

Selling at auction

Commonly asked questions

Mark Jenkinson & son

ESTABLISHED 1877

INDEPENDENT PROPERTY PROFESSIONALS

Q1 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. In 2018 over £30 million was sold in eight auctions at Bramall Lane and the overall success rate of 87% remains one of the highest in the country. We have consistently been the top traditional auctioneer in the whole of Yorkshire and Humber based on figures produced each year by the Eigroup in London. 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
- Doncaster MBC
- Derbyshire DC
- National Health Service
- The Methodist Church and Derby
- The Dioceses of Sheffield and Derby
- North Lincolnshire Council

Q2 Traditional Auction v 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.*

Q3 Traditional v the modern method of auction

A Some estate agents have in recent years joined a handful of firms offering what is commonly called the "Modern method of auction". Unlike the traditional method of sale that leads to a legally binding contract, the majority of sales are conducted on a conditional basis where the buyer has an exclusivity period of 28 days in which to sign, following the payment of a non-returnable fee in the region of £6,000 which is not deducted from the purchase price and split between the estate agent and company offering the auction facility. Sellers can be attracted by the thought of not having to pay commission but the fees to the buyer are high and the question arises as to whether this method does achieve best price for the client. Despite the word "modern", which some might think synonymous with "better", a traditional auction remains the best way of entering into a legally binding contract with a firm completion date at a highly competitive price.

Q4 What properties are 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.*

Q5 What properties sell well?

A Ideal 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

Q6 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 secure mortgages on many auction properties but the risks involved and the time-scales can deter some buyers.

Q7 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.

Q8 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 the figure is within the guide price parameters to avoid being misleading.

Q9 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. In these cases contracts are still exchanged under auction terms which puts the overall process ahead of a private treaty sale in terms of speed and certainty.

Q10 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.
Commission is paid in the event of a sale at, before or after the auction at an agreed rate subject to a minimum fee, plus VAT.

If there are any other questions you would like to ask please email Adrian Little FRICS FNAVA who will be happy to provide an answer: adrian@markjenkinson.co.uk