



WOULD YOU BUILD TOWNHOUSES IN MELBOURNE? + A TIME TO TREAD WATER

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As covid lockdowns continue to create widespread uncertainty in the days ahead is this a time for indecision? Bushy seeks the advice of buyers agent Lachlan Vidler who gives Bushy an unexpected answer to that question. Last week Bushy met up with Brett Birkill from Birkill Developments as an example of the diversity of people that property attracts and the outstanding opportunities it provides. In the second part of their conversation, Brett explains why he decided to venture into the cut and thrust of property development and why he chose Melbourne as the market to build townhouses. Many passive income investors are now looking into the commercial property to improve their cash flows. Bushy explores the opportunities commercial property creates compared with residential as he is joined by Steve Palise. To wrap the show up this week, Bushy will help build your negotiation tool kit with his tips on 'Mirroring and Labelling'.

BUSHY: Hi and welcome to Realtytalk your go to place for all things property investing. I'm Bushy Martin from Know How Property Finance, and we've got more great guests and timely insights to share with you in this week's show. To kick things off Lachlan Vidler from the Atlas Property Group joins us again to answer the burning question, and whether you should invest today. Then we enjoyed part two of our great chat with Brett Birkill from Birkill developments, and how he successfully transitioned from being a business entrepreneur, full time property developer of townhouses in Melbourne. And with investors struggling to achieve good rental yields with residential property in the current hot market around the country, commercial buyers agents Steve Palise from Palise Property joins us to open your eyes to the cash flow and capital growth opportunities that commercial property office. And to finish things off, I continue our special series on the art of negotiation where I open your eyes to the benefits of mirroring and labelling, as well as the importance of perceived power. We've got a lot to cover, so let's get on with the show.

BUSHY: Welcome back. Now while property prices have skyrocketed across the country this year with national average annual growth over 16% according to recent CoreLogic figures, talk of market booms and

potential Bas, sit amongst constant stories of media gloom, as COVID lockdowns continue to create widespread uncertainty in the days ahead. So, should you invest now, or tread water and wait. To discuss this weather today is a good time as any to invest in property. I'm joined by ATLAS Property Group buyer's agency founder Lachlan Vidler the co author of his great new book, A Military Guide to Property Investing. So welcome back to the show Lachlan.

LACHLAN: Thanks for having me Bushy.

BUSHY: Mate in your opinion, have COVID lockdowns actually negatively impacted the property market?

LACHLAN: Well I guess it really depends on what your interpretation or negative is, I mean, on one hand, there's a lot less supply, there's no question about that, latest core logic data says that were about 27% below five year averages for listings. So if you see that as a negative, then yeah, maybe there has been a bit of a negative impact on COVID. But, as all good property investors know, fundamentally, price growth comes from supply and demand, and with demand so high, and yet supply so restricted, I would say that the big positive out of this is that prices are going up, and they're going up at record rates, and in my opinion, it's not going to stop for a while to come yet.

BUSHY: Yeah, I agree with your mate I think COVID days have been more a catalyst than the killer. Let's say it's actually throwing petrol on demand not water so exciting times ahead in that regard. So, Do you think there are some still good opportunities to invest despite the current uncertainty?

LACHLAN: Without a doubt, I've got no problem saying that at all. I think the biggest problem right now as I was saying the last question was that we got supply issues, so it means in normal times good quality properties are hard to come by, when you've got almost 30% less properties on the market, good properties are even harder to come by now. So, are there good opportunities. Absolutely. Is it a lot harder, no questions, and the astute investor, you're going to spend a lot more time trying to find them, or for the people who are a bit more pragmatic, I guess this is the top of market where you might look for that professional help, like a buyer's agent, and have them use their time to do that, and their own professional expertise, because it is a bit of a more complicated market right now to make sure you get good quality properties.

BUSHY: Yeah, that's a very good call, the old response to just jumping on realestate.com you're going to get lost in the flood of opportunity and properties would be gone before you even get a chance to pick up the phone. So I think you're reading it really well. So, how will those who are actually willing to take action on the current market benefit when we begin returning to normality do you think?

LACHLAN: I think that the ones that are going to benefit the most are the ones who are taking that action and for me, what they're gonna see is big growth in their portfolios, I mean, all you have to do is look at the data and from a common theme is I love to look at the data, because even though you can interpret it certain ways, it's a lot more of a factual perspective to base your opinions on I mean, you look I mean, Australia alone, we've done almost 17% growth over the last 12 months, and although we're sort of coming into the last four months now, a little bit back into COVID time. Most of these last 12 months has been out of COVID times, and that's what's happened. So I think if you just look back and as I say in my book The Winston Churchill, quote, "Those who don't learn from history are doomed to repeat it." Well, why don't why people learn from last year to this year. What's going to happen in the next year and I think we're gonna see that fantastic growth again, maybe even more, who knows, but growth? No questions.

BUSHY: Yeah, absolutely grown and to give you another quote, I'm not sure who made it mate is that "unfortunately the only thing we learned from history is that we don't learn from history." So, those who are astute enough to actually yeah look back and see the trends that that occur with monopolist regularity over decades are really going to take advantage of the opportunities right in front of us right now. So I really want to thank you again for your expert observations today and we really appreciate your time on the show.

LACHLAN: Thanks Bushy.

BUSHY: Well, the take home here is very clear. The best time to invest is every time we can afford to, as there's always good opportunities, as long as you've got the right team helping you stay with us for more here on Realty talk.

BUSHY: Welcome. Now what we love about property is the diversity of people that attracts, and the diversity of opportunity that it creates. So to continue our special two part series on entrepreneurs who have leveraged their business success into the world of property success, we're joined again by Brett Birkill from Birkill developments, who transitioned from the world of his hi-vis workwear to the cut and thrust of property development. We're now specializes in developing townhouses in out of Melbourne. So welcome back to the show, Brett.

BRETT: Thank you. Good to be back.

BUSHY: Now Brett, Picking up from where we left off from part one of our interview, why did you decide to focus on a townhouse business model?

BRETT: Well, we have to start somewhere, and I looked at apartments, and doing something more bulky on a single lot, at the time there was a variety of reasons why which I'm sure you've discussed previously, there was a lot of negative news about apartments and different things were sinking and catching on fire and all that sort of stuff so I found that negativity there not to really fit my psyche. Then also the very lumpy transactions of having a very expensive home or a big commercial property, some of these other sectors, I didn't like the lumpiness of the business model, especially in the first instance so townhouses really seem to fit the market I think they continue to, there's a definite demand for a downsize, Less gardens less maintenance less overall, having to look after your home. But I still feel is, there's a big market, and I think of buyers who aren't quite ready to transition all the way into an apartment. I know that over time, things are changing but I saw the townhouse model as being a perfect fit for a large portion of buyers in the country, and also less lumpy than very big, big transactions.

BUSHY: Yeah, that makes perfect sense. So in alignment with that, why have you focused on out of Melbourne this location?

BRETT: Out of Melbourne, we've mainly focused on the eastern suburbs. We've also producing townhouses, in the north as well. But we wanted areas that were established. So, we wanted areas that already had shops and trains and schools and all the infrastructures needed to live happily. Whilst, same thing like with the apartments, there's obviously a lot of very successful developers building in Greenfields and way out further, I just didn't like the idea of introducing buyers into something that was too far away, and also the build up areas. As they continue to be infilled developed the infrastructure in the government spending like some of the areas were building in generating like brand new train stations with a lot of the crossovers are in state government. Alongside of that there's new shops and there's upgrades so there's a heap of government money which uplifts the area which is something that you personally don't have to spend on. So as you're building your house or your townhouse or apartment in the area, and there's a natural uplift as well so it's for a variety of reasons within but they are the key points.

BUSHY: Yeah, no, that's good. So, coming back to you personally then Brett, what is it about your personality and experience that makes you suited for the property development game.

BRETT: I think just business in general what we've done in the past, there always comes a time to bite the bullet and take a jump, and property, probably, highlights, all of those things in the most sometimes frightening measure. The property is lumpy, it takes, whether it's a single home or larger development, it does take a significant amount of money, no matter who you are, what walk of life you come from, so I thought that once given the love I definitely have of the property game, I thought that when I made the decision my personality to take the leap and that the undeniable history of property continuing to rise, the plan that I put out was one that I could see was going to work, and the history was with me, and property just continually always rises, and as long as I didn't make any stupid mistakes and make some big calls along the way, which, if I did, then all on my shoulders. But once I added all that up I took the punt, the personality of making a decision based on facts and history, and then really just, just making the decision to have a go. So I think that really is the key reasons why property works, and it's working for us.

BUSHY: Yeah, I love that mate, learned really appreciate those inspiring insights Brett, thanks again for your time on the show.

BRETT: Thanks Bushy, see ya mate, take care.

BUSHY: Well there you have it, if you're an inspiring aspiring property investor who's been treading water, check out birkill.com.au, and take Brett's lead and fire up your knowledge and get invested, because you've got to take action to gain traction. Keep watching your trusted place for all things property here on Realtytalk.

BUSHY: Hi, welcome. Now recent times the rapid rise in both residential property values along with extreme demand has seen rental yield shrinking in the decreasing pool of available properties, and despite mass media negative stories regarding CBD office properties. Many passive income investors are now looking into commercial property to improve their cash flows. So to further your awareness and knowledge of the opportunities that commercial property creates compared with residential, we're joined by Steve Palise. A successful property investor and commercial buyer's agent with Palise Property. Welcome to the show.

STEVE: Hey Bushy, how ya going?

BUSHY: Really good mate, I looking forward to catching up with you for awhile and it's certainly a subject that certainly getting quite a bit of attention from investors around the country. So let's start with, what are the key differences between residential and commercial property.

STEVE: So everyone knows what a residential property is it's a place that people live and habitat, whereas a commercial property is where business operates from. So the main difference with commercial most people are going to talk about is the length of the leases, or effectively how long the tenants going to stay there, whereas residential it's going to be six to 12 months on average, commercial it can be absolutely anything. There's 3, 10, 15, 20 year leases, so it's a length of a tenant and the reason the tenant wants to stay there is because its where they operate their business from. So that's the key difference between commercial and residential.

BUSHY: I'd say that's important differentiator. So if we look at the pros and cons of commercial property, give us a rundown on those.

STEVE: So the first one as you just mentioned was longer leases, so you're getting a tenant sometimes 5, 7, 10 years at a time. The other one is obviously the cash flow, so there's normally a much much higher yield than residential, sometimes three to four times, so just buying like a million dollar commercial property and you can be talking \$25,000 to \$75,000 a year cash flow positive. The length of the leases, the cash flow. And the other big one is maintenance, the tenant will actually look after the property because it's where they operate the business from so they normally pay 100% of the outgoings, and that includes council rates, water rates maintenance anything that needs doing with the property.

BUSHY: Okay. On the flip side, the cons, what are the cons mate?

STEVE: So the one that normally scares most people is obviously the length of vacancy. So it's not like a residential property, whereas if the tenant leaves you might get a new one in two weeks. If you've gone out and you bought a bad one. It could be vacant, Six months, 12 months, two years, five years, so there's a there is a much higher risk, but there's also a bigger return if you get it right.

BUSHY: Yeah, good call, can you run us through some of the commercial property value add techniques that you've developed over the years.

STEVE: You can get a bit more creative with commercial unlike residential because it is obviously a commercial business space, so you can do things like add ATM machines, advertising space on the side of the building, telecommunications on top. You can subdivide the tenancies quite easily as well, like if you've got a serviced office or retail you can split to two. So there's this is a lot more kind of value added techniques because basically you can do anything that's available in the business world, you can do it to any commercial property.

BUSHY: Yeah, yeah, but it's certainly a lot more latitude there. So, due diligence is the big one. What due diligence is required for an investor who's looking at commercial property Steve, and I would love you to go into a bit of detail on this one.

STEVE: So due diligence is the big one and it's much much more work than residential, because you're effectively buying into the business, you need to understand that business as well, so you need to look at who their competition is, what foot traffic is, road traffic, things like that, but even checking things like vacancy rates in the area, it's not as simple as residential where you go on a website that tells you what the vacancy rate is something as simple as like a retail strip where you have 10 shops in a row, the middle ones get tenanted much more easily than the end ones, as foot traffic is most important. If it's an industrial where it's located is much more important because if it's servicing an international kind of area it needs to be near airport, if it's a fabrication business it needs to service the local area, so just analysing the numbers is much more so in addition to that you've also got analysing like the area research, you got to look into the leases, contract review, tenant review, competition review on there, so there's quite a lot more to do, so don't just jump into it thinking it's going to be all rosy. You really need to do the work.

BUSHY: And clearly, for someone who's coming into this for the first time around, and trying to navigate that on their own, because you just don't know what you don't know, I'd be strongly suggesting that anyone that's wanting to step into this space would reach out to someone like yourself who has some expertise as an independent buyer's agent who knows what they're looking for in that regard so they can reduce the risk can protect the interests of the investor on the way in.

STEVE: Exactly right.

BUSHY: Yeah awesome, okay mate and I will really appreciate you whetting our appetite to the commercial property opportunity Steve and thanks for your time on the show today.

STEVE: No worries, thanks Bushy.

BUSHY: Well there you have it. If you're frustrated with residential property and you want to diversify your portfolio or you want to learn more about the commercial property we'll reach out to Steve and his team at PaliseProperty.com and start by investing your knowledge by grabbing a copy of Steve's new book, Commercial Property Investing Explained Simply. More show shortly here on Realtytalk.

BUSHY: Hi, and welcome to this week's Bushspot. We continue our special series on the art and science of negotiation, given the critical importance of your ability to negotiate, especially in the current high demand property market. Last week, we started with the need to change your outlook, and to build good rapport. This week, we'll be building your negotiation toolkit, by helping you with mirroring and labelling, along with perceived power.

So let's kick off with mirroring. Mirroring is the repetition of keywords that the other person uses in conversation. It is designed to show the other person that you're listening, and that you understand them. And according to retired FBI lead hostage negotiator, Chris Voss. This is the most effective way, when you repeat up to three words from the last words, that your counterpart has spoken. It's especially effective in defusing anger or hostility. For example, if the other negotiating partner says, "I've had a really difficult year and it seems like you're discounting all the financial and personal stress I've been under" by you simply respond, "financial and personal stress?"

This approach puts people at ease, reduces tension when it's a stressful situation, and makes the other person feel like you're listening, and as we all know people love to talk to someone who's paying attention to them. This simple approach helps quickly build rapport. It builds more of what's important to them and then in a negotiation, and builds you time to think and reflect on the best solutions and options in order to negotiate a mutually agreeable outcome.

Now let's look at labelling, a label is a verbal acknowledgment of the other side's feelings or positions. Labels are used to neutralize negative emotions or to reinforce positive ones. Labels start with you responding with things like, "it seems like", "it looks like" And "you appear to" these two techniques both mirroring and labelling work beautifully together. Let's demonstrate these techniques with a verbal exchange. Let's imagine that I'm interviewing, Emma. And I'll ask just two brief questions to kick off the conversation, then the rest is about mirroring and labelling. So listening out for it.

This is how goes. I started by asking Emma, tell me what you're passionate about? Emma responds well, I love escape room games, and I say, what is it about escape room games that makes you passionate? and Emma says it's fun to do it with your friends. They're immersive and it challenges you mind. And I then

respond, it challenges your mind? Note here that I'm mirroring Emma's last three words. Emma then says Yeah, you only have 60 minutes to get out, it's a series of puzzles, you have to solve in order to get out. I then say, it sounds like you love mental challenges. Now, listen there, I'm actually using labelling and Emma answers, I do. It's an immersive experience like being part of a play, you're also trying to make it the best experience for others so that they can enjoy it too. I then say, it also sounds like you really like to help people. Again, I'm labelling here. And Emma then responds Yes I do. I never really thought about a lot, but I then comment: You sound like a really loyal person too, again this is more labelling and Emma concludes. Oh that's nice of you to say my do friends say that about me. Now, in this brief exchange, Emma never asked me a question about myself. She didn't learn much about me because she did almost all the talking. But here's the amazing part. When Emma was asked how she felt about exchange, she said. It made me feel like you really listened to me and I really connected with you. So this simple conversation demonstrates how to build an instant rapport with another person, by simply using mirroring and labelling, to encourage the other person to talk about themselves. Now in researching this, I've actually realized that this is the subliminal approach that I take in my podcasts and interviews to get my guests to open up about subjects of interest. And it's amazing how I build really great relationships and friendships with our podcast guests after just one interview, as the guests often will comment on how connected they feel with me after the interview.

Now Voss calls this approach, trust based influence. If you want the other person to say yes to your idea, you must first gain their trust. And once they trust you will be far more influential, and more likely to strike a deal that makes the both of you happy. So in summary, mirroring is the repetition of key words that the other person uses in conversation, a label is a verbal acknowledgment of the other side's feelings or positions. And both of these techniques help build rapport with the person that you're negotiating with. And in summarizing the art and science of problem negotiation so far. I've argued that it's important to shift your attitude and outlook away from looking for a zero sum game or win approach where if I win, you lose and what I take you give, rather look to understand, whoever you're dealing with, and figure out what they want, what motivates them and how to work this into solution. Look at negotiation as problem solving, collaboratively. Work together to get an end result, such as purchasing a successful property purchase. And while you're doing this, build rapport. The open friendly likeable, smile. And listen, building trust. Do this with various techniques such as mirroring and labelling, where you deal with a person that you're negotiating with. Now, assuming you've done all of this. The final step is to examine before actually negotiating the property sale itself, is to look at the power relationship or perceived power, their perceived power can have a big impact on the negotiation stance of the parties involved. Where does the perceived power lie between the parties in the negotiation, based on the circumstances, and the environment.

To illustrate this, let me share an example of something that happened some years ago, it's late at night in a big city, and Ted the businessman is walking through a dimly lit deserted Parkland on his way home. All of a sudden, a would be robber in a black balaclava wielding a gun, sneaks out from the shadows, points the gun at Ted's head, and demands that Ted gives him his wallet, and his Rolex watch, or he's gonna shoot him.

How would you feel that moment, would you be scared?

The attacker feels that he holds the power on the negotiation, because he's holding the loaded gun, and he's threatening to take Ted's life, or at least impart serious injury by shooting him if he doesn't cough it up. An uneasy silence ensues. And then, Ted responds. Thanks, mate, please shoot me, because you're going to be doing me a big favour. I've got terminal cancer and I've only got a few months live. So go ahead and please put me out of my misery.

In an instant, the perceived power on that negotiation has completely shifted the Robber has been completely disempowered, the result. The would be robber turned, and just ran off into the night.

So you haven't think about the power in the negotiation, who really wields it. If you're a genuine buyer, you probably have more than you actually think, the real estate agent wants to get a deal over the line. That's their job. But there are more properties on the market, you can walk away.

Now. No one's putting a gun to your head, nor should they think you are. So imagine that the gun is just disappearing in a puff of dust. So only conclusion so far. Best negotiations to fill all parties hopes and dreams by eliminate uncertainty, I build trust and balance the perceived power playing field to set the scene to arrive at Win Win outcomes.

Mirroring is a repetition of key words, the other person uses in conversation, a label as a verbal acknowledgement of the other side's feelings or positions, and both techniques help build rapport with the

person that you want negotiating with, and you may have more power in negotiation than you think. And no one is holding a gun to your head. So imagine any gun disappearing.

In next week's negotiation special Bushspot, Ill get into the actual nuts and bolts of negotiating the purchase of a home. that's more food for thought. I'm Bushy Martin from the get invested podcast. Stay tuned for more.

BUSHY: Well that's a wrap for this week's show. A special thanks to our guests Lachlan Vidler, Brett Birkill and Steve Palise. And a reminder that you can see all of our shows at [realty.com.au](https://www.realty.com.au), along with one of Australia's most expensive range of property for sale from over 7000 agencies nationally. Thanks again to [realty.com au](https://www.realty.com.au) and BMT tax depreciation for their ongoing support. Im Bushy Martin from Know How Property Finance. I look forward to seeing you again next week.