



IRISH RESIDENTIAL MARKET REVIEW

| SPRING 2020

INTRODUCTION

The outbreak of COVID-19 presents a once in a generation global public health crisis. The necessary precautionary health measures taken by both the Irish and international governments to restrict the movement of people will undoubtedly have adverse ramifications on the economy and the housing market.

IMPACT ON THE MARKET

Projecting the total economic fallout and impact on the Irish housing market from the lockdown and the accompanying restrictive measures is incredibly challenging. With the crisis effectively pausing the Irish economy temporarily, it presents a shock to the economy unlike any experienced in living memory.

Prices held firm at the end of the first quarter, but there is some potential downside risk, as the economy and labour market adjusts. In terms of sales activity, early indications suggest some degree of a slowdown at the end of the first quarter, albeit minimal. This will become more apparent in quarter two data with the full extent of the lockdown physically restricting the sales process.

SLOWING ACTIVITY

Furthermore, the scale of the crisis is still unclear and remains dependent on the length of time restrictive measures are in place both at home and abroad. Inevitably though, the impact will be wide ranging, with price performance, transaction activity, and construction output all impacted in the short term to a greater or lesser extent.

CONSTRUCTION OUTPUT

Once normal economic service begins to resume, it is imperative that the Government implement policy measures designed at boosting activity. This is especially pertinent in the construction sector given the housing crisis will not have eased, but rather likely deteriorated further. Indeed, the 21,000 new homes built in 2019 represented an estimated shortfall in the region of 12,500 to 18,500, with this shortfall likely to expand further again this year given reduced output levels.

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