

This Report First Appeared On The 26th November 2010 In The:

ADLS LAW NEWS

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MORE LAWYERS SHOULD SELL REAL ESTATE

Lawyers now have a significant opportunity to enter the real estate market, Jonathan Temm, President of the New Zealand Law Society (NZLS) told a function held at the West Auckland offices of lawyer and realtor Rhonda Evans.

Mr Temm said that practitioners had for many years very much undervalued themselves in the transactional side of their work.

However, the changes introduced by the *Lawyers & Conveyancers Act 2006* meant that it was open to the profession to begin marketing and selling real estate.

Mr Temm said that in Scotland, 85 per cent of real estate was sold by lawyers.

"There is a real opportunity for lawyers to get into this market."

He said that, at present, there were 23 law firms in New Zealand marketing and selling real estate. "I want to encourage you. There are some real opportunities here"

Ms Evans, of law firm Rhonda G. Evans, two years ago began marketing and selling real estate under the brand "RonnieMo Lawyer Realtor."

Mr Temm said that, if West Auckland lawyers had more knowledge about Ms Evans' real estate work, there would be real benefits for clients. Lawyers could at the outset identify and sort out problems they saw in real estate contracts, which normally, they would not see until later on in the process.

Ms Evans held the function at her offices in West Auckland earlier this month to celebrate two years of marketing and selling real estate and to also encourage other lawyers to move into the field.

She said that the law changes brought by the *Lawyers & Conveyancers Act* and the *Real Estate Agents Act 2008* meant that lawyers could now market and sell real estate, although they could not charge on a commission basis.

Ms Evans said she believed lawyers working in the real estate field could provide a service that clients wanted to use and that was cost-effective and stress-free. Practitioners could ensure they drafted contracts which fitted the circumstances of the contracting parties, rather than providing them with generic documents.

She said that, prior to entering the real estate sales and marketing field, she had heard negative reports about real estate agents, had encountered clients who were extremely stressed by the process involved in selling their properties, and had seen contracts that were at best shoddy and, at worst, unintelligible.

On some occasions, clients had been badgered into signing contracts they were uncertain about because they feared losing a sale or purchase. At other times, clients were initially told their properties were worth a high figure but they were later advised they should sell for a much lower price.

Ms Evans said that buying or selling property was the largest investment most clients would make and lawyers could bring significant expertise to the transaction.

This included legal knowledge of issues relating to covenants, easements and council requirements, as well as factual knowledge about problems such as leaky homes.

In relation to costs, she said that the commission charged by real estate agents in New Zealand was at a level that was one of the highest in the Western world.

By comparison, in the United Kingdom, agents selling residential property generally charged between one and two per cent of the sale price plus VAT.

With no competition, agents were putting their needs first - outweighing the needs of the client. Ms Evans said that, when she marketed a property, she took detailed steps to ensure that she was very familiar with it before placing it on the market.

These included obtaining a LIM report, advising vendors to seek a registered valuer's report, searching the title and discussing with the client the best method of marketing.

Once all the relevant information had been obtained, the property would be photographed and a video would be taken.

Signage would be erected and the property would be placed on the RonnieMo website and on TradeMe. Ms Evans said the internet was now the preferred initial source of inquiry for buyers seeking properties.

Between 80 and 90 per cent of potential purchasers went online as their first step. This compared with the position in 2007, when signage at 28 per cent had been the most effective marketing tool.

The internet in 2007 had come in second in popularity as a search method, with 21 per cent of potential buyers looking online.

She said the increasing use of the internet had been positive for her as it meant she could reach buyers without having to hold numerous "open homes".

Ms Evans said that in Auckland there had been 2841 real estate sales per month in 2006 and 1959 sales per month in 2009. The New Zealand figures were 8506 sales per month in 2006 and 5802 sales a month in 2009.

This meant there was a significant opportunity for lawyers to expand into real estate sales and marketing.

Ms Evans said she charged for real estate work on a time cost basis and clients were happy to pay her fees. They understood they would be charged fees even if a property did not sell and had not had any issues with that.

Ms Evans said she had sold one property for \$420,000 and the clients had paid \$7000 for her fees and for marketing and advertising costs. A real estate agent would have charged commission of between \$18,000 and \$20,000. In another instance, she had sold a property for \$425,000 and the fees and expenses had been \$9000.

A third property heavily marketed on the internet had sold for \$605,000 and the fees and expenses had been \$4000.

Ms Evans said her clients could choose what level of service they wanted in relation to a sale. Some might want the property to be advertising only on the internet, while others might want flyers, signage and newspaper advertising as well.

Ms Evans said she now wanted to ask other lawyers to consider offering similar services to their clients.

"The public is just starting to realise their lawyers can offer clients this service. We now need more of the profession to do it:"

Ms Evans said she was happy to provide assistance to other lawyers wishing to begin marketing and selling real estate.

"We believe we can offer benefits to our clients going forward. Marketing and selling real estate is an important part of our clients lives. It's the biggest thing they do."

• By Catriona MacLennan

RonnieMo
Lawyer Realtor

