

WE INFORM
YOUR
FUTURE

**DUBLIN
RESIDENTIAL**

PROPERTY REPORT

Lisney

Q1

2019

Dublin market in numbers

PRICES



1.4%

The CSO's Residential Property Price Index for Dublin decreased by 1.8% in the three months to February and increased by 1.4% annually.

Source: CSO

SUPPLY



5,100 properties

There were 5,100 properties for sale in Dublin at the end of March; 33% higher than March 2018.

Source: MyHome.ie

MARKET PROFILE



37% trading up

Across Lisney sales in Dublin in Q1, 37% of purchasers were trading up and 32% were first-time-buyers. 18% were investors while those trading down accounted for 12%.

Source: Lisney

MORTGAGES



4.2%

Excluding top-ups and re-mortgages, there were 6,673 new mortgages drawn-down nationwide in Q1 2019 and 33,807 in the year to Q4. This is 4.2% more new mortgages drawn-down than in Q1 2018.

Source: BPFi

UNITS SOLD



3,273 units

3,273 residential properties were sold in Dublin in the three months to February 2019. This is 19.4% lower than the same period of the previous year.

Source: CSO

NEW CONSTRUCTION



6,924 units

6,924 new properties were completed in Dublin in the 12 months to the end of December 2018. 5,164 (75%) were houses and 1,760 (25%) were apartments.

Source: CSO

In View - Top 10

Our View on Q1



Tanglewood,
Falls Road,
Rathmichael

On the market

1 A noticeable correction took place in the mid to upper-end of the Dublin residential market in the second half of 2018 as affordability limits were reached and the impact of an increasing supply of new homes was felt in many areas. This resulted in a two-tier market emerging. Evidence of this correction is beginning to appear in the statistics with the CSO's Residential Property Price Index for Dublin falling by 1.8% in the three months to February. When the full market is taken into consideration, the overall effect of the corrections in the mid to upper-end of the market may be somewhat muted in the statistics. Generally, over the remainder of 2019, we expect a flat year in terms of price changes.

2 It is evident since the beginning of the year that viewing numbers of properties are much stronger where asking prices are appropriate. These homes are selling quickly and shows that there is underlying demand in the market. However, this is only where homes are priced to the market, those that are ahead of the market are much slower to transact and ultimately require a price reduction.

3 For homes in need of refurbishment, prices are restricted by the cost of works. Due to increases in construction costs and the difficulties in sourcing contractors, houses

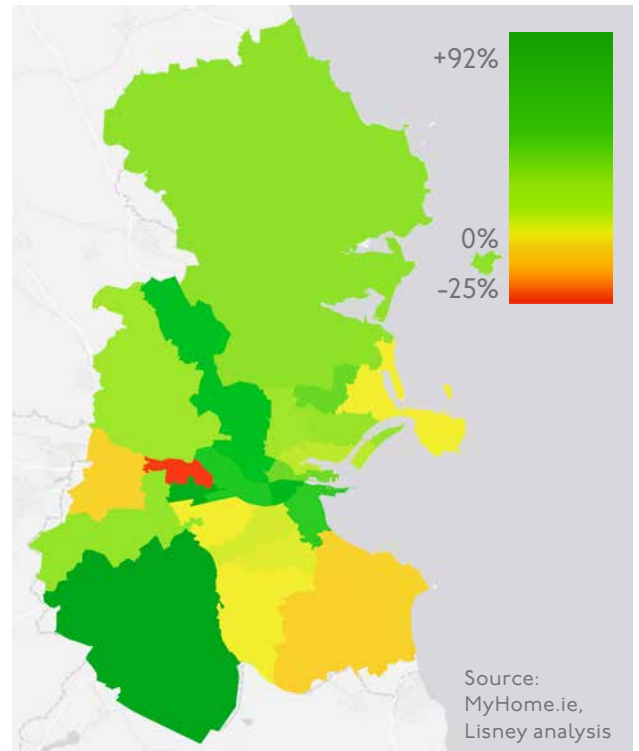
requiring modernisation have been slower to sell or need to be priced to reflect the outlay required. Conversely, houses that have been renovated tend to sell quicker and often for a premium as buyers want to avoid undertaking any overhauls. We expect this to continue in 2019.

4 At the upper end of the market, in the €2m-and-above region, affordability is less of an issue. However, global uncertainty is having a noticeable impact. In particular, Brexit is affecting sentiment and activity levels. Many potential purchasers are holding back until there is more clarity around an agreement. Buyers in this market typically derive their income from international sources and may be more sensitive to global affairs and exchange rates.

5 The supply of new and second-hand homes continues to expand with over 5,000 houses and apartments available across Dublin; growing annually by 33%. Positive supply changes have been strongest in north Dublin and southwest Dublin, with the greatest supply fall in Dublin 20. The number of new homes schemes on the market remains stable with approximately 130 schemes on the market both at the end of March 2019 and in the same period of last year. However, schemes appear to be growing in size with the overall number of properties contained within the new home schemes 40% more than a year ago.

** Given the relatively small nature of some parts of the Irish property market, the calculation of average prices can be distorted by very large or very small sales prices, i.e. outliers. As such, the median price is a more accurate measure and used here but referred to as average.*

Annual Second-Hand Supply Change March 2019



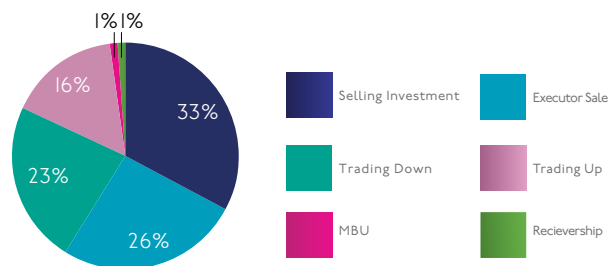
6 The growing availability of new homes is having an impact on second-hand prices and making them more affordable. New home sales is the fastest growing segment of the Dublin residential market currently. In terms of the volume of sales, it increased by 15.1% in the year to February. Over the same period, the volume of second-hand homes sales fell by 6.9%. The average* price of a new home in Dublin grew by 3.7% in this period, while the average price of a second-hand home grew 2.5%.



7 Reviewing Lisney sales for QI 2019, 33% of our vendors were selling an investment property. 26% of sales were executor sales, this was closely followed by those trading up accounting for 23%, while those trading down accounted for 16%. In terms of purchasers, 37% of those buying from us were trading up while 32% were first-time buyers, investors accounted for 18% and those trading down accounted for 12%.

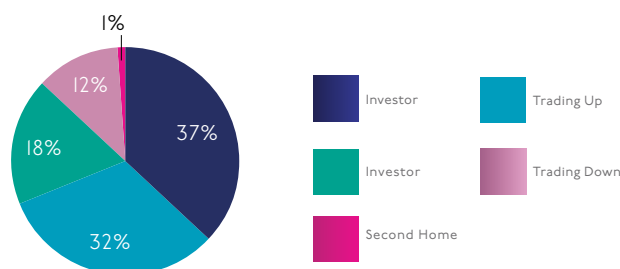
LISNEY SALES PROFILE

VENDOR PROFILE



Source: Lisney

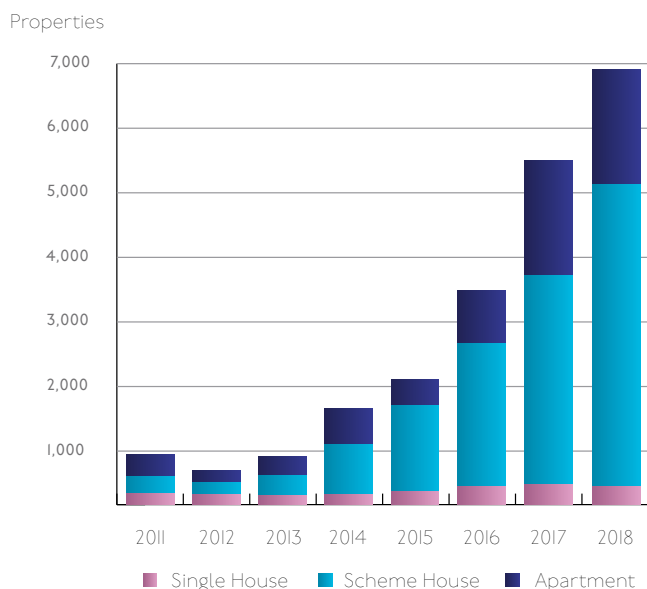
PURCHASER PROFILE



Source: Lisney

9 Based on Lisney's sales data, investor activity in the market has weakened – 33% of our vendors were investors with just 18% of our buyers investors. This is due to increased uncertainty in obtaining vacant possession of the property in the future, combined with successive liabilities placed on landlords in recent years. Landlords with single investment properties are feeling gradually pushed out of the market. This has knock-on implications for supply in the rental market.

Dublin Residential Completions (2011 – 2018)



Source: CSO

8 Construction levels continue to grow. In Dublin, 6,924 units were completed in 2018. 75% (5,164) were houses and 25% (1,760) were apartments. Compared to 2017, this is an overall increase of 24% in the number of properties built. Most of this increase comes from housing schemes, while the number of apartments and single houses completed has remained relatively steady. More than half of the apartments built were in the city centre.

10 Rents continue to climb across Dublin with the average rent growing 8.2% in 2018. Upward pressure was strongest in the north of Dublin and closer to the city centre. In Dublin 2, 4 and 6, average rents grew by 6.6%, 6.6% and 7.4% respectively. In Dublin 2, the average rent of a two-bed apartment was €2,032 per month at the end of December 2018 while the average rent of a three-bed semi-detached house in Dublin 6 was €2,183 per month.

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