

Auction Overview – some answers to commonly asked questions



Q. What is a Real Estate Auction?

A. Auction is a form of marketing and selling a property through intensive advertising media designed to capture the maximum attention of buyers within a set time frame. The process is a means of purchasing/selling Real Estate through public negotiations to determine the true market value of the property at that time.

Q. What is the Reserve Price?

A. The seller usually sets the reserve price prior to the Auction. The reserve is generally established as a result of feedback during the marketing period from interested parties. The reserve is the minimum figure that the auctioneer is instructed to sell the property for.

Q. How do we bid at the Auction?

A. The auctioneer will ask you for an opening bid and will then nominate the increments by which the bidding can be raised. Simply attract the attention of the auctioneer by:

- Raising your hand
- Calling out your bid
- Nodding your head when you catch the Auctioneer's eye

If you are the successful bidder, you will be asked to pay the deposit and sign the Auction contract.

Q. Can I buy before Auction Day?

A. Yes. In most cases you can. You simply submit your offer in the normal way on the Auction Sale and Purchase Agreement. If the offer is acceptable to the vendor, all other registered buyers are given the opportunity to submit their offers if they wish to. The vendor can then decide which offer suits them best. The amount you have offered will not be disclosed to other parties. The auction can also be brought forward. Ask Anton for further help with this.

Q. Can I bid when I have to get finance?

A. Because you must be in a position to bid on a cash unconditional basis at the Auction, you can organise through your bank or mortgage broker, pre-approval to bid up to a price that you are prepared to pay. Ask Anton for further help with this.

Q. Can I bid when I have a property to sell?

A. There are two options. If you are in a sound financial position you may arrange a bridging loan to cover any delay in settling your property. The other option is to ask the vendor for a longer settlement date, giving you time to sell and to settle your property. Anton will arrange this for you before the Auction.

Q. What price do I have to pay to buy the property?

A. This is the price YOU are prepared to pay, and the vendor will accept, bearing in mind that other buyers may have different ideas regarding the value of the property. It is sometimes prudent to fix a figure you would like to secure the property for, but also a higher amount just in case. Remember, if it sells to another buyer at Auction you won't have another opportunity.

Q. What if the property doesn't sell?

A. If the reserve price is not reached, the property is passed on to the highest bidder. The highest bidder is then offered the first right to purchase the property immediately after the Auction at the vendor's reserve price. If a sale is not completed immediately after the auction then the property will be offered for sale to all other interested parties.

Q. What contract do we sign and what are the standard conditions?

A. The contract is the standard Auction contract approved by the Law Society of New Zealand and the Real Estate Institute. This contract and information is available from the salesperson during the marketing of the property and on Auction day. It is important that you read and understand this contract prior to the Auction. If you are the successful purchaser you are required to sign this contract and pay 10% of the purchase price as a deposit; either by bank cheque or personal cheque. Settlement date is often flexible. You should discuss this with the salesperson prior to the Auction commencing.

Anton Pires is specially trained to assist you if you have any questions or if you require further information about Auctions.