

## Luck! – Good Fortune! – and the realities of the market place!

As I walked through Sunnybank Hills Shopping Centre on a recent Tuesday, on my way to bank some management rights sales deposits, I couldn't help but notice the gaudy signs that screamed at me to invest in the \$22 million Powerball Jackpot.

This was indeed a tempting thought! No more slaving over **The RAAS Report**; no more waiting in line at the bank - I would almost OWN the bank. Ah, these are the things that dreams are made of!

One would think that if I invested, say, the thousands in my briefcase on Powerball entries, I would have to be in with a big chance for the 22 mill!

Sadly, the mathematicians among you will soon tell me that I would have a greater statistical chance of being struck by lightning than winning Powerball, even using thousands of dollars of someone else's money!

So why do so many people waste their cash? If you asked these people whether they thought they would ever be struck by lightning, they would just laugh and say you were nuts. It would never happen!

Yet they "invest" their hard earned money in something where the odds are much more ridiculous. As Michael Caton playing Darryl Kerrigan in *The Castle* said, "Tell 'em they're dreamin'!"

So what, you ask, has all this got to do with the property and management rights business?

Any agent who has been in the property game for any length of time can tell you the dangers that confront vendors who are "dreamin'".

One stark example came to our attention in the last week. One of our **RAAS** members list-

ed a nice apartment in his complex for a young owner-occupying couple who unfortunately were splitting up. The apartment was overpriced at \$395,000 and we advised the owners accordingly. An offer of \$365,000 was received fairly soon after listing but was rejected out of hand. We considered this to be a very good offer but the owners insisted they would not accept a penny less than \$389,000. Weeks went by, relationships became more frayed, but no further offers were forthcoming. Sadly the property has just gone under contract for \$352,500, a full \$12,500 less than the initial early offer!

Whether you are selling your management rights, or your home, or an investment property - consider what follows because it is so often true!

At any point in time in the property business, there is a group of unsatisfied buyers, circling around like a school of fish; swimming this way and that; looking at the ads.; examining any new listing that comes on the market; weighing it up against everything else they have seen; comparing; comparing; comparing! This group of unsatisfied buyers is the ultimate judge of value.

They know more about value in their own narrow band of buying intention than does any agent or any owner and when they see a new listing in their price range that fulfills their needs, they make their offer. Sadly, for many of us, this offer takes us by surprise and we are fearful that we are selling the property too cheaply because the offer has come too soon. Heck, we think! If we can get an offer like that so quickly, we must be able to get a lot more if we wait a while.

Take a good long hard reality check! Are you sure you are not slipping into the mindset of those who play Powerball, and Darryl Kerrigan might accuse you of "dreamin'".

Are you really sure your suburban complex with a nett profit of \$85,000 is worth a multiplier of 5.4- or are you "dreamin'"? Are you really sure your manager's unit is worth \$360,000, when the last comparable sale in your complex realised \$255,000 - or are you "dreamin'"?

We all hope to find a premium price buyer who will pay us over the odds but we have to be careful we do not turn down the genuine buyer offering fair market value while we wait around for this phantom who will never appear.

People who buy grand old colonial homes on the top of the hill sometimes pay prices that make no sense because they buy with the heart, not with the head. Buying management rights is almost always less emotional; instead of buying with the heart they buy with the calculator!

Fortunately, property is a long term investment, and given enough time, always appreciates. If you cannot obtain the price you want at the moment, you need to wait a while. Take your property off the market before it becomes what some agents call a "stale listing", and work hard on maximising its value.

The only people who are in danger of losing money in the property business are those who are forced to sell at a time not of their own choosing!

**If you would like to comment on anything you have read in the RAAS Report, please send an email to [mike@raas.com.au](mailto:mike@raas.com.au) or write to The RAAS Report, PO Box 1325 Sunnybank Hills Q 4109.**



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