

THE TOUGH TRUTH

What sellers need to know



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Right now, in a lot of areas of Australia, there are a lot of unhappy property sellers. They can't sell.

In some areas, some properties have been on the market for six months, even longer.

To sellers, an on-going unsold property can be mental agony. It's like torture. They all have a breaking point, the day when they say, "Enough, I can't take it anymore, just sell it."

Ironically, once they make that final decision to sell – no matter what the price – the sellers' moods usually lift. It's gone. They can get on with their lives.

In an instant, these sellers go from unhappy to happy. There is nothing like a sale to improve the mood of even the most stubborn seller who owns the most hard-to-sell property.

Sadly, though, most sellers who have taken a long time to sell have usually sold for a much lower price than they should have accepted.

It need not have happened this way.

There is no need to wait a long time to sell for a low price, no matter how tough the market might be.

And yes, things really are tough in many (soon to be "most" and then "all") areas of Australia. This time last year, one agent (on the Gold Coast) was getting around 250 enquiries a week from property buyers. Last week, he got 21 enquiries.

Another agent (in western Sydney) said, "We thought our phones had been cut off last weekend. No one called." It's a similarly emerging story in Melbourne, Hobart, Adelaide and Perth.

So, if you're an unhappy seller and you can't sell, here's some tough truths you probably need to face – quickly.

First, understand this truth: There is no such thing as a property that "can't" be sold. There are never "no buyers".

Yes, times might be tough for

sellers. But tough does not mean impossible. It is always possible to sell a property. There is always a buyer. It all depends on the price.

"Oh, but we've already tried that," say some sellers. "We've dropped the price \$50,000 and there are still no buyers around."

Nonsense.

Let's use a tough truth to kill the "no buyers" excuse once and for all.

No matter what price you want for your property right now, no matter how many times you may have lowered the price, ask yourself this question: "If the price was half what it is today, would it sell?"

In most cases, the answer is, "Of course."

"But we're not going to give it away!"

I am not suggesting you give it away. What I am suggesting is that you stop saying (or believing) that there are "no buyers".

If your property was half its current price, there'd be a buyer for it. So don't say "no buyers".

And no, I am not suggesting you sell your property for half its value.

What I am suggesting, very strongly, is that you realise a tough truth – if your property is not selling, then, somewhere between the price you are asking for it and half the price you are asking for it, is the price it could sell for today.

The tough truth of a tough market for sellers is this: It's not "no buyers" that's the problem, it's that there are "no buyers" at the price being asked by the sellers.

So, if you really want a buyer, just lower the price. Still no buyer? Lower it again. Repeat process until a buyer says "yes".

And then, of course, once you have found a buyer, you then have a choice – you can sell or stay.

But, right now, at the price you want – and if there are "no buyers" at that price – then, as tough as this may be to accept, you have no choice. You have to stay. Or, you have to do what lots of sellers are

doing right now. Play the waiting game.

"We'll just wait for the right buyer to come along and pay our price." Many sellers make such muscle-flexing statements. In the real world, though, it doesn't work like that.

The longer you wait the less chance you have of finding that elusive "right buyer" or the one who, perhaps, is too silly to realise that a property is over-priced.

Face another truth. In this high-tech age, property buyers are smarter. All it takes is a few clicks of a mouse and they can compare your property with dozens of other properties in your area.

They can find out the selling prices (which are vastly different from the "asking prices") of every property in your area. With one click, they can find out how many on-line 'visits' there have been to your property. The longer a property remains for sale, the lower the price.

"But the agent told us that our

say, \$600,000. Today those same properties may only be worth \$500,000 (that's not as big a drop as the Commonwealth Bank shares, by the way).

The difference with the property market is that, unlike the share market, property prices are not displayed on TV each night. And so, the property market is full of deluded property owners. They think their properties are worth more than the true market price.

Now, of course, none of this matters unless you happen to be selling. If you are not selling, you can be happily deluded about the value of your property. You can fool yourself for years.

But the minute you try and sell, you cannot fool the market. If you ask for a certain price and there are no takers at your price, the market is saying "too high". Like it or not, you are being rejected.

Imagine going to a stock broker and saying, "I want \$60.00 for my Commonwealth Bank shares. I don't care that the current price is

worth what you think it's worth, it's only worth – and here comes another real estate cliché – "what a buyer is prepared to pay".

There's an ancient Buddhist saying, "All human unhappiness comes from not facing reality squarely, exactly as it is."

Unhappy sellers are seldom facing reality. That's why their properties are not sold.

If you're selling today, don't get sucked into the "my price waiting game". Don't wait while your property gets more and more stale in the market place. Face the facts.

If the agent could sell your property at the price you're asking now, the agent would sell it.

Agents want to sell properties, that's how they get paid. Even if they tell you that your price is right, that's because, like most sellers, agents also delude themselves.

Salespeople are eternal optimists. They don't want to look you squarely in the eyes and say, "The asking price of your property is too high." They are scared of what you

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property is well-priced."

Never mind what the agent says, there is only one way to know if your property is well priced – someone wants to buy it. It's obvious.

If your property is not sold, it's because the price is too high.

Yes, yes, the price may be lower than you wanted, it may be lower than you were quoted, it may be lower than you were once offered; but, if your property has not sold, the market price is lower than you realise. It's always about the money.

The property market is like any other market, at least as far as money is concerned. The buyers, not the sellers, set the prices.

Take the share market. A few months ago Commonwealth Bank shares could have sold for \$60.00. Today, those same shares sell for less than \$40.00. That's the "market price". People who own shares understand share market truths.

Not so in the property market. Some sellers have properties that, a few months ago, were worth,

\$40.00, I want \$60.00." The stock broker would laugh at you.

But not the real estate broker (or agents as we call them in Australia).

No, the agent will sign you up at "your price", get you to pay thousands of dollars in "marketing fees" and then, when no buyers show-up, the agent will give you the "market feedback". In the agent game, it's crunch time.

If you want to sell, the agent will eventually get you to sell by convincing you to lower your price to "meet the market" (the agents love that expression).

Now, sure, you may have fired the first agent (that rotten liar who agreed with your price). You may even have sacked the second agent (another liar who told you what you wanted to hear). You may be thousands of dollars out of pocket by the time you say to the third agent, "Please, I can't take this any more. Tell me the truth."

And then you'll sell because, finally, you'll face the reality of a tough market. Your property is not

might do to them. They don't want cranky clients.

Do you know what agents hate more than anything else? I'll tell you. Agents hate being fired by a seller (because they "couldn't sell" the property) and then, a few weeks later, seeing the property sold by another agent at a lower price than they could have achieved weeks earlier. That's every agent's nightmare.

So, again, I repeat. Don't play the price plummeting waiting game.

If you get a genuine offer on your property in a tough market – and there is no better offer – then, no matter how low the offer may seem, it may be a lot higher than you'll be offered in a few weeks from now. Don't reject it without some serious thought.

You've got to face the tough facts. The best price in today's market may be less than the price you want. But that doesn't change the fact that it's the best price.

Don't let your property go stale. Price it to sell.