

■ PROPERTY

# Real estate agents face price guide inspections

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REAL ESTATE agents who ginger up auction interest by deliberately underestimating property prices will be investigated by the State Government.

At the heart of the problem is the industry practice of giving a "price guide" which is meant as a clue to the true value of a property. But several recent sales in the east have been so wide of the mark that buyers have been left wondering whether they were deliberately misled.

The investigation will look at an Edgecliff terrace that was passed in at \$1.42 million, despite being advertised for more than \$1.2 million, a Woollahra property selling for \$1,475,000 after being quoted as "above \$800,000" and a flat in Bondi selling for \$1.6 million when it was suggested it would sell for more than \$800,000.

Last week a house with Double Bay views that was tipped to sell for between \$1.6 million and \$1.7 million went for \$2.11 million.

But the selling agent, Michael Finger, of Ray White Double Bay, defended the discrepancy, saying: "The market in the eastern suburbs is so strong at the moment, you can be out by as much as 30 per cent."

After complaints about pre-auction underquoting in Melbourne, the industry body, the Real Estate Institute of Victoria, produced guidelines which banned the use of common price

guide expressions such as "\$500,000-plus".

Buyer's agents such as Dennis Kalofonos, the principal of Sydney Property Finders, says agents should quote to buyers the same price they write on the agency agreement they have with the vendors.

"My view is that the price they've given the vendor should be made public," he said. "We should legislate to have that price advertised, and then there's no room for accusations of underquoting."

The mortgage broker Justin Dooboy, of Intelligent Finance, also believes the note between agent and vendor should be disclosed after the auction to make sure nothing shady has taken place.

Agents say they are not to blame for the difference between the expected and final prices. They point to the unpredictable and rising auction market: Australian Property Monitors figures show clearance rates have hit 80 per cent in the east, 72 per cent on the Lower North Shore, and 74 per cent in the inner west.

Averaged out over a month, the figures are substantially better than the same time last year: 75 per cent in the east compared with 61 per cent last year, 70 per cent on the Lower North Shore (61 per cent) and 75 per cent in the inner west (61 per cent). Demand and prices, in these suburbs at least, are up.

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