

# THE HOUSING MARKET

## OPPORTUNITIES & CHALLENGES

March 25th, 2021

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RESIDENTIAL MARKET

# 01

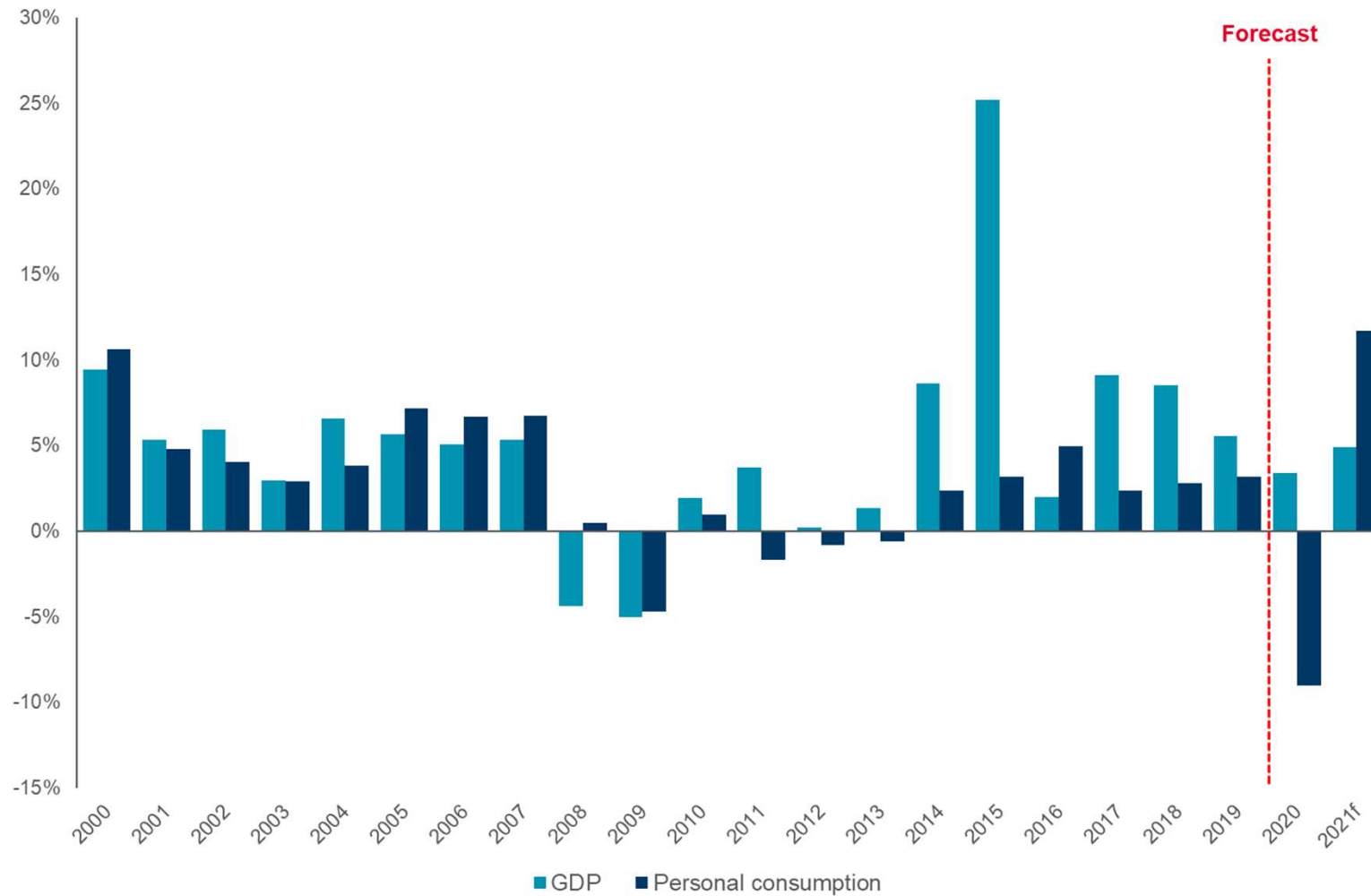
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## **ECONOMIC AND POLITICAL BACKGROUND**



# GDP & PERSONAL CONSUMPTION

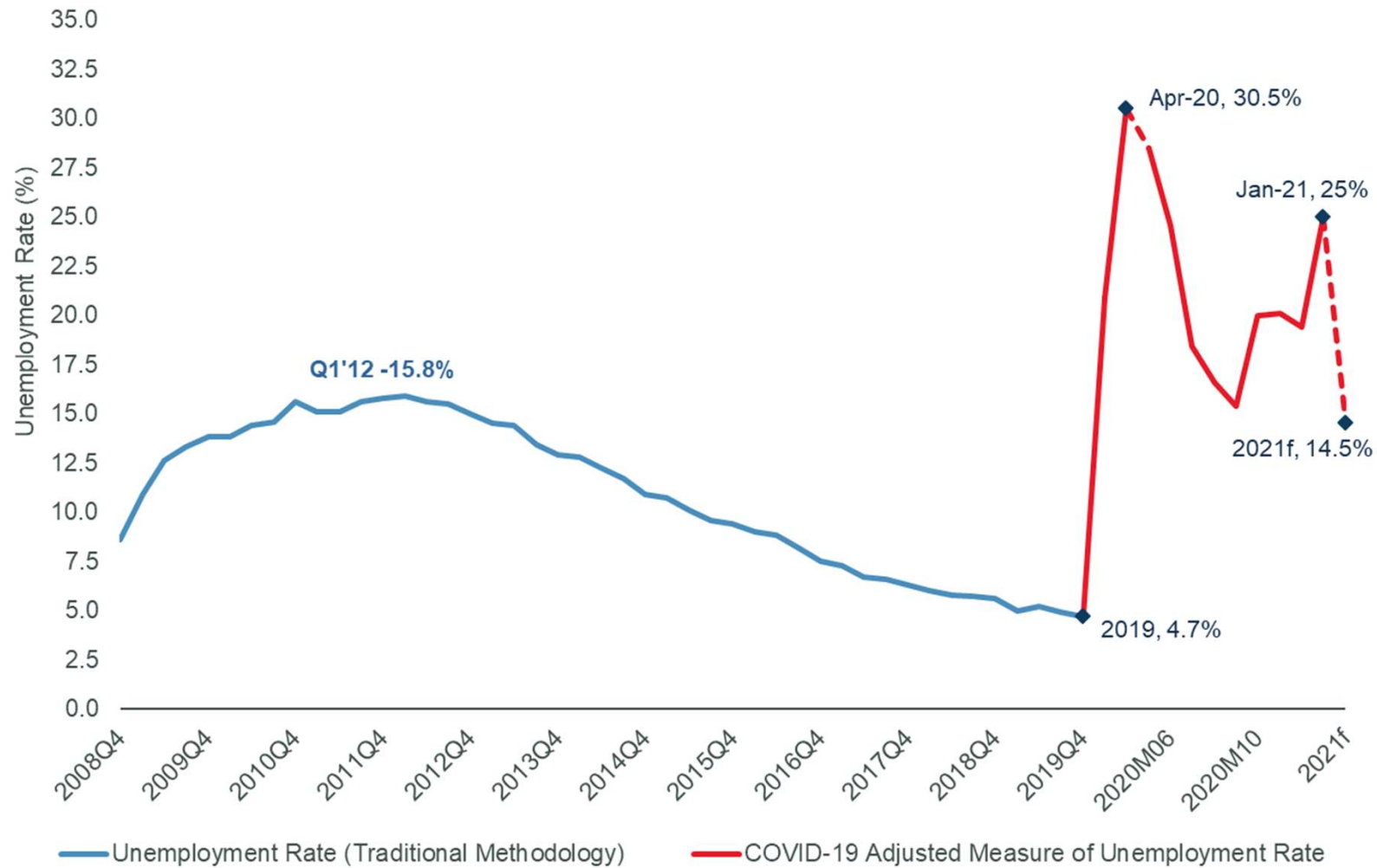
## ANNUAL PERCENTAGE



SOURCE: CSO/ESRI

# UNEMPLOYMENT RATE

2008 Q4 – 2021F



SOURCE; CSO / ESRI FORECASTS

# CONSUMER SENTIMENT INDEX

JANUARY 1997 – FEBRUARY 2021



SOURCE: KBC





### **LOAN TO VALUE (LTV) FOR PRINCIPAL DWELLING HOUSES (PDH)**

PDH mortgages for non-first time buyers are subject to a limit of 80 per cent LTV.

For first time buyers of properties a maximum LTV of 90 per cent will apply.

These LTV limits should not be exceeded by more than 20 per cent of the euro value of all housing loans for second and subsequent PDH purposes, and not be exceeded by more than 5 per cent of the euro value of all housing loans for first time buyers, during an annual period.



### **LOAN TO VALUE (LTV) FOR BTL MORTGAGES**

BTL mortgages are subject to a limit of 70 per cent LTV.

This limit can only be exceeded by no more than 10 per cent of the euro value of all housing loans for non PDH purposes during an annual period.



### **LOAN TO INCOME (LTI) FOR PDH MORTGAGES**

PDH mortgage loans are subject to a limit of 3.5 times loan to gross income.

Taking effect on the 1<sup>st</sup> January 2018, the Central Bank has made revisions to the Loan-to-Income Allowances.

From this point on only 10 per cent of the value of new mortgage lending to second and subsequent buyers can be above the LTI cap, while 20 per cent of the value of new mortgage lending to first time buyers can be above the LTI cap.

Previously, the LTI limit was not to be exceeded by more than 20 per cent of the euro value of all housing loans for PDH purposes during an annual period.

# GOVERNMENT INITIATIVES

## HELP TO BUY SCHEME

From launch to end December 2020



**47,836**  
*Applications*



**23,181**  
*At Claim  
stage*



**22,709**  
*Approved by  
Revenue*

**76%**

Of those at claim stage

Dublin	6,458
Meath	2,814
Kildare	2,448
Wicklow	1,010

Cork	2,674
Galway	1,065
Limerick	751

76% of claims in the  
**€151,000 - €375,000**  
range



The background of the slide is a dark blue gradient with a faint, white architectural drawing overlaid. The drawing is a technical floor plan or site plan, showing various rectangular shapes, lines, and dimensions. Some of the visible dimensions include 1200, 1500, 1800, 1900, 900, 700, 1550, 1650, 1600, 1620, 1630, 1640, 1650, 1660, 1670, 1680, 1690, 1700, 1710, 1720, 1730, 1740, 1750, 1760, 1770, 1780, 1790, 1800, 1810, 1820, 1830, 1840, 1850, 1860, 1870, 1880, 1890, 1900, 1910, 1920, 1930, 1940, 1950, 1960, 1970, 1980, 1990, 2000. The drawing is oriented diagonally, with the top-left corner of the plan towards the top-left of the slide.

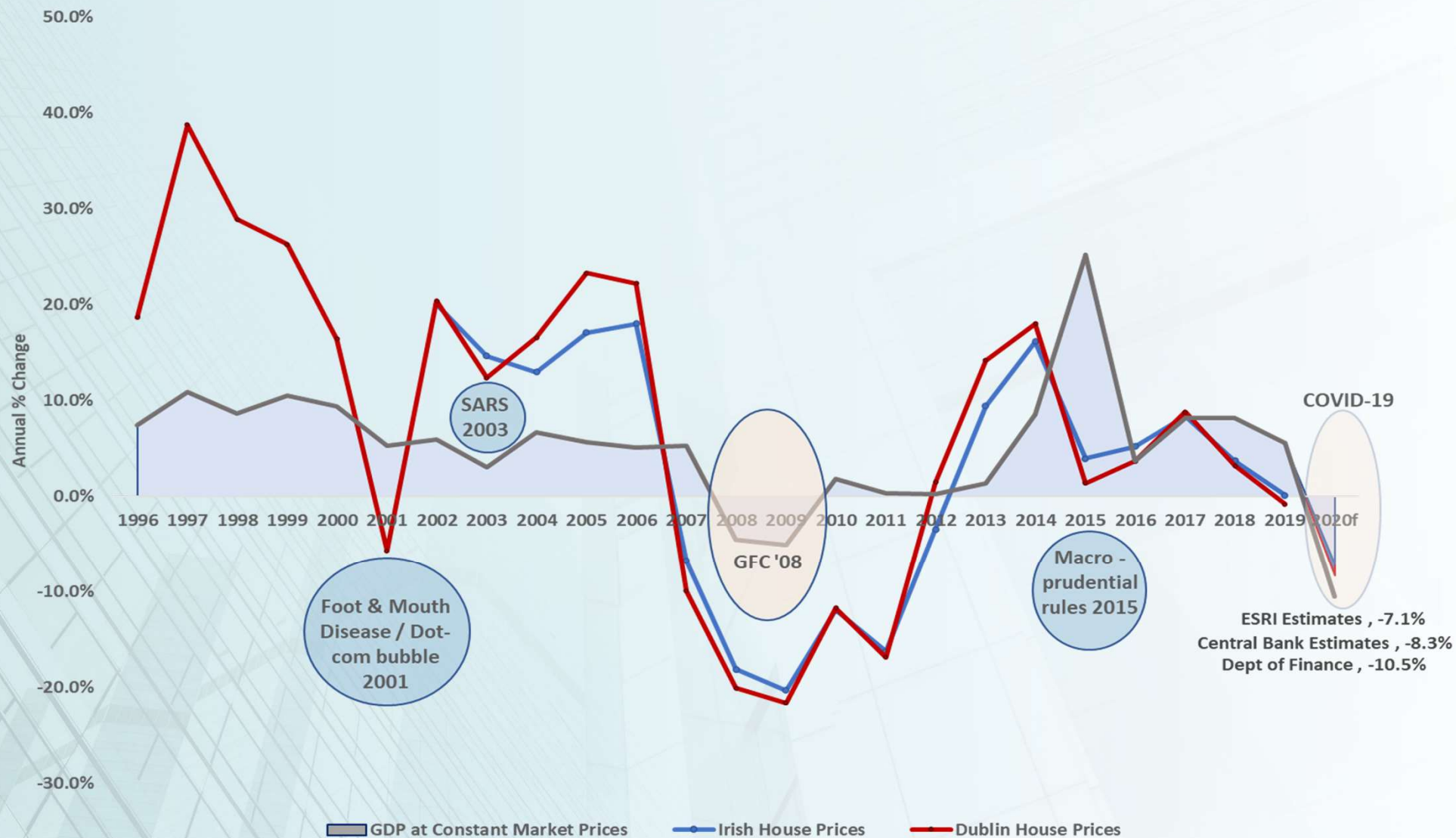
# 02

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## RESIDENTIAL MARKET

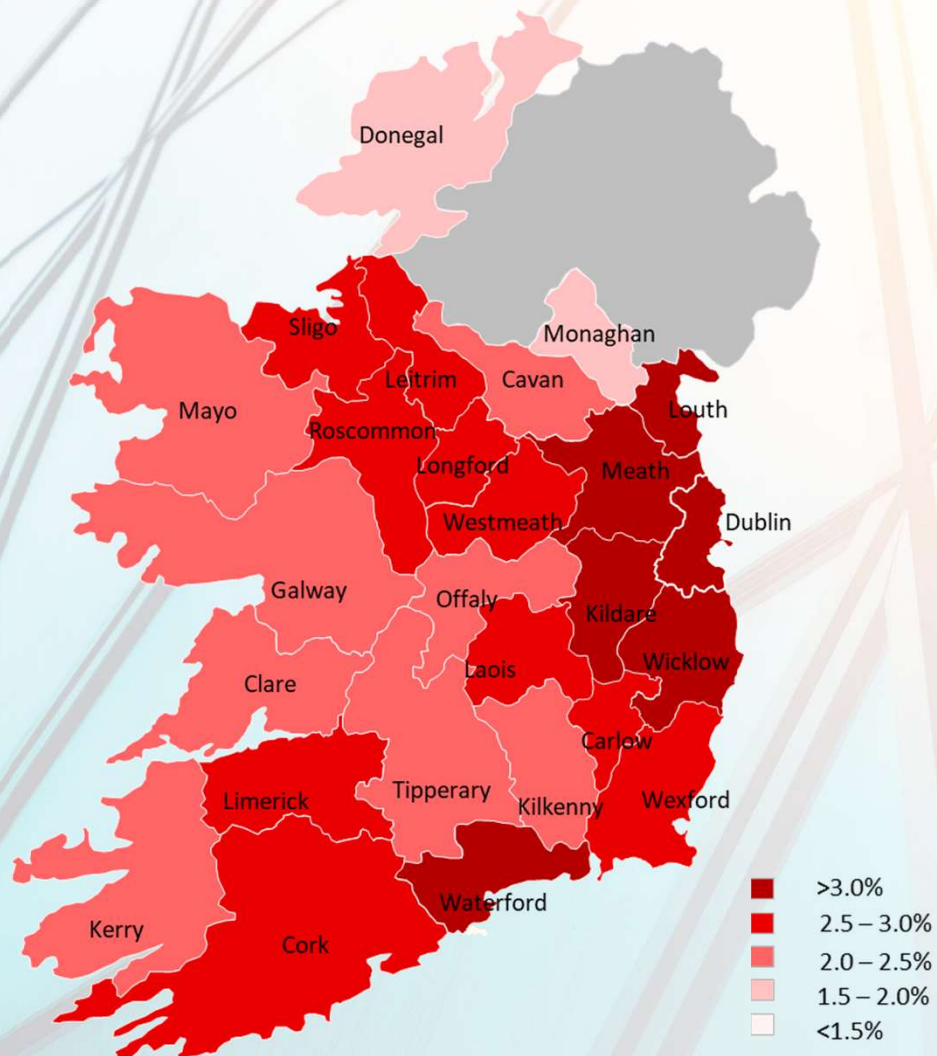
# GDP & HISTORICAL HOUSE PRICES

1996 – 2020F



# MARKET ACTIVITY - VOLUMES

2019



## County

## % of Housing Stock Sold

Kildare	4.1%
Meath	3.7%
Wicklow	3.6%
Dublin	3.5%
Waterford	3.2%
Louth	3.1%
Laois	2.9%
Westmeath	2.9%
Cork	2.8%
Carlow	2.8%
Wexford	2.8%
Longford	2.8%
Limerick	2.7%
Sligo	2.6%
Roscommon	2.6%
Leitrim	2.5%
Kilkenny	2.5%
Cavan	2.5%
Galway	2.5%
Tipperary	2.5%
Offaly	2.3%
Clare	2.3%
Kerry	2.2%
Mayo	2.0%
Donegal	1.9%
Monaghan	1.6%
State	2.9%

Ireland

55,300

(2.9% of private stock transacted)

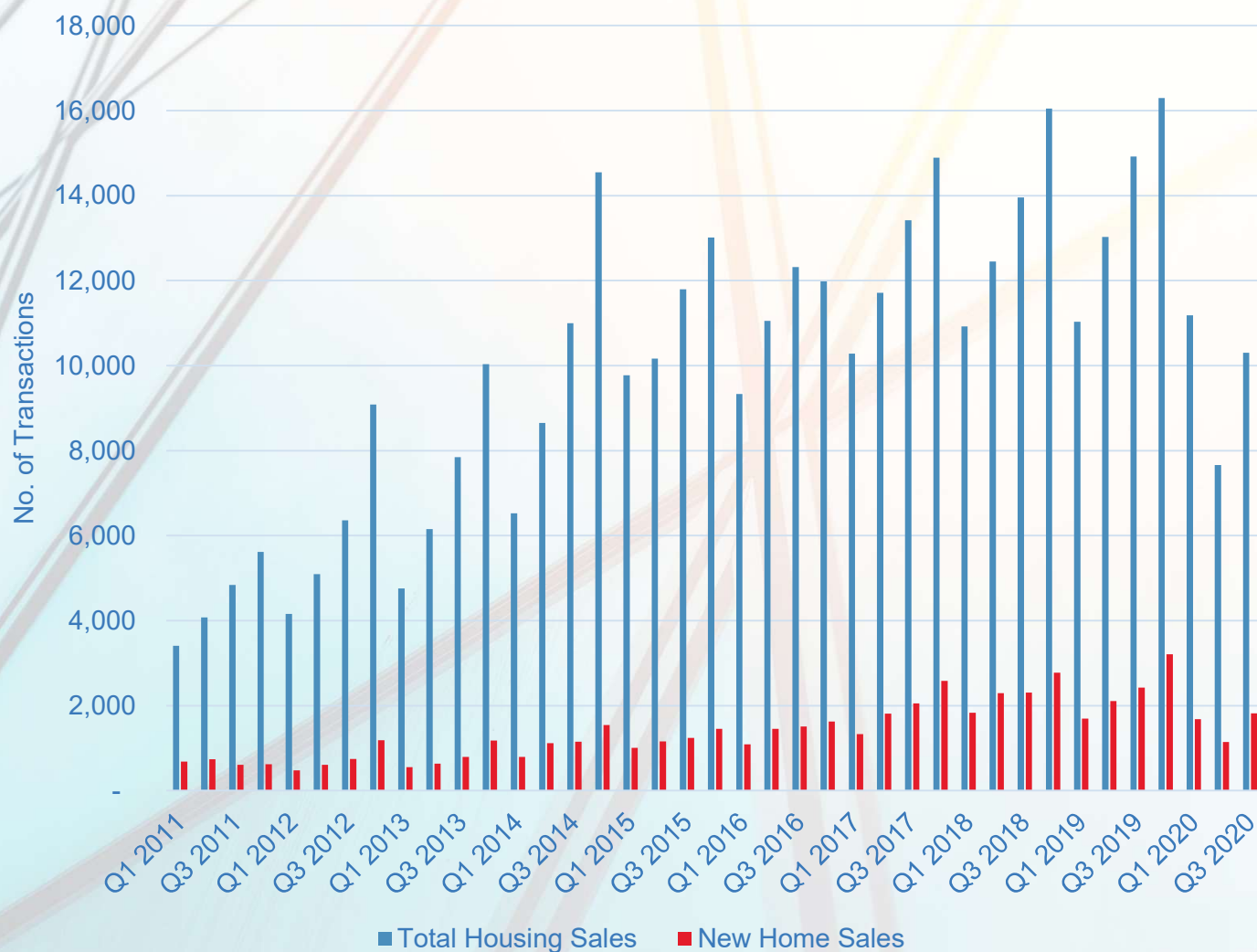
Dublin

17,300

(3.5% of private stock transacted)

# VOLUME OF SALES

Q1 2011 – Q3 2020



**29,100**

sales in Ireland\*  
in YTD Q3 2020

down **25%** Y-O-Y



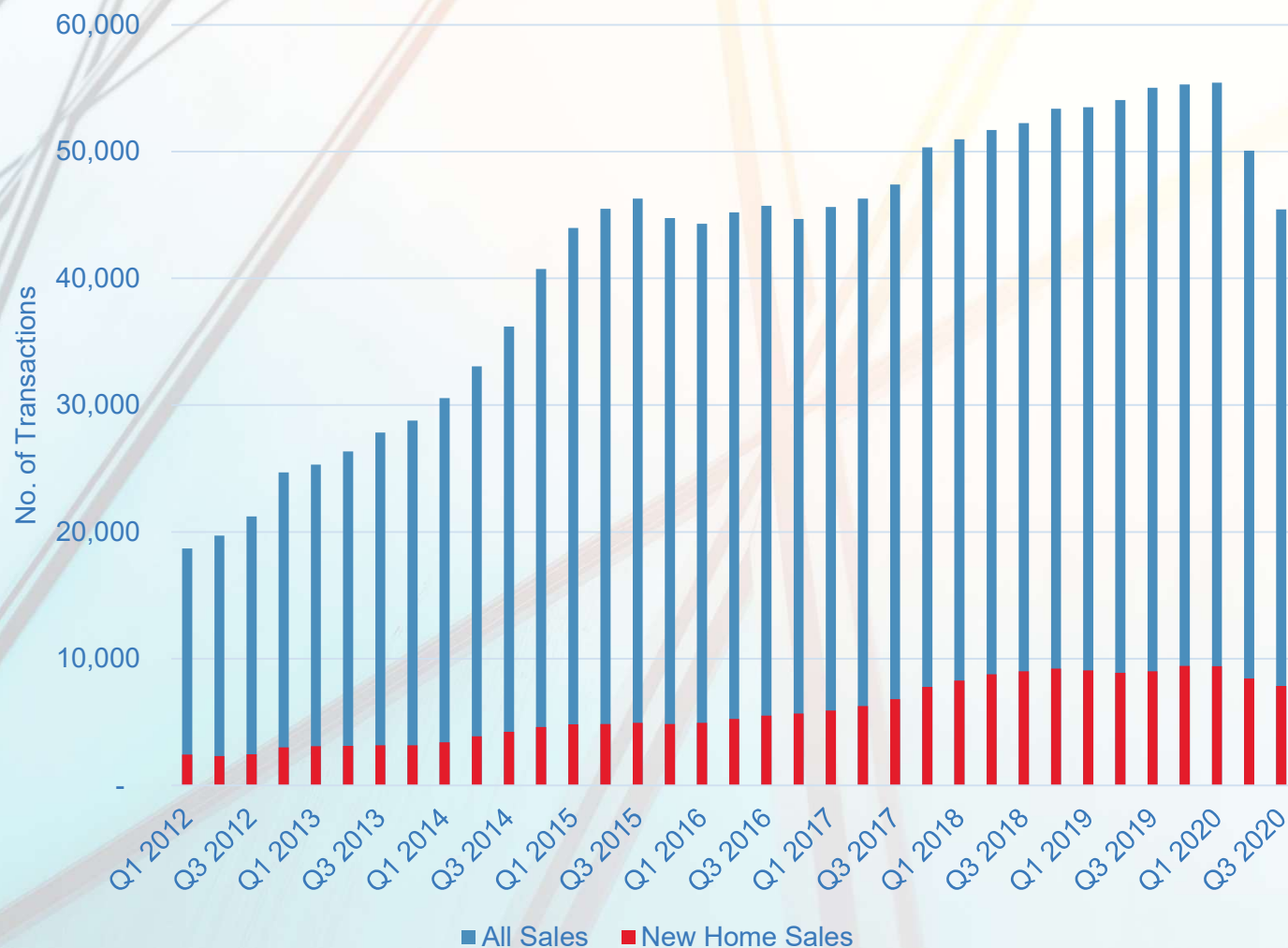
New Home Sales

down **25%** Y-O-Y



# VOLUME OF SALES - ANNUALISED

Q1 2012 – Q3 2020



**45,400**

sales in Ireland\*  
annually to Q3 2020

down **17%** Y-O-Y



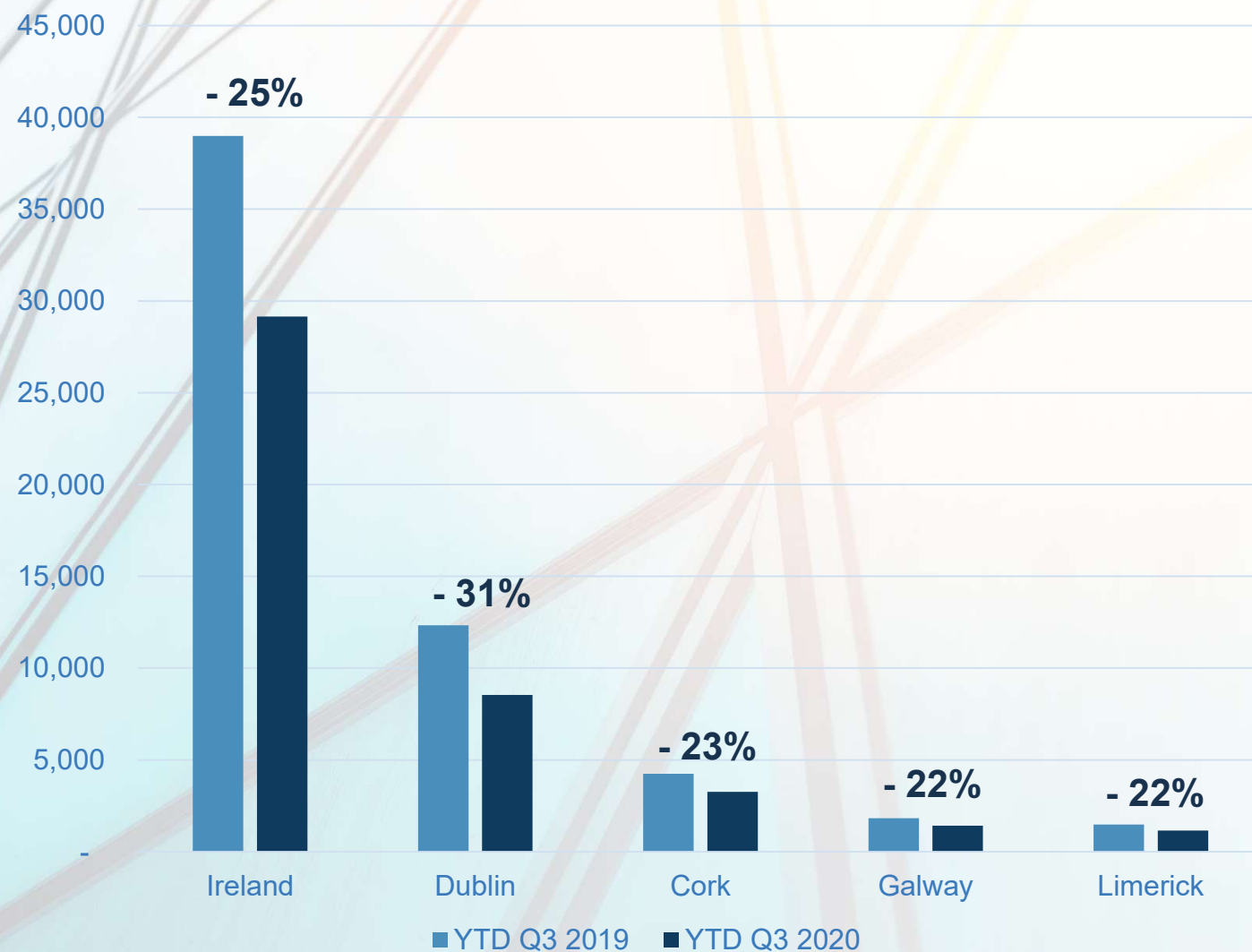
New Home Sales

down **13%** Y-O-Y



# VOLUME OF SALES

YTD Q3 2020 VS YTD Q3 2019



Source: PPR/Sherry FitzGerald Research

\*Excludes multi-family/block sales and rounded



8,600

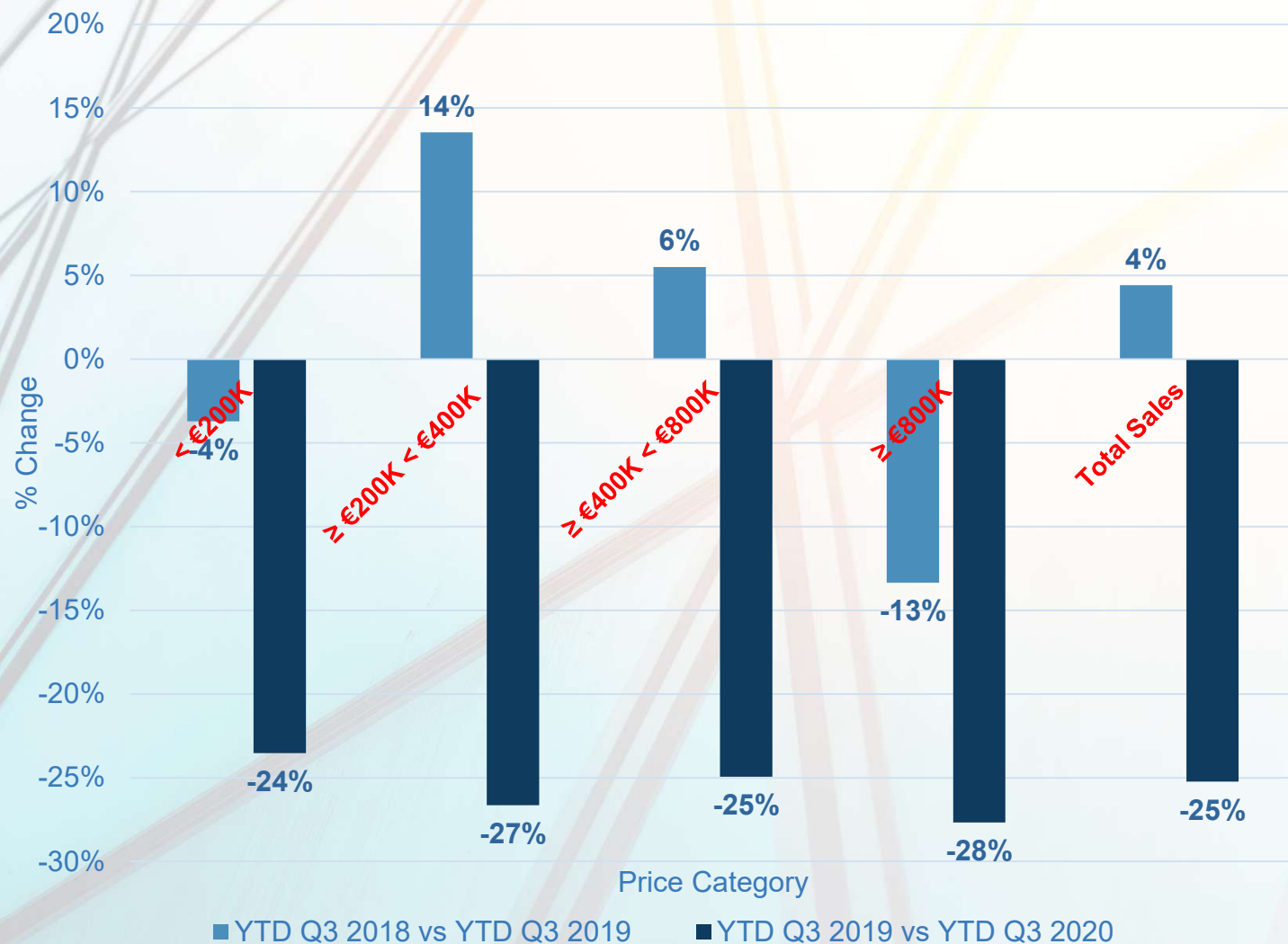
sales in Dublin\*  
in YTD Q3 2020



down **-31%** Y-O-Y

# VOLUME OF SALES – PRICE CATEGORY

YTD Q3 2020 VS YTD Q3 2019 – VS YTD Q3 2019 VS YTD Q3 2018



Total Sales down

**-25%**

for YTD Q3 2020 vs

YTD Q3 2019,

This compares to

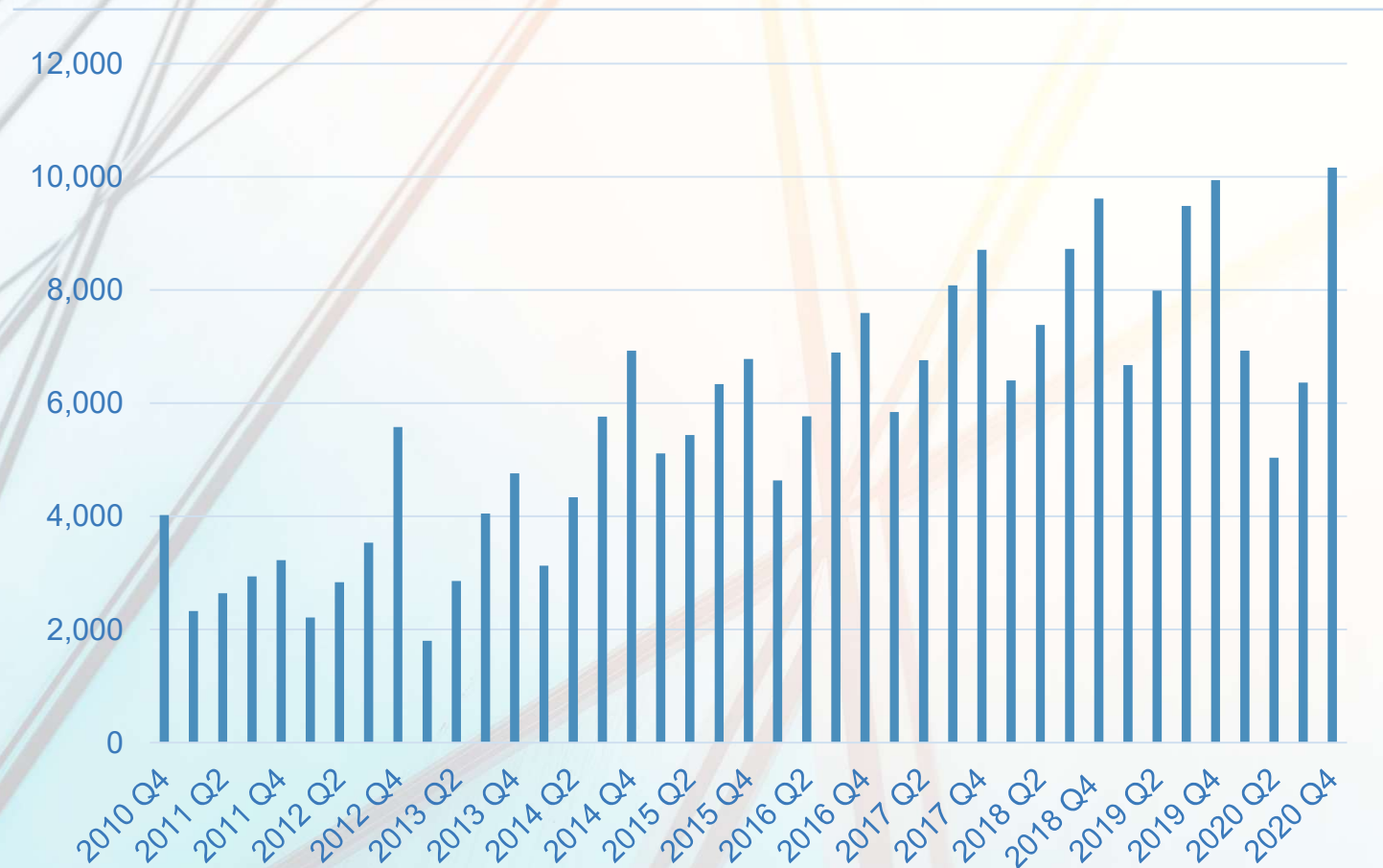
**+4%**

for YTD Q3 2019 vs

YTD Q3 2018

# MORTGAGE DRAWDOWNS

Q4 2010 – Q4 2020



## Cash Buyers

**Cash buyers** account for 37% of the market in YTD Q3 2020



**28,489\***

Mortgages with a value of

**€6.9 billion**

drawn down in 2020



# PROFILE OF PURCHASER

2<sup>ND</sup> HAND STOCK – 2020

## Ireland



Owner  
Occupation

80%



Investment

13%



Additional  
residence

6%



Other

1%

## Dublin



Owner  
Occupation

85%



Investment

11%



Additional  
residence

5%



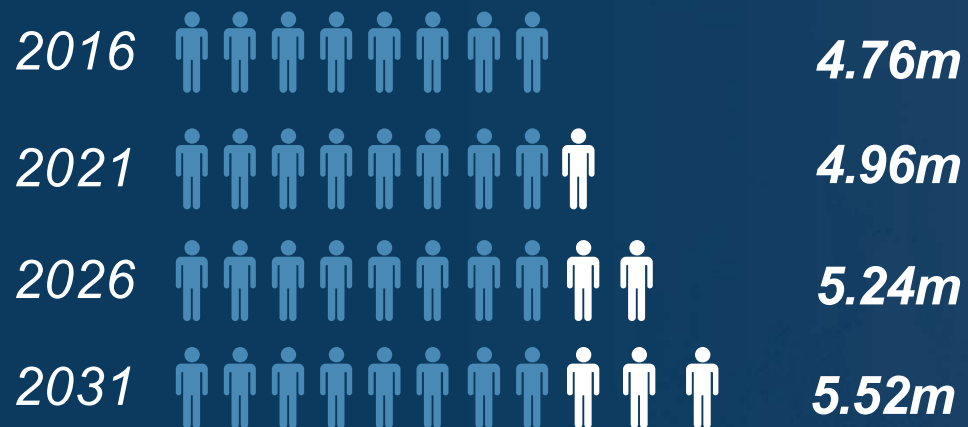
Other

0%

# FUTURE DEMAND

## DEMOGRAPHIC PROJECTIONS

### Ireland



### Dublin





# FUTURE DEMAND

## DEMOGRAPHIC PROJECTIONS



**35,800**

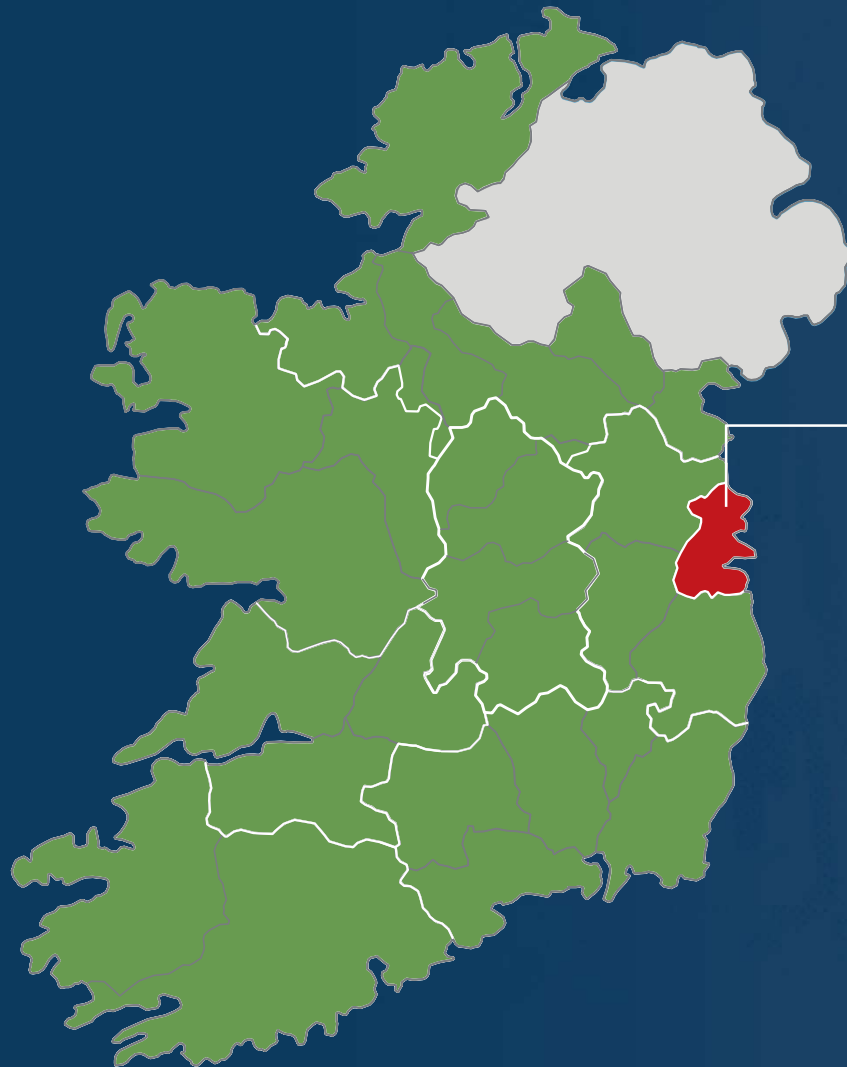
Average PA

*Ireland - total*

Year	Housing Demand
2017 - 21	40,050
2022 - 26	33,300
2027 - 31	34,150

# FUTURE DEMAND

## DEMOGRAPHIC PROJECTIONS



*Dublin*



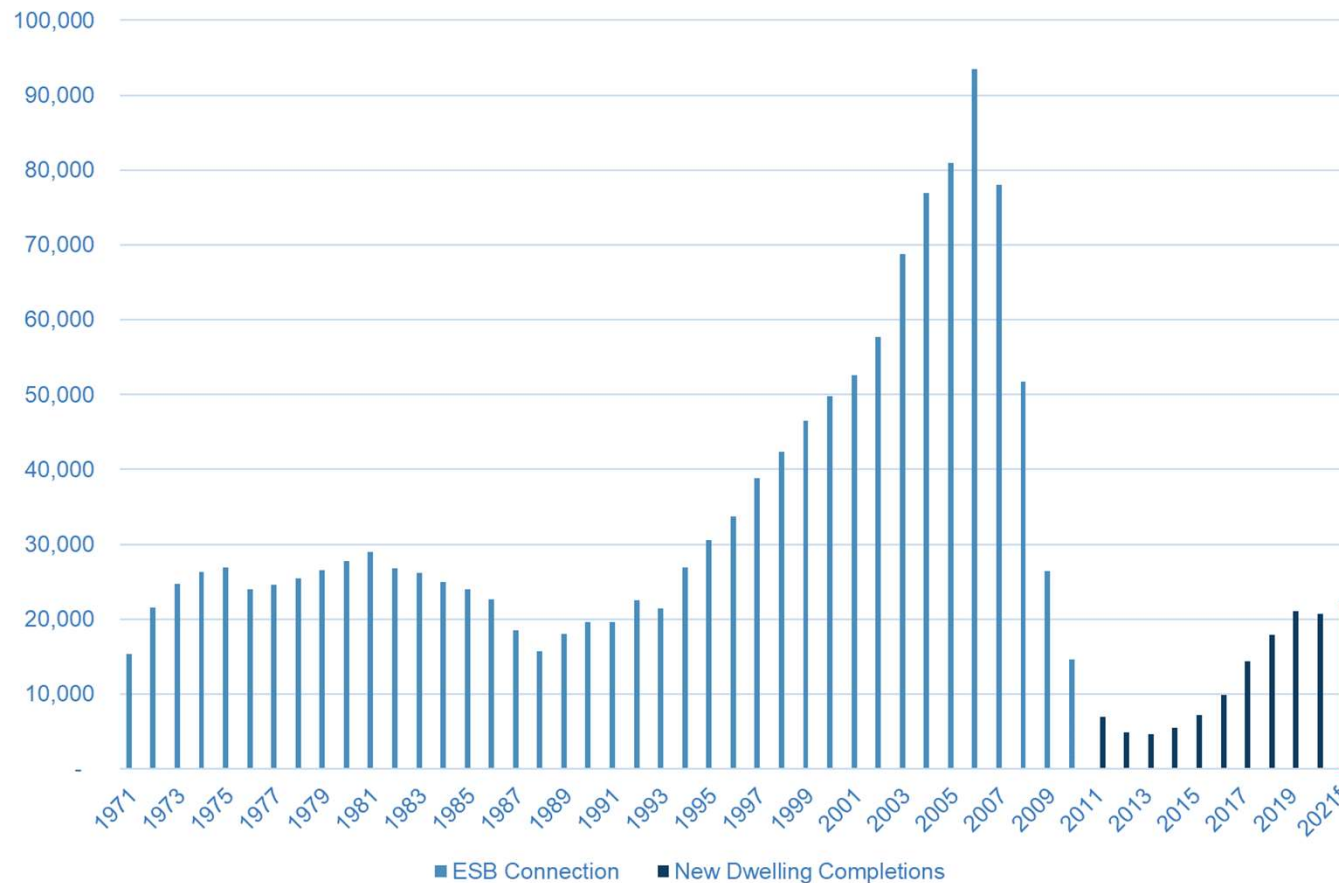
**11,050**

Average PA

Year	Housing Demand
2017 - 21	13,650
2022 - 26	9,650
2027 - 31	9,900

# HOUSING COMPLETIONS

1971 – 2021(F)



**20,676**

new dwellings  
completed in 2020  
down Y-O-Y by **1.9%**



**21,087**

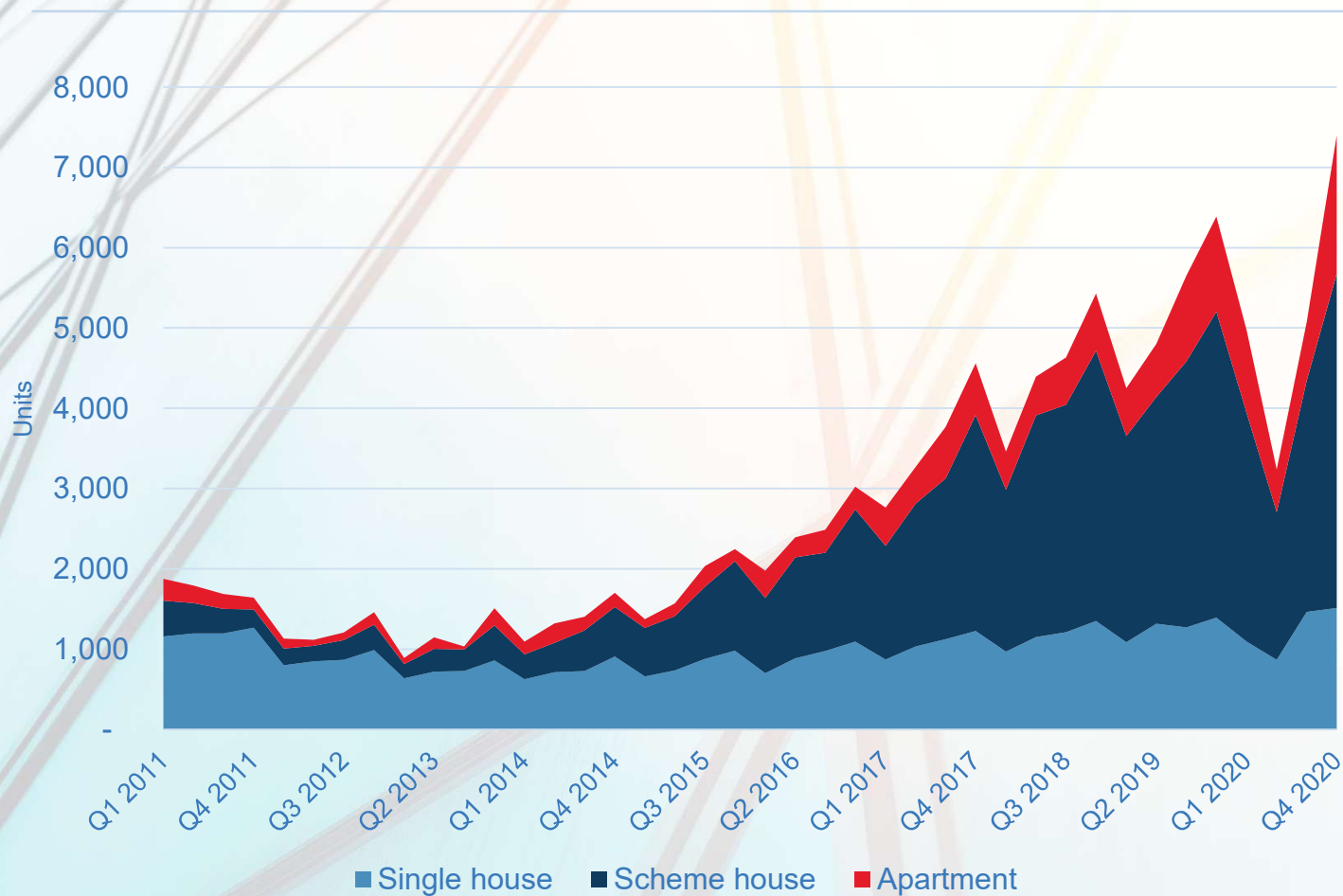
new dwellings  
completed in 2019  
up Y-O-Y by **18%**

New dwellings

**20,676** no. of new dwellings completed in 2020

# NEW DWELLING COMPLETIONS BY TYPE

2011 - 2020



## Apartments

4,014 apartments built in 2020, 14% higher than 2019 levels.



4,937

Individual houses built  
in 2020

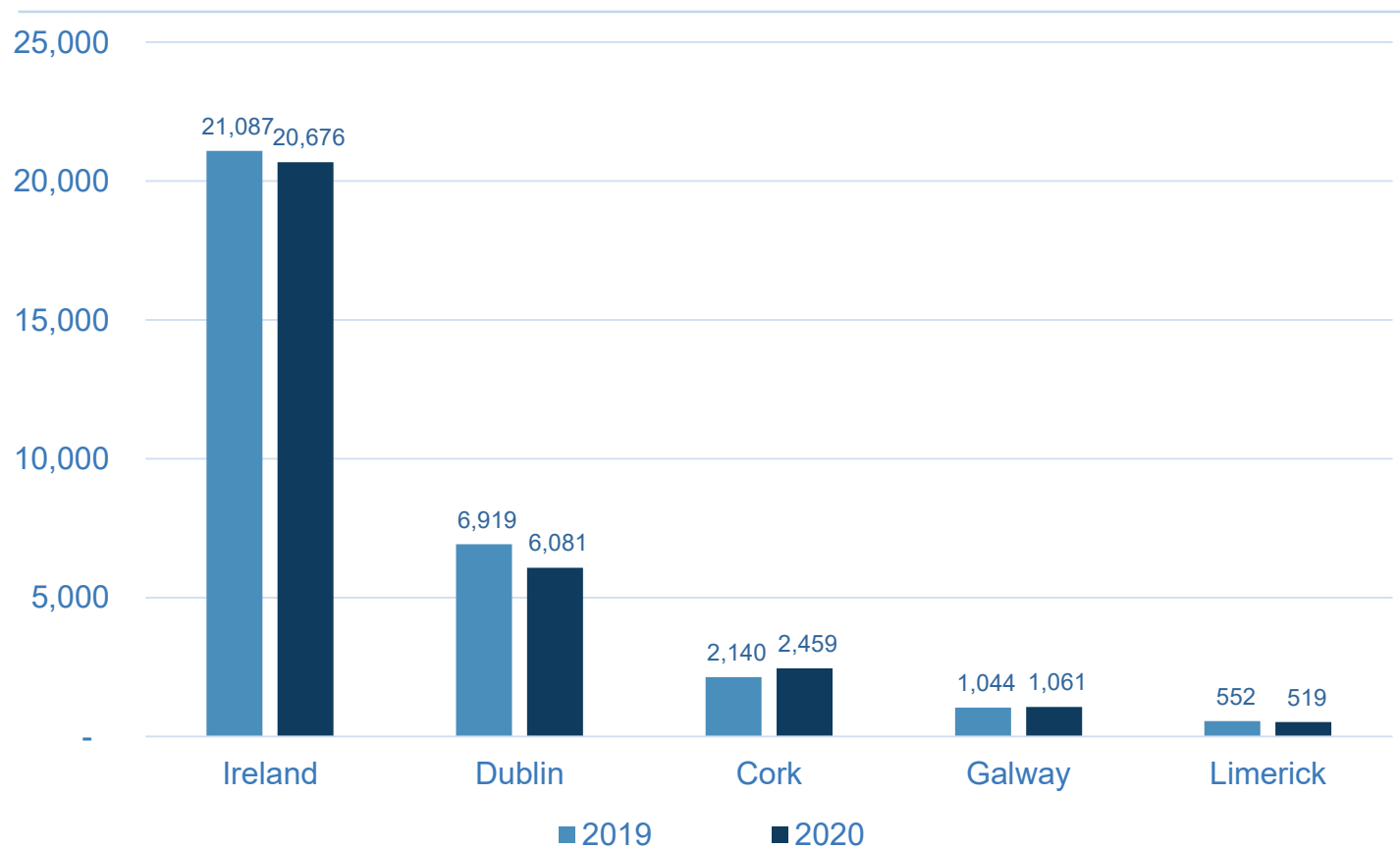


11,725

scheme houses built  
in 2020

# NEW DWELLING COMPLETIONS

2020 V 2019



*Ireland*

*Dublin*

*Cork*

*Galway*

*Limerick*

**-1.9%**

**-12%**

**+15%**

**+2%**

**-6%**



Completions in  
Dublin down from

**6,919**

in 2019

to

**6,081**

in 2020



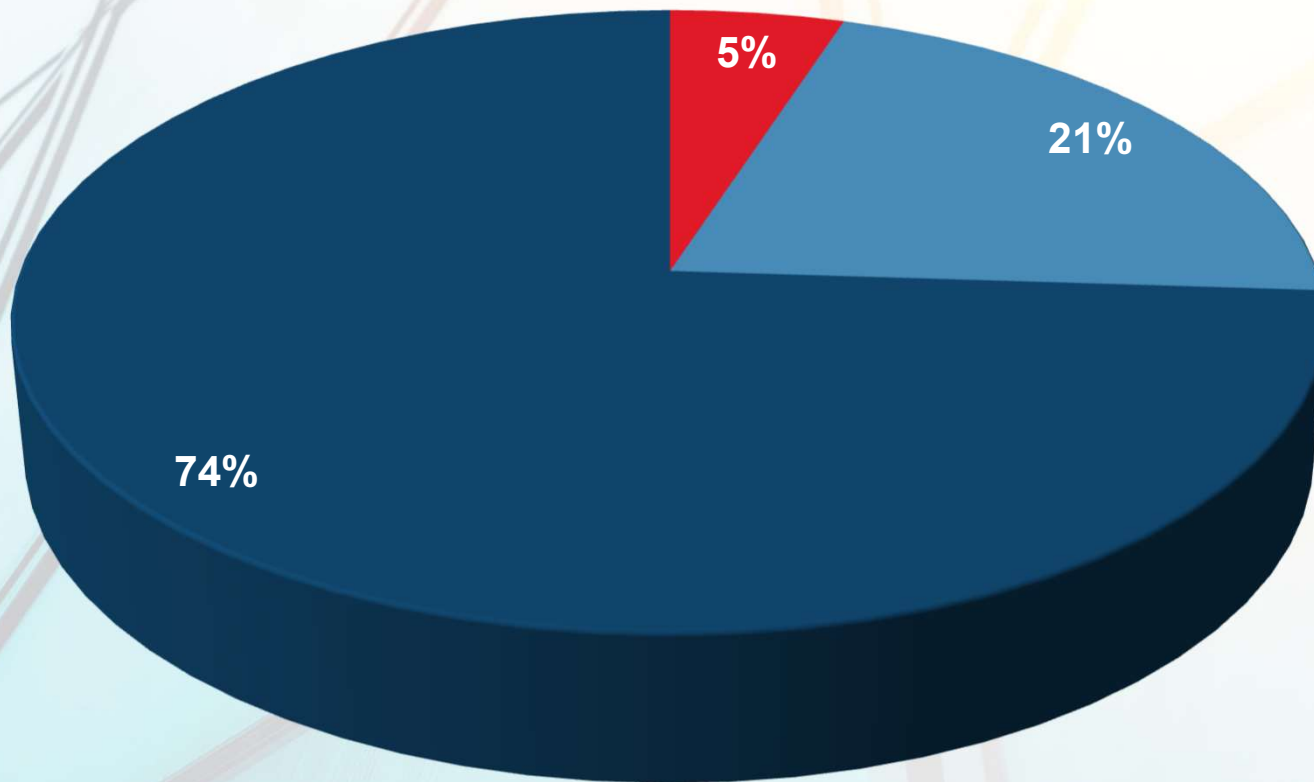
# COMPOSITION OF DEMAND



7,000

private units per annum

# LOOKBACK AT 2020 – NEW HOMES SALES SUMMARY



■ Additional Residence/ Investor   ■ Trade Up/Down   ■ First Time Buyers

Source: Sherry FitzGerald New Homes



1,500

sale agreed in 2020



74%

sales were first time buyers

79%

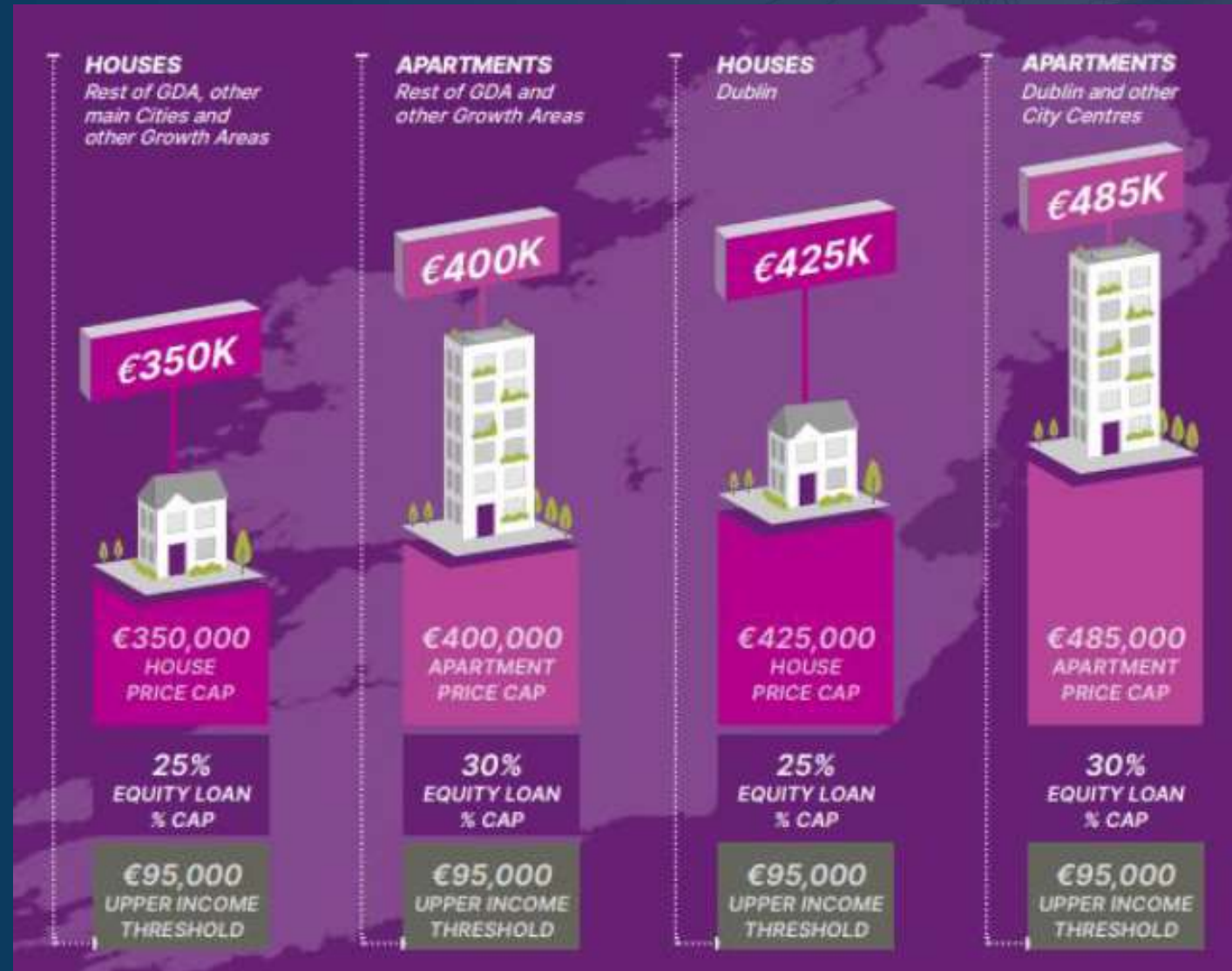
of sales under €500k

Average Price: €437,048

Median Price: €375,000

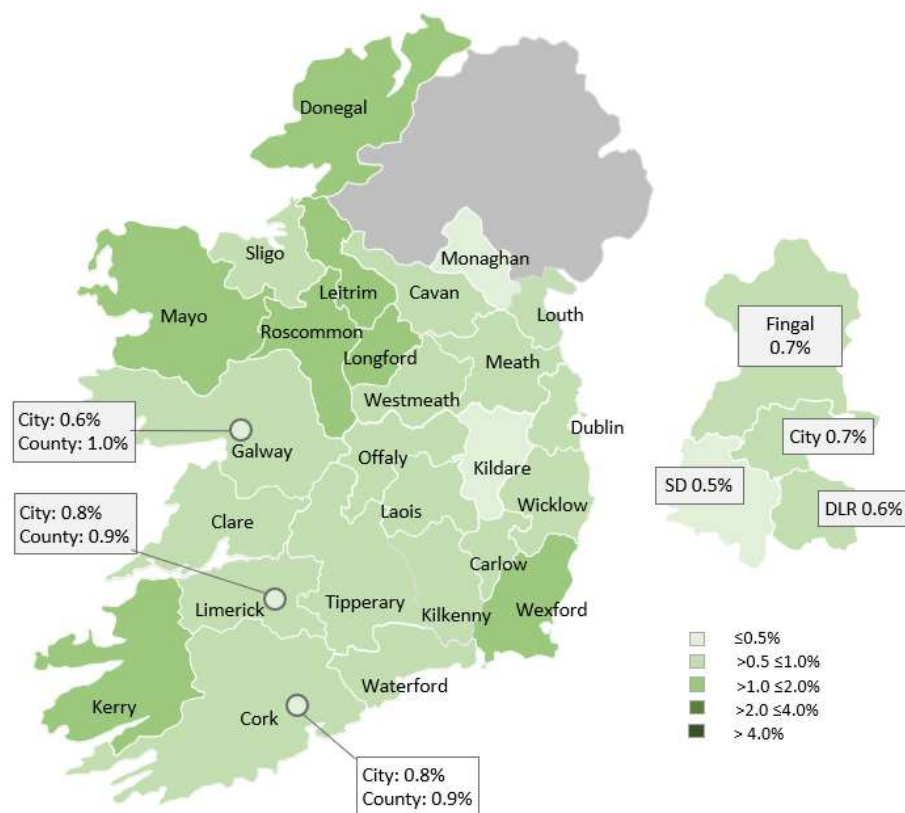
# LOOKING AHEAD IN 2021..

- ❑ Pro-ownership Budget
- ❑ Dynamic Minister for Housing
- ❑ Help To Buy enhanced, record numbers of applicants
- ❑ Shared Equity/Equity Loan to be launched in Q2/early Q3 2021
- ❑ Indicative numbers are as proposed by Property Industry Ireland. Salary caps are unlikely to be applicable.



# PRIVATE STOCK ADVERTISED FOR SALE

JANUARY 2021



County	% of Private Second-Hand Stock Advertised for Sale
Monaghan	0.3%
Kildare	0.5%
South Dublin	0.5%
Meath	0.5%
Galway City	0.6%
Dun Laoghaire-Rathdown	0.6%
Dublin	0.6%
Louth	0.7%
Dublin City	0.7%
Fingal	0.7%
Carlow	0.7%
Kilkenny	0.8%
Clare	0.8%
Cork City	0.8%
Offaly	0.8%
Waterford	0.8%
State	0.8%
Limerick City	0.8%
Galway	0.9%
Limerick	0.9%
Sligo	0.9%
Limerick County	0.9%
Cavan	0.9%
Laois	0.9%
Tipperary	0.9%
Cork	0.9%
Wicklow	0.9%
Cork County	0.9%
Galway County	1.0%
Westmeath	1.0%
Wexford	1.0%
Donegal	1.1%
Leitrim	1.1%
Kerry	1.1%
Longford	1.2%
Mayo	1.3%
Roscommon	1.5%
State	0.8%

0.8%

Total second-hand units advertised for sale represent 0.8% of total housing stock



15,500

second hand units  
advertised for sale in  
January 2021,

down **-24%** Y-O-Y

3,200

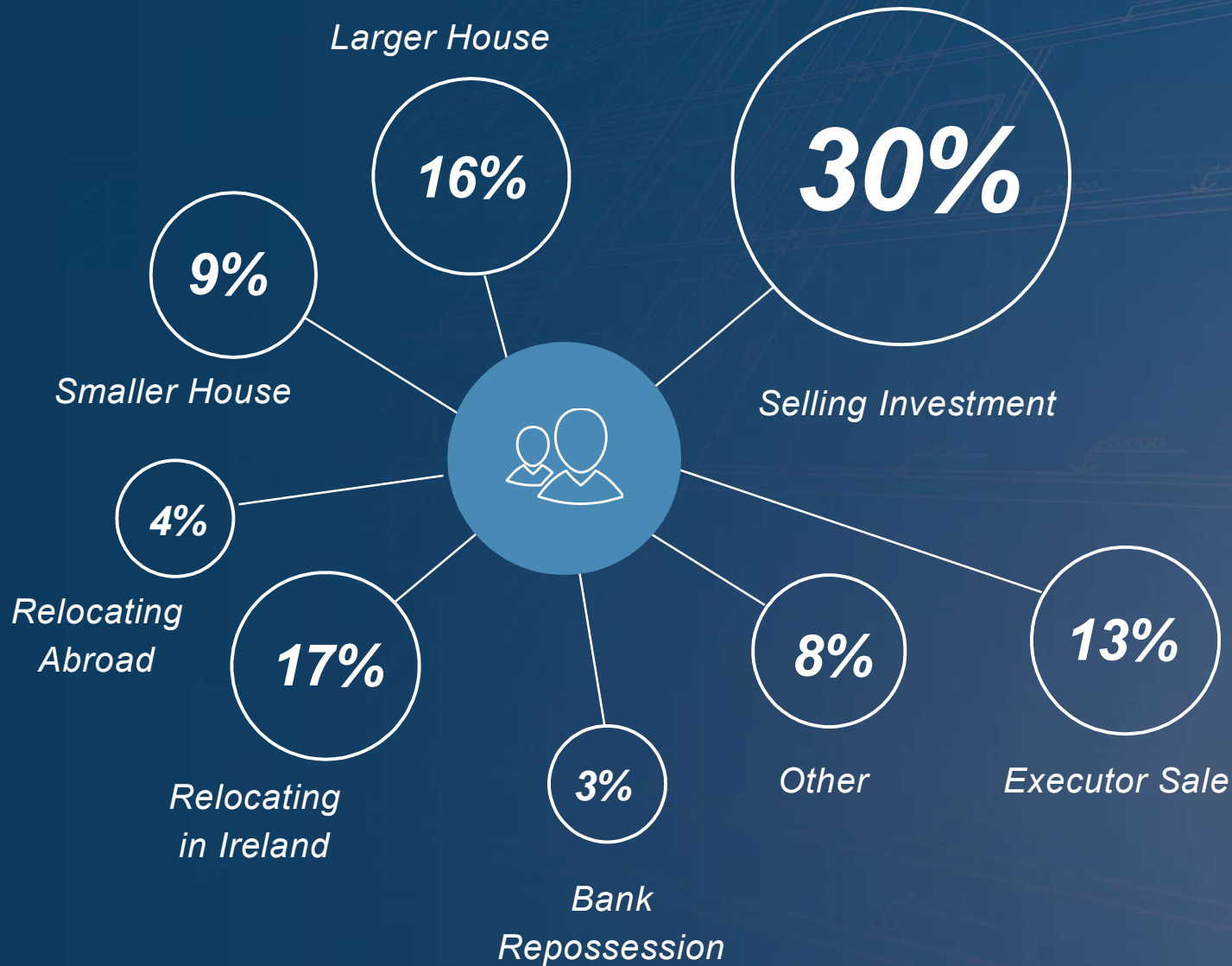
second hand units advertised  
for sale in Dublin,

down **14%** Y-O-Y



# VENDOR ANALYSIS

2020



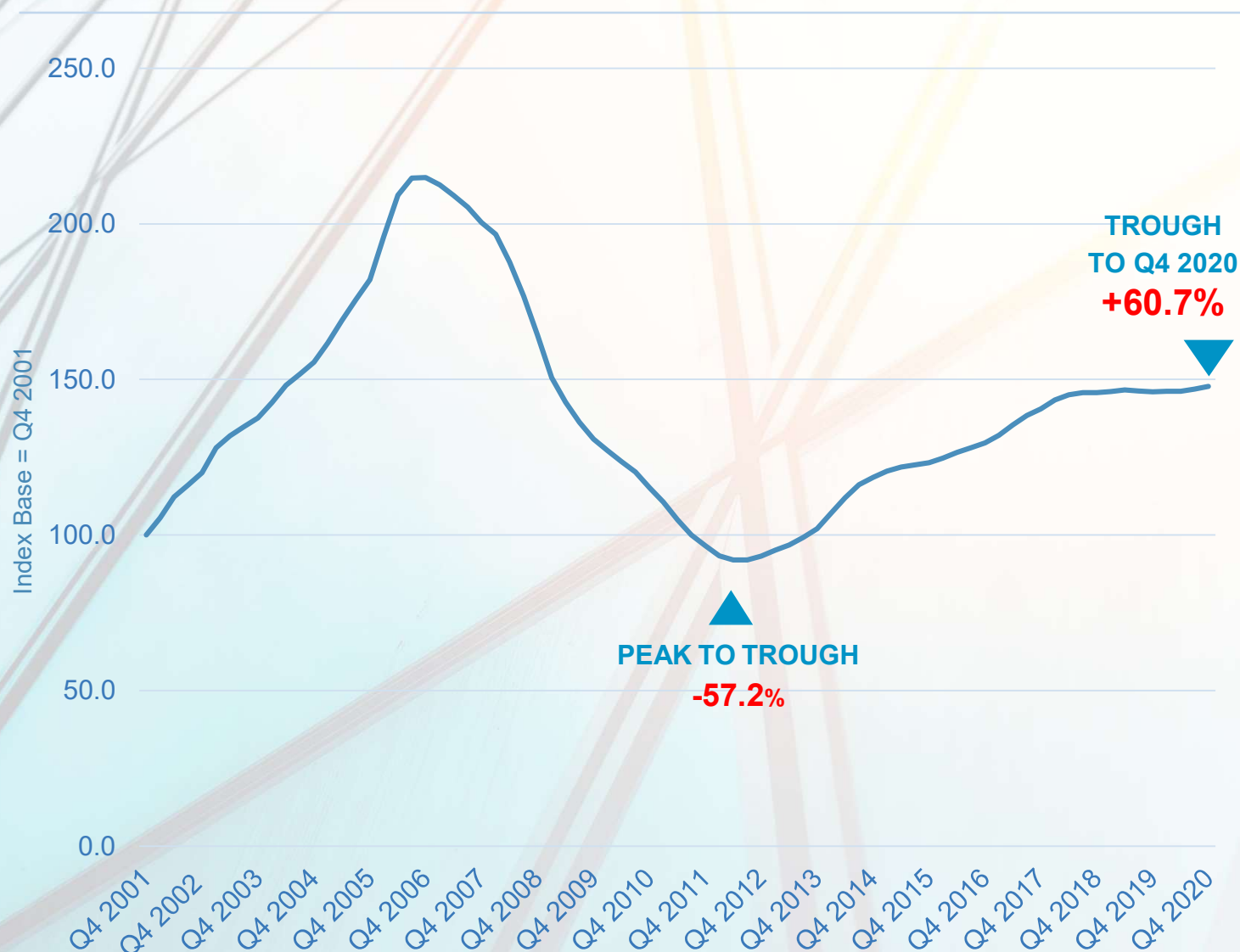
**30%**

of vendors  
"selling investment"



# ALL IRELAND BAROMETER

## SECOND-HAND HOUSE PRICES



Source: Sherry FitzGerald Research

# 1.2%

House prices grew by 1.2%  
in 2020

Compared to a 0.2% rise  
in 2019



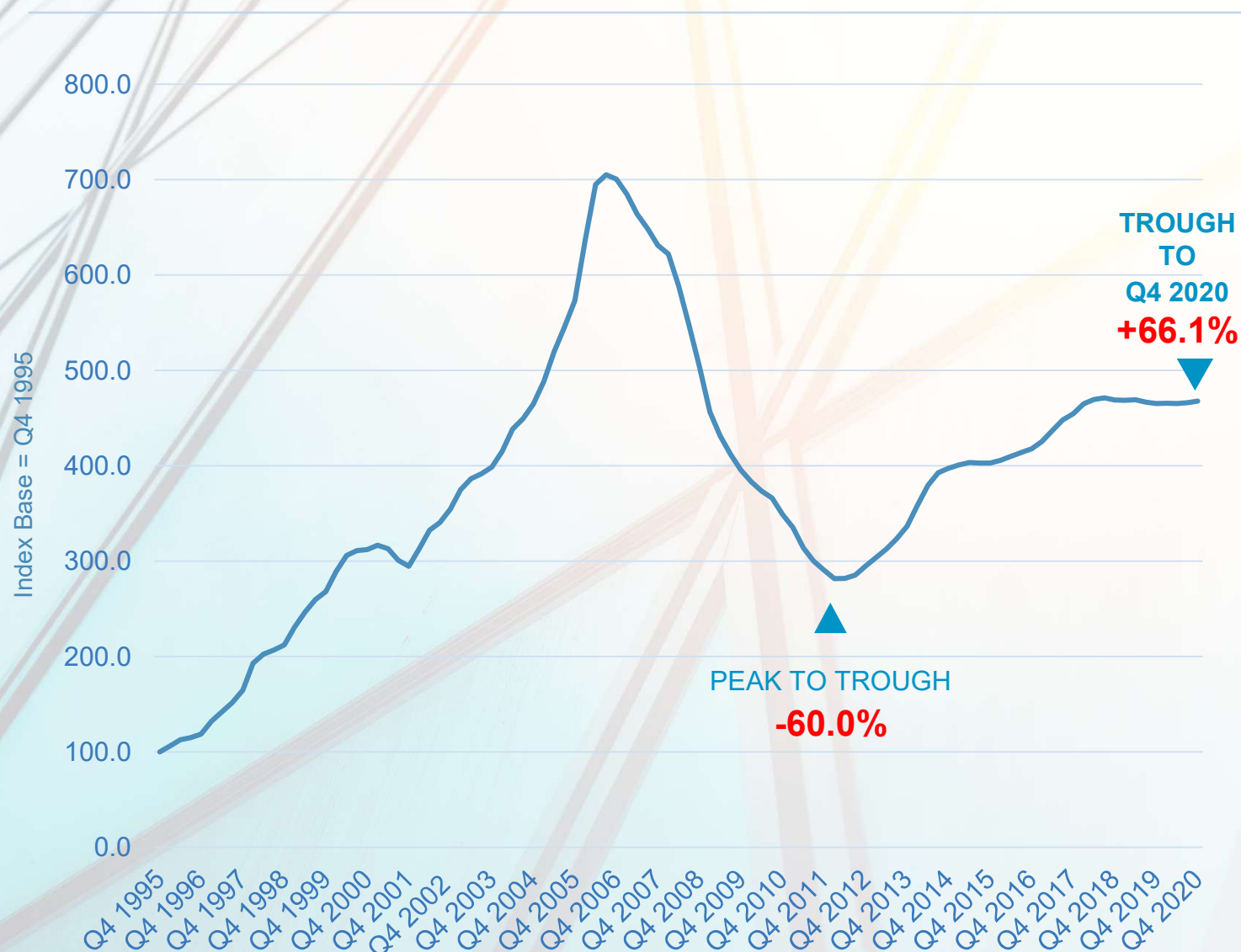
# 0.6%

Prices increased by 0.6% in  
Q4 2020

Compared to a 0.2% decrease  
in Q4 2019

# DUBLIN BAROMETER

## SECOND-HAND HOUSE PRICES



Source: Sherry FitzGerald Research

# 0.5%

House prices grew by 0.5%  
in 2020

Compared to a 0.8% decrease  
in 2019



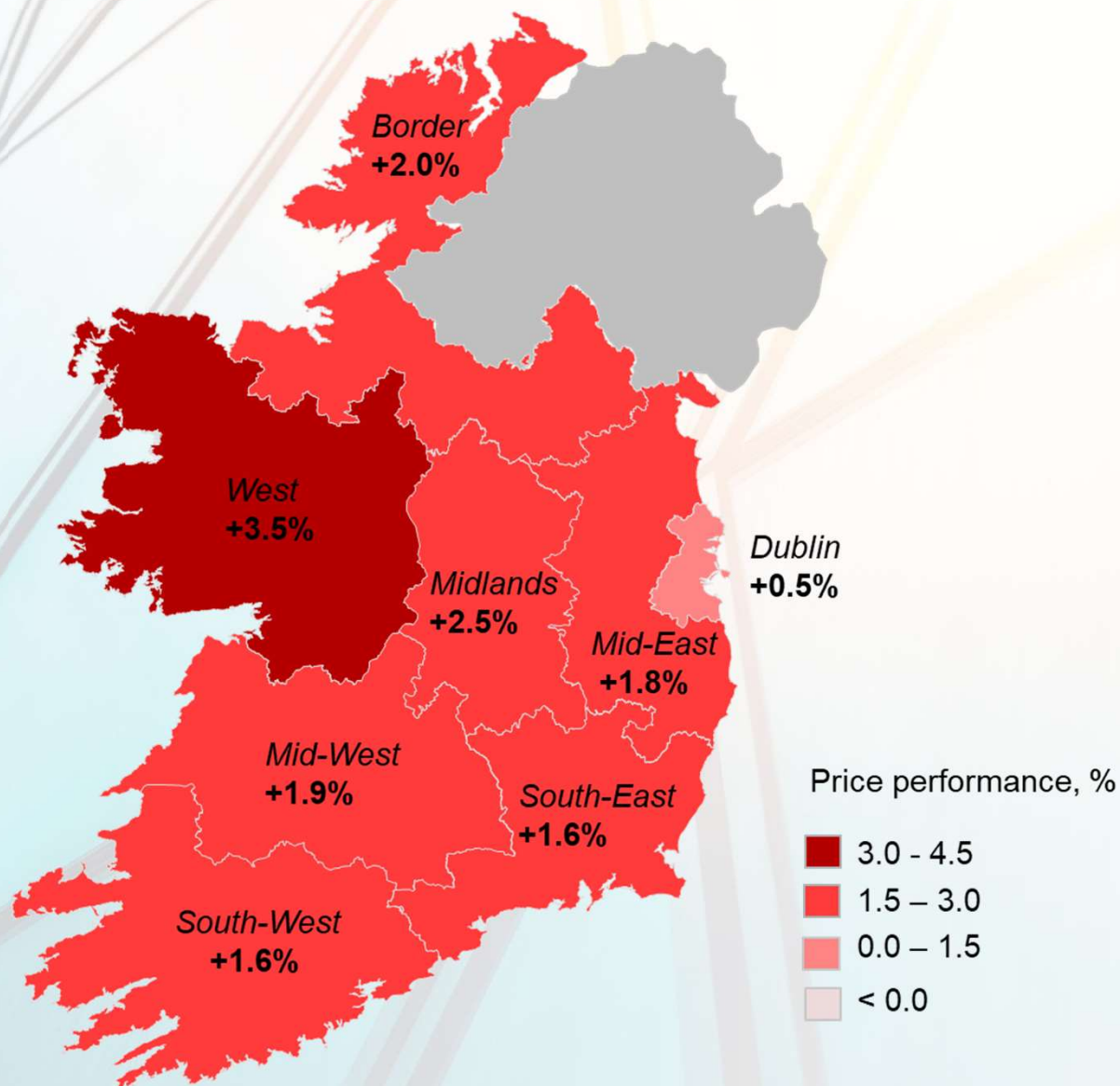
# 0.4%

Prices increased by 0.4% in  
Q4 2020

Compared to a 0.3% decrease  
in Q4 2019

# SECOND-HAND HOUSE PRICES

Q4 2019 – Q4 2020



Source: Sherry FitzGerald Research

Prices rose by

**0.5%**

in Dublin from

Q4 2019 to Q4 2020

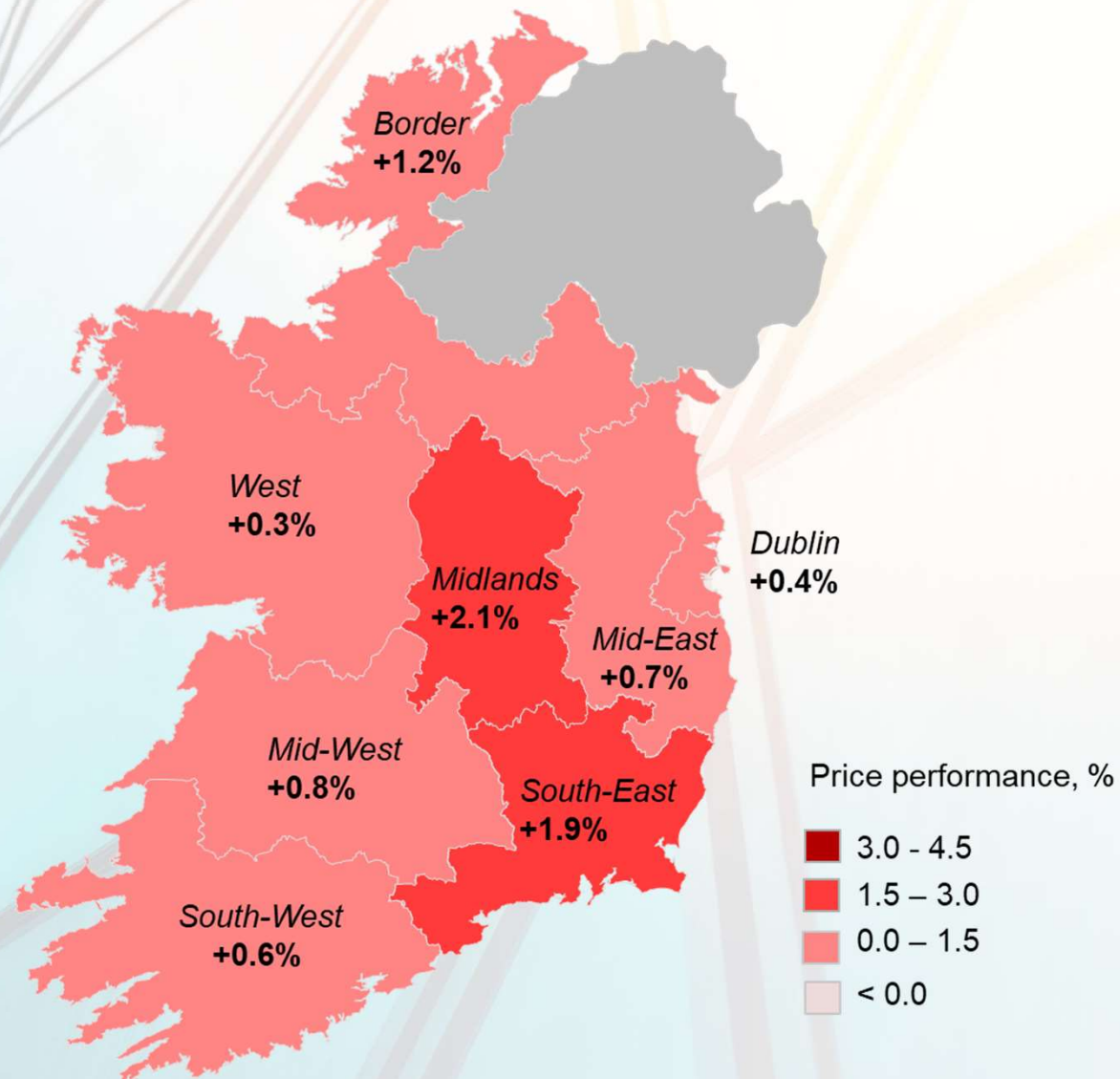
Compared to a

**2.1%**

increase outside of Dublin

# SECOND-HAND HOUSE PRICES

Q4 2020



Source: Sherry FitzGerald Research

Prices rose by

**0.4%**

in Dublin from

In Q4 2020

Compared to a

**0.8%**

increase outside of Dublin



# Sherry FitzGerald

## ADVISORY

### RESEARCH



**MARIAN  
FINNEGAN**  
Managing Director  
Residential  
& Advisory



**SIOBHAN  
CORCORAN**  
Senior Economist



**EOIN LYNCH**  
Economist



**IVAN GAINE**  
Managing Director  
New Homes



**ROSS HARRIS**  
Director  
Head of Residential  
Investment



**MARGUERITE  
BOYLE**  
Director,  
New Homes  
& Residential  
Investments



**DES O'MALLEY**  
Managing Director  
Countrywide



**IAN GALBRIATH**  
Head of Commercial  
Valuations



**MAURICE COWHEY**  
Portfolio Team  
Manager



**DAVID  
O'CONNOR**  
Policy Advisor



**JOHN DONEGAN**  
Development Land  
Senior Consultant





**Marian Finnegan**  
Managing Director - Residential and Advisory

Email: [marian.finnegan@sherryfitz.ie](mailto:marian.finnegan@sherryfitz.ie)  
Direct: +353 1 237 6341



**Marian Finnegan**

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