

RealEstateNews

INFORMATION TO HELP YOU WHEN BUYING OR SELLING | October 2010 |

Don't Do It! Why print doesn't add up

PETER O'MALLEY

In this Issue:



page 1

Don't Do It!

page 2

Letter from Editor

An Honest Price Estimate

Focus on Features

page 3

Don't Do It!

(continued)

Property Sellers

Important Questions

page 4

Real Estate Career

Testimonial

Property Management

The real estate industry's greatest fear is that home sellers will work out how easy it is to find a buyer for your property without using a real estate agent. Private sale companies and private sellers are emerging in larger numbers each year.

How do you find a buyer without a real estate agent? Just do what the agent does. Put an ad on the internet, an ad in the paper, a for sale sign on the property and list it with a fair asking price. These 3 marketing strategies will have buyers beating a path to your door. It really is that simple.

Real estate agents have two primary roles when employed by a home seller.

The **first** is to find interested buyers. Different agents use different strategies to achieve this objective. They will focus on newspaper ads, internet ads, for sale signs, databases etc.

The **second** objective of the agent is to negotiate the highest possible price with the best terms for the home seller. Some agents can achieve this objective, some can't. However, some home sellers could also achieve this outcome and some can't. For the home sellers that could competently negotiate for themselves, the only real value a real estate can offer is one of saving time and effort.



Undersell Properties

Most agents spend excessive amounts of money finding buyers and then use selling strategies such as auction that undersell properties. The excessive amounts of money being spent by agents looking for buyers is the home sellers money, not the agents though. So, if the home seller is paying upfront for advertising and carrying the risk to find a buyer, what is the home seller really paying for?

continued on page 3



Open 7 Days  24 hours | www.timaltass.com.au

Bulimba	189 Oxford Street	3395 5955
Carina / Carindale	799 Old Cleveland Road	3843 0060
Morningside	664 Wynnum Road	3395 5955
Property Management	664 Wynnum Rd Morningside	3899 1033

AN HONEST PRICE ESTIMATE

PAUL KOUNNAS

When home sellers ask an agent to give them a price estimate on their property, quite often the sellers expect a higher price than an honest agent will quote. Some real estate agents may be tempted to raise their estimate price in order to get the listing. Once you have signed up and committed to an advertising budget they commence negative market feedback designed to condition you to lower your price expectations.

Despite the Fair Trading Act of 1999, and more recent legislation, there are still some agents that over-quote the price of properties and then, when marketing the property, mislead buyers by under-quoting how much the sellers will accept. This is called bait pricing.

Real estate agents should be familiar with recent sales of properties that are similar to yours. This is the best guide an agent can use to determine what a property is worth, by looking at what buyers are paying for similar properties. The agent will generally quote you a likely range, for example \$500-550,000. This is not a valuation; it is an estimate.

So how do you know if it's an honest estimate?

Some agents will go along with whatever you think your property is worth in order to get your business. One way to detect this deceit is to ask the agent to support his or her price estimate with recent comparable sales. Look at these examples closely and objectively and make sure you really are comparing similar properties.

To be able to identify which agent is being honest with you it would be a good idea to be prepared by doing a little research of your own so that you are better informed and less likely to be fooled.

For most properties there are many comparable properties an agent can use, but occasionally agents encounter unusual properties that can be harder to estimate because there are no recent comparable sales available for comparison. This makes things a little more difficult, but not impossible.

Most importantly the market price of a home will not be determined by what price the agent gives you or by what you want – it will be determined by market forces, particularly what buyers are prepared to pay. If you put a fair price on your property it will sell. Price your property unfairly and it won't.

Treat price estimates as a guide only, and seek honest agents who will give you honest estimates. ■

LETTER FROM EDITOR

Have you noticed how many properties are being advertised for sale lately?

With pages and pages of them ,the advertising game has stepped up to a new level – one page per property in some cases !

But who pays and is it worth the risk?

This issue will be essential reading if you are thinking of selling soon.

For those that are selling and have tried paying for adds and are still for sale- perhaps it's time for the agent to take the risk.

Thank you for all your feedback regarding our newsletters-if we can help you with some honest advice call any of our three offices and we'll be happy to do so

Until next time

Tim Altass

FOCUS ON FEATURES

Features are more important than price

GARY PITTARD

Your property's features are its biggest selling point; price is secondary. Sure, if there are two identical properties, then price becomes important. But most properties are unique and each has a special 'feel' that makes it more or less attractive than another property.

Even an apartment in a building of look-alikes can sell for a higher price if the owners give it that special touch.

This is why it is so important to focus on the features your property has to offer. Why should someone buy it? Make a list of these features and make sure your agent knows about them.

But no matter how good a property may be, as the seller you should steel yourself for some negative feedback. Selling a property can be a cruel process sometimes.

You may be told by buyers, via your agent, that the property is too small or too big

or too old or too new, or that it needs too much work.

Buyers may point out negative features that you never considered, so it is vital that you give your agent ammunition to fight these negatives with a list of positives.

When people focus too much on the price of a property they tend to forget its features. And this means you have to reduce the price or the buyers will choose a similar home at a cheaper price.

Almost all buyers make their decision based on the features of the property. It could be something as simple as a tree on the front lawn. Buyers buy properties they love first, and properties they can afford second.

Features are more important than price. Focus on features. ■

This article is adapted from the seller booklet, *How To Get the HIGHEST PRICE for Your Property*. To have a complimentary copy home delivered, please contact the agent who sent you this newsletter.



Don't Do It!

Why print doesn't add up

continued from page 1

Answer, the agent's negotiation skills or lack of in some cases...

If you feel comfortable that the agent does not possess a high level of negotiation skill to sell your home, do it yourself. To pay an agent \$5000 in advance to find a buyer in this day and age of the internet is absurd. Then when the agent finds you a buyer they want to charge a full commission on top.

Why not just place an ad in the newspaper yourself and save on the commission?

Alternatively, by simply placing your property on the internet at a fair price, you will quickly find plenty of interested buyers. It will be then up to your negotiation ability to close out the sale at the best possible price.

When a home seller commits to spending between \$5000 and \$10,000 on a print campaign, they do so in the absolute belief that their home is going to sell. There also tends to be a correlation between market conditions and the amount of advertising a home seller commits too. The stronger the market, the more sellers spend on advertising. And in the vast majority of cases the home sellers commit to an advertising campaign, buyers are found as a result of the print advertising. But, finding buyers and being offered a price that you want are not always one and the same.



Cut through questions

In most cases, there are two magnificent cut through questions that home sellers have not asked before "investing" \$5000 toward a print advertising campaign.

Firstly, who pays for the advertising if the best offer is below what we want for our home? Secondly, can the same outcome be achieved using a cheaper medium than print advertising?

It is accepted within the industry that 80% of buyer enquiry now comes via the internet. Yet, 80% of advertising budgets are still being spent on print advertising.

It currently costs a real estate agent a little over \$1500 per month to list every property they have for sale and for rent, on domain.com.au. As an example, if an agent lists 20 rental properties and 20 properties for sale on domain.com.au that works out at under \$40 per listing per month.

A private seller can list their home for under \$500 on domain.com.au and access the same buyers the agent was going to access.

Pain of a Home Seller

Charles Milburn told Real Estate News of the pain that a home seller experiences when they are forced to pay \$5000 on advertising that did not result in a sale. He said, "Most people, understandably expect to pay for the advertising from the proceeds of the sale. The seductive thing about committing to a print campaign is that no seller does so expecting that their home will not sell."

"So when it fails to sell, to cough up \$5000 for an advertising campaign is usually an unexpected cost, without any benefit."

Once upon a time, print may have been necessary to achieve sufficient exposure to buyers in the marketplace. Now print is a massive unnecessary cost. The seller's cost.

Going forward, real estate agents that lack a high level of negotiation ability will struggle to justify their existence. Some may even struggle now if their clients have read this article.

Property Sellers



Important questions you must ask
(before you sell!)

- 1 What price will I get?
- 2 When will I get it?
- 3 What are the TOTAL costs of selling my property? Advertising PLUS commission.
- 4 If I don't sell, do I have to pay any money? If so, why?
- 5 If I sell for a lower price, can I pay a lower commission? If not, why not?
- 6 If I choose an agent and am not happy with the service, can I sack the agent?
- 7 Is there anything else I can do to help my property sell for a higher price?

For the answers to these questions – and anything else you need to know – please call us on 3395 5955

REAL ESTATE CAREER

\$110,000 secure salary and bonuses

- Our sales people enjoy the best in support, ethical training and teamwork. One team now sharing three eastern suburbs locations, all the enquiry and 2 days off per week.
- This is the way real estate should be - NO auctions, NO bait pricing, high salaries and bonuses and enough time off to enjoy a life outside of work.
- Having earned "Approved" accreditation from the Jenman Group we're extremely busy.
- We're looking for mature minded people with no real estate selling experience, who own their own home and have a

proven history of stability.

- Qualifying period starts at \$77,000 and bonuses and 11 day fortnight roster.
- If you believe you can sell and would like an income over \$150,000 (this is the lowest income in our sales team) within 12 months - we'd like to hear from you.

Perhaps you too can join us for many years.

Please email your resume including a letter of introduction to: mary@timaltass.com.au

Tim Altass Real Estate | Morningside, Bulimba & Carina | 07 3395 5955

"We would like to thank you for assisting us with the sale of our apartment. We had opportunities to use other Agents however after careful consideration; we decided that 'Tim Altass' selling strategies suited us. We liked their professionalism and style of marketing as it was honest and suited our needs.

Although it was a challenging time to sell, we still managed to get an offer in the first week and an offer that met our expectations by the second week, resulting in the sale that we were very happy with.

Once again, thank you for your honesty and professionalism and ultimately a positive result."

J Watson



Are you looking to lease your investment property?



The Property Management team at Tim Altass Real Estate currently have quality tenants waiting for the right property.

To find out if any of these prospective tenants suit your investment property contact ☎ **3908 9111**

www.timaltass.com.au

Maximum return with Minimum of stress

- Best Market Rent
- High Quality Tenants
- Experienced property management team
- Regular monitoring of your investment
- Stress free management



Contact Tim Altass Real Estate to discuss what we can offer you in the management of your property.

☎ **3908 9111**

Open 7 Days ☎ 24 hours | www.timaltass.com.au

Bulimba	189 Oxford Street	3395 5955
Carina / Carindale	799 Old Cleveland Road	3843 0060
Morningside	664 Wynnum Road	3395 5955
Property Management	664 Wynnum Rd Morningside	3899 1033

Disclaimer: This newsletter is not to be treated as advice! Neither Tim Altass, Tim Altass Real Estate accept any form of liability, be it contractual, tortious or otherwise, for the contents of this newsletter or for any consequences arising from its use or any reliance placed upon it. The information, opinions and advice contained in this newsletter are of a general nature only and may not relate to or be relevant to your particular circumstances. There are many issues involved with buying and selling real estate so it is important that you get specific advice prior to making any decisions on your next real estate transaction.

