

July 26, 2010

## **Rivals Team Up To Corner Mid-Rise Auction Market *Gollinger, Hawkes Reunion Cashing In On Next Auction Wave***

**By Colleen M. Sullivan**

The ballroom of Colonnade Hotel was humming, full as it was with about a hundred chairs occupied by a mix of young couples holding hands and middle-aged investors ticking bid sheets.

Up front, auctioneer Ken Cullum kept up a rat-a-tat banter with the crowd, goading and teasing them, while his assistants prowled the aisles, scoping the seats for a hesitant hand. Twenty loft-style condos in the former American Brewery Company building were up for sale, some with minimum bids less than half their original asking price. The bidding was quick, the tension was high, and in half an hour, the whole thing was over, with 17 lofts sold via the auction block and three others sold immediately after the auction ended.

It's the kind of scene Jon Gollinger and Sue Hawkes would like to see replicated across the country.

At various times both competitors and collaborators, Gollinger and Hawkes, one-time business partners at Boston marketing firm The Collaborative Cos. (TCC), have reunited to target the mid-rise and townhouse auction market through an auction firm called **Velocity Marketing**.

### **A Long History**

Neither is exactly a stranger to the auction world. Gollinger founded TCC, a Boston-based real estate marketing firm, in the late 1970s. During the real estate bust of the early 1990s, as new development dried up he began working with Kennedy Wilson, a national real estate investment and services firm, and an auction specialist. When the market recovered, Gollinger returned to his traditional real estate marketing roots. In 1997, he brought Hawkes in as a partner in TCC.

In the fall of 2006, Gollinger was asked to conduct an auction for 34 units in the 96-unit waterfront condominium development Folio Boston; 31 were sold. The name **Velocity Marketing** was originally created by Gollinger as a TCC subsidiary to facilitate the Folio auction. After Folio, Gollinger sensed renewed opportunity in auctions, and he was willing to sell out his portion of the TCC partnership to explore it. His departure from TCC in 2007 resulted in Hawkes' promotion to that company's CEO. Gollinger went on to form a partnership with old Kennedy Wilson colleague Ken Stevens, founding Accelerated Marketing Partners to target auction opportunities in the high-end, high-rise luxury market. The group was responsible for recent auctions at Brookline's Longwood Towers, Boston's Bryant Back Bay and the Nouvelle at Natick, as well as auctions in more than a dozen other states. But even as Accelerated was making a name for itself in the high-end auction market, Gollinger noticed something: Hawkes had resurrected the **Velocity Marketing** name at TCC after Gollinger's departure, and his ex-partner was eating his lunch when it came to mid-rise and townhouse properties. "I never expected Velocity to become a competitor. I expected them to stay in Boston," said Gollinger. "But then they got this job in Maryland, right in my backyard, and hit it right out of the ballpark. And then [came] this job in the South End, called 1850, in June of last year, and we were competing for it." "We were tripping over ourselves," said

Hawkes. "It becomes a little embarrassing when you go to give a presentation to a client and it turns out, 'Oh, that's the same phone call John was on an hour ago.'"

"I thought to myself, 'This is a big business, but it's a small world.'...and I wanted to control the competition," said Gollinger.

Rather than compete head to head, Gollinger recently bought his way back into Velocity Marketing, and the two decided to spin off the company from TCC in order to take on a bigger chunk of the auction market.

Together, they're betting that the next auction wave will hit mid-rises and townhouses like the Brewery Lofts.

### **The Next Wave**

"The high-rises tend to go first because obviously their inherent risk is much higher, and they're generally owned by institutions that have balance sheets they need to deal with," said Hawkes. "But the next wave of opportunity is definitely the next tier of exposure, which is townhouses and mid-rises. And that's particularly true around here."

It's tough to say if their instincts are right. The National Association of Home Builders and the National Auctioneers Association don't tabulate new home auctions. But it is clear that the past few years have been good ones for auctioneers: between 2003 and 2008, residential auction volumes were up 47.7 percent, climbing to \$17.1 billion, according to the National Auctioneers Association.

Builders remain reluctant to break ground – according to a recent NAHB survey, builder confidence declined again in July after rising earlier in the spring. The index measured just 14 this month, the lowest measure in more than a year – a reading above 50 indicates confidence in the market.

So far, insiders say, the Boston market has escaped the worst.

"There are some foreclosures, short sales. But I think Boston proper is avoiding the storm when it comes to [auctions], so far. There are some question marks on some luxury developments," said John Ford, broker owner of Ford Realty in Boston. "I would expect it would be a lot more." That's what Hawkes and Gollinger are counting on. With the merger allowing them to cut operational costs and cover more ground, they think there's enough supply out there to double their business, according to Hawkes.