What does the 2024 housing market have in store? Property experts make their predictions

Relatively stable prices set to stay while supply of homes is still not likely to meet demand, agents say

Orla McMorrow, deputy chief executive at DNG

Looking ahead to 2024, we expect to see a similar market picture to that which we have seen in 2023, with relatively stable prices and a shortage of second-hand stock available on the market. First-time buyers are likely to remain the dominant cohort of buyers underpinning demand in the market for both new and second-hand homes.

It appears the present interest rate environment is close to, or at the top of the current cycle with rate reductions forecast for the second half of 2024 which will be good news for buyers from an affordability perspective.

We expect new housing output to continue on its upward trajectory, in line with the targets set out in the Housing for All strategy and recent housing commencements data would indicate that close to 30,000 new homes will be completed next year. The extension of the Help to Buy scheme combined with the other existing supports for buyers of new homes will help underpin demand in the new homes market.

In terms of price movements in the year ahead, we expect low single-digit rates of price growth across most sectors of the market, however, homes with excellent energy efficiency ratings will continue to command a premium.

Marian Finnegan, managing director at Sherry FitzGerald

Forecasting the future is inherently challenging, especially considering the multifaceted influences affecting the current housing market. Despite a series of 10 interest rate increases over the past 16 months, the demand for various property categories has proven resilient, with transaction volumes largely consistent with those of 2022. Furthermore, price inflation has exhibited stability, with average values showing a modest growth of 2-3 per cent, a trend expected to persist in the upcoming year.

While it is anticipated that house completions will surpass 30,000 this year, the preferred V-shaped recovery in supply has not materialised. Consequently, a significant supply deficit is likely to persist in the coming years. The scarcity of new supply has had a cascading effect, negatively impacting the volume of other properties entering the market. This trend is likely to endure or potentially worsen in the approaching year. However, if I had one wish for 2024, it would be a bold policy response to address the supply deficit, without this I fear another year of discontent for potential purchasers and tenants.

Stephen Day, senior director of residential sales at Lisney Sotheby's International Realty

In the residential market, prices remain strong. Supply is and will remain low next year. A fractured rental market means sellers are unwilling to sell and rent while they find the right house. Occasional landlords continue to leave the market in a trend that will persist into 2024. Interest rates, uncertainty in government policy and pro-tenant legislation make it increasingly difficult to justify the cost and risk of being a small landlord. Those who remain, struggle to compete with professional PRS funds who benefit from a more favourable tax regime.

Much needed social and affordable housing is the focus of most developers with dedicated government spend in that area making it less risky. Lack of new housing for those outside of that bracket will continue to cause frustration and prop prices up.

Working from home has caused problems in the office and retail market with landlords and occupiers adjusting to this new environment. Small contractions are visible in pockets of industry with job cuts or hiring freezes while corporates attempt to figure out the new normal. Development land values have been falling for more than two years as the effects of the broken Irish planning system are being felt with a big impact.

Stability was the goal of interest rate hikes and that is what they delivered. Despite some individual construction material price movement, overall costs were stable in the year and there's little indication of a bounce for 2024. Despite the material challenges and policy interference, the Irish property market has responded with resilience and confidence.

Guy Craigie, director of residential property at Knight Frank

We have had a strong year for prime sales helped by an inflow of high-net-worth buyers from overseas, which we expect to continue into 2024. As stock levels remain low, there continues to be significant demand and it is properties in turnkey condition and new-builds that are attracting most interest, often resulting in competitive bidding and record prices being achieved.

With the costs of renovation at an all-time high, it is homes that require significant upgrading that are taking longer to transact, often at reduced prices. Although there is no shortage of demand for homes requiring work, it is a far more price-sensitive market and we see little sign of costs abating.

The bottleneck we have seen over recent years has created some hesitancy to sell on the part of downsizers, a significant factor constraining the supply of larger family homes. In most cases their family home is their primary asset which they need to sell in order to buy, leaving them unable to compete with other chain-free buyers in a bidding situation. Over recent months, our new homes team has seen a re-emerging demand from downsizers which, with new home completions on the rise, will hopefully begin to improve the supply of older family homes into next year.

The new-homes market, with the continued shortage of supply looking set to continue, has performed strongly throughout the year. First-time buyer demand has been exceptionally high for Dublin commuter locations with many buyers reporting they are now required to be more office-based again so journey times will once again be a major consideration in their decision-making process in to 2024.

Joanne Geary, managing director at MyHome.ie

Once again, it has unfortunately been a dysfunctional year for the residential property market. The first half of the year saw signs of stabilisation, with asking price inflation moderating to 2.2 per cent. However, asking prices accelerated to 4.1 per cent by September. This trend was most pronounced outside Dublin and was primarily due to a chronic lack of supply, with new listings on MyHome.ie down 38 per cent over the year.

Demand has remained resilient with a 25 per cent increase in enquiries on MyHome.ie. Furthermore, the Banking and Payments Federation Ireland reported a record number of mortgage-approved first-time buyers in October.

But as the year progressed, rising interest rates and supply problems started to have a negative impact on sentiment, with three-quarters of respondents in October's MyHome.ie survey saying they were worried about the state of the market.

There was, however, positive sentiment around green energy, with three-quarters of respondents looking to power their homes with renewable energy – a trend the Government should note.

We welcome the recent extensions and changes to the Help to Buy and First Home schemes, as well as the grant available for vacant, derelict homes and for those looking to retrofit. But the ongoing impact of high interest rates and constrained supply may well present a challenge for the market in 2024.

Shirley Coulter, chief executive of the Society of Chartered Surveyors Ireland

This year was a somewhat challenging one for the property market and it looks as if that will remain the case for 2024. Low levels of supply across the new, second-hand and rental markets ensured values held up but the steep rise in interest rates meant affordability was stretched beyond many prospective buyers' means.

Both those factors have ensured the post-pandemic trend of people moving to buy houses outside the main cities has continued, leading to an increase in values outside Dublin where they had remained static or fallen. "Rightsizers" and international buyers with links to Ireland remain active, which is positive. Our members believe prices in rural areas will grow by between 8 to 10 per cent while prices in Dublin will remain static or see a modest rise.

While a hoped-for interest rate reduction, most likely in the latter part of the year, would provide some welcome relief for prospective homebuyers, it is unlikely to affect the supply of homes in the medium term. More apartments are becoming available for sale, but this is due to private investors exiting the market which will lead to an overall fall in the supply of rental properties. While the demand for new energy-efficient homes remains high, the problem is that the viability of schemes has been undermined by rising construction costs, the increased cost of development finance, labour shortages and planning delays.

The first two are affecting property markets globally, the latter are domestic issues we need to address. If we could do that in 2024 while also overhauling the conveyancing system and the granting of probate, it would be hugely positive for the property sector.

■ 'In terms of price movements in the year ahead, we expect low single-digit rates of price growth across most sectors of the market,' says Orla McMorrow

Pat Davitt, chief executive at the Institute of Professional Auctioneers and Valuers

The market in 2023 has been resilient although we saw a few efforts to correct, particularly in some Dublin areas, generally at the higher end where prices levelled off and some districts experienced reductions of up to 4 per cent. Overall, prices for the year will end in a strong position with an overall uplift of about the same magnitude of 4 per cent.

I believe 2024 will start on a similar track. Outside of Dublin many areas are still well below the highs of 2006. I expect these to catch up in 2024. Many people with deep connections to the country are still taking advantage of Dublin prices and selling up and heading to the country where better value beckons.

Ber ratings are getting increasingly more important to many buyers, not so much because of the savings deriving from preventing heat loss but rather in the savings achievable on mortgage interest rates. The reward of 0.25 per cent on expenditure in either retrofitting or building new is not attractive enough for many who might otherwise consider these options. It is one thing for officials to design a scheme on paper but how that might work in practice doesn't tend to receive the required depth of analysis. Consequently, we continue to see good State schemes underperform on their intended objectives.

Interest rates, which increased 10 times over a 14-month period from August 2022 to October 2023, are excessive and would have a far more devastating impact on the market were it not for State schemes such as the Help to Buy and First Home schemes. A question that needs a great deal more attention is why should mortgage and other debt holders, generally those building for the future in self-sufficiency and innovation and forming probably less than 50 per cent of the populations of Europe, be the ones penalised with the job of bringing down inflation, much of which has been caused by factors outside of their control, such as the Russian invasion of Ukraine.

I see the excessiveness of interest rate rises becoming a compelling and inescapable narrative that should see them reversing from about March 2024. This would help to steady prices but the real answer, the one that will help create sustainability, lies in more stock coming into the market for both selling and renting.

The idea that private landlords are not needed in the market is a minority ideology that has influenced decision-making and has had unfortunate consequences for renters in particular.

I see house prices ticking up again in 2024 and I cannot see anything preventing that except more stock.

David Cantwell, director at Hooke & MacDonald

It has been a good year for first-time buyers of new homes as they benefited significantly from the introduction of the First Home shared-equity scheme and the extension of the [Help to Buy] scheme. They duly dominated the new homes market in the €250,000 to €500,000 price range. Developers responded positively by accelerating their build programmes on a number of large sites throughout the country with increased focus on sustainability and good design being evident.

The year ahead will be interesting as two Government initiatives will be up and running, namely the Croí Cónaithe vacant property refurbishment grant to support the building of apartments for sale to owner-occupiers in city and suburban locations, and the Affordable Purchase scheme which county councils will be bringing forward under the Housing for All banner along with developer support in numerous locations. These two schemes along with the first-time buyer incentives will bring home ownership within the capability of thousands of aspiring homeowners and their importance should not be underestimated. It is therefore essential that decisions by the planning authorities on new developments are speeded up to meet the demand for new homes.

Sarah Murray, director of new homes at Savills

Savills had a successful year in 2023 in the new homes market, reaching our highest sales in over a decade. This was due to an increase in our client base and consistent demand for properties in various locations, including those outside the main cities.

The rise in mortgage interest rates presented some affordability issues but this did not significantly affect sales, due to a limited housing supply. Support from changes in mortgage rules by the Central Bank and Government incentives such as the First Home and Help to Buy schemes also played a role in maintaining buyer interest. Buyers showed a preference for energy-efficient, A-rated homes, which encouraged banks to offer green mortgages, that have better rates for energy-efficient properties.

The forecast for 2024 looks positive. The market is expected to remain active, with continued interest from buyers who recognise the benefits of new homes, from financial to environmental aspects. Despite the rise in interest rates in 2023, buying a new home often remains more cost-effective than renting. Government incentives and the appeal of energy-efficient homes are additional factors supporting this trend.

Finally, buyers are valuing the thoughtful design and size of new homes, especially those that meet NZEB (nearly zero-energy building) standards and have an A Ber rating.

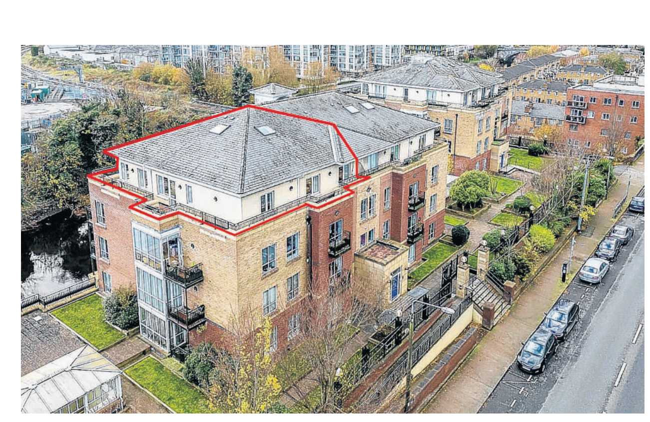
Dublin 8 €650,000

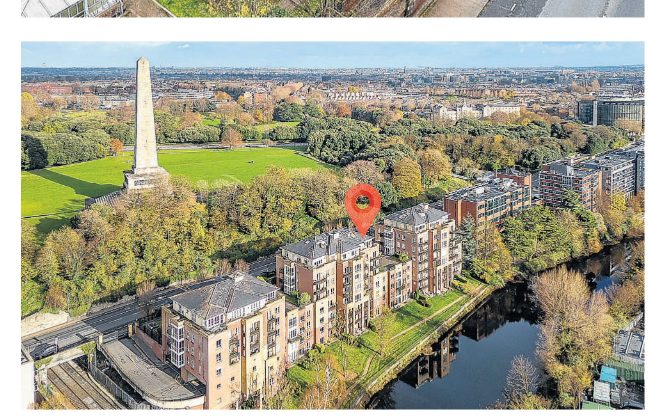
Immaculately refurbished penthouse beside Phoenix Park

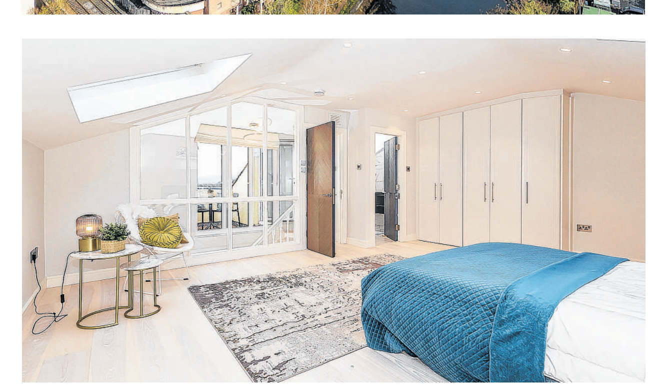
71 The Wellington, Riverpark, Conyngham Road, Dublin 8

Description: Duplex offers possibility to live near the city while still feeling at a remove from the hustle and bustle
Agent: Owen Reilly

JESSICA DOYLE







The current owner of this Dublin 8 penthouse duplex apartment across the road from Phoenix Park bought it when it was first built by Michael Cotter's Park Developments in 2000. She had it as an enviable base during her college years, from where she could walk or get a bus into the city centre at a moment's notice. Now, 23 years later, with plans to settle into family life in the suburbs, she has decided to put this home on the market, but not before giving it a flawless, contemporary refurbishment costing in the region of €140,000.

The apartment, extending to 104sq m (1,119sq ft), has been completely redone and is as turnkey as it is possible for a second-hand property to be. There are new light ash wooden floors from the Hardwood Flooring Company, dark wooden veneer fire-safety doors and recessed spotlight lighting throughout. Handmade curtains by Brian S Nolan adorn the windows.

The property officially contains two bedrooms but the attic room (adding 34sq m to the area) – not officially classed as a bedroom as it doesn't meet the ceiling height requirement – makes for a stunning principal suit with a window over the stairwell looking out to the green of the Memorial Gardens and the Dublin mountains beyond. This could also make a lovely second living area with a sofa angled to make the most of the views and south facing aspect, or a bright office space. There is a bathroom with a bath off the attic room fitted, as all four bathrooms in the home are, with marble-effect tiles, a grey, high-gloss vanity unit and new sanitary ware.

The stunning dual-aspect kitchen/diner and livingroom sit on the lower floor; the dining area of the kitchen looks straight across the road to the Wellington Monument in Phoenix Park, while windows in the livingroom look out the bright south-facing aspect. No expense was spared in the kitchen, which has sleek dark-grey timber units by McNally Living and silestone countertops and splashback. All the appliances are new and high quality with a grey integrated Miele coffee-maker, complete with a milk frother, and an oven housed within units on the right wall, as well as a new integrated fridge-freezer and pantry space. A washing machine and dishwasher sit under the kitchen counter and an instant-boil/filter Quooker tap completes the range of kitchen gadgetry. There are switches on the wall for each appliance to ensure no energy is wasted.

The owner had a wall into a small bedroom knocked to provide more space for the kitchen and a dining area; there is also a floor-to-ceiling cupboard off it which acts as a handy utility space. The kitchen flows into the bright livingroom, which features bespoke cabinetry and built-in shelving on either side of the wall where the television is mounted. The wraparound terrace is best enjoyed from this angle with the sun from the south, mountain views and the Liffey flowing below you.

Two double bedrooms sit of the hall with built-in wardrobes and en suites, they also benefit from the wraparound terrace. There is also a guest loo off the hall. Snapping up two extra spaces at the time of purchase, the property now comes with four parking spaces, although with Heuston station and the Heuston red line Luas stop around the corner, your guests probably won't need to drive to visit you here.

The home was also upgraded in terms of energy efficiency, with insulation added and new Glen Dimplex heaters; it has a B3 Ber. Acoustic triple-glazed windows were installed in the rooms facing on to the road outside the park, helping to block the noise of traffic, while double glazing is installed elsewhere.

This penthouse duplex apartment offers the possibility to live near the city centre while still feeling at a remove from the hustle and bustle, with views of trees and the mountains and Phoenix Park on your doorstep. Number 71, The Wellington, Riverpark, is on the market through Owen Reilly estate agents, seeking €650,000.