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Essential Strategies, Insider Tips and Costly Pitfalls Overseas Buyers Need to Know About . . .

Before Buying Property in Australia



Mike Bentley

Essential Buyer Strategies, Mistakes And Tips

Many expatriates, Australians living overseas, and future migrants would like to purchase in Australia or “back home” whether for investment, future own use, a safe haven, or for protection of capital in a safe and secure, proven asset class...**Australian real estate.**

However, the rapidly changing and evolving property market, plus changes to laws, mortgages, taxes and costs have meant many are out of touch with procedures, prices and the market.

The Australian property market is a minefield for those not up to date, and many are risking making expensive mistakes when buying.

Knowledge is the key to success when it come to buying a property in Australia!

It is mostly a sellers’ market, due to undersupply, rising population, vendors not selling due to high selling and buying costs, and a tax system that doesn’t encourage selling.

In my role as a Buyer’s Agent specialising in overseas based clients, I have seen many common buying errors over and over again that can be very costly.

Understanding these mistakes, strategies and buyer tips in advance can greatly help you when buying.

Whether you choose to go it alone, place your trust in a real estate agent, or select to work with your own Buyers Agent, being aware of these tips and costly mistakes can only be of huge benefit,

Mike Bentley



Here Are 14 Of The Most Common Mistakes And Buyer Tips You Need To Consider When Buying in Australia.

1. Looking for property not knowing whether you can get a mortgage loan
2. Not putting a professional team together
3. Trying to buy your dream property
4. Not considering the implications of the currency and tax
5. Who can you trust?
6. Use the Ripple Effect for maximising gains
7. Getting friends and relatives to help
8. Buying Off Market, or Poorly Presented properties
9. Not presenting your offer correctly
10. Not getting legal advice early enough
11. Not getting the building, pest or strata inspections done
12. Not walking away from a bad bank valuation
13. Being an Auction Stooge
14. Overlooking Essential Home Insurance Timing

1. Common Pitfall: Looking For Property Not Knowing Whether You Can Get a Mortgage

This is a common buyer mistake. A couple have a discussion and say to each other “*We really should buy back home, let’s look online and see what’s available*”.

Wrong - wrong - wrong in so many ways!

But if you are reading this and are saying that **you** WOULD never DO this, you will be amazed how many actually do this! And sometimes this goes on for months.

“We have great incomes, no other borrowings, and a hefty 20% deposit saved, the bank will lend us 80% for sure.”

This is another one I hear often.

And “*we went online and used one of those online calculators, we can qualify for a loan.*”

While this initial spark of interest is perfectly fine, the subsequent steps taken in the days, weeks, and sometimes months that follow **can lead to serious pitfalls.**

So STEP ONE in the property buying process is to talk to an expert, or experts, about the market, the future, the homes available, the potential, the rent return, (if you are going to rent it) the supply/demand, the market conditions, buyer activity and seller activity, amount of discount happening, how quickly properties are selling, locations, availability of properties, price guides, general mortgage and tax requirements and so on.

The list is practically endless, but this really **should be your FIRST STEP** to determine whether you are still interested in pursuing a purchase.

Then the all-important **SECOND step is to get a loan pre-approval.**

For this, it is essential in my view to use a Mortgage Broker **who is familiar with overseas buyer's** requirements. The loans available are VERY different than the local Aussies get. Not better, not worse.

Just different.

To address these issues it is crucial to follow a structured approach.

Don't Rely on Online Calculators:

While it's logical to explore online tools to estimate repayments, home costs, and borrowing potential, these calculators can be significantly misleading, sometimes by hundreds of thousands of dollars.

They are not tailored for complex financial situations or considerations for expatriates or anyone living OUTSIDE of Australia, with different tax scales, costs of living expenses and so on..

Obtain Loan Pre-Approval - Step Two:

Securing loan pre-approval is vital for a smooth property buying journey. To navigate this step effectively, consider using a Mortgage Broker with, as mentioned expertise in the unique requirements of overseas buyers. It is also pointless, in most cases, asking your local bank for a loan. Very few will be able to handle loans for Australian property. A pre approval is not a formal loan approval but it should be enough to enable you to start looking at properties.



Understanding Bank Valuations:

For property buyers, it's essential to comprehend how banks value properties. While the bank's valuation usually aligns with the purchase price, refinancing an existing property can present challenges, with a chance of valuation falling below expectations. Seeking pre-approval mitigates potential issues. More on this aspect in Tip #12.

Seeking a Loan Independently:

There is also little point to approach your local bank who knows you, where you have had an account for years, asking them for a loan. Unless you were going to borrow against your local property. Very few will be able to handle loans for Australian property. For those accustomed to purchasing properties and dealing direct with the bank in other countries, buying in **Australia demands a different approach**. Utilising a mortgage broker, equipped with a diverse lending panel, ensures a comprehensive review of potential **Australian specific loans** tailored to your needs.

In conclusion, while the allure of a dream property may be strong, taking a methodical approach, seeking expert advice, and then securing professional assistance in the form of a Mortgage Broker significantly enhances the likelihood of a successful and stress-free property acquisition.

2. Common Pitfall: Not Putting Your Professional Team Together

You should have **your own team** in place before you start looking.

Think of it this way. The sellers have a team in place.

They have their agent, the agents support staff, and a full time marketing team, they have a “stager” or interior designer, and builders repairing and presenting the home, they have professional photographers, video professionals, a marketing team, and their solicitor, all who have all worked hard to showcase the property before you get to see it.

Then there is you! Trying to do it all by yourself!

So it makes sense to **have your team** in place too. Before a professional soccer team goes onto the pitch, they have researched and studied the opposition, watched videos, worked out tactics, then take the field with the trainer, manager, and medical staff all on hand. Behind the scenes they have another “team” including the dietician, physio, massage therapists, kit people, and marketing team, accountants, solicitors and financiers.

Bottom line, **you NEED your own team** with and behind you to make it a more level playing field.

Your main team should comprise a trusted:

Mortgage Broker

Buyers Agent

Solicitor /Conveyancer

Accountant

Researcher

Your secondary follow up team should comprise a trusted:

Building inspector

Tradesman / handyman

Rental property manager (if renting your purchase out)

3. Common Pitfall: Trying to Buy Your Dream Property Straight Away

The dream and pursuit of finding a new home or investment property in Australia often unfolds as an exhilarating yet emotionally charged experience, with many hoping to get their dream home first time around. However, it's crucial to approach this aspiration with a level-headed perspective.

But life is dynamic, and **circumstances are subject to change**. Marriage, the arrival of children, or shifts in priorities, jobs or travel may necessitate a reevaluation of your living situation. The allure of a dream home may either lead to indecision or create a fixation on a particular property, blurring the line between desire and practicality.

In summary, while the quest for a dream home is natural, maintaining a pragmatic mindset ensures a more informed and strategic approach to property acquisition.

Consider your current and future needs, recognizing that your purchase now could pave the way for the acquisition of your forever home down the line. If the current property doesn't fit the bill, rest assured that alternatives abound, ensuring you find the right fit for your evolving lifestyle.

It's essential to recognize that the property you are considering **may not be your forever home**. Instead, view it as **a stepping stone** towards attaining your long-term housing goals. Keep in mind that if the current property doesn't align perfectly with your vision, there is always another opportunity just around the corner – maintaining a positive outlook is key.

My OWN story serves to illustrate this best perhaps.

This story illustrates the thin line between securing your dream property... or missing out on any property altogether.

We Had a Couple of Smaller Investment Apartments in Australia But We Lacked a “Family” Home.

This was shortly after the 1997 handover in Hong Kong, and we were living there with our two young children.

Our apartments were good (but smaller) rental properties unsuitable for our growing family's needs should we decide to **move back** to Australia.

With the uncertain post “handover” climate at that time in HK, we sought a **safe-haven**, a place to **call home**, and a potential **exit strategy** if the need arose.

We needed a larger family friendly home, and that's when **our own house-hunting journey began**.

At that time, I had already worked in the Australian real estate business for more than 10 years, I had great connections, and a lot of experience.

But here's the thing. I was an expert in apartments, not houses at that time. I had purchased a number myself in both cities, so I thought *“how hard can it be to buy a house?”*

I was soon to learn!



The house I eventually found, in Ivanhoe, Melbourne.

While on a business trip to Melbourne, I decided to extend my stay to find our family's dream home. My wife entrusted me with the task as she was back home in Hong Kong with the kids.

She stressed the importance of securing a house in a **safe and good area**, with nearby schools for the children.

And very wisely, she said *"Worse case - later on if we don't like it - we can always sell it and buy something else."*

And in the meantime, we have locked into the market at today's price, protected our capital, secured our financing, can rent it out while we remain in HK to cover the bank interest, and we have our OWN family home, on a nice block of freehold land!

How exciting!

Now, it's important to understand that I love real estate! **So I was REALLY looking forward to spending a week or so looking at houses!**

For most people it is not an enjoyable thing to do. Although I had valuable connections in Melbourne, I wasn't an expert in all its suburbs like I was in Sydney

So I sought recommendations from my friends and business associates, **aiming for good family suburbs, at a affordable price and not too far from the city, and near good schools.**

Our budget was around \$400,000 (remember, this was 1998!), but after a week of relentless searching, I realised there was a problem. My friends recommended areas simply didn't resonate with me, the houses I saw were either too old, too small, too expensive, too big, or headed for auction with uncertain prices.

It was clear that **I needed more time and worse, more budget!** The estate agents were not giving me accurate prices or even the correct information. They were also **"under-quoting"** prices to me to get me to attend auctions on properties I had no chance of buying with my budget.

But I was very close to NOT getting a home for my family. Today, the house is valued at over AU\$2 million, a far cry from the \$455,000 I paid back then, which at that time was 13% over my initial budget.

knew the agents worked for the sellers, but I didn't fully realise at that time just **what tactics and tricks they would use** to get me to pay a high price.

So I had to do all the research myself, run from agent to agent, suburb to suburb, house to house, some were sold when I got there. Some agents were not helpful at all. Many gave me false information, or at the very least, **not fully accurate information**.

The competition from other buyer's was strong. It was time consuming and stressful. In those days, there were only estate agents acting for the sellers. And even though I did know real estate, **I needed help**. A lot of it.

Ultimately, I extended my stay, exceeded my budget, increased my stress, but did find a great home.

I found a home **not yet on the market, but shortly to come on** and go to auction. I made an offer, beat out all the other buyers, and got it accepted on my last day before heading to the airport, and so it **never came onto the market** and never went to auction.

This is a strategy **I now often use** for my own clients in my buyers agency business.

But I was very close to NOT getting a home for my family. Today, the house is valued at over AU\$2 million, a far cry from the \$455,000 I paid back then, which at that time was 13% over my initial budget.

My Take Aways From This Experience Were:

- Buying an investment apartment is hard, but relatively straightforward, **but finding a place to live in for your family, for your children, for your future**, can be incredibly challenging.

- You'll need all the help you can get. If you make a mistake, it can be very expensive

Consider these crucial points:

- Even as a "real estate expert" I found it tough to buy a property **I wanted to live in.**
- You don't need your "dream" property; you can always make changes later or sell it.
- **Time and focus are essential**, and most people don't have the luxury of 10 uninterrupted days to search like I did. And even then I only got "lucky" on the last day!
- Make sure your finance is ready and **approved in advance** of looking or you have zero chance.
- Always remember the selling agent works for the vendor.
- Be prepared that you may have to exceed your budget to **secure the right property.**
- Seriously consider getting **expert help from a buyers agent.**



4. Common Pitfall: Not Considering The Implications Of The Currency And Tax

It is beyond the scope of this brief guide to discuss tax, and everyone's situation will be different. So please ensure as part of your Professional Team, you engage with an accountant, and discuss your particular situation before moving forward **especially if buying before moving to Australia.**

I cannot stress enough how important this is.

There are many tax advantages both for returning residents and new migrants if they make a purchase well ahead of their arrival in Australia.

I am not a qualified accountant and so am unable to advise on tax, however **I am happy to discuss with you** what you need to consider, watch out for, take account of, and ask your accountant about - having done this from overseas for myself and my clients for the past 30 plus years.

I also strongly suggest you **take notice of the currency.** Again, this is something I have done and benefitted from greatly for myself and clients for decades. Buying or selling, if you need to move in or out of Aussie dollars, **it matters!**

Without having to know a lot about currency is, what I suggest if you get a long term view of the currency you are paid in or have your savings in, and play tot against the Aussie dollar to see whether it is a good time, or bad time to transfer, change money or take a mortgage in AUD now.

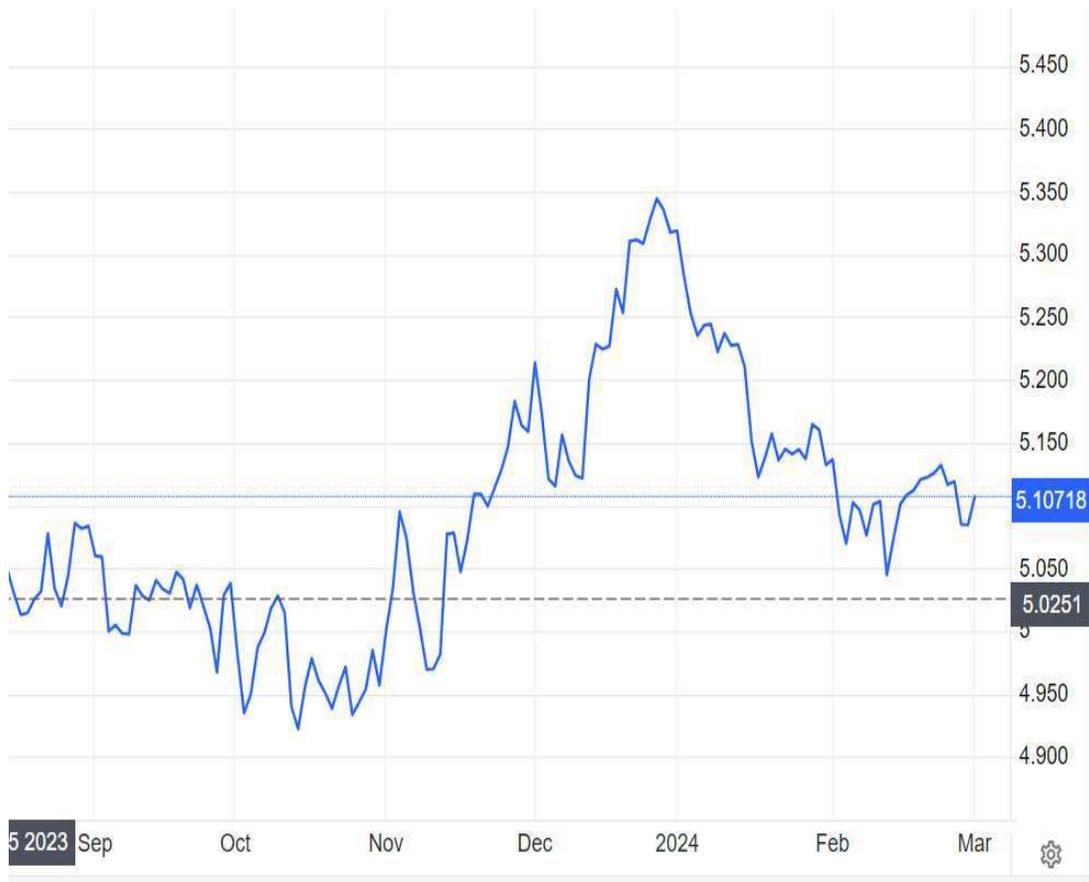
Here is an example: **Have a look at the first chart below.**

It is a 6 months AUD v HKD chart from September 2023 to March 2024..

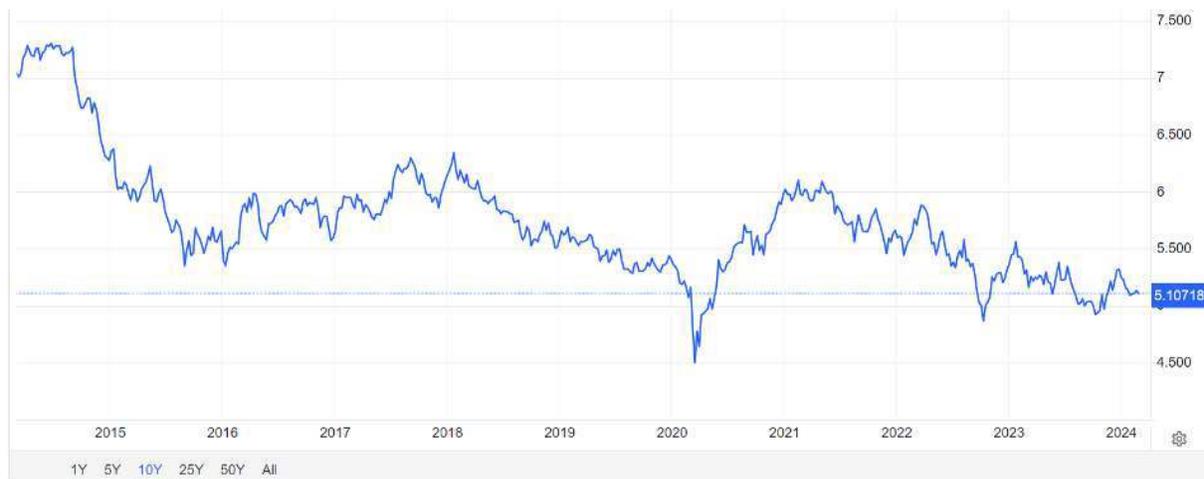
If we look at the AUD V HKD on 2 March 2024, it **may appear** the AUD is not particularly low.

So it may **seem not a really great time** to convert your USD or HKD into AUD.

But then **look at the second chart**, which is the 10 years chart:



6 months



10 Years

Here is my point. If you look over the past 10 years (the second chart), rather than the past 6 months, (the first chart) **we see a rather different picture**. From the longer term perspective, **it's not a bad time to convert into AUD**. In fact it looks like a very good time! HKD\$510 buy \$100 Aussie compared to most of the time over the past decade when it would have costs you \$550 Honkie or more for \$100 Aussie.

But you **don't need to be a currency expert**, and just by having a chart like this handy, it can help you decide **when to convert** your money.

Remember, when you convert your money whether buying OR selling, can make a HUGE difference to your overall return.

I have had clients with very little growth in the property they bought walk away with 20% gains due to the currency.

Just be aware it is **not generally easy** to find the longer term charts, as currency dealers work in hours not years!

I keep one on my office wall. Updated it every year. And have done so for more than 20 years.

I can't describe how much this has helped.

The one I recommend is Trading Economies. (<https://tradingeconomics.com/audusd:cur>)

5. Common Pitfall: Who Can You Trust?

In the journey of assembling your trusted team, as highlighted in Pitfall #2, it's crucial to recognise that the selling Real Estate Agent is **not your ally!**

While real estate agents are generally affable individuals, it's imperative to understand that their allegiance lies with the property seller, not the buyer. Legally obligated to work in the best interest of their client – **the seller**, real estate agents are not obliged to share all information with potential buyers.

Though real estate agents can be valuable sources of information, it is vital to approach each action with caution. Despite their amicable demeanour, remember that **their primary objective is to sell**, aligning with the seller's best interests, not yours. This is not to question their ethics, but to underscore the fact that their ultimate goal is facilitating a sale.

Here are key reasons why real estate agents may not be your friend and why having your own buyer's agent is paramount:

1. Emotional Negotiation Tactics:

Agents possess the skill to read emotions and negotiate meticulously.

If they sense your emotional attachment to a property, rest assured they will leverage this during negotiations to secure the best deal for their client, the seller.

2. They Work for the Vendor:

Real estate agents, despite their amiable presentation, **work for and are compensated by** the vendor. Their primary objective is to ensure a swift sale at the highest possible price.

Buyers need to grasp that **the negotiation process begins the moment they engage** with a real estate agent.



3. Guarding Your Information:

Buyers must approach **interactions with agents** as strategic encounters. The less personal information disclosed, the better. In an industry known for its competitiveness, agents aim to **create a perception of a beneficial deal**. Buyers should keep personal details to a minimum and focus on extracting property-related information during conversations.

4. Interrogative Approach:

When engaging with agents, adopt an investigative stance. Pose a series of questions to delve into the property's details, both positive and negative. Treat the interaction as an opportunity to gather essential information about the property, keeping your personal cards close to your chest.

In conclusion, buyers should recognise the inherent dynamics of the real estate industry and take proactive steps to safeguard their interests.

Employing a experienced buyer's agent, dedicated solely to representing the buyer's concerns, is a prudent move to ensure a well-informed and advantageous property purchase.



6. TIP: Use the Ripple Effect to Buy Well!

When I first started in real estate, my very experienced boss told me: *"The Ripple Effect is crucial to understanding the market in Australia."*

He explained it to me. And for the next 30 plus years I saw this play out **year after year, time after time**, suburb after suburb.

The effect is named after the ripples in water when you throw a stone into to a pond. The ripple caused by the splash gradually move outwards from the centre. **So it is with real estate, at least in Australia it is.**

Many of my clients I explained it to made so much money from knowing about this, especially in the early days when no one knew much about this.

What is THE RIPPLE EFFECT?

The Ripple Effect is a phenomenon in the real estate market where, as property prices rise in one suburb, prospective buyers start exploring more affordable areas nearby. This creates a ripple of market impact, causing **prices to increase** in adjacent suburbs.

Why Is It Important?

For both investors and homebuyers, understanding the Ripple Effect adds a strategic dimension to predicting potential market growth. Analysing property prices in nearby areas provides a reliable basis for **making well-informed decisions**.

For those unfamiliar, let me briefly explain. This concept is crucial for potential property buyers. In simple terms, the Ripple Effect is the percentage price difference per kilometre between a property market and its neighbouring areas.

I've observed this phenomenon for over 30 years, and initially, it was measured as a simple response to rising prices in one suburb, prompting buyers to seek more affordable options nearby.

How Does It Work?

Consider this example: If the average house price in your preferred suburb is \$700,000, but the adjacent suburb offers houses at \$600,000, and your budget is \$650,000, you might opt for the more affordable district.

With an average distance of 2.5 km, this could result in a potential \$40,000 per kilometre Ripple Effect.

As more buyers follow this trend and your target suburb maintains a lower price, a \$100,000 balance could lead to an eventual market adjustment.

The use of a weighted average in combining neighbour prices ensures that the closer a neighbouring market is, the more influence its price will have on the overall calculation.

This makes the Ripple Effect a nuanced yet **reliable tool** for understanding and predicting market dynamics.

Analysing a property market from every angle and seeing positive signs from all of them will give the investor more confidence about the nature of the market.

Gone are the days of relying solely on instinct – data and analysis now guide us. **It's like having a crystal ball for property investment.**

It's great for investors as we can now reliably see **if the area to buy is likely to benefit greatly** (or not) from any Ripple Effect.

In the old days it was mostly instinct: "Mosman has gone up, Neutral Bay will be next. Neutral Bay has gone up, Crow's Nest will be next."

In the hands of today's investors, it serves as **a reliable indicator** to gauge if an area is poised for significant benefits or not.

These days, **data and analysis does all this for us!**

Top researchers and buyers agents have access to this data. Many have their own programmes, others spend thousands each each year to keep on top of the data and subscribe to the latest leading and cutting edge research.



7. Common Pitfall: Getting friends and relatives to help

If you can't trust a **real estate** agent to guide you on which property you should buy and how much you should pay, then whose advice should you follow? Your friends and relatives?

Let's be honest... most people looking to buy property in Australia **know that it's not easy**, but many feel that with their own prior real estate or business experience, access to online resources, and friends or relatives living in cities like Sydney or Melbourne, they have **a lot of help** to secure their property.

Their process often sounds like this:

*"I've bought or sold property before. I have a background in business or investments. There are plenty of **online resources** available. Plus, my friends or family members living there can 'inspect and assist if necessary."*

But let's address what **"inspect and assist"** really means in the minds of most people:

"I'll do some online browsing, skim through listings, send enquiries to agents, and ask my local connections to inspect anything that looks good."

The reality is, this approach is **fundamentally flawed** on multiple levels. There are more buyers than sellers. That's a problem. You have a lot of competition.

But let's start with the issue of **relying solely** on online listings.

If it is for **your own future use** (as opposed to an investment property) finding a property that meets all your criteria, is in the location you want, near the schools you require, is structurally sound, and is priced fairly, is not a walk in the park.

Relying on friends and family, no matter how well-intentioned they are, often leads to a less than desirable outcome, and the chances are you'll **still be searching a year** from now.

I've seen that time and time again!

And if it is an **investment property**, do you have the time and knowledge to **research the main drivers** of an investment property which is Supply Vs Demand (SvD)?

Some of the worst suburbs to invest in have low "SvD scores". These are locations of adverse economic conditions or developer oversupply. These markets should be avoided if you're looking for **strong capital growth** in the next couple of years.

Other things to consider include: Market Cycle Timing, The Ripple Effect, Apartment to House Variation Comparison (very important), Days on Market, Average Vendor Discount, Auction Clearance Rate, Percentage Stock on Market and Online Search Interest **amongst other key statistics**. **You need access to significant research to find this date out.**

And **most importantly**, the estate agents **represent only the seller**. And their aim is to **get the highest possible price** from you.

In fact, **I found myself in a similar situation** a number of years ago when we decided to buy a home in Australia while living in Hong Kong. Eventually I went down as explained earlier, and secured a place, but **I started my search online**, thinking it would save me a trip, especially with my best friend and his family residing in Melbourne, living close to the area we were interested in. **I found something online!**

My best friend knew the location well, and it seemed like an ideal setup. Long story short, **they visited the property for me**, painted a rosy picture of it, and we were thrilled. It seemed to tick all our boxes.

I rang the agent to make an offer, and found out **the property had already sold**. We were crushed.

But the story doesn't end there. The mistakes I made, even with more than 10 years real estate experience at that time behind me, are crucial to understanding why **expert assistance has become essential** when buying in Australia.

My First Mistake: Seeking advice and opinions from friends, as much as I trusted them. Their personal preferences didn't necessarily align with our specific needs. Their love for the house and location didn't guarantee that it was the right fit for us. As we learnt later.

Another Mistake I Made: I was dealing directly with estate **agents representing sellers**, and found it hard, as a buyer, to get accurate information on pricing, the seller's motivation, the amount of interest from other buyers and so on. I thought that my 10 years real estate experience would help me. I was **wrong**. It would have been very easy to **overpay**.

Now, back when I did this agents ONLY represented sellers. The revolution in Aussie real estate in **recent years** has been that buyers can now engage their own Buyers Agent to represent them **against the seller's agent**. **This has helped to** level the playing field.

It's a strange thing about real estate. Perhaps because people love it to so much, they WANT to be an expert in it.

Perhaps it is like sports. Go to any pub, in any country around the world where men gather and if the conversation turns to their favourite sport (which it inevitably will!) then every person has an expert "view" and opinion, on team selection, who the best players are, who will win the league and so on. And why the manager is great or terrible, and why this or that player is useless or terrific.

No one agrees, and **everyone has an "informed" opinion!** And that is only because they follow the sport, perhaps for many years, read about it, watch it on TV and **feel they know a lot** about it.

In a discussion with a professional player or team manager, they soon realise how little they actually know!

Buying homes is the same. People have bought one home, and follow the market in the papers and online. They dispense their opinions and “wisdom” on anyone who asks.

I take a lot of taxis and Ubers when I am in Australia. When the drivers find out I am in real estate, they are quick to tell me their views!

One in twenty or thirty I would say **have an informed and knowledgeable view.** The other opinions I am at a loss to find out how they came up with these ideas!

Your family and friends mean well, but they are very likely not in a position to give you the knowledge you need to achieve the best result.

Their experience is just their experience.

And it is not what they do every day. It could be an experience many suburbs away, involving different types of property, different loans, different market conditions, different parties, and experience that's years out of date. **So you don't have to rely on friends or family.**

Who will **not want to** shoulder the responsibility of advising you on a **significant financial decision.**



8. TIP: Consider Buying OFF MARKET, Or Poorly Presented Properties

Beware of the Illusion: Why Staged Homes Might Mislead Buyers

The term "staging" in the real estate market often involves an entire industry dedicated to enhancing the visual appeal of homes for sale. From cleaners and stylists to photographers and warehouses stocked with tasteful furniture, vendors spare no expense to beautify their properties for inspections and photographs.

This elaborate staging not only conceals imperfections but also **creates an illusion of quality** and comfort, transforming seemingly ordinary homes into alluring spaces.

However, as a buyer, you must be cautious because the allure of these professionally styled homes may not translate into actual benefits for you. The stunning aesthetic enhancements you see during inspections or in photographs can be deceiving, potentially overshadowing underlying issues and defects. Moreover, replicating the same level of appeal in an empty space could come at a substantial cost, often exceeding \$50,000, without accounting for the undisclosed flaws masked by the styling.

When the beautifully adorned furniture is removed, **the stark reality sets in**. Cracks, stains, and poorly designed elements that were once hidden become glaringly obvious. To make informed decisions, focus your assessment solely on the intrinsic features of the home disregarding the distractions introduced by staging.

On the flip side, **not all homes are meticulously staged for sale**. Some properties, left unadorned, may offer excellent opportunities as they attract less buyer interest. By being willing to invest some effort, such as a fresh coat of paint and affordable cosmetic improvements, you might uncover a hidden gem at a more reasonable price.

Exercise Caution with "Bargains"

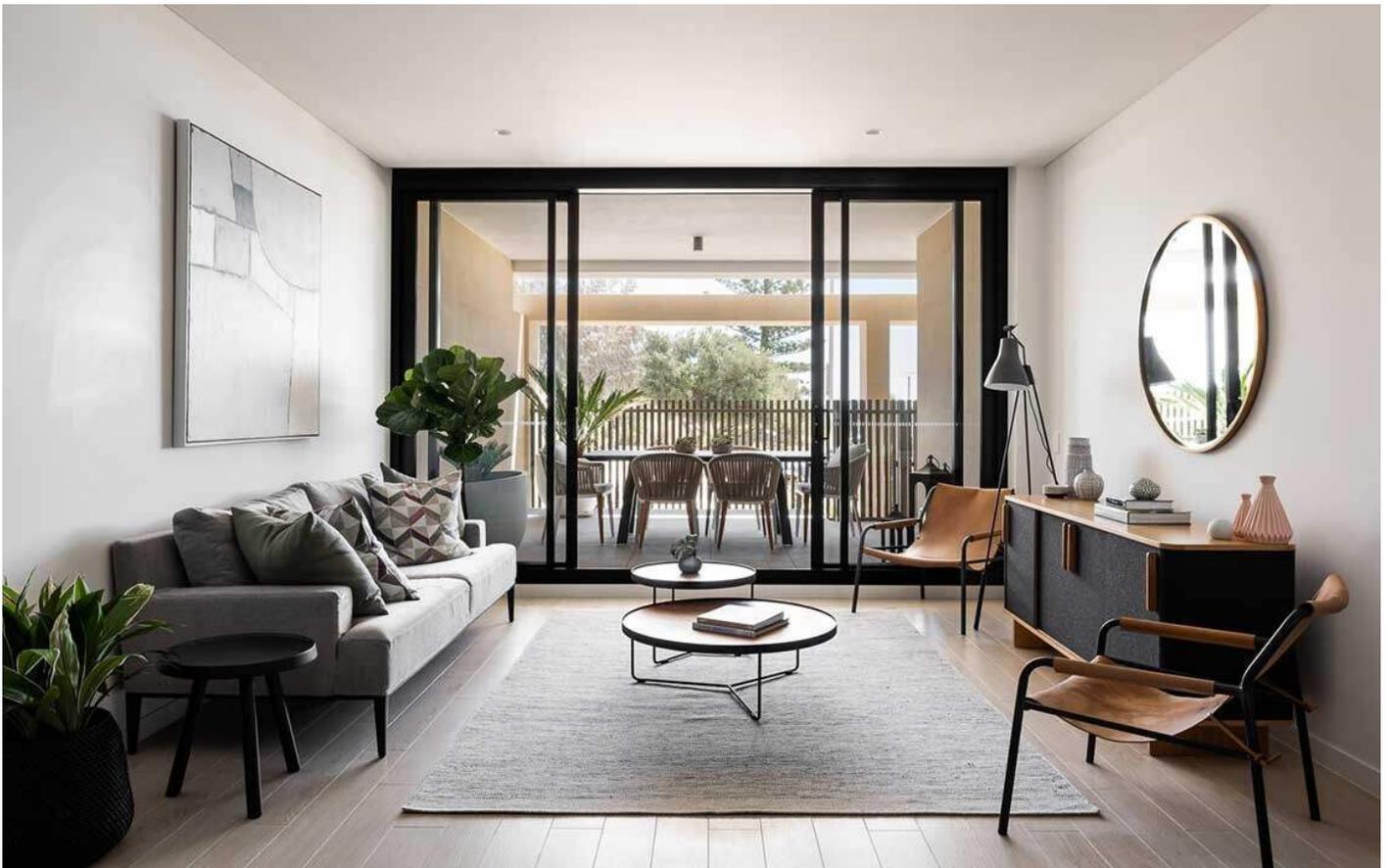
It's crucial to distinguish between acquiring a property **below its market value** and falling for the allure of a seemingly "cheap" property.

Just because a vendor has tagged the price lower than others on the market doesn't automatically make it a wise purchase.

Consider this analogy: when a used car is priced exceptionally low, instinctively, people suspect that something must be awry.

Strangely, when potential homebuyers encounter a property advertised as a bargain, dreams of a perfect deal often cloud their judgment.

Experienced real estate buyers understand that significantly discounted properties warrant meticulous scrutiny to unveil the reasons behind their **seemingly attractive prices**.



Two primary factors **require careful consideration**. Firstly, the property's location, acknowledged as the paramount element influencing real estate quality, should never be compromised.

A subpar location today is likely to persist as a hindrance in the future, leading to potential selling challenges and continued price depreciation.

Secondly, **structural issues** encompassing build quality, impractical floor plans, and concealed problems not immediately evident to an untrained eye are red flags.

While substantial structural defects can be rectified with ample funds and effort, the cumulative costs might negate any initial savings. It's worth noting that if rectifying these issues were a practical solution, **the vendor likely would have addressed them** before listing the property.

For every property hailed as a bargain, a meticulous evaluation is necessary to identify its shortcomings and assess the feasibility of addressing them.

When factoring in the additional expenses required to make a low-quality property habitable, the long-term losses may outweigh any initial perceived savings compared to a higher-quality purchase.

This calculation doesn't even consider the stress associated with property renovations or residing in an undesirable location.

Always bear in mind: **a property's inexpensiveness is indicative of a reason** – it's likely unwanted, and there's a high probability that you won't desire it either.

Many who buy a bargain ultimately find themselves selling one.

Prioritise value over price to make a wise and sustainable investment decision.

What about unrenovated and unliveable homes?

Many buyers looking for bargain try to find these properties, which can be renovated to add value. I don't suggest that for most people, and especially not if you are living off shore.

These types of purchases are normally best handled by professional renovators. **It is not a fast or easy way** for most of us to make money!

Renovation in Australia has never been easy. These days, with the rising cost of materials and labour, it is extremely difficult and not recommended.



Poorly presented homes, and **off market properties are a different story**. Poorly presented homes, where the owner may not have taken the time and effort to spruce the home up for sale, may be overlooked by many buyers.

These can represent excellent buying, if not bargains as such, at least buying with good upside potential. Also look at homes that have been **on the market for a long time**.

This is another great way to get a good buy!

The owners priced it too high in the beginning, it was ignored by the market for months, and the property has now gone “stale” and the owner (and agent) is fed up!

In you can swoop, with your buyer’s agent behind you, your financing ready, a solicitor poised, make an offer and the property , **may be yours!**

Thirdly consider off market properties.

If you have the time and agent contacts, you can do this by **calling all the agents** in your desired locations, telling them your requirements and letting them know **you are ready to move**.

It is not usually as successful as when a trusted buyer's agent does it on your behalf. The agent then knows the buyer's agent wouldn't be wasting their time making calls unless (you) the buyer was 100% genuine. (When you do it yourself, it is harder to convince the agent of how genuine you are).

The agents are often very happy to the buyer's agent know of properties coming up, not yet on the market, never been advertised, and/or the seller wants to keep a low profile.

There can be significant difference in price between what they would get once on the open market, and what **they may take quietly** off market without any fuss.

Property experts in major cities unanimously report **a rising trend in off-market property sales**.

Recent insights from a prominent news outlet highlight the increasing popularity of off-market deals across the country, attributed to various factors.

In some regions, a softening in the general market, marked by lower demand and increased supply, prompts vendors to opt for a quick, quiet, and hassle-free off-market sale. Alternatively, in booming segments, especially the upper prestige category, off-market deals thrive due to disappointed buyers missing out on a property and being promptly notified when a similar home becomes available.

Regardless of how they surface, **off-market and pre-market deals both can prove to be a win-win** for both sellers and buyers. Premarket offers buyers a chance to view a potential purchase, contemplate their decision, and make an offer before the property is publicly listed. This arrangement provides a head start, typically a day or two before the official listing.

Distinct from pre-market deals are off-market arrangements, where sellers choose not to advertise their property for various reasons.

This discretion may stem from privacy concerns, financial struggles, or a desire to keep the sale private, especially in delicate situations like divorce or widowhood. Sellers may also seek to avoid the effort, hassle, expense, and delay of a traditional listing, including staging, photography, and online marketing.



For buyers, engaging in off-market transactions presents several advantages. It allows them to secure a property before others, often at a lower cost, and without the competition-induced complexities. The process unfolds with minimal fuss, bypassing the challenges of the conventional home-buying journey.

In contrast to the arduous search, physical inspections, and negotiations associated with traditional methods, off-market transactions offer a streamlined and less formal process. The relationship-based nature of negotiations, particularly when facilitated by buyer's agents, introduces a relaxed yet professional dynamic, allowing for more flexibility on price.

Buyer's agents possess a unique advantage in off-market acquisitions. Their established relationships with real estate agents and their constant engagement with those seeking to buy homes make them **valuable allies** for sellers looking to discreetly and swiftly sell their properties.

In conclusion, **leveraging a buyer's agent** provides a pathway to acquiring properties that never hit the market, expanding the range of options available to buyers and ensuring a seamless, efficient, and often cost-effective purchasing experience.

9. Common Pitfall: Not Presenting Your Offer Correctly

So, you've finally found that great property, and the real estate agent drops the bomb, of course, that two other buyers are "very interested" and making offers. Is this real or just a tactic to get you to pay more? There is no real way to tell.

Now, the agent sees you as a genuine buyer, and you're getting along well. You discuss the price, terms, and conditions of your potential offer. **Here's the catch** – if the agent decides it's not the right time to consider offers, some buyers end up talked out of making an offer at all. Worse, verbal offers may not even make it to the seller.

Feeling pressured with other offers on the table? Don't get too wrapped up in what the agent tells you. If unsure, ask the agent how they'll handle multiple offers and if any of the ones on the table are enough to seal the deal.

Now, **making an offer in writing is a game-changer**. It shows you're serious. The value and timing of your offer are crucial – too low, and you won't be taken seriously; too slow, and you might miss out; too high, and you've overpaid. **Yet, many buyers forget to put their offer on paper.**



If your offer is in writing, **and on a Contract of Sale**, the agent is usually legally obligated to present it to the seller. **This is vital** because if your offer gets rejected, the agent might need to adjust the advertised price, especially in places like Victoria. This holds underquoting agents accountable, hopefully creating a fairer playing field for buyers.



Before making an offer, have a counter-offer strategy in place. Putting your offer in writing not only demonstrates your seriousness but also ensures a level playing field and keeps the negotiation process transparent and fair.

10. Common Pitfall: Signing a Contract Before Obtaining Legal Advice.

Looking for a house to buy can be exhausting!

After weeks or months of searching for that perfect home with the ideal location, kitchen, yard, and bedrooms, you might feel a rush to sign the contract and move in.

However, this haste could lead to pitfalls, as getting the sale over with doesn't mean overlooking the importance of a well-structured contract.

Don't be deceived by agents suggesting you can sign now and make changes later. Once the contract is signed, it's a done deal. If you need to alter details like the purchaser's name, you'll likely have to start the entire process anew, risking property renegotiation, and the seller isn't obligated to agree to your requests. .

To avoid this common mistake, engage a trusted conveyancer or solicitor early in your home buying plans, **steering clear of the selling agent's** recommendations. An assessment of the contract is crucial, and an experienced solicitor can thoroughly review it with you, explaining all the vital points. While it may be tedious, understanding every detail is imperative since your signature on the dotted line involves a substantial financial investment. Your solicitor can add conditions to the contract to protect you from future hassles.

Whether it's including a positive building and pest inspection, ensuring the sale of a current property, or incorporating agreed-upon fixtures, your solicitor can customize the contract to meet your needs.

Meeting with your solicitor in person or over Zoom allows you to discuss your plans and situation, providing them with a clearer understanding for contract review.

Their expertise goes beyond document examination; they can advise on the suitability of terms, ensure necessary conditions are included, and minimize financial risks for you.

If there are suspicions of house extensions or renovations, your solicitor can request documentation to verify compliance with permissions and building standards.

Having a solicitor review the contract before signing acts as a key safety net, preventing you from falling victim to a contract that favours the seller.

11. Common Pitfall: Not Getting A Professional Building Inspection

The Australian property market is often a seller's market.

So many buyers, eager to gain a competitive edge or save costs, tend to skip crucial building and pest inspections. However, after identifying the property you want to purchase, a series of quality checks and due diligence **becomes essential to avoid unwelcome surprises**.

This may seem like a mundane process, but it holds paramount importance, especially when pursuing what appears to be your dream property. This stage is nearly the point of no return, and neglecting critical defects can have serious consequences.



Beyond the financial implications, your family's health and safety are also at stake. It's not just about the money; it's about securing a home that meets safety standards.

Additionally, understanding any planning restrictions or implications such as easements, covenants, overlays, and potential developments in neighbouring properties is crucial.

Overlooking these aspects may restrict your ability to make improvements to the property and could lead to ongoing fees, rates, and body corporate considerations.

Buyers may underestimate the value of a building and pest inspection, not realising that their decision could result in spending months of time and thousands of dollars later to fix problems that could have been identified and resolved at the seller's expense.

A comprehensive property inspection involves scrutinising building elements like foundations, floors, walls, and roofs for substantial deterioration. It assesses evidence of maintenance and defect cover-ups, checks for issues such as mould, dampness, drainage problems, water penetration, and fungal decay.

The inspection provides you with a detailed report on the findings, empowering you to make an informed decision. If needed, you can choose to terminate the contract with written notice, offering you a crucial exit option.

While you may arrange the inspection during the cooling-off period, if there is one, providing the consultant with prior notice ensures adequate time for the report to be prepared.

In essence, a building and pest inspection is not just a safeguard against potential problems but a strategic move to protect your investment, ensuring a smoother and safer home-buying process.

12. Common Pitfall: Not Walking From a Low Bank Valuation

As part of the home loan application process, the bank conducts a property valuation. However, it's important to note that it's not the bank itself conducting the valuation, but a certified and qualified valuer.

If the bank perceives the property's value to be lower than the purchase price, it may not lend you the full amount, presenting a challenge that requires careful navigation.

This situation can pose a significant challenge, and understanding why it happens is crucial. The bank's valuation focuses on what they can reasonably expect to receive to cover potential losses, emphasizing the property's marketability and how quickly it can sell, typically within 3-6 months.

Various methods are employed during the valuation process, including assessing the highest and best use of the land. This consideration involves evaluating the property's potential uses beyond residential, based on current zoning and local council planning rules. Comparability is also crucial, with valuers relying on actual sales of similar properties in terms of characteristics, quality, and location.

If faced with a low bank valuation, there are three common approaches to address the issue:

1. Challenge the bank valuation by providing additional recent sales data to support a higher value.
2. Arrange a second bank valuation through another lender, often facilitated by your broker.
3. Attempt to renegotiate the purchase price to align with the bank's valuation.

It's essential not to walk away immediately if you receive a low bank valuation. Instead, explore these options to challenge the valuation or negotiate a price adjustment with the seller.

While poor valuations are more common in new off-the-plan apartments, challenging them may be more difficult. In such cases, careful consideration **and a willingness to walk away** may be necessary to avoid greater potential future losses.

13. Tip: Don't be the Auction Stooge.

Auctions are Not For the Faint Hearted

If you're heading to auction to buy your dream home, make sure you've got a professional on your side.

That's all I should need to say here. But if you want to bid by yourself, here is what you need to know.

FIRST, be aware of the differences between buying a house under standard procedures as opposed to buying at auction.

When it comes to purchasing a property at auction in Australia, **it's vital to understand that it's a final decision.** There's no room for a finance clause or a get-out-of-jail-free card.

Once you emerge as the winning bidder, the house is yours. This means **you must have** your building and pest reports finalised and finance secured before stepping into the auction arena.

Issues often arise during the building and pest report phase, making it crucial not to underestimate the importance of this report—it can be a deal-breaker.



Unlike a standard buying process where you can halt the transaction if financial approval or building issues arise, an auction leaves you with no such option. If the reserve price is met, and you emerge as the winner, **you are legally bound to purchase the property.**

To navigate the auction process successfully, do your homework. Make sure you're fully aware of how auctions work, especially if you're considering making a serious bid.

Conduct thorough research on the property, and ensure you obtain building and pest reports well in advance. **Being well-prepared and informed** will enhance your confidence and increase your chances of a successful purchase at auction. **Consider getting a professional to bid for you.**

Agents are quite skilled at getting innocent stooges along to their auctions to build up the numbers, and **make the property look more in demand** than it may be.

They do this to unsuspecting buyers by quoting a price "*that they expect bidding to start at*" up to 15% less than the reserve.

The buyer shows up at the auction, either in person or online, thinking the million dollar home may sell for \$850,000 which is at the top end of their budget.

They are knocked out of the race in the first minute. And they repeat this week after week.

The auction stooge is there, without knowing it, to boost the number of “buyers” in the room for two reasons:

One to create more urgency for the real buyers, and **two, to show the vendor** how many buyer turned up, so they must accept the final auction price as the *“market has set the prices from so many interested buyers.”*

So don't be fooled by low price quotes, and spend hundreds on reports and legal advice on properties you have little chance of buying.

Don't be the auction stooge.

14. Common Pitfall: Overlooking Essential Home Insurance Timing

Out of the 14 common pitfalls and tips, the importance of **securing the correct insurance cannot be overstated.**

In fact, it might be one of the **most crucial aspects to consider.**

Tragic stories abound where new homeowners receive the keys one day, only to face unforeseen disasters like fire, flood, hailstorms, or lightning strikes the very next day.

Once you sign the contract it seems to be a grey area on who is responsible for anything that happens to the property until you take the keys, depending upon which State of Australia the property is located.

It seems prudent to take out insurance to be safe from the Contract signing day.

In the terrible and unforeseen case that something does happen to your property, the last thing you need at that point would be a fight with the insurance company over who is responsible, so make sure you are covered.

Understanding the home buying process is key. Once the agreed-upon price is settled among all parties involved, you enter the waiting period leading up to settlement, which can span up to 60 days or longer. After this period, you gain access to the keys and can move into your new property.



However, **many buyers overlook a critical detail** – the need for insurance from the moment the contract is signed.

This insurance serves as protection against any potential damage during the settlement period, emphasizing that the property becomes your responsibility the moment the contract is signed, even before you officially receive the keys.

It is strongly recommended to have insurance coverage in place before settlement occurs. Therefore, it's essential to research the specific rules in your state and consult with your solicitor or conveyancer for guidance on the best course of action.

Remember: Obtaining insurance from the moment you sign the contract is not just advisable; it is a necessity in my view.

Home insurance policies can vary based on your location within Australia, and it's crucial to understand the specific requirements in your state or territory.

Here's a breakdown based on individual States at the time of writing:

- In **Queensland**, responsibility for the property falls on the buyer from 5 pm on the next business day after contracts are signed and exchanged.

- In **Victoria and New South Wales**, the buyer assumes responsibility for any property damage from the settlement date.

- In **Western Australia**, buyers are responsible for property insurance either on the date they are entitled or given possession (e.g., through inheritance or divorce settlement) or on the date the full purchase price is paid during settlement; whichever comes first.

Regardless of your location in Australia, knowing when to initiate home insurance coverage is **a critical aspect that should not be overlooked**.

One more Mistake: Trying to do it all by yourself

Embarking on the journey to purchase a home or investment property in Australia is an exciting endeavour. However, navigating the complexities of the Australian real estate market can be a daunting task, especially for overseas buyers. One significant mistake to avoid is attempting to go through this process alone.

The intricacies involved in buying a property Down Under make it highly likely to miss crucial steps or fall prey to common pitfalls.

One more TIP: Unlocking Success: Why Overseas Buyers Should Consider Using a White Gloves Buyers Agent Service

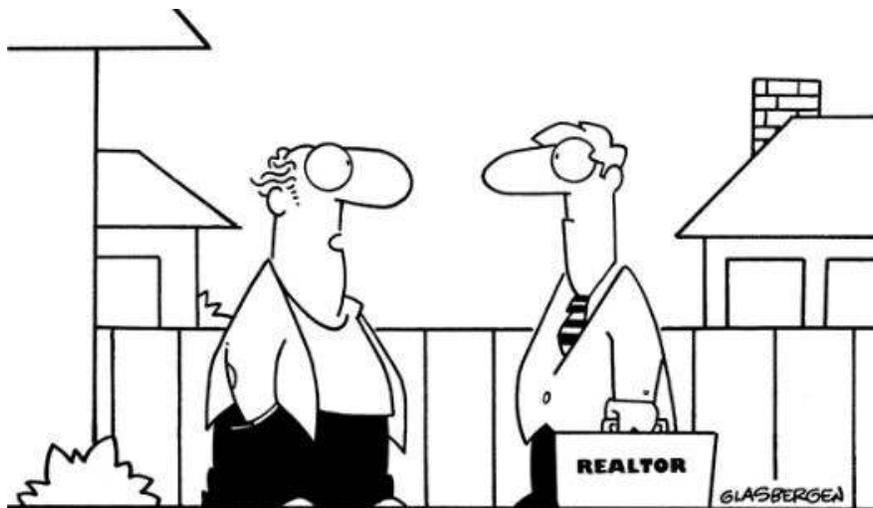
In any buying scenario, **the power of negotiation** becomes a paramount consideration.

A buyer's agent emerges as **a vital ally**, equipped with the knowledge of industry intricacies, negotiation strategies, and an understanding of property values, vendor expectations, and agent tactics.

Employing the services of a buyer's agent significantly enhances **your chances of success** while eliminating stress and uncertainty from the process. Their extensive skills and negotiation experience can be leveraged to secure the best deals on your behalf.

Many new buyers end up losing money or miss out on securing a great property due to inadequate understanding of the buying process and appropriate strategies. This challenge becomes even more pronounced when dealing with off-market, on-market, or pre-market purchases, where uncharted waters can lead to potential risks.

Venturing into the unknown **without professional guidance** exposes you to unnecessary risks and uncertainties. **It's essential to recognize the value of seeking help** to navigate through unfamiliar territory, ensuring a smooth and successful property acquisition.



“We’re asking for three million dollars, but if it doesn’t sell quickly, we’re willing to settle for forty thousand.”

In conclusion, the Australian home-buying experience should be a joyful and rewarding journey. With the support of a trusted buyer's agent, overseas buyers can unlock success, secure the best deals, and make well-informed decisions that contribute to a prosperous and happy Australian home-buying experience.

By choosing a reputable buyer's agent, you not only save time and reduce stress but also gain access to off-market deals and invaluable guidance throughout the buying process.

Consider this decision as a wise investment in securing your family's future.

Good luck and happy Australian home-buying!

"Many thanks for the huge advice and assistance you gave us throughout the whole process of locating and securing a home in Sydney. Your tireless and good natured coordination of the whole process and its many aspects have been and continue to be invaluable, including putting us in touch with the relevant experts in the necessary fields and the friendly tips you are always ready and willing to offer."

— *Charles Cooke, Hong Kong*

"A short note to thank you for all you have done to assist me with my property portfolio. I met and trusted you. I am a huge believer of strong personal relationships in everything I do. I have been a student of your knowledge. I truly appreciate your honesty and friendship."

— *Laurie Stapleton, Hong Kong*

"Michael is a very resourceful and experienced expert in Australia properties market. His rich and fruitful knowledge have enabled me to look at my potential Australia property investment from different angles and perceptions. His sharp analysis/research work are insightful and his responses to my queries are fast and frank. In brief, he is a very trustworthy/helpful advisor in dealing with Australian property investment. Very grateful. Thanks to him."

— *Cho, Singapore*

"I was very impressed with Michael's service ethic. The guy's very experienced. He knows the market inside out. He's really well connected but most importantly, you can trust the guy."

— *Morgan, Hong Kong*

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MEMBER:



ABOUT MIKE BENTLEY

Mike has an unrelenting and unwavering commitment to help families with their Australian home buying, to ensure they purchase in the right locations, at the right price, with the least amount of stress and anxiety, while ensuring they have the right tax structures and financing in place.

As an Australian born in Sydney but who has lived in Hong Kong and Singapore for many decades, and has specialised in Australian property for more than 30 years, he is uniquely qualified to represent - on the ground - in Melbourne and Sydney - overseas based home buyers and investors.



Let's chat!

<https://calendly.com/mike-8888/call-with-mike>





Contact me personally today to find out how I can help you find your new Australian home or investment property!

It is important you have someone you can trust guiding you throughout the home buying process.

Having the right team alongside you during your purchase can make what is typically a stressful experience much more exciting!

I really would love to see if I can assist you with your plans for Australia and am looking forward to working together!

Disclaimer: This publication is general information only and is intended to assist you in understanding the various considerations when considering to purchase a property in Australia from overseas. The information contained in this publication is for overseas residents only and does not take into account the particular investment objectives or financial situation of any reader. It does not constitute, and should not be relied on as, financial or investment advice or recommendations (expressed or implied) and it should not be used as an invitation to take up any investments or investment services. No investment decision or activity should be undertaken on the basis of this information without first seeking qualified and professional advice.