

Reality Bites

I've been talking a lot lately about the opportunities on offer in the current market, but this week I want to get more specific with some concrete examples of discounted properties on offer right now. Whether you're a buyer or a seller, you might be surprised to see how much prices have fallen in some areas of the Sunshine Coast.

We have a deep waterfront dream home up for sale currently at [Oak St Minyama](#) where the vendor has spent \$2.4 million on the build, but is willing to look at offers around \$1.5 million. **That's around 37% below cost.** We have another gorgeous waterfront home for sale at [Millennium Ct Pelican Waters](#). The vendor paid \$1.245 million for the property in May 2005 but is now willing to consider offers around the \$850k mark - **more than 30% below the original purchase price six years ago.** These are just two of the excellent opportunities smart investors can take advantage of right now.

Some sellers reading this might be feeling shocked, but even for vendors, it's not necessarily bad news and it's important to face reality. There are two categories of sellers – those who are buying back in and those who are not. If you're not buying back in and you're not in a forced sale position, my advice is to take your property off the market now. You are not going to get a premium price in the current environment. If you are in forced sale position, my advice is to listen to buyer feedback in order to minimise your losses.

If you're selling and buying back in, it's the changeover cost that's most relevant to you, not the discounting on your sale price, and now is a brilliant time to upgrade your home. Whatever you perceive you're losing on the sale, you should be able to pick up (and more) when you buy.

All vendors need to remember that early offers are generally the best offers. Take the case of a property we sold recently at Alexandra Headland. The vendor had paid \$220k in 2007 then spent a further \$30k on upgrading the property. The property was listed for sale in December 2009 but did not attract an offer until October 2010. Because the offer was below cost at \$205K, the vendor refused it. In June this year, they ended up selling for \$195k. Not only did they lose a further \$10k, they lost another eight months and the opportunity to free up their cash flow earlier.

The key to successful property investment is knowledge – I look forward to helping you make the best possible decisions.

Michael Knights