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SPREAD SHEET: SANETTE TANAKA

THE \$20 MILLION QUESTION

What's the right asking price for a home in the tens of millions?



Want to find a home at a big discount? Look for one priced above \$20 million.

At the top echelon of the market, agents struggle to pinpoint the right listing price when the usual pricing methods—using comparable properties and assessing land and space—fall short. The result: Pricing at the top tier can be a guessing game, and often sellers ultimately settle for far less than their asking price.

An enormous amount of disconnect occurs in the \$20 million-and-above listings market. The median sale-to-list price ratio is 0.72—a steep drop from the sale-to-list ratio of homes nationwide, which hasn't dropped below 0.95 since January 2009, according to an analysis by real-estate website Zillow. Zillow examined homes originally

Just Asking

Since January 2008, 210 homes originally listed for more than \$20 million eventually sold. These four states had the greatest number of these properties.

State	Number of homes listed over \$20 million	Median original list price	% of listings with at least one price change	% of listings with four or more price changes	Median days on market until sold	Median sale-to-list price ratio
California	87	\$26,000,000	56%	9.2%	299	0.69
New York	57	\$25,950,000	47%	1.8%	316	0.83
Florida	30	\$25,250,000	43%	6.7%	479	0.63
Colorado	14	\$24,975,000	50%	7.1%	388	0.68

Source: Zillow

listed for more than \$20 million that eventually sold. Since January 2008, only 210 homes fit the bill.

"You're in this rarefied space at this price point—one where fundamental value is really hard to ascertain so agents and homeowners are left to put a marker in the sand and see who comes," says Stan Humphries, chief economist at Zillow.

Beate Moore, a real-estate

agent with Sotheby's International Realty in the Hamptons, recalls a client who wanted her to list his 13,000-square-foot home in Southampton, N.Y. He had bought it for \$23 million, invested \$20 million into it and asked Ms. Moore to price it. "These numbers are so abstract," says Ms. Moore. "I said between \$60 and \$70. He took me literally and just picked the middle. So it became a listing for \$65 million." The property

sold for \$60 million within a year of listing, according to public records.

In many cases, when sellers pick a stratospheric price, they end up settling for less. Roughly half of the homes listed above \$20 million in Zillow's analysis experienced at least one price change before selling, compared with 36% of homes overall that saw a price change.

Aspen broker Joshua



AIMING HIGH This apartment in New York's 15 Central Park West was priced at \$30 million; it sold for \$25 million within two months.

Saslove had a 95-acre ranch in Aspen, Colo., originally listed for \$135 million in 2006. It was eventually purchased for \$41 million in 2012—30% of its list price. The initial high price tag was due to the seller's urging, he says. "I would have priced it lower," Mr. Saslove adds.

But it can pay to aim high if the drop-off from list price to sale price is smaller. Last May, Christopher Kromer and Nora Ariffin, agents with Halstead Property in New York, got a listing for a three-bedroom apartment in Manhattan's 15 Central Park West. To determine its price, the agents

assessed location and square footage, as well as intangible factors like celebrity ownership and architectural significance.

They looked at the price-per-square-foot of two recent sales within the same building, but priced their listing slightly higher, because at the time, their listing was the only available home in that part of the building.

"We felt we had some room to push it," Mr. Kromer says. They listed the property for \$30 million and within two months a foreign buyer scooped it up for \$25 million.

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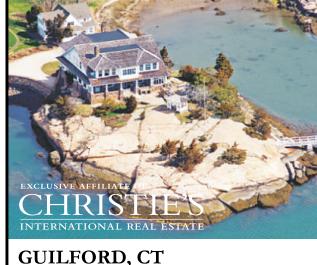
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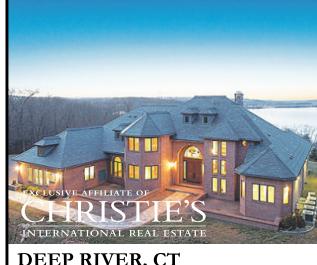
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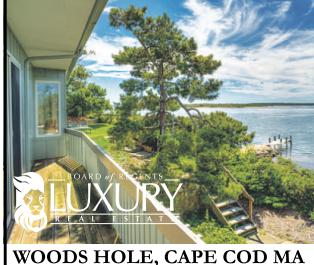
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