

# Residential Property Market

2023 Overview

Thinking  
of selling?

Think Quillsen.

**Quillsen**<sup>TM</sup>

[www.quillsen.ie](http://www.quillsen.ie)





We are hoping that 2023 will see a return to a more normalised and stable residential

property market. 2022 was a year of two halves - following 6 months (January to June) of substantial price increases, the second half of the year saw a pivot from the vendor to a more buyer-led market with changing expectations on both sides.

**“Demand for all categories of property remained robust”**

Quarter 4 was a busy period and gave us a good view as to what to expect for at least the first 6 months of 2023. Prices stabilised, and in some cases reduced slightly, as purchasers were more price sensitive. Overall properties took longer to sell, however, demand for all categories of property remained robust, with transaction volumes surpassing their pre-pandemic levels.

We expect this year to be busy with a return to more traditional seasonality in the residential property market. All indicators currently point to a high level of transactions taking place. The recent changes to Central Bank lending rules have now taken effect since 1 January. These changes are significant, as they increase the loan-to-income limits for first-time buyers to four times income and increase the loan-to-value limits for second-time buyers to 90 per cent from 80 per cent. These changes should balance the negative impact of increasing interest rates.

**“All indicators currently point to a high level of transactions taking place”**

Tight supply across the market continues to act as a problem for both people trading up and downsizers, many of whom will not sell without having a home to move to because of the lack of availability of bridging finance.

At Quillsen, we pride ourselves on our service and expert knowledge. We know the areas we work in and the market. But most importantly, we take the time to get to know you. Our aim is to make your sale go as smoothly and seamlessly as possible, while securing the best possible price for your property.

**We look forward to helping you.  
Marian McQuillan  
Director, Quillsen**



## 2022 Review

**Overall, the residential property market remained buoyant and active during 2022. Demand continued to outstrip supply but some headway was made on this challenge.**

2022 was a year of two halves. During the first two quarters, there was a chronic shortage in the availability of homes for sale. Prices increased substantially with very quick sale agreed times. Property price inflation in the first 6 months was running at c.10%. Our own experience in Quillsen saw exceptionally fast times from listing to sale agreed, averaging at under 4 weeks.

**“ Property price inflation in the first 6 months was running at c.10%.”**

However, the summer months were quieter than anticipated and as September started, the start of a distinct pivot in the market was evident. What had been very much a seller’s market showed signs of an equilibrium.

**“The end of Quarter 3 and Quarter 4 saw a greater flow of properties to the market. “**

The end of Quarter 3 and Quarter 4 saw a greater flow of properties to the market. Purchasers also became more price sensitive. Factors such as rising interest rates, inflation, and the cost of living crisis all contributed to this sentiment. In addition, the outlook in the latter half of the year was for a more challenging economic environment ahead. This affected buyers’ sentiment and in general buyers became more cautious.

First Time Buyers remained dominant in the final part of the year as they acted quickly to maximise the leverage on their borrowing. The risk factor here was the payoff between waiting for the Central bank mortgage rule change versus any further interest rate rises.

Towards the end of the year, we noticed a lot of activity in the investor market. Some existing and new landlords have broadened their portfolios, while many others have decided to sell and come out of this segment altogether.

# Highlights & Concerns

We expect the pattern that emerged in Quarter 4 to continue with a stabilisation in the residential property market. This is obviously reliant on many factors including how the supply and demand issues evolve, the economic environment, and the impact of government measures.

**“The early signs for 2023 are very positive with high levels of viewing enquiries and offers.”**

There is still a pent up demand for well located properties. From what we can see, the early signs for 2023 are very positive with high levels of viewing enquiries and offers. However, potential purchasers are becoming more price sensitive and have an increasing choice of property as the flow to market recovers. We are strongly recommending both parties are “market-ready” in terms of finances and legal requirements as these can slow down any transaction.

The slowdown in Quarter 4 in-house building activity will impact the supply to an extent but we are hoping that this does not become a long-term issue. Given the elevated cost of construction, “doer-upper” properties have become less attractive to potential buyers and we expect prices in this segment to reflect this.

**“Affordability remains one of the key concerns for buyers “**

Affordability remains one of the key concerns for buyers and one that will continue to change as the year progresses. While lending rules are becoming slightly more relaxed, this may be countered by the rising cost of living and interest rate rises. In addition, with the departure of KBC and Ulster Bank, there is less choice of mortgage providers which may also cause concern.

Increasingly, and possibly driven by the need to find ways to reduce outgoings, BER ratings are being brought into focus. An upgraded property with a higher BER rating has a very distinct advantage over other neighbouring properties.





# What lies ahead

We expect stability to continue to return to the market over the course of the year. This should result in a more equitable playing field for both buyers and vendors. The supply and demand issues, although improving will continue for the foreseeable future. More properties are now coming to the market which will improve supply but it takes time for the impact of any recovery to be felt.

**“More properties are now coming to the market which will improve supply “**

Demand for good-sized family homes will continue but this is the segment that is also most affected by buyer affordability. Given the increasing cost of refurbishment, properties that require little or no work in terms of both modernisation and aesthetics will continue to be a more attractive proposition to potential buyers. Vendor expectations must be realistic in this regard and increased negotiation between parties will play a greater role in these transactions.

**“Increased negotiation between parties will play a greater role“**

Our view is that First Time Buyers will continue to act quickly. We have witnessed a shortening in the time from listing to sale agreed and closing in these cases and see no indications that this will change. Many in this segment are trying to lock into attractive interest rates now before any more inevitable interest rate rises. The new Central Bank lending rule changes, which took effect from 1st January 2023, will also aid the borrowing ability of First Time Buyers.

**“Trading remains steady in the upper end of the market“**

Trading remains steady in the upper end of the market with a range of on and off market transactions taking place. In many cases, the purchasers of these properties are overseas currently and relocating to Dublin.

As we start 2023, the underlying issues constraining the market will continue – lack of supply, affordability, high rate of inflation, social housing issues, and construction costs. All of these still need to be addressed for the country as a whole. We are optimistic that the impact of the various Government schemes (First Home Scheme and Help to Buy) will have a positive impact for buyers, along with the changes to the Central Bank rules. These factors will result in a more rational and stable housing market.



# Quillsen

## The Key to your Move

---

01 4064500 / info@quillsen.ie  
PSRA No. 002250

[www.quillsen.ie](http://www.quillsen.ie)

