

THE ELEPHANT IN THE ROOM – PROPERTY MARKETERS.

The property market is regulated in all areas bar one. Property marketers.

Property developers have become increasingly reliant on marketers to sell properties “off the plan” to meet the lenders requirement for a minimum of debt coverage on their loans – some lenders even require >100% of debt coverage.

It has become a financial burden on purchasers of units as the marketing commission on sales is as high as 8% of the sales price.

A unit costing \$550,000.00 has marketing commissions of up to \$44,000.00 included in price. So the true cost of the unit would be \$506,000.00. Add to this the various state stamp duties (NSW \$20,400.00), council contributions (Section 94 in NSW) and other statutory costs paid for by the developer but which, of course, are passed on to purchasers in the contract price. Purchasers are paying upward of \$65,000.00 per unit in fees and charges.

The same scenario also applies to house and land packages.

We have a client who purchased an investment property in Camberwell, Melbourne and 5 years after settlement it still does not value at purchase price.

Legislators have been decidedly quiet when it comes to regulating marketers and ensuring that the fees charged match the services provided. The constant references by politicians regarding “affordable housing” should look to this as unit prices have a flow on effect to house prices in the surrounding areas.

Our suggestion is that if you are looking to buy property always ask what the commissions on the sale are. Wherever possible avoid properties offered by marketers. Real estate agents commissions are generally less but always ask the question.

Lastly avoid telemarketing property salesmen.

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