

ON
THINKING
YOUR
DIFFERENTLY ABOUT
TERMS
BUYING PROPERTY

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SECRETAGENT.COM.AU

Special thanks to:
Anna Paramita (Illustration)

THE REASON I WROTE THIS BOOK

Everyone's an expert; from family members to close friends to the chap at the cocktail party! Many people rely on unstable information from those that do not have the correct 'know how' in successfully buying property in today's environment.

From first timers to seasoned professionals. This short book challenges the way you've been taught by thinking differently about buying property.

Paul Osborne
Founder | Secret Agent Property

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WHERE TO BUY

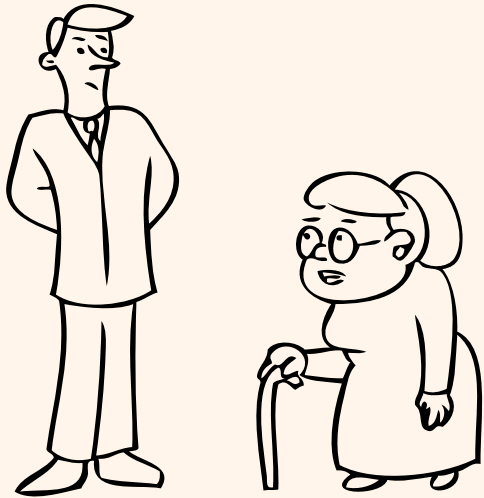
We show you where.

A NEW WAY TO THINK

CHAPTER 1:

A NEW WAY TO THINK

A NEW WAY TO THINK



DON'T BE THAT IDIOT

We need to buy from a little old lady.

A NEW WAY TO THINK



QUICK DECISIONS

You snooze, you loose. Some of the best property purchases are the result of quick decisions.

People we know have bought a property, within just a few hours of deciding they wanted to buy. Many of these have been great buys.

Sometimes an opportunity will not arise when you're ready. Waiting for the right time may not be the best thing to do. Good property at a good price is often purchased quickly. Simple.



AVOID THE HERD MENTALITY



AVOID THE HERD MENTALITY

When the property market is in a lull or a down period, it's an art to pick the bottom - when prices will drop no further. Here's the tip, when everyone is suggesting that the market is terrible and that it's only going to get worse - that's often the time to buy.

When people say the outlook has never been better to buy property, then the market may have already matured. When the market is in an unbelievable hot patch, a frenzy is occurring and people are suggesting that prices are going to sky rocket ridiculously... be careful, the market may just be about ready to turn south.



DON'T SKIMP

Pay for expert advice - accountants, solicitors etc. Get your structure set up right. For some people it may be best to buy in a company or a trust.

Missing out on minor details in the contract because they were not properly checked can be devastating.

A gentleman recently purchased an apartment in the CBD and realised a bill for about \$3 million dollars was owing for the removal of asbestos. He was not aware of this when he purchased the property.

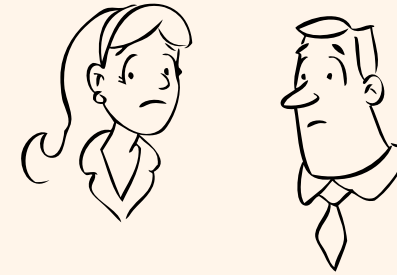
Know what you're getting yourself into.

**WHATEVER THEY THINK,
THINK THE OPPOSITE**

Avoid the herds and their way of thinking. When people say it's not a good buy, ask why?

Sally recently purchased a fabulous apartment. She was told it was too expensive for a one bedroom by her peers.

Sally could see that the lounge was huge in the flat and converted it into a two bedroom apartment, adding \$100,000 to its value with a simple wall. Look at what other people fail to see, rather than follow the pack.



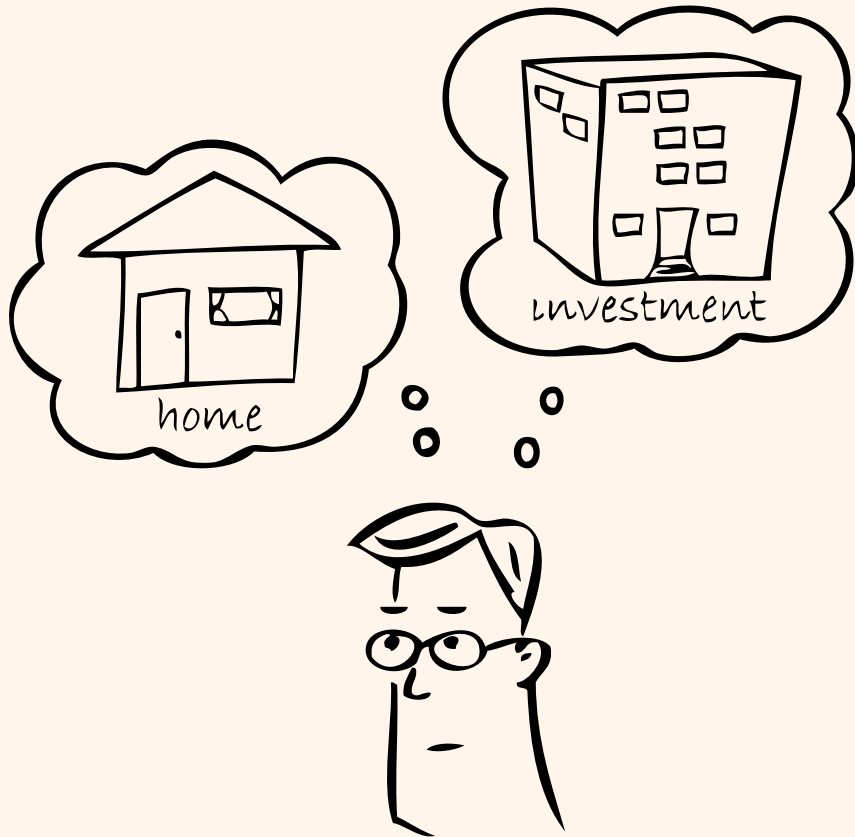
MEET ALICE & RAY

They lose out every time.

They refuse to go the extra few thousand dollars at each auction/private sale for a property that they were interested in. They justified this with; 'the markets going to turn at any point'.

They rented a property instead. Alice & Ray were looking for a double fronted home in 2004. It's now 2010, Alice & Ray are looking for an apartment.

The question that sometimes needs to be asked is: can we afford not to buy right now?



**MAYBE YOUR FIRST PROPERTY,
SHOULD NOT BE YOUR HOME**

Why not rent your home and start with the investment property instead.

So many people jump for the big house purchase as their first buying experience.

The first home buyers grant incentivises this. Why not rent something to live in? Keep things modest and become a landlord instead. You'll get your dream home in the end and you won't have to make too many compromises to start with.



EVERYONE'S AN EXPERT

EVERYONE'S AN EXPERT

It's very easy to be confused in today's property environment - Everyone's a real estate expert, at dinner parties, bbq's, and at the local pub.

People are very quick to direct you to their advice as to what you should do. It's a trap! Ignore most, if not all of what these conversations hold.

You need to make your own decisions.



DETACH EMOTIONS

STAY EMOTIONALLY DETACHED

In negotiations, negotiating for yourself can become difficult - it is sometimes harder to see the other side and harder still to remove that emotional element from the transaction.

Consider getting a professional to help you with this.

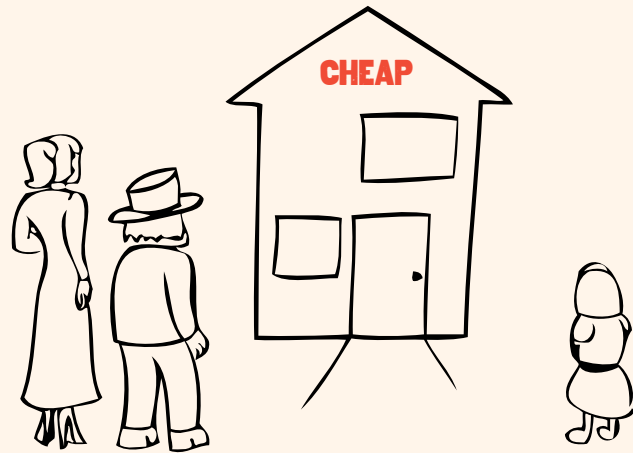
THE PROPERTY MARKET IS BUILT AROUND PERCEPTION

When people think the market is going to rise, they spur a movement for it to happen.

Same for when the market drops. Sometimes the perception of what may happen, is just as important as how the research suggests that the market will perform.

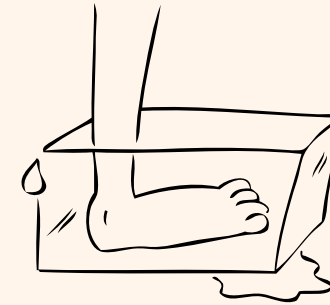
Higher interest rates and population booms will usually spur a perception of things to happen on their own.

A NEW WAY TO THINK



**IF IT LOOKS CHEAP,
THEN EVERYONE
ELSE IS THINKING
THE SAME THING.....**

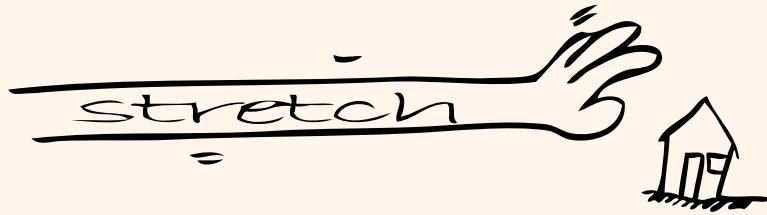
A NEW WAY TO THINK



**IT'S NATURAL TO GET COLD FEET,
JUST DON'T LET IT STOP YOU..**

It's perfectly natural to have hesitations when you're close to buying a property. It's also a common feeling when you're in the cooling off period.

The key is to understand that this is a natural process. You don't need to be scared to commit, if you've done your research and feel confident in what you are getting yourself into. Go for it!



STRETCH

Sometimes you need to stretch to buy good real estate. Why? Well good property doesn't come around often.

You have a price limit and you want to stick to it. But miss out and we're talking months back on 'the hunt' looking for that ideal property.

Property often repeats itself. Buy a competitive home and you'll often find the same situation occurs when you resell the property in similar market conditions.

Those that kick themselves are often the ones who didn't push that few extra thousand, rather than those who 'dug deep' to facilitate the purchase.

**THINK NOT WHAT
WE ARE PREPARED
TO PAY, BUT AT
WHAT PRICE ARE
WE PREPARED TO
MISS OUT?**

You might find this brings
two very different answers.

CHAPTER 2:

AUCTIONS. WHAT YOU NEED TO DO

WHY AUCTIONS WORK

Here's the three psychological reasons as to why properties with a low quoted range sell well at auction.

1. Lower price means lower barrier of entry - more participants and more potential bidders.
2. The longer the bidding process (as a result of a low quote) means more time for individual bidders spent in the negotiation of the property, in other words commitment.
3. More people interested, means more people like the property, people like what everyone else likes. No one wants the home that no one else wants to buy - herd mentality.



DON'T BE THE SUCKER WHO GOES TO THE 'LOW QUOTE' LISTINGS

The most attractive looking quote price is often the worst property to go for. The problem with investing your time to try to purchase a property that is quoted low, is that everyone else is doing the same thing.

Don't be the sheep that follows, this is actually an opportunity to purchase other good properties on the peripheral.

It distracts the core body of buyers in the market place to look at a property that is too good to be true. Look at the fringes, here can lie the real opportunities. Quote price is irrelevant, market price is everything.

BEING THE HECKLER

There will be some that approach an auction to distract other bidders and the auctioneer. We call them the heckler.

Confidence when bidding is a great thing. Heckling the auctioneer in regards to the property or other bidders, just stirs up other bidders around you.

People find it hard to back down from a situation once they're in an ego war. People will seriously make you pay more as a result.

Be careful messing with egos when purchasing real estate.

PLACING AN OFFER BEFORE AUCTION

Those that take the deep plunge and offer big amounts beforehand can be property's great winners, as well as losers. Some buyers win big as they know a gem when they see one and know the quote price is \$200,000 under where it should be. So they offer big knowing that competition on the day will be greater.

Some do lose though, taking the kamikaze approach when it's not necessary. No risk, no reward as they say. It can take courage, yet this needs to be combined with knowledge of the market and skill to make it work for you.



**WHEN IT TURNS
FROM BUYING THE
PROPERTY, TO
WINNING IN THE
AUCTION PROCESS.
STOP!**



TRYING TO WORK OUT WHO YOU MIGHT BE BIDDING AGAINST AT AUCTION?

Look for dark sunglasses, nervous scouting and people's bums. That's the cheque book department!



WHEN BIDDING, DON'T START LOW

When solid competition is obvious, bidding too low can backfire.

Bidding low helps get more parties involved and builds momentum and emotion. You can often buy for less by starting high.

CHAPTER 3:

**NEGOTIATION –
HOW YOU
WILL WIN**

NEGOTIATING AND MAKING OFFERS



NEGOTIATING IS SO MUCH MORE THAN PRICE

The story of two sisters.

Two sisters reached for the apple at the table at exactly the same time. Both sides refused to give up the apple and a fight followed.

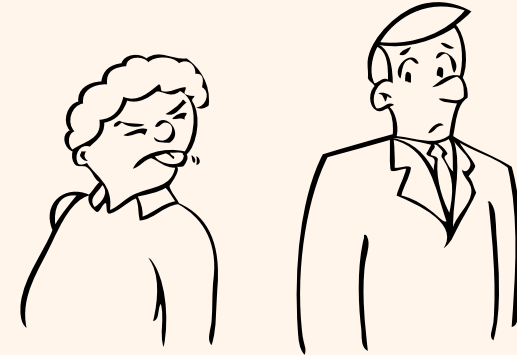
They made a decision to halve the apple and each sister received their half.

One sister peeled half her apple and ate the juicy nectar inside, dissatisfied and only half full. The other sister peeled her apple and threw the nectar in the bin and used the peel for cooking sacrificing her recipe that stated a full peel was required.

This is a failed negotiation where each sister could've got what they wanted. It was a lose, lose scenario.

There can be win, win.

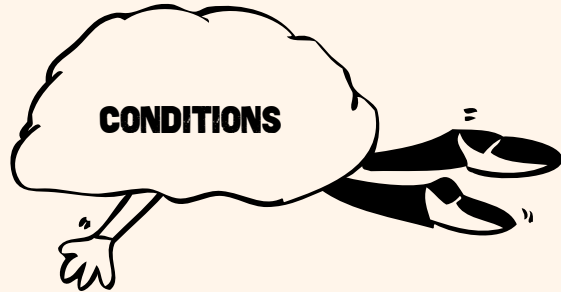
NEGOTIATION - HOW YOU WILL WIN



TREATING AGENTS POORLY

There are a section of buyers that will rip into agents at every opportunity.

Yes, most real estate agents have feelings. Being rude and disrespectful could possibly make the agent do anything they can to see you not purchase the property. Forget about buying well, you'll be paying through the nose.



**CONDITIONS
WILL
KILL YOU**

CONDITIONS WILL KILL YOU

Especially in Victoria, our market is so driven by unconditional contracts.

Subject to finance clauses or subject to selling your own home clauses are difficult to pull off.

If you really want to buy well and have more leverage when it comes to negotiating price, finish your negotiation position in an unconditional stance.

NEGOTIATION

**HOW YOU WILL WIN. IT'S
SIMPLE. UNDERSTAND THE
OTHER SIDE MORE **AND**
BE PREPARED TO WALK
AWAY. YOU'RE ALREADY
HALF WAY THERE...**

THE TEMPTATION ZONE

The 'temptation zone' is a term we use for the best way to structure your potential offer.

Many property buyers fail by making the following two mistakes.

• OFFERING A PRICE TOO LOW

By doing this you can damage the future negotiation process with the vendor and agent. This can build up some resentment and can lead them to preferring not to deal with you. Any further serious offers can be affected as a result.

• OFFERING A PRICE TOO HIGH

Paying more than you should is without doubt the worse of the two. Especially when emotion becomes involved, paying far too much can be the result.

The 'temptation zone' method looks at all factors including a seller's motivation, other interested parties, sales evidence, as well as the most likely market value and the calibre of the property.

An offered price that's not quite good enough to accept, yet not bad enough to walk away from, is a great place to start. If you're really good, this can be a great place to end the negotiations and helps form the 'temptation zone' bid.

MAKING AN OFFER, THEN WHAT?

Understanding what happens when you make an offer.

It's all well and good to make an offer on a property, but then what? How is that situation going to be handled by the agent? Is your offer shown to other parties? Will you become involved in a tender?

You need to find out how the process will run, before you place an offer.

OFFERS ARE OFTEN BEST KEPT SIMPLE

When trying to get your offer accepted by the vendor, remember the more clauses involved with the offer, the less chance you have of acceptance.

In many instances, it's best to keep your offer simple and straight forward.



SIMPLE

TWO COMMON WAYS PEOPLE NEGOTIATE

1. Those that negotiate using perspective-taking
2. Those that negotiate using empathy

An experiment was set up by gathering people with perspective personalities and empathetic personalities, and applying a mock negotiating scenario where they were placed in the position of a buyer for a petrol station.

The end conclusion was that many of the 'mock up' negotiations did not proceed to a deal with the empathetic negotiator as opposed to the perspective taker. The petrol station owner admitted more satisfaction with the empathetic person to deal with, however, he was put in a worse off position as a result of not being able to reach agreement.

Applying that to property is essential, getting an idea of where the other party is coming from and basing a negotiation on merit and perspective is going to be more beneficial than trying to reach an agreement on empathetic terms.

Find out where the other party is coming from first and then work through a solution in a planned process. This can dramatically improve your end result to something more favourable and, possibly at the same time even put the seller in a better position than they may have been - without really losing.

CHAPTER 4:

BEING A LANDLORD

16 WESTON ST PTY LTD

Treat your investment like it's a business. Great managing agents, great tenants. Know your expenses, know your profits.





REAL ESTATE MOGUL

BECOMING A REAL ESTATE MOGUL

It's so important to get your first investment property purchase right. If you get the first one right, then it all flows from there...

BEING TOO GREEDY

High Rents vs Great Tenants

Pushing for extreme rents can be a bad business move as a landlord.

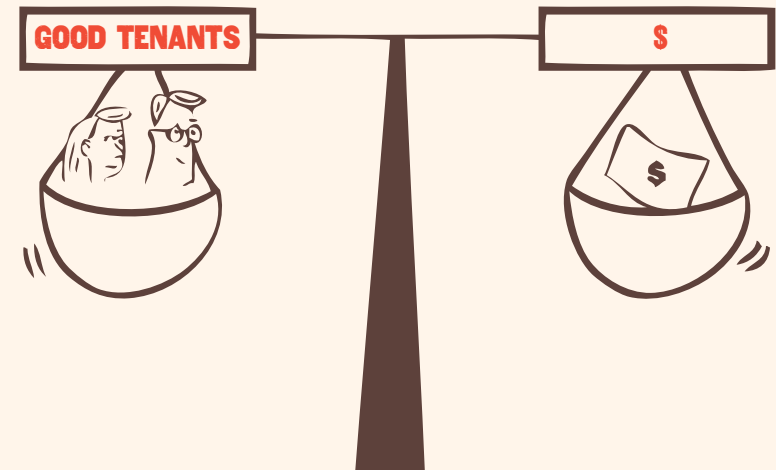
Think A grade tenants - your tenant is your customer.

Get the right people in, have less vacancy times.

Unconvincing tenants often need to pay the highest rents to get into the property.

Rather than have one applicant for your property, have four or five applicants and have the ability to pick and choose your tenant.

Great tenants are worth their weight in gold.



**'CHARACTER' RICH PROPERTY, DOES NOT
NECESSARILY TRANSLATE TO BETTER RENTS**

Some properties just ooze character. Often these are period homes; take for example an art deco apartment.

When it comes to the sale price, a premium is often paid for this type of property. On the rental side, however, they don't quite reach the same heights.

Fact is that most tenants pay for the livability and functionality of the property rather than the 'character' aspect which is so highly valued in the eventual sale price.

CHAPTER 5:

**DOING THE
RESEARCH**

LIST PRICE TO SALE PRICE

We can often avoid talking about the private sale market, which is actually bigger overall than the auction market. Many private sales are behind closed doors - so it's harder to gauge market conditions in these sales when compared to auctions.

The list price to sale price is a pretty good method to use to get a good idea of the condition of the private sale market.

Say a property has a list price of \$2 Million and ends up selling for \$1.95 Million. We know that the sale represents a -2.5% difference between asking price and the eventual sale price. So the list price/ sale ratio would be 97.5% of asking.

When we add up a whole lot of data, we tend to get a good idea on this bigger segment of the market. If the percentage is at 97.5%, this would tell you the market is pretty strong.



CHECK THE WEB FOR INTEREST

The internet is where the market looks, so it pays to keep track of the progress of property campaigns.

Most search sites will give you the amount of hits that a certain property has generated.

While a simple tip, this gives you great information as to the level of exposure the property has had.

If you see 5000 hits, it has either been on the market for a long time, or the market is all over that listing.

THE 3 DIFFERENT MARKETS

Often three different classifications are used for labeling the current state of the property market.

The property market can either be a sellers market, a buyers market or a balanced market.

Sounds very simple, yet sometimes it's best to keep things nice and simplified when looking at an entire market and its conditions.

(We know that niche property markets operate within the big picture - however this can help form a basic viewpoint)

A SELLERS MARKET:

A sellers market is a hot market. Multiple bidders, properties increasing in value each week and prices are skyrocketing over the vendors reserve.

Over the past decade, the property market has been in this mode in abundance.

Often the best sign in a seller's market is seeing property that has many negatives still sell well.

A BALANCED MARKET:

This market should be the norm. Value for both buyer and seller. Good houses get good results while poorer ones struggle but sell at the right price.

A BUYERS MARKET:

This is where the number of houses on the market outweighs people who are looking to buy them.

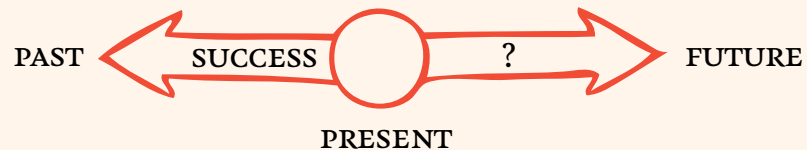
In order for a vendor to sell their property, they need to be extremely price sensitive. By pricing their home below all the others they have a chance of obtaining a sale.

PAST SUCCESS - NO GUARANTEED WAY OF DETERMINING FUTURE GROWTH

Many think that because a suburb has grown by an average of 10% each year over the past 10 years - that 10% growth per year will be expected moving forward.

This doesn't mean that a trend will occur in this normal manner.

Fact is that future growth cannot be pinned on past success alone.



DON'T ALIGN ONE SALE AS YOUR COMPARABLE EVIDENCE

Aligning one sale as your best comparable when researching the potential value of a property can be dangerous.

Sometimes abnormal sale results occur. These can happen for a number of reasons. We've seen unusual auction circumstances such as where a husband and wife were separating, and they've both bid at their own auction trying to outbid each other! Guess what? - the price can be a few hundred thousand over where it should be.

Results out of the ordinary can happen due to 'unusual circumstances'. In doing your research you need to take this into account.

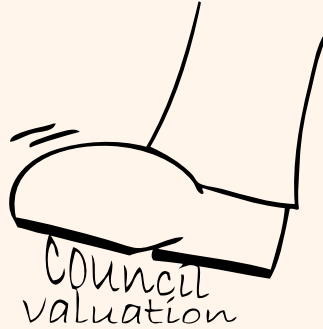


**BE CAREFUL
WHAT YOU
READ**

BE CAREFUL WHAT YOU READ

Newspapers and magazines can be full of sensationalised property stories. They certainly can affect the market, but it doesn't make what they're describing correct.

What you read may not be the truth or even close to it.



**SCREW THE COUNCIL VALUATION -
DON'T TAKE IT TOO SERIOUSLY**

No, a member of the council has not come out and looked at the home!

Yes this can be a nice guide, but often means very little in determining what a property is actually worth.

MARKET VALUE

According to the International Valuation Standards Committee, Market Value is:

“the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion.”

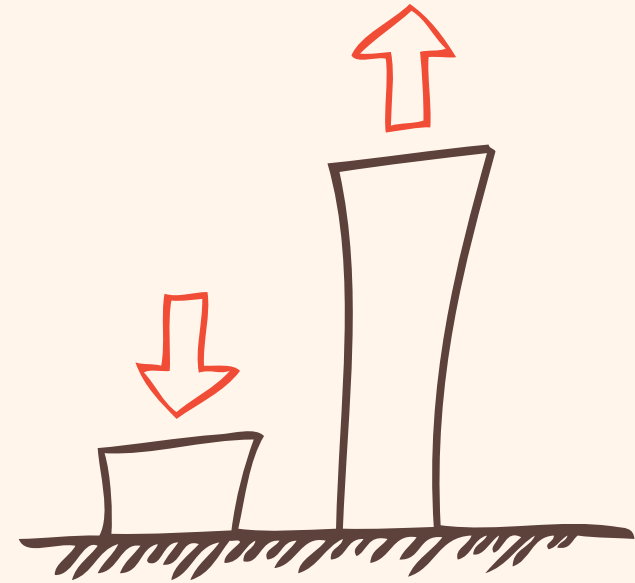
I think that’s worth knowing. Especially if you’re negotiating...

CHAPTER 6:

BUYING PROPERTY

THREE THINGS NEED TO HAPPEN WHEN BUYING

1. It fits your needs and you have the means to pay for it.
2. You're ahead of the market for a given time period. Often this is by being a better price. This may be a few hours or a few months.
3. The price you offered has been accepted by the vendor. Contracts are signed by all parties.



**BUY LOW,
SELL HIGH.
IS THERE ANY
OTHER WAY?**

**PICK ON THE LISTING THAT HAS BEEN
ON THE MARKET FOR SOME TIME**

Its been on the market for while for a reason.
Exploit it and use it to your advantage

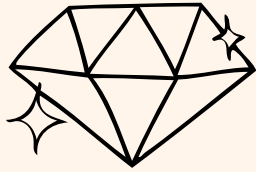


BUYING SOMETHING WITH A STORY

Story telling is entrenched into our lives. People want to own the home that Ned Kelly had a cup of tea in.. If you buy something with a story (which often hasn't been told in the marketing), then you have a great selling feature when it's time to move on with that asset.

This is why period homes have great attraction. History and story telling are directly linked. Add that with some scarcity, you then often have strong demand.

BUYING PROPERTY



SCARCITY

Period homes cannot be rebuilt.

They have scarcity and they often grow tremendously well in value.

Off the plan apartments for example can be a dime a dozen.

More choice may lead you to getting a better deal in the purchase, but remember when buying, always be thinking about selling. Scarce assets win over abundance every time.

BUYING PROPERTY



**ASSET PRICES FALL
THREE TIMES FASTER
THAN THEY RISE.**

The time to sell is not when prices are dropping, but when prices seem to be too good to be true.

PAYING OVER ASKING PRICE

When you need to pay over asking price.

Some listings come on the market, where the price is pitched below market in a private sale situation.

Many agencies will still have a tender period enforced, which may mean the final purchase price is over asking.

Many buyers find this an impossible thing to do, but if a property is worth potentially \$750,000 and has an asking price of \$680,000, would it really be that stupid to offer over the asking price?

In competitive circumstances it might be just the right thing to do.

It's always hard to pay over asking price, even when it's worth so much more.

RESEARCH

Changes on where you're looking.

Comparable sales are great, they help to shape value for most inner city stock. But in a rising and falling market, they can lose relevance some what.

See where the market is going and take this into account as to what a property may be worth.



DEALING WITH THE RIGHT AGENT

By going to the right agent, you can be certainly advantaged in the purchase of your property.

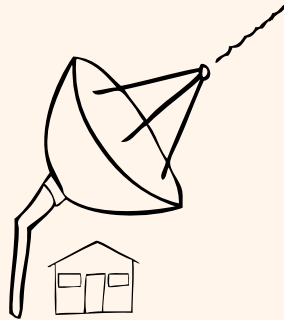
Real Estate agencies have different pay structures for different sales people in their office. With some property listings, it's really important to be speaking with the right agent.

The wrong one may see you disadvantaged in the buying process.

REPEATING THE 'NEXT TIME' ROUND

Individual property sales have a funny way of repeating themselves. Something desirable that may have attracted plenty of competition 5 years ago, often produces similar if not stronger conditions today when being sold.

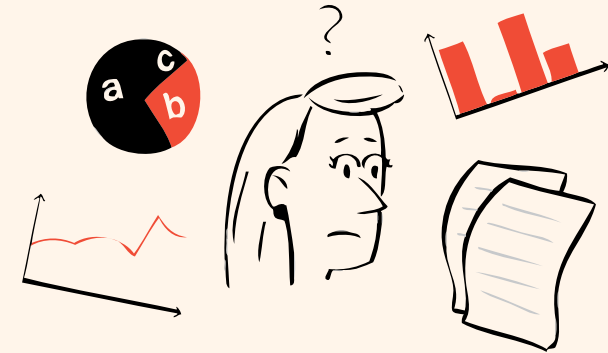
Those that struggled 5 years ago.....



UNDER THE RADAR

Plenty of property flies under the radar -
off market buys.

Transactions still occur unadvertised - before
market. You need to find the source of where these
come from, because many of these off market buys
can be the best ones to purchase.

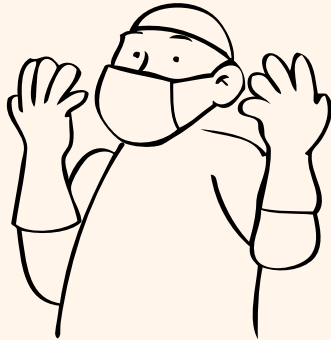


KEEP IT SIMPLE

Don't outsmart yourself!

Subscribing to every piece of property data, research house and
reading every piece of negative gearing taxation advice can not
educate, but actually confuse.

Good real estate is generally simple. Keep it simple and you'll be
surprised how well you can do.



BUY LIKE A SURGEON

We could learn much from the way a surgeon goes about their job. They plan, prepare and execute - all three parts are critical to ensure a surgery is a success.

So one way to handle a purchase is to think like a surgeon. Plan (in a reasonable time frame), prepare and execute. Just don't get stuck in the planning department, many go to extremes on this end.

The idea is to still make 'something happen' in the right way.

WHEN BUYING, ALWAYS BE THINKING ABOUT SELLING

Often people can be too price driven on the purchase and fail to see they've purchased an undesirable asset.

Buying a cheap unit in a block with a few hundred apartments and nothing unique about it, isn't cheap - it's expensive. You need to think about the future selling of what you're buying, before you've even considered the buying part.



THE TROPHY CURSE

THE TROPHY CURSE

Be careful going after the trophy property.

Consider the fate of Hideki Yokoi who collected trophy properties.

He purchased 9 French Chateaux, 4 British Castles, a Spanish Palace and the second largest mansion in America.

Mr Yokoi then decided he must buy the Empire State building for his daughter, which he did.

However, very quickly, this billionaire had his empire crumble.

He significantly overpaid for this icon.

Trophy property can be more about status than common sense.

MOVE QUICK

Sometimes a property comes onto the market that is priced below market value. A property priced below what the market would normally pay is naturally not a common event.

When this situation does arise, normally the whole market is quick to find out and multiple people want to purchase the property.

Sometimes the key to buying property is to move quickly. Many procrastinate on making decisions, the smart buyers act instantly.



BUYING PROPERTY

SELLING IS ABOUT MOTIVATION

Avoid unmotivated sellers. Often they are hanging out for unrealistic expectations.

Dealing with a motivated seller ensures things happen - also more chance exists to obtain more favorable terms on the buying side.

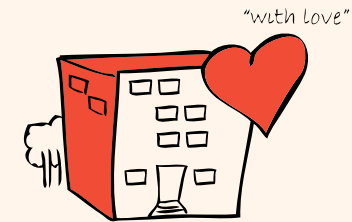
CHAPTER 7:

INVESTORS



IT HAS ALMOST BECOME 'FASHIONABLE' TO BUY A PROPERTY THAT IS NEGATIVELY GEARED.

Since when has it become so fashionable to make a loss?



DOES THIS APARTMENT BLOCK HAVE LOVE?

Do other occupants of the block have care for the building and surrounds?

Naturally blocks with a higher proportion of owner occupiers tend to look after the block better, compared to a building comprising of a higher ratio of renters.

The reason is simple - people who live in/own the apartment, have 'more at stake' than renters.

They're not thinking about the year (Standard 12 month tenancy agreement) but the decade to come! Many want to see the block well maintained, the gardens kept, and the bins put out!

Even if your reason for buying is purely investment, remember selling down the track to an owner occupier will generally yield more capital growth. You can sell to two markets: Owner Occupiers and Investors (investors don't discriminate, owner occupiers do). Buying in a block 'with love' is something to keep in the back of your mind.



THE FUTURE

More single households, our aging population, lifestyle over sqm, huge population forecasts, one of the highest living standards in the world.

WHAT DO YOU THINK THE FUTURE HOLDS FOR AUSTRALIA?

Sure there will be ups and downs. In general the market will be better than it is worse. Be careful about staying out for too long.

CALCULATING THE RATE OF RETURN ON AN INVESTMENT – A SIMPLIFIED APPROACH

The rate of return is a good way to give you a quick and simple understanding of how an investment is performing or is likely to perform in the future.

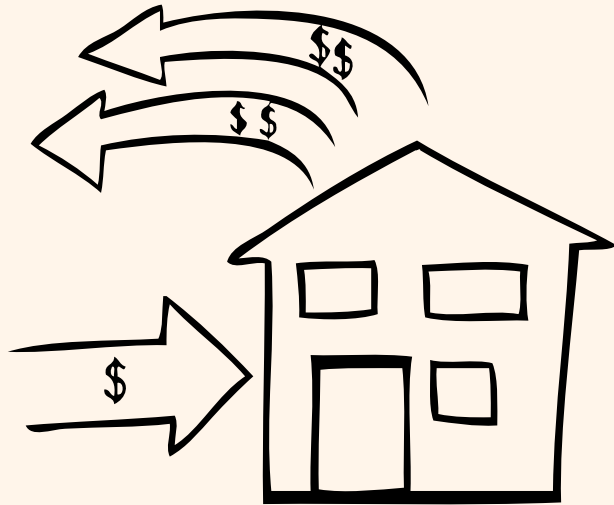
The methods for determining the return on an investment can get complicated such as the compound return on investment and other methods, for now we are going to concentrate on the average annual rate of return.

Lets say you've purchased a house for \$800,000. The expected rental yield of the property is \$650 per week.

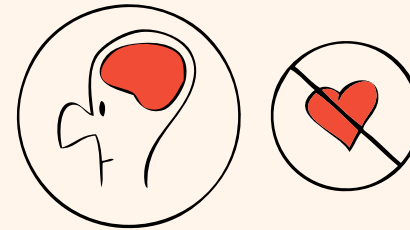
THE ANNUAL RATE OF RETURN CAN THEN BE CALCULATED FROM THE FOLLOWING:

Annual rate of return = weekly rent x 52 weeks divided by (purchase price) x 100 whereby, the purchase price is the total investment cost including stamp duty and all other purchasing costs.

The annual rate of return for this simplified example is \$33,800 (annual rental yield) divided by \$800,000 (purchase price) x 100%= 4.3%.



$$\text{ANNUAL RATE OF RETURN} = \frac{\text{WEEKLY RENT X 52}}{\text{PURCHASE PRICE}} \text{ X 100}$$



BUYING WITH 'YOUR GUT'

Many people buy with their gut instincts.

'It just feels right' is a common saying I tend to hear. However, many people do the wrong thing when buying property with their 'gut feel'.

Using your head rather than your heart is most likely a better strategy for buying property, especially if that property is an investment.

INVESTORS

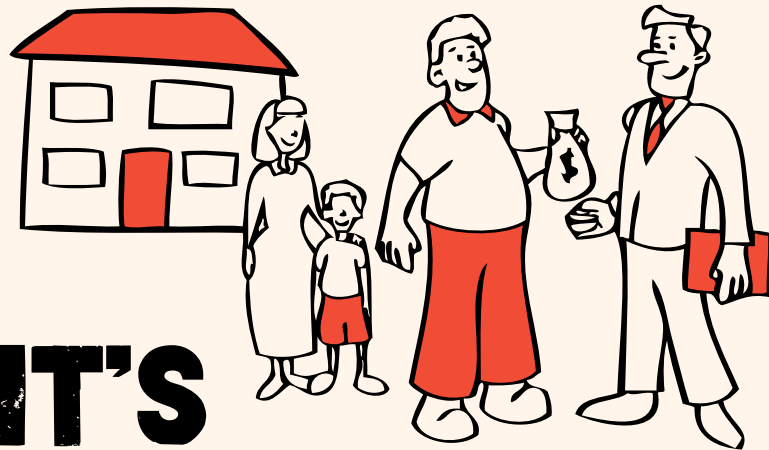
**IMPROVEMENTS NOT ONLY MEAN A BETTER
RETURN, BUT A BETTER TENANT**

So many landlords try to get by, by spending as little as possible on their property. But often they are missing the big picture.

It doesn't take much money to improve a property and in return you will obtain higher rents and a better class of tenants. It's worth it.. trust me.

CHAPTER 7:

**BUYING
YOUR HOME**



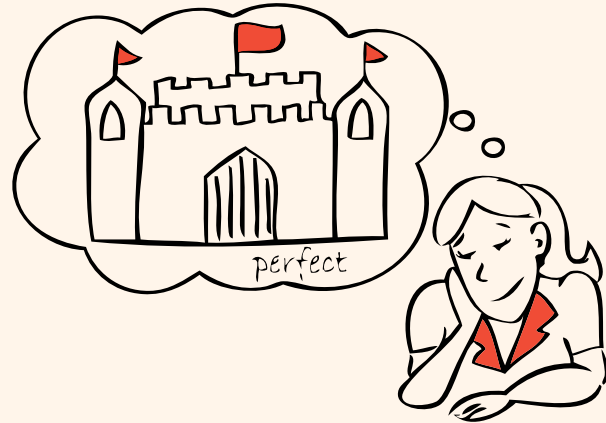
**IT'S
NOT THE
MONEY**

IT'S NOT THE MONEY

The emotional element is probably the single biggest factor of a house purchase. When helping people buy and sell, we're not dealing with a house, but ones home.

Often the situation is not as 'clear cut' as you would like it to be.

In negotiations, you need to try and see what these emotions are. This will help you through the process and the negotiation that follows.



DON'T WAIT FOR PERFECT

Many home buyers get stuck into looking for perfect. Perfect is very rare.

It often helps people procrastinate into not buying or missing the market completely. Most homes that are almost ideal will have a few flaws. Often these can be resolved.

Don't let perfect hold you back.



GET ON YOUR BIKE

A great way to get a feel for your chosen location when home buying is to hop on your bike or walk around the local streets and shops.

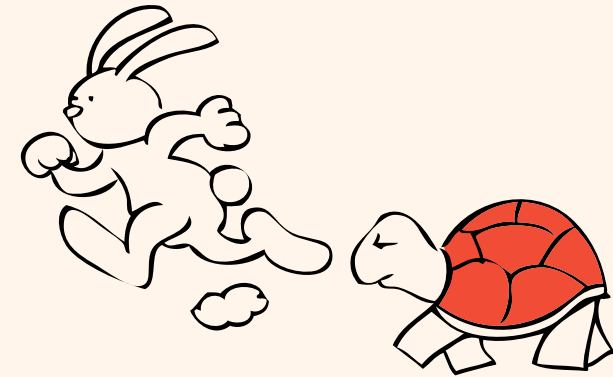
Driving through an area doesn't help you see the little things and the vibe that make certain areas great places to live.

BIG NUMBERS AT THOSE OPEN HOUSES?

When open houses are well attended and people seem to be imagining where the couch would fit, you know some competition is brewing.

Attending open houses is as much about looking at the people attending, as it is about the actual home.

People's reactions will give you clues as to who you've got to topple for the home you want.



THE QUICK AND THE SLOW

Home buying can mean slow decisions. The emotional factor can really slow things down.

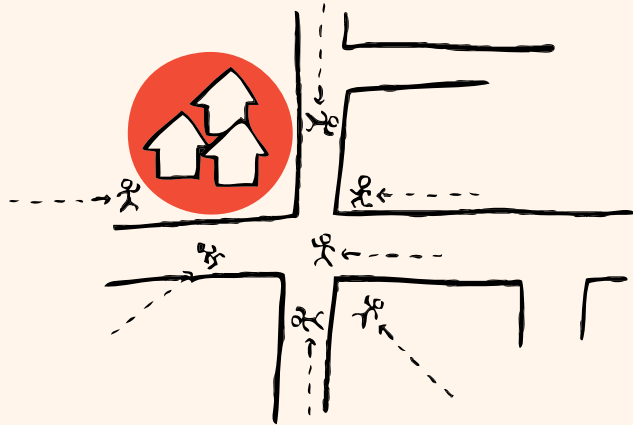
Home buyers who can act quickly when that right home comes along are often the ones who come out on top.

Take too long on that dream home and it may quickly become someone else's....

CHAPTER 8:

WHERE TO BUY

WHERE TO BUY



BE WARY OF HOT SPOTS

Newspaper articles and media can cause bubbles in certain locations.

There's hundreds of magazines and newspapers that are predicting the next property hot spot.

Hot spots are overrated. Instead look for the right property, with value still in it, in key performing suburbs and up coming locations.

It's much more about the property and location rather than the hot spot.

WHERE TO BUY

'IT'LL BE GOOD IN THE LONG TERM'

Often the worst strategy.

So many people who have made mistakes buying the wrong thing in the past try to justify the decision by saying "It will be good in the long term".

Sell, move on, buy the right property at the right price and don't be afraid to sell when the opportunity presents.

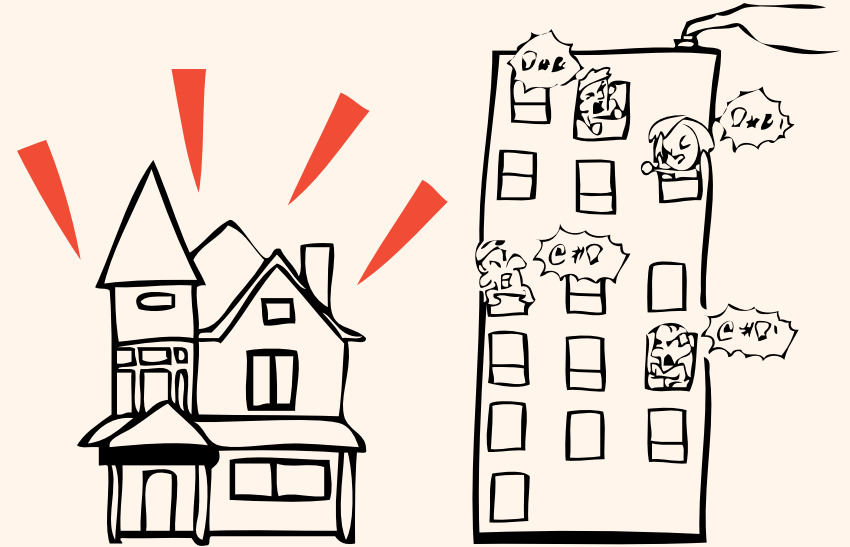
PROXIMITY

This is something to really consider.

Proximity is the new mindset.

People want walkable lifestyle options such as restaurants, bars, shops, transport, parks.....

Think proximity in your next property purchase.



SMALL - THE NEW BIG?

Small apartment buildings - they are the great buys.

Boutique apartment blocks with low outgoings, charm and character are often a better buy than some of the massive complexes out there today.

Think small, think boutique.

BUYING OFF THE PLAN

Many people consider buying 'off the plan' property. I'm not against this, some developments are very good indeed. However, overall many are poor. One of the biggest factors when buying is looking for scarcity.

Mega complexes find this hard to deliver. When you try and sell these assets, often being the cheapest in the block is really your main competitive edge.

If something is special about the individual unit then you have something with some scarcity value. You need to think, is this unique? Or easily replicated and over supplied?...

TIPPING POINTS

Areas, apartment blocks and certain streets can have tipping points. A tipping point is when things are changing, when they are about to grow big time.

A run down apartment building is a prime example. All of a sudden a new young late 20 something year old professional buys into the building and decides to renovate. She adds value.

Other owners start seeing the benefits and they start renovating. The idea spreads and those that don't participate see the rising value, so they sell to someone who comes in and renovates that unit.

All of a sudden a lot of passionate people are attending the owners corp meeting. They are demanding the gardens be done and the block gets painted. Value is added very quickly in these situations.

Same can be said about certain streets. All of a sudden someone decides to do something special with their nature strip and this gets other people passionate about improving the street. Owners then start to paint fences, tidy up and then this leads onto renovations and money being put into the street - adding value.

So when you're looking. Can you see that first point starting a trend? Can you see that tipping point coming?




THE INNER CITY IS HARD TO BEAT

THE INNER CITY IS HARD TO BEAT

For investment, inner city locations are without doubt hard to beat.

Proximity, lifestyle, land scarcity and tight vacancy rates are only putting upward pressure on inner city housing prices. That's only good news for investors looking to see growth over the coming years.

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