

## Land Auctions...what you should know

Many ask about land auctions. You wonder, is that right for me? Well, in our ongoing series about *Things to Consider when Buying or Selling Land*, we interviewed Rick Musick, one of our Idaho Preferred Potlatch Brokers who is also a successful auctioneer. We asked him about things you should know about auctions...take a look.

### Is there a misperception about what type of land is typically sold at auction?

Sometimes, yes. When you see the words “foreclosure land auction” in the news, it usually means a bank or Title Company is listing the property to clear all interest in it so the lender can sell it. But not all land auctions are foreclosed or distressed property. That’s the misperception. The purpose of a land auction is to market the property to as many people as possible and generate excitement. The seller offers the property, a buyer steps up with the highest price and we accept the price or further negotiate it. We refer to this as an “accelerated marketing campaign.” More and more, auctions are becoming common as a way to sell non-distressed properties.



### Is there more than one type of land auction?

There are different types of land auctions. In an “absolute auction,” the property is sold to the highest qualified bidder with no limiting conditions or minimum sale amount. The property is typically sold for cash and changes hands on the same day. Then, there’s an “owner confirmation auction,” where the auctioneer takes the highest bid and presents it to the seller for consideration, but the owner is not obligated to sell to that bidder. And, in a “published minimum bid auction,” the seller is telling the world that he is committed to selling the property at a certain price or anything above it.

### How do prospective buyers get the information needed prior to participating in an auction, and what kinds of things should they know?

It used to be that when you bought a property, you first traveled to the site to check it out. But in today’s market, buyers can “visit” the property online through webinars, and auction information packages can be sent via email. Our goal is to provide all the information needed to make a decision. Knowledge is paramount.

Prospective buyers need to learn as much as possible about the property they’re interested in before the auction. Buyers also need to know what type of auction they are participating in, so they can bid accordingly. Is it a live auction, an Internet auction or a hybrid of the two? We have seen that with the popularity of online bidding more and more people are quickly becoming comfortable with the auction process.

Finally, anyone participating needs to understand auction terms and conditions, and a great source for that information is the [National Auctioneer Association’s website](#). It is a great place to find a terms you’ll need to know, learn more about the industry and the code of ethics its members adhere to.

*Editor’s Note: In late September 2013, the Musick Auction Team successfully marketed for auction 6 Potlatch properties. Of the properties, 4 either sold or had offers at or since auction and closed before the end of the year. It has been a smooth process for all involved leading to more happy Potlatch buyers. Thanks Rick & team for a job well done! For more information, visit their website, [www.UCIdahoLand.com](http://www.UCIdahoLand.com).*