



'We don't want ratbags' . . . house hunting can be dangerous so take an official guide.

Photo: JAMES BODDINGTON

Buyer beware – keeping finders honest

They are the bane of many real-estate agents' lives, but buyers' advocates are emerging as a growing force in the Australian residential property market.

As the number of full-time buyers' agents has topped 100, a push is on to ensure adherence to professional standards and to raise awareness of the services on offer.

A new national association has been formed to increase the profile of the buyers' agent and lift the credibility and ethics of the profession. An association of buyers' agents was formed in Sydney in 2000, but the formation in recent weeks of the Real Estate Buyers' Agents Association of Australia is the first national body, representing members in NSW, Victoria, Queensland and Western Australia.

The new association's president, Melbourne agent Michael Ramsay, said there were an estimated 100 full-time buyers' agents operating around Australia, about 50 of them in Melbourne and 30 in Sydney.

When Mr Ramsay made the transition from selling agent to buyers' agent eight years ago, there were just three in Victoria.

He admits the concept is still in its infancy in Australia, but in the United States about 60 per cent of property purchases are conducted by buyers' agents.

The REBAA has only 15 members at the moment, with

More buyers are letting agents find properties for them, and the need for regulation is growing, **Mark Phillips** writes.

membership restricted to agents who have been in the field for at least half a decade, but that is expected to double in a short time.

Mr Ramsay said the growth of the number of people calling themselves buyers' agents had necessitated the formation of a professional body to create a code of ethics and standard of conduct.

"As time goes on more and more people are thinking 'I will become a buyers' agent' and we need to guarantee to people that if they're going to use someone in the association, they are bound by the code of ethics," Mr Ramsay said.

"And we want ethical buyers' agents in our group. We don't want ratbags."

The ethical standards include adherence to real-estate laws, acting exclusively as a buyers' agent and not as a selling agent, avoiding conflicts of interest, and full disclosure (of the buyers' agent's role) to selling agents.

Members of REBAA must be licensed real-estate agents and carry professional indemnity insurance.

Mr Ramsay said there was a lot of misunderstanding about buyers' agents. Most of the media coverage had focused on auctions

— where their conduct has been questioned after celebrated stoushes with selling agents — but Mr Ramsay said 60 per cent of his work was acting as a full-service buyers' agent — sourcing, inspecting and negotiating the purchase.

An increasing amount of his work comes from overseas buyers, and often purchases are conducted through off-market transactions.

Mr Ramsay said buyers' agents were still predominantly used in the purchases of \$1 million-plus properties, but buyers in lower price ranges were increasingly employing them, partly because it was a time-consuming exercise to inspect houses on the market.

Typical fees charged by buyers' agents are 2 per cent of the purchase price for a full service, which may include sourcing, inspecting and negotiating a property, and 1 per cent to represent a purchaser at an auction.

"Buyers are getting frustrated with what they've been told by selling agents, and they just want to employ someone to find the right house and tell them what it's worth and secure it for them," Mr Ramsay said.

"It's very simple. You say this is what I want, you go and find it and then we'll go and look at it and secure it. It makes it very easy for the buyer. It's all that time of culling the properties that are not suitable [that is cut out]."