

# In The Know.....

March 2010 Newsletter

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## Wealth Creation

The most rewarding part of our job is helping our clients create wealth for financial independence through residential property. I'd like to introduce you to one such client.

Renee, (name changed for privacy reasons) is in her early thirties, working as a professional woman. Since I have been working with her over the past 4 years, she has been able to purchase 4 investment properties and amass a property portfolio to the value of \$2.93 million. Renee is 'one out of the box', as she realised very early in her working life that Super wasn't going to cut it if she wanted to retire earlier or wealthier, so she began her journey of wealth creation through residential property. Her success so far has been due to her thorough understanding of the critical components for successful property investing.

"In my day to day business, I've come to understand the importance of financial controlling within an organization, and I have simply adopted the same level of sophisticated measurement of numbers in my own multi-million dollar 'passive' business."

Renee has used the core principals of cash flow modelling, asset selection and borrowings to help her accelerate her outcomes.

"Getting an in-depth picture of the numbers gives me confidence in taking action sooner rather than later, meaning I buy quicker than most because they don't use sophisticated modeling techniques that are critical in managing cash flow".

If we take a conservative view on Renee's future wealth posi-

tion of her properties alone in 20 years, if they grow at 8% per annum, Renee is going to have property assets to the value of \$13.7 million, and with the rental yields increasing over this period, she likely to have no debt at all, so this income becomes her retirement income. Lets assume 3.5% rental income, that's \$479,500 in income each year! (\$265,000 in today's dollar terms).

"Empower Wealth has helped guide me through the numbers and their professional service I trust" Changing people's wealth outcomes is what we are about.....

### Ben Kingsley

**PTO to book into our upcoming workshop on "How to build a Property Portfolio" - Just like Renee**

## Showing the Way...

## Don't Sell the Golden Egg Layer

Real estate agents across the land are complaining they don't have enough stock to meet buyer demand at the moment. This limited supply is having a positive effect on property values growing quicker than usual.

Agents are out there saying they have 10 buyers for every listing they get, espe-

**"Those with no need for a huge windfall now, should stay the course and benefit even more over the long term."**

cially in the established suburbs. So agents are going to be telling you there has never been a better time to sell, to get the best price outcome. However, given values have consistently grown over the

past century, why would you crystallise your assets potential now. If the value goes up, you should be able to increase your rental income over time as well.

Those with no need for a huge windfall now, should stay the course and benefit even more over the long term.

## Market

### Measures:

#### Dec. Median Values

#### Sydney

**Houses: \$596,000**

**Up 12.1%**

**Units: \$406,000**

**Up 9.8%**

#### Melbourne

**Houses: \$518,000**

**Up 18.5%**

**Units: \$376,000**

**Up 11.5%**

#### Brisbane

**Houses: \$446,000**

**Up 7.7%**

**Units: \$358,000**

**Up 1.8%**

#### Canberra

**Houses: \$536,000**

**Up 10.6%**

**Units: \$388,000**

**Up 10.0%**

#### Perth

**Houses: \$512,000**

**Up 8.7%**

**Units: \$385,000**

**Up 15.8%**

(Source Aust. Property Monitors)

# Negotiation Tactics in a 'Sellers' Market

**(Part Two) - continue Feb. Newsletter**

3. Establish recent sales to justify your offer:

Recent sales of comparative properties can help in getting the estate agent to help support your price offer, but you must compare apples with apples, don't compare weatherboard with Brick or vastly different land size blocks etc.

4. Start with a long term settlement:

When you put your first offer forward, but accommodate any offer by the vendor for earlier settlement terms if the price is right. In tough buying markets, being flexible to their needs, just might win you the property.

5. Offer the least amount of conditions possible:

In a tight market, the buyer offering the same price as another buyer might win the property because they didn't attached any conditions with their offer, whereas other buyers may have, which the vendor didn't want to agree to or found it easier to accept the other offer. (Note: you better be sure everything is in order on the property and with your finances if you are going down this track)

**"In seller markets, agents can pick and choose who they want to deal with"**

6. Try to buy prior to Auction:

Taking a property off the market before the advertised auction day in a heated market is not easy, but buying it for the right value, can be even harder during a competitive auction. First, most bidders are thinking its going to auction, so they may not be ready or prepared to put a pre-auction offer on the table. Secondly, if your offer is attractive, the vendor just might be interested in moving on themselves, rather than having another 6 or more open houses.

You may also be interested in a couple of properties at the same time, so this may be a necessary action to ensure you secure at least one of properties through your negotiations. (Don't be afraid to tell the agent know you are negotiating on both properties, as under their licence they must present all reasonable offers to the vendor for this consideration, and if the agent is aware that you have another property in mind, they might support you securing this property if your offer is within their expectations).

7. Be as friendly and as likeable as possible with the agent:

In seller markets, agents can pick and choose who they want to deal with. If you play hardball and other parties are more friendly, then the agent might not even return your calls after time, and then all of a sudden the property is sold before you have a chance to make a counter or improved offer.

You might let the agent know that you are thinking of selling your other property and if you are successful here, it could result in the agent getting another property to list and earn commission on. (Whether you do actually decide to sell the other property is up to you. You might decide to keep it given the excellent investment returns you are getting from the property, but if you change your mind, that agent will be the first person you call—right!)

I hope these tactics help you into the market, they are only a few tactics used and there are plenty more out there being used every day by your competition, so realise your playing for keeps in this type of market.

If you continue to luck out, you can change your tack and look at other markets, where there is currently a buyers market or use a professional buyers agent to help you compete.

**Ben Kingsley, Founder  
Empower Wealth**

## **Upcoming Educational Workshops:**

**eSearch Superior Property  
Wednesday 17th March**

**How to Build a Property Portfolio  
Wednesday 7th April (Free)**

For more information and to Book—Visit:

**[www.empowerwealth.com.au](http://www.empowerwealth.com.au)**

*"The future  
will be a  
beautiful  
place if you  
have the  
money to  
enjoy its  
spoils"*

**Ben Kingsley**

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