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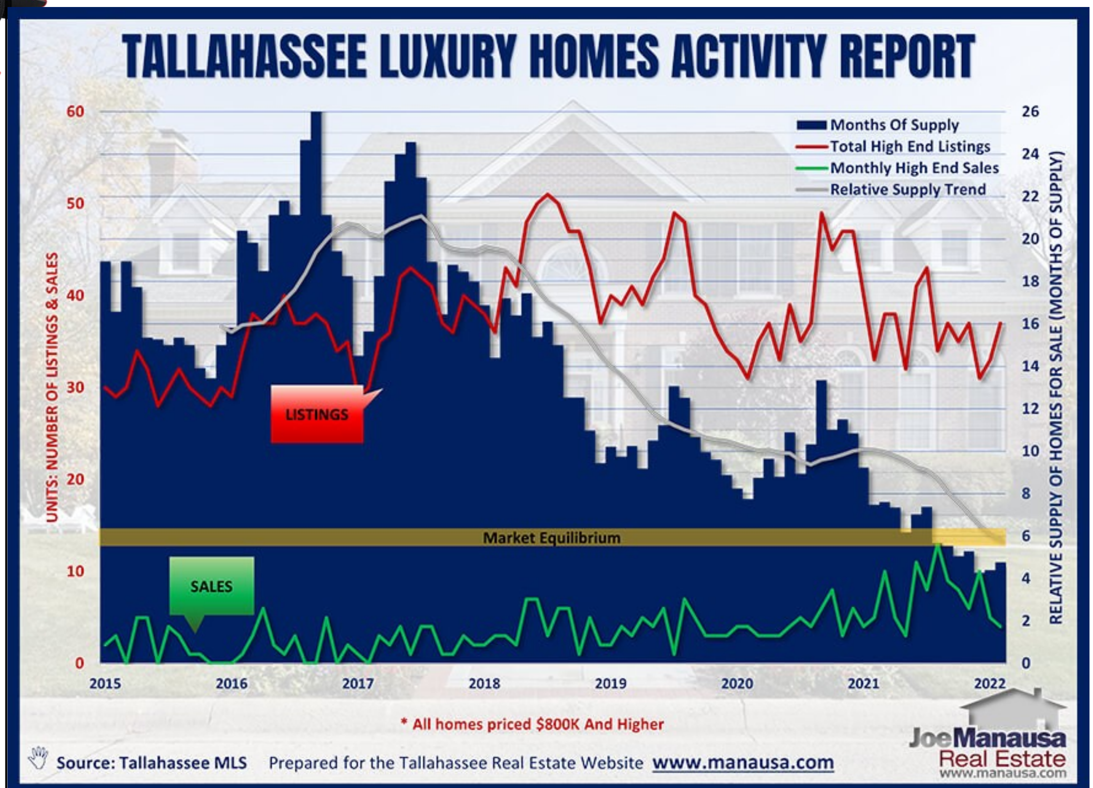
I Was Wrong !!!



I was wrong. I gave you bad intel on the luxury homes market, so today I'm coming clean to show you what I forecast and instead, what has transpired.

In a newsletter and several blog posts, I prepared high-end homeowners to face a market where luxury homes would face many years of values not moving higher due to a gross supply imbalance. You can read the report by clicking the image below.

My rationale was on point, what I did not foresee was the rapid decline of mortgage interest rates due to the COVID response by the Fed.

The relative supply of luxury homes (shown above in blue and the one-year trend shown in gray) was far above the relative supply of homes overall, and I believed that mortgage interest rates would rise (from 2019 levels) and demand would be significantly halted.

Instead, we saw several years of declining mortgage interest rates which brought buyers into the market and much of the excess supply of homes priced above $800K were consumed.

Nearly 80% of luxury homebuyers borrow money to make their purchases, so we still anticipate the reduction in high-end sales, but fortunately for homeowners, the excess inventory has been consumed. Keep an eye on rates and know that our luxury market is strongly supported by historically-low rates.

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