

Auction industry upbeat as sector benefits from shifting market trends

The auction industry has remained relatively immune to a tumultuous year of global political shifts and the resulting lacklustre economic outlook across the world. In fact, says Joff van Reenen, lead auctioneer and director of The High Street Auction Co., the industry has benefited from shifting market trends.



High Street Auction Co. lead auctioneer and director Joff van Reenen (right) discusses the state of the global auction industry with the legendary Sammy "Yosemite Sam" Ray Hamblen.

Van Reenen has just returned from the 68th International Auctioneers Conference & Show held in Columbus, Ohio, which brings together auctioneers from across the globe. He says overall sentiment among the more than 1,000 auctioneers at the gathering was upbeat.

Investor confidence crisis

"The political landscape is rapidly changing around the world, Brexit and the election of Donald Trump to name just two examples. South Africa has also had a difficult year, with political decisions and cabinet appointments creating an international investor confidence crisis and widespread ratings downgrades.

"Despite this, the auction industry appears to be on a solid footing and real estate auctions in particular seem to be in a growth phase globally, but not for the most obvious reason because there doesn't seem to be a spike in foreclosures.

"In many countries, auctions are the dominant players in the real estate market, Australia being a prime example, and public perceptions of them

simply being dismantlers of insolvent entities has changed considerably in recent years. Consumers see true value in selling property by auction because they are absolutely transparent and they deliver fast results."

Van Reenen adds: "Real estate is as profitable to auction as classic cars or fine art, and by far the largest percentage of High Street Auction Co. clients are REITs, property portfolio managers, developers and state-owned enterprises."

Advantages of auction model

Among the advantages of the auction model are pre-set sale days that give sellers a precise time-line for the disposal of their assets and reserves provide a "no harm, no foul" safety net if the market on the day doesn't place the same value on the asset as the seller.

"In South Africa, the softening at the top of the real estate market in response to the prevailing economy has seen sellers facing increasingly stiff competition and they are looking for marketing alternatives that will offer them the best return in the shortest possible time frame. Auctions provide exactly that, which is why the industry is currently doing well."

International auctioneers who attended the conference echoed Van Reenen's sentiments about the health of the industry.

Andy White from Ashford, Ohio, a global champion auctioneer and only the second ever triple crown winner, says: "Real estate auctions are probably one of the fastest growing facets of the industry because buyers are looking for a transparent market place and sellers are looking for a place to sell a property as fast as possible and still get market value."

As one of only two triple crown-holders in the world, this puts Ashford at the top of the global auction industry. He has won the international auctioneer championship, world automobile auctioneer championship as well as the world livestock auctioneer championships.

“And although residential property in the US still has a large local buyer base, we are finding that good commercial property in auctions is attracting a growing number of online and international investors.”

Changing consumer behaviour

Andy Holter, host of the Fast-Talking auction podcast in the USA, also attributes significant influence on the industry to shifting trends: “I think the changing global economy is bringing about an awareness and the shaping of trends around the world. This is changing demands and consumer behaviour and people are now more comfortable concluding transactions in a collective, more fun way.

“As global economy grows, and emerging economies become more stable and have larger disposable incomes and auctions become more accessible, you will see different items become more popular. This expands the possibilities of what people can acquire.”

Anthony Kaufman, president of Kaufman Realty and Auctions in Ohio agrees: “With the amount of dollars that circulate globally, when we see a strong international market, we are more likely to see investment in US real estate. And as the market has trended in places like Asia and sub-Saharan Africa, we have seen growth across the board – in the residential, investment and commercial sectors.”

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