



5 QUESTIONS TO ANSWER BEFORE BUYING OR SELLING

By being vigilant, you will quickly grasp what the market is doing in your area.

Is it better to buy or sell first?

Even though the property market is buoyant at the moment, some sales campaigns can take longer than expected and can also produce a lower price than hoped for, for a range of reasons. If you buy before selling in the expectation that you will sell for top dollar in a short time frame, your plans could come unstuck. It is safer to sell first, get a delayed settlement and use the settlement period to purchase a home. You are better off buying under pressure than selling under pressure.

What if the market falls?

Buying real estate should be a long term play. During your ownership of property, the market will move up and down at different times. Market corrections are a normal phase of the cycle. The key is to buy the right property at the right price. The right price is both fair market price and a price where you can comfortably afford the mortgage repayments, even if interest rates rise. It is the time in the market that wins out in the long run, not the timing of the market.

How do we determine fair value in the current market?

Attend a lot of open homes and auctions. Watch the market and disregard the commentary. The real estate agents view on the market is often overly positive, the economists view is unduly negative and the auction clearance is simply a fudged number, given the number of unreported auction campaigns that failed.

Different segments of the market are stronger than others at present. By being vigilant, you will quickly grasp what the market is doing in your category. It's not rocket science once you know where to look.

What if interest rates do rise?

Interest rates probably won't rise anytime soon. But what if they did? The banks ask this question on the borrower's behalf when processing their loan. It is one of the ways they stress test your ability to

continue meeting the repayments. Given the record amount of household debt, how would rate rises impact the market at large and your own finances on a smaller scale?

Is it better to wait before...?

Wait on what basis – you hope to buy for a lower price next year? Or you think the market will rise again in 2022 allowing you to sell for an even higher price? The reality is, no one knows. The market today is the market. Tomorrow's market is anyone's guess. There is a reason to act today and there is a reason to wait. Only hindsight will be able to identify the right answer, if there is one.

Speculators tend to win big in rising markets and get cleaned out in falling markets. Lesson being – don't speculate on making easy short term gains with real estate.

The team at Iron Bridge can assist you and guide you through the purchasing or selling of your first, or 10th property. [Get in touch with our team today.](#)