

# RealEstateNews

INFORMATION TO HELP YOU WHEN BUYING OR SELLING | Issue 044 |

## The key to buying and selling in this market

Article by Paul Kounnas, Director Hudson Bond



### The Changeover Price

**A shift in property prices always creates good trading opportunities that can benefit many buyers and sellers.**

Irrespective of what the market is doing, the most important number to consider when buying and selling is the changeover price. The key is to transact intelligently instead of being emotionally attached to a price. Pride can be a seller's worst enemy in a falling market. Many people mistakenly focus only on their selling price.

But, if you sell high in a good market you will also buy high. The same thing applies in a

down market. When you sell low you will also buy low. The state of the market hardly matters if you are buying and selling in the same market. In fact many buyers and sellers can end up financially better off when the market is down.

Families upgrading their home are winners when the market is falling. But if they focus on how much their existing property has fallen in price, they will miss the opportunity to upgrade. The reason upgraders are the ultimate winners in a falling market is the property they are purchasing drops in value more than the property they are selling. If you are selling a \$500,000 home to buy a \$800,000 home, a 10%

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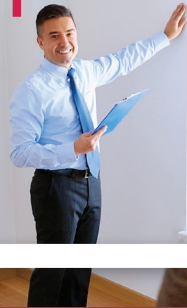


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## **CHOOSE WISELY...**

**Make no mistake  
- the ability of the real  
estate agent you select  
will have a huge influence  
over the price you get  
for your property.**

### **CHOOSE SKILL, NOT SELLING PRICE**

If you choose agents based on the selling price they quote you, you may be badly disappointed, and may even wind up in financial difficulty.

### **CHOOSE SKILL, NOT THE CHEAPEST**

Cheap agents get cheap prices. Be careful choosing an agent based purely on their fees.

It may be better to pay an extra one percent for a selling fee than to receive ten percent less on your selling price.

### **CHOOSE NEGOTIATION SKILL**

Poor negotiators can cost you a lot of money. Negotiation skills are vital to ensuring you get the highest possible price.

A good negotiator can achieve up to an extra ten percent on your selling price. This can mean thousands of dollars.

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## **TESTIMONIAL**

**“ We have just completed settlement of a property purchase. The agent that took care of the entire process, Jane Hyland was extremely helpful and friendly. It was a very smooth experience with, dare I say, not a single roadblock. Would definitely recommend Jane as a property agent for a convenient and simplified purchase experience. Thanks for everything Jane. I’m sure we will speak again in the future. ”**

**Warren**

## **The key to buying and selling in this market**

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drop in the market means your existing home drops \$50,000 but the home you are purchasing has dropped by \$80,000. This means you are \$30,000 better off than when the market was up.

The falling market also provides an excellent opportunity for first home buyers to enter the market. Additionally, investors and families relocating to more expensive suburbs are all better off financially transacting in this market than in a boom market.

Conversely, some people are resisting current market prices because they are downgrading, therefore losing on their sale and not gaining enough on the purchase. Their dilemma is whether to sell now or wait for a rebound in prices. But how long do they have to wait? It could be several years. They have a

**“ The falling market also provides an excellent opportunity for first home buyers to enter the market. ”**

choice to make between improvement in lifestyle and a quality life they can enjoy now if they sold, or waiting it out and putting their lives on hold indefinitely.

Most people downsizing are elderly and my advice to them is this – **“if the price you get today allows you to make the move and improve your lifestyle, don’t let price stop you from enjoying life now. None of us knows how long we have left. Enjoy each day while you can”**

# Know your Purpose for Investing in Property

Article by Andrew Trim.  
Author of *Real Estate Dangers*

## Many people assume property investors are rich and carefree.

This is far from true.

Most residential property investors are simply striving to create a better future for themselves and their families. They own one property – or possibly two – and rent it out in the hope that one day, with smart management and capital appreciation, they can use the value in that property to help without relying totally on government assistance.

Surely it's a worthy endeavour.

There seems to be an endless number of experts who have written books about property investment. Whether the aim is to get rich quick or build a solid property portfolio, there is a book for everybody.

However, very little practical information appears to be available for the landlord or potential landlord. Horror stories abound about owning an investment property. There are some simple and practical steps landlords can take when buying, renting and selling that will minimise the dangers and reduce stress.

Buying a property for investment purposes is an exciting and worthwhile venture. It is comforting to have investments in bricks and mortar.

When choosing your purchase structure, start by considering the taxation implications. For example, investment properties can be bought with vehicles such as trusts, superannuation funds, companies or under personal names. Each has tax advantages and disadvantages.



Before purchasing, consult a good property accountant for the correct structure for your circumstances so you buy the property in the appropriate name. It can be expensive to change later.

That said, it's more important to understand what you are trying to achieve as an investor. Some invest with a long-term view of security and wealth creation, while others are looking for a short turnaround and quick profit.

Sometimes, properties can be bought and sold for a profit within a short time. Some will need renovation, others rezoning or construction work. These ventures are often called 'flips'. People who successfully flip many properties over an extended period are experienced and careful. They regard the profits as a primary source of income rather than as

supplemental income. It is more of a job than an investment.

Inexperienced investors who attempt this quick buy and sell frequently fail, with the process often ending in tears. Investors buy without enough research or experience, and find the costs are higher and the return far lower than expected, leading to quick losses rather than gains. The losses in this sort of venture can come hard, fast and large. In a booming market, many people move into the business of flipping, only to see their profits evaporate when the market turns. If you're a short-term investor, be careful, do comprehensive research and start small.

Looking for short-term capital gains is more speculation than investment. Good long-term property is just that – an investment.





# WE ARE HIRING

Ready for a new career opportunity?

## Residential & Commercial Sales People

Have you ever thought to yourself "I'd be good in real estate", yet worried about how you might cope with working "commission only", or perhaps feared how others may perceive you?

**We have on offer a Real Estate Career  
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