

The Field of Luxury

An Interview with
Thibault de Saint-Vincent, President, BARNES

EDITORS' NOTE *Thibault de Saint-Vincent set up his first company, "Connexion," in 1986 while pursuing his master's in management at the University of Paris-Dauphine. Ten years later, de Saint-Vincent headed 15 well-established real estate agencies in Paris and Levallois, a property management company, a property resale company, and an apartment renovation company. Following a lull through the mid-1990s, the property market began to grow again and Connexion's revenue rose sharply.*



Thibault de Saint-Vincent

In 2001, de Saint-Vincent decided to sell his shares to his partners and head to Miami with Heidi Barnes, his wife who had set up her own company specializing in renting apartments in France to British expatriates and London flats to French expatriates. In Miami, de Saint-Vincent became a licensed real estate broker, and in 2002, he opened BARNES's first office in Florida. The group opened offices in every prominent location, including Courchevel Aix-en-Provence, Saint-Rémy-de-Provence, Deauville, Biarritz, Cannes, and the Lake Geneva region, and set up a network of correspondents in China, Russia, and Brazil. In 2012, the BARNES Group launched an initiative to create a new vocational school specializing in training in luxury real estate transactions: the Ecole supérieure de la transaction immobilière (ESTI). Today, BARNES employs over 200 consultants and has emerged in recent years as a leader in luxury real estate.

COMPANY BRIEF *Backed by its renowned expertise in the sale and rental of residential properties, BARNES (BARNES-international.com) has consolidated its expertise in different departments, each of which offers customized solutions in response to its clients' needs. BARNES also has teams specialized in: exclusive properties, castles, and France's most beautiful cities; seasonal rentals in the world's most gorgeous resort cities; property management in metropolitan areas and capital cities; marketing new developments; shop locations; and residential buildings. BARNES is yet again strengthening its position as a leading player in the world of luxury by creating a new department. BARNES Art Global Advisory is specialized in art investments, demonstrating BARNES's philosophy of well-being and living well. As life annuities have*

become a wealth management strategy of the future, BARNES is also expanding BARNES LIFE ANNUITIES, a highly specialized department that listens closely to each client to understand their needs.

Would you discuss the history and heritage of BARNES and how the company has evolved?

BARNES was founded by Heidi Barnes in 1996. Two main offices were opened the same year in London and Paris. At first, the company offered a made-to-measure service for multinational companies looking to accommodate their expats. In early 2000, BARNES worked on developing its unique concept in residential real estate: an integrated international real estate brokerage company to assist and lead the globalization of real estate transactions in the main international capital cities, beach, and ski resort locations. In 2015, according to its concept, BARNES expanded to become the main actor in international luxury real estate everywhere from Los Angeles to the Caribbean and Moscow, with more than 45 offices across the world and over 380 consultants. BARNES is offering buyers from across the globe a chance to purchase unique and prestigious properties in some of the most desirable cities and exclusive holiday destinations in the world.

High-net-worth individuals regularly buy and sell properties in the main cities and exclusive international resorts as they seek security, transparent economic systems, social stability, and prestigious real estate. These clients are also becoming more and more mobile both in terms of their choice of principal residence, as well as in terms of their investment property locations. They are often under time pressure with little to devote to selecting the best buying opportunity or location. Thus, they tend to prefer dealing directly with people in whom they have complete trust. As an internationally recognized network of real estate experts, BARNES inspires confidence and reassurance.

Would you highlight the range of services that BARNES provides and how BARNES differentiates itself from its competitors?

BARNES' business core is focused on high-end residential sales and rentals. Revolving around this main activity, BARNES provides a

tailor-made service to its customers in order to help them invest at an international range: interior design, financial advice, property management, and more.

To allow its clients to manage their real estate assets, BARNES has also developed several other services in commercial real estate, building transactions, hotel transactions, life annuities, etc. BARNES pursues the development of those services by joining sector specialists working closely with its consultants.

BARNES' business model of development is based on the exchange of information ("referrals") among different offices. We think of it as a key component of our worldwide strategy. Indeed, the fluidity and the density of the flow of information among our offices is an important factor that sets the BARNES network apart from the competition. Recruitment is also a key point in our differentiation. Our consultants are composed of professionals that convey the same image and background as the clients they interact with. They are aware of our clients' wealth issues and the confidentiality that is required. They are driven by a profound sense of service in supporting them in all their geographical presence.

BARNES continues to innovate and offer new services for its clients, such as BARNES Art Global Advisory and BARNES Life Annuities. Would you highlight these services and your focus on continuing to enhance your service offerings for your clients?

BARNES' long-term strategy is to develop such services (concierge, short-term stays, classic car transactions, etc.) to fully satisfy client's expectations and to provide them with an integrated service.

For Art Advisory and Life Annuity, we have developed these activities in line with our clients' investment needs and expectations. Art Advisory will help them to acquire a piece of art or advise them on embellishing their homes. BARNES Art has an acute passion for creating VIP (luxury) events, allowing clients and sellers to meet and preview exclusive properties and art at the same unique occasion.

BARNES is known for its strength and leadership in the luxury real estate segment. Is your focus primarily a niche market at the highest levels or is it broader?

It is BARNES' clients that have encouraged and facilitated BARNES' presence in all locations where it currently operates. Each office opening

has been based on partnerships between two high-end property agencies that have taken the decision to combine forces and better serve their clients by operating under a single brand name that is widely recognized in the luxury sector; sharing clients and using the same tools; and communicating with clients in a concerted and homogenous fashion.

Thanks to these strong partnerships in some of the best locations all over the world, we are able to develop our core business activities by becoming a leader in high-end residential transactions in main economic and luxury resorts cities. Besides this leadership, we will be offering a full range of complementary services to help our clients in facilitating their needs, such as the BARNES Investment Bankers.

Indeed, the main strength of BARNES is the point of liaison between all BARNES offices throughout the world. It offers full-service assistance to wealthy individuals who need to manage and make decisions on their assets divided around the world, be it property, business investments, or the acquisition of hotels or yachts. In the context of world globalization, BARNES Investment Bankers aims to meet all the requirements of an exclusive clientele by offering a wide range of tailored services including international asset management; advice on tax optimization and inheritance issues; access to exclusive “off-market” properties; wealth solutions with a global vision; “multifamily office” services; confidential intermediation in mergers and acquisitions; financial engineering; expertise and assistance with exclusive transactions worldwide including vineyards, horse farms, forests, and hotels; after-sale services; setting up and managing real estate investment funds; advice on buying and selling artwork; presentation and tailored support for properties and clients in the network; and completion of studies

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and/or financial analyses, special focuses, and selection of properties by theme on a variety of topics including figures, tax, and wealth opportunities, trends in the art world, and new tax shelters.

Driven by favorable economic conditions in an international context, BARNES Investment Bankers has helped generate a number of synergies for a comprehensive approach to wealth management.

BARNES has a truly global footprint. How critical has international expansion been to BARNES' growth and would you describe your global footprint?

Luxury real estate has gained new momentum worldwide thanks to a highly mobile affluent clientele who are asserting their presence in the most famed locations. BARNES has anticipated this trend, winning its bet on internationalization and establishing itself in the most prominent places. While our main competitors have developed their activities through franchise agreements, they multiply their offices across the world without having a global structure coordinating and mastering their growth.

Moreover, all cities don't have enough market depth for high-end residential issues. At the end, their offices are more competing themselves instead of being concentrated on client services delivery. For BARNES, instead of getting 600 to 1,000 offices all over the world, we'll be concentrated on a maximum of 150 offices in main economic and luxury resort cities offering recognized know-how and personalized support to each of our clients, revealing up-and-coming locations and opportune places by finding the unique home each client is looking for.

As BARNES has grown and entered new markets, talent and people have been a key focus for you. Would you highlight the strength of your managers and senior executives, and the critical focus that you place on investing in and growing your people?

First, one of our key differentiations in our business model is the recruitment of people having prior international and corporate experiences, really aware of their client's wealth issues and team players to share their clients' projects with all other consultants at BARNES. We recruit high-level professionals who understand clients' needs and their way of living. Also, we deeply encourage trainings and mobility across the group. We have an integration process: each new member has to follow a three-week course to get the right level of technical and commercial understanding of the business. Training is an essential matter for us to master main skills in negotiation, the transaction process, legal issues, etc.

Furthermore, when a consultant has performed at its position, we can offer him/her an evolution through international mobility, getting responsibilities, developing new activities, etc. In our main cities, we have an “internal track” especially for young consultants; first, they are in charge of pied-à-terre apartments and then they can move on to director of the department or take on the large-size flats and houses departments.

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How has technology impacted BARNES' business and has new technology been a major focus for BARNES?

Truly, technology is a key point in our business model mainly in mastering a better understanding of our clients' needs and issues. We have developed a tailor-made IS tool helping us to follow all of our clients' transactions (all over the world) and knowledge about their projects. An integrated module helps us to send and follow all our referrals throughout BARNES. Tomorrow, we'll still pursue our investments in IS to continue to offer the best service to our clients.

How do you focus your efforts in leading BARNES and how important is it for you to maintain client contact and relationships?

In our business model, our clients have a central position. We have to deliver the best quality of service to answer their needs, and that's why we have developed new activities in commercial and hotel transactions. Keeping the link with our clients is a priority for me. We are organizing quality events and partnerships through art exhibitions in our offices all around the world, co-branding operations with other renowned luxury brands. Confidence is key in our relationship with our clients.

What are your key priorities for BARNES as you look to the future to ensure that you maintain your industry leadership?

As a company active in the field of luxury, we are striving for excellence in all of our relationships we have with our customers. We also have to pursue our development by getting the leadership in the five international key cities: New York, London, Paris, Geneva, and Hong Kong. Then, we have to keep our eyes on our clients' needs to offer them a vast range of services related to real estate investments. In a few words, in addition to the real estate motto of “Location, Location, Location” and as a beacon in the world of luxury, BARNES prides itself on “Excellence, Excellence, Excellence” to fulfill its clients' expectations. ●



Richard Tzipine

An Interview with Richard Tzipine, Chief Executive Officer, BARNES International Luxury Real Estate

Would you provide an overview of BARNES International's global footprint?

Today, BARNES is the first international upmarket residential property company fully integrated with different sectors: the sale of exceptional properties including apartments, houses, mansions, and châteaux coupled with the rental of high-quality, exquisite properties, rental management, and numerous supplementary services.

BARNES' strong brand naturally came to develop new "Business to Business" departments and branches including: Institutional, which is the trading of co-owned properties; Land developer, which is the marketing of new property programs; Family offices, meaning investment consulting; Hotel managers, which means hotel trading; and Businesses, reflecting BARNES retail.

BARNES is present in the seven international cities of reference – Paris, Brussels, Geneva, London, New York, Monaco, and Miami and also in the main international resorts (Deauville, Biarritz, Cannes, Aix-en-Provence, Bordeaux, Île de Ré, Bay of Arcachon, Périgord, Lyon, Corsica, Courchevel, Megève, St Barth, Palm Beach, Los Angeles, Lisbon, and Mauritius).

In 2015, BARNES achieved a sales volume of nearly 2.5 billion euros.

What has made BARNES International an industry leader and what differentiates the company from its competitors?

BARNES' first quality and distinctive approach with respect to the other leaders of the market is to be a truly integrated company. All of our offices work in close connection, allowing a customer in contact with one of our offices to be thoroughly assisted in a smooth and professional way.

We believe that a housing project needs much more than a mere real estate approach. Many aspects have to be mastered including legal, taxation, accounting, architecture, daily life issues – and this all comes well before we begin the project.

BARNES' global and integrated concept perfectly meets these requirements of the international upscale market.

BARNES International invests heavily in training and support of its people. How critical has this been to the company's success and would you highlight the strength and diversity of your workforce?

One of the keys to BARNES' success is the importance we have given in the company to human resources. Recruitment and human management are essential for us.

To practice as a real estate agent requires passion, and a great intellectual and psychological finesse, which is admittedly more prevalent in countries in the U.S. or Great Britain, but not in others like France where this business field is rarely highly regarded, and sometimes attracts untalented professionals.

This is reflected at BARNES by imposing demanding selection criteria on those being recruited. Most

of our collaborators have gained commercial and marketing experience at a senior level in other service areas, and they and their customers belong to the same socio-economic background, which makes our teams much better attuned to the realities of the market.

Moreover, we have organized an in-service training school that enables us to maintain the same regular level of professionalism.

In a certain number of new sectors, like services, the Internet, or the digital communities, we see the development of new working methods, like self-sufficiency, accountability, and independence, thus promoting a human-size environment contributing to a strong performance. This has been BARNES' approach for the past 10 years and it is justified every day by improvements in outcome.

What also proves that our collaborators are the core of our company is how we facilitate internal staff mobility and merit-based evolution. For years, many internal promotions have taken place at BARNES, in France as well as abroad, which emphasizes the notion of a BARNES family.

How do you define your role as General Manager at BARNES International and what are the keys to success in this role?

My role is simple: to ensure smooth sailing and to see that all of our teams join in to assist our customers.

As a manager, I have to maintain a positive balance between investment and development.

Because BARNES is a dynamic and reliable company promoting new projects each year, it is important to plan to maintain our standard as a competent organization.

To ensure this, I must be able to anticipate what organizations will best suit the projects to come and be as close as possible to our teams to support them in their successes and in their difficulties.

I have to optimize internal communication, which is no doubt one of the keys to the success of any social organization.

In addition, I have to represent and expand BARNES' values both inside and outside of the company. ●



Filippo Speranza Patrignani

An Interview with Filippo Speranza Patrignani, Director, BARNES Saint-Tropez

Would you provide an overview of BARNES International's operations in Saint-Tropez and your outlook for growth in this market?

For the sales and rentals markets, our office provides a luxury properties' portfolio in and around Saint-Tropez, ranging from town center apartments to astonishing villas outside of town.

We can clearly see that international buyers came back in 2015, as we are receiving more requests from the U.S., Australia, and Northern European countries. We do believe the market's growth we are experiencing will continue according to economic improvements and political stability.

What has made BARNES International a leader in Saint-Tropez and what differentiates BARNES from its competitors?

As one of the most exclusive locations in the world, Saint-Tropez remains an ultimate summertime destination for high-profile figures. When someone comes to Saint-Tropez, he does not only want to buy another house. He's interested in yachting, partying, relaxing on the world's famous beaches of Pampelonne, enjoying family life, etc. It is quite common that one of our clients comes to us with a precise idea of what he is looking for and at the end of the day, he buys something completely different. Our knowledge and expertise enable us to show him something he has not seen before but that still matches all his expectations.

We also assist our clients in many other areas such as legal, accountancy, and insurance.

What is the state of the market in Saint-Tropez?

In six years, the market has lost 35 percent but since the beginning of 2015, we are gaining 15 percent. Currency change EU/USD has gained 30 percent in one year, which encourages U.S. clients to come back. For a long time, uncompromising sellers have accepted that they will have to reduce their prices to match market value. Some good signals coming from the European Commission, which is reducing real estate capital-gain taxation for non-residents, make us convinced the growth will continue. ●



George Kiener

An Interview with George Kiener, Director, BARNES Switzerland

Would you provide an overview of BARNES International's operations in Switzerland and your outlook for growth in this market?

Currently, BARNES is present only in the French-speaking part of Switzerland: cantons of Geneva, Vaud, Valais, and soon Fribourg, with 12 local agencies. We have plans to develop in the other parts of Switzerland, like Lugano, Zürich, Gstaad, and Saint Moritz.

We provide services in the areas of sales and rentals of residential properties, but we are also part of a larger group of companies that can provide sales and rentals of commercial premises, finance brokerage, property management, and construction.

Our growth in this market will come from expanding our services and territory, as well as our market share. The development of the international network of BARNES also allows us to sell properties outside of Switzerland to our Switzerland-based clients in an increasing number of locations.

What has made BARNES International a leader in Switzerland and what differentiates the firm from its competitors?

It's the strength of our international network and high brand recognition, the scope of bespoke services we can offer, the professionalism and experience of our teams, our strong local representation, and a good network of partners. Our objective is always to provide the highest added value possible in everything we do.

What is the state of the real estate market in Switzerland?

Switzerland is not a market freely open to foreigners, who have to make the choice to be domiciled in Switzerland to buy a property, unless it is a holiday home in a tourist area. The quality of life in Switzerland is second to none, because of the country's natural beauty and contrasted scenery, its human-sized, cosmopolitan population, its excellent educational level and service, and its top-notch innovation and manufacturing. All of that, plus a privileged location in the heart of Europe, make it an extremely pleasant place to live.

The strength of the Swiss Franc has made acquisitions more expensive for international clients, and some countries like the U.K., Belgium, or even Portugal have developed attractive fiscal policies. Added to that, international political complications contribute to a reduction in the number of international clients coming to Switzerland. On the other hand, prices for luxury properties have dropped from the peaks of 2011, which make them more accessible to Swiss clients. Overall, the market remains stable. ●



Nicolas Frings

An Interview with Nicolas Frings, Director, BARNES Brussels

Would you provide an overview of BARNES International's operations in Brussels and your outlook for growth in this market?

BARNES Brussels opened in September 2014. Today, we are a team of 12 consultants. Frédérique

Pauporté and Nicolas Frings head BARNES Belgium. In 10 months, we have completed some 15 sales through BARNES Brussels. Eventually, we would like to open two more offices to cover the three regions: the Brussels-Capital region, the Flemish region, and the Walloon region.

What has made BARNES International a leader in Brussels and what differentiates BARNES from its competitors?

Brussels has not escaped the globalization of real estate and many Belgians own property abroad. There were many international agencies on the Belgian market specializing in office and commercial space, but very few specializing in residential property.

The advantage of BARNES in Brussels is probably that we are able to meet international requirements, whereas competitors are limited to their own area, which is often very small, sometimes even limited within Brussels.

The idea is to be able to follow our clients anywhere in the world.

What is the state of the real estate market in Brussels?

The number of property owners is declining in Brussels, but the number of investors is on the rise.

Housing in Brussels is starting to become increasingly expensive, and the rental market is growing larger in the capital due to its international status.

We could call 2013 and 2014 transition years, and 2015 started in the same vein.

If we compare it with Paris – the closest major capital to Brussels – up until a short time ago, large properties were held by huge portfolios, which made substantial profits by selling them in smaller units. Brussels could experience the same situation in the future.

Brussels attracts more and more investors, even though growth is slow. Profits are made in the medium term, and although the return is not very high, the initial investment is relatively low. It's still possible to buy at a reasonable price. ●



Francisco Xavier Esteves

An Interview with Francisco Xavier Esteves, Director, BARNES Portugal

Would you provide an overview of BARNES International's operations in Lisbon and your outlook for growth?

The portfolio has grown over time, as Lisbon is now considered one of

the most beautiful European cities to visit, inviting many people to stay. The low prices of housing and cost of living compared to their European counterparts, tax incentives for rehabilitation and investment, as well as the tax exemption to non-habitual residents, are key factors for the growing attraction and interest in Lisbon.

Since its beginning in November of 2014, BARNES Portugal has grown in brand awareness, properties portfolio, and interested clients, which brought a successful start in our sales. Buyers come to us to find properties to live in, second homes, apartments for profitability, land to build, investment options, or commercial space.

In its sales inventory, BARNES Portugal presents big Palaces in central Lisbon with more than five bedrooms, a garden, and a pool; apartments ready to live in and others still under construction; and unoccupied habitations to turn into buildings with 10 apartments and houses.

Foreign investment in the Portuguese real estate market has increased from 45 percent in 2012 to 70 percent in 2013.

In Portugal, indicators suggest that annual real estate transactions will have exceeded the historical records in 2015.

What has made BARNES International a leader in Lisbon and what differentiates BARNES from its competitors?

BARNES Portugal offers their clients several services as in Real Estate Mediation, Evaluation, Advisory & Research, and Investment. In every BARNES' office, there are several group communication tools and real estate channels available with quarterly publications covering not only the European continent but America and Asia too.

The brand strategically invests through a diverse communication mix gathering their own press, national and international press, and online channels, and sending postcards to all addresses available in our database. We also devote ourselves to direct

communication with our customers and potential buyers who show interest.

What is the state of the real estate market in Lisbon?

There are many new real estate agencies and many people specializing in being real estate consultants, which brings about high competition in the market. We need to satisfy the client quickly before he chooses another brand to look for other opportunities.

On the other hand, there are new real estate housing and investment opportunities every day and the market is far from being scarce or stagnant. ●



Christophe Bourreau

An Interview with Christophe Bourreau, Director, BARNES New York

Would you provide an overview of BARNES New York's operations and your outlook for growth in this market?

BARNES had its first introduction to the New York market during the financial crisis of 2008 as it opened a window of opportunity for wealthy international investors that were already our clients. During this period, the euro was at its peak versus the dollar, making the New York luxury real estate market more affordable than ever. BARNES was already operating a successful business in Miami, and its clients, as well as those of our international network, were interested in expanding their holdings to the New York market. BARNES identified the strongest local partners to work with to facilitate our first sales in New York. By 2011, with BARNES sales volume increasing at a very rapid rate, BARNES established its own office in New York City to best serve the BARNES International network. Since beginning then, we have been able to take advantage of what has become a "hot" market for Europeans looking for a "safe haven" for their investments, as well as the local community.

Our strong international network is our number-one asset. Each local office is able to translate for clients the specific differences in culture, language, and procedures for the individual. We can start a sale in Shanghai, Paris, Miami, and of course New York from our Manhattan office. Sellers come to BARNES as they know that they will benefit from a specific marketing plan that is truly international and not limited to the local community.

What has made BARNES a leader in New York and what differentiates BARNES from its competition?

Our strong international network is our number-one asset. Each local office is able to translate for clients the specific differences in culture, language, and procedures for the individual. We can start a sale in Shanghai, Paris, Miami, and of course New York from our Manhattan office. Sellers come to BARNES as they know that they will benefit from a specific marketing plan that is truly international and not limited to the local community.

What is the state of the real estate market in New York?

The New York market has benefited from a recovery since 2010, and has moved quickly to the unique position of becoming the Ultra Luxury Market with buildings like 432 Park and One57 setting worldwide records for price, height, and luxuriousness of apartments. The result is that not only is the Ultra Luxury Market growing but so is the market in general. We feel New York will continue to be the safe haven for high-net-worth individuals and their assets. ●