

Underquoting Reforms

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Underquoting Reforms



New underquoting requirements commence on **17 November 2026.** The Stage 2 reforms will fundamentally shift how residential properties are priced, advertised and documented in NSW under the Property and Stock Agents Amendment (Underquoting and Other Agent Conduct) Act 2026.

The core changes under the **Stage 2** reforms focus on mandatory price guides, rigid comparable sales frameworks and come with heavily increased penalties. These changes include:

- comparable property requirements for an estimated selling price
- mandatory price guides on property advertisements
- strict price floor rules
- electronic agency agreements
- increased underquoting penalties

Comparable property requirements for an estimated selling price

From 17 November 2026, you must consider the sold prices of the **three (3)** most comparable properties when you **set or revise** an estimated selling price. In a metropolitan area, the requirement is to commence with sales within 2 km in the previous 6 months, widening to 12 months if you find fewer than three (3) comparables. Outside metropolitan areas, start within 5 km over the previous 18 months.

The NSW Fair Trading website provides a clear list of NSW Metropolitan areas. The link to the site is: www.nsw.gov.au/departments-and-agencies/fair-trading/news/changes-to-property-and-stock-agents-laws#comparable

Agents need to ensure that their estimated selling price for a property is, **and remains**, a reasonable estimate of the likely selling price of the property, for the duration of the sales campaign. Agents must now also consider the sold prices of comparable properties, in accordance with requirements set out in Section 72A, 72B, 72C and 72D of the Property and Stock Agents Amendment (Underquoting and Other Agent Conduct) Act 2026, when determining and revising their estimated selling price in an agency agreement.

Agents must then identify, from the properties found, those they reasonably consider to be comparable to the property for sale having regard to a list of factors in the Regulation. This is an expansive list, which includes the location of the property, including the distance from the property for sale, the type of dwelling, the standard and condition of the property, total floor area, the land size of the property, number of bedrooms, bathrooms and car spaces, special features, the age, architectural style and construction materials, just to name a few.

You need to constantly think about the **"good reason"** for why you have chosen a specific property to be a comparable. This information needs to be documented in your Comparable Market Analysis.

Mandatory price guides on Advertisements

The new reforms have now mandated that all marketing for residential real estate, including online platforms, social media, email communications, and agency websites - the requirement to display **a fixed**

selling price or a price range. Agents will no longer be permitted to promote a property without providing a price guide in order to gauge buyer interest. Residential property advertising must display a valid price or range that cannot fall below the agent's estimated price, highest rejected auction bid, or declined written offer. If a revision of the estimated selling price is required, online advertising material must be updated within **one business day**. (Note that there is some discussion that this may be changed to two days – but currently noted as one day on the Fair Trading website). Physical property signboards are currently exempt from requiring a price or price guide.

Price floor rules

An advertised price (or the bottom of a range) can never sit below the highest of the following market indicators:

- **The Agent's Estimate:** The internal estimated selling price (ESP) documented on the agency agreement.
- **Passed-in Auction Bids:** The highest genuine bid made by a registered bidder if the property passed in at a recent auction.
- **Rejected Written Offers:** Any written offer the vendor rejected solely because the price was too low.

Electronic Agency Agreements

Agency agreements must be kept **in electronic form,** for the duration of the agreement, and for 3 years after the agreement ends.

These requirements will apply to all agency agreements (including strata management agreements, agreements for the sale of residential property or rural land) that are:

- entered into on or after 17 November 2026, or
- entered into before 17 November 2026 and amended on or after 17 November 2026.

Increased underquoting penalties

The maximum limit for underquoting practices will increase to $110,000 or three times an agent's commission, depending on which amount is greater. This measure guarantees that buyers who are misled cannot merely be dismissed as a cost associated with finalising a sale.

It is imperative that your agency has the checks in place to mitigate any risk associated with underquoting or misleading advertising.

NSW Fair Trading has developed a set of checklists and resources to aid agents and agencies in navigating these new reforms. We have provided a link below for your convenience.

https://www.nsw.gov.au/departments-and-agencies/fair-trading/news/changes-to-property-and-stock-agents-laws

Still to come.....

From 8 February 2027, all real estate agents advertising a property must have a compliant Statement of Information. This format has been released and all agents should become familiar with the form.

The updated rules will be included in Underquoting Guidelines and Supervision Guidelines, with supporting checklists and case studies which will be provided by NSW Fair Trading soon.

From 29 June 2026, there are further changes to the laws that have already commenced. These include:

- higher penalties for offences under property and stock agent laws
- stronger NSW Fair Trading powers to respond to misconduct
- new powers over agency agreements
- new offence for impersonating a Fair Trading officer.

Important News – Watch this Space

Once NSW Fair Trading have released all of the information and supporting checklists and requirements in relation to the new legislation, the Australian College of Professionals will be conducting free information sessions about the new underquoting reforms prior to 8 February 2027 so that agents can gain a better understanding of actual steps that need to be taken to be compliant.

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