

ISSUE

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THE INVESTOR

Our thoughts, love and prayers go out to every person who has or may be impacted by the coronavirus

This is a time to stand strong and support each other. ♥



VERY SNEAKY

A LANDLORD IS FOUND GUILTY

Imagine if you were a tenant renting a property and you found out from your neighbour that the landlord had entered your home while you were at work without your knowledge, notice or consent.

How would you feel?

That is exactly what a landlord did and was prosecuted in the Magistrates Court, in January this year.

It was disclosed to the court that the landlord had managed several properties for over 11 years and understood his legal obligations regarding his right of entry.

The tenant having all her personal belongings in the property was understandably greatly upset and felt distressed to know that someone had been in her home without her knowledge and felt like her personal space had been violation.

Unlawful entry is a serious offence (even if you are the owner/landlord of the property) and there are rules of entry and required notice periods that must be adhered to.

We must all do the right thing in accordance with the law to avoid fines and in some cases, a criminal conviction.

HOW WILL THE CORONAVIRUS IMPACT THE PROPERTY MARKET?

The coronavirus has changed our world and our stories for 2020 and by the time you receive this newsletter, no doubt things will have changed again.

It is the biggest threat to the Australian economy since the global financial crisis and will more than likely have some impact on just about every person around the world in some way.

The aftermath of this current global pandemic is unknown at this stage, as we wait and watch, while taking as many precautions as we can, to limit what is being talked about as possibly the next modern-day recession.

Unfortunately, there will be employment and wage losses, business disruptions and closures that will lead to financial pressure for many. In addition to this, there will be significant health impacts, which are particularly concerning for the elderly and other vulnerable high-risk people.

‘How will the coronavirus impact the property market?’, is one of the most Googled questions since the outbreak.

The bottom line is, it will impact the property market and we will see property prices go down. How far down is unknown.

If we look at previous economy downturns such as the Global Financial Crisis (GFC), Australia was approximately four months behind the equity and bond market crash, which would result in our market being impacted around June, which is a month that is already known as a slow time of the year with less listings.

The positive is that interest rates are at an all-time low and it is expected that the Reserve Bank will further cut rates. The government is continuing to make the hard decisions (based on the rapid spread of the virus in countries overseas) to implement measures such as self-quarantining, limiting group gatherings and social distancing to reduce the spread; as well as, releasing their \$17.6 billion stimulus package.

These measures are all helpful, however, the coronavirus pandemic has come as a sharp shock to the economy, which ultimately will lead to uncertainty and a lack of confidence in the property market for a period.

How long this downturn will continue, to some extent, will depend on how much business and consumer confidence falls. The media plays a very powerful role in the public’s perception and while being realistic it is important that everyone comes together to support our economy in any small way we can.

So, is it all doom and gloom, or are there potential opportunities in the property market as a result of the coronavirus? The short answer is, yes we can see the potential of doom and gloom, but there are always opportunities, if you look for them and can afford them.

Many property owners today are in a far better position in comparison to the 1990’s recession and the GFC, as interest rates are at an all-time low, and over time, property owners have been able to acquire more than one property providing greater financial security.

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THE CORONAVIRUS IMPACT

For a lot of people with wealth tied up in the share market, their wealth has been diminished. So, capacity for many people to use that wealth to buy into the housing market has been reduced.

Buyers who are in very secure jobs, are in an improved position because the overall market is weaker.

Experts have been suggesting that if we can contain the virus and limit the necessity for long-term quarantine measures and the on-going impact on businesses, by taking short-term action, the drop-in property sales and prices will more than likely be temporary and the decline will be modest.

However, there may be a catch-up period of transactions over winter and spring where the people who wanted to buy and sell but didn't (or couldn't) due to the uncertainty of the coronavirus. This rebound will feed into prices and sales, meaning the overall impact on the market this year will hopefully be minor.

While the current coronavirus pandemic is a first for many of us to experience, there are property cycle indicators, such as low interest rates that support a next step of property growth to follow.

However, unfortunately, if the coronavirus shuts the economy down for an extended period, this will have a huge impact on the property market and construction sector with house prices and property construction falling.

There will be a drop-in people attending open house inspections

There will be a drop-in people attending open house inspections and auctions. Potential sellers and buyers may postpone taking any action until after the crisis has passed.

Demand for new houses and apartments will fall, putting developers, builders and tradespeople under pressure, resulting in construction activity falling dramatically.

DOES IT DRIVE YOU CRAZY? A SIMPLE TIP...

Has it ever happened to you, where a neighbour or stranger parks their car at the front of your house... and not just on the road, but they drive their car up on the sidewalk and park on your grass?

If this drives you crazy you are not alone.

But, what are our options to prevent cars from parking on our front lawn?

Without getting too creative and doing something that you may regret, you could politely talk to the neighbour in a non-threatening way, leave an equally polite and non-threatening note on the car or you could contact the council to find out the local parking rules for your area (that do vary from state to state) and ask for their advice.

If you don't like confrontation, one simple tip could be to visit your local hardware store where you can buy garden solar lights from as little as \$2.00 each. Place the lights in between the lawn and gutter about one metre apart and hopefully your neighbours and other visitors will get the hint (as they will be lite up at night) and be respectful not to drive over them to park on your lawn, but park on the street.



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There will be an indirect impact on the property sector as people are likely to lose their jobs or have their hours cut. This will lead to people not buying as they become fearful about taking out a mortgage with the uncertainty or concerns of being able to make the monthly repayments and some potential buyers won't be able to get a home loan if they lose their job.

Banks may also come under funding pressures if global financial markets tighten, resulting in less lending.

For those with a mortgage, some people that lose their jobs will be forced to sell if they cannot meet their repayments if they lose their job or their income drops (although, a short-term positive statistic reveals that many people are currently ahead on their mortgage repayments).

We can be hopeful and optimistic that by 2021 we will see a strong rebound in the property cycle, but in the short-term, times are going to get tough for everyone.

We need to accept that the market has changed

For those who are currently looking at selling, we need to accept that the market has changed and may continue to change.

This may result in some sellers deferring the listing until a more certain time. But there will always be people who need to sell.

And if you are an investor, there are possibly hard decisions that are going to need to be made. While investors will benefit from interest rate cuts, there is also the impact of job loses and hours being cut that will impact on the tenant's ability to pay the rent and will lead to a downward turn of rents in the short-term that every investor will need to be consider.

From state to state, each of the markets will vary slightly, but the coronavirus is everywhere. Its impacts on the property market will be everywhere too.

Things will eventually go back to normal, but it is important right now to think ahead.



5 WAYS TO ADD VALUE TO YOUR HOME:

Whether or not you're thinking of selling at the moment, there are a number of ways you can add value to your home. This'll stand you in good stead when the time comes to put it on the market. There'll be less to do, and you'll pick up a premium price thanks to all your hard work over the years. And if you never end up selling? Well you'll still be able to enjoy the comforts and conveniences of the value-increasing additions yourself.

1. **Put a deck on it**
2. **Loft Conversions**
3. **Garage Conversions**
4. **Make it Eco-Friendly**
5. **Do some Renos to Add Value to your Home**

If you would like to read the full blog with further tips and ideas,

please head to

<https://risticrealestate.com.au/five-ways-to-add-value-to-your-home/>



Fusun Ristic
Director of
Property
Management

SUDOKU COFFEE BREAK

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