



## Real Estate Agent Tips Don't Want You To Know This!

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30% + agent dissatisfaction rate

POSITIVE HEADLINES PLEASE

The real estate industry in Australia hasn't changed much in the past 50 years; While we have seen growth in online real estate advertising websites, costs to sell a house have not decreased, agent training has not greatly improved. And unfortunately nearly every week there is a headline story about real estate agents

unlawful or poor behaviour.

In 2018, there have been 15 real estate agencies fined for either overquoting or fraudulent behaviour. Approximately 30% of us are dissatisfied with our real estate experience. a further 26% rated their experience as poor and 4% as disastrous. Not good enough.

It would be fair to assume with the onset and growth of these real estate websites; costs should be reduced. Instead, we see the cost of advertising on these websites, continue to grow, with agents passing all costs on to the seller.

## ONLINE MARKETPLACES; AUSSIES LOVE THEM

As you know, Australians have been experimenting with direct selling for years. We use the latest ride-sharing, dating and accommodation apps with gusto. We have embraced social media and our smartphones more than any other country.

Now, we can add 'sell a house online' to this emerging trend. Being able to manage better, reduce or even remove third parties out of the sales process will not only save you money but will also save you from time and in some cases headaches. And one huge bonus, is both buyers and sellers will have control over the whole process.

## 11 TIPS FOR YOU

As an ex-real estate agent, and someone who has bought, sold and research the industry, I know how the industry operates, having experienced all of these issues first hand. In 2015, I spent six months listening to buyers and sellers and their real estate stories. I interviewed over 70 people who were in the market to buy or sell a property, regarding their experiences. From this, I identify the key issues you as a real estate customer needs to consider to have a great outcome.

### 1. Databased and systems are vital

We are constantly educating ourselves and seeking out new knowledge, but for some reason, real estate remains an enigma. Buyers and sellers are not given a professional step by step guide on how to get the best outcome for themselves. More often than not, the agent's presentation is centred around trying to sell themselves rather than how they would sell a house. Look for an agent or system which provides free relevant information on how the sales process works and how you as the owner can maximise the result.

For buyer's, many felt the agent's efforts were all about trying to convince them to go to as many open houses as possible - this means that the agent's focus is on activity rather than the outcome. We know one carefully selected and screened buyer, shown the right house is a preferable use of the agent's time than 20 unscreened buyers through an open house. Sending out an email blast to targeted buyers who are in your suburb and price range is the sign of a good agent or system.

If you need to use an agent, educate yourself about their buyer screening processes before you start. Choose a service that use buyer databases systems. Ask how they find the house buyers, what they do with

**their databases and ask to see samples of these databases for yourself. If the agency is well structured managed, they will not be afraid to show you these.**

## **2. Maximising online and social to save you money.**

It is interesting to note when trying to sell a house; agencies continue to create expensive advertising campaigns featuring their companies across newspapers and magazines. Is this the ideal way to sell a house in 2016? This is fascinating as they are using your advertising dollars to do this when we now know that almost 90% of people find houses online. Why spend all of your extra cash on advertising like this when you know yourself that you haven't flicked through a real estate focused magazine in ages?

In our research we found magazines do not have the appeal of the past and tend to be found in the doctors' waiting room, months out of date. Buyers tend to discard them quickly. Newspaper ads also have a limited appeal as their shelf life is one day. Consider all this when choosing how to sell a house. If you are considering using an agency, ask exactly how and where they propose to spend your houses advertising budget. Be selective, be assertive. Ask questions. This is your home, and you want the best selling outcome.

**Newspaper ads also have a limited appeal: Coffee table fodder!**

Did you know many of us buy within 5km of where we currently live? We are familiar with the area, the services, and the amenities. With this said, consider a simple, decent size 'for sale board' as a good marketing investment. Research has shown they are important, as a reasonable amount of houses are sold as a result of seeing a sign or from word of mouth from a friend seeing one. But do you need one which dwarfs the fence and costs hundreds of dollars? All you want is the company name and contact point. Just moderately sized, simple and clear. If an agency is pushing you to erect excessive signboards with large real estate company logos, consider who they are promoting your home or themselves.

Let's also consider the importance of word of mouth and social media. Getting the word out within your local community, via a signboard as well as targeted Facebook marketing presents a great way to sell a house. With Facebook, highly targeted, streamlined ads can be developed at very affordable rates.

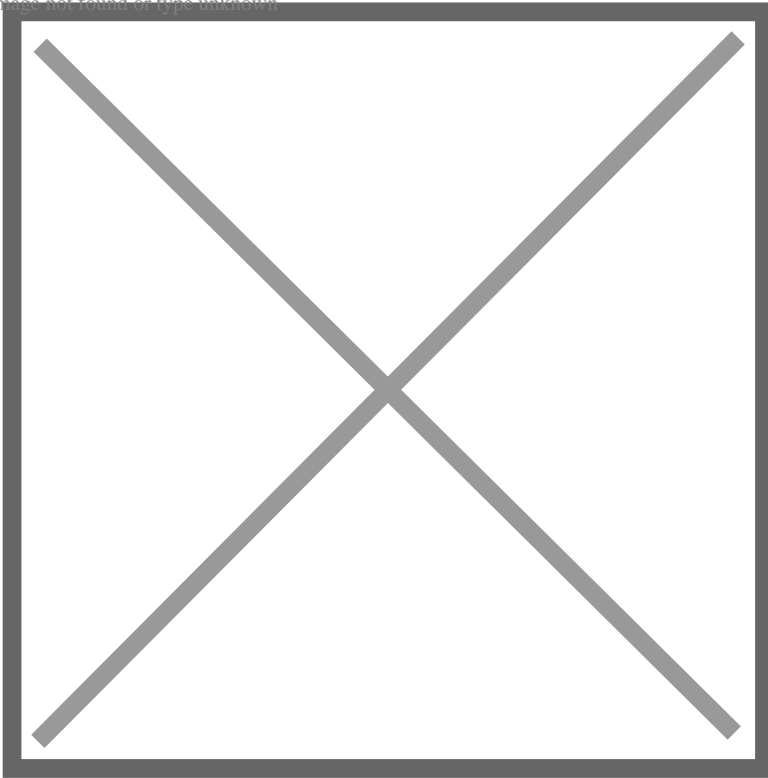
## **3. How to know how much a property is worth?**

**A key issue when selling a house is incorrect valuations. For some odd reason, regional properties are over-quoted, and urban ones are under-quoted. The fact that real estate is such a highly competitive market seems to be the answer. For example, a regional centre in Victoria, with a population of 100,000 has over 35 real estate agencies fighting over the sale of less than 4000 property sales per year. They overvalue to get the house to sell. Big promises with limited results.**

**'They over value the listing to get the house to sell.'**

**At the start of your selling journey, the best advice is to make use of some of the free online valuation services, to figure out the most likely price for your house. Get a gauge on where your home sits. But remember a registered valuer is the only property specialists who is legally and professionally trained to value your house. An estate agent is not a valuer and is not qualified to give you a professional valuation. Once you decided to sell, we highly recommend you get a professional property research report, not an online option from a reputable company.**

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#### 4. Beware the agent commissions

Last year we saw a spate of agents using a tiered commission arrangement. This is still being offered as a sales tactic. One of our new clients was recently asked by an agent to consider a 1% bonus if the property achieved above a certain price. Last year a Melbourne based state agent was charged and convicted when he levied a 93-year-old with an additional \$81,000 in commission fees after selling her Bayside home.

These latest tactics are not uncommon. What appears to be a tactic by the agent is to undervalue how much the property is worth. The agency negotiates with you an extra level of commission if they get over the advertised sale price. This can be as high as 12.5%. They promote this to you as "an incentive to their sales agent to get over and above the advertised price."

In another example, a house in Kensington Victoria sold for \$150,000 over the reserve and the agents cleaned up with an extra \$18,750 in a 50/50 split. The agency in the days leading up to the auction had even requested the seller reduce their asking price. If they had of done this the agent would have made even more commission. As it stood, the entire fee paid to the agency was \$45,000.

Imagine what the seller could have used this for! Don't fall for this trap.

#### 5. Conditioning?

**ASK THE AGENT UP FRONT. How long will you advertise this price?** Too many regional property sales turn out the same way - agents fail to sell a house after a reasonable time on the market and push for a drop in the price. In the same regional town, in the past 12 months, 10% of the homes failed to sell at all. Of all those sold approx. 30% had to drop their price. Many of those interviewed felt frustrated with their agents who had promised them a selling price, but couldn't deliver.

Agents can manipulate you into a mild panic about your house never selling unless you go well and truly under your asking price. Be wary of this technique.

If you follow point 3, and do your research in regards to your property's true value, you will be able to make educated and an informed decision about the best price to have on the house you are selling.

The opposite can also occur, which happens more often in metropolitan areas. One Queensland couple had their house professionally valued at \$950,000. The agent convinced them that using a "special" sales technique of under-valuing the house and calling for 'offers over' would deliver a better result. So they set their listing price as \$910,000 and the property ended up selling for \$930,000. While not a bad outcome, it's important to note that the property sold after only one week on the market. Did this couple miss out on \$20,000? They will never know. Instead, they ended up paying their agent \$23,250 in commission and advertising for five days' work.

**'This couple may have easily made an extra \$40,000 if they were selling the house themselves.'**

Here is another example of an agent adding an incentive to their fee structure. Another recent unfortunate story in mainstream media saw another family who were selling a house, experience undervaluing. This time, the agents had structured their payment to include a 10% commission incentive if they achieved over the valuation figure. They justified this to the sellers, by saying it would motivate their agents to do a good job. The house sold for \$60,000 more, netting the agents an additional \$6000. Just for doing their job. This seller also questioned whether they had deliberately undervalued the house. A question no one can answer.

A respected real estate expert also commented that such practices could be resulting in house selling for less as the agents are not attracting buyers in the right price range to start. This does make sense. If you have \$500,000 to spend you are not looking at houses worth \$440,000. But if the house was priced at \$500,000 you may pay a bit more if it was the right home for you.

**"Again, be in control and do your homework on your property's valuation."**

## **6. Feedback! We just want communication.**

Millennials, those who graduated high school around the year 2000, are quite negative about the poor communication skills of agents. This came across as one of the biggest issues for this age group. Not following up or showing them houses not appropriate or out of price range are common complaints.

Ironically enough, the same issues came up for home sellers but with a different impact. Agents would hold open houses and would fail to follow up with potential buyers. Additionally, these agents would allow unscreened buyers to view the house, i.e., those who cannot afford your house and just wasting everyone's time. You want all possible leads to be followed up immediately.

But this feedback was not just limited to Millennials and was experienced by both home buyers and sellers. Sellers main comments where that they didn't hear from the agent regarding how the open home or an inspection went. Sellers often found themselves ringing the agent up for feedback.

Focus on picking an agent or a service and system which gets you the best results and empowers you to have control over selling your house - from start to finish.

And when this happens, in your real estate world, you will know how has inspected your home and be able to communicate with all the buyers. As a house buyer you will be able to find out directly any queries you have on a property. All this makes for a transparent, open process.

## **7. The real estate legalities**

Many interviewed wrongly thought that the agent had an important role to play in the legal side of the buying and selling transaction. This is not the case. You are selling a house that legally belongs to you. You as the home seller must provide the correct documentation, which is usually prepared by a conveyancer or a legal firm. A real estate agent does not arrange this.

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 Australia wide service such as [www.thinkconveyancing.com.au](http://www.thinkconveyancing.com.au). The homeowner must provide you with this document either electronically or in hard copy. Send this to your legal professional, for review, before signing the contract.

Below are the government links applicable from November 2016.

[How to buy or sell a house in NSW](#)

[How to buy or sell a house in Tasmania](#)

[How to buy or sell a house in QLD](#)

[How to buy or sell a house in SA](#)

[How to buy or sell a house in the WA](#)

[How to buy or sell a house in the ACT](#)

[How to buy or sell a house in NT](#)

## **8. Don't be afraid of the negotiating stage.**

Nothing seems scarier than the negotiation phase of the home-selling/buying process, but this can be the simplest part. But those working with agents felt as if they had no control over this part of the process. Home sellers felt that they were out of the loop and buyers felt like they didn't have enough time to make an informed decision.

The key findings were that lack of clarity, transparency, and trust were the major downfalls of working with an agent.

Customers commented that they were unsure if the offers they made were even given to the other party. This does happen even though it is highly illegal. Having more control and say in the process eliminates this concern. Customers in regional areas voiced concerns regarding offers not being presented to the sellers promptly. This seemed more common than not. This negatively impacts the negotiation process. One couple, who were trying to sell a house, had an agent present an offer, which they accepted. He told them, he would wait a day before accepting on their behalf. This led to the buyer walking away - which meant no sale!

'In the interviews I even had some agents admit they often fail to present offers to the sellers.'

Every day of our lives we spend communicating and negotiating - haggling at the market, trying to convince your kids that broccoli is tasty, negotiating with our staff or our boss. So why do we think that these basic life skills leave us when we are trying to buy or sell the biggest purchase of our lives? The truth is they don't. It's also true that many real estate agents don't have a lot of training in negotiation so realistically you are just as prepared as they are. But there is one big difference you have a vested interest in getting the best outcome. They don't.

Additionally, there are tools out there like 'offer to purchase' documents - which make the negotiation process easy and transparent. Next Address has one you can download.

## 9. Use tools to help when buying or selling a house

The most important consideration for both parties is to get an offer on the table. Your property is only worth what someone is willing to pay at that particular time. The most important consideration for both parties is to get an offer on the table. You can download the following form, from our website. You can use this in any situation. Using this formally requires the agent and the vendor to acknowledge your offer, as you 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.

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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 an agent 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 sale negotiation process. The property owner will also appreciate this process. Unfortunately, there are tales of agents putting in lower offers to property owners as a way of 'conditioning the owners' to take the offer they already have. 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.

This is an example of what to include in 'Offer to Purchase' document

### [Offer to Purchase Document Sample](#)

Property Address .....

Dear Seller/Vendor ..... [name]

Further to this inspection and final review of the Vendor Statement and or Contract of Sale 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 of sale by our legal representative
2. Bank Property valuation

3. Finance
4. Building Inspection
5. Settlement time of .....months
6. Deposit \$ .....
7. Other conditions

Special notes

Purchaser Name/s .....

Address .....

Email .....

Phone numbers .....

If you are selling, we encourage you to provide your agent if you are using one or any potential buyers with a copy of this Offer to Purchase document. If you are the buyer and dealing direct with the owners or a real estate agent, we suggest you emailed or photograph your written 'Offer to Purchase' document to them.

The 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.

## 'Every day of our lives we negotiate.'

One of the biggest fallacies, perpetrated by the real estate industry is that you need agents to negotiate the sale. We believe that this is not the case. Every day of our lives we negotiate, why does this stop when we are selling or buying a house.

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.

10. Great virtual tours, as well as excellent home presentation, are vital

Selling a house is made easier when you have great visuals. [Check this out](#). This is the latest smart tech available at an incredibly affordable fee. A Virtual Tour, photos, floor plans and a stand along property webpage for one price.

The best tip for taking great home virtual tours is to prepare in advance. This means cleaning up! You wouldn't go to a job interview in dirty clothes, and messy hair - you want to give your potential new employer the best first impression possible, the same applies for home photos. Whether you decide to take your photos or hire a photographer, you can't get around the preparation! (Unless you hire a stylist, of course.)

Here are the three main tips

- Clean your home, in and out.
- De-personalise all the spaces.
- Fix up the garden!

Don't get caught up in manipulating the shots. That's why commissioning a photographer who can create a Virtual Tour and extract all the photos you need is the way to go. Making a room look twice its size only annoys buyers. There were many negative comments from those buying a house regarding manipulated photos. Just don't do it. There's no point making a small room look twice its size. It's just a waste of time for those buying a house. Show your house in its best possible light but as accurately as possible. You want buyers who are really interested in your home to inspect; not tyre kickers.

Using a service such as Nextreality3D is recommended. They offer a very affordable service with impressive results. You will get a Virtual Tour, great photos - internal photography as well as 360\*d photos, a floor plan, a site plan and a property website you can share. This tour can then be loaded onto all the major real estate sites. If you are using an agent request they use this service to maximise the marketability of your home.

#### 11. Try not to buy before selling: unless you have money to burn

This is a mistake made too often. Selling a house is stressful enough without the added burden of "having to sell." I know it seems counter-intuitive but think about it logically. When you sell first, you are in a position of control both financially and emotionally.

One seller I interviewed had bought before she sold and the negative impact on her emotionally and financially was significant. Three agents and six months later, she finally sold for \$60,000 less than the first agent's valuation guide and had been paying bridging finance for her new property for three months.

You know how much you can afford. You are not desperately waiting for an offer on your home and being pressured to lower your price to get a sale.

Stay in control. You may have to rent; you may miss out on the house which was your dream but if you fail to sell the impacts and the financial burdens are significant.

#### Conclusion

40% of the French sell their homes using online marketplaces.

Come on Australia, it's time to have better communication, more control and greater transparency in the property sector. 40% of the French sell their own homes and in NZ over 30% are sold privately. The United States of America boasts a statistic of 20% of houses sold using smarter property online portals and a service delivery model. In Canada, these stats are even higher with 33%+ selling using these service delivery based models.

Australia has a love affair with 'marketplaces' the peer-to-peer opportunity. For example, take Uber or Airbnb, so why not add buying and selling homes to the mix.

You will eliminate issues such as miscommunication or lack of follow-up and will have complete control over the whole process. Supported with great property specialists such as Greville Pabst at [Property Duo](#), buyer to seller transactions enable both parties to resolve all of their issues and achieve a positive outcome.

While models such as Next Address are unlikely to destroy the real estate industry, there will be a digital disruption which will bring about change. This change will result in better outcomes for the consumer.

Based on reviews from overseas, I can whole-heartedly say that DIY, for sale by owner, person to person, real estate transactions will not only be trending in Australia but will become commonplace. Australians who take their lives and wallets into their hand will realise that they will be selling their property on their terms as well as potentially saving tens of thousands of dollars.

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

Selling a house is not as complicated as it may seem. The hard work is in the preparation. Do this, and you will be in complete control of the whole process. This is your biggest asset: stay in control.

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<https://www.corelogic.com.au/resources/pdf/reports/perceptions-of-real-estate-corelogicrpdata-may2015.pdf>

#sell privately

#for sale by owner

#sell my house online.

<https://nextaddress.com.au/blog/how-to-be-smart-when-you-buy-or-sell-a-house>