

FAQ - Thinking of Buying at Auction?

What is a Real Estate Auction?

Auction is a form of marketing through intensive advertising mediums designed to capture the maximum attention of buyers within a set time frame. The process is a means of purchasing real estate through transparent public negotiation to determine the true market value of the property.

What is the Reserve Price?

The reserve price is usually set on the day of the auction by the vendor. The reserve is generally established by the intending purchasers' feedback. Once the bidding exceeds the reserve price the auctioneer is authorised to sell the property to the highest bidder.

How do we bid at the Auction?

Simply attract the attention of the auctioneer by either putting up your hand, calling out your bid or signalling to the auctioneer when he/she catches your eye. You may bid by telephone or you may instruct a licensed real estate salesperson to bid on your behalf (authority forms need to be completed for these two options prior to the auction).

The auctioneer usually nominates the amount of the bid. If you are the successful bidder, you will be asked to pay the deposit and sign the contract. It is a good idea to discuss a bidding strategy with your salesperson prior to commencement of the auction.

Can I buy before Auction?

Yes, in most cases you can. You simply submit your offer to your Harcourts salesperson on a sale and purchase agreement and if the price and conditions are agreed to the contract is then completed and the property is sold before auction. If other prospective purchasers have registered an interest in the property, the listing salesperson will be obliged to follow an industry 'Best Practice' process that ensures each purchaser is given a fair opportunity to buy the property. Your Harcourts salesperson will advise you of this process at the time of making your offer.

I can't buy at Auction because I have to arrange finance

You can organise through your bank, approval to bid up to a price that you are prepared to pay. This is simple to organise and only takes a couple of days. It may well involve you having to get a registered valuation on the property. Your Harcourts salesperson can recommend the services of a mortgage broker for this, if you require.

I want to buy a property at auction but I have a house to sell

There are two options. If you are in a sound financial position you may organise a bridging loan. This will provide you the finance needed to buy the property at auction without first selling the property you currently own. The other way is to agree with the owner prior to the auction to buy on a longer settlement date, giving you time to sell your house before you need to pay for (settle) the house you intend to buy.

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

This is the price YOU are prepared to pay. Other people will perceive different amounts. Generally, your price will be established by what property has sold for around the area and also the particular features that the home offers you.

What if the house doesn't sell?

If the reserve price is not reached, it is passed into the highest bidder who then has the first right to purchase the property immediately after the auction at the reserve price. If the highest bidder declines this opportunity the property is then offered for sale to all interested parties.

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

The auction contract is available prior to auction for your perusal and to take advice from your solicitor. At Harcourts we use the form prepared by the Auckland District Law Society and the Real Estate Institute of New Zealand and used commonly throughout the country. The usual requirements for the purchaser at auction are:

1. 10% of the purchase price paid as deposit (either by cash, cheque or internet payment).
2. Settlement on the date nominated by the seller prior to the auction.

What if I need a LIM report?

We request our vendors to provide a LIM on auction properties. In most instances these are available from our sales consultants throughout the marketing campaign.

If you have any further questions about how to purchase a property at auction please contact your Harcourts salesperson or one of our experienced auctioneers.