

ANNUAL



RESIDENTIAL PROPERTY REVIEW & OUTLOOK 2020



SOCIETY OF
**CHARTERED
SURVEYORS**
IRELAND



RICS



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FOREWORD

UNIQUE INSIGHT

We are delighted to publish the 37th SCSi Annual Residential Property Report. This Report is informed by the professional opinion of over 460 chartered auctioneers and estate agents across the country, bringing together their expert insights and local knowledge to present a comprehensive overview of Ireland's sales and rental markets. Our questionnaire was completed during the month of December 2019.

There has been a dramatic turnaround in the Irish residential property market over the past ten years. As we move into a new decade, the findings of this Report indicate that whilst values have recovered over that time, the period of high price inflation appears to be drawing to a close – for now at least – and the market looks set for a period of price stabilisation in the short to medium term.

It is worth pointing out that given the nature of Ireland's housing market – comprised as it is of multiple micro markets – there is significant variance in performance across the provinces and one of the strengths of this Report is that it offers a unique insight into those localised housing markets.

Not surprisingly Brexit and the uncertainties about the timing of the UK's departure from the EU was one of the issues most cited by members. What did surprise was the long shadow it cast with agents describing 2019 as the year in which uncertainty caused by Brexit played a greater role than any other issue in shaping the residential property market.

If everything goes according to plan 2020 should be the year Brexit is resolved and a new trading arrangement between the UK and the EU is announced. Based on recent experience we

should probably temper our expectations with caution but what is clear is that agents expect greater clarity to lead to a renewal of consumer confidence and a return to a more stable market. The report indicates that in the opinion of our members, sellers have become more realistic on price expectations over the past 12 months with many agents reporting that as prices have come back in many locations, sellers have become more amenable to market realities. While the national Property Price Register provides some guidance, further supporting information to contextualise the prices achieved would support the work of our chartered agents in assisting sellers to understand their property's value.

The results show that the rental market is still in a period of flux. Further changes to regulations have resulted in many smaller investors leaving the investment market. Indications suggest that while the number of landlords exiting has eased somewhat for every two landlords leaving the sector, only one landlord is investing. Furthermore, there is a broader movement away from individual landlords towards institutional landlords developing larger portfolios of properties. The impact of these factors must be addressed, particularly in light of the continued trend of limited rental supply.

For home sales our agents report that it takes on average five and a half months to close a sale. These delays in conveyancing are less than ideal and they impact both the sales and rental markets as properties are not coming on stream for sale or rent as quickly as is required at a time when housing supply is such a critical issue. We will be working with our committees to identify what practical steps

may be taken to address this challenge including working with relevant stakeholders to ensure all essential documentation is compiled before a property goes to the market. While some uncertainty remains regarding the impact of Brexit, the outlook is generally positive for our national economic performance. We have commenced 2020 with much optimism and as an organisation we will continue our advocacy activity to ensure that the expert views and specialist knowledge of our members are represented in the critical policy decisions that must be made to ensure the housing needs of Ireland's growing population are met now and into the future.

I would like to thank our member agents for sharing their expertise and volunteering their time to inform this important piece of research.

Johanna Gill MSCSI MRICS
President

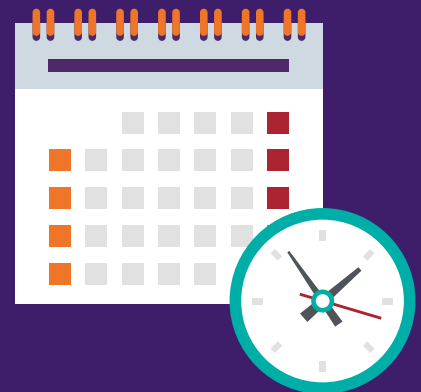


HIGHLIGHTS

SALES



5.5 MONTHS
The average time to sell a home



Dublin

- Agents expect values to remain static in 2020.
- 47% of agents report that sellers' price expectations remained the same in 2019, with 27% reporting an increase.
- 40% of agents expect that supply of units will equal demand in 2020 – 38% predict that it will be less than demand.
- Most active seller type in 2019 – investor – represents 30% of activity.

Munster

- Agents expect values to increase by 3% in 2020.
- 40% of agents predict that the supply of housing to the market will be less than demand, with 38% predicting that it will equal demand.
- 48% of agents report that sellers' price expectations increased in 2019.
- 40% report it remained the same.
- Most active seller type in 2019 – those trading up – represents 30% of all sales.

Leinster

- Agents expect values to increase by 1% in 2020.
- 42% of agents report that sellers' price expectations remained the same in 2019, with the same percentage reporting an increase.
- 47% of agents predict that the supply of housing will equal demand in 2020 – 28% suggest that supply will be less than demand.
- Most active seller type in 2019 – investor – represents 30% of activity.

Connacht/Ulster

- Agents expect values to increase by 3% in 2020.
- 52% of agents predict that the supply of housing in 2020 will be less than demand, with only 10% predicting that it will be greater than demand.
- 60% of agents report that sellers' price expectations increased in 2019, with 37% reporting that they remained the same.
- Most active seller type in 2019 – investor – represents 32% of all sales.

HIGHLIGHTS

RENTAL



Dublin

- Rents to increase by 4% in 2020.
- 49% of agents report a decrease in the number of landlord instructions to rent their property in 2019 with 36% reported no change.
- 52% of agents reported that tenant demand has increased in 12 months.

Leinster

- Rents to increase by 5% in 2020.
- 48% of agents reported a decrease in landlord instructions in 2019 – 35% reported no change.
- 51% reported an increase in tenant demand in 2019 – 35% reported no change.

Munster

- Rents to increase by 5% in 2020.
- 54% of agents reported a decrease in landlord instructions in 2019 – 29% reported no change.
- 64% of agents reported an increase in tenant demand – 32% reported no change.

Connacht/Ulster

- Rents to increase by 5% in 2020.
- 35% of agents reported decrease in landlord instructions in 2019 – 47% reported no change.
- 82% of agents reported an increase in tenant demand in 2019 – 0% reported an increase.

THE NATIONAL MARKET



Sellers' price expectations 2019 – agent views

Percentage of agents who felt that sellers' expectations had:



2019 in context

On a national level, property values increased by 1.4% during the year to October 2019 (CSO Property Price Index, November 2019). This is a remarkable slowdown given that CSO figures revealed that values increased by some 7.2% between November 2017 and November 2018. Excluding Dublin, values increased by 3.6% in the year to November 2019. Values in the Border region were some 9.9% higher in November 2019 than November 2018. It should be noted that the volume of transactions in some regions remains very low and agents surveyed in this report warned that until the volume of transactions increases, it is likely that transaction data will be difficult to contextualise.

In December 2019, the national average rent was €1,243 per month (Residential Tenancies Board, Q3 Rent Data – published December 2019) up by about €94 from Q3 2018, and quarter-on-quarter rents grew nationally by 3.3% in Q3 2019.

In Dublin, the standardised average rent at the end of Q3 was €1,762 per month, up from €1,652 (€110) in the same quarter of 2018. This represents a 6.6% annual increase in rent.

This has fallen from the annual growth rate of 9.6% in Q3 2018 and is the lowest increase seen in Dublin since Q4 2017. On a quarterly basis, the standardised average rent increased by €47 per month or 2.7% in comparison to Q2 2019. Similar trends were seen in Cork, where the standardised average rent for Cork City was €1,192, up 1.4% year on year the lowest annual increase in Cork City since Q3 2015. While affordability still remains an issue in Dublin, which represents about 40% of tenancies in Ireland, the fall in growth rate in Dublin and Cork is a sign that the pace of increase has fallen and may be stabilising in the areas which were designated as Rent Pressure Zones the longest. The number of planning permissions granted for dwelling units in the third quarter of 2019 was 10,590, of which 5,656 were apartments and 4,934 were houses (Department of Housing, Community & Local Government). Apartment planning permissions granted have continued to increase and are up 80.2% on the same period last year. An increase of 1.1% in houses approved resulted in a total change for dwellings of 32.1% for the current quarter.

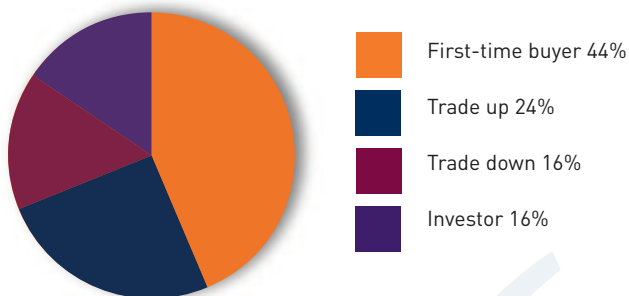
USUALLY, I CAN PREDICT WHAT IS LIKELY TO HAPPEN IN THE NEXT YEAR AND GUIDE CLIENTS ACCORDINGLY. WHEN TRANSACTIONS ARE LOW, THIS IS MUCH HARDER TO DO. IT HAS BEEN DIFFICULT TO LOOK BEYOND BREXIT.

The third quarter figures also show that:

- one-off houses accounted for 30.7% of all new dwelling units granted planning permission in this quarter; and,
- the total number of planning permissions granted for all developments was 7,739. This compares with 7,440 in the third quarter of 2018, an increase of 4.0%.

There were very few price increases during the quarter, but there was a notable decrease in prices in Dublin and Leinster.

Profile of purchasers – national – as reported by agents in percentage terms



IN A SLOW MARKET, A DEVELOPER WHO BUILDS HOUSES CAN PHASE THEM; ONCE SOME HOUSES ARE SOLD, THEY MOVE ONTO DEVELOPING MORE. BUT WITH APARTMENTS, THEY ALL NEED TO BE FINISHED BEFORE THE FIRST CAN BE SOLD.

Nationally, 40% of agents reported that sellers' price expectations had increased during the year; this is down from 80% in 2018 and 96% in 2017. This points to price stabilisation in the market place as a whole but there are regional variations in this figure which is accounted for in the provincial chapters of this report.

Many agents commented that vendor price expectations increased in Q3 and Q4 when there was greater clarity about Brexit and the future trading relationship between Ireland and the UK. Our agents warned that while increased seller expectations can be a good barometer of future prices, unrealistic expectations are likely to have a damaging impact on the market into the future. Unrealistic expectations merely lead to disappointed sellers, reluctant purchasers and protracted sales.

"Usually, I can predict what is likely to happen in the next year and guide clients accordingly. When transactions are low, this is much harder to do. It has been difficult to look beyond Brexit but once the UK gives some indication of what the plan is, and after an election here, I think it will be easier to see for a longer distance into 2020 and this will help everyone with their investment plans."

Agents, when asked to list the main reasons why a property sale may fall through repeatedly cited sellers' price expectation not being met.

This was one of the top three reasons in all provinces. In interviews, agents noted that because there has been such a low volume of sales, potential sellers find it difficult to estimate the likely sale price of their property realistically. This is especially true in rural areas where sellers are overly influenced by national reports of price increases which may not be realistic for that locality.

A number of respondents noted the limitations in the national Property Price Register in helping inform potential vendors. There is a dearth of useful contextual information available to sellers which leads them to set unrealistic prices. It is clear listening to agents that more needs to be done to help sellers understand what their home may be worth on the open market.

Mortgage lending

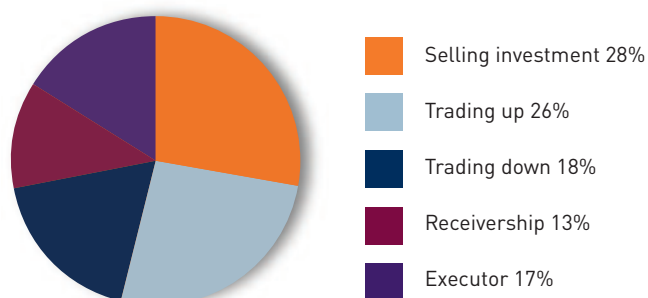
Mortgage lending rules have now been in place for a number of years, and our agents believe that they are now well understood by those looking to transact. Any shocks to the housing market – such as delays in purchasing as tenants saved their

requisite deposit – had already been seen. On whether the rules should have been changed in 2019, opinion was split. Many, especially in Dublin and other urban areas, reported that the loan-to-income rule was holding back many otherwise sensible transactions. Potential purchasers had already been paying rents which in many cases would be higher than monthly mortgage repayments.

"Banks have a degree of discretion when it comes to the lending rules. Unfortunately, the exemptions are now being granted at the start of the year, so once the banks have exhausted the number of mortgages they can give, the second half of the year can be much harder. It would be better if the exemptions were available on a quarterly or half year basis so that there was a better spread for those wanting to buy in autumn."

Other agents were firm that the rules should not have been changed, on the basis that while they caused difficulty for some potential purchasers, a further change to the rules could once again cause an upset to a market which was slowly recovering.

Profile of sellers – national – as reported by agents in percentage terms



Transaction time

On average, it takes five-and-a-half months for a transaction to be completed. This was the case in all regions of Ireland. Agents remained concerned about the continued existence of paper-based conveyances and noted that, where conveyances are complicated by issues such as executor sales, reliance on paper-based conveyances slow down transactions.

"An executor sale can be a nightmare. Even the most routine transaction can be held up because of legal paperwork and it is difficult for purchasers who have got all of their paperwork together to be told that there is a delay and they're going to have to stay in their rented accommodation longer."

Profile of purchasers

In terms of the profile of purchasers, almost one half of purchasers were first-time buyers. There was very little regional spread on this issue. Around one quarter of purchasers were seeking to trade up. Many respondents noted that they would have expected to see a larger number of trader-up purchasers, but a continued shortage of suitable accommodation as well as uncertainty about their economic futures meant that many people continued to live in accommodation beyond the point where, in a normal market, they would have moved.

Agents noted that – traditionally – people, when marrying or setting up their own home choose accommodation which would suit them until they have a family. At this point they move from a "starter home" to accommodation which would suit a growing family. In 2019, this did not happen; instead, more and more people raised families in apartments or small homes. To remedy this, and to help people move to more suitable accommodation, housing which would suit families' needs must come onto the market. Respondents noted that very few people (around 16% of vendors) are trading down. This is lower than expected. It means that people are perhaps living in accommodation which is surplus to their needs. Respondents noted that in 2020, more should be done by government to encourage people to move down, into smaller homes.


Profile of sellers

With regard to the reasons for selling a property, the largest cohort was those selling an investment property (roughly one-third of all sellers). Many landlords sold investment property in 2019 as a result of increased market value meaning the property was now out of negative equity, or because a tenant had left the property and it was an opportune moment to sell. Agents reported that there is a general

dissatisfaction amongst landlords with the burden of regulation and the increased costs to landlords of compliance with new regulations. Longer notice periods and limits on annual rental inflation meant that while one-third of sellers in 2019 were selling investment property, only 15% of investor purchasers were buying property with the intention of renting it.

This reflects a broader movement within the private rented sector away from individual landlords with a small portfolio of rented houses towards institutional landlords who are buying and developing their own portfolios to rent. Many agents in rural parts of Ireland noted that properties which had been rented were being purchased by young people from central and eastern Europe who had practical skills in home renovation, and were refurbishing the homes themselves. In some cases, the purchasers were actually those who had been renting the accommodation and had bought the property from their landlord.

"In most cases, the rent doesn't cover the landlords' mortgage and costs, and the cost of maintenance continues to rise. When a tenant hands in their notice, I see landlords using this to leave the investment sector, especially if the property is out of negative equity and there's a demand for it on the open sales market."



PEOPLE ARE LIVING HEALTHILY FOR LONGER. THEY'RE LIVING HAPPILY IN BIG HOUSES FOR LONGER AND THESE ARE NOT BEING PASSED ON TO THE NEXT GENERATION. PEOPLE ARE RAISING FAMILIES IN THE APARTMENT THEY DIDN'T EXPECT TO LIVE IN, AND THEY CAN'T FIND THE HOUSE THEY NEED BECAUSE IT'S NOT AVAILABLE.

Apartments

Across Ireland, the volume of new apartments into the residential market continued to rise, albeit well below levels of demand. It is likely that in Cork and Dublin, apartments will continue to come onto the market in 2020, based on planning permission data from 2019. Apartment developments provide significant logistical difficulties in a slow market as all of the scheme needs to be developed before individual apartments can be rented or sold. It is likely therefore that this new supply will take place in areas of Dublin and Cork especially targeted predominately at the long-term rental market and not necessarily for the sale market.

"In a slow market, a developer who builds houses can phase them; once some houses are sold, they move onto developing more. But with apartments, they all need to be finished before the first can be sold. Developers don't have the resources to do that, but if the availability of financing improves, I think we will start to see some of this happen for the sales market in 2020."

The rental market in 2019

As with 2018, the greatest turmoil to the property sector was in the rented sector, with rents rising faster than both property prices and underlying national inflation. No agent who completed the questionnaire or who was interviewed for this report expects rents to fall in 2020. Nationally agents expect rents to increase between 4% and 5% in 2020, driven by increased demand, especially by those who are saving for a deposit,

and a new urban demographic profile amongst people who have moved to Ireland temporarily with their work.

In 2019, there was a clear mismatch in the private rented sector between demand for accommodation by tenants and instructions from landlords. Nationally, 58% of agents had experienced an increase in tenant demand, and yet 47% reported reduced instructions from landlords. This reflects longer rental periods driven possibly by new regulations surrounding notice periods. The strongest tenant demand was in Connacht/Ulster (63.4% of agents reported increased tenant demand) and Munster (82.4% reported an increase) and reflects a hugely increased appetite for rental accommodation in some rural areas. In those areas, only around 12% of agents reported any increase in instructions from landlords.

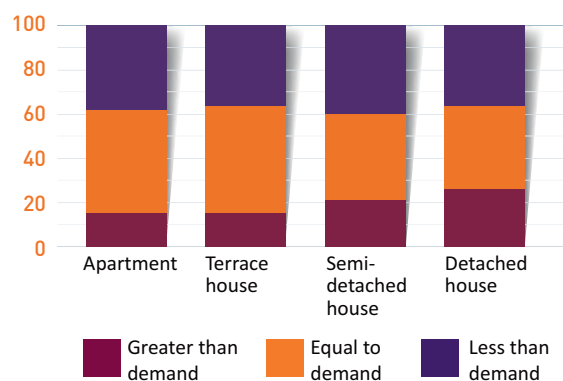
"The Capital Gains Tax exemption is having an impact on landlords leaving. They don't see prices increasing, and having an investment property was only going to be a medium-term plan, so they are getting out now. Few are thinking of getting into investment properties so there are not many new landlords to replace them."

The issue of limits to rental increases continued to affect the market in 2019. However, a large number of agents who were interviewed noted that this had a less profound impact on the overall market than expected. The main impact of rent caps was on the attitude of landlords who, at the end of a tenancy, made the decision to leave the rented sector rather than commence a new tenancy. Indeed, from the

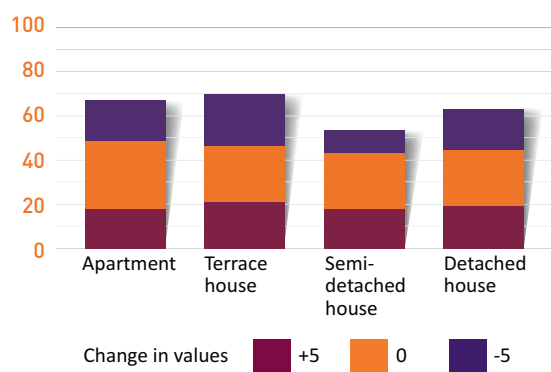
perspective of visibility, nationwide limits to rental increases permitted improved visibility for both landlords and tenants about the rent which would change hands each month. Nonetheless, many landlords remain fearful about the future direction of policy in this area, with limits to mortgage interest relief for landlords being one of the main reasons why a landlord may have chosen 2019 to leave the rented sector.

Nationwide, there was a greater choice of housing on the open market to buy rather than to rent. In 2019, a shortage of rental accommodation encouraged many people, who could afford to, to buy their first home rather than continue to rent.

Supply of new housing in 2020 – agents' views.
Percentage of agents who think that supply of new housing in 2020 will be:



Property values in 2020 – agents' views
Percentage of agents who think that property values will change as follows in 2020:



Outlook for 2020

The main issue in 2020, as reported by our agents, will be the imbalance between the supply and demand for property. In 2019, a large number of agents reported a shortage in smaller family homes (listed here as terrace houses) to which purchasers could move from apartments once they had begun a family. In 2020, there will be a greater demand for all property types than availability; rather than having a major impact on prices, a number of agents stated that the shortage will simply mean people continue to live in their current homes for longer. The normal "churn" in the market is not likely to take place, and in 2020 the volume of transactions will remain low, as in 2019. As noted in the table, while some 46% of agents believe that there will be an equilibrium between supply and demand for apartments, a large number see further property shortages across all property types. There is likely to be no significant change in property values across all property types. There were some regional variations which will be discussed later in this report, but it is notable that the greatest increases in values will be in terraced houses. Interviewees noted that these smaller family homes have not been supplied in the quantities needed to maintain

demand. When asked what type of property they would most like to see come onto the market in 2020, a large number of our members cited the need for smaller family homes to which owners could move having begun a family while living in apartments. The market for "top end" of the market (i.e., larger family homes) has been very slow in 2019, with a better match between supply and demand.

"There will be no price inflation in 2020, and that's no bad thing. Peaks and troughs confuse people and they hold off making a decision. Cash buyers will continue to beat mortgage-holders so we will see increases in activity but there's not the competition between buyers like in the past – the mortgage

rules prevent that – so I hope to see more instructions and transactions without the huge peaks in prices which we've seen in the past."

When asked to forecast property values in 2020, opinion was split. The bulk of agents saw values move by no more than 5% in either direction with

a large number believing that values would continue to flat-line over the course of 2020.

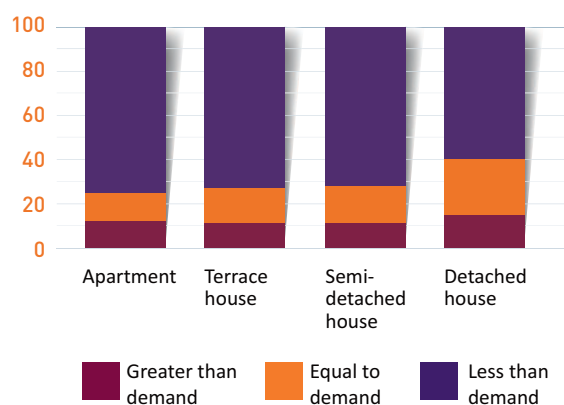
When asked what issues would have an impact on transaction prices in 2020, a number of agents surveyed were more optimistic about 2020 than this data would suggest. The recent UK general election had restored some predictability to UK politics and many felt that a clear timetable for Brexit would

help the property market recover to see increased transactions in the year ahead. Agents on the Border reported that currency fluctuations have long had a profound impact on investment appetite in the Republic, and it was hoped that some clarity around Brexit would reduce these fluctuations.

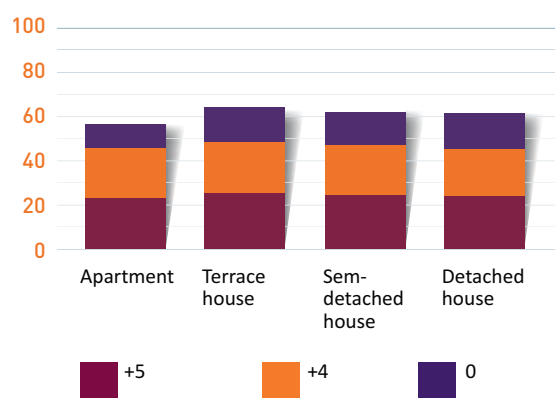
Nonetheless, it is not yet clear what sort of physical barrier or border will emerge on the island of Ireland, and until such point that clarity is reached, many agents working in Border regions remain uncertain about the level of demand for housing in the regions.

THERE WILL BE NO PRICE INFLATION IN 2020, AND THAT'S NO BAD THING. PEAKS AND TROUGHS CONFUSE PEOPLE AND THEY HOLD OFF MAKING A DECISION.

Supply of property to rent in 2020 – agents' views
Percentage of agents reporting that supply of property to rent in 2020 will be:



Forecast changes in rent in 2020 – agents' views
Percentage of agents who think that rent will change as follows in 2020:



The rental sector in 2020

In 2020, the greatest mismatch between supply and demand for housing will be in the private rented sector. Across all property types there is a large and growing need for new accommodation. This is the result of two issues: first, the increasing cohort of tenants, driven by both demographic changes and a continued influx of young workers from countries where long-term renting is the norm. During a period of uncertainty, and with difficulties securing a mortgage without substantial savings, people are renting for longer than in the past. The second issue driving the requirement for further accommodation to rent is the continued exodus of smaller, private landlords who are selling their investment properties.

Many agents are concerned that the rental sector is now almost completely reliant on larger, institutional landlords who are developing large-scale private rented developments. In urban areas, these have only come onto the market relatively recently, and there is a clear demand for large volumes of new rented accommodation throughout 2020.

"I hope we see some co-operatives start work in 2020. Perhaps five or ten people pooling their resources and investing in a small development using their savings. There's a demand for some

student accommodation which is too small for the big investors and too risky for individuals but ideal for a small group to fill that gap."

It was notable that many agents were concerned that the institutional landlords tend only to supply apartments in urban areas, while the landlords leaving the market were renting out houses in rural areas. Agents warned that it would be unlikely in 2020 that there would be increased investment in rented property outside urban areas to make up for the reduced availability of rented houses in rural parts of the country.

Agents noted that it was difficult to accurately predict rents for 2020. All agents who completed

the survey and many who were interviewed expected rents to increase in 2020.

In urban areas, the private rented sector is where a significant part of new completion activity is taking place. In urban areas, purpose-built student accommodation and co-working schemes for people living in Ireland on a short-term basis because of work have taken some of the pressure off the private rented sector, and agents expect more such projects to come onto the market in 2020. This is likely to have an impact on rents, but the introduction of rent freezes in many parts of the country, and further mooted reforms to this sector may continue to artificially limit the growth in rents in 2020.

IN 2020, THE GREATEST MISMATCH BETWEEN SUPPLY AND DEMAND FOR HOUSING WILL BE IN THE PRIVATE RENTED SECTOR. ACROSS ALL PROPERTY TYPES THERE IS A LARGE AND GROWING NEED FOR NEW ACCOMMODATION.



DEVELOPERS ARE NOT FOLLOWING THROUGH ON PLANS WHEN THEY ARE FAST TRACKED. I THINK THAT THIS IS BECAUSE DEVELOPERS ARE FINDING IT DIFFICULT TO GET FINANCE AND ARE UNCERTAIN IF PROJECTS WILL BE FINANCIALLY VIABLE.

Issues facing the residential sector in 2020

Agents looked to two issues in 2020 to determine how the residential property market would perform. First, clarity on Brexit. It was noted repeatedly across interviews that Brexit had undermined the confidence of many potential homeowners and landlords. With rental increases limited by legislation, and a requirement for a large deposit before buying a house, many potential homeowners were satisfied to continue to live in their current accommodation for another year, secure in the knowledge that their rent would not significantly increase and their deposit was being accumulated. This led to low levels of transactions especially in the second half of 2019. Likewise, investors were reluctant to undertake any significant investment decision until there was clarity about the timing of Brexit. Those landlords who had the opportunity to sell their investment property and who were worried about the future direction of regulation of the private rented sector, instructed agents to sell their portfolio.

Following the UK general election in December 2019, a number of agents expected the volume of instructions and enquiries to pick up in the first half of 2020 when this pent-up demand was unleashed. It was noted by some respondents that a general election in Ireland will also give some clarity about Government policy towards the housing sector which will likewise assist those looking to move home in 2020.

The second main issue which will affect the sector in 2020 is the availability of property. Many agents, especially in urban areas noted the shortage of smaller family homes. While planning permission data for apartments suggests there will be improved supply in 2020, this is not the case for housing developments, where supply is likely to be very limited. Agents noted that while there has been an increase in the availability of finance for

property developers, many prefer to develop apartment complexes rather than housing developments. Thus, ironically, it will be the continued exodus of private landlords who will supply second-hand homes into the market. While this may ease the pent-up demand for the purchase of homes, it merely exacerbates the on-going crisis in the private rented sector.

"Put simply, people are living healthily for longer. They're living happily in big houses for longer and these are not being passed on to the next generation. People are raising families in the apartment they didn't expect to live in, and they can't find the houses they need because it's not available."

The "fast-track" planning system for large-scale housing developments has had limited results. This is partially due to the limits on the scheme which is available for only the largest housing developments. It is also due to the nature of the scheme itself which requires developers and planners to supply a greater volume of information to An Bord Pleanála at the beginning of the project and allows for increased public consultation at this stage – the intention is that, once the project has been submitted for approval, there is greater clarity on the delivery of the project. Many agents remain sceptical about the impact that this will have on the delivery of new housing in 2020.

"The Strategic housing delivery process has been positive to accelerate the delivery of future development lands. Cost inflation however has meant that some developments are slow to commence and viability is a challenge. The new SHD rules will force developers to use or lose these permissions, which I view as a positive."

"Developers are not following through on plans when they are fast tracked. I think that this is because developers are finding it difficult to get finance and are uncertain if projects will be financially viable."

THE DUBLIN MARKET



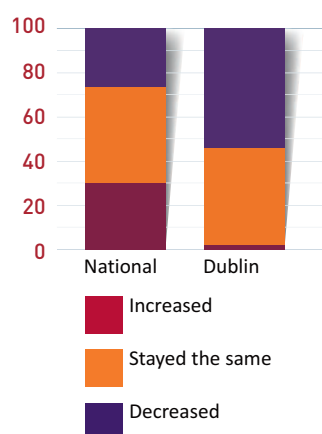
From left to right –
Park Lodge, Booterstown Avenue, was quoting €2,750,000.
Annamore, Sydney Avenue, Blackrock, was quoting €2,750,000.
3 Vesey Place, Monkstown, was quoting €2,250,000,
3 Clifton Terrace, Monkstown, was quoting €2,400,000.

"In all cases within 5% of the asking price was achieved and all the buyers were Irish based. In previous years, most top-end buyers would have been overseas or returning ex-pats."

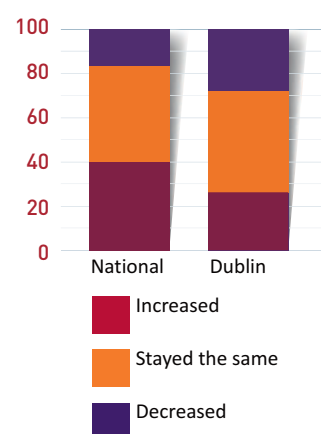
Relationship between supply and demand for property for purchase – agents' views.
Percentage of agents who felt supply was:



Property sales prices Q3 – National and Dublin – agents' views.
Percentage of agents reporting that property prices had:



Sellers' expectations of property prices – agents' views.
Percentage of agents reporting that sellers' expectations had:



Residential sales 2019

The Dublin residential property market was the most suppressed of all the regional markets examined in this report; both the volume of enquiries and transactions remained very low, especially amongst those wishing to trade up. There was a limited supply of new housing coming onto the market which impeded transactional activity, and while future trends for new supply of apartments in the city are positive, there remains a dearth of new houses for those who wish to move into larger houses from apartments.

Agents reported that vendor expectations were "reasonable" in 2019 with a larger cohort of buyers and sellers using information from the property price database and recent sale reports to make more informed decisions about realistic transaction prices. The volume of transactions remained low but the Dublin market was more active in 2019 than in 2018 which benefitted both parties as it allowed more price comparisons and informed decision-making.

"There was much less competition in 2019 than previous years. Now we might get two or three people bidding on a house and once it goes past their ceiling price, a party will pull out. There's not

a mad scramble like in the past – that's the mortgage rules keeping a ceiling on things. People don't want to stretch themselves and the lending rules mean they can't even if they wanted to."

On average, 40% of agents predict that the supply of residential units in 2020 will equal demand. Similarly, 38% predict it will be less than demand in the next 12 months.

"There has been an immediate shift by landlords to sell their investment properties. Otherwise they are subsidising their tenants where the rent is capped. "Generous landlords" who kept the rents low to keep good tenants are now being forced to sell (also by banks who increasingly want capital and interest instead of old arrangement of interest only) thus necessitating the tenants having to find alternative accommodation, often emergency accommodation, increasing homeless figures."

In interviews with agents working in the region, many reported that any price increases seen in Dublin in 2019 had taken place at the start of the year, with very limited activity in quarters three or four of 2019.

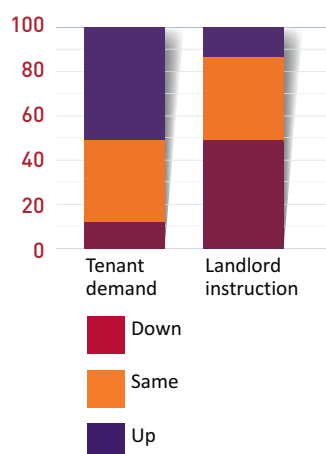
"The Dublin market was flat; it was better than this time last year and people tend to be more realistic about prices which is good. Starter homes are most sought after but this is where the supply is most

limited. There is a continuous flow of new households being formed but people are living longer and not trading down and so we see people living in entry-level housing for longer."

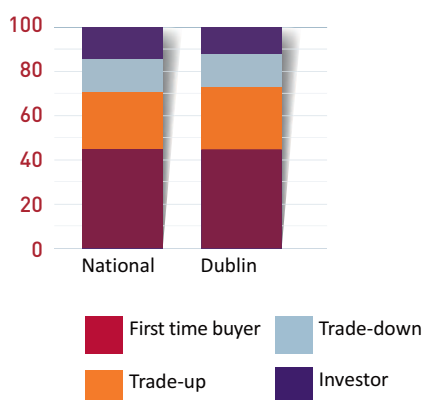
A number of agents noted that in 2018, a large number of instructions they had received were due to distressed sales. However, by the end of 2019, most of these sales had been worked through and there were fewer instructions from banks. During that period, houses were being sold by banks at discounted prices which affected the overall market, but this had been worked through. Therefore, the second half of 2019 saw something of a hiatus in the property market. The bulk of transactions took place in the first half of the year when banks used the exemptions to mortgage lending rules, and there were still a number of distressed properties coming onto the market. During the second half of the year, the expected supply of new property had not materialised, and concerns about Brexit and the future direction of the economy undermined consumer confidence.

The Central Bank rules regarding mortgage lending continued to be most severely felt in Dublin, where prices are currently highest and where the requirement to raise a substantial deposit are most onerous.

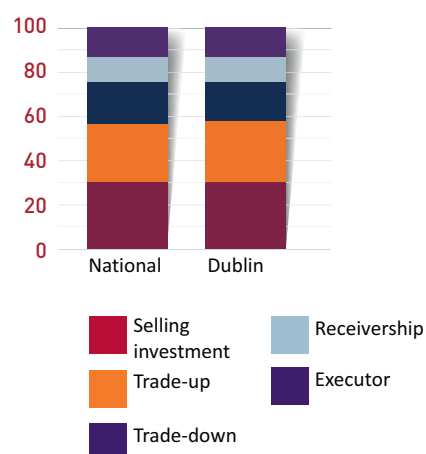
Percentage of agents' reporting that tenant demand and landlord instruction in 2019 was:



Profile of purchasers in 2019 – as reported by agents in percentage terms



Profile of sellers in 2019 – as reported by agents in percentage terms



"People in Dublin are in a double bind. Rents are high which means it takes longer to get the deposit together. People can afford the mortgage – after all, it's often the same amount as a monthly rent – but it is taking a long time to get the deposit together, and if they can afford to wait and see if prices fall further, they are doing so."

Some agents in Dublin noted that a significant amount of their activity in 2018 was from Irish people returning to live in Ireland after a number of years in the UK.

Recent increases in stamp duty in the UK, and uncertainty about their entitlement to continue to live and work in the UK following Brexit made investment in a home in Dublin a sensible option. However, this supply of new purchasers largely dried up in 2019, and many of the international cash-buyers had either made a purchase or had decided to hold off on doing so until there was greater clarity about Brexit and prices.

Rented sector

The greatest mismatch occurred in the private rented sector. Over half of Dublin agents experienced increased demand for accommodation from tenants, but only 13%

received an increased volume of instructions from landlords. Indeed, around half of Dublin agents experienced reduced instructions from landlords during the same period.

Agents noted that investors had been the first to be hit with the downturn in prices during the recession and that the cost of regulation had continued to increase in the intervening period. In Dublin, where prices had risen earlier than in other regions, investors who were looking to leave the property market had already done so.

During 2019, there was continued demand for accommodation from tenants especially for apartments.

Agents working in the region noted that as employment in the city increased, it was driven by a continued influx of workers from overseas who were looking for accommodation when they arrived here. Agents reported increased enquiries from employers who wanted to ascertain the likely cost of living for their employees before making expansion decisions.

"The problem for employers is that their workers are demanding significant salaries before they'll move to Dublin because they know accommodation is so expensive. This is going to

have an impact on Ireland's competitiveness. We need the new supply to be available to take the heat out of salaries...But these people have very high demands for where they will live. They want to live close to work and they want first-class facilities. We don't have that yet in Dublin – people are commuting."

The profile of buyers in Dublin was roughly in line with the profile seen nationwide, with around 50% of buyers being first-time buyers. There were fewer investors into the Dublin housing market in 2019 compared to the national profile.

In Dublin, as in the rest of Ireland, one third of vendors were investors who were selling investment property.

Reasons for doing so were split. A number of agents reported that investors had always anticipated keeping an existing home once they moved house and renting it out until prices had recovered until it was expedient to sell it.

Other agents noted that there was a continued exodus of smaller landlords throughout 2019, as the burden of regulation increased, and the introduction of rental caps meant they would be unlikely to get an improved return on investment in 2020.

Predicted changes to rents – percentage of agents predicting that rents will change in 2020

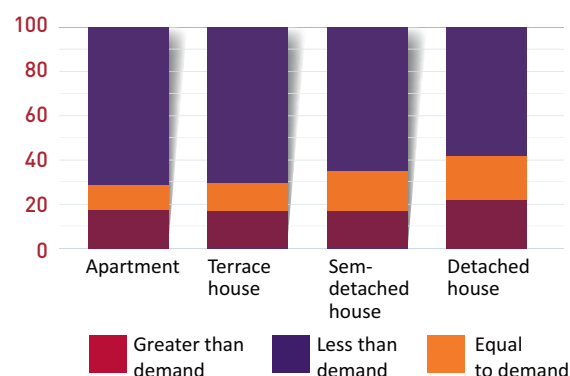
| | Apartment | Terrace house | Semi-detached house | Detached house |
|----|-----------|---------------|---------------------|----------------|
| +5 | 19 | 18 | 19 | 16 |
| +4 | 33 | 36 | 37 | 33 |
| 0 | 12 | 18 | 15 | 19 |

Expected changes to property prices – agents' views. Percentage of agents predicting that property prices will change in 2020

| | Change | Apartment | Terrace house | Semi-detached house | Detached house |
|----------|--------|-----------|---------------|---------------------|----------------|
| National | +5 | 19 | 22 | 18 | 19 |
| | 0 | 29 | 23 | 25 | 26 |
| | -5 | 10 | 10 | 8 | 10 |
| Dublin | +5 | 15 | 21 | 18 | 17 |
| | 0 | 30 | 26 | 25 | 30 |
| | -5 | 12 | 7 | 8 | 12 |

Relationship between supply and demand for rental properties – agents' views.

Percentage of agents predicting that supply will be:



PEOPLE IN DUBLIN ARE IN A DOUBLE BIND. RENTS ARE HIGH WHICH MEANS IT TAKES LONGER TO GET THE DEPOSIT TOGETHER. IF THEY CAN AFFORD TO WAIT AND SEE IF PRICES FALL FURTHER, THEY ARE.

Outlook for 2020

Agents were clear that the reduction in prices seen in 2019 would have a positive effect on moderating vendor price expectations in 2020; vendor expectations not being met was a cause of a large number of transactions falling through in 2019, and into 2020 it was likely that flatlining prices would help potential purchasers make the decision to buy.

"People want to move from apartments into decent sized houses, and this is what investors have been buying to lease out. So we need to wait and see in

2020 whether we get more landlords selling up terrace houses or semi-detached and they come into the owner occupied market."

Household formation and demographic changes are likely to continue the demand for housing in the capital. In 2020, a number of agents expect employment growth to occur from people moving to Dublin from overseas to work in technology, hospitality or professional services firms. These people, as well as growing existing families, will require housing which is not yet available.

Rents

In 2020, rents in Dublin are expected to increase faster than sale prices, reflecting the pattern seen in 2019. It was notable that while many agents expected rents to increase by 4% in 2020, a significant number expect rents to rise faster than the currently permitted increases. This can be explained by the new supply of rented accommodation coming onto the market which is not subject to the same limits as existing rented accommodation.

"Landlords who we work for would not increase rents while a tenant remained in occupation as it made sense to keep a good tenant happy. If they do that now they are penalising themselves.

Landlords who cannot get a market rent because of the restrictions are selling, reducing the supply of rented property and this puts upwards pressure on rents."

No agent surveyed for this report expects rents to fall in Dublin in 2020. A number stated that they expect to see some apartment types increasing rents by 10% but these are likely to be individual niche, high-end apartments, but in general, across all property types, it is likely that rents will increase by the limits permitted by law. "People are staying in their rented homes longer, protected by longer notice periods and lower rent inflation. Now, even at the end of a tenancy, rents can't be varied by more than 4% so it is having an impact on helping people who are in situ. It is not helping those looking because there's very little for them."

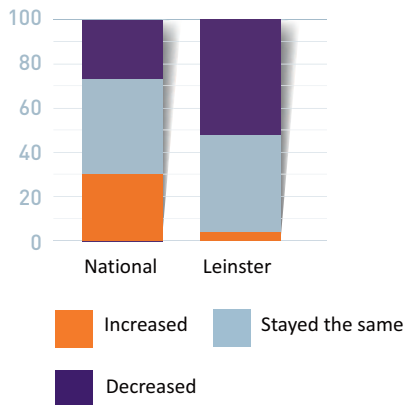
There is clearly still an imbalance between supply and demand for housing to rent in Dublin. This is most acute for apartments but across all property types, demand is likely to continue to outstrip supply. While the rent restrictions limit the impact that this imbalance will have on rents, a number of agents noted that it is the inevitable consequence of landlords leaving the market, and the limited supply of new properties from institutional build-to-let landlords.

THE REST OF LEINSTER MARKET

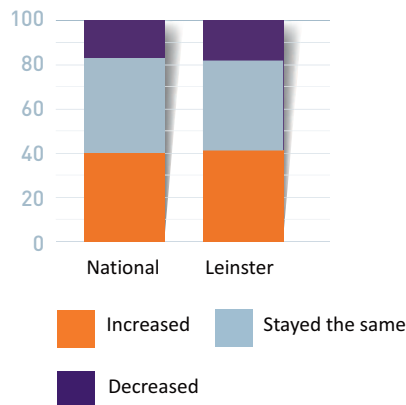


Maple Lodge, Killeens, Wexford.
Asking price €265,000. Sold for €255,000.

Property sales prices Q3 – Rest of Leinster – agents' views. Percentage of agents reporting that property prices had:



Sellers' expectations of property prices – agents' views. Percentage of agents reporting that sellers' expectations had:



Relationship between supply and demand for property to purchase in 2020 – agents' views. Percentage of agents reporting that supply in 2020 will be:

| | | Apartment | Terrace house | Semi-detached house | Detached house |
|----------|---------------------|-----------|---------------|---------------------|----------------|
| National | Greater than Demand | 17 | 17 | 21 | 27 |
| | Equal to Demand | 46 | 45 | 39 | 38 |
| | Less than Demand | 38 | 38 | 40 | 36 |
| Leinster | Greater than Demand | 19 | 21 | 26 | 33 |
| | Equal to Demand | 52 | 50 | 44 | 43 |
| | Less than Demand | 29 | 29 | 31 | 24 |

WE SEE PEOPLE BUYING THEIR FIRST HOME WITH AN EYE ON THE FUTURE. THEY ARE BUYING HERE BECAUSE THEIR MONEY GETS THEM A LOT MORE HOUSE – AND IT'S FLEXIBLE FOR RAISING A FAMILY.

The market in 2019

According to one agent surveyed for this report, for the purposes of analysing the Irish property market, it is now opportune to refer to Leinster as the Greater Dublin Commuting Zone. A shortage of new homes and apartments in the city of Dublin, and improvements to transport infrastructure to the capital, have enticed an ever-larger cohort of people from the city to buy property in the surrounding counties. Commuting distances which once would have been insurmountable are now used on a regular basis by those who cannot afford or find properties within the city, or who want to live in a less dense environment.

Further, this growth in physical infrastructure and a lack of suitable office accommodation within Dublin has led to the growth in

employment opportunities across Leinster.

As a result, the population of the region has increased, and so too has demand for property.

"From a practical perspective, Leinster is a much more attractive option for those who aren't likely to see their salary increase in the near future, but are tied to working in Dublin. There are a lot more employment opportunities here too, so there is a lot of demand for decent housing on some land."

In terms of sale prices in the third quarter, agents reported that prices in the province had either flatlined or decreased. When asked to explain why this was, agents reported a reduction in sales during the second half of the year.

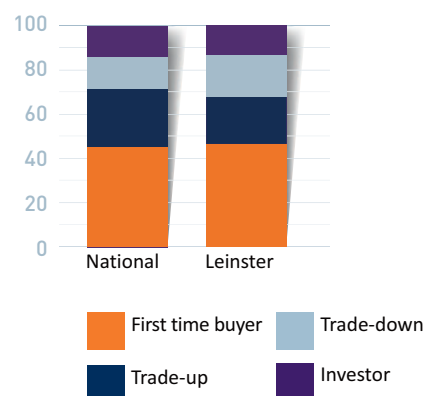
"Traditionally, there was a spring and autumn buying season. This changed a few years ago because of the Budget changing to October. Now, there is very little happening from the

summer onwards, and this year it was much worse because of the media commentary about Brexit. The sales which took place at the start of the year had been progressing since 2018, but there was nothing new happening since Brexit became real in the late summer."

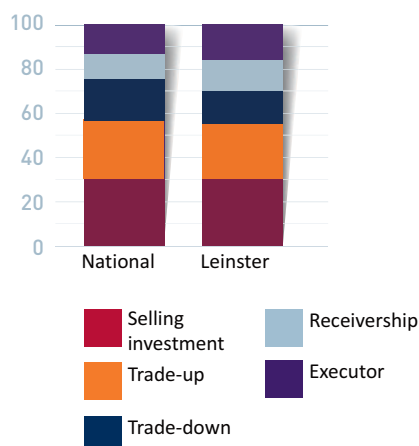
On average, 47% of our agents in Leinster reported that supply of housing available to purchase will equal demand in 2020. Those that reported that supply will be less or greater than demand was split.

In terms of the profile of purchasers in Leinster, there is a notable absence of investors and those trading up. According to one agent who was interviewed, the property market remained relatively static, and once settled into their new home, people are living there longer than might previously be the case.

Profile of purchasers in 2019 – as reported by agents.



Profile of sellers in 2019 – as reported by agents.



Expected changes to property prices – agents' views. Percentage of agents that predict the following changes in property prices in 2020:

| | Change | Apartment | Terrace house | Semi-detached house | Detached house |
|----------|--------|-----------|---------------|---------------------|----------------|
| National | +5 | 19 | 22 | 18 | 19 |
| | 0 | 29 | 24 | 25 | 26 |
| | -5 | 10 | 10 | 8 | 10 |
| Leinster | +5 | 16 | 18 | 19 | 12 |
| | 0 | 31 | 18 | 18 | 25 |
| | -5 | 13 | 21 | 11 | 13 |

"We see people buying their first home with an eye on the future. They are buying here because their money gets them a lot more house – and it's flexible for raising a family. We don't see much in the way of investors, but there does seem to be a movement towards people downsizing here."

Outlook for 2020

For apartments, price expectation of agents working in Leinster was roughly in line with the national forecasts. Many more expect to see decreases in house prices in 2020. When asked why this might be, one agent noted: "the upper end of the market is fairly saturated. We are not seeing any appetite for second homes on the

coast or other tourism areas. Irish people living in the UK are selling their second homes to buy a home to live in, and we are not seeing a return to holiday homes which would be the staple of the market in our area."

Opinion was split between whether prices would increase or decrease in 2020, with a number of agents interviewed for this report stating that this figure would be heavily influenced by the profile of sales in the year ahead. Particularly during the first half of 2020 when the banks are using their discretion with regard to mortgage lending, it is likely that there will be an increase in prices which will not be sustained during the year. Again, no agent expected to see rents fall in 2020.

"Public transport is getting better in Leinster, and there are a lot of new high-tech jobs growing up on the east coast which is attracting younger people who want to rent here. They can't yet afford housing in areas where they would like, but it is a growing trend all along Leinster."

The pattern of tenant demand and landlord instructions were similar in Leinster as the rest of Ireland in 2019. There was a large and growing demand for accommodation from prospective tenants, yet instructions from landlords continued to fall. As with the other regions of Ireland, this points to an absence of new supply to meet existing demand, and continued reduction (or at least relative reduction) in available rental accommodation.

Issues facing the market in 2020

Many of the issues facing the property market in Leinster are the same as those affecting the Irish property sector as a whole. Uncertainty about Brexit is likely to have an impact on activity in the east coast outside of Dublin because of its impact on investment into the capital.

Agents working in Leinster noted that the market there will undoubtedly be affected by the availability of housing in the capital and its impact on prices and rents there. It is likely that the supply of property in Leinster will not be sufficient to meet demand to a more acute degree than nationwide, and there is a clear preference amongst some purchasers towards new, more energy-efficient homes.

"I work in the north Wicklow area and the second-hand market is hugely affected at the moment with the amount of new developments being built in the area and it is becoming increasingly difficult to sell the second-hand houses."

It was noted that Government policy towards activating sites within the capital to curb urban sprawl will have an impact on the volume of activity in Leinster. With the market dominated by commuters from the capital, as well as second homes and holiday homes owned by UK-based Irish citizens, it is likely that Brexit will have an impact on investment appetite and the profile of buyers in the region.

"The top end of the market is still doing well, but there aren't the properties available. Developers aren't building houses for people to trade to, so there is nowhere for people to downsize to. So, I would like to see more of the higher end houses come available in 2020 and this would get people moving again. But it's all linked to the economy, attitudes and if there are units where people want to live."

THE TOP END OF THE MARKET IS STILL DOING WELL, BUT THERE AREN'T THE PROPERTIES AVAILABLE. DEVELOPERS AREN'T BUILDING HOUSES FOR PEOPLE TO TRADE TO, SO THERE IS NOWHERE FOR PEOPLE TO DOWNSIZE TO.

Expected changes to rents – agents' views. Percentage of agents predicting the following changes in rent in 2020:

| | | Apartment | Terrace house | Semi-detached house | Detached house |
|----------|----|-----------|---------------|---------------------|----------------|
| National | +5 | 24 | 27 | 26 | 25 |
| | +4 | 23 | 25 | 24 | 22 |
| | 0 | 12 | 16 | 14 | 17 |
| Leinster | +5 | 16 | 19 | 19 | 29 |
| | +4 | 10 | 10 | 13 | 10 |
| | 0 | 23 | 23 | 16 | 19 |

Percentage of agents reporting that tenant demand and landlord instruction in 2019 moved as follows:

| | | Tenant demand | Landlord instruction |
|----------|------|---------------|----------------------|
| National | Down | 9 | 44 |
| | Same | 33 | 33 |
| | Up | 58 | 23 |
| Leinster | Down | 13 | 48 |
| | Same | 36 | 36 |
| | Up | 51 | 16 |

Relationship between supply and demand for property to purchase – agents' views. Percentage of agents reporting that supply in 2020 will be:

| | | Apartment | Terrace house | Semi-detached house | Detached house |
|----------|---------------------|-----------|---------------|---------------------|----------------|
| National | Greater than Demand | 12 | 11 | 11 | 15 |
| | Equal to Demand | 13 | 15 | 16 | 22 |
| | Less than Demand | 75 | 74 | 73 | 63 |
| Leinster | Greater than Demand | 10 | 10 | 10 | 10 |
| | Equal to Demand | 10 | 16 | 13 | 26 |
| | Less than Demand | 80 | 74 | 77 | 64 |

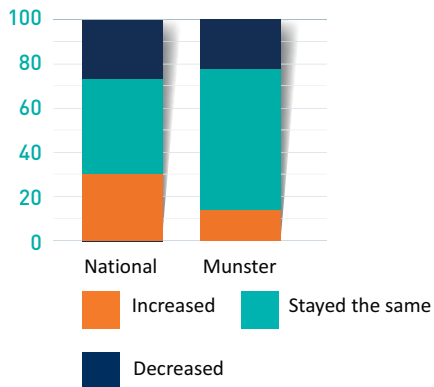
THE MUNSTER MARKET

THE PROPERTY MARKET IN 2019

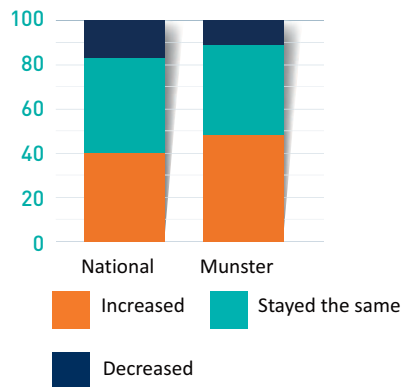


Four bed "surfers' paradise" in Kerry. Sold in
October 2019 for €510,000

Property sales prices Q3 – Munster – agents' views. Percentage of agents reporting that property prices had:



Sellers' expectations of property prices – agents' views. Percentage of agents reporting that sellers' expectations had:



Agents working in the Munster region in 2019 reported that the year was stable, with increased activity in the first half of the year reducing as the year went on. Prices and rents did not fluctuate as much as they had in Dublin and this allowed greater clarity for both vendors and buyers. During the latter half of 2019, media discussion about a Brexit “worst case scenario” resulted in calming a market which otherwise may have seen greater spikes in prices caused by excessive bidding on the too-few properties which came onto the market in 2019.

Agents reported a significant decline in both instructions and transactions in the second half of 2019. This reflects a pattern seen in the other regions, and was caused both by a reduction in consumer sentiment, uncertainty about interest rates and other macro-economic policies and the unavailability of bank discretions about mortgages.

It was notable that vendor expectations increased slightly in 2019. One agent who was interviewed noted that many potential vendors are strongly influenced by media reports about sale prices.

“People do read the media about house prices but they forget that this is historical information.

The market can have changed since reports were published, and sometimes the property sales which the media cover are high-end properties or ones with added extras – extensions, new kitchens – which their house does not have, or the house was in a different region of Munster. People are much more clued in about prices but there is always education needed to moderate their expectations.”

These agents noted that any increase in vendor expectations was likely to have occurred during the first half of the year and optimism fell in Q3 as the number of viewings and interest from potential purchasers declined during the year.

“There was absolutely a decline in instructions and activity in the third quarter. People realised that there will be a Brexit and they held off making any decisions. In 2020 we will probably start to see an increase in enquiries as we understand what that means but it will take a while for that to translate into increased prices again.”

In 2019, a larger cohort of buyers were cash buyers, with sales driven by people who had been bequeathed money or couples who were moving in together and had a home to sell. However, this is a small and finite number of

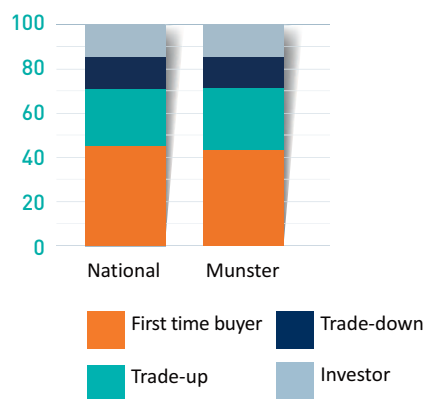
**A CASH BUYER
WILL TRUMP A
MORTGAGE HOLDER.
IF THEY HAVE MONEY
ON DEPOSIT, THAT IS A
SAFER BET FOR A VENDOR.
THEY ABSOLUTELY WILL
TAKE A LOWER BID IF IT
IS IN CASH.**

potential purchasers, and in this situation cash buyers will always beat those who are purchasing with a mortgage.

“A cash buyer will trump a mortgage holder. If they have money on deposit, that is a safer bet for a vendor. They absolutely will take a lower bid if it is in cash. In the past, someone would go back to their bank and ask to borrow more. They can't do that now.”

According to this agent, mortgage approval should be granted for a longer period of time, rather than the current six months. People obtain mortgage approval and then begin looking for somewhere to buy; as there is a very low supply of property in Munster, by the time they have found somewhere, they could be at the end of their approval period, and need to seek a new approval.

Profile of purchasers in 2019 – as reported by agents.



Profile of sellers in 2019 – as reported by agents.



Relationship between supply and demand for property to purchase in 2020 – agents' views. Percentage of agents who believe that supply for property to purchase in 2020 will be:

| | | Apartment | Terrace house | Semi-detached house | Detached house |
|----------|---------------------|-----------|---------------|---------------------|----------------|
| National | Greater than Demand | 16 | 17 | 21 | 27 |
| | Equal to Demand | 46 | 45 | 39 | 37 |
| | Less than Demand | 38 | 38 | 40 | 36 |
| Munster | Greater than Demand | 8 | 16 | 20 | 24 |
| | Equal to Demand | 46 | 44 | 25 | 37 |
| | Less than Demand | 46 | 40 | 37 | 39 |

Agents' reports of tenant demand and landlord instruction in 2019

| | | Tenant demand | Landlord instruction |
|----------|------|---------------|----------------------|
| National | Down | 9 | 44 |
| | Same | 33 | 33 |
| | Up | 58 | 23 |
| Munster | Down | 4 | 53 |
| | Same | 32 | 28 |
| | Up | 64 | 12 |

In Cork and other urban areas of Munster, the greatest demand for housing is for two-bedroom houses and apartments. There is still something of an anti-apartment attitude amongst some potential buyers; even if the two-bedroom house is smaller and more poorly laid-out it will attract a premium over apartments. The weakest part of the market was in three-bedroom semi-detached houses and larger

four-bedroom houses. As noted throughout this report, people are living in larger houses for longer, and not trading down. This is partially because they do not have the equity to do so, and because smaller houses do not exist. This means that people are not able to move into homes with the facilities they need to raise a family, or which are close to the amenities they need.

Activity indicators

Agents in Munster reported a continued flight of landlords from the buy-to-let market. One agent interviewed noted that supports, perhaps through taxation schemes, could be given to landlords to assist them in upgrading the property at the end of a tenancy. This would include support for conforming with regulations for rented property so that there would be improvements to the quality of the overall stock of property to rent. It was reported that many people in Munster would be interested in renting larger family homes as they continue to save their deposit to buy, but there is a dearth of suitable property to rent.

"The stock of rental properties is extremely low, and most of them would suit house-shares or students rather than families. Landlords would welcome long-term family tenants, but we don't have the mix of property needed to accommodate these tenants."

It was also suggested by one agent that there should be an equivalent of Part V for first-time buyers. Planning permissions should stipulate that a certain percentage of new homes and apartments are ring-fenced for first-time owner-occupiers, to assist them compete for scarce properties from investors or those wanting to buy second homes, particularly in rural areas where local people who work in the area are being priced out of the market by tourist investment.

STUDENTS IN CORK ARE RELIANT ON HOUSE-SHARES, AND THIS IS THE COHORT OF HOUSING WHICH IS BEING REMOVED FROM THE MARKET.

Outlook for 2020

Agents were more positive about future transaction prices than the national average. However, it was noted by some respondents that the market in Munster in 2020 would be dominated by those wanting or needing to trade up, but who had held off from doing so during 2019. It was expected that there will be increased supply of apartments in Cork and other urban areas, but there would continue to be a shortage of new homes, particularly in rural areas where new developments are not yet financially viable.

"Brexit has had an effect. We are based in west Cork and predominately dependent on the second home market. The events in the UK have had a negative effect, although there are still purchasers making that move, but not in the numbers there once were."

Expected changes to rents in 2020

As with the owner-occupied sector, there is a continued shortage of property to rent in Munster. This is particularly acute in the student housing sector. Students in Cork are reliant on house shares, and this is exactly the cohort of housing which is being removed from the market as smaller landlords leave the market.

"We are starting to see planning permissions for units in Cork which is good, but there's still not the viability there is elsewhere in the region. We will need to see something done to reduce construction costs, reduce tax or other changes to make new housing viable. Until then, there is still a shortage of housing in the area."

Expected changes to property prices in 2020 – agents' views. Percentage of agents who predict that property prices will change as follows:

| | Change | Apartment | Terrace house | Semi-detached house | Detached house |
|----------|--------|-----------|---------------|---------------------|----------------|
| National | +5 | 19 | 22 | 18 | 19 |
| | 0 | 29 | 23 | 25 | 26 |
| | -5 | 10 | 10 | 8 | 10 |
| Munster | +5 | 30 | 28 | 17 | 20 |
| | 0 | 28 | 24 | 28 | 24 |
| | -5 | 4 | 4 | 4 | 8 |

Expected changes to rents in 2020 – agents' views. Percentage of agents who predict that rents will change as follows:

| | | Apartment | Terrace house | Semi-detached house | Detached house |
|----------|----|-----------|---------------|---------------------|----------------|
| National | +5 | 24 | 27 | 26 | 25 |
| | +4 | 23 | 25 | 24 | 22 |
| | 0 | 12 | 16 | 15 | 17 |
| Munster | +5 | 36 | 46 | 29 | 36 |
| | +4 | 14 | 18 | 11 | 18 |
| | 0 | 4 | 7 | 11 | 11 |

Relationship between supply and demand for property to purchase in 2020 – agents' views. Percentage of agents who predict that supply of property to purchase in 2020 will be:

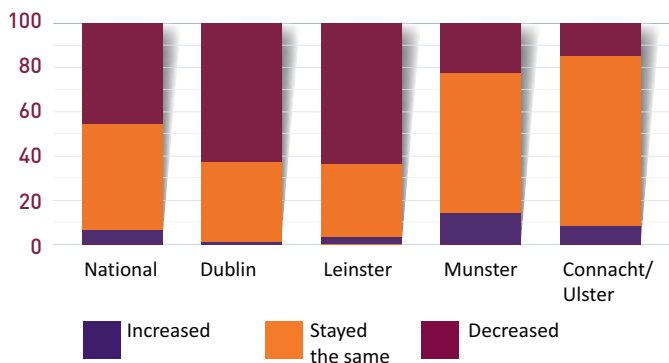
| | | Apartment | Terrace house | Semi-detached house | Detached house |
|----------|---------------------|-----------|---------------|---------------------|----------------|
| National | Greater than Demand | 13 | 11 | 11 | 15 |
| | Equal to Demand | 12 | 15 | 16 | 22 |
| | Less than Demand | 75 | 74 | 73 | 63 |
| Munster | Greater than Demand | 7 | 4 | 4 | 4 |
| | Equal to Demand | 14 | 18 | 7 | 30 |
| | Less than Demand | 79 | 78 | 89 | 66 |

THE CONNACHT/ ULSTER MARKET

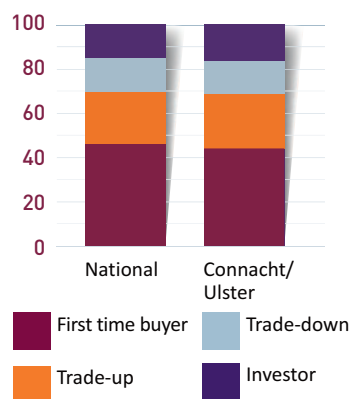


Some properties sold in Mayo this year:
'Greystones', Ballinvoy
Ballinvoy Westport
Ardagh Cottage

Property sales prices – agents' views.
Percentage of agents reporting that property prices had:



Profile of purchasers in 2019 – as reported by agents.



THERE IS A PERCEPTION ON THE EAST COAST THAT WEST COAST PROPERTIES ARE CHEAPER AND I THINK WE HAVE DEFINITELY SEEN A PERCEPTION OF VALUE FOR MONEY HERE MEANING PEOPLE ARE BUYING HERE RATHER THAN IN THE EAST.

The market in 2019

Agents working in the north-west of Ireland noted that the region was much more exposed to currency fluctuations than the markets in other parts of Ireland, and this had a significant impact on the volume of sales during the year. The market here had lagged behind the east coast, and any recovery in the market had been undermined by fluctuations between sterling and euro. For that reason, both the number of

transactions taking place, and the sale and rental prices of property in the area remained very low. In a region which has become dependent on cross-border investment, these changes in currency have had a huge impact on the relative cost of housing in the Republic compared to Northern Ireland. It was estimated by one agent that the region lags behind the rest of Ireland by some two years, but it was hoped that once Brexit takes place and the Northern Ireland institutions return, the region may see a more rapid return to relative normality.

"Brexit stifled Quarters 2 and 3. The first quarter was good, but the market became jittery because of Brexit. Even a small, say, seven percent swing in the value of sterling and euro makes houses in the north-west very exposed. But it was notable how quickly some stability returned even since the election."

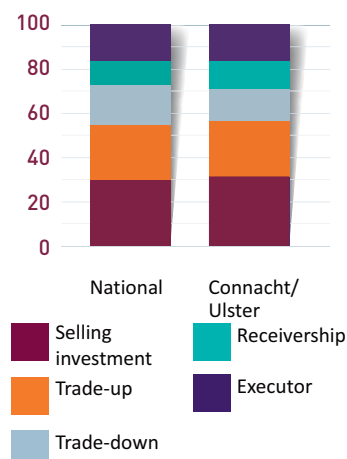
Agents noted that there had still been a steady supply of distressed sales coming onto the market in the region; because these homes were being offered at a significant discount, this "undercut" the price of new homes, and may have undermined the viability of future housing development in the region.

Agents reported that traditional purchasers of holiday homes in the north-west had been largely absent in 2019. This fuelled a significant second homes market in the region, but because of uncertainty about Brexit, this had stopped in 2019. *"The mortgage rules have an impact on second homes too. We had seen some hotspots developing in places in Kerry, and while this has dried up from Northern Ireland, there is a perception on the east coast that west coast properties are cheaper and I think we have definitely seen tourism and a perception of value for money here meaning people are buying here rather than in the east of the country."*

Outlook for 2020

Agents in the north-west were more optimistic about the price of detached homes in 2020 than the national average. According to one agent who was surveyed for this report: *"There is some scope for increased supply, but prices are relatively low here, and I don't see that the supply of larger homes will happen to meet demand in 2020. There is some pipeline but nothing to match what is needed. The cost of building is high compared to what the property will achieve"*.

Profile of sellers in 2019 – as reported by agents:



Agents were also more optimistic about rents in the region. It was noted, however, that there is a much smaller rental market in the region than elsewhere, and those properties which are rented are either leased by students or during the summer vacation period. With the growth of the student population, there is likely to be a greater demand than the current supply levels will sustain.

Issues in 2020

Agents reported that there were few cash buyers in the region in 2019, and this is not expected to change. There is continued demand for holiday homes and rental properties, particularly following the successful branding of the Wild Atlantic Way. However, it is not likely that this will be a significant amount of activity in 2020.

Agents noted that while prices remain relatively low in the north-west of Ireland, this gives the region a competitive advantage with regard to investment properties or second homes. However, these low prices also serve to prevent new housing development taking place. Agents expect relatively few new developments to be made available for purchase or to rent in 2020.

Relationship between supply and demand for property to purchase – agents' views. Percentage of agents predicting that supply of property to purchase in 2020 will be:

| | | Apartment | Terrace house | Semi-detached house | Detached house |
|------------------|---------------------|-----------|---------------|---------------------|----------------|
| National | Greater than Demand | 17 | 17 | 21 | 27 |
| | Equal to Demand | 46 | 45 | 39 | 38 |
| | Less than Demand | 38 | 38 | 40 | 36 |
| Connacht/ Ulster | Greater than Demand | 10 | 7 | 10 | 16 |
| | Equal to Demand | 42 | 48 | 33 | 25 |
| | Less than Demand | 48 | 45 | 57 | 59 |

Agents' reports of tenant demand and landlord instruction. Percentage of agents reporting that tenant demand and landlord instruction in 2019 had moved as follows:

| | | Tenant demand | Landlord instruction |
|------------------|------|---------------|----------------------|
| National | Down | 9 | 44 |
| | Same | 33 | 33 |
| | Up | 58 | 23 |
| Connacht/ Ulster | Down | 0 | 35 |
| | Same | 18 | 47 |
| | Up | 82 | 11 |

Expected changes to property prices – agents' views. Percentage of agents predicting that property prices in 2020 will move as follows:

| | Change | Apartment | Terrace house | Semi-detached house | Detached house |
|------------------|--------|-----------|---------------|---------------------|----------------|
| National | +5 | 19 | 22 | 18 | 19 |
| | 0 | 29 | 24 | 25 | 26 |
| | -5 | 10 | 10 | 8 | 10 |
| Connacht/ Ulster | +5 | 20 | 27 | 23 | 38 |
| | 0 | 27 | 27 | 32 | 25 |
| | -5 | 10 | 10 | 3 | 3 |

Expected changes to rents in 2020 – agents' views. Percentage of agents predicting that rents will change as follows in 2020:

| | | Apartment | Terrace house | Semi-detached house | Detached house |
|------------------|----|-----------|---------------|---------------------|----------------|
| National | +5 | 24 | 27 | 26 | 25 |
| | +4 | 23 | 25 | 24 | 22 |
| | 0 | 12 | 16 | 15 | 17 |
| Connacht/ Ulster | +5 | 44 | 44 | 35 | 35 |
| | +4 | 19 | 19 | 12 | 12 |
| | 0 | 13 | 13 | 18 | 12 |

Relationship between supply and demand for property to rent – agents' views. Percentage of agents who predict that supply of property to rent in 2020 will be:

| | | Apartment | Terrace house | Semi-detached house | Detached house |
|------------------|---------------------|-----------|---------------|---------------------|----------------|
| National | Greater than Demand | 13 | 11 | 11 | 15 |
| | Equal to Demand | 12 | 15 | 16 | 22 |
| | Less than Demand | 75 | 74 | 73 | 63 |
| Connacht/ Ulster | Greater than Demand | 0 | 0 | 0 | 6 |
| | Equal to Demand | 19 | 19 | 23 | 17 |
| | Less than Demand | 81 | 81 | 77 | 82 |



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