

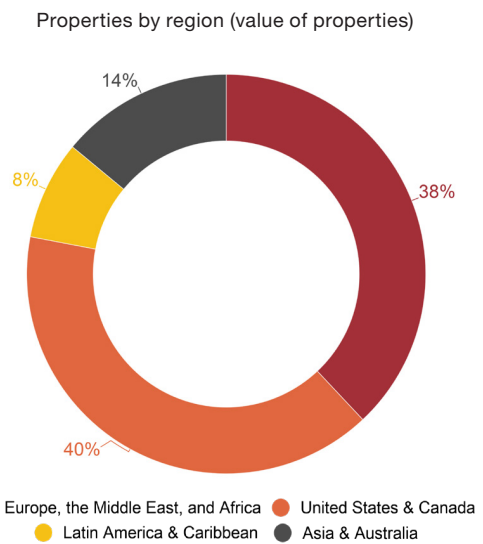
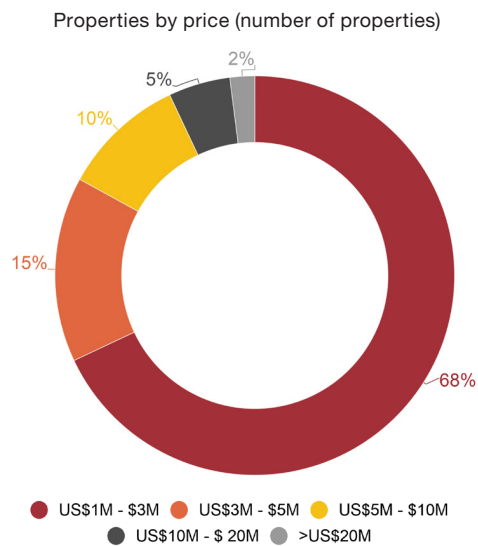
by the NUMBERS

CURATED NETWORK OF REAL ESTATE SPECIALISTS REPRESENTING

~14,000
*Number of Luxury
Properties Worldwide*

US\$56B
*Value of Luxury
Properties Worldwide*

US\$500B
*Real Estate Sales Over
the Last Five Years*

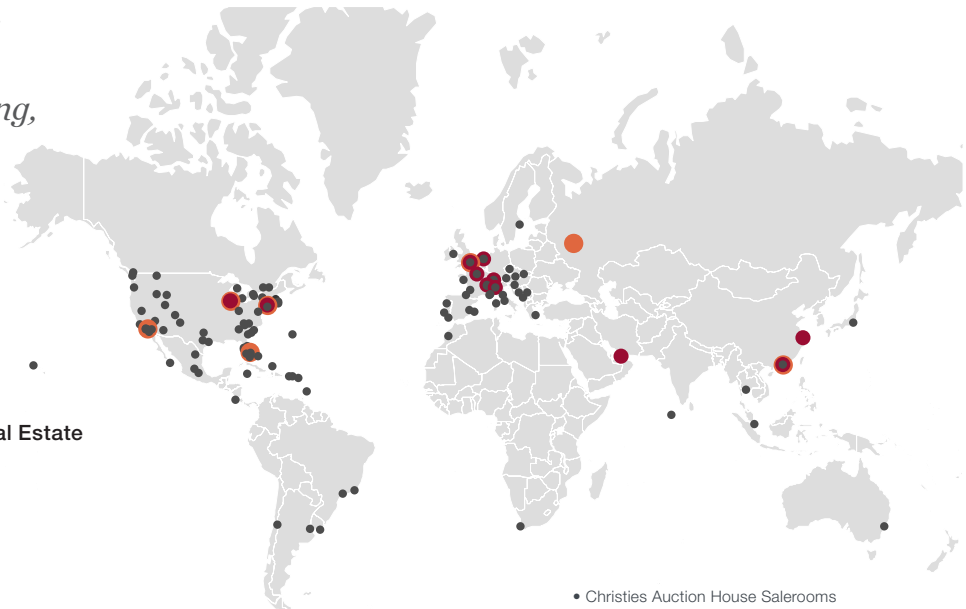


*Corporate offices
in New York,
London, Hong Kong,
Los Angeles,
Chicago
Palm Beach,
& Moscow*

Christie's International Real Estate
940 offices
49 countries

Christie's Auction House
10 salerooms
46 countries

All data as of September 30, 2018













• Christie's Auction House Salerooms
• Christie's International Real Estate Office Locations
• Christie's International Real Estate Affiliate Location

THE WORLD OF LUXURY REAL ESTATE

Luxury Index:

Most Luxurious Global Cities for Prime Property
With two residential sales above \$100 million and the highest price per square foot of any urban area, Hong Kong ranks as the 'most luxurious' major housing market worldwide for the second consecutive year. Five of the top 10 markets recorded year-on-year growth in luxury home sales of ten percent or higher.

Top 10 most luxurious cities for luxury real estate, 2017

- | | | | |
|---|---------------|--|-------------|
| 1 —  | HONG KONG | 6 —  | LOS ANGELES |
| 2 —  | NEW YORK | 7 —  | SYDNEY |
| 3 —  | LONDON | 8 —  | PARIS |
| 4 —  | SINGAPORE | 9 —  | TORONTO |
| 5 —  | SAN FRANCISCO | 10 —  | VANCOUVER |

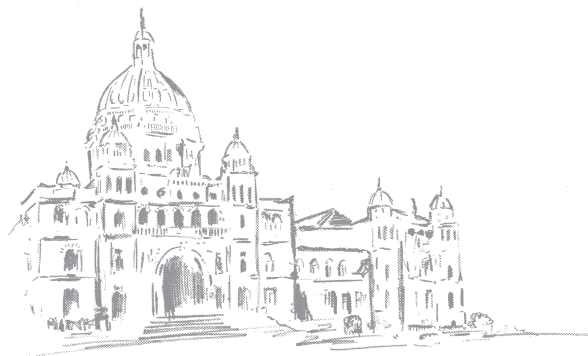
Luxury Thermometer:

Hottest Primary Markets

The Canadian city of Victoria, BC, topped this year's list of hottest primary housing markets, with significant year-on-year increases in both luxury sales volumes and prices.

- 1) Victoria, British Columbia
- 2) San Diego, California
- 3) Orange County, California
- 4) Washington, DC
- 5) Paris, France

Top 5 hottest primary markets for luxury real estate, 2017



Luxury Thermometer:

Hottest Second-Home Markets

Showing strong year-on-year performance in million-dollar-plus home sales, the historic city of Santa Fe tops our list of hottest second-home markets, followed by Toronto's 'weekender' market of Muskoka.

- 1) Santa Fe, New Mexico
- 2) Muskoka, Ontario, Canada
- 3) Sarasota, Florida
- 4) Sun Valley, Idaho
- 5) Bahamas

Top 5 hottest second-home resort markets for luxury real estate, 2017

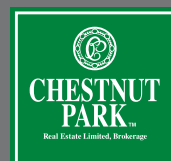


Source: *Luxury Defined 2018*, Christie's International Real Estate. The report covers the period January 1, 2017 through December 31, 2017 and data is presented in US dollars. Although the starting price for a luxury property varies by market, the report defines "luxury real estate" as homes priced at US\$1M and above.



luxurydefined 18

*an insight into the luxury
residential market*



CHRISTIE'S
INTERNATIONAL REAL ESTATE

8

Toronto 2017

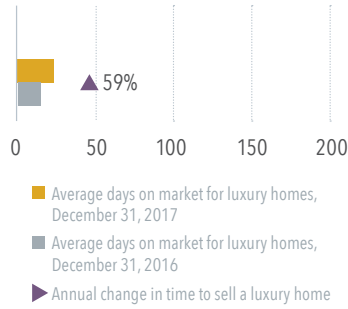
Christie's Luxury
Housing Rankings

▲
#9 in 2016

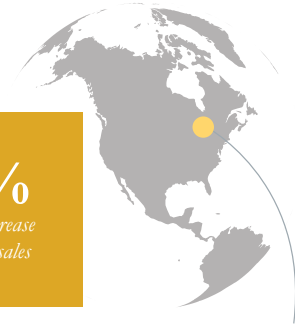


\$1,156

Average price per square foot for
luxury homes in Toronto, Canada.
US\$, December 2017



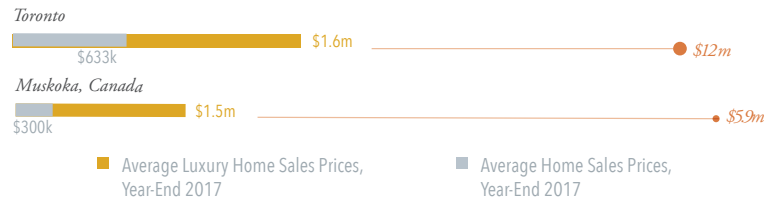
18%
Annual increase
in luxury sales



Muskoka, Ontario, Canada

Despite record low inventory, Ontario's 'weekender' market of the Muskokas ranks second on the list, buoyed by an influx of 'lifestyle arbitrage' baby boomer buyers from Toronto. "Inventory for the recreational marketplace as a whole has declined by almost 50 percent in two years," says Chris Kapches of Chestnut Park Real Estate. "It is not surprising that declining inventories lead to declining sales, and concomitantly to rising average sale prices. Reduced inventory levels continue to put pressure on buyers, as they are being forced to pay for more desirable recreational properties."

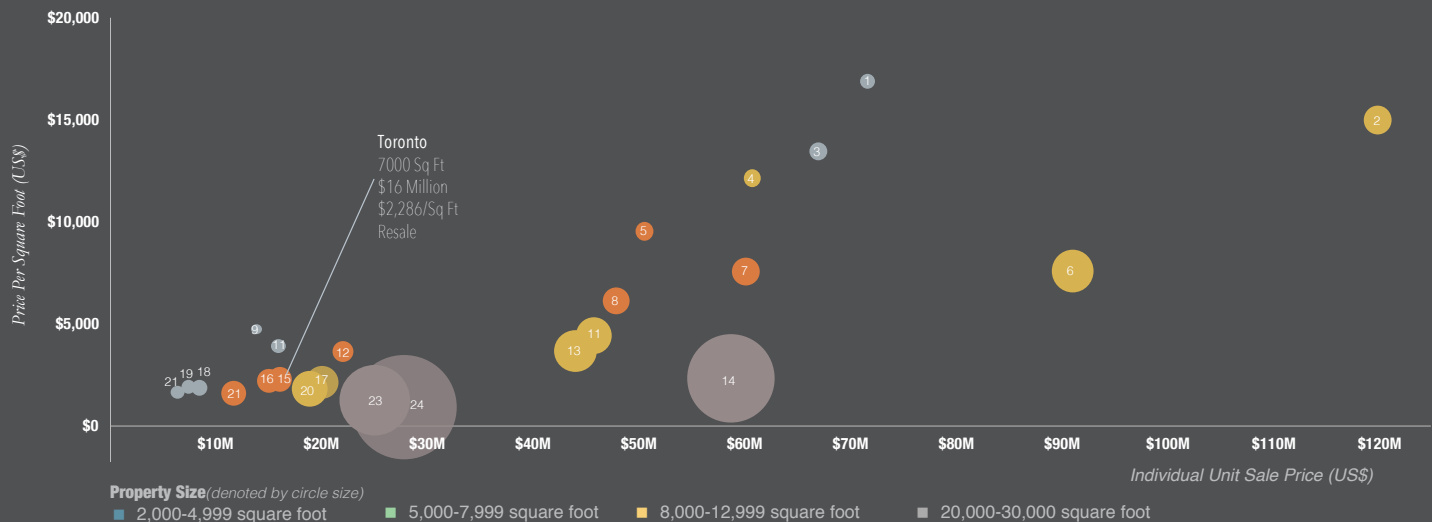
Residential Real Estate Prices



* Only average sales price data available

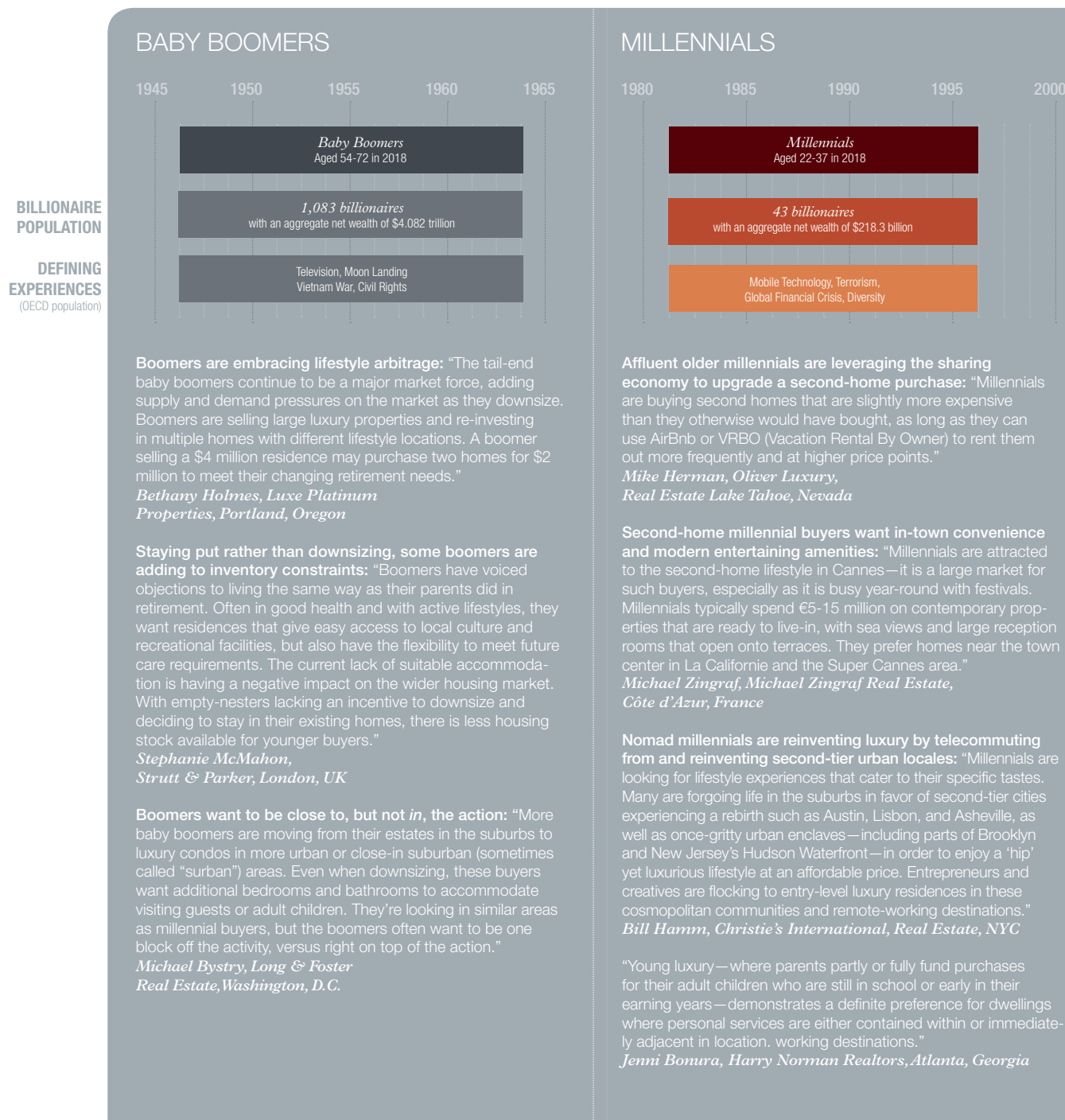
Record-Breaking and Notable International Penthouses Sales in 2017

Individual Unit Sales Prices (US\$), Square Foot Sale Prices (center point of the circle), and Property Size in Square Feet (represented by the size of the circle)



Understanding the Luxury Home Buyers Driving Sales

After years of media coverage around millennials not entering the housing market, the affluent cohort of these buyers is finally becoming a major force in the luxury housing market. But these buyers are faced with challenges including low inventory in many markets, and competition for high-end homes with affluent buyers who are downsizing into urban areas. We asked our experts across the world, what are the two largest demographic cohorts of affluent homebuyers looking for and how are their preferences shaping the luxury market?



Snapshot of Notable Recently Introduced Taxes and Foreign Buyer Restrictions

Details of Measure	MEASURES IMPACT				Year	Location	New or Increase
	Foreign Buyers	Luxury Buyers	2nd Home Buyers	2nd Home Owners			
20% foreign buyers stamp duty; expanded to more areas of BC	●				2018	British Columbia	Increase
5% transfer tax for C\$3M+ homes; expanded to more areas of BC		●			2018	British Columbia	Increase
Tax on "empty homes" (1% of assessed value)				●	2018	Melbourne, Australia	New
Ban on foreigners buying existing homes	●				2018	New Zealand	Proposed
Tax on "empty homes" doubled to 100% of council tax				●	2017	United Kingdom	Increase
Tax on "empty homes" of A\$5,000 annually				●	2017	Australia	Increase
8% foreign buyers stamp duty; 2% foreign buyers annual land tax	●				2017	NSW, Australia	Increase
15% foreign buyers stamp duty	●				2017	Toronto	New
1.5% foreign buyers annual land tax	●				2017	Victoria, Australia	Increase
Tax on "empty homes" (1% of assessed value)				●	2017	Vancouver	New
15% double stamp duty for all purchases		●			2016	Hong Kong	New
4% foreign buyers stamp duty	●				2016	NSW, Australia	New
3% foreign buyers stamp duty	●				2016	QLD, Australia	New
15% foreign buyers stamp duty	●				2016	Vancouver	New
7% foreign buyers stamp duty	●				2016	Victoria, Australia	Increase
3% stamp duty on 2nd home purchases			●		2016	United Kingdom	Increase
Tax on "empty homes" — 20% premium on the annual taxe d'habitation				●	2015	Paris	New
12% stamp duty land tax for £1.5M+ homes		●			2014	United Kingdom	Increase
8.5% stamp duty for HK\$2M+ purchases		●			2013	Hong Kong	Increase
15% foreign buyers stamp duty	●				2013	Singapore	Increase
Transfer fee doubled from 2% to 4%		●			2013	UAE	Increase
7% tax on second home purchases			●		2013	Singapore	New
Special stamp duty of up to 20% for properties resold within 3 years		●			2012	Hong Kong	Increase
15% foreign buyers stamp duty	●				2012	Hong Kong	New
7% stamp duty for £2M+ home sales, 5% for £1-2M home sales		●			2012	United Kingdom	Increase
10% foreign buyers stamp duty	●				2011	Hong Kong	New
10% foreign buyers stamp duty	●				2011	Singapore	New
3% tax on 2nd home purchases (residents) and 3rd+ home purchases (locals)			●		2011	Singapore	New
Special stamp duty of up to 20% for properties resold within 2 years		●			2010	Hong Kong	New

Vancouver's luxury market has already slowed since the introduction of various cooling market measures in late 2016 and may continue to do so if additional proposed legislation is introduced in 2018. The proposed foreign buyer ban is not likely to proceed, but we expect to see higher taxes for luxury home buyers and owners.

Faith Wilson, Faith Wilson Group, Vancouver, Canada



As more countries impose similar taxes, those in Singapore and Hong Kong who are interested in buying overseas property have simply factored that into their overall transaction cost. When considering a purchase in Singapore, clients compare it with the cost of a purchase in London, Tokyo, Los Angeles, New York, or Sydney, rather than to the cost of another property in Singapore.

*Dave Loo, Singapore
Christie's International
Real Estate, Singapore*

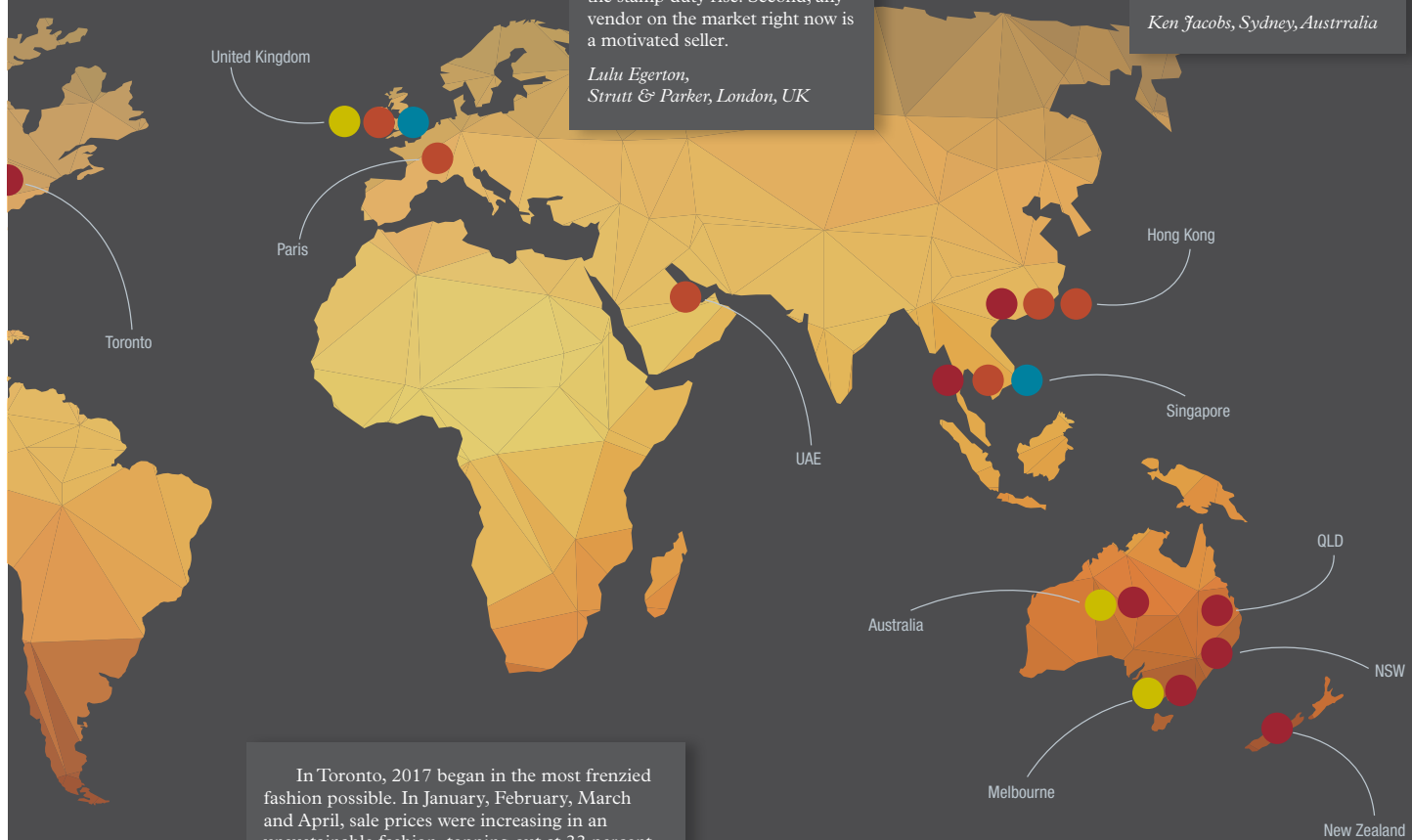
The uncertainty around the UK's long term prosperity after Brexit and the increased stamp duty land tax resulted in London house prices falling by an average of 15%. It was very difficult for agents to set asking prices and for Vendors to accept the falling market. Added to which, purchasers have been reluctant to commit to property, preferring to wait and see for the general economic picture to become clearer. There is good news as we start 2018. First, luxury properties in the UK are now attractively priced to absorb the stamp duty rise. Second, any vendor on the market right now is a motivated seller.

*Lulu Egerton,
Strutt & Parker, London, UK*

We have seen a change in the number of buyers purchasing from China due to their government tightening on funds being transferred out of the country, as well as the restrictions imposed by the Australian Foreign Investment Review Board.

Australia's most expensive home sold in 2017 was a Sydney estate that went to a local Australian buyer for A\$71 million (US\$53.6 million). Had it sold to a foreign buyer, he or she would have had to pay more than A\$10 million (US\$7.52 million) in stamp duty as a result of the increased levies, plus an additional A\$1.9 million in land taxes.

Ken Jacobs, Sydney, Australia



In Toronto, 2017 began in the most frenzied fashion possible. In January, February, March and April, sale prices were increasing in an unsustainable fashion, topping out at 33 percent on a year-on-year basis in March. On April 20th, everything changed. The government announced the Ontario Fair Housing Plan. Amongst other measures, it imposed a 15 percent tax on residential purchases by foreign buyers. Technically this measure should have had an insignificant effect on the market – after all only 4 percent of all homes were purchased by foreigners. But the implementation of the tax acted as a psychological wake up call, causing buyers to stop, look at the amounts they were paying for properties, and wait to see what the impact of the tax would be on sales and sale prices. By May sales of residential properties had declined by more than 20 percent.

*Chris Kapches,
Chestnut Park Real Estate, Toronto, Canada*

- Foreign buyer restrictions and taxes
- Taxes on luxury property buyers
- Taxes on second-home buyers
- Second-home owners

A Comparison of Trophy Asset Prices and Performance

How do luxury home sales compare to other luxury good acquisitions across other collector categories? We ask our Christie's colleagues for their insights on trends in trophy acquisitions in some of the top collecting categories.



\$450m

Top 2017 Fine Art Sale
*Leonardo da Vinci's "Salvator Mundi,"
painted circa 1500*



\$360m

Top 2017 Real Estate Sale
*Pollock's Path Estate
in The Peak, Hong Kong*



\$71m

Top 2017 Jewellery Sale*
*The 59.60-carat CTF Pink
Star Diamond*



\$17.8m

2017 Top Watch Sale*
*"Paul Newman" Rolex
Daytona Ref. 6239*



\$379k

Top 2017 Handbag Sale*
*Hermès White Himalaya
Crocodile Diamond Birkin*



\$262k

Top 2017 Wine Sale*
*12-bottle Case of Domaine de la
Romanée-Conti's Romanee-Conti 1988*

Leonardo da Vinci's *Salvator Mundi*—which sold at Christie's in November 2017 for \$450 million—not only became the most expensive work of art in history, but more than doubled the previous auction record. It was, said Christie's CEO Guillaume Cerutti, “a great moment for Christie's and a great moment for the art market.”

* Highest-priced sale at auction



Baldrige House, Fort Worth, Texas

Relative Values

A global comparison of prime property markets by square foot prices

Just as average and top sales prices reveal a remarkable price variation worldwide, luxury property prices as ranked by prices per square foot not surprisingly reveal similarly vast ranges across our studied luxury property markets.

In the world's primary housing markets, the average price per square foot for luxury sales at the end of 2017 ranged from \$185 in Mexico City to \$4,900 in Hong Kong. The most expensive cities based on square foot prices were Hong Kong, London (\$2,574), and New York (\$2,065). Hong Kong also achieved the highest record square foot price in 2017, with an

eye-popping \$17,000 price per square foot for a prime residence in The Peak.

Across second-home resort markets, the highest prices per square foot for luxury homes were in Monaco, where prime property sales average \$5,027 per square foot. Luxury ski enclave Gstaad and prized Florida destination Naples also command high prices per square foot for luxury homes, averaging \$2,780 and \$2,235 respectively. For second-home buyers looking for the greatest value, Bordeaux vineyards offer significant appeal. Luxury properties in this premier French wine destination average \$314.



Average prices per square foot (ppsf) for luxury homes in select primary housing markets
US\$, Year-end 2017

LUXURY DEFINED

London

Typical property around the average luxury ppsf (\$2,436)
Prince Edward Mansions is a sought after Victorian mansion block in Notting Hill.
Asking Price: £7.9 million



New York

Typical property around the average luxury ppsf (\$1,544)
Perfectly situated with an incredible and unobstructed Hudson River view.
Asking Price: \$1.2 million



Miami

Typical property around the average luxury ppsf (\$640)
Showcase Mediterranean villa on historic Espanola Drive minutes to downtown.
Asking Price: \$2.9 million



Santiago, Chile

Typical property around the average luxury ppsf (\$390)
Great Mediterranean house in luxury condominium, only a few steps from Colegio Monte Tabor.
Asking Price: \$1 million



Atlanta, Georgia

Typical property around the average luxury ppsf (\$640)
Pristinely maintained, stately brick home, on Moores Mill Road in a lovely neighborhood.
Asking Price: \$2.9 million

Hong Kong \$4,900

\$2,574

\$2,065

\$1,571

\$1,362

\$1,156

\$1,086

\$958

\$948

\$914

\$693

\$628

\$572

\$465

\$403

\$400

\$377

\$369

\$345

\$279

\$265

\$263

\$240

\$84

\$185

Gstaad, Switzerland

Naples, Florida

Costa Smeralda, Italy

Telluride, Colorado

Juniper Island, Florida

Cannes

Park City, Utah

Florida Keys

Jackson Hole, Wyoming

Palm Beach County, Florida

Sarasota, Florida

Valencia, Spain

Bahamas

The hamptons, New York

Charleston, South Carolina

Santa Fe, New Mexico

Big Sky, Montana

Los Cabos, Mexico

San Juan, Puerto Rico

Bordeaux Wine Regions

\$5,027

Monaco

Typical property around the average luxury ppsf (\$5,200)
Elegant apartment located in the prestigious "Parc Saint Roman."
Asking Price: \$13.4 million

Sun Valley, Idaho

Typical property around the average luxury ppsf (\$642)
A French Country Home with a nearby lake and hiking trails.
Asking Price: \$4.5 million



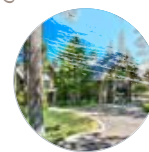
Palm Beach Gardens, Florida

Typical property around the average luxury ppsf (\$483)
A stunning waterfront oasis surrounds this extraordinary, top-of-the-line custom estate.
Asking Price: \$2.9 million



Reno, Nevada

Typical property around the average luxury ppsf (\$540)
A magnificent estate home on Montreux Golf and Country Club.
Asking Price: \$2.9 million



Paradise Valley, Arizona

Typical property around the average luxury ppsf (\$350)
A beautiful family home with space for outdoor entertaining.
Asking Price: \$1.9 million



Average prices per square foot (ppsf) for luxury homes in select second-home destinations
US\$, December 2017

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