



Guide to selling by auction





Thinking of selling?

If you have a property to sell, please contact one of our offices who will arrange for a free, no obligation auction appraisal to advise if the property is suitable for sale by auction or an alternative method.

Why sell by public auction?

For the vendor there is the advantage of speed and certainty. A reserve price is set prior to the sale, which is the minimum price at which the property will be sold. The gavel will fall when the highest bid is reached. This is the point that contracts are legally exchanged and completion is normally set 28 days thereafter. The uncertainty of waiting for exchange is eliminated under auction conditions – if the property sells at auction, it is legally sold and binding. The price is set and neither party can change their mind once the gavel has fallen.

How is the price set and on what terms?

Selling at public auction can often achieve a premium with competition for the property and the excitement of the auction room all working in the seller's favour. The property is marketed with a guide price that is purely an indication of a likely figure that would attract interest and that the property may achieve. After analysing the interest through a detailed marketing programme, the 'reserve price' is set with you. This figure needs to be competitive to ensure a sale is achieved, and can be exceeded.

All legal documentation and essential information is available to the buyer prior to the auction in order that the buyer accepts the terms or will not choose to bid for the property. The terms are non-negotiable within the auction process: the buyer buys what they see and on the basis of the contract information provided.

What types of buyer attend the auction?

Auction sales attract buyers who can exchange on the day by paying a 10% deposit and completing thereafter. There are investment buyers, corporate buyers and private individuals within the room. An auction does attract tremendous interest and excitement. The aim of the auction process is to sell the property on the day and to provide assurance that if someone bids at an acceptable level, they will be committed to buying.

How is the property marketed?

Stags' extensive knowledge and expertise provides a high profile marketing programme and ensures a vast audience is targeted. This ensures that every lot we offer has the best chance of being sold at the highest possible price.

Our marketing also includes:

- High profile advertising in national and regional publications
- Specialist search facility for auction properties on stags.co.uk
- Website advertising through our own website and other online marketing portals
- Promotion to an extensive buyer database by phone, post and email
- Unique sale boards
- Stags will also attract additional buyers through recommendation and via past clients who are known to prefer buying at auction.

What happens if I am unable to attend the auction?

There is strong demand for all types of properties offered at auction. These may be properties requiring updating, those with short leases, development sites with or without planning permission, repossessions, forced sales, investment properties, farms and land, probates, receivership sales and local authority properties. However, any type of property can be sold at auction and initially, the property will be inspected to discuss specific criteria and its suitability. Extensive research will be carried out and advice offered as to whether auction is the appropriate method of sale.

What is the timeframe for an auction sale and what happens next?

Regular property auction sales are held each year throughout the region. The latest date for entering a property for an auction is usually six to eight weeks prior.

Once the instruction agreement has been signed, the property will be placed in the sale, a board erected and the marketing campaign agreed and commenced. Each seller's legal representative will be contacted to obtain a legal pack, which must be provided in advance of the auction. This pack should generally include special conditions of sale, title documents and plans, the local search, leases (if applicable) and any other relevant documents. All properties at auction are sold under General Conditions of Sale and a legal pack provided. These are details that are relevant solely to the lot being sold.

The marketing period ideally starts six to eight weeks prior to the auction. The details of all the lots to be offered in the next sale, including photographs of each property, viewing arrangements and any other relevant information will then be published. A few days prior to the auction, the reserve price will be agreed. This is the level below which we will not be authorised to sell.

What happens on the day?

The advertising campaign will help ensure a large number of people attend. The lots will be offered and the bidding

taken to the highest possible level and once the gavel falls, the contracts will be exchanged. The buyer purchases the property at the price they bid - this cannot be re-negotiated and the stipulated terms cannot be changed. The buyer will then usually pay 10% of the purchase price on the day and completion generally is set 28 days later. The funds are then paid to the seller less the fees of Stags and those of the seller's solicitor in the normal way. The atmosphere of an auction room can be extremely exciting and competitive and it is often the case that an interested party will bid in excess of the figure that had previously been set as their maximum. In many cases, the prices achieved at auction can be higher than may have been achieved by private treaty.

What happens if the property does not sell on the day?

If the property fails to reach its reserve in the room, someone may still wish to buy it after the auction. Offers will always be presented to the seller for consideration, and it is common practice for properties to be sold under auction conditions after the sale. The property may even be sold in the days and weeks after the sale as we continue to market the property.

If you require any further information as to how the auction process works, please contact your local Stags office.

Reserve

Lots will be offered for sale to an undisclosed reserve price (unless stated otherwise).

Definition of guide and reserve

Guide Price(s) are an indication of the seller's expectation.

Reserve Price(s) are a figure below which the auctioneer cannot sell the lot at auction. We expect the reserve will be set within the Guide Price range.

Guide Prices may change at any time prior to the auction.

