

Property News

Ideas to help you when you're buying, selling or renting

AUCTION REVEALS MARKET STRENGTH

54 Inspections, \$113,000 Above Suburb's Median



IN THIS ISSUE OF PROPERTY NEWS:

- Database Marketing A Vital Tool
- Auction Market Still Strong
- 10 Tips For New Investors

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LETTER FROM THE PRINCIPAL

Dear Readers,

"How long will this seller's market last?" That must surely be the question we are most asked.

The answer really is that no one knows. Certainly there are concerns that the Sydney market may well be over heated.

Prices and values there have risen dramatically in the past 12 months.

The bottom line here, though, is that we can only benefit.

Our market is strong and well founded and we are increasingly getting inquiries from both buyers priced out of the Sydney market and those who have sold at a profit and are looking to move.

Certainly, now really is still the time to sell and you really should be contacting us to ascertain your home's value.

Kind regards,

Paul Denny
Principal



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Does your agent have the contacts?

In this report, we examine several points you need to consider to see if your agent has an active database of potential buyers

Sometimes properties sell swiftly because they are exceptionally priced and other times they are snapped up because of their prime position.

But how are buyers found when a property has only been on the market for a few hours?

The secret to this phenomenon is database marketing. Agents have been using this method to achieve outstanding selling results for countless sellers in the area.

In this exclusive report, we discuss the valuable use of an extensive client database featuring potential buyers who are currently seeking property.

When a buyer contacts the agent or attends an open home inspection, they can be added to the database for future reference.

From the moment the listing is received for a property, a simple referral back to the buyer database can match the property to a suitable buyer.

An inspection is organised with a qualified buyer straight away and the buyer can make an offer even before the property is advertised.

This can prove a valuable source with the benefits of having active buyers and investors on your books - through understanding the requirements of valued clients, you can match and introduce prospective purchasers to available properties.

If you've been reading Property News, you'll have noticed a consistent set of stories each issue demonstrating regular sales success in your local area.

With the average homeowner purchasing once every seven years, a satisfied customer, in most cases will return to use the services of the agent that helped them successfully buy a property last time.

Why is an agent's ability to use a client database so important when you are looking to buy and sell property?

The benefits of holding a large database are two fold - the agent can instigate



inspections on behalf of the vendor in a very short time frame, often prior to advertising, helping to create competition and the purchaser benefits from the first bite of the cherry, allowing for early assessment of a property.

By using a database method potential buyers can be found quickly and inspections can be organised from day one - using a client database eliminates the need to implement costly advertising campaigns and allows agents to sell to the right buyer.

It is so important that you appoint a selling agent with an established network of clients. Having sold a property once, if they feel your property will meet the buyer's criteria, a sale can happen extremely quickly.

Successful agents always try to match properties to purchasers before taking them to look at properties on their books. If they don't have a long list of clients the sales process can be extremely slow.

Plus, it is good to have an agent negotiating on your behalf who has already had the experience of selling to the buyer in the past!

Gone In Four Days

In a market so hot that one in three homes nationally are selling above the listed price, more and more vendors are electing to go to auction.

Ray White Denny Partners Principal, Paul Denny, said that auctions are increasingly seen as the way to guarantee market price for a property.

But he warned that any vendors going down this route must carefully weigh up the choice of agent.

"An auction will only realise top dollar if the property is so well marketed that it attracts market interest and a lot of keen bidders to boost the price," he said.

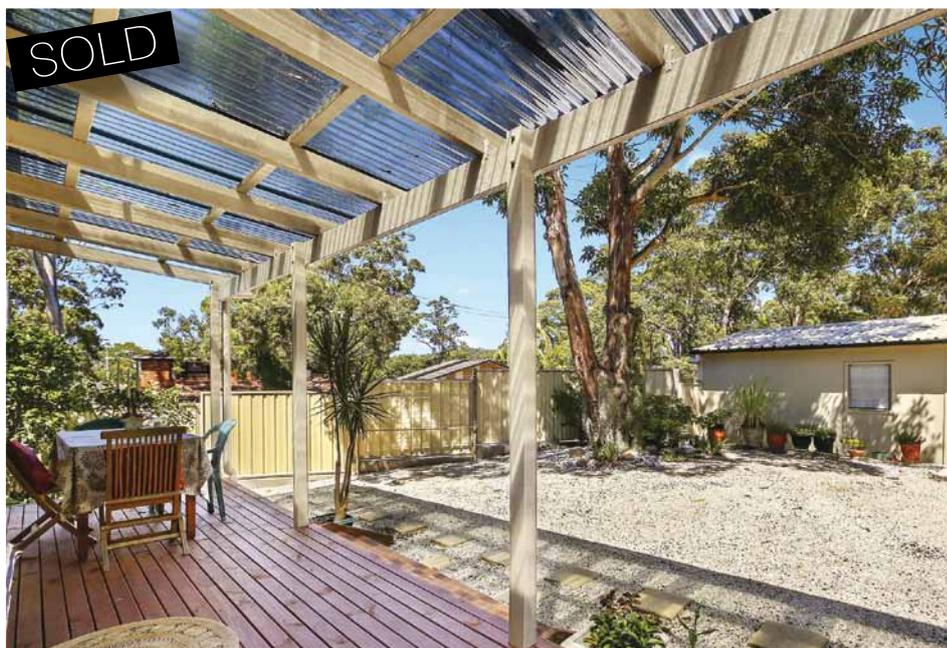
"That all comes down to the agent's commitment to effective marketing using every tool at his disposal from first class photography to database marketing, digital and print media.

"Effective selling is all about identifying your target market and then creating a marketing program to both reach and appeal to that market.

"If the marketing collateral - the photos, the words, the video walkthroughs etc - don't create multiple levels of desirability you will never attract auction participants," Paul said.

He cited the case of the cover house of this edition, 2 Kenmare Ave Berkeley Vale .

"Our agent Louise Hackman did a brilliant job of identifying the market and creating a campaign. The proof of its effectiveness was shown by the fact there were more than 54 inspections of the property.



"But she didn't rely purely on advertising. She worked our database of known buyers, cross referencing the home's attributes with the requirements of each buyer and then ensuring those to whom it would appeal received the marketing information

"By the time we got to auction day we were confident of a good result because every i had been dotted and t crossed to attract the market."

The three bedroom, two bathroom property ultimately sold for \$470,000, a whopping \$113,000 above the suburb's median price, a median established in a period of record sales and record high prices.

Paul said that much of the appeal of auctions, quite apart from price, stemmed from the speed.

A typical auction campaign takes just four weeks and in most cases the settlement process takes days because the serious bidders already have finance and such like in place and will already have completed their due diligence before the auction.

"There are many pluses to auctions in this market but, again, I urge vendors to check out their prospective agent thoroughly before committing.

"In our case, we are confident Ray White Denny Partners will withstand the most stringent scrutiny," Paul said.

Would you like your property sold by the best?



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How to make the right choices when launching your property portfolio

Buying your first investment property is one of the most important financial steps you'll ever take.

While it's an exciting time, it's also essential to give careful thought to this new venture to ensure you are making the right choice.

Here are some things to consider before the purchase that will launch your property portfolio.

DO YOUR HOMEWORK Don't rush in and buy without doing some research. Read up on property investment and make enquiries about market values and rental incomes in areas where you are considering buying.

POPULATION Choose an area where the population is stable or increasing. This should indicate a need for rental properties, making it easier for you to keep your property tenanted.

ECONOMY If a town's population largely depends on one or two major industries, tenants could leave and property values fall if those industries closed down. Therefore, it could be risky to buy there.

FACILITIES A property located close to shops, schools and transport is well worth considering. These facilities make it appealing to tenants and assist its capital growth prospects.

LOCATION It's an old but true story that there are great advantages to good locations. If you can tick the boxes in regard to neighbourhood, street and facilities, you're well on your way to a good investment.

AGE Decide whether you want something new or near new, or something that will need repairs but will cost less. Remember that an older property could require ongoing maintenance down the track.

KEEP IT AVERAGE An average property and neighbourhood make financial sense. A prestige property would bring in bigger rent but could be left vacant in a recession, and low-end properties could attract a lower class of tenant.

AFFORDABILITY FOR TENANTS Check the average household income for the area and aim for a property whose rent will be about 30 per cent of that average. At the most, it should not exceed 40 per cent.

COVER YOUR COSTS Try to ensure your rental income will cover mortgage repayments and other costs such as insurance, maintenance and rates. If not, negative gearing helps but you may prefer to look for a less expensive property.

RESALE PROSPECTS There could come a time when you want to put your investment property on the market. Think about why it appeals to you now as an investor, and ask yourself whether that appeal will apply to future purchasers.



10 TIPS for the New Investor

Let us take the worry out of renting your investment property

Ray White® Denny Partners

We are committed to protecting your investment and obtaining the best possible return. For an obligation free appraisal of your rental property call today and we'll look after you.

Call our friendly team of Property Managers on 02 4388 8888