

A GUIDE TO SELLING YOUR PROPERTY

Highlands Property specialises in managing and selling rental properties in the Southern Highlands. This provides our vendors with the benefits of our special expertise in handling the sale of tenanted properties, plus, our unique access to hundreds of landlords and tenants that are potential buyers.

Regardless of the motivation for selling your property, your main objective is to achieve the best available price with the minimum of cost, delay and inconvenience.

Just occasionally selling a house is easy, the first person who walks through the door says it's just right and it's sold. But more typically, it takes many weeks of hard work by a skilful agent to get the sale.

That's where Highlands Property can really help.

Our help starts right here with this guide to help you through the processes of:

- selecting the right real estate agent
- deciding on the right selling method
- realistically appraising your property and setting the price correctly
- deciding on the right marketing program
- presenting your property for the market
- sensitive tenant management and liaison

Of course, if there is anything else you need to know, just ask. You'll find your Highlands Property agent will be happy to help. This is an important step for you and we want to help ensure that all goes smoothly.

This guide is not intended to cover the whole subject area of selling a property. In particular, it should not be relied upon as advice about the financial and legal implications thereof. You should obtain all the legal, financial and accounting advice you require from appropriately qualified and licensed advisors.

Selecting the Right Real Estate Agent

When you're interviewing agents, you're looking for the best agency to sell your property. Here are some important questions to ask when making that choice:

- What is the current state of the market?
- What comparable homes have you sold in this area lately?
- How long is it taking you to sell well priced listings at the moment?
- How much is my property worth? How have you arrived at that figure?
- What marketing strategy do you suggest? Why?
- Does the agency have many methods of attracting buyers: salespeople, office, internet, press, open houses and state of the art website?
- Does the agency have a genuine approachable contact database of potential buyers?
- Is the approach to the process of listing your home disciplined and professional?
- Does the business have a high degree of teamwork?
- Does the agency have a good sales track record and references?
- Does the agency understand how to deal with my tenant?
- Are the people properly trained, caring, professional and ethical?

However, it's not just down to the first salesperson you talk to at the agency. The ideal combination is a skilful and motivated salesperson backed by a customer service orientated company that has integrity and a solid team of energetic people. So check out the office. A good real estate office has a high degree of teamwork. This ensures that the myriad of background duties are attended to, allowing your sales agent to focus on the job of introducing your property to buyers.

Database contacts form a proportion of the marketing approach used by most agents. A typical agency database consists of contacts made from buyer enquiry during the course of selling their properties. Highlands Property also keeps a current buyer database, but has the distinct advantage of possessing a large Property Management Database. As the leading property manager in the Southern Highlands we now manage over 1000 rental properties. Our landlords consist of professional investors and owners who like to be informed about the market. Our tenants include those looking to purchase their first home in the near future and those new to the area, who wish to "try before they buy". As we are in regular contact with all these people we keep up to date records of their interest and purchase requirements. We therefore have a unique opportunity to promote our sale properties to these interested parties.

Methods of Sale

Types of Sales Agency Agreements

Once you decide on an agent, you will be asked to sign a Sales Agency Agreement. This document sets out the rights and responsibilities of the vendor and agent, and gives the agent the authority to sell the property. It will contain an estimate of selling fees, and any charges and expenses you can expect to pay the agent when your property is sold. Highlands Property will be happy to provide a draft agreement in advance and carefully explain it to you.

Before you sign any agreement with an agent, you should read it carefully and make sure you understand it and your obligations. There are several kinds of agreements, but the main two are:

- **Exclusive Agency Agreement:** An exclusive agency agreement covers a set period with one real estate agency. It allows the appointed agent to concentrate all their efforts into the sale. The agency period should be longer than the time it usually takes to sell a property like yours in the Southern Highlands. Four months is a sensible minimum. Commission is payable to the appointed agent regardless of how your property is sold.

More than 90% of sales in Australia are made under an exclusive sales agency agreement.

With an exclusive agency agreement there is no distraction or conflict created by the agent trying to compete with another agent (which, for example, can result in one agent pushing you for acceptance of a buyer's offer lower than might be achievable, just to get a sale and earn a commission rather than lose the sale to another competing agent and earn nothing).

- **Open Agency Agreement:** You can sign an open agency agreement with a number of agents at the same time. Only the agent who introduces the buyer is entitled to the commission. Quite often you may not get the same quality of service from agents on an open agency agreement simply because the agent does not get paid unless they close the sale, and you have significantly reduced the probability that the agent will be rewarded for efforts applied to selling your property. You can easily become everybody's listing and nobody's responsibility: and it may take longer to sell your property.

The perceived benefit of an open sales agency agreement is that your property will be exposed to more buyers. In this internet and communication age this is outdated thinking. Buyers shop around for properties, not agencies: they use the internet and other research methods to thoroughly understand the market, often for a long time before they talk to any agent. If your property is properly priced and well marketed, the relevant buyers WILL find it.

Auction or Private Treaty

Sale by **private treaty** is by far the most common method of selling a property in Australia. The cut and thrust of the auction environment is not to everyone's taste, and there are many buyers who will not subject themselves to the pressure of an auction. Most prefer the calmer and more deliberate approach of one on one negotiation. Sale by private treaty is usually with a specific asking price, but there are circumstances when marketing without a price is appropriate: usually

this is done with the objective of selling the home's location and features (get the buyer to love it first), without the distraction of having to sell the price as well. Your Highlands Property agent can discuss this issue with you.

If you submit your property for **auction** it means that prospective purchasers will bid against one another at a date and time suitable to you. You can set a reserve price, which is the minimum you will accept, and once bidding has passed that level you know you have an unconditional sale and a predetermined deposit must be paid on the day. This method of sale is becoming a little more popular in the Southern Highlands. Your Highlands Property agent will discuss the merits of an auction with you.

Setting the Price

The selling price for your property is determined by the buyers, not by you or us. You can set an asking price, but in the end the selling price is what a buyer is willing and able to pay.

In every selling situation, the major decision is the price. No amount of good marketing will sell your property if it is placed on the market at too high a price. It is therefore vital that a sound, realistic appraisal is done by an experienced agent.

Highlands Property will use its expert local knowledge and databases to carefully research comparable sales and present you with all the data you need to decide the price that will get your property sold.

Houses sell quickly and for the most money when they are priced correctly at the beginning. Be wary of listing too far above the appraisal "to leave some room to move" or to "leave room to come down later". We recommend that you never ask more than a few percent above the appraisal price. Our experienced sales agents at Highlands Property often sell at, or very close to, the asking price: it's just good selling skill and strategy.

Be particularly careful of the poorly researched agent that flatters you with a higher and unrealistic price to "buy your listing". And beware of well intentioned but inexperienced friends who think you "should be able to get more". They could end up costing you a lot of time and money whilst your property lingers on the market. Every day your property does not sell because it is incorrectly priced can mean extra expenses that you have to incur for repayments of principle, interest, taxes, insurance and maintenance, and then there is possibly the large cost of lost opportunity. A property that is on the market too long because of an uncompetitive price also sends out signals that "something must be wrong."

Remember, like you, Highlands Property has a keen interest in getting the best possible price for your property. Sound, up-to-the minute market experience provided by the agent, will help your property to sell.

Problems Caused by Overpricing

Some of the problems caused by overpricing include:

- It usually leads to the property lingering on the market: this causes an air of staleness, reduced buyer interest, and wastes time and money.
- Less viewings by people who immediately recognise your property has been overpriced from the curb and move straight on.
- Reduced responses to advertising from well educated buyers (most buyers these days).
- Believe it or not, the large majority of people do not feel comfortable making a low offer. Too high a price will cause many to walk away instead of trying to purchase.
- It can help sell the competition. If your house is priced at \$345,000 and there is a house of similar size and specifications to yours at \$325,000 the buyers will go for the lower priced one first.
- In some cases a buyer will agree to the higher price but valuations will quickly show the buyer he/she is wrong. This may lead to financing problems and lead to the sale falling over anyway.
- Pricing above the market at the beginning (when activity is always at its best) misses buyers, and then by the time you reduce the price the activity level and best buyers have moved on.

Don't shoot the messenger ... if you get a poor reaction to the asking price it's the market's reaction ... not the fault of the agent ... adjust the price quickly to reflect this, before the listing becomes stale.

Marketing Programs

Marketing - Reaching Potential Buyers

Just sometimes a buyer for your property is out there just waiting for you to put your property on the market. But almost always, time, presentation and marketing are required to find a buyer that delivers the right outcome.

The purpose of marketing is to generate an enquiry and, ultimately, an inspection. It should present your property in an enticing way to stimulate a buyer's interest enough to phone your agent or attend an open inspection. However, expensive or extensive marketing is not always the answer: a smaller, well-planned campaign aimed at the right market can often bring the right result in a short time.

In all cases, it is important to select an agent who takes a professional approach to marketing. At Highlands Property we can help you in this process by offering a marketing program designed to specifically target the focus market. Our unique database of landlords and tenants allows us to present your property to many interested parties that we have already identified.

Elements in the Marketing Mix

Almost always, one of the most important yet simple marketing items is a **signboard**. Many of our enquiries come from potential buyers cruising by a sign. General research indicates that a good proportion of properties are sold to buyers already in the area, which is why the signboard is so important: it alerts someone who may drive or walk past every day.

The **internet** has revolutionized the way people buy property. Many potential buyers (from anywhere in the country or the world) can, and do, look at your property and decide whether it is of interest before contacting the agent. They use the internet to thoroughly research the market from the comfort of home, at a time that suits them, and become very well informed. It makes many of them very astute judges of value. It is therefore vital that your internet presence is just right. That is why we have spent so much time and effort to make our highlandsproperty.com.au web site the best for the Southern Highlands. The websites realestate.com.au and domain.com.au also offer a “Featured Property” option that can be available to you.

The next part of the marketing strategy will be **press advertising**. The local Property Press is delivered to residences in the Southern Highlands, inserted into both local papers and distributed to all real estate offices in the area.

We conduct **open for inspections** where an agent will invite inspection of properties at an appointed time, usually on a weekend. Buyers often use these open houses to carefully research the market in an environment of “less pressure”. And yes, we have examples of buyers from an open house.

Our **buyer database** and **property management database** contain regularly updated details of potential purchasers. These purchasers could be investors, landlords, current tenants and new buyers to both the market and the area. We are in regular contact with these people and advise them of new entries to the market.

Finally and most importantly, Highlands Property has an **expert sales team**. A great team of dedicated professionals, all of them keen to provide the best possible service and assistance to you in the sale of your property.

Presentation of Your Property for the Market

There is a very real advantage gained by taking the trouble to present your property in the best possible way. The market is highly competitive and buyers have plenty of choice. Take the advice of your experienced Highlands Property agent about presentation, particularly for a tenanted property.

We will also advise on home improvement jobs that you, or we, think might add value to your property. Things like painting, new carpet, landscaping etc. You might be surprised that our usual advice is not to undertake expensive projects like these, unless it is glaringly obvious that value can be added by completing them. Provided things are clean, neat and tidy, buyers will often prefer to undertake these projects themselves rather than, for example, feel they are paying for a new carpet that is not to their taste. However, if the property has been tenanted for some time, it will usually be in your best interest to rectify any obvious faults.

It is important to determine from the outset what is to be included in the sale. Fittings and fixtures that are easily removed without damage to the building, such as decorative light fittings, wall units and curtains are not necessarily included in the contract. Things like a dishwasher are usually included, but not always. So, it is really important to make sure everyone is clear on what is included, particularly if it will add value and appeal, before your property is put on the market. Any exclusions will also need to be written into the contract.

Another important element to consider is a building report. If you are unsure of the basic structural integrity or components of your property, we advise getting those details clarified by an expert. Prospective buyers ask many complex questions of the sales agent and it is advisable that the agent can answer accurately. This report will also determine if there are any underlying faults or damage to the building. If something amiss is picked up in the purchaser's building report and the purchaser is unaware of it, it can lead to the sale falling over.

Tenant Management

The common question for most landlord vendors when preparing to sell their property is whether or not to retain the current tenant. From a presentation point of view, it is a fact that most tenants will not present a property for sale to the same standard as an owner occupier. Our salespeople are aware of this and take this into account when showing prospective purchasers through the property. If they deem a tenant is having a detrimental effect on the sale, they will let the landlord know. As experienced property managers, we can help you to assess the right course of action for your particular property, taking all relevant factors into account.

Marketing a property for sale with an incumbent tenant is a delicate process that requires sensitive handling. Our sales agents have worked in property management and are aware of all the issues involved, including the tenant's rights and concerns. Above all they are aware of the importance of a tenant to the landlord/vendor. We will always endeavour to give the tenant at least 24 hours notice in advance to prepare for an inspection, and we do the very best we can to encourage the tenant to do the best they can, to present the property properly.