

## FORGET EVERYTHING YOU LEARNED ABOUT BIDDING THIS PROPERTY SEASON

### A different market calls for different techniques

- A one size fits all approach to bidding won't cut it in a housing market that has experienced dips, plateaus and lower clearance rates
- Preparation is key – research local market conditions, the auctioneers style and how much you can afford before deciding on your auction bidding style

**Thursday 1 March 2018:** Do you have a bidding type? Whether it's strong and silent, loud and aggressive, or piping up at the last minute with your strongest bid - having a particular bidding style may not always play in your favour.

With an ever-changing property market and some metropolitan areas experiencing plateaus and dips in 2018, a one size fits all approach to bidding is no longer an adequate approach to auction success. Flatter property markets may lend themselves to negotiation, or strong and silent bidding techniques, while areas experiencing growth can for more aggressive bidding.

“Bidding is a sport that is rich in psychological tactics that requires buckets of emotional strength and patience. Participants need to be able to adapt quickly based on the moves of other players - think of it like a high stakes game of chess,” says Steve Jovcevski, property expert at comparison site [mozo.com.au](http://mozo.com.au)

The reality is that no auction is similar, so be ready to change up your style based on the mood in the room. No matter what persona you take on when bidding, the best thing you can do is to enter the auction well researched, calm and with a clear idea of how much you are willing to spend.”

### Which bidding type are you?

#### **Strong and silent**

*What's good about it* - With a smaller number of bidders and a neck-and-neck auction, a strong and silent bidder who pipes up occasionally with sizeable bids can really throw off the competition and pose as an intimidating figure. It shows that you're not bothering with back and forth between other bidders, you're here to buy and you've got the big numbers to back this up.

*What's bad about it* - In a fast paced highly competitive bidding environment, the strong and

silent bidder may fail to be noticed and bids may not register as serious competition. There is a risk that other bidders may not see you as a true competitor and the subtlety of your efforts could be completely lost on a large number of bidders and the auctioneer.

### **Opening with a big splash**

*What's good about it* - Sometimes, the way to really throw off the competition is to open with a dazzling bid and show that you're serious about the property and that you've got the money to back it up. For example, if a high interest auction opens at \$900,000 and you know you're willing to pay up to \$1.2 million and other sellers are anticipating it will go for around \$1.1-1.2 million, avoid the slow build from \$900,000 and throw in a bid of \$1-1.1 million. This will knock the confidence of other bidders, leaving them to rethink their bidding strategy on the spot. The enormity of your bid may make them feel hopeless at taking a shot at the property.

*What's bad about it* - If you fail to do your research and calculate the level of demand for the property you are bidding on, you could grossly overpay for a property. This type of bidding is often not necessary at a sparsely populated auction.

### **Loud and brash**

*What's good about it* - We've all seen this person at an auction, they're loud, forthright, and every second bid is coming from this larger than life persona. To go into a bid with guns blazing can show other buyers that you are determined and any other bid will be superseded by your own. If this is your tactic, make sure you have a figure in your mind that you draw the line at, to avoid buying a property to simply 'win', regardless of what you end up paying.

*What's bad about it* - This is a popular technique that is adopted by a lot of bidders, but if everyone is using this style, it can lose its effectiveness. Like a horse race, often those who charge ahead at the start can find themselves outshone by later players.

### **The late bid**

*What's good about it* - The bidding is neck and neck and finally, it seems, there is a winner. The rival bidder shakes their head and the auctioneer yells "going once, going twice..." and suddenly a rogue bidder throws in a number that blows the other offers out of the water. If you're confident in your bid and don't want to engage in back and forth and subtle price rising that gives the other bidder hope, this can be a way to make a splash. It's a risky move, but if played right, it can secure a property at the right price.

*What's bad about it* - if you intend to make a bid late in the game, it means that other bidders

haven't registered you as a threat, and the bidding could go higher as they believe that 'little bit extra' will help them secure the property of their dreams. Playing this game can mean a higher final price.

### **The invisible bidder**

*What's good about it* - Not being present at the auction can give an air of mystery and intimidation that can spook other bidders. Having someone smartly dressed, talking to you on the phone gives license to the imagination of the other bidders. Perhaps you're a cashed up overseas investor, or a property mogul who is too busy to be attending the purchase of their next property.

*What's bad about it* - If you're on the phone, you can't gauge the feeling in the room, and your bidder can't communicate a lot, as whatever they say will be heard by other bidders. It's a high-risk strategy to not be present, so ensure you have a game plan with your bidder to avoid losing out.

"For Sydneysiders looking to bid this property season, they'll find a lukewarm market that has a slower and steadier auction pace with potential buyers making very considered purchasing decisions. A highly responsive and aggressive bid could play well, but always assess the room before placing a bid," says Jovcevski.

"The Melbourne property market is heating up, meaning that big numbers and psychological tactics like bidding bold and later bids could make a big splash and rattle potential buyers. Brisbane is similar, with a warming market require bold bidding and buyer confidence."

Whatever your approach – know your price limit, arrive early to get a good view of other bidders, leave your emotions at the door and have your game plan in place.

### **Tips for auction success**

- Bid in odd numbers - Many bidders have a price limit in their mind which determines how far they will bid. This number is usually a round number so bid using odd numbers, as it can throw people off and may extend beyond the psychological price limits other bidders have set.
- Research your auctioneer - Every auctioneer is different, their pace, tone and the way they engage with bidders can vary greatly. If you can attend auctions in the lead up to the auction you plan to bid at, take the opportunity to observe your auctioneer and their particular style.
- Know the market - Before going to an auction you should have an idea of what other properties have sold for in surrounding area and how they sold e.g. auction, private negotiation.
- Body language is everything – arrive early to ensure you are in a prominent position so you can view your competition closely. Are they excited, agitated, serious or

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furiously consulting with their partner? By watching other bidders, you can gain crucial insight into what your next move should be.

**-ENDS-**

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