

YOUR COMPLETE GUIDE TO **SELLING** **AT AUCTION**





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WE'RE HERE TO HELP

Auctions are a large part of the Harcourts real estate business. We believe they are the fairest, most transparent method of selling property and are designed to give sellers the best possible result. There are a number of benefits for buyers and sellers alike. Once you've decided to auction your property, this easy guide helps you get prepared for the day. To help you, we've gathered a list of considerations and 'frequently asked questions' from Harcourts' top auctioneers.

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THE BENEFITS OF SELLING AT AUCTION

The auction method of sale provides sellers with the greatest opportunity to obtain 'fair market value' or a premium price for their property. An auction campaign also adds structure to the property listing and sale process, and is regarded as the most effective way of marketing property for sale.

Here are some other benefits of selling at auction:

- Selling a property unconditionally and with certainty is a very valuable outcome for a seller
 - Premium prices are more achievable via auction
 - Auction pits buyer against buyer, forcing the price upwards...not buyer versus seller, where negotiations go in the opposite direction
 - When you sell by auction, you deal with premium buyers in the marketplace - those with cash
 - You don't just get one sales consultant working for you - you have the Harcourts manager, auctioneer and a whole auction team dedicated to achieving the best result for you
 - The seller remains in complete control: You set the terms and conditions, and you don't sell until you are satisfied with the result
 - An auction campaign occurs in an intensive, compact period. You can achieve in three weeks what can sometimes take three months.
- Should an auction listing not sell during the auction campaign, the chances of selling the property soon after are dramatically increased because of the enhanced amount of buyer enquiry that's generated through marketing for sale by auction. In addition to the benefits of being an 'exclusive agency', auctions have many other advantages, such as:
- The 'no price' aspect will attract more genuinely interested, cash-in-hand buyers
 - It allows sellers to plan ahead in the knowledge that a specific date has been set for the sale of the property
 - A sale by auction is unconditional and allows the transaction to proceed to settlement without delays
 - The property is neither overpriced nor undersold. Its value is determined by the market, in the form of bids or offers
 - A successful purchase requires the payment of a deposit on the day of auction. Market feedback will assist the seller's decision on a reserve price, whilst still allowing for the possibility of achieving a premium through buyer competition
 - The seller always has the option to accept an offer prior to auction, if a desirable offer is received
 - Prospective buyers will be focused on establishing the maximum price they will pay, not how little they should offer.



PREPARING FOR AN AUCTION

Auctioning your property is about so much more than simply showing up on auction day. There's a lot that goes into it beforehand, and marketing your property well is the key to achieving a successful result.

Your Harcourts sales consultant will walk you through your marketing plan in detail, from selecting images and wording to be used in advertising, to where the property will be advertised (online, papers, brochures, in office etc).

Your consultant will also get you to sign a copy of the REINZ best practice guide for auction and will give you a copy of the Harcourts Promise (the level of service you will receive).

Before you go to auction, you will hear from your Harcourts sales consultant on a daily basis and have a face-to-face meeting each week. You will have a written report that summarises all of these activities, along with the interest in your property.

Your Harcourts sales consultant will also keep you well informed of the current market, so that you can make informed decisions come auction day.



Holding an open home day before auction

Open homes are one of the most effective ways of marketing a property and attracting interest from a wide variety of buyers. When choosing to sell your home through auction, open homes are essential so that potential bidders can get a good feel for the home before committing to attend - and bid at - the auction.

Some of the advantages are:

- Controlled viewing times
- Open homes can create plenty of activity, even in a slow market
- Interest and activity can trigger urgency with buyers
- Your Harcourts sales consultant's time is put to best and most effective use. They have the opportunity

to talk to numerous people about your property and will get an idea of how many people will be registering to bid

- Comments from open home visitors can provide feedback on price, presentation and sales appeal, which will give you a range of information to go into the auction with
- It's a big advantage for your agent to turn up for your open home and the house is in full presentation mode.

For more tips on holding an effective open home, ask your Harcourts sales consultant for a copy of our Complete Property Selling Guide.

What is your role on auction day

- If you are available, it is recommended that you attend your auction. It's great to have you there if there are any last-minute questions.
- Some common questions buyers ask are "can we vary the deposit amount?" or "can we vary the settlement date?"
- Your Harcourts auctioneer will also want to confer with you, depending on how the auction is going. For example, if bidding stops below your reserve price, your Harcourts auctioneer will want to discuss next steps with you. People make better decisions when they too can see and feel the rhythm of what's unfolding in front of them.

GETTING TO KNOW YOUR PROPERTY

Your Harcourts auctioneer

Your Harcourts auctioneer should be introduced to your property much like your Harcourts sales consultant has been. They should walk through the property, understand the features of the home and really understand why a buyer would fall in love with it. That way they'll be able to better represent your home to buyers. This information will assist the auctioneer in developing a strategy for auction day.

They'll ask your Harcourts sales consultant detailed questions about it, such as how many inspections have been held, what kind of interest the home has received, valuations done or any building/pest inspections. These discussions usually take place at your 'reserve set' meeting two to three days prior to your auction.

They will discuss with you all the possible scenarios of what can unfold on the auction day itself, so you get no surprises other than the result you achieve.

The Reserve Price

It's important for you to understand and be clear on what your reserve price is, and how it will be used during the auction. Your Harcourts auctioneer will explain this to you in detail and will develop a strategy for the auction, based around the reserve price. Remember, your Harcourts auctioneer will be working to ensure you get the best price possible for your property.

It's important not to openly discuss price with others, to reduce the risk of a price leaking out into the market. The auction should focus on the property, and price should become a secondary factor to buyers. Remember, at all times during an auction, you're in control. It's about finding the best buyer at the best price, and if the highest bid is at an acceptable level, then you can take it and sell. If not, the property can be passed in and negotiations with all interested parties can begin. Or you can deal with the highest bidder at your discretion.

However, auction provides you with the best chance to sell your property without undesirable terms and conditions, so the reason for not accepting the highest bid or offer on auction day should be greater than the reason why your property is for sale in the first place.



PROPERTY MARKETING

When it comes to marketing your property before auction, the rule seems to be that 'more is more'. The success of your auction can be largely dependent on your marketing campaign.

Harcourts' latest research shows a direct correlation between the amount invested in marketing versus how much interest is generated for a property, and what price is achieved. In general, properties that sell in the shortest timeframe are auction properties. The marketing is designed to go the full width and breadth of the market (both active and passive buyers) to ensure all prospective buyers have had an opportunity to engage with your agent.

Harcourts focus on highlighting the positive aspects of your property across a range of media to ensure we reach the widest number of potential tenants. We offer an extensive range of media options for presenting your property.

We work with you to develop an effective and cost efficient marketing plan including online options, giving your property the highest possible profile – obtaining an optimised return and the best property and buyer match.

Making certain your property is seen by one and all is a key strength of Harcourts. We accomplish this with a referral network that's second to none.

With over 780 offices internationally we have a multitude of Sales Consultants who are capable of accessing your property details to send qualified prospective buyers.

The Harcourts One system allows this process to happen immediately, so your property is quickly seen by a huge number of people around the globe.

TECHNOLOGY

With successful real estate businesses based around establishing excellent personal and professional relationships, strong paths of communication are a necessity. Thanks to our exceptional level of technological support, Harcourts sales consultants have the ability to quickly access vital information and communicate this to prospective purchasers. It's this capability that keeps Harcourts at the forefront of the real estate industry.

Information at your fingertips

The Harcourts New Zealand website receives hundreds of thousands of unique visitors every month - more than any other real estate company website in the country. These aren't just domestic enquiries, however. There are also a large number of international visitors.

The majority of these prospective buyers shop at their leisure and have definite ideas about exactly where they want to live, what kind of home they want and what they can afford to buy.

The comprehensive information provided on the Harcourts website offers potential buyers a detailed property search with virtual and video property tours. And that's just the start.

The highest visibility - from the moment you list

List your property with Harcourts and it will be entered into our own listing system, Harcourts One. This system is used by every office in our group, and enables buyers and sellers to be matched far more effectively.

Of course, your home will also be automatically listed on our website. The comprehensive detail of each listing enables potential national and international buyers unparalleled ease of access.

With just a few clicks of the mouse, a virtual tour affords these buyers the opportunity to visit your property without ever leaving their computer.

A buyer-seller matching system that can't be beaten, Harcourts also offers the services of your own personal online account - an intelligent, reliable system that automates the process of matching buyers with properties that meet their criteria. And it's all done fast, automatically and confidentially.

Mobile technology - your Client Login

The Harcourts Client Login service is a portal for exclusive Harcourts clients that allows you to keep up-to-date with everything happening with your property. It provides you with a unique login for each of the properties you are listing for sale or lease, enabling you to access a range of data, documents and statistics on each.

It also houses the marketing plan and calendar, marketing reports and feedback about your property. In addition to this, all of the documents relating to the property are held there, and you can see how your property is performing on the various real estate portals where your property is marketed.





FREQUENTLY ASKED QUESTIONS

What if no one registers for/ turns up to the auction?

In this instance, your Harcourts auctioneer will pass the property in and inform any attendees of the next steps to take if they are interested in purchasing the property. In reality, this isn't something that happens very often. With a robust and well-thought-out marketing campaign, any home can attract prospective buyers.

What if nobody bids?

It's understandable that buyers might be nervous amid the excitement and pressure of an auction. This is why it's common for an auctioneer to be met with silence when asking for an opening bid. Some buyers will have a strategy and may wait to see what others at the auction might bid. So, to get the auction rolling, your Harcourts auctioneer may choose to nominate a starting bid - this is referred to as a 'vendor bid'. A vendor bid will only be used to create momentum during the auction, and cannot be used above the seller's reserve price.

What if the reserve price is not reached?

In this event, your Harcourts auctioneer can pause the auction and come and speak to you, the seller. They will go back to the current highest bidder and ask if they're prepared to increase their offer to a price at which you're prepared to sell. If the bidder is not prepared to do that, your Harcourts auctioneer will then ask if you're prepared to adjust your reserve price. That's why it's important for you to have a price in mind that perhaps you wouldn't be entirely happy with, but you are prepared to sell at. If neither of these scenarios happen, then a sale cannot occur, and your property will be what is referred to as 'passed in'.

What happens when the property sells?

After your Harcourts auctioneer announces the property as 'sold', it is then time to focus on the buyer. Your Harcourts sales consultant or auctioneer will then take the buyer aside and begin to process the contract of sale straight away. The buyer will then make arrangements to pay the deposit. As the seller, you will be required to sign the contract and the sale will be concluded.



COMPLETING THE SALE

Settlement generally takes place between you, the buyer and your legal/financial representatives. Officially, it's where ownership passes from you to the buyer, and the balance of the sale price is paid to you or your financial institution. As the seller, you would have set the settlement date within the contract of sale. Settlement usually occurs 30-90 days after the contract has been signed, depending on what has been agreed upon.

The buyer is entitled to inspect the property at a reasonable time the week prior to settlement, and as the seller, you must hand the property over on settlement in the same condition in which it was inspected.

On the day of settlement, your solicitor or conveyancer will exchange the following with the buyer's solicitor:

- Monies
- Transfer documentation.

Once settlement has been completed, your solicitor will register your discharge of mortgage and transfer, and the buyer's solicitor will register the necessary documentation such as transfer and mortgage with Land Information NZ. The next steps are to ensure you're well prepared for the move to your new home.

MAKING THE MOVE

YOUR CHECKLIST

Remember to cancel

- ☐ Telephone, internet and cable TV
- ☐ Gas, water and electricity (arrange a final meter reading)
- ☐ Newspaper delivery.

Organise for moving day

- ☐ Obtain supply of boxes
- ☐ Get packaging tape and heavy marker pens
- ☐ Arrange for furniture removal (get a quote, confirm date and time)
- ☐ Arrange care of your children on moving day
- ☐ Make suitable arrangements for any pets
- ☐ Arrange transit insurance, and contents and fire insurance for your new home
- ☐ Organise shifting times with the buyer of your old property and the seller of your new one.

Notify your change of address to

- ☐ Bank, credit card and charge card companies
- ☐ Post office for redirection of mail
- ☐ Elections registrar
- ☐ Registrar of motor vehicles and driver's license
- ☐ Tax department
- ☐ Insurance companies
- ☐ Hire purchase or finance companies
- ☐ Investment companies
- ☐ Local council

- ☐ Clubs and organisations
- ☐ Police (if you own and store firearms)
- ☐ Friends and relatives
- ☐ Magazine subscriptions
- ☐ Doctor, dentist, accountant, lawyer.

Don't forget

- ☐ Clean the stove and defrost the fridge/freezer
- ☐ Tidy the yard
- ☐ Ensure that the chattels that have been sold with the property aren't accidentally packed
- ☐ Disconnect all appliances
- ☐ Disconnect the TV aerial
- ☐ Return any borrowed items
- ☐ Throw out items that you don't intend on taking with you
- ☐ List valuable items for special care when moving
- ☐ Advise removal company of dangerous goods being moved (i.e. ammunition, petrol, spirits, chemicals)
- ☐ Securely pack all jewellery, money, special documents, papers (i.e. legal, tax, insurance etc)
- ☐ Set aside items you will need on the day of the move so you can take them with you (i.e. food, drinks, cleaning products, scissors)
- ☐ Pack each room leaving the boxes stacked and labelled with the room they are to be moved to. It is a good idea to write on each box a list of its general content

- ☐ Clearly label boxes containing breakables as 'fragile' and identify these to the removalists
- ☐ Pot and pack away any plants and cuttings you're taking to your new home
- ☐ Explain your packing procedure to the removalists and be at your new home when they arrive.

Don't...

- ☐ Put breakables or liquid-filled containers in drawers
- ☐ Overload drawers and make furniture too heavy to move (too much weight can result in damage to your furniture)
- ☐ Move netting, barbed wire, timber, wood, coal etc without special arrangements being made
- ☐ Store perishable goods where they might be overlooked or forgotten.

Make arrangements to

- ☐ See your solicitor or conveyancer to sign transfer / mortgage documents
- ☐ Enrol children in new school if necessary
- ☐ Coordinate the forwarding of any files from the children's previous school to their new one.

Organise for your new home

- ☐ Connect your gas, electricity and water
- ☐ Internet, telephone and cable TV connection.

The week before moving

- ☐ Remind and confirm dates, times and locations for furniture removal company
- ☐ Confirm moving in/moving out details and key exchange with your Harcourts sales consultant
- ☐ Say goodbye to neighbours.

One last check

- ☐ Nothing left behind?
- ☐ No clothes at the dry cleaners?
- ☐ No gear stored away from your property?
- ☐ Electricity, gas and telephone disconnected?
- ☐ Water turned off and no taps left running?
- ☐ Windows and doors latched?
- ☐ Keys with solicitor (if appropriate)?

After it's all over

- ☐ Have spare keys cut for your new home
- ☐ Make an insurance claim if any damage has occurred during the move
- ☐ Teach children how to get to their new school
- ☐ Enjoy your new home and keep in touch.
We'd love to hear how you're going!

Find where you belong. Harcourts