

COVER STORY

Buy with a pro on your side

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PROPERTY costs a lot of money.

Naturally, purchasers want to ensure they're getting value for that money.

And with house prices at record levels in Melbourne the number of buyer's advocates has likewise never been higher.

But how do you work out which property pro is the best to have on your side?

Realestate has taken a look at buyer's advocates to find out what research you need to do on the person you ask to buy you a home.

PROFESSIONAL BUYERS

A buyer's advocate is the opposite of a selling agent, according to Jacque Parker, president of the Real Estate Buyer's Agents Association of Australia (REBAA).

If you've found the ideal property, they may bid at auction or negotiate on your behalf to get the lowest possible price.

They can also help narrow your search by ruling out properties unlikely to perform and targeting those that will best suit your intended investment outcome, according to Ms Parker.

"They have access to more recent sales information than the general public, and when we find a property that suits our client, we don't start negotiating until we have done an appraisal of the property," Ms Parker said.

They're also used to rejection.

"In a sellers' market, it's more difficult to obtain fair market value and there's very much a herd mentality in the market," she said.

"Buyer's advocates are used to rejection and especially in a sellers' market."

The main benefit for most prospective buyers will be

Justin Huber, with partner Louisa O'Toole, recently bought a third property using an advocate.

Picture: HAMISH BLAIR



saving time and a boost in their confidence in any property they eventually buy.

Even so Victorian REBAA representative Janet Spencer said agents would often advise against buying.

"We frequently don't buy a property that would commit the buyer to a long mortgage for a property with negative attributes," Ms Spencer said.

COSTING

All those prospective benefits come with a cost.

According to Ms Parker, this is typically 1.5-3 per cent of the purchase price. This may vary from advocate to advocate.

Often the fee is set according to a price bracket established before they begin working, rather than as a commission.

Payments typically include an upfront deposit with the balance paid after the purchase.

At Ms Spencer's firm, Buyer Solutions, if a buyer were to do their own research and bring in an advocate just to handle the negotiation and check there weren't any red flags about the property, the cost would be about 1.1 per cent.

For the full service, that would rise to 2.2 per cent, which comes to about \$12,000 on a median priced, \$612,000 Melbourne house.

"Our fees are not insignificant, but it's our job to justify them," Ms Spencer said.

Ms Parker noted if a buyer engaged a buyer's advocate, they had to sign an authority to have them work on their behalf — it's important the buyer and

their lawyer read this closely.

It's also worth noting that agents won't always succeed — they can't increase a budget.

FINDING THE RIGHT ONE

When Ms Spencer started as a buyer's advocate in Melbourne in 2001, there were only two or three other groups doing it exclusively. The Real Estate Institute of Victoria's latest figures show there are now 103 licensed buyer's advocates working in the state.

Dr Claire Noone, director of Consumer Affairs Victoria, said buyers should speak with several advocates before selecting one, and check their licence on the Victorian Business Licensing Authority's public register of estate agents.

Margaret Steel, who has

used Ms Spencer's services for a number of purchases, said it was important to find a buyer's advocate who understood what the client was looking for.

"You have got to find somebody who is quite empathetic," Ms Steel said.

"(And) I think that buyer's advocates are something more people should look at if they are time poor."

Jarrod McCabe, at Wakelin Property Advisory, said buyers should expect to be working with their advocate anywhere from a few weeks to a few months — and the buyer should be asking questions the whole way through.

"I like to be asked why certain properties do well for investment and why others don't — it shows they are

BUYER'S ADVOCATES: QUICK TIPS

- Ask what their most recent purchases were.
- Find someone you are comfortable with.
- Understand and ask for a demonstration of their research.
- Confirm if they work exclusively for buyers.
- Know how much experience they have.
- Check they have a licence.
- Ask to speak with past clients, preferably from the area you are looking in.
- Seek one at the highest level of their profession (an REBAA and REIV member).
- Check property forums online for further feedback.

*Source: REBAA

thinking about it and not just taking our word for it," he said.

He said those who would benefit most from a buyer's advocate had their finances in order, knew what they wanted out of a property investment and were prepared to listen to advice — and these were the things the advocate would look for at an initial consultation.

Justin Huber recently bought his third property through Mr McCabe.

Mr Huber originally sought an advocate because he was playing baseball in the US and didn't have the time to buy a place in Australia.

"Because I wasn't going to be there a lot I was interested in buying a property that would really outperform," he said.

His advice is to find someone you believe has your best interests at heart.

"I'd do my homework and try to get a good feel that your best interests were in their mind," he said.

"What I've learned is just how much the process actually saves us in the long run."