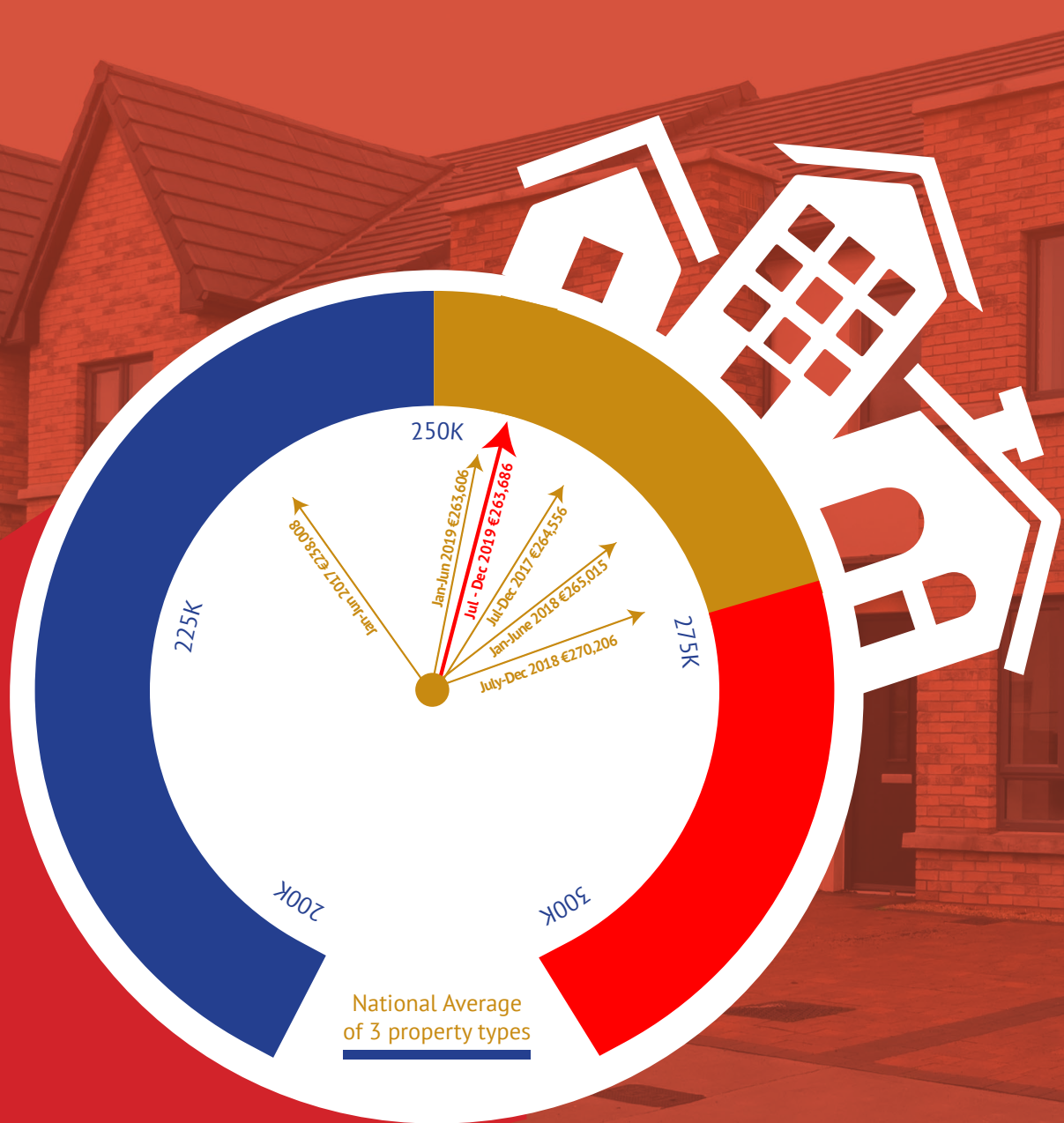


The Voice of Auctioneers & Valuers in Ireland

IPAV Residential Property Price Barometer | Results for July - Dec 2019



House Prices – End of a Price Correction?

by Pat Davitt IPAV Chief Executive



Our latest Residential Property Price Barometer charts average prices achieved by auctioneers in the last six months of 2019 for the three bestselling property types - three and four-bedroom semi-detached houses and two-bedroom apartments.

I want to acknowledge the work of our members who contribute to the study which encompasses what are effectively 41 different property markets throughout the country. Because we analyse prices actually achieved, rather than asking prices, our barometer has become a most reliable data source, demonstrated most acutely when our study for the final six months of 2017, published in February 2018, first captured the price correction in several of the more expensive areas of the country, surprising the market at the time. While some challenged the findings at that point it quickly developed 'perceived wisdom' status and became inarguable within a short space of time.

The latest figures indicate that of the 41 separate property markets, in the three bedroom semi-detached category, still the most popular home type in Ireland, 23 experienced drops, 14 saw rises with no change for four areas. The movements were not major. For example, the prestigious Dublin 4 area in this category saw a drop of 4.48pc, as did the vastly lower priced Dublin 15 area. Yet the Dublin 4 category for 4 bedroom semi-detached homes saw an increase of 4.55pc in the period.

First among the 'up' categories are Louth, Longford and Wicklow, closely followed by Westmeath, Cork County, Sligo and Tipperary. What does that tell us? It primarily speaks to the continually expanding commuter belt arising from the affordability threshold in Dublin being breached. It also points to particular local factors, Tipperary having been amongst the counties slowest to recover.

There is little doubt but that Brexit had a negative impact on property prices throughout 2019 with the mood lifting towards the end of the year with greater certainty on the horizon, even if there is still a long way to travel on the issue. It would appear that Brexit uncertainty has abated somewhat and more people are looking at purchasing property according to our members.

With this in mind it looks like the correction may be fizzling out. Listening to members about activity in

the New Year it looks like prices are going to move on and harden. So overall a disappointing enough back end to the year in Q3 and Q4 but positive signs emerging for 2020.

The property market is still mired in difficulty, however. According to the CSO the number of people in Ireland over the past five years has increased seven times more than the number of dwellings. Young people who would normally be buying their own homes are being forced to find alternatives, including living at home for longer. More households are competing for fewer available homes.

In December the Central Bank estimated that we will need to build, 34,000 homes every year between now and 2030 based on an assumption of net inward migration of 30,000 people a year. In 2019 we built 21,000.

A total of approx. 55,000 sales have been recorded on the Property Price Register for 2019, a drop of 2,239 from 2018. One of the reasons for that drop may be people on average wages being forced into the rental market because they cannot acquire credit for homes on which it would be much cheaper to pay a mortgage than rent. This is impacting on them now but the longer it prevails the more precarious it will become for them in terms of their financial wellbeing in later life.

When Rebuilding Ireland, the Government's housing strategy, was launched in July 2016 it committed to a detailed analysis of the issue of building costs and to publish the findings.

To date we have not seen the outcome of such an analysis.

As election 2020 is upon us surely it's not beyond our politicians to turn around the situation, given the critical importance of a home for the wellbeing and financial health of all citizens.

Across the following pages you will find the detail of our nationwide study along with a full analysis of the findings by Donal Buckley.

I thank most sincerely all members who contributed to this latest Barometer. Your work is making an important and proven market leading contribution.

Local markets show varied price trends: Slips, rebounds and ongoing recoveries

By Donal Buckley



The second half of 2019 was marked by a recovery of price growth or stabilisation of prices in a few markets which had seen falls or stagnation in the first half of the year.

The period also saw marked price growth in a few, but not all, commuter markets as well as in some border counties.

These are among the interesting findings in the latest National House Price Barometer survey undertaken by the Institute of Professional Auctioneers and Valuers (IPAV) among its members for houses sold between July and December 2019 year compared to the previous six months.

In the popular three bedroom semi-detached house segment 14 of the 41 local markets surveyed showed increased prices compared to only 11 markets which recorded price growth in the first half of 2019. However a still quite sizeable 23 local markets recorded falls in prices which nevertheless is an improvement compared to the 27 which recorded falls in the first six months of the year.

In the four bedroom semi-detached sector the number of markets showing increases was unchanged at 13. Reassuringly fewer markets recorded price drops, 21 in the second half compared to 28 in the first six months.

A stronger trend was seen in the two bedroom apartment sector as it continued to play catch-up. A similar number of local markets, 20, notched up price rises during both halves of the year.

While 15 markets again saw falls in apartment prices, only four of those were in Dublin. This is an improvement on the first six months when as many as nine Dublin markets had seen apartment prices fall.

Counties Wicklow, Louth and Sligo recorded some of the strongest price growth across a number of sectors.

Wicklow, which is one of the more popular commuter counties saw the strongest price growth, relatively speaking across all three house types.

Its four-bedroom semis saw the most with an increase of 8.29% during the six months to an average of €397,300. At that price it is still ranked 14th in the sector as prices in most parts of Dublin are still higher.

After falls in the first half of 2019, both two and three bedroom Wicklow units rebounded in the second half.

In the first six months Wicklow three bed semi prices fell by 1.52% to an average of €304,109. By the end of 2019 they had recovered to €316,000 after a 3.76% rebound in the second half. That was the second strongest price increase across the country in the three bed semi sector. The combination of the Garden County's coastal amenities and difficulty getting planning permission for one-off houses may be among the factors pushing up prices for estate homes.

While Wicklow's two bedroom apartments also rose in the latest period, they did not recover all their first half losses. In the first half of 2019 Wicklow two bedroom units suffered the sharpest fall of 8.58% from €225,589 to an average of €205,000. In the second half they rose 4.65% to €215,000. But that was the fourth strongest price growth in this apartment sector during the period.

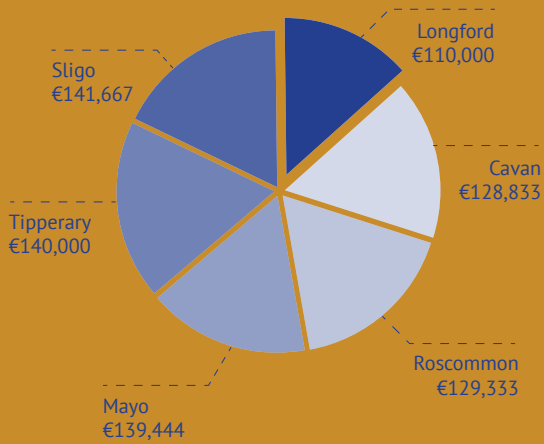
On the northern edges of Dublin's commuter belt County Louth also showed relatively respectable price growth across all three house types. This may be partly because of increased employment in the Dundalk area, and also the country's rail links to Dublin.

It showed the strongest overall price growth in the three bedroom sector with 7.14% to an average of €210,000. That strong rebound more than wiped out the 4.1% fall in the first half of the year and so there's been a net gain of 3.3% over the whole of 2019.

Louth's four bedroom semis showed the third strongest gain during the period under review with a 3.92% rise to an average of €255,000. That follows on from a 2% gain in the first half and brings the 12 months increase to 6.25%.

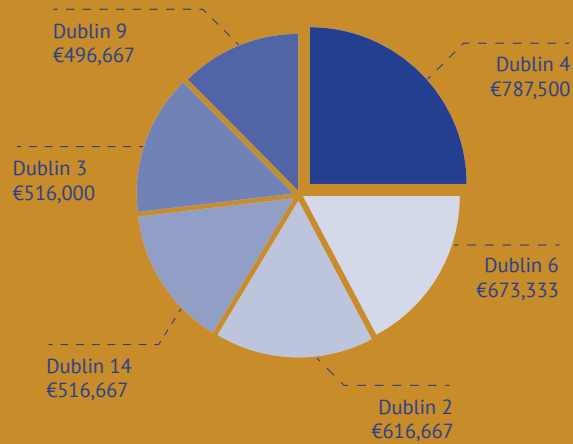
Top 6 Least and Most Expensive Locations

Results for Q3 and Q4 2019



Top 6 Least Expensive Locations - Results for July-Dec 2019

These figures are an average across the three types of properties.



Top 6 Most Expensive Locations - Results for July-Dec 2019

Louth's two bedroom units also continued their recovery with a 2.78% gain in the second half to an average of €120,000 and a 4.3% gain over the year.

Sligo also showed strong house price inflation across all three house types. There apartment prices continued their recovery with a 6.98% rise to an average of €86,000 or an 11% gain over the 12 months. Four bedroom semis in the north western county rebounded after a 1.4% fall in the first half to rise by 3.53% to €184,000 in the six months and a net gain on the year of 2.2%.

In contrast some, though not all areas of Dublin, continued to record the sharpest falls. In the three bedroom sector both Dublin 4 and Dublin 15 saw falls of 4.84% the sharpest falls in the whole market for the period.

Indeed this brings the average three bedroom semi in Dublin 4 to €837,500 which is an 11.8% fall over the 12 months.

On the other hand the second half of the year saw the larger four bedroom semis in the sought after postal district recover some but not all of their first half losses. In the first half, these house types fell a whopping 12.5% and in the second half they rose 4.55% which was the only Dublin market to record a price increase for four bedroom semis during the period under review.

That curtailed the net loss over the year in Dublin 4 to 8.3% but these are still the most expensive four bedroom semis in the country at an average of €1.1m. Some observers might attribute this second half rise to bargain hunters seeking to avail of the average €100,000 price fall.

Two bedroom apartments in the area remained the most expensive in the country at an unchanged average of €425,000 where they appear to have plateaued. However new prime apartments in Ballsbridge can achieve considerably more than those amounts.

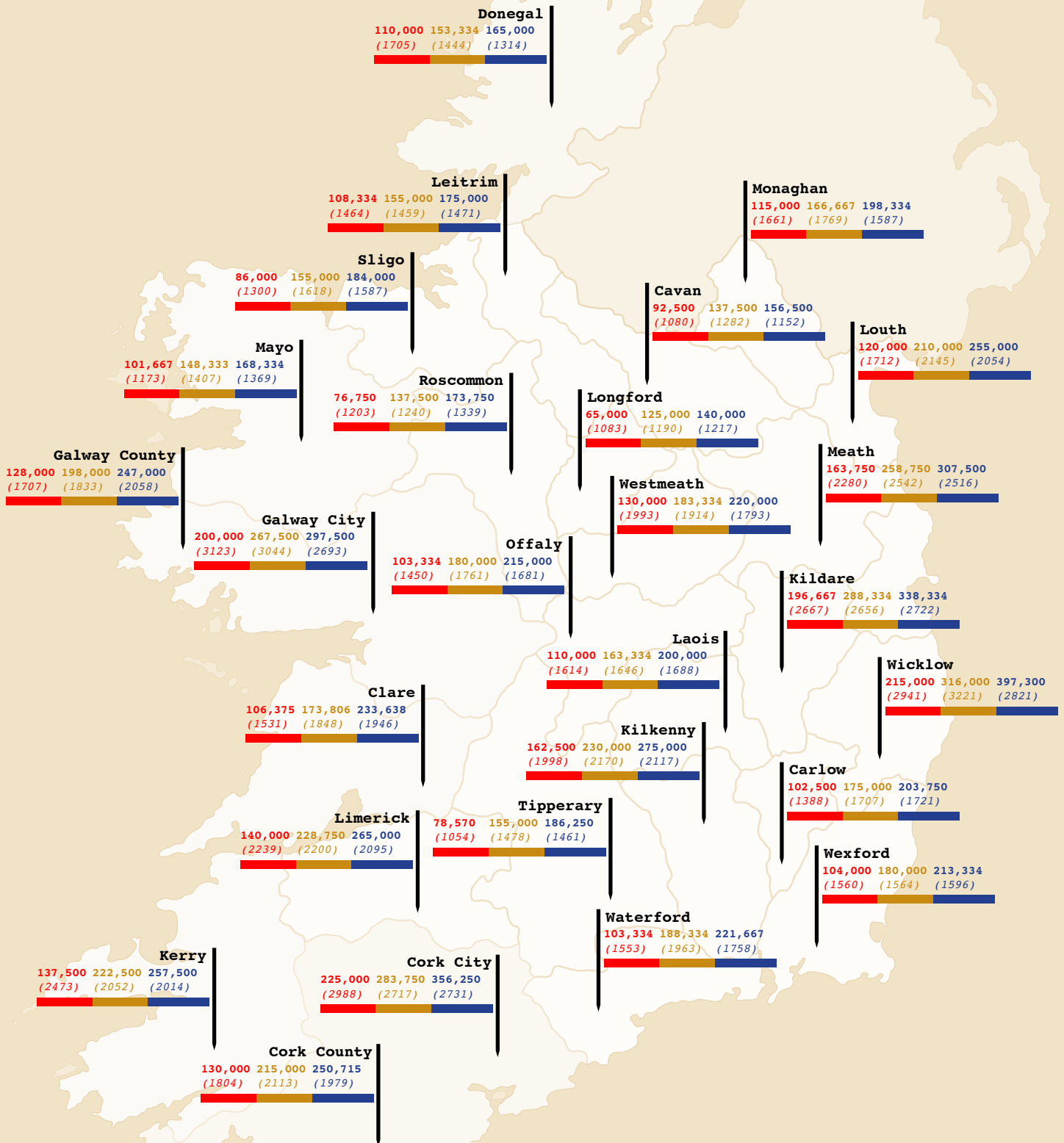
Dublin South County, which includes Killiney and Dun Laoghaire, also continued to see prices fall across all house types.

There two bedroom apartments fell by 3.24% in the second half to an average of €370,000 bringing the full year drop to 4.2%. Four bedroom semis in the area fell by 3.1% to €549,000 in the first half bringing the full year drop to 7.3%.

Three bedroom semis fell by a more modest 2.33% in the first half bringing the full year drop to 7%.

Countrywide Price Breakdown

Price comparison across all counties



■ 2 Bed Apt ■ 4 Bed Semi
■ 3 Bed Semi (Square Metre)

None of the Dublin markets showed any price increases in the three bedroom sector but four of the Dublin markets recorded price increases for apartments: Dublin 12 up 1.92% to €260,000; Dublin 15 up 1.85% to €230,000 and Dublin 9 up 1.69% to €295,000.

Also among them was Dublin 14, which includes Dundrum, up 1.77% to €376,667. As a consequence of prices for two bedroom apartments simultaneously falling in Dublin south county, now prices for those apartments in Dublin 14 have leap frogged south county into fifth most expensive apartments in the country while those in neighbouring south county have slipped to sixth in the price league. Higher up this league are those in Dublin 2, 6 and 18 each of which are priced at an average of €400,000.

Even so those average prices are below the €450,000 threshold which AIB Bank has estimated as an average price per unit in order for new apartment developments to be viable for developers. AIB also points out that the figure could be higher or lower depending on the development.

Another interesting feature of the IPAV Barometer is that while Wicklow and Louth commuter counties saw price growth, in contrast another major commuter county, Meath, saw house prices slip across all three dwelling types.

Indeed the sharpest fall in four bedroom semis was seen in the Royal County down 4.47% to an average of €307,500 in the six months. Nevertheless due to a strong first half performance, Meath four beds finished the year 1.6% ahead of 2018.

Meath three beds slipped 1.93% to an average of €258,750 in the most recent period but also managed to remain in positive territory with a net 0.98% increase over the 12 months.

Even the county's two bed apartments slipped – down 0.76% over the latest six months to €163,750.

These trends may be indicate some price resistance as average prices are more expensive in Meath than in neighbouring Louth where they grew more strongly. So perhaps some buyers are opting for the more affordable homes in the Wee County. Increased supply in Meath may have also reached a position of supply/demand equilibrium.

Yet another factor may be population growth adding to motoring commuter times due to lack of rail services in most of Meath's towns. In contrast two counties with good rail links to the capital, Wicklow and Louth, outperformed the market in terms of inflation.

Kildare, which also benefits from its rail links and much increased supply also saw relatively stable prices. There four beds rose 1.48% to an average of €338,334 in the second half thus curtailing loss for the whole of 2019 to less than 2%.

In the first half Kildare three beds fell by almost 3.9% to €288,334 but prices held at that level for the remainder of the year.

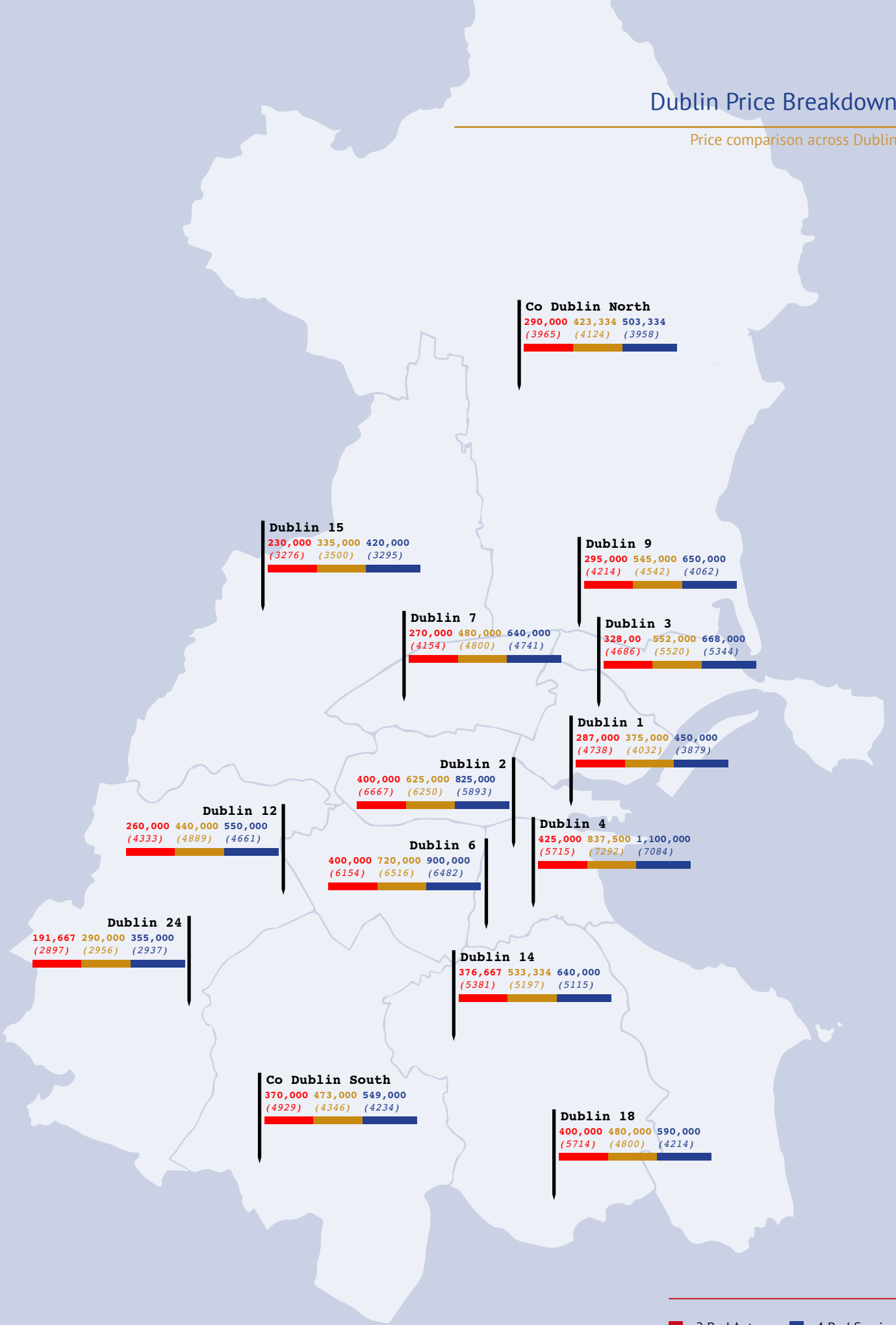
Of concern for those developers with plans for apartment developments in the county is that this sector of the market continued to weaken. In the first half they fell 0.83% and this accelerated to 1.69% in the second half bringing the price to an average €196,667, a drop of 2.48% in the 12 months.

In the three bedroom sector other counties to outperform in terms of house price inflation were Longford up 4% to €125,000; County Cork, but not Cork city, up 3.65% to €215,000 and Westmeath up 3.64% to €183,334.

In the two bedroom markets Monaghan apartments rose 5.8% to €115,000; Galway City rose 5% to €200,000 and Leitrim rose 5% to €108,334. While that price growth may provide some comfort for those in negative equity, those prices are unlikely to attract developers or institutional investors to supply more apartments in those markets.

Dublin Price Breakdown

Price comparison across Dublin



■ 2 Bed Apt ■ 4 Bed Semi
■ 3 Bed Semi (Square Metre)

The figures in the barometer are the average price achieved over a six month period, July to December 2019, completed by 108 selected members of IPAV throughout the 26 counties of Ireland. ©



Paul McCartney, Editor



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