

# Selling at auction

## Commonly asked questions

### Q1 Auction versus Private Treaty: what is the difference?

**A** With a sale by auction, the legal documents are prepared in advance. The auction usually takes place after an intense marketing period of three to four weeks. In the sale room, on the fall of the hammer, there is a legally binding contract, a 10% non refundable deposit and a firm completion date.

**A** With a private treaty sale, the legal documents are prepared at the point a sale is agreed, the property is marketed gradually over a period of time and, once an offer is accepted, the buyer can renegotiate once the contract is issued or a survey is undertaken.

*On the whole, auction offers the prospects of a sale being brought to a conclusion with greater certainty when compared to a private treaty sale. Competitive bidding and an experienced auctioneer can lead to outstanding results for the right type of property.*

### Q2 Is my property suitable?

**A** Many people are attracted to a sale by auction because of their circumstances or for example the need for a quick sale. The starting point, however, must always be the suitability of the property in question. The key word is **"potential"** – many properties we are asked to advise on are **"too good"** to be sold in this way and are more suited to a normal sale through an agent.

For example, more interest is usually generated in run down properties that need complete refurbishment. Other properties may need to be attractively priced to generate interest. *No matter what type of property you have, one of our Chartered Surveyors will advise you on the property's suitability and the likely sale price.*

### Q3 What properties sell well?

**A** Suitable auction lots include -

- Houses requiring complete or partial modernisation
- Houses with long term sitting tenants
- Individual houses of character in high demand areas
- Building plots and development sites
- Ground rent portfolios
- Student investment property
- Commercial investments
- Properties with structural problems
- Stabling and land for grazing
- Unusual buildings for redevelopment

### Q4 Who usually buys at auction?

**A** The auction market is dominated by builders, investors and developers whose primary objective is to make money from refurbishing property for the resale or investment market. In addition some individual lots will attract interest from private buyers looking for a property to "do up" and live in. Buyers must have cash or an existing facility to enable them to pay the deposit at the auction and complete in the designated completion time. Buyers can get mortgages on many auction properties but the risks involved and the time-scales involved can deter some buyers.

### Q5 Should I just 'give it a go'?

**A** There is a danger that the prospects of a sale at open market value could be adversely affected following an unsuccessful auction. It is therefore important to get the right advice and not be tempted to try unless there is a reasonable chance of success.

### Q6 Can I sell subject to a reserve price?

**A** Yes. Properties that are put to auction each month are offered with a reserve price representing the lowest figure the sellers are prepared to allow each property to be sold for. We will recommend an initial guide price and the reserve will be established nearer the time to take into account the level of interest. The reserve will remain confidential and it is important that it is within the guide price parameters.

### Q7 What happens if it doesn't sell?

**A** A large proportion of auction lots are sold on the day but in some cases the bidding falls short of the reserve. Sales are often agreed immediately after the auction or over the following few days or weeks. In these cases contracts are still exchanged under auction terms which puts the overall process ahead of a normal sale in terms of speed and certainty.

### Q8 What costs are involved?

**A** It is easy to concentrate on the fees involved without giving careful consideration to the property and its suitability to be sold by auction. Our aim is to achieve the best price and a few extra bids at the auction as a result of skilful auctioneering can lead to the costs being covered by the sale price.

The entry fee is payable in advance of the deadline and comprises:  
£495 + VAT (£594) for residential property  
£695 + VAT (£834) for commercial property and land.

### Q9 Why should I use Mark Jenkinson and son?

**A** We are the region's leading property auctioneers and the largest independent firm of Chartered Surveyors in Sheffield. Over the last thirty years we have conducted 300 auctions in Sheffield selling some 7,500 lots for in excess of £550 million. During the course of last year we held nine sales, selling some 338 lots for over £27 million. Our overall success rate of 87% was one of the highest in the country and in 2010 we were the leading firm in the whole of Yorkshire. In addition to handling the sale of property connected to deceased estates and many individual property owners we are entrusted by other larger bodies including:

- South Yorkshire Police
- Grainger PLC
- The University of Sheffield
- South Yorkshire Housing Association Limited
- Barnsley MBC
- Rotherham MBC
- North East Derbyshire DC
- Bolsover DC
- Doncaster MBC
- Derbyshire DC
- National Health Service
- The Methodist Church
- The Dioceses of Sheffield and Derby