



A Brief Guide to Selling by Set Sale Date



What is Set Sale Date

A Set Sale Date is similar to a Tender but tends to be less onerous for all parties concerned.

Effectively a variation of a Tender, a Set Sale Date is used when vendors wish to have the option of selling prior to the specified date, which is not usually allowed if undertaking a Tender process.

Process: The pre-close of a Set Sale Date is very similar to an auction campaign and consists of an intensive three to four week marketing program with a combination of print and Internet advertising to capture the attention of potential buyers that are in the market for that type of property.

As with a Tender, the offers are usually submitted in sealed envelopes but do not necessarily need to be accompanied by a deposit cheque, as you would in the case of a Tender. As with a Tender, and unlike an Auction the offers can be conditional on whatever the buyer wants to include (eg: finance, building inspections, etc)

Unlike a Tender, the buyer's offers do not need to remain open for acceptance for a three to five day period and can be withdrawn at any time provided you have not already accepted it. If you do decide to accept a conditional offer, it is recommended that you also get a back-up offer, just in case the preferred offer does not go unconditional later on.

The advantages and possible disadvantages of selling by Set Sale Date for vendors

Advantages:

- The vendor has control of the process
- The vendor can negotiate with any of the buyers, to the exclusion of all others, if they wish
- The sale could be unconditional (as with an auction), but is not necessarily (as with a tender)
- There is a perceived competition between buyers which usually results in a good sale price
- If all goes well, the property is only on the market for three to four weeks (less hassle with open homes and viewings)
- The process is confidential, so the final sale price is not known until it goes onto the public records (about two months after settlement)
- Both conditional and unconditional buyers can participate in the process
- Motivated buyers will usually put in their very best offer straight away, so the need for a strong under bidder is not necessarily required to drive the final sale price up

- The difference between the highest offer and the second highest offer can be tens of thousands of dollars, whereas with an auction the bids are transparent and are only just above each other (usually only about \$500 at the end)
- A Set Sale Date can be a less costly process for buyers as they can make conditional offers and, unlike auctions, they don't need to incur costs of building inspections etc. until they have an agreed purchase price. This can make them more likely to participate

Possible disadvantages:

- Buyers can be uncomfortable with the process, as they don't like to pay more than they have to for a property. However, they do have the option to make an offer prior to the close of the Set Sale Date as with most auctions
- Buyers can withdraw their offer prior to the vendor having sufficient time to consult with others regarding the offers as would be the case with a Tender

Disclaimer:

1. *This document is intended to provide a brief overview of Sale by Set Sale Date and not to be the definitive guide in relation to this Method of Sale;*