

Lesson 1.6

Understand Market Drivers

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Lesson time: 3min 11sec.

Key Takeaways:

1. What is a “market driver” and are there really significant variations within the space of a single suburb?
2. How can you identify and understand what is a positive and negative market driver?
3. Why you should always focus on buying in the “in-demand” areas of a suburb.

In the lessons so far, we have focused on identifying the area and property that you want to acquire and making sure that you have the financial ability to do so. For the next step, it's important that you understand the market drivers, as they affect the price of the property and your negotiating position.

So, first, as you're doing the four to eight weeks of research that we mentioned in the previous lesson, you want to determine what is sought after in your area. What are the school zones, transport hubs and entertainment/lifestyle areas that will add the most to a property sale price? Understanding those upfront will give you a good idea of what to expect to pay in each area locally.

A suburb might seem like a small space, but really, there are a lot of different dynamics at play within them. Some school zones are more desirable than others, some parts of a suburb might be under a flight path, some local shops and entertainment venues are considered more valuable than others. Proximity to parks and other open community spaces tend to be highly regarded too.

It can often be difficult to identify these dynamics, so one of the things that we regularly do at Hello Haus is help coach people to better “read” the energy of the suburb that they're investigating.

Why is this important? It can have a much larger effect than you might realise. Even a couple of streets apart can mean a house will sell for +/- 10%, depending on whether the house is in one of the desirable parts of the suburb.

I'll give you a personal example. When moving the family from Sydney to the Gold Coast, we started looking for a waterfront property to purchase on the canal and we had no idea that certain canals were highly sought after and others avoided by locals or "boaties." But, as it turned out, this impacted property prices drastically.

There were a multitude of factors here, such as boat speed zones of 6 knot vs 40 knots, the presence of access under low bridges for big boats further down the waterway, narrow canals, deeper canals, end of canals being less desirable, canals that didn't flow as fast as others and so on. It was eye-opening and an incredible amount to learn before also considering the more traditional drivers that affect other property markets that I was already aware of from my many years in property.

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Get Educated!

You've got to get educated. Asking real estate agents which is the most sought-after pocket and why is a start, though you'll want to remember that agents will often have motivations of their own. By asking around, however, you'll start to get a sense of whether there are any streets, neighbourhoods or aspects for example that buyers typically want or to avoid.

Once you've got a sense of the dynamics, you then need to think about whether buying in those high demand areas is worth the cost. As we will almost always advise you, it is, due to the compounding capital growth effects in areas with greater broader market appeal.

Key Reminders

Understand your target area market drivers by getting educated, lean on real estate agents, property managers and local residents. Remember, studies have shown that up to 45% of buyers admitted to having buyers regret, don't be another industry statistic, get Buyer Ready!

Downloads & Links

[1 in 5 pandemic buyers reveal buyers regret](#)