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Bonnie Stone Sellers Gives Haute Residence the Inside Scoop on Luxury Real Estate Market Trends

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Luxury market trend questions? Consider them answered.

Christie's International Real Estate just released its quarterly report, *Atlantic Insights*, providing professionals with valuable information on the state of luxury real estate in prominent markets around the globe.

We're here with the scoop from CEO **Bonnie Stone Sellers**, accomplished 30-year industry veteran. With the new year in full effect, Christie's reports growing sales volume in Miami and New York City (key *Haute Living* markets). In 2013, Miami and New York experienced surging luxury sales volume with the help of young millionaires, local

residents and foreign buyers, though pricing in these markets did not break any particular records. Some exclusive properties, however, still make a statement— Just look at NYC's **River House**, priced at \$130M!

With a growing number of world billionaires (roughly 1,426 in 2012) and millionaires (12,000,000 in 2012), there's no doubt that buyers from all parts of the world are participating in the New York and Miami real estate luxury markets...but many are wondering...are international buyers starting to scoop up a larger share?

In your opinion, Bonnie, has there been a significant growth of foreign buyers in the New York and Miami markets in recent years?

It's not clear that there has actually been a significant growth in foreign presence in these markets in 2013. No one actually tracks this, so what I'm telling you is the best anecdotal knowledge that we have.

New York (Manhattan) is a very interesting city. The luxury co-op market (\$1M+) is 70% of the owned market, and that 70% is mostly Americans. The condo market is the other 30%, and about half of that is made up of foreign buyers. So if you think about high-end real estate, international buyers in New York make up about 15% of the overall market. But it's a very prominent 15% because in some of the very high-end condos in New York it is often foreign buyers purchasing homes for as much as \$90M. The percentage probably hasn't changed much, but the public perception based on high contract prices has definitely put this in the forefront. In 2012, the top price in New York for a home was sold to a Russian buyer for \$88M; by comparison, the top price in New York in 2013 was \$42 million.

In Miami, the percentage of foreign buyers is about 35% of the luxury market. Again, not much different from what it was in 2012. The international buyers purchasing in Miami

are a diverse group similar to New York. The biggest foreign buyer group in Miami is from Canada. Buyers are also coming from South America, the UK, Russia, and we're just beginning to see buyers from China and other Asian countries.

While Miami boasts an average of \$612 per square foot (2013), New York will run you about \$1,203 per square foot (2013).



How do you perceive the future of square footage? Is the trend to go larger or smaller?

We're seeing in some of the very high-end, ultra-luxury buildings, that space is becoming more generous and that extraordinary amenities are being built into the apartments and homes. In order to achieve the mega prices, buyers require gracious living spaces and concierge-type services such as doormen, gyms, pools, spas, theaters, roof gardens and hotel-like services such as catering.

Do you see the mortgage industry affecting the high-end real estate market in New York and Miami?

All-cash buyers dominate today's high-end purchases. In many cities, there are no mortgages in this type of sale (that's not to say that financing might not be done privately with a banker or an alternative financing source). In Miami's luxury sphere, 70% of the buyers are all cash. New York also has a high percentage of all cash buyers, so really the mortgage market does not play a part. If interest rates went up a bit, it's unlikely it would play a material role in the strength of the luxury market.

Apart from valuable luxury market data, we also took a moment to ask about Christie's key to a happy client.

How does Christie's International Real Estate retain clients for not just one transaction, but also a lifetime?

Christie's International Real Estate is a network of brokerages at the top of their markets around the world. We have in our network 138 different companies; we're located in 44 countries and have 25,000 agents in 900 locations. Christies itself has a 265-year-old history of serving high net worth individuals around the world. The Christie's culture is imbued with integrity, trust and discretion. These are the qualities that high net worth clients value, and in order to retain them you need expertise and a high degree of trust.

There's another aspect of client service that applies to all professional services, and that's to bring a standard of excellence and to make the client feel like they are the only one!

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