



Understanding property prices with Consumer Affairs Victoria

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(The following is taken from Consumer Affairs Victoria's [Understanding property prices](#) page.)

Real estate pricing and advertising

Property advertising must not be misleading or deceptive. It is illegal for a seller or agent to misrepresent a property in any way when advertising or marketing that property, whether verbally or in writing and photographs.

If the advertising for a property for sale includes a price, it can be listed as a single figure or a range. Unlike the agent's estimated selling price, there is no restriction on the size of this range, as long as it is not misleading.

It is illegal for an agent to advertise or advise you of a price that is less than the:

- seller's auction reserve price or asking price, or
- agent's current estimate of the likely selling price.

This is known as underquoting (see below).

An agent must:

- give an accurate opinion of the market price of the property
- update the advertised price if it changes during the sales campaign.

Seller's reserve or asking price

The lowest price a seller is prepared to accept for their property is called the:

- reserve price for an auction
- asking price for a private sale.

The seller's reserve price is usually set on the day of the auction. It may be higher than the advertised price if the seller believes several genuine buyers are interested in the property.

If a seller advises an agent of their asking or reserve price during the marketing campaign, then the agent cannot advertise the property below that price.

If a seller has not provided an agent with an asking or reserve price, the property must not be advertised for sale at a price that is less than the agent's estimated selling price. This is the price the agent estimates a property is likely to attract, based on their experience and knowledge of the market.

Underquoting

Underquoting is when an agent misleads a prospective buyer about the likely selling price of a property for sale.

Examples of underquoting are when a property is advertised or quoted to a prospective buyer at a price that is less than:

- the seller's asking price or auction reserve price
- the agent's estimate of the selling price
- a genuine offer or expression of interest.

Comparing the initial advertised price with the sale price is not evidence of underquoting.

Be aware of underquoting

Doing your homework before you buy will help you to understand the market and be a better judge of property sales prices.

Tips

- Research the market value of property in your preferred areas by searching the internet, attending auctions, speaking with a variety of estate agents and monitoring auction results. For more information and resources, view Consumer Affairs Victoria's [Property data page](#).
- Use the agent's estimated selling price as a guide only. The agent represents the seller but must be fair and honest with buyers.
- Ask the agent to justify their advertised price. They should have knowledge of the market in the area to support their estimate.
- The seller is unlikely to set their auction reserve price until the day of the auction. The reserve price decided on the day might be above the advertised price.
- Do not allow emotion to cloud your judgment and be realistic about the likely selling price.

Enforcing real estate pricing laws

Consumer Affairs Victoria conducts random inspections of real estate agencies and reviews agency documentation.

We use a range of tools against agents who underquote, including warning letters, enforceable undertakings, injunctions and prosecutions.

The action taken depends upon the impact on a buyer and the seriousness of the breach.

For more information, view Consumer Affairs Victoria's [Compliance and enforcement policy](#).

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