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## Understanding the methods of sale

There are several methods of selling property in New Zealand. It is important that you understand the process for the property you are selling.

### Summary of important things to know

- ✓ Advertised price, deadline sale and by negotiation are the most common methods of selling property in New Zealand. Offers for these sale methods will be written on the standard sale and purchase agreement.
- ✓ Your agent may also talk to you about selling by auction or tender. There are special sale and purchase agreements for selling by auction or tender.
- ✓ In all methods, apart from during an auction, buyers can make either conditional or unconditional offers on a sale and purchase agreement. You and the buyer can then negotiate through the agent.
- ✓ In an auction, the buyer who places the highest bid above your reserve price wins the auction and must complete the sale.

### Selling by negotiation and deadline

Most property sales in New Zealand are by advertised price, deadline sale or negotiation:

- A buyer can make a conditional offer or an unconditional offer at any time when a property is being sold at an advertised price with no time limit.

- In a deadline sale, a property is marketed for a set period with an advertised end date.
- Price by negotiation may be used when it is hard to estimate the price a property is likely to sell for. Prospective buyers make offers based on their perception of the market value of the property and the seller will negotiate with them on price

## Receiving offers

Your agent should present any written offers to you on a sale and purchase agreement. You can choose to accept the offer, reject it or negotiate with the buyer until you are both happy with the price and any conditions that have been included.

If a buyer makes an offer, your agent will likely tell other interested buyers that an offer has been made. If another person makes a written offer, the sale becomes a multi-offer process where every interested party can submit their best offer. You don't need to accept the highest offer. You can accept any or none of the offers, and you can negotiate, through your agent, with anyone who submits an offer.

Read more about what to do when you receive an offer [here \(/selling-a-home/dealing-with-offers/receiving-and-making-counter-offers/\)](https://www.settled.govt.nz/selling-a-home/dealing-with-offers/receiving-and-making-counter-offers/).

## Selling by auction

( ) A property auction is a fast-paced public sale. The property is sold to the buyer with the highest bid after the seller's reserve price is reached.

If you are selling a property by auction, it's best to have a sole agency agreement with an agent. You will need to set a reserve price before the auction — this is the lowest price you are willing to accept for the property and is confidential to you, your agent and the auctioneer.

Buyers will receive an auction pack if they register their interest with your agent, and this will include the terms and conditions of the auction, a copy of the sale and purchase agreement and information about the property.

## Understanding the pre-auction offer process

A pre-auction offer is an offer that is made for the property before the day of the auction. The offer will be written on the auction sale and purchase agreement and will usually be unconditional, unless otherwise agreed by the seller. If you are willing to accept the offer, the auction may be brought forward from the advertised date, or it may be cancelled if a sale and purchase agreement is signed.

If you're interested in considering pre-auction offers, speak to your agent. They will likely include the wording 'unless sold prior' in the advertising for your property. This indicates to buyers that the property may be sold before the auction date. Interested buyers may still ask about making a pre-auction offer if the advertising does not state 'unless sold prior', and the agent should speak to you about whether you wish to consider the offer or wait until the auction.

If the auction is held earlier than advertised, the pre-auction offer becomes the first bid at auction although the bidder is allowed to withdraw this offer once the auction begins. The property can sell any time after that first bid.

### Auction sales and purchases are unconditional

A buyer cannot attach conditions to an auction purchase, but they can approach you to vary the terms of the auction or change the settlement date. Once the bid is accepted and the auctioneer's hammer has fallen, the sale will be unconditional and you as the buyer will be obliged to complete the transaction. If either party can't complete the sale, this becomes a legal matter and both parties should seek legal advice.

### Vendor bids

Auctioneers sometimes use vendor bidding to start the auction or to move bidding towards the reserve price. A vendor bid can be made by the auctioneer or a person working on behalf of the seller, such as the real estate agent.

Vendor bids are only allowed when:

- the property has a reserve price
- the reserve price hasn't been reached
- the bid is clearly identified by the auctioneer as a vendor bid.

Vendor bids are not allowed when:

- bids are made by people who appear to be genuine bidders but are in fact bidding on behalf of the seller to persuade genuine bidders to raise their bid — these are called dummy or shill bids and are illegal
- sellers bid over their reserve price
- the seller, their agent or anyone else who is making a vendor bid doesn't identify themselves — they should state clearly "This is a vendor bid".

## Selling by tender

When a property is being sold by tender, buyers make confidential written offers to the agent before a deadline.

Buyers' offers may be conditional, and you can also attach conditions to the sale, for example, stating the settlement date or listing the details of the chattels that come with the house.

## Receiving offers

Buyers can make an offer at any time before the tender deadline, and you can accept an offer at any time. You don't have to wait for the end date. Your agent will present offers on a tender document, which is a type of sale and purchase agreement.

You have up to 5 working days to decide which offer, if any, you will accept. If you accept an offer, you'll sign the tender document. You don't need to accept the highest offer. You can accept any or none of the offers, and you can negotiate, through your agent, with anyone who submits an offer.

You can negotiate with the buyer to change the price and/or conditions in the tender. If this happens, the agent will ask you and the buyer to initial any changes to show you both agree with them. Read any changes first, and make sure you understand and agree before initialling. Your lawyer or conveyancer can advise you during this process and should check the final agreement before you sign it.

Read more about the sale and purchase agreement [here \(/selling-a-home/dealing-with-offers/understanding-the-sale-and-purchase-agreement-when-selling/\)](#).

If there is more than one offer, the sale may turn into a multi-offer process.

## Understanding the multi-offer process

This process is designed to give all potential buyers an equal opportunity. It is not like an auction where an agreement is automatically formed with the successful bidder. The seller is not obliged or required to accept any offer. You may accept one offer, reject all offers, or choose to negotiate further with one party.

Multi-offer processes can differ from agency to agency, but they can only be described as multi-offer when there is more than one offer in writing.

A multi-offer process can also be used if a property has failed to sell at auction or in a tender or deadline sale process if a buyer has made an early offer. In these cases, an agent may initiate a multi-offer process where all interested

parties are invited to submit their best offer.

## Mortgagee sales

If your property is being sold through a mortgagee sale, it's likely to be a stressful time. Real estate agents will be sensitive to your situation, but their obligations are ultimately to the bank or lender who is selling your property.

To ensure the process runs smoothly, here's what you can expect from the real estate agent appointed to sell your property:

- The agent will create a marketing plan for your property and can advertise the property as a mortgagee sale.
- The agent is likely to ask for access to your property in order to market the property and hold viewings for potential buyers. We recommend allowing this, so the agent can secure the best possible price for your property.
- The agent will provide your bank or lender with an appraisal and has an obligation to act in their best interest.
- The agent will follow your bank or lender's decision about which sales process to use.

You can find more information about mortgagee sales on the [Banking Ombudsman website \(https://bankomb.org.nz/guides-and-cases/quick-guides/lending/mortgagee-sales/\)](https://bankomb.org.nz/guides-and-cases/quick-guides/lending/mortgagee-sales/).

If you would like to make a complaint about an agent's actions, visit the [Real Estate Authority website \(https://www.rea.govt.nz\)](https://www.rea.govt.nz) to find out how they may be able to help.