



Larry Kolvoord AMERICAN-STATESMAN

Workers hung large banners promoting the auction of units at Brazos Place condominiums, at Eighth and Brazos streets. The final 20 units at the downtown building, including the penthouse, are going on the auction block next month. The bidding will start at less than half of the units' list prices.

Brazos condos on the auction block

In a downtown first, developer opts to put final 20 unsold units up for bid

By Shonda Novak

AMERICAN-STATESMAN STAFF

A Michigan developer's plan to auction off the last 20 units in the Brazos Place condominiums represents a first-of-its-kind move for downtown and the latest sign of the sluggish local real estate market.

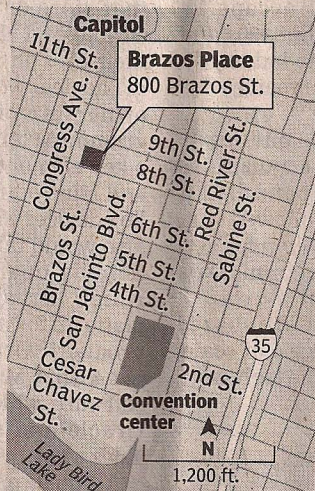
The opening bids for the May 17 auction are less than half the original list price for the condominiums at Eighth and Brazos streets. The starting bid for the least expensive unit is \$80,000; it was previously priced at \$199,900.

On the highest end, bidding for the penthouse, which was once listed for \$1,575,000, will begin at \$600,000. Beverly Hills-based Kennedy Wilson will conduct the auction.

Rhett Winchell, president of Kennedy Wilson's Auction Group, said the auction represents a proactive marketing approach for property owners to quickly sell their remaining units.

For Brazos Place, Bloomfield Hills, Mich.-based Pomeroy Investment Corp. transformed an office building that was once the Commodore Perry Hotel into 74 condos.

Although the auction is a first for downtown Austin,



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Winchell said such auctions are fairly common. Winchell said Kennedy Wilson has conducted about 36 "builder close-out auctions" in the past two years with about half of those being in downtown areas, including in Seattle and Scottsdale, Ariz.

Charles Heimsath, a local real estate consultant, said the auction is one way of creating "a sense of urgency to buy" in a slower market because bidders "are competing in real time with other prospective buyers."

"It reflects a desire by the owner to generate some interest and renewed excitement about purchasing units there," Heimsath said.

See SALE, B7

Auction for Brazos Place condominiums

When: 1 p.m., May 17

Where: Hilton Austin, 500 E. Fourth St.

Important information:

- A 'How to Buy' seminar will start at 1 p.m. May 9 at the Brazos Place condominiums auction information office, 800 Brazos St., where bidders can familiarize themselves with the auction process, terms and conditions, and registration procedures, closing with a practice auction.

- An auction Web site has been set up for registered bidders who may be unable to attend but want to bid online: www.brazosplaceauction.com.

- The opening bid is simply the starting point, not the reserve.

- The seller can refuse offers below the reserve, which is not disclosed in advance.

- Buyers pay a percentage of the price as a premium to cover the auction cost. In this case, it's 4 percent.

- Potential buyers must bring a cashier's check for \$2,500 to cover part of the deposit for winning bids. The balance of the deposit also is due on auction day.

- Call 480-0202 more information.

SALE: Experts disagree on condo market's fate

Continued from B5

Kennedy Wilson will auction one- and two-bedroom condos with 10 different floor plans, some of which include balconies. Units have stainless steel appliances, granite counters and walk-in closets. The building also has a fitness center.

Heimsath said the auction — though not the result of a bankruptcy or foreclosure — may affect prices at other buildings that have been converted into condos. But he added that newer properties should not be affected “because it’s not likely they would be competing for the same buyer.”

Diana Zuniga, one of the developers of the new 41-story Spring tower downtown, said she doesn’t think the auction will affect the prices of any luxury units under construction.

But Jack Hazzard, a veteran real estate observer, said that downtown’s condo market is overbuilt and that trouble is ahead.

Hazzard, who formed a company that worked on troubled assets during the real estate bust of the 1980s, said that for three years he has thought that the downturn in the downtown condo market “would become generally noticeable, if not glaring, in the summer of 2009.”

Local developers, encouraged by city leaders, easy money and “more desire than experience” have overbuilt the marketplace, Hazzard said.

“There will be a plethora of condos turned rental units, as it is not a choice for condo developers to simply stop building, as single-family builders can,” he said.

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