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The landscape of the luxury real estate market is ever-evolving, as the motivations, needs and desires of consumers in this sector continue to change and develop.

The Sotheby’s International Realty® Luxury Lifestyle Report aims to define the purchasing behaviors of the wealthy. We surveyed affluent consumers in the United States, United Kingdom, Brazil and China and found that the majority are more likely to purchase a lifestyle property now than they were five years ago. Our study also showed that compared with five years ago, a majority of affluent consumers are more confident in the strength of the housing market in their country of primary residence. These insights are important because we have seen the luxury sector lead the way for the overall real estate recovery. High-net worth consumers are recognizing the critical role real estate plays in building wealth...and they are investing in it.

We also tapped into our own arsenal of data gathered from sothebysrealty.com, where we took a deep look into what lifestyles and amenities are trending right now. We hope the information uncovered in this report offers insight and inspiration for your next real estate purchase.

Philip White
President & Chief Executive Officer
Sotheby’s International Realty Affiliates LLC
CONFIDENCE INCREASING

The Sotheby’s International Realty® Luxury Lifestyle Report surveyed affluent consumers in the United States, United Kingdom, Brazil and China, and found that the majority in all 4 countries are more likely to purchase a LIFESTYLE property now than they were 5 years ago, and to make a lifestyle property their primary residence.
LIFESTYLE HOMES: A GLOBAL DEMAND

A **WATERFRONT PROPERTY** was the top choice for what affluent consumers would consider purchasing next.

**LIFESTYLE AT A GLANCE**

**TOP 5** lifestyle searches on sothebysrealty.com

1. **WATERFRONT** 42%
2. **MOUNTAIN** 21%
3. **COUNTRY LIVING** 13%
4. **FARM & RANCH** 5%
5. **HISTORIC** 5%
ALL IN THE FAMILY

The majority of affluent consumers in the United States, United Kingdom, Brazil and China also were likely to make a **LEGACY HOME PURCHASE**, which is a property intended to remain in the family or be gifted to children.

<table>
<thead>
<tr>
<th>Country</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S.</td>
<td>64%</td>
</tr>
<tr>
<td>U.K.</td>
<td>68%</td>
</tr>
<tr>
<td>Brazil</td>
<td>92%</td>
</tr>
<tr>
<td>China</td>
<td>93%</td>
</tr>
</tbody>
</table>

A survey of Sotheby’s International Realty network members revealed that more than half of respondents are seeing their clients who are in the market for a legacy home **SPEND BETWEEN $1 AND $3 MILLION ON THAT PURCHASE**.

PURCHASING MOTIVATIONS AT A GLANCE

A survey of Sotheby’s International Realty network members revealed the following factors influenced a real estate purchase:

- **39%** FAMILY NEEDS
- **36%** LOCATION
- **34%** RETURN ON INVESTMENT
- **32%** LIFESTYLE
PORTRAIT OF AN AFFLUENT CONSUMER

Most affluent consumers in all four countries think “AN INVESTOR” is the top choice to describe themselves. They also purchased an average of 2 properties in the last 3 years, and proved the old adage—“location, location, location”—is still true.

71% OF THOSE SURVEYED SAY THEY WOULD PAY MORE FOR LOCATION.

<table>
<thead>
<tr>
<th>Country</th>
<th>Consider Themselves An Investor</th>
<th>Would Pay More for Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S.</td>
<td>50%</td>
<td>67%</td>
</tr>
<tr>
<td>U.K.</td>
<td>58%</td>
<td>68%</td>
</tr>
<tr>
<td>Brazil</td>
<td>55%</td>
<td>69%</td>
</tr>
<tr>
<td>China</td>
<td>72%</td>
<td>82%</td>
</tr>
</tbody>
</table>

CONSIDER THEMSELVES AN INVESTOR
WOULD PAY MORE FOR LOCATION
Yielding a **RETURN ON INVESTMENT** was a key driver in the purchase of a property for affluent consumers. Compared to 5 years ago, a majority are more confident in the strength of the housing market in their country of primary residence.
LUXURY AMENITIES

What’s trending in home luxury among affluent consumers? It centers on cars, water and art.

- **SPACE TO DISPLAY ART COLLECTION**
  - 51% China
  - 27% UK
  - 22% US
  - 11% Brazil

- **DEEP WATER DOCK**
  - 37% Brazil
  - 32% UK
  - 23% US
  - 19% China

- **MULTI-CAR COLLECTOR’S GARAGE**
  - 32% UK
  - 28% US
  - 20% Brazil
  - 18% China

- **HELIPAD**
  - 15% Brazil
  - 13% China
  - 8% UK
  - 7% US

65% of Sotheby’s International Realty network members said the number of clients seeking a home with “smart” amenities has increased over the last 2 years.
THE UNITED STATES
Many affluent American consumers, defined as those with $2 million or more in investable assets, own **MULTIPLE PROPERTIES**. On average, affluent consumers in the U.S. currently own 3 homes.

54% **HAVE PURCHASED A PROPERTY WITHIN THE PAST 3 YEARS.**

Affluent American consumers are not only investing in property—they consider themselves part of the investor class. When asked what best described them, a majority said *AN INVESTOR*.

50% **INVESTOR**

16% **INNOVATOR**

13% **TRENDSETTER**

8% **PHILANTHROPIST**
LOCATION IS KING

The top home feature affluent American consumers are willing to pay more for is location, followed by size, historical significance and famous former owners, such as a celebrity. LOCATION, LOCATION, LOCATION – still rings true.

Today, location most definitely still is king. We live on Long Island, which is connected to the world’s most famous island, Manhattan. Our miles of wooded coastline and pristine sandy beaches draw an affluent consumer seeking a sophisticated country estate with close proximity of the cultural and financial capital of the world.

Patricia J. Petersen, President and CEO
Daniel Gale Sotheby’s International Realty in New York
HOME IS WHERE THE HEART IS

When affluent American consumers were asked where they plan to purchase their next property, a majority said NORTH AMERICA.

HOUSE-PROUD

Affluent consumers take a sense of pride in their property investments – and affluent American consumers want to double as THEIR OWN ARCHITECT.

- 32% SELF DESIGNED
- 21% ECO-FRIENDLY
- 20% HISTORIC SIGNIFICANCE
- 18% SMART HOME
- 10% FAMOUS FORMER OWNERS
HOTTEST “LIFESTYLE” PROPERTY TRENDS

When asked what they would consider purchasing next, the top choice for those in the United States was a WATERFRONT PROPERTY.

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Property Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>41%</td>
<td>WATERFRONT</td>
</tr>
<tr>
<td>26%</td>
<td>FARM &amp; RANCH</td>
</tr>
<tr>
<td>24%</td>
<td>HISTORIC</td>
</tr>
<tr>
<td>22%</td>
<td>GOLF ACCESS</td>
</tr>
<tr>
<td>18%</td>
<td>VINEYARD OR WINERY</td>
</tr>
<tr>
<td>14%</td>
<td>SKI ACCESS</td>
</tr>
</tbody>
</table>

The primary purchasing motivation is lifestyle—whether it’s a Wall Street executive purchasing waterfront in the Hamptons or the Hollywood set looking for a weekend retreat in Santa Barbara—lifestyle is completely influencing where high net worth individuals choose to invest in real estate.

Kathy Korte, President and CEO
Sotheby’s International Realty’s company-owned brokerages

LUXURY AMENITIES

In the U.S. the top desired luxury amenity was a MULTI-CAR COLLECTOR’S GARAGE.

28% MULTI-CAR COLLECTOR’S GARAGE
THE UNITED KINGDOM
PORTRAIT OF AN AFFLUENT U.K. CONSUMER

When asked what best describes them, a majority said “AN INVESTOR.”

- 58% INVESTOR
- 14% TRENDSETTER
- 13% INNOVATOR
- 9% PHILANTHROPIST
- 6% COMMUNITY LEADER

LOCATION IS KING

The top home feature affluent U.K. consumers are willing to pay more for is LOCATION.

- 68% LOCATION
- 60% SIZE
- 35% HISTORIC SIGNIFICANCE
- 12% FAMOUS FORMER OWNERS
When affluent U.K. consumers were asked where they plan to purchase their next property, a majority said **EUROPE**.
HISTORICALLY HOUSE-PROUD

When asked what they would be most proud to own the top pick among wealthy U.K. consumers was a home with **HISTORIC SIGNIFICANCE**.

![Graphic]

- **34%** HISTORICAL SIGNIFICANCE
- **32%** DESIGNED THEMSELVES
- **17%** ECO-FRIENDLY
- **16%** SMART HOME
- **1%** FAMOUS FORMER OWNERS

The United Kingdom has a long history when it comes to architecture and in nearly all our cities and towns historical houses survive even some from Medieval times. The interest and desire to buy a ‘piece of history’ is still as strong as ever and in many cases classic historical examples of architecture or houses associated with historical figures attract a premium level of interest and quite often a premium price.

**Chris Moorhouse**, Head of Sales
United Kingdom Sotheby’s International Realty
HOTTEST “LIFESTYLE” PROPERTY TRENDS

When asked what they would consider purchasing next, the top choice for those in the U.K. was a **WATERFRONT PROPERTY**.

49% WATERFRONT

36% HISTORIC
20% FARM & RANCH
19% GOLF ACCESS
18% VINEYARD OR WINERY
14% SKI ACCESS

LUXURY AMENITIES

In the U.K. the top desired luxury amenity was a **MULTI-CAR COLLECTOR’S GARAGE**.

32% MULTI-CAR COLLECTOR’S GARAGE
BRAZIL
PORTRAIT OF AN AFFLUENT BRAZILIAN CONSUMER

On average, Brazilians who are affluent **OWN 4 PROPERTIES**, with more than 1 in 3 owning 4+ properties.

38% OWN 4+ PROPERTIES

They also consider themselves part of the **INVESTOR CLASS**.

55% INVESTOR
18% INNOVATOR
11% COMMUNITY LEADER

LOCATION IS KING

The top home feature affluent Brazilian consumers are willing to pay more for is – **LOCATION**.

69% LOCATION

49% SIZE
24% HISTORIC SIGNIFICANCE
10% FAMOUS FORMER OWNERS
HOME IS WHERE THE HEART IS

When affluent Brazilians were asked where they most want to purchase their next property a majority said **SOUTH AMERICA**.

HOUSE-SMART

A majority would be most proud to own a **“SMART” HOME**.

- 45% SMART HOME
- 23% SELF DESIGNED
- 19% ECO-FRIENDLY
- 9% HISTORIC SIGNIFICANCE
- 5% FAMOUS FORMER OWNERS

North America 18%

South America 49%

Europe 30%
When asked what they would consider purchasing next, the top choice for affluent Brazilians was a **WATERFRONT PROPERTY**.

51% WATERFRONT

36% FARM & RANCH  
18% HISTORIC  
15% GOLF ACCESS  
13% SKI ACCESS  
8% VINEYARD OR WINERY

“We have seen a surge in buyers from Brazil with our general real estate sales and even more so with the sales of our new developments such as One Thousand Museum. Miami offers Brazilians the international flair that they are searching for at prices that are well below that of other major metropolitan cities. We are a growing economy and with that comes a thriving culture that is attracting a great deal of international buyers, specifically Brazilians.”

**Daniel de la Vega**, President  
ONE Sotheby’s International Realty in Miami, Florida

LUXURY AMENITIES

In Brazil, the top desired luxury amenity was a **DEEP WATER DOCK**.

37% DEEP WATER DOCK
Wealthy Chinese are not only investing in property – they consider themselves part of the **INVESTOR CLASS**.

We observe China as the soon-to-be largest economy and a wealth engine with a high propensity for its nationals to seek financial safe harbor and education overseas. Asian demographics are the fastest-growing segment in Washington State with the greatest number stemming from China.

**Dean Jones**, Principal & Owner
Realogics Sotheby’s International Realty in Seattle, Washington
**LOCATION IS KING**

The top home feature affluent Chinese consumers are willing to pay more for is **LOCATION**.

- **82%** LOCATION
- **46%** SIZE
- **39%** HISTORIC SIGNIFICANCE
- **26%** FAMOUS FORMER OWNERS

**HOME IS WHERE THE HEART IS**

When affluent Chinese consumers are asked which region of the world they plan to purchase their next property, 37% picked **ASIA**.

- **25%** North America
- **28%** Europe
- **37%** Asia

**GREEN HOUSE-PROUD**

Nearly half would be most proud to own an **ECO-FRIENDLY** home.

- **48%** ECO-FRIENDLY
- **32%** DESIGNED THEMSELVES
- **16%** SMART HOME
- **17%** HISTORICAL SIGNIFICANCE
When asked what they would consider purchasing next, the top choice was a **WATERFRONT PROPERTY**.

54%  
**WATERFRONT**

43%  
**FARM & RANCH**

37%  
**VINEYARD OR WINERY**

36%  
**HISTORIC**

31%  
**GOLF ACCESS**

27%  
**SKI ACCESS**

China is the largest country in Asia and Australia has strong links with China in trade. Sydney in particular has a large Chinese population whose contribution to the community and economy has been vital to its growth. Over the last five years the Chinese interest has grown and we expect this to continue in years to come as the Chinese middle class grows, which will lead to further foreign investment from China.

**Michael Pallier**, Managing Director  
Sydney Sotheby’s International Realty in Australia

**LUXURY AMENITIES**

In China, the top desired luxury amenity is **SPACE TO DISPLAY AN ART COLLECTION**.
INSIGHTS FROM sothebysrealty.com

With affluent consumers desiring multi-car garages to house their car collections, space to display their artwork and deep water docks, here is how consumers around the world are searching for those amenities on sothebysrealty.com.
TOP 10 COUNTRIES THAT SEARCHED FOR:

MULTI-CAR COLLECTOR’S GARAGES

<table>
<thead>
<tr>
<th>#</th>
<th>Country</th>
<th>#</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>#1</td>
<td>United States</td>
<td>#6</td>
<td>France</td>
</tr>
<tr>
<td>#2</td>
<td>Canada</td>
<td>#7</td>
<td>Peru</td>
</tr>
<tr>
<td>#3</td>
<td>Finland</td>
<td>#8</td>
<td>Romania</td>
</tr>
<tr>
<td>#4</td>
<td>Germany</td>
<td>#9</td>
<td>Spain</td>
</tr>
<tr>
<td>#5</td>
<td>United Kingdom</td>
<td>#10</td>
<td>Ireland</td>
</tr>
</tbody>
</table>

29% of all multi-car garage amenity searches outside the U.S. were by consumers from CANADA.
TOP 10 COUNTRIES THAT SEARCHED FOR:

DEEP WATER DOCKS

#1 United States
#2 United Kingdom
#3 Hungary
#4 Colombia
#5 Norway
#6 Germany
#7 Canada
#8 Peru
#9 Switzerland
#10 Czech Republic
TOP 10 COUNTRIES THAT SEARCHED FOR:

ARTIST STUDIOS

#1 United States
#2 Peru
#3 France
#4 Canada
#5 Portugal
#6 Germany
#7 Romania
#8 South Africa
#9 United Kingdom
#10 Norway

41% of all artist studio amenity searches outside the U.S. were by consumers from PERU.
THE WORLD AT A GLANCE

NORTH AMERICA

UNITED STATES

49% of all lifestyle searches conducted in the U.S. are for WATERFRONT properties

17% of all lifestyle searches conducted in the U.S. are for MOUNTAIN properties

CANADA

57% of all lifestyle searches conducted in Canada are for WATERFRONT properties

9% of all TENNIS lifestyle searches conducted on sir.com outside the U.S. were by consumers from Canada

8% of all RESORT lifestyle searches conducted on sir.com outside the U.S. were by consumers from Canada
EUROPE

48% of all lifestyle searches conducted in Europe are for WATERFRONT properties

35% of all AQUATIC lifestyle searches conducted on sir.com outside the U.S. were by consumers from Europe

19% of all HISTORIC lifestyle searches conducted on sir.com outside the U.S. were by consumers from Europe

15% of all GREEN LIVING lifestyle searches conducted on sir.com outside the U.S. were by consumers from Europe
## The World at a Glance

### Europe

<table>
<thead>
<tr>
<th>Country</th>
<th>Waterfront</th>
<th>Historic</th>
<th>Private Island</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>France</strong></td>
<td>46%</td>
<td>8%</td>
<td>6%</td>
</tr>
<tr>
<td><strong>Germany</strong></td>
<td>46%</td>
<td>9%</td>
<td>9%</td>
</tr>
<tr>
<td><strong>Italy</strong></td>
<td>45%</td>
<td>12%</td>
<td>10%</td>
</tr>
<tr>
<td><strong>Italy</strong></td>
<td>9%</td>
<td>9%</td>
<td>9%</td>
</tr>
</tbody>
</table>

- 46% of all lifestyle searches conducted in France are for **Waterfront** properties.
- 8% of all lifestyle searches conducted in France are for **Historic** properties.
- 6% of all **Private Island** lifestyle searches conducted on sir.com outside the U.S. were by consumers from France.
- 46% of all lifestyle searches conducted in Germany are for **Waterfront** properties.
- 9% of all lifestyle searches conducted in Germany are for **Country Living** properties.
- 9% of all lifestyle searches conducted in Germany are for **Historic** properties.
- 45% of all lifestyle searches conducted in Italy are for **Waterfront** properties.
- 12% of all lifestyle searches conducted in Italy are for **Country Living** properties.
- 10% of all lifestyle searches conducted in Italy are for **Historic** properties.
- 9% of all **Private Island** lifestyle searches conducted on sir.com outside the U.S. were by consumers from Italy.
THE WORLD AT A GLANCE

EUROPE

SPAIN

56% of all lifestyle searches conducted in Switzerland are for WATERFRONT properties

31% of all lifestyle searches conducted in Spain are for MOUNTAIN properties

30% of all lifestyle searches conducted in Spain are for WATERFRONT properties

13% of all SUBURBAN lifestyle searches conducted on sir.com outside the U.S. were by consumers from Spain

SWEDEN

41% of all lifestyle searches conducted in Sweden are for WATERFRONT properties

12% of all lifestyle searches conducted in Sweden are for HISTORIC properties

10% of all lifestyle searches conducted in Sweden are for SKI properties

SWITZERLAND

56% of all lifestyle searches conducted in Switzerland are for WATERFRONT properties

UNITED KINGDOM

52% of all lifestyle searches conducted in the U.K. are for WATERFRONT properties

21% of all lifestyle searches conducted in the U.K. are for COUNTRY LIVING properties
36% of all lifestyle searches conducted in South America are for WATERFRONT properties.

19% of all lifestyle searches conducted in South America are for MOUNTAIN properties.

11% of all SUBURBAN lifestyle searches conducted on sir.com outside the U.S. were by consumers from South America.

10% of all TENNIS lifestyle searches conducted on sir.com outside the U.S. were by consumers from South America.
THE WORLD AT A GLANCE

LATIN AMERICA & CARIBBEAN

VENEZUELA

64% of all lifestyle searches conducted in Venezuela are for MOUNTAIN properties

10% of all lifestyle searches conducted in Venezuela are for PRIVATE ISLAND properties

12% of all PRIVATE ISLAND lifestyle searches conducted on sir.com outside the U.S. were by consumers from Venezuela

BRAZIL

35% of all lifestyle searches conducted in Brazil are for WATERFRONT properties

10% of all lifestyle searches conducted in Brazil are for HISTORIC properties

11% of all FLY-IN COMMUNITY lifestyle searches conducted on sir.com outside the U.S. were by consumers from Brazil

CARIBBEAN

42% of all lifestyle searches conducted in the Caribbean are for WATERFRONT properties

13% of all lifestyle searches conducted in the Caribbean are for MOUNTAIN properties
THE WORLD AT A GLANCE

LATIN AMERICA & CARIBBEAN

CENTRAL AMERICA

- 38% of all lifestyle searches conducted in Central America are for WATERFRONT properties
- 18% of all lifestyle searches conducted in Central America are for MOUNTAIN properties

MEXICO

- 58% of all lifestyle searches conducted in Mexico are for MOUNTAIN properties
- 18% of all lifestyle searches conducted in Mexico are for WATERFRONT properties
- 11% of all GREEN LIVING lifestyle searches conducted on sir.com outside the U.S. were by consumers from Mexico
- 9% of all MOUNTAIN lifestyle searches conducted on sir.com outside the U.S. were by consumers from Mexico
THE WORLD AT A GLANCE

ASIA

46% of all lifestyle searches conducted in Asia on sir.com are for WATERFRONT properties

10% of all lifestyle searches conducted in Asia on sir.com are for MOUNTAIN properties

9% of all lifestyle searches conducted in Asia on sir.com are for COUNTRY LIVING properties

13% of all RESORT lifestyle searches conducted on sir.com outside the U.S. were by consumers from Asia

HONG KONG

68% of all lifestyle searches conducted in Hong Kong are for WATERFRONT properties
THE WORLD AT A GLANCE

ASIA

JAPAN

- 46% of all lifestyle searches conducted in Japan are for WATERFRONT properties
- 11% of all lifestyle searches conducted in Japan are for PRIVACY properties
- 9% of all lifestyle searches conducted in Japan are for MOUNTAIN properties
- 7% of all RESORT lifestyle searches conducted on sir.com outside the U.S. were by consumers from JAPAN

THAILAND

- 29% of all lifestyle searches conducted in Thailand are for WATERFRONT properties
- 22% of all lifestyle searches conducted in Thailand are for MOUNTAIN properties

CHINA

- 33% of all lifestyle searches conducted in China are for WATERFRONT properties
- 23% of all lifestyle searches conducted in China are for RETIREMENT properties
- 11% of all lifestyle searches conducted in China are for MOUNTAIN properties
- 35% of all RETIREMENT lifestyle searches conducted on sir.com outside the U.S. were by consumers from China
THE WORLD AT A GLANCE

AUSTRALIA & NEW ZEALAND

AUSTRALIA

39% of all lifestyle searches conducted in Australia are for WATERFRONT properties

11% of all lifestyle searches conducted in Australia are for COUNTRY LIVING properties

NEW ZEALAND

45% of all lifestyle searches conducted in New Zealand are for WATERFRONT properties

20% of all lifestyle searches conducted in New Zealand are for COUNTRY LIVING properties

10% of all lifestyle searches conducted in New Zealand are for MOUNTAIN properties
RUSSIA

83% of all lifestyle searches conducted in Russia are for COUNTRY LIVING properties.

27% of all COUNTRY LIVING lifestyle searches conducted on sir.com outside the U.S. were by consumers from Russia.
METHODOLOGICAL NOTES: The Sotheby’s International Realty Survey was conducted by Wakefield Research among affluent consumers ages 25 and older with 401 interviews conducted in the U.S., and 100 interviews conducted in the UK, 101 interviews conducted in Brazil, and 102 interviews conducted in China, between January 28 and February 18, 2014, using an email invitation and an online survey.

Results of any sample are subject to sampling variation. The magnitude of the variation is measurable and is affected by the number of interviews and the level of the percentages expressing the results. For the interviews conducted in this particular study, the chances are 95 in 100 that a survey result does not vary, plus or minus, by more than 4.9 percentage points for the U.S. sample, and 9.8 percentage points in the UK and Brazil sample and 9.7 among the China sample, from the result that would be obtained if interviews had been conducted with all persons in the universe represented by the sample.

Data from sothebysrealty.com: Google Website Analytics, sothebysrealty.com, January 1, 2013 – January 1, 2014