



## COVID-19 AND THE PROPERTY MARKET

### *Where are we now??*

It was only a few months ago that some economists including the Reserve Bank (as it turns out) were making some dire forecasts about the property market - with predictions of falls of 20-30% and skyrocketing rental vacancies.

However, it appears many are now backflipping on their calls. Most recently UBS scaled back their predictions of falls of up to 20%. Now saying 5-10% seems more realistic.

To date prices have not gone anywhere near these predictions. As at June prices across the capitals decreased by 0.7% for the month but remained 2.3% up for the year and 9.7% up on the previous 12 months.

Most of the price adjustment appears to be occurring in Sydney and Melbourne which is to be expected given that these markets experienced double digit growth in the last 12 months and possibly were a bit over-priced even before COVID.

I suspect they may have a bit to go. But even if they declined 10%, they would only be back to where they were 12 months ago. Hardly a catastrophe. The share market fell over 36% in the space of a month wiping nearly 6.5 years of gains off the market.

People seem to forget that the property market is dominated by home-owners which account for about 70% of the market - unlike the share market which is 100% dominated by investors.

Just because we get some bad economic news people don't turn around and put their house on the market the next day. In fact, many who were intending to sell have taken their property off the market.



The last recession in the early 90s showed that the market is very resilient. And at that time there was no \$300 billion government stimulus. No Jobseeker or Job Keeper. Banks did not allow people to defer their loan repayments and home loan rates were at 17.5%.

According to SQM Research the vacancy rate for May in Brisbane decreased from 2.8% to 2.5%.

What we have noticed on the ground is that many of the areas where our clients have invested are holding steady or even improving whereas many of the typical high-risk locations (eg inner city units, holiday locations) have experienced spikes in vacancy.

To date the market has thrown up no surprises.

There is opportunity to buy in quality locations at value but not at substantial discount. And certainly, from what we are seeing there are some strong cash positive opportunities available.

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*Article by Greg Carroll, **More Than Accountants.** Greg assists his clients by helping them pay off their home sooner and build a property investment portfolio. Contact Greg at [greg@mtafinance.com](mailto:greg@mtafinance.com) for a personal no-obligation consultation.*

## JUNE LEASING REPORT - NO SIGNS OF SLOWING DOWN

June was another busy month for Tenancy Applications, with almost 700 applications received.

Of course, a significant percentage of these applicants were not suitable due to poor rental history or low affordability. However, many good tenants missed out on properties, which indicates a strong market for investors.

The good news for our clients is that due to the easing of restrictions, we have returned to taking prospects through properties while they are still tenanted.

As a result, we have managed to reduce our vacancy rate to pre-COVID-19 figures.

**VACANCY RATE:**          **NORTHSIDE - 0.83%**          **TOTAL OFFICE - 0.97%**  
  **SOUTHSIDE - 1.29%**



## IMPORTANT DATES

### JULY DISBURSEMENTS

**Wed 8th**

**Wed 15th**

**Wed 23rd**

**Wed 29th**

### JULY STATEMENT

**Mon 3rd Aug**

## New Owner Portal

**Convenience, Transparency, and Service at your Fingertips!**



It has been one month since launching our new Online Owner Portal and the feedback from our clients has been very positive.

The Portal provides real-time access to information on properties and tenancies - including maintenance, inspections, and financial details.

In time, as data accrues in the portal, you will have access to historical information such as statements and maintenance.

Our vision for this Portal is to be a 24/7 resource for all our clients to documents such as leases, invoices, Entry Condition Reports - everything you will need, at your fingertips. Watch this space!

If you have not yet registered, please send an email requesting your unique invitation to [admin@solutionsproperty.com.au](mailto:admin@solutionsproperty.com.au).



After several weeks of working from home, our Property Management Team is back at the office!

Thank you to all our clients for your understanding and patience as we tackled new technology to maintain communication and service standards.