

SELLING AT PUBLIC AUCTION

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Auctioneer · Land Broker · Farm Manager



Selling real property at public auction has many benefits. Public auctions are an open format which has been used for centuries as a method of achieving true price discovery. With this marketing tool, as auctions pertain to land, a seller is able to set a specific time, a specific date, a specific location, and advertise for all interested parties to attend and “bid” under terms and conditions set forth by the seller(s), and in many cases, their attorney.

In an aggressive marketplace like Midwestern farmland, this allows for the bidders to determine the value on an investment asset by competing for the highest price. Auctions get results in a limited amount of time. Most land auctions close within 30 days of the actual auction. Preparation time varies considerably due to the complexity, size, variation, number of tracts, degree of marketing required and other key factors.

Auctions nearly always ascertain results in a more timely manner than a private listing agreement. Timing can be important for a number of reasons. Markets fluctuate. Land values have risen significantly over the past several years, but there is always a chance they can go down. Sometimes sellers need to turn their assets into liquid form (cash) for other reasons as well: diversification of a portfolio, tax payments, retirement, and inheritance ease, just to mention a few.

Auctions are complex and multi-faceted. Having the proper professional advertising thru websites, print, e-mail buyer’s lists, etc., are extremely important. It wouldn’t make much sense to hire an auctioneer who is fun to listen to if their marketing did not attract the most aggressive bidders. Ideally, the best firms are excellent marketers, have a good presentation in front of a crowd, have a knowledgeable support staff, and are knowledgeable of the product they are selling. Auctions require a quality team effort to realize the maximum potential for the seller.

If you have additional questions about how land auctions work, please give me a call or e-mail me anytime.

Put the auction method to work for you.

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The above comments are the sole personal opinion of the author. As in all important business and accounting decisions, please consult with your legal and tax professionals.

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