

Real Estate Prices Go Into Freefall

New research from varying organisations around the world shows an alarming drop in property prices, not just in certain countries, but around the world.

Current economic troubles aren't country-based. Larger, suburban areas seem to be taking the brunt of the decrease in property prices. Small communities and rural areas are also feeling the crunch of the wide-spread decline. Some attribute the decrease in property prices to the decrease in the number of people buying new homes. For many people worldwide, failing economies are making it more cost-effective to rent in lieu of buying a home, townhouse or condominium.

Spanish Property Prices

The Spanish housing market has reported a decline of up to 30 percent. The Don Piso real estate company closed 120 of its offices in May 2008. Along with the closure of 120 of its offices, about 350 jobs were lost. The agency had seen a 66 percent decline in sales over the past year. According to Juan Carlos Sandoval, President of the Union de Creditos Inmobiliarios, UCI, some areas of Spain have seen a housing price decrease of 30 percent over the past year.

The Canary Islands including Tenerife are also seeing a decline in property prices. On the south and southeast sides of the island, property prices have fallen almost 3.5 percent. In the metro areas of Tegueste, Santa Cruz, La Laguna and El Rosario, prices have fallen more than 3.25 percent.

After taking inflation into account, the southern part of the island has seen price decreases of 5.6 percent, while the north and metro areas have fallen 4.7 percent and 5.4 percent respectively. John Gardner of Value It stated, "These are averages for these regions and are based upon a survey of 6250 properties for sale." He explains further that some areas have seen more drastic price declines than others, especially when inflation is taken into consideration.

U.S. Property Prices

Virginia and the Washington D.C. Metropolitan area are experiencing price falls of up to 8 percent. Loudoun County property prices have seen the largest decrease at 8 percent, with Prince William County not far behind at 5 percent. California, Florida and Arizona report similar decreases in property prices.

To the dismay of many Brits, Florida's housing market is also consecutively on the decline. In 2006, Florida's housing market was one of the highest in the United States. Many Brits bought unfinished apartments and condominiums expecting to sell them when construction was complete. Unfortunately the Florida real estate market is now saturated with older condominiums and less pricey apartments, leaving a good number of investors with investment properties that they cannot sell.

U.K. Property Prices

For the ninth consecutive month, surveyors reported property price decreases in the United Kingdom. In March 2008, 79.4 percent of surveyors from the Royal Institution of Chartered Surveyors (RICS) reported a drop in home prices. The same report for April 2008 showed 95.1 percent of surveyors saw decreases in home prices. Price declines have reportedly spread to all regions in the U.K.

"The scale of house price falls remains relatively small at this stage compared to past downturns," RICS said. "The lack of new instructions to sell property continues to provide a crutch to the market. Large numbers of distress sales, either repossessions or sales from those attempting to avoid the repossession process, have not yet appeared in the market place and while mortgage arrears remain low and the employment situation remains strong, the lack of supply will continue to prevent large declines."

Potentially Good News for Investors

Current price falls are causing lenders to rethink their strategies. In the U.K., predictions indicate that half the country will be hit by the price fall within 18 months. Banks and lenders are considering lowering interest rates by as much as .25 percent, lowering the amount of certain credit lines and reconsidering which customers they will accept.

The decrease in the price of property worldwide could mean good news for investors. The ability to buy properties at below-value prices could give the

real estate investor an edge when the housing market does get back on its usual track.

Value It representative John Gardner said, "The answer for people looking to buy in Tenerife is through research and knowing the pricing trends in the areas and for property types. There is no substitute if you want to buy well and protect your investment."

Often Europeans who take [holidays in Tenerife](#) buy a holiday home if they like the island enough after a vacation.

The same is true in other areas of the world, not just Tenerife. Real estate investors make their money buying low and selling higher.

About the Author

More information about the island of Tenerife can be found at [yourtenerife.net](#) including reviews of [Tenerife hotels](#)

Other information includes holiday companies who include last minute Tenerife holiday deals and [cheap Tenerife holiday](#) possibilities.

Source: <http://www.diyresource.com>