



COLDWELL BANKER PREVIEWS INTERNATIONAL®
LUXURY MARKET REPORT
SPRING 2015



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A comprehensive look
at luxury real estate.

FOREWORD



BUDGE HUSKEY

PRESIDENT & CHIEF EXECUTIVE OFFICER
COLDWELL BANKER REAL ESTATE

The evolution of the luxury residential real estate market and ultra high net worth individuals (UHNWIs) has inspired a new generation of data reporting and analysis. Today, there are micro views and macro views. We strive to offer a well-rounded look at today's luxury landscape. In our inaugural Luxury Market Report for 2015, we examine the high-end real estate marketplace from top to bottom:

- America's top cities and ZIP codes for luxury home listings and sales
- Luxury's new frontiers
- Market activity in Manhattan Beach, New York and Spain

Growth in the ultra-luxury sector remains strong across the board. For example, the list of Top 20 U.S. Cities for Luxury Home Listings and Sales on pages 8 to 11 shows \$10 million+ sales have more than doubled in four affluent U.S. cities in 2014: Aspen, Atherton, Naples and Santa Barbara. Listings in the \$10 million+ category in all top-ten cities—from New York to Laguna Beach—also increased by double-digit percentages last year.

For a micro look, we explore luxury's new frontiers—traditional resort markets such as Florida's Marco Island, Honolulu and Arizona's Paradise Valley—where an increasingly mobile generation of UHNWIs may want to consider their next real estate investment. The stories of "live anywhere" buyers highlight a key shift happening at the high-end: real estate wealth is expanding beyond metropolises like New York and Los Angeles. Not to discount California's recent luxury real estate surge, however—prices are up 27% from 2012, double the national rate. Southern California's Manhattan Beach is an example—its average selling price of million-dollar homes jumped 41% in the same period. In New York, the median price of all Manhattan apartments hit a new all-time high in 2014. The average selling price of new construction has also doubled since 2007, and the average price per square foot of \$2,310—a 76% premium to the average for all properties—has climbed 66% over the past three years. What's fueling this massive wave of new construction? A growing international group of UHNWIs who view New York real estate as a stable investment. In Spain, it's a different narrative—real estate prices have finally appeared to stabilize after six years, buoyed by confidence among foreign homebuyers and high demand for vacation homes.

The Luxury Market Report provides a comprehensive look at how the increasingly complex, mobile and global group of UHNWIs is changing the high-end residential real estate landscape, one city at a time. No doubt, our latest report underscores the new opportunities we have as an industry to serve UHNWIs as they continue to evolve their tastes and lifestyles.



GINETTE WRIGHT

VICE PRESIDENT OF LUXURY MARKETING
COLDWELL BANKER
PREVIEWS INTERNATIONAL/NRT

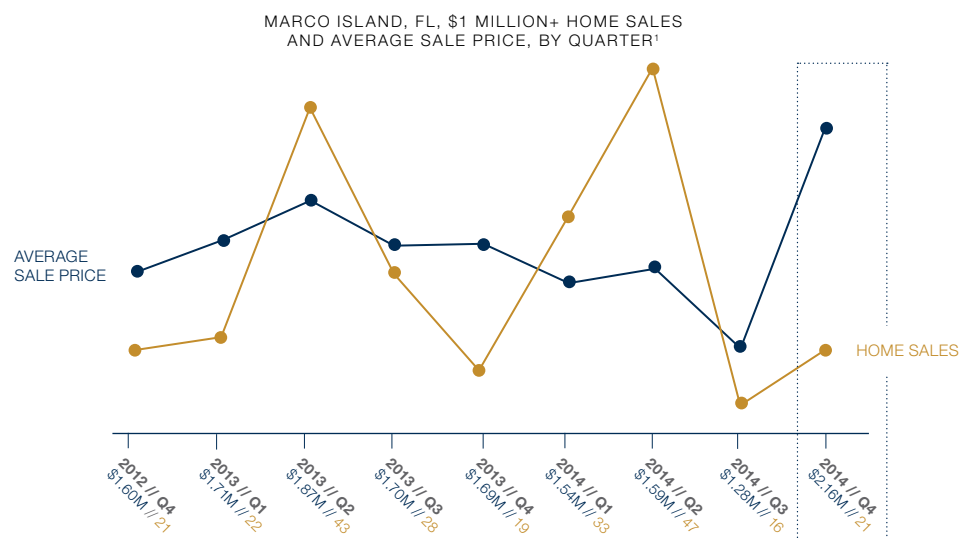
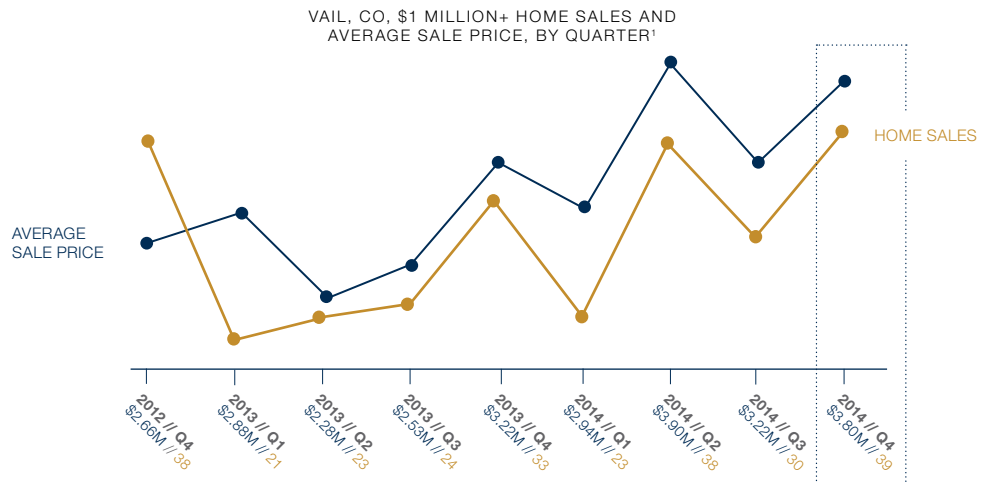


LUXURY'S NEW FRONTIERS

TECHNOLOGY CREATES MORE CHOICE FOR TODAY'S ULTRA HIGH NET WORTH HOME BUYERS.

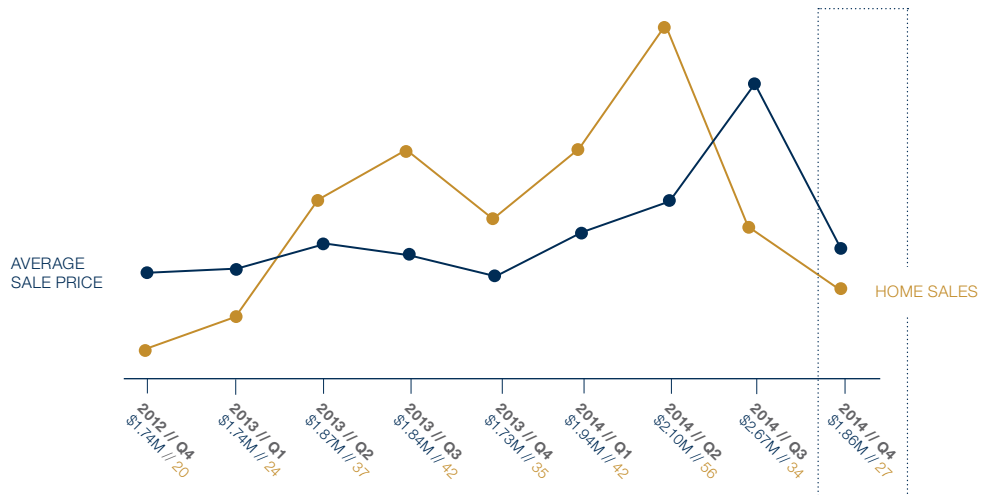
With an appealing mix of climate, culture and geography, certain areas of the United States are natural vacation destinations and magnets for retirees. Many wealthy homebuyers have historically looked to leisure-rich spots like Hawaii, Florida and Arizona for second homes, or waited until they were finished working to make a move. That's changing, with recent trends suggesting that younger homebuyers are not waiting until they retire to put down roots in places where they would love to live. In fact, homebuyer surveys and the accounts of local Realtors confirm that ultra high net worth individuals are highly mobile and flocking in growing numbers to areas once pegged as resort or second-home markets, as advances in technology, transportation and communication enable a "live anywhere" working-age population.

Buyer interest in traditional vacation destinations is especially evident in recent sales of homes near ski slopes and sandy beaches. In Vail, Colo., the average selling price of luxury homes in the popular ski destination jumped 42.5% over the past two years to \$3.8 million in the fourth quarter of 2014. In a warmer climate, one luxury community with a big uptick in prices and sales is Marco Island, Fla., where the average selling price in the fourth quarter of 2014 was \$2.16 million, up 34.5% since fourth quarter 2012. Hawaii is also hot. In Lahaina, on the island of Maui, last year's \$1.86 million average selling price in the fourth quarter was up 7% from fourth quarter 2012.



CONTINUED

LAHAINA, HI, \$1 MILLION+ HOME SALES AND AVERAGE SALE PRICE, BY QUARTER¹

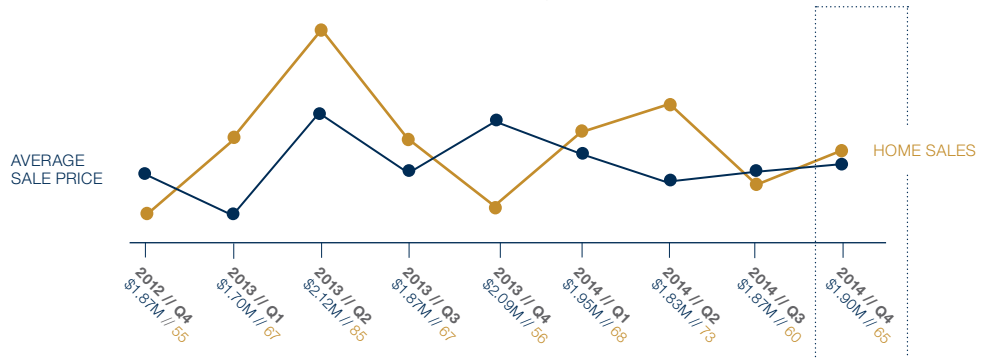


Leading the charge into traditional vacation destinations are younger wealthy buyers, who are especially likely to put lifestyle ahead of location when choosing a place to live. In a 2014 **Coldwell Banker Previews International**®/Luxury Institute survey of individuals with at least a \$5 million net worth, 75% of millennials (under 35) and 65% of Gen Y and Gen X (35–44 years old) say they have “freedom to choose a residence that truly fits my lifestyle and will not limit my search based on location.” The elements they seek out are amazing views, an interior space that wows them and proximity to favorite activities.

WORK AND PLAY IN A DESERT OASIS

Paradise Valley, Ariz., is a luxury enclave just north of Scottsdale and Phoenix, where homes sold for an average of \$1.9 million at the end of 2014. Although Arizona has long been a draw for retirees, the current crop of homebuyers is likely to be more focused on their work than their golf game.

PARADISE VALLEY, AZ, \$1 MILLION+ HOME SALES AND AVERAGE SALE PRICE, BY QUARTER¹



“People conduct their business digitally or on the Internet, and my clients are doing it more and more,” says Jan Kabbani, an independent sales associate with Coldwell Banker Residential Brokerage in Phoenix. “I’m seeing lots of wealthy families and couples moving here for the amenities of the area, many of them in their 40s and far from being retired, coming here from California, Seattle, the Midwest and even Canada.”

Tax savings can also play a role in tipping the balance for tax-friendly destinations like Florida and Arizona. Kabbani’s most recent Paradise Valley buyer owns a CPA firm in California that does most of its business in Asia, keeping the accountant constantly traveling abroad to meet clients. Being an accountant, he quickly realized that he could save big money on property and income taxes by moving to Arizona, plus he and his wife sought out the desert lifestyle.

“He’s actually moving an office here,” says Kabbani. “Phoenix is nearby and has dozens of direct flights to Asia when he needs to travel on business.”

LUXURY PLAYGROUND IN THE SUNSHINE STATE

Florida is another sunny state with a favorable tax environment that’s attracting live-anywhere high net worth homebuyers, particularly those coming from the Northeast.

“The taxes on inheritance and estates are very high in some states, like New Jersey,” says Clark Toole, president of Coldwell Banker Residential Real Estate in Florida, a state with no personal income tax. “Florida is one of the most attractive places to live from a tax perspective, so we get quite a few people who decide to live here for at least six months and a day each year. People are saying ‘I want this money to go to my kids instead of to pay taxes.’”

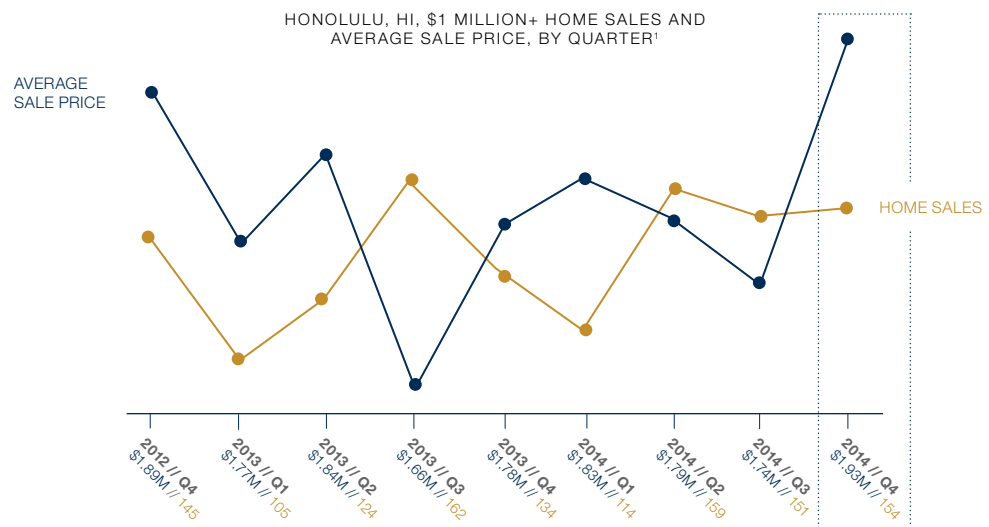
On the west coast just south of Naples on the Gulf of Mexico and a two-hour drive across the Florida Everglades to Miami, Marco Island offers ample opportunities to indulge aquatic passions from swimming to sailing and stand-up paddling, an increasingly common sight off the white sandy beaches.

Marco Island residents are pleasantly detached from the harsh realities of big-city living, but they’re never cut off from it completely, unless they want to be. This makes it easy to work remotely or even maintain regular contact with corporate home bases. The island’s working executives can fly to morning meetings in cities like Atlanta, New York, Charlotte or Chicago via the Southwest Florida International Airport in nearby Ft. Myers, and still get home for dinner that night.

In today’s business environment, “everyone is connected electronically and not really tied to a physical location,” says Toole. “We just had a gentleman, a senior executive at a large home improvement chain based in the Southeast. He and his wife love the white sandy beaches and tropical breezes. He does most of his work here, hopping flights when he has to, but choosing to live here for the climate and the lifestyle.”

HAVING IT ALL IN HAWAII

Climate and lifestyle are also drawing wealthy homebuyers to Honolulu, where the average price of luxury homes at the end of 2014 was \$1.93 million. Younger buyers from the financial services and software industries are choosing Honolulu as a place to enjoy tremendous natural beauty while still maintaining access to quality schools, infrastructure and easy travel.

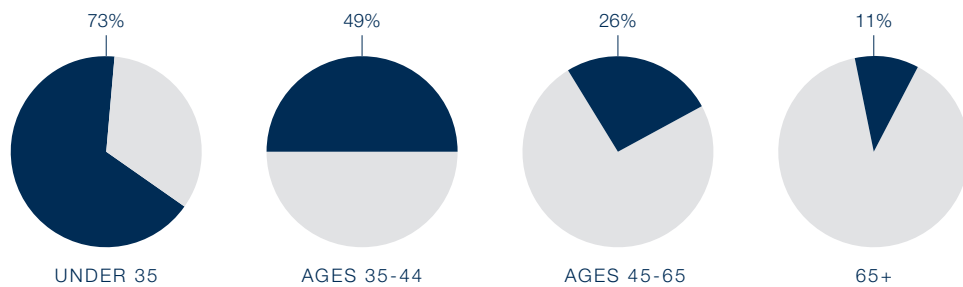


A GENERATION ON THE MOVE

Technology and ease of travel are rapidly transforming the workplace for wealthy professionals, creating flexibility in terms of work locations and the ability to choose where they want to live. Millennials have come of age in this kind of environment and are accustomed to the idea of striking a work-life balance that meets their personal needs. As they achieve more wealth, their live-anywhere attitudes are likely to become more of a force in luxury real estate.

Younger buyers are already an important group because a vast majority of wealthy millennials have immediate purchase interest. According to the **Previews®/Luxury Institute** millionaire survey, 73% of those under 35 say that they expect to buy a home in the next 12 months, compared to 49% of 35 to 44-year-olds and 26% of 45 to 64-year-olds. Just 11% of millionaires 65 and over say that they're planning a purchase.

EXPECT TO BUY A HOME IN THE NEXT 12 MONTHS²



¹Data provided by Real Data Strategies, Inc.

²2014 Coldwell Banker Previews International/Luxury Institute Survey



LUXURY LISTINGS BY CITY

U.S. CITIES WITH THE HIGHEST NUMBER OF ACTIVE LUXURY HOME LISTINGS¹

The **Coldwell Banker Previews International**[®] program presents America's top cities and ZIP codes for luxury home listings and sales in three distinct price points: \$1,000,000+, \$5,000,000+ and \$10,000,000+.

\$1,000,000+

| City | State | Number of Listings |
|-------------------|-------|--------------------|
| New York | NY | 5,272 |
| Miami | FL | 1,144 |
| Naples | FL | 1,072 |
| Brooklyn | NY | 1,003 |
| Park City | UT | 960 |
| Atlanta | GA | 921 |
| Miami Beach | FL | 904 |
| Scottsdale | AZ | 903 |
| Fort Lauderdale | FL | 811 |
| Los Angeles | CA | 762 |
| Chicago | IL | 740 |
| Boca Raton | FL | 627 |
| Houston | TX | 625 |
| Greenwich | CT | 559 |
| Honolulu | HI | 483 |
| North Miami Beach | FL | 460 |
| San Diego | CA | 410 |
| Sarasota | FL | 397 |
| Austin | TX | 386 |
| Dallas | TX | 365 |

\$5,000,000+

| City | State | Number of Listings |
|-------------------|-------|--------------------|
| New York | NY | 1,751 |
| Miami Beach | FL | 253 |
| Greenwich | CT | 182 |
| Park City | UT | 161 |
| Aspen | CO | 136 |
| Naples | FL | 131 |
| Miami | FL | 97 |
| Los Angeles | CA | 84 |
| Santa Barbara | CA | 83 |
| Boca Raton | FL | 83 |
| Fort Lauderdale | FL | 76 |
| Brooklyn | NY | 73 |
| Vail | CO | 69 |
| Beverly Hills | CA | 68 |
| Malibu | CA | 66 |
| Palm Beach | FL | 62 |
| North Miami Beach | FL | 53 |
| Laguna Beach | CA | 51 |
| Rancho Santa Fe | CA | 50 |
| Key Biscayne | FL | 50 |

\$10,000,000+

| City | State | Number of Listings |
|-------------------|-------|--------------------|
| New York | NY | 773 |
| Miami Beach | FL | 96 |
| Aspen | CO | 56 |
| Greenwich | CT | 52 |
| Santa Barbara | CA | 39 |
| Los Angeles | CA | 34 |
| Naples | FL | 33 |
| Miami | FL | 28 |
| Park City | UT | 27 |
| Laguna Beach | CA | 26 |
| Malibu | CA | 26 |
| Beverly Hills | CA | 26 |
| Brooklyn | NY | 24 |
| Palm Beach | FL | 23 |
| Key Biscayne | FL | 20 |
| Fort Lauderdale | FL | 17 |
| Boca Raton | FL | 16 |
| North Miami Beach | FL | 16 |
| Vail | CO | 16 |
| Santa Ynez | CA | 15 |

¹As of February 2015



LUXURY SALES BY CITY

U.S. CITIES WITH THE HIGHEST NUMBER OF CLOSED LUXURY HOME SALES¹

The **Coldwell Banker Previews International**[®] program presents America's top cities and ZIP codes for luxury home listings and sales in three distinct price points: \$1,000,000+, \$5,000,000+ and \$10,000,000+.

\$1,000,000+

| City | State | Number of Sales |
|-----------------|-------|-----------------|
| San Francisco | CA | 2,802 |
| Los Angeles | CA | 2,573 |
| New York | NY | 1,639 |
| San Jose | CA | 1,312 |
| Houston | TX | 1,045 |
| Chicago | IL | 1,026 |
| Naples | FL | 1,014 |
| San Diego | CA | 976 |
| Miami | FL | 967 |
| Atlanta | GA | 941 |
| Washington | DC | 875 |
| Seattle | WA | 752 |
| Dallas | TX | 750 |
| Miami Beach | FL | 704 |
| Santa Barbara | CA | 673 |
| Boston | MA | 617 |
| Newport Beach | CA | 611 |
| Fort Lauderdale | FL | 602 |
| Park City | UT | 597 |
| Honolulu | HI | 591 |

\$5,000,000+

| City | State | Number of Sales |
|-------------------|-------|-----------------|
| New York | NY | 182 |
| Los Angeles | CA | 118 |
| Beverly Hills | CA | 104 |
| Miami Beach | FL | 89 |
| Greenwich | CT | 70 |
| Naples | FL | 70 |
| Aspen | CO | 68 |
| San Francisco | CA | 64 |
| Malibu | CA | 48 |
| Atherton | CA | 46 |
| Santa Barbara | CA | 43 |
| Pacific Palisades | CA | 39 |
| Palm Beach | FL | 36 |
| Newport Beach | CA | 33 |
| Boston | MA | 33 |
| Laguna Beach | CA | 32 |
| Boca Raton | FL | 30 |
| Los Altos | CA | 30 |
| Burlingame | CA | 27 |
| Newport Coast | CA | 26 |

\$10,000,000+

| City | State | Number of Sales |
|-------------------|-------|-----------------|
| New York | NY | 56 |
| Beverly Hills | CA | 35 |
| Miami Beach | FL | 26 |
| Los Angeles | CA | 26 |
| Aspen | CO | 25 |
| Greenwich | CT | 15 |
| Malibu | CA | 14 |
| Atherton | CA | 14 |
| Naples | FL | 12 |
| Santa Barbara | CA | 10 |
| Palm Beach | FL | 9 |
| Pacific Palisades | CA | 7 |
| Laguna Beach | CA | 7 |
| San Francisco | CA | 7 |
| Kailua Kona | HI | 6 |
| Vail | CO | 6 |
| Burlingame | CA | 6 |
| Boca Raton | FL | 5 |
| Newport Beach | CA | 5 |
| Manhattan Beach | CA | 5 |

¹ January 1 2014 - December 31, 2014



LUXURY LISTINGS BY ZIP CODE

U.S. ZIP CODES WITH THE HIGHEST NUMBER OF ACTIVE LUXURY HOME LISTINGS¹

The **Coldwell Banker Previews International**[®] program presents America's top cities and ZIP codes for luxury home listings and sales in three distinct price points: \$1,000,000+, \$5,000,000+ and \$10,000,000+.

\$1,000,000+

| ZIP Code | City | State | Number of Listings |
|----------|-------------------|-------|--------------------|
| 84060 | Park City | UT | 611 |
| 10022 | New York | NY | 465 |
| 33160 | North Miami Beach | FL | 460 |
| 10019 | New York | NY | 364 |
| 33139 | Miami Beach | FL | 355 |
| 84098 | Park City | UT | 349 |
| 10065 | New York | NY | 346 |
| 85253 | Paradise Valley | AZ | 321 |
| 10011 | New York | NY | 308 |
| 10021 | New York | NY | 305 |
| 85255 | Scottsdale | AZ | 297 |
| 06830 | Greenwich | CT | 296 |
| 10023 | New York | NY | 286 |
| 34102 | Naples | FL | 279 |
| 85262 | Scottsdale | AZ | 279 |
| 30327 | Atlanta | GA | 264 |
| 06831 | Greenwich | CT | 263 |
| 10013 | New York | NY | 263 |
| 92253 | La Quinta | CA | 256 |
| 81611 | Aspen | CO | 251 |

\$5,000,000+

| ZIP Code | City | State | Number of Listings |
|----------|---------------|-------|--------------------|
| 84060 | Park City | UT | 143 |
| 81611 | Aspen | CO | 136 |
| 10013 | New York | NY | 135 |
| 10011 | New York | NY | 134 |
| 10023 | New York | NY | 133 |
| 10021 | New York | NY | 131 |
| 10065 | New York | NY | 127 |
| 33139 | Miami Beach | FL | 115 |
| 10022 | New York | NY | 114 |
| 10019 | New York | NY | 112 |
| 06831 | Greenwich | CT | 91 |
| 06830 | Greenwich | CT | 91 |
| 10075 | New York | NY | 85 |
| 34102 | Naples | FL | 82 |
| 10024 | New York | NY | 80 |
| 10128 | New York | NY | 79 |
| 10028 | New York | NY | 74 |
| 10014 | New York | NY | 70 |
| 81657 | Vail | CO | 69 |
| 90210 | Beverly Hills | CA | 68 |

\$10,000,000+

| ZIP Code | City | State | Number of Listings |
|----------|---------------|-------|--------------------|
| 10023 | New York | NY | 84 |
| 10065 | New York | NY | 69 |
| 10013 | New York | NY | 62 |
| 10021 | New York | NY | 61 |
| 81611 | Aspen | CO | 56 |
| 10019 | New York | NY | 55 |
| 10011 | New York | NY | 47 |
| 10022 | New York | NY | 45 |
| 33139 | Miami Beach | FL | 44 |
| 10014 | New York | NY | 41 |
| 10075 | New York | NY | 39 |
| 06831 | Greenwich | CT | 37 |
| 10024 | New York | NY | 32 |
| 34102 | Naples | FL | 30 |
| 10028 | New York | NY | 28 |
| 93106 | Santa Barbara | CA | 28 |
| 10003 | New York | NY | 28 |
| 10128 | New York | NY | 27 |
| 90210 | Beverly Hills | CA | 26 |
| 90265 | Malibu | CA | 26 |

¹As of February 2015



LUXURY SALES BY ZIP CODE

U.S. ZIP CODES WITH THE HIGHEST NUMBER OF CLOSED LUXURY HOME SALES¹

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\$1,000,000+

| ZIP Code | City | State | Number of Sales |
|----------|----------------------|-------|-----------------|
| 90266 | Manhattan Beach | CA | 425 |
| 84060 | Park City | UT | 397 |
| 94010 | Burlingame | CA | 385 |
| 92037 | La Jolla | CA | 371 |
| 94025 | Menlo Park | CA | 359 |
| 92651 | Laguna Beach | CA | 356 |
| 94539 | Fremont | CA | 348 |
| 92660 | Newport Beach | CA | 344 |
| 90049 | Los Angeles | CA | 340 |
| 91011 | La Cañada Flintridge | CA | 332 |
| 90272 | Pacific Palisades | CA | 325 |
| 95014 | Cupertino | CA | 306 |
| 33160 | North Miami Beach | FL | 300 |
| 90210 | Beverly Hills | CA | 298 |
| 95070 | Saratoga | CA | 298 |
| 95120 | San Jose | CA | 289 |
| 90046 | Los Angeles | CA | 288 |
| 94087 | Sunnyvale | CA | 286 |
| 06830 | Greenwich | CT | 284 |
| 91604 | Studio City | CA | 283 |

\$5,000,000+

| ZIP Code | City | State | Number of Sales |
|----------|-------------------|-------|-----------------|
| 90210 | Beverly Hills | CA | 104 |
| 81611 | Aspen | CO | 68 |
| 90265 | Malibu | CA | 48 |
| 34102 | Naples | FL | 47 |
| 94027 | Atherton | CA | 46 |
| 06830 | Greenwich | CT | 45 |
| 90049 | Los Angeles | CA | 41 |
| 90272 | Pacific Palisades | CA | 39 |
| 33480 | Palm Beach | FL | 36 |
| 93108 | Santa Barbara | CA | 35 |
| 92651 | Laguna Beach | CA | 32 |
| 33139 | Miami Beach | FL | 31 |
| 90077 | Los Angeles | CA | 31 |
| 33140 | Miami Beach | FL | 29 |
| 94010 | Burlingame | CA | 27 |
| 92657 | Newport Coast | CA | 26 |
| 06831 | Greenwich | CT | 25 |
| 90069 | West Hollywood | CA | 23 |
| 81657 | Vail | CO | 23 |
| 84060 | Park City | UT | 23 |

\$10,000,000+

| ZIP Code | City | State | Number of Sales |
|----------|-------------------|-------|-----------------|
| 90210 | Beverly Hills | CA | 35 |
| 81611 | Aspen | CO | 25 |
| 94027 | Atherton | CA | 14 |
| 90265 | Malibu | CA | 14 |
| 90077 | Los Angeles | CA | 12 |
| 34102 | Naples | FL | 11 |
| 33140 | Miami Beach | FL | 10 |
| 93108 | Santa Barbara | CA | 10 |
| 06831 | Greenwich | CT | 9 |
| 90049 | Los Angeles | CA | 9 |
| 33480 | Palm Beach | FL | 9 |
| 10021 | New York | NY | 8 |
| 33139 | Miami Beach | FL | 8 |
| 92651 | Laguna Beach | CA | 7 |
| 90272 | Pacific Palisades | CA | 7 |
| 96740 | Kailua Kona | HI | 6 |
| 06830 | Greenwich | CT | 6 |
| 94010 | Burlingame | CA | 6 |
| 81657 | Vail | CO | 6 |
| 10023 | New York | NY | 5 |

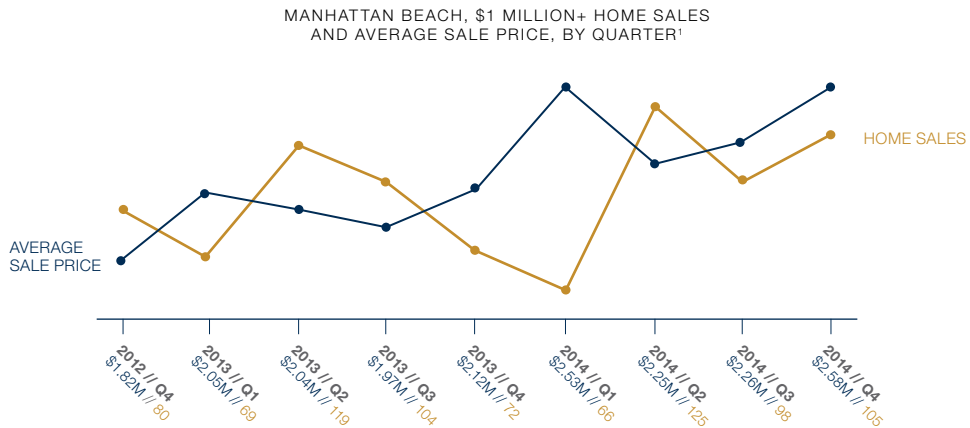
¹ January 1 2014 - December 31, 2014



DOMESTIC OVERVIEW: MANHATTAN BEACH, CALIFORNIA

Home prices in the United States are higher by 11% over the past two years, while the rebound in California has been more than twice as potent, with prices up 27% from 2012 to 2014. For convincing proof of how hot the market for high-end homes in Southern California has been, take a 10-minute drive south from Los Angeles International Airport to Manhattan Beach. The average selling price of million-dollar homes in this upscale South Bay town has surged 41% since 2012, hitting a record high of \$2.58 million in the final three months of 2014.

“We are seeing a historic number of sales over \$10 million,” says Bob Foster, president of Coldwell Banker Residential Brokerage in Greater Los Angeles. “We are expecting inventory to grow in 2015 and appreciation to reach a more normalized rate between 5% and 9%, but there is currently more demand than there is supply.”



LUXURY SEASIDE LIVING

On the demand side, wide sandy beaches and hilltop perches with panoramic Pacific views have long been a lure for homebuyers willing to pay a premium for proximity to sand, surf and spectacular sunsets, because they can afford it. Median household income is \$139,259, with one-third earning \$200,000 or more.

Cool ocean breezes and the laid-back vibe have attracted several sports and entertainment celebrities to Manhattan Beach, including actors Vince Vaughn and Owen Wilson, tennis champion Maria Sharapova, and dozens of coaches and players from the NBA’s Los Angeles Lakers and Los Angeles Clippers, and the NHL’s Los Angeles Kings hockey team. Professionals in finance and technology also call it home.

CONTINUED

In terms of supply, Manhattan Beach is already a densely populated city with 35,000 people living in less than a four-square-mile area. Buildable land is virtually nonexistent, and supply is naturally constrained. Some of the most sought-after homes are built three stories high on small lots packed closely together along two miles of coastline called The Strand.

RENOVATIONS EARN REWARDS

The tight market has encouraged some homeowners to consider selling, and it has motivated enterprising developers to buy homes that they renovate or completely rebuild, then sell at substantially higher prices.

“There’s enough demand for the end product, and it will sell within 60 days,” says Lauren Forbes an independent sales associate of Coldwell Banker Residential Brokerage in Manhattan Beach. Earlier this year, Forbes sold a 2,570-square-foot townhome one block from The Strand for \$3.4 million. The seller had purchased the three-bedroom property in June 2012 for \$2.3 million, netting a profit of \$1.1 million minus what he spent on upgrades, including a limestone fireplace, Sub-Zero glass door refrigerator, Wolf range, Bosch dishwasher and two Viking wine refrigerators.

“In the Hill section of Manhattan Beach, where home sites tend to be bigger, a developer bought an older home for \$1.13 million to knock it down and build a new five-bedroom, five-bath, 3,111-square-foot home that sold for \$3.1 million last December,” added Forbes.

FUNDAMENTALS REMAIN FAVORABLE

While the scorching market of the past two years invites talk of a new bubble, several comparisons to the last boom in the 2000s suggest this one has much longer to run.

“Building permits are up 10% to 15%, but the new development coming to market now is nowhere near the level of speculation we saw 10 years ago; lots of those builders got burned when the market turned,” says John Corrales, an independent sales associate with Coldwell Banker Residential Brokerage in Manhattan Beach. “In addition, rents are high—so that it costs about the same to rent as it does to pay a standard mortgage.”

Helping to underpin the value of Manhattan Beach is the quality of its schools, often an important factor for the increasing number of families moving there.

“It’s a very good value when you consider other markets such as Malibu, Brentwood and Beverly Hills,” says Foster. “This market definitely has room to grow.”



¹Data provided by Real Data Strategies, Inc.



DOMESTIC OVERVIEW: NEW YORK

BIGGER IS BETTER IN THE BIG APPLE

From the gleaming glass of the 104-story Freedom Tower in Lower Manhattan to the spires of new luxury condominium towers just south of Central Park, the New York City skyline is in the midst of one of its biggest transformations since the 1930s. Already a densely built island, the borough of Manhattan has long been a story of limited supply when it comes to residential real estate. Combine that inherent scarcity with recently insatiable demand by ultra-wealthy buyers from all over the world, and you quickly understand how much of a seller’s market Manhattan has become—and why construction cranes and scaffolding have become ubiquitous in the city.

The median price of all Manhattan apartments hit a new all-time high of \$920,000 in the fourth quarter of 2014, up 20% since 2011. Average price per square foot also hit a new high of \$1,305, up 25% in the past three years. Those price gains are impressive but pale in comparison to the surge in pricing for newly built properties. The average selling price of new construction has doubled since 2007, and the average price per square foot of \$2,310—a 76% premium to the average for all properties—has climbed 66% over the past three years. With these economics, it’s understandable why the average size of new apartments is up 30% in the past seven years to 1,647 square feet in 2014.

“Price per square footage is higher for larger apartments, and this demand has been mostly unmet,” says Caroline Holl, a Corcoran independent sales associate on the Upper East Side.

High prices and pent-up demand are fueling a massive wave of new construction at the very high end that has so far succeeded in fetching ever-higher prices from an increasingly international group of buyers who are eager to invest in the perceived stability of New York real estate. They want big apartments, and they’re willing to pay handsomely for them. In 2014, 37 Manhattan properties sold for more than \$25 million, the most ever in a single year.

NEW DEVELOPMENT AVERAGE¹

| | YEAR | PRICE | SIZE | \$/SQFT. |
|--|------|-------------|-------|----------|
| | 2007 | \$1,861,230 | 1,265 | \$1,471 |
| | 2008 | \$2,018,005 | 1,277 | \$1,580 |
| | 2009 | \$1,652,630 | 1,320 | \$1,252 |
| | 2010 | \$1,765,339 | 1,378 | \$1,281 |
| | 2011 | \$1,853,687 | 1,333 | \$1,390 |
| | 2012 | \$2,159,759 | 1,411 | \$1,531 |
| | 2013 | \$3,640,476 | 1,604 | \$2,269 |
| | 2014 | \$3,805,425 | 1,647 | \$2,310 |

CONTINUED

Skyscrapers along “Billionaire’s Row” in Midtown are responsible for many of the eye-popping transaction values at the highest end of the market, including sales for \$70 million at 960 Fifth Avenue, \$71.3 million at 740 Park Avenue, and the city’s new record high price of \$100.5 million for the two-floor penthouse at 157 West 57th Street, aka One57, which has seen 13 sales over \$40 million and is more than 70% sold out at prices exceeding \$6,400 per square foot. 432 Park Avenue, at 1,396 feet the second-tallest building in New York, has sold more than 50% of its units. Asking prices there average \$23 million, or \$6,900 per square foot.



New luxury development is not just happening in Midtown, but also in the neighborhoods below Houston Street. Tribeca’s 56 Leonard Street has exceeded \$1 billion in sales since 2013, with 97% of units sold and only four residences remaining on the market. Nearby at 30 Park Place, 60% of units have sold since May 2014, for an average of \$3,400 per square foot.

The question ahead for New York is how well demand will absorb a significant pipeline of new development coming to market in the next two years.

“In 2014, developments totaling 2,445 condo units opened; in 2015, we are projecting 6,300 new units will start sales,” says Ryan Schleis, vice president of research and analytics at Corcoran. “The new inventory in 2015 and 2016 will give buyers at all levels of the market incredible new opportunities.”



INTERNATIONAL SPOTLIGHT: SPAIN

The luxury housing market in Spain has begun to calm after six stormy years of falling prices. Rising confidence among foreign and European homebuyers and modest, steady economic growth and demand for vacation homes have helped buoy Western Europe's second-largest country in the last year, according to François Carriere Pastor, master franchise director for Coldwell Banker Affiliates of Spain.

“At the end of 2014, we noticed much higher demand for luxury properties in the most sought-after areas,” says Carriere Pastor. “Economic growth has also reactivated the local market, while demand for luxury properties from national buyers is also increasing due to the National Bank becoming more flexible on mortgages after many years of credit crunch.”

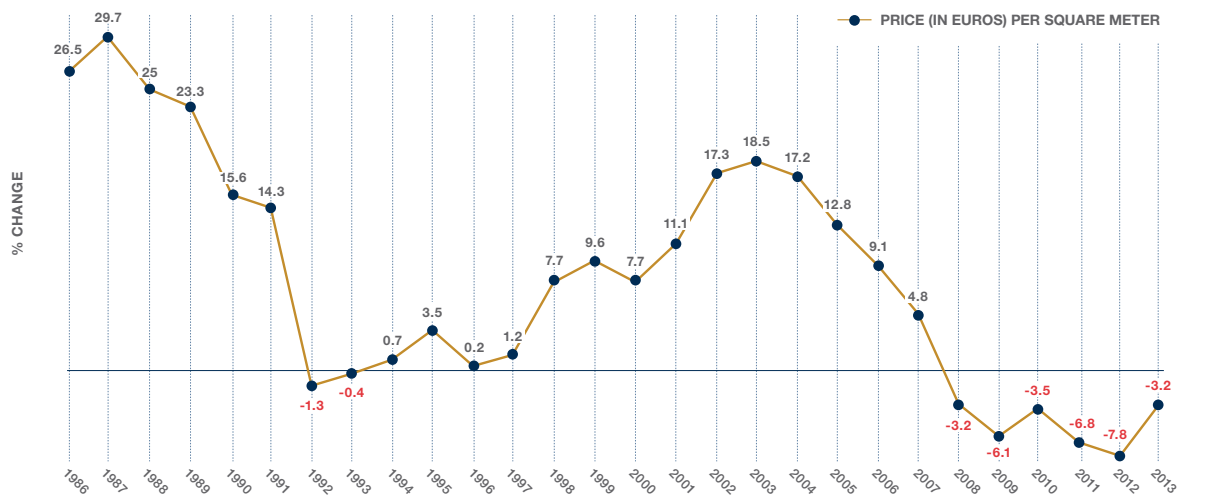
PRICES AND DEMAND ON THE RISE

While Madrid's luxury housing market has enjoyed recent media attention as “Europe's rising star,” Barcelona's price stabilization is noteworthy. The Mediterranean coastal city was hard-hit by the global recession, seeing housing price declines of more than 40% from their peak in 2008. In 2014, both prices and demand held steady.

“2014 was the first year we did not see a price drop in Barcelona in eight years. Housing demand was also up at the end of 2014—there was an increase of 14.42% in registered housing purchases compared to the fourth quarter of 2013. This was the first time in the last eight years that purchases and prices showed favorable behavior at the same time.”

Carriere Pastor says growth is concentrated in the province of Barcelona, where 25,034 properties were sold between January and September 2014, an increase of approximately 30% over the same period in 2013.

SPAIN HOME PRICE VARIATION¹



EUROPE'S VACATION HOME MECCA

A number of factors have led to Spain's luxury real estate rebound—but its allure as a vacation destination has been influential. The country's pleasant Mediterranean climate and sunny shores have long attracted wealthy Northern Europeans seeking a holiday escape, but there has been a marked increase in recent years. Home purchases by foreigners represented 12% of total sales in 2014—“the highest result ever,” says Carriere Pastor. “Buyers from other countries consider the Spanish market especially interesting

CONTINUED

after six years of decreasing prices. Right now, Barcelona offers attractive prices—even for luxury real estate—compared to other European cities like London or Paris.”

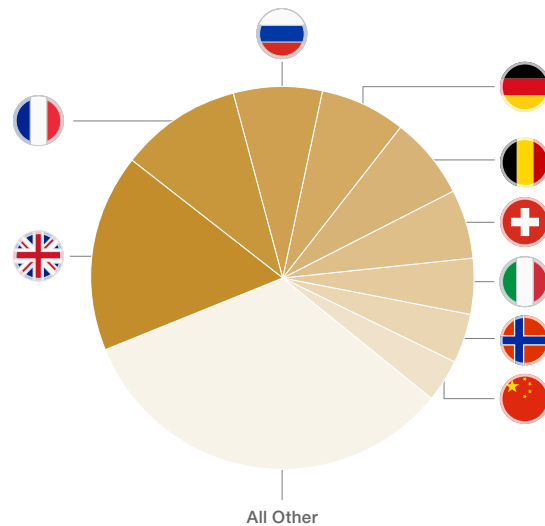
In 2014, Spain broke its all-time record with almost 65 million visitors, an increase of more than 7%, and one out of every four visited Barcelona, the highest increase in the last 15 years.

FOREIGN INVESTMENT POWER

Foreign investment has also helped the Spanish economy turn around. Last year, the Economy Ministry reported capital from France, Mexico, Venezuela, Japan and Hong Kong increased inflows, resulting in a 40% rise to almost 30 billion euros, according to the Bank of Spain. Major investment funds, says Carriere Pastor, “have also positioned themselves in Spanish real estate, buying large portfolios from the national Spanish banks.”

LAST TRIMESTER 2014
MOST ACTIVE HOME-BUYERS IN SPAIN BY NATIONALITY²

| | |
|-----------|--------|
| British | 16.72% |
| French | 10.27% |
| Russian | 7.47% |
| German | 7.34% |
| Belgian | 6.90% |
| Swiss | 5.97% |
| Italian | 4.73% |
| Norwegian | 3.98% |
| Chinese | 3.60% |
| All Other | 32.95% |



Other contributing factors include a 2013 “Entrepreneurship Law,” which has created new incentives for startups and attracted foreign talent and investment. “Since the end of 2013, property investors have been able to apply for Spanish citizenship and an EU passport with a minimum property purchase of 500,000 euros,” says Carriere Pastor.

TIGHTENING SUPPLY

As market conditions improve in Spain, inventory has been impacted. Renovated flats and buildings in Barcelona’s city center are already in short supply, which has started to put pressure on prices. Notes Carriere Pastor: “We expect prices to slightly increase in the near future—reasonably, a 5% to 10% increase over the next three years.”

Marbella, Murcia, Alicante, Valencia and surrounding areas of Madrid “are still seeing supply exceed demand,” says Carriere Pastor, while “the central areas of Barcelona, Madrid, and the Balearic islands like Ibiza and Mallorca are starting to see good quality supply dwindle.”

RIDING THE WAVE TO STABILITY

After six years of drastic price reductions, the Spanish luxury real estate market appears to have finally landed, “at least when it comes to price stability,” says Carriere Pastor.

No doubt, Spain remains poised to ride the wave of vacation homebuyer demand and growing investor confidence, in the hopes of leaving its real estate past behind.

¹Data provided by National Institute of Statistics Spain

²Data provided by Association of Registrars of Property, Commercial and Personal Property in Spain



PREVIEWS® BY THE NUMBERS

Enthusiasm for luxury real estate showed no signs of abating in 2014. Increases were seen across the board, from buyer demand to sales. **Coldwell Banker Previews International**® specialists remained at the forefront of many of these milestone listings and sales.

Our achievements include:

- **Previews**® Property Specialists participated in more than 21,000 transaction sides of homes priced at \$1 million or more in 2014.
- On average, Previews Property Specialists handle \$106 million in luxury home sales every day.¹
- In 2014, Previews Property Specialists listed over 5,000 homes valued at more than \$3 million and over 2,100 valued at more than \$5 million.
- The 2014 *Wall Street Journal/REAL Trends* “The Thousand” included 147 Coldwell Banker agents and teams who have made the Coldwell Banker® brand No. 1 again by generating \$8.6 billion in total sales volume—56% more than the next highest ranking brand.²



▲ Beverly Hills, California
\$195,000,000

Represented by: Joyce Rey and Stacy Gottula

Coldwell Banker Residential Brokerage, Beverly Hills

¹Data based on closed and recorded transaction sides of homes sold for \$1 million or more as reported by the U.S. Coldwell Banker® franchise system for the calendar year 2014. USD\$;

²REAL Trends/The Wall Street Journal – June 2014.



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