

Auction Methods

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A farmland auction, when executed professionally, can be the ultimate solution and value creator for landowners when the decision is made to sell all or part of their land holdings. A lot goes into a farmland auction compared to a traditional listing and getting the details right is absolutely critical to the success of the sale.

ONLINE ONLY AUCTION An Online Only Auction allows buyers to bid on a property over a set period of time from their phone, tablet, computer, or other electronic device. A “soft close” is typically used which allows for an extension of the bidding period if bids are placed within the final minutes. This creates a competitive atmosphere similar to live auctions and often results in bidding extending beyond the scheduled auction end time. This method also allows buyers from a wide geography to easily participate in the auction.

MULTI-PARCEL AUCTION A Multi-Parcel Auction (or “MultiPar”) is an auction method where a price is established on each tract before opening the bidding up to any and all combinations. In this method, bidders have the ultimate flexibility in choosing what they would like to purchase, and competition arises between the large combination buyers and the small individual tract buyers. This process may take several hours with bidding ending once no new bid raises have been placed within a certain time frame. The property is sold to the tract combination(s) that produce the highest total sale price.

LIVE AUCTION This auction method takes place on a specific date and time and is often held in a nearby town community center or banquet hall close to the property. These auctions are open to the public and can draw large crowds that generate excitement and encourage a competitive bidding environment.

SEALED BID AUCTION A Sealed Bid Auction involves setting a due date that all offers must be submitted by, typically 45-60 days after the launch of the marketing campaign. This process creates urgency in the marketplace but still allows the seller to receive multiple offers they can analyze and respond to, potentially including post offer negotiations. The sealed bid method may also be used as a precursor to a live auction to qualify bidders for participation in successive rounds of live bidding.

CHOICE AUCTION When selling Choice, the auctioneer is offering the winning bidder the right to choose which parcel or parcels they would like to purchase. If the bidder wishes to take more than one parcel, the same per acre bid price will be used for each tract the bidder selects. This method is often chosen for auctions with similar tract characteristics and creates competition between bidders interested in different tracts. That helps achieve maximum sale prices.

DUTCH AUCTION A type of auction in which the price on an item is lowered until it gets a bid. The first bid made is the winning bid and results in a sale, assuming that the price is above the reserve price. This is in contrast to typical auctions, where the price rises as bidders compete.

INVITE ONLY AUCTION An auction format that is only accessible to a few selected potential buyers. Participants are often chosen through a bid submittal process. These auctions are a modification of live public auctions where sellers can restrict the participation for the bidding process to a few selected potential buyers.

More often than not, farmland is the most valuable asset a family has and it is not uncommon for multiple generations of a family to be reliant upon it as their source of wealth. As such, the decision to sell their land is among the most important a family will ever have to make. Marketing strategy, getting the right people in the room, and sale day execution are essential. Ultimately, picking the right firm to handle a farmland sale and relying on experienced, knowledgeable professionals for advice throughout a transaction is crucial.