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RESIDENTIAL REAL ESTATE

Luxury consumers remain bullish

Coldwell Banker study finds that nearly half may buy a second home in the next year, an increase from last year

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The cooling real estate market is not prompting the nation's wealthiest residents to forgo shopping for a second home, according to a recent study by Coldwell Banker.

The big real estate company recently released its "2007 Coldwell Banker Previews International Luxury Survey," which polled 301 of the nation's homeowners whose primary home is valued at more than \$1 million (\$2 million for California residents), and who have investable assets of more than \$1 million.

Some of the top-line findings were:

- 40 percent of respondents are considering buying a second home in the next year. That is an increase when compared with last year, when only 30 percent had that response.
- 56 percent expect the value of their home to increase during the next 12 months.
- Women were more positive about their home values than men.
- 72 percent of respondents said they have a room in their home devoted almost exclusively to entertainment.
- Longer term, 36 percent of respondents believe the value of their primary residence will increase significantly during 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 of Coldwell Banker Real Estate Corp., in a statement. "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."

So what do the more optimistic sex have to say about real estate?

- 61 percent of female respondents expect the value of their home to increase somewhat over the next 12 months, compared with 50 percent of the males, while both genders remain even at approximately 10 percent in predicting their homes' value to increase significantly in the next year.
- Again, looking at the next five years, 40 percent of female respondents expect the value to increase significantly, compared with 32 percent of male respondents.

The sexes come out fairly even (60 percent male, 56 percent female) in forecasting that their homes will somewhat increase in value in five years.



FILE PHOTO

Buyers who can afford multimillion-dollar homes like this one on Lido Key continue to consume high-end real estate and goods.

"I'm not at all surprised that women are more positive about their home values than men," Gillespie said. "Women continue to comprise a significant segment of the home buying public. In fact, 22 percent of all homes sold last year were to single women. That statistic, together with affluent women's confidence in real estate, suggests that women may, in fact, be the driver that ultimately helps the market turn the corner."

The survey was conducted online in April by independent market research firm, Affluent Dynamics.

'Lifestyle, not life stage'

Of the affluent buyers looking for a second home, 40 percent said they wanted one 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 moving.

"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," Gillespie said. "That tells us that these homeowners are moving more based on lifestyle, not a particular life stage."

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 those amenities.

Thirty percent said 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.

"What constitutes a luxury amenity is evolving quite a lot," Gillespie said. "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," he said.

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," Gillespie said. "Affluent men, on the other hand, are looking forward to traveling and staying active."