

# The hard sell: property sale demystified

This month, **Mark Taylor** talks with TV property expert and CEO of Empire Chris Gray about how to achieve the best sales result for your property.

## CAN YOU GIVE READERS SOME INSIGHT ON PROPERTY AUCTIONS?

An auction opens at the price the market determines and relies on a sense of urgency and competition. In this emotional environment, buyers may bid more than they had intended, leading to a fantastic result for the vendor.

The relatively short campaign period for auctions – generally four weeks – is seen as an advantage by most vendors. If your reserve is realistic, the market is good and you are selling in an area where buyers are used to auctions, you can expect the property to sell on the day of auction. This works well for high-demand properties, such as apartments in inner-urban locations.

Auctions do have their downsides: choosing to go to auction in a non-competitive market or in an area where most people prefer a fixed price could lead to a lower final price than you had hoped for. This is dangerous if you have to sell, as the price starts low and could remain low.

## WHEN WOULD PRIVATE TREATY BE A GOOD OPTION?

Private treaty sales are popular with vendors and buyers alike – it is relatively low stress and everyone knows what they are in for. In a private treaty sale, the

vendor works with [his or her] agent to set a price for the property. Buyers may offer less than but it's up to the vendor's discretion whether to accept.

In conservative markets, you will generally achieve a better result selling by private treaty compared to auction. Buyers in areas where auction is not common tend to be afraid of auction and more open to the fixed price offered by a private treaty sale.

The downside of private treaty is there is no chance of selling your property for a higher price than the value you set. With no fixed time frame for the campaign, your property may sit on the market for an extended time, and you will need to factor any additional marketing costs for this time into your budget.

## WHAT ABOUT EXPRESSIONS OF INTEREST?

In an expressions of interest campaign, you invite buyers to submit offers based on what they think your property is worth. Unlike in an auction, where a guide or reserve price may be known, marketing for private treaty sales is usually done without a price or [with] only a broad price range. The seller can consider all offers and choose the highest offer.

Advantages of expressions of interest sales are the defined time frame and the confidentiality. During an auction, bidders can seek to outbid rivals by offering as little as a dollar more, whereas in an expressions of interest campaign, bidders are 'blind' and have no idea how close to the mark they are. The idea is that if a buyer wants the property enough, he or she will submit the best offer – and this could greatly exceed the amount offered by the second-highest bidder. Luxury estates and one-of-a-kind properties targeted at buyers for whom money is not an object could be the type of properties to sell via expressions of interest. If you are selling a standard suburban home, you may be better off going to auction or selling by private treaty, depending on the area and your adversity to risk. ●

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**Mark Taylor**, our regular property columnist, is the founder and managing director of the Keys To Success Club, a must-have resource for anyone serious about property.