HOW THE STATE OF THE ECONOMY AFFECTS SELLERS

Not all of us have a degree in economics. Understanding how external forces within the greater economy impact the price of property can be confusing. But, if you are in the market, then you do need to grasp its ebbs and flows or face the risk of being dragged under with its undercurrents.

UNDERSTANDING DEMAND VS SUPPLY

The main principal that contributes to growth in property prices is the same that governs all other fields of trade: demand and supply. The higher the demand, the more the seller can charge. When a country's economy has hit a dip, this will have a knock-on effect on consumer's buying power, which means that the demand for property will drop and sellers will have to drop their prices in order to sell to a market with a pinched pocket. Smart sellers will therefore keep an eye on the country's economic climate and wait for signs of growth before putting their property on the market.

WHICH INDIRECT INFLUENCES TO WATCH

The country's inflation levels, interest rates and unemployment proportions all have a secondary or indirect influence on property prices. The lower these factors are, the greater price you can fetch for your property and vice versa. A country's GDP and currency are other factors which indirectly affect the property market. The higher or stronger these values are, the greater price you can fetch for your property and vice versa.

Investor confidence indexes are a great way of getting an idea of where the market stands. If investors are willing to spend in a country, then it means that more money will be coming into the country, which usually results in higher buying power for consumers.

SHOULD BUYERS ALSO WATCH THE ECONOMY?

Buyers also need to keep an eye on the economic outlook of the country if they want to get a good deal on a property. Seeing as it directly affects your own pocket as well, purchasing property when the economy hits a dip is not the easiest thing to do. But, property prices can drop dramatically during an economic downturn and you can end up purchasing a property at a much lower price than you would have spent on the same property during an economic high. The biggest downside to this is that interest rates are likely to be higher during these times so your monthly instalments on your home loan will be higher as a result.

GET EXPERT ADVICE

As complicated as all of this might sound, you do not need not figure it all out on your own. Property investment might seem daunting, but if you have a good real estate agent you can always bounce any questions you might have off them even after they've helped you find your dream home.