

29 January 2019

### ***Changes to the BARNES index of top cities for affluent Individuals.***

The BARNES index of the fifty top cities has been compiled based on various criteria: financial aspects, emotional aspects, and practical aspects. By cross-referencing these indicators, cities move up or down in the rankings, new cities are added while others fall off the list.

## **Hong Kong and New York in the lead, London drops out of the Top 5**

**Hong Kong, New York, Los Angeles, Toronto, Paris: the rankings are in for the top cities among the world's richest individuals at the start of 2019. This ranking clearly reflects the latest evolutions in the geo-political landscape as London was still included last year. This city index, established by BARNES every year, identifies the expectations and wants of UHNWI (Ultra High-Net-Worth-Individuals), with a net worth of over \$30 million, and HNWI (High-Net-Worth-Individuals) whose wealth stands at between \$1 million and \$30 million.**

### **Hong Kong, the rising star**

The city has one of the world's highest concentrations of HNWI. It is also the economic heart of Asia, boosted by growth of +2.2% in 2017. In the last year it has climbed 4 places to dethrone New York at the top spot. Very popular among an upmarket clientèle, and the Chinese in particular, Hong Kong is currently the world's most expensive city (€33,000/sq. m.). Although sea-view apartments are highly coveted, expats opt for houses in Happy Valley, the city's residential area.



#### **New York – Murray Hill**

Luxury condo at the heart of Midtown.  
From studios to 3-bedroom apartments.  
From \$995,000 to \$3,095,000 (€875,000 to €2,700,000).

### **New York, Fifth Avenue remains a sound investment**

The Big Apple may have dropped one place, but this should not be interpreted as a sign of retraction as the market remains dynamic and led by buyers. Between 2012 and 2016, the spike in prices resulted in a correction that has continued in 2018, with an average price drop of 8%. Demand remains strong for properties under \$5 million (€4.1 million).

Judging by the number of luxury new developments (Central Park Tower by EXTCELL, for example), economic growth is on the books and the arrival of Amazon's headquarters has revitalised Long Island City.

### **Los Angeles and Toronto: reaping the benefits of new wealth**

Respectively 3<sup>rd</sup> and 4<sup>th</sup> in the rankings, Los Angeles and Toronto have multiple points in common: both are capital cities of the digital industry and Artificial Intelligence; both capitals are popular with international clients and are experiencing a boom in the construction of high-end real estate developments.

**Los Angeles's** big selling point is its chic suburbs (Beverly Hills and Bel Air), where 900 sq. m. homes with 1,500 sq. m. of land go for around €13M, as well as its oceanfront towns like Malibu and Santa-Monica. International and American clients are also on the look-out for properties with a view of the city's skyline with an average price of €8,800/sq. m. for high-end properties and €13,500/sq. m. for exceptional properties.



#### **Los Angeles – at the heart of Beverly Hills**

Building composed of 2 apartments, approximately 150 sq. m. each. 3 bedrooms in each apartment.  
Sold \$3,018,000 (€2,650,000)

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**In Toronto**, the upscale Canadian and American clientèle is particularly interested in manors (at prices over €10M) and contemporary houses (€5M) in the Rosedale district, or city centre apartments in condos managed by hotel chains and accessible as of one million dollars for two rooms.



**Paris 15 – La Motte Picquet**

80 sq. m. apartment on the 6th floor of a prestigious building dating from 1913.  
One bedroom.  
Sold for €1,300,000, i.e. €16,250/sq. m.

**Paris still in the Top 5 but penalised by the social movements that made the headlines at the end of the year**

Although Paris is down in the rankings, the market is no less active, with prices up 8% on average. The number of BARNES sales was up 16% in 2018 compared to 2017, reaching record levels. The market is also reaping the benefits of Brexit with numerous transactions in the West of Paris generated by French expats looking to return to France. The 16<sup>th</sup> arrondissement, neglected in recent years, is once again attracting families thanks to its advantageous quality/price ratio. Furthermore, the arrondissement has the highest concentration of large family apartments (over 200 sq. m.) and the schools in the West of Paris remain the city's most reputed.

**London: victim of Brexit**

Brexit has caused the English capital to relinquish its spot in the Top 5. The BARNES study noted sales numbers down by 10%, whereas they had collapsed by 30% in 2017. This was the first tangible reaction to the leave vote in the referendum on the county's membership of the EU. However, London remains a cosmopolitan city and world business centre, and offers fantastic opportunities at prices between €18,000 and €32,000 per sq. m. for high-end properties, and between €34,000 and €57,000 for exceptional properties.



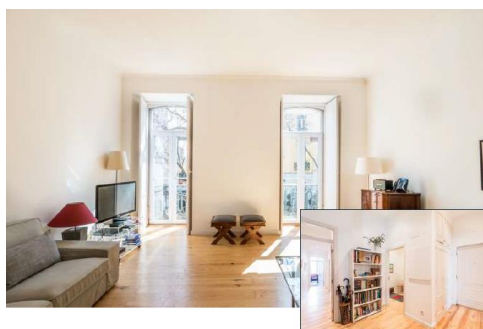
**London – South Kensington**

117 sq. m. apartment with 3 bedrooms and 2 bathrooms  
Sold for £3,000,000 (€3,415,000)

**The destination to watch:**

**Lisbon**

The Portuguese capital moves up from 16<sup>th</sup> to 9<sup>th</sup> place. Why? The quality of life in a country steeped in over 1,000 years of history, which guarantees over 300 days of sunshine per year and offers attractive tax benefits. And one other important factor for UHNWI and HNWI: the country's high level of security, ranked third on the Global Peace Index. With city centre apartments for between €6,000 and €12,000 per sq m., the city attracts both French-speaking Europeans and South Americans as well as Asian and American investors.



**Lisbon**

Renovated family apartment with 3 bedrooms in the city centre.  
Sold for €850,000

**Luxury real estate, a world of entrepreneurs and passionate individuals**

Most investors in luxury real-estate are entrepreneurs. Two thirds of these have built their fortune personally, and those who were lucky enough to inherit have generally increased their wealth through entrepreneurial investments in particular. They are looking to move to international cities with their families in order to develop their business while raising their children in a stimulating environment. The choice of city is based primarily on three indicators: practical aspects (top schools and universities, mobility, accessibility of transport, ecological footprint, etc.), emotional aspects (cultural wealth, luxury boutiques, etc.), and financial aspects (economic environment, tax regime, profitability and potential capital gain, etc.). Once they have acquired a primary residence in a leading international city, they focus on a lifestyle that gives free run to their entrepreneurial spirit and their passions. Thus

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they will build up a portfolio of prestigious secondary residences, most of which will be used as seasonal rentals. These properties are then managed like hotel facilities. Some also invest in properties that allow them to live out a passion, such as hotels, hunting estates, horse farms, golf courses and vineyards. Investments in many other areas of passion such as art, yachting, sailing and vintage cars also combine lifestyle with entrepreneurial spirit.

#### **About BARNES**

Founded by Heidi Barnes and directed by its President Thibault de Saint Vincent for almost 20 years, BARNES is now the leading fully integrated international firm in high-end residential real estate that offers its French and international clients comprehensive and fully personalised services through its various business lines: sales of apartments, houses and mansions, buildings (in units, on a lot by lot basis or as they become available), estates and châteaux, new developments and exclusive properties; as well as the rental of luxury properties and property management.

A fervent advocate of French Art de Vivre, BARNES also proposes a range of tailored services beyond the purchase of a primary or secondary residence, and provides consultancy services in art, fine wines and the creation of private cellars, as well as its expertise in the acquisition of hunting estates, horse farms, vineyards and seasonal rental of villas, yachts and chalets.

With agencies in major international cities (Paris, Brussels, Geneva, London, New York, Madrid, Barcelona, Lisbon, Los Angeles, Budapest, Athens and Miami), as well as in numerous cities in France (Bordeaux, Lyon, Lille, Nantes, Marseille, Annecy, Aix) and top holiday destinations (Deauville, Biarritz, Saint-Jean-de-Luz, Ile de Ré, Bassin d'Arcachon, Cannes, Saint-Tropez, Sanary, Corsica, Méribel, Courchevel, Megève, Chamonix, Monaco, Marrakesh, Porto Cervo, Mauritius, St Barts, Gstaad, Verbier, Lugano), BARNES is continuing to expand both at home and internationally with new offices in Porto Cervo and Koh Samui in Thailand. In 2018, the BARNES network and its partners generated sales volumes of around €4.9bn.