

# Owner's Guide to Selling

**Residential Property**



**R&W**



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# Our Story



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Both good friends, all top-performing agents with a shared passion for real estate, founded Richardson & Wrench Hinchinbrook / Hoxton Park in the spirit of friendship and a fair go.

Their common bond is a commitment to the principles of hard work, honesty in business and always putting the client's needs first. Prompt and regular communication with vendors, buyers, landlords and tenants is the mantra followed by the directors and something that their network of past and present clients has come to expect from them.

With the prospect of future infrastructure improvements, the South-West rail link, construction of Sydney's second airport and local government determined to reinvigorate the south-west, Richardson & Wrench Hinchinbrook / Hoxton Park is positioning itself for several decades of growth ahead.





# Our DNA

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Richardson & Wrench is a network of real estate professionals who know and understand that their business is about more than just property. It's about people. People whose homes are the base upon which they will nurture families, build wealth, and find sanctuary.

Richardson & Wrench has been part of the fabric of Australian life since 1858. For more than 150 years we have been in the business of real estate and in that time our reputation for honesty, integrity and professionalism has never faltered. That is an achievement that no other real estate company can boast and one we hold as our guiding principle.





Our principals and their staff are committed to the company's guiding philosophy – “always, in all ways, beyond reproach” – ensuring that all those we deal with, whether buyers, sellers, investors or renters, are treated with respect, honesty and equity.

Innovators from the day we opened our doors, Richardson & Wrench is a modern and progressive network that continues to evolve to meet the changing needs of its clientele. We understand the value of smart, strategic marketing and use every resource at our disposal to see your property sold. Through our databases, the web, newspapers and direct mail, we'll build a campaign that delivers results. One tailored to suit your needs and your budget. It's your home after all.

The Richardson & Wrench network consists of 50+ independently owned offices in metropolitan and regional locations throughout NSW and Queensland – and growing. We are small enough to feel like family with local knowledge and experience but large enough to see the big picture. Our aim is to make your property experience a rewarding one and we'll always go the extra mile to make it easier – right down to helping you move out and move in.

So whether you're selling to accommodate a growing family or one that's just flown the nest; building an investment portfolio or topping up your super; a landlord or a renter; a first home buyer or the next property tsar, we want your experience with Richardson & Wrench to be beyond compare.



# Our Promise

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To our sellers and buyers, landlords and tenants, our promise remains always to provide an enjoyable and rewarding property experience, through uncompromising ethics and service.

Each client relationship is a shared partnership. We will listen to your needs, pay personal attention to the details, minimise the hassles and keep you informed each step of the way.

We understand that selling your home, your asset, your biggest investment is a serious decision. We will work hard to deliver a better than expected property experience and a great result for you.







# 1. What is Market Appraisal?

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## What is My Property Worth?

That is the question most often asked of an agent and the one that often dominates the discussion during a listing presentation, or more so, a market appraisal.

How do you predict what someone else is willing to pay to buy or rent land or property?

To accurately provide an appraisal, you need to research and evaluate market trends that affect the recent sales of properties relevant to the subject property.

## Definition of Market Value

The price that a ready, willing and able purchaser is prepared to pay, and a ready, willing and able seller is prepared to accept without duress or exceptional circumstances, in an arm's length transaction on any given day. Both buyer and seller must have knowledge of the land or property including the highest and best land use.

## Statutory Value

The value placed by government to determine land rates, other government rates, taxes or redemption or acquisition of land.

## 2. Method of Appraisal

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This is intended to inform the seller of a residential property. We will only outline the one method used in our local market and that is the Comparable Sales Method.

### Comparable Sales Method

Direct comparison of similar property in similar locations is the most common and popular method for agents to establish market pricing.

You must compare 'like with like' – 'apples with apples'. Unless your comparisons are similar in location and characteristics, they may not provide a suitable benchmark.

## 3. Valuation vs Appraisal

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Unless qualified and registered as a valuer, agents may only provide an appraisal – which is an **OPINION** of market worth.

A valuation carried out by a registered valuer will take into account a range of factors that may affect pricing. They use historical data and dissect it in greater detail than an agent usually does. The valuer provides a sworn valuation which forms the legal basis of value. Whereas an agent can only provide an estimate of the possible price that can be achieved.



# 4. Legislation Affecting Misleading Market Opinions or Appraisals by Agents



**Section 72** of the Property Stock & Business Agents Act 2003 concerning representations on the selling price of residential property:

A real estate agent or employee of an agent must not make a false representation to a seller or prospective seller of residential property as to the agent's or employee's true estimate of the selling price of the property."

**Section 74** gives the Director-General of the Office of Fair Trading the power to require agents to substantiate their estimate of selling price for residential property. Therefore, they can be called to account for their actions, and they must endeavor in both a legal and business sense to be as accurate as possible.



**The Trade Practices Act, 1974 (Commonwealth)** prohibits misleading or deceptive conduct and false representations. An agent expressing an estimate of price for sale or rental is making a representation. Therefore, agents should never offer opinion unless they have undertaken thorough research and have material evidence to back up their estimate of expected selling or rental price.

**Helpful links for more information:**

**NSW Office of Fair Trading**

[www.fairtrading.nsw.gov.au](http://www.fairtrading.nsw.gov.au)

**Australian Competition & Consumer Commission**

[www.accc.gov.au](http://www.accc.gov.au)

**Real Estate Institute of Australia**

[www.reia.com.au](http://www.reia.com.au)

**Australian Legal Information Institute**

[www.austlii.edu.au](http://www.austlii.edu.au)

**Real estate advice from Robert Bevan**

[www.bestpractice.com.au](http://www.bestpractice.com.au)



# 5. Methods of Sale



## 5.1 Private Treaty

When you sell your property by private treaty, you set a price or a price range and the property is listed for sale at a set price or price range. Pricing strategy can be crucial and can play a major factor in determining the level of activity and interest in the first few weeks of marketing. The pricing range method has been very successful due to the nature of widening the pricing strategy to attract more interest from prospective buyers. I liken it to fishing with a net to catching multiple fish instead of fishing with one line to catch one fish.

### **The process of a sale by private treaty offers the following benefits:**

- Time to consider offers from prospective buyers.
- The ability to extend and prolong the sale if required, depending on your circumstances.
- Prospective buyers making blind offers not knowing what other prospective buyers may be offering, allowing for a possible disparity in price offered between the two highest offers.

### **Points of consideration:**

- Incorrectly setting the price may result in insufficient interest from prospective buyers, or if the price is set too low you may attract the incorrect buyer segment.
- Buyers will demand the cooling period until the sale deemed to be sold at the sales contracts are unconditionally exchanged.



## 5.2 Public Auction

To sell through a public auction process, the amount you want for the property is usually not revealed to potential buyers who are encouraged to attend the auction and bid against other potential buyers. The auction sale process has become an increasingly popular way to sell a residential property, in particular during times where there is higher demand than supply of listings. Before you decide to list at auction do your homework and assess the current supply and demand factors, current market conditions and familiarise yourself with the process.

### Setting a Reserve Price

The reserve price is the price you are aiming to achieve at the auction. Before bidding commences, advise your agent of your nominated reserve price. The reserve price is not to be disclosed to potential buyers prior to the auction. However, in some circumstances, if you receive a tempting offer from any potential buyer to sell prior to the auction then the price you are aiming for may be used to negotiate. It is always recommended that you consider offers prior to auction, if they are well above what the market is indicating potential buyers will pay for your property at auction. It is best to trust the advice of a professional, experienced local agent.

### Successful Bids

The successful bidder must sign the sales contract and pay you a deposit (usually 10%) on the spot. There is no cooling-off period for anyone who purchases a property at auctions because contracts are exchanged on the day.



### 5.3 Silent Auction/Forthcoming Auction

This sales process allow you to test the market and suitability of going to a public auction before committing towards paying all the costs involved with one. It is a more transparent and a more genuine method to test the market value benchmark. You can view it like placing your bet knowing what your cards have been dealt to you. If the agent identifies significant interest and competition from potential buyers then, in consultation with the home seller, he may recommend you to revert to a public auction and set a sale date.

If the agent identifies a lack of interest and offers well below your expectation, you have the opportunity then to revert to private treaty and put a price on your property without paying out the costs of a public auction and going through the stress.

If there was a smart alternative to the public auction, and with much less stress, and much greater chance of achieving the highest possible price, then this sales method is the one. As a seller determined to identify and achieve the highest possible price, the one thing that you should never do is let a prospective buyer know what other prospective buyers are prepared to pay.

Why? Because the focus for the interested buyers becomes outbidding the competition by small amounts such as \$500 and \$1000 bids, as opposed to focusing on the highest price each buyer is willing and able to pay.

Achieve the maximum price that the best buyer would and is able to pay rather than one bid above the runner up. Home sellers across Australia collectively lose hundreds of thousands of dollars each weekend at public auctions, when not focussed on the right goal.



## 5.4 Silent Auction/Forthcoming Auction vs Public Auction

The public auction sale process is focussed mainly on maximising the number of interested buyers and setting a deadline for those buyers to act. Public auctions are most suitable in a booming market and traditionally more effective in areas in close proximity to capital cities instead of outer city suburban areas such as outer Western & South Western Sydney.

Silent auction/forthcoming auction allows the seller to set a sales date which still revs up competition from potential buyers. However, unlike public auction, it does not put the pressure on a seller to 'meet the market' and also allows the seller to avoid the public humiliation of the property being 'passed in' in case there was no interest at public auction.

A committed deadline creates as much pressure for the sellers as it does for the buyers, and traditionally, the nature of purchasing residential properties in lower demographic areas can cancel out a large segment of potential buyers using the public auction sales process.

First home and young home buyers often don't feel confident buying at auctions and are usually cautioned by their finance lenders to obtain unconditional finance approval before bidding at auctions. This can take time and prevent buyers from bidding at auction.

Silent auction/forthcoming auction gives the seller the best of both the private treaty and public auction sale processes, providing a 'horses for courses' approach, subject to market response during the advertising campaign.



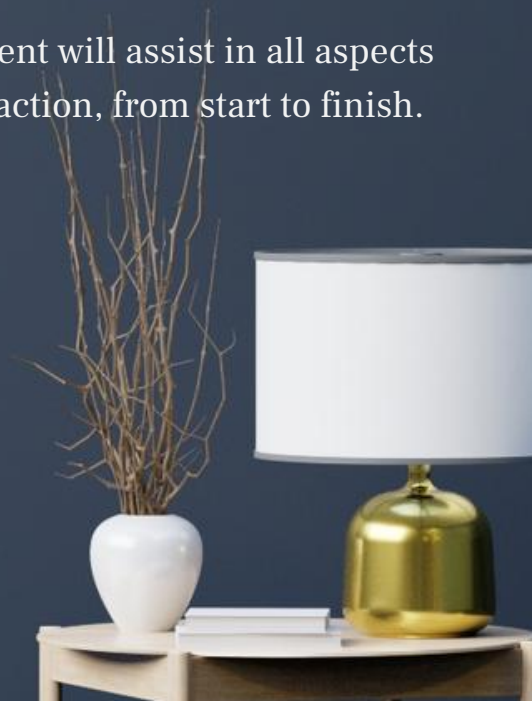


# 6. Tips & Tools

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## 6.1 Appointing the Right Agent

- A good agent will give you a realistic guide on what price to expect for your property by assessing current local market conditions including supply and demand factors. Your agent should allow for good fortune and luck because not all property sales are based on market value.
- The agent you appoint should provide you with advice on how to best advertise your property.
- Your agent should be able to present your property in the best possible light to potential buyers.
- Your agent should have excellent negotiation skills and a proven track record to confirm their capabilities and results.
- A good agent must have rules of communication with his/her vendors on a daily and weekly basis.
- Make sure your agent has the mindset to understand that he/she must act for the seller and not lose sight that the client is the seller, not the buyer.
- Keep the attributes of reputation, local market experience and specialization at the forefront when considering your agent selection process.
- Do not select a part time agent, fulltime agents are a lot more attentive.
- A good agent always has the highest ethical standards.
- A good agent will assist in all aspects of the transaction, from start to finish.



## 6.2 Preparing to Sell

When preparing to sell your property, we strongly recommend you consider the following;

1. Do not leave any clutter inside the house and in the yard.
2. Do not over spend or over capitalize on any improvements you make towards the property.
3. Aim for the best exterior appeal.
4. Aim for the best Interior appeal.
5. Take a deep breath, get set... it's Show Time!



## 6.3 The Importance of Property Presentation

Good presentation can make the crucial difference to the successful sale of your property. It helps to create the emotional link that makes a buyer fall in love with your home.





## 6.4 Seller Hints & Tips

When selling, getting a good price requires a winning formula. It's vital you choose the right agent, run an integrated marketing campaign, check recent and comparable sales and engage an auctioneer who can set a platform for the best possible outcome.

### Remember to:

1. Choose an agent with a successful auction track record.
2. Attend open-for-inspections and local auctions for a better view of the market.
3. Your choice of auctioneer is crucial. Plan your campaign around the availability of the best auctioneer available.
4. Avoid part-time or novice auctioneers. Let them practice on someone else.
5. Go to market showing buyers you are a motivated seller.
6. When setting a reserve price communicate a figure you would like and a bottom-line price.
7. Know the distinct difference between an asking price and a contract price.
8. Adopt marketing strategies that have proven successful on similar properties.
9. Run advertising in media suitable for your target market to give your property maximum exposure.
10. Present your property in the best possible light. Consider access, street appeal, interior presentation, remove clutter, make minor repairs and be flexible about open for inspection times.
11. Follow expert advice on modifications or aesthetic improvements needed for a higher sale price. You'll make more than you'll spend.
12. Develop a buyer profile to identify serious buyers. It will help you better understand buyer behaviour.
13. Prepare to make timely decisions. Buyers are often lost through indecision and procrastination.

## Outside

### First impressions count

- The street appeal of your home creates a crucial first impression for buyers. Making the front of the house look special should be a priority, as favourable first impressions can help win over buyers, and make selling the rest of the property that much easier.
- Stand across the road and cast a buyer's critical eye over the street presentation of your property, including the nature strip.
- Attend to paths and driveways –weed, pressure clean, lay fresh gravel if necessary.

### Minor repairs pay off

- Check the condition of external walls, awnings, woodwork and gutters, and clean or paint where necessary.
- Repair broken gates, fences, doors and fly screens.
- Window cleaning, inside and out, gives an overall impression of being 'squeaky clean'.

### Prepare your garden to look its best

- Plant seasonal flowers to give the garden life and colour.
- Keep lawns mown and garden beds weed-free and tidy.
- Prune back any overhanging branches, especially those close to windows, to enhance natural light inside the home.
- Dress up outdoor areas with furniture or pot plants. Outdoor furniture can help buyers imagine the lifestyle that goes with a house. If you don't have decent outdoor furniture, borrow, buy or hire some.
- If you have a pool, keep it clean so it looks inviting. Clear away any pool accessories and equipment.

## Inside

### Make it sparkle

- Get professional cleaners in to give your home a spring clean and have carpets and rugs steam cleaned.
- Check all lights are working and replace bulbs, if necessary, to ensure rooms are light and bright.
- Address minor repairs.
- Buyers are put off by a long list of repairs so replace cracked tiles, patch holes in walls, change burned out light bulbs, fix leaky taps, and make sure all your doors and windows open easily and quietly.

### Fresh paint

- Consider a fresh coat of paint to walls. Choose neutral tones that will appeal to a wider audience and make it feel light and bright. Colourful feature walls can give a home a lift and create the look of a designer's touch.
- Ensure skirting boards, architraves and doors are free of marks; wipe down and touch up, if needed.

### Less is always best

- Less clutter gives the impression of more room so pack away items you don't need to make rooms appear more spacious.
- Reposition furniture to make rooms look spacious and don't hinder movement and flow around your home.
- If existing furniture is mismatched or the property is vacant, consider hiring furniture for the period your home will be open.

### Kitchens and bathrooms

- Scrub bathrooms and make them sparkling clean. If necessary re-grout dated bathrooms for a quick facelift and fix any dripping taps.
- For older style kitchens, new door handles or bench tops can make all the difference.



## **Allan Sari**

Allan's record of bumper sales has consistently put him in the top 5% of agents nationally, and is the result of a highly structured approach to marketing and sales. Good communication with the client, sales strategies based on research and evidence, and a work-hard attitude sum up Allan's approach to delivering best quality service.

## **Tommy Tchan**

Tommy has achieved remarkable sales results on behalf of his clients. The key to his success is the ability to communicate effectively with buyer and seller, understanding that both are important in any transaction. He is a skilled negotiator and keen observer of trends that influence the ever-changing dynamics of real estate.

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