

# RealEstateNews

INFORMATION TO HELP YOU WHEN BUYING OR SELLING | Edition 6 |

## RENOVATE TO SELL Adding value vs overcapitalising

PETER O'MALLEY

**When it comes time to sell, many face the difficult question to answer – what should we do before putting the home on the market?**

It is a challenge trying to work out what improvements will add value above and beyond the cost of the improvements.

Will the buyers respond favourably to the proposed improvements? What is it that buyers are looking for?

When it comes to preparing a property for the market, there is not one right answer on what works are appropriate. It is very much a case by case basis. However, it pays handsomely to be aware of some certain facts.

### INVESTMENT OR COST

Once the decision to sell has been made, all money that you spend on the property should be treated as an investment. We all invest to make a profit, so any money that you put in to the property needs to become a profitable investment. Simple.

A good rule of thumb is to look for \$1.50 in extra value on the property for every \$1 dollar you invest.

Where it derails is when sellers invest \$50,000 of works in to a property and the works end up adding \$50,000 to the final sale price. In this



instance, the \$50,000 investment returned 0%. When you consider the time, effort and energy in managing the works, the real return is more likely to be negative.

When it comes time to prepare a property for the market, many sellers simply raise the cost of the house by spending \$1 to get \$1 extra on the sale price.

To spend \$30,000 on a new kitchen that adds \$30,000 to the final selling price may not be worth the time, effort and risk.

It may make you feel better about selling your property for more, but did it really make the sale more profitable?

**Ask yourself, are the proposed works an investment in the property or a cost?**

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# Choose an Agent That Has Buyers Waiting

GARY PITTARD



## The best agents keep detailed records of buyers.

Most agents get dozens of enquiries from buyers each month. Some get hundreds. But most don't keep records of these people – names, enquiry details, email addresses and phone numbers.

Usually these agents do not feel the need because their home sellers pay for the advertising.

When agents keep records of genuine buyers, there is less need for advertising.

Insist on an agent who keeps detailed and accurate records of genuine buyers. One of these buyers may be perfect for your property.

## List Exclusively

The more agents you employ the greater your chances of getting a lower price.

Do not place your property for sale with several agents. You may think this will increase your chance of finding a buyer, but it decreases your chance of getting the highest price.

All of those agents will be in a hurry to sell your property before someone else sells it. The sale will be most important. The price will be forgotten.

Buyers shop around. They will use the agent who can obtain your property for the lowest price.

Test this yourself. When you see one property with several agents, call them all

and ask this question: "What is the lowest price I can get this for?" You will be told different prices.

The saying goes that a chain is only as strong as its weakest link.

It is hard enough when buyers shop around for properties, but do you also want them shopping around for the weakest agent too?

**This article is adapted from the seller booklet, *How To Get the HIGHEST PRICE for Your Property*. To have a complimentary copy home delivered, please contact the agent who sent you this newsletter.**



## LETTER FROM EDITOR

Wishing all our clients ,customers and friends a safe and happy festive season.

We will be open except for just the few public holidays .

For those of you thinking of waiting until January to sell your property, why not consider selling when there is less competition- in December. Less properties for sale means higher prices! Every year we sell properties to keen cashed up buyers who can't find an agent open and who want to settle prior to the completion of school holidays . Give us a call and we can help you get a jump start on the competition !

If you're going away for a week or two and would like us to keep an eye on your house let us know and we'll be happy to help –it's the least we can do to say thank you for your support and referrals throughout the year.

All the best and thanks again

**The Team at Tim Altass Real Estate**

## Selecting An Agent

PAUL KOUNNAS

**It goes without saying that it is very important to select a real estate agent who is not only competent, but also professional, reputable and ethical.**

Most people are aware of some of the bad industry practices from first hand experience. However, there are certainly agents who operate professionally and ethically.

In looking for an agent that will work in your best interest, word of mouth recommendations are always a good way to start. If you don't have a recommendation you may consider talking to other vendors who have just sold with the agent you're considering.

Knock on their door and ask them about their experience with their agent. Most people would be only too glad to give you their opinion.

Treat the appointment of the real estate agent like a job interview. They should be able to provide you with information of recent sales of houses similar to yours in your area and of other properties currently on the market (your competition).

If you are interviewing more than one agent, you may be tempted to choose the agent who quotes you the highest selling price for your home. Although

agents are obligated to substantiate their quoted price, they certainly are under no obligation to achieve the quoted price when selling it. Contrary to some peoples belief's, agents do not control the market.

Remember, if your selling price is too high, the right buyer for your home may buy something else and you'll miss out on selling for the highest price.

Agents' commissions are negotiable, so you can negotiate a fair commission. Most agents charge between 2% and 4% of the sale price. Although some agents will go a little lower and some as high as 5%. When negotiating commission be careful of what is and isn't included. Some agents have one 'all inclusive' fee, while others have a fee plus an amount for advertising and other costs which are payable whether you sell or not.

Be aware of catches. A low fee may not provide the incentive required for maximum effort to be put into the sale by the sales team. They are more likely to put the majority of their effort towards selling a property for a vendor who is paying them a higher commission.

Don't rush into signing up with an agent to sell your most valuable asset until you have done your checks and are totally comfortable that they are the right people for the job.

# Renovate to Sell

*continued from page 1*

## WHAT DO BUYERS WANT?

Another trick with renovating for the market is anticipating what buyers want.

Again, there is not one right answer. Beauty is in the eye of the beholder. What attracts one buyer will repel another.

Many sellers have made the mistake of renovating a kitchen or bathroom in the wrong place or style or standard. Buyers then feel as though they are paying for a feature that needs to be replaced. This in turn causes the buyer to decline the property altogether or make a lower offer to compensate for the replacement works.

This potentially makes the renovations a total write off.

A common example is when the bathroom at the back of the house is renovated. Buyer preference is for open plan at the rear of the property. If you renovate a bathroom at the rear of the property, the brand new bathroom can be a major turn-off to buyers.

In this instance, the buyers would have been more interested if the original unrenovated bathroom was in place and the sale price was lower by the same cost as the new bathroom. Then the buyer does not feel as though they are paying for a misplaced bathroom.

One of the keys when deciding upon works is to renovate towards what buyers want, not what you like.

It pays to speak with a few people for ideas on what works are prudent and necessary before going on the market.

Interior decorators, stylists and estate agents can all offer valuable insights on what will benefit the sale and what won't.

Just remember, increasing the sale price does not mean increasing the profit.

## WHEN TO SPEND

There are many times and situations where spending money on a property can create a profitable outcome for the sellers.

The main reason being that buyers tend to overestimate the true costs of works and renovations. A buyer is likely to subtract \$20,000 in their mind for works that could cost as little as \$5000.

At the very least, always put a property on the market in the neatest, cleanest and maintained condition that you can. It is common for investment properties to be sold in less than ideal condition. Buyers simply overestimate the cost of getting the property up to standard, potentially leaving the seller out of pocket.

For a reasonable amount, a good handyman can do wonders for your property prior to the sale campaign commencing.

Also be wary of blind works. If a buyer cannot see the issues a building inspector raises, they are likely to overestimate the true costs.

During the crucial negotiation stages, buyers are particularly nervous around roof issues, sub-floor issues and access, rising damp, termite risk and plumbing.

The building inspector is being paid by



**Many people make the mistake of renovating but not adding value.**

the purchaser for a report on these areas of the property. They are blind areas that a purchaser is unlikely to access, relying on the inspector's report instead. If the report comes back negatively, it can hamper the seller's negotiation position. It is usually better to address issues upfront than get walloped during negotiations on something that is simple to fix.

There is no great science in working out what works are worthwhile before going on the market. Take your time and let commonsense guide you with a good sprinkling of opinion from trusted advisers.

**For further assistance on what renovations and works would be worthwhile to your property prior to going on the market, contact Tim Altass Real Estate on 3395 5955.**

**WHY DO  
REAL ESTATE AGENTS  
NEED ADVERTISING  
MONEY TO FIND  
BUYERS?**

*It doesn't make sense...*

**Don't risk your money.**

**Get the agent  
to carry the risk.**

**FOR A  
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3395 5955**



# REAL ESTATE CAREER

## \$110,000 secure salary and bonuses

- Our sales people enjoy the best in support, ethical training and teamwork. One team now sharing three eastern suburbs locations, all the enquiry and 2 days off per week.
- This is the way real estate should be - NO auctions, NO bait pricing, high salaries and bonuses and enough time off to enjoy a life outside of work.
- Having earned "Approved" accreditation from the Jenman Group we're extremely busy.
- We're looking for mature minded people with no real estate selling experience, who own their own home and have a

proven history of stability.

- Qualifying period starts at \$77,000 and bonuses and 11 day fortnight roster.
- If you believe you can sell and would like an income over \$150,000 (this is the lowest income in our sales team) within 12 months - we'd like to hear from you.

Perhaps you too can join us for many years.

Please email your resume including a letter of introduction to: [mary@timaltass.com.au](mailto:mary@timaltass.com.au)

**Tim Altass Real Estate | Morningside, Bulimba & Carina | 07 3395 5955**

"Sold at full price in just one week with no open houses and no money spent on advertising.

We had numerous inspections from serious buyers and an offer we could not have been happier with almost immediately.

A big thankyou to the team at Tim Altass Real Estate for a stress free and efficient sale.

We would be very confident to recommend them to anyone thinking of buying or selling.

Thanks again"

**G & L Ankers**



## Are you looking to lease your investment property?



**The Property Management team at Tim Altass Real Estate currently have quality tenants waiting for the right property.**

To find out if any of these prospective tenants suit your investment property contact ☎ **3395 5002**

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Contact Tim Altass Real Estate to discuss what we can offer you in the management of your property.

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