

Global Super-Prime Intelligence

2023 Q2 Edition

Knight Frank's Global Super-Prime Intelligence report provides a quarterly snapshot of US\$10 million+ residential sales conditions across 12 key international markets

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Super-prime sales fall back but remain ahead of pre-pandemic level

- Higher interest rates have impacted even the top slice of the luxury residential market, with global US\$10 million+ sales falling back 13% year-on-year in Q2 2023. Despite the slowdown the market is still firing well above its pre-pandemic level.

Residential sales above US\$10 million in the 12 cities covered by the Knight Frank Global Super-Prime Intelligence report totaled 422 in Q2 2023. This number was 11% below the 475 recorded in Q1 of this year and 13% below the 483 sales seen in Q2 2022.

Higher interest rates have impacted all levels of the global housing market, and the luxury segment is not immune. That said, sales in the 12-month period up to June of this year (totalling 1,638 globally) are still running well ahead of the levels seen pre-pandemic (1,009 in 2019).

Despite the year-on-year decline in overall sales, four markets saw volumes rise, led by Dubai (up 79% between Q2 2022 and Q2 2023), Sydney (up 46%), Paris (up 17%), and Geneva (up 7%). The biggest declines over the year were seen in key US markets, led by Los Angeles (down 63%).

Total sales volumes for the quarter amounted to US\$7.3 billion across the 12 markets. Dubai leads with a total volume of US\$1.5 billion, with London

and New York also seeing sales above US\$1 billion.

Total sales in the 12 months up to June in all markets stood at just under US\$30 billion, down from the peak of US\$40.7 billion seen in 2021 but well ahead of the pre-pandemic figure of US\$18.6 billion in 2019.

CITY PERFORMANCE

While US housing markets have faced challenges gaining traction this year, primarily due to the impact of higher interest rates, the super-prime New York market has shown greater resilience thanks to a substantial presence of cash buyers. Additionally, in Q2, there has been an increase in demand from affluent families purchasing properties for their children to use during their school or university years. Moreover, there is emerging evidence of demand from Asian buyers seeking alternatives to Singapore following the implementation of higher stamp duty rates in that city.

422

US\$10 million+ sales across our 12 global markets in Q2 2023

-13%

the decline in overall sales between Q1 and Q2 this year

US\$29.9bn

the total value of super-prime sales in our 12 markets in the 12-months to June this year

Dubai

the city with the highest number of sales in Q2 2023

Sydney

the city with the biggest increase in sales between Q1 and Q2 2023

In New York, the release of several high-profile branded residence schemes has contributed to an increase in sales volumes. On the other hand, Miami is

Quarterly data

US\$10m+ quarterly residential sales Number

City	2022 Q2	2022 Q3	2022 Q4	2023 Q1	2023 Q2
Dubai	53	58	75	92	95
Geneva	15	14	15	27	16
Hong Kong	50	19	30	67	42
London	67	63	63	45	54
Los Angeles	64	49	51	53	24
Miami	34	21	24	29	17
New York	81	43	37	58	67
Orange County	20	22	9	9	11
Palm Beach	36	20	14	39	21
Paris	6	10	7	4	7
Singapore	31	34	23	37	30
Sydney	26	18	22	15	38
All	483	371	370	475	422

US\$10m+ quarterly residential sales Aggregate value (US\$ millions)

City	2022 Q2	2022 Q3	2022 Q4	2023 Q1	2023 Q2
Dubai	797	1,131	1,397	1,725	1,582
Geneva	350	293	294	771	303
Hong Kong	1,084	467	780	989	834
London	1,246	1,051	1,414	933	1,034
Los Angeles	1,169	982	941	884	383
Miami	624	443	425	473	279
New York	1,538	735	708	942	1,142
Orange County	326	298	140	148	175
Palm Beach	634	299	313	617	338
Paris	100	237	125	53	98
Singapore	492	600	409	603	477
Sydney	410	248	443	241	686
All	8,768	6,783	7,389	8,378	7,332

US\$10m+ quarterly residential sales Average sale price (US\$ millions)

City	2022 Q2	2022 Q3	2022 Q4	2023 Q1	2023 Q2
Dubai	15.0	19.5	18.6	18.7	16.7
Geneva	23.3	20.9	19.6	28.6	19.0
Hong Kong	21.7	24.6	26.0	14.8	19.9
London	18.6	16.7	22.4	20.7	19.2
Los Angeles	18.3	20.0	18.5	16.7	16.0
Miami	18.4	21.1	17.7	16.3	16.4
New York	19.0	17.1	19.1	16.2	17.0
Orange County	16.3	13.6	15.5	16.5	15.9
Palm Beach	17.6	15.0	22.3	15.8	16.1
Paris	16.6	23.7	17.9	13.2	13.9
Singapore	15.9	17.6	17.8	16.3	15.9
Sydney	15.8	13.8	20.1	16.1	18.0
All	18.2	18.3	20.0	17.6	17.4

Annualised data

US\$10m+ annualised residential sales Number

City	Full year 2019	Full year 2020	Full year 2021	Full year 2022	12-months to 2023 Q2
Dubai	22	22	93	219	320
Geneva	19	33	53	69	72
Hong Kong	212	175	247	131	158
London	157	157	242	254	225
Los Angeles	123	155	321	234	177
Miami	41	84	240	149	91
New York	224	120	441	244	205
Orange County	40	44	115	90	51
Palm Beach	50	88	151	113	94
Paris	19	3	15	35	28
Singapore	71	79	255	125	124
Sydney	31	45	118	108	93
All	1,009	1,005	2,291	1,771	1,638

US\$10m+ annualised residential sales Aggregate value (US\$ millions)

City	Full year 2019	Full year 2020	Full year 2021	Full year 2022	12-months to 2023 Q2
Dubai	297	287	1,318	3,842	5,834
Geneva	349	691	996	1,510	1,661
Hong Kong	4,199	3,226	5,162	2,920	3,070
London	2,916	2,980	4,193	4,787	4,433
Los Angeles	2,519	2,560	5,364	4,451	3,191
Miami	659	1,377	4,033	2,687	1,619
New York	3,942	2,152	8,087	4,494	3,527
Orange County	629	646	1,820	1,383	761
Palm Beach	1,070	1,656	3,037	2,019	1,567
Paris	345	135	301	641	512
Singapore	1,227	1,353	4,553	2,181	2,088
Sydney	442	715	1,810	1,738	1,618
All	18,595	17,778	40,674	32,654	29,881

US\$10m+ annualised residential sales Average sale price (US\$ millions)

City	Full year 2019	Full year 2020	Full year 2021	Full year 2022	12-months to 2023 Q2
Dubai	13.5	13.0	14.2	17.5	18.2
Geneva	18.4	20.9	18.8	21.9	23.1
Hong Kong	19.8	18.4	20.9	22.3	19.4
London	18.6	19.0	17.3	18.8	19.7
Los Angeles	20.5	16.5	16.7	19.0	18.0
Miami	16.1	16.4	16.8	18.0	17.8
New York	17.6	17.9	18.3	18.4	17.2
Orange County	15.7	14.7	15.8	15.4	14.9
Palm Beach	21.4	18.8	20.1	17.9	16.7
Paris	18.2	45.2	20.0	18.3	18.3
Singapore	17.3	17.1	17.9	17.4	16.8
Sydney	14.3	15.9	15.3	16.1	17.4
All	18.4	17.7	17.8	18.4	18.2

“Super-prime sales globally have retreated from recent highs, but are still outpacing pre-pandemic levels. Dubai continues to lead the pack but London and New York are still seeing healthy volumes. The biggest constraint across a majority of markets in the near term is supply – a lack of new development starts between 2020 and 2022 means a lean 2024 for new delivery pointing to rising competition for available stock which should act to put a floor under pricing.”

Liam Bailey, Knight Frank's Global Head of Research

facing a different challenge, grappling with a severe shortage of super-prime properties. This scarcity is hindering sales activity despite robust demand from both domestic and international buyers.

Turning to Asia, Singapore's super-prime market is experiencing a squeeze in sales volumes due to high purchase taxes, reaching up to 60% for foreign buyers in some cases. Although the city has been successful in attracting wealth management and family office investments, this interest has not translated into increased sales activity, as the market is adapting to rely more on domestic purchasers.

In Hong Kong, luxury demand has received a boost from mainland buyers, who had been largely absent from the market between 2020 and 2022. With greater travel expected in the remainder of the year, there is potential for increased demand. However, the main constraint lies in the limited supply of best-in-class super-prime homes.

Sydney's super-prime market has witnessed strong sales in the last quarter, driven by a rapid surge in demand, partly from Asia but also from a significant portion of domestic buyers. Given the limited supply, buyers are actively seeking off-market opportunities to reduce competition. Looking ahead, there's a shortage of super-prime construction in the pipeline, indicating that the supply shortage is likely to persist.

London's market has remained relatively robust throughout 2023, although it has slowed compared to the levels seen in 2021. Overseas demand has played a role in boosting sales, and recent development launches have contributed to the numbers. However, a squeeze in the future super-prime development pipeline in London suggests a potential slowdown in sales activity in 2024 and beyond unless existing property owners can be encouraged to trade up or down from their current properties.

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