

IRISH RESIDENTIAL MARKET

REVIEW 2021, OUTLOOK 2022



INTRODUCTION

In 2021, events in the Irish housing market were once again shaped by the trajectory of COVID-19 within society. The heightened levels of house price inflation recorded throughout the country were a direct fallout from the pandemic. However, despite the profound impact, the market has shown remarkable resilience.

HEIGHTENED HOUSE PRICE INFLATION

Average second-hand home values rose by 9.6% in 2021. This increased rate of growth was driven by severe supply constraints, exacerbated by the pandemic, and unexpectedly robust levels of demand. Although, the rate of inflation was substantial nationwide, there remains a divergence in price performance outside and inside the capital, with average values rising 7.2% in Dublin and 12.9% outside of Dublin.

ROBUST HOUSING TRANSACTION ACTIVITY

Sales activity has bounced back from 2020 and has returned to the pre-pandemic levels of 2019. Activity is robust in more rural

locations and in the second-hand market. However, activity in the new homes market is still short of what it was in 2019. This was a result of fewer new developments having been brought to the market in the year due to the public health measures, as well as increased acquisitions of new homes by public bodies for social housing.

OUTLOOK FOR 2022

The outlook for the new year is largely positive. Sales activity is expected to expand, most notably new homes sales. Furthermore, a sizeable rise in construction output is anticipated following the upturn in commencement activity seen in 2021. Nevertheless, even with this increase in supply, it will be insufficient to meet current demand. As a result, further price inflation is likely in 2022, albeit at a reduced rate compared to 2021.



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