

Residential Property Market

2022 Half Year Review

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The first half of 2022 evolved much as expected with a continuing soaring demand for property combined with restricted supply and historically low interest rates. Property prices* increased by approximately 14% nationally (12% in Dublin) in the 12 months to the end of June.

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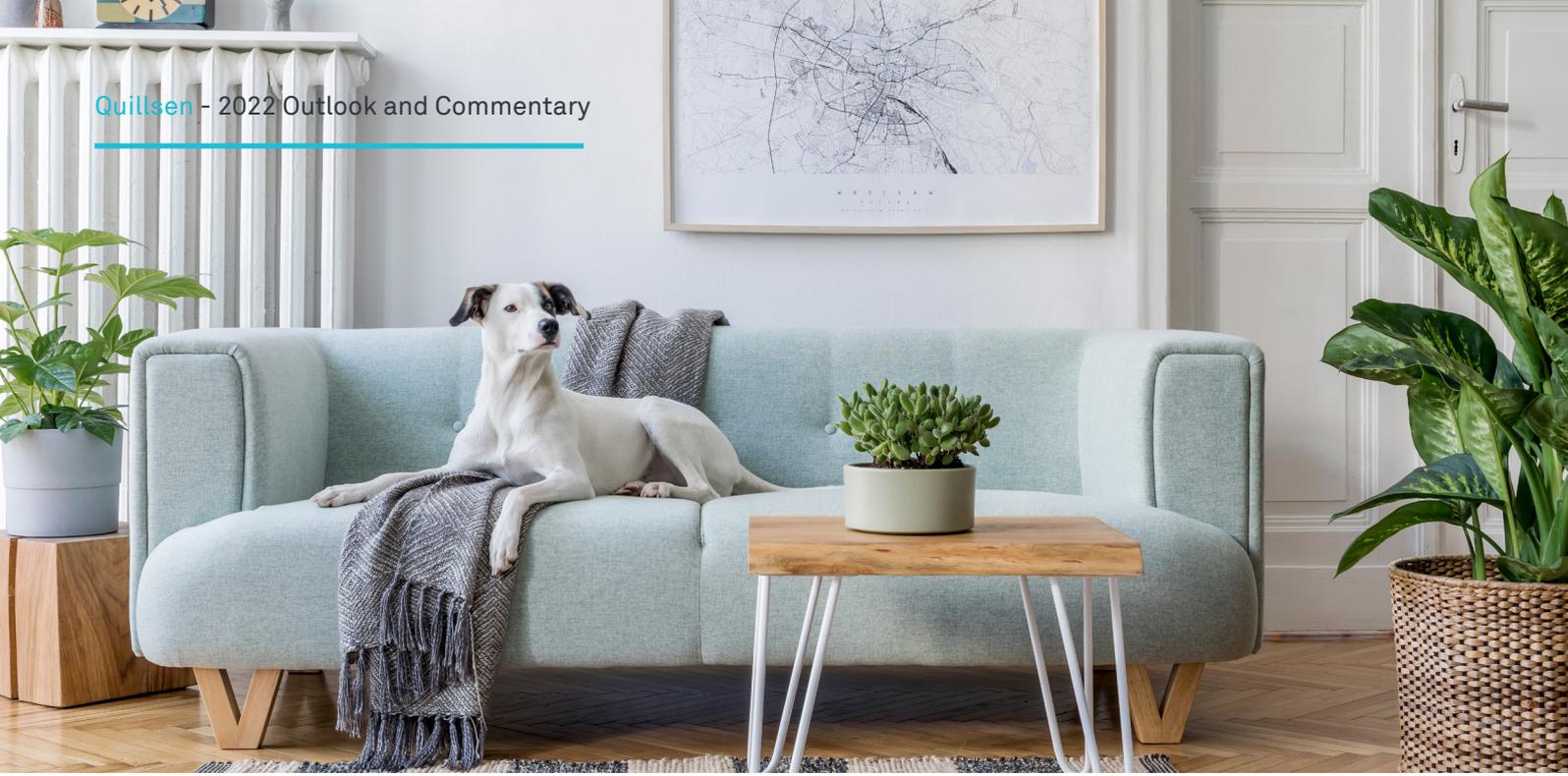
We are preparing for a busy but more stable second half of the year. There is still, no doubt, a pent-up demand and over the past year we have witnessed an increase of over 22% in website visitors as well as increasingly large numbers at viewings. However, the impact of inflation, increased interest rates and the

unrest in the global economy will have an impact on property prices going forward. We believe it is going to be a year of two halves and we expect to see a stabilisation of property prices.

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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 Half Year Review

2022 started as we expected. Busy but characterised, as was 2021, by a chronic shortage in supply of homes for sale. Prices continued to increase with very quick sale agreed times. The average length of time from listing with us to sale agreed over the past 6 months has been under 4 weeks. We expect this pace to continue in particular for spacious family homes.

The mid to upper end of the market continued to be exceptionally strong. Walk-in properties in the €500k - €850k bracket were particularly sought after. Many of these saw bidding starting immediately after the first viewings. Asking prices in this sector were generally exceeded by c.10%+ due to its highly competitive nature.

First time buyers (FTBs) emerged as a growing segment during the first part of the year. Figures released in May by the Banking and Payments Federation Ireland show

that over 54,000 mortgages were approved in the 12 months ending April 2022, with 29,000 or 53% going to FTBs.

With rental prices increasing, many in this group decided to go ahead and buy rather than wait to see how the market develops. For many their mortgage repayment on a home is cheaper than the rent they were paying.

First time buyers in particular were fast to start bidding after a viewing. In many cases, they had been outbid on other properties and wished to act fast to secure a home. With approval in principle for a mortgage lasting just 6 months, this group feels that the clock is ticking once they decide to go ahead.

Apartments continued to sell well, but did not see the same price increases as houses. The appeal for doer-uppers also abated. This is very much down to the cost of building and availability of tradespeople to complete works.

Highlights & Concerns

It has been a positive and very fast-paced first half of 2022. As we enter the second half of the year, we feel that we are seeing the beginning of a stabilisation of prices.

Affordability is now rearing its head as a concern

Affordability is now rearing its head as a concern for many buyers and should therefore feed into price stabilisation. The European Central Bank has confirmed its intention to hike interest rates in July. A further increase is also expected in September.

These ECB interest rate increases will have an impact on affordability going forward. Even a 0.5% increase can have a major impact on mortgage repayments on a monthly and annual basis. This is coupled with rising inflation which is driving price rises across all products/services and purchasers have to factor in the resultant increased cost of living.

Energy ratings on properties continue to be increasingly important to purchasers. Rising energy costs are clearly having an effect here and we are being asked more questions around BER ratings and related details at viewings. Demand is high for properties in walk-in condition coupled with a high energy rating.

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With restrictions lifted, the impact of Covid-19 on lifestyles has now settled. Offices are back open for the most part with many businesses offering hybrid or flexible working. This is being factored into purchasers' decision-making with properties that have an extra room suitable for a home office being a major positive.



What lies ahead

The supply/demand issues will continue for the foreseeable future. More properties are now coming to the market which will improve supply but it is difficult to see it keeping up with demand.

Good sized, family homes will continue to be in demand. In particular, those that require little or no work in terms of both modernisation and aesthetics. Construction remains full steam ahead and with the vastly increased levels of completion, this should start having an impact on the supply chain.

The gap between mortgage approvals and drawdowns seems to have closed. This may be largely down to the speed that First Time Buyers are acting. We have witnessed a shortening in the time from listing to sale agreed and closing. Many in this segment are trying to lock into attractive interest rates now before the inevitable rise.

The underlying issues constraining the market will continue – rate of inflation, social housing activity and construction costs. These need to be addressed for the country as a whole. For now, however, it is business as usual for buyers and sellers alike. While mortgage approvals remain strong there is a gap between approvals and drawdowns. This is a true testament to the shortage of housing supply in the market.

The extension of the Help to Buy scheme and the grant of up to €30,000 to help people who buy derelict properties renovate and live in them are certainly helping buyers. A new First Home Scheme has been launched which will help applicants afford new homes in the private market through the use of an equity share model. Again, this will help in the longer term.

For now, we anticipate a busy summer period as many keen to get on the property ladder strive to do so. The factors impacting the market stabilisation will gain traction and by the time we reach Quarter 4 market conditions may well look quite different again.



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