

# Buyer's advocates in spotlight as property market heats up



Emma Lew used a buyer's agent to buy a villa unit in Coburg. Picture: David Geraghty

The Australian | 12:00AM April 24, 2017



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Home hunters are turning to buyer's advocates to help them research properties, bid at auction and try to make good investment decisions in a hot market.

But concerns are spreading that some operators have conflicts of interest or charge for information that buyers could access themselves online.

The interaction between property vendors and buyers is similar to a courtroom contest, Curtis Associates managing director Chris Curtis said.

"We find it inconceivable you'd enter into a transaction as large as this without representation," he told *The Australian*.

Buyer's advocates say they can help buyers manage unrealistic expectations, access properties offered directly by seller's agents before they hit listings websites and take the lead at auction. They also offer research into the properties they expect to have better capital growth over time. Not all homes increase in value at the same pace, points out WBP Property Group executive chairman Greville Pabst.

"We think because we live in a house, we're an expert in property, and I think that's really dangerous," Mr Pabst said.

Anyone considering a buyer's advocate should ensure they choose someone licensed to operate in their state, Rich Harvey, president of the Real Estate Buyers Agents Association of Australia, said. Length of time in the industry, other credentials and expertise in the specific markets a buyer is focusing on are also key, he said.

REBAA says most advocates charge 2 per cent plus GST on a purchase price, while others charge a fixed fee. Some set one fee per price bracket.

Licensed buyer's advocates such as Property Mavens chief executive Miriam Sandkuhler warn of operators who call themselves "buyer managers" but are not acting in buyers' interests.

"Their legal relationship lies with the developer or the vendor of the property," Ms Sandkuhler said. In some cases, a buyer manager takes a fee from the buyer, matches the buyer with the vendor, then arranges for the vendor to reimburse the commission to the buyer, she said.

Low-cost property sale platforms are also cutting out intermediaries. MiSale co-founder Ewen Malcolm said although buyer's advocates might "perfectly" suit some buyers, "you have to think about how they work". "Some might say they're almost incentivised not to get a great price purely by how they're paid, and if the sale price of the house is larger they get a bigger commission," Mr Malcolm said.

The internet has given buyers access to "enormous amounts of information" about the market, he said.

Nurse and first homebuyer Emma Lew moved into a two-bedroom villa unit in Coburg in Melbourne's north last year, transacted with the assistance of WBP for a purchase price below \$500,000.

"I wanted to have confidence I was making a good investment and buying smartly," Ms Lew said.