

# Real Estate AUCTIONS

written by Jeree Ball Milligan

"Time is money," as the over-used saying goes, and we live in a world focused on efficiency – on saving time. In this fast-paced world, auctions are a very appealing marketing method for buying and selling just about anything - especially real estate. In fact, the National Association of Realtors even asserts, "The real estate auction is a win-win proposition for everyone involved."

There are many benefits to selling real estate at auction – benefits for both the sellers and buyers in a transaction. First and foremost, an auction offers time-definite results; secondly an auction assures the property will be sold at true market value, and finally the process is both fair and transparent.



**"Auctions allow sellers a safe and reliable marketing platform that expedites the sales process by bringing the market to the property instead of conventional 'for sale' advertising."**

--Shawn Terrel  
Vice Pres. United Country  
Auction Services,  
champion auctioneer, and  
former president of the  
Oklahoma Auctioneer's Assoc.



**"The real estate auction is a win-win proposition for everyone involved."**

---National  
Association of Realtors  
(realtor.org)

## TIME-DEFINITE RESULTS

For the seller, an efficient sale reduces long-term carrying costs including maintenance, insurance, taxes, and others. Additionally, knowing the exact date a property will sell allows the seller to make other life decisions accordingly and move forward – there is no waiting to see IF the property will sell and then being forced to make decisions in the time between contract and closing.

For buyers, the auction method eliminates long-term negotiation periods and consolidates the entire negotiation process into a quick and certain transaction. With an auction, interested parties know the seller is committed to selling the property and isn't just testing the market; therefore, they come to the auction prepared to buy.

## TRUE MARKET VALUE

This type of preparation is really the key to ensuring the property achieves true market value – another significant benefit of the auction method. An auction brings qualified interested parties - the market - to a specific property where true market value is then determined through open, competitive bidding.

With an auction, price is the only negotiated term and bidders know they are competing fairly and on the same terms as others bidding on the property. The process allows buyers to determine the price (regardless of comparable sales and even if it is more than the seller would have asked for the property) – that is, after all, the very definition of market value.

For buyers, being able to determine the market is a significant benefit to buying at auction. Consumers inherently mistrust "list prices;" especially now that the real estate "bubble" has burst exposing overvalued properties and resulting in a record number of foreclosures across the country. Additionally, consumers now want more transparent processes, particularly when making a major financial decision, like buying real estate.

## TRANSPARENCY

In an economy where list prices, mortgage brokers, banks and investment firms have severely damaged consumer trust, it should surprise no one that consumers are looking for more transparent processes, and the auction process delivers exactly that.

When bidding on real estate at auction, it's all out in the open. Bidders receive comprehensive information on the property and the terms of sale in advance; a set purchase date; and a date for closing the transaction. Additionally, the bidding process itself is clean and decisive since all the offers are made in the open. An auction bidder doesn't have to wonder if a sales associate is being truthful when they say there is another offer being made on the property, because that other offer is made right in front of them.

For sellers, this transparency means knowing they have received market value for their property – the entire process takes place right in front of them. From the aggressive marketing that focuses attention on their specific property, through the accelerated bidding/negotiation process and right to the closing table, where there will be no surprises.

## GOING... GOING... GONE!

You don't have to look far to find real estate being sold at auction, there are auction properties being sold across the state on a weekly basis, and the motivation sellers have for choosing the auction method of sale can be as varied as the properties being sold.

The national media attention being brought to the housing market slowdown and foreclosures spike might lead people unfamiliar with the auction industry to believe that all, or most, real estate auctions are foreclosure auctions, and that simply isn't true. While auctions are a viable method for selling foreclosure properties, and a method used by many lenders, auctions are not limited to that type of real estate, and the auction process should not be regarded as a disposal method for unwanted properties. Nor should an auction be seen as a sign that a business or a homeowner has fallen upon "bad times" and is being forced to sell the property because of foreclosure or to avoid foreclosure.

For Floyd and Mary Scott, it was just time. Time to retire and move into town. The Ball Auction Service ad in The Corridor prompted Floyd to call John Ball and say he was "ready for a sold sign." After comparing auction proposals from different companies, they did choose Ball to sell their farm between Stillwater and Cushing last August at public auction, and they were satisfied with the results. After the sale, Floyd said "If I had more property, I'd do it again! In fact, my relatives who were at the sale say they will do the same when the time comes for them."

For Nancy Skaley, who sold 146 acres at public auction in March with United Country Auction Services and Ball Auction Service, to settle her husband's estate, the decision came down to time-definite results. "The comfort in knowing when things would be finalized so that I could move on, is why I decided on an auction to sell my property." She was able to get the results she wanted in the timeframe she needed, "When you sell your property at auction, the people who are interested in your property show up ready to buy." Skaley explains she has not bought or sold real estate before, but has listed property for sale in a traditional method, "I would definitely choose the auction process again to avoid what has the potential to be a long, drawn out listing to sell process."

John Ball, of Ball Auction Service and United Country Real Estate, has been selling real estate at auction along "the corridor" and beyond for more than 40 years. He reports 2010 as a record-setting year for his business and currently has 6 real estate auctions coming up in the next 45 days. He credits smart sellers for his auction success, "Our sellers are generally business-minded people with busy lives and they recognize that auctions are a smart way to place the right property into a competitive public market. The auction process certainly wasn't the only option available to these folks, but they decided to sell their real estate at public auction because we have the ability to take the property immediately to market and sell it for the right price. That's why we have a 'sold' sign for every one of our 'for sale' signs."

Thinking about buying at auction? Be sure to come to the auction prepared. Auctions happen fast – that's a big part of the draw – they are time-definite! This does not mean that as a buyer you are forced to make fast or rash decisions regarding a real estate purchase. The week(s) prior to the auction is the time for you to get questions answered, visit the property you are interested in, review the bidder's packet, do your own research, determine what you can afford to spend, and secure any necessary financing. On sale day, during the auction you will then simply be offering the price you are willing to pay for the property.

Thinking about selling at auction? An auction is a smart way to place the right property into a competitive market – the key here is that it has to be "the right property." Not every property is suitable to being sold at auction and professional auctioneer will be very forthright with you on this point; and he/she will be prepared to evaluate your property and let you know if it qualifies for an auction. Be selective in which auctioneer you choose to sell your property at auction. A quality real estate auctioneer is able to provide the in-depth knowledge and familiarity that counts when you need it the most. Before choosing an auctioneer, evaluate their services by taking a close look at the team of people who will be working for you; attend their auctions, size up their marketing (where do you see their advertising and promotion?), check their recent prices-realized, and ask for references.

## ABOUT THE AUTHOR

Jeree Ball Milligan is a graduate of Chandler High School and of the University of Central OK with a BA in Communications and a minor in Journalism. She was basically raised in a real estate office and has worked in the auction industry for 20+ years. She spends weekends working alongside her 3 favorite auctioneers - her father, brother, and husband.