

The Lull Before The Storm

Some people might find it strange to hear me say this, but lately I've been getting a strong sense that something big is about to happen. The activity in the market has changed and it feels like the lull before the storm. I can't explain exactly what to expect, it's just a gut feeling that a significant change is about to hit, and much sooner than people are expecting.

Now, I know there's been a lot of speculation recently about what might happen and not much of it has been very positive. It's left a lot of people feeling pretty nervous and it's certainly not my intention to create any more anxiety. Quite the contrary - my message is one highlighting the importance of preparation. Whether the market goes up or down is out of anyone's control, but with some careful planning, you'll be ready to capitalise on any eventuality.

Good or bad is all a matter of perception. For example, the market could suddenly fall even further, which some would consider bad news. But if you're prepared, you could hold any property you have and take advantage of the opportunity to buy more at even lower prices, which would be very good.

Or, the market could suddenly start rising, which some would consider good news. But if you're a buyer who had failed to act by the time the tide started turning, you might find yourself in a competitive bidding war where you're struggling to secure a property – bad news.

I talked a few weeks ago about understanding the reasons why you are thinking of buying or selling and the importance of having a contingency plan. What's your plan if the market goes down? What if it goes up? Are you prepared for either?

I don't know what's around the corner, but I suspect strongly that whatever it is will come as a big shock. Australia is not immune to events that happen in the global economy, despite what some politicians may have you believe – we are one very small fish in a very big tank. The banks are dropping their variable and fixed interest rates and relaxing their lending criteria in an attempt to get your business and it's just one clear sign something's going on.

I recommend you get your ducks in a row now, so that you're ready to act when the time comes. Get your valuations updated and make sure you can access any equity you may have via redraw facilities.

Keep your eyes and your mind open and be prepared - then whatever happens, it won't catch you by surprise.

Michael Knights