

Get ahead of the pack

Preparation is the key to securing a good deal on auction properties.

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Angus Raine, Raine & Horne CEO

IT'S the big question asked in real estate: how do you pick up a bargain at auction? There is no clear-cut answer but experts believe it is possible to trim thousands off the sale price of your dream home by following a handful of basic rules.

Property insiders agree savvy home hunters can save as much as 10 per cent off the eventual sale price by preparing diligently before the auction.

Listings are expected to increase this spring after a tight winter, but Michael Finger of Ray White Double Bay suggests they will not reach the highs of a traditional spring market, so there will be less properties for buyers to choose from than other years.

"[The number of listings are] just starting to lift in the eastern suburbs but buyers will still feel the shortages in stock through spring," Finger says.

"APEC has caused a little bit of a slowdown and talk of a federal election has people spooked. Hopefully, we will see stock numbers start to climb again after the election."

Raine & Horne chief executive Angus Raine warns that across Sydney, the market is still tipped in favour of sellers.

"It's absolutely a sellers' market, so buyers have to really arm themselves with information, do their homework and go into an auction quite hard," Raine says.

Gavin McPherson of Oasis Property Buyers says developing an understanding of how auctions work is the key for buyers.

"Let's face it, 2006 was the year of the bargain and the savings won't be as high for 2007 but I am confident that even in a tougher market like we are in now, you can still save money by being strategic, knowing how to negotiate and having all the information required before you get to auction day," he says.

DO YOUR RESEARCH

Property experts agree that arming yourself with as much information as possible before you buy will help you save money.

It may not necessarily bag you a bargain but it will ensure you pay a fair market price and are not ripped off at an auction which exceeds price expectations.

"Regardless of what the price guide is for a home, you should be looking at comparable sales in the area of no less than 50 to 100 other properties in surrounding suburbs," says buyer's agent Rich Harvey of propertybuyer.com.au.

"This information will tell you the level at



Home and hosed ... Libby Howell with Madeleine, Sally and Bridget at St Ives. Photo: Domino Postiglione

PIP THEM AT THE POST

Libby and Danny Howell missed out on three homes during their property search as rival home hunters snapped them up before auction. The disillusioned first-home buyers engaged buyer's agent Rich Harvey of propertybuyer.com.au and began their own pre-auction negotiations.

Two weeks later the young family, which includes Madeleine, nine, Sally, six, and four-week-old Bridget, had bought their first home, a big five-bedroom brick house in St Ives for \$1,215,000 - at least \$100,000 less than they believe they would have paid at auction.

"I am certain we would have been out-priced if we had tried to buy this home at auction," Libby Howell says. "There were four other people with

contracts out and at an auction you just don't know what will happen. It could have easily spiralled out of our budget."

The Howells made a low pre-auction bid of \$1 million, then raised their offer in small increments. When the listing agent announced a closed tender bid, they made their best and final offer of \$1,215,000. They won the pre-auction bidding war by just \$4000 and still fell within their budget.

"We had missed out on a much smaller home nearby, which only had three bedrooms and was an older style, but it went for much more than the big one we bought," Howell says. "That's why I am sure we got such a good deal."

which you should bid and ensure you don't pay too much."

CHECK WITH COUNCIL

It is important you find out if development applications have been lodged with the local council that could affect the home you are interested in buying.

Buyer's agent Peter Kelaher of PK Property says valuable information about approved DAs affecting your desired home could put you in a better bargaining position.

"If you discover there will soon be five townhouses on your back fence you can use this information as a negotiating tool to bring the price or reserve down or even secure a good price [before auction]," he says.

"It also helps you discover what the true reserve should be."

PICK YOUR DATE CAREFULLY

Many property insiders will tell you busy periods such as school holidays, federal or state election weekends, Easter, Christmas and even this APEC weekend are a good time to buy

because some would-be buyers are away and competition is reduced.

But Sydney Property Finders director Dennis Kalofonos says the lead-up to Christmas and the end of the financial year are also good times as vendors rush to secure sales before these periods.

Referring to the six- to eight-week period before Christmas, Kalofonos says a purchaser could make a pre-auction offer which includes a short settlement and this could be an attractive package to the vendor.

"They may be willing to accept up to 10 per cent off the sale price in order to get the sale wrapped up before Christmas."

Kalofonos says the lead-up to the end of financial year a few months ago was a particularly strategic time to buy as people offloaded their properties to pour up to \$1 million into superannuation, tax-free. New rules applied from July 1. "You can imagine vendors' desperation to settle before the end of June. We saw several sales where buyers got bargains of more than 10 per cent off the sale price."

However, Sydney auctioneer David Scholes disagrees quiet weekends reduce competition and