

Price-fixing pandemonium: What's the solution?

by Adam Smith

In December last year, 13 well known real estate agencies were faced with charges from the Commerce Commission for [alleged price-fixing and anti-competitive behaviour](#). So what does all that mean?

Well, it comes down to the way these agencies advertised properties on Trade Me. When Trade Me changed their fee structure from a monthly 'bulk listing' fee to a 'per listing' fee, the Commerce Commission alleges that the accused agencies colluded in an attempt to force Trade Me to offer a better fee structure – at the expense of their clients.



The allegation is that a planned response from the companies involved saw agents either pass on the increased listing fees to their clients (without passing on the discounted rates agents receive), or neglect to advertise properties on Trade Me at all. These measures meant vendors were paying over the odds for advertising, or [their properties were not being viewed as widely as they should](#).

The Commerce Commission viewed this planned response from some in the industry as a breach of the Commerce Act. While the matter is not yet resolved, our feeling is that this case is yet another example of the poor service standards of many real estate agencies.

The solution? Well if the advertising costs were all absorbed by the real estate agency, there would have been no issue at all. It's firmly what we believe at Iron Bridge – [all marketing costs should be paid for by the agency](#).

Real estate commissions are large enough, so if the agents claim to be confident about having 'buyers' for a home, why should the seller have to pay to find them? Some describe the practice of vendor paid advertising as making sure your vendor 'has some skin in the game', but there's no assurance that the house will sell, and vendors can often be thousands of dollars out of pocket without a house sale. Where is the 'skin in the game' from the agent?

At Iron Bridge we believe that sellers should be protected from this sort of behaviour. Our policy is very simple – we pay for ALL the marketing we believe is necessary to find you the right buyer, including all advertising on Trade Me.

We pride ourselves on our ethics and integrity, hence our 'no risk' selling method. If we cannot find you a buyer at a price you're happy with, you don't have to pay us a cent – it's our No Sale = No Charge policy. We rate our ability to find you that buyer, and we will cover all the costs to do so. No Sale = No Charge – simple...!

If you want to talk about risk free selling with Iron Bridge, then [give us a call](#).