

**HOW YOU CAN SAVE
THOUSANDS OF DOLLARS
ON YOUR NEXT
PROPERTY PURCHASE
USING YOUR BUILDING REPORT**



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Property buyers consider the cost of a building and termite inspection another necessary cost to purchasing a property. As it is.

It is kind of an insurance policy with a one off premium. The cost of the inspection and report? Usually between \$400-\$500.

What are your options when you receive your building report? There are 3 options for you.

Option 1:

Consider the house has too many issues and walk away to look for another one.

Option 2:

Accept the property as per the building report and purchase it as is, you're worried you'll lose it.

Option 3:

Use the building report as a negotiation tool. And a powerful one.

This article is about option 3.

Firstly I need to mention that negotiating on a property purchase is a largely a consideration of the state of the market in your area at the time you're buying.

EG: If the vendor has 4 other offers on his table he is not going to be very open to negotiate with you. Conversely if he has none and the market is a bit slow, he may listen to you and play the negotiation game. Regardless it's always worth trying.

Here are a few methods you can use depending on the outcome your building and termite report:



01

TERMITES:

I know from experience most people just lose it at the word “termites” but there’s no need to. But you will need some expert advice.

The fact is these crafty little insects could be your ticket to saving thousands of dollars. If termite activity is uncovered by the inspector most vendors already know they are present. Either they are going to have to pay for termite treatment and repairs so the property can sell or the buyer will.

If termite activity and/or damage shows up in your building report ask the agent or vendor to supply a specialised report outlining the extent of termites and the damage they have caused. They may say no. Regardless, start negotiating.



If the damage is minor and not structural you can live with it for now and get a specialised termite inspection and treatment to completely eradicate them. If the damage is considered structural by an expert you have more negotiating room as you’ll need additional funds for repairs.

Additionally if you’re planning on major renovations or a knock down and rebuild, the presence of termites become less crucial (the vendor doesn’t know what your plans are for the property) so in that case negotiate hard.



02

WATER DAMAGE:

If a building report identifies water damage to the property caused by a leaking pipe, roof leak, rising or lateral damp or other, you may be able to negotiate a reduction in price in line with the cost of rectification....and then some.

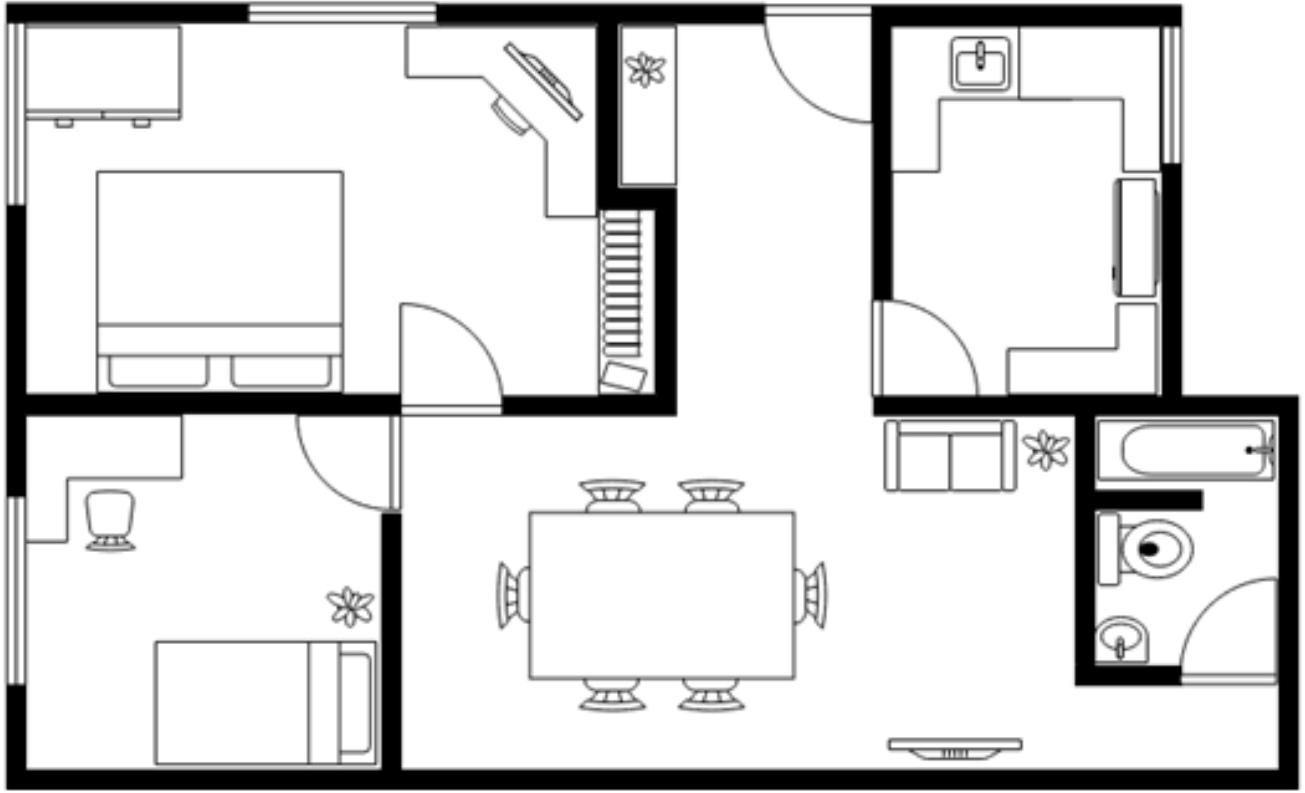
If you're really keen on the property get a couple of quotes to rectify the damage and the cause and then use that to negotiate, plus a dollar buffer for your inconvenience.

There are many causes of water damage and they all need repair so use this to your advantage.



03

BEDROOMS AND OTHER ROOMS:



We all know the number of bedrooms influences a properties value greatly. The tip here is to ensure that what is called a bedroom legally constitutes a “bedroom”.

There are regulations around room size, ceiling height, windows, ventilation etc as to what constitutes a bedroom and we all know real estate agents can get “creative” in this area in their marketing.

So if you have doubts that a property being marketed as a 3 bedroom is really a 2 bedroom home or a 4 bedroom house is really a 3 bedroom, do some research and come back with your info and use it to negotiate.

This info may or may not arise in the building report as a building inspection focuses more on defects than compliance issues but if you have doubt mention it to your building inspector, you may have come up with a great negotiating tool and a way to save a lot of money.



04

STRUCTURAL ISSUES:

Issues with the structure and safety of a dwelling is an excellent way to negotiate thousands of dollars off the asking price. Most of the time structural problems can be rectified.

Problems like major wall cracking, broken or leaning piers, rusted roofs and unauthorised renovations are not cheap to repair and can lead to legal issues, so if these are identified by yourself, your conveyancer or in your building report you'll have a great place to start negotiating.

Similarly pool fence compliance, retaining walls, first floor window compliance, safety of verandas and balconies, including stairs and railings, all need to be compliant.

Negotiate the cost to rectify these items and you could end up with some new renovations and save yourself money.



05

ASBESTOS:

The word asbestos with termites is another word buyers get emotional with, and in a negative way. But it doesn't need to be the case.

Many homes built prior to 1987 contain asbestos in some shape or form. It can be found in wet area wall linings, exterior eaves and soffits, carpet underlay, magnesite flooring, the dreaded Mr Fluffy roof insulation, even linoleum.

It is generally safe as long as it isn't interfered with as in broken, cut, drilled etc....anything that can release the fibres. And most of it is painted so the fibres are concealed.

But it can be a possible negotiating tool as the word "asbestos" engenders such emotion.



It is often not included in a general building and termite inspection and may need to be an added specialist inspection but if its is discovered and you think it may be an issue but you're still interested in the property go here www.asbestossafety.gov.au to check your options.

Then get a quote or two for removal and reinstatement with modern material and use this to negotiate with the vendor.



So there you have it. Instead of walking away from a property you may be interested in you can at least use the building report to attempt to negotiate a substantial discount.

Even better if a property has more than one of the above. Do your homework, be prepared and work with your building inspector and you could save many thousands of dollars on your next property purchase.

If the vendor doesn't want to play ball and you're prepared to let it go, then you can easily walk away and look for another property.



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