



## What you need to know about 2020's accelerated luxury market

How luxury agents can adjust their strategy for the current climate

BY MICHAEL DREYFUS | NOVEMBER 09, 2020

It's safe to say that this year has not been the one we expected. In March, it was anybody's guess how the pandemic was going to impact real estate: I anticipated disaster. But in the luxury sector, we've experienced the opposite. High-end home sales may have been unpredictable in the spring, but the luxury housing market has heated up fast in the months since.

The first sign? In May, I moved a \$20-million house that had been on the market for a year, and there was no negotiation — the buyer came in and made an offer that day. It was a sure sign that people are looking to real estate as a solution during these times, and it proves just how motivated current buyers are. This new accelerated luxury market calls for a shift in strategy to help both buyers and sellers capitalize on emerging trends. Here are six tips to take with you into today's market.

### 1. Motivation is higher than ever

Every real estate market runs on motivation, and the pandemic is probably the biggest motivating factor I've seen come into a market in 30 years. Instead of settling in their existing properties, clients want to improve their living situation by investing in larger luxury homes. This motivation paired with limited inventory means things move fast. Sales like the \$20-million home in May make it clear that people are prepared to act quickly. This trend has only continued throughout 2020.

Buyers are turning instead to properties that already offer all the amenities and space they want. I recently sold a house in Palo Alto for \$4.5 million, and the interested buyers were all located nearby. I saw neighbors with smaller yards bidding on it, and that's what's happening in today's move-up market — people are moving within their own communities. It's not about moving somewhere distant, but improving what you have where you are.

### 2. Buyers are looking for an immediate improvement

The pandemic has brought with it a sense of urgency, and owners want immediate solutions to their living situation quandaries. In the past, homeowners might have opted for a renovation when they needed extra rooms or reconfigured a challenging backyard, but the attitude towards time-consuming upgrades has shifted. This desire for instant upgrades means clients are choosing to purchase a new house rather than putting the time, effort, and money into renovating their current home.



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### 3. Luxury buyers know what they want — at scale

Right now, many people don't want to renovate their current homes, and they also don't want to move into a new home and have to tackle projects right away. The true winners in luxury real estate in 2020? Bigger lots and houses that are move-in ready. The need for an immediate home upgrade amongst high-net-worth clients means that renovated luxury homes, especially those on large acreages, are in high demand.

Of course this influx of demand for these types of move-in ready homes means there's more inventory of houses that aren't as polished, and buyers are more hesitant to consider them. But that's also an opportunity for agents.

### 4. More preparation pays off

Since move-in ready properties are in demand, I'm doing more to help buyers see the potential in homes that may not be as finished as they would like. I've pivoted in two ways: firstly, my team has changed our messaging to address these new needs, making sure we call out the details of a home that buyers want now.



#### Michael Dreyfus

Michael Dreyfus has had 30 years of repeated success in residential real estate. He currently ranks as one of the leading sales agents in the Silicon Valley/Peninsula area and has regular appearances on the Wall Street Journal/Real Trend's list of America's Top 250 Agents. He is an owner and the top sales agent for Golden Gate Sotheby's International Realty with 550 agents in 20 offices across the California Bay Area. His recent sales have been often and varied, including some of the highest sales recorded in Palo Alto, Woodside, Portola Valley, and Atherton. In addition, he has represented Sellers and Buyers in high-end transactions throughout California, most recently representing ranches and vineyards in Northern California and an estate in Montecito. Michael is considered a thought leader in residential real estate and is often interviewed in local, regional, and national press for his opinion on the residential market. Michael is a licensed Real Estate Broker and Attorney-at-law.

Secondly, we're investing in bigger construction projects to prepare homes for sale. By solving the problems of a home in advance, knowing that today's buyers are wary of renovations, I can ensure my listings are in a better place in the market than if I didn't put in the work.

### 5. You may need to go the extra mile for viewings

For agents, a big struggle right now is inventory: many buyers are looking for the same thing. Because inventory is limited and access to homes is complicated depending on where you are in the country, finding homes for your buyers to view in the first place has become a hurdle. Agents need to anticipate and persevere through the new hoops of seeing homes: the agents who succeed will be the ones who are disciplined about looking and who work a little harder to get out to properties. That high motivation we're seeing from buyers makes it well worth it once you get there.

### 6. Price right for the property type

When it comes to selling, pricing right is as important as ever. Recognize whether the house you're listing falls into the in-demand category in your market; if it doesn't, explain the factors at play for different property types to your seller and price accordingly. Smaller lots might not be selling right now in your market, since buyers are craving more space, and condos and townhome markets have been dramatically affected, making pricing right even more crucial.

There's no doubt the 2020 luxury market has picked up speed, and it doesn't appear to be slowing down soon. Buyers are continuing to search for bigger and better, and this acceleration is also an opportunity for agents to adapt. A deeper understanding of buyers' current motivations and desires, an investment of time up front when viewing and working on properties, and a smart pricing strategy all help optimize buying and selling in the current climate — a perspective that can yield great rewards.

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