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Commercial Property PowerSale Provides New Forum for Buyers and Sellers

NAI Global and Higgenbotham Auctioneers International's new auction program offers solutions.

By Stephanie Mayhew Specht

NAI Global and Higgenbotham Auctioneers International have joined together to bring a new kind of auction to the marketplace — the Commercial Property PowerSale. The PowerSale has all of the components of a traditional auction, but this new program provides sellers the benefit of an aggressive marketing campaign, access to all of NAI Global's local agents for first-hand information on properties up for bid, as well as multiple ways to take part in the auction process.

According to Jeffrey M. Finn, president and CEO of NAI Global, the PowerSale is based on a model that has proven successful in similar market cycles.

"It is a very important program and a process in a market that is at a disequilibrium where the gap is substantial to establish a forum and a mechanism to create a market. The goal of the PowerSale is to create a liquidity in the market where it does not exist currently," he says. "By bringing highly motivated sellers and aggressive bidders to the table in a critical mass, the PowerSale creates substantial awareness and a forum to establish what value is today."

The PowerSale auction series, the first of which is set for May 1, 2009,

will feature all classes and types of commercial real estate properties, ranging from raw land to fully developed properties, as well as facilities still in the midst of construction.

According to Martin Higgenbotham, president of Higgenbotham Auctioneers, each property accepted into the auction must meet certain criteria based on the current market perspective, meaning sellers must be motivated to sell.

"If they bring a property into this sale, it is going to have a very minimal reserve on it and it is going to be a well located property. If it is a junk property, it won't be in the sale," he explains.

The NAI team will evaluate each property and guide the seller through the program process. A major component of the PowerSale process is an aggressive marketing campaign. Sellers are required to pay an upfront marketing fee based on the size and scope of their property. Fees range from between \$5,000 to \$15,000. The fees are then combined and used for a variety of marketing programs, including focused print, broadcast and electronic advertising, and a direct-to-buyer outreach to more than 175,000 active buyers. The estimated marketing budget for the first PowerSale in



Jeffrey M. Finn
President & CEO

May is near \$1 million.

"The PowerSale marketing program allows sellers to come into the sale with a minimal amount of advertising dollars," says Higgenbotham.

Paul Reitz, vice president of Investment Services for NAI Global, adds, "The marketing program includes a huge marketing budget for global, national and local marketing. The local NAI agents are working within a multi-layered marketing tier to provide local, national and international marketing through traditional brokerage pathways. And they are serving as the local liaison that will present the property and answer questions from potential



Paul Reitz
Vice President, Investment Services

buyers, as well as assisting sellers in putting together property information and presentations.”

Prospective buyers will have the opportunity to learn about available properties through traditional media, email blasts, and the Internet. Upon finding potential properties, bidders are asked to register in advance of the sale, perform the necessary due diligence and put up the appropriate earnest money for that par-

ticular property to ensure their seriousness in the auction. The entire PowerSale process is structured to ensure a shortened sales process and a date certain sale schedule.

“In the auction process, you don’t have all of the steps that can trip you up as you could in a traditional sales transaction. By the time a bidder comes to the auction they have already done their due diligence, they have looked at the property and they have reviewed the relevant documents,” says Reitz. “These properties are sold without contingency, so bidders have already had to make their financial arrangements because if they are the successful bidder, they are putting up a substantial non-refundable bid.”

Bidders will have several options to take part in the auction process, either via live online auctions, sealed bids or a unique combination of the two formats (sealed bids followed by live bidding among finalists). In addition, bidders can take part in the auction at Higgenbotham’s Lakeland, Florida, office or they can

get first hand expertise from a local NAI agent.

“Any local buyers that want to take part in the sale can go to their local NAI office to participate. Sales rooms will be set up so that buyers can come in, drink coffee, watch the sale, and bid. Those local agents will be the buyer’s eyes and ears for the sale and give them guidance as the sale progresses,” says Higgenbotham. “That is a tremendous departure from anything we have ever been able to offer. The whole idea of this sale is to make it so that everyone can participate regardless of who you are and where you are. You can be in London and participate in this auction. That is one of the big keys to it.”

Overall, the Commercial Property PowerSale provides a tremendous amount of efficiency and opportunity for the seller and the buyer because it allows them to get the broadest based exposure in the marketplace in an easily navigated transparent process.

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