

## **SOTHEBY'S ENTERS THE MARKET**

### **High-end real estate firm bets on North Bay**

To most effectively find and market North Bay wine country estates and vineyards for its global clientele, luxury residential brokerage Sotheby's International Realty decided it must have roots here.

The spin-off from the like-named London-based luxury goods auction house has opened an office on the Sonoma Plaza, where it will have access to more talent to nurture growth, according to senior vice president Patrick Barber, who manages Sotheby's San Francisco and Sonoma offices.

"Moving to Wine Country was not a matter of if but when," he says. "In Napa [County], you have five top-quality agents. But in Sonoma [County] you have 15 to 20, so the recruiting pool is better."

Currently, Sotheby's has 11 agents serving the North Bay, with eight based in Sonoma and three in San Francisco. Many have been working north of the Golden Gate Bridge since the San Francisco office opened in 1998.

For example, Jessica Wynne and Sheri Morgensen in the San Francisco office focus on Healdsburg-area properties, including a home that sold there for a high-water-mark price of \$4.75 million last year. This year, the firm handled three of the six estate transactions in Healdsburg valued at more than \$2 million.

"Many independent brokerages have been dismayed by the big-box expansion of national chains," Mr. Barber says. "Sotheby's is expanding into areas where we have clientele already, so we have stronger growth."

### **More offices planned**

Sotheby's International Realty is ranked No. 19 in the average value of transactions but low in total value of transactions, according to an annual report on real estate brokerages nationwide by Real Trends.

Since early this year, the 28-year-old company has been owned by Cendant Corporation's NRT division, which licenses the name. Sotheby's International Realty has offices in key upscale tourist areas, such as Manhattan, the Hamptons, Greenwich, Palm Beach, Los Angeles, and Jackson Hole.

The 15-year lease Sotheby's has signed for the former Italian Swiss Colony warehouse in Sonoma is just the first stop in Sotheby's expansion into the North Coast. Mr. Barber expects to open satellite offices in Healdsburg and Napa.

## **Renewed buyer interest**

Brighter prospects for sales of North Coast winegrapes and wine have brought back interest in vineyard estate properties, according to local wine real estate brokers.

**John Mattern**, ranch and estate specialist with brokerage **Keegan & Coppin**, says he's seen renewed interest in vineyard properties in the past six months. One buyer is looking for 50 plantable acres in the Knights Valley grape growing region of Sonoma County and is interested in having a commercially viable vineyard to provide ambiance to his ranch. Another prospect has about \$4 million to spend on an estate with a winery, for which he'll hire a winemaker and produce his own label.

However, **Mr. Mattern** has talked with more than a few growers who purchased vineyard estates at the height of the wine boom in the late 1990s but have been wearied by the demands of a high-cost agricultural business. Pressures they've faced include below-average crop yields, lower grape prices, challenges in selling grapes, and vineyard devaluation of as much as 30% in the past few years for properties without popular appellation-varietal combinations. Thus, he predicts more vineyard properties will come on the market in the next two or three years.

Wine business advisory firms have also been getting into vineyard brokerage, as evidenced with International Wine Associates this past summer.

Anticipating anxiousness among prospective buyers, Sotheby's has focused on providing extensive financial and logistical scenarios for properties with vineyards, such as the sale of grapes to the former owner, sale on the spot market, or custom crushing grapes for namesake labels, according to Mr. Barber.