

When Will the Correction End?

Last year was a year filled with drama – Covid was the elephant in the room, with all its interruptions to normal life, affecting individuals, companies and even countries. It's amazing how so much has changed in such a short time – basically a two-year period. Last year, prices were galloping upwards at such a rate which surely indicated “I want something, and I'll have it regardless”. This may well come back to bite the people that overextended themselves during this period. Interest rates are around the 7% now, while historically low, are more than twice as high as at their lowest level. Inevitably, this will cause pain, specifically to the young first home buyers.

For established homeowners, buying and selling on the same market just means – as I've pointed out many times before – it is just a book number, but if you are exiting the market for good, to retire to a village, your current expectations could be as much as 20% less than 12 months ago. But for those staying in the market, their buyer power, brick for brick, is still there, if only you sweep away the cobwebs and realise you're on an up-and-down escalator, depending on how confident the market feels.

Having said that, superior properties in the country will, as always, be in strong demand. Intending vendors need to be aware that purchasers will be more discerning during this period of time we are experiencing, and will be happy to spend their money, but they will expect value for money, presentation and timing being important factors.

Doom and gloom can be catching – don't allow it to affect your plans. If you want to list and purchase, go ahead, because the doom says we'll be sitting there waiting for another day, and therefore competition may not be as strong. So this then takes us to the point – how would we sell our property in this market? As always, I will still say no-price marketing, i.e. auction. Clearance rates are still running around 50% thereby allowing vendors to move on with a free hand to their next purchase. Campaigns are typically 3-4 weeks and promotion has never been cheaper than now, across all field of exposure to the market. The advent of the internet has made this possible, although vendors need to be aware that purchasers are now more educated because so much information is available. Conducting appraisals have to be by law based on sales that have happened, so current market is reflecting values is reflecting values from 3-4 months ago at appraisal time.

A critical factor in the popularity of lifestyle properties is they ain't making any more land! Authorities sending the message out that we just cannot keep building over our precious country, so for the city people it's upwards, and for those of us that live in the luxury of lifestyle, subdivision may not be a possibility in the near future, just an opportunity to enjoy a special life.

From an agent's point of view, patience is a virtue, and never have my long years of experience been more valuable than in the current market, having weathered the ups and downs from the 1990s through till now. This is not a fast market, whereby many properties in the country may take up to 6 months to sell. It won't be the price, it will be attracting the right sort of purchaser, and my foregoing comments regarding presentation, etc, are especially relevant.

Enough of that – there is every reason to be optimistic that the market will recover to its normal growth levels, approximately 7% across the previous century till now, despite the ups and downs. There is nowhere else so consistent to improve your real wealth than real estate. I am waiting for your call – happy to help.



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