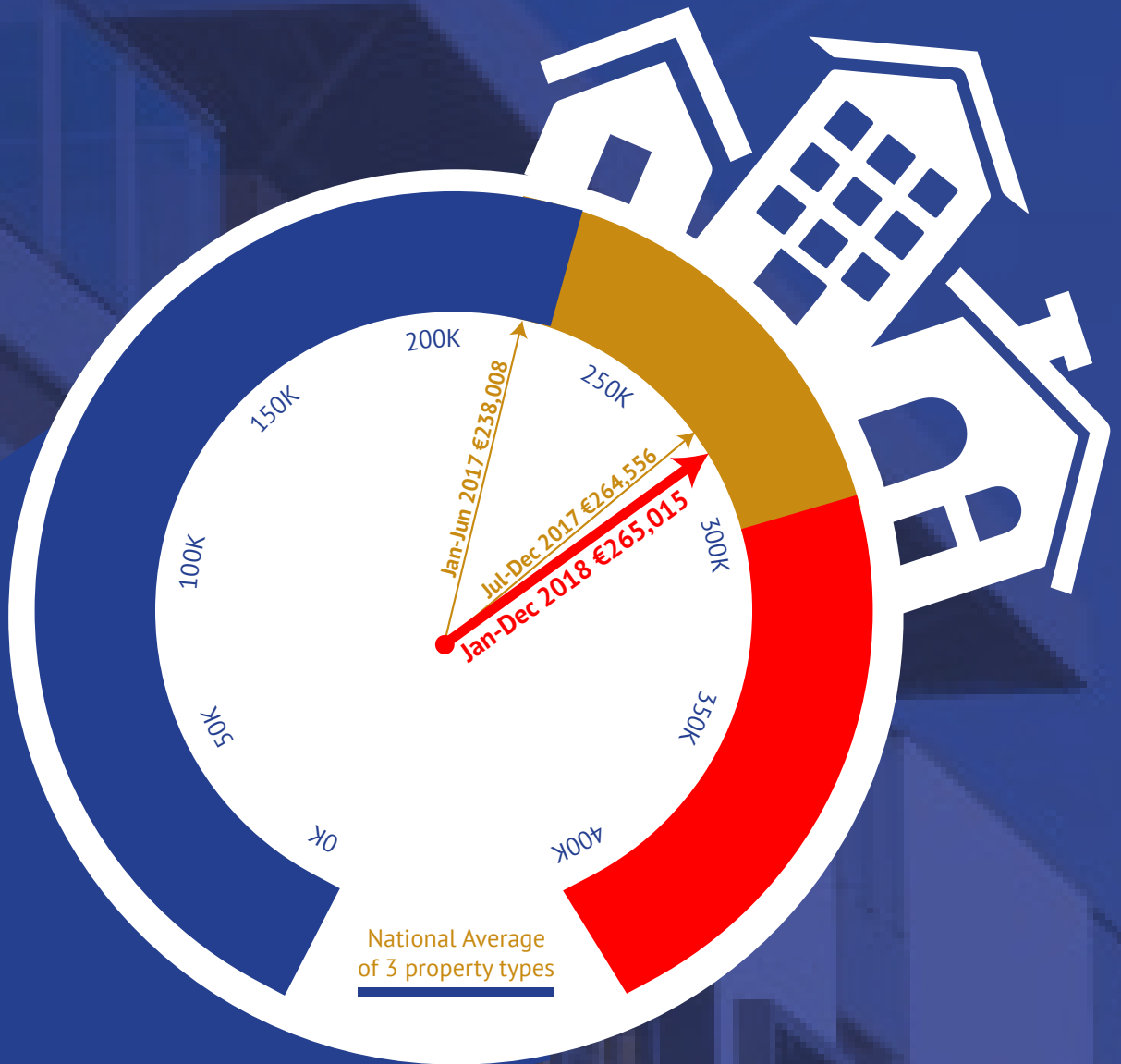


The voice of auctioneers and valuers in Ireland

IPAV Residential Property Price Barometer | Results for January - June 2018



Availability and Affordability Lead to Revaluations in Some Areas

by Pat Davitt IPAV Chief Executive



As summer 2018 fades, headlines charting the plight of homeless families dominate the news, along with rising rents and house prices and the range of interconnected difficulties such brings for whole cohorts of our society.

The property market still remains in dysfunctional territory in many areas outside of our large cities. What may seem strange to any outside observer is the existence of an across-the-board consensus for years now on the solution - the supply of more homes - private, social and affordable.

Since official figures on the numbers of homes being built lost credibility having been overstated, the CSO has, for the first time, revealed that just 14,446 new dwellings were built in 2017, and 7,909 in the first half of this year. Demand is estimated to be of the order of 40,000 a year, and has been at this level for a number of years, as the economy continues to grow strongly, with the European Commission predicting GDP growth of 5.6pc for 2018, the highest in the EU, and 4pc next year.

The National Competitiveness Council in its Competitiveness Scorecard published in July says continued strong demand means property price inflation and rent increases are likely to continue in the short term until additional supply becomes available.

In this, IPAV's latest Residential Property Price Barometer, we see some very discernible new trends emerging in the first 6 months of 2018. The study charts actual prices achieved, rather than asking prices, from a selected number of IPAV members throughout the country. The barometer is also unique in capturing price per square metre.

As mortgage exemptions dry up it's evident the tight Central Bank lending rules, particularly the 3.5 loan-to-income threshold, are beginning to bite. It now appears many buyers were dependent upon the

exemptions to compete in buying a home in their desired locations, particularly in parts of Dublin.

The average price of the three bestselling property types we study – three and four-bed semis and two-bed apartments - has increased by only 500 euro in the period. Closer examination reveals the divergence in property prices that now exists both within Dublin and between Dublin and other urban centres, and between those and rural areas. Many prices and areas have changed considerably.

Several areas of the capital are seeing price drops, for the first time in five years. A revaluation of properties in some parts of Dublin city points towards sustainability over the medium to longer-term.

As the level of new stock grows it's likely we'll see more of this balancing of the market and revaluing down as well as up.

At the same time along the commuter belt, particularly the expanding outer commuter belt, there is double or close to double digit growth. But in contrast three-bed semis are still selling for below their replacement costs in 21 of the market areas covered in the study. In these areas, while prices have grown considerably from the 2013 lows there's still much ground to be made up. Builders will not build until it's viable to do so.

In the North West of the country Brexit is impacting, as is the falling value of sterling. Uncertainty and lack of confidence mean fewer Northern buyers flocking to these areas, as was the norm.

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 wish to thank all who contributed to this latest Barometer.

Some Dublin house prices fall as Commuter belt plays catch-up

By Donal Buckley



Vastly different price trends have been seen for four-bedroom semi-detached houses in some parts of Dublin compared to those in the wider commuter belt. Prices fell in some of the most sought after areas of Dublin for such four bedroom residences while similar sized homes in the wider commuter belt have seen double, or near double, digit price increases.

Similarly, contrasting trends, though not quite as dramatic, have been seen for three bedroom semis and two bedroom apartments.

These are among the interesting findings in the latest Residential Property Price Barometer survey undertaken by the Institute of Professional Auctioneers and Valuers (IPAV) among its members for houses sold between January and June this year compared to the previous six months.

Such contrast shows how commuters have become willing to travel further distances in order to avail of the more affordable homes in counties such as Laois, Kilkenny, Offaly and Cavan while at the same time bank limits and higher prices have restricted the buying power of those seeking homes in sought after areas of the capital.

During the first six months of this year prices for four bedroom semi-detached houses fell in seven Dublin areas and three of these areas suffered double digit falls. Dublin 4, which includes Ballsbridge, Donnybrook and Sandymount, fared worst with a 12.24pc fall from €1,375,000 to €1,225,000. While that amounts to an average €150,000 price drop, nevertheless the area is still the most expensive in the country for all three house types.

Dublin 2, where four bedroom semis are very rare, saw prices fall 11.11pc to €900,000 or a €100,000 price cut.

Dublin 15, which includes upmarket Castleknock saw four beds fall 10.11pc to €445,000. While that is the third sharpest fall in percentage terms, the drop in value terms was €45,000. However in euro terms Dublin 14 saw an even bigger fall down €65,000 or 9.49pc to €685,000.

Dublin 6 saw a €33,333 or 4pc drop in value to an average of €833,334; Dublin 1 dropped 1.09pc to €460,000 and Dublin 3, which includes Clontarf, saw a 2.86pc drop to €700,000.

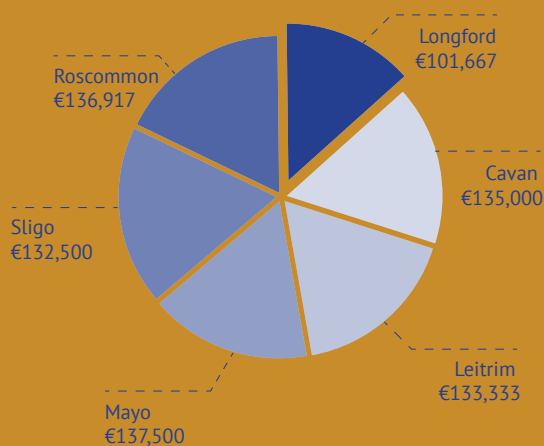
Such falls could well reflect Central Bank controls of the loan to income ratios offered by mortgage providers who are adhering to the limits of 3.5 times incomes on the amount that they will lend to home buyers. Consequently buyers are also opting for homes that are priced within those mortgage limits and this is reflected in price increases in areas with more plentiful supplies of affordable homes. In other words the bank of mum and dad seems to have dried up whether from prudence or an unwillingness to subsidise their off spring.

As many as six areas of Dublin saw four bedroom price increases and the largest of these increases was seen in the commuter area of north county Dublin, where four bed semi prices grew by 9.75pc to €499,000. Revival of plans for the Dublin North Metro could well have also been a factor in that area's increase across all home types and it is also likely that there has been an element of catch-up with other areas in the capital.

Among the other areas of Dublin to see relatively healthy increases were South County Dublin up 3.93pc to €605,000 and Dublin 24 up 4.43pc to €395,000. The latter, which includes Tallaght, also showed much stronger price growth than most parts of Dublin for both two bedroom apartments and three bedroom semis.

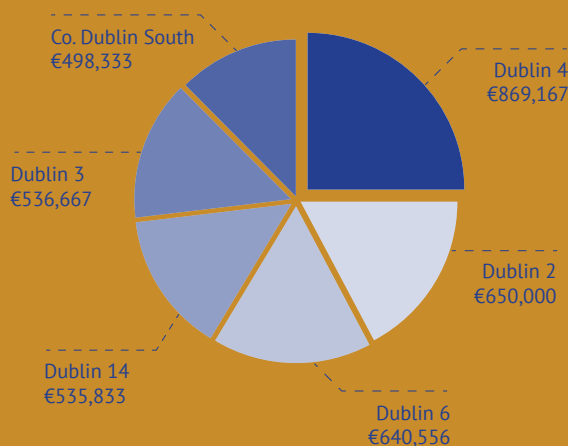
Top 6 Least and Most Expensive Locations

Results for Q1 and Q2 2018



Top 6 Least Expensive Locations - Results for Jan-Jun 2018

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



Top 6 Most Expensive Locations - Results for Jan-Jun 2018

But the strongest rises for four-bedroom house prices were seen in the wider commuter belt and in particular Laois where they rose by 17.97pc to €213,334 and Kilkenny up 14.2pc to €270,000. Wexford scored a 9.68pc increase to €206,667 and Offaly saw a 9.35pc increase to €231,667.

Other counties nearer to Dublin where supply of new homes has increased and where prices already performed strongly in previous years, saw slowdowns in rates of increases in this latest survey. Indeed Meath, saw a 3.31pc price fall to an average of €302,500 in the survey for the first half of this year.

In Wicklow four bed semi prices rose 1.24pc to €372,500 and those in Kildare rose by 4.12pc to €348,334.

Value for money

The value for money factor is also reflected in the survey. For instance, the price per square metre in Dublin 4, the most expensive in the country, works out at €6,459 per sq. m for a four-bed semi which is more than 3.7 times the price for Laois where they average €1,731 per sq. m for this house type.

On this basis the best value in the country is in Longford where the average price per sq. m is €1,000 and four-bedroom semis sold for an average of €130,000.

Three-bedroom semis

When it comes to three-bedroom semis, the strongest price increase was seen in North County Dublin – up 13.64pc to €440,000. In Dublin 24 three bedroom prices rose 9.75pc to €321,667 which was an addition of €31,354. In value terms this increase was greater than that of Cavan where three bedroom semis rose 11.67pc to €150,000 but in value terms that was a smaller increase of €17,500.

Again reflecting commuter demand, Laois three bedroom semis also played catch-up by rising 11.22pc to €163,334. Mayo semi prices also rose strongly with a 9.2pc rise to €145,000.

While most areas of Dublin saw three bedroom semis record some rises in value, there were four exceptions. In Dublin 4 these house types recorded a €20,000 or 2.07pc price fall to €967,500. In Dublin 2 three bed semis fell 1.56pc to €640,000.

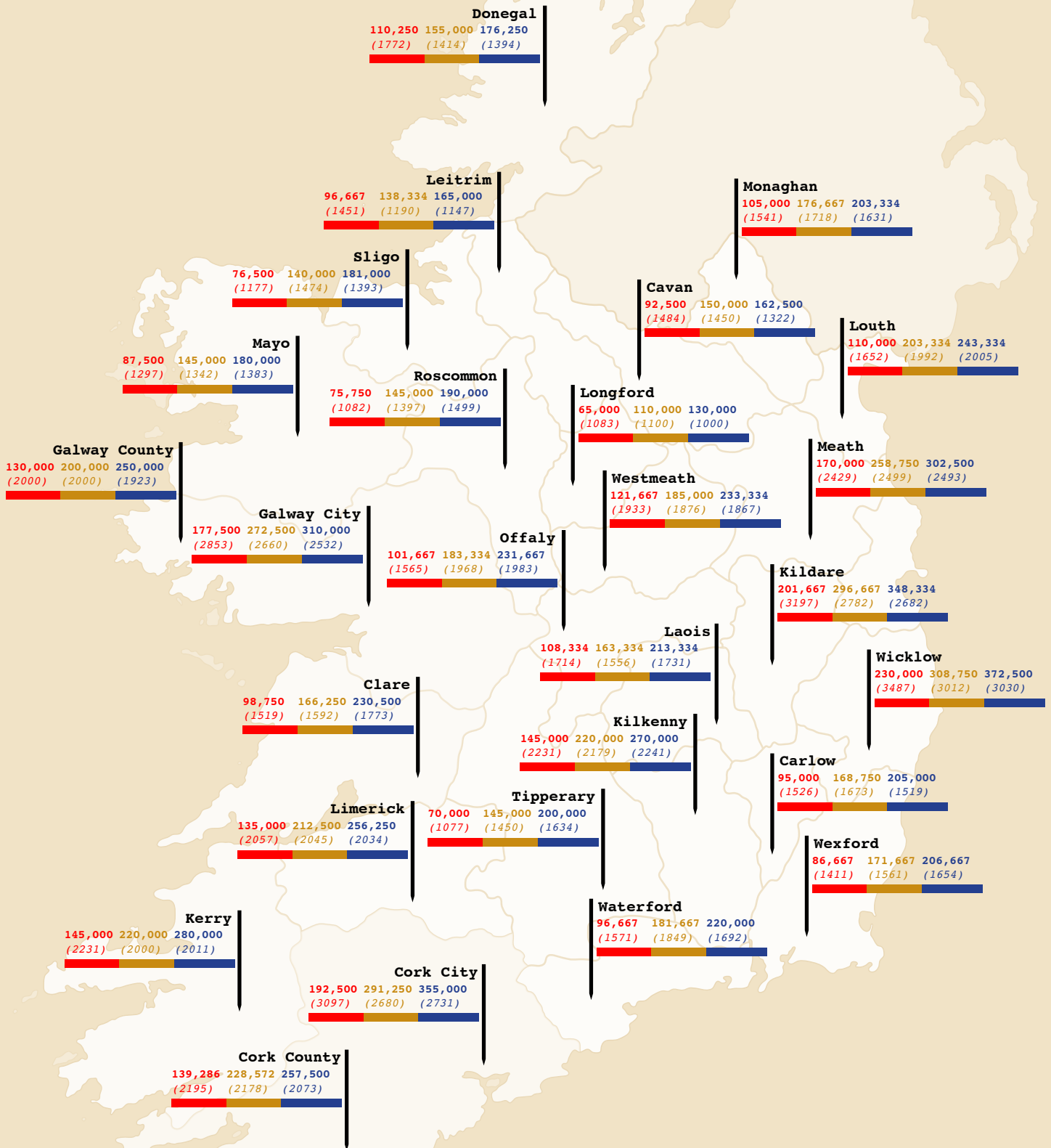
Even bigger falls were seen in Dublin 6 where they fell by €25,000 or 3.7pc to €675,000 and in Dublin 14 they fell by 2.18pc or €12,500 to €572,500.

These two latter areas could well be affected by increased supply at new home developments in their areas such as those in Mount Anville, Dublin 14.

But the Luas Green Luas line may also be a factor as it serves those two areas. The Luas which was the spring board for the recent strong growth

Countrywide Price Breakdown

Price comparison across all counties



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

in Dublin 14 prices may now become a double-edged sword as Green line commuters ask themselves what they can save on their mortgage by moving to cheaper parts of Dublin 18 such as Sandyford and Ballyogan and spending another 10 minutes on the Luas in the morning. Dublin 18's average four bedroom house increased 1.79pc to €560,000 but that average includes houses in Foxrock.

Interestingly, Carlow was another county to see the value of three bedroom homes fall – by 2.22pc to €168,750. This may seem surprising considering the increases seen in neighbouring counties Laois and Kilkenny. During the previous boom Carlow was one of the counties favoured by commuters because of its M9 motorway and rail links to Dublin and so it might have been expected to benefit from the latest revival in commuter demand.

Its four bedroom semis rose 2.44pc to €205,000 in the latest survey perhaps because of the better value. When compared in terms of price per sq. m, affordable four-bedroom houses are much better value for money at €1,519 per sq. m compared to €1,673 per sq. m for the three-bedroom semis and €1,526 for Carlow's average two-bedroom apartments.

The only other county to see falls for three-bedroom houses was Sligo where semis fell by 3.57pc to €140,000 or €1,474 per sq. m. This county also saw two bed apartments fall by 1.31pc to €76,500 and it could well be that the Brexit factor might have dampened demand from Sterling investors and holiday home buyers for these types of homes. Nevertheless, four-bedroom Sligo semis rose by 4.7pc to €181,000 or €1,393 per sq. m.

Two-bedroom apartments

Sligo was one of only three markets to see a fall in prices for two-bedroom apartments. In Wicklow they fell 2.4pc to €230,000 and in Roscommon by 3.41pc to €75,750.

In contrast 11 markets saw such flats achieve double digit price growth and a remarkable 25.41pc rise was recorded for Cavan apartments to €92,500. It was followed by another border county, Donegal, with a 19.88pc rise to €110,250.

Also the expansion of Dublin's commuter belt appears to be boosting this market segment. Offaly apartments rose 18.85pc to €101,667 or €1,565 per sq. m; Laois by 16.92pc to €108,443 or €1,714 per sq. m and Carlow by 15.26pc to €95,000 or €1,526 per sq. m.

As many as 10 areas of Dublin saw increases of less than 4pc in apartment prices. That may also be influenced by the 4pc cap on rent increases in rent pressure zones which may be deterring private investors. Among those 10 Dublin areas were three areas where there was no increase: Dublin 1 at €285,000; Dublin 14 at €350,000 and Dublin 18 at €385,000.

In contrast three areas of Dublin saw strong price growth: Dublin 24 up 10pc to an average of €200,000; North County Dublin up 9.87pc to €291,250 and South County Dublin up 9.12pc to €383,750.

Other areas which saw no change in their apartment prices were counties Wexford at €86,667 and Louth at €110,000. While the county area of Galway also saw no change at €130,000, Galway City apartment prices rose 9.86pc to €177,500.

Despite the strong price growth, three bedroom semis are still selling for below their replacement costs in 21 of the markets examined. These include the county area of Galway.

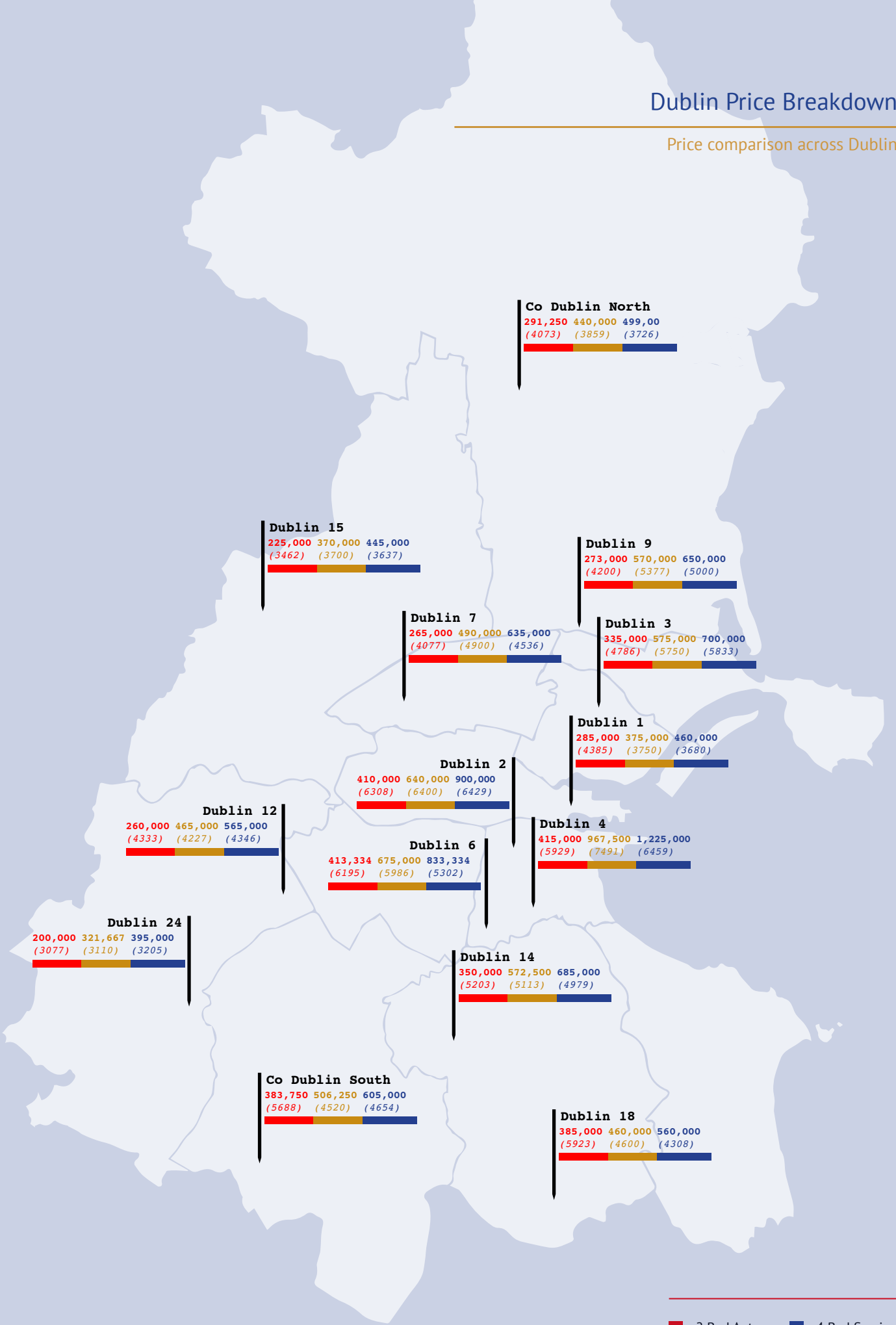
Supply of new homes is unlikely to increase significantly in the 21 markets where second hand homes sell for below replacement costs until such time as existing supply of those cheaper second hand homes have been sold and prices climb to levels which will make it viable for developers to build houses there.

It will be interesting to see if such levels are attained in counties Kilkenny, Kerry, Limerick, Westmeath and Louth by the time that IPAV does its next survey for the second half of this year. If any of these counties reach that threshold this may trigger new developments near their railway stations and motorways and further extend the commuter belts.

As well as Dublin other markets where these three-bedroom house types sell above replacement cost are Cork, Galway City and the commuter counties of Wicklow, Kildare and Meath.

Dublin Price Breakdown

Price comparison across Dublin



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



Paul McCartney, Editor



Powered by pTools
Content Management
Software