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REAL ESTATE

Mexico is home to the most second residences owned by US affluents

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Cyprus second citizenship investment real estate

Affluent consumers from the United States have an average of roughly nine homes, mostly in Mexico, the Bahamas and the Caribbean, according to American International Group.

Individuals with an extremely high net worth are leveraging AIG for multinational coverage for second homes, seen most in North and South America. More than 50 percent of the residences owned by affluent U.S. citizens are located in the Americas.

"We were surprised to learn just how dramatically the need for global insurance solutions has increased over the last five years, and the lack of comprehensive multi-national coverage options previously available to these global citizens when it pertains to their homes," said Jerry Hourihan, president of AIG Private Client Group, U.S. and Canada.

"AIG Private Client Group has always offered global protection for personal liability, private collections and yachts, but the data reinforced the need to extend better coverage solutions to the homes themselves," he said.

AIG Private Client Group is a multinational insurance corporation and conducted the research by looking at data and trends from clients with $250,000 annual personal insurance premiums or higher. AIG looked at locations where clients own second homes.

Countries of interest

Mexico is the leader in second residential homes from high-net-worth individuals from the U.S., with 14 percent of owning homes in the North American country. The Bahamas follow Mexico closely with 13 percent.

Taiwan home on Tujia

While more than 50 percent of second homes are located in the Americas, the top five countries include two from Europe. England is the third most popular country for second homes from high-net-worth individuals, and France falls at fourth place, above the Caribbean at fifth.

England accounts for 12 percent of second homes from this group, while France and the Caribbean both see 9 percent.

These clients also are in possession of an average of 19 regular-use vehicles per household. Affluent consumers also have an average of $1.7 million in jewelry insured and $19.6 million of fine art insured.

Wildwood Road London home

AIG Private Client Group was able to see the need for an insurance provider that will be able to span the globe for individuals and offers the ability to use one insurance provider for properties and possessions all over the world.

Residential findings

While the Americas are seeing popularity from U.S. consumers, in the next three years, 60 percent of high-net-worth Chinese consumers are likely to purchase investment real estate properties in the United States, especially in Los Angeles, San Francisco and Seattle.

According to the 2016 White Paper on China investment immigration from Hurun Institute, about 15 percent of financial investments from affluent Chinese consumers came from overseas. More than half of HNWI in China worry about the devaluation of their investments (see more).

Also, in the last 10 years, the number of ultra-high-net-worth individuals residing in Monaco has risen 62 percent, according to research from Knight Frank.

Despite the principality being less than a square mile, it boasts 12,000 millionaires, partly due to its appeal as a tax haven for the super-rich that also offers the convenience of the nearby Nice Airport in France. The buyer profile is

changing, skewing younger than before with Russians again looking to buy in Monaco (see more).

"Ultra-high-net-worth individuals and families are more mobile than ever, and their insurance needs are more fluid," Mr. Hourihan said. "They typically own property in multiple locations across the U.S. as well as outside the country. In addition, they have experience."