

## **Why Sell At Auction**

Auctions are the most unique and valuable way of selling almost any type of personal property. Some of the most popular auctions are those that involve household items, or livestock or antiques. But auctions involve so many more possessions: automobiles, office equipment, art, machinery, industrial equipment, electronics. One very rapidly growing area is real estate. More and more people are buying and selling their homes and land by the auction method.

## **People are Flocking to Auctions**

Auctions are one of the oldest forms of selling property; their history spans centuries. And time has only increased their popularity. A research study commissioned by the National Auctioneers Association shows that auctioneering is an industry on the rise.

Did you know that more than half of the total U.S. population has attended a live auction?

In 2004, the value of all goods and services sold at live auction in the U.S. was approximately \$202.7 billion. This figure is up 6.8% over 2003 and translates into a huge number of satisfied buyers and sellers of goods.

They're entertainment at their finest. That's what most consumers say about auctions and that's the number one reason they attend. So what makes them so fun and entertaining? Some say it's the unexpected and the idea of experiencing something original.

All in all:

- 83% think auctions are an exciting way to get good deals
- 51% think they offer a great value on items
- 65% think auctions offer exciting items they wouldn't otherwise purchase
- 53% like the excitement of getting a good price

In addition, consumers find auctions fun because they're a rewarding activity for the whole family to enjoy. On average, consumers are willing to drive 1.3 hours to attend a live auction, with 75% bringing the family when they go.

## **The Value of Selling at Auction**

So how can auctions benefit you, as a seller? Why are they the best way to sell property? Well, there are a number of reasons

- **Speedy Process, Quick Turnaround.**

An auction is immediate. It happens during a set time and is completed during that time. It's quick and efficient.

- **You Set the Time and Place of Your Sale.**

It's as simple as that. You work with the auction firm to schedule what works best for you.

- **You Know Exactly When Your Property or Goods Will Be Sold.**

There's no wondering whether or not your property will sell. It WILL sell and it will sell during the set auction time.

- **Comprehensive Marketing of Your Property.**

Part of conducting an auction is marketing it to the general public to get as many people there as possible. Auctioneers have comprehensive mailing lists they use to market their sales. They run advertisements, distribute fliers and more. They are marketing specialists. A good marketing effort can easily bring 300 to 400 people to your auction, or more!

- **Buyers Come Prepared to Buy.**

Auction goers come with money in their wallets, pockets and hands and are prepared to come home with property. It's a seller's delight. For real estate auctions this is especially advantageous because buyers must qualify to buy through a deposit of a certified or cashier's check.

- **No Negotiations.**

There is no haggling over price or merchandise. The auction method is quick and efficient. When people bid, they make a commitment to buy the property at that price without discussion or debate.

- **No Leftovers and Little Clean Up.**

Every item at an auction goes up for bid and every item is sold. How many of you have ever had a garage sale and when you're finished, you spend hours packing up what didn't sell and looking for places to store it? With an auction, there's no worry about what to do with leftover items because there aren't any. This means very little clean up, also.

- **Competitive Bidding.**

Auctions motivate buyers to perform. People get caught up in the competitiveness of the bidding and many times this drives the price

of items higher. To some it's like a game, and they want to win at all costs (or hopefully for you, at high costs!) And did you know that 9 times out of 10, an auction brings in the fair market value, if not more, for any item put across the auction block?

- **Exciting Atmosphere.**

There's no more exciting atmosphere than an auction. Crowds of people competing for property, combined with that lively auction chant makes for some great entertainment and fun. (Give them a sample of your chant.) It makes people feel good and makes them feel like spending.

- **Auctions Work Well in Both Good and Bad Economic Times.**

People love auctions, because they love sales. Statistics show, in a good or bad economy auctions remain a steady force. When the economy is bad, the auction industry does not feel the impact: people still flock to auctions.

## **Hiring an Auction Company**

When you make the decision to sell by auction, the most important thing you must do is hire a qualified and experienced auctioneer or auction company to handle your auction.

There are thousands of auctioneers throughout the United States who offer a wide range of auction services to consumers. So what do you look for when hiring an auctioneer or an auction firm?

Experience is a critical element. How long has the auctioneer or the auction company been in business? What is their reputation? Look at their web site, if they have one.

Most importantly, look for an auctioneer who is a member of the [National Auctioneers Association](#). Most will display this logo on their business cards, signs, web sites and other business materials. The NAA is the largest professional association for auctioneers in this country, working for the betterment of the auction industry. It offers continuing education programs for auctioneers to help them keep up-to-date on the latest trends and technology for the auction industry.

The NAA also offers a wide range of designation classes to make auctioneers "specialists" in areas such as personal property appraisal, real estate, estate auctions and more.

All members of the NAA abide by a code of ethics that guarantees high standards to customers and fair business practices.

In short, this symbol means you have made the best choice when it comes to auction services!

### **When meeting with the auction company:**

- Ask about their contract or written proposal to provide you services. Get details on what is involved.
- Find out how the sale will be marketed. The success of the sale depends a great deal on the marketing effort behind it.
- Ask about setup and cleanup of the auction.
- Ask for references. And when you get them, check them out!

We work hard for our money, but most of us spend the majority of our waking hours working. Our money pays for our homes, our land, our automobiles, insurance, clothes, food, all of our possessions and so much more. So when it comes to selling those possessions and property, the smartest thing you can do is let an auctioneer help you continue to get the value you deserve. A professional auctioneer knows what land is worth, what household items and office equipment are worth, and what personal property is worth. A professional auctioneer will manage your sale so you can get a good value from these items in which you have invested your hard earned money.

You work hard for your money, and we will work hard for your money, too

**What Properties are Suited for Auction?** Ever wonder how you can tell if a property is well suited to auction? Think of your listing, then take the Two-Thirds Rule test!

### **Q. What properties are suitable for Auction?**

A. Most properties are salable by auction. All types of real estate, including residential property (e.g., town homes, condominiums, cooperative apartments and single-family homes), commercial and industrial property, vacant land and even boat slips are sold at auction. Not all property, however, is suited for auction. If a property will only appeal to a narrow market, auction may not be the most effective marketing method.

## **An Auction Self-Test: [The Two-Thirds Rule](#)**

One method to determine if auction is the best marketing strategy is the **Two-Thirds Rule**. This involves analysis of the market, property and seller situation. Generally, if two of the three parts (market, seller, property) lean towards auction, then auction should be offered to the seller as a sales option.

**Market (Buyers)** -- A good auction situation is one where the market is:

- A changing market
- A dull market; too much product but buyer interest is expressed
- Not enough of the property type (unique, lake front, etc.)
- An emerging market -- new developments could kick off a sales program, once some of the properties were auctioned
- A seller's market where there is known high demand and a lot of competition can take place

**Seller** -- A good auction situation is one where the seller:

- Needs immediate cash
- Has a partnership or marriage break-up
- Is moving out of the state
- Wants to liquidate an estate
- Is retiring
- Is an auction-minded seller
- Has a listing that is about to expire
- Has already purchased another house
- Knows the auction will bring a fair market price
- Has financial problems
- Has high carrying costs on the property

**Property** -- A good auction property is one that:

- Has a lot of equity (25 percent or more)
- Is unique -- there is enough buyer/market interest to encourage competition (unique properties are difficult to appraise)
- Has a lot of high carrying costs for the owner
- Is vacant -- vacant properties may encourage vandalism
- Is difficult to appraise

## **BENEFITS TO THE SELLER:**

- \* Buyers come prepared to buy
- \* Quick disposal reduces long-term carrying costs, including taxes & maintenance
- \* Assurance that property will be sold at true market value
- \* Exposes the property to a large number of pre-qualified prospects
- \* Accelerates the sale
- \* Creates competition among buyers - auction price can exceed the price of a negotiated sale
- \* Requires potential buyers to pre-qualify for financing
- \* The seller knows exactly when the property will sell
- \* Eliminates numerous and unscheduled showings
- \* Takes the seller out of the negotiation process
- \* Ensures an aggressive marketing program that increases interest and visibility