

## More are SOLD! on the idea of home auctions

### Foreclosure fears, need for quick turnaround increases their occurrence

Last year, revenue from housing auctions grew 12.5 percent to \$16 billion from \$14.22 billion in 2005, according to the National Auctioneers Association. From 2003 through 2006, residential real estate was the fastest expanding auction sector, the trade group reported.



Auctions represent only a sliver of the overall housing sales market, just less than 1 percent of the \$1.74 trillion in existing home sales last year.

But those in the real estate auction industry are hoping the current market conditions will continue to boost business. Already, states that never hosted many housing auctions are seeing demand jump as home prices plunge and more borrowers find themselves trapped in unmanageable mortgages.

“Until six months ago, we were only selling assets in California periodically, now we’re selling dozens and it could get into the hundreds,” said Dean Williams, chief executive of auction firm Williams & Williams Marketing Services Inc.

“Same thing in Massachusetts, New York, Maryland and Virginia. Places where volume has been light has probably doubled since last year.”

At the Williams & Williams auction in Ocean Township, the schedule is full. The bungalow and two offsite properties — a condo in Monroe, N.J., and a four-bedroom house in Trenton, N.J. — are up for sale.

Offsite auctions are risky, though, auctioneer Danny Green says. “You may have no one look at these houses beforehand and the bidding suffers a bit,” he said. But the prospects for the bungalow look good as the group grows to 80 with 35 registered bidders.

“If you get a crowd this large, you can get fair market value,” he said. However, 29-year-old Tricia Kelly, a local living with her parents, is hoping for a bargain. Even though the housing slump has stopped the sharp acceleration of home prices, Kelly still finds prices are too high for her in this town. She’s been looking around for three months with a real estate agent, but wanted to see what an auction could offer.

“I’ve never been to one. If it’s going where I want, I might jump in,” she says. Nearby, Sylvia Davis, dressed coolly for the summer sun in a white skirt, tunic and cap, watches the crowd. A veteran of housing auctions and real estate investments, Davis has come to play ball. Her advice to new bidders: “Put a figure in mind, evaluate the neighborhood and come prepared to make a price.” Linger on the sidewalk, Tim Lane is curious to see what his old house will go for. He sold the house two-and-a-half years ago for \$255,000 to the investor who lost it in foreclosure.

“The guy tried to flip it for \$379,000 a month later. Obviously, it didn’t work out,” the 39-year-old electrician says with a chuckle.

The house, located on a main thoroughfare, is a mile from the beach — a perfect starter home. The two bedrooms are generously proportioned and a third small room could easily be turned into a nursery or office.

The other two properties are mysteries. The auction notes describe the condo as a two-bedroom, two-bath residence in a senior living community. The condo appears decent in pictures on the auction web site.

On the other hand, there are no pictures of the single-family home in Trenton, which seems to turn off most of the bidders.

“You all came here to buy the houses as cheap as you can, right? You came here to steal it,” Green roars into the microphone. “Well, we’re here to sell it as high as those trees.” A murmur travels through the crowd.

“Don’t worry, we’ll end up somewhere in the middle,” he reassures them. The condo is first and, just like in the movies, Green rattles off the bids without a breath. The offers start to stall on the condo after its opening bid of \$25,000, so Green tries to entice the crowd.

“The last listing prices for this condo was \$160,000,” he says. Hands shoot up and Tony Nardini, a 50-year-old mortgage broker, finally wins the condo for \$75,000.