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Terry's View

It would be refreshing if journalists could simply report the facts, in an even and balanced way, rather than go to extraordinary lengths to find negatives. Their treatment of house prices amid the pandemic provides a stark example. In both March and April, house prices have defied forecasts of dramatic decreases— but the significance of that has been downplayed and misreported by media. Figures published on 1 May by CoreLogic show that house prices nationally recorded another small increase in April. They confirmed those published a few days earlier by SQM Research. The CoreLogic figures indicate that six of the eight capital cities, and six of the seven regional jurisdictions, recorded some level of increase in their house price indexes during April. Nationally, there was a 0.2% increase during the month. It's a very small increase - but in the circumstances any rise is remarkable. And it defies media forecasts of a big decline in April. Media shows a stubborn refusal to give real estate the credit it deserves. While share markets have shown extreme volatility, property has stayed solid.



Terry Ryder
Australia's Leading Independent
Property Researcher



Prices Rise (Slightly) Again in April

House prices continue to defy forecasts of dramatic decreases from the virus shutdown. New figures published on 1 May by CoreLogic show that house prices nationally recorded another small increase in April. The CoreLogic figures confirm those published earlier in the week by SQM Research, showing that most capital cities have recorded rises in the past month.

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Markets Well Placed To Withstand Virus

Most major property markets around the nation are well-placed to withstand the coronavirus crisis, according to the Property Investment Professionals of Australia (PIPA). PIPA chairman Peter Koulizos says the many financial support programs available will help to prevent any significant property price falls over the medium-term.

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Shutdown Will Create A Future Boom

One of the recent trends in real estate is more people moving from the big cities and buying in lifestyle areas within an hour or two of the city.

This movement has been enhanced by technology which allows people to work from home or by improved transport links.

I believe this trend will be further exacerbated by the current situation, which is forcing people to work from home. Some will make it a permanent arrangement – and increasingly we are seeing media commentary to that effect.

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Digital Inspections Are Here To Stay

COVID-19 has caused changes to how property is viewed, bought and sold – and some of the innovations are here to stay. REA Group says government restrictions on open houses and on-site auctions generated a rapid reaction from the property industry, with many marketers switching to digital inspections and online auctions. REA data shows that there were over 3 million views of digital inspection videos between 20 March and 27 April, with NSW alone accounting for over 1 million digital viewings. In most states, views of 3D virtual tours have risen by more than 300% in the space of a month.

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The Lasting Benefits Of the Shutdown

We're going to benefit from the shutdown imposed by the virus, in infinite ways. The discussion now is about how and when we return to normal.

But the new normal will be different to the old. It has to be. One of the big lessons is that we cannot continue to have so many important things made in one country – or anywhere offshore.

There are things we need to make in Australia. Manufacturing is poised for a revival, with benefits in employment. This will be part of a strong economic recovery.

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Jobless Rate Won't Hit Prices

History shows that a rise in unemployment does not lead to fall in property prices. Financial adviser and author Stuart Wemyss says the last time Australia had a recession, with unemployment above 10%, housing prices did not decrease. "Most economists are forecasting the coronavirus pandemic will have a negative impact on property prices," he said. "Various economists expect the median house value to fall, with most projections in the range of 10% and 30%."

"However, the historic evidence does not support the notion that higher unemployment leads to a fall in property prices," he said.

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