

Buying at an Auction

How do property auctions work?

Property auctions are usually planned well in advance, with auction houses publicly releasing a catalogue of 'lots' (properties) to bidders ahead of the auction date. Most auction houses publish their catalogues around a month before the auction, but some leave it until as little as two weeks before.

Each property will be listed with a 'guide price', which is what it's expected to sell for. Sometimes the seller will also set a 'reserve price', which is the lowest price they will accept, but this is usually kept private until the auction has ended.



Buying at a property auction: step-by-step

1. Do your research

Use websites such as propertyauctions.com to find out about upcoming auctions in your area.

2. View the property

Try to see the property more than once, and only proceed if you're really sure it's what you want.

3. Talk to us

We will be able to find the best deal for you and help you get an agreement in principle and put any necessary funds in place, so you can be sure you can afford the amount you're bidding. You will need to have a valuation conducted before the day of the auction.

4. Make legal checks

Study the property particulars carefully, reading all of the small print. We also strongly recommend to avoid possible future problems getting a "Legal Pack", (sometimes there will be a charge) Once you are satisfied, send the information to your conveyancer and ask them to carry out the usual searches, enquiries and title checks. Sometimes the seller's solicitor will carry out the searches and send a copy to your solicitor.

5. Arrange a property survey

You should always have a survey done but this is even more important if you're buying a 'doer-upper' at auction, as the seller may be trying to offload a property with serious structural issues. Check out our guide to house surveys to understand what type to have and how much it will cost.

6. Decide on a price limit before you bid

Find out what other, similar properties in the same area have recently sold for so you can make an informed decision on how much you're willing to pay. Being outbid may mean that you lose the money spent on the survey and solicitor, but that's a small loss compared to paying thousands of pounds more than the house is really worth.

Pros and cons of property auctions for buyers

Pros:

- You might find a great deal: whether it's an undervalued home with planning permission or a renovation project, there are plenty of bargains to be found at property auctions.
- You can move quickly: the entire home-buying process must be complete within 28 days of the auction.
- Property auctions can be a more reliable way to buy: you won't have to worry about being gazumped (losing the property to a higher bidder after your offer's been accepted) or things falling through at the last minute, and you'll be able to see other bids for yourself rather than having to take an estate agent's word for it.

Cons:

- Property auctions are risky: if you're outbid, you'll have lost time and money viewing the property and having a survey conducted.
- You need to have the money ready: if you win the auction you'll have to pay a 10% deposit on the day, and the remaining 90% of the purchase price within 28 days.
- Auctions can be hit and miss: some catalogues offer little more than commercial properties and complete wrecks that could be long-term money pits.

There are a number of ways in which we can help you, when looking to buy at Auction. As well as the more traditional mortgage options you may also want to consider Bridging Loans or a Second Charge Mortgage

Please call us today on 0117 325 1511 for more details or visit one of our websites.

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YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON A MORTGAGE