

HOBOKEN, NJ | \$2,375,000

# THE RISE OF THE NEW ARISTOCRACY

2018

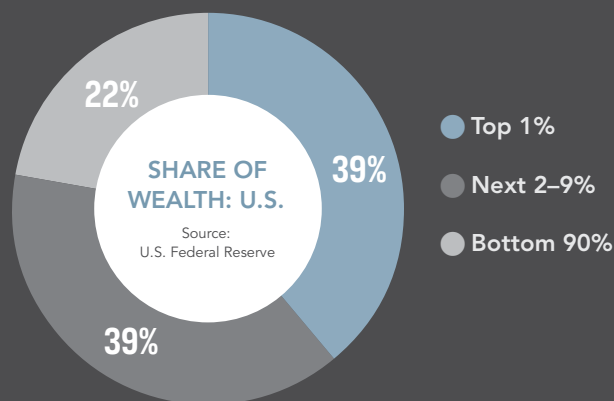
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# INTRODUCTION

## THE WORLD OF WEALTH CONTINUES TO GROW AT BREAKNECK SPEEDS

While this is a global phenomenon, with growth in China and Southeast Asia, as well as Europe (thanks to a resurgence in Spain and Italy, and continued growth in Germany and France), it is **the United States that leads the charge as the world's powerhouse in mega-wealth creation.** In 2017 alone, personal wealth in the U.S. grew by \$8.5 trillion, followed by China with \$1.7 trillion in growth.<sup>1</sup> Americans' personal net worth now tops \$96 trillion and financial wealth has risen 9% since 2016, to \$78 trillion, according to the U.S. Federal Reserve. Cash savings have grown by \$600 billion dollars in the past year and top \$11 trillion in total. The wealthiest Americans have benefitted the most in the post-recession economy; the top 1% hold 39% of the assets.



Other boats are beginning to rise.

Along with the growth in wealth, America is enjoying a surge in the number of affluent households as well. In just one year, the U.S. added 745 thousand households<sup>2</sup> to the ranks of families earning at least \$250,000 gross annual income. This represents an 18% increase, bringing the total to nearly 5 million affluent U.S. households (roughly, the top 4% of households).

**Bottom line: there are more affluent consumers now, and they are wealthier, than ever before.**

But organic growth in wealth is just one aspect of the trend. In fact, the coming year(s) represents a unique moment in time. With phenomenal gains in the stock market, combined with new legislation that favors wealthy families, we expect this is just the beginning to what could be a boom time for luxury real estate.

And we are not alone. A 2014 report from the Center of Wealth and Philanthropy at Boston College estimated that in a bull market, also known as 4% growth, similar to the economic climate we are in now, adding a \$5 million exemption in the estate tax could put \$11.3 trillion in the hands of heirs by 2026 and \$89.4 trillion by 2061. We believe this is good news for the luxury real estate market and could impact the space positively for the decade to come.

We see the effects today as the majority of buyers seeking \$1 million-plus homes are 25-49 years old and have inherited or plan to inherit significant wealth. Particularly interesting, is the increased growth of this market at the younger end of the range.

However, this buyer is a mature adult and while the group includes "Millennials" they look and behave quite differently from the stereotypical Millennial. They are, on average, 37 years old, married and have young families. Their careers are solid and their future prospects are high. **We are witnessing the rise of The New Aristocracy.**

It is this consumer who has begun powering the \$1 million-plus real estate market, more so than their older counterparts, the 50-and-over Luxury Loyalists, who historically have driven the high end of the real estate market.<sup>3</sup> While the older group is very wealthy, and is the dominant force in overall luxury spending today, their plans for real estate are for downsizing and economizing, on a relative basis.

In this report, produced exclusively for Luxury Portfolio International<sup>®</sup> members and their clients, we explore the wants and needs of these two important buyer groups.

<sup>1</sup> Credit Suisse Global Wealth Report 2017.

<sup>2</sup> Current Population Survey (CPS) Annual Social and Economic (ASEC) Supplement.

The CPS is a joint effort between the Bureau of Labor Statistics and the Census Bureau.

<sup>3</sup> Based on 2017 NAR, plus existing homes Census statistics of \$1M+ sales, approximately 77% buyers were 24-49 years old vs 23% buyers were 50+ years old.

# THE NEW ARISTOCRACY

The group we refer to as The New Aristocracy are high-net-worth consumers aged 25–49, encompassing both Millennials and the younger portion of Generation X. We came to the term “New Aristocracy” because this group is unlike any American generation before it. **They will ultimately be larger in number and greater in economic power than the wealthy in the gilded age of the Rockefellers.** Beyond that, they will have a lifetime of experience in living a luxury lifestyle, as they are the children of the very wealthy. Their experience with fine real estate, fashion, travel, and a host of other categories has made them savvy consumers with many demands.

## INHERITED WEALTH

The New Aristocracy is more likely to have grown up in affluent and wealthy families and stands to inherit nearly \$4 million on average (58% expect to inherit more than \$1 million).

Interestingly, this is a largely U.S. phenomenon, as most wealth worldwide has been earned in the lifetime of the individual rather than inherited.

### How would you characterize the economic status of your household when you were a teenager?

● New Aristocracy: Ages 25–49 | ● Luxury Loyalists: Ages 50+

Middle Class or Lower	23%	35%
Upper Middle Class	36%	35%
Affluent or Wealthy	41%	30%

Luxury Loyalists are not out of the loop entirely when it comes to inheritance, 47% expect to take in \$1 million or more, however 26% expect to receive no inheritance at all, a stark contrast from the New Aristocracy.

### How much,† if anything, do you expect to receive from inheritance from your parents, grandparents or other family members?

● New Aristocracy: Ages 25–49 | ● Luxury Loyalists: Ages 50+

No Inheritance	14%	26%
Under \$1 Million	28%	28%
\$1 Million to under \$5 Million	24%	25%
\$5 Million to under \$10 Million	18%	15%
\$10 Million or More	16%	7%
Average Inheritance (Millions USD)	\$3.8	\$2.6

\*Include amounts already received as well as future inheritance from all sources, before taxes (e.g., cash, stocks, bonds, real estate, art, business assets, other assets).

## WHAT DOES IT MEAN FOR REAL ESTATE?

Younger buyers who have grown up with wealth have greater exposure to luxury, are more educated and aware of their likes and dislikes. They know brands, they demand quality and they are familiar with real estate.

Inheritance is often a financial windfall that helps out with down payments or enables buyers to purchase with cash. Wealthy families have been gifting assets to heirs ever since a George W. Bush-era provision allowed for greater exemption in lifetime gifting. Between 2011 and 2014 the transfer of million-dollar-plus gifts increased by a factor of 20 compared to 2007–2010 (which was in line with historical norms). **As a result, half a trillion dollars—in million dollar gifts—have been transferred already and it is only the beginning.**

### NUMBER OF U.S. FAMILIES WHO GAVE GIFTS OF \$1 MILLION OR MORE



### TOTAL VALUE OF GIFTS OF \$1 MILLION OR MORE



Source: U.S. Internal Revenue Service, Tax Statistics

HALLANDALE, FL | \$5,950,000

## REAL ESTATE TRENDS

The New Aristocracy buyer that is looking to spend at least \$1 million in the next one to three years, is primarily looking for an urban residence, and many are seeking a living area of 5,000 square feet or larger. Given their growing families and potential plans to live with multiple generations under the same roof, the younger buyers' need for greater square footage makes perfect sense: over half (53%) are looking for something over 7,500 square feet, (and a surprisingly large percentage of buyers are looking at 20,000 square feet or more) and many are looking for four or more bedrooms and three or more bathrooms.

### In which one type of location do you want your next personal residence?

Urban	54%
Suburban	38%
Rural	9%

### How many square feet are you looking to have in your next personal residence?

Under 1,000	—
1,000 Under 2,000	1%
2,000 Under 3,000	5%
3,000 Under 5,000	16%
5,000 Under 7,500	25%
7,500 Under 10,000	15%
10,000 Under 20,000	15%
20,000 or More	23%

### How many of each of the following room types do you want to have in your next personal residence?

Average Number of Bedrooms	4.3
Average Number of Bathrooms	3.7
Average Number of Parking Spots in a Garage	2.9

## Design Sensibility

The New Aristocracy has mixed tastes. While Modern continues to grow in popularity, classical styles such as Victorian, Tudor and Brick Georgian homes proved just as popular. While on the surface these styles stand in stark contrast, one representing complexity and detail while the other prioritizes clean lines and open spaces, in fact this trend is consistent with what many buyers are looking for. Buyers today often desire a more traditional exterior and a home that has some architectural significance and provenance which blends into its surroundings. However, inside the home they are looking for open spaces, contemporary design and modern conveniences.

For urban and suburban/rural buyers alike, the loft style home is in high demand. They like how the loft maximizes space by eliminating the majority of interior walls and utilizes an open floor plan. Lofts can offer the charm of renovated old buildings, such as barns and warehouses.

### Which of the following architectural or home styles are you thinking about purchasing for your next primary personal residence?

Victorian	28%
Modern	27%
Loft	24%
Tudor	24%
Brick Georgian	23%

## MOST DESIRED FEATURES AND AMENITIES

The New Aristocracy has a need for security and privacy that may seem surprising considering this is the generation known for sharing their personal life online. Among their top “essential” next home features are both entertaining options (like outdoor spaces, commercial-grade kitchen appliances, and nearby dining options) and advanced security features (such as surveillance cameras and monitored security systems). While these features have always been important for the wealthy, the reality of the world today makes them absolute necessities for this younger generation.

### TOP 5 OVERALL DEEMED “ESSENTIAL” NEXT HOME FEATURES

- 1

Near Restaurants and Dining Options


- 2

Has Outdoor Space such as a Patio or Terrace


- 3

Multiple View Surveillance Cameras


- 4

Monitored Security System/Alarm


- 5

Commercial Grade Kitchen Appliances



## Fitness

A well-outfitted gym and spa area are in high demand. These rooms are highly practical for the time-stretched high-net-worth buyer and physical health is among the top priorities again this year. The search for a pool is on for younger buyers as they seek spaces catering to children and adult party-goers alike.

	Essential	Nice to have	Does not matter
Steam Shower	45%	47%	8%
Spa/Jacuzzi/Hot Tub	45%	48%	8%
Outdoor Pool	41%	50%	10%
Gym/Fitness Room	37%	54%	9%

## Sustainability

In-home technology is officially part of daily life. As the Internet of Things (IoT) connects our appliances with our voice-controlled devices, high-net-worth consumers are leading the charge to at home integration. Smart home technology centered around sustainable living is the item of the year. High-efficiency windows and doors along with an equally efficient HVAC system that integrates with the smartphone is a prime selling feature for easy living.

	Essential	Nice to have	Does not matter
Incorporates Highest Efficiency HVAC	45%	49%	6%
Incorporates Highest Efficiency Windows/Doors	41%	52%	7%
Incorporates Smart-Phone Control	38%	55%	7%
Water-Efficient Landscaping	38%	55%	8%



### Entertaining

The kitchen remains a focal point for the home, with commercial-grade appliances, dual refrigerators and dishwashers on the must-have list. The New Aristocracy is also keen to have specialized cooking areas like a separate catering kitchen and an outdoor kitchen for poolside entertaining.

	Essential	Nice to have	Does not matter
Commercial Grade Kitchen Appliances	<b>52%</b>	<b>41%</b>	<b>7%</b>
Dual Refrigerators	<b>43%</b>	<b>48%</b>	<b>8%</b>
Island/Breakfast Bar	<b>43%</b>	<b>50%</b>	<b>7%</b>
Butler Pantry/Storage	<b>42%</b>	<b>49%</b>	<b>10%</b>
Formal Dining Room	<b>41%</b>	<b>52%</b>	<b>7%</b>
Separate Outdoor Kitchen	<b>39%</b>	<b>53%</b>	<b>8%</b>
Dedicated Wet Bar Area	<b>39%</b>	<b>54%</b>	<b>7%</b>
Dual Dishwashers	<b>37%</b>	<b>46%</b>	<b>16%</b>
Separate Catering Kitchen	<b>35%</b>	<b>49%</b>	<b>16%</b>

### Specialty Spaces

The New Aristocracy love the idea of specialty rooms. They enthusiastically see these features as important parts of their home experience and there appears to be no limit to what they want in a home—this could be the reason why younger buyers are interested in larger spaces than usual.

	Essential	Nice to have	Does not matter
Outdoor Patio/Terrace	<b>55%</b>	<b>39%</b>	<b>6%</b>
Formal Living Room	<b>50%</b>	<b>41%</b>	<b>9%</b>
Dedicated Laundry Room	<b>48%</b>	<b>45%</b>	<b>7%</b>
Dedicated Home Office	<b>47%</b>	<b>46%</b>	<b>7%</b>
Dedicated Home Theater	<b>46%</b>	<b>45%</b>	<b>9%</b>
Dual Master Suite Closets	<b>43%</b>	<b>52%</b>	<b>4%</b>
Library or Music Room	<b>41%</b>	<b>47%</b>	<b>12%</b>
Car/Auto Work Area	<b>41%</b>	<b>42%</b>	<b>17%</b>
Separate Guest Suite/ Guest Quarters	<b>40%</b>	<b>53%</b>	<b>7%</b>

## Privacy & Security

The New Aristocracy expect homes to be outfitted with the latest technology capable of enabling privacy and security, often driven by a desire for convenience.

	Essential	Nice to have	Does not matter
Multiple-View Surveillance Cameras	<b>54%</b>	<b>39%</b>	<b>7%</b>
Monitored Security System/Alarm	<b>52%</b>	<b>41%</b>	<b>7%</b>
Auto Control Security Surveillance	<b>46%</b>	<b>43%</b>	<b>11%</b>
Built in Safe/Storage	<b>46%</b>	<b>47%</b>	<b>8%</b>
Onsite Security Monitoring/Detail	<b>45%</b>	<b>43%</b>	<b>12%</b>
Gate House/Protected Grounds	<b>40%</b>	<b>51%</b>	<b>9%</b>

## Smart Home

With the demand for an outdoor pool high among younger buyers, or younger cohort want the maintenance of their home streamlined (or covered entirely) by automation. Going one-step further is the "whole house control system" that synchronizes products from various manufacturers and allows for a single, secure point of contact. This is a particularly hot topic as the price for a property increases.

	Essential	Nice to have	Does not matter
Whole-House Control System	<b>45%</b>	<b>46%</b>	<b>9%</b>
Auto Control HVAC	<b>43%</b>	<b>48%</b>	<b>9%</b>
Auto Control Entertainment System	<b>43%</b>	<b>47%</b>	<b>11%</b>
Auto Control Lighting	<b>42%</b>	<b>48%</b>	<b>10%</b>
Auto Control Music System	<b>40%</b>	<b>48%</b>	<b>13%</b>

## Community Amenities & Proximity

When it comes to where people want to live, proximity to friends and family is as important as stores and restaurants. In this time of enclaving and seeking communities of the known, wealthy buyers do not want to be far from loved ones.

	Essential	Nice to have	Does not matter
Proximity to Dining	<b>55%</b>	<b>39%</b>	<b>6%</b>
Proximity to Family	<b>48%</b>	<b>39%</b>	<b>13%</b>
Gym/Fitness Center/Health Club	<b>41%</b>	<b>51%</b>	<b>8%</b>
Proximity to Golf	<b>39%</b>	<b>44%</b>	<b>17%</b>
Car Park/Washing Services	<b>31%</b>	<b>56%</b>	<b>13%</b>
Valet Package/Dry-Cleaning	<b>31%</b>	<b>52%</b>	<b>17%</b>

VANCOUVER, BC, CANADA | C \$10,880,000





# LUXURY LOYALISTS

The Luxury Loyalists are high-net-worth consumers over 50 years old and in the market to buy a personal residence for \$1 million or more in the next 3 years. These are the traditional luxury home buyers. While they have historically made up the bulk of luxury consumption in the world, they are now at a stage in life where their priorities are shifting from raising a family to preparing for the next chapter in life. Spending on hard goods is in decline, in favor of more experiential choices, such as travel and asset transfer. As their spending habits change, their needs in real estate reflect an evolving sensibility.

## TRANSFERRING ASSETS TO THE NEXT GENERATION

Wealth transfer has been underway for some time, and the reasons why are truly practical. It is as much about teaching as it is about seeing their children and grandchildren be happy. The gifting is about making sure their heirs are ready for the task of managing large sums of money, which can be very difficult.

From a somewhat selfish perspective, they want to see the money be a source of joy for their heirs. This means heirs have a chance to live with “some” money while the earner is still alive. They can teach and guide before the bulk of the estate gets passed on.

Asset transfer is concentrated on the Millennial segment of The New Aristocracy. More Millennials expect to inherit, compared to Gen X and the Baby Boomers, and they stand to inherit more money overall.

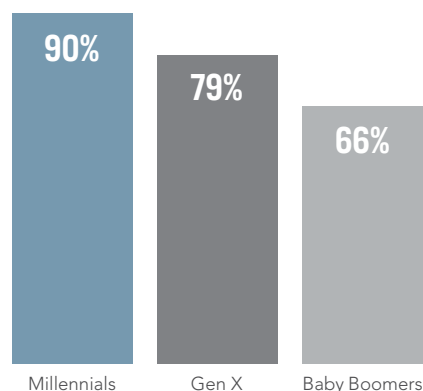
## WHAT DOES IT MEAN FOR REAL ESTATE?

Luxury Loyalists are thinking long term. They want to ensure their family is well protected and that they can focus on adding quality in their life for the years to come. Families have crafted a moat (primarily of cash) that protects their castles and their peace of mind. Ultimately, they are looking for their professional service providers to contribute to their quality in life so that clients come to view services and providers as critical elements in the maintenance of their lives, their castles and their moats.

**How much\*, if anything, do you expect to receive from inheritance from your parents, grandparents or other family members?**

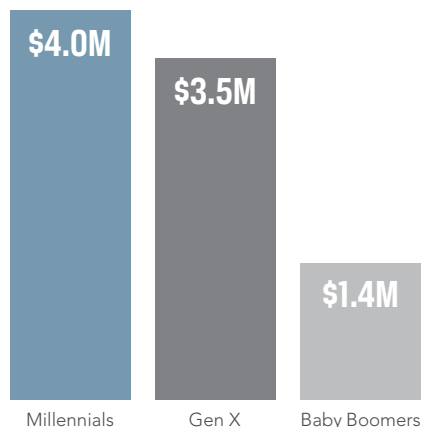
### TOTAL INHERITORS

Have already inherited, or expect to receive an inheritance in the future



### AVERAGE INHERITANCE RECEIVED/EXPECTED TO RECEIVE

USD Millions



\*Include amounts already received as well as future inheritance from all sources, before taxes (e.g., cash, stocks, bonds, real estate, art, business assets, other assets).

## REAL ESTATE TRENDS

Luxury Loyalists do not anticipate relocating for work, and their family size will remain stable over the next few years, leading them to expect staying in their new home significantly longer. It is no surprise then, that needs for the million-plus home vary generationally.

Luxury Loyalists who plan to spend at least \$1 million on real estate in the next one to three years, tend to be in the market for a home in the suburbs under 5,000 square feet, with fewer beds and bathrooms to worry about. All told, younger million-plus buyers are planning to spend more on bigger houses than are older million-plus buyers and their life stages can be used to help understand their needs.

### In which one type of location do you want your next personal residence?

Urban	28%
Suburban	60%
Rural	13%

### How many square feet are you looking to have in your next personal residence?

Under 1,000	—
1,000 Under 2,000	10%
2,000 Under 3,000	21%
3,000 Under 5,000	38%
5,000 Under 7,500	14%
7,500 Under 10,000	8%
10,000 Under 20,000	4%
20,000 or More	6%

### How many of each of the following room types do you want to have in your next personal residence?

Average Number of Bedrooms	3.5
Average Number of Bathrooms	3.6
Average Number of Parking Spots in a Garage	2.3

## Design Sensibility

Luxury Loyalists are seeking contemporary and modern homes, primarily, perhaps as way to simplify their lives. They seek big windows in order to feel more connected to nature and to bring in sunlight. They also seek new technology in materials used, including non-toxic and recycled materials. For the modern-home seeker, simplicity is key. Clean, open and light-filled spaces represent peace and refuge from the world. Careful placement of color, texture and personality is a priority.

Mediterranean homes are also in demand as the allure of southern European design remains strong with the generation who grew up romanticizing the region through movies, food and travel.

One-fifth of Luxury Loyalists are also thinking of the efficiency, security and ample amenities offered by a large building of condominiums or apartments.

### Which of the following architectural or home styles are you thinking about purchasing for your next primary personal residence?

Contemporary	41%
Modern	38%
Mediterranean	22%
Apartment/Condo in a Large Building	20%
Ranch	16%
Mid-Century Modern	16%

## MOST DESIRED FEATURES AND AMENITIES

Luxury Loyalists place high importance on outdoor living space, along with practical features inside the home, including: a dedicated laundry room, high efficiency windows and doors, and dual master suite closets (preferably equal in size).

### TOP 5 OVERALL DEEMED "ESSENTIAL" NEXT HOME FEATURES

- 1

Has Outdoor Space such as a Patio or Terrace


- 2

Has a Dedicated Laundry Room with High Efficiency Appliances (or space for their own)


- 3

Construction Incorporates High-Efficiency Windows and Doors


- 4

Master Suite with Dual Closets


- 5

A Butler's Pantry with Ample Storage



## Fitness

A well-outfitted gym and pool with spa/Jacuzzi/hot tub area are in high demand with more specific amenities like a steam shower, sauna, massage and yoga rooms.

	Essential	Nice to have	Does not matter
Gym/Fitness Room	33%	43%	24%
Outdoor Pool	30%	36%	33%
Spa/Jacuzzi/Hot Tub	28%	42%	31%

## Sustainability

For Luxury Loyalists, efficiency means cost savings. These buyers want to avoid leaky windows and doors and are seeking high-efficiency HVAC and water landscaping mechanicals in their next home. Tankless water heaters are also in demand, as they save on heating costs.

	Essential	Nice to have	Does not matter
Incorporates Highest Efficiency Windows/Doors	55%	44%	1%
Incorporates Highest Efficiency HVAC	42%	54%	4%
Water Efficient Landscaping	35%	57%	8%
Incorporates Tankless Water Heaters	29%	53%	19%



CONSTANTIA UPPER, CAPE TOWN, SOUTH AFRICA | R17,900,000



## Entertaining

Luxury Loyalists put a lot of stock in the kitchen. Top amenities include a butler's pantry/storage area, commercial grade appliances with dual refrigerators, and an island/breakfast bar for mornings and a formal dining room for evening gatherings.

	Essential	Nice to have	Does not matter
Butler's Pantry/Storage	<b>42%</b>	<b>49%</b>	<b>8%</b>
Commercial Grade Kitchen Appliances	<b>40%</b>	<b>50%</b>	<b>10%</b>
Island/Breakfast Bar	<b>39%</b>	<b>56%</b>	<b>5%</b>
Formal Dining Room	<b>37%</b>	<b>42%</b>	<b>22%</b>
Dual Refrigerators	<b>29%</b>	<b>41%</b>	<b>30%</b>

## Specialty Spaces

Specialty spaces are three of the top five most essential amenities in the next home. For the Luxury Loyalists, the patio around the pool and spa is the most important feature overall. Inside the home, dedicated spaces for practical function are a must (an office and laundry room top the list). When it comes to the living space there are dueling needs: a casual great room and a formal living space. Homes that provide both may be most enticing.

	Essential	Nice to have	Does not matter
Outdoor Patio/Terrace	<b>62%</b>	<b>36%</b>	<b>2%</b>
Dedicated Laundry Room	<b>60%</b>	<b>36%</b>	<b>4%</b>
Dual Master Suite Closets	<b>50%</b>	<b>42%</b>	<b>8%</b>
Dedicated Home Office	<b>42%</b>	<b>44%</b>	<b>14%</b>
Combined Great Room/Living Space	<b>36%</b>	<b>56%</b>	<b>8%</b>
Formal Living Room	<b>31%</b>	<b>42%</b>	<b>27%</b>

## Privacy & Security

Luxury Loyalists are less focused on privacy and security compared to The New Aristocracy which see it as essential. However, feeling that their home is monitored and safe is still a priority.

	Essential	Nice to have	Does not matter
Monitored Security System/Alarm	40%	51%	8%
Multiple-View Surveillance Cameras	35%	50%	15%
Onsite Security Monitoring/Detail	30%	52%	18%

## Smart Home

The smart home is more of a nice-to-have feature than an essential for Luxury Loyalists. Where they do see value is in controlling the HVAC and lighting as well as having the systems integrated with their smartphone. They do not want to learn a new system if they can avoid it.

	Essential	Nice to have	Does not matter
Auto Control HVAC	35%	58%	7%
Smart-Phone Control	28%	54%	18%
Auto Control Lighting	28%	59%	13%

## Community Amenities & Proximity

The most important community amenities are fitness-related, as Luxury Loyalists look to stay healthy and fit for years to come. Medical facilities are also in high demand, to keep up with physical maintenance. Nearby shopping and dining are also highly important.

	Essential	Nice to have	Does not matter
Proximity to Day-to-Day Shopping	38%	56%	5%
Proximity to Dining	38%	58%	4%
Proximity to Medical Facilities	36%	53%	10%
Gym/Fitness Center/Health Club	31%	47%	21%
Running/Walking Trails	23%	66%	10%
Pet Walking Facility	19%	36%	45%



CHICAGO, IL | \$4,100,000



# BOTTOM LINE: THE MILLION-DOLLAR HOME BUYERS OF THE FUTURE

In a world that seems to grow more tumultuous daily, the million-plus homebuyer of the future is looking for a private, secure enclave they can call home. In fact, they are seeking this sense of security in all parts of their life.

These high-end buyers tend to be young—three quarters are under the age of fifty—and are married with families to think of as they make decisions in the real estate space. They grew up with money—41% say that when they were teenagers, their parents were affluent or wealthy—and are therefore accustomed to a lifestyle where luxury is the rule, not the exception.

For buyers under fifty in particular, the economic future looks bright—six out of ten (58%) expect to receive an inheritance of \$1 million or more and their current investable assets average \$4.7 million (and 19% with \$10 million or more).

## MILLION-DOLLAR HOME BUYERS

	Ages: 25–49	Ages: 50+
Average Age	37.1	57.2
Average Income	\$427K	\$443K
Average Investable Assets	\$4.7M	\$5.7M
Affluent or Wealthy as a Teen	41%	30%
Inherit \$1 Million or More	58%	47%

## MILLION-DOLLAR HOME BUYERS IN TOTAL

Average Age	41.8
Average Income	\$431K
Average Investable Assets	\$5M
Affluent or Wealthy as a Teen	38%
Inherit \$1 Million or More	56%

## WHAT ARE THEY LOOKING FOR?

The New Aristocracy, is *twice as likely* as the Luxury Loyalists to say outdoor pools, indoor pools, massage rooms and meditation rooms are essential, and *nearly three times as likely* to consider a spa/Jacuzzi essential. While both groups consider commercial grade kitchen appliances essential, younger buyers also prioritize dual dishwashers, a separate catering kitchen, separate outdoor kitchen and dedicated wet bar area to a greater degree; they are also more likely to want smart home features like auto-control whole house lighting, music systems, entertainment systems and pools or spas.

### Amenities

Key community amenities for the million-plus buyer include a gym, running or walking trails, valet parking and top sustainability considerations include highest efficiency HVAC systems and windows or doors, along with water efficient landscaping. Million-plus buyers consider it essential to be close to dining experiences, day-to-day shopping needs and family. Whatever their life stage or areas of interest, these high-end buyers know what they want and are willing to pay top dollar to make the home of their dreams a reality.

### Privacy

Across the dimensions of their lives, the affluent and wealthy are treasuring their privacy now more than ever. They are purposefully surrounding themselves with others who share their values and success, and security has taken on a new significance for them. This move towards enclaving extends to their home lives as well—four out of ten say onsite security monitoring is a must while a quarter say 24-hour doorman security is an essential feature for their next personal residence. Home is a place where they can be free from the troubles of the outside world: above all, their primary home makes them feel secure (57%), relaxed (47%), and private (39%)—and older buyers are even more likely to value these feelings of security.

## Emotional Associations

For tomorrow's buyer, home makes them feel secure, relaxed and private. Home is a place where they can be free from the troubles of the outside world. And older buyers are even more likely to value these feelings of security.

For the Luxury Loyalists, the home is all about comfort: security, relaxation and privacy are top emotions associated with the home. A strong sense of accomplishment comes with it.

The New Aristocracy feels this comfort as well, but they add feelings of intelligence, sophistication, and excitement when thinking of their home. For them, it is a reflection of who they are as people as much as it is a place to live.

### Which of the following feelings do you associate with your primary home?

Ages: 25-49    Ages: 50+

Secure	53%	73%
Independent	44%	45%
Intelligent	43%	32%
Relaxed	43%	60%
Sophisticated	42%	30%
Thankful	36%	38%
Accomplished	36%	50%
Excited	35%	21%
Private	34%	58%

## ABOUT THE STUDY

Luxury Portfolio International® and YouGov partnered to create a survey of real estate demands and expectations among high-net-worth consumers in America. A total of 536 completed interviews among target consumers were collected between December 9 and December 18, 2017. Target consumers are defined as: ages 25+ in the market to purchase a residence in the next 3 years, and currently have investable assets of \$1 million or more. The survey has a margin of error of ±6.1% among total.

For over a decade, Luxury Portfolio International® has been studying the affluent consumer through surveys to stay current on luxury home buyer trends and preferences, which includes sponsoring research by YouGov Affluent Perspective, a 2,500-person study in the U.S. that monitors economic, political and social trends among affluent and wealthy consumers. The research includes hard and soft luxury categories and brands and can be found at [affluentperspective.com](http://affluentperspective.com).

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## ABOUT LUXURY PORTFOLIO INTERNATIONAL®

Luxury Portfolio International® ([luxuryportfolio.com](http://luxuryportfolio.com)) is the luxury face of Leading Real Estate Companies of the World®, the largest global network of premier locally branded companies dominated by many of the world's most powerful independent luxury real estate brokerages. Luxury Portfolio International® attracts a global audience of visitors from an average of over 200 countries/territories every month and marketed over 50,000 luxury homes to over three million high-net-worth visitors last year.

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