

IRISH RESIDENTIAL MARKET

REVIEW 2016, OUTLOOK 2017

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INTRODUCTION

2016 was another positive year for the Irish economy with GDP projected to have reached 4.2%, placing Ireland as the fastest growing economy in the euro area for the third consecutive year.

The labour market continued to improve, with the standardised unemployment rate standing at 7.9% at the end of the third quarter of 2016, which is significantly below the February 2012 high of 15.1%.

The preliminary Census 2016 figures were released in summer 2016, revealing a stronger increase in population in the five years since 2011 than had been forecasted, by 3.7% nationally. However, this growth varied across the country, with urban centres such as Dublin and Cork seeing higher growth rates, of 5.7% and 4.5%, respectively.

Despite strong economic and demographic growth, residential transaction activity remained moderate, which would be regarded as contradictory to a more normal functioning housing market. According to the Property Price Register (PPR), approximately 32,150 homes were sold in the first nine months of the year, representing a slight increase of 1% compared to the same period in 2015.

Sales activity is currently hampered by the record low levels of available stock, which is subsequently fuelling large rental price increases. The rental market saw rents increase by 8.6% on an annual basis, to the end of quarter three 2016.

House price inflation remained moderate for a second successive year. Nationally, second-hand house prices grew by 5.2% in 2016, compared to 4.0% in 2015. Dublin saw a growth of 3.7% in the year, whereas price inflation was stronger outside of the capital, 7.3%.

A key feature of the year was the introduction of several government initiatives aimed at addressing the current problems in the residential market. In July 2016, the government announced its ambitious Rebuilding Ireland, Action Plan for Housing and Homelessness, which aims to provide building blocks to create a coherent, long-term housing policy for Ireland. Other initiatives followed in the Budget, with the specific aim of increasing construction activity.

32,150

EXCLUDING MULTI-FAMILY/PORTFOLIO SALES, APPROXIMATELY 32,150 TRANSACTIONS WERE LOGGED IN THE PPR IN 2016.



5.2%

HOUSE PRICES IN IRELAND ROSE BY 5.2% IN 2016.



3.7%

THE DUBLIN MARKET SAW PRICE INFLATION OF 3.7% IN 2016



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