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COVER STORY Nathan Vass



KNOCKOUT PRICE

Kay Smiles (left) experienced the harsh realities of Sydney's property market last year when she decided to sell her late mother's Queens Park two-bedroom semi. She obtained opinions from three agents that the Cuthbert Street home would fetch more than \$1million. But when listed for sale by private treaty, there were few inquiries and a scheduled September auction didn't eventuate because of a lack of interest. But, through agents GoodyerDonnelley, Smiles achieved a \$900,000 result last month.

"The people who ended up buying it knew it had a great position; they appreciated the quietness of the location. It has rear-lane access and I think the car space was important. A builder bought it and I think he saw the potential to put on a second storey."

Most agents originally advised Smiles to advertise the home as a "knockdown". But she grew up there and, out of respect for her mother, she was determined to make the house look as good as possible for the sale.

"We didn't spend a lot of money because that's silly, and I don't think that fools people. But I wanted it to look as nice as it could. My daughter was living there during the sale so when people came through they knew someone was living here, which I think was a big factor."

Photo: Jennifer Soo

New year resolutions

If you were one of the thousands of Sydneysiders who failed to sell your house last year, 2005 offers another chance to get it right.

As auction clearance rates plummeted below 40 per cent after the Sydney market correction that drove prices down by about 10 per cent across Sydney last year, many vendors were left with a sinking feeling.

And, for those who missed out on a sale, the experts have some sobering news for 2005: it isn't going to get any easier. The heady days when vendors could nominate any asking price and have a better than even chance of getting it – or surpassing it – are over.

"The market is not rebounding yet," says Richardson & Wrench's chief auctioneer, Peter Baldwin, who estimates that up to 20 per cent of vendors failed to sell last year, even after post-auction negotiations. The Australian Property Monitors Home Price Guide reports that 5747 properties were passed in during the year.

"In the first nine months of 2004, 80 per cent of the market had a cold shower," says Baldwin. "But the other 20 per cent is still waiting for the cold shower. Pricing was just too high across the city for most of 2004. When the market changes, the buyers react in five minutes, but it can take a year or more for vendors to face reality."

So, as the new year unfolds, here are what the experts say are crucial factors when it comes to a successful sale in 2005.

PRICE

This was the hottest issue for vendors in 2004. After three years of record prices, suddenly the

buck stopped – dead. In fact, by year's end, the Australian Bureau of Statistics reported that prices in Sydney fell 2 per cent in the September quarter, while the Commonwealth Bank said capital city prices, as a whole, were down 6.2 per cent in the same period. Home Price Guide's research director, Louis Christopher, says the bureau estimate could be conservative, with his organisation's numbers showing house price declines in Sydney since the March 2004 quarter – and certainly bigger drops than 2 per cent.

"It all comes down to price," says LJ Hooker Annandale principal Michael Montano. "Eighteen months ago, if you passed in at \$540,000, you'd probably end up getting \$580,000 later. But if that happened six months ago, you'd be lucky to get \$500,000. The market is more defined now."

Payne Pacific Real Estate Cronulla principal Christian Payne says many agents "fell into the trap of setting prices at asking prices" last year. "In a falling market, that doesn't work. You have to compare recent sales to set a real price. In early 2004, many agents were setting prices at least 10 per cent too high."

Payne says new regulations introduced last year make it illegal for an agent to quote a selling range without looking at recent sales and comparable properties on the market.

EPS Property Search buyers agent Patrick Bright, author of *The Insiders Guide to Buying Real Estate*, has a formula for working out what price to put on your home: "Get three agents' opinions,

divide by three to get the average and then take at least 5 to 10 per cent off that, and you might be close to what it's really worth."

The message is clear for vendors in 2005, says LJ Hooker Parramatta property consultant Mal Granturco: "Vendors need to be informed and competitive. In 2005, you need to be realistic and meet what the market is willing to take. Otherwise, hang on and don't sell."

THE AGENT

Was your agent a really nice guy, but didn't have a clue that your house was three minutes' walk from the train and five minutes from the best school in the district?

"When the market is hot, almost anyone will sell it for about the same result," says NSW residential agent of the year James Dack, of McGrath. "But in the current market, you need to find a good agent. You need to ask them: 'What have you sold, how long have you been in the business, do you mind if I speak to people you have dealt with recently?' Call previous clients, get a strip of what they have sold in the past 12 months."

Christian Payne says 2005 is "attrition time, baby" for property agents. "You don't just need a nice guy any more – you need an agent with a track record of sales."

MARKETING

Mal Granturco says marketing has never been more important. "Marketing wasn't such a big deal when the market was hot, but now you have to have your property in people's faces week in, week out, especially on the net."

The standard rule of thumb says vendors should spend about 1 per cent of their sale price on marketing. Most agents agree this should be adequate. But in tighter times, vendors have to be smart about how they spend the money.

One of the great marketing mistakes is to let your agent publish or post on the internet poor photographs of your property, says James



PRESENTATION PAYS

In a market full of hard luck stories, Tony Long (left) was something of a rarity in 2004 – a vendor with reason for a big smile on his face.

Long's three-bedroom terrace in Abercrombie Street, Chippendale, sold by private treaty after only six days on the market. He was so happy with the \$696,000 result that he has now listed the next-door property at 327 Abercrombie Street.

Sold through McGrath, the property was placed on the market with an asking price of "more than \$625,000".

"The price I got was the sort of price I was hoping for," Long says. "I was very happy with the price. We presented the property well and our agent, Ian Comyns, was very energetic."

There is also very little on the market in this area because most owners are very happy here.

"There's always an element of luck when you're selling a place," says Long. "We probably had 10 people through and we had two people committed to purchase. I suspect there's more confidence out there among buyers than one would believe."

Photo: Tonya Lake

believes vendors need to consider, objectively, whether their property has special features, such as views, large land size and good aspect, which justify going to auction.

"If you feel it's a neat, stock-standard home and three or four others like it have sold recently, go for private treaty," he says.

"People from the eastern suburbs are seeing the advantages of moving to Cronulla – they can live at the water in a bigger home at a better price."

But even if you are 20 kilometres from the water, make sure potential buyers know the competitive advantages of your neighbourhood. "Make sure your agent knows about the local amenities," advises

Economides, principal of Elders Manly. "A lot of agents run around with cheap digital cameras taking their own shots," he says. "I've even seen agents marketing penthouses using dark, fuzzy photos. You put photos like that on the net and the property looks like rubbish. It's worth spending \$300 on a pro photographer to get five or six great shots."

Patrick Bright recommends having pest and building reports on display for inspections, as well as brochures with photos and floor plans to take away.

Peter Baldwin says the biggest problem with properties that didn't sell last year was setting the wrong price, followed by too little spent on advertising. "You've got to exploit the property's best feature – that could be size, price, a train station or a nearby school. Also, don't underestimate the value of the internet because it has great convenience for buyers."

AUCTION OR PRIVATE TREATY?

Michael Montano says auctions will maximise price in 2005 because private treaty still doesn't account for the mood of the market. But James Dack

New Year paint job (right)... "Spend \$1500 to freshen your place up and get rid of clutter," says James Economides, of Elders Manly.

LOOKING GOOD

James Economides says you don't have to spend much to stand out from the "lazy" vendors. "Get rid of overgrowth, paint the fence, rip up the old carpet inside the front door and polish the floorboards – suddenly, you're marketing a home with beautiful timber floors. Spend \$1500 to freshen your place up and get rid of clutter."

"A furnished home will always project greater warmth than an empty house," says Dack. "People want to see and feel what it would be like to live there, and that's hard in a bare, soulless place with no furniture."

The experts say that when it comes to appearances, don't spend \$15,000 to tart up a \$500,000 house – spend a couple of grand, but be smart about it. "Keep it neutral and simple, groom the gardens and put in a skylight or two to increase natural light," advises Bright.

LOCATION, LOCATION

The completion of the M5 has made the driving time to Sydney's south comparable with battling the eastern suburbs traffic bottlenecks, says Payne.

