



Seller Beware: 5 Real Estate Agent Tactics You Need to Avoid

As cited by Peter O'Malley, author of *Inside Real Estate*

1. Over quoting

Since Adam and Eve decided to sell their house, real estate agents have been over-quoting the expected sale price to win listings. In a rising market, over-quoting does minimal damage to sellers as the buoyant conditions patch the gap between the agents quote and the true market price. In a falling market, the gap between the agents quote and the true market price can widen. Every percentage point the market declines is the vendor's lost equity. Even in a stagnant or falling market, there will be competitive bidding for accurately priced properties.

Solution – Select an agent based on their selling strategy not the price they quote. The right strategy will deliver the right price. Write a clause in the agency agreement that the agent accepts a reduced commission if they fail to achieve the price they quote.

2. Underquoting

If you are buying, you are almost certain to encounter underquoting. Agents have now adopted 'underquoting' as the tactic of choice to attract multiple bidders to the auction. Promoting quality real estate below its true market value will generally attract a crowd of hopeful bidders. When it comes to agent's price guides, believe nothing and check everything. This is not to say that every agent underquotes. However, the easiest way to protect yourself against underquoting is to do your own price research. If you assess the home as being worth more than the agents price guide, you are probably right. If you are unable to discern a fair market value prior to bidding at an auction, you may be best off not bidding until you learn more about the current market conditions.

Solution – Make your offer based on your own market research and financial capability. The agents price guide is irrelevant, particularly at an auction which is an event that unfolds in an undetermined manner.

3. Conditioning

Conditioning is a tactic where the agent praises a home to gain the listing and then systematically bombards the owner with negative feedback to get the price down once on the market. Owners are often shocked and disheartened to find their once positive smiley agent is suddenly negative about everything from the size of the bedrooms to the market conditions to the weather on Saturday. Don't fall for it. Fire an agent that conditions you with systematic negative feedback.

Solution – Only sign short exclusive agency agreements. If the agent is conditioning you with manufactured negatives, fire them.

4. Upfront expenses

Agents want a 'motivated vendor'. One of the most common and easiest ways for agents to get the vendor motivated is have the sellers spend huge amounts of money upfront.

Newspaper/print advertising, expensive internet advertising, renovations on the house, stylists, moving the tenants out (reducing the income not an expense), video tours, you name it. If it costs money, some agents will recommend it, provided the vendor is paying.

Solution – Tell the agent at the outset that you will only pay for the marketing on a settled unconditional sale. If the property does not sell for any reason, the agent wears the expenses. Suddenly, the agent may produce an economical campaign that gets the job done just as effectively with less financial risk to the client.

5. Signing a long agency agreement

Time heals all wounds. It also wears down all objections and objectors. Auction agents love adding a clause to their exclusive agency term along the lines of 'the agency shall be granted exclusive selling rights for 90 days after the auction date'. If the agent really 'has buyers' and feels that your home 'would do really well under the hammer'- why do they need an additional 60 days on top of the 30 day auction campaign? The agent's talk is tough and confident but is quickly diluted by the need for 90 days to sell one property!!

Solution – Read the agency agreement carefully. Many people only read the agency agreement when they are trying to work out how to dismiss the agent. This is the worst possible time to learn that you are committed to the wrong agent for 90 days. Give the selected agent a 60-days exclusive agency period. You then always have the option to extend their term by a shorter period (eg for another 14 or 30 days) after the exclusive period expires if they are doing a good job. Above all, maintain control of your home and who it is listed with.

Partnering with the right real estate agent to sell your home is a critical decision. At Iron Bridge, our experienced sales team follow a unique and successful 'Sell Smart' strategy ensuring you have a positive selling experience. Get in touch today to see how we can help you.