

MAY 2020

# Property Market Check-In Report

By The Place Advisory Team

# How is the market at this current time?

The impact on the housing and apartment markets from the coronavirus pandemic remains highly uncertain. Historical data shows that during previous economic shocks (e.g. GFC) housing values remain relatively insulated while volumes are more easily susceptible to volatility. Sales volumes are also impacted by the state of the labour market and the number of distressed properties.

The current sales data is showing that transaction activity has been significantly impacted by low consumer confidence and social distancing measures. However, data is also showing that the current easing of some restrictions has seen confidence start to bounce back.

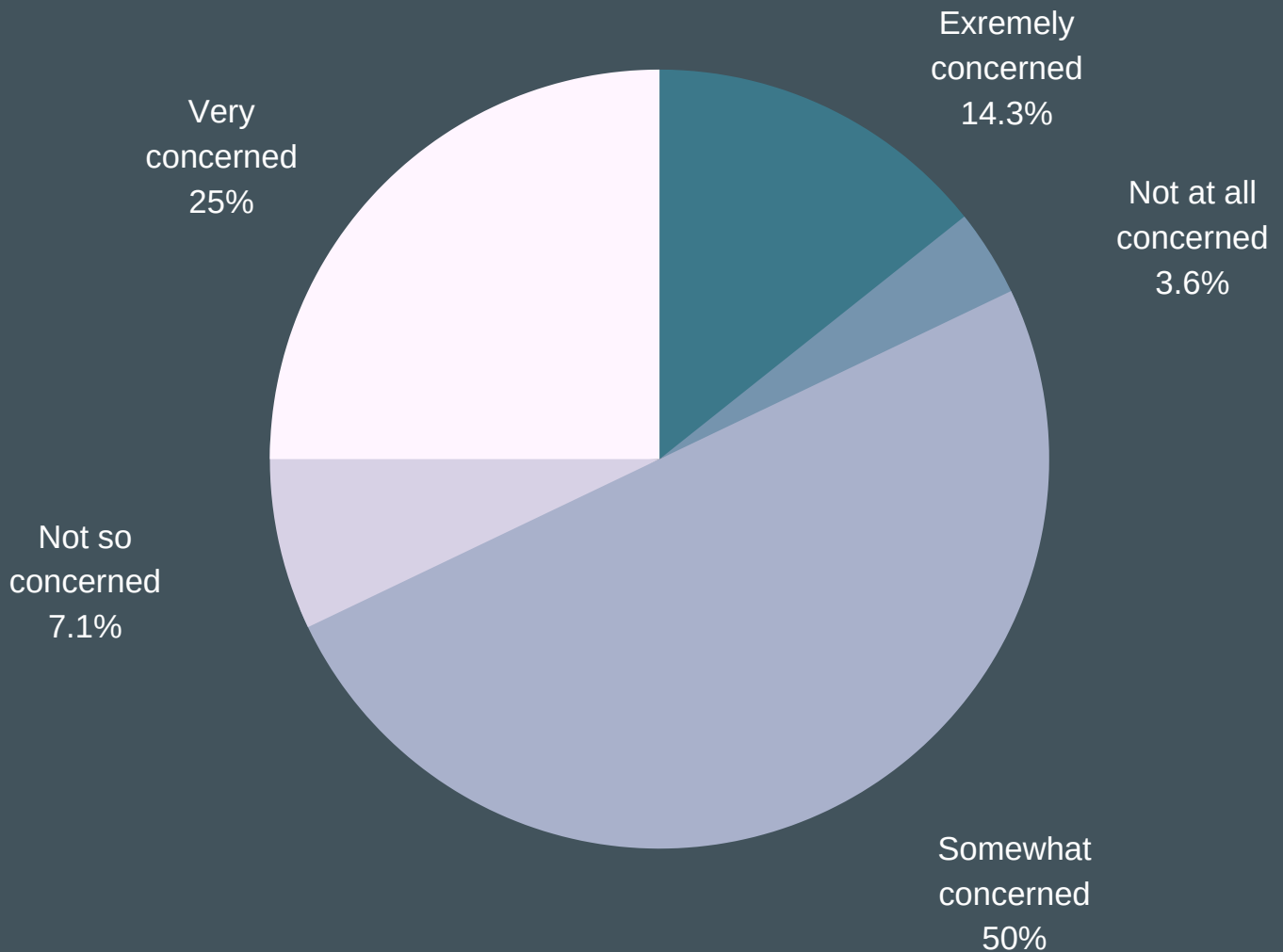
This bounce back should help consumers to make high commitment decisions (such as purchasing a home). However, the clear downside in the medium to long term are the high rates of unemployment and under-employment. Fortunately, the introduction of the JobKeeper Payment should somewhat stall unemployment rates in the coming months.

As such Place Advisory has investigated the market to further understand how it is currently tracking during these trying times. This report summaries the concern of respondents, challenges currently faced, future property activity, seller activity and locations interested in.

# Impact of COVID-19

## How concerned are you about the impact of coronavirus on you personally?

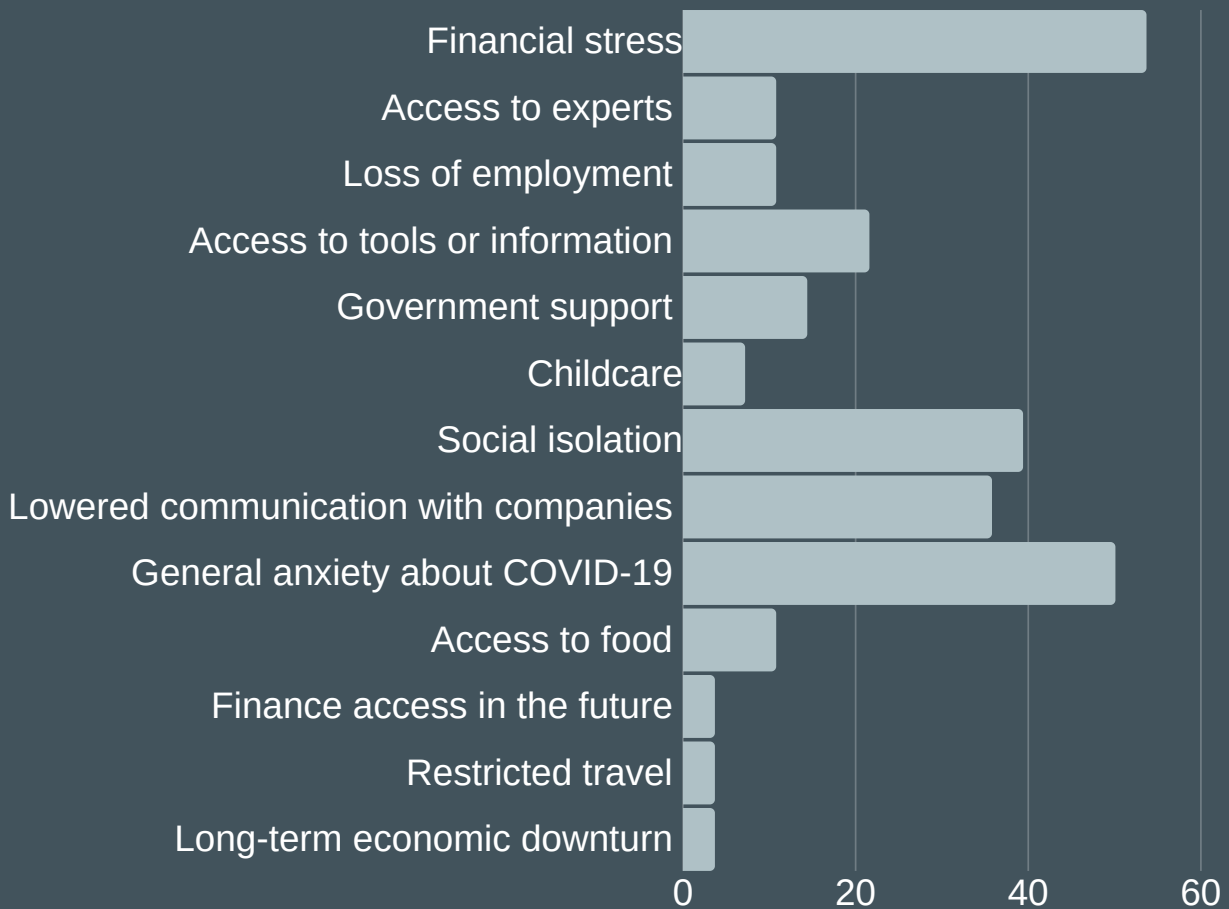
- 50% of respondents were only somewhat concerned about the impact of the coronavirus.
- This was followed by 25% of respondents being very concerned, 14.3% being extremely concerned and the remaining respondents (10.7%) being not so or not at all concerned.



# Current Challenges Faced

## What are the top three biggest challenges you are currently facing while navigating life during the COVID-19 pandemic?

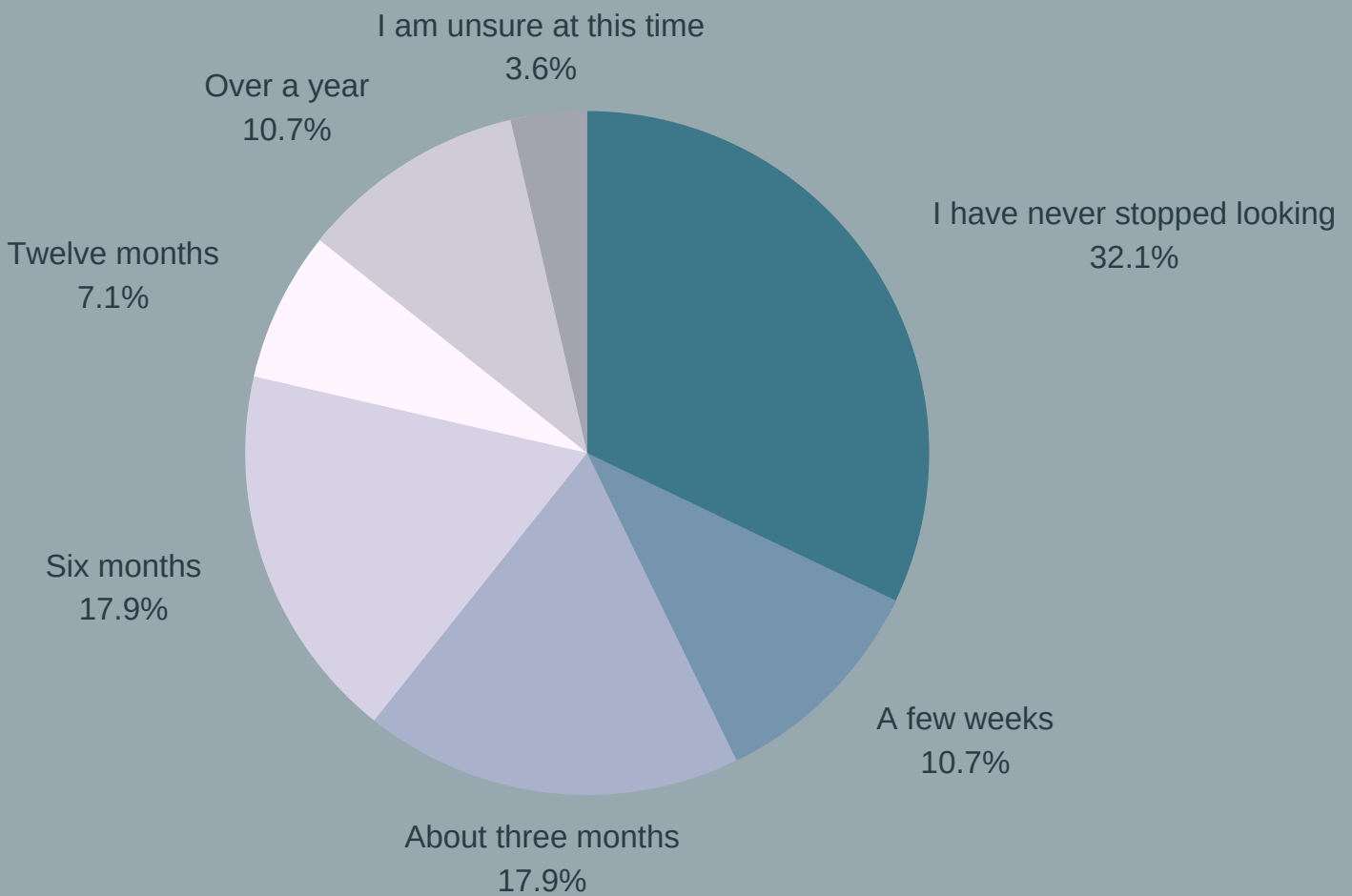
- The majority of respondents are currently facing challenges such as financial stress, social isolation, lowered communication with companies and general anxiety about COVID-19.
- The main challenge faced however, across all respondents, is financial stress. With 53.6% of respondents reporting financial stress as their biggest challenge in life during these current times.



# Activity in the Property Market

Thinking about your current situation, how long do you believe it will be before you start actively looking in the property market to purchase?

- 32.1% of respondents never stopped actively looking in the property market. Whereas some respondents believe it may be a few weeks (10.7%) or a few months (17.9%) before they start actively looking again.
- 35.7% of respondents won't start actively looking in the property market for at least another six months. 3.6% are unsure at this time.



# Seller Activity

## Are you likely to consider selling any property in the coming months?

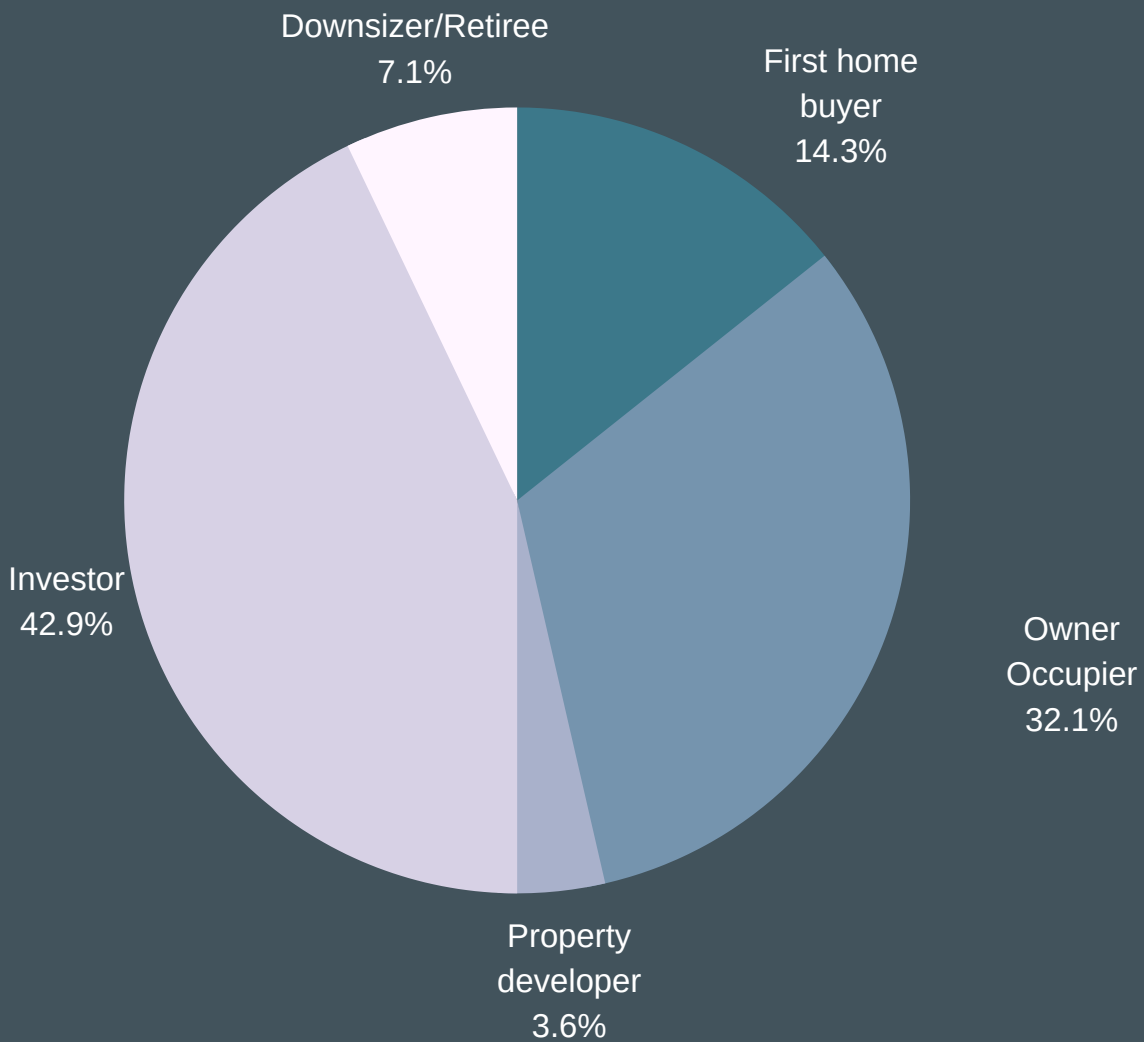
- Majority (78.6%) of respondents are not likely to consider selling property in the coming months.
- Approximately one in ten (10.7%) are likely to consider selling property at this time. Whereas, the remaining respondents (10.7%) are unsure what they will do.



# Respondent Breakdown

## Which option best describes your current situation?

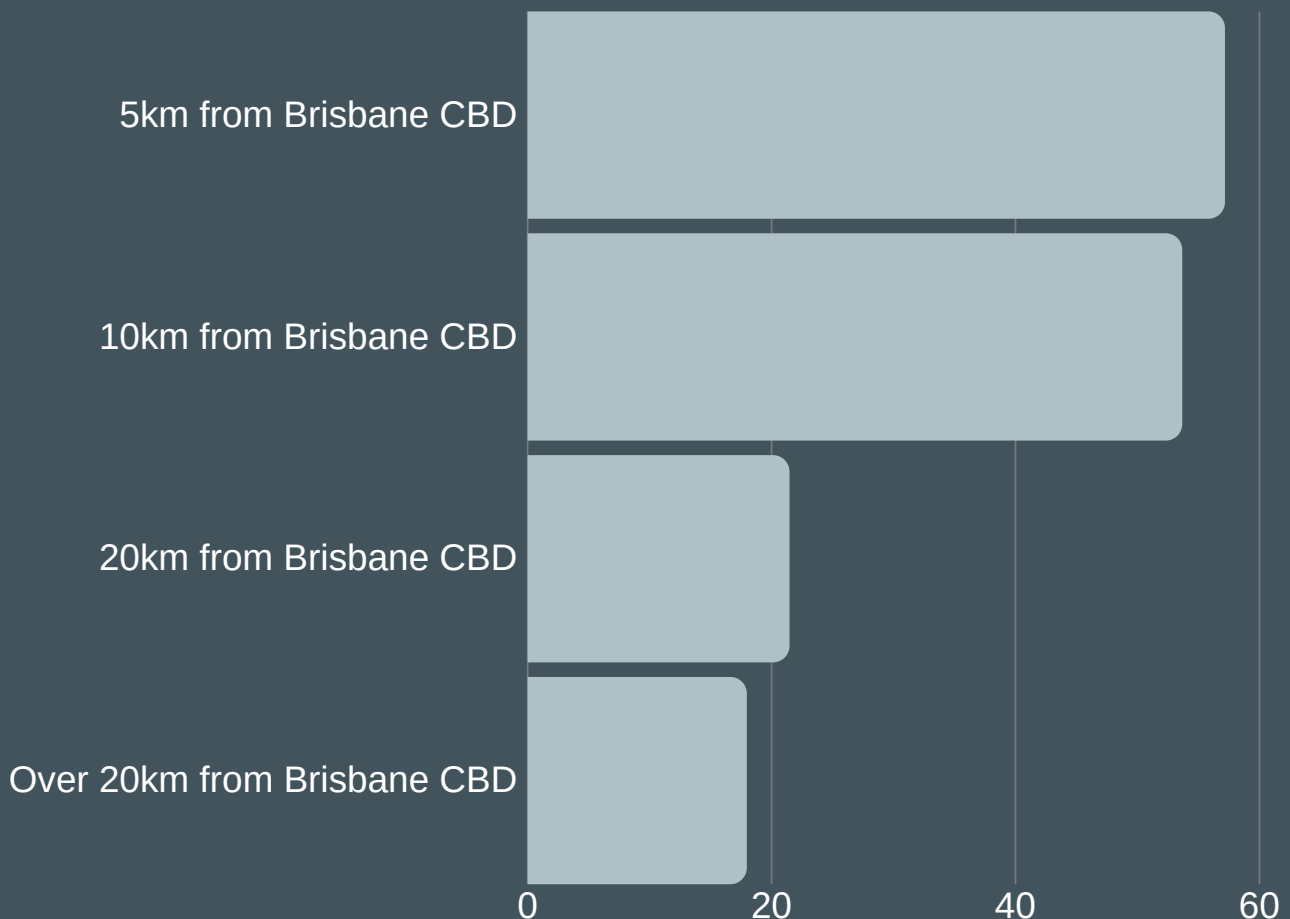
- 42.9% of respondents were Investors, 32.1% were Owner Occupiers, 14.3% were First Home Buyers, 7.1% were Downsizers/Retirees. The remaining 3.6% of respondents were Property Developers.



# Location Interest

## How far from the Brisbane CBD would you consider purchasing?

- Respondents are most interested in purchasing property that is located 5km from the Brisbane CBD (57.1%) or 10km from the Brisbane CBD (53.6%).
- A smaller proportion were interested in property that is 20km from the Brisbane CBD (21.4%).
- This was closely followed by interest in property over 20km from the Brisbane CBD (17.9%).





# Summary of Results

The results of the survey suggest that while consumers are somewhat concerned, there is some future property activity planned. Interestingly, the majority of respondents are most likely to consider purchasing property that is up to 10km from the Brisbane CBD.

Approximately half of the respondents are concerned about financial stress and have some concern on the impact of COVID-19 on them personally. However, this should be alleviated with the introduction of the JobKeeper and JobSeeker payments.

The reduction of restrictions should also see respondents confidence rise as they start to be employed again or their businesses re-open.

## Moving Forward

### Do we know how consumers and the greater economy will respond

As stated earlier, we are currently in unprecedented times with much uncertainty. It is unknown how the coming months will play out. However, the current data shows increases across listing activity, selling activity, consumer confidence, property enquiry levels and loan activity in comparison to what was seen in April. We have also seen home values in Brisbane remain rather consistent. Although it is important to note that these numbers are still very low in comparison to what was seen 12 months prior.

As such it cannot be known how the market will respond moving forward. However, the month of May has started to reinstall consumer confidence which is a major factor in the future of the property market and greater economy.