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Good Real Estate Gifts Happen with a Little Effort

By Dennis Bidwell

I am more convinced than ever that the likelihood of an organization receiving "good" real estate gifts (properties that are marketable, free of environmental and title problems, and with net value of at least $50,000) increases as a function of the effort expended in marketing and reaching out to likely real estate donors. Conversely, non-profits that do little or nothing in the way of marketing their interest in real estate gifts will tend to receive the occasional real estate inquiry, but it is often a "bad" real estate gift offer (questionable marketability, title defects or environmental issues, likely net value way less than $50,000).

This pattern, I believe, is even more pronounced during these challenging times. People wanting to unload truly problematic properties will try to do so without any prompting from a non-profit development office. But at the same time more and more excellent real estate gifts are being made – because many older individuals and couples have reached the time in their lives where they must make a decision about disposing of a vacation home or other property, and they are often intrigued at the gift possibility when reminded by a development officer that they have charitable capacity in their real estate, and that a large menu of charitable options is available to them.

This graphic tells the story:

Twenty 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. It's just that the organizations receiving these gifts tend to be organizations that make the gifts happen through their marketing and outreach efforts.

Several years ago, I worked with the National Committee on Planned Giving (now Partnership for Philanthropic Planning) to conduct a survey of its members nationwide regarding real estate gifts. (See Journal of Gift Planning, Volume 12, Number 3 for complete results.) This survey found that 13% 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 the 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.

<u>Screening out the "Bad" Gifts</u>

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.