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House Auctions Take Off As High-End Sales Slow

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After Joe Greene's Tennessee mansion sat on the market for a year without so much as an offer, he decided to take drastic measures: He put the \$2.5 million house and its 30 acres of countryside up for auction -- and got about \$1 million less than he'd hoped. "Of course, you always want more," says the health-care executive, who'd already bought another home.

Going ... going ... gone. With the upper end of the housing market slowing in many places, the pace of house auctions nationwide has surged -- mostly thanks to owners of big-ticket properties who never dreamed they'd end up selling this way. Overall, 2001 auction sales were up 30% since the mid-1990s to a record \$54.5 billion, according to Bloomington, Ind., research firm the Gwent Group. Auction houses say the trend is merely building this year, mostly on trophy-home sales. "Everyone's gone from thinking they're infinitely rich to thinking, 'What am I doing with this house?'" says Steven L. Good, chairman and chief executive of Chicago auction house Sheldon Good & Co., where sales of high-end homes are expected to hit \$56 million this year.

Part of the appeal for sellers, of course, is the chance for a quick sale. At a time when pricey houses are lingering 18 months or more on the market, an auction can take as little as six weeks from start to finish. That's a big plus for cash-strapped homeowners. "It cost \$2,800 a month just to mow my lawns," says Beverly Moffatt, who recently sold her 29-room place in Oregon at auction. Another factor: In the boom years, many people built what auctioneers delicately refer to as "overpersonalized" homes -- from a 23,000-square-foot mansion plunked down in an otherwise modest Baltimore suburb to an "earthship" built into the side of a mountain in Colorado. "It was a bit special," says Francois Raab, who got \$350,000 at auction for that house.

National Marketing

AUCTIONED HOMES

- See a chart listing [some recent luxury sales](#)¹.
- See articles about:
[Joe Greene's Tennessee mansion](#)²
[Barbara Mandrell's Log Home](#)³
[Richard Buck's Cape Cod estate](#)⁴

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But in these days of slowing sales, even owners of less idiosyncratic properties are putting them on the block. Attorney P.J. Anderson and his siblings tried to sell their family farm for more than two years before turning to Illinois-based auction specialist Schrader/Westchester. The big attraction: National marketing, which Mr. Anderson hoped would keep the sale from ending up as "the local farmers getting together and deciding not to bid against each other." After a \$20,000 marketing campaign, more than 100 bidders turned out for the September sale, and Mr. Anderson and his siblings walked away with a little less than \$2 million after Schrader/Westchester's commission of about 7%. "We feel like we got every last dollar out," he says.



Berkeley Castle, Sold for:
\$860,000

This isn't the first time auctions have boomed. During the real-estate recession of the late 1980s, developers who'd overbuilt "spec" houses turned to auctions to unload properties they couldn't sell. But many of those houses were at the market's lower end -- with prices in the hundreds of thousands, not millions. Now, with a glut of luxury homes coming onto the market, more high-end owners are turning to the auction houses.

Risks for Buyers

Going the auction route can be risky, and not only for sellers like Mr. Greene or country singer Barbara Mandrell, who got just \$2.1 million at auction for her Nashville estate (she'd been asking \$7 million). Almost all properties are sold "as is," so would-be buyers need to get their own inspections done before bidding -- or get stuck with pricey surprises. And there's always the chance of overbidding, which could be a big mistake in today's uncertain real estate market. "We've had condos sell for 129% of asking price in the last year," says William Bone, president of the National Auction Group. On top of that, the auctioneers tack on a "buyer's commission," which can add as much as 10% to the final bill.

Still, the chance of picking up a trophy property on the cheap has more first-time home buyers hitting sales, which are held everywhere from hotel ballrooms to local VFW halls. The average number of bidders at sales by auctioneer J.P. King & Co. is up 16% from last year to 15.4 per auction, says Craig King, the company's president. And many of them are people holding a paddle for the first time. Among the bidders, Keith Ferrari, who snagged Mr. Greene's Tennessee property for \$1.67 million. "I got a very good deal," says Mr. Ferrari, a developer, who estimates the house alone would cost \$3.6 million to replace.



Earthship, Sold for: \$350,000

Andrew Gosline, a retired computer executive, had never bid at auction before this spring. But when he saw an ad for a castle being auctioned in Berkeley Springs, W. Va., he couldn't resist going. "I'm a romantic," he says. So he joined about 18 other bidders in the grand ballroom of the castle and within 15 minutes walked away with the 20-room, 9,000-square-foot turreted house -- for a less-than-palatial \$860,000. "I never thought I was actually going to buy it," Mr. Gosline says.

Sometimes, just the threat of an auction is enough to move a property. Richard Buck had his Cape Cod estate, Langsyne, on the market for a year and a half, starting at \$6.9 million, with no takers. But once he signed up with J.P. King and set a date for the sale, a buyer came forward and offered him \$4.45 million for the nine-bedroom waterfront house -- which Mr. Buck accepted, rather than take his chances on the auction block. "I'd love to have gotten more," he says. "But I was thrilled to death to sell it."

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An increasing number of high-end properties are going on the block. Here, some recent luxury sales:

Property/Location	Asking Price/Sale Price	Comments
Aderhold Farm <i>Martin, Ga.</i>	\$1.2 million/ \$1.397 million	This home on 400 acres in the Blue Ridge foothills was too big to attract local buyers -- but 33 bidders turned up for the auction.
Fontanel <i>Nashville, Tenn.</i>	\$7 million/\$2.1 million	Singer Barbara Mandrell's home, a 27,000-square-foot log mansion on 136 acres, was on the market for more than five years. Buyer got a helicopter pad, indoor firing range and soda fountain (see article ⁵).
Greene Springs Plantation <i>Franklin, Tenn.</i>	\$2.5 million/ \$1.67 million	This 20-room mansion on 30 acres brought only about two-thirds of what owner Joe Greene says he put into it. But he was just happy to unload it -- he'd already bought another home (see article ⁶).
Manoir Sundance <i>Sundance, Utah</i>	\$2.6 million/ \$1.2 million	Island Records founder Chris Blackwell bought this house -- on the market more than a year -- from French actress Nathalie Delon (see article ⁷).
Highland Park Mansion <i>Chicago</i>	\$1.2 million/ \$1.04 million	The owners signed up with an auction house to sell this house in 2001. A buyer stepped up before the sale actually took place.
Powerball Mansion <i>Ellicott City, Md.</i>	\$2.58 million*	A couple used their lottery winnings to build this 23-room Romanesque-style house , then auctioned it when they downsized.

Sources: J.P. King Auction Co., National Auction Group, Sheldon Good & Co.

*Never listed with a broker

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