Global Luxury Landscape

2021

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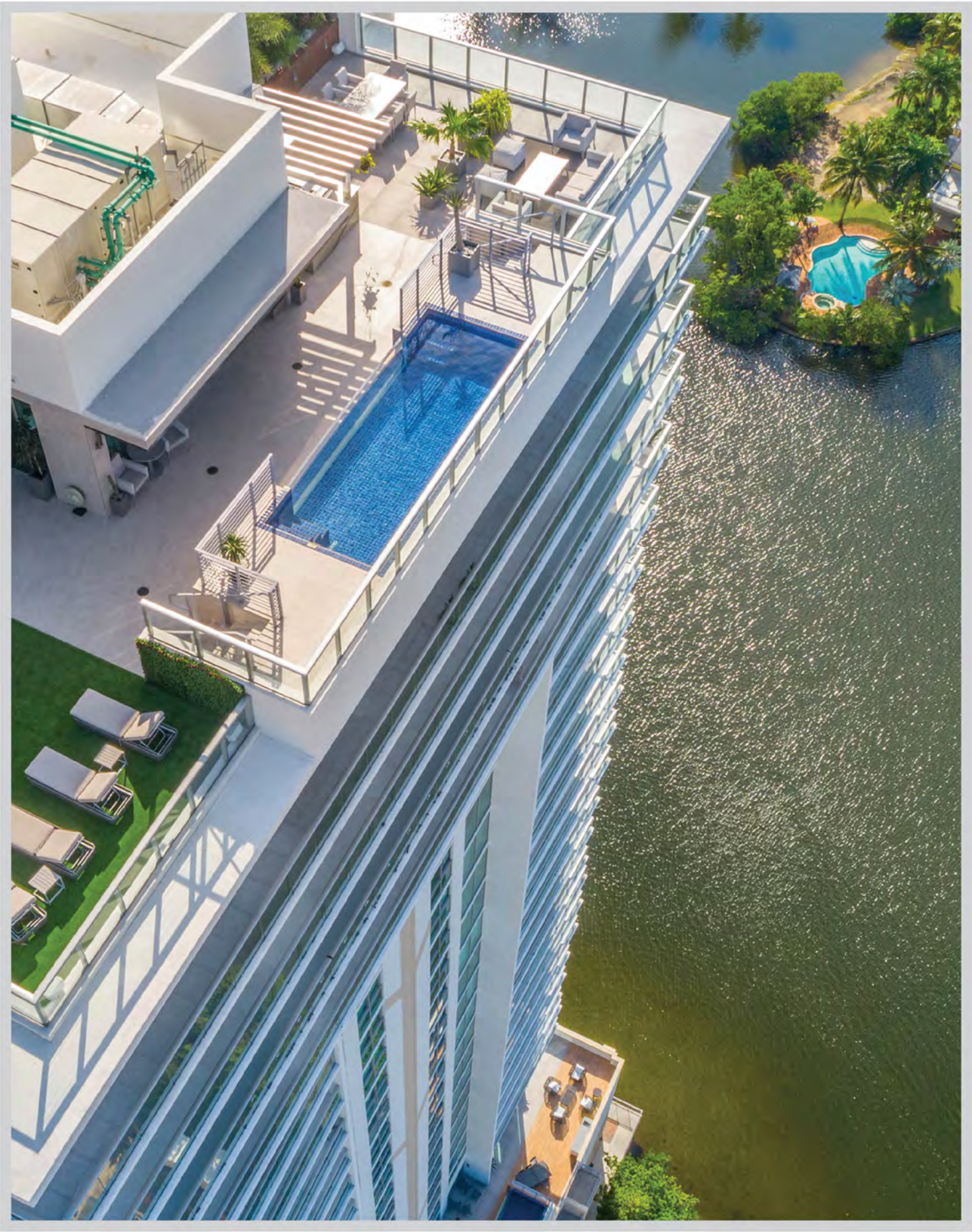

Berkshire Hathaway HomeServices EWM Realty

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Berkshire Hathaway HomeServices California Properties

Welcome

Welcome to the Berkshire Hathaway HomeServices luxury report, where we explore the trends shaping real estate and lifestyle markets across the globe.

Despite fears that the challenges brought on by the pandemic would negatively affect the real estate market, the reality couldn't be further from the truth. Real estate sales are booming around the world, with no slowdown in sight—and high-end homebuyers leading the market.

Exceptionally strong buyer demand continues to cause a low inventory market, driving prices up nearly all over the world.

Yet many have moved over the last few months, and those who have migrated to new areas are rediscovering their love of fresh air and green spaces, often spending more time than ever in their second (or third) homes, thanks to the flexible work-from-home environment. At the same time, the return to metropolitan areas is well underway, as luxury-home buyers return to bustling cities for the culture they missed during the pandemic.

We've also polled agents from across the Berkshire Hathaway HomeServices global network, who pinpointed some under-the-radar areas likely to offer strong returns on investment, including Sun Valley, Idaho; Barcelona; and Potsdam, Germany.

While sustainability has been a buzzword for years, the pandemic has made people focus even more on their impact on the world around them. As such, today's affluent are leaning toward responsible and conscientious consumerism more than ever before—both in terms of travel and shopping. Luxury resale items are among the trends being embraced by millennials and others who are interested in creating smaller eco-footprints.

Those same consumers are pushing luxury brands toward more humane, better-sourced goods.

We'll also look at the rise of NFTs, digital art and the desire to give back in the form of family foundations.

When it comes to big toys, there's no denying electric cars are the (near) future—we look into what's next for that sector, as well as the increasing popularity of yachts and private jets.

Join us as we explore these and other market-shaping forces in the pages ahead.

Christy Budnick
CEO
Berkshire Hathaway HomeServices

Recent restrictions on building have led to less inventory in London.

Low Inventory Continues To Transform Real Estate Market

AS BUYERS MADE A MAD DASH TO SNAP UP PROPERTIES, and sellers balked at listing in the midst of a pandemic, low inventory became the dominant force in the real estate market for 2020, a trend that has steadily continued through the first half of 2021.

With the supply-demand disconnect steadily pushing prices up, many would-be sellers are holding off for financial reasons, afraid they'll be unable to trade up in such an overheated pricing environment.

While a return to a more balanced market will unquestionably be slow, there are signs the inventory crunch may be easing, and that the situation may not be quite as dire as the data imply.

"Everybody is reporting a lack of inventory, and that's not really the case," said Christy Budnick, CEO of Berkshire Hathaway HomeServices. "There's a low standing inventory, and that's an important distinction. There really is a constant replenishment of the inventory right now. The problem is that it's compressed because of extremely strong buyer demand, and we do anticipate that will continue throughout the year."

Total active inventory in the U.S. was down 35% year-over-year the week ending July 10, according to Realtor.com—a staggering number, but an improvement over recent inventory declines, and a sign the inventory gap may finally be starting to shrink. (The week of June 12, for example, inventory was down 44% from a year ago, and during the week of July 10, new listings were up 5% from the week prior.)

Berkshire Hathaway HomeServices London Kay & Co. (2)

TOP MARKETS

London
The Fog Begins to Lift

Private outdoor space is more in demand than ever in London.

Just as the luxury-housing market in London was beginning to emerge from Brexit anxiety, the COVID-19 pandemic hit and hurt the market, said Martin Bikhit, managing director of Berkshire Hathaway HomeServices London Kay & Co. in London.

But the pandemic fog that cast its shadow over the city has begun to lift, with sales of high-end homes up during the first quarter of 2021 compared with the first quarter of 2020. Sales were up year-over-year by 22% for homes priced at £5 million and up, and were up 41% compared with the five-year average of sales between 2015 and 2019. Sales of homes priced from £1 million to £2 million were up nearly 40% year-over-year, and sales were up 17% for homes priced between £2 and £5 million. But sales were still well below the five-year average for those price ranges.

"The momentum at the higher price range comes in part from the way the lockdown had everyone reassessing the way they live," Mr. Bikhit said. "People wanted good outside space and additional rooms for home offices, which come at a premium in the city."

Levels of Luxury in London

The luxury market in London includes homes priced from £3 million to £10 million, Mr. Bikhit said.

"The 'superprime' market of homes priced at £10 million and above was affected most by the pandemic because that market relies heavily on international buyers with multiple homes," according to Mr. Bikhit. "The pandemic put downward pressure on prices for luxury homes, especially in that price range. But this means more domestic buyers can upscale their homes and buy a £10 million home for £8 million."

Mr. Bikhit anticipates international buyers will return to London as more travel restrictions are lifted, which he expects will mean a rebound in prices.

The Westminster City Council, which has jurisdiction over much of Central London's affluent neighborhoods, banned new-home construction over 200 square meters (2,153 square feet) through 2040 as part of its affordable-housing initiative.

"That means there will be a finite supply of larger homes in that part of London for the next 20 years," Mr. Bikhit said. ●

"We're seeing a drip of new listings coming to the market in New York City," said Candace Adams, president and CEO of Berkshire Hathaway HomeServices New England Properties/New York Properties. "We're seeing increased listings on the market, increased pending sales, a continued interest in luxury. I think we'll see it ease up in terms of the imbalance we have right now, and by fall we'll have a more balanced market."

35%

Total active inventory in the U.S. was down 35% year-over-year the week ending July 10, according to Realtor.com.

She still expects buyer demand, "and that will be satiated by listings coming on," she said.

In London, "I think it's a similar situation," said Martin Bikhit of Berkshire Hathaway HomeServices London Kay & Co. "Inventory has always been an issue here, and it seems like the supply of new, larger homes is going to dry up very rapidly."

With recent restrictions by local authorities on the size of new-construction homes in the city, "they haven't realized that the value of larger homes is going to go up disproportionate to the rest of the market, because there's only going to be a finite supply," Mr. Bikhit said.

And long before any major

> "There really is a constant replenishment of the inventory right now. The problem is that it's compressed because of extremely strong buyer demand, and we do anticipate that will continue throughout the year."
>
> **CHRISTY BUDNICK**
> CEO
> Berkshire Hathaway HomeServices

Fall is expected to bring more balanced inventory in New York.

U.S. Listings Down, Prices Up

According to a June snapshot from Realtor.com, inventory across the country is down significantly, and homes are selling faster than ever, and for more, as a result.

All Changes Year-Over-Year	First 2 Weeks **March 2020**	Week Ending **May 29, 2021**	Week Ending **June 5, 2021**	Week Ending **June 12, 2021**
Median Listing Prices	+4.5%	+13.1%	+13.6%	+13.2%
Total Listings	-16%	-49%	-46%	-44%
Time on Market	4 days faster	35 days faster	35 days faster	36 days faster

Source: Realtor.com

rebalancing in the U.S. or Europe or Asia, prices are likely to see continued increases.

"Part of the rising-cost story is a function of material-cost inflation, but it's also the lack of inventory," said Amanda Agati, chief investment officer for PNC Financial Services Group. "We thought earlier in the year that [price increases] might start to pinch demand, but it hasn't become significant enough to halt the cycle or really do anything to pause the demand going forward. It doesn't seem like pricing has gotten to the point where it will become an impediment."

"Coming out of lockdown in particular, demand has gone through the roof, and I don't think there's enough inventory to satisfy it," Mr. Bikhit added. "I wouldn't say anything and everything is selling, but anyone who bought before March of this year would have bought extremely well, and I can see prices going up this year for sure."

Inevitably, rising prices and easing lockdown restrictions are luring more sellers into the market, which won't be enough to tame rising prices in the short term, but could indicate a return to a healthier market balance.

"I still don't think it will be enough to offset the strong buyer demand, but I definitely believe we will see more sellers in our market," Ms. Budnick said. "We've already begun to see that." ●

Getty Images

Domestic buyers have been able to score deals on high-end properties in London without competition from international buyers.

Berkshire Hathaway HomeServices London Kay & Co.

After a Year of Turmoil, Cities Stage Strong Comeback

THROUGHOUT THE PANDEMIC, ONE OF THE BIGGEST REAL estate stories was the seeming exodus out of crowded urban areas and into rural and suburban enclaves, the better to accommodate the sudden need for privacy, square footage and plentiful outdoor space.

But rather than a death knell for the popularity of big cities, the COVID-19 pandemic may ultimately be seen as a blip on the radar before a major resurgence in demand.

"We believe that the flight from cities has been overstated," said Christy Budnick, CEO of Berkshire Hathaway HomeServices. "While some people have chosen to move because they have the ability to work from anywhere, we absolutely expect cities to bounce back over time as they safely reopen."

Even in New York, the hardest-hit U.S. city during the global health crisis, demand has already picked back up as businesses reopen and life returns to the streets.

"If you look month-over-month, we're seeing increases in listings, in pending sales, and in closed sales," said Candace Adams, president and CEO of Berkshire Hathaway HomeServices New England Properties/New York Properties. "Anecdotally I'm hearing in our New York office that we have multiple bids on a lot of properties, and more international buyers than we've seen in a long time coming through."

The increase is part of a broader nationwide trend of buyers from abroad getting back into U.S. markets after a recent slump in activity.

"Foreign buyers haven't been able to get here to buy, for more reasons than just COVID-19," said Ron Shuffield, president and CEO of Berkshire Hathaway HomeServices EWM Realty in Miami, Florida.

The strong dollar, financial restrictions in their home countries, and new U.S. travel restrictions had all hampered foreign buying prior to the pandemic. But as the U.S. opens back up, "we're starting to see more buyers coming from other countries where you can easily get here on a plane," Mr. Shuffield said.

"We saw a very strong foreign-buying market five to

TOP MARKETS

New York
A City Reawakens

Oversupply is still an issue in New York—especially on the higher end—but activity is picking up.

New York's real estate market is awakening, and the luxury sector—which has taken a beating in recent years—is part of that revitalization.

"Pre-Covid, the luxury market was stable but softening," said Candace Adams, president and CEO of Berkshire Hathaway HomeServices New England Properties/New York Properties. "The abundance of new luxury developments and the slowdown in international buyers meant the market was not as strong as it could be—not awful, but not great either."

The pandemic "sucked the life out of every segment of the market," she said. "We still have an oversupply of luxury homes even though activity is picking up.

"From January 2020 to January 2021 prices dropped 20%, which attracted lots of buyers across all price points. The deepest discounts are found at the upper end of the market, but properties priced under US$2 million are receiving multiple offers."

The luxury market appears to be rebounding with a return of international investors and buyers seeking value, she said.

Buyers looking for bargains will find the most value now on the Upper East Side, Ms. Adams said.

"The demand in that part of town is a little different from other parts of Manhattan, and younger buyers, in particular, are choosing other neighborhoods, especially in Brooklyn," Ms. Adams said.

Many wealthy individuals left New York altogether during the pandemic for second homes or permanent relocations, Ms. Adams said.

However, in-migration is also occurring.

"We're seeing a return of international buyers, especially from Asia, and many of our buyers are coming from the West Coast," Ms. Adams said. "There's also an influx of empty nesters and downsizers who want to own a place in the city." ●

"If you look month-over-month, we're seeing increases in listings, in pending sales, and in closed sales."

CANDACE ADAMS
President and CEO
Berkshire Hathaway HomeServices
New England Properties/New York Properties

seven years ago, and it's been slowly decreasing over the last two years, then it really dried up" in the pandemic, Ms. Adams added. "Now we're seeing that slowly come back. There's a broad opportunity to bring those international buyers back into the market."

Foreign buyers are slowly returning to London's market as well.

"Most of our sales have been to domestic buyers, and they've had the luxury of being able to buy away from the competition that's stirred up by international buyers," said Martin Bikhit of Berkshire Hathaway HomeServices London Kay & Co. "I think there's more pent-up demand to come, and once international travel is extended, we're going to see international buyers come back again."

Urban condo markets, which took a particular hit over the past year as buyers gravitated toward single-family homes, are also starting to pick back up.

"The supply of condos will probably always outpace the supply of single-family homes, because we have many opportunities to build a lot more of them," Mr. Shuffield said. "But today, the median price of a condo in Miami is US$310,000, which is a 17% increase over the last year."

The combination of rising demand and the return of foreign buyers means that buyers shopping cities for deals will want to make moves sooner rather than later.

17%

The median price of a condo in Miami is US$310,000, which is a 17% increase over the last year.

Getty Images

A condo in Miami, where buyers are gravitating to high-end apartments and single-family homes.

Berkshire Hathaway HomeServices EWM Realty

"If ever there was a time to buy in New York City, it's right now," Ms. Adams said. "New York took the biggest hit from COVID-19, but I think we're going to see a resurgence, and a very robust market. We're very optimistic and looking forward to a strong year, and it's proving out month over month."

While some urbanites who fled cities for greener pastures during the pandemic may make the move permanent, the classic draws of city life—entertainment, nightlife, restaurants and easy access to post-vaccine socializing—will continue to draw in new residents.

In London, as in New York, many are flocking back to the city, or opting to own two residences—a smaller home in the city center, and a larger suburban or rural escape.

"We're certainly seeing people who have essentially moved outside of London that are now missing the culture, the theater, the restaurants," Mr. Bikhit said. "If you're used to living in London you tend to get a bit bored. Some people are buying smaller lock-up-and-leave homes. They want to have multiple residences and replicate their lifestyle and living environment within each of those principal homes."

Ms. Budnick concurred: "Some people that have been accustomed to city living and chose to move out to a more suburban neighborhood may find they miss the energy and excitement of the city and could very well move back. I've also known many people who are simply downsizing, keeping a smaller place in the city and buying a second home they can use as a vacation and investment property."

Ms. Budnick added, "Our network members in major metro areas are experiencing the same rate of buyer demand, which reinforces our belief that flight from cities is overstated." ●

Percentage of Contracts Signed In Manhattan, by Price

The highest percentage of resale contract volume occurred in the US$500,000-US$1 million category, with 32.1% of sales occurring in this price range, followed by the US$1 million-US$2 million segment.

PRICE RANGE	Q1 2021	Q4 2020	Q1 2020
<US$500K	**10.1%**	10.4%	10.7%
US$500K–US$1M	**32.1%**	34.6%	34.6%
US$1M–US$2M	**26.5%**	26.6%	24.8%
US$2M–US$3M	**11.2%**	10.8%	10.7%
US$3M–US$5M	**7.7%**	6.3%	6.5%
US$5M–US$10M	**4.0%**	2.9%	4.4%
US$10M–US$20M	**0.9%**	0.5%	1.3%
US$20M+	**0.4%**	0.3%	0.1%

Source: Berkshire Hathaway HomeServices Market Report

This recently renovated home in Virginia Beach is on 1.33 acres of land, with golf course views.

Second Homes Become Half-and-Half Homes

OVER THE PAST YEAR, MANY AMERICANS HAVE MADE significant changes to their lifestyles. The COVID-19 pandemic sent city dwellers fleeing in search of more space, fewer crowds and slower-paced environments in which to work and send their children to school remotely. That, in turn, has encouraged second-home buyers to reconsider how they want to use their vacation properties.

Late last year, a surge in buying activity in the U.S. housing market was driven primarily by second-home buying, with areas of the U.S. such as Cape Cod, the Jersey Shore, Palm Springs and South Florida experiencing particularly intense demand, as low mortgage rates and city shutdowns encouraged many to purchase their first vacation properties.

And these buyers no longer want to use their vacation homes for the odd week or two during the high season or rent them out when they're not there. Instead, they intend to spend longer stretches of time there, working remotely and splitting their time between primary and secondary homes.

This trend has not abated even as more Americans are vaccinated, and cities reopen their dining, retail and cultural offerings. In fact, demand for vacation homes has only intensified as many companies retain their remote work policies, freeing buyers to live further from the office.

In Virginia Beach, Berkshire Hathaway HomeServices Towne Realty's Jay Mitchell said he has seen a shift, from buyers purchasing a property with the intention of renting it out much of the year, to those who plan to use the home mostly for themselves.

"We discovered over the last year that we can do things differently," he said. "We have buyers from Richmond, Northern Virginia, Maryland and D.C. finding that they're close enough that they can drive down without too much trouble and spend a couple of months here."

A number of these buyers are empty nesters who are purchasing in cash. And even with the pandemic less of a focus, having more space and privacy still has tremendous appeal for them.

"These buyers are saying they want a spot where they can be outdoors and enjoy life without having to worry about other people," Mr. Mitchell said.

In South Florida, which was experiencing high demand even before COVID-19 due to northeastern buyers attracted by the state's low taxes, the past year has seen the pace of its secondary-home market increase even more.

30%

In South Florida, the median price for a single-family home was up by 30% year-over-year.

Berkshire Hathaway HomeServices Towne Realty

Future of Work

Even past the pandemic, it's unlikely all employees will be in the office five days a week.

Source: PwC US Remote Work Survey

These newer buyers are particularly interested in single-family homes where they can set up office space for remote work.

"We have many buyers now who know they're going to spend more time here, so they're looking at homes rather than condos," said Ron Shuffield, president and CEO of Berkshire Hathaway HomeServices EWM Realty in Coral Gables. "They want larger spaces where they can utilize secondary bedrooms as offices."

The South Florida condo market is active as well, and inventory is tight in both sectors, driving up prices considerably. In the period from February to April in 2020, Mr. Shuffield said, one of every 13 sales in Miami was of a single-family home valued at over US$1 million. During the same period this year, one in every five sales was for a home priced at US$1 million or more, and the median price for a single-family home was up by 30% year-over-year.

In other second-home markets, low inventory and heightened demand have also led to homes selling considerably above their listing prices.

"Our inventory is way down. We sold a property with a US$5.4 million listing price for US$5.9 million," Mr. Mitchell said. "There's very short inventory and a lot of offers. We had 81 offers on one property, so we advised the seller to respond to the top five offers and ask for the highest and the best."

As home buyers continue to prioritize lifestyle and the ability to spend longer stretches of time in vacation destinations, this trend is expected to continue.

"I think this will continue for the next few years, based on the small amount of inventory we have and the fact that properties are selling in less than 17 days," said Kyle Kemp, Berkshire Hathaway HomeServices California Properties regional vice president in Santa Barbara, California.

Tight inventory will continue to push prices upward in many U.S. secondary markets, as low interest rates motivate more buyers to act.

"We're only going to get more expensive because of supply and demand. Florida is growing at a rate of 660 people a day," Mr. Shuffield said.

But low supply shouldn't deter buyers, as it's less a sign of a lack of options than it is an indicator of how quickly the market is moving.

"We only have 50% of what is usually on the market available to buy now, but the number of transactions has doubled," Mr. Kemp said. "We're selling more houses than we were, but they're just not sitting on the market. They're coming on and going off right away." ●

This Montecito, California, home sits on a unique 2.9-acre promontory offering a rare 360-degree bird's eye view out to the Pacific Ocean.

Another showstopping home in Montecito, California, has such top-notch interior design that each room offers a transformational experience.

From top: Berkshire Hathaway HomeServices California Properties | Cormac O'Brien; Berkshire Hathaway HomeServices California Properties | Marc Angeles & Alexis Adam

How Will Inflation Affect the Strong Home-Sales Market?

Consumers are paying more for many everyday goods because of inflation, and the housing market is not immune, either.

AS PART OF THE LONG, WINDING RECOVERY FROM THE COVID-19 pandemic, inflation was nearly inevitable. In sectors ranging from cabs to construction, a sudden burst of post-vaccine demand is still outstripping reduced supply, and prices are responding accordingly. At the same time, prices of construction materials such as lumber and copper have gone up, putting further upward pressure on prices. (Inflation hit a 13-year high in June.)

In many cases, this sudden jump in prices is expected to be a largely temporary phenomenon until the economy settles back into a more recognizable equilibrium.

"In general, we're in the camp that inflation at the headline level is likely to be very transitory," said Amanda Agati, chief investment officer for PNC Financial Services Group. "We're seeing pockets of inflation spiking here in the very short run, but we do think things are going to settle down a bit as we track through the second half of the year."

In the housing market, however, which has seen especially dramatic price increases and a chronic lack of supply across the board, a return to relative normalcy might not be so speedy.

"Where things start to get a little bit trickier is what's happening with rising material cost," Ms. Agati said. "Even as prices rise to all-time highs, it's a backdrop where we see rising costs passed through. At what point do buyers say, 'Enough is enough already'? We're not there yet because the supply-and-demand disconnect is so significant, but building-material costs, lumber, copper, are definitely going up."

"We do think as it relates to housing and even the luxury-housing market in particular, the inflation story is likely to have more legs or be longer-lasting, because there are a number of things going on," Ms. Agati continued. "Obviously,

Getty Images

TOP MARKETS

Montecito, California
Benefiting From the Increased Popularity of Large Estates

With easy access to San Francisco and Los Angeles, buyers are turning their attention to second and third homes in Montecito, California.

Berkshire Hathaway HomeServices California Realty

Prince Harry and Meghan, Duchess of Sussex didn't put Montecito on the map—after all, the tranquil Southern California beach town was home to Oprah Winfrey, Ellen DeGeneres and Gwyneth Paltrow long before the royals came to town. But the combination of royalty and the pandemic-inspired desire for land and privacy led to a 35% increase in average home values and a 70% increase in the median sales price, said Kyle Kemp, regional vice president for Santa Barbara and Ventura counties for Berkshire Hathaway HomeServices California Properties.

"In 2020, the median sales price was US$2.8 million, and in 2021 the median sales price was US$5.3 million," Mr. Kemp said. "The main reason for that big jump is that the majority of activity in our market has been for big houses that range from 7,000 to 25,000 square feet."

"Buyers want bigger houses, more land and to work remotely," said Martha Mosier, president of Berkshire Hathaway HomeServices California Properties. "We're even seeing people combine estates because they want more land for a tennis court, a pool and outdoor entertaining."

Just 10 homes sold for more than US$5 million during the first quarter of 2020 compared with 56 during the first quarter of 2021.

"We're sandwiched between San Francisco and Los Angeles, and people wanted to get away from those metro areas to the mountains, the beaches and larger properties," Mr. Kemp said.

Mr. Kemp said there's been an influx of executives and business owners taking up permanent residence to work remotely. ●

as a function of the pandemic, we've seen this massive rush to locations outside of very urban city centers, and housing prices in many pockets of the country are going up at a fairly rapid clip."

And while more sellers are entering the market than during the worst of the pandemic, demand for housing still significantly overmatches the supply.

"There's a supply-and-demand disconnect that we think isn't going to be easily solved in the short term. It takes time to build homes," Ms. Agati added. "When you have luxury inventory sitting at the lowest level in 10 years, there's still room for prices to run."

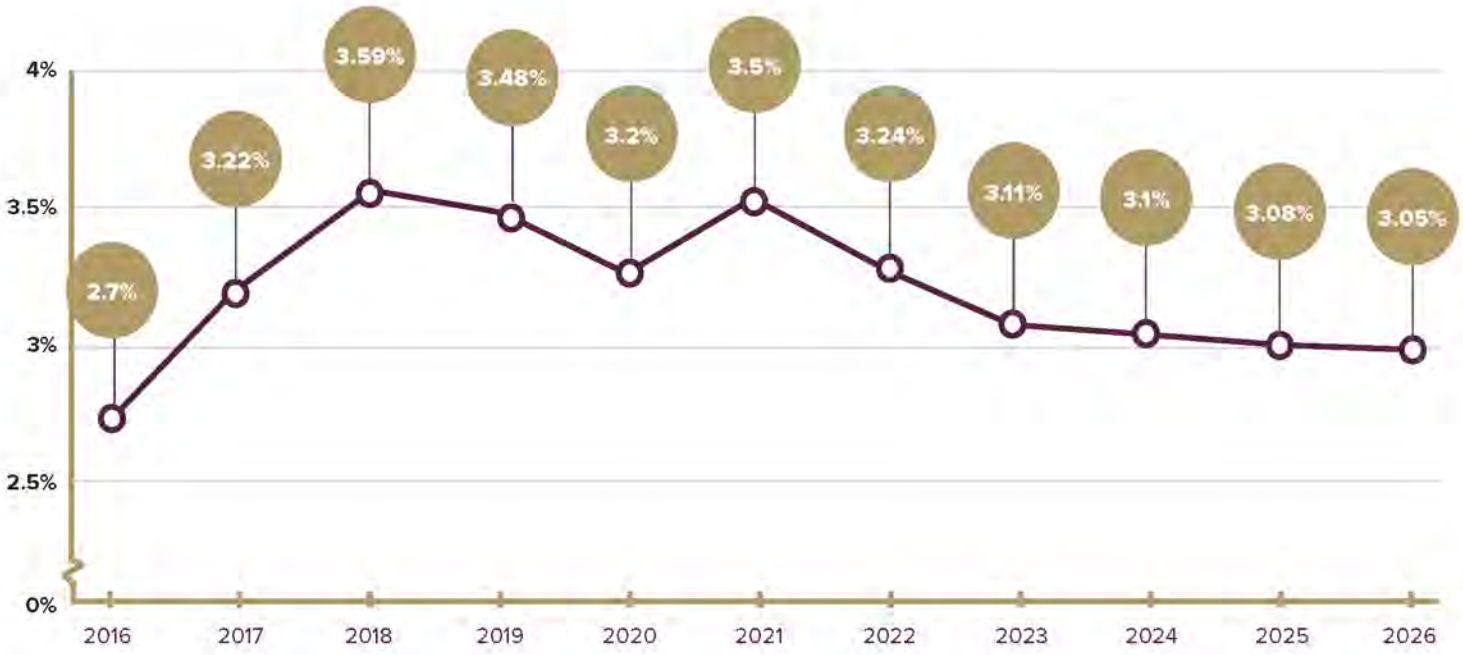
And while rapidly rising prices should in theory affect affordability and stem demand, a combination of low mortgage rates and massive amounts of wealth generated over the past year mean that inflation has yet to put much of a

"Where things start to get a little bit trickier is what's happening with rising material cost. Even as prices rise to all-time highs, it's a backdrop where we see rising costs passed through. At what point do buyers say, 'Enough is enough already'?"

AMANDA AGATI
Chief Investment Officer
PNC Financial Services Group

Global Inflation Rate From 2016 to 2026

These statistics, from Statista, show the global inflation rate compared with the previous year, from 2016 to 2026. In 2021, the inflation rate worldwide amounted to approximately 3.5% compared with the previous year.



Source: Statista 2021

dent in current market dynamics. Mortgage rates would most likely need to rise significantly to materially alter the landscape.

"If we see just a little bit of an increase over the next few months, I don't think that [will change things]," said Candace Adams, president and CEO of Berkshire Hathaway HomeServices New England Properties/New York Properties. "But if you start to see percentage jumps, that's going to significantly impact affordability."

A similar dynamic can be seen in luxury markets outside the U.S., as well.

"I think the biggest concern with inflation is how that ultimately has a knock-on effect in terms of the real estate market here," said Martin Bikhit of Berkshire Hathaway HomeServices London Kay & Co. "It fundamentally affects all-around affordability, but people are brushing it under the carpet here because interest rates are so low."

For luxury homes in particular, then, the current inflation cycle may well continue to hold even as pricing normalizes across other sectors of the economy.

"The higher end of the housing market is inherently less price-sensitive, and given financial conditions where asset prices are at all-time highs, there are a lot of flush cash buyers out there that will continue to be a dominant force in the market," Ms. Agati said. "A lot of the inflation we're seeing in other pockets of the market is a bit more transitory and doesn't have the same supply-and-demand disconnect that we have in the luxury-home market."

Ms. Agati added, "I keep coming back to the idea that the supply-and-demand issue is going to continue to dominate the story and be the key driver for sustained, elevated inflation for the foreseeable future." ●

Santa Barbara appeals to younger buyers for its slower pace and high quality of life.

Berkshire Hathaway HomeServices California Properties

The 'Millennial Effect' On Luxury Real Estate Is Here

MILLENNIALS REPRESENT 38% OF American home buyers, and they're becoming a powerful force in the luxury sector of the real estate market. And although they are buying later in life than previous generations, more of these buyers are purchasing multimillion-dollar properties as their first homes.

"Over the past year, millennials have increasingly represented a larger percentage of the market," said Christy Budnick, CEO of Berkshire Hathaway HomeServices. "The interesting thing is they're not necessarily buying entry-level homes. They're buying what most would consider the next level up the property ladder.

This is due "in part to the fact that many millennials got a late start in real estate, hindered by the 2008 financial crisis and recession, which sent numerous young people into unemployment and back home to their families. Today, having had time to secure jobs and save money, they're ready to purchase property, and they're largely looking at move-up homes."

"Millennials waited longer to start families. They were renting and were very transient, but now they are ready to buy," said Ron Shuffield, president and CEO of Berkshire Hathaway HomeServices EWM Realty in Miami. "Last year, we had more millennials buying than baby boomers for the first time, and that will certainly continue into this next decade."

The past year has been particularly advantageous for young, first-time buyers, many of whom have found that thanks to historically low interest rates, they could afford more than they had expected. In the coming years, as their earning power increases and they inherit family wealth, millennials will continue to exert more influence on high-end real estate. And their lifestyle preferences and expectations are anticipated to shape the market as well.

US$1.5M-US$2M

In Santa Barbara, homes valued at US$1.5 million to US$2 million are the sweet spot for this age range.

TOP MARKETS

Park City
A Ski Town Becomes Year-Round

Utah's economy has been growing, and the state has attracted more high-end buyers in the last few years.

As offices closed and workers were free to work from anywhere with internet access, demand for homes in resorts like Park City exploded. The Utah ski resort registered record sales from August 2020 through the first quarter of 2021, said Stephen Roney, CEO of Berkshire Hathaway HomeServices Utah Properties in Park City.

"A distinguishing feature of Park City is the variety of luxury-housing choices, from an older single-family home priced at US$1 million that needs some TLC, to condos priced at US$2 to US$5 million, to a ski-in-ski-out villa for US$5 million," Mr. Roney said.

Ultraluxury homes on several acres sell in the US$8 million to US$15 million range.

Utah's economy and Park City's real estate market were growing before the pandemic, with a variety of full-time buyers and second-home buyers, said Mr. Roney.

"It was a good solid market with a little weakness at the upper end before COVID-19 hit, and then it slowed completely for a couple of months."

Sales of single-family homes were up 87% in the first quarter of 2021 compared with the first quarter of 2020, with condo and townhouse sales up 49% during that same period. The average price for a single-family home in Park City climbed to US$3.09 million during the first quarter of 2021, with condos and townhouses averaging US$1.54 million.

Like many markets, Park City has extremely low inventory because of the high demand over the past year. But new construction will expand the options in the area, including a new resort next to Deer Valley Resort, where Extell Development plans to build a resort with condos and single-family homes.

"We're not anticipating any slowdown in sales or appreciation for at least a few years," Mr. Roney said. "The pandemic's impact on the luxury market not only created more interest in resort locations, but it also increased the personal wealth of many potential buyers." ●

"Millennials waited longer to start families. They were renting and were very transient, but now they are ready to buy."

RON SHUFFIELD
President and CEO
Berkshire Hathaway HomeServices EWM Realty

Millennial Migrations

Some of these preferences have been informed by the COVID-19 pandemic. As more companies adopt permanent—or at least flexible—remote-work policies, many millennials are considering larger properties in smaller, more-affordable cities or suburbs, where they can get more bang for their buck.

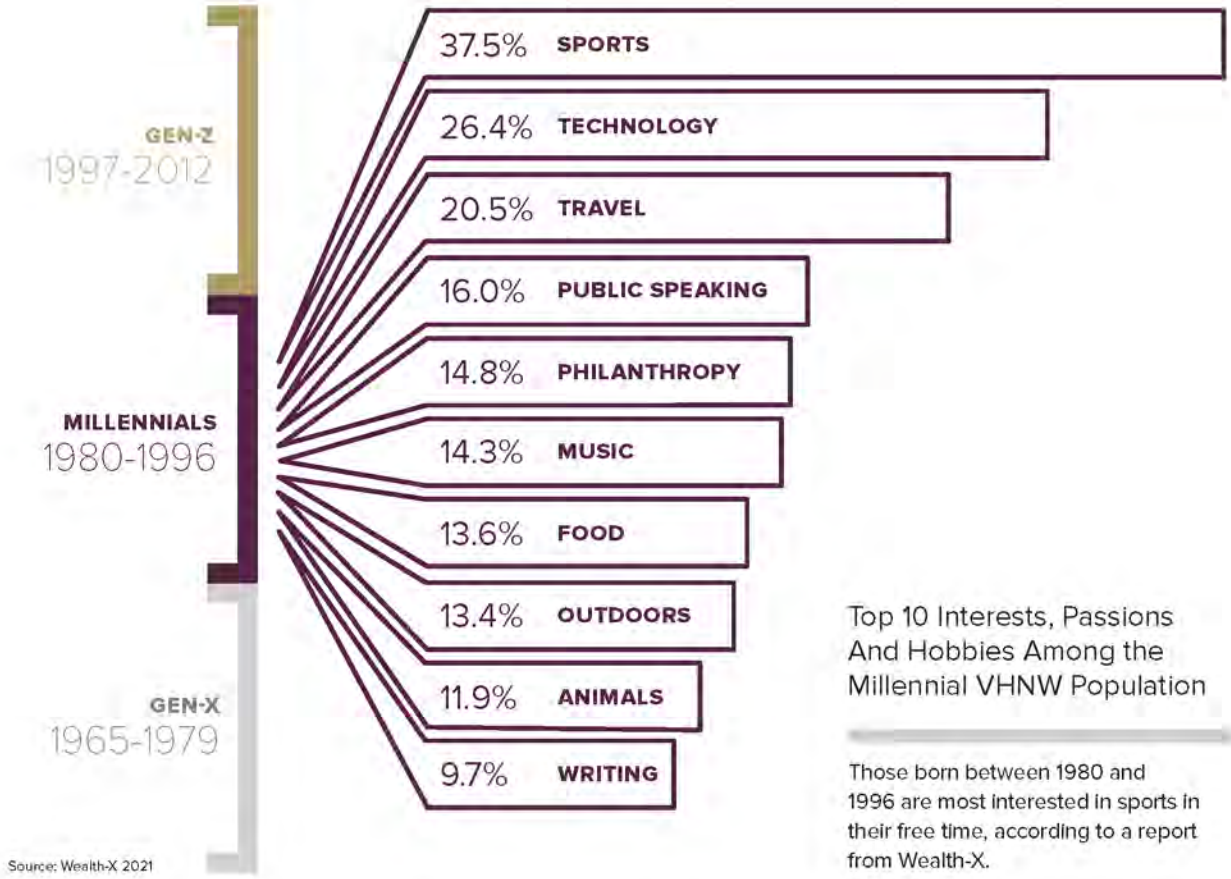
Some markets that didn't previously draw younger buyers are experiencing an influx of millennials who plan to work from home.

"We have buyers who work in tech coming from San Francisco and Los Angeles, moving here where we didn't really have that industry in the past," said Kyle Kemp, Berkshire Hathaway HomeServices California Properties regional vice president in Santa Barbara, California. "What has changed is that they can work from home. So why work in a small apartment in a crowded city when you can live in Santa Barbara?"

In Santa Barbara, Mr. Kemp said, homes valued at US$1.5 million to US$2 million are the sweet spot for this age range. These buyers are still interested in urban, walkable environments, with plenty of options for entertainment, but they're also looking for more square footage with ample office and outdoor space.

Some millennials who already own primary homes in major cities are also investing in vacation properties, spurred in part by the pandemic.

Berkshire Hathaway HomeServices Today Realty & Associates



Top 10 Interests, Passions And Hobbies Among the Millennial VHNW Population

Those born between 1980 and 1996 are most interested in sports in their free time, according to a report from Wealth-X.

"Many millennials are opting for second family homes with wide-open spaces and extended outdoor living areas," Ms. Budnick said. "And nearly every buyer, regardless of generation, wants to have a space to work. Offices are definitely back in vogue, even better if there's space for two of them."

Vacation destinations such as Aspen, Colorado and Park City, Utah, have seen substantial price growth over the past year, and the demand is driven largely by younger buyers, according to real estate analysts. With inventory low both in popular secondary- and primary-home markets, and more millennials expected to buy this year, price acceleration should continue.

Changing Amenities

Developers are responding to the increase in demand from millennials by outfitting new properties with the amenities this generational cohort is seeking, like smart-home technology and other sustainable features.

Aesthetically speaking, they tend to favor a clean, modern look, and avoid flashier styles even when they can afford it. But for homes that don't necessarily check these boxes, many millennial buyers are open to making upgrades.

"They like modern homes, with smart-home technology. We're in an area with a more historic style, so they have to do a lot more to the house to make it compatible with what they want, but they're willing to take on major renovations," Mr. Kemp said.

And those millennials not yet prepared to purchase high-end homes are planning to do so in the coming years. Jay Mitchell, a Berkshire Hathaway HomeServices Towne Realty agent in Virginia Beach, cited one client who purchased a partially renovated house for US$365,000 with plans to flip it and size up.

"They've upgraded their internet service, put in central air and new electrical work, and are starting to expand the deck and patio. They plan to stay a couple of years and then sell that and get into the luxury range," he said. ●

Panorama of the waterfront and marina of Coeur d'Alene, Idaho, which came out on the top of a WSJ/Realtor.com report on emerging markets.

Amid U.S. Migration, Competition and Prices Soar

THE QUEST FOR MORE PROPERTY AND privacy has intensified, with wealthy buyers seeking out new, emerging markets, creating a seismic shift toward smaller cities around the country.

Christy Budnick, the CEO of Berkshire Hathaway HomeServices, sees this monied migration as not so much a flight from big-city life, but rather "a reshuffling of the deck, since people are able to move where they want to live versus where they need to live for a job."

The reshuffling, she added, is redistributing U.S. wealth and will ultimately drive prices up. "Some areas are already experiencing 50% to 100% year-over-year increases based on demand," she said. "And we're definitely seeing people purchase an existing property with the idea that they're going to tear that down and build something new."

The top 50 emerging-housing markets, ranked by the inaugural 2021 Wall Street Journal–Realtor.com report that reviewed the 300 largest metropolitan areas, are identified as those that not only are primed to provide a strong return on investment, but also offer a strong quality of life.

Most of the cities on the list are concentrated in the West and Midwest, although metros in Texas, North Carolina, Georgia, Kentucky, Florida, Tennessee and New York made the cut as well.

15%-30%

Over the past 12 months, housing prices have increased dramatically—15% to 30% in most neighborhoods.

Idaho and Washington Stand-Outs

Topping the list is the resort community of Coeur d'Alene, Idaho, right across the state border from Spokane/Spokane Valley, Washington, which is ranked No. 5.

The markets in the two cities, according to Ken Lewis, broker/owner of Berkshire Hathaway HomeServices First Look Real Estate—Spokane and Coeur d'Alene, are similar and characterized by "excruciatingly small" amounts of inventory.

Indeed, there are so few properties on the market in the two cities that "many buyers look at both places because they are somewhat interchangeable," he said.

The most sought-after and expensive properties in Coeur d'Alene are along its namesake lake, which spans 25 miles and features 109 miles of shoreline and the Coeur d'Alene Resort Golf Course, which is home to what is billed as the world's only floating green.

While it's possible to get land and/or a lot with a tear-down house on the lake starting at US$700,000 to US$800,000, more-desirable spots generally sell for US$2 million to US$3 million, and the prime properties start at US$5 million and can go up to US$25 million.

Plus, there are many areas of the

Getty Images

Top 10 Emerging U.S. Housing Markets

Metro areas were ranked by Wall Street Journal/Realtor.com, according to real estate market data and economic health. The data is from April 2021.

Source: Wall Street Journal/Realtor.com

1	COEUR D'ALENE, IDAHO
2	AUSTIN–ROUND ROCK, TEXAS
3	SPRINGFIELD, OHIO
4	BILLINGS, MONTANA
5	SPOKANE-SPOKANE VALLEY, WASHINGTON
6	LAFAYETTE–WEST LAFAYETTE, INDIANA
7	RENO, NEVADA
8	CONCORD, NEW HAMPSHIRE
9	MANCHESTER–NASHUA, NEW HAMPSHIRE
10	SANTA CRUZ–WATSONVILLE, CALIFORNIA

city that aren't on the lake, where properties go for more than US$1 million. "But there's no inventory in these places either," he said. "As soon as something comes on the market, it sells in one day."

Liberty Lake, a suburb of Spokane and a bedroom community to Coeur d'Alene, is another area that has become a magnet for luxury buyers, who are attracted, in large part, by its eponymous lake and its 18-hole championship public golf course. Homes on the lake, which has 4.4 miles of shoreline, are priced at US$500,000 to US$2 million.

"In Spokane and Coeur d'Alene, there are bidding wars in almost every price range, and they can push the price upward US$25,000 to US$100,000 or more depending on the property," Mr. Lewis said.

The new buyers—generally from Arizona and California, as well as Seattle and Portland, Oregon, where prices are higher—are, in many cases, making all-cash purchases.

"Our prices are getting higher all the time, but they still aren't as high as in some other luxury markets such as San Francisco," Mr. Lewis said. "People usually have money left over after they buy here, so they might also buy an investment property."

He said the cities' attributes—four seasons, mountains, streams, stellar schools, great infrastructure and lack of gridlock—as well as business and work opportunities such as the two Amazon plants in Spokane—make them ideal luxury locations.

Although it's not on the top 50 list, Sun Valley is another red-hot market in Idaho. Home to the country's first destination ski resort, the valley has been setting activity and sales-production records since July 2020. "The market went over US$1 billion in sold dollar volume for the first time—reaching US$1.24 billion by year's end," said Derek Svennungsen, co-owner and manager of Berkshire Hathaway HomeServices Sun Valley Properties.

Sun Valley's population grew by nearly 15% from July 2020 to July 2021, and "for the first time in the town's history, listings are seeing multiple offers above list price, escalation clauses, sight-unseen purchases and inspection-free sales," he said.

Texas as a Tech Center

Ranked No. 2, Austin–Round Rock, Texas represents the nexus of commercial and residential opportunities. Home not only to the University of Texas, but also to Dell Computers, Hewlett Packard and Oracle, which will soon be joined by Tesla, Amazon and Apple, it is attracting an abundance of new, young, talented, educated people.

Over the past 12 months, housing prices have increased dramatically—15% to 30% in most neighborhoods, propelling the median price in the luxury sector to US$2.75 million, which buys a 4,000 to 6,000-square-foot residence built in the 2000s with four to five bedrooms and four to five bathrooms on a stunning site of two to five acres.

"We have had a 66% increase in luxury homes sold in the last year, more

than any other major-market increase," said Rick Ellis, general manager and chief operating officer of Berkshire Hathaway HomeServices Texas Realty in Austin.

Before COVID-19, the Austin area held to a steady 3% annual growth rate. By November/December 2020, when inventory was down 50% because wary sellers took their homes off the market and demand was the highest in the city's history, home prices, he said, "went through the stratosphere—US$400,000 homes were selling for US$550,000; US$500,000 homes were going for US$700,000. Twenty to fifty offers per home began to be normal. And there have been isolated instances where there have been in excess of 90 offers on a home."

From December 2020 through January 2021, the market was so overheated that home prices in the neighborhoods close to major employers increased 25%, and days on the market went from about 30 to about three.

The escalated pricing, propelled by the high-dollar newcomers, is turning what Mr. Ellis calls "simple neighborhoods" into "luxury" enclaves where "postwar inner-city two-bedroom 1,000-square-foot frame houses are selling for US$500,000 to US$700,000 or more," not because they're luxury houses, but because "the land value has exceeded the house value."

He added that new-construction, entry-level and moderately priced homes are rapidly disappearing because high building and labor/land costs have made it impossible for builders to make a profit on them.

Noting that this "continued unbridled real estate activity in Austin is here to stay," Mr. Ellis said that "for the immediate time being, one to two years of this frantic buying will continue. The luxury market is being affected, but also the line between moderately priced homes and luxury is being removed. By the end of this year, the average home price in many Austin neighborhoods may well be US$450,000."

And prices in Austin's luxury market, he added, will continue their upward trajectory. "I would say we have about 50 buyers in our market who can pay in excess of US$25 million for a home. That's actually quite an increase from maybe five to ten such buyers just a few years ago." ●

TOP MARKETS

Atlanta

Relocations Lead To Higher Luxury Threshold

Atlanta's luxury market is much more attainable than other major U.S. cities.

Getty Images

The luxury market in Atlanta has seen a 32% increase in sales of homes priced above US$1 million year-over-year, lending credence to the term "Hotlanta."

"Atlanta's luxury homes are reasonably priced compared with other cities, and Hartsfield-Jackson International Airport is the busiest in the country," said Lori Lane, senior vice president of Berkshire Hathaway HomeServices Georgia Properties. "Those are two reasons Atlanta is sixth on the list of cities with the most inbound relocations in the country."

Former New York residents are the biggest percentage of relocation buyers, along with buyers from Miami, Chicago and California, Ms. Lane said.

"Buyers from out of town are leaving cities with higher taxes and home values, and they can afford even the increased prices in Atlanta," Ms. Lane said. "The average prices for luxury homes rose 10% in May 2021 compared with May 2020."

Atlanta has just 4.2 months' supply of homes priced above US$1 million. A normal market has 10 to 12 months' supply of homes in that price range.

"Homes that sat on the market before and during the pandemic are flying off the market now," Ms. Lane said.

In recent years, Atlanta has become a rising location for the film, music and TV industries, all of which bring celebrities and high-net-worth individuals to the region. Many entertainment-industry employees come to Atlanta from Los Angeles, New York and London.

Record-High Mountain-Market Sales

The luxury market around Lake Burton, Seed Lake and Lake Rabun in the mountains of North Georgia, approximately 1.5 to two hours north of Atlanta, experienced unprecedented demand over the past 12 to 18 months, said Meghann Brackett, an agent with Berkshire Hathaway HomeServices Georgia Properties.

"Atlantans are buying both full-time luxury homes and second homes," she said. "These mountain properties offer incredible lifestyle opportunities for work-from-home workers who want to stay within reach of a corporate office or the Atlanta airport."

High demand has led to rapid price increases. For example, the median home price rose to more than US$1.45 million in Lake Burton, where 15 of the 68 homes sold in the past year topped US$2 million, Ms. Brackett said. ●

Rocky Mountain Highs: Sales and Prices Increase In Idyllic Spots Out West

Crested Butte, Colorado, famous for its skiing, has seen a surge of new buyers.

LURED BY THE IDEA OF A LEISURELY MOUNTAIN LIFESTYLE, U.S. luxury buyers are heading west, buying primary and second homes in smaller cities set in the Rockies.

With extended work-remote options, these new buyers are choosing a healthy lifestyle that puts them in tune with nature—and their new options and schedules.

Here are three cities they're flocking to.

Crested Butte, Colorado

The mountain resort of Crested Butte, renowned for its downhill-ski and mountain-bike trails, started seeing a surge of new buyers at the start of the pandemic in the spring of 2020.

The nature-loving newcomers are primarily from bigger cities in the state, such as Denver and Boulder, as well as from Texas and California.

"We're in a unique area, in that within five minutes of just about any neighborhood or subdivision, you can be in a national forest or skiing at the resort now owned by Vail Resorts," said Heather Woodward, a broker associate at Berkshire Hathaway HomeServices Today Realty & Associates. People move there for life in the mountains, clean air, good schools and communities, she said.

The most sought-after neighborhood is Downtown Crested Butte, a historic district where older, remodeled homes start at US$1.8 million, and new homes can command more than US$4 million.

"If buyers are priced out of this particular area, they are looking at golf-course properties, homes in the ski area, Mount Crested Butte, where homes are similar to those in Downtown Crested Butte, and even in bedroom communities like Crested Butte South," Ms. Woodward said.

Although prices vary in these other communities, she said the common starting point is over US$1 million.

A busy market and bullish sellers have created a situation in all of Crested Butte where "we are seeing multiple offers on just about every deal we have going on," Ms. Woodward said. "Homes don't stay on the market very long here, and I don't expect that to change much through fall of 2021."

Jackson Hole, Wyoming

The influx of newcomers in Jackson Hole started in midsummer 2020 when people from all over the country began snapping up permanent-residence properties in the coveted ski-resort community.

"These are people who have decided not to wait to retire here but to enjoy an active, outdoor recreation type of lifestyle now," said Jennifer Reichert, co-owner and associate broker with Berkshire Hathaway HomeServices Brokers of Jackson Hole Real Estate. "It's a variety of people—COOs, real estate developers, technology and computer-industry leaders, and regular people who just want change."

In the area's most prized and popular neighborhoods, luxury properties are selling at 95% to 110% of their list price.

Berkshire Hathaway HomeServices Today Realty & Associates

Crested Butte, Colorado, has seen buyers from bigger cities in the state, as well as from Texas and California.

In Bozeman, Montana, luxury prices start around US$1.8 million.

17

For homes over US$1 million in Bozeman, Montana, the median days on market is 17.

Teton Village, at the base of the Jackson Hole Mountain Resort, features ski-in/ski-out properties that are selling for US$6 million to US$20 million. "A year ago, there were a few ski-in/ski-out properties in the US$4 million range, but those are now going for US$6 million," Ms. Reichert said. "There is very little available under US$10 million."

In Shooting Star Jackson Hole Golf Club, prices start at US$9 million; in Jackson Hole Golf & Tennis Club, the threshold is US$5 million; and residences in Solitude and Owl Creek, which offer stunning views of Grand Teton mountain, range from US$4 million for older homes to US$8 million to US$10 million for newer, larger ones.

"Demand is far higher than inventory," Ms. Reichert said. "And we are seeing everything from multiple offers to escalation clauses and bidding wars on properties across the market. We have focused on specifically seeking out properties for buyers and coaching our buyers to prepare them for multiple-offer scenarios and how to present the best offer and 'win' the property. In 21 years as a realtor, I'd never used the term 'win the property,' but in our market, it's been that way since January 2021 with multiple offers competing."

She added that some luxury buyers are purchasing properties through virtual tours and FaceTime showings because traveling from another state to view them in person takes too much time in the uber-competitive market.

Bozeman, Montana

Luxury-home buyers, attracted by a variety of year-round outdoor activities ranging from skiing and snowshoeing to golfing and hiking, are making Bozeman—Montana's fourth-largest city—their new home base.

"They are coming from all over the U.S.," said Kristen Hoell, CRS, GRI, ABR, broker/sales manager with Berkshire Hathaway HomeServices Montana Properties. "There are days that I walked downtown and did not see a single Montana license plate."

Although Bozeman, which is close to the Big Sky Resort and features the ski area of Bridger Bowl, already was on the radar for many as a future place to settle or retire, the COVID-19-accelerated work-at-home options have hastened the migration, bringing a flood of new buyers seeking the relaxed, luxury lifestyle that a smaller city offers.

"Last year was an extremely active market," Ms. Hoell said. "It got much busier in the first six months of 2021 from a combination of low inventory and more buyers entering our market."

Although prices in the city's luxury neighborhoods, which include the private Black Bull golf community, the premier Manley Meadows subdivision, the 70-home Green Hills Ranch community, and Triple Tree Ranch that's bordered by the trail of the same name, generally start at US$1.8 million, there are some options at US$1 million. The properties are large—a half-acre to an acre—which made them highly desirable in the age of social distancing.

Bozeman's luxury neighborhoods are experiencing what Ms. Hoell called "a dramatic increase in demand. For homes over US$1 million, the median days on market is 17. Prices have continued to rise. We are seeing high demand, multiple offers and bidding wars. I think the market will remain strong for years to come." ●

From top: Berkshire Hathaway HomeServices Today Realty & Associates; Berkshire Hathaway HomeServices Montana Properties

For those who desire waterfront living, it's hard to beat Miami Beach and the surrounding areas.

Berkshire Hathaway HomeServices EWM Realty

Local Amenities Increase as Florida Becomes Year-Round Destination

WITH GREAT BEACHES, ENDLESS SUNSHINE AND HIGH-END housing stock, Florida has long been a favorite vacation spot for those seeking respite from long, dreary winters. In recent years, many of those vacationers bought luxury second homes in the state. And now, driven by a new work-from-anywhere mindset and the state's low taxes, many luxury buyers are making Florida their primary residence.

An estimated 329,717 new residents settled in Florida between April 2020 and April 2021, according to the state's Office of Economic and Demographic Research. The website move.org reported that Florida was the No. 1 destination for relocating Americans in 2020.

"Since COVID-19, we've seen a dramatic change in the number of wealthy people coming here," said Ron Shuffield, president and CEO of Berkshire Hathaway HomeServices EWM Realty.

The median price of a single-family home in Miami/Dade in February, March and April 2020 was US$378,000, he said. For the same three-month period in 2021, the median price shot up to US$490,000, a 29.6% increase.

The first four months of 2021 saw 112 sales in the over–US$10 million market for single-family homes and condos in Miami, compared with just nine the year before.

"We started seeing this five years ago with people in the financial industry," Mr. Shuffield said. When the federal tax laws changed in early 2017, "that really motivated this group."

"The pandemic really escalated that," he added. The financial and tech industries have been "very accommodating about letting their executives work from anywhere they wanted during the pandemic," and many of them set up shop

TOP MARKETS

Miami
A Booming Luxury Market

Domestic buyers have taken the place of international buyers across Miami's high-end market.

The luxury-housing market in Miami is, as the song goes, "Hot, Hot, Hot." Not only are single-family homes and condos selling fast, but home values are also rising rapidly as the state is flooded with new residents looking for more space and lower taxes, said Ron Shuffield, president and CEO of Berkshire Hathaway HomeServices EWM Realty in Miami.

"The threshold to be considered part of the luxury market here was about US$1 million a year or so ago and now is at least US$2 million," Mr. Shuffield said.

Shifting Demographics

The COVID-19 pandemic accelerated two previously existing trends in the Miami luxury market: increasing numbers of younger buyers and decreasing numbers of international buyers.

"Our luxury market was built on international buyers for the past four decades, but over the past five or six years, the U.S. dollar strengthened, and international buyers didn't always have the cash," Mr. Shuffield said. "The political turmoil in South America and restrictive immigration policies were shrinking the percentage of international buyers, then the pandemic stopped them."

International buyers, once about 43% of buyers purchasing properties priced at US$1 million and above in Miami, are now about 15% of luxury buyers.

"Many buyers were coming from the financial sector in the Northeast," Mr. Shuffield said.

Younger people in their 30s and 40s who have made money in the tech or financial worlds are choosing Miami as well.

"The tax change in 2017 was a wake-up call for a lot of people, especially in New York, who realized how much they are paying in taxes," Mr. Shuffield said.

Low Inventory, High Sales

Approximately 33 condos priced at US$3 million or higher sold between January and March 2020, while about 123 sold in that price range during the first three months of 2021.

For single-family homes priced above US$1 million, inventory dropped from 22.1 months in March 2020 to 5.1 months in April 2021.

"We may see some tempering of prices by the end of 2021, but we will land at the highest price point ever," Mr. Shuffield said. ●

in south Florida. They knew the area from previous vacations, and many already had second homes there.

Palm Beach County is seeing similar numbers. For single-family homes in Palm Beach County, there were 1,989 closed sales in April 2021, compared with 1,191 in April 2020, a jump of 67%, according to the Palm Beach Board of Realtors. In April 2021, it took just 13 days to go from listing to contract, compared with 29 days the previous April, a decrease of 55%.

On Palm Beach Island, which has the highest concentration of wealth in the county, there were 75 closed sales for single-family homes in April 2021, compared with 19 the previous April. The average sales price rose 10%, from US$6.4 million to US$7 million. Of those 75 sales, 57 were all-cash deals.

"Our typical season isn't typical anymore," said Carol Hill, Vice President, Northeast Region, of Berkshire Hathaway HomeServices Florida Realty. "It's like the season never stops."

"In June, we're still seeing license plates from New York, New Jersey, Connecticut and California," she said. The normal winter market for these so-called "snowbirds" is November to April.

"Normally in April and May, you see all of the car carriers lined up outside the gated communities to take cars back to northern states, but not this year," Ms. Hill said. "We're not used to seeing traffic in the summer months, but we're definitely seeing that now."

Miami has become a thriving and diverse international city with lots of good high-paying jobs in a wide array of fields, and that appeals to people in the financial and tech worlds, Mr. Shuffield said. "A lot of what's driving luxury sales are these new jobs with higher pay."

29.6%

The median price of a single-family home in Miami/Dade in February, March and April 2020 was US$378,000. For the same three-month period in 2021, the median price shot up to US$490,000, a 29.6% increase.

Berkshire Hathaway HomeServices EWM Realty (2)

Florida Home Sales

Miami Beach has the cultural attractions that lure high-end buyers.

Berkshire Hathaway HomeServices EWM Realty

Miami Beach is increasingly attracting out-of-towners—even those looking for city amenities.

Many newcomers are people in their 30s and 40s with jobs in technology and other businesses, he said. "We've been developing an ecosystem for tech people. Our universities have responded with more and better programs to train people for jobs in high-tech firms."

"Our school system is now the fourth-largest in the U.S., with students who speak 106 languages," Mr. Shuffield said. "Miami is a very eclectic place, and millennials really enjoy that."

The ease of getting there is another factor, he said. Miami boasts a top-notch, close-to-town airport that offers direct flights from most large North and South American cities.

As people take stock of where they want to live and what they want from a community, "every box for Miami is a big green checkmark," he said.

Another factor driving the luxury market is that families are transferring wealth to the next generations faster, Mr. Shuffield said. "We're seeing parents in their 60s who are helping their 40-year-old children buy a big home."

The Cultural Effect

The influx of full-time luxury buyers has had a positive effect on many of Miami's nonprofit groups and cultural institutions.

"Most people of affluent means are accustomed to supporting the arts," Mr. Shuffield said. "They may bring up that conversation with us before they move here, and we've made those introductions."

"We're now the contemporary art capital of the world," he said. Miami is also known for its pro sports teams: "Any kind of sport you can name, we have it."

Traffic is the only negative he hears from clients.

Both Mr. Shuffield and Ms. Hill are optimistic about what's ahead.

"I think these trends will continue through the end of the year," he said. "I don't see any financial fallout at all. We're seeing the highest prices we've ever seen, and I think that trend will continue."

"The influx of out-of-state residents will certainly continue into 2022," Ms. Hill added. ●

Buyers are flocking to areas around Mexico for more space and better quality of life. A house in Cancún, shown here, offers lots of outdoor space in which to roam.

Berkshire Hathaway HomeServices Cancun Properties

Around the Globe, Buyers Find Charm Outside Cities

THE MOST SEARCHED-FOR LOCATION for a new property in the U.K. over the past year, based on views on the home-finder site Rightmove, has raised a few eyebrows. London has been overtaken by the coastal county of Cornwall—famous for its surf, sailing, seafood and long sandy beaches, and with a population of just over 500,000, compared with the capital's nearly nine million.

COVID-19 has shifted the way we work and live, and, as a result, shifted what we look for in a property and where we choose to settle.

Migration among wealthy home buyers is taking on a new pattern across the world, with many seeking rural tranquility. They're no longer worried about proximity to a city-center office, and they anticipate that despite growth in vaccination rates, the daily commute could remain a thing of the past.

Concerns over travel restrictions have also heightened appetites for a second passport. There was a 42% increase in the number of applications for a new nationality during the first three months of 2020, reported Henley & Partners, a global-citizenship firm.

In countries such as India that were badly hit by the pandemic, wealthy buyers cite health reasons as their motivation to migrate, while lifestyle and wellness have become the words on real estate agents' lips.

42%

There was a 42% **increase in the number of applications for a new nationality** during the first three months of 2020.

Canada

Canada topped Henley & Partners' list for those seeking a country with good health management and "risk readiness." Canada consistently ranks as one of the best and safest places to live in the world.

The pandemic has also precipitated new migration patterns among Canadians, with a "massive uptick" of interest in the "periphery property markets" outside Toronto, as people respond to work-from-home models.

"Buyers have been seeking larger, more affordable properties outside of the city, including in Durham Region, Barrie and Hamilton," said Mark Wadden, CEO of Berkshire Hathaway HomeServices Toronto Realty. "We are also seeing an influx of wealthy buyers repositioning to cottage country, which has driven price points dramatically, upward of 50% year-over-year, in such markets as Collingwood, The Muskokas, The Kawarthas and Prince Edward County."

Pre-pandemic, the cottage-country markets were considered seasonal, but with a combination of the working-from-home mentality and increased infrastructure improvements, more buyers are making them permanent residences.

Canadians are also looking for more space and functionality in their properties. "Purchasers are looking for real delineated space," Mr. Wadden said. "That includes home offices and nanny suites."

> "We are also seeing an influx of wealthy buyers repositioning to cottage country, which has driven price points dramatically, upward of 50% year-over-year."
>
> **MARK WADDEN**
> CEO
> Berkshire Hathaway HomeServices Toronto Realty

TOP MARKETS

Toronto

Tech Workers, Desire For Larger Homes Fuel Canadian City

Getty Images

More wealth is being created in Toronto by the tech industry and large corporations moving there.

Toronto is known for its waterfront skyline of towering skyscrapers, its world-class restaurants, thriving cultural scene, and abundance of Fortune 500 companies and international residents.

While the pandemic briefly slowed the luxury market there for a few months in 2020, sales quickly came roaring back with impressive gains in 2021, said Mark Wadden, CEO of Berkshire Hathaway HomeServices Toronto Realty. The average sales price in the city was C$1.2 million in May 2021, an increase of 28.4% compared with May 2020.

"While anything over C$1 million can be referred to as 'luxury', the true luxury market ranges from C$2 million up to C$30 million," Mr. Wadden said. "That market has been thriving. In 2019, sales of C$2 million and up accounted for just 2.6% of the market, and in 2020 it was 3.8% of the market. So far in 2021, sales of C$2 million and up account for 6% of Toronto sales."

That increased market share is driven by several factors, including the desire to upgrade to larger homes, and the wealth being created by the tech industry and the large corporations based in Toronto.

Homes sold in an average of 15 days in May 2021, a decrease of 53% compared to the average of 32 days in May 2020.

Shifting to the Perimeter

The ability to work from home created a rush to the "cottage luxury" markets, where prices have increased by more than 50% year-over-year, including Collingwood, Muskoka, The Kawarthas, Simcoe and Prince Edward County, Mr. Wadden said.

"Now people like the idea of being at the lake all year," Mr. Wadden said.

City Neighborhoods Still in Demand

The city center in Toronto continues to be popular with wealthy locals and international buyers.

"Foreign investors are typically buying homes for family members moving to Toronto for school or employment opportunities," Mr. Wadden said.

"We're seeing spectacular price appreciation and demand in city neighborhoods such as Yorkville, Summerhill, Rosedale and the Annex, where buyers are purchasing luxury condos for more than C$2,000 per square foot," Mr. Wadden said.

While boutique luxury condos are under development, there's still a shortage because of high demand, he said.

He anticipates continued price appreciation, increased sales and a strong luxury market in the coming year. ●

Dubai's priciest areas and most expensive properties have seen a surge of interest over the past year.

They're also seeing "a focus on getting out of large towers and into smaller buildings, if not low-rise homes, but being close to Toronto in case business requires it," he added.

Mexico

In Mexico, there has been a rush of interest from Americans who are re-evaluating their way of life and moving to Mexico for months at a time, rather than vacationing for a couple of weeks, said Gregory Gunter of Berkshire Hathaway HomeServices Colonial Homes San Miguel.

"The 'post-COVID-19' migration here began in earnest about October last fall, and our 2021 citywide sales records indicate we are on track to sell twice as many homes in 2021 as we did citywide in 2020," he said. "The Cancún office is experiencing the same uptick."

San Miguel de Allende, which has been designated Condé Nast Traveler's No. 1 city in the world several times, is growing in popularity with high-net-worth individuals at or nearing retirement, though sales-volume growth has been at both ends of the spectrum, from starter homes under the US$400,000 mark to sales from US$750,000 to US$1.5 million. These are all-cash purchases; financing is rare in Mexico.

Proximity to the U.S. during the pandemic has been a major draw, as buyers can be back in the U.S. within two hours, and there have never been restrictions between the U.S. and Mexico for travel.

"Many of those buying in Mexico have been forced into early retirement, or have received a lucrative early-retirement package and realize that you can have a great lifestyle here for several months of the year," he said. "Even multimillionaires like a bargain."

230%

Sales of Dubai's most expensive properties soared by 230% in the first quarter, according to Property Finder.

Dubai

For the first quarter of 2021, sales of Dubai's most expensive properties soared by 230%, according to Property Finder, Dubai's real estate website, and prices in some areas rose by as much as 40%.

Dounia Fadi, chief operating officer at Berkshire Hathaway HomeServices Gulf Properties, said she has seen a substantial increase in international demand. "We are seeing new buyers from everywhere—Europe, Africa, and Asia, even from the Middle East. We are also seeing demand from within, as people are realizing that prices are going up, they need to catch up and get the right property before it's gone. Low mortgage interests for residents and availability of 50% mortgages for nonresidents have also played a role in attracting more buyers."

Life in Dubai's bars, shops and restaurants pretty much continued as normal throughout the pandemic.

"The long lockdown stretches made people realize that they would like to be in a country like the UAE where safety and precautions against

Getty Images

More international buyers are relocating to cities like Barcelona despite keeping their jobs in their countries of origin.

Getty Images

COVID-19 were very effective," Ms. Fadi said. "We are on the top list when it comes to vaccinated populations in the world."

The Palm has been the most popular area in which to buy, with a Swiss family securing the second-most expensive residential sale in that neighborhood ever during the pandemic, at just over US$30 million. But there is also a desire for mansions and villas in Emirates Hills, Dubai Hills, Jumeirah Bay and Pearl Jumeirah. Developers are launching new projects and selling out in a "matter of hours" from their release time, Ms. Fadi said.

Dubai is particularly attractive "due to its tax-free environment, safety, luxury lifestyle," and the fact that it's no longer mandatory to have an Emirati partner for foreign ownership of business, said Phil Sheridan, CEO of Berkshire Hathaway HomeServices Gulf Properties. As such, there has also been a new wave of migration from those ages 30 to 45—often European.

Unmarried couples are now able to live together for the first time, and rules on alcohol have been relaxed, too.

Europe

Across Europe, city dwellers are fleeing to calmer suburbs.

Executive clients from banks and other institutions are seeing much more flexible work-from-home schedules and "want to move from bigger cities to the countryside, or to smaller towns, or to another apartment with large terraces, rooftops, balconies or more rooms," according to Marcus Benussi, managing partner at Berkshire Hathaway HomeServices

> "Many people have been stuck indoors during the pandemic, and realizing they'd rather be stuck in sunshine, living a more outside life, working remotely and with the beach on their doorstep."
>
> **MICHAEL VINCENT**
> CEO
> Berkshire Hathaway HomeServices Portugal Property

Cornwall and the Home Counties across the U.K. saw a surge of demand for property during the pandemic.

MAGGI Properties Agency, based outside Milan.

Particularly popular are the Southern hills of Piacenza, the so-called Colli Piacentini—an hour's drive south from Milan, rich with sports facilities, nature, beautiful homes, wine, horses and golf.

Mr. Benussi said Como, Maggiore and Garda Lakes are also still high on the list, being close enough to the major cities and airports—Milan, Verona, Brescia and Venice—as well as to winter-sports resorts for more year-round activities.

In Portugal, interest in villas outside the cities has grown. "People have started to understand the importance of having an outdoor safe space, where they could go jogging, have a walk and enjoy time with their relatives with security and distance," said César Santos, CEO of Berkshire Hathaway HomeServices, Atlantic Portugal.

She is seeing buyers looking at areas such as Algarve and Comporta not just for holidays, but also for permanent homes—provided they come with a home office.

Michael Vincent, CEO of Berkshire Hathaway HomeServices Portugal Property, says the market in the Algarve, in southern Portugal, known for its near-guaranteed sunshine, coastline, and golf courses, is "exceedingly busy" with buyers who have reassessed their lifestyle. "Many people have been stuck indoors during the pandemic, and realizing they'd rather be stuck in sunshine, living a more outside life, working remotely and with the beach on their doorstep." He's also being "overrun" with international buyers, including those from the US, trying to take advantage of Portugal's golden-visa program, which offers visa-free travel and eventual EU citizenship, before it changes at the end of this year.

Spain, meanwhile, has had an influx of international clients who appreciate the "great opportunity to relocate but keep their jobs in their countries of origin," making markets such as Madrid, Barcelona or Marbella more attractive, according to Bruno Rabassa Roig, CEO of Berkshire Hathaway HomeServices Spain.

U.K.

Martin Bikhit, managing director of Berkshire Hathaway London Kay & Co, has seen extensive movement to the British countryside—not just Cornwall, but also the so-called "home counties" an hour or two from the capital, in particular Surrey, West Sussex, Berkshire, Oxfordshire and the Cotswolds.

"People moved out for more space and good-quality schools for their children," Mr. Bikhit said.

But now there is a new trend building, and a different demographic moving in the other direction.

"Recently there has been a shift, with older, retired couples moving back into 'town' to be closer to friends and family members who remain in the capital.

"Typically, this demographic is looking for spacious lateral apartments in prime positions, close to green open spaces and excellent transport links. Bayswater and Marylebone in particular have seen a big uptick in interest. Typically, they are looking to spend between £2 million and £5 million."

He thinks some of those who have left London might even be getting a little bored with their newfound country life.

"These newbie country folks are now renting or buying smaller two- or three-bedroom apartments to use in town during the week, typically spending up to £3 million to satisfy their craving for city life." ●

Getty Images

Beyond smart appliances, entire homes will soon be outfitted with up-to-the-minute technology.

Shutterstock

Smart Homes Of Today—And Tomorrow

SPURRED IN PART BY THE PANDEMIC, THE REMOTE-controlled or so-called "smart home," introduced into the luxury market some three decades ago, is entering a new high-tech phase.

"People are realizing they need to upgrade the technology in their home," said Ian Bryant, senior director of strategic partnerships for the Custom Electronic Design & Installation Association, a global organization for the industry. "When the pandemic hit, and cities and schools shut down, people realized there weren't enough places in the home to entertain themselves as a family." (As such, high-speed internet is one of the most important amenities buyers are looking for, according to a recent survey of Berkshire Hathaway HomeServices network agents from around the world.)

What's In Demand

Home networks, entertainment spaces and contactless options for everything from automated doors to touchless doorbells are among the items most in demand.

"There is particular attention around the integration of personal wellness, such as hygiene and mental health, and 'home-health' tech, such as real-time energy monitoring and air/water quality," said Steven Hummel, manager of market research for the Consumer Technology Association, whose mission is helping innovators increase their business. "Our Healthy Home Technologies study found that three in five of U.S. adults are concerned about aspects of personal health and wellness such as stress/anxiety, fitness, and eating habits, and 55% are more concerned than they were a year ago before the pandemic."

As the industry grows—of the 120 million homes in the U.S., 42 million are smart and 20 million more are expected by 2022, according to the Consumer Technology Association—luxury-home buyers are poised to usher in the next generation of products, which will range from smart refrigerators that can self-diagnose their own filtration systems, to robots that rely on advanced artificial intelligence.

As smart appliances and features become standard, the luxury market will continue to distinguish itself with bespoke solutions.

These include highly integrated systems between vehicles and homes. In one custom project, Mr. Bryant said, radio-frequency transmitters were attached to a car, and radio-frequency receivers placed throughout the property were scripted to open the front gate, turn lights on as the vehicle came up the driveway, open the correct garage door, and activate lighting scenes in the garage.

And homes will begin to make decisions without the input of their human handlers. "Imagine walking through your house and the presence or lack of presence turns on/off lights, and your music follows you from room to room automatically," he said. "Your shades open and close based on the amount of internal light and

493M

With an astounding 493 million smart-home products on the market, demand continues to increase.

TOP MARKETS

Marbella
Demand Is Up For Villas, Pricier Properties

As international buyers return to Marbella, the market for high-end homes is expected to become even more competitive.

The upscale resort city of Marbella on southern Spain's Costa del Sol offers spectacular views of the Sierra Blanca Mountains and miles of Mediterranean beaches. Marbella is known for its Michelin-starred restaurants, designer shops, nightlife and luxury yachts, and there are also 70 golf courses, said Bruno Rabassa Roig, CEO of Berkshire Hathaway HomeServices Spain. While the pace of sales in the luxury market slowed at the height of the pandemic, demand has increased for villas, estates and condos along the beach and in the mountains above Marbella, said Ugo Bagration, head of business expansion for Berkshire Hathaway HomeServices Marbella.

"Buyers of the higher-end properties, especially around €3 million to €4 million, used to purchase holiday homes, but we're seeing a shift among those buyers to permanently relocating here," Mr. Bagration said.

'Golden Visa' Attracts International Buyers

Spain introduced a "Golden Visa" program in 2013 that provides property investors and their families with a visa if they buy a property for €500,000 or more, Mr. Bagration said.

"The Golden Visa means you don't need an additional visa to travel anywhere within the European Union, so it's been a very successful tool to bring foreign investors into Spain," Mr. Roig said.

While Marbella was once known for its buyers from the Middle East, Russia and the U.K., now more buyers come from Scandinavian countries and Eastern Europe, said Mr. Bagration.

Sellers' Market in Marbella

"The average luxury home is a 500-square-meter villa, with three or four bedrooms and a sea view and a view up into the hills," Mr. Bagration said. "But Marbella includes multiple submarkets where the prices range from €4,000 per square meter to as much as €33,000 per square meter."

The most resilient part of the market in 2020 and 2021 has been large villas and condos priced around €3 million to €4 million, Mr. Bagration said. In May, multiple properties sold for €8 million to as high as €32 million.

"Buyers of these larger homes already live in Marbella and know the area well, so they were moving to get more space," Mr. Bagration said. "Buyers from out of town don't want to spend more than €1 million without seeing a place in person, so we anticipate prices to skyrocket after Europe fully reopens."

Resort areas in Spain are also expected to see increased demand as pandemic travel restrictions are lifted. ●

how warm or cold it is in the room."

Along with all these automated devices, luxury homes of the near future will be attended to by robots.

"It may not happen overnight, but eventually what was just a smart vacuum will be an assistant following you everywhere and making your life better," Mr. Bryant said.

The Introduction of Immersive Spaces

One of the more intriguing options for luxury buyers will alter the architecture of the home. Immersive spaces—locations in the home that allow the user to participate in immersive experiences such as exercise classes, concerts and virtually visiting the world—will add to the footprint.

"We now live in a world of connected everything, and that isn't a trend. That is a fact, and it will only get more connected," Mr. Bryant said.

Mr. Hummel agreed, adding that with an astounding 493 million smart-home products on the market, demand continues to increase.

"Smart homes can offer much peace of mind and quality-of-life improvements," Mr. Hummel said. "Robot vacuums, lawnmowers and even window washers can lend a helping hand by completing household chores, which allows us to focus our attention on more enjoyable activities at home."

Upping the Resale Value?

"Homeowners can add value to their home through high-tech investments in energy management, such as smart thermostats for efficient heating and cooling to reduce utility costs, as well as protect their homes with smart sensors, like water-leak detectors, to be alerted at the possibility of water damage or excess water usage," Mr. Hummel said.

At some point, Mr. Bryant said, home tech will enhance the value of the property. "It currently gives value, not monetary value, but that will be changing," he said.

Buyers, he added, are starting to expect some standard level of smart-home technology and are calculating their offer to purchase accordingly.

"If there isn't wired infrastructure to allow them to build on, they know there will be an immediate investment, just like redoing the plumbing or electrical system," he said. ●

Getty Images

Over the last year, homes became the primary means of fostering wellbeing and protecting it.

Berkshire Hathaway HomeServices Stouffer Realty

Homeowners Take Holistic Health to the Next Level

IF THERE IS ONE THING THE PAST YEAR HAS TAUGHT PEOPLE, it is that one's health must come first. And for so many, their homes became the primary means of fostering wellbeing and protecting it. Expanding on what was already a growing interest in holistic wellness, homeowners took the opportunity to reconsider how their homes could better promote healthier habits. With household savings built up after a year of limited spending options, spending on one's personal, private sanctuary should only expand in the years ahead.

Before, many people commuted to specialized facilities devoted to improving their health. But now, many believe it better—and safer—to have immediate access to those amenities. Home gyms have become necessities, and are no longer banished to the basement, while alternative arenas for exercise—like bowling alleys, squash courts, basketball courts, and yoga studios—are increasingly desirable. Demand for homes with pools sprang upward, and properties with tennis courts sold for far more than their counterparts—albeit not just for exercise, but also a beautiful setting for safe, private gatherings. For similar reasons, golf properties saw a significant upswing as well.

Meanwhile, rooms newly outfitted with the features previously found in wellness centers, spas and salons have allowed for private, personalized care. "They're making relaxation at home like being at a luxury resort," said Phil Kean, owner of Phil Kean Design Group. Redesigned kitchens with upgraded appliances have enabled owners to cook more wholesome homemade meals. And designers have also begun to incorporate rooms devoted solely to meditation—often with natural lighting and both earthy and calming white tones—so that homeowners can care for their minds as much as they do their bodies.

These decompression zones also offer specific spaces that seek to counterbalance the stress that has been relocated to home offices. People have, more literally than ever, built walls directly between work and the rest of their

Healthy Home Technology

A Healthy Home Technologies study from the Consumer Technology Association found that the majority of U.S. adults are concerned about aspects of personal health and wellness such as stress/anxiety, fitness and eating habits.

Source: Consumer Technology Association

MARKET FOR HEALTHY HOME TECH

U.S. ADULTS CONCERNED ABOUT ASPECTS OF PERSONAL HEALTH AND WELLNESS

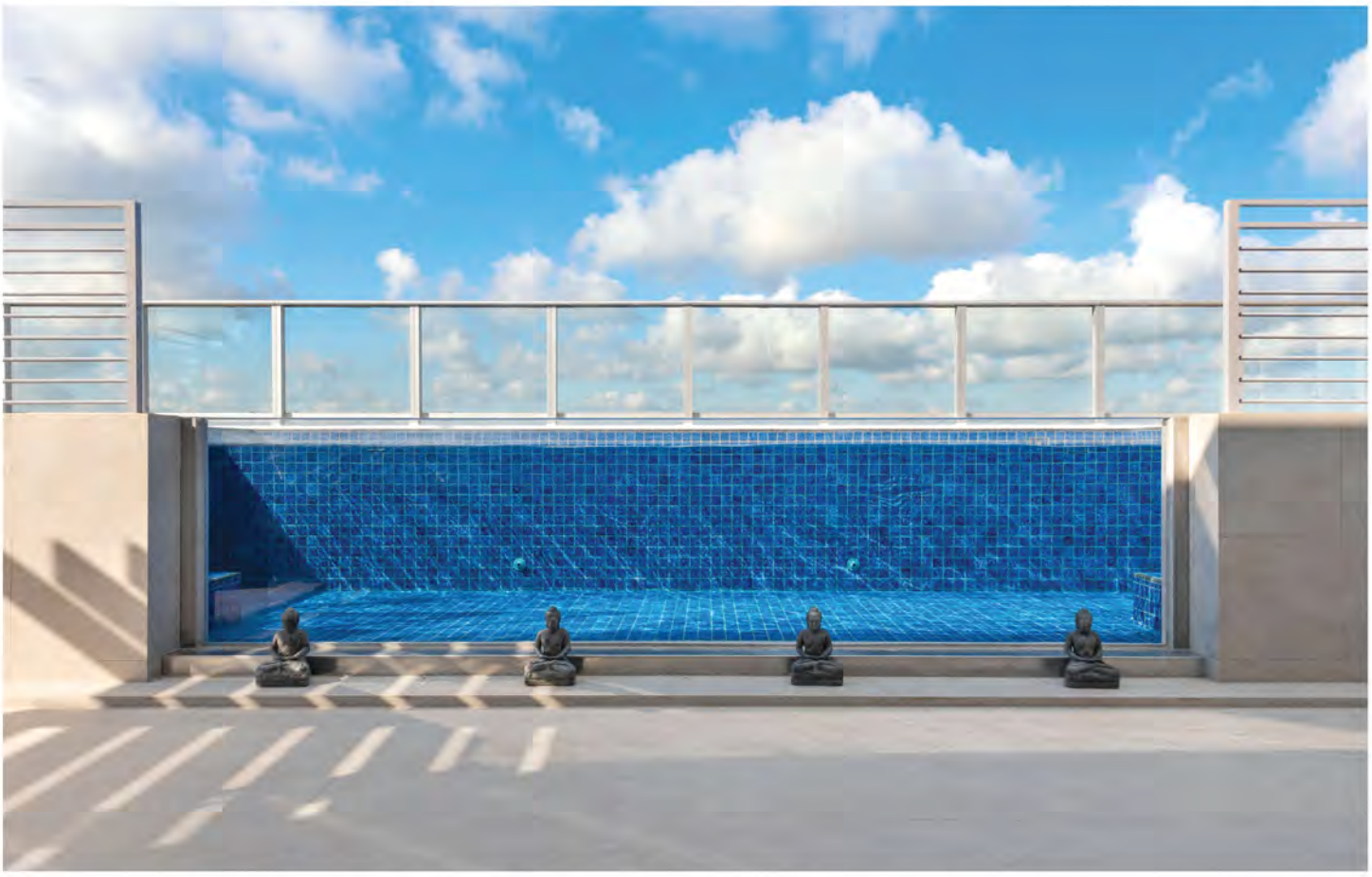
lives. Additionally, since so many companies have expanded their work-from-home-policies, buyers have also been more interested in putting a greater distance between them and what once were their office buildings—moving farther away from the highways once crucial to their commutes (and only making the aforementioned at-home amenities even more essential).

Part of the appeal of escaping urban centers is the increased proximity to the great outdoors—once the province of getaways, but now just as desirable for one's primary home. It has become an essential setting for everything, for everyone: working adults, playing children, physical exercisers, and practicers of mindfulness. Being close to one's favorite beach or to an array of adventurous hikes and ski slopes, or to a stunning, expansive public park, remains as appealing as ever, though buyers have particularly been seeking not just shared but private outdoor spaces. These have been directly incorporated into their homes in several forms, some of which are out in the open while others are covered and still cozy on rainy days—providing a sense of calm no matter the weather. And it's not just those who trekked to the woods who have this desire: Among those still committed to city life, gardens and balconies are coming at a premium. As much attention is being put into these exteriors as interiors, and the two have increasingly been blended together into "biophilic" designs that incorporate naturalistic elements throughout one's home. In particular, opaque walls have been increasingly replaced with glass, letting light filter throughout one's home; there are few things as soothing as a good view and sunlight.

Though not all of these trends point toward the same horizon: While some buyers crave vast spaces to luxuriate in (including extra, transformable bedrooms and significantly greater acreage that allows for big backyards), others have downsized into more manageable homes that don't require as much maintenance, but include the best of the best. "I call them jewel boxes," Mr. Kean said. And while some homeowners have sought to outfit outdoor areas with outlets—so that they can, say, teleconference from their terrace—others have asked for even indoor spaces where screens aren't allowed, so phone-free, in-person connection can be the priority.

Still, one amenity that is helping just about everyone breathe easier is fresh air—including inside the home. Responsive air-filtration and ventilation systems have become top priorities for buyers, along with ultraviolet-light cleaning systems. Some of their appeal preexisted the pandemic: Pollution, wildfire smoke, cleaning chemicals, off-gassing, or even just a pan of Sunday-morning bacon left on the burner too long will all become far more worry-free thanks to automated systems. As for sickness itself, some air-filtration industry insiders have predicted that systems may be able to sense the presence of certain viruses in the coming decade, as scientists increasingly study the potential of these technologies.

No one wishes for the struggles of the past year to return any time soon. But people have seen the importance of investing in preparation. And recent experience has given even greater meaning to age-old adages: There is nothing as valuable as one's health. ●



Pools are among the most popular amenities for buyers, though more and more, people want to have space from their neighbors.

Berkshire Hathaway HomeServices EWM Realty

In Large Buildings, Individualized Amenities Are All the Rage

THROUGHOUT THE PANDEMIC, MANY PEOPLE GAINED A more pronounced awareness of those around them. This was especially true in multifamily buildings, and the amenities buyers now seek to reflect a rebalancing of the values of both community and privacy.

Part of multifamily buildings' appeal has long been trusted, beloved neighbors. While community is still essential, there is now a pronounced desire for more individualized spaces within shared areas. This is especially important for those who plan to continue working from home but want alternatives to working in their own apartments.

While co-working spaces do retain a certain appeal, homeowners have been asking after individual work pods and nooks, as well as video-chat booths that allow serious conversations to occur uninterrupted and without worry about eavesdropping. (Additionally, the work-from-home future has put an even greater value on outdoor workspaces equipped with outlets and plenty of shade, as well as high Internet speeds and even a printer/scanner/copier—an underrated amenity.)

People's interest in newly partitioned spaces also extends to exercise areas—specifically reservable, individual workout rooms and studios.

And high-value properties need to elevate beyond the standard in order to stand out. Individualized care is one way to do so—though so is adding, say, a rock-climbing gym. This also extends to other wellness offerings, like on-site spas and salons, which increasingly offer individual care rooms or simply in-home options.

Whatever the nature of shared spaces, residents remain hyperaware of what this may mean about exposure to illness. Especially in high-traffic and common areas, health-conscious design that incorporates automated, touch-free controls—

TOP MARKETS

Boston/Cape Cod

Strong Luxury Markets For Second Homes And Primary Homes

Cape Cod and Massachusetts' South Coast both appeal to those working more from home. The South Coast is a bit of a hidden gem.

While Cape Cod has always been a seasonal market, with the bulk of sales taking place in March and April ahead of the summer season, the pandemic upended that schedule and sent sales—and prices—soaring starting in June 2020, said Emily Clark, president of Berkshire Hathaway HomeServices Robert Paul Properties on Cape Cod.

"The threshold of luxury homes on the Cape used to be US$1 million and up, but now the threshold is closer to US$2 million and up," Ms. Clark said.

Between June 2020 and June 2021, 1,111 homes were sold on Cape Cod for US$1 million or more, a 123% increase over the previous year. Sales of homes priced at US$2 million and above increased by 183%. The median price increase for homes priced above US$1 million was 7% between the first quarter of 2020 and the first quarter of 2021.

Sales hit record-breaking levels and were up 20% year-over-year between the first quarter of 2020 and the first quarter of 2021 for all of Barnstable County, which covers Cape Cod; sales rose 34% on the Lower Cape, which includes Chatham, Harwich and Orleans, and rose 44% on the Outer Cape, which includes Provincetown, Truro, Wellfleet and Eastham.

Ms. Clark anticipates that demand will continue to stay strong through 2021, perhaps with a typical seasonal slowdown in the fall as things return to normal.

Boston and South Coast Markets Thriving

The dearth of homes for sale on Cape Cod contributed to the increase in sales on the South Shore and South Coast regions of Massachusetts, where inventory is down 67% and 62% respectively year-over-year. Both areas offer an easier commute to Boston because they don't require crossing a bridge as Cape Cod does, but still offer beaches and boating.

"We see the South Coast of Massachusetts to be a hidden gem that is poised to grow in the coming years," Ms. Clark said.

In Boston, where the luxury market starts at US$2 million and up for condos and single-family homes, sales were up 20% during the first quarter of 2021 compared with the first quarter of 2020. "Demand slowed during the initial period of the pandemic but is coming back," Ms. Clark said. "Prices stayed steady, and now we're seeing multiple offers and quick sales." ●

to adjust the lighting, turn on a faucet, operate an elevator or retrieve a package—have become especially sought after. All of this is expected to operate in tandem with high-quality air filtration and ventilation, UV-ray cleaning and antimicrobial surfaces. There is also still something to be said about the value of a dedicated, substantial cleaning and sanitation staff, which several locations have been expanding.

None of this is to say that health consciousness has overwhelmed the desire for freedom and fun. In many ways, the pandemic has only raised the value of amenities that can provide those things—especially if they involve heading outside. "For planned communities that have amenity centers, that was a saving grace in a lot of different communities over the past year, particularly those with outdoor spaces," said Christy Budnick, CEO of Berkshire Hathaway HomeServices. "Many have parks built into the community, swimming pools, golf, biking and hiking trails. It depends on the area of the country and the climate, but neighborhoods that have access to those sorts of amenities are highly sought after," she said.

This has even added appeal to previously underused amenities. What had been a little-used rooftop grill now has the glow of a private kitchen. What was once an often-vacant balcony is now providing not just a view but a breeze and a tan. Market-research firm The Freedonia Group forecasts that, in general, the outdoor-goods business will expand 3.8% annually, to nearly US$12 billion in 2024, not only as boomers reap the rewards of their careers with more space and a breath of fresh air, but also as millennials buy more ambitious properties for their growing families. Some locations have even sought to expand outdoor spaces rather than maximize the number of units available (and some builders predict certain

US$12B

Market-research firm The Freedonia Group forecasts that, in general, the outdoor-goods business will expand 3.8% annually, to nearly US$12 billion in 2024.

Getty Images

Multifamily Amenity Trends

The 2021 "Multifamily Amenities Survey" from MULTIFAMILY Design+Construction shows that the majority of respondents—multifamily developers, apartment operators, architects, contractors and others—either modified their amenities, added new ones, implemented innovations, or took out some amenities in response to the pandemic.

Source: MULTIFAMILY Design+Construction

community zoning boards may allow for larger private outdoor areas). That could mean even bigger gardens, patios, porches, courtyards, rooftop off-leash dog parks and beach clubs.

The flip side of this escape to the outdoors, though, is that other residents may have craved one so much that they bought a beach or mountainside second home, meaning they spend less time in the city. This has increased the value of around-the-clock concierge services that can field out-of-town calls, collect packages that otherwise may sit for months in the mail room, or even stock a fridge before residents return from an extended time away. In many ways, a caring, attentive, available staff remains one of the most essential amenities a luxury multifamily property can provide. ●

Shutterstock

Apartment owners want their own personalized space in which to work out.

Millennials have moved the art industry toward digital sales.

As Industry Embraces Technology, Younger Generation Is a Boon To the Art Market

IN 2020, A YOUNGER GENERATION SECURED ITS ROLE as the most powerful force and driver of change in the art industry.

While art-market sales contracted by more than 20% last year, down to US$50.1 billion, due to the pandemic's swift shuttering of in-person auctions and galleries, younger collectors not only were the most active buyers, they also outspent wealthy baby boomers as the art industry scrambled to expand its online presence.

Some 30% of high-net-worth millennials—those born between 1981 and 1996—spent at least US$1 million on art in 2020 compared with 17% of wealthy baby boomers, according to an industry report, The Art Market 2021, published by Art Basel and UBS in March.

Auction houses have also reported a dramatic shift in the demographic of their prospective buyers. For example, at one of the top auction houses, the number of bidders under age 40 doubled last year, even as the auction house's sales dropped by 12%.

The millennial engine was already revving in the art world prior to the pandemic. In 2019, while baby boomers accounted for 62% of the year's US$64.1 billion in sales, the biggest growth segment was collectors under age 40, expanding from 6% to 19% over a single year.

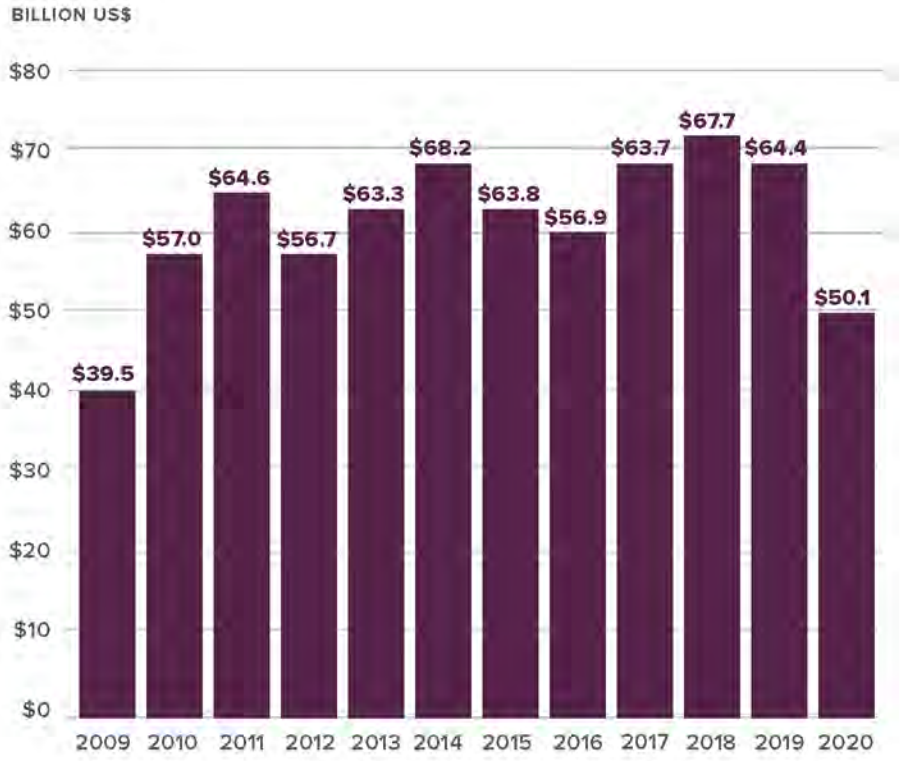
Younger folks not only have been interested in spending their newfound wealth on art, they also have been stretching the definition of business-as-usual in the industry. A 2020 industry report by Art Basel and UBS found that

Getty Images

Sales in the Global Art Market 2009-2020

Sales have been up and down for years, with an unsurprising fall in 2020. The millennial presence is expected to help the market grow this year and beyond.

Source: The Art Market 2021, by Art Basel and UBS



Millennials and Baby Boomers

The percentage of millennials buying artwork over US$1 million has surpassed Baby Boomers.

Source: The Art Market 2021, by Art Basel and UBS

in 2019, 92% of high-net-worth millennials had bought a work online, while fewer than half of boomers had.

By the time the pandemic hit, it didn't take a great leap for millennials to exclusively shop for art digitally rather than in person.

Auction houses had to scramble to meet the online appetite. As overall auction sales plummeted 30% last year, the major auction houses rushed to build out their online presence and improve digital experiences for users.

For example, they have created interactive viewing rooms with virtual-reality technology to help prospective buyers see how a work would look in a furnished room and plan ahead: Would the Rothko look best over the fireplace or in the foyer? Against cool or warm tones?

Digital efforts were rewarded by a doubling in online sales globally to just over US$12.4 billion last year. For the first time last year, online sales eclipsed retail sales.

The year's biggest sale was through a live streamed auction at Sotheby's, whose digital sales grew more than seven times from US$80 million to US$575 million last year. The work was Francis Bacon's 1981 three-paneled *Triptych Inspired by the Oresteia of Aeschylus*, which sold before a global online audience for US$84.6 million.

As the pandemic eases and in-person auctions, art shows and traditional gallery sales resume, the millennial art-market presence—and influence—is likely to continue to grow as younger folks create more wealth and eventually inherit assets from their parents. ●

NFTs, or non-fungible tokens, have become one of the biggest news stories in finance and art in 2021.

NFTs Had a Meteoric Rise—Now What?

THE METEORIC RISE OF NON-FUNGIBLE TOKENS (NFTS), FROM obscurity to the biggest mania in the 2021 arts and collectibles markets, has piqued investors' interest along with a healthy dose of skepticism. Are these digital assets here to stay? Should they be included in a diversified portfolio?

These questions are gripping not only individual investors but also many wealth advisors, who are cramming to educate themselves so they can skillfully counsel clients on what may turn out to be a new investment asset class.

NFTs are original units of digital data such as artwork, memes, music, or video or audio clips that are stored on the blockchain, which is a ledger of digital transactions. Technically an NFT is a stamp of authenticity, but the term has become synonymous with the original asset.

For many folks, their first introduction to NFTs was when a series of stunning sales made headlines early this year, most notably the US$69 million paid for a digital collage called *Everydays—The First 5000 Days*, by Mike Winkelmann, who goes by Beeple.

This blockbuster transaction unleashed a flurry of activity in NFT creation and trading, which quickly became a welcome platform for lesser-known artists to display and market their works—and, in some cases, catapult themselves to fame.

Consider Victor Langlois, who goes by Fewocious. In March, while a high school senior in Las Vegas, the surrealist artist released a work called *EverLasting Beautiful* as an NFT that immediately sold for more than US$500,000.

US$2B

In the first quarter, sales of NFTs exceeded US$2 billion, compared with US$250 million for the entirety of last year.

Sports-related NFTs—the digital equivalent to the tangible trading-card world, but also including video clips—has become another hot area of the market. In the first quarter this year, NFT sales by the trading-card company NBA TopShots totaled more than US$500 million.

Celebrities have been quick to jump in. Actress Lindsay Lohan, supermodel Cara Delevingne, rapper Snoop Dogg and skateboard legend Tony Hawk are among many to launch NFT videos and images.

Part of the excitement around NFTs

Getty Images

Source: OpenSea

NFTs Gain Ground

While in early 2020, monthly NFT sales on the major marketplace OpenSea totaled about US$1 million, in March they hit an all-time high of US$153 million. April sales softened, totaling US$93.6 million.

is their democratization of the arts and collectibles world. Anyone can present NFTs to a global audience and sell them through digital marketplaces such as OpenSea, Nifty Gateway, SuperRare, Zora and MakersPlace.

NFT buyers typically use the digital currency Ethereum, which can be exchanged for U.S. dollars on exchanges such as Coinbase or Gemini. The Ethereum network also enables sellers to structure agreements under which they receive royalties on any future sale of their NFTs.

Skeptics of the NFT market's value point out that an NFT is just a digital file that can be copied and viewed by anyone with internet access and a browser. There is nothing tangible for owners to hang over a fireplace or show off in a display case.

Enthusiasts point out that there are parallels in the tangible world. For example, there are countless copies of a 1952 Topps Mickey Mantle baseball card, but it's the collector's mindset that creates the value for the original—which sold for US$2.88 million in 2018.

After an explosive start to the year—in the first quarter, sales of NFTs exceeded US$2 billion, compared with US$250 million for the entirety of last year—many advisors believe the NFT market is beginning to plateau.

While in early 2020, monthly NFT sales on the major marketplace OpenSea totaled about US$1 million, in March they hit an all-time high of US$153 million. April sales softened, totaling US$93.6 million.

One reason for the slowing sales may be a growing awareness and concern about the environmental impact of the NFT marketplace. NFTs are purchased primarily with the digital currency Ethereum, which, like Bitcoin and others, relies on digital mining for legitimacy and growth—a practice that comes with a massive carbon footprint.

Mining is both the process of verifying transactions across the payment network and creating more digital currency. New units of cryptocurrency are created through solving complex math problems that involve immense computer networks associated with significant carbon emissions.

Bitcoin alone accounts for 37 megatons of carbon dioxide annually, which is comparable to the output from New Zealand. In 30 years, Bitcoin mining at its current rate could drive up global temperatures by 2 degrees Celsius, according to the Sierra Club.

There are numerous signs of the market's staying power, however. Well-known venture capitalists have been pouring capital into the NFT space, and the world's biggest auction houses have started holding NFT auctions.

Still, it's no wonder that for now, most advisors aren't including NFTs in their investment platforms and urge investors to be cautious. They advise folks wanting to get in on the action to do so only with a tiny portion of their investable assets and to consider the investments highly speculative. ●

2°C

Bitcoin mining alone at its current rate could drive up global temperatures by 2 degrees Celsius, according to the Sierra Club.

Beyond Bordeaux and Burgundy: Important Wine-Collecting Trends to Know

New Zealand and Oregon wines are among the ones gaining in popularity among collectors.

THERE'S GREAT STABILITY IN BEING ABLE TO GO BACK TO the prestige wine regions of Bordeaux and Burgundy, vintage after vintage, and trust in the quality of many of the finest and best-known wine producers in the world. These are wines with centuries-old histories and wines which are never going to go out of style. Stocking a cellar full of such bottles is a tried-and-true strategy. That doesn't mean these regions provide the best value or the most excitement, however, and savvy collectors also adapt to the market and stay ahead of the curve.

The Impact of Tariffs and Largest-Growth Countries

It's crucial that any wine collector continue to monitor the outcome of the ongoing trade dispute between the U.S. and the European Union, which resulted in the October 2019 enactment of a 25% tariff on still wines from France, Spain, Germany and England. The impact of these tariffs was substantial and immediate. The U.S. International Trade Commission reported that from January to June 2020, imports of French wine fell 50% compared with the year prior, while imports of Spanish wine dropped 60%. The premium end of the market took the hardest hit, due to the hefty price increase such a tariff represents on top-tier bottles.

The tariffs were recently suspended for a five-year period, though higher prices could potentially linger due to the aftermath of the pandemic.

Many collectors began seeking greener pastures once the wine tariffs were in place, though the increasing interest in wine beyond Bordeaux and Burgundy extends back further. In fact, a look at the top five growth countries might provide a bit of surprise. According to IWSR Drinks Market Analysis data from 2014–2019, France fell outside of the top five countries in terms of volume growth for U.S. sales in the premium-plus market. Australia led the way with a 22.8% CAGR (compound annual growth rate), followed by Portugal at 19.7%, Italy and New Zealand each at 12.7%, and Austria at 11.3%. This data is also prior to the enactment of the tariffs, and when taken in context with the aforementioned 2020 sales drops for countries such as France and Spain, signals a perhaps sweeping change to the collector's market.

50%

From January to June 2020, **imports of French wine fell** 50% compared with the year prior.

29.3M

U.S. sales of Champagne doubled in the 2010s, from 15.3 million nine-liter cases in 2010 to 29.3 million cases by the end of the decade.

Berkshire Hathaway HomeServices EWM Realty

Top Five Countries in Volume Growth for U.S. Sales in the Premium-Plus Market

France fell out of the top five countries in terms of volume growth for U.S. sales in the premium-plus market.

Source: IWSR Drinks Market Analysis data from 2014-2019

Collecting Trends to Consider

Every challenge creates an opportunity for collectors, and according to Kauai, Hawaii–based sommelier Daniel Braun, a private-collection consultant and owner of the Princeville Wine Market, one of those fast-growing markets is of particular interest. "Some of the most exciting and less frequently considered collectible wines are those of New Zealand," he said.

Mr. Braun's eyes were opened during an exploratory visit to the country, during which he got to sample well-aged bottles, which flipped the notion of merely quaffable New Zealand whites to cellar-worthy. "At Greywacke, I tasted an eight-year-old bottle of Sauvignon Blanc which could have easily been confused with a Sancerre at double or triple the price," he said. "An eight-year-old bottle of Chardonnay could have easily passed for a bottle of Burgundy."

At Dog Point Winery, Mr. Braun tasted a 13-year-old Sauvignon Blanc "which was one of the finest examples from New Zealand I have ever tasted," he said. He's fine if there are doubters who aren't eager to join him in his new area of interest: "I hope that nobody believes me, so that I can start assembling a collection of old New Zealand Chardonnay and Sauvignon Blanc in peace!"

One way to pivot away from countries affected by tariffs is to look for less-explored regions of production which hold similar characteristics in terms of climate, grapes grown and production methods. "I have seen some of my Burgundy collectors who previously had been exclusively Francophiles begin to purchase Oregon wines," Mr. Braun said.

"Perhaps with the added tariffs on EU wines, Oregon became even more of a relative value to explore," Mr. Braun said. "A helpful factor in this trend is that many top Burgundy producers have established Willamette Valley outposts where they either own the winery or are the head winemakers, and these are the places that make total sense for a Burgundy buyer to get excited." He pointed to Domaine Drouhin, Resonance and Chapter 24 as Burgundy-connected Oregon wineries to pursue.

While many wine drinkers maintain that it's always a good time for Champagne, now might be an especially good moment to add more of it to your collection. Attuned buyers have already been doing that for the past year. Despite initial indications that sparkling wine would be included in the tariffs, the category ended up off the final list. This left Champagne as a prestige buy from France without the sticker shock of still wine.

Consider that 2018 was the first year France exported more Champagne than it sold domestically, a feat then repeated in 2019 and a trend that looks set to continue.

According to the CVIC, a Champagne trade group, U.S. sales nearly doubled in the 2010s, from 15.3 million nine-liter cases in 2010 to 29.3 million cases by the end of the decade. Even with an expected year-on-year drop in 2020 due to the pandemic—Champagne is drunk in groups and at celebrations and was therefore hard hit by the closure of bars and restaurants—the market has been soaring steadily, and indications are that it will continue to thrive in the years to come. ●

Rolex and other luxury watchmakers have seen more online sales.

Luxury-Watch Market Remains Robust

US$42M

The 2021 Geneva auction, the first live event of the year on May 8–9, scored the highest single auction sales total in history at US$42 million.

A MULTITUDE OF BUSINESSES FOLDED DUE TO THE GLOBAL health crisis, but if there's one market that surged throughout the pandemic, it's luxury watches. The demand for collectible timepieces skyrocketed in 2020 and 2021, with numbers topping those from 2019.

According to the Federation of the Swiss Watch Industry, sales of watches priced at US$3,000 and higher were down only 0.1% in fall 2020. And for dealers and auction houses, watch sales have been on an upswing since March 2020.

Paul Boutros, head of Americas and senior vice president of Phillips Watches in London, said that when the lockdowns hit, he and his colleagues questioned the future of their industry. But apprehension aside, 2020 turned out to be the best year the auction house has ever had.

"We had the highest sales ever for any watch department," Mr. Boutros said. Phillips generated US$133 million in total watch sales for 2020—the highest annual total for any auction house in history, proving watch enthusiasts were keen to spend, and shopping for a new timepiece provided a diversion from pandemic reality. "In 2020, people spent a lot of time getting closer to their passions," he said. "People were looking for distractions, looking for happy places. Hobbies are that for so many."

When in-store foot traffic naturally declined, if not disappeared, collectors browsed online, and watch brands piqued their clientele's interest virtually and through social channels such as Instagram and YouTube. And since people were required to shelter in place during the lockdown, they connected online. That flurry of communication fueled a horological resurgence across the globe.

"We leveraged technology and social media," said Cameron Barr, founder and CEO of Craft & Tailored, a Los Angeles–based company specializing in rare and vintage watches. "Our Instagram took a major jump, 35% per quarter versus 4%, and our YouTube

Photo by Yash Parashar on Unsplash

channel grew 436% in the past year." A rare-watch enthusiast himself, Mr. Barr said that since the start of the pandemic, he sold watches priced at US$500,000 to US$600,000 to collectors around the world who he's never met before.

Mr. Barr explained that the market was stimulated on both sides–buying and selling. Because people couldn't commute to their offices or travel, they called and contacted Craft & Tailored online. For dealers like him, the inventory was ready and waiting to be bought. He and his team found many great pieces, "not because people needed to sell to keep the lights on, but because they had time on their hands," he said.

On June 27–28, 2020, Phillips hosted its first auction of the year in Geneva. Lockdowns had eased some by this date, so a limited number of people attended in person, with many more bidding online. The Phillips team supported the auction virtually, with watch previews, one-on-one phone calls, webinars so collectors could tune in and see the timepieces, and video condition reports, which allowed them to evaluate the condition of each watch. The results were positive.

"The first auction in June blew away our expectations," Mr. Boutros said. "The interest grew, and our number of new clients grew tremendously."

What's more, "The Racing Pulse" flagship New York auction held on Dec. 12, brought in US$27.6 million with 136 watches. Likewise, the 2021 Geneva auction, the first live event of the year on May 8–9, scored the highest single auction sales total in history at US$42 million.

Courtesy of F.P.Journe

Smaller, independent watchmakers appeal to collectors looking for true exclusivity.

Resurgence of Smaller Watchmakers

While Rolex, Patek Philippe, Audemars Piguet and other heavy hitters saturate the offerings, there's been a whirl of activity in terms of smaller, independent watchmakers, whose handcrafted timepieces have been on the rise for the past five years or so, according to Mr. Boutros.

"We are also seeing increased demand for F. P. Journe, Roger W. Smith, De Bethune and Richard Mille," Mr. Boutros said. "These are rare, and you can be confident that your friend doesn't have the same piece."

It's collectors' desire for exclusivity that's driving the increased interest in boutique watchmakers, who produce fewer wristwatches annually than the big players.

"If you're on the waiting list, you can walk into a Rolex store and buy a Submariner for US$8,000 and walk down the street and sell it for US$12,000," Mr. Barr said. "The iconic nature is often looked at as a status symbol, but if you really look at the independent watchmakers, things within the movement make them collectible. People are paying attention to that."

The surge in luxury-watch sales may remain once the pandemic ends, depending on how many new buyers enter the market. Mr. Boutros is observing new collectors worldwide, as they hail from Asia, the Middle East, Europe and the U.S. Watch enthusiasts, he said, are all ages, and the demographic leans younger each season. "It's a universal product," he said. "So many people have entered into the world of collectors' watches." ●

US$133M

Phillips generated US$133 million in total watch sales for 2020—the highest annual total for any auction house in history.

The Future for Performance And Luxury Cars: It's All-Electric

Tesla is the top-selling luxury-car brand in the U.S.

Photo by Martin Katler on Unsplash

ALTHOUGH GENERAL MOTORS MADE A SPLASH WITH THE announcement that it aims to be all-electric by 2035, the Cadillac division's own dramatic statement is being made more quietly. "Cadillac will be leaving this decade as a fully electric vehicle brand, which means we will not be selling internal-combustion engine vehicles by 2030," Rory Harvey, vice president of global Cadillac, told us.

The pivot of luxury and performance brands to batteries is no longer speculation; it's fact. The reason is simply the opportunity to build a better car. Aston Martin Lagonda, for instance, showed an electric Lagonda Vision Concept in 2018, and according to former company board member Tensie Whelan in Worth magazine, "When you no longer have to make room for an internal-combustion engine, you can create an amazing living space inside a gorgeously designed car with an interior that features silk and cashmere."

An increasing number of companies aren't afraid to affirm their commitment to electrification. It makes sense, because Tesla has shown it can sell fast, well-appointed electric cars at a price well below the world's top supercars and luxury marques. Tesla is, in fact, the top-selling luxury-car brand in the U.S., beating Cadillac, Lincoln and all the top German and Japanese companies, an IHS Markit study showed.

Tesla could be knocked off its perch by any number of other automakers going electric. The announcements have come at a rapid clip. Volvo will be all plugged-in by 2030, and the Volvo/Geely Polestar company is electric, with one plug-in hybrid and one battery car so far. According to Anders Gustafsson, president and CEO of Volvo Car USA, "The future is electric, and Volvo is transforming every aspect of its business." Jaguar is moving even faster, with no gas or diesel vehicles from 2025.

"Jaguar certainly anticipates opportunities for EVs in the luxury and performance-car markets," said Jeff Jablansky, a company spokesman. "The I-Pace performance SUV has quietly accounted for nearly 10% of total retail sales in the U.S., compared with electrics' single-digit share among all new-vehicle sales here."

Bernhard Kuhnt, president and CEO of BMW of North America, said the company is similarly bullish on EVs. "BMW believes in an electric future and has been working toward this goal for a very long time," Mr. Kuhnt said. "We've unveiled the fully electric BMW iX xDrive50 and two versions of the BMW i4. By 2023, we will offer at least one electric model in each of our product segments."

The traditional British luxury-car maker Bentley surprised the world by announcing that it will totally electrify by 2030, with its first EV in 2025. "We intend to be the most sustainable luxury-automotive manufacturer," said Christophe Georges, Bentley Americas president and CEO. "Electrification isn't a contradiction to our DNA of luxury and performance. We will remain authentic to our roots of traditional luxury features and appointments."

Sales of Ford's electric Mustang Mach-E are challenging Tesla. The company, which has basically abandoned traditional luxury sedans, sold 6,614 Mach-Es in the first quarter of 2021 and is on track to sell 20,000 to 30,000 annually. The GT Performance Edition, starting just under US$60,000, offers zero-to-60 in 3.8 seconds.

"Ford is moving quickly with the transition to battery

electrics, and playing to our strengths," said Darren Palmer, general manager of Ford battery-electric vehicles. "Essentially, connected all-electric vehicles have the potential to offer more performance and capability to our customers."

But not everyone agrees that batteries are best for performance and luxury. Jesse Glickenhaus, managing director of Scuderia Cameron Glickenhaus, which builds high-performance cars and off-road racers, makes a distinction between cars for driving and cars for transportation.

"For Rolls-Royce and other cars that are chauffeur-driven, the goal is just a quiet and very comfortable ride," Mr. Glickenhaus said. "Various types of the electric car, including those with hydrogen fuel cells, make a lot of sense for that application. For driving, electric cars are hard to beat with zero to 60 times, but they're heavy, so maybe not ideal for going around tight turns."

Kevin Czinger, CEO of a new California company that bears his name and is building the 21C hypercar, describes why—despite having launched an earlier electric-vehicle company—he went with a hybrid design that incorporates a twin-turbo V-8 to go with the dual electric motors. "A battery-only hypercar would require a very large battery system and be very heavy," he said.

This view is endorsed by Stephan Winkelmann, president and CEO of Automobili Lamborghini. "Electrification is here to stay, but the technology in its current state is better suited for luxury and passenger cars than super-sports cars," he said.

But even Ferrari, traditionally the champion of the performance V-8 and V-12, is going electric. During the company's annual meeting in April, Chairman John Elkann announced plans to unveil their first all-electric Ferrari in 2025. Ferrari has expressed reluctance about electrification in the past, but it introduced the 986-horsepower SF90 Stradale, a hybrid, in 2019.

All said, by 2035, it will be hard to find a performance or luxury car that is *not* electric. ●

Courtesy of Aston Martin

The Lagonda Vision Concept from Aston Martin envisions new heights of electric luxury.

January 2021 U.S. Retail New Light-Vehicle Registrations

Tesla, Mercedes and Lexus are currently leading the pack. All luxury carmakers are entering the fray.

Source: IHS Markit 2021

Setting Sail: A Booming Yacht Market

THE YACHT MARKET IS HOT. "IT'S crazy. There's no inventory," said broker Hugo Gonzalez, of Florida Yachts International in Miami. "When you list a boat, it's gone right away. Boatbuilders can't get the Yamaha or Mercury motors they need, and they're running out of resin to build fiberglass hulls. If you order a new boat now, it will be years before you get it."

Mr. Gonzalez estimated the company's business is up 50% since September 2020. Some of the larger megayachts are slightly slower to sell, but "anything 100 feet or below, US$5 million and down," is impossible to keep in stock.

The runaway market is quite a change from March 2020, when sales plummeted virtually overnight. In rapid order, New Jersey's Viking Yachts suspended production, White River Marine Group laid off 350 workers across seven plants, Brunswick stopped producing Mercury outboards, and Yamaha stopped all U.S. production.

The reasons for the resurgence are simple, and in line with Covid-era run-ups on everything from classic cars to large RVs. The pandemic restricted a lot of travel, and "on the water, you're free from all of that, and you're with family and personal friends," Mr. Gonzalez said. His company and other yacht dealers also benefited from the relocation of wealthy Americans to Florida, with its year-round boating weather.

A Rise in New Boaters

U.S. sales of new yachts were up 15% in 2020 from 2019, said the National Marine Manufacturers Association (NMA). Overall new-boat sales, which reached a 13-year high in 2020, remain at high levels. Through March 2021, they were up 30% compared with the 2020 average.

"With a record number of new boat buyers entering the market and boating demand at an all-time high, we expect boat sales to remain strong through

The 150-foot Revive was built by Richmond Yachts and sold in 2020 for US$14.9 million.

5.2%

In 2020, the global market was estimated at US$8.15 billion, with a compound annual growth rate of 5.2% from 2021 to 2028.

Denison Yachting (2)

The 157-foot Rebel from Trinity Yachts, built in 2005, sold in 2020 for US$11.9 million.

2021," said the NMA's president, Frank Hugelmeyer. First-time boat buying also rose in 2020, with 415,000 new customers, up 10% from 2019. Although 61% of boat buyers have an annual household income of US$75,000 or less, there's considerable action at the very top of the yacht market.

In 2020, the global market was estimated at US$8.15 billion, with a compound annual growth rate of 5.2% from 2021 to 2028, reports Grand View Research of San Francisco. European sales are particularly hot. "The market is very good indeed," said Sue Grant, managing director of U.K.–based yacht broker Berthon International. "Getting yachts to sell is the issue." Asia-Pacific is emerging as the fastest-growing market for yachts. Boats from 65 to 164 feet were more than half the global market.

"We have never seen demand like this," said Bob Denison, owner of brokerage Denison Yachting in Fort Lauderdale, Florida. "We thought it might drop off as social distancing was eased, but it hasn't. People who bought boats have enjoyed themselves and have invited or shared information with friends—who are now buying them."

Catamarans and center-console yachts are particularly popular, Mr. Denison said, and they're getting bigger. Large yachts are moving too. Denison's business was up 35% in 2020, and in 2021 so far, it's up 28%.

The charter business is also booming, with clients able to choose between fully crewed yachts and "bare boats" with no Coast Guard inspection and the client choosing the crew. Mr. Denison estimated the cost of chartering a fully crewed 130-foot yacht for a week, with all meals, at US$150,000.

What Younger Buyers Want

Some trends predate COVID-19. "The State of Wealth, Luxury and Yachting 2016" report from Wealth-X and British yacht broker Camper & Nicholsons found a new, younger generation of buyers with an ultrahigh net worth (above US$30 million) concentrating in the superyacht sector.

In the first quarter of 2019, according to Boat International's Boat Pro, 87 superyachts were sold. That compares with 91 in the first quarter 2020 and 133 in the first quarter 2021.

Berthon's Ms. Grant said new and recent-production yachts are what customers want. "They also want yachts that are ready to sail. Projects are not wanted in this market," she said.

Electric-drive yachts are still a thing of the future, but Ms. Grant said customers are getting interested. They also want on-board solar arrays and energy efficiency, as well as every luxury amenity. In effect, they want it all and will get it if the supply comes back. ●

15%

U.S. sales of new yachts were up 15% in 2020 from 2019, said the National Marine Manufacturers Association (NMA).

The next generation's tastes focus on sustainability and company ethics.

How Gen Z Will Define Luxury

GENERATION Z, GENERALLY DEFINED AS those born between the late 1990s and the early 2010s— i.e., the demographic group succeeding millennials—is changing the luxury-goods industry. Gen Zers, who make up roughly one-third of the global population, are digital natives who expect brands to embrace technology as much as they do. According to Forbes, this generation spends the equivalent of more than US$200 billion annually and will spend US$10 trillion in their lifetime.

76%

According to Mashable, 26% of 16-to-19 year olds volunteer on a regular basis, 60% want their jobs to influence the world, and 76% are concerned about humanity's impact on the planet.

Luxury brands across the world are actively researching Gen Zers and their interests, seeking emotionally relevant ways for organizations to approach this growing, highly desirable audience. Within the luxury space, a crossover of interests is also important, with art, cultural and philanthropic-minded events offering a connection point for luxury-goods providers to engage with their target clientele.

Wealth-X, a global leader in wealth information and insight that partners with prestige brands across the financial services, luxury, nonprofit and higher-education industries, provides a glimpse into the mindset of Gen Zers with spending power.

Wealth-X's latest report, "Interests, Passions and Hobbies of the Wealthy 2021," focuses on the very high net worth (VHNW) population—those with US$5 million to US$30 million—and ultrahigh net worth (UHNW) individuals, with US$30 million or more. The report notes that younger individuals are rapidly joining this wealth tier, while acknowledging how their interests differ significantly from those of the general VHNW population. (According to the study, nearly 4% of the general VHNW population is under the age of 40.) Sports, technology and travel are at the top, and while still important, philanthropy comes lower down the list. Interests among the youngest segment of VHNWs include travel, music, food and animals, none of which feature among the leading pursuits of the general VHNW population.

Responding to New Digital Demands

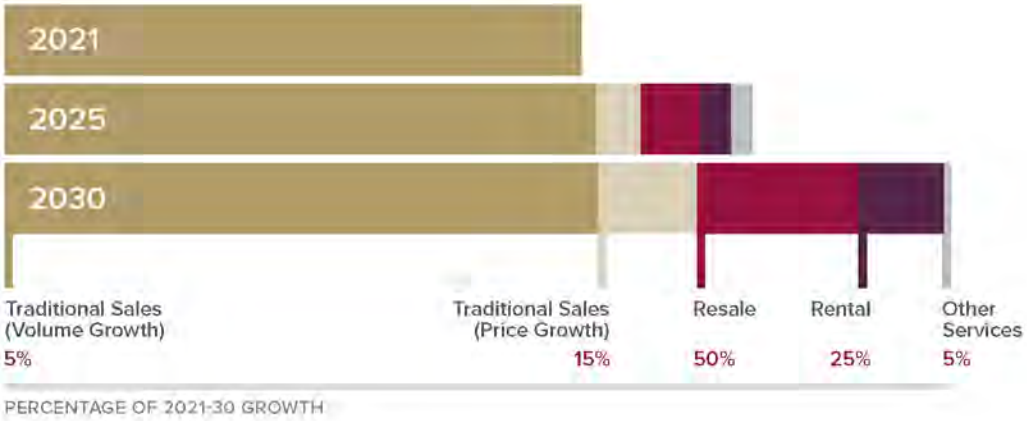
Luxury marketers are rapidly adapting to the expectations and demands of Gen Z, whose population hovers around two billion worldwide. They're the first generation to have grown up with smartphones, social media and apps, all while expecting seamless digital experiences and effortless transitions between multiple screens. (Gen Zers are thought to feel most comfortable switching between five screens at a time, whereas for millennials, it's three screens.)

Born in the digital age, these consumers judge brands based on how each presents itself in the digital sphere. No matter how much history and prestige a luxury brand has, if it uses outdated digital platforms, offers a poor user experience, or engages in social media in an overly commercial,

Getty Images

2021-2030 Revenue Growth Will Be Fueled by Rental and Resale

The younger generation is more interested in the secondhand and shared economies.



Source: National forecast based on Bain & Co. and Positive LuxCo analysis

inauthentic way, Gen Zers will often turn away and seek alternatives.

Attention spans have never been shorter, as researchers have shown Gen Zers' attention span is approximately eight seconds, which illustrates how quickly they can process information as relevant to them.

Gen Z's ability to filter information and distinguish authenticity from commercialization is causing luxury marketers to rethink traditional digital strategies in favor of a more collaborative and transparent way of engaging this new generation.

With savvy Gen Zers skeptical of anything that seems manufactured or inauthentic, they value sources that help them filter their choices, such as vloggers and digital influencers who give real and honest opinions via the likes of YouTube, Instagram and Snapchat. Whether it's world news or luxury brands, this generation places great value on digital curators and gatekeepers that help them shrink their options to a more manageable size. Luxury brands are seeing traditional, branded celebrity endorsements falling out of favor among Gen Zers, which explains why an increasing number of luxury marketers are turning to short-form, video-led content that can be repurposed across multiple digital channels.

Giving Back

Perhaps the most discerning characteristic of Generation Z is that many view social and environmental responsibility as a defining purpose. According to Mashable, 26% of 16-to-19 year olds volunteer on a regular basis, 60% want their jobs to influence the world, and 76% are concerned about humanity's impact on the planet.

This generation places a high value on brand integrity, which in turn places more pressure on luxury brands to do good in the world as well. Luxury brands are seeking opportunities to contribute toward a greater goal, one aligned with their ideals and values. This generation seeks out purpose-driven companies and feels profoundly influenced by issues that affect them directly; among the most important are climate change, LGBTQ+ rights, human rights and animal care. For example, the animal-free fashion brand Stella McCartney showcases their ongoing commitment to sustainability through new products (e.g. 2021 has seen the launch of the world's first-ever clothing line using vegan mushroom leather) and partnering with respected organizations such as Parley for the Oceans, which fights marine-plastic pollution through creative collaborations, effectively transforming ocean waste into high-end fashion.

9%

The secondhand market rose by 9% in 2020 and was valued at €28 billion.

As luxury brands prepare for the future purchasing power of Gen Z, partnerships that showcase the brand's willingness to collaboratively address social and environmental issues should be considered an integral part of the brand-narrative building.

Following a turbulent 2020 defined by the global COVID-19 pandemic, the luxury market—encompassing both luxury goods and experiences—has started its path toward recovery, according to the Bain & Co. Luxury Study 2021 Spring Update. The industry returned to growth in the first quarter of 2021, growing by 0–1% compared with 2019, which is viewed by the industry as the last comparable year.

This comes after the overall luxury market shrank by 20% to 22% in 2020; it's now estimated at approximately €1 trillion globally, back to its 2015 levels.

The Bain & Co. report also touches on one of Gen Z's greatest influences on the luxury-goods market: the rise of the secondhand market, which in 2020 grew by 9% and was valued at €28 billion, up from €26 billion in 2019. The market for previously used luxury items encompasses not only entry-level younger consumers who are mainly buying aspirational categories and products, but also top spenders searching for high-end or collectible products. Luxury brands are increasingly tapping into this market in order to engage with customers throughout the life cycle of an item. ●

Though ease of travel varies largely by location, many are looking to hit the road again across the globe.

An Unprecedented Return to Travel

FOR GLOBAL TRAVELERS ACCUSTOMED TO EXPLORING THE planet in style, 2020 presented unimaginable challenges. International travel ground to a halt and entire tourism sectors were forced to go dark. In the U.S., the travel industry has been hit particularly hard—the World Travel & Tourism Council (WTTC) estimated nearly 10 million jobs were lost in the U.S. travel and tourism sector. The WTTC Economic Impact Report for 2019 revealed that travel and tourism contributed US$1.84 trillion to the U.S. economy that year and were responsible for more than one in 10 (10.7%) American jobs.

The 2021 American Express Travel survey, which polled travelers in seven countries globally, noted that while individual sentiments differ, one thing is clear: There's a pent-up demand for travel and a clear appreciation for the benefits that it can bring. People miss traveling so much that 76% of respondents claimed they had been working on their destinations wish list for future travel even though they might not be able to travel yet.

Making Up for Lost Time With Bucket-List Travels

With vaccination rates on the rise, the world's most in-demand luxury-tour operators are reporting a surge in bookings for bucket-list-style trips into late 2021 and 2022.

Across the industry, all signs point to a widespread desire for travel, with customers having extra funds to spend—77% of American consumers expressed interest in traveling during the first half of 2021, according to MMGY Travel Intelligence research.

Various tour providers have also noted a change in the mindset of their clients, causing people to reflect on what really matters to them, with safaris, in particular, appealing to families looking to spend quality time and bond via a shared experience that appeals to all ages.

According to recent data provided by Berkshire Hathaway Travel Protection, bucket-list travel was one of the most frequently canceled trip types in 2020, yet it's on top for intended international travel in 2021.

Getty Images

"There's definitely an increased interest in bucket-list travel. It's logical...people are taking to the skies," said Patrick Gallagher, president of sales, marketing and service at NetJets (a Berkshire Hathaway Co.), the world's largest private-jet company. "Coming out of COVID-19, the ultimate luxury is peace of mind. Even with vaccinations and an increased comfort level after being hunkered down, there are still concerns. People who can afford to fly private are doing so in greater numbers than before."

Bucket-list escapism includes the desire for multigenerational families or large groups of friends to reunite and celebrate family or missed milestones.

Extended Stays

"The market chaos and uncertainty of 2020 is being replaced by a steady return to normality," said George Morgan-Grenville, CEO of U.K.-based luxury-tour company Red Savannah. "People are no longer so keen to travel at rapid speed, gathering Instagram trophy shots as they go. Instead, we are seeing a more contemplative approach."

One of the effects of many months stuck inside has been an uptick in travelers looking to journey away from home

Consumers Surveyed Are Eager to Support Local Communities Through Travel

American Express polled users around the world to see what percentage of consumers across different countries are looking to make their travel money go further in the areas they visit.

77%

77% of **American consumers expressed interest in traveling** during the first half of 2021, according to MMGY Travel Intelligence research.

Berkshire Hathaway HomeServices London Kay & Co.

Many travelers want to have longer stays in places like the U.K., where they'll vacation and work at the same time.

Source: American Express Travel Booking Data

Travelers are ready for beach vacations again, including destinations like Hawaii, shown above.

for longer periods by taking exotic sabbaticals, with modest minibreaks being swapped out for big-ticket blowouts.

Surveys by Amadeus, a global leader in travel technology, found that 55% of travelers said they would travel for 14 days or more in 2021, and 60% expected to take only a few trips a year—which suggests that if people travel, they may be inclined to make up for lost time and go all-out.

Also, with added considerations such as restrictions and vaccine passports, travelers will be looking for unique experiences in which they can take fewer flights, but make those journeys count by staying longer and getting more out of the experience.

"Travel patterns are different from what we've seen historically," explained Mr. Gallagher of NetJets, which is responsible for around one in seven private-jet takeoffs and landings in the U.S. on any given day and is currently the second-largest airline in the world by operational fleet, with more than 760 aircraft in service. "This work-from-home flexibility previously hasn't existed, and with business travel being diminished, private-aviation locations have shifted. [Prior to the pandemic] our top five cities had included the likes of Washington, D.C., and Chicago, but now it's Scottsdale, Arizona and Naples, Florida."

Source: Berkshire Hathaway HomeServices Market Report Survey, Summer 2021

66%

66% of the world's consumers **want to act more sustainably** when it comes to future travel.

Travel Plans

A summer 2021 survey of Berkshire Hathaway HomeServices network members found the vast majority of clients are looking to get away in the near future.

Berkshire Hathaway HomeServices Hawai'i Realty

People who can afford to fly private are doing it more than ever before, according to Patrick Gallagher, president of sales, marketing and service at NetJets.

Courtesy of NetJets

With many employers extending work-from-home policies into the foreseeable future, all signs point to a rise in what some refer to as "workcations" or "bleisure," a blend of business travel and leisure.

Relatively new companies like Mint House (the Airbnb startup for business travelers, with more than 500 luxury-apartment-style accommodations in cities around the U.S.) and Vacasa (one of North America's leading full-service vacation rental-management companies) are helping those people enjoy a serious change of scenery.

Thoughtful, Sustainable Travel

While sustainable, environmentally conscious travel was on the rise pre-pandemic, interest in this category has accelerated since then. A recent study by the global market research company Euromonitor International compared the sustainability of 99 countries in terms of environmental, social and economic sustainability, transport, housing, risks, and the demand for sustainable tourism; Sweden came first, followed by Finland. The survey revealed that 66% of the world's consumers want to act more sustainably when it comes to future travel.

"Sustainability is the defining topic of our age," said Mr. Gallagher of NetJets, which has created a multitiered program to address sustainability and reduce its environmental footprint. "We have made a significant investment in WasteFuel, a next-generation waste-to-fuel business that uses proven technology to convert municipal waste into sustainable aviation fuel [SAF]. We will also be purchasing a minimum of 100 million gallons of WasteFuel's SAF over the next 10 years."

To further sustainability efforts, they have invested a 20% stake in WasteFuel, which is establishing a biorefinery in the Philippines, as well as four additional facilities.

Newly noticed birdsong and unpolluted blue skies—studies found that global carbon dioxide emissions fell 10% to 30% in 2020 as the world sheltered in place—likely struck a chord with much of the public, making this a key moment for companies advocating a more considered approach to travel.

(Green Tourism, an Edinburgh-based certification body with more than 2,500 members around the world, claims the pandemic has brought the concept of sustainable tourism forward by five to 10 years.)

A growing number of travelers, especially younger ones, are now expecting the travel industry to offer more sustainable options. And more travelers are looking to lessen their impact by visiting alternative destinations, avoiding peak-season travel, and staying away from crowded tourist attractions. Travelers also expect travel companies to be more transparent about how customers' money is being used to rebuild communities and support local populations, thus paving the way for more regenerative travel.

The 2021 American Express Travel survey, which polled seven countries, showed that 68% of consumers are trying to be more aware of sustainability-friendly travel brands to support; 55% of respondents say they are interested in "carbon negative" travel; and 60% agree they want to book airlines that have a carbon-neutral commitment. ●

55%

55% of travelers said they would travel for 14 days or more in 2021.

Appeal of Family Foundations Grows

Urban farmers harvest rhubarb from a small organic crop.

PRIVATE FAMILY FOUNDATIONS ARE ROOTED IN THE GILDED Age success of renowned businessmen such as John D. Rockefeller and Andrew Carnegie. But they have become one of the most essential tools in modern philanthropic planning, and not just for the uber-rich.

The tremendous wealth created by the stock market's 12-year bull run and the recent technology boom has elevated awareness of private foundations' myriad benefits among a broad demographic that includes not only the traditional foundation creators—family elders—but millennials with newfound wealth.

Even as charitable dollars have been spread across new gifting tools in recent years, foundations are playing an increasingly large role in the philanthropic universe. Over the past decade, assets in private foundations—also known as independent foundations—exploded from US$600 billion to US$1.1 trillion, due both to investment growth and to fresh assets flowing into these tools, according to the Board of Governors of the Federal Reserve System.

The number of these foundations grew to almost 108,000 from about 38,300 between 2010 and 2020, and annual foundation grants to charity have been rising steadily, from US$45 billion in 2011 to US$76 billion in 2019, according to Candid, a New York–based philanthropic data and research nonprofit organization.

Buried in this data is a notable trend: More families are establishing foundations with far lower levels of wealth than in the past. According to IRS data, the number of foundations with assets under US$100,000 doubled to about 22,000 between 2017 and 2020.

What's the appeal? A private foundation is the Swiss Army knife of philanthropic tools, satisfying wealthy families' many goals, from charitable gifting and tax minimization to educating kids and passing on strong family values.

Similar to a public charity, a private foundation is a type of nonprofit tax-exempt organization with a 501(c)(3) IRS classification, but it raises funds from an individual or family rather than from the public. It can be organized as a non-profit corporation or a trust.

While there are no minimum amounts needed to set up a foundation, due to costs associated with the creation of these legal entities, it generally makes sense to harbor at least US$1 million. Often, folks who set foundations up with more modest amounts intend to transfer more funds as earnings grow or after a liquidity event such as the sale of a business or an IPO.

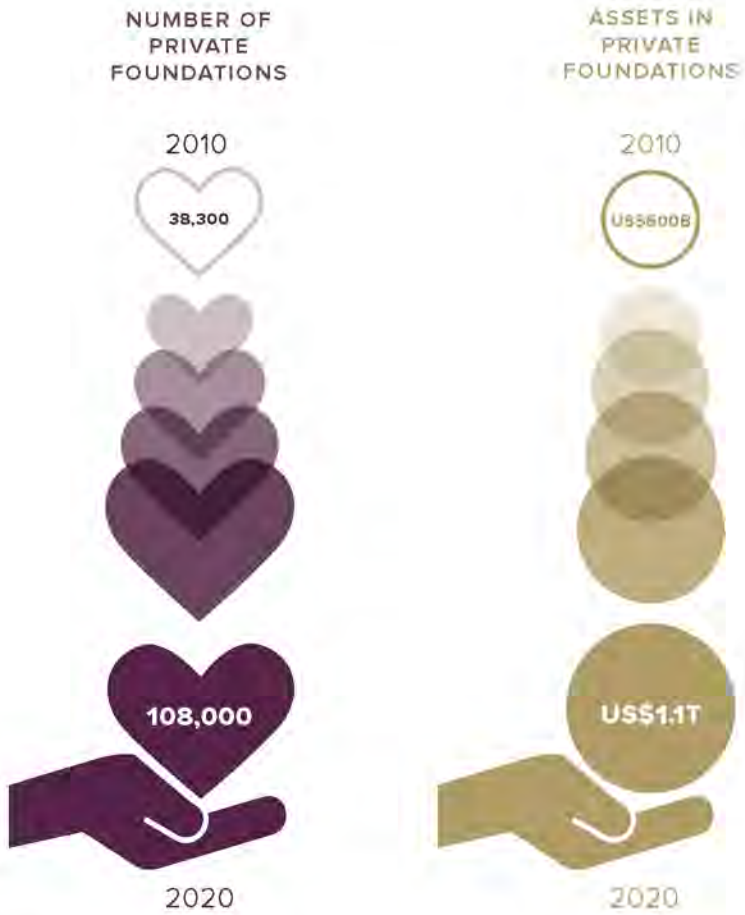
Private foundations are required to pay out at least 5% of their assets in philanthropic grants each year. Contributions are deductible up to 30% of adjusted gross income—as opposed to 50% of AGI for contributions to public foundations.

As charitable organizations, private foundations are exempt from federal income taxes, but must pay an annual excise tax on net investment income. The tax is a maximum 2%, but a foundation can qualify for a 1% rate if annual distributions are greater than its average ratio of charitable distributions to its assets over the previous five years.

Getty Images

Growth in Foundations And Assets

More families are establishing foundations with far lower levels of wealth than in the past.



Source: Candid

How foundations are run can vary. Large foundations may have an outsourced CEO and professional staff who take care of administration, compliance, grant-making, recordkeeping and other essential tasks.

Smaller foundations are run by families under the advisement of a wealth planner, accountant and attorney.

There are much simpler and cheaper ways to fulfill charitable goals—through outright gifts or the use of donor-advised funds, which have exploded in popularity in recent years. Run by financial services firms such as Fidelity and Vanguard, DAFs, as they're known, allow folks to transfer charitable assets and claim an immediate deduction, but gifts pay out from the account over future years.

But the administration and management of foundations are part of their attraction for wealthy folks. The formalities create systematic ways of accomplishing a number of different high-priority goals.

For example, a top concern among wealthy families is educating their children not just about financial literacy in general, but also about the family's finances, while at the same time passing on family values.

An effective way to accomplish this is by involving family members in the governance of a family foundation. For younger members, sitting in on meetings to observe operations and resolutions of conflict can kick off a sharp learning curve.

The flexibility of foundations provides a host of educational opportunities. Unlike donor-advised funds, which allow only contributions to U.S. nonprofits and provide donors no control over how the assets are used, foundations can set up and oversee scholarship programs, make loans and investments with charitable intent, give to international charities, and give outright to individuals or to families in need.

US$76B

Annual foundation grants to charity have been rising steadily, from US$45 billion in 2011 to US$76 billion in 2019, according to Candid.

As the COVID-19 health crisis and social unrest unfolded last year, many foundations took advantage of the ability to give outright to individuals. Such grants were higher than in previous years, as were gifts to human-services and public-benefit sectors, according to Foundation Source, a Fairfield, Connecticut–based provider of services to foundations.

For many folks, the legacy that foundations can create is either the primary motivation behind creating one—or the icing on the philanthropic cake.

Foundations can exist in perpetuity. With proper administration and investment management, gifts paid out by a foundation over many years can dwarf the original funds, and charitable goals and family values can endure for generations to come. ●

Locales to Watch in 2021

City neighborhoods with easy proximity to open space have always held appeal; but they are seeing an upsurge in demand from Amsterdam to Barcelona due to the pandemic.

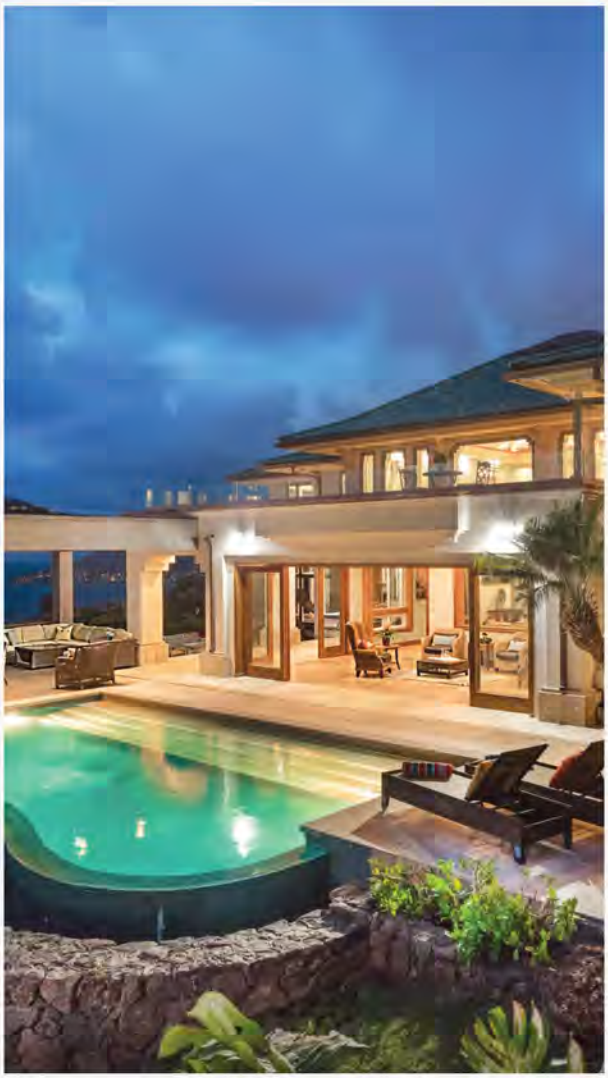
The pandemic has also sharpened the focus of buyers looking for a second home or a permanent remote-working location, nudging them into action in areas such as Sun Valley, Idaho; Mexico's Puerto Cancún and the Piacentini Hills near Milan.

Here, agents from the Berkshire Hathaway HomeServices network offices around the world identify areas to watch in the coming year.

BLOWING ROCK, NORTH CAROLINA

A mountain retreat is just what home buyers wanted this year, and Blowing Rock, located two-plus hours from Charlotte, is experiencing a market uptick that shows no sign of stopping. "We're seeing a boom in buyers leaving Charlotte and Raleigh and relocating here," said Shalamar Blevins, marketing director of Berkshire Hathaway HomeServices Vincent Properties. This friendly mountain town located on the Blue Ridge Parkway was recently deemed the prettiest small town in the U.S. by Business Insider. In the past six months, luxury-home sales averaged US$835,000, with some in the US$4 million range. It's easy to see the appeal of living here, as there's a long list of things to do, such as skiing, golf and water adventures on the New River (one of the oldest rivers in the world) and enjoying the lively arts and music scene and the 100-plus shops and restaurants downtown.

NORTH SHORE AND LANIKAI, HAWAII



Former President Obama made a splash when the news broke in 2020 that he's building an estate in Waimānalo, Hawaii, a spot on the southeastern tip of Oahu deemed to have the most spectacular beach in the world. That part of Oahu, the third-largest Hawaiian island, isn't the only place seeing record-breaking sales. In the North Shore of Oahu and Lanikai, tucked on Oahu's windward coast, luxury oceanfront homes are beckoning buyers. "The Seven-Mile Miracle on the North Shore beachfront is blowing up," said Rachel Bradley, an agent at Berkshire Hathaway HomeServices Hawai'i Realty, referring to the stretch of surfer's paradise that begins at Haleiwa Beach Park to the south and Sunset Beach to the north. "There have been bidding wars of buyers trying to get oceanfront homes here, lots of which are going for US$7 million." In Lanikai, which means "heavenly sea," a US$25 million home just sold, Ms. Bradley said, just the right price for a buyer seeking the ultimate tropical paradise, 15 miles from downtown Honolulu.

Berkshire Hathaway HomeServices Hawai'i Realty

BUCKS COUNTY, PENNSYLVANIA

The housing stock in this county, located 25 miles from Philadelphia and 75 miles from New York City, is sure to please anyone who appreciates history—it was settled in the 1600s—and scenic countryside. Sales remain brisk in this county, which boasts charming historic towns and main streets, vineyards, covered bridges, a plethora of cultural offerings and plenty of state parks to explore. "Years ago, when New Jersey property taxes went up, we saw people starting to move across into Bucks County," said Joan Docktor, president of Berkshire Hathaway HomeServices Fox & Roach, REALTORS®, in Devon, Pennsylvania, adding that the average sales price in Bucks County is US$469,000 though high-end homes are over US$1 million. "Since then we've continued to see the market take off, with that influx from New Jersey but also from Center City, Philadelphia, and New York City."

CHARLESTON, SOUTH CAROLINA

There's no shortage of Southern charm in Charleston, the oldest and largest city in South Carolina. Also in abundance here: a broad range of homes at the ready for interested buyers, from historic homes in the city's South of Broad historic district, to harborfront mansions. In fact, homes asking over US$1 million have seen record sales since July 2020 as locals seek more square footage or transplants relocate to this quaint midsize city. Charleston is beloved by locals thanks to its climate, community and neighborhood events such as the Charleston Antiques Show and Taste of Charleston, gardens, museums, historical markers, the famed Charleston City Market that opened in 1804, and a plethora of live-music venues. Just as attractive: beach homes in nearby Isle of Palms, Wild Dunes Resort, Sullivan's Island, Kiawah and Seabrook Islands.

VIRGINIA BEACH, VIRGINIA

So many second-home buyers from Richmond, Washington, D.C., and Baltimore have been buying gracious waterfront homes in this city, located where the Chesapeake Bay meets the Atlantic Ocean, that "as soon as a listing comes on the market, we sell it," said Jay Mitchell, managing broker at Berkshire Hathaway HomeServices Towne Realty in Virginia Beach. The lure: mild weather, access to 35 miles of sandy beaches, 120 miles of waterways and 200 miles of hiking and biking pathways. The cultural scene is another attraction, offering world-class museums such as the Virginia Museum of Contemporary Art, outdoor festivals, a thriving craft-beer scene, and even Salty Paws, a doggie ice-cream parlor.

SUN VALLEY, IDAHO

This year, 1,500 new residents moved to the Sun Valley area and, no surprise, the majority were Californians, Washingtonians and Oregonians. "We've had a big Western influx," said Sue Engelmann, a real estate broker at Berkshire Hathaway HomeServices Sun Valley Properties, adding that the market for US$3 million (and over) homes increased by 247% in 2020. "We're seeing more and more second-home owners deciding to change their residency to Idaho because of the appeal of being out skiing or mountain biking." Culture is a draw here, too, with such offerings as the Sun Valley Museum of Art, the Sun Valley Writers' Conference and the Sun Valley Music Festival. "A 20,000-square-foot home located just 10 minutes from downtown, set on 13 acres, complete with a bowling alley and 13 bedrooms just sold," she said.

From top: Berkshire Hathaway HomeServices Towne Realty; Getty Images

LAS VEGAS, NEVADA

There's way more to offer in this hot market than the slots and tables on the Strip. There's much land to be had in Northwest Las Vegas, and the region is only getting more popular with buyers from around the country, due to scenic beauty and the fact that there's no state tax here. These are some of the reasons Las Vegas is having another record-breaking year, said Mark Stark, CEO of Berkshire Hathaway HomeServices Nevada Properties. "Frankly, in our luxury market, every area is hotter than hot," he said. Popular right now, especially among California transplants: homes in planned communities like Anthem, Summerlin, Seven Hills and MacDonald Highlands. "What you can get here for US$1.5 million and above still shocks people from California," Mr. Stark said.

PUERTO CANCÚN, MEXICO

There are newly built homes for sale in each of the 20 gated residential areas of Puerto Cancún, according to a recent report on the man-made coastal development, which is located in the city of Cancún on the Yucatan Peninsula. Almost all the SLS Cancún Hotel & Residences in Puerto Cancún have been sold off-plan (around 80%), said Luis Mirabent, CEO of Berkshire Hathaway HomeServices Cancun Properties. Completed next year, SLS Cancún apartments start at an average of US$729 per square foot and have clean, modern lines, ocean views, a pool, a state-of-the-art gym, and interiors by Italian designer Piero Lissoni. The residential area of Puerto Cancún itself has modern steel-and-glass houses, residences costing between US$2.5 million and US$12 million, a golf course, a full-service marina, and a clubhouse with a spa and ocean views. It's popular with second-home buyers (60% Mexican; 40% from the U.S.'s East Coast) who choose Puerto Cancún for its modern lifestyle amenities and coastal setting.

BRANDENBURGER VORSTADT, POTSDAM, GERMANY

Potsdam's Brandenburger Vorstadt is a "very popular area" due to its amenities, direct railway service to Berlin, relaxed pace of life and competitive house prices, said Birgit Arntz-Reathi of Berkshire Hathaway HomeServices Rubina Real Estate in Berlin. It has leafy streets, period townhouses and is nestled beside Sanssouci Park, which has a rococo castle of the same name (also known as the "Versailles of Germany") and sprawling green space. The countryside-set city, described as a "raw diamond" by Ms. Arntz-Reathi, lies just outside Berlin and has a UNESCO World Heritage-listed complex of palaces and parks and a high-tech business hub. Its "Silicon-Valley-in-the-making" Potsdam Science Park is home to prominent research institutes and, together with more than 30 companies and start-ups, created the "Campus of the Future" in Potsdam-Golm. More than 12,500 people work in this hub, and that number is constantly growing, Ms. Arntz-Reathi said. Potsdam, the capital of Brandenburg state, has 178,668 residents, a number set to increase to 220,000 by 2023. Its growing success has put upward pressure on house prices, which have risen to €4,171 per square meter, up from €2,693 per square meter in 2017.

SANT CUGAT DEL VALLES, BARCELONA, SPAIN

The affluent monastery town of Sant Cugat, on the outskirts of Barcelona, has seen an upsurge in buyer activity and interest, thanks to those seeking space, said David Rosel of Berkshire Hathaway HomeServices Spain. It offers new and modern properties at more affordable prices than the Spanish coastal city, as well as good intercity transport links and amenities. Sant Cugat, which lies beside mountainous Collserola Park, is regarded as a suburb of Barcelona because of its proximity to the city (10 miles) and its shopping area. Other popular spots are the municipality of Molins de Rei (11 miles) and the coastal town of Sitges (28 miles). "Usually, the buyer profile in these towns is quite varied, but now it is mainly families with children and older couples from Barcelona looking for a permanent residence," Mr. Rosel said.

From left: Berkshire Hathaway HomeServices Cancun Properties; Getty Images (3)

BAIXA, PORTO, PORTUGAL

There is "extreme" demand for properties at the northern end of Porto's buzzing downtown area, or Baixa, and the neighboring area of Cedrofeita, said Andrés Jennings, of Berkshire Hathaway HomeServices Portugal Property. Home to Porto City Hall, it has a bar, restaurant and art-gallery scene, the historic and soon-to-be upgraded Bolhao farmers' market, as well as palaces and mansions that were built by the nobility in the 19th century and are now attracting overseas investment from the U.S. and Israel. These once-abandoned grand buildings are being renovated and returned into homes or being converted into boutique apartment developments. Baixa and Cedrofeita have seen 10% year-on-year price growth since 2014, the year Porto started to see increasing levels of tourism, Mr. Jennings said. "Porto is an up-and-coming city that appeals to people seeking a relaxed and unpretentious place to live, and there is plenty to develop here," he added.

SAN MIGUEL DE ALLENDE, MEXICO

The picturesque, colorful Mexican hillside town of San Miguel de Allende, set 53 miles from Mexico City, has been popular for older buyers and retirees from the U.S. and Canada, according to Greg Gunter of Berkshire Hathaway HomeServices Colonial Homes San Miguel. Within walking distance of the Jardin, San Miguel's town square, the neighborhoods of Guadaloupe and San Antonio appeal because they're in flat terrain and have traditional three-bedroom houses—some of which are renovated—for under US$350,000, and prices rarely exceed US$650,000. The Zona Centro, being in the heart of things, remains popular and the town's most expensive spot, with prices ranging between US$500,000 and US$3 million. Following two years of price falls from a peak in 2018, buyers are returning, motivated to enhance their lifestyle, Mr. Gunter said.

COLLI PIACENTINI, NEAR MILAN, ITALY

The hilly, wine-growing area of Colli Piacentini is a new hotspot among wealthy buyers from Milan, with the likes of the fashion-house family Etro and Italian entrepreneur Jody Vender investing there, according to Marcus Benussi of Berkshire Hathaway HomeServices MAGGI Properties Agency. "The Piacentini hills are like Tuscany, but without the crowds," he said. "The area has a low-key feel and offers plenty of privacy. You never see people around, but you may spot the odd helicopter coming from Milan flying overhead." It's just an hour and a half south of Milan, an hour and a half from Florence and two hours by car from the Cinque Terre coastal villages. The area has many castles, great wines, excellent local cuisine, wild countryside and good horse-riding opportunities as well as a wide range of homes, from unmodernized houses costing €30,000, to €20 million castle estates with pools, helipads and vineyards.

HAMILTON, ONTARIO, CANADA

From January 2021 to June 2021, Hamilton had 36 sales over C$2 million, with the average costing C$2.6 million (and taking an average of 36 days to sell), representing a 41.6% increase on the previous year. The Ontario city has a growing food scene, with big-name Toronto-based chefs making the move out to this urban center, as well as two top universities (McMaster and Brock) and a downtown core and waterfront area seeing new residential, commercial and education building developments coming to the market in the next 12 months, said Kassaundra Dobson of Berkshire Hathaway HomeServices Toronto Realty. She added that the pandemic has made more luxury buyers comfortable with moving away from downtown Toronto where their offices are based. "The GO Train journey from Hamilton to Toronto is an hour, making it an ideal location for those looking to get away from the big city," she said. Another draw for property purchasers further outside the core is land values, since a budget of C$2 million–plus would go a lot further and afford more land or more square footage than equivalent spending in Toronto.

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