



Talking Real Estate with Steve Slicker

Hi folks,

In recent times I have met some people whose property is valued less now than when they bought so I thought I would ask the question, Is it ever financially sound to hold onto a property that doesn't reach the desired price rather than sell for less?

Agents often hear home owners say: "If I don't get my price, I'm not selling." There is no hard and fast rule and of course, many people who are buying another property with the proceeds of the sale have little financial choice in the matter. But how can those who have the borrowing power determine whether they might be better off renting the property out rather than selling? Naturally, it is important that they do their sums before making a decision.

If you find yourself thinking of the rent-and-hold option, consult an accountant or financial planner as well as a real estate agent. Find out whether the market is stable, climbing or falling so that you know whether there is a potential increase in capital gain worth holding out for. It is important to check out the rental and vacancy rates and the likely income including capital gain against the cost of any borrowing you need to incur.

Many people moving out of the area they have lived in for a while automatically think "I'm moving so I'm putting my house on the market." But have they checked out the state of the market in their new area? It is possible that property won't go up as fast in the new location as the old one. Or conversely it might go up faster. Is the future sufficiently hard to predict that it could be safer to have a foot in both camps in case they want to return and not find themselves priced out of the market?

If you do the figures and decide it is a better financial choice to hold onto the property rather than sell, the last thing to take into account is whether the property is a good rental proposition. Often high maintenance properties (such as those with pools or large garden) have costs that have to be offset against income. Or the market may not pay the rent you think it should be worth if it is not the type of property normally in demand by typical tenants in the area.

It is clear that in many cases, holding onto a property instead of selling it does indeed pay off. Many people buy their first property with the long term strategy that they will never sell. They choose a property that will be suitable as a rental when they upgrade and go on borrowing and buying properties as a means of wealth creation. This does not require high income or great wealth – simply an understanding of the strategy and some good financial advice

If you are thinking of selling or moving, please contact me on the numbers below or via my website www.steveslicker.com .

Kind regards,

Steve Slicker

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