

Why You Must Check What Price Your Agent Is Quoting On Your Property

Regardless of what agents may claim to the contrary, the advertised starting price or the lower of any price guide range set into the back end of property sales websites largely establishes what you will get for your property.

Any buyer with money today is not stupid and if they see a price guide of \$3million+ for a property, they know this to mean the agent believes the property to be worth around \$3million, and not much more. If a price range is used, say \$3million to \$3.3million, the buyer concludes that the agent thinks the property is worth around \$3million but has put the higher amount in to placate the seller.

Again regardless of any lies an owner may be told to the contrary, it is incredibly rare (if not impossible today) to get any buyer to go more than 10% beyond either the start price guidance figure or the bottom figure of an agents quote range (\$3million in either of the examples above) because even before they contact the agent they are looking for and often finding reasons why it is worth less than the agent's quote range (which explains why it is often difficult to even get to the start price of the quote range).

Where an owner wants \$4million but given the agent's clever (but immoral) persuasive arguments as to how underquoting the property at \$3million+ (ignoring for a minute the practise is bait advertising in its purest form and patently illegal) will generate such a level of interest that \$4million or even more becomes more possible, what happens in truth is the buyers lock in on the agents price guidance of \$3million (they ignore the plus) or where there is a range, somewhere within that range (but rarely any more and certainly not through the agent who has broadcast in their price guidance what they think the property is worth, whether the owner agrees or not is irrelevant).

The double deception moves to the next phase where the agent starts accumulating and presenting all of the offers that 'frustratingly' only seem to come in at around \$3million, as of course they do because that is what the agent has directed. As soon as the agent believes he has enough offers at the low figure, he goes cap in hand to the owner to convey that the market disagrees with him on the property's worth.

Many agents take this unconscionable route either because that is how they have been trained or they otherwise believe it necessary (which it is not). The fact that so many are doing it in Queensland is because no one has yet been successfully prosecuted for it (although numerous agents elsewhere have), this also because so many owners do not bother to check what agents are advising the public (directly when they enquire or through internet price ranges) they think a property is really worth.

How hard is it to check what an agent is quoting for your property (i.e. telling the public what they think your property is really worth)?

While you can get a friend or relative to enquire by phone to see what the agent says, that may not work as most agents are wise to that.

THE EASIEST, MOST RELIABLE WAY IS SIMPLY TO CHECK THE INTERNET. Go to www.realestate.com.au and in the buy section put in the suburb of your property, select houses, and enter the price or price range you told your agent you wanted (or they told you they would get or try to get for you). If your property appears there, that's great (though you might like to check the bottom figure they are quoting which you can by dropping your search price in 10% increments to see when your property stops coming up as an option).

If however your property does not appear, drop you search criteria 10% at a time until it does (and then continue doing that until it disappears again). From that you will determine what the agent is telling the market what they think your property is worth which in turn is what it is (at least whilesoever they still have the listing).

An owner who recently gave his listing to an agent who told him his property was worth more than \$6million will probably never get to know if that was ever possible because the same agent immediately broadcast to the market that the property was only worth in the low to mid \$4millions by putting it in a tight \$4 - \$4.5million price range. Gone is any chance that this agent might be able to get a better offer from anyone who might have seen value in the property at \$5 - \$7million. The agent has declared the value and no buyer on this earth smart enough to have that sort of money is going to be convinced to pay more. People simply don't do that.

Should you catch your agent out doing this, don't tell them, tell the Office of Fair Trading (NOT THE REIQ). If you tell the agent, they will simply act shocked and indignantly say there must have been some mistake and agree to change the pricing parameters to what they should have been (even though they put them in where they are intentionally and because the property was already live at their price, changing it now is too late whilesoever they remain the agent as buyers will remember what they initially quoted and be confident that the agent still believes it only to be worth what they initially put up)..

Any chance the owner may have had of achieving full value for their property through the agent who has been underquoting it is of course snuffed out by the insidious practise. Sadly it is not just his property value that is decimated, but so too others in the area.

This is why the practise must be stopped. It is as devastating for the industry as it is for the market.