

COMMON GROUND PROPERTY LAW >>NEWSFLASH

If you are a real estate agent, buyer, seller, landlord, tenant, or a service provider to the real estate industry, the new Real Estate Agents Act affects you. How does it affect you and has your organisation made all the necessary changes to fulfil its obligations under the new Act?

How does the Real Estate Agents Act affect you?

Today marks a quantum leap for the real estate industry. The Real Estate Agents Act 2008 comes into force today and will change the way in which real estate is marketed, bought, and sold.

The changes affect real estate agencies most directly. However, the changes will have a flow-on impact for buyers, sellers, and parties leasing space. They will also affect the service providers to the industry, such as insurers.

So what are some of the pros and cons for each party?

Sellers

Pros: Increased transparency on commissions and marketing costs.

Cons: Increased disclosure obligations for selling agents may mean the ability to rely on the long standing 'buyer beware' principle is diluted.

Buyers

Pros: There are many. Buyers should receive more information, particularly relating to physical defects.

Cons: Changes usually mean greater transaction cost, at least to start with.

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Real estate agents

Pros: The fittest will survive and can use the changes as an opportunity to take market share. The changes will mean rewards for tighter processes around documents and an increased focus on client care.

Cons: Initially at least, the new rules will mean reviewing documents and processes across your organisation. It is critical to be on the front foot as the complaints and disciplinary machinery has now arrived for real.

Other points to note

- The changes will affect other third parties: Insurers will need to work with their real estate agency clients to ensure cover matches the new requirements.
- Those facing change should look to others for help. Delivering consumer focussed client care is not a new phenomenon. Other services based industries, including the legal profession, have had to face and meet the challenges. Lean on them to help you through.

Start a conversation

Has your organisation made all the necessary changes to fulfil its obligations under the new Act? For information on the new Act and how it affects your business contact one of our experts.

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