10

Property Pitfalls

How to Avoid Underselling your Greatest Asset





10 Property Pitfalls: How to Avoid Underselling your Greatest Asset

Selling any property represents the final chance to unlock its full financial value.

Whether a family home or an investment, there is a responsibility to yourself and your loved ones to secure the highest possible selling price.

It’s common for sellers to choose an agent they trust, only to later discover the agent’s strategies led to underselling their property.

This complimentary booklet highlights the 10 Property Pitfalls to avoid when selling.

In 2023, Australian property owners were surveyed asking what they look for when choosing an agent to sell their property.

One question involved ranking the following criteria in order of importance:

- **Minimal time on market**
- **No upfront marketing costs**
- **Selling for the highest price**
- **Advertising and marketing strategy**
- **The agent's commission**



Overwhelmingly, 67% placed *"Selling for the highest price"* as the number one criterion; 84% of respondents placed it in their top two.

The 10 Property Pitfalls

1. Underpricing Your Property
2. Overpricing Your Property
3. Believing either of The Two Lies
4. Showing Your Cards
5. Poor First Impressions
6. Limiting Property Access
7. Rejecting the Right Offer
8. Hiring an Agent that can’t Negotiate
9. Buying Before Selling
10. Waiting for the Market to Improve

Pitfall 1:

Underpricing Your Property

The way in which the price of a property is introduced to the market may be more important than you initially realise.

There are two 'perceptions' every buyer develops when looking to purchase a property.

Their first is their 'Value Perception' – in short what they believe a property to be worth.

The second, their 'Purchase Perception' – what they believe a property can be bought for.

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In many cases, agents encourage property sellers to have a low asking price in an effort to stimulate competition. There is no denying a property that appears underpriced will attract more attention than an overpriced property.

Agents will argue that the lower an advertised price, the more the competition for the property. These agents say that once buyers have engaged with the property, the agent will 'push them up' in price.

Unfortunately, this tactic lowers a buyer's Purchase Perception below their Value Perception. This has dangerous consequences.

Consider this: a property you're interested in has a price range of $500,000 - $550,000. After inspecting, you make a judgement that the property is easily worth $550,000, perhaps more (your Value Perception).

If you decided to make an offer (remember its advertised range is $500,000 - $550,000), what would you offer? It's highly likely your first offer would be in the vicinity of $500,000-$520,000.



Consider another scenario: the same property was advertised as 'Contact Agent'. The agent tells you that something in the 'low 500's' would potentially secure the property. Your offer would again likely fall between $500,000 - $520,000.

Why is this? The pricing strategy created a belief you could obtain the property for around $500,000 (your Purchase Perception). This is because your thoughts are anchored to the lowest price seen or heard.



A buyer's aim is to purchase a property for as little as possible; a seller's aim is the opposite.

Yet as demonstrated, when an agent reduces the buyer's Purchase Perception below their Value Perception, the property is likely to be undersold.

Don't let an agent convince you that competition is essential to sell a property. Competition is good, but when it is at the expense of your selling price, it's counterproductive.

For competition to be effective, it must be at a price that facilitates obtaining the best possible price.

A Smartre Agency focuses on pricing property above the best Buyer's Value Perception. This protects you from lowering their Purchasing Perception, ensuring you don't undersell your property.

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Pitfall 2:

Overpricing Your Property

Undoubtedly, there is a balancing act when pricing property. As discussed, to avoid underpricing, you must increase the price. Yet, arriving in overpricing territory exposes you to another pitfall.

Buyers make many decisions around property. Plenty are rooted in facts, yet many are based on feelings and assumptions.



The internet facilitates the ease of accessing a property's marketing and sales history. Why is this a concern for you?

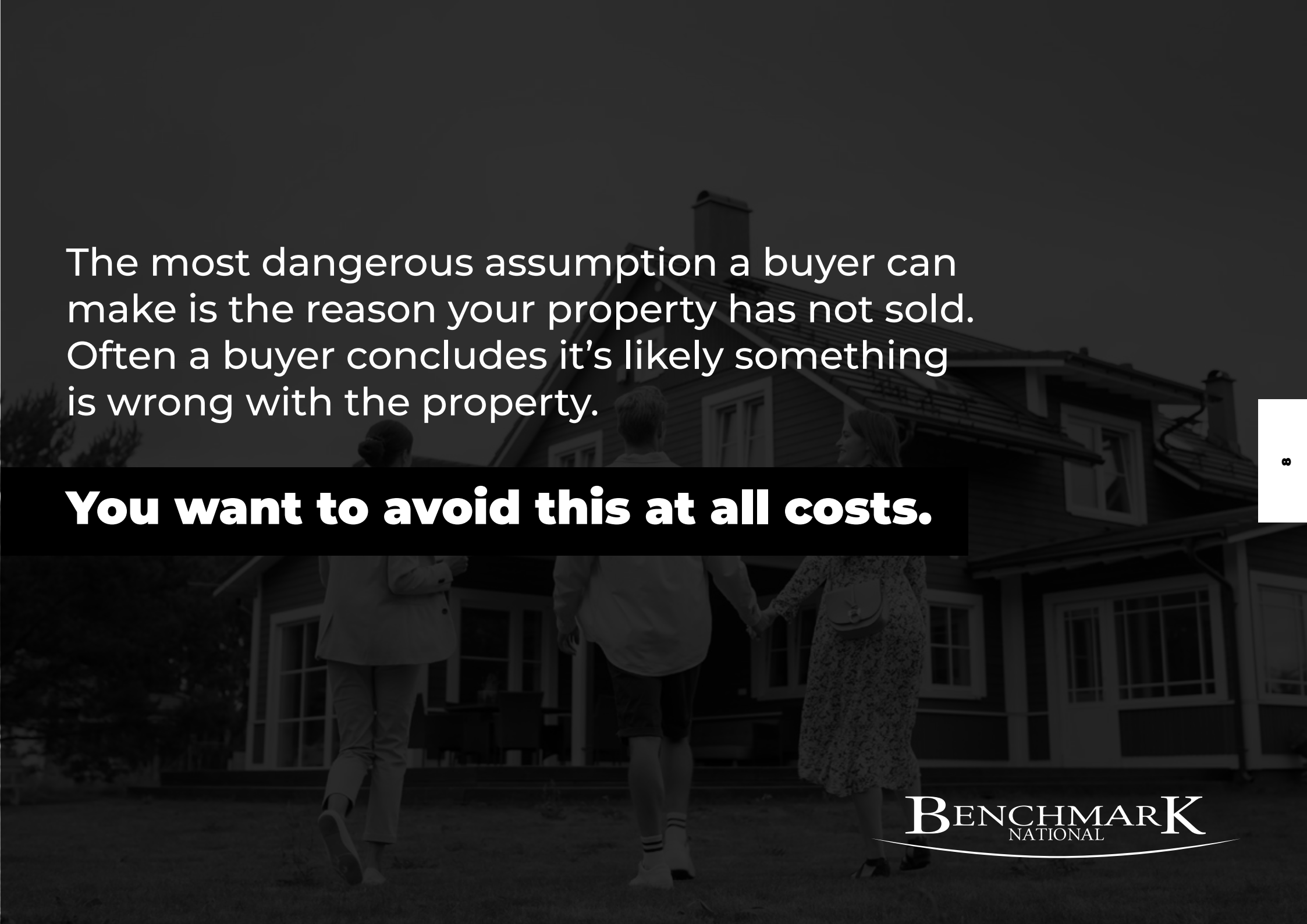
Because a property's history, or Digital Footprint, is telling. Attempting to outperform the market with a higher than achievable price can have a negative effect on your eventual sale price.

Expensive marketing campaigns justify their costs on the increased exposure of a property. However, when a property is overpriced, this exposure has a detrimental effect. Think sunburn: the more the exposure the worse it gets. In the case of property, a long exposure likely means a lower eventual sale price.

A Smartre Agency will present a strategy that strikes the balance between achieving the highest price without risking damage to your property's digital footprint.

This is called a Heart Buyer Strategy. Combining unique MAAP Data and preview campaigns, a Smartre Agency will guarantee that you sell for the highest possible price.

Note: Heart Buyers are discussed in further detail in Pitfall 7.



The most dangerous assumption a buyer can make is the reason your property has not sold. Often a buyer concludes it's likely something is wrong with the property.

You want to avoid this at all costs.

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Pitfall 3:

Believing either of The Two Lies

To understand where the confusion around pricing property originates, look to real estate agents themselves.

Most training provided to real estate agents is focused on obtaining listings. The theory goes, if you win the listing, you'll eventually make the sale. The emphasis is on the agent winning the business, rather than where it should be – on the seller achieving a great outcome. More on this shortly.

An interesting discrepancy exists within the industry. If you know somebody who is a real estate agent, there is every chance you like and trust them. Yet, if asked your opinion of the industry as a whole, you may scoff at the question – everyone knows the industry has a tainted reputation.



Roy Morgan regularly conducts a survey titled the 'Image of Professions' in which they ask consumers *"Which rating best describes how you would rate or score people in various occupations for honesty and ethical standards (Very High, High, Average, Low, Very Low)?"*

In their most recent survey, only 5% of those surveyed regarded real estate agents as either Very High or High in these two categories. Conversely this means that 95% of respondents rate real estate agents as average or below when it comes to ethics and honesty.

As a side note, this is their lowest ever rating, falling below their previous low of 7%.

This begs the question, is this reputation warranted? Unfortunately, in many instances, it is. The problem originates with the typical training provided to the real estate industry. especially around listing property and specifically when it comes to discussing price.

Agents are trained that quoting a seller the highest believable price is the one that will win the listing. Often, this is what happens. Agents prey on seller's emotions, knowing everyone wants as much as they can for their property. This is not greed on the part of the seller, it's simply reality.

This discussion with an agent will often involve an agent telling one of 'The Two Lies'. These lies are:

1 The Improbable Lie

This is when an agent intentionally inflates a homeowner's potential selling price; it's the lie most people are aware of & dislike about real estate agents.

The most common time this lie is told is when multiple agents are being interviewed for the job of selling a property. Knowing they're competing, agents deliberately inflate their estimate.

2 The Lie of Omission

This is when an agent, knowing the probable selling price, chooses not to tell the owner; it's a more subtle lie, but still prevalent in the industry.

This lie arises when a seller asks whether they could receive a figure higher than what is possible. The agent – rather than risking disagreeing with the owners and losing the listing – will simply agree their price is achievable.

Avoiding this pitfall is difficult because emotions come into play. When a property is worth $800,000 yet an agent states they can get $900,000, many cannot turn their backs on a potential $100,000 extra. Could you?

Empowering yourself with the knowledge of The Two Lies, and understanding that an agent's primary objective at this stage is simply to win your listing, will help you remain objective during the agent selection process. The best way to avoid this pitfall is to simply ask an agent to provide evidence.

Smartre Agents are trained to deliver evidence-based pricing. Any figures quoted are backed up with three types of evidence: recent comparable sales, analysis of the current market competition, and the budgets, wants and needs of their current buyers.

Be careful: agents showcasing marketing strategies that reference property exposure, levels of enquiry and inspections, are not providing pricing evidence. Marketing and pricing are two important pieces of the puzzle, yet are not one and the same.

Insist that any agent you meet provides specific pricing evidence. Do this and you're certain to avoid falling victim to either of The Two Lies.

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Pitfall 4:

Showing Your Cards

Properties are sold to solve problems. Sometimes these are good problems. Your family has outgrown the property, you're in a position to buy a property more suited to your lifestyle or a new career opportunity sees you relocating.

Sometimes though, problems are truly problems. They can involve financial pressure, be the result of a marriage breakdown, an ill family member or even a death.

Regardless of the reason, the sale of a property should have no connection to your motivations as a seller.

The eventual sale price of a property should reflect its features and benefits in relation to its competition in the marketplace, not your reason for selling.

A dangerous trend has emerged in real estate advertising,

with both privacy and price implications. Too much personal information is being revealed during marketing campaigns. Circumstances with deadlines or duress are often featured in advertisements.

Headlines such as 'Marriage bust-up', 'Owners bought elsewhere', 'Deceased estate' or 'Urgent sale – the bank is calling' are used frequently within the industry. The reason? Agents claim they will attract more buyers, creating more competition.

Yet, these headlines tend to attract bargain hunters or opportunistic buyers. Investor groups are notorious for recommending their members target properties featuring this style of marketing.

The pitfall is that this information is being shared with your best buyers. Those who are genuinely interested in your property. Remember, a buyer's aim is to pay as little as possible for the property.

Advertising this information often results in a lower offer. Although someone may love your property, knowing that you have to sell will be factored into any offer they make.

Smartre Agencies understand the features and benefits of your property, and how these relate to the wants and needs of the buyers. These are the key marketing and negotiation points in any campaign – not why your property is being sold.

Keep your cards close, no matter how good or bad they are. This ensures your buyer is not gaining important information to be used against you.

When you keep your cards close, you will always negotiate from a position of strength.

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Pitfall 5:

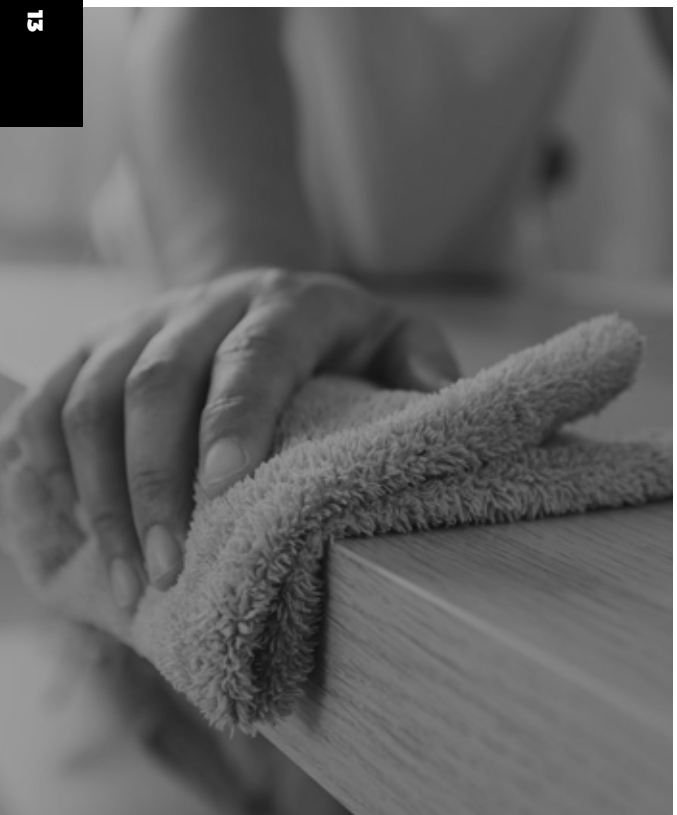
Poor First Impressions

Body language experts state that individuals form up to 80% of an opinion during the first few moments of meeting a new person. Much of their future relationship with this person is based on those first impressions.

First impressions are generally visual.

People judge property in the same way. How does it look online? How does it appear on first arrival? Does the property seem to be loved and cared for?

How a property is presented for sale affects both price and time on market. Many homes can be sold for more if well presented.



Property presentation is one of the simplest improvements to ensure you sell for the highest price possible.

The presentation of a tenanted property can be difficult to manage. While most families keep their homes tidy, it is a rare that a tenant will go to the same level of care and presentation as the owner of a home.

If your property is tenanted, discuss with your property manager what improvements can be made that won't impact the tenant. Improvements to the exterior of the property including gardens, lawns, driveways and windows are often non-disruptive to a tenant.

Modernising bathrooms, recarpeting or repainting are hard to do when a property is tenanted.

Regardless, in the majority of cases there is no reason for major improvements. Sellers often feel the need to renovate, landscape or give large sections of the property a facelift to attract a buyer.

This is seldom the case.

Smartre Agencies believe that when buyers arrive, you want them to think, “this looks nice”. By the time they reach the front door, you want them to think “this feels nice”.

When entering your property, buyers should immediately feel comfortable. Make the atmosphere natural and relaxed. Genuine appeal is what wins buyers. Home truly is ‘where the heart is’ and anything evoking the emotional feeling of ‘home’ is something that entices buyers.

Some simple steps you can always take include:

Mow your lawns. Often twice a week when on the market, as well as ensuring the edges are trimmed. A neat and tidy lawn goes a long way to making a positive first impression.

Clean the outside. Use a high-pressure hose (or cleaning service) to remove stains, cobwebs, leaf debris, etc. Clean the windows; sparkling windows reinforce the feeling of space and cleanliness.

In some cases staging is a worthwhile investment, but like all investments, you have to weigh up the costs versus the return. In others, decluttering a property will improve its presentation while simultaneously making it feel bigger.

Attend to small repairs. Loose door handles or doorstops, holes in screen doors – simple repairs like these are effective yet inexpensive. Take the time to ensure your property looks loved. Remember, buying a home is emotional. How a buyer feels will be the main reason they accept or reject your property.

The word love is common with a property purchase. Buyers will often say *“We loved that house, that’s why we bought it”*. Be sure to showcase your property to maximise the “love factor”.

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Pitfall 6:

Limiting Property Access



When do the best buyers look at property? Nobody knows for sure. Some buyers utilise Open Homes on the weekend; others have commitments during these times (such as children's sport) meaning they need to look during the week.

Some inspect after hours; some are simply happy to send a representative or family member on their behalf.

If we can't know when the best buyer wants to look, the safest strategy is to facilitate as much access to your property as possible.

Limiting access to only one or two times a week risks your best buyer not being able to attend. Your agent's inspection strategy must accommodate all buyers.

Again, for tenanted properties this can be a challenge, as inspections should not unduly impact on the tenants' lives. When selling a tenanted property, ensure your agent cultivates a tailored inspection strategy that strikes the balance between the property being available, and minimal disruption to the tenants.

Tenant compensation should be considered for their cooperation, especially during the early weeks of your campaign.

Smartre Agencies have a dual inspection strategy including both one-on-one inspections and open homes, designed to accommodate all buyers.

Speed, more than any other factor, is imperative with buyer inspections. When a buyer feels they've made a connection with your property and want to inspect, ensure your agent has the ability to get them through as soon as possible.

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Pitfall 7:

Rejecting the Right Offer

There is no worse feeling than knowing you have undersold a property. Sellers realise this after rejecting an offer, only to later accept a lower price.

This can happen for various reasons, yet most commonly occurs because the best offer came early in the campaign. Sellers often assume that because marketing has just begun, offers are likely to increase. This is often not the case.

The best offers often come early because they are made by buyers known as ‘Heart Buyers’



A buyer sees your property early in the marketing campaign. The location is ideal, it has the right number of bedrooms and living spaces, the yard is great – they know it’s perfect. The buyer immediately forms a strong emotional connection. This is the Heart Buyer.

Heart Buyers are seen early in marketing campaigns and make offers emotionally. They think with their heart and not their head. In many cases their offers are above what would be considered market value. The Heart Buyer offer is usually the highest.

Heart buyers can be:

- A long-time searcher, driven by a fear of missing out.
- The fed-up buyer, frustrated and 'over it', paying over market price simply to secure a property.
- An emotional connection with a property sees buyers paying a premium due to their sentiment.
- The buyer who acts impulsively and simply wants to be happy.
- Those who recently inherited money can be ego driven. Often these buyers don't value their new found wealth, and as such, spend it frivolously.
- Out-of-town buyers can be driven by bias. Comparing property to where they were, as opposed to where they are.

The heart buyer makes a fair or even above-market offer on the property, only to see it rejected. Why?

The seller is likely still under the illusion of one of The Two Lies. They want to believe they can get more. Smartre Agencies understand that the best offers usually come early, and it is dangerous to reject them without serious consideration.

When you receive an offer early during a campaign, check it against these three price indicators:

1. Instruct your agent to confirm that this offer is, in fact, the final and highest price the buyer is willing to pay. Then, if you trust the agent, and the offer is within their advised selling range, consider it seriously.
2. Look at comparable properties that have recently sold. Compare the offered price to these.
3. If still in doubt, get the opinion of an independent valuer.

Keep in mind when selling, many of the best prices happen very early in the selling process. Never dismiss an offer without carefully analysing and measuring it against the indicators mentioned above. Then give the offer careful consideration before acceptance or rejection.

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Pitfall 8:

Hiring an Agent that can't Negotiate

So far in this booklet, you have been introduced to a number of pitfalls that lead to property being undersold.

Without exception, the main reason a property undersells is an agent's inability to effectively negotiate on behalf of their client (that's you, the seller).





Industry wide, many agents are simply not trained negotiators. If agents are not trained on how to conduct themselves during a negotiation, how to introduce your property to the market, to never reveal your reasons for sale and how to communicate with buyers, then the same outcome is inevitable – an undersold property.

Because most agents are untrained, the best way to avoid this pitfall involves finding an agent who is trained in negotiation. Or learn these four simple steps of negotiation that will highlight any flaws within an agent's negotiation strategy and protect you from underselling.

1. Detachment

Your agent needs to be financially and emotionally detached from the sale.

2. Knowledge

Your agent needs to know and understand the buyers they are negotiating with. This allows them to provide you the best advice.

3. Relationship

A key element of any negotiation is the agent's ability to influence the behaviours of the buyer. People will only allow themselves to be influenced by people they trust. There are two types of trust, Affective and Cognitive Trust.

4. Risk

When the first three elements are in place, risk is minimised.

Real estate negotiations should be win/win. Yet how can this be the case when buyers' and seller's aims regarding price are in conflict?

A win/win negotiation in real estate is as simple as the sellers selling their property for the highest price possible, and the buyers securing the property that they want. Both parties win.

When an agent can't negotiate, it's a double win for the buyer. They get the house they want and have money left in their pockets.

The four aforementioned elements combine as The Quadrant Strategy of Negotiation®. Smartre Agents across the country are trained in this strategy, ensuring that when they represent their clients in a sale, they are competent in the art of negotiation.

This strategy ensures a win/win outcome.

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Pitfall 9:

Buying Before Selling



You may find yourself asking: “What if I sell quickly and have nowhere to live?”. Many sellers experience this fear.

The traditional solution is: Find another home you love. Buy it, subject to sale of your existing property or by using bridging finance, and then sell the current property.

These common solutions present two dangers.

1. Being forced to undersell your current home due to the timeframe constraints.

2. Overpaying for the home you purchased through fear of missing out.

Both can lead to financial loss.

Agents love people who adopt these solutions because the agents obtain a highly motivated seller. Banks also love them because they gain, or keep, a client while extra interest is paid until the property sells.

However, properties don’t always sell quickly, or at the expected price. Financial loss when selling can be hard and fast, or so subtle that the seller doesn’t even realise it’s happened.

The most common scenario ends up looking like this:

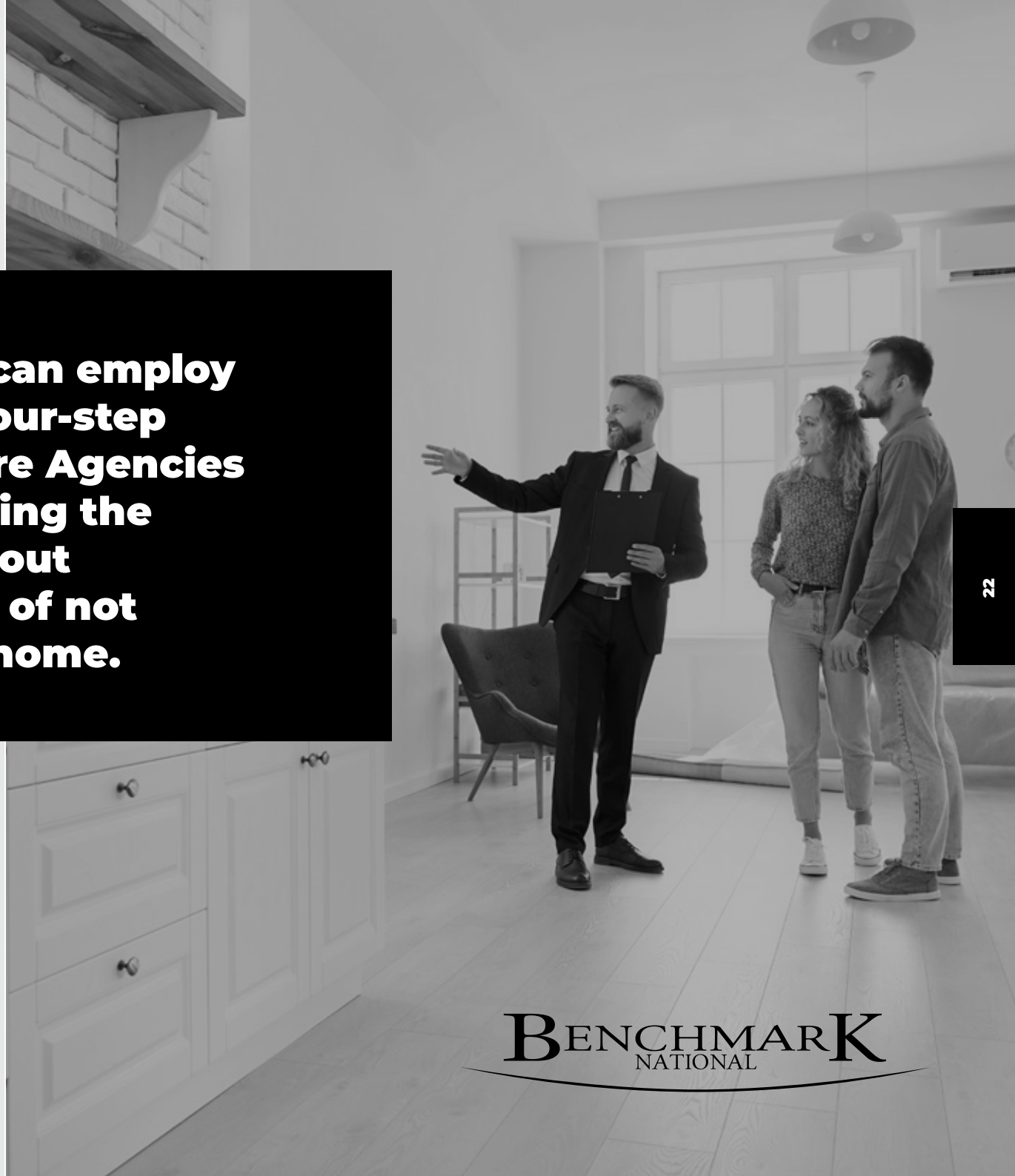
Once the new home is purchased, a selling agent is asked to price the existing home. So as to not risk losing a listing with a motivated seller, the agent commits the Lie of Omission (Pitfall 3) and leads the sellers to believe that a higher price is likely. The figures stack up and it looks like a perfectly affordable move. Based on these rubbery figures, some people may even choose to finance immediately with bridging finance.

The property is listed at an inflated price but doesn’t sell. As the clock ticks, financial and emotional pressure builds. This pressure forces the homeowners to take an offer that is less than expected for their current home, and less than what could have been achieved under less pressured circumstances.

To avoid this danger, you can employ The Safe Move. A simple four-step strategy offered by Smartre Agencies across the country, providing the confidence of selling without financial risk or the worry of not finding your perfect new home.

To obtain an understanding of this strategy, connect with the Smartre Agency that provided you this booklet.

Don’t let fear lead you to the trap of buying before selling. By employing The Safe Move you will avoid the dangers that would otherwise arise.



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Pitfall 10:

Waiting for the Market to Improve



The real estate market is not a single entity. It is millions of people making individual decisions based on their personal needs and opinions. Real estate trends vary wildly from state to state, city to city, and even at times suburb to suburb, making the market virtually impossible to predict with any accuracy.

When deciding to sell, many use personal opinion of the real estate market as the basis for that decision.

The chance to make a few thousand dollars more will often keep people in a property they should sell. They wait in the hope their property will rise to a value, and the financial gain makes the move worthwhile.

The mechanism to pick the top of the market is elusive. How do you know the market has peaked? Because, quite simply, it starts to fall. By definition, the top of the market has been missed. A rising market can quickly become a falling market.

The danger comes in trying to predict the market. Neither a rising or falling market is a bad thing; it is just the market. Based on your needs, the right time to sell may be in either.

The key question that needs to be asked before any sale is: *'How will my life improve as a result of the sale?'* If there is no definite answer, your plans should be reconsidered.

Price shouldn’t be your primary consideration if selling and buying in the same market. Changeover costs are the key consideration. If the selling price does rise, most likely the purchase price will also. Why not simply sell the house you don’t want and buy the house you do want? Then, wait for it to go up in value.

If the aim is to reduce debt, consideration must be given to decreased interest bills and the reduction of the associated stress. Does waiting for improved market conditions warrant the interest payments and stress involved in hanging on?

Sometimes a property must be sold to take advantage of other opportunities. By holding out for improved market conditions, the cost of losing the opportunity may be greater than the potential increase in the value of the property.

Living in the desired house rather than remaining stationary, experiencing less stress thanks to debt reduction and taking advantage of opportunities are three excellent reasons for selling now, rather than waiting and thinking about how life might improve.



This booklet was written with the aim of empowering you through knowledge.

Although some of the concepts and opinions contained within may not be popular, but:

What is popular is not always right, and what is right is not always popular.

Real estate is a layered and complex industry. Everywhere you look there is a different person with a different agenda.

Smartre Agencies and their representatives work for their sellers. They have one clear agenda: to sell property for the highest price possible. This is the agenda all sellers should want their agent to have!

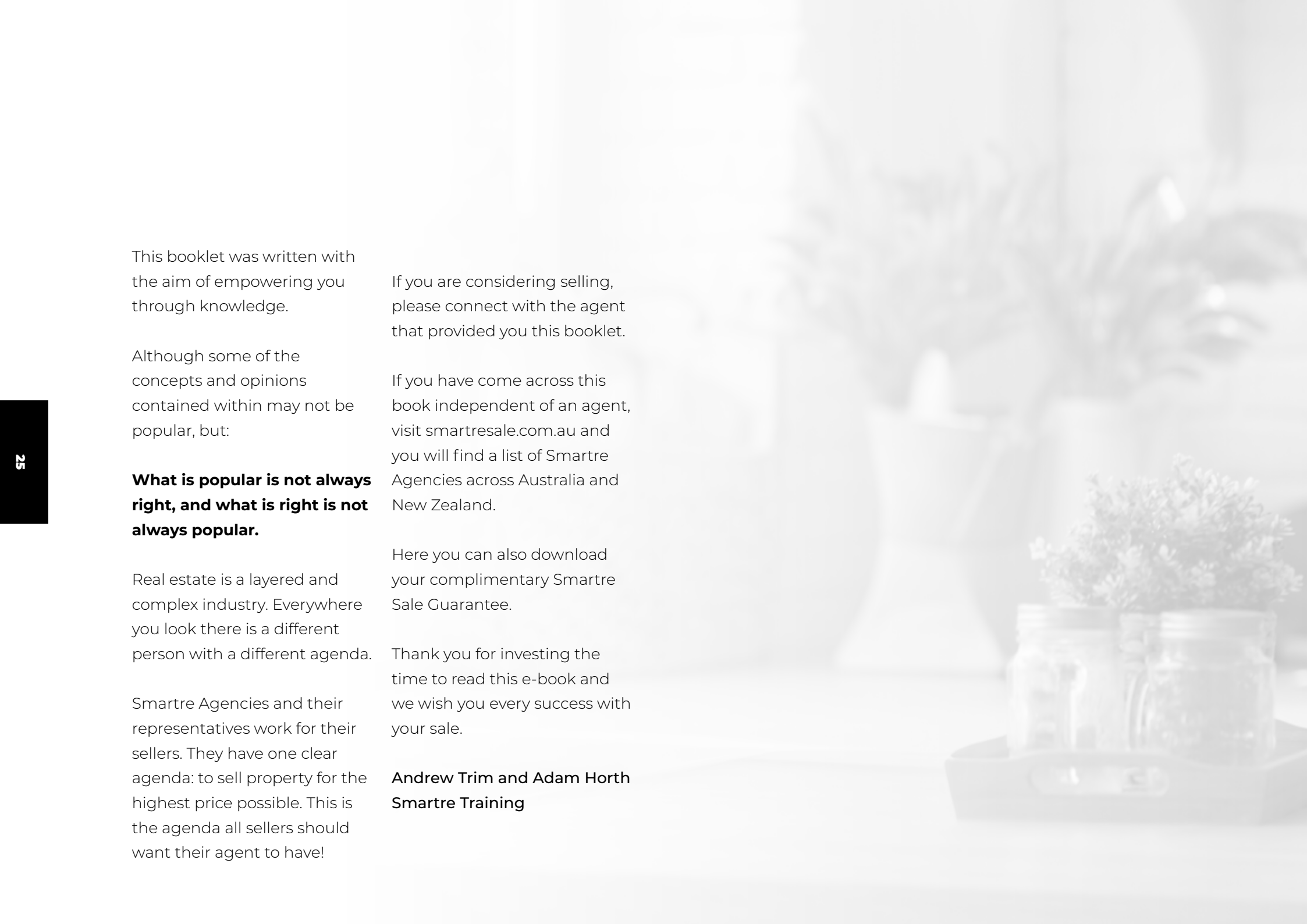
If you are considering selling, please connect with the agent that provided you this booklet.

If you have come across this book independent of an agent, visit smartresale.com.au and you will find a list of Smartre Agencies across Australia and New Zealand.

Here you can also download your complimentary Smartre Sale Guarantee.

Thank you for investing the time to read this e-book and we wish you every success with your sale.

Andrew Trim and Adam Horth
Smartre Training





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