

INFORMATION FOR BUYERS & SELLERS

The Victorian Government has strengthened price quoting requirements for residential property through the introduction of the Estate Agents Amendment (Underquoting) Act 2016.

The Legislation

The Act comes into effect on 1 May 2017 and affects the way agents quote and market residential property to be sold at auction or by private sale.

For properties listed for sale on and after 1 May, the Act, agents will provide prospective buyers with an information fact sheet for the property being sold, known as a Statement of Information.

The Act also prescribes how agents are to determine estimated selling prices for vendors as well as require those estimates to be revised if a higher written offer has been received and rejected by the seller.

Effective Date

The new legislation is effective from 1 May 2017.

What can you expect?

- Greater consistency and transparency for all stakeholders
- Provision of an information fact sheet for buyers
- Revision of the indicative selling price when an offer has been rejected

The Statement of Information

The Statement of Information has to be in the form approved by Consumer Affairs Victoria and completed for all homes being sold in Victoria – either at auction or by private sale.

The Statement of Information must be:

- displayed at all open for inspections;
- included with online advertising;
- given to a prospective buyer within two business days of a request; and
- in a form approved by Consumer Affairs Victoria.

The Statement of Information needs to contain the following information:

- the suburb or town's median selling price for the type of property being sold (house or apartment) as well as the period of time used to determine the median selling price (such as quarterly or annual);
- brief details of the sale of three comparable properties, or if the estate agent considers there are less than three comparable property sales, a statement to that effect; and
- the indicative selling price for the property, which must be shown as a single figure or a price range of not more than 10 per cent.

Three Comparable Sales

- In metropolitan Melbourne, the three comparable sales must be located within a 2km radius of the property being sold and have been sold within the preceding six months; and
- In regional Victoria, the three comparable sales must be located within a 5km radius of the property being sold and have been sold within the preceding 18 months.

There may be instances where there are fewer than three comparable sales that meet the required parameters, in such cases; the Statement of Information would include a declaration that there are not three comparable sales in the professional opinion of the agent. However, a Statement of Information must still be provided.

Indicative Selling Price

An indicative selling price must be provided on the Statement of Information.

The indicative selling price is a price that is not less than:

- the agent's estimated selling price;
- the seller's asking price (if provided to the agent);
or
- the price in any written offer rejected by the seller because it was unacceptable.

If the indicative selling price changes, for example because the agent's estimated selling price or the seller's asking price changes, agents are required to update it in the Statement of Information. Any online advertising must be updated within 24 hours while all other advertising must be updated as soon as possible.

Summary

The new legislation delivers greater transparency and consistency in Victoria's property market with buyers now provided with the same information as vendors.

If you have any questions regarding the new legislation, the REIV recommends you contact your local real estate agent. All REIV members have access to comprehensive information on the changes and are well placed to guide you through the buying and selling process.

If you're looking for an agent to sell your property or assist you in the buying process, please visit reiv.com.au.