



Talking Real Estate with Steve Slicker

Hi folks,

Surely there can't be too much wrong with buying the 'best house' in the street – almost by very definition?

There is no one-size-fits-all answer to this question, but an exploration of what constitutes the 'best house' will make purchasers more aware of what the pitfalls are.

Put simply, in terms of capital growth the best house in the street is not always the best investment, or the most likely to make the greatest capital gains by the time they want to sell. When looking for a house to buy, most would-be buyers want a home that suits their needs, but the underlying rationale is nearly always re-sale value. And sometimes these two aims seem hard to reconcile. The big house with a stunning kitchen and a bedroom for each child, a rumpus room and an office may be near a busy road which makes the price competitive with the property that is much smaller but is walking distance to amenities and has an outlook over the park.

Which property suits the family better?

For those looking at the immediate needs of their family, the house near the main road seems better, but for those looking at long term investment potential, such a property may impact negatively on the family's finances and mean they are less likely to be able to afford the ideal house in the long run.

attributes related to the land (proximity to desirable amenities, size, use, aesthetics, absence of negatively impacting neighbours and just plain old area appeal) carry more weight in determining the value of most properties than the actual building on the land.

It is a real estate cliché that the best purchase in investment terms is actually the worst house in the street or area. This doesn't necessarily mean the house is in bad condition (a big house in poor condition may be so expensive to renovate that it is a poor investment); it usually means that it is more modest than the properties that surround it – in other words, it's not an expensive house on a cheap block of land but rather, an inexpensive house built on high value land.

Of course there are exceptions to every rule and many people opt for immediate lifestyle choices rather than long term capital gain. Buyers need to research the selling prices of a big enough sample of properties if they want to make an informed choice. Most savvy purchasers buy with location and capital gain as their main considerations, and use a combination of increasing values and equity to finance them into their ideal property at a later stage in their lives.

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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