



# Residential Property Market

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## 2022 Outlook and Commentary

Thinking  
of selling?

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“The past 2 years has been an unprecedented time for the Irish residential property market.

Soaring demand combined with restricted supply and historically low interest rates provided many challenges. These were heightened by the restrictions imposed by Covid-19 and the ever-changing conditions that we were all working and living with.

2021 saw a lack of properties coming on the market for sale, combined with very high demand. This tight supply resulted in competitive bidding on most properties with asking prices exceeding 10% in many cases.

**“Asking prices generally exceeded by up to 10%”**

Now that 2022 is firmly underway, there is little evidence that there will be a significant increase in stock levels. The likelihood is that the dynamics of the market that prevailed in 2021 will continue throughout much of 2022.

At Quillsen, we adapted along with our peers and customers to many new ways of working over the course of the past few years. However, at the heart of everything we do is people – our staff and our customers. Technology, of course, helps us to do our job better. And we have certainly improved our skills in this regard with a new website, digital marketing,

virtual viewings and a new CRM system. But across our network of branches, we are known for the same empathy, professionalism and passion for selling.

**Over 98% of our customers are very satisfied or satisfied with our service**

For us, selling houses is much more than bricks and mortar. We go out of our way to understand our client’s needs. At every point on your buying or selling journey, we’ll be there to help you get the best possible outcome. After all, our business is to make your sale or purchase go as smoothly as possible so regardless of how 2022 unfolds we’ll be with you every step of the way.”

**100% of our customers would use Quillsen as their agent if they are selling a property in the future.**

**We look forward to helping you.**

**Marian McQuillan  
Director, Quillsen**



## 2021 Overview

2021 was a busy year in the property market characterised by a chronic shortage in supply of homes for sale. This resulted in having multiple bidders on most properties and asking prices being generally exceeded by up to 10% in many cases. Over 90% of the properties we sold achieved at or above their asking prices.

**“90% sold at or above asking price”**

The year ended with price increases in the region of 10%\*, however, there was a significant difference between locations and types of properties.

December saw a record low in the number of houses listed for sale across all areas. In Leinster (ex-Dublin) alone, availability was down by 28%\*.

The mid to upper end of the residential market was particularly strong. During 2021 we saw a large number of cash buyers from abroad with budgets in excess of €1.5m. These buyers were a mix of Irish people returning home and others relocating from overseas for work reasons.

Our experience was that for much of the year apartments, while continuing to sell well, did not see the same price increases as houses. Towards the end of 2021, this pattern shifted and there was a marked increase in demand from investors.

There was a frenzy of activity from April throughout the summer months and we did not experience the usual type of seasonality during the summer from either buyers or sellers alike. Much of this was down to the shift to digital forms of communication so people were still engaged, wherever they were.

The average length of time from listing with us to sale agreed over the past 12 months has been under 5 weeks. We expect this pace to continue in particular for spacious family homes.

**“90% of properties sale agreed within 5 weeks”**

# Highlights & Concerns

2022 has begun very positively, with restrictions being lifted. The coming 12 months are going to be fast paced for many businesses and property will be no exception. We expect that properties in walk-in condition will continue to achieve a premium price. Spacious family homes are in great demand. Prices for derelict properties or those needing substantial investment have not inflated to the same extent as others. The well-documented increased cost of building materials, and the shortage of builders and skilled trades, is clearly having an effect here. However, for properties that can provide a blank canvas in the longer term with time and work, but are habitable in the shorter term, there is stiff competition.

**“If you don’t have your pricing strategy right, all the effort is in vain.”**

Marian McQuillan, The Irish Times,  
January 2022

Energy rating has become 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 with an efficient energy rating which will mean less investment into a property to bring the rating up and lower bills on an ongoing basis for the purchasers.

Sellers looking to trade up or down, remain somewhat reticent to sell without certainty. They are concerned

about selling their home first and then having to rent while waiting to buy in a rising market. Buying a new home while selling their existing home is difficult to accomplish and can be very stressful.

As we recorded earlier in the year, one of the significant developments that we are witnessing is that there is a bottleneck forming in the market driven by this. This is a frustrating situation for all parties. We see a solution to this through financing as the lack of bridging finance is a major issue here.

The outdoor lifestyle has grown in importance in choosing a home. In terms of buyers’ priorities, we are now seeing gardens becoming more important than the traditional distance from the city centre. Over the past 18 months, there was a well-documented anticipation of a shift from urban to more rural living. However, any shift is simply not feeding into the supply of property in Dublin. This is most likely due to the size and scale of Dublin combined with what was already a shortage of supply. On the other side of the coin, it is having an impact in rural Ireland where property prices are increasing as a result of this additional demand. It will be interesting to see how this pans out as offices re-open and for some, remote working is no longer an option.



# What lies ahead

We continue to find it difficult to see supply and demand coming into balance in the short/medium term. Although construction is full steam ahead with a significant pick up in the number of residential units being commenced, the impact of this on the supply chain is not being felt as much as it is needed. Pre-Covid, a report published by the Central Bank suggested that about 34,000 homes would have to be built each year over the next decade just to meet demand. Based on the CSO figures of just over 14,000 completions to end of Quarter 3, 2021, this figure is falling far short.

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 (53,335\* in 2021, an increase of over 20% on 2020), there is a gap between approvals and drawdowns. This is a true testament to the shortage of housing supply in the market.

Negative interest rates are bringing investors to the market. Rental property is being viewed as an attractive alternative to leaving money on deposit. Depending on location and asset type, returns in the range of 4%-8% can be achieved.

There are a number of schemes and incentives in place, the impact of which should start being felt as the year progresses. These include the extension of the Help to Buy scheme to 31st December 2022, a new grant of up to €30,000 to help people who buy derelict properties renovate and live in them and the new Government “shared equity” scheme is pending. In addition, the proposed Bill before the Oireachtas requiring sellers to have prepared a legal pack prior to marketing is a welcome addition. This will bring efficiency to the process.

Once again, 2022 is a year that is going to be like no other, with a set of unique factors working against an even more unique background.



# Quillsen

## The Key to your Move

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