

PROPERTY REPORT

Although some experts advise buyers to stay out of an auction until an auctioneer declares a property is “on the market”, meaning the reserve price has been met, Dyett is wary of such rigid rules. He says joining the bidding late can be more emotionally difficult for first-time buyers, who suddenly find themselves overwhelmed by the pace and dollars involved.

Dyett says people who can't face the pressure of an auction are increasingly turning to a buyer's agent to handle bidding for them.

He says this won't necessarily save money but it can offer protection against a bad purchase by alerting you to problems with the property – or even surrounding properties – that you might fail to notice.

“It's amazing what people don't see,” he says.

What is often blinding them is cosmetics, says Margaret Lomas, the author of six books on real-estate investing and the founder of Destiny Financial Solutions. She says trimmed hedges or a fresh paint job might make a property more saleable and add, at most, a couple of thousand dollars to a sale price but they are a distraction

when it comes to recognising a property's market value.

The real criteria are such things as the number of bedrooms, the size of the lot and the age of the property – all of which can be compared from one property to another.

Lomas, who has bought 35 properties in 10 years, initially avoids looking at potential purchases in person to remain focused on the hard facts of an investment. She says one of the best ways for buyers to educate themselves is to find out the sale price of similar properties. This is available through companies such as RP Data, Residex and Australian Property Monitors (which is owned by Fairfax Media, the publisher of this newspaper).

Real-estate agents have subscriptions to this information and can share it with you but they are likely to do this only if you ask. Once armed with that information, though, you're in a position to make an intelligent bid.

But it doesn't stop there.

“Don't look at those prices and think, ‘I've got to negotiate somewhere in the ballpark’,” Lomas says. “You could come in a lot lower if the market value tells you

to do so.”

Tough negotiations can pay big dividends, says Residex chief executive officer John Edwards.

“I wouldn't be interested in a property if it didn't have its address on it, quite frankly, because that means the real-estate agent just wants to get you in the front door to talk to you,” Edwards says. “[But] you need to do your research before you get through the front door.”

He says buyers can learn a lot simply by looking at the images online or by driving past a property. Look to see whether a property is tidy. Is it empty or filled with temporary furniture?

“All those things are telling you whether you've got somebody who is depressed and in need of a sale,” Edwards says. “And in the current market, there are plenty of properties whose owners are desperate. Fifteen per cent of all sales in the market are outside real market value,” he says.

“[Buyers are] paying too much. We know from our analysis there are at least 500 properties in the Sydney market every week that are at least \$20,000 under their real value currently listed for sale.”



For more information:

Residex - residex.com.au;
Australian Property Monitors
- homepriceguide.com.au;
RP Data - myrp.com.au;
Australian Valuers Institute
- valuersinstitute.com.au;
Australian Property Institute
- propertyinstitute.com.au