

Sharp Property Buyers

Guide To Buying Property At Auction



Introduction

Welcome to our comprehensive guide on buying property through auction.

An auction is an exhilarating public sale, orchestrated by a licensed auctioneer, where properties are sold to the highest bidder. If you're considering buying a property at auction, this brochure will provide you with essential information and tips to ensure a successful and stress-free bidding experience.

At Sharp Property Buyers, we understand the dynamics of auction sales and our expert team is here and available to guide you through the process. From conducting thorough due diligence to providing strategic bidding advice, we ensure that your auction experience is both exciting and rewarding.

Quick Breakdown Of How Auctions Work:

1. **Reserve Price:** The vendor (aka property seller) sets a reserve price, which is the minimum amount they are willing to accept for the property. If bidding reaches or exceeds this price, the property will be sold to the highest bidder.
2. **Immediate Result:** When the highest bid is accepted, contracts are signed, and the buyer is obligated to proceed with the purchase. Be prepared to pay the deposit right after the auction.
3. **Passed In:** If the bidding doesn't reach the reserve price, the property is "passed in." The agent will then try to negotiate with the highest bidder to try and agree on a price.
4. **No Cooling-Off Period:** Unlike traditional private sales, there is no cooling-off period when buying via auction. Due diligence, inspections, and financial arrangements must be done before the auction day.

Advantages Of Buying Property This Way:

1. **Transparent Sales Process:** Unlike private sales, auctions offer a transparent sales process. There are no negotiations behind closed doors, providing a level playing field for all participants.
2. **Benchmarking with Other Buyers:** Auctions allow buyers to benchmark their offers with those of other interested parties. The public nature of the bidding provides insight into the market's assessment of the property's value.
3. **Assessing Competition:** On auction day, buyers have the opportunity to assess the competition firsthand. Observing other bidders allows potential buyers to gauge the level of interest and make informed decisions during the bidding process.



4. Immediate Result: Auctions offer immediate results. If the bidding reaches the reserve price, the highest bidder becomes the successful buyer, finalising the transaction on the spot.

5. Confidence in Purchase: When you win the auction, you secure the property. There is no second-guessing or lengthy negotiation process; your successful bid ensures your purchase.

Preparing For Auction:

Buying a property at auction can be an exhilarating experience, but it requires careful preparation and diligence. To position yourself for auction success, here are some essential considerations to ensure you are auction ready:

1. Pest & Building Inspections: Prior to the auction, conduct all necessary inspections, including building and pest inspections. This due diligence is crucial, as there is no opportunity to back out after the auction.

2. Budget: Secure financial pre-approval for your maximum spending limit. Stress-test your finances to ensure you can comfortably handle potential interest rate increases. Set a clear budget limit for the property and resist the temptation to exceed it during the excitement of the auction. Discipline is key to making a well-considered and financially sound decision.

3. Legal Advice: Seek legal advice and have your lawyer or conveyancer review the auction contract. Address any concerns or negotiate variations before auction day, as there is no flexibility to make changes afterward.

4. Understand the Property Demand: Gain insights into the expected demand for the property. Consult with the sales agent to learn about the number of inquiries, inspections, and requests for contracts. This information can assist with a bidding strategy.

5. Know the Likely Selling Price: Conduct a comparable market analysis to determine the likely selling price of the property.

6. Attend Other Auctions: Gain experience by attending other auctions before your bidding day.



7. **Be Prepared for Competitive Bidding:** Auctions can be competitive, and emotions may run high. Stay focused on your financial limit and bidding strategy to avoid being carried away by the atmosphere.

8. **Consider Professional Help:** If unsure or overwhelmed by it all, hire a buyers agent to represent you on auction day. Sharp Property Buyers offers an auction-only service. We understand the dynamics of auction sales and our expert team is here and available to guide you through the process.

Making A Pre Auction Offer:

In the dynamic world of real estate, timing and strategy play pivotal roles in securing your dream property. Depending on the market conditions, making a pre-auction offer can be a savvy move, providing you with a competitive edge. Here are eight key considerations to keep in mind when putting forward a pre-auction offer.

1. **Present a Signed Contract:** When making the offer, provide a signed contract. This demonstrates your serious intent and readiness to proceed with the purchase.

2. **Offer a Fair Price:** Avoid making lowball offers. Instead, go in with a price that aligns with your market research and the property's value. Offering a price you would be prepared to pay at auction can position you as a serious contender.

3. **Put it in Writing:** Ensure your pre-auction offer is in writing and sent to both the selling agent and the vendor's solicitor. This formalizes the offer and adds credibility to your proposal.

4. **Act Early:** Make a strong offer early in the campaign. If the vendor is keen for a quick sale at a good price, your early initiative may capture their attention and interest.

5. **Keep Conditions Simple:** Avoid burdening the offer with numerous conditions. A straightforward offer can be more appealing to the vendor, simplifying the decision-making process.

6. **Set a Time Limit:** Provide the vendor with a reasonable time limit to respond to your offer. This demonstrates your decisiveness and commitment to moving forward with the purchase.



7. Show Financial Approval: Assure the vendor that you have secured financial approval for the offered amount. This reassures them of your ability to proceed with the transaction.

8. Consider a Larger Deposit: Offering a larger deposit can be enticing to the vendor, as it demonstrates your serious intent and financial capability

On The Day:

Take a deep breath, trust the groundwork laid in the weeks leading up to this point and step confidently into the auction arena. Remember the following for the big day:

1. Arrive Early: Familiarise yourself with the surroundings and atmosphere before the auction begins.

2. Registration: Ensure you've correctly completed the auction registration process early on.

3. Budget Check: Confirm your budget and establish your maximum bid to avoid overextending.

4. Auctioneer's Remarks and Reactions: Pay close attention to announcements and the auctioneer's cues. Read the room and adapt accordingly.

5. Confidence and Flexibility: Maintain composure and confidence. Observe other bidders but stick to your predetermined strategy. Be flexible and adjust your bidding approach if needed, staying in control of emotions.



Final Word

At Sharp Property Buyers, we are committed to guiding you through a successful real estate journey. Our experienced team is here to ensure you make informed decisions and achieve your property goals.

With an unwavering dedication to your satisfaction, we hope to empower you with expert knowledge, strategic insights, and a transparent approach to property purchase. From conducting thorough due diligence to crafting compelling offers, we are your trusted partner at every step. Let us navigate the complexities of the real estate market on your behalf, saving you time, effort, and stress.

Experience the confidence and excitement of embarking on a rewarding property adventure with Sharp Property Buyers. Your dream home or lucrative investment is within reach – together, we will make it a reality.



Disclaimer: The information provided in this brochure is for general guidance only and should not be considered as legal or financial advice. Always consult professionals for personalised advice related to your specific situation.

