

The Owen Reilly Report 2023

As 2022 began, the worst impacts of Covid-19 were receding and a return to normality was in sight. Given how resilient the Dublin residential market was in 2021 the prospects for 2022 were good. Extraordinary events again took over with Russia invading Ukraine causing an energy crisis and inflation to surge. These events would eventually lead to the European Central Bank (ECB) increasing interest rates for the first time in a decade and there was a series of increases in the second half of the year.

Despite this, in the first six months it was very much a seller's market in the prime Dublin residential property with low supply, low interest rates, a strong economy underpinned by a booming technology sector, and pent-up demand from motivated buyers. In April, when the supply of properties for sale reached a record low, our average selling prices were 7.6% above asking and over 80% of our properties were sold above asking. 62% of our buyers were buying with cash as many Irish people returned to Dublin, their return accelerated by the pandemic. Demand was strongest for family homes in turn-key condition where some houses were selling 20% above asking in a matter of weeks.

In the second half of the year price inflation cooled due to a significant increase in the supply of properties for sale with many sellers attracted by the price their neighbour achieved, interest rates started rising, sentiment was somewhat negatively impacted by economic uncertainty and there were job losses in the technology sector with fears of a major correction. Despite these headwinds, our average selling prices were 5% above asking prices in Q4 and just over half of our listings were agreed above asking. In Q4, the fall through rate increased to 20% compared to 9% in Q2 as some buyers started to question if it was a good time to buy. Many were due to delays with sellers' solicitors issuing contracts. Overall, for 2022, the fall through rate recorded was 14%.

In the latter stages of 2022, there was a notable cooling in demand and price inflation at the top end of the market after a remarkable couple of years. This slowdown was due to more sellers coming to market, rising interest rates, and a more cautious approach from buyers. Family homes in turn-key condition sold well and will continue to sell well in 2023 if priced accurately. We have found properties requiring refurbishment more challenging

to sell in recent months and we believe the values on these properties is now correcting to factor the inflated cost of renovation.

On average, Dublin property prices in our core markets were 5% higher than a year ago, which is in line with our predictions twelve months ago. Our average asking price was €615,753 which is 10% higher than 2021. Our average selling price was €643,891 or €645 per sq. ft. Our average selling prices were 4.6% above asking prices and 68% of our properties were agreed above asking. 75% of our buyers were owner occupiers, 64% were Irish and 49% required no mortgage. The postcode with the highest average price was Dublin 6 at €805,969 and Dublin 2 had the highest price per sq. ft. at €704.

Demand was strongest in the <€500,000 market where first-time buyers were most active, many of whom were motivated to buy by how dysfunctional the Dublin rental market is in terms of lack of supply, cost but also lack of quality. First-time buyers accounted for 66% of our owner occupier buyers. Selling times in 2022 were also much faster at 7.7 weeks compared to 14.6 weeks in 2021.



Kilmainham Congregational Church, Kilmainham, Dublin 8. Sold for €960,000.

The pandemic negatively impacted the Dublin Docklands market more than any other area, with prices falling in 2020 and 2021. There was a strong recovery in demand and prices in 2022 as offices reopened and professionals returned. Our average selling price was €612,379 or €701 per sq. ft. Average selling price was 2.9% above asking prices and 64% of our properties were agreed above asking. Demand was strongest for larger apartments and penthouses.

In the Dublin rental market, the crisis continues, with the supply of rental accommodation coming nowhere near meeting demand. One huge issue for the rental market, especially the apartment market, is the reduced demand we are seeing from investors. They accounted for 25% of our buyers in 2022 compared to 31% in 2021 and 54% in 2018. Given more than half of our sellers are landlords exiting the market and most of our buyers are owner occupiers, the amount of available rental stock continues to deplete, deepening the crisis. Many landlords were disappointed there was no incentive for them in the last budget and combined with continued interventions by the government with increased and unfavourable regulation, the number of landlords looking to sell accelerated in recent months in the second half of 2022. Another unintended consequence of rent pressure zone regulations is that investors are not interested in rent-controlled properties. This is good news for owner-occupiers but bad news for tenants. The majority of our investor buyers were buying through their pension or company structures.

Our average monthly rent was €2,606, a 20% increase on 2021. Rental inflation for the year was 16%, a depressing statistic, and confirms the state's complete failure in the housing sector given we are several years into this crisis. In the Docklands market, our average monthly rent was €2,665. Rental demand was driven by the technology sector and new employees in companies including Amazon, Salesforce, and Tik Tok. As 2022 ended, we observed a slight slowdown in tenant demand because of the recruitment freeze in many of the large multinationals in Dublin and the ban on terminating tenancies for the winter period. Our typical tenant was 32 years of age and on a salary of €78,000. 63% of our tenants work in technology, up from 43% in 2021, underlining the importance of this sector. Incredibly, only 16% of our tenants were Irish compared to 30% in 2021.

Rising interest rates and construction costs have combined at the worst possible moment causing activity in the build-to-rent sector to completely freeze, with numerous forward purchase sales of new apartment developments falling through. Buyers and sellers have now entered a 'price discovery' phase. It is thought many of these proposed developments are unviable without state intervention as we have created an apartment investment model that seems to only work if interest rates are nearly zero.

Outlook for 2023.

Given the uncertainty, the prospects for the selling market in Dublin are very unclear despite strong underlying demand and fundamentals. Much will depend on how

much the ECB increases interest rates and how the Irish economy fares in a global slowdown, especially in America and Europe. We believe there will be moderate price inflation of 1-2%. As always, different property types and price ranges will perform very differently. Activity and demand will be strongest up to €500,000 where first-time buyers are most active.

They will be assisted by the changes to the Central Bank's macroprudential policy on mortgage lending for first-time buyers who can now borrow four times their gross salaries up from 3.5. We don't believe property values will increase greatly in the middle market (€500,000 up to €1 million) and we believe a correction is already happening at the higher end of the market; though houses in turn-key condition will continue to sell well if priced accurately. Properties with low BER ratings or requiring significant refurbishment will be more challenging to sell and we may see a correction. Buyers will be cautious and price sensitive, especially in the first six months. The market should be more normal with less competitive bidding due to increased supply and more realistic sellers. Buyers looking to trade up are likely to react to this more normal market and make a move in the second half of the year. Sellers trading will continue to be frustrated by the lack of availability of new apartments and townhouses for sale.

Hopefully the state will finally make some progress in solving the housing crisis as the realisation that the 'housing for all' plan is not working. As always, it will be an interesting year, and we look forward to sharing it with you!

Market Highlights

Average Selling Price	% of properties that sold above asking	% of Sellers who are Landlords	Average Monthly Rent
€643,891	68%	55%	€2,606
Asking Price v Selling Price Variance	Sales Fall Through Rate	Weeks On Market	Average Tenant Age
+4.6%	14%	7.7	32
Average Selling Price per sq. ft	Average Buyer Age	Average Tenant Household Salary	% of Tenants working in technology
€645	41	€156,137	63%
% of Cash Buyers	% of First-time Buyers	% of Irish Tenants	% of Indian Tenants
49%	66%	16%	15%

Dublin Residential Sales Market

2022 Transactional Data (compared with 2021) % Percentage difference with 2021

€615,753 (€559,101)

+10%

Average Asking Price:

7.7 (14.6)

Weeks On Market:

€643,891 (€571,561)

+12%

Average Selling Price:

14% (15%)

Fall Through Rate:

+4.6% (+2.2%)

Asking Price V Selling Price Variance:

€6,942 / €645 (€6,338 / €586)

Average Selling Price per sq. m. / sq. ft.

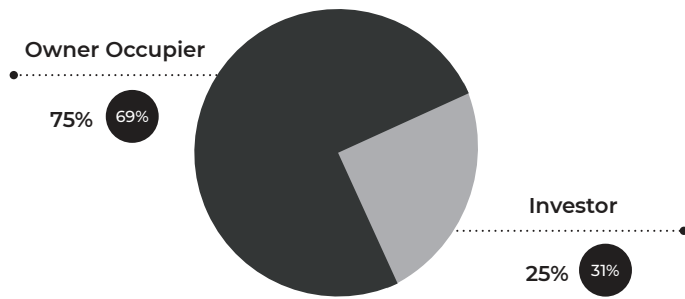
+9%

Buyer profile

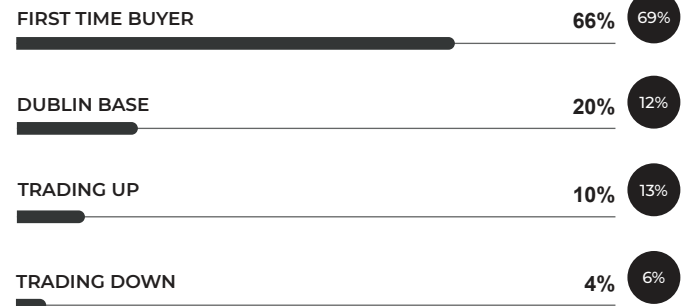
%

2021

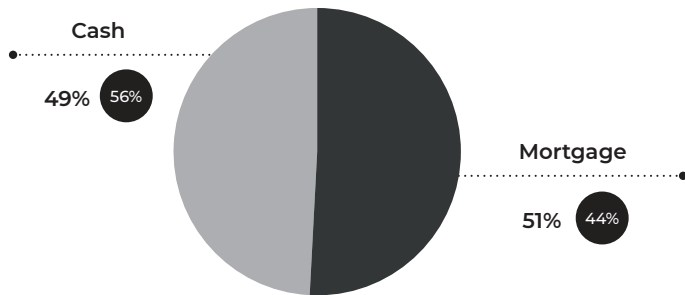
Type



Owner occupier breakdown



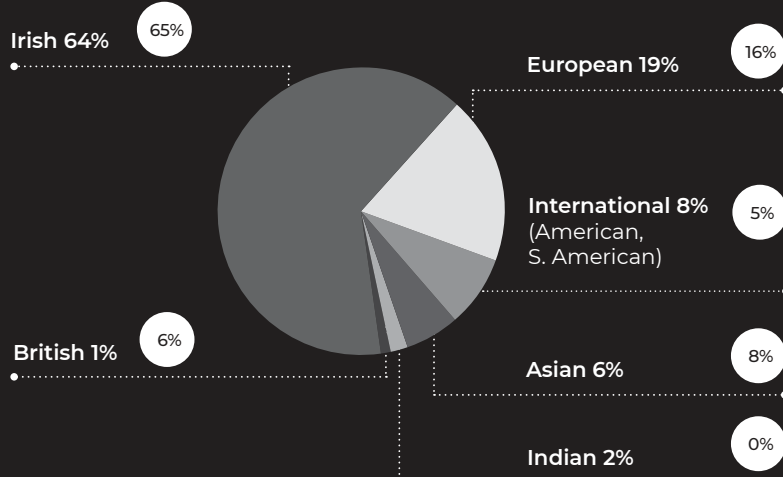
Funding



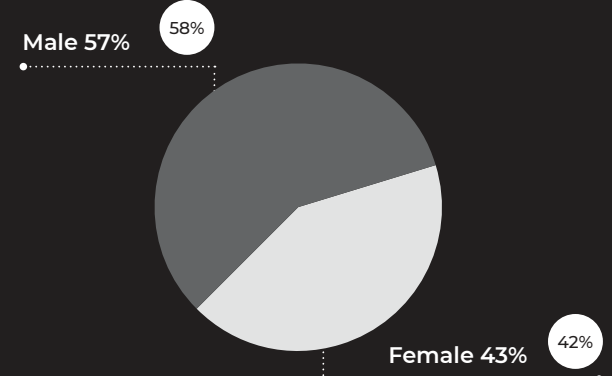
Status of Buyers



Nationality

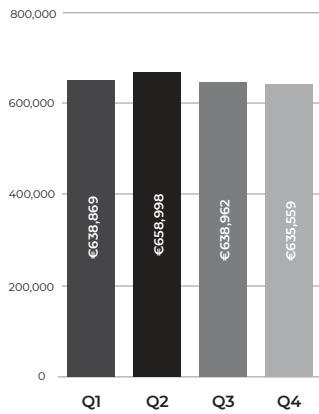


Gender of Single Buyers

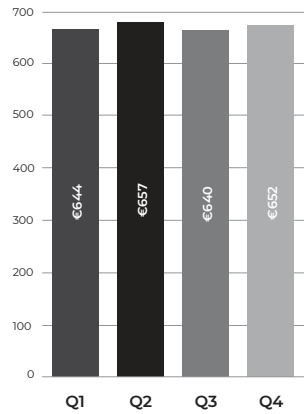


Analysis per quarter

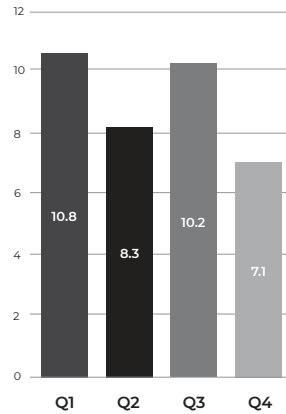
Average selling price



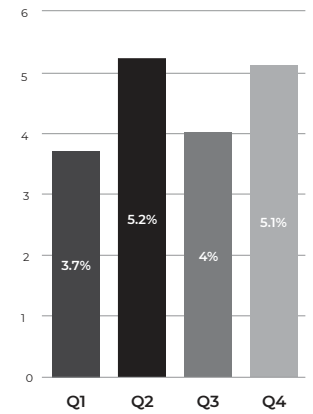
Average Selling Price per sq. ft.



Average weeks on market

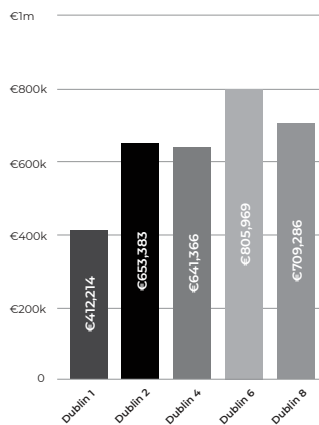


Average asking v. selling price

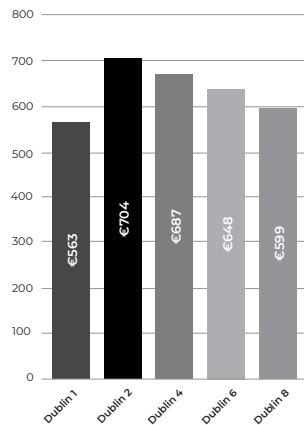


Analysis per postcode

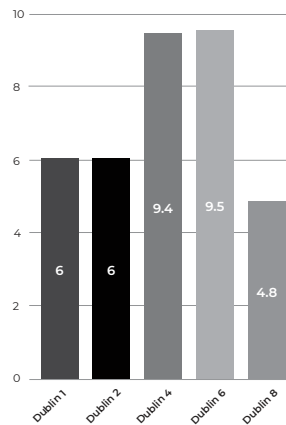
Average selling price



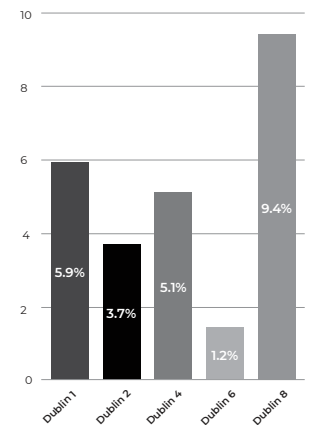
Average Selling Price per sq. ft



Average weeks on market

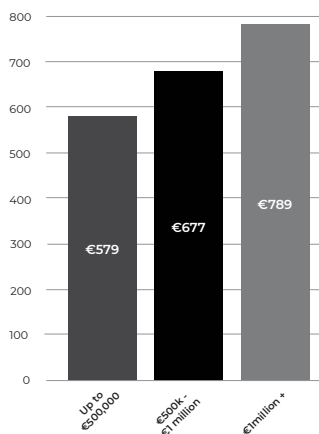


Average asking v. selling price

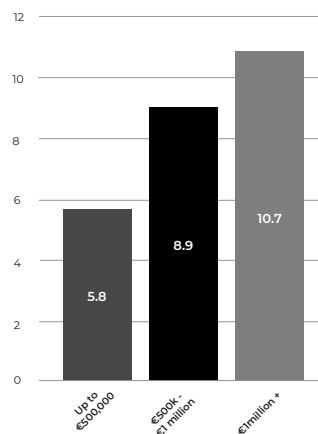


Price variation performance

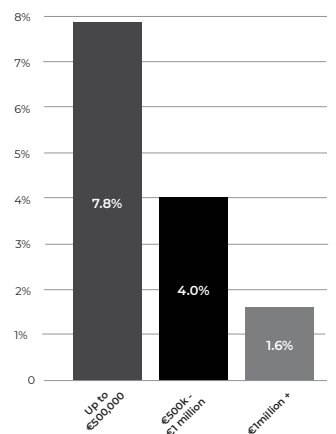
Average price per sq. ft.



Average weeks on market



Average asking v. selling price



Dublin Residential Rental Market

2022 Transactional Data (compared with 2021) % Percentage difference with 2021

€1,916 (€1,831)

+4.5%

Average One Bed Monthly Rent:

€2,548 (€2,123)

+18%

Average Two Bed Monthly Rent:

€3,572 (€3,047)

+16%

Average Three Bed Monthly Rent:

€2,606 (€2,146)

+20%

Average Monthly Rent:

€156,137 (€117,177)

+28%

Average Household Salary:

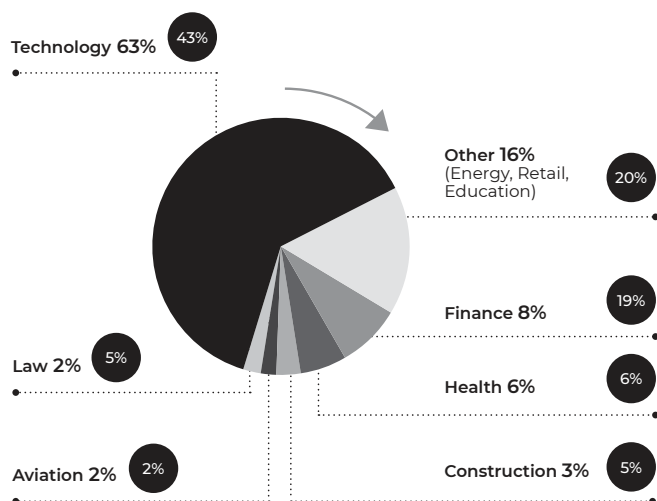
16% (7%)

Rent Inflation:

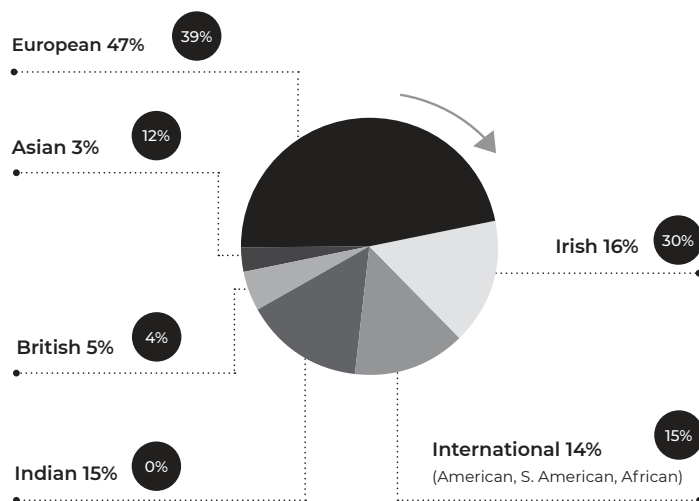
Tenant profile

% 2021

Work Sectors

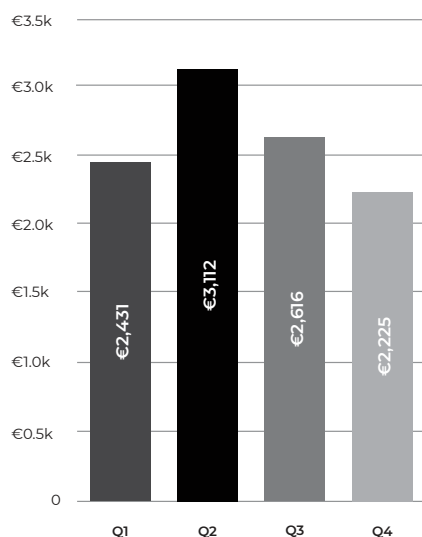


Nationality

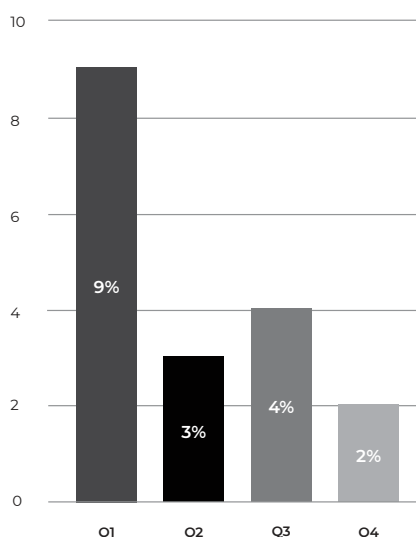


Quarterly analysis

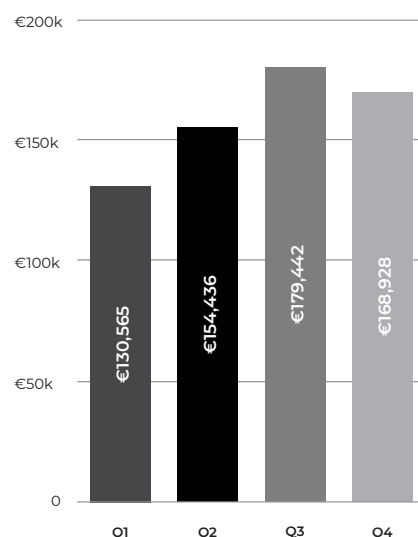
Average Monthly Rent



Rent Inflation



Average Combined Salary



Successfully sold in 2022



12 Ashfield Road, Ranelagh, Dublin 6.



150 The Links, Merrion Road, Dublin 4.



2 Bird Avenue, Clonskeagh, Dublin 14.



76 Wilfield Road, Sandymount, Dublin 4.



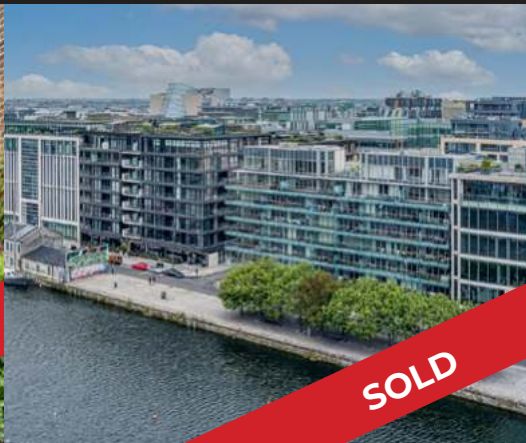
22 The Warehouse, Blackpitts, Dublin 8.



30 Elmpark Avenue, Ranelagh, Dublin 6.



11 Albert Place East, Dublin 2.



50 The Waterfront, Grand Canal Dock, Dublin 2.



Kilmainham Congregational Church, Dublin 8.



19 Ovoca Road, Portobello, Dublin 8.



8 Hollybrook, Foxrock, Dublin 18.



4 Estate Cottages, Northumberland Road, Dublin 4.

Docklands Residential Sales Market

2022 Transactional Data (compared with 2021)

%

Percentage difference with 2021

€595,213 (€522,368) +13%

Average Asking Price:

7.1 (18.9)

Weeks On Market:

€612,379 (€526,589) +15%

Average Selling Price:

22% (18%)

Fall Through Rate:

+2.9% (+0.8%)

Asking Price V Selling Price Variance:

€7,546 / €701 (€6,721 / €626) +11%

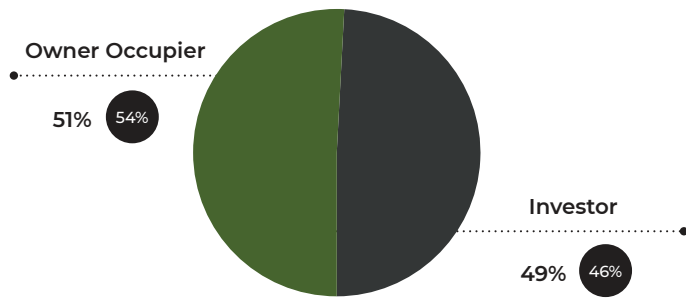
Average Selling Price per sq. m. / sq. ft.

Buyer profile

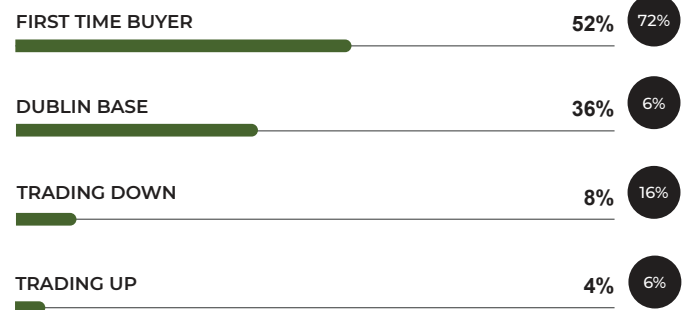
%

2021

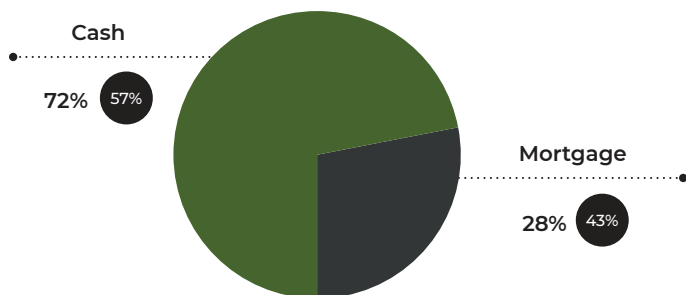
Type



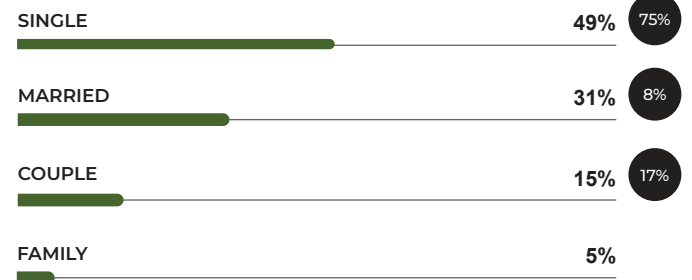
Owner occupier breakdown



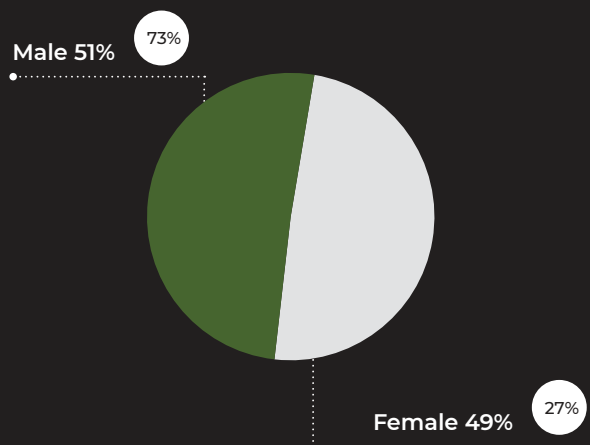
Funding



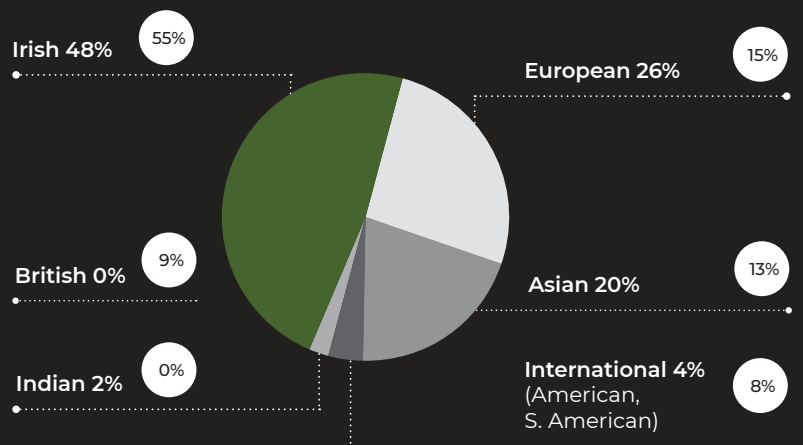
Status of Buyers



Gender of Single Buyers



Nationality



Docklands Residential Rental Market

2022 Transactional Data (compared with 2021) % Percentage difference with 2021

€2,051 (€1,932) +6%

Average One Bed Monthly Rent:

€2,717 (€2,189) +21%

Average Two Bed Monthly Rent:

€4,021 (€3,039) +28%

Average Three Bed Monthly Rent:

€2,665 (€2,187) +20%

Average Monthly Rent:

€170,828 (€126,405) +30%

Average Household Salary:

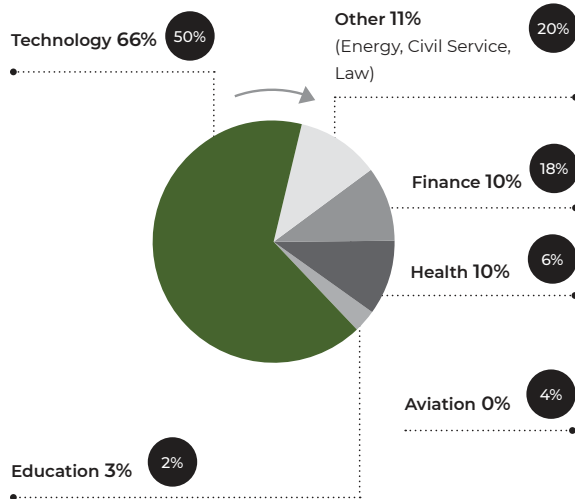
17% (6%)

Rent Inflation:

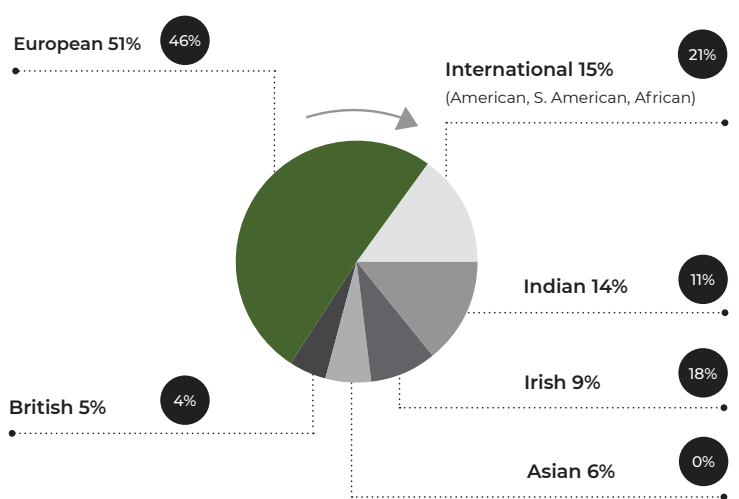
Tenant profile

% 2021

Work Sectors



Nationality

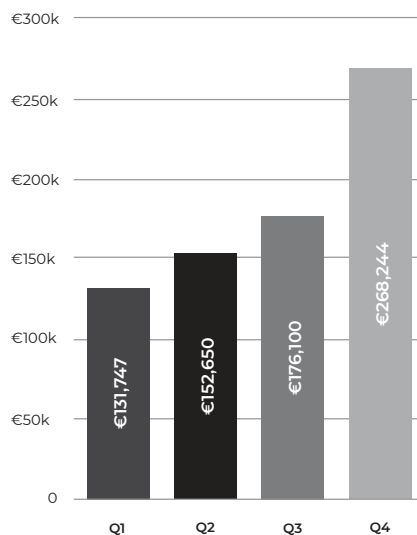


Quarterly analysis

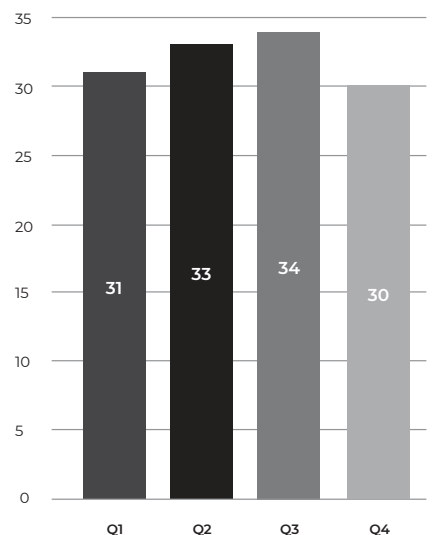
Average rent per quarter



Average combined salary



Average tenant age



Successfully let in 2022



Morehampton Road, Dublin 4.



Forbes Quay, Grand Canal Dock, Dublin 2.



Waterloo Road, Dublin 4.



Sallymount Avenue, Ranelagh, Dublin 6.



Percy Place, Ballsbridge, Dublin 4.



Quayside Quarter, Dublin 1.



Shrewsbury Park, Ballsbridge, Dublin 4.



Milltown Hall, Mount St. Anne's, Milltown, Dublin 6.



Sunbury Park, Dartry, Dublin 6.



Rampart Lane, Donnybrook, Dublin 4.



Hanover Dock, Grand Canal Dock, Dublin 2.



St. Andrews Street, Dublin 2.



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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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