

**Lisney**  
COMMERCIAL REAL ESTATE

Lisney  
**Sotheby's**  
INTERNATIONAL REALTY



# OUTLOOK 2025

# RESIDENTIAL

2025 will be another busy year across the residential market. Unrelenting supply constraints will result in further price increases.

## OUR VIEW

Trends and official statistics relating to the overall residential market do not always correlate with what Lisney Sotheby's International Realty agents experience on a day-to-day basis. Lisney Sotheby's International Realty is most active at the upper end of the market in specific locations, and so our view is not always representative of the entire market. Additionally, trends experienced by agents on-the-ground can take some time, perhaps up to six months, to feed through into official market statistics due to the length of time it takes to conclude a sale. The 'Lisney Sotheby's International Realty View' set out in this report relates to our experience in the parts of the Irish property market we operate in.

## DUBLIN

- The Dublin residential market was exceptionally busy in 2024, a trend that will persist in 2025. Demand will remain **unwaveringly strong** across all parts of the market and with unrelenting supply constraints, prices will grow further albeit the pace will be slower than the almost 11% growth last year.
- While falling interest rates will motivate renewed activity by certain buyers and sellers, geopolitical and macroeconomic factors may impact the market, both

directly and indirectly. Domestically, the **Programme for Government** contains ambitious pledges in relation to the economy, jobs, education, sustainability, and housing (among other areas). An aligned, stable coalition government is positive for the market for the next five years. However, fulfilling the many promises being made will be critical in improving the residential supply / demand imbalance, specifically in the context of labour and skills shortage, but also considering the changing administrations around the world, notably in the US as it becomes more protectionist.

St. Ann's, Killiney Hill Road, Killiney, Co. Dublin



Avondale, Avoca Avenue, Blackrock, Co. Dublin



- While high level economic data does not fully reflect all parts of the Irish population and their lived experience, it is encouraging for the market in the year ahead that the **economic growth** rate (measured by Modified Domestic Demand) will increase to 4%; Irish household savings are at record highs, growing €7bn last year (and €47bn since the onset of the pandemic); there is full employment with many economic sectors seeking to recruit talent; inflation has fallen below the 2% target rate; and sentiment among many cohorts of the population is strong.
- At the upper end of the property market, **lifestyle** decisions will be a critical demand factor again in 2025. Properties along the coast will experience significant demand and will achieve premium pricing compared to the general market. Purchasers will also remain attracted to **good quality homes** in well-connected desirable locations. Like recent years, homes in turnkey condition or only needing decorative work will be most sought after. Similarly, the energy **efficiency** of properties will be of considerable interest to buyers. The fact that lower 'green mortgage' rates are generally on offer for properties of B3 or better is also contributing to demand.

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## LIFESTYLE DECISIONS WILL BE A CRITICAL DEMAND FACTOR

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Killead, 23 Shrewsbury Road, Ballsbridge, Dublin 4

- **International** confidence also remains strong and overseas buyers will be active at the upper end of the market. Asian buyers in particular are seeking to invest in the perceived strength of the Irish market and there is still a large number of people moving through the now closed Irish Immigrant Investor Programme. Most are focused on locations with good schools and amenities.
- **Supply** will remain constrained and self-perpetuating in 2025 and will be the greatest impediment in the market. The lack of buying options will further fuel the reluctance to sell by those seeking to trade up or down. Throughout 2024, there was about 3,500 second-hand homes for sale in Dublin at any given time (and even fewer entering January at sub-3,000). Ideally, there should be close to double this amount on offer to allow a smooth functioning of the market that provides options and limits price inflation. With the seasonality of the property market now all but disappeared, it is unlikely that the upcoming Spring selling season (March / April) will bring any significant increase in supply – as was the case in the Autumn selling season last year where the traditional bounce of about 30% in properties for sale in September did not materialise.
- Budget 2025 last October made amendments to **stamp duty**. On homes priced above €1.5m, the portion above €1.5m is now taxed at 6% (with under €1m remaining 1% and the portion between €1m and €1.5m at 2%). To date, this has not caused any major reverberations. However, only about 150 sales in Dublin were impacted in the final months of the year and a greater time period will be required to assess if there is a longer-term impact to demand and prices at the upper end of the market. It is welcome that it is a graduating scale and the 6% does not apply to the full price as otherwise artificial ceilings would be created.

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WHILE  
**BRIDGING  
FINANCE**  
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IT WILL ASSIST

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- For more than a decade, Lisney has discussed the lack of **bridging finance** in the market and how this is resulting in a Catch-22 situation for would-be sellers waiting to trade-down and right-size their housing requirement. It was very positive that an element of short-term funding to bridge the gap between buying and selling was introduced by non-bank lender, ICS Mortgages, last October. We are hopeful for further expansion of such products by other lenders in 2025, particularly the pillar banks. While bridging finance will not fix supply constraints, it is one of the many factors that will assist.
- It is unfortunate that the '**Seller's Legal Pack for Property Buyers Bill 2021**' did not progress prior to the general election and there are no commitments to it or an alternative in the programme for government. We continue to fully support the objectives of this bill (i.e. that a full set of legal documents will be made available to potential buyers from the outset of marketing, hence ensuring the sale and conveyancing process moves more efficiently) and are hopeful that the proposed plan to succeed 'Housing for All' will address it.

Censure, Howth, Co. Dublin



## CORK

- Generally, the **trends** in the Dublin market outlined above follow through to the Cork market. Supply constraints and delays in concluding deals will remain the key impediments in the market this year. However, the market will be active, and prices will continue to increase – following on from average growth of 6% last year.
- Reducing interest rates will assist all parts of the Cork market, providing buyers with greater repayment capacity. **Demand** will remain focused on turnkey properties that are energy efficient. Most buyers will price in the costs and time implications of refurbishments and as such, this part of the market will remain price sensitive. Coastal locations will continue to attract very strong interest, particularly at the upper end of the market where lifestyle is a key consideration.
- The gap in pricing between new and second-hand properties in Cork will continue with **new homes** often achieving significant premiums given the better BER, availability of green mortgages and lower ongoing utility costs. Compared to other markets nationwide, Cork's new homes sector is very active. In the 12-months to October 2024, almost 30% of all sales in the county were newly constructed properties; nationwide and in Dublin the average was 24% and 25% respectively. Many schemes are on-site and we expect this trend to continue in 2025.

Villa Lilla, Sneem, Co. Kerry



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DEMAND IS  
FOCUSED ON  
**TURNKEY  
PROPERTIES  
THAT ARE  
ENERGY  
EFFICIENT**

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The European Club, Brittas Bay, Co. Wicklow

## COUNTRY HOMES & CASTLES

- Many of the trends at the upper end of the Dublin market remain relevant for country home sales. Demand in 2025 will continue to be driven by **international cash buyers** making lifestyle choices. They will be a mix of Irish returning from abroad (many that moved in the 1980s and had successful careers in the US, UK and Europe), but also citizens of other countries seeking a second home in Ireland. Traditionally, this type of buyer purchased in France, Spain, Portugal or Italy, but climate change with hotter and more humid summers is now impacting their decision.
- Country estates focused on rewilding and ancient woodlands, flora and fauna are now more sought after than those exclusively focused on hunting, fishing and shooting. Coastal living has become one of the most desirable **lifestyle** choices since the onset of the pandemic. Prices for such homes will remain strong in 2025 given the limited supply, and premiums will continue to be paid in 2025 for properties with direct frontage to the sea, rivers or lakes.
- Buyer's will continue to seek homes in excellent **condition** and will not want the hassle of engaging builders and overseeing a project (especially from overseas). As with coastal homes, buyers will continue to pay a premium for properties benefiting from top quality renovations.
- At the start of 2025, there were only 26 country home properties outside of County Dublin with asking prices above €2.5m publically available on the market, the majority (62%) of which were in Wicklow, Meath and Kildare. This is well below the level of **supply** of country homes and estates that is required, and significant improvements are unlikely this year, which could hamper activity levels. Nevertheless, demand will remain strong in 2025 for country homes and castles priced to align with market expectations and meet the lifestyle needs of purchasers.





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