



1 Sneaky Way Your Realtor Might Try to Rip You Off

Description

Canada's [housing markets are still on fire](#) in 2021. Families are taking advantage of the low-interest-rate environment while looking for affordable homes. Home sales and prices are going through the roof due to [pent-up demand](#) and the FOMO feeling. The pandemic is also accelerating the migration from urban to suburban communities.

However, home buyers, especially first timers, must be extra careful and be on high alert. There are reports that some realtors are using a sneaky way to rip off unsuspecting buyers and earn more significant commissions. You may end up paying more due to a false bidding war.

Manipulative practice

A realtor will seize the moment to capitalize on a buyer's excitement to own a new home. The upsell strategy is when a real estate agent suggests making a bid of \$50K or more, without conditions, over the listing price to seal the deal. While the tactic is manipulative, if not deceptive, it often works.

One incident tells of a couple interested in a townhome selling at \$650,000. The realtor said the price was for listing purposes only. To win the bid, the offer should at least be \$100K over the listed price. The buyers backed out because the cost would exceed their budget and the property required some work.

The couple then found out the same townhome was sold for \$665,000, or only \$15,000 over the listed price. They would have paid \$85,000 more for the property had they fallen into the psychological trap.

Due diligence

Buyers must do their due diligence to protect against overshooting the budget. You should factor in renovation and other hidden costs such as title transfer, insurance, and broker fees. Some realtors will even employ tricks to crank up the urgency on the pretense of a bidding war on the property. It may pressure you to purchase way above the market value.

Alternative to direct ownership

In Canada, real estate investment trusts (REITs) are alternatives for investors looking to purchase real estate for investment purposes. The cost is less, and you do away with other incidental charges relating to direct ownership. Since REITs pay dividends, you're like a landlord earning rental income.

True North Commercial ([TSX:TNT.UN](#)) is a superb choice, because it's a pure dividend play. This \$555.5 million REIT pays a lucrative 9.2% dividend. A \$200,000 investment will generate \$18,040 in passive income.

The REIT isn't among the biggest in Canada, but its tenant base more than makes up for the smaller market cap. True North's portfolio consists of 48 commercial properties located in Alberta, British Columbia, New Brunswick, Nova Scotia, and Ontario.

Among the anchor tenants are the federal government of Canada and provincial governments. Alberta Health Services and Ontario Power Generation are also True North lessees. In the nine months ended September 30, 2020, total revenue and net income grew by 34% and 38% versus the same period in 2019. Management will present the full-year 2020 results on March 3, 2021.

Buyers beware

Realtors have ways to move houses these days. Buyers should be vigilant and mindful of untrustworthy real estate agents and their tricks to boost commissions. You don't want to make a hasty and costly home-buying decision. For investors, pick the REIT with a rock-solid tenant base.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:TNT.UN (True North Commercial Real Estate Investment Trust)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise

7. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Date

2025/07/05

Date Created

2021/02/25

Author

cliew

default watermark

default watermark