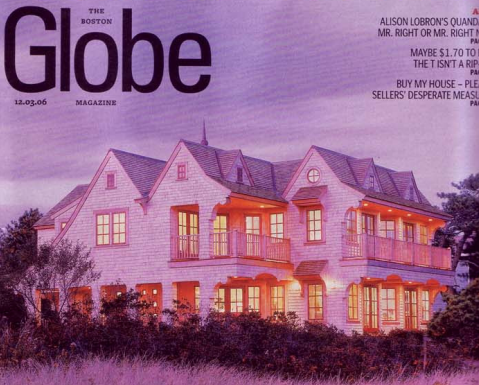


HOME OF THE YEAR



BEAUTY on the BEACH

Out of 600 reader entries, this Cape Jewel shined the brightest. More winners inside: a knockout Newton kitchen, a dramatic Harvard porch, a surprising Quincy cottage.

ALISON LOBRON'S QUANDRY MR. RIGHT OR MR. RIGHT? MAYBE \$1.70 TO FIGHT THE TISNT A RIP. BUY MY HOUSE - PLEASE SELLERS' DESPERATE MEASURES



Desperate Measures

FREE CARS AND FREE LOBSTER ARE NICE, BUT WHAT REALLY MOVES HOUSES IN A BUYERS' MARKET?

BY KRIS FRIEDWICK

THE BEAUTIFUL FERRARI parked on the lawn on Summer Street in Lunenburg was rare and beautiful. Its owner said it was the very same model and year as the car used in the movie *Forest of Women*, starring Al Pacino. The 2,000-square-foot, four-bedroom Colonial behind the car was for sale. But compared with the car, it was hardly a rare or beautiful thing. No one famous had lived in the house; it had never been in the movies. Its owners, Chris and Jeanette Alex-

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andres, were asking \$1.7 million for it, so far unsuccessfully, even though it was March of last year, in what was said to be the best seller's market of the past 19 months.

After touring the Colonial and overheard that the seller's market would last, real estate agent Maria Cagliardi-Sullivan, of Century 21 North Shore's Ames in Lunenburg, came up with an idea. She arranged for the owner of the car, her brother, to let the Alexandros sell it on his behalf as part of the house package. She scheduled an open house. She took out ads in newspapers, she plastered flyers around Lunenburg and in the surrounding towns. And, in a way, it worked. "I had more people show up than at any open house I'd ever had in my life," says Cagliardi-Sullivan. "The men were all looking at the car, and the women were all looking at the house."

One couple that came to an open house ended up making an offer, but it wasn't the offer Cagliardi-Sullivan, or her brother, had hoped for. It was for \$1.1 million - so not the house. The owners sold on those terms. The automobile, says Cagliardi-Sullivan, is still available. It's worth of condo fees, closing costs, cash back for home upgrades, and sometimes just plain old cash back. Open houses can resemble cocktail

parties, lobster bakes, and barbecues - sometimes with live music. Developers with multiple properties to sell also offer buyers' agents incentives for them to bring their clients around, or, bonuses of \$5,000 or more, and commissions of 3 percent or more of the purchase price, more than double the normal buyer's agent commission of 1 percent. It's what is surely the most telling sign of hard times: some sellers' agents are giving clients \$5,000, though home-selling tips. These consist of a small amount of the house's the Catholic-patriot state of the family and household needs. The status, if buried in the front yard of the house's owner, supposedly puts the power of divine intervention to work to sell it.

"Any publicity is good publicity," says Howie Allen, who works with Gilbert Domain (Boston) in Boston. Although he hasn't tried supernatural interventions, he has recently marketed a high-end Duxbury condo by holding a broker's open house featuring ping-pong and photography by local artists, performance by a local band, and hot dinners and cocktails set out on the kitchen counter. By the National Public Radio news show *All Things Considered* was asked to tape a segment about the national real estate market at the open house. The condo sold for the asking. "It was over a matter of cause of the open house," says Allen, "but it's good to have any type of exposure."

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Such enticements "definitely create a buzz that we wouldn't have had otherwise," says Linda O'Koniewski, an agent with RE/MAX Heritage in Melrose, who is currently marketing a house with a percent cash-back offer designed to pay for needed upgrades. "Any way that you can distinguish yourself in the market is good," she says.

But considering the buyer will be paying mortgage-rate interest on that 1 percent cash back, wouldn't it be smarter for the buyer to just pay for the renovations themselves and knock 1 percent off the sale price? "Well, I suppose that's the analytical way of looking at it," says O'Koniewski.

Unfortunately for O'Koniewski and her peers, buyers are getting mighty analytical - and stingy - when it comes to purchasing houses. All these forms of encouragement while they may be good at getting people through the door, are not much help when it comes to getting a buyer to sign on the dotted line. In fact, many savvy buyers consider them slightly ridiculous.

"The incentive is what the seller wants to give you," says Eric Wildman, a human resources manager who just signed a pur-

chase and sales agreement on a single-family home in Melrose. "But I want what I want. I would never want a car included with the purchase. I'd rather have \$50,000 off the purchase price. The special deals are no value to me. It might generate buzz and traffic, but it isn't going to make a difference to me."

But doesn't nearly generate commissions, either. Many real estate agents are stuck with clients who are convinced that if they can only wait long enough, they'll find a buyer willing to pay their asking price. Those ever creative agents who aren't so patient are constantly coming up with programs that fall shy of offering a lower price, but still appeal to the buyer's desire to get a good deal.

For example: To help move condominiums throughout Boston, Chris Tuttle, the resident of RE/MAX Worcester, has arranged with a lender, Drew Mortgage in Worcester, to allow sellers to purchase points against buyers' loans. Each point costs 1 percent of the total loan and lowers the interest rate by one-quarter of 1 percent - which gets buyers a much lower loan market rate over the life of the loan without having to fork over thousands to

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Developers and sellers are very aware of the domino nature of the real estate market - the buyer of your house usually has a house to sell before he can buy yours, the buyer for his house has a house to sell, and so on - and when the market gets tight, the failure of one link in that chain can affect multiple sales.

So developers and sellers are trying to take the fear out of buying a house before selling an existing property. Some are doing it by paying the interest on a short-term bridge loan, which pays of the mortgage on the buyer's existing home and often provides some of the down payment on the new house. Usually, these loans last one year, and the mortgage on the new house must be taken through the same lender. Other developers and sellers are offering to pay the points required for temporary interest rate buy-downs. There are less than points that buy down the rate permanently and allow the buyer to pay a below-market rate for the first one to three years of the loan. Still other developers and sellers are giving potential buyers free staging consultations - spruce-up tips

from interior designers - so their existing homes will sell faster.

THE BIGGEST AND MOST EFFECTIVE incentive is now, always has been, and always will be a reasonable price. But many sellers, especially developers of large condominium or subdivision projects, refuse to go below a certain sales price regardless of market conditions. A price reduction on one property creates a precedent that can have a catastrophic effect on total profits for a large project. That's probably why so many investors and developers, like those involved with the Paraiso Landing condominium in Charleston - Carlisle Realty Partners and Draper and Kramer Inc. - are paying condos fees and giving signing bonuses and throwing extra like high-end kitchen appliances, parking spaces, and hardwood floors or even cold hard cash. Buyers in those cases are paying mortgage-priced interest on the cost of the giveaways. But enough buyers are buying that many developers and sales agents are in a race to abandon these motivators until the market improves. Jason Weissman, owner of Boston Realty Advisors, based in the Back Bay, says there are a lot of "back-end incentives to help keep

"I would never want a car included with the purchase. I'd rather have \$10,000 off the purchase price," says Eric Wildman, who just bought in Melrose.

the properties his firm represents have been through at least one price reduction. "People want to buy a house at the best market price they can buy it for," says Weissman. "The marketing tactics that you see, it's smoke and mirrors, and we don't buy it."

Incentives like a Ferrari thrown into the deal are proven losers when it comes to closing a sale, but many brokers believe that in hard-hit markets, such incentives will continue to be popular marketing tools. That's because although most buyers think they're silly, those same buyers might still be tempted to check out the properties - which is the first step toward signing on the dotted line.

Strangely, these fancy marketing tools are proving to be highly effective for some people - in fact they're not trying to sell a house. One of the photographers whose work was shown at Howie Allen's Dorchester open house - the one with the cigars and free drinks - landed a regular gig taking head shots for one of the realtors who attended. And Linda O'Koniewski says that one of her sellers, who is offering a 1999 2-Doorer BMW along with his house, may have a partially happy ending. She reports: "I'm getting more inquiries about the BMW than the house."



WALD 1999 FERRARI The bright red Ferrari parked in front of this Lunenburg home drew crowds to open houses, says the agent, who used the car as a marketing tool. While the car sold for more than \$1 million, the house sold above the asking price.