

# COVID-19 Sector Implications

## Property

Please note that this sector summary should be read in conjunction with the [Overview](#), and that the information below considers the impact to date of COVID-19, then looks to the future under two different recovery scenarios. Additional information about the scenarios can also be found in the [Overview document](#).

- The first scenario assumes recovery by the end of 2020
- The second scenario assumes a longer-term recovery

### Impact to date

The immediate impact is a halt to most new investment activity. New projects are being deferred with an emphasis on a defensive approach in focusing on sustaining value from the existing asset base.

In the near term we will see tenants seek rent relief from their landlords, particularly in the hardest hit sectors such as retail, hospitality and tourism but this will inevitably extend to all sectors.

So, in the short term it will be all about survival and making the best of a bad situation – good open communication between owners and their customers will be critical in this period.

### Recovery by 2020 impact

If there is recovery by Q4 2020, the property sector should return to normal relatively unscathed other than the losses incurred during the shutdown. There will be a degree of change in focus going forward - we can expect owners and occupiers looking at the health and safety characteristics of buildings, and occupiers will look to more efficiently embed permanent flexible working arrangements into their day to day operations.

### Longer term recovery impacts

If the recovery takes longer, there will be substantial rental default which, without adequate government support, will impact the on-going financial viability of many sector participants. However, longer term, New Zealand should remain an attractive destination for international investment interest.

We have additional information, insights and practical advice on the business implications of COVID-19 available for you here:

- [Business implications](#)
- [Cyber safety](#)
- [IT resilience](#)
- [Financial reporting](#)
- [Business Continuity and Crisis Management](#)

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