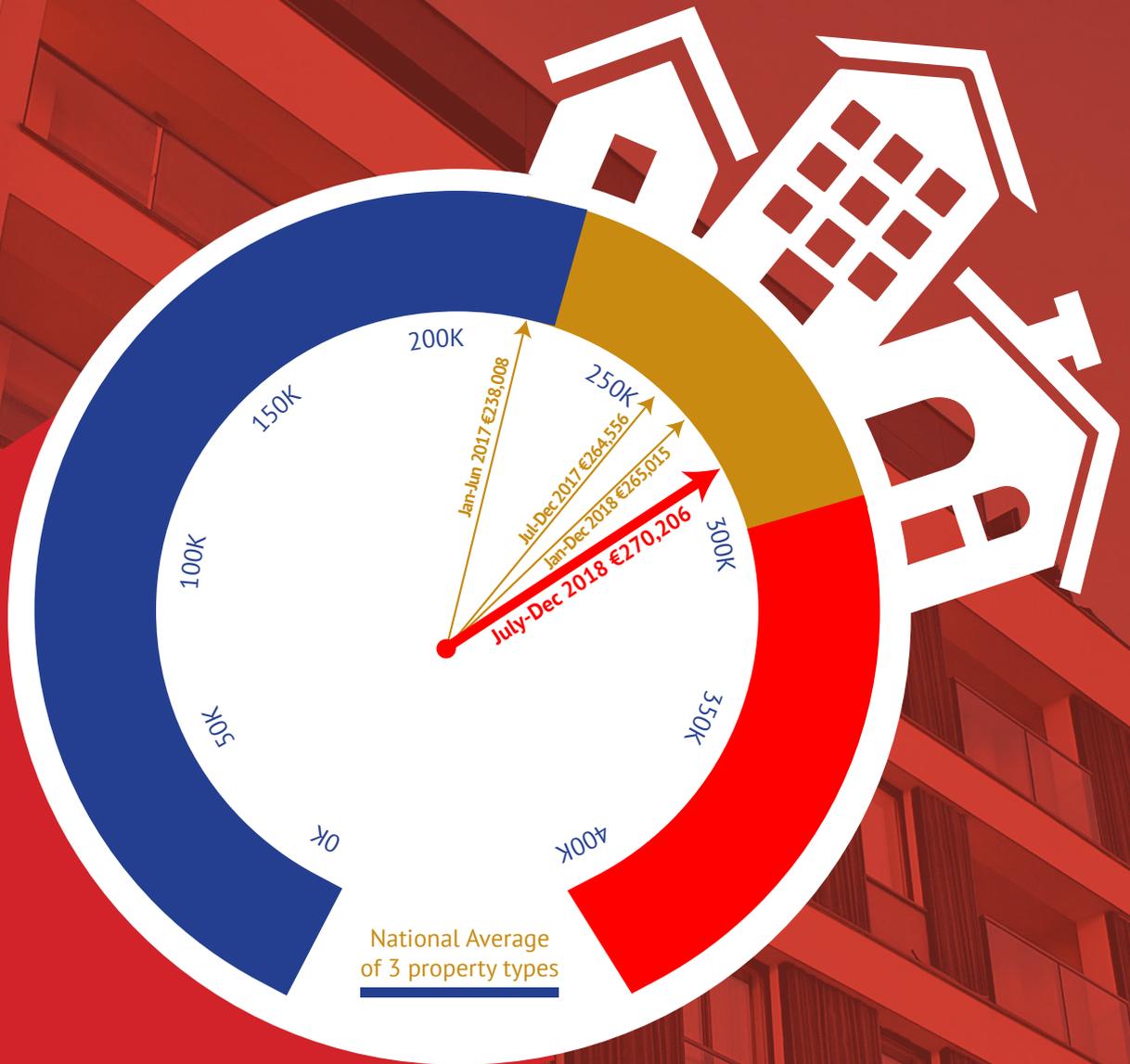


The voice of auctioneers and valuers in Ireland

IPAV Residential Property Price Barometer | Results for July-December 2018



An Undramatic Correction

by Pat Davitt IPAV Chief Executive



When the results of our Residential Property Price Barometer for the last six months of 2017 hit the streets in February 2018 it captured, for the first time, a correction in prices in several of the more expensive areas. The extent of the correction in some areas really surprised the market, some agents did not even believe it themselves.

But as the months rolled on and other studies, such as those of the Central Statistics Office, found similar patterns emerging, as if by osmosis everyone in the industry began talking of a 'correction.'

While it's always difficult to call the peak or trough of any property market logic should determine that when prices had risen so rapidly so fast with double digit growth in many areas the likelihood was that they would overshoot at some point. This is precisely what happened.

It should be said, of course, that prices in many areas of the country have not seen the levels of increase experienced in the large urban areas. Indeed many properties throughout the country are still selling for below the cost of constructing similar properties and well below the highs of early 2007, substantially so in some cases.

This latest IPAV Residential Property Price Barometer covers average prices achieved by auctioneers in the latter six months of 2018 for the three bestselling property types - three and four-bed semis and two-bed apartments.

Comparing this latest data with the first six months of 2018 it shows the correction that has taken place is undramatic and prices have now

largely stabilised in these particular areas. The magnitude of the change, where it has occurred, is of the order of a couple of percentage points with some exceptions.

In other areas prices, particularly outside of the extended commuter belts, continue to increase, with some areas like Limerick and Kilkenny showing increases around the 5pc mark for apartments and 3-bed semis rather than 4-bed homes.

A recent feature of the property market has been the very discernible slowing of mortgage approvals by lenders in the latter half of the year so as not to exceed Central Bank limits. Mortgage approvals taking on such a cyclical characteristic is not helpful to aspiring borrowers who come back in January and receive approval in the very same set of circumstances in which they have been refused in the latter part of the previous year. We believe banks do not want a reoccurrence of this phenomenon in 2019 but maybe it's time they and the Central Bank got together to find a better solution. How lenders operate the exemptions and the shape Brexit will take will influence property prices in the year ahead. We are seeing a return of some northern buyers in some border counties. Depending on how these factors develop, prices may gain a little in the latter half of the year.

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 most sincerely all members who contributed to this latest Barometer.

Some winners and losers after property correction

By Donal Buckley



House prices across most of Ireland stabilised in the second half of 2018 although there were some sectors of the market that showed marginal declines while others saw marginal increases.

On average two bedroom apartments across the country rose by 1.56pc to €178,613, three bedroom semi-detached houses rose by an average 0.9pc to €285,643 and four bedroom semis practically stood still at €346,363 – up 0.11pc compared to the first six months of the year.

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 the end of December 2018 compared to the previous six months.

For some it was a year with contrasting performances in each of the two halves. The survey shows that some areas which had a strong first half gave up some of their gains in the second half.

In the three bedroom semi-detached sector a similar experience was seen in North County Dublin and Dublin 24. In the former three bed semis rose 13.64pc in the first half only to slip 1.54pc in the second half to €433,333. In Dublin 24, which includes Tallaght, three beds saw a 9.75pc rise in the first half of the year but suffered a slight 1.05pc drop in the second half to €318,334.

Cavan three beds saw an 11.67pc rise in the first half and corrected slightly by 0.67pc in the second half to €149,000.

Some four bedroom markets also had similar experiences. Again North County Dublin rose 9.75pc in the first half but dipped 1.15pc in the second

half to finish at €493,333. Laois rose 17.97pc in the first half but dipped 3.23pc in the second half to €206,667. Its neighbour Offaly rose 9.35pc in the first half but fell 4.51pc in the second half to €221,667.

Waterford rose 5pc in the first half but slipped 0.76pc in the second half to €218,334.

In the two bedroom apartment sector County Cork prices rose by 13.05pc in the first half but fell 5.52pc in the second half to €132,000 although those in neighbouring Cork City rose 8.2pc in the first half and actually added a further 0.65pc in the second half to sell for an average of €193,750. A similar pattern was seen for Cork County three bedroom prices with a rise of 8.37pc in the first half pared back by a 4.13pc fall in the second half.

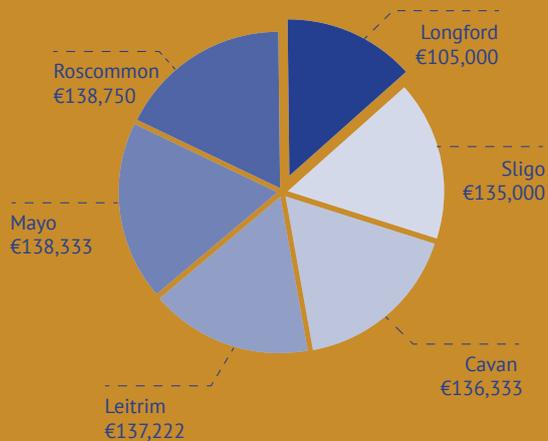
It will be interesting to see if the extension of Cork City's boundaries to include towns such as Ballincollig and Blarney will slow the growth in the city's average price performances or if it will widen the gap between average city prices and average county prices.

Interestingly, another neighbour Kerry saw two bed apartments rise 14.7pc in the first half but fall 3.57pc in the second half to €140,000. Even more of a setback was seen for four bedroom semis in the Kingdom which suffered a reversal in the second half with a 3.7pc fall after a 2.68pc rise in the previous six months.

Pat Davitt, chief executive of IPAV, said that it is quite common for markets which see a very strong bounce in one period of time to show slow down or dips in the succeeding period. Increased prices can, despite arguments by some, lead to increase supply and this increased supply can in turn lead to a softening in prices.

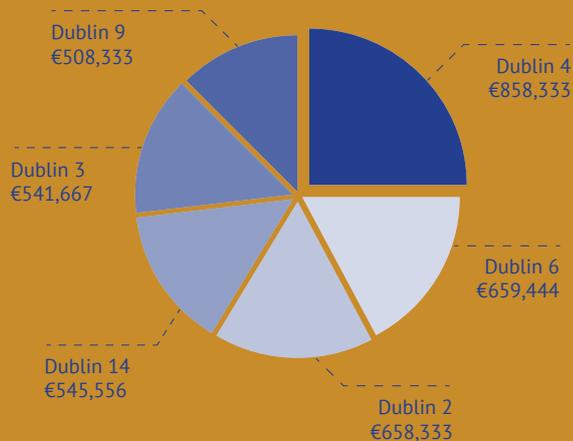
Top 6 Least and Most Expensive Locations

Results for Q3 and Q4 2018



Top 6 Least Expensive Locations - Results for July-Dec 2018

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



Top 6 Most Expensive Locations - Results for July-Dec 2018

However at a time when there is evidence of a housing shortage it is unusual. So it would appear that Central Bank's quotas on mortgage exemptions appear to have also contributed to contrasting trends in some markets in the two halves of the year. As banks reached their quotas for supply of mortgages to exempted clients in the second half of the year, the banks were obliged to turn off their supply.

This meant that in some, though not all cases, those who brought their houses to the market in the first half of the year were likely to sell more quickly and to achieve stronger prices than those who sold in the second half of the year.

One would hope the banks have assured the Central Bank that the mortgage tap will not be turned off in the second half of this year but we will have to wait until the fourth quarter to see if this will be the case.

While the first half of the year is traditionally the stronger performer, it would be a pity if the housing market was to replicate the new car market with bunching into the first half of the year. This would only benefit cash buyers who may wait their time to buy in the fallow periods.

Dublin's markets saw contrasting performances with three bedroom semi prices rising in Dublin 1, 2, 3, 6, 9, 14 and Dublin South County. In this house type Dublin 1 was the strongest with a 2.6pc rise to an average of €385,000.

On the other hand in Dublin 4 three bedroom semis fell 1.84pc to €950,000 following on from a 2.07pc

fall in the first half of the year. Falls were also seen in these house types in Dublin 15 - down 2.78pc to €360,000.

Countrywide only two counties saw three bedroom semis rise by more than 5pc. In Kilkenny they rose 5.38pc to €232,500 following an 8.48pc rise in the first half. In Sligo they rose 5.08pc to €147,500 to bounce back from the 3.57pc decline suffered in the first six months of the year.

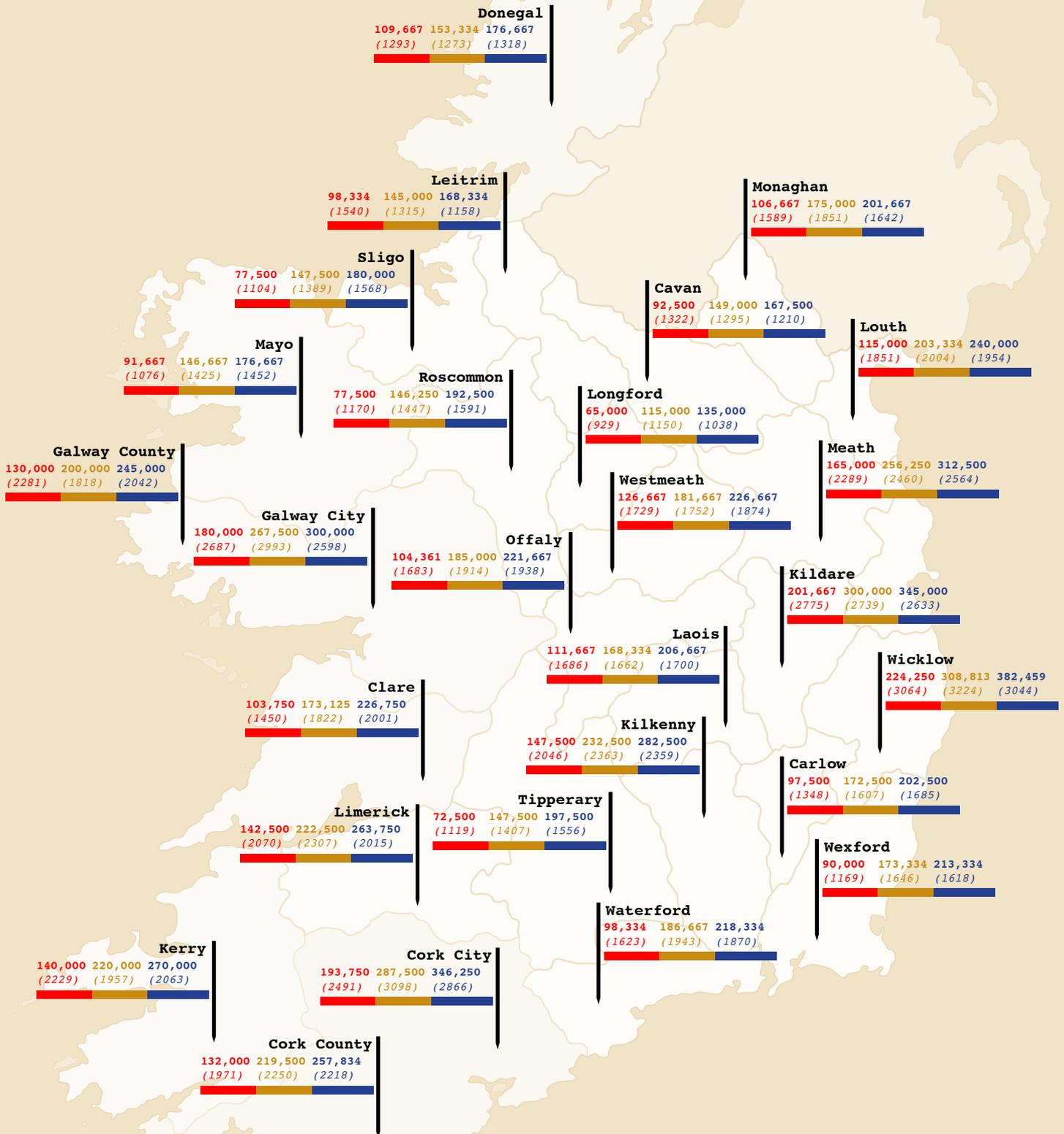
Kilkenny was also the best performer in the four bedroom semi sector with a 4.42pc rise to €282,500 which was on top of a 14.2pc rise in the first six months.

Only two other markets saw their four bedroom prices achieve growth of more than 3pc. In Dublin 6, which includes Ranelagh and Rathgar, they rose 3.85pc to €866,667 to compensate for the 4pc setback in the first half of the year. This makes these the third most expensive in the country.

In Dublin 12, which includes Walkinstown and parts of Templeogue, they rose 3.75pc to €587,000. Consequently the faster growth in this area has helped prices to leap frog over those in Dublin 18 which includes upmarket areas such as Foxrock and Carrickmines where they rose by only 1.75pc to €570,000.

Countrywide Price Breakdown

Price comparison across all counties



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

Also in Dublin 12, three bed semis at an average of €471,000 have risen higher than their Dublin 18 counterparts at €470,000.

However prices for four bedroom semis continued to decline in Dublin 4 and a 12.2pc fall in the first half was followed by a 2.08pc fall in the second half. Nevertheless the area, which includes Ballsbridge and Sandymount, still has the most expensive semis with four beds fetching €1.2m on average.

A number of Dublin areas bucked the trend with the second half seeing recovery of some of their first half losses. Dublin 14 also saw its four bedrooms recover. In the first half this area which includes Dundrum and Clonskeagh, saw prices fall 9.49pc but in the second half they rose by 1.91pc to €698,334.

In Dublin 6 almost all of the 4pc first half loss was recovered with a 3.85pc rebound to €866,667 in the second half.

Dublin 3, which includes Clontarf, saw its four bedroom semis dip 2.86pc in the first half of the year but they held their own in the second half and consequently are still the fourth most expensive in the country at an average of €700,000.

In the two bedroom apartment market some areas are still playing catch up. Limerick saw the strongest price rise at 5.26pc to €142,500. Four other two bedroom markets recorded rises of between 4pc and 5pc: in counties Clare to €103,750; Louth to €115,000 and Mayo to €91,677.

Dublin 9, including Glasnevin and parts of Finglas, saw two bedroom units rise 4.21pc to €285,000.

In Wicklow two bedroom units saw declines continuing – down 2.40pc in the first half and 2.56pc in the second half to €224,250 declines. However at these prices Wicklow two beds are still in the top 14 of the 41 markets surveyed.

An interesting feature of the IPAV survey is that it provides prices per square metre which gives

buyers some guidance on value for money. What may seem surprising is that it shows that apartment prices in Dublin 4 are on average better value for money than those in the neighbouring areas of Dublin 2 and Dublin 6.

A stronger 3.53pc price growth in Dublin 2 saw its apartment prices rise to the same level as those in Dublin 4 at an average of €425,000 – the highest in the country. However when floor areas are taken into account, Dublin 4 prices average €5,845 per sq m. whereas those in Dublin 2 have a much higher average €7,803 per sq m. In other words because more of the two bedroom apartments sold in Dublin 2 are smaller than those in Dublin 4, then Dublin 2 purchasers on average paid a premium of 33pc to live nearer to the city centre.

Similarly even though Dublin 6 apartments at €420,000 are cheaper than those in Dublin 4, on a floor area basis Dublin 6 two beds average €6,545 per sq m or are 12pc more expensive. Indeed when it comes to three bedroom semis Dublin 6 is the most expensive at €6,834 per sq m followed by Dublin 4 at €6,795 per sq m. admittedly a difference of less than 0.6pc.

Perhaps reflecting the prestigious reputation of larger Dublin 4 houses, four bedroom homes in the area are probably the poorest value for money at as much as €6,970 per sq m.

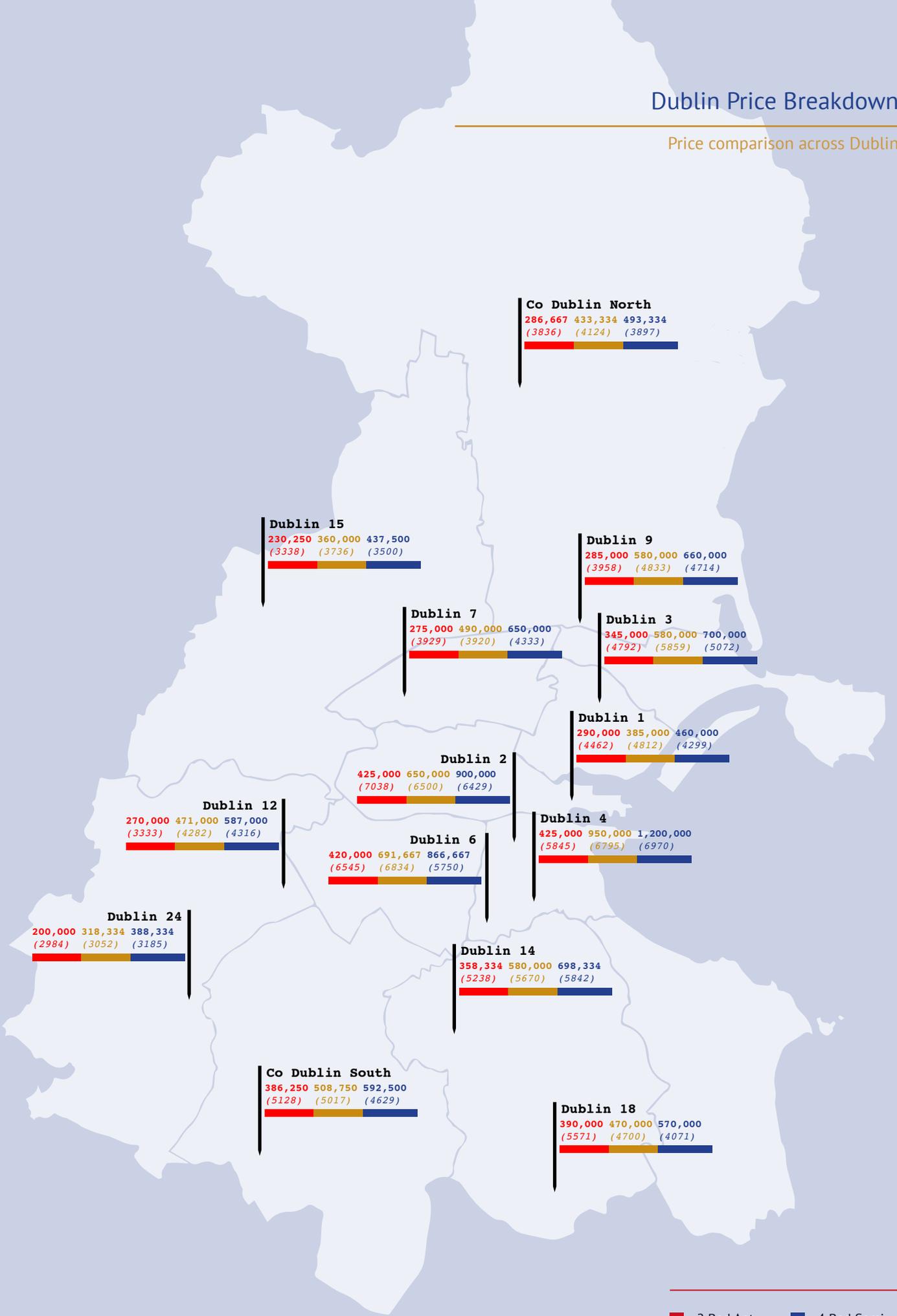
This is more than 6.7 times the price of a four bedroom house in Longford where they average of €1,038 per sq m or €135,000 per house, making them the best value for money in the country. In Leitrim they average €1,158 per sq m or €168,333 per house and in Mayo they average €1,452 per sq m or €176,667 per house.

Across all three types of homes, Longford is the cheapest with an average of €105,000 followed by Sligo at €135,000 and Cavan €136,333.

The most expensive location across all three house types is Dublin 4 at an average of €858,333 per home followed by Dublin 6 at €659,444 and this is more closely followed by Dublin 2 at €658,333.

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 2018, completed by 108 selected members of IPAV throughout the 26 counties of Ireland.



Paul McCartney, Editor



Powered by pTools
Content Management
Software