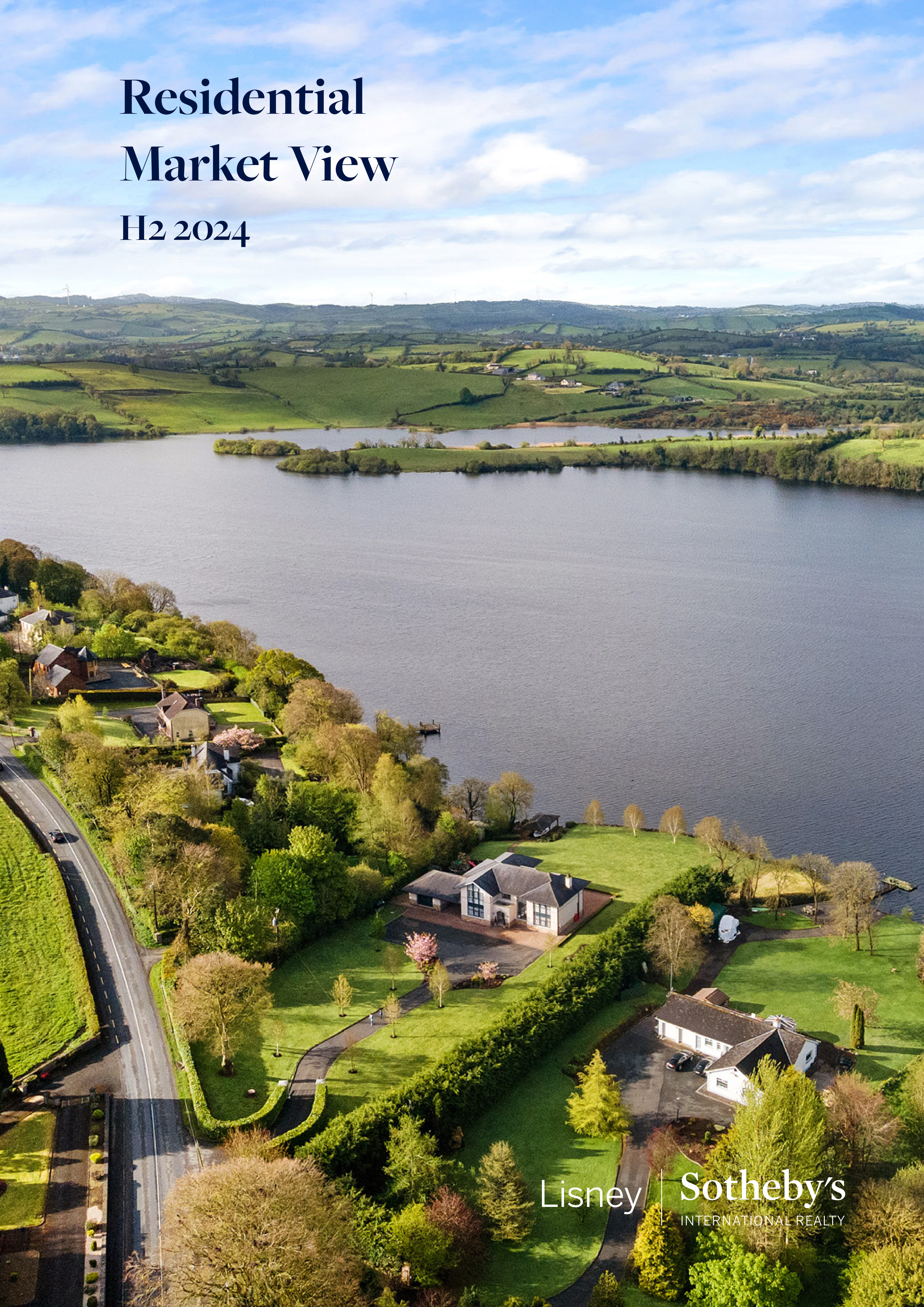
Residential Market View

H2 2024



Lisney Sotheby's International Realty

Residential Market in Numbers

	Dublin	Cork
House Prices	▲ +9,9% The residential property price index for Dublin houses increased by 9.9%, in the 12 months to the end of November 2024. In the 3 months (September, October & November), the index grew by 2.1%. Source: CSO	▲ +10.8% The residential property price index for houses in the South-West region (Cork & Kerry) grew by 10.8% on an annual basis to the end of November 2024. In the 3 months (September, October & November), the index grew by 3.4%. Source: CSO
Properties Sold	▼ 14,794 Approximately 14,800 properties were sold across Dublin in the 12 months to end-November 2024 – 12.6% less than in the previous 12 months. Source: CSO	▲ 5,153 Over 5,100 properties were sold across Cork in the 12 months to end-November 2024 – 4.3% more than in the previous 12 months. Source: CSO
Supply	▼ 2,700 There were about 2,700 second-hand residential properties for sale in Dublin at the end of June 2024; 13% less than 6 months earlier and 12% fewer than a year previous. Source: MyHome.ie / Daft.ie	▼ 1,300 There were about 1,300 second-hand residential properties for sale in Cork at the end of 2024; 22% less than 6 months earlier and 4% fewer than a year previous. Source: MyHome.ie / Daft.ie
New Home Construction	▼ 17,466 Over 17,000 new homes were completed in Dublin in 2024, a decrease of 19% compared to a year previous. 62% of the total were houses. Source: CSO	▲ 3,960 Nearly 4,000 new homes were completed in Cork in 2024, an increase of 14% compared to a year previous. 90% of the total were houses.. Source: CSO

Mortgages

▼ 43,030

Nationally, mortgage drawdowns reached 43,030 in 2024 with a combined value of over €12.6bn. While this is the highest 12-month rolling figure since Q4 2023, it remained behind the long-term average figure. FTB accounted for 61% of all mortgages, while top-ups and remortgages stood at 17% of the total.
Mortgage approvals in 2024 were just over 51,000. While this is a similar level to the 12-month rolling figure in more recent months, it represents a slowdown on 2022 and 2023 levels.

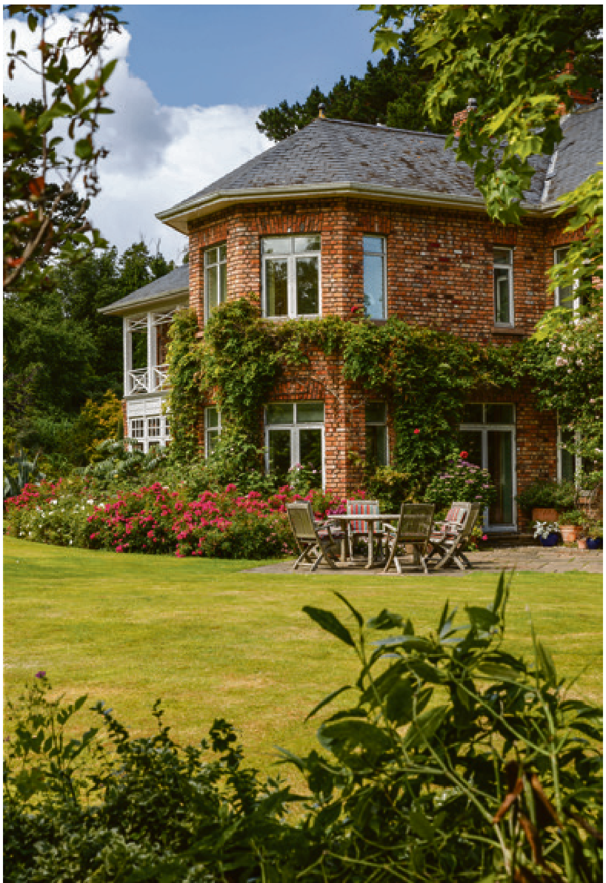
Source: IBPF

* The figures and arrow direction set out in the table above are annualised.

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 in the mid to upper price bracket 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.

OUR VIEW

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.
- 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

Interest Rates

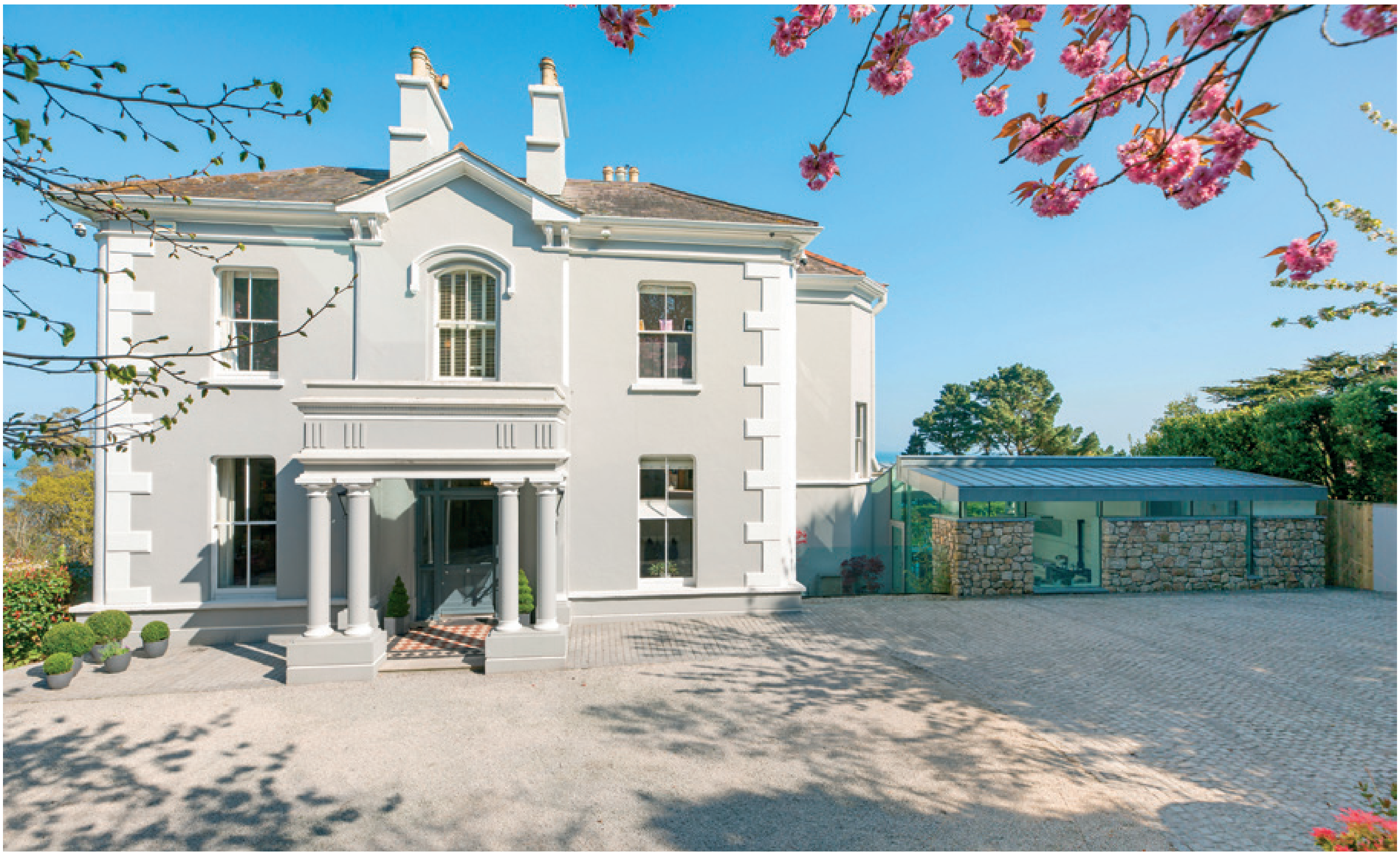
ECB - Main Refinancing Operations

2.9%

January 2025

0.0%

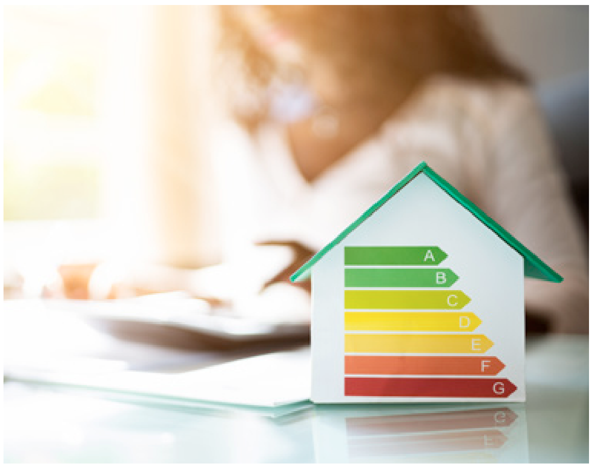
March 2022



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

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.

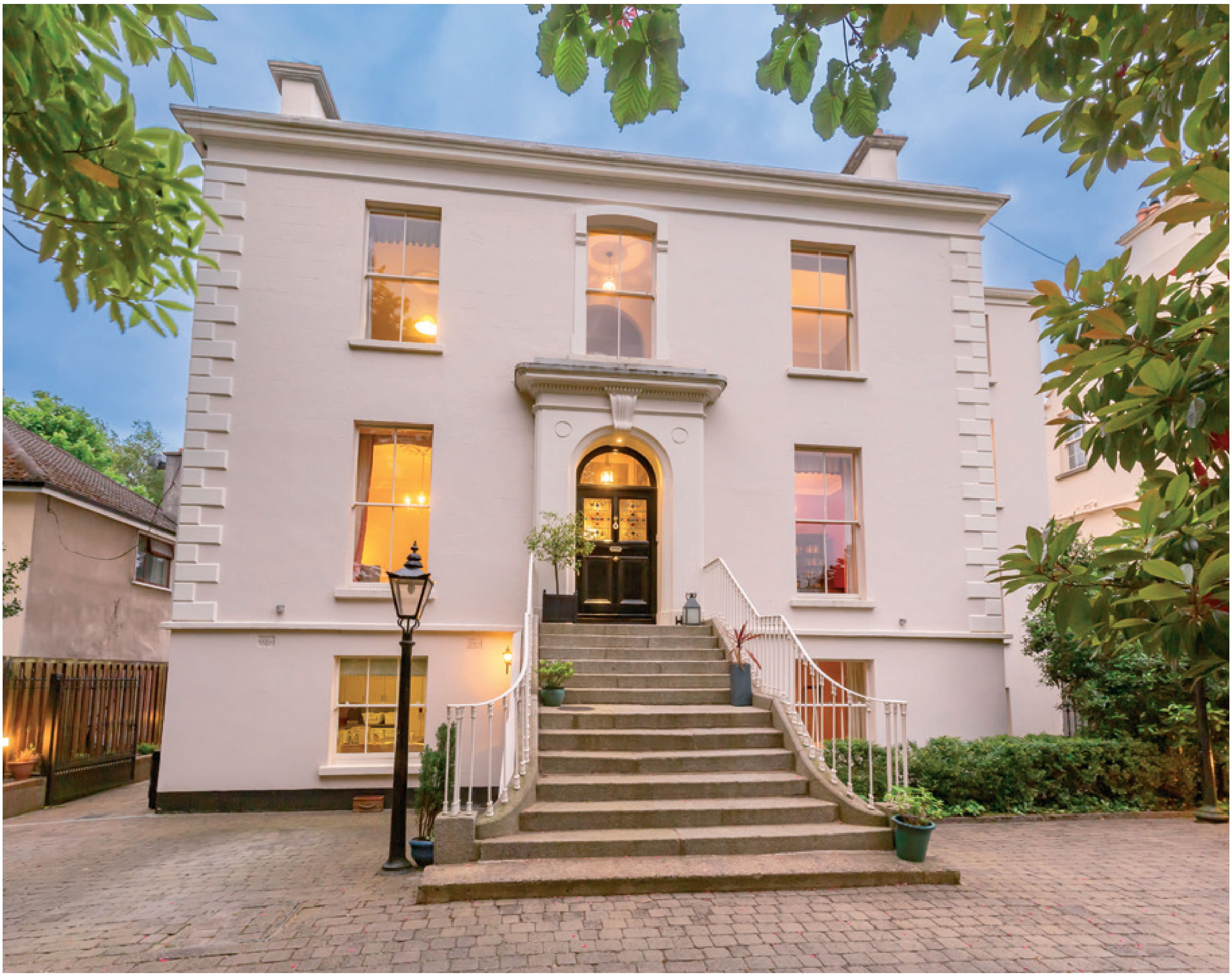
- International confidence also remains strong and overseas buyers will be active at the upper end of the market. Asian buyers in particular are seeking to invest in the perceived strength of the Irish market and there is still a large number of people moving through the now closed Irish Immigrant Investor 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.

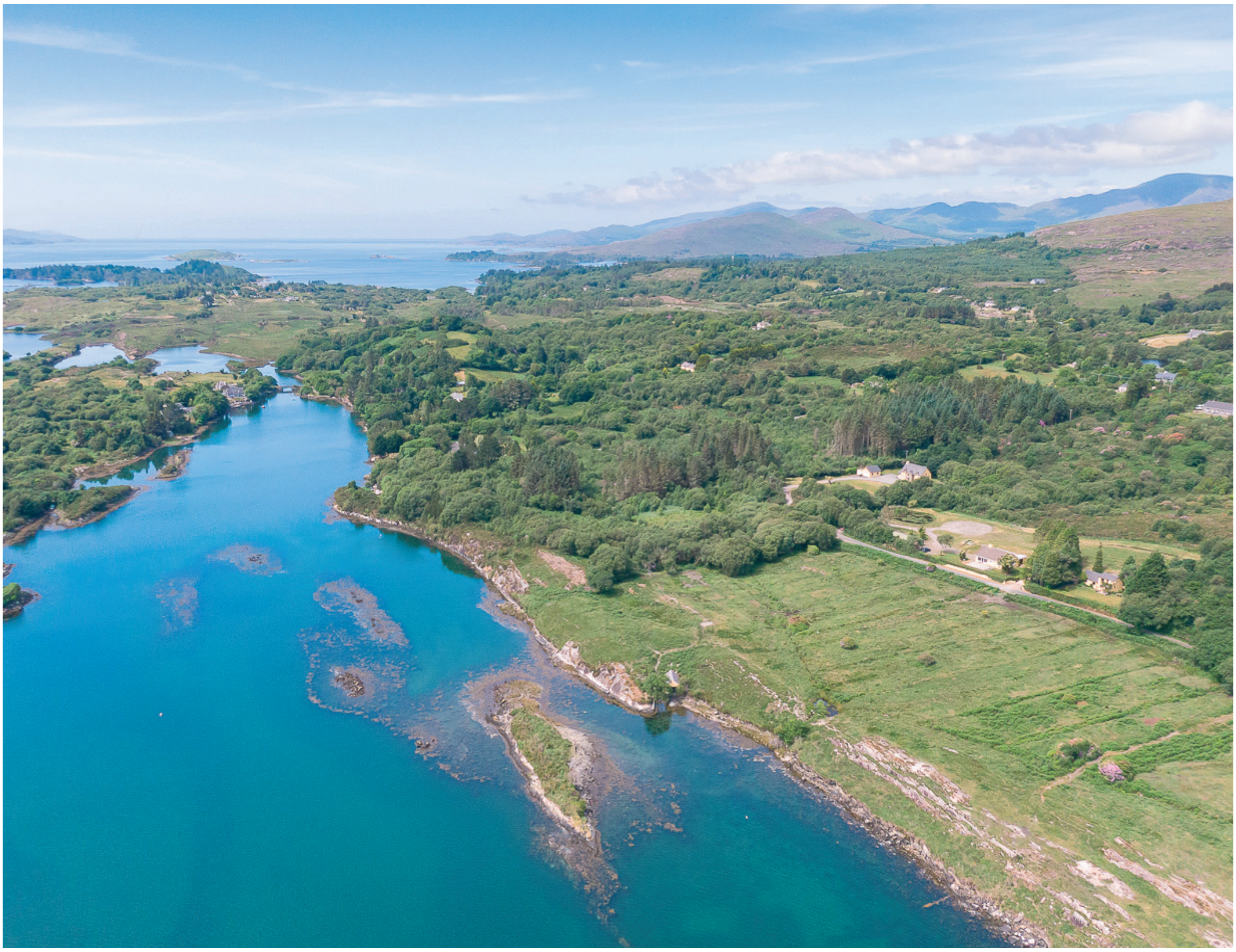


Lisney Sotheby's International Realty

- 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.
- 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 nonbank 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.

Below: Avondale, Avoca Avenue, Blackrock, Co. Dublin





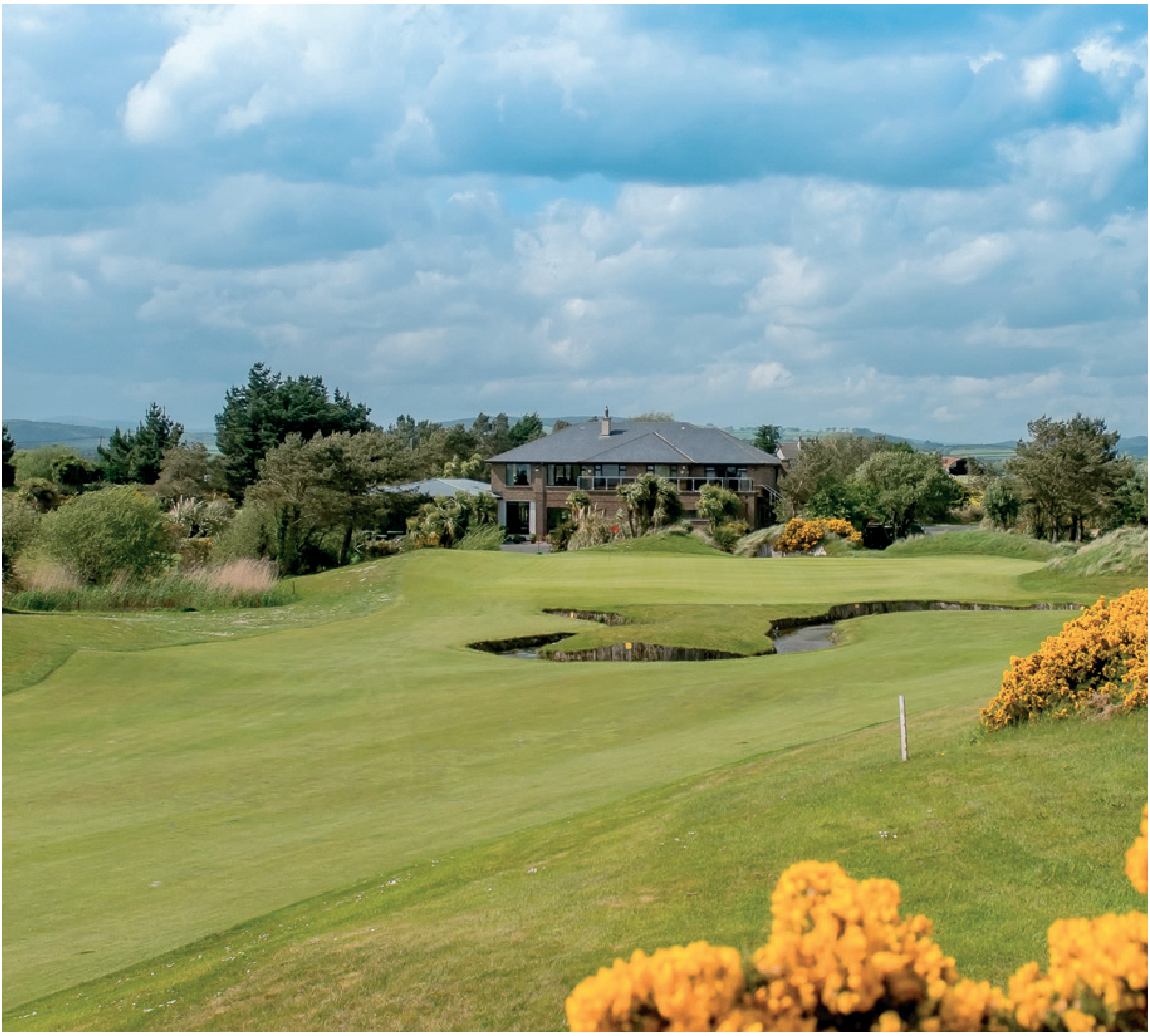
Above: Villa Lilla, Sneem, Co. Kerry

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.

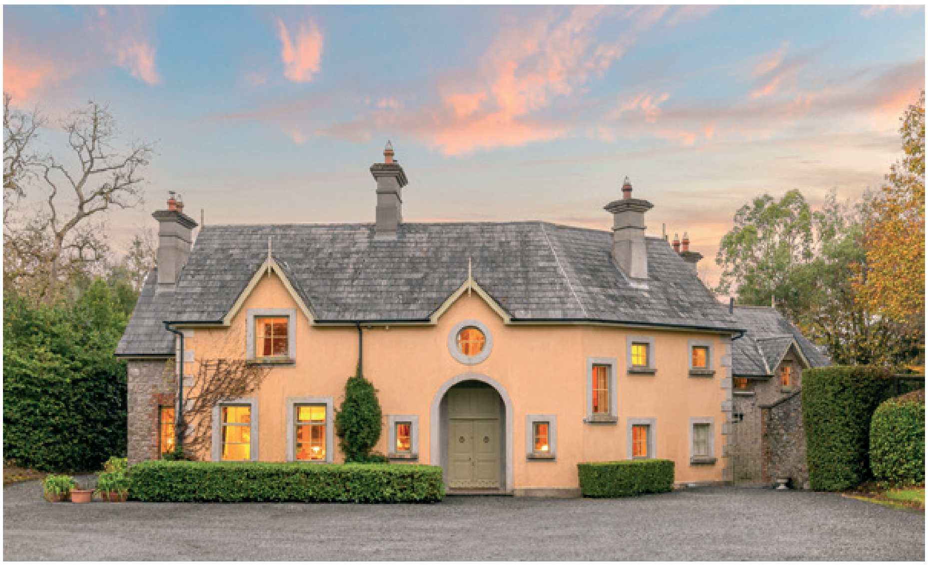
Below: The European Club, Brittas Bay, Co. Wicklow



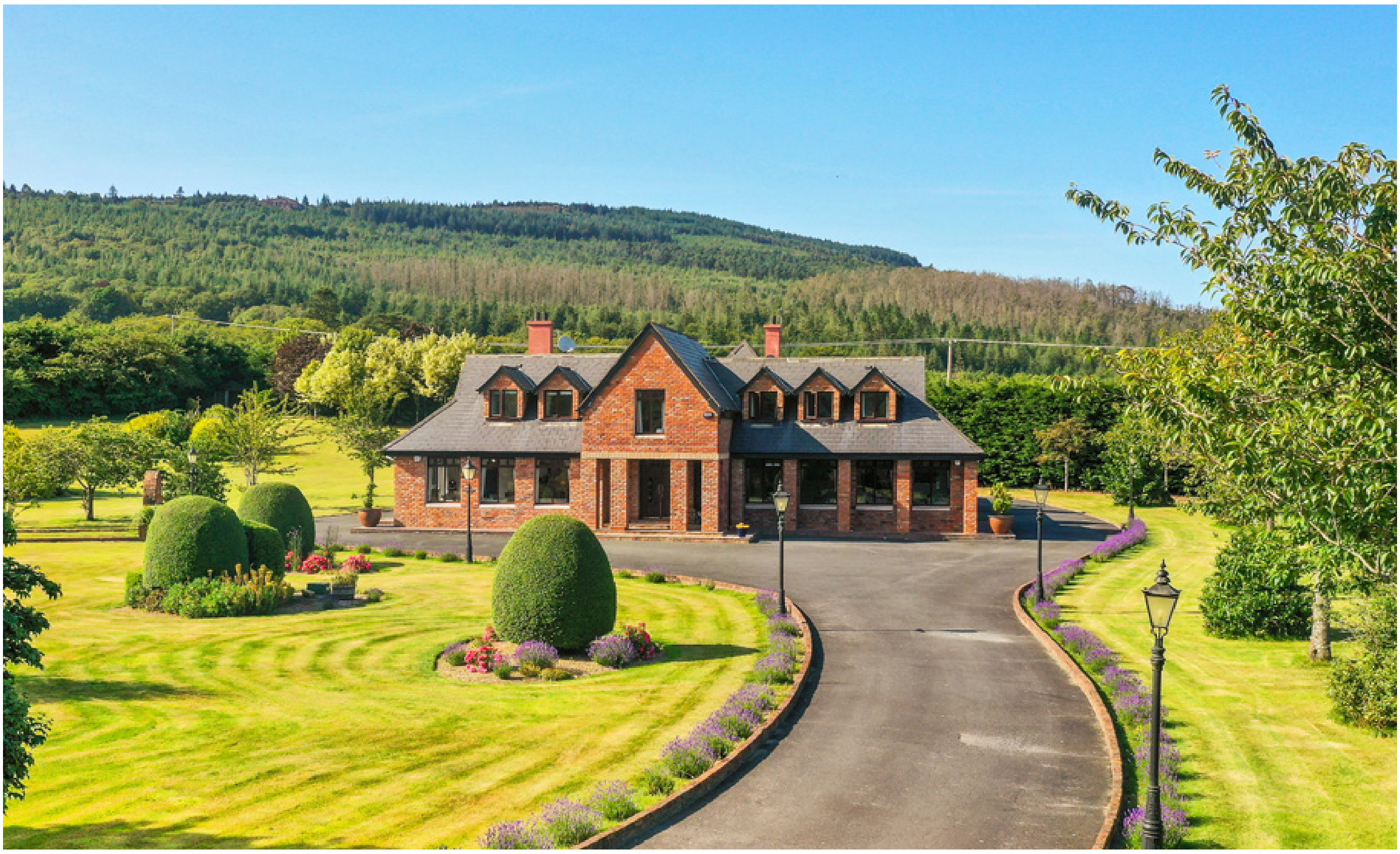
Country Homes & Castles

International buyers focused on higher priced homes

- 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.



Left: Weston Lodge, Thomastown, Duleek, Co. Meath



Above: Glenealy House, Glenealy, Co. Wicklow

- 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.
- Refurbishment works or construction are required.
- Homes qualifying of government schemes attracting FTB
- FTBs have made up 50% of the new homes market in Dublin and Cork in the last six years. However, so far in 2024, this proportion has risen to 53%, partially due to the government support schemes, but also due to the increases in LTI mortgage ratios. FTB demand is focused on new homes priced under €500,000 that qualify for one or both of the 'Help-to-Buy' scheme (currently the lesser of 10% of purchaser price or €30,000) and/or the 'First-Home-Scheme' (where the State will take an equity stake of up to 30%). Prior to purchasing a home, FTBs are generally in the rental sector. With all the issues in the rental market including record-high rents, most renters are eager to move ahead with home purchases. Government assistance has greatly helped with this (and will continue to) in bridging the affordability gap and as such, demand for new homes greatly outweighs supply.

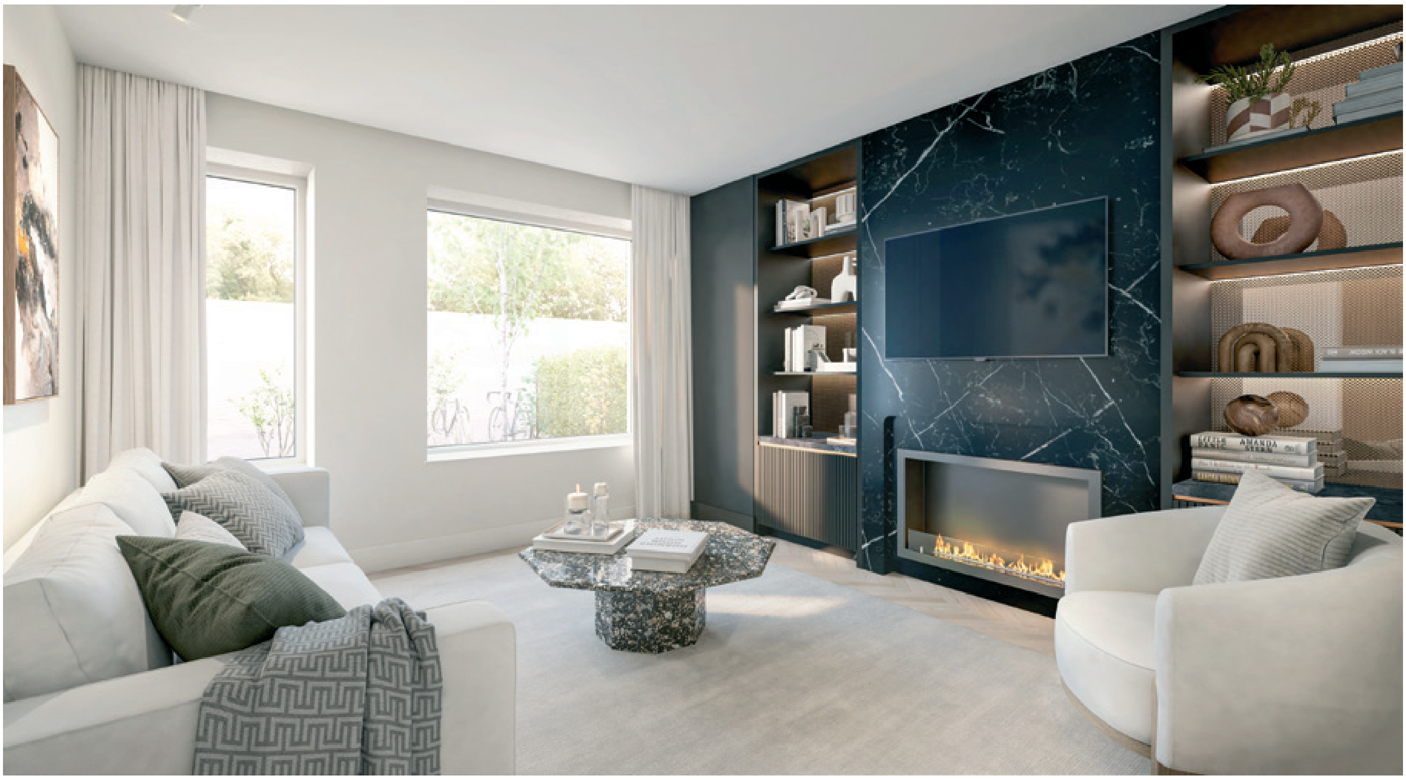
> Demand in 2025 will continue to be driven by international cash buyers making lifestyle choices.

New Homes

Below: The Stables Homes, Thornhill Oaks

First-time buyers (FTB) will be particularly active as they seek to exit the rental market or living with family, and avail of government initiatives like the Help-to-Buy and First Home Shared Equity schemes.

- These schemes have been instrumental in assisting FTB and have been crucial in supporting affordability in the last few years as construction costs grew. It is very welcome that the Programme for Government has pledged to extend the schemes until 2030, providing certainty to buyers and developers for five years. However, we strongly recommend a review of the €500,000 threshold, which is now quickly becoming inadequate in Dublin and pushing more buyers out to the surrounding counties.
- The green credentials of newly constructed dwellings will continue to add to their attractiveness in 2025. With a BER of A, new homes offer significant savings in terms of running costs and lower green mortgage rates. The turnkey nature of new homes is also very attractive and provides occupiers with a quick and easy settling-in period where no costly refurbishment works are required.
- While new home completions have experienced a significant uptick in 2022 and 2023, 2024 was disappointing with targets missed and an annual decline of 7% registered. Part of the reason maybe due to a focus on commencements. A temporary waiver of S48 development contributions and the refunding of water and waste water connection fees was introduced in April 2023 and ran until December 2024. Over the 21-month period this was in place, housing commencements grew 73% when compared to the previous 21-month period (85,700 starts compared to 49,500). As such, the measures have been very successful in bringing forward construction through improved viability. It is unfortunate that the waivers were not extended. While its benefits will remain in 2025 as homes are built out, as 2026 progresses, this progress may fall away.
- There will be a further increase in the involvement of government-backed entities in the new homes sector in 2025. Last year, the Land Development Agency (LDA) established a framework with 15 private sector homebuilders to realise the second phase of Project Tosaigh (5,000 affordable homes) and separately, it received an additional €1.25bn in funding to progress affordable schemes on both directly owned sites and through partnerships. In the coming five years, the Programme for Government pledges to further capitalise the LDA, strengthen its powers and streamline its processes, including the acceleration of transfer of state lands.



Above: St James, Cross Avenue, Blackrock

- A key market constraint that will remain in 2025 will be the deficits in infrastructure – water, wastewater, drainage, power and transport connections. This will have an impact on the industry's ability to deliver housing at scale, particularly considering the higher targets now in place. There were examples in recent times where multi-phase developments had to pause construction mid-stream while they waited for utility companies to catch-up and install the necessary pipes and infrastructure. Even when all required infrastructure is in place, there are often substantial delays in getting utility connection commissioned and activated at completed properties, delaying move-in dates for new homeowners. The programme for government has pledged investment in the sector but this will need to progress rapidly to remove the blockages.

> In the coming five years, the Programme for Government pledges to further capitalise the LDA, strengthen its powers and streamline its processes, including the acceleration of transfer of state lands.

- Outside of the measures already mentioned, the Programme for Government sets out a significant number of pledges in relation to housing more generally in a bid to accelerate supply. Notably, it confirms a successor to Housing for All that is underpinned by a multi-annual finding commitment; ramping up construction to 300,000 homes by the end of 2030 (averaging 60,000 per year); fully implementing the Planning & Development Act 2024; resourcing the planning sector; increasing the supply of zoned and serviced land; continuing to implement Land Value Sharing, Residential Zoned Land Tax and Vacancy taxes; and working to revise state aid rules with the EU.
- Despite the demand, there are only a limited number of new apartment schemes for sale that are available to owner-occupiers. Apartment development viability, including in prime residential locations, remains marginal in many cases given the substantial increases in construction costs in recent years (+35% to 40%). The government's Croí Cónaithe (Cities) scheme seeks to bridge this viability gap. The level of funding available is capped at 20% of costs. In September last year, a third round of expressions of interest in the scheme was launched and follows on from a lower than expected uptake in the previous rounds. While the scheme has the potential to really assist apartment viability, the timing of the funding at the point of final conveyance to an owner-occupier means that the developer still has to carry all costs until the very end.

Ballsbridge

Louise Kenny
Director,
Branch Manager

David Bewley
Senior Director

Robert Lawson
Divisional Director

Irene Kavanagh
Senior Negotiator

Country Homes & Castles

David Ashmore
Director

James O'Flaherty
Senior Negotiator

Oliver Pearson
Negotiator

Bradley Kendall
Administrator

Dublin North

Barry Connolly
Divisional Director

Blackrock

Ann-Marie McCoy
Director,
Branch Manager

Stephen Day
Senior Director

Ian Chandler
Senior Negotiator

Dalkey

Michelle Kealy
Divisional Director,
Branch Manager

Rory Kirwan
Director

Robyn Espey
Divisional Director

Caroline Kevany
Senior Negotiator

Ranelagh

Tracey Gilbourne
Divisional Director,
Branch Manager

New Homes


Frank McSharry
Divisional Director


Stephanie Patterson
Divisional Director


Maureen Cummins
Development Manager


Diana Mandaji
Negotiator


Katie Doyle
Surveyor

Cork


Trevor O'Sullivan
Divisional Director,
Branch Manager


Laura Pratt
Senior Negotiator


Eileen Neville
Senior Negotiator

The Research Team


Aoife Brennan
Senior Director


Ausra Marcelyte
Senior Research Analyst

Lisney

Sotheby's

INTERNATIONAL REALTY

As the largest full-service Irish-owned property company in the country, Lisney is at the forefront of property in Ireland. Through our brands Lisney Sotheby's International Realty and Lisney Commercial Real Estate, we serve all sectors of the industry. Lisney Sotheby's International Realty deals with the Irish residential property market. Meanwhile, Lisney Commercial Real Estate focuses on the commercial property market. Both brands have a reputation for excellence, regularly surpassing clients' expectations.

BALLSBRIDGE
103 Upper Leeson Street,
Ballsbridge, Dublin 4,
D04 TN84
+353 (0)1 662 4511
ballsbridge@lisneysir.com

BLACKROCK
51 Mount Merrion Avenue,
Blackrock, Co. Dublin,
A94 W6K7
+353 (0)1 280 6820
blackrock@lisneysir.com

DALKEY
8 Railway Road,
Dalkey,
Co. Dublin, A96 D3K2
+353 (0)1 285 1005
dalkey@lisneysir.com

RANELAGH
29 Dunville Avenue,
Ranelagh
Dublin 6, D06 K283
+353 (0)1 662 4511
ranelagh@lisneysir.com

DUBLIN NORTH
St. Stephens Green House,
Earlsfort Terrace, Dublin 2,
D04 TN84
+353 (0)1 662 4511
dublinnorth@lisneysir.com

COUNTRY HOMES & CASTLES
St Stephens Green House,
Earlsfort Terrace, Dublin 2
D04 TN84
+353 (0)1 638 2799
countryhomes@lisneysir.com

CORK
55 South Mall,
Cork, T12 RR44
+353 (0)21 427 8500
cork@lisneysir.com

lisneysir.com