

# Residential Property

myhome.ie  
Thousands of homes @ one address



Thursday, March 26, 2020 Editor Madeleine Lyons. Phone 01-6758000 email property@irishtimes.com

## What does lockdown mean for property buyers and sellers?

Those mid transaction face delays, while estate agents scramble to offer end-to-end online sales

### Madeleine Lyons

The purchase or sale of a home is one of the most stressful and costly transactions most individuals will undertake in their lifetime. Throw a global pandemic into the mix and consumer confidence plummets even though the underlying market conditions might remain the same.

This is what's currently happening and the situation is changing by the day. Late last week selling agents reported a rise in online traffic to websites and virtual viewing activity was up as potential buyers could no longer visit properties.

Property sales already in train continued to transact as normal and agents scrambled to offer quality virtual viewings of their properties using 3D technology and teleconferencing platforms.

Marian Finnegan, managing director of residential at Sherry FitzGerald told The Irish Times that "sales were still closing on all levels of value, which is very positive. The banks and solicitors are working as normal with clients to complete deals".

DNG had several hundred properties sale agreed across its network, and chief executive Keith Lowe said "the majority of these sales have contracts issued with the balance being issued. Contracts are still being signed by buyers and with no increase in the number of fall throughs over the norm".

David Byrne, managing director of Lisney, also notes that where properties have gone sale agreed buyers have indicated that they intend to proceed.

"There will naturally be a degree of pause to weigh up the pros and cons of proceeding versus withdrawing and essentially having to revert to the drawing board when this crisis averts. When it is a family home buyers take the view they are buying for the long term and that, although dreadful, this is likely to be a relatively short-term crisis which will pass."

Emer Costello of Felicity Fox reports that it has just agreed the sale of a penthouse in Hanover Dock at over €1million and that demand remains for viewings of freshly launched properties.

For people who have already gone sale agreed on their homes and are close to exchanging contracts the impact of the latest lockdown is likely to delay closures.

Right up to early this week surveyors and valuers could inspect properties - adhering to safety guidelines - in order to carry out assessments for buyers and banks, and anecdotally at least, plenty of deals were being rushed through. But following the latest Government restrictions on movement the



Society of Chartered Surveyors Ireland has told members to avoid non-essential direct contact with clients, customers or tenants through inspections, repairs, viewings or appraisals. In "essential" cases it said the members should liaise with all parties and comply fully with Government and HSE guidelines. No visits will be made to properties where the occupants are in self-isolation.

#### Administrative delays

Add to this likely administrative delays in sourcing title deeds and land registry certificates from Government offices. The entire process has been stymied - temporarily at least - but enough to throw the busiest property selling season off kilter completely.

Uncertainty around jobs - especially among lower paid workers who don't enjoy job security - also has the potential to dampen demand longer term for property and house values in general.

Karl Deeter of Irish Mortgage Brokers has seen no change in the way the banks operate in relation to releasing mortgage funding but "there is a lot of trepidation among buyers who are wanting to put things on hold. It's a bit puzzling re-

ally because if you need a house at the start of coronavirus it doesn't change your need for a house".

Deeter argues that a knock to market sentiment shouldn't really change underlying property values. "Given the raft of global measures and financial supports put in place, the economy is awash with liquidity and this heralds a return to the same kind of market where money chases yields and where property should be viable."

David Byrne of Lisney agrees: "House prices rarely fall overnight in real terms, sellers of houses are more likely to hold out for the crisis to pass and wait for their price than to react too quickly and sell at a reduced price. If the economy recovers quickly (within six months) I believe you might see a slight fall in the short term but a quick recovery thereafter as underlying demand remains strong."

The nearest comparable example of a global unexpected shock was the attack on the Twin Towers on 9/11 when prices fell for a short period but recovered quite early the following year (albeit with the help of a Government stimulus for housebuilders).

Looking to the more recent experience of China, it is probably still

too early to tell what its recovery looks like as the story is still unfolding - but there the number of residential sales transactions fell by 40 per cent in February with prices falling by just 0.24 per cent according to China Index Holdings.

Meanwhile Savills offices across China (30,000 staff are employed in Asia) have reopened with the exception of Wuhan which is scheduled to reopen in late March. Its research indicates a timeline of nine weeks between the first coronavirus cases in Wuhan and the Chinese economy returning to 80 per cent capacity.

David Browne, Savills Ireland's head of new homes says: "There is an underlying need for homes here, so if this crisis is short-lived we would expect a prompt return to increased transactions. Recovery will be determined by the length of time we are shut down."

#### Huge pressure

On site construction, though ongoing, is likely to be hampered and Browne expects the entire sales process to be delayed as there are restrictions with service providers (such as solicitors) working from home.

It's a worrying time for anyone in

■ For people who have already gone sale agreed on their homes and are close to exchanging contracts the impact of the latest lockdown is likely to delay closures.

rented accommodation who may have recently purchased a new home and is just waiting for the keys. The lockdown delays everything and puts huge pressure on those for whom a clock is ticking or whose financial circumstances may change.

The Law Society says it's business as usual for the completion of contracts, and the contract provisions relating to default will apply, "unless the non-defaulting party takes a 'good faith' approach".

But when it comes to new conveyancing contracts being negotiated it has advised members to "insert a clause to account for circumstances where the usual conveyancing practices and procedures cannot be observed due to necessary services not being available from third parties and restrictions from Covid-19."

On the funding front, Darren Spearing, selling agent with Sherry FitzGerald in Dublin 8 and Dublin 12 areas says: "Some people are panicking that their mortgage approval will run out in a few months. They are afraid that if they don't buy within this window they may not get an opportunity to renew their mortgage applications."

The response of and reassurances from the banking sector will be critical over this period in bolstering consumer sentiment.

Meanwhile, estate agents have been thrust overnight into conducting their businesses almost entirely online.

From valuations to viewings to making offers to closing deals it's something of a game-changer for how the industry operates. This sudden immersion in online business will prove to be a massive industry experiment. Those who can adapt fastest and offer the complete suite of buying and selling entirely online are likely to reap the greatest rewards in this very uncertain time.

Coronavirus fallout - page 2  
- View, negotiate and buy a home - entirely online  
- Residential landlord/tenant Q&A

## Covid-19 drives short term lets to long term rental

RONALD QUINLAN

The rapid spread of coronavirus has prompted a flight from the Airbnb model of short-term rentals to long-term rental in key Dublin areas.

According to the latest listings from property rental website Daft.ie, the number of available one- and two-bed properties in Dublin 1, 2, 7 and 8 jumped to a five-year high of 535 on Tuesday evening.

The figure represents a massive 83 per cent increase on the 293 one- and two-bed properties that had been available to rent in the same three weeks (March 1-24) in 2019.

The figures for the equivalent period in 2016, 2017 and 2018 meanwhile were 348, 288 and 275 properties respectively.

The early numbers have certainly been dramatic, and are likely to become more dramatic still as those landlords who took advantage of the tourist boom over recent years to turn a quicker buck return their apartments and houses to the less lucrative and longer-term rental market.



■ Owen Reilly says Covid-19 represents a fundamental challenge to Airbnb

Outside of the four postal districts that are within tourist-friendly walking distance of Dublin city centre, the migration of short-term rentals to the traditional rental market has been less pronounced.

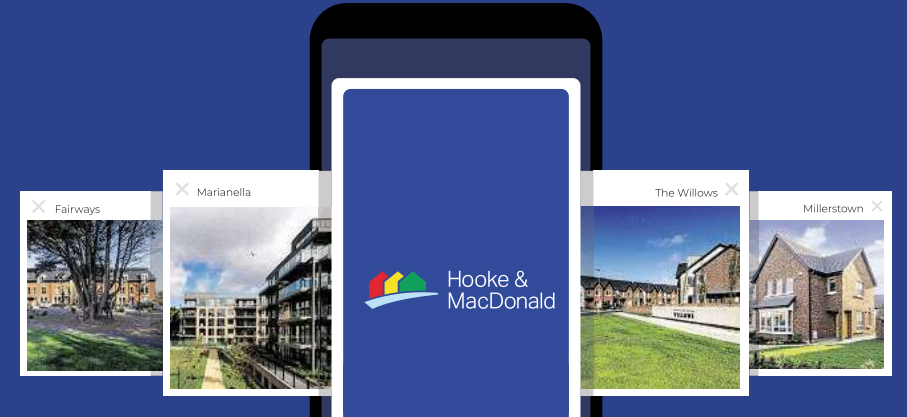
The latest figures show the rest of Dublin has now registered a 22 per cent increase year-on-year in the number of one- and two-bed properties available for rent, going from 1,059 in March 2019 to 1,295 by Tuesday evening. Beyond the capital the numbers have actually fallen in the equivalent period, going from 1,889 properties available to rent last year to 1,961 now.

So what to make of it all? Could this lead to the demise of short-term rentals or is it simply an unwelcome break in service for those involved in their delivery?

Estate agent and residential lettings specialist Owen Reilly says Covid-19 represents a fundamental challenge to Airbnb and similar operators acting as intermediaries between landlords and tourists.

"I think it is a challenge. I think landlords won't quickly forget what has happened over the past couple of weeks."

Continued on page 2





## Hooke & MacDonald

Providing and supporting a connected way to do business.


We are operational for business across all our departments;

Residential Sales	Property Management
New Homes	Commercial
Lettings	Investment
Valuations	Site Sales







All social channels




Digital viewings



Online Video



Phone



Email

We have dedicated teams available to help with all queries

Whether buying, selling, renting or investing, contact the specialists

info@hmd.ie