



Sotheby's
INTERNATIONAL REALTY

UHNW MULTI-HOMERS REPORT



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A Note to Our Readers



We at Wealth-X are pleased to present the *UHNW Luxury Real Estate: Multi-Homers Report*, our fourth study in 2015 with the Sotheby's International Realty® brand.

Wealth-X has identified more than 211,000 ultra high net worth (UHNW) individuals globally with a net worth of more than US\$30 million. This report reveals that within this group, buyers are increasingly seeking non-traditional luxury homes outside their domiciles – residences that are environmentally sustainable, technologically sophisticated, or that fit better with their personal and family needs.

This report highlights four types of luxury real estate that serve the needs, aspirations, and lifestyle considerations of the global ultra wealthy: green homes, smart homes, private island homes, and serviced apartments. These home types have emerged to be favoured residences among the global ultra wealthy.

We also observe that UHNW multi-home buyers are fuelling market growth in regions beyond global urban hubs such as London, New York City, and Hong Kong. To this regard, this report throws the spotlight on Miami, Florida; Geneva, Switzerland; and Long Island, New York. It also offers a compelling profile of the typical UHNW individual and the luxury residential market in these cities.

Luxury home buying has become a truly global enterprise. As more ultra-wealthy individuals and their families become more mobile and sophisticated, we expect to see increasing demand for home types that serve the exacting needs of this wealth segment.

We trust this report will become essential reading for those who want to understand and engage with this commercially significant segment.



Mykolas D. Rambus
Chief Executive Officer
Wealth-X



David S. Friedman
President
Wealth-X

A Note to Our Readers



We are pleased to present the fourth and final Wealth-X and Sotheby's International Realty® report for 2015. Our partnership with Wealth-X began in early 2015 with the *Global Residential Luxury Real Estate Report*, which provided valuable insights into the landscape of today's ultra-high-end market around the world. We continued to delve deeper into these insights with two following reports that highlighted exciting information and available opportunities for ultra high net worth investors in the important European, Middle Eastern and African regions of the world, and then we revealed homes as opportunity gateways and explored home-buying trends fuelling purchasing motivations including real estate investment as a way to gain global citizenship.

Our fourth report, *Wealth-X and Sotheby's International Realty UHNW Luxury Real Estate: Multi-Homers Report* profiles a range of growing markets for multi-homers. We observe that the UHNW population lead global lives and have varied interests that take them to far-reaching places. This report uncovers current trends in their purchasing behaviour whether it be a location they fall in love with during their travels or to meet the demands of their lifestyle. We explore chief lifestyle considerations including the rising demand for environmentally friendly homes, tech-savvy smart homes, serviced homes and statement homes, such as owning a private island; we highlight Miami, Long Island and Geneva as growing global hubs for the UHNW individual.

I hope this report provides helpful insight on the global lifestyle and trends of the UHNW consumer. Wherever you are headed, I encourage you to seek out a *Sotheby's International Realty* professional to provide their local market expertise and serve your real estate needs.

A handwritten signature in black ink that reads "Philip White". The signature is fluid and cursive, with a long horizontal stroke at the end.

Philip A. White, Jr.
President and Chief Executive Officer
Sotheby's International Realty Affiliates LLC

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Introduction

More than ever before, ultra high net worth (UHNW) individuals have globally -oriented lifestyles, driven by their connections to business and social networks throughout the world.

One of the biggest reflections of this trend is UHNW home ownership, which is becoming increasingly international: whilst most UHNW individuals opt for a second or third home in the country where they reside, an increasing number are opting for international homes. Five years ago international homes accounted for 11% of non-primary UHNW residences, whereas they now account for 16%. Nearly 80% of UHNW individuals own at least two homes and over half own at least three homes.

While many of these residences are purchased as holiday homes, UHNW individuals are buying additional homes for a variety of reasons and are spending more time away from their primary residence.

As they spend more time in their additional residences, many UHNW individuals are buying homes based on lifestyle considerations that go beyond finding a holiday home. Homebuyers are increasingly looking for properties that are environmentally sustainable, technologically sophisticated, or better fit their personal and family needs.



In this report we profile a range of growing markets for UHNW multi-homers, with a focus on Miami, Florida; Geneva, Switzerland; and Long Island, New York. We also investigate home types that are attracting attention, from green homes and ‘statement’ properties to the convenience of being close to family members all over the world.

One chief lifestyle consideration is the desire to have an environmentally friendly residence. In recent years, the rising demand for eco-friendly luxury homebuilding has fuelled a green transformation. The spread of energy-efficient building techniques has led to a variety of new homes that maintain the standards an UHNW would expect but in a more environmentally sustainable way.

Interest in tech-savvy homes among UHNW buyers has also risen, driven by the availability of new home technologies and expectations of younger UHNW individuals. These younger consumers want their homes to reflect the level of technological innovation and integration they experience elsewhere in their lives.

Signature statement homes have also become a popular trend. In a market where making a splash has become harder, buying an island is one way to stand out. Owning a private island not only affords the ultimate opportunity for privacy and personal luxury, but also provides a legacy that can be enjoyed for generations, and is truly a one-of-a-kind asset.

After reviewing developments within each of these luxury home sectors, we profile several growing markets for UHNW multi-homers: Miami, Geneva, and Long Island.

MULTI-HOMERS: OVERVIEW

UHNW multi-homers are those with a net worth of US\$30 million or more who own at least two homes. We define luxury homes as those valued at US\$1 million. (While the price of luxury homes varies across markets, this threshold allows for standardised comparisons.)

UHNW Multi-homers



Net Worth
**\$165
Million**



90%
Married



Age
63

Average UHNW Individual



Net Worth
**\$141
Million**



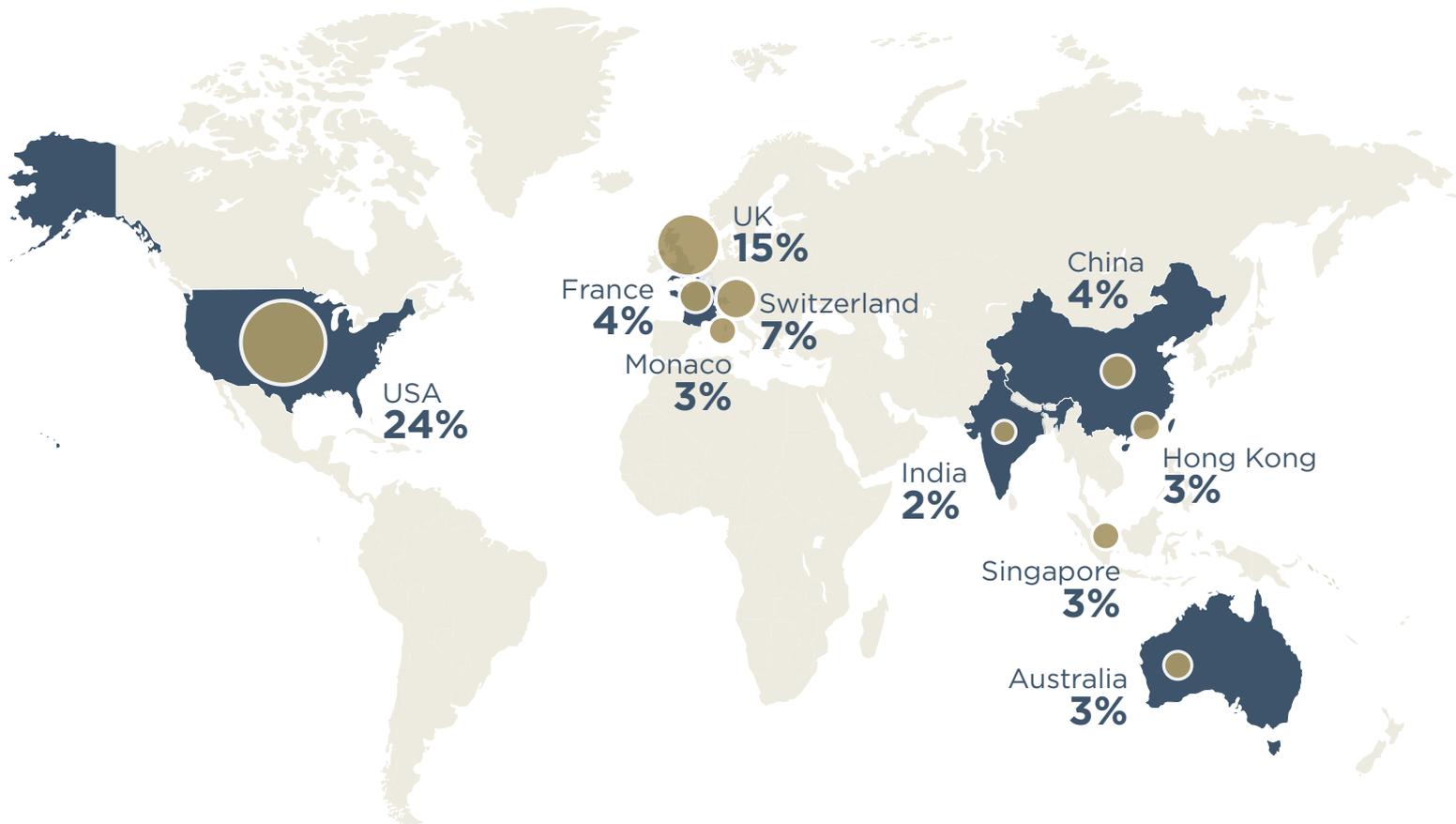
91%
Married



Age
59

(vs.)

While many of these homes are being purchased in traditional UHNW centres, additional home buying is becoming a truly global enterprise. The top 10 secondary residence countries, outside primary business country, are:



When looking at cities and regions we find that London, Miami, New York, the Swiss Alps and Cote d'Azur are among the most popular areas for additional home ownership. In each region, well over 20% of luxury residences are owned by UHNW individuals who have a primary residence elsewhere.

These buyers are increasingly interested in homes that support global mobility, remote access and desire for privacy and legacy. Such homes are also increasingly prized for being environmentally friendly. In the next section, we profile several kinds of homes whose rising popularity with UHNW individuals has come from their ability to fit these needs.

MULTI-HOME LIFESTYLE HOME: GREEN HOMES

One of the most significant trends in the luxury home market is the rise of environmentally friendly homes. Many luxury builders are moving in the direction of sustainability, reflecting the rising market demand and increasing value placed on these kinds of properties. High-end home construction has begun to incorporate energy-efficient measures such as solar power, geo-thermal heating, rainwater collection systems, the use of renewable materials and touch technology to control heat and lighting.

Younger UHNW buyers are particularly interested in green construction, and the luxury home market is responding, with new builds incorporating these features which have been rising across western and global markets over the past five years.

Looking at the total housing market, green home construction has been rising. The total number of LEED-certified homes on the market in the US rose 9.7% from 2014-15, and rose 19.1% in Canada. New BREEAM-certified home construction rose over 14% in the UK over the same period.¹ Green-certified residential construction has risen in the past year in every nation in Western Europe.

While green construction has been a concern in North America and Europe for some time, it is also growing in China. New environmentally friendly construction has risen 19% over the past year, spurred by government incentives. Although these homes still represent a small percentage of the overall luxury residence market, their growth is likely to continue.

¹ LEED and BREEAM are designations created by leading green building certifications

“The sustainable home marketplace is experiencing a monumental shift in consumer perception and understanding. Today’s homebuyers are better educated about the opportunity and therefore place a higher value on features like improved indoor air quality, energy-efficient electricals, plumbing and heating systems and water-saving equipment and appliances. And, as cost differentials for green-built vs. conventional code-built homes shrink, the time horizon on the payback of the investment also shrinks, making eco-friendly homes more desirable and attainable.”

Channing Boucher, Broker Associate, Benson Sotheby’s International Realty



MULTI-HOME LIFESTYLE HOME: SMART HOMES

Smart homes, once the preserve of technophiles, have spread throughout the market as technological advances become more accessible and integrated into luxury home construction practices. According to Juniper Research, the overall smart home market will be a \$60-billion industry by 2017.

While there is no standard definition of a smart home, and no certification agencies similar to those that exist for green homes, smart homes often incorporate many similar features. They often include numerous networking technologies and communication interfaces such as energy management systems, security and access control systems, HVAC control systems, entertainment control systems, and health monitoring systems. All these devices help to connect key electrical appliances with mobile devices such as smartphones and tablets and permit the users to remotely control, monitor, and access their residences.

One of the biggest changes is the transformation from technology as a flashy showpiece to being unseen in daily home operations – in many cases performing functions that formerly required someone to be on-site. These innovations also add increased ability for remote control and security.

Over 9% of American UHNW individuals made their fortunes in technology, and these buyers are part of a growing group that expect the same level of technological sophistication in their homes as they do in their daily work. They expect networked access and control to be extended to domestic life.

This change is being felt in real estate markets. About 65% of realtors in the Sotheby's International Realty® network have seen increased enquiries for homes with 'smart' amenities over the past year.²

² LEED and BREEAM are designations created by leading green building certifications

“Smart homes are increasingly popular among high net worth buyers. Not only do owners enjoy the ease of integrating music and media into their everyday lives, but there is an added value to a smart home’s top-of-the-line security system. We have a number of clients coming into our market to purchase second, third, and fourth homes, and the ability to view security cameras and access alarm settings and home controls remotely has become the new norm for the ultra high net worth individual. The added peace of mind of this control allows jet-set homeowners to enjoy their Charleston home from anywhere in the world.”

Ruthie Ravenel, Sales & Marketing Director, Daniel Ravenel Sotheby’s International Realty



MULTI-HOME LIFESTYLE HOME: PRIVATE ISLAND HOMES

Many UHNW individuals seeking to purchase a statement home are attracted to the ultimate luxury and showpiece home: owning a private island.

There are currently over 1,000 private islands available for sale, and there has been significant growth in the market following the recession of 2008-09. Since then, island living has continued to grow in popularity.

The Caribbean and the Mediterranean remain popular locations for owning an island home, but Southeast Asia has grown in popularity. Other hotspots include Canada, Belize, and the UK.

Research by Sotheby's International Realty® shows that the no.1 search for lifestyle properties on their website was for waterfront homes. Respondents also wanted leisure properties that provided easy access to deep-water docks – both impulses satisfied by private island ownership.

For the UHNW individual seeking a special gift for the person who has everything, private islands also make a stylish gift. The Portuguese footballer Cristiano Ronaldo recently gave a Greek island as a wedding gift to his agent Jorge Mendes.

While many buyers are motivated by the desire to get away from it all, or the chance to own a signature home, others are motivated to purchase islands or large parts of islands by conservationist impulses, and the desire to preserve natural spaces and rare ecosystems.

Islands come in many shapes and sizes, and have many levels of development. Buyers need to be sure they have appropriate power sources, supplies, upkeep and security. For many properties, accessibility is also a key consideration.

“Buying a private island is a great investment and development opportunity. Moho Caye in Belize has easy access to the second largest barrier reef in the world and is the perfect place to embrace the Belizean lifestyle. Additionally, close proximity to the Belizean mainland offers a plethora of landscapes with their own unique beauty.”

Brittany McCann, Partner, Belize Sotheby's International Realty



MULTI-HOME LIFESTYLE HOME: SERVICED APARTMENTS

UHNW individuals have never had more globally dispersed, and yet also globally integrated, lifestyles. International homeownership, flight mileage, and expatriate living have all risen over the past five years. For example, the percentage of all homes owned by UHNW individuals that are located outside their home country has risen from 11% to 16% this period. Private jet charter and fractional ownership companies have reported increases of 10-15% in flight activity over the past year.

UHNW individuals are looking for homes that are cared for in their absence, and ready for living in when they are present. Many UHNW individuals currently spend more than one month per year away from their private residences. Serviced apartments and hotel residences have grown in popularity around the globe.

These serviced apartments offer a full suite of amenities, including concierge, valet, housekeeping and security. For UHNW individuals looking internationally, they also offer the convenience of avoiding what can often be complicated contracts over the purchase of properties in foreign countries.

“Across the world we are seeing a trend toward people wanting to live like they are on holiday, all year round. As the global economy continues to build momentum, the ultra high net worth individual’s interest in serviced homes above five-star hotels is also increasing. With access to luxury amenities, beautiful views, private spas, 24-hour concierge service, fitness centres and entertainment, hotel homes are seen as a retreat from the demands of day-to-day life. Add to that the prime location—whether resort or desirable city address—and buyers see a positive investment for both portfolio and lifestyle.”

Robbie Briggs, President and CEO, Briggs Freeman Sotheby’s International Realty



FEATURED MULTI-HOMER MARKETS

In addition to seeking homes that suit their distinctive lifestyle considerations, UHNW multi-homers are interested in specific regions which fit into their globally integrated patterns of living.

Multi-homers are fuelling market growth in regions beyond global urban hubs – luxury residences in holiday markets are thriving throughout the world. Multi-homers are pursuing homes in these regions which match their lifestyle aspirations: providing access to a range of recreational opportunities, being within range of larger urban hubs and social networks, and leaving legacies to their families. In the next sections, we profile several growing regions that satisfy these desires: Miami, Geneva, and Long Island.



MULTI-HOMER FOCUS MARKET: MIAMI

Miami is a popular market for multi-homers, especially those from Latin America – it is the leading international home destination for Latin American UHNW individuals. Miami sits at the confluence of Caribbean, Latin, and American cultures and presents a range of outdoor and urban activities. The city's social scene prominently features boating, nightlife, and sporting events. In addition, it is home to numerous prestigious residential enclaves, golf courses, and fine dining.





“What was once known as a great holiday spot with beautiful beaches and great weather all year round has become an international metropolis. Miami’s culture is thriving with major museums, world-renowned restaurants and performing arts centres to rival those of other major global cities. Locals and internationals are now turning to Miami and its neighbouring areas for investment opportunities and second-home options due to this tremendous growth and its incredible value. Whether the ideal home involves something in the centre of a bustling city, a quaint beachfront community or a spacious home with lots of land near great schools, Miami has something to suit almost every need.”

Daniel de la Vega, President, ONE Sotheby’s International Realty

Miami



1085
UHNW POPULATION
11 Billionaire
Population

\$185 Million
Average UHNW Wealth
61 Average Age



\$975
Average Price
per Square Foot



\$1.9 Million
Average Luxury Home
Listing Price



4
Average Number
of Bedrooms

INDUSTRY



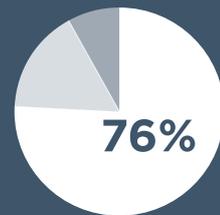
23%
Finance,
Banking,
and Investment

LEADING HOBBY

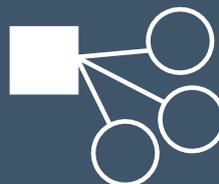


Sports,
Outdoors

PERCENT SELF-MADE



TOP COUNTRIES FOR FOREIGN OWNERS

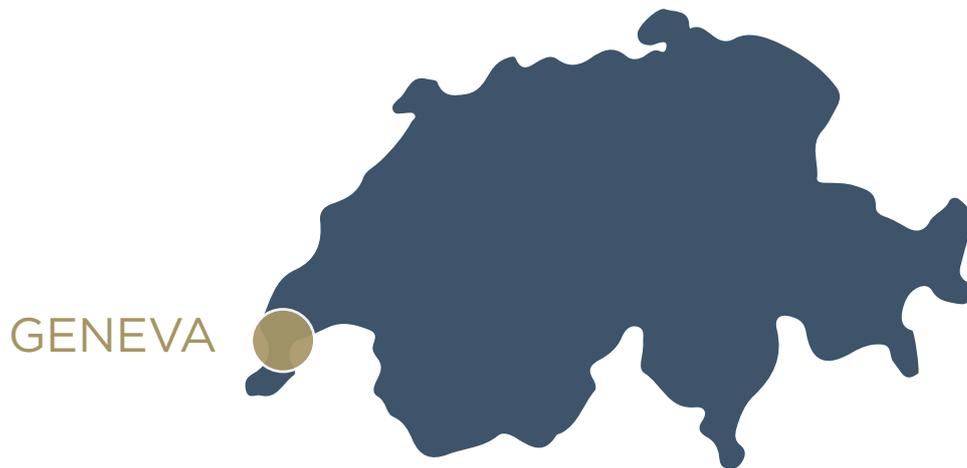


7 People,
\$5.4 Billion
Social Graph*

*Social Graph refers to the total net worth of UHNW individuals' connections to other UHNW individuals - it is a measure of the value of their network and how extensively connected they are.

MULTI-HOMER FOCUS MARKET: GENEVA

Geneva has long been a sought-after destination, and in many ways offers the pinnacle of luxury living. Homebuyers are drawn to this Swiss city for its economic and political stability, and to the region around Lake Geneva for its beauty, traditions, and cultural heritage. The region also offers access to a full calendar of events and activities that appeal to UHNW individuals, from yachting to the nearby World Economic Forum in Davos which brings in over 2,500 leading business and political figures each year.





“Geneva is the asset management capital of the world and home to Switzerland's premium watchmaking industry. A cosmopolitan city, with one third of the population speaking English, Geneva is home to many international organisations and multinationals and presents itself as an excellent location for a luxury residence. Nestled along the lake shore, Geneva serves as a scenic gateway to France and the rest of the world.”

Pierre Hagmann, Associate Director,
Cardis Immobilier Sotheby's International Realty

Geneva



1525
UHNW POPULATION
20 Billionaire
Population

\$190 Million
Average UHNW Wealth
56.7 Average Age



\$1955
Average Price
per Square Foot



\$4.1 Million
Average Luxury Home
Listing Price



5
Average Number
of Bedrooms

INDUSTRY



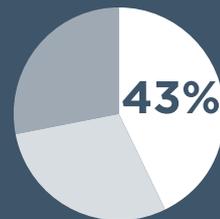
31%
Finance,
Banking,
and Investment

LEADING HOBBY



Philanthropy,
Art

PERCENT SELF-MADE



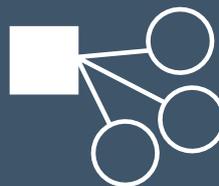
TOP COUNTRIES FOR FOREIGN OWNERS



UK



Germany



6 People,
\$4.2 Billion
Social Graph*

*Social Graph refers to the total net worth of UHNW individuals' connections to other UHNW individuals - it is a measure of the value of their network and how extensively connected they are.

MULTI-HOMER FOCUS MARKET: LONG ISLAND

Well known as the home of UHNW individuals, The Hamptons, Long Island has a number of ideal multi-homer locations. It combines many attractive features including short journey time from New York City, scenic beachfront property and vineyards that are part of a growing wine industry.

Lovely waterfront communities dot both the north and south shores and the island is also home to numerous country estates and farms further inland. These areas boast fascinating historical architecture, shopping opportunities, and cultural centres.





“Luxury property on Long Island’s East End is the perfect reminder of why real estate is such an attractive investment. Stocks and bonds simply don’t come with swimming pools, ocean breezes or gardens in full bloom. Luxury real estate in The Hamptons epitomises each of these elements and has enjoyed significant long-term price appreciation due to its natural beauty and social popularity amongst buyers from Manhattan and the world. In fact, the recent sale of an important oceanfront compound for \$147 million remains the most expensive home to have ever been sold in the United States. By all accounts, luxury residences in The Hamptons continue to thrive.”

Kathy Korte, President & CEO,
Sotheby’s International Realty, Inc.

“As the longest and the largest island in the United States, Long Island’s luxury market extends from New York Harbor to the Atlantic Ocean. Proximity to America’s greatest city contributes to the desirability of Long Island’s famed Gold Coast, making the entire region a highly desirable, much sought after, and often pricey destination for first, second and even third homes for upper-tier consumers. More than some resort and metropolitan markets, our markets tend to maintain solid value with steady appreciation, complimented by fabulous choices of fine dining and shops, outstanding schools, world class medical facilities, and myriad recreation/cultural attractions.”

Patricia J. Petersen, President & CEO,
Daniel Gale Sotheby’s International Realty

Long Island



635
UHNW POPULATION

3 Billionaire
Population

\$140 Million
Average UHNW Wealth

62 Average Age



\$900

Average Price
per Square Foot



\$2.5 Million

Average Luxury Home
Listing Price



3.5

Average Number
of Bedrooms

INDUSTRY



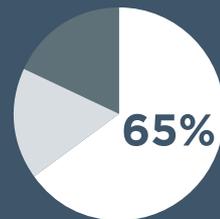
19%
Finance,
Banking,
and Investment

LEADING HOBBY



Sports,
Outdoors

PERCENT SELF-MADE



TOP COUNTRIES FOR FOREIGN OWNERS



UK



Canada



5 People,
\$3.1 Billion

Social Graph*

*Social Graph refers to the total net worth of UHNW individuals' connections to other UHNW individuals - it is a measure of the value of their network and how extensively connected they are.

METHODOLOGY

Wealth-X uses a proprietary valuation model to assess all asset holdings including privately and publicly held businesses and investable assets to develop our Net Worth Valuation.

Our team of researchers and analysts has access to an unrivalled, proprietary database of global ultra high net worth (UHNW) individuals that is the largest in existence. Our database highlights their financial profiles, passions and interests, known associates, affiliations, family members, biographies, news and much more.

Wealth-X uses the primary business address as the determinant of an individual's location.

The UHNW Residential Real Estate Index was constructed using a combination of average price per square foot in the most popular UHNW neighbourhoods of each location, and average price of sold properties within these areas as well as nationwide, in ten countries. The index uses quarterly or monthly data. Weights were based on the number of residences in each location.

ABOUT SOTHEBY'S INTERNATIONAL REALTY[®]

Founded in 1976 to provide independent brokerages with a powerful marketing and referral program for luxury listings, the *Sotheby's International Realty* network was designed to connect the finest independent real estate companies to the most prestigious clientele in the world. Sotheby's International Realty Affiliates LLC is a subsidiary of Realogy Holdings Corp. (NYSE: RLGY), a global leader in real estate franchising and provider of real estate brokerage, relocation and settlement services. In February 2004, Realogy entered into a long-term strategic alliance with Sotheby's, the operator of the auction house. The agreement provided for the licensing of the *Sotheby's International Realty* name and the development of a full franchise system. Affiliations in the system are granted only to brokerages and individuals meeting strict qualifications. Sotheby's International Realty Affiliates LLC supports its affiliates with a host of operational, marketing, recruiting, educational and business development resources. Franchise affiliates also benefit from an association with the venerable Sotheby's auction house, established in 1744.

For more information, visit www.sothebysrealty.com.

ABOUT WEALTH-X

Wealth-X is the global authority on wealth intelligence, providing sales, marketing, strategy and compliance solutions to clients in the financial services, luxury, not-for-profit and education sectors.

Our members identify, develop and enhance relationships with high net worth and ultra-affluent individuals as a direct result of working with Wealth-X.

Our award-winning research and thought leadership are regularly cited by the world's media such as CNBC, the Financial Times, Thomson Reuters and the BBC.

Wealth-X has more than 250 staff in 10 locations, including Singapore, Hong Kong, London and New York.

For more information, visit www.wealthx.com.

