

# IRISH RESIDENTIAL MARKET

SUMMER 2017

Sherry  
FitzGerald

## OVERVIEW

**The year to date has been a largely positive one for the Irish residential property market. Evidence available at the time of writing suggests that the measures introduced by the Government in Rebuilding Ireland, combined with the relaxation of the macroprudential policy and the introduction of the Help to Buy scheme, have all had a positive impact on the market in the opening half of the year.**

Firstly, despite the low stock of second-hand property available on the market in the opening weeks of the year, as reported in our quarter one report, activity levels have improved notably on the same period in 2016. An analysis of activity levels during the opening quarter of the year shows a 9% increase in the volume of sales recorded in the Property Price Register (PPR), compared to the same period in 2016, with a 10% increase in Dublin.

Furthermore, it is worth noting that the volume of new dwelling sales recorded on the PPR rose by 23% nationally during the opening quarter of 2017, with a 33% increase in Dublin. The average value of new dwellings sold increased by 8%, while the average value in Dublin remained constant. This compares with a 38% increase nationally and 9% increase in Dublin in quarter one 2016. The greater stability in price inflation of new dwellings this year points to an increase in the volume of starter homes being sold on the market. This is an early indicator of the positive impact of the Help to Buy scheme.

# 10,800

THE PROPERTY PRICE REGISTER REVEALS THAT APPROXIMATELY 10,800 TRANSACTIONS WERE RECORDED IN THE OPENING QUARTER OF 2017.



# 9%

ACTIVITY LEVELS INCREASED BY 9% IN THE OPENING QUARTER OF 2017.



Finally, a comparison between the PPR and data from the Banking and Payments Federation Ireland during the opening quarter of 2017 reveals a reduction in the proportion of cash purchases in the market. The analysis for quarter one indicates that 43% of single property transactions did not have a mortgage attached to the transaction, signifying that these properties were likely to have been bought with cash. The comparable figure in the opening quarter of 2016 was 48%. This points to an increase in mortgage drawdown activity in 2017, an early indicator of the positive impact of the relaxation in the macroprudential rules.

Despite all of the above encouraging trends, it is disappointing, but not surprising, that the mismatch between the volume of investors leaving the market and those entering still remains very high, with this trend deepening the supply side crisis in the lettings market.



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Marian Finnegan  
Chief Economist,  
Director Research  
+353 (0)1 237 6341  
marian.finnegan@sherryfitz.ie