



The Effects of the Corona Virus on Property Markets – Everything You Should Know

24 July 2020

By **Nyambura Tabitha**
Markets Reporter



The novel coronavirus has so far been the most devastating event of the year. It is, in fact, one of the most devastating economic crisis since the 2008 financial crisis. The pandemic is hitting nations around the world on

two important fronts.

First, it is a major public health crisis that has killed over 600, 000 people worldwide and infected over 15 million. The COVID 19 pandemic is also hitting global economies hard. In the US for example, millions of people are now filing for unemployment claims and most businesses have already shut down.

COVID 19 and Real estate

The real estate industry is also

expected to be hard hit by the pandemic. There are several reasons for this and we will cover them in detail here below:

Economic Uncertainty

A lot of people around the world right now are either on unemployment benefits, out of work, or facing several cuts in wages. This is a period of huge economic uncertainty too. Although some countries in Europe and Asia have

◀ done so well to handle the virus, it will take months before we get back to normal.

But the US, unlike some of these Asian and European countries, is far from getting the virus under control. With this kind of uncertainty, people are far less likely to make major financial commitments like buying a home or renting commercial property. We also expect this uncertainty to continue for as long as the COVID 19 crisis is in the public domain.

Property Prices Are Not Looking Good

Typically, during an economic crisis, property prices tend to be significantly affected. For example, during the 2008 financial crisis, property prices collapsed as the US and most countries in the world tried to survive the ensuing recessions.

According to the National Bureau of Economic Research, the United States [is officially in a recession](#) right now due to the economic impact of

But the US, unlike some of these Asian and European countries, is far from getting the virus under control

this public health crisis. As a result, we expect property prices to decline soon.

Prices could still rebound once the economy starts to reopen. But right now the rate of new COVID infections is trending upwards in the United States. Any potential reopening may have to wait a little bit longer than expected.

Working from Home Could Be a Long Term Thing

The coronavirus pandemic has forced a lot of people to work from home. Universities and schools are also teaching students online. While this is not an ideal situation, it is a trend that seems to be catching on.

It will not be a surprise even after the pandemic we have a significant portion of people working from home.

If these trends hold, two things will happen. First, we may see a significant exodus from the large cities as people look to settle in suburbs and work from there. This may affect property prices in large urban areas. On the flip side, an influx of property demand in suburbia could lead to a sharp increase in prices. But we will have to wait and see how this plays out.

How to Get More Insights on Real Estate

In case you'd like to get more insights on the US property market, especially now that we are dealing with a global pandemic, feel free to reach out to Brookfield Asset Management anytime. You can also check out the Brookfield Infrastructure Income Fund for more on how you can get more exposure to real assets.