



## The Institute for Luxury Home Marketing's Profile of Homeowners of \$2.5 Million and up Properties

This 2003 research by The Institute for Luxury Home Marketing and *Unique Homes* magazine, queried affluent U.S. households which own *at least* one home valued at \$2.5 million or above.

The study focused on the demographics of super-rich households, the type of home and amenities desired by the rich homebuyer, their home buying process, the real estate brands and luxury publications they associate with the luxury home market, and their criteria for selecting a real estate agent.

The national profile of the wealthy which emerged includes these findings...

### The Homeowners

#### Profile of affluent homeowners

- Most are married 89%
- Nearly three out of four are age 55 or younger 73%
- Most made their own fortunes  
Only 6% inherited 20% or more of their net worth
- Most were born in the U.S. 86%,  
14% were born abroad
- A few own residences abroad 8%
- Most are top corporate executives, self-employed professionals or business owners 81%
- Half report annual earnings of \$1,000,000 or more 51%
- Most are golfers 71%
- More than half are paying a child or grandchild's private school tuition 62%
- Attend the theatre, ballet or opera 71%
- Play tennis or racquet sports 40%

#### What the affluent spend on

When asked their attitude about the statement, 'I like living in a way which calls attention to me,' the majority disagree. However, the majority agree with the statement, 'I deserve the luxuries I enjoy, I've earned them.' Although 36% are spending more cautiously, in the last 12 months they report the following spending:

- Home electronics exceeding \$1000 84%
- Gourmet restaurant dining 83%
- Fine art, oriental carpets or antiques exceeding \$1000 81%
- A jewelry item priced above \$1000 68%
- Vacation travel abroad 65%
- A child or grandchild's private school tuition 62%
- Wine or champagne by the case 54%
- A car priced above \$50,000 49%
- Garden tools or accessories exceeding \$1000 46%

### Their Homes

#### What their homes are like

- The majority live in a single family home 89%
- More than four bedrooms 78% ,
- A home office 84% ,
- More than four bathrooms 92%
- Broadband Internet connections 62%
- Wireless home network 46%
- Internet connections 95%
- Home theater 34%
- Separate guest houses 19%
- Staff quarters. 19%

#### Cooking?

- Outdoor kitchens 38%
- Separate catering kitchens 11%
- Mini-kitchens found in the master bedrooms 11%

#### Fitness facilities in the home

- Home gyms 59%
- Pools 54%
- Pool houses or cabanas 30%
- Steam or sauna rooms 38%
- Tennis courts 8%

#### Location, Location, Location

- "Waterfront or water view" 58%.  
(Homeowners over 56 were more likely to own these properties than younger homeowners)
- Gated community 18%
- Golf course property 5%
- Suburban 39%
- Downtown 8%
- Outside the US. 8%

#### New, custom, or historic?

- New construction 26%
- Custom built for me 18%
- Historic property 8%

## Real Estate Expectations

### When buying property

- 70% own more than one personal residence (50% indicated that their most recently purchased residence was 500 miles or more from their closest other residence)
- 27% own three or more homes
- 36% own other residential real estate as investments
- 97% used a real estate agent
- 57% very satisfied with their agent
- 54% very likely use the agent again
- 17% very unsatisfied with their agent
- 14% changed agents during the property search
- 65% closed on the home within six months of beginning the search
- 19% took more than a year
- 89% purchased a single-family residence

### What they want in a real estate agent

In descending order, based on the percentage of respondents ranking the trait as “very important” in their decision-making process, the different characteristics broke out as follows:

1. Expertise in the luxury home market 70%
2. Knowledge about home buying and selling process 67%
3. Previous experience working with the agent 46%
4. Resale home product knowledge 39%
5. Ability to be discreet 36%
6. Has a designation indicating experience and knowledge in the luxury housing market 34%
7. Best marketing plan 28%
8. Best listing presentation 23%
9. Ability to use the Internet as a resource and communicate via e-mail 22%
10. Referred by family or friend 14%
11. New home product knowledge 14%
12. Mortgage financing knowledge and lender contacts 14%
13. Someone who lives the same lifestyle 0%
14. Someone who is a friend 0%

### What they want in a marketing plan

- Listing in the multiple listing service 89%
- Full-color property brochure 86%.
- A special open house for agents who work the luxury home market 81%,
- Open house marketing event for a carefully selected target group of prospects 44%.
- Ads in luxury home magazines and Internet listings with multiple images both 53%
- Virtual tour 61%.
- Newspaper display ads 31%
- Newspaper classified ads. 11%
- “Just listed” postcard mailings 17%
- Yard signs 6%.

It is interesting to note that 42% of home buyers ranked listings with photos as important home-finding resources while 36% ranked listings with virtual tours as important.

### When buying a home

When asked to choose two print media publications associated with luxury home marketing as a resource they would use when buying or selling a home, respondents chose the following,

- Unique Homes magazine 33%
- The Wall Street Journal 33%
- New York Times 30%
- Christies Great Estates magazine 30%
- DuPont Registry 9%
- The Robb Report 9%
- Pinnacle 9%
- Luxury Living 6%
- Leading Estates of the World 3%

For more information, please review our research releases on our website at [www.luxuryhomemarketing.com](http://www.luxuryhomemarketing.com).

Other research information is also available in our *Luxury Insights* blog at: [blog.luxuryhomemarketing.com](http://blog.luxuryhomemarketing.com).

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