



Engel & Völkers Trend Report

The Luxury Home Market



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Introduction

Many North Americans have begun feeling the effects of an economic downturn, with the housing market starting to feel the impact and reverting back to more normalized conditions and, in some cases, a cool down after more than two years of unprecedented market conditions. While real estate professionals continue to navigate through the balance of price changes, interest rates, and the continuous need for individuals to buy and sell, the luxury market is taking on new life.

Engel & Völkers Americas conducted exclusive market research of likely homebuyers across North America to understand the current attitude, mindset, and intentions of luxury consumers who plan to buy a home in the next few years.

The results indicate that the luxury homebuying market will continue to thrive, with the market being driven by... millennials. This represents a significant shift as baby boomers have long driven both the buying and selling sides of the luxury real estate market and as such, is also indicative of a massive transfer of wealth and assets, including property, from boomers to millennials.



Peak Luxury Buyers

For buyers looking to purchase homes above the \$3 million price point over the next four years, compromise is not an option. These most affluent buyers want homes conveniently located at the center of all aspects of their lives—close to nightlife, restaurants, work, good schools, friends, family, and recreation. It’s not a question of “either/or” when it comes to luxury amenities, but rather a desire for “all the above.”

More than two-thirds of peak luxury buyers report that their jobs permit them to work from anywhere and if they don’t already own multiple homes, are planning to purchase a second home in the near future. However, it’s likely that they will maintain a primary residence, as a majority have children in the household.

59%

of Peak Luxury buyers are millennials.



More than half already own multiple homes, and of those who do not, 96% are likely to purchase a second home in the near future.

52%

travel internationally at least twice a year.



Desired amenities:

outdoor pool · home entertainment system · gym and spa
sports courts · 3+ car garage · outdoor kitchen · wine cellar

In fact, millennials will represent more than half of luxury homebuyers in North America during the next few years. These affluent individuals have more flexibility to work remotely, aspire to own multiple homes (if they don’t already), and are motivated to act sooner rather than later as a result of current economic conditions like rising interest rates.

While there are many similarities across all luxury homebuyers, there are multiple trends influencing the mindsets and attitudes of specific segments within these consumers. In this report, five trends are identified as motivators for each group of North American luxury homebuyers in the next year.

Three Key Insights for Real Estate Professionals to Reach *Peak Luxury Buyers*:



Stay active on social media

This group of homebuyers relies heavily on social media to learn about real estate professionals. Their top platforms are:

- Instagram
- Facebook
- Web search (i.e. Google)



Showcase your trophies

96%

of homebuyers in this segment said that a real estate professional's awards and accolades are very important within their selection process.



Where to market listings?

71%

plan to identify homes online before calling a real estate professional.

The top destinations they plan to use to view homes are:

- Web search
- Brokerage websites
- Realtor.com
- Facebook
- Zillow



Next Generation Luxury Influencer

The rise of the digital influencer has seen the simultaneous emergence of a distinct subset of real estate buyers, the Next Generation Luxury Influencers. These buyers are curating their own personal brand of luxury and showcasing it online with a reach and scale that previously didn't exist for the individual consumer.

The Next Gen Luxury Influencers are investing in experiences and other external markers of wealth

and status and subsequently sharing this lifestyle with followers on social media. They are likely also influential in their offline communities and considered worldly trend setters. More than half of these buyers are millennials, and more than a third are traveling internationally multiple times per year. They own luxury cars and are active in the real estate market, planning to spend over \$1 million on their next home.

53%

can live anywhere in the country with their current job.

42%

bought a home in the past two years; 54% are planning to purchase a home in the next two years.

70%

plan to purchase a second home in the future.

34%

are traveling internationally at least twice a year.

Three Key Insights for Real Estate Professionals to Reach *Next Generation Luxury Influencers*:



Be a local expert

This segment of experienced homebuyers has said that real estate professionals with superior local market expertise provide the greatest value.



Take a personalized approach

When these buyers are choosing a real estate professional to represent them for their next home purchase, these attributes are most important:

- A personalized experience
- Superior communication and responsiveness
- Help with the process of evaluating homes, negotiations, and facilitating the closing



Market your luxury credentials

91%

value working with real estate professionals
that have luxury experience.



International Buyers

2023's North American buyers looking to purchase internationally outside of the continent are real estate savvy; 41% already own multiple homes, and 23% own three or more homes. They are also no stranger to luxury, as nearly one-third own a boat and one-fifth have access to a private plane. For a third of these buyers, the move

to a different part of the globe will be permanent, as they're not likely to keep their current North American residences. With two-thirds of this group comprised of millennials or Gen Z, they are also largely untethered, with the flexibility to work from anywhere in the world and no spouse or children likely to be living in the household.

62%

are millennials or Gen Z.

41%

already own multiple homes.

27%

own a boat; 19% own
or lease a plane.

56%

want to live in an urban area.

29%

will have to look for a new job when
taking residence in a new country.

Three Key Insights for Real Estate Professionals to Reach *International Buyers*:



Promote your website

The platform these buyers most utilize to find listings are brokerage websites.



Be flexible

International buyers find the greatest value in real estate professionals that are able to accommodate their schedule.



Promote your luxury knowledge

More than two-thirds of homebuyers in this segment say that it is important that real estate professionals have experience with luxury properties.



Second Home Seekers

Second home seekers are most likely millennials or Gen X, married, and currently have children living in the household. When scouting for a second home, 94% are looking to purchase domestically, with 30% looking in a region of the country different from where they currently live. Perhaps unsurprisingly, nearly all of these buyers

want their second home to be convenient for recreational activities; 44% want a pool; and 33% would like a gym and spa. Of note, they are looking to purchase sooner rather than later as nearly half report that rising interest rates are influencing them to accelerate their timeline for buying a second home.

47%

are millennials; 27% are Gen X.

78%

do not own a second home yet.

48%

say that rising interest rates are influencing them to accelerate their timeline for buying a second home.

93%

want a second home that is near recreational activities.



Desired amenities:

outdoor pool · gym and spa · 3+ car garage

Three Key Insights for Real Estate Professionals to Reach *Second Home Seekers*:



Provide help with evaluating homes

The most important support that second home seekers want is help evaluating the pros and cons of different homes.



Reputation matters

These buyers value the following characteristics most when working with a real estate professional:

1. Local expertise
2. Positive local reputation
3. The reputation of their brokerage



Reach buyers online

Most international buyers plan to use online real estate services to identify a home in another country before contacting a local real estate professional.



Emerging Affluence

Overwhelmingly made up of millennials and Gen Z, these first-time homebuyers are making over \$100,000 in household income and are most likely to have moved to a new city and started a new job in the past year. However, they are often split between the desire to put down roots

and buy a home in their current location and the desire to relocate to a new metro area within their same state or province, likely to be closer to family or in search of a lower cost of living outside larger cities.

48%

are millennials; 34% are Gen Z.

38%

can live anywhere in the country with their current job.

17%

are traveling internationally at least twice a year.

54%

only work from home one day a week, if at all.



Most important factors in deciding where to purchase their first home:

neighborhood vibe · walkability · proximity to restaurants · proximity to work

Three Key Insights for Real Estate Professionals to Reach *Emerging Affluence* Homebuyers:



Target local residents

46%

are planning to buy their home in the city
they currently reside.



Reach them earlier in the process

48%

are most likely to contact an agent before
identifying homes online.



Highlight your local expertise

71%

of these first time homebuyers say that local expertise is the
most important characteristic when choosing a real estate
professional to represent them during the homebuying process.



Methodology

The results in this report are from an online survey that was fielded from July 27 to August 11, 2022. There were 2,266 respondents to the survey. Respondents were from two different countries.

As this was not a probability-based sample, calculating the theoretical margin of sampling error is not applicable. However, as with probability surveys, it is important to keep in mind that results are estimates and typically vary within a narrow range around the actual value that would be calculated by completing a census of everyone in a population. One estimate of this precision is the credibility interval; for this survey, the credibility interval is plus or minus three percentage points for questions answered by all respondents (the interval is larger for questions answered by fewer respondents). Again, as with probability surveys, on occasion, the results from a particular question will be completely outside a typical interval of error.



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