



# REAL ESTATE PROFESSIONALS WEIGH IN: LUXURY

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**An Inman Select Special Report**

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*The most commonly cited starting price point  
for luxury properties: \$2 million to \$5 million.*



*What motivates luxury homebuyers?*

*Most survey respondents said “location” was most important to their luxury buyers.*



*Most respondents (70.19 percent) said their clients ask to market their home  
off-MLS at least occasionally, and those clients are usually motivated by privacy.*



STAFF WRITER

[Jennye Garibaldi](#)

## Lavish. Affluent. High-end. Exclusive.

Those are just a few of the words that people who responded to Inman's survey about luxury home buying and selling listed as preferable alternatives to "luxury," a term that tends to raise hackles in certain circles.

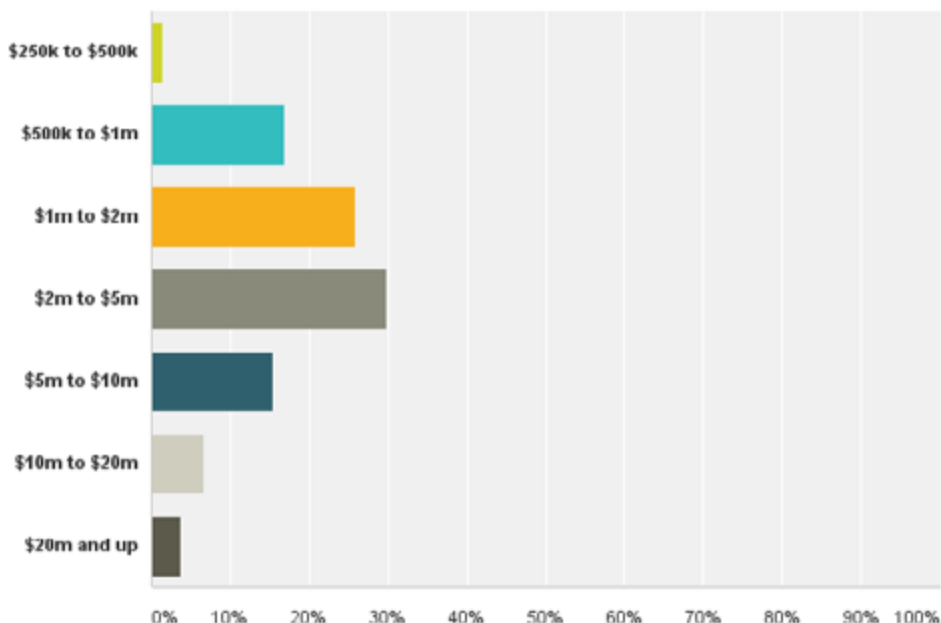
Whatever you call it, the high-end market is an integral part of the real estate industry, though not without its own struggles. According to our survey, 39.42 percent of respondents said that global

economic events have hurt luxury real estate, which leaves us wondering: What events specifically do you think have contributed to this downturn? Are we still suffering from 2008, or are we just starting to feel the sting from the economic crisis in China?

Over the course of 10 days, 208 people responded to this survey. Below are some of the more illuminating responses that we received.

## Q2 What price point in your market qualifies as luxury?

Answered: 208 Skipped: 0



### Where is luxury real estate going — and where won't it return?



Legendary top-producer and agent to the stars Joyce Rey gave us a glimpse of what she thinks is up-and-coming in luxury real estate.

"I think we'll see many more technological advances; the smart homes will become even smarter," Rey said. "There will be greater demands for privacy. There will be imaginative plans for drought-free landscaping, and we will see new ideas for architectural diversity. Also, the baby boomers will be gravitating to condominium living."

If this is the future of high-end real estate, what can we leave in the past? "Price-per-square-foot is outdated and old news for valuing luxury properties, although the banks will continue to use it as a major indicator."

For Rey, luxury isn't about quantity, it's about quality. "Luxury is defined by a state of extravagance and extreme comfort beyond the normal."

### What price point in your market qualifies as luxury?

With 29.81 percent of the total, the \$2-5 million mark is the most popular starting price point for luxury properties. The next range, \$1-2 million, is not far behind at 25.96 percent.

A small segment of respondents (3.85 percent) said that \$20 million was the starting price point in their market. What's the demographic for a client buying or selling a \$20+ million home? Among our respondents who said this was their starting point, 62.50 percent said their clients were from the Middle East, and 75 percent said they came from new money.

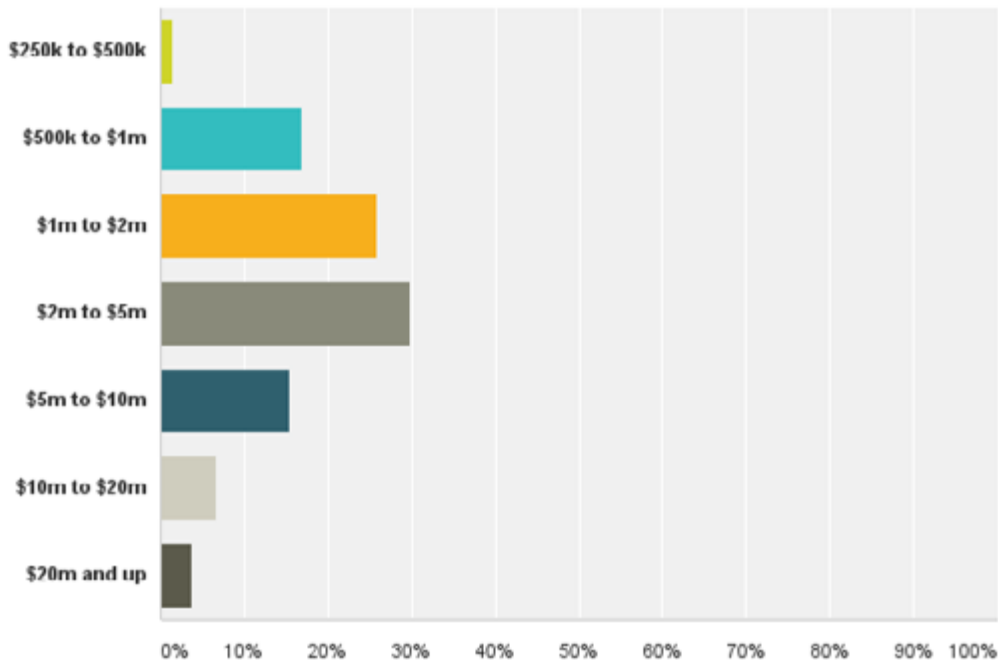
### What motivates luxury buyers?

Location, location, location. The response to "what motivates luxury buyers" was overwhelmingly "living in the right neighborhood," with 69.71 percent of the vote.



## Q2 What price point in your market qualifies as luxury?

Answered: 208 Skipped: 0



A popular write-in response was acquiring vacation property, specifically lake- or oceanfront.

### How would you describe the values of luxury homebuyers?

We have a tie! “Conservative” and “tough negotiators” were the first-place choices for terms to describe luxury home buyers’ values. “Cautious” and “modest” were also popular responses, which begs the question: are there any gamblers out there playing the luxury field? Apparently there are a fair amount, with “risk-takers” coming in with several votes, too.

### What are luxury home sellers most worried about?

Not surprisingly, value and price rank highly among what luxury home-sellers worry about (27.40 percent and 24.04 percent, respectively).

### What does an international portal consider ‘luxury’?



Simon Henry, the co-founder and CEO of Juwai, a property portal catering to Chinese consumers, discussed how his company defines luxury properties.

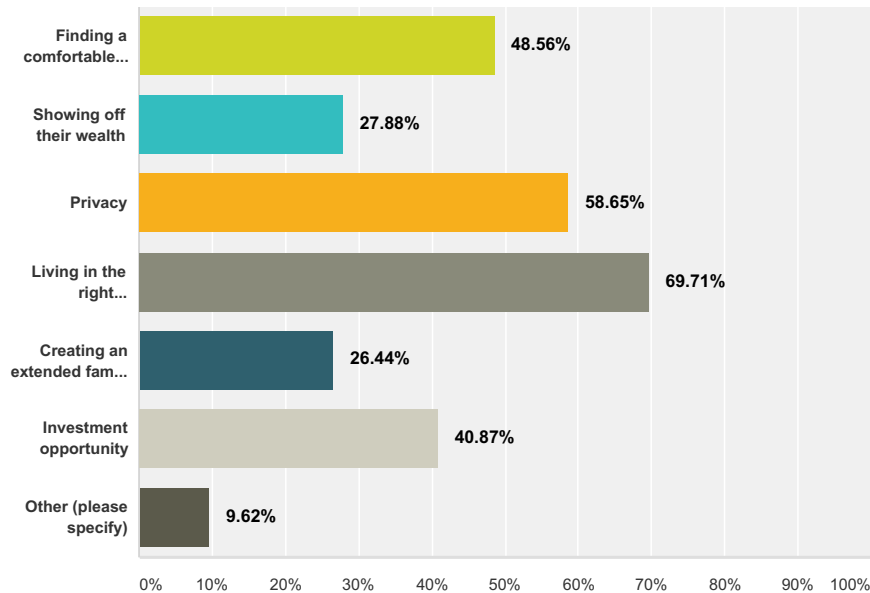
“We will look at properties that are more than U.S. \$2.5 million in asking price for consideration for our Juwai Luxe channel,” Henry said. “All Juwai Luxe properties are evaluated through our luxury editorial team, who give sign-off on all properties to appear on our Luxe channel.

“One good rule of thumb is, ‘Is this property suitable for Vogue?’”

Henry also doesn’t expect the cross-border investments in luxury real estate to end anytime soon. “Chinese are increasingly coming into the means to travel overseas, and with increased mobility comes increased overseas investment. Furthermore, Chinese lead the way in global luxury spending, and in many cases purchase property at a higher price range than the domestic buyer.

## Q11 What motivates luxury buyers? Select all that apply.

Answered: 208 Skipped: 0



Answer Choices	Responses
Finding a comfortable home	48.56% 101
Showing off their wealth	27.88% 58
Privacy	58.65% 122
Living in the right neighborhood	69.71% 145
Creating an extended family compound	26.44% 55
Investment opportunity	40.87% 85
Other (please specify)	9.62% 20
Total Respondents: 208	

On the other end of the spectrum, commission rate is of seemingly little to no concern, with only 1.44 percent of the vote.

### Do your luxury home sellers negotiate commissions any more forcefully than other sellers?

Does the stigma that high-net-worth clients are tougher negotiators than the average client hold true? According to an overwhelming 62.98 percent, no.

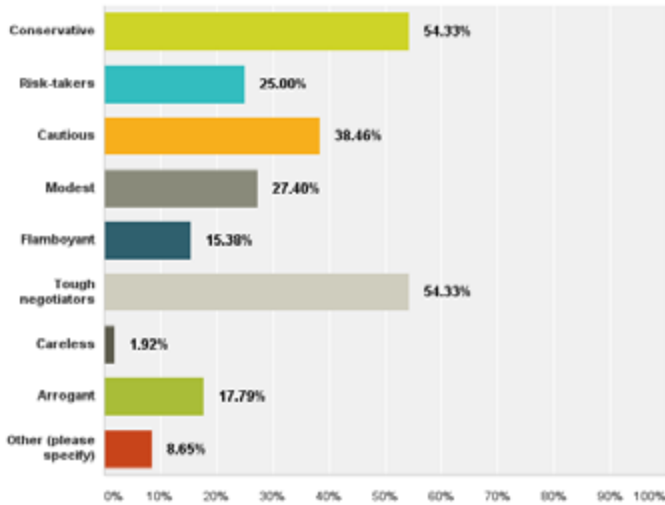
It's interesting to note that for those respondents who said their clients weren't any more forceful in their negotiations than other sellers, 56.49 percent said their clients are 40 to 50 years old, conservative (58.78 percent) and paying cash (51.91 percent).

### Do your clients ask about listing off-market?

When it comes to pocket listings, respondents were fairly split: 27.40 percent said that their clients do ask

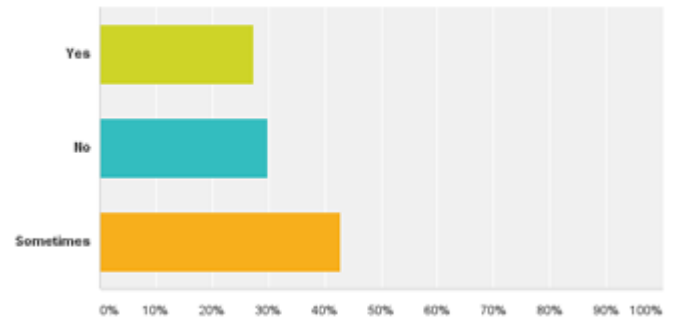
**Q17 How would you describe the values of luxury home buyers? Select all that apply.**

Answered: 288 Skipped: 0



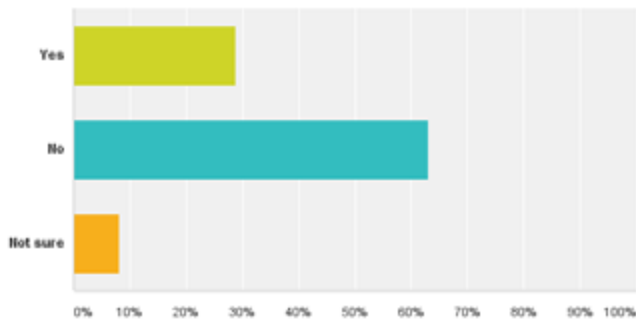
**Q20 Do your luxury clients ask for pocket listing status?**

Answered: 288 Skipped: 0



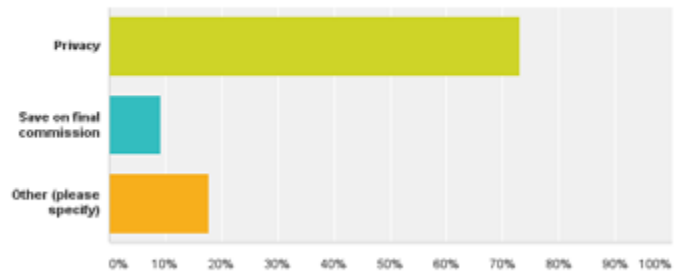
**Q14 Do your luxury home sellers negotiate commissions any more forcefully than other sellers?**

Answered: 288 Skipped: 0



**Q21 Why have any of your luxury clients asked for pocket listing status?**

Answered: 288 Skipped: 0



## What does a top luxury agent do?

Ernie Carswell with the Carswell Collection said he gives personal attention to the details.

“I am completely and personally involved with all facets of representing my clients and their properties,” Carswell says. “Nothing is left to chance.”

As any great agent will tell you, strategy is a key component of success. However, Carswell takes a different approach.

“Strategy is a key component of my guidance to clients as I study human behavior and particularly body language, not the spoken word as much. People communicate much more through their actions than their words. Many agents hear

words and ignore or are unaware of the nonverbal communications constantly in play.

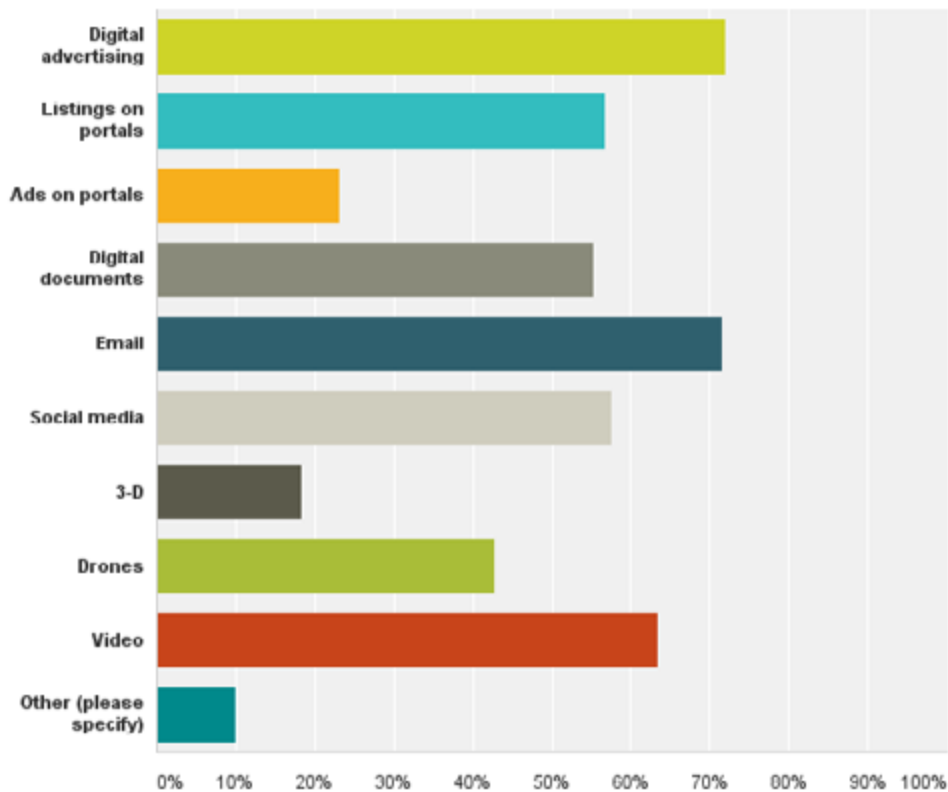
“People communicate much more through their actions than their words.”

He prides himself on being directly involved with all aspects of a sale or purchase — and with the clients themselves. “I work tirelessly and put forth a lot of effort to make sure my clients’ properties get seen by the right buyers,” he said. “I love what I do and share it willingly with others, other consumers and other agents.”



### Q19 What technology do your luxury clients expect you to use? Select all that apply.

Answered: 208 Skipped: 0

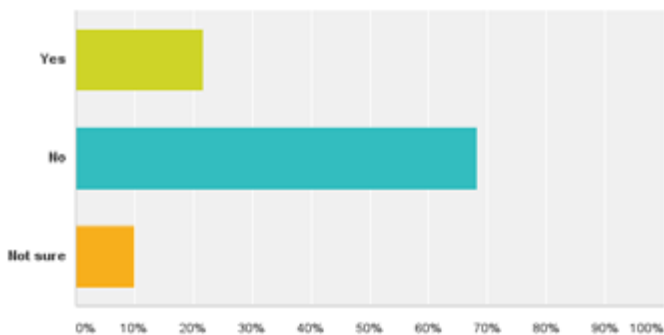


for off-market listings, 29.81 percent said they don't, and 42.79 percent said clients sometimes ask for this.

For those clients who do ask for pocket listings, the reason why was overwhelmingly "privacy" (73.08 percent).

### Q4 Can any type of agent successfully sell a luxury home or represent a luxury buyer?

Answered: 208 Skipped: 0



### Can any type of agent successfully sell a luxury home or represent a luxury buyer?

If you're thinking that anyone can just jump into the luxury game, think again. The answer to this question was a resounding "no," with 68.27 percent of all respondents. So what does it take to be a successful luxury agent?

### What technology do your luxury clients expect you to use? Select all that apply.

When it comes to technology, high-net-worth clients have high expectations, and they look to their agents to utilize several different tools and methods. Among the most popular were digital advertising (72.12 percent), email (71.63 percent) and video (63.46 percent). Not as important to clients: ads on portals (23.08 percent) and 3-D (18.27 percent).





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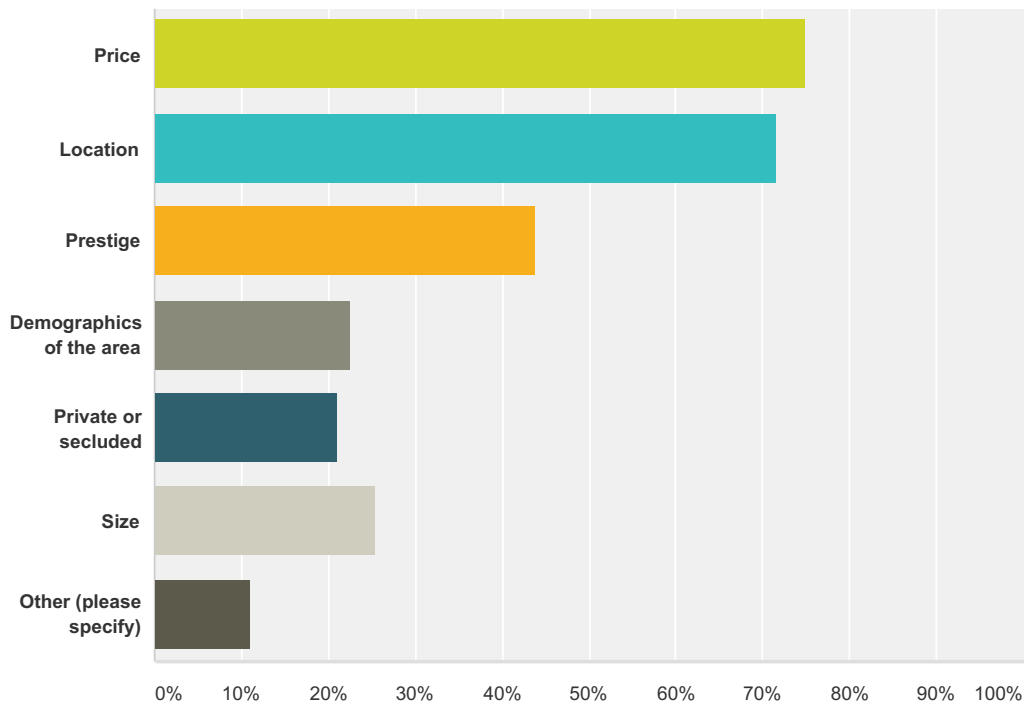
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## Full Survey Results

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## Q1 How is luxury defined in your market? Select up to three factors.

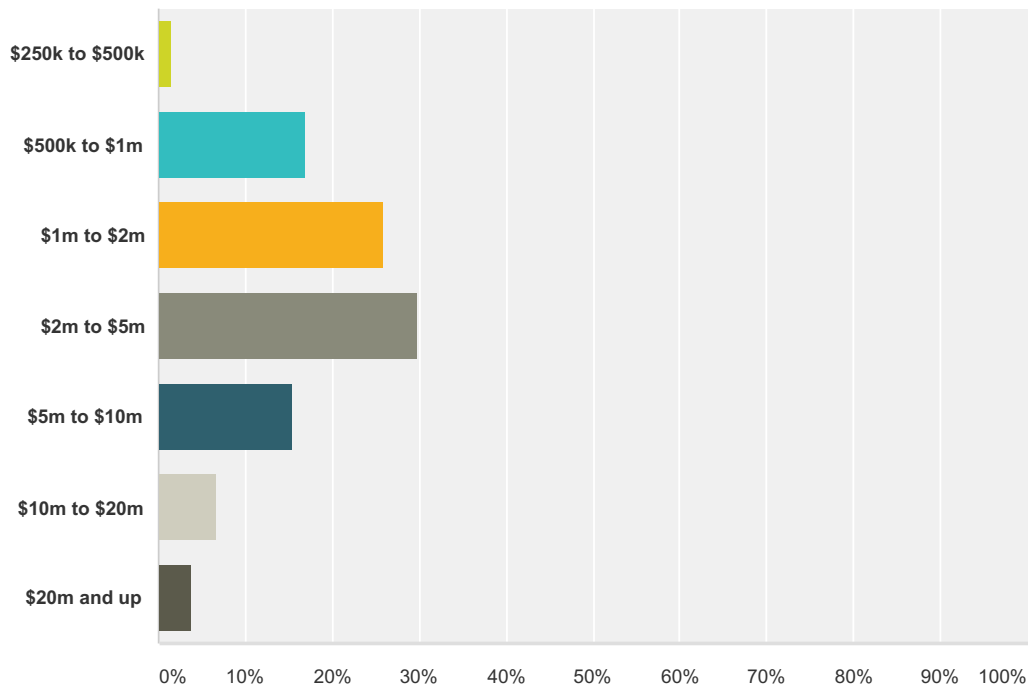
Answered: 208 Skipped: 0



Answer Choices	Responses	
Price	75.00%	156
Location	71.63%	149
Prestige	43.75%	91
Demographics of the area	22.60%	47
Private or secluded	21.15%	44
Size	25.48%	53
Other (please specify)	11.06%	23
Total Respondents: 208		

## Q2 What price point in your market qualifies as luxury?

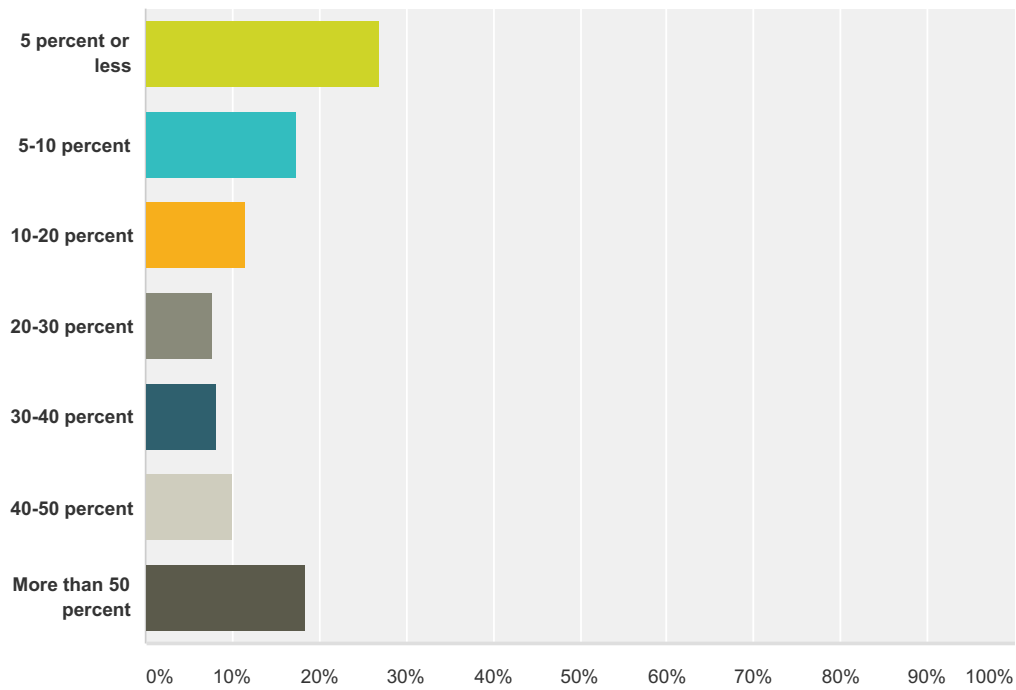
Answered: 208 Skipped: 0



Answer Choices	Responses	
\$250k to \$500k	1.44%	3
\$500k to \$1m	16.83%	35
\$1m to \$2m	25.96%	54
\$2m to \$5m	29.81%	62
\$5m to \$10m	15.38%	32
\$10m to \$20m	6.73%	14
\$20m and up	3.85%	8
<b>Total</b>		<b>208</b>

### Q3 What percentage of your customers qualify as luxury?

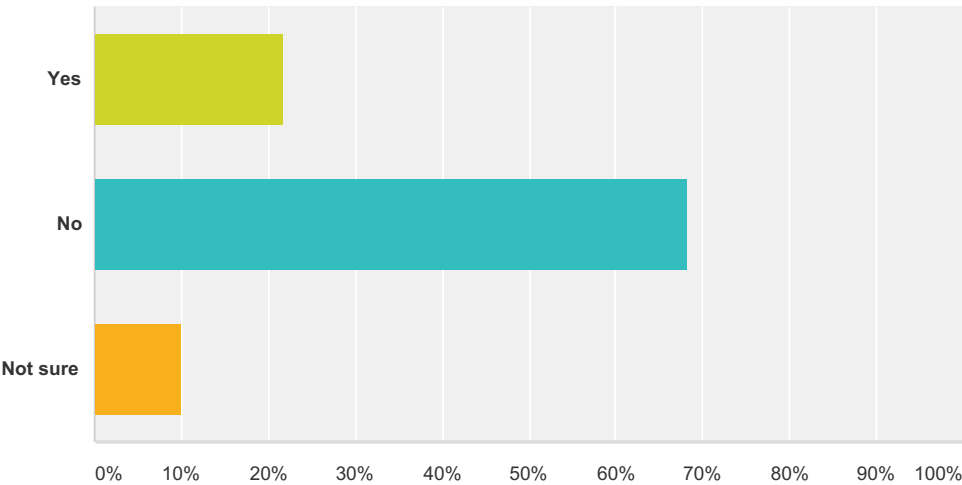
Answered: 208 Skipped: 0



Answer Choices	Responses
5 percent or less	26.92% 56
5-10 percent	17.31% 36
10-20 percent	11.54% 24
20-30 percent	7.69% 16
30-40 percent	8.17% 17
40-50 percent	10.10% 21
More than 50 percent	18.27% 38
<b>Total</b>	<b>208</b>

Q4 Can any type of agent successfully sell a luxury home or represent a luxury buyer?

Answered: 208 Skipped: 0

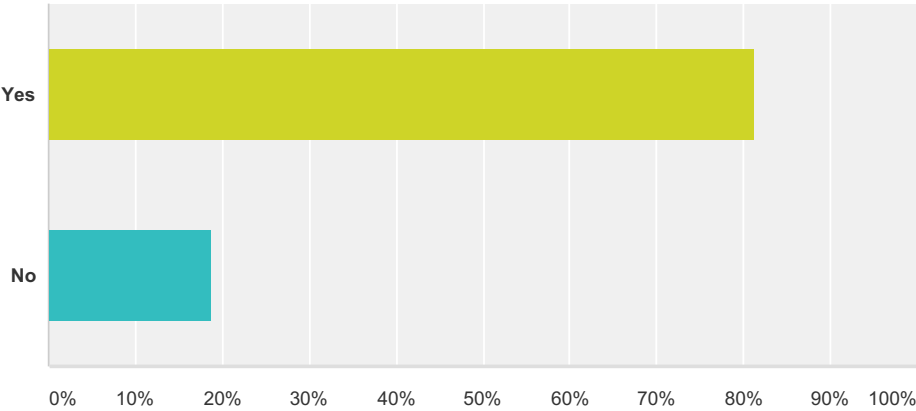


Answer Choices	Responses	
Yes	21.63%	45
No	68.27%	142
Not sure	10.10%	21
Total		208



Q5 Do you use the word "luxury" to describe high-end properties?

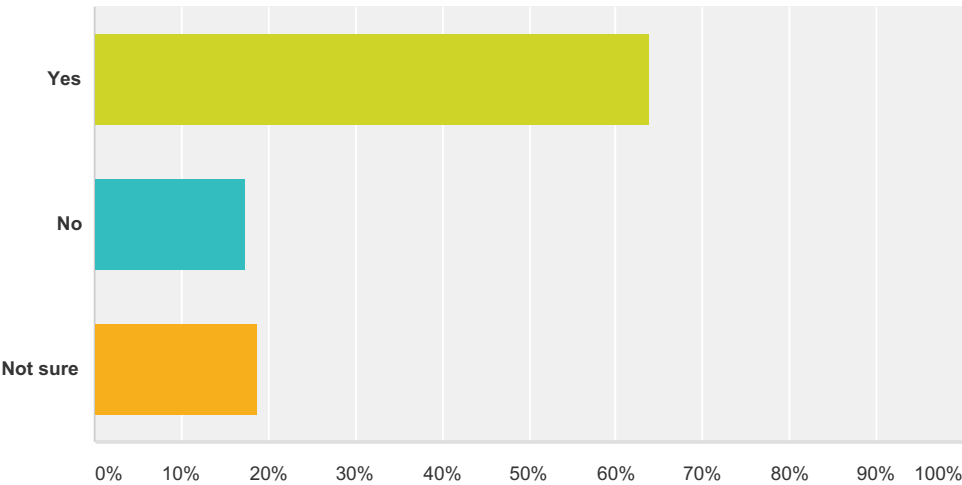
Answered: 208 Skipped: 0



Answer Choices	Responses	
Yes	81.25%	169
No	18.75%	39
Total		208

Q6 Does the term "luxury" resonate with your customers?

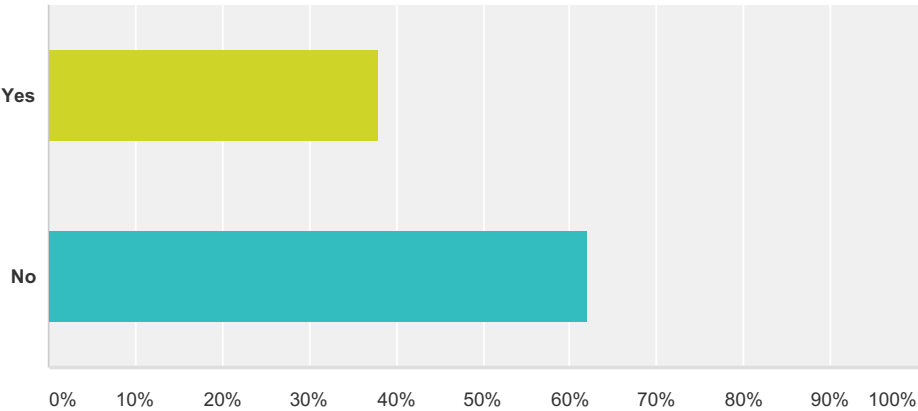
Answered: 208 Skipped: 0



Answer Choices	Responses	
Yes	63.94%	133
No	17.31%	36
Not sure	18.75%	39
Total		208

Q7 Is there a better term? What is it?

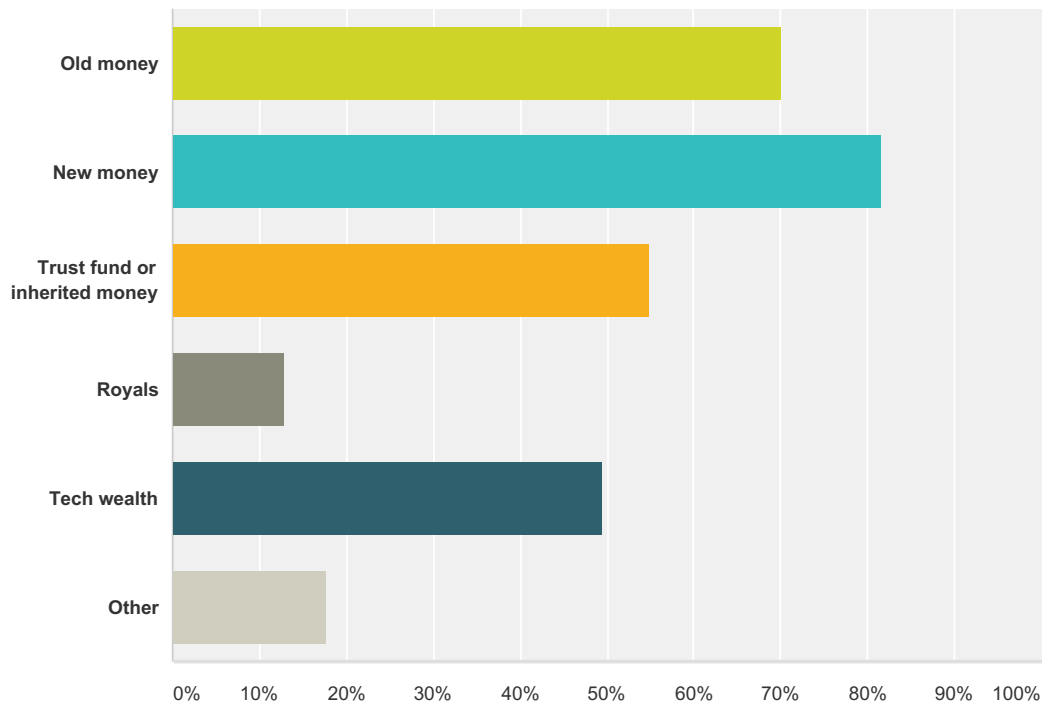
Answered: 208 Skipped: 0



Answer Choices	Responses	
Yes	37.98%	79
No	62.02%	129
Total		208

## Q8 Who are the luxury buyers in your market? Select all that apply.

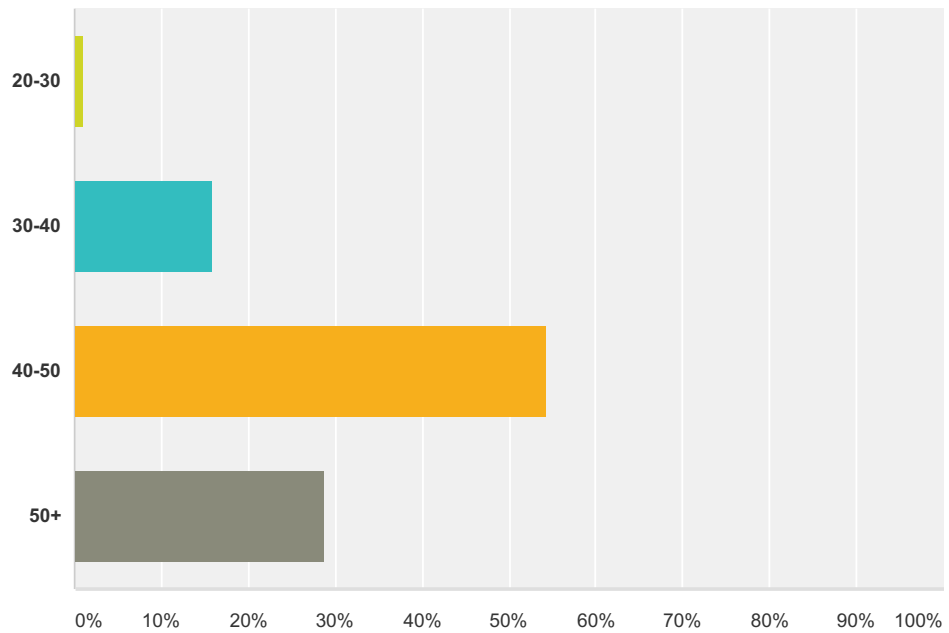
Answered: 208 Skipped: 0



Answer Choices	Responses	
Old money	70.19%	146
New money	81.73%	170
Trust fund or inherited money	54.81%	114
Royals	12.98%	27
Tech wealth	49.52%	103
Other	17.79%	37
Total Respondents: 208		

## Q9 What age group are most of your luxury buyers?

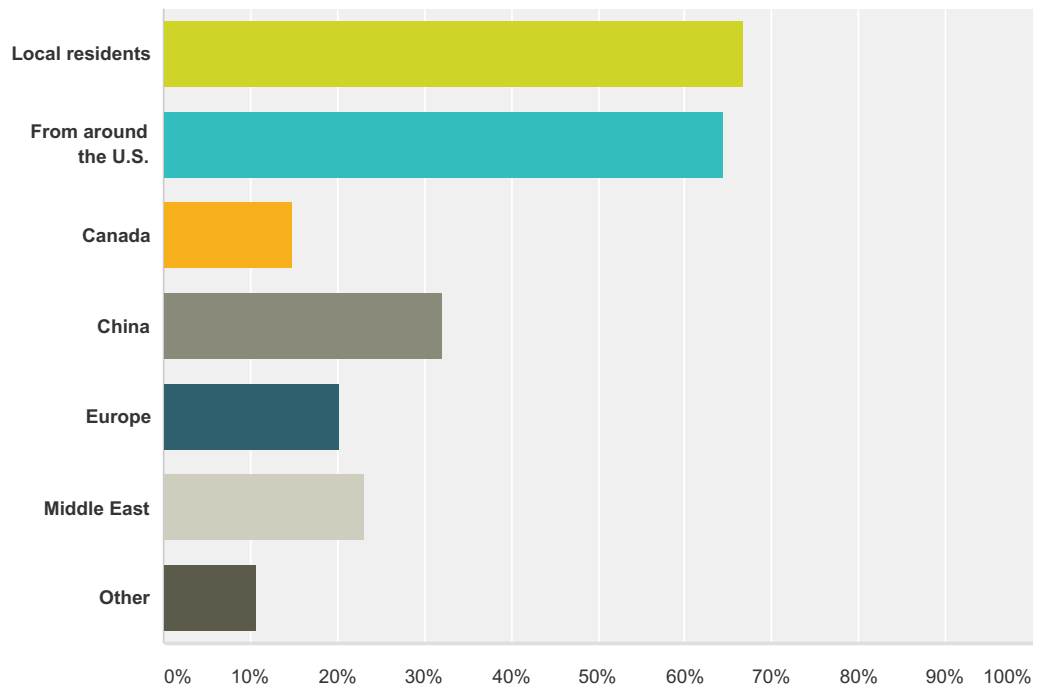
Answered: 208 Skipped: 0



Answer Choices	Responses	
20-30	0.96%	2
30-40	15.87%	33
40-50	54.33%	113
50+	28.85%	60
<b>Total</b>		<b>208</b>

## Q10 Where do your luxury buyers come from? Select all that apply.

Answered: 208 Skipped: 0

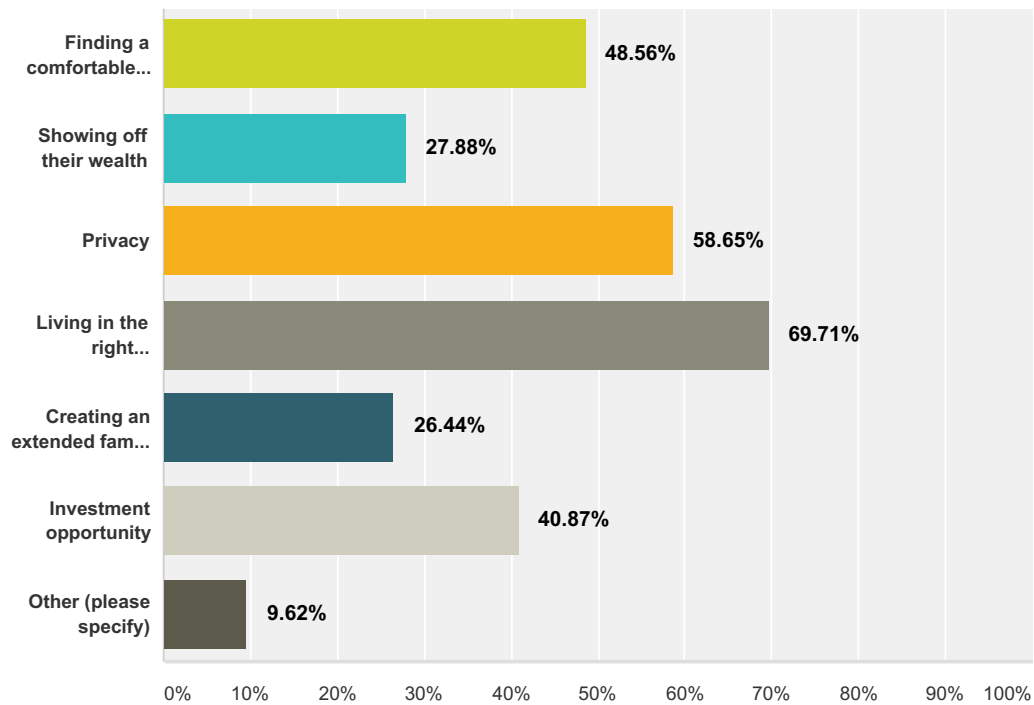


Answer Choices	Responses	
Local residents	66.83%	139
From around the U.S.	64.42%	134
Canada	14.90%	31
China	32.21%	67
Europe	20.19%	42
Middle East	23.08%	48
Other	10.58%	22
Total Respondents: 208		



## Q11 What motivates luxury buyers? Select all that apply.

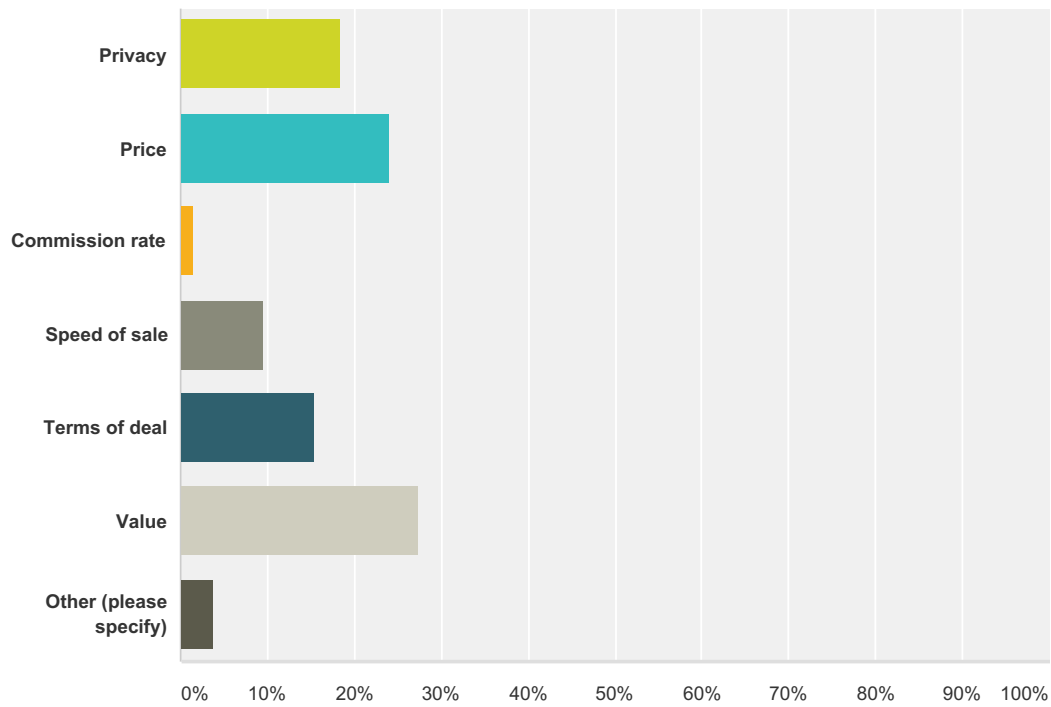
Answered: 208 Skipped: 0



Answer Choices	Responses	
Finding a comfortable home	48.56%	101
Showing off their wealth	27.88%	58
Privacy	58.65%	122
Living in the right neighborhood	69.71%	145
Creating an extended family compound	26.44%	55
Investment opportunity	40.87%	85
Other (please specify)	9.62%	20
Total Respondents: 208		

## Q12 What are luxury home sellers most worried about?

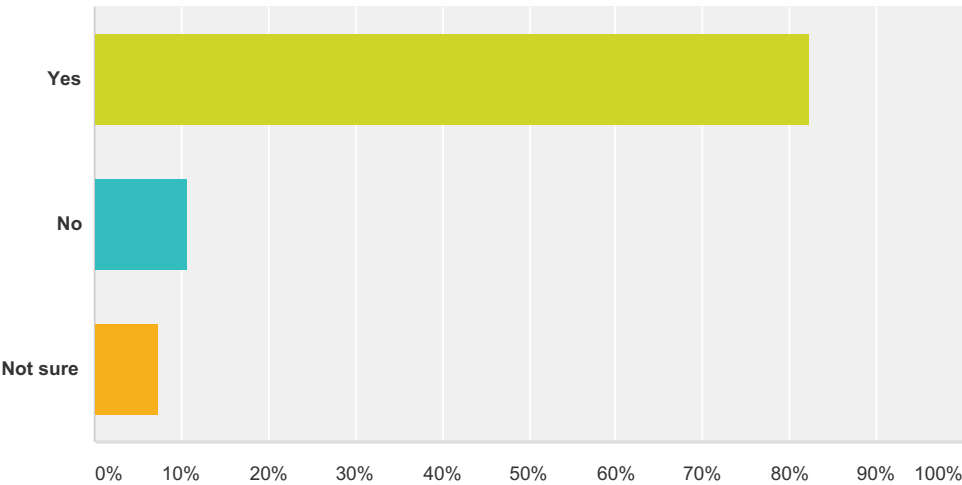
Answered: 208 Skipped: 0



Answer Choices	Responses	
Privacy	18.27%	38
Price	24.04%	50
Commission rate	1.44%	3
Speed of sale	9.62%	20
Terms of deal	15.38%	32
Value	27.40%	57
Other (please specify)	3.85%	8
<b>Total</b>		<b>208</b>

Q13 Do your luxury buyers own multiple properties?

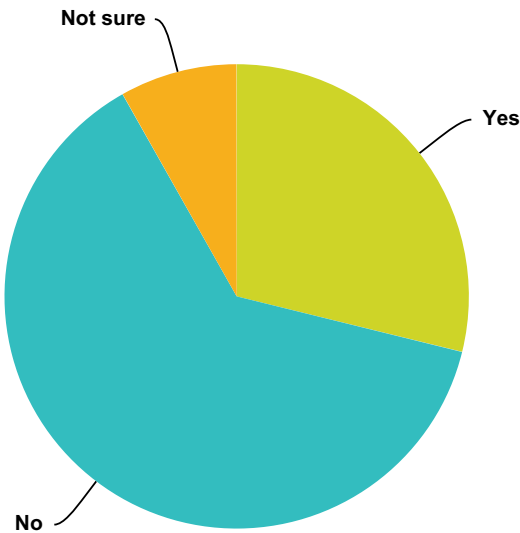
Answered: 208 Skipped: 0



Answer Choices	Responses	
Yes	82.21%	171
No	10.58%	22
Not sure	7.21%	15
Total		208

Q14 Do your luxury home sellers negotiate commissions any more forcefully than other sellers?

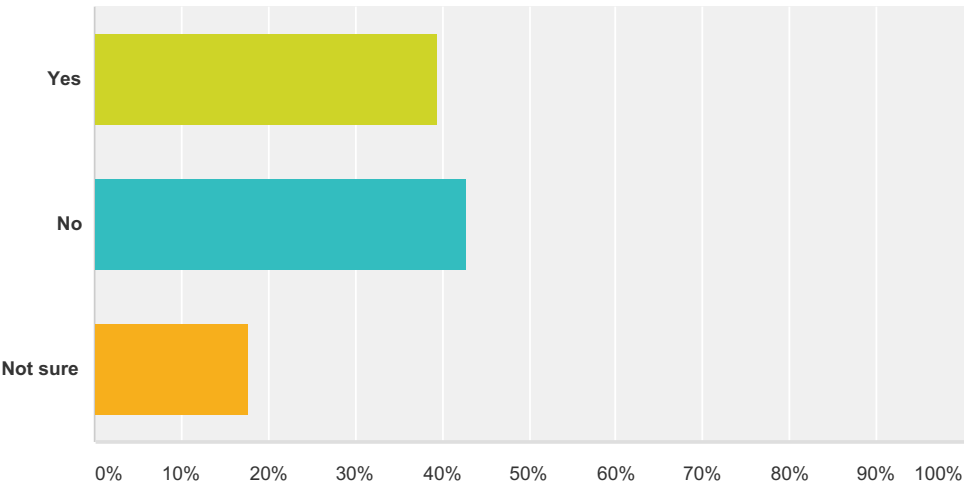
Answered: 208 Skipped: 0



Answer Choices	Responses	
Yes	28.85%	60
No	62.98%	131
Not sure	8.17%	17
Total		208

Q15 Have events in the global economy hurt luxury home sales?

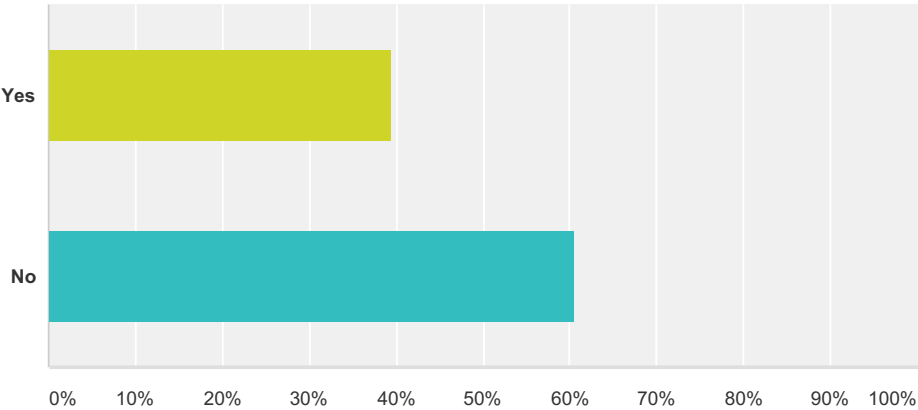
Answered: 208 Skipped: 0



Answer Choices	Responses	
Yes	39.42%	82
No	42.79%	89
Not sure	17.79%	37
Total		208

Q16 Have any of your high-end deals fallen out of escrow or have buyers backed off from moving forward with deals in the past year?

Answered: 208 Skipped: 0

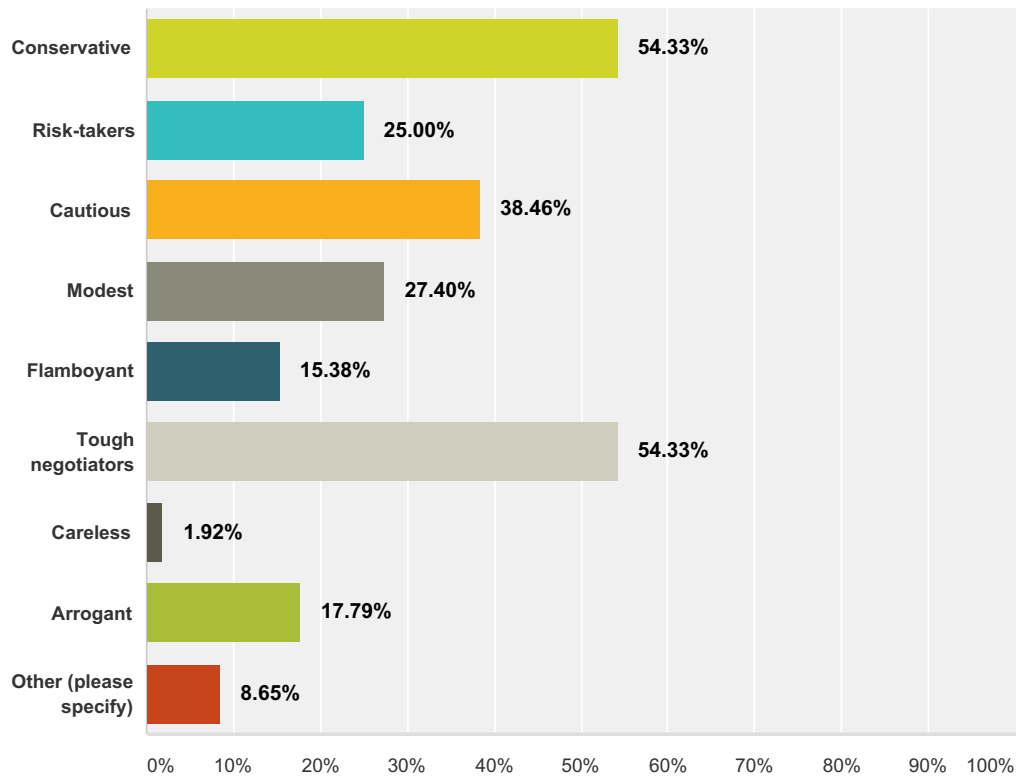


Answer Choices	Responses	
Yes	39.42%	82
No	60.58%	126
Total		208



## Q17 How would you describe the values of luxury home buyers? Select all that apply.

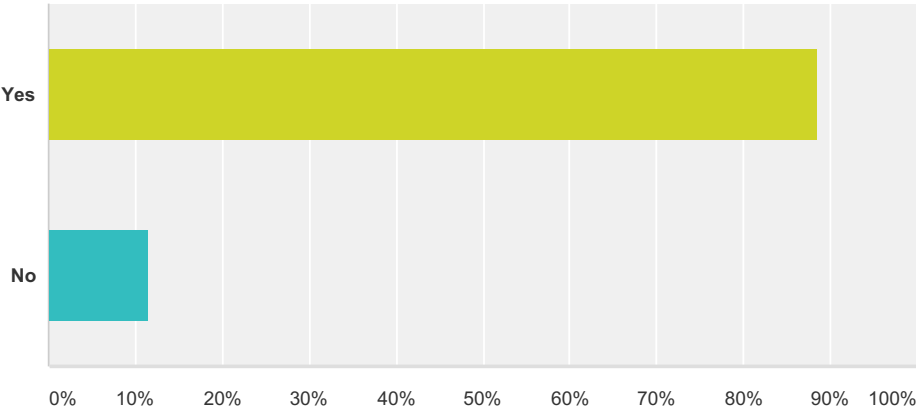
Answered: 208 Skipped: 0



Answer Choices	Responses	
Conservative	54.33%	113
Risk-takers	25.00%	52
Cautious	38.46%	80
Modest	27.40%	57
Flamboyant	15.38%	32
Tough negotiators	54.33%	113
Careless	1.92%	4
Arrogant	17.79%	37
Other (please specify)	8.65%	18
Total Respondents: 208		

Q18 Are your luxury buyers actively involved in the home buying process?

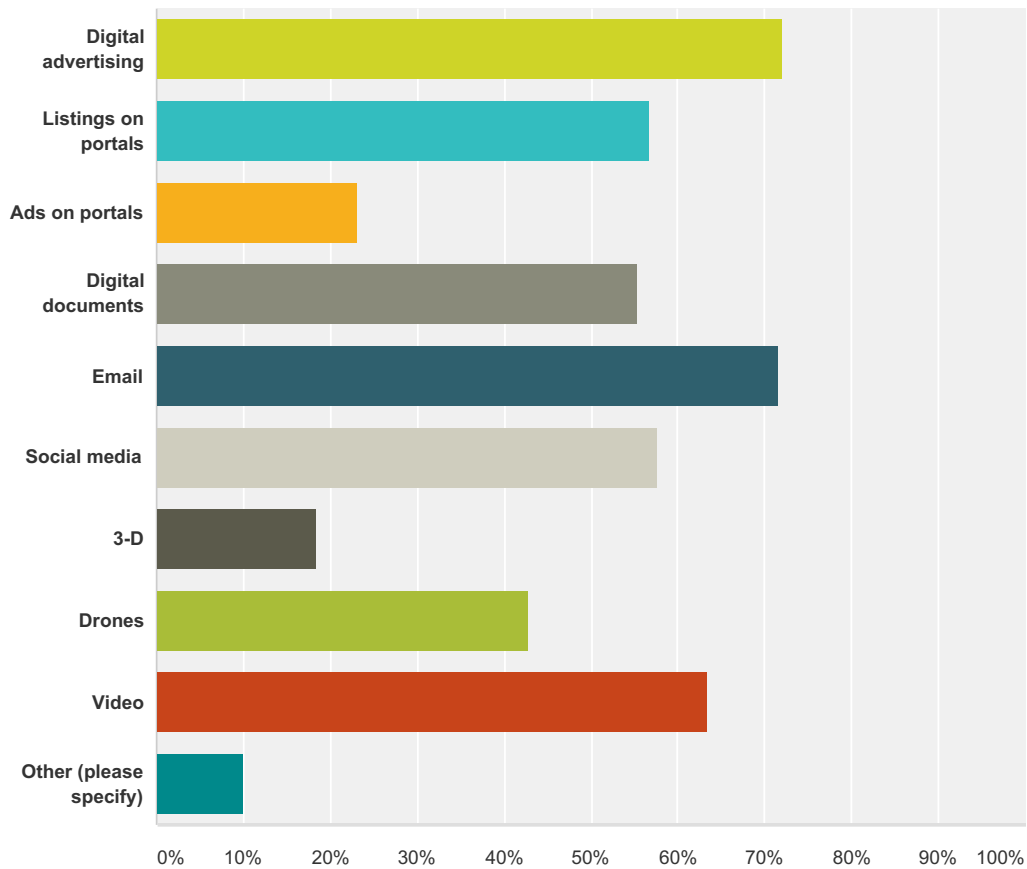
Answered: 208 Skipped: 0



Answer Choices	Responses	
Yes	88.46%	184
No	11.54%	24
Total		208

## Q19 What technology do your luxury clients expect you to use? Select all that apply.

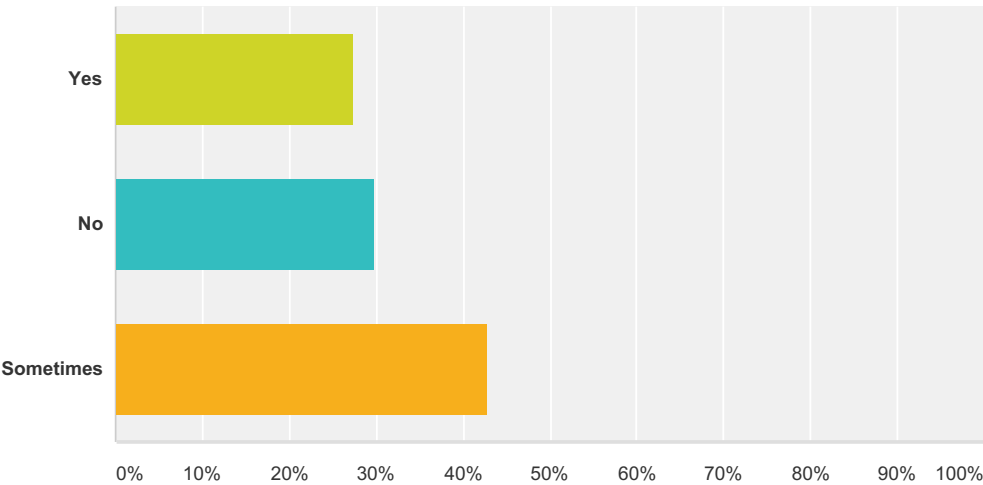
Answered: 208 Skipped: 0



Answer Choices	Responses	
Digital advertising	72.12%	150
Listings on portals	56.73%	118
Ads on portals	23.08%	48
Digital documents	55.29%	115
Email	71.63%	149
Social media	57.69%	120
3-D	18.27%	38
Drones	42.79%	89
Video	63.46%	132
Other (please specify)	10.10%	21
Total Respondents: 208		

Q20 Do your luxury clients ask for pocket listing status?

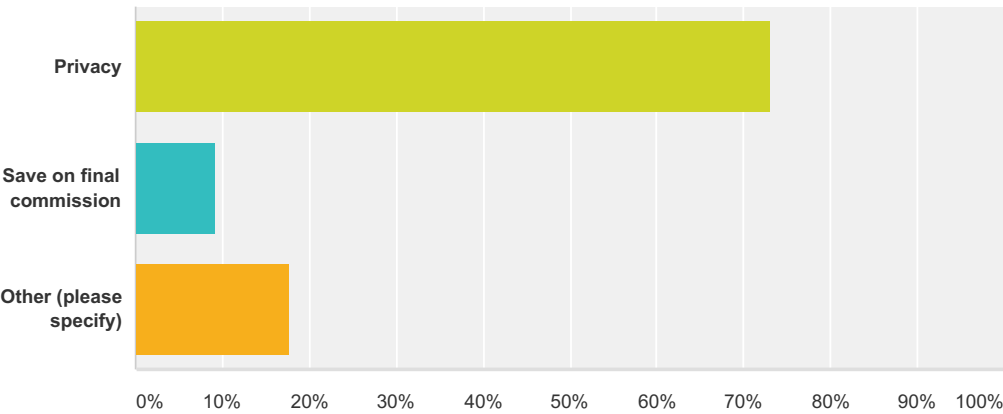
Answered: 208 Skipped: 0



Answer Choices	Responses	
Yes	27.40%	57
No	29.81%	62
Sometimes	42.79%	89
Total		208

Q21 Why have any of your luxury clients asked for pocket listing status?

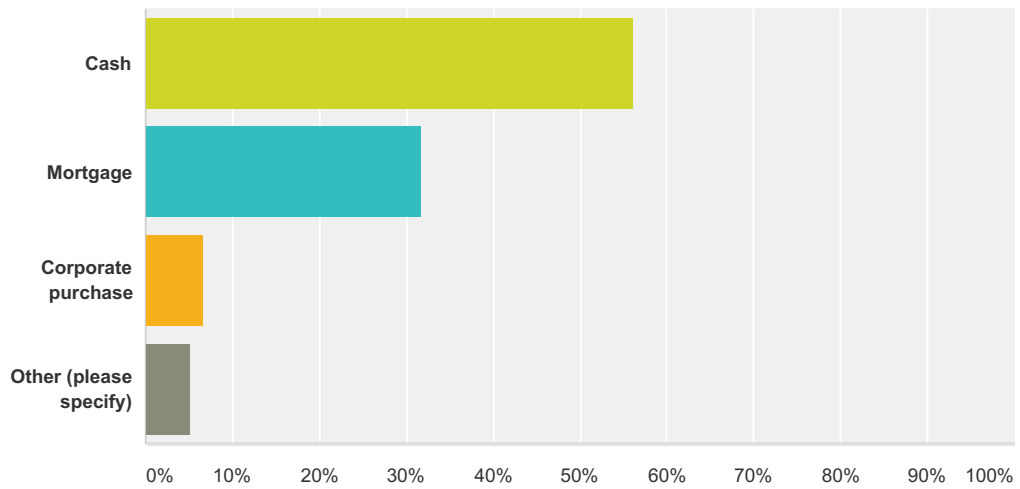
Answered: 208 Skipped: 0



Answer Choices	Responses	
Privacy	73.08%	152
Save on final commission	9.13%	19
Other (please specify)	17.79%	37
Total		208

## Q22 What is the most common way for luxury properties to be financed?

Answered: 208 Skipped: 0



Answer Choices	Responses	
Cash	56.25%	117
Mortgage	31.73%	66
Corporate purchase	6.73%	14
Other (please specify)	5.29%	11
<b>Total</b>		<b>208</b>



**Q23 Please enter your name and email address for a chance to win an Apple Watch. (NOTE: Names and email addresses affiliated with spam or incomplete survey entries will be discarded and will not be eligible to win the survey prize.)**

Answered: 196 Skipped: 12

Answer Choices	Responses	
Name:	100.00%	196
Company:	0.00%	0
Address:	0.00%	0
Address 2:	0.00%	0
City/Town:	0.00%	0
State:	0.00%	0
ZIP:	0.00%	0
Country:	0.00%	0
Email Address:	98.98%	194
Phone Number:	0.00%	0