



Don't Do It

Why Excessive Advertising Costs Are A Trap

By Peter O'Malley, author of Inside Real Estate and adapted to the New Zealand market

The real estate industry's greatest fear is that home sellers will work out how easy it is to find a buyer for their property without using a real estate agent.

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 signboard on the property, and list it with a fair price guide. These 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.

1. The first is to find interested buyers. Different agents use different strategies to achieve this objective. They will focus on a combination of newspaper ads, underquoting, internet ads, just listed cards, signboards, databases, brochures, etc.
2. 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 real value a real estate agent 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 are the home seller's money, not the agents. 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?

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

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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 \$10,000 nonrefundable in the hope of finding a buyer in this day and age of the internet is absurd. Furthermore, when the agent does find you a buyer, they want to charge a full commission on top.

Cut through questions.

In most cases, there are two magnificent cut through questions that home sellers have not asked themselves before "investing" \$10,000 toward an advertising campaign.

1. Who pays for the advertising if the best offer is below the price the agent quoted and/or below the vendor's reserve price?
2. Can the same outcome be achieved using a cheaper and much more effective marketing medium?

Given the auction clearance rate has hovered around 40% in recent times, 6/10 home sellers have learned the above through regrettable experience.

If you are thinking about selling your property don't hesitate to contact Iron Bridge Real Estate, where we cover all your marketing expenses.

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Our expert team is here to assist you in achieving a successful property sale without the risks of overspending.



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