



TOWER
PROPERTY ADVISORY
Vendor Advocates

YOUR GUIDE TO SELLING PROPERTY



MAXIMISE PRICE AND MINIMISE STRESS

INTRODUCTION

We have written this booklet to help you with the sale of your property, to identify some of the pitfalls of selling and the tactics you may encounter with your estate agent.

Most people only sell a property a few times in their life. Times and circumstances change, and the real estate market is an everchanging landscape. So, in many ways you are starting out afresh.

Whether you are selling your own home, a parent’s property or as the executor of an estate, the issues you face are similar.

On the face of it, selling your property may seem a simple process. But if you don’t understand all the issues, you will not achieve the full opportunity offered by the sale.

We have managed the sale of over 4,000 properties nationally, and can say there are never two identical sales as every property is different, and throws up different problems.

You can only sell your property once. It’s therefore important not to rush things and to get everything right the first time.

Good luck with your sale and remember that you can call us if you need help. We give a one hour free consultation if you need any assistance. Just call Rob Allanadale 0418 517 643 or our Senior Property Manager, Phil Hoopmann 0402 890 830 or go to towerpa.com.au



Robert Allanadale
Director
Tower Property Advisory

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GETTING STARTED

The first decision to make is when to sell your property.

Is there a 'good' time?

Some say springtime is the best time to sell. Your garden may be looking its best, but there are also a lot of other properties on the market, so you face greater competition.

During winter, there are fewer properties for sale and fewer buyers. But the people who are looking are generally motivated to buy - either they have already sold, their family circumstances are changing, or they are relocating.

We don't believe one time is better than another to sell, although it's best to avoid Christmas and School holidays, and auctions on certain dates such as Easter and the Grand Final.

**DURING WINTER,
THERE ARE FEWER
PROPERTIES FOR SALE
AND FEWER BUYERS.
BUT THOSE LOOKING ARE
MOTIVATED TO BUY.**



If your property is in a holiday area, then holiday time is the best time to be on the market, as that is when the town has an influx of potential buyers.

Often there is no decision to make. If you have already bought your new property, or the money is urgently required for an Aged Care bond, or you are winding up an estate, then now is the right time to sell. But you need to be prepared.

CHOOSING THE RIGHT ESTATE AGENT

Choosing a good real estate agent is the first big hurdle. But not all agents are the same.

Selecting the best agent is not easy. They will all be personable, professional and eager to sell your property. You may well like all of them. However not all real estate agents are the same.

Our approach to selecting an agent is:

- Look on either realestate.com.au or domain.com.au and identify the two or three agencies with the greatest market share in the area
- Interview them at the property and get them to give you a written marketing proposal.

We ask that an agent's marketing proposal answer the following questions:

- What is their estimated value for the property?
- What should be done to best present the property for sale?
- Propose a marketing budget and advertising schedule
- Provide recent comparable sales data
- What similar properties do they have for sale?
- What method of sale do they recommend and why?
- Who are the likely buyers?
- What is their commission rate?



It is standard for agents to provide written marketing proposals. By comparing their proposals, it is likely that one will appeal more than the other(s). The proposed marketing budget needs to be reviewed to ensure money is not wasted. Most buyer inquiry will come from the internet and far less from local papers, unlike just a few years ago. As a broad guide, marketing should not exceed 1% of the property value.

If you are auctioning your property, it is also important to choose a good auctioneer. A good auctioneer can add many thousands of dollars in value by their auction skills and an inexperienced auctioneer can be costly. In making your agent selection, it is worthwhile attending an auction and seeing the agent's auctioneer in action.



What to watch out for when selecting an agent:

- An agent putting a higher value on your property. Although it is tempting to choose them, it's likely they are trying to 'buy' your business and will disappoint you in the long run.
- An agent with the lowest sale commission and marketing costs. There needs to be a balance between incentivising the agent and not paying too much commission. Rates are negotiable and you can negotiate with your preferred agent as they will be keen to win your business.
- An agent with few or no similar properties to yours for sale.
- An agent suggesting a 'kicker or incentive' commission. This is where the agent charges a rate up to a particular amount, then

a much higher rate (say 20%) on any excess above the agreed amount. On the face of it this may appear attractive (as you would like to get the higher sale price). However, the additional commission cannot be justified. Ask them to explain what extra work they would do to earn the incentive – if you hear a convincing reason, please let us know. **Those extra dollars should be in your pocket rather than the agents.**

THERE NEEDS TO BE A BALANCE BETWEEN INCENTIVISING THE AGENT AND NOT PAYING TOO MUCH COMMISSION.

PRESENTING YOUR PROPERTY FOR SALE

This is one of the most critical aspects of selling a property. It's where value can be added and money can be wasted.

WHAT WILL ADD THE MOST VALUE TO YOUR PROPERTY FOR THE LEAST COST?

You should make your property appeal to as many people as possible, without over-spending. The more people who like your property, the greater the competition will be for it, and the higher the ultimate sale price will be.

Look at your property objectively and decide what you should do or not do - what will add the most value to your property for the least cost?

The test we use is to ask, "will you get at least three times return for each dollar spent?" We often see people wasting money on work that does not increase the sale price (such as putting on a new roof or landscaping a garden where the house will be demolished.) Such work may make you feel better, but it adds no value to the property.

If your property will be redeveloped in the short term, then anything you spend will be wasted and clearly not meet the three times value test. Unless the property is 'land value only' which applies to a proportion of homes in Melbourne, care needs to be taken on what to do and what not to do. Good impartial advice can save you money.

QUICK IMPROVEMENTS CAN BE MADE WITH:

- A simple garden makeover;
- Replacing old carpets with polished floors;
- Repairs to obvious defects;
- Painting and cleaning;
- The 'look' of a house can be updated with new light fittings and door furniture; and
- New benchtops and doors can transform a kitchen.

A big improvement to a property can be achieved with a spend of \$15,000 to \$20,000.

If the house is empty, having it professionally furnished will make rooms appear larger and welcoming. Although the cost of styling may appear high, (it can range from \$2,000 to \$20,000), it is money well spent. Also try to get the stylist to give additional weeks at a low rate if the property doesn't sell at auction.

LACK FUNDS? DON'T MISS OUT ON A HIGHER SALE PRICE

Our simple 3 step process maximises your sale price. The best part of all you spend \$0.



ADVISE
you what needs
to be done.



FUND
the works
ourselves.



MANAGE
the entire
project for you.

3x
Return on
Spend



We only recommend spending on improvements when we expect a 3 times return on the cost.

For \$25,000 this equates to an extra \$75,000.

Often vendors do not have the funds to pay for improvements and can't borrow the money.

We do not want our clients to miss out on getting extra value for their property, just because they don't have the money to spend on presentation. Therefore, **we can pay for the improvements where it makes commercial sense.** Our test on spending is 'will we get a 3.5 x return on what is spent.' Repayment is from the sale proceeds. We arrange and supervise our trusted tradesmen to undertake the work (or use yours if you prefer). This has assisted many of our clients to significantly improve their financial position.

There are businesses that offer vendors finance and arrange presentation works. However, from what we have seen, they are expensive, and the workmanship may well disappoint. If you are considering this option, take care to check them out thoroughly, and ensure the work they propose to do will achieve the maximum uplift in price. The more work they do, the more they make.

PRIVATE SALE, AUCTION OR OFF-MARKET?

It is our experience that auctions get the best results and can achieve runaway prices, particularly with an appealing property in a strong market.

With auctions you can get lucky with two competitive bidders in the heat of the moment, which you are unlikely to get if the property is offered for private sale.

A private sales campaign may be more appropriate if that is the way most properties in the area are sold. Some people prefer this method rather than the pressure of an auction.

You may also hear that agents will sell 'off market'. That is where the property is not publicly advertised. The agent contacts people on their data base who they think may be interested in your property. Many like this 'quick sale option', but competition is limited by not advertising publicly. You need a very good idea of the current market value of your property to avoid being short-changed by selling off-market.



A PRIVATE SALES CAMPAIGN MAY BE MORE APPROPRIATE IF THAT IS THE WAY MOST PROPERTIES IN THE AREA ARE SOLD.

WHAT IS YOUR PROPERTY WORTH?



Most of us think our properties are worth more than they are, so it's important to have an accurate idea of what your property is currently worth.

Of course, valuing a property is always subjective, but when a property is compared to other similar properties in the area, then an approximate price can be determined. Remember, your property is only worth what someone else is willing to pay.

Agents usually give a range of values when determining the market value of a property. It's likely that they believe it is worth the bottom amount, and the higher amount is an attempt to entice you to appoint them.

Agents should give several comparable sales in their marketing proposal. You can compare these to your property, and they should assist you in assessing the value of your property.

A more certain result is to obtain a formal market valuation from a licenced valuer. There may be other reasons why such a valuation should be obtained – e.g., if you are the executor or are selling on behalf of someone else. Your lawyer can advise on the need for this.

A practical benefit to you of obtaining such a valuation is to help you establish an Auction Strategy (see below). It also gives you protection where you are selling the property on behalf of someone else. If you have an idea of the amount you would like to get, you should keep it to yourself. In a rising market you can easily be out by a long way. Often the agent will ask you how much you would like to sell for. If you give them a figure, you could well miss out on a lot of money.

REMEMBER, YOUR PROPERTY IS ONLY WORTH WHAT SOMEONE ELSE IS WILLING TO PAY.

AUCTION STRATEGY



Let's face it, auctions are great spectator events. However, for vendors, they can be stressful.

Having a written strategy for the auction will help reduce stress levels and avoid you being pushed into making a decision by your agent you may later regret.

A few days before the auction, the agent should meet with you to review the results of the marketing campaign. Be warned! This is the time they may talk down the value of the property and give various reasons why they are unlikely to achieve the amounts originally quoted. This is a softening-up process to prepare you for the auction. We always determine an Auction Strategy prior to the auction. This allows us time to properly consider all the facts we have on the likely bidders and work out how we will proceed at the auction.

IN OUR STRATEGY, WE SET THREE PRICES:

1

The On-market Price

The price at which we may instruct the agent to put the property 'on the market'.

2

The Fall-back Price

Being the minimum price which we would sell the property for if it failed to sell at auction and we had to negotiate with the highest bidder.

3

The Reserve Price

Being the nominated price if the property is passed in and we negotiate with the highest bidder.

We base these amounts on several factors – what the agents had originally assessed the property to be worth, the valuation from a licenced valuer (if any), the number of likely bidders and what the agent is now saying the property is worth.

We don't disclose these amounts to the agent, although in some States you must nominate a Reserve Price to the auctioneer prior to the auction.

During the auction, expect the agent to pressure you to put the property 'on the market' in the expectation that it will stimulate more bidding.

However, you must be prepared to sell your property for that amount, as often there is no more bidding. This pressure should be resisted if it is below the On-market Price. Don't be afraid to pass the property in and have our agent negotiate after

**A CLEAR AUCTION STRATEGY
REDUCES STRESS AND AVOIDS YOU
MAKING A DECISION YOU LATER
REGRET.**

the auction. This will test your agents negotiating skills as he will be trying to pressure both parties to 'make a sale'.

This is the most stressful time of the auction, particularly if you are negotiating with a stubborn buyer. It can be a question of "who blinks first" but be careful not to lose the sale if the price is above your fall-back amount. Hopefully, the bidding will exceed your expectations and you get a great result. However, you should mentally prepare for some tough negotiating after the auction.

DO YOU EVEN NEED A REAL ESTATE AGENT?

We believe a real estate agent is an essential part of the process to maximise the sale price.

There is so much emotion and stress involved in selling your property using a real estate agent. There is a lot more emotion and stress involved if you don't use one.

It is difficult to be objective about your own property. Buyers always make negative comments about a property to talk the price down – agents are used to buyer's 'trash talk'. You may find this unpleasant if it's your own property.

Getting the top price for your property does take skill and judgement. This can only be gained by experience from selling numerous properties.

There have been several on-line businesses that have attempted to replace the agent with the vendor with the aim of reducing selling costs. Although they do save on commission, the vendor may well have missed out on getting the maximum price for their property.



GETTING THE TOP PRICE FOR YOUR PROPERTY DOES TAKE SKILL AND JUDGEMENT. THIS CAN ONLY BE GAINED BY EXPERIENCE FROM SELLING NUMEROUS PROPERTIES. **BUT REMEMBER, THE AGENT IS NOT ALWAYS ON YOUR SIDE, ESPECIALLY WHEN NEGOTIATING THE FINAL SALE PRICE.**

We know that agents do not enjoy the best of reputations in the community. That is why it's important to have selected an agent with a good reputation and the skill set to achieve a great result for you. There are services that claim they can provide you with the best local agent. Remember that although they can be helpful, they are paid a referral fee by the agent, so their recommendations are hardly impartial.

That is where a good vendor advocate can be of assistance. They should have managed sales in your area before and know the good local agents.

HOW CAN A VENDOR ADVOCATE HELP?

In Australia, Buyer Advocates are well known, however Vendor Advocates are not as well known.

People may question, what does a vendor advocate do that a real estate agent doesn't?

The role of a good Vendor Advocate is to manage the whole sale process for the vendor, including managing the agent. Estate agents are mainly focused on achieving a sale of the property at a price the vendor will accept. An additional \$20,000 sale price may be only an additional \$300 commission to the agent. This does not incentivise the agent to negotiate for a further 2 weeks (say) but makes a big difference to the vendor.

A good Vendor Advocate will:

- Have a sales process that will achieve the best results in a reasonable timeframe.
- Save the vendor an estimated 60-80 hours of work by attending to all the matters required to be done by the vendor to sell a property.
- Provide written Reports throughout the process allowing the vendor to make the key decisions.

Specifically, our Sale Process involves:

- Obtaining and analysing marketing proposals from 2-3 of the best local real estate agents;
- Providing recommendations and costings on what should be done to present the property;
- Arranging for a valuation of the property by a licenced valuer;
- Appointing the real estate agent and overviewing the marketing campaign;
- Liaising with the conveyancer to ensure sale documentation is available for marketing; and
- Providing a written Auction Strategy and being at the auction to support the vendor.



We have managed the sale of over 4,000 properties since 2004.

Our aims are to make the sale stress free for the vendor, to achieve it in the shortest time frame and most importantly, to maximise the sale price.

Some of our clients lack the funds to spend on presentation works for their sale. We don't want them to miss out on getting the maximum price for their property, **so we will fund the cost of works**, with repayment from the sale proceeds.

Our clients who were in this position have significantly improved their sale price with this facility. We are not aware of any other vendor advocate business that will do this.



WE BELIEVE IT IS IMPORTANT FOR THE VENDOR ADVOCATE TO BE INDEPENDENT FROM THE REAL ESTATE AGENT.



We attend to all matters regarding the sale of a property including:

- Arranging and project managing presentation works;
- Arranging clearing and sale of furniture and household goods;
- Advising on value adding opportunities such as subdivisions and renovations; and
- Ensuring property compliance with regulatory requirements and council orders.

OUR OFFER TO YOU

A FREE NO OBLIGATION CONSULTATION

And finally, if you have any questions, or would like some pointers on selling your property, we are happy to meet you.

Just call **Robert Allanadale 0418 517 643** or
Phil Hoopmann 0402 890 830



You can also check us out at **towerpa.com.au**

