



THE GLOBAL LUXURY RESIDENTIAL REAL ESTATE REPORT 2015

Sotheby's

INTERNATIONAL REALTY



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A special thank you to our Research Analysts around the world who made this report possible.

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A NOTE TO OUR READERS



We at Wealth-X are pleased to present the inaugural edition of the *Wealth-X and Sotheby's International Realty® Global Luxury Residential Real Estate Report 2015*. This report was compiled using Wealth-X's proprietary wealth intelligence derived from our staff of over 170 global researchers who manually research and curate dossiers on ultra high net worth (UHNW) individuals (defined as those with US\$30 million or above in assets). In contrast to other reports that provide a macro view based on macro data, this report takes a micro view, starting with specific UHNW individuals and their personal stories, and weaving together these individual strands into a larger tapestry that provides the most accurate and insightful perspective into broader trends.

The *Global Luxury Residential Real Estate Report 2015* identifies the most significant markets for UHNW residential property investment, provides a profile of the global luxury residential property consumers and offers insights into their spending habits relating to their luxury residential property investments.

Luxury residential real estate holds a special place within the portfolio of the world's ultra wealthy. This report shows that UHNW individuals each own, on average, 2.7 properties. While they may purchase real estate for a variety of reasons – spanning from practical to passion to investment purposes – it represents one of the most intimate asset classes characterizing their wealth. For the purpose of this report, we are using the label “investment” to describe UHNW luxury residential real estate ownership, whether that was their purpose or whether the primary purpose is for their personal and private leisure or living.

The value of UHNW-owned residences globally rose by 8% in the past year, according to the report's UHNW Residential Real Estate Index. As capital continues to flow towards key cities and locations across the globe, and as available land becomes scarcer, such growth in value will continue.

The inaugural *Global Luxury Residential Real Estate Report 2015* is the definitive source of data, insights and trends at the intersection between the world's UHNW population and the global luxury residential real estate industry, illuminating the opportunities that these individuals present for this sector.

Mykolas D. Rambus
Chief Executive Officer
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David S. Friedman
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A NOTE TO OUR READERS



Please enjoy the inaugural *Wealth-X and Sotheby's International Realty® Global Luxury Residential Real Estate Report 2015*. It was our goal to not only provide you with valuable insights into the landscape of today's ultra high-end market but also to paint a picture of those buying and selling in that market, their motivations and destinations of interest.

At the Sotheby's International Realty brand, we believe that a solid investment in real estate is one of the single best factors for building long-term wealth. Real estate has stood the test of time. People will always take pride in owning their first home, aspire to buy a second or third and then strive to protect future generations by gifting a legacy property.

The world's ultra high net worth population is growing, and real estate plays the unique role of an investment opportunity and a need. Those that work hard want a haven they can retreat to so they can savor their free time. They also lead global lives and have varied interests that take them to far-reaching places. Many will purchase property in locations they fall in love with during their travels, or to meet the demands of their lifestyles.

I hope what you read in this report inspires you to look at real estate in a new way, and serves to provide a valuable perspective on the ultra high-end market and what changes have emerged. Wherever you are headed, I encourage you to seek out a Sotheby's International Realty professional to provide their local market expertise and serve your real estate needs.

A handwritten signature in black ink that reads "Philip White". The signature is fluid and cursive, with a long horizontal stroke at the end.

Philip A. White Jr
President and Chief Executive Officer
Sotheby's International Realty Affiliates LLC



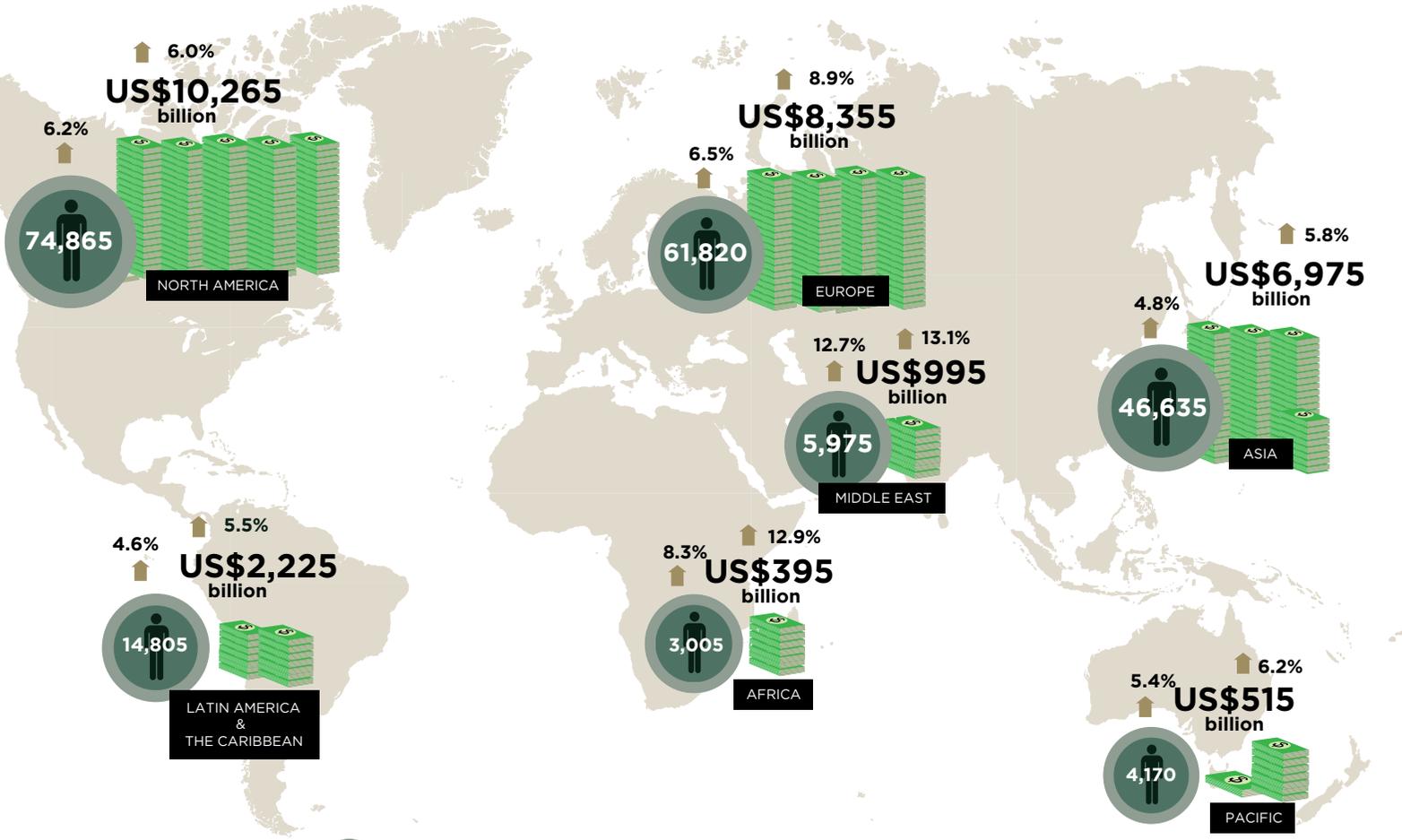
KEY FINDINGS

- The world's ultra high net worth (UHNW*) population totals 211,275, and these individuals each own, on average, 2.7 properties.
- US\$2.9 trillion of the world's UHNW wealth is held in owner-occupied residential real estate assets.
- 79% of the world's UHNW individuals own two or more properties and just over half of them own three or more residences.
- UHNW individuals are increasing the number of properties they hold outside their home countries with the United States, United Kingdom and Switzerland being the three favorite locations.
- Over 7% of the world's UHNW population have made their wealth through the real estate industry, up from 5% in 2013.
- The UHNW Residential Real Estate Index shows a 8% increase in the value of UHNW-owned residences globally in the past year.
- The United States is the most popular country for foreign UHNW individuals looking to buy secondary residences.
- New York is the city with the highest number of UHNW-owned residences in the world.
- Monaco has the highest density of foreign-owned UHNW residences - 83%.
- Female UHNW individuals value real estate assets more than their male counterparts, holding 16% of their net worth in such assets compared to less than 10% for men.
- UHNW Chinese and Russian multiple homeowners are typically self-made and young - these two clusters are becoming increasingly important buyers of luxury residential real estate around the world.
- Over 6% of the world's UHNW population is made up of expatriates - those individuals who are currently based outside their home countries. These individuals are stimulating residential real estate demand in their home countries' markets - for example, India's non-resident population is increasing demand in Mumbai's residential real estate market.

*Those with net worth of US\$30 million or more.

ULTRA HIGH NET WORTH DEMAND FOR RESIDENTIAL PROPERTY: GROWING FAST

The world's UHNW population grew by 6% between 2013 and 2014. North America and Europe remain the two most significant regions, accounting for 35% and 29% of the global UHNW population, respectively.



2014 UHNW POPULATION	2014 TOTAL WEALTH US\$ BILLION	2013 UHNW POPULATION	2013 TOTAL WEALTH US\$ BILLION	POPULATION CHANGE %	TOTAL WEALTH CHANGE %
211,275	29,725	199,235	27,770	6.0%	7.0%

KEY FINDINGS

Luxury residential real estate is property worth more than US\$1,000,000 and typically owned by UHNW individuals

79% of the world's UHNW population owns two or more residences

Secondary residences are 45% more valuable & twice as large

Purchasing decisions are driven by:

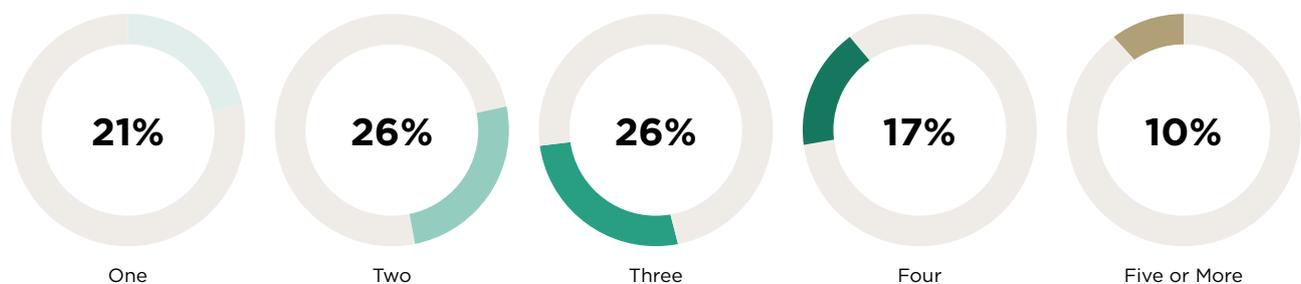
- Emotional value
- Practical value
- Business value

7% of the world's UHNW fortunes are made through real estate

Real estate is an investment, an asset and a lifestyle. This report investigates the residential real estate market for ultra high net worth (UHNW) individuals. These individuals typically not only own a residence in their primary business city, but also own secondary residences outside this home city and often outside their home country. The UHNW population forms the consumer base for the global luxury residential real estate market. There are varying definitions of “luxury residential real estate”

and some differ by location - for example, city penthouses and countryside mansions. In this report, we define “luxury residential real estate” as property owned by UHNW individuals, as long as this property is worth more than US\$1,000,000. The purpose of this report is to investigate the relationship UHNW individuals have with these assets, focusing on certain cities and locations of particular relevance to this population.

PROPORTION OF UHNW BY NUMBER OF OWNER OCCUPIED RESIDENCES



*Those with net worth of US\$30 million or more.

PERSONAL REAL ESTATE: AN INVESTMENT AND A NEED

Numerous UHNW individuals have utilized real estate as an investment vehicle to increase their wealth, but these properties continue to have a primary purpose: first and foremost, they serve as residences.



FAMILY & LEGACY



SHORT-TERM INVESTMENT



LONG-TERM INVESTMENT

Besides the obvious need to own a property in one's primary business location, the time spent in other locations, whether for leisure or business purposes, may make the ownership of a secondary residence a practical and financially responsible course of action.

UHNW individuals' personal and professional considerations, in that order, tend to drive the demand for residential real estate. Residential real estate, while it is known as a long-term safe investment, is almost always purchased because of a specific connection between a UHNW individual and a particular place. For example, many Asian UHNW individuals who buy property in the

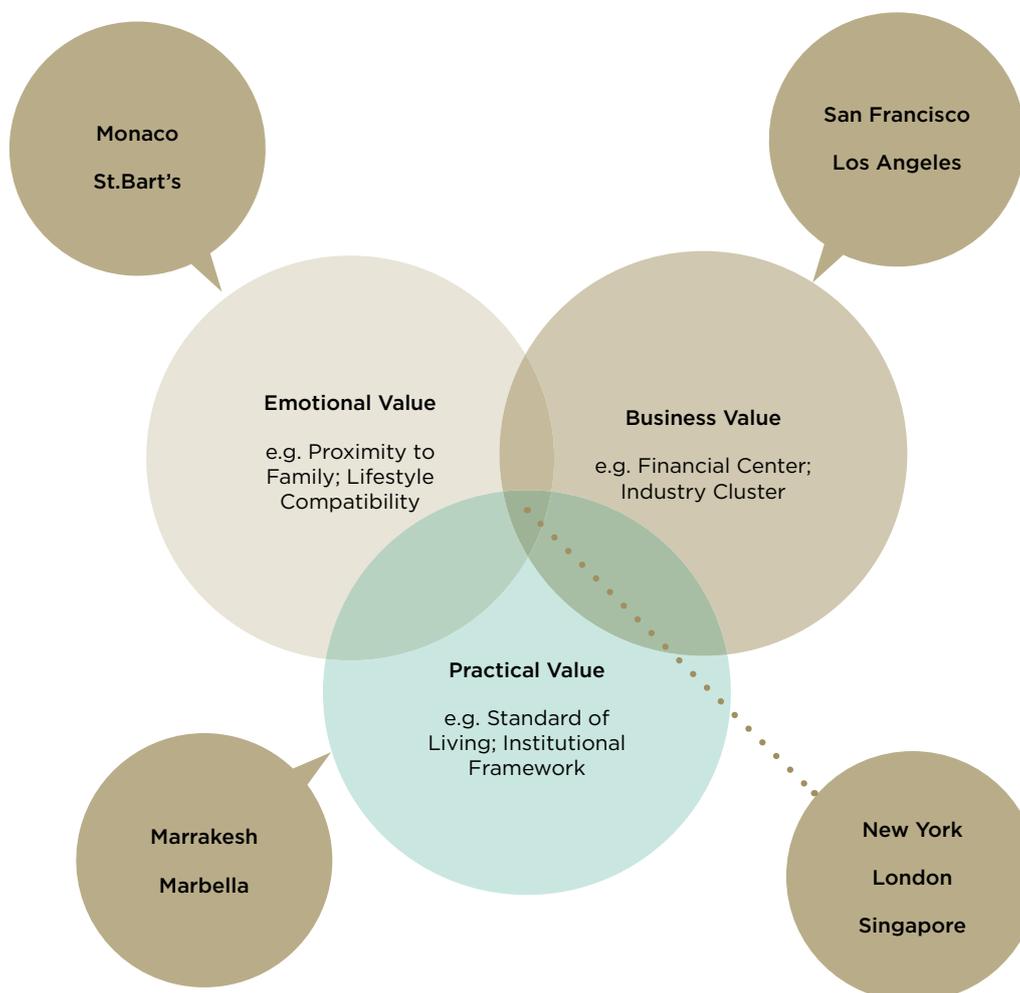
top real estate markets for investment purposes are either choosing these markets because they are building up their business activities in the region or, increasingly, because their children are going to study abroad. **Some of the main cities where UHNW individuals buy residential real estate outside of their home cities are located close to elite universities, financial hubs or often both.**

"Lifestyle is one of the key motivating factors in the purchase of a luxury home," said Wendy Purvey, chief marketing officer, Sotheby's International Realty Affiliates LLC. "Consumers want homes that will meet their unique needs, whether it be a waterfront property, ski in/out access or a vineyard."

Fast growth in emerging markets’ UHNW population and wealth, the global lifestyle of the world’s UHNW population and their flexible purchasing patterns mean that new residential real estate markets around the world will emerge

UHNW buyers have flexible purchasing patterns. They typically already own their primary property and most new purchases are for secondary residences. These individuals are global and, particularly if they buy for investment purposes, can choose any market to invest their wealth in. We continue to see New York, London, Hong Kong and other such markets dominate the luxury residential property landscape, although other more niche markets such as Monaco, Lugano and even Marbella are also

attractive to UHNW investors. New markets are becoming increasingly important in generating investment from new UHNW individuals and therefore new demand for luxury residential real estate - whether for these new UHNW individuals, or for foreign-based UHNW individuals who want to enter these markets. Middle Eastern cities such as Abu Dhabi and Dubai continue to see soaring housing prices with high demand – spurred by the governments’ focus on tourism and real estate as sources of investment.



All around the world – from St. Bart’s to Marbella, Mexico City to Mumbai – UHNW individuals own real estate, with clusters of various sizes forming in various locations. What this report also shows, however, is that some of the world’s most significant hubs for luxury residential real estate are tied to the identity of a particular city – from the appeal of the Hamptons for New Yorkers in the finance industry to the attraction of Los Angeles for individuals involved in the entertainment industry. Despite this phenomenon,

one pervasive trend remains true – UHNW individuals’ interest in luxury residential real estate is not bound to any one location. Many in the UHNW population acquire properties in areas that have sentimental value and that can offer privacy. This is why, aside from their primary residences typically located in global hubs, UHNW individuals’ secondary residences in the countryside are often particularly luxurious.

**PRIMARY RESIDENCE:
TIED TO BUSINESS INTEREST**



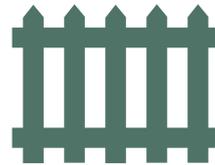
**SECONDARY RESIDENCE:
TIED TO HOBBIES & HOLIDAYS**



45% MORE VALUABLE



TWICE THE SQUARE
FOOTAGE



10 ACRES OF LAND

UHNW INDIVIDUALS MAKE FORTUNES THROUGH REAL ESTATE



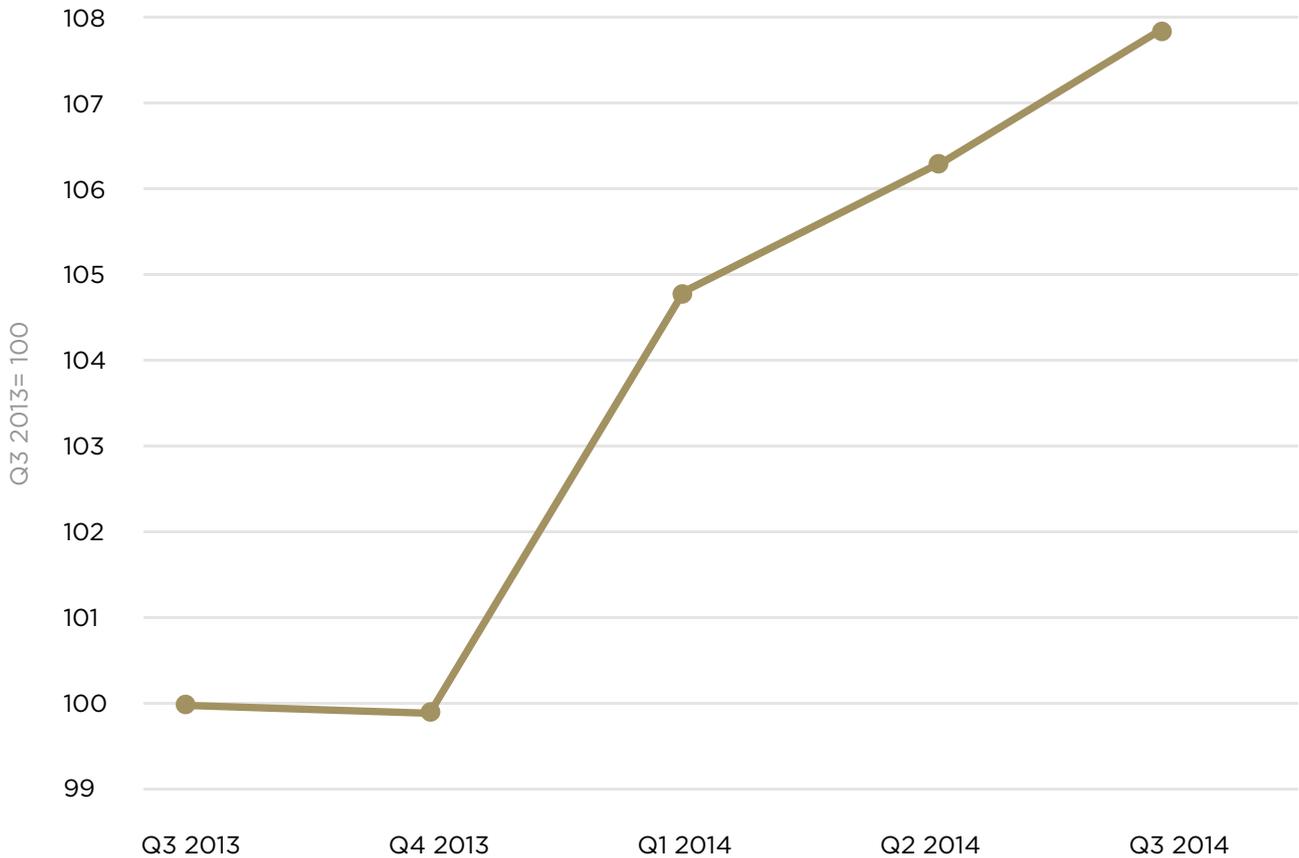
The real estate industry is responsible for over 7% of the world’s UHNW fortunes, up from around 5% in the previous year.

LUXURY RESIDENTIAL REAL ESTATE: A FAST GROWING ASSET CLASS

KEY FINDINGS

Luxury residential real estate grew 2% faster than the general real estate market

UHNW RESIDENTIAL REAL ESTATE INDEX



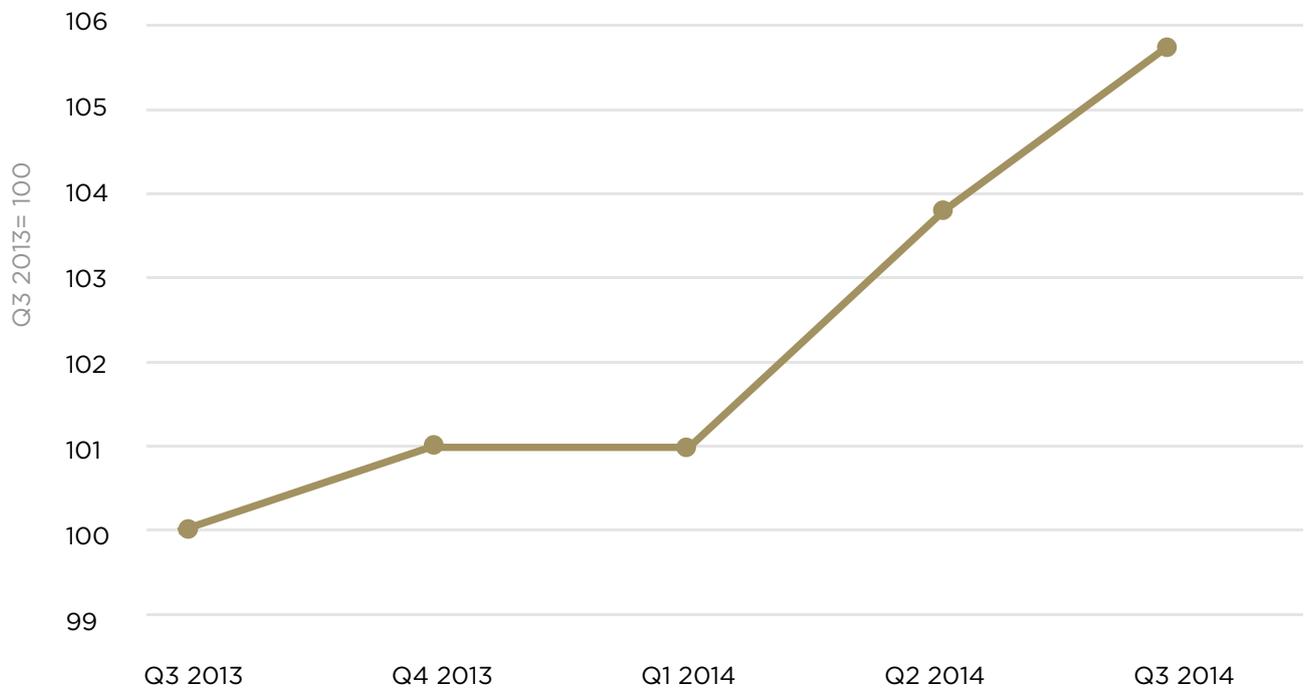
The UHNW Residential Real Estate Index is comprehensive, incorporating data for New York, Hong Kong, London, Singapore, Dallas, Mumbai, Los Angeles, Paris, San Francisco and Washington DC, as well as Palm Beach, Monaco and a composite index for countryside

properties around the world. The index, therefore, goes further than merely providing information on the UHNW real estate market in the main global financial hubs: it takes into account the luxury residential properties that are exclusively owned by the world's wealthiest.

Although UHNW residential real estate experienced a small decrease in value in the last quarter of 2013, the appreciation of such assets has been strong in 2014. The performance of luxury residential real estate has been

better than that of non-luxury residential real estate. The Case-Shiller index - a proxy for residential real estate value - showed an appreciation of only 6% over the past year, 2% less than that of luxury residential real estate.

CASE SHILLER INDEX



In the last year, the UHNW Residential Real Estate Index showed almost a 8% increase

THE LUXURY RESIDENTIAL REAL ESTATE CONSUMER

KEY FINDINGS

On average, billionaires own four properties worth US\$94 million

UHNW individuals hold 25% of their wealth in cash

Fast growth in luxury real estate demand expected

US\$2.9 trillion is held in owner-occupied residential real estate

Typically UHNW individuals hold their primary properties 15 years and their secondary properties 10 years

Individuals with inherited wealth hold 17.2% of their net worth in real estate - more than any other subgroup of the UHNW population, but Russian and Chinese buyers are defying this trend

Women value real estate more than men

Over 6% of the world's UHNW population have relocated to a different country from which they were born

UHNW individuals are as likely to buy on credit as to pay cash when purchasing residential real estate properties

UHNW individuals typically own residential real estate in their primary business location. While all UHNW individuals have the financial resources to own luxury residential real estate, not all do, with some preferring

to own more residences, but of lower average value. The median net worth of the typical UHNW individual is US\$78 million.

WEALTH TIER	UHNW POPULATION	UHNW WEALTH US\$ billion	AVERAGE REAL ESTATE HOLDINGS US\$ million	REAL ESTATE HOLDINGS % OF NET WORTH	
US\$30 million - US\$49 million	91,630	3,760	9	22%	
US\$50 million - US\$99 million	63,120	4,775	12	16%	
US\$100 million - US\$199 million	25,400	3,660	15	10%	
US\$200 million - US\$249 million	14,580	3,170	18	8%	
US\$250 million - US\$499 million	9,335	3,530	23	6%	
US\$500 million - US\$749 million	3,590	2,464	37	5%	
US\$750 million - US\$999 million	1,295	1,075	45	5%	
US\$1 billion +	2,325	7,291	94	3%	

Predictably, the wealthier an individual, the higher the average value of his or her real estate holdings, yet luxury residential consumers can span across wealth tiers, with different individuals having different appetites for such assets. In part because of this phenomenon, different locations will have a unique appeal for individual buyers.

For example, billionaires are most likely to have residences in numerous countries outside their home country, while UHNW individuals in the lowest wealth tier will, unless they have moved away from their home country, generally have a more domestic appetite when it comes to residential real estate.

BILLIONAIRES & RESIDENTIAL REAL ESTATE: A FAST PACED RELATIONSHIP



4 Properties
US\$94 million



2 Properties for vacation/holiday purposes
Secondary residences are 33% more valuable



Shorter time horizons
Change one property every three years



Top locations: London, New York, Paris, Monaco, Geneva



Look for: Investment value in asset and future business position



Global lives
New markets attract

UHNW individuals typically hold about two thirds of their net worth in business holdings, and almost one quarter in cash or cash equivalents.



Over the last year, we have seen UHNW individuals maintain their property holdings and their cash balances. One of the reasons for such a conservative attitude in the last year is that UHNW individuals continue to be cautious when it comes to further investing. However, over the past decade, there has been a significant change

in terms of both the number of properties typically owned by UHNW individuals and the diversity of locations for these properties, with an increase in the number of properties held abroad. As we are witnessing the rise of the UHNW population across emerging economies, such a diversification is not surprising.



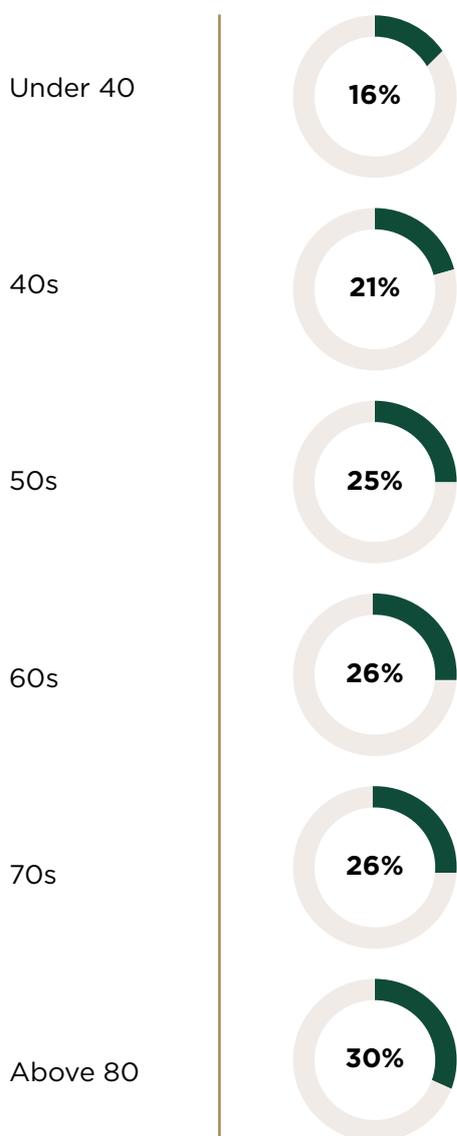
US\$2.9 trillion

UHNW WEALTH HELD IN OWNER-OCCUPIED RESIDENTIAL REAL ESTATE

CASH OR CREDIT?

There are as many, if not more, UHNW individuals who purchase their residential real estate by credit as there are who pay cash

LIQUID ASSETS AS A PROPORTION OF NET WORTH



Particularly since the global financial crisis, we have seen UHNW individuals amassing large cash balances. In the last few years, such an allocation has remained consistent, and the idiom of “cash is king” remains valid.

UHNW individuals invariably have the ability to purchase their properties in cash, but many opt to borrow this money.

- Low interest rate mortgages based on their portfolio, rather than using the property itself as collateral
- UHNW individuals’ cash balances are not idle and earn consistent return

Keeping large cash balances is also, for the most part, not done to enable large purchases such as real estate or yachts, but rather to ensure either that they have enough liquidity if their personal company needs a boost, or more often, if they want to make a significant business-related investment.



US\$600 million

AVERAGE CASH HOLDINGS OF BILLIONAIRES

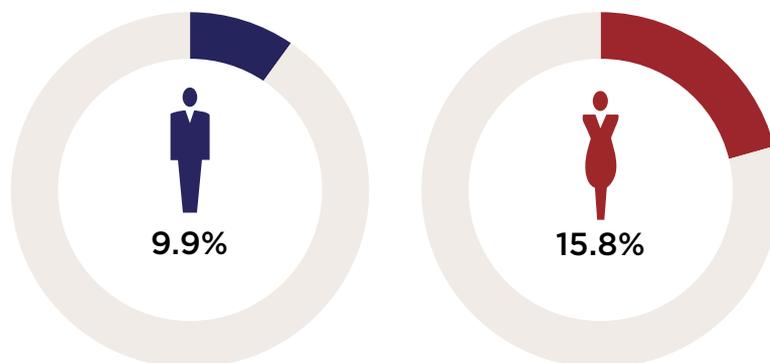


US\$35 million

AVERAGE CASH HOLDINGS OF UHNW INDIVIDUALS

UHNW individuals will look for intrinsic value in either the property - even if they ultimately choose to redo it - or the location. They are looking not just for luxury, but for privacy, whether this be in the city or in the countryside, and they are looking for space

PROPORTION OF NET WORTH HELD IN REAL ESTATE AND LUXURY ASSETS

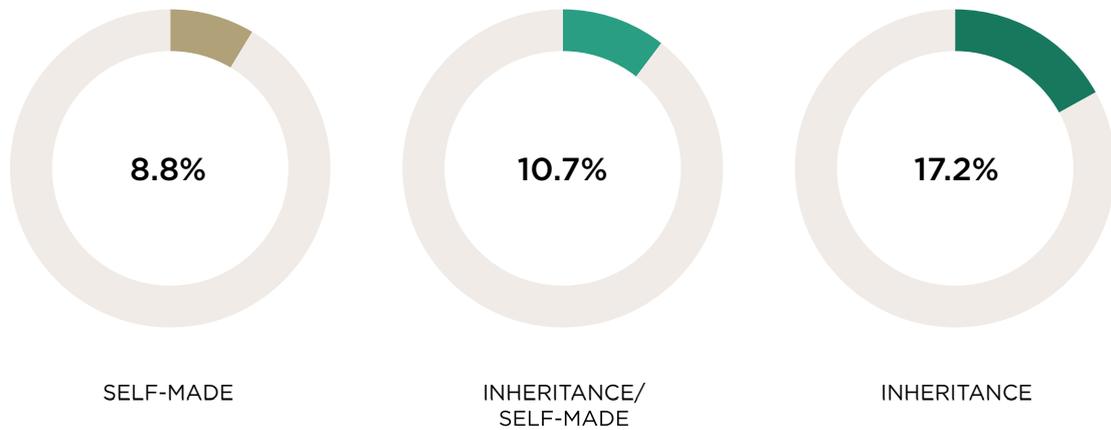


- Properties of female UHNW individuals are 10% more valuable than that of their male counterparts.
- Female UHNW tend to favor more tangible assets and, in part because most have inherited at least some of their wealth, their risk appetite is slightly lower than the typical male UHNW individual.
- Female UHNW individuals typically buy in less risky markets.
- Half of all female UHNW individuals have fully inherited their wealth, and some of this wealth typically comes in the form of property assets.
- Female UHNW individuals have a more hands-on approach to property than male UHNW individuals - often buying properties at a significantly lower price than what they sell those properties for.
- They also typically keep their properties longer, almost twice as long.

Older UHNW individuals are likely to own large countryside estates, often with cultivable land. Part of the motivation for such ownership is to do with the need for privacy and space for retirement, but another significant

aspect is tied to succession planning. Individuals with large families typically prefer to own large landed estates, as it is easier to divide land than the property itself.

PROPORTION OF NET WORTH HELD IN REAL ESTATE AND LUXURY ASSETS



DEFYING THE TREND: RUSSIAN AND CHINESE UHNW INDIVIDUALS ARE KEEN INVESTORS

Typically, residential real estate is particularly important for individuals with inherited wealth. However, two particular groups of UHNW individuals buck this trend: Chinese and Russian multiple homeowners are self-made and young. These two clusters are increasingly important buyers of luxury residential real estate around the world and spend a vast amount on such assets - for both personal and professional reasons.

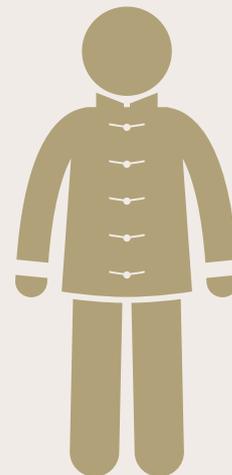
“THE RUSSIAN BUYER”



- 114 billionaires in Russia: 9% of the country's total UHNW population and 56% of the country's total UHNW wealth
- They are also on average seven years younger, at 52, than the global average - 59
- Outside of Russia, their markets of choice are the United Kingdom, the United States, Italy, Austria, France and Switzerland
- Russian UHNW individuals also buy properties in more niche locations such as the Caribbean and Monaco
- Russian UHNW individuals who own more than two properties have two common hobbies: real estate and travelling

“THE CHINESE BUYER”

- China's UHNW multiple homeowners are generally young, with an average age of 52
- 89% of them are self-made
- Hong Kong, Singapore and the United States are the main markets in which they purchase properties outside of China, but Australia and Canada are also important
- Real estate is the most commonly shared passion among this population



BUYING ABROAD: INCREASINGLY IMPORTANT

An increasing number of UHNW individuals are relocating abroad and changing their business strategies, stimulating demand for residential real estate



Over 6% of the world's UHNW population have relocated to a different country from which they were born. These individuals often keep a residence in their home countries, to stay close to their family and friends.



Businesses are increasingly international, with numerous branches in various locations around the world. As the wealth creation cycle shifts from West to East, more and more individuals are increasing their presence in the Asian markets, as well as in other emerging regions.



Education is a big factor, and the popularity of certain institutions for the children of today's UHNW population is resulting in more properties being purchased in the vicinity of these institutions.



The ease of travel, the prevalence of private jets for this population, and the attractiveness of certain holiday destinations such as the Caribbean or the Alps is compelling UHNW individuals to invest in properties in these vacation spots. More and more UHNW individuals are finding that owning their vacation home is a judicious investment.



Tax regulation and institutional infrastructure in some locations has resulted in numerous individuals owning property in new markets, in many cases through one of the many global citizenship investor programmes

HOW OFTEN DOES PROPERTY REALLY CHANGE HANDS?

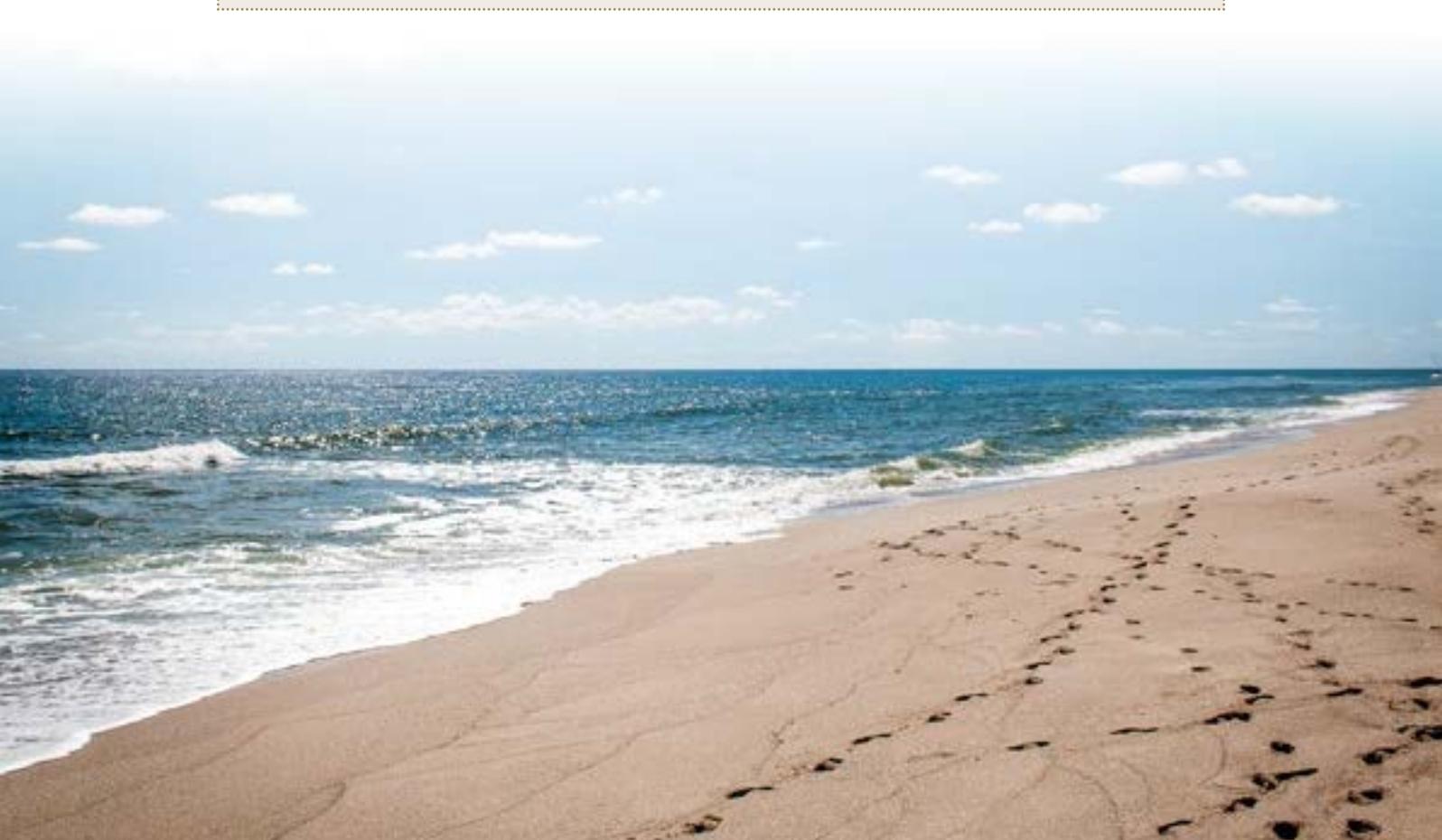
Typically, UHNW individuals that purchase property through credit will keep their properties two years longer than those who bought property with cash.

UHNW individuals with lower average net worth - those worth between US\$30 million and US\$100 million - will generally keep their primary residences for over fifteen years, and their secondary residences for over ten years.

This can depend on geography as well, with European UHNW individuals typically holding onto the same property for generations.

The general rule of thumb seems to be that residential real estate that is inherited, provided it is not sold within the first two years of inheritance, is kept across generations.

Globally, both primary and secondary residences are typically held for long periods of times, over a decade, while subsequent properties are sold more readily - the reason being that they do not possess such a strong emotional and historical significance for their owners.



KEY LOCATIONS

KEY FINDINGS

New York, London, Hong Kong, Singapore and Paris are the most important international hubs for UHNW residential real estate

Some cities like Los Angeles, San Francisco, Washington D.C. and Dallas show how significant industrial clusters can be in driving residential real estate trends

Non-Resident Indian UHNW are stimulating the growth of Mumbai's real estate industry

Locations with particular appeal in terms of lifestyle - like Aspen or Switzerland for skiing, Monaco for yachting or the Hamptons for the summer are significant hubs for the UHNW population

Certain cities show particular clustering of UHNW-owned residences. New York, Hong Kong, London, San Francisco and Los Angeles feature prominently in the top ten cities by absolute number of UHNW-owned residences.



TOP CITIES FOR UHNW RESIDENCES

1	NEW YORK, UNITED STATES
2	LONDON, UNITED KINGDOM
3	HONG KONG
4	LOS ANGELES, UNITED STATES
5	SAN FRANCISCO, UNITED STATES
6	WASHINGTON D.C, UNITED STATES
7	SINGAPORE
8	DALLAS, UNITED STATES
9	MUMBAI, INDIA
10	PARIS, FRANCE

What is interesting to see is that certain cities where a relatively smaller number of UHNW individuals are based are more significant in terms of ownership of real estate by UHNW individuals. For example, Washington D.C. and Dallas trump Chicago, while Mumbai and Singapore rank above both Tokyo and Osaka in terms of the

absolute number of residences owned by UHNW individuals. While Mexico City is the top business location for UHNW individuals, few individuals based outside it own a residence there and even the secondary residences that individuals based in Mexico City own are rarely in Mexico.

TOP 10 SECOND RESIDENCE COUNTRIES, OUTSIDE PRIMARY BUSINESS COUNTRY

1	UNITED STATES
2	UNITED KINGDOM
3	SWITZERLAND
4	FRANCE
5	CHINA
6	HONG KONG
7	SINGAPORE
8	MONACO
9	AUSTRALIA
10	INDIA

UHNW individuals from emerging markets typically look to buy in locations that are more stable

One notable exception to this phenomenon is Mumbai. One of the reasons for the significance of Mumbai as a spot for UHNW residential property ownership is the large size of the non-resident Indian population scattered across the globe. There are more than 5,000 UHNW individuals who were either born in India or who still have significant family ties to that country but are based outside of India, and many of them own a residence in Mumbai, considered the most valuable market for residential real estate in India.

The United States remains at the top of the list, not only because it has the largest UHNW population in the world, but also because it is a particularly attractive location for foreign buyers of residential real estate. There are many factors explaining this phenomenon - from institutional stability to high living standards - but one stands out: the United States has some of the world's most internationally acclaimed education institutions and many UHNW individuals' children attend university in the United States. For these families, the investment value of owning a property in the country is made even more attractive by the access it provides to educational opportunities.

WHAT MAKES A RESIDENTIAL REAL ESTATE HUB?

- Concentrated business environment - often related to the finance industry
- Proximity to some of the world's largest markets
- English proficiency
- Stable real estate markets
- Strong and consistent historical economic performance
- Strong and stable institutional frameworks
- High living standards, taking into account such factors as weather, health, leisure activities, and transport

While not all of these factors are necessary for a city to be considered a particularly relevant hub, a combination of these is. The residential real estate markets in these international hubs are highly sought-after and oftentimes particularly pricey. While some UHNW individuals own single houses in these markets, penthouse condominiums

are the main type of luxury residential real estate purchased in cities, while mansions and landed estates dominate the country-sides of popular countries. These are usually no ordinary apartments - they are spacious, multi-floor properties with numerous reception rooms and staff quarters.

THE MAIN HUBS





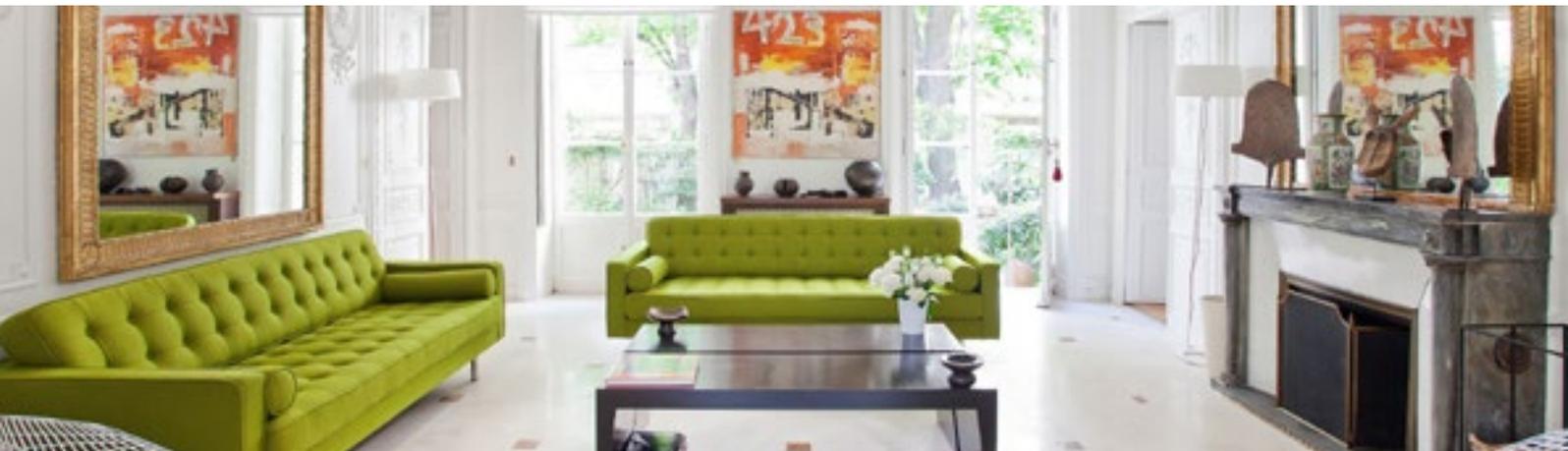
Hong Kong Sotheby's International Realty, \$31.981 million, Hong Kong, property ID: NY6J24



London Sotheby's International Realty, \$13.971 million, London, England, property ID: M3Y6NB



Sotheby's International Realty-East Side Manhattan Brokerage, \$85 million, New York, New York, property ID: PDNTWQ



Paris Ouest Sotheby's International Realty, \$3.98 million, Paris, France, property ID: ENG7LY

NEW YORK



AVERAGE AGE
60



TOP INDUSTRY
40% FINANCE, BANKING & INVESTMENT



SOCIAL GRAPH
12 CONNECTIONS
US\$11.5 billion



PROPORTION SELF-MADE
74%



MEDIAN NET WORTH
US\$120 million



TOP HOBBY
ART



TOP COUNTRY FOR FOREIGN OWNERS
UNITED KINGDOM

New York City is one of the biggest financial hubs in the world, attracting investors and real estate developers as well as individuals who want to profit from the market and have significant business interests or personal and family ties to the city. The city continues to bustle with influx of wealthy foreign investors; more and more Chinese property buyers are looking to invest in the market. **Historically low interest rates and the city's established status as a global financial hub have fuelled investors' confidence.** Sellers continue to have faith in the market, a penthouse in the city, for example, recently listed for a record-breaking US\$130 million.

Top attractions

- Cosmopolitan, entry point to an international market
- Low interest rates

Sotheby's International Realty set a new record for the most expensive co-operative apartment ever sold in Manhattan at \$70 million in 2014, and broke our own record just a few weeks later for \$71.3 million. Buyers see great long-term value in today's luxury real estate market in Manhattan and are taking action to purchase trophy residential real estate assets.

Kathryn A. Korte
President & CEO

Sotheby's International Realty, Inc. in Manhattan

LONDON



AVERAGE AGE
57



TOP INDUSTRY
30% FINANCE, BANKING & INVESTMENT



SOCIAL GRAPH
9 CONNECTIONS
US\$8.3 billion



PROPORTION SELF-MADE
70%



MEDIAN NET WORTH
US\$120 million



TOP HOBBY
REAL ESTATE



TOP COUNTRY FOR FOREIGN OWNERS
INDIA

Although a traditional market for real estate investment, London has shown mixed signals in the last year, with an upward positive trend in Q3 2013 but a slowdown from Q1 to Q2 2014. The slowdown was the result of rising concerns over a property housing bubble, leading investors to worry about the stability of the property market and to a decline in the number of transactions. The situation was compounded by perceived short-term challenges such as the 2015 elections, with taxation on high-value property on the political agenda. Even amidst these concerns, **foreign UHNW individuals continue to value the city for its residential real estate investment opportunities.** Luxury residential property remains in high demand, with a penthouse in Mayfair selling for US\$40 million earlier this year.

Top Attractions

- One of the most important cities for luxury residential real estate
- Foreign investors view London as a “safe haven” for prime property investments

We are seeing signs of a temporary softening of the market for the first half of the year particularly in light of the recent amendments to Stamp Duty and the impending May 2015 election. After that, the market is expected to return to positive performance.

The upside to a soft market is that there are frequently exceptional investment opportunities and some very good deals to be had.

Michelle van Vuuren
Managing Director, Residential Development
& Investment
UK Sotheby's International Realty

HONG KONG



AVERAGE AGE
58



SIGNIFICANT INDUSTRY
10% REAL ESTATE



SOCIAL GRAPH
6 CONNECTIONS
US\$10.2 billion



PROPORTION SELF-MADE
56%



MEDIAN NET WORTH
US\$133 million



TOP HOBBY
REAL ESTATE



TOP COUNTRY FOR FOREIGN OWNERS
CHINA

Hong Kong has long been known as one of the main financial hubs in Asia. With an ever-increasing population, it is not surprising that the price of luxury residences per square foot has remained both high and relatively stable. Hong Kong saw a slight dip in its property market between Q1 and Q2 2014, due to the government's announcement of the Double Stamp Duty (DSD)—imposing stamp duty on properties worth more than HK\$2 million and buyers stamp duty on purchases by companies and non-permanent residents. Yet, **demand remains high - and sellers continue to offer high-priced properties:** recently a penthouse was listed at US\$105 million, making it the most expensive property per square foot in the world.

Top attractions

- Hong Kong is Asia's financial hub
- Proximity to Chinese market
- Good education system and a diverse population

Hong Kong Sotheby's International Realty has seen several significant transactions of trophy residential properties (more than 400 million HKD) in 2014, despite some tightening measures imposed by government on the local property market. Strong demand for luxury property in sought-after locations and a steady supply of first-hand projects reflects positively for 2015.

Samson Law
Managing Director
Hong Kong Sotheby's International Realty

SINGAPORE



AVERAGE AGE
59



TOP INDUSTRY
>25% FINANCE, BANKING & INVESTMENT



SOCIAL GRAPH
6 CONNECTIONS
US\$4 billion



PROPORTION SELF-MADE
58%



MEDIAN NET WORTH
US\$105 million



TOP HOBBY
REAL ESTATE



TOP COUNTRY FOR FOREIGN OWNERS
INDONESIA, CHINA & INDIA

Singapore's luxury residential real estate market has been affected by government cooling measures and new regulations on relocation to the city-state. Cutbacks in housing allowance have resulted in fewer foreign UHNW individuals being granted permanent residency, contributing to the disappointing performance of the luxury prime property market in Singapore - as shown by decreasing property prices in Sentosa. However, the expected re-election of the PAP in the coming elections and the government's promise that no other measures will be implemented indicates that the market will likely see a return to growth over the next year.

Top attractions

- Low interest rates, stable political, social and economic climate
- Good education and a safe environment
- Singapore is rivaling Hong Kong as Asia's financial hub

"A core focus of our brand has been expansion in Asia," said Philip White, president and chief executive officer, Sotheby's International Realty Affiliates LLC. "Singapore is a very attractive luxury real estate market with a thriving economy and international marketplace. We completed one of the largest residential transactions in Singapore in 2014. In addition to this robust local market, we manage referrals of Singapore buyers for many of our affiliates around the globe."

PARIS



AVERAGE AGE
62



TOP INDUSTRY
16% TEXTILE, APPAREL & LUXURY



SOCIAL GRAPH
9 CONNECTIONS
US\$9 billion



PROPORTION SELF-MADE
53%



MEDIAN NET WORTH
US\$150 million



TOP HOBBY
ART



TOP COUNTRY FOR FOREIGN OWNERS
CHINA

Paris has experienced some decrease in property prices, which can be attributed to the austerity measures introduced by the government, compounded by a slow recovery from the global recession and debt crisis. The 2013 ECB discussion about injecting Quantitative Easing into the French market led to fears of a depreciation in the euro. Wealthy French residents have also begun fleeing increased taxes under Mr. Hollande's presidency, resulting in a growth in supply and a decrease in prices. International buyers are still actively investing in Paris' residential real estate. As one of France's prime residential markets, **Paris is attractive to French UHNW individuals as well as foreign-born UHNW investors**, originating from the Middle-East and the US and increasingly from Russia, Italy and United Kingdom.

Top attractions

- Paris has a more diversified environment than London, where the bulk of UHNW residents are in the banking sector
- Record low interests on French mortgages

Paris continues to be one of the world's most sought after destinations for international buyers. However, in comparison with other global hubs such as London, Hong Kong or New York, Paris remains surprisingly affordable and currently offers plenty of opportunities at highly interesting prices. In late 2014, Sotheby's International Realty France-Monaco set a record when selling a left - bank townhouse for € 51 million (approximately \$65 million).

Alexander Kraft
Chairman & CEO

Sotheby's International Realty France - Monaco



Sotheby's International Realty-Beverly Hills Brokerage, \$23,995 million, Los Angeles, California, property ID: GY2WBY



TTR Sotheby's International Realty, \$9.8 million, Washington, District of Columbia, property ID: VMBJ2W



Sotheby's International Realty-San Francisco Brokerage, \$7,750 million, San Francisco, California, property ID: SNW3DB



Briggs Freeman Sotheby's International Realty, \$2.495 million, Dallas, Texas, property ID: JB7NT9

AMERICAN HUBS

Some cities known for particular industries are becoming more and more popular and drawing UHNW individuals from around the globe.

The United States accounts for a third of the world's UHNW population - many of its main metropolitan areas are particularly important hubs for UHNW residences but some of these have more limited international appeal than New York.

Yet this is changing, with the world's UHNW population increasingly internationalizing their business interests. For example, Los Angeles is a hub for individuals in the sports, media & entertainment industries, San Francisco attracts the new technopreneurs, Texas, and specifically Dallas, attracts UHNW individuals in the energy industry, while D.C.'s appeal is tied to its role as the capital of the most powerful economy in the world. For the moment, however, these cities primarily attract UHNW individuals already established in the United States.

Looking at these locations, one thing is quite clear: these markets are heavily dependent on their most famous attributes. The fact that these are more "niche" within the UHNW population also means that at the moment demand for luxury residential real estate remains less strong in these locations than in New York, with the exception of Los Angeles - the most "international" of these four cities. Prices in the most popular neighbourhoods of these "niche" hubs remain comparatively more affordable.



LOS ANGELES



AVERAGE AGE
58



SIGNIFICANT INDUSTRY
24% MEDIA, SPORTS & ENTERTAINMENT



SOCIAL GRAPH
10 CONNECTIONS
US\$8.6 billion



PROPORTION SELF-MADE
75%



MEDIAN NET WORTH
US\$105 million



TOP HOBBY
ART & FILM



TOP COUNTRY FOR FOREIGN OWNERS
UNITED KINGDOM

Los Angeles attracts numerous types of UHNW individuals - but there is a greater concentration of those involved in the media, sports & entertainment industries in this city than almost anywhere else in the world. Beyond this obvious cluster due to the prominence of Hollywood, Los Angeles offers a wide variety of luxury residential real estate options, together with a lifestyle that has a specific appeal. Los Angeles' real estate differs from that of cities like Hong Kong and New York - insofar as houses, rather than penthouses, top the list of properties in demand. These properties command incredibly high prices. For example, earlier this year, a US\$102 million property was sold - the highest priced property sold in the city this year.

Top attractions

- Areas like Santa Monica and Westwood boast high-quality schools
- Luxurious amenities to fit the lifestyle of UHNW residents

The entire world has always had a fascination with luxury real estate in Los Angeles – hoping for a glimpse of how America's celebrities live. However, as celebrities and entertainment executives continue to seek privacy, UHNWIs are considering homes in more remote areas like Malibu or Santa Barbara alongside traditional luxury hot spots such as Beverly Hills or Bel-Air.

Frank Symons
Executive Vice President
Sotheby's International Realty –
Southern California

SAN FRANCISCO



AVERAGE AGE
56



SIGNIFICANT INDUSTRY
25% TECHNOLOGY



SOCIAL GRAPH
9 CONNECTIONS
US\$10 billion



PROPORTION SELF-MADE
83%



MEDIAN NET WORTH
US\$110 million



TOP HOBBY
TECHNOLOGY



TOP COUNTRY FOR FOREIGN OWNERS
UNITED KINGDOM, INDIA & AUSTRALIA

Average property prices in San Francisco have followed an upward trend, boosting investor confidence. After the recession, real estate in San Francisco has seen accelerated growth. The strong performance of the Bay Area's economy led to affluent individuals profiting from appreciation in stocks and an influx of foreign buyers, increasing the demand for luxury homes in San Francisco. For younger UHNW individuals, the appeal of the San Francisco lifestyle, which differs significantly from that found in Los Angeles, is proving to be increasingly attractive. In fact, UHNW residence owners in San Francisco are significantly younger than the general average, at 56. The youth of this city and its recent rise to affluence means that luxury residential properties are still priced lower than in some of the bigger markets - the most expensive property sold in 2014 was US\$14 million, although the higher list prices of numerous other properties suggest an optimistic outlook for the future.

Top attractions

- With technology leading the way, the Bay Area will continue to experience a rapid and robust economic growth
- Low inventory and high demand will continue to push property prices up

Northern California's booming technology economy continues to fuel high demand for luxury real estate in San Francisco. Modest sales prices compared to other trophy markets reflect a lack of luxury inventory, and developers are building new product to satisfy that demand with deliveries beginning in 2016.

Jeffrey Gibson
Vice President
Sotheby's International Realty –
San Francisco Brokerage

WASHINGTON D.C.



AVERAGE AGE
64



TOP INDUSTRY
20% NON-PROFIT & SOCIAL ORGANIZATIONS



SOCIAL GRAPH
10 CONNECTIONS
US\$8 billion



PROPORTION SELF-MADE
71%



MEDIAN NET WORTH
US\$83 million



TOP HOBBY
POLITICS



TOP COUNTRY FOR FOREIGN OWNERS
PRIMARILY DOMESTIC

Washington D.C., and specific areas within the district – such as Georgetown and its surrounding suburbs such as Falls Church or Fairfax counties – are particularly attractive to American UHNW individuals. Despite the obvious appeal of D.C. as the centre of politics for the world's biggest economy, Washington D.C. is also a hub for many of the country's, and indeed the world's, biggest think tanks and charities, attracting many UHNW individuals who are heavily involved in this sector. The constant buzz and bustle that surrounds the American capital means there is a significant demand for various industries, from retail to business services. Yet there is also another appeal – **Washington D.C. offers a lifestyle that is very rare in the United States' bigger cities.** Although New York may trump D.C. when it comes to museums and performing arts, D.C. offers a lifestyle that is reminiscent of a smaller town and property prices reflect this – luxury residential is much less expensive in D.C. than it is in New York, although prices still reach above US\$10 million.

Top attractions

- Government presence provides stable employment, and hence a more stable economy
- Comfortable lifestyle
- Exciting international scene

The Washington DC metropolitan region is one of the most stable markets in the United States, with an employment base consisting of the federal government, global defense contractors, lobbying firms and associations. Washington is also culturally rich with more than 200 countries represented through their embassies and chancellories, the World Bank, IMF and numerous global institutions. TTR Sotheby's International Realty continues to lead the luxury market with record-breaking sales throughout Washington, DC, Maryland and Virginia.

Michael Rankin

Managing Partner

TTR Sotheby's International Realty
Washington, DC, Maryland, Virginia

DALLAS



AVERAGE AGE
62



SIGNIFICANT INDUSTRY
12% OIL & CONSUMABLE FUELS



SOCIAL GRAPH
6 CONNECTIONS
US\$3 billion



PROPORTION SELF-MADE
74%



MEDIAN NET WORTH
US\$60 million



TOP HOBBY
OUTDOORS - HUNTING



TOP COUNTRY FOR FOREIGN OWNERS
PRIMARILY DOMESTIC & CANADA

While Houston is the biggest city in Texas in terms of the number of UHNW individuals based there, there are more residence owners in Dallas than in Houston, and it is growing faster. UHNW individuals buying residences in Dallas are attracted to its relatively lower cost of - and high standard of - living, as well as family-friendly surroundings. Residential properties in Dallas have lower price tags than what we see both within Texas and across many of America's bigger hubs for luxury residential real estate. At the moment, most of the UHNW individuals attracted to this city are in oil-related businesses, and while a few come from Canada, it remains primarily an American city. As Dallas continues to grow, we expect luxury residential demand to increase.

Top attractions

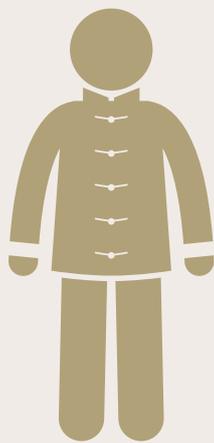
- Low taxes spur investments and Dallas offers a relatively low cost of living
- Slower pace of living for families looking for a leisurely lifestyle

North Texas growth continues. In fact, Dallas is currently ranked 9th in world investment according to Cushman & Wakefield's new "growth cities" report. We've seen home prices overall are up 7 percent in 2014, with key areas such as Highland Park and the estate market seeing price increases of up to 12 percent. Recently I traveled to China and met with investors looking to be involved in Dallas development deals ranging from \$7 million to \$1 billion. Global interest extends to ranch and land holdings too. Our W.T. Waggoner Ranch listing, which at 510,000 acres is America's largest ranch "under one fence," is gaining international interest at \$725,000,000.

Robbie Briggs
President and CEO
Briggs Freeman Sotheby's International Realty
Texas

THE NON-RESIDENT INDIAN & CHINESE POPULATIONS

There are over 5,000 UHNW individuals of Indian descent living outside of India. These individuals are typically wealthier than their counterparts in India, as well as older - albeit by only three years. In the case of China, there are over 3,000 UHNW individuals of Chinese descent scattered around the globe. As with their Indian counterparts, these individuals are both wealthier and older than UHNW individuals in China.



UHNW POPULATION
MEAN NET WORTH
AVERAGE AGE

UHNW NRC **UHNW CHINA**

3,020	11,070
US\$311 million	US\$141 million
68	52

China's non-resident population is often located in neighbouring economies such as Hong Kong, Singapore and other Southeast Asia countries

UHNW NRI **UHNW INDIA**

5,380	8,595
US\$148 million	US\$118 million
58	55

India's non-residents' favourite destinations are the United Kingdom and the United States

UHNW POPULATION
MEAN NET WORTH
AVERAGE AGE



There are more non-resident Indian UHNW individuals who own a secondary residence in India than there are non-resident Chinese UHNW individuals who own a secondary residence in China.

Socio-political concerns play a significant role in explaining this phenomenon as many NRC individuals relocated (or were born abroad when their family relocated) for political reasons.

MUMBAI



AVERAGE AGE
56



SIGNIFICANT INDUSTRY
**14% INDUSTRIAL
CONGLOMERATES**



SOCIAL GRAPH
**9 CONNECTIONS
US\$9 billion**



PROPORTION SELF-MADE
46%



MEDIAN NET WORTH
US\$55 million



TOP HOBBY
HEALTH & WELLNESS



TOP COUNTRY FOR FOREIGN OWNERS
**PRIMARILY
DOMESTIC**

Mumbai, and by extension India, continues to be regarded as a risky investment by non-Indian investors and the city is primarily a hub for locally-based UHNW individuals and India's large non-resident population. One of Mumbai's most well-known luxury residential properties, the Antilla building, was built by Mukesh Ambani - one of India's most famous billionaires. Despite the young age of the city's typical UHNW residence owner, most of Mumbai and India's UHNW have at least partially inherited their wealth, which means that these individuals typically value property more, as a share of net worth, than self-made individuals. India's UHNW population's fast growth of 9.5% in the last year suggests further investment in this sector is on the horizon.

Top attractions

- Mumbai is the most developed city in India with huge malls attracting high-end luxury labels, fitting the lifestyle of UHNW individuals
- On the long run, prices are expected to follow an upward trajectory as Mumbai is increasingly facing space issues

Mumbai is the luxury capital of India and the only Indian city to rank among the top 20 most expensive locations in the world. Mumbai also has announced the tallest residential tower in the world, which is a symbol of its arrival on the global economic and cultural stage. We believe the city will continue to offer good return on investments in the future, especially in the luxury real estate segment.

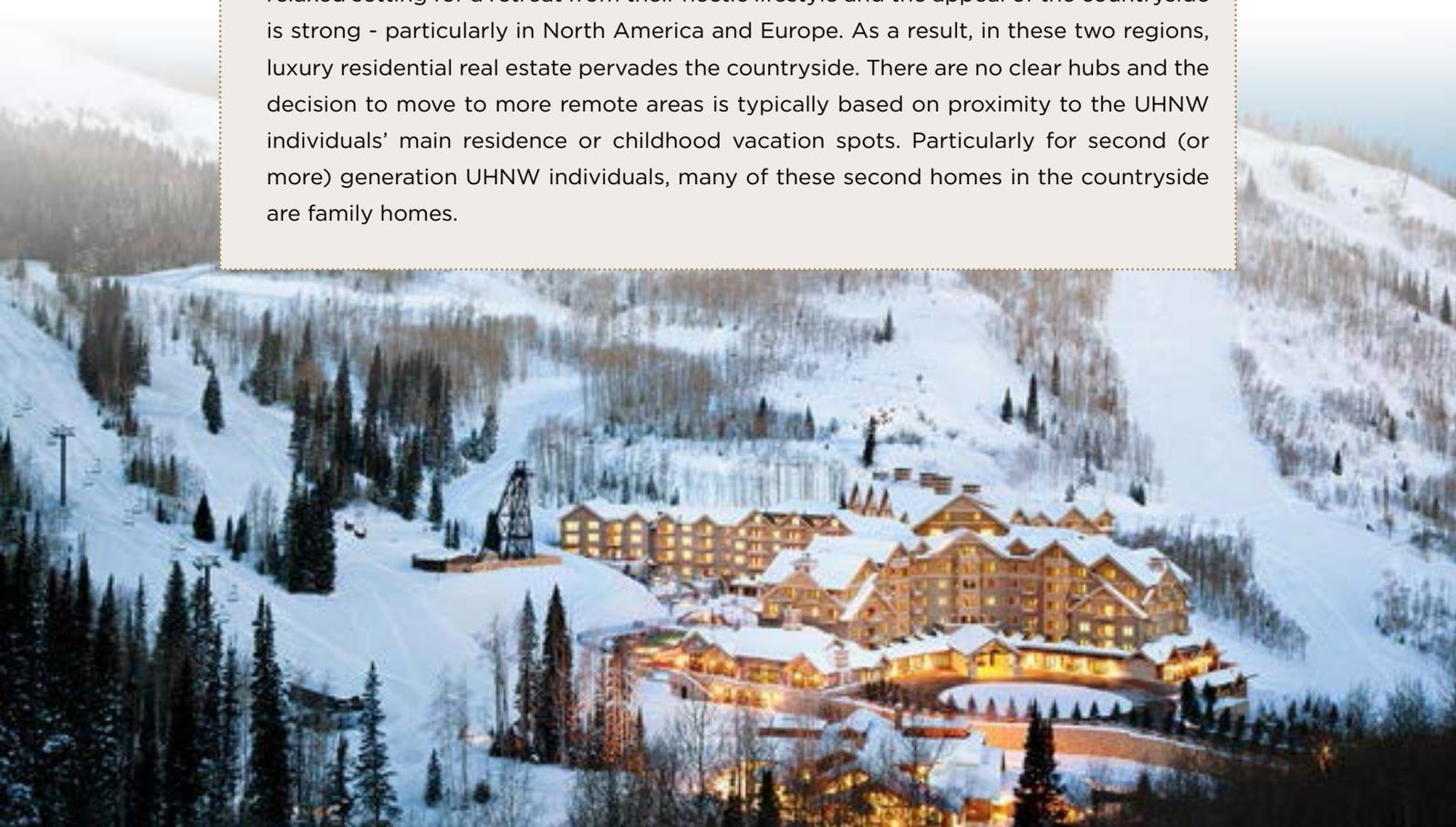
Ankit Tyagi,
Chief Operating Officer
North India Sotheby's International Realty

BUYING FOR PLEASURE

Although there is a greater concentration of UHNW residences in the world's main hubs - particularly in cities such as New York, London, Hong Kong and Singapore, where both UHNW individuals who are based there and foreign-based UHNW individuals own residences - luxury residential real estate in niche markets is particularly important. Certain personal characteristics such as hobbies can compel individuals to gravitate towards certain hotspots, be it towards Aspen for avid American skiers or Monaco for the world's yachting enthusiasts.

These locations generally hold particular appeal for certain clusters of UHNW individuals - and this, along with a high standard of living and a high level of comfort, is responsible for elevated property price tags. These hotspots often provide an eclectic mix of urban comfort with the relaxed atmosphere of the countryside, providing UHNW residents with an ideal setting for short or long holidays.

Many UHNW individuals take an even further step when it comes to the second or subsequent home purchase by investing in rural areas. These individuals are typically still active in their industry, being on average in their mid or late 50s and they generally do most of their business in the world's busiest cities. Most are looking for a more relaxed setting for a retreat from their hectic lifestyle and the appeal of the countryside is strong - particularly in North America and Europe. As a result, in these two regions, luxury residential real estate pervades the countryside. There are no clear hubs and the decision to move to more remote areas is typically based on proximity to the UHNW individuals' main residence or childhood vacation spots. Particularly for second (or more) generation UHNW individuals, many of these second homes in the countryside are family homes.





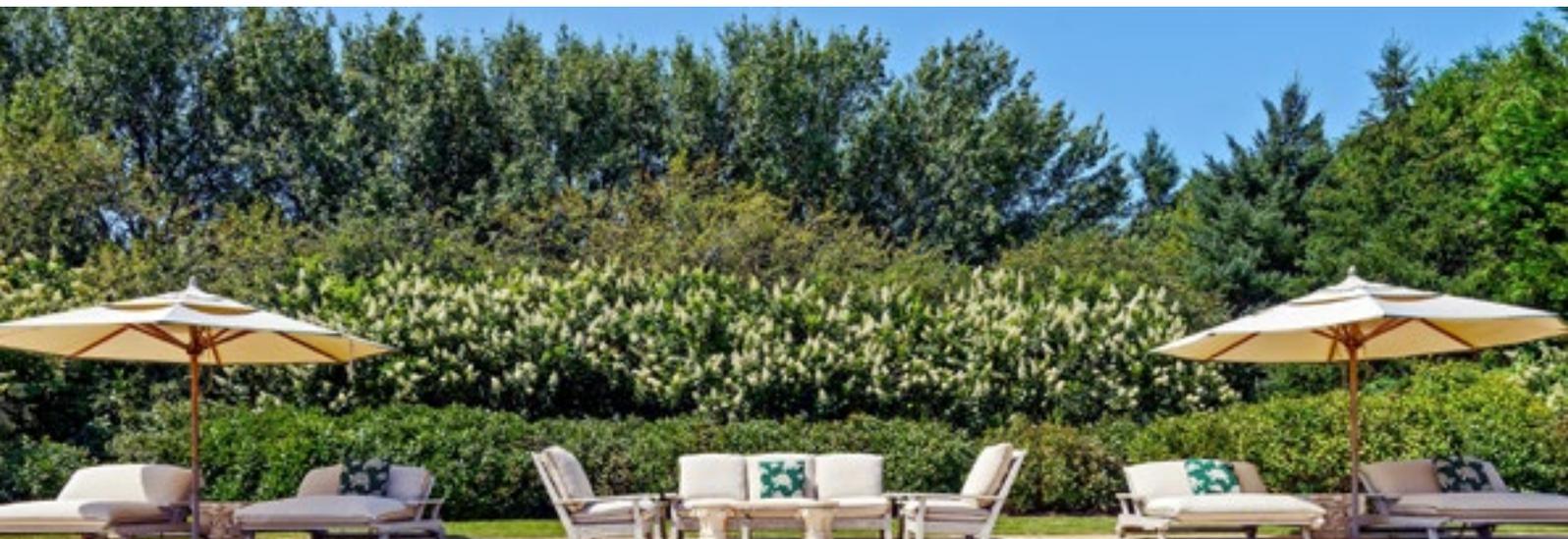
C.I.C. Immobilier Monte-Carlo Sotheby's International Realty, \$2.462 million, Monte Carlo, Monaco, property ID: S4GLJ6



Fontana Sotheby's International Realty, price upon request, Lugano, Switzerland, property ID: CT6BMX



Sotheby's International Realty-Palm Beach Brokerage, \$11.9 million, Palm Beach, Florida, property ID: 4VPQKP



Sotheby's International Realty-Bridgehampton Brokerage, price upon request, Bridgehampton, New York, property ID: W4VWF6

OUTSIDE THE MAIN HUBS

The combination of attractive investment value and lifestyle value is particularly relevant when it comes to UHNW individuals' decision to invest in property outside their business country

	COUNTRY	PROPORTION OF UHNW RESIDENCE OWNERS BASED ELSEWHERE
1	MONACO	83%
2	FRANCE	44%
3	SWITZERLAND	33%
4	AUSTRIA	18%
5	SINGAPORE	16%
6	SOUTH AFRICA	15%
7	SPAIN	15%
8	UNITED KINGDOM	14%
9	CANADA	13%
10	AUSTRALIA	13%

Perhaps unsurprisingly, Monaco has the highest proportion of residences owned by UHNW individuals based outside of the country. Monaco is one of the world's most widely known hubs for the world's wealthiest, setting records for the most expensive luxury real estate properties around the world. It is also known as the host country for some of the world's most exclusive events, from the Monaco Formula One Grand Prix to the Monaco Yacht Show.

France is also particularly attractive to UHNW individuals who are based elsewhere. Although we previously highlighted how significant Paris was for UHNW residence owners, for many foreign-based UHNW residence owners, it is the French countryside that holds the greatest appeal. From Provence to the Cote d'Azur and the Loire, France's main appeal is its large landed estates, often containing vineyards, which serve both as a perfect holiday destination and as a secondary business investment.

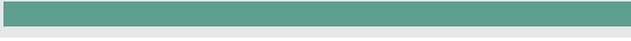
The case of Switzerland differs slightly. This country is known as a financial safe haven, and is also particularly attractive for lifestyle reasons including its world-renowned ski resorts and its high living standard.

The only apparent exception to this is South Africa. Although this country's standard of living and institutional framework are both impressive, neither compare to Switzerland's or Singapore's.

However, South Africa is the African continent's strongest and most stable economy, and many UHNW individuals based in other African economies are opting to invest in residential real estate there.

Certain cities in particular are residential real estate investment hotspots for UHNW individuals based abroad. In France, Saint-Tropez in the Cote d'Azur is particularly attractive to foreign-based individuals, while Marbella in Spain and Marrakech in Morocco are also popular.

Marbella's ideal location on the coast of Southern Spain draws many of the world's UHNW individuals. Marrakech, beyond its pleasant living conditions and location, is particularly attractive because of the tax treatment afforded to residents.

	CITY	PROPORTION OF UHNW RESIDENCE OWNERS BASED ABROAD	
1	SAINT-TROPEZ	88%	
2	MARBELLA	87%	
3	MARRAKECH	83%	
4	MONTE CARLO	83%	
5	LUGANO	64%	

For American UHNW individuals, while international properties are attractive, the majority tend to own holiday residences within the United States. Certain locations are particularly popular. For example, the Hamptons tend to draw holiday home owners, many of whom live in New York City. Aspen's attraction is primarily due to

its ski slopes, while Florida, both Palm Beach and Naples, attracts numerous individuals, particularly those who are close to retirement. The attraction of Greenwich is slightly different - it is tied to its position as a particularly important hub for the finance, banking and industry, the most important sector for UHNW individuals on the east coast of the United States.

	TOP AMERICAN HOLIDAY RESIDENCE
1	SOUTHAMPTON, NY
2	ASPEN, CO
3	NAPLES, FL
4	GREENWICH, CT
5	PALM BEACH, FL

MONACO



AVERAGE AGE
60



SIGNIFICANT INDUSTRY
15% REAL ESTATE



SOCIAL GRAPH
8 CONNECTIONS
US\$7 billion



PROPORTION SELF-MADE
72%



MEDIAN NET WORTH
US\$190 million



TOP HOBBY
SKIING & SAILING



TOP COUNTRY FOR FOREIGN OWNERS
ITALY & RUSSIA

Luxury property prices in Monaco have risen in the wake of the country's recovery from the credit crunch. After property tax changes were implemented in France, many international buyers are looking to invest in Monaco. In fact, 83% of all UHNW individuals who own a residence in Monaco are based in a different country and maintain a residence there to enjoy the activities and lifestyle the city offers, as well as because it is an internationally-renowned luxury residential real estate market. Nonetheless, the growing concern over prices and the rise of some alternative locations for non-European UHNW individuals has resulted in Monaco experiencing some competition from other hubs like Singapore and Dubai.

Top attractions

- Low taxation - investment “safe-haven”
- Stable and equipped with good education & health systems, providing for a good environment
- Close proximity to Europe's hubs—Paris and London
- The lifestyle in Monaco is well suited to the ultra wealthy

Over the past two years, the Monaco real estate market has seen an incredible boom thanks to an influx of new residents looking for a financially stable environment with a high quality of life. Sotheby's International Realty France-Monaco's multi-lingual team has assisted clients from dozens of different countries including Italy, Germany, Russia and the UK, negotiating multi - million purchases from € 2,000/square meter to more than € 80,000/square meter.

Alexander Kraft
Chairman & CEO

Sotheby's International Realty France - Monaco

LUGANO



AVERAGE AGE
66



TOP INDUSTRY
18% TEXTILES, APPAREL & LUXURY



SOCIAL GRAPH
7 CONNECTIONS
US\$6 billion



PROPORTION SELF-MADE
50%



MEDIAN NET WORTH
US\$180 million



TOP HOBBY
GOLF & SKIING



TOP COUNTRY FOR FOREIGN OWNERS
ITALY & GERMANY

Lugano is renowned for its scenery and Switzerland's economy is known for its stability. **Lugano is the ultimate "safe-haven" for investors, offering proximity to the Alps and easy access to Europe's biggest markets.** It is a location that is particularly suited to UHNW individuals who do not necessarily reside in Switzerland permanently, and has been a vacation spots for generations of Europe's wealthiest families.

Top attractions

- Lugano is Switzerland's third largest financial hub
- Stable political climate and high quality schools for families deciding to relocate

Over the last several years, Switzerland has gained recognition for being a strong housing market that has almost defied the global downturn and where business is booming. Strong demand for upmarket homes, partly driven by the limited supply, has propelled prices up in the past years and now remains on a stable level. This explains why demand from HNWI's and UHNWI's has grown, and today the Ticino market is a prime example of this.

Gianluca Righetti
Managing Director
Fontana Sotheby's International Realty
Switzerland

PALM BEACH



AVERAGE AGE
67



TOP INDUSTRY
24% FINANCE, BANKING & INVESTMENT



SOCIAL GRAPH
10 CONNECTIONS
US\$6 billion



PROPORTION SELF-MADE
67%



MEDIAN NET WORTH
US\$90 million



TOP HOBBY
GOLF & TENNIS



TOP COUNTRY FOR FOREIGN OWNERS
PRIMARILY DOMESTIC

Palm Beach is a representative market for secondary luxury residential properties for American UHNW individuals. The city is known as an escape from winter for UHNW individuals who live outside Florida during the year. This history is one of the reasons why more UHNW residence owners in Palm Beach have inherited at least part of their wealth than in the general American UHNW population. In general, residences there are sprawling seaside mansions and command high prices, with some properties boasting US\$100 million price tags.

Top attractions

- Low mortgage rates and lack of inventory provide a good environment for investors
- Palm Beach offers an attractive climate and a wealth of amenities such as golf courses

The island of Palm Beach has been a favorite winter playground for UHNWIs since Mr. Henry Flagler founded the Royal Poinciana Hotel in 1894. Today, the island remains a favorite luxury home destination and the center of East Coast social society each winter. Demand is so strong that only 105 single family homes are currently for sale as of November 25, 2014.

Carol Hickman
Vice President
Sotheby's International Realty –
Palm Beach Brokerage

THE HAMPTONS



AVERAGE AGE
65



TOP INDUSTRY
40% FINANCE, BANKING & INVESTMENT



SOCIAL GRAPH
12 CONNECTIONS
US\$10 billion



PROPORTION SELF-MADE
78%



MEDIAN NET WORTH
US\$80 million



TOP HOBBY
PHILANTHROPY



TOP COUNTRY FOR FOREIGN OWNERS
PRIMARILY DOMESTIC

Average sale prices in the Hamptons fell 26% in Q4 2013, and the luxury residential real estate market was particularly affected. However, **investor's confidence in the housing market is renewed and in 2014, higher-end sales picked up.** The sale of a US\$147-million East Hampton property was hailed as the priciest home sale ever in the United States. The Hamptons are attractive to UHNW individuals as an escape from the bustle of New York City, and the location is often used for informal business meetings.

Top attractions

- Proximity to New York City
- Fantastic shopping, dining, weather and festivals such as the international film festival fit the lifestyle of the UHNW clientele

2014 will always be remembered as a year when many of the most significant estates on the East End of Long Island traded hands, with several properties achieving record sales figures of \$100 million or more. Once predominantly a respite for New York City residents, those that summer in the Hamptons today are just as likely to be from the U.K., Italy, Canada, Germany and numerous other international locales as they are to work on Wall Street.

Alice Bell
Senior Vice President
Sotheby's International Realty –
Hamptons Brokerages



TRENDS FOR THE FUTURE

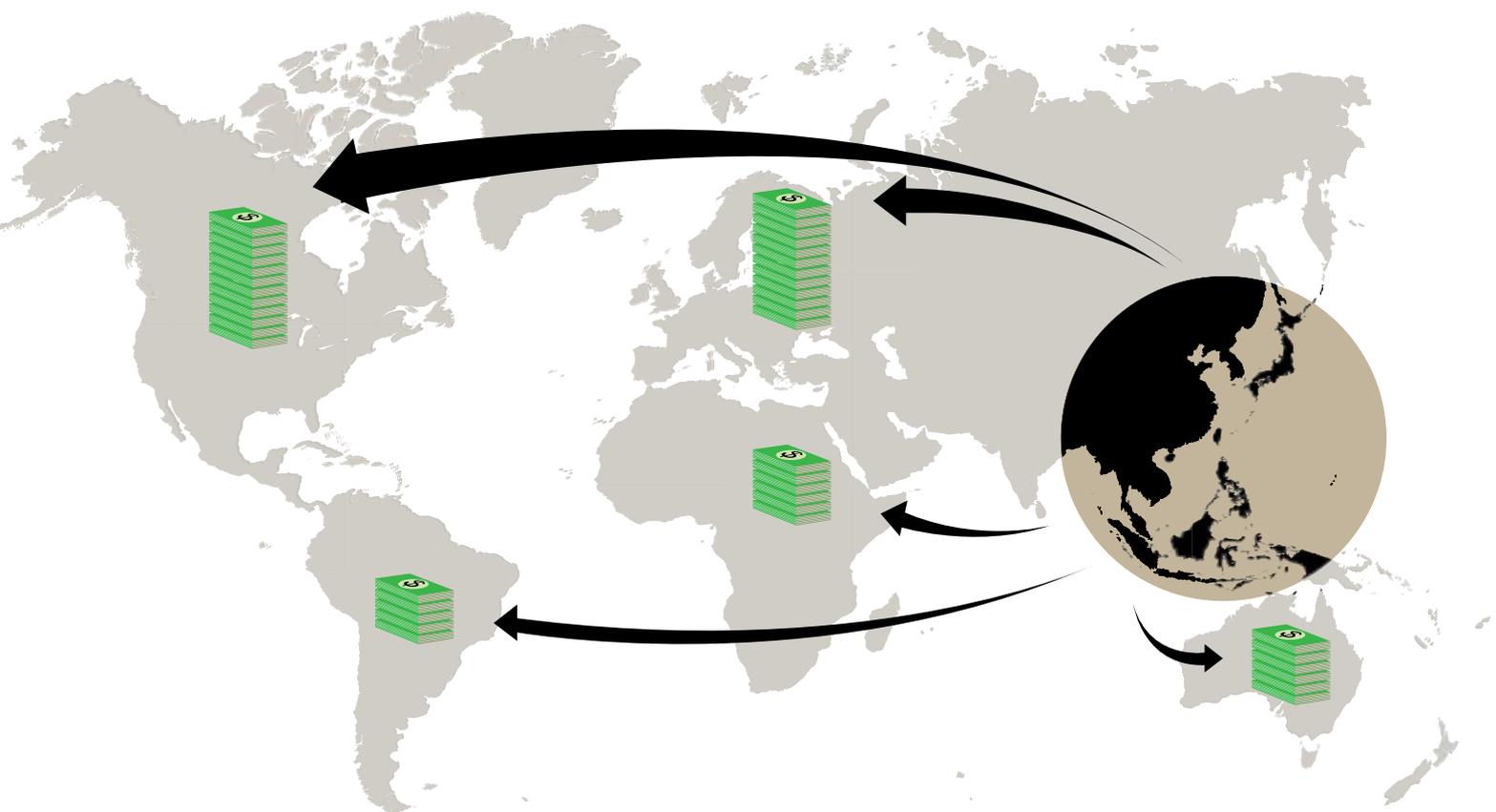
KEY FINDINGS

UHNW individuals from Asia are increasingly important players in the residential real estate market, both at home and abroad

US\$16 trillion of today's UHNW wealth will be transferred to the next generation in the coming three decades

THE SHIFT TO ASIA

There are almost twice as many UHNW individuals in Asia than there are in Latin America & the Caribbean, the Middle East, the Pacific and Africa combined



An increasing number of UHNW children are studying abroad and expanding their families' global footprints.

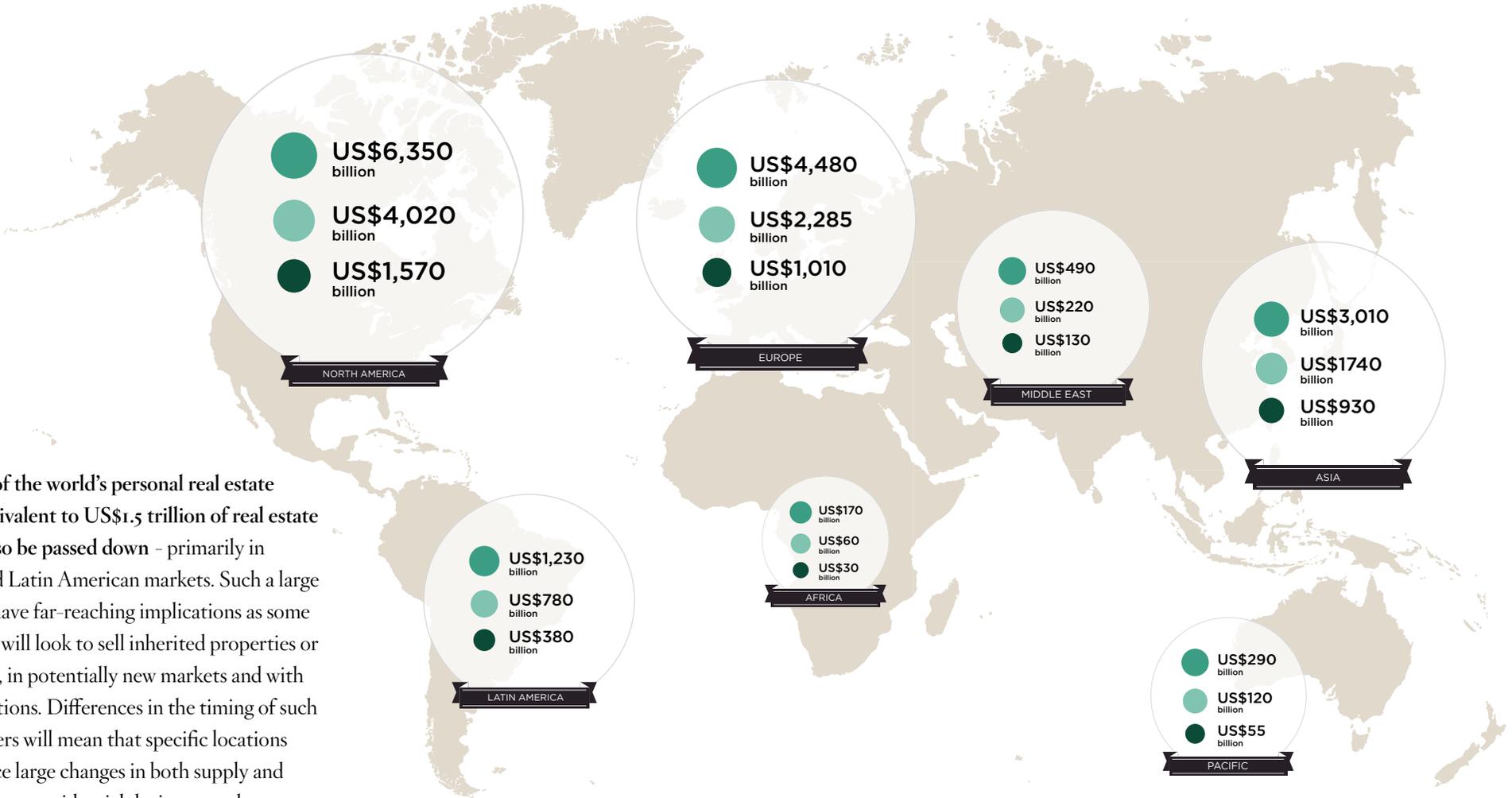
We will see a change in the orientation of luxury residential real estate, with closer cooperation between commercially-

minded individuals and residential brokers. Indeed, Asian UHNW individuals are more interested in purchasing land, rather than existing properties, signalling a different type of residential real estate demand.

WEALTH TRANSFERS

In the next three decades, US\$16 trillion will be passed down to the next generation

- 10 YEARS
- 20 YEARS
- 30 YEARS



At least half of the world’s personal real estate holdings, equivalent to US\$1.5 trillion of real estate assets, will also be passed down - primarily in European and Latin American markets. Such a large transfer will have far-reaching implications as some of these heirs will look to sell inherited properties or buy new ones, in potentially new markets and with new specifications. Differences in the timing of such wealth transfers will mean that specific locations will experience large changes in both supply and demand of luxury residential during over the coming decades.

CONCLUSION

The future of luxury residential real estate looks highly promising and positive. With its tendency to gain in value faster than traditional real estate and its greater appeal to UHNW individuals with inherited wealth as well as its reputation as a safe asset, luxury residential real estate is set to see more and more growth in demand. We also expect that as new UHNW individuals become involved in the real estate industry, a new boom of supply of such real estate will occur - in locations that have so far been less important than the traditional hubs explored in this report.

For example, with the anticipated fast growth in UHNW wealth and overall economic development in regions like the Middle East, Africa and Asia, there is no doubt that some of the hubs in these regions will gain in importance. This will be accentuated by the globalization of business interests around the world, with an increase in the number of UHNW individuals who will purchase residential real estate in these new markets.

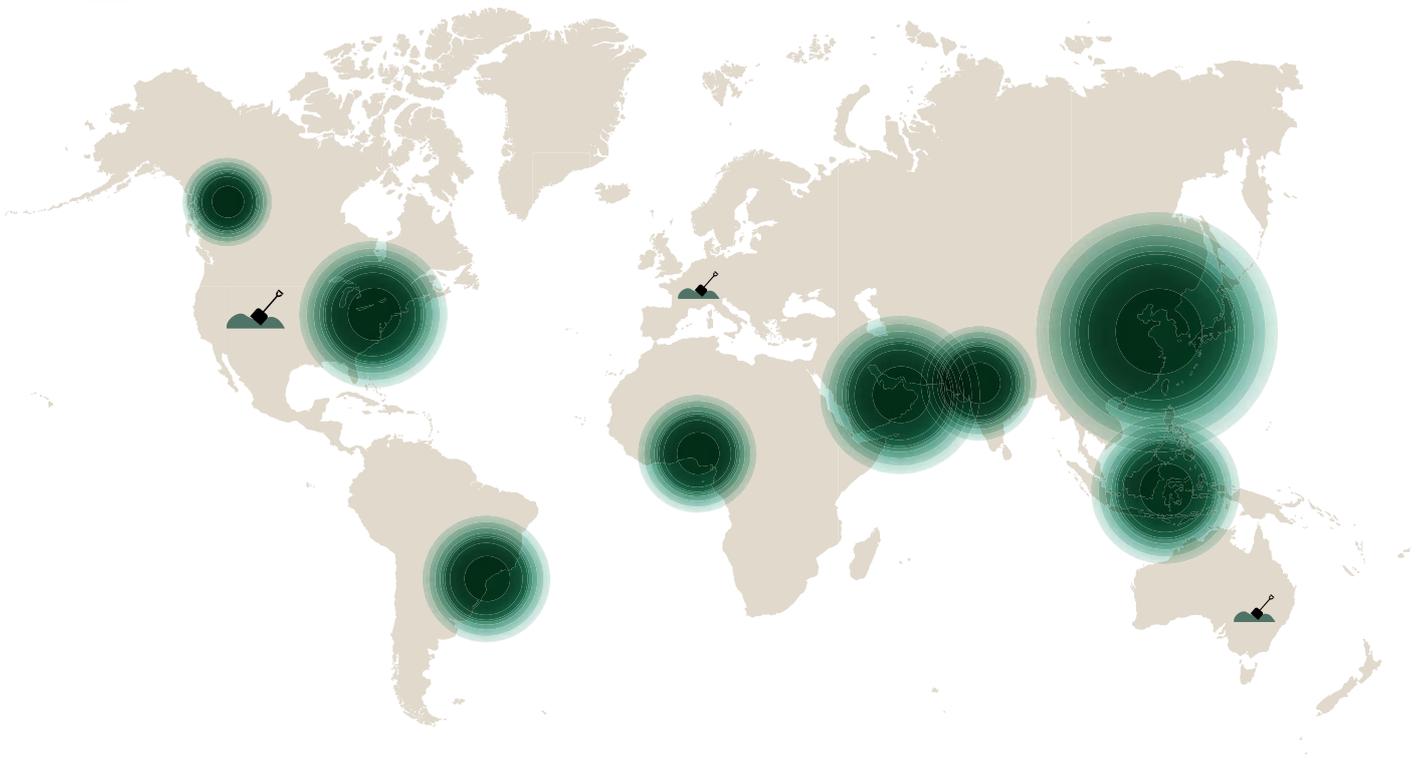
	AVERAGE ANNUAL POPULATION GROWTH %	AVERAGE ANNUAL WEALTH GROWTH %
WORLD	4.4%	5.3%
NORTH AMERICA	4.2%	5.2%
EUROPE	3.3%	4.5%
ASIA	5.7%	6.7%
LATIN AMERICA & THE CARIBBEAN	4.3%	4.9%
MIDDLE EAST	6.0%	5.1%
PACIFIC	3.9%	3.3%
AFRICA	7.0%	5.5%



THE MARKETS OF THE FUTURE

For decades, the markets of London, New York and Paris have been hubs for real estate investments - as have those of geographical areas that are most prized for secondary residences such as Monaco, Aspen or the Hamptons. In the last decades, however changes have occurred, with the rise of hubs like Hong Kong, Singapore and Dubai heralding a new wave of real estate investments.

Areas like Bali have already attracted a significant share of UHNW individuals, but the development of enclave regions around the Asia - from China to Indonesia, Malaysia, Vietnam and even Burma, will draw UHNW individuals to invest in property in these destinations.



A new trend in residential real estate: buying in a leisure area that is heavily oriented towards tourism

METHODOLOGY

Wealth-X uses a proprietary valuation model to assess all asset holdings including privately and publicly held businesses and investible assets to develop our Net Worth Valuation.

Our team of researchers and analysts has access to an unrivalled, proprietary database of global ultra high net worth (UHNW) individuals that is the largest in existence. Our database highlights their financial profiles, passions and interests, known associates, affiliations, family members, biographies, news and much more.

Wealth-X uses the primary business address as the determinant of an individual's location.

The UHNW Residential Real Estate Index was constructed using a combination of average price per square foot in the most popular UHNW neighborhoods of each location and average price of sold properties within these areas, as well as across countryside in ten countries. The index uses quarterly or monthly data. Weights were based on the number of residences in each location.

ABOUT WEALTH-X



Wealth-X is the world's leading ultra high net worth (UHNW) intelligence and prospecting firm with the largest collection of curated research on UHNW individuals, defined as those with net assets of US\$30 million and above. The firm's Wealth-X Professional solution is the standard for financial institutions, not-for-profit organizations and luxury brands working with the ultra affluent.

Headquartered in Singapore, Wealth-X has 13 offices on five continents.

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ABOUT SOTHEBY'S INTERNATIONAL REALTY



Founded in 1976 to provide independent brokerages with a powerful marketing and referral program for luxury listings, the Sotheby's International Realty network was designed to connect the finest independent real estate companies to the most prestigious clientele in the world. Sotheby's International Realty Affiliates LLC is a subsidiary of Realogy Holdings Corp. (NYSE: RLGY), a global leader in real estate franchising and provider of real estate brokerage, relocation and settlement services. In February 2004, Realogy entered into a long-term strategic alliance with Sotheby's, the operator of the auction house. The agreement provided for the licensing of the Sotheby's International Realty name and the development of a full franchise system. Affiliations in the system are granted only to brokerages and individuals meeting strict qualifications. Sotheby's International Realty Affiliates LLC supports its affiliates with a host of operational, marketing, recruiting, educational and business development resources. Franchise affiliates also benefit from an association with the venerable Sotheby's auction house, established in 1744.

For more information, visit www.sothebysrealty.com.