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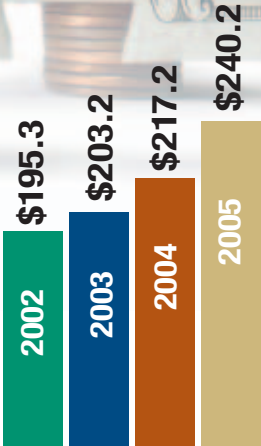


AUCTION INDUSTRY GROWS 10.6%

IN 2005 TO \$240 BILLION IN GOODS, SERVICES SOLD



Value of goods sold at auction, 2002-2005
 2002 = \$195.3 billion
 2003 = \$203.2 billion
 2004 = \$217.2 billion
 2005 = \$240.2 billion



This report produced by the National Auctioneers Association provides easy-to-read statistics about the live auction industry's size in 2005. Auctions are a large and growing segment of the U.S. economy and are increasingly a first-choice method of sale for many people seeking to sell their homes, vehicles, land, art, estate properties and other goods.

The live auction industry has been on a steadily-increasing growth curve, as shown in the adjacent chart. In 2005, the value of all goods and services sold in the live auction format was \$23 billion over the 2004 figure, about a 10.6 percent increase. Live auctions refers to a traditional auction held in one location over a short period of usually a few hours, not an eBay style Internet-only auction over several days, or sealed bid or other methods of competitive bidding.

ABOUT 57% OF CONSUMERS HAVE ATTENDED A LIVE AUCTION AT SOME TIME IN THEIR LIFE, AND 24 PERCENT OF THEM (70 MILLION) GO TO A LIVE AUCTION ANNUALLY, ACCORDING TO A HARRIS INTERACTIVE STUDY.

In 2003, NAA began the first extensive and professional data collection about the auction industry when it contracted with research firm MORPACE International and Harris Interactive. The Harris study focused on general consumer attitudes, behaviors, and motivators for attending live auctions.

For the past three years, MORPACE has measured the total value of all goods and services sold at auction in the U.S. The first study was under

taken in 2003, when the company collected detailed data related to Auctioneer demographics, company operations, and gross receipts for specific auction segments. During these interviews, gross sales figures were also collected for 2002.

MORPACE now collects quarterly data from NAA members and conducted *a total of 1,571 interviews* in 2005. Members were asked to estimate percentage changes in gross sales receipts compared to 2004. Information is provided for specific auction categories as well as total sales for the year. This data from NAA members was entered into a model that provides projections for industry-wide sales. This is how estimates for the entire industry were calculated.

A STEADILY GROWING INDUSTRY

Within the many categories of auctions, the fastest growing segments are all related to real estate. Owners of real estate are seeing the many benefits of selling at auction, including being able to set a specific date of sale and the ability to

set a minimum sale price, if the seller desires.

In fact, according to the Harris Interactive study, 40% of consumers believe that residential real estate will be more frequently sold through live auctions in the future. In the 2005 figures, residential real estate had the

highest annual growth rate from 2004 at 8.4%, followed by land and agricultural real estate at 7.0%. Commercial and industrial real estate grew at 4.9%.

The MORPACE report also determined the percentage of NAA members who experienced an *increase in real estate gross receipts*, including those members who do **50%** or more of their business in that area. For those members with this *heavy concentration* in real estate, **79%** of Auctioneers reported an increase in their *land and agricultural* real estate business, **90%** saw receipts rise in *commercial and industrial* real estate, and **76%** experienced some increase in the *residential* real estate revenues.

These increases show how real estate auctions are booming for professional Auctioneers.

PEOPLE ATTEND AUCTIONS FOR FUN AND VALUES

A study by Harris Interactive in 2004 found the following facts about auction attendees:

97% of attendees feel auctions are fun.

92% have a favorable impression of Auctioneers.

83% feel auctions are a way to get good values on items.

75% of attendees bring the whole family when they attend an auction.

Consumers will travel 1.3 hours to attend a live auction.

Online live auctions attract buyers to live auctions, not the reverse.



Real estate auctions growing

Residential = 8.4%

Land and agricultural = 7.0%

Commercial and industrial = 4.9%

2005 REVENUE ESTIMATES BY AUCTION SPECIALTY AREAS

Estimated gross sales revenue by auction specialty area is shown in the accompanying chart. Three years of revenue estimates are provided. The industry dominance of automobiles sold at auction is evident, with \$81.9 billion in sales for 2005.

Land and agricultural real estate was the second largest segment, with 2005 revenues of **\$23.3 billion**.

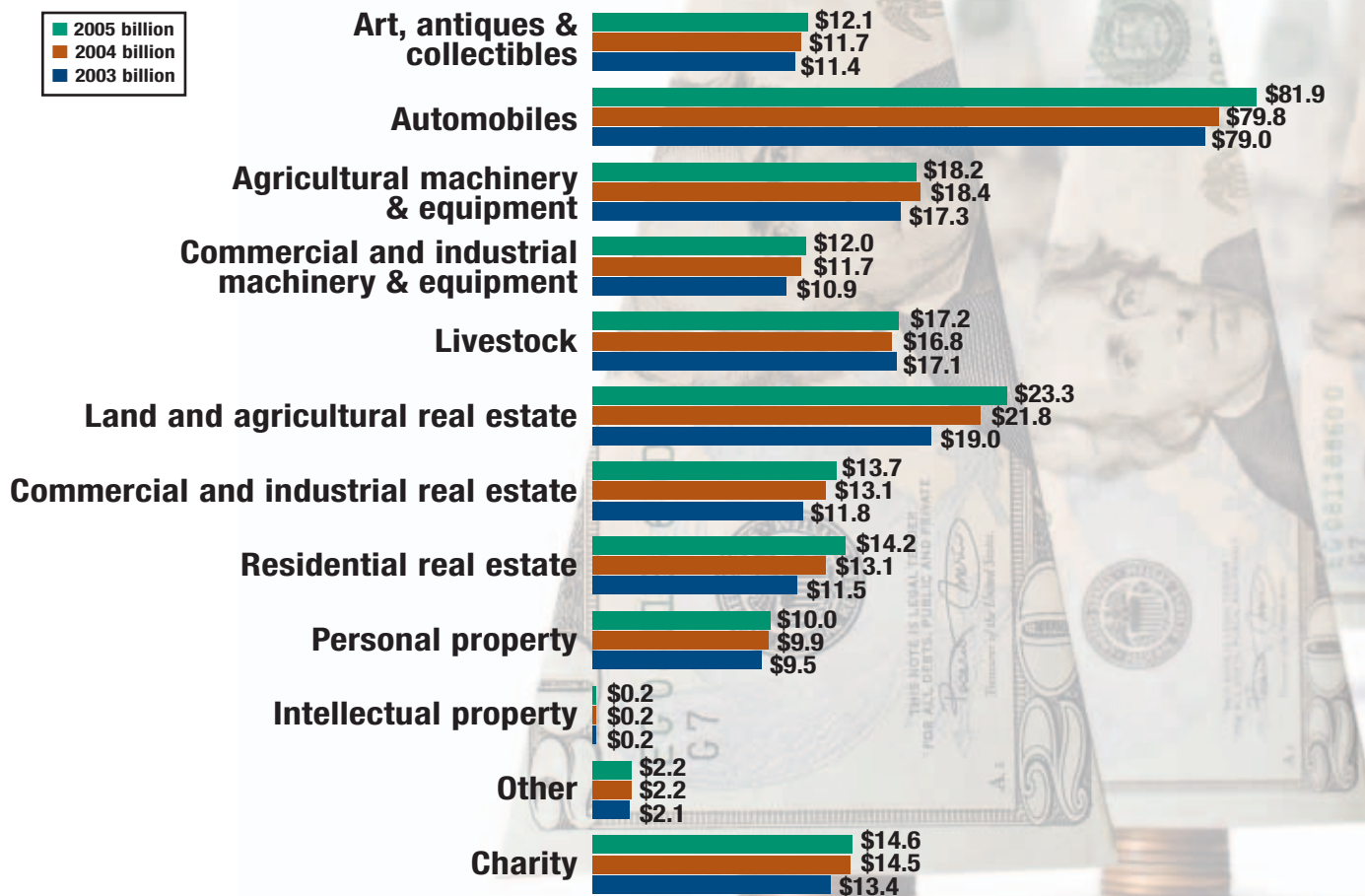
There is a small difference between total gross sales receipts for 2005 and total revenue for specific auction segments.

The survey asked members to estimate changes in their cumulative gross sales receipts for 2005 compared to 2004

Members' estimates for specific auction categories were slightly less than their percent estimate for total annual sales growth.

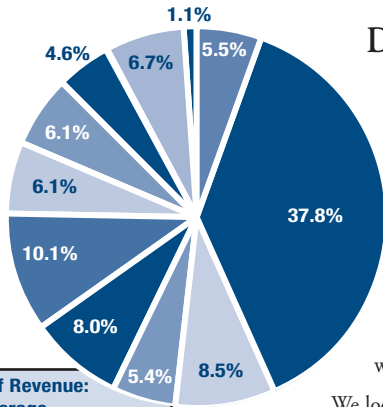
The accompanying chart shows the change in sales revenue for each category for the past three years. All categories increased in 2005 except agricultural machinery and equipment, due to the longtime shrinking number of farms and, therefore, farm auctions across the U.S.

Estimated Gross Sales Revenue By Auction Area - 2003-2005



GROWTH IN THE NUMBER OF AUCTIONS

In addition to revenue growth, the number of auctions increased by about 5.2% from 2004. This is good news for buyers, sellers, Auctioneers and attendees. More auctions means more properties for sale, more attention to the auction method, more events for attendees to visit and participate in.



DISTRIBUTION OF TOTAL REVENUES BY AUCTION SEGMENTS

How much does each auction segment, or niche, comprise of the whole industry?

This information, in the adjacent chart, shows the breakdown.

It's interesting to note that automotive auctions are the largest segment, followed by land and agricultural real estate. Over the three year period of 2003-2005, the chart shows that land and agricultural real estate comprised an average of 10.1 percent of all auction revenues for this period.

Residential real estate and charity auctions are a bit further behind, but are growing segments with many clients flocking to hire Auctioneers and seeing the benefits of these types of auctions.

We look for these two niches to grow significantly.

With the chart looking at the average revenue distribution over a three year-period, it gives a wider view than a single year, so clients and Auctioneers can estimate what is occurring within the industry.

MARKETING COSTS

Auctioneers spent 12.1% more in marketing (including advertising) in 2005 than in 2004.

This shows clients that professional Auctioneers see the importance of strong advertising and other methods of marketing to gain public attention and bring bidders to auctions for a successful sale.

The Harris Interactive study found that the greatest barrier for consumer participation in live auctions was lack of information. Consumers who had not attended live auctions did not know when, where, or how to participate. The increase in advertising from 2004 (and the 2004 increase from 2003), may be an effort by NAA members to raise the overall awareness of live auctions among consumers. Many NAA members explain bidding procedures at the start of every auction, and some conduct a brief mock auction to demonstrate how visitors can bid. Professional Auctioneers are increasingly interested in these aspects of service.



CHARITY AUCTION GROWING

Charity auctions accounted for \$14.6 billion of the total \$240 billion in the industry in 2005, and as mentioned earlier, was one of the highest niche categories contributing to the total dollar revenues of the industry.

While the gross revenues in the charity auction industry rose only slightly between 2005 and 2004 (\$14.6 from \$14.5 billion), it is believed this niche has been growing for many years as more professional Auctioneers are hired by charity organizations. Instead of hiring a local celebrity as in the past, many groups are learning that the professional Auctioneer can raise more money, provide greater entertainment and protect the organization from problems and legal liabilities that can occur from an amateur's ignorance of how to run a fundraising auction. Charity auction revenues are expected to keep rising in future years.