

10 Things You Need To Know About Storage Auctions



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1. What to Bring

The necessities are a valid id, money, a flashlight, and padlocks. The sky's the limit from there. A hat & sunscreen are a must for me. And water & snacks. If you plan to bid you'll want tools to a) inventory your unit (like gloves & a box cutter), b) empty your unit (a vehicle, someone to help, ropes etc) and c) to clean your unit (garbage bags & a broom). You'll need to empty the contents to get your cleaning deposit back, but a quick sweep will go a long way with the facility manager.

2. Learn About Sales Tax and Resale Licenses

Facilities are required to collect sales tax on units sold at auction but lucky for you, many facilities don't know this. Be sure to find out whether it's collected so you can adjust your bid. Don't get caught off guard. Your \$100 bid could quickly become \$120 with sales tax and a premium. You still have options though. With a resale license (issued by your state) you don't pay sales tax when you win units, only when you resell the stuff inside.

3. Find Out If There Are Entrance Fees or Buyer's Premiums

Usually you can walk away with all your money in your pocket if you don't win a unit. Some facilities, however, are now charging an entrance fee simply to enter the auction – normally \$5-\$10. Other facilities have begun collecting buyer's premiums. This only applies if you win a unit, which is then collected at the end of the auction. But it's important to calculate it into your bid amount. You don't want to come up short when it comes time to pay the lady.

4. Call to Confirm

The local storage manager isn't always available to answer the phone, so it's best to try to call a day or two before the auction. Also ask how many units are going to auction. If it's 1-3 there's a better chance the auction might be cancelled. But also a better chance there's a light crowd. So if the facility is close by, it might be worth stopping by to scope out the situation. You can also ask the manager if they think any of those people are going to pay up. Often managers know if the tenant has moved & they don't have

any way of notifying the tenant their unit is even delinquent. Or they may be in communication with the tenant and know the tenant plans to pay up before the auction. But always, always, ALWAYS call to confirm.

5. Show Up Early to Register

Usually 15 minutes will suffice, but remember – it's better to be early than miss the auction. Extra time will also give you a chance to ask the manager what information they have about the units and their former tenants, as well as asking the other bidders about their businesses too. It's also a good idea to chat with the auctioneer so he knows who you are.

6. Check to Make Sure It's a Live Auction

The vast majority of storage auctions are live auctions. A handful of facilities, however, also do silent auctions. They usually have viewing hours throughout the week, take bids written on a piece of paper, and then answer the highest bidder at a specified day and time. Silent auctions can be a great way to get units really cheap, but as you can imagine, there is room for insider dealing because only the facility sees all the bids.

7. Don't Forget About The Cleaning Deposit

If you purchase a unit, you will usually be required to pay a cleaning deposit to ensure you empty the entire unit. It varies, but this will usually be around \$25-\$50. In certain instances it might be worth forgoing your deposit to save yourself the time of emptying the rest of the unit. But be careful, the facility will not look too kindly on this. Try to find another bidder at the auction that will maybe take the stuff off your hands.

8. Keep in Mind the Time to Vacate

You usually have 24 to 48 hours to empty the unit, but some facilities will ask you to vacate that same day. Don't be afraid to ask for more time if you need it. And if you want to keep the items in the unit for a short period of

time, negotiate a highly discounted short term rental. Just remember that this cuts into your profits.

9. Educate Yourself

Just like with anything, you can either wing it and rely on chance, or prepare and do everything within your ability to succeed. Utilize the resources available to you. Read our past emails, learn from our Auction professionals, ask your questions on forums. And of course get out to some auctions! If you think you'd be too tempted to buy, leave your money at home, and just go watch. Your hard earned money is on the line, so it's okay to take it slow the first times around.

10. Have fun!

Regardless of why you are there, storage auctions are fun. So is refurbishing things and selling them for a profit. But decide whether it's a hobby or a business because that changes things. For example, are you factoring your time invested? You might decide you enjoy it & it's better than going to the gym so you're not concerned about the time. Or you might decide you'd rather be fishing & if you're going to do this it's got to be worth your time. Just think it through because this will affect what units you buy and how you resell.