

Sell Your House With an Independent Agent or Franchise Agent?

Sell Your House with an Independent Agent or a Franchise Agent? Real Estate Agents operate either as a Network Franchise or as an Independent. Franchising is common in many industries including real estate. Like the food franchise industry outlets, Franchises have high brand awareness. However, when selling your home, brand awareness of the agency is irrelevant. Brands do not sell houses, people do. Buyers are only interested in researching the house of their choice. This they now do on the internet from the comfort of their home, their office or smart phone, choosing a number of properties to inspect.

When selling a property, both an agency Independent or a Franchise are on an equal footing with the internet. Almost all buyers now utilise realestate.com and domain.com when searching for a property in their suburb of choice. Realestate.com.au also networks their advertisements to websites in China, Malaysia and Indonesia. The Internet has diminished barriers that previously stood between buyers and sellers. As a consequence the agent needs to better demonstrate their ability to add value to the selling process.

Franchisees typically have a statewide lumbering database, which is out of date and practically useless. Franchise selling agents guard their buyers zealously, certainly not sharing them with in-house competition. Independents typically have an up to date and contemporary localised and more effective database.

The power and versatility of the internet is demonstrated by a recent sale of a property by Harbourline. 32,601 potential buyers inspected the property on the Domain and Realestate websites. As a result 101 parties took the extra step of inspecting the property. The Harbourline team showcased the property, responding quickly to queries and concerns of interested purchasers, with advice on a myriad of facts, figures and the opportunities presented by the property. Private inspections were conducted, often within 24 hours and several on Sundays.

Further discussion later occurred with all the visitors by phone, who were then qualified according to their level of purchasing interest. A smaller and focused group of buyers were then followed up. As a consequence, 10 contracts were issued and the property sold for a street record. The vendor and the buyer were delighted.

Typically Independents are smaller than Franchises and provide more attention and focus to their customers, in contrast to the production line process of Franchises, who typically have a lot of staff and have pressure for quick turnover of properties.

For brand awareness, Franchises pay a significant proportion of their revenue, a franchise fee, to a corporate head office. However, some franchises are now questioning whether they are getting value for money for their substantial franchise fees. Many Franchises are now leaving and becoming Independents all over Sydney.

Incentive structures ensure that franchise business owners do very well. Many of the costs are passed onto numerous sales agents who typically net around 30% of commissions.

Under enormous pressure, the key motivation of the franchise agent is to sell as many properties as possible, rather than selling yours for the best price.

They will appear charming and responsive to you when you are about to list your property. Once your listing is secured, your franchise agent will be looking for their next listing, before they meet you again at the auction.

Independents don't have the restraints or ongoing costs associated with Franchises. They have the excellent support of the Real Estate Institute for training, legal and expert consultant advice and for state of the art accounting software.

The industry is moving towards using technology rather than big offices. Today, an agency needs a lean and efficient office, networked desktop computers, laptop computers, Ipads and mobile phones, and be effective users of information and communication technology. The web is now the market place and an agency should have an attractive, simple and yet powerful website. A further differentiating factor that counts when hiring an agent is how you relate to the individual person and the individual's track record. The key of course is the focus, attention and negotiating ability of the agency Principal, not juniors – an area where Independents score highly.

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