

COMMERCE

## BRIC countries not yet the key market for luxury lifestyle brands: Luxury Briefing Wealth Summit

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By KAYLA HUTZLER

LONDON – Brazil, Russia, India and China are not yet having a noticeable impact on the wine, yacht or real estate industries, according to a panel discussion at the Luxury Briefing Wealth Summit 2011.

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Despite the huffing and puffing about the emerging markets in the fashion and accessories world, the increase of wealth in these countries does not seem to be having a huge effect on the lifestyle industries. Experts in the wine, property and yachting industries were cautious about the emerging markets, none of which have seem much of an impact.

“I think we’ve got to be careful when it comes to real estate to get too excited about the emerging markets, and part of it is that the Chinese cannot get large sums of capital out of China,” said Yolande Barnes, director of residential research at [Savills](#), London.

“We think that the strength of the Russian market when it comes to property is over-exaggerated, and in the prime central market, London, it is the Western Europeans that are more important in terms of property bought,” she said. “The Chinese are not buying across the board yet.”

## Setting sale

The property industry, particularly in Europe, is still seeing most of its clients coming from Western Europe.

While there are small percentages of Russian and Chinese customers buying property in Britain, they tend to be doing so solely in London.

Many of these sales are actually being referred to as “education properties,” meaning that affluent parents are buying apartments for their children to live in while attending Western schools.

Indeed, China has not proven a saving grace for the yachting industry either, according to Jamie Edmiston, founder of **Edmiston Yachts**, London.

“China is not big yet in the yacht market,” Mr. Edmiston said. “Russia was very important from 2005 to 2008, but then the yacht business slowed dramatically and will take a long time to get back.

“If you are selling a yacht, now is not a good time,” he said. “But if you are buying a yacht, it is a great time to do so.”

Even in Brazil, yachts are not doing well since it is hard to gain personal access to the ports in the country.

However, Mr. Edmiston is hoping that this will change and that Brazil and China will start to become more interested in buying vessels.

“I think we expect some interest, and we anticipate that to increase,” Mr. Edmiston said. “We are seeing changes and praying and hoping that the Chinese get involved in the yacht business because it would help us.

“We subscribe to the fact that if you’ve got a lot of money, you don’t stop spending when times are rough,” he said.



## High spirits

The wine industry has recently seen some sparks of interest from wealthy Chinese consumers, according to Neils Sherry, the London-based marketing director of **Sarment Wines**.

In fact, a large amount of wine is actually being produced in China and more Champagne brands are beginning to buy land in the country.

"The Chinese have a real desire to be educated and to learn about things," Sarment's Mr. Sherry said.

This could prove extremely helpful to the wine industry because, to be a wine enthusiast, consumers have to learn a lot about the various types of wine.

However, in all three industries, experts agreed that the need to show off was fueling most of the interest from emerging markets.

Indeed, in the yachting industry, Mr. Edmiston pointed to the fact that yachts became generally larger in size due to the buyer's need to one-up his friends.

Additionally, owning a yacht is generally the last thing an affluent consumer will buy once they have gone through the gamut of buying homes, cars and jets, Mr. Sherry said.

As for property, the idea of the "bling factor" can also be taken into account.

"I think there is a huge mixture in the property market and, in some cases, it is more like a work of art," Savill's Ms. Yolandes said. "Part of a collection that [wealthy individuals] need to have."

Final Take

*Flora Wilke, head of public relations at Mergermarket, London*

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