

How Much Do I Pay for a Property

CHEAT SHEET



Lisa
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Melbourne's #1 investment property buyer's agent

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If you have ever asked (or wondered) “How do I know how much to pay?” this guide is exactly what you need.

I am about to share with you the EXACT steps I take to determine how much I should pay for a property and how I work out what my clients should pay for their property.

I created this system more than 10 years ago when I first started buying investment properties for myself and then I started using it to help my clients when I first opened my Buyer’s Agency in 2004.

I have since trained other Buyer’s Agents in the following techniques as well as approximately 200 others in my property investing workshops.

Without following these steps, property buyers and investors suffer the following struggles

- 1) Lack of confidence in negotiations leading to the loss of great properties or overpaying for average properties
- 2) Unnecessary emotional fatigue and stress during the purchasing process
- 3) Not enjoying the process due to fears and feeling out of control, “I don’t know what I am doing” and other negative thoughts that hinder peak performance
- 4) A feeling like property investing/property buying is “hard” or “not fun”
- 5) Settling for any old property because working out how much to pay seems illusive and out of reach
- 6) Having the wool pulled over your eyes by experienced selling agents taking advantage of new buyers who do not yet have their confidence

I will help you avoid all of these common mistakes with the tips and step-by-step strategy outlined in this cheat sheet.

Follow each step, ticking them off as you go, and you will never overpay or be deceived by a selling agent ever!

Make sure you like my [Facebook](#) page so I can follow your progress. Let me know how you go, OK?

Warmly,

Lisa Parker – Buyer’s Agent

Here is my step-by-step system to determine how much to pay for a property

Once you know these steps and implement them, they will transform the way you buy property and deal with real estate agents, and will have you feeling empowered and in control when you negotiate or bid at Auction.

Step 1 — SUBURB MAPPING

Ever wondered why one property listed for sale is asking \$350,000 and another (which by all accounts doesn't seem quite as good as the first property) is asking \$80,000 - \$150,000 more – in the exact same suburb?

Suburb Mapping reveals exactly why and it's crucial that you know this information BEFORE placing an offer on a property.

A suburb map is basically an area overview of your selected suburb which details all of the “sub pockets” with the suburb. Each “pocket” will command its very own pricing structure which you need to know about well before you buy a property in your selected area.

Here is an Example of a suburb map I completed for a client. A photocopied page out of the street directory sectioned off with highlighter or thick text is equally as effective.



Each of these sub-sections highlighted on the map have their very own pricing structure. Where I would recommend buying in this suburb would depend on what strategy my client is going for.

The most important thing to note here is that I am very aware of the value of properties in each section which ensures that I do not over pay for a property that is located in one of the lesser valued pockets.

PROCESS

Meet with 3 (or more) local agents and have them explain the different pockets in your selected suburb and what prices you can expect to pay in each pocket.

You will also want to take a note of the attributes (positive and negative) that determine the pricing structure. The kinds of things that typically affect the pricing structure of each pocket are as follows;

- Land Size
- Proximity to a desirable amenity (beach, school, shops)
- Housing style
- Size of houses
- Views or unique quality not easily replicated in other sections of the suburb
- Being within a desirable School Zone

Some areas are very consistent in price no matter where you are buying within the suburb. Some areas are challenging, with it being difficult to know why one property is asking \$350,000 and a seemingly similar property asking \$450,000.

Suburb Mapping will ensure you understand the makeup of your desired suburb and ensure that you don't over pay for a property because you didn't know that it was located in a lower valued section.

Step 2 — Comparable Properties and Properties on the market

When a valuer values your property after the sale, he or she compares it to everything that is similar and has sold within the last 3 months in your suburb.

This is also a perfect way for you to know how much the property is worth, but you need to do the ground work **before** you buy.

Here are 2 ways to analyse comparable sales,

- 1) Purchase property data
- 2) Track the market

I encourage you to do both.



Compare apples with apples

1) PURCHASE DATA

As a licensed buyer's agent, I get access to a large range of data that I require to evaluate comparable property sales for my client.

As a consumer there are a number of places you can purchase information about recent sales. The price ranges are also anywhere from \$49 for one report up to \$2,500 for a yearly subscription. If you are a serious property investor, this data is invaluable and I highly recommend buying a subscription.

There are some short-comings in a lot of the cheaper reports. Firstly, many of the reports only contain addresses and very basic descriptions of the property. It is imperative that you dig deeper and obtain the rest of the information you will require about the property so that you can compare it to the property you want to buy.

A simple Google search may reveal the old property listing where you can find a lot of the information you will require as well as photos.

Here are some of the data providers available

- [RPdata](#)
- [Residex](#)
- [Australian Property Monitors \(APM\)](#)
- [Price Finder](#)

Here is an example of what information you can gain access to

<input checked="" type="checkbox"/>				3/293 Nepean Hwy SEAFORD 3198 VIC	\$210,000	23/12/2013	Private Sale	1	1	1	5
<input checked="" type="checkbox"/>				3/3 Seaford Rd SEAFORD 3198 VIC		23/12/2013	Private Sale	3	2	2	10
<input checked="" type="checkbox"/>				8/107 Nepean Hwy SEAFORD 3198 VIC		22/12/2013	Private Sale	3	2	2	12
<input checked="" type="checkbox"/>				25/1 Young St SEAFORD 3198 VIC	\$306,000	21/12/2013	Auction Sale	3	1	2	5
<input checked="" type="checkbox"/>				39 Lorna St SEAFORD 3198 VIC	\$318,000	21/12/2013	Auction Sale	3	1	0	5
<input checked="" type="checkbox"/>				1,2,3/24 Mckenzie St SEAFORD 3198 VIC		18/12/2013	Auction Sale	1	1	1	11
<input checked="" type="checkbox"/>				28 Elisdon Dr SEAFORD 3198 VIC	\$310,000	16/12/2013	Private Sale	3	1	1	534
<input checked="" type="checkbox"/>				45 Centenary St SEAFORD 3198 VIC		16/12/2013	Private Sale	3	1	6	14
<input checked="" type="checkbox"/>				113 East Rd SEAFORD 3198 VIC	\$510,000	13/12/2013	Private Sale	4	2		1096
<input checked="" type="checkbox"/>				17 Fortescue Av SEAFORD 3198 VIC	\$430,000	13/12/2013	Private Sale	3	1	4	8 764
<input checked="" type="checkbox"/>				104 Rosslyn Av SEAFORD 3198 VIC	\$468,000	12/12/2013	Private Sale	3	1	2	17 773
<input checked="" type="checkbox"/>				2a Newton St SEAFORD 3198 VIC	\$470,000	12/12/2013	Private Sale	3	2	2	8 264
<input checked="" type="checkbox"/>				7 Braemar St SEAFORD 3198 VIC		11/12/2013	Private Sale	3	2	2	11 581
<input checked="" type="checkbox"/>				1/54 East Rd SEAFORD 3198 VIC	\$440,000	07/12/2013	Private Sale	3	2	2	13 159
<input checked="" type="checkbox"/>				5 Levuka St SEAFORD 3198 VIC		06/12/2013	Private Sale	3	2	1	17 646
<input checked="" type="checkbox"/>				10/50 Barry St SEAFORD 3198 VIC	\$315,000	06/12/2013	Private Sale	3	1	1	16
<input checked="" type="checkbox"/>				23B Boonong Av SEAFORD 3198 VIC	\$159,000	04/12/2013	Private Sale				
<input checked="" type="checkbox"/>				3/77 Kananook Av SEAFORD 3198 VIC		03/12/2013	Private Sale	3	1	2	11

In some reports you will get exactly what is shown here in the example. With a subscription you will be able to click on the address and obtain a lot more information about the property.

2) TRACK THE MARKET

In Australia, selling agents only ever inspect their own stock. This means there is no way for them to really know other agents' stock as intimately as you can because property photos on the internet are rarely a true reflection of the property.

Sometimes photos make a property look far more impressive than it really is and agents will never photograph a property's negatives. (Well, most don't, but I have seen some "what were they thinking" photos in my time)

By inspecting every property on the market for sale, you ultimately hold the upper hand against the 3 most important people in the property transaction;

- The Sales Agent
- The Vendor and
- Other Buyers

PROCESS

- 1) Inspect every property on the market making a list of all the positive and negative attributes of the property.

Find out as much information about each property as possible.

- How much are the vendors asking?
- How long has the property been on the market?
- What are the vendors circumstances?
- Amount of offers so far
- Any price changes since being listed
- Detail negative and positive attributes of the property
- General street appeal of the property, quality of finishes such as – stone v's laminate bench tops, floor to ceiling tiling versus less tiling.

Yes, it's OK to ask these questions!

Many people are afraid of asking these questions, but you can do it! With practice you can speak with the agent in a way that has them telling you everything you want to know.....and much more!

- 2) Track how long the property takes to sell and what the ultimate sales price is.

I use a spreadsheet to do this, however before I became a professional buyer's agent I simply collected the listing brochures and wrote all of my notes including the end selling price on them.

If you follow this process you will be in the best possible position to combat any attempts from the agent to entice you to pay more than you need to.

ZONING

The zoning of your property has a direct impact on its value and what you should pay for it.

You can find the zoning detailed in the Contract of Sale. If you do not understand what the zoning is and what it means, simply call the local council to find out more. Some zoning overlays will be worth more than others, so it is vital you know what zoning your property has.

For example; this property was an outstanding property in a fantastic location. On the surface, it ticked every box.



Upon reviewing the contract I learned that the property was located in a mixed use zone which meant it could be used for a mixture of commercial/and residential. Banks would loan less against the property than they would if it was zoned purely residential.

I could have picked the property up for a steal, but once I knew the zoning, I knew it was no longer a bargain, but rather a potential thorn in my client's side.

If my client was a developer and this was an old run down home which he could knock over to build a residential complex with a shop front underneath, the property would have been extremely valuable.

You can hear more about zoning and its important in my [FREE Audio Interview here](#).

ZONING OF SURROUNDING PROPERTIES

It is important to understand the zoning of the properties surrounding yours. Sometimes you will see properties that look like ordinary houses, but the zoning allows the land to be used as light industrial or commercial.

This could adversely affect the future value of your property and will therefore affect the price you should be willing to pay for it.

If the surrounding properties have a zoning that would affect your property in a positive way, then you may offer more for it. If the surrounding zoning has a negative effect on the future value of your property then you should reduce the price you were willing pay (or walk away)

EXTRA TIP – As a Buyer's Agent, one of the first questions I ask the selling agent is about the zoning, but I would say that for 1 in 10 properties I am given the wrong information by selling agents. NEVER rely on what they tell you. Always read the contract of sale and confirm with further searches via the local council.

PROCESS

Find the website in your state that allows you to view the zoning information in your suburb. Most local councils will have these maps on their websites and most states also have a state planning scheme or land data maps which also display the zoning for every suburb.

Contact your local council to find out where you can view the zoning information.



OVERLAYS, COVENANTS & RESTRICTIONS

Some suburbs are known to have restrictions on the use of the land. For example in areas where there is a lot of vegetation and green space, councils may have implemented overlays which prevent you from cutting down trees.

In other council areas there may be “single dwelling” covenants. This restricts you from having more than one property on the land.

If you are buying property for development, both of these overlays will affect what you can do on the land and may prevent you from carrying out your plans. So it is important for you to know exactly what you can and cannot do on the land of the property you intend to purchase.

PROCESS

- 1) Investigate your contract, paying special attention to the section which outlines the information pertaining to the land you are buying.

If you are uncertain, ask your conveyancer or solicitor to show you where to locate the information within the contract of sale.

- 2) Contact your local council to find out what the restriction means.

If the restriction will deter a lot of buyers (lower demand), you should pay less for the property.

VENDORS CIRCUMSTANCES

Understanding the vendor's circumstances will really assist you in determining how much you should pay for the property.

The more desperate the vendor is to sell, the more power you have in the negotiations and the more likely it is you can pick the property up at a lower price.

PROCESS

Ask the agent what the vendor's circumstances are. If the vendor is in no hurry to sell, you may have to pay more for the property compared with a vendor who needs an urgent sale.

Weigh up whether the vendor is

EXTREMELY DESPERATE NEEDS SALE WANTS SALE IN NO HURRY DOESN'T CARE



DESIRABILITY, SUPPLY & DEMAND

The more similar properties available for sale, the more options buyers have, therefore making the property less valuable.

On the other hand, if it is a rare commodity then it is likely that you will have a number of other buyers all competing for the same property which drives up the price.

PROCESS

Ask yourself the following questions to determine if your property is worth more or less than the median price in the suburb.

- What attributes are most desirable in my chosen suburb?
- Is my property located in the most desirable location?
- Does my property have a lot of positive attributes that are hard to replicate elsewhere in the suburb?
- How often do properties like this come up?
- How many buyers are typically competing for properties like this one?

AGENTS ABILITY

There are some agents I LOVE to buy from. Why? – Because they do a really bad job for their vendor which means I snag a bargain for my client. The more inexperienced or disorganised an agent is, the more money I can save my client.

This works in your favour as well. If the agent is showing signs of not ever winning the salesman of the year award, milk it baby!

Use all the knowledge you have gathered by following the step-by-step process outlined in this free booklet to negotiate yourself the deal of a lifetime. If you are up against an inexperienced agent (or an agent that isn't as on-the-ball as they should be), you will be able to secure the property for far less than you would if it was listed with a top sales agent.

Here is an example of one of the many properties I have been able to buy for clients for way less than its real value, simply because I detected that the agent was not on-the-ball enough.

The property was listed for \$350,000 which was already less than what it should/could have been listed for. Similar properties usually sold for around \$370,000.

I picked up the property for a steal at \$334,000. I was able to negotiate the price down because of the agents ability.



We assisted our client in renovating this property to further increase the value. You can get more information about this property and see it's before and after photo's here

Couple strong negotiation skills with an incompetent sales agent to drive your offer price down.

TEST YOUR KNOWLEDGE

It is now time to put your knowledge to the test to see if you are really ready to purchase a property confidently and at the right price.

If you have followed the steps in this system, you should be able to accurately determine the price you should pay for a property within a couple of thousand dollars. Yes, a couple of thousand!

If you are consistently out with your estimates by greater than \$10,000 keep your research up for a little longer until your estimates are consistently closer to the sell price.

PROCESS

Write down what you believe the property will sell for and follow the sale price up once the property is sold. You can keep a spreadsheet or simply write your estimates and final sale price on the brochures the agent hands out at open for inspections.

If you can accurately determine the sale price for the properties you are tracking and get very few wrong, then “CONGRATULATIONS!” you are now ready to buy a property and be confident that you will not over pay.

“If buyers are picking property prices out of thin air, they should not be buying property on their own”

Lisa Parker

Lisa Parker is one of the most talked about Investor Buyer's Agent.

Influenced by her own investment journey, property mentors and profound passion for property investing, her approach to investing is strategic yet powerfully grounded and simple to follow.

Lisa teaches her signature program "The strategic Property Investing System" and also holds regular workshops such as; "Introduction to Property Investing", "How to Research & Inspect Properties" and "Authentic Negotiations", a groundbreaking day program which introduces investors to the art of successful real estate negotiations.

She is also the founder of Parker Investment Properties a dedicated Investors Buyer's Advocacy, Presenter on the Bricks and Mortar radio program, co-author to two books and author of her soon to be released book, "9 Property Investment Strategies That Make You Rich".

Lisa has also been featured in Australian Property Investor Magazine, Smart Property Investing and has been a regular guest on the Everyday Property Investing podcast – the most downloaded property investing podcast for property investors.

If you would like to find out more about Lisa's work or attend a workshop, or download more free resources visit www.parkerinvest.com.au and www.facebook.com/propertygirlfanpage.

A personal note from Lisa

Hi,

I really hope you got a lot out of this FREE guide and it has helped you feel more confident about assessing what you should pay for a property.

I would really love to hear what you thought of the guide. Could you pop on over to my facebook page and let me know? You can reach me here www.facebook.com/propertygirlfanpage.

Warmly,

Lisa Parker