

# Real Estate News

INFORMATION TO HELP YOU WHEN BUYING OR SELLING | November 2010 |

## High or Highest? Getting a sale or getting the best price.

The greatest losses occur during the times of greatest gains. This is particularly so when the real estate market is rising. Getting a sale and getting the very best possible price is not always the same outcome for many property sellers. The irony of real estate is that sellers are more likely to undersell in a strong market than they are in a soft market. The reason being that in a soft market, sellers tend to fight very hard to protect the downside of the sale. They hold out for every possible dollar and really work towards getting the best possible result in the market.

In a strong market, seller's minimum price expectations are achieved quite easily, therefore there tends to be a lack of focus on the buyers maximum. It is such an obvious (and expensive) point that can be overlooked when selling in a good market.

Tony Abboud has some simple advice for anyone selling in the current market, "Focus on each of the interested buyer's maximum price, not your minimum price. Keep your minimum price confidential, even from your real estate agent."

"The moment you disclose your minimum price, that is likely to be the highest price you will get."

### Reserve Price

The most common term used to describe the seller's minimum price is



"reserve price". The reserve price is the minimum price that must be achieved for the property to be sold under the hammer at the auction. The property is then sold to the "highest bidder" over the reserve price.

Question – If you are selling, do you want to just sell to the highest bidder above your reserve? Or do you want to sell to the highest bidder for the highest price the bidder is prepared to pay for your property?

These are questions that sellers should consider before going on the market.

Tony believes that when the market is strong, the seller's reserve price is met

much easier than in a soft market therefore the auction clearance rate is higher.

In the Northern Districts at present, the auction clearance rate is around 61%.

"Auction clearance rates are a true reflection of what percentage of buyers were prepared to pay the sellers minimum price or better, on a given weekend. They do not factor in what buyers were prepared to pay for these properties. Potential sellers should be wary about using auction clearance rates as a determining factor when deciding upon the best way to market their property."

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## LETTER FROM EDITOR



Welcome to the November edition of our news letter.

If you ask a real estate agent whether you should sell now, they almost always say YES. If you ask the same real estate agent whether you should buy now, they will almost always, also, say YES.

It is no wonder that some people get so confused that they end up doing nothing.

The real answer depends on your personal circumstances. A good agent will sit down with you and ask you questions relevant to your circumstances, then advise you accordingly. This is no different from the doctor who diagnoses before they prescribe.

What is the local market like at the moment? Despite some uncertainty in the media, the thing that is keeping the local market strong is the lack of stock. This is ensuring that prices are holding up and properties are selling well.

If you are a buyer, the strength of the local market should give you confidence that it is a good place to buy your next home or investment.

If we can assist you in any way at any time please give us a call.

**Tony Abboud**

Principal

# Buyer's Remorse

## What is it and how do you avoid it?

**Remorse strikes most buyers. They find the home they love, get really excited about it, agree to start buying it, and the next day they get jittery. Some buyers even feel ill.**

It's that panic when they wonder if they are making the right decision. Could they have bought for a better price? Is the home going to be large enough? Is the area right for them? Is the street too busy? How much work will they have to do? What if anything goes wrong? What if, what if, and more what ifs. They are seized with an urge to cancel.

Be careful. Most buyers feel this way. It's a natural feeling known as 'Buyer's Remorse'.

Here's what to do. Wait for a few hours and then write out a list of all the things which are worrying you. Then sleep on it.

The next day, before you look at your 'worry list', think how you felt when you first saw the home. Try to bring back that

mood. The best way to do this is to write out another list, only this time, write the 'positives' of the home. You will then have two lists – your 'positive list' and your 'worry list'.

In most cases, you will realise that you are suffering from 'Buyer's Remorse' and the worried feelings will pass. If not, call the agent and make a time to discuss the points which are worrying you. Arrange to have another look at the home to see if you still get that good feeling from the 'positives'.

If you still feel remorseful, cancel your purchase.

But, if you don't feel remorse, go ahead and buy the home. Chances are it's the right decision.

**You can find a reason not to do anything if you try hard enough. Look at the reasons you should buy. You'll get a balanced view. Either way, you'll do what's right.**

## Selling in December/January

**Most agents will tell you that, you really cannot sell your property after Mid December, and in fact, you have to wait until the Auction season (sic) starts again in February next year.**

This is not correct!

December/ January can be one of the best times to sell your property. Let's look at the facts:

- There are **less** properties on the market at this time: therefore less competition. Most of the sellers are waiting until February next year to sell their properties. Why? Because that's what the agents told them to do!
- There are **more** buyers in the market looking. These buyers also have more time because of the holiday season.

We also need to be conscious of the fact, that because of our multicultural society, there are many people who see Christmas as business as usual.

Therefore depending on your circumstances, the Christmas/January period may in fact be the best time to sell.

Finally the real reason some agents will tell you that it's not a good time: It is because it suits them, the agent. They usually want you to wait for them to come back from their holidays.

A basic customer service and marketing principle says that you must make it easy for the buyer to buy.

If you think that this time may be suitable for you, we are there at your service

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## High or Highest?

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### False Success

If you were prepared to accept \$750,000 for your property and sold it for \$792,500, would you consider the sale a success? On the surface, most people would call that a great success. But what if the buyer who bought your property for \$792,500 was willingly to pay \$825,000?

Would you still consider the sale a success?

An initial success can be quite rubbery if a few probing questions are explored.

Due to the market strength, sellers are happily accepting "good prices" not realising they could have sold for a "great price".

Tony's advice to sellers concerned about underselling is to "Always insist all interested buyers submit their best offer

in private and confidentially. Then you can choose the right offer based on the highest price with acceptable terms."

Never disclose one buyers offer to another interested buyer as the buyers focus then becomes outbidding the competition by \$1000, as opposed to submitting their best price. This is what takes place at most auctions every weekend – buyers trying to buy a property for \$1000 more than the competition.

### Selling above the asking price

There is a common misconception that you cannot achieve more than the asking price using private treaty. Tony points out that about 60% of Snowden Parkes sales have been at or above the asking price during 2010. Our agency recently handled

the sale of 17 Thompson Street Gladesville that sold for a staggering \$52,730 above the asking price.

"It was a classic case of a high price or the highest price for our clients. We had an asking price of \$949,000 which if achieved would have been a high price. The buyers made an offer in the attempt to secure this beautiful home with their best and highest offer coming in at \$1,001,730."

The right agent with the right strategy will deliver the highest possible market price. Given that you will only get one chance to sell your property, attaining the highest possible price is imperative. If you are selling to buy elsewhere, the next seller won't do you any favours on price, so you owe it to yourself to get the highest possible price in the marketplace.

# Find Out What Local Investors Are Talking About...

## RENT PROPERTY: Property Management – The Way It Should Be

Property Management is basic in its function: maximise returns, maintain property and develop relationships with tenants and landlords. So why do so many businesses get it wrong? That too is simple: they are not focusing on what's important. At **Rent Property** we do just that – focus on the Management of investment property. Our clients want good old fashion values with modern service levels and technology.

A combination of local area knowledge, an unmatched depth and breadth of knowledge of the Property Management market, and passion to bring you the service you deserve, means you will receive the type of experience you expect to receive from people who love what they do. As a specialist Property Management business we are 100% focused on the needs of our Investor clients and their tenants.

At **Rent Property** we believe there are three things a landlord client wants from their property manager:

### 1. Maximise my return

- The best possible exposure for the property to avail it to the best possible tenants achieving the best possible price.
- Monitor the rent payments and values throughout the tenancy ensuring market values are maintained and income is received
- Monitor the tenancy to maintain a secured tenancy and minimise vacancy

### 2. Maintain my property

- Inspect the property to identify condition, damages, repairs and maintenance

- Swiftly address maintenance matters maintaining the property condition and value
- Ensure rectification work is undertaken at end of the tenancy where required

### 3. Nurture me

- Keep the landlord and tenant informed throughout the relationship
- Practice open and honest communication with all parties
- Follow up and follow through
- Identify other investment opportunities
- Deliver market place knowledge

Don't settle for mediocre; change is easier than you think.

"Rent Property have shown an extensive knowledge of property management. Their professional, yet personal approach, astute judgement and superb communication skills all make us believe that our property is in the best hands possible." **M and R Flood**

#### SPECIAL OFFER:

## Experience the Rent Property Difference **FREE THREE MONTH TRIAL\***

Take advantage of this FREE three month trial and experience the difference for yourself.

\* Standard fees and charges apply. Not available with any other offer. Only valid for new customers till 1/10/10 and with presentation of this coupon

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