

# Q2, 2014 Property Review



Residential Property Market Review

THE CROFTON, DUN LAOGHAIRE, CO. DUBLIN

**90% SOLD**

20 apartments sold at launch weekend  
May 2014



Former office building converted

# Residential Market Review

## Q2 2014

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Keith Lowe  
FRICS FSCSI MIPAV  
Chief Executive DNG

There has been a further 5.9% increase in the price of an average residential property in the capital in the second quarter of 2014 which means that house prices in the Greater Dublin Area have risen by 14.9% so far this year.

It is reassuring to see that the level of increase in property prices is moderating and this in the main is as a direct result of an increase in the availability of re-sale properties in the capital in the last quarter. DNG Research analysis of data from the Property Price Register recorded a 36.8% increase in the number of transactions in Dublin and 37.5% in the whole of Ireland for the first quarter of 2014 compared to the same period last year. An increased level of sales is a sure sign of increased confidence in the market. It is noteworthy to mention that the increase in transaction levels is not just confined to Dublin with some large levels of increases being recorded outside the capital. As example, homes sales volumes increased by over 50% in Galway, Laois, Offaly and Sligo in the first quarter of 2014 compared to the same period in 2013 and by over a third in Cork.

This latest rise in property values in the capital is the 8th consecutive quarterly increase as measured by the DNG House Price Gauge.

Whilst this is welcome news for anybody who has purchased a homes in the last 2 years and positive news for many property owners, it should be pointed out that these rises are from a very low base and that property prices are still around 50% lower than what they were at the their peak in Q3, 2006. However, there are a percentage of property owners who have left or are close to par with their mortgages which is encouraging. Whilst the average price of a property is 50% below what it was at peak property located in some prime Dublin locations are only 25% - 35% below peak as they are recovering more quickly than properties located in non-prime locations in the capital. The annual rate of increase for the first 6 months of 2014 now sits at 25% and 44% higher than the trough figure. Interestingly entry level properties valued under €250,000 performed best with prices rising by 10.9% this quarter alone.

Rents in the capital are also continuing to rise. It is unusual that house prices and rents are rising simultaneously. The reason for this is that supply is limited in the Greater Dublin Area and this is having consequences for prospective house buyers and would be tenants who are finding it more difficult to find properties to buy or let.

We note that the ESRI still signals strong net immigration and with a steady rise in employment in the capital this is leading to many new entrants in the workforce from outside Dublin and Ireland seeking accommodation in the capital. This is driving rents upwards and also contributing to house price recovery but also putting severe pressure on the provision of social housing which is now close to a crisis situation.

There is an urgent need for new house construction in the capital which has been confirmed by an independent report by Future Analytics commissioned by The Housing Agency. This report points to a need for an average of 15,000 new homes per annum to meet our growing population. The government response in the form of Construction 2020, whilst a step in the right direction, gives no clear immediate policies that will improve supply in the short term. We also note that in the "Statement for Government Priorities 2014 - 2016", released on the 11th of July 2014, the coalition listed 'Improving Housing Availability and Affordability' is high on their agenda. They promise a reform of Part V and Planning Contributions to reduce the burden on



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development among other measures. In order to move things forward the Government will need to move much more swiftly and introduce clear fiscal measures as the UK Government has done in order to benefit from the type of success the British have had in terms of increased private and social housing supply, more jobs (UK Government claim 2 new jobs are created for each house built) among other benefits. However, in Ireland there is still little availability of funding for housing building which is a major issue and barrier to construction.

Whereas the availability of mortgage lending has improved this year with AIB Bank, Bank of Ireland, KBC, Permanent TSB and to some degree Ulster Bank actively lending in the market. Increased availability of mortgage finance has been positive.

It is now likely that property prices will rise by at least 20% in the capital by the end of this year and that single digit growth will be experienced in a number of other high population, high employment areas outside Dublin. It is noteworthy to mention the strong performance of residential property in the counties of Kildare, Wicklow, Meath and Sligo. Assuming no unusual or external shocks we anticipate that recovery in the capital will continue into 2015 but at more modest levels of recovery as the base value of property in the capital will be higher than what it was at the start of the year. It is also likely that property prices in a number of tertiary areas will take longer to recover but one would hope they too will bottom out soon.

### HOUSING LISTED AS A KEY PRIORITY IN "STATEMENT OF GOVERNMENT PRIORITIES 2014-2016" RELEASED ON 11TH JULY, 2014

Following on from Construction 20:20 the government have listed "Improving Housing Availability & Affordability" as a key priority. In their latest "Statement of Government Priorities 2014-2016" which was issued on the 11th July last the coalition have stated that they will enact new planning legislation to reform Part V (Social and Affordable Housing) and the high level of local authority development contributions regime to reduce the burden on new housing development. They are also suggesting that they will encourage phased developments for immediate viable schemes and "use it or lose" planning permissions to speed up development, among other measures.



**SALE AGREED**

23 Royal Terrace West, Dun Laoghaire,  
Co. Dublin  
SALE AGREED Excess €1,100,000  
JUNE 2014



**SALE AGREED**

12 Castleside Drive, Rathfarnham,  
Dublin 14  
SALE AGREED Region €1,500,000  
JUNE 2014



**SOLD**

6 Herbert Park, Ballsbridge,  
Dublin 4  
SOLD Excess €2,300,000  
JULY 2014

### KEY FINDINGS

- Average price up by 5.9% in second quarter in the capital
- Annual rate of increase climbs to 25% in year to June
- Prices now 51% below their peak but up 44% since market trough
- Strongest growth evident at entry level to market in Q2

Q2 2014	
Average Dublin Second Hand Price	€349,222
Percentage Change Q2 2014	5.9%
Annual Percentage Change	25.2%
% Change Since Low (Q2 2012)	44.2%
% Change From Peak (Q3 2006)	-51.3%

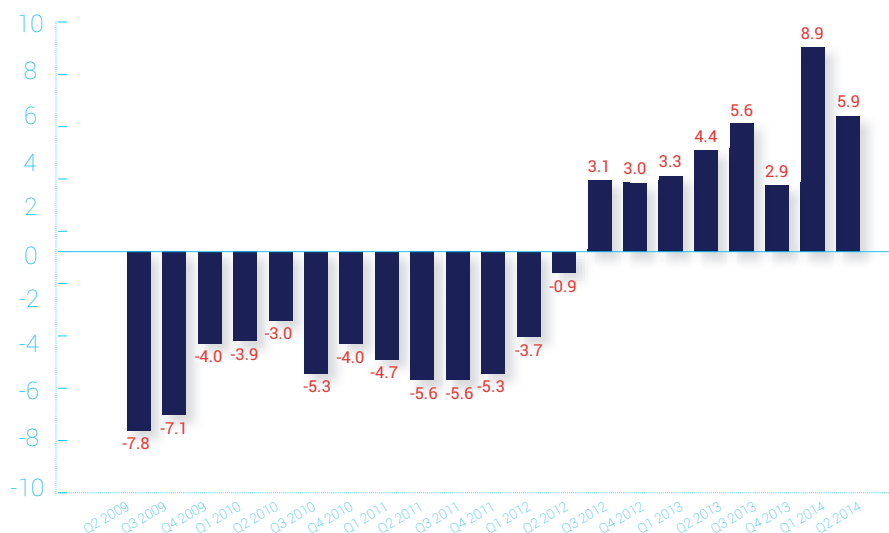
Headline Results Q2 2014

### QUARTERLY RESULTS

The latest results from the DNG House Price Gauge (HPG) recorded another quarter of strong growth in the Dublin residential property market during the three months to the end of June 2014, with the price of a home rising by 5.9% over the period. The pace of inflation slowed when compared to the first three months of the year when prices increased by 9% on average.

The latest quarterly results from the HPG show that prices have now been rising in the capital for two years since the low point in the market in Q2 2012 and is further evidence of the sustained rebound in values being seen across the entire Dublin residential property market. The latest quarterly increase in values means that the average price of a resale property in the Dublin Market now stands at €349,000 compared to €329,000 at the end of March and €278,000 twelve months ago.

### QUARTERLY PERCENTAGE CHANGE IN DUBLIN RESIDENTIAL PROPERTY PRICES

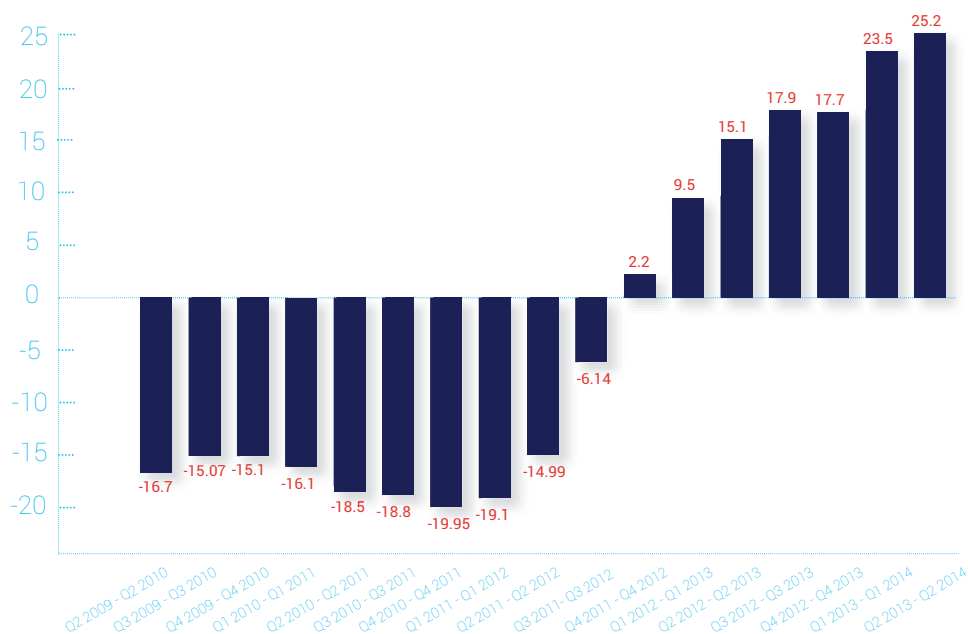


### ANNUAL PERCENTAGE CHANGE

In the year to June 2014, the average price of a resale property in Dublin has seen an increase of 25.2%. The annual pace of property price inflation continues to increase as shown in figure. 2 above, increasing from 23.5% in quarter 1 2014. Whilst the market clearly continues to see strong annual price growth it is encouraging to note that the rate at which the annual change in prices is increasing, actually eased between the first and second quarters, and will likely remain at around the 25% for the rest of the year.

The latest rate of increase as measured on an annualised basis is in contrast to the rate of growth in the year to June 2013 when prices increased by a more modest 15.1%. However, such was the extent of the property market 'crash', prices still remain 50% below their peak recorded level on the HPG in Q3 2006, even with the last two years of strong growth taken into account. Since the market bottomed-out in the second quarter of 2012, the average price of a resale property in the capital has risen by 44% according to the HPG.

#### ANNUAL PERCENTAGE CHANGE IN DUBLIN RESIDENTIAL PROPERTY PRICES



Annual % Change in Dublin Residential Property Prices

### PRICE CHANGES BY LOCATION

As part of the series, the DNG HPG examines price movements by geographical location within Dublin and its environs as shown in the table below.

The locational results from the HPG show that right across the capital prices continued to rise strongly. The northside and southside areas saw prices increase in line with the overall average in Q2 2014 at around 5% however, the most notable price increases occurred in west Dublin in the three months to June, where the average price of a resale property rose by 9.6% over the period. Equally in the year to June 2014, prices in west Dublin grew by over 36% on average, reflecting the strength of demand for well-priced starter homes in the area combined with a shortage of supply on the market. Interestingly, prices in west Dublin remain some 43% below their peak values due to the extent of the percentage falls in this sector of the market seen during the recession. Equally the absolute percentage increases seen since the bottom of the market in 2012 have been the highest at 50%, compared to around 42% in other areas of the city and suburban areas.

	Q2 2014	Annual % Change	From Peak (Q3 06)	From Trough (Q2 2012)
Southside	5.6%	22.9%	-54.7%	42.7%
Northside	4.1%	22.8%	-49.3%	42.7%
Westside	9.6%	36.3%	-43.2%	50.5%

Price Changes By Price Location

### PRICE CHANGES BY PRICE BRACKET

The DNG HPG measures the movement in prices for different price brackets of property within the sample.

The strongest growth in the market occurred at the market entry level for property valued up to €250,000 with prices increasing by 10.9% on average during the three months to June, and by over 36% in the previous twelve months. As Table 2. shows, as the value of the property rises so the rate of increase during quarter two slows down, with the lowest rate of increase evident in the most expensive sector of the residential market at 3.3% during the second quarter. The same is also true when considering the annual rate of house price inflation with the cheapest properties seeing the greatest increase in value and vice versa. Such is the current state of the market given the latest quarterly results, residential resale property prices now stand somewhere around 50% below their peak value in 2006, but 50% greater than their low point in 2012. As further quarterly increases in value occur so the fall from peak will continue to decline and the increase from the market trough will continue to rise.

	Q2 2014	Annual % Change	From Peak (Q3 06)	From Trough (Q2 2012)
Up to €250,000	10.9%	36.6%	-53.2%	48.3%
€251,000 to €350,001	6.5%	27.4%	-42.3%	45.2%
€351,000 to €500,000	5.3%	22.5%	-45.2%	43.2%
Over €500,000	3.3%	22.1%	-57.3%	42.1%

Price Changes By Price Bracket

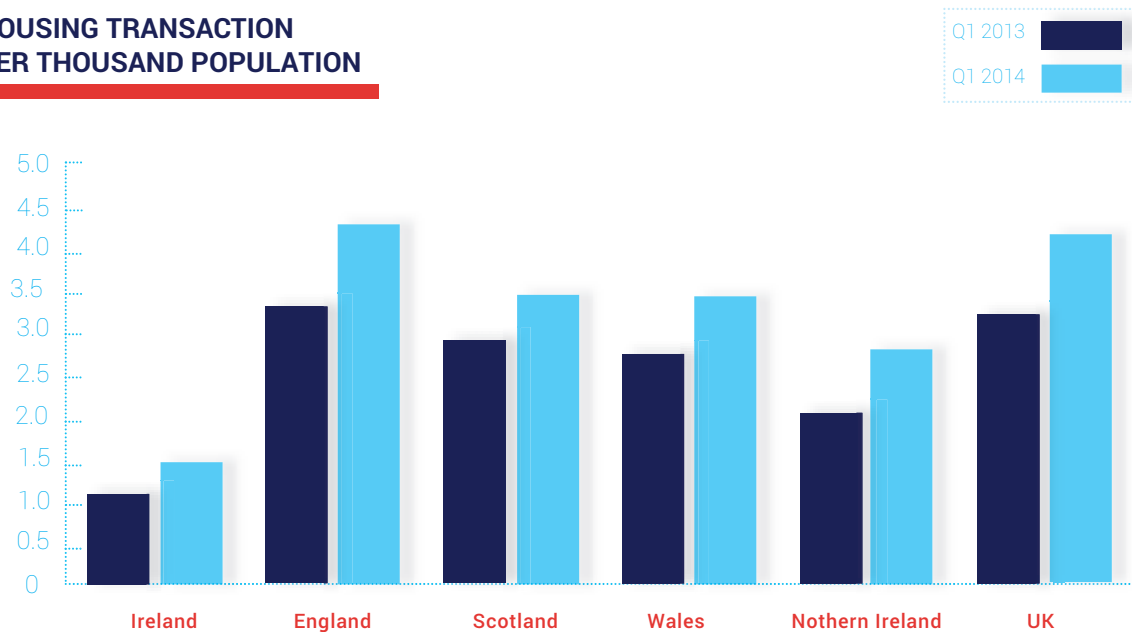
# Housing Transaction per 1,000 Population

## Ireland Vs UK



Transactions levels are a very important component to evaluating the health of the property market and as part of our analysis DNG have commenced producing a quarterly comparison of the number of transactions per 1,000 population in Ireland compared to the UK. Ireland is still lagging far behind England, Scotland, Wales and even Northern Ireland. It should be noted however that Ireland and Northern Ireland both recorded the highest percentage increases in sales on a straight percentage comparable basis this quarter. Transaction levels are rising in Ireland but remain far below than what would be deemed a normal operating market.

### HOUSING TRANSACTION PER THOUSAND POPULATION



Housing Transactions per Thousand Population

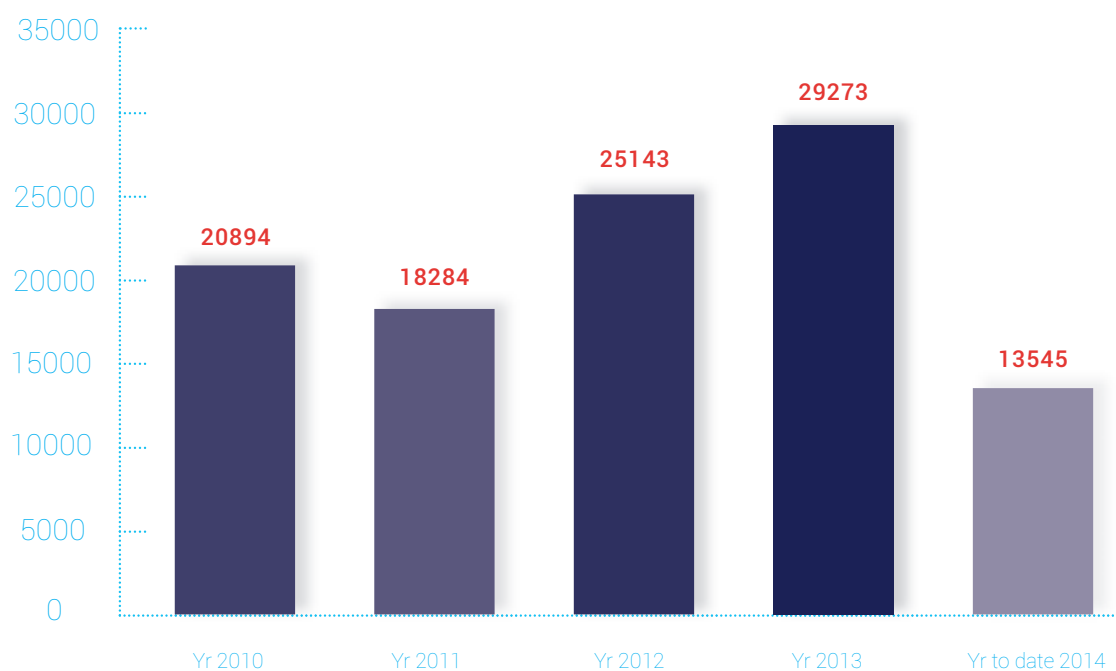


The total number of transactions last year (2013) was 29,273. In the first five months of this year sale completions have topped 13,000 and if the current trend continues it is likely that around 32,000 sales will have completed in 2014 which is an increase of just over 10%. It should be noted that we deduct all non-full value sales from these figures as they are not reflective of full market price transactions. See Graph 1.

We also set out a table of completed sales county by county for the first quarter of 2014 which we have also compared to 2013. You will note some sizeable increases in sale completion numbers, however, while positive they are from a very low base. There are also some anomalies such as the sale number for Cavan which recorded an increase of 137.5% but this was -accounted for by the sale of two residential schemes which were sold in one lot each so this should be taken into account when reading the results. See Graph 2.

**Graph 1 - Number of Closed Sales As Per Property Price Register**

## ANNUAL CLOSED SALES



\* Source: Property Price Register recorded as of 10/7/2014

Graph 2 - Number of Closed Sales Per County Q1 2013 versus Q1 2014

COUNTY	Q1 2013 No of Sales	Q1 2014 -No of Sales	% CHANGE
Carlow	45	62	37.8
Cavan	80	190	137.5
Clare	83	132	59.0
Cork	519	689	32.8
Donegal	145	164	13.1
Dublin	1463	1981	35.4
Galway	213	329	54.5
Kerry	149	167	12.1
Kildare	182	236	29.7
Kilkenny	66	94	42.4
Laois	58	95	63.8
Leitrim	37	64	73.0
Limerick	137	185	35.0
Longford	44	62	10.9
Louth	139	174	25.2
Mayo	94	147	56.4
Meath	148	206	39.2
Monaghan	56	44	-21.4
Offaly	55	86	56.4
Roscommon	84	101	20.2
Sligo	66	104	57.6
Tipperary	146	160	9.6
Waterford	103	181	75.7
Westmeath	85	118	38.8
Wexford	177	204	15.3
Wicklow	160	228	42.5

\* Source: Property Price Register recorded as of 05/2014

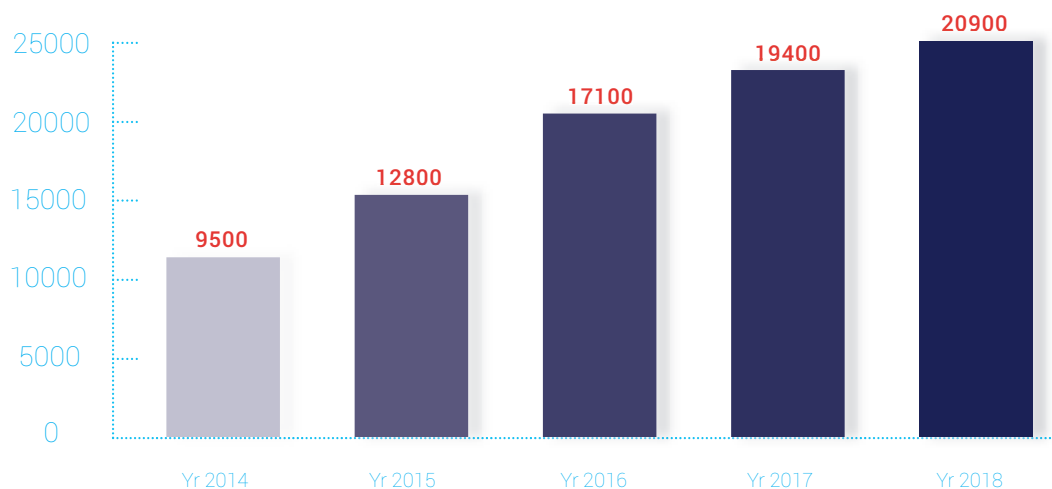
# New Housing Supply Requirement Ireland 2014-2018



One of the big questions at the moment is how many new homes are actually required to be built in Ireland to meet demand. To answer this important question the very able Housing Agency engaged Future Analytics to forecast future housing supply requirements between 2014 - 2018. To do this they separated Ireland into 272 urban settlements all of over 1,000 population each. In all they have estimated that 79,660 new homes need to be constructed in the period to meet the growing population. Without a clear Housing Policy and immediate action by the government it is highly unlikely that these forecasts will be met and this is likely to lead to further rental growth and prices rises in the capital and other key urban areas. This will also have a further knock on effect for more Social Housing in Ireland which is now at crisis point.

**79,660** HOMES REQUIRED TO SUPPORT POPULATION OVER 5 YEARS  
AVERAGE OF **15,932** PER YEAR  
**37,581** REQUIRED IN DUBLIN  
**4,400** REQUIRED IN CORK CITY & COUNTY  
**2,300** REQUIRED IN GALWAY CITY & COUNTY  
**2,500** REQUIRED IN LIMERICK & SUBURBS  
**1,280** REQUIRED IN DROGHEDA

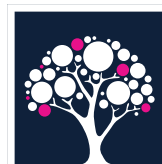
## NEW HOUSING REQUIREMENTS 2014 - 2018



\* Source: Housing Supply Requirements in Ireland's Urban settlements 2014 – 2018  
undertaken by Future Analytics on behalf of the Housing Agency

ELMFIELD

LEOPARDSTOWN D18



BEECHPARK

LEIXLIP



MAXWELL  
SQUARE

RATHMINES DUBLIN 6

*Phoenix News*

Castleknock, Dublin 15

**The Paddocks**  
at Adamstown



*The Crofton*

*Schemes also coming in Carrickmines, Drumcondra, Dun Laoghaire,  
Walkinstown, Rathmines, Tallaght and other locations.*



**SOLD**

**Rathfarnham**

Development Site or C.2 Acres at  
 Sarah Curran Avenue, Rathfarnham, Dublin 14

**SOLD - JUNE 2014**



**FOR SALE**

**Kiltarnan**

C. 3.2 Acres Site, Zoned Residential  
 Enniskerry Road, Kiltarnan, Dublin 18

**Asking Price €2,500,000**



**FOR SALE**

**Walkinstown**

C 0.6 Acre Site plus 8 x 4 Bed Houses at  
 St Jame's Road, Walkinstown, Dublin 12

**Asking Price €1,400,000**



**SALE AGREED**

**Galway**

Partially Completed Development  
 Cottage Hill, Loughrea, Co. Galway

**SOLD - JUNE 2014**



**FOR SALE**



Cabinteely

29 Apartments at  
Belville Court, Cabinteely, Dublin 18  
**Asking Price €5,950,000**

**FOR SALE**



Dublin Docklands

12 Apartments at  
Custom House Square, Docklands, Dublin 1  
**Asking Price €2,500,000**

**SOLD**



Dun Laoghaire

Entire Scheme at Tivoli Gardens,  
Tivoli Terrace East, Dun Laoghaire, Co. Dublin  
**SOLD - JUNE 2014**

**SOLD**



Lucan

Portfolio Sold in 6 Lots  
Rosse Court, Lucan, Do. Dublin  
**SOLD - JULY 2014**

**SOLD**



Clondalkin

Portfolio Sold in 3 Lots  
Rathgael, Clondalkin, Dublin 22  
**SOLD - JULY 2014**

**SALE AGREED**



Navan

Entire Scheme at  
Mill Court, Mill Lane, Navan, Co. Meath  
**SALE AGREED - JULY 2014**

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# DNG Nationwide Presence

## CARLOW

DNG McCormack Properties	Carlow
DNG McCormack Properties	Tullow

## CAVAN

DNG O'Dwyer	Virginia
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## CLARE

DNG O'Sullivan Hurley	Ennis
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## CORK

DNG John Ryan	Mallow
DNG Kevin Condon	Blackpool
DNG Kinsale Estate Agents	Kinsale
DNG Michael Galvin	Bandon
DNG Michael Galvin	Clonakilty
DNG Michael Creedon	Douglas
DNG Murphy Condon	Glanmire
DNG Spillane	Youghal

## DONEGAL

DNG Billy Johnson	Donegal Town
DNG Boyce Gallagher	Letterkenny
DNG Dorrian	Killybegs
DNG Kelly	Falcarragh

## GALWAY

DNG Brian McMahon	Kinvara
DNG Brian McMahon	Oranmore
DNG Lyons Bracken	Athenry
DNG Martin O'Connor	Oughterard
DNG Maxwell Heaslip Leonard	Galway City

## KERRY

DNG Ted Healy	Killamey
DNG Timothy O'Sullivan	Kenmare
DNG WH Giles	Tralee

## KILDARE

DNG Celbridge	Celbridge
DNG Doyle	Naas
DNG McCormack Clane	Clane
DNG Progressive	Maynooth

## KILKENNY

DNG Ella Dunphy	Co. Kilkenny
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## LAOIS

DNG Cowen Kelly	Portarlinton
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## LEITRIM

DNG Farrell	Carrick on Shannon
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## LIMERICK

DNG Cusack Dunne	Limerick City
DNG Stack	Abbeyfeale

## LONGFORD

DNG Frank Regan	Longford Town
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## LOUTH

DNG Brady	Drogheda
DNG Duffy	Dundalk

## MAYO

DNG Burke Connolly Maloney	Castlebar
DNG Gilligan	Claremorris
DNG Michael Boland	Ballina

## MEATH

DNG Ailish Wall	Stamullen
DNG Ronald Duff	Ratoath
DNG Royal County	Navan

## MONAGHAN

DNG John O'Brien	Castleblayney
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## OFFALY

DNG Glen Corcoran	Birr
DNG Kelly Duncan	Tullamore

## ROSCOMMON

DNG Premier Associates	Boyle
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## SLIGO

DNG Flanagan Ford	Sligo
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## TIPPERARY

DNG Michael Gilmartin	Nenagh
DNG William Carroll	Tipperary Town

## WATERFORD

DNG Morrissey Properties	Dungarvan
DNG Thomas Reid	Waterford

## WESTMEATH

DNG Duncan	Mullingar
DNG Property Matters	Athlone

## WEXFORD

DNG O'Connor & O'Connor	Bunclody
DNG Property People	Wexford Town

## WICKLOW

DNG Bray	Bray
DNG Somers Properties	Arklow

## DUBLIN

DNG Ranelagh	
DNG Central	
DNG Dun Laoghaire	
DNG Fairview	
DNG Lucan	
DNG Phibsboro	
DNG Stillorgan	
DNG Tallaght	
DNG Terenure	
DNG Rock Road	

DNG New Homes, Development & Advisory Division	
DNG Newman Lowe Commercial	

DNG Gillespie Lowe Lettings	Rathmines
DNG McKenna Healy	Skerries



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