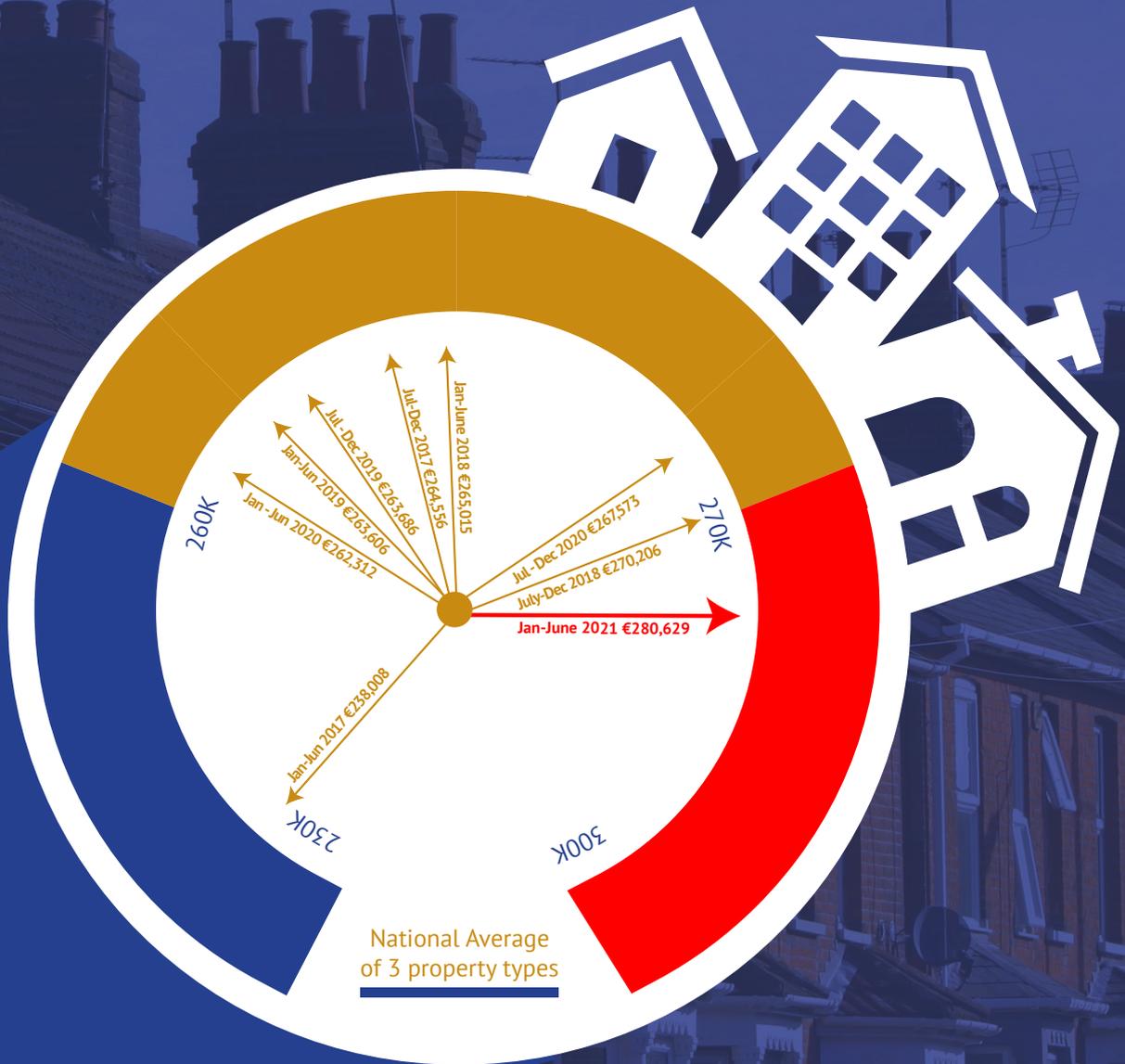


IPAV Residential Property Price Barometer | Results for Jan - June 2021



House Price Increases Accelerate

by Pat Davitt IPAV Chief Executive



Welcome to IPAV's latest Residential Property Price Barometer charting house prices achieved for three and four bedroom semi-detached homes and two-bedroom apartments in the first half of 2021.

We analyse property prices in this period and compare them with the previous six months.

Our survey is unique in that it charts house prices achieved by auctioneers, as opposed to asking prices. While that difference is always relevant it is particularly so now given the intensity of activity where, it would appear, asking and achieved prices are diverging to a considerable degree.

It is now accepted that IPAV's predictions during COVID-19 lockdowns and after opening up proved correct. It looks like the property market of 2-bedroom apartments and 3 and 4 bedroom semi-detached homes will increase by at least 10% in 2021, while other one-off houses are likely to increase by a lot more.

The dire forecasts by some notable economists in late Spring and early Summer of 2020 of considerable house price drops are well and truly disproven. The property market is very resilient at present and if demand continues to outweigh supply and interest rates remain low prices are likely to continue to rise. We need more new properties to be built and much of the vacant stock of about 100,000 homes to be brought back into the market.

It's unfortunate that at a time when new homes are needed more than ever the construction industry was forced to close for five months. Some have expressed the view that we need up to 50,000 new houses per year but it's not that many years ago when some economists said we required 93,000 new homes per year. We need to focus more on affordability and ensure that new house prices are not too expensive for our First Time Buyers. The price of a new home is critical to the future financial security and wealth of our younger population.

This, our latest survey, shows an acceleration in house price increases. We're seeing double digit growth for 3-bedroom homes in Waterford and Limerick. And close behind are Tipperary, Meath, Louth and Cavan

with nine plus per cent growth, followed in the eight plus per cent range by County Dublin, Carlow, Dublin 15, Dublin 7 and Kildare.

Some of the area specific increases are accounted for by new blended working opportunities where people don't have to operate from formal office environments on a full-time basis.

However, there is a deeply compelling and growing logic as to why people would want to buy their own homes. For some time it has been cheaper to service a mortgage than pay rent on a similar property. This is so in every area of the country, according to Daft. ie, substantially so in many areas, with the only two exceptions being the wealthy districts of two Dublin locations, Dublin 4 and 6. Even in those atypical areas it is only marginally more expensive to service a mortgage than pay rent.

The advent in recent months of greater competition in the mortgage market now means that a mortgage can be secured for up to 30 years at a relatively low fixed interest rate for the entire period of the mortgage. This is a game changer that brings Ireland closer to, if still way ahead of, the norm within the euro area. It gives mortgage holders security in relation to their future financial outlay.

Accelerating house price increases, while acceptable in the short-term, if prolonged can have deeply damaging consequences - for individuals, families and for society at large. The only real answer to the current situation is to increase supply. While there is a policy consensus around the need for more homes to be built, and at affordable prices, a myriad of policy initiatives in the last decade has not delivered on this declared objective. Supply is so tight that in some cases would-be sellers are not putting their homes on the market, lest they may not be able to find a suitable property to buy or that by the time they do prices may have moved beyond their budgets.

We need to see measures that tackle severe planning impediments, the tax take on buying a home where mortgage holders borrow money and pay interest rates on those borrowings for the lifetime of the mortgage to cover upfront VAT charges before they get a key to their homes. Mortgage lending rules also need to be relaxed to assist those on average incomes.

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

I thank most sincerely members who contributed to this latest Barometer. Your work continues to make an important market leading contribution.

House prices to see double digit growth in many but not all locations

By Donal Buckley



Double digit house price inflation is on the cards for several sectors of Ireland's residential property market this year and some areas are already experiencing it.

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 in 38 different market sectors between January and June this year compared to the previous six months.

Nationally the average house price increased by 6.25% and if this was replicated in the second half of this year house prices could be more than 12% higher over the 12 months. The barometer identifies key regional areas that are becoming property hot spots where even if the pace of inflation were to slow they could still see double digit growth for the 12 months.

Average prices for three bedroom semis nationally rose by 6.58% but as many as 23 of the 38 markets surveyed showed increases above that level.

Waterford recorded 11.16% price growth for three bedroom semis and Limerick saw 10% plus price growth for both three and four bedroom semis in the first six months of the year.

A number of other market sectors came close to the double digit price growth with a further 14 areas seeing four bed semis exceed 9% and four areas saw this level attained for

three bedroom semis. In the two bedroom apartment sector Kildare was the only area to achieve 9% price growth. In addition four other areas comprising Limerick, Carlow, Meath and Laois achieved growth of more than 8% for two bed units.

A number of trends appear to be pushing up prices. The key factor appears to be the affordability of housing outside Dublin combined with the increased willingness of employers and employees to engage in remote working thus avoiding both the more expensive Dublin residential prices or the long distance commute. But not alone does remote working make it easier for first time buyers to get on the provincial property ladder, it also makes it attractive for some Dublin home owners to acquire similar if not larger homes in the regions and attractive coastal areas while also generating equity to enhance their life styles and pensions.

But as demand intensifies the shortage of homes becomes more evident in some regions also and this is exacerbating inflation.

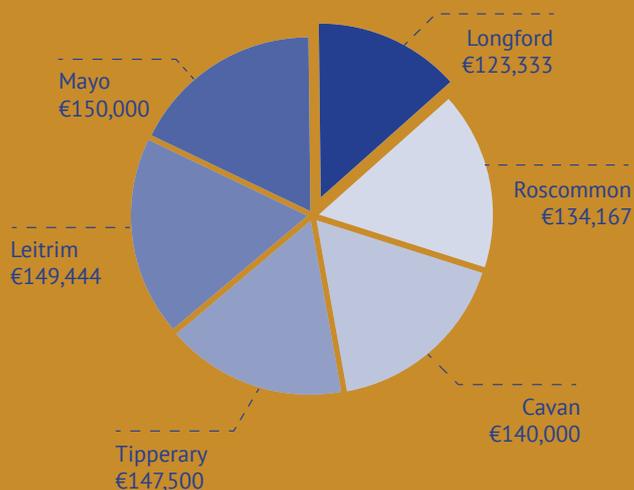
In the three-bedroom sector after Waterford at €206,667 and Limerick at €246,250, other counties to exceed 9% price growth were: Tipperary 9.68% to €170,000; Meath 9.45% to €275,000 and Louth 9.37% to €233,334.

But not everywhere is seeing strong price growth. In sharp contrast the slowest price growth in the three-bedroom sector was seen in Mayo where they rose only 1.1% to €153,334. Dublin 2 rose 1.67% to €610,000; Kilkenny rose 2.81% to €228,750. Leitrim and Wicklow shared the honour of recording the fifth slowest growth rate in this house type – up 3.33% to €155,000 and €328,000 respectively.

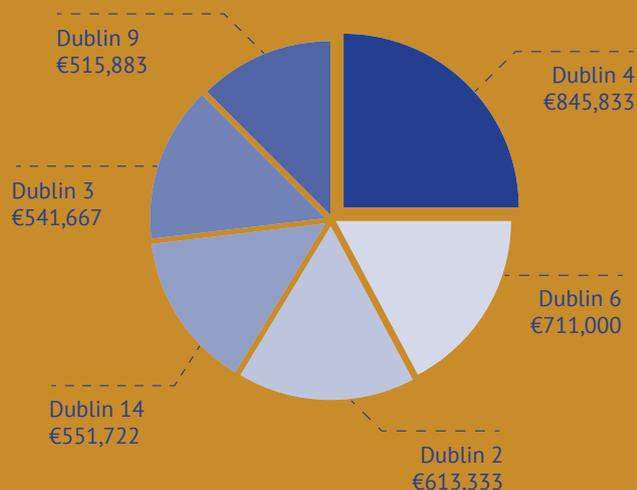
Top Six Least and Most Expensive Locations

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.

Dublin 4, which stretches from Sandymount to Ballsbridge and Donnybrook, continues to be the most expensive part of the country for three-bedroom semis where they rose 7.25% to an average of €887,500. Neighbouring Dublin 6 narrowed the gap with a slightly faster 7.64% growth rate to remain second most expensive at €775,000. Dublin 2, despite its very slow growth rate, nevertheless remains third most expensive for three-bedroom semis at €610,000.

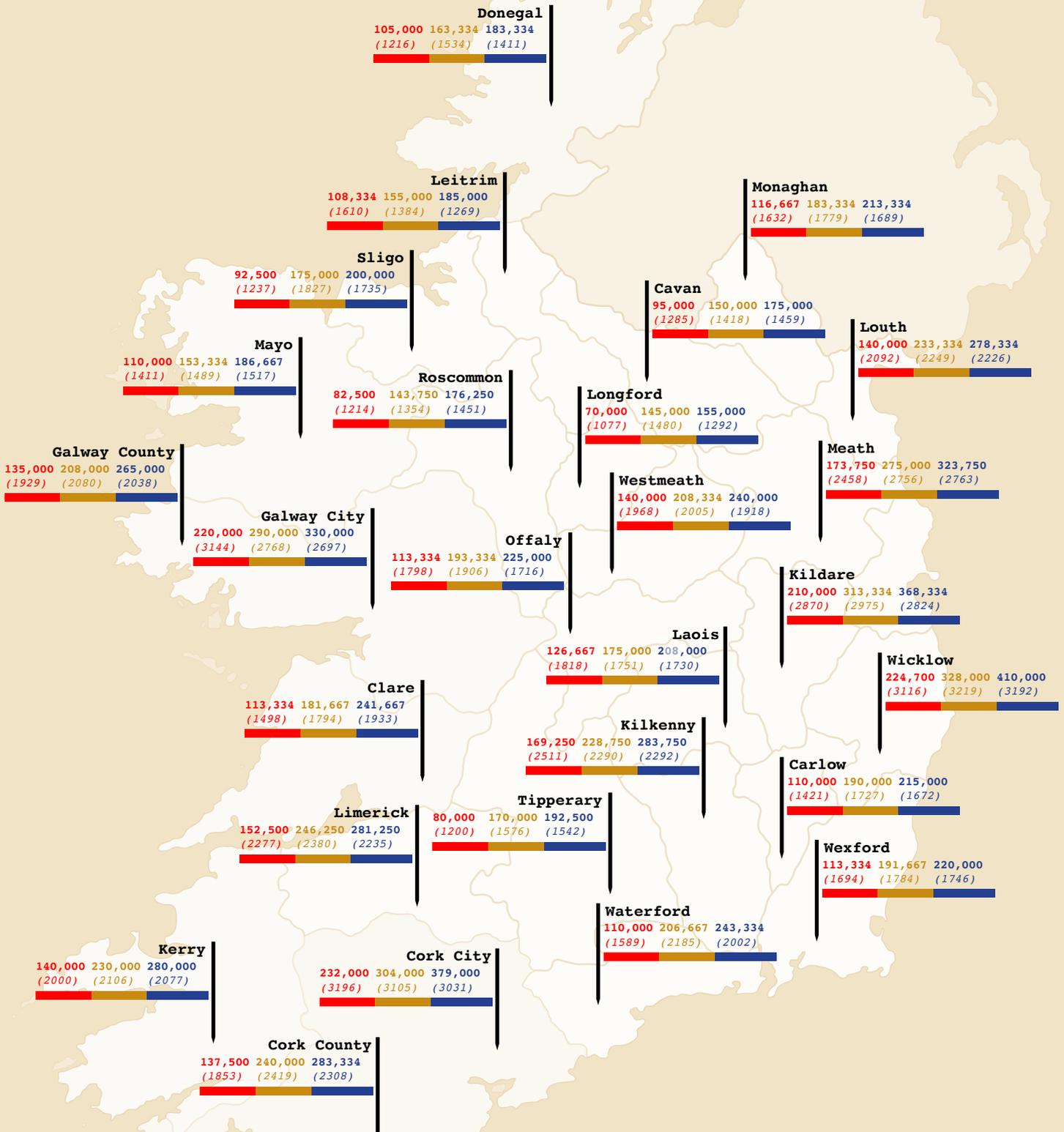
Roscommon offers the cheapest three-bedroom semi at €143,750 despite a 6.48% price rise. Longford, which had long been at the bottom of the charts saw a 7.41% rise to €145,000. Cavan is currently third cheapest at €150,000 but that position may not last long if it continues with the 9.09% inflation seen in the first half of this year. Mayo is fourth cheapest at €153,334 followed by Leitrim at €155,000.

In the four-bedroom semi sector Limerick scored the fastest inflation rate at 10.29% to €281,250. The allure of coastal locations may have spurred others with strong inflationary surges. Kerry and North County Dublin both shared second strongest rises with 9.8% jumps to €280,000 to €541,667 respectively. Waterford also performed strongly with this house type - up 9.79% to €243,334.

A surprise with this house type was seen in Dublin 24 which includes Tallaght with a 9.76% rise to €398,334 as this was going against the Dublin trend where some of the slowest inflation rates for four beds were seen in Dublin. For instance, Dublin 1 rose only 2.2% to €460,000; Dublin 15 rose 2.41% to €425,000; Dublin 2 rose 2.5% to €820,000 and Dublin 18 rose 2.56% to €600,000.

Countrywide Price Breakdown

Price comparison across all counties



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

Roscommon had the slowest rate increase in the sector at 2.17% to €176,250. While neighbouring Longford narrowed the gap it was still the cheapest for four bedroom semis at €155,000 followed by another neighbour Cavan at €175,000.

When it comes to top prices, Dublin south city continues to dominate with Dublin 4 leading the way at €1.2million for a four-bedroom semi - up 9.09%.

It was again followed by neighbour Dublin 6 at €943,000 up 5.36% and Dublin 2 at €820,000 up 2.5%.

Dublin 3 which includes Clontarf was fourth most expensive at €700,000 up 4.48% while Dublin 14, including Dundrum and parts of Rathfarnham, was fifth at €688,334 up 9.26%.

Nationally the average price increase for two-bedroom apartments of 5.53% lagged the national average house price rise but a number of areas were well ahead of that, notably counties in Dublin's commuter belt. Kildare led the way with a 9.09% rise to €210,000. Carlow was third with an 8.64% rise to €110,000, Meath fourth with 8.59% growth to €173,750 and Laois fifth with 8.57% growth to €126,667. Limerick reflecting, its overall performance, also featured strongly in the apartment market with an 8.93% growth for second place to €152,500.

Cavan showed the slowest apartment price growth of 1.33% to €95,000 which is the fourth cheapest in the country. Slow growth was also seen in a number of south Dublin apartment markets. Perhaps the upsurge in build to rent apartment development in areas such as Dun Laoghaire, Dundrum, Cherrywood, Stepaside, Sandyford and Carrickminess may be responsible for some of the slowest rates of price growth in the apartment sector. It could well be that small landlords are selling out in these areas because of the prospect of competition from institutional landlords and so the supply/demand trends are closer to balance. In the Dublin County south market

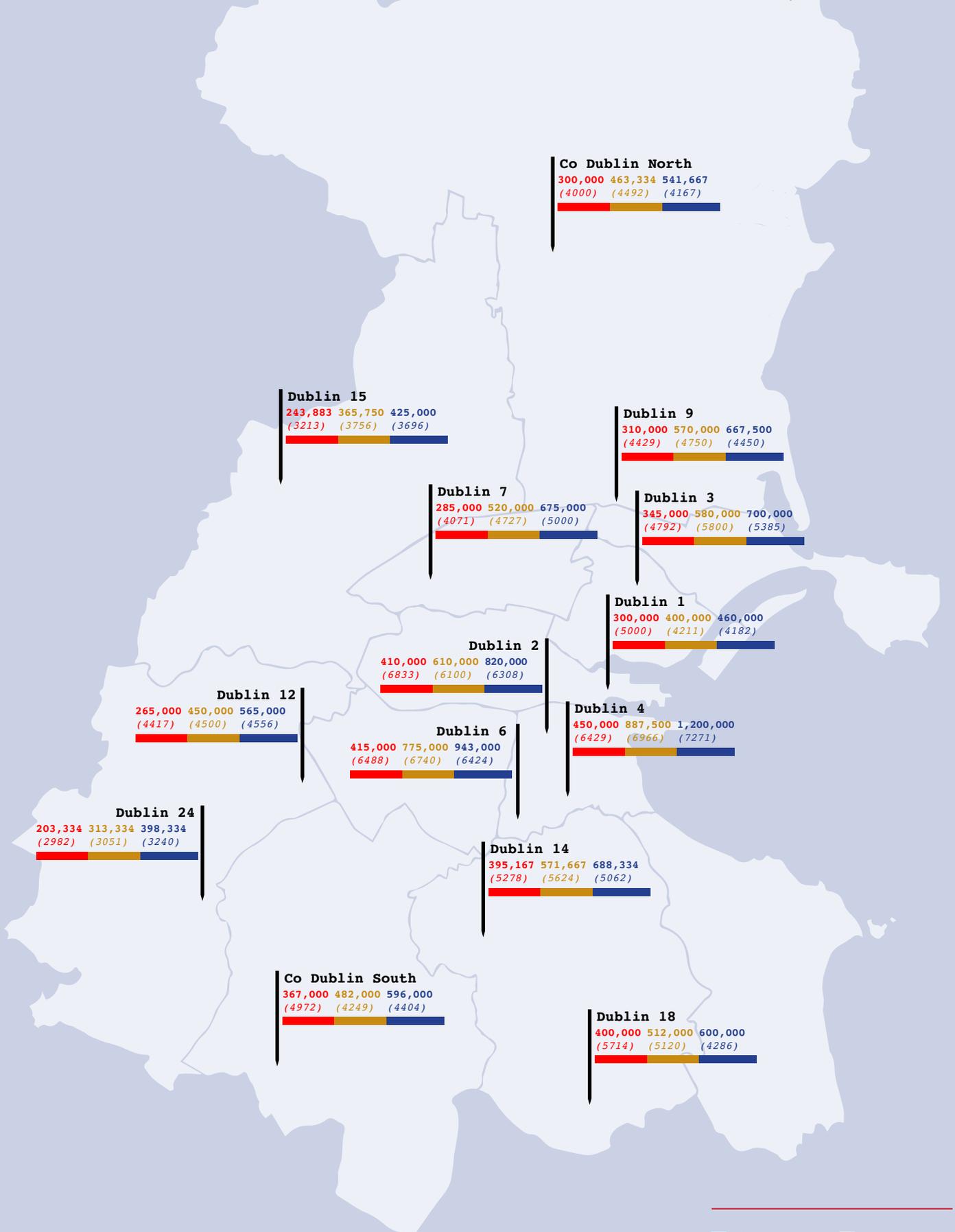
two-bedroom apartments rose by only 2.23% to €367,000 while neighbouring Dublin 14 apartments rose only 2.55% to €395,167. In another neighbouring area, Dublin 18, apartments rose 2.56% to €400,000.

Yet another factor could well be price resistance as these latter two areas recorded the fifth and fourth most expensive apartments respectively.

In overall price terms Dublin 4 continues to lead the apartment market too with 4.65% growth to averages of €450,000 for two beds. It was followed by neighbours Dublin 6 at €415,00 and Dublin 2 at €410,000 although inflation in those two south city areas was also relatively modest ranging between 3.23% and 5.13% respectively.

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, Jan to June 2021, completed by 108 selected members of IPAV throughout the 26 counties of Ireland. ©



Paul McCartney, Editor



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