



AUCTION SERVICES
WESTERN AUSTRALIA

A GUIDE FOR BUYERS

It's Your Call!



HOW TO BUY AT AUCTION

Your bid (offer) must be cash unconditional so organise your finances before the day. Know how much you are willing and able to offer.

On the day, if you want to buy the property, you must bid!

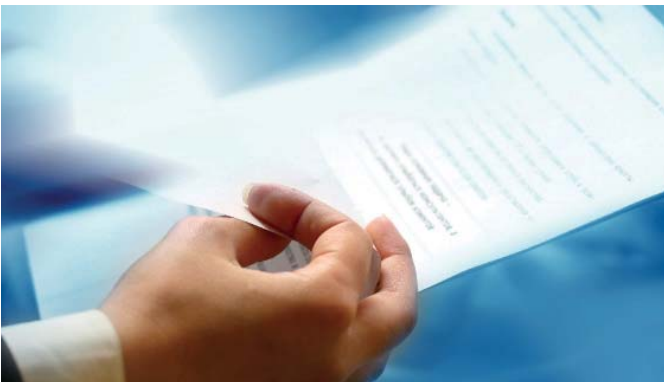
You must make yourself known at the auction so that your bids can be recognised. All you need to do is raise your hand in the air whenever you want to make a bid. The auctioneer will then recognise your bid before calling for others

The auctioneer will clearly state when the property is on the market and is going to be sold.

If your bid is the highest and is above the vendor's Reserve Price, you will purchase the property. Be prepared to pay a deposit immediately. Make sure you are aware of the deposit terms, it will either be a fixed amount or a percentage.

If you are the highest bidder, but bidding has not yet reached the vendor's Reserve Price, you may get the opportunity to purchase the property at the Reserve Price under auction conditions or negotiate a price with the vendor.

However, if the property is Passed In, then the vendor, through their agent, is free to negotiate with all potential buyers at the auction.



WHAT IS AN AUCTION?

Auction is a process which allows interested buyers to make competitive bids or offers, which establish the true market value of a property, in an open, transparent and public environment, under the guidance of a skilled auctioneer.

Real estate auctions have become one of the most popular methods of buying and selling property in Australia, with substantial advantages for both the buyer and seller.

BUYING AT AUCTION

Does the word auction make you nervous? It shouldn't. While most people only focus on the auction day, sale by auction is really a four stage process that gives you four opportunities to buy.

STAGE 1 - BEFORE THE AUCTION

If you really want a property you can make a reasonable offer before the auction. Vendors can accept an offer at any stage of the auction process and many are very happy to accept genuine offers before the auction. One major benefit of making an offer prior to the auction is that you reduce the risk of competition from other buyers.

The other benefit involves your finances. To be able to bid at an auction you need to have your finance already organised as your bid (offer) must be cash unconditional - it can't be subject to finance or subject to sale. If you don't have the funds available you cannot bid, and you have to hope the property gets Passed In so that you have a chance at making an offer. This can be a risk.

If you won't be able to make a cash unconditional offer at the auction it makes sense to make an offer earlier.



STAGE 2 - AT THE AUCTION

You can join other potential buyers and bid for the property on the day. If you want to do this you must make sure that you are a cash unconditional buyer.

If, for some reason, you cannot attend the auction you can have someone bid on your behalf, or you can bid via telephone, but you must notify the auctioneer as there may be paperwork to be completed.

If you are unfamiliar with auctions you should attend several other auctions to view the process beforehand. You will notice they follow a similar format - the auctioneer goes through the terms and conditions of the auction, then calls for an opening bid. Buyers bid back and forth until the property is sold under the hammer.

If there are no bids, or the bidding stalls, the auctioneer may make a Vendor Bid - this is a bid on behalf of the vendor and must always be



declared as such. The auctioneer can legally make up to 10 Vendor Bids, with the intention of bringing the bidding up to the Reserve Price - this is the price below which the vendor will not sell.

Buying at the auction has several advantages for a buyer:

You get to decide where you are comfortable bidding to and you get to see what others are prepared to pay. You know you are paying a fair market price.

Negotiation is transparent to all, nothing is hidden, all buyers get equal opportunity.

Vendor Bidding helps you get to the Reserve Price and also helps you understand where the vendor will look at offers.





STAGE 3 - AFTER THE AUCTION

If the property is not sold under the hammer it will be Passed In and the agent may ask all potential buyers to present their offers at a set time soon after the auction. Making an offer at this stage is also beneficial if you are unable to make a cash unconditional offer during the auction, but waiting until this stage can be risky. Firstly, you have to hope that the property is Passed In and not sold under the hammer. Secondly, it is still a very competitive environment, as any unsuccessful bidders and other conditional buyers may also have the opportunity to present an offer.

STAGE 4 - PRICED FOR THE MARKET

If the property is not sold in any of the previous stages it will be put on the market at a price determined from feedback received during the auction campaign. Any interested buyers will be able to make an offer.

If you have any further questions regarding buying at auction, please contact Auction Services WA.