



The Truth About Auctions

Research shows that more than 90% of buyers do not like auctions. More importantly, 70% or more of buyers will not buy a home at an auction! Why would you sell by using a system that buyers do not like? Why would you try to sell using a system that eliminates 70% or more of your “customers”? A major rule of marketing is to make it easy for buyers to buy. Auctions make it difficult. Many buyers simply avoid homes going to auction and homes without a price and will never even make an enquiry about it.

Auctions are also unpopular with buyers because they need to have already paid for building and pest inspections before the auction day. Most buyers will not go to this expense, normally over \$400, if they don't know whether they can buy the home or not – so they avoid the property altogether.

The main reason we see plenty of sellers choosing an auction is because Real Estate Agencies like to use this system and push it to the sellers. They don't give sellers all of the facts about the auction system. Agents like auctions because the seller pays for them to be advertised. Their company and the salesperson gets to shy away from quoting a market price for the home in the first place, often giving false hope of a high price above market value to secure the listing.

Agents love auctions because they get the benefit of the free Vendor Paid Advertising to promote themselves and their company. If the home doesn't sell – which well over 80% in the local market don't at the auction – the home is labelled a failure. If the home does sell prior to auction however (which in a busy market they often do), the agent labels it as a success yet in some cases the owner/s are still left to pay the bill for advertising expenses including the auctioneers fee. The truth that these agents don't want you to know is that a regular sales campaign without the need for huge advertising costs would have sold the property just as successfully, however they don't want you to know this because they want you to pay to advertise their profile.

Some agents tout that auctions will get a higher price because they are competitive – but the competition is in PUBLIC not private – which makes it COMPARATIVE more than competitive. Everyone compares what everyone else is offering. Instead of paying their highest price, the buyer only has to offer a small amount above what the other offer is. A tender is a better way for a very special or unique home (for example a penthouse or a magnificent home on the range with views). This way, no buyer can see what another offers and buyers can make offers on their terms.



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