

## Real Estate Prospect Research

By Dennis Bidwell

It always surprises me when I learn that a non-profit client uses estimates of a prospect's real estate wealth as one of the indicators pointing to the size of the cash gift they will solicit. I recently talked with a development officer who was aware that a prospect owns four pieces of property with an estimated total value of about \$5 million. He estimated the total net worth of his prospect at about \$10 million. He then laid out a plan for asking that prospect for a \$2 million cash gift.

Why, I asked him, didn't you just ask your prospect for one or two of her properties, which she appears to not be using as she ages? Well, I'm just not comfortable talking with folks about the complexities of real estate, he responded.

To which I say: It's time to get comfortable with at least introducing the real estate topic, knowing there's expertise waiting in the wings to help you out.

This points to the need for many organizations to think differently about their prospect research. I contend that organizations should be mining their data bases and their collective organizational histories to identify prospects who fit this pattern: own multiple pieces of property in multiple states; are age 65 or over; are charitably inclined to your organization. When this fact pattern is used for screening, very strong real estate gift prospects emerge that in many cases may not have even been rated using traditional prospect rating systems. Identifying real estate gift prospects requires a different approach to thinking about wealth and thinking about donor motivations.

We know from a report on second home ownership prepared by the National Association of Realtors in 2005 that:

- 1 in 10 households owned 2 or more properties
- 1 in 25 households own 3 or more properties
- 40% of the residences sold in 2005 were either vacation homes or residences owned for investment purposes

Fundraising consultants can provide a valuable service to their clients by reminding them to turn their attention, and that of their researchers, to the real estate holdings of their donor prospects. Often, friends of the organization that are short on cash and appreciated securities can realize their charitable objectives through real estate gifts they had not previously considered.