

RealEstateNews

INFORMATION TO HELP YOU WHEN BUYING OR SELLING

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THE MARKET IS WHAT THE MARKET IS!

BY PAUL KOUNNAS

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When selling what is probably your most valuable asset, the family home, it should come as no surprise that presentation plays a vital role. The person responsible for the presentation of your home is you, just as the agent is responsible for the marketing and negotiation.

Buying a home is an emotional process and the feel of a home is usually more important than the price. Therefore first impressions can create permanent opinions and feelings about the home, so for the best results set a positive mood for prospective buyers. You want buyers to fall in love with your property, so give it that loved look and feel.

When your home presents better than others it will appeal to more buyers and will increase your chances of selling quickly and at a better price.

Once you have presented your home as best you can, you then must select a competent agent, one you can trust to market and negotiate on your behalf. The final price you receive will then be the best available market price.

Neither you nor the agent control the market. The market is what the market is. But you can control the presentation of your home and your agent can control the marketing and negotiate the best price for you. This can mean thousands



of dollars in or out of your pocket. A good agent will persuade buyers to inspect your property and to buy it in preference to other properties on the market.

Don't allow the state of the market to affect your plans either. Some people put their plans on hold waiting for a better market.

But when you are selling and buying at the same time it makes little difference what the market is doing. In a down market you may sell for less but you can also buy for less. If you wait for the market to improve in order to sell for more you will also be paying more when you buy.

Don't waste your life waiting for a better market, make the move to where you want to be living and get on with your life today.

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Letter from the Editor



Welcome to our March /April edition of Real Estate News.

In late February, the Chinese New Year kicked off. It was goodbye to the Year of the Dragon and hello to the Year of the Snake. The zodiac snake sign can represent many strengths and weaknesses in individuals. The word 'snake' can have some negative connotations and in some cases real estate agents have been branded 'snakes'.

Unfortunately, this labelling is occasionally warranted. The article 'The Biggest Liar' in this edition examines why this profession, that I love so dearly, can be labelled in such a way.

The beginning of the year has exceeded forecasts for us and we are starting to experience property sales above asking prices! Could the property market be shifting?

I hope you enjoy this edition

Best Wishes

Kevin Walter

BUYING AN INVESTMENT

Planning for profit

Once you have made the decision to purchase an investment property, it is wise to be clear about the objective.

You buy an investment to make money. If you purchase an investment property, your goal has to be to make money from that property.

The word 'investment' is defined as:

1. The action or process of investing money for profit or material result.
2. A thing that is worth buying because it may be profitable or useful in the future.

It is critically important that you operate with this mindset when looking for an investment property. Real estate investment will reward you in one of two ways over the longer term. Firstly through capital growth and secondly via return (the weekly income).

Many people mistakenly buy for a third reason – tax deductions. The commonly used term is negative gearing.

The theory to a negative gearing strategy is that you create a loss on paper where the mortgage costs exceed the income. The loss is then used as a tax deduction against your taxable income. As the property market rises, the capital growth will more than cover the losses you have worn over the years. Ultimately, you will have made a profitable investment plan. That's the theory.

For many property investors that bought during the boom years, the reality of negative gearing is a lot different than the theory. They have worn weekly income losses and have not experienced sufficient capital growth to cover the loss.

A key to building wealth is "don't lose money". Negative gearing means you are losing money. To suggest that you can make money by losing money is absurd. This is what thousands of Australians do on the basis of avoiding some tax.



Many would-be property investors are actually property speculators. The word 'speculate' is defined as:

1. Form a theory or conjecture about a subject without firm evidence.
2. Invest in stocks, property, or other ventures in the hope of gain but with the risk of loss.

There are a few simple success principals to owning an investment property that are worth following:

Buy for income. Treat any tax deductions as a bonus.

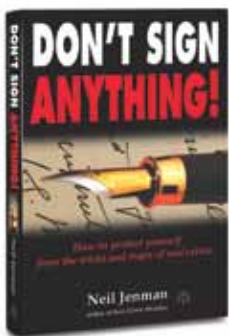
Capital growth is a reward, not a right. Capital growth will ultimately follow a good income producing property.

Work out the net return a property produces before you buy it. The gross return is largely irrelevant.

Plan for the long term. Real estate is a great investment over the long term. There are times when property prices experience sharp rises. Treat this as good fortune, not good strategy. It will almost certainly end in tears if you buy a property looking for a short term gain.

Invest in real estate, don't speculate on it.

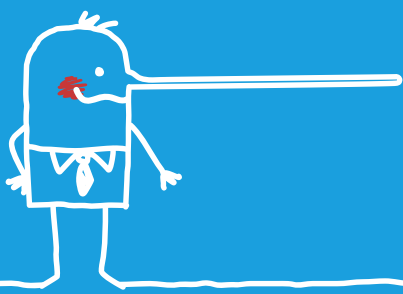
If we paid you \$25,000, would you read this book?



That's ~~at least~~ how much we reckon this book will save you when you're selling or buying your next home.

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THE BIGGEST LIAR

BY SIMON NOLAN

Though losing popularity from its peak, 'The Biggest Loser' is still a spectacle which has the audience glued to its antics and believing what they see and hear. Reality TV just seems to keep changing with different angles or occupations designed to show us a slice of life we might otherwise be unaware of. Well in real estate the evergreen favourite of many real estate agents is the show they put on for home sellers called "The Biggest Liar" gets the listing. Now the ratings for this show they put on are dreadful and stories of regret for believing everything they were told litter so many people's past real estate experiences, yet the show goes on and on and on. Of course the agents don't call it this. They call it 'the listing presentation' and when you're tuned into this channel, beware.

In the advertisements for 'The Biggest Liar' show, the stars (the agents) claim sky high ratings of "commitment to ethics", "trust", "results!" plus astonishing client care and sale prices. Yet frequently the people who are the true judge of those claims (buyers, sellers, tenants and landlords) rate them near the bottom on these measures. Aren't we best to judge people on what they *do*, not what they *claim*? Here is where we can all get smarter **by not** asking 'lie to me' questions.

When it comes to selling a home, 'lie to me's' can seem so logical to ask. In some cases they beg an answer we so keenly want to hear and believe them. Even though we know deep down we should treat the answers with caution and

healthy suspicion, we ask them anyway. Often we treat the answers as gospel and worse, use them as the grounds for selecting our agent. Do you know what fraud detectives say are the best 'cons' of all? The ones where the victim doesn't even know he's a victim! These people walk away smiling and thanking the con artist, the biggest liar. 'Lie to me's' allow the wrong agents to seem right and the right agents to seem wrong.

Here are the top 5 'lie to me's' to AVOID asking real estate agents:

1. What do you think my property is worth?
2. How much do you think it'll go for?
3. Are you honest and ethical?
4. Are you the best agent?
5. Is your price quote what you really think?

Instead, TRY THESE for starters:

1. How do you negotiate better than other agents?
2. What study have you made of negotiation techniques and principles?
3. Can you give me examples of how you can negotiate for more?
4. What do you do better than other agents? Can you prove it?
5. Will you guarantee your price estimate? Why not?

The real 'losers' from these 'liars' are the home sellers. They sign up on a false belief, spend the next month or 3



publically 'dropping' their price due to intense pressure disguised as 'market feedback' and, in the season finale, the agent gets paid for the sale whether the client is happy, whether promises and estimates were met and whether the best price was obtained or not. On a recent listing I presented to an established client but 'quoted' a price lower than another agent, who was called in only after I had not met their price hopes. Sadly, the client went with the liar, has since failed at auction and is languishing on the market unsold and unlikely to sell.

Not all agents are bad. Not all agents are dishonest. Not all agents are unethical. But all agents want the same thing; to list and sell as many houses as they can. If you avoid asking 'lie to me's' at the audition stage you can save a lot of stress, disappointment and anger at the selling stage, and probably sell for more in a shorter time frame. If any doubts persist, ask for a service and price guarantee. That'll flush out who means what they say.

Where can a prospective home seller get a copy of such a guarantee?

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“It was a swift transition, with the property being sold in the first two weeks.

The professional and courteous manner in which the “Jenman Principles” were implemented, all worked efficiently to achieve our goal. The constant, and informative contact, either in person, telephone or by letter throughout was outstanding, and most appreciated.

It has been an absolute pleasure to do business with the whole Walter & Irvine team.

For optimal results, I would highly recommend that you consider this agency before signing with anyone else!”

Lyn Dabinett
3 Cameron Road, Hawthorn



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Registered Agent - RLA 64385