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Sales at Eight Orchids brisk

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Six months after auctioning units, sales at **BayRock Residential's Eight Orchids** development are some of the strongest in Oakland's decimated condo market.

“Our auction really introduced our project to the market,” said Stuart Gruendl, principal at BayRock. “We’re paying off our debt, delivering a product to the market and keeping our reputation intact.”

BayRock's auction in March sold 41 units at \$355 per square foot. The developer is now selling similar units for about \$430 per square foot, which still results in a loss, Gruendl said. The project has sold about 90 of its 157 units with an average absorption rate of six units per month since the auction.

“I’m hitting a single,” Gruendl said. “I’m lucky to even get on base in this market. If the market was better, we would have hit it out of the park.”

The development offers one-, two- and three-bedrooms starting from \$299,000 for a one-bedroom and \$568,000 for a three-bedroom.

Originally, asking prices went as high as \$550,888 for a one-bedroom to \$805,888 for a three-bedroom.

Gruendl said the auction established prices that would entice buyers to sign contracts. Some sellers might think auctions damage a property's image, but they reassure buyers that they aren't overpaying in a declining market.

Dean Williams of **Williams Auctions**, a national auctioneering firm, said auctions will take more precedence in setting property values going forward.

“Auctions turn home buying into a competition between buyers and what they are willing to pay instead of letting an agent set the price,” he said.

At Market Square II, developer AF Evans has cut prices by 20 to 25 percent since hitting the market in 2007. It is selling about six units per month, and has sold half of its 86 units. Two-level lofts start at \$250,000 and one-bedrooms start at \$285,000.

“The buyers that come in are serious, they're qualified, but they're pricesensitive,” said Brad Dickason, vice president of development for Oakland-based AF Evans. “They want a value and we're sensitive to that. ... We're anxious to move inventory.”

More than half of the Eight Orchids buyers in August and September paid cash for their units and the rest put down at least 30 percent. Nearly all of the project's buyers are Asian-Americans, Gruendl said, mirroring a previous BayRock project called Franklin 88 that is also in Chinatown.

“Being in Chinatown, it does cater to the Asian community and that has helped us tremendously,” said Tom Reiser, chief executive of Reiser Group in Alamo, which is marketing Eight Orchids. The main factor in moving units, however, is that they are “priced properly.”

“People feel like they're getting the best value,” he said. “Otherwise, we'd be seeing lots of cancellations, which we're not.”