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## Pros Claim Online Platform Offers Convenience

By NOREEN SEEBACHER



Two New York City real estate executives have started a web-based company to auction residential and commercial properties. But Albert Feinstein and Vlad Sapozhnikov, former officers of a boutique real estate firm, prefer to think of the newly launched \$3-million auction site as the city's "first online real estate trading platform."

"It's not about the auction process," says Feinstein. "It's about the way we market properties and the advantages it offers the sellers."

The new site, Bid on the City, launched this week. Offering real-time bidding online or in-person, it's powered by a three-pronged technology platform, which includes a listing engine, a bidding engine and video broadcasting.

Feinstein—an attorney and former principal broker at the New York Business Group LLC—predicts the site "is going to be huge." While that remains to be determined, what is already clear is that the site reflects a trend: no matter how you describe them, online real estate auctions are gaining traction.

Proxibid, an Omaha-based provider of live auction webcasting services, reported a 63% increase in the number of auctions in the first quarter of 2009 over the same period a year earlier. One of its strongest growth areas is real estate, which has expanded as investors rushed to take advantage of falling interest rates, says CEO Bruce Hoberman.

In February, Los Angeles-based Downtown Properties Holdings LLC used innovative Internet technology to auction 79 lofts in the historic Rowan Building in Downtown Los Angeles. In about three hours, the developer sold 63 units or \$21.8 million worth of real estate, says William R. Stevenson, a partner with Downtown Properties.

More recently, two former executives with Inland Real Estate Auctions in Oak Brook, IL capitalized on the interest in auctions with the formation of Chicago-based Global Real Estate Auctions Inc. "If there's one recurring headline in today's news, it's that real estate assets have become harder to value through conventional brokerage," says John DeMato, president and CEO of Global Real Estate Auctions.

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“Tough-to-value properties, however, are the auctioneer’s forte, because no other marketing tool is as efficient in quickly gathering interested parties together and immediately determining value through competitive bidding,” DeMato adds.

Feinstein couldn’t agree more. “It speeds the process, it makes it more convenient and it accomplishes the objective of selling the property,” he says.

Quick sales weren’t a problem when Feinstein and Sapozhnikov began selling real estate at the New York Business Group. Founded in 2002, the company specialized in selling Manhattan condominiums to foreign buyers. But then the real estate boom went bust.

Since then, Feinstein and Sapozhnikov—a former senior vice president and salesperson at the firm—have been toying with technology as an alternative to traditional real estate. The key, they maintain, is a system that restores some of the urgency that excess inventory and lagging buyer confidence has stripped from the market.

To create that, they worked with Matthew Haines, founder of Brooklyn-based PropertyShark.com, a real estate property database. Haines designed and developed the price negotiation engine, which he describes as “the most sophisticated and advanced technology” on the market today.

Here’s how it works:

Sellers sign a 30-day exclusive listing agreement with Bid on the City. They also pre-sign a contract of sale, making the transaction transparent and a sale certain, as long as a qualified buyer offers at least the minimum bid. Sellers pay 3% commission if the property sells, but nothing if it doesn’t.

Potential buyers can bid online or at the company’s headquarters near Madison Square Park. Bidders register with a credit card and must sign contracts within two days of winning an auction or incur a \$5,000 charge. Like the seller, the buyer pays a 3% fee.

The site currently has five listings, all of them residential:

- \* A 899-square-foot, one bedroom, 1.5 bath unit at 325 Fifth Ave. with a minimum bid of \$1.13 million.
- \* A 634-square-foot, one bedroom, one bath unit at 555 West 23 St. with a minimum bid of \$499,000.
- \* A 440-square-foot, one bedroom, one bath unit at 150 West 51 St. with a minimum bid of \$399,000.
- \* A 621-square-foot, one bedroom, one bath unit at 212 East 47 St. with a minimum bid of \$499,000.
- \* A 462-square-foot studio at 555 West 23rd St. with a minimum bid of \$299,000.