

REIA Consumer Fact Sheet

Selling at Auction

What you should know before selling at auction

When selling at auction, many of the steps leading up to the purchase are the same as making a traditional purchase, therefore, it is important that in conjunction with this fact sheet you also read *Selling a home*.

Below are some important points to consider before selling at auction:

The auctioneer

The first step in selecting the right auctioneer is to choose someone with a proven track record in auctions and an excellent knowledge of the local area.

Generally auctioneers must be licensed in accordance with relevant State or Territory Government legislation. When your auctioneer is a Real Estate Institute member you know that you are dealing with someone who is bound by high ethical standards.

The agreement

The law requires that a written contract must be signed between the seller and the auctioneer. This 'Agency Auction Agreement' sets the reserve price for your property, how much commission you'll pay, and usually gives the agent exclusive rights to sell your property for a period after the auction in the event that post auction negotiations or advertising are necessary.

The promotion

The auctioneer is experienced in planning and arranging the marketing of property including advertising. The extent of the marketing campaign will depend on the amount you are prepared to spend. The auctioneer will clearly explain to you where and how your money will be spent.

Some tips for a successful auction

- Work out the appropriate advertising budget to ensure your property is widely advertised.
- Make sure the property is well presented because a potential buyer's first impressions are crucial to a successful sale.
- It is important that the contract be available well in advance of your marketing campaign. Advise your solicitor or conveyancer of your intention to sell your property at auction and have the contract ready to go.
- Allow the auctioneer to arrange as many inspections with prospective buyers as possible.
- Do not disclose or discuss your reserve price with anyone except your agent/ auctioneer.
- Advertising material should not refer to the reserve price.

The reserve price

You have the right to set the reserve price, below which the auctioneer is not permitted to sell. Consult with your auctioneer and agent when setting your reserve price as they will be familiar with recent sales of similar property in the area. Remember to be realistic when setting the reserve price, bearing in mind supply and demand in the area as well as other general market considerations.