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## The chance to get an oversized deal

*Luxury home prices are feeling effects of real estate slowdown*

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Can there be such a thing as value pricing for homes in the \$10 million-plus range?

Kim and Michael Ogilvie think so.

For \$10.75 million, the husband-and-wife, high-end team at Michael Saunders & Co. just listed a gated mansion south of downtown Sarasota that has been superbly renovated, has fabulous bay and city views, and yet has a beckoning boathouse with room for a 55-foot-yacht, something quite rare to find on Sarasota Bay.

"This is seriously for sale," says Michael Ogilvie, who, with his wife, holds title to three of the four most expensive homes ever sold in Sarasota. They just listed the knock-out beauty on South Lodge Drive in Cherokee Park.

"People don't want to catch a falling knife," Michael Ogilvie said. "Except, what are they going to do? Wait for the next 1.3 acres on the bay with a boathouse? This is it."

But in the past, discussions of high-end homes tended to assume that these properties were immune from the laws of economics, because the potential clients were so rich it just did not matter.

Not anymore.

The real estate slowdown has affected the world of the super-wealthy. Inventories surrounding many preferred watering holes have multiplied, and the buyers, who form a rather small club, are taking their time.

"The first thing to realize about the high-end home and condo second residence marketplace is that there is a lot more for sale than before," said Tom DuPont, founder of a slick magazine called "The DuPont Registry, A Buyer's Gallery of Fine Homes."

"There is a lot of inventory in each category and the market is flat or down," he said, meaning homes of \$10 million and up.

"You go up to Nantucket, prices on that style of house are flat, but there used to be two on the market and now there are 25."

Demand, but lots of supply

In Sarasota, the luxury home market could be defined as residences costing \$3 million and up.

Within this narrow slice, the problem is not so much lack of demand as it is extra supply, says Chad Roffers, president of Sky Sotheby's International Realty of Sarasota.

Roffers examined listings and sales for the 15 months ended November 2005 and for the same period



STAFF PHOTO / ROD MILLINGTON

Called Snook Inn, the eight-year-old home is on two acres at the north end of Siesta Key and has its own boat house, 200 feet on Sarasota Bay and 280 feet on Hanson Bayou.

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leading up to November 2007.

The number of closings was almost identical, but inventory in the \$3 million to \$5 million range had grown by roughly half, while the inventory of \$5 million-plus homes grew about 25 percent.

"People are still moving to Florida," Roggers said. "People are still looking for quality properties. So it comes back to this kind of cumulative build-up of inventory."

And the number of bumps in the road seems to be multiplying, even for the high-end sellers.

If the Sugarbay estate at the north end of Casey Key were sold at the prices being ballyhooed in the press, it would set a new record for Sarasota.

In April, Sky agents listed the estate at \$20 million. The property then became available in a luxury home auction hosted by Sky in November, and went for \$14 million. But that deal has not closed, and Sky's Web site now says "backup offers needed."

"We are still doing everything in our power to make it close," said listing agent Joel Schemmel.

On the other hand, the auction had the effect of bringing down the price without bringing a sale.

"Everything is transparent," Schemmel said. "The listing itself is listed at just over \$20 million, but obviously it is public information as to what the bid was at auction, so I think people are approaching it from a practical standpoint there."

The Ogilvies started trying to sell a 9,400-square-foot Gulf-front speculative mansion at the north end of Siesta Key last spring for \$12.75 million. The home was built by Sandcastles International of Sarasota, a spec mansion builder that has fallen on hard times.

"We had a signed \$11.75 million contract with a Russian, but, after a couple of months, they couldn't perform," Kim Ogilvie said.

Since then, the lender, a Sarasota company called U.S. Lending, took over the property from Sandcastles, she said.

That meant the Ogilvie team had to renegotiate a listing agreement. They did so recently at \$9.95 million, and that much-reduced price has led to renewed buyer interest, Kim Ogilvie said.

Around town, those who play in this league still refer to the mansion as the "Sandcastle house."

The pinnacle?

If you come into Big Pass by boat, it is hard to miss the second most expensive residential listing in the Sarasota Multiple Listing Service, or maybe the first -- the \$19.5 million "Snook Inn."

Once you are through the pass into Sarasota Bay, turn your 50-foot yacht right into Hanson Bayou, go just past the two-story mansion perched on its own hill, and glide into one of the two private boathouse slips.

A yachtsman could back out of the boathouse and be out in the open Gulf within five minutes from this privileged spot.

"Say they have their own plane," said Premier Properties co-listing agent Marcia Salkin. "In a half hour they can be down here from the airport and be out on their boat."

The mansion, nestled on a two-acre site, with six bedrooms, six-and-a-half baths, and views from almost every room, has been on the market since March.

Mickey and Brooke Callanen built the home for themselves nine years ago and have lived there until now. Mickey Callanen founded Guess Watches, sold it to Timex in 1991, and has become a serial mansion builder ever since.

Sellers like the Callanens are fortunate in that they seem to be able to continue turning over properties, if at a slower pace than during the boom.

They are in the midst of closing on a multimillion dollar home they built speculatively on Bird Key. And they just listed a third spec mansion, with dock, at the end of Hillview Drive within Harbor Acres, for \$11.4 million.

### The right places

Except for monumentally sized horse farms and other ranch-type properties, the ultra-high end homes tend to be clustered in urban areas that are already considered blueblood watering holes.

"If you're looking for the warm climate, you are going to be in Sarasota, Naples or Palm Beach," said DuPont, of the DuPont Registry. "Out West, it's skiing and mountains: Aspen, Vail and Beaver Creek. On the West Coast, just go to the Pacific and turn left or right."

No disagreement from Charles Richardson, Coldwell Banker's man in charge of Naples.

"Naples and Sarasota and Palm Beach," Richardson said. "If you go and look at the characteristics of those communities, you are going to find great restaurants, a performing arts center that attracts good talent, a lot of good art galleries and places like that."

Richardson admits to a slowdown, saying, "That segment of the marketplace hasn't been totally immune to the market, but they are certainly insulated somewhat."

He frequently sees cases where the strength or weakness of the stock market has more to do with buying power than the real estate market as a whole.

"As their portfolio grows in strength, they look at these second homes or third homes and say, 'I can afford to do that because my net worth has grown \$10 million in the last few years.' They look at that more than at mortgage rates."

The competition may not be between several houses in one community, but between the five best homes in any tropical climate with the right ambience.

"It is about lifestyle and finding what they want," said Roffers of Sky Sotheby's. "It is not about any one particular place."

"The kind of call I will get from Sotheby's in New York is like, 'Mr. Smith is coming to Sarasota next week. He is also stopping in Miami, looking at the Grand Caymans and possibly the Bahamas.'"

### Location, location, location

Back at Snook Inn, Mickey Callanen turns up his nose at the Sandcastle listing, just a few blocks south of his current abode but with a driveway that leads out onto busy Higel Avenue.

"Having a very expensive house right off that busy Higel isn't exactly my idea of a great location," he said. "The view is great. But then the downside is that Higel road. I mean, for that price point -- somebody

spends that type of money -- you want some privacy."

Callanen offers his own set of customized guidelines for making money on a mansions.

"I think there are five rules," he said. "Location, location, location, a good product, and staying power."

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