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Valentine's Day et al there's much to enjoy

If you've woken to find no flowers on your bedside table or a breakfast tray of strawberries and passionfruit, take heart. Not everyone is into Valentine's Day and anyway, there's plenty to love in this week's Domain on Sunday.

Take the terrace house on our cover and featured across Judy Barouch's Lifestyle pages on 6 and 7. From the street the Paddington house stands as a handsome, three-storey home finished with Victorian filigree ironwork and arched windows but inside it's another story. Judy tracks down the architect who shares his secrets for filling the terrace house with light and air and the owner reveals her style ethos and sharing secrets from her little black book of stockists.

Some hopeless romantics dream of a place to escape for weekend trysts or lifetime sea changes. Anita Balalovski has found a beachside house in Byron Bay, a cosy and ultra-cute cottage in Berry and even a wedding venue in the Hunter Valley to tempt you. Turn to page 8, Get Out of Town.

Proving there is love beyond romance, Domain's architecture writer, Trisha Croaker, tells the story of a mother's generosity in sharing her home with her daughter and grandchildren. See Amazing Design on page 9 and head to domain.com.au for more of the Peter Stutchbury-designed pavilion. It's a love shack with a twist.

Happy Valentine's Day anyway,
Anna Anderson, Weekend Editor

Review

Be wary over pre-auction offers

PATRICK BRIGHT

Thinking of making a pre-auction offer? If you are, you need to be aware of the negatives when showing your cards early.

In most cases, buyers who are looking to put a deal together pre-auction will often break the golden rule that says you should not be the first person in a negotiation to name a price.

The sales agent might agree to have their vendor consider a pre-auction offer simply to get an indication of what money is really out there. If you show your cards early, you risk your offer becoming the benchmark of the vendor's expectations and, subsequently, the reserve on auction day.

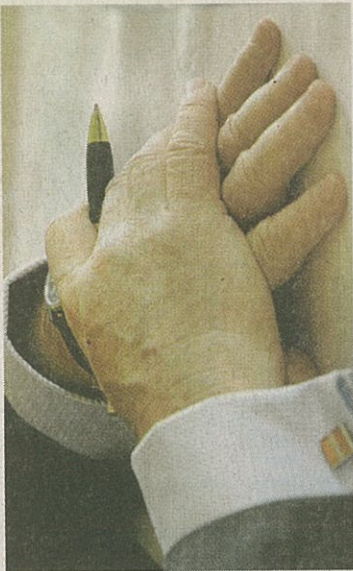
You're letting the sales agent and vendor see your hand, but you don't get to see theirs. In this case, you are no closer to owning the property, but the vendor knows the price you're prepared to pay.

If the bidding stalls, perhaps \$50,000 below what you've offered pre-auction, the sales agent and vendor are more likely to hold out for you to come up to your original price or pass the property in, rather than bring the hammer down on a lesser amount. Here, you could have saved yourself a significant amount by keeping your cards close to your chest.

If, despite the drawbacks, you decide you still want to submit a pre-auction offer, you must retain a strong position with a well thought-out strategy to deal with the range of possible responses.

Keep a poker face. Ask the sales agent if the vendor would consider a pre-auction offer. If the agent says "yes", then say "what figure would it take to make a deal" and have the vendor be the first to name a figure to start the negotiations.

Timing is also important. You'll usually have your best chance in week three of an auction campaign. At this stage, the vendor and sales agent have had three weeks of market feedback, a fair idea of how many buyers are planning on attending the auction and a better feel for



Whether you make an offer before an auction or not all comes down to strategy.

the price they might achieve. If they don't have a lot of interest, they will be encouraging pre-auction offers.

Regardless, it's critical to undertake thorough research to ensure you are not going to overpay.

If you're not confident of your pre-auction approach, wait and attend the auction itself. If you want to make sure you are consulted if another party makes a pre-auction offer, then let the selling agent know in writing that you are looking forward to auction day, but to contact you if the vendor is considering accepting a pre-auction offer, as you'd be prepared to make an offer as well under those circumstances. Be sure, though, to ask for evidence of the offer, otherwise you might be tricked into showing your hand on the back of a fictitious buyer.

The big problem pre-auction is a lack of transparency. You won't really know if any other pre-auction offers are real or if the vendor is serious about selling in advance.

On auction day, stick to your guns, never bid against yourself and, if you buy, it will then be at or below your price and on your terms.

Patrick Bright is the director of EPS Property Search.