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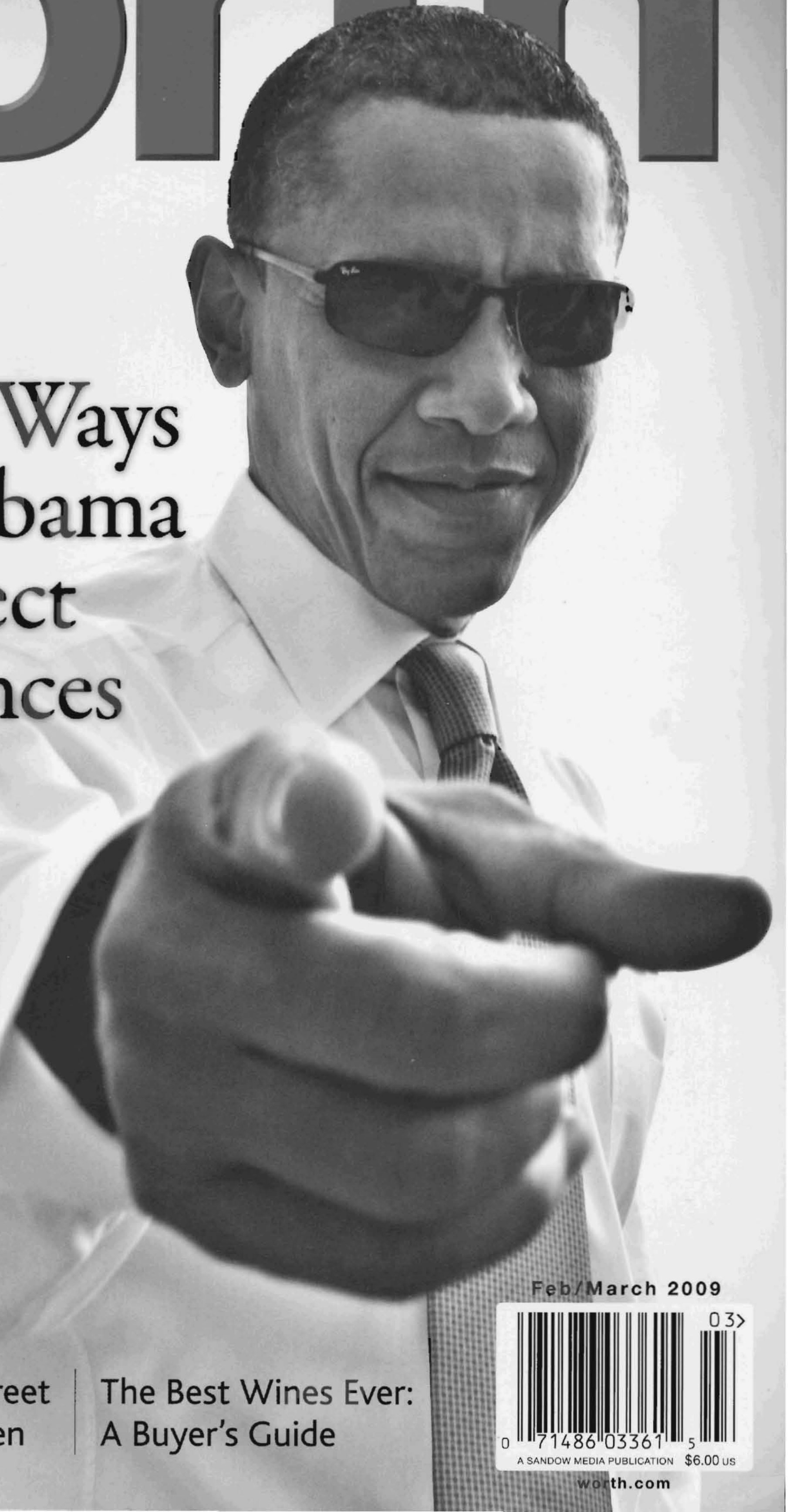

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For eagle-eyed buyers, luxury housing is offering some golden opportunities.

# REAL ESTATE

The national luxury real estate sector hasn't entered fire sale mode because many high-end sellers still have substantial assets and no mortgages. As a result, they're in no rush to sell. Still, the economic downturn has taken its toll, and for those who know where—and how—to look, there are bargains to be found. To uncover opportunity, today's luxury house-hunters must be strategic, flexible, creative and patient. Here are some tips.

**FOLLOW THE PRODUCT.** New developments, which may be outside the most exclusive areas, probably represent the best deals in the current market—especially if those developments still have land on which to build. Broker Nora Johnson, of Michael Saunders & Company, finds the best deals in her southwestern Florida territory lie east of Interstate 75, which runs north to south along the Gulf Coast. In Bradenton, "The Concession Golf Club put in a fabulous Jack Nicklaus golf course where [during the boom] you couldn't buy a lot for less than a million," Johnson says. "Now you can buy a home for $800,000. These developers can cut their losses now and make them up later because they've still got land to build."

**ALL LUXURY IS LOCAL.** Markets in Aspen and the Park Cities area of Dallas are reporting increasing prices while median prices dive in Vegas and Beverly Hills. Still, the pace of sales is slowing in some luxury markets, such as L.A.'s Brentwood. In tony Greenwich, Ct., volume has fallen off a cliff. From November 2007 to November 2008, according to Fairfield, Ct.-based appraiser Michael Massa, 259 Greenwich homes were sold—a plunge of 44 percent, from 464, in the previous 12 months. Buyers may be waiting because they don't think prices have dropped as far as they should or will. As inventory builds and sellers grow weary, that standoff might end. "We have people who have lowered their list prices 20 percent to 40 percent, and they're still priced too high to sell," notes Robert Ritchie of the managing broker group at Coates Reid & Waldron. Buyers should consider not just list prices in an area, but also average days on the market and the volume of sales transactions.

**BUY SOMETHING CUSTOMIZED.** "You are most likely to find a deal with an unusual product, because the market can't benchmark [establish a standard price] off it," notes Steven L. Good, CEO of the Chicago-based Sheldon Good & Company, the country's largest auctioneer of non-foreclosed real estate. Good suggests going after "the trophy home [with] the $10,000 Sherle-Wagner sink and all-travertine marble"—it clearly won't be to everyone's taste, and sellers will have to be more flexible. Michael Daly of True North Realty Associates, a Hamptons buyer's brokerage, notes, "One [customized home] in Sagaponack came on the market two and a half years ago for over $20 million, lingered for over a year at $19.95 million, and has recently been reduced to $12.95 million. Few people have that [particular] taste in homes."

**REDEFINE OPPORTUNITY.** In the first half of 2008, median home sale prices actually increased from 2007 in exclusive areas such as Washington, D.C.'s Georgetown and Boston's Beacon Hill—but listings are available, and that isn't always the case. "It used to be, if I had someone saying 'I want to get into Cherokee Park [in Sarasota],' I couldn't get them into Cherokee Park, even with a cash buyer," Nora Johnson says. "Now you can buy into those older, more established neighborhoods." Richie agrees. "Buyers need to redefine what winning is: when you can buy great property at a reasonable price."

> *"We are anticipating a very long downturn. We think bottom is in three to five years."*

**WAIT.** "If I had to predict what's going to happen in Greenwich in the future," Michael Massa says, "I'd say it's going to get a lot worse. You'll see the results of the financial turmoil play out over the next two to three years." So, be patient. "We are anticipating a very long downturn," adds Steven Good. "We think bottom is in three to five years." —*Alison Rogers*