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REAL ESTATE

Upcoming elections could impact housing market: Sotheby's

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External factors could shake up a steady high-end market. Image credit: Sotheby's

By ZACH JAMES

Real estate firm Sotheby's International Realty is projecting that the luxury market will remain stable throughout the rest of the year.

Their first-ever Mid-Year Luxury Outlook forecasts a steady luxury real estate market going forward, despite several external global factors. Among the events set to impact the market are the impending U.S. presidential election and other political and economic shifts set to occur worldwide by the end of 2024.

"Our 2024 Mid-Year Luxury Outlook report equips clients with vital insights to make informed decisions, regardless of their location or real estate goals," said Philip White, president and CEO of Sotheby's International Realty, in a statement.

"This report helps consumers understand current market trends, potential investment opportunities, and factors that could impact property values."

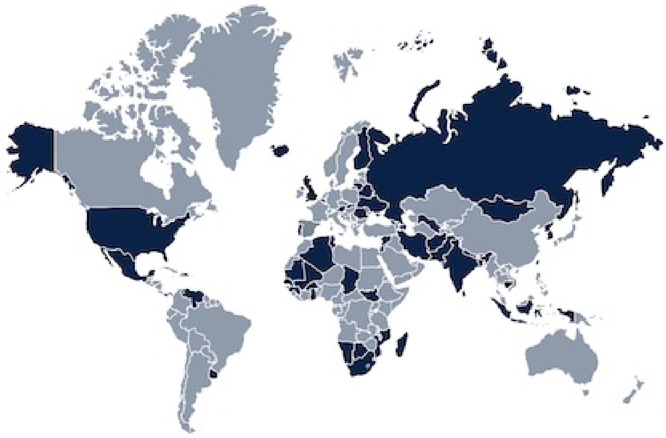
For the report, Sotheby's bases insights on first-quarter results, with weigh-in from its luxury agents transacting in the $10 million or more price category. The 2024 Mid-Year Luxury Outlook also lists data from industry leaders, including JP Morgan Chase, the National Association of Realtors, the U.S. Census and Sotheby's Concierge Auctions.

Money moves

Political pressures are a major fear for the overall luxury market, but especially within the real estate sector.

As revealed in the report, more than four billion people, or nearly half of the world's population, will be eligible to vote in elections this year. Elections are set to occur or have already taken place in more than 80 countries this year.

Collectively, these regions account for upwards of 60 percent of the global GDP.



Countries holding elections in 2024 are highlighted in dark blue. Image credit: Sotheby's

With so much potential for political and economic change in accordance with new politicians taking office, high-end homebuyers are historically on high alert, typically prioritizing policy over real estate decisions. Sotheby's sees no reason why this year would be any different, especially as American elections hold so much sway over the rest of the world.

With this uncertainty, emigration of HNWIs is at an all-time high, with the U.K. taking the biggest hit (see story). The U.S. remains in the top-two in global affluent intake, only beaten by the United Arab Emirates.

"From my experience, what we see again and again is that our market gets quieter around October," said Christie-Anne Weiss, global advisor at TTR Sotheby's International Realty, in Washington, D.C., in a statement.

"Once the election is over and we know who the president is, business will resume as normal," Ms. Weiss said. "It is buyer psychology; people do not make major investment decisions when there is imminent uncertainty."

Other major global markets holding elections this year include the United Kingdom, South Africa and Brazil, among many others.

Looking forward

Politics are not the only factors predicted to sew doubt in the minds of luxury homebuyers throughout the remainder of 2024 and beyond.

> JUST DROPPED: Our 2024 Mid-Year #LuxuryOutlook report! Explore the latest insights shaping global luxury residential property markets in our first-ever Mid-Year Luxury Outlook report: https://t.co/HpdCquGtaB pic.twitter.com/hVAfkZkkbc
>
> Sotheby's International Realty (@sothebysrealty) July 10, 2024

According to Bank of America, anxieties surrounding estate planning, as well as investment fears have a hold over wealthy families based in the U.S. (see story).

Global tax code changes (see story) and interest rates are also creating new wrinkles for homebuyers to contend with. In particular, interest rates, which have remained high since the onset of the pandemic, have not plunged despite industry experts' predictions.

New forecasts from the Mortgage Bankers Association and Wells Fargo anticipate the Federal Reserve lowering interest rates toward the end of 2024, with new lows of 5.9 percent and 6 percent expected sometime next year current rates land between 7 percent and 7.9 percent.

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