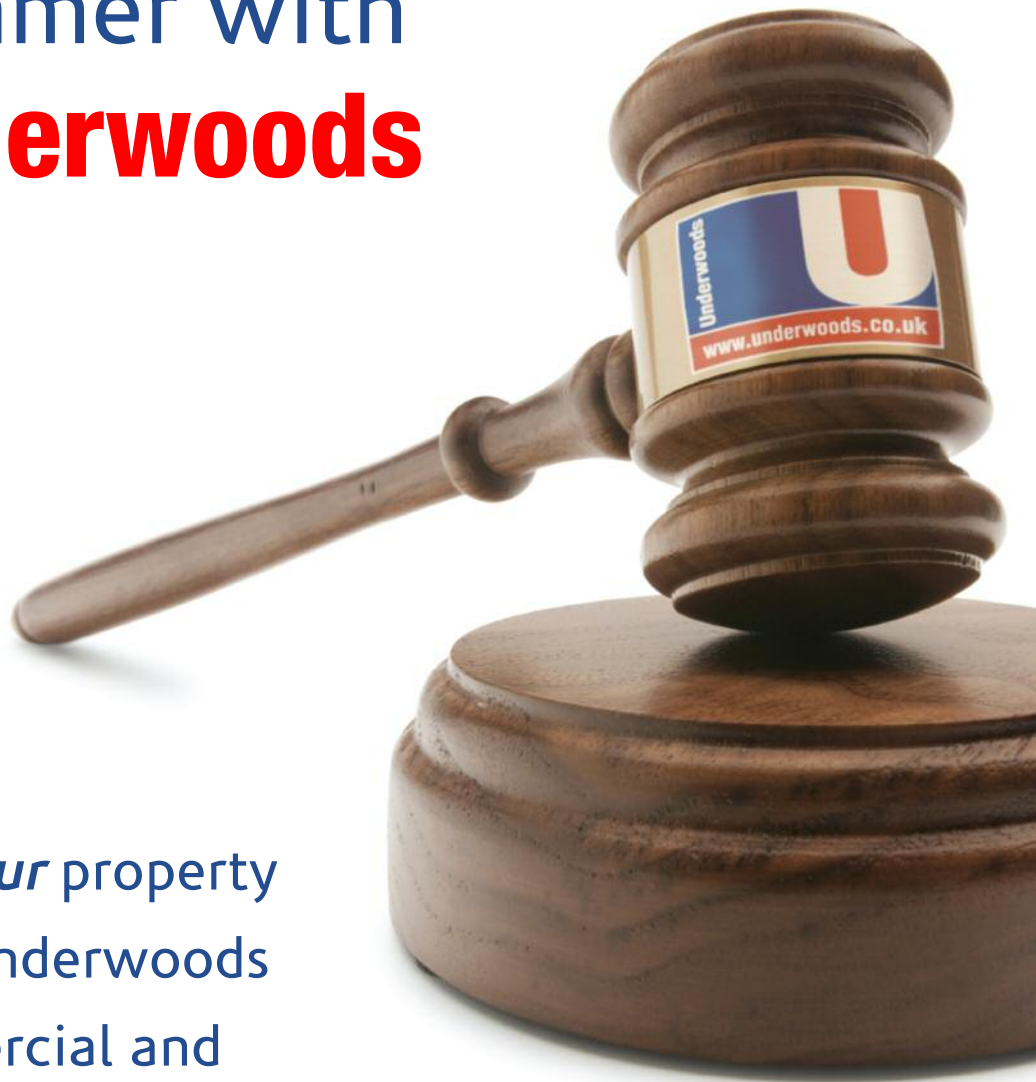




Underwoods

Going **under** the hammer with **Underwoods**



Sell *your* property with Underwoods commercial and residential auctions



Property Sales by Auction – An Explanation

‘Innovative thinking – Appropriate solutions’

Many who are considering buying or selling a property may be unaware that sale by auction may be as good or even better method than more conventional means.

Auction is becoming an increasingly attractive means of buying and selling either commercial or residential property - offering a fast and efficient method of purchase or sale. For the buyer it is a transparent process; a sale binding at the fall of the gavel and a completion date fixed in advance. For sellers; the amount of competition at sales often means that auctions achieve higher prices than private treaty sales and again, on the fall of the gavel, a sale is contracted.

Auction – why?

The auction room is a powerful and effective vehicle for crystallising the true market value of a property, to include a premium value where that applies and, to realise the full market potential of the asset in circumstances which are absolutely transparent and certain.

In the past, property auctions have been dominated by the big London auction houses. However in recent years a number of strong provincial auction houses have emerged catering for properties which would command a strong level of local or regional interest and which, frankly, are inappropriate for sale in a national auction.

Auction – What type of property?

There are certain types of property that are particularly suitable for sale by auction:

- Cottages and houses for renovation
- Agricultural and amenity land – often smaller blocks
- Building sites
- Barns with planning consent for conversion or other conversions
- Sales on behalf of Local Authorities, Executors, Trustees and Charities
- Investment properties – residential and commercial
- Repossessions – Receivership

So is your property suitable for sale by auction?

Premium Value – A property which commands a premium value for which there is likely to be a strong level of demand is ideal for sale by auction. Purchasers will compete together in the auction room to produce the best possible sale price.

Transparency – If a property is being sold by a Government Department or by a Charity, and transparency in securing the best

market value is important, then an auction sale is the only route which delivers absolute transparency.

Unusual Properties – Properties which are of an unusual nature and where the Market Value may be somewhat uncertain are very difficult to price for a private treaty sale. An auction is often the only route to reveal the true value of such properties.

Speed – a property which needs to be disposed of fairly quickly may be suitable for an auction sale. Delays which can be incurred by purchasers pulling out at the last minute and through the legal process can be avoided.

Multiple Interest – Where a number of people have an interest in the sale of a property, the certainty and transparency of an auction sale can be beneficial. An example of this may be a property which is being sold by the Executors of an estate where the estate has a number of beneficiaries.

Properties in Poor Condition – Auction sales are often frequented by cash purchasers who are able to buy a property which is in poor condition without the need for recourse to bank finance. Banks are notoriously cagey about properties in poor condition. An auction sale to a cash purchaser may be the best route for the sale of such a property.

Auctions - Procedure?

The vendor remains in control until the fall of the hammer....

1. At the onset of marketing, a guide price will be agreed with the vendor. This figure will not be a valuation nor the best price achievable, but a fair figure perhaps at the lower end of the range. This figure is important to show the marketplace that the vendor is being realistic. The property is usually marketed for 4-6 weeks prior to the auction through auction catalogues, press advertising and Underwoods web site.
2. The vendor should reserve the right to sell prior to the auction to cover the situation in particular when a purchaser makes a very high offer which may not, for whatever reason, be achievable on the day of the auction day.
3. Any offer made would be reported to the vendor and carefully assessed by the auctioneer. If the decision was made to accept the offer, then the auction would not be cancelled until the contract had been exchanged.
4. Just prior to the auction, when the full effect of the marketing can be assessed, a reserve price is agreed with the vendor. This is the lowest figure that the property could be sold for. If the property did not realise the reserve, it would not be sold and would be announced accordingly. Very often such properties are sold after the sale.
5. If sold in the auction room, the purchaser signs the auction contract, as would the vendor, and pays his deposit - usually 10% of the purchase price. Completion usually takes place 28 days later, whereupon the balance is paid.

Underwoods *As Your Auctioneer*

We have team of agents experienced in the sale of property by public auction.

Our role is to achieve maximum value for your property, whether it be by auction or public treaty.



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In the event of a company insolvency, where the main asset was either a leasehold or freehold property, a highly effective route for the settlement of the company's affairs is the appointment of a Law of Property Act Receiver – Underwoods can fulfil this role.

The Receiver is appointed to manage the property, to dispose of contents and to arrange a sale of the property. The Receiver can also complete a partially complete development if this is in the best interest of the creditors.

Underwoods has undertaken a number of appointments including a freehold licensed property, a residential development (partially completed) and a leasehold garden centre. The LPA Receivership route is simple and effective and the cost to the creditors is considerably less than alternative insolvency routes.

Case Study

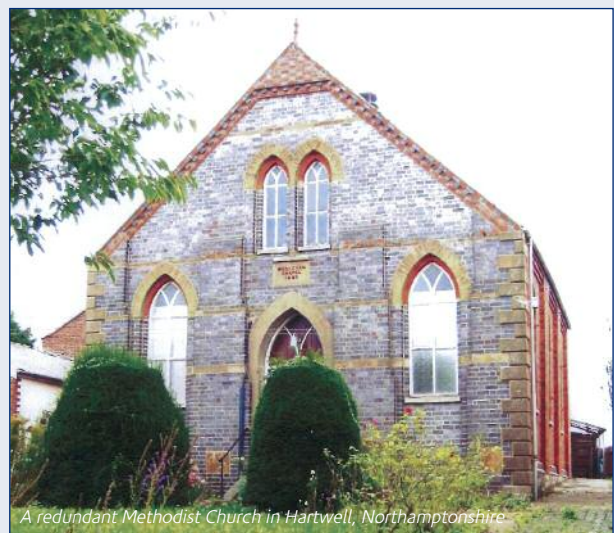
Underwoods was invited to dispose of a redundant Methodist Church in Hartwell, Northamptonshire.

After inspection, a report was issued to the Church setting out advice on practical matters relating to the building, planning issues and the appropriate method of sale for such an unusual property. Through our associated planning consultants, permission was obtained for the demolition of the existing building and the erection of a detached dwelling and garage on the site.

An auction sale was recommended and a guide price of £110,000 was floated. This was sufficient to create a strong level of interest in the property. On the basis of such strong interest, an offer to purchase the property at a price of £155,000 in advance of the auction sale was rejected.

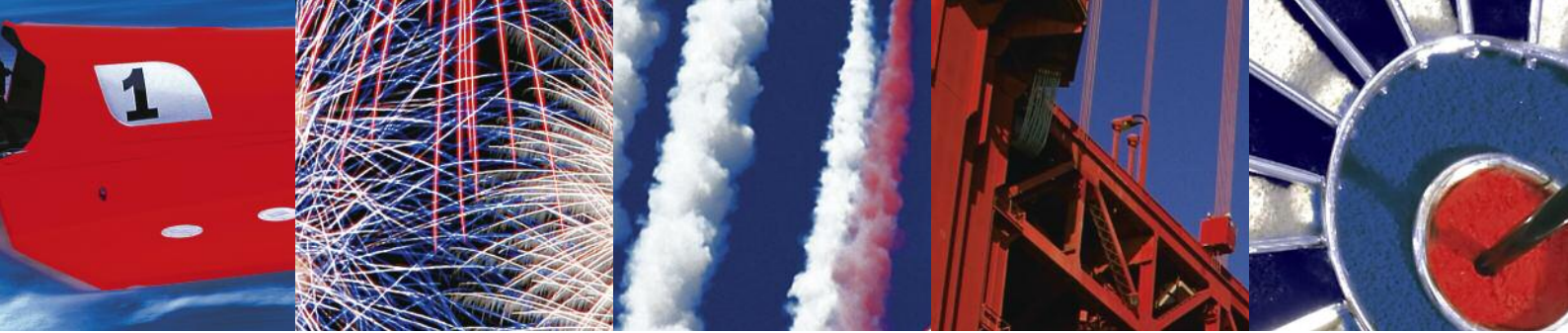
Bidding in the auction room was brisk and competitive. In an increasingly heated atmosphere, bidding eventually rose to a figure of £194,000 at which the gavel fell.

Through the auction route, the Church not only achieved a level of transparency but also a price which was beyond all expectations.



A redundant Methodist Church in Hartwell, Northamptonshire

Call us now for further information on how Underwoods Auction department can help you.



Underwoods

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- ◆ Charles Church BSc (Hons) MRICS
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