

Get the most for your home without starting a bidding war

In many property markets there is currently strong demand and a shortage of suitable listings. The “supply and demand” principle drives all markets – and the present status is good for property sellers. This often creates an environment conducive for competition amongst buyers which translates into buyers offering the maximum. Competition is healthy, and it gets a seller what they deserve – the highest offer in the market on the day.

Having said that, the way in which estate agents conduct the bidding for a property has a significant impact on the experience for buyer and seller alike.

Make no mistake: the job of an estate agent is to get a seller the maximum for their property. That’s what they’re paid for, and if they in any way acted against the seller that would be a breach of their mandate and the Estate Agents Code of Conduct.

As in most potential conflict situations, the best approach is that of transparency. The more transparent and honest all parties are, the more trust there is, and the better the outcome for all concerned.

When a property is being sold by auction, the bidding takes place in a transparent manner and everyone can see whom they are bidding against. There is no need for suspect tactics, and the purchaser who offers the most for the property wins. The losing bidders will be disappointed, but they simply couldn’t or wouldn’t increase their offer and the seller received the highest price on the day – which they are entitled to.

When selling by private treaty – with normal written offers – there is often a similar situation of competition. A professional real estate agency should be able to manage the process in a similarly transparent manner.

At Harcourts Platinum we often deal with multiple offers on a property. A buyer considering making an offer on a property should be informed that there is another written offer, if there is indeed one. It’s unethical to inform a purchaser that there is another written offer on a property when there isn’t (a verbal offer isn’t an offer).

It would also be unfair to the different buyers involved if the terms of their offer were disclosed. That results in “horse-trading”, and it’s a sure way to create distrust and alienate all parties in the process. We would not disclose the terms of other competing offers, but we would encourage the buyer to make their very best offer.

In situations such as these, where there are competing offers, a seller will either accept the best offer, or choose to negotiate with the buyer who has made the best offer. If you are the purchaser with the weaker offer you may never get the opportunity to improve your offer. We sometimes hear from the losing buyer that they would have offered more – but because they don’t make their best offer they also lose the opportunity to negotiate – just as they would at an auction.

When making an offer on a property it would be wise for a buyer to ask the agent if there are any other competing offers. It’s also prudent to ensure your offer expires within a reasonably short time – ensuring the seller gives serious consideration to you rather than waiting for something better.

If you are competing against other buyers, consider offering more than the list price, or making the other terms, such as occupation and transfer dates, or occupational rental, more attractive.

If the agent is transparent, communicates well, and is unbiased, then all parties are given a fair opportunity and the best offer wins. The seller gets what he deserves, and even the losing purchasers appreciate they were simply beaten by a better offer.

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