



GREEN GUIDE

YOUR GUIDE TO BUYING AT AUCTION

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A message from your Agent

Welcome to our auction campaign! For many buyers the thought of buying at auction makes them highly nervous, slightly confused and very wary.

Understanding this, we will try and keep things as simple and straight-forward as possible – because the beauty of auctions as a buyer is two-fold:

1. Everyone is competing on the same ground with equal terms in the contract
2. Auction day is the most transparent and fair way to negotiate and buy property

With this in mind, we want this to be an enjoyable and simple process for you. This guide has been specifically prepared to give you information on how auctions work for you as a buyer.

But we do recommend you do your own auction research – go and watch a few auctions (either in person or online) to get a feel for how they work.

We are more than happy to give you some dates and times of upcoming auctions to help get those butterflies to fly in formation!

If you have any questions, please don't hesitate to ask the auctioneer or me – we'd love you to buy this property!

Kind Regards and Good Luck



Justin Nickerson

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About your Auctioneer

Formally recognised as the leading auctioneer across Australasia, Justin is the only Australian to win the Australasian auctioneer of the year three times in the history of the award. He is also a five-time winner of the REIQ Auctioneer of Year award, again being the only auctioneer in the state to achieve this distinction.

Justin was also the winner of the inaugural Australasian auctioneering competition at AREC in 2018.

Justin's unwavering belief and understanding of the auction process is the cornerstone of his working relationships. His love of auctioneering translates to an energy that is irresistible on auction day.

Justin works hand in hand with some of Australasia's leading real estate businesses on an auctioneering and coaching level, with these insights forming the key foundation to his relevant and engaging training and speaking engagements.

2019, 2017 & 2016 Australasian Auctioneer of the Year
2020, 2018, 2017, 2016 & 2013 REIQ Auctioneer of the Year
2018 AREC Australasian Auctioneering Competition Winner
2015 Barfoot and Thompson NZ Auction Invitational Winner
2014 & 2013 Australasian Auctioneer of the Year Finalist
2017 & 2016 Qld State of Origin Representative

TIPS FOR AUCTION DAY

Purchasing a property is a major decision and the process can be quite daunting.

Auction day can be nerve-wracking for all involved, but remember the agent and auctioneer are there to assist you, and can even be your greatest allies on the day.

Here's a few tips that may help you secure the property:

1. Bid with confidence

The 'wait and see' strategy is a popular one amongst bidders but ultimately does little towards achieving a purchase. It's the confident bidder who doesn't hesitate, that in most cases controls the flow of the auction. You are much better to set the tone and show your competition that you intend to buy, rather than sit back and potentially be on the back foot.

2. Work with the Auctioneer

Although the auctioneer is employed by the seller, ultimately they want to achieve the same outcome as you - a sale. Ignoring suggested increments, interrupting and continually questioning if the property is "on the market" are not helpful to establishing a working relationship between both parties.

You are welcome to suggest any bid or amount you like, but remember the auctioneer may refuse a bid if it's deemed not in the seller's best interest.

3. Vendor bids

The auctioneer is legally allowed to make bids on the seller's behalf. A vendor bid must be disclosed by the auctioneer, who will use the words "vendor or seller" bid. It is not the reserve price and indicates a price that the vendor will not accept.

A vendor bid is used in different circumstances to either start the bidding, or increase the bid to a level closer to the vendor's expectations. Vendor bids are helpful because they give you a better idea of what number it's going to take to secure the property.

4. Increasing your own bid

During the auction, the agent or auctioneer may ask you to increase your own bid. This is common in the current market so don't feel uncomfortable. It may occur if your bid is not at a price the vendor would accept. Therefore, to successfully secure the property you may need to increase your own bid.

5. What happens if the property is passed in?

Most auctions have conditional buyers, who can't bid under auction terms and conditions, but are hoping the property passes in. Should the property pass in, everyone will have equal opportunity to submit their offer. If you can bid under auction terms and conditions, give it your best shot during the auction as it's the most transparent way to buy, and in most cases, less competitive.

We recommend you spectate at a few auctions prior to participating. Watch which bidders are successful and the tactics they employ. Contact your agent or the Apollo Auctions team for some upcoming auctions that you can attend.



68%
of opening bidders
are the successful
purchaser

REMEMBER

YOU DON'T HAVE TO BID JUST BECAUSE YOU REGISTERED,
BUT YOU MUST BE REGISTERED IF YOU INTEND TO BID.

How to register

To register, you'll need to provide the agency with your name, address and photo identification. Your drivers licence or passport is preferred. The agency may also request further proof of your current address.

The agency will record your details and provide you with a bidder number.

How to bid

Make sure the auctioneer can see you, and remember to hold your bidder number high and call out your bid in a loud, clear voice.

You can call out an exact amount, for example "\$570,000"; or indicate an amount you wish to increase the previous bid by, for example "Another \$20,000"

If the auctioneer calls the incorrect amount or misinterprets your bid, call out immediately to the auctioneer and clarify your bid.

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Some buyers have secured excellent value at auction simply because a cash-unconditional contract was a high priority for the seller, who chose to take the highest offer under auction conditions rather than consider conditional offers afterwards.



FREQUENTLY ASKED QUESTIONS

Can I buy before Auction Day?

Absolutely! In fact, up to 50% of auction properties are sold prior to auction day. However, the acceptance of offers prior to auction is a decision made entirely by the vendor.

If you wish to submit an offer prior to auction, please ensure you have undertaken all research and due diligence, as your best chance to have your offer accepted is to do so under auction conditions.

What if my offer is not accepted prior to auction? Have I wasted my time?

Definitely not. It may be that the vendor's price expectation sits above the market's expectation, or perhaps your offer is under-estimating the value of the property. Regardless, after the vendor has had the opportunity to see the full marketing campaign and the interest in the property on auction day, both parties will often re-evaluate their expectations.

What if I want to bid on Auction Day but cannot perform under the standard terms and conditions of the auction?

Property transactions are a process of negotiation, and buying at auction is no different. If you wish to alter the terms of settlement, deposit, inclusions or conditions of the contract of sale, just speak to the listing Agent.

However, ensure you do not wait until auction day as this may be too late; these conditions must be agreed upon by the vendor prior to you commencing bidding.

Although you are at liberty to request variations, these may not be accepted, especially if there is strong interest in the property. If your conditions are not agreed upon prior to auction do not be deterred. If the property is not sold at auction the vendor is often more receptive to conditional offers subsequent to the day.

Just as there are benefits to a seller who chooses to market their property by auction, astute buyers also may benefit by the process.

BENEFITS OF BUYING AT AUCTION

AUCTION IS THE MOST TRANSPARENT WAY TO BUY PROPERTY.

Less competition for the property

If a buyer is in a position to purchase at auction they may find there's less competition than if they seek to purchase a priced property. This is because some buyers are not in a position to buy under the cash-unconditional terms of an auction.

If a property "passes in" at auction (does not sell), often several buyers come forward afterwards seeking to buy with a range of special conditions attached to their offer. For example; finance approval, building and pest inspections etc.

This then places buyers in competition with each other post-auction. Some buyers have secured excellent value at auction simply because a cash-unconditional contract was a high priority for the seller, who chose to take the highest offer under auction conditions rather than consider conditional offers afterwards.

Transparent competition

With an auction, offers and negotiation are public - out in the open. With a private treaty sale (sale by price), if two or more buyers want the same property at the same time, it is standard practice that each buyer will not be aware of the offer being made by other buyers.

This means all competing buyers are "shooting in the dark".

At auction, all offers are made publicly (in the form of bids) and a buyer can choose to increase their offer only as much as they want to above the last highest offer. The buyer is free to withdraw from bidding at any time they feel the price has exceeded the figure they are prepared to pay.

CONDITIONS OF AUCTION

Queensland

1. All bidders must be registered. A person may register as a bidder only if they've provided their name, address and satisfactory identification to the Auctioneer. The Auctioneer is required to keep the bidder register in accordance with Queensland Government regulations.
2. Bids will only be accepted from registered bidders.
3. Bidders must use the numbered identifier assigned to them to bid at the auction.
4. The highest approved Bidder will be the buyer subject to; **(a)** the reserve price, and **(b)** the Sellers approval.
5. The Seller may bid, either personally or by a representative.
6. The Bidder warrants their ability to enter and complete the Contract of Sale in accordance with its terms.
7. Any person bidding on behalf of another person must provide the Auctioneer with written authority to do so, before the auction, otherwise the Bidder will be taken to be acting on their own behalf.
8. The Auctioneer has the discretion to refuse any bid from any person. A bid will be taken to be accepted and irrevocable unless the Auctioneer refuses it, immediately after it was made.
9. The decision of the Auctioneer is final in all matters relating to the auction and no Bidder has any right of recourse against the Auctioneer or Seller.
10. Cash unconditional basis, not subject to a cooling off period, finance, or building and pest inspection. GST may be applicable to the purchase price.
11. Without affecting condition 9, if there is any dispute over a bid, the Auctioneer may; **(a)** reopen the bidding and resubmit the property for sale starting with the highest bid previously accepted, or **(b)** determine the dispute in any other way the Auctioneer considers appropriate in their absolute discretion.
12. Immediately upon the fall of the hammer, the Bidder of the highest accepted bid must sign, as Buyer, the Contract of Sale in the form displayed or circulated with these conditions of sale, and pay the deposit to the nominated stakeholder.
13. The deposit payable under the Contract of Sale is 10% of the successful bid, or any other percentage or figure nominated in the Contract of Sale.
14. The Seller and Buyer agree to sign all documents and do everything else necessary to transfer the property to the Buyer. The Seller and the Buyer each appoint the Auctioneer their agent to sign the Contract of Sale on their behalf. This appointment is irrevocable.
15. If the Buyer does not pay the deposit, at the Sellers option; **(a)** the result of the auction will be treated as invalid and the property may be resubmitted to public auction at the risk and expense of that Buyer, or **(b)** the Seller may affirm the Contract for Sale and pursue their legal and other remedies against the Buyer as they see fit.
16. All bidders shall be deemed to have read and acknowledged the "Contract Warning" and the "Disclosure Statement" under the Body Corporate and Community Management Act 1997 which are annexed to the Contract of Sale by virtue of the fact that they have been on display prior to this auction.

KEY DEFINITIONS

Agency

An agency is the relationship which exists at law between two or more persons, whereby one (the Agent) is authorised to act on behalf of the other (the Principal), to do specified acts. A common form of agency occurs in the sale, purchase and leasing of real estate.

"As Is"

Selling the property without warranties as to the condition and/or its suitability for a particular use. Buyers are solely responsible for examining and judging the property for their own protection. Otherwise known as "As Is, Where Is" and "In its Present Condition".

Auction

A preferred marketing option where a property is listed without a price, supported by very intensive marketing, leading buyers to the auction day where they must bid against each other to purchase the property in an unconditional situation. A public sale of property in which prospective purchasers bid until the highest price is reached.

Auctioneer

Person holding an auctioneers licence and able to conduct and call auctions.

Bid

A verbal offer to purchase.

Building Inspector

An authorised person who is responsible for checking buildings in the course of construction and completed buildings to ensure they have been constructed in accordance with building control provisions.

Caveat Emptor

"Buyer beware" that the risk in a property transaction lies with the purchaser.

Current or Competitive Market Analysis

Also known as a CMA, this is a written price comparison of a property with others that are for sale or were recently sold.

Chattels

Items of property that can be physically removed from the house or business because they are not attached to it in some way. E.g. fridges, curtains, carpets, easily removable light fittings, wall heaters, some furniture etc. If chattels are to be included in the sale, the Seller should specifically state this in the Sale and Purchase Agreement.

Conditional Contract

Any contract that includes conditions which must be satisfied before the parties become bound to carry out the terms of the contract. The contract is called "conditional" until the conditions listed are satisfied. Both the Buyer and the Seller can put conditions in the offer. Buyers often ask for conditions about checking the Certificate of Title, and getting finance or a building consultant's report. A conditional contract is still legally binding, but the obligations under it are suspended until it becomes conditional.

Commission

The fees for selling the property - payable by the Seller to the real estate agency.

Contract

A contract is a legally enforceable agreement. In real estate it means the Sale and Purchase Agreement.

Cooling-Off Period

A short statutory period after the contract is made, during which the purchaser may cancel the contract unconditionally. Does not apply in the case of auctions.

Deposit

Percentage of total consideration, or an agreed amount, paid on exchange for purchase of an asset.

KEY DEFINITIONS

Excluded Fixtures

Items presumed to stay with the property when sold but have been specified on the contract as not remaining.

Fixtures or Fittings

Items of property that are permanently attached to the house or business in some way (by nails or wires for instance). E.g. the stove or oven, built-in furniture, light fittings, fitted carpets, TV aerials etc.

Freehold

A freehold property has a clear title of ownership and is not subject to lease.

Included Chattels

Moveable items that will be sold with the property, such as pool equipment, fridge, freestanding glasshouse, shed or playhouse, dishwasher etc. These are noted in the contract if they are included in the sale.

Leasehold

Sometimes land is subject to lease. The owner of the land, leases to the tenant for a fixed rental sum and time period.

Listing Authority

A contract between the owner and the real estate agency marketing the property, detailing the length of the agency, commission rate and any additional costs. The type of marketing method is assigned and a summary of information about the property is detailed on the listing authority.

Marketing Fees

Money paid by a Seller that goes directly to increase advertising spread.

Marketing Program

A promotional package put together to give a property exposure to the market. It may include advertisements to be used, a calendar of dates for advertisements, open homes, buyer contract and service.

No-Price Marketing

Usually called "Auction", "Tender" or "For Sale by Negotiation". The price is not revealed to buyers during the marketing promotion. It is marketed without a price (MWP).

On The Market

During a real estate auction when the bid has reached the vendor's reserve price the property may be announced as 'on the market' and will be sold at that auction.

Passed-In

If a property is not sold at auction as the reserve price was not reached, it is passed in.

Reserve Price

This is the minimum price the Seller will accept for their property at auction. It is confidential between the seller, agent and auctioneer.

Trust Account

A legislatively required bank account where monies are held by an agent for or on behalf of another person. E.g. deposits, rental etc.

Valuation Report

A document that records instructions for the assignment, the purpose and basis of the valuation, and the results of the analysis that led to the opinion of the value. A valuation report may also explain the analytical processes undertaken to carry out the valuation, and present meaningful information used in the analysis. Valuation reports can be verbal or written. The type, content and length vary according to the intended user, legal requirements, property type, and the nature and complexity of the assignment. The terms 'Valuation Certificate' and 'Valuation Report' are sometimes used interchangeably.

Vendor Bid

A type of bid at an auction which is made by the Auctioneer on behalf of the Vendor. It will clearly be disclosed as either a Seller or Vendor bid.



THINGS TO CONSIDER

- There is no cooling off period when buying at auction.
- Ensure you have your finance arranged prior to the auction, and know your limits.
- Always speak to the Listing Agent about the required deposit at least a week before the auction
- Consider obtaining a Building and Pest inspection prior to the auction as a standard contract does not allow a sale to be subject to a Building and Pest inspection.
- Only bid within your means but bid strongly and confidently.
- If the property is passed in, it then becomes 'on the open market' which means the highest bidder does not have first right to buy the property.
- You have the best chance to buy the property for the best price at auction, as the terms and conditions are favourable to the seller, therefore it has been shown they are more likely to accept a sales figure on the basis of the terms.
- If the property is passed in, you are able to make an offer with conditions on it; however, you need to act quickly as typically, the ideal time to submit conditional offers is immediately after the auction has concluded.
- The Auctioneer's decision is final in all matters relating to the auction.
- Make sure you and any other decision maker is available for the auction and only rely on the judgement of yourselves. Do not allow other parties who are not purchasing the property to distract or influence your decision.
- If you're unsure about anything, ask the Listing Agent or Auctioneer, as they are there to help.



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