Chartered property, land and construction surveyors

# ANNUAL RESIDENTIAL MARKET MONITOR

## Review and Outlook 2024

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# FOREWORD

We are delighted to publish the 41st SCSI Annual Residential Property Report, which includes insights and expert views from SCSI agents and valuers across the country. Our report provides evidence-based market data for a variety of audiences, including property, land and construction professionals, stakeholders and policymakers. The Society of Chartered Surveyors Ireland (SCSI) holds a unique position with its extensive network of 12 surveying disciplines, which in turn provide reports like this with a holistic viewpoint on matters not just related to prices and valuations, but also the development market, and influences that impact on costs and overall end values.

The residential property market saw prices rise across second-hand and new homes in 2023, albeit at slightly lower levels compared to previous years. It is interesting to see the data coming from our valuer and agency members now reporting that the prevalence of interest rate hikes is a more significant consideration for bidders, and this is being reflected in dampening some of the price increases. 2023 was a challenging year in terms of general inflation, with high levels recorded among most inputs, including those related to building materials, fuel, labour, and energy – all of which have impacted on the cost of delivering new homes. Interestingly, the SCSI Real Cost of New Housing Report, published in December 2023, highlighted an average annual increase in delivery costs of new homes of around 7%, which is broadly similar to the new home price inflation of 10% year to October 2023, as highlighted in this report. In light of all the challenges within the residential sector, it is positive to see that the new Vacant Property Refurbishment Grant for vacant and derelict homes has increased by €20,000 to a maximum of €70,000, and also that feasibility grants are available for old farmhouse structures in an attempt to bring back old stock for habitable use. This, combined with increased housing supply numbers, gives a sense of hope for future delivery of much-needed housing in urban and more regional locations.

This year's report discusses regional differences in prices, with counties such as Tipperary, Clare, and Limerick experiencing price inflation of 6% on average. Dublin has seen a -0.6% price change in 2023. A key strength of this report is its insights and rationale as to why the market looks set for further price stabilisation into 2024. In addition to the National Property Price Register and other statutory data sources, this report provides our membership and the wider property sector with further supporting information to contextualise the prices achieved to date, and assist agents and valuers when advising their clients on values and the most effective marketing strategy options for their property.

Continued challenges within the residential lettings sector have also been observed within the survey and findings in this report. Our agents increasingly highlight how landlords continue to be impacted by complex legislation. This trend is also documented in the data on buy-to-let properties and the extent of these coming back on the market for sale. The SCSI has been calling for a wider review of the rental market for some time, and now that the Government has begun this process, we await the recommendations with interest to address concerns from landlords and tenants as highlighted by the SCSI.

The new addition to this report is the inclusion of a section that examines Building Energy Ratings (BER). There is a growing preference for homes with better energy ratings and this has become a higher priority for buyers since the onset of high energy cost inflation post the invasion of Ukraine. The report interestingly touches on buyer preferences for new homes and the lesser demand for properties requiring thermal and structural upgrades. However, we recognise that certification is only the first step and that in the long term operational performance and associated carbon usage when in occupation are likely to become the most important factors for buyers.

First-time-buyers (FTBs) continue to hold a majority share in the market, with the possibility of a rise in this share in 2024 due to increased mortgage approvals during the past year. The comprehensive examination of house purchase affordability in the recently published SCSI Real Cost of New Housing Report is reflected in this report, which highlights this persistent challenge for the average income earner in various regions across Ireland.

It is expected that housing supply numbers for 2023 will be much higher than previous years and hopefully further increases can be achieved over 2024 and beyond so that there is adequate supply to meet demand. This is the most effective way to ensure that the market is functional and affordable. Adequate housing supply combined with reliable and timely demographic data around population growth and house sizes, especially in areas of high demand, is critical to the overall performance of the Irish economy to ensure that commerce and investment continues to be directed to Ireland, its cities and regions. The SCSI will continue to play its part in participating with Government and its departmental meetings and workshops to ensure that new initiatives and policy proposals support the sector as effectively as possible. This can only be achieved with the support from our members and their continued sharing of key data to inform our reports.

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

**Enda McGuane**
**SCSI President**

# KEY HIGHLIGHTS

## SCSI FORECASTS INCREASE IN NATIONAL AVERAGE HOUSE PRICES IN 2024

1%

## TOP THREE FACTORS INFLUENCING HOUSE PRICES

### QUANTITY


NUMBER OF HOUSES BEING BUILT

### CREDIT


CHANGES IN INTEREST RATES/AVAILABILITY OF CREDIT

### ECONOMY


CHANGES IN THE IRISH ECONOMY

## SALES ENQUIRIES

+2

SALES ENQUIRES/VIEWING SENTIMENT INDEX (DOWN FROM +29 IN JUNE)

## SALES COMPLETED

+4

SALES COMPLETED SENTIMENT INDEX IN Q4 2023 (DOWN FROM +38 IN Q2 2021)

## RESIDENTIAL TRANSACTIONS

59,967

RESIDENTIAL TRANSACTIONS IN 2023 (DOWN 4% YEAR ON YEAR – INCREASING PERCENTAGE OF TOTAL TRANSACTIONS OCCURRING IN MEATH, KILDARE AND WICKLOW)

# KEY HIGHLIGHTS


**61%**

of agents believe that a property's Building Energy Rating is an important decision-making factor in relation to the level of offer made on the property

**64%**

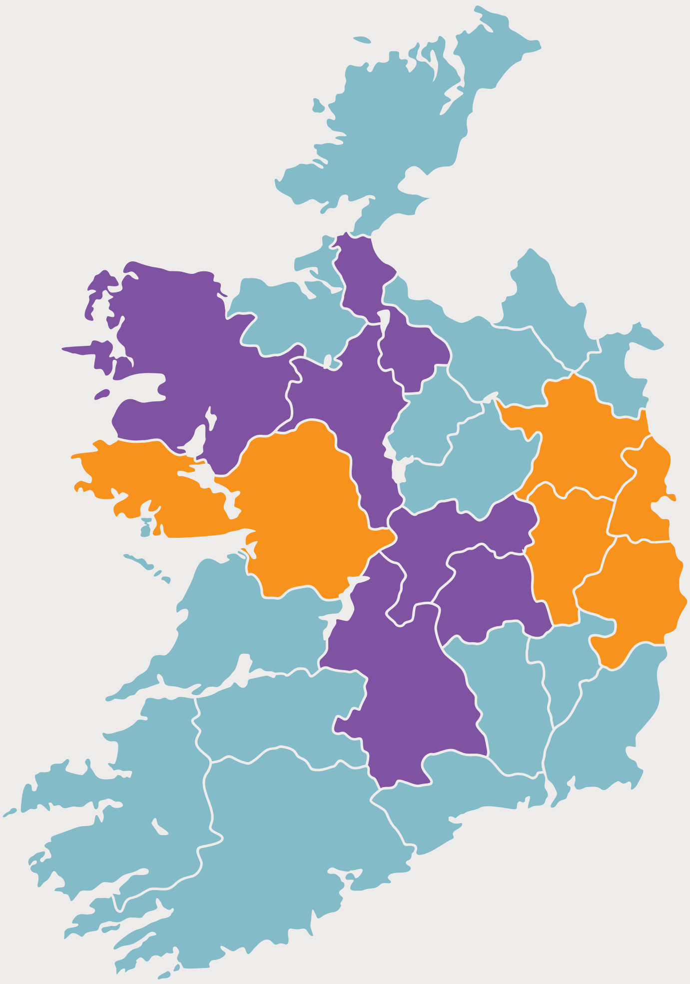
of sales instructions to agents were from owner occupiers

**36%**

of sales instructions to agents were from buy-to-let investors

**40%**

of SCSI agents believe residential property prices are increasing but will level off soon



**NORTHWEST AND MIDLANDS**

Most affordable regions for the purchase of a new home

**GREATER DUBLIN AREA AND GALWAY**

Least affordable regions for the purchase of a new home

## MAIN REASONS FOR BUY-TO-LET PROPERTIES BEING SOLD

1. RENT LEGISLATION TOO COMPLEX
2. POTENTIAL CHANGE IN GOVERNMENT/HOUSING POLICY
3. NET RENTAL RETURNS TOO LOW

# OVERVIEW OF THE HOUSING MARKET

## Residential market

### *Property prices – the national picture*

The SCSI forecasted a 2% increase in national house prices in last year's Annual Property Review and Outlook report of January 2023. Central Statistics Office actual figures for year to date October 2023 report a 2.3% increase in values. National property prices increased by 134% from their trough in early 2013. The median price of a dwelling purchased in the 12 months to October 2023 was €323,000, up from €241,000 in early 2013 or an increase of almost €82,000 over 11 years. The counties that experienced the greatest price inflation in 2023 were Tipperary, Clare, Limerick, Cavan, Donegal, Leitrim, Monaghan and Sligo, with approximately 6% inflation. This is in contrast to Dublin, which recorded an average -0.6% change in prices over the past 12 months.[1]

### *Property transaction volumes – increasing percentage of transactions occurring in commuter counties of Dublin*

Dublin had 30% of all residential transactions in 2023, with Cork recording 11% of the market, and Kildare in third place with 7%. The overall number of residential transactions in 2023 amounted to 59,967, which is up by 285% since 2010.

The property market in Dublin has had a declining percentage of overall transactions over the years (33% in 2010 down to 30% in 2023). Conversely, the three main commuter counties of Dublin (Meath, Kildare and Wicklow) recorded a consistent increase in the percentage share of residential transactions over the years examined in this study (2010, 2016, 2019 and 2023 – **Figure 1**). While there is no empirical evidence within this study to conclude the rationale for this trend, it does highlight the increasing challenge of purchasing a home in Dublin compared to other regions and counties.

### *Planning permissions for apartments on the rise*

There was an annual rise of 32% in multi-development homes receiving planning permission in Q3 2023 compared with an annual decrease of 6% in Q2 2023.[2] Across the four local authorities of Dublin, planning permission was granted for 3,077 apartments in Q3 2023, accounting for almost two-thirds (64%) of all apartments granted planning permission in the State this quarter. More than one in four (28%) of all dwelling units granted planning permission in the state in Q3 2023 were in the Dublin City Council local authority area, with 2,270 apartment units and 394 houses.

### *Apartment completions on the rise and more condensed planning approach to building homes*

Apartment completions increased by 47% or 3,373 to Q3 2023, and there were 8,452 new dwelling completions in the same period, an increase of 14.4% on the same three months of 2022. It is expected that total new housing completions will exceed 30,000 units in 2023.[3]

The latest data[4] on new dwelling completions show a much more condensed approach in terms of where new properties are being built compared to new completions over 12 years ago (**Figure 2**).

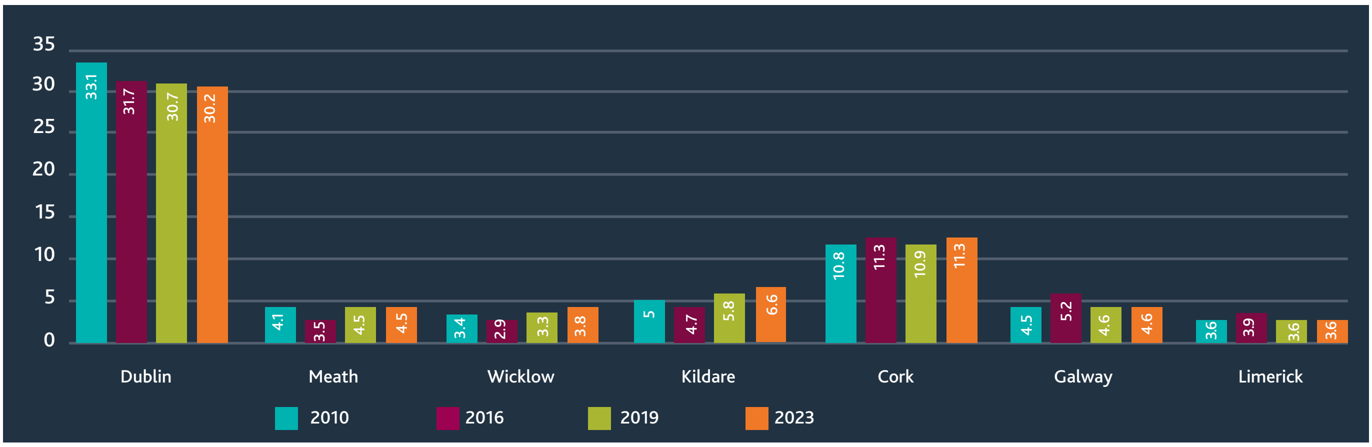



**FIGURE 1: Percentage of total residential transactions (new and second-hand homes) 2010-2023.** *Source: Residential Property Price Register.*

1. Central Statistics Office Property Price Index October 2023.
2. Central Statistics Office statistical publication on planning permissions Quarter 3 2023 – December 7, 2023.
3. Central Statistics Office New Dwelling Completions Q3 2023.
4. Central Statistics Office New Dwellings Completions by local authority area

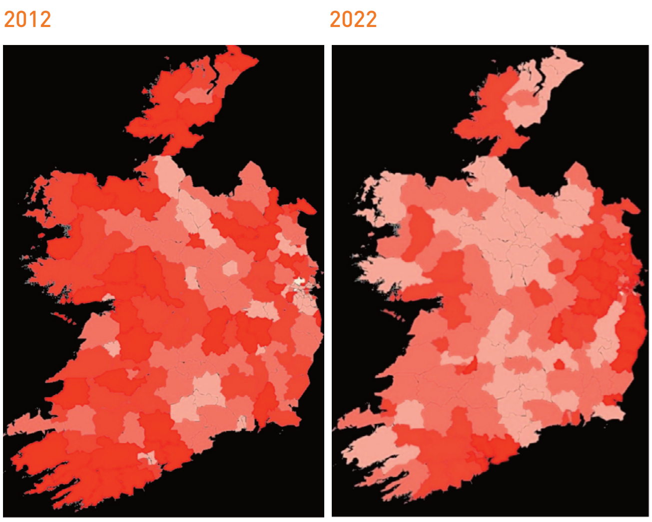



FIGURE 2: New dwelling completions heat map (2012 and 2022).

*Source: Central Statistics Office.*

Ireland has approximately 70 people per square kilometre, one of the lowest densities across Europe. In the UK, population density is 269 per square kilometre. Just under four in ten people in Ireland (38%) lived in a rural area,[5] above the average of 27% in the EU. Changes in planning policy over this period and new approaches adopted in Project Ireland 2040 indicate that this approach will continue, with 50% of growth to occur in five cities, and the remaining 50% dispersed across regional towns and villages.

*50% of growth is projected to occur in five cities, with the remaining 50% dispersed across regional towns and villages.*

5. Census data 2016.

# OVERVIEW OF THE HOUSING MARKET

**TABLE 1: Retail interest rates – mortgage rates.**

| | | Buy-to-let properties | | | | Principal dwelling houses | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Floating rate | | Fixed rate | | Floating rate | | | Fixed rate | |
| | | Standard or LTV variable | Tracker mortgages | From 1 to 3 years | Over 3 years | Standard or LTV variable | Tracker mortgages | Up to 1 year fixed | From 1 to 3 years | Over 3 years |
| **New business** | | | | | | | | | | |
| **Rates (%)** | | | | | | | | | | |
| 2021 | Sep | 4.77 | .. | 5.07 | 4.18 | 3.10 | .. | 2.86 | 2.60 | 2.60 |
| | Dec | 4.73 | .. | 4.03 | 4.04 | 3.07 | .. | 2.84 | 2.62 | 2.58 |
| 2022 | Mar | 4.77 | .. | 4.93 | 4.39 | 3.09 | .. | 2.81 | 2.67 | 2.56 |
| | Jun | 4.72 | .. | 4.75 | 4.10 | 3.10 | .. | 2.82 | 2.68 | 2.51 |
| | Sep | 4.77 | .. | 5.20 | 4.35 | 3.11 | .. | 2.82 | 2.69 | 2.46 |
| | Dec | 4.73 | .. | 5.32 | 4.66 | 2.98 | .. | 2.83 | 2.81 | 2.49 |
| 2023 | Mar | 4.82 | .. | 5.69 | 5.06 | 3.18 | .. | 3.14 | 3.38 | 2.98 |
| | Jun | 4.83 | .. | 5.03 | 5.01 | 3.41 | .. | 3.85 | 4.09 | 3.73 |
| | Sep | 4.95 | .. | 6.31 | 5.11 | 3.85 | .. | 4.29 | 4.46 | 4.03 |

*Source: Central Bank of Ireland.*

### *Interest rates*

A total of 11,614 new mortgages to the value of €3.2 billion were drawn down by borrowers during the third quarter of 2023. This represents a decrease of 22% in volume and 22% in value on the corresponding third quarter of 2022.[6]

**Table 1** presents quarterly mortgage rate data[7] specific to the Irish market and includes new business, which refers to new mortgage lending drawdowns during the quarter, broken down by type of interest rate product (i.e., fixed, tracker and standard variable rate). The data also provide a further breakdown of mortgages for principal dwelling house (PDH) and buy-to-let (BTL) properties. The increase in mortgage rates is reported by SCSI agents within the survey as one of the most significant factors impacting on housing prices now. **Table 1** highlights the movement in finance costs from 2021 (e.g., 2.6% fixed rate to 4.03% in September 2023).

The increase in interest rates not only impacts on individual borrowers purchasing homes, but also on debt finance within the development market, which in turn influences house prices. The latest 'SCSI Real Cost of New Housing Report 2023' noted that 4% of the average delivery cost of a new three-bedroom semi-detached home relates to the cost of development finance. This equates to an average of €23,000 per unit (Greater Dublin Area), up by €6,000 in 2020 or 37%.

### Rental market

The national standardised average rent in new tenancies stood at €1,574 in Q2 2023 – an increase of €78 compared to the previous quarter (€1,496) and an increase of €164 compared to Q2 2022 (€1,410).[8] National new tenancies are increasing by 12% year on year, with Dublin at 10% and outside of Dublin at 12%.

Rent levels in existing tenancies are lower than in new tenancies: nationally, the standardised average rent in Q2 2023 was lower for existing tenancies than for new tenancies that began in the same time period (€1,332 vs €1,574), a difference of €242 per month.[9]

*The increase in mortgage rates is reported by SCSI agents within the survey as one of the most significant factors impacting on housing prices now.*

6. Banking Payments Federation Ireland mortgage drawdowns Q3 2023.
7. Central Bank of Ireland retail interest rates.
8. Residential Tenancies Board Rent Index Q2 2023.
9. Residential Tenancies Board Rent Index Q2 2023.

# TRANSACTIONAL MARKET IN 2023

The SCSI survey of our property professionals highlighted that there is a confluence of factors that influence house price movements. As shown in **Figure 3**, the top three influences on house prices are:


Other reasons include the rise in construction costs and the restricted availability of second-hand homes to purchase. Another trend noted in the commentary from SCSI agents is how more and more homeowners hold off on listing their properties until they find a suitable home to purchase.

The cost of finance and its impact on property values is becoming more prevalent within the survey results. The increasing cost of living coupled with a higher cost of borrowing and lower repayment capacity is influencing market values. New properties are viewed as the most attractive purchase, especially for first-time buyers. Properties requiring construction work and second-hand properties are of lesser interest for the general home buyer according to respondents to the survey.

During the reporting period, the Irish economy has performed well, despite facing challenges such as high energy costs for society and business, general higher costs of living for citizens, and geopolitical concerns and their impact on costs and investment.

With employment surpassing pre-pandemic levels by 12%, showing remarkable job creation, there has been a strong demand for housing, although the limited supply is a noticeable challenge. This is further exemplified in our data on sales instructions and completions as acquired from SCSI agents across the country.

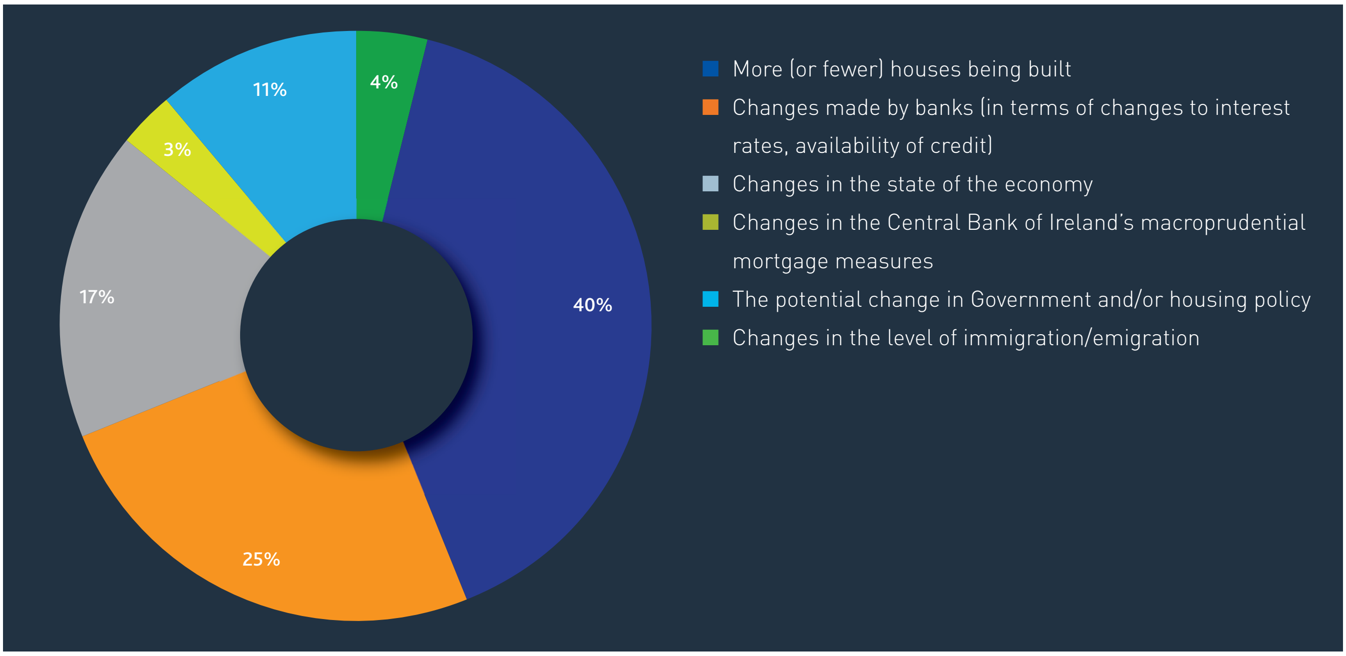



FIGURE 3: The main factors influencing expectations of house price movements in the 12 months ahead. *Source: SCSI research.*

# TRANSACTIONAL MARKET IN 2023


FIGURE 4: SCSI sentiment index – national sales instructions. *Source: SCSI research.*

*Note: net balance = proportion of respondents reporting a rise in a variable (e.g., instructions) minus those reporting a fall – if 30% reported a rise and 5% reported a fall, the net balance will be 25%. Net balance data can range from -100 to +100.*

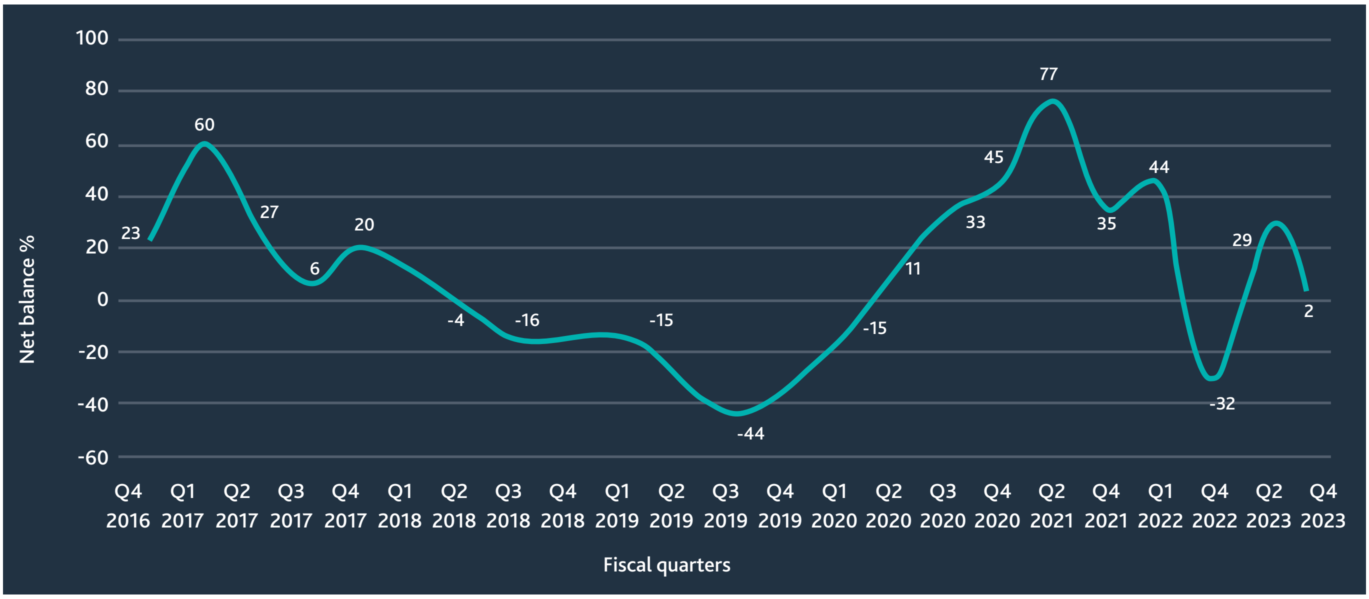



FIGURE 5: SCSI sentiment index – sales enquiries/viewings. *Source: SCSI research.*

*Note: net balance = proportion of respondents reporting a rise in a variable (e.g., instructions) minus those reporting a fall – if 30% reported a rise and 5% reported a fall, the net balance will be 25%. Net balance data can range from -100 to +100.*

## Sales instructions

A greater proportion of SCSI agents reported a decrease in sales instructions over the past 12 months (Q4 2023 compared to Q4 2022 – **Figure 4**). This trend is most likely due to a slightly lower realisable demand for homes because of higher borrowing costs. This trend also correlates with the Property Price Register, which highlights a 4% reduction in the number of homes sold year on year.

## Sales enquiries

Over a similar time period (Q4 2022), this is a significant improvement in terms of market activity when a significant majority reported a decrease in enquiries/viewings at this time (net balance -32% – **Figure 5**).

Overall, 2023 was an active year for enquiries and viewings as more agents reported an increase in this activity. However, there


**FIGURE 6: SCSI sentiment index – sales agreed but not proceeding. Source: SCSI research.** *Source: SCSI research.*

*Note: net balance = proportion of respondents reporting a rise in a variable (e.g., instructions) minus those reporting a fall – if 30% reported a rise and 5% reported a fall, the net balance will be 25%. Net balance data can range from -100 to +100.*

was a notable dampening of demand when compared to 2020 and 2021, when Covid and various lockdowns added to pent-up demand for property.

### Sales agreed but not proceeding

As can be seen in **Figure 6**, there has been a steady increase in the proportion of SCSI agents reporting that sales not proceeding is becoming more and more prevalent (net balance 16 in Q4 2023). The survey commentary consistently highlights challenges regarding an inefficient and lengthy conveyancing process, and how this is impacting on sales. Some commentary from the survey highlighted delays in areas such as:

- planning irregularities;
- non-compliance with building regulations;
- probate delays;
- boundary challenges;
- delays accessing property deeds; and,
- delays associated with regularising property taxation liabilities;
- slow lending decisions and approvals/drawdowns from the banking sector.

Some 27% of SCSI agents reported an increase in this trend in Q4 2023 (30% reported mid 2023), while 63% of agents reported that the level of sales not proceeding remained the same as the preceding six months. During the analysis of the survey results, the SCSI has noted an increasing prevalence of commentary reporting significant frustration with delays within the probate process.

Further research will be examined to explore the significance of these delays on the market and will be considered for future SCSI reports.

*During the analysis of the survey results, the SCSI has noted an increasing prevalence of commentary reporting significant frustration with delays within the probate process.*

# TRANSACTIONAL MARKET IN 2023


**FIGURE 7: SCSI Sentiment index – sales completed.** *Source: SCSI research.*

*Note: net balance = proportion of respondents reporting a rise in a variable (e.g., instructions) minus those reporting a fall – if 30% reported a rise and 5% reported a fall, the net balance will be 25%. Net balance data can range from -100 to +100.*

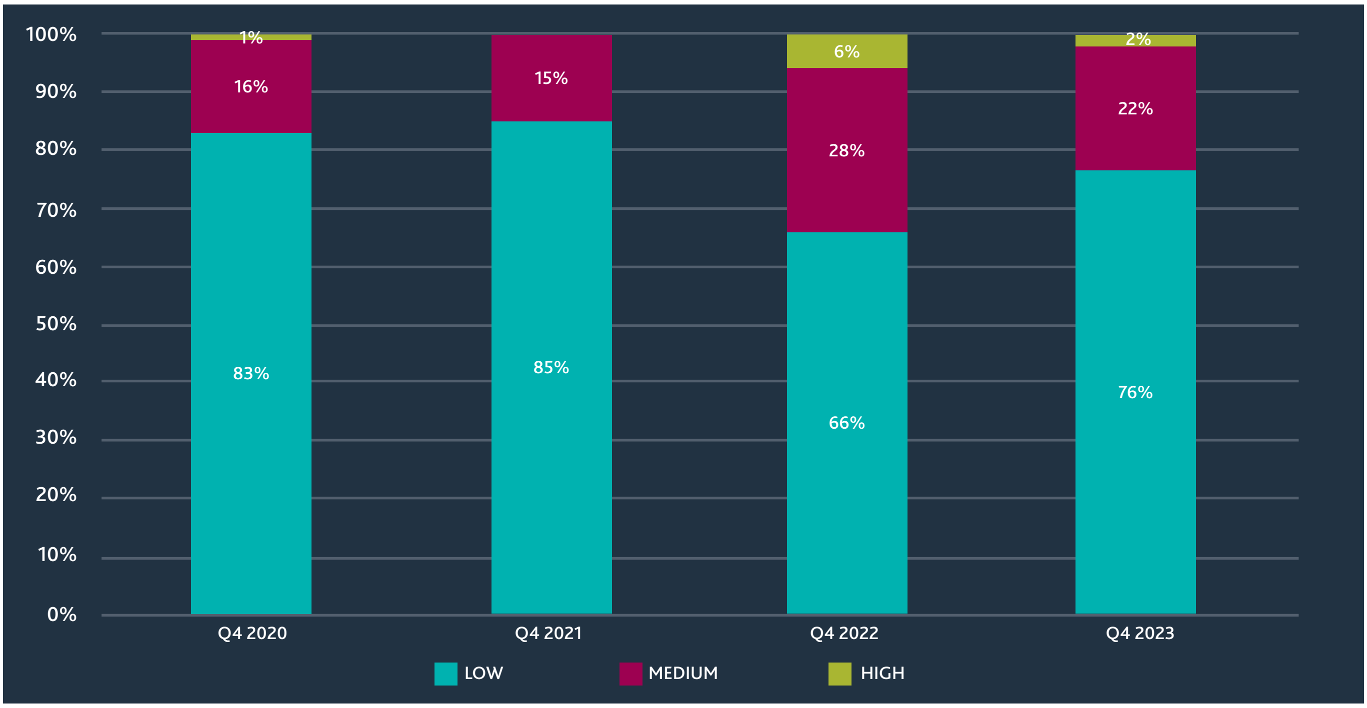



**FIGURE 8: Levels of housing stock on agents' portfolios available for sale (national).** *Source: SCSI research.*

In the past six months, more agents have reported a decline in sales being completed when compared with the preceding half year (**Figure 7**). This trend correlates with the level of enquiries/viewings and, according to commentary from the survey, the impact of rising interest rates dampened demand in some regions. The data also aligns with Property Price Register data of sales transactions, where there was a 4% decline in transactions in 12 months.

As shown in **Figure 8**, 76% of SCSI agents reported low levels of

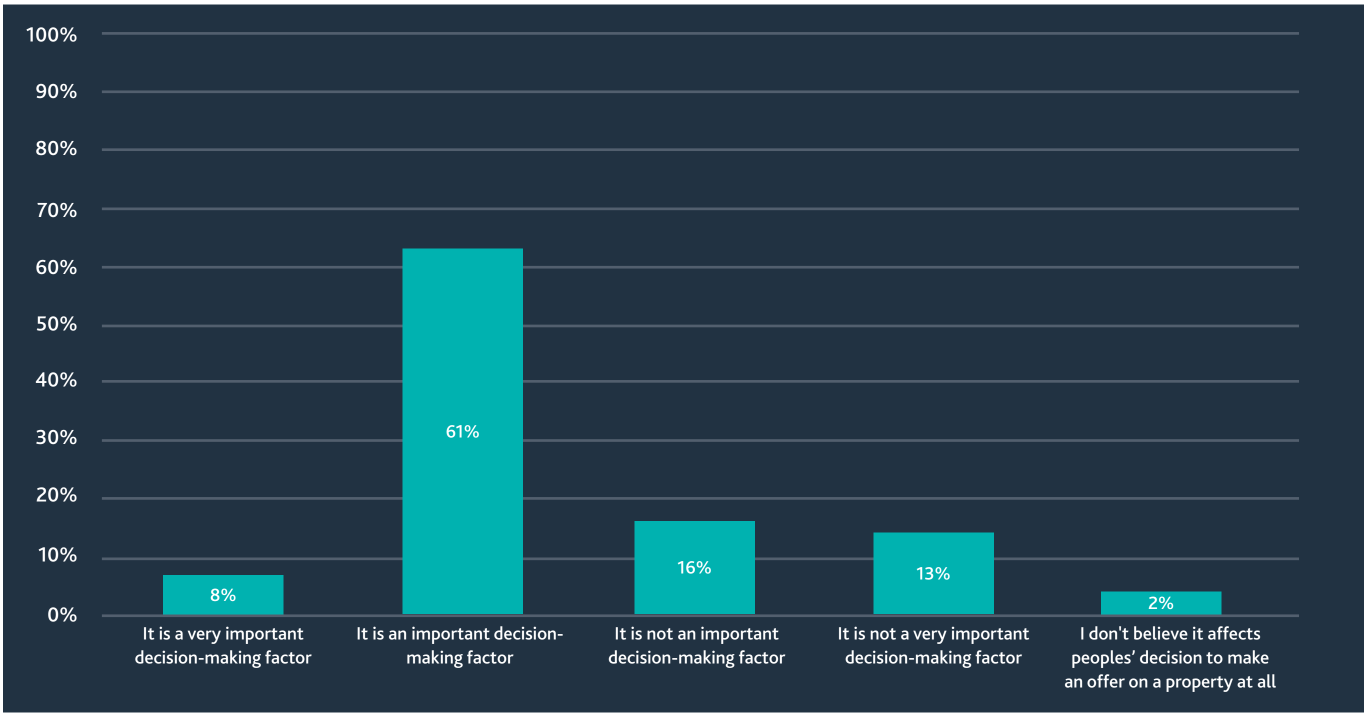



**FIGURE 9: SCSI sentiment – influence of BER rating on the level of offer made on a property.** *Source: SCSI research.*

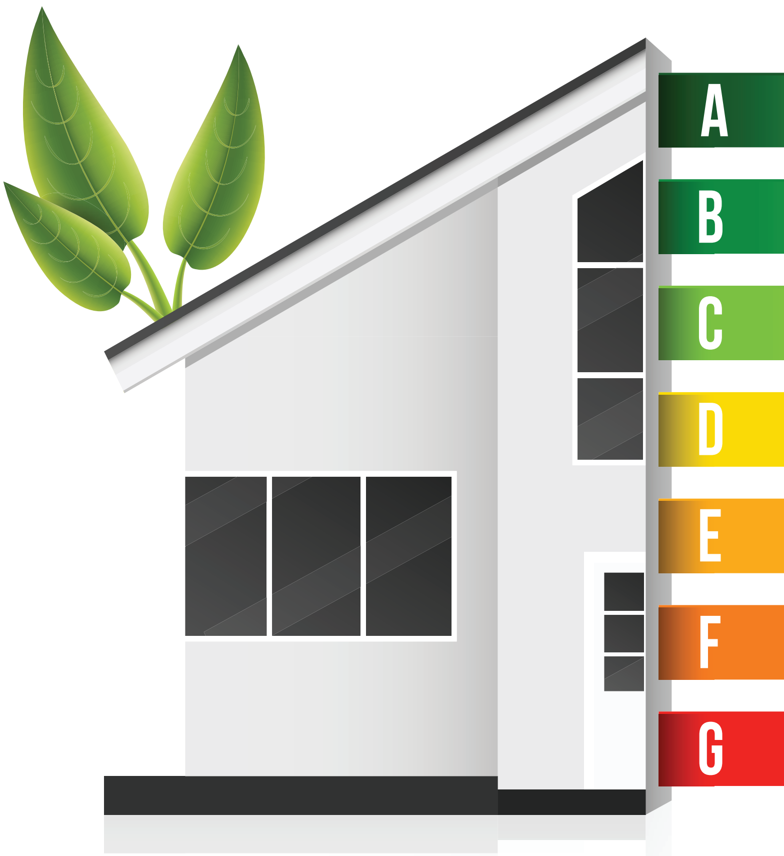
stock for sale at the end of 2023. When compared with the last quarter of 2022, this is an increase of 10%. The percentage of SCSI agents reporting high or medium levels of stock has compressed over the past 12 months.

## BER impact on values

Due to growing environmental consciousness and attractive green mortgage rates from banks for properties with energy-efficient ratings, a growing preference can be seen for homes equipped with sustainable features is evident.

There is a widening price gap between energy-efficient homes (rated B or higher) and their less efficient counterparts (rated C or lower) due to the time and costs required for refurbishments despite Government grants. Hence as seen in **Figure 9**, nearly 70% of SCSI agents believe BER ratings to be an important influence on the level of offer made on a property.

*There is a widening price gap between energy-efficient homes (rated B or higher) and their less efficient counterparts.*



# PERSISTENT AFFORDABILITY CHALLENGES FACING NEW HOUSING

The average market value of a new three-bedroom semi-detached home in the Greater Dublin Area (GDA) is €464,036, as reported in the SCSI Real Cost of New Housing Delivery Report 2023.[10]

This report examines affordability within the scenario of two first-time buyers (FTBs) employed as a garda and a nurse. The average combined incomes of the two professions (with 10 years' experience) in Ireland is €89,000. There will be differences with incomes of other earners that may fall below or exceed this level. For those who earn less than this income level on average, the disparity between their borrowing capacity and the cost of purchasing a property will be even greater. As of December 2023, the GDA is the most unaffordable region, followed by Galway. The most affordable locations are the Northwest, Midlands and Southeast (**Table 2**).

The SCSI Report provides multiple recommendations to increase new supply and reduce the costs of delivery to improve affordability, such as: removal of development levy costs; setting clear targets for constructing new units via modern methods of construction; and, design flexibility: allowing local authorities to approve alterations to specifications of buildings that do not materially alter the planning permission but allow for the use of more cost-effective building materials.

*As of December 2023, the Northwest, Midlands and Southeast regions are the most affordable for the purchase of a new home.*

**TABLE 2: Affordability of purchasing a new three-bedroom semi-detached home (combined wages of two gardaí/nurses after 10 years' service or two executive officers after c. nine years' service).**

| County | Average purchase price (new three-bed semi) | Average combined gross salary | Maximum loan | 10% deposit | Total purchase limit | Affordability result |
|---|---|---|---|---|---|---|
| GDA | €464,036 | €89,000 | €356,000 | €46,404 | €402,404 | -€61,632 |
| Cork | €383,000 | €89,000 | €356,000 | €38,300 | €394,300 | €11,300 |
| Galway | €420,000 | €89,000 | €356,000 | €42,000 | €398,000 | -€22,000 |
| Northwest | €310,000 | €89,000 | €356,000 | €31,000 | €387,000 | €77,000 |
| Northeast | €351,138 | €89,000 | €356,000 | €35,114 | €391,114 | €39,976 |
| Midlands | €318,564 | €89,000 | €356,000 | €31,856 | €387,856 | €69,292 |
| Southeast | €340,222 | €89,000 | €356,000 | €34,022 | €390,022 | €49,800 |

*Figures excluding First Homes Ireland Scheme.*
*Help to Buy Scheme assumed to be included within the 10% deposit amount.*
*Source: SCSI research.*

10. SCSI Real Cost of New Housing Delivery Report 2023.

# FRUSTRATIONS WITH RESIDENTIAL LETTING RULES

A recent Residential Tenancies Board (RTB) report[11] addresses the likelihood of small landlords selling property that has increased slightly in value, based on results from the latest RTB survey. According to small landlords, 27% of properties are "likely/very likely" to be sold within the next five years. The corresponding figure in 2020 was 24%. The main reasons given are that they "no longer wish to be a landlord" (48% vs 45% in 2020), "taxation is too high on rental income" (45% vs 25% in 2020), "being a landlord is not profitable for me" (43% vs 30% in 2020), and "the regulatory environment for landlords" (36% vs 13% in 2020). In 2022, among small landlords who stated that they intended to sell because they "no longer wish to be a landlord", reasons included "being a landlord is not profitable for me" (61%), "taxation is too high on rental income" (59%), and "the regulatory environment for landlords" (55%).

**TABLE 3: Heat chart for top reasons why buy-to-let units are coming back onto the market for sale.**

| REASONS | RATING* |
|---|---|
| Rent legislation is too complex and restrictive | 6.9 |
| Potential change in Government/housing policy | 6.4 |
| Net rental returns too low | 5.9 |
| Landlords coming out of negative equity | 5.7 |
| Pressure from lending institutions to liquidate assets | 5.6 |
| Not enough rental demand | 3.1 |

**Ratings are calculated on a score of 10.* *Source: SCSI research.*

As shown in the **Table 3**, "Rent legislation is too complex and restrictive" was chosen in the SCSI's survey as the top reason for landlords deciding to sell their investments.

This trend is also reconfirmed in the buy-to-let properties coming onto the market for sale, as can be observed in **Figure 10**. There was a net balance of +36% of SCSI agents reporting an increase in buy-to-let properties coming on the market for sale in the second half of 2023. Multiple reasons noted before for low landlord retention have continued to affect these numbers. It is clear from **Figure 10** that there has been a consistent proportion of SCSI agents experiencing an increase in the prevalence of landlords selling their investment since 2018.

SCSI agents also noted that of the residential properties they had for sale, on average, 61% of sales instructions were from owner occupiers and 39% were from investment properties.

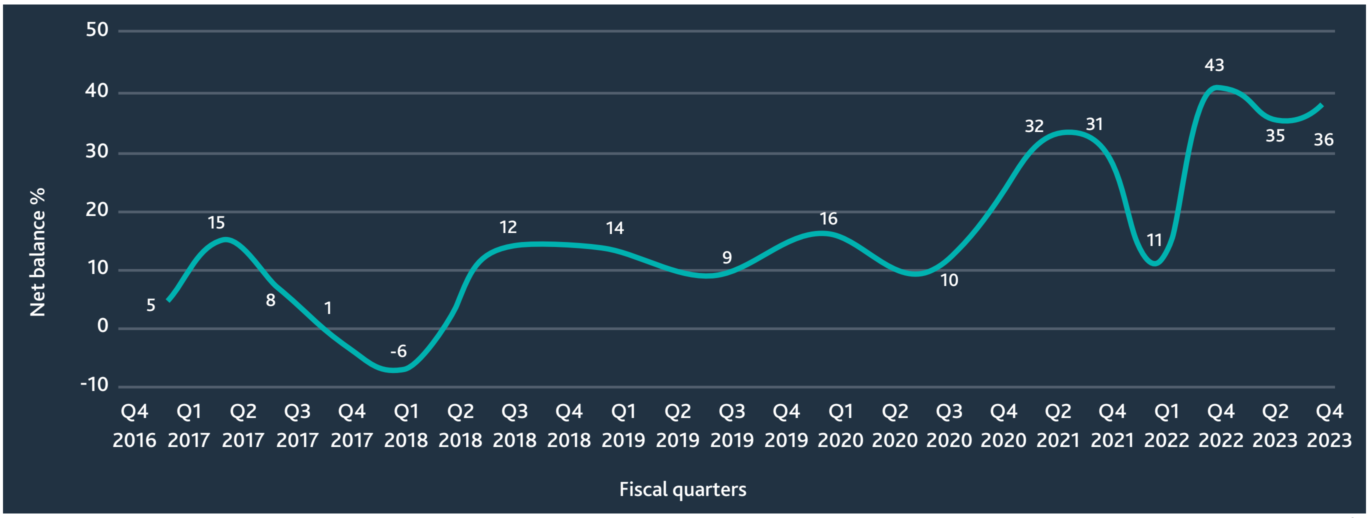



**FIGURE 10: SCSI sentiment index – buy-to-let properties coming onto the market for sale.** *Source: SCSI research.*

*Net balance = proportion of respondents reporting a rise in a variable (e.g. occupier demand) minus those reporting a fall – if 30% reported a rise and 5% reported a fall, the net balance will be 25%. Net balance data can range from -100 to +100.*

11. RTB Small Landlords Report 1-2 Properties, December 2023.

# TECHNOLOGY INVESTMENT

As can be seen in **Figure 11,** 31% of SCSI agents reported an increase in the uptake of agent online private treaty bidding technology, as compared to 21% of agents reporting an increase in online auction bidding. Most of the agents suggested no change in the uptake of either online private treaty bidding or online auction bidding (64% and 72%, respectively).

It was also notable within the survey comments that more agents are considering stronger and more targeted social media campaigns to attract buyers and sellers, a trend that may be further examined in future surveys and reports.

*More agents are considering stronger and more targeted social media campaigns to attract buyers and sellers.*

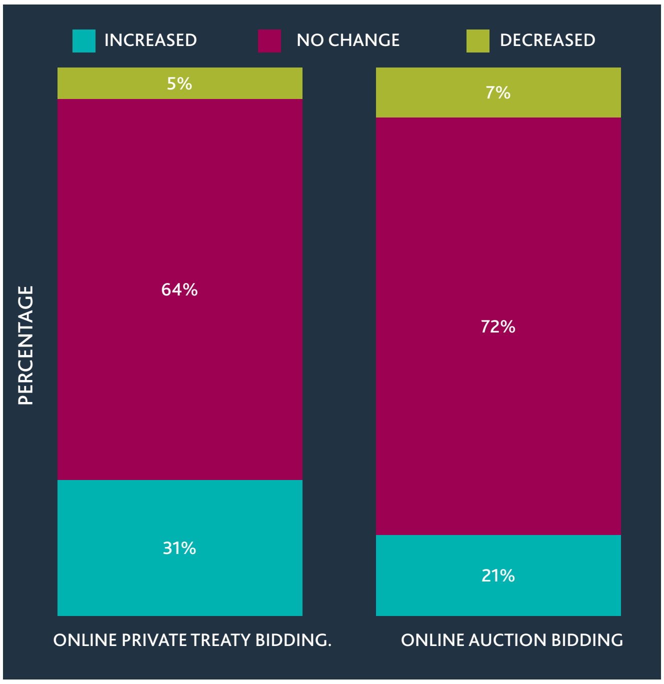



FIGURE 11: Changes in the level of firms' activity in relation to the uptake of online private treaty bidding and online auction bidding in the past 12 months.
*Source: SCSI research.*

# PROPERTY MARKET OUTLOOK 2024

### Lower house price growth predicted for 2024

The outlook in terms of house price growth remains similar to that predicted 12 months previously. House prices are expected to increase by just 1% nationally in 2024 according to the recent survey. The SCSI predicted a 2% increase in national values on average for 2023, with official CSO figures now reporting a 2.3% increase in the 12 months to October 2023, which aligns with the SCSI forecast of January 2023. Demand for housing is likely to continue to be high in 2024; however, agents are expecting that the higher cost of borrowed funds will continue to dampen house price growth for the foreseeable future.

**Figure 12** highlights a similar proportion (net balance 22% Q4 2022 and 26% Q4 2023) of agents predicting an increase in values for 2024. **Figure 13** highlights that by the end of December 2023, 40% of SCSI agents characterised residential property prices to be increasing but said that they will level off soon. Some 23% predicted that residential property prices are at their highest and should start to decline.

In summary, 46% of agents are of the view that national prices will continue to rise, 23% report that they are at their peak, and 31% believe that prices will reduce.

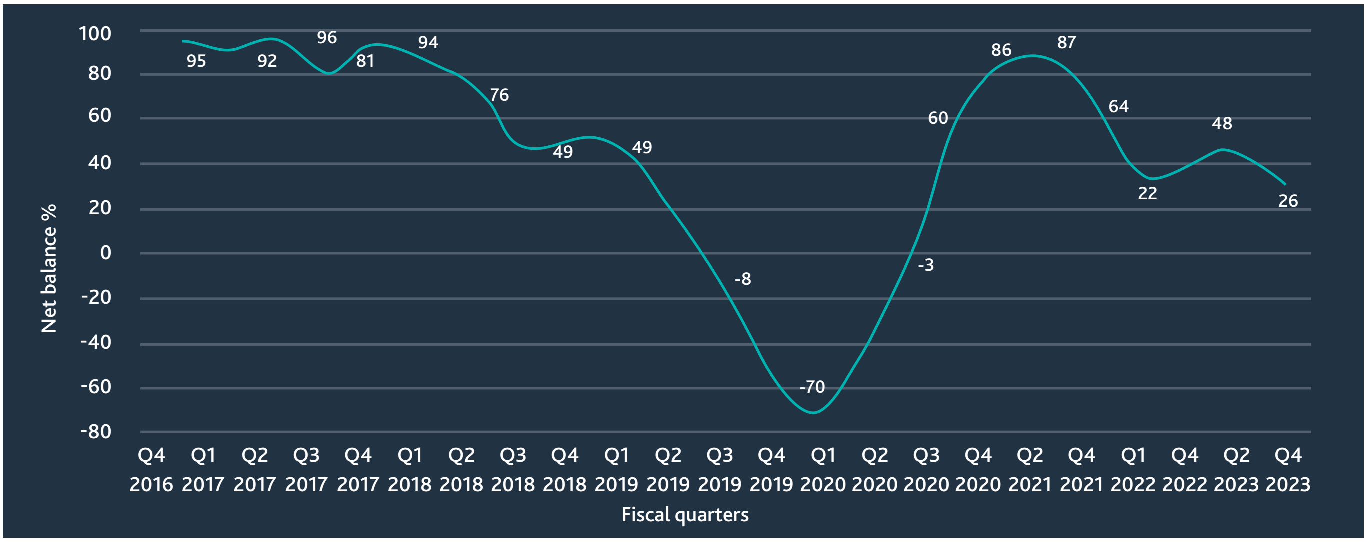



**FIGURE 12: Expectations of national property values in 12 months' time.** *Source: SCSI research.*

*Note: net balance = proportion of respondents reporting a rise in a variable (e.g., instructions) minus those reporting a fall – if 30% reported a rise and 5% reported a fall, the net balance will be 25%. Net balance data can range from -100 to +100.*

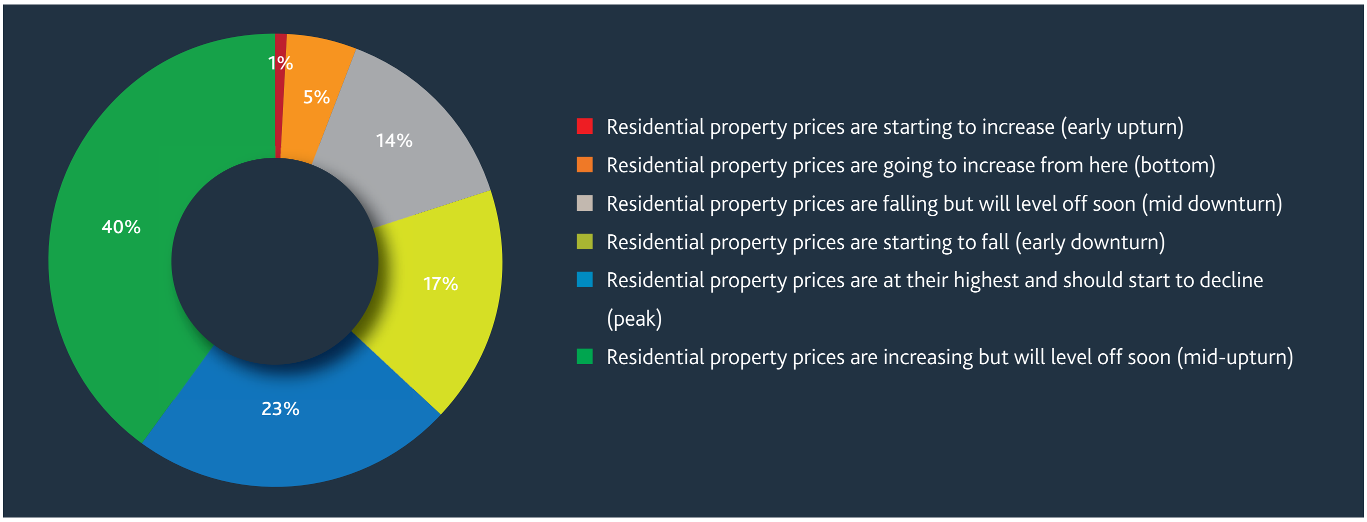



**FIGURE 13: SCSI sentiment – views on the property market price cycle (national).** *Source: SCSI research.*

# SURVEY RESPONSE AND COMMENTS

This report is informed by the professional opinion of over 140 SCSI agents across the country and brings together their insights and local knowledge on Ireland's sales and rental market. The questionnaire was completed by SCSI members in December and January.

### Commentary from respondents to the SCSI survey

***Factors impacting on house prices***

- *The cost of living has risen significantly, and lending institutions have tightened.*
- *Large companies' future policy in relation to 'working from home' will impact on local demand.*
- *Bank interest rates are the biggest factor but changes in Government/housing policy are also a potential factor.*
- *The required supply level is not meeting demand, and this is unlikely to change in the coming three years.*
- *Lack of supply in areas that people actually wish to live in will continue to keep prices stable. No new housing of note available to buy in Dublin City between the canals in over a decade.*
- *I feel commuter towns outside of cities will continue to have strong demand and price increases due to price hike pressure in cities.*
- *Confidence will bounce if interest rates fall in the first quarter of 2024. Still a lot of buyers there but worried about the increase in rates and cost of living.*
- *Lack of viability for speculatively built housing developments is impacting on housing supply and leading to an increase in prices. This will continue as this region plays catch-up in terms of property prices with the rest of the country until development can be proven financially viable.*
- *Access to finance and a functioning banking system, which is under strain now with two few banks operating and more of a monopoly for existing banks as a result.*
- *Supply of new stock will alleviate the rate of price inflation. Mortgage lending rates will increase, hence restricting the capacity of borrowers, resulting in a reduction in purchasing power.*

***Improvements required to the housing sector***

- *Delays in the probate office are delaying instructions to sell, and delays with banks releasing deeds to solicitors are holding up sales that have been agreed upon and are leading to a greater number of breakdowns.*
- *Access to credit and/or banks imposing certain restrictions; for example, where a purchaser may have changed to a better job, they were made to serve out probation of nine months before they could avail of lending. This requirement is archaic and should be reviewed, as once someone is in paid employment, the idea that they have secure employment based on serving out a probation period is at odds with modern employment and security of same, which is no longer guaranteed unless you are fortunate to have State employment.*
- *Sales are taking on average six months to complete, even longer if there is a probate or legal issue. No urgency and lack of communication with parties such as vendor, purchaser, agent, banks and solicitors.*
- *Legalities are a huge issue – in particular delay in probate, inefficiency with pre-contract queries, and lack of communication /co-operation (between stakeholders).*
- *Faster conveyancing to complete sales and faster action from probate offices and banks in releasing deeds to speed up sale completions.*
- *The legal process from sale agreed to sale completion is exceptionally slow and can result in a fall through of sales.*
- *Delays in conveyancing, delays with banks issuing deeds, delays in obtaining grants of probate.*
- *The provision of bridging loans by the banks would free up the supply chain and help downsizers make the decision to sell.*
- *Properties are sale agreed within a short period. However, it has become more challenging to close sales. Delays in conveyancing but also on the drawdown of finance from banks.*
- *Vacant house grants have created false hope as buyers pull out of sales after researching the drawdown process, particularly in older houses.*
- *Stock is tight as vendors are fearful of going to the market because they cannot find a house to purchase.*

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