

**The Secret to Higher Sales**  
**Turning Your Agents Into**  
**Entrepreneurs**



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# FLORIDA **Realtor**

MARCH 2017

THE BUSINESS  
MAGAZINE  
OF FLORIDA  
REAL ESTATE

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# MARKETIT

## AUCTION MARKETING

# We've Got \$500,000! Do I Hear \$525,000?

**W**hile some may equate auctions with distressed properties, they're actually a way to expedite the sale of any type of property, say Beth Rose, president, and her daughter and partner, Sara Rose Bytnar, of the Rose Auction company.

The two women, both certified auction professionals, say that working with an auction company can help bring qualified buyers to the table and close a sale on a specific date—two things that are hard to control with traditional sales.

“When there’s frustration that a property isn’t selling through traditional marketing, we [the auctioneers] want to make the real estate professional a hero,” says Sara. “Often-times, it’s not about the price; it’s about being able to aggressively go after the correct target market.”

Also, with auctions, the process of competitive public bidding (and zero negotiating) can help the parties arrive at the true fair market value for a property, even driving up prices in today’s market. “Lots of homes are going on the market and selling quickly with multiple offers,” says Sara. “With an auction, you can put those offers into one room and open them up for competitive bidding.”

“Why wouldn’t you auction? Lots of homes are going on the market and selling quickly with multiple offers. With an auction, you can put those offers into one room and open them up for competitive bidding.”

—SARA ROSE BYTNAR, CAI,  
ROSE AUCTION COMPANY

***Here are the auction experts’ tips for picking a property to auction and getting the most out of the experience:***

### 1. PICK AN AUCTION PARTNER.

“In Florida, Realtors® may auction on their own,” Beth points out. “But we recommend that they team up with an auction company because there are many nuances to the process.” Consider a company or a Realtor auctioneer with a solid reputation in residential auction marketing and membership in the National Auctioneers Association.



### 2. CHOOSE THE RIGHT PROPERTY.

The properties that sell well through auction are those that have good locations and are being sold under the right conditions. “We do very few foreclosures,” says Sara, whose company focuses primarily on luxury homes and on commercial and golf course properties. “We work with private sellers, people who are frustrated with the traditional market or because their home has been on the market for a long time or they’ve got a unique property.” The greatest option, adds Beth, is “a property that’s never been exposed to the market because it generates all the attention.”

### 3. SET EXPECTATIONS.

It’s important to counsel your sellers so they have realistic

expectations, including a fair sales price, terms and timing. Then, based on advice from the auction professional, the seller sets the terms and conditions for the auction and picks the date and time their property goes on sale.

### 4. KNOW YOUR MARKET.

“You must clearly define a target market, and that requires more than just putting your listing on the MLS or social media,” explains Beth. “You need to know who potential buyers are and determine their demographics, interests and hobbies. Plus, most of your qualified buyers don’t yet live in Florida, so you’re marketing to people who live out of state.”

➤ Auctions also offer Realtors a good opportunity to invest in a property they can lease or flip.



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## AUCTIONS CREATE URGENCY

“Traditionally, we wait for buyers to come to us if they’re interested,” says Beth Rose. “With auctions, we go out and find buyers interested in the property. Auctions create a sense of urgency because of the deadline.”



## 3 Types of Auctions

Essentially, there are three types of auctions:

**1. ABSOLUTE AUCTION** (or auction without reserve)  
The property is sold to the highest bidder, regardless of the price.

**2. MINIMUM BID AUCTION**  
The auctioneer will accept bids at or above a published minimum price. This minimum price is always stated in the brochure and advertisements and is announced at the auction.

**3. RESERVE AUCTION** (an auction subject to Confirmation)  
In this scenario, the high bid is reduced, in effect to an offer not a sale. A minimum bid is not published, and the seller reserves the right to accept or reject the highest bid within a specified time—anywhere from immediately following the auction up to 72 hours after the auction concludes. Sellers predetermine the price at which the property will be sold and are not obligated to confirm a sale other than at a price that is entirely acceptable to them.

## REVERSE AUCTIONS

# BUYERS BID AS PRICE DROPS



**W**hen Keller Williams Realty DTC Colorado Dream House Team got a luxury home listing on the outskirts of Denver, they knew they needed to create a sense of urgency.

“Denver is the epicenter, and for every one to two miles you go out, it takes longer to sell the house,” says Dan Polimino, brokerage owner of Luxury Homes by Keller Williams.



With the seller motivated and open for a creative, aggressive approach, the Dream House Team used a reverse auction to sell the property. Unlike regular auctions, where buyers bid up the price,

a reverse auction allows buyers to jump in with bids as the price drops.

The Dream House Team listed the property on Sept. 14, 2015, with an asking price of \$3.9 million, dropping the price in \$150,000 increments every three days. The property sold for \$2.5 million and closed on Dec. 15, 2015.

“It benefits everyone. The seller gets an accelerated deal, the buyer gets a great value and the agent gets a good paycheck,” explains Polimino. “Why wait two or three years to discover what the final price is? A reverse auction gets to what the sweet spot is much quicker.”

# Benefits of Auctions

### FOR SELLERS:

- Quick disposal reduces long-term carrying costs.
- It accelerates the sale.
- It takes the seller out of the negotiation process.
- Buyer competition means that the auction price can exceed the price of a traditional negotiated sale.

### FOR BUYERS:

- Competitive bidding helps determine the fair market value.
- Auctions eliminate long negotiation periods.
- Purchasing and closing dates are known.
- Auctions reduce the time it takes to buy property.

### FOR REALTORS®:

- It generates a list of ready, qualified buyers.
- It increases revenue and market share.
- It develops market niche.
- Property is sold within a relatively short period.

Source: National Association of Realtors®

For more: [nar.realtor/field-guides/field-guide-to-auctions](http://nar.realtor/field-guides/field-guide-to-auctions) on growing your business through auctions go to <http://bit.ly/FLAuctions>.

## CE CREDITS

# LEARN: Introduction to Real Estate Auctions

This six-hour course from NAR’s Real Estate Buyer’s Agent Council, an approved elective for the Accredited Buyer’s Representative (ABR®) designation, will help you get ahead of the auction curve. Learn what it takes to conduct a successful auction; which sellers, properties and markets make the best candidates for auctions; and how auction firms can help real estate agents work through the nuances of the entire process.

Find it at [nar.realtor/auction](http://nar.realtor/auction).