

Survey: Luxury consumers stay bullish on real estate

by Bend_Weekly_News_Sources

Affluent Men and Women Differ on Views about Homeownership, Luxury Brands and Retirement

PORTLAND, Ore. —“ Over the past year, the Portland/Vancouver metropolitan area’s luxury home market has seen a continued increase in the number of homes sold, number of new listings, and total new listing volume when compared to May 2006. As a result, luxury homeowners remain positive about the market, according to the 2007 Coldwell Banker Previews International Luxury Survey. A full 56 percent of survey respondents expect the value of their home to increase at least somewhat, and 10 percent expect it to increase significantly, during the next 12 months. Thinking more long term, 36 percent of respondents believe the value of their primary residence to increase significantly over the next five years, while 58 percent believe their residence will increase at least somewhat over that time period.

“These responses tell us that the affluent truly understand the value in owning real estate,” said Jim Gillespie, president and chief executive officer, Coldwell Banker Real Estate Corporation. “It is important to remember that in addition to being a home, real estate is a long-term investment, one that can withstand periodic changes in the market.”

The survey also revealed that affluent women are even more optimistic than men. Sixty-one (61) percent of female respondents expect the value of their home to increase somewhat over the next 12 months, compared to 50 percent of male, while both genders remain even at approximately 10 percent in predicting their homes’ value to increase significantly in the next year. Over the long term (five years), 40 percent of female respondents expect the value to increase significantly, compared to 32 percent of male. The sexes come out fairly even (60 percent male, 56 percent female) in forecasting that their homes will increase in value somewhat in five years.

“Single women today have the economical capability and desire to purchase their own home and are a significant driver in the Pacific Northwest real estate market,” said Gail Fisher, president, Coldwell Banker Barbara Sue Seal Properties.

The 2007 Coldwell Banker Previews International Luxury Survey polled 301 U.S. homeowners whose

primary residence is valued at over \$1 million (\$2 million for California residents*) and who have investable assets of more than \$1 million. The survey was conducted online by independent market research firm, Affluent Dynamics in April 2007 and commissioned by Coldwell Banker Previews International, the exclusive Coldwell Banker service dedicated to luxury real estate. In 2006, the Coldwell Banker system participated in more than \$47 billion of sales volume of homes valued at \$1 million or more.

Lifestyle, Not Life Stage

The luxury homeowners surveyed are so positive about the real estate market that 40 percent of respondents are considering purchasing a home in the next year as a secondary residence for family use, with 38 percent interested in purchasing as an investment, and 22 percent purchasing a retirement property.

Of those who plan to move their primary residence, 61 percent want a bigger home and 51 percent are relocating. "What we find most interesting is 47 percent are moving because they want a different floor plan or layout, 43 percent want to move their primary residence to a beach / bay / or lakefront location, and 41 percent want to move to be closer to recreational activities like golf, swimming and tennis. That tells us that these homeowners are moving more based on lifestyle, not a particular life stage," says Gillespie.

The Next Big Thing

Designer kitchens, formal landscaping, home entertainment centers and wine cellars are relatively de rigueur in well-to-do households with 72 percent, 63 percent, 50 percent and 34 percent of respondents indicating, respectively, that they already have these amenities. In fact, a full 72 percent of respondents indicated that they have a room in their home devoted almost exclusively to entertainment, and of that number, 30 percent indicated that they have movie theater-style seating in those homes.

Survey respondents indicated that the next "must have" in luxury living is only steps away. The survey indicates that 23 percent of luxury homeowners have heated floors, while another 21 percent are either committed to adding them or considering adding them.

High-end items gaining more traction in luxury homes include:

Luxury Item	Already Have	Considering Adding	Committed to adding
Heated floors	23%		
Boat dock	15%	9%	
Bedroom kitchen	11%	16%	
Indoor pool	11%	13%	
Tennis court	10%	19%	
Golf course / putting green	10%	16%	

“What constitutes a luxury amenity is evolving quite a lot,” Gillespie continues. “High-end kitchens and entertainment rooms now are givens in luxury living. Interestingly, many of the items that are gaining in popularity all have to do with sports and maintaining a healthy lifestyle. And these add-ons don’t come cheaply; a regulation size tennis court can run as much as \$60,000 or more.”

Quality and Service are Key

When asked to define the most important characteristics that they associate with luxury brands, female respondents rated quality (83 percent) and customer service (72 percent) as top traits, far higher than did males (69 percent and 59 percent, respectively). Alternatively, 22 percent of men ranked high price/expensive as important compared with 10 percent of women respondents. Similarly, convenience (28 percent) rated higher with men than women in the study (20 percent).

Characteristic	Male	Female
Quality	69%	83%
Customer service	59%	72%
Style/fashionable/design	45%	56%
Reputation	54%	56%
Exclusivity	28%	28%
Price/high price/expensive	22%	10%
Originality	31%	23%
Beauty/good looks/overall look	41%	53%
Reliability/dependability	56%	63%
Personal satisfaction/personal appeal/something I like	44%	56%
Prestige/status symbol	33%	26%
Convenience	28%	20%

Retirement Activities

When the life stage evolves into retirement, women and men have some different ideas about how they'd like to spend their time.

"Catching up on things they weren't able to do before retirement seems to be the biggest draw for women, as their interest in reading, volunteer work, hobbies, spending time with family and travel suggests," says Gillespie. "Affluent men, on the other hand, are looking forward to traveling and staying active."

Retirement Activity	Males	Females
Travel outside the U.S.	84%	87%
Travel within the U.S.	71%	77%
Play golf	43%	25%
Spend time with family / children / grandchildren	64%	63%
Volunteer work	46%	63%
Hobbies	50%	60%
Relaxing	45%	55%
Being physically active (sports, etc.)	65%	76%
Starting own business	19%	16%
Reading	50%	67%
Going back to school	19%	16%
Fishing	20%	16%
Buying / moving to another home	29%	38%
Just being happy / enjoying life	54%	67%

How Will They Get To Retirement?

According to the 2007 Coldwell Banker Previews International Luxury Survey, luxury homeowners have their retirement holdings spread out among a variety of investments, including:

Retirement Holding	Percent of Respondents
Individual stocks	37%
401k	36%
Mutual funds	36%
Mixed portfolio "including real estate"	34%
Real estate	31%
IRA	30%
Mix of investments "unspecified"	24%
Mixed portfolio "excluding real estate"	20%
Bonds	19%
Pension funds	18%
CDs	14%
Annuities	9%

However, when the responses are evaluated by gender, males are much more likely to have their retirement holdings in individual stocks (43 percent vs. 31 percent), 401k funds (40 percent vs. 33 percent) and bonds (38 percent vs. 11 percent).

Retirement Holding	Males	Females
Individual stocks	43%	31%
401k funds	40%	33%
Mutual funds	41%	31%
Mixed portfolio "including real estate"	38%	30%
Real estate	29%	34%
IRA	29%	31%
Mix of investments "unspecified"	23%	25%
Mixed portfolio "excluding real estate"	22%	19%
Bonds	28%	11%
Pension funds	21%	15%
CDs	19%	10%
Annuities	12%	7%

* The survey questioned owners of homes valued at \$2 million and up in the state of California. This was done because, according to the California Association of Realtors, the median home price in the state is \$562,380, compared with the national median home price of \$223,000 (as of April 2006, according to the National Association of Realtors). The Joint Center for Housing Studies, Harvard University, "Million-Dollar Homes and Wealth in the United States study in January 2004 reported from the 2000 Census that 2.3 percent of single-family owner occupied housing stock worth \$1 million or more, representing over 40 percent of all the units in the state, falls into this "million-dollar" housing category.

Survey: *Luxury consumers stay bullish on real estate* by Bend_Weekly_News_Sources