

A DIFFERENT OUTLOOK FOR HOLIDAY HOMES

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With short-term rentals in popular spots filling up fast, it follows that more people will entertain the idea of buying a holiday home in coming weeks. According to Real Estate Institute of NSW (REINSW) CEO Tim McKibbin, the working from home phenomenon has shifted the goalposts and could mean a rise in holiday home transactions this summer.

“Overseas holidays are off the agenda this year which means more people will be discovering or re-discovering domestic destinations over coming weeks and months,” Mr McKibbin said.

“It’s that time of year when people have romantic thoughts about purchasing a holiday home for themselves. A decision to purchase a property should never be based on emotion alone, but when the numbers align, lifestyle is a perfectly good reason to buy.

“This year, lifestyle as a factor in a holiday home purchase potentially carries greater influence. The pandemic and its aftermath, including the widespread acceptance of working from home, means a holiday home may account for a larger proportion of a purchaser’s time spent.

“A holiday home in 2021 has the potential to be much more than a weekend getaway for families when timing makes it possible. Instead, a visit to the holiday home in the future could form part of their weekly routine.

“This realisation could result in an uplift in transactions in holiday destinations this summer,” Mr McKibbin said.

In some respects, the increase in activity is already underway.

In New South Wales, the 3.1% growth in regional dwelling prices in the three months to November significantly outperformed Sydney (0.3%), according to CoreLogic figures. Regional NSW sales volumes for the same period showed a huge 14.2% increase, underlining the pandemic-fuelled decentralisation trend.

“Buying property is always a serious financial decision. Unfortunately, some spur of the moment purchasers experience buyers’ remorse because the acquisition was driven by a disproportionate amount of emotion and not enough reality analysis,” Mr McKibbin said.

“But if the purchase is for lifestyle, and the prospect of rental returns for part of the year is simply a bonus, it can make both emotional and commercial sense, depending on the numbers.

“Should the decentralisation trend triggered by the pandemic continue to play out, demand for quality properties in traditional holiday destinations will steadily swell and become less susceptible to seasonal shifts. It follows that the impact on prices will be positive.

“Instead of a holiday home being a cause for buyer’s remorse, as it may have in the past, this year people who don’t proceed with a well-considered holiday home purchase may experience a case of lifestyle remorse,” he said.

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For further information contact:

Tim McKibbin, Chief Executive Officer, REINSW
Mobile: 0415 931 013
tmckibbin@reinsw.com.au

Stephen Naylor, Wise McBaron
Mobile: 0432 656 193
stephen@wisemcbaron.com.au

About REINSW

The Real Estate Institute of New South Wales (REINSW) is the peak industry body for real estate agents and property professionals in NSW. It represents more than 2000 agencies across residential sales, property management, commercial, strata management, buyers’ agency, agency services and auctioneering. Established in 1910, REINSW works to improve the standards, professionalism and expertise of its members to continually evolve and innovate the industry. It lobbies the government and industry on behalf of members, develops new products and services to benefit agencies and professionals, and offers training and ongoing professional development. For more information, visit reinsw.com.au.