

Bargains a click away

Hunters are collectors

THERE are huge bargains to be had in the property market. I've seen some apartments slashed by almost half — and at the top end of the market in some cities you can do even better.

The key to getting the best deals is knowing where and what to look for. But that's something that few people in the real estate industry are interested in telling you about — or promoting.

I've got a lot of mates who are real estate agents — some good, some bad and some lazier than teenagers.

Yet in the slow dance that is residential property negotiating, I'd back these blokes every time — reason being that they do it every day for a living and therefore have an edge over buyers, who mostly do it only a few times in their lives.

Plus, agents frequently lie. In most cases they know the questions a buyer is going to ask before they open their mouth, and they're experts at pushing the psychological triggers that get people to pay up more — which is exactly what they're employed to do (and exactly why their profession is one of the least respected).

There are times, however, when they lose control of the negotiation process — and that's when the best bargains are to be had.

Here's how it happens:

A real estate agent meets a seller who believes his home is special and should command a premium to what the market is paying.

Good agents would try to educate the seller to expect a realistic price; average agents sign them up and hope to find a buyer.

The property then has little interest and after a month or so of no action, the vendor (perhaps with some prodding by the agent) may decide to reduce the price to something more realistic.

But by this time the negotiating power has started to shift from the seller to the buyer.

Buyers wonder what's wrong with the house — why hasn't it sold?

After a few months on the market the house has become stale, cutting the price (to where it should have been in the first place) and makes the seller look even more desperate.

The problem is compounded when the seller makes another commitment and has to sell. That's where astute buyers can pick up a bargain — and it happens more often than you'd think.

All you have to do is track hundreds of properties from the time they list and keep a

THE BAREFOOT INVESTOR



By SCOTT PAPE

spreadsheet of the changes in quoted prices.

Or, if you can't be bothered doing that, head over to the handiest website I've found since parishilton.com — www.sqmresearch.com.au.

The site tracks properties Australia-wide that have been for sale for longer than 60 days and lists their price movements — all for \$40 a postcode search.

Knowledge is power when it comes to investing and the internet has levelled the playing field for smart property buyers.

With a click of a mouse you can find out the history of comparable sales in the area at www.rpdata.com.au. Google maps will show any amenities.

I'm writing this column from the Gold Coast where the property market has been hit hard.

Louis Christopher, from SQM Research, says more than 900 properties have been unsold for more than 60 days — the highest in the country.

One top-end mansion in Surfers Paradise, with a 22m pool, gymnasium, home theatre and four-car garage was listed for \$7.9 million in March 2008. Today (post-financial crisis and post-bankers getting big bonuses) it remains unsold and the price has been slashed to \$4.5 million. In true

Gold Coast style, the agent is marketing the property with the headline: *Contract collapses. Devastated vendor will consider all written offers.*

Another property — an inner-city Melbourne one-bedroom, one-car-space apartment — is marketed as "spectacular" — looking out over the river to Crown Casino and the bay.

According to SQM it was first listed in late March for \$798,950. The seller has slashed the price to \$415,000 — a 48 per cent discount.

I reckon a sneaky (but genuine) offer of \$395,000 may secure the property.

It's important to reiterate that no one sets out to sell a home for less than it's worth. Therefore some of the huge discounts on sqmresearch.com.au may really just be sellers who are being forced to price their properties rationally.

Smart investors know that you make money when you buy, not when you sell.

Interest rate rises in the next 12 months will throw up many opportunities for cashed-up bargain hunters who have done their research.

Tread your own path!

Online store swaps tactics

By MICHAEL BENNET

AT a time when most retailers are going online, one of Australia's biggest internet department stores is doing the opposite — and Perth is on the agenda.

Brisbane-based Dstore plans to open as many as six stores around the country in the next 12 months in a bid to beat its more traditional retail rivals to the growing number of lucrative website shoppers.

Chief executive Andrew Cooper said major retailers such as Myer and Kmart are about to launch a major push into the online retail market, which Dstore hoped to pre-empt by opening traditional stores to boost sales.

"We want to grab the multichannel shopper which all the research shows is the most valuable... we want to try to grab them before significant competition comes in," he said.

Mr Cooper said the "unusual" Australian online market was about to change in line with the UK and US.

"In America it would be absurd for a major retailer to not have a major online channel," he said.

"In the UK, when



REVERSE STRATEGY: Dstore's Andrew Cooper.

some of the main brands went online in about 2006 and 2007, the market grew 70 per cent in one year just on the back of traditional retailers launching online channels," he said.

Mr Cooper and a small group of shareholders bought Dstore in 2001 and the company has since averaged 20 to 25 per cent growth.

"We were a little concerned about what was going to happen, but I think the consensus from us and our peers is that recessions aren't necessarily bad for online businesses," Mr Cooper said.

"Already we're seeing this year that spending has come back."

Dstore plans to open its first store in Brisbane in March.

The stores will offer a smaller range from the 800,000 products available online.

Mr Cooper said Dstore had not settled on a site in Perth.

"We'll locate ourselves in those centres around shopping centres that don't have a compelling shopping mix, so think in terms of shopping centres that might only have a Myer but not a DJs," he said.

Mr Cooper said Dstore would look to raise cash to roll out the stores around the country if the first stores were successful. He did not rule out doing this through a public raising.

"Probably not at this stage, but the trouble is, in this market two years down the track is so far away," he said.

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