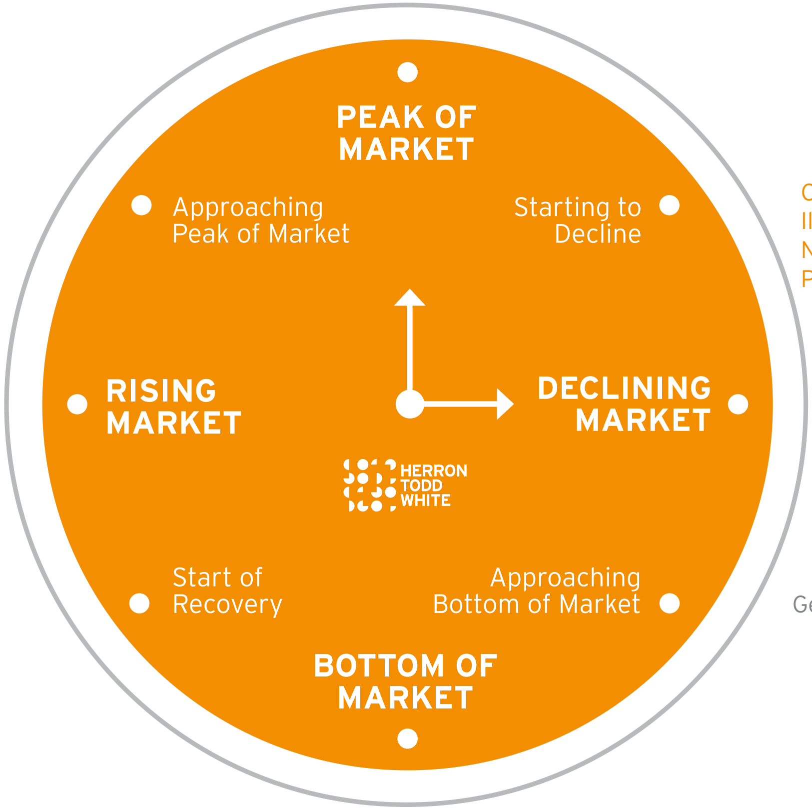
HERRON TODD WHITE RESIDENTIAL

Residential

May 2020

National Property Clock: Houses

Entries coloured orange indicate positional change from last month.



Peak of Market

Albury
Bathurst
Bundaberg
Canberra
Dubbo
Tamworth
Whitsunday

Starting to Decline

Coffs Harbour
Illawarra
Newcastle
Perth
Southern Highlands
Sydney
Wodonga

Declining Market

Ballina/Byron Bay
Broome
Gold Coast
Kalgoorlie
Lismore
South West WA
Toowoomba

Approaching Bottom of Market

Geraldton

Bottom of Market

Alice Springs
Brisbane
Central Coast
Darwin
Ipswich
Southern Tablenads

Start of Recovery

Cairns
Geelong
Mackay
Melbourne
Port Hedland
Townsville

Rising Market

Burnie/Devenport
Emerald
Gladstone
Hervey Bay
Hobart
Launceston
Launceston
Mildura
Mount Gampier
Rockhampton
Shepparton
Sunshine Coast

Approaching Peak of Market

Adelaide
Adelaide Hills
Barossa Valley
Karratha

National Property Clock: Units

Entries coloured blue indicate positional change from last month.

Albury
Bathurst
Central Coast
Tamworth

Burnie/Devenport
Coffs Harbour
Hobart
Illawarra
Launceston
Newcastle
Southern Highlands
Sydney

Ballina/Byron Bay
Broome
Gold Coast
Lismore
Perth
South West WA

Geraldton

Alice Springs
Brisbane
Darwin
Ipswich
Southern Tablelands
Toowoomba
Whitsunday

Bundaberg
Cairns
Emerald
Geelong
Mackay
Melbourne
Shepparton
Townsville

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Rockhampton
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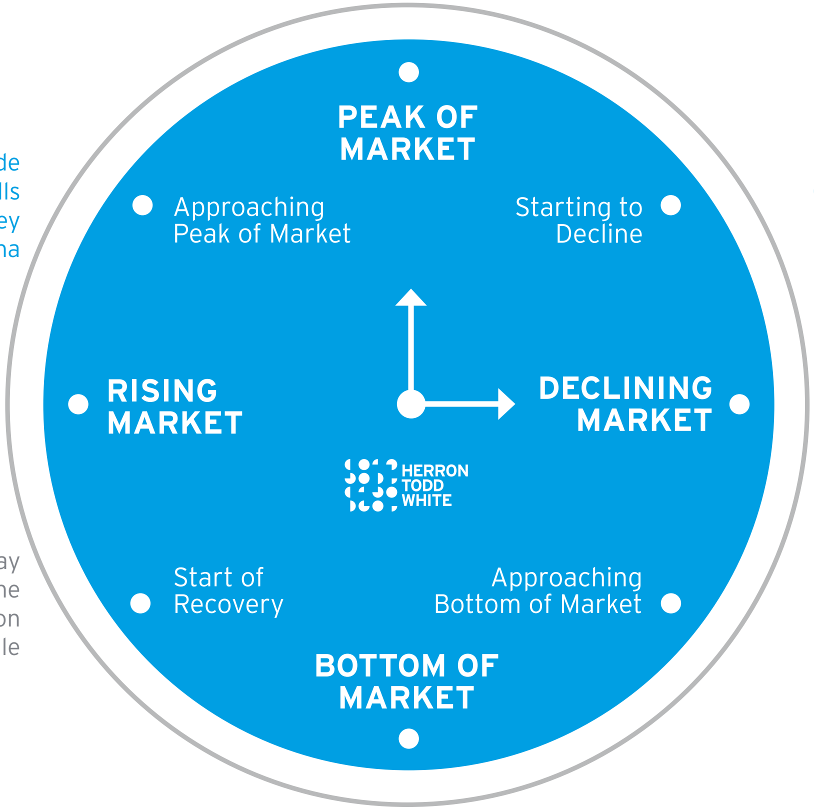
Karratha



New South Wales

CEO'S ADDRESS

The significance of 2020 and the way we have addressed the global threat of Coronavirus will fill pages in history books.

The breakneck speed at which this crisis has driven important decisions across all facets of life is extraordinary. From health, to politics to the economy, we have seen incredible pivots all designed to minimise the fallout and help steer us back to normality.

Commentary on the future direction of the residential property sector from observers has been incredibly diverse. Some are expecting a subtle slowdown, while others predict a catastrophic collapse.

But these views fail to understand the complexity of the Australian residential property sector. Having specialist knowledge at a localised level is key to good decision making, and that's why Herron Todd White must be your go-to source for real estate advice.

Our company is uniquely placed in the industry to provide commentary like no other about the state of our nation's property markets under the virus threat. Our valuers are specialists who work daily in their fields of expertise. They understand their markets to a nuanced level and are on the spot to identify real-time changes in activity.

This month's edition of Month In Review shares insights from this unparalleled knowledge base.

Gary Brinkworth
CEO

Overview

It can be difficult to keep up as markets quickly adapt to address the challenges around COVID-19.

Some locations have seen monumental disturbance to their usual state of affairs, while others have barely registered a ripple.

In this month's issue you will discover how COVID-19 has amplified the diversity of Australia's resident property markets by location, price point and property type.

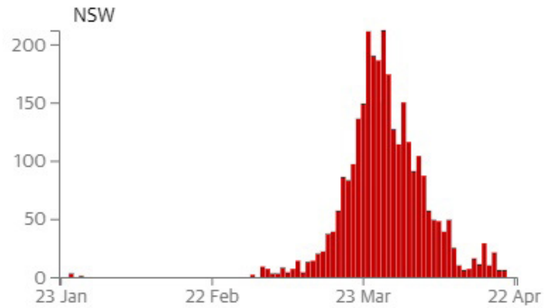
Sydney

As Australia's most populous city and the country's gateway to the world, Sydney has become the epicentre of COVID-19 cases in Australia. The Ruby Princess debacle certainly didn't help. At the time of writing, New South Wales has had just under 3000 total cases confirmed and tragically has had 31 deaths.

On 27 March, New South Wales had a massive 212 new daily cases, the majority of these being in Sydney, and indications were that these numbers were going to continue to escalate.

Significant restrictions were placed on our way of life, affecting the way we work, live and socialise.

Fast forward a month and New South Wales, like the rest of Australia, has seen the rate of new cases drop significantly, with just five new cases on 21 April. It is clear that the lockdowns are working to reduce the spread of the virus, however the economic fallout of these restrictions is only just beginning to be felt.



New daily cases of COVID-19 Source: The Guardian

There does appear to be an improving sentiment as Australia seems to be getting the spread of the virus under control and the focus now turns to when and how restrictions can be eased (and when the footy can start back up again). This week we have seen several beaches in Sydney's east, including Coogee and Maroubra, reopen for exercise, while Bondi Beach is set to reopen for surfers and swimmers from 28 April.

While valuers spend a significant part of their


Bondi Beach before and after the shutdown Source: The Daily Mail

day out of the office anyway, Herron Todd White in Sydney made the decision in early March that all staff would work from home. The decision was made to ensure that any potential exposure to the virus did not place further risk on other staff or our clients, whose homes and businesses we inspect daily.

This has meant changes to the way we interact with colleagues, including a significant increase in phone calls, messaging and video conferencing. It has also changed the way we conduct our inspections with hand sanitizer, face masks and disposable gloves becoming just as important for valuers as their tablets and laser measurers.

Herron Todd White has also been at the forefront of our industry in developing a contactless inspection tool which allows occupants to take internal photos which feed straight into our valuation system, allowing us to complete valuations in accordance with Australian Property Industry guidelines when a COVID-19 related concern means a property cannot be fully accessed. This has been an important change, allowing mortgage applications to proceed instead of being delayed by weeks or even months until internal access became available.

There have been a number of changes affecting the property market, including restrictions on open for inspections and public auctions and a six month moratorium on evictions where tenants can't pay their rent.

Auction clearance rates, which often strongly correlate to property price movements, have fallen off a cliff from above 80 percent into the 30 percent range, although this has been exacerbated by the number of properties scheduled for auction which have been withdrawn either to be sold via private treaty or taken off the market altogether.

Weekly clearance rate, Sydney

Source: CoreLogic

We have also seen a reduction in the number of new listings, down 20.4 percent on last year according to CoreLogic for the week ending 19 April. Despite this, a slim weekly increase in home value of 0.1 percent is showing for the same week, up by 0.6 percent for the past four weeks, a period when the lockdowns have been at their highest levels.

Capital city	Weekly change	Monthly change	Yr to date change	12 mth change
Sydney	0.1%	0.6%	4.4%	13.9%

Source: CoreLogic

While these statistics may not yet be showing a decline in values across the Sydney market, evidence we are seeing and hearing from selling agents indicates that values are falling, particularly in some areas and for some price sectors, although not necessarily uniformly within these sub-markets.

The rental market has seen a more immediate impact however, with listings increasing and rents falling. According to an article on 21 April in The Financial Review, Sydney rental listings were up 15 percent over the past 12 months as short-term holiday rentals come on to the market along with properties that vendors have withdrawn from sale and are attempting to rent out. As a result, the article indicates, Sydney houses have seen a 5.7 percent reduction in asking rents for the month to 20 April, while units have suffered a 3.7 percent decrease over the same period.

Northern Beaches

The Northern Beaches as a whole has appeared to absorb much of the negative sentiment and restrictions surrounding the pandemic. Higher value markets are outperforming entry level markets at this stage. We have seen the most notable decline in the entry level ($1.2 million to $1.7 million) dwelling range, although this level of the market experienced the strongest growth during the recent buoyant market conditions experienced in the second half of 2019. This has resulted in a number of opportunities for first home buyers and upgraders who missed out

There is a strong chance you will be paying less than you would have three months ago for the same product.

on a property over the course of the past six to 12 months. There is a strong chance you will be paying less than you would have three months ago for the same product.

A recent example in this price range is 16 Carawa Road Cromer, NSW, 2099 that sold on 19 April 2020 for $1.475 million after an initial price guide of $1.59 million.

16 Carawa Road, Cromer Source: CoreLogic

We are also seeing a greater disparity between secondary products and quality stock in a similar location. This variance began to close during the buoyant market conditions experienced prior to the pandemic, but as demand slows and buyers have more opportunities, we are seeing stock sit for longer and sell for a greater discount.

Agents have adapted very quickly in their responses to marketing a property during the restrictions. Novak Real Estate in Dee Why has a strong social media selling platform that will thrive in this type of environment. There is no doubt a general reduction in buyer enquiry has been noticed, but from all reports this has effectively led to only qualified buyers making enquiries. Vendors should not only be realistic about their asking price but anticipate longer selling periods.

Vacancy rates as at March 2020 were noted at 1.9 percent for the Northern Beaches (sqmresearch.com.au), however this statistic does not factor in short-term rental and holiday homes that are vacant, unable to be let on a short-term basis and currently listed on the market for more traditional residential lease terms. This has resulted in a notable increase in rental stock and is placing downward pressure on asking prices. Notably impacted areas include suburbs such as Manly, where there is generally strong demand and supply for short-term accommodation. A current example reflecting this trend includes 5/15 Wood Street, Manly, currently advertised for rent for $1100 per week, $100 lower than the previous listing in 2018.

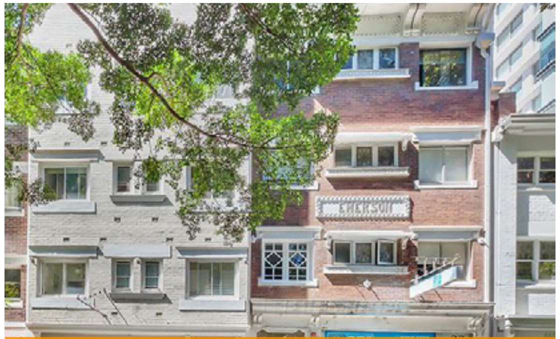
Inner Sydney/Eastern Suburbs

It is still fairly early in the crisis to see a pattern emerging, particularly due to the slowdown in volumes of transactions. In previous downturns, the inner city market segment most vulnerable to volatility is the upsizer price bracket, typically from $2 million to $3 million and consisting of mid to large sized terrace and detached dwellings.

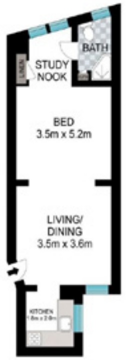
This is largely due to the demographic purchasing these homes leveraging heavily, something which may become more difficult during times of job insecurity. Furthermore, upsizing is typically about nice to have features and less about essentials. This demographic typically could live a little longer in their existing circumstances and defer upgrading for the meantime.

Properties falling into Airbnb and long term lease (serviced apartment) sectors are being impacted, for obvious reasons. These include studio apartments within CBD and city fringe locations, such as 507/243 Pyrmont Street, Pyrmont, a studio within a long term letting pool in a heritage building, which sold under the asking price after a month long marketing period.

Another example is 11/31-33 Elizabeth Bay Road, Elizabeth Bay, a studio style apartment in an Art Deco complex with updated interiors and partial bay views. This unit sold on 10 April for $551,000, previously transacting for $580,000 in March 2018.



11/31-33 Elizabeth Bay Road Source: Realestate.com.au



The inner city is an in demand part of Sydney and the market is typically more resilient than some further flung parts of town, however reduced competition and low interest rates are allowing first time buyers to enter the market. Whilst overall volumes are down, there are still plenty of transactions occurring under $800,000 with value levels holding in most areas.

Recently, 211/18 Bayswater Road, Potts Point, a one-bedroom, circa 50 square metre, modern unit within a period conversion complex sold via an out of area agent for $766,000, a result above its previous (almost) peak of market sale price of $720,000 in February 2017.

Most good quality agents are conducting virtual appraisals, inspections by appointment only and online auctions or private treaty sales. On 18 April, 138 people logged in to watch the auction of 2/44 Ramsgate Avenue, Bondi Beach, a one-bedroom Art Deco deceased estate in poor condition, which was advertised with a guide of $700,000. After 31 bids, the property sold for $865,000 (source: Domain).

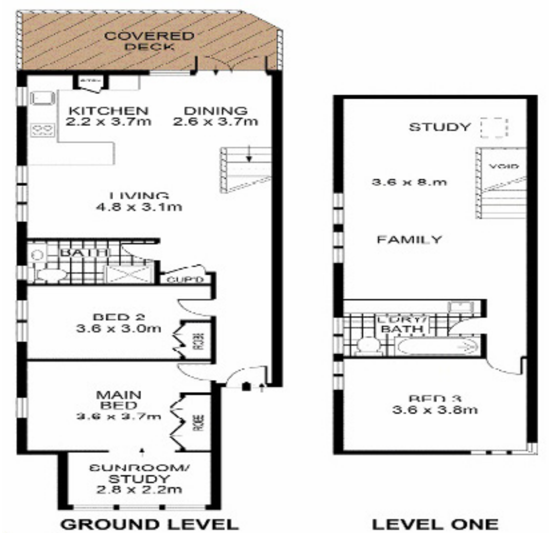
Whilst overall transactional volumes are down, agents are advising that many savvy investors are utilising the current downturn to add to their portfolios. The primary concern in the investment market at the current time is finding a tenant.

As always, look for something unique with potential for improvement in an in demand area serviced by local amenities such as rail and shops. These properties have broad market appeal and will resell well in any market.

Rents are falling sharply with discounts of ten percent not uncommon, even in better quality areas. 153/71 Victoria Street, Potts Point, a two-bedroom, two-bathroom unit with a two-car garage, initially advertised for $750 per week, dropped to $690 per week after a week on the rental market (as per RP Data).

On a positive note, there still appears to be demand for certain good quality properties that have good appeal in the particular market. An example of this is a two level townhouse style apartment at 35/3 Victoria Park Parade, Zetland, which was on the market for approximately 40 days and sold on 4 April for $1.171 million which was above the price guide of $1.05 million.

A lot, however, can hinge on how motivated the vendor is. A recent example is 3/53 Sir Thomas Mitchell Road, Bondi Beach, comprising a renovated two-level, three-bedroom, two-bathroom, Art Deco unit with no parking, just 400 metres from the sand, which sold in early April. The vendor had purchased elsewhere, so despite expectations of $1.95 million plus, the property sold for a tick under $1.82 million.



3/53 Sir Thomas Mitchell Road Source: CoreLogic

Provided that the current flattening of the virus infection curve continues over the next few weeks and the situation continues to improve in the coming months, it is likely that the inner city market will make a relatively quick recovery. This will be particularly so once auctions and open houses are able to resume. The primary drivers of this recovery will be the record low interest rates, eventual lowering unemployment and desirable nature of the area due to its proximity to infrastructure and amenities.

Sutherland Shire

As at 20 April, the Sutherland Shire LGA has had the fourth highest number of COVID-19 cases behind Waverley, Sydney, and the Northern Beaches according to NSW Health statistics.

Local agents are telling us that the Coronavirus pandemic has not yet significantly affected prices that properties are achieving at either online auction or via private treaty. Many agents in the Sutherland Shire had already started virtual auctions a week before they become mandatory. Agents have also noted that there are less people looking to buy and only serious buyers are making private appointments to view properties, so while agents sometimes have to conduct an increased number of inspections, they are typically only doing so for parties who are genuinely interested in the property.

On the flip side, a significant number of vendors have pulled their properties off the market and are now waiting until life returns to normal. This appears to be the general consensus in all value levels and property types as supply levels have dropped off significantly over the past month.

In Sylvania, the sale of two new adjoining duplex properties a month apart indicates only a slight decline in values from early March to early April. 56B Easton Avenue sold for $1.45 million on 9 March, while 56A sold on 9 April

56A and 56B Easton Avenue, Sylvania   Source: Realestate.com.au

for $1.41 million, representing a decline of just under three percent.

In Engadine, two local agents have said they have listed many more properties than they expected, with one reporting they have listed seven properties for sale in the past week. Agents across the board however are seeing many tenants in their rental properties stop rental payments which is affecting real estate agencies along with property investors.

A number of owners have told us that they are refinancing so that they are ready to buy should the market drop significantly, however the general sentiment talking to local agents and owners is that they remain cautiously optimistic about the property market, with most predicting a quick recovery.

Western Sydney
We are still seeing reasonably strong activity in the west, particularly at the entry level. A property at 24 Berg Street, Blacktown sold for $670,000 on 7 April after being listed on 20 March, right in the thick of the escalating COVID-19 crisis in Australia. According to the selling agent from Starr Partners, the three-bedroom, one-bathroom, one-car garage, single level dwelling, on 577 square metres of land had a few cheeky offers below market but also had four or five genuine buyers and in his opinion sold at a similar price to what he would have expected a couple of months ago.


24 Berg Street, Blacktown   Source: realestate.com.au

There appears to be many first home buyers still looking to purchase which is helping the lower end of the market. While there are some sharks out there looking for desperate sellers, agents are doing their best to avoid them by being selective about genuine buyers for inspections by appointment. Listings are becoming increasingly difficult to source as many owners are adopting a wait and see approach until we emerge on the other side of the restrictions.

Another recent sale that attracted plenty of interested buyers due to the low price point was 47/13-19 Robert Street, Penrith, which sold for $305,000. The top floor, one-bedroom plus study, one-bathroom unit with single basement carspace in a 2007 built complex sold on 9 April through Jim Aitken & Partners on its first day on the market. The agent advised that while most properties are taking a little longer to sell, particularly given the need for inspection by appointment, they are still getting plenty of buyer enquiries.


47/13-19 Robert Street, Penrith   Source: realestate.com.au

Prestige Market
The Lower and Upper North Shore prestige markets, above $5 million, often live in their own sub-market bubble and often are immune from volatility in the general market. The current situation is different however, with the same issues currently impacting on the prestige sector in these areas.

The number of listings in these areas has certainly decreased, as seen in most areas and at most price points. There also does seem to be an increased trend in off-market sales, which is not a foreign concept for the prestige market. These off-market selling campaigns remove the current detrimental issues around open homes and auctions. We would expect off-market

Listings are becoming increasingly difficult to source as many owners are adopting a wait and see approach until we emerge on the other side of the restrictions.

HERRON TODD WHITE RESIDENTIAL

campaigns to become increasingly popular over the coming months.

We have become aware of flexibility in settlement terms, more through conversations with selling agents rather seeing real life evidence at this stage. Extended settlement periods are becoming a technique utilised to entice purchasers. This appears to be based on the assumption that the current situation will pass in the medium-term and also to align with lenders offering up to six months mortgage relief in certain situations. Settlements occurring after this six month period may seem more attractive to any potential purchaser who would be factoring in a more settled environment at that point. It also allows purchasers the luxury of time in getting their own affairs lined up during a period when most services are delayed to some extent. If lending ratios are tight however, there may be a potential issue when it comes time to value the property closer to settlement should values decline in the interim.

We are still seeing some good results considering the current unprecedented conditions and this example in Killara is clear proof. 23 Elva Avenue, Killara reportedly sold on 15 April 2020 for $6.3

23 Elva Street, Killara Source: realestate.com.au

We are only at the beginning of the impact on the property market, so it is more difficult to see how long and how deep that impact might be.

million (as per Realestate.com.au). This property had only been on the market for approximately eight days and was scheduled to be sold through an online auction on 16 May with a price guide of $5.8 million to $6.3 million. A very short selling period, sale before auction and sale at the higher end of the price guide is usually an indication of very strong market conditions, so it is pleasing to see such a result during this period. Interestingly, the purchaser is an ex-pat who did not physically inspect the property and instead relied upon a 30 minute virtual inspection via FaceTime.

Like the North Shore, the eastern suburbs prestige market is more accustomed to off-market transactions and inspections by appointment only, so recent restrictions around open for inspections and public auctions have not impacted this part of the market as much as lower price points.

Despite this, agents have reported a noticeable difference in interest for some properties that were first listed just prior to the lockdowns. An example is 32B Suttie Road, Bellevue Hill, a newly built four-level duplex adjoining Cooper Park. The property sold for $5.05 million on 3 April after the vendor has previously purchased off the plan two years earlier for $5.125 million. The property was first listed on 10 March and one of the selling agents from Ray White Double Bay noted a marked difference in interest before and after the restrictions were put in place, however in their opinion the property would have achieved only slightly more had it sold back in February.

32B Suttie Road, Bellevue Hill Source: CoreLogic

Future Views

The long term outcome of the COVID-19 pandemic for the property market is uncertain. The Sydney property market is resilient, as seen by the recovery from the 2017 to 2019 downturn. Restrictions around public auctions and open for inspections should hopefully be some of the first of the restrictions to be wound back, which will at least help return the selling process to a more normal state.

However, a slower than anticipated return to normal, where unemployment numbers end up and the extent of a decrease in short term immigration numbers will all play a significant role in how quickly the Sydney residential property market recovers.

There is also the question of what tax reform implications will come into play as we come out the other side and governments look to work out how they can begin to pay off debt. Will federal Labor revisit CGT and negative gearing reform for the next election? Will the New South Wales state government look at stamp duty and land tax changes? These could have longer term implications for the property market in the years to come.

Whilst the share market has been quick to react to the pandemic crisis, the property market by its nature moves a lot slower. We are only at the beginning of the impact on the property market, so it is more difficult to see how long and how deep that impact might be. Should restrictions begin to ease over the next few months, we would expect the property market to start its recovery fairly quickly afterwards.

Lismore/Casino/Kyogle

"I...don't...recollect...this...place" Gandalf surmised thoughtfully as he peered down into the abyss of the three jagged stone tunnels. The hobbits nearby fidgeted. After what seemed to be a lifetime of silence, Gandalf quipped ..."Ah ha..that way!".

Bilbo piped up confidently "Do you remember, Gandalf?"

"No.....but this one smells far less fouler than the others...when in doubt, follow your nose".

Lismore Source: realestate.com.au

Anecdotally, sales are still happening albeit at a reduced pace and prices appear to be holding at the moment.

And that is exactly where we find the property market within the regional areas of Lismore, Casino and Kyogle. With the unfolding saga of the Coronavirus pandemic, even the seasoned soothsayers and Nostradamus-like commentators are not in a position to state how the region is going to react in such...wait for it...unprecedented times. We generally just use our gut instinct and follow our nose as we progress forward in these unchartered waters.

The Northern Rivers region has had its fair share of drama over the past few years including the seriously damaging flood event of March and April 2017 in Lismore City and the surrounding region and more recently the ferocious bushfires in the rural localities and rural villages of Richmond Valley, Lismore and Kyogle Council areas.

For suburbs such as Central Lismore, North Lismore and South Lismore which were hardest hit, it took nearly two years after the flood event before residential sales activity started to show some life. Interestingly though, property prices did not dive as a result, it just took longer to sell. However, Lismore City is still hurting with quite a few businesses struggling to recover.

This particular unfolding pandemic has far reaching implications that affect not only the economic wellbeing of the region but also the social and psychological aspects that are likely to rupture all that we have become accustomed to living with in a western society for a few more years to come.

So, how does this affect the property market within the Lismore, Richmond Valley and Kyogle Council areas right now? Subsequent to the restrictions placed on the general public and those in business, we have seen a definite slowing in overall sales activity. Considering that onsite property auctions are currently banned in New South Wales and open house inspections ceased for large groups with only private appointments being permitted, it is not difficult to see that both sellers and purchasers are somewhat on edge and that listings have fallen.

Many are waiting to see how things pan out on the other side before re-entering the property market. With unemployment figures likely to soar past ten percent (according to some commentators) and some property owners and renters suffering mortgage stress and cost of living pressures, the lack of confidence in the economy is likely to bite and bite hard in the short term.

It is too early to categorically state that property prices are falling; we need recent local sales data to confirm this. In reality, much of the sales data recorded in RPdata and EAC as being settled in late March and early April 2020 were exchanged or agreed some 30 days prior...before the proverbial had hit the fan for Australia in late February 2020. That's only two months, but one would not necessarily disagree with the possibility that prices may fall in the near future, especially if the semi lockdown continues. Confirmed sales data in May 2020 will give a more accurate picture. Anecdotally, sales are still happening albeit at a reduced pace and prices appear to be holding at the moment. No particular property type is immune to these ructions as all parts of society are affected.

On the flip side, with the interest rate levels at an all-time low (where have I heard that before?), it is highly unlikely that the federal or state governments and even the lending institutions would be keen to raise interest rates for quite some time. There needs to be ample encouragement for the market to recover and get back on its feet. For those in a position to make the next step to purchase their first home or invest in another property, there could be some very attractive lending deals to be made once the pandemic is under control and society begins to inch forward to some form of normality.

In regard to rent, this is also fraught with uncertainty. The federal government has pretty much left it to state governments to manage this malaise. Following loss of employment, there are plenty of the renting public who are going to struggle in their ability to pay rent. Even with the promised job keeper pay and other Coronavirus supplements, the ability of governmental agencies to deliver these resources in a timely and efficient manner is crucial. It would not be uncommon or unreasonable to see some deferment in payment of rent.

In either case, there are going to be some sensitive negotiations between landlords, tenants and property managers. It would be unwise to request an increase in the rent on review in the midst of the pandemic and expect that story to reach A Current Affair if you tried. However, in saying that, we have noted that residential properties in Lismore, Kyogle and Casino continue to be listed for rent and are being taken up relatively quickly. This is possibly due to the existing lack of rental accommodation stock.

In summary and ironically, the demand and degree of sales activity in this region is following the oft used pictorial of the flattening curve of the daily COVID-19 count....for it is definitely flattening, real estate activity, that is.

Let's hope for an uptick in activity on the other side.

Ballina

The impact of the Coronavirus is yet to be realised by the local residential property market however is having a major impact on local businesses in the area of Lennox Head, Ballina and surrounds. Verbal discussions with local agents indicate a decrease in interest in listed properties along with a decrease in vendors placing properties on the market in these uncertain times. The north coast of New South Wales has seen very little infections from the limited testing. The the majority of infections have been recorded in the Byron Bay locality.

As yet we are still in a fairly firm market with some recent sales in Lennox Head, Ballina and surrounding areas making good prices. Sales of vacant land in Epiq and surrounding areas have slowed slightly with some local builders indicating land owners postponing building until the economy stabilises.

The market drivers within the sought after coastal areas of the Ballina Shire are typically influenced by the performance of capital city markets - most notably the Sydney and Melbourne markets and to a lesser extent the Brisbane and coastal south-east Queensland markets. Whilst demand resulting from these capital city markets has typically been concentrated in the more desirable areas of Byron Bay and the surrounding localities, in more recent years potential purchasers have expanded their searches into the other desirable areas of the Ballina Shire - most notably Lennox Head, Skennars Head and East Ballina, as well as the rural localities of Newrybar, Brooklet, Fernleigh and Tintenbar.

Byron

As with many localities across the country, Byron Bay and environs have felt the impact of the Coronavirus in recent weeks. Byron Bay is predominantly a lifestyle and tourist location and the impact of social isolation has resulted in the temporary closure and scaling back of many businesses in the shire associated with the tourism and hospitality sector. The cancellation of the Byron Bay Bluesfest this year put a dent in the local economy and Splendour in the Grass was looking shaky but has now been postponed to October and will hopefully go ahead. Social distancing is being taken seriously by most people, however property inspections by valuers have not been impacted to a great degree. Many home occupants follow our advice to leave doors open and lights on so valuers do not need to touch anything and, of course, we have developed a contactless inspections tool which can be taken up as an option by tenants and owners.

The residential market could best be described as being in a state of some uncertainty. Many buyers of Byron Bay property originate from Sydney and Melbourne and travel restrictions mean property inspections have slowed. The strong market from earlier in the year meant that vendors could ask for, and sometimes

A couple of agents have even speculated that in the long term, Byron Bay's popularity amongst cashed up capital city buyers may increase as a result of COVID-19.

achieve, a premium for their properties, however some recent sales and agent feedback suggests that vendors need to be more willing to negotiate to achieve a sale in the current market. Many agents have reported a general slowing of enquiry levels, but that those enquiries from both buyers and sellers are genuine in nature with fewer time-wasters. A couple of agents have even speculated that in the long term, Byron Bay's popularity amongst cashed up capital city buyers may increase as a result of COVID-19 as people look for safe places to live away from the potential of future, similar pandemics.

Byron Bay's popularity as a tourist destination and the advent of web based holiday booking sites such as Air BnB has seen an explosion in recent years of apartments and houses being rented as short term holiday homes. This, in turn, put upward pressure on the permanent rental market with higher rents and lower vacancies. Coronavirus travel restrictions have caused a temporary collapse in the short term holiday rental market and many of these holiday properties are now finding their way back into the permanent rental market as owners try to keep their properties producing income to cover mortgages and expenses. This may lead to more affordable properties for renters as more and more former holiday properties come onto the permanent rental market.

Moving forward, it is likely that we will see isolated instances of forced sales as some homeowners lose their jobs or businesses but, if effective, the government's stimulus package and lenders' hardship provisions will hopefully keep these to a minimum.

The short term impact on the residential market in Byron Bay and surrounds remains uncertain for now. The fundamentals that drive the Byron Bay market remain relatively sound; the area retains its image as a lifestyle and tourist destination, however it is the broader economy that will more likely impact property values in the area as well as the attitudes of buyers and sellers. That is to say, it is the level of confidence and the level of fear which buyers and sellers exhibit that will likely impact values during the current crisis.

Clarence Valley

"What a change", "a different time" and "the new normal" are a few of the most common phrases you'll hear across the Clarence Valley at the moment.

The Valley itself, comprising beach locations such as Iluka, Yamba, Brooms Head and Minnie Water and Wooli to the south as well as hubs such as Grafton and Maclean, is in disarray. With a vast majority of businesses closing their doors, albeit optimistically just for a short while, or operating at a reduced capacity, the people of the Clarence are somewhat lost with one long-time local even commenting that the quiet main street in Yamba echoes that of forty or more years ago.

How does this translate to what we are seeing in the property sector? Well in short, we are seeing less. That is, there are fewer sales, less new leases and reduced construction – basically considerably less spending! However, the market is still ticking along. Sales are still in fact occurring notwithstanding the undeniable whiff of uncertainty in the air. It is clear that these are unprecedented times, however with few confirmed cases of COVID-19 in the Clarence Valley, morale is relatively stable and the community remains strong.

Certain holiday destinations such as Yamba have likely felt the burden of changes abruptly with its stream of visitors forbidden, while other hubs such as Grafton have seen business as usual in many ways with numerous services adapting and continuing to serve the community.

In terms of sale prices in these areas, we are yet to see any firm evidence of price decreases, however there is talk of offers at the lower end of the spectrum being accepted and the power in negotiations certainly lies with the purchaser. Yes, we are seeing selling periods lengthen, however we must highlight that stock currently being transacted was likely listed for sale prior to the pandemic state. The question is, how will new stock entering the new market be absorbed?

Generally, the healthiest segment of the market continues to be the sub-$500,000 segment whilst the prestige and holiday home sector, which has historically been dictated to by the property markets in capital cities, is more sporadic and we are noting a reduced volume of transactions.

As for the future, it is likely that the lower end of the market will recover more quickly than the prestige market and undoubtedly, the health of the property market will mirror that of the economic wellbeing of the community.

Coffs Harbour

The New South Wales COVID-19 Cases and Community Profile by the University of Sydney indicates that the 19 registered cases for the Coffs Coast are north from Red Rock, south to Nambucca and west to Bellingen Shire. This area traditionally experiences high volumes of visitors over the Easter period and lockdown laws and restrictions on travel have deeply impacted the tourism sector, with accommodation, local clubs, hotels and restaurants being forced to close. Local Air BnB operators are required to carefully screen guests to confirm that reasons for travel are within the essential guidelines. Some local retailers of sports equipment such as surfing, bike and fishing shops have experienced above average trading as residents seek to maintain exercise in the absence of community sport. Hardware and landscaping retailers are also experiencing steady levels of business as people stay at home and attend to projects inside and around their homes. The construction industry, a major local employer, remains working with some social distancing restrictions in place on sites. General temperament of the area is cautious as to the potential length of lock down, its associated economic effects to the region and long term survival of local businesses. The community appears diligent with limited reports of lock down breaches.

Valuers are considered essential workers and have the resources to work from home effectively. Herron Todd White was the first to adapt to the new work environment by helping create contactless inspections in conjunction with the Australian Property Industry. Herron Todd White developed an application for home owners and tenants to use whilst external inspections are undertaken. We have seen noticeable decreases in the volumes of residential work since the outbreak.

While the community is cautious as to the economic effects of the Coronavirus, local property owners and professionals appear to have a wait and see attitude as to potential downward movement of market prices. There has been a reduction in the number of properties available for sale. This may be the result of local upsizers and downsizers putting moves on hold until restrictions on open homes and lock down measures are eased and out of town investors can return to the area. As market confidence declines and potential players in the property market continue to view now as not a

The Coffs Coast market is relatively small in comparison to larger cities and therefore more insulated to dramatic fluctuations in price.

good time to buy property, we feel that prices are likely to ease in the coming months. We have heard several reports from local real estate agents that there are already sharks circling, waiting for the pain to become too great for some people.

There are no clear indications of reductions in values or rents at this early stage of the pandemic. Market conditions prior to March 2020 had been strong for several months with steady levels of transactions and prices. Some real estate agents report that a handful of sales signed prior to this time have had minor reductions (less than ten percent) as nervous vendors accept minor reductions to complete transactions. Some investors have withdrawn from contracts as properties have been purchased vacant and the potential for attracting tenants is uncertain.

The main pain area for rentals is holiday accommodation. Several property managers are reporting that owners of holiday properties are now seeking short term permanent accommodation to provide steady income throughout this time. This may oversupply some sectors of the rental market in the short term.

Coffs Harbour bypass EIS Artist Impression Source: pacifichighway.nsw.gov.au

As the government rolls out stimulus measures for businesses affected by the Coronavirus, some local operators may benefit, however the long term sustainability of some local small businesses may be shaky. The New South Wales government's six month moratorium on residential tenancy evictions during the pandemic may leave some investors nervous as their level of repayments restricts their ability to negotiate lower rents with tenants and landlord insurance does not cover unpaid rent by tenants affected by the Coronavirus. Some banks are reducing repayments to minimum payments or have facilities to defer repayments, however in the long term the landlord must cover this cost. The government's initiative of allowing early access to superannuation of up to $20,000 may be an option for investors and homeowners affected during this period and for the short term.

Unemployment for the Coffs Coast is traditionally high, consistently exceeding national averages. Some major projects for the area will continue to see employment opportunities in construction and, longer term, in health industries. The Coffs Harbour Pacific Highway bypass is earmarked to start in 2020 and the Coffs Harbour Base Hospital expansion and $100 million retirement development, The Shore, are both currently under construction. On completion, these will bolster employment opportunities in health and associated services. However, the area is still very reliant on tourism and sporting events, all of which have no rebate in sight and will take a toll on the local economy.

HERRON TODD WHITE RESIDENTIAL

Investor products will most likely be more susceptible to market fluctuations as tenant security and general market sentiment declines. Investors are not visiting the region to purchase and face uncertainty in personal income security. New unit developments, prestige property, subdivisions and spec dwelling prices are most susceptible to reduced demand.

Local real estate agents have reported a general decline in enquiry rates, however note that enquiries they are receiving are from genuine qualified buyers needing somewhere to live. These purchasers have most likely been in the market looking for the past few months and missed out on previous opportunities.

It is still early days and sales evidence is not available to indicate any present decline in values. Sales numbers have slowed across all price brackets and only time will tell whether there will be any significant price reductions. The Coffs Coast market is relatively small in comparison to larger cities and therefore more insulated to dramatic fluctuations in price.

Investors in the area should be seeking to purchase properties with secure tenancies and other features such as good proximity to services and places of high level employment such as hospitals and universities. The holiday unit market will most likely be the most severely impacted, however for units with the option to convert to permanent occupation, rental return may be bolstered during this period.

At this point, it is impossible to predict the extent or breadth of future economic volatility and the impact it may have on the local property market and values. During the global financial crisis market correction of 2008 to 2010, the effects in the Coffs Harbour property market in general were initially milder and prices were not impacted significantly for some years later. Low to mid-range properties (less than $800,000) are likely to endure a milder downturn whilst the higher the value, the more prominent the effect will be.

Hunter Region

It's the close of the fourth month of the year and the Hunter region was part of the Coronavirus statewide lockdown. The property industry was quick to transition to virtual viewings and contactless inspections.

The Hunter New England Local Health District of which we are a part has recorded 278 confirmed cases of the virus. Given the circumstances, this is relatively positive compared to the number of people living in the region and what we are witnessing globally.

With social distancing restrictions and auctions and open house inspections banned, the way properties are inspected and purchased in the region has quickly shifted. Private property inspections are now the new normal and online auctions through portals such as Auction Now are being held until the restrictions are lifted.

Values appear to be holding and remain steady at this stage of the pandemic. Real estate agents around the region have reported that the number of appraisals and properties being listed have decreased with vendor confidence being the main factor. Agents also advise that there have been new enquiries from some buyers anticipating potential opportunities, throwing in some low ball offers trying to secure bargain properties that may come about as a result of this uncertain period in time.

Generally at this stage it is too early to tell if any particular areas or suburbs will be more affected than others, however one concerning area is Port Stephens where the market has been more susceptible to volatility in the past. Post the global financial crisis, Nelson Bay had one of the highest rates of mortgage delinquencies and mortgagee in possession sales in New South Wales. This area relies heavily on hospitality and the tourism industry, with a seasonal influx of visitors propping up the local economy. According to Port Stephens Mayor, Ryan Palmer, "The tourism industry is worth $621 million to Port Stephens every year and it is estimated that up to 20 percent of the workforce could be lost over the next 12 months,". In an attempt to mitigate the effects of COVID-19 on the local economy, Port Stephens Council has pledged $500,000 in funding to support the tourism and business sectors most affected at this time.

Increased unemployment in the Hunter region may play a part in the market by removing buyers involuntarily and investors may become more cautious. Agents are reporting an increase in rent reduction requests, potentially reducing the appeal of property investment at this time. It is hoped however that the shortfall of listings will offset the number of buyers dropping out of the market and the market may remain relatively steady. Time will tell.

The Newcastle Herald reported that developments in the region are still powering along with Newcastle leading Australia in building and development activity. This instills hope that our region will hopefully not be knocked around too much with buyer demand still strong for new apartments in the city and fringe suburbs. Builders and tradespeople in the area are fortunately still working, with the sector considered an essential service and vital to the economy and jobs.

A potentially record breaking listing has just hit the market in Warners Bay, located opposite Lake Macquarie on The Esplanade. It is reportedly on the market for offers over $3 million which if achieved, will set a new suburb record.

526 The Esplanade, Warners Bay Source: realestate.com.au

As reported in February, one of New Lambton's more prestigious properties, The Ridge, has settled in an off market transaction for $3.86 million. This is the second time this property has broken the suburb record; the previous sale of $2.7 million in 2006 was also a suburb record at the time.

5 Ridge Lane, New Lambton Source: realestate.com.au

Central Coast Region

The New South Wales Central Coast sits immediately north of the Sydney metropolitan area and such is the crossover between the two regions that the Central Coast is feeling the effects of the government imposed restrictions and lockdowns.

As at the time of writing, there had been no further reported cases of COVID-19 for several days, with the region's tally sitting at 18. From our observations, the lockdown measures have been accepted by local residents. There are far less cars on the road during the day and usually busy residential streets are similarly quiet with less kids and walkers out and about.

Terrigal Beach - Sunday Morning Source: Herron Todd White)

Terrigal is one the major tourist and social locations on the coast and a visit there on the weekend saw it almost deserted compared to normal times. It's somewhat eerie and sad to think this beautiful location is going through this, but while it remains an accepted change for the better, it seems everyone is on board with it. From what we can see, other areas are in a similar position.

In day to day terms, we have implemented new rules with measures in place to address the changes and, while disruptive, like most other services, we have adapted.

While still early days by statistical standards, the effect of COVID-19 has been noted across the region with properties still selling, but at reduced volumes. Real estate agents are doing well to continue the momentum and have found new ways to do this. We are yet to see any hard evidence of the market retracting at an alarming rate, but this may change over the next few months as more evidence emerges.

With social distancing restrictions and with auctions and open house inspections banned, the way properties are inspected and purchased in the region has quickly shifted. Private property inspections are now the new normal and online auctions are being held until the restrictions are lifted.

In the meantime, we are finding that the more advanced real estate agents have kept the lines of communication open with the exchange of views, updates and ideas remaining. Other real estate agents will likely remain unwilling, thus missing opportunities.

We are hearing and seeing a few cases of prices being renegotiated after an agreement had been struck by those with an opportunistic flair, but

While still early days by statistical standards, the effect of COVID-19 has been noted across the region with properties still selling, but at reduced volumes.

these aren't too common yet. One example was a $40,000 reduction sought on a $900,000 purchase and in that case the vendors were apparently okay with it – but again, this isn't common.

In terms of government and semi-government organisations and the retail sector, both from a professional and personal view, we have to admire these people. They are keeping our world moving under pretty extraordinary circumstances and they are doing well.

Anyone familiar with the Central Coast will appreciate that while we have moved away somewhat from the tourist-reliant economy of years gone by, there is still a level of dependence on the tourism sector and yes, the cafés and eateries are suffering particularly. Many have gone into the new area of home delivery and it seems to be working to at least keep the doors open.

On a more specific note, we are yet to see any real and substantiated falls in property values. As mentioned earlier, it's too early to confirm or dispel this. If we are pushed to make a prediction, then we see holiday letting properties suffering somewhat due to this market being dependant on disposable income to keep it going. We see the prestige market at the upper end of the market range being affected as well - we just don't know yet whether it will be in the positive or negative.

For the middle market where most locals are situated, at the moment we don't foresee any great long term effects while the usual level of confidence in knowing that the world will soon right itself remains. We are out in the field as part of our daily jobs and the acceptance of most people of the situation and the positive outlook generally is the main message coming through to us.

Interestingly, some agents are even reporting increased interest from metropolitan based investors seeking rural lifestyle assets for additional space and fresh air.

Much more serious is the reality that as workers are stood down or let go entirely and remain unemployed for too long, it will be inevitable that mortgage stress will become the new topic of conversation. The ramifications of this anywhere is not to be taken lightly as firstly, people's livelihoods are affected in a most personal way and secondly, the effects on the economy will be felt by all.

Fortunately, and this is an upside of living so close to the Sydney metropolitan area, once we move into the recovery phase post COVID-19, many of the local residents will probably have employment opportunities in the Sydney market.

At the moment, it appears the residential market is continuing as normal with little feedback from tenants finding themselves in adverse situations. Real estate agents have adapted well to changes, with most seemingly across the details of remedies and rights. At the moment, we've had very little enquiry from landlord investors seeking strategies to maintain or better their outcomes but when they do, our advice would be to expect a factoring of tighter margins of capital growth and consolidate their portfolios with a view to adding value when expansion is available and yields show signs of becoming firmer.

Tamworth

According to NSW Health, the Tamworth LGA has had 13 confirmed cases of COVID-19 with the Armidale, Gunnedah, Glen Innes, Upper Hunter and Inverell LGAs reporting one to four cases each. The general sentiment in the New England and north-west region appears to be one of cautious optimism. While the community is still apprehensive relating to COVID-19 concerns, it appears to be buoyed by its relatively successful containment so far and recent well received rainfall events.

Like many professionals, COVID-19 has presented some challenges to the life of a property valuer which have resulted in additional measures including social distancing, wearing PPE on inspections, sanitising hands, using contactless valuation inspections when required and working from the home office. These additional measures are extremely valuable in protecting our clients and our employees from the dangers of COVID-19, particularly moving towards the colder winter months.

Anecdotal evidence shows that the residential and rural residential market (including rental returns) remains largely stable in large areas of the New England and north-west and it is anticipated that the full effects of COVID-19 have not fully played out yet in our residential and rural lifestyle property market. The full impacts will largely depend on how quickly the economy can resume normal trading conditions and the extent of future job losses. We anticipate the true impacts on the local property market to become clearer over the coming months.

The good news is that residential property is still selling in the New England and north-west, particularly in the larger regional centres such as Tamworth, Gunnedah and Scone. Many properties under $400,000 are selling at or near the listed price, while the traditional sub-$300,000 properties in locations such as West Tamworth have been selling well, with both investors and home-occupiers seeking renovation opportunities at reasonable prices.

Anecdotal evidence shows that fewer higher-value properties are on the market and selling periods have increased. At present, these higher value residential assets appear to be most vulnerable in this time of economic uncertainty. Interestingly, some agents are even reporting increased interest from metropolitan based investors seeking rural lifestyle assets for additional space and fresh air. Whether this is a lifestyle trend that continues remains to be seen!

The federal government's job keeper initiative has been warmly received by many families and small businesses in our local rural economies which will hopefully allow many small businesses in the New England and north-west to remain solvent throughout the Coronavirus crisis and beyond. While many businesses have temporarily closed, we can only hope they will soon have the opportunity to re-open their doors.

Recent rains have brought renewed vigour to our primary producers and the rural agribusinesses that are sustained by the success of the primary industry. We can only hope strong commodity prices and positive seasonal conditions continue over the coming months, especially in this time of wider economic uncertainty.

There are plenty of opinions as to how this Coronavirus situation will play out and its impacts on the wider economy and our regional property market. Whatever the case, we must all remain positive that better times lie ahead and this global reset produces a silver lining for our regional property market.

Remain positive - better times lie ahead!

Illawarra

The residential market throughout the Illawarra was very strong through the end of 2019 and the start of 2020, with prices starting to pick up but more obviously, selling periods dropping right down. It started to become common that a property would be listed and sold within a week or two if not a matter of days. First home buyer markets appeared to be seeing the most demand;, this would be in the lower price brackets throughout the region - think $600,000 to $700,000 in the northern suburbs and $400,000 to $500,000 in the southern suburbs.

All that has since been thrown on its head with the COVID-19 pandemic. Since mid March, things have started to slow up as restrictions on movement and more recently open homes and auctions have come into place. Market activity is continuing - sales are happening and these sales have still been at decent prices, with no obvious signs of major discounting place - but the number of sales has certainly dried right up.

Take last week as an example (13 to 19 April). There were ten advised residential sales in the Wollongong LGA and 28 the week prior. Compare this with a normal', non-pandemic week - there were 102 sales in the week of 17 to 23 February or a year ago there were 88 sales in the week 15 to 21 April.

We are aware of a few cases in the region where an initial agreement to sell was renegotiated down due to the purchaser getting cold feet given the unknown future, however these were more towards the start of the restriction period. Buyers now tend to be more sure of themselves and more confident of what they're getting themselves into.

The outlook for the remainder of the year is difficult to predict. It is going to be significantly impacted

Illawarra advised number of sales

2020	2019
13th to 19th Apr - **10 sales**	15th to 21st Apr - **88 sales**
6th to 12th Apr - **28 sales**	17th to 23rd Feb - **102 sales**

Source: RPData & realestate.com.au

by government restrictions, unemployment and stimulus packages. We can see the market remaining in this low transaction holding period for another month or two until there is more of an idea as to what is happening in the broader landscape.

Southern Highlands

It has been a huge month of ups and downs across Australia and the world, causing a huge amount of change to our daily lives in a relatively short period of time.

So how has COVID-19 directly impacted the Southern Highlands property market and day to day operations for our business? Well, based on the University of Sydney's online tracking tool, we can see that the area has experienced a total of six cases, which is considerably low and great news considering the average age demographic of the area is nearly 50 years old.

So far, our experience in the area and on inspections is that the general temperament of the community is understanding and has been very positive. Agents and clients are ensuring that all parties are maintaining their distance and assisting each other to inspect the properties with minimal fuss, carrying on with business as usual. As professionals, we are offering multiple options to the community for our inspections to ensure we can still conduct our business, even if this means being unable to enter houses due to high risk clients being in residence. This has been achieved through a Herron Todd White-created application that allows the customer to assist the valuer using their own mobile device without a valuer even having to enter the property! This is only being used in extreme cases but it has allowed us to continue to service the community without putting anybody at unnecessary risk.

As far as local market performance goes, we have seen a reduced number of transactions due to the restraints on agents for showing properties, however as the situation has unfolded we have had some agents report that one on one private inspections have been positive with prospective purchasers finding it more comfortable than the traditional mayhem of an open home. Realistically at this point with such limited transactions, it's extremely difficult to gauge current market sentiment across the board and only time will tell the full impact the local market may experience.

Looking at the local rental market, we are hearing that enquiry is surprisingly strong with some agents indicating strong interest from Sydney as more people are now working remotely and finding it far more affordable to rent outside of the big smoke.

Going forward, local agents are confident the area will bounce back pretty quickly and we have a feeling that in the medium to long term, the area will continue to grow, particularly as people continue to work remotely and become far less reliant on daily commutes to the office. A work culture offering employees more flexibility to work from home after Coronavirus-enforced restrictions lift is likely to see an influx of people fleeing built up areas for larger regional centres, particularly ones that still offer excellent access to the major cities.

Lower end property values in the Victorian alpine resorts (Falls Creek and Hotham Heights) are likely to come under pressure, especially if revenue from the season vanishes if the season is cancelled or postponed.

Albury-Wodonga

The Albury-Wodonga and north-east Victoria service area we cover is complying and coping very well amidst the COVID-19 pandemic currently gripping the world. Infection rates are very low across all the LGAs in our service area and the social distancing and non-essential travel restrictions are evidently working very well.

Many of the positive attributes highlighted on a regular basis in regard to the benefits of regional living are definitely on display as we navigate this unprecedented social and economic disruption.

Low population density and a broad employment base are favourable factors at present, however retail, hospitality and tourism sectors across our area are suffering and for many, this is a double insult after the very recent bushfire crisis. Hopefully our very low infection rates will continue and create confidence in our region and in time, when travel restrictions are eased, place the area in good shape as an attractive and safe area to visit and also contemplate living or relocating. The potential of a new mindset for society may create new opportunities for regional Australia. Government assistance packages will play a key role in any successful hibernation and restart ability, especially for the tourist destinations within our area.

On the ground, it is way too early to identify any impact on our local property markets. If there is a right now feeling, it is probably a combination of no news is good news coupled with wait and see.

Uncertainty has created a strong pause reaction for those who have the option to do so, such as people about to build, sell, buy or invest. For those grappling with employment or business issues, seeking assistance to avoid negative property related outcomes is front of mind.

Some impact may be absorbed by sales activity usually slowing in the winter months and people will certainly have a lot of time to take on home improvement projects ahead of intentions to mobilise later in the year, typically in spring. Of course, some property decisions are easier to pause or delay than others and we may see a softening in demand for land sales and new builds in favour of established properties. Lower end property values in the Victorian alpine resorts (Falls Creek and Hotham Heights) are likely to come under pressure, especially if revenue from the season vanishes if the season is cancelled or postponed. Other tourist towns in our patch such as Bright, Porepunkah, Myrtleford, Ruthglen, King Valley and Mount Beauty are all at risk of softening due to their exposure to tourism. They are also the best destinations for what we expect to be a significant local tourism demand when travel restrictions ease and people plan getaways in their cars and caravans.

The classification of the valuation industry as an essential service has allowed our team to observe the sentiments of local communities and the common thread is one of resilience and determination in the face of disruption and hardship. All that our region offers will definitely be ready to receive visitors again and to that end, here are a few photos to dilute graph fatigue.

Victoria

Melbourne

The Coronavirus pandemic has left the property market in the inner Melbourne suburbs and CBD in limbo, as hundreds of rental apartments including student accommodation units are vacant due to many Chinese international student tentants being left waiting in China for travel restrictions to ease.

This has resulted in hundreds of units and student accommodation apartments listed for sale and lease as investors struggle to fill the void and try to replace the regular rent from students who would be otherwise be studying at universities across the CBD.

Generally, tenants renting these apartments are younger and are living in a share house situation. Given the recent events of the Coronavirus, many have no ongoing job security and are cancelling their leases to move back home with mum and dad. This has caused a spike in vacancy rates and an oversupply of rental stock on the market.

The City of Melbourne generally attracts a total of 5.6 million visitors each year. The inner city suburbs and CBD are feeling the brunt of the Coronavirus this year due to the closure of universities, cafes, restaurants, shopping outlets and many local businesses. The travel restrictions and lockdowns in place have put immense pressure on the property market in the surrounding suburbs as the area is not attracting tourists and visitors due to travel restrictions, leaving apartments empty.

As the Melbourne housing market is feeling the effects of broader market uncertainty, there is a silver lining for those looking to take their first step into the property market.

Data has shown that areas such as Southbank are seeing more listings where rental listings are up 192 percent for March this year in comparison to March last year (Domain, 2020).

Outer South East

As the Melbourne housing market is feeling the effects of broader market uncertainty, there is a silver lining for those looking to take their first step into the property market.

First home buyers with job security who were looking in the property market prior to the pandemic are encouraged to take advantage of the current market conditions as sellers are more open to negotiation. With interest rates at a record low coupled with the government's First Home Buyer's grant ($10,000 grant for metropolitan homes and $20,000 for newly built regional homes), the current market is favourable to those looking to snap up their first home.

The restrictions surrounding COVID-19 and social distancing measures have resulted in agents implementing new ways to conduct virtual inspections and online auctions for properties across the country. Agents in the local areas in south-east Melbourne have commented that the number of enquiries has decreased since the Coronavirus, however the number of serious buyers has remained the same, as it is a perfect climate for buyers to purchase as the competition pool has decreased, leaving more room for negotiation to favour buyers.

In the outer south-east region within the growth corridors of the City of Casey and Cardinia, purchasers are spoilt for choice as there are many new estates coming up that will allow purchasers the options of affordable house and land packages.

The Orana Estate situated in Clyde is capturing the attention of buyers as the estate will be a part of the 'Homes for Homes' initiative, where a portion of each sale will go towards funding social and affordable housing in the City of Casey. The head of Balcon Group commented that a police officer was one of the first people to get their hands on a block of land. Orana says they are keen to support these groups.

As it is clear that COVID-19 is impacting every part of the economy and social distancing and lockdown restrictions are preventing people from going about their everyday lives, the downturn of the property market could also bounce back quickly for two reasons:

- **The property market** has not yet being forced into a full shutdown; and
- **The cost of borrowing** is at its lowest ever level.

Inner and outer north
Municipalities in the outer north, including Hume and Whittlesea, are experiencing moderate numbers of confirmed COVID-19 cases, at fewer than 40 cases each. Similarly, the inner north, including Moreland city and Darebin city with around 50 and 30 cases respectively, is continuing to perform relatively well in minimising transmission within the community.

There has been a reduction in supply of properties due to vendor uncertainty, whilst demand appears to have reduced less noticeably. Agents have reported that interested parties (rather than time wasters) are still making enquiries and are eager to purchase.

Inner north agents are still reporting moderate demand for properties that tick the boxes up to $1.2 million. Demand and enquiry levels have dropped off for properties sitting in the $1.5 million to $3 million range.

The Victorian government has announced it will be providing relief grants for Victorians experiencing rental hardship as a result of the Coronavirus. This is a one-off grant providing tenants with assistance to maintain safe and stable accommodation. In addition to this, there are also provisions for the Working for Victoria Fund, which aims to assist workers who have lost their jobs to find new opportunities including cleaning public infrastructure or delivering food.

Given the wide range of employment opportunities and demographics of these areas, economic pain will no doubt be felt similar to most of the economy, working at a reduced level compared to what it was previously.

In regard to properties exceeding $1.5 million, we expect many owners to be sceptical of what they'll receive for their properties, especially in contrast to two months ago when there would have been significant demand.

Agents have reported that they are predominantly dealing with owner-occupiers, as investors are not taking the risk of receiving no rental income due to COVID-19's impact on employment.

Growth corridors may start to feel the economic impacts of COVID-19 in the coming year with lower levels of immigration that have previously been drivers of demand in these areas.

We predict that there may be potential for upgraders who may be able to take advantage of the opportunity to purchase properties previously out of their price range, following a potential decline in values for properties in the higher end of the market.

Agents remain optimistic and are working harder with multiple one on one inspections rather than the previous public open for inspections, introducing new methods of online auctions and taking advantage of their database network across multiple branches in order to reach a higher audience of prospective purchasers. Dwellings, townhouses and villas remain easier to sell than apartments, particularly where there is a high influx of apartments within an area and describing points of difference between apartments is challenging.

Agents have reported that they are predominantly dealing with owner-occupiers, as investors are not taking the risk of receiving no rental income due to COVID-19's impact on employment.

At this stage, we have not witnessed a noticeable decline in property values which appear to have remained stable. We are unclear of the short term impacts on property prices at this stage.

We do not consider it a viable time for investors to purchase in the current climate due to reports from multiple property managers advising of tenants not being able to pay their rents due to recent unemployment.

Property managers advise that rentals have decreased slightly as investors would prefer to have their properties occupied at a reduced income than vacant. The previous landlord market has shifted more towards the tenant market.

Inner and Outer East
A global crisis tends to instil fear and panic in most investors' minds. Periods of prosperity create confidence and willingness to invest due to the abundance of resources and the option to expand on what we already have, while crises seem to force individuals to retreat and protect what they own as a natural human response to fear and uncertainty. Especially with this crisis, investors are not as willing to risk investing in property in the current climate for fear of a large financial loss.

In the past year, the eastern suburbs experienced high growth, prosperity and high clearance rates at auctions, especially in the last quarter of 2019. Due to COVID-19 and the lockdown measures the government has put in place, the market has cooled off. The growth and acceleration of the property market in the eastern suburbs was tremendous in the past six to nine months. For a period of time in the beginning of 2019, the property market had a natural correction with the cycle falling into a slump after years of growth and signs of a very stable market. COVID-19 and its effects on the economy have made unprecedented changes in the current way Australians are living day to day. Having somewhere to live is one of the greatest needs for humans to survive and people need shelter more than ever right now. As an investor, buying property for redevelopment or to lease and have it operating as an income-producing asset is not the first priority at the moment. Until the government removes restrictions in place on the way we live our day-to-day lives, we predict this current market state to continue for the foreseeable future.

We foresee a limited availability in supply of houses and apartments in the coming months, limiting the opportunity for new home buyers and investors to purchase property. As the government increases restrictions on public gatherings and businesses are likely to work remotely, we will see a decrease in inspections and auctions. This will have a dramatic effect on the marketability of properties. Vendors and buyers need to continue to engage in selling and buying properties to continue economic growth. This will halt the economic decline which has been so prevalent in other industries that are built on face to face contact such as the education, tourism and hospitality sectors.

Western Suburbs

It's fair to say that the Coronavirus pandemic has impacted everyone on a number of levels. Unless you're in the hygiene or toilet paper industry, there's a high chance that the restrictions enforced by the government to tackle this virus have negatively impacted your business. The property market across not only Melbourne's west but across the nation has been negatively affected over the course of the past two months. With the banning of mass house inspections and auctions, home loan reductions and lockdown measures, it is self-explanatory as to why the property market has seen a decline in sale numbers and median house price.

Real estate agencies are preparing for trade to drop more than half amid realistic fears the market will halt for some time in winter.

Melbourne's west is home to many rental properties due to the high number of investment properties scattered throughout the region. Areas with a high number of rental properties have been hit much harder than others due to the financial burden COVID-19 has brought upon many tenants. Many tenants are requesting rent reductions during these times and a number have been forced to move out and return to living with parents. This has increased vacancy rates substantially and is putting stress on landlords, especially those who rely solely on their investment property income.

Capital growth trends will be contingent on how long it takes to contain the virus, how deep the forthcoming recession is and whether additional constraints on business or personal activity are introduced. It is a fair assumption that the longer it takes to contain the virus and bring economic operations back to normal, the higher the downside risk to housing values.

Melbourne's west has been the nation's strongest growing region over the past five years. Data shows that seven of the top ten best performing regions in Victoria are from the west. Population growth and relative affordability are the main driving forces which have caused this strong growth. We expect the western suburbs property market to continue to show the trends happening across the nation whilst these restrictions remain. Vacancy rates for rental properties will remain high with tenants and landlords both suffering, however this pandemic and these restrictions won't last forever and it is a fair assumption to believe the western suburbs will bounce back to their previous market performance and continue to grow as one of the nation's strongest performing regions.

Geelong

There is no city no matter how big or small that hasn't been affected by this pandemic.

Of course there has been some negative backlash for Geelong's property market, however the banning of on-site auctions and public home inspections amid the COVID-19 pandemic has sharpened the focus for serious homebuyers and sellers in Geelong.

Vendors switched from auctions to a mix of sale by tender, private treaty and online bidding apps, while there has been a flurry of transactions as governments prepare to ramp up the level of public shutdowns.

Buyers and sellers are naturally turning away, given the uncertainty, with the industry preparing for a drop in the number of homes being listed to sell.

Real estate agencies are preparing for trade to drop more than half amid realistic fears the market will halt for some time in winter.

A positive that can be drawn out of this is that only serious buyers and sellers would remain active.

There are people who need to move and need to sell, but we hope we do not see panic selling, which would kill the market.

We expect the spring and summer market should be strong as a result of a quiet winter, with sellers returning for hungry buyers. The bonus will be that it will make people living in the congested inner cities look at places such as Geelong and see how spacious, low-key and relaxed it is.

Shepparton

Within the Greater Shepparton LGA, COVID-19 infection rates are very low, with ten confirmed cases in the area from a population of 66,000 or 0.000152 percent. Only two cases have been from person to person contact, with the remainder having been overseas travellers. Recently it was discovered that the only surgical face mask manufacturing facility is in Shepparton and they even had the Army in to give them support for the huge boom in demand experienced.

The general feeling in the area is a little bit of anxiety about the unknown, a dash of anger about the situation at hand and a sprinkling of optimism amongst some that Shepparton and surrounds are in a very good position both financially and geographically to bounce back to normality quickly once we get to the new norm. Many real estate agents have noted there is a decline in overall buyer enquiries, but the prospective buyers currently active are ready to make a move. Instead of agents combing through 20 general enquiries, they are only dealing with a few keen buyers. This has resulted in a number of homes at the upper end of their respective estates going under offer for full asking price in less than a week. Given the position in which Shepparton finds itself, both geographically and economically, the market has been very robust and is primed for a bullish run once things have normalised.

At the time of writing, there hadn't been a sector of the market that posed a risk of being negatively impacted. It would be assumed that the upper end of the market – the over $700,000 properties –

Redbyrne Court Source: realestate.com.au

would be the first to be hit, however a property at Redbyrne Court achieved $865,000 within only 24 hours of hitting the market in mid-April with two buyers fighting it out. At the moment, the struggles facing the local property market are a lack of stock coming on to the market and metro investors having also dried up somewhat.

HERRON TODD WHITE RESIDENTIAL

Queensland

Brisbane

What a month it's been!

There's little in modern history that's dominated world-wide headlines like this crisis, and it feels as if the ramifications may run long.

In Brisbane, and Queensland more generally, it's been a rollercoaster ride. We've gone from out-and-out fear of the medical system being overrun while the economy plummets, to a feeling that there's a chartable course back out – all in a matter of weeks.

Like much of the country, as at the time of writing, the numbers about infections in our neck of the woods have been good. There were two days in the past week where we recorded no new cases over 24 hour periods. Just the booster everyone was looking for.

To complete the frieze of where we sit as at now, 23 April, Queensland had two new cases reported in the past 24 hours. Since the crisis began, our state has recorded 1026 total cases across 92,699 total tests completed and, sadly, six lives lost.

But we remain vigilant. Our valuers said the populace they interact with daily appears to be adhering to restrictions and social distancing on the whole.

As a business, our office in Brisbane has taken steps as well.

For valuations where a full inspection is absolutely necessary, we have no physical contact with residents. The handshake greeting is gone and has been replaced with a little wave and step backwards for social distancing. Our company's Contactless Inspections Tool has also enabled valuations to still proceed where required.

There's been a noticeable reduction in listings and auctions with agents confirming that vendors are postponing their sales.

Markets overall

First up – some general observations. There's been a noticeable reduction in listings and auctions with agents confirming that vendors are postponing their sales. This is understandable as in times of uncertainty, the confidence of achieving a desired price evaporates, so if an owner can afford to sit and wait this out, they surely will.

In a practical sense, the hit to valuation figures is still to be seen. Agents are reporting to us that sale prices continue to be at pre-pandemic values, however a significant slowdown of new listings to replenish stock levels has been noticed. Lack of stock usually means firmer prices, but in this instance, what's available might indicate a seller eager to offload their asset.

For example, throughout the north-west inner corridor (i.e. St Lucia to Ashgrove) we saw during the early stages of the pandemic a number of people pull out of contracts, but because listing numbers were dropping despite the growing lack of confidence, value held up.

As the market has progressed, sales continue to transact at fairly healthy prices because there are still a number of buyers active in the market. Among them are those committed to buy due to having recently sold, those who missed out on properties previously or those that are seeing this time as a good opportunity to purchase.

Stimulus packages such as Jobseeker and Jobkeeper are helping support households at this stage too, but reports are that this assistance has a shelf life of around six months. If restrictions and other economic limits continue for longer, then problems may arise.

Rental markets

One of the other major developments in the past week in Queensland was the passing of COVID-19 rental legislation.

Just prior to the Easter weekend, the state government released a framework that would have seen a substantial power shift in favour of tenants. The framework confirmed the six-month moratorium on evictions, but also appeared to provide generous break-lease terms for tenants as well as a flexible approach to withholding rental payments.

After a campaign launched and managed mostly by the REIQ to rebalance the framework, the state government changed elements of the guidelines and the new legislation passed through parliament.

Further anecdotal observations regarding rentals is that enquiry from tenants has slowed and property managers are reporting that some existing tenants (circa 15 per cent according to the property managers we've asked) are asking for rent reductions. At this stage, we've not seen substantive evidence of rents falling or vacancies increasing, but changes are fast moving so this is an area to watch closely.

By sector

Let's have a look at how different market sectors might perform as we progress through the crisis.

For the broader Brisbane market, locations and product type heavily reliant upon investor markets are expected to experience the biggest downturn over time.

The investor market had already been slow to recover post the royal commission into banking and the current Coronavirus climate has compounded the negativity. Declining confidence, rising unemployment and general uncertainty all play their parts in this sector. That said, there's no substantive or material evidence that investors' markets have seen price falls as at the time of writing. In fact, while some inner city locations have seen a significant drop in sales volumes, particularly in comparison to the first quarter of 2020, there are investors active in the market although many are adopting a wait and see strategy. A few are ready to purchase if they spot value. We have noted a slight spike in the number of valuations of homes as investors get their finances in order so they can jump at relative bargains in the property or share markets.

Some agents have also reported increased interest from interstate buyers - particularly from Sydney - looking at properties via video walkthroughs and making offers without the benefit of a personal inspection. Many probably see Queensland as carrying less risk given how high prices are in the New South Wales capital.

For the broader Brisbane market, locations and product type heavily reliant upon investor markets are expected to experience the biggest downturn over time.

Moving onto prestige property. Prestige price points in sought after inner-city locations have been more resilient and less impacted at this point in time. While any percentage drop in value over the long-term would translate into a substantial dollar impact, Brisbane's prestige property is reasonably affordable in national terms. This property type usually involves good fundamentals that help shore up values in the long term

Onto First homebuyers, and there are some good opportunities at present with accessibly-priced property likely to become more available. This segment suffers during uncertainty. Taking the plunge into home ownership under current conditions might seem too risky for many first timers. In fact, most of the contracts which fell over in the early stages of the pandemic were noticeably first home buyers or investors. For those who have secured their finance and are ready to purchase, some excellent options will come their way.

So what would we buy in the current climate?

Good quality, entry-level stock in prime inner city locations still weather the storm the best.

Steer clear of properties in secondary locations or that are designed purely as investment product. If you are looking at units, larger and better quality apartments in good locations will fare better. Second-hand, large floor area, good quality stock in this market should perform better than new, small, investor style units of generic layout and finish.

Of course, if you can buy a home in a solid, near city location at around the median price point, then this would be the lowest risk option. You will probably be spoiled for choice over the coming months, so be ready to go and see if you can get some solid real estate at an enviable price.

So in overall terms, we do expect there to be further fallout with tighter listing numbers and less transitions overall in Brisbane. Logic dictates that if the economic fallout – particularly in relation to unemployment - extends for too long, a contraction in values is likely.

However, at this stage, it seems the success of stimulus initiatives, lower interest rates and the overall success in keeping COVID-19 numbers low has bolstered confidence to a reasonable degree.

New projects

Before we sign off, here are a few thoughts on the new development market in and around Brisbane.

With respect to new subdivisions and developments, it feels like the effects of the crisis are yet to be fully realised.

Estate sales offices as of two to three weeks ago were reporting a massive drop in traffic, but actual sales volumes hadn't fallen that much – essentially, serious buyers were still around and the tyre kickers were staying away.

Developers tell us that whilst sales were down, they were continuing to tick over at a reasonable rate. The reduced sales volumes is in response to increased uncertainty over future financial security, so buyers are delaying their purchase decisions. Sale rates had been picking up year to date compared to last year until the Coronavirus hit.

Developers are yet dropping their asking prices as a consequence of reduced demand.

While there isn't enough definitive data on buyer segments, price points or locations, our opinion is that first home buyers and investors have been more likely to wait and see compared to second and third home buyers when it comes to new estates.

We also note with some interest that demand for development sites is reportedly unchanged. This is reasonable given such decisions are based on project timeframes extending well beyond the anticipated impacts of COVID-19, though this could change quickly if the shutdown drags on or is reintroduced later.

Campaigns that commenced before COVID-19 are still going through with reasonable demand. Agents are saying there are a few more opportunistic buyers out there, thinking they can get a bargain in the current environment, though there are enough serious buyers to keep them out of contention. A number of sellers are reportedly delaying campaigns as they think this is not a good time to sell, though this is not necessarily the case for good quality sites.

Gold Coast

The last quarter of 2019 into the start of 2020 saw steady to strong growth in sale prices including good buyer/seller activity across most market segments within the Scenic Rim and western Gold Coast. Following on from these positive times, the effects of the Coronavirus pandemic on these local markets has resulted in an evident slowdown in activity and interest, including widespread economic uncertainty from increasing unemployment, which has consequently seen some vendors removing their properties from being listed on the market or reducing their asking prices.

Gold Coast Source: realestate.com.au

Feedback from local sales agents tells us that we are entering into a buyers' market; however, it will undoubtedly be challenging to find good quality stock with fewer listings across most property types as sellers become anxious due to the uncertain economic climate.

As residential property valuers, we are considered to be an essential service which has continued to operate through this unfolding pandemic, facing us with challenges never experienced before. We are at a higher risk due to undertaking multiple property inspections each day and coming into close contact with owners, tenants and agents on a very regular basis. Since the evolvement of this dilemma, we have had to adapt new measures when undertaking routine inspections as safety is paramount. Maintaining social distancing and keeping on top of good hygiene by regularly washing/sanitising hands before and after inspections have now been more important than ever. Having owners and tenants open doors and turn on interior lights prior to the valuer entering the home is now common practice. The implementation of revolutionary contactless inspection tools have also been beneficial to adapting to the unfolding situation, partially sustaining the declining volume of work from banks to valuation firms.

It is believed that we are yet to see the full effects of this pandemic take its toll on the wider property market. As we progress into the coming weeks/ months, we will continue watching property sale prices to see if/when there will be any reductions or if this pandemic is mainly affecting buyer enquiry and amount of listings on the market. A recovery is a given, however, the length of the recovery and change in values is unknown and will depend upon how and when lockdown measure are eased/ removed.

Western Gold Coast and Southern Logan

We are yet to see any sales transactions come through across the western Gold Coast and Scenic Rim showing any significant reduction from previous prices. Although there has been an obvious drop in activity and confidence across the market, some good news is that we are still seeing property owners refinancing their properties and taking advantage of low interest rates, which is in turn having some stimulating effect on the valuation industry. We predict this will continue throughout the year despite the general market slowdown from Coronavirus.

The strict government introduced social distancing rules have brought upon restrictions which are having an effect on the property industry including bans on in-person auctions and public inspections. Sales agents are reporting of challenging times with private inspections the new norm and newly implemented virtual inspections brought in to offer a safe alternative for potential buyers and vendors.

Central and Southern Gold Coast

The central and southern Gold Coast residential market appears to be 'on hold'. Over the last four to six weeks, there have been very few properties contracted. Most agents are reporting that the number of buyers has substantially reduced. However, it is still too early to analyse what negative impact the coronavirus has had on the market. From general observation, it seems that the fundamental principal of property will hold firm as a solid investment long term. That is, good quality property in good locations will be less impacted than inferior quality properties in inferior locations.

The main sector of concern is the investment market. From discussions with property managers, there is an oversupply of properties for rent. There have already been significant drops in rents, both from existing tenants renegotiating their rent, and new rentals achieved at levels below previous rents. Vacancy rates have increased. We have been advised that there are a lot of holiday let properties (both through agencies, Air BnB and similar websites) now available for permanent rent. This will inevitably lead to a decrease in value levels.

The holiday unit apartment market is currently seeing unprecedented falls in occupancy rates as the tourism sector has been "put on hold" during the lockdown period. This will reduce returns to owners and if these properties are offered for sale will attract a discount.

Northern New South Wales

The Tweed Shire has a relatively low level of COVID-19 cases and locals for the most part are taking the lockdown seriously. Job losses across the Tweed Shire have been quite evident as the region relies heavily on tourism. The market has also had a major boost from Sydney, Melbourne and Brisbane buyers over the past 5 years, all who have all disappeared overnight with restrictions on non-essential travel.

The Tweed Shire also relies heavily on the construction industry, and whilst this may be okay for now, when the current works are completed it is expected this work will dry up. The only exception to this is the new Kingscliff Hospital where works will be continuing for years to come.

There is a definite fall in market confidence, with agents advising enquiries declining significantly with some known contracts falling over. The only end of the market that is receiving a little movement is the lower end of the market, which agents are advising these are local buyers looking as owner occupiers. Agents are advising that these are still selling in their original price range, albeit at the lower end of their range.

The coastal towns of Kingscliff and Casuarina as well as rural residential properties have in previous downturns been the hardest hit sectors. Going forward, it is anticipated that these sectors will continue to be the hardest hit however, how hard they fall depends on how long the pandemic lasts and the economic implications. It will take an extended period of time for the region to recover.

Central North

The northern portion of the Gold Coast has limited number of reports cases, however, there was one reported case in a local school. Locals don't seem to be heeding the lockdown importance and local shopping centres are still buzzing with activity and only a few people are taking precautions.

As valuers, we are adhering to all the advice and taking all precautions necessary and work based on the assumption that every house may have a risk associated with it. Masks are being worn and no physical contact with any surfaces in the house. Occupants generally understand the measures

There is a definite fall in market confidence, with agents advising enquiries declining significantly with some known contracts falling over.

being taken and are appreciative of the explanation that the measures are there to protect everyone.

Like all areas on the Gold Coast, the enquiry rate has fallen with less properties transacting and limited interest. This area is heavily influenced by the investment market and whilst there has not yet been large numbers of tenants using hardship rules, this will have an effect on the value of the property if offered for sale. Investors are vulnerable at present if tenants are unable to continue rental payments.

Some of these properties may appeal to the first home buyer market due to attractive interest rates, ease of borrowing and favourable prices to build a new home. However, new home constructions are currently proceeding as there is a time lag of two-to-three months to know whether the market is impacted as right now most TBEs were executed in early 2020.

The trend has shifted to a buyers market where sellers are expected to be more flexible in negotiations as the number of properties offered for sale exceed the number of buyers. It may be prudent for buyers to be patient and spend more time researching property, following sale trends including time on market and price corrections and keep in contact with agents as this could yield some bargain buys.

Given this area is highly geared towards the investment market, competition to secure a tenant has been quite high before the onset of the pandemic. Property managers are communicating regularly with landlords about their tenants and whether they have lost jobs or are now on a reduced income. The government assistance may help to stabilise market rental trend but some landlords may be forced to consider reductions in rent if they do not want to miss rental incomes.

As the broader conversation tends towards recession and financial uncertainty, these factors will definitely influence the market. Mortgage stress is not widely reported in recent weeks as the government has been more concerned about containing the spread and hoping the economic stimulus would work. There will be households that are not eligible and are under pressure of losing their homes but it may be weeks or months before the true effects of the pandemic and lockdown are known.

The recovery will potentially be slow as people are still wary about the danger of catching the virus if life returns to normality. It also depends on whether those who lost their jobs are able to return to their former employment or seek new employment and there are concerns the unemployment rate will still be high as employers will not return to a full workforce until the local economic activity becomes clearer.

Sunshine Coast

In January, Herron Todd White put together the 2020 outlook Month In Review across the property markets.

At the time, we stated it was very difficult to predict what may occur due to a range of macro and micro economic factors impacting the market. One of the major concerns was around the impacts of the bushfire crisis. There was also the impact of local and state elections during 2020 as future concerns. The underlying local market fundamentals were however strong and our overall thoughts were that we would likely see the market continue to show steady improvement during the year.

However, the COVID-19 pandemic, which was already impacting China at the time, continued to travel throughout Asia as February rolled on and the first cases were being reported within Australia. Impacts to our overall way of life were limited until mid-March when the first of a range of restrictions began to impact not only our movements, but also our relationship with property.

The following information provides some of the most up to date considerations, feedback and market evidence that we are aware of within the residential market.

Most markets on the Sunshine Coast experienced good levels of demand that resulted in increased sale volumes and upward pressure on values. When COVID-19 started to bite in mid-March, we were coming off extremely low stock levels. This was different to the most recent market downturn, being the 2008/09 global financial crisis when there was more stock on the market and there was some resistance to asking prices at that time.

We have seen sales enquiries fall. Early indications are buyers that rea still around are serious purchasers and appear to have been in the pipeline for a while. Some sales over recent weeks are:

- **Buderim Meadows** (south-east foothills) - Mostly renovated dwelling with a pool. Property expected to achieve $820,000 to $850,000. Sold within a week for $830,000 to an owner-occupier.
- **Sunshine Beach** - Large duplex unit listed since November in the low to mid-$3 million range. Recently contracted for low $3 million. Previously sold for $2.65 million in May 2019.
- **Buddina canal fron**t - Modern, good quality dwelling on a south facing allotment. Expectations in the low to mid-$2 million range. Sold at the higher end of the range at mid-$2 million.

Typically in markets where there is strong enquiry we see premiums often being paid. These premiums can be in the order of five to 10 percent. With the fall in enquiry and in some areas where stock levels are slightly higher, some sales are showing results where this premium has evaporated. Some sales examples are:

- **Maroochydore** – Modern, good quality dwelling on a smaller lot. Expectation was circa $800,000. Sold for just under mid $700,000.
- **Wurtulla** – Semi-modern brick dwelling listed for $569,000. Sold for low $500,000.

N.B: It will be extremely important to understand the circumstances of any sales that transact in this period once there is a recovery. Then, like the virus, we will be able to, in effect, quarantine those sales.

Since the government shutdown of non-essential services and the temporary ban on auctions and open inspections, it has been interesting to see how agents, buyers and sellers have adapted. Feedback is that it's a bit of a mixed bag.

- **One of the leading agencies** on the central Sunshine Coast recently took eight properties to auction with seven selling.
- **A $2 million plus purchase** on the northern Sunshine Coast was completed to an interstate buyer via a video call and marketing material.
- **Some properties** have had limited interest because of the inability to physically inspect.

Agents have generally indicated that there have been no signs of a significant increase in property listings. They have not been flooded with vendors who have been panicked into selling their properties. Another interesting point is that there has been no increase in the number of owners with holiday rental properties wishing to sell.

For the time being, lower listing activity and the already low supply, coupled with softening demand, will help moderate any potential falls in value.

On the rental side, some holiday rental property owners have instructed their property managers to fill the void left by the non-existent holiday rental market and fill their vacancies with permanent rentals. We have also seen Airbnb holiday rentals being advertised for three to six month rentals on Facebook and other social media sites.

These investment and holiday home properties could come under increasing pressure should the restrictions be prolonged.

The big learning from trying to compare the COVID-19 impacts with those surrounding the global financial crisis is that they are nothing alike. The state and federal government stimulus packages on offer and continuing to evolve are unprecedented. The support being offered by the finance sector in business and home loan relief is also huge. The combination of all these strategies and the low interest rate environment are playing a massive part in minimising the damage to the economy of which property makes up an enormous part.

Rockhampton

To date, Rockhampton and the central Queensland region have been well insulated against the COVID-19 outbreak. Only eight confirmed cases have been recorded in the region, six of whom have recovered with two active infections remaining. Importantly, no deaths have occurred and the last positive case was recorded on 1 April, over three weeks ago. Despite these favourable statistics, the unavoidable impacts on hospitality, tourism and some retail outlets have been dire. Our local diverse economy however has proven to be a shining light, most notably the mining and construction industries which have to date managed to stay COVID-19 free and have been able to continue operations at close to full capacity, keeping jobs and the local economy ticking over.

It has to be said however that our local property market has experienced a direct impact on confidence levels and sales activity, with many buyers and sellers erring on the side of caution and hitting the pause button. Local selling agents report a noticeable drop in buyer enquiries and new listings, however there is no sales evidence to suggest a drop in prices or values at this point in time, particularly important after our market was beginning to experience a level of growth in the past six to nine months which had not seen for over seven or eight years.

In summary, if Rockhampton and the central Queensland region can maintain the low levels of positive COVID-19 cases, keep the major industries in operation and get back to some normality, then there's a feeling our markets will hold up well against this pandemic. The risk going forward is the unknown on how long government restrictions will remain in place which will continue to produce a heightened level of concern and cautiousness from certain sectors of the market.

Gladstone

In order to tackle the subject of how the Coronavirus pandemic will affect the Gladstone property market, we decided to take a look back at how the global financial crisis affected the market in Gladstone as it is considered the most similar global event in our recent history.

In the calendar year of 2009, the median house price in Gladstone dropped by approximately four percent to $368,000. In 2010, the median price jumped back up approximately six percent and the year after that, jumped a further 15 percent on the way to the biggest boom in Gladstone's history.

In terms of price, the global financial crisis was just a minor blip on the market trend lines for Gladstone. The city's industrial base held it in good stead and the impact was minimal compared to other regional Queensland locations.

The volume of sales did however drop substantially in the region after the global financial crisis. Volumes dropped from 1,718 (house) sales in 2007 to 903 in 2008 and 1,070 in 2009.

We can draw some comparisons from what happened after the global financial crisis to what we predict will happen during and after this pandemic in the Gladstone region.

Agents are reporting reduced enquiry levels and while sale transactions are still occurring, the sales rate is much lower than the norm for most agents. We predict that volumes will drop for the foreseeable future until most restrictions have been lifted and the number of cases further declines. While there has been a fall in confidence levels, Gladstone has been lucky with only one confirmed case in the region.

In terms of value levels, we do not expect to see any drops in value in the Gladstone region. Gladstone has had its significant downturn. The median price in the peak of the market (2012) was $470,000. This dropped approximately 37 percent to $295,000 in 2019. The limited data for 2020 shows the median house price at $305,000, which is in line with previous market commentary indicating the Gladstone market is on the road to recovery.

There is a significant gap between the current median house price ($305,000) and the median house price as at 2009 ($368,000) after the global financial crisis hit. The two dates in time differ

We believe that Gladstone has seen the worst of its declines in value and that value levels will hold firm with limited movement (either way) until this pandemic is over.

slightly in terms of stages of the property cycle, however anecdotal evidence does show that after just one year and only a four percent fall, prices started rising again. We believe that Gladstone has seen the worst of its declines in value and that value levels will hold firm with limited movement (either way) until this pandemic is over.

Parts of Gladstone's economy do rely on tourism. The next stage of the East Shores precinct includes a cruise ship terminal. It's too early to speculate on what the cruise ship industry might look like in the future, however anything tourism related will be hard hit in the years to come. While this will impact the Gladstone economy, we consider that the strong industrial bones of the city make it slightly more immune to the likely economic impacts of the Coronavirus and that the residential property market will come out stronger on the other side.

Bundaberg

Welcome to the COVID-19 edition of the Month in Review.

Starting on a positive note, there have been no confirmed cases of COVID-19 in the Bundaberg area since the beginning of last week. With the continuance of current social distancing measures, Herron Todd White has implemented a process of contactless inspections developed through the use of an app that enables us to inspect the interior of the premises electronically with the help of the occupants of the property in cases when we are unable to enter the premises due to concerns about COVID-19 infection of the occupants.

So it's full steam ahead from our perspective.

The market remains steady at this stage of the pandemic. Sales appear to be holding firm even though news reports indicate negative feelings.

Rental demand is still strong and with the latest government laws announced recently, there is now better protection for both tenants and landlords.

New residential constructions are still being undertaken and builders are reporting steady demand.

Agents are reporting that there is a reduction of stock with some owners taking their properties off the market in the short term.

Stay safe and keep washing your hands.

Cairns

Queensland Government reporting as at 23 April 2020 for the Cairns region notes six active COVID-19 cases, 28 recovered cases and no deaths. Of these, 14 cases were acquired overseas. Three cases have been acquired with no known contact.

Almost all of our staff are working from home. We are adapting to contactless inspections for properties where we can't get internal access or access at all with the use of new technologies and working with owners and tenants to accommodate their specific requirements which range from no contact at all to a care factor of zero.

Market evidence is mainly anecdotal at this stage, however in summary:

- **Many sale contracts** which were conditional during March fell over as purchasers pulled out due to overwhelming uncertainty;
- **Most sale contracts** which were unconditional proceeded to settlement;
- **Demand has fallen** significantly since mid-March;
- **There has been an increase** in properties for rent, mainly due to properties being brought back into the permanent market from the short-term and holiday market.

Cairns is a tourist city and has been heavily impacted due to the shutdown. The Easter long weekend is normally a busy period followed by a shoulder period and then high season from late autumn. The city is empty, restaurants and bars are closed, some hotels are closed, tour companies are closed and the marina is full as the reef boats can't go anywhere. The Cairns economy is more diverse than it used to be, however tourism is one of the foundation stones that has a large bearing on the success or failure of many other industries in the city.

The JobKeeper payment will benefit many businesses for the next six months although the exclusion of casuals will mean many local tourism and hospitality businesses cannot fully access the scheme for their employees. We consider the exclusion of casual employees to be a major oversight by the federal government and fails to assist seasonal economies like Cairns.

Prior to COVID-19, the residential property market in Cairns was relatively healthy with very low vacancy rates and no significant oversupplies. The market was relatively predictable and fairly solid. Once the dust settles from COVID-19, we are likely to see an increase in supply due to people who are in financial difficulty needing or being forced to sell. We are also likely to see a reduction in demand due to fewer buyers. Rental vacancy rates are also likely to rise due to an increase in supply and rents may soften although the rental market was very tight prior to the crisis.

We were hopeful that the crisis may be over prior to the start of the peak tourist season. It is now obvious that international tourism will be a long way off and the best time to come to Cairns may be over by the time domestic tourists are allowed to travel. This may result in an entirely lost season. Many local tourism businesses need a solid peak season to get them through the quiet times of the year and they will end up heading into summer with cash reserves at low levels.

There is likely to be pent up demand from domestic tourists and we may see some additional numbers due to cruising and overseas holidays being unappealing to Australians for some time.

Crunch time will be in late 2020 when the JobKeeper payment comes to an end, the boost to the JobSeeker payment is wound back and far north Queensland businesses are left to fend for themselves. The likely result is a very tough 2021. We believe there will be significant need for additional intervention from all levels of government and banks to get the tourist industry through until Easter 2021 including:

- **Extension of JobKeeper** and JobSeeker boost payments for an additional six months;
- **Extension of mortgage** deferrals for an additional six months;
- **Restrictions on financiers** being able to sell properties under mortgagee-in-possession scenarios for a period of time;
- **Rapid decentralisation** of government departments to boost regional economies;
- **Rapid commencement** of shovel-ready projects in the regions;
- **Subsidies to airlines** to offer affordable air travel for domestic tourists;
- **Discounting or deferral** of council rates, land tax and other building outgoings for tourist accommodation properties;
- **An extension** of the Queensland government's Queensland COVID-19 Jobs Support Loan which is already oversubscribed and closed.

Mackay

This month we take a look at the effects the current COVID-19 pandemic has had on the Mackay property market. At time of writing, Mackay has registered nine cases, all of which have been people returning from overseas, with no community spread recorded. We have been very fortunate to have limited cases and it's been a credit to the whole Mackay community for strictly adhering to the social isolating and other health advice given.

So how has the Mackay market coped so far? Firstly, let's have a look at the Mackay economy and the effect government restrictions have had. Mackay's major industries are mining located in the Bowen Basin and associated service industries, government services plus major infrastructure projects currently underway. All of the industries have been declared essential services and have continued to operate throughout the current crisis. Couple this with other professional and financial services and the majority of the Mackay economy has continued to operate, however other industries such as hotels, restaurants and cafes, sporting facilities and gyms have been forced to close as have the majority of retail outlets in major shopping centres, resulting in job losses and uncertainty in these industries.

The majority of agents have all been in basic agreement about the effects of the current pandemic. All agents report reduced buyer enquiry and lower sales volumes during the first five weeks of the restrictions, however, the sales volumes were not significantly lower and property values appear to be holding steady, with sales during the period showing no real material change in value. While buyer enquiry has declined, it has basically removed tyre kickers, with almost all enquiry now from genuine purchasers looking to enter the market. The common consensus is that a cautionary approach is being taken just to see the full effects of restrictions. They all share the common opinion that it appears that the worst of the restrictions are currently implemented (subject to massive outbreak) and that those who currently have jobs in the major sectors are more than likely going to keep them through this period. It is our opinion that the market will be placed into a holding pattern, with no real change in market values and that the momentum built up over the past 18 months prior to restrictions will carry on after the pandemic passes by.

One property market segment particularly affected by the pandemic is the rental market. The Mackay rental market was already tight with vacancy levels under two percent. Agents are reporting greater interest, particularly from fly in fly out workers who have been unable to travel due to restrictions and will be further hampered by the effects of Virgin's possible closure.

Hervey Bay

Active yet cautious is how we would rate the property market on the Fraser Coast at present. The Fraser Coast currently has ten recorded

Hervey Bay Source: investfrasercoast.com

cases of COVID-19, eight of which were reportedly acquired overseas.

Generally, the public appears to be adhering to restrictions regarding travel and social distancing. The retail sector targeting the tourist market has been significantly impacted due to the travel restrictions and the once bustling cafes, restaurants and hotels are now take-away only. The Easter long weekend would normally see our beachfront caravan parks full and the foreshore active with social BBQs and picnics.

As a property valuer, access to a property to undertake the inspection is a key component to the valuation. Over the past month, obtaining access has become more difficult as some occupants are unwilling to open their homes to a potential external source. We have however adapted our business to deal with this scenario by utilising technology to undertake a Contactless Inspection through an app that enables us to communicate with the occupant who in turn provides photographs and details of the property's internal condition in order for us to make our assessment.

I have been regularly asked at inspections, "What is the market doing? Is it going down?" We are finding an increase in sentiment that the market is falling which is currently not the case and unfortunately shock media has created this theory. Any new sales over the past month on the Fraser Coast appear steady and do not indicate a falling market. As a consequence of this negative sentiment, local agents are reporting that the number of appraisals and listings is falling as owners become reluctant to list their property, thinking it is a bad time to sell. Vendors are also

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beginning to lack urgency, thinking that if they wait a month or two, restrictions may be lifted and market sentiment may have improved. Yes, it is more difficult to market but some agents have adapted well by increasing social media profiles and utilising technology to provide virtual tours, and buyers and sellers are still active. Some speculative buyers are already using COVID-19 as a reason to submit a low ball offer, however at this point, vendors are holding firm. With active buyers still evident, the fall in listings could see an undersupply in the coming months, which can potentially result in higher prices being achieved. Any forced or quick sales at this time will, unfortunately, have a negative impact on our market in months to come.

The most active market in Hervey Bay is below $450,000. This market includes established and new house and land package homes. Local builders supplying base level housing have reported some decline and demand from interstate purchasers and investors as a consequence of travel restrictions. Builders supplying the local owner-occupier market are however reporting steady construction demand with ample contracts to see them in work for many months to come if not well into next year. The higher priced property market above $600,000 remains active, however has a smaller buyer pool and generally requires a longer selling period. The rental market in Hervey Bay has been strong for a number of years and Maryborough property owners are now also experiencing the benefits of strong demand and low vacancy levels. This is unlikely to change in the foreseeable future.

Hervey Bay has long been seen as a tourist destination, heavily reliant on the travel dollar and interstate migration. The region has also seen a considerable improvement in our medical sector which has been growing at a rapid rate over the past five years and can now offer services that in recent years, recipients had to travel to metropolitan areas for. Our climate, location and affordability are aspects that are now more appealing than ever for anyone wanting to relocate, seeking a change in lifestyle and to help minimise the risks that come with more densely populated areas.

Townsville

The Townsville residential property market has experienced a slow down in activity following the onset of the Coronavirus lock down restrictions, although we are currently seeing a very low infection rate.

Anecdotal evidence suggests that there are currently less buyers in the market, some sellers have removed properties that were listed for sale and some contracts of sale didn't proceed following the initial onset and lock down restrictions. Broadly speaking, to date we have not seen any evidence of decreases in value levels.

Although being impacted by the current circumstances, our economy is well placed to recover compared to other locations. We are not a tourism based economy and our workforce is bolstered by industries such as defence, public administration, health care and education. These sectors have been generally able to adapt and continue working as normal.

Our current feel of the market is that the first home and entry level buyers are likely to be most impacted at present due to the lock down restrictions impacting job security, whilst job security of upgraders and downsizers is likely not being as heavily impacted.

Looking to the future post lock-down restrictions, if retail and hospitality businesses forced to become dormant can re-open again we believe the market will return to post Coronavirus activity, however if this does not transpire, then it is likely to have lasting effects on our market.

Whitsunday

At the last census in 2016, the Airlie Beach and Cannonvale Urban Centre Locality (the suburban Whitsunday area) had a population of 9334 and approximately 18.7 percent of the workforce was employed in the industries of accommodation, scenic and sightseeing transport and cafes and restaurants. Approximately 5.6 percent of the workforce was employed in coal mining. From these percentages it can quickly be appreciated that the local economy and the local residential property market relies heavily on employment generated from tourism and is supported by drive in, drive out coal mining employees. These percentages would have been fairly similar immediately prior to the pandemic.

The local tourism industry in the Whitsundays has effectively been shut down by the pandemic. Tourists are unable to visit, tens of thousands of room nights and tours have been cancelled, many flights into the region have been suspended, ferry services to the islands are suspended, Hamilton Island is closed and cafes and restaurants in Airlie Beach are providing takeaways to locals only. Mass job losses have occurred.

Despite the grim outlook, local agents report that enquiry levels remain reasonably active for typical houses and units.

There has been no change in the value of standard residential homes in the Whitsundays, however given the state of the local economy it is reasonable to conclude that the residential property market may be adversely affected in the wake of the pandemic.

Despite the grim outlook, local agents report that enquiry levels remain reasonably active for typical houses and units. Sales are still occurring albeit at lower volumes.

We have noticed that former short term holiday accommodation is currently being offered for long term occupation, however there has been no appreciable decrease in weekly rental rates so far.

Our concerns in the aftermath of the pandemic will be: the reduction of flights and the cost of flights into the region, particularly if Virgin Australia collapses; the absence of international tourists for an extended period after domestic travel restrictions are lifted; and the limited availability of holiday leave available to potential domestic visitors because their leave entitlements were used up through the pandemic. We believe that it will take some considerable time for the tourism industry to recover.

Residential property markets typically take some time to react to economic shocks. The longer the tourism industry suffers, the higher the risk of a reduction in standard housing rents and property values. It is unknown when and to what extent a downward correction will occur, if at all. The reality is that the key industry driver of the residential property market is in a very bad situation and the risk of a correction is now elevated. Any correction may be cushioned by housing demand from drive in, drive out coal mining employees because coal mining remains largely unaffected by the pandemic.

There is also a risk of a market correction for high value, luxury residential property in the Whitsundays. This market is typically driven by Sydney and Melbourne buyers and is influenced by the performance of those residential markets and the performance of the share market. Once again the availability and cost of flights from the southern capitals to the Whitsundays may be a future constraint in this sector.

South Australia

Adelaide

It feels like after weeks of uncertainty, apprehension and anxiety, we have reached a point of acceptance and reality with the COVID-19 pandemic. At the time of writing, South Australia had 437 known cases of COVID-19 with 376 of those now recovered. Case numbers have reduced with only one case being reported over a five-day period in the third week of April. Comparatively South Australia sits fifth in infection rates of all states and territories and looks to be tracking positively in the fight against COVID-19.

Our day to day operations have had to evolve quickly and adapt as lockdowns and social distancing measures were implemented. The aim of these measures is to keep social interactions outside of immediate family to an absolute minimum. If all members of a household are abiding by social distancing measures, the family home is a safe space from COVID-19.

This has created a conundrum for the valuation industry as internal access and visual inspection of the family home is integral to the job. When booking appointments, job coordinators are now asking questions specific to COVID-19 and any recent travel by the occupants. Additionally, occupants are asked to have all doors open and lights turned on to ensure that the valuer avoids contact with surfaces. The job coordinator's role is integral as the questioning alleviates anxiety for both parties to the inspection. The valuer is comfortable the occupant has been abiding by federal government protocols and the occupant is comfortable that the valuer is making all efforts to avoid contact with surfaces and abiding by social distancing during the inspection.

On the back of the cash rate reduction in late March, positivity remained in the market. We continued to see settlements of properties purchase pre-COVID-19 and listings hitting the market prior to the social distancing and lockdown measures being implemented. The market was spooked on the back of the stage 2 lockdown measures implemented in late March which led to mass business closures. As at March 2020, the seasonally adjusted unemployment rate for South Australia was 6.2 percent, which is the highest in the country. Given what has played out throughout April, it's expected that this figure will rise. Additionally there are many businesses that have remained operational however at a reduced capacity with employees working reduced hours or forced to take leave, so not only do we have unemployment, but we have under employment. These labour market factors do not spell confidence in the local property market.

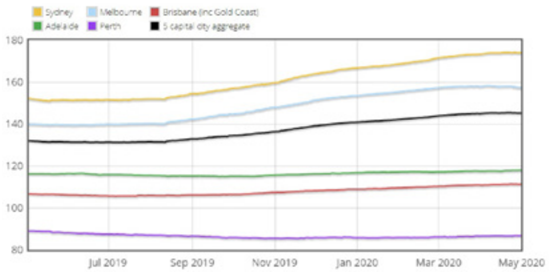
TABLE 1. UNEMPLOYMENT RATE, STATES AND TERRITORIES

	Trend February 2020 %	Trend March 2020 %	Seasonally Adjusted February 2020 %	Seasonally Adjusted March 2020 %
New South Wales	4.7	4.7	4.6	4.8
Victoria	5.1	5.2	5.3	5.2
Queensland	5.8	5.7	5.6	5.7
South Australia	6.0	6.0	5.8	6.2
Western Australia	5.4	5.4	5.2	5.4
Tasmania	5.4	5.3	5.0	5.0
Northern Territory	5.5	5.5	np	np
Australian Capital Territory	3.0	3.0	np	np
Australia	5.2	5.2	5.1	5.2

Unemployment numbers Source: Corelogic

Both the state and federal governments have been active in their endeavours to cushion the fallout from the lockdown restrictions, offering a raft of care packages. The federal packages have been well publicised while locally the state government has announced a $10,000 cash grant for small businesses that have suffered a loss of income or closed due to COVID-19 restrictions. Additionally, a $5.7 million stimulus package has been announced to aid tourism operators who are still reeling from the devastating summer bushfires.

The most recent available data has not indicated a reduction in price levels. Clearance rates are hovering around 30 percent, which is consistent with the same period in 2019, however the volume of properties taken to auction has reduced. Additionally the volume in properties coming to the market has dropped sharply, down nearly 40 percent on the same time last year. This is a reflection on the functionality of the property market as vendors are not willing to take properties to market when they don't have the option of auction and have the ability for only single person open inspection. Interestingly, agents have indicated that the restrictions on open inspections have created a dynamic where only motivated vendors and purchasers are active, creating greater transparency in the sales process.



Hedonic home value index Source: Corelogic

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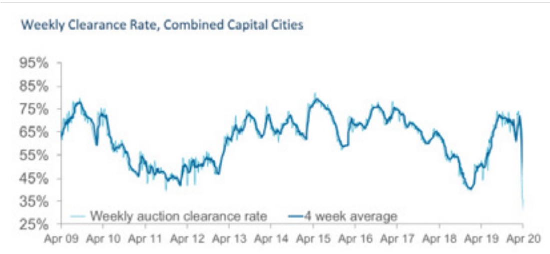


Clearance rates Source: Corelogic

The banning of public auctions hindered the markets and property types which have a greater level of reliance on this method of sale. The $750,000 to $1.25 million price bracket in the inner and middle rings has historically been popular for sale by auction. The recent listing of 11 George Street, Parkside with an advertised price of $1 million falls into this category, having all the attributes of a property that would benefit from this method of sale. It's expected that typical auction properties will continue to come to market, however at a lower volume.


11 George Street, Parkside Source: realestate.com.au

The investor market has also been drastically affected on the back of state government measures. Measures have been announced which prevent landlords from increasing rents and prevent eviction of tenants for non payment of rent due to distress as a result of COVID-19. These factors are considered to be a deterrent for market entry in the short term. The middle and outer rings are considered most popular with investors, most active in the $150,000 to $350,000 price bracket.

Fitting the bill of typical investor stock is 181 Newton Boulevard, Munno Para. This property was offered on the market in early March and contracted in two weeks slightly below the asking price for $258,000. Being offered to the market and selling with a limited marketing period in the shadow of COVID-19 is an indication that there are still some buyers active in this market.


181 Newton Boulevard Munno Para Source: realestate.com.au

In the event of a broad market downturn, the lifestyle property market can be the first to show signs of slowing. Properties in this market are typically regionally located, are vacant for six months of the year and are non-income generating. When the belt has to be tightened, these properties are not considered essential and are the first to be offered to the market. Regions such as Yorke Peninsula, Fleurieu Peninsula and the Mid Murray are considered to have a high proportion of lifestyle properties. Price points for these properties fluctuate drastically depending on region, access to facilities and proximity to water. Price points begin at $125,000 for a basic Yorke Peninsula coastal shack to $1.75 million for a Fleurieu Peninsula waterfront, high quality beach house.

So where do we go from here? Rising unemployment, broad labour market underemployment, banning of auctions and limited open inspections do not equate to market positivity. The prospects of market growth following the trajectory seen in the first quarter of 2020 is unlikely. Motivated vendors and purchasers will see activity remain in the market, however at a lower level of sales volume and price levels to trend downwards over the short term. The COVID-19 situation is fluid and changing rapidly, making it difficult to gauge the long term effects on the broad market. It appears that the lockdown restrictions will be eased in stages over an extended period of time. The longer the lockdown goes on, the longer the recovery may be.

Mount Gambier

At the time of writing, there have only been three recorded positive cases of COVID-19 in Mount Gambier and another three recorded cases around the Limestone Coast region. Infection rates are low and community lockdown seems to be working. If residents continue to follow the rules and regulations put into place, then the spread of the virus is likely to be reduced.

The virus has not had a significant impact on our day to day operations as valuers in the property market. Procedures have been put into place to ensure that valuers are not entering any properties where they may be at risk of either contracting or spreading the virus to high risk residents. We have also been asking that customers open all doors and turn on all lights prior to valuers arriving at the property. The creation of the contactless

Any reductions in value will provide a good opportunity for property investors to enter the market.

inspections valuation report is an innovative way the industry has been able to quickly adapt to the COVID-19 environment. A contactless inspection is where the valuer completes the inspection without inspecting the interior of the dwelling or coming into contact with the owner or tenant. When completing these, it is very important that we ask customers relevant questions to ascertain any details of the property that we might not be aware of. Alternatively, kerbside and desktop valuations are an option too. As a precaution, the administration team and valuers may need to ask questions such as, "Have you been overseas recently?", or "Is there anyone in the household that is or has been sick?".

So far, we have not seen an overall fall in confidence across the property market in Mount Gambier, however it is still early on and this may change. This could be due to factors such as the RBA cutting the cash rate and many banks implementing policies to assist customers with their home loans. Many banks have provided mortgage relief by freezing home loan repayments or offering new low fixed rate home loans. The federal government has offered financial assistance to individuals and companies to help provide some relief in the short term. However that's not to say things won't change in coming months. The Coronavirus has caused a large number of employers to close businesses and stand down staff and in turn this has created a great deal of uncertainty in the community and in the economy.

In Mount Gambier we have not yet seen any material evidence to suggest that values and rents are falling, however the rental market is likely to be the first to show signs of the impact of the Coronavirus. The number of properties available for rent is increasing and this is partly because many homes that were rented out as short term accommodation or on Airbnb are now being listed as long term rentals. Travel restrictions and the lack of tourism has hit this part of the market hard. The increasing supply of rental properties is likely to result in rental prices falling.

As well as forestry and agriculture, the economy of Mount Gambier is also largely driven by the service industry, with some of its key areas of business including tourism, hospitality, retail and education. The majority of restaurants and cafes have been forced to close or only remain open to offer takeaway services, the tourism industry has been hit hard due to the closing of borders and the lockdown and self-isolation laws, many children have been learning from home and retail stores have temporarily closed their doors. Mount Gambier is definitely not immune to the financial impacts of the Coronavirus.

However, with record low interest rates, it is a good time to buy property. Any reductions in value will provide a good opportunity for property investors to enter the market. With the uncertainty that has come from the Coronavirus, people may be less likely to invest their money in property and this will impact the property market and in turn values. This will be something to keep an eye on over the coming months.

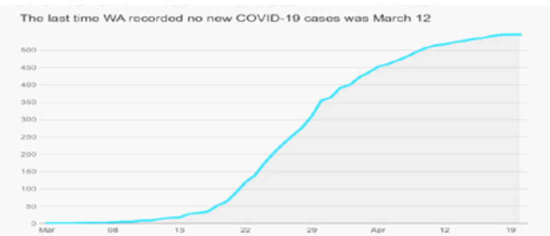
It is difficult to predict the future effects of the Coronavirus on the Mount Gambier market as it really depends how long government and economic restrictions last. The shorter the period of restrictions, the better placed we should all be. We may see a slow in the market due to lack of consumer confidence, or on the opposite end of the spectrum we may see people taking advantage of the low interest rates and deciding it could be a good time to invest.

Western Australia

Perth

The Western Australian government has implemented strong support measures in order to halt the spread of COVID-19 within the state. The state has 546 confirmed cases as at 22 April, with 451 of those affected having fully recovered after testing positive, representing an 83% recovery rate. On Sunday, 5 April, the Western Australian government shut down its interstate borders for the first time in history, the second state to implement this (after Tasmania). Intrastate travel restrictions were also implemented by breaking up Western Australia into nine regions, with the boundaries of these regions manned by police and army reserves. Whilst this may sound intense, the general response of the state government has been labelled a common sense approach. Beaches throughout the state remain open and the state had its hottest April ever recorded, with temperatures reaching 39.5 degrees.

On 30 March, 44 new COVID-19 cases were recorded in the state, but on 20 April, no new cases were recorded, which was the first day of no new cases in five weeks and shows that the government's counter measures are working to flatten the curve and reduce the spread of the virus. In fact, between 19 and 22 April, Western Australia recorded just four new cases of COVID-19, a remarkable result.



Source: WA Department of health

The social distancing requirements have forced our Western Australia workforce to adapt to new procedures in order to continue to provide quality service for our much-valued clients. From mid-March, the team transitioned to working from home and given the quality of technology we have in place for our team, the transition was a smooth process, with business disruption lasting approximately five hours.

Our employees' safety is always at the forefront of our thinking, with an ongoing message to our staff to never place themselves in harm's way. COVID-19 has strengthened our resolve in this matter, with extraordinary precautions being required to continue to service our clients. Extensive personal protective equipment has been provided, daily reminders are in place and our staff have our full backing to discontinue any inspection where they feel there is a risk to their safety. This can be a tricky one in the COVID-19 world, but we would rather be safe than sorry.

The Herron Todd White IT department has also created a contactless inspection tool that our valuers have been using to conduct valuations without a full internal inspection – in line with the Australian Property Industry's Crisis Protocol. This process is ONLY used if internal access is unavailable due to a COVID-19 related issue. We consider it vital that all valuation firms use this Crisis Protocol in the way it was intended and not as a way to reduce the quality of service being offered or as a reason not to travel regionally. We are more than happy to see a rigorous audit process enacted to ensure this.

How the market has reacted to the pandemic
Confidence across the residential market in Western Australia has decreased due to the uncertainty created by the pandemic. Agents in many markets have advised that enquiry rates have dropped with a higher number of offers being received below asking price. The most recent ANZ and Property Council of Australia survey, which includes developers, builders and banks, reports the lowest ever levels of business confidence. Confidence at the beginning of the year had increased slightly from the end of 2019, however once the pandemic hit, confidence levels dropped to half of what was forecast at the beginning of the year. The lowest level of confidence found in the survey was for growth in the value of house prices.

The Real Estate Institute of Western Australia (REIWA) showed a 0.5 percent increase in Perth property prices during March, indicating that prices are remaining stable for now. Property prices within the state recently enjoyed their best quarter in over six years, however this is anticipated to be short lived. The sales market is the main concern as demand is expected to taper which may lead to a period of oversupply in the market. It is expected that prices nationally could fall by ten percent over the next six months according to the Urban Developer. Prices could fall as low as

20 percent according to AMP Capital chief economist Shane Oliver in a worst-case scenario. However we are seeing an interesting trend. Listings on market as reported by numerous agents are decreasing into an undersupply situation in some areas, as sellers shy away from the idea of relocating or disrupting their status quo. This could have a short term, upward impact on values in such localities – bucking the wider state trend.

0.5%

Perth price increase in March 2020

(Source: REIWA)

Government support locally and nationally
The Reserve Bank of Australia lowered the cash rate further in March 2020 in response to the pandemic effect on the Australian economy. The main banks in turn passed on these savings with adjusted policies to assist with home loan mortgages by offering lower interest rates as well as a deferred mortgage payment period of up to six months, which temporarily eases the financial pressure for households in Western Australia.

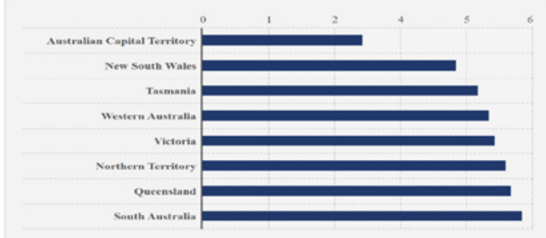
The cash rate decrease over the last 30 years	Source: RBA

We've also heard anecdotal evidence of some lenders placing a pause on repossession activity for the next three to six months, which will assist many households, but may just exacerbate the issue for others.

In early April, the Western Australian government unveiled a $1 billion economic and health relief package to support the state in response to the COVID-19 outbreak. Some examples include the energy assistance program for household bills, having power and water disconnections lifted, offering interest free payment periods as well as waiving late payment penalties. The government has also allocated $500 million to health and other frontline essential services and expanding capacity for additional industry support in relation to the strong response to the world pandemic.

We consider that a large portion of this package is somewhat disingenuous, as it is simply pausing the proposed increase in household bills as opposed to being a genuine cost saving from current levels, so we look forward to a further offering that will make a genuine impact to local employment. We're particularly keen to see if the state government has a plan for the residential construction industry which is being reported as only having the equivalent of seven to eight weeks worth of work left in the pipeline. If true, this could lead to another round of mass layoffs in Western Australia and have a material impact on the extent of the economic downturn. We are hearing anecdotal stories of first home buyer enquiries to major building firms being down by 50 percent and whilst there is no incentive for first home buyers to enter the established housing market, we expect their participation rate to plummet.

Economic effects of the Pandemic
Perth's hospitality industry has suffered immensely with the government's lockdown laws causing many businesses to close and adapt to a changed environment. The unemployment rate at the end of March rose to 5.4 percent, which was a slight increase from the previous month and this trendline is expected to continue to rise rapidly over the next few months. On 23 March, it was reported by Bradley Woods, WA Chief Executive of Australian Hotels Association, that 40,000 Western Australian employees in the hospitality industry would be unemployed. On 16 April 2020, Crown Western Australia, one of the state's biggest hospitality employers, stood down 6000 employees as it struggled with the Coronavirus restrictions. The Chamber of Commerce and Industry of Western Australia surveyed 800 businesses and found that 85 percent experienced reductions in customer spending which contributed to more job losses throughout the state.



Western Australia's Unemployment rate at the end of March 2020 compared to the rest of the country	Source: Australian Government Labour Market

Western Australia is Australia's biggest exporter of its valuable resources, including iron ore and oil, which is a huge driver for both the local and national economies. In late March, BHP announced that it was hiring 400 workers in order to maintain its production during the COVID-19 outbreak. This involved the company offering short term, six month contracts in order to cover a range of skills needed. The state's border restrictions

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introduced at the end of March have forced the companies operating in the resource sector to adapt to maintain their production as well as keep the supply strong. The resource industry in Western Australia relies on 45,000 fly in fly out workers and 3,000 of those are from out of state which has led to companies such as BHP and Rio Tinto relocating employees to Western Australia to avoid the new restrictions and offering to cover the costs of moving. This has increased interest in short term rental accommodation in the state's remote regions where the resource operations exist. Businesses in the resource industry are also looking to offer employees with revised work rosters with extended hours and shifts being offered in order to maintain productivity.

Different areas around the state have been hit harder than others, especially due to a loss of tourism. According to WA Tourism, the state's tourism industry is expected to lose an estimated $3.81 billion from interstate visitors alone and $8.5 billion in total. April was expected to be a popular month for south Western Australia with the school holidays and Easter long weekend occurring during the month. In late March, up to 500 bookings were cancelled over a two week period in Busselton, a southern popular destination, which resulted in a 50 percent drop in short term accommodation businesses in the area. Prior to the pandemic, market conditions in the south-west region of the state were already soft due to the mining downturn in previous years and limited buyer demand. As a large percentage of this region is employed in retail, hospitality or tourism on a casual basis, the unemployment rate in the area is expected to be higher than Perth metro, with the JobKeeper and JobSeeker allowances keenly sought after.

The Kimberley region of Western Australia will suffer greatly due to the stricter border restrictions in place in comparison to the rest of the state. The entire Kimberley region has been locked down with a stricter test of essential worker in place. The government identified this area and others within the Eastern Pilbara as areas of great concern, given that a potential spread of the virus in remote communities would be catastrophic. The Kimberley also holds high rates of people with diabetes, kidney disease and other conditions that make them vulnerable to Coronavirus.

According to WA Tourism, the state's tourism industry is expected to lose an estimated $3.81 billion from interstate visitors alone and $8.5 billion in total.

Broome's Chamber of Commerce and Industry (BCCI) said that the assistance packages provided by local and state governments were failing to reach many Broome businesses, which mainly consist of sole traders. The BCCI is pleading with the local community to support local businesses during these tough times. The government is also trying to look after remote Aboriginal communities as the health services in these areas would not be able to cope if a major outbreak occurred.

As unemployment increases, the number of Australians struggling to pay their mortgages is expected to increase. Credit Rating S&P global has warned that mortgage arrears could be higher than that recorded during the global financial crisis due to the various effects caused by the sudden disruption to the majority of the Australian economy. It is expected that mortgage arrears will rise from low levels given a recent period of low interest rates and increased restrictions on borrowing.

Property Market within Western Australia

First home buyers are particularly vulnerable at present. Those who have been stood down or had working hours reduced will suddenly find themselves unable to obtain finance and their savings may become stretched, delaying their purchase activity further. These purchasers will likely have to wait until their own situation has been resolved or the market starts to recover. Those with a secure job have been recommended to purchase a property now given the decrease in competition from other buyers and investors which tends to deter first home buyers, but we advise caution in the coming months as the market settles into the new normal. At the start of the year, the First Home Loan Deposit Scheme was introduced by the Australian government and enables first home buyers to purchase a home with a minimum of a five percent deposit from one of the participating lenders. The government has also announced extension of the government loan scheme period from 90 days to 180 days to combat the Coronavirus pandemic. First home buyer enquiry rates recorded between January and March are higher than recorded last year which shows that they are still going to be active in today's market, depending on their individual circumstances.

Purchase Activity

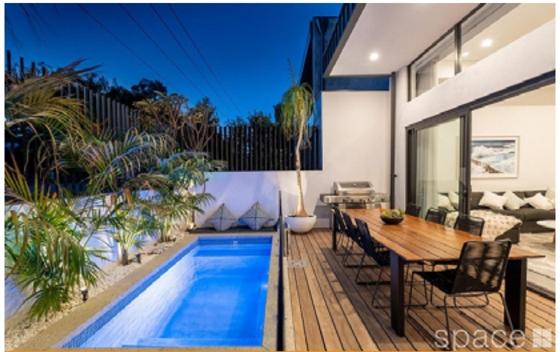
This property in Territory Crescent, Baldivis is a modern, circa 2011 four-bedroom, two-bathroom dwelling situated on a generous 586 square metre block in a suburb where first home buyers are prevalent. The dwelling offers 225 square metres of living area and has a generous back yard with a gable patio for entertaining. The property is located 48 kilometres from the Perth CBD and went on the market on 18 March for offers from $419,000. The property was on the market for 13 days before going under offer for $425,000, which represents that first home buyers can secure a property at a reasonable price in the current market. This also demonstrates that if a property is marketed correctly, a sale can still be achieved during these uncertain times within a reasonable turnaround.

Territory Crescent, Baldivis Source: realestate.com.au

Territory Crescent, Baldivis Source: realestate.com.au

The prestige market in Perth is currently struggling with demand given that it is a small target market. For example, 2 Bird Street, Cottesloe is a modern, luxurious, circa 2018 built, four-bedroom, three-bathroom dwelling with a below ground pool and separate studio situated in a sought after, upper class suburb. The property first went to market on 16 March with an asking price of offers over $2 million. The property sold just nine days later for $1.775 million, which was well below asking price. This is a perfect example of how Coronavirus has caused uncertainty in the prestige market given the high risk.

2 Bird Street, Cottesloe Source: realestate.com.au



2 Bird Street, Cottesloe Source: realestate.com.au

Real estate agents in Western Australia have had to adapt their operations due to the restraints put in place by the government to cope with the COVID-19 pandemic. Public home opens and auctions have now been banned which has forced agents to hold home viewings via video communication. Auctions are still occurring in the form of telephone or online bidding, however this form of transaction has slowed down across the nation. Corelogic recorded only nine auctions over the Easter weekend in Perth with a clearance rate of 50 percent. The average clearance rate nationally during this period was at its lowest recorded since it was introduced in 2008. Local real estate agents are also holding private one-on-one inspections with interested parties. Some agents have even gone to the limits to only speak to potential buyers if their finances are already sorted. Agents have been forced into working more irregular hours when meeting potential buyers in order to accommodate any interested parties. Marketing has been changed to target those in essential work in order to bring more business in. Buying or selling a property in Perth has become more time consuming as the processes have been extended in order to remain within the new restrictions, which has deterred a lot of competition. As with many industries at present, agents are working longer and harder, often for lower remuneration.

Households in a stable financial position and considered essential employees will have a good opportunity over the next three to six months to purchase a property at an affordable price. Prices in Perth have remained stable so far but as we move into winter, prices naturally fall slightly and given the COVID-19 pandemic, that fall may be even greater this seasonal period. Competition has decreased among buyers given the uncertainty and low consumer confidence, which favours purchasers in the current climate who can afford to purchase property. The Commonwealth Bank of Australia has currently downgraded its home price targets over the next six months and expects Perth property prices to fall by 7 percent, which will favour buyers over that time period. We stress that such a figure is only a forecast and different areas will be affected in fundamentally different ways.

Currently in Perth it is a difficult time for sellers given the decrease in confidence and growing uncertainty that the state faces in the immediate future. In the last week of March, the REIWA revealed that home sales had plummeted, down 23 percent across the entire month at just 2205 transactions recorded. There were 12,273 listings as at 10 April and a fall in dwellings, units and land listings across the board. The week's total figure for properties listed was a 28 percent decrease on levels seen a year ago. Industry experts believe that sellers will take their properties off the market in order to ease the anxiety and favour sellers slightly in a buyers' market currently. WA Today records that 80 percent in the Perth residential market today are selling one house to buy another, which will force quick transactions that can lead to a decrease in housing prices.

Discussions with local agents have discovered that they are recommending their clients hold off selling their properties if they can withstand the downturn in market. If people are being forced to sell due to financial restrictions, agents are recommending they exercise their best efforts to achieve the highest price. This includes brilliant presentation as well as staging through the changed viewing processes for potential buyers. Agents are recommending pricing the property conservatively and asking sellers to be as flexible as possible in

23%

Perth fall in listings – last week of March

(Source: REIWA)

New rentals entering the market are said to be offering a discount of $30 to $50 per week in order to entice tenants to choose their property.

order to achieve a selling price that is acceptable. Although the current conditions do not favour sellers in the Perth residential market, properties are still achieving good prices by undertaking these processes.

Foreign investment in Western Australia will decrease for the interim period as the Australian government announces that foreign buyers will now require approval from the Foreign Investment Review Board (FIRB). Thresholds for all property clauses have been reduced to zero, which means this affects all kinds of investments. All contracts entered after 29 March will require an approval and the approval periods have been increased from 30 days to up to six months. This makes foreign investment more difficult and subject to more scrutiny to determine whether the investment will be beneficial for the local market.

Investment from Australians into Western Australia is expected to slow and agents have confirmed that there has been a decrease in interstate investment. Gavin Hegney, a leading property analyst, believes that although low interest rates currently will attract people to borrow money, the fear of unemployment prevents people from borrowing. As unemployment rates and uncertainty rise, investment activity is expected to decrease. Hegney believes that people will prioritise other necessities and that real estate will be the least of people's worries. For those in essential work and stable financial positions, it will be a good opportunity to invest with competition decreasing as well as prices.

Western Australian Planning minister, Rita Saffioti, has announced that a blanket two-year extension has been granted for all current development approvals in order create more job opportunities once the market does start to recover. Local development activity around the state is expected to slow. Off the plan purchases have also slowed significantly of late due to the difficulty in viewing the property and a fall in confidence in the market.

During the second half of March, REIWA data showed that Perth's leasing market maintained strong activity with the number of listed rental properties declining. At the beginning of January 2020, there were 5,767 rentals listed which has now dropped to 5,417 as at 29 March. A team leader at a local property investment firm, Momentum Wealth, said they were still receiving a high level of enquiries from prospective tenants, even with the decrease in available rentals. New rentals entering the market are said to be offering a discount of $30 to $50 per week in order to entice tenants to choose their property. Tenants are being encouraged to negotiate with their landlord for temporary deals to maintain their position in the rental. Some have provided letters from their employers demonstrating a reduction in hours worked in order to help the negotiation. The Perth rental market is considered to be in a better position than other markets facing an oversupply of properties for lease. The Premier has announced that government is looking to push through a six month moratorium on evictions, which is yet to go through parliament.

What will the future hold?
Western Australia has significantly reduced the spread of the Coronavirus and these restrictions still need to be enforced so that people do not get complacent. The effects of the virus are hoped to be limited to six months and then many expect the property market to recover, however there will be people who will continue to struggle and the economic effect on many households will be felt for years to come. The government of Western Australia and the Australian government need to expand their support and relief packages in order to help those most affected by the pandemic.

The ANZ and Property Council of Australia survey mentioned previously measured the performance of state and federal governments and found that the state government was supporting the industry better than the federal government. The survey stressed that the state government needs to focus on issues such as property tax and charges, planning regulations, housing supply and affordability in order to improve consumer confidence to combat the expected price decrease over the next six months.

REIWA has called on the government to reduce up to 75 percent of stamp duties for up to six months to maintain healthy sales volumes across the state and keep the industry ticking over.

Property group Nicheliving is offering up to $50,000 in homebuyer support in order to attract people to invest in the construction industry. The Nicheliving stimulus includes a $500 per week payment for rental assistance which lasts up to 12 months, stamp duty being taken care of as well as mortgage assistance of up to $10,000. Nicheliving said within the first week, their sales enquiries rose by 135 percent compared to the previous week's activity. The package is targeted at supporting tradespeople, first home buyers and investors. This incentive will encourage competing builders to offer similar deals in order to revitalise the construction industry during these tough times. As always, we recommend that such offerings are closely scrutinised and professional advice is obtained, as there's rarely a free lunch in the property industry. However such incentives do give an indication of the extent that some businesses are going to maintain business activity throughout this period. The question is, how long can it be maintained?

Northern Territory

Darwin & statewide

The Northern Territory is the safest location in the country. As at the Anzac day weekend we'd recorded 20 days without a new case of Covid-19. We've had only 28 confirmed cases in total, of which 23 have recovered (source: Michael Gunner, Chief Minister NT). The borders have also been locked down and travel into remote communities has been limited. These strong actions, our small population base and the adherence to the recommendations should positon the NT to respond well in our economic recovery.

How has this transitioned to the property sector?

Leading local sales agents are reporting a stable level of interest for stock which was already on the market, open homes have been replaced by private appointments, one agent noting that it has led to more qualified buyers coming through and less tyre kickers. Real Estate agents have shifted to online auctions using the Gavel app, which has resulted in a handful of sold dwellings. The private treaty sales campaigns have been successful with reigning REINT agent of the Year Derek Hart of Elders Real Estate reporting strong activity with Private Treaty campaigns (source: The NT news).

When considering the pipeline coming forward it's been noted appraisals are significantly down and the current activity is from pre COVID-19 stock, the vendors requiring a result are still motivated towards sale, however for many the coronavirus interruption has postponed planning to later in 2020 with a more cautious "wait and see" outlook.

With this activity we have not seen any market reductions which are out of line or increased market reductions as a result of the pandemic, noting that some market sectors have been performing quite poorly due to the wider market forces.

Whilst job losses have hit much of the nation heavily, the NT is fortunately positioned with a number of factors, we have over 21,500 public servants (source: The Office of the Commissioner for Public Employment (OCPE)) all of whom are still being fully paid with an ability to support their family. A further 5500 are defence personnel (source: The dept. Treasury & Finance) this equates to over 10 per cent of the total population maintaining full employment.

In a positive for the market, long-term residential tenancies have remained relatively firm. Larger agencies have indicated requests for rent reduction remain quite low and that rental arrears have not spiked.

The short term tenancy market is very poor. Holiday makers have evaporated from the local scene, a number of short stays companies have noted disappointing forward bookings and the 2020 dry season will be a difficult period.

The NTG stimulus programs have been quite generous. Approximately $100 million has been allocated to the Home Improvement Scheme, whereby the Govt, will offer $4000 with an owner contribution of $1000 or $6000 with an owner contribution of $2000. This will help owners improve their property which may increase the value of their asset.

So with that all said, where is the NT market? We are yet to see any firm market evidence the pandemic has resulted in lower rents or capital values, the big test as we look through the forward lens is the speed at which social restrictions are lifted and the time it takes to re-open the economy. If these efforts splutter along and hit road blocks such as a second wave of infection then any confidence which is in the market will evaporate.

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Australian Capital Territory

Canberra

Historically the Canberra residential property market is stable and steady with consistent growth generally occurring year on year. We don't tend to see the spikes and falls like some other markets but general stability.

Fundamentals that create this stability include low unemployment, above average annual incomes and a strong Government and public sector employment base.

On 16 March 2020, the ACT Government declared a public health emergency due to the Coronavirus (Covid-19) pandemic. There have been relatively few local cases documented and overall the community is feeling safe and accepting of the measures introduced, although somewhat inconvenienced.

At this stage, the full impact of Coronavirus on the local economy and more specifically the property market cannot be known.

We are still seeing transactions occurring at all levels and generally agents are reporting that most purchasers are finance ready and able to compete with confidence in the market. Sellers may be adjusting their expectations slightly but this has had minimal impact so far.

In autumn the rental market generally stabilizes after higher demand periods in January and February and we have not yet seen any significant changes into this crisis period.

The outlook for the remainder of the year is difficult to predict. The landscape changes very quickly, however, the stable market conditions mentioned hold the Canberra residential property market in good stead.

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Tasmania

Statewide

The Apple Isle unfortunately has the highest per capita rate of COVID-19 cases in the country, however the good news is that much of the infection is based in the north-west sector of the state where a significant cluster developed out of the medical centres. This region has been in significant lockdown for over a week.

The balance of the state, being the north and southern regions, while in standard lock down are largely infection free which is an encouraging development.

Our Tasmanian Herron Todd White office buildings have now been fully closed for almost five weeks with all staff working remotely from home. Our administration team meets every morning thanks to Zoom and there are weekly catch ups for an online Friday afternoon drink!

Contactless inspections for those isolated remain a small percentage of our work, representing just about two percent of volume.

While market activity has been subdued, we are not seeing any evidence of price adjustments to date.

There has been, especially in the south and east coast, a flood of ex-Airbnb properties onto the rental market. This may actually have a positive result in Hobart by easing the housing shortage with additional supply.

Discussions held with local residential property managers suggest that while there have been some tenants asking for rent relief, this has not been widespread.

Tasmania is largely reliant on the tourism sector which has been stopped in its tracks. While an easing of the lockdown would be a welcome relief and may provide the opportunity for intra-state tourism, it is very unlikely a sustained recovery will occur until planes can fly in again. The potential loss of Virgin services could also exacerbate the situation. It took many years for the state to recover from the pilots' strike and there is a fear that the hoped for bounce back once lockdown is lifted may be more like a dead cat bounce!

As the old saying goes, crisis provides opportunity. As mentioned earlier, we have yet to see any significant price adjustment movement. That said, it is logical that mainland buyers will not be active in our market for the next period. This is likely to weaken demand and thus provide buying opportunities for local first home buyers and investors. The collapse of the Airbnb sector is also likely to see some properties offered to the market that otherwise may not have been. This may provide additional supply to the inner to middle ring Hobart suburbs together with more tightly held coastal markets such as Coles Bay.

Despite the current situation, there remains optimism for the state. If and when the virus is contained in Tasmania, the state has the opportunity to build on its clean, green persona. The past few years have already seen climate changers coming to the state to escape the heat in mainly Queensland and Western Australia. To this list, we could expect virus changers to make the move. Tasmania does not have an operational international airport which provides a buffer when that sector of travel finally re opens.

Hoping all stay well as we progress through what are certainly challenging times.

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