

# domain

drive

my career

afr investor

## Just move in



Sick of the auction treadmill? You need a buyers' agent – they do everything but pay the mortgage. **Pages 4-5**

PICTURE: GARY MEDLICOTT

### HOT PROPERTIES

Clearance Rate	82%
Auctions with no result	80
Sold	403
Passed in	136
Vendor bid	83
Sold before	174
Sold after	40
Withdrawn	0
Postponed	0
Houses for Auction	538
Apartments for Auction	204

### HIGHEST PRICE

HOUSE  
774 Orrong Road, Toorak  
\$7,800,000

APARTMENT  
62/9 Struan Street, Toorak  
\$1,705,000

### LOWEST PRICE

HOUSE  
59 Maude Avenue, Glenroy  
\$195,000

APARTMENT  
16/497 Barkly Street, Footscray West  
\$110,000

### INVESTOR

Your guide to money matters

FINANCIAL REVIEW  
**Investor**



My reverse mortgage  
Four retirees talk about reverse mortgages, plus how newlyweds can shore up their future.

30% SOLD  
IN ONE WEEK



**North Melbourne**  
Classic New One  
Bedroom Apartments  
from **\$174,500**

- Selected apartments with balconies available.
- Spacious design, stylish finishes.
- City edge - Opposite Victoria Market, minutes walk to Melbourne University and RMIT University.
- Ready to occupy early 2007.
- Rent Guarantee up to \$275 pw.
- Free furniture package included.

1 O'Connell St, North Melbourne  
Inspect Today 2.30 - 4.30pm  
( Opposite Victoria Market )  
Mark Forytarz 0407 766 308

GRAND  
OPENING



**Prahran**  
Brand New One  
Bedroom Apartments  
from **\$179,500**

- Period design with soft finishes
  - Two bedroom apartments and car parks available
  - Selected apartments with balconies
  - Significant Stamp Duty savings
  - Rent Guarantee up to \$280 pw
- The ideal lifestyle choice, only minutes walk to Chapel Street and Greville Street shops and cafes.

5 Donald Street, Prahran  
Inspect Today 12.00 - 2.00pm  
( 100 metres from Greville Street )  
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# Buyers' champion on

Pounding the pavement every weekend is driving many home buyers to try an alternative, writes Joanne Brookfield.

## COVER STORY

**A**NNA and Craig Lawton had been married a year when they decided to buy their first home. The romance and excitement of embarking on this chapter of their lives soon gave way to confusion, frustration and despair.

During the next two years, inexperience, misleading advertisements and confusing jargon all conspired to turn what they expected to be leisurely weekends of looking for their dream home into "bursts of disillusionment".

"Without any experience, it's really hard to know the right places to target because real estate ads can be very misleading — which we knew, but didn't help us!" Mr Lawton says.

"It was frustrating," agrees Mrs Lawton. "We'd spend all day Saturday looking at places, a whole list of things to look at, and none of them were really what they said they were."

Compounding this was the fact that with each burst of house-hunting the couple would be upset to discover that prices had jumped

### When I started to be a buyers' agent, I actually wanted to be the Mother Teresa of real estate.

KARIN MACKAY

again. "I just thought, 'There has to be a service that can help us,'" says Mrs Lawton. And there is.

Buyers' agents find, evaluate and negotiate the purchase of a property on behalf of the buyer, be they home owner or investor.

Mr Lawton recalls the case of a former colleague who, "sick of looking and not knowing what the next step was", asked a mortgage broker

to recommend a buyers' agent. Within three months, Karin Mackay from Australian Property Buyers had found a three-bedroom, weather-board post-war style bungalow in Mitcham.

In Australia, buyers' agents are a developing industry, having been around for just 10 years.

There are no exact figures tracking the number of buyers' agents and the properties purchased through them. However, Olivia Triandos, committee member of REIV's buyers' agents chapter, says 236 people have registered interest, although she estimates only one-fifth of them would work exclusively as buyers' agents.

"It's very hard to say, as many buyers' agents also provide other services as well," Ms Triandos says. Such services could include valuations or property management.

Ms Mackay sees her main role as being to protect the buyer and get them the best property at the right price.

"When I started to be a buyers' agent, I actually wanted to be the Mother Teresa of real estate. I used to see so many friends' children or family members being ripped off by unscrupulous real estate agents and I felt people needed to be protected."

Novice buyers, such as Anna and Craig Lawton, are particularly vulnerable, she says, which is why they can benefit financially from the expertise of buyers' agents.

"Your home is your first step to wealth creation because if you buy well you'll get equity in that property a lot quicker to enable you to buy your first investment property."

Ms Mackay believes buying a property requires as much professional help as selling one, although not many people realise this. "Individuals selling a property use the services of a selling agent, as they do not have the expertise, so why do individuals believe they have the expertise to buy a property?"

Her experience in real estate is personal as well as professional. She bought her first investment property at the age of 20 and now owns nine.

Seven years ago she was retrenched from her job as a sales



It takes expertise to buy property, says buyers' agent Karin Mackay.

PICTURE: GARY MEDICOTT

and marketing manager after 25 years in the grocery industry and decided to follow her passion into real estate, where she has since worked as a buyers' agent. Her company, Australian Property Buyers, began three years ago and now has four staff.

So what exactly does a buyers' agent do?

"We do everything except pay for it and move in," says Ms Mackay.

Buyers' agents generally offer two types of services — bidding or negotiating for a property the client has

already found, or full service. In the case of the latter, clients will supply a brief, specifying the type of property they are looking for, the area, the budget and any other specifications. Spared the emotional side of buying a home, investors are often simply looking for the best place within their budgets.

"Within a week she had sent me a detailed document containing the 50 top-performing suburbs within a 10-kilometre radius of Melbourne," says Julie Leder, who recently bought her first investment property

through Mackay. "It showed me each suburb's average capital growth per year for the last 10 years, the rental return, the vacancy rate and the type of property I could buy that was within my budget. We then identified the suburbs which we would target."

From there, the search for the perfect property begins.

"I go to anything between probably 20 and 50 agents. We'll approach builders or developers if it's new property we're looking for. We do everything like everyone else

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# real estate battlefield



After two years of fruitlessly searching for the right house, Anna and Craig Lawton turned to buyers' agent Karin Mackay.

PICTURE: GARY MELKOFF

does — look in Domain, real-estate.com, The Age on a Saturday. We actually steal local papers out of letterboxes! But only if those places are vacant," Ms Mackay laughs.

"We will even drive the streets looking for property and quite frequently agents come to us with property that hasn't even hit the marketplace, so it won't even get into the estate agents' window."

This last point is one of the great advantages of using a buyers' agent, says Ms Mackay. Last year between September and December her company bought 14 properties before they hit the market.

"The beauty of working with a buyers' agent is that the agent knows that we're not tyre-kicking, they give us a lot more time and they also tell us quite a lot more information than they would tell the general public," Ms Mackay says.

Ms Mackay then thoroughly inspects any potential properties, on

average between 50 and 100 each week, reporting back to clients on progress. "I was amazed with how many places she saw," says Anna Lawton.

Once a suitable property has been identified — and in one case Ms Mackay looked at 197 properties before they found the right one — it

## I didn't have to waste my time traipsing around suburbs in my precious spare hours

JULIE LEDER, property investor

is evaluated. Everything from the financial aspects through to council plans for the area and neighbours will be investigated. "I frequently talk to neighbours so I get an idea of what kind of people my clients might be moving in next door to," says Ms

Mackay. "We try to ascertain as much as we can."

Then it's time for the client to have a look at the property, or if the client is from interstate or overseas, they will be supplied with photographs and, if satisfied, the buyers' agent will then negotiate the purchase or bid at auction.

"The client, at this stage, is very well informed with pricing and they know where we will start and where we will finish. We tend to work very closely with the client's budget," Ms Mackay says. "We have a 'be prepared to walk' price and if we don't buy it, we then start the process all over again. We keep looking until we find the right property for them."

Ms Mackay says the service includes helping clients find removalists, organising conveyancing and building and pest inspections and repairs. The buyers' agents stay with them until the day of settlement.

Although a buyers' agent is yet another cost in an already expensive process, it can be a prudent move.

"I say to clients, 'We can't guarantee that we'll save you a fistful of dollars but we'll buy it at the right market price,'" she says. "Hopefully, we will save them money, if not in the short term then in the long term."

Investor Ms Leder sees other benefits as well. "I didn't have to waste my time traipsing around suburbs in my precious spare hours."

The Lawtons believe using a buyers' agent was worth not just the money and the time, but the sanity.

Ms Mackay's experience made them feel much more comfortable and confident about the buying process, and they liked her passion for both property and a good deal.

"It's good to have someone out there battling for you," says Mr Lawton.

## Finding an agent who's right for you

### What's the best way to source a buyers' agent?

A buyers' agent must be a fully licensed estate agent and a member of the REIV, with current Professional Indemnity insurance. Word-of-mouth referrals are best. Otherwise, try real estate websites such as realestate.com.au, realestateview.com.au and domain.com.au; the REIV Buyer's Agents Chapter; ask local real estate agents or internet search, and then ask them to provide referees.

### What are the fees/charges?

Normally there is no fee charged for the first consultation. All fees are negotiable but generally anything from .5 to 1 per cent commission for a negotiation/bidding service and 1-3 per cent of purchase price for full property search and negotiation. Some may charge a flat fee instead. There's also usually an engagement fee (anywhere between \$500-\$1600) and building and pest inspections are extra. Also, buyers' agents do not, or should not, receive money from the selling agent and should always clearly outline their costs and fees at the start.

### What to look for?

The cheapest may cost you more in the long run, so look for an agent with negotiation experience, a property portfolio of their own (proof they practice what they preach) and who are not emotionally involved in the property or receiving any other referral fees. Be careful of over-promise and under-deliver. Finding the right property can take time. Check with the Business Licensing Authority that they don't have a black mark against their licence. For investors, check with the PIAA if they are accredited property investment advisors.

SOURCES: APPEAL REAL ESTATE SERVICES, DOMAIN BUYER ADVOCATE, PREMIER INVESTMENT PROPERTY'S, MELBOURNE NETWORKING REAL ESTATE, ADVANTAGE PROPERTY CONSULTING



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