

TIPS FOR BIDDING AT AUCTION

Purchasing a property is a big decision and can often be quite daunting. Auctions play a major role in how properties are sold in Australia so it is important to feel comfortable about bidding at auction. Here are some tips that will help you in determining a bidding strategy.

Don't strategise too much

We conduct thousands of property auctions each year and I can tell you that everyone is different. Don't get caught up in worrying about what will happen or how the bidding will unfold. Focus on what you are there to do and that is purchase a property. Be the first person to bid.

Bid with confidence

Many buyers sit back and wait. They want to get a feel for what is about to unfold. More often than not, it is the bidder that bids with confidence and without hesitation that walks away with the keys to their new home. If someone bids, come straight in with another bid. You have nothing to lose and everything to gain. Show your competition that you want the property at any cost.

Set yourself a base limit

If you are going to set yourself a limit make sure that limit has flexibility. As strange as that may sound, too many times I have seen bidders miss out on their dream home for \$1k or \$10k when the other bidder is at their limit also. In a very short time you will be happy for going that little bit extra.

Don't forget your identification

It is a requirement by law that you register for residential and rural property in NSW. The easiest way to register is with a drivers licence. If you don't have ID then you cannot register, so don't forget.

What happens if a property is passed in?

Whilst this is not a right of law, in most cases the highest bidder will have the first opportunity to negotiate with the vendor at the reserve price. Make sure you are the highest bidder so you don't miss out.

What is a vendor bid?

In NSW, the auctioneer is allowed to make one bid on behalf of the vendor. A vendor bid must be disclosed by the auctioneer. It is not the reserve price and does not indicate a price at which the vendor will accept. It is used in different circumstances to either start the bidding, increase the bid to a level closer to what the vendors will accept or position a property at a price at which the vendor will take bids nothing less than. Don't confuse this with the reserve price.

Why might an agent ask you to increase your own bid?

This is a common occurrence in today's market so don't feel uncomfortable about it. At some point in the auction, the estate agent may come up to you and ask you to increase your own bid. This may occur as your current bid may not be at a price at which the vendor will accept. Therefore, you may need to increase your own bid if you wish to purchase the property.

What if I want someone to bid for me?

If you would like someone to bid on your behalf it is best to give them power of attorney to do so. If this is not appropriate you can sign a letter that authorises the bidder to bid for you. It is important to think who will sign the contract and how you will pay the deposit if successful. Both the bidder and the purchaser will need to show identification.

I will be buying in a company name

It is imperative that the company directors sign a letter, on a company letterhead that authorises the bidder to bid for them at the auction. The ID for the company is the ABN/ACN and the bidder will still need to show their drivers licence to register. This all needs to happen even if the bidder is the director of the company.
