

LAWPACK

PROPERTY SERIES

Buying Bargains at Property Auctions

**A comprehensive guide to the alternative
way of buying property**

A black and white photograph of a real estate sign. The sign is black with white text. The word 'AUCTION' is written in large, bold, white capital letters. Below it, the words 'Friday' and 'June 20' are partially visible. A large, red, tilted rectangular stamp with the word 'SOLD' in white, bold, capital letters is placed over the sign, indicating that the property has been sold.

AUCTION
Friday June 20

Howard R Goodie
edited by Marc Da Silva

PROPERTY SERIES

Buying Bargains at Property Auctions

by Howard Goodie

MA (Cantab), Dip TP, FRICS

Edited by Marc Da Silva

This is an excerpt from Lawpack's *Buying Bargains at Property Auctions*.

To find out more about bagging a bargain at property auctions, [click here](#).

Buying Bargains at Property Auctions
by Howard R Gooddie

Edited by Marc Da Silva

1st edition 2001

2nd edition 2003

3rd edition 2004

4th edition 2005

5th edition 2009

6th edition 2014

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Lawpack Publishing Limited

76–89 Alscot Road

London SE1 3AW

www.lawpack.co.uk

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Printed in Great Britain

ISBN: 9781909104303

Ebook ISBN: 9781909104310

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For convenience (and for no other reason) 'him', 'he' and 'his' have been used throughout and should be read to include 'her', 'she' and 'her'.

Contents

<i>About the author</i>	ix
<i>About the editor</i>	x
<i>Acknowledgements</i>	xi
<i>Editor's note to the sixth edition</i>	xii
1 Auctions – the place to pick up a bargain	1
The UK is awash with bargains	1
What you will learn from this guide	2
What types of auction are there?	3
Large	3
Medium	4
Small	5
The single lot	6
What properties are offered for sale by auction?	6
Thatched cottages	6
Properties that are almost unsaleable	8
Repossessed houses	9
Investment properties	9
A portfolio of lots being sold by property dealers	11
The auction houses	11
Select firms that cover your area	11
How to choose which firms to follow	12
2 How to find your bargain property	15
First, find your bargain	15
Finding your property – the first steps	16
Where can I find out about auctions?	16
How to get on a mailing list	17
Where are auctions advertised?	18
The major property websites	20
What else will help in the search?	21
How to unearth a bank or building society repossession	21
What information will an auctioneer give me?	22

What price should my top bid be?	26
How to decide on your top bid	28
How is property valued?	33
How to estimate what price to pay for a house	36
How to calculate the rent and value of a shop	37
How to track what properties fetch at auction	40
Auctioneers' telephone information	40
3 Clearing the contracts and arranging the finance before the auction	43
When to use a solicitor	43
Choosing your solicitor	43
What advice should I seek?	45
What questions will my solicitor put to the vendor's solicitors?	46
Conditions of sale	50
What are the conditions of sale?	50
What types of conditions are there?	51
What do the general conditions mean?	67
What do the special conditions mean?	68
Are these special conditions not unlawful?	69
If you can't stand the heat, get out of the kitchen!	71
Hidden pitfalls to watch out for	71
Major arrears	71
Local authority charges, public health and other notices	72
Do not take plan sizes for granted	73
View, view and view again	73
Financing the purchase	74
Will I need an accountant's advice?	74
Tax allowances for investment properties	74
The VAT minefield	77
The deposit and balance	77
What other costs should I allow for?	78
4 Going for your bargain	83
Doing a dummy run	83
Get the feel for how an auction works	83
Key points for the dummy run	84
Cut out the competition and buy your bargain before auction	84

Move in before the auction happens!	85
Contracts must be exchanged quickly for pre-auction sales	86
Buyer's timetable	87
Attending the auction	88
How to attend	90
What will it be like?	90
How to behave at auction	91
How will the auctioneer know I am a bidder?	93
Exchanging contracts or memoranda	94
The full contract	94
The memorandum	96
Financial, legal and tax traps – a last-minute check	98
Will the owner's solicitors be present?	98
Watch the legal traps	99
How and when is the deposit paid?	100
What is payable in addition to the deposit?	101
Value Added Tax	107
How can I find out the reserve price?	108
Reserves that are published	109
A published reserve puts you in the driving seat	109
Without reserve	109
A cautionary tale	110
Disclosing when the reserve has been reached	111
Discovering the reserve price	112
5 Bidding and winning your bargain	115
How does an auctioneer conduct an auction?	115
The auctioneer's opening speech	115
Persuading, cajoling and bullying for the highest bid	117
How large do the bids jump?	118
Watch out for changes to the lot details	121
How to make your bid	122
Use your own style	122
Bidding by telephone	123
Online bidding	124
Can I employ someone to bid for me?	125
Bidding by proxy	125
Bidding tactics to beat the competition	125

Use a jump bid to put off the competition	126
How to reduce the size of the auctioneer's increments	126
How to reduce the increments even more ...	127
Tricks the auctioneer will use against you	130
Watch out for the auctioneer bidding on behalf of the vendor	130
Watch out for bids that are 'off the chandelier'	132
What an auctioneer is not permitted to do	134
What an auctioneer is permitted to do	135
Watch out for subtle changes in the auctioneer's behaviour	135
Bids on behalf of the vendor	136
How to act and bid at the auction	139
Shout, wave and stand up if necessary!	139
How quickly do the lots sell?	141
Expect to see properties sell at 20 to 30 lots per hour	141
In the auction room, the auctioneer is God	142
The auctioneer's code of conduct	143
What happens if the lot is withdrawn or remains unsold?	144
Check before you attend that your lot is still for sale	144
Why lots get withdrawn	145
Unsold lots	147
6 After the auction – what happens next?	149
What to do when you have got your lot	149
Is the property insured and secure?	149
Speak to your finance house	150
What to do after the auction	151
What happens if I decide not to complete?	152
Losing your deposit	152
Is there a get-out?	154
Misdescribing the property	154
Wait until the auction is over to pick up a better bargain	157
Make your offer when the vendor is 'down'	157
Find out the reserve, if you can	158
How to buy a bargain from withdrawn lots by private treaty	159
The best bargains can be found even later	161
How to find your bargain property	162
7 The insider's guide to an auction house	165

The auctioneer's timetable – sale day is A-day	165
Entry fees	166
The inspection and the preparations	170
The catalogue details	172
Final copy	172
Printing and first advertising	175
Enquiries and offers before the auction	177
Immediately before the auction	179
The auction	180
Immediately after the auction	181
After the auction	181
8 Thinking of selling your property?	183
To auction or not?	183
Seek the auctioneer's advice	184
Advantages of selling by auction	184
The types of auction houses	185
Auctioneer's offices	185
How to choose your auction house	185
Agreeing the auctioneer's terms	188
When are the fees payable?	188
What type of agency?	188
What level of fees can a seller expect to pay?	189
The legal clauses to watch out for	191
Responsibilities of the seller	202
Getting the catalogue details right	203
Instructing your solicitor	206
Agreeing the figures	208
The guidelines	209
Varying the guidelines	209
The reserve	210
The post-auction price	211
Disclosing personal interest	213
The Estate Agents Act	213
When should a vendor accept an offer before the auction?	215
How great is the interest?	215
Exchanging contracts	216
How should the vendor behave at the auction?	216
What happens afterwards?	218

Your lot has been sold	218
What happens if your lot is withdrawn?	219
Should you put your lot in another auction?	220
When does the vendor get paid?	220
How much does a vendor receive out of the purchase price?	221
9 'We bought at auction' — what buyers have to say	225
Caroline Titley bought two semi-detached Victorian houses for her business	225
'We didn't go over what we could afford'	226
Don Lee paid 33 per cent less buying his house at auction	226
'I was surprised they did not go for more'	227
'I paid 33 per cent less'	227
'I would definitely buy another property at auction'	227
Michael Kirby is a chartered surveyor who buys commercial property for clients	228
'I always try to do a deal beforehand'	229
Michael Roe has bought two houses successfully at auction	229
'It is usually cheaper to buy property at auction'	229
<i>Appendices</i>	231
1 <i>Enquiries of Local Authority (2007 Edition)</i>	232
2 <i>General terms and conditions concerning domestic non-structural survey</i>	234
3 <i>RICS auction guidance notes</i>	238
4 <i>Terms of the Estate Agents Act 1979 governing provision of information and explanation of terms</i>	251
5 <i>Principal property auctioneers</i>	254
<i>Index</i>	265

CHAPTER 5

Bidding and winning your bargain

'Buying at auction is very straightforward. If I could see houses that were being sold at comparable prices in comparable areas, I would buy privately. But buying at auction is a way of ensuring I don't have to pay more than I need to pay. You want to make sure you acquire your property at a bargain level and auctions are the way.'

Michael Roe, buyer of residential properties

How does an auctioneer conduct an auction?

The auctioneer's opening speech

Bearing in mind that auctioneers are individualists, you can expect all their opening speeches to vary considerably. They do, however, frequently contain important information and it is wise to be at the auction before the start and before the auctioneer's introductory remarks. If you are only going to be interested in a lot towards the end of a long day of selling, ensure that you hear the opening speech, even if you then decide to take a break from listening to the sale of some of the earlier lots.

Key point

Having decided to attend the auction, you should listen to the contents of the auctioneer's speech carefully.

The speech will usually contain:

1. A polite welcome.
2. An indication of how the sale will be run with advice on any lots that have been withdrawn or that will be sold out of numerical or alphabetical order. For example, the auctioneer may decide to split a lot into two or put two lots together and sell them as one. Alternatively, he may decide to offer a lot as it stands and if it does not sell, then to split it into two. For some reason the vendors may decide that they want to vary the order of sale and the auctioneer will indicate that he will sell lot 2 before lot 1 or make a variation such as lot 10 will only be offered at the end of the auction rather than after lot 9.

Announcements of changes

3. Details of any late amendments to the information published in the catalogue. (It is very common for auctioneers to issue amendment sheets which detail these variations.) Amendments may include corrections to addresses or descriptions or may be more fundamental. Quite often, the published details state the wrong terms or starting dates or the rents payable under leases. Even more frequently, review dates on leases seem to need variation.
4. Comment on the auctioneer's right to bid on behalf of vendors and on behalf of people who have left bids with him, or his firm or his employees. The phrase in the speech may be: 'On behalf of the auctioneers, I give notice that they reserve the right to bid, through me



This two-bedroom terraced house is close to the city centre and the university campus in Carlisle; a good location, which would appeal to a range of buyers. It needs some upgrading, but could bring in an income of £400 a month. It sold for £72,000. If it were resold having been done up, it could command up to £90,000

or otherwise on behalf of purchasers who have left bids with them, or on behalf of vendors, or as agents, or as principals for any lots.’

You will see that this comment coupled with the conditions of sale leaves the auctioneer to take bids:

- on behalf of people who are not present but who have made proxy bids;
 - made by people who are bidding by telephone;
 - on behalf of people who have already instructed him by letter, fax or similar instruction to bid up to a specific sum on a specific lot;
 - on behalf of the vendor;
 - on behalf of himself or his firm.
5. The procedures that follow during the auction for:
- methods of bidding;
 - obtaining the details of purchasers;
 - the arrangements for signing and exchanging contracts or memoranda;
 - the amount of the deposit and how it is to be paid.
6. The completion date of each lot.

Persuading, cajoling and bullying for the highest bid

Auctioneers come in all shapes and sizes and ages; their charisma and charm vary throughout the range, but almost invariably they are frustrated actors! There is no doubt the performance of a good auctioneer on the rostrum is the equivalent to that of a high quality professional actor on the stage. This performer on the rostrum sets out to use all his abilities to make the most of the competition engendered in the auction room and to persuade, cajole, lead or bully bidders into paying more than their common sense would suggest.

The auctioneer has the benefit that the entire audience must concentrate on him. Many newcomers to auctions fear that their slightest move might be interpreted as a bid and they will finish up buying a property they did not intend to take home.

Key point

This fear is not justified and all auctioneers take care not to 'knock down' lots to individuals in the audience who make involuntary (or even voluntary non-bidding) gestures.

What the auctioneer is thinking

The auctioneer runs the auction on three levels of consciousness. Uppermost in his mind will be the level of bidding at or above the reserve that he is striving to reach to effect a sale. For this reason, auctioneers often unconsciously seek to start the bidding at the reserve amount. If the bidding does not begin at this price, the auctioneer may ask for lower starting prices.

At the second level the auctioneer has a regular rhythm of pater relating to the bid that he has received and the next bid he is seeking. Auctioneers often have an almost monotonous mantra-like recitation of amounts.

At the third level he is hawkishly seeking movements or sounds in the audience which betray the existence of bidders.

Auctioneer's Anecdote: Bidders are like the opposite sex

Quote from the Manchester Evening News: 'Bidders are like the opposite sex. We can't do without them. Too often the low bidder is jeered, the tentative bidder chivvied and the reluctant bidder chided. Remember always, all bidders need encouragement and more encouragement until they thrive and smile and multiply and bid and bid and bid. Auctioneers should always ensure positively that the final bid they accept before the climactic bang of the gavel is a bid. No auctioneer earns merit from accepting as his last bid a smile, the response to a neighbour's joke, a nervous twitch or sneeze or a salutation across the sale room to a colleague.'

How large do the bids jump?

Having found a bidder or bidders, the auctioneer will aim to dictate the increments in the bidding. He will seek to make them as large as possible, probably in the range between two and a half per cent and five per cent of

the bids. The increments may initially be in quite large amounts but as the price rises they will almost invariably reduce when the bidding slows down and the sale price nears.

Bidding Range	Main Increments	Intermediate Increments	Possible Final Increments
£1,000–£20,000	£1,000	£500	£250
£20,000–£50,000	£2,500	£1,000	£500
£50,000–£100,000	£5,000	£2,500	£1,000
£100,000–£250,000	£10,000	£5,000	£2,500
£250,000–£500,000	£25,000	£10,000	£5,000
£500,000–£1,000,000	£100,000	£50,000	£25,000

Table 5.1 Bidding ranges and increment sizes

Table 5.1 gives examples of increment sizes in line with bidding prices. Most auctioneers aim to encourage a regular rhythm of bidding by their audience. It is common for them to concentrate on only two bidders at a time moving on to other bidders only when one of the original pair drops out. Occasionally, auctioneers will take their bids in turn from three bidders. By following this practice of using their audience in pairs or trios they are able to ensure that the bidders are aware when it is their turn to participate.

The personal style of each auctioneer varies, but a typical offering and bidding scenario is as follows:

AUCTIONEER: I now wish to offer lot number six, a charming and desirable residence with vacant possession, 16 Acacia Road, Lewisham. Where may I start the bidding? £50,000?
(*Silence.*)

AUCTIONEER: Well, ladies and gentlemen, it is in your hands not mine as to where we start the bidding. Should it be £45,000?
(*Silence.*)

AUCTIONEER: Will £35,000 tempt someone to bid? Thank you sir, I have your bid (*as bidder number one waves his catalogue vigorously in the air*).

AUCTIONEER: I am bid £35,000. Do I see £37,500? £37,500 anywhere?
(*Bidder number two coughs and raises a tentative finger in the air.*)

AUCTIONEER: £37,500 bid. £40,000 anywhere?
(*Bidder number one nods his head discreetly.*)

AUCTIONEER: £42,500?
(*Bidder number two shakes his head.*)
(*Bidder number three shouts £42,500!*)

AUCTIONEER: £42,500. £45,000 may I say?
(*Bidder number one nods his head.*)

AUCTIONEER: £47,500?
(*Bidder number three winks.*)

AUCTIONEER: £50,000?
(*Bidder number one looks away.*)
(*Bidder number three waves his catalogue.*)

AUCTIONEER: I have your bid, sir, at £47,500 which is your bid. £50,000 anywhere? Any further bid? I am bid £47,500. I am looking for £50,000. Have you all done? Has the bidding finished? At £47,500 for the first time. For the second time ...
(*Bidder number four shouts out incomprehensibly.*)

AUCTIONEER: I have a new bidder at £50,000. £52,500 anywhere? Have you all finished at £50,000? Will a bid at £51,000 tempt anyone at this stage?
(*Bidder number one raises his finger in the air.*)

AUCTIONEER: I have £51,000. £52,000 may I say?
(*Bidder number four nods her head.*)

AUCTIONEER: I am bid £52,000. £53,000 anywhere? £53,000 may I say? Have you all now finished at this price? At £52,000 then for the first time, £52,000 for the second time (*pointing at bidder number four*). It is your bid, Madam, at £52,000. Any further bid? £53,000 anywhere?
(*The auctioneer lifts his gavel and holds it threateningly in the air and after a pause brings it down.*)

AUCTIONEER: Sold at £52,000.
(*Looking at bidder number four pointedly.*)

AUCTIONEER: May I see your paddle number, madam?
(*Bidder number four shows her paddle number.*)

AUCTIONEER: Sold to 142 at £52,000. And for my next lot ...

Key point

However charming and encouraging the auctioneer is, it should always be remembered that his responsibility is to obtain a sale for the owner of the property at the highest price possible.

Watch out for changes to the lot details

The auctioneer's firm will always indicate whether any lots have been sold prior to the sale and whether any lots have been withdrawn. They may have posters on the wall or at the entrance indicating lots sold prior. The information may also be recorded on amendment sheets that are issued.

Occasionally, lots are split or amalgamated for the purpose of a sale. It may be that the order of the sale has been changed or there are changes in the details of some of the lots. This is likely to be announced in the auctioneer's speech and detailed in any amendment sheets issued. A typical amendment sheet is shown in Figure 5.1.

Lots Sold: 4, 5, 6, 8, 14, 15, 17, 25, 30, 32, 36			
7	This property has recently had gas central heating installed and full rewiring.		
12	The solicitors' correct address is 229 Burnage Lane.		
13	This lot is freehold not leasehold as described in the catalogue.		
25	The solicitors acting are Addleshaws, Dennis House, Marsden Street, Manchester. Tel: 0161 832 5994.		
29	One of the lifts is in working order but the other is not.		
30	Two bedrooms should read three bedrooms.		
31	Special Conditions of Sale are available for inspection at the office of the auctioneers. The total weekly income is £696.15 and not as printed in the catalogue. The following is a schedule of occupiers' agreements as at 9.7.05.		
Occupier	Weekly Rent	Agreement Date	Expiry Date
World Book & Childcraft International	£140.00	01.10.06	31.12.07
TA Wise (t/a Tour inc Production Agency)	£46.15	04.08.06	05.09.07
Amjad Dar (t/a First Call)	£60.00	02.08.06	31.08.07
Elaine Chadwick	£140.00	01.06.06	30.09.07
Julian Stein	£50.00	01.06.06	30.09.07

Associated Homecare Limited	£220.00	18.08.06	17.02.08
Madman Movies Limited	£40.00	23.08.06	19.09.08
34 We have recently been advised that the tenant of the shop has not paid rent for nine months. The purchaser will be required to pay the arrears of £1,800 outstanding over to the vendor at completion.			
35 The solicitors acting are Alsop Wilkinson (Jill Worthington dealing), 11 St James Square, Manchester M2 6DR. Tel: 0161 834 7760.			

Figure 5.1 An amendment sheet

Key point

If any lot in which you were interested has been withdrawn, you do NOT have any right to claim any expenses or damages against the auctioneer, his firm or the vendors.

How to make your bid

Use your own style

Any auctioneer will reminisce over the variety of styles adopted by bidders. Many of the stories may be apocryphal but tales are recounted of buyers who bid in mirrors, with their toes, their fingers, their nose, by winking or by proxy.

Key point

There is no need for you to adopt any sophisticated style. The important part of bidding is to ensure that the auctioneer’s attention is drawn to you at the stage where you are making your first bid. A bold raising of the hand, waving of the catalogue or paddle, or even a shout may be necessary to draw the auctioneer’s attention to you in the first instance.

Keep your eye on the auctioneer

Once he knows you are interested, then your movements can be a matter of your own style as long as they are sufficient to show your interest. It is wise during this period to keep looking directly at the auctioneer. Your

bidding should always be confident. Act as if you attend auctions every other day. Make all your gestures strong and firm. Should the price become too high for you, then stop the movement and look away from the auctioneer. Many bidders specifically indicate with a shake of the head that they are no longer interested and occasionally some of those change their mind and start bidding again.

Key point

There is no point in trying to unsettle or disturb the auctioneer, particularly since you need him 'on your side'. Much more important is the impression you create in the minds of competitors bidding against you.

Auctioneer's Anecdote: The bidder is not always the decision-maker

Not surprisingly, husband and wife teams often sit together in auctions. Occasionally, a group of three or even four board members or partners may attend an auction together. In these cases, it is frequently very obvious to the auctioneer which member of the team is the decision-maker and, for some reason, it is most unusual for that decision-maker to be the actual bidder. The wife decides but the husband bids! The managing director decides but the company secretary bids! The auctioneer, on his rostrum, is frequently in a position to see these decisions being passed 'down the line' and is always intrigued to see the look of surprise on the husband's or company secretary's face when the auctioneer appears to take the bid off him before he has even made his gesture. No auctioneer would ever admit that he does not have a heightened sense of ESP.

Bidding by telephone

Many of us have seen the telephone bid used, particularly at the leading chattel auction sales on television. Most auctioneers of property are willing to make the telephone available for bidding, but this does have certain disadvantages to the buyer. You need to establish your credit with the auctioneer several days before the auction, and he will probably require you to send him a cheque before the auction representing the ten per cent deposit of the maximum sum that you are willing to bid.

This has two disadvantages. First, the auctioneer is aware of the maximum you will pay and if he is unscrupulous, he may take advantage of this knowledge by increasing the reserve. Second, it prevents you from making any bids higher than 'the first number you thought of' at the time you dispatched the cheque. For some reason, perhaps because they disturb the auctioneer's rhythm of bidding, telephone bids always come over weakly in the room and seem to have less impact on opposing bidders. The audience may believe they are a ploy of the auctioneer to increase the number and level of bids.

Online bidding

Some auction houses broadcast live video from auctions on their websites, enabling buyers to view auctions, bid and buy property online. Although technology and the means to buy property online is rapidly improving, as things stand, you will still need to establish your credit with the auctioneer several days before the auction when bidding online. The auctioneer may even require you to send him a cheque before the auction, representing the ten per cent deposit of the maximum sum that you are willing to bid.

In conjunction with a range of property auctioneers, the Essential Information Group also has the ability to display live bidding and in some cases, a live video feed. This means that if you cannot make it to the auction room, you can still watch the bidding for the lot you may be interested in.

Auctioneer's Anecdote: Long-distance bidding

A well-known firm of provincial auctioneers decided to run an auction in the provinces and in London at the same time. They installed an auctioneer and solicitors in each room and linked the rooms up with three telephone lines. Microphones at each end conveyed the proceedings in each room to loud-speakers in the other. The first eight lots were all sold in a room in the provinces and although one or two bids came through on the loud-speakers from the London end, the city bids were few and far between. As the bidding rose higher for the ninth lot, over the loud-speakers in the provinces were heard the bids taken by the second auctioneer in London from a bidder in that room. The lot was sold to the London buyer. This immediately provoked a strong murmur and comment from the provincial audience which the auctioneer in that room immediately picked up on and said 'You didn't really think there was anybody at the other end, did you?' to nods of assent all round the room.

Can I employ someone to bid for me?

Having read this guide, you will be well equipped to tackle an auction yourself. But there is no reason why you should not seek out an auctioneer, solicitor or other professional experienced in the sale room to act on your behalf. It may be that the valuer who has assisted you in the earlier stages will be willing to join you in the room for an appropriate fee. He may charge a specific fee of between £150 and £300 or may charge at an hourly rate of between £80 and £200 per hour. You may want to discuss with him the tactics that you might both use to upset the opposition. But in the end, you will have to appreciate he can only bid up to the price you specify and that any different decision by you will need transmitting to him quickly if he is to enter a bid above your authorised amount. There are no other agencies that specialise in bidding on a purchaser's behalf.

Bidding by proxy

A final method of submitting your bids is to notify the auctioneer's firm by letter, fax or email. As with the telephone bid, you will need to cover the ten per cent deposit. Bidding by proxy has the same disadvantages as the telephone bid, but if you resort to it then it is important that you instruct the auctioneer in writing to bid up to your chosen maximum price. All reputable auctioneers will accept this instruction, but again you have the disadvantage of not being able to vary your maximum price having gauged the atmosphere in the auction room. Also, the auctioneer is aware of the maximum figure that you are willing to pay and might adjust his increments accordingly.

Key point

The best method is to attend the auction in person and, having obtained suitable advice, bid yourself.

Bidding tactics to beat the competition

'I didn't start the bidding. There were one or two other bidders lower down. I let them have their say and then came in at the end. I bid twice and the second time it stopped, my bid being the highest bid. I thought the

auctioneer might withdraw it because it was only slightly higher than we had bid before the auction. I thought it probably hadn't reached the reserve. But then the gavel came down and I knew it was ours.'

Michael Kirby, Chartered Surveyor

Use a jump bid to put off the competition

Although you will hear the auctioneer dictating the bids he is seeking, if the bidding is well below the price you have decided to pay, you may elect to make a jump bid shouting out a figure which is higher than that for which the auctioneer has just asked. The auctioneer will not be too upset by your disturbance of his bidding rhythm and it may be that an opposing bidder will be put off their stride. You should set out to convince your opponents that you will cap their bids regardless of how high they go and so discourage them from putting in any more bids.

How to reduce the size of the auctioneer's increments

The auctioneer's aim is to dictate the increments in the bidding and to make them as large as possible. He will have more opportunity to do this at the cheaper levels than in the middle range. Thus, with bidding at the £10,000 to £15,000 level, the auctioneer in his early stages may be able to take the bidding to £10,000, £11,000, £12,000, £13,000, £14,000, £15,000. As he comes closer to his reserve and the prices get higher, you may find him reducing the increments to £500 to encourage the bidding and to indicate to his audience that he is coming closer to the reserve. The bidding might then proceed at £15,500, £16,000, £16,500, £17,000. Some auctioneers, having reached their reserve or being very close to it, might bring their increments down to £250 or even £100 or £50 a time. Knowledgeable auctioneers resist this knowing full well that by keeping the increments as large as possible they will obtain a final bid higher than they might otherwise achieve, thus obtaining more for their client.

A useful gambit is to try to reduce the size of the auctioneer's increments in the bidding figures at an early stage. An experienced auctioneer may be wise to this move and refuse to accept low increments but others will accept a reduction in the increment sought, if they are convinced you will give them a bid at that amount. By reducing the increments much earlier than the auctioneer would choose and making your opponents bid innumerable times, you will make them think that you have reached a high amount, enabling you to move in and catch the last bid at a lower level than it might

otherwise reach. The following example illustrates this in practice:

Bidding the price down – in practice

AUCTIONEER: I now wish to offer lot number six. A charming and desirable residence with vacant possession, 16 Acacia Road, Lewisham. Where may I start the bidding? £50,000?
(*Silence.*)

AUCTIONEER: Well, ladies and gentlemen, it is in your hands not mine as to where we start the bidding. Should it be £45,000?
(*Silence.*)

AUCTIONEER: Will £35,000 tempt someone to bid? Thank you, sir, I have your bid (*as bidder number one waves her catalogue vigorously in the air*).

AUCTIONEER: I am bid £35,000. Do I see £37,500? £37,500 anywhere?

BIDDER NUMBER TWO: £35,500.

AUCTIONEER: I am looking for £37,500. Will you make it £37,500?

BIDDER NUMBER TWO: No. £35,500.

AUCTIONEER: Your bid at £35,500. I will accept £36,000?
(*Bidder number one nods her head.*)

AUCTIONEER: £36,500.
(*Bidder number two winks.*)

AUCTIONEER: £37,000?
(*Bidder number one waves her finger.*)

AUCTIONEER: I am bid £37,000. I am seeking £37,500. Any further bid? £37,500 anywhere? Any further bids? At £37,000 then for the first time. For the second time. (*The auctioneer lifts his gavel and holds it threateningly in the air and, after a pause, brings it down.*) Sold at £37,000. May I see your paddle number, madam? (*The bidder shows her paddle number.*)

AUCTIONEER: Sold to 142 at £37,000. Now for my next lot ...

How to reduce the increments even more ...

Bidders have been known to bid in the ‘and £100’ style, quite specifically interjecting a rhythm of ‘and £100 and £100 and £100’. If the auctioneer

will wear it, our scenario would go as follows (the auctioneer has a reserve of £40,000):

'And 100' – in practice

AUCTIONEER: I now wish to offer lot number six, a charming and desirable residence with vacant possession, 16 Acacia Road, Lewisham. Where may I start the bidding? £50,000?
(*Silence.*)

AUCTIONEER: Well, ladies and gentlemen, it is in your hands not mine as to where we start the bidding. Should it be £45,000?
(*Silence.*)

AUCTIONEER: Will £35,000 tempt someone to bid? Thank you sir, I have your bid (*as bidder number one waves his catalogue vigorously in the air*).

AUCTIONEER: I am bid £35,000. Do I see £37,500? £37,500 anywhere?
(*Bidder number two coughs and raises a tentative finger in the air.*)

AUCTIONEER: £37,500 bid. £40,000 anywhere?
(*Bidder number one nods his head discreetly.*)

AUCTIONEER: I have £40,000.
(*Bidder number two shakes his head.*)

BIDDER NUMBER THREE: And £100.

AUCTIONEER: £40,100. £42,500, may I say?
(*Bidder number one nods his head.*)

AUCTIONEER: £42,500 I am bid.

BIDDER NUMBER THREE: And £100.

AUCTIONEER: £42,600. Do I see £45,000?
(*Bidder number one looks away.*)

AUCTIONEER: (*pointing at bidder number three*) I have your bid, madam, at £42,600 which is your bid. £45,000 anywhere? Any further bid? I am bid £42,600. I am looking for £45,000.
(*Pause.*)

AUCTIONEER: Can I perhaps tempt anyone at £43,000?
(*Pause.*)

AUCTIONEER: Have you all done?

(Pause.)

AUCTIONEER: Has the bidding finished?

(Pause.)

AUCTIONEER: Very well, then, at £42,600 for the first time (*pause*), for the second time ...(*pause*), and for the final time at £42,600 ...
(The auctioneer lifts his gavel and holds it threateningly in the air and after a pause brings it down.) Sold at £42,600.

(looking at bidder number three pointedly) May I see your paddle number, madam. *(Bidder number three shows her paddle number 142.)*

AUCTIONEER: Sold to 142 at £42,600. For my next lot ...

Auctioneer's Anecdote: How to make big numbers sound small

An auctioneer selling a piece of land for a local authority had instructions that his reserve was any bid over £1,000,000. He wanted to take his increments in £100,000 jumps, so that because of the reserve, the minimum price at which he would sell would be £1.1m. From a psychological point of view, he wanted the increments in the bidding to appear as small as possible although he was determined that, at that stage, they would be not less than £100,000. He is reputed to have tested out on a variety of people whether £1.1m would sound less to a bidder than £1,100,000 or whether he should fall back on the 'and £100' formula discreetly forgetting to mention that the £100 really related to the £100,000 that he was seeking. He decided that he would start the bidding at £600,000 so that the £100,000 increment pattern would be developed well before he reached his reserve. To the auctioneer's horror, having started the bidding at £600,000, and taken a second bid at £700,000, an astute builder 'jump bid' to £1,000,000 hoping to frighten off the opposition. The auctioneer could not sell at £1,000,000 and had lost his initiative in establishing the £100,000 increments. After the bid of £1,000,000 it looked as if the jump bid had succeeded, no other bidders were forthcoming and the silence was ominous. The auctioneer was in a quandary: he could not sell at £1,000,000 and he could not take a bid on behalf of the vendor since that would be in excess of his reserve. The room was silent for what seemed like an age, in an endeavour to regain the initiative the auctioneer changed the

coloured slide which gave a second view of the piece of land that he was selling. With the tension broken, the bidding resumed (in £100,000 increments!), the professionals in the room were carried away and the land sold at £3.5m – which you must confess sounds much less than three million, five hundred thousand pounds!

Stoke Newington 313 Amhurst Rd 5 storey terr prop as in need of imp Fgdn (gp£375,000)	F	V	.	487,000
Stoke Newington 158 Green La 3-storey mid-terr off sc flat over in need of imp (gp£275,000)	F	V	prior	285,000
Stratford 63 Borthwick Rd 2-storey s-d prop as Fgdn let £23,400pa PP for conv 2 x 2-bed flats & 1 x 1-bed flat (gp£300,000)	F		av	
Stratford 145 Chandos Rd 2-bed terr d-h in need of mod Fgdn (gp£120,000)	F	V	.	167,000
Stratford 79 Crownfield Rd 3-bed terr d-h cellar in need of imp Fgdn (gp£130,000)	F	V	.	171,000
Stratford 79 Chandos Rd 2-storey end-terr prop as let AST £16,380pa (gp£210,000)	F		w	209,000
Tottenham 55a Scales Rd 1-storey end-terr studio flat Fgdn (gp£85,000)	F	V	.	85,000

'Fgdn' – Front garden

'imp' – Improvement

'F' – Freehold

'prior' – Sold before auction

'PP' – Part vacant possession

'av' – Available, i.e. unsold

'mod' – Modernisation

'V' – Sold with vacant possession

'gp' – Auctioneer's guide price

'w' – Withdrawn unsold

'85,000' – Sold at the auction at £85,000

Figure 5.2 Extract from Under the Hammer showing examples of abbreviations

Tricks the auctioneer will use against you

Watch out for the auctioneer bidding on behalf of the vendor

It is virtually always mentioned in the auctioneer's conditions of sale and often in his introductory speech that he reserves the right to bid on behalf of various parties. These parties always include the person selling the lot. It can sometimes happen that an auctioneer has only one bidder at some stage in his offering of a lot and where the level of bidding has not reached the reserve or upset price. As the auctioneer cannot sell below his reserve figure, he will use his right to take a bid on behalf of the vendor. This right is enshrined in the Sale of Land by Auction Act 1867 and is included in the auctioneer's conditions of sale.

How the auctioneer bids the price up – in practice

An example of how this works in practice follows (the auctioneer has a reserve of £45,000):

AUCTIONEER: On behalf of the auctioneers, I give notice that they reserve the right to bid, through me or otherwise on behalf of purchasers who have left bids with them, or on behalf of vendors, or as agents, or as principals for any lots.

AUCTIONEER: I now wish to offer lot number one, a charming and desirable residence with vacant possession at 10 West Road, Lewisham. Where may I start the bidding? £50,000?
(*Silence.*)

AUCTIONEER: Well, ladies and gentlemen, it is in your hands and not mine as to where we start the bidding. Should it be £45,000?
(*Silence.*)

AUCTIONEER: Will £35,000 tempt someone to bid? Thank you, sir, I have your bid (*as bidder number one waves his catalogue vigorously in the air*).

AUCTIONEER: I am bid £35,000. Do I see £37,500? £37,500 anywhere?
(*No one moves in the room.*)

AUCTIONEER: £37,500 I am bid.

Note: This is a bid which the auctioneer has interjected on behalf of the seller. The bidding level is well below the reserve of the lot but the auctioneer wishes to keep the momentum of the bidding going and has seen no signs of anyone else wanting to bid in the room and has therefore exercised his right to bid on behalf of the owner.

AUCTIONEER: £40,000 anywhere?
(*Bidder number one nods his head discreetly.*)

AUCTIONEER: £42,500?
(*No one moves in the room.*)

AUCTIONEER: I am bid £42,500.

Note: This is the second bid that the auctioneer has made on behalf of the seller because there is still no momentum in the bidding and the reserve has not been reached.

BIDDER NUMBER TWO: £45,000.

AUCTIONEER: £45,000 I am bid. £47,500 may I say?

(Bidder number one nods his head.)

AUCTIONEER: £50,000?

(Bidder number three winks.)

AUCTIONEER: £50,000, I have your bid sir. £52,500 anywhere? Any further bid? I am bid £50,000. I am looking for £52,500. Are you all done, has the bidding finished? I am bid £50,000 for the first time, for the second time.

Note: The auctioneer is now above his reserve. He cannot take a further bid on behalf of the owner/seller and is therefore about to bring his gavel down if there are no other bids from people in the room.

AUCTIONEER: Sold at £50,000 *(looking at the successful bidder pointedly)*. May I see your paddle number, sir?

(Bidder number three shows his paddle number as 142.)

AUCTIONEER: Sold to 142 at £50,000 and for my next lot ...

Watch out for bids that are 'off the chandelier'

In bidding parlance, in the better quality auction rooms, if the bidding has stopped more than one increment below the reserve, the auctioneer can then take a bid off the chandelier on behalf of the vendor. In slightly lower quality salerooms this is known as taking a bid off the wall! This right is a vital part of the auctioneer's armoury.

The auctioneer may continue to interject bids on behalf of the vendor in between genuine bids from the floor. He may therefore reach the point where his last bid, which was made on behalf of the vendor, is just one increment beneath the reserve. This will not stop the auctioneer then going through his first and second time patter to suggest that he is about to sell (despite being unable to do so because the bid was made on behalf of the vendor and it is below the reserve).

If he is competent, no one in the room should be able to judge from his demeanour, his body language or his tone of voice that a bid has been made by anyone other than someone in the room. If the auctioneer is not exceptionally competent, you may be able to judge that a bid was off the

chandelier and there is no competition other than the vendor and so act accordingly. At that point, you may decide to bid no further, let the lot be withdrawn and bargain to buy it cheaply after the sale.

Stop bidding and make your offer after the auction

An interested bidder who wishes to follow this brinkmanship behaviour needs to be very sure that the opposing bid was taken off the chandelier before the lot was withdrawn and was not from an opposing bidder who made tiny movements that were only obvious to the auctioneer.

Key point

If the last bid was made on behalf of the vendor and is below the reserve, the auctioneer will not bring down the gavel. Instead, he will announce that the lot has been withdrawn.

A lot that gets withdrawn – in practice

The bidding for a lot that is withdrawn might be as follows (the auctioneer has a reserve of £55,000):

AUCTIONEER: I now wish to offer lot number six, a charming and desirable residence with vacant possession, 16 Acacia Road, Lewisham. Where may I start the bidding? £50,000?
(*Silence.*)

AUCTIONEER: Well, ladies and gentlemen, it is in your hands not mine where we start the bidding. Should it be £45,000?
(*Silence.*)

AUCTIONEER: Will £40,000 tempt someone to bid? Thank you sir, I have your bid (*as bidder number one waves his catalogue vigorously in the air.*)

AUCTIONEER: I am bid £40,000. Do I see £42,500? £42,500 anywhere?
(*Bidder number two coughs and raises a tentative finger in the air.*)

AUCTIONEER: £42,500 bid. £45,000 anywhere? Do I hear £45,000?
(*Silence.*)

Note: The reserve is £55,000. The bidding appears to have stopped at £42,500. The auctioneer now chooses to interject a bid taken off the wall on behalf of the vendor.

AUCTIONEER: I am bid £45,000. £47,500?
(*Bidder number one winks.*)

AUCTIONEER: £50,000?
(*Bidder number two nods.*)

AUCTIONEER: I have a bid at £50,000. £52,500 anywhere? Any further bids.
(*Nobody moves.*)

AUCTIONEER: I am looking for £52,500. £52,500 I have.

Note: This is a bid made on behalf of the vendor.

AUCTIONEER: Have you all done? Has the bidding finished at £52,500. For the first time at £52,500, for the second time. £55,000 anywhere?
(*The auctioneer lifts his gavel and holds it threateningly in the air as if he is going to bring it down but does not do so.*)

AUCTIONEER: Any further bids? Well, ladies and gentlemen, I regret that we have not quite reached the reserve. The owner is looking for a slightly higher price than has been bid. I regret that I cannot sell the property at £52,500 and I must therefore withdraw it from sale. If anybody would like to discuss a purchase of this lot after the auction with me, please do not hesitate to come up and see me.

Note: The property has been withdrawn. The last bid of £50,000 made from the floor was two increments below the reserve. The last bid was of £52,500, interjected by the auctioneer on behalf of the seller. No one bid thereafter. The reserve of £55,000 had not been reached and therefore the auctioneer could not sell from the rostrum.

What an auctioneer is not permitted to do

An experienced auctioneer will not:

1. Show by his demeanour that a bid has been taken off the wall.
2. Take a bid on behalf of the seller (off the wall) at the reserve price.

3. Take a bid on behalf of the seller from more than one source during the bidding for any lot.

What an auctioneer is permitted to do

An auctioneer is permitted to:

1. Take bids either:
 - off the seller; or
 - off a single representative on the floor acting on behalf of the seller; or
 - himself on behalf of the seller.

However, he can only take one of these courses for any particular lot.

2. Interject bids either:
 - on behalf of the seller in between bids from potential buyers on the floor; or
 - made by the seller in between bids from potential buyers on the floor; or
 - from a single individual representing the vendor in between bids from potential buyers on the floor.

However, he can only take one of these courses for any particular lot.

3. Interject bids on behalf of other potential buyers (in addition to those on behalf of the seller) up to the maximum amounts that they have specified in their proxy instructions.
4. Accept bids from individuals who are acting by proxy on behalf of potential buyers, where those instructions to bid have been given in writing or are being transmitted over the telephone.

Watch out for subtle changes in the auctioneer's behaviour

It is always worth analysing an auctioneer's pattern of performance in the early lots to see if you can detect subtle changes in the auctioneer's

demeanour for lots that are sold, compared with those that are unsold, and for evidence in the auctioneer's behaviour that he has (or has not) reached his reserve. The anecdote below indicates one way in which an auctioneer's behaviour discloses a reserve price. However, there is much to be said for not trying to be too clever, but instead to be well satisfied with a purchase at or below your top figure where the gavel has come down on your bid. You then know for sure that the purchase is yours from that moment.

Auctioneer's Anecdote: A coded reserve

It is known amongst the dealers of one particular provincial town that a well-known auctioneer remains seated until he has reached his reserve and that he then stands up. This has been his practice for many years and the result is that, as soon as the auctioneer stands up, the knowledgeable bidders reduce the bidding increments to minimal amounts in the knowledge that they will be buying the property at, hopefully, very little more than the previous bidder.

Bids on behalf of the vendor

Once you are aware of the logic of the auctioneer's right to bid on behalf of the vendor, it should not disturb you, as owners of property will nearly always wish to specify the minimum sum at which they are willing to sell. Nevertheless, Parliament in 1867 was very concerned about auctioneers using 'puffers' in the audience to inflate artificially the price of the lot. Evidently, at that time, even property auctions had developed the sort of notoriety that mock auctions developed in the 1950s. The 1867 Sale of Land by Auction Act re-enforced the vendor's right to bid but was very insistent that he could not have 'two bites of the cherry'. Vendors can bid for themselves or someone in the audience can be appointed to bid on their behalf or the auctioneer can bid on their behalf but only one of these methods of bidding is permitted. Bids on behalf of or by the vendor can only be up to one bid below the reserve and will not be above the reserve price.

Key point

No person attending an auction need fear that there are three or four individuals conveniently positioned in the audience to 'puff up' the price.

Bidding with a vendor in the audience – in practice

The scenario for the bidding with the vendor in the audience might then go as follows (the auctioneer has a reserve of £54,000):

AUCTIONEER: I now wish to offer lot number six, a charming and desirable residence with vacant possession, 16 Acacia Road, Lewisham. Where may I start the bidding? £50,000?

(Silence.)

AUCTIONEER: Well, ladies and gentlemen, it is in your hands not mine as to where we start the bidding. Should it be £45,000?

(Silence.)

AUCTIONEER: Will £35,000 tempt someone to bid? Thank you sir, I have your bid (*as bidder number one waves his catalogue vigorously in the air*).

AUCTIONEER: I am bid £35,000. Do I see £37,500? £37,500 anywhere?
(Bidder number two coughs and raises a tentative finger in the air.)

AUCTIONEER: £37,500 bid. £40,000 anywhere?
(Bidder number one nods his head discreetly.)

AUCTIONEER: £42,500?
(Bidder number two lifts his finger.)

AUCTIONEER: £42,500. £45,000 may I say?
(Bidder number one nods his head again.)

AUCTIONEER: £45,000 bid. £47,500?
(Auctioneer points in a general direction to his left and takes a bid off a member of the audience who is actually the vendor.)

AUCTIONEER: £47,500 bid (*the bid made on behalf of the vendor*).

AUCTIONEER: £50,000 anywhere?
(Bidder number one looks away.)
(Bidder number three waves her hand.)



A six-bedroom, three-storey end-of-terrace property in Liverpool, which would be suitable for occupation, resale or investment purposes after some repairs and modernisation, sold for £95,500

AUCTIONEER: I am bid £50,000. I am looking for £52,500. £52,500 anywhere? Have you all done? Has the bidding finished? At £50,000 then for the first time, for the second time ...

(Bidder number four shouts out incomprehensibly.)

AUCTIONEER: I have a new bidder at £52,500. £55,000 anywhere? Have you all finished at £52,500? Will a bid at £53,000 tempt anyone at this stage?

(No one moves. Auctioneer takes another bid off the vendor in the audience.)

AUCTIONEER: I have £53,000 (*the bid made on behalf of the vendor*).

AUCTIONEER: £54,000 may I say?

(Bidder number three nods her head.)

AUCTIONEER: I am bid £54,000. £55,000 anywhere? £55,000 may I say? Have you all now finished at this price? (*Pause.*) At £54,000 then for the first time, £54,000 for the second time (*pointing at bidder number three*). It is your bid, madam, at £54,000. Any further bid? (*Pause.*) £55,000 anywhere? £55,000 do I see?

AUCTIONEER: Then for the last time ...

(The auctioneer lifts his gavel and holds it threateningly in the air and after a pause brings it down since the reserve of £54,000 has been bid by someone in the room.)

Sold at £54,000.

(Looking at bidder number three pointedly.) May I see your paddle number, madam?

(Bidder number three shows her paddle number.)

AUCTIONEER: Sold to 142 at £54,000. My next lot is ...

'I waited until the other bids had been made and then came in at the end. I only made one bid, and that was the last bid that succeeded. I was pleased to get it.'

Michael Roe, buyer of residential properties

How to act and bid at the auction

If you are going to bid at auction for the first time, the following checklist will help you:

1. Sit where you and the auctioneer can see each other clearly. Stay calm, acknowledge you are nervous (so is the auctioneer!).
2. Concentrate, listen and be aware of what is happening around you. Remember your homework and analyses of the lot(s), the auction, the auctioneer and other bidders.
3. Concentrate and listen harder when your lots come up.
4. Look the auctioneer in the eye.
5. Wait for a short pause in which to enter the bidding at or below your maximum figure.
6. Indicate your first bid at the price for which the auctioneer is asking by attracting his attention by a major movement (a wave of the catalogue, a paper, the hand or a bidding paddle).

Shout, wave and stand up if necessary!

7. If this fails, shout the figure of your bid and wave at the same time.
8. If necessary, stand up to attract his attention.
9. Make subsequent bids in the rhythm and pattern sought by the auctioneer. Violent movements should not be necessary. Subsequent bids can be made by anything like:
 - a raised finger;
 - a nod of your head;
 - a flick of the catalogue;
 - raising the paddle;
 - a wink or raised eyebrow.
10. If you wish to bid less than the increment asked for by the auctioneer, state your bid loudly. He may or may not accept it.

11. Keep looking the auctioneer in the eye until the lot is yours or unless you wish to stop bidding.
12. To stop bidding, withdraw your gaze and cease movements or speech. If you wish to be polite, indicate your lack of further interest by a shake of the head next time the auctioneer looks at you.
13. If you decide to come back into the bidding, go back to number 4!
14. If you decide to stop, still continue to analyse your competitors and the auctioneer, as the lot may be withdrawn and you may be competing against them later in negotiations by private treaty.

Do not:

1. Bid higher than the price you have fixed as your maximum.
2. Get carried away by the crowd and the auctioneer's enthusiasm (well, not by more than one bid anyway!).
3. Be shy about bidding – the auctioneer will love to have you doing it.
4. Be frightened by anyone else in the room into not bidding.
5. Accept payment from someone else in the room for not bidding.
6. Be frightened by tales of dealers' rings as:
 - they don't usually exist in property auctions;
 - they can't force you into bidding higher than what you fix as your maximum figure.
7. Be bullied by the auctioneer into paying more than your maximum or a greater increment than you choose (but do be realistic about your choice of increment in relation to the price level of the bidding).
8. Be shy about stopping when the bidding is higher than you choose to pay.
9. Buy a lot you have not researched just because it 'looks nice', 'seems cheap', 'is at no reserve', etc.

Auctioneer's Anecdote: The big bang

A London auctioneer, who is now a household name, recalls how in one of his first auction sales he was particularly nervous. A point that had been made to him in his training was the importance of timing. To ensure he did not dwell too long on any particular lot, he carefully removed his watch and placed it on the rostrum where he could clearly see it. On the very first lot, with the joy of passing his reserve and the enjoyment in working competitive bids, he promptly brought the hammer down with a large bang only to find that this had landed on his watch. So much for timing!

How quickly do the lots sell?

Auctioneers come in all shapes and sizes. They also offer lots at greatly different speeds. Many originally learned their rostrum techniques selling chattels and furniture and it is not unusual for chattels of moderate value to sell at 100 to 120 lots per hour. In the composite auction of property, the bidders are paying larger sums that are considerably more important to them. Although the bidding takes a little longer in a property auction, the numbers of bids are less than one sees for chattels because the increments are so much higher. Furthermore, in an auction of property there may be elements of the lot which the auctioneer chooses to highlight and the bidding can be slower.

Expect to see properties sell at 20 to 30 lots per hour

The auction catalogue may give an approximate guide of how long the auction will take. In a day-long sale, it is quite common for the catalogue to indicate starting times for various batches of lots. As the size of the auction reduces, the human nature of auctioneers leads them to draw out the proceedings. In a local pub or hotel where there are five or six lots to offer, the proceedings may take up to one hour. When all is said and done, vendors have to be convinced that the auctioneer has had a really good go at selling their property and has promoted it in its best light. This applies particularly where domestic owner-occupied properties are being offered and the rate of sales tends to be a little slower.

Auctioneers are usually consistent in their individual speed of selling. If you want to judge the rate at which an auctioneer sells, the best way of finding out is to attend one or two auctions in person. Even then, auction houses may put different auctioneers on the rostrum or have different qualities of properties to sell at different speeds. Furthermore, it generally takes longer to sell a lot than it does to offer and withdraw it. But, in a difficult market, the auctioneer is more likely to linger over trying to persuade bidders to add to their last price so that he can reach his reserve.

Key point

Whoever the auctioneer is and wherever the sale is taking place, you can guarantee that as the bidding gets closer to the end, it will always become slower.

Will I always have the chance to make a bid?

If you are unable to make your offer at the early stages in the bidding, do not worry. Every auctioneer of merit will give you an opportunity to slip your bid in before the gavel comes down. Phrases such as 'going for the first time', 'going for the second time' or even the time-honoured phrase of 'going, going, gone' are virtually always used. The auctioneer will invariably incorporate in his patter phrases which indicate that he is about to sell. What is more difficult to ascertain is whether he is going to withdraw rather than sell because he has failed to reach his reserve.

In the auction room, the auctioneer is God

You will always see in the auctioneer's conditions that the auctioneer reserves the right to regulate bidding and to refuse undesirable bids. Furthermore, the auctioneer also reserves the right to resolve any disputes over bidding. There have been one or two celebrated court cases where two bidders have been neck and neck and the unsuccessful buyer has disputed the sale. But in each case it has been held that the auctioneer's decision is final.

The view of certain solicitors and auctioneers is that the legal position could be changing and that the interpretation of an auctioneer's position may depend upon the wording of the conditions of sale published in the brochure.

Your response is simple. Avoid the issue. When you are bidding make absolutely sure that the auctioneer is aware of your presence and of your bid. If you are at all unsure, make your bid again, even more visibly. Check, of course, that he is not treating it as a bid above your last sum!

Key point

If a dispute arises, the auctioneer has absolute jurisdiction.

It is unusual for an auctioneer to bring down the gavel before he has identified the actual bidder. A variety of phrases is used. The auctioneer may specifically indicate to the final bidder, looking him directly in the eyes, that they are the final bidder while going through the 'first time, second time' patter. The buyer may be identified by an article of his clothing or the colour of his clothing or his position in the room; 'the gentleman in the brown suit on the aisle', 'the lady on the back row', 'the couple in the front row in the matching raincoats'. The identity of the last bidder may be emphasised when the auctioneer refuses to take consecutive bids from the same individual where that person is raising his hand too enthusiastically.

Even if the gavel has fallen, the auctioneer is entitled to reoffer the property, in the event of a dispute, as long as he does it immediately. Where bidding paddles are used, then immediate identification of the buyer is easy and will enable any other bidder who feels that he was the buyer, to raise the question immediately.

This will not happen to you because you will have been bidding obviously and confidently and will have made the auctioneer very aware of your interest and determination to bid.

The auctioneer's code of conduct

The Royal Institution of Chartered Surveyors produced, during 1994 (and subsequently revised in 2004 and 2009), a recommended code of conduct for auctioneers. It does not have the force of law nor even the force of the bylaws or regulations of this august body. Nevertheless, it is a set of guidelines which their members are expected to follow and which, in the

future, may be incorporated in whole or in part in local government or central government regulations or legislation. It is available from the Royal Institution of Chartered Surveyors (tel: 0870 333 1600).

Specifically, the preamble to the guidance notes indicate that they serve three purposes:

1. To act as an aide-memoire to points that should be considered by all members of the profession intending to conduct public auctions of real property in England and Wales.
2. To help the vendors of such property (being the clients of the auctioneer).
3. To provide guidance to members of the public (who may be potential purchasers) attending auctions about the background to and the procedures to be followed at auction.

The code is divided into the pre-auction, auction and post-auction periods and, apart from indicating many details of the recommended procedure for auctions, is intended to give considerable comfort and assistance to bidders and successful purchasers.

What happens if the lot is withdrawn or remains unsold?

‘You can sometimes get a better deal at auction especially from lots that get withdrawn. Once you have reached your highest price you hope that the property hasn’t reached the vendor’s reserve and you can do a deal afterwards. You can get quite good deals that way.’

Michael Kirby, Chartered Surveyor

Check before you attend that your lot is still for sale

There are many reasons for lots being withdrawn and on occasion vendors have been known to withdraw them without reason. It is always wise to check with the auctioneers, approximately 24 hours before the auction takes place, to see if the lot or lots which interest you are still going to be

offered. This will certainly necessitate a telephone call. Some auctioneers maintain a pre-recorded message which gives the information on a special number. This will be shown in the auction catalogue.

Savills Auction
(unless previously sold or withdrawn)
Monday 28th October 2013
The Marriott Hotel, Grosvenor Square London W1K 6JP

By order of Mayor of London Office for Policing and Crime, London & District Housing Ltd, London Borough of Hammersmith and Fulham, London Borough of Camden, London Borough of Southwark, London Borough of Hounslow, London Borough of Brent, Tesco Stores Ltd, Regis Group Plc, Notting Hill Housing, Grainger Plc, Executors Public & Private Property Companies Receivers and Mortgagees and others

 3 Shepherds Bush Place Shepherds Bush London W12 Well located tucked away in a cul-de-sac. A two bedroom mid terrace cottage presented in a reasonable and decorative order.	 27 Sider Road Notting Hill London W11 An impressive terrace building arranged as 4 x two bedroom self contained flats all requiring modernisation.	 26A Linden Avenue Kensal Rise London NW10 A first floor two bedroom flat in need of modernisation well located for transport links into central London.	 Chestnuts, 59 Bank Road Fulwood, Preston PR2 An attractive well located four storey detached house requiring modernisation situated on a large plot.	 18 Sprerston Road Forest Gate London E7 A large detached 9 room house in need of modernisation with potential to create either HMO or family house.	 28 Frognal Hampstead London NW3 A rarely available large detached building arranged as 6 x studio units and 4 x one bedroom flats located in the centre of Hampstead - veian.
 17 Alma Road St Albans Hertfordshire AL1 A mid terrace building arranged internally as four flats close to the school, amenities and transport connectors available in the centre of St Albans.	 22 Stansley Gardens & Adf Lane Chiswick London W4 A three bedroom end of terrace house with planning for extension and adj site with planning for new built two bedroom house.	 Units 4 & 5, 14 Dwyne Road Battersea London SW11 To be offered separately two B1 units of approx 610 sq ft and 540 sq ft with residential conversion potential within attractive modern residential development.	 122 Boundary Road St Johns Wood London NWS A four storey building arranged as a restaurant and two flats further potential to convert into real, subject to usual consents. Total income per annum £25,000.	 90 Riverdale Road Plumstead London SE18 A three bedroom end of terrace house in need of modernisation well located for Plumstead High Street.	 50, 52, 54 & 56 Black Lane Epsomham Near Oxford OX29 To be offered as one lot. A recently built terrace of 4 x three bedroom houses.

To view our current catalogue visit savills.co.uk/auctions or follow us on Twitter @SavillsAuctions

Figure 5.3 Savills auction advertised in Estates Gazette

Why lots get withdrawn

Since you may have spent money and time in researching a lot, it is perhaps most unreasonable for vendors to withdraw lots. Nevertheless, they can do this without any responsibility to you for your abortive costs. Their reasons may include:

The property has been sold before the auction

1. Sellers aim to dispose of their properties at a price which is acceptable to them. They are concerned more about an auctioneer's ability to market the property than his ability to sell the property on the auction day itself. The marketing may have been so successful that vendors receive an offer they are willing to accept. Some vendors are glad to sell at any price. Others do not want to lose the chance of a sale at a reasonable price as 'a bird in the hand is worth two in the bush'. It is not unusual for vendors to sell prior to the auction if they feel they have received a figure that

exceeds considerably the amount which they expect to receive in the auction. If vendors did not think that the auction was the best way of obtaining a sale at the highest price, they would not decide to use this method in the first place. This thinking must influence their attitude to accepting or refusing pre-sale bids.

Incorrect details

2. A lot does not have to be sold to be withdrawn. Auction catalogues have to be prepared at speed and under pressure. Whilst particulars are being prepared, information is frequently at a premium. Owners are not necessarily forthcoming with all the facts required for a catalogue and their solicitors may not be able to provide accurate information in a hurry. In many circumstances, therefore, the auctioneer's catalogue does not contain full details or contains inaccurate details. In these cases the firm may decide not to offer the property until the full information can be made available. Alternatively, it may be the solicitor who decides that it is not possible to provide sufficient evidence on the title or background to the property for it to be safely included in a contract of sale in time for the auction. The solicitor may insist that the lot is withdrawn until everyone is sure the information is correct.

Change of mind

3. Owners of property quite often change their mind and decide not to sell a property or decide that the moment is not opportune. They may feel that the marketing prior to the auction has not produced the amount of interest they expect and that withdrawal at this stage is better than having the property offered and withdrawn at a disappointing bid.

These are just some of the reasons why lots may be withdrawn prior to auction. In each case, you have no entitlement to damages or compensation for your abortive costs, from either the vendor or the auctioneer.

Unsold lots

There have been recent discussions amongst auctioneers about how unsold lots should be treated. The code of conduct for auctioneers indicates very specifically that auctioneers should disclose in unequivocal terms when a lot has not been sold and should not bring the gavel down.

This practice known as 'buying in' is most unlikely to be seen and heard in the sale room of any respectable auctioneer.

Key point

A past practice amongst certain auctioneers of bringing down the gavel, even though the reserve price has not been reached, is now very strongly discouraged.

'For a house or a plot of land that is good you can be outbid if people get carried away. The professional who is buying property will not get carried away but the average punter can tend to get carried away quite easily.'

Michael Kirby, Chartered Surveyor