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Business & Economics

Power Marketing for Luxury Real Estate
David Michonski
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Five Stars (out of Five)

"The very rich," F. Scott Fitzgerald famously observed, "are different from you and me." Well, yes and no, says Michonski, who has been selling ultra-luxury properties to the upper crust for thirty years.

Although he wasn't born to wealth, understanding the psychology of this very small pool of buyers and sellers has yielded him a 93 percent success rate in selling high-profile properties, including Clarendon Court, the 20-room Newport "cottage" where Claus von Bülow allegedly attempted to murder his heiress wife, and Sunninghill Farm, the 28-acre Long Island estate of co-owners of the famous racehorse Seattle Slew.

The author begins by tackling the vexing, topical issue of what exactly constitutes the luxury market these days. The definitions long touted by the industry are obviously in need of revision. Until relatively recently, "luxury" meant anything with a price tag of $1 million and up—a benchmark obviously obsolete. "In Palm Beach and Beverly Hills," Michonski observes, "$1 million will probably not even buy a building lot."

The notion that the top 10 percent of listings, by price, constitute the luxury end of any market "democratizes something that by definition is meant to be exclusive," he says. The formula he suggests, a bit more involved but not unduly complicated, takes into account fluctuations in the economy as well as geographical anomalies, and should be an early sign to readers that this is an original, thoughtful writer worth paying attention to. He knows his subject.

Too often, Michonski writes, realtors assume selling a luxury property is about the same as marketing any other residence. That's the first bubble he bursts. The very rich, he explains, are almost never in a position of having to buy or sell. Their motivations are different. And since they make up a very small percentage of the market, flushing out potential buyers is an art unto itself. He calls this art "power marketing."

"There is a large emotional and psychological component to the desire for luxury real estate," Michonski says. Stimulating that desire is what power marketing is all about. The truism, frequently heard in realtor circles, that "you only need to find that one buyer" is anathema to this author. At least two potential buyers are necessary, he says, to whip up the frenzy of interest typical of auctions and bring the seller the best price.

There's much in this book to benefit realtors working in any price range. Michonski provides well-thought-out critiques of a number of time-honored marketing techniques, as well as detailed analyses of contract-writing and other crucial skills.

Power marketing is not cheap, and landing a big commission can take a lot of time as well as patience. Aspirants to the ranks of luxury specialists, he says, would do well to partner with more experienced firms or brokers—and, one might add, to read this book to unlock the gates to the charmed circle of high-end real estate.

Marilyn Bowden