

National Auctioneers Association

State of the Auction Industry Amid COVID-19

March 25, 2020



The auction industry is not immune to the effects of the COVID-19 pandemic. The nature of live auctions with large crowds is inherently contrary to current government regulations. But so is the nature of most business. And like those businesses, auction professionals are trying to adapt.

The industry, which includes real estate, fundraising, personal and commercial assets, automobiles, and much more, has seen an unprecedented number of event cancellations since the outbreak of COVID-19 in the United States, some of which were self-imposed for the safety of buyers and sellers. Cancellations are in a nearly three-way tie between zero cancellations, some cancellations, and 100 percent cancellations. That ratio may change as COVID-19 spreads into more rural areas.

In addition to canceled events, auction professionals are managing fearful and conservative buyers and cautious sellers, as well as the fact that some auctioneers market non-essential goods.

While live auction attendance has plummeted, online auctions have seen less of an effect on business, leading many auction professionals to go online as a means to continue business.

Currently, the long-term effects to the auction industry are unknown. But as the public's traditional way of life is in upheaval, it might be the perfect opportunity to prove that the auction method of marketing works in any economy—if we choose to adapt.

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Please contact us if you did not participate in this survey and wish to be a part of future surveys.

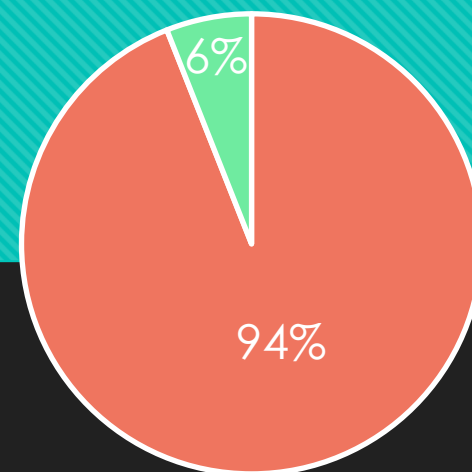
Methodology

The National Auctioneers Association sent an 18-question survey built in Survey Monkey via email to 3,134 member and non-member contacts. The association received 387 responses, or 12%. Raw data was collected using Survey Monkey and manually tabulated for 13 out of the 18 questions.

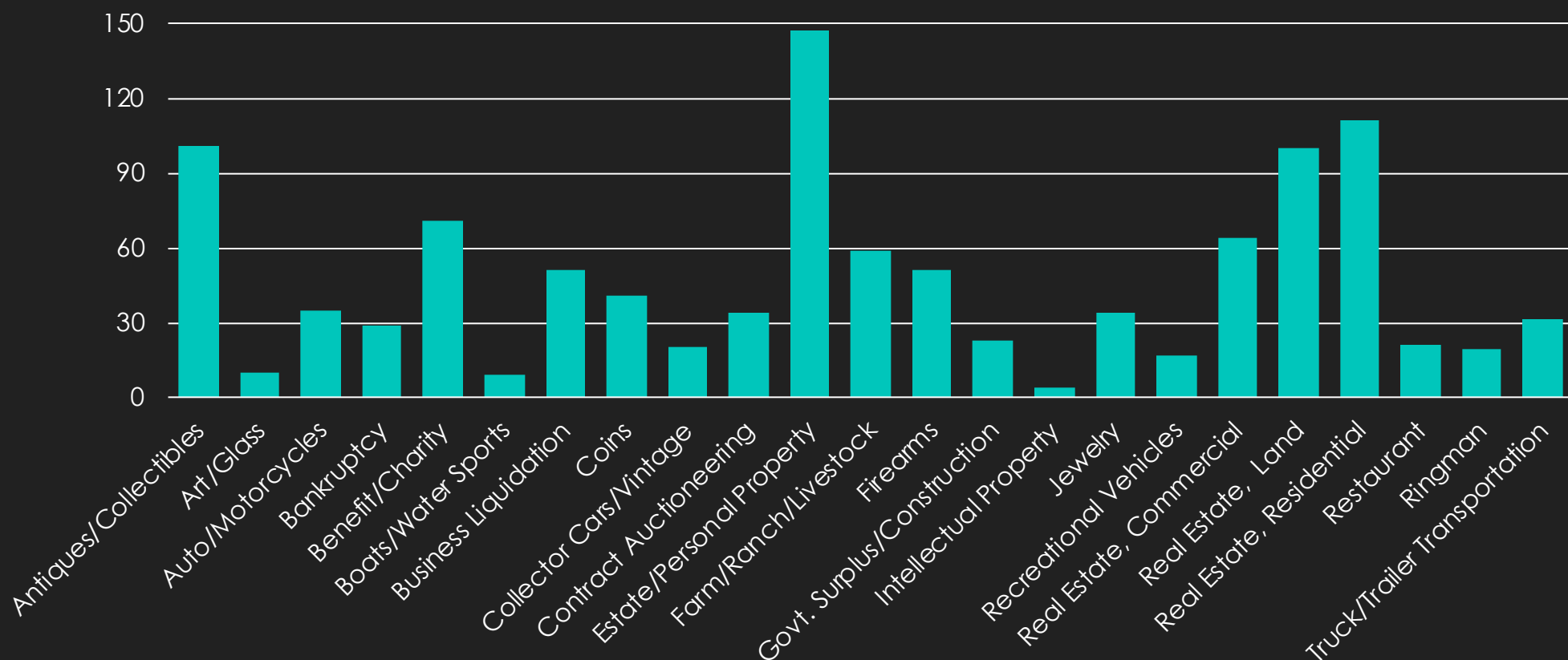
Respondent Statistics

NAA Member

Yes No

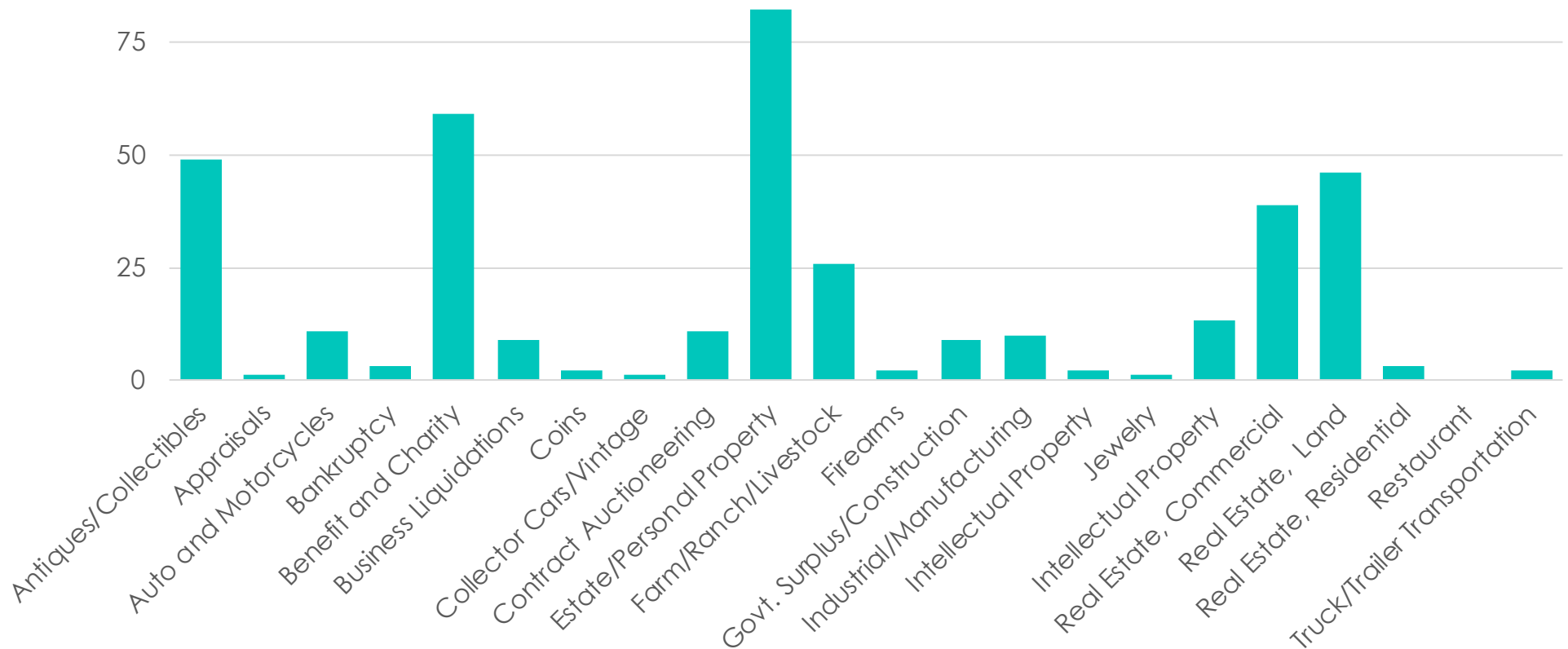


Asset Class, Multiple



*281 responses, choosing multiple options

Asset Type Most Identified With

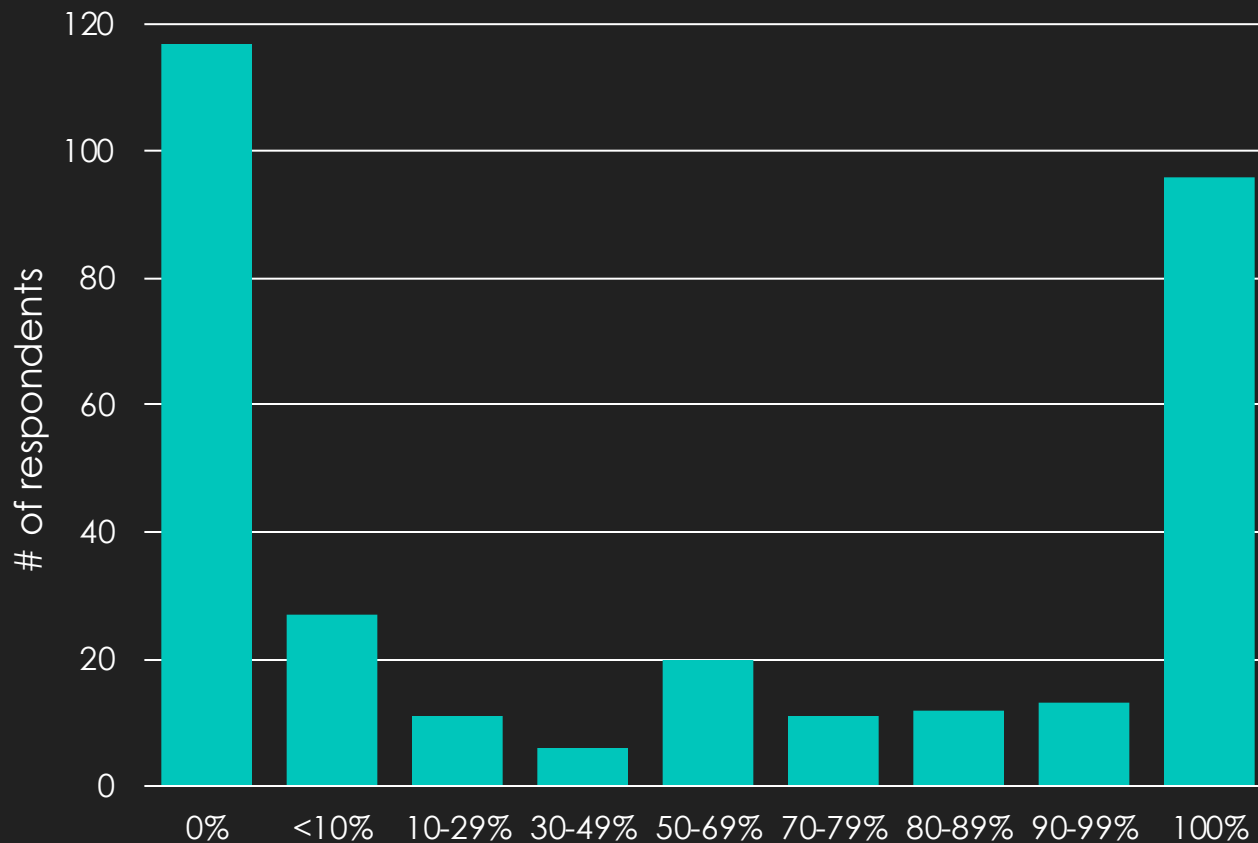


Respondent Statistics

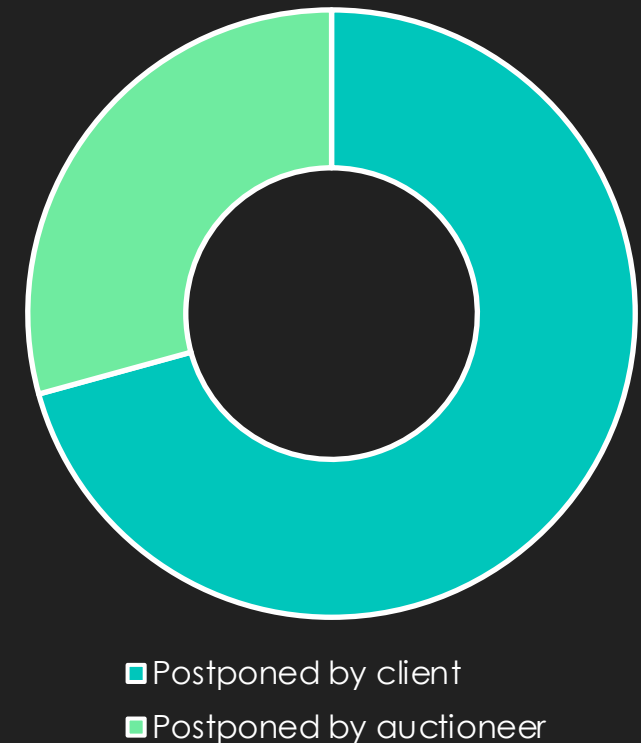
*381 responses, choosing one option

What percentage of your sellers or clients are canceling their auctions or events?

Cancellations



Postponements

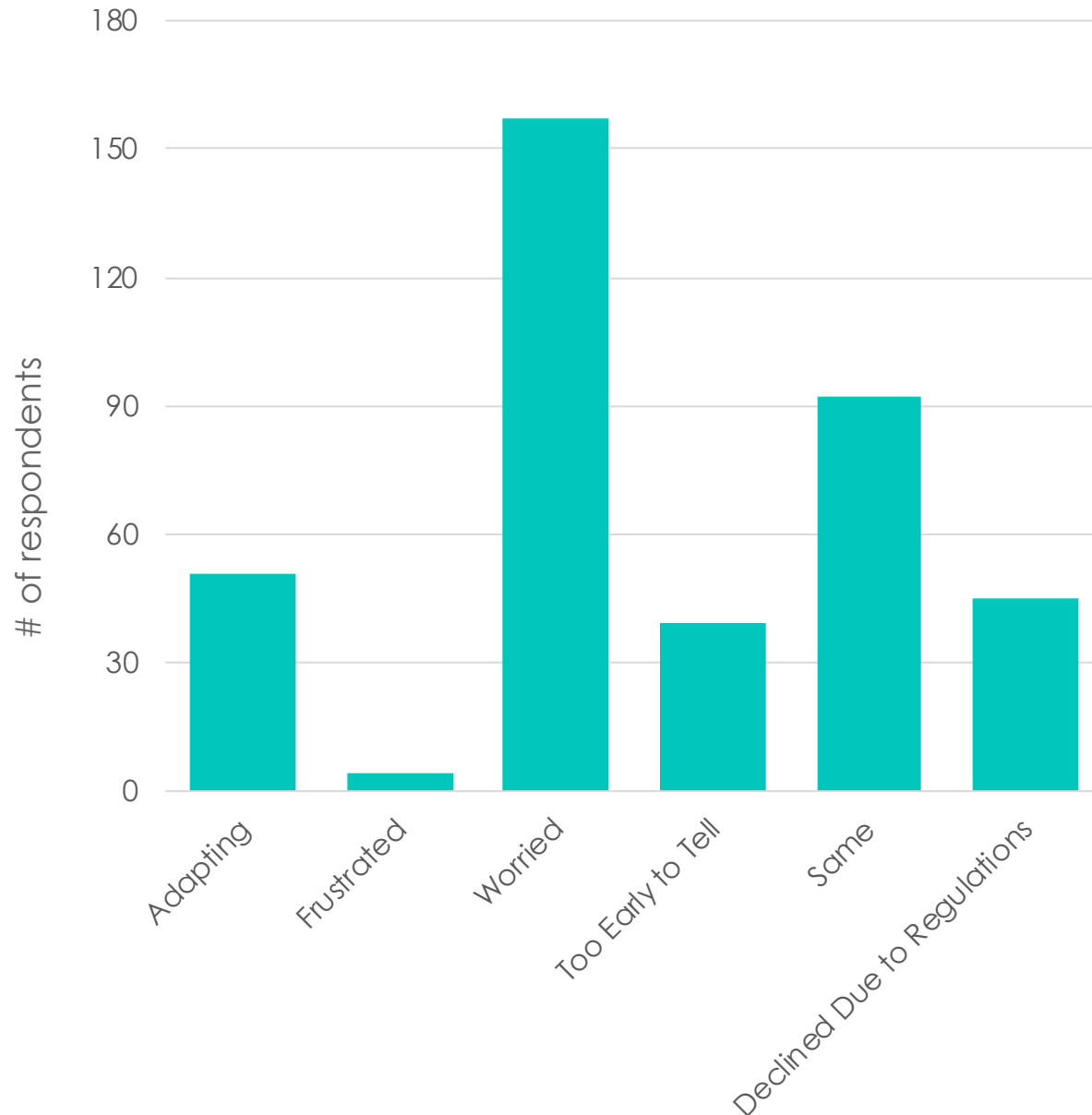


Cancellations have largely been dependent upon asset type. Whereas benefit and other live auctioneers are reporting 100% cancellations, online auctions are seeing no cancellations. Time period is also a factor. Many respondents reported cancellations for spring, with fewer in summer and none in the fall.

What are your sellers or clients asking regarding COVID-19 and the impact to their auction or event?

- Should I reschedule and when?
- Will impending sales be canceled?
- Will this affect turnout, participation?
- Will this affect buying, prices and values?
- How are other sales going?
- Are you still accepting consignments?
- How safe is it, what steps are being taken to ensure safety? (large crowds for preview and pick-ups)
- What liability is there if we invite the public to our property?
- How do we move to virtual/online?
 - How long do we leave an online auction open?
 - Does virtual affect bidding/prices?

Buyers & Donors



How are buyers or donors behaving in your market?

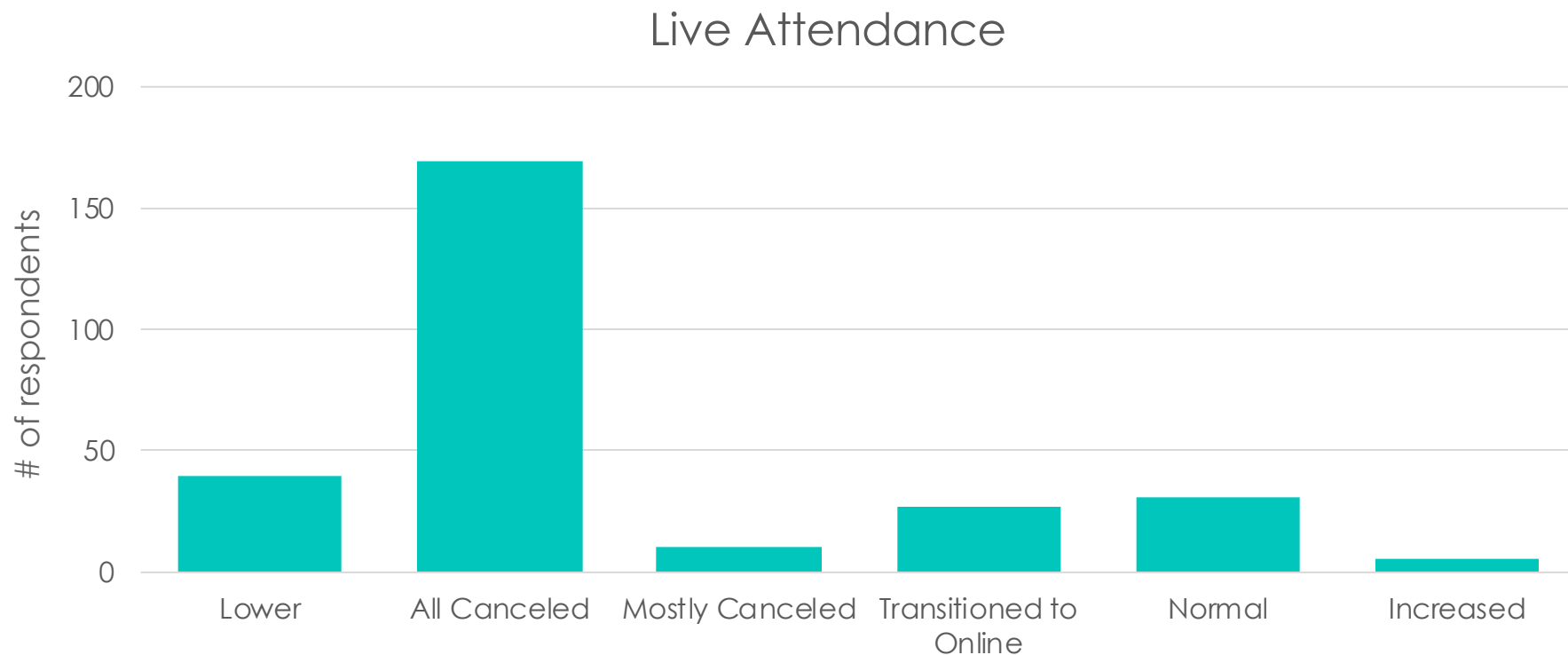
The overwhelming response from auction buyers has been worry. Uncertain about the future economy, these buyers are nervous, cautious and less likely to buy.

However, many respondents reported that their buyers are still behaving in the same manner as before. Some say it's still too soon to tell.

Others say buyers are supportive and adapting to online methods.

Finally, large numbers of buyers have declined simply because of government restrictions on gatherings.

How has your live auction attendance been affected?



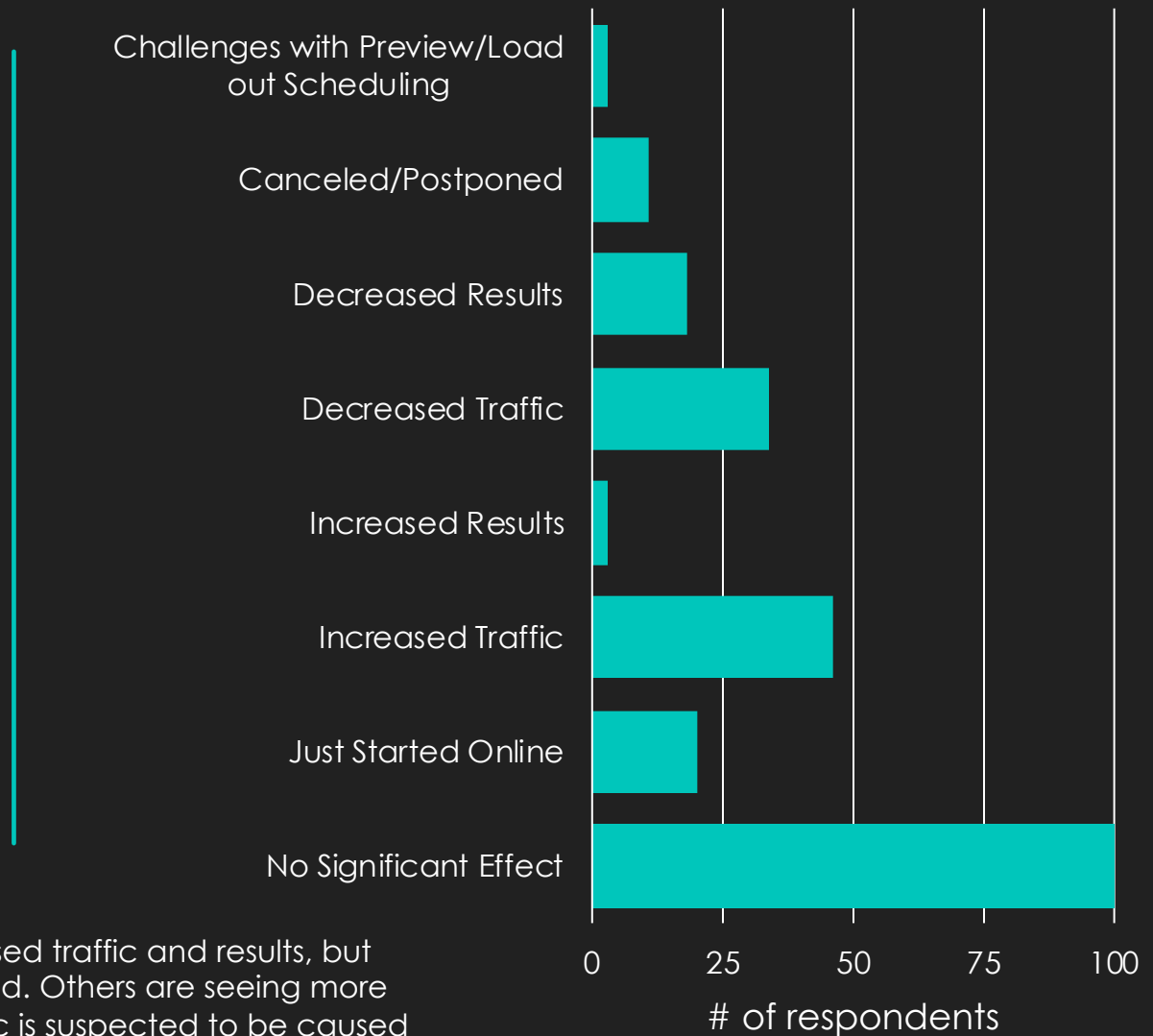
Many auctions have been forced to cancel due to government regulations, while some respondents have noted that they made the decision to cancel their auctions on their own. Thirty-one respondents say their live auctions have remained active with normal attendance, and a few reported increased attendance (suspected to be caused by other entities closing and consumers having fewer options of places to go).

Many auctioneers have not canceled their online auctions; and some are waiting to see the results of their upcoming auctions since they don't hold online auctions frequently. A significant amount of those surveyed who typically did not hold online auctions are either looking into it now or are in the beginning phase of setting it up due to in-person event restrictions.



How has your online bidding participation been affected?

Online Attendance

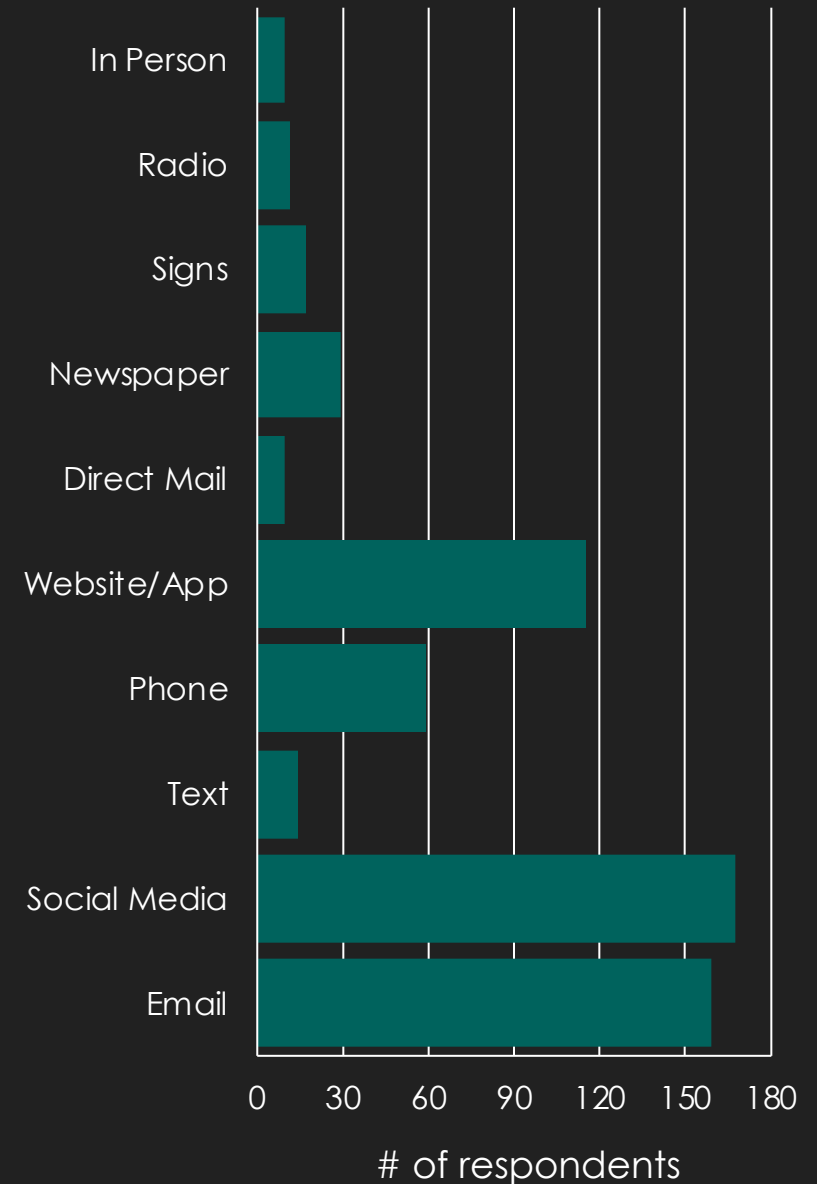


Some auction companies are seeing increased traffic and results, but these two do not necessarily go hand in hand. Others are seeing more traffic but lower prices on items. Higher traffic is suspected to be caused by consumers looking for more online activities due to staying at home. Some companies are seeing lower numbers altogether – some suspect this is due to consumers focusing their attention away from spending.

***N/A to 157 respondents**

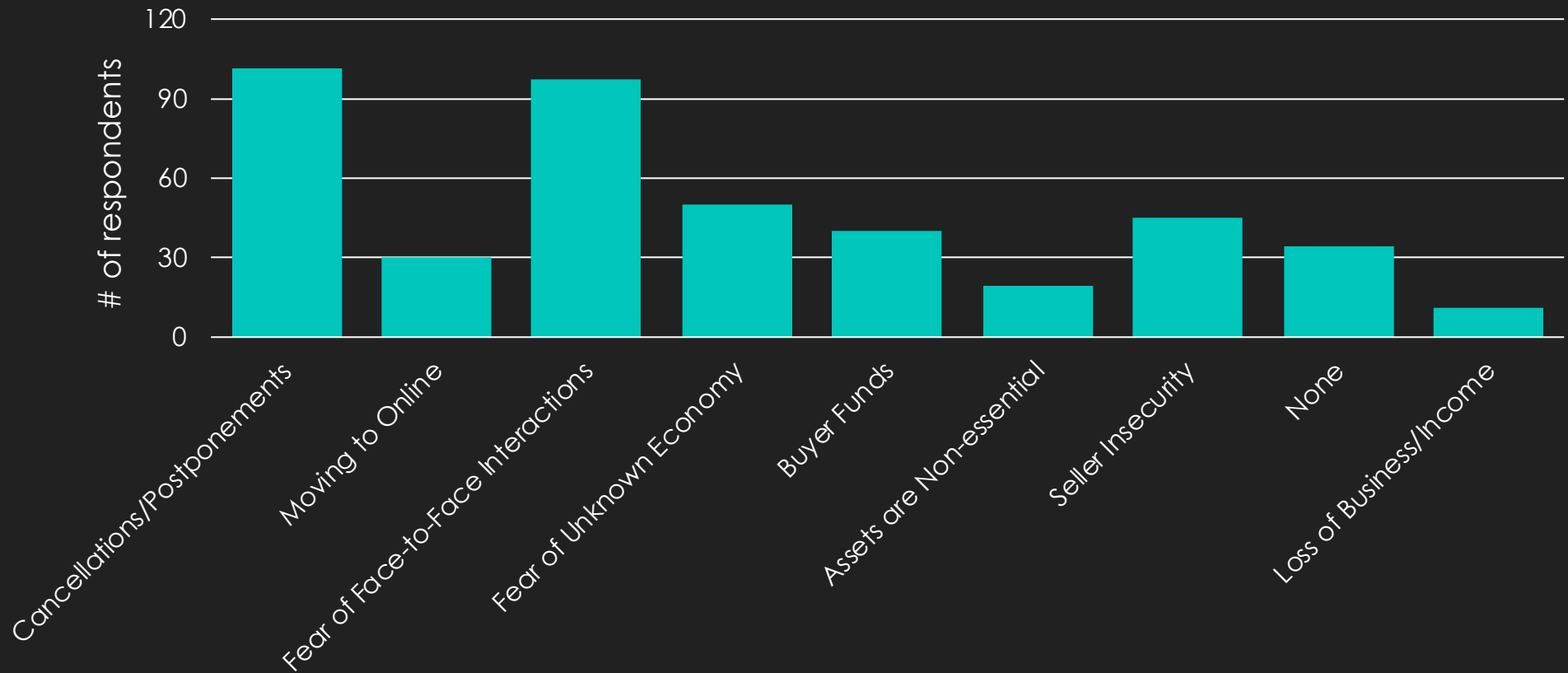
How are you
communicating to
your community
regarding auction
or event
cancellations?

Communication



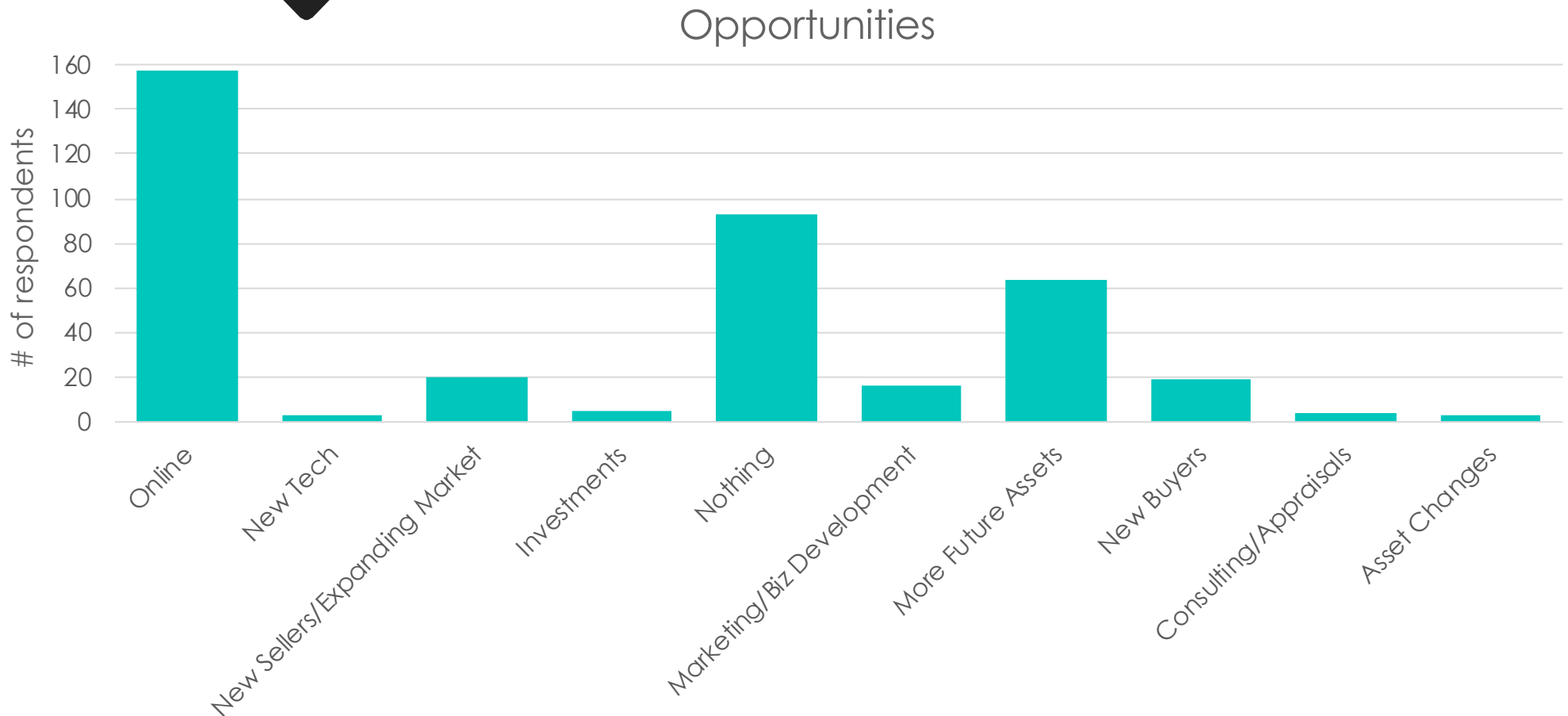
What vulnerabilities are you currently seeing in your market (i.e. geographic or asset type)?

Vulnerabilities



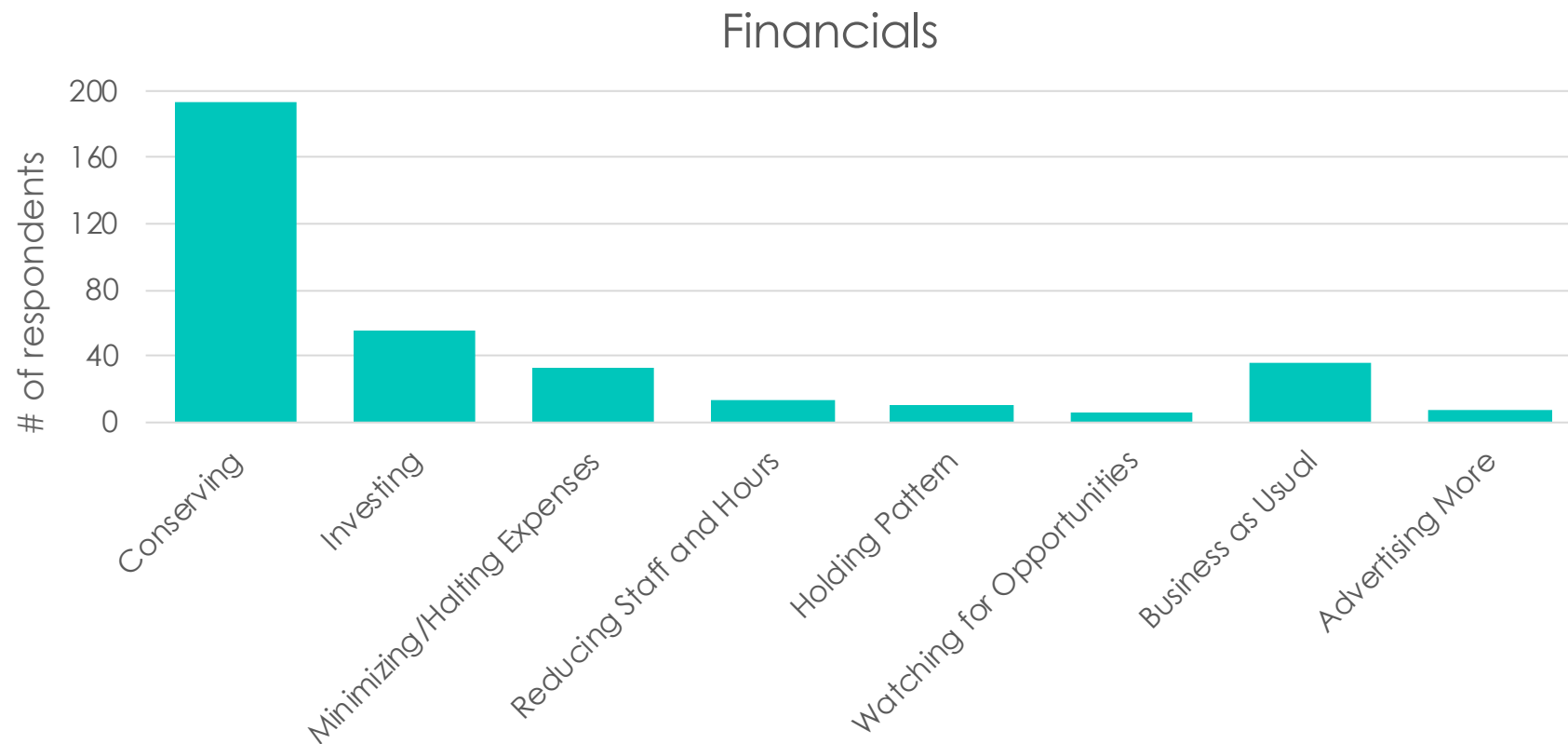
The biggest impact to the auction industry has been cancellations and postponements in conjunction with government mandates and general public fear (many of whom are high-risk) of group gatherings. Auctioneers are also being impacted by buyer insecurity because of the future economy, limited buying of non-essentials, and seller insecurity because of fewer buyers.

What new opportunities are you seeing as a result of COVID-19?



The majority of survey respondents said they saw an opportunity via online auction platforms while live auctions are restricted. Others are, admittedly regrettably, admitting that a bad economy will produce more assets to sell in the future. Some are taking the opportunity to make business improvements they wouldn't otherwise have time for.

How are you responding financially for your business (i.e. investing or conserving)?

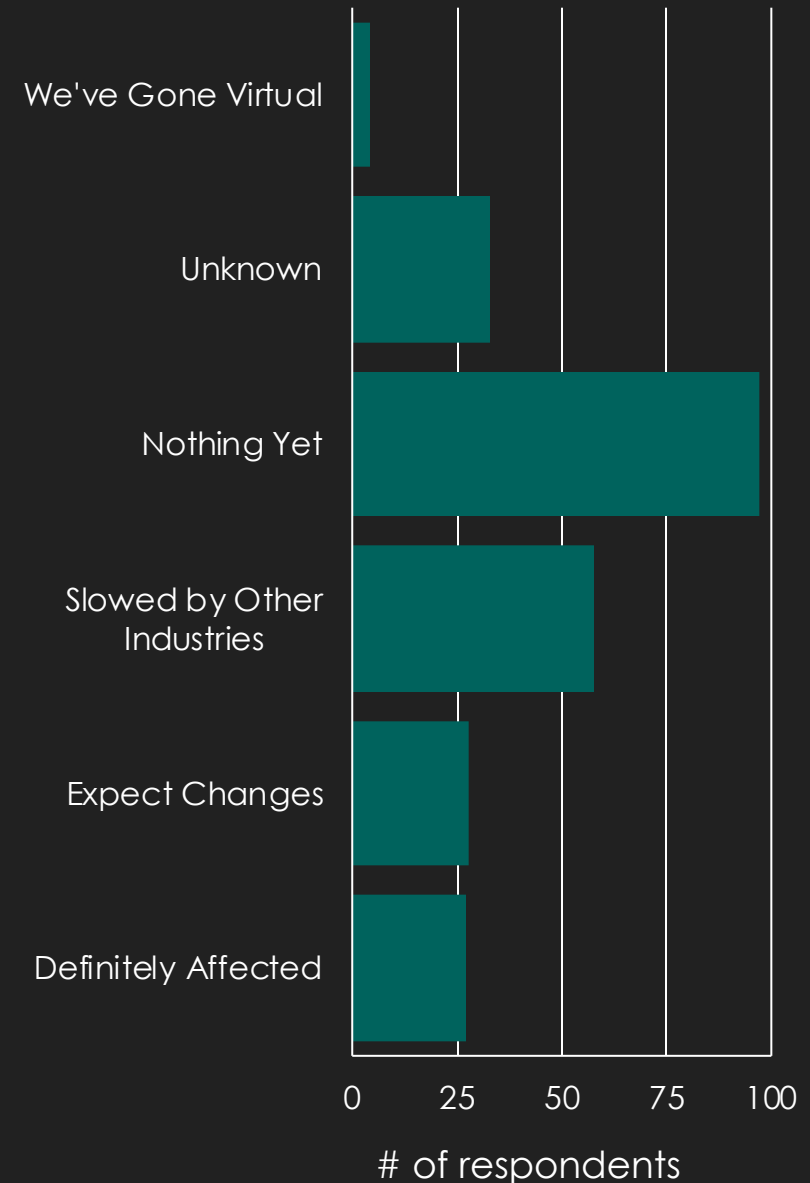


Much like businesses throughout the country and the world, auction companies are playing it conservative for the moment. However, a significant number are still operating as usual, and some are taking advantage of investment opportunities.

How are real estate closings currently being affected as a result of COVID-19?

So far, most real estate auctioneers are not experiencing significant delays in closings. However, many noted that they are being slowed by government restrictions, with closed courthouses and limited government employees working. Titling companies are reducing the number of closings per day and having buyers and sellers sign in different rooms without agents present. Banks are also slowed due to an increase in refinancing requests.

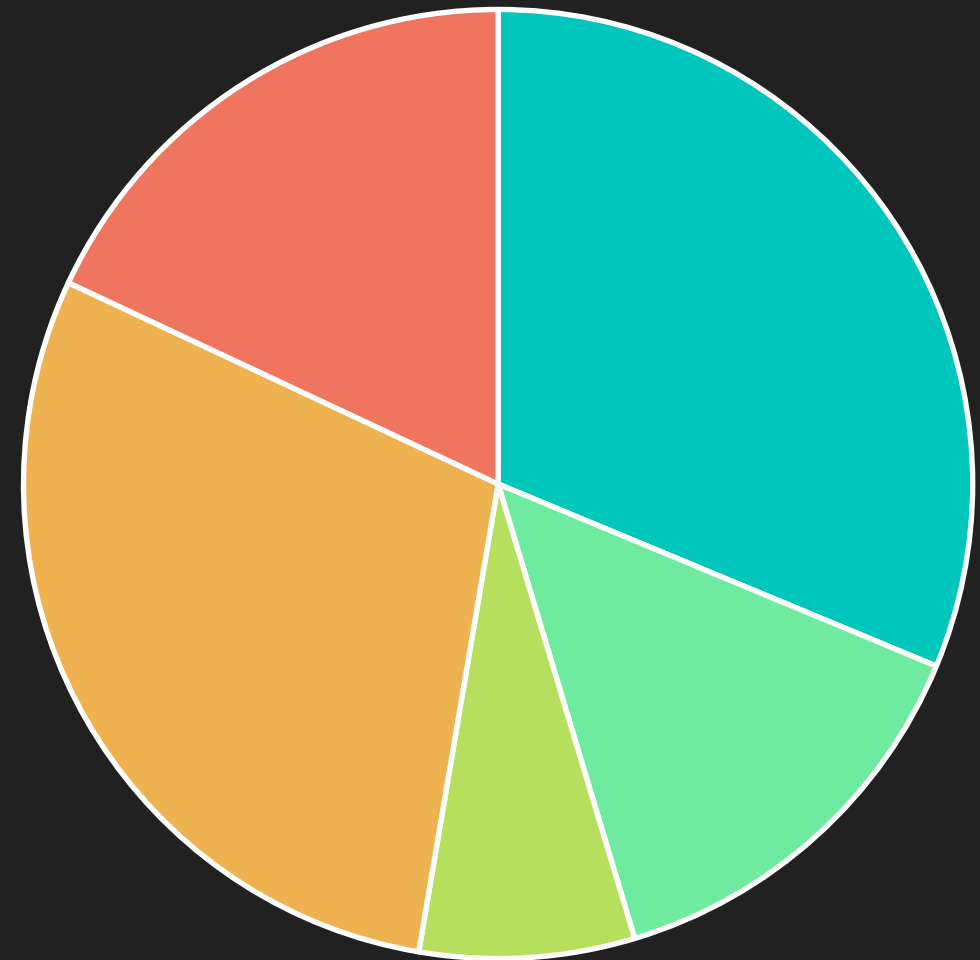
Real Estate Closings



*N/A to 119 respondents

Bank Operations

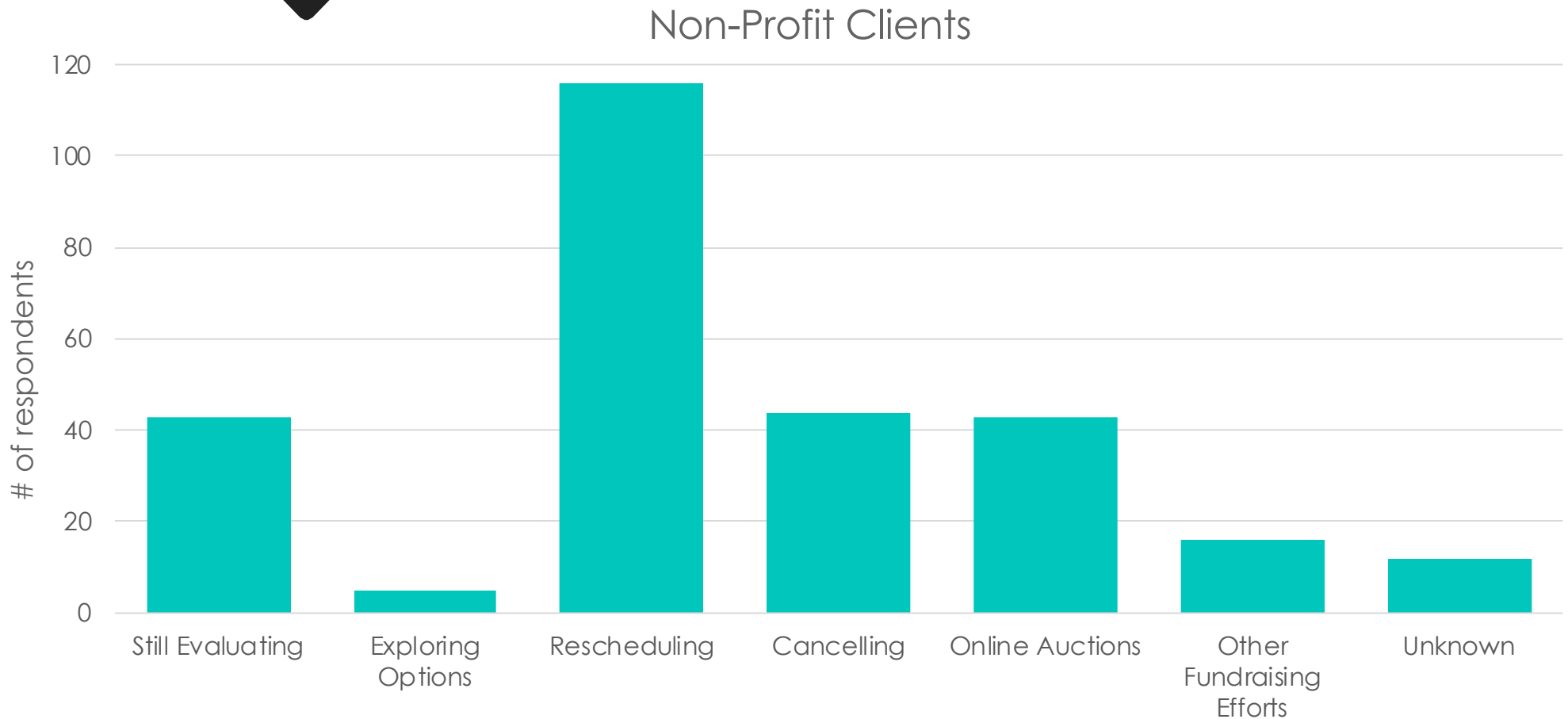
- Status Quo
- Unknown
- Hesitant to Lend
- Minor Changes
- Major Changes



How are you seeing banks respond to the COVID-19 crisis (i.e. status quo or hesitant to finance)?

Many banks are still operating with no changes at this time and a large number have made minor changes to limit face-to-face interactions and exposure. So far, only 14% of respondents reported banks being hesitant or cautious in lending. Many respondents in real estate noted banks are tied up with home refinancing.

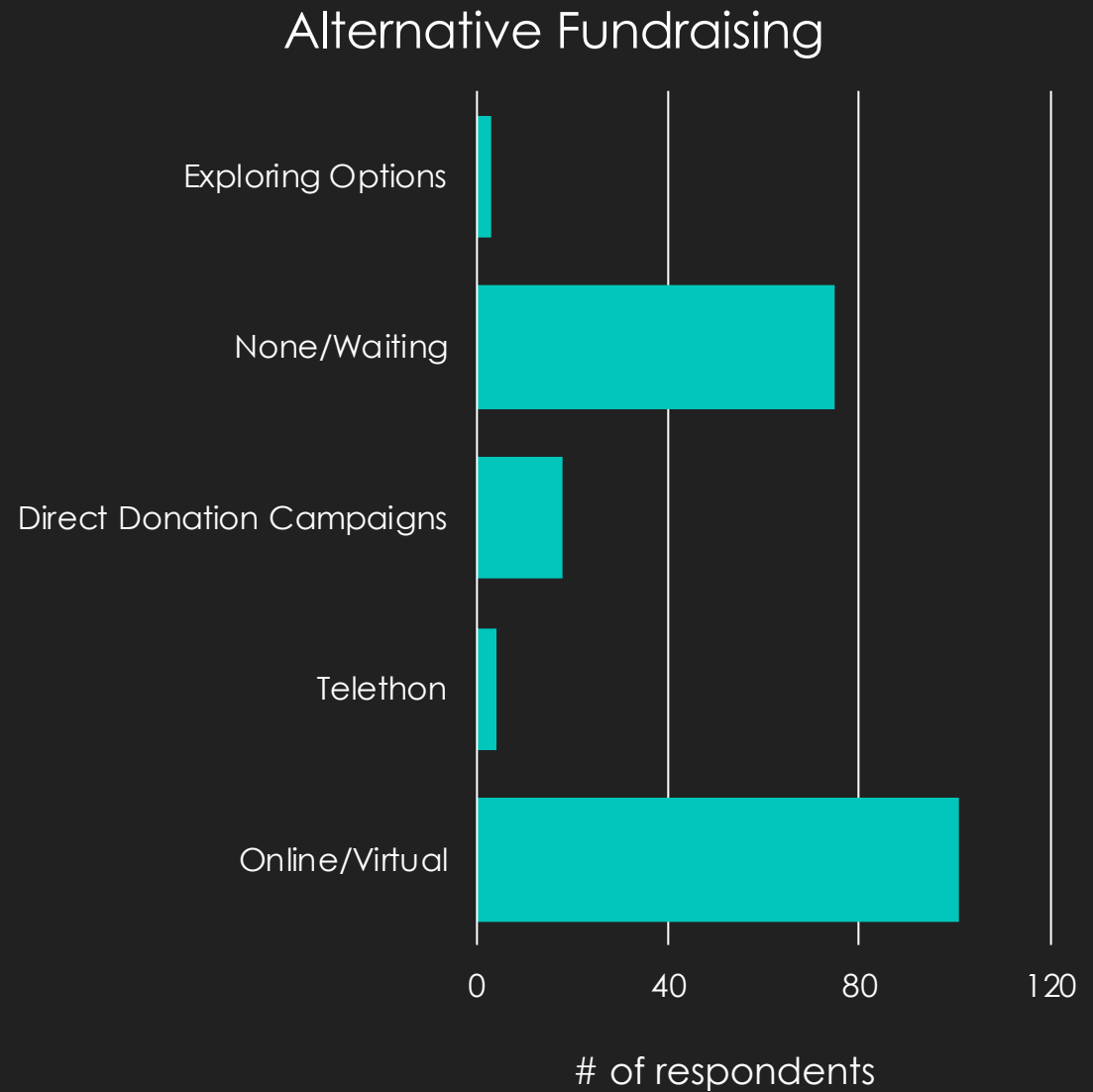
What are your non-profit clients doing because of event cancellations?



Because of the nature of fundraising events, and their reliance on these events to operate, most clients are rescheduling for later in the year. Equal numbers of clients are going online or canceling altogether.

***N/A to 132 respondents**

What other fundraising methods are you and/or your non-profit clients currently utilizing?



While the majority of benefit and fundraising events have been canceled or postponed, many benefit auctioneers are choosing to explore the realm of virtual and online events. Some are even using direct methods like email, social media, texting and mail.

***N/A to 115 respondents**

Sponsors

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