



26 March 2008

### ***LUCK DIDN'T ENTER IT***

***“Success is where preparation and opportunity meet”- Bobby Unser, legendary US racing car driver)***

G'day there,

How often do we hear ”gee, I was lucky and gained a buyer”?

Often and yet, as this example below shows, the agent concerned was selling themselves way, way short when they put the sale down to a “lucky” buyer.

Here is the scenario (the only changes are that I have deleted the property address and names) in the agents words in his email to me :-

*The property I thought will never sell, as the property had been on the market for over 6 months and the vendor always wanted top dollar. Most homes I list sell within 6 weeks. During the private treaty sale we received an offer of \$592,000 in December 2007 and the vendor knocked it back. At that time he wanted no less than \$620,000. I thought what a great offer as 3 bedrooms + study homes usually sell for around \$480,000 - \$530,000.*

*From your constant nagging with auctions every sales meeting which, mind you, is a good rather than a bad thing, I thought the only way to bring this vendor to reality and to test how genuine he is to sell is to take the property to auction. Hence we told him that auction is the way to go for which he agreed.*

*During the auction campaign buyer feedback was between \$500,000 - \$550,000. Prior to the auction it was confirmed that 5 bidders will attend and that bidding would probably start in the early \$500,000. The actual situation was on auction night only 2 bidders came but they didn't bid. I tell must tell you in my 10 years of real estate it was damn embarrassing as I always get active bidding. **Luckily I had a back up buyer who I asked to come to the auction. (my italics,not his)***

*Mind you I did not count this buyer as one of the 5 bidders as she told me that her Foreign Investment Review Board approval was not yet approved as they are from Korea, hence they were not in a position to bid at auction.*

*The result was the property was passed in with no bidders. Reserve price was \$620,000 and the vendor bid was \$500,000. My vendors at that point were un happy as they expected 5 bidders to attend the auction and to actively bid. None of this happened and \$3,500 later he didn't know what the #!\*&%^\$ was happening. To cut a long story short the back up buyer and her husband were in the room so I managed to get them to make an offer subject to a cooling off period as she needed to get the Foreign Investment Review Board approval.*

*The great news was her opening offer was \$545,000. The vendor at that time to my surprise gave a counter offer \$590,000. The buyer then re-submitted \$550,000 and the counter was \$565,000. The buyer then re-submitted \$555,000 and the counter was \$560,000. The buyer re-submitted \$556,000 and the vendor reluctantly agreed. The reason why they agreed is they told me that didn't want to waste another 6 months stuffing around especially in a falling market with predictions of further interest rate rises. Furthermore my vendors had already bought an old home 6 months ago and they were itching to demolish that home and re-build a dream home.*

*Now Auctions do actually work !!!!*

My point is that if he had not done the homework and had the buyer present, instead of just assuming they would arrive, he was able to negotiate a sale.

In other words, it was not luck!

As I see it, our role is to get the best market price available and have bidders in the room, thus enabling the vendor to say "yes" or "no". All too often, we don't have them and consequently the vendor doesn't get the choice, as much as they may or would like it.

Now it can be argued "why didn't the 5 bidders bid?" and it would have validity. As is often the case with a buyers market, and the vendors fears about trying to sell over the next six months allude to that, buyers sit on their hands and "pick off" targets.

Be that as it may though, the one bidder he thought may attend but wouldn't bid, in fact became the buyer.

That was not luck, that was doing your homework. My question would be "are the vendors now happy they sold or would they rather be sitting there awaiting a buyer on a hardening market?"

Carpe diem

Tony

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