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8 lies real estate agents tell

By Gillian Bullock

You put in an offer for a property and the bidding process begins. How much control do you really have over the final price — or are you just putty in the real estate agent's hands?

After all, agents are generally the experts in the field of negotiating and know how to get the best price for their client. And their client isn't you, it's the vendor.

Thus, many real estate agents can be liberal with the truth, especially when they know you're in the hot seat to buy. Buyers' agent Patrick Bright of EPS Property Search has a number of techniques to help you through the bidding process and get the property at the right price.

1. **"The sellers are very sad to leave."** This lie can point to just how motivated is your seller is. Bright estimates that six out of 10 properties are sold under distress either through divorce, job relocation or simply that the vendor has already bought elsewhere. Asking directly why the property is for sale will probably not deliver an answer as agents are trained not to disclose information that may negatively impact on the price. But you can sniff out information by asking a casual question like when are the owners hoping to move or where they are moving.

2. **"Bidding starts at \$700,000."** Where do you pitch your initial bid in a private treaty sale? Bright says start low and work your way up. The example he uses is with a property on the market at \$700,000 that you are prepared to pay \$665,000 tops. He suggests you start at \$640,000 which will probably result in a counter offer of \$690,000. You will then come back at \$650,000 with a counter from the vendor of \$680,000. At this point you can offer to meet in the middle at your chosen \$665,000. The danger here is that they might come back again in the middle at \$672,500. Stand firm – remember your top price was \$665,000.

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3. **"Your maximum price needs to be negotiable."** Don't give too much away. Don't tell the agent what your top amount is otherwise you will find that the amount you end up paying gets perilously close to this figure or else matches it. Instead, say that you are getting close to your top dollar without hitting on the number.

4. **"The buyer won't be interested in that bid."** By law the agent must submit all bids to the vendor although some will bend the rules if your bid is too low. Taking the above example, if you had come in below \$640,000

the agent may have just told you the vendor would not be interested and you might have reacted by walking away or upping your offer. Don't. Insist the agent put your offer into the vendor and to make sure this happens put the offer in writing and, where possible, ask for a written response.

- **Check out some tips for dealing with homebuying stress.**

5. **"There's no counter offer."** Sometimes you make an offer and there is no counter offer. If that is the case, Bright suggests you just walk away saying that unless you get a counter offer then you are not interested, adding that you are close to your top dollar. That usually results in a counter offer.

6. **"There's another buyer."** You are in the throes of the bids and counterbids when a second buyer suddenly appears: enter the mystery second buyer. The buyer may exist, but often it is a tactic to help close the deal. If you ignore the mystery buyer, it is a risk you take. Bright says you should not be influenced by other offers and just focus on what you are prepared to pay.

- **Buyers, make sure you're not stuck with a lemon.**

7. **"Let's just wait and see."** Put your money where your mouth is. When you make your offer, sign the contract and staple a 10 per cent deposit cheque to the document. The cheque cannot be cashed until it is countersigned by the vendor, so you are protected. Bright believes that the sight of a signed cheque is a powerful incentive for the vendor to accept the offer.

8. **"They can't accept a 90-day offer."** Fast settlements can win the day. Ask the agent if the vendor will accept a 90-day offer rather than the more typical 35 or 42 days. If the agent says no, then you can gauge the vendor wants a quick settlement. Offer to settle in 28 days but with a lower offer than they may have wanted. This can often win out as the vendor becomes more focused on the benefits of the timeframe than on the dollar figure.

Negotiating to buy a property is not for the faint hearted, but using good strategies can help you have some control over the outcome.