much over the last two years, earning the



INDEX **SCORE**

Staten Island, NY

Opportunity Index Score:	**268**
Average Sold Luxury SFH Price:	**$1,074,500**
SFH Prices YOY:	**↓ 5%**
SFH Inventory YOY:	**↑ 20%**
SFH Sales YOY:	**↑ 125%**

Greater Seattle Cities & Suburbs

Opportunity Index Score:	**236**
Average Sold Luxury SFH Price:	**$1,776,000**
SFH Prices YOY:	**↑ 6%**
SFH Inventory YOY:	**↓ 2%**
SFH Sales YOY:	**↑ 14.5%**

Brooklyn, NY

Opportunity Index Score:	**235**
Average Sold Luxury Attached Price:	**$1,671,750**
Attached Prices YOY:	**↓ 1%**
Attached Inventory YOY:	**↓ 2%**
Attached Sales YOY:	**↑ 46%**

58-square mile island a top spot on the Opportunity Index for luxury single-family properties.

Brooklyn thrived during the pandemic as young, affluent Manhattanites made the leap to larger properties, which are generally priced 300% less than their equivalent in Manhattan. Fast-growing with its own distinct culture, lifestyle and employment centers, the borough opened The Brooklyn Tower in October 2021, bringing 550 residential for-purchase and for-lease units to the city – perhaps a signal of what's to come on the housing front. Despite this upward momentum, prices for luxury attached homes in Brooklyn notched down slightly from 2020 in a reversal of the national trend.

Inventory levels also remained relatively steady. These conditions make Brooklyn a prime proximity opportunity in 2022. Downtown Seattle was another city that was deeply impacted by the urban exoduses of 2020. However, it turns out that many buyers with means weren't going far. While Greater Seattle's small towns and suburbs like Bellevue and Kirkland remained sought-after for their space and accessibility to downtown, their luxury single-family home prices did not increase as much as the national average in 2021. Inventory levels were also steady year-to-year, speaking to the long-term appeal of these surrounding communities. The attached market in Seattle-adjacent locations may have even more of an upside for an investor – prices for luxury attached homes were down 7% from 2020 while inventory was up 7%.

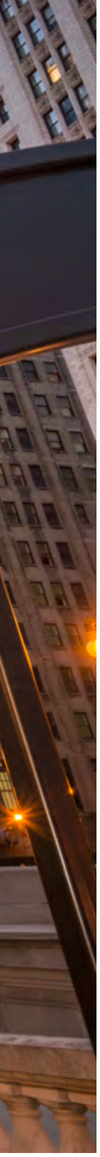
COMEBACK CITIES

Several major metropolises are bouncing back after 2020 and have room to grow.

It turns out the 'burbs aren't for everyone. The 2020 urban exodus is reversing, and people are moving back to cities. The comeback began in spring 2021 after vaccine distribution got underway and businesses reopened. Sales and prices of luxury attached homes were up 31.1% and 20.9% respectfully in 36 urban markets across the country last year. The upswing appears to be largely driven by returning city dwellers who left in 2020, affluent millennials who are finally ready to take the plunge and investors looking to capitalize on a softening condo market for second homes.

In some ways, the allure of city life is the same as it has always been: cultural diversity, schools and entertainment within walking distance, a strong job market and access to public transit. Except that city living has changed. City homebuyers want more square footage, outdoor space and more health amenities. Parks and outdoor spaces have become the new social meeting places. Parking spaces along streets have been converted to outdoor dining areas for restaurants. People are walking and biking more as opposed to taking public transit.

There are signs that there are still real estate opportunities to be had in major cities across the country. The average increase of attached luxury home prices in New York, San Francisco and Chicago, for example, are still lower than the national



average of 16%, suggesting that there could be room for price expansion in these metropolises. The number of purchases in these cities is also above the national average, showing that demand isn't slowing down for these top metro areas.

Cities are also poised to continue their upward momentum in 2022 – especially as international buyers are expected back onto the real estate scene this year. And while the omicron variant and other future strains may continue to cause uncertainty and threaten economic recovery, this next generation of city dwellers may be more likely to simply accept the disruptions as a part of living with COVID-19.

TALE OF TWO CITIES

Two of America's most expensive and densely populated cities, New York and San Francisco, were particularly hard hit during the pandemic downturn. Real estate – and in particular the condo market – took a hit as companies headquartered in these cities switched to remote work and many workers migrated to less dense areas.

In Manhattan, the median luxury attached home price dropped by 9% to $5,960,568 in 2020.[1] The city's rebound from this downturn began in fall 2020, but ramped up in spring 2021. Even so, the median sold price only rose by 1% by the end of 2021, leaving room for a potential 8.4% price growth opportunity to match 2019's median sold price of $6,550,000, but an even greater return if prices can increase by 2021's national average price growth of 16% for attached properties. If foreign money returns to U.S. shores this year, that may not be the case for long. And there's no shortage of demand: the number of attached sales were a staggering 101% higher in 2021 compared to 2020.

INDEX **SCORE**

Manhattan, NY

Opportunity Index Score:	**235**
Average Sold Luxury Attached Price:	**$6,000,000**
Attached Prices YOY:	**↑ 1%**
Attached Inventory YOY:	**↑ 162%**
Attached Sales YOY:	**↑ 101%**

Seattle, WA

Opportunity Index Score:	**235**
Average Sold Luxury Attached Price:	**$1,228,750**
Attached Prices YOY:	**↑ 4%**
Attached Inventory YOY:	**↑ 3%**
Attached Sales YOY:	**↑ 30%**

San Francisco, CA

Opportunity Index Score:	**230**
Average Sold Luxury Attached Price:	**$2,487,500**
Attached Prices YOY:	**↑ 4%**
Attached Inventory YOY:	**↓ 2%**
Attached Sales YOY:	**↑ 45%**

Chicago, IL

Opportunity Index Score:	**224**
Average Sold Luxury Attached Price:	**$882,500**
Attached Prices YOY:	**↑ 6%**
Attached Inventory YOY:	**↓ 6%**
Attached Sales YOY:	**↑ 56%**

San Francisco's attached market also saw a decline early in the pandemic, but began to rebound by spring 2021. The average sold luxury price for an attached home rose 4% to $2,487,500 after dropping by 10.9% in 2020.

Inventory levels are also down from the year prior and sales are up, indicating that demand has begun to pick up in the iconic Bay Area city.

MILLENNIALS: KEY TO CITY GROWTH

Seattle has been ranked among the fastest growing large cities in the United States since 2010, according to the U.S. Census. That changed in early 2020 as the city grappled with COVID-19 and eventually, mass migrations out of the downtown core. Now it appears the Emerald City has turned the tide.

The 2021 average sold luxury attached home price rose 4% and sales rose 30% from 2020. The city is also adding new high-rises to its skyline, such as the 41-story Spire Seattle, a new luxury condominium tower, which may have helped bring inventory numbers up. Attached home inventory increased by 3% in 2021, much better than the national average – thus indicating room to grow. Long considered a top city for millennials and high-income tech workers, Seattle's attached market has only one direction to go in 2022 and that's up.

BOOMTOWNS OF THE **SOUTH**

There are still hidden gems in America's hottest real estate region if you know where to look.

The pandemic accelerated a trend that was already underway: Americans were headed south. According to Freddie Mac[2] data, the South was among the fastest-growing regions in the U.S. between 2017 and 2019.

Southern boomtowns emerging from 2021 included Austin, Nashville and Raleigh-Durham – all of which saw their populations grow and the average luxury home price for single-family homes soar between 20-29% year-over-year. 2021 also marked the year that several Southern cities reached the million-dollar threshold for luxury single-family homes. Charlotte's average sold price jumped to $1,137,500. In Houston, the same story: the average sold price hit $1,100,000 by the end of 2021.

Despite such price appreciation, there are pockets of potential growth if you look closely. Dallas and Charleston ranked 218 and 216 on the Index for luxury single-family homes. Atlanta, Tampa and Charlotte also ranked above the national baseline on the Index. More opportunity may be waiting in the luxury attached home market: Houston, Charlotte, Dallas and Atlanta ranked between 227 and 209 on the Index.

See pages 136-137 for a full list of resources

LONE STAR STANDOUTS

Everything is bigger in Texas – and that goes for its growth over the two years since the pandemic started. The state's population surged from 2020 to 2021, gaining 310,288 new residents – more than any other U.S. state, according to U.S. Census data. Growth has been primarily concentrated in diverse urban centers and suburban communities in counties such as Harris, Dallas, Tarrant, Travis, Bexar and Hays.

Texas generally has been the nation's epicenter for new construction, since it has more land to build on and relatively lenient construction regulations. At the center of this boom, the Dallas-Fort Worth area (DFW) saw its population jump in 2020 and welcomed several California companies relocating their headquarters. DFW is building at a higher rate than most U.S. metro areas, which could also keep a steady flow of housing inventory and help even out prices in the future. Dallas, in particular, may be a location to watch. The city posted lower than average price increases and higher than average inventory increases for luxury single-family properties in 2021.

Another growing Texas hub, Houston, may be a pocket of opportunity with more favorable buying conditions for luxury attached homes. Prices only rose slightly from 2020 to 2021 while 2021 inventory dropped 7% from 2020, levels remained below the national average. The single-family market could also get a boost in 2022 if new construction continues its upward swing.

Houston had the largest share of newly built for-sale homes in the U.S. during the final quarter of 2021.

THE CAROLINAS

Southern communities along the coast have also been attracting affluent buyers who have the flexibility to work remotely – especially younger ones.

The cobblestone charm of Charleston, South Carolina, has attracted its fair share of millennials, tech companies and even baby boomers who found the Low Country ideal for retirement. Prices for luxury single-family homes rose 14% year-over-year, still lower than the national average. With most industry insiders predicting moderate price increases in 2022, Charleston may still have room to grow. While North Carolina's Raleigh-Durham has enjoyed the spotlight as a millennial destination and tech hub, Charlotte's star is rising at a faster pace. As the state's largest city and the nation's third fastest-growing metro, Charlotte saw its single-family home prices jump 29.5% from 2019 to 2021. New construction has been relatively steady, which could add more housing to the market in 2022 and ease price growth slightly even as demand is expected to remain strong.

ATLANTA

A swell of investment from the film industry since 2012 has injected diversity and fresh energy into Atlanta, turning it into a global luxury destination and the "Hollywood of the South." The pace of net migration and growth, combined with a robust employment landscape and strong interest in homeownership, helped push the average luxury home price from $1,107,265 in 2019 all the way to $1,356,250 in 2021. However, appreciation slowed in 2021 compared to national figures, thus making Atlanta a smart long-term choice.

See pages 136-137 for a full list of resources

INDEX **SCORE**

Houston, TX

Opportunity Index Score:	**227**
Average Sold Luxury Attached Price:	**$549,075**
Attached Prices YOY:	**↑ 2%**
Attached Inventory YOY:	**↓ 7%**
Attached Sales YOY:	**↑ 15.5%**

Dallas, TX

Opportunity Index Score:	**218**
Average Sold Luxury SFH Price:	**$1,536,500**
SFH Prices YOY:	**↑ 14%**
SFH Inventory YOY:	**↓ 11%**
SFH Sales YOY:	**↑ 5.5%**

Charleston, SC

Opportunity Index Score:	**216**
Average Sold Luxury SFH Price:	**$2,005,000**
SFH Prices YOY:	**↑ 14%**
SFH Inventory YOY:	**↓ 14%**
SFH Sales YOY:	**↑ 2%**

Charlotte, NC

Opportunity Index Score:	**216**
Average Sold Luxury Attached Price:	**$644,250**
Attached Prices YOY:	**↑ 11%**
Attached Inventory YOY:	**↓ 10%**
Attached Sales YOY:	**↑ 9.6%**

Atlanta, GA

Opportunity Index Score:	**210**
Average Sold Luxury SFH Price:	**$1,356,250**
SFH Prices YOY:	**↑ 17%**
SFH Inventory YOY:	**↓ 16%**
SFH Sales YOY:	**↑ 8.5%**

SECOND-HOME **MARKETS**

The next second-home destinations offer more than just temporary escape; they also offer long-term lifestyle fulfillment.

With travel still limited, affluent individuals are looking at second-home destinations with an eye toward long-term lifestyle and investment. They are also realizing that they do not need to choose one lifestyle over another any more and can own multiple homes in a variety of places that give them a taste of everything – sunshine and beaches, nature and outdoor recreation, or the endless dream of vacation.

Some are opting to permanently relocate to once-seasonal locales. Multiple homeownership among the affluent is expected to be a reigning trend for 2022. For those who are looking to add a lifestyle destination to their real estate portfolio in 2022, where are the next opportunities with growth potential?

BEACH AND COASTAL LIVING

Sussex County Coastal in Delaware – home to a collection of tiny historic seaside villages, including Rehoboth Beach – ranked No. 2 on the Opportunity Index for single-family detached properties. The Sussex County beach communities enjoyed notable growth over the last two years as affluent vacationers from urban D.C. and Baltimore chose to permanently relocate to the area for a quieter life. The region's average sold price dropped slightly from 2020 to 2021, and its inventory levels remained mostly unchanged from 2020 – both well below national averages. Other East Coast summer playgrounds include Ocean County along the Jersey Shore



> *About 46% of U.S. individuals with $5 million+ net worth now own 3+ homes.*

Source: Coldwell Banker Global Luxury's 2021 "A Look at Wealth" Report

and New York's Suffolk County Coastal (home to the Hamptons), ranked high on the Index.

Perennially sunny with tax advantages, Florida's coastal towns have been among the most sought-after lifestyle getaways for buyers in the Northeast, Midwest and high-cost California.

Ranking No. 8 on the Opportunity Index for single-family properties, the Palm Beach market represents an opportunity, especially for ultra-wealthy, sun-seeking New Yorkers. Prices and inventory levels remained steady throughout 2021.

On the gulf side of Florida, pro-development Coastal Pinellas County saw prices for luxury attached properties drop and its inventory increase slightly, possibly buoyed by a series of new high-end condominium projects launching in the final two quarters of 2021.

Another pro-development community further south that has morphed into a year-round vacation haven, Naples, hit high on the Index for both single-family and attached property opportunities. New luxury condominium high rises set to be completed between 2022 and 2025 are already selling out or nearing sell-out while spec single-family home construction is active but limited due to rising land prices.

On the West Coast, the Bay Area's Marin County took the No. 3 spot on the Opportunity Index for luxury attached properties as 2021 price increases lagged and inventory levels rose, possibly due to outward migration. Marin wasn't the only California coastal opportunity to pop up on the Index for luxury attached homes – Santa Barbara also ranked high. And for anyone dreaming of owning in a tropical paradise, the Island of Hawaii ranked No. 12 on the Index for luxury attached homes.

MOUNTAIN AND LAKES

Mountain towns and lakeside retreats have become hotbeds of affluence over the last two years, raising prices to historic levels and depleting inventory in these typically tiny seasonal enclaves. Opportunities in these sought-after sanctuaries will most likely remain extremely tight in 2022. However, a few opportunities in mountain and lake settings remain.

Located just under 30 minutes from Charlotte, North Carolina, and boasting approximately 600 miles of man-made lake shoreline, Lake Norman ranked No. 2 on the Opportunity Index for attached properties with a score of 276, and 220 for single-family properties. Popular among the work-from-home set, the recreational hotspot has struggled with single-family home inventory, but the attached market could hold more promise in 2022.

Lake Tahoe – a favorite pandemic mountain escape for the Bay Area's wealthy – logged a score of 216 for luxury attached properties. Inventory declines from 2020 to 2021 were below the national average for both the Nevada and California sides, but prices rose twice as fast for California's North Lake.

RESORT

California's wine country enjoyed a rise in demand during the pandemic. A challenging year of wildfires and drought, however, may have had a tempering effect on home sales in 2021, potentially opening up the door for Napa County in 2022. It ranked No. 5 on the Opportunity Index for single-family properties. Another California resort locale, Palm Springs, ranked 209 on the Opportunity Index for single-family properties (only one notch higher than two other Arizona desert destinations, Tucson and Scottsdale). Record numbers of affluent Angelenos have flocked to the region, ready to set down full-time roots or settle into a second residence close to home.

INDEX **SCORE**

Lake Norman, NC

Opportunity Index Score:	**276**
Average Sold Luxury Attached Price:	**$571,375**
Attached Prices YOY:	**↓ 5%**
Attached Inventory YOY:	**↑ 36%**
Attached Sales YOY:	**↑ 18%**

Napa County, CA

Opportunity Index Score:	**249**
Average Sold Luxury SFH Price:	**$3,251,250**
SFH Prices YOY:	**↓ 2%**
SFH Inventory YOY:	**↓ 2%**
SFH Sales YOY:	**↔ 0%**

Sussex County Coastal, DE

Opportunity Index Score:	**246**
Average Sold Luxury SFH Price:	**$1,372,500**
SFH Prices YOY:	**↑ 1%**
SFH Inventory YOY:	**↓ 2%**
SFH Sales YOY:	**↑ 4.5%**

Coastal Pinellas County, FL

Opportunity Index Score:	**238**
Average Sold Luxury Attached Price:	**$1,480,000**
Attached Prices YOY:	**↓ 7%**
Attached Inventory YOY:	**↑ 3%**
Attached Sales YOY:	**↑ 14.5%**

Palm Beach Towns, FL

Opportunity Index Score:	**230**
Average Sold Luxury SFH Price:	**$8,055,000**
SFH Prices YOY:	**↑ 4%**
SFH Inventory YOY:	**↓ 10%**
SFH Sales YOY:	**↑ 63%**

SUSTAINABLE CITIES

Cities at the nexus of sustainable living could see greater growth and long-term property value appreciation in the future.

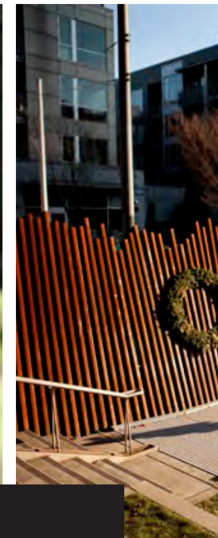
As awareness and concern about climate change grow more widespread, the next generation of affluent buyers will be looking for locations that have taken action to increase clean energy and sustainability.

EXPANSION OF GREEN INVESTMENT

Anticipated in the years ahead is a rapid investment in the sustainable future of U.S. cities, courtesy of the recently passed and soon-to-be executed Infrastructure Act, which has important sustainability and climate provisions. Billions of dollars are to be allocated toward energy efficiency improvements to federal buildings, clean energy upgrades for schools, airport terminal modernization and EV charging stations. In some places, the bill cites the U.S. Green Building Council's (USGBC) LEED certification as a pathway for demonstrating a new building project's sustainability.

While over 180 cities and eight states across the U.S. already have goals to power their communities with 100% clean, renewable energy,[4] the bill could potentially lead to the expansion of green initiatives into smaller cities, exurbs and rural towns.

See pages 136-137 for a full list of resources



Where are the next green opportunities located?

The annual City Clean Energy Scorecard[5] by the American Council for an Energy-Efficient Economy – which ranks 100 of the largest U.S. cities according to their policies for greater energy efficiency – may offer a quick gauge of just how green a city is. San Francisco, Seattle, Washington, D.C., Minneapolis and Boston ranked as the top five for energy efficiency in 2021.

THE GOLDEN STATE LEADS

California continues to lead on climate-change policy, so unsurprisingly, three other cities made the Clean Energy Scorecard's top 10 in addition to San Francisco – including San Jose, Oakland and Los Angeles. The Golden State has already passed a law to get 100 percent of its electricity from wind, solar and other sources that don't produce carbon dioxide by 2045.

California is also considered one of the largest markets for zero-emission vehicles, which led Electrify America to invest $800 million in California's charging station network. The company's first program was in Sacramento, which set a goal of reaching 75,000 zero-emission vehicles on the road by 2025, and the company is now working with Long Beach and Los Angeles.

> *"76% of older millennials think climate change poses a serious threat to society."*

Source: The Harris Poll

Droughts and wildfires will likely continue to plague the state, forcing many of its major cities to look at creative ways to respond to climate change. Efforts to achieve water stability have also been a long-time quest of San Diego County, which now has the largest desalination facility in the country and creates 50 million gallons of fresh drinking water every day from seawater using reverse osmosis.

MORE CITIES EMBRACE A GREEN FUTURE

Portland, often referred to as America's No. 1 environmentally friendly or 'green' city, has made its objective to generate or purchase 100 percent of all electricity for city operations from renewable resources by 2030. Among the city's "greening" projects already completed: the conversion of 45,000 streetlights and traffic signals to LED technology. The city has also boosted its green infrastructure, building green streets,

See pages 136-137 for a full list of resources

INDEX **SCORE**

San Francisco, CA

Opportunity Index Score:	**230**
Average Sold Luxury SFH Price:	**$2,487,500**
SFH Prices YOY:	**↑ 4%**
SFH Inventory YOY:	**↑ 2%**
SFH Sales YOY:	**↑ 45%**

Greater Boston, MA

Opportunity Index Score:	**224**
Average Sold Luxury SFH Price:	**$2,848,750**
SFH Prices YOY:	**↑ 11%**
SFH Inventory YOY:	**↓ 2%**
SFH Sales YOY:	**↑ 11%**

St. Paul, MN (Twin Cities)

Opportunity Index Score:	**214**
Average Sold Luxury Attached Price:	**$855,025**
SFH Prices YOY:	**↑ 6%**
SFH Inventory YOY:	**↓ 24%**
SFH Sales YOY:	**↑ 152%**

eco-roofs and rain gardens that capture and manage stormwater with vegetation and soils. The city is also on track to recover 90% of its waste production through recycling and composting before 2030.

Part of Minnesota's Twin Cities metropolitan area, St. Paul has not only committed to reducing its greenhouse gas emissions by 80% by 2050, the city has also made it a goal to be carbon neutral by that date. Both St. Paul and Minneapolis recently partnered with an electric mobility network to build electric vehicle charging hubs and make electric vehicles publicly available through car sharing. Recognizing that large buildings in St. Paul make up about 40% of emissions, the city now requires building owners to track and report their energy and water use.

Like St. Paul and many other major cities, Denver has agreed to an 80% reduction in emissions by 2050 and will push for 100 percent renewable electricity in the city by 2030. Salt Lake City also committed to 100% renewable electricity for municipal operations by 2030.

Those cities that have implemented clean energy policies and sustainable practices will be better positioned for the future since they can offer their citizens the long-term value of healthier, environmentally responsible lifestyles.

Global Luxury OUTLOOK 2022

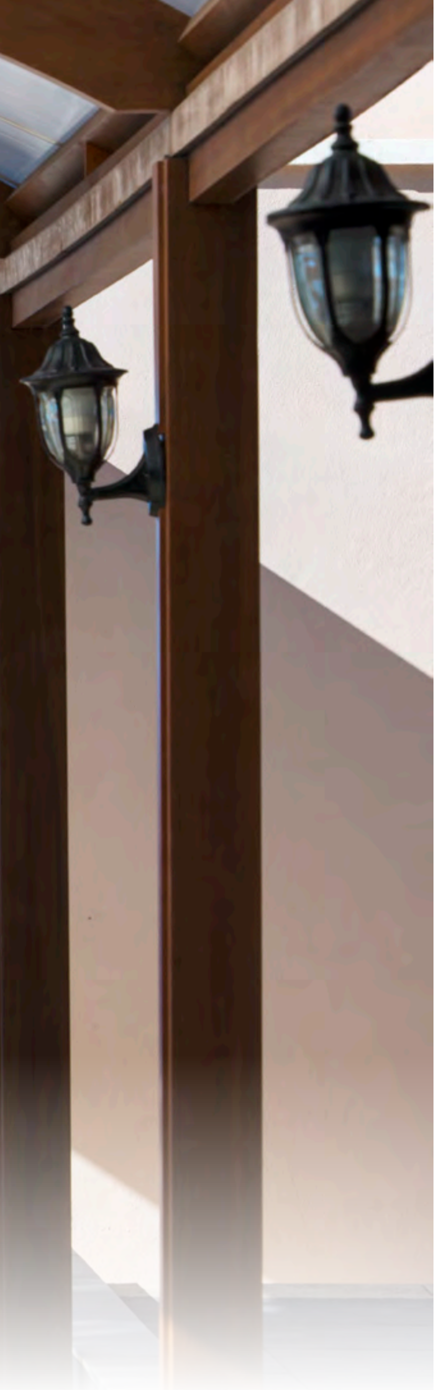
The wealth, living patterns and homeownership trends influencing destinations beyond the U.S.

COLDWELL BANKER VISION **SURVEY**

Global Home Preferences of the Affluent

Are the affluent in Paris or Buenos Aires motivated by forces similar to those happening in New York or Los Angeles, or different ones? Cultural differences, as well as a country's local economic picture, COVID-19 rates and travel restrictions have all shaped the real estate landscape in global cities outside of the United States to varying degrees.

In a continuation of our Vision Survey, we curated the current and future trends most likely to shape international property buying in 2022, according to Coldwell Banker Global Luxury Property Specialists worldwide.



NEW HOME PRIORITIES FOR A NEW WORLD

“The affluent are looking to improve their overall quality of life since they were spending more time at home,” said **Viviana Zulema Bonelli** of Coldwell Banker SpaceBA in Argentina and Uruguay.

In Italy, buyers continue to seek out property in places where they can live comfortably for the long-term. The country’s largest cities, such as Rome or Milan, remain in demand as prices are stable but still lower compared to other European countries. However, lately there has also been “a rediscovery of smaller towns capable of guaranteeing excellent services and convenient connections with large cities,” said **Roberto Gigio** of Coldwell Banker Italy, president and CEO.

Home has become essential to many affluent buyers globally – not just as a lifestyle asset, but also as a financial asset. “Today, the house is more than a safe haven asset,” Gigio continued. “It is a concrete investment that also influences one's lifestyle. The house takes on a vital and multi-functional role. The importance of owning a prestigious property in central areas or well-connected areas contributes to buyers' decisions in real estate purchases.”

Top Priorities

- Larger living space
- Outdoor living
- Access to nature/recreation
- Move-in ready
- Land

SPACE, NATURE AND WELLNESS

The internationally based Luxury Property Specialists surveyed said that their buyers' top priorities were larger properties, outdoor spaces, access to nature/recreation, move-in-ready quality and land. Space has especially become one of the most desirable commodities among European buyers.

Many affluent French individuals who had the freedom to work from home left its "big cities and search for bigger places with outdoor spaces in their suburbs or even in the countryside," said **Laurent Demeure**, founder and CEO of Coldwell Banker France and Monaco. "In Paris, we've observed families who decided to move from the city to the regions such as the Mediterranean coast, Charente-Maritime, New Aquitaine, Basque coast or to look for a bigger place in Paris. Their choices became less rational and more emotional. The prices of Paris real estate, though, were not materially affected by this movement. Prices have increased by 8%."

This was more or less the case in Toronto, Canada. “Some people left the Greater Toronto Area completely and decided to move not just a half hour away, but two hours away in Cottage Country so that they could have more space,” said **Michael Plomaritis** of Coldwell Banker TREC. “But there was only a short-lived window of a few months in 2020 where people were leaving the downtown core. By January 2021, condos in the city came roaring back and sales haven’t let up since. Now prices are significantly up, and inventory is historically low. Every sale is met with anywhere from 12 offers to 30 or more offers.”

“In destinations set along the Eastern Mediterranean corridor, central apartments small in size are not much in demand compared to past years,” said **Aylin Pelin Onar** of Coldwell Banker Maximum, a franchisee under Coldwell Banker Turkey. “Most of the buyers prefer larger spaces with social facilities.”

Italy’s real estate agents are also receiving requests for large spaces with outdoor spaces.

Meanwhile, the affluent in Argentina and Uruguay “are looking for more open spaces, outdoor spaces, pools, recreation rooms, gyms and video conference/ home office rooms,” observed Bonelli. “And this situation does not seem to be changing in the very near future.”

In suburban Toronto, pools “were previously a neutral value,” but are now a must-have for some buyers of single-family homes. “It’s pretty much a given that a home with a pool will get multiple offers,” said Plomaritis. “People are staying in and entertaining at home more, so they are paying much closer attention to their homes and the kinds of amenities offered.”

Another trend noted by Gigio has been an increasing focus on wellness in the real estate sector. “The growth of wellness real estate in the last few years has taken off, responding to the growing demand for buildings capable of positively impacting the holistic health and well-being of the people who live and work within them,” he noted. As always, buyers of luxury residences appreciate strong attention to detail, especially in new luxury condominium buildings. But what’s new is the attention they’re giving to cutting-edge technology, energy class and amenities, such as spaces dedicated to relaxation and wellness, concierge service and multifunction rooms.

MULTIPLE HOMEOWNERSHIP

Multiple homeownership is not just a growing luxury trend in America. Luxury Property Specialists in Central and South America have noted an uptick in affluent buyers looking for second (or third) homes since travel has remained restricted in many countries. They're either buying an escape home in rural or coastal areas close to their primary residence or buying properties in a major city as an investment.

Some countries closed their borders during the pandemic, putting greater focus on domestic purchases of second homes. "There was an exodus of buyers from Buenos Aires to the interior of the country or suburb areas next to Buenos Aires," said Bonelli. She expects this to change this year. "We have high expectations to receive affluent real estate consumers in Argentina and Uruguay soon, mostly coming from Europe and America, with an emphasis in Spain, France, the Netherlands and the United Kingdom." **Daveed Hollander** with Coldwell Banker Vesta Group in Costa Rica said the majority of his buyers from the United States are looking for a second home or to relocate permanently to this Central American vacation paradise. "Low interest rates are allowing them to do this," he said.

Ratio of International Purchase Types

MOVE-IN-READY AND NEW CONSTRUCTION

The globally affluent also prefer move-in-ready homes – and in some locations where new construction is happening, they want brand-new homes. "New construction in the Greater Toronto Area is chronically behind need," noted Plomaritis. "It will continue to drive prices. Our market lacks inventory as a result."

In Costa Rica, "move-in-ready homes are a top priority for buyers and remodels are not selling," said Hollander. In the Eastern Mediterranean region, Onar has observed a notable change in the types of properties her clients prefer. "Buyers are willing to pay more for their comfort and they want to move straight ahead rather than waiting for the completion of new construction," she said. "Due to the demands of buyers and the difficulties of supplying construction materials, prices on new properties have increased." Still, she added, affordably priced new beachfront properties are available. "New homes are coming on with amazing social facilities with five-star hotel services and access to Mediterranean beaches where you get 300 days of warm climate and also a 10-year ROI on these properties."

While France is better known for its architectural preservation of historic buildings than its new construction sector, there are some developers offering apartments in new buildings to be constructed, according to Demeure.

"[New construction] does have some advantages for buyers who benefit from lower notary fees at 3% against the 7 to 8% for resale properties and tax reduction."

In Tuscany, the preferences are more mixed: "Italian clients are looking to buy properties that can be remodeled," said **Alessandro Tognetti** of Coldwell Banker Global Luxury Forte dei Marmi, "but international buyers are looking for new construction."

In larger Italian cities like Rome and Milan, where there are larger concentrations of international buyers, new construction continues to dominate. "Buyers are looking for comfortable indoor and outdoor spaces, smart and sustainable buildings, excellent condominium services, but they are also attentive to designs that can increase internal comfort in daily use," noted Gigio. "The trend is so deep-rooted that it will influence the development of the next real estate constructions that will be built in all areas of the city."

GREEN IS THE NEW "MUST-HAVE"

Another trend Gigio has observed is greater attention being given to new construction that respects the planet. "Eco-friendly features are confirmed as a must-have in the homes of the generations of the new rich," he said. "Buyers of luxury homes prefer homes that offer large green spaces surrounding the building, multifunctional environments that can gradually be adapted to various needs and interior spaces suitable for remote work, smart working." Intersecting with the wellness trend, newer buildings that offer high-level home automation along with an intelligent security system, wireless audio and charging stations for electric cars also play an essential role. "These technologies and amenities increase the living comfort of those who live in the house. In Italy, we can find this kind of construction in Rome and Milan where most of new luxury buildings are concentrated in prestigious areas."

LOW INVENTORY

"While not every international market is reporting the same inventory limitations as the United States, Paris is one city that has maintained its appeal as a global metropolis despite some migrations out of the city during the pandemic. "This year's challenge is going to be very low inventory and high demand because in 2021 we hit for the third year in a row the record number of units sold," said Demeure.

Like many other global cities, Toronto faces a similar dearth of available housing. The city hit its lowest number of listings in two decades in January 2022, according to the latest statistics released by the Toronto Regional Real Estate Board.[1]

GLOBAL WEALTH AND REAL ESTATE **FOOTPRINT**

Shifting values and lifestyle priorities during the pandemic transformed how and where the world's wealthiest live.

Additionally, global wealth not only held steady from 2020 to 2021 but also rapidly increased in the second half of 2021 — speeding up migrations in many property markets worldwide.

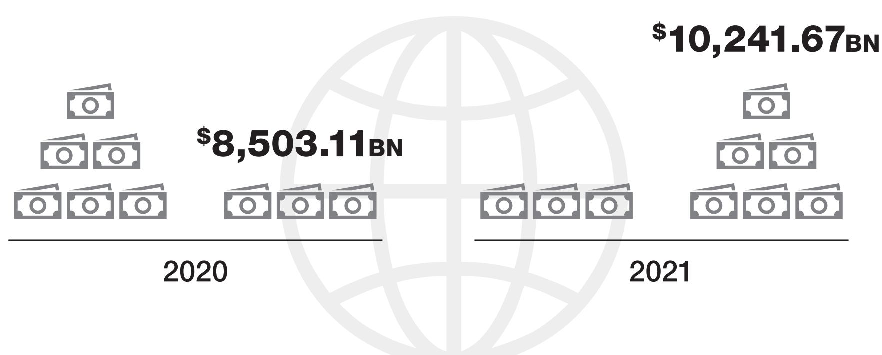
Globally, the number of individuals with a net worth of $5 million+ rose 19.8% from 2020 to 2021. Their representative dollar volume also increased by 20.4% from 2020.

The propensity to own multiple homes in multiple locations is not a new concept for the world's wealthiest citizens, who have the freedom to live anywhere, but since their population numbers and dollar volume increased globally in 2021, so did the volume of properties that they owned.

Traditional lines between primary residences and secondary residences have also become blurred with many affluent choosing to spend more time in their secondary homes, or in some cases, deciding to add new homes to their real estate portfolios. All of this has led to an expanding global residential footprint among today's high-net-worth (HNW) individuals.

To better understand how these profound changes will impact property markets on an international scale in the future, the Coldwell Banker Global Luxury program consulted with Wealth-X to provide data on 21 major global cities outside of the United States. Their analysis helps further clarify the increasingly fluid relationship between the affluent, the real estate they own, the cities where they live and their evolving residential footprint around the globe.

Global Real Estate Wealth Growth
for Individuals with a Net Worth of $5 million+
$1,738.56 (BN) / 20.4%



Source: Wealth-X

WHERE THE WORLD'S **AFFLUENT LIVE**

Using five years of historical data and five years of predictive analytics, Wealth-X examined:

- Cities ranked by total wealth of HNW individuals in 2021
- Cities with the highest population of individuals with a net worth of $5 million+
- Cities ranked by density (the number of HNW per capita in 2021)
- Cities ranked by the number of HNW residents in 2021

Key Definitions

Primary Home
Where HNW individuals spend the majority of their time during the year and where their main place of business is located.

Secondary Home
Places of leisure, vacation or investment.

Residential Footprint
Encompasses all of HNW individuals' residential addresses.

The cities with the greatest number of individuals, located outside the U.S., and their total wealth has, for the most part, shown a steady consistency in their growth patterns over the last five years.

TOP 10 CITIES BY HNW WEALTH

Looking at the total wealth of these global cities that have the greatest population of affluent individuals, we do see that there has been some fluctuations in their yearly rankings since 2016. Both Paris and London saw the impacts of COVID-19 as the wealth of individuals in these cities fell 13.9% and 15.1% respectively during 2020, only to see healthy rebound in 2021. Most notably, Paris saw its total wealth growth from $691.9 billion to $859.5 billion - a 24% jump. London is forecast to return to its original ranking of 4th by the end of 2022, following a return of local and international wealthy residents who had fled the city during the pandemic.

International HNW Wealth Rankings by Year ($BN)

2016 Rank	2020 Rank	2022 Outlook	2021 City Rank	
2	2	1	Tokyo	$1,694.70
1	1	2	Hong Kong	$1,268.90
4	3	3	Paris	$859.50
5	**5**	**5**	**Osaka**	$674.10
3	**4**	**4**	**London**	$672.60
7	6	6	Singapore	$568.80
6	7	7	Toronto	$456.50
8	8	8	Nagoya	$420.20
9	**9**	**10**	**Seoul**	$369.20
10	**10**	**9**	**Taipei**	$354.90

Ranking excludes U.S. cities

Source: Wealth-X

TOP 10 CITIES WITH THE HIGHEST HNW POPULATIONS

Global affluent populations have remained relatively stable since 2016. Among the top 10 cities with the greatest number of individuals with $5 million+ in net worth in 2021, Tokyo has claimed the top spot for the last five years. According to Wealth-X's predictive analysis, the Japanese megalopolis is expected to remain dominant for at least another five.

London will move to No. 4, overtaking Osaka, Japan, and Toronto will move to No. 9, past Taipei. More notably, however, are the growth rates of London and Paris – two Western European metropolises that saw their wealthy populations drop in 2020 during the onset of the pandemic. Their population upswings in 2021 follow a similar pattern seen in major U.S. cities like New York as people have returned to live in urban settings again. In contrast, the affluent populations in East Asian cities such as Tokyo, Hong Kong, Osaka, Nagoya, Singapore and Seoul stayed on a steady upward trajectory between 2020 and 2021. Drawing on their experience with previous SARS and MERS outbreaks, these cities were able to weather COVID-19 better with travel restrictions, mass testing, contact tracing and strict quarantine measures early on in the pandemic. Toronto also managed to maintain its upward growth trend. Unlike Paris and London, it is a city with a higher percentage of domestic citizens as opposed to foreign residents.

International HNW Population and Density Ranking by Year

2016 Rank	2020 Rank	2022 Outlook	2021 City Rank		Density Rank	Density %
1	1	1	Tokyo	96,152	5	0.25%
2	2	2	Hong Kong	67,269	1	0.89%
3	3	3	Paris	47,059	3	0.39%
5	**4**	**5**	**Osaka**	**37,043**	**10**	**0.19%**
4	**5**	**4**	**London**	**36,956**	**4**	**0.30%**
6	6	6	Nagoya	23,218	6	0.25%
7	7	7	Singapore	23,025	2	0.40%
8	8	8	Seoul	18,046	9	0.19%
10	**9**	**10**	**Taipei**	**17,419**	**8**	**0.25%**
9	**10**	**9**	**Toronto**	**17,211**	**7**	**0.25%**

Ranking excludes U.S. cities

Source: Wealth-X

TOP 10 CITIES BY HNW POPULATION DENSITY

Significant change occurs when viewing these same cities by HNW population density. Hong Kong displaces Tokyo for the top spot with the highest HNW population density in 2021, as there are .89 HNW individuals per 100 residents in the former British colony. While Tokyo may have more HNW individuals by sheer numbers, Hong Kong has a higher concentration of wealthy individuals, likely due to its strong international business ties and status as Asia's financial capital. Hong Kong's future has been questioned; however, after China imposed the national security law on the city in June 2020 and its zero-tolerance approach to COVID-19 has kept it cut off from most of the world. Despite the uncertainty, Wealth-X predicts Hong Kong's HNW population density to grow steadily to .98 HNW individuals per 100 residents by 2026. Strong Chinese capital controls, robust mainland economic growth and lack of regional competition are expected to keep Hong Kong's reputation as China's gateway intact. The only other city expected to improve its density growth ranking is Paris. By 2026, the financial capital of continental Europe is forecasted to jump ahead of Singapore with .58 HNW individuals per 100 residents.

Key Findings

Outside of the United States, **seven out of 10 cities** with the greatest population of HNW individuals and the greatest wealth **are concentrated in Asia.** While China enjoys a reputation of having large populations of HNW individuals, **Japan actually has three cities in the top 10.**

Asian cities appeared to weather the pandemic **better than European cities.** They experienced **no impact** on their populations of HNW individuals or total HNW wealth during 2020-2021. Instead, Asian cities **grew in both categories, except for Hong Kong**.

Paris and London's HNW residents were significantly impacted by COVID, which resulted in **lower population numbers and total wealth** as these residents relocated their primary residences **outside** of these two metropolises after 2020.

London and Paris showed **significant HNW growth** after the arrival of vaccines and travel restrictions were lifted. Investors may have recognized opportunity to buy in two of the world's most expensive cities at comparatively lower prices in 2021 as prestigious properties came on the market **for the first time in years.**

Both HNW population and total HNW wealth is predicted to **grow over the next five years in 21 major cities,** whether through inbound migration or through natural wealth creation.

WHERE AFFLUENT **PRIMARY HOMEOWNERS LIVE**

Understanding that there are cultural differences in economic drivers and attitudes toward homeownership, we analyzed data provided by Wealth-X in 21 major cities outside of the U.S. to shed more light on the intersections between wealth and real estate as it relates to primary homeownership around the world.

Included in our review:

- Cities with the highest primary homeownership
- Number of HNW individuals who reside in the Top 10 primary homeownership cities
- Cities ranked by the number of HNW residents
- Comparison of the ratio of HNW primary homeowners to HNW residents for Top 10 primary homeownership cities

Primary Homeowners

Those with a net worth $5 million+ who own a primary residence.

Our analysis revealed a new ranking of cities with the highest rates of HNW primary homeownership. Similarly, when we compared the ratio of HNW primary homeowners to HNW residents, the city rankings also changed dramatically.

These findings demonstrate that a city's affluent population does not necessarily correlate with its rates of primary homeownership. Only three of the top 12 markets with the greatest wealth population outside of the U.S. appear on this list.

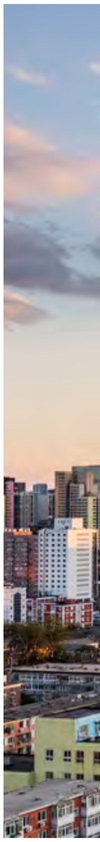
Japanese cities like Tokyo and Osaka have completely dropped from the ranking. The reasons remain unclear, but Japan's real estate picture is unique. Tokyo, in particular, is one of the most expensive cities in the world and has the lowest rate of homeownership in Japan. Meanwhile, Japan's scrap-and-build housing culture has meant that homes are historically seen as a consumer commodity rather than a long-term appreciating asset. Real estate data from the country also remains sparse despite recent attempts to improve transparency and tracking, which may also account for Japan's absence in the homeownership rankings.

Europe's affluent class also demonstrated a strong affinity for primary homeownership, as Paris, London, Berlin and Munich appear among the top 10. These cities show consistent ratios of HNW residents compared to HNW primary homeowners, cementing their position as major global real estate cities.

Top 10 Markets with Largest Number of Primary Homeowners*

	City	# Individuals Residing in Each Market	# Primary Homeowners in Each Market	% Difference of Homeowners to Residents
1	Paris	47,059	**32,167**	68%
2	London	36,956	**27,276**	74%
3	Toronto	17,211	**13,911**	81%
4	Beijing	15,978	**13,615**	85%
5	Guangzhou	12,422	**9,938**	80%
6	Moscow	11,303	**8,044**	71%
7	Berlin	9,767	**7,409**	76%
8	Sydney	10,777	**7,208**	67%
9	Munich	11,006	**7,191**	65%
10	Hamburg	8,538	**6,425**	75%

**Number of individuals with a net worth of $5 million+. Ranking excludes U.S. cities.*



Among 2021's top 10 cities with the greatest number of HNW individuals who own primary residences, Paris moved to the top, followed by London, Toronto, Beijing and Guangzhou, Guangdong, China.

Paris has the highest number of HNW primary homeowners

Holding continued allure for the world's affluent with its famous *joie de vivre* culture, Paris has maintained its reputation for being a richly diverse cosmopolitan city and a highly secure investment when it comes to real estate. While the French capital city's high cost of living and density has prompted some rural relocations since 2020, it still enjoys an elite following among financial and banking dynasties, as well as wealthy diplomats, famous entertainers, politicians and influential international families from the Middle East, Europe and the United States. This could be a reason why the historically expensive city has a lower percentage of HNW primary homeowners compared to HNW residents (only 68%).

Like Paris, No. 2 London has a long tradition of prolific homeownership, with large numbers of HNW primary homeowners. However, London is also a global financial hub and attracts many of the world's affluent who have chosen to establish residency on a part-time basis. This becomes apparent when you compare the number of HNW residents to the number of HNW property owners – 74% of its HNW residents are primary homeowners.

Source: Wealth-X

Toronto also has a long history of homeownership and a strong homegrown demographic while also enjoying a reputation as one of the world's most diverse cities that continues to welcome new affluent residents from around the world. Ranking No. 3 for overall HNW primary homeowners, North America's 4th largest city has a higher percentage of HNW residents who are primary homeowners than London (80%).

Despite being No. 4 for HNW primary homeowners, Beijing has the highest percentage of its HNW residents owning primary residences out of any city reviewed by Wealth-X. China's capital city of over 25 million has continued its reign as a real estate force as the Chinese typically view real estate as a means of wealth creation and savings. China stores 70% of its wealth in real estate, per a recent study by Loomis Sayles & Company. However, the Chinese government has recently tried to reduce the economy's reliance on the property sector and curb inflation, which has had a dampening effect on home prices after years of rapid growth.

85% HNW residents in Beijing are primary homeowners.

WHERE AFFLUENT **SECOND HOMEOWNERS LIVE**

With the global wealth increases and lifestyle transformations that took place during the pandemic, multiple homeownership among the affluent gained significant ground in 2021.

Which global cities outside of the U.S. have the most HNW secondary homeowners? Once again reviewing data in 21 major international cities, Wealth-X uncovered several new markets with high levels of secondary homeownership, including:

- Cities ranked by the number of HNW individuals who own a secondary home
- Cities ranked by the total wealth of those individuals in 2021
- Cities ranked by density

Secondary Homeowners

Those with a net worth $5 million+ who own a home in a city but reside in a primary residence elsewhere.

Top Cities with Strong HNW Primary and Secondary Home Appeal

- London
- Geneva
- Moscow
- Munich
- Toronto
- Beijing

TOP 10 CITIES FOR SECONDARY HOMEOWNERS

London, Singapore and Geneva rank highest for having the greatest number of HNW individuals who own second homes within their city boundaries. London, Paris and Toronto once again emerge as major wealth hubs, since they are favored “second home” cities and also rank among the top 10 for the highest HNW populations.

Six of the top 10 cities for primary homeownership also reappear on the list for second home cities, underscoring HNW individuals’ strong preference for these six cities and demonstrating their home market’s overall stable desirability.

Top 10 Markets with Largest Number of Secondary Homeowners*

	City	# Individuals Residing in Each Market	# Secondary Homeowners in Each Market
1	London	36,956	**60,642**
2	Singapore	23,025	**27,343**
3	Geneva	6,151	**23,664**
4	Munich	11,006	**14,841**
5	Paris	47,059	**14,343**
6	Beijing	15,978	**10,846**
7	Moscow	11,303	**9,355**
8	Toronto	17,211	**7,900**
9	Sydney	10,777	**6,942**
10	Dubai	3,022	**5,470**

Number of individuals with a net worth of $5 million+. Ranking excludes U.S. cities.

Despite pandemic challenges and Brexit pressures, London has remained one of the best places to live and work for the world's wealthiest individuals, who may not live full-time in the city. London's sheer volume of secondary homeowners is more than double the number of secondary homeowners in No. 2 Singapore and more than triple the number of secondary homeowners in No. 4 Munich. More than one in five properties in the U.K. metropolis are second homes. Between its status as a cultural and business hub, abundant supply of five-star hotels, as well as high-quality universities and education opportunities, the U.K.'s capital city remains one of the world's most sought-after lifestyle destinations. A stable real estate market with constant and favorable conditions for primary or secondary homeownership has only further solidified its position among the wealthy. Given that just over a quarter (26%) of its HNW residents do not own any real estate in the city, there is also a large pool of affluent residents who rent, providing investors with steady long-term returns.

Singapore does not have the volume of HNW residents of London or Hong Kong — only 23,025 — but the sovereign island city-state is considered one of the "Four Asian Tigers" along with the economies of Hong Kong, South Korea and Taiwan. Singapore continues to attract the global elite who want to own a second home in the world-class city and take advantage of its advanced technological infrastructure, skilled labor force, favorable immigration laws and efficiency in allowing business startups. And Singapore stands to benefit from Hong Kong's political uncertainty since it's already a gateway to Southeast Asia and a significant trade hub.

Source: Wealth-X

Like London, Geneva has nearly four times the number of secondary homeowners who do not reside in the city full time as compared to permanent residents. Home to the United Nations and a long-established private banking sector that manages billions in assets, the historic Swiss town continues to attract a sophisticated international crowd as the world's global and diplomatic center. And who can discount the millions of holiday travelers Geneva welcomes to its storied mountain setting each year? All of it has contributed to Geneva's popularity as a secondary home destination – not to mention the added benefits of Switzerland's stable real estate market, low crime rate, quality medical facilities and reputable educational and cultural opportunities. Since only 30% of Swiss residents are property owners and Swiss wages are some of the highest in Europe, investors may also see an upside in buying a secondary property in Geneva.

Contrast these three cities with Paris and Toronto – where there are higher populations of HNW residents and primary homeowners yet lower numbers of secondary homeowners – and a different story emerges. Paris tripled its tax on secondary homeowners in 2017 so that may be why there are lower rates of non-resident ownership. Similarly, the provincial government of Ontario passed a tax in 2017 that levied a 15% tax on foreign nationals who choose to purchase residential real estate property; it was specifically aimed at curbing the speculation boom in the Toronto market.

WHERE THE AFFLUENT HAVE THE **LARGEST FOOTPRINT**

As multiple homeownership soars among the wealthy and relocations are expected to continue globally, it is important to understand a wealthy individual's relationship to location.

Residential Footprint

Takes into account all of a HNW individual's residential addresses, not just their primary address.

Real Estate Footprint

Takes into account all of a HNW individual's owned properties, including primary and secondary homes.

"Residential footprint" takes all of an affluent person's residential addresses into account, not just their primary address. *Footprint* is defined as having a residential presence in a particular location, even if only for a few days or weeks annually – and it need not necessarily correlate with real estate ownership, although it can. In other words, living is not synonymous with owning. The wealthy can still play an influential role in a location's economy and culture.

This is important for luxury real estate professionals to understand as the wealthy begin to move about the world again – to know how and where to engage with them.

Reviewing data from 21 major cities outside of the U.S., Wealth-X analyzed:

- Cities with the largest total residential footprint of HNW individuals
- Cities with the largest real estate footprint of HNW individuals

By and large, the wealthy tend to congregate in major global cities and centers where they have access to business and investment opportunities, as well as lifestyle pursuits that line up with their values and interests.

TOP 10 CITIES BY RESIDENTIAL FOOTPRINT

London reigns supreme with a total footprint of 97,598 HNW residents. Paris and Singapore followed at No. 2 and No. 3.

Looking at total residential footprint by density, a different set of cities rise to the top – Geneva, Singapore and Munich – while London falls to the No. 4 position. Despite having a population of only 620,131 compared to London's 9.5 million, global banking hub Geneva has the highest concentrations of HNW individuals, and therefore, the highest residential footprint by density. Benefitting from Switzerland's low taxes and privacy laws, Geneva also has four times the number of HNW individuals by density than the next two cities, Singapore and Munich.

	City	Total Residential Footprint	Density %
1	London	**97,598**	0.8%
2	Paris	**61,402**	0.5%
3	Singapore	**50,368**	0.9%
4	Geneva	**29,815**	4.9%
5	Beijing	**26,824**	0.1%
6	Munich	**25,847**	0.9%
7	Toronto	**25,111**	0.4%
8	Moscow	**20,658**	0.2%
9	Sydney	**17,719**	0.3%
10	Dubai	**8,492**	0.2%

**Number of individuals with a net worth of $5 million+ with a residential footprint (either through ownership or being based in this city). Ranking excludes U.S. cities.*

Source: Wealth-X

TOP 10 CITIES BY REAL ESTATE FOOTPRINT

Analyzing the real estate footprint for the same 21 global cities, London once again comes out on top with 87,918 HNW individuals who own either a primary home or a second home in the U.K. capital. Paris follows with a total real estate footprint of 46,510 – 47% less than London.

However, following the patterns already identified in previous sections, Singapore, Geneva, Dubai and London have stronger rates of secondary homeownership compared to their overall real estate footprints. Meanwhile, Paris and Toronto have stronger primary homeownership rates when compared against their total real estate footprint. Beijing, Sydney, Moscow and Munich have more equitable percentages of primary and secondary homeownership.

	City	% of Primary Homeowners Against Total Real Estate Footprint	% of Secondary Homeowners Against Total Real Estate Footprint	Total Real Estate Footprint
1	Paris	**69%**	31%	46,510
2	Toronto	**64%**	36%	21,810
3	Beijing	56%	44%	24,461
4	Sydney	51%	49%	14,150
5	Moscow	46%	54%	17,399
6	Munich	33%	67%	22,032
7	London	31%	**69%**	87,918
8	Dubai	21%	**79%**	6,943
9	Geneva	15%	**85%**	27,919
10	Singapore	9%	**91%**	30,027

**Number of individuals with a net worth of $5 million+. Ranking excludes U.S. cities.*

Source: Wealth-X

FUTURE **OUTLOOK**

The global population of individuals with a net worth of $5 million+ rose by 19.8% from 2020 to 2021, and this number is forecasted to increase. But not every location is growing at the same pace.

Using Wealth-X's predictive modeling and five-year forecast, some Asian cities, such as Tokyo and Hong Kong, are expected to see a large volume of growth in their wealthy populations; however, these cities have smaller HNW real estate footprints when compared to other cities like Paris and London. London's wealthy population is expected to rise faster than Osaka's, set to overtake Japan's third most populous city by the end of 2022. By 2024, Beijing is predicted to leap past Toronto's HNW population. Similarly, Sydney is also expected to jump two positions in the rankings,

rising above Munich and Moscow that same year. In terms of wealth dollar volume, the rankings are predicted to remain on the same trajectory among the top cities.

The projected growth over the next five years in the 10 cities reviewed by Wealth-X strongly suggests that opportunities for real estate wealth creation and preservation are on the rise. However, geopolitical instability, economics and other global crises, such as climate change and pandemics, can impact future growth patterns and wealthy individuals' propensity for moving about the world and owning real estate in cities beyond the U.S.

Uncertainty over the Russia-Ukraine crisis may manifest quickly in global financial markets, which tend to be more reactive. Possible ripple effects on high-end property markets may be felt long-term, depending on the length and severity of the crisis. For affluent international investors, however, it could end up endorsing the perception that the world is becoming riskier and they may turn to "safe haven" investments that offer long-term stability and appreciation, like U.S. real estate. If anything, the events of the last week – just as they did over the past two years – may simply bolster the affluent's resolve and belief in the importance of home, well-being and community.

Forecasted Wealth and Population Growth for

# of Individuals with $5 million+ net worth in 2021

Total Wealth Held by Individuals with $5 million+ net worth in 2021 ($BN)

Ranking excludes U.S. cities.

Global Cities with High Real Estate Footprints

Source: Wealth-X

RESOURCES

PAGES 9-19 | LUXURY IN REVIEW 2021

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[4]https://www.wsj.com/articles/220-central-park-south-nyc-157-5-million-deal-11623084281

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PAGES 72-75 | TREND 5: THE SUSTAINABILITY SHIFT

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Opportunity Index for Luxury Single-Family Property Markets

State	Markets	Median Sold Price Difference (Average Median Sold Price INCREASE 2020 to 2021; 24% = 100 Baseline Points) 2020	2021	% Diff	Growth Opportunity Score	Avg. Monthly Inventory Difference (Average Monthly Inventory DECREASE 2020 to 2021; -20% = 100 Baseline Points) 2020	2021	% Diff	Growth Opportunity Score	Total Growth Opportunity
NY	Staten Island	$1,130,000	$1,074,500	-5%	128	99	119	20%	140	268
DE	Sussex County Coastal	$1,400,000	$1,372,500	-2%	126	81	82	1%	121	247
OH	Cincinnati	$711,500	$727,500	2%	121	230	240	4%	124	245
VA	Charlottesville	$1,085,000	$1,065,000	-2%	125	125	125	0%	119	244
CA	Napa County	$3,328,750	$3,251,250	-2%	126	72	71	-2%	118	244
WA	Greater Seattle Cities & Suburbs	$1,671,748	$1,776,000	6%	117	449	441	-2%	118	235
MO	St. Louis	$609,250	$657,125	8%	116	108	104	-4%	116	232
FL	Beach Towns of Palm Beach County	$7,745,000	$8,055,000	4%	120	70	63	-10%	110	230
CA	San Francisco	$4,233,250	$4,425,000	5%	119	67	60	-11%	109	228
NY	Nassau County	$1,588,500	$1,725,000	9%	115	721	673	-7%	113	228
MI	Washtenaw County	$765,250	$796,125	4%	120	113	100	-12%	108	228
MI	Wayne County	$501,250	$537,516	7%	116	257	233	-9%	111	227
IL	Chicago	$1,287,500	$1,400,000	9%	115	657	605	-8%	112	227
NJ	Ocean County	$1,059,750	$1,122,500	6%	118	185	164	-11%	109	227
VA	Arlington & Alexandria	$1,757,500	$1,943,750	11%	113	65	60	-7%	113	226
MD	Anne Arundel County	$1,028,750	$1,112,500	8%	115	117	105	-10%	110	225
MA	Greater Boston	$2,568,750	$2,848,750	11%	113	95	87	-8%	112	225
CA	Marin County	$4,150,000	$4,364,688	5%	118	44	38	-14%	106	224
NY	Suffolk County	$1,248,125	$1,403,125	12%	111	813	735	-10%	110	221
IL	DuPage County	$962,375	$1,100,000	14%	109	286	263	-8%	112	221
NC	Lake Norman	$1,100,000	$1,096,831	0%	124	209	160	-23%	97	221
CA	Central Coast	$2,900,000	$3,199,250	10%	113	124	108	-13%	107	220
MD	Montgomery County	$1,653,750	$1,850,000	12%	112	116	102	-12%	108	220
NY	Brooklyn	$1,668,750	$1,839,000	10%	113	216	185	-14%	106	219
VA	Fairfax County	$1,609,375	$1,862,623	16%	108	235	213	-9%	111	219
TX	Dallas	$1,353,125	$1,536,500	14%	110	167	148	-11%	108	218

A total score of 200+ was determined to be the baseline for a market to become an "opportunity."

Opportunity Index for Luxury Attached Property Markets

State	Markets	Median Sold Price Difference (Average Median Sold Price INCREASE 2020 to 2021; 16% = 100 Baseline Points) 2020	2021	% Diff	Growth Opportunity Score	Avg. Monthly Inventory Difference (Average Monthly Inventory DECREASE 2020 to 2021; -20% = 100 Baseline Points) 2020	2021	% Diff	Growth Opportunity Score	Total Growth Opportunity
OH	Cincinnati	$602,000	$495,000	-18%	134	30	45	50%	171	305
NC	Lake Norman	$600,000	$571,375	-5%	121	14	18	36%	156	277
CA	Marin County	$1,610,000	$1,495,000	-7%	123	7	8	10%	131	254
WA	Greater Seattle Cities & Suburbs	$1,127,475	$1,054,000	-7%	122	177	188	7%	127	249
FL	Coastal Pinellas County West	$1,591,888	$1,480,000	-7%	123	54	56	3%	123	246
NY	Manhattan	$5,960,568	$6,000,000	1%	115	1519	1514	0%	120	235
CO	Denver	$750,000	$755,000	1%	115	151	156	3%	123	238
NY	Nassau County	$1,200,000	$1,198,750	0%	116	110	112	1%	122	238
NY	Brooklyn	$1,695,000	$1,671,750	-1%	117	219	214	-2%	118	235
WA	Seattle	$1,184,000	$1,228,750	4%	112	106	109	3%	123	235
FL	Naples	$1,797,500	$1,817,500	1%	115	103	102	-1%	119	234
CA	San Francisco	$2,383,750	$2,487,500	4%	111	94	92	-2%	118	229
HI	Island of Hawaii	$1,967,700	$1,912,500	-3%	119	27	25	-9%	111	230
VA	Arlington & Alexandria	$1,014,373	$1,060,878	5%	111	75	72	-4%	116	227
TX	Houston	$538,688	$549,075	2%	114	237	220	-7%	113	227
MA	Greater Boston	$1,818,750	$1,990,450	9%	106	288	284	-1%	119	225
IL	Chicago	$831,025	$882,500	6%	110	946	891	-6%	114	224
CT	Coastal Communities of	$711,750	$786,250	10%	105	165	154	-6%	114	219
CA	Santa Barbara	$2,167,500	$2,375,000	10%	106	8	7	-8%	112	218
NJ	Ocean County	$656,000	$717,500	9%	106	18	16	-10%	110	216
NC	Charlotte	$581,441	$644,250	11%	105	144	130	-10%	111	216
CA	Los Angeles The Valley	$796,250	$878,250	10%	105	14	13	-12%	109	214
FL	Jacksonville Beaches	$908,750	$950,813	5%	111	26	21	-18%	102	213
IL	DuPage County	$425,000	$464,628	9%	106	99	85	-14%	107	213
FL	Tampa	$559,462	$604,498	8%	108	135	114	-16%	105	213
CO	Boulder	$943,750	$1,025,000	9%	107	39	33	-15%	105	212

A total score of 200+ was determined to be the baseline for a market to become an "opportunity."

METHODOLOGY

For The Report 2022 the Institute for Luxury Home Marketing analyzed the data for the top 10% of 120 U.S. markets. Top 10% is defined as homes with sold prices (or in terms of inventory, list prices), matching or exceeding the 90th percentile sold price for homes sold in 2020 and 2021 in the specified city. Once these percentiles are determined, these become the thresholds for measuring each month's data.

Data is calculated monthly from various sources to attain the most accurate set of information pertaining to parameters, as seen throughout this report, such as closed sales, active listings, sold prices, sold-price-to-list-price percentages, days on market, and sales ratios. Data is then represented both monthly and yearly throughout the report, using medians, averages, totals, percentages, and ratios. However, unless otherwise specified, statistics typically presented in this report represent both the monthly median and the median of monthly medians of the respective data.

The median was calculated by arranging the data in sequential order and selecting the middle number of the set, whether that number be a price, volume, number, percentage, or ratio. To determine the median of the monthly median, monthly medians are totaled, and the same method applied as for the monthly figure. Unless otherwise specified, all statistics are based on property sold. Inventory statistics are based on property available at the end of each month. Average Monthly Inventory and Average Monthly Sold statistics are based on the average of monthly property totals for each month. Sales Ratio is based on the ratio of Average Monthly Sold to Average Monthly Inventory.

Market Status is an analysis of Sales Ratio and represents market speed and market type: Buyer's = less than 15%; Balanced = 15% to less than 21%; Seller's = 21% or greater. If greater than 100%, MLS data reported previous month's sales exceeded remaining inventory pulled at the end of the month.

DATA ON AFFLUENT WITH A NET WORTH OF $5 MILLION+ – HNW

To profile the affluent by population, density, real estate and residential footprint, Wealth-X uses its proprietary Wealth and Investibles Asests Model. This model produces statistically significant estimates for total private wealth and estimates the size of the population by level of wealth and investable assets for the world and each of the top 70 economies, which account for 98% of world GDP.

Wealth-X uses a two-step process. First, to estimate total private wealth, they use econometric techniques that incorporate a large number of national variables, such as stock market values, GDP, tax rates, income levels and savings from sources such as the World Bank, International Monetary Fund, Organization for Economic Cooperation and Development and national statistics authorities. Second, they estimate wealth distribution across each country's population. Owing to a lack of wealth distribution data, most wealth models estimate wealth distribution patterns using income distribution data.

Wealth-X's proprietary database of hundreds of thousands of records on the world's wealthiest individuals enables them to construct wealth distribution patterns using real, rather than implied, wealth distributions, making the model more reliable. They then use the resulting Lorenz curves to distribute the net wealth of a country across its population. The model uses residency as the determinant of an individual's location.

The model also estimates population, wealth and investable assets for the world's 170 major cities as ranked by nominal GDP in $. These cities are defined on the basis of urban agglomerations (UAs) and metropolitan (metro) areas, which include the built-up areas outside the administrative core. They find that metro and urban areas are closer to self-contained entities compared with city administrative cores (city proper) because more residents are likely to work and spend within the metro/UA boundaries. They focus on metro areas to ensure comparability because globally comparable city-level data is not available.

DISCLAIMERS

The statistical information showcased through The Report for **Coldwell Banker Global Luxury®** has been compiled from various sources, including but not limited to Coldwell Banker's Independent Sales Associates, Brokers, Brokerages, and Affiliates, Institute for Luxury Home Marketing, Wealth-X Pte. Ltd, local MLS boards, local tax records, private and public sources, and Realtor.com. Data may not include private sales, as these transactions are not always reported through the above sources.

The Institute for Luxury Home Marketing publishes the Luxury Market Report on a monthly basis to measure market conditions for luxury real estate around the country and is prepared using statistical representation of the Median Price for each of the markets represented in its report. Information contained herein has been computed by the Institute for Luxury Home Marketing's data research partner and shared with **Coldwell Banker Global Luxury®** and based on information attained both privately and publicly.

The data for this report is based on closed and recorded sides of homes sold during 2020 and 2021. However, statistical information has been calculated using closed sales activity reported over a 24-month period from January 1, 2020, through December 31, 2021. Closed sales reported significantly later than this analysis period will not be included. All active status listing records were downloaded and processed to the same standards, at the end of each calendar month, from January 2020 through December 2021. Property-specific active and sales records were standardized, inaccurate list and sale prices were corrected when necessary, and all duplicate records were manually excluded. As a result, statistics available via the source data providers may not correlate to this analysis.

Although we believe that high standards have been used in the preparation of the information, analysis, and views presented, we take no responsibility or liability whatsoever for the contents. As not all private real estate activity is actively reported within its primary marketplaces, it is believed that not all property transfer data is included in this analysis. All the information is provided "as is," and we make no express, implied, statutory, or other warranty of any kind or guarantee as to the accuracy, timeliness, completeness, efficacy, merchantability, and fitness for any particular purpose of any of the contents.

This data is considered to be reliable but is not guaranteed, either by the Institute for Luxury Home Marketing, its data research partner, or any participating MLS, Coldwell Banker Real Estate, LLC, Coldwell Banker Independent Sales Associates, Brokers, Brokerages, or Affiliates. The information provided in this report is not a recommendation to buy or sell real estate, and when evaluating a particular property, it is recommended that specific comparable sales data is used in addition to this market trend information.

As far as applicable laws allow, we do not accept responsibility for errors, inaccuracies or omissions, nor for loss or damage that may result directly or indirectly from reliance on or use of its contents. Instead, it is recommended that all homeowners work directly with a licensed real estate agent or broker.

Luxury by the NUMBERS 2021

*The **Coldwell Banker®** brand has a global reach with offices in **41 countries and territories**, including the United States and Canada.*

*There are approximately **2,800 Coldwell Banker offices** and over **100,000 Independent Contractor Sales Associates/Representatives** worldwide.*

Realogy franchise data based on RFG Finance numbers as of December 31, 2020

Coldwell Banker affiliated agents handled

50,353

TRANSACTION SIDES

of $1 million+ homes

(54% INCREASE FROM 2020)

This equates to

$267

MILLION

in luxury sales every day

(59% INCREASE FROM 2020)

with an average sales price of

$1.9

MILLION

for 2021 in this category

Data based on closed and recorded buyer and/or seller transaction sides of homes sold for $1 million or more as reported by affiliates of the U.S. Coldwell Banker franchise system for the calendar year of 2021. USD$.

COLDWELL BANKER
REALTY

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