

# VENDOR ADVOCACY SERVICE DIVIDES INDUSTRY OPINION

The service of vendor advocacy involves one real estate agent, who uses the title "vendor's advocate", appointing another estate agent to sell a property. The vendor's advocate then oversees the selling agency to ensure it does a good job.

This relatively new service is controversial among estate agents and some property advisers. If you are considering using a vendor's advocate (who usually also offers buyer advocacy services), be aware that you could end up paying high sales commission.

Adviser Peter Rogozik believes vendor advocates prey on uninformed vendors.

"The service of vendor advocacy is riddled with anomalies," he says. "If a vendor's advocate purports to be so

... competent that they are qualified to manage another real estate agent, why aren't they performing the role of the real estate agent directly? The answer is that a vendor's advocate does little of the work yet claims a substantial proportion of the commission; it is easy money."

Mr Rogozik operates as a buyer's

**If you are considering using a vendor's advocate, be aware that you could end up paying high sales commission.**

advocate but does not represent vendors. He says vendor's advocates don't carry out open-for-inspections or liaise with buyers: "Their main role is to review offers before they are presented to the vendor."

He says in most situations a

vendor's advocate will have no positive impact on the property's sale price. He warns that vendors using the service can pay substantially higher commission. This is because the vendor's advocate and the selling agent share the total sales commission between them – usually under a 50-50 or 60-40 split.

Critics claim that vendor's advocates recommend agents that charge high commission to boost their own remuneration.

This is disputed by Greville Pabst of WBP Property Group.

"We do split the commission but

the commission is no more than what you would normally pay – generally it is 2.2 per cent," he says.

According to Mr Pabst, who offers vendor and buyer advocacy services, vendor's advocates assist sellers greatly by choosing a skilled individual agent. He says vendors dealing directly with a large real estate company run the risk that responsibility for their sale will be handed to an office junior.

He says most agents are happy to split commission because the hardest job for agents is getting the listing.

"In Europe, most people don't sell properties without having independent advice but in Australia it probably only represents 5 per cent of the market," he says.