

When everyone is pointing the figure at everyone else

We are in an interesting period of time at the moment in the property market. Depending on which paper you read and who you tend to listen to will depend on whether you have a positive or negative outlook on the property market as opinions are as varied as people. This is because property is an asset majority of the population are involved in directly or indirectly which means every man and a dog have an opinion but as always they are usually biased and miss informed as not every property is equal and nor is every opinion.

Over the past weeks combined with my usual time spent assessing the property market for my clients I have also gone to many auctions in established blue chip suburbs to see at a grass roots level how confidence in the market is stacking up.

While there has been a definite cooling at auctions due to various external factors such as rising costs of living, increase's in the cost of borrowing, increased value of the Australian dollar and also the fact we have a Federal Government capable of putting fear in the eyes of every investor for all the wrong reasons.

What I did see at the auctions was a couple of consistent factors pop up with both the successful auctions I attended and also the unsuccessful auctions. As we saw some 20 years ago prior to what would be considered the reforming of the property market the quote range has become more important than ever as a marketing tool. The old adage of "quote it low, watch it go" and "quote it high, watch it die" is now true again as people are tending to build their own premium into the quote range. Therefore when a property has a quote price very close to market value prospective buyers tend to add another 10% to the quote range and feel it is overpriced for what it is and walk away from the property.

The second major factor we are seeing is vendor expectations are exceeding the value of their properties. This I feel more than anything has been caused by ill informed media over the previous years writing articles on how well the market was performing as well as the record growth that had occurred when in fact we have not seen what I would call record growth but a market that has risen and fallen since 2007. This combined with how agents conduct themselves and not being able to educate their vendors downwards in price due to not wanting to use what was termed as bullying tactics by the media. A big problem at the current point in time in the property market is we have a lot of arm chair experts and when an agent is attempting to do their job it can be incredibly undermining and also can affect the sale of the property. Combine this with what I term a over regulation in the property industry due to pandering to the interest groups we now have agents that are paid by the vendors but appear to have to operate in the interest of the purchaser.

At the end of the day people like myself who have been real estate agents in a past life know the value of using an expert like myself and following an expert's advice. Very few people question their financial planners or their stock brokers the way they question and second guess their selling agent which make it very hard to give clear advice.

I feel as time goes on we must see another reform in the market to where we have a more formal level of qualification for agents, possibly an apprenticeship is the way to go. But we also need to rid ourselves of this need to pander to the lowest common denominator in the market as it does not

occur in any other investment market in Australia or the world. Until people can accept that the agent works for the vendor and that their sole responsibility is to the vendor and to achieve the maximum price for the vendor on the sale of their property we will continue to have this idea that the agent is somehow working for the purchaser, and therefore must act in the interest of the purchaser. If this is the case I suggest selling your house/investment becomes like dealing in fine art or antiques and the purchasers pay a buying premium of 22% on purchase price to the auction house. I am sure the system we currently have doesn't seem so bad now.