

LIBERA UNIVERSITÀ INTERNAZIONALE DEGLI STUDI SOCIALI

Department of Management

Luxury, Fashion and the Creative Industries

**THE LUXURY REAL ESTATE MARKET
ON THE WEB –
WWW.LUXURYESTATE.COM**

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ACADEMIC YEAR 2015/2016



Department of
Management

Chair of
Luxury Management

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*Alle persone che mi hanno
supportato e sopportato in
questi anni..*

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CHAPTER 1: INTRODUCTION

1.1 Background of the Study

During a few of the previous decades, the market for the products and services on the internet has emerged as an enormous network of the people, connecting them from all over the world. The growth rate of internet usage in the last 16 years (2000-2016) is as high as 918% as described by Internet World Stats (2016)¹. This enormous focus of people using online media has created a massive marketing platform in the digital area for the business organization in order to do their work. Today people use the internet for many purposes which go beyond connecting with society. It is also used as a tool for developing their personal network, sharing experiences, searching entertainment and getting information. The usage of the internet, along with the factor of enhancing the customers' online experience, is transforming the world market into a borderless place for exchanging products without any type of time and geographical difficulties in order to access the customers. The business organization nowadays have realized that there is a shift of power from the seller of products to customers of the products due to digitalization in which the information travels with the speed of lightning and purchase transaction can be made in one click. Hence, approximately all of the organizations are becoming the part of the business world that is digitally connected for maximizing their opportunities for improvement of customer relationships, market expansion, reduction of cost of production and efficient operations ².

With the passage of time, a number of technologies and devices advances are being made around the world. These advances affect all aspects of the business organizations. According to Kirca et al., (2005)³, from variety of ways for purchasing a product to various kinds of communications, professionals from business concerns need to keep up with

¹ Internet World Stats, 2016. *World Internet Users Statistics and 2016 World Population Stats*. [online] Internetworldstats.com. Available at: <<http://www.internetworldstats.com/stats.htm>>

² Strauss, J., 2016. *E-marketing*. Routledge.

³ Kirca, A.H., Jayachandran, S. and Bearden, W.O., 2005. Market orientation: A meta-analytic review and assessment of its antecedents and impact on performance. *Journal of marketing*, 69(2), pp.24-41.

modern technological options for becoming successful in competitive business environment, The use of technological advancements are not only restricted to efficient production or rendering efficient services, but it has provided the business organizations with a number of ways for advertising their products and services to a variety of demographics. As per the sayings of a real estate analyst from Costar National, Heschmeyer (2010)⁴, online marketing and business specifically after the advent of social media is transforming the businesses into a more convenient activity to undertake. The widespread acceptability of many online tools for doing business by customers, in which the business professionals are encouraged to operate by adopting online tools and techniques of the business. Whether through email marketing, business websites, social media or blogs, organizations are taking off in various ways and owners of the business concerns are observing an improvement in business performance as a whole due to the ease of operating and easy access to the potential as well as existing customers. There is a lack of appropriate level of research on the topic of technology and its impacts on real estate business. However, this does not portray that these technological advancements have not affected the real estate business and its operations in any way.

According to the study of Stetelman (2012)⁵, smartphones ring continuously, the customers of real estate are always in search of the new estate, and innovations are being observed for directing the problematic situations before even occurring of these issues. The real estate market is reemerging after its rapid slowdown in the year 2005 when the lender banking institutions became increasingly stringent. The real state sector is predicted to be fully recovered by a California State Universtiy's real estate specialist Andrew Hansz, however, he insists that it will take a longer time period for returning to its previous state (Kissell, 2013)⁶. Due to the continuous rise in this area, the real estate business possess availability of new opportunities for marketing the real estate. Concurrently, the use of online means of accessing the good and services through emails, websites and social media

⁴ Heschmeyer, Mark., 2010. Many in CRE Industry Embracing the Social Networking Phenomenon. US National Real Estate News, 26-39.

⁵ Stetelman, S., 2012. Perspectives on Technology Change and the Marketing of Real Estate.

⁶ Kissel, C., 2013. Housing Market Healing, but Recovery Takes Time. Fox News. [online] Available at: <<http://www.foxbusiness.com/features/2013/04/09/housing-market-healing-but-recovery-takes-time.html>>

is growing and expanding at an astounding speed. Numerous individuals and organization nowadays are advertising their products and services on their websites or through social media including Twitter and Facebook. Although a little data and genuine information related to marketing campaigns of real estate marketing can be observed on social media, however, real estate websites are the famous medium of buying and selling residential, commercial or luxury real estate and is being preferred to be used by buyers as well as sellers.

During the year 2012, Robert J. Pliska (2012)⁷ a commercial expert of real estate presented a journal paper named “Real Estate Issues”, which explained that the use of online media and internet for better interaction between buyers and sellers now is the necessity for professionals to be successful. He discussed this importance by quoting the words by Wayne Gretzky, “A good player plays where the puck is. A great player plays where the puck is going to be” (48). In the business of real estate or any other business organization, he believes that online media is an important competitive factor. He mentioned that around 83% of the decisions of buyers, related to real estate and other product and service buying, starts with a research on google. He insisted that if business entities do not focus on establishing their presence on online media like the website and social media, they may face competitive disadvantage than their competitors.

Due to the importance of the internet and online marketing models of real estate business and the fact that this topic is understudied despite its importance. Is crucial to research about this matter. As all real estate agents and companies use these media to make an endeavor at persuading the customers, hence like traditional methods of marketing, online media is also sought-after the end consumers. On the basis of this background, this chapter will include the objectives of the study, research questions, significance and purpose of the study, the overview of the case study and outlines of the upcoming chapters of the study.

⁷ Pliska, R.J., 2012. Social media: identifying the business opportunities: the personal experiences of a social media user. *Real Estate Issues*, 37(1), pp.48-53.

1.2. Overview of the Luxuryestate.com

The main focus of the study is luxury estate websites, from which the luxuryestate.com is the most prominent because this site is the most visited website which gives the global visibility to its customers. The online service of the website is managed by the Luxury Media Limited, which is registered in England and Wales. The company launched in 2011 and provided its services to customers for purchasing and renting the luxury home. The website has included the wide variety of luxury homes and various choices for customers to select most suitable and luxurious places in the world whether the Villa in Tuscany, apartment in London or Castle in the Loire. The online services of the company can be used by downloading the smartphone app. The website is designed as to attract the customers with beautiful scenes and images. Also, the luxuryestate.com has its own blog where the display of images and variety of luxury homes in different countries attract the client for booking or investing. The core markets of the site are Asia, USA, and Arabic countries. In addition, the website has the options of different languages for providing their services in the whole world. The languages include ENG, FRA, TED, CIN, ITA, RUS, SPA and POR/BR. The major competitors of the company are Luxuryportfolio.com, Luxuryrealestate.com, and Luxuryhomes.com (Luxuryestate.com).

1.3. Online tools

A number of software packages are used to approach potential buyers and which helps to generate a customer lead. It has shown in a recent survey that 80% of home purchaser search online for starting the buying process (Weintraub, 2016)⁸. Users visit the real state service providers' websites while visiting this site user went through the landing page where the lead is generated or not. If the potential buyers leave their contact information, then they generate a lead or if they are not interested they will leave without any information then they consider non-lead. In the case of the luxury real estate, luxuryestate.com is the landing page, which is designed to attract the users with different choices and interests. This study aimed at to discuss those tools which can help in lead

⁸ Weintraub, E., 2016. *How to Write a Home Purchase Offer in a Buyer's Market*. [online] The Balance. Available at: <<https://www.thebalance.com/writing-purchase-offers-in-a-buyer-s-market-1798847>>

generation. These tools can be used to automatically generating leads and assist real estate service providers in capturing potential customers. There are many frameworks and CRM software which can help in lead generation.

1.4. Importance of Real Estate Websites

According to Trefethen (2013)⁹, potential customers search out websites for buying the property rather than engaging a realtor. Moreover, National Association of Realtors pointed out that 92 % people searched online websites for searching suitable property and homes¹⁰. By evaluating the real estate website traffic numbers, it is evaluated that real estate searches are the most popular means for large investment in property and homes. Hagey (2014)¹¹, stated that in one month of February, 316 million people visit the online real estate websites. These visitors can be realtors, sellers, website developers or homebuyers. An online search for the property is not only limited to the desktop computer but the mobile apps and device users are included in the website traffic, it is reported by two major websites such as trulia.com and Zillow.com (Hagey, 2014). Many sites provide the full site view and neighborhood, for example, the preferable locality, weather conditions in that area, hospitals, clinics, schools and other necessities of human lives near the home and property which customer wants to buy.

1.5. Problem Statement

The most important investment of human being in the life is home purchase and the selection of the home is most challenging. Due to this reason, investors search out from different sources for the best place. Moreover, the rapid development in technology and information technology provide the variety of ways to find best. People have awareness

⁹ Trefethen, 2013. Online real estate sites transforming industry. [online] Real Estate Weekly. Available at: <http://bi.galegroup.com.libproxy.usc.edu/essentials/article/GALE|A323659119/4c9137a066b029a6ce1d9bf73df5a31f?u=usocal_main> .

¹⁰ National Association of Realtors, 2013. highlights from the 2013 profile of home buyers and sellers. [online] Realtor. Available at: <<https://www.nar.realtor/reports/highlights-from-the-2013-profileof-home-buyers-and-sellers>> .

¹¹ Hagey, 2014. Zillow, Trulia, realtor.com now capturing 1 in 2 desktop visits in real estate category. [online] Inman News. Available at: <<http://www.inman.com/2014/03/03/zillow-trulia-realtor-comnow-capturing-1-in-3-desktop-visits-in-real-estate-category/>>

about right and wrong and they search advantages and disadvantages of all things which they need in their life. For buying property, most of the people search out real estate websites for getting more information and critically evaluating their demands and available properties. Due to growing demand of real estate websites and their exposure to people, it is examined in this study that on what extent online real estate especially luxury real estate markets grow, compete and differentiate itself from offline real estate market and among themselves? Also, this study will elaborate that what online tools can be used to expand online real estate websites' user base?

1.6. Significance of the Study

The online real estate industry is developing with the advent of technology and luxurious lifestyles of the people. With the development of industry, working force in the industry is being more conscious about marketing and publicizing themselves before their competitors do. They want to become more aware of customer demand and try to attract them with different strategies. Due to highly competitive market, everyone wants to beat other. This study will explain the importance of online real estate market and the online tool to expand the user base. This study will help agents to approach their customers with better places and properties. Also, this study will give information to people about online real estate services and websites which can provide them with best. The research work on this topic is not available, this study will also provide a new phenomenon to research on, as the growing trends of the online real estate market have shown its importance it needs to be discussed on the higher level.

1.7. Aim and Objectives

The aim of the study is to evaluate the importance of real estate websites generally and luxury real estate websites' importance specifically. Additionally, the effect of the internet on the real estate industry and why luxury real estate websites are better than other.

- To study the phenomena that lead some places to be more attractive than others and the dynamics that move these markets.

- To analyze the real estate websites and the importance nowadays of the online real estate market even if is a market that then develops offline.
- To explore different platforms of online real estate and how they differ among themselves?
- To describe Online tools, use to expand their user base.
- To discuss the luxury real estate market online is easier to develop on specific sites that manage to give greater visibility.
-

1.8. Research Questions

For achieving the above-given objectives there are following questions which should be answered properly.

1. To what extent consumers informed through websites about online real estate service providers and pertinent information about the real estate services?
2. To what extent do customers approach the internet to get the real estate information?
3. To what extent do consumers consider the luxury real estate important for them and their point of view regarding information on the internet to find a luxurious place?
4. To what extent internet has provided help to real estate agents and consumers in decision making for buying and selling or renting the property?
5. Which online tools, the real estate agent can be used to approach consumers in a timely manner?
6. How the luxury real estate agents use the internet and various online tools to be competitive?

1.9. Outline of the study

The first chapter of the study is introducing the real phenomenon briefly. In this chapter, the objectives of the study due to which problem arise and motivate the researcher to conduct the research. This chapter elaborates the all related aspect of the real estate websites, the importance of website which provides real estate and luxury real estate

services, the overview of the company which is mainly focused on discussing the phenomenon and background of the study. The second chapter about the different types of real estate services such as residential real estate online, commercial real estate online and luxury real estate online. These all providing their variety of services through websites to capture the potential customers.

The third chapter is about online marketing strategies in which the instrument of web marketing, the technology which is used to expand the online user base and communication channels through which real estate firm and consumers communicate with each other. The third chapter is about Luxuryestate.com its history, direct and indirect competitors, the way of communication and strategies adopted by the firm to communicate such as their blog and technology which is used to attract and capture the potential customers. The last chapter is based on the summary of results, recommendation for the future research to enhance the reliability of their research work and limitation of this study which should be avoided in the further research work regarding this topic.

CHAPTER 2: THE REFERENCE SCENARIO

2.1 Residential Real Estate

According to National Association of Realtors (2016), as per the poll conducted, the profile of potential buyers of homes who searched for homes through the internet in 2016 is as follows:

Average age is 41 years

Average income is \$90000

The % of first-time buyers is 36%

The 87% of buyers already own a home

The % in which brokers involved is 91%

The average price of home is \$230000

The buyers that are satisfied by the process of buying home are 92%

According to the answers of home buyers collected through a poll conducted by National Association of Realtors, 74% of potential buyers preferred to use the internet as a part to search for the home. To use the internet in buying process does not indicate the end of real estate business (Real Estate Metrics, 2017)¹². In the poll, the buyers were asked about the information sources they would prefer to use while searching for a home and the 69% of the potential buyers responded that they would go for a real estate agent to get information for home. From this response, we can assume that the people along with real estate agents are using the internet in addition to getting more information about the homes (National Association of Realtors, 2016)¹³.

Use of internet to search for real estate does not put the real estate business at risk, but it shows that the people are shifting from the old traditional ways to get information.

¹² Real Estate Metrics, 2017. Growth of Commercial Real Estate Sales Online. [online] Wwwmetrics.com. Available at: <<http://wwwmetrics.com/commercial-real-estate.htm>> [Accessed 5 Feb. 2017].

¹³ National Association of Realtors, 2016. 2016 Recent Home Buyer and Seller Profiles. [online] www.nar.realtor. Available at: <<https://www.nar.realtor/reports/2016-recent-home-buyer-and-seller-profiles>>

Newspapers and real estate magazines were heavily used by the home buyers to get information in past. At present, the answers to a poll conducted by National Association of Realtors indicate that only 9% of the buyers still use newspapers to get information about the home while the buyers using the magazines or home books are only 6%. This indicates that the online marketing of real estate is affecting the traditional system (Metrics, 2017)¹⁴.

In the same poll by the National Association of Realtors, the actions of potential buyers were analyzed after they took information from the internet. The result of poll indicates that almost half of the potential buyers visited the place they searched on the internet. On the other hand, 29% of the potential buyers got to know about a real estate agent through the internet and almost 21% of the buyers drove by the home they searched. From these statistics, the status of services related to real estate can be analyzed. The status of real estate business is still flourishing physically after the involvement of internet contrasting from the travel industry where the whole process of booking of tickets and getting information is online. The internet is now used as an addition to the old research methods used by the home buyers. A major portion of potential buyers is using both the internet and the real estate agents (Metrics, 2017).

To meet the customers' changing habits, the real estate agents are showing positive response towards the online system of real estate business and shifting towards the modern technologies. The result of the poll conducted with the agents shows that almost half of the agents are buying the smartphones and other gadgets with the internet to get in touch with their customers effectively. They further said that in addition to the ads in newspapers and magazines they are now giving ads online as well. Some agents have their own sites developed for this purpose while some are using the sites made for this purpose i.e. Realtor.com and Multiple Listing Service sites. The Multiple Listing Service sites are important as they contain the information gathered from other popular sites i.e. Zillow and Redfin. Real estate agents are using advanced technologies and as per the poll, 84% of the

¹⁴ Real Estate Metrics, 2017. Growth of Commercial Real Estate Sales Online. [online] Wwwmetrics.com. Available at: <<http://wwwmetrics.com/commercial-real-estate.htm>>

agents said that they are using social sites to market themselves (National Association of Realtors, 2013)¹⁵.

With the passage of time, the researchers of new homes are relying more on digital or online services. Buyers are searching online to get information for a home in order to make a good buying decision. The consumers are watching videos, searching through search engines, they are visiting review sites and using Smartphone and other gadgets to collect information. This idea of searching online is called Zero Moment of Truth which says that “to buy, now there is no need to go out to a shop physically”, as in our case we can say that there is no need to go to the office of the broker to get his services. According to this idea of Google, the sales process is now changed. The consumers are in fact doing their homework as they are getting information from the internet before going to the agents. The consumers are switching to the technology that suits them (National Association of Realtors, 2013)¹⁶. They search by themselves then check the reviews to get more information like price, reliability, rating etc. The people now are using multiple sources like they watch ads on T.V, in newspapers, in magazines, on different sites, especially on social media sites. They also visit the stores to look closer at the products physically and then again they get back to the Zero Moment of Truth to get more information (The Digital House Hunt, 2016).

The case is not different for the potential home buyers. Now, the agents are aware of the fact that the people are now connected to the internet and already gathered some information. Almost 90% of the present buyers depend on the internet to get initial information. Actually, a 22% yearly growth is recorded in searches of real estate on Google. In addition to this, almost 20% of such searches are done through mobile devices and searching the real estate using mobile phones is grown by 120% during the years 2011 to 2012 (The Digital House Hunt, 2016)¹⁷. In today’s digital era, where the most processes

¹⁵ National Association of Realtors, 2013. highlights from the 2013 profile of home buyers and sellers. [online] Realtor. Available at: <<https://www.nar.realtor/reports/highlights-from-the-2013-profileof-home-buyers-and-sellers>> .

¹⁶ National Association of Realtors, 2013. highlights from the 2013 profile of home buyers and sellers. [online] Realtor. Available at: <<https://www.nar.realtor/reports/highlights-from-the-2013-profileof-home-buyers-and-sellers>> .

¹⁷ The Digital House Hunt, 2016. The Digital House Hunt | 1-2-3 HomeKeys. [online] 123homekeys.com. Available at: <<http://123homekeys.com/2016/05/25/title-for-article-two/>>

are digital and complex and are continuously changing, it is very difficult to capture the attention of a potential home buyer and to have a successful real estate business and a personal real estate website. Google and National Association of Realtors jointly conduct this study to help the real estate professionals in their processes. Through research, this study focuses on to help the real estate agents to understand the current state of businesses where the digital strategies through websites, social media sites, newspapers, magazines and T.V ads for marketing are used to reach the potential buyer. By using these types of strategies, REALTORS and brokers can find a better way to adjust to the current needs to drive their businesses further (National Association of Realtors, 201).

The Highlights of report tell us some facts that should not be missed:

- Online searching is used by 90% of the potential buyers during home buying process
- On Google.com, in last four years, the real estate related searches are increased by 253%
- Different online tools are used by the customers on different stages of home buying process
- The importance of website for buyers
- The involvement of mobile technology
- The satisfaction of buyers after watching related videos
- How age and gender affect the buying decision of real estate, offline and online
- Top states where these activities are happening largely
- While watching T.V, mobile device is used by 36% of the potential home buyers
- Home buyers that are using search engines for getting information are raising their hands in order to ask for the more information and help.

On the average, a buyer performs almost 11 searches before going to take an action on real estate site. The potential home buyers that are using search engines, there are 9% more chances that they will take some action towards real estate site then the buyers who are not using search engines.

The 69% of home buyers that took action on a real estate website start their search with a very local term on search engine e.g. “new homes for sale”.

52% of proceedings come from a local search on search engine on real estate site that is given by Google & Compete Home Shopper Study conducted in 2011 as presented by the study of Abby (2016)¹⁸.

Both Offline and Online searches are expected to be conducted by Today's home buyers.

The real estate customers that are using the internet to get information, there are more chances of using multiple sources. Real estate services providers should make some efforts to include digital ways along with old channels of sales and marketing.

Mobile search engines are used by 89% of the home buyers in whole research procedure. 68% of the home buyers have mobile applications installed on their sets and they use them in the whole research process. Multiple marketing techniques focusing on mobile phones or other digital devices can be used to make sure that they can be discovered through mobile ZMOT.

The 50% of the new home buyers use their mobile sources only at the beginning stage while the 40% of the buyers use their mobile devices until the end of the buying process (Abby, 2016).

The activities of new home buyers on their phones or other digital devices

To get the general information only, 51% of the new home buyers use their mobile devices. The 48% use mobile devices to get help regarding visiting the home, the 44% use to compare the difference in prices, 28% use mobile devices to call a broker or agent, 21% use to find a broker or agent, 21% use to check the reviews of others, 18% to interact with a broker or agent through E-mail and 16% use their devices to watch videos as discussed by Siwicki (2015)¹⁹.

¹⁸ Abby, 2016. 28 Eye-Popping Real Estate Marketing Statistics. [online] Paveya.com. Available at: <<https://www.paveya.com/28-eye-popping-real-estate-marketing-statistics/>>

¹⁹ Siwicki, B., 2015. 75% of store shoppers use their mobile devices in-store. [online] Internetretailer.com. Available at: <<https://www.internetretailer.com/2015/04/09/75-store-shoppers-use-their-mobile-devices-store>> .

At where the new home buyers use their digital devices?

The 77% of the new home buyers use their mobile devices at home, 31% use at their workplace, 28% use while standing in a queue, 27% use at a restaurant while 26% use at other people's house. According to research on the internet, 36% of new home buyers use mobile devices and T.V both.

The videos are a great source of satisfaction as the buyers can take a look at the home digitally. The 51% of the new home buyers watch videos on YouTube while the 41% watch videos on broker's or agent's site as shown in figure given below. There is a majority of home buyers that remain undecided while it can be seen through research that almost 25% of the potential home buyers complete their actions on the very first day as discussed by National Association of Realtors (2013)²⁰.

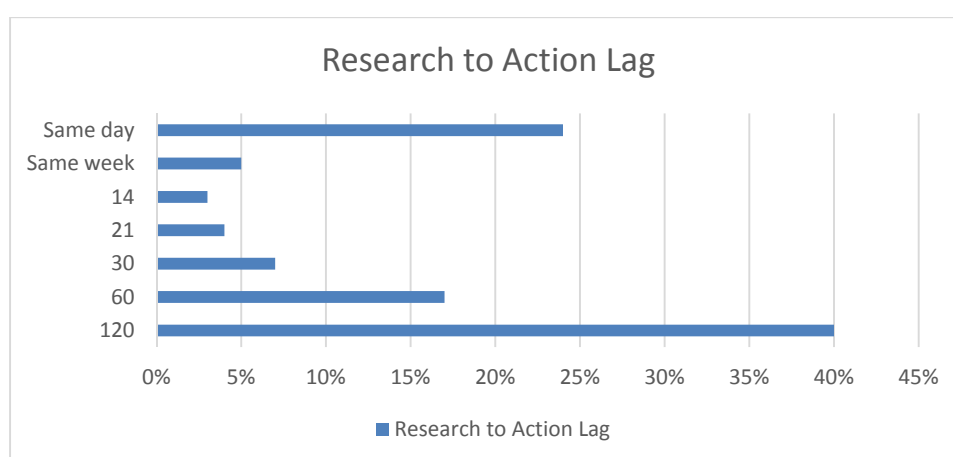


FIGURE – 2.1 Research to Action Lag (National Association of Realtors, 2012)

Before taking action on real estate site, 78% of the potential home buyers visit more than 3 sites on average. The 31% of the potential home buyers who took action on real estate sites in 2011, aged 25-34. The real estate agents should focus on both the men and women

²⁰ National Association of Realtors, 2013. highlights from the 2013 profile of home buyers and sellers. [online] Realtor. Available at: <<https://www.nar.realtor/reports/highlights-from-the-2013-profileof-home-buyers-and-sellers>>

as their target customers, as both the men and women plays an important role in buying decision process in real estate market.

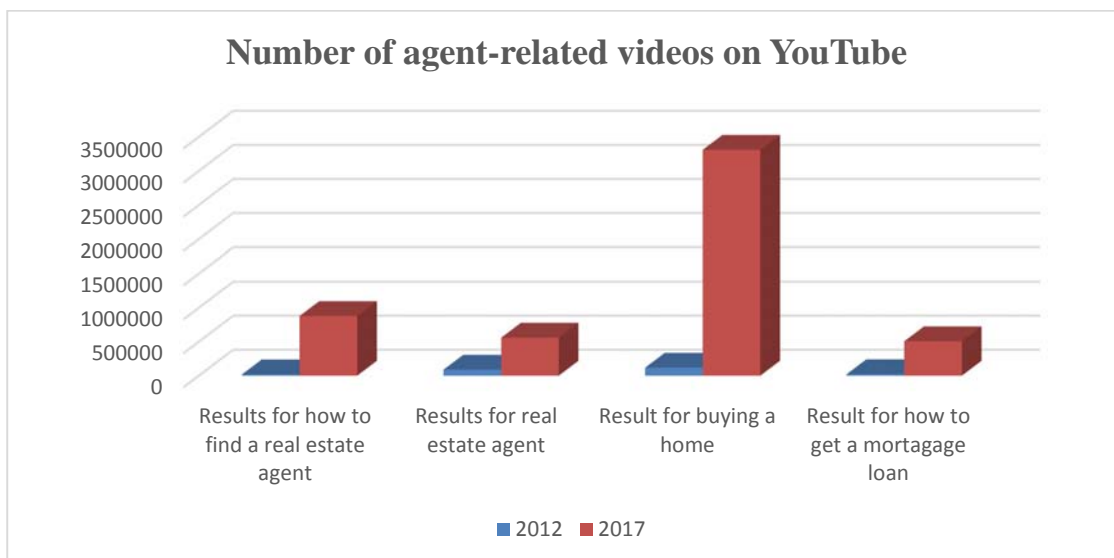


FIGURE – 2.2 Number of Agent Related Videos on Youtube (National Association of Realtors, 2016)

There is a yearly growth of 362% in the searches related to real estate, done through tablets. A yearly growth of 300% is recorded in searches that are conducted to search for an agent or broker. Around 93% are using the internet in home search process and are searching for a vacation home and out of this 56% used the internet at the beginning of home search process (National Association of Realtors, 2016).

2.2. Commercial real estate online

Along with many other industries that are internet base, the business of real estate is shifting from the old traditional ways to the digital side and it is getting strength day by day.

There are many trends that are driving the industry of online renting to a stunning growth: First, the major portion of companies at start-up stage belongs to the technology sector, in which the internet is used as a compulsory thing rather than using it as a choice. The electronic goods companies that make and market products now prefer to market and

sell their products online rather than to involve a broker and to place the products in streets. Second, it can be noticed that the jobs and businesses are growing in large cities that are rich in technology like Austin, Pittsburgh, San Jose etc. and this is because of the fact that the agents and customers both are now making their profile in which they discuss their requirements and are connecting to professional networks i.e. LinkedIn and others to find one another (Metrics, 2016)²¹. The office's vacancy rate nationwide is floating between the percentages ranging from 15% to 18 percent, but for technology markets it is decreased by 13 percent. The main focus of agents is now on the web based system.

The experts although are observing signs of recovery in office rental market similar to those observed in real estate sector, however, the situation is seriously miserable. In residential and in relatively large population areas of cities, the markets are under pressure and the vacancy rates in some metropolitan areas are recorded above 20%. Making the situation even worse, it is noticed that the vacant properties include large numbers that are newly built. The owners of properties and their managers have strong thoughts that these vacant properties should be filled-up as soon as possible. To decrease the vacancy rate they are decreasing the rents and using other tactics. They are now shifting to an online based system of advertising and taking marketing initiatives to attract more people towards vacant properties and converting from old traditional ways (National Association of Realtors, 2016).

There are a large number of businessmen and women that are now using the internet to reach the product and service. They need and the managers that have knowledge of internet use the internet for their marketing purpose and also changing their advertising contents and new content has features of technology friendly. The initial study shows that using the internet to find customers and advertising online makes it easier to find customers and 10 times more customers can be attracted through it.

The new businesses that are cost conscious are using the internet to find and to get on rent a commercial property for office because the process of finding online is efficient

²¹ Real Estate Metrics, 2016. Growth of Commercial Real Estate Sales Online. [online] Wwwmetrics.com. Available at: <<http://wwwmetrics.com/commercial-real-estate.htm>>

and is far better than the old tradition ways where a lot of time is needed to spend on visiting brokers again and again. The residential real estate agents notice the benefits they are getting when dealing with customers that already have some information from the internet about property before coming to them. The commercial real estate services agents found that the potential buyers that use the internet visit less homes almost 3 and the potential buyers who are not using internet visit almost 10 homes. It is also found that the buyers who use internet make decision 2 times faster than the ones that are not using the internet (Mini and Brooks, 2004)²². The commercial real estate services agents said that the pattern is same as the ones who are searching for commercial properties. Watching the properties online, visiting them virtually and getting their details urges the managers with internet knowledge to confirm the deal as soon as possible and to save the time and money both. With the growth of online marketing trends, the business owners and managers are advised to make their presence obvious on the internet to get information about rental office trends. The online presence of real estates and the ones searching for them is increased over time.

2.2.1. The Growth of Online Commercial Real Estate Sales

In past, the face to face dealings and negotiations were in trend by the professionals of the commercial real estate but the situation is totally at a different level now where there is a trend of online marketing and online dealing with customers. The energy that was previously used in negotiation is now used in developing a successful internet based system. These online trends are bringing the real estate industry to a new level and the industry analyst analyzes that there are high chances for long-term growth in online real estate market (Real Estate Metrics, 2016).

Website data analysis can be used by the agents to find the potential buyers and to make a preference list of customers that should be served on a priority basis. The web developers of commercial real estate with innovative ideas can make links with lenders, borrowers, real estate power entities and hence can make a complete hub of buyers and

²² Mini, J.F. and Brooks, N.A., zipRealty, Inc., 2004. Beginning-to-end online automation of real estate transactions. U.S. Patent 6,684,196.

sellers. The web developers are making the smartphone apps to make the online working easier and user-friendly to attract more customers.

Similar to the cases of residential real estate and commercial real estate, there are online auction sites that provide banks and other financial institution an opportunity to sell they are defaulted real estate properties and nonperforming notes all over the country. A sale of 453 million dollars by Auction.com was recorded in the year 2011 and these are the largest recorded sales till now. After the recorded sales in 2011, the Auction.com reported that it sells 187 properties of its 10 institutional clients (Metrics, 2017).

In past, only biggest commercial real estate agents had worldwide access to the customers. The small local brokers were limited to their local territories and were unable to get potential customers. The potential buyers from Europe and Asia came to the market and the small agents face disadvantages from situations. But now with the involvement of internet, the agents get motivation, they are getting knowledge, making their businesses online and are taking the full advantage of the tools available (Real Estate Metrics, 2016)²³.

With the passage of time, the online web tools that were once a difficult thing for agents to understand now became their most powerful tool and they are using it successfully.

2.2.2. Commercial Real Estate Studio

An online survey was conducted by a research company “market Connections, Inc., to analyze the feelings and behaviors of customers and investors when the search online about something. Along with this, Google provide some extra information through a survey result that shows how the people are behaving towards the online real estate, and along with this, it provides information about involvement and trends that are followed by the customers for an online commercial real estate. These sources of information collectively

²³ Real Estate Metrics, 2016. Growth of Commercial Real Estate Sales Online. [online] Wwwmetrics.com. Available at: <<http://wwwmetrics.com/commercial-real-estate.htm>>.

expose the importance of advertising and marketing the products online (Google Apartment Research, 2017)²⁴.

The study discussed that the main purpose of this study is to make the real estate professionals realize the behaviors of people and their response towards online marketing and to realize the extent to which they are using the internet to search for real estate and making their decisions based on the information they get. After getting this information, the real estate professionals can make and adjust their marketing and advertising plans according to the trends, while some professionals are still not adopting this trend.

2.3. The Key highlights from Survey

2.3.1. Feelings about the Internet

The below given findings are given by the research study of Street Insider (2014):

The 80% of the respondents agree that they are using the internet as a source of information for commercial real estate for more than 3 years and they largely depends on it.

2.3.2. Usage of Mobile

60% of the respondents said that they use their mobile devices most of the times while search from the internet

2.3.3. Behavior of Searcher

- More than 50% of the respondents said that they start their search online for commercial real estate need, while 25% out of these use search engines to get information.

²⁴ Google Apartment Research, 2017. Online Search Behavior and Trends of Apartment Renters. [online] Available at: <http://costarmultifamily.com/google-whitepaper/Apartment_GoogleWhitePaper.pdf>

- With the passage of time, the number of persons using online sources is increasing and the tools for online search are also increasing. More than 75% of the potential buyers use online tools to get information about commercial real estate (Street Insider, 2014).
- Since 2008, the online searches on the Commercial real estate have grown by 60%.

2.3.4. Using a Broker

- In addition to a broker the buyers are working with, the 55% of the potential buyers said that they are using online sources to get information as well.
- The 62% percent of the respondents consider the internet as a very reliable tool to get information.

To search for a commercial real estate what tools should be used by the buyers and investors? What are the preferable sources for them? While searching for commercial properties, what sources are more effective?

The survey revealed that more than half of the potential buyers start their search on the internet for commercial real estate and the ratio of ones that start their search through newspapers ads is less than 1% now (National Association of Realtors, 2016)²⁵.

²⁵ National Association of Realtors, 2016. 2016 Recent Home Buyer and Seller Profiles. [online] www.nar.realtor. Available at: <<https://www.nar.realtor/reports/2016-recent-home-buyer-and-seller-profiles>>

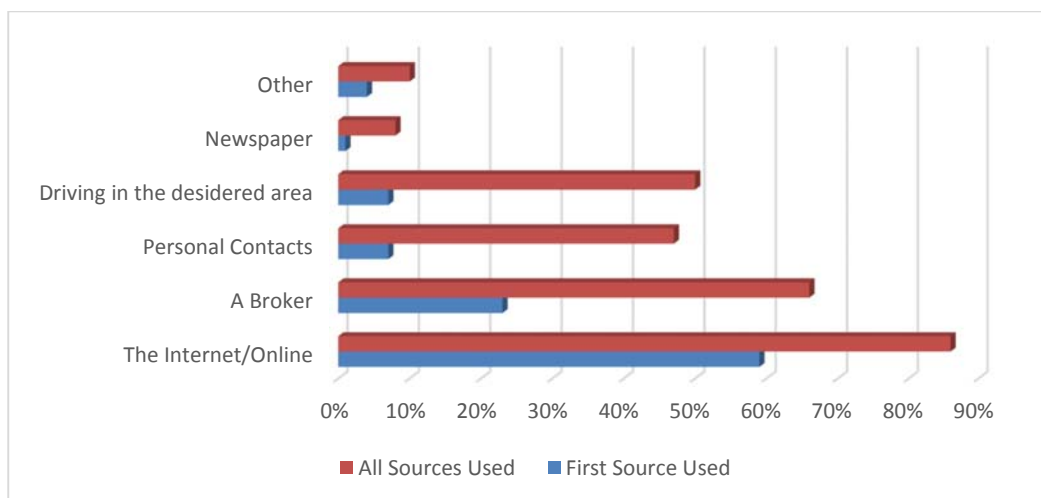


FIGURE – 2.3 Tools Used for People to Make Real Estate Buying Decision

2.4. The Online Tool Used at First

When the potential buyers start their search, more than half use the commercial real estate site and tools while almost 25% start their search through search engines,

It can be found through a survey that almost 50% of the respondents after search purchased or leased the property they searched while the other half said that the use the internet for searching the commercial real estate will increase in future (National Association of Realtors, 2015)²⁶.

²⁶ National Association of Realtors, 2015. 2016 Recent Home Buyer and Seller Profiles. [online] www.nar.realtor. Available at: <<https://www.nar.realtor/reports/2016-recent-home-buyer-and-seller-profiles>>

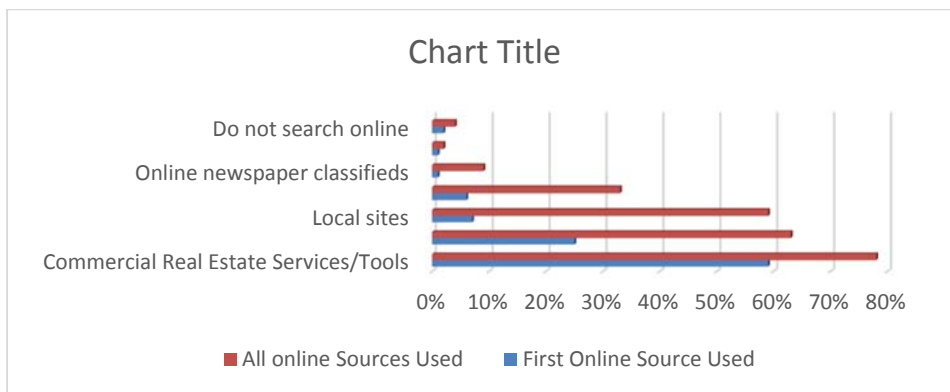


FIGURE – 2.5 Preference of Information Collecting for Real Estate Purchase Decision

2.4.1. Usage of Mobile devices

How often the potential buyers and investors are using their mobile devices to search for commercial real estate online and what are their preferences?

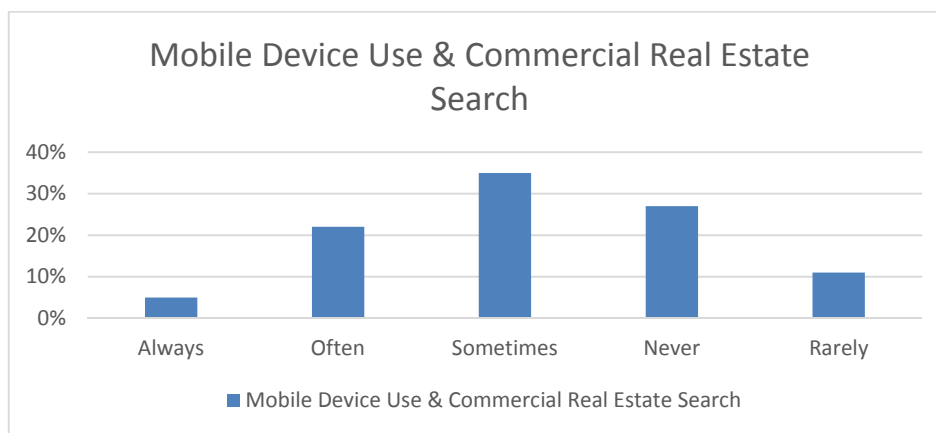


FIGURE – 2.6 Mobile Device Use & Commercial Real Estate Search

Almost all of the respondents use a smart phone and round about 65% are using tablets. Out of these respondents, almost half use their phones, sometimes, often or always to search for real estate site.

What are the effects of online information search on the use of brokers? Are people using the online search processes while working with brokers? Are people searching for the brokers through internet?

The survey reveals that people always or often use online search procedures while working with brokers already as they consider it very reliable source to get information about commercial real estate as shown in figure given below.



FIGURE – 2.6 Reasons of Online Search

The internet is considered as a useful and reliable tool to get information by 62% of the respondents.

2.5. Findings of Discussion

The role of internet is very critical in the way in which potential buyers and investors use it to get information about commercial real estate. The 60% of the respondents said that they are using the internet as a first tool while start search for real estate while the ratio of potential buyers who use the internet along with other sources e.g. Brokers, newspapers, magazines, personal contacts etc is 86%. The 80% said, while

searching for commercial real estate three years ago, they mostly relied on the internet (Metrics, 2017)²⁷.

A number of online sources are used. To get more and reliable information, a number of sources are used, both online and offline. The respondents said that the use commercial real estate tools while they start a search online. To fulfill the needs, only online sources are not enough and can't fulfill the needs. Almost 50% of the potential buyers use real estate websites and search engines (Metrics, 2017).

Firms and brokers do not have opportunities to grow because they do not advertise online

According to Google survey, it is reported that online searches regarding commercial real estate have expanded up to 60% from 2008. The Internet provides a medium to firms for advertising on a higher level in a real estate market directly. Brokers and other related firms should avail the opportunities to market and advertise their property and their own selves online.

Ensure Optimization of online advertisement by using tablets and mobile phones

The usage of the smartphone in this context has been increased with the passage of time. As the survey indicated that 96% people use smartphone and 69% use tablet for approaching real estate firms and their agents. Six out of ten respondents' responses show that most of the time they use the smartphone to get information about commercial properties. By analyzing these figures it is concluded that mobile phones and tablets are considered as the key medium for real estate firms, consumers and brokers to market and advertise their properties.

The brokers do not replace the investor's online searches

²⁷ Real Estate Metrics, 2017. Growth of Commercial Real Estate Sales Online. [online] Wwwmetrics.com. Available at: <<http://wwwmetrics.com/commercial-real-estate.htm>>

The brokers and investors are also those who have proficiency in searching the real estate firm related information and provide the customers with this information. The importance of online search cannot be replaced with the importance of brokers and agents. Due to their own satisfaction, owners and investors search online directly to find the appropriate place, property and broaden their information level.

Property sale and lease increase by advertising them online

The survey report indicated that one-half of the investors and tenants purchase of lease property which they search online. This report shows that all respondents believe their own searching and use of internet rather than brokers and any commercial real estate agent.

2.6. The Case study of India

The largest democratic country of the world, India has been facing unprecedented internet revolution. India has 354 million users and more than 980 million mobile subscriptions (Khan, 2015). Moreover, it is the country of interest for entrepreneurs, leaders, and investors. Due to the rapid growth of the e-commerce industry in the India, many leaders and business executives convert their business online and make changes in real estate industry accordingly. This industry has grown at large scale and the real estate markets in the country are growing rapidly due to the meltdown of the European and US markets. According to IBEF (2016)²⁸, it is forecasted that the real estate market in the country will touch \$180 billion with a Common Annual Growth Rate (CAGR) of 11.2% by 2020 (Khan, 2015)²⁹. According to IBEF (2016), it would be \$ 853 billion by 2028 as shown in the Figure .

²⁸ IBEF, 2016. Real Estate. [online] India Brand Equity Foundation. Available at: <<http://www.ibef.org/download/Real-Estate-January-2016.pdf>> .

²⁹ Khan, A., 2015. The Changing Face Of Real Estate Industry In India: Online Is The Future!. [online] Dazeinfo. Available at: <<https://dazeinfo.com/2015/10/24/the-changing-face-of-real-estate-industry-in-india-online-is-the-future/>>

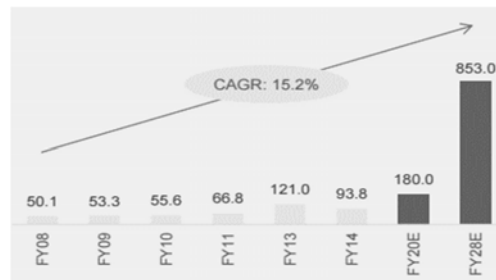


Figure- 2.7. Market size of real estate in India. Source: (IBEF, 2016).

The market is growing but still, there are 863.09 million square feet of assets which are not sold as shown in the Figure . Thus, some real estate firms are still working in a traditional way, on the other end, online real estate websites have jumped into the internet and technology world. With the advancement in the technology such as high-speed internet services, smartphone and apps and virtual technology buyers invest their most of the time in decision making and evaluating the properties online. In 2015, a study conducted by Google reported that the transactions based on the online real estate worth \$43 billion in the country, out of which \$31 billion were residential real estate and the rest of these were for commercial real estate purpose (IBEF, 2016).

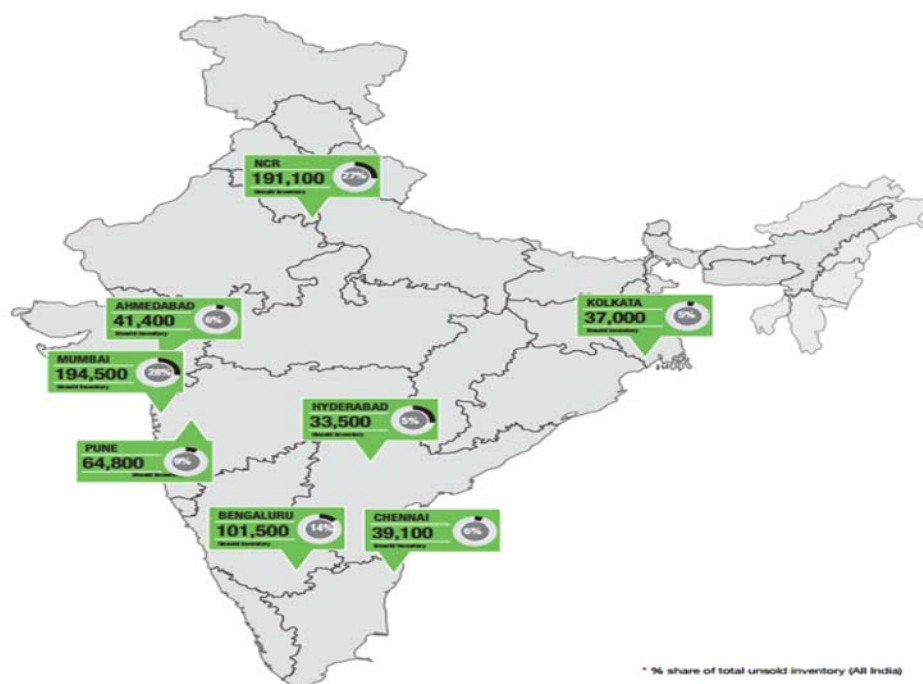


Figure – 2.8 Unsold Inventory in India’s major cities. Source: (Knight Frank, 2015)

It also pointed out the figure that 74% online research was focused on the residential real estate. Last year, the situation of the real estate industry has not changed with drastic changes but remained same (Knight Frank, 2015)³⁰. In India, people are more concerned about the residential buying than others. In addition, the search queries on Google related to the real estate industry in India has increased by 3%. It is also attention grasping that 62% of total internet users searching for resorting to aggregator online websites such as Housing.com (Khan, 2015)³¹. These websites provide unbiased opinions, market trends, projects, location, and properties related information. Also, these aggregator websites build

³⁰ Knight Frank, 2015. INDIA REAL ESTATE. [online] AHMEDABAD | BENGALURU | CHENNAI | HYDERABAD | KOLKATA | MUMBAI | NCR | PUNE: Knight Frank. Available at: <<http://content.knightfrank.com/research/659/documents/en/india-real-estate-jan-to-jun-2015-3086.pdf>>

³¹ Khan, A., 2015. The Changing Face Of Real Estate Industry In India: Online Is The Future!. [online] Dazeinfo. Available at: <<https://dazeinfo.com/2015/10/24/the-changing-face-of-real-estate-industry-in-india-online-is-the-future/>>

the confidence of the prospective buyers. The overall real estate sector is presented in the figure given below.

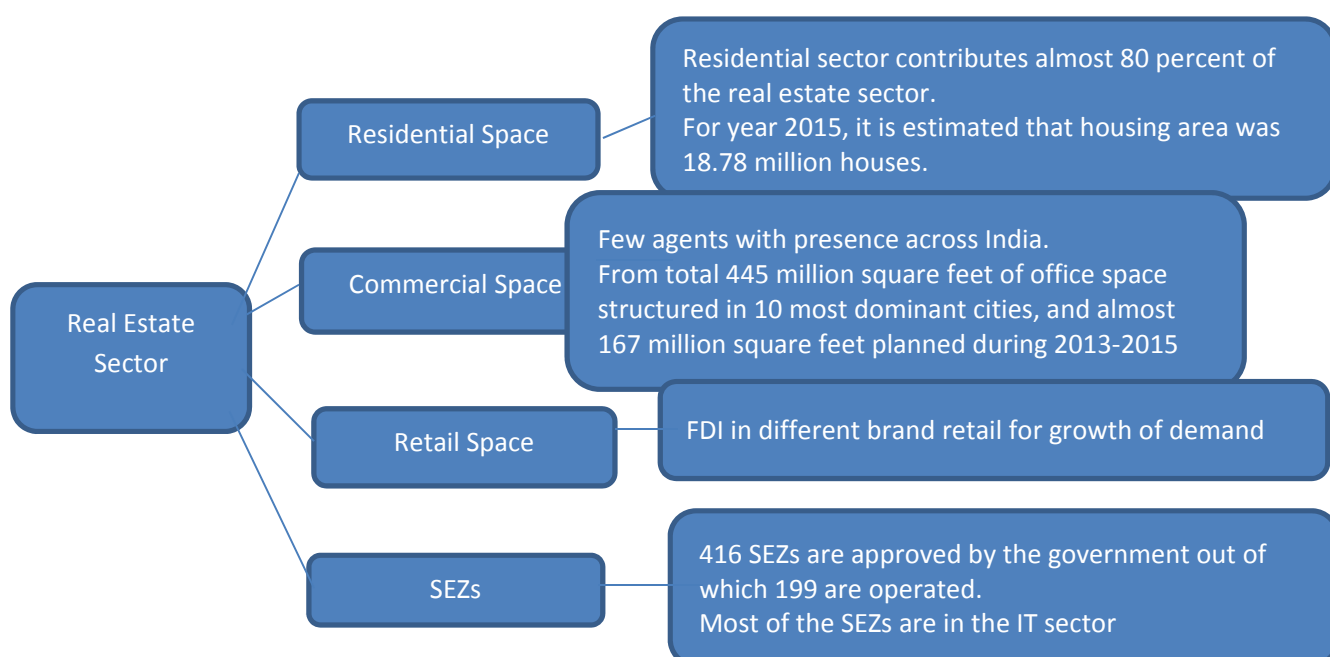


Figure – 2.9 Indian Real Estate Sector and its divisions. Source: (IBEF, 2016)³².

By summarizing this whole discussion, the crux is that the internet and online websites are vital for attracting and capturing the prospective property buyers. People get enough

³² IBEF, 2016. Real Estate. [online] India Brand Equity Foundation. Available at: <<http://www.ibef.org/download/Real-Estate-January-2016.pdf>>

information, expert commentaries and data related to real estate service providers and real estate firms, which help them in the decision-making process.

Subhankar Mitra, head, strategic consulting (west) at JLL India says, “at best, it (online real estate websites) can be used for information dissemination, due diligence, and price comparison. Unlike retail products, here it is better to research online and buy offline”.

The real estate market in India, in the coming five years, is estimated to be \$85 billion. By evaluating the importance of online growth opportunities and enormous potential, real estate firms have tried to fuel up their marketing strategies to capture more internet than their competitors. The major online real estate company is Housing.com has joined with MCHI-CREDAI to exhibit India’s property which is considered as the biggest property of the country, Property Expo 2015, the companies perform their activities offline and online (Knight Frank, 2015)³³.

This idea was generated for providing the “best of both worlds’ to all investors and buyers of property. It would be very interesting to know, how the industry in India will flourish with the help of internet and online services in the next five years. The country already left the US behind with respect to internet users and also leading towards increasing number of smartphones users. Additionally, online real estate forums have tried to build trust and confidence of the buyers through their online services. The buyers have choices to select the property but the online real estate forums have tried to increase their brand value by capturing more and more buyers. Anyhow, online real estate and new models will make the people’s life simpler and easy.

2.7. Luxury Real Estate online

Luxury real estate is a market that targets the Ultra High Net worth individuals, the individuals that own assets of high worth and own multiple numbers of properties. The

³³ Knight Frank, 2015. INDIA REAL ESTATE. [online] AHMEDABAD | BENGALURU | CHENNAI | HYDERABAD | KOLKATA | MUMBAI | NCR | PUNE: Knight Frank. Available at: <<http://content.knightfrank.com/research/659/documents/en/india-real-estate-jan-to-jun-2015-3086.pdf>>

Ultra High Net Worth index reveals that in the past few years, there a rise of 8% in Ultra High Net worth owned properties.

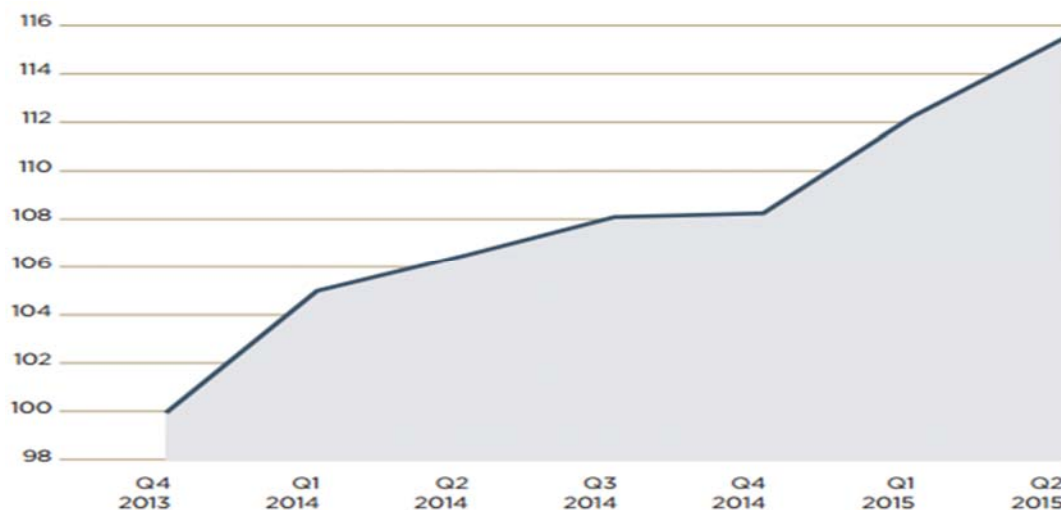


Figure – 2.10 UHNW Residential Real Estate Index. Source: (Wealth-X, 2015)³⁴.

From this index, we can see that the UHNW owned residents are showing continuous increasing trends over a period of 3 years. As there is a trend of shifting capital to big cities and good locations globally, the most of the properties are occupied and the number of available lands is decreasing thus the growth tends to increase in future as well. On average Ultra High Net, worth individuals own 2.7 properties each. They are purchasing properties for various reasons out of which the one is for investment purposes. Having multiple assets is increasing their wealth. There is an increase in UHNW population and the real estate is playing an important role to fulfill the needs of having properties they desire. As they are the Ultra High Net Worth individuals, they can purchase the properties they fell in love with and they can also purchase the properties that can meet their lifestyles.

³⁴ Wealth-X, 2015. UHNW LUXURY REAL ESTATE REPORT: HOMES AS OPPORTUNITY GATEWAYS. [online] Sotheby's International Realty. Available at: <http://www.sothebysrealty.com/resources/v_3_9_0_10/siteresources/my%20folder/wealthx/sir_homes%20as%20opportunities_wx_report.pdf>

2.8. KEY FINDINGS

- The total population of Ultra High Net Worth globally is 211,275 and these individuals own 2.7 properties each on average (Leonard, 2016)³⁵.
- The world's Ultra High Net Worth wealth, which is in real estate assets occupied by owners, is US\$ 29 trillion.
- The 79% of the world's Ultra High Net Worth individuals on an average own two or more properties and almost 50% of them own three or more homes.
- There is an increase in a number of properties held by Ultra High Net Worth individuals outside their countries and the United Kingdom, the United States and Switzerland are among the favorite location.
- The ratio of Ultra High Net Worth individuals whose wealth is made by the real estate business increased from 5% in 2013 to 7% at present (Wealth-X, 2016).
- In the past few years, an increase of 8% is recorded in the value of Ultra High Net Worth owned properties all over the world shown by the index of Ultra High Net Worth residential real estate.
- The Ultra High Net Worth individuals outside the United States are looking for the properties in the United States, making the United States popular country for real estate.
- The largest numbers of Ultra High Net Worth residencies are in New York City.
- 83% of the foreign owned Ultra High Net Worth residencies are in Monaco (Weinbrecht, 2015).
- Compared to the men, the ratio of female Ultra High Net Worth individuals is more that holds real estate assets. The ratio of men is 10% and for women is 16%.

³⁵ Leonard, K., 2016. Could your city become the next luxury real estate hub?. [online] Inman. Available at: <<http://www.inman.com/2016/09/26/city-become-next-luxury-real-estate-hub/>>.

- The Russian and Chinese Ultra High Net Worth individuals are young and self-made and they are becoming important buyers of High net worth properties all over the world.
- More than 6% of the world's Ultra High Net Worth population consists of individuals that live in foreign countries. The demand for residential real estate is increasing due to these expatriates e.g. the individuals in India with no residence are increasing the demand for residential real estate ³⁶.

The growth in the world's Ultra High Net Worth population is 6% and Europe and America are still the two most significant countries that account for 29% and 35% respectively of the UHNW population globally. The Luxury residential real estate property is generally owned by Ultra High Net Worth individuals and its worth should more than US\$1,000,000. The 79% of the world's Ultra High Net Worth individuals on an average own two or more properties ³⁷. The people also own the secondary residencies and they made the decision on:

- Practical values
- Emotional values
- Business values

The real estate is making the fortunes of world's Ultra High Net Worth and its ratio is 7%. The Ultra High Net Worth individuals along with the primary residencies in business cities also own secondary residencies in other cities or even in foreign countries. The Ultra High Net Worth individuals are the ones that are basic consumers to form luxury real estate market all over the world. We can define the luxury real estate in many ways and some

³⁶ Passino, C., 2015. HNWI Power Real Estate Investment. Forbes. [online] Available at: <<http://www.forbes.com/sites/carlapassino/2015/06/26/hnwis-power-real-estate-investment/#3394f70a7b4c>> .

³⁷ Wealth-X, 2015. UHNW LUXURY REAL ESTATE REPORT: HOMES AS OPPORTUNITY GATEWAYS. [online] Sotheby's International Realty. Available at: <http://www.sothebysrealty.com/resources/v_3_9_0_10/siteresources/my%20folder/wealthx/sir_homes%20as%20opportunities_wx_report.pdf>.

vary in terms of location e.g. houses in cities and big mansions in countryside areas. The property owned by Ultra High Net Worth individual, that has a value more than \$100000 is said to be a luxury real estate property.

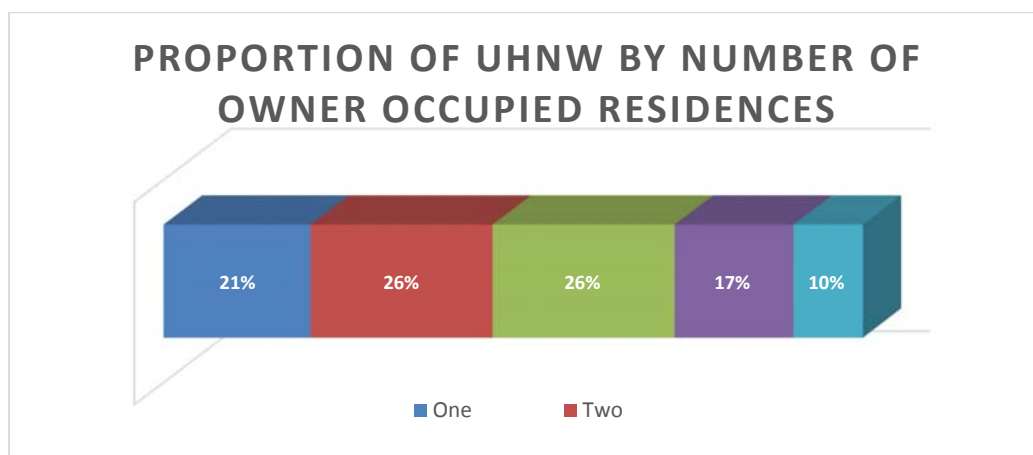


Figure – 2.11 Proportion of UHNW by number of owner occupied residences. Source: (Wealth-X, 2015³⁸)

The demand for luxury real estate is driven by the professional and personal concerns of the Ultra High Net Worth individuals. Residential real estate is considered as a very safe investment and the purchase of such properties almost occur when there is a connection between the particular residential area and the Ultra High Net Worth individual. For example, the Ultra High Net Worth individuals that belong to Asia mostly owns a property for investment purposes in areas where they have their increasing business activities and where in future their children plan to study. The most of the residential real estate owned by Ultra High Net Worth individuals outside their hometown are in big cities and the properties are located near universities, business areas or both.

The purchasing patterns of Ultra High Net Worth buyers are flexible. They mostly own a primary property already and now they are purchasing properties as secondary residences or for investment purposes. The individuals are from all over the world and they are buying

³⁸ Wealth-X, 2015. UHNW LUXURY REAL ESTATE REPORT: HOMES AS OPPORTUNITY GATEWAYS. [online] Sotheby's International Realty. Available at: <http://www.sothebysrealty.com/resources/v_3_9_0_10/siteresources/my%20folder/wealthx/sir_homes%20as%20opportunities_wx_report.pdf>.

properties in any available market to invest their wealth. New York, Hong Kong, and London are still the dominating choices of individuals for the luxury real estate but along with these some other places i.e. Lugano, Monaco and Marbella are also very attractive for luxury real estate investors (Durden, 2015)³⁹. The new Ultra High Net worth individuals are increasing the importance of new markets in generating profits and as a result, the demand for the luxury residential real estate is increasing and the demand is from the new individuals as well as from the foreign individuals who wants to enter into luxury real estate market. There is an increasing trend recorded in residencies prices due to high demands in middle eastern cities e.g. in Dubai and Abu Dhabi as the government is focusing on real estate investment and tourism.

All over the world, the Ultra High Net Worth individuals own real estates of different sizes and in different locations. A report reveals that some of the major hubs of luxury real estate are tied with a particular aspect of which they are targeted e.g. Ney York city is targeted by the individuals interested in finance industry while the Los Angeles real estate is targeted by the individuals interested in the entertainment industry. Apart from this fact, the trend that is true all the time is: Ultra High Net Worth individuals are interested in luxury real estate properties and their preferences are not bound to any specific location. Apart from this, most of the Ultra High Net Worth individuals owns properties in areas that have some sentimental values and where privacy is available. Due to this reason, the secondary properties of mostly UHNW individuals are located in countryside areas and the properties usually are luxurious, while they have primary properties located in cities.

2.9. The Consumers of Luxury Real Estate

The average estimates of the four properties owned by billionaires in the United States of America worth USD 94 million approximately. The individuals from UHNW hold their 25 percent of the wealth in the form of a cast. The report has predicted a tremendously fast growth of real estate for luxury usage. Around USD 2.9 trillion is being occupied by owners

³⁹ Durden, T., 2015. The "Billionaire Hubs" - A Look At The Housing Habits Of The World's Ultra Richest People. [online] Gandoura4.rssing.com. Available at: <<http://gandoura4.rssing.com/browser.php?indx=3656183&item=39>>

of residential real estate (Rea, 2016). Normally, Ultra high net worth (UHNW) persons hold their secondary assets for 10 years and primary properties for 15 years of time span. The persons who have inherited properties and wealth possess about 17.2 percent of their held their wealth in the form of real estate. This trend portrays the attitude of this group more than any sub-classification of Ultra high net worth population, however, Chinese and Russian buyers have been defying this behavior of carrying their net worth. It was found by the research that women from Ultra high net worth population prefer to keep their wealth in the form of real estate, more than the men.

More than 6 percent of the UHNW population of the world have experienced relocation from the country they born to move to many other countries. These individuals tend to pay in terms of cash or buy on credit whenever they buy properties, specifically the residential real estate as discussed by the study of Rea (2016)⁴⁰. However, the author insisted that ultra-high net worth persons usually hold their real estate for residential purposes in the same place where their business units are located. However, the fact presented in the report portrays that all of the UHNW persons possess enough financial resources for purchasing the luxury real estate for residential purposes. Not all of these individuals, but most of them prefer to own more than one luxury residential properties, but these real estate places may be of lower average value. Another relevant figure is given in the report shown that UHNW's average or median net worth is approximately USD 78 million (Leonard, 2016)⁴¹. These individuals usually hold 2/3rd of their net worth in the form of business holding, while approximately one-quarter of their net worth is being held in the form of cash equivalents or cash.

During the last few years, the world has observed that individuals from UHNW groups have maintained their holdings, properties, and balances of cash. The first reason behind their conservative behavior during the recent past is their trend of being continuously cautious whenever they tend to make a decision of investment. However, during the last

⁴⁰ Rea, J., 2016. Global Luxury Residential Real Estate Report | - Jim Rea - Sotheby's International Realty. [online] Jim Rea - Sotheby's International Realty. Available at: <<http://jimrea.com/wp4/global-luxury-residential-real-estate-report/>>

⁴¹ Leonard, K., 2016. Seeing the true value in luxury real estate, Top agents identify and meet the needs of UHNW clients. Inman. [online] Available at: <<http://www.inman.com/2016/09/07/seeing-the-true-value-in-luxury-real-estate/>>

10 years, a significant change has been observed in terms of both the diversity of property's locations and a number of luxury and other properties being held by ultra-high net worth. The trend of holding the property abroad, more than in local territories, is rising day by day (Leonard, 2016). The real estate holdings of different people belonging to UHNW group from different wealth tier is given in figure below.

| WEALTH TIER | UHNW POPULATION | UHNW WEALTH US\$ billion | AVERAGE REAL ESTATE HOLDINGS US\$ million | REAL ESTATE HOLDINGS % OF NET WORTH | |
|-----------------------------------|-----------------|--------------------------|---|-------------------------------------|--|
| US\$30 million - US\$49 million | 91,630 | 3,760 | 9 | 22% | |
| US\$50 million - US\$99 million | 63,120 | 4,775 | 12 | 16% | |
| US\$100 million - US\$199 million | 25,400 | 3,660 | 15 | 10% | |
| US\$200 million - US\$249 million | 14,580 | 3,170 | 18 | 8% | |
| US\$250 million - US\$499 million | 9,335 | 3,530 | 23 | 6% | |
| US\$500 million - US\$749 million | 3,590 | 2,464 | 37 | 5% | |
| US\$750 million - US\$999 million | 1,295 | 1,075 | 45 | 5% | |
| US\$1 billion + | 2,325 | 7,291 | 94 | 3% | |

FIGURE – 2.12 Total Net Worth of UNHW Population

As the world has witnessed such a huge rise in population of ultra-high net worth among emerging countries as well, there is no surprise to witness this type of diversification as well. Specifically, since the world was hit by the financial crisis at the global level, these individuals from UHNW amassed huge cash balances as well as properties. During the last decade, allocation of resources among these individuals has been consistent and validity of the phrase “cash is king” has reemerged (ISSUU, 2015)⁴². Ultra-high net worth individuals without any distinction possess the ability for purchasing the real estate properties paying the cash, but a number of these individuals still prefer to borrow money for investing in real estate. They do not prefer to use their properties as collateral, rather tend to avail the mortgage agreements on low-interest rates on the asset portfolios being held by them. The cash balances of these individuals never kept as idle cash, but these balances earn return

⁴² ISSUU, 2015. The Global Luxury Residential Real Estate Report 2015. [online] issuu. Available at: <https://issuu.com/realogicsothebysrealty/docs/wealthreport_rsr_edits>

consistently (Rea, 2016)⁴³. All the cash kept by UHNW individuals is not for the purpose of purchasing yachts or real estate, but the cash and cash equivalent is being held by them for maintaining enough liquidity for boosting their personal businesses, or more often to make a pivotal investment in their business units.

2.9.1. Women Vs Men

Real estate properties held by ultra-high net worth individuals possess approximately 10 percent higher value than the properties held by the male UHNW individuals (ISSUU, 2015)⁴⁴. The research study has portrayed that female UHNW are observed to be favoring tangible assets and real estate properties more than men because a number of these women have their wealth inherited from their men, hence they have the lesser appetite for risk than observed in UHNW men. The research report shows that women invest in less risky markets that are only 9.9 percent of their investment, while UHNW men invest 15.8 percent of their cash in riskier assets. Around 50 percent of females from UHNW group has 100 % of their wealth inherited, and a majority of this wealth comes in terms of real estate or tangible assets.

Ultra-high net worth observes a better hands-on approach to real estate and tangible immovable properties than the men from UHNW group, and they tend to buy real estate assets at the lower price than the sale price of their own properties. Another relevant figure explored by research study portrayed that women UHNW keep their tangible properties twice as long as these properties being held by men UHNW.

2.9.2. Chinese and Russian Buyers Defying the Trend

⁴³ Rea, J., 2016. Global Luxury Residential Real Estate Report | - Jim Rea - Sotheby's International Realty. [online] Jim Rea - Sotheby's International Realty. Available at: <<http://jimrea.com/wp4/global-luxury-residential-real-estate-report/>>

⁴⁴ ISSUU, 2015. The Global Luxury Residential Real Estate Report 2015. [online] issuu. Available at: <https://issuu.com/realogicssothebysrealty/docs/wealthreport_rsir_edits>

The above-discussed trend of UHNW individuals is being defied by Chinese and Russian UHNW person, who are being considered as more keen investors than other nationals (Aranza and Brown, 2015)⁴⁵. The real estate property for residential purposes is significant for the persons who have inherited wealth. However, two specific groups from UHNW have bucked this trend including homeowners from Russia and China who belong to younger generations and are self-made. These two particular groups have gained considerably high importance as buyers of luxury properties for residential purposes across the globe and are observed to spend a huge amount on tangible assets or real estate, both for professional dreams and personal reasons.

The Russian Customers

As far as the ultra-high net worth individuals of Russia are concerned, this group constitutes around 9 percent of the total population of the country and around 56 percent of UHNW wealth of the country. The Russian UHNW individuals are younger in age, with an average age of 52 years while the global average of UHNW individuals is 59 years (Aranza and Brown, 2015)⁴⁶. These individuals like to invest, not only in Russian real estate, but other choices of investment for them include Switzerland, France, Austria, Italy, the United States of America and the United Kingdom. This UHNW from Russia also invest in the real estate in locations which are a niche in nature, including Monaco and Caribbean. The people from Russia who have two or more real estate assets usually possess two hobbies including traveling around the world and buying real estate.

The Chinese Customers

Multiple homeowners that belong to UHNW group of China are younger in age like Russian counterparts, belonging to an average age group of 52 years. Approximately 89 percent of these individuals are self-made and have not inherited the wealth but made it on their own. The United States of America, Singapore, and Hong Kong are the main focus

⁴⁵ Aranza, A. and Brown, B., 2015. THE GLOBAL LUXURY RESIDENTIAL REAL ESTATE REPORT 2015. [online] Website Box. Available at: <<http://www.websitebox.com/.../Wealth-X-Sothebys-Global-Luxury-Residential-Real-Estate>>

⁴⁶ Aranza, A. and Brown, B., 2015. THE GLOBAL LUXURY RESIDENTIAL REAL ESTATE REPORT 2015. [online] Website Box. Available at: <<http://www.websitebox.com/.../Wealth-X-Sothebys-Global-Luxury-Residential-Real-Estate>>

of interest for them to invest, but Canada and Australia also have significant value for them for this purpose. This population takes the investment in real estate as passion (ISSUU, 2015).

2.9.3. Purchasing Abroad

According to a research conducted by Aranza and Brown (2015)⁴⁷, approximately 6 percent of the population having ultra-high net worth in the world experienced a relocation to different nations other than the one in which they were born. They also keep a residential real estate in their parent country, which is only being utilized for the purpose of remaining close to friends and family in the home country. The businesses of UHNW individuals are usually operating on an international level, which has a number of branches in different territorial localities around the globe. As the global cycle of wealth generation is experiencing a shift from Western nations to Eastern nations, majority of the individuals are focusing on increasing their existence in business markets in Asian, and in other emerging regions as well. The attractiveness of holiday or vacation spots like the Alps or the Caribbean, the existence of UHNW population's private jets, and ease of travel between the countries have been compelling these individuals for investing in real estate specifically at some vacation spots. The majority of ultra-high net worth individuals nowadays believe that possessing a vacation home is an investment of judicious nature. The institutional infrastructure and tax regulations in a number of countries have also compelled UHNW individuals to buy real estate in emerging markets, in enormous cases through any of the citizenship investor programs at the global level (Aranza and Brown, 2015)⁴⁸.

2.9.4. How often do people change their property?

⁴⁷ ISSUU, 2015. The Global Luxury Residential Real Estate Report 2015. [online] issuu. Available at: <https://issuu.com/realogicsothebysrealty/docs/wealthreport_rsir_edits>

⁴⁸ Aranza, A. and Brown, B., 2015. THE GLOBAL LUXURY RESIDENTIAL REAL ESTATE REPORT 2015. [online] Website Box. Available at: <<http://www.websitebox.com/.../Wealth-X-Sothebys-Global-Luxury-Residential-Real-Estate>>

Most of the time the UHNW individual who have purchased the property with cash keep the property for two years shorter than those who bought the property through credit. And those UHNW individuals who have average net worth between US\$30 million and US\$100 million will keep their primary residence for the longer period than their secondary residence. It is estimated that primary residence keeps for almost fifteen years and secondary residence for almost ten years. This choice mostly depends on geographical location because the European UHNW people generally holding their residences for generations. In this context the general rule of thumb for residential real estate that it is inherited and not sold within two years then it will be kept for generations (Wealth-X, 2015)⁴⁹. On the global level, both residences such as primary and secondary are kept for the longer period of time but those who sold them in the shorter period of time usually have not been emotionally attached to their residence or do not have historical importance of their residence.

2.9.5. Popular Locations

The major international hubs for UHNW residential real estate are New York, Hong Kong, Paris, Singapore and London which are also shown in the Figure. In addition, some cities such as San Francisco, Dallas, Washington D.C. and Los Angeles show that how industrial groups can be used in driving residential trends Non-resident real estate. In India UHNW individuals are the main cause of Mumbai's real estate industry's growth. The lifestyle of the people also a dominant factor to appeal luxury real estate industry, for example, Switzerland or Aspen for skiing, Hamptons for summer and Monaco for yachting are popular hubs for the UHNW individuals.

⁴⁹ Wealth-X, 2015. UHNW LUXURY REAL ESTATE REPORT: HOMES AS OPPORTUNITY GATEWAYS. [online] Sotheby's International Realty. Available at:
<http://www.sothebysrealty.com/resources/v_3_9_0_10/siteresources/my%20folder/wealthx/sir_homes%20as%20opportunities_wx_report.pdf>

| No. | Top Cities Name for UHNW Residences |
|-----|-------------------------------------|
| 1 | New York, United States |
| 2 | London, United Kingdom |
| 3 | Hong Kong |
| 4 | Los Angeles, United States |
| 5 | San Francisco, United States |
| 6 | Washington D.C, United States |
| 7 | Singapore |
| 8 | Dallas, United States |
| 9 | Mumbai, India |
| 10 | Paris, France |

Figure The Top 10 cities for Ultra-High-Net-Worth Home Buyers. Source: (Bonislawski, 2015).

It is shocking to see that cities, where UHNW individuals are few in numbers, are more popular with respect to ownership of real estate of UHNW population. For instance, Dallas and Washington D.C. undermine Chicago, on the other hand, Singapore and Mumbai overtake Tokyo and Osaka includes a large number of UHNW individuals who owned residences. In addition, Mexico City is on the top of the list as a business location for UHNW population. But the people do not have the residence there who are from outside of the Mexico City not the even secondary residence (Bonislawski, 2015)⁵⁰.

UHNW individuals who belong to emerging markets generally search for stable locations

⁵⁰ Bonislawski, A., 2015. The Top 10 Cities for Ultra-High-Net-Worth Home Buyers. [online] WSJ. Available at: <<https://www.wsj.com/articles/the-top-10-cities-for-ultra-high-net-worth-home-buyers-1426173430>>

With reference to this, Mumbai is most prominent. The main reason for this phenomenon in Mumbai is that large size of non-residential area and population in India is scattered across the globe. The UHNW individuals who are born in India or have family ties in India but live outside of the country and many people have the residence in Mumbai are over 5000 individuals and considered as the most worthwhile market in terms of residential real estate.



Figure – 2.13 Residential Sales City-Wise. Source: (Knight Frank, 2015⁵¹)

The United States has left behind all others because it includes a large number of UHNW individuals in the world and also it has attractive and beautiful locations for outsiders and buyers of residential real estate. In addition, United States has many factors to dominant for instance it is famous for its institutional stability and high living standards but it has an advantage of being the country where is the world's most internationally recognized education institutions and a large number of UHNW individuals and their children attend the university. In order to attract these families for making investments, they are provided with the access to educational opportunities in the specific country (Wealth-X, 2016)⁵².

⁵¹ Knight Frank, 2015. INDIA REAL ESTATE. [online] AHMEDABAD | BENGALURU | CHENNAI | HYDERABAD | KOLKATA | MUMBAI | NCR | PUNE: Knight Frank. Available at: <<http://content.knightfrank.com/research/659/documents/en/india-real-estate-jan-to-jun-2015-3086.pdf>>

⁵² Wealth-x, 2016. Wealth-X Reveals the Ten Wealthiest Real Estate Tycoons | Wealth-X. [online] Wealth-X. Available at: <<http://www.wealthx.com/articles/2016/wealth-x-reveals-the-ten-wealthiest-real-estate-tycoons/>>

2.9.6. Preferences to buy

There are a large number of UHNW residents in the world especially in Hong Kong, Singapore, London and New York where both UHNW individuals either residents of that country or foreigners own residences in these cities. Moreover, in niche markets, a luxury residential real estate is considered very important (Leonard, 2016)⁵³. There are also personal characteristics like hobbies can encourage individuals to move from one point to another point, for instance, Monaco for the yachting, American skiers, and Aspen for avid. Due to the high level of living standard and comfort level, these locations are appealing to interested groups of UHNW individuals and also responsible for an increase in property prices. These locations also provide the relaxed atmosphere of the country side and electric mix of the urban area, provide ideal settings for long and short holidays to UHNW residents (Bonislawski, 2015)⁵⁴.

Many individuals take further actions for making an investment in the rural areas or purchasing a second home. These individuals are those are more interested in their industry, and do whatever is best for their businesses. In addition, they arrange their businesses in the busiest cities in the world. Most of the people are in search of relaxed and comfortable settings because they want to get out of their hectic routine life. In this context, most of them appeal for countryside especially in Europe and North America. These two regions are considered most important because in these regions luxury real estate is saturated due to the countryside. Many of the residents around the countryside are family homes and second homes where main residences are based on the proximity as these could be their childhood vacation spots.

⁵³ Leonard, K., 2016. Seeing the true value in luxury real estate, Top agents identify and meet the needs of UHNW clients. Inman. [online] Available at: <<http://www.inman.com/2016/09/07/seeing-the-true-value-in-luxury-real-estate/>>

⁵⁴ Bonislawski, A., 2015. The Top 10 Cities for Ultra-High-Net-Worth Home Buyers. [online] WSJ. Available at: <<https://www.wsj.com/articles/the-top-10-cities-for-ultra-high-net-worth-home-buyers-1426173430>>

The lifestyle value and investment value both are relevant when the discussion is about UHNW individuals' decision to make investment in property outside their country

Monaco includes UHNW individuals who owned the highest proportion of residences are from outside of the country. Monaco has the most expensive luxury real estate properties in the world because it is known as the world's wealthiest and record-setting hub. It is also popular for arranging the world's most valuable events such as Monaco Formula One Grand Prix and Monaco Yacht Show (Weinbrecht, 2015)⁵⁵. France is also a well-known hub for outsiders. It has known especially for its attractive and creative locations. It is discussed before that Paris is significant for UHNW individuals who owned the residence there. France countryside has the most value in this context to attract UHNW individuals both country based and foreign based. It has the main attraction in the form of landed estates from Provence to the Loire and the Cote d'Azur and also includes vineyards which are most popular for secondary business investment and best holiday destination (Wealth-X, 2012)⁵⁶.

| | COUNTRY | PROPORTION OF UHNW RESIDENCE OWNERS BASED ELSEWHERE |
|----|----------------|---|
| 1 | MONACO | 83% |
| 2 | FRANCE | 44% |
| 3 | SWITZERLAND | 33% |
| 4 | AUSTRIA | 18% |
| 5 | SINGAPORE | 16% |
| 6 | SOUTH AFRICA | 15% |
| 7 | SPAIN | 15% |
| 8 | UNITED KINGDOM | 14% |
| 9 | CANADA | 13% |
| 10 | AUSTRALIA | 13% |

⁵⁵ Weinbrecht, E., 2015. Monaco | Market Spotlight - Sotheby's International Realty | Blog. [online] Sotheby's International Realty | Blog. Available at: <<http://www.sothebysrealty.com/extraordinary-living-blog/market-spotlight-monaco/>>

⁵⁶ Wealth-X, 2012. UHNW Population Exit France, Italy | Wealth-X. [online] Wealth-X. Available at: <<http://www.wealthx.com/articles/2012/uhnw-population-exit-france-italy/>>

Figure – 2.14 Proportion of UHNW residence owners based elsewhere. Source: (Durden, 2015)⁵⁷.

The situation of Switzerland is the little bit different. It is known for its financial stable position and is also attractive due to high living standard and renowned ski resorts. On the other hand, South Africa is exceptional apparently. It has an impressive institutional framework and living standard of the country. Although South Africa is the most stable and strongest economy as it belongs to the African continent. The other African economies' UHNW individuals prefer to invest in South African's residential real estate (Durden, 2015). In addition, some cities are most prominent in terms of residential real estate investment spots for UHNW population foreign based. For example, from France, Saint-Tropez is attractive for foreign-based UHNW individuals, Marbella from Spain and Marrakech from Morocco. Marbella has the ideal location to attract the UHNW individuals from all over the world and it is located on the coast of Southern Spain. On the other hand, Marrakech is popular for its attractive locations and living conditions but most importantly the tax condition in the city is affordable for the residents. The city-wise proportion of UHNW residence foreign-based owners is presented in the Figure with respect to percentage how much these cities appeal the foreign-based UHNW individuals.






| | CITY | PROPORTION OF UHNW RESIDENCE OWNERS BASED ABROAD | |
|---|--------------|--|--|
| 1 | SAINT-TROPEZ | 88% |  |
| 2 | MARBELLA | 87% |  |
| 3 | MARRAKECH | 83% |  |
| 4 | MONTE CARLO | 83% |  |
| 5 | LUGANO | 64% |  |

Figure – 2.15 Proportion of UHNW residence owners based abroad. Source: (Durden, 2015)

⁵⁷ Durden, T., 2015. The "Billionaire Hubs" - A Look At The Housing Habits Of The World's Ultra Richest People. [online] Gandoura4.rssing.com. Available at: <<http://gandoura4.rssing.com/browser.php?indx=3656183&item=39>>

International properties are popular for their attractive and comfortable location but most of the UHNW individuals own residences in the United States for holidays. Some of the locations are most popular such as the Hamptons attract holiday residence owners, Aspen attracts for its ski slopes, Florida due to Naples and Palm beach particularly to those who are going to be retired in near future. Moreover, the Greenwich is very attractive but in the different manner, as its attraction is due to its banking and finance industry and it is known as the most popular sector on the east coast of the United States for UHNW.

2.9.7. Future Trends

Asian UHNW individuals grow with high pace in the residential real estate market, both in their country and abroad. Approximately, US \$ 16 trillion wealth of UHNW individuals' will be shifted to their next generation for three decades. The number of UHNW individuals in Asia are double than in the Middle East, the Africa, Latin America and the Caribbean and the Pacific combined (Cardmenis, 2015)⁵⁸. The children of UHNW individuals are studying in foreign countries and number of registrations of these students are increasing day by day. These children expand their families' footprint on global level. It is interesting to see that orientation of residential real estate industry specially luxury real estate is changing, with cooperation between residential brokers and commercially interested individuals.

Asian are more interested in buying land, rather than relying on existing properties which become the cause of elevation of the property prices. As it is discussed that wealth of UHNW individuals will be transferred to their next generations, it is also considered that at least US \$ 1.5 trillion real estate assets which are half of the personal real estate holdings will be transferred to next generation specially in Latin American and European markets. This estimation shows that large volume of assets will be transferred and their heirs can sell inherited property and buy new properties in new markets which could be more

⁵⁸ Cardmenis, F., 2015. Asia, Middle East, Africa fastest growers for UHNW segment: Wealth-X. [online] Luxurydaily.com. Available at: <<https://www.luxurydaily.com/asia-middle-east-africa-fastest-growers-for-uhnw-segment-wealth-x/>>

advanced in future. Due to these differences it is known that supply and demand of the real estate assets can be changed at any time.

Concluding remarks about UHNW individuals and their preferences for luxury real estate assets

The luxury real estate market is developing and growing with higher pace and future of this industry is highly positive and promising. The value of luxury real estate is increasing faster than the traditional real estate. Moreover, it appeals to UHNW population with its characteristic of being safe and inherited wealth, due to which its demand is growing as compared to traditional real estate. It is also expected that new UHNW individuals will also be involved in the real estate industry and due to this supply of the real estate and those locations will also be increased that would be important as traditional real estate hubs. For instance, in Middle East, Asia and Africa economic development and UHNW wealth is growing faster, then these hubs will gain importance in these regions. This will be highlighted by increase in business interest of people in the world and also increase in UHNW population who will buy residential real estate in new markets.

2.9.8. Future Markets

London, Paris and New York markets have been most popular hubs for decades with reference to real estate investments because these markets have locations and geographical areas which are more valued and suitable for secondary residences for example, Aspen, Hamptons and Monaco. Indeed, the situations are continuously changed and hubs are becoming more advanced and attractive such as Singapore, Dubai and Hong Kong signaling a new start of real estate investments. Some areas such as Bali attract a significant number of UHNW individuals, but the advancement of tapped areas like China, Malaysia, Burma, Vietnam and Indonesia will attract UHNW individuals towards real estate properties in these locations.

An online real estate site is producing troubles for real estate industry and the reason is critical fee structures and giving extra powers to owners (Guttman, 2015)⁵⁹. Yopa.co.uk is an online market of real estate where you can find any kind of online properties. It is an extended renovation of an industry that is same as the industry of used cars in the UK. As in the US, the reputation of lawyers is not good but in the UK the real estate agents are having a bad reputation. The real estate agencies are not well regulated in the UK as they are regulated in the US. Actually, anyone can act as a real estate agent even with no required abilities, as per the laws. There are no laws in the UK related to qualification of being an agent, so anyone can be an agent and in end, they can charge 1% or 2% on property transaction executed, as their fee. Nowadays, most of the agents just take the pictures of the property and upload them on online real estate sites and wait for the customers to contact them, and for this work, they charge 2% if the transactions went successfully which means they can earn \$20000 on a property worth \$1 million. This is the reason why Daniel Attia became the founder of Yopa at the age 26 (Guttman, 2015)⁶⁰.

Yopa is basically an online real estate buying and selling site that has a defined fee structure and it is giving the control in hands of property owners. The purpose of Yopa is to make the process of buying and selling homes simple, time-saving, clear and reasonable. Yopa is providing many benefits to the sellers, firstly, by giving them knowledge and secondly, by giving them the support of local real estate agent to guide them in their selling process, and also provide chances of saving cost by having efficient online services. Here, by paying the little fee to the real estate agency, the seller get very good prices for their properties. Yopa is charging a very low fee instead of charging some %ages out of the amount the seller get after the sale of property. They are the advance in technology and having more ways to make a communication channel between the seller and the buyer. Yopa also provides sellers an opportunity to directly communicate with customers and chances to get

⁵⁹ Guttman, A., 2015. How An Online Property Site Is Disrupting The Real Estate Industry. Forbes. [online] Available at: <<http://www.forbes.com/sites/amyguttman/2015/07/07/how-an-online-property-site-is-disrupting-the-real-estate-industry/#c22ac021f76a>>

⁶⁰ Guttman, A., 2015. How An Online Property Site Is Disrupting The Real Estate Industry. Forbes. [online] Available at: <<http://www.forbes.com/sites/amyguttman/2015/07/07/how-an-online-property-site-is-disrupting-the-real-estate-industry/#c22ac021f76a>>

feedback, requests and offers all the times. The main purpose of Attia was to develop a platform of real estate that can be easily usable by the customers, who cares for customers, that can make the process of selling your property easier and can be easily accessible to all. When this site was introduced, it formed uncertainties for the property business of billions of dollars in the UK (L'Eplattenier, 2017)⁶¹.

The trend in London property market is hot, the prices for residential properties are showing an increasing trend, whereas, the commercial properties are starting up. There are some that are even charging a fee for placing the offer. Attia and his partners who are also young, have the understanding of inside of this business and have knowledge of how to make the things better and how the things can be done in a democratic manner. According to Attia, the real estate industry is a real old industry in which no changes occur in the last few years. He also said that the industry is waiting for many years for someone to come and bring positive changes in it.

The real estate agent model is replaced by Yopa. The customers are now can conduct viewings and it's the most important difference. There are some background checks by the Yopa to check the identity of a potential buyer. The customer's utility bills and photo IDs are used for checking purposes and the seller can take action against a buyer in case of security concerns. Yopa gives the customers three different choices in a row and asks customers that how much or how small they want the involvement of Yopa. The model is very clear and the process is very simple and it is creating a transparent structure of pricing. Yopa provides the support for some most unlikable parts of process e.g. the origin of financing, legal administration, negotiations, and mortgages. Different packages are offered by the Yopa to get listed with it and the most basic package includes: listing, checking the buyers and offer negotiations with buyers (L'Eplattenier, 2017)⁶². The highest paid package's fee is not more than 1000 Euros and this gives the client a premium listing and some specialized explanations. Other than these listing fees, there are no other hidden

⁶¹ L'Eplattenier, E., 2017. 54 Real Estate Marketing Ideas The Pros Use. [online] FitSmallBusiness. Available at: <<http://fitsmallbusiness.com/real-estate-marketing-ideas/>>

⁶² L'Eplattenier, E., 2017. 54 Real Estate Marketing Ideas The Pros Use. [online] FitSmallBusiness. Available at: <<http://fitsmallbusiness.com/real-estate-marketing-ideas/>>

charges. As the Yopa is charging the fee at a specific rate and not charging in percentages, the transactions tends to drive by the negotiation assistance and unusual price hope on any of the side is not blocking it.

On Yopa, there are examples in which it took only two months in selling the properties by an owner that were in the markets working with traditional agents for 10 months and had no offers. Yopa is serving 24/7 and is handling technical issues and inspecting through a call center office. Customers have an option to update their property information anytime and can change the prices. A service termed as Pay4Letter is provided to the customers and according to this, the customer can delay their fees to Yopa until their properties can't be sold (Zillow, 2014)⁶³. Now the Yopa team is working on the development of an app like Tinder, which will have the power to x rays homes. The home will appear when you will walk down a street.

2.9.9. Consideration

Yopa creates a consumer to consumer model for business and they are not connected with real estate agencies and are not working with them. Its model is making it different from others and at present, it is only dealing in the UK but it is very difficult to imagine Yopa in whole world's market. Although, its concept is unique and innovative but there are very fewer chances that it would deal with luxury real estate market because the potential customers of such properties prefer those markets and websites where they get more choices.

According to a recent study of NAR, 92% of the potential home buyers use the internet to search for homes. This shows that there is a need of real estate business that has an online presence, and the Zillow is considered as a place you should start from. Zillow's main platform is known as Zillow Premier Agent. Zillow is the largest online real estate market

⁶³ Zillow. 2014. Zillow API Network Examples. Zillow. <http://www.zillow.com/howto/api/APIPartners.htm>

that has more than 130 million visits every month and is earning \$2.6 for every \$1 they spent (Ebiz, 2017)⁶⁴.

⁶⁴ EBiz, 2017. Top 15 Most Popular Real Estate Websites | February 2017. [online] Ebizmba.com. Available at: <<http://www.ebizmba.com/articles/real-estate-websites>> [Accessed 5 Feb. 2017].

CHAPTER 3: ONLINE MARKETING STRATEGY

3.1. The Instrument of web marketing

The technology combined with web marketing has followed up a very large number of tools to optimize the advertising business on the web. Here is a list of the main tools with its features:

- The banner is the best-known form of advertising insertion on the Internet: it consists of an electronic manifest under rectangles of different sizes, colorful and often animated; when clicked lead directly to the company site advertised: This tool allows you to create brand awareness and stimulate interest and facilitate interaction between user and website. The banner also has the function of so-called direct response (i.e. the companies directly enjoy the benefits of advertising getting user registration on its website as is the case in the banner containing a link to prize competitions), as well as the function of informing the public that the advertiser company sponsors a certain event. There are banners so-called "static" that remain fixed to the sides of the pages, "dynamic" that contain within them the motion picture, the "animations" which consist of the smaller pictures / drawings that pass through the screen to the opening of a particular page or even the "interactive banner" with which users can interact directly (for example by taking part in a play) and then be diverted to the sponsored website home page.
- The Jump-Page or "doorway" allows you to give targeted information on a specific topic, allowing to communicate the user, after the click on the banner, directly on the subject that has stimulated his interest to avoid strenuous tour of the company website as well as to emphasize specific communication topics (events, special operations, and product promotions).
- The mini-site consists of a real website but smaller than any company website; compared to the latter it has the advantage of precision, since it only informs about the good/service or advertising campaign, and convenience, as its duration is limited to the period of the campaign.

- The Newsletter: it's publishing products receivable in the form of e-mail, free and prior registration. The user can choose the subject area of interest and to receive in his mailbox the information required. The document is sponsored with a link that connects directly to the advertiser's web page.
- For Pop-Up Windows, we mean a browser window that is automatically launched when a page is loaded. For Rich-Media are those forms of advertising online which use multimedia (audio/video). Typical are the audio-video-banners.
- Last but not least: the indexing the website; with this expression refers to the activities of the positioning of the site on the first pages of a search engine in order to give greater visibility to the site at the multiplicity of the general public, by the insertion of keywords (keywords).

3.2. SEM and SEO

Search Engines traffic comes from paid positions (SEM, Search Engine Marketing) and organic/free positions (SEO, Search Engine Optimization). Search engine marketing (SEM) is a form of internet marketing that involves the promotion of websites by increasing their visibility in search engine results pages (SERPs) through optimization and advertising.

Everyday there are more than three billion of search on Google and if we type “luxury real estate” there are about 85 million of results; is really important when you search something to be in the first page. How this will be possible? Whit the SEO! It is a process of make visible a web page or a website in a search engine’s un-paid or natural results. The SEO strategy is developed to generate “free” massive traffic from various search engines such as google, it also helps in generating visibility for selected keywords or terms related to business and agenda. Potential customers, buyers, investors and tenants are searching for appropriate properties that’s why real estate agents and firms should choose a tool to appeal their clients before than their competitors do ⁶⁵.

⁶⁵ Turhan, A., 2010. Search Engine Optimization.

3.2.1 Search Engine Optimization (SEO)

The primary matter that search engines focus on are domain's keywords in any address of website and URL's last part must possess these keywords in order to be noticed. These keywords are important for writing about the probability of keywords in website's content, however, the operator and owner of the site must focus on keeping the site's content as natural as Google can detect and inform anyone who try to make an attempt for system defrauding. The meaning of this discussion is that designer of website and searchers may not only insert the phrases like luxury villas or luxury real estate or utilizing the synonyms for the given operative keywords. For them, it is crucial to utilize the words or phrases of keywords as the header of the paragraphs as strong value is being given by search engines to headers of the articles or content. If it is possible for the developers, they may also consider putting the links of other alike and useful websites on their site, however, the care should be taken that these links open in new tab in order to allow the user to turn back to the original website easily. The study has also explored the importance of writing the keywords related to the website in Title Tag of the website while writing the site in WordPress ⁶⁶.

3.3. New Leads Driven by Social Networks

The emergence of social networks has proven them as new leads source, specifically a professional and premier business network that is LinkedIn. The members of these social networks are important because they are enjoying prosper times despite economic crisis around the world. More importantly, the members of LinkedIn comprise of tens of thousands of momtrepreneurs or entrepreneurs on Internet, which are outgrowing their own established garage offices, family room, and are ready for claiming spaces of prime commercial nature ⁶⁷. The recent study conducted by Real Estate Metrics (2017) has portrayed that in recent history these social networks like LinkedIn have given some

⁶⁶ Dover, D. and Dafforn, E., 2011. Search engine optimization (SEO) secrets. Wiley publishing.

⁶⁷ Real Estate Metrics, 2017. Growth of Commercial Real Estate Sales Online. [online] Wwwmetrics.com. Available at: <<http://wwwmetrics.com/commercial-real-estate.htm>>

valuable realtors commercial links to attorneys, dentists, and doctors. These professionals skim their overhead by as much as eight percent while buying their defaulted malls while avoiding to rent their professional or commercial places in ghost-towns of retailers.

Naturally, these historical stand-bys are continuing to connect different sellers and buyers of commercial real estate. The majority of the big and independent brokerages are encouraging their customers who are loyal to their business, to “like” their official profiles on social networking sites like Facebook. The leading generators of revenue in business nowadays utilize the services of Twitter as well for maintaining a link with their clients and colleagues with the blog posts they make daily, which keep them in minds and eyes of their customers for a longer and consistent time period ⁶⁸.

3.4. Online Business Tactics for Agent of Real Estate

3.4.1. The Utilization of Responsive Web Designs

This tactic that is usually being recommended to the real estate agent means that web design should vary whenever the browser of visitors of the website changes. Each of the professional agents of real estate must know that presence on online media is crucial for reaching the desired level of success in the business when it comes to generating new customers and new leads for their real estate business (Mini and Brooks, 2004). Statistics and studies portray, as discussed by Hines (2014), that websites that have web designs with higher responsiveness results in increased product and service sale and higher conversion rates than others. Ordinarily, it explains that a website with an ordinary sidebar and column design on a desktop computer may be shown with a column that is below a sidebar of content when it will appear on a mobile device. These responsive designs are also being recommended by Google itself. On the other hand, surely the potential customers of any website like the reality of visiting their sellers’ website from any device at any time without any technical hurdle (Hines, 2014).

⁶⁸ Real Estate Metrics, 2017. Growth of Commercial Real Estate Sales Online. [online] Wwwmetrics.com. Available at: <<http://wwwmetrics.com/commercial-real-estate.htm>>

3.4.2. Creation of Local Content

Creation of helpful and easy to understand content for sellers and buyers of real estate is more significant than any other website. Both of the sellers and buyers, in real life, spend plenty of their precious time to research the selling and buying process, specifically while making this decision for the first time ⁶⁹. Potential customers of these websites who are going to move to a new place may be more interested in prospect events, neighborhoods, schools, statistics, fun facts and so forth. Hence, if a real estate website provide these individuals with these facts and figure, the website may have more views than before.

3.4.3. Capture Emails

Another important tactic suggested by Hines (2014)⁷⁰ to real estate agents is that they need to build a list of people for emails that may be shown on the official website of the business. This can provide the customers with a chance to see some banners, which may provide them with a probability of viewing more content whenever they log in or register on the website. By providing the email address on the website, customers can be contacted in future for sharing them with news and views about the market of real estate by means of email.

3.4.4. Collecting Feedback

Hines (2014) have argued that a real estate agent must not avoid asking for a feedback from the customers, specifically when it is already known that this feedback can be very beneficial for the business. At any duration of time when any real estate agent receives a phone call or email from their potential customers, they may utilize this business

⁶⁹ Hines, K., 2014. 6 Online Marketing Tactics Every Real Estate Agent Should Know. [online] The Zapier Blog. Available at: <<https://zapier.com/blog/real-estate-agent-online-marketing-tactics/>>

⁷⁰ Hines, K., 2014. 6 Online Marketing Tactics Every Real Estate Agent Should Know. [online] The Zapier Blog. Available at: <<https://zapier.com/blog/real-estate-agent-online-marketing-tactics/>>

opportunity for asking the customers for a feedback on their own (Mini and Brooks, 2004)⁷¹. More importantly, this feedback can be used to portray the positive aspects of the business to other customers as well.

3.4.5. Use Captivating Cover Pictures

Putting cover photos on the website and social networking sites is not a difficult task, however, it can pay back a lot to the business by attracting the attention of more customers. The real estate agents must add a link to these pictures as well so that by clicking on the image, the customers may know about the description of the picture. Through this method, customer can view a highlighted subject on real estate online site ⁷².

3.5. Lead Generation

Users visit the real state service providers' websites while visiting this site, users went through the landing page where the lead is generated or not. If the potential buyers leave their contact information, then they generate a lead or if they are not interested they will leave without any information then they consider non-lead (Rahman et al., 2012)⁷³. In the case of the luxury real estate, luxuryestate.com is the landing page, which is designed to attract the users with different choices and interests. The Customer Lead is a person that is interested in buying a product or service (Bigelow, 2007). It does not consider as a direct sale, but a process of selling product or service to the potential customer. Leads are produced by lead generating company or business owner through campaigns, for example, internet marketing and trade fairs. Lead is generated after following certain conditions by

⁷¹ Mini, J.F. and Brooks, N.A., zipRealty, Inc., 2004. Beginning-to-end online automation of real estate transactions. U.S. Patent 6,684,196.

⁷² Hines, K., 2014. 6 Online Marketing Tactics Every Real Estate Agent Should Know. [online] The Zapier Blog. Available at: <<https://zapier.com/blog/real-estate-agent-online-marketing-tactics/>>

⁷³ Rahman, M.A., Zhao, X., Mosquera, M.G., Gao, Q., Keselj, V. and Wang, H., 2012. Business Lead Generation for Online Real Estate Services: A Case Study. In Proceedings of the 4th International Conference on Advances in Databases, Knowledge, and Data Applications (DBKDA 2012), Saint Gilles, Reunion Island.

the customer which are defined by the provider. If a lead is generated and makes a purchase, then it is called conversion of a lead. There is two type of organizations which generate the lead, the aim of the first type is to increase sales and the second type which generate generic leads where a person is searching for the special offer not for brand or provider. This system is made for business firms that maintain websites for appealing potential customers. This web-based system is used as an application that develops through a pre-emptive profiling process to get the email address of prospective buyer⁷⁴. It is based on the client-provided criteria for potential buyers who provide their arguments about product and services. In this process, major sources are discussion forums, newsgroups and web contents of different websites. The general image of this process is shown in the figure.

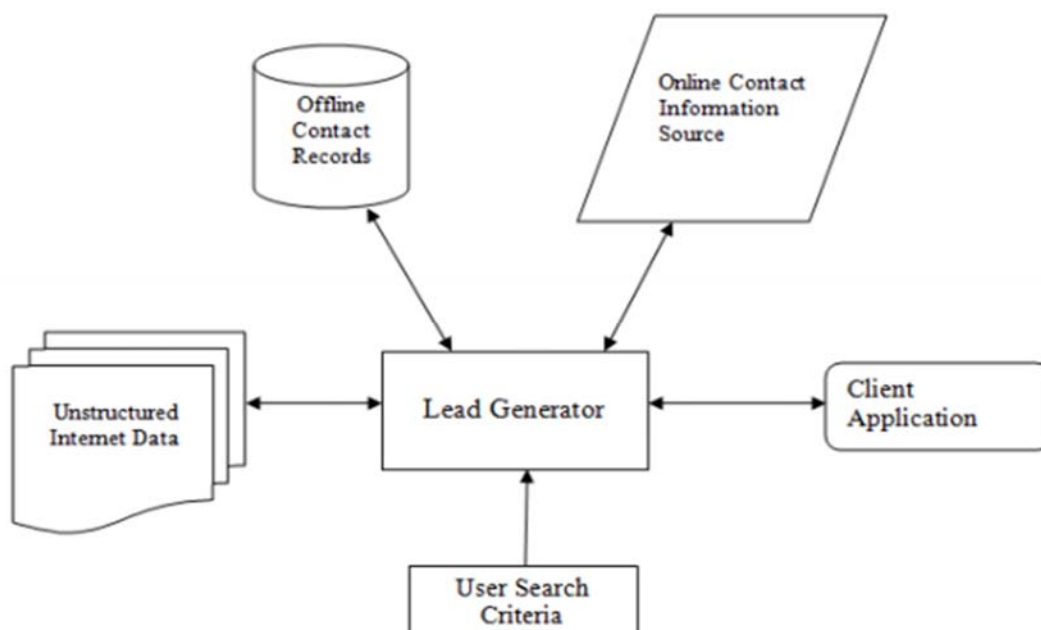


Figure – 3.1. General view of lead generator system. Source: (Rahman, 2012⁷⁵).

3.6. CRM Software Packages

Many CRM software is used for lead generation. As an example, Oracle's PeopleSoft Organization uses a lead generation system. This organization uses this system to update

⁷⁴ Seibel, J.C., Feng, Y. and Foster, R.L., Reachforce, Inc., 2007. Web-based customer lead generator system with pre-emptive profiling. U.S. Patent 7,275,083.

⁷⁵ Rahman, M.A., 2012. A Data Mining Framework for Automatic Online Customer Lead Generation.

customer information and their profiles for direct marketing concern. The system obtains, details and increases the potential customers and the automatic content helps in offering special offers and collecting users' responses. Finally, the quality of leads is improved through prescheduled and imitated contact with potential customers ⁷⁶. The CRM software packages and their operations are discussing below.

SAP CRM 7.0 software is used for lead generation and making predictions about the level of importance shown by business competitors, by focusing on converting these leads into actual customers. SAP CRM software provides two aspects in this context, inbound, and outbound. For outbound scenario, the enterprise is operating in a building and establishes a connection with other partners. In this scenario, the marketing campaign is initiated as a first step to generate a lead, but the lead is generated as a result of this campaign. On the other hand, for inbound scenario client is communicated through different media such as E-mail, Fax or telephone. If the client shows his consent for the property or certain product, employee produces a lead ⁷⁷.

SAS CRM software allows prediction about the lead generation to increase profit by up-selling or cross-selling efficiently; indicate the most appropriate and potential customers who are actually interested in the product or service; build and grow a relationship with loyal customers, and enhance brand awareness through well-structured communication. Moreover, the software reduces the costs by providing opportunities to target campaigns efficiently. Additionally, it also eliminates the cost of attracting new customers and allows to communicate with low-value and high-value customers ⁷⁸.

IBM Unica Lead authorizes, assigns, orders and captures leads. It notifies the marketers effectively and provides generated leads to associates and related departments. It measures the results from previous leads and helps the markets to increase the Return on investment

⁷⁶ Oracle, 2014. PeopleSoft Multichannel Communications. [online] O R A C L E D A T A S H E E T. Available at: <<http://www.oracle.com/us/media1/057261.pdf>>

⁷⁷ SAP, 2012. Lead Generation. [online] SAP. help. Available at: <http://help.sap.com/saphelp_crm40/helpdata/en/f7/60823a2e5d3469e10000000a114084/content.htm>

⁷⁸ SAS, 2012. Analytical CRM: Optimizing Your Customer Initiative for Maximum ROI. [online] SaS White Paper. Available at: <http://www.sas.com/offices/europe/sweden/pdf/Analytical_CRM.pdf>.

of lead generating web-based marketing. In addition, it reduces the gap between sales and marketing and also helps in the lead tracking point-to-point process ⁷⁹.

ActiveConversion gives qualified leads to salespersons in order to increase sales. It is highly efficient software because it provides marketing intelligence to present sales force and discover individual contacts and discover business firms. It includes scoring system according to which leads are ranked as the analysis factors are defined by the provider. Updates of potential customers and important leads assist the sales force to get the most active customers which are selected from the website. It helps in accelerating the sales cycle and integrating the website with Google, Salesforce.com and other search engines to increase the demand ⁸⁰.

Marketo helps in creating B2B marketing and on-demand lead generation in order to discover ready to sale leads. It also helps in attracting the prospects that are focusing on the buying products but not yet decided to purchase or being involved in the buying process. It converts the website traffic to leads and rates fresh visitors to the most important leads ⁸¹.

All of the discussed lead generation systems are built targeting B2C or B2B scenarios. This targeting facilitates the lead generation process by improving marketing and sales strategies. To our best knowledge, there is no suitable automatic lead-generation system readily available which could empower the online real estate service provider to quickly and easily capture targeted leads.

⁷⁹ IBM Company, 2012. Unica Leads. [online] IBM. Available at: <<http://www-142.ibm.com/software/products/us/en/lead-management>>

⁸⁰ ActiveConversion, 2012. Sales Lead Generation and Management. [online] ActiveConversion. Available at: <<http://www.activeconversion.com/leadgeneration.html>>

⁸¹ Marketo, 2012. Award-Winning Marketing Automation Software - Marketo. [online] Marketo.com. Available at: <<https://www.marketo.com/software/marketing-automation/>>

CHAPTER 4: CASE STUDY OF LUXURYESTATE.COM

4.1. History

“Launched in November 2011, LuxuryEstate is a site dedicated to those who wish to purchase or rent a luxury home, along with those who are passionate about prestigious real estate and curious to discover new trends and interior solutions. Whether it’s a castle in Loire, an apartment in London, a villa in Tuscany or a penthouse in New York, LuxuryEstate has the largest selection of luxury homes to offer in the most chic and renowned places in the world.”

In 2013 still there were no international players active in the web market of luxury estate, in the month of September the website was viewed 100k times and there were 70 thousand real estate advertisements even if a lot of advertisements were deleted because of the price limit that identifies this market as “luxury”; the USA was the first country for number of advertisements. To increase traffic from search engines they need to have many ads and be able to have ads by charging. It was a very difficult for a new site to follow this path of advertisement (Luxury Estate Official, 2017). They decided that in their initial period of operations they will tend to adopt a “Freemium model” in which they wouldn’t charge money to the agencies for publishing the advertisements, in this phase the revenues were low and for this reason they had to maintain their costs. It wasn't enough the first in the Italian market but was really important and necessary for the future a global presence and the “core market” must include at least the USA, Asia and the Arabic countries. The languages translations available at this time were ENG, ITA, FRA, RUS, TED, SPA, CIN, POR/BR.

In May 2014, the website was viewed 300k and the real estate advertisement was 110k. They started to sell different packages according to the customer’s needs. The clients could choose an Elite, a Prestige, a Premium or a Standard package. The Elite is the best advertisement formula on LuxuryEstate, in fact, they will be always in the first pages and this kind of posts attract fifty times more visitors than others.

In November 2015, the monthly viewed were 500k and there was 250k real estate advertisement. Europe, USA, Brazil and Russia were the areas where the website was mostly viewed. The site's traffic comes from 74% from the desktops, 15% from tablets and for the 11% of smartphones. Traffic quality has improved: users spend more time on the site, an average of 7 minutes per visitor. The initiatives implemented in Asia (China, Korea, and Japan) did not produce the desired effect for a number of local characteristics (e.g. search engines with different logic, etc.). The operators of LuxuryEstate removed resources to these countries to avoid dispersion in them, and keep them in standby with minimal investment. Since some European countries had started the sales activities in a systematic way, ad quality was improving because it was published for a fee instead of providing the services for free. They started the marketing activities out of the Italian territory (Immobiliare.it acts as a retailer with a revenue-share agreement), the first results of which seem to be positive. The web designers and initiators of LuxuryEstate have devoted the winter to the development of many tools necessary to market, in winter 2016 they came back to take care of the website and applications ⁸².

4.2 Competitors: direct and indirect

4.2.1. Competitors in 2013

Teatrium.net was a failed project, the founder was evaluating the sale and LuxuryHomes.com, re-launched in 2012 it was not catching on as shown in figure given below.

⁸² Luxury Estates International, 2017. Luxury Estates International -. [online] Luxury Estates International. Available at: <<http://luxuryestates.com/>>

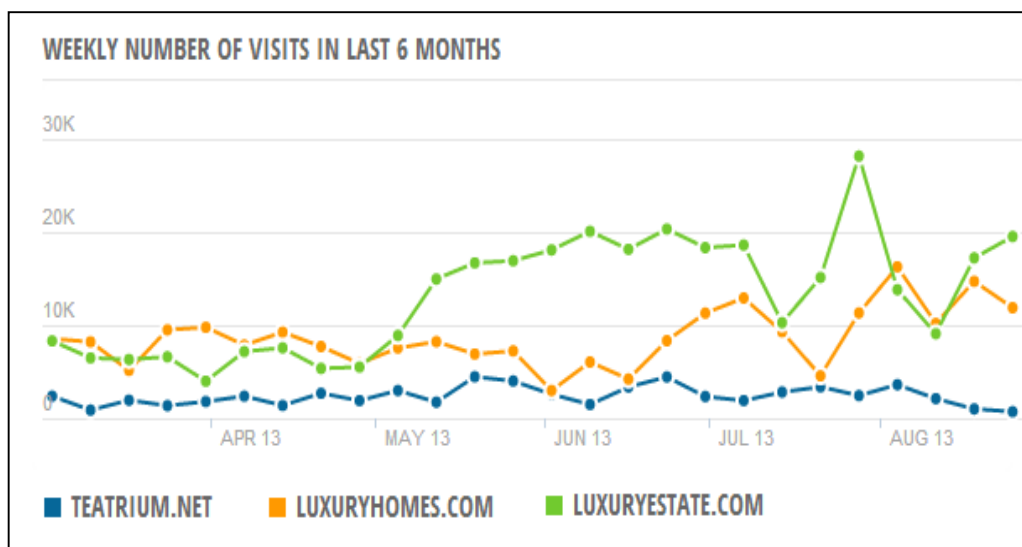


FIGURE – 4.1 Competitors’ Statistics of Weekly Site Visits



FIGURE – 4.2 A Comparison between LuxuryEstate.com and other Competitors

After one year after its launch, LuxuryEstate.com already had a traffic not too distinct than that of LuxuryPortfolio.com and LuxuryRealEstate.com as shown in the figure as given above.

LuxuryPortfolio.com and LuxuryRealEstate.com were not real competitors, as they represent a kind of “soft franchises” or “club”, in fact, the agencies maintain their own brand, but are associated (in some cases both), they can share ads with other members and receive the visibility provided by the sites. “Who’s Who in LuxuryRealEstate and Luxury Real Estate Magazine is a compendium of the finest residential real estate firms from around the world. Inclusion in our directory is only by invitation”.

From October 2014 to September 2015 they have seen a sharp decline of LuxuryPortfolio, very big in the US, while the gap with other sites remained stable.



FIGURE – 4.3 Visits of Real Estate Site Competitors during 2014-2015

[Source: Aranza and Brown, 2015]

At the end of 2016 we can see that LuxuryEstate is the first web site providing services regarding international properties, for number of views, in the world. By doing an analysis of the statistics, it can be seen that there is a lot of interesting data.

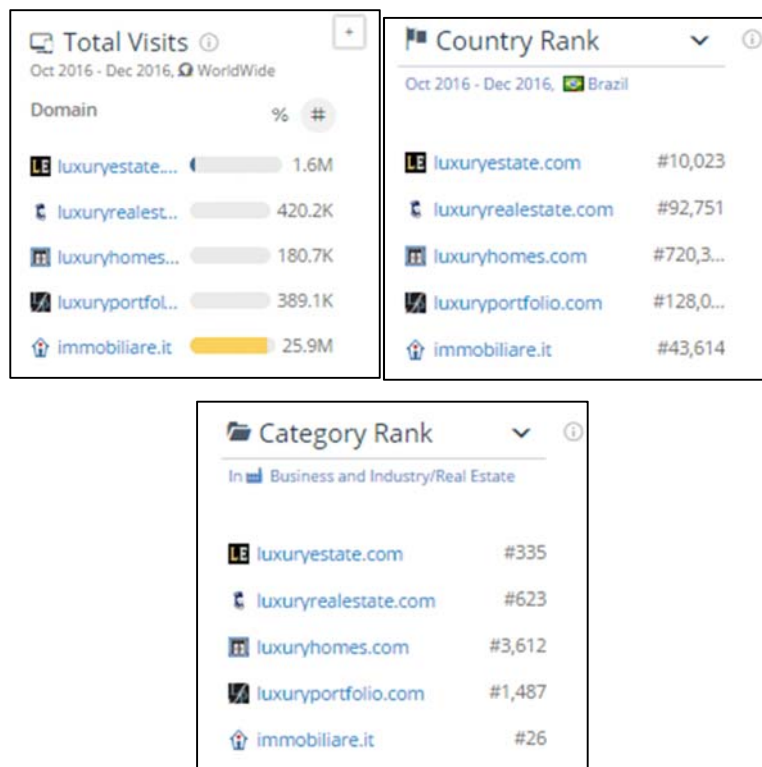


FIGURE – 4.5 Statistics of Total Visits, Country Rank and Category Rank

As it can be seen the second website specific in luxury has the half of the visits of luxuryestate.com. Immobiliare.it has more visits but is not specific for the luxury properties and as everybody knows that luxury for few. However, this study took a country like Brazil as an example to see how much it is influenced by an Italian site as immobiliare.it. It can be seen from the data that luxuryestate.com here has far better ranking than that of Immobiliare.it, this is because finding the site properties located all over the world by these individuals and engrossing their attention on the part of those who want to buy a house is higher.



FIGURE – 4.6 Traffic Share of Luxury Estate Site Competitors

| Domain | Monthly Visits | Avg. Visit Duration | Pages/Visit | Bounce Rate |
|----------------------|----------------|---------------------|-------------|-------------|
| luxuryestate.com | 547,853 | 00:07:36 | 7.72 | 35.39% |
| luxuryportfolio.com | 129,696 | 00:05:00 | 5.32 | 33.35% |
| luxuryhomes.com | 60,232 | 00:02:15 | 3.65 | 32.10% |
| immobiliare.it | 8.626M | 00:08:00 | 8.51 | 28.38% |
| luxuryrealestate.com | 140,063 | 00:07:38 | 36.34 | 26.62% |

FIGURE – 4.7 Engagement of Visitors in Luxury Estate Sites

The above given figure that is ----- and ----- portrays the strength of visitors attracted by the competitors of real estate website and their engagement in the sites.

4.3. Communicating the Brand and Strategies

It is interesting to know that how a website is better than the other one and what people perceive about this website. It's important to remember that even if the website is entering in a mass market, it must ensure the sense of exclusivity. This is possible with a good brand communication.

4.3.1. Communicating the Brand

There are many ways to communicate the brand with potential customers.

- Media own by the company, for example, website, application for mobile, luxury property shows.
- Media earned by the company, for example, PR, news & blogs, social networks.
- Media bought by the company, for example, advertising, partnership (exp. With Immobiliare.it and House24) (Khanna, 2013).

It is well known that communication is important for intrigue & enchant new customers and reinforce & strengthen the current customers' relationship.

For the USA market, they had established a partnership with the Corcoran group, that is a full-service real estate firm, with over 1,900 independent agents and sales that have reached more than \$18 billion, annually. The UK remains a very tough and complex market, from the supply side in terms of real estate agency announcements and from the demand side in term of online traffic, but they managed to activate collaborations with agencies starting from offices in the other countries like Italy, France, Russia, etc (Wealth-x, 2016). The country has participation with different agencies like Sotheby, Coldwell Banker preview and Engel and Volkers. Also participate with new agencies which are Germany, Austria, and Switzerland. This collaboration with UK news agency brings consistent results in USA, UK and in the whole world. For increasing the visibility of the website, they also have published homes owned by VIPs, for example, the Villas of Celine Dion. It can see from the graph that how many views the website had registered.

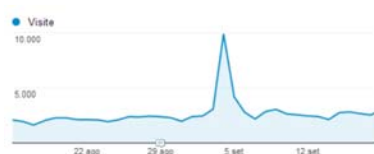


Figure – 4.8. Views about Villas of Celine Dion on website.

The releases related to "VIP's house" are alternating (e.g. the Prince villa in Marbella for sale) and press corporate (e.g. the development of prices for luxury real estate in major cities in the world). It is also important to rebalancing the marketing strategies in order to

obtain a homogeneous global coverage. Monetization of real estate ads in the most advanced countries (UK, Australia) provides a basic payment for the ads, and an additional cost to ensure more visibility. The revenue growth in the coming years is identified from the options and extra visibility services. In the US, for historical reasons ads are free, the customer only pays for the extra visibility, that is, the model freemium. The freemium model is the only one that allows a strong growth of content and its (partial) monetization. To ensure the visibility of ads and their comparable position in the list, ads are rotated⁸³. It is very important to note that at the beginning of 2014 ads have not been defined as 'agreements' with large groups, so the ads come mainly from individual agencies. This is crucial in terms of monetization as it is easier (and faster) to establish a trade agreement with the individual agencies with respect to the groups. In addition, the launch of a new language generates an increase in online traffic localized in countries where it's spoken. Moreover, the presence of different languages creates local links which improve the positioning of the entire site. That is why the strategy of globalization necessarily involves a site in multiple languages.

The most effective method to differentiate the ad visibility, which is used to give more to some and less to others, based on the ad placement on the list. The position of an ad in an announcement list is more important because it increases the number of ads and this is the reason that's why the main focus is increasing the number of ads⁸⁴. The position of an ad can be defined based on different criteria depending on the objective the firm want to achieve. For example, if the firm wants to encourage the "Rotation" that users always see new ads, simply ordered by dates. To sort the ads of LuxuryEstate.com which is the main focus point of this study, the quality of both information and wealth parameters such as price, bathroom, bedrooms etcetera is necessary that are basic features of the luxury properties and defined by Quality Score.

⁸³ Kumar, V., 2014. Making'Freemium'Work.

⁸⁴ Lara, A., Bedard, S., Chen, A.D., Goli, S.K. and Stoliartchouk, A., Yahoo!, Inc., 2007. Methods of ranking content for brand centric websites. U.S. Patent Application 11/863,202.

4.3.2. Quality Score

The result of an algorithm which takes into account more than 15 parameters, from the number of images to the price, the number of bathrooms, property type, etc. It was given a weight to each parameter aimed at rewarding ads richer and that they are more “luxury” than others. These will be displayed before others. In addition to the Quality Score, the ranking is determined by the possibility for real estate agencies to buy packages of visibility so as to reach higher positions. The agents will be able to buy ads “Elite”, which will be positioned on top of the list ads, and ads "premium", which will be positioned before the “Standard ads” and after the announcements “Elite”. Within the same type of ads placement, it will be determined again by the Quality Score, so as to ensure greater visibility for higher-quality ads, other things being equal conditions. The agencies will then publish 20 “Standard Ads”, 10 listings “Premium” and 5 ads “Elite”. The agreements for extra visibility options shall be annual ⁸⁵.

The traffic increased in key countries in Europe, USA, and Brazil. efforts were made to increase traffic to other countries "secondary" (e.g. translation in Polish, Greek and Hebrew languages reaching 16 in total), but the focus will be more in countries "core" like Europe (and in particular Germany, France, UK, Italy, Spain, Switzerland), in the USA, Brazil, and Russia ⁸⁶. It was launched the e-commerce, which allows agencies to buy independently of visibility online and pay packages. This will be especially useful in countries “non-core”, but this did not represent a high percentage of the turnover, not surprisingly all property portals have a call center.

⁸⁵ Galey, M., 2004. System and method of online real estate listing and advertisement. U.S. Patent Application 10/896,331.

⁸⁶ Durden, T., 2015. The "Billionaire Hubs" - A Look At The Housing Habits Of The World's Ultra Richest People. [online] Gandoura4.rssing.com. Available at: <<http://gandoura4.rssing.com/browser.php?indx=3656183&item=39>>

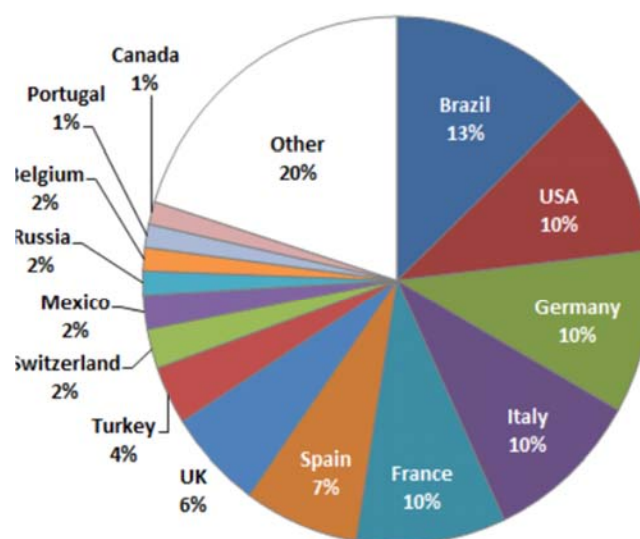


Figure – 4.9 Analysis of Traffic on Websites with reference to different countries.

A luxury real estate website generates little contact of great value, and this leads to long periods of monetization because to be monetized it is necessary that the site is known and appreciated by real estate agents. In a so specific category and of scale so vast they cannot do "massive" investments in advertising (e.g. TV) but only limited and local, in PR. 70% of the traffic comes from positioning "natural" (not paid), search engine rankings of which Google is 67%. Direct traffic is 15%, and paid traffic is 11%. only limited and local, in PR. 70% of the traffic comes from positioning "natural" (not paid), search engine rankings of which Google is 67%. Direct traffic is 15%, and paid traffic is 11%. The traffic is originated mainly in Europe (52%) and particularly from countries considered interesting (Germany, Italy, France, Spain, UK, and Switzerland) (UK Ranking).

In the UK there is high competition and it was difficult to reach a critical mass of ads. The US accounted for 10% of the traffic. It is an excellent result, but the potential is enormous, even if the local competition is really strong. The goal is to increase the number of ads and work on the site to enhance the user experience. Brazil is the country that generates more traffic, accounting for 13%, mainly due to limited local competition. Each country has strong local connotations in terms of business model, for example in the US the ads are a

"commodity" and the agencies are used only to pay for the extra visibility, unlike the rest of the world where you pay to publish ads. Monetization of ads necessarily passes through the request of a contract for publishing the ads (we move from the freemium model to the pay model for listing).

4.4. Technology

The site's servers are located in Italy, and this entails a certain tardiness of the pages, as a result the site is slow in some countries. This problem was most evident in China because they have a specific politic about great firewall which it makes necessary to have a server physically in their country. To allow the best use of the site in countries far from Italy, where the main servers are located, it has been designed and implemented a distributed structure. In 2014 the servers were activated in the U.S., so the traffic is provided by those servers. An automatic system defines which are the servers that must deliver the content based on the user's location.



Figure – 4.10 Sites of servers in the world.

The blue icons are where being now the servers. The red icons are where the new servers being installed.

4.5. Back Office

In order to commercialize the product in other countries except Italy (where there is an agreement with Immobiliare.it), it was necessary to develop a back office dedicated to the sale, where the account can see the information on the agency, for insert the contracts with "extra visibility" ads for a fee, to define the timing, the method of payment, track renewals, etc. The back office for estate agents is used to publish ads on LuxuryEstate. In previous years, this was not very important because almost all the ads were imported by the management because the site was not known and the agencies did not want to "waste time". It has been developed from scratch a new back office, more functional than the last. The new back office for real estate agencies allows them to manage ads with extra visibility, purchased through the support telephone sales, or independently (i.e. e-commerce). Depending on the commercial setting defined for each country is possible to buy visibility packages or extensions (i.e. further announcements) independently, and pay with PayPal. The application allows to:

- Research in 83 countries
- Saving research and ads
- See all the photos full-screen ad
- Locate the property on the map
- Request information real estate agency

4.6. Analysis of competitors:

Competitors: luxuryhomes.com, teatrium.net, Luxuryportfolio.com, and luxuryrealestate.com but they are not real competitors because luxuryrealestate is a sort of club and luxuryportfolio is a franchising. The Elite is the best advertisement formula on LuxuryEstate, in fact, the ads are placed always on the first pages and this kind of posts are fifty times more seen than others. This package also offers the possibility of Positioned before Prestige, Premium, and Standard; Agency name and logo; Picture and Ad bigger than others; publish video and leads via email and telephone. The Prestige one offers the

same of the elite package but the ads are positioned after the Elite in the list (Aranza and Brown, 2015).

The Premium one is positioned after Elite and Prestige packages and it doesn't give the possibility of publishing ads and picture bigger. The standard ads are the last in the list and the agencies can not publish: their name and logo, bigger pics and ads, video and they can be contacted only by email. The costs that incurred in this type of business are the marketing ones, the hardware & technologies, peoples, and offices. The revenues are represented from sales (to the agencies or to individuals) or others like the banners for the visibility. There still were the problem with China because of their culture and their search engines. From the marketing side, they have to arouse interest in advertisement agencies and they did specific investments in the public relationship. They had management software in every country and a back office for manage the work with the agencies.

CHAPTER 5: CONCLUSION

5.1. Summary of the Findings

Through all the conclusions and findings, it can firmly be stated that the internet, specifically the online media including websites and social networking sites have a high impact on real estate business. This may not be static all the time, however, this study has provided an overview of the potential revenue generating activities that a real estate business can experience by using online media.

The first chapter, in this regard, presents a scenario at using the internet technology for the growth of luxury real estate market. For this purpose, the research study conducted by Metrics (2016) and National Association of Realtors (2016), during several previous years have shown that the majority of the buyers of real estate properties now tend to use the internet for searching these properties that may be residential real estate, commercial real estate, and luxury real estate. The research studies have discussed that in past people who wanted to buy their homes or luxury market, relied heavily on magazines related to real estate and newspaper. However, nowadays this trend has been replaced by official websites of real estate agents and their social networking sites. These real estate agents are adapting to the changing habits of their potential customers by adopting new internet technologies for letting their customers access them with more convenience. The chapter discusses the research conducted by National Association of Realtors (2013), in which 84% of the real estate agents answered to a poll responding that they use social networking sites for the purpose of promoting their real estate business, as it gives them a greater visibility. It is a proven fact now that consumers at all business sectors have started using the Internet at a greater pace than ever before to make their buying decision. People now make real estate purchase decision by reading reviews on websites, searching for the real estate properties on Google Search engines, and watch YouTube “how-to” videos for this purpose. This strategy of real estate business is called as ZMOT by Google. The research studies, for the purpose of helping the real estate professional for addressing the challenges of real estate business, is conducted by National Association of Realtors and Google. This research has shown that around 90 percent of the home buyers or other real estate buyers search for their

new homes on the internet. While search on google search engine related to real estate has increased to up to 253 percent during the last 4 years. However, this study of National Association of Realtors has portrayed the fact that home buyers nowadays do not only rely on online or offline means of collecting information. Around 89 percent of these customers use mobile phone applications for making real estate purchase decision. The statistics given in this research study has shown that 18 percent of these people using internet for real estate purchase decision tend to contact real estate agents, 35 percent of them use it to compare the features, 44 percent of them want to compare prices, however, 51 percent of them use internet for collecting general information. It was presented by Realtors' research that during the year 2011, around 31 percent of real estate customers visited more than 3 websites before purchasing the property. Commercial real estate and its presence online are also significant for this type of businesses. Internet tools are being utilized by cost-conscious businesses who are just initiating or establishing their firms. Traditionally these commercial real estate buyers used to rely only on the information provided by real estate agents, but now they contact the agents after making a tour of the virtual world.

The study has provided the case of India, the country that is passing from the phase of the unprecedented Internet revolution. There is around 980 million subscription of mobile phones and around 354 million people in India use the internet. The real estate market of India is one of the fastest growing sectors and is predicted to cross USD 180 billion with a group rate of 11 percent by the year 2020. The research of Google has shown that due to virtual reality technology, real estate market in India has experienced the transactions gain of about USD 43 billion.

This study has a specific focus on luxury real estate market. The market trends in this market segment are researched and presented. This usage of internet to invest in real estate is not only confirmed to residential real estate, but the luxury real estate is one of the biggest and most profitable markets as well. The ultra-high net worth individuals are around 211, 275 people in the world who mostly like to buy more properties than they actually use. They target market of luxury real estate business include many countries. However, the United States of America and the United Kingdom's people have different preferences than UHNW individuals from China and Russia. Key locations to which these people get more

attracted include Paris, Singapore, Hong Kong, London, New York, Dallas, Washington D.C, San Francisco, and Los Angeles. There is a promising future of the luxury market.

The second chapter of the study has given a detailed literature of online marketing strategies that are being used by real estate agents or the strategies that can be used by them. The most important tools being used for this purpose include Search Engine Optimization (SEO) and Search Engine Marketing (SEM). In addition to these strategies, social networking sites are also crucial for any business nowadays, because people spend more time on social networking sites than on searching random websites on Google. The online tactics that can be used by real estate agents include utilization of responsive web design, the creation of local content, capturing email, asking for feedback and using appropriate and captivating cover photos.

5.2. Concluding Remarks

The study has proven the fact that the first real approach to real estate market nowadays it's online, most of the people before buying a house they do a research online for having an overview of the market. With the internet everything has become easier, the people can stay comfort seated on their sofa and with their smartphones do the first screening of houses while watching the Televisions. On one hand, the online tools and media have made it easier for the customers to shop online, and on the other hand, it has made it easier for the sellers to sell their products and services quite easily. They only need to publish an ad for a house for sale on a website that has become more critical nowadays because it increases visibility and thus the possibility for more people to decide whether they want to purchase that property or product at a specific price or not. It is a general behavioral aspect that people think that the value of good increases when increases the desire to own it, It can be said that then that the fact that having this homes more visibility it gives people more chances to desire the same good. In addition, prices for ads on brokerage sites are so insignificant compared to the potential revenues due to the sale of property, which makes it a non-tactical business behavior of the business professionals if they do not utilize this opportunity. Regarding the choice of the site on which the real estate agents may publish an ad for a luxury home, the websites that are specialized in this market are definitely more

suitable for several reasons. Since the research conducted in this has portrayed from the mapping of the attractions of UHNW there are places around the world, there is, therefore, the need to publish an advertisement in as many languages as possible and on international sites in order to have global visibility. This also helps the customers to visit the sites and gather the required information online in no time with more convenience as the information may be available in their own language.

A global real estate site requires a screening from the side of supply because it would be impossible to show ads of all the properties around the world. For this purpose, by introducing a minimum price and focusing on places where the luxury market can gain more interest of the people who can afford luxury real estate, it is possible to create a website that feeds more interest from buyers, compared to sites that focus on a single country.

5.3. Limitations of Study

Although the desired outcomes of the study have been accomplished, but there were a number of limitations that were faced by the investigator for conducting this study. For this study, only qualitative analysis through meta-analysis of the previously conducted study while using mono-method research approach. Using one approach for conducting a research has its own flaws, so the study could have used mixed method research including both qualitative and quantitative research for increasing the validity of findings. Future studies about this topic may consider using other methodological approaches to refine the concepts of research.

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Summary

The study has a clear aim of studying the importance of websites and online marketing tools used by real estate agents or which can be used by them, for development and growth of real estate market around the world. The study was aimed at getting to the point that how luxury real estate market is being affected by the utilization of internet by both real estate agents and their customers. The objectives of the study include: 1) To study the phenomena that lead some places to be more attractive than others and the dynamics that move these markets, 2) To analyze the real estate websites and the importance nowadays of the online real estate market even if is a market that then develops offline, 3) To explore different platforms of online real estate and how they differ among themselves, 4) To describe Online tools, use to expand their user base, 5) To discuss the luxury real estate market online is easier to develop on specific sites that manage to give greater visibility.

The background of the study that compelled the investigator to conduct a study on this top is given in the first chapter of the dissertation. Amid a couple of the earlier decades, the market for the services and products on the web has developed as a colossal system of the general population, interfacing them from everywhere throughout the world. The development rate of web utilization in simply most recent 16 years that is from the year 2000-2016 is as high as 918%. This huge concentration of individuals on online media has made a monstrous promoting stage in the computerized territory for the business association keeping in mind the end goal to do their business. Today individuals utilize the web for some reasons that run past associating with the general population, additionally to develop their own system for sharing encounters, seeking excitement and getting data. The utilization of the web, alongside the element of upgrading the clients' online experience, is changing the world market into borderless place for trading the items with no time and geological challenges for getting to the clients. The business association these days have understood that there is a move of force from the vendor of items to clients of the items because of digitalization in which the data goes with the speed of lightning and buy

exchange can be made in a single tap on the smartphones. Thus, around the greater part of the associations are turning into the part of the business world that is carefully associated for augmenting their chances for development of client connections, showcase extension, a decrease of cost of creation and productive operations. With the advent of smartphones and other technological advancements, the decision-making process of the customers has been changed tremendously. Same is the matter with real estate market and its customers who have started relying on the internet more than ever before. The research studies reviewed for this purpose, in order to build the background of the study, has presented that nowadays more than 83 percent of the buying and selling decision related to real estate properties start with a simple search on Google search engines. For purpose of investigating this topic, the case study of a famous website that is luxuryestate.com has been used.

The online real estate industry is creating the appearance of innovation and extravagant ways of life of the general population. With the advancement of industry, working power in the business is by and large more cognizant about promoting and publicizing themselves before their rivals do. They need to wind up distinctly more mindful of the client request and attempt to draw in them with various systems. Because of the much-focused market, everybody needs to beat other. This review will clarify the significance of online real estate advertise and the online instrument to grow the client base. This review will help operators to approach their clients with better places and properties. Likewise, this review will offer data to individuals about online real estate administrations and sites which can give them best.

The first chapter of the research paper has introduced the topic in detail while discussing the background of the study, research problem, research questions, research aims, research objectives and significance of the study. The second chapter has given a detailed research on the topic of online real estate markets and their significance while focusing specifically on residential real estate market, commercial real estate market and luxury real estate market. Chapter three, in the dissertation, has given a detailed presentation of facts about different customers base, while chapter four presents the history and details of case real estate website luxuryestate.com. Chapter five, however, has

presented the conclusion of the study as well as some limitations faced by the investigator for the purpose of completing this study.

In this regard, the second chapter of the study introduces the situation of utilizing the web innovation for the development of extravagance real estate showcase. For this reason, the exploration examine directed by National Association of Realtors (2016)⁸⁷ and Metrics (2016)⁸⁸, amid a few earlier years have demonstrated that greater part of the purchasers of real estate properties now tend to utilize the web for looking these properties that might be private real estate, business real estate, and extravagance real estate. The previously conducted research studies have talked about that in past individuals who needed to purchase their homes or extravagance/luxury real estate, depend vigorously on magazines identified with real estate and daily paper. Be that as it may, these days this pattern has been supplanted by authority sites of real estate operators and their informal communication locales. These real estate specialists are adjusting to the changing propensities for their potential clients by embracing new web innovations for giving their clients a chance to get to them with more accommodation. The section has talked about the exploration led by National Association of Realtors (2013)⁸⁹, in which 84 percent of the real estate operators offered an explanation to a survey by reacting that they utilize informal communication locales with the end goal of advancing their real estate business, as it gives them a more noteworthy perceivability. As it is a demonstrated reality now that customers for all business areas have begun utilizing the Internet at a more prominent pace than any time in recent memory to settle on their purchasing choice. Individuals now settle on real estate buy choice by perusing surveys on sites, hunting down the real estate properties on Google Search motors, and watch YouTube "how-to" recordings for this reason. The Google has called this technique used by real estate agents and businesses as ZMOT. The

⁸⁷ National Association of Realtors, 2016. 2016 Recent Home Buyer and Seller Profiles. [online] www.nar.realtor. Available at: <<https://www.nar.realtor/reports/2016-recent-home-buyer-and-seller-profiles>>

⁸⁸ Real Estate Metrics, 2016. Growth of Commercial Real Estate Sales Online. [online] [Wwwmetrics.com](http://wwwmetrics.com). Available at: <<http://wwwmetrics.com/commercial-real-estate.htm>>

⁸⁹ National Association of Realtors, 2013. highlights from the 2013 profile of home buyers and sellers. [online] [Realtor](https://www.nar.realtor). Available at: <<https://www.nar.realtor/reports/highlights-from-the-2013-profileof-home-buyers-and-sellers>>

investigation studies conducted about this topic, with the end goal of helping the real estate proficient for tending to the difficulties of real estate business, is directed by Google and National Association of Realtors. This examination has demonstrated that around 90 percent of the home purchasers or other real estate purchasers scan for their new homes on the web. While look on google web crawler identified with real estate has expanded to up to 253 percent amid the most recent 4 years. In any case, this investigation of National Association of Realtors has depicted the way that home purchasers these days don't just depend on the web or disconnected method for gathering data. Around 89 percent of these clients utilize cell phone applications for settling on real estate buy choice.

The activities of buyers of real estate for residential purposes have also been examined. For this purpose, the study of Siwicki (2015)⁹⁰ has been examined and reviewed. The insights given in this exploration study about has demonstrated that 18 percent of these individuals utilizing the web for real estate buy choice tend to contact real estate specialists, 35 percent of them utilize it to look at the components, 44 percent of them need to analyze costs, nonetheless, 51 percent of them utilize the web for gathering general data. It was introduced by Realtors' exploration that amid the year 2011, around 31 percent of real estate clients went to more than 3 sites before acquiring the property. Business real estate and its nearness online are additionally huge for this kind of organizations. Web apparatuses are being used by cost-cognizant organizations who are simply starting or building up their organizations. Customarily these business real estate purchasers used to depend just on the data gave by real estate operators, however, now they contact the specialists in the wake of making a voyage through the virtual world.

The literature reviewed has portrayed the fact that through tablets search for a real estate through online means and modes has been increasing up to 362% in the recent past. Only for searching a real estate agent, the people are using internet 300% more than the previous years. As far as online market and business of commercial real estate are concerned, this business is also shifting the trend of purchase decision making from

⁹⁰ Siwicki, B., 2015. 75% of store shoppers use their mobile devices in-store. [online] Internetretailer.com. Available at: <<https://www.internetretailer.com/2015/04/09/75-store-shoppers-use-their-mobile-devices-store>>

traditional decision-making process to digitally oriented trends. The technological sector is a prominent sector where businesses are initiating their operations, so it is not only a choice for the businesses that they are opting the internet for flourishing business and making a purchase choice, but nowadays it is being considered as a valid and must necessity. Office rentals and other commercial real estate customers' engagement have been studied and observed by real estate market experts, however, the situation is miserable in smaller cities as there are no big industries and their subsidiaries in these cities. However, the vacancy rate and demand for rental buildings in metropolitan cities have been recorded with a growth rate of above 20 percent. So smaller cities and even bigger cities with more competition in the real estate market are decreasing their vacancy rate by using many tactics like decreasing rents as discussed by National Association of Realtors.

The study conducted by Real Estate Metrics insists that data analysis of visitors of a particular website related to real estate can be used by real estate agents in order to find potential buyers and examine their buying preferences. The real estate websites' web designers can construct a hub of real estate sellers and buyers by making links between real estate power entities, borrowers, and lenders. For the purpose of this examination, a survey through online means was conducted by Market Connections Inc. with the help of Google research team. The review examined that the principle motivation behind this review is to make the real estate experts realize the practices of individuals and their reaction towards web based showcasing and to realize the degree to which they are utilizing the web to scan for real estate and settling on their choices in view of the data they get. In the wake of getting this data, the real estate experts can make and modify their showcasing and promote plans as indicated by the patterns, while a few experts are still not receiving this pattern.

Key highlights of the survey with a detailed explanation were provided in the dissertation. Around 80 percent of the respondents of survey agreed to the notion that they are using the internet for more than three years in order to make a real estate purchase decision, and they highly depend on the information provided by these websites. Sixty percent of these respondents used to use mobile phones for searching on the internet, among whom 25 percent of the respondents use search engines for searching this

information while 50 percent of them rely on websites of real estate agents. As far as seeking the help of a broker is concerned, around 62 percent people who responded to this survey have given their opinion that they search for websites and Google search engines in order to seek help from a broker in real estate market. The review uncovered that the greater part of the potential purchasers begin their scan on the web for business real estate and the proportion of ones that begin their pursuit through daily papers promotions is under 1% at present.

Luxury real estate online is also a big emerging market in the world. The index given by Wealth-X research report has shown that properties owned by ultra-high net worth are rising at an annual rate of 8 percent. As there is a pattern of moving cash-flow to huge urban areas and great areas internationally, the vast majority of the properties are involved and the quantity of accessible grounds is diminishing in this way the development tends to increment in future too. By and large Ultra High Net, worth people claim 2.7 properties each. They are buying properties for different reasons out of which the one is for venture purposes. Having various resources is expanding their wealth. People in ultra-high net worth population are creating a new trend of investing in countries other than their home countries, where their main focus of interest for investment include Switzerland, the United States of America and the United Kingdom.

These people have a total population of 211, 275 people around the world who hold the above-given properties. The ultra-high net worth people have around USD 29 trillion of their wealth in the form of real estate assets. The research study presented by Wealth-X (2016) shows that the ratio of Ultra High Net worth individuals who invest more in real estate properties was 5 percent in the year 2013, however, this percentage has been increased tremendously in four years and now this percentage has reached the landmark of 7 percent. The Ultra High Net Worth individuals outside the United States are looking for the properties in the United States, making the United States popular country for real estate. The study has also explored that the largest numbers of Ultra High Net Worth residencies are in New York City. The growth in the world's Ultra High Net Worth population is 6% and Europe and America are still the two most significant countries that account for 29%

and 35% respectively of the UHNW population globally. The Luxury residential real estate property is generally owned by Ultra High Net Worth individuals and its worth should more than USD 1,000,000. The 79% of the world's Ultra High Net Worth individuals on an average own two or more properties 37. The people also own the secondary residencies and they made the decision.

Compared to the men, the proportion of female Ultra High Net Worth people is progressively that holds real estate resources. The proportion of the male population is 10 percent and for ladies is 16 percent. The Chinese and Russian population of Ultra High Net Worth people are youthful and independent and they are getting to be distinctly critical purchasers of High net worth properties everywhere throughout the world. More than 6% of the world's Ultra High Net Worth populace comprises of people that live in remote nations. The interest in the private real estate is expanding because of these ostracizes e.g. the people in India with no habitation are expanding the interest in a private home real estate.

The consumers of a luxury real estate market are the billionaires and in the United States of America only, these individuals hold four real estate properties worth USD 94 million approximately. In the form of cash, these individuals hold more than 25 percent of their holdings. It is estimated by the study of Rea (2016)⁹¹ that the residential real estate properties owned by UHNW individuals are more than USD 2.9 trillion. While these people have 17.2 percent of their net worth in the form of real estate properties including residential real estate, commercial and luxury real estate. The study explored that UHNW population are mainly the residents of New York, London, Singapore and Hong Kong. These people try to invest more in the places where they can have a quality time with family during their vacations like they give more preference to the countryside in North America and Europe. However, according to the study of Durden (2015), Monaco was found to have biggest proportion of UHNW residence owners based elsewhere with 83 percent of these individuals. The real estate is making the fortunes of world's Ultra High Net Worth

⁹¹ Rea, J., 2016. *Global Luxury Residential Real Estate Report* | - Jim Rea - Sotheby's International Realty. [online] Jim Rea - Sotheby's International Realty. Available at: <<http://jimrea.com/wp4/global-luxury-residential-real-estate-report/>>

population and its proportion is 7%. The Ultra High Net Worth people alongside the essential residencies in business urban communities likewise claim auxiliary residencies in different urban areas or even in outside nations. The Ultra High Net Worth people are the ones that are fundamental customers to frame luxury real estate advertise everywhere throughout the world. We can characterize the luxury real estate from numerous points of view and some shift as far as area e.g. houses in urban communities and huge chateaus in field territories. The property possessed by Ultra High Net Worth person, that has an esteem more than USD 1000000 can be called as a luxury real estate properties.

The pattern of buying luxury real estate by ultra-high net worth people is flexible. The majority of already owned property as of now and now they are buying properties as optional living arrangements or for venture purposes. The people are from everywhere throughout the world and they are purchasing properties in any accessible market to contribute their riches. New York, Hong Kong, and London are still the ruling selections of people for the luxury real estate yet alongside these some different spots i.e. Lugano, Monaco, and Marbella are likewise extremely alluring for luxury real estate financial specialists. The new Ultra High Net worth people are expanding the significance of new markets in creating benefits and accordingly, the interest for the luxury private real estate is expanding and the request is from the new people and from the outside people who needs to go into luxury real estate showcase. There is an expanding pattern recorded in residencies costs because of high requests in center eastern urban communities. For instance, in Dubai and Abu Dhabi as the administration from governmental level is concentrating on real estate venture and tourism.

It has been observed during recent past that the world has watched that people from the population of UHNW have kept up their possessions, properties, and equalizations of money. The principal purpose for their preservationist conduct amid the current past is their pattern of being consistently wary at whatever point they tend to settle on a choice of speculation. In any case, amid the most recent 10 years, a critical change has been seen as far as both the differing qualities of property's areas and various luxury and different properties being held by ultra-high net worth. The pattern of holding the property abroad,

more than in nearby regions, is rising step by step (Leonard, 2016). As the world has seen such a tremendous ascent in the populace of ultra-high net worth among developing nations too, there is nothing unexpected to witness this sort of broadening also. In particular, since the world was hit by the monetary emergency at the worldwide level, these people from UHNW amassed gigantic money adjusts and also properties. Amid the most recent decade, assignment of assets among these people has been predictable and legitimacy of the expression "money is best" has reemerged as talked about by the investigation of ISSUU (2015). Ultra-high net worth people with no qualification have the capacity for obtaining the real estate properties paying the money, yet some of these people still like to acquire cash for putting resources into various types of a real estate particularly luxury real estate.

The study of Aranza and Brown (2015)⁹² has portrayed that around 6% of ultra-high net individuals across the world are experiencing a relocation to other countries. However, it was found that these individuals must possess one or more residential real estate in the home country, however, the need of the hour and their business expansion force them to invest in real estate either commercial or residential in other countries as well. As far as the investment in luxury real estate at a holiday spot is concerned, UHNW nowadays tends to spend their money on holiday spots including Switzerland, the Alps or the Caribbean where they can spend free quality time with their family and friends. Another big motivation for UHNW individuals for buying luxury real estate in other countries is the tax regulations of the host country and their institutional infrastructure. Popular locations where ultra-high net worth population gets motivated to invest in include different developed countries and their major cities including Los Angeles, San Francisco, Dallas and Washington D.C. Indian people mostly tend to invest in real estate in Mumbai due to growing foreign direct investment and business platforms available in the city.

The third chapter of the study had its main focus on online marketing tools that are being used by real estate agents or the strategies that can be used by them. The most important tools being used for this purpose include Search Engine Optimization (SEO) and

⁹² Aranza, A. and Brown, B., 2015. THE GLOBAL LUXURY RESIDENTIAL REAL ESTATE REPORT 2015. [online] Website Box. Available at: <<http://www.websitebox.com/.../Wealth-X-Sothebys-Global-Luxury-Residential-Real-Estate>>

Search Engine Marketing (SEM). In addition to these strategies, social networking sites are also crucial for any business nowadays, because people spend more time on social networking sites than on searching random websites on Google. The online tactics that can be used by real estate agents include utilization of responsive web design, the creation of local content, capturing email, asking for feedback and using appropriate and captivating cover photos.

The fourth chapter has presented a detailed overview and literature review related to the case of luxuryestate.com. This website was started in the year 2011 in order to play a role of mediator between seller and buyers of luxury real estate for the people have a passion for luxury real estate and are curious about the information they may get from online sources. The website has the content and information that is available in more than 8 languages at present. In their starting period, the website owners have decided to adopt of freemium marketing model in order to engross the attention of more people towards utilization of this website. However, in just 3 years of its inception in the year 2014, the website started giving different packages to different customers including standard package, a premium, a prestige package or an elite package. At that time visitors of luxuryestate.com were 300 thousand, while in the year 2015 this visitor strength was inclined up to 500 thousand. In 2013, the main competitors of luxuryestate.com were teatrium.net and luxuryhomes.com, however, research has shown that during 2013 luxuryestate.com was dominant on the market than its competitors due to its effective marketing strategies. More recently in 2016, the total visits of luxuryestate.com were approximately 1.6 million leaving behind all websites dealing in luxury real estate properties around the world.

Hence, the study has concluded that new and modern technology has a huge impact on real estate business. This is because of the changing buying behavior of the people who rely more on technology and consider it as a valid help instead of taking it as an option. The study has provided the real estate agents and the customers with a great deal of information. This will help the agents to formalize their marketing strategy and utilize the Internet technology more to flourish their real estate business.