

3 Factors to Check Before Buying Your Next Property



With national property prices growing strongly over the past 18 months, most of the country has seen strong growth in property prices.

However, not all locations move in sync with the national market and some areas will likely perform better than others in the short term. Fortunately, there are some key data points you can check that will determine how likely your new property could see growth in the years ahead.

Like all markets, property prices are a product of supply and demand. If you track what the supply and demand equation looks like in your area, you can get an indication of whether the buyers or sellers are in control of the market at any given moment.

Listings

On the supply side, current listings are a great indicator of how many people are looking to sell in the current market. The higher the level of listings, the more choice a buyer is likely to have and the stronger the position they are going to be in.

In recent years, many markets have seen very limited supply and that has led to upward pressure on prices, as buyers were forced to compete for properties.

Sales

A good metric to determine how much demand there is for a certain location is overall transactions. The more transactions there are, the higher the level of buyer demand. This generally gives an indication that people want to purchase in a certain area. However, if transactions are rising, that figure alone is not always enough to determine that prices could see a rise.

Typically, you need to combine the number of sales on an annual basis with the level of current listings. The more the relationship between the two changes, the more we know that prices will potentially follow whichever side is in control.

For example, if listings are falling and sales are rising, that means properties are being sold quickly and supply is coming under pressure from eager buyers. As that ratio continues to change, we know that upward pressure on prices can potentially follow.

New stock

The wildcard with listings is that it measures only what we can see for sale at that point in time and not what might be coming onto the market. For that reason, it's vital to check if there are large developments in the pipeline that might suggest the market could be flooded in that area in the near future.

Most local Government websites track building approvals, and that can give you an idea of what is coming down the track. You don't want to get into a position where you purchase a property, only to find a large apartment building (or multiple) planned to be built down the street.

This is general information only and is subject to change anytime. Your complete financial situation will need to be assessed before acceptance of any proposal or product.