

Stuck On The Sidelines

We had some interesting responses to our call last week for market feedback, all of which were much appreciated. According to what you told us, the current lull in activity may well be due to much more than the distraction of recent sporting events – it appears that people are nervous about what the future might hold and are reluctant to act for fear of getting it wrong.

Overall, there's a strong air of uncertainty and a lack of confidence in the current Government at all levels. Many people told us they believe it's time for a change, that they're disillusioned with the Government's lack of decisive action, especially in the face of the current global turmoil. Small business is hurting, cash-flows are suffering, and meanwhile the Reserve Bank continues to sit on the sidelines rather than making desperately needed cuts to the official interest rate. Mining seems to be the only industry which is doing well.

Several people have told us that because decisions are not being made at the top levels, they're not prepared to make decisions on the property market either. Investors are cashing in their shares and hanging on to the money rather than re-investing, afraid the market will fall further.

Of course, I understand why people are nervous. But I also see this news as a tremendous opportunity for buyers, as well as for sellers who are buying back in. The ideal time to buy is when the market is in a hole and we're seeing some great out-of-line sales up for grabs in all price segments - deals for 10-15% below current market value, which is already far lower than it was a year or two ago.

We sold one brand new property last week which was originally listed at \$450k for just \$380k. It was an ex-display home and the builder just wanted out – one inspection turned into one interested buyer and the vendor literally took the first offer. This property will rent out for \$450 a week, so it'll make for a tidy little investment for the lucky buyers.

Buyers who are actively looking right now are swooping on bargains, while the rest of the market is paralysed by fear. It's a good time to remember the old adage; the best time to buy is when others aren't.

Looking forward to helping you make good property decisions,

Michael Knights