

INFORMATION SHEET

Producing TVCs for Real Estate

The following points need to be considered when producing a television advertisement promoting the sale of real estate:

- Advertisements for real estate may be subject to State legislation, in addition to relevant Commonwealth laws, such as Sections 52 and 53A of the Trade Practices Act. Advertisements must comply with any such provisions.
- Advertisements referring to deposits or terms for purchasing land must also specify the full cash price. Full cash price means the price including all the individual agent's own charges. If finance is being provided on terms, the advertisement must state the amount of the deposit, repayments and time period over which the repayment can be made. If finance is offered for a limited time, for example "vendor finance over twelve months", this must be clearly stated.
- Advertisements that are not clear and unequivocal about price risk breaching the Trade Practices Act. For example, "\$200 deposit secures your home site" or "Buy your home site for \$40 a month". It is preferable here to say something like, "A \$15,000 deposit secures this house and land package – total price \$95,000".
- Where an advertisement is promoting multiple blocks of land/units with different characteristics (eg different block sizes, single storey, double storey, 2 bedroom, 3 bedroom) the advertisement must be clear as to which type of land/unit it is referring to if it contains specific descriptions or references to price. For example, an advertisement will risk breaching the Trade Practices Act if it shows images of the highest value land/unit, but refers to the costs associated with purchasing the lowest value land/unit in the development in a way that implies that those costs relate to the land/unit shown.
- Similarly, where a 'from' price is used in an advertisement promoting multiple blocks of land/units, the advertisement must also show a top or average price. For example, "LAND from \$20,000. Average price \$27,000" or "UNITS from \$20,000 to \$35,000". Note that viewers could also be misled about the average price of the blocks/units. For example, most viewers would assume from the statement "45 blocks from \$10,000" that there was a range of prices for the blocks and that some would be at or around \$10,000. But if there were only one at that price and the next considerably more expensive, a statement like this could be misleading. It would also likely be misleading to continue running the original advertisement/s once the cheaper blocks were sold.
- To avoid misleading or deceptive conduct, GST should be included in any advertised price.
- The Trade Practices Act requires any price advertising to include advertisement of the 'single price' ie. total cost. The 'single price' is calculated by adding up each of the price components that are quantifiable at the time of the advertisement, including all 'mandatory charges'.

- Mandatory charges' are those charges that must be paid in order to purchase the property. The GST payable by the customer is a mandatory charge. The stamp duty on property is not a mandatory charge because it is imposed directly on the consumer.
- The 'single price' must be displayed at least as prominently as the most prominent price component. This means that a consumer should be able to identify the 'single price' (ie. total cost) as easily as the component or part of that total. Advertisers should consider factors such as the size, placement, colour and font of the prices in the advertisement, as well as the background of the advertisement.

See: *Component Pricing, Disclaimers and other on-screen text, Prices*

Refer: ACCC - *Fair & Square: A Guide to the Trade Practices Act for the Real Estate Industry*
www.accc.gov.au

For further information please contact CAD on 02 8968 7200 or email us at cad@freetv.com.au