

SOLD!



AUCTION SERVICES
WESTERN AUSTRALIA

HANDBOOK FOR AGENTS

It's Your Call!





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A Handbook For Agents

I believe that the best way to sell anything is by Auction. Contrary to popular belief Auctions are not property orientated, they are not price orientated, they are not even product orientated. An Auction is simply a selling process, probably the most powerful selling process in the world.

You name it, anything with value is auctioned because of the power of the process. Think about it, what do we sell by Auction?

- Property
- Art
- Antiques
- Race horses
- Jewellery
- ebay
- Cars

Why would you use an Auction to sell property? Essentially it is a four stage process that gives you four chances to sell a property, usually in a quicker timeframe and at a better price than the standard method of selling.

Auctions suit any type of property, not just elite properties and can be used in any type of market.

The Auction Process is just one of the many options available to sellers yet most people stick with the standard method. Why is this? The answer is: Most agents don't even understand the process so they fail to even mention it.

In order to act in the seller's best interest, You must present all the available selling options and explain them in detail.

When you present the options to the seller you won't have to lead them because your Auction presentation and explanation of the four phases will be enough for them to say "why isn't everyone selling by Auction?" My answer to that is "exactly"! Most sellers end up choosing the Auction Process simply by saying "Why wouldn't we?".

In this handbook we will highlight the features, benefits and guidelines that occur at each stage of the Auction Process to ensure a successful Auction campaign. This information is for agents only and is designed to equip you with the relevant tools and activities. The handbook is not to be given to your sellers.

Ryan Thompson
Auctioneer

“ The Auction Process gives the seller a chance at a great price. ”





PHASE 1 - Marketing Phase

Many properties sell prior to Auction. In the first stage of your Auction campaign, you actively promote the property to generate interest. You can present offers at any stage of the Auction Process.

BENEFITS

1. High impact marketing campaign (8 – 10 weeks of activity condensed into 3 – 4 weeks).
2. Pre-determined marketing campaign. You know exactly what you will need to do and when.
3. The property gets put on a pedestal above other properties on the market. (Think bigger, better, more frequent adverts and editorial).
4. Not providing a price gives you something to talk about with buyers. This is usually initiated by the buyer (how much do they want for it?).
5. No price means more buyers (the property is not boxed into a particular price category). This means more buyer activity.
6. Urgency – The Auction date puts a time frame on when buyers have to inspect the property and make a decision (pay by date).
7. Property gets judged on its merits and not on its price.
8. Sellers dictate the terms and conditions, e.g. deposit, settlement date. This can be varied by special request from qualified bidders.
9. Pre-Auction is a competitive environment for two reasons:
 - i. Some buyers fear losing the property on Auction day.
 - ii. There may be multiple offers prior to Auction Remember when writing up offers prior to Auction, all other interested parties must be given the same opportunity to make an offer.

Suggest that sellers do not counter any offer prior to Auction (otherwise they are disclosing their reserve price) and only take cash unconditional offers prior to the Auction (unless otherwise agreed by seller).

All you would say to the buyer is that the offer is not enough and they need to increase their offer in order to secure the property or take their chances at the Auction. This in turn will motivate them to pay more.
10. Keeps the control of the sale in the favour of the seller as negotiation is going upwards.
11. Opportunity to contact buyers on a weekly basis, touching base as to how their motivation, finance, research, conditions are going.
12. Timber Pest / Building Inspections and any valuations are done prior as the Auction process forces buyers to become unconditional if they want to take ownership.

ACTIVITIES

- Draw up a calendar of events for the marketing campaign and pass it onto the Seller to keep you accountable.
- Must be advertised “unless sold prior” otherwise you cannot sell prior to Auction.
- Provide SELECT sales evidence that indicates the probable selling price. I recommend showing six recent sales: two well below the expected sale price, two on the money, and two above. This can be used as a hand out at the home open and the Auction day and it can also be used to send to internet enquiries (Scripts 1).
- Work with buyers on a weekly basis to get them motivated and to get their finance organised and other conditions satisfied prior to Auction (script 2).
- All buyers need to be qualified as to who they are: buyer, seller, neighbour, spectator and questioned as to what they think the property may sell for or where they see value, whether they are interested or not.
- This feedback is then provided to the seller in writing by way of a Vendor Report on a weekly basis and discussed at length to establish where the market is indicating the probable selling price to be.
- The reserve price is then based on this feedback. If seller sets a high reserve, you may need multiple reserve setting meetings using up to date sales and buyer/market feedback to get the reserve aligned with the market (use the Auctioneer to be the 3rd party or “bad cop” if needed). Usually if the Auction

SCRIPTS 1

Buyer: “So what do they want?”

Agent: “The sellers have asked me not to lead people on price. Although they want the highest possible price from the market, they want the property SOLD.

However we have some SELECT recent sales that indicate the probable selling price. Here you go.”

SCRIPTS 2

Buyer: “So what do I have to do to bid at Auction?”

Agent: “Well first of all you need to have your finance all in order. Do you need finance?”

Buyer: “Yes I do”

Agent: “OK you need to go to the bank and get them to give you unconditional finance approval. Just tell them that you have found a property and want to buy it at Auction. They will then qualify you to the amount you wish to pay and possibly order a Valuation on the property” (you can take the select sales evidence with you to show the bank).

Buyer: “So can I have a building and termite inspection?”

Agent: “Sure, the sellers are happy for you to effect any inspection on the property whether it be a valuation, building inspection or termite inspection, provided it is before Auction day.

doesn't sell its due to the agent not giving the seller accurate and honest feedback - “warts and all”. Remember to tell them what they need to hear not what they want to hear - “go ugly early”.

- Have a prize (a bottle of Moët) for the person who guesses the closest sale price!
- Organise a coffee van as a draw card to attract people and encourage the perception of a popular Auction.
- Make sure you send an invitation to the neighbours and your database to attend the Auction. It may also be a good idea to ask the seller to invite family and friends, and don't forget staff from your office.



PHASE 2 - Auction Day

This is your second chance to make a sale “under the hammer”.

BENEFITS

1. This is your second competitive environment.
2. Impulsive/ego bidding on the day created by a competitive environment can boost the price.
3. Negotiation can be done on the floor during the Auction between buyer and seller whether or not reserve has been reached.
4. If the reserve hasn't been reached the highest bidder may get the first right to buy the property at the reserve price (with seller's permission the reserve can be disclosed to highest bidder for this reason).
5. All bids are to be considered to be on a cash unconditional basis.
6. Vendor bidding – In WA the Auctioneer may bid up to 10 times on behalf of the seller providing the vendor bids are disclosed.
7. Home open 30 minutes before Auction (busy property looks popular).
8. Open, transparent and ethical negotiating in a friendly and welcoming environment.

“ Properties that go to Auction sell in a shorter time frame for the highest possible price. ”



ACTIVITIES

- Create an atmosphere, walk and talk during the Auction. It is important that the agent is talking to people in the crowd whether there are buyers or not. This creates the atmosphere.
- Negotiation will take place whether above or below reserve (personally and in private if you have to).
- Whether above or below reserve, always stop to negotiate further with the highest bidder. After all private negotiations, the result has to be announced in an open manner and the buyers have to be given another opportunity to bid whether below or above reserve.
- Property doesn't have to be called "on the market" when it hits reserve. However prior to selling the property, the Auctioneer must announce that the property "will be sold". This allows the underbidders one final opportunity.



VENDOR BIDDING

Vendor bidding is legal and a part of the process and:

- Can only be made below the reserve and up to 10 vendor bids are allowed (never on the reserve).
- Is a guide to what the seller will not accept.
- Vendor Final Bid is usually just below reserve. Some conditional buyers wait to see if the Vendor Final Bid sounds like good value before bidding or putting in offers.
- Vendor bidding can keep the Auction flowing.
- Vendor bidding is normally conducted through the Auctioneer.
- Vendor bidding has to be disclosed to Buyers.



“ Rather let it go off like a fire cracker than sit there like a lemon. ”

*Lee Woodward
(real estate academy)*



PHASE 3 - Conditional Phase

If the property is passed in you still have another chance of creating a competitive environment.

BENEFITS

1. Now it is open slather for cash buyers (especially the ones that thought they were the only ones at the Auction and thought they would get it for a bargain price after the Auction). Subject to finance buyers and of course subject to sale buyers all compete by submitting offers. Sometimes this can be the most competitive environment of all the four phases. If so, an awesome price can be achieved.
2. After the Auction the property can then revert to a tender by notifying all interested parties that offers will be presented at 4pm Monday. This will once again create a competitive environment and force buyers to pay the most they are prepared to pay.
3. Usually after a competitive environment at any stage of the Auction campaign, the seller has received the highest the market is prepared to pay.
4. Price meets motivation.

ACTIVITIES

- Text and email all buyers and let them know what happened at the auction and seek as many offers as you can, at the most that they are prepared to pay.
- Present all offers to seller and explain to the seller using all price feedback from buyers as well as any bidding or offers presented prior, what the market related price indication is so as to encourage acceptance of the highest offer.

Auction Fact:

“ Properties that go to Auction sell in a shorter time frame for the highest possible price. ”



This is when the property has not sold before, on the day or shortly after the Auction. This is when the property gets priced.

BENEFITS

1. Property now goes on the market at a price that has been researched from buyer feedback.
2. Property hits the market after 4 weeks, is market fresh and is at the right price and usually attracts an offer within a few short days or weeks after the Auction.
3. The sellers then have the option to rent, wait, or align price with buyer feedback to get the property sold.
4. If there is no sale, then the only reason is because the seller has not met the market/the market has not met the seller's expectation.

ACTIVITIES

- Advertise. "Passed in at \$950K" until price has been established.
- Be positive/focus on result/believe in the process





Advantages For Agents

1. Point of difference.
2. Profiling paid for by the seller (usually big \$\$\$ if you've done your job correctly).
3. Opportunity to grow your database through more people at home opens and crowds on the Auction day.
4. Pre-booked marketing campaign, better organised.
5. You look more professional having another dimension to your business.
6. Shows commitment, working harder for the seller than the average agent.
7. You have control as buyers usually initiate conversation wanting to know details about the Auction. If the property has a price, there is no need to engage the agent.
8. Four definitive opportunities to get offers/close buyers.
9. Adds confidence and great experience in your negotiating.
10. If it sells under the hammer you look like a super hero.
11. Buyers/sellers/neighbours can see you doing your best, and more than the average agent.
12. Paid quicker.
13. Unconditional contracts, no building or termite inspections for YOU to organise or deal with, no chasing banks, brokers, valuers, no more stress or waiting for finance to come through.
No more FINANCE FALL OVERS.
14. Usually 30 day settlement.
15. NO CONJUNCTIONS.
16. Use of Auctioneer to be bad cop/3rd party.
17. Show off your teamwork.
18. Motivates/educates sellers on market price.
19. Get away from price reductions, the process does it all for you.
20. Good luck becoming a successful auction agent. When in doubt call Auction Services WA.

Advantages For Buyers

1. Buyers get four opportunities to buy the property: prior, on the day, shortly after or when it hits the market at a price.
2. Buyers get to decide where they are comfortable bidding to and they get to see what others are prepared to pay. They know they are paying a fair market price.
3. Negotiation is transparent to all on Auction day.
4. Vendor bidding helps buyers get to the reserve and also helps them understand where the sellers will look at offers.
5. Buyers know they are dealing with a motivated and committed seller.
6. Buyers can plan, knowing the terms of the contract.
7. The contract is unconditional so sellers can't pull out.
8. Buyers are able to witness true market value as opposed to an unrealistic vendor price.
9. Free coffee!



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