

AGENT | BROKERAGE

The MLS can't offer what the rich want most: Privacy

Wealthy consumers are growing in number with some new demands, and discretion is at the top of the list

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Key Takeaways

- Luxury consumers' concerns about their privacy may lead to more high-end pocket listings that rely solely on a listing agent's network of buyers.

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Good news for agents and brokers looking to edge their way into the industry's opulent tier: The population of wealthy consumers around the world is rising, and they increasingly want to invest in real estate, according to [Luxury Portfolio International's 2017 Global Luxury Real Estate Report](#) published in Vienna, Austria today.

But those looking to get on the inside will have to meet the expectations of these well-heeled clientele who value the virtue of privacy more than ever before — and may want to avoid listing on the MLS as a result.

Globally there are now 1.6 million households with a total net worth of \$10 million, representing an 11 percent increase since 2015 and a massive 91 percent increase (you read that right) since 2010.

While the Asia-Pacific region has seen a drastic expansion of its wealthy population — a more than 20 percent increase year over year — North America is where the majority of wealthy consumers (61 percent or nearly 1 million households) are located. The affluent population here is growing fast at a rate of 13 percent year over year, with a 146 percent increase in North America since 2010.

These high-net worth individuals prefer a specialized approach to buying and selling and have strong desire for privacy. The top reason for purchasing a new home among these clientele is to improve their quality of life.



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More luxury listings go under the radar

Offering up a key piece of intel for agents dealing in high-end real estate across the country, the research from Luxury Portfolio in conjunction with YouGov found that wealthy consumers will be looking for more delicacy from their real estate advisers when it comes to selling their homes.

“Amid the rapid growth in wealth, the strong desire to engage in luxury, and the social, political and economic pressures felt by the affluent,” the report noted, 80 percent of luxury consumers said their privacy had never been more important and view identity theft as a top cause for concern. This desire for greater discretion has driven an increase in high-end sellers’ demand for working with agents to privately market their home, according to the report.

Courtesy of Luxury Portfolio International’s 2017 Global Luxury Real Estate Report

“Known as off-market, ‘off MLS,’ or ‘pocket’ listings, these privately marketed properties are offered quietly or through a top agent’s sphere, sometimes for a pre-identified period of time before they are made more ‘public’ by listing them online and making them widely available. Often they are simply never made more public before the property transacts,” the report noted. This can make tracking or statistically understanding a marketplace somewhat difficult.

At the same time, the challenge for real estate professionals acting for buyers is not just finding a home that suits them but doing so with discretion and care for the information they are trusted to protect.

A seller’s market, even at the top

Selling “off-market” is likely achievable for a number of luxury sellers in this current seller’s market. The report found that for the first time, the luxury U.S. market has begun to feel the inventory pinch that’s plagued the lower price echelon over the past few years.

Courtesy of Luxury Portfolio International’s 2017 Global Luxury Real Estate Report

The report predicts an ongoing seller’s market globally with 25 percent of high-net-worth individuals interested in purchasing luxury real estate, but only 17 percent planning to sell in the next three years.

The Asia-Pacific and Middle East regions are expected to see the highest levels of

interest in purchasing and certain high-demand markets worldwide will face continued pressure.

“Buyers outnumber sellers by nearly a 3-to-2 margin looking out three years and certain high-demand markets will face continued pressure,” the report noted.

The wealthy want their homes to be ‘smart’

High-net-worth buyers are committed to protecting their property, family and identity through the latest technology, with 76 percent agreeing that having a smart home was “very important.”

There will be an ongoing demand for luxury inventory that incorporates the latest technology, security features and flexibility for modern multi-generational living, the research found.

Courtesy of Luxury Portfolio International’s 2017 Global Luxury Real Estate Report

The lack of appealing, saleable smart homes in the right price range may be a driver for more new home development and construction, said Paul Boomsma, president of Leading Real Estate of the World’s division, Luxury Portfolio International.

“Today’s high-net-worth buyer seeks privacy and the latest technology, creating a strong opportunity for new home developers,” he added.

Inside the mind of the U.S. luxury consumer

The Global Luxury Real Estate Report dug deeper into the profiles of luxury consumers from four global regions of North America, Europe, the Middle East and Asia Pacific.

High-net-worth buyers from North America are an average age of 48, with an income of \$394,000 and an average wealth of \$3.4 million. Most are married and most have children, and have, on average, 10 years of personal wealth under their belt.

Courtesy of Luxury Portfolio International’s 2017 Global Luxury Real Estate Report

Looking at their “psychographics,” Americans feel extremely successful in their personal life (77 percent) and in their professional life (78 percent).

Their top passions in life are traveling, reading, health and fitness, watching movies/TV