



Buying Or Selling In A Recession

Thanks to COVID-19, Australia's economy has entered its first recession since 1991.

Of course, many people have struggled through these unprecedented times, but for others, buying or selling property in this recession has been more achievable than you think.

Here we list some of the potential advantages of buying or selling during this recession:

1. Property prices stabilised

Home prices across Australia have climbed 150% since 2001. But the impact of the pandemic has slowed Australian property value growth. While some property sectors have grappled with the effects of economic decline, some areas are thriving.

Historically low interest rates

The Reserve Bank of Australia has reduced the official cash rate to a historic low of just 0.25%. Most banks responded by also reducing home loan interest rates. This means that home loan repayments have never been so low.

2. Buyer demand exists

Although it has been reported that investor activity in the property market is lower, first home buyers (FHBs) have taken the opportunity to enter the market. FHB enquiries have grown² and with the government incentives currently available, combined with low interest rates, interest from Millennials has spiked.

3. Government schemes and grants available

Both Commonwealth and state governments are offering help and incentives to homeowners. From first home owner grants, to stamp duty relief and homebuilder schemes, there are various options available across the states and territories to help you on your property journey.

4. Opportunity for upgraders

For those who are able, the historically low interest rates could be an opportunity to obtain increased value for money.

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This may be an opportunity for you to upgrade your home for a growing family, have a dedicated room for working from home, create additional desk space for home schooling or extra space for teenagers.

While there are advantages of buying or selling in a recession, there are also other factors to consider.

Banks are looking very carefully at the sectors where potential borrowers are employed, especially the tourism, events, entertainment and hospitality sectors. It is still possible to secure a loan and while there may be more scrutiny, as your finance specialist, we will present the most suitable options and assist with every step of your application.

It is important that you consider your individual circumstances before committing to a decision. In these uncertain times, as your finance specialist, we will ensure you are aware of all the pros and cons of each option so you can make an informed decision to benefit your family.



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¹ UCL Institute for Innovation and Public Purpose, When homes earn more than jobs: the rentierization of the Australian housing market: <https://www.ucl.ac.uk/bartlett/public-purpose/sites/public-purpose/files/iipp-wp-2020-08-rentierization-of-australian-housing-market.pdf>

² Realestate.com.au, Millennials charging the property market, but could face long-term pain : <https://www.realestate.com.au/insights/millennials-charging-the-property-market-but-could-face-long-term-pain/>