

Seller expectations are high but buyers want low prices - what's to be done? Two real estate agents detail how to negotiate in a declining market.

After years of rapidly rising house prices, the recent slowdown took many people by surprise - not least those with a home to sell.

"For a while we had a situation where buyers were aware the market was dropping while sellers still assumed it was strong, so there was a big gap between their expectations," says Anton Zhouk, Director of the Buxton Real Estate Group at Boroondara in Melbourne's eastern suburbs.

"Now people have had time to adjust so, when it comes to negotiation, the gap isn't quite so wide."

Whatever the state of the market, every negotiation is based on the same premise - vendors want to receive the highest possible price while buyers want to pay as little as possible. Both, however, need to give careful thought to how they approach a negotiation when the market is in decline.

### Be realistic

"From a vendor's point of view, it's crucial that you price your property correctly from the start," Zhouk says. "The most incredible homes in the world won't sell if they're overpriced."

Jane Booty, Principal of Stone Hills District Real Estate in Sydney, agrees that vendors must be realistic.

"Some potential buyers are waiting for prices to fall even further so there fewer actively looking," she says. "They have more properties to choose from so it's harder to convince them to pay a premium price. And the longer a property stays on the market, the less likely it is to sell at a higher price - buyers can look up how long it's been for sale and will use that against you."

She suggests that vendors try not to think in terms of losing money.

"Unless you bought in the last two years or so, you're probably going to get a higher price than you paid," she says. "And, of course, if you're selling to buy, you'll be paying less yourself. It can be more helpful to think in terms of the changeover price, rather than fixate on the price you may have been able to achieve a few months ago."

### Take offers seriously

If a property is on the market now, it's there for a reason.

"This isn't a time to be testing the market or selling a property if you're not in a hurry," Booty says. "If you do need to sell you should be prepared to take every offer seriously, even if it's not at the level you were hoping for. At least enter into negotiations to see how far you can get your potential buyer to go."

When buyers have the upper hand, presentation is particularly important.

"You need to be clear about the attributes of your home - the unique selling points that make it desirable," Booty says. "It's also worth spending some time and money on

minimising anything that would cause concern. You don't want potential buyers to go away with the impression that there are another five homes they'd be equally happy with."

A good agent can help you identify your property's strengths and weaknesses then demonstrate and sell its strengths.

"In a softer market, it's vital that you start by getting good advice on everything from pricing to presentation," Zhouk says. "The right agent will also help you market the property effectively. This needs to be considered on a case by case basis - for example, advertising in print media may work well for some but, for others, it would be a waste of money."

Be ready to act

As a buyer today, you're well placed - but you shouldn't be too complacent.

"If you see a property that appeals to you, it's also likely to appeal to other people so you can't afford to sit back and wait in the hope that the price will fall," Booty says. "At least throw your cap into the ring and start the negotiation process."

Zhouk believes that today's buyers are in a fortunate position now that the market has settled - though no one knows for how long.

"The only way you can tell when the market's hit the bottom is when it starts to come back up," he says. "By then, you could be too late."

Some tips to help get the best results from your negotiation

If you're selling

Set a realistic price from the outset

Find a real estate agent you trust and act on their advice

Take extra care with presentation - you want potential buyers to fall in love with your property

If you're buying

Do your research - be clear about a realistic market price

Let the agent know if you're interested in a property

Don't wait too long for a bargain - the market could turn at any time

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