



A Blueprint for Marketing of Residential Real Estate in Victoria

Submission by:
Real Estate Institute of Victoria

Presented to the Victorian Government – for
collaboration on improving price transparency
and consumer confidence in residential real
estate transactions.

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The Real Estate Institute of Victoria

The Real Estate Institute of Victoria (REIV) is the peak professional association for the real estate industry across metropolitan and regional Victoria.

REIV members specialise in a range of real estate service areas, including residential, rural, commercial and industrial leasing and sales, auctions, business broking, buyers' agency, property management, owners' corporations, and valuations. REIV represents the vast majority of Victorian businesses registered to deliver these services, supporting Victorians through their real estate journey. Real estate businesses employ more than 23,000 people in Victoria in a market that handles around \$147 billion in transactions annually, totalling over 20 per cent of Gross State Product.

The property sector's contribution to the Victorian economy is significant; its economic impact is larger than the mining, arts and recreation sectors combined.

Property transactions and related charges directly contribute billions of dollars in stamp duty, land tax and other state government charges, accounting for more than 52 per cent ² of state government revenue.

The REIV strives to work with government collaboratively to ensure that informed regulatory policy is developed to provide certainty and fairness for all stakeholders.

In this submission, the REIV provides its considered, expert advice to support the Victorian Government in refining a regulatory framework that promotes confidence, transparency and a well-functioning property market.

¹ <https://www.jobsandskills.gov.au/data/occupation-and-industry-profiles/occupations/6121-real-estate-sales-agents>

² SRO 2024-25 Annual Report, <https://annualreview2425.sro.vic.gov.au/about-us/revenue-in-focus>

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Executive Overview

Buying and selling property is often the largest financial decision people make. A transparent, efficient sales process is essential to maintaining confidence for both vendors and purchasers.

Real estate agents play a critical role in facilitating fair transactions, yet the reputation of the entire sector is too often overshadowed by instances of underquoting by a small minority of practitioners. Proactive, well-targeted reforms are needed to address these practices without over-regulating the broader profession.

The Estate Agents Amendment (Underquoting) Act 2016, implemented in 2017, introduced important measures aimed at strengthening price transparency in residential real estate marketing. With several years now passed, it is appropriate to review these settings.

The REIV convened a Strategic Working Group (Group) of industry leaders, buyer advocates, and real estate agents who are representative of the wide and varied Victorian real estate sector. Collectively, the Group represent over 3,500 agents, over 300 agencies and decades of experience as auctioneers, selling agents, buyers agents, business owners and industry representatives.

The Group reviewed current property sales practices and identified pathways to address limitations and frustrations in Victoria's residential property marketing and transaction process. **Key issues identified include:**

- Insufficient clarity on pricing expectations
- Limited access to timely and relevant competitive market information (not all sold prices published)
- Costs associated with pre-purchase due diligence (building and pest inspections)
- Delays in access to key property information (vendor's statement)

This blueprint outlines practical, workable improvements to strengthen price transparency, support informed buyer decision-making, and enhance the overall effectiveness of the residential sales process, while protecting the interests of vendors. It offers a practical and effective alternative to the Victorian Government's proposal to mandate reserve price disclosure seven days before auction, a measure that is fundamentally impractical, counterproductive and would only worsen existing concerns with price quoting.

The case against mandatory disclosure of reserve price seven days prior to auction

The Victorian Government has recently announced its intention to mandate the disclosure of the vendor's reserve price seven days prior to auction. The REIV and the sector strongly oppose this proposal as it is impractical, diminishes vendor rights and is counterproductive.

Reserve prices are determined by vendors and represent the minimum they are prepared to accept at a point of time. Such an approach is likely to result in:

- inflated reserves as a risk mitigation tactic for vendors
- falling clearance rates as more properties are passed in
- increased offers before auction, diluting the transparency of the auction process
- **market settings that are ineffective** for 75% of the metro market and over 95% of the regional market that sells by private treaty

Understanding the impact

- A property for auction advertised with a declared reserve price could attract offers prior to auction at that price or higher. It creates a buyer expectation that such an offer should be accepted. To do otherwise would mean the advertising was false and misleading.
 - As a result, vendors would be pushed into setting inflated reserves to protect their interests. The outcome is likely to be that a higher proportion of properties are passed in on auction day.
 - An offer above the reserve, received before auction, means that the property could be sold before auction. This can attract an unofficial bidding frenzy in the lead up to the auction.
 - Potential to challenge the agent and vendor relationship where vendors prefer higher reserve prices, potentially impacting clearance rates as fewer properties meet the reserve on auction day.
- The final week of a sales campaign is a critical time for buyers and vendors. For buyers, finance approvals, contract reviews and other due diligence matters are finalised. For vendors, this week provides a final market assessment on interest in the property, this is the period where price expectations can change. The declaration of a reserve price seven days prior to auction day is likely to result in higher reserve prices as a risk mitigation tactic.

The case against mandatory disclosure of reserve price seven days prior to auction (contd.)

- The minimum price a vendor is prepared to accept may go down as well as up. Typically, expectations are high when marketing commences, but those expectations can go up or down depending on a range of circumstances, such as the need to sell, advertised prices for other properties coming onto the market, sale prices achieved for other properties during the marketing campaign, the level of buyer interest in the property, exhaustion with the marketing process or vendor personal choices.

A case study to consider:

- Property advertised for \$900,000 - \$990,000
- Vendor locks in reserve at \$950,000 which is advertised seven days before the auction
- An interested buyer with a maximum budget of \$920,000 retracts and does not attend the auction as they are unable to extend their budget further
- On auction day, the bidding stalls and the vendor adjusts the reserve to \$915,000
- Property sells at \$917,000
- The buyer with the \$920,000 budget has missed the opportunity to buy a home they wanted and the vendor who could have achieved a higher price has also been disappointed.

- A typical campaign runs for four weekends, including the auction weekend. The proposal allows a vendor only two weekends to consider market feedback, seriously limiting their capacity to make an informed decision. There is a high likelihood that the seven days requirement will lead to incorrect reserves being declared, impacting sales results and thousands of homeowners.
- The application of this rule is unclear in the private sale method, which accounts for 97.5 per cent of all sales in regional Victoria and 73.5 per cent of sales in metro Melbourne.

The Victorian Government's proposal does not consider aspects such as a postponed auction, an auction being brought forward, delays in buyer due diligence and instances of family disputes, where a reserve price may not be agreed at this early stage.

Key Recommendations

Issue	Recommendation
Insufficient clarity on pricing expectations	<p>1. Reliable pricing aligned with the sale method</p> <p>Advertised price should be a reliable indicator of price, reflective of the fundamental differences between the two sales processes.</p> <p>Private Sale</p> <ul style="list-style-type: none">Marketing to display a single, vendor authorised asking price. <p>Auction</p> <ul style="list-style-type: none">Marketing to display a 10 per cent price range.No later than three clear business days before the auction, the vendor must confirm their reserve price falls within the advertised 10 per cent price range.
Limited access to timely and relevant competitive market information	<p>2. Complete and timely data</p> <p>Disclosure of the sale price for all residential properties once a contract becomes unconditional.</p> <p>3. SOI must include relevant comparable sales</p> <p>A price estimate must always be supported with relevant comparable sales:</p> <ul style="list-style-type: none">At least one and up to six comparable sales should be provided on the Statement of Information (SoI).Each listed comparable sale must be supported with the agent's declaration regarding its relevance to the valuation.A comparable sale may be located outside the stated geographical area, only if the agent provides a strong argument to support its relevance.Expand selection criteria to consider intangible attributes such as natural light, topography, street frontage, access to amenities, etc.

Key Recommendations Contd.

Issue	Recommendation
Costs associated with pre-purchase due diligence	<p>4. Building and Pest Inspection Report included in the Vendor's Statement (Section 32)</p> <p>A building inspection report completed by an authorised, registered inspector, must be included in the Section 32.</p>
Delay in access to key property information	<p>5. Property documentation must be available at commencement of marketing</p> <p>Ensure that the Section 32 documentation is available for prospective buyers when the property is offered for public sale.</p>
Enforcement	<p>6. Stronger enforcement mechanisms to uphold standards</p> <ul style="list-style-type: none"> • Develop a demerit point system to develop a compliance culture. • Greater transparency on enforcement activity, progress and resulting learnings.
Empowering consumers	<p>7. Mandatory bidder registration</p> <p>8. Digital access for inclusivity, convenience and sustainability</p>



Reliable pricing aligned with the sale method

REIV Recommendation:

Advertised price should be a reliable indicator of price, reflective of the fundamental differences between the two sales processes: specifically, the role of an asking price in a private sale and the reserve price in an auction setting.

Private Sale

- Marketing to display a single, vendor-authorised asking price.

Auction

- Marketing to display a 10 per cent range.
- No later than three clear business days before the auction, the vendor must confirm their reserve price falls within the advertised 10 per cent price range.

Dissatisfaction with the current price-quoting framework arises primarily when the price signals presented in marketing do not align with the vendor's genuine selling intent. This disconnect erodes buyer confidence and fuels perceptions of inequity in the transaction process.

It is equally important to recognise that vendors must retain reasonable discretion over the final price they are willing to accept for their asset. This flexibility is a legitimate and necessary feature of a functioning property market.

Policy settings must therefore balance these dual realities: buyers require transparent and credible price information to make informed decisions, while vendors require autonomy in determining an acceptable sale price. Both parties benefit from a system where the indicative price range reflects informed market expectations without constraining either parties' ultimate decision to transact.

To achieve this balance, the advertised price must be a reliable and meaningful indicator, one that recognises the structural differences between sales methods.



Reliable pricing aligned with the sale method contd.

Residential property sales are predominantly conducted either as a sale by private treaty (also known as private sale) or by auction. The method of sale is agreed between the agent and the vendor. Expectations, rights and obligations of the buyer and the vendor vary depending on the method of sale.

The preferred method of sale can be determined by a range of factors, including location, property type, property size and most importantly, demand. Contrary to popular belief, auctions account for only 25.3 per cent* of all sales in metropolitan Melbourne and just 2.2 per cent* of sales in regional Victoria.

The marketing period in a private sale can differ significantly depending on the location and property type. While metropolitan Melbourne recorded an average of 36 days* on market, regional Victoria took an average of 57 days* to sell. There are significant variations across regional centres too.

Of all sales in Victoria over 2025, units and apartments accounted for 40 per cent in metropolitan Melbourne and 11.8 per cent in regional Victoria.

In a private sale, the asking price functions as a clear price signal intended to guide buyer engagement on what the vendor wishes to achieve; in an auction, the reserve price serves a more dynamic purpose, the minimum price a vendor will accept. Effective regulation must acknowledge and incorporate these distinctions to ensure consistency, confidence and fairness across the market.

Improving price transparency across Victoria, considering the vast variations that exists in the Victorian real estate market, require a flexible approach that is both practical and purposeful.

A single framework for two very different sales methods is inaccurate and does not support buyers or vendors. The market requires the flexibility to choose the method of sale most suited to the particular property. Media and consumer focus on auctions and reserve prices distorts legislative emphasis and is ineffective in addressing market limitations and frustrations.

* Calendar year 2025, REIV data



Reliable pricing aligned with the sale method cont.

Private sales

Marketing to display a single, vendor-authorised asking price.

The vendor provides the agent with their asking price. The advertised single price must not be less than the asking price. The asking price may be updated over the course of the campaign to reflect changing market dynamics and vendor expectations.

Key aspects:

- Vendors are likely to have a specific price they wish to achieve for their property i.e. the Asking Price.
- Buyers can make a “conditional offer” on the property.
- Buyers have the opportunity to “cool off” (i.e. withdraw their offer, subject to contract conditions).
- The vendor/agent has the opportunity to negotiate one-on-one with buyers.

Auctions

• Property marketing commences with a price range of up to 10 per cent

Allows the vendor and agent to assess market interest. The 10 per cent range adjusted over the course of the campaign to reflect changing market dynamics and vendor expectations.

• T-3 (At least 3 clear business days from auction):

Vendor confirms to the agent that their reserve price is within the advertised 10 per cent range. The advertised range is updated where it no longer aligns with vendor's reserve price.

Key aspects:

- Auctions are often selected as a method of sale in areas of high demand or significant price variation due to a variety of property types in the area.
- In some cases, legal proceedings or disputes may require an auction sale by court order.
- Vendors and agents are more likely to use the campaign period to gather market feedback to determine the reserve price.
- A property purchased at auction (or three clear business days before or after the auction date) is an unconditional sale, with no cooling off period.
- The Reserve Price determined by the vendor is the minimum price at which they are willing to sell the property.



Complete and Timely Data

REIV Recommendation:

Disclosure of the sale price for all residential sales once a contract becomes unconditional.

“Price withheld” is a term that can often be seen on recently sold listings. It limits current market data that can help stakeholders make better informed decisions.

Under current practice, a vendor or purchaser can direct the agent to withhold the sale price from public platforms. This means that the information is not publicly available for buyers to consider. While sales results are accessible via the Valuer General Data, this can be delayed by 6 months or more, by which time the information is less valuable as comparable market intelligence.

Real estate agents are unable to use “price withheld” listings as a comparable sale on a Statement of Information (SoI). This limits the sales data accessible by potential buyers, restricting market intelligence for all stakeholders.

The REIV recommends reforms to the Sale of Land Act to ensure compulsory disclosure of the sale prices, once a contract becomes unconditional. Sale prices should only be withheld under limited special circumstances such as a family dispute or legal matter. Permission to seek a restriction on publication would need to be made pre-emptively by the vendor or buyer.

This will require agents to ensure all recent sales are considered (and listed) to develop a price estimate and allow buyers to be better informed of recent relevant sales. Adjacent real estate services such as valuers would also benefit from access to this information. Valuers are often involved in dispute resolution, legal proceedings and mortgage assessments.



Statement of Information (Sol) must include relevant comparable sales

REIV Recommendation:

- At least one and up to six comparable sales should be provided on the Sol
- Expand selection criteria to consider intangible attributes such as natural light, topography, street frontage, access to amenities, etc.
- Each listed comparable must be supported with the agent's declaration regarding its relevance to the valuation
- A comparable sale may be located outside the stated geographical area, only if the agent provides a strong justification to support its relevance.

Current legislation includes a rigid definition of comparable sales, often excluding sales that could better inform the indicative sale price of a property. While the Guidelines published by the Director of Consumer Affairs provide some insight into selecting comparable properties, these can only be considered if a comparable sale first meets the distance and property size criteria. Key aspects to review include:

Limited by distance: In many areas, especially in regional Victoria, distance criteria such as the 5 km radius (2 km radius for metropolitan Melbourne), makes it impossible to provide buyers helpful information. In many cases, selecting comparable sales from a similar township (or similar suburb profile in metropolitan Melbourne) may provide a better price indicator, but won't meet the rigid distance criteria for the Sol.

Three or none: In addition, the legislation allows for three or none, comparable sales only. Where only two comparables may be available, there is no requirement to include these on the Sol. This leaves loopholes that can be taken advantage of while also limiting the agent's ability to provide suitable guidance.

Features: Defining comparable features of a property can include orientation, property frontage, building materials, natural light, design features, access to amenities and more. While these may not all be tangible building attributes, they could be defining considerations in the property valuation. Current Sol regulations do not place enough emphasis on such attributes, instead focusing on distance and configuration.



Building and Pest Inspection Report included in the Vendor's Statement

REIV Recommendation:

A building inspection report completed by an authorised, registered inspector, must be included in the Section 32.

Transition arrangements may include:

- exceptions for properties built less than seven years ago by a registered builder, strata managed properties where a building condition report may be provided by the owners corporation and other exemptions as deemed appropriate.
- A gradual roll out of obligations may be considered, determined by age of the property.

Costs and resources associated with pre-purchase building inspections are an unnecessary financial burden for buyers. Delays in receiving such reports can also be disadvantageous for buyers, where a sale date may be close.

From the perspective of vendors, building inspections are often used as a condition of sale by potential purchasers, creating uncertainty for all parties to a transaction.

Including a building and pest inspection report in the Vendor's Statement (Section 32) would address concerns and limit costs for all stakeholders, particularly buyers. Key considerations include:

- availability of qualified (licensed) inspectors
- cost of report must be allocated to successful buyer to ensure transfer of any associated protections
- report must be valid for the campaign period

The REIV is consulting with the Housing Industry Association (HIA) to help address the potential market demand while delivering high quality, reliable reports. It is likely that transition arrangements will be required in the short to medium term to allow the market time to adjust.



Property documentation must be available at commencement of marketing

REIV Recommendation:

Section 32 should be available for prospective buyers when the property is offered for public sale.

The Section 32 is a key document in the sales process. It provides mandatory disclosure of key information regarding the property, allowing prospective buyers to make an informed decision.

The Section 32 at times may not be available until much later in the sales campaign where prospective buyers may not have key information such as owners corporation costs, easements, potential issues with key services such as water, telecommunications etc.

The REIV recommends that the Section 32 must be available when a property is offered for public sale. This would assist prospective buyers in determining whether to pursue a particular property.

REIV Recommendation:

- Stronger enforcement mechanisms to uphold standards.
- Develop a demerit point system to foster a compliance culture.
- Greater transparency on enforcement activity, progress and resulting learnings.

The approach towards education and enforcement needs to be reconsidered. Consistent and deliberate misconduct should be distinguished from procedural or unintentional errors.

Enforcement action must be visible and transparent.

Unintentional errors should be addressed with education and support.

The current penalty regime suffers from a ‘one size fits all’ problem. Legislative non-compliance should sit on a spectrum, with the severest infractions delivering the severest punishments (i.e. cancellation of licenses). Emulating a driver’s licence demerit point system is a logical solution, whereby lower-level infractions would attract a proportionate penalty (i.e. fine), while cumulative penalties and severe infractions would translate into suspension and cancellation of an individual or business’ licence - in effect their capacity to operate.

A demerit point system should be considered, where ongoing non-compliance by an agent would result in license cancellation.



Mandatory bidder registration and identification

REIV Recommendation:

Prior to bidding at auctions, prospective bidders should be required to register. They must provide the agent with key information regarding their identification, including their name, address and proof of identity.

Bidders may register at any time prior to the commencement of the auction.

Victoria is one of the only Australian states without a requirement for homebuyers to register to bid at an auction and verify their identity prior to signing a contract of sale. In the absence of such requirements, non-legitimate buyers can attend auctions and engage in illegal activity. Consequences include giving the illusion of genuine buyers, disadvantaging legitimate buyers, and potentially resulting in significant losses for the vendor.

Changing this process to ensure bidders are registered before bidding at auctions will enhance the transparency of the auction process, mitigate the risk of illegal bidding, bring Victoria in line with the rest of Australia, and safeguard the interests of the vendor, buyer, and agent.

The bidder information would be recorded as part of the individual property file, available for consideration by the Regulator, if needed.

Anti Money Laundering and Counter Terrorism Financing (AML/ CTF) Reforms commencing on 1 July 2026 require real estate agents to conduct due diligence on vendors and buyers. Mandatory bidder registration will support these reforms.



Digital access for inclusivity, convenience and sustainability

REIV Recommendation:

Auction documentation should be easily accessible for all. In a digitised society, printed copies are no longer viable, sustainable or suitable. This could be done via email, an online link, or by displaying a QR code at the inspection or auction.

As efforts are pursued across virtually all industries to modernise and digitise information, auction rules and related materials could be provided digitally to ensure ease of accessibility and currency of information for prospective buyers. The REIV is proposing a digital alternative to the current legislative requirement which mandates that printed material must be available prior to the auction.

The vendor or vendor's agent would be required to provide QR codes or website links prior to the auction, replacing the requirement to present paper-based copies, unless specifically requested. QR codes could also be provided in advance as a preview to the contract for prospective buyers. Digital access allows buyers to peruse the information in their own time, translate into other languages, provide greater accessibility for sight or hearing impaired people and is a more environmentally responsible proposition.

CONCLUSION

A transparent and efficient property market benefits all stakeholders. Strong consumer confidence in Victorian real estate not only supports market growth but also attracts greater investment.

In this submission, the REIV offers its considered, expert advice, to assist the Victorian Government in refining a regulatory framework that fosters confidence, transparency, and a well-functioning property market.

The REIV presents this proposal as a holistic approach: when implemented together, these measures will strengthen consumer confidence and support a more robust, transparent, and efficient real estate market.

The REIV values its positive relationship with the Victorian Government, both as part of our Strategic Working Group activity, and the Victorian Government's own underquoting reform consultation process. The REIV and its members are committed to be part of the solution.

We urge the government to withdraw its proposal to mandate reserve price disclosure seven days prior to the auction and work with the sector to introduce the range of recommendations provided here.



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