

The Market in Numbers

2016

Q1

THE LISNEY RESIDENTIAL REPORT



We
know
property.

Prices



1.4%

Lisney's index of Dublin prices increased by 1.4% in Q1 but is 2.3% less than in March 2015 – this is due to the declines in Q2 and Q3 last year.

(Lisney Index)

Supply



4,200

With almost 4,200 properties for sale in Dublin at the end of March, supply increased by 12.9% in Q1 but remains 9.6% below 12 months previous.

(MyHome & Lisney)

Mortgages



24k

Excluding top-up's and re-mortgages, there were almost 24,200 new mortgages drawn-down in 2015, this is 20% more than the previous year.

(IPBF / PWC)

Cash Purchasers



45%

Nationwide, cash purchasers made up 45% of the market in 2015.

(PSRA / IPBF / PWC)

Units Sold



13,500

13,500 residential units were sold in Dublin in 2015 – 10.6 units for every 1,000 of population and 2.5% of the total building stock.

(PSRA)

New Construction



4,200

Only 2,900 new units were built in Dublin 2015, well below required levels – at least 7,000 per year should be built. 300 were built in January this year.

(Department of the Environment, Community & Local Government)

In View

01

Following on from a mixed 2015, there was a noticeable uplift in **activity** and prices strengthened in the opening months of 2016.



02



Demand was strong for correctly priced houses and the number of people attending viewings increased.



Potential **purchasers** remained price conscious. They were cautious when committing to a purchase and were in no rush to make a decision. Moving from sale agreed to signed contracts was very often a protracted process.

05

03



Central Bank mortgage regulations made **affordability** an ongoing issue in the market.

04

High quality family homes that were in **walk-in condition** commanded a premium. Conversely, properties requiring considerable renovation had to be sensibly priced due the difficulty in securing finance to cover the cost of refurbishment.

TOP TEN

OUR VIEW ON QUARTER #1

06

We experienced strong activity levels among **first-time-buyers** in the €250,000 to €400,000 price bracket. If priced correctly, such properties were on the market for less than three weeks.



07

Surprisingly, the **upper-end** of the market (greater than €1m) was considerably stronger in Q1 2016 when compared with 2015. Some very high quality homes were put up for sale in recent months and attracted a new cohort of potential buyers. The majority of these were cash funded. In some situations, vendors' price expectations were too far ahead of what these purchasers were willing to pay and prices had to be adjusted accordingly.



Both owner-occupiers and investors continued to actively seek well-priced **apartments** in the city centre and in well-established suburbs.

08

09

Generally, **prices** either remained stable or increased slightly. In the parts of Dublin Lisney operate in, our index of prices grew by 1.4% over the three months, but it is still 2.3% less than 12 months previous.

Despite some improvements in **supply**, the number of houses for sale remained below optimum levels. However, this should improve in Q2 and as a result the spring selling season of April to June is likely to be very active.



10



16 Northbrook Road
Ranelagh
Dublin 6



High quality refurbishment pays off at the upper-end

Demand for well-located, high-end properties in Dublin 4 and Dublin 6 was good in the first three months of the year. We completed a number of sales above the €1.5m mark, one of the more interesting of which was 16 Northbrook Road in Ranelagh.

This is a two-storey over garden level period residence. For 30 years it was divided into multiple units, which is typical of how many large period houses were laid out in recent decades. The vendor undertook an ambitious refurbishment programme in 2015 and returned the property into a luxury five-bed, 376 sqm (4,050 sq ft) family home.

We brought this property to the market at an asking price of €2.95m. Over three weeks, multiple interested buyers chased the house and we eventually agreed the sale at €3.4m with the contract signed at the beginning of March. This transaction is a good example of the strong demand that is there for homes that are refurbished to a very high standard and are in walk-in condition.

The strong price achieved is not uncommon for refurbished, high-end, premium homes. There are various reasons for this. In many cases buyers find it difficult to raise the additional finance to carry out the works, while others do not have the time or the desire to undertake an extensive refurbishment programme.



BUYERS CONSTRAINED BY MORTGAGE RULES

The introduction of mortgage lending rules at the start of 2015 had the effect of constraining buyers' capacity to borrow. This was achieved by linking borrowing to multiples of income and requirements for larger deposits. It became very evident during 2015 as prices moderated and vendors and buyers had to realign their expectations. This resulted in the market becoming noticeably price sensitive. In the opening months of this year, we noticed that strongest demand was for properties that were on the market at sensible asking prices.

This was the case with 77 Braemor Road in Churchtown. This is a popular Dublin suburb, especially with young families wishing to trade-up to family homes with good gardens. The property had been refurbished to a high standard and was brought to the market with a sensible asking price of €650,000. With large numbers of potential purchasers viewing, the first offer we received was €590,000. Soon thereafter multiple parties chased the property and we eventually sold the house for €680,000.

When it comes to selling property we believe in providing the client with the correct advice. The temptation with many agencies is to quote high values to win the business. Ultimately this is not in the home owner's best interest. It is far better to quote a sensible and realistic price, which in turn generates strong interest in a property from the outset. In such a price sensitive market, quoting too strong a figure frequently results in having to reduce the price a number of weeks later. This delays the ultimate sale and may initially put potential purchasers off. While we know there is a subjective element to the value of all residential properties, it is far better to get it right from the start.

104 Roebuck Road
Clonskeagh
Dublin 14



AUCTIONS STILL HAVE A PLACE

Evidence that auctions still have a place in the residential market was apparent in early March when we successfully sold 104 Roebuck Road in Clonskeagh.

This comprised a site of about 0.1 acres and included a structure that was originally built as a church hall in the 1930s. Clonskeagh is a highly sought after Dublin suburb and residential sites are hard to come by in such established areas. As such, we were confident there would be significant interest if the property was auctioned.

We had recommended an advised minimum value of €300,000 prior to sale and on the day, multiple parties pursued the unusual property and it sold under the hammer for €360,000. For the seller, the advantage of an auction was that an unconditional binding contract was signed on auction day. And for the buyer, there were two key advantages – all bidding was transparent and they knew that once their highest offer was accepted, there was surety of purchase when the contract was signed immediately after the auction. This is in contrast to the often prolonged nature of private treaty sales.

Clonskeagh is a highly sought after Dublin suburb and residential sites are hard to come by in such established areas.

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