

REAL ESTATE

Lifestyle beating location as key motivator for wealthy home-buyers

February 19, 2020



Lifestyle trumps location for many younger affluent home-buyers. Image courtesy of Coldwell Banker

By DIANNA DILWORTH

While metropolises such as New York, Los Angeles and San Francisco will always attract luxury real estate buyers, the gravitational pull of the big city is fading and secondary smaller markets are catching the eye of affluent buyers.

Subscribe to **Luxury Daily**
Plus: Just released
State of Luxury 2019 **Save \$246 ▶**

Money is moving into new markets and creating new clusters of luxury in secondary cities, according to a new 65-page 2020 Global Luxury Market Insights report from Coldwell Banker into home-buying patterns of wealthy individuals in the United States.

"The migration of the wealthy to areas that may not have been on the radar in the past is a very good thing for the market," said Craig Hogan, Chicago-based vice president of luxury at Coldwell Banker Real Estate. "Location, of course, is always a consideration. However, lifestyle is now the factor that many rank as most important."

Coldwell Banker is one of the leading real estate brokerages in the United States.

Middle of nowhere? Great

Per the study, downtown Boise in Idaho has caught the eye of lifestyle-seeking home-buyers, seeing luxury condos earn price tags of more than \$1 million.

This migration to new markets is driven by a number of elements including lifestyle preferences, job opportunities, property value differentials, and escaping the high taxes and lower deductions in primary market states.

"Diverse areas of major cities now offer the same or even a better experience for our ever-changing lifestyles," Mr. Hogan said.

"Moving away from over-taxed cities and states is now part of the reality we live in," he said. "We now have cities and areas on the map that one would have never considered 10 years ago."



Craig Hogan is vice president of luxury at Coldwell Banker

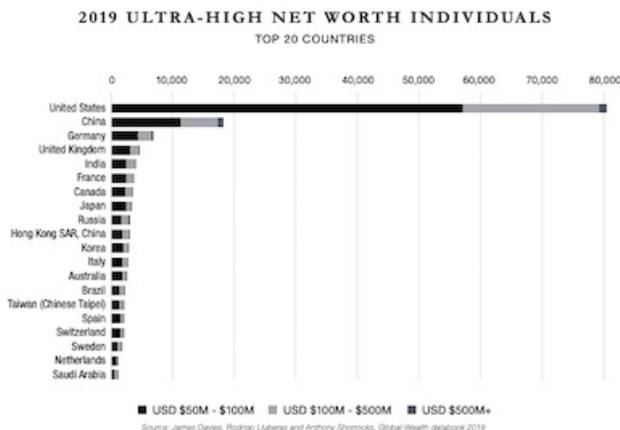
Wellness

Not only are buyers moving into more diverse markets, they are also expecting more than just an indoor pool with their luxury real estate purchases.

Affluent home buyers are looking for classes with their gyms, holistic health options in their spas, and more environmentally friendly living options. This is leading to a trend in increased focus on green design, which is giving rise to rating systems that certify buildings as eco-friendly.

"The demand for wellness has been on the rise for some time now," Mr. Hogan said. "However, it has reached a new level where it's now part of the real estate landscape and I don't see that changing.

"Living better and knowing that your home can now support that in ways we never thought about is a priority for many," he said. "And we are now surrounded by design and construction that answers this demand. We will see this not just in luxury but in other levels of the market as well. It's inevitable and the demand is clear."



2019 ultra-high-net-worth individuals. Source: Coldwell Banker, Global Wealth Databook 2019

Changing demographics

The face of affluent home buyers is changing as more LGBTQ+ consumers and millennials are beginning to represent a large and growing proportion of luxury homebuyers.

"The rise of millennials, especially affluent millennials, is already here and this population is now a massive part of the market," Mr. Hogan said.

"Along with this comes a new demand of what a home means and how we look at that," he said. "Design, construction and amenities are all now front and center."

The LGBTQ+ community is also a factor, as the modern American family has become more dynamic and includes many same-sex couples. This demographic commands \$1 trillion in annual buying power, according to the report, bringing a whole new perspective to the equation, as affluent LGBTQ+ consumers desire to live in communities and cities that support their lifestyle.

A recent report revealed that 66 percent of the LGBTQ+ community did not see their lifestyle represented in advertising.

"This does not surprise me and it is a miss," Mr. Hogan said. "Marketing must change as well, or it will miss the

mark."

Rise of the new demo

Many of the trends identified in the report are here to stay and will shape how luxury buyers will purchase real estate for a long time to come.

"The rise of a new demographic larger than any other, new levels of wealth and a new way of looking at where we live and what we consider the ideal home has significantly changed," Mr. Hogan said. "We have watched the market change as always. However, we are in somewhat new territory.

"And I see this as a very positive time," he said. "A flight to quality, sustainability and wellness is a very good thing. And I suspect we will see an evolution in how we speak to the needs of the new home-buying population. It's a new day."

[Please click here to download Coldwell Banker's 2020 Global Luxury Market Insights 2020 report](#)

© 2020 Napean LLC. All rights reserved.

Luxury Daily is published each business day. Thank you for reading us. Your [feedback](#) is welcome.