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The beginners guide to buying a house at auction in Ireland



17 Feb 2017

Nothing in the home-buying process can quite match the excitement of an auction.

Private treaty sales are usually long drawn out affairs. The bidding process can go on for weeks with lots of time to think about whether or not to take the plunge.

In an auction you may have seconds to make up your mind on whether to spend an extra five, ten or even twenty grand.

There is also an element of theatre and ritual, which can be daunting.

Some newbies fear that scratching their ear at the wrong moment will lead to an irreversible million-euro bid for, perhaps, an apartment block in Budapest.

This might have something to do with the fact that this is a classic auction-room cliché that TV and Hollywood scriptwriters never seem to tire of repeating.

In real life, the bidding process at auction is very straightforward.

Irish house auctions

When the auctioneer suggests a bidding price, all you have to do is clearly raise your hand, clutching the auction catalogue to increase visibility, to signal that you are entering the ring.

The auctioneer may then clarify who made the bid by referring to some identifier such as “the lady in the red hat” or the tall gentleman in the brown jacket.”

You can easily signal that there has been a mistake by shaking your head, or approaching one of the auctioneer’s assistants.

Novices should attend an auction, or at least look at an auction online (<https://www.youtube.com/watch?v=7hBw3UYOz3c>) to get a feel for the proceedings.

Auction lingo

It’s also handy to know the auction lingo.

A reserve price is the price the vendor will accept if there are no higher bids

Sometimes there is a reserve “range.” In the Allsop Space (<https://www.allsopireland.ie/>) auctions, a “maximum reserve” is quoted. This is the price at which the property will definitely sell, but there also may be a minimum reserve, which is not disclosed.

When the reserve is reached, the property is declared “on the market.” This means it will definitely sell for the highest bid after that point.

When a bid is not countered, the auctioneer gives other bidders one last chance with the words: “Going once, going twice....!”

Don’t be afraid to enter the ring at this point. It’s even considered good tactical bidding to do so as you unsettle rivals and avoid stoking up the price too early.

If there are no more bids, the auctioneer brings down his gavel with a loud bang and declares: “Sold!” At this point, the highest bidder is legally bound to buy the property.

Problem properties

If the property has a problem with structure or title – it’s the bidder’s problem once the hammer goes down and it’s sold. Immediately after the auction, the bidder will be asked to sign contracts and pay a non-refundable deposit.

In contrast, a successful private treaty bidder pays a refundable deposit and signs contracts only after surveys and weeks of legal work are completed.

You must regard the auction as if it were the contract-signing stage in a private treaty sale. So make sure to have your surveys, legal work and mortgage approval already done and dusted.

The speed at which the deal is done can be an advantage – particularly in a rising market. While you can’t back out of the deal, neither can the vendor. Nor should you have to wait months to get the keys, as is usually the case in private treaty sales.

Allsop Space’s website (<https://www.allsopireland.ie/>), offers lots of guidance to novice bidders. Also check out the Society of Chartered Surveyors Ireland’s website (https://www.scsi.ie/news_reports/Downloadreport/auctguide) for another handy guide.

Read on for some extra tips for buying a home at auction in Ireland.

Irish auction tips

- Don't forget to register
- Valuation, legal work, mortgage approval should all be done in advance
- Bring your cheque book or bank draft as you will have to pay a 10% deposit on the day if your bid is successful.
- Arrive early and get a good seat in full view of the auctioneer
- Set a ceiling for your bids and don't exceed it
- British auctioneer John H Davies offers some canny auction tips here.

Tips include only bidding when you have to - even if that means waiting until the hammer is about to fall.

- Never forget, once the hammer does fall, the property is yours, warts and all!

Thinking of buying a house?

But before you bid at an auction you'll have to have your mortgage arranged.

If you're thinking of applying for a mortgage start the ball rolling with our First Time Buyer (</content/dam/ebs/pdfs/mortgage/ebs-guide-to-buying-your-first-home.pdf>) and Next Time Buyer (</content/dam/ebs/pdfs/mortgage/ebs-guide-to-buying-your-next-home.pdf>) guides.

You can use our mortgage calculator (</mortgage-affordability-calculator>) to find out how much you may be able to borrow.

And if you'd like to talk through your mortgage options book a 30 Minute Mortgage Meeting (</mortgage-appointment-form>) today!

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