



\$230,000 in 90 days

ADAM JONES

Brisbane, Queensland

Strategy: Buy below market value

Adam Jones gave up a demanding career as a lawyer to spend more time with his family and pursue his passion for making money in the property market. If his latest deal is anything to go by it was a smart decision, *writes Natalie Powell.*

The 30 year-old father of four made about \$230,000 – \$228,925 to be exact – in 90 days by buying a block of five flats overlooking the ocean in the popular seaside suburb of Sandgate, 16 kilometres north of the Brisbane CBD.

He put in an offer to buy the units for \$1.26 million and before he settled he had a sworn valuation stating they were worth \$1.55 million.

So how did he do it?

Adam, who was living in the same street as the block of units at the time, says he noticed they were up for sale with an asking price of \$2.2 million.

He kept a close eye on the property and jumped into action when they failed to sell at auction and the asking price dropped to “offers above \$1.65 million”.

He found out it was a distressed sale

following a fallout between two business partners who were keen to sell quickly. He contacted the agent and made three cheeky offers. The first offer was for \$1.15 million with a 30-day settlement, another for \$1.246 million with a 60-day settlement and a third of \$1.26 million with a 45-day settlement subject to some terms and conditions.

“The original asking price of \$2.2 million was far too high for me,” says Adam.

“The units are on 1440 square metres, or two lots, right on the waterfront, so it’s a fantastic property returning just under \$1500 a week.

“I was keeping an eye on it because it was about 200 metres down the street from where I was living. I contacted the agent and said it’s too much for me, but if the price changes let me know.

“The land had a government-assessed unimproved land value of \$1.35 million, but the agent got back in touch with me and urged me to put in an offer, so I came up with a plan to put in three separate offers, with varying terms and settlement periods.

“I ended up securing it for \$1.26 million, which was less than land value. During the contract period I engaged a valuer and told him I liked this place and I’d like a valuation.

“When the valuer looked up the advertising history he saw it was last advertised for \$1.65 million and I prepared a detailed report for him listing all the reasons why the property was worth \$1.7 million.

“I also told the selling agent he was not,



side of property

under any circumstances, to reveal the selling price until after the property had settled.

“I let him know that if the contract price was revealed I would pull out of the deal. That way the valuer couldn’t be lazy and simply value the property at the contract price.

“He had to do some work and compare recent sales and properties and come up with his own valuation.

“He rang me and said, ‘Look I know you think it’s worth \$1.7 million, but I believe it’s worth \$1.55 million’.

“I was trying not to smile when I told him that was alright.

“Originally the bank would only finance the property on the contract price, but after a few months I approached them again and they agreed to refinance it using my sworn valuation, which allowed me to pull out most of my equity.

“I was way in front from day one. I didn’t have to put in much cash and the yield was 6.2 per cent.

“I signed the contract with a 45-day settlement in June and I refinanced by

September, so within three months I refinanced it on the sworn valuation.

“I think I put in about five per cent plus transaction costs, but I ended up with a fantastic property on the water and those types of opportunities don’t come along everyday.

“I wasn’t really in the market at the time, but I just couldn’t pass it up.”

Adam says the property is a large converted Queenslander, comprising three two-bedroom units and two one-bedroom units.

“They rent for between \$260 and \$325 a week for a total of \$1480 a week.

“At one stage someone thought the property was worth more than \$2 million, so I’d like to think that as soon as the market turns the corner the value will jump up very quickly and I probably will refinance it again once that happens.”

Adam believes the combination of several factors allowed him to buy at a bargain price. “The owners were desperate to sell. The last advertised price was \$1.65 million, yet I was encouraged to make an offer way below that.”

THE NUMBERS ADAM JONES	
Purchase price	\$1,260,000
Stamp duty	\$51,825
Inspection costs	\$1,100
Bank fees	\$3,750
Legal fees	\$3,300
Valuation fee	\$1,100
Total costs	\$1,321,075
Current valuation	\$1,550,000
Equity gain	\$228,925
Note: Adam hasn’t spent a dollar on maintenance or improvements to the property, as it was already in great condition.	

He also thinks keeping his finger on the pulse of the local property market allowed him to spot the golden opportunity.

He says he had a good knowledge of the area, continued to talk to the selling agent to find out the circumstances of the sellers and had the courage to make cheeky offers.

“I guess I did a few things most people

wouldn’t think about, such as giving three different offers with different terms and settlement dates,” he says.


“Sometimes when people are selling a property the shorter settlement is more important than the money.

“So I believe I ended up with a bargain as I secured the property for \$900,000 less than the price it was first advertised at.

“It’s important people realise I employed the valuer and not the bank,” he says.

“As soon as the valuer sees the contract price that’s usually the valuation, but if they can’t get access to the contract price they have to do some work and figure it out themselves.

“Although most valuers are very conservative I knew it would be much higher than my buying price.” **api**

 A video interview of Adam at his profitable Sandgate investment property near Brisbane is featured in APT’s iPad edition, available through apimagazine.com.au/zinio