

propertymark

# Auctions Barometer

MARCH  
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## PRESIDENT'S COMMENT

I am delighted the first NAVA Propertymark member report outlines what's going on for the sector and, as expected, it shows members are struggling with the decision to return to in-person auctions or to remain online.

The shift to virtual auctions has certainly increased access, however, it comes with its own issues, such as the detailed viewing of lots. Ultimately, each auctioneer will decide what is best for their customers and company to future-proof the sector.

The report also highlights the need to promote the sale and purchase of our nation's homes by auction with research showing prices achieved at auction are regularly as high, if not higher, than a sale via estate agents. More work needs to be done to educate everyone on the benefits sale by auction can bring. Of course, the best way to do this is for agents to train as an auctioneer and become qualified.

Importantly, conversations about the green credentials of auctions have been around for some years. It is so pleasing to see NAVA Propertymark is now in a good position to champion this image of auctions, bringing the idea of sale and purchase by auction to a new 'green' generation.



Trevor Palethorpe  
President and Chair  
NAVA Propertymark

# Auction Practices

We asked NAVA Propertymark members in our first quarterly survey, how they conduct their auctions and facilitate the viewing of lots for sale. Top of the list when it comes to modes of auction is online (not-live). It was followed by Ballroom and then live stream auctions.

Several members noted that they have not yet settled on a permanent method of holding their auctions since the end of the pandemic. Online and livestream certainly have their advantages in terms of cost and inclusivity, but ballroom auctions still appear to be quite popular.

2 BALLROOM

1 ONLINE

3 LIVE STREAM

In-person viewing of lots remained top of the list. This method has its advantages in that prospective buyers will have had a good opportunity to assess the value of the lot for themselves.

Of course, this relies on all customers actually having viewed the lot when it was available.

STILL IMAGERY 3

IN PERSON 1

VIDEO 2

# The **biggest** issues facing auctioneers

From the biggest issues currently facing professionals in the auctioneering industry, responses revealed diversity of thought amongst our members. They highlighted many important issues to be investigated.

Customers not paying after sale

A lack of stock

Customers not viewing before bidding

Expectations buying/selling at auction is similar process to private treaty

Unqualified auctioneers undercutting on fees

Solicitor delays

Running costs

Limited buyers

The next generation of staff

A lack of transparency

Keeping abreast of legislative changes

Lack of collaboration with agents

Auctions seen as niche

Media relations

Solicitors not understanding auction process

RICS Charities surveys

Economic turmoil

Money laundering

Market flooding in certain sales

Online vs in-person auctions

Client account withdrawal

Time it takes to produce legal packs

# Green credentials: The biggest opportunity for auctioneers?

In an age of increasing public awareness and acceptance of our impact on the environment, could the promotion of the green credentials of auctions bring a new generation of customers to the industry?

Wearing vintage clothing, up-cycling, and the use of marketplaces on social media have all risen in popularity over the past decade. As the UK Government aims to reach its target of net zero by 2050, encouraging the public to go green by going to an auction, is certainly another worthy contribution to that end.

It also helps keep items from landfill, so is a double boost to the environment. Analysis by Antiques Are Green estimated that a modern chest of drawers bought on the high street will have an average carbon footprint over its lifetime that is 16 times higher than a Georgian chest of drawers purchased and reused.

[antiquesaregreen.org/our-green-purpose](https://antiquesaregreen.org/our-green-purpose)



Almost anything in the home can be sold at auction. The trouble is that people just don't realise it.

The main issue is a lack of public interest. Philip Allwood FNAVA, Partner at Moore Allen & Innocent auctioneers commented: "almost anything in the home can be sold at auction. The trouble is that people just don't realise it".

## PROPERTYMARK IN ACTION

As a result of the survey, Propertymark is undertaking a campaign to raise awareness of the green credentials of auctions.

# Property supplement

We asked our property auctioneers two additional questions about the most common customers bringing lots to market and the objections they get to sale by auction. They also had some unique insights into the issues and opportunities in their sector.

The three primary customer types that our members are currently seeing are people with property in need of modernisation, probate properties, and sellers in need of a quick sale. Development sites are currently the least likely customer out of our list of nine.

NAVA Propertymark property auctioneers overwhelmingly stated that the primary objection they receive to selling property by auction is the reserve and valuation price not meeting expectation. The cause of this is clear – many sellers considering sale by auction will have come to this point after their property has been on the market for some time and failed to sell. The most likely reason the property has failed to sell is because it is priced too high. It is therefore no surprise that sellers now considering auction for a faster sale are upset by the realisation the property is not worth the price they were clinging on to. And, after all, the market will set the price. If a valuation is too low, the sale price will simply exceed the valuation. If anything, a low guide price will encourage greater competition and, potentially, a higher final selling price.

The most commonly experienced issue currently facing property auctioneers is a lack of lots/stock. This finding reflects similar concerns among estate agents. In the last few months, Propertymark has seen a rise supply of new properties being placed on the market for sale through its estate agents.<sup>1</sup> This trend should diffuse across into auctions in the coming months.

Finally, our property auctioneers told us that the current economic downturn and the lengthening times taken to reach completion from sale agreed through private treaty are two of the biggest opportunities for auctioneers. Both of these issues should bring more lots to the auction market. However, more work needs to be done to promote this method of sale among estate agents and the wider public.

Sales agents are under a legal obligation to advise their clients on every method of sale that could maximise the value of their property.<sup>2</sup> Given research which suggests properties sold at auction will meet the price achieved through private treaty, if not exceed that value,<sup>3</sup> simple awareness seems to be key. The switch to online sales will certainly help to boost visibility of the method of sale and increase bidder numbers through increased accessibility.

## CUSTOMER TYPES:

- Properties in need of modernisation
- Probate
- Home sellers looking for a quick sale
- Investment properties sold with tenants in situ
- Cash buyers only properties
- Investment properties sold without tenants
- Development sites and building plots without planning permission
- Someone going into care
- Development sites and building plots with planning permission

## ABOUT THIS REPORT

This report is based on responses to a survey of NAVA Propertymark members conducted between 30 January–20 February 2023.

## ABOUT PROPERTYMARK



Propertymark is the leading professional body for auctioneers, valuers,

estate and letting agents, commercial agents, and inventory providers comprising over 17,500 members.

We are member-led and work closely with our members to set professional standards through regulation, accredited and recognised qualifications, an industry leading training programme and mandatory Continuing Professional Development.

## EDITOR NOTES

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<sup>1</sup> [propertymark.co.uk/resource/january-sees-market-uptick.html](https://propertymark.co.uk/resource/january-sees-market-uptick.html)

<sup>2</sup> Estate Agents Act 1979

<sup>3</sup> Frino, A., Peat, M. and Wright, D., 2012. The impact of auctions on residential property prices. *Accounting & Finance*, 52(3), pp.815-830. Dotzour, M., Moorhead, E. and Winkler, D., 1998. The impact of auctions on residential sales prices in New Zealand. *Journal of Real Estate Research*, 16(1), pp.57-72.