

Things change: You either move forward or you back up.

Right now, the old, tried and true “private sale method” (Barnes Realty’s method for the last 35 years) is not always the best way to sell property. Low interest rates, high commodity prices, high cash rents, good yields have made it a Seller’s market for farmland and over the last couple of years we’ve seen several farms sell at unexpectedly high prices when multiple buyers bid against each other on a particular property at a public auction.

Nothing is ever black and white, though, and lots of things can conspire to make an auction a risky plan for a seller:

1. There have to be two interested parties at the same time on the same day at the same place. If there is only one buyer the seller is going to have a bad day.
2. There has to be competitive bidding. Lots of times, neighbors will get their heads together and not bid against each other. Then, if there isn’t a third, out of the area bidder, the seller may have a bad day.
3. Sometimes, interested buyers will not show up at auctions because they are either too nervous to bid publicly or they don’t want to risk upsetting a neighbor or relative by bidding against him or her.
4. Many institutional investors don’t even attend farmland auctions because they must do so much “due diligence investigative work” before they can make a purchase, and generally there isn’t time to do it all between the sale announcement and the actual sale.
5. It used to be that no one would bid on a farm that wasn’t listed for “absolute sale”, or if the seller had a reserve price and the farm didn’t meet that reserve price, the property was “branded” and no one was willing to pay more than the best bid on the sale day.
6. Auctions are very stressful for the Seller’s, no one knows what is going to happen, what the price will be, etc. My guess is that no typical seller sleeps well for several nights before an auction.
7. Typically, if the auction is unsuccessful, the seller is more or less hung out to dry because the auctioneer often isn’t in the real estate sales business or isn’t willing to do the hard work of selling the property privately.

When you list with Barnes Realty, you get the best of both worlds:

1. We look the property over and work with the seller to select a fair minimum selling price, We make that determination based upon our years of experience in property values, and based upon our knowledge of the constantly changing real estate market.
2. We then proceed to advertise the property and offer it publicly, so that any buyers, no matter whom they are will have a chance to purchase the property.
3. We have an auction (I prefer to call it a public offering). We aren’t auctioneers and we don’t chant, we just offer the property to the public and let interested buyers bid, no fuss, no confusion, no pressure.
4. If we don’t get the minimum price, Barnes Realty moves right on, marketing, showing, and selling the property privately, just like we’ve done quite successfully for the last 35 years.

In this market, most of the time, we sell the property right then at the offering. As a matter of fact, we’ve had several offerings that sold for lots more than the suggested minimum fair market value that we had set with the seller prior to the sale.