

REAL ESTATE

COVID-19's impact on Monaco's real estate market

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Monaco, playground of the ultra-wealthy, has some of the priciest real estate in the world given its territorial size of 0.7-square-mile, or 400 acres. Image courtesy of John Taylor

By LUXURY DAILY NEWS SERVICE

The Mediterranean principality of Monaco May 4 lifted its COVID-19 lockdown after nearly two months of mandating all but non-essential businesses to stop in-person trade in bricks-and-mortar locations.

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Not surprisingly, the lockdown temporarily halted transactions in Monaco property sales and rentals, even as the lingering effects of the coronavirus outbreak and restrictions have yet to fully materialize in that market and elsewhere. The knock-on effect will certainly be felt.

"I think there will be fewer sales initially, and this could lead to property price decreasing by a few percent," said Jean-Yves Le Graverend, director of local luxury real estate agency [John Taylor](#).

"Customers are not going to buy twice as much," he said. "They are going to wait to see the reaction of the market before making their move."

Monaco's association with COVID-19 became most personal when its ruler, Prince Albert II, contracted the virus and had to quarantine.

Now comes the question of the market's resilience in this era of uncertainty for all businesses, including travel and tourism, retail, entertainment, trade shows and real estate all of which touch Monaco.



Jean-Yves Le Graverend is director of the Monaco branch of luxury real estate agency John Taylor

In this Q&A, Mr. Le Graverend whose global employer has been in business since 1864 discusses the effect of COVID-19 on Monaco's property market and its short- and long-term impact. Please read on:

How has COVID-19 affected Monaco real estate?

It's still too early to say.

January and February were very active, but then lockdown restrictions came into force on March 17.

During the lockdown, safety regulations required all property viewings to be cancelled and the market effectively froze.

All that happened was the finalization of some transactions that were underway before the crisis hit.

Now that the market is beginning to open, Monaco realtors and clients will simply have to wait and see what happens.

One problem we face is that construction of any new builds has been severely delayed, not just by the seven weeks of lockdown, but also the new measures that construction sites must follow to keep their employees safe.

The number of workers who can be on site has in some cases fallen by over two-thirds, not to mention that getting people on to the premises takes a lot longer because each individual needs to undergo the necessary checks such as a temperature test.

This means that progress is a lot slower than before.

We are also seeing delays on the deliveries of materials that are slowing projects further.

All this makes it nearly impossible to predict when these new builds will be delivered, which is the number one question that prospective clients want to know.



John Taylor's Monaco office where it brokers property transactions and rentals. Image courtesy of John Taylor

How will the Monaco property market be impacted in the immediate future?

I think there will be fewer sales initially, and this could lead to property price decreasing by a few percent.

Customers are not going to buy twice as much. They are going to wait to see the reaction of the market before making their move.

Negotiations will be more difficult in the months ahead, driven by the global economic uncertainty.

Some clients may find that the new builds they planned to purchase or rent are now seriously delayed.

But whatever happens, Monaco will remain the most unique and expensive market in the world, and it will recover.



Monaco is the playground of the wealthy and the super-wealthy. Image credit: Wikipedia

Will this crisis have a lasting impact, or will the Monaco market bounce back quickly?

In Monaco we experienced a well-timed lockdown, which has enabled our principality to re-open earlier than many other countries.

As a result, our real estate agency has already been able to re-commence business, offering appointments and property viewings that follow social distancing regulations to protect the safety of our clients and staff.

Historically, the Monegasque market has shown us that it is the fastest in the world to recover from a recession thanks to all the assets that compose it.

So, I am very hopeful for the future.

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