MEDIA RELEASE

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CUSTODIAN
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NATIONAL SURVEY REVEALS INVESTORS POISED TO BUY IN 2021

Property investors are back in the market with a new national survey revealing almost 20 per cent plan to buy another property in 2021 and the eastern seaboard is firmly in their sights.

The survey conducted on behalf of property investment group, Custodian, revealed 22 per cent of respondents had put off buying an investment property in 2020 because of COVID.

Custodian Managing Director James Fitzgerald said the survey results showed that confidence had returned to the property investment market with 19 per cent of respondents who already owned an investment property and 6 per cent who didn't own one yet, ready to buy in 2021.

New South Wales was top pick for an investment property in 2021 with 33 per cent of respondents planning to buy there, followed by 29 per cent in Victoria and 27 per cent in Queensland.

About 6 per cent were planning to buy in South Australia and Western Australia, 4 per cent in the Northern Territory and 2 per cent in Tasmania and the same number overseas.

Mr Fitzgerald said in 2020 more than a third of investors who had changed their plans had done so because they were worried they might lose their income, but 8 per cent said they didn't buy because there was a shortage of listings.

He said many of the doomsday forecasts of property prices bottoming out in 2020 hadn't eventuated and in fact many markets held firm and were starting to experience price growth.

"Our clients didn't slow down at all," Mr Fitzgerald said.

"In fact, in Victoria, the state hardest hit by COVID restrictions, our sales have been the highest ever.

"It's actually a good time to buy, money is cheap, interest rates are at ridiculously low levels and vacancy rates are very low."

A third (31 per cent) of investors said a vaccine would give them more confidence about buying in 2021, while 21 per cent would use the opening of international borders as a signal the time was right to buy.

About 15 per cent of respondents wanted to wait until unemployment figures dropped below 5 per cent, although Mr Fitzgerald said history showed that unemployment levels didn't really affect house prices.

"When you look at what happened to the property market during previous economic catastrophes, it was the one thing that showed resilience," Mr Fitzgerald said.

He said when unemployment levels hit 11.25 per cent after the 1990 recession, house prices on a whole increased.

"During the Global Financial Crisis of 2009, unemployment rose to 6 per cent while house prices increased by 19 per cent and 24 per cent in Sydney and Melbourne respectively between 2010 and 2012.

"The recent drops in interest rates and the RBA extending Bonds from the normal three-year term to now five to ten years, means banks can now offer three to five-year fixed rate deals at well below two per cent.

"As a result, median house prices in Australia will accelerate to $1m as early as 2023."

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