



GREEN GUIDE

Your Guide To Buying At Auction

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A Message from your Agent

Welcome to our auction campaign! For many buyers the thought of buying auction makes them highly nervous, slightly confused and very wary.

Understanding this, we will try and keep things as simple and straightforward as possible – because the beauty of auctions as a buyer is two-fold:

1. Everyone is competing on the same ground with equal terms in the contract.
2. Auction day is the most transparent and fair way to negotiate and buy property.

With this in mind, we want this to be an enjoyable and simple process for you. This guide has been specifically prepared to give you information on how auctions work for you as a buyer.

But we do recommend you do your own auction research – go and watch a few either live or online to get a feel for how they work. We are more than happy to give you some dates and times of upcoming auctions to help get those butterflies to fly in formation!

If you have any questions, please don't hesitate to ask the auctioneer or me – we would love you to buy this property!

Kind Regards and Good Luck



Justin Nickerson

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About your Auctioneer

Formally recognised as the leading auctioneer across Australasia, Justin is the only Australian to win the Australasian auctioneer of the year three times in the history of the award. He is also a five-time winner of the REIQ Auctioneer of Year award, again being the only auctioneer in the state to achieve this distinction.

Justin was also the winner of the inaugural Australasian auctioneering competition at AREC in 2018.

Justin's unwavering belief and understanding of the auction process is the cornerstone of his working relationships. His love of auctioneering translates to an energy that is irresistible on auction day.

Justin works hand in hand with some of Australasia's leading real estate businesses on an auctioneering and coaching level, with these insights forming the key foundation to his relevant and engaging training and speaking engagements.

2019, 2017 & 2016 Australasian Auctioneer of the Year
2020, 2018, 2017, 2016 & 2013 REIQ Auctioneer of the Year
2018 AREC Australasian Auctioneering Competition Winner
2015 Barfoot and Thompson NZ Auction Invitational Winner
2014 & 2013 Australasian Auctioneer of the Year Finalist
2017 & 2016 Qld State of Origin Representative

■ AUCTIONEER TIPS FOR AUCTION DAY

Purchasing a property is a major decision and all of the process associated with it can be quite daunting.

Auction day can be a nerve wracking day for all involved, but remember that the agent and auctioneer are there to assist you in your efforts to purchase and can often be your greatest allies on the day. A few tips that may help you secure the property:

Bid with Confidence

The wait and see strategy is a popular one amongst purchasers but ultimately does little towards achieving a purchase. It is the bidder who bids with confidence and without hesitation that in most cases controls the flow of the auction. You are much better to set the tone and show your competition that you intend to buy, than sit back and potentially be on the back foot.

Work with the Auctioneer

Although the auctioneer on the day is employed by the seller, ultimately they want to achieve the same outcome you do – a sale. Ignoring suggested increments, interrupting & continually questioning if a property is “on the market” are not helpful to establishing a working relationship between both parties. You are welcome to suggest any bid or amount you like, but remember the auctioneer may refuse a bid if it is not deemed in the best interest of the seller.

Vendor Bids

The auctioneer is legally allowed to make bids on the sellers behalf. A vendor bid must be disclosed by the auctioneer, who will use the words “vendor or seller” bid. It is not the reserve price and indicates a price at which the vendor will not accept. A vendor or seller bid is used in different circumstances to either start the bidding, or increase the bid to a level closer to the vendors expectations.

Vendor bids are helpful because it gives you a better idea of what number it's going to take to buy the property.

Increasing your own bid

Why must an agent or auctioneer ask you to increase your own bid? This is a common occurrence in today's market so don't feel uncomfortable about it. At some point in the auction, the estate agent or auctioneer may come up to you and ask you to increase your own bid. This may occur as your current bid may not be at a price the vendor will accept. Therefore you may need to increase your own bid if you wish to purchase the property.

What happens if the property is passed in?

Most auctions I facilitate have conditional buyers (buyers that can't bid under auction terms and conditions) waiting and hoping that the property passes in. Should the property pass in, everyone will have equal opportunity to submit their offer. If you can bid under auction terms and conditions, give it your best shot at the auction as it is the most transparent way to buy and, in most cases, less competitive.

I would recommend going and spectating at a few auctions prior to participating. Watch which purchasers are successful and the tactics they employ. Feel free to get in touch with the agency, or call the Apollo Auctions team and we can supply you with addresses, dates and times of upcoming auctions that are close for you to view.



68%

of opening bidders are the successful purchaser

REMEMBER

YOU DO NOT HAVE TO BID JUST BECAUSE YOU HAVE REGISTERED, BUT YOU MUST HAVE REGISTERED IF YOU INTEND TO BID.

On The Day

How to register

In order to register you will need to provide the agency with your name and address and some photo identification. A drivers license or passport is normally preferred. Additionally, the agent may also request further proof of your current address.

The Agency will record these details and provide you with a bidder number.

How to Bid

Make sure that the Auctioneer can see you. Remember to hold your bidder number high and call out your bid in a loud and clear voice.

You can call out an exact amount. For Example: "\$570,000"; or indicate an amount you wish to increase the previous bid by. For Example: "Another \$20,000"

If the Auctioneer calls the incorrect amount or misinterprets your bid, call out immediately to the auctioneer and clarify your bid.

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Some buyers have secured excellent value at auction simply because a cash-unconditional contract was a high priority for the seller who chose to take the highest offer under auction conditions rather than consider conditional offers afterwards.

FREQUENTLY ASKED QUESTIONS

What if I want to bid on Auction Day but cannot perform under the standard terms and conditions of the Auction?

Property transactions are a process of negotiation and buying at auction is no different. If you wish to alter the terms of settlement, deposit, inclusions or conditions of the contract of sale, just speak to the Listing Agent. However ensure you do not wait until Auction Day as this may be too late, these conditions must be agreed upon by the vendor prior to you commencing bidding.

Although you are at liberty to request variations you may not always get your way especially if there is strong interest in the property. If your conditions are not agreed upon prior to auction do not be deterred. If the property is not sold at auction the vendor is often more receptive to conditional offers subsequent to the day.

Just as there are benefits to a seller who chooses to market their property by auction, astute buyers also may benefit by the process.

BENEFITS OF BUYING AT AUCTION

AUCTION IS THE MOST TRANSPARENT WAY TO BUY PROPERTY.

These are some of the benefits to a buyer who chooses to buy at auction;

May encounter less competition for the property

If a buyer is in a position to purchase at auction they may actually find they have less competition than if they seek to purchase a priced property. This is because some buyers are not in a position to buy under the cash-unconditional terms of an auction.

If a property "passes in" at auction (does not sell), often several buyers come forward afterwards seeking to buy with a range of special conditions attached to their offer (finance approval, building and pest inspections) etc.

This then places buyers in competition with each other post-auction. Some buyers have secured excellent value at auction simply because a cash-unconditional contract was a high priority for the seller who chose to take the highest offer under auction conditions rather than consider conditional offers afterwards.

Competition at an auction is transparent

With an auction offers and negotiation are public - out in the open. With a private treaty sale (sale by price), if two or more buyers want the same property at the same time, it is standard practice that each buyer will not be aware of the offer being made by other buyers.

This means all competing buyers are "shooting in the dark".

At auction all offers are made publicly (in the form of bids) and a buyer can choose to increase their offer only as much as they want to above the last highest offer. The buyer is free to withdraw from the bidding any time they feel the price has gone beyond the figure they are prepared to pay.

CONDITIONS OF AUCTION

New South Wales

1. Any person intending to bid must register before making a bid, and upon making a bid the bidder must clearly display the bidder number assigned to them by the auctioneer, as bids will only be accepted from registered bidders.
 2. The highest approved bidder shall be the Buyer subject to the Seller's approval and the reserve price, if any.
 3. The Auctioneer may at his discretion refuse to accept any bid from any person, and no bid if accepted may be retracted without the consent of the Auctioneer. No bidder shall advance a less sum or percentage at any bidding than the Auctioneer is willing to accept.
 4. A bid shall be deemed to be accepted unless the Auctioneer forthwith after it has been made declares his non-acceptance or dissent.
 5. If any dispute or difference shall arise as to the highest bidder the Auctioneer may reopen the bidding and resubmit the property commencing with the highest amount previously bid for the same or he may decide on the highest bidder in such other manner as he in his absolute discretion shall deem fit and his decision shall be final.
 6. Immediately upon the fall of the hammer the bidder of the highest bid accepted shall sign these conditions of sale and purchase and forthwith pay the deposit required and shall thereupon be deemed to be the Buyer, otherwise the property may be resubmitted at his or her risk and expense or submitted afresh to Public Auction as if the property had never before been submitted.
 7. The right to bid by or on behalf of the Seller is expressly reserved.
 8. The Seller and the Buyer agree to do all necessary acts and to sign all documents and papers for the purpose of transferring the property to the Buyer. They also appoint the Auctioneer as their Agent and grant him an irrevocable authority to sign all documents and papers necessary to form the agreement for sale and purchase of the property.
 9. A bidder shall be deemed to be acting on their own behalf unless, prior to bidding he/she has given the Auctioneer a copy of a written authority to bid for, or on behalf of, another person.
 10. The conditions then to apply are as contained in the Real Estate Institute's copyright form of Contract and Terms of Contract for Houses and Land Sixth Edition, Units and Townhouses second edition, and or any other contract of sale that has been on display prior to auction. Clause 3, the finance clause, does not apply and Clause 4, the Building or Buyers Inspection Clause does not apply.
- All bidders shall be deemed to have read and acknowledged the "Contract Warning" and the "Disclosure Statement" under the Body Corporate and Community Management Act 1997 which are annexed to the Contract of Sale by virtue of the fact that they have been on display prior to this auction.
- Cash unconditional basis, not subject to a cooling off period, finance, or building and pest inspection. GST may be applicable to the purchase price.

WHAT'S THAT MEAN?

Agency

An agency is the relationship, which exists at law between two or more persons whereby one (the agent) is authorised to act on behalf of the other (the principal) to do certain specified acts. A common form of agency occurs in the sale, purchase and leasing of real estate

“As Is”

Selling the property without warranties as to the condition and/or the fitness of the property for a particular use. Buyers are solely responsible for examining and judging the property for their own protection. Otherwise known as “As Is, Where Is” and “In its Present Condition.”

Auction

A preferred marketing option where you list your property without a price, supported by very intensive marketing leading buyers to the auction day where they must bid against each other to successfully purchase your property in an unconditional situation. / A public sale of property in which prospective purchasers bid until the highest price is reached.

Auctioneer

Person holding an auctioneers license and able to conduct and call auctions.

Bid

A verbal offer to purchase

Building Inspector

An authorised person who is responsible for checking buildings in the course of construction and completed buildings to ensure that they have been constructed in accordance with building control provisions.

Caveat Emptor

‘Buyer beware’, that the risk in a property transaction lies with the purchaser.

CMA

Current or Competitive Market Analysis (CMA), is a written price comparison of your property with others that are for sale or were recently sold.

Chattels

Items of property that can be physically removed from your house or business because they are not attached to it in some way. Examples may include fridges, curtains, carpets, easily removable light fittings and wall heaters, and sometimes furniture. If chattels are to be included in the sale, the seller should specifically state this in the Sale and Purchase Agreement.

Conditional Contract

Any contract that includes conditions that must be satisfied before the parties become bound to carry out the terms of the contract. The contract is called “conditional” until the conditions listed are satisfied. Both the buyer and the seller can put conditions in the offer. Buyers often ask for conditions about checking the Certificate of Title, and getting finance or a building consultant’s report. A conditional contract is still legally binding, but the obligations under it are suspended until it becomes unconditional.

Commission

The fees for selling the property - payable by the seller, to the real estate company.

Contract

A contract is a legally enforceable agreement. Used in Real estate to mean the Sale and Purchase Agreement.

Cooling Off Period

A short statutory period after the contract is made, during which the purchaser may cancel the contract unconditionally. Does not apply in the case of auctions.

Deposit

Percentage of total consideration, or an agreed amount, paid on exchange of contract for purchase of an asset.

WHAT'S THAT MEAN?

Excluded Fixtures

Items that are presumed to stay with the property when sold but have been specified on the contract as not remaining.

Fixtures or Fittings

Items of property that are attached to the house or business because they are permanently attached in some way (by nails or wires for instance). Examples are the stove or oven, built in furniture, light fittings, fitted carpets and TV aerials.

Freehold

A freehold property has a clear title of ownership and is not subject to lease.

Included Chattels

Moveable items you decide to sell with the property, such as pool equipment, fridge, freestanding glasshouse, shed or playhouse, dishwasher etc. These are noted in the contract if they are included in the sale.

Leasehold

Sometimes land is subject to a lease. The owner of the land leases to the tenant for a fixed rental sum for a fixed period, eg. # years.

Listing Authority

A contract between the owner and the real estate company marketing the property, detailing the length of the agency, commission rate and any additional costs. The type of marketing method to be used is assigned and a summary of information about the property is detailed on the listing authority.

Marketing Fees

Money paid by a seller that goes directly to increase advertising spread.

Marketing Program

A promotional package put together to give a property exposure to the market. It may include advertisements to be used, a calendar of dates for advertisements, open homes, buyer contact and service.

No Price Marketing

Usually called 'Auction', 'Tender' or 'For Sale by Negotiation'. The price is not revealed to buyers during the marketing promotion. MWP - Marketed without a Price.

On the Market

During a real estate auction when the bid has reached the vendor's reserve price the property is announced as 'on the market' and is going to be sold at that auction.

Passed-In

If a property is not sold at auction because the owner's reserve price has not been reached, it is passed in.

Reserve Price

The reserve price is the minimum price the seller will accept for their property at the auction. This is kept confidential between the seller, listing agent and auctioneer.

Trust Account

A legislatively required bank account where monies are held by an agent for or on behalf of another person e.g. deposits, rental etc.

Valuation Report

A document that records the instructions for the assignment, the purpose and basis of the valuation, and the results of the analysis that led to the opinion of value. A Valuation Report may also explain the analytical processes undertaken in carrying out the valuation, and present meaningful information used in the analysis. Valuation Reports can be either oral or written. The type, content and length of a report vary according to the intended user, legal requirements, the property type, and the nature and complexity of the assignment. The terms, Valuation Certificate and Valuation Report, are sometimes used interchangeably.

Vendor Bid

A type of bid at an auction which is made by the auctioneer on behalf of the vendor and clearly disclosed as either a Seller or Vendor bid.

■ THINGS TO CONSIDER

- There is no cooling off period when buying at Auction.
- Ensure you have your finance arranged prior to the Auction. Know your limits.
- Always speak to the Listing Agent about the deposit required at least a week before the Auction.
- Consider obtaining a Pest and Building inspection prior to the Auction as a standard contract does not allow a sale to be subject to a Pest and Building inspection.
- Only bid within your means but bid strongly and confidently.
- If the property is passed in, the property is then on the open market and the highest bidder does not have first right to buy the property.
- You have the best chance to buy the property for the best price at Auction as the terms and conditions are favourable to the seller, therefore it has been shown they are more likely to accept a sales figure on the basis of the terms
- If the property is passed in you are able to make an offer with conditions on it; however, you need to act quickly as typically, the ideal time to submit conditional offers is immediately after the Auction has concluded.
- The Auctioneers decision is final in all matters relating to the Auction.
- Make sure yourself and any other decision maker is available for the Auction and only rely on the judgement of yourselves. Do not allow other parties who are not purchasing the property to distract or influence your decision.
- If you are not sure about anything, ask your Marketing Agent or the Auctioneer, as they are there to help.



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