

# Newsletter

Harcourts Team Group

Team Group Realty Limited Licensed Agent REAA 2008



## The insider's guide to buying or selling at auction

**Whether you love the thrill of an auction or your knees tremble at the thought, auctions have become the preferred method of selling property in most of the major centres across the country.**

For those who are new to the process, buying or selling at auction can appear daunting. Don't be put off! There are many advantages, and a few tips and tricks, that you should know about before entering the auction room.

### The advantages of auctions for the seller

As a seller, an auction offers you the opportunity to achieve the best price in the marketplace in the shortest possible time. Here are some of the many reasons why selling at auction has become so popular:

- Marketing without a fixed price increases the number of cash-in-hand buyers who will look at your property.
- Buyers come to an auction with their maximum price in mind as opposed to focussing on how low they can negotiate the price down to.
- Auctions allow buyers to determine the value of the property rather than relying on a sales consultant or a valuer, which can potentially result in a price that is too low and leaves money on the table, or too high and the property remains on the market for an extended period of time.

- Auctions attract the best buyers in the market, the ones that are cashed up and ready to purchase on the day without imposing any conditions on the seller. A third of all conditional contracts fail to result in a sale which can be discouraging.
- Conditional buyers are not excluded from auction. If the seller doesn't get a suitable figure at auction, there is still the opportunity to have a conversation with conditional buyers afterwards.

### What to expect when you sell at auction

Your sales consultant will guide you through the pre-auction and auction process which should include:

- Informing you about what is happening in the market, specifically around your area and in regard to properties that are similar to yours.
- Taking you through every element of the marketing plan, from the images and text for the advertising through to the scheduling of open homes.
- Keeping you informed with daily updates and weekly face-to-face meetings.
- Providing you with a written report on the marketing campaign and interest from prospective buyers.
- Helping you set a realistic reserve price.

Remember, you're in control as the seller. You set the reserve. If bidding does not meet the reserve, you can decide if you want to enter negotiations.

### Getting prepared to buy at auction

A common perception is that auctions are good for sellers, not buyers, but this is not the case. As a buyer, you know exactly who your competition is and the negotiations are out in the open for everyone to see. If your bid is successful, the contract is signed then and there, and property is yours with no further negotiations.

To make the auction process work for you, it's important to arrive with your homework done. Here are some suggestions on how to prepare to buy at auction:

- Have your finances organised prior to the auction date so you know exactly what you can afford to bid. If you're successful on the day, you'll be asked to sign the sales agreement and pay a deposit, which is typically 10% of the purchase price.
- Organise a building inspection of the property you're bidding on and have your solicitor review the property title and all legal matters related to the prospective purchase.
- Review the auction documents beforehand.
- Research the local market so you can accurately assess the market value of the property. You may also wish to obtain an independent property valuation.
- If you're new to the auction process, attend a few auctions to see what goes on before attending the one for the property you're interested in.

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A buyer can submit a pre-auction offer to the property owner for their consideration. If they are willing to accept the offer, the auction date may be brought forward.

It's important to let the sales consultant know you are interested in the property so if another purchaser submits a pre-auction offer and the auction is moved forward, you'll be contacted. The reserve is set at the offer figure and the auction starts with that as the opening bid.

If no higher bids are received, the property is sold at the offered price, but if other buyers bid, the property will be sold to the highest bidder.

Regardless of whether you're a buyer or seller, the more research and preparation you do prior to auction, the more likely you are to put your best foot forward on auction day.

## Interest Rates

Lender	Ft.	1yr	2yr	3yr	5yr
Kiwibank	5.65	4.54	4.54	4.74	5.14
Kiwibank Special	-	3.79	3.79	3.99	4.39
ASB Bank	5.70	4.35	4.29	4.55	4.95
BNZ – Std, FlyBuys	5.80	4.69	4.59	4.79	5.39
BNZ – Spec Classic	-	3.85	3.79	4.05	4.45
ANZ	5.69	4.35	4.29	4.55	4.95

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## Wellington Property Statistics

Source: New Zealand Property Report - July 2019

Property Asking Price  
**\$695,273**  
Down 2.1%

New Listings  
**482**  
Down 0.6%

Housing Stock  
**905**  
Up 11.6%

Inventory of Listings  
**9 weeks**  
LTA: 17

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