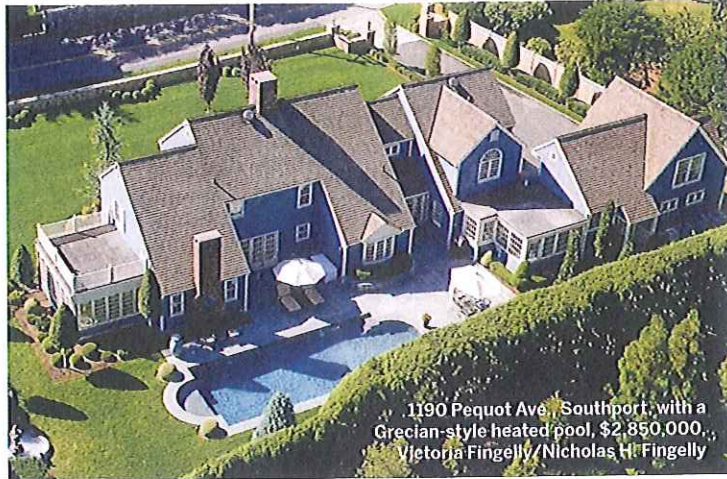


3 Turkey Hill, Westport, built near Nyalá Farm by Milton, \$3,850,000, Jillian Klaff/Wm. Ravels



1190 Pequot Ave., Southport, with a Grecian-style heated pool, \$2,850,000, Victoria Fingelly/Nicholas H. Fingelly

Steady enough to lure buyers? Here are some tempting properties.



300 Sturges Ridge Rd., Wilton, European elegance in private setting, \$3,200,000, Michelle & Company



Dark Pond Trail, Wilton, high ceilings, walls of glass, enjoy the view, \$850,000, Helen Whitten, Halstead

Report on the Markets

Spring marks new beginnings—including the annual run-up to the most active time for the real estate market. Typically, that is. The last couple of years had us all hunkered down, watching and waiting for signs of growth. This year we sent out writer C. J. Hughes to explore the local residential and commercial landscape, to gather facts and figures, and to check in with industry pros for their opinions. Here is his report on the health of our markets in 2011. »

HOUSE ICON BY ISTOCKPHOTO.COM/© TOM NULENS/
ALL HOUSE IMAGES CONTRIBUTED



by C. J. HUGHES



The local market has gems, including this Southport property with classic proportions and impeccable landscaping for \$3,850,000

Residential

Westport's market firms up, though soft spots linger

Real estate, like football, can be a game of inches. At least, that's the current sentiment among many in the real estate community in Westport, where the housing market appears to be staging an incremental yet steady recovery back from the depths of the recession.

True, in his revaluation last year, town assessor Paul Fria found that most homes were off 13 percent since 2005, and many real estate brokers say that not only could the losses be higher on homes bought in 2007, any shortfalls may not be overcome for years.

Yet 2010 still offered promising signs, say brokers, even if they can sound a bit Pollyannaish. For one, sales shot up dramatically over 2009, to 350 closings from 250, or a gain of 40 percent, which seemed spread out evenly from Greens Farms to Old Hill to Coleytown, or even close to I-95. Even if 2009 couldn't really have been worse, they say, a gain of that size is a cause for joy.

Average prices also rebounded, but by a much smaller margin, to \$1.45 million from \$1.42 million, or 2 percent, though at least they didn't drop, says Michelle Genovesi, Realtor/owner of Michelle & Company at William Raveis Real Estate.

Besides, buyers need to snap up all those extra homes littering the market before values edge up again, she explains.

"It's not so much about appreciation, but movement," Genovesi says. "The more that the supply is sold off, the more chance there will be of appreciation again."

The biggest sweet spot last year, brokers say, was the category of homes for under \$1 million, which in affluent Westport make up a third of the market. Buyers of them, first-timers and otherwise, were egged on by the federal homebuyer's tax credit, which could apply to \$800,000 of the total price.

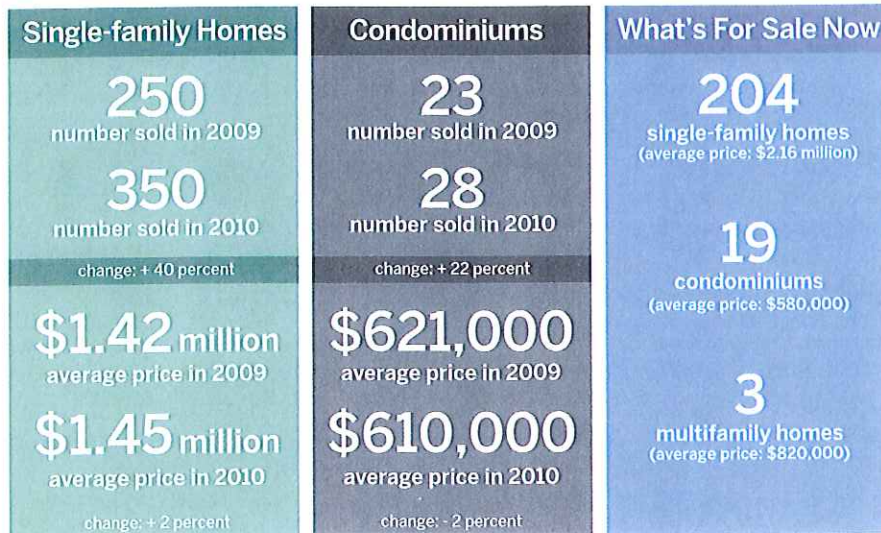
But without that credit this year—it expired last June—markets might not be so lucky. Others who think the gains might be fleeting caution that last year's prices were skewed by a few mammoth sales. Indeed, the adjacent waterfront properties comprising numerous buildings at Nos. 124, 126 and 128 Beachside Avenue, in Greens Farms sold in October for \$20 million, the second most expensive sale ever in Westport—and enough to jack up any average considerably. The recent history of that three-parcel property can also shed light on how far values have plummeted since the peak, suggesting

that recovery is relative. In 2007, the same combined parcel was listed for almost \$38 million, which means that it has lost almost half its value. A big sale may pull up the averages, but there are a lot fewer of them than there used to be.

That applies to the enclaves surrounding Westport, too, according to Richard Higgins, chairman and founder of the Higgins Group, a real estate firm, especially with homes priced \$3 million and up. "I think everything got hit," he says, adding that the mini-bounceback of the past year was "kind of like having a fever. You go from 104 to 101, and it's better, but you're not quite there yet."

Case in point: A 7,000-square-foot spec home in the Greenfield Hill section of Fairfield, constructed on the site of a teardown, came on the market in 2008 for \$8 million and has sat there since, despite having its price cut to \$7.2 million. Its Fairfield-based builder, Jeff Tallman, who has worked in the business for four decades in towns like Weston, Wilton and Westport, is hopeful the home will sell this year. On the other hand, he's so convinced the wealthiest buyers are still sitting on the sidelines that he basically has not built another spec house since

WESTPORT BY THE NUMBERS Data courtesy of Greater Fairfield County Multiple Listing Service, Jan. 2011, prepared by Michelle & Company, William Raveis Real Estate



"It's a very emotional thing, when you bought for \$1.5 million and it's now worth \$1.3 ...It started to get better as the summer went on."

-Michael Daversa
Atlantic Residential Mortgage

and now concentrates on renovation work. But it's not even a sure thing that people will build an addition, say, instead of upgrading to a larger home. In fact, an increasingly large share of buyers won't do anything at all to their properties before moving in, content to stick with outdated countertops, perhaps, than switch them out for granite ones. Or they might just skip those old houses altogether for newer versions that weren't within reach a few years ago but now might be, says Jillian Klaff, an agent with William Raveis. "Buyers today don't want to do a lot of work," in contrast to five years ago, when location was everything, she says. "They don't want to go through the whole agony of a renovation."

Indeed, in a sign of how the recession is affecting builders differently, Klaff also says that Milton Development, a client, is still selling about six spec homes a year, on par with what it was doing pre-downturn, although the company's buyers generally want to see them completed before signing any contracts.

Southport, too, has seen its higher-end properties languish in the past three years, taking four months to sell now versus about six weeks, in 2007, Higgins says.

If sellers are willing to absorb losses, then homes can be unloaded, though most sellers hold out hope that the market will heal before it comes to that. One type of seller who does seem more willing to discount homes, though, is banks.

Fairfield County Real Estate broker Terry Keegan knows about this firsthand; he's tasked with selling Southport Green, the condo project that was foreclosed on in 2007 without selling a single unit. But since the lender rebooted the sales effort in September 2009, slashing prices by half in the process, 12 of the 24 units have sold, he says, with the most recent contract on a three-bedroom with hardwood floors going for \$1.5 million in December. "I am very pleased with what's happened there," says Keegan, promising the project will sell out this year.

Good for buyers, but what about sellers? "It's a very emotional thing," says Michael Daversa, president and founder of Atlantic Residential Mortgage, "when you bought for \$1.5 million and it's now worth \$1.3." He adds he expects owners to have an easier time of refinancing because the market has stabilized. "It started to get better as the summer went on."

While single families may be stabilizing, condos appear to be doing worse. More sold in 2010 than in 2009 in Westport, with 28 versus 23, data from the Consolidated Multiple Listing Service shows, in a town that has more of them than surrounding communities. But prices dipped, to \$610,000 from \$621,000, or by 2 percent, though the actual decrease in values could be far greater, brokers say.

Some banks may no longer be so keen on guaranteeing financing to buy them. To understand why, consider the over-leveraged first-time buyers who snapped them up during the boom, then defaulted on mortgage payments. They are still persona non grata with some lenders, says Roy Thompson, a longtime Realtor with Prudential Connecticut Realty.

"That's where they got bad press, so that's where they're retaliating," Thompson says. Also troubling is that people tend to walk away from condos more quickly than with standard homes.

They "tend to be a shorter term hold," Thompson says, "so they have to sell, and they take the loss." To know whether those losses are enough to undermine the entire condo market in Westport again in 2012, well, get the rulers ready. »



Some ask, whither Westport's downtown charm?

Is the grass really greener on the other side—of the border with Fairfield, that is? From a commercial real estate standpoint, the perception among many residents and business owners is “yes,” if you believe a flurry of recent newspaper articles, Web posts and street-level scuttlebutt.

The argument goes something like this: While downtown Westport hums with shopping activity, the mom-and-pop stores of the past have been elbowed out to make way for national retailers, who may always pay the rent on time but lack the charm of their smaller-scale, home-spun counterparts.

Plus, there aren't enough hip eateries to keep out-of-towners in Westport for longer stretches of time when they visit. Besides, even locals will decamp for the Post Road in Fairfield to see a movie or grab a drink.

Those critics of Westport's “mallification” may have a point. The biggest downtown deal of the year was the Gap's move to a redeveloped space at 125 Main Street in order to consolidate its local stores. Other recent shuffling along that strip, where national chains like Brooks

Brothers, Williams-Sonoma and Ann Taylor have beachheads, included the arrival of a Kate Spade store where a Sigrud Olsen once stood.

Even if a handful of independent businesses hang on, critics might argue, any Norman Rockwell quotient has been compromised by a parade of corporate logo marquees.

Yet, on the other hand, a series of ambitious plans revisited or unveiled in recent months—recession, be damned—propose a top-to-bottom reinvention to a degree not seen in decades.

Visions and Views

“We're now at the beginning of the transition and revitalization of the downtown,” declares David Waldman, president of David Adam Realty, the local landlord.

Waldman—who, along with partners, manages or owns hundreds of thousands of square feet, including the new Gap home—has for many years sought to construct a complex called Bedford Square; its centerpiece would be the Westport-Weston Family Y, the graceful Tudor on a busy corner of Main. But in recent months Waldman and his partners

dramatically upped Bedford Square's potential scale. In December they bought 35 Church Lane, a Queen Anne office building. Waldman also, although separate from the Bedford Square Development, bought a few retail buildings along Post Road East next to the Patagonia store that also front Church Lane. Those Post Road buildings will be refurbished and expanded to house a single or multiple retailers under a plan that's separate from Bedford Square. An additional part of that project is the restoration of the nearby post-and-beam Sherwood Mansion House, also on Church Lane, where Waldman has proposed a 3,400-square-foot restaurant with outdoor dining. The Post Road/Sherwood development is planned to kick off in early March, though the Bedford Square development won't break ground until 2014, which seems all the more likely now that a Stamford Superior Court judge has dismissed the last of the lawsuits in the way of the Y's move to Camp Mahackeno.

Once completed, however, all of the projects will become part of a plan to revitalize Church Lane.

Town officials have their own ideas about how downtown should grow. In



October, officials introduced “Westport Center,” a proposed development that would add shops, music venues and outdoor cafés along the Saugatuck River in Parker Harding Plaza, in space now paved in asphalt for shoppers’ cars. Those new retail spaces wouldn’t be as large as what Vineyard Vines has, but more of the rowhouse variety common to Greenwich Village, the plans indicate.

Yes, parking lots would have to be relocated, according to the plans.

But for all the talk of improvement, some prefer the status quo.

“It makes my skin scrawl every time somebody mentions Fairfield,” Bob LeRose, president of the Westport Downtown Merchants Association and owner of one of Westport’s popular evening destinations, Bobby Q’s Bodacious BBQ & Grill. “I don’t think a town should react to what another town does.”

As he sees it, plans that aim to increase restaurant options depend on an “overarching plan that would change the infrastructure. We would need more parking, larger sidewalks, beautification—things that drive people to come here. We need more than just restaurants.” He suggests that more restaurants mean attracting diners from a larger clientele, which would come with a better infrastructure.

If some of those sweeping changes result in a downtown that resembles the one there a few decades ago, when mom-

and-pops ruled the streets, then Sally White, of Sally’s Place, which has sold music on Main Street since 1984, is all for it. “Where would America be without us?” asks White, who has a photo of Main Street in the 1970s hanging in her shop.

Economic worries don’t seem to have slowed progress at Saugatuck Center, a new mixed-use development outside Westport’s core on Riverside Avenue in the shadow of the I-95 bridge.

Currently rising on the eastern side of the street are shops, offices and six apartments, where the L.H. Gault & Son oil storage tank once stood, to be finished this spring. Though its construction forced the relocation of Westport Florist and Riverside barbershop, another neighborhood staple, DeRosa’s Italian Restaurant, closed for good.

Megan Smith, spokeswoman for Hamilton Development, Gault’s development arm, says the spaces have been leased to new stores, which would be announced soon. In 2012, meanwhile, phase two of the project will open across the street, with stores and twenty-one apartments, though Doc’s Café will have to move. Phase three, set for Ketchum Street, will offer condos.

While the large development will alter the face of that historic area, Smith says it will also free up shoreline that has been walled off for industrial use for years. “We want to give this property back to the

community,” she says, explaining that paths, picnic benches and public docks will be added along the Saugatuck.

Sign at the X

While the willingness on behalf of developers and town officials to put shovels in the ground suggests confidence in an economic recovery, Westport does have problems like everywhere else, suggests Franco Fella, executive vice president of the Westport-based HK Group, which is currently marketing the cobblestoned former town hall.

Vacancies pop up downtown, like the former home of Katzenberg’s Kafe at 22 Main Street, which has been empty for a couple of years. And with landlords’ charging up to \$140 a foot for retail rents, upstart cafes and boutiques probably won’t be knocking down doors anytime soon, Fella says.

In his view, the more notable recent commercial news might be that a 10,000-square-foot Goodwill “superstore” has been cleared for construction at the site of the former Peppermill Steak & Fish House, near Fairfield.

“Obviously, the landscape has slightly changed,” Fella says. But those who are signing leases are now inking them for ten years, as opposed to three, which suggests faith in a turnaround. “It looks like businesses are gaining confidence again, and that’s good.” **W**

RENDERING COURTESY OF FWH ARCHITECTS

A rendering of the Church Lane development in Westport, which would restore the Sherwood House as well as bring in new tenants.

