



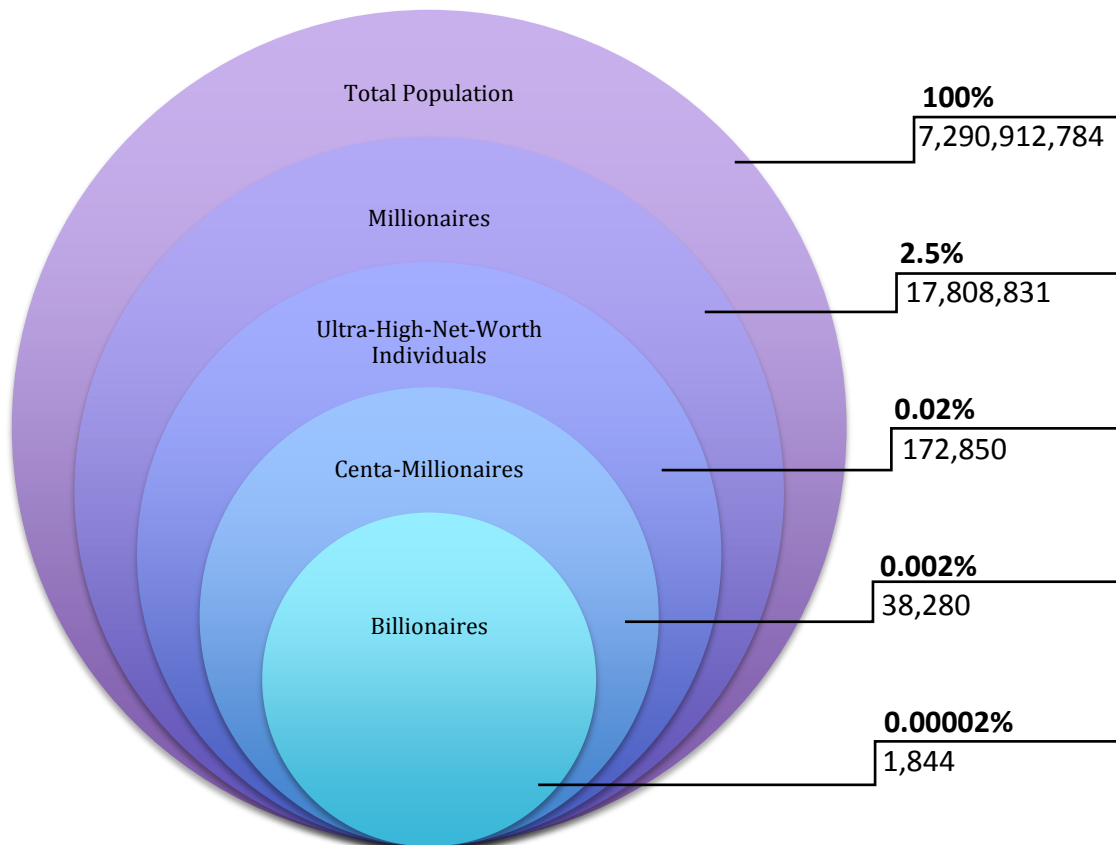
The Luxe Avenue Charter

*10 Pillars to unravelling key trends of the UHNWI**

*Ultra High-Net-Worth Individual

LIMITED NUMBERS

An Ultra-High-Net-Worth Individual is defined as someone with a net worth of over \$30 million. Globally within 172,850 of them, they control a total wealth estimation of \$20.8 trillion. Worldwide the total number of UHNWI's rose by 3% 2013-2014. Monaco's ultra-wealthy ratio surpasses all other global cities with 574 UHNWI's per 100,000 people.

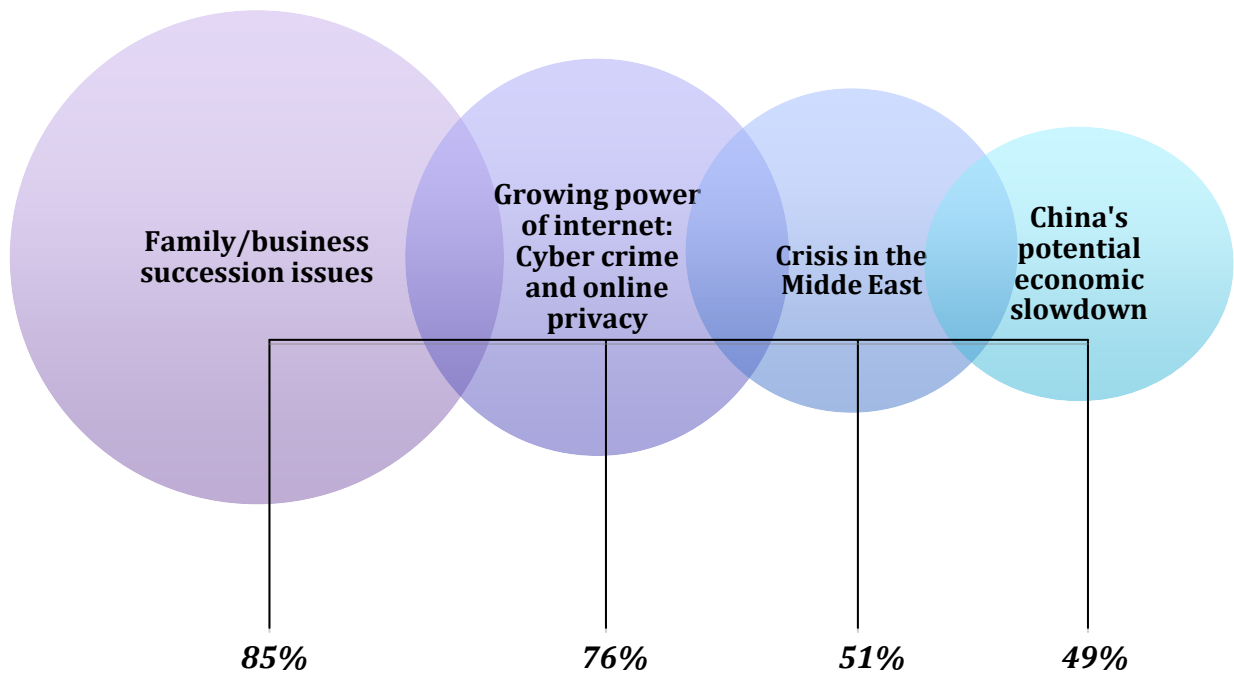


FUTURE TRENDS

The US are set to dominate by 2024. Growth will be strongest in Africa with the ultra-rich population rising by 59%. Wealth creation hotspots of the future will include Kazakhstan seeing a UHNWI population rising by 114% and Vietnam by 159%. Over the next 10 years the number of UHNWI's will increase by 34% to 231,000.

X-FACTOR

There are certain factors that UHNWI's believe could hinder their ability to generate more wealth. As opposed to economic and global geopolitical issues that affect the stock markets it is more personal issues that stem their concern. Around 80% are concerned about the handover of their wealth to the succeeding generation, tax increases and scrutiny of wealthy by the government. 66% are concerned about health issues. However only around 50% of them, said they were concerned about China's economy dip and the current conflict surrounding the Middle East.



YOUNG BIG SPENDERS

More than a 13% of young UHNWI have achieved this status through family inheritance, according to the report of Wealth-X and UBS published in 2014. But how do they perceive themselves compared to their parents? Two thirds of the young UHNWI believe that they will spend more on luxury goods than their parents did, compare to only 9% who thinks the opposite. In addition, 45% of young UHNWI believe their generation will be more generous towards philanthropy than that of their parents.

BRAIN DRAIN

33% of UHNWI's in Russia and CIS (*Community of Independent States*, Ex. USSR satellite republics) are considering permanently changing their domicile or country of residence, followed by 15% in Latin America and 14% in Europe. Tax issues are highlighted as the main reason, which propel the UHNWI's to move. In Russia however the lack of education and political issues were considered as the predominant reasons. Over 50% of the Russian UHNWI's were likely to send their children overseas for secondary education.

LI VELYHOOD

There are 5 first tier global cities with the highest concentration of UHNWI's (*above 2000*) – London, New York, Tokyo, Singapore and Hong Kong. Several cities in the recent years are seeing strong growth in the number of UHNWI's and wealth creation opportunities such as, Belgrade (Serbia), Panama City, Addis Ababa (Ethiopia) and Yangon (Myanmar).

PRIVATE JET TRAFFIC

New York → Nice, Côte d'Azur is the fastest growing private jet route. US remain the world's most important private jet market due to its density of wealth and economic linkages where 60% of routes starts and ends in the US. Europe is the second largest market with 25% with Moscow and London amongst the Top 10 routes with the highest hour's flows. UAE is the third largest market however increasing rise of traffic in China and Brazil challenges its position. Key characteristics of high fliers: 80% male, between 40-55 years old, private entrepreneurs who dominate their fields and sources their wealth from finance, oil and gas sectors.

GAME CHANGER

Falling oil prices slump that started mid 2014 resulted in freeing up more capital to be spend on consumer goods, which in turn presented more property investment opportunities for UHNWI's. An estimated \$619bn of commercial property deals was transacted in 2014, a 7% increase from the previous year. Forecasted global property investment volume is set to rise to \$770bn by 2017. North America topped the chart in 2014 global property investment by \$286bn.

LUXURY PROPERTY (PIRI 100)

*PIRI 100: Knight Franks' Prime International Residence Index for 100 of the world's key luxury city & second home markets

Five Global Prime Residential Hotspots – London, New York, Dubai, Hong Kong and Cape Town. New York saw the biggest growth in prime residential prices with an annual rise of 18.8%. Within the Top 20 PIRI location 6 of them are in the US, overall in the US there was an annual price change of 11.9%. In terms of second home markets Bali and Istanbul dominated the lead by an increase of 15% in both markets. Previous strong luxury property markets such as Dubai saw prices stall due to the UAE Central Banks mortgage cap of properties with a valuation about \$1.3 M.

MIDDLE-CLASS BOOST

The establishment of a proper middle-class is fundamental to a country's economy and future growth. As this segment of the population has more disposable income, it helps increase the internal consumer demand and great opportunities can arise for entrepreneurs and innovators. The UHNWI of tomorrow will emerge from the middle-class of today, and Jack Ma, Alibaba's outstanding founder, is a clear example. The combination of a growing internal demand and a broader access to technology by the middle-class are key aspects of the success of his e-commerce marketplace. As the middle-class is expanding throughout Latin America and Africa, these two regions will account for most of the prolific growth of future UHNWI, with 46% and 53% respectively.

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