

To auction?

## To auction?

**The two most common options for selling a property are the ceiling price approach or auction.**

The ceiling price method is like a bartering system that can take place over a period of time. The owner puts their price on the market and the consumer can basically scout through the marketing and know exactly how much the seller is looking for. Normally in this scenario the buyers will come in with offers subject to conditions. The seller generally negotiates downwards and the buyer negotiates upwards. Typically, a figure is reached somewhere in the middle.

Auctions are more like pressure cookers that can yield impressive results. With auctions the benefits for a seller are that there are absolutely no conditions, so a buyer who buys under the hammer at auction has a certain sale. Also, by having no price, buyers are making an assessment on the property and the value of the property and their desire to want that property. Competition comes into play in a big way.



auction environment, buyers think the opposite. They ask themselves, 'What is my walk away price? If I don't get it for this, I'm prepared to walk away.' But the beauty of an auction is that competition and the power of the moment come in and an auction can become the maximum price a person is prepared to pay.

At auctions buyers can reach their walk away price but in the moment, they make a decision to go in excess of that. A house that would get \$799,000 on the market, may get \$835,000 under the hammer.

There is no doubt that the unlimited chance is in an auction. There's a lot of pressure with it, but that's just compression of time. It doesn't have to take six months when in four weeks you can get an outcome on price, and you can make a decision to release the property or not.



As there is no price, competition can push the price up to a point where you can actually exceed a price that would normally be achieved and allowed through with banks and valuations.

Auctions therefore can be a very useful method of sale, especially with properties that are difficult to price or very, very desirable or very unique or in a brilliant location and many people want it.

With a property for sale with a price of \$489,000, a buyer will immediately think, 'What will I get it for?' and some people have some creative imaginations of how low something can go. Whereas in an

