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What is an off-market sale?

The sales you make before it goes online

marketreport

with REIQ's Felicity Moore



AN off-market sale is a transaction that takes place *before* any marketing activity is undertaken for the property.

Generally speaking, the industry consensus is that 'marketing' means paid advertising activity or paid promotion on the major online property portals or in print publications.

However, purists could argue that marketing refers to any promotional activity, paid or not.

For a buyer, an off-market sale is highly desirable because you are seeing the property before anyone else and you have no competitors.

If the property has been marketed, say, to an agent's database, in my view this constitutes promotional activity, or part of a marketing campaign.

It means any buyers that the activity produces will be competing with other buyers on that database.

This, therefore, is technically not an off-market sale. However, this is not the commonly held view. Most real estate professionals agree that an off-market sale is one that takes place before the paid marketing activity begins.

Off-market sales usually occur when the seller wants a quick sale and doesn't have the option of a month-long campaign for open houses and inspections. The risk the seller faces is that it can result in a lower sale price because without competition to drive up the price, you may be in the situation of accepting the first offer that comes in.

But there are benefits too and they include a speedy, low-hassle sale as well as saving on the potentially hefty cost of the marketing activity. Listings in online portals and in printed publications can run into the tens of thousands of dollars, so depending on the type of property, this could easily offset the potential lost sale price through a lack of buyer competition for the property.

Another benefit for the seller is often that in an off-market sale they are dealing with a savvy

buyer who has been watching the market for some time.

This type of buyer has a fairly accurate view of the property's value. This buyer is also usually very organised, with financing arranged and all other ducks in a row.

Benefits for the buyer include the opportunity to get in before the competition has seen the property.

In this situation, the buyer is generally in a strong bargaining position and a good offer will likely be accepted.

 Off-market sales usually occur when the seller wants a quick sale.



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If your home didn't need any marketing, its fast and known as an 'off-market sale'

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