

Guide to Buying at Auction







Welcome to Killens

Buying a property by auction can be an easy, transparent and effective way of buying a property. It is much simpler than it may seem.

Auctions have been held for centuries and used to be considered the primary means of selling certain properties, especially agricultural land and development opportunities.

Selling and buying at auction can still deliver great results and auctions have embraced modern technology with a range of auction options. As established auctioneers and knowing our locality well, we can provide expert advice on how to buy a property at auction and we are here to help.

We stage traditional property auctions and allow potential purchasers to bid live online providing them with an easier and less daunting way of buying. Alongside that, we also operate the "Modern Method of Auction" whereby properties

are listed for a period of time with the highest bid at the end of the auction winning.

I hope that this guide goes some way to explaining what we do and how we do it and to provide guidance on how to buy at auction. If you have any further questions or queries just get in touch with one of our property auctions team.

Tom Killen
Partner



We conduct traditional auctions and the modern method of auction



How do Property Auctions work?

There are a number of reasons why a property may be offered for sale by auction. The vendors may be seeking to sell quickly or the property may be difficult to value or the sale may be settling an estate.

All properties being offered by auction will be launched onto the market in the normal way and will be listed online on the main property portals by an estate agent or an auction house.

Auction properties are usually marketed for 4 - 6 weeks before an auction. This gives time for interested buyers to view it and decide if they want to bid.

There are now two main methods of auction used - a traditional auction and the modern method of auction and these are considered in more detail below.

At a traditional auction, there is a set auction day and time. The auctioneer will invite interested buyers to bid in quick succession prior to concluding a sale. In a modern auction, you can submit bids online during the marketing period up until a final time and date.

In both cases, the seller will set a reserve price which is the lowest amount of money they would accept to sell. The highest bidder over the reserve price gets the property.

If you're the highest bidder, you'll have to pay a deposit or a reservation fee depending upon the type of auction at the conclusion of the auction



A quick and transparent way
of buying



The different types of Auction



The Auction world has changed dramatically in recent years and at Killens, we embrace modern technology in staging our auctions and we sell properties at auction either by traditional live auctions with online bidding or by the Modern Method of Auction.

Traditional Auction

A traditional property auction is a single event at which buyers bid for properties in real time, either in an auction room or online.

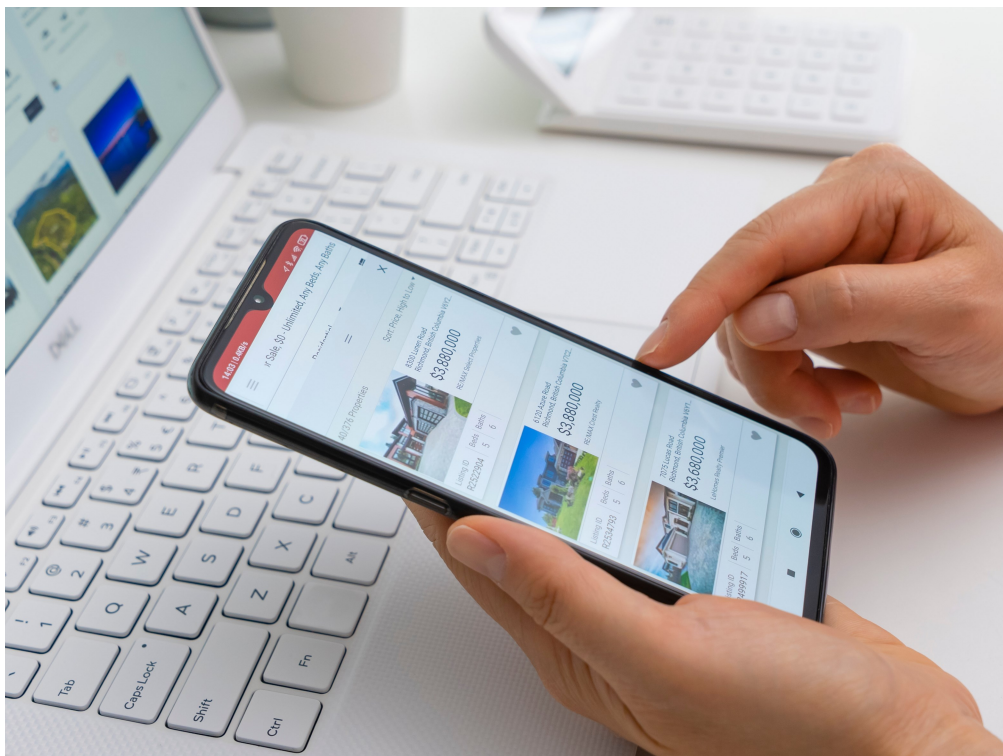
Sales begin at a starting price and are legally binding. The property is sold to the highest bidder on the day, as long as any reserve price is met. Exchange of contracts takes place immediately when the auction ends and the winning bidder has 28 days to complete the purchase. If they do not then the deposit is retained by the vendor.

It can be daunting to attend a live auction and always take a friend with you for moral support but the occasion can be fun and exciting. If it is too scary then bidding live online may be a better option or asking someone to bid on your behalf.

Modern Method of Auction

Through our partner, Bamboo Auctions, we offer properties online for a period of up to 6 weeks during which bids can be placed online. At the end of the auction, the highest bid wins.

Sellers can choose to operate on a traditional basis with buyers being required to exchange contracts at the end of the auction and pay a deposit of 10% or a conditional basis whereby the buyer pays a reservation fee at the end of the auction and is required to exchange and pay a 10% deposit within 20 days. Conditional auctions are better suited to properties where potential buyers may require a mortgage providing a longer timeframe.



Finding the Right Property

Auction properties are normally listed on the main property portals - rightmove, zoopla and on the market - and it is worthwhile registering for alerts. As there is often only a short period of time between the commencement of marketing and an auction, it is also worthwhile contacting estate agents who conduct auctions in the geographical area where you are searching to ensure that you get notification as soon as a property is launched.

If you spot a property, do make your interest known to the auctioneer so you can be updated on any developments. Quite often changes are made to the property during the marketing period and prices can change right up until the day of the sale, properties can be withdrawn and pre-auction offers accepted. Always regularly check the details of the property on the portals.

Taking care in viewing a property is key as you need to fully familiarise yourself. Take a friend, or a builder, with you so any potential problems can be identified. Try to see the properties you're interested in buying more than once, and only bid if you're really sure it's what you want.

When looking at the property itself, there are many things to consider. The condition of the property is obviously key and assessing what works are required should influence how much you are willing to pay for the property.

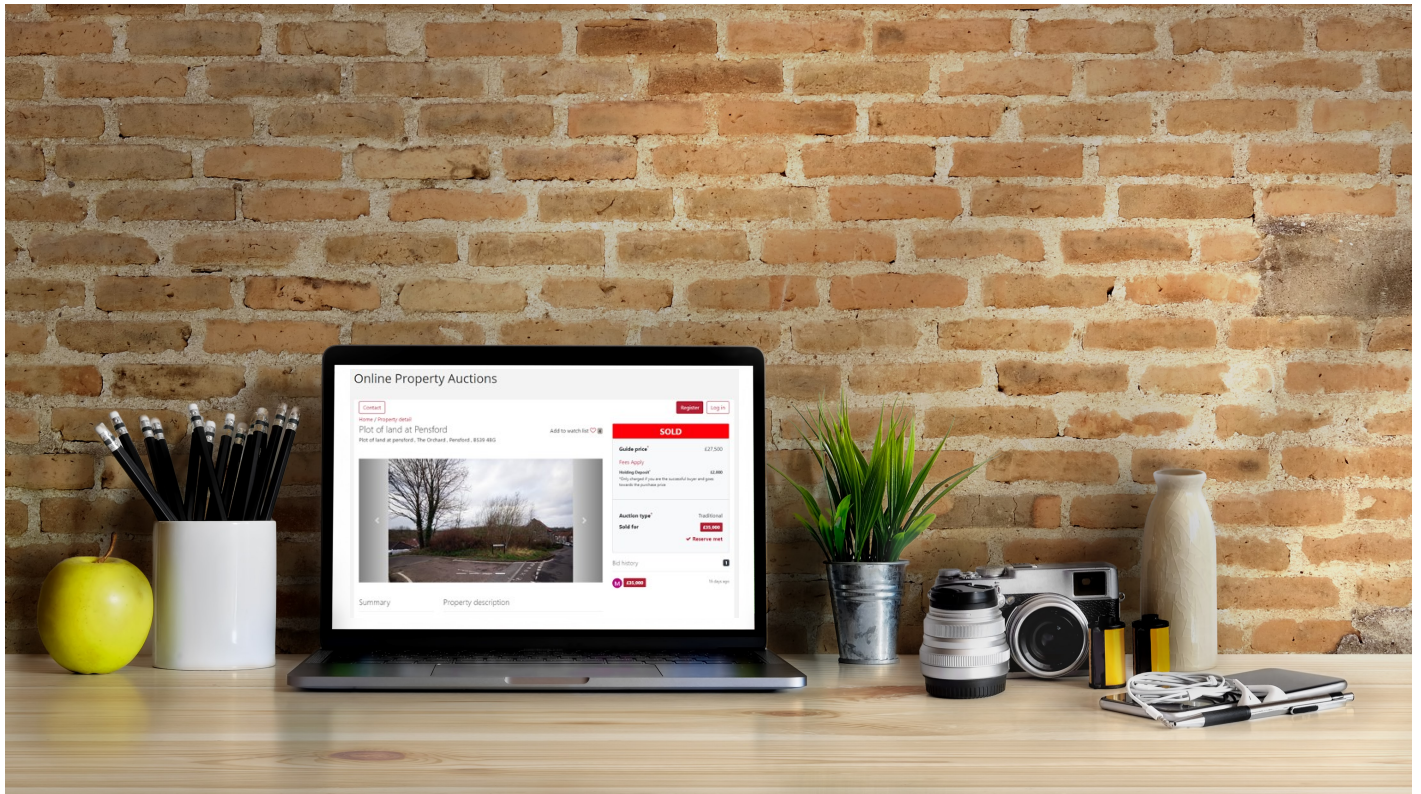
You may also want to research the local area looking at the proximity of local facilities, the crime rate, accessibility and so on.

Particular questions you may want to ask include:

- Is this property leasehold or freehold?
- What's the history of the property?
- Is there any additional ground rent or other service charges?
- What is the council tax band?
- What is the energy efficiency rating?
- What are the property's boundaries like?
- Are there any rights of way or covenants affecting the property?
- Is there parking? (On/off-road?)
- Is there a garden?
- What is access like?
- Have there been any recent building works?
- Are there any structural issues?
- What are the heating, insulation, plumbing, and electrics?
- Is the property vacant or tenanted?

There is nothing wrong with you carrying out such diligence as it is in the interests of the seller and the auctioneer to ensure that you fully know and understand the property before buying it.





Preparing to Bid

If you remain keen to bid on a property having viewed it then you may want to contact a solicitor and to arrange a survey of the property if applicable.

1. What is the guide price?

The guide price is set by the auctioneer as an indication of the seller's minimum expectation. It is given to assist interested parties in considering a purchase. It is not necessarily a figure for which the property will sell and may change at any time prior to auction.

2. What is the reserve price?

A reserve is the price below which the auctioneer cannot sell the property during the auction. Every property will be sold with a reserve and this should be less than the guide price. The reserve price is not disclosed and remains

confidential between the seller and the auctioneer.

3. Consider the Legal Pack

A legal pack will be prepared by the solicitors acting for the seller and will be made available for inspection before the auction, and can normally be downloaded from our website. It will generally consist of Special Conditions of Sale, the Land Registry Search, Leases (if applicable), office copy entries and other documents affecting the property.

You may want your solicitor to have a look and advise you so you fully understand the property. Look out for overage clauses, retained rights, access issues, covenants, timescales in particular as these may affect what you can do with the property.





4. Get a property survey

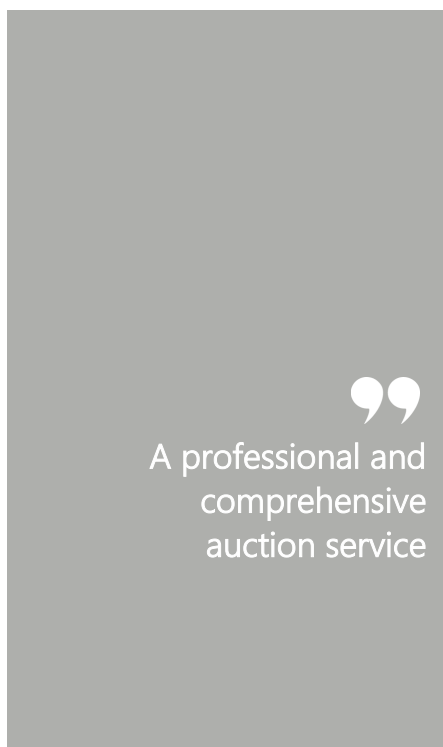
You are advised to have a survey done, especially if you're buying a 'doer-upper' at auction so you have a full understanding of the property. You may also want to get an independent valuation of the property to make sure you don't pay over the odds, especially if it will require a lot of renovation work.

5. Arrange finance

If you successfully bid for a property, you'll have a set number of days in which to exchange and complete and you will need to be able to pay the deposit or reservation fee and any auction fees. If you'll need a mortgage to buy the property, it's a good idea to have a mortgage agreement in principle organised in advance. It may be possible to put temporary funding in place through a bridging finance company prior to long term finance being put in place.

6. Shop around for buildings insurance

As soon as you exchange contracts, you're legally bound to buy the property, so it's important to organise buildings insurance that will be valid from the day you exchange. Mortgage lenders will require you to have buildings insurance in place as a condition of lending.



7. Pre-auction offers

If you've found your ideal property and done the appropriate research, it's not always necessary to wait until the auction to make an offer. However, early bidding can be a gamble because, if your offer is rejected, you'll have already shown your hand to the auctioneer.

It is essential that you have your finances in place for if you do manage to agree a deal before the auction, contracts must be exchanged before then and the deposit paid.

8. Withdrawn lots

Before you go to an auction, always check that it is still available as sometimes lots are withdrawn for a number of reasons.

9. Decide on your price limit

Find out what other, similar properties in the same area have recently sold for, so you can make an informed decision on how much you're willing to pay.

Being outbid could mean you lose any money you spent on a survey and a solicitor, but it's a small loss compared to paying more than you wanted.

10. Addendum Sheet

Prior to any live auction, the auctioneers may issue an addendum sheet which will include any last minute changes. The auctioneer will refer to any addendum prior to the commencement of the auction and the property will be sold subject to the details contained in the addendum.

With modern auctions, the details of the property may change during the auction so keep an eye on these.



Bidding

1. Preparing to bid at a traditional auction

At a traditional property auction, you now don't always have to be in the room in person. There can be several ways to bid, including online, by phone or by proxy.

If you intend to bid on a property then you will need to register to bid prior to the auction. Some auctioneers require this to be done at least a few days before the auction so make sure you read their particulars. At Killens, we allow registration on the day of the auction and at the auction. This can be done online as well and will be required if you intend to bid online.

The purpose of registering is primarily so the auctioneer complies with anti money laundering legislation. If you are registering at the auction, remember to take the necessary ID documents, proof of address and cheques or bankers draft to cover the 10% deposit and additional fees. In addition to the deposit you be required to pay an administration charge to the auctioneers.

In addition to bidding in the room, you can also bid by proxy, telephone and online. A form can be submitted arranging telephone and proxy bidding to the auctioneers.

Telephone Bidding

A member of staff will contact you prior to the lot concerned being offered for sale. If contact is made, then the bidder may partake in the auction through the auctioneer's staff. If contact is not made then the staff will bid up to any maximum bid submitted to the auctioneers.

Proxy Voting

A member of staff will bid up to any maximum bid submitted to the auctioneers.

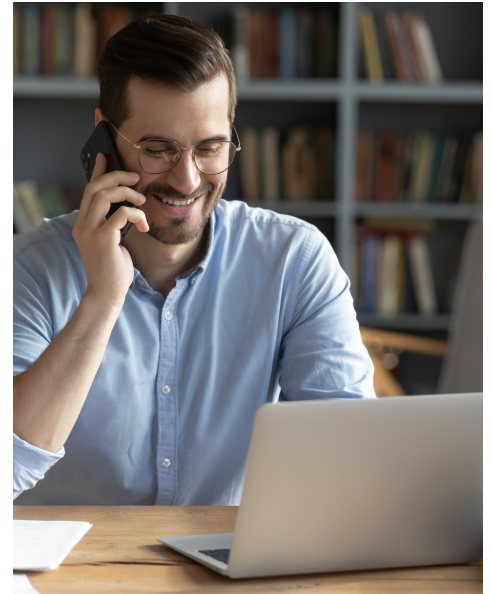
Online bidding

Registration is through the online portal and, once this has been completed, you will be able to bid with the livestream.

2. Bidding at a traditional auction

The auction will generally proceed in lot order and the auctioneer will announce each lot prior to the sale and the lot should be displayed on the screens in the auction room and online. Make sure you are bidding on the right lot.

If you intend to bid in the room then show interest, perhaps by sitting upright or getting your number ready, when the auctioneer starts to offer the lot. The auctioneer may note this and will monitor you during the auction in order to look out for any bids. Make clear movements when bidding by rising your bidding number or your hand. The auctioneer will manage the bidding in increments. When the bidding stops, the auctioneer will offer the bid to the room three times before bringing down the gavel. Once the gavel has come down, the lot is sold and the auctioneer can not reopen the bidding.



If you intend to bid then
show interest

3. Bidding in the Modern Method of Auction

Bidding using the Modern Method of Auction is very straight-forward. Think of it like bidding on Ebay. During the marketing period, once you have registered online, you can place a bid and keep an eye on the auction. At the end of the auction, the highest bid will "win" the property. Bear in mind that the auction will not close until 5 minutes have passed since the last bid was placed.

4. After the Auction

If you are successful in a traditional auction, whether live or online, you will be expected to pay the 10% deposit together with any additional charges levied by the auctioneers immediately. If you are present, the contracts will be signed and exchanged. It is normal for the sale to be completed within 28 days. If you are successful in a conditional auction then you will pay the auctioneers' administration fee and you agree to pay 10% and exchange contracts within 20 days with completion taking place 28 days after that.



Bidding is very
straight-forward





Frequently Asked Questions

Do I need to pre-register to bid?

Some auction rooms operate a pre-registration system for all bidders. At auctions held by Killens, you do not need to register in advance of auction day, you can just turn up in at the venue – aim to get there 30-45 minutes before the start of the auction to ensure you have time to register before it begins.

What ID do I need?

Everyone hoping to bid in an auction needs to have photographic ID together with a proof of residency.

Can I bid online?

Yes, through our website www.killens.org.uk

What additional fees do I need to pay?

There will usually be an Administration Charge payable to the auction team, which will be shown on the Auction Information page in the catalogue and in the property details too. Sometimes a Buyer's Premium will also be payable by the purchaser, against this will be included in the property details. There may on occasion be other fees or charges made that relate specifically to the property being sold – these should be referred to and explained either in the property details or in the Special Conditions of Sale in the legal pack. Buyers may be required to reimburse the cost of searches and occasionally other costs too; all such requirements should be contained within the Special Conditions of Sale.

Can I make an offer prior to auction?

Most auction teams will welcome pre-auction offers, and if you are really interested in purchasing the property, then a prior offer is a good idea. Not all properties can be purchased before the auction as some sellers require them to be sold publicly in the auction room.

How can I access the legal pack?

The legal packs will be available to all prospective buyers via the website.

Do I have to have the legal pack checked before I bid?

If you are not a regular auction buyer, we would strongly recommend that you seek advice from a solicitor before bidding. They will be able to cast an expert eye over the legal pack and provide you with professional advice.

Can I change my mind after a successful bid?

When the hammer falls in an auction room, it represents an exchange of a binding contract between the seller and the buyer. It is too late for either party to change their minds, and the sale is required to proceed in accordance with the contractual terms and at the price that was concluded when the hammer fell. Anyone bidding at auction needs to remember that the winning bidder exchanges contracts straight away, and if you are unsure about buying the property at any time, then you are advised not to bid.

Do I need to register to attend the auction?

No



Our Services



Country House Agency



Fine Art Auctions



Residential Agency



Residential Lettings



Property Auctions



Estate Management



Commercial Agency



Commercial Lettings



Valuations



Farms & Land Agency



New Homes



Equestrian Agency



Tenancy Advice



Compulsory Purchase



Planning & Development

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