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Home sellers try unusual method with auctions

By Misty Williams
Tribune



AUCTIONING HOME: Tempe homeowner Lynda Holst will put her 1,751-square-foot house up for sale at an auction hosted by Scottsdale-based National Real Estate Auction Corp. next month. Holst, who is also a real estate agent, hopes to discover if sell

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With the housing market lagging and homes taking months to sell, a Scottsdale-based company is betting homeowners will be eager to try a more unconventional route to successful sales - the auction.

National Real Estate Auction Corp. will host a massive real estate auction in downtown Phoenix next month - offering everything from starter homes to multimillion-dollar estates.

Home auctions have been around for decades but have gained popularity as an alternative tool for selling in a slow market where competition is tough.

Valleywide, there are more than 45,000 properties on the market - at least 10,000 above the norm. Auction signs attract attention, said John McCann, one of the company's founders. "It creates a lot of buzz and excitement about the property," he said.

Nationwide, residential real estate auctions generated some \$16 billion in 2006, a 12.5 percent jump from the year before, the National Auctioneers Association reported.

It's the fastest-growing segment of the auction industry, which grossed \$257.2 billion in revenue last year.

McCann and co-founder Lisa Galano latched onto the auction trend about eight months ago - hosting successful auctions in Boca Raton, Fla. before moving to Arizona last year.

McCann hopes to have more than 100 homes at the Valley auction, which will take place March 24 at the Phoenix Convention Center.

So far, the company has 27 properties listed with prices ranging from the \$100,000s to more than \$3 million.

It's also in talks with 30 homeowners and three builders.

At least one home listed has already sold, said Terry Riley, sales manager for the firm.

If the first auction is successful, the company will likely continue holding auctions every 60 days or 90 days, Riley said.

"We'll do it as long as there's a need for it," he said.

Industry observers say the Valley has seen smaller auctions but nothing on this scale.

Some 2,000 of the National Auctioneers Association's 5,600 members conduct real estate auctions on a regular basis, said Bill Sheridan, the organization's president.

"It's growing exponentially because more and more people are becoming tired of a lengthy listing," Sheridan said.

Many of the homeowners who participate are motivated to sell quickly because of financial distress, divorce or other life crises, he said.

Auctions allow them to sell fast and at current market value, though that price is sometimes below a seller's expectations, he said.

"We are accomplishing the goal, but it is sometimes at a discount to what the owner would like to truly have," Sheridan said.

A typical auction has 20 to 40 properties, so the upcoming Phoenix auction is ambitious, he said.

It's not an impossible feat, but it takes a lot of energy, marketing and cash to hold a successful event, he said.

For Tempe homeowner and real estate agent Lynda Holst, putting her home in the auction was a "no-brainer."

Acting as her own listing agent, Holst will receive a 3.5 percent commission if her home in Tempe's Shalimar Country Club area sells. She also won't have to pay the buyer's agent.

"When I'm selling my own home, I like to keep my money in my pocket," she said.

Holst also wants to know if an auction is something that would work for her clients.

Auctions give a home more visibility than just normal listings, she said.

Although auctions can be a good tool, buyers and sellers need to do their homework, said Brad Wood, an agent with Realty Executives in Scottsdale.

"It's all about pricing," Wood said. "Just because you're buying from an auction doesn't necessarily mean you're getting a good deal."

Whether using an auction or agent, a seller needs to ask about marketing plans and up-front fees and know what his property is worth, said Frank Dickens, president of the Arizona Association of Realtors.

Entering the upcoming auction will cost sellers anywhere between \$2,000 and \$10,000 depending on the amount of marketing they want, National Real Estate's Riley said.

Buyers will also have to pay a 10 percent premium for commissions to buyers' and sellers' agents and National, he said.

Scottsdale loan officer Nate Robinson is hoping the auction will boost interest in a 3,000-square-foot house he owns

in Buckeye's Verrado development.

He bought it a year ago but had to move soon afterward. Since then, the home has sat empty, and it's been listed for about four months.

"I think the word auction alone is going to get people out there," he said.



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