



# RealEstateJournal

THE WALL STREET JOURNAL *Guide to Property*

## Some Sellers Cut Prices On Their Luxury Homes

By **TERRI CULLEN**

Staff Reporter of The Wall Street Journal

From [\*The Wall Street Journal Online\*](#)

Where's the froth?

That's what some owners are wondering as they struggle to sell their multi-million dollar homes. Despite all the talk of a real-estate bubble, sellers in some upscale markets around the country are lately resorting to lowering their asking price.

Don't get me wrong, luxury homes continue to sell at a healthy clip, just not at the blistering pace seen earlier this year. Real-estate giant Cendant Corp. says its transaction and sales volume for homes priced \$1 million and higher increased 35% in the second quarter versus the same period in 2004, but that compares to a 70% jump in the first quarter compared with the year-ago period.

"I think what we're seeing in the last few months is a bit more normalcy returning to the high end of the market," says Alex Perriello, president and CEO of Cendant's Real Estate Franchise Group. In the first quarter, he says, some brokers were "seeing multimillion dollar houses selling in less than 30 days, which is not normal."

What defines high-end? Beauty is in the eye, but real-estate experts generally say that on the coasts it's \$2 million and up, while in other areas of the country you can buy luxury for \$1 million or sometimes even less.

This week's Fit looks at luxury properties in five in upscale communities where homeowners have reduced their asking prices -- in some cases by hundreds of thousands of dollars.

\* \* \*

Westport, Conn., brimming with stately mansions, hardly screams bargain bin, but local real-estate agents say they're seeing a growing number of "just reduced" home-price listings. Overly aggressive pricing is one of the reasons, says Patti McGovern, a sales associate at Coldwell Banker/Riverside Shavell in Westport.

"Over the past few years this market has been seeing a 10% to 15% annual appreciation, and this year we quite didn't hit that," says Ms. McGovern. Sellers who put homes up for sale earlier this year have been overly optimistic about getting their asking price. "They've had to rethink their expectations," she says.



*Coldwell Banker/Riverside Shavell*

Dane Risley is one of those sellers. The home renovator and his investment partner purchased their \$1.270 million "fixer-upper" in Westport in 2004 with an eye toward renovating the home and selling it for a fast profit. After spending a year gutting and refurbishing the five-bedroom, 5 ½-bath home, they listed it in early 2005 for \$2.350 million. With no bites, Mr. Risley dropped the home to \$2.199 million in mid-May, hoping lure bidders during the spring buying season. Still no dice. This month, he dropped the price again to \$2.050 million.

This Westport, Conn., home was reduced to \$2.050 million from \$2.350 million.

"We were hoping for a continuation of the feeding frenzy that was out there in the fall," he says. "The market is still great, but clearly what you're seeing is a more realistic buyer and the houses are being priced where they should have been priced all along."

\* \* \*

Hawaii is probably the last place you'd expect to find people offering discounts on luxury home prices, but circumstances can force homeowners to leave a couple hundred thousand dollars on the table to make the sale.

Real-estate agent Sachi Braden of Sachi Hawaii Pacific Century Properties LLC in Honolulu is currently listing a three-bedroom, 2 1/2-bath home in the Waialae Iki Ridge resort in Oahu that was recently reduced to \$2.190 million from \$2.385 million. Among the 3,380-square-foot home's amenities are sophisticated systems that allow Internet access in every room and control panels throughout the home to regulate lighting, temperature and sound.



*Sachi Hawaii Pacific Century Properties LLC*

This Oahu, Hawaii, home was reduced to \$2.190 million from \$2.385 million.

Though the home's original price was in line with comparable homes in the neighborhood, the homeowners, both doctors, needed to relocate for their jobs and want to sell the house quickly, Ms. Braden says. "We could have easily stayed in that range, but because of the urgency -- the couple has actually already left for the mainland -- we decided to drop the price," she says.

Ms. Braden notes there has been a significant shift in the type of home buyer shopping in Hawaii, and it's affecting how homes are being priced. Where once wealthy Japanese buyers dominated the market, Ms. Braden says she's seeing an influx of American baby boomers rushing in to buy, and they're generally interested in only one thing: ocean views.

"Japanese buyers would look at a gorgeous home on a golf course and a less attractive one on the water, and they'd pay more for the golf course," she says. "When boomers come and see the house on the golf course, they take a pass and pay more for the ocean." The result, she says, is that luxury homes with no ocean views are having a tougher time selling.

\* \* \*

A sudden surge in new home construction can make an existing luxury home less desirable.

Darlene Ives and her husband Everett of Broken Arrow, Okla., a suburb of Tulsa, are planning to retire and move to Florida as soon as their home sells, so they're anxious to close the deal.

They recently dropped the price of their home to \$595,000 from \$636,000, in part, she says, because their four-year-old, five-bedroom home is competing for attention with a rash of newer luxury homes being built in the area. Luxury homes in the area typically run between \$500,000 and \$1 million, says Gail Monnet, a spokeswoman for the Home Builders Association of Greater Tulsa.



*Coldwell Banker Radergroup*

This Broken Arrow, Okla., home was reduced to \$595,000 from \$636,000.

In June alone, builders broke ground on 78 new homes in Broken Arrow, says Ms. Monnet. There have been 437 new home starts in the town so far this year.

"There are so many new homes to choose from that high-end buyers are a little shrewder on price," says Ms. Ives' agent, Mike Manley of Coldwell Banker Radergroup in Tulsa.

The greater Tulsa area has seen a boom in new home building as demand from out-of-state buyers grows, says Ms. Monnet. "There are a lot of folks moving in from out of state, they can afford to buy a lot more home here than they could find in places like California and New York."

\* \* \*

Home upgrades and renovations can often add to the value of a home. But spending too much on custom renovations may result home sellers' having to accept less than they'd expect for their homes.



*The Luby Group*

A Chicago-area homebuilder built his two-year-old, four-bedroom, 5½-bath home on five acres in Barrington Hills, Ill., to suit his taste. The home boasts an English conservatory, a library and Schonbeck chandeliers.

The challenge, says Suzanne Luby, his agent from the Luby Group in Barrington, is some of the rooms are relatively small when compared with newer luxury homes in the area. Home buyers in the region tend to look for huge, cavernous rooms without much character, she says. "This home has a lot of character."

This Barrington Hills, Ill., home was reduced to \$2.860 million from \$3.3 million.

The homeowner recently lowered the price of the home to \$2.860 million from \$3.3 million. "We've got two independent appraisals that have come in over \$3 million," says Ms. Luby. "It's an incredible

value, but it's just not getting the interest it deserves."

\* \* \*

It's tough to sell a home for the asking price when four or five comparable homes go on the market in the vicinity at the same time. When there are dozens, it can be nigh on impossible.

A New York trader recently dropped the price on his four-bedroom, five-bathroom home with a guest house in the golf-course community of Los Campanas, N.M., to \$2.250 million from \$2.450 million. The home, which is inspired by Tuscan architecture and contains elements of an Italian villa, is built in one of the many luxury communities that surround Santa Fe.



*French & French Sotheby's International Realty*

Bellini Lacey, executive assistant to the director of real-estate broker network LuxuryRealEstate.com in Seattle, say a building frenzy of high-end homes in the area in the 1990s has resulted in a "luxury glut."

This Las Campanas, N.M., home was reduced to \$2.250 million from \$2.450 million.

"If you've got \$2 million-plus to spend, the price per square foot is a bargain there," she says.

Real-estate agent Neil Lyon of French & French Sotheby's International Realty in Santa Fe says there are roughly 79 properties available on the market in Las Campanas, "and this year we'll probably sell 15 to 20 in this price range."