

Module 6 : Selling Property with an Estate Agent

- Why sellers and buyers should work through estate agents
- Agreements
- Marketing
- Why boards are important

Topics covered in this module:

- Why sellers and buyers should work through estate agents
- Agreements
- Marketing
- Why boards are important
- Flyers and Advertising

Selling Property with an Estate Agent – 4m 51s

6.1 Introduction

The debate about whether or not to “go with an estate agent...”.

This debate has probably been raging ever since estate agents became involved in home sales. Although there is no correct answer to this, it does fall into the area of why we need experts in any area of our lives.

The actual process of buying and selling property is fairly simple: a person wants to sell their house or some other form of property. Someone else arrives and decides to buy it. Deal done.

Viewed in simplistic terms, it looks easy. Unfortunately, it is never that simple. As soon as you have legal issues like title deeds and the conveyancing that accompanies them, the issue becomes complicated. If errors are made in the process of transfer, the matter could become costly.

None of this takes into account what happens if disputes arise about the condition of the property, what fixtures and fittings were supposed to have been left on or in the property, the exact date of transfer and ownership and who owes whom what in occupational rental. Things can become messy if they are not set up properly in the first place.

It is not impossible for a person who is not an estate agent to sell their own house and many people do sell their own houses. However, it takes a lot of time. There are many aspects that need to be correctly handled if the best price is to be realised and if there are to be no issues or comebacks after the deal has been registered.

There are many factors that have to be considered when selling a house and unless a person has a lot of experience or a lot of time to research and check all the details, working with an estate agent is probably the wisest course to take.

6.2 Marketing without an Agent

Let's take a look at what might happen if a person decides to take his house to the market without the help of an estate agent.

Our man, John, lives in the north of the country. He decides that he would like to move to a smaller house - the children have all left home and he and his wife would like a lock-up-and-go. They want to travel.

John begins to take note of the property market, which is frequently mentioned on television and in the newspapers.

He decides to do a little research and looks at the property portals for houses of similar size, character and situation to his. He compares the floor area, the number of floors it has and the size of the property that the house stands on. All the fairly obvious aspects.

After a little mulling, he settles on a price that he would like and works out how much his property has increased in value since he bought it fifteen years ago. He then calls an agent or two to come and give him an evaluation.

The agents come in quite a bit below his price and give him an estimate on how long they think the house will take to sell. John doesn't like what he hears from the agents and convinces himself that going on his own is the best idea he has had in a long time.

The following week he makes himself a "For Sale by Owner" board and puts it up on his gate. He registers his house on two of the property portals that he visited when he did his research and made his price comparisons. On the portals he adds four photos he took on his mobile phone and a paragraph about the house.

Four months and a few visits from interested people later, the house is still on the market. The visits happened in the first week that the house was on the portals, but then dried up completely.

Despondent, our man shelves the idea of selling his house. He cannot work out why he was unable to sell the property when he was certain that it would move quickly and he would make a tidy profit from it.

This may not happen quite like this, but it is a distinct possibility. To add to his woes, if John now decides to go back to the agents that he first called on for evaluations, they are quite likely to tell him that his house was on the market too long and is now stale.

A house goes stale when it is on the market for too long without being sold. There is no specific length of time for this; it basically happens when a house has been up for sale and all the people who might be interested in it have taken a look and decided not to make an offer.

Other buyers will have noted that the house didn't move and lose interest, after all, why wasn't it snapped up when it went up for sale. The conclusion is that a viewing will be a waste of time as there must be something wrong with the house or it must be over-priced.

Now, when an agent does list the house, the price will have to take the stale aspect into account by being adjusted downwards.

6.3 What Estate Agents Bring to the Process

One of the most important aspects of a property sale is the management of expectations.

This may seem like a strange thing to have to consider, but if not taken into account, it can lead to the loss of a sale at a good price.

Home owners tend to feel that they deserve to get a top price for their homes, regardless of what condition the building and the property are in. They tend to become blind to defects that they have lived with for years. They forget that the fading paint in the hallway was new ten years ago. It now has a yellow patina because a member of the household smokes at the bottom of the stairs.

When people decide to sell a property, they have an amount in mind that they would like to realise from the sale. This figure might be a realistic, market related amount, but it is more likely to be dictated by some other factor. Maybe it's the amount they need to realise in order to pay off their mortgage with enough over for the deposit on a new house. Maybe it's related to the price a similar house in a neighbouring suburb realised.

Whatever the seller's price is based on, as an estate agent, it is essential that you find out how the amount was reached and then steer the seller to a more realistic figure.

In managing the seller's expectations, you need to take them along with you step by step. You have to ensure that you are basing your evaluation on the condition of the house, the current market and how that has affected house prices in the area and other areas similar to theirs.

You will also have to show them that house prices vary from city to city and region to region. The same thing applies to the time that it will take to sell the house. When times are slow in the economy, houses take longer to sell.

The economy of the city and the region also play a part in valuing a house and the time it will be on the market. Compare the property market in London to the property market in Aberdeen and the differences become clear. London is a global financial and commercial centre and unlikely to be greatly affected by the fall in the oil price. Aberdeen on the other hand has been devastated. Usually the differences aren't quite as stark, but they will always be there and they need to be made clear to your client.

A less obvious factor will be the neighbourhood that the house is in and the position of the house in the neighbourhood. If the house is close to a school, this can be a plus, depending on the buyer. However, if the house backs onto a main road or the loading area of the local shopping mall, this will be a negative factor all round. The expected price will be quite a bit lower than the price of a smaller house in a quieter area of the same neighbourhood.

FACT

The number of estate agency jobs is now at a record high – 100,000 more than at the peak of the boom, in the summer of 2008.

Source:telegraph.co.uk

6.4 Things to Fix

With familiarity comes a certain degree of blindness when it comes to defects that need to be repaired in a house that is about to be put on the market.

People tend to become used to the things they live with and see on a day-to-day basis. A crack in a wall might be overlooked by the owner, but raise concern in a potential buyer. As the agent looking to market the house, you will have to obtain an opinion from someone with an engineering or structural background. You need to know that the crack, if covered up, will not create a latent defect that could raise its head at some stage down the line and cause big problems for the seller, the new owner and possibly you. Don't forget that you owe a duty of due care to the seller. If this fact is made clear to the seller, they will not suspect you of trying to drop the price of their house for an easy sale.

In many houses, a good clean and tidy up is all they need before they are ready for showing to prospective buyers.

Depending on the owner, the price they are expecting and the time in which they are expecting to

sell their home, having a team of professional cleaners in is usually a good idea. The house needs to be in a condition that inspires the person viewing it to want to move in immediately.

A clean house with a tidy garden will help greatly with the price and the speed with which the house is sold.

6.5 First Things First

Before we get too carried away with fixing the house and bringing in the cleaners, there's the all-important matter of the contract that you have to have in place before you can list the property and start to market it.

Depending on the seller, there are several possibilities when it comes to contracts. A good thing to remember is that, regardless of how well you get along with the client at your initial meetings, there is always a need for a written agreement.

While everyone is getting along well and co-operation is the order of the day, the need for a contract seems really remote. But as lawyers are fond of saying, contracts are there for when the music stops. In other words, while everyone is in agreement, the contract will stay in the bottom drawer. As soon as there are questions that need detailed answers, or where time has gone by and people's memories are starting to diverge on what was discussed in the initial stages of the process, contracts are essential.

Many sellers have the impression that all estate agents are dishonest at some level and are not to be trusted. They are a necessary evil. From your point of view as the estate agent, you have to allay your client's fears and ensure that the contract is a document that suits both parties.

For this reason, you have to be totally familiar with the contracts that your agency requires their clients to sign before the listing of a house takes place.

Usually a contract is designed to protect both parties. It must state clearly what the terms and conditions are and state clearly how issues that might arise between the parties will be resolved.

As the estate agent, you will be very familiar with the terms and phrasing of the agreements that your company uses when signing up a new client. Be prepared to explain in detail any of the clauses that the seller may want to query.

When you are going through the agreement that you expect the client to sign, keep in mind that the average person does not deal with estate agents very often, in fact, most people are totally unfamiliar with legal agreements and contracts of any kind. The closest they come to signing contracts are the times they take out mobile phone agreements and contracts with the gym. Chances are, they haven't a clue what is in those contracts and nobody has explained the details to them.

The reason for this is that the mobile phone and gym contracts are for something they want. Deals with estate agents are not something they see as particularly desirable. Add to this the fact that the property marketing business had a reputation for being dubious and is having a hard time shaking that image.

Your best approach is one of total candidness and openness. Your attitude will speak volumes for you. Don't try to avoid any parts of the contract. Be detailed to a fault and offer to explain each and

every clause to the seller before you require them to sign.

If there are any parts of the contract that the seller is unhappy with, discuss changing it to suit the seller, provided the change does not go against your interests to any significant degree.

As a beginner in the property market, you may have to refer to the owner of the agency or to your sales manager before any changes are made to any legal agreement. If this is the case, then try to ensure that the relevant person will be on call in case you need them to discuss the change. It should be possible to discuss changes over the phone, but if your superior won't do this, then try and get them to agree to come to the seller's house and make the changes immediately.

This approach may seem a little extreme, but bear in mind that you are not the only estate agent in the area. Your competition may be the next person to see the seller. If they are able to alter the agreement to suit the seller, you will lose out on the opportunity to sell the property.

The biggest reason for going through the contract is to demonstrate to the seller that your company is not trying to hide anything in the small print and not trying to tie them up in legalese that they won't understand.

There are three basic types of contract that your company will probably be ready to sign. The first prize in property marketing is to secure a sole agency. This means that you are the only agent that will be marketing the property for the agreed period of time.

The benefits of this are that there will be no confusion as to who the buyers must approach in order to view the house and there will be no division of the commission earned. The rate of commission for a sole agency is in the region of 1% to 2% of the price realised by the sale of the property. Be very sure that you explain to the seller that there is VAT added to the percentage that your company earns. It is a recognised trick that estate agents try and conceal the VAT charge from the client so that the client thinks they are going to realise more from the sale of their house than they actually are.

On this point, total honesty is by far the best policy. If you conceal charges and amounts that the seller will be liable to pay, you may secure the agency for the house, but it will be a dead end. That seller will not refer you to any other potential clients and, as mentioned before, referrals and a solid reputation in the estate agency sector are gold.

The other types of agency that you might sign will be dual agency where two agents from different companies work on the property at the same time and a multiple agency where three or more agencies work on marketing the property.

6.6 Objections the Client Might Have

Although there is no way to anticipate how individual clients are going to respond to the terms and conditions of the agency agreement they will be required to sign, here are some areas that they might object to.

If their house is at the higher end of the market, they might raise an objection to the amount of money that the one or so percent commission represents.

The best way to deal with this sort of objection is to reiterate what it is you will be doing in order to sell the house and thereby earn the commission. You will have already been through this before the agreement was presented to him, but go over it again.

The areas you should emphasise are the skill you will put into marketing the house. In other words, you will be taking detailed photographs of the house or putting together a virtual tour of the place. This might be through video or lots of photographs. If it is an upmarket house, it would be wise to bring in a professional video camera operator. They will have the requisite skills to light and film the place to its best advantage.

You will also be writing focused copy about the house and its attributes. This will be done in a way that will inform and entice potential buyers to make appointments to see the house.

Your time is also going to be spent on adding the listing to the most viewed property portals on the internet. This has to be done in the correct way with the photographs and the virtual tour presented so that the listing will stand out. Again, copy will be written for inclusion on the portals, which also requires search engine optimisation skills to ensure that the listing comes up in the search results where potential buyers are likely to see it before other listings, both on the portals you listed it on and ahead of portals that are not carrying it.

The major portals used in the United Kingdom are Zoopla, Rightmove and OnTheMarket.com. Depending on which of these you use, take the seller through the logon process and show them current listings that you have on these portals. Take care that you know which portals your company uses. While Zoopla and Rightmove are by far the largest and most accessed, OnTheMarket.com is trying to restrict the number of portals their clients use. If the client wants to know why you use one portal instead of another, be in a position to explain to them.

Beyond the listing, there is the fielding of the responses and the skill involved in arranging viewings at times that suit the potential buyer and the seller.

Your time will be spent on arranging the viewings and attending each viewing where your skill as an estate agent will be used in presenting the house in the correct way and sequence. You will know which is the best time of day to present the house and this will vary depending on the interests of the person coming to the viewing. You will have gained some knowledge of the potential buyer and their preferences from having spoken to them to arrange the viewing.

Another advantage that you should emphasise, is that you won't only be bringing people to view the house while they are at home and could, in all likelihood, conduct the viewings themselves, you will

also be showing the house to people while they are away at work. Added to this, there will be open house sessions where you will be inviting potential buyers from the agency's buyers list and people from the neighbourhood. The accumulated exposure of your involvement in the marketing of the house will be worth the commission on its own.

The value of the house might not be quite what the seller was expecting. To handle this problem, you will have to take the seller through the valuation process again and impress upon them that you have done a diligent comparison of their property with the prices recently secured in the area and taken into account the prevailing local and national economic climate. If they feel that this is still not to their satisfaction, it might be feasible to reach a compromise on the price to be asked and adjust it accordingly.

If this situation does arise, it would be wise to reiterate that there is a risk of the house not moving and falling off the market when it becomes stale. If that happens, it could be several months or longer before they will be able to relist the house at a price anywhere near the price you are suggesting.

Another fear that the seller might have is that the contract restricts him too much and that the duration of your sole agency is too long. The average length of a sole agency is six to twelve weeks. Whether this is reasonable will depend on where the house is situated in the market and what the current economic climate is like. If it's an upmarket house, it is going to take longer to sell. If the economic climate is depressed, it will take even longer.

The decision to shorten the duration of your sole agency is up to you, but it might be wise to ask the client if they will give you the option to extend the period if they are satisfied with the work you put into the marketing of their house.

One of the fears new clients have is that they are cutting themselves off from clients that other estate agents have in the area. This is not a factor. You should explain that potential buyers are not tied to any particular agent. They usually visit all the agents in an area. What a shorter sole agency will achieve is that the people who notice a change in agents might think one of two things. First, that the house is not moving because either the price is too high or that there is something wrong with it, and second, they might think that the seller has fallen out with the agent which would not be fair as you will be putting all your experience into marketing their home. Both results are not what either party wants, so the standard term is better adhered to.

Another fear that the seller might have is that the contract ties him into an agreement where you will be earning a commission for work that you don't do and they will be paying for marketing expenses that should come out of the agency's pocket.

It is usual that the agency carries the cost of marketing and the creation of the marketing materials like flyers, newspaper adverts and online exposure.

Client objections are usually the result of the client feeling that they are not getting a fair deal. It is up to you to explain in detail what action you will be taking and how the agency's involvement will take all the pressure off their shoulders.

6.7 Boards - Where Low Tech Trumps High Tech!

You might find that your client has something to say about the fact that you need to erect your estate agents board outside their property.

There will be a clause in the agreement about this. You must never agree to delete or alter this clause. Estate agency boards are essential, even in this age of high tech and instant internet access to virtual tours and photo galleries of all the properties listed in the entire country.

Boards have been around since the dawn of estate agency and are still in use throughout the world. This is because they are highly effective, accounting for between 30% and 50% of property sales.

From the agency's point of view, they generate brand awareness for the company and because of this a lot of thought and psychology go into the design and selection of colours.

In practical terms, they make excellent markers for where the house you are marketing is on the street. People coming to view the house will be able to identify it from far off.

For people who have not made an appointment to view the house, they will be able to take your number and email details from the board. They make a permanent display of your business card details for the time that the board is on show. People who contact you through the numbers gleaned from your board will have seen the exterior of the house and will have a very good idea of its location and the suitability the house has for their purposes. Half your selling job could well be taken care of by the simple action of erecting your board.

Very few buyers rely solely on the internet and facilities like Google Earth to scout the areas they are thinking of moving to. Having your board up will attract the attention of people touring the neighbourhood either on a whim or looking for your board or the boards of other agents.

The danger of not putting your board up is that people looking for your listing might end up using another agent and buying a different house purely because they were unable to find the house you were selling.

Because of the popularity of boards among estate agents, all town and city councils have strict rules and regulations about the size and appearance of estate agents boards and how they are to be displayed. Take careful note of these rules if you don't want to risk your board being confiscated by the council.

Other means of low tech marketing that are still very popular because they are still effective, are local and city newspapers and estate agent shop window displays. They are particularly effective amongst buyers who are relocating and are in the area for the first time. They usually go to estate agent premises and start from there with their house search.

6.8 Other Considerations

Fixtures and fittings

An essential part of the contract is the agreement on what fixtures and fittings will be left in the house when the new owner takes occupation.

If these are stipulated at the outset, it will prevent confusion at a later stage.

Discrimination

You must clear with the seller that it is illegal to refuse to sell his house to a buyer who puts in an acceptable offer if that refusal is based on the race of the person making the offer.

Mortgages

A big advantage of working with an agent is that buyers are vetted with regards to their ability to raise the funds necessary for the purchase. This alleviates many problems for the seller as it means that they will only be presented with credible offers which they can consider seriously.

As an estate agent who helps people sell their properties, one of the first things you should know is to distinguish between mortgage pre-approval and mortgage pre-qualification.

Simply put, anyone can express interest in buying a property; however, not everyone is pre-approved for a mortgage. Pre-qualification, for example, does not include verification of employment, credit rating or income. When you vet buyers, ensure that they are able to produce a legitimate credit rating, and pre-approval papers from a lender.

This proves that they can procure a loan. A pre-qualification is not enough to guarantee a mortgage – it's simply an estimate of the buyer's buying power. So do not waste your time (and your client's time) by following up buyers who are not pre-approved.

Documents required to sell property in the UK

Energy Performance Certificate:

The EPC indicates how energy-efficient the property is and how much energy bills they can expect to pay. The seller may have to pay a charge for this.

ID and Address Proof:

The seller may provide bank statements, passport, driving license or utility bills.

Property Title Deeds:

The deed proves ownership and may contain important documents such as certificate from the NHBC (national House-Building Council), planning and regulation licenses, indemnity insurance,

deeds of covenant.

The property may be registered or unregistered (it could be inherited or gifted).

Fittings and Content Form:

This describes exactly the fittings and fixtures that will be left in the property when you vacate.

Property Information Form:

This contains important information about the property including disputes with the neighbours, notices, building, electricity and gas work, warranties/guarantees, environmental issues and so on.

For leasehold properties, you may need additional forms such as a leasehold property enquiry form.

Take a Quick Recap Test

[viralQuiz id=205]

Assignment

Selling Property

Time: 30+ minutes

Now that you have learnt about the most important aspects of selling a property through an estate agent, work your way through the following worksheet.

[Download Worksheet](#)

Summary

A cross that estate agents have to bear is that the industry developed a bad reputation in the 1950s and 1960s. Unfortunately, there are still some people who give the profession a bad name. It is the duty of all estate agents to act with the utmost integrity in all their dealings with sellers and buyers. It is not only for the sake of the industry, but also for the sake of their careers.

All marketing depends on the ability of the salesperson to generate contacts with people who will be interested in dealing with them and using their services. If an estate agent develops a good reputation, people will refer their friends and associates to them. Referrals are the strongest form of lead that a person can have as they don't have to establish their credibility. This has been done by the people who referred their associates to them.

To ensure that the service they offer is of the highest standard, agents must also be totally familiar with all the paperwork and marketing tools that they have at their disposal. Proficiency in all areas of their jobs will ensure that they are successful.

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