

# Shopping Centers Today

INTERNATIONAL COUNCIL OF SHOPPING CENTERS ©

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## GOING ONCE . . . TWICE

### Real estate auctions gaining acceptance

By EDWARD CHRISTMAN

Auctions, previously used as a last resort to sell distressed property, are gaining growing acceptance by the real estate industry as a legitimate vehicle for asset disposition and acquisition, according to executives with auction houses.

Shopping center companies have joined the wide array

of property owners using auctions. In a national auction held last summer, Sheldon Good & Co., a full-service real estate brokerage company in Chicago, sold six strip centers and one retail-office complex, generating \$4.86 million in proceeds.

In addition, at the end of last year two retail chains—Kroger Co., Cincinnati, and K Mart Corp., Troy, Mich.—sold leases, stores and development sites through a Sheldon Good auction.

"Five years ago the whole size of the U.S. real estate auction market was \$500 million," said William R. Stevenson, president of Kennedy-Wilson Inc., an auction marketer in Santa Monica, Calif. "Last year [1987] it was \$2.5 billion to \$3 billion." By 1990, \$10 billion worth of property will be sold through auctions, Mr. Stevenson estimated.

Real estate auction houses first found their niche in the residential market before expanding into commercial property. In the past auctions were stigmatized by the perception that they were nothing more than "fire sales," Mr. Stevenson said.

"But in the United Kingdom and Australia, all real estate is sold by auction," he said. "If the property



Sax Retail Center, a 28,000-square-foot strip in Colorado Springs, Colo., was sold through an auction for \$925,000.

fails to sell through auction, then it is given to conventional brokers."

Despite the positive comments by auctioneers, some of the larger shopping center developers said they remain hesitant about using auctions to buy or sell property, citing a lack of blue-chip sites.

For example, Joel Braun, director of acquisitions for Rosenshein Associates, New Rochelle, N.Y., said, "I wouldn't consider [auctions] a fire sale, but I'm not 100% sure what I consider them."

Mr. Braun, who currently oversees a \$150 million acquisition fund for Rosenshein, said he has attended some auctions and has seen only a few worthwhile properties. "Generally, I've found you don't get tremendous values at auctions," he said.

In addition, executives with some of the large institutional investors, whose ravenous appetite for retail property has been driving up prices, said they haven't been paying attention to auctions because they gen-

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Focus: EAST



### Carrefour jolts Philly retail scene

There's no shortage of shopping carts at Carrefour, a 330,000-square-foot hypermarket in Philadelphia. That's because the store stocks 50,000 items at prices below competing supermarkets'. Unions aren't too happy about the non-union visitor from France. Story on page 11.

SCT photo by Greg Lanier