

RealEstateNews

INFORMATION TO HELP YOU WHEN BUYING OR SELLING | Issue 14 |

Discovering the True Market Value of Your Home

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Most of us have a price in mind as to what we feel our home is worth. However, unless a genuine buyer offers this number or higher, it is hard to really know what the true value on the open market maybe. If you don't want to sell your home, the value of it is largely irrelevant.

If you would like to make a move but the move is dependant on the true value of your home, finding out the true value is crucial. There are a few different ways that you can discover the true market value.

The **FIRST** is to call a reputable independant valuer that knows the local market. Valuers are often mistakenly accused of being conservative in their assessments. Valuers are not trained to be conservative, they are trained to be accurate. Their research is evidence based without any emotion around the final number they assess the property at. A valuer does not have a vested interest in the property.

The **SECOND** option to working out market value of your property is to call real estate agents and ask them. Valuers will usually look at a property and ask, at what price will this property definitely sell? Real estate agents will usually look at a property and ask at what price could this property sell? It is a reality that a real estate agents chance of being selected to market the home increases if they are optimistic around the possible selling price. Therefore agents can have a vested interest in the number they put on your home.

Valuers will focus on the price point at which many buyers will be interested in the property.

Agents will focus on the highest price one buyer could pay.



The **THIRD** avenue to identifying true market value for your property is to list it on the open market. When genuine buyers begin making offers, you will then know what your property is really worth. If the best offer allows you to achieve your plans, it would make sense to sell your property. If it does not, decline the offer and stay put.

The most common mistake sellers make when it comes to identifying the true market value of their home is they sign up for an expensive advertising campaign. If the desired price is not reached during the campaign, the seller is wedged. They either sell for less than they had originally hoped to achieve or they pay for an expensive advertising campaign that did not result in a sale.

With auction clearance rates currently at 50%, every second seller is wasting thousands of dollars on a campaign. It is a reality that not every seller will achieve the price they want and it is also a reality that you don't need to spend thousands of dollars to find this out.



CONTROL

GARY PITTARD

Agents should be in control of events. Negotiation is about control. To do this they have to discover the seller's minimum and the buyer's maximum. Whether a property is sold by Private Treaty or Auction, most agents never discover the buyer's maximum.

How can an agent possibly get the highest possible price for a seller unless the agent knows the buyer's maximum?

Agents must know and master negotiation using the Buyers' Price Declaration. Based upon an idea developed by Canadian economist the late William Vickery, this tool gives agents the greatest chance of negotiating the highest price for their sellers. Failure to use this tool is negotiation negligence.

LETTER FROM EDITOR



Dear Reader,

The market as far as our area is concerned is what you would call stable; meaning we are not seeing substantial growth or declines in prices.

Most data suggests that we will see relative stability in prices in the short to mid term.

Sydney in the June quarter even recorded a minor 0.4% increase and over the last 12 months Sydney's house price index has dropped less than 1%.

The northern area of Wollongong will generally stay firmer price wise than Wollongong/Illawarra as a whole. This is due to the high demand relative to supply in our area.

According to IRIS Illawarra Real Estate Report, Wollongong showed a medium home price down slightly & land up substantially. A contradictory result that on average is a stable result. Rents in the Wollongong area for the June quarter showed a slight drop, but again not reflected as much in the northern suburbs.

This type of market provides a good opportunity for upgrading or downsizing on your existing property giving you the opportunity to assess the market on the sell and buy sides without the great chance of massive price swings.

For updates contact our team anytime or follow us through facebook or twitter for instant updates.

Matt Dignam

The person who should be in control of prices is the agent, acting in the best interests of the seller. Too many agents think that "selling" a property means finding a buyer. That's nonsense. Finding a buyer is only the first stage. The second stage, which few agents do properly, is getting the buyers to pay their maximum.

Only incompetent agents say a property is "worth what a buyer pays". The good agents, the true negotiators, know:

A property is worth what they can persuade the buyer to pay. These agents are in control. Whatever the buyer can pay is what the good negotiator gets for the owner, not what the buyer wants to pay.

Buyers want to pay below their maximum. With most agents, this is exactly what buyers do. Ask any homeowner what price they paid for their home. And then ask what price they would have paid.

Most will admit they would have paid more. When asked why they didn't, most will say the owner agreed to their offer and the agent did not ask for more. This applies whether property is sold by



For some great ideas on how to select a great negotiator, ask the agent who sent you this newsletter for a complimentary copy of the seller booklet, How To Get the HIGHEST PRICE For Your Property.

auction or private treaty. Most real estate is sold for less than it could have been sold for.

Agents who are not skilled negotiators are underselling owners.

The reason is simple: the focus is on the seller's minimum. The focus should be on the buyer's maximum. The difference can mean thousands to a seller. When an agent gets the buyers' maximum, the agent has earned a selling fee. The highest possible price has been achieved. The agent, not the buyer, has controlled the sale price.

Protecting Your Property

SIMON NOLAN

Here's a little bit of sound advice when it comes to protecting your home or investment property from theft.

- Consider having a good burglar alarm installed, especially in 2 storey homes.
- Ensure you have working locks on all accessible doors and windows (note some insurance will be voided if you do not).
- Never have your name, address or phone number on your key ring.
- If you move into a new place have the locks re keyed, you don't know who may still have a 'spare' key.
- Many security screen doors are not effective; don't rely solely on them for home security.
- Don't go into the backyard and leave a front door accessible, open or unlocked.
- Thieves like to work in dark, inconspicuous places. Consider sensor lighting to front, rear and side access ways to your home.



- If you come across a robber do not confront them, even if they seem unthreatening. They may have a weapon, or be working in a team.
- Report any criminal or suspicious activities to local Police or call 000 in an emergency.

I hope you got some good tips here and I especially hope you never have this problem.

Stressed Out and Very Unhappy

VICTORIA KNOX

Last year I happened upon a television program, which showed a well known Eastern Suburbs agency conducting their auction night. It was held in an elegant local hotel. All the staff, including the auctioneer, was dressed in evening attire. The section I saw of this program dealt with the auction of one property, a terrace in Paddington.



While I was entranced by the five-star impression that the agency tried to create, the behaviour of staff members 'working the room' was something else entirely.

The sellers were a couple in their early thirties, with a small child. Their anxiety level was obvious. Quickly after the auction got under way it was apparent that there were three or four buyers bidding on this property. Bidding began in the four hundred thousands and ground to a halt at \$492,000. Then it got interesting.

The agent, with arms around the sellers, began pressuring them to put the property 'on the market', saying that it would "encourage the other buyers". The husband refused, saying that he wanted their Reserve Price to remain as stated by them prior to the auction.

It was then disclosed to the viewer that the reserve was \$550,000. The agent returned to goad more money from the bidders. While the viewer could hear what was said to the buyers, the sellers could not. It transpired that only one of the buyers for this property in the room was in a position to make a bid that began with a five and so made a bid at \$500,000.

Again the agent went back to the sellers and with advice to put the house on the market to encourage the other buyers, telling the sellers that he had done everything possible to get the best price and that if they didn't sell now they would lose these buyers. The sellers buckled – the house was now on the market.

Not surprisingly the other buyers didn't budge; there were no further bids, but now that the house was on the market it would be sold. Down came the hammer at \$500,000.

The sellers were distraught. The wife buried her face in her hands; the husband sat

expressionless and stunned.

Why do people continue to tolerate this treatment? Auctions are designed to put pressure on sellers and buyers, and to get the property sold at any price.

These sellers went away unhappy and angry with the whole experience. They had paid thousands of dollars in advertising, put themselves under great personal stress, and ended up selling their property for \$50,000 less than their reserve price - a price which the agent, at the time he signed up the listing, no doubt said they would get.

The agent and the buyer walked from this experience very happy. But what about the poor sellers?



Renovate to Sell
Adding value vs overcapitalising

Many people make the mistake of renovating but not adding value

It is a challenge trying to work out what improvements will add value above and beyond the cost of the improvements. Will the buyers respond favourably to the proposed improvements? What is it that buyers are looking for?

When it comes to preparing a property for the market, there is not one right answer on what works are appropriate. It is very much a case by case basis. However, it pays handsomely to be aware of some certain facts.

For further assistance on what renovations and works would be worthwhile to your property prior to going on the market, or a FREE property appraisal contact Dignam Real Estate on (02) 4267 5377

When it comes time to sell, many face the difficult to answer question - what should we do before putting the home on the market?

Dignam Real Estate
398 Lawrence Hargrave Drive, Thirroul
(02) 4267 5377

RECENT SALES

7 George Avenue, Bulli	\$390,000	41 Royal Crescent, Woonona	\$725,000
37 Westmacott Parade, Bulli	\$590,000	28 Owen Park Road, Bellambi	\$350,000
48 The Lookout, Thirroul	\$770,000	3/2 The Avenue, Corrimal	\$239,000
17 Hill Street, Bulli	\$782,000	9/19 Underwood Street, Corrimal	\$230,000

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Great people.

Satisfying.

Career paths.

Winning agency.



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A base salary package of \$77,000 and bonuses (after completion of traineeship) based on sales performance can easily give you an income of \$100,000 annually, with many earning well over \$130,000 per annum.

For more information and FREE career booklet please visit our website at

dignam.com.au

\$27,000 higher than we expected

Rental Properties Wanted

Now there's a safer way to have your investment managed.

Do you want?

- The best quality tenants
- In the shortest time
- For the best rent
- With the least stress



Dan sold our home in 5 days.

\$27,000 higher than we expected (as we had 3 other agents look at our house)

The method of sale that Dan said was going to work, did actually work.

Matt Swanson

Contact us for a free rental appraisal or to register as a prospective tenant

E pm@dignam.com.au P (02) 4268 6977 F (02) 4267 1024



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