

# Go On... Have a Bid

Despite the growing popularity of auctions as a selling method, less than 3 per cent of residential property in WA sold via auction. Most folk continue to opt for sale by "Private Treaty" when it comes to selling their home. This method of a seller declaring an asking price (either fixed, a price range, no price or price guide) invites offers to buy and negotiations begin from there. Often, the settled sale price is a figure below the original asking price and measured by the market discount.

Conversely, a considered marketing campaign that includes an auction aims to move the buyers' expectations on price from a level marginally below the market price upwards and through competition sell at auction above the seller's reserve price. Obviously, not all auctions end so optimistically. Many are passed-in, some fail to attract a single bid but importantly, in many cases, the auction process itself teases out the eventual buyer.

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Properties offered for sale by auction provides the seller three opportunities to sell; prior to auction, under the hammer on the day or after auction and on this basis alone an auction offers clear advantages. A buyer fearful of being bid up on the day in competition will be keen to secure the property prior to auction on agreed terms. Or, buyers not able to bid at auction (they have to first sell a property in order to buy for example) can negotiate a sale post auction if it fails to sell on the day. At the moment, selling times for auctioned properties are 26 days faster than the average.



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For unusual properties, those that are difficult to accurately assess value or highly desirable, rare properties are ideal candidates for an auction. The "no price" marketing campaign in the lead up to auction day provides the sellers with "coal-face" insight into buyers' opinions of value via their agent - invaluable in determining a reserve price. And once a desirable property passes the reserve price, a skilled auctioneer ought to be able to achieve the highest possible selling outcome.

For buyers, an auction is the fairest and most transparent method of purchasing real estate. REIWA member Auctioneers must abide by an Auction Code of Conduct that outlaws "dummy" bidding and the auctioneer should always declare a seller's bid. This gives buyers confidence in the auction process who are able to set their limits and compete in an open forum. Sale by Private Treaty gives buyers no such opportunity in circumstances where multiple offers are presented to a seller.

Most sellers who choose to sell by auction are keen to meet the market and given many buyers are often reluctant to bid, those that do have a great opportunity to acquire a property for a most reasonable price.