

the pitfalls of selling privately

It is tempting, when selling a house to aim to avoid the agent's commission particularly when a sale appears to be easily undertaken.

Consider the extensive legalities and the conveyancing obligations you are required to undertake. Are you qualified to value a property? Do you have comparable sales, access to government records and are you home enough to carry out inspections? Perhaps you think you may submit details of where you live and tell people (burglars) when you won't be home? These are just a few factors that need to be taken into serious consideration.

While it may seem simple to set a price for your home, how can you be sure you are right? Many people rely on prices they have seen for other properties, which might have better (or worse) features or be in a better (or worse) position.

A property sale actually involves a great deal of risk and this should be remembered. Some have already been mentioned but what about legal risk, eg: contracts, which are legally binding, with heavy penalties for any breaches? To avoid breaching conditions, all steps must be taken lawfully, in sequence and at the correct time. All requirements must be addressed to avoid costly mistakes.

With the tightening of consumer regulations and the protection afforded to buyers, sellers must know and comprehend the full extent of their obligations.

At The Professionals we can offer not only the most professional and efficient service in the area, but we can ensure that your property matters are handled with care and without the risks that can be involved in selling your home yourself. Feel free to call our office at anytime to discuss our services further.

empty houses hard to sell

Many people think it's cleaner and simpler to move out of their home before selling it while others find themselves doing it by default because they have already found another home. But selling an empty home should be avoided where possible.

Few empty houses have charm. And few prospective buyers are good at visualising a house's charm potential. Empty houses usually take twice as long to sell and often sell for less. After all, people don't buy houses they buy homes. In other words, when they walk into a property for sale, while their heads are looking at features and benefits, their hearts are engaged only when the atmosphere makes them feel at home. If their hearts aren't engaged, the fact that the features of the property add up on paper rarely makes a sale.

Empty houses make it hard for people to decide whether their furniture will work. Without chairs or sofas to indicate size and scale, how can they make the translation

from their current living room to the one they are looking at? If there are say two two-seater sofas, buyers can quickly make comparisons with their own living room without resorting to time-consuming measurements when they are simply trying to form their early impressions. Uncertainty makes people lose interest especially when the house isn't sending out lifestyle vibes that engage their emotions.

Above all when the house is empty, prospective buyers tend to focus on negative details. Chips or cracks are obvious when there are no paintings, furniture or window coverings to take buyers attention and camouflage imperfections.

If you have to move out, it's worth contacting a home staging company (available in most big cities these days) whose services include moving in furniture and accessories to make a house look like a home. The costs will be worth it in the long run, as the house will sell faster for a better price.

AVERAGES DISTORT PRICE MOVEMENTS

Many people referring to property price movements in a given location talk about quarterly or annual averages. But what do averages really tell consumers about property prices? Many people want to buy an average-priced property because they think that is where the turnover is, and they will always be able to sell quickly if they need to.

And they are almost right. But what they really should be looking at is not the average price for the area but the median price. Many might argue that it's a fine distinction and in some areas it may well be. But in areas where there are many median-priced property sales and a few very expensive ones thrown in the average is distorted upwards and doesn't reflect where the sales are.

Experts are generally agreed that the most certain long term capital gains come from buying property which falls at or within 15% of the median price for the area of your choice. The total outlay should include any renovations or extensions.

Not that gains can't be made by buying in a higher price bracket but, buyers wanting the safest and surest investment, those who want to maximise capital gain and minimise risk should look at properties around the median price for their area. Properties more than 15% above the median for any given area are particularly affected when the market slows. After all, competition is essential for high prices, and oversupply and under-demand occur more quickly above the median price. Even in good times the highest price categories attract the smallest percentage of the buyer pool. And after a lull, the market starts to gather momentum in the median price category first.

If you don't understand the subtle (and often not so subtle) difference between average and median, consult an accountant or reputable real estate agent.

inspection strategies depend on market

The number of properties to inspect varies from buyer to buyer. But inspection strategies may vary depending on the state of the market.

In a market where there are more properties for sale than people wanting to buy – in other words a buyers market – buyers can do their homework at their leisure without prices getting away from them. On the other hand, in a sellers' or rising market, many buyers feel pressured to buy quickly in case they miss out, especially if they have seen prices rise in the week since they started looking.

Building up a picture of the market is more difficult when buyers outnumber properties for sale. In this instance, buyers should even look at properties that don't appeal – not because they might buy them but because they will become market aware sooner and may save money if they are ready to buy in a shorter time frame.

Obviously, it is preferable not to be rushed. It can take months to follow the marketing campaign of even half a dozen properties. But finding out the selling prices of properties similar to what buyers are looking for is the best way for buyers to know what to expect for their money. Once a pattern

emerges, it makes sense to keep an eye on properties that reduce over time in order to sell, and maybe even pick up a bargain if a vendor appears nervous or anxious.

Many people follow the papers or browse the internet for a long time before actually inspecting a single property. They might even follow properties through from first advertisement to contracts exchanged so they have an idea of market value before they ever make the first inspection. These days at least much of the preliminary work can be done on the internet without buyers even needing to leave their living room.

renovation – dream or nightmare

Renovating a home is time-consuming and not always the wish – fulfilment the homeowners planned. There may be a financial blowout, especially if homeowners deviate from their original budget as new ideas occur to them. Is there a reasonably simple way of working out whether a projected renovation will be a dream come true or a financial nightmare?

Before going ahead with any major improvements, homeowners can do some simple research to determine whether their money will be well spent. They should not simply assume that spending x dollars on their property will increase its value by

x dollars.

First, they should estimate the average sale price being achieved for similar houses within a four-kilometre radius of their home, making sure they are looking at final sales figures not advertised asking prices. These figures should enable them to estimate the current reasonable selling price of their property, without renovations. Once they receive written quotes from licensed well-referenced local builders they can add the cost of renovations to their value estimate and come up with the figure they would need to sell the property for in order to break even.

As a rough guide the final (including renovations) estimate of what the property should sell for should be no more than fifteen percent higher than the original (excluding renovations) one.

But of course, the ultimate question is: are there similar properties selling in the area and are they achieving the price the owners would need to achieve? Special houses don't always sell at face value because they may be negatively affected by the standard surrounding properties and the low desirability of the area to those seeking upgraded homes.

the story behind the 'sold' signs

Sometimes vendors are disappointed with the price achieved when their property sells. Perhaps it is lower than the price they originally expected. But did they arrive at the price they expected in a realistic way?

Many people see 'Sold' signs and knowing what the property was advertised at assume that it must have been sold for that figure. These assumptions stay with them in their first discussions about pricing with their agent. This makes things very difficult for the agent who naturally wants to take on

the property for sale but has to take into account any pre-conceived ideas in setting the asking price of the property.

Of course, sound research starts with comparing your own property with others that are similar. While no vendor is likely to compare a three bedroom townhouse with a five bedroom family home on a large block, it is surprising how often vendors think of, for example, a three bedroom house with a small sewing room or study as a four bedroom home, even though the

floor area of the four bedroom that sold round the corner is greater.

In order to be a more informed client when it comes to strategies for the pricing of their property, vendors should ask their agent what is the average percentage difference between the selling and asking prices of comparable properties sold in the area. If they can't give you an answer, it might be better to choose another agent.

