

Profiting From a Falling Market

I had a call from a lady today that prompted the subject of this newsletter. She told me she and her husband were thinking of selling, but were concerned about the timing. She was under the common misconception that when the media is spruiking property doom and gloom and calling it a buyer's market, property owners should buckle in and wait for the market to improve. In fact, nothing could be further from the truth.

See, making good decisions in property is all about calculating what I call the changeover number – the net outcome. Remember that most people who are selling are also buying back in, whether they're downsizing or upgrading. In a falling market, the mistake some vendors make is to get stuck refusing to sell for any less than what they believe their property's worth. They can't accept the market value has dropped. Unfortunately, they're missing the real opportunity - when prices are going down it's an ideal time to sell, even at market value, because by the time you're ready to buy back in you'll be able to take advantage of even lower prices.

There are other side benefits to buying and selling in a difficult market, too. You avoid all the stress a boom market brings - the pressure cooker fuelled by the fear of missing out. You can take your time and the ride is much more comfortable. As a seller, you can often extend settlement while you find the right property to buy; it's common at the moment for settlement periods to be 60, 90 or even 120 days. As a buyer, you avoid a high level of competition, where prices are forced up as buyers fight just to secure a property.

In the local market, we're bumping along the bottom in my opinion. There's a lot of volatility and prices are fluctuating 10-15% either side of market value. If you're able to take your time and you're armed with good information, it's straightforward to make good decisions. Not in spite of the market, but because of it.

We look forward to helping you make yours,

Michael Knight