



Buyers' agents: Balancing the scales

Having a professional on both sides of the real estate transaction undoubtedly has benefits. Here leading agents reveal how they're contributing to the elevation of industry standards and the value of selling agents and buyers' agents working together.

By CATH DICKINSON

In so many other aspects of our lives we engage professional advisors to represent our interests. When planning to secure our financial future, we talk to a financial advisor. When writing our will, we seek advice from a solicitor. When tax time comes around, we go to an accountant to ensure our return is maximised. And when we sell our home, we engage the services of a real estate agent to ensure we achieve top dollar.

So why is it different when it comes to buying property? Buying a property, whether as a home or an investment, is one of the biggest and most complex transactions most people will ever undertake. Even so, it's largely done without professional representation.

"It's an unusual situation," Jacque Parker, Director at House Search Australia and Deputy Chair of the REINSW Buyers' Agents Chapter, said. "You have two parties coming to a contractual agreement, large amounts of money are involved, but only one party is represented. The seller has professional representation on their side, but the buyer has none."

According to Jacque, it's this imbalance which can often find buyers on the back foot.

"The vast majority are buying property irregularly and they find themselves in a position where they're dealing with a seasoned selling agent who negotiates for a living. The scales just aren't balanced," she said.

Rich Harvey, Managing Director at propertybuyer, Chair of the REINSW Buyers' Agents Chapter and President of the Real Estate Buyers' Agents Association, agrees.

"Lots of people believe they're good negotiators, but there's no way they're at the same level as a selling agent who does it day in, day out," he said.



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"They also mistakenly believe that because they have access to more information and data than ever before, they're equipped to deal with the complexities that come along with transacting real estate. But having this information and data can be as much a problem as it is a benefit.

"Most people don't know how to interpret the data and apply the information to their own situation. Sellers have someone – their agent – to do this for them. But, in the absence of engaging their own representation, buyers don't and they're at a disadvantage.

"Buying property is a very nuanced process and the average consumer is just not fully equipped to navigate those nuances. Engaging the use of an exclusive buyers' agent helps to address the power imbalance, because we're advocates for our clients. We're on their side. We represent them and only them."

Greater visibility of value

The value buyers' agents bring to the table is obvious, so why is their engagement an exception rather than the rule? Jacque points to fees as one possible reason.

"When you're selling a property, the agent's commission is a disbursement that comes out of the settlement. In a sense, the seller is not actually reaching into their pocket and handing over money. It's somewhat hidden," she said.

"But with buyers' agents, a retainer is paid up front. It's 'real money'. And then we're also paid a fee when we unconditionally purchase.

"We're providing a service and are paid accordingly, but it's not necessarily a service for everyone. First home buyers, for example, who

have only just managed to scrape together a deposit are unlikely to use a buyers' agent. Even though they would undoubtedly benefit, they simply can't afford to outsource.

"But if you're time poor, if you're not familiar with the market, if you don't have specific knowledge of an area and you don't have access to the best information, then a buyers' agent is a great choice."

Rich agrees. "Cost is always a hurdle for people. But, as that great quote goes: 'the price is forgotten long after a quality result is achieved.'"

"Buyers' agents now have a much more prominent role, both in the search and negotiation process. Buyers are nervous about making mistakes and, in a competitive market, they feel a buyers' agent can provide them with an advantage.

According to Rich, buyers' agents are becoming more mainstream.

"Ten years ago, I could walk into a room and ask a group of 20 people how many of them knew what a buyers' agent was. Maybe one or two hands would go up. Today, pretty much every hand will be raised.

"Consumers are recognising the value we bring to the table."

Professionals working together

Jacque and Rich agree that the future is bright for buyers' agents, as recognition of the valuable service they provide continues to grow.

"Selling agents are no longer viewing us as a threat, because they understand what we bring to the table," Jacque said. "They know that, at the end of the day, we make their job easier.

Once a price has been agreed, we follow up and liaise with all the relevant parties and ensure the process proceeds without any hiccups.

"Working alongside another professional elevates practice standards. It's all about collaboration – and the benefits of collaboration between selling agents and buyers' agents are undeniable."

Consumers too are increasingly recognising the benefits of working with buyers' agents.

"A lot of people still have the perception that buyers' agents are just for the wealthy. But nothing could be further from the truth. Increasingly we're working with people from a wide range of demographics – first home buyers, up-graders, down-sizers, investors, commercial buyers and developers," Rich explained.

"More and more people are recognising the value we offer. They see us as professionals who provide a professional service. And having agents on both sides of the transaction can only have a positive impact on consumers' opinions of the real estate industry." ♦

7 ways buyers' agents can help selling agents

1 QUALIFIED BUYERS

It goes without saying that not all buyers are genuine or ready to buy. Some are serial time-wasters. Others don't have their finances sorted. And then there are those who are unrealistic in their expectations. Buyers' agents' clients are serious and committed to the process – otherwise they wouldn't have engaged a buyers' agent. They're motivated and ready to transact.

2 GENUINE OFFERS

Buyers' agents know the markets that they specialise in. They're up to date with values and the wide range of factors affecting the marketplace, and are able to advise their clients accordingly. They only place genuine offers with a view to securing the property.

3 SAVE TIME AND MONEY

Buyers' agents don't unnecessarily waste selling agents' time. They know the market, present their clients with vetted properties and aim to transact as efficiently as possible. For 'off market' listings, a suitable buyer may already be on the buyers' agent's books – saving the vendor and selling agent time and money when it comes to marketing campaigns.

4 SPEED IN DECISION MAKING

The fact that a buyers' agent has received a specific brief and selects a property to meet that brief means they're able to move quickly and act more efficiently throughout the transaction. This means there's less procrastination as compared to dealing with other buyers, shorter cooling-off periods and unconditional contracts.

5 SMOOTHER TRANSACTIONS

Buyers' agents assist throughout the process – from the property search, right through to settlement – making sure the buyer is looked after. They can help with everything from the interpretation of inspection reports through to liaison with the conveyancer or solicitor. It all comes together to make the selling agent's job easier.

6 OBJECTIVITY

Buyers' agents aren't emotionally attached to the property and, as such, can provide unbiased advice about value to their clients. Buyer's remorse and cold feet are common when dealing with emotive buyers. But when working with a buyers' agent, the selling agent can be assured the offer is genuine and based on established facts, and rest easy in the knowledge that the buyer has been qualified and has realistic expectations.

7 REFERRALS

Buyers inevitably become sellers, and buyers' agents are in an ideal position to provide their clients with recommendations about the best-selling agents within their area. Buyers' agents' clients often ask who they should use to sell their property, so it makes sense for selling agents to build strong relationships with buyers' agents as a source of referral business.