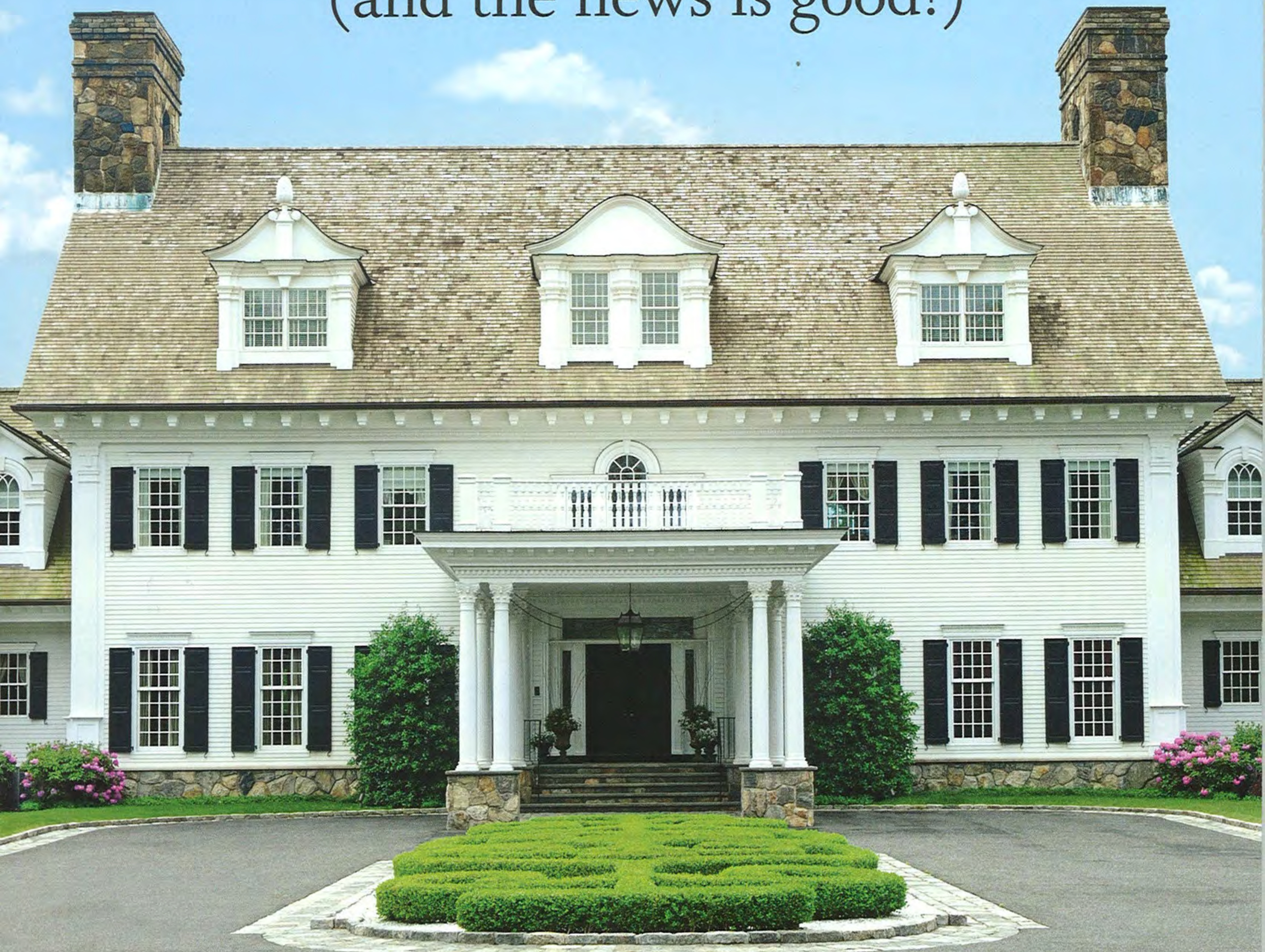


THE STATE OF REAL ESTATE GREENWICH

(and the news is good!)

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MARKET REPORT



It's been a long time coming (and some are still leery), but stability seems to have returned to the Greenwich market

by **CHRIS HODENFIELD**

More than most towns, the real estate market in Greenwich closely follows the fortunes of Wall Street. It's not just the matter of the annual bonuses, which, when they're big, tend to be a reason for rejoicing in realty offices, not to mention the Bentley dealership. But as in stock trading, even a serious downturn stokes the fires among the profit-takers.

In the housing scene, the profit-takers would be the bargain hunters. Even in the cold days of 2008–2009, when home sales had flatlined, they

were out shopping. And today, with sales rising again, the buying sector is not shy of the ol' low-ball offer. As Susan Calabrese of Coldwell Banker recalls: "Someone said to me the other day, there's got to be a deal here. And if there's not a deal, then there's no deal."

This reality has been a bit bracing, to say the least, for homeowners who assumed that their house would bring easy money. (And don't even *think* of selling a house now that's not freshly renovated and immaculate.) Even some of the largest of the recent



A grand yet livable master bedroom by Cindy Rinfret

sales went at interesting reductions. Mel Gibson's seventy-five-acre estate with a Tudor mansion went for \$24 million, a far piece from the 2007 asking price of \$39.5. Leona Helmsley's mansion finally went for \$35 million, down from the original price of \$125 million.

The numbers on these huge sales do not compare to the fire-sale prices of the 1930s Depression or the inflation-whipped economy of the early-1970s when the great houses here couldn't be given away. Actually, the sales of the Helmsley and Gibson grand manors have created a lot of excitement, says David Ogilvy, whose firm moved the Helmsley house, as well as the old Hirshhorn house on John Street for nearly \$32 million. It spread the word that the

One of the factors that often comes to the aid of the Greenwich market is that the town has always benefited from a steady migration of people who want to get the hell out of New York.

market was waking up again at last. In fact, the closing months of 2010 brought a lot of positive news.

Of course, it might only be the realization that prices have gone as low as they're going to go. "Anybody buying will be able to look back in a year or two and say, 'I did the right thing,'" says Tom Gorin of Cleveland Duple & Arnold.

For the record, in the last good year, 2007, a total of 629 homes sold here. By 2009, the number stood at 333. Finally, toward the end of last year, sales began to pick up and resulted in the 2010 total of 482 sales.

Sam Sammis, the founder of New England Land Company, puts it bluntly: "The prices went up and then they came down 20 percent, and now they're moving back up again."

A NEW SOBRIETY

While the market is looking better, it's still a far cry from the boom years. "We're not anywhere near 2007 because the job situation is not good enough and the banks are refusing to lend," says Gorin. "Back in 2007, anybody with a pulse could get a loan. And that's just stopped."

David Adamo, CEO of Luxury Mortgage, remembers how different it was just four years ago. "In 2007, that was the era of the stated-income loans. The borrowers were not required to provide income documentation at all. There were no-doc loans going up to \$4 million," he says.

Now, after an unprecedented fifteen-year growth period, a new sobriety has entered the real estate market. A customer has to actually sell his house before moving on to the next one. The banks really go over the applications now and demand substantial down payments, if only to make sure the buyer is really serious. The situation resembles, in brief, the conditions our parents might have faced.

For some buyers, the new strictures could be slightly tedious. "When your borrower is making \$3 to \$4 million a year," says Adamo, "and owns multiple properties, residential and commercial, is running a business and has half a dozen corporations and partnerships, that could be an inconvenience to support the income documentation from all those entities."

Still, it's the price to be paid for all the loose money



Many homes now feature woman caves—the perfect sanctuary for her. Here, Lynne Scalo creates a comfortable, soothing space.

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that floated around for years. In Greenwich, the money is actually there for home sales. You just have to look for it—and have all your papers in order. “The banks want to make sure you’ve got enough money invested and that you’re going to stay committed to it,” says Susan Calabrese.

“The banks are a little more relaxed about lending

now, that’s my feeling,” says Tamar Lurie of Coldwell Banker. “For a while, they were hesitating and the buyers were hesitating, but after three years they realized they need to live. They need to buy. People don’t like renting for more than a year.”

The Greenwich market is fortified by jumbo loans, of course, and Adamo sees that market freeing up greatly. “The Mortgage Bankers Association has forecast that purchased mortgage volume in 2011 is going to \$650 billion,” he reports. “And that’s up from \$450 billion last year. At the same time they forecast that the number of units sold in 2011 will be the same as 2010, and the median home price is going to remain flat.” Where will these billions go? Gotta be toward the jumbos.

“The rates have gotten very advantageous,” explains Adamo. “We can get loans up to \$2 million at 4 percent on a five year. Or slightly over 5 percent on a thirty-year fixed. Those are rates we’ve never seen in jumbo land. Even in the best of days.”

Thus, according to Tamar Lurie, people who could simply whip out their checkbooks for a seven-figure deal are opting not to. “The mortgage rate is so low



A sleek his-and-her bathroom space created by Amy Aidinis Hirsch Interior Design.

The heart of the home is always an important selling point, explains Cindy Rinfret.



now that it's worth taking a mortgage and keeping your money in stocks or wherever it makes more."

WHAT'S IN A DREAM HOME

The new sobriety is also found in the kinds of houses people want now. Although the great mansions still have their buyers, Realtors report that many families have a more restrained idea of their ideal house. "People are going from mega-mansions to the more normal-sized house," agrees Tamar. "There is a shift from trying to show off to saying, 'Let me just have a beautiful home that is a good investment.' I do see a difference."

Of course, one reason the average home swelled in size over the years is that the wish list of amenities has expanded greatly over the last two decades as customers demanded the arena-sized great room, the wine cellar and the home theater. More recent demands have been the home gym, the his-and-her home offices—even separate bathrooms. And make sure those bathrooms have heated floors so your

feet don't get cold when you're walking to the steam shower/sauna combination room.

Steam also figures in the new kitchens, where the latest thing is not the convection oven—it's the steam oven. As David Ogilvy reminds us, there is an old adage in the housing game: "People buy kitchens and master bedrooms." In both rooms now, a little fabulous is required.

If all of this sounds like a continuation of the post-9/11 American instinct to make the house the center of the family universe, you might be on to something. "The younger generation is about family values," says Renee Gallagher, cofounder and managing director of Round Hill Partners. Accordingly, she has seen a lot of interest in what's referred to as the in-law apartment. "The extended family can be wonderful. If both parents are working, it's nice to have one of the grandparents around to help out."

Elevators have become much in demand, too, and it's not just those visiting grandparents who want the lift. "Elevators are getting more popular if for no



Luxe master bathroom by Lynne Scalo

other reason than to get the luggage up and down,” notes Susan Calabrese. “Boomers travel a lot.”

When Renee Gallagher takes people around Greenwich, the biggest thing that seems to be on their minds is “neighborhood. They want a sense of neighborhood. You want to be private and yet you still want to be connected.” That, she thinks, is one reason behind the surge in interest in living near downtown, an area that has picked up considerably in recent years.

The need to add a few extra little amenities even arises in the commercial districts. “It’s a tenant’s market,” says Paul Dumont, vice president of Related Properties, which oversees 1700 E. Putnam, the sizeable office building across from the Hyatt Regency. “They’re looking for full amenities: a cafeteria, a fitness center. We’ve added a personal fitness trainer this year. We have a public conference center, so the small tenants don’t have to go off-site for meetings.”

And when those meetings are being catered, it’s not just pizzas. “We brought in high-end catering from Aux Délices,” Dumont says.

Even though Dumont’s building can undercut downtown prices by 30 percent, many businesses can’t resist the allure of Greenwich Avenue, where

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—David Adamo



Bathrooms that feel like a separate retreat are high on the priority list, says Cindy Rinfret.

the greatest added amenity of all might just be the ability to park. (The bane of every storefront business, from Greenwich to Fairfield, is the reality of store employees feeding the meters and taking up the best parking spaces.) Sam Sammis just signed Simon Pearce to a downtown location that guarantees thirteen parking spaces. “They’re really excited,” he smiles.

Many brokers consider the new development of downtown to be the biggest news. Accordingly, the condominium market, which took a hit when the

recession hit, is now coming back, especially since pricing became more realistic. “Prices were high,” acknowledges Renee Gallagher. “But condominiums are coming back. If you have multiple homes, you really want a turnkey. Or if you’re a young couple first coming into the market.”

One of the factors that often comes to the aid of the Greenwich market is that the town has always benefited from a steady migration of people who want to get the hell out of New York. That number appears to be swelling in recent years as property taxes in the Empire State keep rising. Given the crushing \$14 billion New York state budget deficit, those taxes are not likely to drop, and more than one Westchester family is bound to say, “So long, Scarsdale.”

As well, new families in Manhattan are less than thrilled about putting their second-graders in private schools that charge Ivy League college prices. Every time Greenwich renovates a public school,

a new surge of Gotham residents seem to know about it and comes out to look.

If anybody is missing from today’s market, it would be that genus known as “the flipper.” For one thing, it is now almost impossible to get a loan to build a spec house—bankers say that bank regulators would jump all over them if they made any spec loans now.

New construction is still happening, of course. (There’s a 26,000-square-footer going up on Langhorne Lane that is keeping the hammers flying.) Some sellers believe that when the current crop of new houses gets scarce, fresh houses will get built. In February, there were more than fifty houses for sale that had been built in the last five years.

As we go to press, the Dow Jones is skirting around the 12,000 level, which is precisely where it was in mid-2007. Should things remain stable, house prices might well regain their old form, too. It appears to be the way things run here. **G**

Massage rooms and home spas are the ultimate in luxury, as this tranquil space by Cindy Rinfret illustrates.

