

Auction Tips for Buyers

Auctions are a way to market and sell a property through an intensive campaign and can be quite stressful, especially if you are a first time bidder. At an auction, the property is sold to the highest bidder above the reserve price. The reserve price is usually set on the day of the auction by the seller. On auction day, the successful bidder will be signing a totally unconditional contract with no cooling off period so you need to do your homework on the property prior to the auction and be fully prepared on the day.

Here are some tips to help you through the process:

Prior to Auction

- Obtain building and pest report if one has not already been obtained by the seller.
- Obtain pre-approval of finance.
- Review the auction contract with your solicitor so you are aware of any key issues. If there is a “buying as is” clause, carry out searches prior to auction as recommended by your solicitor.

- You can often negotiate to bid on different terms to the auction contract. For example a longer settlement, a smaller deposit or an extension of time to pay it. Don't be afraid to ask, the seller can only say no.
- Ascertain what you think the property is worth and what you are prepared to pay.
- Phone the agent with any questions you have about the property or the auction process.



- If a person who must sign the contract as buyer cannot attend the auction, obtain a bidding authority from this person prior to auction. This can be arranged through the agent.
- Remember auction properties are often sold prior to auction so you may want to speak to the agent about submitting an offer prior to auction.
- Know how much you are willing to pay and stick to your limits.
- If the property is not sold at auction, it is “passed in” and you may continue negotiating with the seller if you wish.
- Take your cheque book.

On Auction Day

- Even if there is only a small possibility that you could bid, register with the agent as a possible bidder.
- Don't be afraid to ask any last minute questions of the auctioneer or the agent.
- You may bid by putting up your hand, calling out or nodding your head when you catch the auctioneer's eye.
- Start lower than what you're prepared to pay for the property and think clearly about each bidding increment. Try to break the auctioneer into smaller increments as bidding increases.

If you have any queries about auctions or buying or selling property in general, contact Neil McNichol or Paul McHugh on 07 5443 1566.

