

## *What property vendors DO NOT KNOW about the real estate market hurts them financially*

Vendors should not be sucked in by the standard line voiced frequently by estate agents and their salespersons: *"We don't lower our commissions / We don't offer cut-price commissions. If you pay peanuts, you get monkeys"*.

Unfortunately for vendors, the selling service they receive not only denies them maximum market price for their valuable property (for justification of this claim, refer to the other **FREE DOWNLOADS** and the e-Document), they pay exorbitant fees calculated as percentages of the property's sale price. Their valuable properties are **UNDERSOLD / SHORTSOLD**, and for this **FAILED SERVICE**, they are required to pay huge commissions which equate to **PROPERTY WEALTH LEVIES / TAXES**.

The insult to vendors is compounded further by imposition of a **10% GST surcharge** on the very high commission. The rate of GST may rise to 15% in the near future if all Australian State Governments can reach agreement on this issue.

Before signing a listing contract that includes in fine print reference to a sale commission of 2%, 2.5%, 3.0%, or 3.5% of the property's sale price, *vendors need to reflect on cold, hard real estate facts:*

- Real estate commissions do not have any parallel in any other sphere of service carried out on behalf of the general public. GP medical doctors, most of whom have devoted 7 years of education and clinical training, do not charge fees of \$10,000, \$15,000, \$20,000 or more for their services, nor do specialist doctors who have undertaken 12 years or more to attain Consultant status. So how can estate agents and their salespersons, many of whom have been licensed to sell property after attendance at a TAFE course of a *few weeks duration*, charge **\$10,000 - \$250,000 and more** for the simple service of overseeing the sale of property?
- Vendors must not accept without question the real estate industry's 'line': "Our commission is only a very small fraction of the sale price". **THIS IS NOT SO**. Commissions represent huge amounts of money which **must NOT be viewed by vendors as 'coming out of our sale proceeds'**. Commissions, plus the 10% GST surcharge, **are fees for service**. As such, they need to be considered as investment capital that has been earned by the vendor through *personal endeavour / hard work / toil & trouble*. So, for reality to 'hit home', vendors need to ask themselves:

How long and how hard, do I need to work to earn - **NET, AFTER PAYING MY TAXES** - \$10,000, \$15,000, \$20,000, \$30,000, \$50,000, \$100,000, \$250,000 or more **PLUS 10% GST** so I can pay the estate agency's sale commission? The answer to such a question is **ALARMING**, and should prompt all property vendors to ask: Is there a better and far less costly way? The answer is **YES, MOST DEFINITELY**, as explained in the other **FREE DOWNLOADS** and in the *electronic Document* that can be downloaded through the *Propertileaks* website.

- In addition to paying an estate agency huge sale commission plus 10% GST *for a failed selling service*, many vendors will have been talked into paying from **\$3,500 to \$8,500 for online listing of their property with the REA Group** (61% owned by Rupert Murdoch's News Corporation, with many estate agents also large shareholders of REA). Some commentators have concluded that such additional expenditure by vendors is *more wasted investment capital* - because there is no evidence that the vast majority of 'visitors' to the REA website actually end up buying property listed on the site; they are simply 'stickybeaks' making price comparisons with other properties they have identified from the same locality, perhaps through other websites or newspaper real estate classifieds. As one Reviewer of the e-Document detailed on the [www.safesmsfstrategy.com.au](http://www.safesmsfstrategy.com.au) website has commented: buyers of property, especially residential property, most likely come from those who drive past and see a **FOR SALE sign** on that property, **NOT** from first seeing the property on the REA Group's website.