

'West' – 26 February 2011

MODIFYING THE RESERVE PRICE

Roz of Applecross has emailed in with this question: "If it becomes obvious during the auction the reserve price is not going to be achieved, how does the Auctioneer communicate to the Seller to see if a lower price would be accepted...do they have a secret code between them or is it agreed prior to the auction?"

Thank you for your question Roz. There's no secret codes as the auction process is extremely transparent and the reserve price must be 'in writing'. If the buyer's highest bid falls short of the reserve price and the gap between the two is not beyond reason, the Auctioneer will typically approach the Seller whilst the auction is "live" and ask if they wish to adjust their reserve price to meet the market...this is called "seeking instructions!"

If the Seller agrees to adjust the reserve price to the highest bid, this would then mean the property is "on the market" and is typically announced by the Auctioneer, along with other commentary such as, "We are now selling, the property is about to be sold!" The property would then get three (3) calls and if there is no further bidding, the hammer will come down and the property is sold! I trust this answers your question appropriately.

If you have a question relating to the auction process, please feel free to email me bookings@TomEszeAuctions.com

Tom Esze is the current REIWA State Auctioneering Champion

ENDS.