

Methods of sale

There are many ways to sell your property, priced, tender, auction, and expressions of interest – just to name a few. All the methods of sale can be broken down into two fundamental approaches:

1. Selling with a price
2. Selling without a price

The method of sale you choose can have a strong influence on the final price, terms, and settlement date of your property. At Bayleys we will provide you with expert advice on your property, taking in a range of considerations. Before you decide which sales method will be most beneficial for you, it is worth considering all the options.

We have outlined some of the opportunities and considerations each of these options will have for you below. Because your home is like no other, your Bayleys sales agent will discuss these choices with you in more detail when you meet so that you can make the best and most informed decision possible for the successful sale of your property.



Priced method.

The pricing method is exactly as it sounds. After reviewing all the relevant financial data which the sales consultant will have diligently passed on, you as the vendor determine a price that you would like to sell for. That price is presented to the market. Buyers come back with their offer on that price – and so the offer and counter offer process begins.

This method of sale often pitches the vendor against the buyer - generally inviting the buyer to negotiate downwards of the asking price and the vendor to negotiate upwards of the offering price.

Advantages of the pricing method.

- Being totally transparent, it allows potential buyers to know what price level you want.
- It allows for conditional and unconditional buyers to offer.

- You can achieve a very quick sale if the market perceives your pricing to be below its valuation of the property.

Disadvantages of the pricing method.

- Determining what is the right price. If you price the property too high, no-one will look at it as they think you are unrealistic. If you price it too low you undersell your return.
- Buyers tend to focus on the price alone, rather than the features and benefits of your home.
- There is no time frame associated with a price, so it's hard to create urgency with buyers.
- It allows for conditional offers where the buyer can negotiate the terms and the price.
- As an owner, it can leave you with the perplexing question: 'Is this really the best offer I'm likely to receive?'

No price marketing method.

The no price marketing method is now probably the most widely used method for the sale of residential property in New Zealand. Buyers determine the value of a home based on the merits, the features, and the benefits of the property in a competitive environment.

No price marketing includes

- Auction
- Tender
- Expressions of interest

The no price marketing methods all have some elements in common – most notably that the property is marketed with a set contract form of sale with a set closing date for offers.

- Auction – auction terms and conditions (set by the vendor)
- Tender – tender document (set by the vendor)
- Expressions of interest – standard sale and purchase agreement (set by purchaser)

Advantages of no price marketing.

- The market sets the price. This allows for a premium price to be achieved
- The deadline creates an urgency with buyers
- All offers are received at the same time - allowing for the vendor to know the best offer is on the table, and that a better one is unlikely to arise out of others showing interest
- Buyers focus on the features of a property when considering the suitability and the price is set after they decide that they really want to own it
- Generates competition between buyers

There are some advantages unique to each of the no price marketing methods:

Auction

- The vendor sets the terms of the sale – such as the settlement date, and deposit required
- The sale is unconditional and binding on the purchaser
- A deposit is paid at the time of the sale
- The only method of sale that creates open competition between buyers
- Due to open competition the price is driven up by competing buyers
- The vendor retains control of the process by setting a reserve price which must be achieved before the property can be sold

Tender

- Allows for buyers to remain anonymous
- Buyers may submit conditional offers or include trade offers
- Allows the vendor to deal with a preferred party
- Normally a deposit is submitted with an offer
- Suits properties that require in depth investigation and due-diligence

Disadvantages of no price marketing.

- Buyers can't compare your property on price against other properties.
- Can be perceived to be more stressful
- Properties can be perceived as too expensive