

Shh!! The art of selling quietly

Brokers see more 'whisper listings' from skittish owners who don't want to draw attention
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Nikki Field of Sotheby's International Realty at a listing for \$7.5 million at 455 Central Park West

In the fall of 2008, real estate broker Michael Garr was approached by a former client who had bought a large apartment in a tony building the previous spring.

The client, who worked in finance, needed to downsize to a less expensive place after the Lehman fallout. But there was a catch: Garr had to keep the plan a secret, because the client hadn't yet told his wife he was facing financial difficulty.

"He didn't want to upset her and the kids," said Garr, the founder of Garr and Co., which was acquired this year by the residential brokerage Core. "He wasn't going to consult her until he had some options."

High-end brokers have always prided themselves on being discreet. But like Garr, many are finding that secrecy has become more important than ever.

"Whisper listings" -- properties that are for sale, but not officially on the market -- are becoming more common, as sellers seek to avoid the perception that they are unloading properties because of financial distress. Also known as "quiet listings," they are often among the most expensive properties in the city.

"On the very high end, you have seen more of what we call 'quiet listings,'" said Kirk Henckels, executive vice president and director of Stribling Private Brokerage. "Sellers don't want their friends to think they're a Madoff victim, or whatever."

Other sellers are asking that addresses, prices and pictures of their homes not be posted on brokers' Web sites, and that agents not co-broke or even advertise their listings. That leaves brokers with the difficult task of selling these homes while adhering to strict privacy standards.

The vast majority of brokers agree, however, that sellers are shooting themselves in the foot, price-wise, by keeping things quiet.

"If you really need to sell, you should put your apartment on the market," said Monique Silberman, a senior vice president at Prudential Douglas Elliman.

For obvious reasons, brokers didn't want to reveal their whisper listings by address, but some high-profile examples have become open secrets.

There's 16 East 69th Street, home of socialite Sloan Lindemann Barnett and her entrepreneur husband, Roger Barnett. The townhouse is not technically on the market, but is being shopped around for more than \$50 million, *The Real Deal* reported last month.

Then there's 115 East 70th Street, the mansion belonging to Reed Krakoff, the president of Coach. According to the New York Observer, the home is available for \$52 million with Brown Harris Stevens' Paula Del Nunzio, even though it's not listed.

"I am certainly aware of four or five properties that are quote-unquote not on the market, but that are on the market," said Jed Garfield, managing partner of Leslie J. Garfield & Co.

Garfield said that with quiet listings, owners will often "call [several] good brokers and won't even say they're interested in selling; they'll have you come over and look at their house."

The hope is that those brokers will know someone who might be interested in buying the property. "It's a way of listing it without listing it," Garfield said.

Others may simply call several brokers they know and ask directly if they have any possible buyers.

In better times, whisper listings were rare in New York, usually prompted by either a messy divorce or a celebrity seller seeking privacy. Now, however, the weak economy and job losses have forced some once-wealthy owners to cash out and downgrade -- something many prefer to do without attracting unnecessary attention from their peers. The former CEO of the now-defunct Lehman Brothers, Dick Fuld, for example, sold his 16-room co-op at 640 Park Avenue over the summer for \$25.87 million, according to city records. However, a listing for the property never appeared on the open market.

Many people now "need to sell, and they don't quite want to admit that they need to sell for financial reasons," Elliman's Silberman said.

When Garr's client was quietly looking to downgrade, Garr referred to him only by first name and only worked with other brokers he knew were discreet.

The idea was to keep anyone in the family's social circle from finding out.

"It's all about keeping up appearances," Garr said. "Clients don't want their reputations spoiled, especially ones who are well-known in business or social circles. They don't want it in the papers, and they don't want their friends to know."

Even sellers who are not in financial distress are more concerned about privacy now, because neighbors automatically assume that listing an apartment in a declining market means they must be in trouble.

"There are many sellers who clearly do not want it to be interpreted as a divorce, debt or reversal of some kind," said Nikki Field, a senior vice president at Sotheby's International Realty.

But there are other reasons that "whisper listings" are gaining in popularity.

First, information about real estate transactions is much more widely available than in the past. Years ago, reporters needed to visit a government office to look up property records, and co-op sales were not public information. Now, trades of both co-ops and condos are published on the city's Web site after a deal closes. Listings Web sites such as StreetEasy publish information on price cuts and how long an apartment has been on the market, while a voracious real estate press (*The Real Deal* included) reports on nearly every move a high-profile seller makes.

"There are hardly any secrets anymore," said Marcy Grau, a senior vice president at Stribling.

In response to the plethora of available information, Grau said that even average sellers sometimes ask that brokers not publish their addresses or photos of their properties.

Lauren Muss, senior vice president at the Corcoran Group, said buyers now routinely ask that the closed sale price be removed from the Corcoran Web site.

"Some people just really don't want their friends to know," Muss said.

Field said many sellers are wary of press attention, especially now that properties tend to sit on the market longer, putting them in danger of appearing "stale" to buyers.

To combat this, some sellers start out with a trial run as a quiet listing, before officially listing a property.

"It's well-known that properties that languish on the market are generally sold at a lower price point," Field said. "Some sellers strategize, 'Let's keep this quiet as long as possible because it may take longer to sell, so why let it age on the market?'"

Brokers sometimes employ this strategy when a seller has unrealistic expectations of what the property will fetch. "If they want to go out at a price that is beyond what we believe is the price, we might just try it out [as a quiet listing] so we can then support our position with the seller," Field explained. "After the trial run, then we can roll it out at the right price to get the activity."

However, she said, Sotheby's is careful about abiding by Real Estate Board of New York rules on co-brokering. Normally, a broker has 24 hours after an exclusive agreement has been signed to share a listing with all REBNY members. The only exception is when a seller asks them not to.

When it comes to co-brokering, "you can do anything, as long as it's at the direction of the owner," explained Diane Ramirez, the president of Halstead Property, who serves on the board of directors of the residential division of REBNY. "We work for the seller."

Ramirez said Halstead currently has one "whisper listing" for a high-profile client. However, she pointed out, many sellers change their minds once they realize that the more exposure a listing gets, the higher the price.

"You want every possible buyer to know about your listing to get the best price," Ramirez said.

Whatever homeowners' motives are, brokers agree that it's much more difficult to sell "whisper listings."

"Basically, it's just word of mouth," Muss said. "It's very difficult to market that way."

Moreover, the prevalence of quiet listings gives more-established brokers an advantage over new agents with smaller networks. "You have to have your ear to the ground and really know what's going on," Silberman said.

Despite the challenges, for some listings, keeping things hushed trumps everything else. "Some people's privacy is more important," Ramirez said.