

# Identity Property Buyers

NEWSLETTER #058



## How Does Reopening Our Borders Affect The Property Market?

What a disrupted couple of years we have experienced, with dreadful fires ravaging the country, repeats of unprecedented floods, a global pandemic and now a war in Ukraine. These events all have various influences on the property market and in these cases all are completely out of our control.

Very recently the government opened the international borders to vaccinated tourists, visa holders, international students and returning residents/citizens. All without the need to go through the taxing 14 day quarantine process.

To put some context around international arrival volumes into Australia, the following comparisons can be made:

34670 — Dec 2020

195,760 — Dec 2021

1,800,000 — Pre CoVID 5 Year December Average





With all those drastic major disrupters, predicting where the market is heading is almost impossible. However if we just look at international arrivals we can try and add some logic surrounding what is likely to transpire as a result.

**The affect of students returning** to Australian universities will result in a return to normality for the student accommodation sector. Inner city high rise towers and accommodation surrounding universities which currently are experiencing high rental vacancies will be filled with tenants.

Rents have dropped dramatically over the past couple of years with respect to this accommodation type, but with students returning we will see a much tighter rental market, along with increases in rental returns for investors who own this secondary investment class. We are also likely to see some of the property value lost as a result of poor rental returns move back up closer to pre COVID levels.



**The return of international tourists** to Australia will see a rebalancing of the short term rental accommodation market. Over the last couple of years Airbnb styled rentals have transitioned across to long term rental accommodation for obvious reasons. The transition of the majority of these rental properties back to short stay will take some time but it is expected that a large portion will do so.

The effect here will be positive for the investor, with more people/tenants looking for long term accommodation when this transition happens. As vacancy rates in the areas affected reduce, increases in asking rents will result.

When rental yields increase in these tourism/lifestyle areas more investors will be lured to these markets, which will result in upward pressure on housing prices.

**Rising Rents!**





**International migration** to Australia will again mean in the short term that more people are looking for long term rentals. When people migrate to Australia they typically come in to our major cities for employment to begin with. They will initially rent in an area close to their employment while they determine where it is they are going to live more permanently.

Once they have determined their longer term location for living, the ones fortunate to be able to afford to buy will do so. This process will take years to occur so the likely pressure on the housing market will play out a couple of years after the influx of migrants.

So if we summarise what the effect of the international borders opening will do to our property market, we can be sure of one thing...

## **Rents are on the rise!**



Let our professionals at IDentity Property Buyers help you avoid all those costly mistakes and provide you with a fantastic experience and an exceptional end result....



Make contact today and schedule in a **Free, No Obligation** chat with one of our Buyers Agents & Property Strategists.

Don't get left behind when the market is moving, take control with your very next steps in a professional way today!

MAKE CONTACT

web: [www.identitypropertybuyers.com.au](http://www.identitypropertybuyers.com.au)

email: [greg@identitypropertybuyers.com.au](mailto:greg@identitypropertybuyers.com.au)

Phone: +61 (0) 491 759 126

Written by Greg Egerton Buyers Agent & Property Strategist



At IDentity Property Buyers we build Investment Portfolio Plans for clients who want exceptional results.

SIGNUP HERE

Signup to our **Free Newsletter** & receive valuable information on Purchasing Tactics, Market Trends, Investment Strategies and much more.

Disclaimer - This information does not constitute personal advice and should only be used for general discussion purposes only.