

Newsletter

Harcourts Team Group

Team Group Realty Limited Licensed Agent REAA 2008



Buying and selling at auction.

Across New Zealand, auctions are a popular method for both buying and selling property. But an auction can seem daunting, particularly if you're a first home buyer or new to the auction process. Don't be put off though as there are many advantages for both buyer and seller.

Selling at auction

For a seller, an auction provides an opportunity to achieve the best price in the market in the shortest possible time. Auctions are often fast-paced with buyers bidding against each and driving up the sales price. Here are some of the other advantages to selling at auction:

- 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 focusing on how low they can negotiate the price down to.
- 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.)

Your Harcourts sales consultant will be able to guide you through the pre-auction and auction process and explain things like:

- What's happening in the market, specifically in your area and with properties that are similar to yours.
- All elements of your marketing plan, from the images and text for the advertising through to the scheduling of open homes.
- Daily updates and weekly face-to-face meetings.
- A written report on the marketing campaign and interest from prospective buyers.
- Setting a realistic reserve price.

Buying at auction

Many home buyers believe that the auction process only favours the seller, but that's not the case. Buying at auction means you know exactly who your competition is and all negotiations are done 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:

1. 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. Talk to your Mortgage Express adviser about securing a pre-approval before you attend an auction.
2. 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.
3. Review the auction documents beforehand.
4. 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.
5. 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.

6. 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.

This article was supplied by Mortgage Express
<https://www.mortgage-express.co.nz/blog/buying-and-selling-at-auction-0>

Wellington Property Statistics

Source: New Zealand Property Report - July 2020

Property Asking Price

\$735,324

Down 3.2%

New Listings

573

Up 18.9%

Housing Stock

842

Down 7%

Inventory of Listings

10 weeks

LTA: 16

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Interest Rates

Lender	Flt.	1yr	2yr	3yr	5yr
Kiwibank	3.40	3.30	3.54	3.54	3.94
Kiwibank Special	-	2.55	2.79	2.79	3.19
ASB Bank	4.45	2.55	2.69	2.79	3.19
BNZ - Std, FlyBuys	4.55	3.15	3.29	3.39	3.59
BNZ - Spec Classic	-	2.55	2.69	2.79	2.99
ANZ	4.44	3.15	3.25	3.39	4.25

As of 05/08/20

With access to over 15 lenders, six insurers and 150 loan and insurance products, our partners at Mortgage Express can help you find a home loan, a commercial loan or an insurance policy to suit. Get in touch with Mortgage Express to find out more.

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