

Next up for bid: Your house
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It's 11 a.m. on a sunny Saturday in February, and about 200 people are milling around this four-bedroom, 5 1/2-bathroom house west of Austin at 19201 Sean Avery Path.

They are here to attend an antiques and house auction. The home is new and was initially planned as the personal residence of Dan Brouillette, a developer and board member of Lakeway Regional Medical Center. Brouillette also is one of the owners of SG Builders and San Gabriel Custom Homes. He had the house built for himself and his wife, but then decided to sell it before moving in. The 4,586-square-foot home sits on 1.69 acres and was finished in February.

On this day, a live auction for the antique items is going on as well as a sealed-bid auction for the property, which is listed for \$1.05 million with Pat Manicom of Centerpointe Real Estate Group. Although it's billed as a house auction, Brouillette is under no obligation to accept any of the bids for it. Each folded slip of paper inserted into the cardboard box is simply a written offer.

A week after the auction, Brouillette still was evaluating the offers that came in. He was pleased with the number of people who saw his house during the auction weekend — more than 300. Many of these were people shopping for the furniture and art sold as part of the antiques sale, but all of them might eventually mention the home to a potential buyer.

"I would really recommend it. I was really pleased," Brouillette says. "I have never done anything like this before, and the furniture was gorgeous; it showed the house off very well. It generated a lot of word of mouth for the house."

In today's economy, having an innovative way to market their house is important to sellers. Holding an auction is an increasingly popular way to draw attention to the home, real estate agents say.

"It's important to know that this isn't a foreclosure auction," says Robin Reed, the owner of the Robin Reed Group, which holds real estate auctions in Austin, Houston and Dallas, and whose company organized the Sean Avery Path auction. Many houses are auctioned that have nothing to do with foreclosure, and whose owners are simply looking to draw more potential buyers.

"In the West Coast and East Coast, auctions are a really popular way to get attention for your home," Reed says. "This market certainly attracts it. I'm having more agents come to me and say, 'Can you do this for my property?' We are seeing that upswing in Texas."

Reed worked with Steve Tsang, manager of Global Liquidators, which brings in the antique furniture, art, jewelry, porcelain and other items. Tsang's staff sets these up in the various rooms

of the house, putting a dining table and china sets in the dining room, bedroom sets in the bedroom, and so forth.

"We make the house more presentable," Tsang says. "If the house is empty, it's a blank slate. We give people an idea of how they can furnish it."

The antiques then help drive people to the property.

"I can put more people through a home on a weekend than traditional marketing can in a year," Reed says. He says 80 percent of the homes he auctions this way sell within 90 days, usually with an offer that follows the auction by a week or two.

Sign of the times

During a recession, it's tougher to sell a house, and changes in the lending market have made it more difficult for people to secure a loan, says Linda Welsh, the owner of Linda Welsh Auction & Realty.

"The sellers we get are motivated by wanting to get it done in a short time," Welsh says.

As long as sellers understand the process thoroughly, they might find that an auction is the quickest and simplest way to sell their house.

"The market has changed and the auction industry is growing," Welsh says. "More and more sellers are making the choice to sell their homes this way."

Welsh conducts about 20 auctions a year, with properties priced anywhere from \$100,000 to the multimillion dollar range.

Iain Hackett, a project manager with Dell Inc., worked with Welsh to auction his home. "After having our home on the market for more than six months, we chose to try an auction to see if this would generate more interest," Hackett says.

The house they auctioned, 3585 Lost Creek Blvd., was a five-bedroom, five-bathroom home in the gated Escala at Barton Creek neighborhood. It was built in 2001 and remodeled in 2007. It was listed initially at \$2,699,000.

The house did not sell at the auction but sold shortly afterward because of interest generated by the auction, Hackett says.

Certain properties lend themselves to an auction, says Welsh, who is a real estate agent and licensed auctioneer. Custom luxury homes, waterfront properties, ranches, acreage and houses with historical significance are good candidates for an auction because they draw specific types of buyers who can compete for the property, she says. But sellers don't have to own a historical home or big lake house to consider an auction; any house can be sold this way.

Solving a problem

For one couple, an auction provided relief from a long, complicated sales process that had lasted years.

Mary-Helen Neville, a human resources consultant, and her husband, Philippe Dambournet, a teacher, chose the auction process to sell their modern house made of glass, steel and slate at 1504 Wood Acre Lane in Austin. The property consisted of a main house with five bedrooms, three bathrooms and 3,900 square feet, and a guest house with one bedroom, one bathroom and 750 square feet. In 2007, they tried to sell it the traditional way with a list price of \$1,375,000.

The couple then discovered that the property had a number of structural problems.

"The diseased property we had to sell could only appeal to a limited amount of buyers," Dambournet says. Welsh worked with them to handle the disclosures and to auction the home. They hired her on March 1, 2009, and closed the sale on July 20.

The house did not sell at the auction but did sell shortly after for \$700,000.

Sabine on Fifth, a 10-story condominium complex with 80 units at Fifth and Sabine streets, auctioned off 31 condominiums in one hour on Feb. 28.

The complex, which had been converted into condos in 2007 by CWS Capital Partners, had been threatened with foreclosure but was spared after its lenders extended the construction loan it defaulted on. During the auction, the condos ranged from a one-bedroom, one-bathroom unit initially priced at \$234,900, with bids starting at \$85,000, to a two-bedroom, two-bathroom unit originally priced at \$550,000 with bids starting at \$195,000. Hundreds of people attended.

The auction was conducted by Kennedy Wilson Auction Group of Beverly Hills, Calif. This is the company's third auction in Austin within the past year (the other two were for the Brazos Place and Bel Air complexes).

"We had a great turnout. Buyers were able to get significant discounts on the condos, and the seller was able to sell all the units, which was obviously his goal," says Rhett Winchell, president of the Kennedy Wilson Auction Group. "To sell 31 units in one day, versus having them out there for months, that's the appeal."

The final sales prices were far below the condos' original list prices. One of the one-bedroom units, originally priced in the \$200,000 range, had bids starting at \$85,000 and sold for \$160,000. Unit 801, previously priced at \$530,000 with two bedrooms, two bathrooms and 1,461 square feet, had bids starting at \$185,000 and finally sold for \$340,000.

Only 10 units are left, which will be sold in the traditional manner, Winchell said.

In the end, auctions are primarily a way to market a property and drive interest.

"We have to think of innovative ways to bring buyers and sellers together," Reed says. "Real estate is being sold untraditionally right now."

How a home auction works

Let's say Jane Smith's grandmother has died and Jane has inherited her grandmother's three-bedroom home in Central Austin. Jane lives in Dallas and does not want to deal with maintaining the home, paying property taxes or renting the house out.

Jane contacts a real estate agent/auctioneer who specializes in auctioning houses. Typically, auctioneer Linda Welsh says, the auction will be conducted within 45 days, and then the closing on the sale will be held another 30 days following that.

Here are the steps Jane would go through, Welsh says.

Jane would figure out the minimum amount she is willing to sell the home for. The list price will be higher than that.

Jane, with the real estate agent's help, will get the house ready to show in the same manner any house is prepared for sale. It will be cleaned, repaired, perhaps painted and could be staged with furniture or other décor.

An auction takes place. This can be a live auction, a written auction (with written bids) or it can take place on the Internet, or it can take a combination of live and Internet bids.

A range of people shop for properties at auction, Welsh says. Some are real estate investors, car dealers, stock market managers, motorcycle dealers or others used to shopping at auctions.

It's important to remember that the seller has control of the situation; the house will not be sold for less than the seller is willing to take, Welsh says.

Upcoming auctions

Linda Welsh has two new auctions. The first one is a three-bedroom, three-bathroom home on a five-acre property on Lake Travis near Marble Falls. The property has 360 feet of lakefront. The address is 360 Chimney Cove Drive, Marble Falls, 78654. Online bidding began Monday and will end March 24. It's listed at \$595,000.

The second auction is of a three-bedroom, 2 1/2-bathroom house in Horseshoe Bay near Lake LBJ, at 101 Purple Granite, Horseshoe Bay, 78657. The sealed-bid auction begins March 24 and ends March 31. It's listed at \$369,000.

Anyone interested in bidding for either property should ask Welsh for a Property Information Package. Before the auction, bidders must read through the package, which contains details about the property and bidding process, including having an inspection done.