

Economic logic

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Most economics courses start with a supply-demand diagram that shows that for every successful seller there is a buyer – and for every unsuccessful seller there is a lowering of expectations and write-down of the asset's value until it is saleable. In either case the house endures, as does the land it sits on, at least for the immediate future.

There are just two exceptions: the unsold house might burn down, enabling the would-be seller to recover its insured value; or the frustrated seller might demolish the house to help push up market prices – taking one for the team, so to speak.

If the Greens' announcement does create a rush to sell, tenants will have cause to rejoice, as house prices and rental rates fall. At least, that's the first-year economics story. Perhaps Mr Lewis had some more sophisticated logic in mind?

Geoff Bertram, Karori

Letter to *The Post* (Wellington) 5 July 2023

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There are just two exceptions: the unsold house might burn down, enabling the would-be seller to recover its insured value; or the frustrated seller might demolish the house to help push up market prices – taking one for the team, so to speak. If the Greens’ announcement of intent to curb landlord excesses does create a rush to sell, tenants will have cause to rejoice, as house prices and rental rates fall. At least, that’s the first-year economics story. Perhaps Mr Lewis had some more sophisticated logic in mind?

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