

# RealEstateNews

INFORMATION TO HELP YOU WHEN BUYING OR SELLING

## 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.

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### page 1

Who Pays the Advertising Costs?

### page 2

Letter from the Editor

YES, Numbers Can Lie

Pasadena - Suburb Snapshot

### page 3

5 Property Tips for Sellers

Where Will You be When Santa Comes?

### page 4

Recent Sales

Staff Recap

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# Letter from the Editor



Welcome to the October edition of Real Estate News.

We are well and truly in the middle of a gorgeous spring and I am sure that many readers are enjoying the warmer weather and doing those maintenance jobs on the house and in the garden.

Constant attention to the maintenance of your home is extremely important as the longer any maintenance is left, the harder (and more expensive) it is to repair.

It is understood that properties appreciate in value over time, but it is the land component that appreciates while the buildings and their fixtures and fittings actually depreciate if they are not upgraded and maintained.

If you are doing work on your property in order to prepare it for sale, we may be able to offer some objective advice. Just call us.

You will also find many other tips in this edition, to help you when selling.

Please enjoy the read,

Best wishes

Kevin Walter

# YES, Numbers Can Lie

PAUL KOUNNAS



**You can influence the way people dance by the music you play. You can also, just as easily, make numbers dance to your tune.**

## How is it possible to make the wrong numbers look right?

Let us look at the weekly reported auction clearance rates as an example. The auction clearance rate in a recent month was reported as 38%, but it could just as accurately been reported as 25%.

## How can this be right?

If you were to count the number of properties sold at the fall of the hammer on the day of auction and divided it by all the properties booked for auction for that same weekend, you will have a correct clearance rate of 25%.

The reported figure of 38% however is also accurate, if you agree with the following reasoning: If you add to the auction results, the number of properties sold by private negotiation before the auction, as well as the number sold by private negotiation after the auction, and you ignore the number

of auctions that were not reported or withdrawn, you'll then get a 38% clearance rate.

Which calculation is right? Both figures can be justified depending on which numbers you pick to support your argument.

Which figure do you think more accurately represents the true clearance rate?

As you can see, it's not hard to make the wrong numbers look right. It simply comes down to which way you want the numbers to dance.

Next time someone says to you, numbers don't lie, perhaps you will now be a little wiser with how you wish to respond. You'll know that their maths may be correct but the problem is they may have deliberately selected the set of numbers that justifies their reasoning and proves their cause.

Auction results can be handy for interpreting market sentiment. They can give us a regular snapshot of the market. But don't forget that auctions only represent a small sample of the market. Australia-wide, auction sales represent less than 20% of the market.

## Pasadena

## Suburb Snapshot

	2000	2005	2010
Median House Price	\$181,200	\$295,000	\$431,500
Median Unit Price	\$67,555	\$167,000	\$256,500
Highest House Price	\$376,000	\$850,000	\$1,210,000
Highest Unit Price	\$129,000	\$232,500	\$367,000
Number of House Sales	34	43	38
Number of Unit Sales	11	11	12

Source: RP Data

# 5 Property Tips For Sellers

Most sellers get their real estate knowledge and experience at a hefty financial price.

They are so busy earning money that they don't have the time to research and save money.

These few brief hints, in today's fast-paced world, may save you several thousand dollars if you are selling today.

1. Insist on a written quote
2. Sign up for a maximum of 7 weeks
3. Focus on today's price
4. Accept the best offer
5. Don't pay or sign anything

## 1. Insist On A Written Quote

When an agent quotes you a likely selling price, get the quote in writing with a clear condition that if your home sells below the price quoted by the agent, you do not have to pay the agent.

Sure, if the market price genuinely falls and you believe the agent has made an honest mistake, you can decide whether or not you wish to pay a commission.

However, by insisting on a written quote and a condition on the commission, you are only doing what you would do if you dealt with any other professional person.

You would ask two questions of a professional service provider. First, What are you going to do for me (the price)? And,

second, what are you going to charge?

## 2. Maximum 7 Weeks

If you sign up with an agent, put a limit on the time that you are tied to that agent. The longest time should be 7 weeks. Some sellers insist on a maximum of 30 days. You do not want to be stuck with an agent you don't like. If you like the agent, you can always extend the agent's time when the period expires.

Putting a time limit on a selling agreement gives you control over the agent, not the other way around.

## 3. Focus On Today's Price



Yesterday's price is gone. Sure, the price you can get today may be less than you could have got yesterday. However, tomorrow the price could be lower than the price you can get today.

Too many sellers today are costing themselves a lot of money because they are holding out for a price that is no longer achievable. The longer you wait, the lower your price can become.

## 4. Accept The Best Offer

When you are selling a property, you need the best price available in today's market. Do not confuse the price you want with the best price available.

Unless you are willing to take the BEST offer in today's market, don't even put your property for sale.

## 5. Don't Pay Or Sign Anything



No matter how tempted you may be or how much pressure is placed upon you, never pay any money to any agent for any reason until your home is sold and you are satisfied.

And, be careful that the agent's selling agreement does not have a fine print clause which requires you to pay advertising expenses if your property is not sold or if you change agents.

Finally, do NOT sign any contracts to sell your property until you speak with your own personally chosen legal adviser. ■



**Where  
Will You  
be When  
Santa  
Comes?**

## Celebrating Christmas in Your New Home?

If you want to be happily moved and settled before Christmas, you'll need to start doing something soon.

**So, if you are thinking of  
selling before Christmas,  
please call us now**

**(08) 8272 9277**

## Recent Sales



Goodwood



Hackney



Hyde Park



Melrose Park



Millwood



St Peters



Unley



Unley



Colonel Light Gardens

## Staff News & Recap

**The team at Walter & Irvine would like welcome our newest team members Tom Kenny and Tania Hamlyn.**

Tom has joined the sales team as a HomeFinder and Tania joins our Property Management department. We welcome them and look forward to their positive contribution to client care and the Walter & Irvine team.

Other members of the sales team include: **James Irvine, Alistair Shields, Dimi Doak and Mike Wilhelm.**

**We are here to assist you with any of your property needs.  
Feel free to contact us anytime on 8272 9277.**



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