

Lesson 1.15

On Price Guides

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Lesson time: 4min 1sec.

Key Takeaways:

1. Why the price guides aren't always accurate.
2. How to cut through the agent's marketing to determine whether a property is within your range.
3. A simple phone trick to get a sense of the real expected price of a property.

There's a lot to work through and understand with price guides, so please take your time to work through it as we are talking about millions or hundreds of thousands of dollars here and it is important to understand.

When you, as a buyer, call an agent to get a "price guide", you're likely going to get the equivalent of a robot's response. The reason that the agent does this is for a simple reason: they want to drive all the buyer leads that they can to a packed open for inspection or buyer viewing. The more people that are there, the greater the sense of urgent competition.

Without diving headlong into issues with "under-quoting" or "bait advertising" from agents (which do happen and we will cover in future lessons of the course), here we'll instead focus on what you can do to counteract this effort by the agent to turn a price guide enquiry into another name at the open for inspection.

The Process

First, the normal process is to call the agent (not email), and let them know the property of interest and introduce yourself.

For the sake of the hypothetical, let's assume that the property should be worth \$900,000-\$950,000, based on your knowledge and research into the market. What you can then expect is that normally the agent will quote 10 percent less than where they expect the price may run. So, in this example, around \$850,000+.

What we do instead is turn things around to suit the price point of the property in discussion. A script of our conversation might look like this:

"I really like the look of your "12 Smith Street" listing, and I see you have it open for inspection on Saturday for the first time. It looks like a home of potentially serious interest for us, however, we are a long way down the road with another property off market / or we are under offer already on another home and we need to make a decision fast. What price would secure this property?"

The agent is still going to try and draw you back into the "motivated seller/they will meet the market/first open this week, no feedback as yet/seller is committed to the auction process" lines, because, remember, this is their goal and what they have been trained to do.

However, many times the agent will also tell us at this point the "real price." Assuming they don't, I would then follow up with this line;

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"As I mentioned we are under offer off market elsewhere, so we need to move on something quickly to avoid missing out. We are looking in that high \$800k / early \$900k range, are we wasting our time by exploring this property?"

At this point I'm throwing that number out there as "bait", and really, all I want it to do is solicit a different response to their standard robotic responses.

The bait usually catches the fish hook, line and sinker. Most agents will then respond often as follows;

1. No, you're not wasting your time. Come along to the inspection.
2. Yes, we have interest at that level and I expect it will probably run a little further.

And all the above is to extract that second line out of them. When the agent says that, we have real information. We now know that the \$850K+ that is initially quoted is not accurate at all, and the real price is probably low \$900's+.

All of this takes a minute on the phone and with that one minute you have instantly got a gauge of whether this property that is being quoted as within your price range really is affordable. You can immediately include, or exclude, the property from your target list on that basis.

One of the things that Hello Haus customers frequently tell us is that one of the most valuable services we provide is tricks like these that can help save a buyer from chasing a rabbit down a hole that they'll never catch. The quicker you can use tricks like this to cut through the marketing and focus on the reality, the faster you will secure your ideal property within your budget.

Key Reminders

Expect the standard agent responses and come prepared with your responses to counter. Remember, there is a whole profession centred around real estate sales training. Do not lose sight of the fact that real estate sales agents are trained professionals whose best interest is to enhance their selling capabilities throughout their career. In order to be slightly competitive against them we need to use these tips and tricks to increase your odds of success.