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## **Real estate auctions are best in what market climate? You will be surprised by the answer**

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There is no better time to sell your real estate at auction than in a vibrant economy. Seems backwards, huh? Most people's assumptions are that auctions only happen in down times and that the only place real estate auctions have is in the world of distress. That thought is just not true. For over 37 years we have challenged and defeated this myth. JJManning Auctioneers, created in 1976 by Jerome J. Manning, has conducted almost 16,000 real estate auctions, with more than half of those being private auctions for the owner. The owner might be an individual, trust, estate, bank, REIT, corporation, etc. In a bad economy, Joe Q. Public might see more auctions being advertised and more auctions occurring. That is a fact. However, that increase in auctions is primarily attributed to foreclosures wherein the lenders are merely acquiring title to the assets through auction. Many of those auction properties become "buybacks" by the foreclosing lender. In a good economy, there are less auctions occurring, but those auctions become a Petri dish of competitive juices.

Here are some common auction statements that we overhear from the public, about auctions in a strong economy.

- \* "No one really chooses to sell their real estate at auction."
- \* "Auctions only bring out the bottom feeders."
- \* "Auctions are used only in foreclosures."
- \* "I wouldn't want people to think I'm losing my property to auction."
- \* "The properties don't really sell at auction."

The statements above are commonly heard by and my associates and myself in good times. So, why are we constantly and consistently selling residential and commercial real estate well in a vibrant economy? Why do our sales bring more bidders and more dollars in a thriving economy versus a down one? Here is why. In a better economy, free flowing lending occurs. This loosened lending mentality leads to an increase in the number of qualified bidders at the auctions. This increase in attendance then elevates the level of competition. There is no single component that helps the auctioneer more than a strong density of qualified bidders. It comes down to supply and demand. When a crowd of bidders shows up with certified checks in hand, vying for one property, you know it's going to be a great auction. The more bidders involved, the greater the level of activity and the greater the level of competition. Competition is what organically sets the true and fair market price. Fierce competition creates an environment wherein water reaches its own level and, in some auctions cases, the water spills out and overflows beyond the anticipated level.

Auctions have no limit. There is no ceiling in an auction. We are not contained by an "ask" price or a "last list" price. In the moment of "sold" at auction, the final bid ultimately can be considered a true market appraisal of the real estate asset.

So what gets bidders to attend an auction in a strong economy? Well for starters, they must know

about the auction in order to decide whether or not to attend. How do you get to them? It's simple... marketing! A poorly marketed auction has a poor turnout. A well-marketed auction has a crowd of participants. Back in the infancy of JJManning, marketing was a combination of newspaper advertisements, direct mail and telemarketing. Now, in 2014, JJManning's marketing is a blend of the old school staples along with cutting edge tech savvy methods. Sure, we still advertise in newspapers and send direct mail. However, simultaneously we are also utilizing blast emails, online PR, online advertising, social media (Facebook, Twitter, LinkedIn, etc.), online listing sites and more. Our site [www.jjmanning.com](http://www.jjmanning.com) went live in 1995. (See [www.whois.com](http://www.whois.com)). That was practically the earliest that a small business could affordably go "live" and online. That early presence has helped our virtual reputation, our online ranking and validates our company's existence. Our virtual reach is stronger than it's ever been.

JJManning considers our bidders at an auction to be rungs in a bidding ladder. We want to sell the real estate asset for as much as the market will bear. In order to easily climb the ladder to the top, we need all of the rungs, or else we might get stuck at a lower level in the ladder. A smart "blend" of old marketing ways and new marketing innovations allow us to inform anyone and everyone who may want to bid. This helps set a fair auction market price.

In the last month JJManning Auctioneers successfully auctioned a 126 slip marina in Essex, Conn., a pond front estate lot in Falmouth, Mass., a mill building on 100 acres in Southbridge, Mass. and an estate property on Rte. 6A in Sandwich, Mass. on Cape Cod. All of these auctions were conducted on behalf of the ownership and all of these sales met or exceeded the client's expectations. None of these clients needed to sell, rather they chose to sell quickly and contingency-free at auction. The next time you see an upcoming JJManning Auction, don't assume that it's a distress event and be prepared to see a sale to an excited third party buyer. See you at an auction soon.

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