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— Lisa Kent McNulty

1 homes

When money is no object,
does a softening market matter?

Not really, say many agents
who specialize in luxury properties.

Find out what it's like to work
with million-dollar listings — and
how to rise to the top.

By Sacha Cohen

elite



Listening to agents in the luxury real estate market, you'd never know there's been a housing downturn. Agents who work with the top 10 percent of the country's listings report that very little has changed, and in some cases, sales have even picked up over the past 12 months. Lisa Kent McNulty, a CRS member from San Diego, has (as of this writing) a stunning 8,900-square-foot property on the market for \$21 million. Is she concerned it won't sell? Hardly. Potential buyers include an Indian prince who isn't exactly worried about mortgage rates.

For buyers in this elite echelon — who often pay in cash for lavish properties — the economy's ups and downs, frankly, don't matter. "Wealthy buyers are less constrained by economic uncertainties and fluctuations in interest rates, so one generally expects to see strength at the top of the market," says Laurie Moore-Moore, president and founder of The Institute for Luxury Home Marketing in Dallas. "These buyers aren't just putting a roof over their heads, they are buying a desired lifestyle."

Sales of homes above \$5 million were up 11 percent in 2006 according to DataQuick Information Systems, a research company that tracks the luxury home market. "The stock market and economy are strong, and the luxury market is tied to consumer confidence, which is high," says John Brian Losh, founder of *LuxuryRealEstate.com*. "I look to 2007 to continue to be a strong market."

So what does it take to succeed in this ultra-elite world? More than you might think. Agents such as Todd Markus, CRS, and his wife and partner, Jennifer Markus, who cut their teeth on more moderate markets, earned an impeccable track record before being asked to join Kentwood Homes, an invitation-only brokerage that dominates Denver's luxury market. Early in his career, Todd's average home sale was in the high \$300,000s. Since joining Kentwood a year ago, the couple have completed 27 transactions with an average price of \$833,000.

Most of the homes they list are in tony neighborhoods such as Cherry

Photo by Dana Fineman

Dede Banks, CRS,
of Renaissance
Realty Partners in
Lake Forest, Ill.

McNulty's Web site for
Essencia, her \$21 million
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Go Upmarket

In Chicago's wealthy Lake Forest suburb, Dede Banks, CRS, who works at Renaissance Realty Partners, typically sells homes in the \$900,000 to \$3 million range. She gets most of her listings through referrals and is actively involved in community groups, such as the Junior League and the Garden Club. Here are her quick tips for agents looking to break into the luxury market.

1. Know the market inside and out. Check the MLS hot sheet several times a day so you know what's new and what has gone under contract.
2. Add to your real estate education every year.
3. Volunteer in the community you work in. It's a great way to make new contacts and expand your network.
4. Learn on the job by assisting a broker who sells in the luxury market.
5. Pay attention to details such as photos, competitive pricing, creative brochures, and a broker's open house with extras such as gourmet food and live music.
6. Plan on working full time. Clients at this level demand it.

Hill Villages and Greenwood Village, where there are a shortage of homes for sale. "If you have a house selling for \$250,000 or less, it'll probably be on the market for a year and you'll have to lower your price," says Todd. But on the high end, a property in a good location is likely to move quickly. "We get calls all the time from people who can't find homes in the best neighborhoods," he says.

Million-Dollar Marketing

The old adage "you have to spend money to make money" is especially true in luxury

housing. Appealing to sophisticated and wealthy clients means going above and beyond when it comes to marketing. Gorgeous, streamlined Web sites with all the bells and whistles and brochures printed on the highest quality paper with professional photography are *de rigueur*.

McNulty's site for Essencia, her \$21 million property, is an elegant Flash-based presentation that brings the remarkable property to life, while Markus shows his competitors' promotional pieces so clients can see the difference. "The marketing materials you'd use to sell a \$100,000



Robert Rancall

condo would never appeal to a \$2 million buyer," he says. Quality goes a long way, but targeting prospective buyers and tracking results is the other half of the equation. "We don't just send out postcards willy-nilly," he says. "We target and track everything."

The Institute for Luxury Home Marketing's Moore-Moore says that some of the most successful agents in the business host VIP, invitation-only soirees to market their properties. In one case, the agent partnered with purveyors of luxury products to create a home marketing event with tens of thousands of dollars worth of merchandise. To make sure the party is a hit, Moore-Moore advises agents to "think like Martha Stewart" by tying the home's best features to a theme. For example, a property with an amazing home theater lends itself to a Hollywood-themed party (complete with a classic movie playing in the background), while a fully equipped outdoor kitchen is the perfect place to stage a gourmet cooking demonstration by a well-known local chef. "The goal is to create a memorable event, showcase the property, generate buzz and give prospects a taste of what it would be like to own the home," she says.

Great Expectations

The upper 10 percent of the market allows little room for mediocrity. From marketing to personalized service to real estate knowledge, agents have to be at the top of their game. And it doesn't hurt to bring

CRAZY for CONDOS

The rise of condo-hotels opens new possibilities for agents looking to break out of the mold.

No yards. No stress. No fuss. Those elements have long been a selling point for condominiums. And while the idea of condos has been around for decades, the luxury condo-hotel trend only recently has taken off in many major U.S. cities, especially Las Vegas, Chicago, Miami and New York. For CRSs, this is an intriguing new niche market waiting to be tapped.

In a condo-hotel, buyers — from single professionals to baby boomers with families to retirees — purchase space in trendsetting hotels such as the W and Ritz-Carlton or in other large-scale properties. The hotels rent the units when they're not in use, and buyers receive a share of the rental earnings, along with upscale amenities such as concierge service, gym and spa facilities and often a private elevator.

While traditional housing markets have typically slowed and in some places, dropped off, demand for condo-hotels in some markets is heating up.

"There came a time when the market had reached a plateau," says Keith Kelley, CRS, of Dyson and Dyson Associates in Las Vegas. "But there has been tremendous economic and population growth here since then. With that comes the condo-hotel. People make the investment and have it taken care of the rest of the year."

Luxe Living

Some condo-hotel developments in Las Vegas, Chicago and Miami are selling out before construction even starts. For example, Towers A and B of The Residences at MGM Grand in Las Vegas are completed and already sold

out. Construction on Tower C will finish by the middle of this year, and less than 90 residences remain available, with prices ranging from \$650,000 to more than \$2.5 million. In Miami, the W South Beach Hotel and Residences, which will open in 2008, has already sold more than 60 percent of its units out of 419 total, offered from approximately \$700,000 to \$8 million.

But some REALTORS® believe the market for luxury condo-hotels is an uneasy one, with sales dropping slightly over the last year as the market becomes saturated and competition increases.

"There's a lot of supply, and demand has fallen off," says Karen Breen Elia, CRS, of Sudler Sotheby's International in Chicago. "The pressure of new construction has proven that the market for luxury condo-hotels is not so insular."

Although the sales loss has not been drastic, it still has been noticeable, says Elia. In three major Chicago neighborhoods (Streeterville, River North and the Gold Coast), 345 condo-hotel units were listed for more than \$1 million. Since June 2006, only 94 have closed and 63 are under contract.

Still, forecasters predict the condo-hotel market will continue to grow. "People want to buy high-end condos because of their easy and lavish lifestyle," says Susan Rao, CRS, of WC & AN Miller in Washington, D.C. "It's a safe investment [in Washington], since we live in a very affluent area with no lack of wealthy buyers."

—Meredith Stanton



The Residences at MGM Grand.

Best & Worst

Think the luxury niche is for you? The Institute for Luxury Home Marketing's Laurie Moore-Moore weighs in on the best and worst aspects of this market.

Best

- Higher income potential
- Fewer competitors
- More resistant to economic changes
- Personal satisfaction
- Peer recognition

Worst

- Lower conversion rate
- Longer selling time
- More demanding
- Killer competition
- Higher investment
- Greater complexity

something extra to the table. Take L.K.M. Estates's McNulty. She started reading *Architectural Digest* at eight years old. "I've always aspired to good design," she says.

When she got into real estate 18 years ago, she nabbed a referral to market a house designed by Charles Slert, a famous San Diego architect. "I was knowledgeable about architecture and design, and the sellers wanted someone who could sell something very expensive and be able to relate to a wealthier person," she says.

"These aren't just homes, they are trophies and works of art. The more you edu-

cate yourself about the architecture and amenities, the more successful you'll be." McNulty is also fluent in Spanish, which helps her sell to high net-worth clientele from Mexico who are looking to invest in the U.S. market. "If I can chat with them in their native language, it helps build rapport and trust," she explains.

Another way to set yourself apart is with technology. Kentwood's Todd Markus runs a paperless office, relies on e-mails instead of faxes and responds to calls and e-mails immediately. "These buyers and sellers expect it," he says.

And that's not all. Markus is a stickler for education, taking as many courses as he can to stay on top. And he works to keep ahead by previewing the competition. "Tour other properties and make sure you're up on the inventory," he says.

"These buyers are so swift and so sharp, you don't want them to catch you off guard," cautions Markus. "If you want to succeed and gain their respect, you have to prove that you can keep pace with them." 🏠

Sacha Cohen is publishing manager for *The Residential Specialist*.