

'West' – 28 May 2011

## **NO BLUE SKY IN TODAY'S MARKET**

Mr Steele from Bunbury writes, "Recently I bought a new home but still needed to sell my existing home to pay for it. My agent suggested we should auction my old home to pay as this would show the owners of the house I was buying that I was genuine in my offer."

Going down the path of subject of the sale of your property by auction was wisely recommended.

In the current market, when a seller is presented with an offer that is subject to the sale of another property and the price attached to that offer is overly generous, there is a good chance the deal will never eventuate.

It's like suggesting I'll give you the blue-sky price for your property as long as I get the blue-sky price for mine and, unfortunately there aren't too many blue skies in this market.

There are problems for both parties with this kind of offer – for the buyer, many such offers include a 24 or 48 hour clause, which means if someone makes a better offer and your house hasn't sold, you will miss out completely; for the seller, you are in limbo until the person making the offer has sold their house, which may not happen.

One option to firm up the intentions of the buyer in the mind of the seller, and make your offer more attractive, is to accept the subject to sale offer, but subject to the house being sold at auction within 28 days. Of course this doesn't rule out the seller hoping for a blue-sky price by setting a high reserve, but at the very least a time limit has been set on the process.

Should you have a question regarding auctions, please email me at [bookings@tomeszeauctions.com](mailto:bookings@tomeszeauctions.com)

**Tom Esze is the 2010 REIWA State Auctioneering Champion**

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