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Who will pay the most for your home?
 Richard Armstrong
 The Makeover Group

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Emotion pays a big part in how much certain buyers will pay for a property. Are your buyers owner-occupiers or investors? Knowing the answer to this can improve your odds of achieving the best price.



It pays for vendors to remember that some buyers from particular groups or 'markets' are prepared to pay more for a property than others.

I know of a recent auction at which three bidders came from two vastly different buyer groups.

The first bidder, an investor, was seeking an investment property. She'd clearly done her homework about what she was prepared to pay. She'd studied comparable properties for rent in the area and what capital growth prospects the property might have.

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Having done all this research, she seemed to exhibit a calm exterior in the heat of battle that I almost envied.

The other two bidders, intending to live in the property, had also done their research. Both loved the area and the vibrancy of the local shopping strip. The location was close to the city and there were a couple of parks nearby.

Separately, they had been to many auctions and understood values in the local area.

As the auction progressed beyond \$400,000 the auctioneer knew the property would be sold. It was just a matter of how strong the price would be.

The investor was prepared to go to \$405,000, while the first owner-occupier had finance approved to \$440,000, the second to \$430,000.

Bids had slowed to \$1000 increments and, knowing she was near her limit, the investor tried a 'knockout bid' of \$405,000.

The auctioneer allowed himself an understated grin.

The hearts of the other two bidders began to race. They'd both been looking for so long and this place was perfect. Both could afford more. Both wanted to buy it. Both had fallen in love with the property.

After a flurry of exhausting and emotional bids between the two remaining bidders, the property eventually sold for \$431,000.

As the hammer fell, the investor was already walking to her car to make sure she got to the next auction in time. She was sure she'd only be competing against other investors for that one.

The moral of the story is that buyers who intend to occupy are more likely to get caught up in the emotion of buying a house. They envisage themselves living there and decide they just have to have it. On the other hand, investors, developers or 'flippers' are more likely to work to financial criteria that place a lower ceiling on their bids.

Richard Armstrong is a director of [The Makeover Group](#) and author of [Sell your home for more – an expert's guide to property presentation](#).

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