

Property bounces back with major upswings in areas

As the price of homes in parts of Dublin sees a 58 per cent jump in six months, we're in the midst of a fragmented and localised recovery



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Property prices are bouncing back across pockets of the country - with price rises in some areas now dwarfing the upswings seen in the boom.

The price of properties in sought-after parts of Dublin has increased by as much as 58 per cent in as little as six months, an analysis by the Sunday Independent has found.

Furthermore, while house hunters often chanced their arms by bidding well below the asking prices during the downturn, bids of as much as 50 per cent over the asking price have become the norm in some locations.

Apartments, which have been particularly battered during the house collapse, are starting to sell again in good areas - with asking prices for Dublin city centre pads up as much as 25 per cent over the last year.

"All markets bounce back after a period of trauma and we are seeing a bounce-back," says Tom Dunne, head of the school of real estate and construction in the Dublin Institute of Technology (DIT). "We are returning to a more normal market."

Property prices are, of course, still nowhere near those fetched at the height of the boom. House prices in Dublin are still almost 50 per cent lower than they were at their highest point in 2007, according to the Central Statistics Office.

The recovery is "very fragmented and very localised", according to Brendan Williams, a lecturer in UCD who co-wrote a major report on Irish ghost estates in 2011.

However, pent-up demand from well-heeled cash buyers, as well as a shortage of supply of properties in affluent and convenient locations, is driving up prices - even in areas that haven't been on the radar of house hunters over the last five years.

"Areas like Clondalkin and Ballyfermot were hit the hardest by the property crash as they're not typically the most sought-after areas," says David Brock, director of Brock Delappe estate agents in Kilmainham.

"The concept of a first-time buyer home was lost in Clondalkin and Ballyfermot during the property crash - people who were looking in those areas during the boom started to view properties in the likes of Knocklyon during the downturn.

"Suddenly a lot of properties being put up for sale in Dublin 10 and Dublin 22 were undervalued - and that's what's driving the price rises there today."

This has encouraged vendors to push up the asking prices of properties - in some cases, by as much as 47 per cent over the last year.

A one-bedroom bungalow on the Knockmeenagh Road in Clondalkin is on the market for €250,000. Two years ago, the asking price for the property - which has a 220-foot garden - was only €169,950.

A property on Landen Road in Ballyfermot is currently sale agreed in the region of €125,000 - that's €40,000 over the asking price of €85,000, according to Brocke.

"The highest price increases are at the bottom level of the market," said Keith Lowe, ceo of Douglas Newman Good. "This is because of the increased number of mortgages in that area.

"First-time buyers are finding it harder to get a mortgage for houses in certain locations. Some people have been priced out of houses in some areas so apartment prices there are escalating."

In Liffey Street in Dublin 1, for example, a two-bedroom apartment is now asking €175,000. The apartment, in Mellor Court, was on the market about a year ago for €140,000.

It is the sought-after coastal suburbs and areas near Dublin city centre that have seen some of the biggest price increases. Last August, a house on Victoria Road sold for €770,000. "A similar five-bed terraced house on Victoria Road is currently under offer almost €50,000 over the asking price of €925,000," said Brian Dempsey,

associate director with Douglas Newman Good.

In Dublin's Cabinteely, 25 Monaloe Avenue sold for €382,000 last August. That property was done up and sold six months later for €602,000.

"There's a shortage of housing in the Dublin area, and more particularly, there's a shortage in good areas," says Dunne. "There won't be much increase in the supply of houses in the likes of Sandymount, Clontarf, Blackrock and Ranelagh.

"It's interesting that we're seeing such a strong comeback at a time when incomes are not going up and it's difficult to get financing.

"Not everyone has been badly affected by the recession - and those that haven't been have savings or made money during the boom. So if you want to buy in the likes of Ranelagh and so on, you're competing with people in that boat and that's shoving up prices," he says.

"People are bidding against each other to get quality accommodation and the casualties will be those at the lower end of the income scale."

The price pick-up isn't just confined to Dublin - prices in Kildare and Wicklow are also rocketing, according to Lowe. The decision of the Kerry Group to build a major technology centre in Naas has helped to speed up the recovery there, according to Lowe.

"There's a surge in Naas," said Lowe. "Wicklow is really strong too because Dublin is getting so strong."

Not everywhere, of course, is benefiting from the pick-up. "You can still look around Dublin and see unfinished developments," says Williams.

"You could still see prices in parts of the property market going down as others go up. However, you wouldn't expect prices to fall much further."

Despite [Enda Kenny's](#) bold claim that you could sell 30,000 houses in Dublin in a week, there are still big unknowns in the property market. "We still haven't addressed the mortgage arrears crisis," says Williams. "Once the cash buyers dry up, you'll be depending on a conventional banking system to drive a recovery.

"The banks are still trying to sort out their loans and there aren't anything like the number of mortgages that were available during the boom. Arrears in the buy-to-let market have not been fully addressed. What happens when the buy-to-let arrears problem unwinds - and how it unwinds - will have big implications for the overall market."

Another big unknown is the direction that the market could take when cash buyers, said to be snapping up as much as half of the properties on the market, dry up.

"When the supply response from the construction industry comes back and the pent-up demand from cash buyers becomes exhausted, you could find a pull back in prices," said Dunne. "The question is what will happen when all that pent-up demand peters out - but that's a conundrum you can't possibly tell."

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