



How to successfully negotiate when buying or selling a house.

Posted on: 10/10/2016

"Vendors do not need agents to sell their houses, the houses sell themselves."

In a recent online real estate article, an agent proudly boasted "v endors do not need agents to sell their houses, the houses sell themselves." He said the "purpose of an agent is to negotiate the best price for the homeowner, and this is where estate agents prove their worth and earn their commissions."

We agree completely, properties do sell themselves. This is the main reason we believe people should sell their own homes using a portal like ours but we disagree that estate agents are the best negotiators.

- So who is the best person to negotiate the sale of your home?
- Who will communicate the most effectively with a buyer?
- What are the skills needed to successfully negotiate the sale of a property?

Anyone can put up a sign and advertise a property for sale, but negotiating the best possible price is a skill that separates

an average estate agent from a great one. In a recent blog by one of the biggest real estate franchises in Australia actually admitted that most agents are not good negotiators. So therein lies the issue. How and where do you find an agent to negotiate on your behalf?

So what if you completely re-imagine and re-invent the real estate model how could you ensure you have the best negotiators to achieve a great result.

Dispensing with commission based structures and instead offer a service delivery model is one possible way. Commission based structures are not results. Ensuring the team are heavily focused on

- Customer service,
- Accurate valuations
- Customer communication
- Skilled negotiation.

So how and where do you find a skilled property negotiator? Next Address has a team of Property Advocates driven by commission. This is a great place to start. Property Advocates uses experience, analysis, and negotiation to secure the best property in your budgeted range.

The next important piece of information is knowing how much your home is really worth. Unfortunately, many agents fail to provide accurate valuations. Under and overvaluing a property causes many problems for all parties and wastes peoples time and energy.

You may have read recently about the agency who was fined over \$300,000 for underquoting a property. Yet this doesn't matter as the seller is getting more than they expected but think about this from a different angle. In a market a house for \$500,000 then buyers with this amount of money will look. Buyers looking to buy at \$600,000 will not look at your home so you are potentially missing out on the right buyers who may even pay a little bit more.

Unfortunately, in regional areas, the opposite occurs, with agents overvaluing house to get the business. This means the property being on the market for much longer than they should and in some cases not selling at all.

Where to start when making an offer?

You want this home; it matches most of your wish-list, and you are keen to put in an offer. What next? How do you know you are not overpaying? How do you know its real market value? Tricky questions and ones that no one knows the answer too. At the end of the day, the property is worth what someone is willing to pay. The most important consideration for you is to make an offer you can afford and to ensure your finance and deposit will cover the bank valuation, to secure your loan.

Someone always has to start the process.

If you have researched the market and inspected homes in similar conditions and with similar features, you can be well on the way to understanding what will be a fair and reasonable price for the property. We have a great blog [How to know how much your house is really worth?](#) which outlines all the possible free online valuation guides. These services plus one of our own will email you instantaneously, a free property report. Most banks have free valuation services on their websites as well. If you want a free valuation guide on your home or one you are considering buying, click here www.nextaddress.com.au/landing/freepropertyreport and we will send to you within 48 hours.

'free valuation services.'

The sellers may have already had an independent property valuation completed by a registered valuer. If this is the case, this will give you a fair and reasonable understanding of the value.

Have you seen a copy of the legal documents

Every state has slightly different requirements, so it is important to use a highly skilled legal professional to review these documents. In the entire real estate process, the preparation and review of the legal documents are the part that matters. Included will be everything from rates to land size and covenants or easements which may affect what and where you can do things on the property. Next Address recommends, an Australian service such as www.thinkconveyancing.com.au. The owner must provide you with this document either electronically or in hard copy. Send this to your legal professional, for review, before signing the contract.

So the properties legal paperwork is correct, what's next?

We suggest you use an Offer to Purchase document. You can download this from our website. You can use this if you are buying, selling. Using this formally requires all parties to acknowledge any offers, as they have placed it in writing. The [Offer to Purchase](#) document is not legally binding but provides transparency, openness and shows integrity on your behalf concerning your offer.

'transparency, openness and shows integrity.'

How many times have you heard negative real estate stories such as "I don't know if they put my offer to the owner" or "the agent said there was another offer, but I don't know if this is true" to "I haven't heard back and it been four days since we made the offer." These are just some of the tactics that can be used by some agent's to condition both yourself and the property owner.

When you use an Offer to Purchase document, and you date it and request a response in writing with 24 to 48 hours, you are taking over complete control of the negotiation process. The property owner will also appreciate this process. Read our blog post on conditioning or 8 reasons not to give your keys to a real estate agent. Making and using the Offer to Purchase document eliminates any confusion concerning the offer and conditions for all parties.

If you are dealing direct with the owners or a real estate agent, we suggest you emailed or photograph your written offer to them. This offer can be altered and changed as much as needed until both parties are in final agreement. Areas of negotiation could include, the length of settlement, leaving a shelf in the spare room, have a pest inspection. These are listed in our blog posts under the Offer to Purchase document.

'Every day of our lives we negotiate.'

One of the biggest fallacies, is that you need agents to negotiate the sale. There are many reasons you would use an agent but this is not one of them. Every day of our lives we negotiate, why does this stop when we are selling or buying a home. Using a tool such as the Offer to Purchase document de-personalising, simplifies and clarifies for both parties the whole process. Remember too; this method reduces the stress for all as the offers and counter offers are clearly in writing for both to consider.

The final stage

When an agreement is reached, the details are forwarded to the owner's legal representative for the completion of the contract of sale. Once this is completed, it is vital, as the buyer, to have your legal representative review this document again for you before you sign the formal contracts.

So in wrapping up:

- Do your research and work out what you need and want in a home
- Research similar homes to the one you want to make an offer on
- Use a valuation service as recommended above
- Use an offer to Purchase document
- Make sure you have the contracts fully reviewed by your legal representative.

At

Next Address, we are passionate about creating a smart affordable DIY real estate platform that gives you complete control of the real estate experience.

Here is a sample offer to purchase document to use when negotiating. And remember you can make as many offers or counter offers as you like.

These can be easily emailed or you can send a simple photo of the offer via your smart phone.

[Sample-Offer to Purchase Document](#) [click here to download your copy](#)

Date.....

Property Address

Dear Seller/Vendor [name]

Further to this inspection and final review of the contract we would like to submit a formal offer of AUD\$ for your consideration.

This offer is subject to all or some of the following conditions as indicated: (cross out those not applicable)

1. Legal review of the contract by our legal representative
2. Bank Property valuation
3. Finance
4. Building Inspection
- 5.

Settlement time ofmonths

6. Deposit \$

7. Other conditions

.....

First Offer.....

Second Offer.....

Third Offer.....

Fourth offer.....

Purchaser Name/s

Address

Email

Phone numbers

<https://nextaddress.com.au/blog/how-to-successfully-negotiate-when-buying-or-selling-a-house>