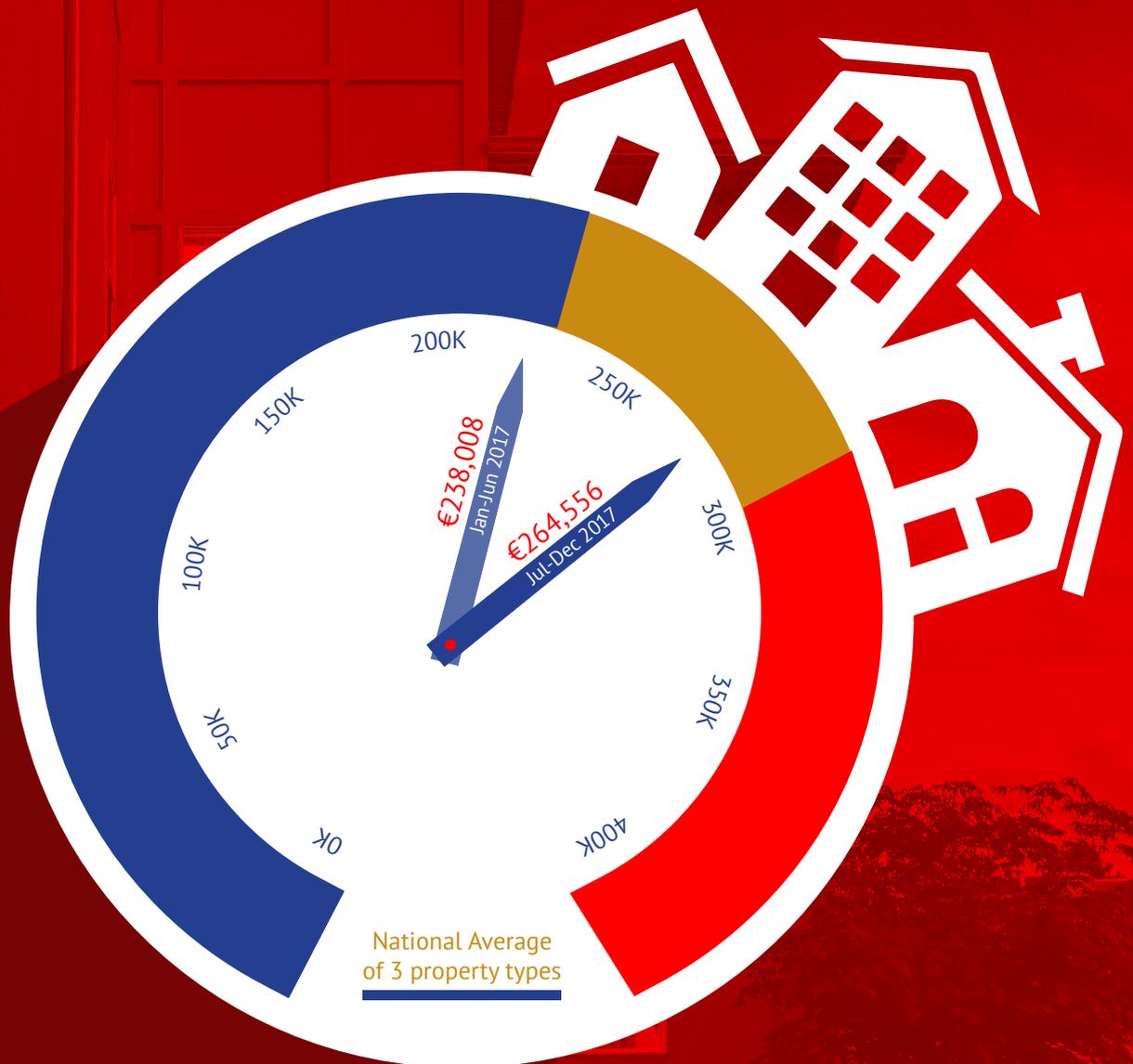


The voice of auctioneers and valuers in Ireland

IPAV Residential Property Price Barometer | Results for July-December 2017



Steady Pick-Up in Country Prices

by Pat Davitt IPAV Chief Executive



This study, our second IPAV Residential Property Price Barometer, tells the story of property prices nationwide in the second half of 2017 and details the movements and pace of change by comparison with the first half of the year.

Our barometer captures actual prices achieved by auctioneers during the period for the three most popular property types, 3 and 4 bed semi-detached houses and 2-bed apartments. We have averaged prices over the six-month period for these property types so that at a quick glance one can see if the price trend is up or down and by how much.

It's also unique in capturing price per square metre, which will be of keen interest to consumers, if the Government, following its review this year, were to take this particular metric into account in determining Local Property Tax liability.

We're now just over a decade on from the property crash. In December 2017 the National Competitiveness Council again warned that the shortage of residential property is damaging our competitiveness as a country. And it stated: "Given the urgency and scale of the challenge and the complexity of the market, it is important that interventions by the State are not pursued in a piecemeal fashion."

This is a message that IPAV has been conveying to policymakers for some considerable time. It gives us no joy to see the unintended consequences we predicted around a range of measures come to pass. We continue to propose and implore policymakers to aim and prioritise solutions around the really stubborn impediments that remain, particularly the excessive costs associated with construction.

The October Budget announcement of a €750 million loan fund for builders is one of the most positive measures by Government to date.

However, it is regrettable that the new Home Building Finance Ireland agency, which will administer the fund, is not due to begin operations until later this year.

When it does get up and running the interest rate applicable to the loans will be crucial in determining its success or otherwise. If it's the mooted 8pc then it will be too high for many SME builders, and will lead to unnecessary property price increases with these excessive loan costs, along with other State costs, including VAT and Local Authority levies, being passed on to buyers. Before advancing any loans the new HBFi agency should nail down and agree the end prices consumers will pay participating builders for homes.

The new first-time-buyers Rebuilding Ireland Home Loan scheme was brought into effect immediately after it was announced with interest rates of 2pc to 2.25pc and sensible fixed terms of 25 and 30 years, as is the European norm. Such interest rates would be more realistic for the HBFi loan scheme and would ensure its success.

This barometer indicates that prices in quite a number of counties around the country are getting close to those at which new houses can be built. In these areas builders should be ramping up to satisfy the demand that will undoubtedly follow for new housing. The HBFi loan scheme could be critical to keeping prices affordable for consumers.

I'm delighted the findings of this, our second study in the series, are again analysed within these pages by Donal Buckley, one of Ireland's leading property writers.

I'm also very grateful to our colleague Paul McCourtney who has contributed enormously to putting the barometer together.



The pace of price increase for three bedroom semis slowed down considerably in the second half of last year for three of Dublin's housing markets at a time when five areas of Dublin as well as 12 regional counties showing double digit increases.

County Sligo three bedroom semis showed the fastest pace of recovery at 25.26% to €145,000 in the six months to the end of the year compared to the previous six months.

These are among the findings in the latest National House Price Barometer survey undertaken by the Institute of Professional Auctioneers and Valuers (IPAV) among its members.

This survey is based on average prices actually achieved for the three most popular house types: two bedroom apartments, three bedroom semis and four bedroom semis during the second half of 2017.

Consequently this makes the survey different from other surveys which are based on either asking prices or on a much broader average range of house types.

What may seem surprising is that one of the slowest rates of price increase for three bedroom semis in Dublin was in Dublin 4, up only 1.27% to €987,500 compared to the first half of 2017 reflecting the area's already high existing prices.

An even slower growth rate of only 0.99% to €380,000 was recorded in North County Dublin and Dublin 15 was up only 1.99% to €393,333. Such small increases in the latter two areas could well reflect a better balance between supply and demand.

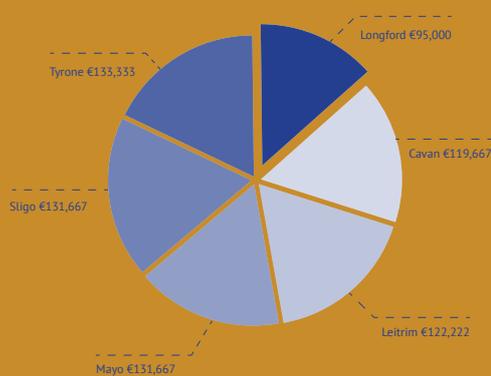
In contrast city areas served by the Luas green line are experiencing strong demand and this is reflected in continued strong double digit growth for three bedroom semis in Dublin 2 up 17.95% to €650,000, Dublin 6 up 13.93% to €700,000, Dublin 7 up 12.5% to €480,000 and Dublin 1 up 10.8% to €355,000.

Those regional counties which saw double digit growth for three bedroom semis were principally ones where growth has been slowest up to now. In Cavan prices for those house types were up 10.7% to €132,500. In Clare they rose 11.3% to €165,000, Laois 10.34% to €145,000, Leitrim 10.4% to €128,333, Longford 10% to €100,000, Mayo 20.25% to €131,667, Tipperary 16.07% to €140,000, Waterford 10.18% to €167,000 and Westmeath 12.61% to €185,000.

Those trends show how these areas are beginning to play catch up from low bases as economic recovery ripples out and more affordable homes are attracting buyers in search of value.

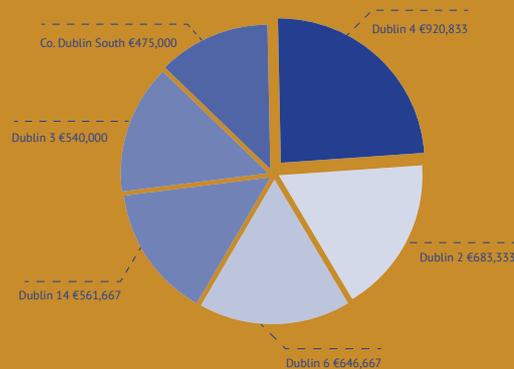
Top 6 Least and Most Expensive Locations

Results for Q3 and Q4 2017



Top 6 Least Expensive Locations - Results for Jul-Dec 2017

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



Top 6 Most Expensive Locations - Results for Jul-Dec 2017

Commuter belt

The attractions of the commuter belt pushed Kildare three bed semis prices up 16% to €280,000. Two other key commuter counties, Meath up 9% to €262,500 and Wicklow 9.94% to €305,996, almost made the double digit growth rate.

National averages

Strong double digit growth across many areas also helped to push national average price growth up by more than 10% across all three house types. The average national price for two bed apartments reached €170,454 up 10.8%; three bedroom semis nationally rose 11.67% to €278,376 and four bedroom semis achieved €345,167, up 11%.

In all as many as six of the 26 counties are recording prices of less than €134,000 for their average house price. In Laois the average house price is €133,333; in Mayo €132,778, in Sligo €131,667, Cavan €128,835, Leitrim €122,222 and Longford €95,000

Value for money

For house hunters in search of value for money, Longford comes out best and in an average across all three house types is the cheapest at €87,333. Longford is also cheapest for two bedroom apartments at an average of only €60,000 up €8,000 or 13.3% on the June 2017 figure.

In contrast the most expensive two bed units are to be found in both Dublin 2 and 4 where they average €400,000, making them 6.6 times more expensive than those in Longford.

The most expensive semis

When it comes to four bedroom semis Dublin 4 also tops the market at an average price of €1.375 million – but those prices rose by a relatively modest 5.45%.

Dublin 2 four beds are second most expensive at an average of €1m up 10% in the six months and perhaps surprisingly they were more expensive than Dublin 6 where these average of €866,667, up 14%. Dublin 14 at €750,000 also rose 14.6%

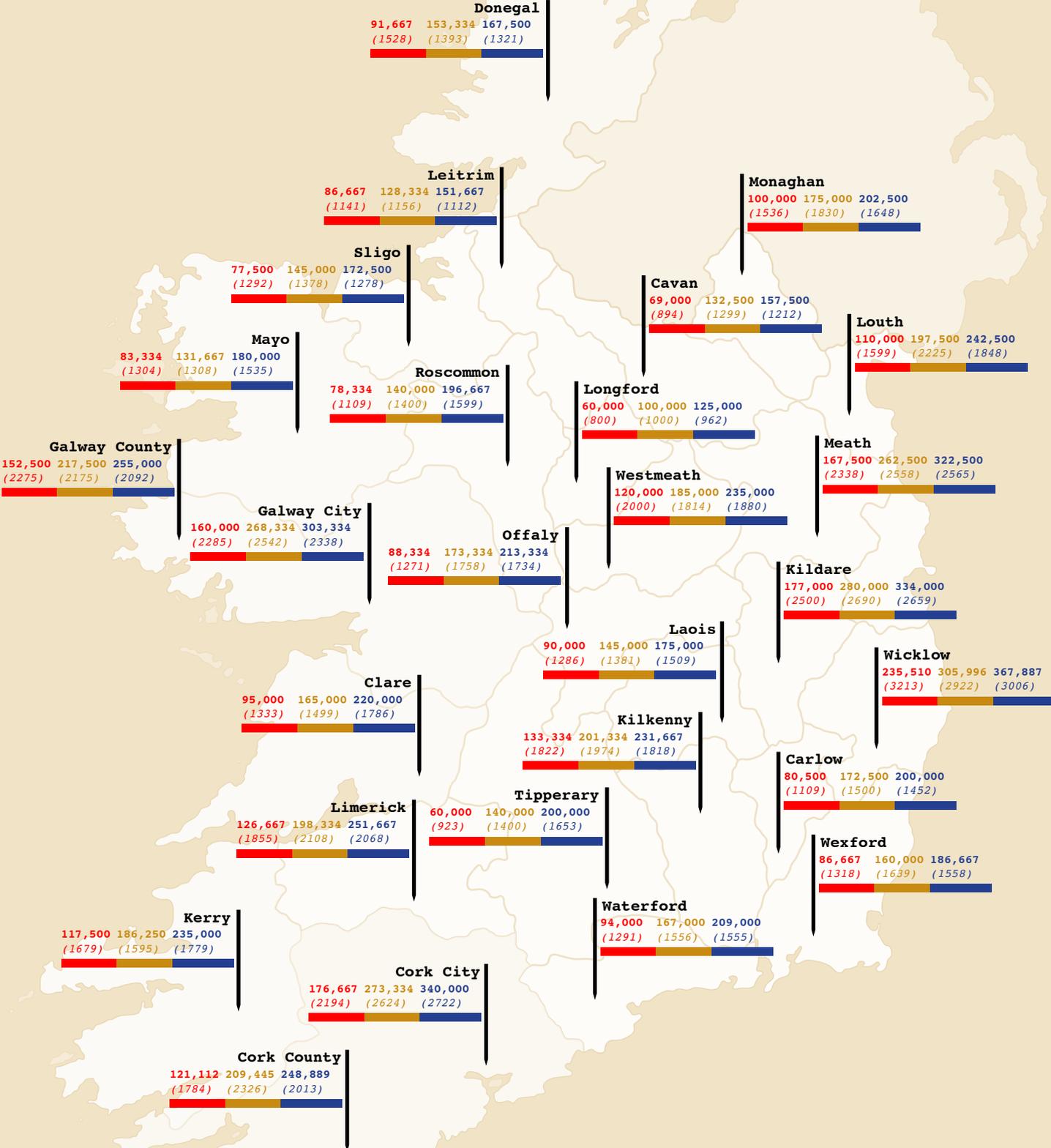
Increased supply helps to slow price growth

Evidence of the way on which increased supply may help to slow price growth may be reflected in the low rates of price increase for two bedroom apartments and four bedroom semis in south Dublin where new developments have come on stream such as those at the former Dun Laoghaire Golf Club.

Two bedroom apartments in the south county area increased by only 2.5% to €348,750. Nevertheless these are still the fourth most expensive two beds in the country so another factor slowing their price growth may be the better value for money in other areas.

Countrywide Price Breakdown

Price comparison across all counties



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

On the other hand South County Dublin four bed semis at an average of €581,250 are ranked much lower at eight after a 6% increase. That makes them cheaper than their equivalent house types in traditionally less salubrious areas such as Dublin 7 at €620,000 and Dublin 9 at €650,000 with the latter rising 11.3%. Here again the extension of the Luas green line may have been a factor.

Those prices are multiples not alone of prices for four beds in Longford but in many other counties.

In Longford four bedroom semis fetch €125,000 up €5,000 or 4%; Leitrim four beds were €151,667 up €16,667 or 11%; Donegal €167,000 up €8,666 or 5.47%; Cavan €157,500 up €22,500 or 14.3%; Sligo €172,500 up €40,750 or 23.6%. Laois four bedroom semis are also among the least expensive at €175,000. Tipperary which had been in the bottom six in the first half of 2017 rose €45,000 or 22.5% to €200,000 in the second half of the year.

Bang for their buck

An extra feature of this IPAV survey is that it also includes prices per square metre which enables home buyers to compare the value for money that they can achieve in terms of the spaciousness of the homes. This can be especially important in determining how the average price compares with the size of home that is being bought.

For two bed apartments Longford is again the best value at only €800 per sq m followed by Cavan at €894 and Tipperary €923 per sq m.

Interestingly in Dublin despite Dublin 4 being the most expensive on the basis of average prices, when it comes to price per sq m, it slips down the table at €4,464 per sq m. For two bedroom apartments the most expensive is Dublin 2 at €5,536 per sq m followed by south Dublin at €4,832 per sq m and Dublin 14 at €4,781 per sq m.

This suggests that many Dublin 4 apartments may be more spacious than those in the other areas of Dublin including Dublin 3 and 6.

Consequently Dublin 4 flats are only sixth in the league table.

Prices boost apartment development

In the more sought after areas of Dublin some of the top of the market apartment are selling for prices which are much higher than the average shown in the IPAV survey. This explains why, despite developer complaints about the cost of building apartments, a number of new apartment developments are being built and sold in the city. In Dublin 4 some of them are even achieving over a €1 million each and at least one sold for more than €3.5m.

There are seven areas of Dublin where average prices for two bed apartments exceed €300,000. Not surprisingly these include the central business districts of Dublin 2 and 4 where they average €400,000, In Dublin 6, they average €373,000 up €44,666 but that reflects a modest rate of increase of only 3.8%.

Dublin 14, which includes Dundrum, saw two bed prices rise €16,666 or 4.76% to €350,000 and Dublin 3, which includes Clontarf, saw prices rise €20,000 or 6% to €310,000.

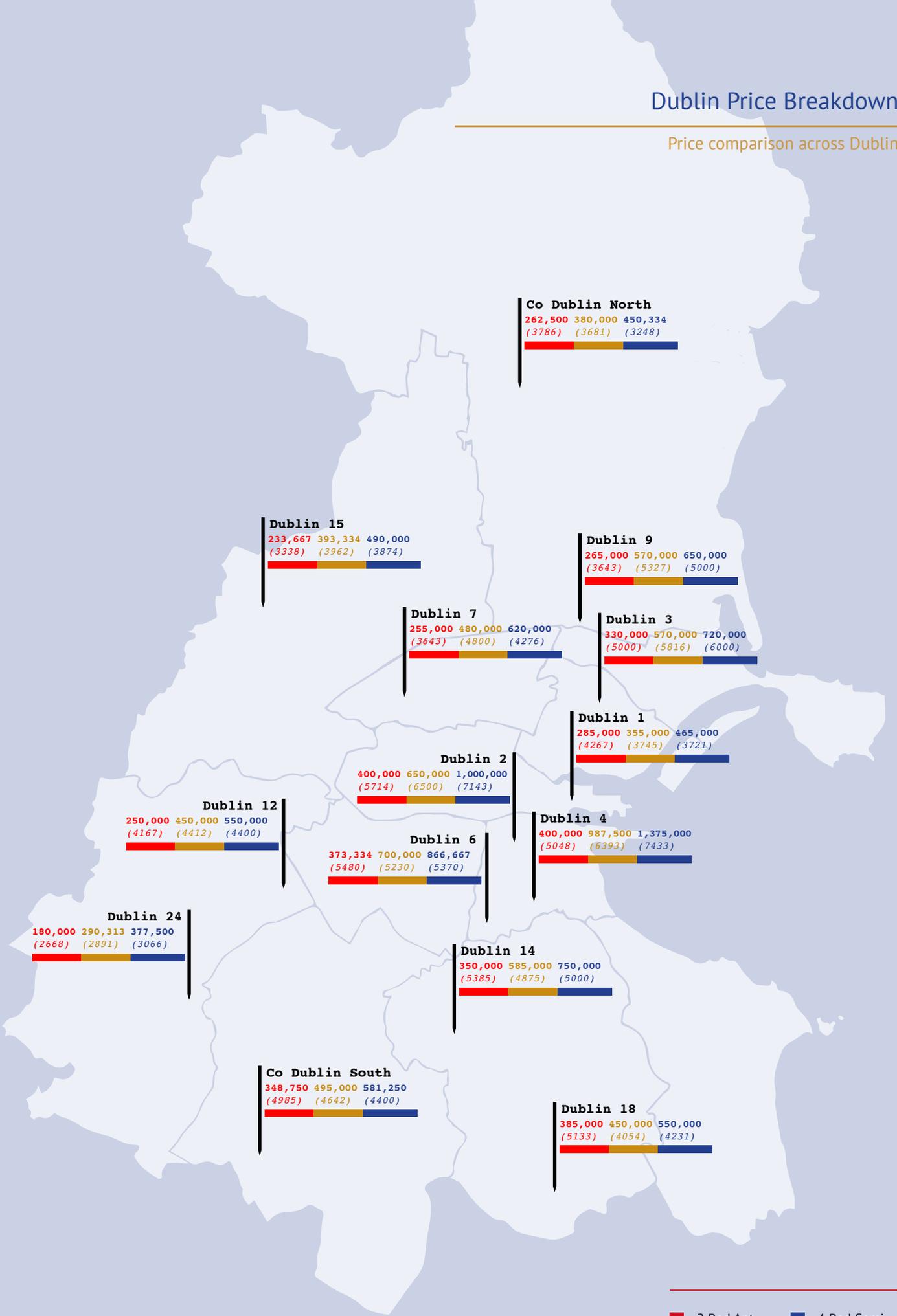
Priced below replacement cost

Despite the strong price growth last year, three bedroom semis are still selling for below their replacement costs in 22 of the markets examined. These include the county areas of two large counties Galway and Cork. In contrast prices in those cities are above the replacement cost level as may be some of the county areas close to the city. Prices in the commuter counties of Wicklow, Kildare and Meath are also above replacement costs.

Supply of new homes is unlikely to increase significantly in the 22 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.

Dublin Price Breakdown

Price comparison across Dublin



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



Paul McCartney, Editor



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