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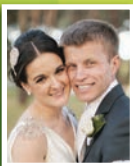
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12 negotiating tactics buyers' agents use to get a GREAT deal

# Top 12 tactics buyers' agents use to negotiate a GREAT deal



**How do buyers' agents score huge bargains and great deals? Property buyer *Cate Bakos* shares her top negotiating tips**

**N**egotiating doesn't come naturally to a lot of people. It's scary, daunting and intimidating. But with a bit of research and insider knowledge, you too can score a great deal using the tactics buyers' agents use.

## **1** Using 'stock on market' information

While a certain type of property in a specific area should have a price tag commensurate with other houses of its type in an area, supply and demand will adversely affect the predictability of a sale price. Often I will deliberately source property in an area based on the buying advantage at the time; for example, if a three-bedroom dated house is on the market alongside many others of its kind. This 'micro glut' can give a buyer anything up to a 5% edge, and possibly beyond if the glut is serious.

## **2** Finding out enough about the vendor's plans and expectations

If you have this information, you can

make an offer compelling to them, and with the focus on their 'terms' needs as opposed to their preferred price. For example, I recently negotiated a fabulous price on a property based on appealing to the vendor's needs. She was going to auction that Saturday for a property she loved; so I staged the settlement date to either give her the 63 days required, or alternatively (at her request), to convert to 120 days should she be unlucky and miss out. This meant that she had flexibility with her own arrangements and could comfortably bid on the property she loved.

## **3** Having a robust comparable sales analysis to equip the agent with to defend your offer

Agents will often tell the vendors an optimistic target in order to get the listing. In these cases, the agents then have to defend the offers they receive from buyers and entice the vendor to accept the market sentiment in relation



to the real value of their property.

This is known as conditioning the vendor and most vendors are loathe to tolerate this with the agent who initially told them the big price in the first place. I find that if I am the bad guy who gives the agent the supporting information to defend my price, the agent and their vendor are more willing to consider the lower offer.

Scientific analysis and supporting documentation might be bad news to a vendor who wanted a dream price, but this form of information is generally considered and often accepted by a vendor. Most people accept logic.

#### **4 Making two different offers with differing terms**

Rather than offending a vendor with a low price, I often submit TWO prices. The low one has the terms which are enticing, but the higher offer has tough and almost intolerable terms.

The win for the vendor and their agent is that the vendor has choice. Obviously I need to be prepared to

honour both, so I make sure that the 'win' for my client (in the event that the vendor picks the higher offer) is strong enough to make the deal worthwhile for them (ie. super-long settlement with access prior to commence works).

#### **5 Time-stamping your offer with a sunset clause**

If I feel that the agent might be inclined to either shop my offer around, or if he/she is working with other buyers on the same property, I might put urgency on my offer. It can sometimes force the vendor to make a decision and it can close out the other buyers who haven't had time to complete their due-diligence. It's a delicate balance though – no vendor likes time pressure and it can backfire and cost you the deal if you read the situation incorrectly. Only apply pressure if you are confident that your offer and terms are acceptable as-is.

#### **6 Making the offer UNCONDITIONAL**

This is the strongest and most compelling of offers. The offer should be in writing and without conditions if you are keen to have the most favourable terms above all other competing buyers.

Just be aware that in Victoria, the cooling off period lasts for three business days unless the offer is signed by a real estate agent themselves.

#### **7 Incorporating some win-win conditions into the contract**

Incorporating clauses such as "use of campaign photos for advertising online for rent prior to settlement", and "access prior to obtain tradesperson quotes" can be a huge advantage to the buyer and of little concern to the vendor. The time to do this is at the negotiation table, not afterwards.

#### **8 Exploring the option of doing further business with the agency**

Every agency wants ongoing business with new buyers. The obvious two opportunities for the agency are either new listings or new rental properties. I leverage my ability to offer either or both when I meet a new agent.

#### **9 Bluffing with "another house" if you feel that the agent is bluffing with "another buyer"**

Buyers often complain to me that they are being pushed by agents who suggest 'other buyers' are on the property.

Most of the time, this may be true. But for those who I feel are lying about it, I bluff them right back with my 'other house' theory. Two can play that game.

#### **10 In the case of two shortlisted properties; letting BOTH agents know that two offers are on properties and the first will be successful**

This is only advisable in an environment where the agents are accepting verbal offers. I never endorse making two written offers. It can result in buying two houses.

#### **11 Sharing with the agent a limited budget or yield**

Often, when I am at the absolute end of my tether with budget (and only when I am confident that there are no other buyers competing with me on the property), I may share with the agent that I am out of budget.

They can lean on their vendor heavily with this fact and it takes the sting out of a lower-than-hoped-for offer by moving the focus from the property to the client's budget. In many cases, the vendors flex to accommodate the buyer.

#### **12 Off-markets!**

These are the most exciting form of purchase for me as a buyer's advocate right now in a seller's market environment. Off-markets are like secret listings which nobody else knows about. The opportunity to do a fair deal without competition is a huge bonus for many buyers who have consistently missed out due to competition. Staying close to the agents and having strong relationships is the key. A good buyer's agent will get multiple off-market opportunities every week. ■



*Cate Bakos is a buyer's agent, property investment advisor and licensed real estate agent with Empower Wealth Property Advisory*