

Property Sellers **BEWARE** this advice:

"It's now a Buyer's Market - you can't expect to achieve last year's prices."

Such self-serving 'advice' is dispensed by commission-driven persons who want to continue making 'bucket-loads' of money when the property market starts to 'cool'. Newspaper articles published in October and November 2015 indicate a slowing of real estate activity across most Australian capital cities, with some agents issuing their predictable *"2016 is likely to be a Buyer's Market"*

Every vendor must avoid becoming a real estate **SUCKER / DUMMY / MUG / LOSER**. Do not allow your valuable property to be **UNDERSOLD / SHORTSOLD** through sale methods that advantage buyers and 'negotiators', but seriously disadvantage sellers.

The FALLACY of a 'Buyer's Market' : A property's fundamental value should not be affected adversely through an increase in the number of comparable properties available for sale. However, the reality of the *real estate industry's property market* is that self-interest on the part of estate agents and their salespersons dictate that they continue 'spinning' the **Buyer's Market** fallacy; they want to '*spook*' and *pressure* vendors into lowering asking prices so they can '*seal the deal quickly*' and earn huge commissions.

Consider a property with an asking price of \$875,000. If the listing agent is having difficulty attracting offers, especially from prospective buyers who have been conditioned to think: *"Buyer's Market, I don't need to offer anywhere near asking price, even though I like this property, it would suit my needs very well, but I'm going to play hard ball and try and secure it for much less than asking price. I'll offer \$825,000, even though I'd be prepared to pay \$850,000, even \$875,000 if I'm really pushed because what's an extra \$25,000 over a 10 or 15 year period?"*

If the listing agent's rate of commission is 2.5% of the sale price, commission on \$875,000, \$850,000, and \$825,000 would be \$21,875, \$21,250, and \$20,625 respectively. **VENDOR BEWARE:** You stand to miss out on **\$50,000 of extra investment capital** (the difference between \$875,000 and \$825,000) while the intermediary's / negotiator's commission **drops by \$1,200 only** (the difference between \$21,875 and \$20,625).

These price disparities compound as a property's price range increases to over \$1m, \$2m, \$3m, \$5m and higher. Vendors who succumb to their listing agent's pressure may lower their asking price by **\$250,000, or \$500,000, or \$1m (not unheard of)**. The outcome: Vendors miss out on a *quarter of a million, or half a million, or one million dollars*, while their listing agents accept commissions that, while decreasing by relatively small amounts, still represent **'MEGA' fees**:

Reduction in asking price by **\$250,000** from \$1.75m to \$1.5m: Agent's commission falls from \$43,750 to **\$37,500**
Reduction in asking price by **\$300,000** from \$2.75m to \$2.45m: Agent's commission falls from \$68,750 to **\$61,250**
Reduction in asking price by **\$500,000** from \$3.75m to \$3.25m: Agent's commission falls from \$93,750 to **\$81,250**
Reduction in asking price by **\$1.0m** from \$5.75m to \$4.75m: Agent's commission falls from \$143,750 to **\$118,750**

The *take-home message* from the above: Vendors do not need to lower their price expectations, but need to adopt a property sale method that guarantees maximum sale price at all times - during periods of subdued market activity as well as during 'boom' periods. There is only one property sale method that can satisfy a vendor's principal objectives: **Buyer's Highest Offer**.

The e-Document that can be downloaded through this website explains and justifies why **BHO** is superior to every sale method favoured by the real estate industry. In the 5 (hypothetical) examples given above, if such properties were to be offered for sale by **BHO** in the manner described in the e-Document, they would most likely attract **Best / Highest Offers** of:

\$875,000 or \$880,000

\$1.7m, or \$1.75m or \$1.8m

\$2.7m, or \$2.75m, or \$2.8m

\$3.5m, or \$3.6m, or \$3.7m, or \$3.75m, or \$3.8m

\$5.5m, or \$5.6m, or \$5.7m, or \$5.75m, or \$5.8m

Added financial bonuses for vendors using **BHO** would be:

- **NO SALE COMMISSION:**

Vendors are NOT required to pay a commission of: **\$37,500, \$61,250, \$81,250, \$118,750**

- **NO 10% GST Impost:**

Vendors are NOT required to pay an ADDED AMOUNT of: **\$3,750, \$6,125, \$8,125, \$11,875**

- **NO INDIRECT PROPERTY WEALTH LEVY / TAX collected by the ATO**

of (approx.) **\$15,000, \$25,500, \$32,500, \$47,500**

- money that would otherwise flow from the vendor's commission payment to the listing agent's estate agency, then on to the ATO through taxing of an agent's / salesperson's commission income and collection of his / her agency's company tax.

Postscript - More price lowering by the real estate industry. The following 'advice' was contained in a newspaper article by a senior member of the Real Estate Institute of Australia regarding the sale of residential property during the 2015 Christmas - New Year period: *"You should rely on your agent to advise on the best marketing strategy, but make sure your property is priced correctly. Your asking price must not be overly optimistic as buyers will be turned away."*

Anyone who has studied the **FREE DOWNLOADS** on the **Propertileaks** Home Page, or read the entire **BHO e-Document**, will understand immediately what this REIA administrator is aiming to do, namely, **condition / brainwash property vendors into agreeing with everything an estate agent or salesperson tells them to do, including setting the asking price on the low side**, so the property can be sold quickly and enable the listing agents to claim their huge sale commission. The advice is contrary to vendors' best interests; it cannot result in a sale at maximum market price - not when the real estate industry sets the bar low for prospective buyers.

Buyers must be placed in a position of having to bid **upwards** or, at least bidding at the asking price, **NOT** given the opportunity of 'negotiating' and driving the sale price down as the real estate industry permits them to do. The only way a sale can take place **at or above the asking price** is for the vendor **NOT to engage a negotiator**, but to use the very simple **Buyer's Highest Offer** sale system that does not require a negotiator.

All property vendors have a right to be positive and optimistic on what sale price their property will achieve. The real estate industry **warns vendors not to be 'overly optimistic'**. **Vendors should respond by saying: We can achieve a much higher sale price - GROSS and NET - by using the Buyer's Highest Offer sale system which avoids your MEGA sale commissions and the 10% GST surcharge.**