

"OFF MARKET" PROPERTIES- THE REAL TRUTH BEHIND THEM



NATIONAL PROPERTY BUYERS QLD

LOCAL PRESENCE, EXPERT KNOWLEDGE

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PROPERTY BUYERS
Brisbane

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EXPERT KNOWLEDGE

One of the most common questions that a Buyers Advocate gets asked has to be “Do You Have Access to Off Market Properties?”

Generally, the prospective buyer’s conversation would open with a few questions they had written down and then push the statement in front of you that “they had spoken to other Buyers Advocates who had emphasized the importance of “OFF MARKET properties” and how they buy over “70%” of their deals this way and they were the only BA in Brisbane that could share that benefit with the buyers”.

So, I am no longer surprised when I get asked that question but what does frequently surprise me is the tone of astonishment that the prospective buyer’s display when I share my thoughts with them about this phenomenon.

You see I don’t believe that an “OFF MARKET” opportunity is a good deal. In fact, MOST OFF MARKET OPPORTUNITIES AREN’T GREAT DEALS at all.

Most of National Property Buyers QLD’s opportunities are what I call “PRE-MARKET” opportunities, where we get the opportunity to inspect and make an offer on a property before it hits the Internet and the general public.

So let’s take a moment and examine this phenomenon a little closer....



Now I agree at times there are genuine reasons why some sellers request that their sales agent do an “Off Market” sale:

- Privacy is a major concern as they don’t want the neighbours or other family members to know until the actual sale happens,
- They are under some Financial pressure which has created the need for a quick sale,
- Divorce, death or a change in their personal circumstances creates the need for a quick sale,
- They are nervous or anxious about auctions or crowds of potential buyers tramping through their property,
- They want to save on the sales agency marketing fees and advertising costs.

Now whilst I personally believe these to be counterproductive- they are reasons none the less and do have to be duly considered. But these reasons aside, what does it mean when a sales agent tells you they have an “OFF MARKET” property for you.

Let's open the box a little and explore why these phenomena's exist and how do they work generally and why would a sales agent want to sell properties this way?

It works a bit like this..

When a selling agent lists a new property for sale there is actually about a week before it is ready to launch on the Internet.

During this first week the sales agent has a number of tasks to complete in readiness for the public launch to the online portals,

- Photographs need to be scheduled.
- Staging of the property has to be co-ordinated.
- Floor plans need to be drawn.
- The marketing spiel has to be written and approved by the vendor.

What is also an internal factor at this point is the sales agent is thinking about the dollar value and the distribution of the sales commissions within their office. You see most selling agents would prefer to keep the entire sales commissions for themselves rather than sharing it with other agents within their office.

So what do they do?

Well...its simple, they don't let the other sales agents in their office know about the property for a few days; in other words they trying to sell a secret..



Instead,

On the 1st day they are calling their own **"A grade"** buyers and offering them the opportunity of purchasing this great new property they have just listed for sale.

If this does not generate any positive interest for them they are then calling their **"B Grade"** buyers.

After the first few days it then becomes the time to announce the property to the other sales agents in their office and then these agents do the same;

They call their top **"A Grade"** clients.

And then if it doesn't sell after this first week, the property gets listed on the Internet and then **YOU** find out about it.

And then.. There are the aforementioned **"OFF MARKET"** opportunities where, for whatever the reason, the vendor doesn't want to make the sale of their property public knowledge.

I have been a trusted Buyers Advocate since 2005 and in that time, I have cultivated a database of sales agents who know the value of my clients through the deals that we have done together historically. Last month alone we bought four properties “PRE- MARKET” (no one else knew about them) and a significant portion of the properties we buy for clients are bought this way.

During your normal lifetime you will probably only ever deal with sales agents no more than two or three times maximum, so it is tough to know what to do when you are a novice property investor or home buyer. Whereas the NPB QLD team was involved in over 80 property transactions last financial year alone. So, it's assured that we are on the speed dial of most selling agents around the Brisbane markets. This is a relationship that all of our clients benefit from. OUR TIME & EXPERIENCE IN THE MARKETPLACE.

SO...HOW DO YOU GET ON THE SPEED DIAL OF THESE SALES AGENTS?

What typically happens is that 2-3 sales agents will be called in by the prospective vendor to provide their opinions on the sales price they believe that they will achieve. Whilst the seasoned agent will demonstrate their quality in other ways, the not so seasoned agent will emphatically suggest a sales price that is not even close to what would usually be considered.

They are doing what is known in the industry as “buying the listing”. In other words, they entice the seller with an inflated price to get the listing and then slowly use the process to condition the vendor downwards to reach the real market price.

The good news is that NPB QLD are also on this sales agent “A Grade” buyer list so we are made aware of this opportunity also, but when the sales agent informs us about the price expectations, we pass on the opportunity with a polite note to the sales agent that it was not suitable for us, but that's okay- that's what we do for our clients.

What we find mostly with OFF MARKET property listings is that they have a certain factor with them, either Overpriced so the vendor is not motivated to sell unless they get the dollars that usually represents a pie in the sky figure; or, there is an issue with the actual property itself – meaning the vendor is aware of this but the overzealous sales agent persuades them to just try to sell the property to a buyer under the guise of “OFF MARKET”.

This is often a contributing factor for NPB QLD's rejection of most OFF MARKET opportunities, when we spend the time to perform our desktop analysis on the opportunity we find some irregularities with the property that do not quite cut it for us- YES we do set a high standard for our clients properties we purchase, so if they do not satisfy the preliminary tick boxes- we don't move it along the process any further.

Again, we are made aware of this opportunity because we are on this sales agent “**A Grade**” buyer list but we pass with the note to the sales agent that it was not suitable for us, and again that’s okay- because that’s what we do for our clients.

Then when it comes to the property “rating” you need to work to a set of rules. As I have already stated, we buy a lot of client properties PRE-MARKET but on the other side of the coin we liken ourselves to the “JOHN WEST” of the Buyers Advocates- We are known for the properties that we REJECT!

You see the reality is that, even if 20 properties are listed online every day in areas that we are actively looking in for our clients- it is likely that very few are what NPB QLD consider as “OUR” grade. In fact- out of every 20 we see online- we would probably qualify only 2 or 3 as NPB Grade properties.

So, back to the beginningwhen I explain all this to any prospective buyer who asks the question- they usually fail to see the point that an OFF-MARKET property is typically either “well over priced” or “underpinned with some type of irregularities” and that they should not engage with an advocate who bought over 70% of their client’s properties this way.

Don` t start off to Fail..

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Stephen brings decades of experience in residential property to National Property Buyers Queensland, including residential property investment and small scale developments. During his many years as a property Buyer's Agent, Stephen has assisted clients to grow their property portfolio with premium investment grade properties and profitable developments. He has been involved from a ground floor level and has successfully completed a number of residential subdivisions and multi-unit site developments. Stephen's track record of success, experience and positive attitude has earned him a great reputation from his many loyal clients. Whether they are purchasing a home to live in or an investment property, they have complete confidence in Stephen's ability to deliver an outstanding result.

Stephen was also voted "Highly Recommended Buyers Agent in QLD" by his clients in the Investors Choice Awards of 2015. In the same year he became a Director of National Property Buyers.



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Tracey brings a massive resource to National Property Buyers with decades of experience in Property and Asset Management. Tracey is able to guide you through the entire process of maximizing the rental income for your home, including rental assessment, conducting a thorough application process and dedicated management of your investment. Tracey's in depth knowledge of the Residential Tenancies & Rooming & Accommodation Act 2008 and understanding of new and ongoing legislation changes within the Industry, ensures that all of her landlords and tenants will have access to the very best advice. She maintains a consistency of high standards from start to finish producing successful relationships with all clients and will make you feel comfortable in the knowledge that your most valuable asset is being managed in the best possible way.

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