

COLDWELL BANKER PREVIEWS INTERNATIONAL®  
LUXURY MARKET REPORT  
2014 EDITION II



## TABLE OF CONTENTS

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Foreword	<b>03</b>
High-Net-Worth Consumers and Real Estate	<b>04</b>
The Previews® Top 20: ZIP Codes and Cities for Luxury Sales and Listings	<b>06</b>
Domestic Overview: Atlanta	<b>10</b>
Domestic Overview: New York	<b>12</b>
International Spotlight: Dubai	<b>15</b>
Previews by the Numbers	<b>17</b>
Disclaimers	<b>18</b>



A comprehensive look  
at luxury real estate.

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## FOREWORD

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**BUDGE HUSKEY**

PRESIDENT & CHIEF EXECUTIVE OFFICER  
COLDWELL BANKER REAL ESTATE

The one constant in luxury real estate is change. Change has arrived in many forms over the last decade: a movement from local to global marketing, increased reliance on technology, social media and shifts in consumer preferences. In this edition of the Luxury Market Report, we examine change in the context of:

- America's top cities and ZIP codes for luxury home listings and sales
- Market activity in Atlanta, New York and Dubai
- How ultra-wealthy consumers view real estate

The shifts happening locally and globally point to a robust luxury housing market. You can especially see that change in the lists of top 20 U.S. cities and ZIP codes for luxury home listings and sales on page 6. In fact, four out of the top five U.S. cities—including San Francisco, Los Angeles, San Jose and Houston—were up by double digits.

If you would like a more in-depth look at *why* these cities might be demonstrating strength, the Wealthy Consumer Survey on page 4 could shed some light. Certainly, you'll get a new picture of modern luxury homebuyers, and they are highly interested in acquiring real estate, not to mention tech-savvy and geographically mobile. This is especially true among younger generations; in fact, a majority of those under the age of 35 say that lifestyle considerations—as opposed to location—continue to drive their choices to buy.

This phenomenon has only just begun to play out in Atlanta, where a post-recession real estate recovery is underway. We examine the city's luxury renaissance on page 13. Dubai is experiencing a similar post-recession resurgence, which we also explore on page 15.

All of these changes hint at a future that is open for expansion. New luxury epicenters are emerging all the time. This year, it was California's Silicon Valley. Will mountain towns like Aspen and Park City—with all of their outdoor activities and culture—be the world's next luxury hotbeds? Or what about island destinations like Honolulu or Kailua, with their white sandy beaches? In five years, what will our top city lists look like? It will certainly be interesting to watch. You can bet that members of the **Previews**<sup>®</sup> program will be right here, delivering the same caliber of insight and analysis as we do today.



**GINETTE WRIGHT**

VICE PRESIDENT OF LUXURY MARKETING  
COLDWELL BANKER  
PREVIEWS INTERNATIONAL/NRT



# HIGH-NET-WORTH CONSUMERS AND REAL ESTATE

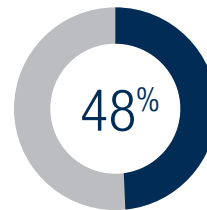
## RESEARCH AND INSIGHTS INTO PREFERENCES AND BEHAVIOR

The booming market for high-end U.S. residential real estate shows no signs of cooling, according to a survey of ultra-wealthy U.S. consumers with a net worth of at least \$5 million, conducted on behalf of the **Coldwell Banker Previews International®** program and the Luxury Institute. The survey reveals trends in intent to buy, age and gender demographics, a shifting preference toward lifestyle, desired amenities and the influence of social media.

### Youngest Buyers Most Likely to Make Large Purchase

Nearly half (48%) of all respondents say that they plan to purchase a luxury home in the next 12 months, with personal use outpacing investment interest by a three-to-one margin. Purchase intent is far more pervasive among buyers under 35, 81% of whom plan to buy in the coming year. In addition, the youngest buyers are the biggest spenders, paying \$7.8 million on average for their last home, compared to \$6.8 million for buyers between 35 and 44 years of age, \$2.7 million for those between 45 and 64, and \$1 million for buyers 65 and older. Especially eager are women. The percentage of wealthy females contemplating buying rose to 46% from 31% in 2013.

RESPONDENTS PLANNING ON PURCHASING A LUXURY HOME IN THE NEXT 12 MONTHS







### Lifestyle vs. Location, Location, Location

Location is a very important consideration when buying real estate, but for a growing proportion of wealthy buyers—and especially younger ones—it's not everything. With convenient travel options and the ability to work from anywhere becoming more widespread, wealthy buyers are not as tied to any particular geographic area as they were in the past. Just 25% of the under-35 group reports that location dominates their search criteria, but 75% say that lifestyle considerations drive their choice of which home to buy. At the other extreme, 86% of buyers 65 and older say that location is the most potent driver of their next property search.

**YOUNG & RICH**  
A SNAPSHOT OF WEALTHY CONSUMERS UNDER 35

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<b>SPENT \$7.8M ON</b> LAST REAL ESTATE PURCHASE	<b>OPTS TO BUY</b> <b>FOR LIFESTYLE</b> VS LOCATION	<b>WANTS INSTANT</b> <b>GRATIFICATION OF A</b> TURN KEY PROPERTY	<b>SOCIAL MEDIA</b> INFLUENCES CHOICES

CONTINUED

### Most Popular Amenities Sought by the Wealthy

Most ultra-wealthy buyers are not interested in project homes or fixer-uppers, with 58% saying that the instant gratification of a fully built “turn-key” property equipped and ready to move into is more important now than it was three years ago. The tendency to prefer a move-in ready situation is far more pronounced among younger buyers. Nearly three-fourths (72%) of respondents younger than 35 say that buying a home that’s ready to move into has become more important than it was three years ago. Home features that ultra-wealthy buyers find more important today than three years ago are open floor plans (31%), fully automated home environment (25%) and pools (24%). Nearly one in four buyers under age 35 are including safe rooms and garage for four or more cars in their next homes. Almost one-third of all buyers under the age of 45 were demanding “green” or “low-emission” eco-friendly homes—perhaps a sign of the younger generation’s tendency to incorporate social and environmental considerations in their home purchase. The trend is also catching on among the larger group of wealthy buyers, with 21% saying that they want to buy an eco-friendly home, up from 7% in 2013.

**DREAM HOME**  
THE HOUSE WEALTHY  
BUYERS WANT MOST



OPEN FLOOR PLAN      FULLY AUTOMATED      POOL      ECO-FRIENDLY

### Influencing Buyers with Social Media

One rapidly evolving, but not surprising, development is that 29% of all those surveyed report being strongly influenced by social media, and that percentage more than doubles among the youngest buyers. On average, 60% of ultra-wealthy consumers under the age of 35 and 42% of those 35-44 report being influenced in their choice of agent by social media, while only 8% of those 45 and over reported such a strong influence from Facebook, Twitter and other sites.

### Final Outlook

The **Previews**<sup>®</sup> Program and Luxury Institute survey not only reveals a growing appetite for luxury real estate, but a new picture of the modern-day luxury consumer—a consumer who is increasingly mobile, tech-savvy, cash-focused, socially conscious and less concerned with status. These consumers remain attracted to high-end real estate because of a strong perception of value and the urge to upgrade to homes that facilitate the lifestyle they desire. Previews specialists will continue to track their evolving tastes and market sentiments in the future.

### Methodology

On behalf of the **Coldwell Banker Previews International**<sup>®</sup> program, the New York-based Luxury Institute surveyed 506 ultra-wealthy U.S. consumers age 21 or older with minimum gross annual household income of \$200,000 and minimum net worth of \$5 million. According to the 2010 Federal Reserve Board Survey of Consumer Finances, these criteria represent the top 1.5 million (1.2%) of U.S. households ranked by wealth. The survey data have been weighted with respect to gender, age, income and region to match the profile of these households according to Federal Reserve and U.S. Census sources. The complete survey methodology and weighted variables are available at [www.PreviewsInsideOut.com/WealthyConsumerSurvey2014](http://www.PreviewsInsideOut.com/WealthyConsumerSurvey2014).



# LUXURY LISTINGS BY CITY

## U.S. CITIES WITH THE HIGHEST NUMBER OF ACTIVE LUXURY HOME LISTINGS

The **Coldwell Banker Previews International®** program presents America's top cities and ZIP codes for luxury home listings and sales in three distinct price points: \$1,000,000+, \$5,000,000+ and \$10,000,000+.

### \$1,000,000+

City	State	Number of Listings
New York	NY	5,005
Miami	FL	1,185
Miami Beach	FL	897
Los Angeles	CA	770
Brooklyn	NY	731
Fort Lauderdale	FL	729
Naples	FL	712
Atlanta	GA	622
Greenwich	CT	566
Boca Raton	FL	544
Houston	TX	501
Honolulu	HI	493
North Miami Beach	FL	460
Park City	UT	436
Sarasota	FL	365
San Diego	CA	362
Las Vegas	NV	325
Santa Barbara	CA	321
Washington	DC	302
Newport Beach	CA	301

### \$5,000,000+

City	State	Number of Listings
New York	NY	1,573
Miami Beach	FL	218
Greenwich	CT	179
Aspen	CO	129
Malibu	CA	100
Los Angeles	CA	96
Naples	FL	90
Miami	FL	87
Park City	UT	81
Beverly Hills	CA	72
Boca Raton	FL	72
Santa Barbara	CA	69
Fort Lauderdale	FL	62
Brooklyn	NY	59
Rancho Santa Fe	CA	59
Laguna Beach	CA	55
North Miami Beach	FL	49
Palm Beach	FL	46
Honolulu	HI	44
Newport Beach	CA	42

### \$10,000,000+

City	State	Number of Listings
New York	NY	685
Miami Beach	FL	82
Greenwich	CT	51
Aspen	CO	49
Malibu	CA	44
Los Angeles	CA	34
Santa Barbara	CA	33
Naples	FL	28
Beverly Hills	CA	28
Miami	FL	27
Laguna Beach	CA	24
Brooklyn	NY	19
Fort Lauderdale	FL	18
Park City	UT	18
Palm Beach	FL	16
Rancho Santa Fe	CA	15
Key Biscayne	FL	15
Honolulu	HI	15
Boca Raton	FL	14
Newport Coast	CA	14

\*As of August 2014





# LUXURY SALES BY CITY

## U.S. CITIES WITH THE HIGHEST NUMBER OF CLOSED LUXURY HOME SALES

The **Coldwell Banker Previews International®** program presents America's top cities and ZIP codes for luxury home listings and sales in three distinct price points: \$1,000,000+, \$5,000,000+ and \$10,000,000+.

### \$1,000,000+

City	State	Number of Sales
San Francisco	CA	2,485
Los Angeles	CA	2,170
New York	NY	2,145
San Jose	CA	1,119
Houston	TX	981
Chicago	IL	972
Naples	FL	964
Miami	FL	933
San Diego	CA	927
Washington	DC	878
Dallas	TX	722
Miami Beach	FL	699
Boston	MA	638
Seattle	WA	636
Santa Barbara	CA	594
Honolulu	HI	589
Newport Beach	CA	582
Scottsdale	AZ	577
Atlanta	GA	544
Austin	TX	506

### \$5,000,000+

City	State	Number of Sales
New York	NY	205
Beverly Hills	CA	104
Los Angeles	CA	98
San Francisco	CA	74
Miami Beach	FL	63
Naples	FL	57
Greenwich	CT	55
Aspen	CO	50
Atherton	CA	44
Santa Barbara	CA	39
Malibu	CA	38
Palm Beach	FL	28
Laguna Beach	CA	28
Boston	MA	28
Boca Raton	FL	26
Burlingame	CA	25
Pacific Palisades	CA	25
Dallas	TX	23
Newport Beach	CA	23
Newport Coast	CA	21

### \$10,000,000+

City	State	Number of Sales
New York	NY	58
Beverly Hills	CA	28
Los Angeles	CA	25
Miami Beach	FL	17
Aspen	CO	16
Greenwich	CT	14
Atherton	CA	14
Santa Barbara	CA	10
Malibu	CA	8
Palm Beach	FL	7
Laguna Beach	CA	6
Kailua Kona	HI	6
Naples	FL	6
San Francisco	CA	6
Honolulu	HI	5
La Jolla	CA	4
North Miami Beach	FL	4
Burlingame	CA	4
Pacific Palisades	CA	4
Pebble Beach	CA	3

\*As of August 2014



## LUXURY LISTINGS BY ZIP CODE

### U.S. ZIP CODES WITH THE HIGHEST NUMBER OF ACTIVE LUXURY HOME LISTINGS

The **Coldwell Banker Previews International®** program presents America's top cities and ZIP codes for luxury home listings and sales in three distinct price points: \$1,000,000+, \$5,000,000+ and \$10,000,000+.

#### \$1,000,000+

ZIP Code	City	State	Number of Listings
10021	New York	NY	496
33160	North Miami Beach	FL	460
10022	New York	NY	450
10011	New York	NY	354
33139	Miami Beach	FL	351
10019	New York	NY	311
10023	New York	NY	305
06830	Greenwich	CT	299
06880	Westport	CT	292
10024	New York	NY	280
06831	Greenwich	CT	267
06840	New Canaan	CT	265
81611	Aspen	CO	263
10013	New York	NY	246
90265	Malibu	CA	240
84060	Park City	UT	236
10128	New York	NY	235
33140	Miami Beach	FL	224
92651	Laguna Beach	CA	222
20854	Potomac	MD	216

#### \$5,000,000+

ZIP Code	City	State	Number of Listings
10021	New York	NY	195
10011	New York	NY	156
81611	Aspen	CO	129
10023	New York	NY	124
10013	New York	NY	122
33139	Miami Beach	FL	110
10022	New York	NY	104
90265	Malibu	CA	100
06831	Greenwich	CT	93
10065	New York	NY	89
10024	New York	NY	87
06830	Greenwich	CT	86
10128	New York	NY	77
10014	New York	NY	72
90210	Beverly Hills	CA	72
10019	New York	NY	72
84060	Park City	UT	71
10028	New York	NY	64
10012	New York	NY	58
34102	Naples	FL	58

#### \$10,000,000+

ZIP Code	City	State	Number of Listings
10021	New York	NY	91
10023	New York	NY	79
10065	New York	NY	53
10011	New York	NY	52
10013	New York	NY	49
81611	Aspen	CO	49
90265	Malibu	CA	44
33139	Miami Beach	FL	41
10024	New York	NY	41
10022	New York	NY	40
10014	New York	NY	37
06831	Greenwich	CT	34
10003	New York	NY	30
10019	New York	NY	29
10028	New York	NY	28
90210	Beverly Hills	CA	28
93108	Santa Barbara	CA	27
10075	New York	NY	27
34102	Naples	FL	25
92651	Laguna Beach	CA	24

\*As of August 2014





## LUXURY SALES BY ZIP CODE

### U.S. ZIP CODES WITH THE HIGHEST NUMBER OF CLOSED LUXURY HOME SALES

The **Coldwell Banker Previews International®** program presents America's top cities and ZIP codes for luxury home listings and sales in three distinct price points: \$1,000,000+, \$5,000,000+ and \$10,000,000+.

#### \$1,000,000+

ZIP Code	City	State	Number of Sales
94010	Burlingame	CA	404
90266	Manhattan Beach	CA	369
92037	La Jolla	CA	348
90272	Pacific Palisades	CA	334
92660	Newport Beach	CA	319
94025	Menlo Park	CA	316
92651	Laguna Beach	CA	314
95014	Cupertino	CA	306
90049	Los Angeles	CA	303
95070	Saratoga	CA	301
90210	Beverly Hills	CA	295
95120	San Jose	CA	292
33160	North Miami Beach	FL	273
94087	Sunnyvale	CA	273
33139	Miami Beach	FL	272
06880	Westport	CT	272
94941	Mill Valley	CA	270
92130	San Diego	CA	269
94539	Fremont	CA	269
34102	Naples	FL	268

#### \$5,000,000+

ZIP Code	City	State	Number of Sales
90210	Beverly Hills	CA	104
81611	Aspen	CO	50
94027	Atherton	CA	44
90049	Los Angeles	CA	40
90265	Malibu	CA	38
34102	Naples	FL	37
93108	Santa Barbara	CA	32
06830	Greenwich	CT	30
33480	Palm Beach	FL	28
92651	Laguna Beach	CA	28
90077	Los Angeles	CA	27
06831	Greenwich	CT	25
94010	Burlingame	CA	25
90272	Pacific Palisades	CA	25
33139	Miami Beach	FL	24
10013	New York	NY	22
10014	New York	NY	21
92657	Newport Coast	CA	21
10580	Rye	NY	21
10021	New York	NY	20

#### \$10,000,000+

ZIP Code	City	State	Number of Sales
90210	Beverly Hills	CA	28
81611	Aspen	CO	16
94027	Atherton	CA	14
90077	Los Angeles	CA	11
06831	Greenwich	CT	11
93108	Santa Barbara	CA	10
90049	Los Angeles	CA	9
10013	New York	NY	8
90265	Malibu	CA	8
33480	Palm Beach	FL	7
10021	New York	NY	7
10014	New York	NY	7
33139	Miami Beach	FL	6
10011	New York	NY	6
33140	Miami Beach	FL	6
92651	Laguna Beach	CA	6
96740	Kailua Kona	HI	6
34102	Naples	FL	6
10003	New York	NY	5
10023	New York	NY	5

\*As of August 2014



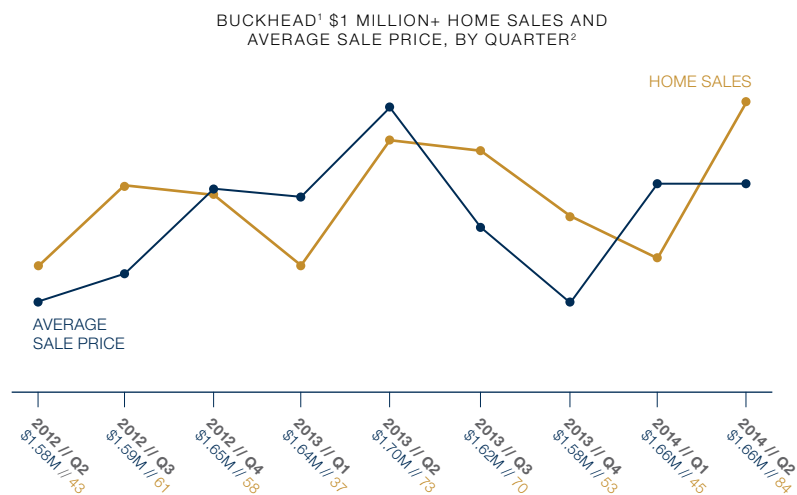
# DOMESTIC OVERVIEW: ATLANTA

For more than a century and a half, Atlanta has thrived as a commercial and cultural hub of the South, perennially attracting a large influx of new residents drawn to the city’s opportunity and lifestyle. Today, Atlanta is home to some of the nation’s largest companies, including Coca-Cola, UPS and Delta Air Lines, and it also has a thriving community of legal, financial and other well-compensated service professionals. With this demographic and economic foundation, Atlanta is also home to significant amounts of wealth and a vibrant market for high-end real estate.

## Rebound after Recession

After a period of dormancy during and immediately after the recession, Atlanta’s market for homes selling for \$1 million or more is experiencing a robust recovery, both in number of homes sold and selling prices.

“At one point, Atlanta was probably the second-worst market in the country behind Phoenix, but that’s changed, and now we are seeing multiple offers come in on many of our properties,” says Charlotte Sears, president of Coldwell Banker Residential Brokerage in Atlanta. “We knew we were headed for a nice recovery when we saw people who owned million-dollar homes put them on the market. Sellers wanted to get on with their lives and buyers were looking for a good bargain, and since prices hadn’t fully recovered, it made for really good buys.”



## Investors Spot Opportunity

Sears notes that depressed prices attracted interest from institutional investors, who bought up homes and tightened inventory. “That pushed prices up a little bit; then, the second wave of the recovery was driven by smaller ‘buy and flip’ investors, who took away more inventory, and prices picked up again,” says Sears, adding that corporate relocations to the area and job growth from area employers are helping to boost the current market.

1. Buckhead is defined for analysis purposes as homes located in Atlanta ZIP Codes 30305, 30326 and 30327. Part of ZIP Code 30327 falls outside of the neighborhood boundary.  
2. Data provided by Real Data Strategies, Inc.

CONTINUED

### **Intense Interest in Buckhead**

The hottest neighborhood for luxury real estate in Atlanta right now is the Buckhead community just north of Downtown, which has long been a destination for shopping, dining and entertainment, as well as fine homes. Within Buckhead's prestigious 30305 ZIP code, sales of homes priced above \$1 million tripled in the second quarter of 2014 from the same period in 2012, (which was a low point), and rose 65% from last year. With an average selling price of \$1.85 million, luxury home prices are up 27% in the past two years and 5% higher than in 2013.

Helping to drive interest in Buckhead is Buckhead Atlanta, a large mixed-use development by San Diego developer OliverMcMillan opening this fall. The destination will have 28 restaurants and luxury retailers, including marquee names like Helmut Lang, Hermès and Christian Louboutin.

Outside of Buckhead, there is also strong interest in the Sandy Springs, Dunwoody and East Cobb areas northwest of Downtown. Outside of the Interstate 285 perimeter highway, Alpharetta is also surging as luxury home enclave.

### **Room to Run Higher**

Atlanta's high-end market has potential to continue its run, given the demand and the prices that are still low by national standards.

"We did not have the unbelievable run-ups in prices that California or Florida had," says Sears. "We've always been a good value, even at the height of the market, and now Atlanta is more active than ever because of suppressed demand."





## DOMESTIC OVERVIEW: NEW YORK

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New York is known as the city that never sleeps, and the same could be said for its red-hot luxury real estate market. Feverish demand at the high end continues to send prices sharply higher on a year-over-year basis. Inventory is also rising, creating market conditions consistent with a seller's market. However, buyers still have some negotiating power as long as they know where to look.

### **Putting Numbers on Market Tightness**

Generally, it is true that sellers can command premium prices in the city. However, the degree of negotiability varies widely across neighborhoods. This is driven primarily by the ratio of listings to sales, according to Pat Veling, founder and president of research firm Real Data Strategies. That is why he created two useful numerical scores of sellers' pricing power: active inventory factor and active list price factor. The active inventory factor is the ratio of listings to sales, with higher numbers suggesting more leverage for buyers. The active list price factor is the average listing price divided by the average selling price. Higher numbers indicate that sellers may be too optimistic on asking prices.

"The idea is to identify which local markets have the greatest-to-weakest demand relative to supply, and which local markets have sellers with homes more realistically priced," says Veling. "In a perfect world, a buyer would match his or her lifestyle and location interests to those markets that show the highest levels of seller motivation and most realistic price expectations—that is, those with a high inventory factor and a low list price factor."

However, there are exceptional properties in all markets that only a few buyers can afford. It's hard to imagine, but in Manhattan, the list price benchmark for those properties is \$50 million. Homes at these list prices often sell for cash, are typically full- or multi-floor units in the most upscale buildings and come with priceless views of the city or Central Park that cannot ever be replicated. They also become available so seldom that their transfer values are typically determined entirely by the seller and the buyer, and not by a lender who would value mortgage collateral more objectively through an appraisal. So, in order to create analysis results that are valuable to the largest number of potential buyers, those listed properties priced at \$50 million or above have been excluded from the analysis.

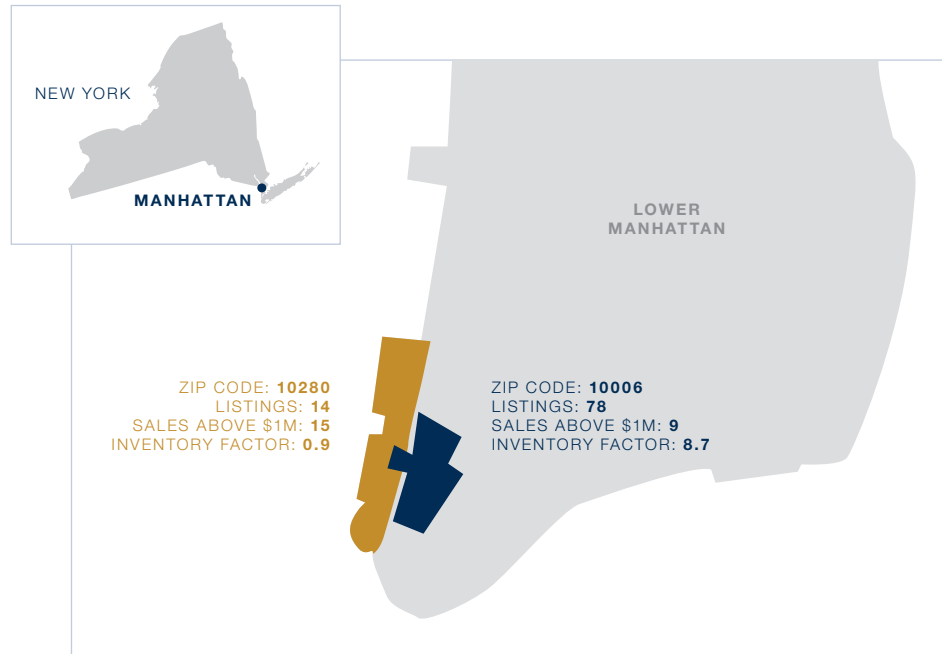
"That way, the property and pricing characteristics of these truly exceptional properties do not skew the average list or sale prices to values that far exceed the normal values of nearby properties," explains Veling. "This type of analysis is an art form, as much as it is a science. This context adds value and better understanding to our results."

### **Tale of Two Downtown Markets**

Buyers may have room to negotiate on properties in the 10006 ZIP code near the World Trade Center, west of Broadway and east of the West Side Highway. With 78 listings and nine sales above \$1 million in the second quarter, this downtown neighborhood has the highest inventory factor of 8.7, meaning that there may be an abundance of available properties relative to recent sales volume.

Just a few blocks can make a big difference, however, when you are looking at market tightness. Battery Park City in the 10280 ZIP code, just west of the gleaming new Freedom Tower at the World Trade Center, has a small supply relative to sales for all neighborhoods. With 15 sales and 13 listings between \$1 million and \$50 million, Battery Park City has the lowest inventory factor of 0.9.

CONTINUED



### Room to Maneuver

Buyers may find more flexibility in the East Village and Stuyvesant Town. Sellers of million-dollar real estate in the 10009 ZIP code appear to be looking for prices substantially higher than most buyers have been willing to pay. With an average listing price of \$5.78 million and average selling price of \$1.45 million, this funky and chic neighborhood sports a high list price factor at 4.0.

However, buyers may find more for their money in the resurgent parts of Harlem, from the northern border of Central Park up to 120th Street. The 10026 ZIP code boasts a low list price factor at 1.2. Although the average listing price was \$1.9 million in the most recent period, the average selling price was \$1.57 million.

### TriBeCa Tops Priciest Neighborhoods, Bargains in Harlem

Even after taking these factors into consideration, you will still pay a premium if you want to live downtown. Manhattan's highest prices for homes selling for at least \$1 million in the second quarter were in the 10013 ZIP code, which includes the fashionable TriBeCa neighborhood, as well as parts of SoHo, Little Italy and the West Village. Here, the average selling price was \$4.1 million, and the volume of sales at 134 was the fourth highest in all of Manhattan. If you're willing to head uptown, you may still find some high-end bargains. The Harlem ZIP code of 10027, for example, had an average selling price of \$1.38 million—the most modest pricing of all of Manhattan's neighborhoods.

Of course, Manhattan offers many other neighborhoods. Whether your preference is Soho, Battery Park City or somewhere in between, the value of Manhattan real estate remains strong. For many, having a Manhattan address is still a dream.

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## ACTIVE INVENTORY FACTOR & ACTIVE LIST PRICE FACTOR, BY ZIP CODE

\$1,000,000+						
ZIP Code	Listing Units	Listing Units Sold	Inventory Factor	Average List Price	Average Sale Price	List Price Factor
10002	25	18	1.4	\$7,816,960	\$1,734,388	4.5
10009	30	7	4.3	\$5,986,067	\$1,451,966	4.1
10038	31	21	1.5	\$4,760,161	\$1,538,381	3.1
10023	270	165	1.6	\$7,110,004	\$2,639,880	2.7
10036	100	39	2.6	\$3,516,940	\$1,474,205	2.4
10065	191	57	3.4	\$7,734,969	\$3,305,755	2.3
10075	98	46	2.1	\$7,170,489	\$3,171,403	2.3
10006	78	9	8.7	\$3,565,744	\$1,629,317	2.2
10016	163	102	1.6	\$3,703,571	\$1,762,214	2.1
10021	466	145	3.2	\$6,702,270	\$3,229,761	2.1
10017	89	33	2.7	\$5,636,169	\$2,734,867	2.1
10011	341	166	2.1	\$6,124,654	\$2,976,864	2.1
10024	252	114	2.2	\$5,132,756	\$2,515,556	2.0
10029	33	13	2.5	\$4,073,333	\$2,042,077	2.0
10128	220	112	2.0	\$4,806,943	\$2,418,288	2.0
10010	105	64	1.6	\$5,523,653	\$2,831,941	2.0
10014	129	94	1.4	\$7,325,845	\$3,840,725	1.9
10028	186	76	2.4	\$5,834,430	\$3,080,039	1.9
10007	96	34	2.8	\$5,302,031	\$2,852,920	1.9
10001	56	37	1.5	\$3,813,625	\$2,072,541	1.8
10012	118	68	1.7	\$6,917,042	\$3,883,187	1.8
10022	404	134	3.0	\$4,490,016	\$2,529,348	1.8
10003	173	104	1.7	\$5,521,185	\$3,140,987	1.8
10013	239	134	1.8	\$7,155,950	\$4,105,537	1.7
10004	39	27	1.4	\$3,717,225	\$2,211,642	1.7
10019	286	104	2.8	\$4,495,727	\$2,776,238	1.6
10027	40	6	6.7	\$2,076,264	\$1,381,667	1.5
10030	11	3	3.7	\$2,111,727	\$1,421,667	1.5
10018	29	22	1.3	\$4,569,534	\$3,257,744	1.4
10282	2	7	0.3	\$3,084,150	\$2,232,857	1.4
10005	100	37	2.7	\$2,059,865	\$1,515,388	1.4
10025	124	83	1.5	\$2,766,431	\$2,102,961	1.3
10026	41	5	8.2	\$1,917,341	\$1,572,000	1.2
10032	9	3	3.0	\$1,785,444	\$1,466,000	1.2
10069	18	5	3.6	\$3,665,500	\$3,196,200	1.1
10031	17	8	2.1	\$2,056,118	\$1,812,750	1.1
10044	2	4	0.5	\$1,224,500	\$1,463,133	0.8
10280	13	15	0.9	\$1,395,154	\$1,757,853	0.8





## INTERNATIONAL SPOTLIGHT: DUBAI

Rising prices and high demand are fueling the Dubai luxury real estate market. The “City of Gold” has been bolstered by strong economic growth, flourishing international tourism and high-end development, according to Hesham El Far, chief executive officer for Coldwell Banker United Arab Emirates.

“Dubai has successfully promoted itself as a luxurious, tax-free city with world-class infrastructure, facilities and services,” says El Far. “The city’s location—being surrounded by a substantial amount of wealth from neighboring oil-rich countries, in addition to having proximity to India, China and Russia—has made it very attractive for international buyers with new money. They like the tax-free policies and safety in Dubai, in addition to having a very healthy yield (average of 6% net) if their properties are not being used.”

### **Robust Retail Drives Real Estate Growth**

High-end retail development has also spurred the buying frenzy. Currently, the city “commands around 30% of the Middle East luxury market and around 60% of the UAE’s luxury market,” according to Bain & Company. The city is already home to Dubai Mall—the world’s largest shopping mall, housing the likes of Valentino and Christian Louboutin. Two recently announced high-end retail establishments will further cement its position as a premier shopping destination: the Mall of the World, a new 48 million-square-foot tourist district on Sheikh Zayed Road, and Akoya Drive, a long shopping strip experience inspired by Rodeo Drive and the Champs-Élysées.

### **Property Prices Rise by Double Digits**

Dubai’s growth phase began in 2012, after the market bottomed in 2011 due to the recession. (Prices in some areas of Dubai were down approximately 60% from the peak.) What followed in 2013 was a sharp upswing.

“We saw a 30% price increase year-over-year in 2013,” says El Far. “This year, we have reached almost pre-crisis peak levels in some areas. The growth rate for 2014 is less, but still expected to be around 10 to 15%.”



CONTINUED

### Discriminating Buyers Demand Discriminating Properties

Such growth has produced an increasingly selective buyer pool, driving much of the city's new luxury development. As a result, today's affluent buyers are "pampered with many choices," notes El Far. One popular enclave in downtown Dubai, Burj Khalifa, is the world's tallest building and offers direct access to the world's largest shopping mall. An average-sized 1,800-square-foot condo in Burj Khalifa costs approximately \$1,500 per square foot, while Armani-serviced condos cost \$1,600 per square foot. On Palm Jumeirah, the world's largest man-made archipelago, an average-sized 6,000-square-foot villa will run about \$900 to \$1,000 per square foot. (Palm Jumeirah villas with private beaches start at \$1,150 per square foot.) Emirates Hills, a luxury gated golf course community, offers an average-sized villa spanning 7,000 square feet at a cost of \$850 to \$1,200 per square foot. In general, luxury condos in Dubai typically range between \$1,000 and \$2,100 per square foot, while luxury (detached) villas range between \$3 million and \$25 million.

"There has been a significant shift toward quality luxury developments in the last five years," says El Far. "Quality is not only limited to the physical attributes of the property, but also with greater focus on services. Many luxury buyers here want a blend of status, image, convenience and functionality. We are seeing the luxury service hotel/residence becoming a key buyer preference."

El Far points to the success of several designer-branded luxury hotel/residences, such as Armani Hotels and Palazzo Versace, as evidence. Affluent buyers "expect to have complete luxury hospitality services, and they can get rental income if they are not using their units themselves in many of these developments," he says.



### The Road to Long-Term Stability

The swift rise of UAE's real estate sector and its reliance on oil-related income have some property experts concerned about speculative demand, but El Far believes most buyers in Dubai are "either long-term investors or end users with less speculative activities." He also points out that the government's new real estate regulations will have a cooling effect on Dubai's overheated market. The regulations include capping the mortgage to 75% of the property value, increasing registration fees and controlling the rental increases as per the market index. Notes El Far, "We consider a slowdown in price increases to be healthier in the long term." For now, however, the luxury residential market in Dubai is still very much aglow.



## PREVIEWS<sup>®</sup> BY THE NUMBERS

Enthusiasm for luxury real estate showed no signs of abating in 2014. Increases were seen across the board, from buyer demand to sales. **Coldwell Banker Previews International<sup>®</sup>** specialists remained at the forefront of many of these milestone listings and sales.

### **Our achievements include:**

- Coldwell Banker Previews International<sup>®</sup> Property Specialists participated in more than 20,000 transaction sides of homes priced at \$1 million or more in 2013.
- On average, Coldwell Banker Previews International<sup>®</sup> Property Specialists handle \$102.7 million in luxury home sales every day.\*
- In 2013, Coldwell Banker Previews International<sup>®</sup> Property Specialists listed nearly 10,000 homes valued at more than \$2 million.
- The 2014 *Wall Street Journal/REAL Trends* "The Thousand" included 147 Coldwell Banker agents and teams who have made the Coldwell Banker<sup>®</sup> brand No. 1 again by generating \$8.6 billion in total sales volume - 56% more than the next highest ranking brand.\*\*



\*Data based on closed and recorded transaction sides of homes sold for \$1 million or more as reported by the U.S. Coldwell Banker<sup>®</sup> franchise system for the calendar year 2013. USD\$; \*\*REAL Trends/The Wall Street Journal – June 2014.



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