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A GUIDE TO BUYING AND SELLING AT AUCTION

The opportunities, benefits and processes of buying and selling property at auction



AN INTRODUCTION TO BROWN&CO

Brown&Co hold regular property auctions and have a growing reputation with a strong market presence throughout the region. Our approach has always been to develop our service along the lines of the core business of Brown&Co.

Over recent years Brown&Co has helped promote understanding and develop the support for sale by auction. The number of properties in the region being sold by this method has grown significantly. Private sellers appreciate the benefits and advantages of selling locally, along with several companies, charities and major institutions, who also prefer this method of sale. Amongst those that have used Brown&Co's services are:-

- Flagship Housing
- Victory Housing
- YMCA
- The Great Hospital, Norwich
- Norwich Town Close Estate Charity
- Norwich Consolidated Charities
- Norfolk County Council
- Suffolk County Council
- Northamptonshire County Council

Confidence in the auction method of sale is growing, but there are still a large number of sellers who do not appreciate its merits, or realise that their agent is duty bound to consider this alternative approach.

This booklet aims to explain the opportunity more fully to prospective sellers. It also talks through the buying process and gives advice to those thinking of bidding, not only on how to be successful with a purchase, but also what to with the property afterwards.



A hand is holding a white sign with a red circular top. The sign contains the text "95% SUCCESS" in white. The background of the top half of the page is a blurred image of a hand holding a wooden gavel.

95%
SUCCESS

PROPERTY AUCTION OFFERS OPPORTUNITIES TO MANY SELLERS

- Auction is the quickest way to sell many different types of property
- Auction offers the highest chance of sale success – Brown&Co regularly achieve a near 95% success rate in their sales which means 9 out of 10 entries sold either before, during or after the sale
- Joint agency means that your chosen local firm can auction your property in association with Brown&Co
- Brown&Co accept entries from East Anglia, the East Midlands and further afield... talk to us and find out if we can help you
- Brown&Co can also work in partnership with commercial agents, letting agents and land agents, along with residential agents on a joint instruction basis

THE BENEFITS OF SELLING AT AUCTION

We have listed 10 significant benefits for choosing a sale by auction, it is only by understanding these that agents and sellers can together decide if auction is right for a specific property.

Speed of Sale

There is possibly no faster way of selling. The process can take as little as 5 weeks from instructing us through to exchange of contracts. You should have the proceeds of your sale within 2½ months from going to the market.

Chance of Success

High. Subject to realistic assessment. Brown&Co's success rate last year was nearly 95% which means 9 out of 10 properties entered into our auction sold.

No Fall Throughs

Your sale is certain – when the hammer comes down you have exchanged contracts, your buyer is legally committed and cannot change his mind. You will be so much better off than via a sale through the normal private treaty system where approximately one third of all sales collapse after they have been agreed.



Higher Profile Marketing

Your property will be advertised intensively in the local press. It will also be featured in our glossy professional catalogue and it will also be exposed via our website and various other property portals.

Open House Viewing Days

We organise special press promoted viewing days for your property. Each is hosted by a member of our auction team and even the main auctioneers get involved, who can talk knowledgeably about the potential that your property offers and will answer all manner of questions from prospective buyers. It is by talking with these viewers that we can judge the level of interest and help guide you in setting the reserve price.

Competitive Bidding

Our aim is to generate interest from two or more prospective buyers and to encourage them to bid against each other. The process of competitive bidding will help your property achieve 'best price' on the day. Sometimes, buyers are so anxious to acquire a property that they put in a very strong pre-auction offer, possibly a figure that is unlikely to be reached or surpassed in the auction room. We will recommend its acceptance under auction conditions, subject to discussions with our clients, and possibly with the condition that contracts are exchanged at least a week in advance of the auction.

Best Price

Often, properties achieve a sale price at auction in excess of the guide price. Regularly, the result is ahead of that which might have been acceptable with a private treaty sale but you can always be sure that it has achieved its best price on the day. This is especially important on

probate properties. When auction is the chosen sale route then this is guaranteed and also open to public scrutiny.

Continued Tenancy Income

More and more investment properties are now being sold by auction without vacant possession being obtained in advance. By continuing the tenancy, the vendor will continue to receive rent until the completion date and the purchaser will start receiving an income from that date onwards. Brown&Co sells a wide variety of occupied properties, regulated tenancies, HMO's, assured shortholds and other properties that are let commercially.

No Renegotiation

With private treaty sales, very often the price agreed is not the price you finally receive. With auction there is no renegotiation. No discounting to take account of survey findings or any last minute gazundering. With auction, your buyer will have fully researched the property's condition prior to bidding and cannot reduce the sale price after the hammer has fallen.

Timescale

If you are in a hurry or have a deadline to meet then auction could well be right for you. From the outset you will know the date of the auction and legal completion will usually be set 28 days thereafter. This timescale is fixed and legally binding to all the parties. Financial pressure and the need to relocate or dispose of a property in a specific timeframe can be easily accommodated and almost always met with a sale by auction.

A WIDE RANGE OF PROPERTY TYPES SELL WELL AT AUCTION

There are many different types of property that sell well at auction and if you have one that falls into any of these categories, you certainly should consider the auction route. Check through the list below and if you find a match then give Brown&Co auction team a call.

Properties for Improvement

Properties in need of updating make ideal auction lots. They are in great demand from refurbishment specialists and from private buyers keen to undertake a project for their own occupation or for resale. They also appeal to buy to let investors who carry out the improvements then retain the property as part of a property portfolio.

Tenanted Properties

Residential houses and flats with tenants in residence sell well at auction. If the best buyer for your property is another landlord, and it usually will be, auction is the right route. We should be able to get investor landlords bidding competitively – you won't need to serve notice on your tenants and rental income continues to be received right up until completion.



Residential Investments

Houses in multiple occupation and blocks of flats are regularly sold at auction as valuable investments. Here, it is the rent level that determines sale price just as much as the bidding itself. Sellers will benefit from the high marketing profile and competitive bidding arena offered by Brown&Co, plus the certainty of a sale when the hammer comes down.

Development Propositions

Derelict or disused farm buildings, empty commercial premises, buildings with potential for conversion or change of use can all sell well at auction. In some locations, a change to residential use can significantly add to the value of a property. In other situations there may be space for additional dwellings or to substantially enlarge the property. Auction is regularly chosen as the effective channel for such disposal.

Building Land

There is possibly no better way of ensuring that a seller achieves best price for a building plot or parcel of development land than to offer it for sale by auction. Builders will be able to consult with architects, planners, etc, and be ready to bid up to their maximum in the auction room. The trade is often surprised by the high prices achieved for land sales in the auction room, which is great news for sellers.

Mixed Use Properties

Properties that have twin uses or a variety of potential future uses are ideal for a sale by auction. Retail shops with accommodation above appeal

to investors as well as owner occupiers. Further conversion work can often be undertaken and the property tailored to suit the purchaser's special requirements.

Commercial Investments

Retail shops, offices and industrial units, garage blocks, parking areas and an ever increasing number of commercial investments are being sold by Brown&Co. It doesn't matter whether they are vacant or tenanted, with lease renewals soon needed or with a long way to run. We have a large number of investor clients who will consider all types of commercial investments and who are also willing to bid strongly.

Unique Properties

There are always some rare entries of sought after property in prime locations that need to be sold in a competitive environment. Understandably, high prices have regularly been achieved by this route, resulting in an outcome that cannot be challenged by any unsuccessful bidder.

Amenity Land and Other Property

We have sold paddocks, meadow land, moorings, amenity land and also other unusual land parcels. If it is a property or land that is surplus to requirements the likelihood is that we could find a buyer at auction. If it has value and is worth marketing, it is worth considering a disposal by auction.

A wooden gavel with a square head and a long handle, resting on a silver metal clipboard. The clipboard is attached to a dark, rounded rectangular board. The background is a light grey gradient.

THE SELLERS 10 STEPS TO AUCTION SUCCESS

Seeking Advice

It all starts with a phone call to Brown&Co auction department. We will ask about your property, your situation and your requirements. An auctioneer will visit and advise you on the best method of sale and if that is selling by auction, we will give guide price recommendations, talk you through the process and help you decide on the appropriate way forward.

Instruction to Sell

We will confirm our terms of appointment and get in contact with your solicitor who will gather together the necessary paperwork, liaise with us to get searches, planning permission, special reports, tenancy agreements, architectural plans and get special conditions of sale prepared for your property.



Property Details Approved

We will submit to you the property details and marketing material we have prepared for you to approve, then convert them to a suitable format for viewing on our website, press advertising and catalogue. We will also send copies to your solicitors for them to vet. Amendments will be discussed, included and support papers agreed.

Effective Marketing Campaign

All auction lots are advertised in the local press where appropriate, in local weekly newspapers. The properties will also be featured on our website and on various websites.

Viewings and Open Days

We organise special open days at all properties that require access and have an experienced, well briefed member of the auction team present to provide guidance and ascertain interest from many viewers. We conduct more open days than any other local auctioneer and these events are well advertised, highly effective and much valued by prospective auction buyers.

Catalogue Distribution

Your property will be allocated a lot number and after approval will be added to our auction catalogue. These are sent first class to all our buyers on the mailing list and they will receive a hard copy and an e-catalogue version will be sent to all those who have provided us with their email address – the total number amounts to over 800. The catalogue is also uploaded to the internet and made accessible to every interested party. Special conditions, ancillary documents and plans are made available through our website and also from the auctioneer's office.

Reserve Set

We gauge interest and likely bid levels at open days and by discussion with prospective purchasers. We may have also received pre-auction offers and take these into account. Occasionally, a pre-auction offer

may be so attractive and unlikely to be surpassed in the auction room that we recommend its acceptance condition upon exchange at least 5 days prior to the auction. We agree a reserve price with every seller approximately 2 days before the auction and this remains confidential between Brown&Co and the seller.

Auction Day

Time is allocated prior to the start of the auction for prospective buyers to ask any last minute questions. We circulate final amendments to catalogue details to those attending. Each lot is described prior to being offered and hopefully, after competitive bidding, will be sold at the fall of the hammer with contracts being effectively exchanged at that point. Sale documentation is signed in the room and a 10% deposit is paid.

Completion

Your solicitors will handle the process from then onwards. We will supply them with a Memorandum of Sale and hand over deposit monies after deducting sale costs. You will need to provide vacant possession upon completion, unless the property has been sold tenanted. You will need to make arrangements for key release and cancel your service supplies, insurance, etc.

Can Brown&Co Help you Further?

A successful sale at auction may prompt you to consider other disposals or you may wish to seek valuation advice on other property assets that you have. On the other hand, you may wish to use the sale proceeds to purchase another property. Our residential sales team will be pleased to assist you with this.

If you have been pleased with the service and the result, you will hopefully be recommending it to others and help us promote the benefits of the sale by auction alternative.



THE BENEFITS OF BUYING AT AUCTION

We have listed 10 key benefits of buying at auction – some but not all will appeal and apply to you. It is by understanding them that the attraction of auction will become clear.

Speed of sale

Most sellers, when placing a property into one of our auctions, are hoping to achieve a good price. However this is not always the case. Sometimes a quick sale is the most important factor as the swiftness of the process is the key element.

Certainty of Success

If your hand is up when the hammer comes down, you will have exchanged contracts on the property and the property will be yours. No-one will be able to step in and take it away from you. There will be no chance of the seller changing his mind or someone gazumping you or a break occurring somewhere in the chain of transactions. You will have bypassed that anxious uncertain period which private treaty buyers experience between agreeing a purchase and getting to exchange of contracts.



Guaranteed Timescale

If you want to buy a property, the process is quick and easy. There is a fixed, known timescale at the very beginning, the auction date is set and the period from then to completion, which is usually 28 days, is stated within the special conditions of sale. You know how long you have got to evaluate the property, obtain advice and expert opinions and determine your maximum bid.

No Hidden Surprises

Brown&Co, in conjunction with the seller's solicitor, aim to make available all relevant documentation from searches and leases on tenanted property through to planning permissions and scheme layouts for development plans. They should all be easily accessible and are usually free of charge. They are downloadable from our website and we will be happy to provide an explanation and give you general guidance too, should this be required. We will also put your professional adviser in touch with those of the seller and the appropriate authorities.

Right Property and Right Purpose

You will be interested in a specific auction property because it is right for you and you will want it for a specific purpose, sometimes for your own occupation or use, and other times as a project or investment. You will already know why you want it and your purchase will likely be part of a bigger plan, either financial, family or business related. Auction often offers the opportunity that you have been thinking about and the urgency it brings could persuade you to commit to that plan.

Level Playing Field

Everyone has an equal chance at auction. It isn't a first come, first served agreement. Most properties entered into an auction are sold under the hammer – but that shouldn't stop you putting in a pre-auction bid if you are very keen on a particular lot. For this to be accepted

it would need to be a very strong bid and at a level that might not be reached by competitive bidding in the auction room.

Publicity Ensures Awareness

If you are looking in the paper you will know about the properties being offered by Brown&Co auctions and you are likely to find out about them at the same time as others who might be interested. You will find the same information available to you, access to the same material and more often than not you will view the property on the same open day as others who could be interested. Our publicity will also explain the options and possibilities for each lot and give an indication of what buyers it might suit.

Simplicity of Transaction

Once the hammer falls it is a binding contract and you have the peace of mind that the property is now legally yours.

Immediate Tenancy Income

If you buy a tenanted property you will start receiving rental income from the day of legal completion. Your investment starts delivering from the moment you take ownership and you can factor this into your evaluation of its return. The legal benefits of the tenancy agreement will pass over to you, along with the responsibilities that it contains.

Temporary Financing

Nowadays there are specialist short term lending options that are available which will enable you to complete with temporary funds prior to your preferred long term mortgage being put in place. Brown&Co is able to introduce you to specialists who work in this field who can set up a conventional mortgage to support your bid.



BUYERS 10 STEPS THROUGH THE AUCTION PROCESS

Know what you want and Keep Searching

Auction isn't right for everyone: it will need to be right for you and it is best to be sure of this before you start. The first and most important step is to know what you want and know why you want it. If you don't you shouldn't be bidding in the room. If it is a redevelopment project then be sure it is not beyond you. If it is an investment, be clear about the outlay and the return that you want.

So, register on Brown&Co's mailing list and read the local property sections on a regular basis. Log in to auction websites, including our own at brown-co.com and subscribe to specialist auction databases such as eigroup.co.uk, who advertise the majority of auctions due to take place throughout the country. You will want to hear about properties that might suit your requirements early on in their marketing period, not just before the auction day, so keep searching until you see something that suits.

Get a Catalogue

Pick up a catalogue as soon as possible. Prior to that you will need to rely on draft property details which can be requested from Brown&Co offices or viewed on our website. The catalogue will contain finalised details of the lot that you are interested in and should include a floor plan, room measurements and a guide price, along with other information.

Open Day Viewings

Try to view the property on its first open day and consider taking along with you someone whose opinion you value because a second opinion that you trust will give you comfort and reassurance. Talk to the Brown&Co representative. They will be pleased to assist you, answer general questions and could be a good sounding board for your ideas. Go back again during subsequent open day visits and if you can, spend some time thinking about the property's future potential.



Surveys and Reports

Properties sold at auction may not be in prime condition so you are likely to need a survey carried out and may be other specialist reports. You might also need quotes from a builder or specific tradesman for works you wish to have carried out. Make sure that all reports, recommendations and plans are received well before the sale date. Discuss with your surveyor and others what the property is worth in its current state and what the value will be after improvement.

Legal Process

You should involve your solicitor as soon as possible. They will liaise with the vendor's legal representatives, obtain a legal pack and inspect searches, title deeds and any operating leases, planning permissions, building regulation approval, etc. Their advice could prove valuable to you and you may want that support and comfort before deciding to bid. Remember when the hammer comes down it is too late to change any of the terms or to change your mind.

Organise Finance

You will need to have 10% of the purchase price available on the auction day, subject to a minimum on low priced properties and the remainder of the purchase price and fees in readiness for completion. Arrange these with your financial adviser, bank or other preferred route. You can also investigate short term financing and other draw down options. If successful, you will be able to pay your deposit by bank draft or personal cheque. We do not take cash or credit cards but we do take debit cards. Speak to your insurers too, as you will be responsible for insurance from exchange.

Determine Your Bid Level

Draw up a budget. Make sure that you include all the costs that will arise if you are successful. These include legal and professional fees, Stamp Duty, the cost of improvement or conversion work, etc. and any related fees (and in some cases VAT). There will also be a buyer's premium of £395 plus VAT to pay to the auctioneers for

their services. Decide on your maximum bid levels before entering the auction room and take the views of your chosen advisers into account when doing so.

Non-Attending and Telephone Bidding

Brown&Co offers this service free of charge to any bidders who for one reason or another cannot be present at the auction. You will need to fill in the bidding form which will be found towards the back of our catalogue and this will need to be with us at least 2 days prior to the auction along with supporting documentation, deposit monies and administration fee. So there is no reason for you to miss out on purchasing your chosen lot.

Auction Day Tips

Always make a late check to ensure that the property which interests you has not been withdrawn. Arrive in good time – space is often limited. Last minute changes will be set out on an addendum sheet. If you have any queries, ask the auctioneer or other staff prior to the start time – they are approachable and knowledgeable. Bid clearly by holding up your hand or catalogue, and do not worry about bidding accidentally. Brown&Co's auctioneers are experienced and will not mistake the scratch of a head for a bid. If you want to bid an amount different to the one the auctioneer is offering, you should shout this out.

After the Hammer Falls

The fall of the hammer at the final acceptable bid signifies the binding sale of that particular property. The purchaser is required to pay a deposit and sign a memorandum of sale. Make sure you have ID (passport/driving licence and utility bill or similar) and means to pay your deposit. On occasions properties do not reach their reserve price. If you are bidding prior to this and the property is unsold, speak to a member of the auction team afterwards to register your interest and advise them of your maximum bid. There is a possibility that a sale can be quickly effected by subsequent negotiation under auction rules.

AFTER THE AUCTION: HOW BROWN&CO CAN HELP YOU

Brown&Co can offer just as much help after the auction as it does during and in the run up to it. Whatever future plans you might have for the property, we always welcome the opportunity to discuss with successful buyers what follow up services could be useful to them and to provide these in a beneficial manner. Here is how we have managed to help others in the past.



Properties for Improvement

Our auction and residential teams work very closely with a large number of individuals who acquire property for repair and rental, or as a project for improvement and resale. We can advise on specification, which segment of the market to target and the property's value once the work has been completed. We give advice on rent levels and we can find a tenant and manage the property post refurbishment. Alternatively, if resale is the preferred way forward, our residential department will be pleased to provide a market appraisal and an effective and competitively priced selling service.

Tenanted Properties

Brown&Co are also able to provide a comprehensive service that covers every aspect of residential lettings and property management. Our experienced lettings team is ARLA and RICS registered and they would be happy to discuss your individual requirements.

Planning and Development

Our Planning Department will be pleased to advise auction buyers either prior or subsequent to their purchase. We regularly assist in the preparation of development appraisals, give market based suggestions and help during the pre-planning process. Our Architects Department can prepare, at a cost, detailed plans and give guidance on interior specifications and elevation treatments should this be required. Brown&Co's New Homes Department can support you through the project or be called in at different stages and assist you when the disposal of the new dwelling becomes available.



THE FUTURE FAVOURS AUCTIONS

The Buy to Let revolution has made property investment available and worthwhile for more and more people. No longer is it the exclusive stronghold of professional players with high net worth and good banking connections. Nowadays property investment is seen by many as the best hedge against inflation, the safest way to save and the preferred method of building a capital fund to help tide them through their investment years. Experts agree that investment in property makes sense and is regularly referred to a private person's best pension route.

At the same time, a different group of forward thinking individuals are being attracted by the thought of property development. Again, times have changed – the possibility of profitable refurbishment projects is no longer restricted to the specialist builder. Now many more people are taking on these projects. TV programmes have helped the public's understanding of the process and pitfalls but most importantly they also show the profit potential of being a part time property developer.

Auctions are now being featured on popular home improvement and property development TV shows and viewers are realising that more and more first time investors and private developers are attending auctions to acquire competitively priced property with ease and certainty. The mystique has been removed

and confidence has been gained. Popular programmes such as BBC's Homes under the Hammer have also highlighted the simple process of buying and selling at auction. We meet more and more private individuals keen on the process. Most see the auction route as the ideal method of buying a first project.

Brown&Co Auction Department has a wealth of experience for the first time and experienced buyers and sellers to tap into. We will be pleased to offer advice on purchases and our residential team can help with the resale process.

The future of auctions is strong. As understanding grows, more and more buyers and sellers will be attracted to it. It really does pay to investigate sale by auction if your property fits with any of the styles listed in our guide. Your chosen estate agent is duty bound to consider this method of sale if your property is appropriate – if it doesn't, we strongly suggest that you seek our specialist advice.

Brown&Co has dedicated specialists and experienced staff who will be happy to visit your property to determine if auction is the right route. They may advise you on an alternative method of sale or proceed in a different manner. Whatever their advice, it will be balanced, appropriate and above all based on our wealth of experience.

To view a glossary of auction terms, please visit our website at brown-co.com/auctions

CONSIDERING SELLING YOUR PROPERTY AT AUCTION?

PROPERTIES MOST SUITABLE FOR AUCTION ARE:

Buildings with or without consent for improvement
Any property in need of renovation
Residential and commercial investments
Land with or without planning consent
Unique and individual properties
Properties with structural problems
Tenanted properties
Unmodernised properties of all types
Redevelopment opportunities
Farm and rural buildings
Non-standard constructed properties
Ground leases and garages
Family homes and prestigious locations

Visit brown-co.com/auctions
for forthcoming auction dates
and to view our range of
properties for sale by auction

SELLING BY AUCTION GIVES YOU:

Extensive high profile
advertising, competitive
bidding, a speedy sale within
a defined period and the
best price on the day

Contact your local auction experts at Brown&Co

Norwich: 01603 629871 | Trevor Blythe

King's Lynn: 01553 770771 | James Hurst

Holt: 01263 713143 | Vicki Coleman

Huntingdon: 01480 432220 | Michael Alexander

Retford: 01777 709112 | Jeremy Baguley

Bury St Edmunds: 01284 725715 | Robert Fairey

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