

R *THE REAL ESTATE* **ROUNDAABOUT**

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The early offer. It often catches sellers by surprise. The hard work in preparing for the market has seemingly been justified. When friends and family said, "You'll have no problem selling this place," they were right. So the sellers make a crucial call, "Lets see what other offers come in before making a hasty decision."

For a home seller to accept the first offer after 2 or 3 weeks on market, it can feel as though they have not tested the market properly. It feels "safer" to wait a few more weeks.

In a strong market where stock is tight, buyers have to wait on the seller's decision. There is usually little else on the market that suits the buyer's criteria. They have to wait and hope that no one else betters their offer.

The most painful offer to accept is one that is lower than what you have previously rejected.

However, in a falling market, the buyers don't wait – they walk. They walk down the road and find another seller prepared to reach an agreement today. Sure, some buyers act with hubris, but you are selling them your home not buying their attitude. It is imperative to keep personalities out of the decision making process when you receive an offer.

The media and the mood has given buyers a sense of increased confidence in the property market.

In a good market, rejecting the first offer is a minor but calculated risk. In a falling market, burning the first offer can ultimately cost the seller plenty. Plenty of financial pain and plenty of emotional pain.

First buyer, best buyer?

How to judge an offer on its merits



Sellers should not see this as a message to panic sell upon the first sign of interest. Remember, a bargain hunter is not a buyer. They are a bargain hunter. Compare any offer you receive to the comparable sales in the market place at that point in time. Sales 6 months ago don't count. Also, how does the offer compare with what the agent suggested

your home would sell for when you listed it for sale? If you receive an offer slightly above what the agent suggested you could sell for and you reject that offer in order to try and sell well above the agent's price quote, you could be headed for trouble.

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Letter from the Editor

Finding the **RIGHT** home

Tips for navigating the house hunting

Dear Readers

It promises to be an interesting start to the year for the real estate market. The RBAs decision to cut interest rates at the end of last year should have an impact on house prices, however we will have to wait and see if this move and future cuts (if any) will help stabilise the market.

In this edition, we look at how to judge an offer on its merits. An early offer from a buyer can cause angst for the seller as they weigh up staying on market vs selling and moving on. We also take a look at the emotions a buyer experiences when buying a home and the impact the presentation has on their feelings towards the home. Judging a home on its fundamentals is important, but many allow emotion to override logic.

Best wishes

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Disclaimer: this publication is intended for general information only. Verstandig Zaini Real Estate accepts no liability for any actions taken by any persons acting on any information contained within this document. There are many issues involved with buying and selling real estate so it is important that you get specific advice prior to making any decisions on your next real estate transaction

Sometimes it's hard to see the wood for the trees when you're house hunting.

Rather than looking at everything, it's a good idea to narrow down your search before you start, by deciding what's important to you.

LOCATION

For example, will your life be easier if you are within walking distance of work, schools, shops, transport or other amenities? If these are crucial factors, you can narrow down your search.

If your purpose in buying is to have an asset that you can sell at a profit in a few years, location is also a vital factor in your purchase. The old saying about the advantages of buying "the worst house in the best street rather than the best house in the worst street" has been tried and proved true over time.

LIST

Making a list about what you really want in a home, can save lots of time when you're looking. It also helps to note down what you like and don't like about living in your current home and location. This assists in focusing on what you really want from your new home. Then, when you're looking, check your list against the features of the homes you inspect and see if they tick all or most of the required boxes.

LOAN

The best way to break your heart when house hunting is to find the house you want, only to learn you can't secure the required finance. Find out first how much you will be able to borrow, and don't be tempted to look at properties outside that range. This saves time and disappointment when you're on the house hunting trail.

No Lies, No Deceit, Just Honesty, Integrity and Results

First buyer, best buyer?

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The most painful offer to accept is not an offer that is below your desired price goal. This is simply realising the gap between dreams and reality.

The most painful offer to accept is one that is lower than what you have previously rejected. The loss is real.

Internet

The internet has changed the way real estate is sold. Selling real estate is now as close to instant as it ever will be. Once a property is listed, it is exposed to literally thousands of buyers in a matter of days. In the days of print, it took 8 to 10 weeks before a property became stale. Now a property can become stale after only 4 weeks on market. 90% of buyers for a property will find out about it via real estate websites, email alerts or the signboard, within days of the property going on the market. If you don't sell your property to one of the 90% of active buyers, you could spend months waiting for new buyers to enter the market.

The most interest a property will receive is when it is fresh stock to the market. Early interest should be embraced.

Within a week, the seller's property is exposed to 3 months worth of buyers. Whilst the seller has been looking for a buyer for 1 week, they are attracting buyers who have been looking for up to 12 months in some cases. This is where the dislocation in the process starts. The sellers are just starting out and the buyers are fed up, looking for finality.



90% of buyers will find out about a property within days of it going on the market.

Many sellers are indifferent to an early offer. They overlook the reverse though. To not receive an offer in the first 2 to 3 weeks suggests the best buyers have rejected the property.

All offers should be treated on their respective merits, whether that offer is made after 1 day, 1 week or 1 month on market.

Competition

Sellers (and agents) have been caught by a new found buyer attitude. Buyers are making one offer, a first and final if you like. The sellers (and agents) are seeing the offer as the beginning of the negotiation process. The buyers see it as the end of the negotiation process.

The reason this has happened is

buyers are spoilt for choice. Quite simply, across Brisbane, there are more sellers than buyers. If the buyer's offer is rejected, there are another 2 or 3 suitable houses down the road they can make an offer on. And this is what buyers are doing, making a first and only offer on each suitable property, until one of their offers are accepted.

When the market is rising, buyers have to offer more money than the competition to secure a property. In a falling market, many sellers are competing for fewer buyers. The sellers often have to offer their property at a lower price than the competition in order to attract a buyer.

When you receive an early offer, if it is treated with complacency and disrespect, you may inadvertently sell your competition's house.

Whether the market is rising or falling, one cliché continually rings true, "first offers are generally the best".

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Buying Beyond the Presentation

Presentation that meets the eye has a major impact on how buyers “perceive” a property. Being purely objective and logical is easier said than done when buying a home. Buyers can mislead themselves if they allow their immediate emotional reaction to conjure a reflex response to a property.

In selling school, all sales people are taught that people buy emotionally and justify logically.

Residential real estate is very emotional. “Home” is one of the strongest emotional words in the English language. But what impact does emotion have on us when evaluating true value? Whilst we all want to have an emotional connection with the property we buy, emotion can cause us to overstate and/or understate the property’s true features.

Presentation largely determines the emotional reaction buyers will have toward a home. So whether you are buying or selling, it pays to be aware of the emotional appeal the property does or does not exude. Sellers need to ensure they enhance emotional appeal whilst buyers need to ensure they don’t pay for emotional appeal that won’t be there on settlement day.

Sometimes the poor presentation of a property will cause the buyer to believe the property is inferior to the reality. Alternatively, sometimes the presentation will glorify the homes features, based on a staged or manufactured presentation.

Buying emotionally or logically?



Residential Real Estate is emotional.

Investment properties are often good solid properties that have had the cosmetic and emotional appeal diminished. The fundamentals of such properties can be overlooked as emotional homebuyers view what is in front of them on that day, rather than what the property could be with some cosmetic enhancement.

The most poorly presented homes lacking emotional and cosmetic appeal can often be the best “buys”.

Conversely, buyers should remember that they are not buying the artwork or furniture when they inspect a home.

Ask yourself, how will the home present when the designer furniture is removed? How would the home present with your furniture in it? Is the actual home appealing to you or is it the presentation of the home? Many people hire storage units to de-clutter when selling. So whilst this creates a wonderful presentation on inspection day, how practical is the home?

The more you inspect a home, the more you will see it for what it really is – good, bad or indifferent.

The agent carries the risk, not you.

Will you sell your property? If so, I would appreciate the chance to offer my services as your estate agent.

The service you will receive is very different. For instance, we offer you a **‘RISK FREE’** sale. What this means, for you, is simply this:

The agent carries the risk, not you.

There are many people who are *interested in real estate in your area*. Many are ready to buy now.

If you think you might like to sell - even at some time in the future - please consider the price you could get. By all accounts, the price should be high. And, if not, you lose nothing.

That’s what **‘RISK FREE’** selling is all about.

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