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janicewoodman.co.nz

Is now a good time to buy property?

With all the uncertainty in the world right now, you would be forgiven for feeling a little cautious about jumping into the property market.

One thing stronger than our fear of missing out is our fear of making a bad decision.

Have you ever experienced *paralysis by analysis* over something as simple as buying a vacuum cleaner? Or a TV? If you are anything like me, you need to consider every possible option before you make a final decision.

This ramps up exponentially when it comes to buying property. Especially when you add in constant commentary from economists, real estate salespeople and other advisers who all have their own points of view on the current market.

Faced with strong and often opposing advice, the easiest option is to put off making a decision.

But will you look back and wonder, what if?

The benefit of hindsight tells us that, in most towns and cities, the peak of the last property cycle (usually 8-10 years) appears positively bargain-like when compared to the highs of today. Yes, past performance is no guarantee of future success, but what else do we have to go on?

You can always find a reason not to do something **today**. Whether it's a news article talking of impending doom, or a friend with a doubtful disposition.

One exercise that can help is to think of yourself 20 years from now. On that sort of time scale, would you be happy to have made the move you are considering? Would it improve your quality of life over the next decade? Or improve your financial position long term?

Ok, I'm ready to go. Let's buy!

Before you go jumping in, here is another bit of advice:

The right time to buy is when you can afford to do so.

There is little doubt that buying at the peak of the market and then selling under duress 18 months later will probably result in you losing money. This is a situation to avoid, especially with a leveraged asset like property, where you can lose more than just your initial deposit in extreme cases.

One of the biggest mistakes property owners can make is:

Over-committing to a mortgage they can't service when the going gets tough.

Before you buy, consider the following: Could you afford the mortgage you are proposing to enter into if interest rates were 5% higher than they are now?

The prudent approach is to be in a position where you can 'weather the storm' when it comes along.

If you are selling one home to buy another:

Keep in mind you will likely be buying and selling in the same market. If you get less money than you thought you would for your current house, then you should be able to make up for it when you buy.

For an investment property, ask:

Could you cope financially with the worst-case scenario? Like an extended period without tenants or urgent unforeseen repair work?

If you couldn't survive 2-3 months with no rent coming in (at a push) then you need to think long and hard as to whether you are ready for that financial commitment.

Real Estate markets fluctuate over the short to medium term (1-4 years) but generally improve over the long term (5-8 years being the length of

each cycle). You often need to be able to hold on long term to see the benefits of property ownership.

Moral of the story...

When it comes to property, it pays to think long term.

When is the right time to buy real estate? You should buy a property if you know it will improve your quality of life, and you'll be able to afford to hold it for the next 5 years and beyond.