

TRENDS

Going, going, gone: Auctions gain popularity

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It's a buyers market in Toledo, as the real-estate market is saturated with homes for sale. Because buyers can virtually name their prices in areas where many homes with similar amenities are up for sale, sellers must find creative ways to seal a deal.

Auctions, according to auctioneer Pamela Rose of Pamela Rose Auction Co., have become increasingly popular in Toledo.

"The public has become more aware of auctions because of eBay," she said, giving credit to the online auction firm. "Sellers demand a simpler, faster way to sell real estate, and by auction, they know the date and time they will get an offer."

Rose said sellers are attracted to dictating the terms of a sale and the qualifications of a buyer. When selling homes on the open market, sellers often must take sacrifices on what the buyer is willing to pay. By setting a price outright,



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Rose said homeowners cap their profits. "The market determines the price," Rose said. "The only way to really determine the market value of a home is to auction. That way, you are going to get qualified buyers in a competitive environment."

While auctions can help garner better returns, Rose said in today's real estate market, sellers have to be realistic.

"There are 90 listings in Old Orchard right now," she said. "There's 1,000 more homes on the market now than there were this time last year. It's still very much a buyers market unless you have something premier."

Pamela's sister, Beth Rose, has been an auctioneer for 15 years. She said Toledo is using auctions to sell homes more than ever.

"If you open the papers right now, auctions are dominating."

Having key resources is important in a market where small details can make the difference. Rose recommended researching professionals and determining if their plans to market your home are sufficient.

Rose, a licensed Realtor and auctioneer, said she has seen her business grow rapidly.

"There's a need for speed in our culture," she said. "I'm the fax machine and microwave of real estate."

Auction benefits

To the seller:

- Quick disposal reduces long-term carrying costs, including taxes and maintenance
- Assurance that property will be sold at true market value
- Exposes the property to a large number of pre-qualified prospects
- Accelerates the sale
- Creates competition
- Requires potential buyers to pre-qualify for financing
- The seller knows exactly when property will sell
- Eliminates numerous and unscheduled showings
- Takes the seller out of the negotiation process
- Ensures an aggressive marketing program that increases interest and visibility

To the buyer:

- Smart investments are made as properties are usually purchased at fair market value through competitive bidding
- In multi-property auctions, the buyer sees many offerings in the same place at the same time
- Buyers determine the purchase price
- Eliminate long negotiation periods
- Reduce time to purchase property
- Purchasing and closing dates are known
- Buyers know they are competing on same terms as other buyers
- Buyers receive comprehensive information on property via due diligence packet

To the Realtor:

- Generates a list of ready, qualified buyers
 - Offers clients and customers new selling and purchasing options
 - Increases revenue and market share
 - Assurance that property will be sold at true market value
 - Exposes property to many potential purchasers
 - Bring people in to look at all listings, not just the auction
 - Successful auctions result in referrals and return business
 - Agents can earn commissions as referring agent/broker, cooperating agent/broker, or as the listing agent/broker
- www.realtor.org

REAL ESTATE CAFÉ

Hurricane Katrina teaches valuable insurance lessons

It won't happen to me. Not here.

What you may choose to put off or even ignore could bite you hard. Just because you have homeowners, renters or condominium insurance doesn't mean you have enough coverage or even the right kind of coverage.

Insurance is meant to help you pick up the pieces if you are faced with a disaster. But sometimes policyholders find out — after it's too late — they don't have enough coverage to return to the lifestyle they were used to.

Families who lost their homes during Hurricane Katrina are beginning to file insurance claims. Sadly, some of them will be denied. Companies can deny claims based on what caused the damage. Homeowners insurance would cover wind blowing



Jody Zink

the house down or rain coming through a hole in the roof, but unless they had special flood insurance, they may be out of luck.

We can all learn something from this. I found out that even without a disaster, many of us are woefully underinsured. One estimate suggests two-thirds of Americans don't have the right kind of insurance or enough insurance.

If your home is destroyed,

you'll want to be able to rebuild it to its original condition. This may cost more than its value on the open market. Costs to rebuild are typically more expensive than new construction. This can be especially true if your home was destroyed with many others in the wake of a flood or a tornado. Supply and demand can drive the cost of materials and labor to skyrocket, making it more important to make sure you've got enough coverage.

It's a good idea to re-evaluate your policy. Since you first bought it, your needs may have changed, your home may have increased in value or you may have accumulated items not covered. Have you recently remodeled your kitchen or finished a basement? This will likely increase your home's value beyond the rise in inflation.

If your home itself hasn't

changed, chances are what's inside probably has. As we accumulate stuff, we may require more insurance, particularly items of higher value such as jewelry, firearms or art.

Keeping a policy up-to-date isn't likely the first thing on your mind after a big purchase, but it's certainly worth exploring to make sure you're protected.

A standard policy will likely insure your belongings at actual cash value. That's the value of an item at the time of loss.

To make sure you can fully replace lost or stolen items, you may want to add an endorsement for replacement cost coverage, which would replace the item with one of similar make and model, regardless of the actual cash value. That term again: replacement coverage. It may

cost you a bit more. Don't assume you already have it. Many people think they do. Some learn they don't until after misfortune has struck.

Take inventory of your possessions. One easy way is to videotape your stuff around the house. Then place the tape in a safe or family members' home.

In general, the most frequent dangers leading homeowners to file insurance claims are in this order: fire, wind, water damage and theft. This is a reminder to pay attention! In case disaster strikes, give yourself the best chance to recover.

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