

IRISH RESIDENTIAL MARKET

SPRING 2017

Sherry
FitzGerald

INTRODUCTION

The most notable feature of the Irish residential market during the opening months of 2017 was the increase in activity in the first time buyer cohort. This follows the introduction of several government initiatives during 2016, largely targeting this group of buyers.

The newly implemented Help-to-Buy incentive has witnessed a high applicant level during the first quarter of the year. Figures from the Revenue Commissioners show that as of the end of March, over 2,300 applications had been approved nationally, with just over 1,000 of these applicants having already claimed their rebate.

However, challenges persist in the Irish residential market. Despite strong economic and demographic growth, residential transaction activity remained flat during 2016, in stark contrast to a normal functioning housing market. According to the Property Price Register (PPR), approximately 44,700 homes were sold during the year, excluding multi-family/portfolio sales.

Furthermore, the historically low level of available stock has restricted sales activity and further fuelled the ongoing lettings crisis. The number of investors buying residential property has continued to decline, with approximately two investors leaving the market for every one investor entering the market. This lack of available rental property continues to place upward pressure on rents. At the end of the fourth quarter of 2016, rents increased nationally by 7.8% on an annual basis, according to the Residential Tenancies Board (RTB).

The number of residential units completed in January 2017 increased nationally by 35% when compared to the same month in 2016. They were also at their highest level for January since 2009. Although further completions data throughout the year is required to show a true trend emerging, early indications are that an increase in supply is taking place, which would help to address the current supply/demand imbalance.

1.9%

HOUSE PRICES IN IRELAND ROSE BY 1.9% DURING THE OPENING QUARTER OF 2017.



22,100 units

HISTORICALLY LOW TOTAL OF 22,100 UNITS WERE ADVERTISED FOR SALE NATIONWIDE IN JANUARY 2017.



Finally, it is worth noting that the market saw an increase in price performance during the opening quarter of 2017. Average values nationwide grew by 1.9% in the quarter, according to the Sherry FitzGerald barometer of second-hand property prices. This compares to the 1.3% growth rate recorded in the first quarter of 2016.



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