

savvy new home builders look ahead

Should those embarking on the building of their dream home be thinking of pleasing anybody other than themselves? And if so, how do they know what their buyers in the distant future might want?

After all, the house is still a twinkle in the owner's eye and it's a big enough task planning for their own needs without worrying about those of their future buyers.

But thinking ahead could pay off in re-sale dollars down the track. Most agents get lots of feedback from purchasers about what they want and don't want, and the trends they notice are definitely worth taking into account for those who want to maximize future capital gain.

Naturally specific buyer needs vary according to age, family size and many other factors, but many agents report the same general preoccupations amongst their current buyers.

1. They are more discerning and they want good quality finishes rather than flashy cheap fashion statements.
2. Smaller houses are becoming more

popular in an energy-conscious age (think of the cost of climate control, cleaning and maintenance, for example.)

3. Fewer people are interested in rooms that no one uses such as formal dining rooms, while kitchens, which are the hub of the modern home are smart and user-friendly.

4. Timber flooring is still popular because of its allergy-minimising, easy-clean style but many environmentally conscious buyers are choosing bamboo because it has all the qualities of timber at a lower environmental cost.

5. Wallpaper is not sought after, paint finishes are more durable, easier to clean and have simpler lines.

6. Tech-savvy buyers want "wired" homes and designated computer space.

7. If yards are getting smaller, balconies and decks are getting bigger as they are often the only usable outdoor space.

8. Dark rooms with small windows are definitely unpopular, good use of light solves many problems and creates space.

sleep easy property investing

Those who buy property to hold it for their retirement base their success on planning for a potential worst-case scenario, while not in fact expecting any such scenario to occur. While most investors will never be forced to sell a property quickly due to unforeseen personal circumstances, it is best to take into account that it is possible, in the same way that home fire insurance is taken out in spite of the fact that most people will live their entire lives without experiencing a fire.

Long-term success means paying special attention to buying criteria that will maximise the security of an investment and minimise its risk.

While security criteria often vary from location to location, the main consideration stays the same: investors with security

uppermost in their minds buy in a price range from twenty percent below to fifteen percent above the median price. To find out the median range for the area where you intend to buy, start by working out what sort of property is the most often sold in terms of age, construction, number of bedrooms and land size. Depending on the location, the typical median range property might be a twenty-year old three-bedroom brick veneer property on a nine hundred square metre block. Or it might be a high rise, strata title, two-bedroom unit.

Interestingly, most residential property investors buy within eight kilometres of their principal place of residence. The reason for this is quite personal – they like to be able to see it. In fact, research shows that only three percent of investors own a property in another state or country.

APPEAL TO BUYER'S SENSES

Most home sellers realise that good presentation will improve the appeal of their homes. Some are even prepared to spend up big in their quest for the top dollar.

Not too big though. While attention to detail may make your house sell faster and add dollars to its price, spending a lot of money getting your home ready to sell may be a waste. Buyers don't always want to pay for improvements that are not to their taste and potential sales may be lost.

It should, in fact, cost very little to make your house more welcoming and attractive. Changing the carpet just because it may not appeal to everyone is going too far, but reducing the impact of exuberant dogs, cluttered floors and loud music is relatively easy and inexpensive.

Remember that purchasers have their senses working overtime when hunting down their dream home. Purchasers say they are "looking" for a house, but this expression fails to convey the level of engagement purchasers experience during the fifteen to fifty minutes they spend going from room to room, taking in every sight, smell and sound.

Sensory stimuli such as noise and smell can be powerful emotional triggers and buyers sometimes react negatively to features that are not even "fixtures" of the home. Smokers and dog owners are advised to burn essential oils or use room deodorisers because unpleasant or alien odours probably have a more negative effect than any other single attribute. (Conversely, inviting smells like freshly brewing coffee or hot baked cakes have a positive impact).

Most purchasers have a checklist of criteria they use to evaluate properties on a rational and critical level, yet they often end up making a decision based on emotion, or what many people simply call "vibes". Most agents will tell you they have seen purchasers fall in love with properties that meet very few of their stated needs. Sometimes the effect of good presentation is almost subliminal – days later people don't know why they "like" or "don't like" a house.

moving out doesn't always mean selling up

Agents often hear home owners say: "If I don't get my price, I'm not selling". Sometimes a comment like this is said with the intention of motivating an agent to work harder, but occasionally it is seriously meant.

But is it ever financially sound to hold onto a property that doesn't reach the desired price rather than sell for less?

There is no hard and fast rule and of course, many people who are buying another property with the proceeds of the sale have little financial choice in the matter. But how can those who have the borrowing power determine whether they might be better off renting the property out rather than selling?

Naturally, it is important that they do their sums before making a decision.

If you find yourself thinking of the rent-

and-hold option, consult an accountant or financial planner as well as a real estate agent. Find out whether the market is stable, climbing or falling so that you know whether there is a potential increase in capital gain worth holding out for. It is important to check out the rental and vacancy rates and the likely income including capital gain against the cost of any borrowing you need to incur.

Many people moving interstate or across the Tasman automatically think "I'm moving so I'm putting my house on the market." But have they checked out the state of the market in their new area? If it is possible that property won't go up as fast in the new location as the old one? Or conversely it might go up faster. Is the future sufficiently hard to predict that it could be safer to have a foot in both camps in case they want to return and not find themselves priced out of the market?

If you do the figures and decide it is a better financial choice to hold onto the property rather than sell, the last thing to take into account is whether the property is a good rental proposition. Often high maintenance properties (such as those with pools or large garden) have costs that have to be offset against income. Or the market may not pay the rent you think it should be worth if it is not the type of property normally in demand by typical tenants in the area.

Many people buy their first property with the long term strategy that they will never sell. They choose a property that will be suitable as a rental when they upgrade and go on borrowing and buying properties as a means of wealth creation. This does not require high income or great wealth – simply an understanding of the strategy and some good financial advice.

qualified to buy

What makes a buyer qualified? How do novice buyers arrive at the knowledge they need to be confident when they make an offer?

These days buyers can do much of the preliminary work on the internet without even needing to leave their living room. First they have to get the finance organised, then they have to make sure they know what the money will buy. Qualified buyers have their loans approved and the market knowledge that enables them to say "yes" when they see a house they like.

Every property inspection is more information about what is available for the money. As time goes on and buyers see properties come and go, sell quickly or sit on the market, they can build up an ever surer idea of what they should pay for the kind of property they want. They learn whether they have to move fast or have time to play

a waiting game – how hard a bargain they can afford to drive.

Sometimes doing a comfortable amount of research before buying is easier said than done. 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 weeks 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 into buying too soon. It can take months to follow the marketing campaign of some properties. Some buyers even end up buying a property they vetoed six months ago because they thought the price was too high. If you have the time and the market is stable rather than rising, 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 follow properties through from first advertisement to contracts exchanged so they have an idea of market value before they even start looking.

