



DUBLIN'S

RESIDENTIAL MARKET

SPRING 2018



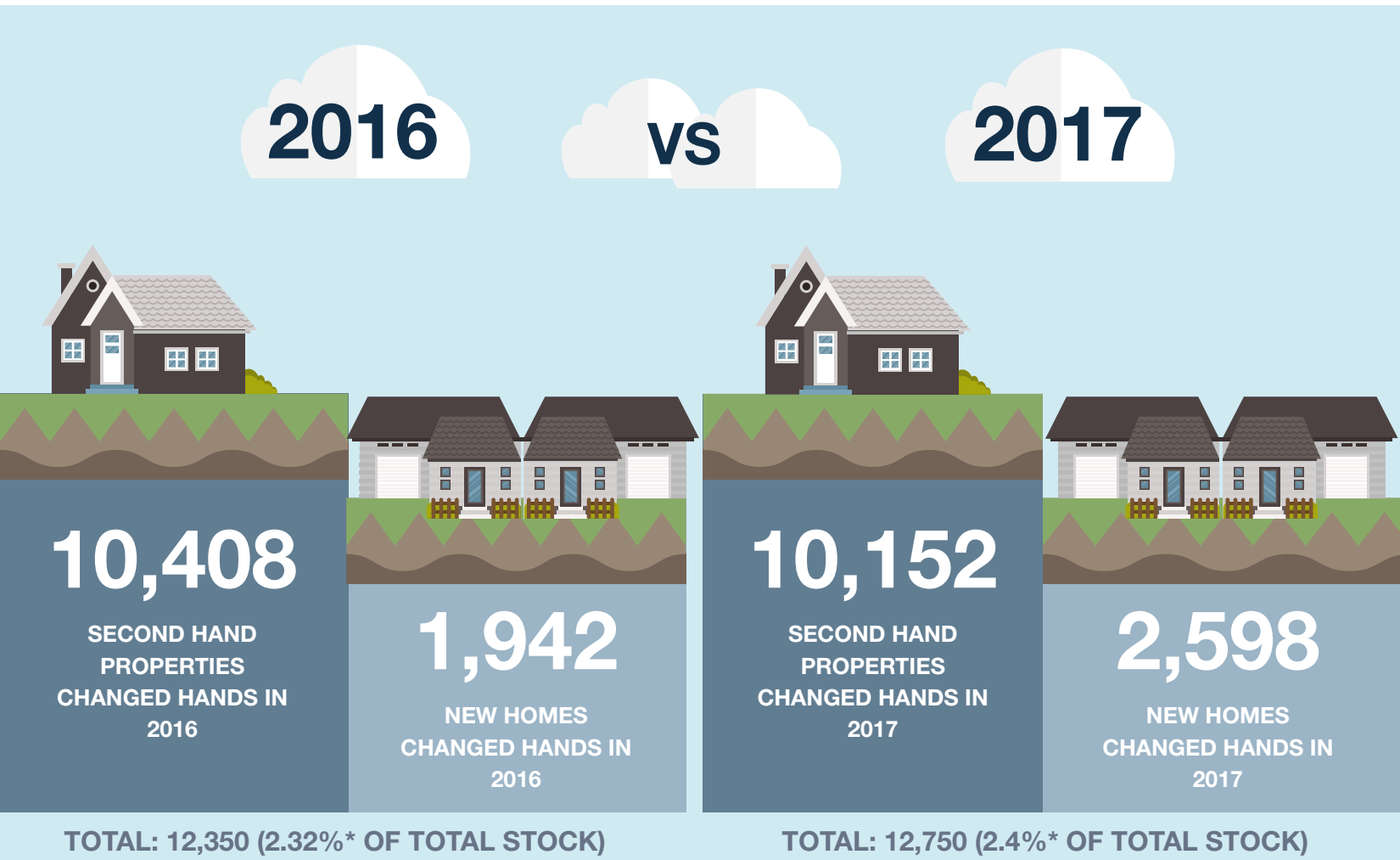
COMMENTARY

Ireland has been Europe's fastest growing economy for four consecutive years in a row with growth underpinned by robust consumer spending and employment expansion. Furthermore, a high birth rate and low mortality rate has resulted in Ireland undergoing a population boom which is creating a long-term demand for housing. Despite recovering by 60% residential prices remain 25% below their previous peak levels.

BACKGROUND

An analysis of Dublin residential transactions shows that 12,750 (2.4%* of total housing stock) properties changed hands in 2017, this compares with 12,350 (2.32%* of total housing stock) in 2016. International evidence indicates that in a normal functioning market between 4% to 6% of stock should be transacting annually. In Dublin terms this would equate to between approximately 21,000 and 32,000 units. The net result is that Dublin has a diminished stock of second hand houses with an ever increasing demand which augurs well if you are thinking of selling.

ANALYSIS OF DUBLIN RESIDENTIAL TRANSACTIONS



Total housing stock in Dublin = *approximately 532,000 units.

THE INFLUENCES



Whilst the market is fragmented and susceptible to external economic factors, it is still on an upward trajectory in terms of house price appreciation. The most notable influence being Brexit which presents both risk and opportunity.

The downside experienced to date is the depreciation of Sterling which has led to a dramatic reduction of Sterling denominated purchasers - an influential cohort of buyers who were the driving force of house price appreciation in 2014 - 2016.

The opportunity is that Dublin compares favourably to major international cities across a number of metrics and was ranked 7th place out of 31 European cities for property investment and development by PwC and the Urban Land Institute. In addition to economic opportunities, Dublin has a rich cultural and lifestyle offering.

The Government is taking steps to tackle the housing problem. 'The National Planning Framework - Dublin 2040' is a welcome strategy designed to provide a roadmap in respect of planning policy. Furthermore, the government is exploring options with regard to shared living accommodation and Build to Rent sector by addressing planning and design regulations for multi-unit properties.

To date, Government incentives have targeted the FTB market with the easing of mortgage lending criteria and the introduction of the Help-to-Buy Scheme. However, it is widely recognised that more needs to be done to promote new homes activity and thus prevent against further extreme rent and house price inflation.

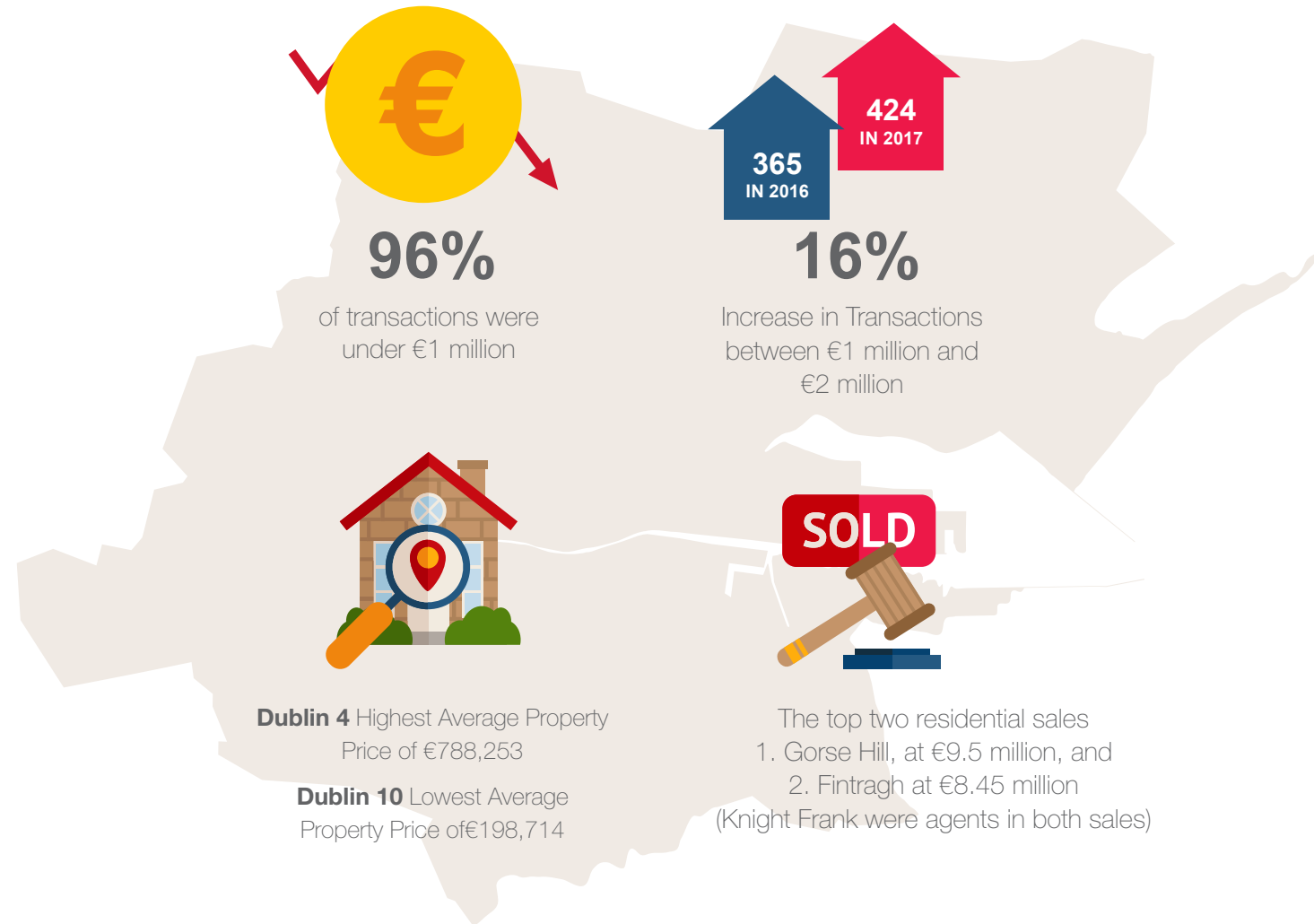
Knight Frank experiences have shown that the domestic buyer is actively re-

engaging in the Dublin market and many are prepared to pay a premium for design led, turn-key product. This is not just a function of the convenience of being able to move straight into a property but also because they will be able to by-pass what can be a lengthy - sometimes a two to three year - all-consuming refurbishment project.

As a consequence, although prime property is selling well, it is an exceptionally price sensitive market and sellers should be mindful that would be buyers are taking their time in making a very considered purchase decision.

Unlike the lower end of the market, where properties are going sale agreed within a matter of weeks, properties at the upper end of the market are taking longer to transact. Despite this, the Dublin prime market has performed well - a trend we see continuing through to 2018.

2017 TRANSACTIONS – THE FACTS:





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