

May 14, 2018



Redfin Report: Shrinking Supply Sends Prices for Luxury Homes Up Nearly 8 Percent in First Quarter

Number of Luxury Homes for Sale Fell 20 Percent, Marking Four Consecutive Quarters of Inventory Declines

SEATTLE, May 14, 2018 /PRNewswire/ -- (NASDAQ: RDFN)-- Luxury home prices in the first quarter of 2018 rose 7.9 percent compared to last year, to an average of \$1.8 million, according to the [latest report](#) from Redfin (www.redfin.com), the next-generation real estate brokerage. The analysis tracks home sales in more than 1,000 cities across the country and defines a home as luxury if it is among the top 5 percent most expensive homes sold in the city in each quarter. The average price for the bottom 95 percent of homes was \$330,000, up 7.5 percent compared to a year earlier.



The strong price growth for luxury homes is due to decline in supply that has persisted since the second quarter of 2017. The number of homes for sale priced at or above \$1 million fell 20.4 percent in the first quarter compared to a year earlier, while the number of homes priced at or above \$5 million dropped 19.2 percent.

The inventory shortage in the luxury market is newer and somewhat less severe than the inventory shortage for more affordable homes. The number of homes for sale priced below \$1 million has been in decline since the third quarter of 2015 and fell 22.8 percent in the first quarter compared to last year.

Competition for luxury homes is also escalating. The average luxury home that sold last quarter went under contract after 82 days on the market, nine days faster than the same period last year. While only 1.5 percent of luxury homes were bid up over the asking price, that's up from 1.3 percent in the first quarter of 2017.

"For the first time since changes to the tax code went into effect, luxury buyers could no longer deduct more than \$10,000 in state and local property taxes or interest for mortgages over \$750,000. In a world of balanced supply and demand these changes would have dampened price growth. Instead, this quarter saw the strongest luxury price appreciation in four years, demonstrating that the current inventory crunch is extremely broad-based and affects buyers at every price range," said Redfin chief economist Nela Richardson.

Q1 Market Summary	Luxury Market (Top 5%)	Rest of Market (Bottom 95%)
Average Sale Price	\$1.80 million	\$330,000
Average Sale Price YoY	+7.9%	+7.5%
Average Sale Price QoQ	+2.6%	-0.6%
Average Days on Market	82	63
Days on Market YoY	9 days faster	8 days faster
Percent of Homes that Sold Above List Price	1.5%	22%

Several cities in Florida and Nevada saw strong luxury price growth in the first quarter. In Vero Beach, Florida, the average sale price for a luxury home soared 68 percent over last year to \$2.65 million. The early January sale of a \$17.5 million property likely played a role in driving up the average sale price in Vero Beach.

Luxury home prices were up 51.3 percent in Reno, 26 percent in Las Vegas and 22.4 percent in Henderson, a Las Vegas suburb.

Jaime Moore, a Redfin agent in Reno, said, "We're seeing an influx of buyers from high-cost areas such as Seattle, San Francisco and Southern California. Some come for retirement and the low taxes, others for tech jobs at companies like Tesla, Amazon and Switch. More companies are relocating here as the cost of living for the average employee has gotten too high in other cities. This is all leading many buyers to our area with larger pocketbooks than we have seen in the past and bidding wars and prices are reflecting that demand."

Some cities saw luxury home prices decline in the first quarter. The average price for a luxury home fell furthest in Long Beach, California, down 26.1 percent year over year last quarter. Prices for high-end properties also fell in Washington, D.C. (-9.6%), Fort Lauderdale (-7.3%) and Clearwater (-4.5%).

To read the full report, complete with city-specific data and charts, as well as a list of the 10 highest-priced home sales in Redfin markets in the first quarter, visit:

<https://www.redfin.com/blog/2018/05/shrinking-supply-sends-prices-for-luxury-homes-up-nearly-8-percent-in-first-quarter.html>

About Redfin

Redfin (www.redfin.com) is the next-generation real estate brokerage, combining its own full-service agents with modern technology to redefine real estate in the consumer's favor. Founded by software engineers, Redfin has the country's #1 brokerage website and offers a host of online tools to consumers, including the [Redfin Estimate](#), the automated home-value estimate with the industry's lowest published error rate for listed homes. Homebuyers and sellers enjoy a full-service, technology-powered experience from Redfin real estate agents, while saving thousands in commissions. Redfin serves more than 80 major metro areas across the U.S. The company has closed more than \$60 billion in home sales.

For more information or to contact a local Redfin real estate agent, visit www.redfin.com. To learn about housing market trends and download data, visit the [Redfin Data Center](#). To be added to Redfin's press release distribution list, [subscribe here](#). To view Redfin's press center, [click here](#).

[report-shrinking-supply-sends-prices-for-luxury-homes-up-nearly-8-percent-in-first-quarter-300647434.html](https://www.redfin.com/news/report-shrinking-supply-sends-prices-for-luxury-homes-up-nearly-8-percent-in-first-quarter-300647434.html)

SOURCE Redfin