

Tips for Bidding at Auction

Buying a property at auction might feel a little overwhelming but you have the opportunity to join many thousands of happy buyers who have done it successfully!

The following points may help you feel confident about the auction and achieve your goal.

BRING YOUR IDENTIFICATION and REGISTER

In NSW you will have to register in order to bid at the auction of a residential property. To do this, you will need to bring with you some current identification, most commonly a driver's licence or passport.

CAN SOMEONE BID FOR ME?

If you're unable to attend the auction, or just would prefer if someone else was there to bid for you, you'll need to give that person a:

- Letter of authority to bid on your behalf OR
- Power of attorney OR
- Buyer Agent's Agency Agreement (with authority to bid)

This authority must be sighted by the agent.

The deposit will still need to be paid in your absence, so it is critical that you have made arrangements for this to happen on auction day.

BUYING ON BEHALF OF A COMPANY, TRUST OR SUPER FUND?

To bid and buy on behalf of a 3rd party entity, you will need a written authority. Signatures of all directors must accompany the authorisation, as well as the entity's address and Australian identification numbers, such as their ABN, ACN, Trust or Fund reference number. The nominated bidder will still need to show their own driver's licence or passport to register as a nominated bidder. Ask your agent for 'Authority to bid' templates.

BIDDING

When it comes time to bid, remember there are no prizes for second place. You're there to buy a home, so give it your best shot. Often, the buyer that starts the bidding ends up securing the property. Confident bidding will establish your dominance throughout the auction, and the auctioneer will always refer back to you as the auction proceeds. Countering bids quickly can rock your competition, particularly if you vary the amount you bid. A bigger increase than other bidders towards the end of the auction will often eliminate your competition. Finally, setting your limit just above a round number may also help you secure the property, for example \$803,000 instead of \$800,000.

GIVE IT YOUR BEST SHOT

Obviously, you should go into the auction with an idea of what you think the property is worth to you, and you should definitely know what you can afford with regard to repayments and your individual lending circumstance. However, you never know when another bidder has reached their limit, so one extra bid might secure the property. Don't leave wondering if one more bid might have won it for you!

BE THE HIGHEST BIDDER

One of two things will happen on auction day, and so the best place to be in both instances is the top bidder.

If you're the highest bidder and the property is above its reserve, in lieu of any further bidding the hammer will fall and the property will be yours.

If the highest bid is under the reserve, the property will be passed in and the agent will, as a courtesy, negotiate post-auction with the highest bidder. If you want to buy the home, make sure that whatever the outcome, you're the highest bidder.

WHAT IS A VENDOR BID?

In the state of NSW, the vendor bid is a single bid placed by the auctioneer on behalf of the property owner. Whilst not always used, the vendor bid must always be declared by the auctioneer in a clear fashion if utilised. It is important to note that the vendor bid is not a declaration of sale price, nor is it the vendor's reserve. Most commonly, the vendor bid can be used to start an auction if the crowd is apprehensive to do so, or to improve the level of bidding closer to where we need to be for a sale.

Disclaimer.

This information is provided in good faith and is of a general nature. Auctioneer One and its officers do not guarantee, and accept no legal liability, for the accuracy, reliability, currency or completeness of any material contained herein. You should seek appropriate independent professional advice before making any decisions based on this material.