

Buying by Private Treaty

Private treaty sales take place either through a real estate agent or directly through the owner. The key for those buying by private treaty is to try and establish the lowest possible price the vendor is willing to accept. Keep in mind that most houses up for sale have some built-in buffer for negotiation.

PROTECT YOUR INTERESTS

When negotiating through an agent, keep in mind that they are working in the interests of the vendor. Some strategies for successful buying by private treaty include:

- **Befriending the agent:** Establishing a good relationship with real estate agents in the area you are interested in is a good idea. You want agents to know that you are a serious potential buyer so that they let you know when a relevant property is on the market.
- **Getting an appraisal:** This is the best way to judge whether the asking price is an accurate reflection of its true value is to call in a professional appraiser. Although you will have to pay for the service, it will give you good bargaining power if you really want the property.
- **Keeping a close hand:** As a buyer, your aim should be to express interest in the property without letting the agent or vendor know the maximum amount you would be willing to pay. The best strategy is to gradually increase your offer over time.
- **Stating your case:** If the asking price is outside of your budget, try negotiating. For example, if a building inspection reveals that the roof needs replacing, suggest to the agent or vendor that this work will be costly and should be deducted.
- **Checking the facts:** If a key selling point is that the property could be subdivided or added on to, ask to see planning permission from the local council. As with any property purchase, you should do your research and get all relevant inspections done by a professional.
- **Not exceeding your budget:** As a rule of thumb, remember that if you are prepared to buy a property at all costs, you could be financially overextended for a long period. It is wiser to buy a property you can afford so you can enjoy being a home owner.

SECURE YOUR OFFER

If you make a successful offer to the vendor, you need to obtain written acknowledgement of this fact in the form of a contract to avoid being gazumped. The contract will set out the agreed price, as well as any terms and conditions that have been negotiated (such as any inclusions, the sale being subject to inspections or a short settlement period). You will also be required to pay a deposit (usually 10 per cent). The conveyancing process will then begin.