



## Why a “Highest & Final Bid” sale makes sense

Are you seeing more farms sold by one-time bid solicitations, aka the “highest & final” bid? Benchmark Agribusiness isn’t the only real estate office using this method to best serve their clients. Why?

I’m a big believer that this approach has advantages over a public auction or even an online auction.

### Avoiding a false ceiling

In the unlikely event the farm doesn’t sell, the public will never know what the high bid was. Sometimes, the high bid at a public auction or an online auction that “no-sales” becomes a glass ceiling for the eventual sale price. Prospective buyers will wonder what the folks on the day of the auction knew that they don’t know.

Benchmark’s actual experience with the Highest & Final approach is that the second highest bids average 15% less than the high bids. In a typical auction setting, no one would have pushed the most motivated buyer up to the level he/she was really willing to pay.

There was one instance where the high bidder raised his bid by \$300/acre before the bid deadline. That’s how much he wanted to make sure he got the farm. Naturally, I never told him that he was already sitting in the top position.

The most exaggerated example of this phenomenon was when we sold a farm for over \$13,000/acre even though the other bidders were all less than \$8,000/acre.

### It’s nothing personal

This method also has a big advantage over a conventional listing. It is common for hard feelings to happen with conventional listings because the two most motivated buyers both want the final chance to make an offer. How is that possible? They can’t both have the final chance without turning it into a bidding situation. People don’t like to be pitted against one another. They don’t want their offer used to set the price for somebody else.

That’s not a problem with the one-time sealed bid solicitation. Make your best offer. Bid what you can afford. If you aren’t the high bidder, that must mean someone else wanted it more. Regardless, there was nothing personal.

### Confidentiality all around

Some families dream of capturing the highest possible price for their land but, they aren’t comfortable with the high-profile nature of a public auction. The one-time sealed bid solicitation avoids the fuss.

Online auctions have been gaining market penetration. One of the reasons is that some families don’t want to watch auctioneers begging for offers to sell Grandpa’s legacy—his farm. The “Highest & Final” method accomplishes the same thing.

This sales method also benefits the buyers. A lot of folks don’t want everyone to know they are in the market to buy farmland. It’s kind of like the lottery winners who want to stay anonymous for as long as possible. This way prospective buyers can keep a low profile.

Along these same lines, the confidential nature of this approach is good for the sellers. There are instances where the registered bidders at a public auction will stop bidding when they notice they are bidding against the mega farmer or mega investor who already owns adjoining land. What’s the point of running them up? The other bidder is going to buy it regardless. With the “Highest & Final method,” bid your judgement. The guy or gal next door with the deep pockets will do the same. You never know. You might want it more than they do on any given day. The same thing applies to bidding against your second cousin or the guy on the church board with you. Do what’s best for your situation. If your bid isn’t accepted, nobody else will ever know.

There has only been one time that this approach laid an egg for Benchmark Agribusiness. That was for a farm that only a Mother could love. Lesson learned.

Call or email if you want to hear more about the “Highest & Final” sale method, or check our [“Land for Sale” page on the Benchmark Agribusiness website](#) to see if the right opportunity is out there waiting for you.

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