

Buying Your First Home with Michael Richardson: Connect Events highlights video transcript

[The video starts with an introduction screen displaying the following words that move across the screen while backing music plays: expertise, networking, topical, ideas, insights, innovation, Bankwest Connect Events™. The music dims, and Michael Richardson is standing on a stage, talking to a live audience.]

With location, it's hard for everyone to go live in Toorak or where ever you really want to live.

So I would pick a location or a pocket or a group of suburbs you really like and then obviously do your homework on what those homes are selling for but you may need to look one to two suburbs further out from that particular example.

So I'll give you an example, I live in Hawthorn and I want to upgrade I might go look in Surrey Hills because the medium price is cheaper it's going to be a little more affordable but I'm still in that corridor where I wanted to be.

So that would be one tip I would look at because where you first start it is really, really difficult depending on budgeting and stuff like that where you'll eventually buy.

So you may need to look one to two suburbs out.

This is just a little tip and you know and a lot of parents would tell you to do this sort of stuff when you're first out buying but drive past the house and check out you know, before you even go to the inspections, how the neighbours are looking after the property, make sure they're neat and tidy and gardens are done and all that sort of stuff.

It just gives you an idea of what you're going to potentially be buying into, who your neighbours might be.

I would go for a walk around the parks, I have a coffee in the nearest vicinity and stuff like that, I'd drive past on a Saturday night at 11 o'clock and make sure there's no wild crazy parties next door and things like that as well.

So I would really, really research the neighbourhood that you want to buy in.

Obviously you look at a suburb to start with as I mentioned but then when you start to get down in a particular pocket, you just need to make sure that you know that is the particular little street and so forth.

Be really well researched.

So you'll get a guide from the agent or whatever you might see online or in the newspaper.

But then go and do your own homework and make sure you look at a number of properties that are comparable, make sure you then you go and do research and ask the agent for comparable sales, so if you're looking between 5 to 550, you want to go have a look at some other sales that have occurred in that bracket in the close vicinity with other agents for instance and then how they can compare that.

So make sure you do your research, so that you're comfortable so that you're not thinking you're going to buy something for 500 and it's going to be worth, you know potentially go for more.

This is probably the most important thing is make sure you have a bidding plan and a strategy.

Most people just sort of turn up to an auction and have a figure in mind and then say "I'll sort of see how I go."

You've really got to have a plan on three different scenarios.

If the property's going to pass in on a vendor bid and obviously there is no live bidding that way the auctioneers place a vendor bid, then how are you going to approach that situation.

The other option is, is there may be some bidding but it's under the vendor's reserve price, the reserve might be 600, you won't know that as a buyer, the bidding might be passed into you as the highest bidder at 550.

That means you get the first exclusive right to be able to go in at the vendor's reserve price and negotiate, so you've got to have a plan that I'll touch on.

And obviously the third option is auctioneers like we love and buyers don't want is that there's lots of competition, it goes really well there's three or four multiple bidders and it sells beyond the reserve price that is on the market and the highest bidder obviously wins.

There's other little things you can do on auction day as well that may help you.

We get this little bit in the current market now, there may be tweaks to settlement dates.

So it might say, you know the vendor want 30 days or 60 days. And I know a lot of the lenders right now they really can't stand the 30 days because it's just hard they really can't stand the 30 days because it's just hard to borrow money in that period of time.

So we have a lot of scenarios where it might say 30 to 60, but a buyer might come up and say, "Hey, I can bid today but I need a 90 day settlement and I've only got a 5% deposit available."

And then the auctioneer or the agent will go to the vendor and talk to them about that and if most of them are reasonable and have an open mind in this current climate, they'll come back and say "Yeah, no problems, let them bid on that basis." So ask those sort of questions.

There was a property in Glen Iris and I did a vendor bid at \$775,000 and there were a couple of buyers that liked it, it was a deceased estate, they were comfortable to sell at \$800,000. I did a vendor bid at 775 and a lot of people just stood there and watched the auction.

Then, because they all thought the price was going to be a lot higher so they didn't bid.

We then went and put a fixed price on a \$799,000 and then by that night I had an offer for 799, 812 and \$825,000. So I went back over the top through a private sale negotiation post auction that afternoon.

Now if someone liked that home enough and they were there and the scary thing is the three people that made offers all were standing at the auction, they probably would've bought it for \$790,000 to \$800,000 that morning, so if you like it, put your hand up, give yourself a chance.

[An orange screen appears with the Bankwest logo and disclaimer to signal the end of the video]

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