

Large IPC, L J Hooker shake up the Indian property market No Buyer or Tenant Fees !

LJ Hooker is the first real estate business in India to offer their full stock to buyers and tenants with no brokerage charges.

Says Managing Director, Alexander Moore “we only charge buyers or tenants if they mandate us to specifically search for property on their behalf - any buyer or tenant who responds to our property ads (print and electronic), signage, property catalogues etc are not charged brokerage”

Mr Moore likens his business to any other retail shop where to attract buyers he makes sure he has a large amount of well priced stock to offer his customers. He says “can you imagine if your local supermarket tried to charge you to enter the shop and fill your trolley ? you’d laugh, but consumers have been brought up to think that this model is acceptable in property transactions”

He believes this has come about over the years due to the opaqueness of the industry and the difficulty buyers and tenants had in getting to know what was actually available in the market (and for how much).

With the advent of the information age Mr Moore believes that the game in India has changed. “With the advent of the internet and the use of marketing tools like emags consumers are now able to examine the market in detail, and they only want to deal with reputable companies that are transparent and assist them to understand the market”

“The job of a Real Estate Agency is to inform and educate their customers so they can acquire property that suits their needs, as simply and easily as possible, the days of the swift talking slightly dubious salesman are numbered”

So the question has to be asked, it seems good for the consumer, but how can a business cut it’s fee base so dramatically and survive ?

According to LJ Hooker it comes down to simple efficiency. Says Mr Moore “for our offices it’s just a matter of basic efficiency and productivity. You can do one deal at the old fee base or 10 deals at around 2/3 of that old base”

“Given that we don’t charge the buyers or tenants we obviously have pretty much all the buyers in the market on our data bases at any given time – why wouldn’t they contact us ? this in turn leads to us having most of the sellers as well, our job then of matching the people with suitable property becomes that much easier”

According to LJ Hooker this model is the standard system in most parts of the world with India the odd man out.

As for the sellers Moore says they have a much stronger and better relationship than traditional brokers. He makes the point that you’d hardly appoint a lawyer who was also taking a fee of the other side in your court case would you ?