

Auctions: Not Just for Foreclosures

By [James Klobasa](#)

Auctions stir up a great deal of interest and are well known for bringing in bids well above the asking price. But are they a good selling strategy for real estate investing or should they be reserved for special cases only?

The great thing about auctions is that they stir up a lot of interest. This is because when people hear the word “auction” they think that they are going to be able to get a great deal. People flock to auctions motivated by visions of a property selling for a fraction of what it is worth. But, for the most part, real estate auctions result in a property going for the asking price or for more than the asking price.

Auctions are emotional events where anything can happen. You might think that this is not a great forum to use for real estate investing, but there are mechanisms that can protect a seller from losing money at an auction. By setting a reserve price, an investor does not have to sell the investment property until a certain bid amount has been reached.

Even if the reserve price is never met, hosting an auction is still a good idea for real estate investing because it generates publicity and interest in a property. An auction brings more people onto and into your property than your real estate agent can over a course of weeks all in just a couple of short hours. An open house can also accomplish this, but open houses still do not generate as much interest as an auction does.

With that said, is holding an auction always a good selling strategy for those trying to turn a profit through real estate investing? The answer is no. Many real estate agencies are using are now using auctions as a marketing and selling strategy. This means that in some communities auctions are overdone. Holding an auction in an area where they are common place will not likely generate the interest that you desire for your investment. In fact, holding an auction under these circumstances might be more trouble than what it is worth.

You should also not use auctions as your sole strategy for selling your investment properties. Save this special strategy for those special properties that you really want to make stand out. Maybe a property that is in an area without a great deal of through traffic would sell a lot quicker through an auction than it would through traditional means.

Making money in real estate investing is about making good decisions and staying ahead of the game. The bottom line: Don't dismiss the auction. It could be the selling strategy that can help you sell your property for record profit in record time.

James Klobasa, once broke with no job and \$20,000 in debt made a choice that changed his life forever. That choice was investing in Real Estate. With the founder of, The Little Building Co. you too, can learn at [Real-Real Estate Investing](#)

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