

## What is a real estate auction?

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When you're ready to buy or sell a home, you typically contact a real estate agent or go ahead and buy/sell the property on your own. But there's another option that you might not be aware of and it's selling your home through a real estate auction.

One key advantage with real estate auctions is that it allows quick turnarounds for properties if sellers are concerned about having their property sit on the market for a long period of time. This may not be a concern for sellers in hot real estate markets with numerous [bidding wars](#), such as Toronto.

The real estate auction has been a popular option for those looking to downsize properties or for someone granted an estate after the owner died, [according to the National Post](#). A partner in an Ontario real estate auction service told the *Post* that selling by auction lets the market decide on the price of the property, so there's no issues with underpriced or overpriced properties.

As the seller, you and the auction house decide upon the auction date and the type of auction: an unreserved or reserved auction. In an unreserved auction, the property owner must sell the property, no matter the final bid price. While in reserve auctions, a seller can either decide to go with a published minimum bid auction, which is when the lowest bid the seller is willing to take is published; a subject to seller confirmation auction, which is when the seller can decide whether they choose to accept the highest bid; or a subject to reasonable reserve, which is when the buyer or seller decide upon a lowest bid that isn't made public.

But sellers may also be taking a risk when selling their home through an auction, [the registrar of the Real Estate Council of Ontario wrote in a Toronto Star column](#). Auctioneers don't have a mandatory third-party licensing body that monitors the industry and its employees. Also, you may not benefit from customer protection that's available to customers of licensed real estate agents. Some auctioneers may also be registered real estate professionals.

During an auction, there's also no chance for negotiations once the gavel comes down on the final bid, which may be good or bad for a seller.

Before deciding upon an auctioneer, it's important to check out their references. You'll likely benefit from someone who's also a licensed real estate professional. The National Auctioneers Association has an Accredited Auctioneer Real Estate designation which requires members to abide by a code of ethics and standard of practice, have a real estate licence and continually stay up-to-date with real estate courses.

Learn as much as you can about the auction process to decide if it's how you want to sell your home. Ask about the deposit for the property and whether it can be held in trust by your [real estate lawyer](#) and whether the buyer can place conditions on purchasing the property, such as a home inspection or financing. Find out who's responsible for the paperwork, along with the cost of using the auction service, such as who pays the commission earned by the auction house, the buyer, the seller or both.

In the past, auctions have been used by condo developers to sell unsold inventory of [newly built condos](#) since it's an easy way to sell many units at one time.

Real estate auctions may not be as common in Canada, but they're a popular option to sell homes in Australia. In 2014, there were 101,444 auctions held with 68,549 homes sold, which is the first time there's been more than 100,000 properties for sale through auction, [according to News Corp Australia](#).

Whether you decide to buy the property as an investment or if you decide to live in it, [Rebate4U](#) can help you put some money back into your pocket by filing an [HST housing rebate](#) claim with the CRA. We strive to provide our clients with the most professional and quality service in obtaining rebates for their new and extensively renovated homes. We are proud to offer our clients the most personal and attentive service, and we make sure that all of our clients are 100% satisfied.