

Malcolm Cox on Property

hometruths



Auctions get lower prices!

If you're tempted by a real estate agent to auction your home – PLEASE DON'T! Auctions are a financial minefield. They get a LOWER price, and I'd like to explain why, as simply and clearly as I can.

STARTING PRICE: It seems as if the price goes up at auctions. But this is because the auction starts LOW. You won't get a high price starting low.

RESERVE PRICE: The reserve price is the price at which the home can be sold. It's the lowest price a seller is prepared to accept and it is the central focus of the

auction. If you are trying to get the highest price, NEVER make your lowest price the main focus of the sale. Instead you start with a strong price, then adjust.

REPELS BUYERS: Research shows that more than 90% of buyers do NOT like actions. It makes no sense to use a system of selling disliked by most buyers

INCONVENIENT: Many buyers see that a home is for auction, and if the date doesn't suit them, they don't even bother to enquire.

BARGAIN HUNTERS: Bargain hunters know that auctions are one of the best places to find cheap deals in real estate. The reason why mortgagee sales are often by auction is because the SALE is more important than PRICE.

COMPARATIVE: If two or more people want to buy the same home, the worst thing you can do, from a negotiation point of view, is to allow each person to SEE what the other is offering! Instead of offering their highest price, each buyer will only offer a SMALL amount above what the other buyer offered.

DECEPTION: To persuade sellers to auction their homes, agents talk about high prices, and then to get buyers to come to the auctions the same agent talks about

low prices. The sellers end up selling for less than they were told they could get, and the buyers often end up paying more than they were told they could pay.

FAILED AUCTIONS: When a home does not sell at auction – and most don't – it is labelled a "failure". Buyers think something is wrong with the home; and many will offer LOWER prices.

My plea is that you avoid auctions. It's the worst way to sell your home. Auctions really do get lower prices.

If you want to know how to get the best possible price in today's market you can get some straightforward, commonsense advice from the book "How To Get the HIGHEST PRICE For Your Property" by Gary Pittard. We have complementary copies available now. Just call Cox Partners Estate Agents on (06) 835-4321 anytime.

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