

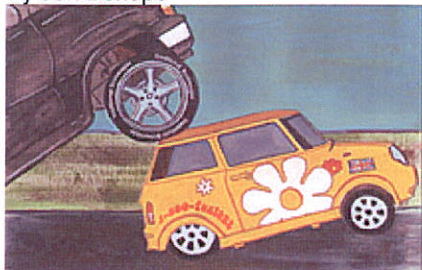
THE REAL DEAL

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Behind discounter Foxtons' demise

Brokers bid a tearless farewell to discount brokerage upstart

By Jen Benepe



Foxtons North America, the discount real estate brokerage that caused a splash when it came to the U.S. more than four years ago, filed for Chapter 11 in the United States Bankruptcy Court for the District of New Jersey last month.

The move marks the end of the firm's attempted incursion in the tri-state area, complete with brand-splattered Mini-Coopers, tidy green-and-yellow house signs, British accents and frothy cappuccinos served to clients.

Experts say the bankruptcy workout process could take months, not days, leaving more than 2,000 New York City sellers in limbo as the selling season goes into winter hibernation.

In limbo too, at least for the time being, will be the concept of a low commission, low-service firm, an idea that met resistance from other brokers in the New York region.

U.K. roots

It may come as a surprise that Foxtons North America's ancestor, the British version, is actually a high-end brand.

"Most people don't realize that Foxtons are the premier prestigious company in London, and everyone wants to be listed with Foxtons or have them represent them when they are renting properties," said Heather Bise, a broker for DJK Residential who represents many international clients in the U.S.

Not only is Foxtons U.K. a high-service firm, it's also a high-commission firm: In the U.K., standard commissions average 1.5 percent, but Foxtons would charge 2.5 to 3 percent.

To justify that billing, the firm makes a swashbuckling promise: 10 percent greater sales price on your home if you list with them.

"They say they are going to get you more, and they get you more," said Bise.

Company founder Jon Hunt certainly got more, selling the London-based operation to BC Partners Ltd. for £390 million -- about \$800 million -- in May.

Unfortunately for Hunt, he kept Foxtons North America as a separate company as part of the transaction.

Hunt had not made himself available to the media as of press time.