



# Going Once, Going Twice...

A buyer's guide to high-end house auctions BY IAN SPULA

The term “house auction” might conjure up images of rundown, foreclosed properties being sold off. But picking up a paddle can save buyers major cash on luxury properties, too. At the end of April, there were 11 single-family homes with an opening bid set at \$500,000 or more heading to auction in the Chicago area.

A five-bedroom house in Riverwoods, for example, was previously listed for \$1.25 million before selling at auction for \$698,000 in November. That same month, a seven-bedroom mansion in Willowbrook that had listed at \$5 million went for \$2.8 million under the gavel. In each case, the buyer saved 44 percent.

Auctions often serve as a barometer for the true value of hard-to-price, high-end property, says Michael Fine, president of Fine & Company, a real estate auction house in Chicago. “There are customized features that might not have the same value to the buyer as the person who built them.”

Spring is peak season for high-end auctions, but if the notion of bidding on a dream house gives you the sweats, take a breath: It’s not as onerous as it sounds. Here’s what you need to do:

**1 Enlist an expert.** Find a real estate agent who specializes in auctions to help you navigate the market, land the best deals, and conquer tedious paperwork. Most large brokerages have one on staff who is paid by the seller on commission—usually 2 to 3 percent of the sale price—for referrals.

**2 Know what you’re getting into.** No inspection-period safety net here. Once you win the bid, you’re stuck with the house, even if it turns out to be a money pit in luxe clothing. That means you have to take the prebid walk-through much more seriously. Instead of just bringing along your father-in-law, hire an inspector to root around for

## UPCOMING AUCTIONS



**North Barrington**  
12 Hidden Brook Lane  
Five bedrooms on 1.9 acres  
Bid Fine & Company,  
747 Lake Cook Road,  
Deerfield, May 28  
Previously listed \$1.4 million  
Minimum bid \$900,000



**Oak Brook**  
3121 Heritage Oaks Lane  
Seven bedrooms on 1.3 acres  
Bid svnauctionworks.com,  
June 17 to 19  
Previously listed \$2.5 million  
Opening bid \$1.6 million



**Palatine**  
530 West Rosiland Road  
Four bedrooms on half an acre  
Bid svnauctionworks.com,  
June 17 to 19  
Previously listed \$749,000  
Opening bid \$529,000

potential problems, such as a fading hot-water heater. “You have to do your due diligence and look at taxes, required maintenance, quality of fixtures, and energy efficiency,” says Kiya Krivickas, an auction specialist at Conlon Real Estate. Find an inspector who’s certified by the National Association of Home Inspectors or the American Society of Home Inspectors, and expect to pay between \$300 and \$500.

**3 Don’t get swept up.** Depending on the assessed value of the property, minimum bidding increments range from \$1,000 to \$100,000. Pros who regularly buy property at auction as turnaround plays will try to commandeer the action by thrusting their paddles early and often. Don’t let them psych you out or provoke you into a bidding frenzy. “Set limits and don’t get wrapped up in the awesomeness of the experience,” Krivickas says.

**4 Get your financial ducks in a row.** With auctions, sales close promptly 30 days after the bidding. If your financing falls through, not only will you lose the house, but you will likely get banned from that brokerage’s future auctions. So it’s essential to get prequalified for a mortgage based on the fair market value of the house and property taxes.

**5 Make a preemptive bid.** Some brokers accept early bids. If you make a reasonable offer, the seller might bite to remove the stress of the unknown, says Diana Peterson, president of SVN AuctionWorks. “Sellers worn out by listing on the conventional market like the targeted marketing and quick turnaround,” she says. Case in point: A four-bedroom house in Burr Ridge, which had languished for three years at \$2.3 million, sold in February for \$1.5 million cash *two weeks* after an auction was announced. ●