

Buying at Auction

Before you bid at auction you must understand the process and satisfy yourself about all details relating to the property. If you are the highest bidder and your bid is accepted, you are obliged to purchase the property. If buying at auction you should have:

- Decided on a definitive upper limit that you are prepared to pay
- Conducted inspections
- Had legal documents checked by your solicitor/conveyancer
- Organised a bank cheque for the deposit
- Had finance pre approved

Bidding at Auction

In some states prospective purchasers who wish to bid at an auction for residential and rural property must register by giving particulars to the selling agent before they are permitted to bid. Bidders are issued with a bidder's number which is displayed when making a bid.

The vendor or the auctioneer on the vendor's behalf may make one bid which must be announced during the auction. This is called a vendor bid.

Bidding at Auction

If the property fails to reach the reserve price it is passed in. As a courtesy, the highest bidder is usually given the first opportunity after the auction to negotiate further with the vendor through the selling agent. If the highest bidder does not purchase at the reserve price the property will be placed back on the market for sale by private treaty.

Bidding on behalf of a purchaser

If you want someone else to bid on your behalf, they must give the auctioneer a written authority from you, before the auction starts. The letter must include your name, address and details of proof of identity, such as your driver's licence or passport.

Telephone bidding

The practice of bidding by telephone is allowed subject to compliance with certain procedures. A written authority must be given to the auctioneer prior to auction, containing an acknowledgement that the person on whose behalf bids are made, has been given a copy of the conditions that are applicable in respect of the sale, and the bidder is satisfied the person has been given a copy of those conditions. A copy of the contract must be provided to all successful telephone bidders after the auctioneer has signed it on their behalf.

Dummy bidding

It is illegal to make 'dummy' bids at an auction. If you make 'dummy' bids for the seller, you may be prosecuted and incur a substantial fine.

Bidding Tips

- Attend similar auctions in the week leading up to your auction, to better understand the system.
- Get a feel for the bidding process before you start.
- Establish a limit of how much you're willing to spend for the property.
- Know what's happening around you. Don't hide, otherwise the auctioneer may miss your bid.
- Bid with confidence. This shows people that you're serious about buying.
- The auctioneer will set the bidding increments, depending on the price bracket of the property. Bid in these increments if you can and don't raise the price unnecessarily.
- When bidding slows or stops at a figure acceptable to the vendor, the auctioneer may announce that the property is to be sold. The auctioneer will repeat the price several times before the hammer comes down and the property is sold.

Reserve price

Before the auction the seller will nominate a reserve price they are willing to accept. The reserve price is not revealed to buyers.

Passed in

If a property fails to reach the reserve price the property can be 'passed in' or withdrawn from auction. The agent will then negotiate with the highest bidder on behalf of the vendor.

Purchase at Auction

If you are the successful bidder, you must sign the contract and pay the deposit immediately (usually 10%). A cooling-off period does not apply if you buy at auction so it is imperative you arrange finance prior to the auction. Conditions of sale by auction may differ from state to state. Your agent can explain the sale by auction conditions in your area.