

Looking back, I wish I'd bought in Greenwich

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I'm at that stage in life where I'm starting to think about post-career opportunities.

Retirement, that is.

Specifically, where I will live when I retire.

And when I think about it, I get mad because of where I now live -- my hometown of Meriden, where I was born, bred and am grumblingly paying the price of home-ownership.

I should have bought in Greenwich, where the value of my house would likely have quadrupled over the past 20 years. Instead, it's been chugging along steadily with inflation, gaining about 3 percent per annum -- and robbing me of the equity I'd like for that palatial retirement villa.

Of course, 20 years ago I had no idea I'd be working in lower Fairfield County -- in Stamford for more than eight years and since January in Greenwich. And 12 years ago, when my wife took a job in Hartford, we seemed destined to have our long-term focus in the central valley of the state.

Since I arrived in lower Fairfield County in 1999, we've talked a few times about splitting the difference on commutes. But since Cynthia has to drive to the office during rush hour while I enjoy the later workday of a morning-newspaper man, there was no point in relocating the old homestead.

So we settled in for the long haul, which now has a 10-year "horizon," as the financial planners like to say. (I turn 55 next week. Don't send presents.)

Despite my low rate of return, owning a home is just about the best thing going in America's economy. There's the IRS deduction for mortgage interest and real estate tax, the federal capital gains exclusion, the Connecticut credit for property tax -- not to mention the tangible benefit of having a roof over your head that belongs to you.

A year or so ago, getting the financing to buy a home was easy. Banks were giving away mortgages without holding borrowers to any standards, while the borrowers were gleefully taking loans without stopping to think whether they could afford them.

That interest-only, adjustable-rate and other types of non-standard loans would prove to be a financial time bomb was inevitable. Those loans artificially propped up house prices by subsidizing the market rather than letting it ride free.

In some areas -- Florida, California, Las Vegas --the party was great, until the loans reset at far higher interest rates, and their stunned borrowers found out they couldn't pay.

That didn't happen everywhere, nor at all levels of the market. In fact, the housing market in very desirable areas has proceeded with barely a pause. Maybe prices aren't climbing much, but there's no crash in sight.

That brings us to Greenwich, where I wish I had established my residency a couple of decades ago. The market here seems to be doing OK. After a slow January, the town saw 31 sales of single-family homes close in February, according to the Warren Group, which provides real estate data to Greenwich Time. The average price was \$1.575 million, up 10.53 percent from a year ago. I'd take that kind of appreciation any day.

Will the Greenwich market stay strong? Economists say it depends on the fallout from the misguided adventures of many Wall Street investment banks, hedge funds and other financial firms. About 40 percent of this area's employment is dependent on the local financial services industry, and thousands of folks from here trek daily to the monied canyons of lower Manhattan to work, as well.

The country has had a couple of financial slowdowns since I've worked in this area: the dot-com crash of 2000 and the post-9/11 market meltdown, which the Federal Reserve fought with lower interest rates, as it is doing now with the credit crisis.

Neither of those slack periods affected Greenwich housing too much, and those who remember the real estate recession of 1990

say it reduced home values by only about 5 percent.

I believe the desirability of Greenwich will drive the market, and not merely the fate of the financial sector. This is where I should have bought a house.

Jim Zebora is managing editor of Greenwich Time

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