



ANTONY LAWES

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## our editors

# Are sellers the villains in underquoting?

After years of pointing the finger at agents for underquoting, another villain is emerging. Our heated property market has prompted some home owners to raise their price expectations beyond the market's threshold. Then they insist on an unrealistic reserve price; their property is passed in and nobody wins. In our Review column, right, buyer's agent, Patrick Bright considers plans to stamp out the problem.

Our Lifestyle feature this week looks at the enduring style of a black-and-white palette. Judy Barouch quizzed designer Greg Natale, who worked with the owners on the renovation of their grand Woollahra home, for some tips. She's also included where to source some of the designer pieces on page 7.

More great design can be found in Anita Balalovski's Get out of Town column on page 8. A Peter Stronach-designed house in the Southern Highlands brings traditional country style into the future with a beautifully considered home on a superb site.

And in her Amazing Design story on page 9, Trisha Croaker poses the question: can buying ready-made house plans end up costing more than an architect's bespoke design? We read of a young Maroubra family's desire to turn their old house into a dream home, within a strict budget. The outcome is amazing.

Enjoy your Sunday,  
**Anna Anderson, Weekend Editor**

# Review

## Agents not always to blame

PATRICK BRIGHT

The proposed requirements from NSW Fair Trading to stamp out underquoting won't fix it or dummy bidding. The problem of buyers being misled will continue.

Under the changes, agents would be prohibited from providing any price estimate less than what the home's assessed worth is as noted in the sales agent's selling agreement. They would also be required to update the price guide in line with changing circumstances.

The changes will certainly help with cracking down on some of the games being played by unscrupulous sales agents and is a step forward in transparency. However, I estimate that at least half of the time it's not the agent at fault - it's the vendor.

I went to an auction two weeks ago where the agent's price guide to buyers was \$1.65 million. The highest bidder had made a bid at \$1.8 million and yet the home still wasn't on the market.

Such a scenario begs the question: Did the agent engage in underquoting? Maybe, but it's unlikely a sales agent would have been so blatant as to underquote by that much in the current market climate given the crackdown on underquoting. Now that it's much easier to be caught for engaging in underquoting, agents are becoming more reluctant to risk their reputation and career for one vendor. It was more likely the result of a last-minute high reserve from the vendor.

Perhaps they felt more bullish than they had previously; maybe they decided to ignore the buyer feedback collected over several weeks leading up to auction day or perhaps sellers remorse kicked in, but the result is the same - buyers feeling ripped off, finding themselves out of pocket at an auction for a property they were never in the running to afford in the first place.

If an agent has been advertising the home with a price guide of "interest around \$1.65 million" and the vendor turns around the night before auction and sets the reserve price at \$1.8 million, there's nothing anyone can



do about it. If the sales agent hasn't been given any prewarning by the vendor that this is their intention, it is clearly the vendor who is underquoting not the sales agent.

Yet when there is competitive bidding above the price guide provided and the reserve hasn't been met there will be unfair accusations of underquoting directed towards the sales agent.

People spend time and energy, as well as money, on building and pest inspections, to bid at an auction. Regardless of who is misleading the market, it should be stopped.

If the authorities genuinely want to get rid of underquoting and dummy bidding, they should introduce the mandatory publishing of reserve prices a week out from auction.

If the reserve price is listed seven days before auction buyers will know whether they can afford to bid and they will have enough time to do their due diligence.

If the vendor tells the agent they want a reserve that the agent doesn't feel is achievable or realistic the vendor can then choose to still run with an auction and try their luck or cancel it and publish a figure they will sell at rather than waste everyone's time, energy and money with an auction.

Patrick Bright is a buyers agent and director of EPS Property Search