

12 Critical Steps to Property Purchase Success...

Written by a professional, who buys property for a living



12 Critical Steps to Property Purchase Success...

Dear Property Buyer,

The following steps are designed to give you a clear guide to making one of the biggest purchases in your life. They are the steps that property buying professionals use, and give you an insight into their strategy and success.

There are no magic tricks to becoming an instant property buying specialist. There is a maze of information (and mis-information!) to work through. Each decision along the way can either cost or make you thousands of dollars your hard earned dollars!

A property professional would not dive in and spend hundreds of thousands of dollars, (often millions) without covering each of the following 12 critical steps. So neither should you!

The odds are already stacked against you as a buyer, especially if you're trying to do it all yourself.

You're competing with the professional selling agent, other interested buyers, (who are often represented by professional Buyers Agents), as well as other distractions and commitments in your life.

In past generations, property prices doubled regularly, without owners having to do anything to their property. Purchasing mistakes were easily covered up with upward surging prices.

Today's market is far less forgiving. Increasing demand and restricted supply in our most popular areas also makes the market far more competitive.

I hope the following advice make the purchase process a little less stressful, and help to steer you away from some of the most common and expensive mistakes made by amateur property buyers every day.

If you would like to have a chat with a Property Buying professional, with decades of property buying experience, then feel free to call us at Search Find Invest, on **1300 132 970**. We would be happy to help you!

Kind Regards,

Frank Russo

Managing Director, Search Find Invest

www.searchfindinvest.com.au

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1. Be very clear on the purpose

Before you start your search, you need to be clear on the purpose of the property.

Is the purchase for a home to live in, or an investment?

The two types of purchases couldn't be any more different. This will affect the search criteria, finance structure and tax implications.

Is it a home you want to grow into, or more of a stepping stone to a better location in the future? Changing your mind soon after purchase can be very costly. It is critical to buy the right property, for the right purpose.

2. Have your finance and buying entity structure ready first

Knowing exactly how much the bank will lend you is critical to know before you begin your property search. Financial Institutions' interest rates and products are changing regularly, and a finance pre-approval typically only lasts for 3 months. Having an up to date pre-approval is definitely required.



If you are buying in an entity other than your own name, such as a company, or a trust, or for your Superannuation Fund, then you will need to have that structure fully set-up before you sign a contract. It can be very costly to change the entity after exchange of contracts.

3. Write up a detailed brief on your property needs

If the purchase is a home to live in, then write down a detailed list, with the following items;

- Your preferred suburb(s),
- Type of property (freestanding house, Semi, Villa or Apartment)
- Accommodation required – number of bedrooms
- Number of bathrooms
- If parking is required (and the number)
- Your budget limit, accounting for all purchase costs
- Condition of the property (new, renovated or un-renovated)

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If you are planning a renovation, then this cost will have to come off the purchase price. Don't forget to account for holding costs while renovating, and always add extra costs (at least 15-20%). There is rarely a renovation that comes in under budget!

You should also include your 'wish list', but don't get this confused with your 'needs list'.

For example, having a nice view or close to the beach is great, but not if you have to compromise on the required number of bedrooms.

If the property is an investment, then a totally different set of criteria needs to apply. One of the most common mistakes investors make is to use the same criteria for their investment property, as they would use for their own home.

We have a list of 24 essential criteria that we use to determine if a property investment will be successful. Every single box must be ticked, or we simply do not present the property to our client.

Use your head, not your heart, to buy an investment. Remember it should exclusively be about the numbersall of the numbers.

4. Narrow your search area

Narrow your search area, and then become an expert in that area.

Searching more than 5 locations at the same time greatly reduces your effectiveness. Even if you decide to work full time searching for your property, you will likely overlook good opportunities and not be able to spend sufficient time researching each property if you are trying to cover too large an area.

It will also substantially increase the time it will take you to become an area expert, 2 or 3 suburbs are the absolute maximum you should allow yourself to search in.



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You must become an expert in your area, getting to know the most desired locations and street within those locations.

- Which sides of the street value higher or lower, and why?
- Which side of the suburb is always in higher demand?
- Which side of the suburb do vendors always have trouble selling in?

The only way to get to know this is to physically inspect an absolute minimum of 50 properties of the type and in the area you are searching.

You cannot evaluate the worth of a property, simply by looking at it on the internet. Professional photography does not present the property in its true light. You need to see for yourself, to get a true grasp on the property, the access, the streetscape, the privacy, the way the floor plan flows etc.



This will also allow you to talk to the agents and ask them questions. Have a set series of questions, on the property details, vendor's sale requirements (this just doesn't include price)

Take notes on the responses, a spreadsheet can be very useful to document all your research. Ensure you follow up on properties when they have sold to see how close the Agents quoted price was from the eventual sale price. Start testing yourself by putting your own estimate on your spreadsheet and see how close you can get to the eventual sale price.

Attend the auctions to see how things went. Was the auction hotly contested by multiple bidders, or did it pass in with a vendors bid? The auction results in the paper don't tell you this important information.

Attending Auctions gets you familiar with the process. It can help prepare you for bidding for a property at an auction on your own. Simulate this experience trying to guess what the sale price will be. Create your own imaginary limit on what you would pay if you wanted to buy the particular property. Then tell yourself where you would enter the bidding and how much you would place each bid.

Of course this will not replicate the pressure cooker situation when you are bidding with your own hard earned money, and selling agents will not be hovering over you, pressuring you to make another bid when you are just bidding under your breath. However, this will still allow you to get some practice before your own big day(s).

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If you haven't bought many properties recently at Auction, this may be an area you get a trusted and experienced person to bid on your behalf. Choose someone without any emotional attachment to the purchase, and someone who those hovering agents will find hard to distract. Ensure you agree on your price limit beforehand, and the necessary paperwork is completed to authorise them to bid on your behalf.

Tip #1 - The selling agent will be inundated with buyers and their questions on a Saturday inspection. Visit these properties on the other inspection day (usually the Wednesday or Thursday) so the agent will have more time to spend with you, and you can inspect the properties more closely, without other interested buyers distracting you and getting in the way. You will also be able to get around more efficiently, as parking and traffic will likely be easier to deal with.



5. Get the inside information

Every single professional agent does their research using access to sales and property data. At this stage of your search, it will be a good investment to purchase access to property data such as RP Data, Australian Property Monitors, or Residex.

You don't need to spend the amount of money a professional agent does. There are usually packages available from these companies that will give you access for a few months, over a number of different postcodes. The cost for the access to this information is quite reasonable. Considering the amount of money you are about to spend on a property purchase, it is a tiny cost for the knowledge that could possibly save you tens of thousands.

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Armed with this data, you can then discover exactly how much each property in the area has sold for, and when. You can find out critical information that can later be very useful when you get to the stage of negotiating on a property. Selling agents often quote a recent high sale in the area, to justify the asking price on the property they are themselves selling. What they often fail to do is tell you about the other sales, much lower than their example, that also should be used as a direct comparable.

Selling agents may often not even be aware of some of those other sales. Bringing this to their attention, as well as their vendor's attention is a perfect way to encourage them to be more willing to negotiate a more favourable price for you.

6. Relationships are key

Build relationships with as many of the selling agents in the area as possible.

When you're at the inspections, (preferably on the quiet day) tell the agent the details of exactly what you're after. It doesn't pay to be too secretive or simply talk down every property that you see. This will send the wrong signals to the selling agent, and they will interpret you are either a time waster, or you don't like the property. When an offer comes on the property, or if they come across another property to sell, they won't bother to contact you, and you will miss out.

You need to be proactive when searching for property. You cannot afford to simply wait until the perfect property hits the internet. Find out about properties that are coming to market, or properties not listed on the open market. For various reasons, some vendors don't want a huge signboard out the front of their place, or crowds of people treating their house like a zoo.



These vendors will tell agents how much they want for their property, and accept private inspections by appointment only. You need to find out about these properties - there are some real gems amongst them! Take care not to develop too close a relationship with the selling agent. There is a fine line here.

Most experienced selling agents will blend in some questions of their own, designed to get you emotionally engaged with a particular property. Have you ever arrived home from the shops or a market, with an item you bought, but realize it wasn't really what you were after, or it doesn't fit all of your needs? Everyone has been lured by a good salesperson at some stage of their life. Experienced Real Estate agents are generally very good sales people.

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The most important thing to remember is that the selling agent's main purpose is not to facilitate the transaction; it is to get the best result for their client, the vendor.

This cannot be stressed enough. The selling agent is legally obliged to use every legal tactic they can to facilitate this. It's simply their job. It's no point getting angry when this happens, just understand the process better.

Selling agents will use some of the following tactics due to this obligation;

- Underquote the real price the vendor wants.
- Create urgency and competition between buyers.
- Encourage buyers to attend auctions for properties they are led to believe that the buyer cannot afford to purchase.
- Use buyer's offers to leverage the price up against each other.
- Create a 'fear of loss', by advising there is another party very interested in the property



7. Don't listen to doomsayers

Be careful who you get advice from. The media create stories every day designed to shock you. There is always a story out there about catastrophes about to happen, bubbles bursting, some 'grave problem' with our local or an overseas economy.... etc.

Be careful about listening too closely to friends or relatives, who may genuinely wish you well. Unless they have a long successful record of making consistent profit from real estate, and are actively involved in the market on a regular basis, then politely change the subject if they start giving you their advice.

Remember, unfortunately 95% of the population fails to reach financial independence.

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Waiting for a market downturn, or 'the deal of a lifetime' are common mistakes that most people live to regret badly, when it comes to property. People often complain 'if only I had bought earlier, I would have been better off now'

"Don't wait to buy Real Estate, buy Real Estate.....and *then* wait" is a great adage that holds an important truth.

8. Now you're getting ready to buy

Once you have physically inspected an absolute minimum of 50 properties of the type you are interested in, within the area you are intending to buy, and have detailed information of all the sale prices and attributes, then you will start to become quite knowledgeable and be ready to know a good buy when you see one.



Agents bidding guides will become irrelevant to you, as you will be able to quote within a small margin, how much each property will sell for and why. You won't need to waste money on strata reports and building reports for properties that will not be within your budget. You won't need to have your solicitor look over contracts, or waste any more time and money attending auctions for properties you don't have a realistic chance to purchase.

You will understand how all the different attributes of a property will affect its value, and what you can expect to pay.

You will become a much more efficient property hunter, now that you have completed all the necessary preparation work. Those buyers who jump straight into buying, without this necessary preparation, is like jumping straight into a boxing ring with no real training, against a professional boxer (the selling agent). The chances of getting a great result are slim at best.

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9. Get independent advice

Your solicitor will be able to give you legal advice about the sale, and your accountant/financial planner can give you advice with regards to the finance.

When it comes to the actual property, most people are left on their own to fend for themselves. Unless you personally have vast experience in building, renovating, investing and buying property, it is wise to get advice as required rather than take the risk. I recently heard a selling agent tell a prospective buyer that it would cost \$85,000 to add a second storey to a freestanding house that she was selling. Those of you who have recently completed this on their own home will know how farfetched this quote is. I heard another agent explain to a buyer that as the annual rent is 5% of the asking price, the same as current interest rates, 'it should be comfortable to pay off'. The selling agent failed to go into detail about all the associated costs with purchasing and owning/maintaining the property, and how those costs would affect the buyer's personal circumstances.

Get independent advice from a licensed professional wherever required, to ensure you know what you're getting yourself into.

10. Keep high emotion out of the decision

With large purchases like property, rarely does high emotion help you make the best decision. Selling agents go to great lengths to bring emotion into the process, as they know that this will result in a better outcome for the vendor. This can be very difficult to avoid, even for the most astute and experienced business person. Buyers at auctions often make basic errors that end up costing them tens of thousands more than they should have paid.



This is where your detailed brief can keep you focused. Read over your list before you proceed on making an offer on a property. This will make sure you make the right purchase, and are not pressured into buying the wrong property, at the wrong price.

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Tip #2 – Have all your essential and desirable criteria on a checklist or spreadsheet, and physically bring it with you to every property inspection. You can then simply tick or cross each box off, and make notes on each property. After seeing 12-15 properties a day, you can easily get mixed up about each property, and fail to get the right information for each. It is easy to get distracted at inspections, and the checklist will help keep emotion out of your thought process, and assist you in making the best decisions.

This is especially critical for an investment property. This purchase should be purely about the numbers. We will strongly advise against any of our clients buying an investment that doesn't satisfy all of our 24 point investment property criteria.

Amateur investors will use criteria such as "it's close to home, so I can drive past and keep an eye on it", or "it looks a lovely place to live", or even get investment advice from the selling agent.



You would be surprised how many selling agents have never even owned a property! Let alone have a successful property portfolio.

Professional investors will simply say "next!", if the property doesn't tick all 24 boxes.

11. Time to negotiate

"You don't get what you deserve in life....only what you can negotiate"

Negotiating is a game. It is a game that experienced selling agents play very well. Property negotiations are obviously set at very high stakes, so if you haven't bought many properties recently, here is where an experienced negotiator can really add value to your situation.

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Some tips on ensuring you get the best result are;

- Try and find out the vendors motivation. Sometimes price isn't the most critical to the vendor's situation
- Be careful what you disclose of your own situation. For example, telling a selling agent you have just sold, and need to buy quickly, is obviously not going to help your position.
- Don't disclose your maximum budget
- Make sure the terms of the contract suit your circumstances
- Consider the negotiating style of the selling agent, and their motivation. It would help if you knew them and had dealt with them before, as each selling agent has their own style and best way to deal with.
- When it's the right property and you are satisfied with the results of the due diligence, you need to be quite aggressive and forward to ensure you secure it. Don't take anything for granted until contracts have exchanged, and the deal is done.
- Have a plan B, if this negotiation doesn't work then you can quickly move to the next property

Buyers often have countless offers rejected by the selling agents. Most buyers don't actually understand what a legally binding offer is, and what isn't.



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The following are not legally binding, and often do more harm than good in helping you secure a property;

- Verbal offers
- Handshake deals
- Email offers
- Handwritten offers, even if they are signed

Even if the selling agent accepts one of the above offers (verbally or in writing), there is absolutely nothing stopping them from accepting a better offer straight after. Remember, they are there to get the best result for the vendor.

Gazumping is when you make a higher offer for a property than someone whose offer has already been accepted by the seller, and thus succeed in acquiring the property. Gazumping is completely legal in most states of Australia, including NSW, QLD and Victoria.

The only way to prevent this frustration is to present your offer in a legally binding manner, and manage the process all the way through.



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12. Get a professional to assist

In reality, to gain the level of market knowledge necessary and acquire the critical skills to get an optimum outcome will take most people many months of their time, and some expensive hard lessons along the way. Even then, buyers will be competing against other buyers with professional representation, as well as full time selling agents.

In a rising market, the opportunity costs are substantial, and making a mistake can be very expensive.



Vendors use a selling agent to represent them, and get them the best possible result. Trying to get the best sale price on their own, (even if vendors had the required time) also requires a specialised skill they acknowledge they don't have. Paying the selling agent to get the best result, simply makes sense.

The most frequent comments from our most recent clients on why they decided to use our service were:

- **They were tired of missing out on properties** that seemed to sell as soon as they hit the market (sometimes for less than they would have paid!)
- **They were already very busy** with their work, family and other commitments, and didn't have the hours of time to carry out all the searches, inspections, and follow up required
- **They were frustrated with selling agents 'bidding guides'** and just wanted to know how much each property was REALLY worth
- **They had not bought any property recently**, and were unfamiliar with the whole process, and how to make it work in their favour.
- **They couldn't find what they were looking for**, within their budget.



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- **They were not sure how to negotiate**, and wanted a Real Estate Professional that bought property for a living, to help this part for them
- **They were tired of having their offers rejected**, and they didn't know how to present an offer that the owner would accept.
- **They found Auctions daunting**, and were not sure how to secure a property without paying too much
- **Selling agents were hard to deal with**, didn't get back to them, misguided them on prices and were only on the seller's side.
- **Looking for property was a lot more stressful** and time consuming than they thought.
- **They didn't want to make a poor purchase** that they would later regret.
- **They wanted to have a Property professional with inside knowledge, working on THEIR side, giving them personal advice they could trust**

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Success stories from some of our recent clients

"I would like to express my deepest gratitude and satisfaction with the way you helped me during my property search. You have successfully achieved the result I could not achieve in 2.5 years of the market search, and you did it in just 2.5 months!!!

Your calm confident manner, keen desire to understand your client's needs, honesty and patience are few of the great qualities I appreciated in dealing with you.

You never put any pressure on me and always made it clear that you will spend as much time as needed to get the best result possible. Being a single mother and a busy professional I found your service invaluable to me.

I can strongly recommend anyone who struggles on the property market, and time poor like myself to use your help. Thank you so much Frank, for finding us our new home."

Alla Waldman - Bellevue Hill

"Purchasing a home on my own was a daunting process. Frank was informative and honest. Frank always made himself available to view properties, answer any queries promptly, and helped me to make a wise purchase. I am so happy with our new home and know that without Frank I would have paid more than the final negotiated price"

Alex - Bellevue Hill

"From initial consult to now, we couldn't have asked for more from Frank. He was able to secure us the ideal property, the whole renovation was project managed in a very professional manner also. The project came in sooner than we anticipated, and right on budget. The advice on adding value was just what we needed. The property able to be rented

Michael – Kensington

"We were skeptical about appointing a Buyer's Agent to help us secure our family home, it seemed like a lot of money to spend. The scepticism was misplaced and the investment in fees was more than covered by savings on the purchase price and our time. Frank showed us many properties that were off market and when we finally found the one we loved, he secured it for us very quickly, without it going to auction and significantly cheaper than what we would have paid without him handling the negotiation"

Dr. Anna Freney and George Freney – Clovelly

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“It’s been a great pleasure to work with Frank. Within a short time he built a great connection with us and understood what we were after. He provided us valuable advice and appraisals for the many properties we looked at during the month. He was there with us inspecting the properties, bidding at auctions and pursued what we were interested to buy, leading to the successful result. A big thank you to Frank for negotiating and getting us the Aussie dream home.”

Ana and Arif – Botany

“After a recent separation from my wife, I decided to look for a place to buy in Bondi. Whilst still running a business & finalizing details with my wife, life was pretty hectic! I noticed many of the properties I liked were selling before Auction & I simply wasn't able to keep up! On one day I attended over 15 inspections! I spoke to numerous agents who often left messages as I was so busy, often they would send me information on properties well outside of my search criteria, often they wouldn't even take me seriously enough to return emails, sms's, phone calls etc. Then there's reading contracts, organizing building inspections, strata reports etc. I didn't even get to these.

Then one day I got a message from Frank. Naturally I was skeptical at first, How can he save me money? What's his incentive to do this? How can he find the right property better than I could do myself?

I recall we exchanged several emails & I had many more questions than above, Frank answered every one of them and I found myself beginning to nod my head, 'maybe he could help me', I thought. Then we decided to arrange a meeting where I again peppered him with many questions, and all his answers just made sense!

More exposure to off market properties, being taken seriously by agents, his building background, (absolutely invaluable so I could factor in costs of repairs, reno's etc.), negotiating techniques, his knowledge of the market trends, availability to attend any inspections, understanding of the whole buying process, his contacts with agents, solicitors, financiers etc., assistance with directing my focus on the ideal property, & more....

So Frank got the business and from day 1, Frank got on with the job, contacted 15 principal agents promptly so the effect was multiplied!

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I consistently received updates & every time we spoke, I found him to be very pleasant & continued to be impressed by his knowledge & approach. At this point there was very little for me to do except focus on the many other important things in my life, it sure gave me piece of mind having Frank in my corner & reduced the stress substantially! Frank managed to secure me a property that I'm really happy with, (showing it to me over a month before it was to hit the market) at a price much less than I expected! I am looking forward to moving in next week.

Frank, I couldn't have done it without you mate & I'm very grateful to have had you on my side, call it fate? In any case, you have my phone number & I'm more than happy for you to pass it on to any prospective clients if they want to speak to a very happy client."

Richard Sloane - Bondi Beach

"Search Find Invest secured a fantastic home for me. Their expert research and honest advice was invaluable. Frank negotiated a saving of \$60k on what we researched it was worth, and what I was prepared to pay! Everything was handled smoothly and professionally. I highly recommend their services to anyone looking to buy a home.

It was a wonderful experience working with Frank, he is very honest and gives sound advice when asked, very professional in a very well rounded approach and really takes the stress out of buying a home, particularly in the current strong market conditions. Thank you "Search Find Invest" for making me a happy home buyer."

Emma Fraser – Darlinghurst

"Living in NYC made it near impossible to co-ordinate a purchase in Sydney, until I got Frank on board. He was thorough when it came to answering my questions, jumped straight onto my job as soon as I signed the contract, gave me some viable options and found a diamond of a property within a week.

His effort with working with the real estate agent in a timely manner, and getting the right solicitor on board, enabled me to secure my new purchase with zero stress. If you are looking for someone with an incredible knowledge base in construction and financial matters of property, go to Frank. He knows property investing from the inside out."

Linda Emily Saffioti – Woolloomooloo