Riding the wave

Greenwich real estate holds its own through national market's highs and lows

By Jane K. Dove, Post Correspondent

Seemingly immune to the daily onslaught of bad news about the bursting of the national real estate bubble, Greenwich has retained its reputation as a bulletproof market.

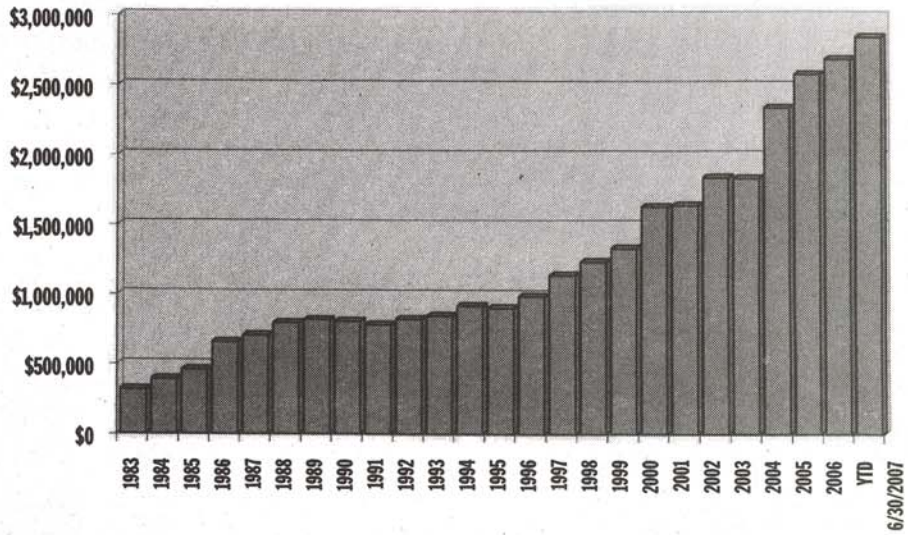
Widespread reports of falling home prices, the subprime meltdown, the credit crunch and bloated inventories of unsold properties are all-too familiar to anyone interested in real estate. But Greenwich, although definitely off the superheated pace of the past few years, is still more than holding its own.

"Greenwich is simply less affected by downturns in the overall economy and real estate market than other parts of the country," said Coldwell Banker Realtor Jackie Hammock. "A lot of the things people read about don't affect this market nearly as much, if at all."

Realtor Carolyn Anderson, founder and head of Anderson Associates, agreed.

"The good news is we do not have any evidence of a 'real estate slump' in Greenwich," she said. "Our market is doing fine because Greenwich is a unique community. While most real estate in the United States is down, our market continues to be strong."

Greenwich Average Single-Family Selling Prices 1983 to 2007



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Yearly gains

Statistics from the Greenwich Multiple Listing Service (MLS) support the two Realtors' assertions. The market has slowed somewhat from past years, but is still showing year-to-year gains in the benchmark median sales price.

In 2006, the median sale price of a single-family Greenwich home was $2,001,250. For the first six months of 2007, the figure increased to $2.1 million. This represents a 5% uptick over 2006.

Ms. Hammock said that unlike other parts of Fairfield County, Greenwich's inventory of single-family homes on the market increased by only 2% in the first half of this year. Some other affluent towns show a doubling of homes for sale.

"Fewer new listings came on the market than we have seen for the past four years," she said. "As a result, we had 13% more sales in the first half of this year than the same period in 2006. In addition, some of our older inventory — homes on the market for 12 months and longer — finally sold after multiple price reductions."

Ms. Anderson said Greenwich is well-known in the real estate community for its consistently strong performance.

"This past May, the Greenwich Association of Realtors released a report done by the University of Connecticut that demonstrates Greenwich real estate is a better investment than the stock market," she said. "Prices in other affluent suburbs may be slumping, but Greenwich simply does not fit the model."

The sentiment was echoed by Gary Silberberg of Intriguing Realty. He said after seeing the presentation comparing the Greenwich housing market to the Dow Jones Industrial Average, he did his own comparison and found much the same results — the Greenwich housing market is stable. *See accompanying charts.*

"Over the past 20 years, Greenwich homes have appreciated an average of 9% per year in value," Ms. Hammock said. "But much like the Dow Jones average, not all of the homes went up at the same rate at the same time. Just like stocks, some homes have increased more year to year and others less."

A chart prepared by Ms. Hammock with average sales prices spanning the years 1985 through 2006 shows a positive price appreciation in all but three years in the period — 1990, 1992 and 2001.

"The vast majority of years had a positive appreciation in sale price, with many years having a double digit rate of increase," she said.

As one sign that the market has tempered from its boom years, Ms. Anderson said Greenwich homeowners are seeing their homes stay on the market slightly longer before selling.

"In 2006, the average days on the market was 107. So far for 2007, the figure has increased to 128," she said.

Strong and stable

So why the positive results for Greenwich when so many other upscale communities are suffering declines in sales and prices and major increases in inventory?

"Greenwich is insulated largely because of the strong financial positions of most of our residents," Ms. Hammock said. "We have few buyers with little or no money to put into a deal for a house and many pay cash. We have a significant percentage of homeowners with no mortgage or a small mortgage when measured against the value of the home. Most have major equity."

Ms. Hammock said Greenwich is also pretty much immune to the "flipping," craze that swept the country during the years of the real estate boom.

"We simply don't have that here," she said. "People buy a home in Greenwich because they want to live here and put down roots. Real estate represents a home first and an investment second. All of these factors together combine to give our market an underlying strength and resilience."

And for those buyers that want to enter the Greenwich market, there has not been a better time in several years.

"Our sellers are now pricing their homes at more realistic levels," she said. "And many have reduced their prices over time. This is a healthy 'reality check' and it also presents an outstanding opportunity for buyers."

Ms. Anderson agreed but said although asking prices are now on target, buyers looking to take advantage of the deepening national "slump," simply won't find one in Greenwich.

"I am sure many buyers would like to believe this is happening here, but they will be disappointed," she said. "Greenwich remains stable."

Ms. Hammock said Greenwich buyers are savvy and, because of their generally strong financial profiles, are poised to purchase the right house at the right price, sometimes for cash.

"I tell my sellers to price their homes right at the outset and to give strong consideration to that first offer," she said. "It might be the best offer. There are still multiple bids on certain properties and some homes do go for over asking price. But today's buyers have done their homework and know what a home is really worth."

"I am sure that Greenwich is not the only town in the country that has not suffered in the current downturn, but all you hear is reports of those that have," Ms. Anderson said. "Despite all of the negative reports on national real estate, Greenwich is still an excellent investment and will continue to remain so."