

Buyer's Agent Beware Checklist

10 Important Questions to Ask Before Selecting Your Buyer's Agent

Since birthing the concept of Buyer's Agents into Sydney back in 1997, it has been interesting to observe how this industry has evolved to now be operating Australia wide. For many years it has been a standard practice in the USA and many other parts of the world to engage a Buyer's Agent when purchasing property, now it is becoming standard practice in Australia.

Below is a "Buyer's Agent Beware Checklist" that I have put together after many years of experience to help buyers identify if they are engaging a true industry professional. Many overseas clients have no choice but to hire a Buyer's Agent purely from looking at their websites. This is a trap in itself, and one of the reasons I have put together this "Buyer's Agent Beware Checklist" is for people that don't have the luxury of choosing their Buyer's Agent in person, or simply want to use this checklist as a reference point to see which Buyer's Agents they will personally meet with.

Important Please Note:

If the Buyer's Agent you are looking at engaging to help purchase probably your largest asset does not answer yes to all of these questions, I would strongly recommend that you think twice about engaging their services. **Choosing the wrong Buyers Agent could cost you tens of thousands of dollars!**

After you have confirmed the following questions it is most important that they then provide you with written evidence of their claims and testimonials from previous clients outlining their high level of negotiation skills.

1. Be sure that your Buyer's Agent carries no less than \$2Million worth of Professional Indemnity Insurance, and that all staff members dealing with your purchase have current up to date Real Estate Licenses.

Yes

No

- Should something go wrong with your property purchase you will have absolutely no recourse if this insurance, and up to date licenses are not held by the company you have engaged.

2. Be sure that your Buyer's Agent is a fully licensed Real Estate Agent, and has no less than 4 years experience as a Buyer's Agent, and no less than 7 years experience as a former Real Estate Agent.

Yes

No

- Buyer's Agency is not for the fainthearted and definitely not for the inexperienced. If the proposed Buyer's Agent you are looking at engaging has not been a former Real Estate Agent for at least 7 years, they can't possibly know the tricks of the trade to negotiate the lowest possible price for you. Be wary about hiring someone that does not hold a full Real Estate Licence and can only provide experience from a 10-day course that is being offered from educational institutions. Don't risk putting what is probably your largest life purchase in the hands of someone that doesn't have years of industry experience to negotiate on your behalf. Don't be fooled into engaging someone that offers low fees, because you can be guaranteed that inexperience and poor service will follow.

3. Are they a full member of the Real Estate Institute Of NSW and "The Property Buyers Agents Association Of Australia"?

Yes

No

- This will give you some reassurance that they are operating to a professional industry standard.

4. Do they pretend to have an external office close to where you are wanting to purchase, but really operate from a P.O. Box, and work from home which is miles away from the intended purchase? Are they a one-man band working from home Monday to Friday, or a dedicated office with a professional team of Buyer's Agents who work six days a week? (Saturday is the busiest day in real estate). Do they provide you with a team that encompasses both a Search Consultant, and Professional Property Negotiator?

- You can't possibly offer a high standard of service when searching and negotiating a property for a client unless you have a dedicated professional couple that are purely focused on that process. (Be wary of one-man bands that offer to provide a full search & negotiation service by themselves).

It is impossible to service your client to the highest standard without allocating your client both a Professional Property Negotiator and Property Search Consultant, who work as a team just focusing on your property brief and nothing else. Many one-man bands are trying to service the client and also run the internals of their business, which in turn ends up taking three times as long to deliver the dream home to their client.

5. Be wary of engaging Buyer's Agents that charge you a percentage of your final purchase price.

- It doesn't make business sense, or create an incentive to purchase the property at a lower price when a buyer's agent charges you a percentage of the final purchase price. The higher the price, the more you end up paying the Buyer's Agent.

6. Does your Buyer's Agent specialise in that area and most of all the price range you are purchasing in?

- If the Buyer's Agent you are looking at engaging does not have a strong recent track record in buying in the area you are looking at purchasing in, I suggest you don't engage their services. Don't be shy to ask them for at least ten recent purchases in the area you are looking at purchasing in, backed up by written and verbal testimonials.

7. Does the Buyer's Agent you are looking at engaging specialise in purchasing for expatriates and foreign investors?

- They say knowledge is power, and that's one of the reasons I have prepared this checklist for people that can't physically interview their proposed Buyer's Agent. There are many confidentiality and tricks of the trade that need to be used when purchasing for overseas clients, so they don't end up paying way over fair market value. I suggest you ask the proposed Buyer's Agent for their last 20 recent overseas clients backed up by written and verbal testimonials. Also are they able to refer a reputable Property Manager to manage your property while you are abroad?

8. Do they specialise in the area of property investment?

- Yogi Bear could have made money in the property market over the last four years, so where do buyers invest now? When purchasing property purely for investment, certain experience and strategies need to be adopted by your Buyer's Agent so that maximum capital gain can be attained in the future. Once again ask your proposed Buyer's Agent what experience they have in purchasing for property investment clientele, and for written and verbal testimonials from their last 10 investment clients.

9. Can your Buyer's Agent provide a reputable team of Solicitors, Property Managers, Conveyancers, Financiers, Architects, Building and Pest Inspectors, Tax Specialists (both here and overseas) Accountants, Builders, Property Stylists, Interior Designers, and Real Estate Agents when you are selling?

10. A large majority of properties we purchase are properties that never hit the public market. We call these "Silent Sales". It is imperative that your Buyer's Agent has years of personal relationships with all of the Real Estate Agents, so that when properties come up for sale you have instant access to these properties before the general public does.



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