



owenreilly

Owen Reilly Report

Q2 2020



“Average selling prices were 3.48% above asking price since lockdown, a most surprising statistic.”

“7% of our managed tenancies ended prematurely in Q2 as a direct result of technology companies telling their employees to work from home for the rest of year.”

Owen Reilly, Director

We embraced virtual showings and transaction management, but the pandemic took its toll on business.

Covid-19 had a profound impact on the Dublin property market. While business quickly pivoted to be conducted virtually, market activity was a fraction of its pre-COVID level as a result of in-person showing restrictions. As lockdown eased and activity returned to the market, strong activity was supported by pent-up demand. Longer-term, for-sale market conditions will depend on the wider economic recovery and the containment of COVID-19.

Sales activity fell sharply this spring and we experienced a 60% fall through rate. While dramatic in magnitude, the drops were the result of lockdown rather than serious structural shifts in demand. Some of these buyers have now re-engaged with us and in some cases, we had to re-negotiate with buyers. Listed inventory was also affected by COVID-19. In second Quarter 2020, our active listings fell by 90% compared to Q1.

The decline in properties listed for sale that started in March accelerated in April and May as many properties were withdrawn from market. Because of a drop in sales at the higher end of the market, median and average price declined significantly when compared to Q2 2019.

When lockdown measures were lifted in June, we noticed an immediate increase in activity and there was obvious pent-up demand with a lack of supply. In June, our average selling price was 3.48% above asking price with strong demand on all property types and fast selling times.

In the rental market there was a 50% increase in the supply of rentals due to the short-term rental market collapsing. This combined with reduced demand created a tenant's market for the first time in years. Rents in Q2 fell 7% and void periods trebled to six weeks but there are signs now that the market has stabilised. Technology played a key role in our rental transactions which were virtually the same as Q2 2019. In many cases we let properties using VR walk through tours only and did not meet the tenants in person with leases

digitally signed. Remote rentals will now be a feature of the market going forward.

In our managed portfolio we temporarily re-adjusted 15% of our managed tenancies with an average reduction of 20%. Most of these abatements have now ended. In April, large technology companies like Facebook and Google advised their employees they could work from home for the rest of the year. This directly caused 7% of our managed tenancies to end prematurely. Most of these tenants were from continental

Europe such as France, Italy, and Spain. All of these tenants intend to return in the new year.

In my opinion the real test for the market will come in the Autumn when typically, there is a pickup in supply. The question is, will the demand be there? Economic data and mortgage lending will really pay a huge role. Right now, we are meeting the needs of really motivated buyers.



Google employees advised to work from home for the remainder of the year.

Dublin residential sales market

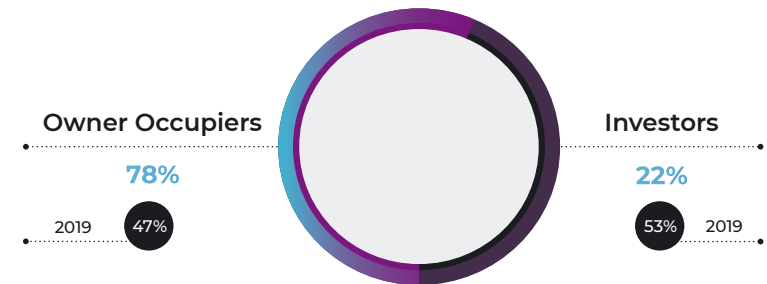
Q2 transactional data (compared with Q2 2019)

Average asking price:	Average selling price:
€415,556	€430,000
Asking v selling price:	Weeks on market:
+ 3.48% (+2.54%)	14.3 (10.2)
Fall through rate:	Average price per sq.m. / sq.ft.
60% (23%)	€6,209 / €577 (-10.82%)

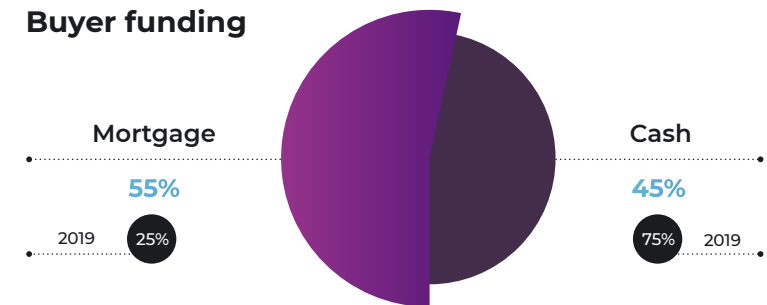


28 The Warehouse, Dublin 8 sold for €570,000

Buyer profile



Buyer funding



Nationality of buyers



Dublin residential rental market

Q2 transactional data (compared with Q2 2019)

Average monthly rents

One bedroom apartments	Two bedroom apartments	Three bedroom apartments
€1,790 (-4.2%)	€2,320 (-15.6%)	€3,450 (+13.9%)
Average monthly rent	Average combined salary	Rent inflation
€2,329 (-10.2%)	€119,000 (-23%)	-7%

Agreed Rental Values

10.2%

Lower than
Q2 2019

Household Salary

23%

Lower than
Q2 2019

Average Rent Abatement

20%

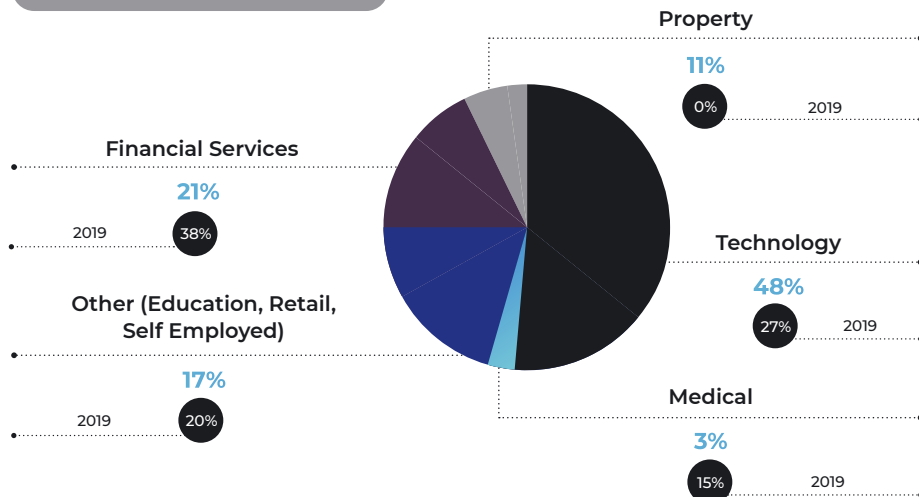
For three months

Tenancy Terminations

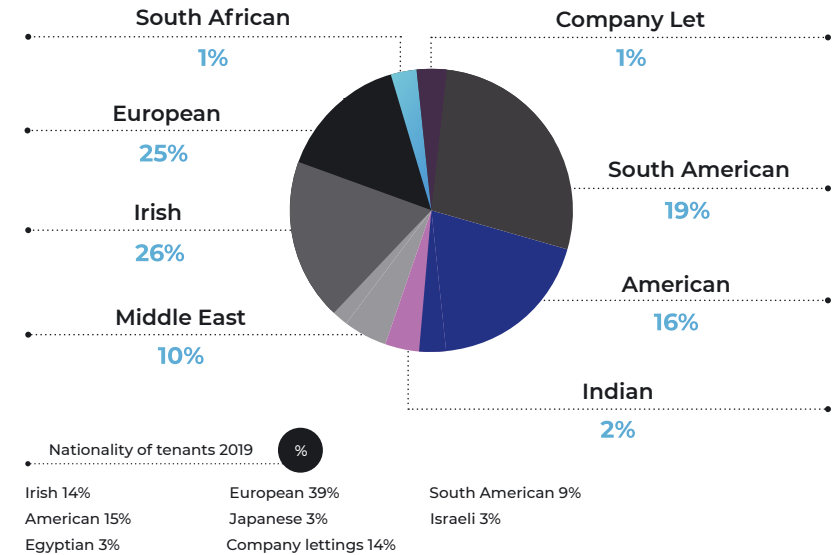
7%

Tenant Profile

Work sectors



Nationality of tenants





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The information in this document is based on transactions only and our observations of the market. However, Dublin comprises unique and diverse neighbourhoods and features many very different apartment developments. We will be pleased to provide more detailed breakdowns or background information to particular areas or developments.

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