

The Benefit of Perspective

The recent run-on of activity we've experienced in the local property market continued over the past week, with the level of serious buyer interest higher than it has been for most of the year. Interestingly, we're starting to see some patterns in the profiles of these active buyers that are worth taking note of.

The first trend we've observed is that much of the activity is being driven by interstate buyers and sellers. Plenty of investors who are tired of the recent volatility on the stock exchange are cashing out of their equity investments and pouring the available funds into property. There are also a number of interstate sellers who have decided for a variety of reasons to liquidate their local property investments - and they're proving tough competition for local sellers who might be less prepared to accept the reality of current market value.

Another trend we're seeing is in the age demographic of buyers, who are mostly sitting in the 50-plus age bracket. Many of these buyers are planning to rent out their investment initially, with a long-term plan to move in later, post-retirement.

Across both of these groups, many of the out of town buyers have been watching the market for quite some time and have decided that the time is right to act. Conversely, many local buyers are still concerned that the market may decline further and that fear is holding them back from acting. It's a fear that's virtually non-existent in the active buyers who are taking advantage of the golden opportunities the current market offers.

In the past, it's not been uncommon that with the perspective born of distance, buyers from out of town have picked the market more effectively than the locals. When you live, work and play in one particular place, it can be hard to separate the emotion from any property related decision. It's a bit like the old saying of not being able to see the forest for the trees.

As we head into the holiday season, the level of interest from out of town buyers is likely to spike over the next couple of weeks. I'm still expecting a rate cut in November too, which will instil more confidence and increase the level of transactions even further.

Given what's happening right now, I fear some locals might be about to miss the boat. The future is as unpredictable as always, but it seems pretty likely we're bouncing along the bottom now and there is every reason to act while the going's good.

I look forward to helping you make good property decisions.

Michael Knights