

PLAYING HARD BALL

THE TRICK TO GETTING THE BEST DEAL ON YOUR NEW HOME

Getting the best deal on a house could mean you're tens of thousands of dollars better off. Like any market place, good haggling starts with understanding the vendor, the market and most importantly, who else wants to buy it.

WHO'S MY COMPETITION?

With auctions and tenders, the competition is other buyers: with negotiation it's the vendor. Also remember that the real estate agent works for the vendor. They'll be helpful, but their job is to sell the house for the highest possible price. They won't help you stick to your budget or choose the best bidding strategy - even if they give you a nice pen and smile heaps.

It all comes down to finding a middle ground between what the seller wants and what the buyer will pay. The main driver is scarcity. In a seller's market, where properties are scarce, buyers outbid each other and drive up the price. In a buyer's market there's less competition so the prices drop.

The price depends on the property and people selling it. Less desirable properties and ones that need to be sold quickly almost always go for below their value. In a really slow market, prices can fall below "fair value." Poorly marketed properties or ones with a lack of buyers, sell for less than similar places.

On the other hand, "hot" entry-level and well-presented properties in good suburbs will hold their own, even in a slow market. With these types of properties you need to move quickly and focus on getting an offer on paper as quickly and cleanly as you can. Temp the sellers with the idea of a quick and painless sale and they might forget about the extra cash they could hold out for.

SPOTTING THE BARGAIN

No matter what market you find yourself in, the opportunity for a "bargain" is in properties where others don't see the potential. This generally means houses in good locations that are poorly presented and marketed. Finding the right place at the right price is hard work. The best price negotiations happen when you're making rational and objective decisions. If you've "fallen in love" with the stucco walls or the Wendy house out the back, you'll find it much harder to walk away.

KNOW YOURSELF

Understanding what you really want in a property is key. Write down your goals; what are your non-negotiables? What will you compromise on? There are a few other things over the page that can help too.

GOALS:

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REMEMBER:

The real estate agent works for the vendor. Their goal is to get the highest price possible for the property.

Lots of buyers bidding against each other will push the purchase price up. Finding properties no one else wants mean you get a bargain.



