

REAL ESTATE

Real estate leading investment among affluents: Luxury Portfolio International

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Waterfront property in Stamford, CT. Image credit: Luxury Portfolio International

By LUXURY DAILY NEWS SERVICE

Globally, luxury real estate is a seller's market as the world's wealthiest desire more space and amenities.

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As affluents and high-net-worth individuals build their wealth amid the COVID-19 pandemic, real estate remains the priciest investments someone can make. Demand for high-end homes continues to grow, with [Luxury Portfolio International's](#) "State of Luxury Real Estate" report finding that buyer interest outpaces seller interest at a rate of three-to-two.

"Real estate is perceived by consumers to be the number one most attractive investment category right now, even as global stock prices rise, and alternative investments such as cryptocurrency make new highs," said Mickey Alam Khan, president of [Luxury Portfolio International](#) and editor in chief of *Luxury Daily*, New York.

"One-quarter of global luxury buyers have an investment or a rental property in mind for their next purchase," he said. "Consumers are not without concern for their financial future and diversifying into real estate makes sense at a time of high valuations in financial markets."

The SOLRE report focuses on consumers in the 1 to 5 percent income bracket in 17 countries, totaling 30 million households. Luxury Portfolio International's research partner was Affluent Consumer Research Company.

Luxury buyers

Luxury Portfolio International identified several market and consumer trends that impact the global real estate market.

Numbers of interested buyers are expected to climb, even as affluents are becoming less inclined to sell. Over the next three years, it is estimated that 10.3 million luxury households will be in the market to buy.

Half of luxury buyers believe now is an ideal time to buy real estate, as they perceive the return on investment to be higher than stocks, private equity and other assets.

Affluents' financial confidence remains high, but the broader, global economic situation remains fluid and

uncertain.



Demand for luxury real estate is up around the world, including Europe. Image credit: Luxury Portfolio International

Nonetheless, 52 percent of ultra-luxury buyers perceive their current home value has climbed by more than 10 percent. Sixty percent of affluent consumers also expect their current home value to increase.

With remote work expected to become a long-term reality, luxury buyers want homes that meet the needs of multiple self-reliant professionals. At the same time, homes are an oasis and must provide comfort for time away from work.

Affluents also expect to spend more time at home and less time traveling. As a result, buyers are seeking homes that have accommodations for long-term visitors such as extended family.

The flexibility spurred by the pandemic has also made affluents more mobile, increasing global competition for luxury homes ([see story](#)). Buyers are also interested in living abroad for a variety of non-financial reasons, such as access to education and more effective COVID-19 responses.

However, as buyer interest continues to outpace supply of luxury homes, demand for new development will also continue to climb. Buyers are also preferring new construction because these homes will better be able to address their evolving needs amid the pandemic.

"Luxury inventory is tightening in many markets around the world as affluent buyers outnumber sellers by a significant margin," said Chandler Mount, CEO at [Affluent Consumer Research Co.](#), Washington, DC. "Our current situation is unique in that demand is high and not everyone is flocking to the same locations some are seeking a low-density property outside the city while others are looking to grab up prime property while its available.

"The market can take on new product can enter the development pipeline, particularly if that product is set in a newly developed neighborhood," he said. "New construction in newly developed neighborhoods is the number one global preference and it commands the highest price among luxury buyers."