

REAL ESTATE

Values of affluent consumers greatly differ when considering real estate: report

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924 Bel Air Road designed by Bruce Makowsky

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When affluent consumers are looking into real estate purchases, a home that needs renovations is not a significant area of interest, with only 5 percent of luxury buyers being interested, according to a report by Luxury Portfolio International.

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A new report from Luxury Portfolio International revealed that only 15 percent of affluent buyers are interested in already renovated older homes. When purchasing a new home, the realtor is just as important as the home itself, with many consumers explaining they want an emotional connection with someone who is the best-of-the-best and understands their needs.

"The quest for meaning is such a key driver for the affluent consumer that it truly is at the core of their decision-making today," said Stephanie Anton, executive vice president at **Luxury Portfolio International**. "Those that serve this audience can make most authentic connections by embracing this deeper level need."

Real estate insights

Luxury Portfolio International's white paper revealed that there are significant differences between the tiered groups of luxury buyers and what they value. For instance, buyers in the \$1 to \$2 million bracket are interested in trusted experiences, with 80 percent preferring to work with real estate agents on transactions.



Highland Park, IL home

However, luxury buyers in the \$2 to \$5 million range are most interested in having their purchases mean something. Seventy-one percent believe that their purchases should mean something and 74 percent are interested in sustainability.

The highest level, above \$5 million, want to purchase homes that are considered the finest that money can buy and expect the price to reflect this.

Fifty-five percent of all respondents said they are interested in privacy and energy efficiency.

Each tier of price levels has extreme disparities between what individuals are interested in with real estate. Catering to these different groups so vastly differ, playing to each individual's taste.



Singapore home via Knight Frank

Individuals in general have extremely different values and what luxury means to them, which also needs to be taken into consideration.

Additional insight

Despite the uncertainty that the future of the housing market beheld, and still does, near to the end of the United States' presidential election, prices hit the highest mark since 2006 in the third quarter of this year, according to Knight Frank.

The global housing index by Knight Frank detailed results from Q3 of 2016 that showed an increase of 5.3 percent in the year up to September. The increase was its highest within two years, but U.S. prices are now exceeding prices before the pre-financial crisis peak in 2006 ([see more](#)).

While the recent economic and political atmosphere is seeing serious ups and downs, real estate is poised to have a strong year, according to the chief economist of the Leading Real Estate Companies of the World.

A business-friendly White House administration, an appreciated United States dollar and the current strength of the economy will be supportive factors for a positive 2017 real estate year. The first round of millennials will be entering the home buying process, while baby boomers are looking into legacy buying ([see more](#)).

"We were surprised that the passions of the affluent home buyer, when identified by price-level, were so distinct

from one another," Luxury Portfolio International's Ms. Anton said. "Each group has a different relationship with luxury and their own unique motivations for purchasing."

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