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It's Like EBay For Manhattan Real Estate

By DIANA OLICK

First Ebay [EBAY 17.36 0.62 (+3.7%)] and Etrade [ETFC 1.85 0.16 (+9.47%)], now Erealstate in Manhattan, but they're calling it "Bid on the City" or: www.bidonthecity.com. This is a new auction site, launched in April that will hold its first online real estate auctions on May 14th and 17th. So far, on residential, they've got five properties up for sale, including one for \$15 million!



It's the brainchild of a 10 year veteran real estate broker,

Vlad Sapozhnikov and a real estate attorney, Albert Feinstein. They made their big bucks selling condos to international buyers during the housing boom. Well as we know, most of those buyers have taken their big wallets and gone on home. Real estate prices and sales in Manhattan are tanking, and inventory is soaring. That makes it really hard to value any listings. So why not auction?

"The number one problem for sellers and brokers, it's extremely hard to estimate the price right now," says Sapozhnikov. "Properties are sitting on the market. They feel that they need to reduce the price, they don't know how much, and the only way is through auction."

You don't have to pay to bid. You just have to register. The sellers are individuals as well as developers, and they sign a 30-day exclusive listing agreement before the auction. There are open houses, video tours and advertising. So far they have five properties. The first auction will be May 14th, then the rest on May 17th.

The website shows two properties on the front page, one with "Original Price" of \$35,000,000 and "Starting Bid" of \$15,000,000. It's a townhouse at 11 East 74th Street, so right off Fifth Avenue. The other originally at \$1,500,000 and starting bid \$1,300,000, is a 3.5 bedroom condo at 325 Fifth Avenue, which is much further downtown.

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Obviously, in the Manhattan real estate market, there are contingencies on the purchase, especially for co-ops, where those sticky co-op boards have the last say on every sale. These first properties on the site are all condos. Some sellers want mortgage contingencies as well. Bid on the City charges you a 3 percent commission for the buyer and the seller, equaling 6 percent.

“Our platform was two years in the making so the decision was a while back,” adds Sapozhnikov. That’s when Manhattan still seemed above the crash in the rest of the housing market. But all that is over now and Manhattan is falling hard. He thinks “right now is the perfect time. We’re happy we didn’t launch before. The market needs our platform now more than ever.”