

# Welcome to **YORK** territory REALTY

## Don't do it!

### Why print doesn't add up

The real estate industry's greatest fear is that home sellers will work out how easy it is to find a buyer for your property without using a real estate agent. Private sale companies and private sellers are emerging in larger numbers each year.

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 for sale sign on the property and list it with a fair asking price. These 3 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.

The **first** is to find interested buyers. Different agents use different strategies to achieve this objective. They will focus on newspaper ads, Internet ads, for sale signs, databases etc.

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 only real value a real estate 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 sellers money, not the agents though. 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 in some cases...

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 \$5000 in advance to find a buyer in this day and age of the internet is absurd. Then when the agent finds you a buyer they want to charge a full commission on top.

Why not just place an ad in the newspaper yourself and save on the commission?

Alternatively, by simply placing your property on the internet at a fair price, you will quickly find plenty of interested buyers. It will be then up to your negotiation ability to close out the sale at the best possible price.



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When a home seller commits to spending between \$5000 and \$10,000 on a print campaign, they do so in the absolute belief that their home is going to sell. There also tends to be a correlation between market conditions and the amount of advertising a home seller commits too. The stronger the market, the more sellers spend on advertising. And in the vast majority of cases that home sellers commit to an advertising campaign, buyers are found as a result of the print advertising. But, finding buyers and being offered a price that you want are not always one and the same.

## Cut through questions

**In most cases, there are two magnificent cut through questions that home sellers have not asked before "investing" \$5000 toward a print advertising campaign.**

Firstly, who pays for the advertising if the best offer is below what we want for our home? Secondly, can the same outcome be achieved using a cheaper medium than print advertising?

It is accepted within the industry that 80% of buyer enquiry now comes via the internet. Yet, 80% of advertising budgets are still being spent on print advertising.

It currently costs a real estate agent a little over \$1500 per month to list every property they have for sale and for rent, on domain.com.au . As an example, if an agent lists 20 rental properties and 20 properties for sale on domain.com.au that works out at under \$40 per listing per month.

A private seller can list their home for under \$500 on domain.com.au and access the same buyers the agent was going to access.

## Pain of a Home Seller

Charles Milburn told Real Estate News of the pain that a home seller experiences when they are forced to pay \$5000 on advertising that did not result in a sale. He said, "Most people, understandably expect to pay for the advertising from the proceeds of the sale. The seductive thing about committing to a print campaign is that no seller does so expecting that their home will not sell."

"So when it fails to sell, to cough up \$5000 for an advertising campaign is usually an unexpected cost, without any benefit."

Once upon a time, print may have been necessary to achieve sufficient exposure to buyers in the marketplace. Now print is a massive unnecessary cost. The seller's cost.

Going forward, real estate agents that lack a high level of negotiation ability will struggle to justify their existence. Some may even struggle now if their clients have read this article. - Peter O'Malley

