

→ Private investor

16.06.06

■ All you need for your clients' and your own portfolios

Propex puts commercial assets under online hammer

■ Internet property auction gets first sale instruction from Capital & Regional

BY SINEAD CRUISE

ONLINE PROPERTY INVESTMENT FORUM
Propex this week launched the UK's first Ebay-style online auction of commercial property.

After months of design and deliberation, Propex has created a sales platform to enable vendors and investors to replicate the conventional auction process online through a secure site.

All properties for sale will have an agreed marketing period of about three weeks before the auction takes place, during which time interested parties can conduct due diligence on the property and place real-time bids against other rival bidders.

The winning bid will be the highest offer received by the special Propex auction team before the bidding window expires.

Like conventional auctions, the winning bidder will also be obliged to sign a contract to acquire the property within 24 hours of the end of the auction and supply the vendor with the typical 10% deposit.

The screenshot shows the Propex website interface. At the top, there is a login form with fields for 'Username' and 'Password', and a 'Login' button. Below the login form is a 'Need help? Call 0871 250 2399' link. The main content area is divided into several sections: 'COMMERCIAL PROPERTY LISTINGS' featuring 'Propex Open Market Listings' with sub-sections for 'Commercial Investments', 'Latest Investments', and 'Sell your assets through our Auction site'; 'Propex online bidding' with details about a 'Freshfood telecoms mast' for sale; 'Propex Directories' with 'Over 35 different service areas offering you insight and advice on all aspects of property investment.'; and 'LATEST OPEN MARKET LISTING PROPERTIES' showing two property listings with photos and prices. A large white arrow points to a 'Bid online: Propex's internet auction site' button.

Propex has already received its first 'experimental' instruction from Capital & Regional. The co-investing fund and asset manager has instructed Propex to sell a telephone mast at **Deeside Industrial Estate** in Flintshire, north Wales.

The mast occupies a self-contained 33,000 sq ft (3,065 sq m) site and is let to Orange Personal Communications on a lease expiring in May 2014. The investment produces £5,500 a year. Bidding for the asset, which is expected to reach £70,000, began on Tuesday.

James Tanner, the Propex director in charge of launching the online bidding process, said the system was designed to tempt regular auction-goers away from the traditional sales and to give property vendors and investors who had only ever completed transactions through private treaty the opportunity to deal in a more transparent and time-effective way.

'Our market research indicates that investors and vendors are demanding more transparency from their agents. The online bidding

process gives all investors more choice in how they buy and sell assets – both for those who are fully conversant with traditional auctions, and those who are trying the system for the first time. The Cap & Reg instruction is the perfect lot to test the model.'

'We're not trying to recreate the wheel, just simply enhance the efficiency of deals transacted using the familiar auction process by presenting buyers all information required from the outset.'

The system highlights the increasing role of technology in the marketing and execution of property deals. But not everyone is convinced the system will appeal to all. Sceptics have suggested that the system is not only vulnerable to technical glitches, but also to abuse from money-launderers who could find it easier to conceal their identity by buying online.

As Property Week went to press two bids had already been submitted. The auction is due to close on 3 July.