

# The Tranzon Auction Leader

Volume II - Summer, 2004

The **Tranzon Auction Leader** is published quarterly by **Tranzon LLC**, national experts in accelerated marketing and auction sales. This E-newsletter focuses on trends, auction highlights, case studies and expert analyses on how a professionally marketed auction may maximize an asset's value beyond traditional returns.

## What's Up, What's Down in Real Estate

**Long-term interest rates have significantly climbed in recent months although they still are at historically attractive levels.**

### The Tranzon Team



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Most experts expect the Federal Reserve to continue to boost short-term rates. The boosts likely will be small, creating modest market impact. However, the cumulative impact of these rate increases may be significant over the next 18-24 months.

Unlike the stock market, which is a highly efficient, liquid market that processes and reflects new data immediately, real estate markets have not shown signs of significant corrections. [Tranzon](#) detects subtle signs that some air is leaking out of the inflated real estate balloon.

There's no doubt that the hot real estate market of the past several years produced bonanzas for sellers. Properties sold quickly, fetching prices beyond expectations.

As we mature through the cycle, reality enters the picture as the market attempts to correct itself. We see this correction showing itself in the form of a still barely discernable slowdown, with sellers in a number of markets across the country suddenly experiencing situations where asking prices are not met.

Throughout this evolution, expectations continue to rise despite indicators of a stalling market. Real estate professionals, while adjusting expectations, continue to sell aggressively, recognizing the still historically favorable value environment, and that increases in interest rates will continue to provide a headwind for value increases.

[Tranzon](#) expects to see prices remain stalled for some time and for sellers to recognize this new reality by modifying expectations. The \$64,000 question is when -- or whether -- prices will rollover and actually decline. We believe that in the hottest, most frothy markets, prices will only moderately recede. Higher financing costs will force changes in the asking prices. But unless long-rates spike upward to the 8% range, a major real estate market wide correction probably won't occur anytime soon.

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## What's Hot

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Got an income-producing apartment you want to sell? They are hot. Rising interest rates and strong employment growth are combining to turn the business trends in the residential rental markets positive. Employment growth is driving new household formation. Rising rates are making home ownership more difficult..driving people to rentals. After three tough years, apartment fundamentals are turning up.

[Tranzon](#) auctioned three large multi-family properties in April and May and the buyer interest was strong and the prices realized exceeded expectations.



Same for income producing commercial properties. There is tremendous liquidity in the market that is searching for return. Investors will pay smartly for a property generating a quality cash flow.



Land prices are strong and auctions remain the best way to sell land. Farm properties auction sales are brisk and residential development property is going strong too, as the continued strong residential market has builders and developers looking for opportunities. Well-located, smaller commercial lots are also doing well through auction marketing.

Convenience store/service station combos, hotel and motel properties as well as big box retail sit at the top of the "Most Distressed Properties" list. [Tranzon](#) has significant

expertise in all these categories. Many owners have tried the conventional real estate approach here, but in this economy, that's not enough. Properties for sale by more conventional methods tend to languish, as investor interest has dimmed. Sale by auction helps ignite interest and move these properties off the books putting cash back in owners' and lenders' pockets.

There is some good news along with the bad. The strengthening economy may soon create an improved environment for convenience stores/service station and hotel/motel property sales. It is too early to call this a trend, [Tranzon](#) has seen very preliminary indications that buyers are stepping up to the plate with a little more confidence - and cash -- for these distressed property categories.

Our nomination for the next area of property distress is standalone, small retail ("small box retail"). It seems we can just not get enough restaurants, quick lube facilities, or drug stores. Put this prediction in your back pocket, take it out a year or two from now, and let us know how our crystal ball works!



## AUCTIONS WORK

There is no better way to ensure that you obtain the highest price for your property at any given point in time than by engaging the competitive bidding process of a professionally marketed real estate auction. If you have a property to sell and are willing and able to accept the highest price the market has to offer TODAY, then a [Tranzon](#) auction may be for you.

From high-end homes of \$1 million or more and farm and development acreage to income producing commercial and residential property, [Tranzon](#) provides solutions to sales challenges, especially if the circumstances and seller motivation are favorable.

## TRANZON PEOPLE IN THE NEWS

Since our last newsletter, [Tranzon](#) welcomes the following to our team:

- [Allan Holbrook](#), Tranzon Driggers, Southern Florida
- [Andy Buettner](#), Tranzon Fox, Baltimore Metro/Maryland
- [Danny Cooper](#), Tranzon Hagen, Georgia
- [Alex Reeves](#), Tranzon Hagen, Georgia
- [Vance Luksetich](#), Tranzon Mid-America, Illinois/Missouri
- [Steve Van Gordon](#), Tranzon Northwest, Portland, Oregon Metro
- [Larry Theurer](#), Tranzon Theurer, Kansas
- [Richard Theurer](#), Tranzon Theurer, Kansas
- [Cammy Theurer McComb](#), Tranzon Theurer, Kansas
- [Larisa Friesen](#), Tranzon Alderfer, Pennsylvania
- Jeff Long, Tranzon Durnil, Colorado
- Jeff Yeargain, Tranzon Asset Strategies, California

## ABOUT TRANZON

[Tranzon](#) is a real estate auction company founded on a rather unique premise that combines the powerful auction marketing process with a highly professional organization able to draw upon national resources and local market knowledge. This translates into added value to sellers seeking the highest prices possible in a short turn-around time. We are experienced in selling virtually all types of property and our staff includes many of the most respected names in the industry with backgrounds in finance, law, accounting, bankruptcy and foreclosure, real estate and more.

[Tranzon](#) auctions more than 1,000 properties each year and since our founding in November of 2000, we have conducted auctions in 41 states and the District of Columbia.

We welcome the opportunity to speak with you directly about our company and our many auction success stories.

Jeff Levin personally at [jlevin@tranzon.com](mailto:jlevin@tranzon.com). All inquiries will be kept strictly confidential.

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