

REAL ESTATE

Luxury home value growth outpacing nonluxury for first time since 2019

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The luxury housing market is surging once more. Image credit: Zillow

By ZACH JAMES FOR LUXURY DAILY NEWS SERVICE

According to analysis from real estate marketplace Zillow, high-end homes in the United States are appreciating at greater rates than non-luxury options.

In the five months from February to July 2024, luxury home values outpaced that of the general housing market, marking the first time this type of economic activity has occurred since January 2019, predating Zillow's records. An increase in value could signal an influx of activity within the high-end market, as owners offload properties that previously stagnated in value.

"Luxury homes can be challenging to sell because the pool of buyers is so much smaller; that's one reason prices for them usually grow more slowly," said Anushna Prakash, economic research scientist at [Zillow](#), in a statement.

"We're seeing a different trend play out this year," Ms. Prakash said. "Luxury home buyers are likely less affected by higher mortgage rates than a typical buyer, especially repeat buyers who saw their home equity soar over recent years.

"Many will be able to pay with cash and skip a mortgage payment altogether."

Zillow defines a luxury home as being within the top 5 percent of the most valuable houses in a given region, with an average appraisal of \$1.62 million.

On the upswing

The average value of a high-end property is up nearly 4 percent year-over-year, beating the general market, which rose by 3.2 percent.

Potentially bolstering this phenomenon is the limited availability of luxury homes, with inventory 46.9 percent below pre-pandemic figures, but growing at a rate of 15.7 percent y-o-y.

Luxury Housing Market Report

(Luxury: The most valuable 5% of homes in a given region)



The real estate marketplace believes this trend could continue for the remainder of the year. Image credit: Zillow

Some premium properties are experiencing the opposite of a value increase, with 20.8 percent of luxury listings receiving a price cut in June 2024. This figure still tracks below the general market, which saw nearly a quarter of houses seeking a sale reduce asking prices.

Certain regions are benefitting more from this surge in value, with Richmond, VA seeing the most growth, to the tune of 16.5 percent. Nearly all of the major markets Zillow monitors saw luxury homes appreciate, with only two exceptions.

In New Orleans, values remained completely stagnant. Meanwhile, Austin, Texas saw its high-end homes depreciate by 1.5 percent; this occurrence is a potential signal that the city’s market is normalizing following a pandemic-era boom in housing costs.

Reporting from real estate brokerage Redfin revealed that the closing price of high-end U.S. properties hit record levels earlier this year, with 43.7 percent being purchased with cash ([see story](#)).