DEEP DIVE GUIDES · WHERE THE SEASONED MONEY GOES

THE AUCTION ROOM

Buying the landlord exodus, safely, under the hammer.

More than 30,000 lots changed hands at UK property auctions in the year to March 2026 as tired and non-compliant landlords headed for the exit. This guide covers the mechanics that protect you and the ones that trap you: legal packs, guide prices, the 28-day clock, bridging finance, and how to buy another landlord's problem at a price that makes it your opportunity.

EDITION 2026 · DEEP DIVE GUIDE No. 7

START WHERE THE STOCK IS

The exit door is an entrance

Regulation is marching a generation of landlords out of the sector, and much of their stock leaves through the auction room, priced for speed rather than sentiment.

The auction market is growing while the wider market treads water. Industry data compiled by the Essential Information Group records more than 30,200 lots sold in the twelve months to March 2026, up around 7 per cent year on year, raising over £6 billion; separate analysis by Octane Capital puts average auction guide prices around 45 per cent below the average UK house price, a gap explained partly by condition and partly by the discount that certainty commands. The supply side of this market is increasingly familiar from earlier guides in this series: landlords selling ahead of the Renters' Rights regime, the EPC C deadline and the April 2027 property income rates, often with tenants in situ or with the deferred maintenance that decades of Section 21 comfort allowed. Their exit stock, terraces, ex-lets, small HMOs, probate houses, is precisely the portfolio investor's raw material.

The method matters because auction rules are unforgiving by design. At a traditional unconditional auction, the fall of the hammer is exchange of contracts: a 10 per cent deposit is payable immediately, completion follows in 28 days, and failure forfeits the deposit and invites a damages claim. The so-called modern method softens this with a reservation fee and a 56-day conditional window, at the price of a substantial non-refundable fee that effectively raises your purchase cost. Every protection you have, on title, tenancies, condition and cost, must therefore be secured before you bid, which is why the seasoned auction buyer's work is nine-tenths preparation and one-tenth theatre. The following pages are the nine-tenths.

BY NUMBERS

- 30,200+ lots sold in the year to March 2026, up around 7 per cent (EIG data)
- around 45% - the average discount of auction guide prices to the UK average house price (Octane Capital)
- 28 days - standard completion on an unconditional lot; 10% deposit on the hammer
- 2% to 5% - typical buyer's premium and fees on top of the hammer price
- 0.6% to 1.5% a month - the broad range of bridging interest for auction purchases in 2026

Hammer, pack and small print

Auctions are honest about their rules, which is more than can be said for every seller using them; read everything, assume nothing.

Two formats dominate. The traditional unconditional auction, in a room, online or both, exchanges contracts on the hammer: legally binding, 10 per cent down, completion typically 28 days later, occasionally 14 or 20 under some conditions of sale. The modern or conditional method, common on portal-listed auctions run through estate agents, takes a non-refundable reservation fee, often thousands of pounds and payable on top of the price, in exchange for a 56-day window, structured as time to exchange and then complete, which admits mortgage buyers but transfers real cost and forfeiture risk onto you if your finance slips. Understand which you are bidding in, read that auctioneer's conditions of sale, and note the pricing language: the guide price is marketing, the reserve, usually within 10 per cent of the guide, is the real minimum, and lots guided temptingly low are guided to fill the room.

The legal pack is where auctions are won before they begin. For each lot the seller's solicitor uploads title, searches or search insurance, leases and tenancy agreements, replies to enquiries, and any special conditions of sale, and the special conditions are where costs hide: seller's legal fees payable by the buyer, contributions, apportionments, unusual completion dates. Your solicitor reads the pack before you bid, full stop; the review fee on the three lots you do not buy is the insurance premium on the one you do. The pack review is hunting for the auction's classic traps: defective or possessory title, short leases, missing tenancy documentation on lots sold with tenants in situ, restrictive covenants, and the planning or licensing history that decides whether that small HMO you are eyeing is lawful. Everything findable is priced or declined; the hammer forgives nothing found afterwards.

RULE OF THUMB

Set your maximum bid in writing before the sale as the price at which the deal still works with every known defect priced in, then stop there. The room is designed to move you; the number is designed to hold you.

What the discount is made of

Auction stock is cheap for reasons; the profit lies in buying the reasons you can fix at the price of the ones you cannot.

Build every appraisal from the exit backwards. Establish the end value honestly, the refurbished, compliant, let value from sold comparables, not listings, then deduct, in order: refurbishment with a contingency of at least 15 per cent, because auction stock hides its worst surprises behind the one room they did not photograph; finance costs for the realistic project period, not the optimistic one; purchase costs including the buyer's premium of typically 2 to 5 per cent, any special-condition contributions, legal fees on both the pack review and the purchase, and stamp duty with the 5 per cent surcharge; and your required margin, which for most refurbish-and-hold investors should not be less than 20 per cent of end value, since it is also your error absorber. What remains is the maximum bid. If it embarrasses the guide price, good; guides are not values.

Tenanted lots deserve their own arithmetic. A lot sold with tenants in situ delivers income from completion and, under the Renters' Rights regime, a tenancy you cannot end without grounds, so the pack's tenancy documents are the asset you are actually buying: verify the rent, the deposit protection, the compliance paperwork and the arrears position, because the previous landlord's paperwork failures become your possession problems at the moment of completion. Priced correctly, in-situ lots are the cleanest entry in this market, bought at yield-investor prices with day-one cash flow; priced casually, they are a possession case with a mortgage. The same logic applies to the ex-rental sold vacant with an E-rated certificate and a tired kitchen: the retrofit and refurbishment costs are the seller's problem being transferred at a discount, and your entire job is ensuring the discount exceeds the problem.

Appraisal line	Method	Discipline
End value	Sold comparables, refurbished and compliant	Not asking prices
Works budget	Costed schedule plus 15%+ contingency	Assume the hidden room is bad
Purchase costs	Premium, legals, SDLT surcharge, special conditions	Read the special conditions twice
Finance	Bridge or cash for the true project period	Model the overrun month
Margin	20% of end value minimum	This is the error absorber

GEARING WITHOUT GRIEF

Money that moves in 28 days

The auction clock does not wait for underwriters; your finance is arranged before the catalogue closes or you are a cash buyer or a spectator.

Cash is the native currency of the unconditional room: immediate exchange, no valuation condition, no lender timetable, and the strongest negotiating position on unsold lots afterwards. For everyone else the workhorse is bridging finance, short-term lending secured on the property, at 2026 pricing broadly between 0.6 and 1.5 per cent a month depending on loan-to-value, asset and borrower, plus arrangement fees, valuation and legals; specialist lenders exist precisely for this market and, prepared properly, can complete comfortably inside 28 days, with the fastest publicised completions measured in days. The cost is real, a six-month bridge can absorb several per cent of the purchase price, which is why it belongs in the appraisal from the start and why the bridge is a tool for projects with a priced exit, never a way of affording a lot you otherwise could not.

The exit from the bridge is the true underwriting event. Refurbish-and-hold investors refinance onto a term buy-to-let or HMO product once works complete and the property is let or lettable, so the term lender's criteria, ICR at stressed rates on the achievable rent, minimum property value, acceptable construction and, for HMOs, licensing, must be checked against the finished asset before bidding on the raw one; note that some term lenders prefer six months' ownership before remortgage, which sets your minimum bridge duration. Standard term mortgages can occasionally work for auction purchases where the property is immediately mortgageable and the lender is fast, and the modern method's 56 days exists to admit them, but building a 28-day strategy around a high-street mortgage approval is how deposits are donated to sellers. Arrange the bridge in principle, and the exit in detail, before you raise a hand.

Route	How it works	Watch for
Cash	Complete on your own timetable	Opportunity cost; keep proof of funds ready
Bridging loan	Short-term secured lending, days to arrange	Monthly cost; fees; the exit must be priced
Bridge to term refinance	Buy, refurbish, remortgage once let	Term lender criteria on the finished asset
Modern method + mortgage	56-day conditional window	Large non-refundable reservation fee

Bidding, winning and the first 28 days

The sale is a process with a clock, not an event with a mood; run the process and the mood takes care of itself.

Before the sale: register in time with identity checks complete, confirm your deposit method against the auctioneer's requirements, view the lot in person or by proxy, and have your solicitor's pack report and your written maximum in hand. In the sale, bid late rather than early, visibly and decisively when you do, and treat the reserve dance without emotion: if bidding stalls below reserve the auctioneer may sell provisionally or invite offers, and unsold lots are a genuine buying channel where your prepared position lets you negotiate with a disappointed seller within hours. If you win, you sign the memorandum, pay the deposit and the premium, and insure the property immediately, because risk passes to you on exchange, a detail that surprises exactly once.

The 28 days are then a project plan run backwards from completion: solicitor instructed the same day, bridge valuation booked within the first week, funds drawn against a completion statement checked line by line against the special conditions, and contractors, utilities and, for tenanted lots, a proper landlord introduction ready for day one. On completion the guide loops back into the rest of this series: the refurbishment priced at appraisal becomes the EPC works programme of Guide No. 4, the tenancy file inherited or created runs on the rules of Guide No. 2, and the finished, compliant, income-producing asset refinances into the structures of Guides No. 3 and No. 8. The auction room is not a strategy in itself; it is the discounted front door to every strategy this series covers, for the buyer disciplined enough to use it.

PRE-BID CHECKLIST

Non-negotiable before bidding: legal pack reviewed by your solicitor; special conditions costed; viewing done; works schedule and contingency priced; finance agreed in principle with exit criteria checked; maximum bid written down; deposit and ID ready.

If tenanted: tenancy agreement, deposit protection and compliance certificates verified in the pack; rent and arrears evidenced; Renters' Rights obligations from completion understood and priced.

EARNED THE HARD WAY

The investor's playbook

Auction success is a temperament wearing a checklist; the room rewards the prepared and quietly finances everyone else's education.

Everything distinctive about auctions flows from one fact: the contract binds at the hammer. That fact is a threat to the casual and a service to the prepared, because it is precisely what extracts the certainty discount from sellers who need speed. Do the work in the pack, price the lot from the exit backwards, arrange money that moves at auction speed, write the number down and obey it, and the room becomes what it has always been for professional buyers: the most efficient wholesale market in British property, restocked fortnightly by other people's deadlines. Skip any one of those steps and the room will identify you with unerring accuracy, and charge accordingly.

TEN HABITS OF THE SEASONED AUCTION BUYER

- Never bids on a lot whose legal pack a solicitor has not read.
- Treats guide prices as advertising and builds value from sold comparables only.
- Prices every special condition, premium and fee before setting the maximum bid.
- Writes the maximum down before the sale and has never once exceeded it.
- Views in person, and assumes the unphotographed room is the reason the lot is here.
- Carries a 15 per cent works contingency and a 20 per cent margin, and calls that conservative.
- Agrees bridging in principle, and checks the term exit criteria, before the catalogue closes.
- Insures on exchange, instructs on the day, and runs the 28 days as a project plan.
- Verifies tenancy paperwork on in-situ lots as hard as title, because it now governs possession.
- Works the unsold lots list within hours of every sale; the best deals often never see the hammer.

KNOW YOUR EXIT

The bigger picture

The auction market is the visible edge of the sector's great rotation, from accidental landlords to professional operators, and it has years left to run.

The supply pipeline into the room is structural, not cyclical. Every deadline chronicled in this series, the Renters' Rights Act now in force, the PRS database from late 2026, EPC C by October 2030 with serious money required of solid-wall stock, the property income rates of April 2027, operates as a sorting mechanism on the landlord population, and those who conclude the game no longer suits them sell disproportionately through auctions, because auctions handle the tenanted, the tired and the non-standard without apology. Industry data already shows the market growing through this rotation, in lots, in money raised and in the share of ex-rental stock; the sensible expectation is that each approaching deadline, 2027 and then the run-in to 2030, delivers its own wave. For the buying side, this is a rare thing in property: a multi-year, policy-driven supply of discounted, exactly-relevant stock.

The risks are the mirror of the opportunity. Discounts attract competition, and well-marketed online auctions can bid ordinary lots to ordinary prices, which is why the discipline of the written maximum matters more, not less, as the channel professionalises. Condition risk concentrates in exactly this stock, and the EPC works you are buying at a discount still have to be executed at real prices in a market where retrofit capacity will tighten towards 2030. And the certainty that empowers you binds you: a 10 per cent deposit is the cost of any error that survives your process. Respect all three and the conclusion stands: for the portfolio investor with cash or fast finance, a good solicitor and a settled temperament, the auction room is where this decade's portfolios are being bought, one motivated seller at a time.

QUICK REFERENCE

Item	Position at the time of writing	Source and date
Market size	30,200+ lots, £6bn+ raised, year to March 2026, +7%	EIG / Estates Gazette
Average pricing	Guide prices around 45% below UK average price	Octane Capital analysis
Unconditional format	Exchange on the hammer; 10% deposit; 28-day completion	Standard conditions
Modern method	Reservation fee; 56-day conditional window	Auctioneer conditions
Guide vs reserve	Reserve typically within 10% of guide	Market convention
Buyer costs	Premium and fees typically 2-5% plus special conditions	Auctioneer schedules
Bridging pricing	Broadly 0.6-1.5% per month plus fees	Market ranges, 2026
SDLT	5% surcharge applies on the whole price	HMRC, from Oct 2024
Tenanted lots	Tenancies continue under Renters' Rights rules	From 1 May 2026
Risk on exchange	Passes to buyer; insure immediately	Standard conditions

PROPERTY PORTFOLIO INVESTOR · DEEP DIVE GUIDES · EDITION 2026 · No. 7 · THE AUCTION ROOM