
REIA Guidelines to the Trade Practices Act (TPA)

Price Ranges for Properties

Prepared in collaboration with the ACCC

ACCC Statement of Concern

Estate agents are at a high risk of misleading consumers if they provide misleading estimates on the likely selling prices of particular properties. The ACCC is concerned by reports that properties have been listed with a price range where the reserve price is at the higher end of the price range and at no stage is the seller likely to sell the property at the lower end of the range. The ACCC is also concerned about those agents who have understated the likely selling price of a property in order to generate interest from potential buyers. There have also been various reports about agents overstating the likely selling price to the property owners which enables the agent to obtain further listings or even to entice the sale by auction.

REIA Guidelines

The marketing of properties for sale with reference to a range of prices carries with it a substantial risk that there will be misleading or deceptive conduct. This is particularly the case when the range of prices the subject of the marketing includes amounts that are below those that the vendor is reasonably likely to consider accepting. Consequently, real estate agents must be aware that:

- The Trade Practices Act requires adequate and appropriate disclosure at all times of all relevant price information, so that prospective buyers and the general public can make informed pricing decisions.
- Advertising or quoting a property at a price significantly less than the agent's estimated selling price, the reasonable market appraisal or the prices that the vendor has indicated he or she is likely to accept constitutes misleading or deceptive conduct.
- Agents must ensure that the use of price range marketing does not mislead or deceive consumers as to the price at which the vendors of the property are actually prepared to sell the property; the price at which the vendors of the property have instructed the agent to sell the property; or the price which the agent believes the property will be sold for or the estimated market price of the property.
- When an agent markets a property using a price range, the agent should obtain written confirmation from the vendor before the property is advertised that the vendor will seriously consider all prices within the advertising range, including the price at the lower end of the range.
- Price ranges advertised by an agent should not include any price that is less than a price used in a previously rejected offer unless evidence exists that the vendor has now changed his or her mind and would accept that lower price.
- Over-quoting by a real estate agent of the estimated market price of a property in order to obtain a listing from a vendor amounts to misleading or deceptive conduct. Further, underquoting the potential selling price of a property so as to attract the interest of purchasers also amounts to misleading or deceptive conduct. Consequently:
 - Real estate agents, in attempting to obtain an appointment to sell, auction, buy, exchange or lease property, must not mislead or deceive a person about the estimated market price of the property.
 - A real estate agent must only express an opinion about the estimated market price of freehold or leasehold property based on reasonable grounds.

- A real estate agent must tell his or her client immediately if the agent considers that the freehold or leasehold estimated market price of the property has substantially altered from any estimated market price that the agent has previously placed upon that property.
- A real estate agent may only advertise or market a property at price that the agent has been instructed by the vendor in writing to so advertise or market that property.
- A real estate agent must not mislead or deceive potential purchaser as to the amount or terms of offers that a vendor may consider accepting.
- Agents must not engage in bait-advertising.