

Auctions comment:

What's it really like buying property at auction? In a word: competitive. At no stage have I known such a hot market in the auction rooms.

The past year has been one of my worst for buying at auction since I began piecing together a national portfolio of mainly residential property a decade ago.

This is not to say that I haven't tried – just that I have been consistently outbid.

Of course, at this stage you may advise me to stop whining and just up my bid limit. The issue is that I run my property investments according to strict business fundamentals and I don't like taking unnecessary risks.

As we all know, fortune favours the brave – and if I'd had my crystal ball to hand last year, rather than my hard hat – I would have bought a lot more property in London. However, back then I just could not make the figures work.

The prices being paid for London property were crazy. And still are. Trying to work on any sort of net yields makes for eye-watering reading – unless, of course, you calculate in the meteoric capital appreciation which has happened in some parts of town.

But I don't like to speculate too much. I prefer to invest. I buy property to make money – having to price in two years' worth of capital increases to my bidding price makes me uncomfortable.

Paying tomorrow's prices today could be a recipe for disaster. And you can call me a scaredy-cat – but I would prefer to keep what I've got than lose my shirt over a deal.

Crazy prices, though, only really apply in London and the South East. Get out past the M25, especially in the Midlands or the

VIEW FROM THE ROOM

Samantha Collett
Private investor and author



North, and you could well bag yourself an incredible bargain.

Many properties in Hull, Middlesbrough or Burnley can still be picked up for less than £20,000 at auction.

And that sounds like a great deal, given that the average property price, according to Halifax, is around £180,000 – although it should be remembered those same £20,000 properties used to make nearer the £40,000 mark just a few short years ago.

But that is the sting in the UK property market. And property auctions can tell the tale well of the two halves.

On the one hand, property which offers the potential for capital uplift (London) is roaring ahead, while work-a-day rental income properties (Midlands/North) can still be picked up for a song.

But right now, it appears there's a dearth of portfolio income investors for these types of properties. The glow of capital appreciation seems to have infected us all – but who

wouldn't want to invest in a property that could jump in value overnight rather than slog your guts out in a buy-to-let?

The attraction of buying property at auction has brought a new crowd into the auction room.

Turned on by the transparency, certainty and speed of the deal, we are now seeing foreign buyers bid cheek-by-jowl with pensioner "gran-lords", owner-occupiers and anybody with a bit of cash. The "dealers" of old are not so prevalent.

Times have changed. The new rules on mortgage lending and having to own a property for six months before you can sell it have made flipping more difficult. Running a trading business with a six-month time lag is both time- and capital-intensive.

Added to that, the metrics for calculating how to win at auction have become ever more future-focused in high-demand areas, meaning we are now entering a period where property is becoming a much longer game to play.

And that is probably how it should be: property is a long-term investment. But if I am being completely honest, I do miss my trading days. I miss the thrill of deals done on the day. But I will bide my time, I know the market will turn and I will get to live those days again.

Samantha Collett's new book How to Buy Property at Auction is published this month by Constable & Robinson. Read her blog What Sam Saw Today: Confessions of a Property Developer at www.whatsamsawtoday.com. Twitter: @whatsamsawtoday

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