

RealEstateNews

INFORMATION TO HELP YOU WHEN BUYING OR SELLING
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A 'WIN' for Buyers and for Sellers

GARY PITTARD

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The agent who is entitled to the highest selling fee is the agent who is capable of getting the highest selling price. But this does not mean that the buyer should be the loser.

The only way to get the highest price for a seller is to discover the maximum price any interested buyer is prepared to pay. To do this, the agent has to get a buyer interested in a property by first attracting the buyer to his or her office. This means making it easy for the buyer to come to the office. Being open weekends and outside working hours is the first basic step to attracting buyers.

Most buyers can pay more than they first reveal. It is a good idea to show buyers homes they are likely to love, regardless of the price they say they can pay. Many buyers purchase a home between ten and fifteen percent above what they intend to pay.

Here's an example: A couple say they are looking to buy up to \$400,000. They can probably go higher. The question is: How much higher? This is what the agent must discover. What is their maximum?

The agent should ask the buyer this question: "What would you do if you found the ideal property, one you truly loved, your dream home, and this home cost \$420,000?" Most will say they would pay \$420,000, which is \$20,000 more than the maximum price they told the agent in this example.

The world's best real estate salespeople know their buyers intimately. A good real estate salesperson - a skilled negotiator - will know more about what a buyer is likely to do than the buyer will know. This is the hallmark of a great negotiator.

After the agent has a good idea of what a buyer will pay and what they will buy, the next objective is to find a home they love. When the heart and the head meet, the heart always wins.



The agent should show houses without focusing on the price. The idea is to get an idea of what they like before discussing a specific price. The agent also has a moral obligation to make sure that the buyers can afford any home they see.

For all the hype about Open Homes, they are not as effective at helping the agent to qualify the buyers and help them find the home they love. If the agent puts the buyers in a car - offers the buyers a personal service - the agent can spend time and get to know exactly what sort of home the buyers will buy.

Sure, with a good agent, the buyers will not buy at bargain prices, but they will find a home they love at a price they can comfortably afford. Isn't this what all buyers want?

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Letter from the Editor



Welcome to our first edition of Real Estate News for 2012. It is shaping up to be an exciting year for us and our clients as we move into our 13th year of providing a 'Risk Free Selling' service by helping people sell their properties safely and efficiently for the highest possible price.

We are also excited about our recent association with Seniors Card Real Estate which is a program with benefits for seniors and designed to take the stress out of selling for all Seniors Card holders in our service area. Our next edition of Real Estate News will explore this association and how it can benefit you or an older family member.

The downwards pressure on real estate prices experienced last year, still may be felt for a few months to come. Sellers will need to be very realistic with their price expectations to achieve an effective result. This topic is explored in the article 'If your home isn't selling' on page 3.

Nevertheless, if you are a buyer I would suggest that right now is the time you should be looking to buy. The expectation of further interest rate decreases will garner more confidence in everyone in the market.

Our team look forward to assisting you if you would like to sell or buy 'Risk Free' this year.

Best Wishes
Kevin Walter

The Arithmetic of Inspections

NEIL JENMAN



You only have to do some simple sums to discover the inefficiency of most agents with the so-called 'search for buyers'. You can apply these sums to any area.

As an example, take an average suburb in a major city. The number of sales per year rarely exceeds 500. This is approximately 42 sales a month. If the average buyer spends three months looking for a home, there will be approximately 126 buyers actively looking in the area all the time. This means, when your home first comes for sale, there are a maximum of 126 fresh prospects.

But these buyers have to be shared among all types of properties for sale. Just as there are different properties, there are buyers with different requirements. This narrows the prospect base for each home.

Within a month, 42 buyers will have bought, but there will still be 126 buyers looking to buy because 42 new buyers will enter the market. It really is like a bank of buyers. Those who buy are 'withdrawals' from the bank. They come off the market. And those who start looking are 'deposits'. They come onto the market.

The greatest number of new buyers for your home will be when your home is new to the market.

You will never have a better chance to get the best market price than when your home first comes up for sale because the number of buyers for your home will diminish, not increase, as time goes on. If your home does not sell to any of the large number of existing buyers in the bank, you have to wait for new buyers to enter the market.



Cumberland Park

Suburb Snapshot

	2001	2006	2011
Median House Price	\$217,000	\$352,500	\$517,250
Median Unit Price	\$108,000	\$207,500	\$300,000
Highest House Price	\$333,000	\$300,500	\$824,000
Highest Unit Price	\$202,000	\$300,500	\$406,000
Number of House Sales	49	55	34
Number of Unit Sales	40	28	7

Source: RP Data

If Your Home Isn't Selling...

ANDREW TRIM



Houses being put up for sale and spending months on the market was a common experience during 2011. Quite simply, many vendors houses weren't selling.

When this happens, real estate agents (especially those who don't have the property listed) come up with options on how to get the property sold. They suggest having no price - via an auction, a variation of the tender process, offers above or simply by negotiation. This is rarely an effective answer, most purchasers prefer buying a product, any product, with an advertised price.

Other suggestions include, more websites - buyers visit more than one. Better photos professional photos can lead to buyer disappointment at inspection rather than a sale. It needs more advertising - newspaper ads costs thousands and rarely last longer than a day, when effective Internet marketing can last the duration of the marketing campaign at a fraction of the cost. These are all reasons offered for a home not selling.

Another common excuse is to blame the agent, it is easy to blame the agent. If there is one person who wants to sell a house as much as the owner, it's the agent. No sale - no dinner.

All of these reasons ignore a fundamental truth - people don't buy over priced things.

If a house doesn't sell the owner has only one of three options.

1. Remove the house from sale and stay. Many times sellers believe that if they don't achieve their price they can't afford to move. They decide to stay until the market improves.

Two questions need to be asked in this scenario. Firstly, how long are they prepared to wait? During the nineties prices didn't increase for almost a decade. Secondly, sellers should consider if they are forced to take a lower price, there is a good chance of picking up the difference when they buy. Generally markets move together. Their changeover price doesn't alter when reducing their price.

2. Remove the house from sale and find a tenant. This allows people to move into a new home while not realising the loss on their current home. There is an inherent risk here, as being a landlord in a falling market, the loss will continue to grow as the market continues to fall. However, if the option is there to keep the house as an investment and time is not a factor, this option can work out well. Eventually the market will increase.

3. Reduce the price of the house to a level that makes it competitive in today's market. If a property is priced well, the buyers will find it. Once a buyer is found at a given price the seller can make an educated decision on whether the price allows them to carry out the plans they made when putting the house on the market. If it does they can sell, if not, then they can pick one of the first two options. At least once they have a buyer they can choose to move or stay, until then it's all academic.

If your house is for sale and not selling, these are the only options that work. ■

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CLUB



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SOME OF OUR RECENT SALES

Adelaide - Gilles Street	\$460,000	Millswood - Cranbrook Avenue	\$337,007
Beaumont - Glynburn Road	\$590,000	Parkside - Birks Street	\$545,000
Daw Park - Dudley Avenue	\$332,523	South Plympton - Wheaton Street	\$362,647
Magill - Holmes Avenue	\$562,112	St Marys - Bailey Street	\$294,980
Melrose Park - Kingston Avenue	\$470,800	Wayville - Joslin Street	\$520,500

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UPCOMING EVENTS & INTERNATIONAL DAYS

World Day of Social Justice	20 February
Adelaide Fringe	24 Feb - 18 March
International Women's Day	8 March
Clipsal 500	1 - 4 March
Adelaide Festival	2 - 18 March
WOMAD	9 - 12 March
Adelaide Cup Public Holiday	12 March
Australian Swimming Championships	15 - 22 March

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232 Unley Road, Unley | sales@walterirvine.com.au | www.walterirvine.com.au



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Registered Agent - RLA 64385