

# MANSION GLOBAL

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## Luxury Buyers Prioritize Security in Global Purchases

Region of origin and reason for investment impact other wants

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THE TAKE



Perched on the Hollywood Hills with panoramic views, this \$3.999 million listed home features state of the art security to include: safe core, biometrics, helipad and elevator access to all floors with covered parking for six vehicles.

BARCELO PHOTOGRAPHY

Everyone in luxury real estate knows that buyers prioritize and expect different features in their second, third and fourth international properties depending on where they're from and why they're investing.

For instance, Chinese buyers often purchase second homes for educational purposes, looking for properties near top-notch high schools and universities that their children might attend, experts said. Because they prioritize making good investments that have appreciation potential in the long-term and solid yields in the short-term, cities like Sydney, Vancouver, New York, San Francisco and Los Angeles are popular.

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Within those cities, they prefer to buy in the most in-demand, branded neighborhoods, like Beverly Hills 90210, and developments with name recognition, like Ritz-Carlton or Four Seasons residences.



A newly constructed contemporary spec build is listed for \$29.95 million on Shadow Hill Way in Beverly Hills.

*Simon Berlyn*

Middle Eastern buyers looking to purchase a vacation home in the South of France, on the other hand, similarly want that exclusive address—which can be found in areas of Cannes like Californie and Super-Cannes—as long as there is enough space for their extended family and staff.

But established Russian buyers in Cannes tend to go for a different type of property, and prefer a home that is peaceful and serene—and possibly a bit more off the beaten path, in a place like Mougins or Saint-Paul-de-Vence—said Beachamps Estates broker Mirka Mitleticova.

“As soon as we get a new instruction or new listing and have a look at it,” she said, “we know exactly who it will work for based on its location and features, and the typical needs of our international buyers.”

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However, both Russian and Middle Eastern buyers in Cannes and other cities around the world, as well as celebrities and industry titans from the U.S. and Europe, prioritize security above all else, experts said. This can mean moving into a gated community with on-site guards, considering properties with an advanced alarm system, or even requesting to see homes with panic rooms or biometric schemes that use fingerprint scanners or like technology.

“In designing and selling homes, the industry has come to expect that buyers are considering these security features,” said Sally Forster Jones, the president of the luxury division at the John Aroe Group in Los Angeles.

They’re asking questions like: “Can someone hop a fence and get into my yard?”, and “how do I protect myself from being photographed in my home by Google satellite cameras or drones?”, she said.

Having this information about security concerns and knowledge about what international buyers want more generally has in turn impacted how luxury properties are built, listed and sold in several ways.

## **From the developer perspective**

The [Four Seasons Private Residences](#) building in Los Angeles, which is being constructed across the street from the five-star Four Seasons Hotel in Beverly Hills, is likely to attract about 60% to 70% of buyers from international locations, said real estate investor and developer Jonathan Genton, the founding partner and CEO of Los Angeles-based Genton Property Group.

After launching the marketing and sales about a year-and-a-half ago in Singapore and Jakarta, properties in the 59-unit project, which is expected to be finished in spring 2019, are now about 40% pre-sold, Mr. Genton said.

While he agrees that every international buyer is interested in security and access to higher education when investing in a durable market, establishing trust is the most important thing a developer can do to secure a sale.

“Establishing trust is intangible,” Mr. Genton said. “It’s not a parking space, it’s not a spa and it’s not a pool. It’s getting a buyer to believe that you’re going to do what you’ve promised you’ll do. And with international buyers, it’s more important than anything else.”

After establishing trust, having a solid reputation and being backed by a well-known brand in a desirable location gives buyers the peace of mind that a property is worth their investment. “International buyers are cautious,” he said, “and the authenticity of a project is important to them.”

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Once a developer has established trust and is selling a property with solid brand recognition, they can start gathering information about what amenities would be meaningful and useful in their buyers' lives, Mr. Genton said.

This type of conversation is why he decided to include a 25-seat IMAX Theater rather than a 40-seat standard theater and a President's kitchen rather than a restaurant in the Four Seasons Residences, he said, and go for amenities that are, "simple, casual and high-quality."

## **From the sales perspective**

When it comes to luxury property sales, developing a sense of what types of international buyers are in the market and what types of features they're likely to desire is important, experts said. But because security matters to every international buyer, it's always a top selling point, said Peggy Fucci, the CEO of South Florida-based brokerage OneWorld Properties.

"We know that a family from Turkey is very different than a family from Brazil," Ms. Fucci said, "but when it comes to buying a property in Miami, their expectations are very similar when it comes to the security."

Both, she said, are likely used to living in a gated community in their home country, which is why buying a condo with the security of a doorman and private elevators often makes the most sense, she said.

Where she sees buyers diverge is on secondary needs, she said. For instance, while Brazilian or South American buyers want amenities, like a high-end gym, pool and spa, Chinese buyers don't tend to care as much about these features, but rather want convenience and access to transportation options. So, these are the features that she highlights when making a sale to these different groups.

Ms. Mitleticova said she uses international buyers' country of origin as shorthand for the type of property they're likely to be interested in when she goes on sales calls in the South of France.

For instance, a property in the trendy area of Californie near Cannes, with two villas on a huge plot of land that has incredible panoramic sea views, is listed by a Middle Eastern seller and will likely be purchased by a Middle Eastern buyer, she said.

Whereas when she was working with a Russian buyer from Moscow earlier this week, she showed him properties in the incredibly quiet and tranquil area of Mougins, that Asian buyers also tend to prefer.

He was particularly drawn to a traditional Bastide-style home made of stone, with a lot of greenery surrounding it and a little pond, that's currently owned by another Russian.

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“He told me he is looking for a property that feels like home,” Ms. Mitleticova said, noting that he liked a villa he saw earlier in the day, but felt it was a bit cold, and uninviting. “He said it’s almost like it needs to feel like someone just finished a cup of coffee and left it on the counter,” she said. There needs to be that homey quality, and heart.”

## **From the auctioneer perspective**

In addition to developers and brokers, Laura Brady, the founder and president of Manhattan-based Concierge Auctions, said she also considers what properties international buyers might prefer, and looks to historical bidding and sales data to make those distinctions.

In late-June, Concierge pulled together a portfolio of properties they thought would specifically appeal to Chinese buyers, and sold 14 of them in 36 hours. “We selected ultra-luxury properties that were move-in ready, with some brand recognition,” Ms. Brady said, noting that the portfolio sale was successful enough that the company plans on hosting another like auction soon.

“We found that because Chinese buyers are tech savvy, they’re comfortable with auctions, although typically for art or antiques,” she said. But the fact that all the property auctions are now on mobile and web applications means that it will be easy for international clients to get involved.

## **When a property appeals to many types of global buyers**

When all the typical features that international buyers prefer, like security and proximity to higher education, are already there, it’s sometimes the “wow factor” that ultimately makes the sale, said Ms. Forster Jones.

In Los Angeles, a newly constructed contemporary spec build she’s listed for \$29.95 million on Shadow Hill Way in Beverly Hills has that extra something that makes it stand out from the competition.



The panoramic views from downtown to the ocean in the newly construction Beverly Hill home.

*Simon Berlyn*

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For international buyers that crave security features, there's a gated entrance and garage, and a security system that uses biometric fingerprint technology. Then there's the world famous 90210 zip code and location that's just minutes away from Rodeo Drive.

There are panoramic views from downtown to the ocean, that international buyers often focus on, Ms. Forster Jones said, and a 110-foot long aquarium-type infinity pool, where you can see swimmers underwater from the lower entertainment levels.

Other unexpected elements include a putting green, a living green wall, a backlit onyx bar, and a six-car auto gallery that almost looks like a disco, with a shiny floor and mirrors everywhere.

"The materials are beautiful and there's a lot of drama," she said.

Once their main criteria are met, she said, "everyone is looking for something that's unique and different and special."

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