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Auction firms offer option in down real estate market

By Katherine Snow Smith, Times Staff Writer

In a down real estate market, auction firms are an increasingly popular way to make sales in a hurry.

SEMINOLE

The scenic, tidy condos that have lured millions of retirees to Florida can now be had for about the price of a used 2007 Ford Focus.

A 608-square-foot home in Seminole Garden Apartments went to auction last week with a starting bid of \$7,500. The winning bid? \$9,500.

June Gardner, who lives a few doors away and one floor down in the 55-and-older community of 700 homes, bought the same-size unit on the first floor for \$36,000 five years ago. She hoped to buy the auctioned condo so one of her two sons, ages 49 and 54, might enjoy it when they turn 55.

"This will go in our trust," she said, as she sat in the furnished home's breakfast nook holding a yellow bid card before the auction. "One son will have ours and one will have this one."

The condo for sale at 8350 112th St., Building 3B, No. 204, is in a trust, and the owner has moved out. It's not in financial distress, but it is racking up monthly maintenance fees of \$326. At its peak value, it sold for \$54,000 in 2001, according to the Pinellas County Property Appraiser's Office. Less than two years later it went for \$35,000.

Cheryl Cacciatore of Keller Williams Gulf Coast Realty listed the condo in August 2009 at \$24,000. But when she heard a presentation from Accelerated Real Estate Services, which auctions property, she started thinking outside the traditional real estate box.

"I talked to the trustee, and we decided to give it a shot. It adds excitement, and it's professional," she said. The condo, built in 1965, is bright, nicely furnished, up to date and has a view of a large retention pond and the pool. But it's on the second floor and doesn't allow pets, which have been deal killers in some cases, Cacciatore said. Also, the condo is part of a co-op, and that has made potential buyers wary.

Accelerated Real Estate Services auctioned off 132 properties in Pinellas and Hillsborough counties last year with sales totaling \$33 million. Few of them were in financial distress. The auction company, which takes a 5 percent sales commission that the buyer pays, is putting natural market forces back in place, said Rob Barber, ARES managing partner.

When there is more supply than demand in the market, potential buyers can take their time waiting for prices to go

lower before they make an offer. There is no urgency to buy.

"When a property is sold at auction, if someone wants it they have to make an offer. We give the homeowners another option rather than a price reduction," he said. "You have 30 or 40 people standing in your living room telling you what your property is worth. You can't do any better than that."

The difference between the homes' original asking price on the Multiple Listing Service and the final bid in an auction is usually about the same as the price reductions made on a home sold the traditional way, he said.

"But our properties are selling in 30 days, not 90 or 120," he added. Most properties that ARES auctions have been listed for sale for just 30 days. Sellers usually need a month to test the traditional waters then decide to speed things up and see what people are willing to pay. ARES holds reserve auctions only, so if a buyer doesn't meet a minimum, the seller doesn't have to sell. And ARES keeps real estate agents in the deal because they build relationships with sellers and know properties. They get full commission.

Almost 20 spectators and supporters gathered in Unit 204 to see the proceedings. Only two were actual bidders.

"Has anyone ever been to a real estate auction before?" Barber asked. One hand went up.

"Sold," he called as he slammed his gavel. The crowd laughed and Barber said anyone who wanted to bid on the condo had to have a yellow bid card. "None of this tugging on the ear or waving of the elbow stuff," he joked.

The bidding started at \$7,500. When it got to \$9,000, Gardner put her bid card on the table and shook her head.

"Nine thousand, can I get \$9,500? Nine thousand, can I get \$9,500?" Barber bantered. "Nine thousand once. Nine thousand twice. Don't call me tomorrow and see if you can get back in."

Gardner raised the bidding to \$9,200 and the competing bidder, who also lives in the same building, took it to \$9,500. Gardner didn't budge.

"Last and final call," Barber said. "I'll sell it at \$9,500 if I have to." He slammed his gavel, and 69-year-old Ellen Davis was the winner. She was just walking by 30 minutes before the auction and saw a small yard sign pointing to the condo. She was bidding for her daughter, who lives in Melbourne Beach.

"For that price, oh my gosh," Davis said. "You don't hear about an auction here too much."

Gardner was disappointed but said she was glad she learned something. "I almost made it," she said. "I went \$200 over what I said I would."

Friend and fellow Seminole Garden board member Don Swenson teased her about sticking by her limits.

"She does that at the casinos, too," he said.

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By the numbers

\$54,000

condo's peak value in 2001

\$35,000

selling price in 2003

\$9,500

sold at auction this month

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