It's more bricks and mortar for the über-rich

More than 80% of the world's richest people own two or more residences that they bought for personal use rather than as investments – and the total value of these properties jumped 8% in 2014 to more than US$3-trillion. These are the just-released findings of a new survey by global luxury real estate brokerage Sotheby's International Realty and private wealth consultancy Wealth-X, which details current real estate tends among the 211 275 individuals in the world who have $US30m or more in assets and are thus defined as Ultra-High Net Worth Individuals or UHNWIs.

This survey also found that:

*In 2014, the wealth of more than 7% of UHNWIsactually came from real estate, compared to 5% in 2013.

*Super-rich women value real estate assets more than their male counterparts, holding 16% of their net worth in such assets, on average, compared to less than 10% for men.

*UHNWIs with a net worth of US$30m to US$50 usually keep their primary residences for over 15 years and their secondary residences for over 10 years. Billionaires change one of their four properties, on average, once every three years.

*Secondary residences are typically 45% more valuable than primary residences; twice as big and set on grounds of around 4ha.

The current favourite real estate destinations for UHNWIs are Monaco (with 83% of its homes in foreign hands); London, New York City and Hong Kong, but certain "rural" areas around the world are gaining in popularity with more than 30% of UHNWIs owning a country retreat.

Currently, most super-rich buyers of secondary residences are from Russia, China, the Middle East and Brazil, but more than 6% of UHNWIs have relocated their primary residence to a different country from which they were born –and now keep their properties in their home countries as secondary residences. India is the leading country in this respect.

Meanwhile the survey report also forecasts that the "ongoing shift in the wealth creation cycle" from the West to the East will bring new cities – and especially new luxury developments within those cities - to the fore as favoured real estate investment locations.

"Another driver of this shift," says Lew Geffen, chairman of Sotheby's International Realty in SA, "will be the fact that no-one wants to deal with the traffic problems arising from increasing urbanisation everywhere – and that the super-rich have the option to avoid these problems by purchasing über-luxury apartments right at the heart of the cities where they do business, as they are already doing in Sandton, for example."

At the same time, the survey found, a growing trend of inter-generational wealth transfers will assume growing significance in the luxury real estate market over the next few years, because "luxury residential real estate is an asset class favoured by UHNWIs who inherit wealth". Such individuals currently hold 17% of their net worth in such assets, while self-made UHNWIs only have about 9% of their wealth in property.

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