

THE WALL STREET JOURNAL.

REAL ESTATE

Wealthy Greenwich Home Sellers Give In to Market Realities

Houses in the famed Connecticut suburb are selling for less—sometimes a lot less; a stately Colonial heads to the auction block.

By Katherine Clarke

April 15, 2019 1:14 p.m. ET

After four years on the market, and three price cuts, a stately Colonial-style home on Greenwich, Conn.'s tony Round Hill Road is being sold in a way that was once unthinkable in one of the country's most affluent communities: It is getting auctioned off. Once asking \$3.795 million, the four-bedroom property will be sold May 18 with Paramount Realty USA for a reserve price of just \$1.8 million.



Seller Isaac Hakim, a real-estate investor, said it is time to move on. PHOTO: PARAMOUNT REALTY USA

Seller Isaac Hakim, a real-estate investor, said it is time to move on. “We are ready to sell and I don’t

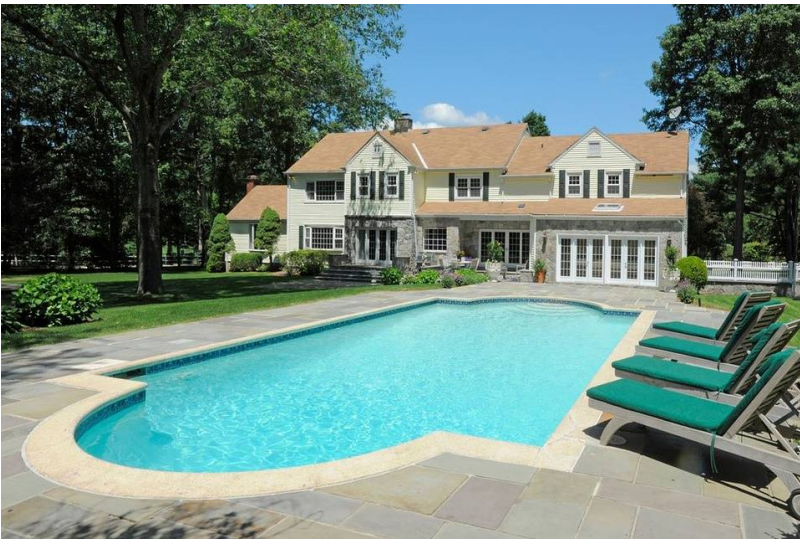
want it to drag on,” he said. After raising their children there, he and his wife moved to Florida several years ago.

While luxury home auctions are utilized in other parts of the country, they have rarely been seen in markets like Greenwich. Once a beacon for Wall Street’s top brass and still one of the richest towns in the U.S., Greenwich is facing a slew of issues.

Many wealthy New Yorkers are opting to live in the city, rather than in the suburbs. Some of the wealthiest, like Mr. Hakim, have decamped to Florida in search of more favorable tax rates. Banking executives who propped up the market with their yearly bonuses have also experienced cuts in compensation.

The seemingly never-ending slump is leading some sellers to accept less—sometimes a lot less. Owners who paid top dollar for their homes in the Fairfield County town in the mid- to late-2000s are routinely selling for less than they paid. Dramatic price cuts are the order of the day. There were 45 properties in Greenwich priced at more than \$5 million that had their price reduced by 10% or more in the 12-month period between April, 2018, and March, 2019, according to Realtor.com. Realtor.com is owned by Move, Inc., a subsidiary of Wall Street Journal parent News Corp .

Attorney Frank J. Gilbride II said one of his clients recently sold his home for \$11.18 million, after buying it for \$14.7 million in 2007. “We’re finding that the larger back country homes have not been selling recently, because the new buyers don’t want to maintain 10 acres of grass,” Mr. Gilbride said. “A lot of sellers are taking hair cuts of \$1 million or more just to move on.”



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Earlier this month, music executive Tommy Mottola sold this estate for \$14.875 million, or 25% off its original asking price. PHOTO: COMPASS REAL ESTATE

Some sellers have resorted to renting out their homes. Brian Amen, an agent at Houlihan Lawrence, said one of his clients tried to sell his roughly \$3.65 million home for about a year and lowered the price, but recently decided to lease it out in hopes the market would improve in a year or two.

Several prominent owners have settled for significantly less. Earlier this month, music executive Tommy Mottola sold his Georgian-style estate for \$14.875 million, or 25% off its original asking price. In December, hedge fund executive Ara D. Cohen, co-founder of Knighthead Capital Management, sold his sprawling 27-room property for \$17.5 million—half of what he was seeking in 2015.



Once a beacon for Wall Street's top brass and still one of the richest towns in the U.S., Greenwich is facing a number of issues. Mr. Mottola's home. PHOTO: COMPASS REAL ESTATE

News of an auction, more typically associated with distressed properties, will likely be an extra punch in the gut for Greenwich area real-estate agents, who have been fighting a tide of negative sentiment in the market since 2016, when Starwood CEO Barry Sternlicht, a former Greenwich resident, declared it to be the worst housing market in the country. “You can’t give away a house in Greenwich,” he said while speaking at an investment conference. Mr. Sternlicht’s company has since relocated from Greenwich to Miami Beach, Fla.

“The brokerage community went ballistic,” said Jonathan Miller, a New York appraiser, noting that the town had invested in a public relations campaign to rebrand the area. “Now, imagine trying to tell them you’re introducing the auction concept.”



Ara D. Cohen, co-founder of Knighthead Capital Management, sold this home for \$17.5 million—half of what he was seeking in 2015. PHOTO: STEVE ROSSI/SOTHEBY'S INTERNATIONAL REALTY

Robin Kencel of Compass, one of the agents behind the city's PR campaign, said the auction is not relevant to the market as a whole. "I don't think it's anything specific about Greenwich, it just speaks to that specific seller's needs," she said.

The median price for a home in Greenwich dropped by 16.7% last year to \$1.5 million in the fourth quarter of 2018, according to a recent report by brokerage Douglas Elliman. On the luxury end of the market, characterized by the top 10% of sales, prices dropped by 18.8%. Mr. Miller said that trend continued into the first quarter of 2019, estimating that the median price was down by more than 25%.

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The average time a luxury home sits on the market in Greenwich is 357 days from its most recent price adjustment, Mr. Miller said. The only segment of the market performing well appears to be smaller,

entry-level homes close to the train station, which are being snapped up by a new generation of buyers. The lowest priced condos currently on the market in that area start at around \$330,000, according to Zillow.

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