

THE PROPERTY REPORT

Greek Sales Are Tempting but Tricky

Mykonos island homes have stunning views and reduced prices, but challenges abound

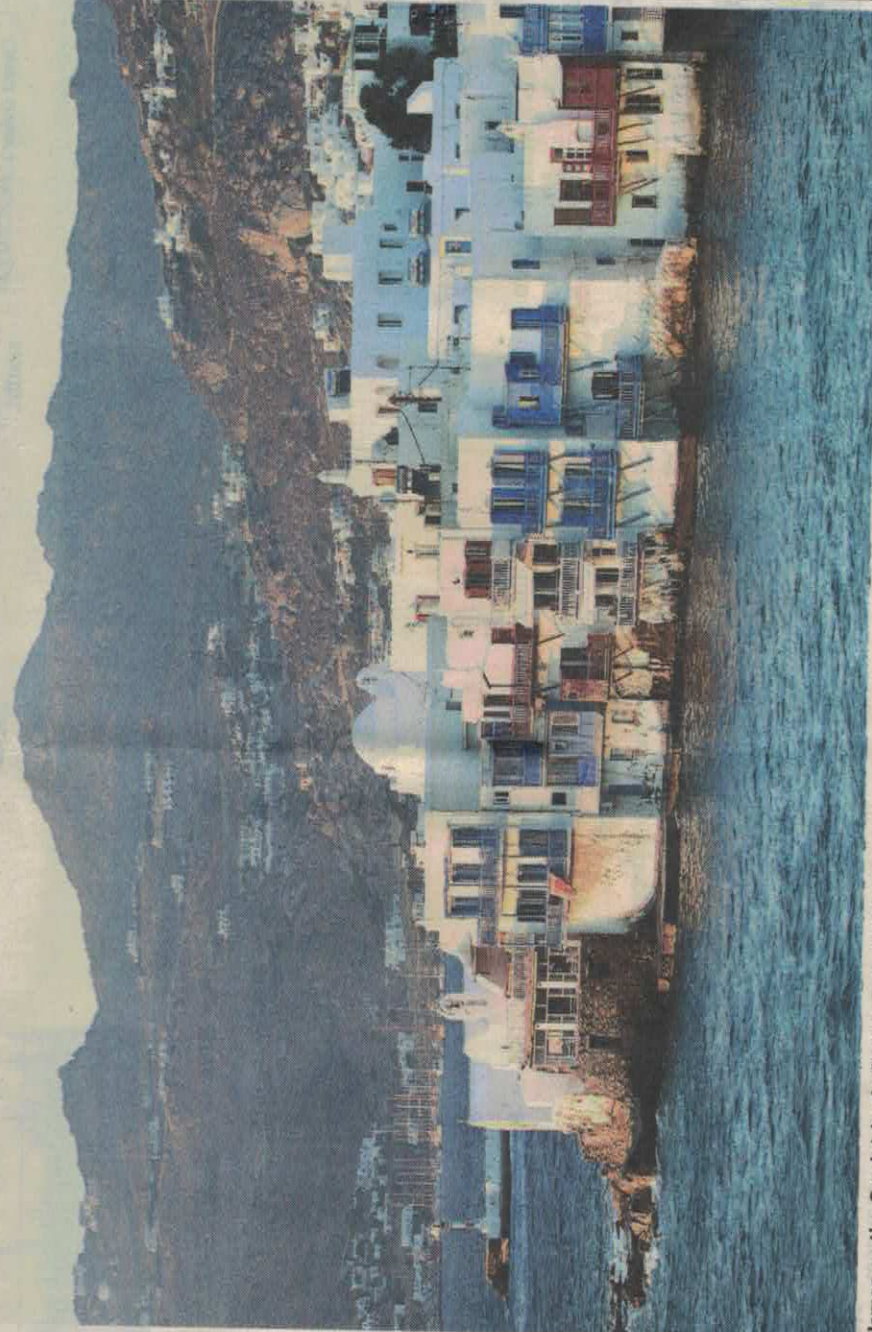
By Art Patnaude

Even while international investors shun Greek stocks and bonds, there are a smattering of Greek assets still drawing interest. Among them: vacation properties on the island of Mykonos. At this point, it is only interest. The escalation of the Greek debt crisis in the past week has drawn a rush of bargain hunters to the sunny playground of the global elite and A-list celebrities, but sales have largely dried up amid the increased uncertainty about the country's future, local estate agents say.

Greece and its creditors are scrambling for a solution to its five-year debt crisis after the Greek public voted Sunday to reject tough new bailout terms. Given the political standoff, "people are mainly surveying the market [in Mykonos] rather than discussing specific properties," said Dimitris Manoussakis, head of Savills in Greece.

"There are limited transactions at this point. Nobody knows what is going to happen next, so there is very little confidence," Mr. Manoussakis said. Savills completed four high-end property transactions on Mykonos in 2015 before the recent upheaval ignited.

Still, home prices on Greek islands remain more resilient than



Homes on the Greek island of Mykonos in 2013. Bargain hunters are looking for deals, but many owners don't want to sell at distressed prices.

down about 30%, having stabilized, and by some accounts picked up slightly, during a tentative recovery in 2014.

"Buyers haven't completely backed off yet" in Mykonos, said

prices in this market," Mr. Theodorianos said. Euroterra plans to sell its developments to its clients in London and Asia.

Mykonos—made famous by visits from Jackie Onassis in the

ing to relinquish their stunning Mediterranean vistas for a song, are standing firm on asking prices.

The bargains also are relative. Homes listed in Mykonos

Buying property at this point in Greece isn't for the faint-hearted. For one, there is the risk the property at some point might be valued in drachmas, Greece's currency before

Five Point IPO Tests Builders

By Kris Hudson

California developer Five Point Holdings Inc. filed a draft registration statement with regulators outlining an initial public offering, providing a test of investors' appetite for housing-related offerings after a yearlong lull.

New-home sales in the first five months of this year were up 23% from the same period a year ago amid job growth. The Dow Jones U.S. Home Construction Index of six large builders is up 10.2% this year, reaching a five-year high in April.

But the last wave of home-builder IPOs, which came in 2013 and the first half of 2014, have brought mixed results, with five of the eight builders trading at or below their IPO prices. No other builders have gone public since June 2014.

Five Point, partly owned by home-building giant Lennar Corp., develops communities and sells home lots to builders. The firm operates California projects cumulatively spanning tens of thousands of home sites and billions of dollars in development costs.

An IPO likely would help Five Point finance the huge costs of developing those projects, including additional infrastructure

By ROBYN A. FRIEDMAN

As the competition to sell luxury condominiums heats up, some developers are embracing an unusual strategy to attract buyers: offering to donate a portion of the sales proceeds to charity.

Consider Brooklyn, N.Y.-based **JMH Development LLC**. This week, the company is expected to announce that, for every seven-unit condominium it sells at Three Hundred Collins, a 19-unit boutique project in Miami Beach, Fla., JMH will donate \$20,000 to a nonprofit organization that provides clean water to impoverished areas in Nepal and Ethiopia.

"This is the first time JMH Development has launched an initiative of this nature, which we believe is especially critical in light of the recent events in Nepal," said JMH founder Jason Halpern referring to the earthquakes that

struck the country in April and May, killing nearly 9,000 people. "Giving back is the correct thing to do. I'm hoping this raises awareness to other developers to do it."

So far, nine of the 19 units at Three Hundred Collins have gone under contract since sales launched in February. Prices at the project range from \$1.2 million to over \$9 million. Mr. Halpern said he is committed to making a lump-sum payment of \$180,000 on the nine units already sold and then will make interim payments of \$20,000 each as future units go under contract.

It isn't uncommon for real-estate developers and other businesses to donate a portion of profits to charity, especially to nonprofits in their communities. Tying donations to sales is rarer. But the practice is attracting developers of high-end properties who want to stand out from the crowd and those willing to appeal to socially conscious buyers.

"Developers are getting more market bang for their buck by tying it to unit sales because they can make luxury buyers feel they're doing good by buying a unit," said Anthony M. Graziano, senior managing director of Integra Realty Resources, a real-estate consulting firm in Miami.

But some industry participants are skeptical of linking philanthropic endeavors to commercial transactions.



For each sale at Three Hundred Collins, the nonprofit organization that helps provide



A nonprofit organization is trying to protect hundreds of islands off the eastern coast of Canada.

Owning Islands: Not Just for Rich

By LAURA KUSISTO

Peter Green isn't a billionaire or a celebrity, but he has nevertheless set his sights on owning dozens of private islands.

Mr. Green is the conservation manager at the nonprofit **Nova Scotia Nature Trust**, which wants to protect hundreds of islands off the eastern coast of Canada, spanning about 7,000 square miles. The Nova Scotia government already owns about 235 islands, and the trust wants to persuade private owners to sell or donate the remaining 45 to it.

Mr. Green said that the trust, which was set up two decades ago to protect woodlands, islands and other pristine properties throughout the province, wants to keep the islands out of the hands of vacation-home and resort developers and preserve the natural habitats. So far, the trust has purchased three islands and received 20 through donations, and it is in the process of acquiring others.

The islands are one of the last remaining tracks of ecologically rich island groups in North America, according to Mr. Green. The islands "remain mostly intact, but there is recognition of the threats that face these islands. We recognized an opportunity to protect them."

Once the trust gets control of the islands, Mr. Green said the public will be welcome to camp or picnic on certain islands but that others will be off-limits to protect sensitive ecosystems.

During the real-estate boom a decade ago, islands emerged as a major status symbol for rich families seeking more privacy and bragging rights than they

can get from a Manhattan pied-à-terre or exotic vacation home.

But now a number of conservation nonprofits and governments are stepping into the market to scoop up the islands and preserve the properties.

There are more than 1,100 nonprofit land trusts in the U.S. They typically purchase land through donation or negotiate with private landowners to place easements on the properties with the aim of limiting development. While the trusts have been around for decades, their acquisitions appear to have picked up significantly in the past five years.

Trusts seeking to buy islands face an uphill battle considering their limited funds.

The buying activity comes as prices for many islands have yet to recover from the recession. Farhad Vladi, president of Vladi Private Islands, a global brokerage based in Hamburg, Germany, says his company has been averaging sales of about 30 islands a year internationally for the past few years—about half of what he was selling before the recession. Prices for the highest quality islands have gone up by about 20%, he estimated. But prices of other islands are down 50% to 70%.

A few years ago, Mr. Vladi said, governments and nonprofits made up a negligible number of the buyers he worked with. Now he said that they are about half.

But some brokers say prices

are starting to change, increasing the sense of urgency among nonprofits and governments to acquire islands before the market recovers and rich people ramp up their purchases again.

"We are in a bit of a race against time, because over the long term ultimately coastal land will be developed," said Richard Knox, director of communications for the Maine Coast Heritage Trust, which has purchased or preserved about 300 coastal islands since 1970. Islands in the state have been popular with wealthy buyers from the Rockefeller family to Linda Bean, an heir to the L.L. Bean fortune.

Trusts face an uphill battle considering their limited funds. The Maine Coast Heritage Trust has been trying since June 2014 to raise \$790,000 to buy and maintain High Island, home of a beloved 4H camp. Trust officials are worried that if the island ends up in private hands, the new owner will cut off public access to features such as the camp and a beautiful landing cove.

The Nova Scotia Nature Trust—an organization with an annual budget of about \$500,000—has managed to raise less than \$6 million toward the \$7 million it needs to meet its goal. One option that keeps down costs for the trust is allowing private landowners to place easements on their properties precluding development.

Some states are counting on wealthy landowners to help fill the gap.

Georgia nonprofits are encouraging rich residents to donate islands or at least put easements on the properties that prevent development.