
Renovation Webinar

Dean Parker & Steve McKnight (Property Investing.com)

Identifying Your Target Market

Steve McKnight: From Jim, he wants to know how do you identify a target market?

Dean Parker: I identify a target market based on...There's a few different ways. If you look in, and again obviously this is in our product that's in the finding the property area. and there's in some of the free searches online....there's RP Data, on there is a free suburb search and lots of things in there. You can actually see the types of people, the percentages of people that are in an area and that buy in an area. So that's one way because I know even when we looked at comparing Bellara to Ararat which are two areas near where we invested, that there's massive differences between age groups, how much money people have got, all those sort of things. So you start getting...you can start painting a little bit of a picture of the type of people that are likely to be there whether they're owner-occupied or whether they're investors. So you've really got to know exactly the type of person.

And when you go looking through properties, that's the other thing, if you're going to renovate...For example, if you're in a school zone, chances are you're going to have a family that's going to be wanting to move in there because that might be a limited market that people...that families want to buy into. Or if you're in an area close to shops and it's a unit, chances are you're going to get a younger person.

So it's really, I guess, painting a really clear picture of what the people are that are going to buy your property. So as I said, there's a couple places online. And really having a look around at the other properties in the area to see what sort of people are living in the area.

Steve McKnight: Thanks Dean. And I'll add to that as well. I've found that certain types of properties lend themselves to certain types of people.

Dean Parker: Yep.

Steve McKnight: And the question I would always ask is, and you hit on it before, not what do I want to do to the house so that I could live in it 'cause the odds are I'm never going to live in that house. The question you want to ask yourself is what could be done to this property so that the person who is ideal for living in the house can either do one of two things, can use it more effectively or enjoy it more. So use and enjoyment are the two variables when it comes to target market.

Dean Parker: Yeah.

Steve McKnight: So Jim, for instance, if you had a one-bedroom unit, you're not going to target market that to a family. And if you had a four-bedroom family home, unless you're going to rent it individually the room to students which is one way that you could work at your target market to cut up the point and get the best profit, that's going to lend itself to a family. And the way that you renovate it and the way that you present it and the way that you market it would all follow through accordingly.