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**YSP Podcast Transcript: Episode 055. Veronica Morgan On Why Strata Purchasers
Should Work With A Buyer's Agent**

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Intro: Welcome to Your Strata Property. The podcast for property owners looking for reliable, accurate, and bite-sized information from an experienced and authoritative source. To access previous episodes and useful strata tips, go to www.yourstrataproperty.com.au.

Amanda Farmer: Hello and welcome. I'm Amanda Farmer and this is Your Strata Property. Today I have a very special guest for you. I am absolutely honoured to welcome Veronica Morgan, the founder and principal of Good Deeds Property Buyers. Veronica is also the co-host of the popular television series "Location, Location, Location Australia" with Bryce Holdaway, and also "Relocation, Relocation Australia" on Foxtel's The Lifestyle Channel. Veronica is passionate about residential real estate and prior to jumping the fence and becoming a buyer's agent, she was an acclaimed sales agent in a leading independent agency in Sydney's Inner West.

Since forming Good Deeds Property Buyers in 2009, Veronica has become a credible source of opinion on Sydney's property market. Amongst other things, she is a regular guest on Sky News Real Estate, she's presented at Grand Designs Live Australia for four years running, judged the 2014 and 2015 REI New South Wales Awards, was a keynote speaker at the REI New South Wales Women in Real Estate conference in 2012, and is the vice president of REBAA. Veronica also has written numerous articles, including cover stories for The Sydney Morning Herald's Domain supplement and contributions to Australian Property Investor and Smart Investment Magazine.

Today I am absolutely delighted to welcome Veronica Morgan. Welcome, Veronica.

Veronica Morgan: Well thank you, Amanda!

Amanda Farmer: Such a privilege for us to have you on the show and for our listeners to hear about what it is that you do. And we're gonna have a bit of a conversation about what you do and how it's specific to strata. Let's start with a general question. Can you explain the role of a buyer's agent?

Veronica Morgan: I certainly can. So a buyer's agent is a real estate agent who represents the interest of buyers rather than sellers in the whole transaction. So we are here to level the playing field. And I think what people don't recognise is that they are very unfairly matched in a negotiation. When they're dealing with a selling agent the vendor is represented and they are not, the buyer is not generally. But it's not just the negotiation, it's actually the selection of property. And a good buyer's agent will really get into the nitty gritty of what you're looking for in the first place, to make sure that you actually buy the right property.

Amanda Farmer: I think that's so interesting. You say, "The parties being unfairly matched" and, when I have my lawyer's hat on and my lawyer's brain, thinking about that it's incredibly important that people have access to experts to help restore that balance. And I think it's great that you guys are out there advocating for what is, I agree, the weaker party in these kinds of very important transactions.

Veronica Morgan: Particularly, in the market, as it has been in Sydney and in Melbourne for the last four years, where you've had this ridiculous growth and enormous competition, and that fear of missing out that leads buyers too often make really rash and really crazy decisions. So, having a buyer's agent on your side, under those circumstances, can really help you I guess to take a step back and make a more informed decision.

Amanda Farmer: Yes, that was actually going to be my next question for you. Why do you think it's a good idea for purchasers of properties, and maybe strata properties, in particular, to have a buyer's agent? So you've just said there, Veronica, so that we don't make these rash decisions, jumping in with our emotions, I suppose. What are some other reasons why it's great to have a buyer's agent by your side?



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Veronica Morgan: Well, it's interesting that most buyers don't know what they don't know. And obviously, when you get legal representation when you're buying then, there is a certain amount of insight or perspective that a lawyer can give. And that's assuming that you're using a property accredited lawyer, somebody who actually does a lot of property work or conveyancing in particular and, obviously, has an understanding of strata as well.

The amount of people that buy property and use their local lawyer, and just think that they're going to get good advice specific to the property they're buying ... They just don't realise that they are not getting good quality advice, necessarily. So, because people don't know what they don't know, they're just unaware of the risks. And I think too, Australians seem to have this abiding faith in property and that you can't go wrong. And yet, you can. And with strata, there's a whole extra layer of complexity, in which you can go even wronger if that's even a word.

Amanda Farmer: Yes, it's so true and I've had a few guests on the podcast, recently, talking about just that. What can go wrong at the point of sale or point of purchase, if you like, when it comes to strata properties. And, we've spoken offline about this, the more education, the better, when it comes to people entering this space. So, I guess that's a great space for a buyer's agent to be as well because of you guys, no doubt, are involved in these kinds of transactions specific to strata, much more so than the first home owner, the first home buyer, jumping in for the first time. And you know those pitfalls and, no doubt, you can guide your clients in the workings of this, what can be a complex area.

Veronica Morgan: Yes, very complex. I mean, I think there's four main ways in which we help a client. I first one is for the searching for the right property, that's the starting point. And then when you find it through, or how do you find it? How do you select it? And so, when you're looking at strata, in particular, you've gotta choose the building for starters or the complex.

But then you've got to choose the property within that complex or building because even if you've got a great complex, they'll be properties within that or apartments or townhouses within that complex that aren't that great. They might have a poor aspect or they might be right above the garbage bays or whatever reason that's not your ideal property in that complex. So it's navigating through all of that as well.

But then the next thing is evaluating those properties. And so it really is saying " is that a good or a bad or an indifferent type property? What is it worth? How does that set in terms of the rest of the market? What should you be paying for that property? What's too much to pay for it? What's not enough?" If you don't go in prepared to pay a certain amount of money, often times you're not going to buy. You're going to continue looking and you're going to get picked at the post all the time. But then there's the due diligence side of that evaluation, which ... and part of that is obviously understanding the mechanics of the owner's cooperation and how the strata is run.

And then finally the negotiation. So actually getting to the point of handling that negotiation with the ad agent, whether it be a private treaty or an auction.

Amanda Farmer: Excellent summary. Thank you so much for that, Veronica. Have you got any examples of, I suppose, real life examples where you've walked through, with a purchaser, those four steps, that you can share with us? And how that's worked in practice?

Veronica Morgan: Oh absolutely. In terms of the four steps, I guess, the very first thing we do with the client is what we call, very imaginatively named, our Getting Started session. And that is where we actually get a client to fill in briefs and if there's more than one client involved, such as a couple, we get them to fill them out separately.

Amanda Farmer: That's interesting.

Veronica Morgan: Yes, there's a lot of psychology involved in searching for property for people. And what I often find is that there are people that should be buying strata, or should really consider buying strata, that aren't considering it because they've got



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preconceptions about buying in a strata complex and, whether it's as simple as they think I don't want to pay levies. You know, that's a cost I don't want to be bearing every month, every quarter. Or whether they think I don't want to be dealing with neighbours or however it be what their preconceptions are, there are a lot of preconceptions against strata amongst buyers. And particularly investors think that strata properties aren't going to perform as well, over time, as houses, for instance. And that's something that we need to disabuse them of in certain locations, and with certain budgets. So, there's a lot of understanding the real drivers behind what they actually need, and whether they have fully understood what their options are prior to actually commencing the search. So we will explore that before we start pounding the pavement and looking at property.

Amanda Farmer: Excellent

Veronica Morgan: So, that's the first bit. The second bit is the property selection, which is, as I mentioned before, when it comes to strata, a lot of people, they don't realise the difference in a well-managed building versus one that is not necessarily as well managed, and one that is poorly managed. And there are certain obvious signs. Certainly, you can pick that up when you're outside a building, for starters. But there's certain obvious signs.

But there's a lot of not so obvious signs as well. And there are some subtle things, such as with some complexes, for instance, over time, they develop a personality or a community of their own. And so there are some complexes where buyers love ... People like to upgrade within the complex. Tenants love ... Tenants will move from one apartment to another, within the complex. And that's something that's really hard to predict, so if you're buying off the plan, for instance, how on earth are you ever gonna know whether it's going to turn into one of those complexes or not? And so, we love history. We love to look at the history of a building or a complex. And so we look for those sorts of things, for instance, as well as how healthy their funds are and how well managed the building is, per se. And then within that, so you find a good building or a complex and this is going to help people select the right apartment or the right townhouse within that.

Evaluating the properties, well that's a massive, massive job. You know, once we identify a property that a client wants, we might uncover something in that evaluation process that we'll turn around and say, "You know what, we're now not recommending you go for it." And it might be something we uncover in the strata report. It might be something to do with massive disharmony in the executive committee. It might be the fact that they have never invested in the building. They've got zero in the sinking fund and they've got a massive roof that needs to be replaced or that we can see evidence of windows that don't comply, for argument's sake, and we can see that there's been no mention in any of the minutes. They've got seemingly no awareness of the fact that they're going to have a lot of compliance issues coming up. The fire safety is really good one on that one. So what we're looking for are reasons why you should not buy the property.

Amanda Farmer: And just on that point, once you've relayed those reasons to your clients, what do you find? Do you find that, generally, they've invested in your advice, so they follow it? Or do they say "but I love it anyway"?

Veronica Morgan: There's the odd person that will say, "I love it anyway". And we have a motto, it's, "Eyes wide open". So we don't play God, but we'll do our best to make sure that the client is fully aware of all those risks, and the potential ramifications, in terms of cost to them, going forward. So we'll look at the unit entitlement for instance, and say ... Let's say, for argument's sake, they need to raise \$200 000 in special levies, "This is what it's going to cost you." That's if, we don't know that because they haven't ... For instance, they may never have had anything costed. It could be \$500 000. So we'll talk through that.

Amanda Farmer: Yes, we have a motto in my office too. And it goes "We advise. You decide", so a little bit similar to you, I think.

Veronica Morgan: Yes, I love it.

Amanda Farmer: I interrupted you. I think you might have been moving on to that fourth stage?

Veronica Morgan: Yes, the negotiation. Well, that's another minefield. When you're dealing with selling agents, of course, I love agents. I am a real estate agent. I was a selling agent. So I absolutely, 100 percent, get what they are meant to do. I get what



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they're trying to achieve. I also get how they're paid, and it's very different to how we're paid. We're paid fee for service.

So we're paid for our advice. Much in the same way, I imagine, you are? Selling agent is only paid if, and when, it sells. And so their job is to sell it. Their job is not to make sure that the client, or the buyer, is buying the right property. Their job is not to make sure the buyer is paying the right price.

And I do love it when I hear a selling agent say things to buyers and they say "oh, this is a great investment". And I'm like, "Ugh, by what means have you arrived at that conclusion? And how are you actually qualified to make that call?" And yet, selling agents say it all the time. That's just one example of the type of information that comes from a selling agent that a buyer might rely on, whether it's conscious or unconscious. And so when you're entering the negotiations with agents, you know, we've got to be very mindful of the type of agent that we're dealing with. We've actually got a matrix of eight different styles of agents, and they've all got different motivations and different ways to renegotiated with.

Amanda Farmer: Interesting.

Veronica Morgan: It is. It's fascinating. I mean, it's our lay psychological approach there, but it plays out. And when we put in place a purchasing strategy, as we do for every property that we go for, we take in into consideration the type of agent that we're dealing with.

Amanda Farmer: Excellent.

Veronica Morgan: And that's critical. And even when you go into auction, a lot of people say "oh well, when you go to auction, you've just got to pay whatever." And that is actually not true. You need to be able to know when to walk away from a property when it is not a good idea. And you need to know when to push yourself. And so that's the kind of guidance that we'll give our clients prior to commencing the negotiation. So, going through that whole thing, there are times where we will go to auction or we will commence negotiations and we will walk away from a property. And there are times where we go and buy it. And our clients have got to be very satisfied that they are making the right choice, and they've got to be confident with their decision along the way. And that's what we seek to do.

Amanda Farmer: Yes, great advice. We've talked a little bit about problems, Veronica. Did you want to cover off any more particular problems that strata buyers face? And what do you do to help overcome those problems?

Veronica Morgan: I think one of the biggest problems, apart from the preconceptions that a lot of people have about levies and about living in close proximity to other people ... I guess I'll sorta head those off straight up. First of all, with regards to levies, when I sort of say to people, "It's actually budgeting for expenditure, such as maintenance and insurance, for instance, that if you own a house you should be spending money maintaining and insuring your property. So you have the discretion as to when you make those expenditures. Other than insurance, I guess." With strata, what that is is budgeting those expenditures and investing in that building along the way. So once we sort of point that out, clients think, "Oh, okay I sort of get it." It's not just an added cost. It's a cost you should be paying anyway when you own a property. So, that said, there obviously are some stratas that are ridiculously expensive, and there are reasons for that. And whether that is justifiable or not is based on the individual circumstances. So, that's the first thing that we talk about with clients.

Another one is, "Oh, I don't want a ground floor apartment." And I'm like, "Okay, that's fair. But you'd buy a house, right? And that's on the ground floor. And so what's your issue with the ground floor apartment? And if it offers you a lot more outdoor space, that you would not get if you were in a higher level, is that worthwhile? Given that, if you lived in a house, you's have the same type of security issues, potentially." It's just about, sort of, putting a spotlight on some preconceptions. So, that's one area.

The next thing that is a big hurdle for buyers, when it comes to strata, is not understanding how to read a strata report or what to look for. And I have to say my business, I have gone through the process of trying to work out even how I can train myself or how I can learn that myself. This has been through trial and error in our business that we've built up, sort of, a template and a procedure,

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over time, of reading reports. Then I would get some level of context, so you can read one and, sort of, gauge how it sits in the general scheme of things.

And that's really difficult because of a lot of solicitors, for instance, will look at a strata report and they'll pretty much ... some will actually say "no, I don't advise on those." And some will ... I've had that happen quite a lot. "I'm sorry. That's out of my area, I don't advise." And other ones will look at sinking funds balance, for instance, and say, "Oh, well that's healthy. That's pretty good." And that's pretty much the extent of the advice. So I think that's really scary because there is so much information that's in there and often not in there. And knowing what to look for and what to be scared of, if it's not there, it's really daunting. And got no idea what they're doing.

Amanda Farmer: Yes, we've had Nicole Johnston from Deacon University on the podcast before speaking on exactly that point. What advice purchasers are getting from their lawyers or their conveyances when their buying in. And she strongly recommends that purchasers get the advice of an experienced strata lawyer. Not just a property lawyer or a conveyancer, but a strata lawyer, because of those unique issues that surround strata. "How do I read a report? How do I read a strata plan to make sure that what the agent is telling me I'm getting, I'm actually getting?"

Veronica Morgan: Yes. And that's a really good one. In fact, there was an episode of the show with her, I came across a really good example of that. And we were actually up in Barham Bay helping Farmer Dave buy a villa. And so there was a particular property that the agent gave us a brochure, and the brochure very clearly showed that there was an area that was included in the sale, which is an external area. It had a deck. It had a garden. And it had a wall and a fence. And that was on the brochure.

Now, the contract went off to the solicitor. Now, if I didn't look at that contract and notice that that outdoor space was not included in their lot, I wouldn't have thought to have a look in the by-laws to see, "Do they have the exclusive use rights for that outdoor space?" And then I discovered they had exclusive use rights for half of it. So they had it for the deck, but not the garden and not the wall and the fence. So the lawyer, however, had said to Farmer Dave, "Oh, you've got some outdoor space." And Farmer Dave said, "Yes." So there was this ... The lawyer at no point said, "Show me the document. Show me agent's brochure. Show me the floor plan. Is this exactly as you understand?" And it's an easy mistake and I can imagine it happens a lot.

It happens very often where what you think you're buying and what you actually are buying are two very different things. So, I then brought it to the attention of the solicitor. The solicitor then went vendors list. It turns out the vendor had purchased the property under exactly the same conditions. So she purchased it thinking she got that whole area under exclusive use rights. But no, she didn't. So her lawyer had not picked it up. And this can go on for a number of transactions. So, I mean, that's one very good example of how there's a mismatch between what a strata lawyer would pick up versus what somebody else would pick up.

Amanda Farmer: Yes, absolutely. We probably have some listeners, Veronica, who have tuned in because they've seen that you're a buyer's agent. They've often thought about getting a buyer's agent and it would be really nice to have that guiding hand there. If we have some listeners who are thinking about a buyer's agent for their next property, whether its strata or not, what would you suggest are their first steps that they take? What's a quick win in getting on this bandwagon, if you like?

Veronica Morgan: Well, obviously if you're buying within 10-kilometre radius of Sydney CBD you should contact me. Gooddeeds.com.au. That's the first one.

The second one ... The reason that I joined REBAA, which is the Real Estate Buyers Agents Association of Australia, a very long ... It's actually longer than the name of the show. The reason I joined REBAA, and now am the vice president, was because I could see as we were raising the profile of buyer's agents and raising the awareness amongst consumers of the idea of getting advice. Getting someone on their side. Unfortunately, not all buyer's agents are equal. And that is a great stress to me that there's a very low bar to entry in my profession. So the reason I joined REBAA was because I believed that we need to raise the bar. We need to raise qualifications. We need to raise experience. We need to raise the quality of advice given to consumers.

So the very first step is to get on the REBAA website, which is rebaa.com.au, to make sure that whoever you are considering is



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actually a REBAA member. That's your first port of call. Beyond that, if you jump onto my website I do have a couple of questionnaires. And so you can use that to interview potential buyer's agents, and also interview their clients, because you really do want to make sure that, whoever you deal with, you've got to be able to trust them. They've got to be an exclusive buyer's agent, so they are not getting any kickbacks at all from any developers agents whatsoever. Their exclusive and their working for you 100 percent. So, once you ...

You can reference check them, basically. And that's what I would wholeheartedly encourage anybody who's considering using a buyers agent to do. And so there's a list of questions there that you can use. So I'll give you the links to those.

Amanda Farmer: Yes. I'll make sure that's in the show notes. That's a really good tip there. Going to former clients of the buyer's agent and making sure that they've been happy with the service.

Veronica Morgan: Absolutely.

Amanda Farmer: Good one. Okay, fabulous. That definitely gives our listeners a nice clear path, a first few steps to take, on their way to engaging a buyer's agent. Veronica, which books have had the greatest impact on you? And why?

Veronica Morgan: I've been listening to your podcasts and thinking to myself, "What am I going to say when I'm asked this question?" And ultimately, decided that I was going to talk about a book that really has left a massive impact on me. And that is called Eugenia by Mark Tedeschi. He has written this book about Eugenia Falleni. Now, she is ... He calls it the greatest travesty or miscarriage of justice in Australian history.

Eugenia was born a woman, initially. Born in New Zealand, came to Australia at the age of 18 or 20. And he believed he was born in the wrong body. And it's, kinda, long story short, he lived as a man named Harry Crawford for many, many years, and even married two women. And the first wife, however, died under very, very suspicious conditions and he was had been charged with her murder. And did serve time. And it's a really interesting book. What really got me about it was the fact that the loneliness and the lack of connection that ... The way that he felt so strongly that he was a "he" that he lived his life in such a way but he was so isolated. I just thought it was a tragic, tragic story, but fascinating at the same time. So, that's just left a massive imprint on me.

Amanda Farmer: Yes, thank you so much for sharing that. We'll make sure there's a link to that in the show notes as well. Its interesting how many lawyers turn to writing, or they retire and indulge their dream to produce a book. And I always find it interesting to read what fellow practitioners are writing, whether its comedies or biographies or ... We see to just have a way of expressing ourselves.

Veronica Morgan: I think that forensic way in which he constructed this book is really interesting as well. And, its funny, there's a bit of a theme here. I don't know if you've ever read Helen Garner's books, The First Stone, Joe Cinque's Consolation, and the terrible one about that father that drowned his three kids in Victoria. And I avoided, for a while, reading that book. I didn't think I could cope with it. But she's quite incredible in the way she writes about these very challenging and ethical dilemmas as well. And they really challenge the reader in terms of their preconceptions and prejudices. I find that sort of book quite fascinating.

Amanda Farmer: Yes, excellent. Thank you very much for sharing that. Now, Veronica, how do our listeners find out more about you? And is there anything you want to add before we wrap up?

Veronica Morgan: I guess what I would say, just in summary of me, I really passionate about helping people make really good property decisions. And I am working on more of an advisory service at the moment too and just helping people determine whether they should stay or should go. And so there is much more to this whole property thing than simply just buying or selling. There's a lot more to it. So I am working on that. That's just sort of attempted for the future I guess. But, in the mean time, anyone can get a hold of me by my website, which is gooddeeds.com.au and I'd love to help more people by will.

Amanda Farmer: Excellent. Thank you so much. I'll make sure your details are in the show notes so our listeners can definitely



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find you. I'm really excited to see what you're working on there. Particularly you talk about whether people should stay or go.

Whether you should renovate or not. I see this now particularly at the stage of life where I'm at people have bought properties and their looking at do they buy second property? Do they renovate their home? Do you move to a different area? You're chasing school districts, things like that. SO I'd be really interested to see what comes out of that. So thank you.

Veronica Morgan: Pleasure.

Amanda Farmer: Thanks so much for Veronica! I'll catch you next time.

Veronica Morgan: Thank you very much.

Outro: Thank you for listening to Your Strata Property, the podcast which consistently delivers to property owners, reliable and accurate information about their strata property. You can access all the information below this episode via the show notes at www.yourstrataproperty.com.au. You can also ask questions in the comments section, which Amanda will answer in her upcoming episodes. How can Amanda help you today?

