

# **Dublin Residential Market Report 2021**



## Owen Reilly, Director

**In a year like no other the Dublin residential market proved to be very resilient. Perhaps this is not surprising as COVID-19 caused many people to rethink their living and working habits and motivated them to buy a home.**

**The start of 2020 was very encouraging after a flat end to 2019. The arrival of COVID-19 in March effectively froze the Irish property market. We adopted VR tours, online bidding and remote renting a number of years ago, so while our business quickly pivoted to be conducted remotely and virtually, market activity was a fraction of its pre-COVID-19 level due to restrictions on physical viewings. In March and April 50% of our sales fell through as many buyers were understandably nervous given the uncertainty. Some sellers and buyers negotiated modest discounts to get a deal across the line.**

Our active listings fell by 90% compared to the same period last year. However, the market continued to function in terms of closings. As the first lockdown eased in June, we immediately saw a huge increase in activity. This pent-up demand was led by really

motivated buyers who had got to know their existing property and neighbourhood very well during lockdown and what they offered and did not offer. Many buyers who had pulled out of sales re-engaged with us. Our average selling price during the summer was 3.48% above our average asking price which reflects low supply and the strong demand from buyers for all property types across Dublin. The most motivated buyers were first time buyers and families seeking more space.

As we entered the traditionally busy autumn market vendors were bullish given the exceptional summer activity. Our transactions for this period were up 21% on the previous quarter as more sellers were encouraged to come to market given the pent-up demand. October was a very positive month for sales with a flurry of activity during the period leading into the second lockdown in November. Properties in turn-key condition and in the <€400,000 price range, where first time buyers are more active, were the most in demand. November was a slower month with restrictions continuing for the full duration and there was a reduction in the number of properties coming to market.

It was a positive end to the year though our selling prices were 2% below asking reflecting uncertainty surrounding Brexit and the American presidential election but also the bullish expectations of sellers at the start of the Autumn season. Unsurprisingly, our total number of transactions were down due to restrictions placed on viewings earlier in the year. Also, many vendors were not comfortable to list their property on the market. Our average selling price last year was €470,684, just 0.17% below asking.

This confirms that Dublin property values in general did not move and there was equilibrium between sellers and buyers. However, our transactions show that values under €350,000 increased up to 2%. Many of our listings, particularly turn-key houses, sold well above asking. The price trend indicators showed mixed results from prior-year levels as sales activity improved at the upper end of the market where it appears that most of our buyers have not been financially impacted by COVID-19.

It was mainly apartment sales that impacted on the overall average selling price being lower than last year and it was a challenging year for the Docklands market. We will cover this in detail in our annual Docklands Report. Our average selling time was 12.2 weeks up from 11 weeks in 2019. 54% of our buyers were first time buyers up from 39% in 2019. They had less competition from investors who accounted for 28% of our buyers, the lowest number since we started trading in 2008.

**It was a challenging year for the rental market. In our managed portfolio rents have fallen 11% in Dublin since March, the largest year on year decline in rental values in more than ten years.**

The city's rental supply more than doubled from March through August as the short-term rental market collapsed. This, combined with reduced demand because of lockdown, created a tenant's market for the first time in ten years. In April, large technology companies like Facebook and Google told their employees they could work from home for the rest of the year. This directly caused 7% of our managed tenancies to end prematurely with most of



132 Ringsend Park, Dublin 4. Sold for €875,000

these tenants returning to continental Europe to work from home. One-bedroom apartments were difficult to rent as couples shunned them given the lack of space to work from home and live. Despite the challenges our number of rental transactions were virtually the same as last year, as renters were drawn into the market by the enhanced affordability. In the last quarter, voids flattened and rent declines slowed, possibly signalling that a rebound is on the horizon in 2021. We are certainly seeing a large build-up of technology professionals returning to Dublin, in many cases requested to do so by their employers. However, at the time of releasing this report Dublin is in another level 5 lockdown and many of these professionals have now postponed their return for later in the year.

We are surprised at the lack of accurate data on the rental market. Many commentators have mentioned the resilience of the Private Rental Sector (PRS). Our data shows the luxury apartment market has been negatively impacted, with many landlords offering lower rents and generous move-in incentives, and savvy apartment-seekers have been able to secure apartments that may have once

been out of reach before. Many high earning executives have instead opted for houses. We expect rents to recover, but that will depend on how quickly people return to their offices. Tech companies have been among the most flexible in allowing people to work remotely and a lot of workers are taking advantage of that.

Landlords continue to exit the market as 78% of our apartment sellers last year were landlords. The obvious consequence of this is that the amount of available rental stock continues to deplete. It is likely this will lead to another rental crisis in Dublin within the next 18 months.

The outlook for 2021 is promising given a no deal Brexit was avoided, a positive result in the American election and most importantly of all, the successful roll out of a vaccine to hopefully end this awful pandemic. People are looking at properties in very different ways. In particular they are looking for more space. Space to work from home and space to separate working life from family life. In many cases space is more important than location or at least as important. Having said that proximity to parks and grocery stores is still paramount.

Technology executives are now starting to buy instead of rent as Dublin has now become home. This will be a very positive development for the residential market. A significant number of Irish people returning to Dublin from mainly America, Australia and London are looking to buy. They are now competing with technology executives, particularly at the luxury end of the market (€1 million+). November saw a record number of buyers being approved by banks for mortgages, totalling €1.28 billion according to the Banking and Payments Federation Ireland. A lot will depend on sellers feeling more comfortable putting their home on the market.

Varying property types, locations and price ranges will perform differently. Properties priced under €400,000 and houses with good gardens in the €600,000 to €1.2 million range will sell well. I do not believe the supply of homes coming to market will match demand. I expect the market to be very healthy in terms of transactions, but I do think there will be equilibrium between sellers and buyers. My view is that prices will rise but not markedly.



2 Gilbert Road, Dublin 8. Sold for €676,000



20 Shrewsbury Square, Dublin 4. Sold for €850,000



3 Windsor Terrace, Dublin 8. Sold for €823,500



16 Grattan Street, Dublin 2. Sold for €600,000



# Dublin residential sales market

**2020 transactional data** (compared with 2019) % Percentage difference with 2019

€471,494 (€473,808) -0.49%

Average asking price:

€470,684 (€481,604) -2.27%

Average selling price:

-0.17% +1.6%

Asking price v selling price variance:

12.2 (11) +10%

Weeks on market:

22% (15) +46%

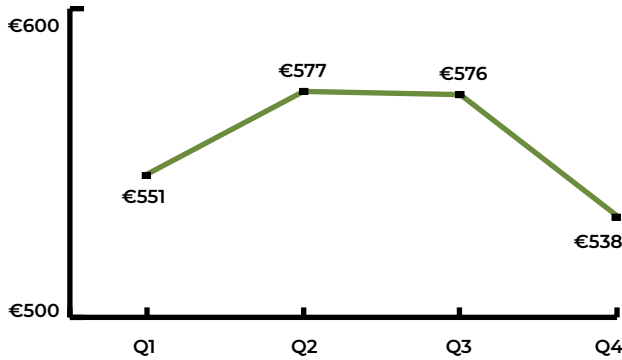
Fall through rate:

€5,956 / €553 (€6,185 / €575) -3.8%

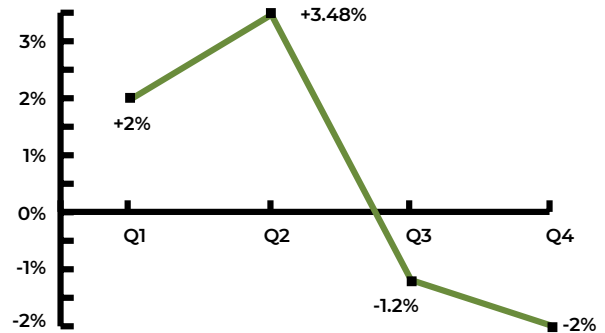
Average selling price per sq. m. / sq. ft.

## Quarterly analysis

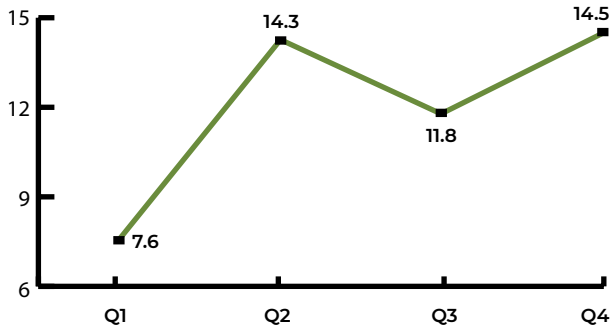
Average selling price per sq. ft.



Asking price v selling price variance



Weeks on market



Average price movements over 2020

UNDER €350K	+2%
€350 – €500K	+1%
€500 – €700K	-2%
€700 – €1 MILLION	-1%
€1 MILLION +	+2%



17 The Warehouse, Dublin 8. Sold for €570,000

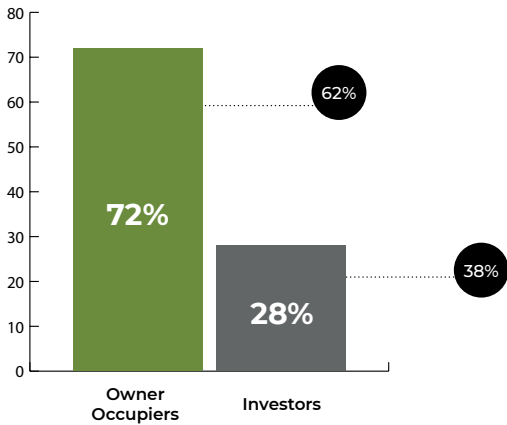


1 Mount Pleasant Avenue, Ranelagh, Dublin 6. Sold for €1.1 million

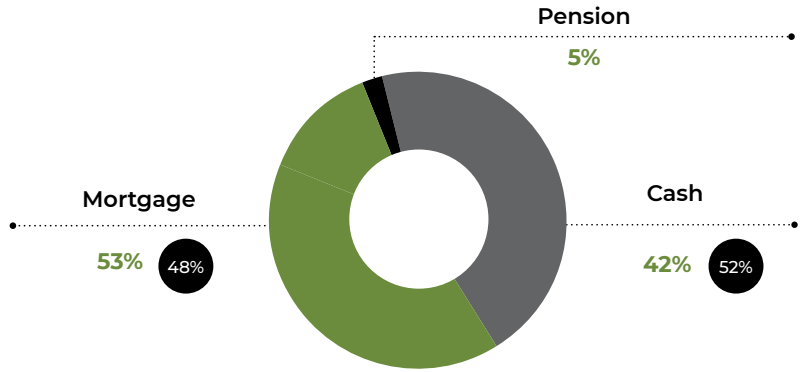
# Buyer profile

% 2019 data

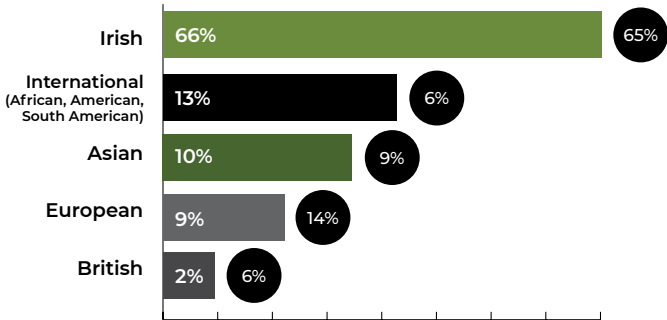
## Type



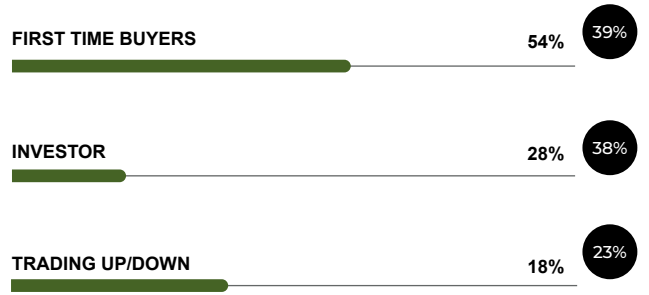
## Funding



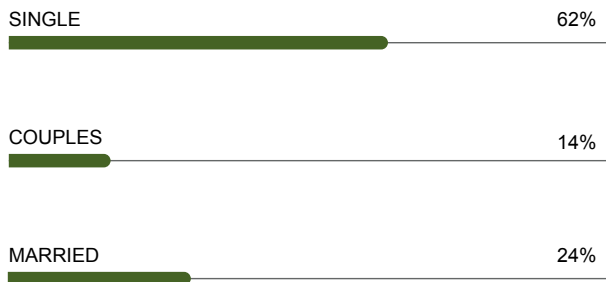
## Nationality



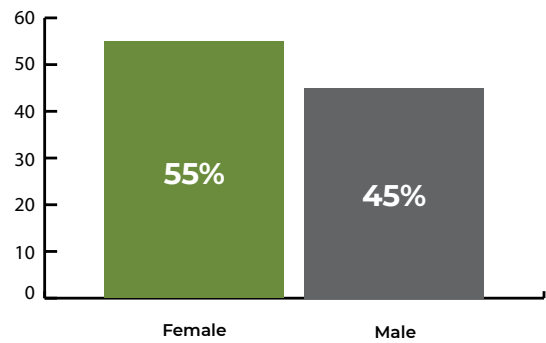
## Breakdown of type



## Status of buyers



## Gender of single buyers



55 Whitebarn Road, Churchtown, Dublin 14. Sold for €580,000



4 Glauinsharoon, Donnybrook, Dublin 4. Sold for €740,000

# Dublin residential rental market

## 2020 transactional data (compared with 2019) % Percentage difference with 2019

€1,833 (€1,888) -2.9%

Average one bed monthly rent

€2,202 (€2,479) -11.1%

Average two bed monthly rent

€3,099 (€2,868) +8%

Average three bed monthly rent

€2,263 (€2,350) -3.7%

Average monthly rent

€115,347 (€127,650) -9.6%

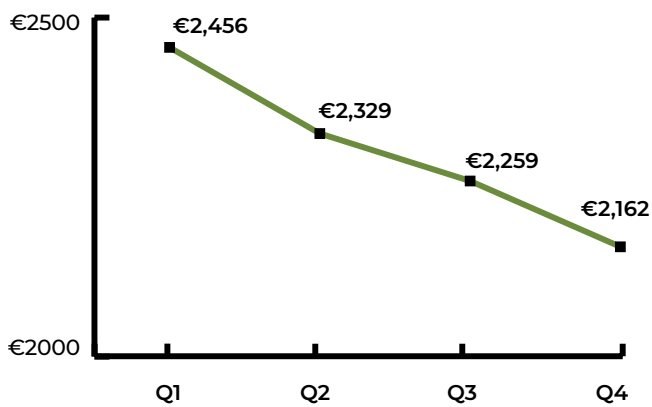
Average household salary

-10.9% +5.3%

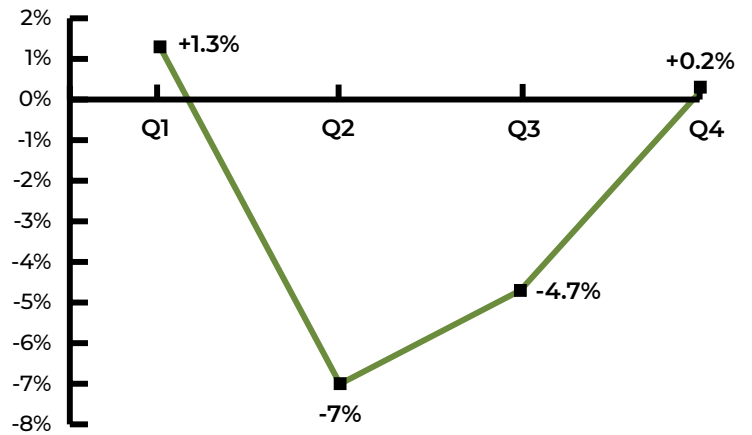
Rent inflation

## Quarterly analysis

### Average monthly rent

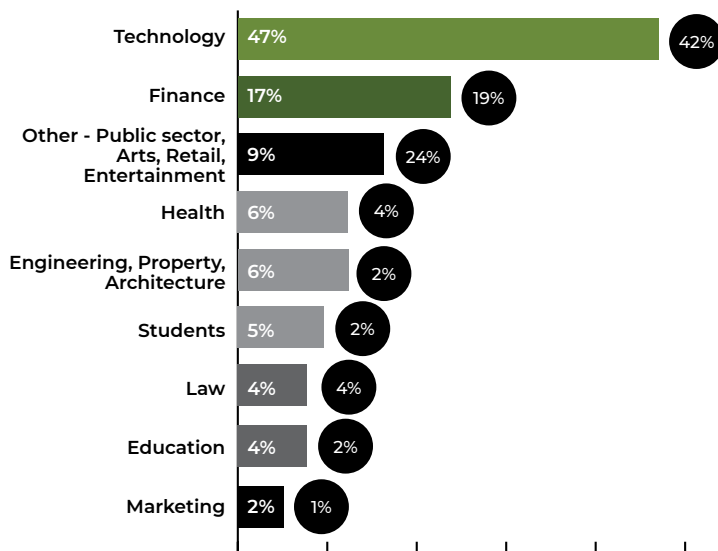


### Rent inflation

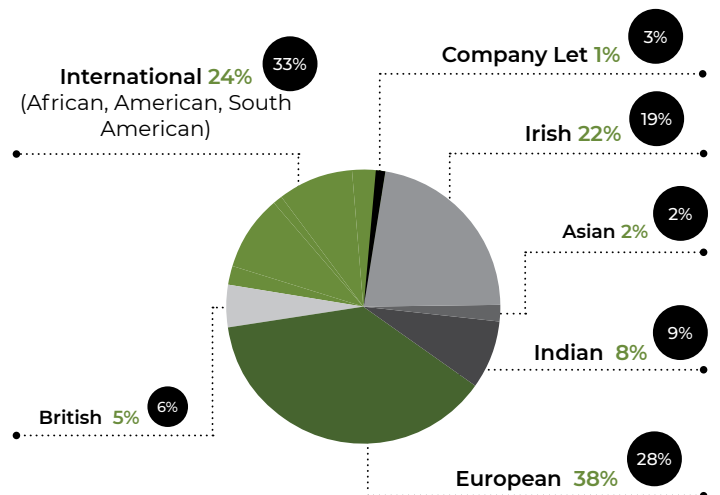


## Tenant profile % 2019 data

### Work sectors



### Nationality





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The information in this document is based on transactions only and our observations of the market. However, Dublin comprises unique and diverse neighbourhoods and features many very different developments. We will be pleased to provide more detailed breakdowns or background information to particular areas or developments.

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