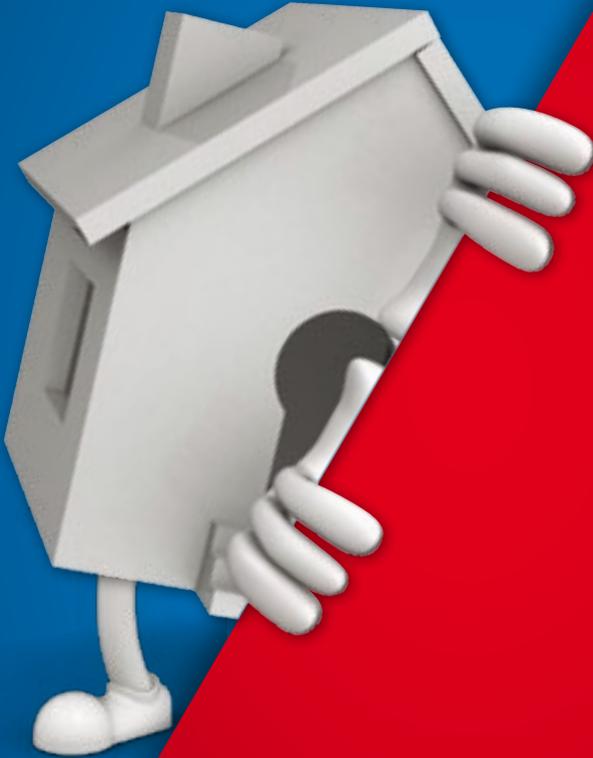


# The 7 Deadly Sins when selling your property



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Bertram Daniel



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Adrian LaPira of HUSH Creative Design, Melbourne.  
0402 828 700 - hushcd.com



# The 7 Deadly Sins when selling your property

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# Introduction

After 36 years in the Real Estate industry, helping and assisting thousands of families in the sale of their property, and achieving great results and creating raving fans and friends, I wanted to give prospective sellers the benefit of my experience so that they could approach the sale of their property confidently and hopefully achieve an awesome result.

Selling a property may seem like a daunting task, and yet given the right information and guidance it should be a pleasant and rewarding experience.

Over the years I have seen many mistakes made in selling property, and been a party to some of them, so what you are about to read will hopefully prevent and avoid any of the pitfalls that could befall you.

They say experience is the best teacher and that mistakes are a learning experience. If this is the case, I have had plenty of learning experiences and now have the pleasure of passing on to you the benefit of these experiences in relation to selling your property... all distilled into one book.

I have made every effort to keep the topics brief and to the point. I am a firm believer in quality rather than quantity. My goal is to give you a concise and 'to the point' book that will get to the heart of making it simple and straightforward.

In Australia, most vendors (sellers) employ the services of a Real Estate agent to sell their property. Traditionally the agent deals with both the vendor and the buyer. However in America, the vendor employs the services of a Real Estate agent to sell their home and this agent deals exclusively with the vendor and there are a number of Real Estate agents employed to deal with the buyers. There is a vendor's agent and a buyer's agent. So there is no conflict of interest whatsoever. What's more, the vendor's agent is paid 3% and the buyer's agent is paid 3%, making a total of 6% for the transaction.

More recently in Australia, there has been a shift towards utilising the services of an agent to deal exclusively with the vendor and these agents are called 'Vendor's Advocates'.

The Vendor's Advocate's responsibility is to look after the best interests of the vendor and employ the services of a Real Estate agent to deal with the buyers and sell the property. In Australia, the Vendor Advocate does not cost any extra. The usual fee is shared between the Vendor's Advocate and the selling agent.

Whichever way you choose to sell, I hope that this book will assist you in making the selling of your property both enjoyable and successful.

I would love to hear from you about your experiences and also would love to answer any of your questions and queries.

So feel free to e-mail me at: [bertram@itsabreeze.com.au](mailto:bertram@itsabreeze.com.au) and I shall respond as soon as possible.

It would be remiss of me not to take this opportunity to thank a number of people that have helped and assisted me in the preparation of this book.

etc etc etc

As a way of thanking you for having purchased this book, I have included a number of bonuses.

## THE BONUSES ARE:

A free copy of the eBook: "The Science of Getting Rich"  
- timeless wisdom by Wallace D Wattles

A free copy of the eBook: "As a Man Thinketh"  
- the timeless classic by James Allen

Born Rich: by Bob Proctor

These are available by emailing me at: [bertram@itsabreeze.com.au](mailto:bertram@itsabreeze.com.au)

HAPPY SELLING!



Pricing  
your property

# Pricing your property

## - Chapter 1 -

Probably the most critical factor in selling a property is getting the price right. And there has been much heartache and angst on this point. What's more, it is the goal of most vendors (and good agents) to achieve the best possible price. The question is how do they go about it and how do they achieve it?

There wouldn't be many vendors out there who did not have an inflated opinion about the price of their property. It is almost a tradition that a prospective vendor believes that their property is worth between 5% and 10% above its market value.

And what compounds the problem here, is that most agents will tell the vendor what they want to hear. And in some cases, even more than what the vendor wants to hear.

Pricing a property is not an exact science. A good and honest agent will not TELL you a price but rather SHOW you the price. By this I mean they will give you what is called a 'comparative market analysis.'

This is a list of properties currently for sale and a list of properties that have sold in the very recent past that compare very favourably with your own property. This should be compelling evidence for anyone, except that many

folks do not really want to know the truth. They would rather believe what they want to believe.

Most home owners have a fear of underselling their property and subsequently price the property well above what they would reasonably expect to get: usually around 10% or more above the market price.

Unfortunately, buyers do quite the opposite and look for homes advertised at 10 to 15% below what they will eventually pay.

So now we have a situation where, for example, you have a home with a market value of around \$500,000 priced at \$550,000 to \$575,000. Keeping in mind what I said about the buyers, this would mean that the buyer looking to spend \$550,000 or more today will eventually purchase for around \$600,000 or better. Consequently, we now have a \$100,000 gap beyond your expectation and the buyers' expectation and you are attracting the wrong buyer for your property. By that I mean a buyer is expecting a lot more for his/her money.

This results in the property not selling and it stays on the market for a long time. If a property stays on the market for an extended period of time, it then becomes very unattractive to buyers because they feel something is wrong with the property. If you do not sell the property within the first 30 days you will have used up the current pool of buyers in the market place, after which you then have to reduce the price to appeal to the next lower level of the buyer pool and this results in a much lower than expected price.

...So how do we get the pricing right?

In today's Real Estate environment a fixed price is very seldom an option. I would go so far as to say that the worst way to sell your home is to put a fixed price on it. No one, not even valuers, know exactly for what price a home will sell. Real estate is all market-driven just like the Stock Market. Using a fixed price is not only fraught with danger but it is made worse when you take into account fluctuating market conditions. The value of any property is dependent on supply, demand and the confidence of homebuyers at that time. As they say, 'beauty is in the eyes of the beholder'.

If this were not the case, how can it be that during a 'recession' the value of a property can fall and during the good times it can increase. It is all about the perception of value.

So, in today's real estate environment prices are generally quoted as a range or a 'price from'.... if the range or the 'quote from' price is too high, the buyers

that are attracted to the property will expect more than what is on offer and be disappointed with what they see. You must understand that it is all about comparison. The buyer compares your property to all other properties in the price range and if your property does not measure up it gets disregarded. Subsequently, the property doesn't sell and stays on the market for a long time. In the worst case, the property has many price reductions until it eventually sells for less than could have been achieved had the right price been asked initially.

On the other hand, if the price is too low, numerous buyers will become very interested in the property quickly as it becomes the best property that the buyer has seen in the price range. This will lead to a large number of interested buyers and many offers. The experience and skills of the agent is vital in how these buyers are handled. What it should signal is that the price needs to be increased and the expectations reviewed or the buyers are made to compete with each other, with the end result of higher than expected.

If the price range is increased, it should be set at a level that is in line with the market feedback and not beyond it.

If the property is going to auction, the success of the auction is very dependent on having a number of interested buyers competing on the day of the auction. So it is always preferable that the price range is set at the appropriate level, and it is better to be at the lower end of the market feedback in order to maintain and keep the interest of all the buyers until the day of the auction.

There is a saying in the real estate industry: "Quote them low and watch them go, quote them high and watch them die."

If it is a private sale, the idea is to set a range that will generate offers. It is far better for the end result if the agent is dealing with more than one offer as this will create competition between the buyers. Again the skill and experience of the agent is critical to the end result.

If the buyer is not handled carefully he/she could feel that the agent is using and manipulating him/her. It is vital that the rules of how the offer is to be handled are spelt out very clearly to the prospective buyers so that there is no misunderstanding.

When there are multiple offers there is a strong possibility that the buyers will pay a price that is in excess of the quoted range.

What you must remember, as I said before, is that buyers will look 10 to 15% below what they will eventually pay. When they see a house and 'fall in love' with it they will find the extra dollars even if they have to stretch themselves from the original 'comfort' price where they were looking in.

So as you can see, it is not possible to quote a price that is too low as it can always be increased. On the other hand, if it is too high and there is a danger of the property being on the market too long as the initial onrush buyers will disregard the property, then the only choice is to reduce the price to regain their interest. This is never a good option as it sends the wrong signal into the market and you are then virtually 'starting from scratch'.

### DEADLY SIN NUMBER 1: Setting the price too low or too high

#### CASE STUDY:

I was recently commissioned to sell a house as a Vendor's Advocate and, after due consideration, employed a very experienced and competent agent to do the selling of the home. I trusted his capabilities and his negotiation skills.

As the property had already been on the market in the recent past with an agent that took the home to auction, I decided to use a 'sale by a set date' strategy. This decided, the 'sixty- four thousand dollar' question was what do we set as the quoting range?

The best offer the vendor had during the auction campaign was \$840,000. As such, we set the quoting range as offers above \$850,000, as we hoped that we could achieve not only a better result than the previous agent but one that would absolutely knock the vendor's socks off!

The previous agent had been quoting \$750,000 plus, which did not make any sense to me because it violated consumer legislation as well as logic. Given the fact that the vendor had an expectation of around \$900,000 at the time, if we applied the rule that a buyer would generally pay around 10% more than they were looking to spend, this would result with a sale at around \$825,000 or better. As I mentioned, they did have a buyer at \$840,000 on auction day.

We were now quoting a price that was attracting the appropriate buyer and as such had good interest from a number of them. This resulted in us bringing the set date back one week early as we believed we had enough interest to create good competition and 'strike while the iron is hot'.

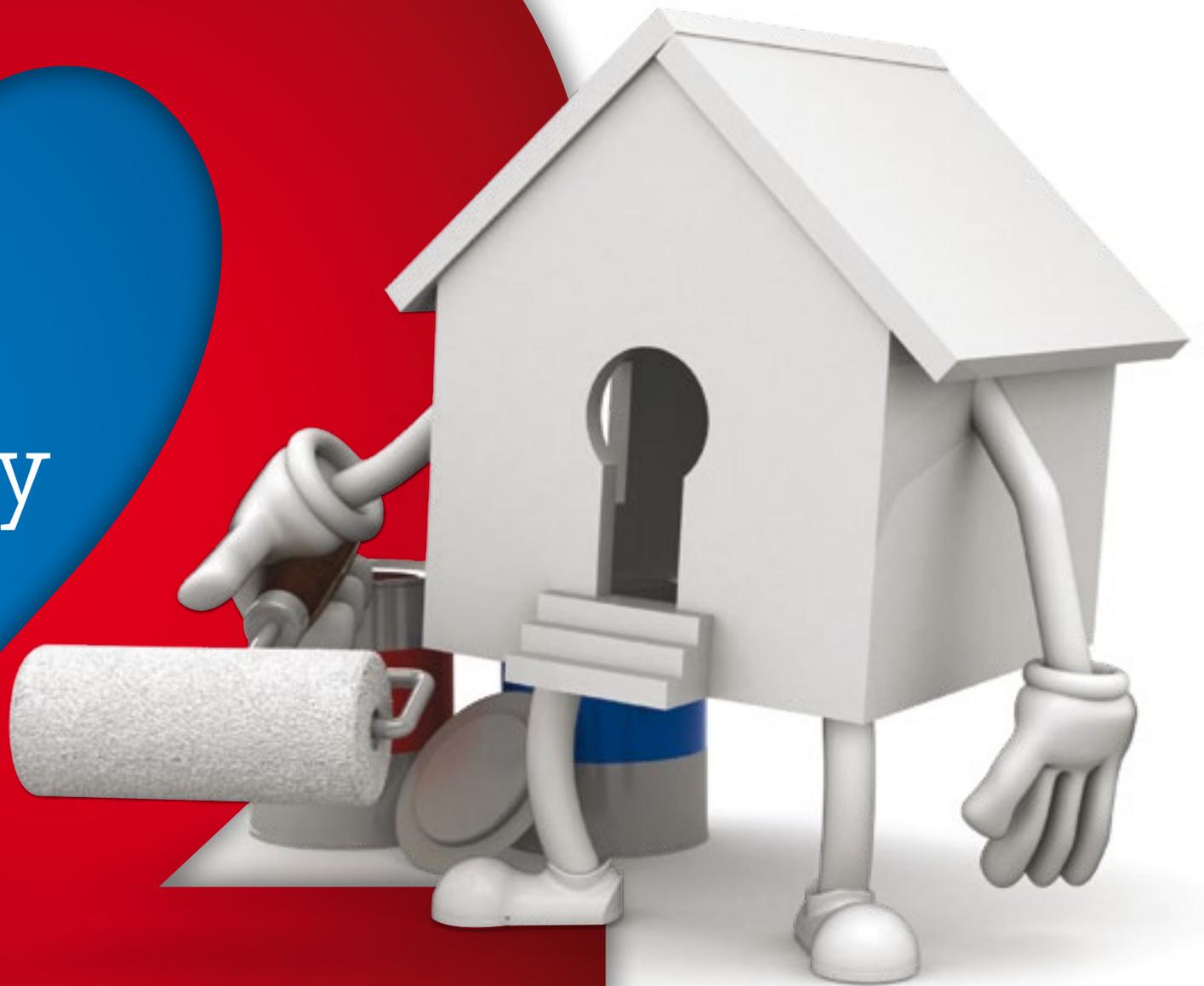
As a result, we had three offers. One at \$925k and two other offers at the same offer of \$865,000. We now had a situation where the vendor would accept the highest offer. So, as a good agent should, we then gave each buyer the opportunity to make their final offer. This was done by spelling out the rules of how it was to be handled quite clearly, and all three buyers knew that this was a case of a one and only last bid.

With careful handling and expert negotiation, we delivered a final result of \$965,000. Suffice to say, we had a very delighted vendor and at the same time a very happy purchaser, as well. As a matter of interest, the final buyer was not the one that had offered \$925k. It was one that had initially offered \$865,000!

The point that needs to be made is that the price we quoted was the right one, which attracted good interest to be able to create competition and deliver an awesome result!



Preparing  
the property  
for sale



# Preparing the property for sale

## - Chapter 2 -

If you are selling your car would you clean it, polish it, replace worn tyres, steam clean the engine, repair any torn upholstery, steam clean or put new mats on the floor and make the vehicle as attractive as possible? Of course you would, because you know that by doing this you would get considerably more money for the car and make it easier to sell. Why? Because you are working on improving the appeal of the car to the intending buyer.

It is no different with your home. You have to make every effort to make the property as attractive as possible or you can lose at least 10% off your price. It is fair to say that the majority of buyers do not have much imagination and cannot visualise the home at its best. You have to do it for them.

**The question is:** do I prepare it for sale or leave it as it is?

Unless the property is very rundown, the answer is a resounding 'yes'. Why, you might ask? Because a well presented property will heighten the emotions of a prospective purchaser, and the more the buyer feels they want the property the more they will pay for it. People do not buy what they need, they buy what they want. There is a difference from what a logical buyer will pay as opposed to an emotional buyer. Once a prospective purchaser is emotionally involved with the property logic flies out of the window! The heart does rule the head. The link

between price, emotion and ego is very strong. If not, why does someone pay a ridiculous sum of money for a painting or a handbag for that matter?

So I hope by now that I have given you good reasons to make sure that you do prepare the property for sale. The question is do you do it yourself and if so, what do you do and how far do you take it?

The answer to these questions depends on how the property presents in the first place and how much money and time you want to spend.

In short, you can never do too much. But in saying that, you need to be sure that you don't take it so far that the property looks and feels overdone. There is a fine balance here. It is important to remember to make it as homely as possible, whilst getting it up-to-date as well. The advice of a company that prepares homes for sale, or an Interior Decorator is a very good investment.

Most consultants would only charge around \$200 to come in and do a report and make the appropriate suggestions. The advantage here is that if additional furniture is required they can source it or provide it for you.

I have as one of the many bonuses included an interview with a leading interior decorator to assist you in getting this very important area right.

So, as I said, presentation of your property is a critical factor in achieving the highest possible price. The emotional appeal required to promote interest in the property is unlikely to be generated by a poorly presented property.

The following ten items should be addressed as you prepare to place your property on the market. Remember, the idea is to present the property as being well-maintained and remove doubt from the mind of the buyer that maintenance is required. These ideas will greatly improve the selling price of your home.

**1. CLEAR CLUTTER** – It's always a good time to clear internal clutter, but this it is a must when you are selling. Make sure windows are shining and bathroom and kitchen areas are spotless.

**2. LANDSCAPE** – Good landscaping will set your house apart from other homes and can add thousands of dollars to the eventual sale price. However, many homes are improved with well-cut lawns, fresh mulch (not red gum chips) on the garden beds and some coloured pots.

**3. CREATE AN OUTDOOR AREA** – a home with an outdoor entertaining area will rate higher on buyer's 'wish lists'. It is important to present your outdoor areas

as attractively as possible by clearing cobwebs, cleaning driveways/paths and taking away excess rubbish.

**4. PAINT** – Painting is one of the least expensive things you can do to increase the value of your home. A splash of colour can make an old house look fresh and sparkling. If your budget doesn't extend to a complete repaint, then focus on the front of the home first.

**5. WINDOW DÉCOR** – Windows at the front of the house should have suitable window treatments. Lighten up the house with blinds and remove heavy curtains and net curtains. A prospective buyer should be able to have a clear view of the garden. Timber blinds exude quality; however some sleek new blinds are also suitable.

**6. IN WORKING ORDER** – Replace old light fittings, taps and door handles and check that light switches and power points are in working order.

**7. SPRUCE UP THE FLOOR** – Replacing existing carpets is another way of increasing value. In some cases removing the carpets and polishing the floors can add greater value, or just re-polishing the floors if carpets aren't applicable.

**8. MODERNISE FURNITURE** – in some cases the furniture may not suit the style of the home. Throws can be a great way of changing the look of your lounge, and add personal touches like a standout ornament in the entrance, or a collection of photos on a table. Strategically placed cushions could also be a great help. In some cases, renting the appropriate furniture makes so much sense.

**9. UPDATE INSPECTION REPORTS** – make building and pest reports available to prospective buyers. This will promote trust, save them time and shows you are organised in selling your home.

**10. PRESENT WELL** – The old saying "make your house a home" applies when you are presenting your property to buyers. Sweet-smelling flowers, gentle music and oil burners are all ways to awaken the senses.

A detailed checklist can be downloaded from my website:

[www.itsabreeze.com.au](http://www.itsabreeze.com.au)

The skill here is to make the property as appealing to the prospective buyer as possible. It is important to say that when a buyer looks at a property there are other senses at work apart from the visual senses. It is not all about the visual. There are other senses that come into play – auditory and olfactory.

I have always recommended appropriate background music at a low volume. What I mean is that you choose the music that would appeal to the age range of the expected buyer. My recommendation is instrumental music. Again music works on the emotions of the buyer and can assist in creating the right mood. If you have any doubt about this, listen to a movie soundtrack and observe how the music is used to enhance the emotions.

When it comes to the olfactory senses, consider subtlety. Gone are the days of coffee brewing or bread baking – this is way too obvious. My recommendation is one or more oil burners that are strategically placed throughout the property and will again influence the emotions of the buyer and create a good impression. Either that, or use plug-in type room deodorisers that have a subtle aroma. The best essential oils are lavender or similar blend – warm and inviting is good.

### **DEADLY SIN NUMBER 2:**

Not enough, or too much preparation of the property for sale

#### **CASE STUDY:**

There are many cases that I can talk about with regards to presenting a home. And one that comes to mind is a property that had been for sale with two separate Real Estate agencies over a long period of time.

The property was fairly modern four-bedroom family home that was owned by an older couple and the home was decorated accordingly, from the 'macramé owl' in the front entry to bland older style furniture throughout the home. The home was very clean and tidy but was unappealing in its presentation. It lacked pizzazz and had a very bland ambience.

The target market for this property was a young 'growing' family and the house had to appeal to the right buyer.

The vendors did not want to spend money employing an Interior Decorator or hiring new furniture, so I set about making changes that I felt would enhance the appearance and the ambience.

Out went the macramé owl from the entry hall, and I lent them a hall stand from my own home onto which I placed some interesting hats and a red feather boa. I added a couple of interesting prints to the entrance hall and a few more scattered throughout the living areas.

I removed their beige and brown cushions from their lounge suite and added a few brightly coloured cushions in their place. I also used some attractive cushions in the bedrooms. I also had them make up all the beds with appealing doona covers and pillow slips.

I did some rearranging of their furniture and removed some excess furniture along with some boring-looking rugs and placed them into storage.

We 'dressed up' the kitchen by removing the clutter and introducing a white fruit bowl full of lemons and Granny Smith apples. The contrast of the yellow and green and white was very appealing. We also placed an expensive cookbook open at an interesting and colourful page, on a book stand on the bench top.

As the three most important areas are the kitchen, bathroom and garden, we had to do some work to 'pretty up' the bathroom. Again, we de-cluttered the bathroom, introduced some quality coloured towels and a small bowl filled with small lightly coloured soaps. We also added a small bowl of flowers.

In addition, we made a feature on the dining table of a beautiful arrangement of flowers. With a few more creative and thoughtful changes, along with some oil burners and a quick tidy up in the garden, we made the house a 'home'.

It was no surprise that the house was sold in a week at a very good price, resulting in a very happy vendor.



# Choosing an agent



# Choosing an agent

## - Chapter 3 -

**Question 1.** How many agents do you get to appraise the property?

**Question 2.** How do you choose which one?

When the question of how many agents comes up, I say one good agent is all you need, but most people want at least two or three opinions.

There have been many instances of prospective vendors asking six or seven agents to call in for an appraisal. I cannot see the point in that! My best advice is a maximum of three.

That said, "How do you find a good agent to sell your home?"

What many people do not realise is that there is a major difference between an Estate Agent and an Agents Representative.

An agent is a qualified Estate Agent who has completed the required number of modules in the Certificate of Business Studies with regards to real estate at a TAFE College or attended an accelerated Estate Agents course at the Real Estate Institute of Victoria (REIV).

An Agents Representative on the other hand works under the Estate Agents license and has completed a short course of study at TAFE or at the REIV.

So, all 'so called' agents are not qualified Estate Agents. However, one of the things to look for is their experience in the Real Estate industry.

A Vendors Advocate will generally know which agents are worth considering.

#### **Suggestion # 1:**

Visit as many agents' 'open for inspections' and check them out. The quality of individual agents varies considerably and this is where utilising the services of a Vendors Advocate can save plenty of time and trouble. A well experienced Vendors Advocate would already know which agencies perform the best, as well as which individual agents are the best negotiators and/or auctioneers. The largest agent is not necessarily the best.

When you visit the 'open for inspection,' you give your name and phone number as a prospective buyer. A smart agent will ask whether you have a property to sell. I would in these circumstances tell them that you would probably be keeping your property as an investment. The agent might persist and ask you if you wanted an update on the market price of the property. If you agree, this will give you the opportunity to further evaluate the agent.

It is important to note whether the agent meeting and greeting the people is a sales assistant or the representative handling the property. It is very important to note whether you receive a follow up call and who makes the call. An agent that does not follow up the attendees from the 'open for inspection,' should not be considered worthy of selling your property, as they have missed three very important factors:

1. Any interest and the degree of interest of the buyer
2. The buyer's opinion of value
3. If interested, the time frame required by the buyer to purchase.

If and when you receive the follow up call be aware of the questions the representative is asking and their general demeanour and attitude on the phone.

#### **Suggestion # 2:**

Check out their websites and look for how easy it is to navigate the site, in relation to finding a property, look for useful tips and advice, useful links and the general look of the site.

The reality is that most buyers will not use an agent's website to find a property. They will use one or more of the Real Estate portals being: [www.realestate.com.au](http://www.realestate.com.au), [www.realestateview.com.au](http://www.realestateview.com.au) or [www.domain.com.au](http://www.domain.com.au).

Using one or many of these sites, you should check what homes are being advertised in your suburb, at what prices and even check what was been sold in and around your area.

#### **Suggestion # 3:**

Check the agents advertising in the local papers, in relation to the use of emotive language, the skilful wording of the advertisements and most importantly the quality of the photography.

So now you have narrowed down the field to around two or three agents and you need to meet with them to really check them out. So you call the office or the individual and ask them for a market appraisal of your property. Many agents are bad timekeepers, so note which ones are on time or at least call to let you know if they are running late.

This is what you look for in trying to find your 'dream' agent:

#### **THE GOOD AGENT SHOWS YOU THE PRICE**

An agent should be one who can SHOW you why they're saying they can sell your home for a certain price. The way they would need to do this is by showing you what comparable properties have been sold within the past 3 - 6 months (You want to see addresses, photos and sale prices). Even better, if they have personally, or at least their company, been responsible for some of these sales (smaller agents will often use the larger agents results).

A good agent uses either Property Data on Line (PDOL), or R P Data, to keep a record of prices in their trading area.

#### **THE NIGHTMARE AGENT TELLS YOU THE PRICE**

You don't want an agent who:

- Finds out and then tells you the price you want to hear;
- Finds out what the other agent quoted and then quotes a selling price higher to get the business;
- Plucks a price out of their head;
- Bases their price on properties that are not comparable to yours.

#### **THE GOOD AGENT'S MARKETING IS FIRST RATE**

You need to look at their website as well as their presence on Real Estate portals ([www.realestateview.com.au](http://www.realestateview.com.au) or [www.realestate.com.au](http://www.realestate.com.au)). Also check out their brochures, sign boards, and newspaper advertisements.

### THE NIGHTMARE AGENT'S MARKETING ISN'T FLEXIBLE

You want options, and you want to know why they recommend that particular marketing option for your property, not a 'one size fits all' approach.

You want a personalised approach.

### THE GOOD AGENT TALKS WITH YOU

Their presentation is question-based and they take the time to find out about you and what you are looking for. They find out what areas you are most concerned about before their presentation, and ask questions and listen well.

### THE NIGHTMARE AGENT TALKS AT YOU

Their presentation is all about telling you how good they are, and they speak more than 80% of the time.

### THE GOOD AGENT IS A NATURAL NEGOTIATOR

You can test this out by asking them to reduce their commission. If they don't negotiate well for their fee, what are they going to do when it comes to negotiating the price of your property? You can also test their negotiation skills if you have bought from them before – did they get 'top dollar' out of you at that time?

### THE GOOD AGENT CARES

You can test this out by showing up 10 minutes before one of their scheduled open homes and watch them arrive, set up and conduct the 'open for inspection'. You can test it by taking note of any promises they make (they'll call me Monday/ they'll find that information out by Wednesday) and see if they live up to it.

### THE NIGHTMARE AGENT TALKS AT YOU

The nightmare agent 'screams in' at the last minute for an 'open home', doesn't tell you their name and doesn't follow up.

### THE GOOD AGENT HAS FANS

...And they're more than happy to let you know about their fans by showing you testimonials (lots of glowing ones) and by allowing you to contact people they've sold houses for in the past month.

### THE INTERVIEW:

So what can you expect when you call an agent and they arrive to conduct a market appraisal on your property?

The following is an example of a typical market appraisal from an agent or agent's representative:

He or she comes into the property and either sits with you initially or they do a tour around the property prior to sitting with you.

During the meeting the agent will make every effort to create rapport with you. The points to be covered are price, method of sale, marketing and advertising, time on the market and fees.

From my experience, most vendors fall for the old trap of choosing the agent who tells them the highest price. Now, not only do you have a problem finding the right buyer, but you have chosen an agent who has deliberately overstated the price to obtain the business. Where does this place this agent in the honesty stakes? If they started the business with you on a dishonest footing, it does not augur well for a great relationship.

The other mistake that I see is a vendor choosing an agent because they like the person. I'm not saying that you shouldn't like the person, but you must choose the agent using other criteria as well. For example, what is their experience and track record? It is not the number of sales they make but how much they sold the property for and how it was done. In other words, what did their clients think...after the transaction. You can determine that by asking the agent or agent's representative to give you a name and phone number of the last three vendors with whom they dealt.

The hard reality is you should choose your Real Estate agent as the best person to do the job. This means, amongst other things, they must have high professional marketing ability and be a good negotiator. Often people don't like good negotiators. The person you finally choose should be the one from whom you would hate to buy. In other words, choose the one who can do the best job for you, not because you like them or they offer the cheapest deal.

Now let's talk about the fees. These are for the service and the marketing/advertising.

An agent who is prepared to lower their fees to obtain the business is clearly not a good negotiator. A good negotiator will not reduce their fees but clearly

establish the value they bring to the transaction and what they are worth. If someone is prepared to reduce their fees, what will they do when they are negotiating the price of your property?

Then there is the question of advertising and marketing costs. There are some vendors that don't want to spend any money on marketing and advertising. Can you name any product that you have purchased without being influenced by marketing and/or advertising? How do you draw attention to your property without advertising? How do you create demand for your property without advertising? Price is dictated by supply and demand. So it makes sense to create more demand by way of advertising. The definition of marketing is: "The management process responsible for identifying, anticipating and satisfying customer requirements profitably." Advertising is a part of marketing.

And what about the agent who is prepared to pay for the advertising? If an agent is footing the bill for the advertising, would it be in his interests to sell it for the best price or to sell it quickly? My experience is that they will want to sell it quickly so that it does not cost too much, and thereby reduce their profits. Don't forget the longer it takes to sell, the more it will cost them. Furthermore, what advertising will they do? It is usually a small substandard ad that looks pathetic compared to the vendor- paid ads, and does not have a campaign of advertising but an ad hoc placement. Also, other marketing tools, e.g. brochures, boards, etc. are not used and, if they are, they look cheap and terrible.

Then there is the agent that wants to spend 'thousands upon thousands' of dollars (of your hard earned money) on extra- large ads, glossy four-page brochures, a huge board, pages in the company magazine, etc., etc. The simple rule is 'less is more'. There is a happy balance in advertising, and in this day and age good photography is the key because it underpins all the advertising material.

Now let's talk about agents who advertise "no sale, no fee". The only free cheese is in the trap! "No sale, no fee" is exactly what you get. Honest agents don't have to claim "no sale, no fee" because both you and they know the professional fee isn't going to be paid until they get you the result that you want.

The simplest solution here in choosing an agent is to utilise the services of a Vendor's Advocate, who has a good understanding of the market place, the marketing and advertising, and the agents, and will choose the most appropriate one for you.

### DEADLY SIN NUMBER 3: Choosing the wrong agent for the wrong reasons

#### CASE STUDY:

I am aware of a case where the choice of agent was made by the wife of the vendor. In this particular case, the lady vendor wanted things to run her way and her decision was made on the basis that the agent was a very likeable person and was more malleable to her point of view. However, the salesperson that was employed did not have a great deal of experience in Real Estate, and more importantly in negotiation.

To cut a long story short, when the first offer was made the salesperson did not push the prospective purchaser hard and the negotiations came to an end. Given the inexperience of the salesperson, she advised the vendor that although it was the first offer made that it was the best offer and suggested that they should accept the offer, which they did.

If the salesperson had been an experienced and skilled negotiator and not just a likeable female who would listen to the vendor, she would never have just accepted the first offer and the outcome would have been a much better sale price.

A prospective purchaser needs to be pushed to a point where they are prepared to walk away, and then you know that the best offer has been achieved.





Method of  
sale/strategy

# Method of sale/strategy

## - Chapter 4 -

It has been my experience that most prospective vendors have a preconceived idea as to how their property should be sold. This idea is probably gained through discussions with friends and family and not a trusted Real Estate professional. As a result, the preferred method in the mind of the prospective seller may not be the best and the most appropriate strategy for that property and the current market conditions at that time.

Basically the two methods of sale are Private Sale or Public Auction:

### **AUCTION SALE**

A Public Auction is generally a 3 to 4 week marketing campaign where all interested parties gather at the conclusion of the campaign to bid at the Public Auction and purchase. Offers can also be made and accepted prior to the auction date, if the seller so desires.

Auctions create competition by fully publicising the property and allowing interested parties to openly compete against each other, which often results in a much higher price being obtained than the reserve price fixed by the vendors.

The marketing for an Auction is usually a concentrated campaign and if correctly done will create good interest. However, the skills of the agent in handling the interested buyers are paramount to the success of the auction campaign.

Auction sales are best utilised when the property being sold has broad appeal in the marketplace and will create strong buyer demand.

Auctions are not recommended for properties in a niche market with limited buyer demand.

### **PRIVATE SALE**

The Private Sale method has been changed and adapted by the Real Estate industry in a number of ways.

Traditionally, Private Sale was utilised by marketing a property with an asking price and sold to the first offer that met the vendor's expectations.

Now we have:

- Private Sale with a price range, called 'sale by negotiation', and
- Private Sale without an asking price, or a price range, and a set finishing date, which is called a number of different names e.g. 'sale by a set date', 'set sale', etc. In essence, this works like a tender.

A Private Sale offers plenty of flexibility, plus you have no limitations concerning time. It may take a week, or months, depending on your requirements. However, the same flexibility can at times create a lack of urgency for buyers.

Again, this is a very effective method of marketing for the appropriate property, under the right circumstances. The mistake sometimes made with private treaty is thinking that this allows you to save money on advertising and marketing. This can at times have the opposite effect of costing time and money. It is hard to sell 'a secret'. An inappropriately small marketing budget can result in a slower buyer response which may cause prospective buyers to ask what's wrong with the property.

The Private Sale method will suit most properties being sold, but again it is the skill and experience of the agent that makes all the difference.

Usually a property takes longer to sell with Private Sale than with an Auction sale.

### **EXPRESSIONS OF INTEREST (TENDER):**

Expressions of Interest (Tender) essentially asks buyers to put forward their highest offer, almost like a 'closed-door' auction. Tender arrangements

are reasonably common for development sites, however quite rare with residential sales. The result can be tremendous as many buyers offer a higher price in exchange for amended terms of sale, such as delayed settlement, or a smaller deposit.

Everyone has different needs and this method identifies exactly that. As it is not a common marketing method for residential property, it can concern potential purchasers. So again, this method is suitable for some properties but not others. It depends upon your most likely buyer profile and your specific needs. The idea is to make it easy for buyers to purchase your property.

Every sale method has its place.

#### **METHOD OF SALE - TWO STAGE APPROACH:**

The two-stage approach is when an introduction to current qualified buyers looking for a property happens, prior to any formal advertising or marketing.

The sales team will recommend your property to a considerable number of their potential buyers and then try to find the right buyer prior to any advertising. This is usually over a 1 to 2 week period. If your property is not purchased during this initial introduction phase, the property is then listed as a forthcoming auction with the complete marketing campaign.

This method creates the opportunity to sell the property without having to advertise, however if no buyer is found in the introduction phase the property could possibly be on the market for a few weeks longer than it would have been had you opted for a straightforward auction campaign.

The choice of method of sale is dependent on a number of factors:

1. The Real Estate market at the time – primarily in terms of demand and supply
2. The appeal of the property – primarily in relation to a broad appeal, as opposed to appealing to a niche market
3. The reason for sale – move quickly, deceased estate, financial troubles, downgrade, etc
4. The price range of the property.

So how do you go about deciding which method to use? I would recommend the services of a Vendor's Advocate.

A Vendor Advocate will look at the big picture, look at your needs and wants, and after considering many aspects, interview a number of agents and, in

consultation with you, choose the most appropriate agent to suit your needs. A Vendor Advocate would use his/her knowledge and experience to guide you through the process including choosing which method of sale, what advertising, and do all the hard work for you. All this for no extra cost!

Should you choose to talk to the agents direct, you would listen to their opinions and then choose a method that best suits your needs not theirs.

As a general rule, auction is a superior method of sale, because it gives you three separate phases to the sale: before auction, at auction and after auction. Also, you could never replicate the pressure that the buyers are put under in a frenzied auction bidding situation where they have to make a decision in an emotionally- charged situation (where the fear of loss is so compelling), and, on so many occasions this assists the vendors to obtain a price that is way beyond their expectations.

#### **DEADLY SIN NUMBER 4: Choosing the incorrect method of sale**



# Marketing and Advertising



# Marketing and advertising

## - Chapter 5 -

Someone once said that selling a property without advertising is like smiling at someone in the dark – they are not going to know about it. In other words, you cannot sell a secret.

Of course there are times that you can be lucky and the right buyer is there at the right time and the right price. But these occasions are very rare.

More often than not a vendor needs to invest in marketing and advertising their property.

Be warned ... agents who don't charge advertising don't promote, and will only sell your home when it becomes so cheap it sells itself!

So what is the difference between marketing and advertising? Advertising is a part of the marketing campaign. How the house is presented, what the ad copy says, how the photographs look, etc., is all part of the marketing.

A prospective vendor can play a part in the marketing by presenting the property looking its best.

How and where the property is advertised is critical in drawing the right buyer (let's call them the 'heart buyer') to the property.

Here again, a Vendor's Advocate will look at what the agent proposes and optimises the dollars that are spent on marketing and advertising, thereby saving you money.

There are agents who like to use a vendor's money to get their own name 'up in lights'. It is important to ensure that the dollars are spent in the best way possible and only where there is value for money by way of maximising the enquiry and minimising the cost.

I say again, an experienced Vendor Advocate can do this for you.

If you are dealing directly with an agent, ensure that you look carefully at the dollars spent. As an example, most of the enquiries in today's market will come from the Internet. So the ad copy and the photos must be A1!

For instance, advertising in an agent's magazine is not the best use of your advertising dollar. It is primarily a marketing tool for the agent.

An agent will tell you that you should spend around 1% of the value of the property on marketing and advertising. I think this is excessive. As long as you have a good-looking 'For Sale' sign, good Internet coverage, and presence in the local paper, you are on the right track.

I think at this point it is worth mentioning 'Open for Inspections'. The evidence that an 'Open for Inspection' is the best way to sell a home is irrefutable and there are four major reasons:

### 1. IT IS PREFERRED BY BUYERS

A buyer can view more homes in one afternoon of 'Open for Inspections' than a whole week of trying to make appointments through Real Estate agents. The trouble buyers have to go through to try and make a time to see homes that suit the vendors, the agent and the buyer is just too hard. They will therefore ignore your home if it is not open for inspection.

### 2. THE HOME CAN BE PREPARED TO PRISTINE PRESENTATION

It is impossible to prepare your home perfectly every time an agent rings to make a private appointment. However, it is possible to prepare the home perfectly with the planned 'Open for Inspection', so the home gets presented at its very best and therefore you get the best price.

### 3. IT IS BEST FOR YOU

What would you rather do? Spend hours each time the phone rings to prepare for each buyer appointment or do it once or twice a week and get 20 or 30 inspections for one or two preparations? With an 'Open for Inspection' you only need to leave your home once or twice instead of all the time for every buyer.

The buyers will make their best offer when they can see there is competition.

Some agents will mislead you into believing that 'Open for Inspection' is not a good way to sell your home. With private inspections, buyers can't see the interest other buyers have in your property. However, at an 'Open for Inspection', buyers see that there are other buyers interested and therefore they are more inclined to give you a higher offer.

In conclusion, to get a better price for your home, you need to promote it and sell it within the first six weeks.

### DEADLY SIN NUMBER 5:

Spending too much or not enough money for advertising and marketing





The fee  
for service

# The fee for service

## - Chapter 6 -

The fee that you pay the agent is a success fee. They only get paid if they successfully sell the property at a price that meets your terms and conditions. No sale, no fee!

So what is a fair and reasonable fee to pay an agent? Many prospective vendors will want to negotiate the lowest possible fee in the marketplace and, on some occasions, will choose the agent that quotes the lowest fee.

The question anyone should ask themselves is this - if the agent cannot successfully negotiate a fair and reasonable fee for themselves, how are they going to negotiate a good price for the property? When all is said and done it all boils down to the price. So it is critical to the final outcome to have a good negotiator working for you. This can mean an extra \$5000 or \$10,000 or more on the final result. So you might save \$1000 on your fee and end up losing thousands on the price of your home. This does not make sense at all!

Here is an opinion on price by John Ruskin:

"It is unwise to pay too much, but it is worse to pay too little. When you pay too much you lose a little money ... That is all. When you pay too little, you sometimes lose everything, because the thing you bought was incapable of doing the thing that it was bought to do."

"The common law of business balance prohibits paying a little and getting a lot.... it can't be done. If you deal with the lowest bidder it is well to add something for the risk you run. And if you do that, you will have enough to pay for the something better."

So what is a fair and reasonable fee? This, of course, depends on what the market is offering and this can vary from one area to the next. My advice is pay an average of what is on offer and do it for this reason – if you want a good agent you need to pay a fair fee. You've heard the old saying: "You pay peanuts you get monkeys".

If you need to have a heart operation, would you choose a surgeon that charges less and has a 75% success rate, or choose a surgeon that charges more but had a 100% success record? What I am saying is: you pay for what you get.

If you have found an agent who meets all of the criteria, you are on a winner. The next objective should be to set up the deal so that you can work together and both are in a win-win situation. This is not achieved by starting a relationship where you squeeze a few hundred dollars out of the agent's fees.

#### **DEADLY SIN NUMBER 6:**

##### **Skimping on the fees and ending up with a poor agent**

#### **CASE STUDY:**

I refer to the first case study in Sin # 1 where I mentioned that I was commissioned to sell and market a home that had been on the market previously with another agent.

After advising on preparation, selecting the agent and the method of sale, advising on the optimum marketing and advertising, it was now time to set the fee for service.

The agent that had taken the property to auction had agreed to a fee of 2% inclusive of GST, so naturally enough the vendor wanted us to work for the same fee. Bear in mind that the vendor had been very unhappy with the service of this agent and the best offer that they had received was \$840,000.

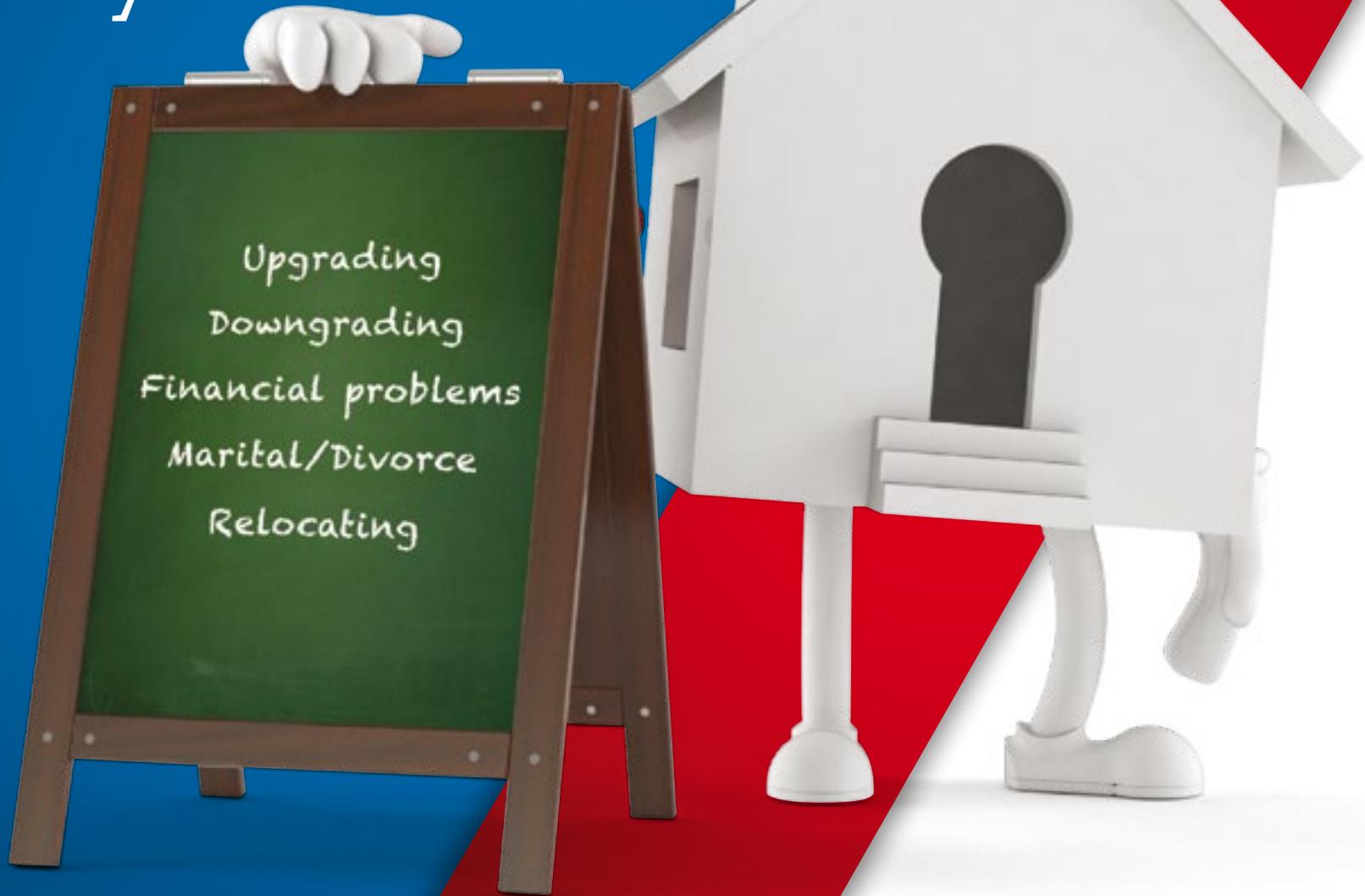
After establishing the value of using an agent that would provide experienced, personal service and bring his negotiation skills into play, we agreed on a fee of 2.5% inclusive of GST. This was half a percent more than the previous agent. Based on the vendor's expectations of around \$900,000, this represented an extra \$4,500.

Now consider that we sold the property for \$965,000, which well exceeded the vendor's expectations. We exceeded the other agent's best offer by \$125,000, we provided him with constant communication, gave him personal service and a result in less than three weeks. Tell me whether that was worth an extra \$4500? I should think so!

... You pay for what you get!



# Why sell your property?



# Why sell your property?

## - Chapter 6 -

"Property is only for buying not for selling"

This is a saying that I heard many years ago and have come to understand the sense of it.

Over the years, many, many people have said to me, "If only I had not sold my property and kept it and bought something else, I would be a rich man today." This makes so much sense. And yet, at the time, it seemed to be an impossible task to keep the property you currently own and buy another one.

When you look at this strategy in terms of 'wealth creation' you must ask yourself, "Why did I sell my property and buy another one?" Often it is a case of upgrading from a smaller home to a larger home. The question I ask is this, "Did you really need to upgrade to such a large home?" It is fair to say that had you considered keeping your current home. Your new purchase may have been more modest, and today you would be the owner of two properties instead of just the one!

It might seem strange to you that an Estate Agent would be suggesting that you do not sell property and that you only buy. The only reason I mention this is to make the point that, in the interests of 'wealth creation', holding onto property makes a lot more sense.

I am not saying that you never sell property. What I'm really saying is that before you sell your property, consider your options very carefully.

Primarily there are only five reasons why people sell property:

1. Upgrading
2. Downgrading
3. Financial problems
4. Marital/Divorce
5. Moving interstate, intrastate or overseas.

### UPGRADING:

It is my view that when upgrading, most people do not consider the alternative of keeping their current property. Most often than not they just go ahead and sell the current property to upgrade to the new one.

If they did consider keeping their property they would perhaps scale down on the new one and then rent the current one. They may even reconsider upgrading.

### DOWNGRADING:

Most people who downgrade do so because they have outgrown their current home. Not many consider the alternative of keeping the current home, borrowing against it and purchasing the smaller home.

In this scenario, they now have two properties with a rental income that supports the purchase of the newer home.

### FINANCIAL PROBLEMS:

In the case of someone with financial problems, they seldom have the opportunity to retain their current home. In most of these cases they need as much money upon which they can possibly lay their hands.

### MARITAL/DIVORCE:

In these cases there are usually two options:

- a) One partner retains the property
- b) The property has to be sold

In the case where one partner retains the property, there is an arrangement whereby the family assets are divided, leaving the marital home to one of the parties.

In other cases, neither one of the parties can afford to retain the property and pay the mortgage, and the property is sold.

#### RELOCATING:

Relocation usually occurs because of a work situation, where someone is usually promoted in their job role and asked to relocate interstate, intrastate or overseas.

In these cases, it makes sense not to sell your home but rather rent the property and create an income. You could never be sure what the future holds and you may wish to return to your home at some later stage.

Many people have a fear that the property will be damaged and not looked after by the tenants, but a good Managing Agent who chooses tenants very carefully, should prevent any problems in this area. Furthermore, there are some very innovative landlord insurance packages, which will look after you if things go wrong.

#### DEADLY SIN NUMBER 7:

*Not thinking carefully and considering all options before selling your property*

Anyway, if you do make the decision to sell your property, when is the right time to sell? The simple answer to this question is, when it suits you; the market that you sell on, is the market that you buy on!



#### IN CONCLUSION:

If you pay attention to the 'Seven Deadly Sins' this should result in a smooth and easy transaction with a very good result.

And you can call me biased, but it is my experience that utilising the services of a Vendor's Advocate will save you time, money and heartache and give you a splendid result for no extra cost.

#### HAPPY SELLING!



Please feel free to e-mail me at:  
[bertram@itsabreeze.com.au](mailto:bertram@itsabreeze.com.au)  
with any questions and any comments.



**BERTRAM DANIEL**

PROFESSIONAL  
LICENSED REAL ESTATE AGENT & AUCTIONEER

ADVOCACY • CONSULTING

ph 1 8478 211 299  
p 1 63 9848 8224  
a 1 PO Box 315 Dandenong VIC 3108  
e 1 bertram@bertramdaniel.com  
w 1 it'sabreeze.com.au



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