

New paths - Better results - Success



The methods of selling Real Estate
with Maloney's - the Estate Agent

 **Maloney's**
the Estate Agent

expecta

Great expectations

When selling your home or investment property, it's natural to expect the best result, especially as you're putting your trust – and ultimately your potential profits – in the hands of a Real Estate agent.



tions

& real estate realities

But the path to a satisfactory result and future peace of mind can be strewn with pitfalls for the unwary.

So we've prepared this short, concise guide to lead you through the Real Estate maze.

It clearly states the realities and responsibilities for all concerned and outlines new marketing methods to help you achieve the best possible results when selling a property.

Step by step



The first and most important step is to take a deep breath and consider exactly what it is you need to achieve. When you get to this point, you can expand your horizons to look at the outcome you want to secure.

Great expectations are often possible but only if they are grounded in reality.

The second step is to obtain the best possible professional advice. And if you feel the advice you're getting is not good enough – get a second opinion.

The third is to take your time, progress step by step. Don't allow yourself to be rushed by the state of the property market or your own expectations.

Reality check

The cold, hard facts that need to be considered fall into three distinct areas:

1

The realities for potential home buyers and investors

They know in which area they want to buy or invest – City, Suburbs or Rural

They know what they want to buy, whether it be a house or apartment

They know how much they would prefer to spend - they have a perceived or a self-imposed budget

They don't know that their competitive nature and strong emotional attachment often will lead them over budget.

2

The realities for YOU, the home seller:

YOU want the best possible price

YOU want to realise the best return in the shortest possible time

YOU want a marketing strategy that best suits you and the property

YOU want a relationship with the agent founded on honest feedback

YOU do want regular communication.

You don't want any fuss.

3

The realities and responsibilities for the Real Estate agent

To attract the largest number of potential buyers to inspect the property via strategic marketing

To provide ongoing updates on the progress of marketing of the property

To create emotive competition between potential purchasers

To provide a successful outcome for the vendor.

The only options?



So, how do agents sell a property to potential buyers?

Until now, there have been only two common methods of selling a property:

- ▶ **Fixed Price** (For Sale), when the property is placed on the market at a listed price – e.g. 'For Sale \$???,000'.
- ▶ **The Auction**, which brings a number of potential purchasers together on a single day, at one location, to bid and compete for the property.

“Increasingly in today’s market, these traditional methods often fail to deliver the results expected by property vendors and buyers alike.”

For Sale

Using the Fixed Price or 'For Sale' method, it is rare for a vendor to achieve the advertised price for the property.

Why?

For over 100 years this method has attracted potential buyers who expect the sale price to be well below the advertised price. As a result, a tradition has evolved where the vendor inflates the price of the property to counter low offers and avoid underselling.

Fact 1: Fixed Price properties often are overpriced.

Fact 2: By marketing a property at an inflated price a great majority of potential home buyers are lost. With their 'perceived budget' they believe the property is out of their price range.

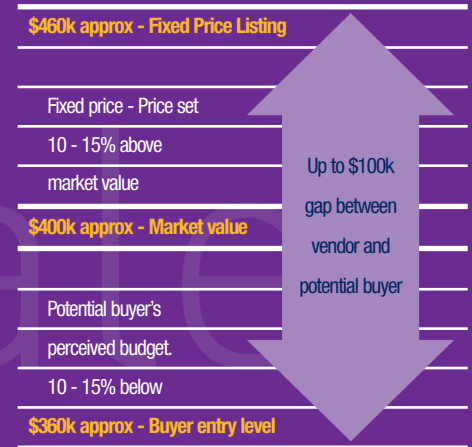
Fact 3: Furthermore, potential home buyers generally inspect properties that are 10-15% less than they eventually spend.

Fact 4: As a result, Fixed Price increases the gap between the vendor's price and the buyer's perceived budget. (See fig.1)

Fact 5: The Fixed Price method allows for negotiations downwards.

Fact 6: When the vendor must sell a property, fixed pricing can leave the property open to stagnation and force the vendor to sell below market value.

Fig 1.



Auction

Though popular, Auctions don't always result in a successful outcome for the vendor.

It's a long and exhausting process for both potential buyers and the vendor, often providing a better outcome for the successful bidder.

Why?

- Fact 1:** Usually an auction property does not have a price on it. This immediately discourages buyers who want to purchase within a price range and settle quickly – reducing competition for the property.
- Fact 2:** The long wait for auction day is stressful and far too long in coming for the potential buyer. The result? They use the time and opportunity to go elsewhere and secure a property within their price range.
- Fact 3:** In an auction situation, potential buyers should organise various reports. This is costly to the buyer and can act as a deterrent as they know this expense will not secure the property at auction.
- Fact 4:** A crowd at auction is a good sign but typically most attending are only interested neighbours and hopeful bargain hunters.
- Fact 5:** As a result, bidding can falter, with the property being passed in and a recommendation for a Fix Pricing method made.
- Fact 6:** In the open bidding arena, the lead bidder wins by a small margin on the previous bid. They may have been prepared to pay a lot more for the property but . . . **you will never know!**

At the end of the day
the whole process can leave you
with the uncertain emotion of...

what if?

a fresh approach to...

marketing your property

Because of these sometimes hit-and-miss marketing methods, new and proven systems have been developed and implemented by progressive Real Estate agents.

These systems increase the number of potential purchasers to a property and so stimulate competition amongst them.

The more competition there is for a property, the better the outcome for the vendor.

Maloney's - the Estate Agents, have embraced these new methods and refer to them as **Buyer's Guide and Best Bid.**

The **Buyer's Guide** method markets and advertises a property with a price range.

It indicates to a potential buyer that if his or her budget falls within the marketed price range, the property should be inspected.

It is not the price range of the property as properties often sell above the range.

Price ranging increases the number of potential buyers to view the property.

Remember, the more interest there is in a property the better the outcome for the vendor.

Buyer's Guide

How does it all work?



Price ranging goes one step further than the Fixed Price method. It markets the property with a price that is reasonably set above market value, but, so as not to exclude the majority of potential buyers, includes a lower than market value base price.

Earlier, we touched on the potential buyers' perceived budget. When their search for a property begins, history tells us, the majority of new potential buyers entering the market inspect properties that are marketed well below the price they will actually pay (usually 10 to 15% less).

So how do we get these potential buyers to a property that's apparently over their budget?

We need to establish a starting point that attracts their interest to visit your property. This starting point must feature a price that matches their perceived budget.

Based on the above phenomena, if a property is marketed with a price that's 15% under market value, more matches of your property to potential buyers will occur.

Now that you have attracted their attention, an inspection from them is likely.

A base price set at 15% below market value is just the beginning of what they might actually be prepared to pay. It's their first inspection, their first impression - and emotion is yet to play its part.

With a price set above and below market value (an established price range) you have the mechanism that greatly increases the level of interest in the property. Basically, unlike the Exclusive Listing method, it sparks the interest of those many potential buyers who thought the property was out of reach. With Buyer's Guide, price ranging your property attracts those potential buyers at the high end of the price range but now has a broader entry level and will attract more interest.

With this kind of marketing your Real Estate agent is not only increasing the number of inspections to your property but more importantly the level of competition for the lifestyle your property has to offer.

It's now a battle of emotions

At all times during the marketing process, bids for the property remain private and confidential between agent and vendor. When new or updated offers are made all registered potential buyers are notified by the agent and given the opportunity to further increase their offer. When potential buyers register a second offer for the property it provides two important indicators:

1. They are prepared to compete for the property
2. They are becoming emotionally involved

What's effectively happening is – those people who entered offers at the base level compete with each other and force the offers up. In turn, they put pressure on those who entered offers at the middle range (around market value), pushing these offers to a new level (see Fig.3).

As the marketing continues new potential buyer interest is registered providing more competition for the property.

Often these potential buyers will throw their perceived and self imposed budgets out the window because they view the property as satisfying all their requirements and possibly more.

This creates a unique and active selling environment where all competitors for the property are unaware of the amount of the leading offer. It provides the potential for the latest offer to set a new high price for the vendor. Unlike the Fixed Price method, the Buyer's Guide price range allows for offers upward. It builds an emotionally charged situation that leads potential buyers to offer considerably more than they had planned (15% - 20% more) in an effort to secure their ideal home and lifestyle

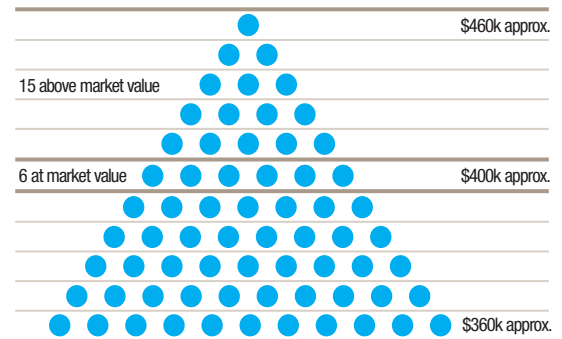


Fig 2.

Buyer's Guide provides the mechanism that attracts more potential buyers. To put it simply, the graph shows that an extra 60 potential buyers will inspect the property.

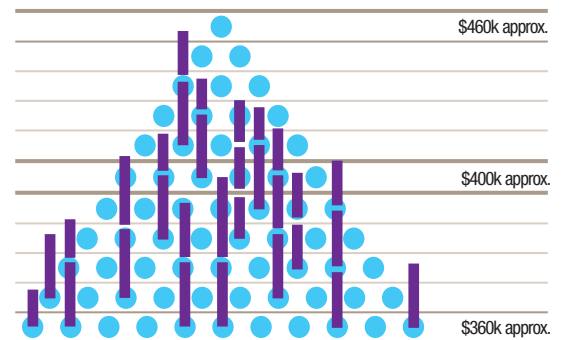


Fig 3.

Illustrates how the introduction of more interest increases the number of offers - creating competitive selling environments.

In summary

- ▶ Buyer's Guide price range attracts a larger number of inspections to the property.
- ▶ It opens the door to those who may have thought they could not afford the property because of the implied high price 'For Sale' method
- ▶ It creates a unique and active selling environment
- ▶ Instead of negotiating downward on a fixed price, the Buyer's Guide builds an emotionally charged, competitive environment and allows for negotiations upward
- ▶ It gets the best possible offer from potential buyers
- ▶ Unlike the Fixed Price method, Buyer's Guide can often achieve results that are well above the market value.

The **BestBid** method combines all the features and benefits of Buyer's Guide with the better elements of the Auction.

It often provides the vendor with a successful outcome earlier – **sometimes within 21 days.**



BestBid

Like Buyer's Guide, **BestBid** attracts a broad range of potential buyers by marketing the property within a price range. But **BestBid** has the added advantages of an independent property valuation (not a bank valuation) organised by the agent or the vendor and a closing date (a call to action).

Vendor's property is valued by an independent 3rd party for the following reasons:

- ▶ To avoid the confusion that comes with having several agencies value a property.
- ▶ To ensure that the home seller neither over prices nor undersells their property
- ▶ To establish an accurate price range for the property, and
- ▶ To provide an entry level for those potential buyers looking within the range
The **BestBid** closing date provides the 'call to action'.

Prior to the closing date:

- ▶ Buyers have time to assess the real value of the property
- ▶ Buyers have the opportunity express further interest
- ▶ Other potential buyers can express their interest, and
- ▶ All potential buyers make their final and best offer.



With the Best Bid method the property is promoted aggressively to create maximum interest and allows for interested buyers to inspect the property during advertised opening times or by private inspection.

During this period bidders can either make an offer or simply register their interest and request that they be contacted prior to the closing date. At all times during the marketing period competing bids remain private and confidential between the agent and vendor.

Often, before the closing date the highest bid will be acceptable to the vendor, and like the auction method, all bidders are contacted again by the agent, i.e. before the fall of the hammer, to give them one more chance to bid successfully for the property.

At this point, when potential buyers are faced with the possibility of losing their future lifestyle, their emotions and competitive nature can drive them to make their best possible bid. Their final bid is often well over their perceived budget.

Like Buyer's Guide, BestBid creates the unique environment where competitors are unaware of the amount of the leading bid. Unlike the Auction method, BestBid creates an emotionally charged situation that leads interested bidders to offer their maximum price, not just a small increase on a known bid, to secure the property.

Only BestBid can provide this unique competitive selling environment.

And the result?

The vendor achieves the best possible price for the property, instead of wondering if the leading bidder was prepared to pay much more.

Sounds good doesn't it?

In summary

BestBid:

- ▶ Promotes the property aggressively
- ▶ Values the property with an independent valuation
- ▶ Accurately sets the price range
- ▶ Protects the home seller from overpricing or underselling
- ▶ Attracts a larger number of potential buyers - creates competition for the property
- ▶ Eliminates the bargain hunters
- ▶ Provides a call to action in the form of a closing date
- ▶ Creates an active and emotionally charged selling environment
- ▶ Gets the best price for the vendor
- ▶ Provides a less stressful way of selling property

BestBid

The introduction of Buyer's Guide and BestBid will not replace the older, traditional methods of selling real estate. Rather, their creation will provide those people selling property in the broader market, new entry levels for more potential buyers to view their home.

This stimulation of competition for the property (the responsibility of the Real Estate agent) provides the foundation for more successful outcomes when selling your home.

For whatever reasons, all four methods of selling property will have their place within the real estate industry.

Agents like Maloney's who offer the four methods can advise on which one they believe best suits your priorities and circumstances. Their aim should be to take control of the selling process at every step and to provide you with regular updates and progress.

Ultimately, the final decision, the final commitment, is yours.

So it is important to choose the method that best suits your situation.

A method that opens the doors to more enquiries.

A method that creates buyer competition for the results you expect when selling your home or investment.

Good luck and don't forget...take that deep breath!



BerrySmith



"The Griffin"
Cnr. Giles & Jardine Sts
Kingston, ACT
PO Box 5044, Kingston ACT 2604
Phone: 02 6232 0111
Fax: 02 6239 5711
Email: sales@maloneys.com.au
Web: www.maloneys.com.au

Maloney's - the Estate Agent. Lic. Agent ABN: 91 042 118 160