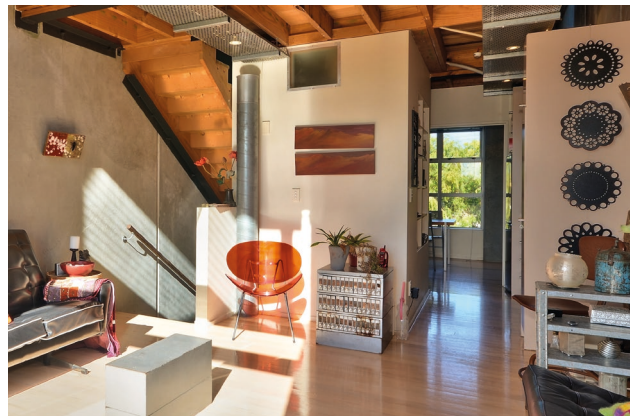


The Step-by-Step Guide to Choosing a Real Estate Agent



Licensed real estate agency REAA 2008

Selling your home is **A BIG DECISION**

It can be tricky to find the best real estate agent to represent your property.

Where do you start, what questions do you need to ask and how do you pick the good from the great? This step-by-step guide is designed to remove some of the mystery and lift the lid on some industry secrets. Once you're done you'll know all you need to know to make the right choice.

Comparing Real Estate Agents

What Makes a Good One?

A good real estate agent can help you maximise the value of your biggest asset. Their job is to get the best possible sale price for your home – otherwise you'd do it yourself, right?

When it comes to deciding who you want to sell your home the choice can be mind boggling. Do you go for a well-known brand, or a company that has stood the test of time? Is there merit in looking for a boutique agency where you know your property won't get lost in the crowd? And does this even matter, or is it all down to the individual agent you pick?

There are a few characteristics that separate the good from the great. When comparing real estate agents you need to look for the following:

Professionalism

Is the agent punctual, do they respond when they said they would, are they polite? Look for someone who is prepared. Do they know the background on your property, do they take notes and actions from your meetings, and do they listen and not talk?

Presentation

Presentation matters, how an agent looks will ultimately reflect on your property. We can't all be supermodels, but it isn't too much to expect your agent to make an effort to present well. A great agent must build a relationship with the purchaser. It is important for them to be likeable as this person is the primary contact for any buyer interested in your property.

If they're personable, and make the purchase enjoyable, a buyer is more likely to buy your home from them, rather than another property from someone else.



Reputation

What do their clients say about them? How many houses are they selling and most importantly how much are they selling them for? A great real estate agent will regularly sell properties for record prices.

Fit

You need to keep in mind the kind of property you're selling. Think about your target buyer and the type of real estate agent your property needs. Some properties are bought easily, while others need to be sold by an experienced real estate agency who knows how to guide the transaction process forward. You also need to be comfortable with who you choose.

Selling your home is a very intimate process. It helps if the agent you choose makes the process as comfortable and easy as possible.

When it comes to choosing a real estate agent, start your search online. Look at how agents in your area are presenting themselves and running their campaigns. Then ask around among your network to see whose name consistently comes up. Pretty soon you'll find you have a shortlist of salespeople worth considering.

Once you've narrowed down your selection, go to a few open homes and see how your shortlisted agents operate. Do they actively sell a property? Are they able to answer even the trickiest of purchaser queries? Do they take notes and are they able to identify the purchasers who are showing signs of interest? A great salesperson likes people and gets results by attending quickly to requests and delivering a warm and friendly service.

Good real estate agents get passed around and people are happy to share their details.

The Real Estate Agent's Code of Conduct

The Minimum Standard

If you're thinking of selling your home it is worth having an understanding of what's in the Real Estate Agent's Code of Conduct, as it's there to protect you. The 'Professional Conduct and Client Care Practice Rules' (or the Code of Conduct) is a framework that sets the minimum standard for New Zealand's real estate agents.

In early 2013 a number of updates to the Code were introduced and the following amendments are what you need to look out for. Any agent worth their salt will know these changes, if they don't (or if you see them acting otherwise) think seriously about choosing another agent.



When you're deciding on a real estate agent it is also worth checking out the Public Register on the Real Estate Authority (REA) website. This displays records of any complaints lodged against salespeople. Make sure you check your shortlist against the Public Register to be confident you've made the right choice.

A licensed Real Estate Agent must:

- Provide clients with a written appraisal of price, which shows how they have calculated their estimate of price and explain if no comparable sales data exists.
- Get an Agency Agreement signed by the client before starting work.
- Recommend that clients and purchasers seek legal advice before signing any contract.
- Explain when an Agency Agreement comes to an end, to prevent clients from being required to pay two commissions if they engage the services of another agency without cancelling their agreement with their first supplier.
- Provide a list of purchasers to clients who, if the vendors sells to them after the Agency Agreement finishes, may entitle the salesperson to a commission.
- Explain that different methods of sale can provide the salesperson with different levels of remuneration.
- Disclose a known defect to a purchaser and resign the account of a client who encourages a salesperson to withhold a defect from purchasers.
- Where it seems likely that a defect occurs, or could occur, the salesperson must obtain in writing confirmation from the client that the property is not defective and ensure that purchasers are informed of the risks so that they can seek their own advice.
- Salespeople must be properly supervised and managed by an agent or branch manager to ensure work is performed competently and complies with the requirements of the Act.

Getting the Right Price

Lifting the Lid on Property Appraisals

Now it's time to narrow your shortlist down to three agents. It is a good idea to include a selection across a range of different types of agency; an agent from a big mainstream agency, an agent from a boutique or independent agency, and one wild card with a slightly different approach.

Remember you don't have to use a local agent who has sold every other property on the street to get the best result – it's the result a salesperson is delivering now that's important.

Ask the three shortlisted salespeople to provide you with an appraisal on your home. This will give you a broad perspective on the market, your likely sale price and the best way to sell your home.

As we've discussed, recent changes to the Real Estate Agent's Code of Conduct include the appraisals process used to place a value on a property for sale. Essentially, what the Code is saying is that real estate agents must tell vendors how they've come up with their appraised price – i.e. they've got to be able to back up their estimate with hard evidence.

Let's take a closer look at how a property appraisal is done. When you contact a real estate agent to request an appraisal their process will include analysis of recent sales data for properties comparable to yours. The salesperson should refer to data available from the Real Estate Institute of New Zealand (REINZ) as well as settled sales data. It is important that data is taken from both sources to ensure it is comprehensive and accurate.

By law, if no other comparable sales are available the salesperson must explain this and then document their process used to arrive at the estimated property value.

A comprehensive appraisal should include the following:

- Latest market statistics for the area
- Analysis of recent relevant sales
- Indication of estimated sale price
- Draft recommendation on the method of sale
- Analysis of your target buyer
- Draft recommendation for marketing
- Prices for marketing
- Estimated commission fee
- Timeframe for getting to market
- Sales record and testimonials.

Marketing your Property

Which way is best?

Once you've chosen a shortlist of real estate agents and you're comfortable with the appraised value of your home you need to settle on the best method of selling your house. A great real estate agent should recommend the best way to market your property as part of the appraisal process and explain their rationale. Let's look at the options in more detail.

Negotiation with an asking price

A fixed price is a great way to sell a property with a known value, which is unchanged by the market, like an apartment or a townhouse. This method of sale is very reliant on pricing the property accurately – too high and you'll alienate the buyers you need to attract, too low and you'll forgo the opportunity to get a better sale price. This sales method works well for properties that may attract a first-time buyer.



Negotiation without an asking price

If a property's sale price is likely to be determined by its buyers, the value of the property is estimated by the real estate agent and agreed with the seller, but the property is then marketed without a price. This attracts a wider range of buyers and puts the property in the best position to generate a higher sale price.

If there is demand, placing an asking price on a property can in fact cap the price. This is a useful method for marketing a property where the sale may not be straight-forward; meaning sale by auction won't provide the best result. The negotiation process allows the salesperson to develop a relationship with prospective buyers, ensuring they can work through any concerns that may provide a barrier to purchase. In a negotiation it goes without saying that a great sales person can make a big difference to the final sale price.

Auction

An auction is a great way of galvanising buyers into action. All bids are unconditional, bidders cannot change their minds after a bid and the seller cannot place a bid in excess of their reserve price. The property can be sold when the bidding exceeds the reserve price but if the property doesn't reach its reserve price, it will be passed in.





At this point the highest bidder usually has the first right to purchase the property at the reserve price or to negotiate a price with the seller. Auction is a very popular method of marketing a property, but it isn't always the best option. An auction is only right for homes selling in a competitive market and properties that offer a clean title and straight forward LIM.

Tender

A tender is typically used at the top end of the market because they offer a high level of discretion. The property is marketed without a price and the tender is given a particular closing date and time. The offers are submitted to the real estate agent in sealed envelopes and are only opened in the presence of the seller after the tender has closed. Keep in mind a tender suits a more practiced buyer.

Do You Really Know What You're Getting?

Five Questions to Ask Your Real Estate Agent

By now you're hopefully feeling better informed and in a position to make your final decision. These five questions will help you to sort the wheat from the chaff.

1. Can I see your sales track record?

Check the number of sales, the length of time it took to sell a property and final sale prices. Don't focus only on sales volume.

2. What do you do to achieve the highest possible sale price every time?

Dig deeper into their sales method. There are three components that work together for a successful sale; applying the right method of sale, marketing, and how the point of enquiry is dealt with. Service is essential; remember a competent agent can drive the sales price up.

3. How are you remunerated to get the best price?

This is your chance to check what motivates your salesperson. The changes to the Real Estate Code of Conduct mean your agent must disclose when a particular method of sale provides a different level of remuneration.

4. What will you do to make this process comfortable?

For many of us our home is our most valuable asset. Selling can be a stressful process. This question helps to shed light on how a salesperson will work with you. How often they'll communicate with you, and how. A great agent should be able to explain how they will make the process as collaborative and as easy as possible.

5. What makes you different?

This is the last chance for an agent to articulate their value. Don't just take their word for it. It is a good idea to ask for testimonials and call previous clients to get the inside story.

Making your decision

A checklist

Selling your home shouldn't cost you an arm or a leg, and it doesn't have to be a painful process. Use this table to compare your shortlist and make sure you're onto a winner.

Rank each agent on a scale of one to five, with each number corresponding to the following:

- 1 = Poor**
- 2 = Fair**
- 3 = Good**
- 4 = Very Good**
- 5 = Excellent**

	Agent 1:	Agent 2:	Agent 3:	Total
Estimated Commission				
Marketing Costs				
Admin Fee				
Agency investment (eg. marketing freebies)				
Fit for your property				
References				
Recent sales data				
Service				

My chosen real estate agent is:



Like the cut of our jib?

Get in touch and we'll happily pop round to give you a free appraisal on your home.

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This is why The Property Market is the best boutique real estate agency in Auckland:

- **We offer the same service as a big agency**
- **We charge a sweet and simple 2% commission fee**
- **We deliver exquisite, powerful marketing**
- **We create a free website for your home**
- **We've sold over \$400m of property - and counting!**