

Further moderation in rate of house price inflation in Dublin as landlords continue to exit the market

According to the latest residential market review from leading property advisors DNG, the annual rate of house price inflation in Dublin continued to ease during the third quarter of the year, as previously forecast by the agency. The latest results of the DNG House Price Gauge (HPG) show that the average price of a resale property in the capital increased by 6.4% in the year to September, down from a rate of 9.9% in the year to December 2021. The trend of a stabilisation in the rate of price inflation in the market was evident in the third quarter this year, with the average price of a resale property in Dublin increasing by 0.4% in the three month period according to the HPG. This was the lowest level of quarterly increase recorded by the HPG in almost two years.

A similar trend is also evident in the capital's apartment market. The DNG Apartment Price Gauge (APG) which tracks the city's apartment prices, recorded an increase in the average price of an apartment in the year to September of 4.4%, as the rate of price inflation continues to ease. In the year to December 2021 the average price of an apartment in the capital rose by 7.4%. The DNG APG recorded growth of 0.5% in apartment prices in the three months to September 2022.

In terms of location, north Dublin saw an above average rate of price growth during the third quarter, with house prices increasing by 1.2% and apartment prices increasing by 1.1% respectively over the period. The same was true on an annualised basis, with house prices recorded by the HPG up 8.4% and apartment prices recorded by the APG up 6.1% in the year to September, with the agency citing relatively more affordable property prices north of the city centre, and the proposed MetroLink rail project as reasons behind the greater than average price growth over the last twelve months.

Commenting on the results, DNG Director of Research Paul Murgatroyd said, "In line with our forecast earlier in the year, the rate at which residential property prices in the capital are increasing continues to ease, with the DNG HPG recording a modest increase in prices in the third quarter which is welcome news for buyers."

He continued, "Increased stock available on the market this autumn, covid related pent up demand unwinding, and rising interest rates are all serving to reduce the rate at which residential property prices are increasing across the capital." However, he also noted that the "residential transaction levels conducted by the agency were very strong in recent months, running 13% ahead of the same period last year. "

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DNG CEO Keith Lowe added “It is welcome to see property prices in the capital stabilising this quarter, as the level of house price inflation seen in the market in recent years was clearly unsustainable. Overall, prices are projected to finish up around 6% higher this year than they were at the end of last year. One factor driving the stabilisation in prices is the increase in supply in the second hand market, with 25% more resale properties available to buy now in Dublin compared to a year ago. This is undoubtedly being driven in part by the continued sell-off of buy-to-let properties as landlords continue to leave the rental market.”

He further added, “Our analysis shows that outside Dublin, almost 30% of all houses currently advertised for sale throughout our nationwide network are former buy to let properties, whilst in Dublin the figure is 23%. This is putting further pressure on the rental sector, as the majority of rental properties being currently sold are subject to rent caps and let below market rent levels. Small landlords are selling because of the punitive tax regime, which when PRSI and USC are factored in, along with management charges, property tax and other associated costs, makes many lettings economically unviable. In addition, landlords also have serious concerns as to the future direction of policy in relation to the rental sector should there be a change in government at the next election. We firmly believe that the Government has the power to halt this exodus by reforming rental sector taxation for landlords which is a necessary move as part of Budget 2023 next week.”

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ABOUT DNG:

The DNG Group is a multi-disciplinary property advisory practice based in the capital. We are Ireland’s premier agency with a branch network which extends to 80 branded offices located in virtually every major city and town in the country. DNG is one of the largest sellers of residential property and new homes schemes in Ireland.

Our national franchise network contains some of the best agents in the business offering their superb local expertise with the backing of Ireland’s premier property brand.

DNG are members of the Society of Chartered Surveyors Ireland and the Institute of Professional Auctioneers and Valuers and work to its strict codes and standards.

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