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Developers look past auctions to sell condo units

Money-back guarantees among latest sales pitches

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With more units than can be sold in a sluggish economy, many condo developers are looking for quick ways to shed their excess inventory.

The new trend is the auction, as more than a half-dozen of them have been held in Atlanta over the past year. The method of sale also serves as a marketing tool to drive interest in the particular project, said Jon Gollinger, East Coast chief executive of Boston-based Accelerated Marketing Partners, whose company has done many of the area's new condo auctions.

But while the market slogs on, some developers have determined to stick with a traditional sales pitch, a more aggressive marketing campaign teamed with incentives for buyers.

Cousins Properties' 10 Terminus Place project in Buckhead and Novare Group's ViewPoint in Midtown are two high-rise condo developments pitching buyer programs instead of auctions, to sell its condos.

The developer of 10 Terminus has started the Cousins Assurance Program, which guarantees buyers their real estate investment will not decrease after three years, or they get their money back. The program, financed by Cousins, demonstrates a level of commitment the group has to the project, said Jason Frost, vice president for development.

"It's like what Hyundai and other car companies are doing. You can walk away without a foreclosure on your record or bad credit rating or something like that," Frost said. "It not only helps protect the value of Cousins' investment but it also protects the buyers, past and present."

That Cousins is offering such protections on value should be a comfort to prospective homeowners, Frost said.

"It kind of tells you that we're not going to be making massive price reductions because if we do, we're going to have to pay current owners under the equity protection program," he said.

It's not only condo towers that have vacant units. In this economy, with the credit crunch and condo glut, most developers are having a tough time selling. But the key, said Lesile Williamson, vice president of marketing for Coldwell Banker NRT Development Advisors, is to find and market what is valuable to the buyer.

“Value is made up of many different components, not just price,” Williamson said. “People are looking for more than just low prices. They want to make sure it is the place for them.”

Gollinger, of Accelerated Marketing Partners, said the auction solution is not for every development. He said an auction always works if people just want to move a product. But if liquidation is not the ultimate goal, a marketing strategy, which may include an auction, may do the trick.

“You go this route when you are looking to create an arena for the buyer to deliver a fair price in a transparent forum,” he said. Otherwise, he continued, developers would need assurance they could get fair value for their product before deciding to consider an auction.

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