

THE IRISH TIMES

Note : Below are extracts from an article published The Irish Times (8th November 2022) as referenced below.

House prices to continue rising despite economic slowdown, says leading estate agent.

The Irish Times(2022) outlines the Sherry Fitzgerald view on house price trends in its latest quarterly report in which it predicts that the property market In Ireland is unlikely to have price correction due to the ongoing supply problem:

House prices in the Republic will continue to grow despite the impact of rising costs and higher interest rates, estate agent Sherry FitzGerald has predicted.

Managing Director Marian Finnegan said the Irish market was unlikely to experience a price correction as a result of the current slowdown because of the ongoing lack of supply.

Speaking as the company published its latest quarterly report, she noted there were just 15,300 second-hand properties for sale nationally in July, representing 0.8 per cent of the total housing stock. This was 34 per cent or 7,900 down on the number of properties being sold in July 2019, which represented a more normalised pre-Covid trading period.

While demand for homes would be squeezed by shrinking household budgets and higher interest rates, she said the chronically low levels of supply would keep a floor on prices. Ms Finnegan predicted price growth would slow to 6 to 8 per cent by the end of this year, down from the current rate of 12 per cent and average about 3 to 4 per cent next year.

(Irish Times 2022)

According to The Irish Times(2022) property markets globally are experiencing a cooling due to inflationary pressure and the current rate hike environment increasing borrowing costs :

Real estate markets across the world have begun to cool in response to wider inflationary pressures and higher borrowing costs. British house prices fell in October at the fastest monthly rate since February 2021, reflecting the fallout from the September “mini-budget”, according to mortgage lender Halifax yesterday.

Ms Finnegan said that while a downturn in consumer sentiment connected with the changed economic outlook and job losses in the tech sector might affect discretionary purchases — those at the upper end of the price scale — it was unlikely to dent “the essential” part of the market, first-time buyers and movers, as these purchases are based on need.

“The frenzied activity seen in the market during Covid has calmed down and there’s a more normalised market now where properties are going on, achieving their price, but over a slower period of time,” she said.

“Some [listings] are being withdrawn, some [sales] are falling through, some are coming back on the market. It’s like what you would have seen pre-Covid,” she said.

(Irish Times 2022)

The Irish Times(2022) pinpoints 2 important factors which are having a bearing on property buying decisions. One is the amount of renovation required to a property and the other, the recent introduction of a temporary moratorium on evictions:

Ms Finnegan , Sherry Fitzgerald Managing Director goes on to say that a dividing factor in terms of price achievement was the condition of the property. “One thing people are nervous about are properties that require a huge amount of renovation because of the cost and the accessibility of builders,” she said.

In its report, Sherry FitzGerald said the recent introduction of a temporary moratorium on evictions “while laudable in its intent will simply defer the very challenging accommodation crisis until spring and likely further exacerbate the already untenable position of landlords, while offering no long-term solution”.

It also claimed the exodus of investors and smaller landlords from the market was continuing “to exacerbate the chronic supply issues in the rental market”.

(Irish Times 2022)

References

Burke - Kennedy, E. (2022) ‘House prices to continue rising despite economic slowdown, says leading estate agent’, *Irish Times*, 08 November. Available at :

<https://www.irishtimes.com/business/2022/11/08/house-prices-will-continue-to-grow-despite-economic-slowdown-says-sherry-fitzgerald/> . (Accessed 08 November 2022).

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