

RealEstateNews

INFORMATION TO HELP YOU WHEN BUYING OR SELLING | September 2011 |

Conditioning

PETER O'MALLEY

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Conditioning is one of the real estate industry's favourite tricks used to get home sellers to lower their price expectations. If you are aware of it happening, you can protect yourself against it. But if you don't realise that you are being conditioned, you can make decisions that you come to regret.



What is conditioning? It's when the agent praises your home prior to listing and then continually points out the negatives after it is on the market.

In order to distance themselves from the negativity of conditioning, the agents may frame it in the buyer's words. Phrases such as "buyers like the house but the road is busy" or "the buyers keep telling us the bedrooms are small".

Agents that praise your home prior to listing and then continually point out the negatives after it is listed are conditioning you.

When you hear negatives about your home once or twice, you can brush it off. After 2 or 3 months on the market though, the conditioning begins to have an impact.

One homeowner described it this way, "the agent made me feel as though I would not be able to give the house away."

In a rising market, conditioning is not as common as it is in a flat or falling market. Even if the home seller has an inflated opinion of value, the rising market will catch up with the seller's price expectation. In a falling market, the gap between price expectation and the market reality grows wider.

"If the agent lies to the buyers, why wouldn't they lie to the seller?"

Another commonly used tactic to condition sellers is the "low offer" trick. This usually happens a few days prior to the auction. As taught behind closed doors, the low offer trick is designed to "soften the seller up" for auction day. A seller that wants \$1.1 million is given an offer of \$900,000 days before the auction. It is not that the agent thinks \$900,000 will be accepted, they are just looking to set the seller up to accept the "market price" on auction day.

Market price? "But \$1.1 million is what the agent told us we could expect to sell for".

Yes, the agent told you that it would sell for \$1.1 million and they then went out and told buyers that bidding would start around \$900,000. So if the agent lied to the buyers, why wouldn't they lie to the seller? So many home sellers overlook this point when they see their agent promoting the property to hopeful buyers at a price the sellers would not accept.

Conditioning helps the agent avoid blame for the property selling for less than they originally quoted to the owner.

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Who Pays the Advertising Costs?

GARY PITTARD

The way typical real estate agents advertise is a waste of money. Make sure it is not your money.

Many agents advertise to promote themselves, and not your property. In the past twenty years, real estate advertising has increased as much as twenty times. In most areas, the number of sales being made today is the same as twenty years ago.

Home sellers are often pressured to pay thousands of dollars for advertising. This is a needless expense because very few properties are ever sold because of advertising.

Be reasonable about advertising.

Advertising will rarely sell your property. Too often home sellers make the mistake of demanding advertising for their properties.

The previous hint for selecting an agent advised you to not pay advertising costs, but this does not mean that you should make unreasonable demands upon your agent for needless advertising. Be reasonable about advertising.

Buyers who want to buy in your area know the area. It is the area that attracts them, not advertising. It is a waste of time, money and energy to place advertisements in publications that reach thousands of people who will not buy in your area.

Buyers who want to buy in your area know the area. It is the area that attracts them, not advertising.

The media your agent chooses to expose your property in is also important. Many buyers are now Generations X and Y, and these people do not read newspapers nearly as much as do 'Baby Boomers'. Agents who rely on newspaper advertising are quickly becoming old fashioned.

Your agent needs to be an expert in Internet Marketing, and should not necessarily 'follow the crowd' by advertising heavily on third-party websites, either.



Here is what your agent should be doing to find a buyer for you:

- Your agent's office should be open 7 days;
- Your agent should be sending email Home Alerts to thousands of buyers every week;
- Your agent should have large numbers of signs in the area;
- Your agent should be an expert at directing enquiry to his or her agency's website.

This will bring the best buyers to your agent and your agent will then qualify the buyers and bring the right ones to your property. That's how most properties are sold.

If your property is not selling there are usually only two reasons: the agent is incompetent or the price is too high.

If you keep advertising your property, people may start wondering what is wrong with it. ■



SELECTING AN AGENT

With a constantly changing market place, here are some key points to be cautious of when selecting your agent:

Caution Point 1: Proof of results in all markets (testimonials)

Caution Point 2: Money up front (no sale no charge)

Caution Point 3: Discounting your house (discounting agents)

Caution Point 4: Customer guarantee (in writing)

To find out more detail on the tips and tricks in real estate, contact us and we will provide and discuss a full checklist of the many things to consider, when placing one of your largest assets in an agent's care.



(08) 8942 2283

Conditioning

PETER O'MALLEY

The Tricks Used to Drive Your Price Down

Conspiracy or tactic

You may be inclined to ask yourself if conditioning is really just feedback and not a deliberate process to drive the sellers price expectation down.

The difference between conditioning and feedback comes down to 2 main points. The first is whether the agent's thoughts and sentiment toward your property has changed before and after you signed up. The second comes down to the agent's intent. Are they continually passing on negative feedback about your property to lower the price or do you genuinely have a fundamental flaw that buyers cannot overlook?

The Real Estate Institute has previously been quoted in a training manual stating that "auction is the fastest and best conditioning method".

A real estate/auctioneer trainer whom is well known in the industry commonly tells agents in his courses that, "conditioning is not a dirty word".

Conditioning has been in the agents bag of tricks for as long as houses have been bought and sold. The market is gyrating at present. It is incredibly unpredictable. Unpredictable to the degree that every report, commentator and expert seemingly contradict the other.

If you are selling at the moment, stay focussed on the objective - What is the best price that the genuine & active buyers in the marketplace are currently prepared to pay for your home? It is the agent's job to answer this question and your decision whether you then sell or keep your property.

A favourite conditioning trap is filling your

home with lookers & neighbours which is then disguised as market feedback. Who cares what the neighbours think your property is worth? Be careful about accepting non-buyers feedback as market intelligence.

When selling, ask your agent for honest and direct feedback only from genuine active buyers. If you like the offers that come in, sell your home, if not, withdraw from the market and wait for better selling conditions.

You worked hard for your home, so don't have some agent verbally run it down so they can get a quick sales commission for themselves.

Protect yourself against conditioning - only sign a short-term agency agreement. If your agent is conditioning you, fire them.

SOLD



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Thanks Cate.

Kelli McGregor



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Properties Sold - Northern Suburbs - July 2011

Unit No.	Street No.	Street	Suburb	Sq. Metres	Sold Price
	48	LAKESIDE DR	ALAWA	766	500000
	8	HALLS ST	ALAWA	758	510000
	70	WELLINGTON PDE	ALAWA	817	516847
1	47	YANYULA DR	ANULA		375000
z5	31	ELLENGOWAN DR	BRINKIN		320000
3	7	AIRLIE CCT	BRINKIN	325	390000
8	11	AIRLIE CCT	BRINKIN	123	405000
17	29	SUNSET DR	COCONUT GROVE	149	440000
	9	JINGILI TCE	JINGILI	856	605000
	12	WINTON ST	JINGILI	817	660000
	16	APPLEGUM DR	KARAMA	800	285000
5	54	KALYMNOS DR	KARAMA	245	310000
	19	BEROONA CT	KARAMA	800	434000
	28	MILKWOOD CCT	KARAMA	973	465000
	33	KOOLINDA CRES	KARAMA	800	515000
	27	KARAMA CRES	KARAMA	801	599500
2	20	FITZMAURICE DR	LEANYER		395000
	119	LEANYER DR	LEANYER	802	450000
	14	CULLEN ST	LEANYER	830	520000
	2	DUNDAS ST	LEANYER	814	560000
	11	COBURG DR	LEANYER	838	590000
	8	STEWART CT	LEANYER	1110	650000
	21	BILINGGA ST	LYONS	706	360000
	4	FURNELL CRES	MALAK	1110	460000
	6	STAPLETON CT	MALAK	804	480000
	3	MACHELL CT	MALAK	865	515000
	4	TODD CRES	MALAK	861	570000
8	22	CARNOUSTIE CCT	MARRARA	217	420000
10	18	CARNOUSTIE CCT	MARRARA		420000
	23	CARNOUSTIE CCT	MARRARA	818	545000
	88	CARNOUSTIE CCT	MARRARA	849	620000
	53	LAKES CRES	MARRARA	1050	705000
4	3	KELSEY CRES	MILLNER	40	223000
12	165	MCMILLANS RD	MILLNER	91	367000
	4	NASH PL	MILLNER	1060	450000
	12	FULTON PL	MILLNER	954	463000
	11	SHOOBRIDGE ST	MILLNER	810	525000
	11	BROOKS PL	MILLNER	956	695000
	28	GREENWOOD CRES	MOIL	842	560000
	52	KILFOYLE CRES	NAKARA	766	470000
	321	TROWER RD	NAKARA	832	582500
8	169	DICK WARD DR	NIGHTCLIFF	78	275000
5	6	GREVILLEA CCT	NIGHTCLIFF	83	295000
	171	DICK WARD DR	NIGHTCLIFF	106	380000
	171	DICK WARD DR	NIGHTCLIFF	137	430000
	171	DICK WARD DR	NIGHTCLIFF	136	450000
	171	DICK WARD DR	NIGHTCLIFF	145	450000
	171	DICK WARD DR	NIGHTCLIFF	148	450000
17	73	PROGRESS DR	NIGHTCLIFF	120	452500
	171	DICK WARD DR	NIGHTCLIFF	147	460000
5	282	CASUARINA DR	RAPID CREEK	152	500000
1	286	CASUARINA DR	RAPID CREEK		530000
4	3	CHAPMAN CT	RAPID CREEK	288	532500
	15	CUMMINS ST	RAPID CREEK	987	663000
16	19	UNDOOLYA ST	TIWI	142	455000
	22	ANNABURROO CRES	TIWI	809	460000
	21	MARRAKAI ST	TIWI	960	490000
	59	GLENCOE CRES	TIWI	931	530000
	71	HENBURY AVE	TIWI	817	530000
	52	TIWI GDNS	TIWI	817	570000
	19	CANARIS ST	WANGURI	801	620000
	35	HARMANIS ST	WANGURI	817	648075

If you would like to know what has recently sold in your area
please email cate@ckrealestate.com.au or call 8942 2283



Open 7 Days til 7pm | ☎ 8942 2283 (24 hrs) | www.ckrealestate.com.au

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