



THE CONCEPT OF FIXED FEE ESTATE AGENCY

For years estate agents have charged 1.5% - 2.0% + VAT of rising selling prices to advertise your home and negotiate your house sale. Sellers don't really see the cost because it comes out of the pot on the move day.

The cost for the average homeowner of selling their property is £3000 inc VAT.

Yet if the pound notes were put in the palm of the sellers hand, they would realise that's at least one month salary for the majority of people and it's a lot of money!

You could pay a salesperson half of that to work 70 hours promoting your property and you would achieve more value than most normal estate agency offices provide. How many hours do you think they actually spend pushing each property?

- INTERNET MARKETING EXPLODES

With the rapid progress of websites displaying property listings, the estate agent's job has been made a little easier but have they reduced their fees? NO.

Fixed fee estate agents are working on smaller profits, looking for larger volumes of business, passing on the savings in advertising online.

- THE MAIN DIFFERENCE

High street estate agents charge the sellers who sell BIG fees. All of the sellers who don't sell, or take many months to sell and/or change estate agent give the high street estate agents expenses and losses. This is their excuse for larger fees. We know that this way of charging is unfair, because the sellers who are more reasonable and have the more attractive homes, have spent money maintaining their homes in a modern way and accept offers on the table, pay the big fees. Those less agreeable to the market price or with run down homes don't sell and pay nothing.

With fixed fee estate agency, you are paying for the cost of advertising and promoting your property at the start. The same way as you would pay at the outset for any advertising. Just the same as advertising a car or any other property there are no guarantees of success from the advertising. You can maximise your chances of success by ensuring the presentation of the property is impressive and the price requested is market price - what a buyer is willing to pay. This way sellers who come to market at

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the right price sell and get excellent value out of the fixed fee service. Quite rightly those sellers who ignore market price, have not improved their property over time to appeal to buyers run the risk of not selling, but they still pay the same as the other sellers.

- WHAT HIGH STREET AGENTS SAY

Naturally, fixed fee estate agency threatens the livelihood of high street agents. They feel the need to protect their lucrative commission rates. They argue that the fixed fee agents have no motivation to sell the properties.

This is their only argument but it is not convincing. Fixed fee agents are guaranteeing a service level. The service level IS their business model. Housenetwork was the first internet estate agency and they still charge around £400 to sell online. They have sold thousands of properties successfully over that time.

With 'no sale no fee' agency that the high street agents boast, it can be argued there is less obligation to do anything for some sellers because the seller has not paid them anything. You would find a "problem" property receiving less and less support because the agent loses interest rapidly when they see the end commission becoming unlikely.

With fixed fee agency, the service level is doubly assured because all estate agents need to be members of the Ombudsman Scheme which regulates quality of service and the sellers on fixed fee service want their value as they have paid their money. The service level that the high street agent must provide to satisfy the Ombudsman is the same as the service level that the fixed fee agent must provide so why pays thousands of pounds? The same process of advertising, handling enquiries and negotiating sales happens in both fee structures. A small number of high street estate agents do proactively sell to database applicants and don't just sit there waiting for enquiries to come in but they are in the minority. Where a consultative proactive service is included we fully agree the agent should be rewarded but why not make it more transparent and itemise the work involved?

They say...fixed fee agents don't go the extra mile.

We have had former employees of other estate agents use our fixed fee service. They know selling houses is not rocket science. They know market price and presentation is the key and most times you don't need an extra mile! Some properties do require proactive selling but the majority will sell with decent market exposure without the need for active database matching by the agent. Internet portals have made it so easy

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for buyers to look for property themselves. They don't need estate agents to ring them introducing properties. FACT: Every new property loaded onto Rightmove is emailed to registered members of the public when it matches the buyers criteria – on the eve of the property going live on Rightmove.

- ENSURING YOU SELL ON EITHER FORMAT

The two principal reasons a property will not sell are

- priced too high for what is on offer
- poor agent photos or description

Regardless of the arguments for and against, Red Roof have offered commission based services for 6 years and Fixed Fee Services for approaching one year. We have sold properties successfully on both models because we always value the property at market price and present the property the way we would expect if it was our own property.

Both ways of selling offer flexibility for seller but the main thing to ask yourself as seller is what am I receiving for my money?

Matt Holmes
Founder
Red Roof Estate Agents

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