

6 Ways Real Estate in Australia is Vastly Different from Real Estate in America

1. Seller's Market

The single most unique thing about real estate in Australia is that it is a seller's market. So much so, that while the rest of the world suffered shrinking values in real estate, Australia enjoyed a 13.6% increase in prices in the last year alone. (source: Property Wire - March 2010)

2. Sold Via Auction

A majority of homes are sold via auction – the home is open for inspection, followed by a public auction. Many homes close within 30 to 90 days depending on what is negotiated.

3. Listing Agents Only

Home owners contract with listing agents who are tasked with drumming up interest in the house and bids for the auction. Buyer's agents are rarely used.

4. Home Owners Bear Marketing Costs

Home owners, called vendors, bear most of the cost of marketing their property. Due to this cost borne by the seller, listing agent makes about 1%⁽¹⁾ (not 2.8 – 3.2%, which is more common in the US) and the seller pays the remaining 1-2% of marketing costs. Marketing costs are influenced by numerous factors including the price and prestige of the home, and how effectively the agent convinces the vendor to finance additional marketing. Agents benefit when vendors increase marketing efforts because their name/brand is a large part of the marketing on an individual home. Therefore, more marketing by vendors = more brand awareness and marketing for the listing agent (with the cost being borne by the vendor or home owner).

5. Highly Motivated Consumers

The recent shortage of homes (this has somewhat changed in recent weeks), the seller's market, and the lack of agents working for the buyers means that consumers are highly motivated to look online for homes. Since there is a short window to generate demand (remember, many homes close within 30 to 90 days), marketing online and offline (signage, etc.) are of paramount importance to securing the maximum interest and therefore the maximum sales price.

6. Clear Favorite Among Real Estate Portals

The market leading force in online real estate is realestate.com.au. During the month of May 2010 the site attracted about 6 million unique browsers to its site. Source: Nielsen, Market Intelligence, Australia.

Notes to editors:

- (1) Australian general rule of thumb for real estate advertising - minimum commission is \$500,000. Properties for sale between \$500,000 to \$1.25 million incur a commission of 1 percent based on estimates sale price.