

Spring NEWSLETTER

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OVERSEAS REVIVAL AND THE RESURGENT OFF- MARKET

They're back.

The trickle of international buyers who had been tentatively returning to US shores to seek a home has become a flood.

Buyers from China and Europe have been snapping up properties across America's prime cities at a frenetic pace since mid-December.

Overseas buyers account for about 40 per cent of our business right now, higher than the 30 per cent pre-pandemic.

This resurgence comes amid some ambiguity in markets, with the dynamics of supply and demand appearing particularly idiosyncratic.

Demand is visible and tentatively growing, but supply isn't so straightforward: new listings priced attractively are being snapped up in days, usually in the extremely busy off-market trade, but existing inventory is stickier, with sellers angling for buoyant prices that buyers, now facing higher borrowing costs, are less willing to meet.

In the perpetual tussle between buyers and sellers, buyers still have the upper hand, but persistent supply constraints could see that switch.



NEW YORK

DEAL-HUNGRY NEW YORK

Buyers are undoubtedly in the mood in New York, with the market roaring back to life at rapid fire pace.

The market's recalibration in the second half of 2022 clearly ended just ahead of the holidays, meaning the usual seasonal slowdown turned into a festive flurry, and the luxury market hasn't stopped for a breather since.

Encouragingly, deal volume remains compelling, but again, it's the newest listings that are flying off the shelf, and often off-market.

This means the broader inventory isn't being refreshed, partly caused by sellers not wanting to have to refinance at rates as high as 7% for a 30-year deal compared to the 2-3% they likely have now.

But for sellers engaging with the market, the dynamics are notable, with negotiability (the difference between the original and final asking prices) putting discounts on Manhattan homes priced at \$4m and above at an average of 8% for the first two months of the year.

Discounts averaged 5% last year, and hit an annual record of 9% in 2021, according to the Olshan Report.

With few new projects in the pipeline, though, after banks' reticence towards the construction sector throughout the pandemic, buyers might not have such a strong upper hand for too much longer.



FLORIDA

MIAMI TAKES A BREATH... KINDA

Miami is beginning to come back to Earth, and that isn't a bad thing.

With real estate during the pandemic rocketing through the stratosphere at a pace any space-bound tech entrepreneur would be envious of, it's no wonder prices are stabilizing now.

Some property owners have seen the value of their homes double in around four years, as the fervour for larger homes with more outside space by the beach reached epic proportions amid the pandemic.

Deals are still happening in what remains an undeniably desirable city, but the pace of them is slowing as some buyers begin to question whether prices are too white-hot.

That being said, the right projects continue to captivate buyers with the Shore Club Private Collection, where the Eklund|Gomes team is part of the sales and marketing. This project is performing quite well.

The new 200-ft tall tower, the first ocean front residential building designed by Robert A.M. Stern Architects, will feature 49 sublime residences and sit adjacent to the original Shore Club, which will become part of the Auberge Resorts Collection with 75 suites.



CALIFORNIA

AN ORANGE COUNTY RESURGENCE

The draw of the coast is palpable in Los Angeles, too, with Orange County experiencing a visible renaissance.

Angelinos are realizing that the OC's big homes and beautiful lifestyle are looking attractively priced compared to properties in their own city.

Orange County's proximity to LA is a vital factor, as the hour's drive between the two means that it's easy to keep links in both places at once.

Nevertheless, LA is heavily sought-after by international buyers, and there's particularly pent-up demand from Asia, where pandemic lockdowns were released later than the West, meaning their post-Covid boom is just getting started.



TEXAS

THE AUSTIN OPPORTUNITY

This might be hard to believe, but you can actually see some listings in Austin now.

The pandemic darling, much like Miami, witnessed unprecedented demand to such a scale that buyers were outbidding each other at lightning pace for plots where existing properties had to be knocked down and rebuilt from scratch.

Finally, the city's real estate market is recalibrating, something that is undoubtedly beneficial for the city in the long term.

Some people might think the decision by Facebook-owner Meta not to occupy what will be Austin's tallest building when it opens next year might have knocked the city'schutzpah slightly, but this could be an opportunity for shrewd buyers.

Austin remains a fantastic city, and buying in a place where irrationality has ended yet desirability remains could be a compelling option.

Our confidence in the city is evident in our new project, **Four Seasons Lake Austin**, which is the brand's first ever development that solely features private residences, and whose services and amenities push every boundary.



ROLLING WITH THE PUNCHES

Regardless of the trends within individual markets, one thing is clear: buyers and sellers remain resilient.

The fears of 2022 – upcoming midterm elections, war in Ukraine, rising interest rates, and more rapidly rising inflation – haven't all gone away, but they've been internalized and so are less unsettling.

While buoyant overseas interest and off-market deals might be partly counteracted by the reticence domestic buyers have due to mortgage rates, there's a steadiness to markets, which could present opportunities for those willing to see them.



Keep Well!

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