



Property

Property Selection Myth

Location, Location, Location was and still is the catch cry from most Real Estate agents when it comes to which properties outperform and which properties don't.

When a property investor is looking to make a property selection for investment, maybe we should adopt this principal but with a little more creative license.

Location One: Identification of an overall city or town to invest: Given the monetary value of the investment, you really only get one good shot each time you choose to invest.

When one looks at Location One, the macro economic indicators of economic Growth, employment growth, incomes, industry diversification, workforce demand (employment), infrastructure and overall lifestyle drivers as the things that are in play when selecting a city or town to invest in.

Location Two: Suburb. This is usually where the novice investor rests in terms of property selection. They often read or hear commentary about a hot spot (i.e. Suburb) and think that's all they need before they go out and secure a property, and if they have done well, then they will ensure they see steady growth. When it comes to a suburb assessment, you start to drill down to things like transport, localised amenities, lifestyle options, shopping & schools options within easy access etc. But this won't in all cases assure you of an outperform result. That prize comes with the final selection piece in the puzzle.

Location Three: The localised neighbourhood and the property itself. There are too many factors that me and my team look at to fit into this article, but I am going to give you some insight.

Localised neighbourhood is all about the immediate vicinity within 1km of your property. Most importantly the street, traffic, parking, local stores, parks...getting the picture? When you like a street or area and how it appeals to you, then hopefully your tastes will be that of the broader market as with demand goes competition and property value increases. The actual property itself needs to be in high demand for those wishing to live in this area. It needs to have a 'scarcity' value to it, like a classic car improves with age, so to does classic property as they grow in value quicker than properties that don't have this 'X' factor - that's what the experienced trained eye looks for.

Ben Kingsley
Property Investment Advisor
& Founder Empower Wealth

Basic Rental Property Obligations

Although this would appear as common sense to all my landlords, it's still important that one understands their obligations when it comes to letting out a property for rent. Under the act governing the letting of property the landlord has certain obligations, the most important of which is that the property being let is in a condition that would

allow it to be let - meaning in good / safe condition for someone to inhabit the property.

On the tenant side of things - the same rule applies in that the tenant must maintain the property in the condition that the property was presented to them, less what we refer to as general wear and tear.

So the key message is safety and good condition to be inhabited and that the property is looked after by the tenant.

If this is handled professionally and amicably by all parties, then it should be a win/win for all.

Empower Wealth

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Market Measures: Property Stocks On Market-Feb 11

Sydney
H:18,580
U:11,611

Melbourne
H:28,221
U:9,690

Brisbane
H:23,372
U:5,565

Canberra
H:1,253
U:485

Perth
H:16,679
U:4,004

Adelaide
H:13,123
U:2,201

Hobart
H:2,833
U:439

Darwin
H:977
U:611

H: Houses
U: Units

Source: SQM Research

Secrets of a Negotiator

Whenever I address a group, meet a client or speak on stage, there are two popular questions I am asked. The first is generally “where should I buy?” My response to this question is usually long because I give specific and tailored advice to every client; and no client’s property journey is ever the same as another.

The second question I usually get is around negotiation advice. It is such a vital part to the property buying process that I actually offer a mentoring and education service to clients who wish to become stronger negotiators.

Negotiation is a science, and becoming a strong negotiator is not a skill that can be developed without years of practice and experience. Having sixteen years of property negotiating experience, a science degree and a sales based career has equipped me to operate and negotiate across different platforms, with different people and personality styles to achieve some really exciting outcomes over the years. Careful research and high level communications are always paramount to commencing a good negotiation. Patience, clear thinking and confidence all combine to support a great result.

However there are some fundamental principles and tips that can get a budding negotiator on the right track.

I recall the early days of my sales career; I took on a sales role with a large Australian manufacturer and despite a science background, I had an interest in working with people and going into sales. My new boss saw potential in his young recruit and gave me some advice. I had a looming holiday planned and he saw an opportunity for me. “When you go to Bali, pay attention to the locals who are selling you

watches, carvings, hats etc. They are masters at the negotiation process and it will take some effort to learn the prices, margins and tactics required to get a good deal from them. These people are selling for a living, day-in, day-out.” He was right—the Balinese (like many locals at south-east Asian holiday hotspots) were incredible. They could watch body language, pick up on cues, make quick decisions to close a deal or continue negotiating, and most importantly they could get an outstanding result without the wary tourist being any the wiser as to what kind of premium they’d paid.

Not that I’m drawing any parallels between Armani knockoff watches and Australian property, but the point is that years of practise and vast numbers of transactions in one’s own micro industry refines negotiation skills.

There are four key principles that I have adopted with all negotiations for purchases.

Firstly, I make sure I know my market. There is little point embarking on a negotiation if I don’t know what a competitive price result would be. This takes hours of research; usually involving recent comparable sales analysis, familiarisation with the current market, an understanding of the drivers in that market and an overview of the socio-demographic nature of the area.

Secondly—I like to understand the agent’s communication style and personality. This is essential to ensuring a good negotiation because it is much harder to negotiate with a stranger.

The third principle is to understand the sale itself. This is probably the most difficult part for any purchaser because the

agent has a job to do; and it is to secure the best possible result for their vendor. Buyers often say to me “the agent isn’t telling us anything”, or “they are keeping their cards close to their chest”. They are trained to do this, so it should be of little surprise. But with careful observation, a good flow of communication, understanding what to ask, how to ask it and when to ask it, a clever negotiator can ascertain some really important information that can enable them to commence a sharp negotiation. For example, when I ask a keen buyer “Can you tell me what terms the vendor would prefer?”, the answer is often “I don’t know”, or “the agent said sixty or ninety”. A good negotiator will find out whether the vendor has bought and needs to sell, or is selling first, or wants a quick result, etc. There are important cues that most buyers miss when speaking to the agent. One of the biggest mistakes I see people make is avoiding communication with the agent altogether. How can you learn about the sale if you won’t talk to the only conduit between the buyer and the seller—the agent?

And the final principle is the easiest one; understanding your top-end price. This step involves the least amount of science of all of my steps; it just requires a good Finance Planner/broker who understands your personal cashflow. Once you have determined your top end price, stick to it.

One final word—try to enjoy the adventure and all of the learning’s that go with the excitement and adrenaline rush. If you need mentoring or assistance don’t be afraid to source it.

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“If or when a bubble bursts, you usually find that many small bubbles still exist, these are the areas you should have or are still buying in, the one’s not affected by any risks of a bigger ‘so called’ bubble”

Ben Kingsley

Wealth Forum

Thursday 19th May

6.15—8.30pm

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