



A Step by Step Guide to Purchasing a Property at Auction

Whether you want to buy a property to expand your portfolio or to operate your business from, auction is a great opportunity to purchase a property at a good price.

Buying a property at auction is not for the faint-hearted or underprepared – once the hammer is down you are contractually liable to purchase the property, so you need to know what you are doing (and be aware not to scratch your nose or move your arm at the wrong time in a bidding process).

To assist clients with the property auction process, we have created a guide which explains the different steps involved. We have also summarized some of the common pitfalls to try and avoid when purchasing through auction.

1. Be prepared

- Buying a property at auction is fast. Attend a few auctions before you are ready to bid to check out how the process works.
- Find a solicitor who is experienced in property auctions like the team at WSP Solicitors so they can guide you through the process and ensure the property is suitable for your needs.
- Check out the online and printed auction catalogues before the auction is due to take place. Pick out your favorite properties and establish why they meet your needs.
- If possible visit the properties before the auction and be sure to take a builder, architect or engineer with you to help you identify potential issues or costly structural work and repairs.
- Gather all the information you can about the property and notify your solicitor. A solicitor will be able to perform due diligence checks, look at planning and identify any concerns through carrying out a number of searches.
- Check whether or not you will need planning permission for the commercial use of the property. Changing the purpose of a property can be complex, for example changing an office to a restaurant will require planning.

2. Organise your money and budget

- Guide prices will vary before the auction and may also shoot up during auction. Be sure to set a realistic budget for yourself and ensure you have a “decision in principle” from a lender to make sure you can fund the bid.
- If you bid and win the property at auction you will be required to put down a deposit immediately after the auction ends, this is usually 10%. After the auctioneer shouts “Sold!” there is no going back.

3. Get in there before anyone else

- If you have your heart set on a particular property it is sometimes possible to place an offer before the auction has started. To do this you will need to make an offer to the auctioneer in writing, who will then consult with the seller to see if they are willing to accept your offer. If the seller decides to accept, immediately the contracts will need to be exchanged and you will need to pay the deposit. Following this the remaining balance will then be due on the completion date, which although varies for most will tend to be around twenty working days after the contracts are exchanged.
- If the remaining balance isn't paid on the completion date then seller has the right to keep your deposit and re-auction the property.

4. Attend the auction with a set plan

- Bids can be made in person, online or over the telephone. You can also send someone on your behalf to bid, such as a solicitor or agent, but, regardless of who attends they need to keep a cool head and avoid competitive instincts.
- Make sure you have all the information ready to hand regarding the property and be sure to know what you want to bid.
- Ensure you know the lot number you wish to bid for.
- Check over the addendum to the sale for any changes that may have occurred with regard to the property and its sale.
- Check prior to the auction that the property you are interested in has not been sold or withdrawn from the auction.
- If the property does not meet the reserve price it will not be auctioned, however remember you can always contact the seller after the auction to make a private offer.



5. It's Sold!

- Congratulations!
- After you have paid your deposit, the remaining balance will be due by the contractual completion date. Because all the surveys and title checks were done prior to the auction, the purchase normally completes within four weeks or less.

The law relating to property is an extremely complex area; therefore taking the time to find and invest in a good legal partner at an early stage is important to any business or individual. Having a solicitor to guide you through the process of an auction is extremely important and can help you avoid making a very expensive mistake.