



CHIEF NEGOTIATOR

Want to know how to shave thousands off the cost of your next investment property? It all comes down to skilled negotiation, as John Greaves explains.

WHEN it comes to buying property, negotiation starts from the moment you first make contact with a selling agent, whether at an open home or over the phone. Everything you say and do may come back to haunt you later at the money end of the negotiation process, so make sure you have a game plan from the outset and be consistent with your dialogue.

When applied properly, the negotiation techniques outlined below will save you thousands of dollars when buying.

Vendor motivation

Firstly, ask yourself if you have a motivated seller on your hands. Find out why the vendor is selling and how motivated they are to put a deal in place. If they aren't motivated to sell at all then you are going to have a tough time getting yourself a good price.

You need to become skilled at asking questions to discover the vendor's 'hot buttons'. Try to ascertain the following:

- Have they bought elsewhere?
- Are they going through a divorce?
- Is the bank foreclosing on them?
- Are they moving interstate due to work?
- Are they after a short or delayed settlement?

Quite simply, the more motivated a vendor is to sell, the better outcome you will get. One of the best ways to find out where the vendor's head is at is to simply ask how long the property has been on the market. Properties that haven't sold at auction or have been up for sale longer than six weeks generally have vendors that are more willing to be flexible on price.

Submitting the offer

Submitting an offer is a process fraught with uncertainty. Come in too low and you'll run the risk of alienating the vendor. Come in too high and you may not find the seller's low point and you'll pay more than you need to.

Making offers is not a precise science. It depends on

the situation and some variable factors. For example, as outlined previously, you need to determine how motivated the vendor is at the time of offer regardless of whether it's a pre-auction offer or a private treaty offer. You will also need to consider the number of parties that will benefit from the proceeds of the sale. For example, there are usually several siblings involved with a deceased estate sale.

You will need to rely heavily on the information you have gathered during your research and questions to the selling agent. The first step is to decide what your maximum 'walk away' offer is. Obviously you want to buy the property for less than your top dollar, but you've got to have a top dollar 'walk away' figure. Detailed research should determine the price at which you will walk away.

Put your offer in writing

This sends a clear message to the selling agent and the vendor that you are a serious buyer. If you like, throw in a couple of conditions as well such as subject to finance, 5 per cent deposit or clean pest and building report. Anything along those lines will do, it's just to make your offer look more important and carefully considered. However, don't go overboard and list too many conditions as this could have the reverse effect and leave the vendor with too little flexibility as part of the sale negotiation process. Generally the less conditions you impose the more attractive your offer will be.

Set a deadline

Always stipulate a cut-off date when you submit an offer. It allows things to keep moving forward at a prompt pace. It also indicates that you're serious and that you have other properties you're considering. Remember, it's important when negotiating to retain control of the process and deadlines are a great way of doing that - provided you're the one setting them. [wcm](#)

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