



**FIND THE
RIGHT PROPERTY**

**BUY AT THE
RIGHT PRICE**

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MELISSA OPIE
THE PROPERTY LADY



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Foreword

Property investment, regardless of your level of experience, requires a commitment and skill that can only be acquired through thorough research, experience, astute judgement and a willing financial institution. Get any one of those factors slightly wrong and the chances of obtaining the sought-after returns can be compromised.

A review of the broader Melbourne market over the past decade will show very simply that property has generally appreciated in value; in fact, the median price of a house or apartment has more than doubled in most capital cities in Australia. However, if you made the wrong decision in relation to location, timing and property type, it would have been possible not to record a positive result. Conversely, there are astute investors who make a valuable return acting in a counter-cyclical manner to the overall market.

Buying and selling for capital gain is also different from the process engaged in by owner-occupiers. There are different rules and requirements: capital gains tax, land tax and working with property managers to ensure a regular income are some of the different factors. Each of these factors needs to be fully accounted for before you start; failing to do so may turn your profit into a loss and for this reason you should always carefully consider an investment choice not solely based on tax breaks.

If you have not been an investor it can be very simple to make any one of these mistakes and waste a lot of time, effort and, more importantly, your hard-earned money.

This book provides aspiring investors with essential information on how to become a successful property investor and how to avoid the common pitfalls.

Enzo Raimondo
CEO, Real Estate Institute of Victoria
Melbourne, January 2012

About the author



Melissa Opie loves property. It's a love affair that has spanned more than 20 years, during which time she has continued to learn, grow and invest, inspired by the joy of helping others achieve their financial goals.

Melissa's work ethic was passed down from her parents, who sent her to a private school with the proceeds from selling a car her mother had won in a raffle. This taught Melissa about the importance of using whatever you have to invest in your future.

Melissa started her professional working life as a legal secretary. Her career came to an abrupt halt when, at the age of 19, she was diagnosed with cancer and told she had only months to live. She refused to accept her prognosis and continued to work, often organising work around her chemotherapy sessions. This represented a turning point in Melissa's life, forcing a reassessment of her career goals and personal priorities.

It was then that Melissa decided to pursue her first love: real estate. She started working as a receptionist for developer Central Equity. She was soon taken off the switchboard to work in sales, selling her first off-the-plan penthouse at the age of 23.

She purchased her first property when she was very young, and since then has built a property portfolio with great love and business acumen. That first purchase also led her to start Keyhole Property Investments (KPI®), a Melbourne-based buyer's advocacy business. Since then, Melissa has grown KPI to include property management and vendor advocacy. Melissa, also known as 'The Property Lady™', is passionate about helping everyday investors make educated decisions whether buying, selling or leasing property Australia-wide.

Melissa holds a Certificate IV in Assessment and Workplace Training and runs courses for the Real Estate Institute of Victoria to teach agents how to become buyer's advocates. She is also a qualified mortgage broker, and holds a Certificate IV in Financial Services (Finance/Mortgage Broking).

She has won a number of awards, including the Leader Business Awards Melbourne's Local Favourites Real Estate Agency in 2010 and Melbourne's Overall Most Favourite Real Estate Agency in 2009. She also won the REIV/*The Age* Buyer's Agent of the Year in 2007, 2008 and 2011. She was the chairperson for the North Western Division of the REIV from 2006 to 2010 and was re-elected for 2011–12.

Melissa's reputation as a leader in the industry has led to numerous media requests from outlets including *The Age*, the *Herald Sun*, the *Sydney Morning Herald*, *Australian Property Investor* magazine, *Money* magazine and ABC radio. She has appeared on *The Morning Show*, *Melbourne Property TV* and *Today Tonight*.

For more information about Melissa visit her website at <www.thepropertylady.com.au>, or to contact her or find out more about her buyer's advocacy, vendor advocacy or property management, or to book in for one of her regular educational seminars or learn more about her investors club, visit <www.kpi.net.au>. You can also follow her on Twitter @thepropertylady, and 'like' Keyhole Property Investments on Facebook.

Melissa's awards

Winner – REIV Buyer's Agent of the Year 2011

Finalist – REIV Buyer's Residential Agency of the Year (Small) 2011

Finalist – REIV Innovation Award 2011

Winner – Leader Business Awards—Melbourne's Local Favourites Real Estate Agency 2010

Finalist – REIV Buyer's Agent of the Year 2010

Finalist – REIV Buyer's Residential Agency of the Year (Small) 2010

Winner – Leader Business Awards—Melbourne's Overall Most Favourite Real Estate Agency 2009

Winner – Leader Business Achiever Awards in the category of Real Estate 2008

Finalist – REIV Buyer's Agent of the Year 2009

Winner – REIV Buyer's Agent of the Year 2008

Winner – REIV Buyer's Agent of the Year 2007 (joint winner)

Winner – City of Moonee Valley Micro Business Award 2007

Finalist – REIV Special Achievement Award 2007

Finalist – Moonee Valley Business Awards Female Entrepreneur 2007

Finalist – Moonee Valley Business Awards Female Entrepreneur 2006

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Sincere thanks to Enzo Raimondo, the CEO of the Real Estate Institute of Victoria, for his support and for writing the foreword for the book. Also to Matthew Davies, your editing talents once again have astounded me and the book would not have been as good without your assistance.

To the great team at Keyhole Property Investments (KPI) <www.kpi.net.au>, a big thank you for your support during the creation of this book and for helping turn many of our client's dreams of property ownership into a reality—thank you.

To my clients and friends, old and new, for their enthusiastic support, I say thank you.

A special thanks goes to my husband Roger who has always supported and encouraged me throughout my career—his undying belief in me is astounding. And to my mother for always believing in me, and to the memory of my father who always said that there is no such word as ‘can’t’—you’re either to lazy or you don’t want it badly enough.

And to you, the reader, thank you for deciding to invest in your financial future by purchasing this book. My hope is that the information that I have learnt over many years of helping hundreds of clients will help make the buying process less stressful for you, and that you will realise the dream of building a successful property portfolio.

Melissa Opie
‘The Property Lady’

Introduction

Buying a property is a huge decision. It's not like buying a pair of shoes, or even a new lounge suite. Getting it wrong could cost you tens of thousands of dollars in the purchase, not to mention hundreds of thousands in compounding capital growth over time. But you knew that, right? Otherwise, why would you have bought this book?

You bought this book because you want answers. You know you want to invest in property—you're already convinced it will be the ticket to your financial freedom and the retirement lifestyle everybody hopes for. But there are a few stumbling blocks. You're not confident about distinguishing between the great properties for long-term growth and the ones that might bring in good rental return now but won't perform as well over time. You know which suburbs are 'hot' at the moment because you read it in the newspaper or saw it on TV. But have you missed the boat on that suburb? Is it now out of reach price-wise, or has the bubble burst?

And, even more troubling, what is the property *really* worth? You know the asking price, you know what other properties have sold for in the same suburb, but what is the value of *that* house or *that* unit? No-one wants to get ripped off, and paying too much will mean it takes longer to reap the true rewards of your investment. Also, when couples buy property together, you don't want a bad purchase to create tension in the relationship. Decisions should be made together, and both people need to be convinced that the decisions are the right ones—the only way to do this is to get educated so that your decision-making is balanced and informed.

In my business as a buyer's advocate, these are the things about property investing that I find terrify people. For most people,

property acquisitions are the biggest purchase decisions they will make in their lifetime. It's understandable why the process strikes fear into most. And, while most people *want* to invest, anxiety reigns and often prohibits potential investors from taking that all-important leap to securing their financial future.

That's where this book comes in. There are hundreds, if not thousands, of property books out there. There are many that deal with cash-flow negative and cash-flow positive properties, negative gearing, renovating, managing a rental property, structuring your loan (I've even written one about that!) and minimising tax. This book has elements of all those things, but its focus is on two fundamentals: how to find the right property and how to know you're paying the right price.

This book is not just for seasoned investors, or those who already own property—it's also for the first home buyer or those who intend to be owner-occupiers. We will talk a lot in this book about 'investors', and by that we mean 'everyone intending to buy property, for whatever purpose'. The fact is that every property purchase should be viewed as an investment, even if the buyer does not intend to rent it out or to buy other properties and use equity. Even if your intent is to only purchase one property in your lifetime, chances are that at some stage that property will be sold (even if it is after your death!), so making that purchase with an investment frame of mind is important. The financial choices you make today will have a significant impact on your lifestyle in the future, and the lifestyles of your children and your children's children.

I am based in Melbourne but have clients all over the world. I won't suggest for a minute that the property market is exactly the same all over Australia when, in fact, it can vary from street to street! But there are certainly buying principles that do apply all over the country. Those principles that apply to smart investing for the long term are the ones I'll take you through in this book. I'll give you rules you can apply no matter where you live, and no matter which state or territory you want to invest in.

I'll give it to you straight and I'll make it simple. My main interest in writing this book is to educate. I want Australians to overcome the fear of debt that still seems to hold many of us back and look to a future of financial security. Funding my own, *very* comfortable retirement is important to me and I hope I can pass that aspiration on to you, too.

As I mentioned earlier, in this book I'm not going to concentrate too much on the nitty-gritty of the finance side of building your portfolio; that is, the ins and outs of what loan to get and why. I'll stick to the fundamentals of finding the right property and paying the right price. Once you've got those two elements down pat, you'll be on your way to the future you've always wanted for yourself and your family.

The Reluctant Investor's Lament

*I hesitate to make a list
Of opportunities I have missed
Investments that were in my grip
I watched them through my fingers slip
Prime properties I should have bought
Were lost because of over-thought
I thought of this—I thought of that
I could have sworn I smelled a rat
And while I thought things over twice
Another grabbed them at the price
It always seems I hesitate
Then make my mind up much too late
A very cautious person am I
And that is why I never buy
I chose to think and as I thought
They bought the house I should have bought!
The golden chances I had then
Are lost and will never ever come again
Today I cannot be enticed
For everything's so overpriced
The deals of yesteryear are dead,
The market's soft—and so's my head!
At times a teardrop drowns my eye
I had the chance, but did not buy
And now life's saddest words I pen—
If only I'd decided then.*

—Author unknown



Part I

Finding the right property

I love property. I love looking at property, talking about property and educating people about property. I love that the market changes all the time and that means I'm always considering my options, looking at new locations and considering new approaches. I've been in property for a long time and have seen the cycle go round and round plenty of times. I have seen previously undesirable suburbs turn into high-growth potential ones with the introduction of new infrastructure and better town planning. I've seen the once 'poor' suburbs near Australia's capital cities flourish because of changing lifestyle considerations and the shift away from the dream of the quarter-acre block that was drummed into my parents' generation.

Although I personally have no influence over these changes, understanding the reasons behind the changes and predicting where trends are headed is a huge part of my business. This involves constantly watching the market, paying attention to statistics and developing a good feel for what's on the property horizon. This takes time and it takes work. No-one can learn all there is to know about property at the beginning of their investment journey and expect that knowledge to sustain them in the years to come. It's a constant process of education for real estate professionals and that's the way it will have to be for you if you are going to become a successful long-term property investor.

