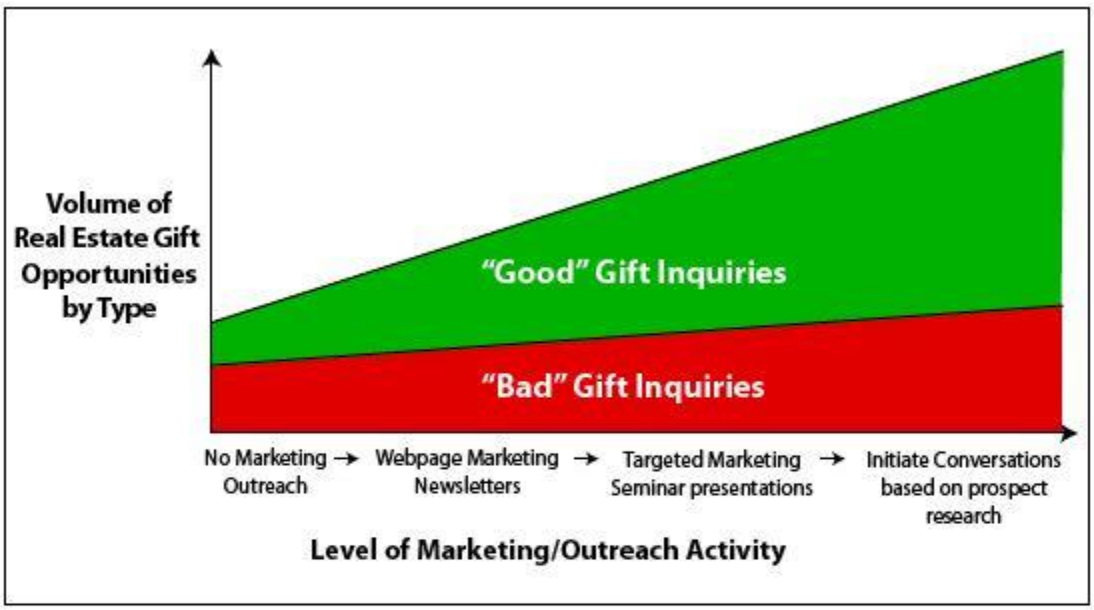
PROVIDED BY BIDWELL ADVISORS

Attracting Real Estate Gifts – What Works

By Dennis Bidwell

It is clear to me that the likelihood of a non-profit receiving desirable real estate gifts (properties that are marketable, free of environmental and title problems, and with net value of at least $100,000) increases as the organization puts more effort in to marketing and outreach efforts. Conversely, non-profits that do little or nothing in the way of marketing their interest in real estate gifts tend to receive the occasional real estate inquiry, but it is often a “bad” piece of real estate that is offered (questionable marketability, title defects or environmental issues, likely net value way less than $100,000).



More and more I am seeing really significant real estate gifts come about because the institution reaches out to older individuals and couples who are at a point in their lives where they must make decisions about disposing of a vacation home or other property. Such property owners are sometimes quite intrigued at the gifting possibility when reminded – through the right marketing materials or in a conversation with a development officer — that they have considerable charitable capacity in their real estate,that a large number of charitable options are available to them, and that substantial tax advantages can accompany such gifts.

The graphic above, which I have shared with my readers before, tells the story:

Twenty-five years of experience helping non-profits attract, structure and dispose of real estate gifts tells me that when an organization doesn’t market its interest in real estate gifts, and doesn't initiate conversations with donors about their real estate holdings, the organization is likely to receive only the occasional, haphazard inquiry about a piece of property. Very often, but not always, the property offered will be problematic in one way or the other – it's an unmarketable time share, or a property with very little equity value once the mortgage has been paid, or a property with access issues, or a property with a complicated family ownership story, or a property with some sort of environmental complication.

Often, organizations that have been offered such gifts over time come to the conclusion that all real estate offered as gifts must be similarly problematic.

We all know of many organizations with a history of having accepted one or more of these "bad" real estate gifts, way back when, which has left behind the lore that real estate gifts are bad.

But hundreds of non-profit organizations are accepting many high quality real estate gifts every year. *To a large extent the organizations receiving these gifts are the organizations that make these gifts happen through their marketing and outreach efforts.*

Several years ago, I worked with the Partnership for Philanthropic Planning to conduct a survey of its members nationwide regarding real estate gifts. Thirteen percent of the organizations responding reported that 10% or more of their gifts in the last three years, measured in dollars, had come from real estate gifts.
Among these organizations reporting a high volume of real estate gifts, these are the percentages that rated various marketing and outreach approaches either "very effective" or "somewhat effective":

Marketing/Outreach Approach	% of high-volume real estate gift organizations reporting this approach effective
No marketing of an interest in real estate gifts	6%
Mailings based on prospect research	33%
Real estate gift case studies, in print materials	55%
Publicizing real estate gifts by prominent friends of the organization	57%
Real estate gift case studies, on website	67%
Seminars of various sorts	74%
Personal visits based on prospect research	86%

The conclusion? Real estate gift activity – particularly opportunities to close “good” real estate gifts — increases with the intensity and type of marketing and outreach effort undertaken.

The single most effective approach? Identifying prospects who fit the profile of a likely real estate donor (typically involving people over 65 owning multiple properties, geographically dispersed), and then initiating a conversation with them about their real estate holdings and their plans.

Screening out the “Bad” Gifts

Because marketing and outreach efforts have been shown to increase the number of properties being offered as gifts, it becomes very important that a development office is adept at quickly screening out the “bad” gifts, in order to devote scarce resources to the truly promising gifts. Fortunately, there are proven ways to quickly identify – and tactfully decline – the “bad” gift, while working in a donor-friendly way with the “good” properties offered.
More about this in a future article.