

The rich: Still bullish on real estate

Unlike many Americans, the wealthy still think their homes are great investments.

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NEW YORK (CNNMoney.com) — The very rich are different from you and me: they don't seem to be too worried about the current housing slump. At least that's what a new study released Monday found.

More than half of affluent homeowners expect their property value to appreciate at least somewhat during the next year, according to the Coldwell Banker Previews International Luxury Survey. A tenth of them expect significant gains.

The study polled 301 homeowners with million-dollar homes (two million dollars in California) and more than a million dollars in investable assets.

"These are very successful people and they still think that real estate is a good investment," said Jim Gillespie, Coldwell Banker's chief executive.

Overheated housing markets have cooled down

The results run counter to most industry watchers' predictions for a continued slump in the overall market. Some forecasts see home prices [dropping about 8 percent](#) for the two-year period through the end of 2008.

Part of wealthy home owners' optimism, according to Gillespie, is that the luxury market has held up nationwide during the recent slump.

It may also confirm a basic contrarian investing impulse found among many of the wealthy: the best time to buy is when others are selling. 40 percent polled say they may buy a second home this year.

Looking ahead, 36 percent of the affluent expect the price of their homes to increase significantly over the next five years and 58 percent expect at least some gain, according to the survey.

Women are even more optimistic, with 61 percent expecting some price increase during the next 12 months compared with 50 percent for men.

The wealthy also appear to want more space; 61 percent of those moving this year plan to buy a bigger house.

Gillespie pointed out, with some amazement, that almost half want to make the move because of the way their space is designed. "They're living in multi-million-dollar homes and they don't like their floor plans?" he asked.

Their new spaces are likely to include many features that were once very rare in American homes.

"What constitutes a luxury amenity is evolving," said Gillespie. "High-end kitchens and entertainment rooms now are givens."

Rate woes: the latest hit to home values

The survey found that 72 percent of the rich already have designer kitchens, 63 percent maintain formal landscaped gardens and 34 percent have wine cellars. Some 72 percent of their houses boast rooms devoted to entertainment. 30 percent of those report having rooms with theater-type seating.

The number one next must-have amenity, according to the study, is heated floors. 23 percent of wealthy homeowners already have them, and another 21 percent are considering their addition.

Other desirable add-ons include tennis courts (19 percent), kitchens in the master suites (16 percent) and putting greens or small golf courses on the property (16 percent).

Many of the arriviste amenities - boat docks, gyms, indoor pools - have to do with sports activities and maintaining a healthy lifestyle.

Retiring in style

The survey also questioned the wealthy about they want to spend their retirement. Chief among them were travel with 87 percent of females and 84 percent of males wanting to indulge in foreign travel and 77 percent and 71 percent planning on domestic trips.

Spending time with families was big for both sexes (64 percent men and 63 percent women) and the majority hoped to remain physically active pursuing sports (65 percent of men and 76 percent of women).

A significant proportion can't seem to picture themselves out of harness: 19 percent of men and 16 percent of women plan to start a new business after they retire.

Some 54 percent of men and 67 percent of women said their main activity in retirement is to just enjoy life.

With the luxurious homes they already own, that shouldn't prove too difficult. ■