



***Ad vitam paramus***  
We are prepared for life

Where your **future** takes flight

THE FUTURE IS **STILL** PROPERTY ...  
WE'LL TAKE YOU THERE



## Financial Theory Versus The Facts

### Fact

House prices have historically rarely fallen with any significance. In 2008 we saw the start of the world wide recession, however even that did not stop the cycle. Just like the 80's and 90's prices have come back and are rising again...

### Why were the "Theorists" so wrong?

- New Zealand population has grown and is continuing to grow. Internal migration remains high
- New Zealanders prefer to be their own landlord - security of ownership
- New Zealanders value the non financial advantages of ownership e.g. staying in the same area and at the same schools.
- New Zealanders social and recreational lifestyles are more conducive to ownership
- New Zealanders continue to see property as a retirement "nest egg"

### Theory

But the financial theorists said...

- 1990 "The traditional focus on residential property for long term security will vanish"
- 1991 "Demand for housing and hence price increase will remain subdued for some time"
- 1992 "Renting is better than buying"
- 1993 "The return on residential property is not as attractive as the performance of other investment opportunities"

The facts speak for themselves...residential property is a proven investment performer

These are Barfoot & Thompson's annual average sale prices by financial year, going back to 1968. (includes greater Auckland, residential and rural, excludes commercial & Northland sales)

