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DIFFERENT METHODS OF SELLING YOUR PROPERTY

When selling your Listings, there are three main sales methods you can choose from. For you to achieve the highest sales price, it is important to understand each method and see which method others in your area are adopting as well.

Certain areas and specific properties within an area will achieve better results when sold via private treaty vs auction and vice versa. Make sure you do your research or talk to our expert advisor at My Listing about the best method of sale for your property.

In this guide, we will detail and help you understand the different ways you can sell a property.

SELLING BY AUCTION

An auction is a private sale held at a specific place, time and date following a marketing campaign over several weeks (usually 3-4 week campaign). A licensed auctioneer will conduct the auction, which is governed by strict rules and regulations. These differ in each state and territory, so you should always check what they are for your area. We can also recommend an auctioneer relevant to your city and state if this is the method you choose.

By nature, an auction creates urgency. There is a definitive time when the buyer must act, or they risk missing the opportunity to buy the property. Setting an auction date groups all interested buyers together at the one time, creating a competitive environment and the best chance to achieve the highest possible price. The theory of an auction is that your home will sell at true market value at that particular time.

Unless the property is passed in and consequently becomes listed ‘for sale’, the seller knows exactly when a sale and settlement will occur. The benefit of this is being able to plan ahead with your next move.

During the marketing campaign, buyers are usually given a price guide which can vary throughout the campaign depending on the amount of interest in your property and feedback received from buyers. The great thing about auctioning your home is that there is no price limit. There is only a minimum amount that you are prepared to sell for, which you decide and is called the reserve price.

Setting the reserve should be a rational decision based on buyer feedback obtained during the campaign, as well as comparable sales in your area. By then, you should have a good idea of how many buyers are genuinely interested and how they feel about the price quoted to them.

The marketing undertaken for an auction property needs to be more focused and can often cost you more. A date is set and you need to create strong buyer interest in a short amount of time. Our packages at My Listing recommend using a multi-faceted approach, whereby you advertise across several different mediums each week until auction day.

Once the hammer falls, the property is sold and there is generally no cooling-off period for the buyer or the seller. Buyers need to conduct building inspections and ensure their finance is approved before bidding at the auction. If the property fails to sell at auction, you can continue marketing the property with an asking price. It is likely that one of the buyers, often the highest bidder, will come forward and negotiate a sale with yourself.

Some of the benefits of selling your property by auction include:

- Auctions attract more buyers to your property because prospective buyers aren't put off by an asking price.
- The auction date creates a sense of urgency that prevents buyers from delaying their decision and lets them know you are serious about selling.
- You are protected by a reserve price. This means your property won't sell unless bidding reaches a pre-agreed level.
- There is no ceiling price, so you have the opportunity to achieve a price above your expectations.
- Auctions produce an unconditional contract for sale with a set settlement date.
- Also note that should you receive an offer that you are happy with prior to auction, you don't need to proceed with the campaign to the day of the auction. The contract is still an unconditional one though as it's under auction conditions.

SELLING BY PRIVATE TREATY

This is when the owner sets the price tag to put on the property for sale. In selling privately, you will then negotiate with every interested party, trying to find a willing buyer who will meet your nominated price or make an offer as close to it as possible.

It is important to undertake thorough research when establishing your asking price. Getting a free online market appraisal combined with our property report and your research you will understand demographics, market trends and pricing value. You will also know about comparable recent sales in your area. Having a clear understanding of your property's value will ensure you set a realistic price.

A sale by private treaty gives the seller greater control, more time to consider offers by prospective purchasers, and the ability to extend the time the property is listed on the market (although this often leads to potential purchasers wondering why the property is not selling). Purchasers must make offers on your property 'blind', without knowing what other buyers are willing to pay.

Generally, private treaty sellers can negotiate the price and sale terms with the buyer. Private treaty sales usually have a cooling-off period.

(5 days in NSW, 3 business days in Victoria, 5 days in QLD, 4 business days in NT, 2 business days in SA). Once a price has been agreed between buyer and seller, the sale is still subject to conditions. For example, the buyer may have requested a building and pest inspection or may require finance approval.

Some of the benefits of selling your property by private treaty include:

- A fixed price makes it easy for buyers - they don't need to ‘guess’ your desired sale price.
- The price can be adjusted throughout the marketing stage, based on qualified buyer feedback and local market conditions.
- This method of sale is a tried and tested style of marketing.
- It assists buyers to formulate offers that address your desired selling price, which leads to a faster negotiation process.

SALE BY EXPRESSIONS OF INTEREST (EOI)

Sale by Expressions of Interest (EOI) is when you invite buyers to submit an offer to purchase your property by a specified time and date. Each potential purchaser puts forward their best and final offer (in writing). Generally, your property will be on the market for 4-6 weeks. This will allow you to promote your property effectively while ensuring that buyers get ample time to look through the home, finalise their finance and determine the price they are willing to pay.

When submitting an expression of interest, the buyers need to include the price they are willing to pay, the conditions of sale, such as settlement dates, finance conditions, and inclusion and exclusions of the sale.

At the end of the sale period, the vendor will review submissions and choose the expression of interest that suits them the most. If the vendor doesn't find an acceptable offer, the property may be placed on the market as a private treaty sale or EOI's may be called again.

If you are a buyer putting in an offer, remember that you may only have one chance to secure the property. Therefore, always try to put your best offer forward to ensure you're not disappointed later.

Expressions of Interest provide you with the benefits of a private treaty sale, but with the urgency of an auction without the potential stress.

Some of the benefits of selling your property by Expressions of Interest or Tender include:

- This method of sale shows you are confident about your property and a successful sale.
- Tenders offer the intensity of an auction but without the potential stress of an auction day.
- Tender enables you to keep the price you may accept for your property discreet and lets the market dictate the price buyers are prepared to pay.
- A tender has a closing date to create a sense of urgency in the buying process.
- This method of sale generates competition for your property.

Ready to sell through My Listing? Contact My Listing today and we're more than happy to assist you with getting the process going.