



BY CHRIS GRAY

Investing in investors

Why having property investor clients pays dividends in the long term.



If you want a client who has the finances, motivation and market knowledge to buy from you time and again, will make a quick decision and is a potential future vendor or landlord, it would be a great idea to get more property

investors on your books. As in any other industry, the better your relationships, the more successful you are likely to be. Building a relationship with an investor involves open communication and trust. Keep investors informed throughout

the sales process, and give them your honest opinion about the property. Investors are savvy; they know when they are not getting the full picture or if you are trying to sell for an inflated price.

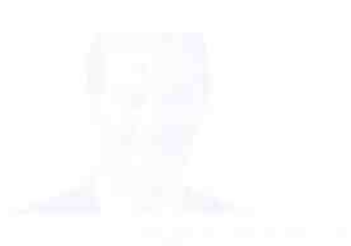
agents know negative feedback is detrimental to their business and can cause you to lose many potential clients.

What are their motives?

Some agents shy away from investors believing they are so fixated on buying low and selling high they will not give you the best price. However, it's a rare vendor who is motivated solely by price. Some people need to sell because they want to secure their dream house elsewhere; others need to sell quickly to reduce their overheads. In all

An investor who feels they were treated fairly is very likely to give repeat business, whether as a buyer or when they decide to sell one of their properties. Burn an investor and not only will you miss out on their continuing business but they could tell their network of industry contacts about it. All

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these occasions, your sellers could be happy to get a quick, guaranteed sale compared to the risk and uncertainty of going to auction or a lengthy campaign period.

So while you think investors may not offer the highest price, they can often offer a quick guaranteed sale in a fraction of the time. In some cases, investors may be less concerned about cost than other buyers as they can see the potential for capital gain down the track.

Getting in their head

Getting inside a property investor's head should be relatively simple as they have a similar approach to the market as you do. Investors focus on values and rarely get emotional about a property. They want you to give a good rundown of the numbers: it's important to explain rental returns, renovation potential and a breakdown of the demographics.

Investors are busy people who are keen for fast transactions and they expect access to all the latest facts and figures before they buy. If possible, organise all necessary information on rental yields and capital growth and have a strata check ready before the first open house. This will give investors the information they need to make a quick decision and speed up the sale process.

Investors love having all the background facts and research but, like any buyer, mostly want to see the property.

TOP TIPS FOR WORKING WITH PROPERTY INVESTORS

- 1 Know your clients**
 Physically looking at properties is the last thing a property investor does. You need to have a list of market statistics at the ready so investors know what they are up for before they go to Open For Inspections.
- 2 Maintain regular, open communication**
 Even if an investor hasn't bought for several years, keep letting them know about good opportunities you have. Investors like to keep an eye on the market, and you never know when they might be ready to pounce. When they do, you want them to think of your listings.
- 3 Have thorough research at the ready**
 Investors do their own research, but they don't know it all. Make sure you have the latest facts and figures and strata reports ready for investors so they can decide if
- a property is worth buying. Give investors inside knowledge on what rents well and what could be a good buy. Even if they buy from your competition, they'll still be looking to sell or rent property, and you need to make sure they consider you next time.
- 4 Present the facts and figures**
 Investors are motivated by finances. They will make a rational decision so give them up-to-date market statistics, rental yields and information on the number of working professionals in the area who can rent the property.
- 5 Build trust**
 It's rare that an agent will deliberately try to rip a buyer off, but there is always the risk of getting caught up in chasing a high price and not giving buyers all the information. Bear in mind that all investors are potential future clients and be open and honest with them.

Help investors by making appointment times around their schedules. If it's an investor with a nine-to-five job in a different industry and busy weekends, you will most likely need after-hours inspections.

Keep investors up to date with new listings as they come onto the market. If the investor has bought more than one property from you it would be a very good idea to give them access to listings before they go to the general market. You will be rewarded with more sales as the investor returns to you next time they are looking to buy, or considers listing a property with you.

Another good practice is to keep investors informed about where properties stand. A property that attracts strong interest and multiple contracts ahead of auction is likely to sell for an inflated price. Investors don't want to waste their time on something that will sell well beyond market value, and don't want to waste their time attending an auction if the price will be too high. Just as you should let investors know about good opportunities, you should inform them when they might be wasting their time.

This works the other way, too. If interested parties drop off as campaigns progress, due to

interest in other properties or issues with finance, you could go from a position of achieving a massive premium to a potential pass-in. This is when you should call the investor, who may well jump at the opportunity to purchase with very little competition – a win for both of you. ♦

Chris Gray is CEO of Empire which builds property portfolios for other people. Chris buys around one property per week, providing a unique insight into market conditions and buyer and seller sentiment. Chris is a qualified accountant, buyers' agent and mortgage broker.