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Fractional profits

How can you make sure you're one of the success stories of fractional selling?

Changes in China

More and more Chinese are buying abroad - but what do they really want?

OPP interview

South East Asia is a vibrant and rewarding market - Andrew Batt tells us why

WORDS | John Howell



The life of luxury

Despite the troubles in many economies, the exceedingly rich still have cash to burn. What better to spend it on than an incredible house? OPP takes a look at some ‘super homes’ at both ends of the luxury property price spectrum – from the ‘crown jewel’ Versace mansion to a more modest (but still very decadent) apartment

Whatever the economic climate, the rich remain rich. In fact, not only do they remain rich but, in difficult times, they tend to get richer!

There are, of course, more and more rich people. In the world there are about 10 million millionaires. In China, it's estimated that there are close to 1 million millionaires and 600 billionaires. They were not there a decade ago. In India there were 175,000 new millionaires last year.

Add that to the football players, pop stars, oil tycoons, drug dealers and super-successful businessmen and there are a lot of people with a lot of money to spend – and, especially if they are newly rich, they like spending their money.

No wonder, then, that sales of expensive cars, jewellery and luxury houses seem to be recession-proof and no wonder that a few canny agents have chosen to specialise in this market.

So what is available? Who is buying and how do you sell to them? Does super property need to be super-expensive or can you tap in to the same trait of human nature that wants something special but sell something

affordable by mere mortals?

I took my Ferrari, a couple of magnums of champagne and my trophy wife on a quick trip around the world to see what was going on.

First stop, of course, was the US. They do rich so well. In fact, being America, there are multiple agencies and websites devoted to servicing the needs of the super-rich and those who want to gawk at them. Step forward www.toptenrealestatedeals.com. They specialise in promoting houses owned by celebrities or that are super-expensive: often the same thing.

Recently, the owners of Gianni Versace's mansion in South Beach, Miami kindly put it on sale. Now this is a serious piece of property, in truth more of a palace than a mansion.

Casa Casuarina, to give it its official title but better known as the Versace Mansion, is priced at \$125 million. Yes, that's right. \$125 million. The big price tag ties it with the Fleur de Lys Mansion in Los Angeles as the most expensive home listing in the United States. In fairness, Casa Casuarina is one of the largest mansions in Florida with 19,000 square feet (1765 square meters), 10 bedrooms and 11 bathrooms. It is truly

spectacular, as you would expect from something designed by Versace. But \$125 million?

The Versace Mansion definitely has location. It is in the middle of Miami Beach's South Beach neighbourhood across the street from the Atlantic Ocean. It is just a few steps from the area's hottest bars and popular restaurants.

“Does super property need to be super expensive or can it be something special but affordable?”

The mansion was built in 1930 by Alden Freeman, who was an architect and philanthropist with connections to the Standard Oil fortune. He modelled the home after the Alcazar de Colon mansion in the Dominican Republic.

Alcazar de Colon was the home of the son of Christopher Columbus and the oldest existing house in the Western Hemisphere. After Freeman died in 1937 the home was purchased by Jacques Amsterdam, who called it The Amsterdam Palace.

From 1937 until 1992 when Gianni Versace purchased the property, the home was something of a crash pad for various hipsters and intellectuals, and the estate's upkeep was spotty.

Versace bought The Amsterdam Palace and an adjacent plot in 1992 for almost \$10 million, and then spent millions to restore the home to its former glory. He added a 6,100 square foot south wing, a mosaic-covered courtyard, frescoes on the home's walls and ceilings and a gold-lined swimming pool with over a million hand-laid mosaic tiles. Versace invested about \$33 million in the place and renamed it Casa Casuarina. Versace died in 1997 when serial killer Andrew Cunanan shot him twice in the head on the estate's front steps.

After Versace's death, Casa Casuarina was purchased by telecommunications millionaire Peter Loftin at a bargain price of \$19 million for the property and most of the home's art. If the property sells for anything like \$125 million, that looks like the most spectacular of bargains.

Loftin later leased the home to Barton G Weiss and his Barton G Group who operate it as a very

expensive boutique hotel with 10 suites. Rates start at about \$900 per night and go up to over \$2000. It is one of South Florida's most popular tourist stops with a never-ending line-up of vacationers posing for pictures on the front steps where Versace died.

The home's 54-foot mosaic pool, abundant frescoes on the walls and ceilings, incredibly intricate and colourful tile work, marble, fountains, old-world statues, elaborate window treatments, arched doorways, open-air courtyard and lush Florida landscaping are some of the estate's many attributes.

The property is listed with The Jills of Coldwell Banker Residential Real Estate, one of South Florida's top real estate teams consisting of Jill Eber and Jill Hertzberg. In a press release announcing the sale, Eber said, "The Casa Casuarina is the crown jewel of luxury real estate. This is not only the most well-known property on South Beach, but it is known world-wide for its elegance, style and attention to detail throughout every room."

The \$125 million price tag is high, but it is a one-of-a-kind property in a location that is popular with wealthy potential buyers throughout the world. Russian billionaires have been particularly active in the Florida market in recent years. Vladislav Doronin from the Moscow-based Capital Group bought Shaquille O'Neil's Miami Beach home last year for \$16 million, and Roustam Tariko from Russian Standard Vodka paid over \$25 million for another Miami Beach estate. Russia's Dmitry Rybolovlev bought Donald Trump's Palm Beach mansion in 2008 for \$100 million.

So, if you have a bit of cash going spare, you might want to jump in quickly!

For more details about the Versace mansion go to www.tiptenrealestatedeals.com/homes/newsworthy/the-versace-mansion

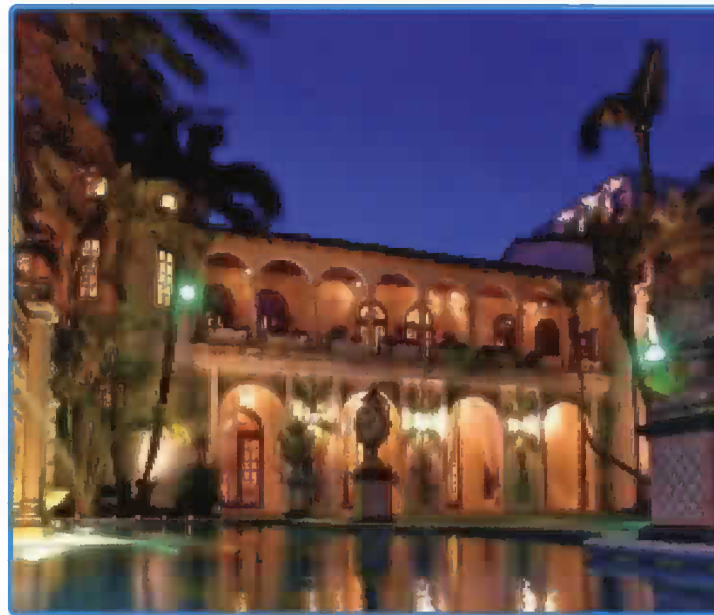
However, not everybody wants to spend \$125 million. Fortunately, the world is awash with luxury property carrying a more modest price tag. One of the specialists in this field is the Swiss Development Group.

They have launched the Du Parc Kempinski Private Residences, a commanding Belle Époque-inspired property just an hour from the business hub of Geneva. It sits amidst the UNESCO protected vineyards of the Lavaux overlooking Lake Geneva and offers panoramic views of the Alps. On completion in 2013, the property's 24 freehold apartments, fully managed and serviced by the neighbouring 5 star hotel Le Mirador Kempinski, will be on the shopping list for high net worth individuals in the market for a scenic alternative to city living. Apartments in phase one, which was launched last year, sold out and now we see the opening of phase two with a further 11

apartments for sale. Owners will also be able to enjoy an exclusive Davidoff Cigar Lounge and Givenchy Spa as well as receiving membership to the Mirador Country Club. Two-bedroom 200 square meter apartments start at about CHF 6.3 million (\$6.6 million).

Swiss Development Group specialises in the development of high-luxury, landmark real estate projects, including five-star hotels and luxury private hotel residences both in Switzerland and abroad. Who buys them and why do they choose their product? Of course, the buyers are rich. They come from all over the world but many are from Europe and many of those from eastern Europe. Most do not need a mortgage.

According to Nicolas Garnier, the CEO of the Swiss Development Group, many of the buyers are attracted not just by the obvious luxury of the apartments and the facilities they enjoy but by the brand associated with the apartments.



Something special | the Versace mansion is an astounding example of luxury

It is as if having the nice things is not enough. Your friends who have never seen them must know that they are nice by the brand attached to them.

For more details of the Du Parc Kempinski Private Residences see www.sdg.ch/project/69

These apartments on the lake are, perhaps, at the bottom end of the true luxury market. If you want luxury, but cheaper, you may need to look at fractional ownership.

Le Palace des Vosges is an outstanding and unusual example of a luxury fractional ownership product. The concept was very simple. There are lots of Americans (and others who live a long distance away) who love Paris, who adore the Marais and who would give their right arm to spend one month each year right at the centre of this extraordinary place. Split 13 ways, the cost of even a lavish apartment

becomes affordable.

By an extraordinary stroke of luck, the perfect property became available. Not only was it located in the beautiful square called the Place des Vosges – without doubt, the best address in Paris – but it was part of the original structure erected in 1605. Better still, it was not

“It is as if having the nice things is not enough. Your friends must know they are nice by the brand”

on the main square but in a private courtyard just off the square where you could enjoy all of the amenities in greater peace and tranquillity. Even better, it needed complete refurbishment, allowing the building to be restored to the standard required.

So it was that a small group of private investors came to buy and

400-year-old beams and château stone tiled floors. The ceilings are more than four metres high and every inch has been restored to ultimate luxury for a dream stay in Paris. It's a perfect home away from home.

They are now selling on the fractions, each giving the owner a one-thirteenth share in the ownership of the property and the exclusive use of it for four weeks per year. Prices start at about \$175,000 – which looks a little more affordable if you can put up with only enjoying this luxury for four weeks per year.

For more information, see adrianleeds.com/le-palace-des-vosges or contact Roy Brazier at palacedesvosges@gmail.com.


How do you sell this type of property – and how do you target this type of buyer?

Some of these spectacular properties are accessible via MLS systems and so can be sold on a split commission basis but, worldwide, most are listed exclusively through one particular agent. Selling those will involve you approaching that agent to try to negotiate an introducer's commission. That is not easy unless you have experience in the field and a presence likely to attract the right calibre of buyer. Most of these agents would not want their image tainted by association with 'amateurs'.

The alternative, of course, is to capture the sellers directly. To do this is hard work. Many sellers prefer to deal with the big names in the industry but I know of some small agents who have built up a solid reputation by servicing the needs of the very wealthy to a very high standard in a very small area.

Compared with the task of finding suitable properties for sale, the task of finding potential buyers seems more straightforward. This does not mean to say that it will be easy. The first requirement is a good website on which the properties can be appropriately displayed. Then you have to drive traffic to that site. We all know how expensive that can be.

Should you place your expensive properties amidst your more lowly offerings? Opinion is divided. The consensus seems to be that if you have a large website with a large number of properties you can get away with having the top end properties in a suitably flagged area of your main site – but if you only offer a limited range of properties and many of them are low cost, you are better off with a dedicated 'this is an expensive property' website. People shopping in this price bracket often do not wish to be associated with the hoi polloi.

Getting involved in this market is not easy but the rewards can be substantial. Commission rates will be lower than on more modest property... but think about 1% of \$125 million! 

restore the property. This was a long and painful process, not to mention being extremely expensive, but the end result is a superb luxury two bedroom two-and-a-half bath apartment for half the price of an ordinary studio in the Marais. They called it 'Le Palace des Vosges'.

Le Palace des Vosges is located on the courtyard adjacent to the Michelin-rated three-star restaurant, L'Ambroisie just one door down from the entrance to the gardens of the Hôtel de Sully – an oasis of calm in the very centre of Parisian life. The apartment is 81 square meters (872 sq ft) with two beautifully decorated bedrooms and two spa-like en-suite bathrooms.

You enter through the main door which is part of a two-story high glass panelled wall into a large and spacious elegant living/dining room and open gourmet kitchen that has huge