

Property Management Bulletin

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FROM THE
PROPERTY MANAGEMENT
TEAM

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'United in a Global Crisis' with United Nations

Chief Economist Elliot Harris: Lessons Learnt For the Future

COVID-19 continues to impact the economy globally, with many countries becoming increasingly unique in its response to the pandemic as we experience the "second round" of the virus.

PRD Research had the opportunity to attend an inspiring session with the United Nation's Chief Economist Elliott Harris, hosted by The Australian Institute, to discuss how COVID-19 has impacted our way of life and what is the way forward.

Key Lessons

One of the key lessons Mr Harris identified was that COVID-19 has proven that we, as human beings, are stronger than what we perceive. People can, now, perform actions under situations that they would normally deem uncomfortable or impossible. People can adapt and use resources to create some sort of normalcy.

In the property world the evidence of this is abundant. Many real estate agents cleverly adapted their ways of doing business to an online platform, utilising many technologies to perform virtual tours/"open" homes, online auctions, and virtual rental inspections. The use of social media has become paramount in keeping clients, buyers, investors, and other members of the organisation connected and well informed.

Mr Harris did not shy away from the issues that COVID-19 highlighted, in particular inequality within our society. This is prevalent in the sense of those who were suddenly unemployed, or are on reduced hours, due to the nature of their work, in turn impacting their immediate ability to keep their home; whether as a renter, landlord, or owner-occupier.

The Australian Government, State Governments, along with the Reserve Bank of Australia (RBA) and the National Banking Association did act swiftly to address these issues. Multiple grants and stimulus (such as JobKeeper, JobSeeker, and others) were released to assist with household budget income cashflow. The cash rate was cut and has been kept at its historical low, mortgage "holiday" programs became available and new residential rental laws - after a few tweaks to protect both renters and landlords equally - were passed.

The swiftness of both fiscal (Government) and monetary (RBA) policies, and its complementary nature in combatting COVID-19, has resulted in the unexpected resilience of the residential property market.

Enquiry numbers did take a hit in the thick of high-level restrictions, as the rest of the population grapples on with creating a "new normal" and policies were being created and released. However once digitisation in the workplace took place and uncertainty levels calmed down, real estate activity climbed back up. Many took the opportunity to re-finance their mortgage, upgrade their homes, or entered the market.

Moving Forward

As to moving forward, Mr Harris posed a key question: Would we, as a world, like a recovery for the next 2-3 years, or, a recovery for a future that is sustainable for us and our children?

The Global Financial Crisis (GFC) taught us that if Government support or stimuluses were scaled back when conditions marginally stabilise there is slower recovery. A critical shortcoming in relation to COVID-19 would be that as soon as there is stabilisation then stimulus is scaled back. There is a need for Governments to utilise all avenues to maintain the level of stimulus in order to allow for full recovery.

The Australian Federal Government has announced its continuation of both JobSeeker and JobKeeper programs, with modifications, to ensure that those impacted by COVID-19 is supported financially. State Governments have announced their commitment to infrastructure projects, as their construction phases will create more jobs and stimulate economic growth.

From a property perspective, the Federal Government's HomeBuilder Grant and First Home Buyer Loan Deposit Scheme will continue; thus, providing first home buyers with more support in their property ownership journey. State governments are continuing their support through First Home Buyer grants, and discussions on revamping stamp duty tax. From these perspectives, Australia is well placed in its economic recovery journey. Being one of the only G20 countries to have introduced a policy directly linked to the property market amidst COVID-19 confirms the importance of residential real estate to the economy.

Mr Harris reminded us that an integrated, co-operative, multilateral approach between countries is paramount. Protecting an economy does not have to hinge on a country's sovereignty. The G20 countries joined together to combat the GFC and prevented it from getting out of control. We have lost sight of this and need to re-invent partnerships, particularly in creating a more resilient world society.

We can no longer pretend that we can go back to the way things were before. We must change the fundamental process of how we create and shape policy, into one that is based on long-term investment.

A productive course of action would be to ensure that the people are fully equipped to handle technological advancements and are able to access long-term education, so that they are able to re-invent themselves as the world needs them to.

Mr Harris reminded us that there will always be shocks and crises in the future. It is important to create a resilient society that can absorb shocks, to ensure we are less vulnerable and will not be as debilitated when the next shock arrives. Ultimately it is not about aiming for growth as per before but aiming for growth that ensures economical and societal progress.

The Australian property market has proven to be extremely resilient throughout COVID-19, with combined capital markets growing by 1.0% in the past 12 months to the 1st half of 2020, metropolitan markets by 2.7%, and regional markets by 3.4%. A more resilient society will have a positive impact on the property market in terms of stabilising demand levels, and perhaps, less "doom and gloom" predictions that add more uncertainty to an already shaken society.

Source: PRDnationwide, Real Estate News



Properties recently rented

1/34 Guineas Creek Rd, Currumbin Waters	\$450.00
10 Larentia Street, Currumbin Waters	\$675.00
22/14 Mawarra Street, Palm Beach	\$420.00
1B/34 Leyte Avenue, Palm Beach	\$355.00
142 Simpsons Road, Currumbin Waters	\$650.00
6 Vucas Court, Currumbin Waters	\$670.00
12 Mackerel Court, Palm Beach	\$1,100.00
1A/34 Leyte Avenue, Palm Beach	\$695.00



QUOTES AND REPAIRS REMINDER

Our agency is managing many tenants repairs and quote requests every day to ensure that all properties are safe and well maintained for the tenant to reside in to reduce any possible litigation to landlords.

If a member of our team contacts you regarding repairs, please respond promptly. We thank the many landlords who always do.

Sarah Ryan
PRD Property Management

PRDnationwide House
40 - 42 Palm Beach Avenue
PALM BEACH

Ph: 07 5534 6044
Fx: 07 5534 6022

sarahryan@prdpalmbeach.com.au