

REDFIN- Special Reports

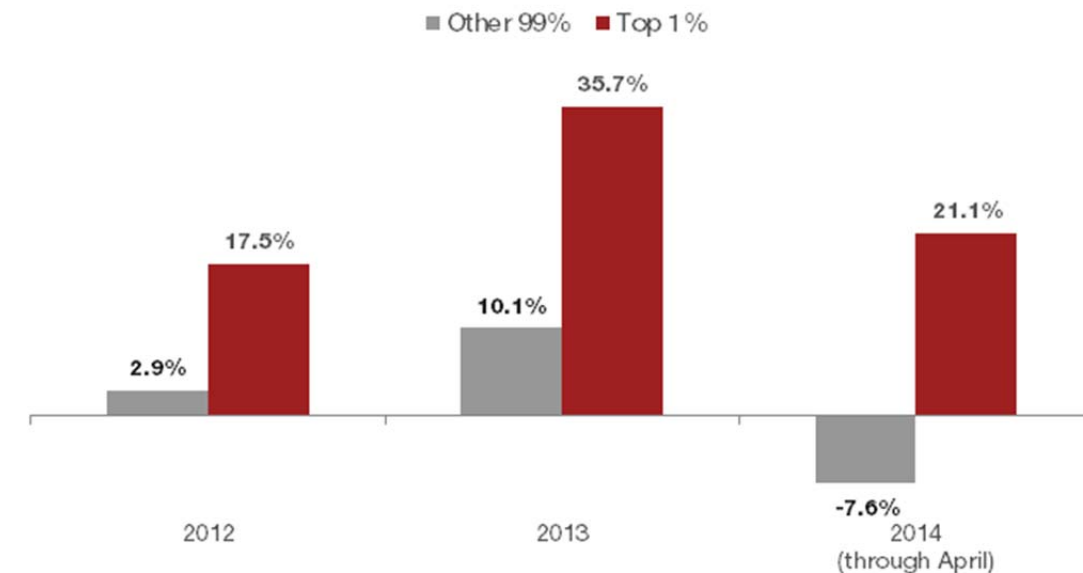
2014 Luxury Report: Sales of Priciest 1% of Homes Climb While Rest of Home Sales Still Down

by [Troy Martin](#) [May 27, 2014](#)

Neighborhoods in Los Angeles, Orange County and San Francisco Dominate the Top 20 List of Most Expensive Homes

Home sales so far this year are [lower](#) than they were in 2013, but there's one sliver of the housing market that's going strong: the very top of it. Sales of the priciest 1 percent of homes are up 21.1 percent so far this year, following a gain of 35.7 percent in 2013. Meanwhile, in the other 99 percent of the market, home sales have fallen 7.6 percent in 2014.

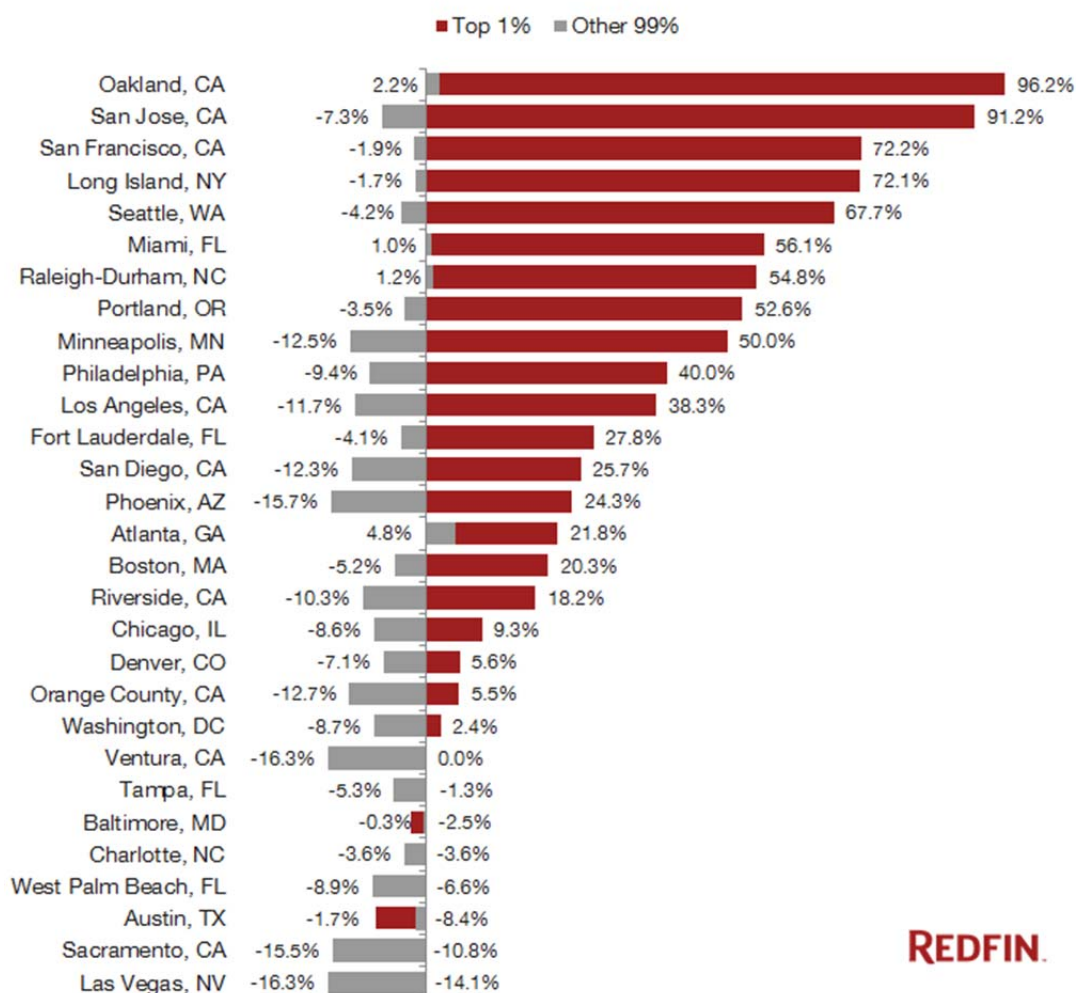
REDFIN. Growth in the Number of Homes Sold



Luxury sales are up, and way up, in metros across the country. Ten markets have seen sales growth above 50 percent so far in 2014, and Oakland and San Jose are on pace to nearly double the number of home sales since last year in the most expensive 1 percent of the market.

As for the other 99 percent? While home sales have shown meager to modest gains in the non-luxury portion of the market in Oakland (up 2.2% over last year), Miami (up 1%), Raleigh-Durham (up 1.2%) and Atlanta (up 4.8%), other markets including Phoenix (down 15.7%) and Minneapolis (down 12.5%) display a strange (and perhaps troubling) dichotomy: For the top 1 percent, the housing market is still booming. But for the rest of the market, the recovery is running out of gas. As home prices have risen, wage and job growth have failed to keep up.

Growth in the Number of Homes Sold (2014 through April)



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The price to reach the top 1 percent of the housing market varies widely by metro. In San Francisco, the most expensive 1 percent of homes sold for \$5.35 million or more. In Los Angeles, joining the high-end luxury market will set you back at least \$3.65 million, but if you're willing to live a bit farther south in Orange County, you can squeeze into a luxury home for just \$3.45 million. The budget luxury buyer could look to Atlanta (\$861,000), Minneapolis (\$881,000) or Raleigh (\$815,000), where access to the top 1 percent of the market can be purchased for six figures rather than seven.

So who can afford these luxury homes? Banks don't offer conventional loans for homes in this price range. But to put things in perspective, here's what it would take: In San Francisco, a luxury homebuyer would need a million-dollar down payment and an annual salary of \$916,000 to qualify for a 30-year fixed-rate loan, and to afford what would be a \$21,369 monthly mortgage payment. In a lower-priced luxury market such as Raleigh, an annual income of just \$140,000 could keep a buyer comfortably among the 1 percent in this hypothetical scenario.

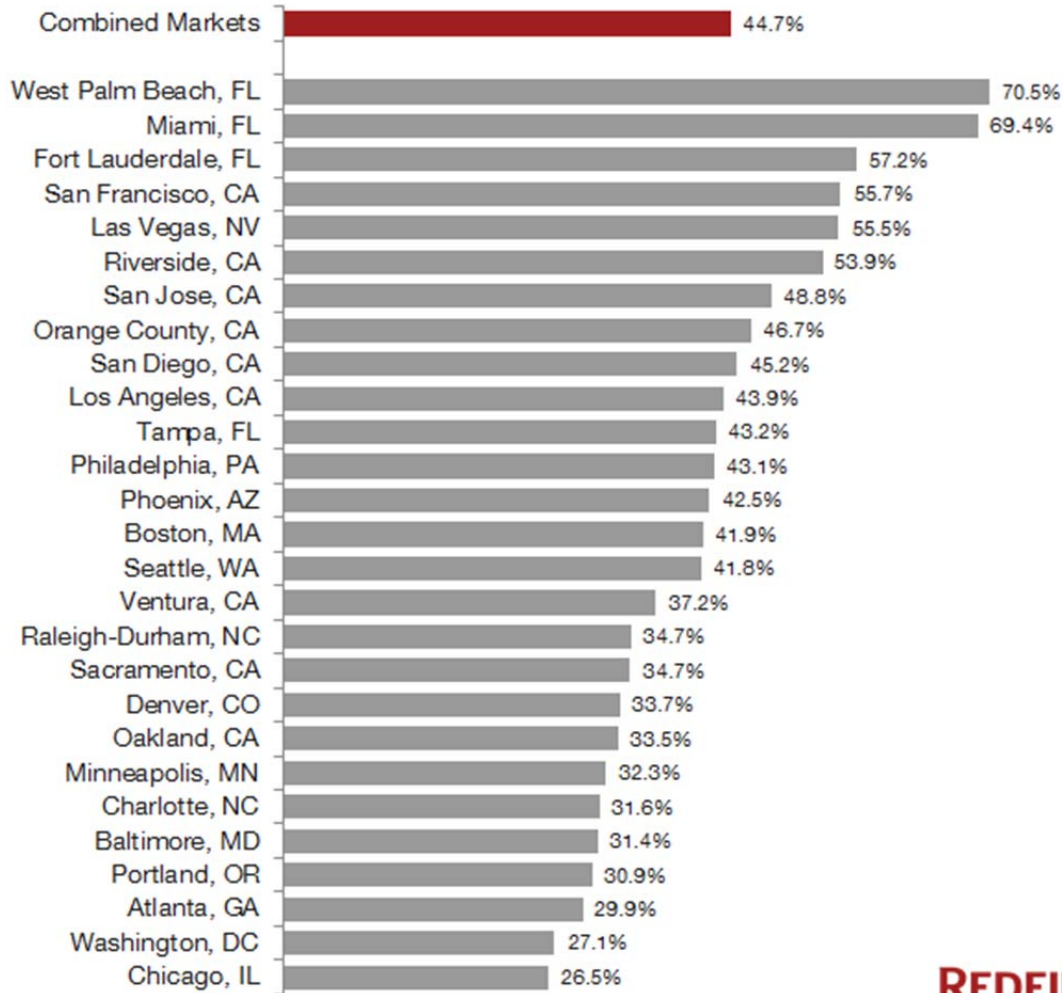
| Metro | Price to Purchase Top 1% Home (minimum) | Suggested Annual Income* | Monthly Mortgage Payment |
|-------------------------|--|---|---|
| San Francisco, CA | \$5,350,000 | \$916,000 | \$21,369 |
| Los Angeles, CA | \$3,650,000 | \$625,000 | \$14,579 |
| Orange County, CA | \$3,450,000 | \$591,000 | \$13,780 |
| San Jose, CA | \$3,380,000 | \$579,000 | \$13,501 |
| Miami, FL | \$2,900,000 | \$496,000 | \$11,583 |
| West Palm Beach, FL | \$2,466,000 | \$422,000 | \$9,850 |
| San Diego, CA | \$2,400,000 | \$411,000 | \$9,586 |
| Ventura, CA | \$2,400,000 | \$411,000 | \$9,586 |
| Boston, MA | \$2,313,000 | \$396,000 | \$9,239 |
| Long Island, NY | \$2,200,000 | \$377,000 | \$8,787 |
| Oakland, CA | \$2,100,000 | \$359,000 | \$8,388 |
| Seattle, WA | \$1,650,000 | \$282,000 | \$6,591 |
| Washington, DC | \$1,640,000 | \$281,000 | \$6,551 |
| Fort Lauderdale, FL | \$1,400,000 | \$240,000 | \$5,592 |
| Austin, TX | \$1,300,000 | \$223,000 | \$5,193 |
| Chicago, IL | \$1,282,000 | \$219,000 | \$5,121 |
| Denver, CO | \$1,175,000 | \$201,000 | \$4,693 |
| Phoenix, AZ | \$1,155,000 | \$198,000 | \$4,613 |
| Philadelphia, PA | \$1,150,000 | \$197,000 | \$4,593 |
| Riverside, CA | \$1,149,000 | \$197,000 | \$4,589 |
| Sacramento, CA | \$1,085,000 | \$186,000 | \$4,334 |
| Baltimore, MD | \$1,050,000 | \$180,000 | \$4,194 |
| Charlotte, NC | \$985,000 | \$169,000 | \$3,934 |
| Portland, OR | \$975,000 | \$167,000 | \$3,894 |
| Las Vegas, NV | \$928,000 | \$159,000 | \$3,707 |
| Tampa, FL | \$900,000 | \$154,000 | \$3,595 |
| Minneapolis, MN | \$881,000 | \$151,000 | \$3,519 |
| Atlanta, GA | \$861,000 | \$147,000 | \$3,439 |
| Raleigh-Durham, NC | \$815,000 | \$140,000 | \$3,255 |
| Combined Markets | \$1,657,000 | \$284,000 | \$6,619 |

* Based on current interest rates for a 30-year loan, a 20% down payment, and monthly mortgage payment that is 28% of gross income

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Of course, like 44.7 percent of buyers in this price tier, you may prefer to pay with cash. That's compared with the 32 percent of purchases made with cash among all home sales, as we found in our [report on all-cash transactions](#).

Portion of Top 1% Homes Purchased with All Cash



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The Top Luxury-Home Hoods

We looked at home sales in neighborhoods within each market to find where the highest-end luxury homes were being purchased. These are the neighborhoods with the highest average home sale price within the top 1 percent of the market. Neighborhoods in Los Angeles, Orange County, and San Francisco dominated the top 20 list. [Beverly Glen](#) (\$11.86 million), [Holmby Hills](#) (\$9.91 million), and [Malibu Road](#) (\$9.51 million) took the top three spots out of all neighborhoods analyzed.

| <u>Metro</u> | <u>Neighborhood</u> | <u>Average Luxury Price</u> |
|---------------|-------------------------------|---------------------------------|
| Atlanta, GA | Brookhaven | \$1,359,000 |
| | Northside | \$1,322,000 |
| | Chastain Park | \$1,303,000 |
| Austin, TX | River Place | \$2,336,000 |
| | Tarrytown | \$1,803,000 |
| | Town Lake | \$1,729,000 |
| Baltimore, MD | Inner Harbor | \$1,545,000 |

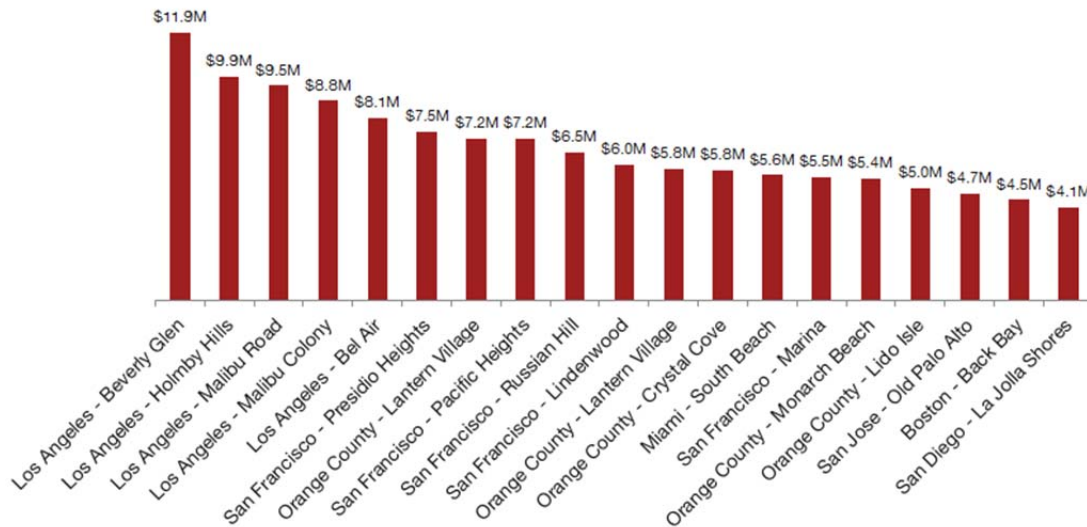
| | | |
|------------------------|---|-----------|
| | <u>Federal Hill</u> | \$1,504, |
| | <u>South Baltimore</u> | \$1,504, |
| Boston, MA | <u>Back Bay</u> | \$4,451, |
| | <u>Beacon Hill</u> | \$3,878, |
| | <u>West Cambridge / Huron Village</u> | \$3,227, |
| Charlotte, NC | <u>Myers Park</u> | \$1,534, |
| | <u>Ballantyne</u> | \$1,405, |
| | <u>The Arboretum</u> | \$1,361, |
| Chicago, IL | <u>Gold Coast</u> | \$2,296, |
| | <u>Streeterville</u> | \$2,152, |
| | <u>Lincoln Park</u> | \$2,138, |
| Denver, CO | <u>Downtown</u> | \$1,809, |
| | <u>Country Club</u> | \$1,772, |
| | <u>Cherry Creek</u> | \$1,732, |
| Fort Lauderdale, FL | <u>Harbor Beach</u> | \$3,036, |
| | <u>Golden Isles</u> | \$1,912, |
| | <u>Coral Ridge</u> | \$1,724, |
| Las Vegas, NV | <u>The Lakes</u> | \$1,413, |
| | <u>Macdonald Highlands</u> | \$1,387, |
| | <u>Las Vegas Strip</u> | \$1,381, |
| Los Angeles, CA | <u>Beverly Glen</u> | \$11,856, |
| | <u>Holmby Hills</u> | \$9,910, |
| | <u>Malibu Road</u> | \$9,513, |
| Miami, FL | <u>South Beach</u> | \$5,552, |
| Oakland / East Bay, CA | <u>Piedmont</u> | \$2,587, |
| | <u>Claremont</u> | \$2,431, |
| | <u>Berkeley Hills</u> | \$2,321, |
| Orange County, CA | <u>Lantern Village</u> | \$7,184, |
| | <u>Emerald Bay</u> | \$5,838, |
| | <u>Crystal Cove</u> | \$5,781, |
| Philadelphia, PA | <u>Rittenhouse Square</u> | \$1,968, |
| | <u>Wayne</u> | \$1,627, |
| | <u>Fitler Square</u> | \$1,498, |
| Phoenix, AZ | <u>DC Ranch</u> | \$1,961, |
| | <u>Desert Mountain</u> | \$1,726, |
| | <u>Troon</u> | \$1,723, |
| Portland, OR | <u>Forest Park</u> | \$1,582, |

| | | |
|--------------------|--|----------|
| | <u>Forest Highlands</u> | \$1,492, |
| | <u>Southwest Hills</u> | \$1,467, |
| Raleigh-Durham, NC | <u>Hope Valley</u> | \$1,465, |
| | <u>Hasentree</u> | \$1,168, |
| | <u>Govenors Club</u> | \$1,124, |
| Riverside, CA | <u>Old Las Palmas</u> | \$1,752, |
| | <u>Deer Creek</u> | \$1,305, |
| | <u>South Corona</u> | \$1,305, |
| Sacramento, CA | <u>Lake Tahoe</u> | \$2,120, |
| | <u>Lahontan</u> | \$1,683, |
| | <u>Sierra Oaks</u> | \$1,632, |
| San Diego, CA | <u>La Jolla Shores</u> | \$4,133, |
| | <u>Leucadia</u> | \$3,865, |
| | <u>Muirlands</u> | \$3,308, |
| San Francisco, CA | <u>Presidio Heights</u> | \$7,478, |
| | <u>Pacific Heights</u> | \$7,177, |
| | <u>Russian Hill</u> | \$6,532, |
| San Jose, CA | <u>Old Palo Alto</u> | \$4,714, |
| | <u>Crescent Park</u> | \$3,933, |
| | <u>North Los Altos</u> | \$3,859, |
| Seattle, WA | <u>Harrison / Denny Blaine</u> | \$3,429, |
| | <u>Downtown Bellevue</u> | \$2,771, |
| | <u>Laurelhurst</u> | \$2,758, |
| Ventura, CA | <u>Westlake Village</u> | \$2,548, |
| Washington, DC | <u>Georgetown</u> | \$2,895, |
| | <u>Rosslyn</u> | \$2,539, |
| | <u>Kalorama Heights</u> | \$2,490, |

Most Expensive Luxury Neighborhoods

(Average Price of a Top 1% Home)

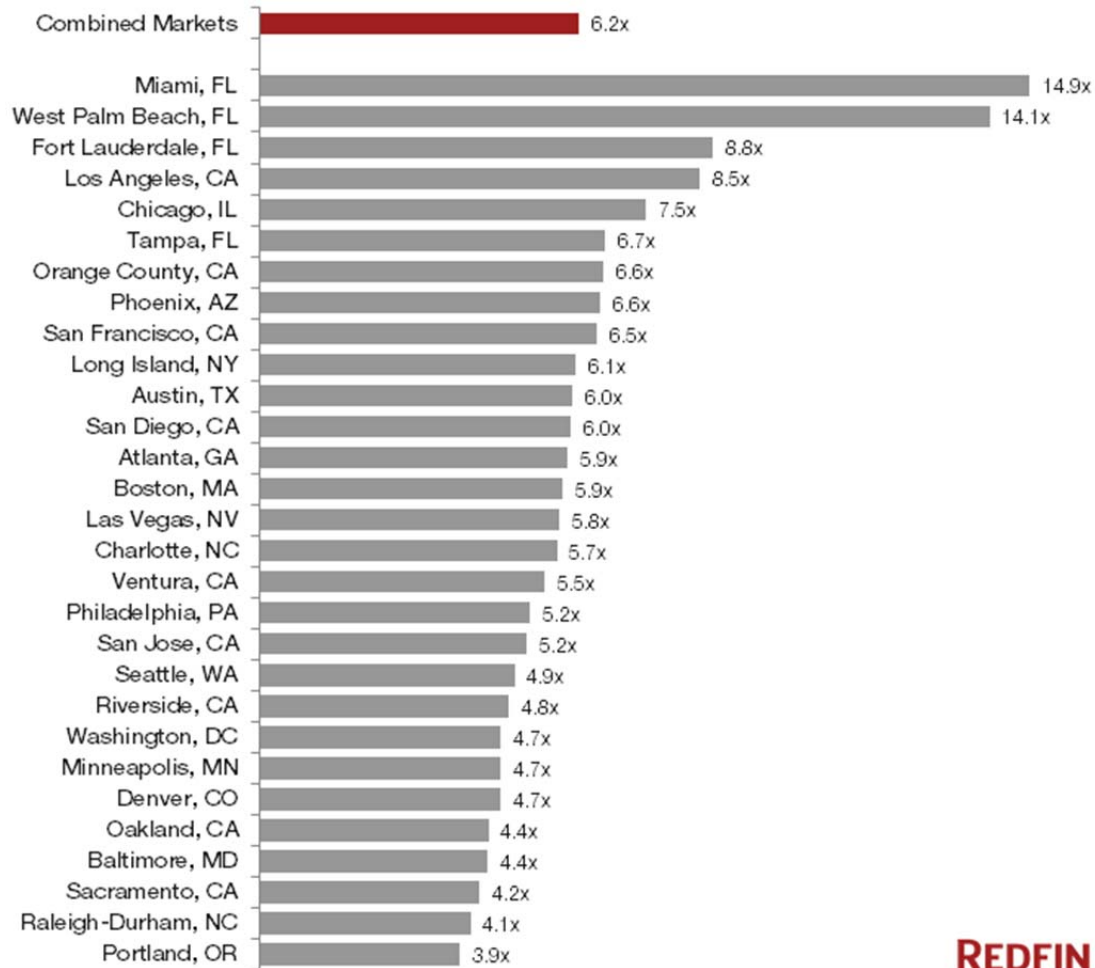
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Most Unequal Metros

We also compared the price of the top 1 percent of homes with the price of the median home in each market to measure the distance between the middle and top of the housing market. The largest divides appear in the sunny, coastal metros. The top 1 percent of home prices in Miami were at least 14.9 times higher than the median, and those in West Palm Beach were at least 14.1 times higher. Yet in lush but rainy Portland, Oregon (3.9 times the median), or lush but muggy Raleigh, North Carolina (4.1 times the median), the luxury end of the market is relatively closer to the median home sale price.

Ratio of Top 1% to Median Sale Price



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