

# Dublin Residential Market

COLLIERS  
JACKSON-STOPS

## The DEFINITIVE Survey



Everyone has an opinion on the housing market and the degree to which prices have declined. The opinions and predictions from the “experts” have varied widely from the most pessimistic, (Jim Power of Friends First predicting a 45% drop in property values) through the moderate, (Goodbody Stockbrokers predicted house prices would drop by 30% from the peak by the end of 2009), to the more optimistic (one might say “the inaccurate” Central Bank statistic stating that house prices had fallen by 13% since their peak in February 2007 and “still have some way to fall”).

Who knows the absolute facts better than those at the coal face of the property market...the Estate Agents. We are pleased to publish the first major survey of 45 Estate Agents dealing primarily with the Dublin residential property market asking “Where is it now?” and “Where is it going?”

The estate agents were asked their opinions on the following:

1. What in your experience, is the percentage drop in property values from the peak in 2006 in the following four price categories

- A. €600,000 to €1,000,000
- B. €1,000,000 to €2,500,000
- C. €2,500,000 to €5,000,000
- D. €5,000,000 plus

2. Will values continue to fall further in your opinion and if so, by how much in each of the above specified categories?

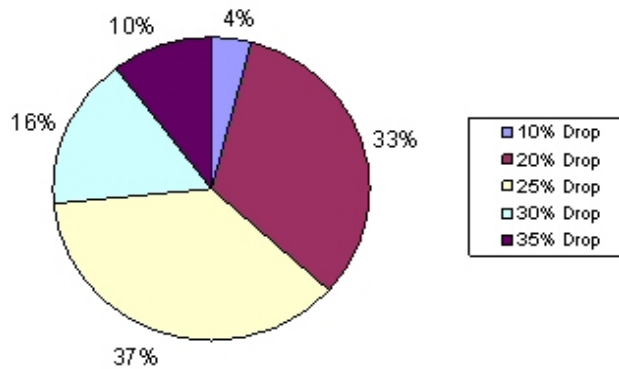
3. When do you believe confidence is likely to return to the marketplace?

4. How do you predict the market will behave post return?

# SURVEY RESULTS

## Question 1: Percentage drop in values

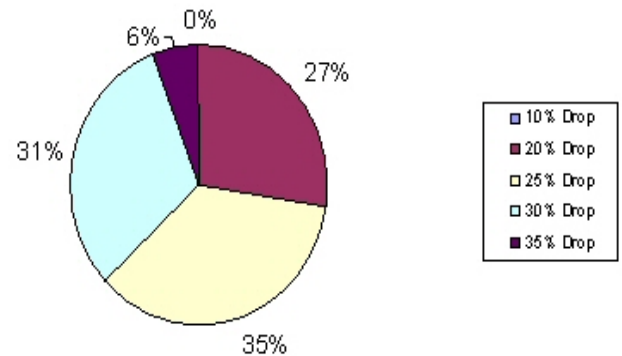
How much have house values fallen since October 2006 in the €600,000 - €1,000,000 category?



### €600,000 to €1,000,000 category

67% believe values have fallen between 20% and 25% with the lower figure being slightly favoured

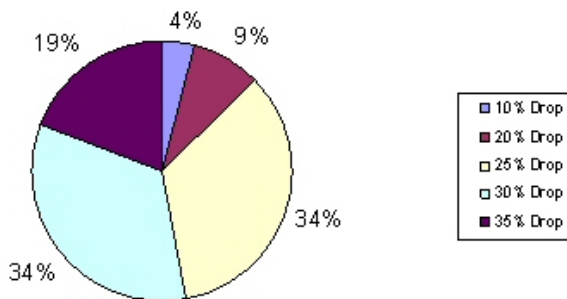
How much have house values fallen since October 2006 in the €1,000,001 to €2,500,000 category?



### €1,000,001 to €2,500,000 category

66% believe values have fallen between 25% and 30% with 62% indicating 20% to 25%

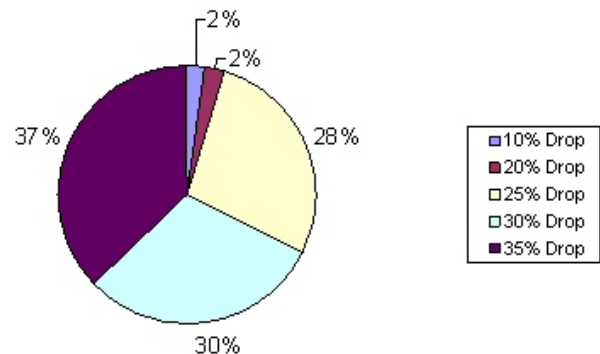
How much have house values fallen since October 2006 in the €2,500,001 - €5,000,000 category?



### €2,500,001 to €5,000,000 category

68% indicated a drop of 25% to 30% with 19% believing the fall was higher

How much have house values fallen since October 2006 in the €5,000,001+ category?



### €5,000,000+ category

Almost an equal divide between 25%, 30% and 35% with the slight majority favouring the higher figure

## Question 2: Will values fall further?

- **96%** of the estate agents surveyed believed that **values will fall further in the next twelve months**. The same level of unanimity did not translate through to the agent's views of how much further property values are likely to fall by.
- **80%** believe that **values will fall between 5% and 10%** in both the **€600,000 to €1,000,000** and the **€1,000,000 to €2,500,000** categories.
- **70%** believe that **values will fall between 5% and 10%** but closer to **10%** in the **€2,500,000 to €5,000,000** category.
- **55%** believe that the **market will fall 10% in the €5,000,000 plus** bracket with **22%** believing in a lesser fall and **23%** believing in a higher.

## Question 3: When will confidence return?

When it came to views on when confidence will return this varied greatly with **44% forecasting stability returning in 2009** and a further **24% indicating spring 2010**. A sizeable portion, however, of **22% believe that our troubles will last for another 2 years**.

## Question 4: How will the market behave post return?

As to what will happen when confidence returns **91% believe that we will have a slow and steady growth between 3% and 5% for a number of years** with the remaining 9% believe that, similar to historic property market recoveries, there will be a quick rise of about 15% to reflect pent up demand followed by a protracted period of steady growth.

## CJ-S Comment

Even though I am in agreement with the majority on the levels by which the market has dropped and how much further we have to go, it is my considered opinion that from now on the fall in values will be minimal and will be very much on a property by property basis rather than on a broader market basis. I believe when the recovery comes it will come quickly and will take many by surprise and will be similar to what we experienced in the last four recessions; property values will jump 10% to 15% and will then level out to grow at a far more modest rate for the subsequent years.

I very much hope that the majority of my colleagues who predict a recovery in 2009 are correct. I believe that the greatest benefit to all property owners at the moment would be a further substantial reduction in interest rates which would have to be passed on to home and business owners. This would significantly alleviate repayment burdens which are pushing many into insolvency and would also restore the loan to value ratios of much of the residential and commercial property held as security by the financial institutions.

**Marcus Magnier**  
**Head of Residential**  
**Colliers Jackson-Stops**

## What the Experts Said – Some interesting snippets from recent times

*“The impending domestic recession coupled with a global downturn could result in some banks being forced onto state life support”*

Professor Morgan Kelly, UCD, March 2008

*“House building falls 51% in the first half of 2008”*

Irish Times, August 2008

*“Goodbody Stockbrokers is, itself, predicting an 8% drop in 2008”*

Irish Independent, March 2008

*“We are sticking to our prediction that house prices will fall by 30% from their peak levels. The firm warned that prices that have already declined 12% from their peak could fall further in the next two years.”*

Goodbody Stockbrokers, August 2008

*“Average national house prices dropped 7.4% over the 12 months to July 2008”*

Permanent TSB/ESRI

*“House prices will fall 8% by the end of this year but it will be next year before the housing market stabilises.”*

Dan McLaughlin, Bank of Ireland, September 2008

*“Property Prices could actually begin to rise in 2009”*

Ulster Bank, March 2008

*“The findings of Permanent TSB/ESRI Index comes as some of the countries top bankers have become more bullish about a turn in the property market. Analysts believe that prices may drop another 5% by the autumn but that the sector may stabilise or indeed, stage a recovery by years end.*

Sunday Independent, March 2008

*“Improved affordability coupled with stamp duty reforms for first time buyers and mortgage interest relief had combined to produce “the first shoots of recovery”. We now see there are queues outside some developments launched... customers are voting with their feet and buying houses again”*

Construction Industry Federation