



COVID-19 & IRELAND'S RESIDENTIAL MARKET

The impact of Covid-19 on Ireland's residential market is unprecedented in terms of the level of uncertainty it has created. While the arrival of the virus in Ireland is relatively recent, we can look to the experience of China and other Asia Pacific countries which have been feeling the impact of the virus for a number of months now. The following analysis shares the insights of our Knight Frank colleagues in these regions which may be helpful to us in assessing how our market may react in the coming months also.

THE IMPACT OF COVID-19 ON ASIA'S RESIDENTIAL MARKETS

The number of new Covid-19 cases peaked in China on 12th February, and on 19th March, for the first time, Wuhan and the wider Hubei province, recorded no new cases.

With the UK, Europe and the US lagging the Chinese trajectory by several weeks, a look at how the Chinese and Asian property markets are now performing - two and a half months since the first case was identified - provides an interesting insight on the potential future path for other global property markets. Knight Frank's Kate Everett-Allen comments: "While the different global responses to Covid-19

mean we should be careful to draw strict comparisons - the experience in Asia suggests that once new infection numbers drop there is a relatively rapid uptick in activity - albeit from very low levels."

CHINA: MARKET ACTIVITY IS RISING IN CITIES WHERE STRINGENT QUARANTINE RULES WERE IMPOSED

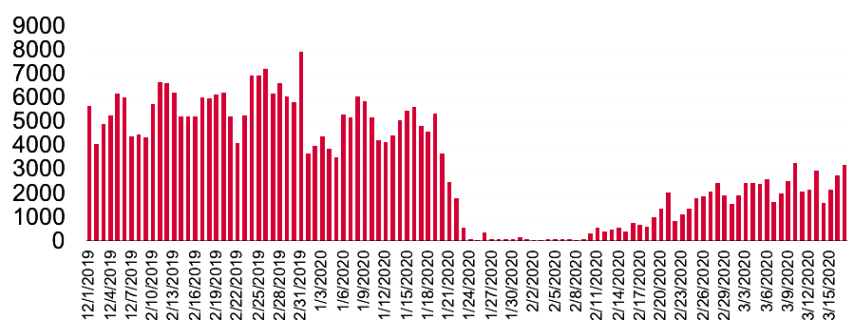
It is still early days and the nascent recovery could yet be reversed, but the latest data from two sources, Sou-Fun CREIS, one of the China's largest property portals, and Capital Economics, suggest a recovery of sorts is emerging in some Chinese cities. The latest data from Sou-

Fun CREIS shows weekly residential sales in Shanghai dropped to a low of 62 in the final week of January but increased to 1,374 sales in the week commencing 9th March.

Similarly, data from [Capital Economics](#), which tracks the number of property sales across 30 major Chinese cities, reveals that 39,455 sales transacted in the first 17 days of March, this compares to 4,578 over the same period in February.

This tentative recovery, however, comes on the back of a marked slowdown. Sales in China's 30 major cities declined from 7,929 on 31 December (the day the first case of Covid-19 was identified) to a low of just 22 on 8 February 2020.

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China: Residential sales in 30 major cities
No. of units sold per day



Source: Capital Economics

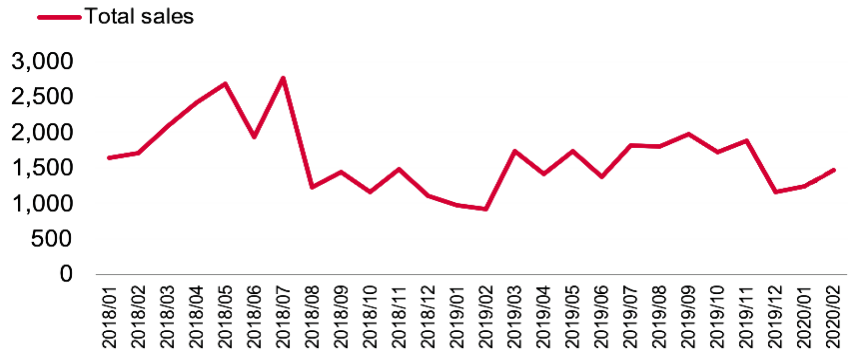
SINGAPORE: SALES ACTIVITY LARGELY RESILIENT

In contrast to China, Singapore’s market has proved largely resilient throughout the crisis with 1,464 sales completing in February 2020, up from 916 in February 2019.

According to Knight Frank’s Dr Lee Nai Jia: “There are a few reasons for the increase in sales. Some buyers are purchasing with wealth preservation in mind. In addition, the launch of new developments has generated additional interest.” Dr Lee NaiJia adds: “I think the way Singapore reacted to the pandemic

Singapore residential sales

No. of units sold



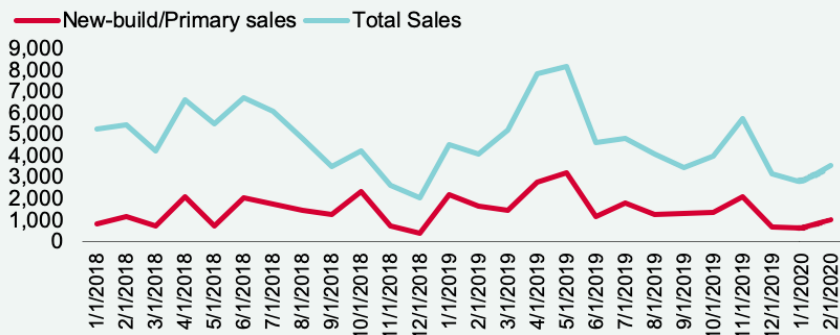
Sales include all private residential sales excluding executive condominiums and were based on caveats lodged. Downloaded on 18 March Source: Urban Redevelopment Authority

has helped support buyer confidence.” Singapore was quick to impose strict travel rules and tracing protocols, and

to date, has seen no deaths and only 313 cases reported.

Hong Kong: Residential sales

No. of units



Source: Land Registry of Hong Kong

HONG KONG: NEW-BUILD SALES ACCOUNT FOR A RISING PROPORTION OF TRANSACTIONS

Mirroring other Asian markets, the month of January saw the lowest number of sales in Hong Kong, reaching 2,762 before rising to 3,572 in February. New-build sales as a proportion of total sales has also increased from 21% in December 2019 to 28% in February 2020. Lower interest rates and volatile equity markets may be cushioning demand levels.

SECOND SPIKE?

Despite the tentative rally in sales, a number of Asian cities appear to have seen a number of new Covid-19 cases in the last few days as quarantine rules have been relaxed. Hong Kong recorded 20 new cases yesterday. As a result, calls to keep [global travel restrictions](#) in place for longer may intensify to reduce the likelihood of a second spike in some markets.

WHAT DOES THIS MEAN FOR IRELAND’S NEW HOMES MARKET?

While it’s too early to tell what the overall impact will be for the New Homes market, so far we have seen very little evidence of a reduction in the desire to purchase a new home, particularly with first-time

buyers according to Ray Palmer-Smith, Head of New Homes at Knight Frank in Ireland. “At Knight Frank we have seen very little fall-through so far on existing sales with buyer sentiment mostly that people expect there to be an unavoidable slow-down in volume of transactions over the next two or three months most likely followed by a surge immediately thereafter” states Ray.

He explains that “international investor enquiries, particularly through our Asia Pacific offices, have significantly increased since the initial shut-down in Asia due to Covid-19 as investors have time to view new potential markets.” Practical changes to the way the industry must operate (no open-houses) have meant that developers have universally postponed previously

planned launches and we will start to see many more developments made available to reserve through virtual viewing with some developments delaying launch until later in the year.

If you have any queries relating to the impact of Covid-19 please don’t hesitate to contact:

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