



TOP TRENDS SHAPING THE LUXURY REAL ESTATE LANDSCAPE

BY MARK MOFFA

Recently, Coldwell Banker Real Estate LLC asked seven respected and knowledgeable sales associates and broker/owners affiliated with the **Coldwell Banker®** brand to gather for a roundtable discussion to reveal and examine the developments currently having the greatest effect on the industry.

As we were preparing for the roundtable, we expected to hear that buyers are concerned about safety and security, highly focused on technology and smart homes, and even preoccupied with spaces for their collections of art, wine or cars. And to some extent this was true. But it was clear that our panelists are also finding great impacts centered around generational and ethnic differences, changes in the home due to lifestyle trends, and the significant use of newly manufactured luxury materials.

Boomers Are Rightsizing, Not Downsizing

Perhaps one of the most surprising observations from our gathering was that a significant portion of 50-to-70 year olds are no longer downsizing to condominiums.

Jill Hertzberg, affiliated sales associate with Coldwell Banker Residential Real Estate in Miami Beach, Florida, said that previously, almost all boomers who contacted her would want to move out of their big house and into a condo. But that's no longer true.

"A lot of them don't want condos all of a sudden," Hertzberg said. "Now, a lot of them are wanting to go to new homes. They want smaller homes, and they want one story, or they want a master downstairs."

Jade Mills, affiliated sales associate with Coldwell Baker Residential Brokerage in Beverly Hills, said that she is witnessing the same trend. Boomers

Coldwell Banker associates report that many baby boomers are downsizing to single-level homes, in lieu of buying condominiums. Kevin Owens and Darice Tiffany, affiliated sales associates with Coldwell Baker Residential Brokerage, are listing Hacienda De Vida Inspirada in Scottsdale, Arizona, for \$2.2 million. See the listing on page 54.

who used to move to condos in high-rises are opting for smaller single-family homes instead. "Now, a lot of those people are saying, 'I have five friends in this building, and three friends in this building, and we really would rather be more private, and have a little house. We don't want to see the people in the lobby every day.'"



“Most buyers are in their mid 30s to 40s,” Demeure said. “Buyers have become more sensitive to the French charm and are looking to experience a lavish lifestyle. Buyers have also increased their decision-making time slightly, in order to find the perfect match.”



“One trend that we’ve been seeing for a number of years is people who can live and work anywhere in the world, and they are uprooting their young families,” Wells said. “People are making lifestyle decisions.”

“They want to live on one level,” Mills added, noting that additional bedrooms are desired for when the children come home to visit. “They want the master on the same level as the living room.”

In Aspen, Colorado, Carrie Wells, affiliated sales associate with Coldwell Banker Mason Morse Real Estate, said the idea of downsizing is not the norm in her market. “We’re seeing equally as many older clients who are wanting larger homes,” she said. “They really want a place where the family can come and convene.”

Elevators, or at least planning for one, are becoming commonplace as well, noted Wendy Lister, affiliated sales associate with Coldwell Banker Bain outside Seattle, Washington. “We used to only have them in the older homes, and now they are either put into the newer homes or they are, as we say, plumbed — a shaft has been created for someone to put one in when they want it.”

Younger Buyers Want Large, Creative Spaces

If what boomers want is somewhat surprising, then what younger buyers are seeking may be no surprise at all. Work, lifestyle and design trends are being established and adopted by younger consumers.

“The newer buyers that are coming in and wanting the ‘white boxes,’ or the more modern contemporary — I’d say they are up to 40 [years old],” Hertzberg said. “They are the ones who are wanting the bigger homes.”

Wells noted that younger buyers with money are enjoying newfound freedom thanks to today’s technology.

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“Another trend is how taxes in different states affect people’s decisions as far as where their primary residence is,” noted Wells. “For instance, in California, with very high real estate taxes, many of my clients

are shifting to Aspen as their primary residence and counting the days they are here. California becomes their second home.”

Laurent Demeure, president of Coldwell Banker France and Monaco, said that younger buyers are seeking to transform nontraditional spaces, such as lofts and artists’ studios.

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Bringing the Outdoors In — And the Indoors Out

Outdoor living is not new as a trend, but our panelists report that today’s high-end homes are incorporating more elements than ever to maximize

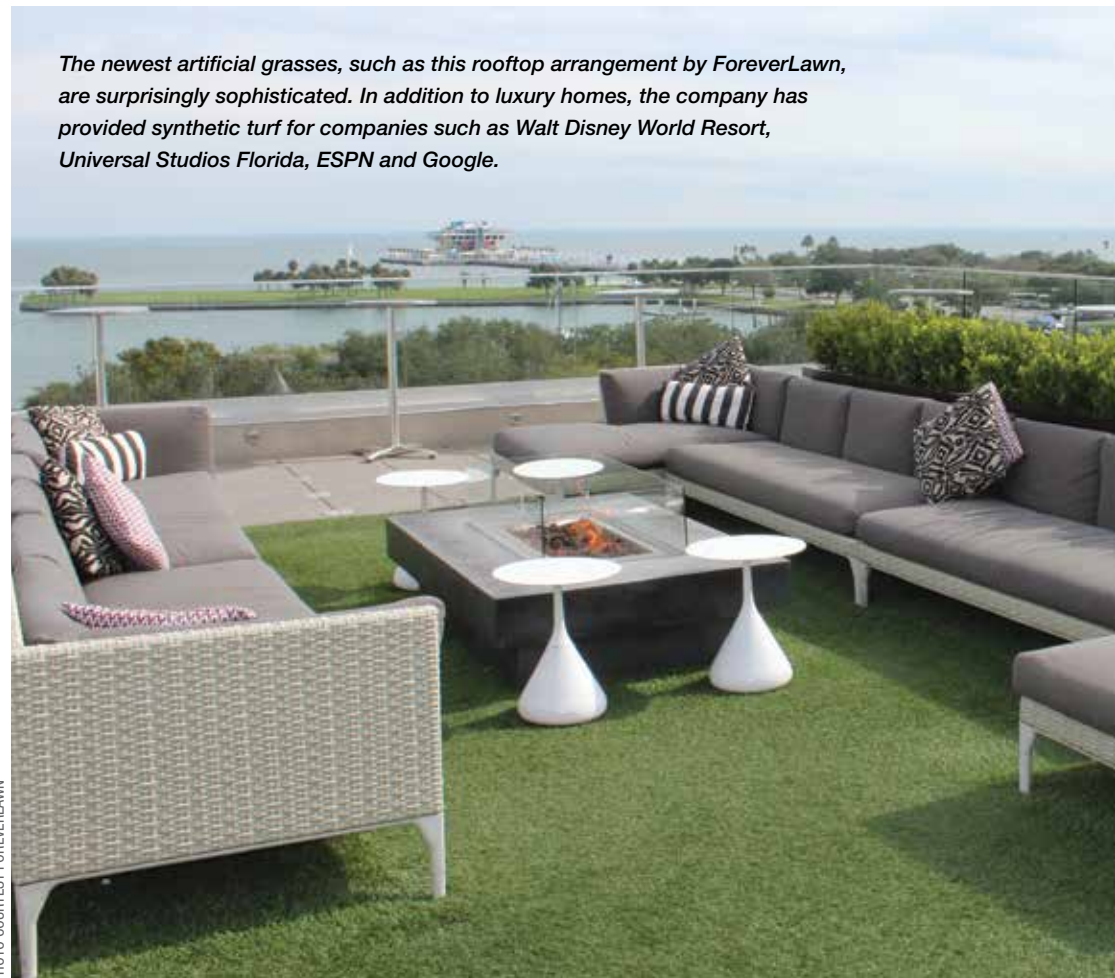


PHOTO COURTESY FOREVERLAWN

enjoyment of the outdoor space.

"Our outside area ... it used to be the pool, then it was an area to eat," Hertzberg said. "Now it's a full living room and dining room outside."

Lister affirmed that observation, joking about her Seattle location. "You all have sunshine. We have it lots of times, but as you have maybe heard, not always," she quipped. "So our outdoor living rooms have become absolutely essential. And the really fine homes have two of them — one is covered and one is uncovered."

Lister said they are normally heated with a fireplace, and include wet bars and barbecues.

Hertzberg described a new, surprising improvement in this realm: artificial grass.

"At first, when I saw it, I was horrified, but now I love it," she said. "It is so beautiful. Now they have made it with little weaves in it, and it looks real."

"A lot of people here have rooftops, so they will have a Jacuzzi or a pool up there, and then around it on the roof that you would normally see, you'll see it will be covered with this artificial grass. But it is quite pretty. They have potted plants around it and it looks real."



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"We do see a lot of it," Mills concurred. "There is a huge difference between the very good grade and the very poor grade artificial turf. If it's bad, it's really bad. And if it's good, you can barely tell."

It's A Material World

Often it's the details that distinguish a nice home from a luxury one, and one of the topics our panelists talked most about was the newer materials being used in new construction and renovations.

"We are seeing a lot of different manufactured materials," Mills said.



"I'm seeing more wood in the higher end, but a lot of the condo renovations are using the luxury vinyl tile that looks like wood, but in various colors," Caudill said, calling the look "coastal contemporary."

It can be startling, Lister said. "In the finer homes, where you would expect to see marble or certain granites, we're certainly going back to uses of coppers, stainless steel and materials that people have used in the past. But some of the manufactured products that are very, very expensive... I'm having a hard time adjusting."

Mills talked of contemporary glass walls and porcelain floors. "I've had people love it, and I've had people who have said, 'Oh my gosh, it is just too much.'" Although our experts noted that not all of the porcelain they are seeing today has the stark white sheen. Porcelain closely resembling whitewashed oak is becoming popular as well, they reported.

Hertzberg referenced visiting a listing in Los Angeles with Mills, during which she was caught off guard by a revelation from the builder. "When we went into bathroom, I said, 'Oh, this is so pretty,' because I thought it was onyx ... and he said, 'Oh, it's not onyx, it's an artificial material that's made to look like onyx.'"



Man-made products are mimicking natural materials in ways that provide high-end looks with greater durability and less maintenance. Here, Walker Zanger's Nature Collection uses porcelain to replicate the rich color and patina of antique wood floors found in farmhouses and grand country estates.

PHOTO COURTESY WALKER ZANGER

The manufactured onyx look-alike is more expensive than real onyx, and doesn't stain. The same is true of the "marble" in the kitchen.

Hertzberg noted that back on the East Coast, she deals with clients' need for constant maintenance of decks and docks, often made of teak. Now, she explained, the plastic composites that look a lot like wood are making life easier. "It has eliminated all that maintenance."

In Aspen, understandably, Wells reports: "You don't see super stark, white contemporary homes like you might find at an ocean location."

"We still see honed marble and black absolute granite in addition to Caesarstone and other manufactured materials," Wells said. "The trend is for clean lines and soothing color palettes, but not so cold, because many buyers and designers think about the fact that for five months out of the year, the outside is white."

Wells noted that texture is important, and barn wood siding is popular inside and out. "To have zinc, barn wood siding and stone is a very interesting combination that we see on many modern homes, with barrel vaults and even flat roofs."

Jana Caudill, affiliated sales associate with

Coldwell Banker Residential Real Estate in Naples, Florida, said homeowners in her area are trying to make a distinction between their second homes in Florida and their primary homes elsewhere. "We're seeing that people want to decorate their homes completely differently than if they have a home up North where they might have the dark cherry woods.

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Immigration Creates Localized Needs

Part of our roundtable discussion reinforced the age-old axiom that all real estate is local, further illustrating the shortcoming of national market report statistics. For example, Lister shared that the Seattle market is greatly impacted by an influx of Chinese and East Indian buyers, due largely to the booming tech industry in the area.

"The things that are absolutely mandatory are — for the Chinese — the second kitchens," Lister said. "They have to be designed for their type of cooking, and they have to be ventilated."



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Closet Space

Panelists reported a continued interest in massive his and hers closets. "What they now want is the biggest closet that money can buy and the house can hold," Lister said.

"Here, the woman's closet is substantially more important," Hertzberg said.

"Of course. As well it should be," laughed Lister.



PHOTO COURTESY CALIFORNIA CLOSET COMPANY, INC.



Lister closely tracks developments in China. “About 40 percent of my income has been from Chinese families buying my listings. But now that’s changing.” She said a slowdown is underway, due to Chinese buyers having more difficulty transferring their money into the United States.

Lister added that her Chinese clients demand living space for their parents. “They take care of their parents,” she said. “Having quarters for parents, or one parent, even amongst the Washingtonians that are not from China, has become much more common.”

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“But it will come back; it will just be a bombardment in about a year or a year and a third from now,” she noted. “The regime in China will be changing toward the end of the year. There are so many Chinese people that do want to get out, and they are finding more ways to get their money over here legally and create businesses.

“We are going to go through a whole new learning process,” Lister explained. “The first thing that we ask is, where is their money?”

Investment Has Its Privileges

Randy Chavers, managing director of Coldwell Banker Island Affiliates, said the latest attempts to draw buyers to the Caribbean include “citizenship by investment.”

He said the trend, started in St. Kitts, allows for buyers to get a second passport. “You can invest \$500,000 in real estate and get your passport,” he said. “You get to travel visa-free to 132 countries.”

Chavers noted that the financial industry continues to be responsible for much of the interest in the islands — 60 percent of all of the reinsurance business in the world is based in Bermuda, he said. And he hypothesized that the idea of a “global tribe” of people not being tied to a specific country, but rather eschewing nationalism and ideology in favor of a new mindset, might gain in popularity.

“I think that might be heightened by Brexit and some of the other changes recently in the global economy,” he added.

If Brexit is impacting the Caribbean, then it most certainly is being felt in France.

“Brexit has created an unprecedented opportunity, which we intend to grasp,” said Demeure. “The low-interest loans as well as the impact of the euro/U.S. dollar exchange rate have also largely contributed to boost the market. The low euro rate has led to an increase in the number of affordable properties.

“International buyers are drawn to the euro countries to invest in real estate as a strategic investment plan,” he added. “International buyers are back!”



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Working – In Tandem – From Home

“It’s very, very important today that you have a space for two offices,” Mills said. “Even people in their 60s and 70s are looking for dual offices,” she said, noting that even if they are just doing charity work, everyone wants their own work space.