



August 2020 Newsletter



firstnational
REAL ESTATE
Connect

RENTS TREND LOWER THROUGH JULY

According to CoreLogic, rental rates continued to trend lower through July, with the weakest rental conditions emanating from Hobart, Sydney and Melbourne, and the unit sector driving the largest falls.

Since March, capital city house rents have dropped by only 0.3% while over the same period unit rents are down a more substantial 2.6%. Hobart stands out as recording the largest decreases, with rents for houses down 2.0%, and units down 4.4% since March.

Weaker rental conditions are most evident in those markets where rental demand has been impacted by border closures and supply additions. Some inner-city areas of Melbourne and Sydney have seen rental listings more than double since March due to the combined effect of temporary migrants departing, and overseas arrivals, including foreign students, stalling.

Compounding this weak demand position is the surge in construction activity and investment over previous years, which has added to inner city rental supply.

Other factors are also impacting rental markets. Anecdotally, the transition of short-term accommodation to permanent rentals is temporarily adding to supply. Additionally, the significant employment decline across food and accommodation services, arts and recreation services is compounding the weak rental demand as these sectors workers are more likely to rent. To date these sectors have seen the largest number of job losses and impact to wages. With the second wave of social distancing policies and border closures, these workers are once again facing hardship.

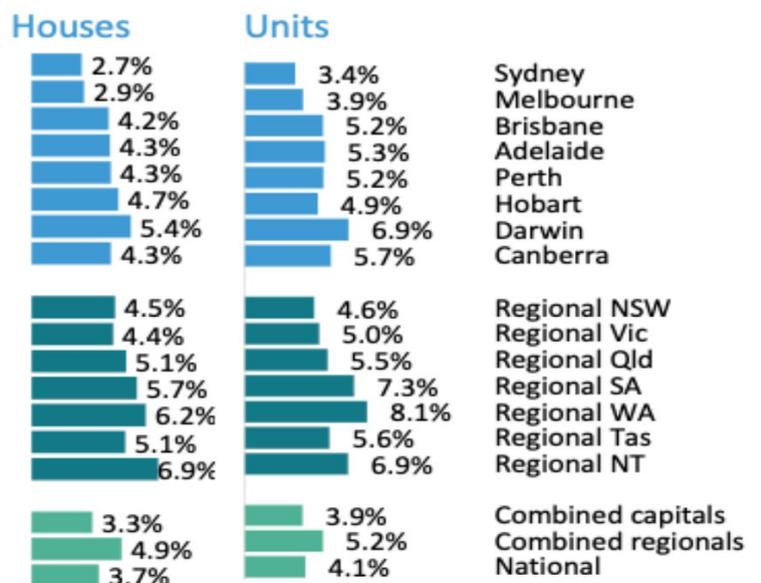
Perth and Adelaide are showing the strongest rental conditions amongst the capital cities. These markets have

also generally seen lower levels of investor participation, and less 'investment grade' construction over recent years, which has kept rental supply reasonably tight.

Monthly change in capital city home values

	MONTHLY	ANNUAL
Sydney	▼ 0.9%	▲ 12.1%
Melbourne	▼ 1.2%	▲ 8.7%
Brisbane	▼ 0.4%	▲ 3.8%
Adelaide	▲ 0.1%	▲ 2.4%
Perth	▼ 0.6%	▼ 2.5%
Hobart	▼ 0.2%	▲ 5.9%
Darwin	▼ 0.3%	▼ 2.2%
Canberra	▲ 0.6%	▲ 7.2%
National	▼ 0.6%	▲ 7.1%

Gross rental yields





WHAT NEXT?

It's been four months since Prime Minister Scott Morrison announced a national 6-month moratorium on evictions and, by now, most landlords have arrived at solutions to try to stay on top of expenses, but what will your situation be come September?

Although JobKeeper and JobSeeker will be extended until 28 March 2021, payments will be reduced and employer eligibility reassessed.

Some landlords may be faced with the difficult decision about whether to evict what were previously perfectly good tenants, who are now in arrears; or face the prospect of a vacancy in an uncertain rental market.

Anecdotally it seems many landlords are leaning towards maintaining the status quo. Rental arrears will still be owing so lost income could still be recovered in the future. Maintaining an existing tenancy agreement and any rent reduction at least means both you and your tenant are still in the game, with each other.

You've had the foresight to have a property manager, so continuing to engage with us on a regular basis is your best security for now. JobKeeper and JobSeeker have been extended, so there may yet be changes to state and territory relief packages that were announced a few months ago. Patience, tenacity and compassion is one of the greatest lessons we each will take from the COVID-19 pandemic it seems.

PROPERTY INVESTMENT



For Sale Price **Just Listed**

1/33 Grose Vale Road
North Richmond NSW 2754



Central Location

Modern and stylish are the words you use to describe this 3 bedroom townhouse. It is the ideal opportunity for first home buyers and investors alike.

The property features:

- Open plan living
- Ensuite to master bedroom
- Built in robes to bedrooms
- Modern Kitchen
- Ducted air conditioning

Close proximity to schools, shops and transport

- Low maintenance yard

**For further information on this property please call
Andrew Mansour on 4588 0999 or Nick Milne on
0400 250 327.**

Important note: Clients should not rely solely on this newsletter. All endeavors are made to ensure the content is current and accurate however, we make no representations or warranties as to the accuracy, reliability, completeness, or current. Readers should seek their own independent professional advice before making decisions.

Residential Sales, Leasing & Management – firstnationalconnect.com.au