

Bargain-hunting season begins

AFTER every property boom, bargains present themselves.

Now is no different. Savvy buyers are sniffing out properties that owners paid too much for during the boom, or its afterglow.

In one example provided by a buyer's agent, a three-bedroom brick home in Tarragindi, on Brisbane's southside, bought for \$385,000 in September, 2003 changed hands for \$5000 less in April.

In the intervening time, walls had been knocked out to make it more open plan, the floorboards polished and a new kitchen added.

"Some owners have tried to renovate themselves out of trouble," said Propertysearchers director Scott McGeever.

He cited a block of four flats in Indooroopilly that sold for \$450,000 in September, 2003 and was re-sold in May for \$540,000.

On the face of it that was a 20 per cent gain — except it doesn't account for about \$90,000 spent on renovation, plus transactions costs. That turned the gain into a loss.

More such bargains for buyers will start to pop up, Mr McGeever said.

Real Estate Institute of Queensland president Peter McGrath has seen no evidence of forced sales on a big scale. But he concedes the volume of sales in the southeast is down dramatically, even compared to this time last year.

"As a rule, the expectations of people who bought in the past three years and are now trying to sell are far too high (because they are hoping to cover what they paid, transaction costs and have a profit margin in a flat market).

"People who bought more than three years ago are still making a good profit."

Buyer's agent Meighan Hetherington of Property Pursuit agrees Brisbane homeowners are aiming too high, and as a result properties take much longer to sell.

"But after 60 days and two or three offers

If you're prepared to be patient and dig deep, now's the time to snare a property bargain, writes **Brian Thomas**

way below what they are asking, they begin to get conditioned down."

She is enjoying bidding at auction for clients because there are so few opposing bidders, and sellers want to avoid having a contract fall through.

"If you can get it sold under the hammer there's a 99.9 per cent chance of it going through because there's no cooling-off period, no building inspection," she said.

"As soon as it goes beyond those auction conditions, any buyer can propose any condition on the contract."

Ms Hetherington said bargain-hunters needed to be patient and well-researched to spot owners desperate to sell.

The sellers might be over-committed, moving because of a work transfer or responding to changing circumstances such as divorce.

Just because a buyer can negotiate a cut on the asking price doesn't mean they have got a bargain. George Kafantaris, director of Property Buyers Agent, says the seller may have paid way too much for a property, and the price today is still too high even though the seller is losing money.

Bargains that arise because of the circumstances of the seller are usually snapped up quickly, he said.

"In my opinion, it is better to create a bargain, rather than try to find one."

For example, a structurally-sound home in a good location might have its income-producing capacity increased dramatically by adding a couple of bedrooms and associated facilities at a limited cost. Value is often in the eye of the beholder, particularly for investors.

"Some focus on buying a certain type of

property in a location with great city views. If they can buy into this area, regardless of price, they may see it as a bargain. Some chase yield and others have very strict selection criteria, such as land size."

Mr Kafantaris said research was paramount when buying an investment property: "Look for properties that have a twist, where you can improve its value, subdivide the land or increase the rent.

"Most investors go about things in the wrong order. They buy a property and then look at what they can do."

Scott McGeever says far too much emphasis is placed on changes in interest rates.

"Eighty per cent of the calls I get are from people who base their buying decisions on them.

"If you are buying property you shouldn't be too worried about interest rate fluctuations, because you should be holding it for the long term. You shouldn't be trying to speculate on the market.

"My job is to make sure that people don't pay too much on the way in, so if their circumstances do change they can sell and still get their money back."

Peter McGrath says forced sales are occurring in both the Brisbane and Gold Coast high-rise markets, for example, but on a small scale.

"The overall market in southeast Queensland is still looking pretty OK because the fundamentals haven't really changed.

"Interest rates remain low and don't look like changing this year, employment is exceptionally strong, 1000 people a week are still migrating here and there's a skills shortage that will attract more people."