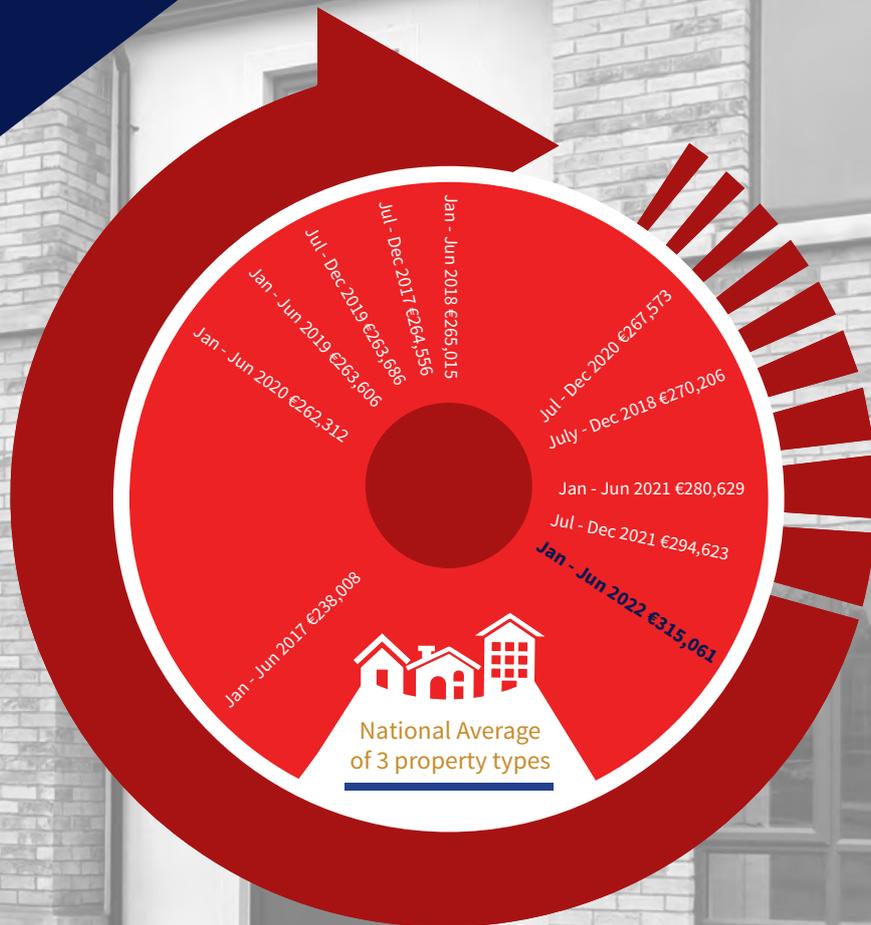




Institute of Professional Auctioneers & Valuers

The Voice of Auctioneers & Valuers in Ireland



Changing Sentiment Emerges Mid-Year

by Pat Davitt IPAV Chief Executive



Our latest Residential Property Price Barometer covering the first half of 2022 shows an overall price increase of 6.36 per cent on the previous six months, roughly the same level of increase recorded in the first half of 2021.

But as auctioneers know only too well, beneath a headline figure there is a far more varied picture, and you will see the full data analysed in the following pages.

IPAV's Barometer records, not asking prices, but those actually achieved by auctioneers for three- and four-bedroom semi-detached homes and two-bedroom apartments.

In the intervening period since June 2022 the one critical factor that has changed is the ECB interest rate increase of 0.5 per cent in July. It took the market somewhat by surprise, not just the fact that it amounted to a full half percentage point but because some senior ECB figures in the preceding months had dampened expectations of such rises happening at all.

From our data we can observe that the practice of increasing reserves - where the price expectations of neighbourhood sellers tend to grow when a property achieves a particular level - has almost disappeared since May and through June.

In fact, in the first four months of this year the overall increase would be about 10 per cent but changes during May and June brought the six months figure to 6.36 per cent.

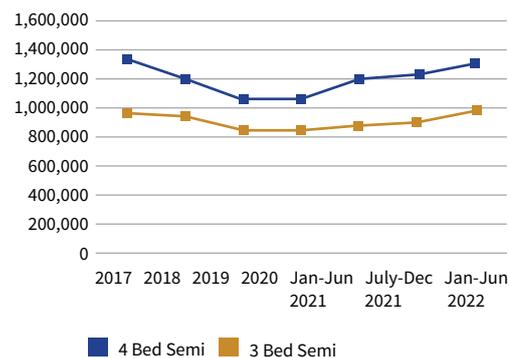
There has been much commentary to the effect that prices have reached 2007 levels, giving rise to questions about the potential for another property crash. We are in a very different place now. Back then buyers were allowed to borrow up to 10 times salary, often with no deposit requirement; interest rates were about double what they are today; there was no shortage of supply and we had no real long-term fixed interest rates, the latter being a relatively new phenomenon in Ireland.

From 2007 to 2013 property prices slumped by some 57 per cent on average with many areas falling by as much as 70 per cent. Now the index is back, particularly in the cities and their hinterlands but in many areas prices would have to rise by a further 20 to 30 per cent to reach 2007 levels.

So we're not going to see a repeat of what happened back then. However, there may well be a correction in some very hot areas. In a functioning property market that is to be expected when the interest rate cycle changes because it locks out a cohort of aspiring buyers. The market will have to adapt and it will, affordability will improve to meet this market demand.

The graph below shows a correction that took place in Dublin 4 prices between 2017 and 2022. It has taken five years for prices to get back to the same level.

Dublin 4 Fluction by Year



As prices are slowing more properties are coming onto the market as tends to happen in this kind of environment. We've had the 0.5 per cent mortgage increase in July and could see a further 1 per cent before year end. Many mortgage holders, apart from those on tracker mortgages, did not feel the impact of the 0.5 per cent increase yet since several lenders absorbed it. But with any further increases more potential purchasers will be excluded from the market.

This is likely to lead in the next 6 months to price increases tapering to around the two per cent mark with the hottest areas seeing no increases at all.

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

I want to thank IPAV members who have contributed to this latest Residential Property Price Barometer who by their work continue to bring to public attention a data source that has proved itself one of the most reliable in the market since its inception in 2017.

Widely different rates of price increase across the country

By Donal Buckley



Widely different rates of price increase are being seen in the Irish housing market according to the latest National House Price Barometer survey undertaken by the Institute of Professional Auctioneers and Valuers (IPAV). It found that the national average rate of house price increases was 6.36pc to €315,061 in the six months to the end of June 2022. That rate of increase is only slightly ahead of the 6pc increase shown in the previous six months.

Of the 41 markets surveyed about half recorded price increases which were less than the national average. In contrast a few markets did record double digit price increases in the half year, and they included some where buyers took advantage of very low prices relative to the national average. So, they had an upward influence on the national average.

Clare recorded some of the highest price increases with double digit or near double digit price growth across all three house types and the highest of these was an 11.52pc increase for its three-bedroom semi-detached house which sold for an average of €230,000.

In contrast across the bay, Galway city two bed apartments which cost almost the same, €229,500 recorded the lowest rate of increase, only 2pc.

Among the 14 Dublin markets surveyed, a majority showed increases which were below the national average.

Three-Bedroom Semi-Detached Houses

In the three-bedroom semi-detached house sector, four markets achieved double digit price increases but over half, 23 markets, saw increases which were below the sector's 6.73pc national average. In Dublin eight of its 14 markets saw increases below national average.

Galway city three-bed semis showed the strongest rate of increase not alone in the sector but across all sectors and markets. In

contrast to its low apartment price growth, Galway three bed family houses rose 12.9pc to an average of €350,000. Next strongest was County Clare where prices for this house type rose 11.52pc to €230,000. Other three bed semis to show double digit price growth were in Carlow – up 10.98pc to €227,500, and Waterford - up 10.77pc to an average of €240,000.

The slowest price growth in the sector was seen in Tipperary up 2.82pc to €182,500 which is the fifth cheapest three-bedroom semi in the country. Dublin 2, covering south city centre, saw the second slowest 3.17pc price growth but it was coming from a high base where prices now average €650,000 or the third highest in the country.

Slow growth was also seen in Dublin 12, which includes Walkinstown, up 3.26pc to €475,000. Galway County prices rose 3.64pc to €228,000 which contrasts with the double-digit performance in the county's capital.

The highest actual prices for three-bedroom semis continue to be achieved in Dublin 4, extending from Sandymount to Donnybrook, where they rose by a strong 8.06pc to an average of €972,500, just short of the million mark. Second highest prices continue to be recorded in Dublin 6, which includes Rathgar and Ranelagh, at €834,068 after a 4.86pc growth.

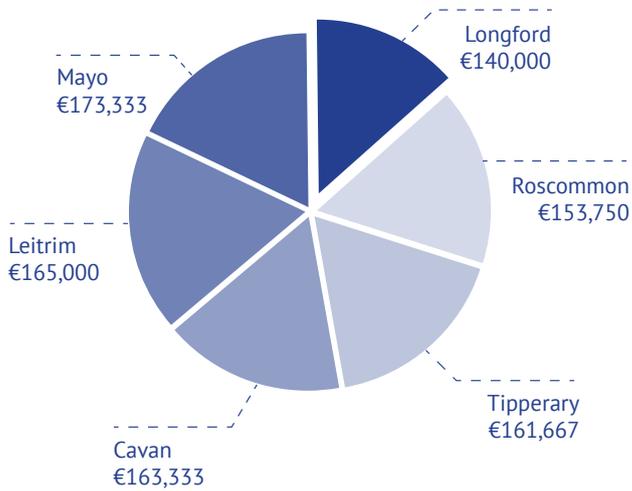
Dublin 3, which includes sought after coastal homes of Clontarf, had the fourth most expensive three-beds at €650,000 - up 8.33pc. Dublin 14, which includes Dundrum and Churchtown, had the fifth most expensive in this size category at €608,542 - up 4.26pc.

Even after a 6.67pc rise, Longford's three-bed semis are still the cheapest in the country at €160,000. Leitrim was third cheapest with a 5.5pc rise to €170,556 and it was followed by Cavan at €177,500 - up 7.58pc.

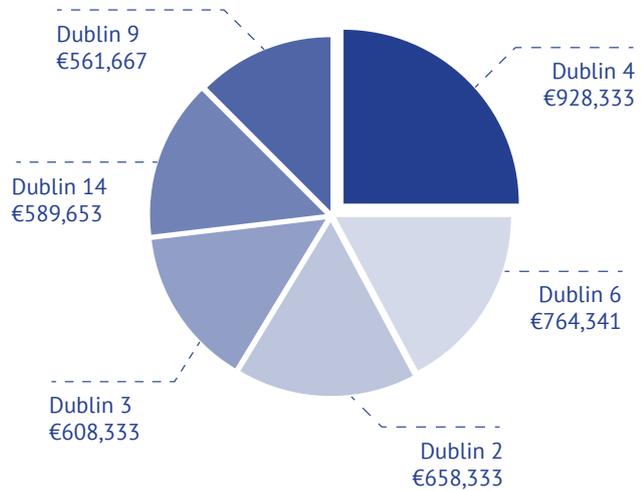
Top Six Least and Most Expensive Locations

Results for Q1 and Q2 2021

Least Expensive



Most Expensive



These figures are an average across the three property types – three and four-bedroom semi-detached houses and 2-bedroom apartments.

In the four-bedroom semi-detached house sector the national average price increased 6.08pc but more than half or 23 markets saw increases below that level.

Only two markets saw double digit price growth in this house type category. These were Roscommon - up 10.42pc to €198,750 which is still the second lowest price in the country. Wicklow scored the second strongest price growth 10.28pc to €472,000 which is the highest price level for this house type outside Dublin.

Clare also performed strongly in this sector and almost made double digit price growth with a 9.81pc rise to an average of €285,500. Its Mid-West neighbour, Limerick also saw strong growth in this house type – up 9.79pc to an average of €322,500.

Fifth strongest price growth in this category was in Dublin County South – up 9.47pc to an average of €682,000.

Interestingly three Dublin City areas with traditionally strong bedsit markets, were among the five markets nationally with the most sluggish four-bedroom price growth.

Dublin 9, which includes Glasnevin and Drumcondra, saw the slowest price growth in the country – up 2.19pc to a still high price of

€700,000. Across the Liffey, Dublin 2 saw price growth of only 2.91pc but its four bed semis are still the third highest in the country at €885,000.

Its neighbour Dublin 6 on the southside of the Grand Canal, saw price growth of only 3.13pc but nevertheless with its €30,518 price rise brought Dublin 6 four-bedroom semis above the million-euro mark to €1,005,518 for the first time in the IPAV Barometer series.

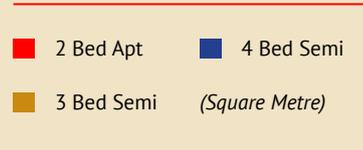
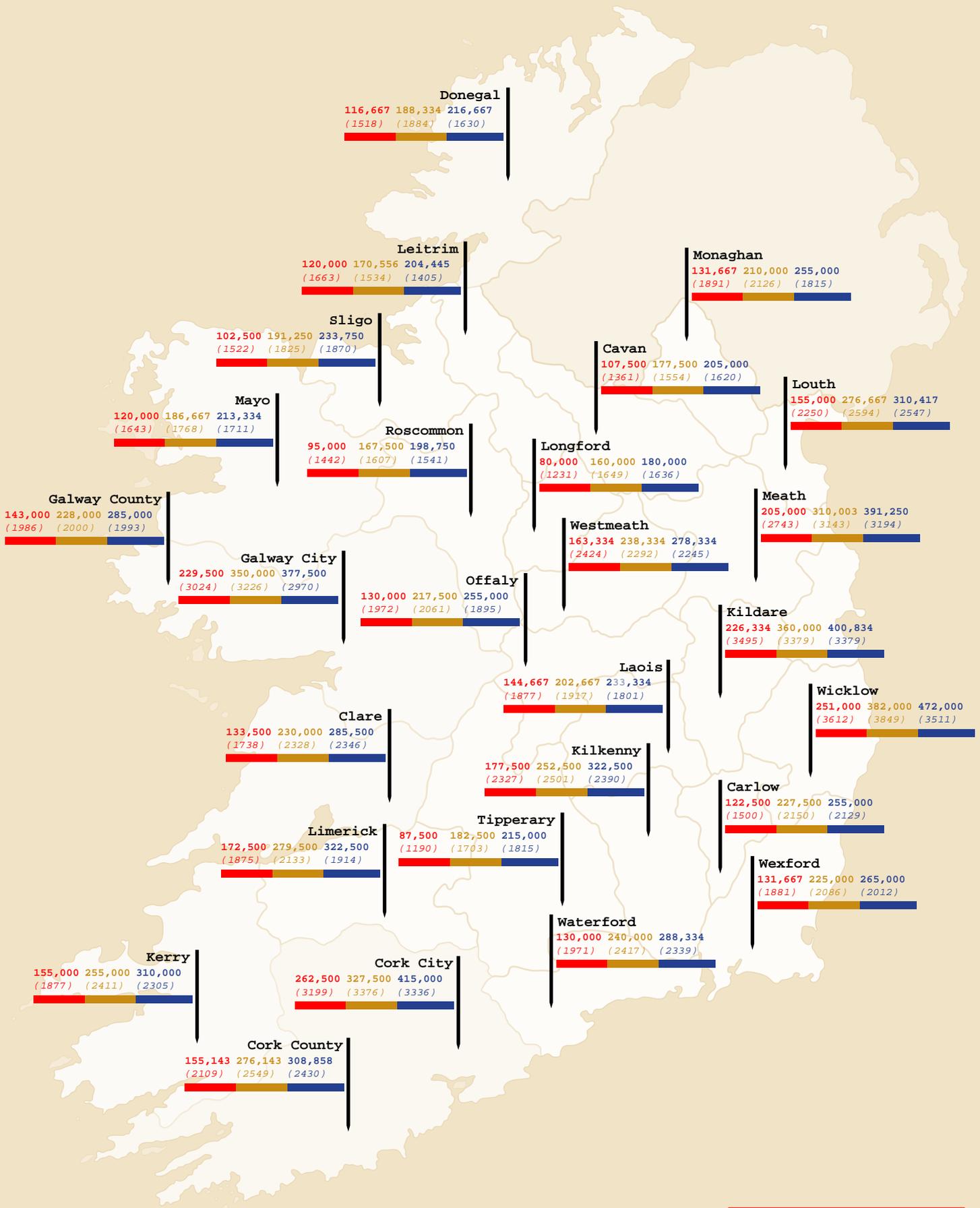
While it may be tempting to attribute the sluggish price trends in those areas of Dublin to a lack of investor demand, it may be more accurate to attribute it to preferences among families to move away from the inner city and inner suburbs. Existing high prices results in fewer competing in those areas and also some are influenced by the trend among office workers to work remotely.

Dublin 24 which includes Tallaght and CityWest saw the fourth slowest price rise - 3.05pc to €436,250. Offaly was second slowest as its prices crept up by only 2.68pc to €255,000.

Dublin 4 consolidated its position with millionaire four-bedroom semis as its average prices rose 6pc to €1.325 million.

Countrywide Price Breakdown

Price comparison across all counties



On the capital's northside four-beds rose by an above average 6.8pc in Dublin 3 to €785,000 while in southside suburbia Dublin 14 prices rose 4.82 pc to €740,184 to pip Dublin 7 for fifth most expensive four bed semis.

Longford yet again was the weakest in this category with a 5.88pc rise to €180,000. Leitrim prices were third cheapest at €204,445 – up 5.75pc.

Cavan, despite a stronger than average 7.89pc price growth to €205,000 was fourth cheapest while Mayo with also above average growth of 6.67pc was fifth cheapest at €213,334.

Two Bedroom Apartments

In the two-bedroom apartment sector while prices rose by an average of 6.28pc, almost half or 19 markets recorded price rises which were below that level.

Only two markets recorded double digit growth. Clare was again the strongest with a 10.56pc increase to €133,500. It was followed by Cavan with a 10.62pc rise to an average of €107,500 but this was from a very low base as Cavan apartments are the fourth cheapest in the country.

A pick-up in appetite in for two bed apartments in Cork, if it were sustained, could attract more such long awaited developments to the city and surrounding towns.

Cork City prices gathered pace with a 9.95pc spurt to €262,500 while Cork County recorded the fifth highest apartment price rise of 9.15pc to €155,143. Fourth strongest apartment price growth was seen in Meath – up 9.33pc to €205,000.

Considering the strong demand for rental accommodation in most urban areas, it may seem surprising that price growth for two-bedroom apartments was very sluggish during the half year in Galway, South County Dublin, Dublin 15 and Kilkenny. But this sluggishness reflects the relatively weak demand for apartments, not alone among home buyers, but also among private investors for this type of second-hand property in those areas.

The slowest growth for apartments was in Galway City where prices rose by only 2pc to

an average of €229,500. Its neighbour Galway County saw the third slowest apartment price growth of 2.14pc to an average of €143,000.

Dublin 15, which includes the industrial area of Blanchardstown, saw two-bedroom apartment prices record the second slowest growth rate of 2.06pc to an average of €260,000.

Those prices are well below the estimated €411,000 to €619,000 which dated 2021 estimates show as the cost of building medium rise apartments. Consequently, with current build cost inflation pushing build costs even higher, this sluggish growth is likely to further dampen developer interest in undertaking apartment developments in the near future which does not augur well for residential rental markets in many counties.

While Dublin County South, which includes Dun Laoghaire and Blackrock, saw the fifth lowest rise in two-bedroom apartment prices of 3.48pc that must be set against this market's average price of €387,000 which is the seventh highest price for these sized apartments in the 41 markets surveyed.

The honour for most expensive apartments goes to Dublin 4 again with a 5.41pc increase to €487,500. It was again followed by Dublin 6 where they rose by an even stronger 7.32pc to €453,438 while those in neighbouring Dublin 2 south city centre rose 3.53pc to €440,000.

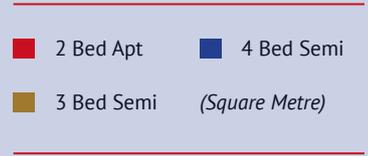
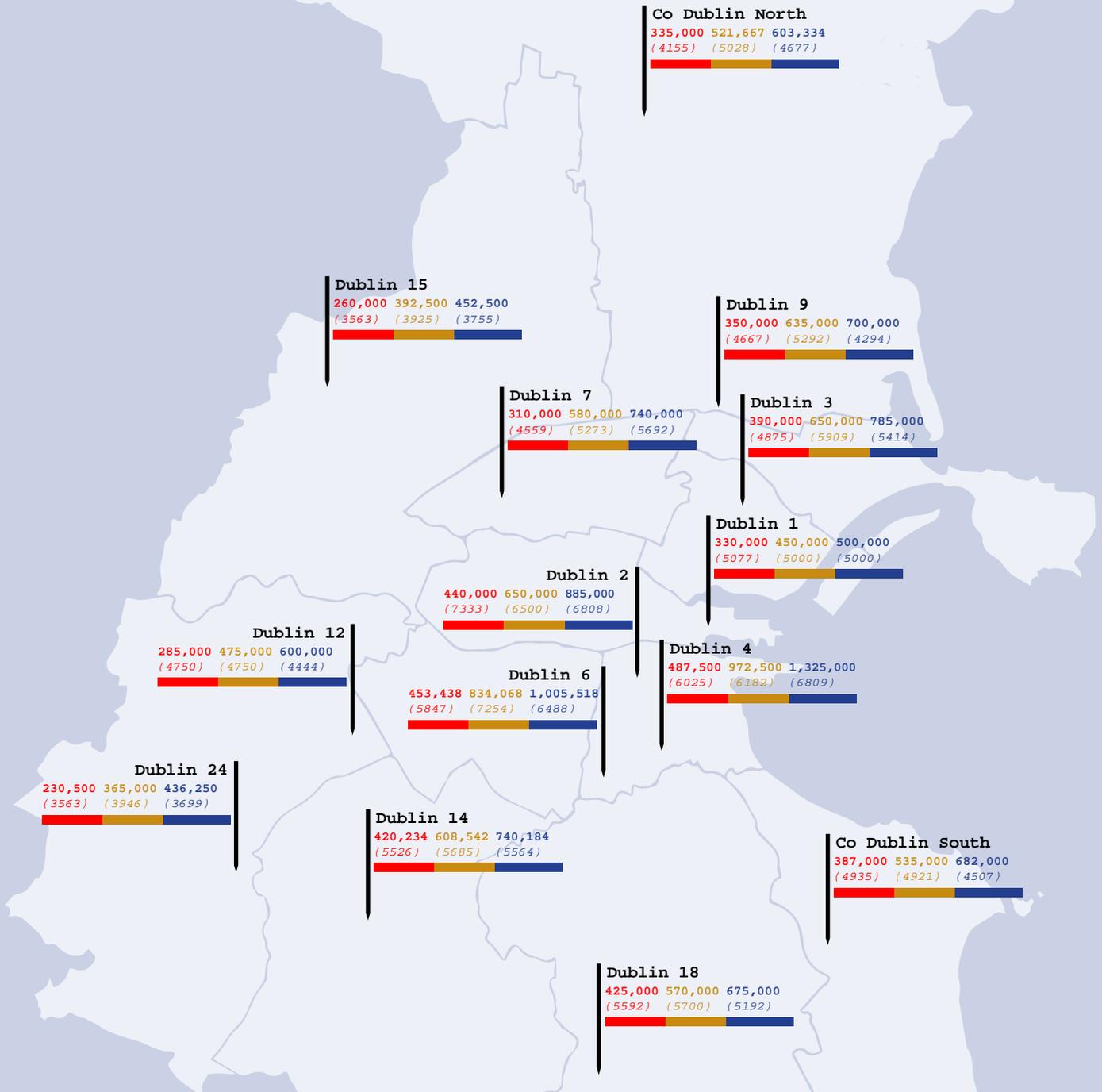
Dublin 18, where hundreds of apartments are being built by Hines and other developers, saw prices rise by a below average 3.66pc to €425,000 which is still the fourth highest price in the country. Fifth highest average apartment price was seen in Dublin 14 where they rose 4.15pc to €420,234, despite more than a thousand apartments being planned for Dundrum Village and nearby mental hospital site.

Longford continues to offer the cheapest apartments at €80,000 despite an increase of 6.67pc in line with the national sectoral average level of price increase. Tipperary apartments at €87,500 were the second cheapest after a below average 6.0pc increase.

Roscommon offers the third cheapest apartments at €95,000 despite an 8.57pc increase. Donegal apartments rose 4.48pc and were fifth cheapest at €116,667.

Dublin Price Breakdown

Price comparison across Dublin





Paul McCartney, Editor



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The figures in the barometer are the average price achieved over a six month period, Jan to Jun 2022, completed by 108 selected members of IPAV throughout the 26 counties of Ireland. ©