

## Auctions

# Property on the block

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**This autumn Colliers International will launch professional, in-person residential property auctions in Poland. Virtually non-existent in the country to date, the service is meant to fill a gap in the market, but industry insiders are skeptical that it will gain traction**

While professional property auctions have long enjoyed popularity in countries such as the United States, Great Britain, Canada and Australia, they have been almost absent from the Polish market. Online initiatives exist, but not live, on-premises auctions.

That looks set to change this autumn, when property consultancy Colliers International launches its first in-person property auction in Warsaw. Depending on the level of success it meets in the capital, the firm may arrange similar events in other large cities around the country.

Colliers claims it is going to exploit a niche in the market and is confident about its project's chances for success. However, developers remain more skeptical about this business model, cautioning that it may not catch on given the current market situation.

## Bargain offers

According to Colliers, its property auction initiative, organized in cooperation with the American auction house Rick Levin & Associates and international legal firm Clifford Chance, will be a first in the Polish market. The events will be held in an auction house in a traditional, English-style format. A notary will also be pres-

ent, allowing property rights to be ceded on-site after the auction has been concluded.

Opening prices for properties on offer will, as a rule, be below their actual market value. According to the organizer, this will also usually be the case with hammer prices, making the auctions highly attractive to potential apartment buyers. Colliers also states that the auctions will be fully transparent and safe – interested parties will be able to view properties beforehand and will be provided with complete information regarding them.

“Colliers noticed a gap in the Polish real estate market and chosen the best moment to fill it in. Together with our partners we possess all the assets and tools that will make our auctions successful: over 20 years of experience on foreign auction markets, over \$500 billion [worth] of transactions, in-depth market knowledge, a reliable legal partner and most importantly – we will offer very interesting properties at excellent prices,” Paweł Hardej, director of the firm's auctioneering department, said in a statement.

## Doubting developers

According to Hardej, Colliers is currently in talks with a



Will auctions provide a viable alternative to traditional sales channels?

number of developers interested in marketing apartments via property auctions. But, because negotiations are under way, the company was unwilling to divulge names.

However, a recent poll by *Parkiet* daily, conducted among Warsaw Stock Exchange-listed developers such as Gant, Polnord, Marvipol and JW Construction, showed that the firms were fairly skeptical about the auction idea.

The paper quoted representatives of the firms as saying that their own sales policies had been effective and clients would probably be distrustful of this form of home purchasing. The developers also claimed that the concept would work better for finan-

cially beleaguered firms which are ready to sell apartments at a loss, or for banks selling properties whose owners had defaulted on their mortgages.

Jacek Bielecki, chief expert at the Association of Polish Developers, held a similar opinion. “Maybe this could succeed in the secondary market. When it comes to property developers, no one will agree to this. The concept will not catch on.”

According to Bogdan Porzęcki of the Polish Chamber of Building Industry and Commerce, auctions could become more lucrative in the future when the current decrease in construction starts translates into an increase in

apartment prices.

“Developers are now building less and waiting for the moment when the lower supply causes prices to grow,” he noted.

In the opinion of Ewa Perkowska, sales director at Budimex Nieruchomości, the fate of real estate auctions in Poland will be decided by the richness of the offer, transparency and marketing aimed at informing the public about the rules.

“Analysis of the first auctions will allow us to judge whether this distribution channel has a chance of catching on in Poland. Only then will we make a decision on whether to join in,” Perkowska said in a statement. ●