SCSI

Chartered property, land and construction surveyors

ANNUAL RESIDENTIAL MARKET MONITOR

REVIEW AND OUTLOOK 2025

CONTENTS

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A VALUABLE RESOURCE

As we reflect on the residential property market over the past year, 2024 was marked by significant developments and robust economic activity. Property prices increased by a staggering 10%, underscoring continued strong housing demand in the market. Encouragingly, housing supply is on the rise, finance costs for some mortgage holders are reducing, and increased investment is being directed to State agencies such as the Land Development Agency and Irish Water to establish development opportunities and improve infrastructure for future projects.

Exchequer funds remain very buoyant with continued strong economic performance witnessed throughout 2024. This has provided the stability and growth required to drive housing delivery. However, as we look to 2025 and beyond, the challenges facing the new Government are substantial. Achieving ambitious housing targets will require a co-ordinated and sustainable approach that balances supply growth with affordability measures, yet monitoring and reducing the carbon impact this can have on our environment. This balance is critical to ensuring that new housing is accessible to a mixture of tenure types, such as owner-occupiers and renters, yet supporting broader social and economic goals.

SCSI members active in the practice of estate agency continue to remark that the level of sales instructions is frustratingly low. The resounding commentary from this year's survey is that new supply in areas of high demand is required at scale to meet pent-up and future housing demand. The State is one of the largest investors in the delivery of new housing at present, a strategy that will most likely change over the short to medium term, as current investment levels are unsustainable.

Further levels of private funding will be needed to ensure that Ireland can reach ambitious housing targets, and therefore housing policy may need further consideration so that the investment landscape supports new delivery for a growing population.

It is positive to see a continued ramp-up of new housing delivery across various tenure types and housing delivery mechanisms, with higher numbers of social housing and a significant ramping up of affordable housing, chiefly driven by the Land Development Agency. Cost rental, a type of housing tenure advocated for by the SCSI for many years prior to its establishment, has been demonstrated to be an effective mechanism for the delivery of new homes. The major overhaul of the planning and development regulations aims to play a pivotal role in the increase in new housing, and possibly help to reduce the cost of development and levels of risk for the benefit of all stakeholders: those delivering homes and the end occupiers/owners.

At the SCSI, we are committed to providing evidence-based insights that track any policy impacts in the market and inform policymakers. This Annual Residential Market Monitor Review and Outlook report offers a comprehensive analysis of the current market landscape and identifies key trends and opportunities that will shape the housing sector in the year ahead.

We hope that this report serves as a valuable resource for policymakers, industry stakeholders, and the wider public, as we collectively work towards creating a housing market that is sustainable, equitable, and resilient for generations to come.

Kevin Hollingsworth FSCSI FRICS
SCSI President

MARKET TRENDS

+13%

THE SCSI BUY-TO-LET SENTIMENT INDEX, WHICH MEASURES THE NUMBER OF LANDLORD PROPERTIES BEING LISTED FOR SALE, HAS DROPPED FROM +36% 12 MONTHS AGO, SUGGESTING THAT WHILE THE ACTIVITY OF SELLING PROPERTIES CONTINUES TO INCREASE, THE RATE OF INCREASE IS SLOWING DOWN

34%

of sales instructions are from landlords looking to sell their investment, down from 40% six months ago

+25%

SCSI sales enquiries sentiment index – up from +2% in 12 months, marking a significant increase in this activity

76%

of SCSI agents are reporting low levels of housing stock for sale (no improvement since 2023)

TOP REASONS WHY A LANDLORD CHOOSES TO SELL:

1

RENT RULES TOO COMPLEX

2

NET RENTAL RETURNS TOO LOW

+2%

PREVALENCE OF SALES BEING 'AGREED AND NO LONGER PROCEEDING TO CLOSING', DOWN FROM +16% IN 12 MONTHS, SIGNALLING A CONTINUED INCREASE BUT AT A SLOWER PACE. THE MAIN REASONS CITED FOR FAILED TRANSACTIONS ARE FAILURES OF VENDORS/PROPERTIES DEMONSTRATING COMPLIANCE WITH PLANNING AND BUILDING REGULATIONS.

83%

'VERY EXPENSIVE'

83% OF AGENTS BELIEVE PROPERTY PRICES ARE EITHER EXPENSIVE OR VERY EXPENSIVE – ALMOST THE SAME RESPONSE AS IN Q2 2024. RESPONDENTS ARE SHIFTING THEIR VIEWS FROM BELIEVING PROPERTY PRICES WERE SIMPLY 'EXPENSIVE' TO PERCEIVING THEM NOW AS 'VERY EXPENSIVE'.

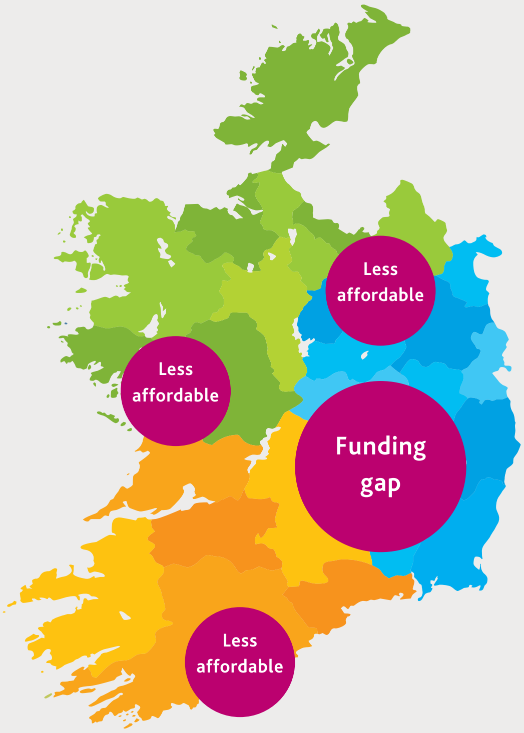
PRICE EXPECTATIONS AND HOUSING AFFORDABILITY

6% EXPECTED AVERAGE INCREASE IN NATIONAL PROPERTY PRICES IN 2025*

*Value has been rounded.

FIRST-TIME BUYER COUPLES ON AVERAGE INCOMES PURCHASING A NEW HOUSE:

- Vast majority of new home types (two- or three-bed terrace and three-bed semi-detached at average sales price) are affordable using the maximum x4 times loan-to-income ratio
- Kildare and Wicklow not affordable to purchase a new three-bed semi-detached home.
  Funding gap of €36k in Wicklow and €14k in Kildare
  Funding shortfall has widened in the past six months by €3k for Kildare and €12k for Wicklow
- New private housing, although generally affordable to the average income earner using x4 times loan-to-value ratio, is becoming less affordable in counties such as Meath, Cork and Galway



ECONOMIC AND EMPLOYMENT

UNEMPLOYMENT RATE TO REMAIN UNCHANGED AT A HISTORICALLY LOW

4.4%

ON AVERAGE.

- GDP GROWTH RATE OF 4% EXPECTED IN 2025
- INFLATION RATE TO MODERATE FROM 2.3% IN 2024 TO 1.2% IN 2025
- 13% RISE IN THE VALUE OF MORTGAGES APPROVED YEAR TO OCTOBER 2024
- SHORTAGE OF KEY CONSTRUCTION SKILLS HAMPERING THE INCREASE IN NEW HOUSING

47% of agents now estimate high BER properties (B2+) to be worth 5-10% more than those with lower BERs, up from 34% in Q2 2024.

TOP REASONS FOR PURCHASING MORE ENERGY-EFFICIENT HOMES:

1. LOWER ENERGY COSTS
2. GREEN MORTGAGES
3. GOVERNMENT INCENTIVES

ECONOMIC OVERVIEW

Continued geopolitical tensions and President Trump's re-election present Ireland with economic uncertainties, particularly regarding corporate tax revenues and trade relations. Given Ireland's reliance on foreign direct investment, and its position as a hub for multinational corporations, shifts in US and global tax policies or global trade dynamics could have significant implications, where prudent fiscal management and strategic economic planning will be essential to mitigate potential adverse effects on the Irish economy. These trends, including resilient employment and improving inflation dynamics, are some factors that are expected to shape the residential property market, influencing both demand and affordability considerations.

Growth outlook

Ireland's economic growth outlook presents a complex picture in 2025. While the country faces near-term economic challenges, the medium-term prospects remain optimistic. According to the most recent update from the European Commission, gross domestic product (GDP) is forecasted to contract by 0.5% in 2024, as opposed to its update earlier in 2024, which forecasted 1.2% growth. This is primarily driven by a slowdown in the multinational sector during the year's first half. However, a strong recovery is anticipated, with GDP growth projected at 4.0% in 2025 and 3.6% in 2026.[1] This rebound is expected to be supported by a robust labour market and declining inflation rates. The Economic and Social Research Institute (ESRI) forecasts a similar medium-term outlook, highlighting that GDP is set to contract to -0.4% in 2024 and rebound to 2.5% in 2025, following an average of -5.7% in 2023.[2] The Central Bank of Ireland (CBI) offers a more cautious view, revising its growth projection for 2024 to -0.9% due to challenges in both the domestic and multinational sectors. Fast recovery is expected, with GDP growth rates of 4.6% in 2025 and 4.4% in 2026 predicted (**Table 1**).[3] The CBI also flags potential inflationary pressures, particularly from wage increases in the services sector.

Table 1: GDP forecasts.

GDP forecast	2024f	2025f	2026f
Central Bank of Ireland	-0.9%	4.6%	4.4%
European Commission	-0.5%	4.0%	3.6%
ESRI	-0.4%	2.5%	-

Source: CBI, EC and ESRI.[1,2,3]

Inflation trends

Inflation in Ireland has continued to ease in 2024, supported by declining energy costs and moderated price growth in industrial goods. The CBI and ESRI both report a significant drop in overall inflation rates, with projections by the ESRI for Consumer Price Index (CPI) growth at 2.3% for 2024 and further moderation to 1.2% in 2025, whereas the CBI forecasts for the Harmonised Index of Consumer Price (HICP) are at 1.6% for 2024, and 1.9% and 1.5% for the following years. Closely aligned with the CBI, the European Commission forecasts HICP inflation at 1.4% for 2024 (**Table 2**). However, domestic price pressures, driven by rising wages, continue to maintain elevated core inflation.[1,3]

Interest rates and monetary policy

To address inflation trends and balance economic growth, the European Central Bank (ECB) has pursued a careful recalibration of monetary policy, reducing key interest rates, including the deposit facility rate, which is now at 3.25%. These adjustments aim to ease financial conditions without compromising price stability. In Ireland, the effects have been swift, particularly for businesses with variable borrowing rates, despite overall higher borrowing costs.

Table 2: HICP forecasts.

HICP forecasts	2024f	2025f	2026f
Central Bank of Ireland	1.6%	1.9%	1.5%
European Commission	1.4%	1.9%	1.8%

Source: CBI and EC.[1,3]

1. European Commission. Economic Forecast for Ireland. Available from: https://economy-finance.ec.europa.eu/economic-surveillance-eu-economies/ireland/economic-forecast-ireland_en.
2. ESRI. Quarterly Economic Commentary – Autumn 2024. Available from: https://www.esri.ie/system/files/publications/QEC2024AUT.pdf.
3. Central Bank of Ireland. Quarterly Bulletin QB3 – September 2024. Available from: https://www.centralbank.ie/docs/default-source/publications/quarterly-bulletins/qb-archive/2024/quarterly-bulletin-q3-2024.pdf?sfvrsn=a87b661a_5.

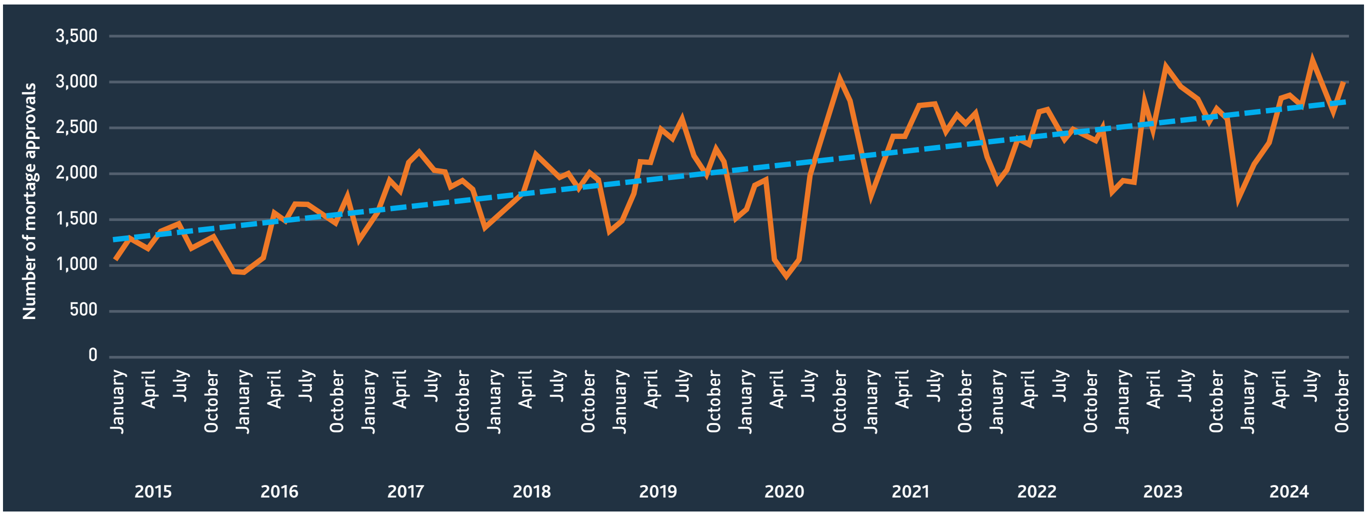


FIGURE 1: First-time buyer mortgage approval rates.

Source: Data taken from BPFI mortgage approval report data time series (https://bpfi.ie/publications/bpfi-mortgage-approvals-october-2024/).

In October 2024, the average interest rate on new Irish mortgages fell to 4.03%, down from 4.08% in September and 24 basis points lower year on year, the lowest rate since May 2023. However, Ireland's rate remains 51 basis points above the Euro average of 3.52%, ranking it as the sixth highest in the region. Fixed-rate mortgages, comprising 72% of new agreements, saw rates decline to 3.89% in October 2024, 34 basis points lower than October 2023.[4] Following these rate cuts, mortgage approvals surged in October, as per data from Banking and Payments Federation Ireland (BPFI). A total of 4,829 mortgages worth €1.48 billion were approved, marking an 8.6% monthly increase and a 13% rise year on year. First-time buyers (FTBs), with 2,981 mortgage approvals, accounted for 61.73% of approvals (**Figure 1**).[5] This surge reflects borrowers responding to multiple ECB rate reductions, alongside strong demand across all buyer segments.

Labour market trends

The ESRI's Autumn 2024 Quarterly Economic Commentary reported that Ireland's labour market continues to record high employment levels, particularly from non-Irish/EU/UK citizens, where the most significant employment growth has taken place in recent years. Over the past two years, their employment growth has ranged from 9% to 39% per quarter, with a 15% increase in the most recent quarter. This has been crucial in sectors such as health, social work, construction and financial.[2] Similar to the ESRI's report, the CBI in their Q3 Quarterly Bulletin also reported strong employment growth, and that non-Irish citizens accounted for 57% of annual growth, making up 20% of the country's total employment.[3] Employment growth continues to be supported by higher participation rates, and while labour market conditions remain tight, the 4.4% unemployment rate projected for 2024 by the CBI and European Commission, and sustained wage growth, highlight both opportunities and challenges. Despite these positive trends, skills shortages in specific sectors persist, underlining the ongoing demand for skilled workers (**Table 3**).[1,3]

Table 3: Unemployment rates.

Unemployment rates	2024f	2025f	2026f
Central Bank of Ireland	4.4%	4.5%	4.6%
European Commission	4.4%	4.4%	4.5%
ESRI	4.3%	4.3%	4.2%

Source: CBI, EC and ESRI.[1,2,3]

Overall, Ireland's economic outlook reflects a cautiously optimistic trajectory. Inflation has eased significantly from its 2023 highs, driven by declining energy costs and a slowdown in non-energy industrial goods price growth. However, persistent core inflation, fuelled by domestic wage pressures, highlights the need for continuous vigilance. The ECB's monetary policy adjustments, including successive rate cuts, have been effective in balancing growth and inflation, with the rapid transmission of policy changes demonstrating the adaptability of the Irish economy. The labour market remains a bright spot, with unemployment rates holding steady at historically low levels, supported by robust inward migration and higher participation rates. Nonetheless, ongoing skills shortages and wage disparities will play a crucial role in influencing key sectors, including the residential property market. While Ireland's economy continues to show resilience, uncertainties in the global economic landscape and domestic inflationary pressures will significantly influence broader economic stability and the residential property market.

4. Central Bank of Ireland. Retail interest rates – October 2024. Available from: https://www.centralbank.ie/docs/default-source/statistics/data-and-analysis/credit-and-banking-statistics/retail-interest-rates/2024m10_ie_retail_interest_rate_statistics.pdf?sfvrsn=f321641a_3.
5. Banking and Payments Federation Ireland. BPFI Mortgate Approvals. Available from: https://bpfi.ie/wp-content/uploads/2024/11/Mortgage-Approvals-Report-October-2024.pdf.

THE PROPERTY MARKET

Ireland's residential property market has seen substantial price growth in recent years, with prices now 155.1% higher than the low point recorded in early 2013. The price increase has been driven by a complex interplay of factors, such as demographic pressure, supply-demand imbalances, escalating construction costs, labour shortages, Government policy, and macro-prudential economic policies.

The country's resident population, as per Central Statistics Office (CSO) data published in April 2024, has reached 5.3 million, with this year marking the highest population gain since 2008.[6] Fuelled by natural increases and inward migration, this has intensified housing demand. The ESRI's report on population projections, published earlier in 2024, estimates a need for 35,000 to 53,000 new dwellings annually from 2023 to 2030, while the draft First Revision to the National Planning Framework (NPF) mentions the need for c.50,000 additional homes each year.[7,8] However, current completions are around 30,000 units, well below these expected new revised housing targets (**Figure 2**).[9]

The SCSI had previously highlighted, through its research and policy submissions, the various factors due to which housing supply has struggled to meet demand, which include planning delays and infrastructure deficits. These constraints contribute to a supply-demand mismatch, exacerbating price increases.

Construction costs have risen markedly, impacting housing affordability. The SCSI's Real Cost of New Housing Delivery 2023 report indicates that the average cost of delivering a three-bedroom semi-detached house is €397,000 nationally, with costs ranging from €354,000 in the Northwest to €461,000 in the Greater Dublin Area.[10] This represents a 24% increase in Dublin since 2020. Through this report, the SCSI also highlighted the factors contributing to these increases in hard and soft costs, including global price hikes in construction materials and energy, escalating land prices, and labour and skills shortages. These rising costs, in addition to other macro- and micro-economic factors, elevate property prices and create affordability challenges for potential purchasers.

Our annual residential market monitor is based on a survey of auctioneer, estate agent and valuer members of the SCSI, referred to as agents in this report. These agents shared their views on the market activity based on their daily involvement with buyers and sellers of properties across the country.

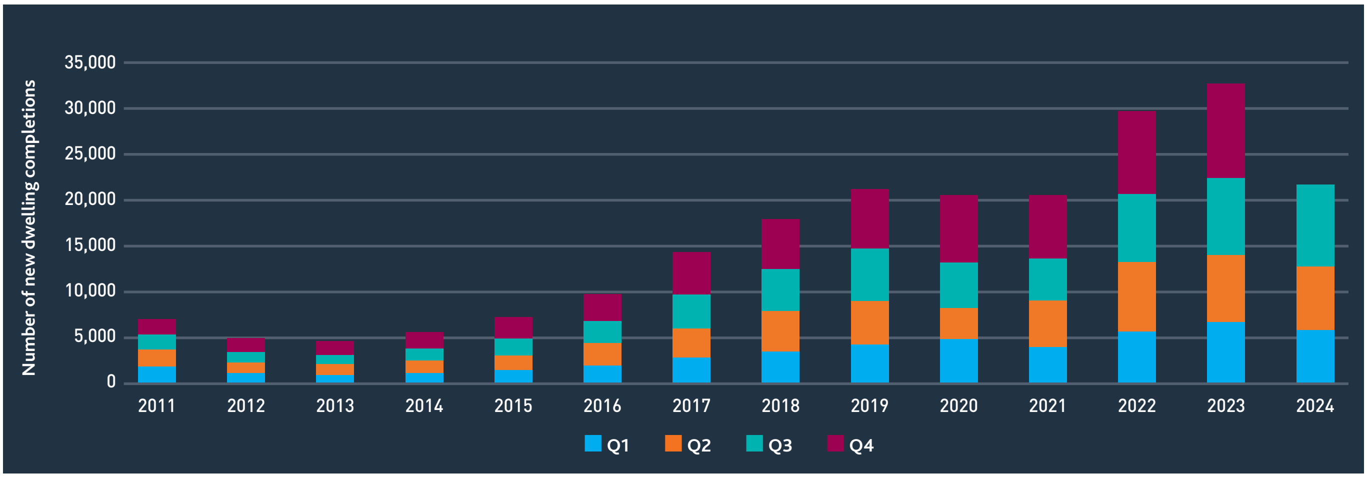


FIGURE 2: New dwelling completions. *Source: Data taken from the CSO's New Dwelling Completions series.*[9]

6. Central Statistics Office. Population and Migration Estimates, April 2024. Available from: https://www.cso.ie/en/releasesandpublications/ep/p-pme/populationandmigrationestimatesapril2024/keyfindings/.
7. ESRI. Population projections, the flow of new households and structural housing demand. Available from: https://www.esri.ie/publications/population-projections-the-flow-of-new-households-and-structural-housing-demand.
8. Project Ireland 2040. Draft First Revision to the National Planning Framework. Available from: https://www.npf.ie/.
9. Central Statistics Office. New Dwelling Completions. Available from: https://data.cso.ie/table/NDQ01.
10. SCSI. The Real Cost of New Housing Delivery 2023. Available from: https://scsi.ie/realcost2023/.

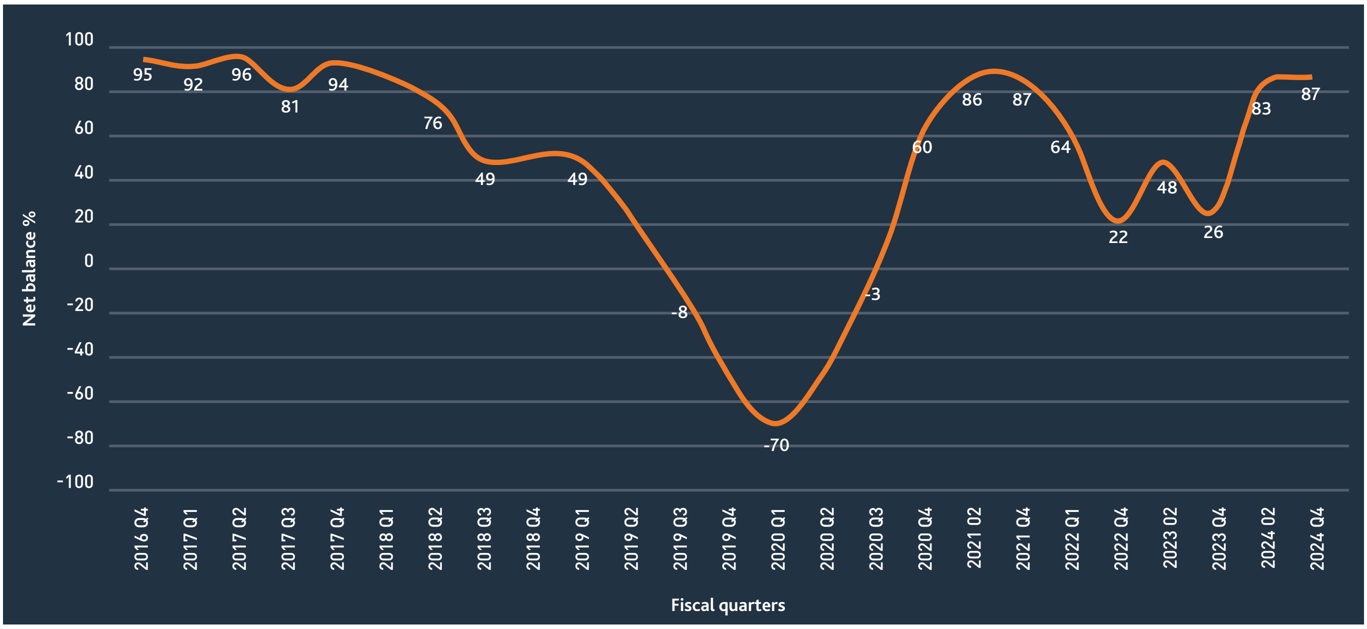


FIGURE 3: SCSI sentiment index. Property price developments – expectations over next 12 months. *Source: SCSI research.*
Net balance – for example, in a survey of 300 surveyors, 150 reported that prices went up, 50 reported no change, and 100 reported that prices went down. Proportionally, 50% of surveyors reported higher prices, and 33% reported lower prices, giving a net house price balance of +17. This simple example shows that the net positive balance means that prices are rising. A positive net balance means that more surveyors see more price increases. A negative net balance implies that more surveyors see more housing price decreases.

As per CSO data, property price inflation nationally was at a peak around spring 2022. SCSI agents expect that prices will continue to rise over the next 12 months (**Figure 3**). The SCSI sentiment index shows the index in growth at +87%, a 4% net balance increase from the previous Q2 2024 report, and a 61% net balance increase from Q4 2023. A similar level of forecasted increase was observed last when the Covid-19 restrictions were eased and when there were rising energy costs due to the war in Ukraine. During that time, the CSO reported their price index increase from 6.8% in June 2021 to 14.8% in January 2022, peaking at 15.1% in February 2022.[11] As seen in some agents' comments, such as, "Supply is the main issue", "The lack of supply will continue to increase house prices", and "Supply is the main factor, and this is very hard to increase rapidly. It has been creeping up but not fast enough. Continued positive economic factors coupled with likely improving credit will further fuel house price increase due to the supply", and seeing other similar comments, supply still seems to be a persistent problem causing the rise in property prices.

Agents expect prices to increase nationally by 5.7% over the next 12 months, an increase from 4.5% reported in Q2 2024 and 1% in Q4 2023. Like the previous reports, the main factors have remained the same, with most agents reporting that lack of stock is the key driver behind house price movements (**Figure 4**). A similar percentage of agents (12%, compared to 14% six months ago) are reporting that changes made by banks are a factor influencing property prices. This slight easing reflects the effect of the successive rate cuts by the ECB, some of which are passed on by banks for new fixed-rate mortgage products. There is also a decline in the number of agents reporting levels of immigration being a factor since the last report. Although the "Other (please specify)" option is the second highest, agents' comments were predominantly related to lack of supply and no new factors were specified.

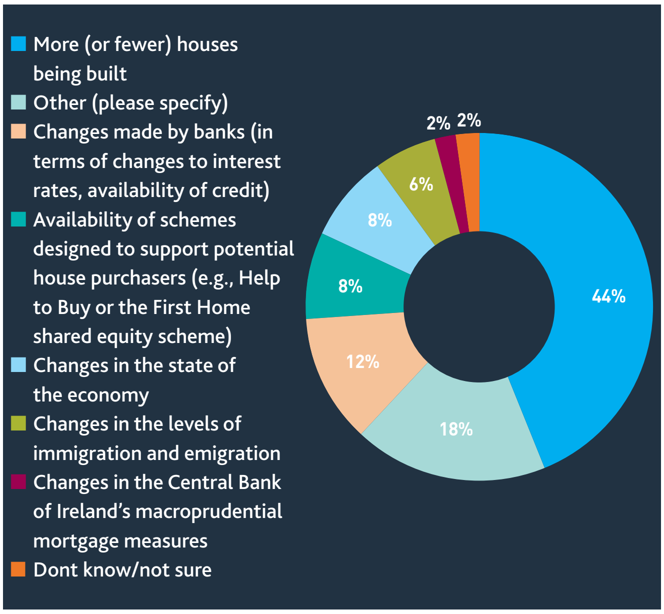


FIGURE 4: The main factors influencing expectations of house price movements (12-month outlook). *Source: SCSI research.*

11. CSO Residential Property Price Index. Available from: https://data.cso.ie/table/HPM09.

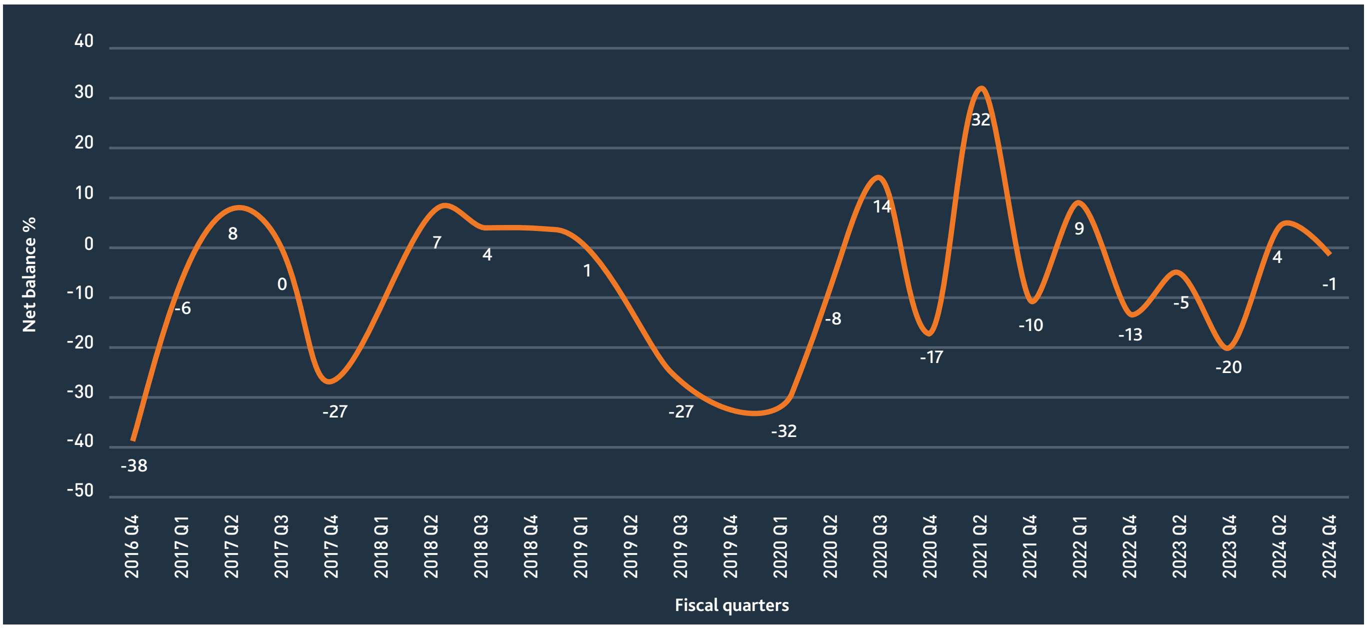


FIGURE 5: SCSI sentiment index – national sales instructions. *Source: SCSI research.*
Net balance – for example, in a survey of 300 surveyors, 150 reported that sales instructions went up, 50 reported no change, and 100 reported that sales instructions went down. Proportionally, 50% of surveyors reported higher sales instructions, and 33% reported lower sales instructions, giving a net sales instructions balance of +17. This simple example shows that the net positive balance means that sales instructions are rising. A positive net balance means that more surveyors see more sales instructions increases. A negative net balance implies that more surveyors see more sales instructions decreases.

Table 4: Residential sales advertisements – second-hand homes.

	2020	2021	2022	2023	2024
Total (March)	58,013	42,995	42,351	47,888	42,357
Index	100.0	74.1	73.0	82.5	73.0

Source: Daft and MyHome.

Sales instructions

The SCSI tracks agents' sentiments regarding the level of sales instructions they receive: whether the activity has increased, decreased, or remained the same since the last survey. The SCSI sales instruction index has changed from -20% to -1% in the past 12 months (**Figure 5**), indicating that although more agents are reporting a decline in instructions versus those that are reporting a rise, the rate of this declining activity is waning.

The SCSI sentiment index for national sales instructions is also supported by data on the level of property sales advertisements taken out on two major advertising platforms in Ireland. March is one of the busiest months for placing a property on the market for sale. Taking this month and tracking the level of second-hand home advertisements from March 2020 to March 2024, there has been an overall decline of approximately 27% in five years. This follows a similar trend to SCSI data as provided by SCSI agents and valuers (**Table 4)**.

The SCSI also tracks the proportion of new sales instructions coming from owner occupiers and buy-to-let investors. On average, 34% of sales instructions are from buy-to-let investors, down from 40% reported six months ago (**Table 5**). The rental section of this report provides additional information and data showing the level of termination notices issued by buy-to-let investors, with the main reason cited being to sell the property.

Table 5: Vendor type split of where new sales instructions are coming from.

Vendor type	1H 2024	2H 2024
Investment buy-to-let properties	40%	34%
Owner-occupied properties	60%	66%

Source: SCSI research.

Sales enquiries

The increase in seller instructions has been accompanied by a notable increase in the number of sales or viewing requests. While, comparing with Q2 2024, the data represents a short-term fluctuation in sales

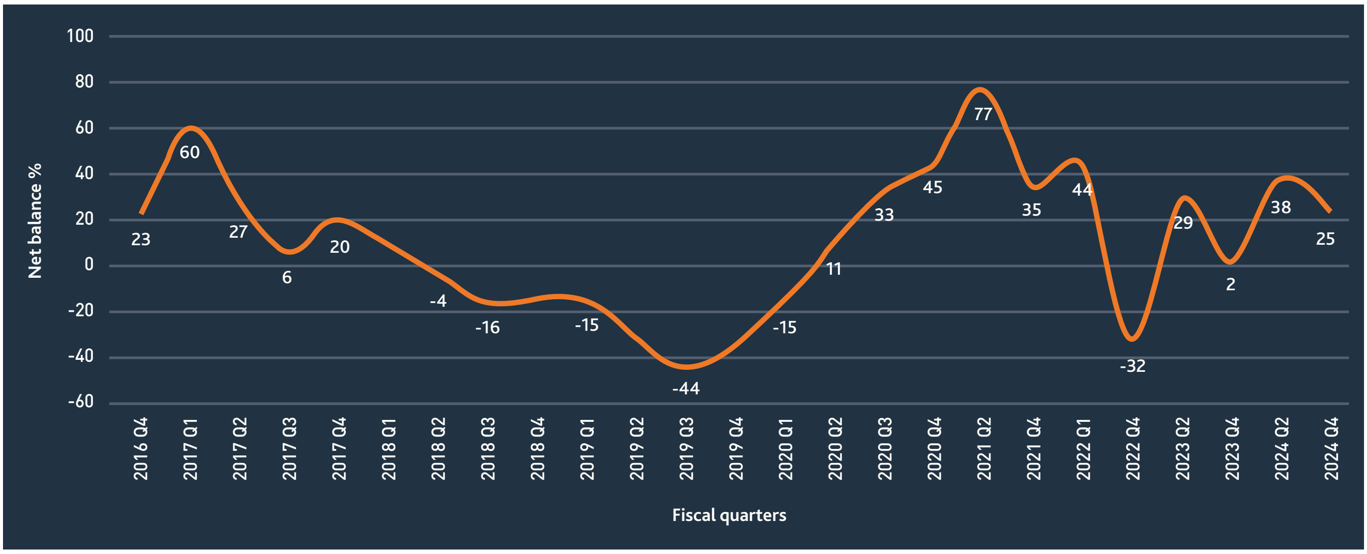


FIGURE 6: SCSI sentiment index – sales enquiries/viewings. *Source: SCSI research.*

Net balance – for example, in a survey of 300 surveyors, 150 reported that sales enquiries/viewings went up, 50 reported no change, and 100 reported that sales enquiries/viewings went down. Proportionally, 50% of surveyors reported higher sales enquiries/viewings, and 33% reported lower sales enquiries/viewings, giving a net sales enquiries/viewings balance of +17. This simple example shows that the net positive balance means that sales enquiries/viewings are rising. A positive net balance means that more surveyors see more sales enquiries/viewings increases. A negative net balance implies that more surveyors see more sales enquiries/viewings decreases.

enquiry activity, it is important to note that demand remains substantially higher compared to the same period in the previous two years. For instance, in Q4 2022, the net balance stood at -32%, indicating a sharp decline in enquiries around the time of Covid restrictions. By Q4 2024, there was a significant increase, with the net balance rising to 2% and now +25% (**Figure 6**).

The current figure of +25% underscores a significant and sustained upward trend in sales enquiry activity over the last two years.

The SCSI tracks the proportion of new sales instructions coming from owner occupiers and buy-to-let investors.

THE PROPERTY MARKET

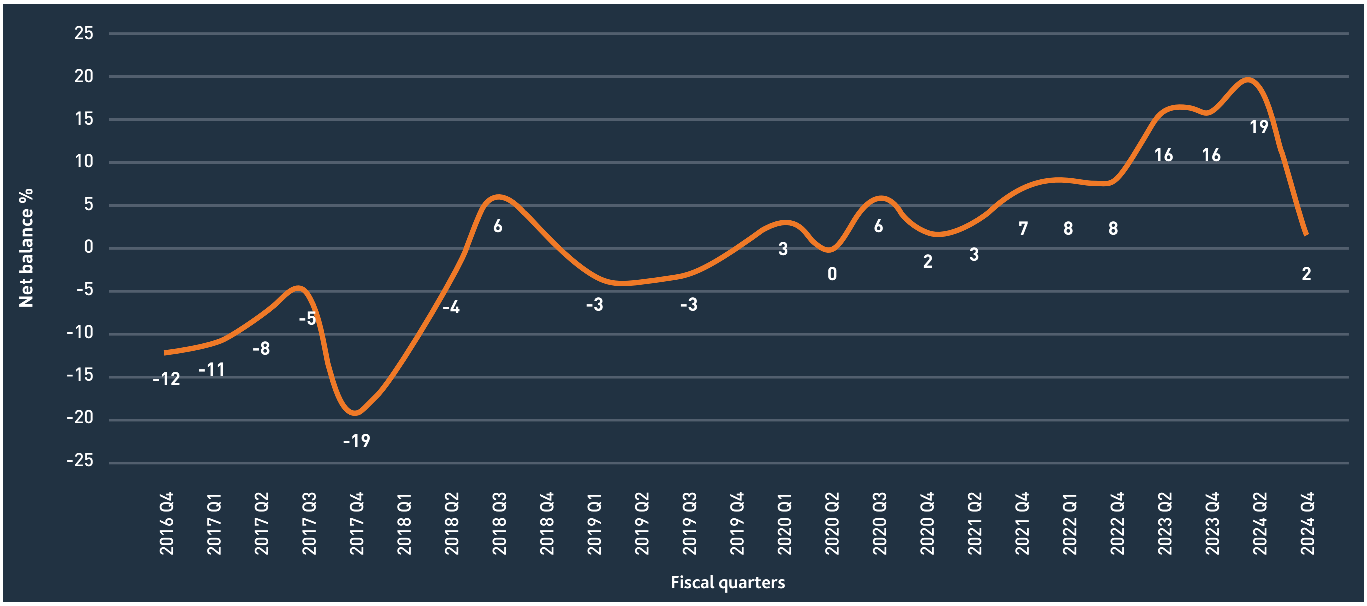


FIGURE 7: SCSI sentiment index – sales agreed but not proceeding. *Source: SCSI research.*
Net balance – for example, in a survey of 300 surveyors, 150 reported that sales agreed but not proceeding went up, 50 reported no change, and 100 reported that sales agreed but not proceeding went down. Proportionally, 50% of surveyors reported higher sales agreed but not proceeding, and 33% reported lower sales agreed but not proceeding, giving a net sales agreed but not proceeding balance of +17. This simple example shows that the net positive balance means that sales agreed but not proceeding are rising. A positive net balance means that more surveyors see more sales agreed but not proceeding increases. A negative net balance implies that more surveyors see more sales agreed but not proceeding decreases.

Sales agreed but not proceeding

There has been a significant change in sentiment among agents regarding the proportion of 'agreed sales' not proceeding to closing. The net balance has dropped from +16% in Q4 2023, to just +2% in the current reporting period (**Figure 7**). This sentiment index indicates that the level of sales being agreed but not proceeding is still on the rise, but the pace of this increase has reduced significantly. The main reasons for sales falling through, as reported by SCSI agents, are ranked as follows:

1. Non-compliance with planning permissions.
2. Non-compliance with building regulations.
3. Deeds not accessible to vendor solicitor.
4. Boundary matters.
5. Bank delaying release of deeds.
6. Other (please specify).
7. Property ownership challenges.
8. Septic tank or percolation issues, e.g., outside of the boundary.

Some agents also noted in their survey feedback that issues relating to delays include: slow banking and legal processes; and, a lack of readiness of purchase details. The SCSI has previously drawn attention to delays in conveyancing properties and has issued a joint consumer guide with the Law Society of Ireland, 'Speed Up Your Property Sale – a guide to avoiding the most common delays' (https://scsi.ie/guidetoselling/) to help sellers address these challenges.

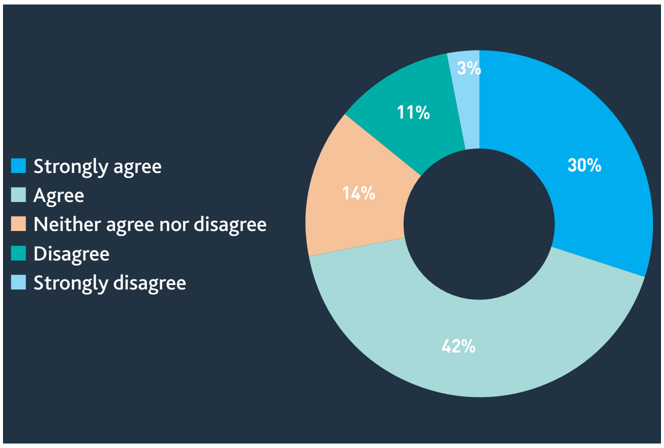


FIGURE 8: SCSI agents' responses to the concept of a tailored building condition report (on regulatory compliance). Would it make a meaningful difference to speed up house buying process if it was made available to purchasers?
Source: SCSI research.

The top two ranked reasons why a property sale might fall through are in relation to regulatory matters, i.e., non-compliance with planning and building regulations. Our survey asked SCSI agents their views on the concept of a tailored building condition survey report being commissioned by the vendor to check regulatory matters such as compliance with building regulations and planning regulations. The vast majority of agents (72%) agreed that this tailored building condition survey report would make a meaningful difference in delivering greater efficiency to the buying process (**Figure 8**). The report, if available to buyers, would assist greatly in the buying/bidding process.

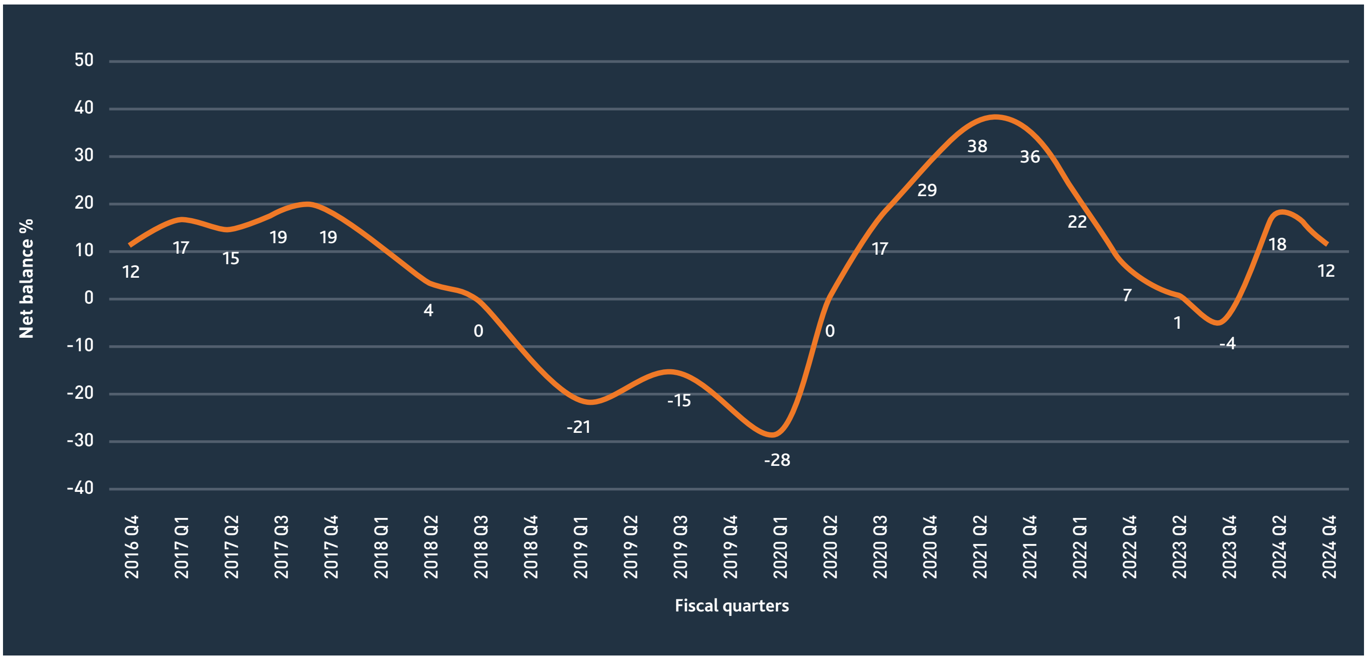


Figure 9: SCSI sentiment index – sales completed. *Source: SCSI research.*

Net balance – for example, in a survey of 300 surveyors, 150 reported that sales completed went up, 50 reported no change, and 100 reported that sales completed went down. Proportionally, 50% of surveyors reported higher sales completed, and 33% reported lower sales completed, giving a net sales completed balance of +17. This simple example shows that the net positive balance means sales completed are rising.

Sales completed

The latest sentiment from the Q4 2024 survey reveals a continued rise in the level of completed sales in the past 12 months, with the net balance increasing from -4% in Q4 2023 to +12% in Q4 2024 (**Figure 9**). Residential market activity remains strong; however, agents report ongoing challenges of low stock availability. By the end of Q4 2024, 76% of agents reported insufficient stock for sale, reflecting a similar position in Q4 2023 (**Figure 10**).

The top two ranked reasons why a property sale might fall through are in relation to regulatory matters, i.e., non-compliance with planning and building regulations.

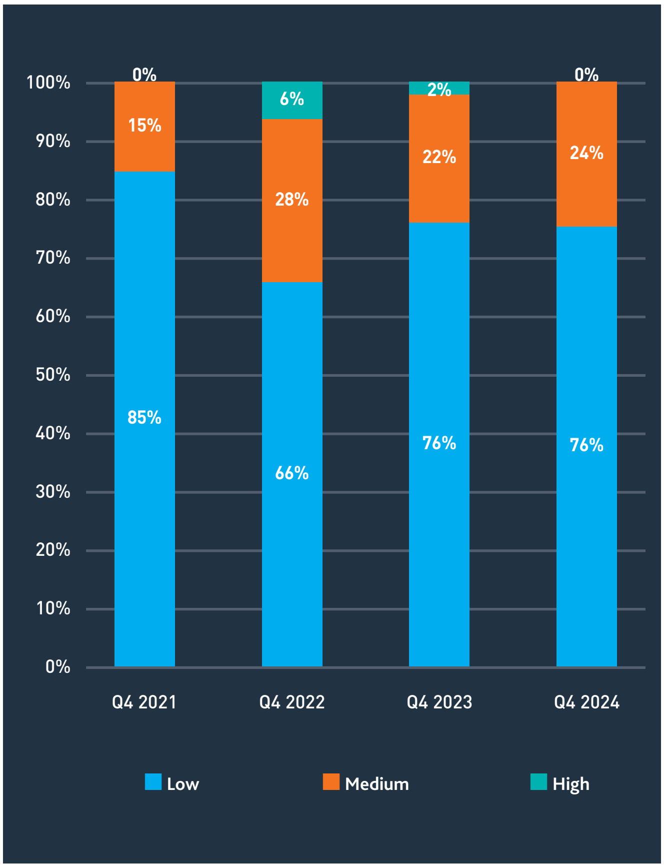


Figure 10: Levels of stock on agents' portfolios available for sale.
Source: SCSI research.

THE RENTAL MARKET

Agents continue to report a rise in the level of buy-to-let properties coming to market for sale (**Figure 11**). The latest SCSI index shows a continued increase from +9% in the first half of 2024 to +13% in Q4 2024 (although this is still a lower value compared to the Q4 2023 report). Recent data from the Residential Tenancies Board (RTB) indicates a 5.7% increase in the number of registered landlords between September 2023 and September 2024. This data is now based on annual registrations, which were introduced in 2022. However, during the third quarter of 2024, landlords issued 3,995 notices of termination, with 55% citing intentions to sell the property (**Figures 12** and **13**).[12] This trend suggests that while the overall number of registered landlords has increased, this may be representative of more landlords coming into RTB compliance and other legal matters, i.e., additional names/owners of property added to registration rather than more landlords entering the market.

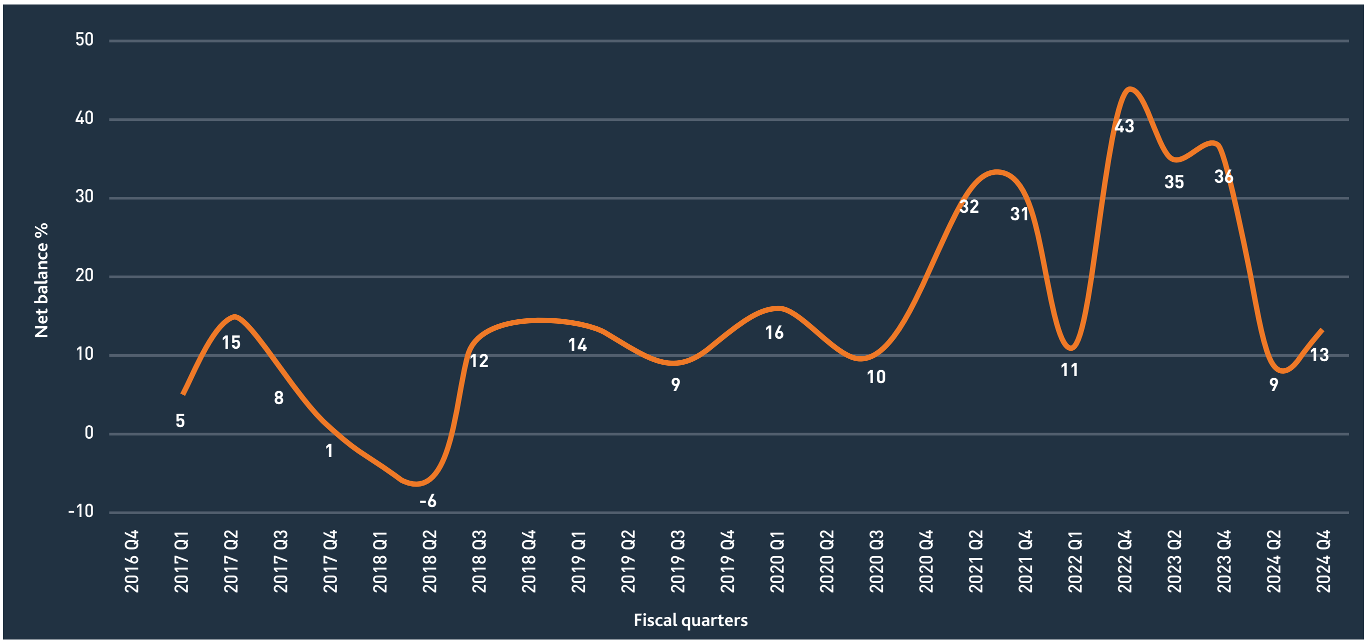


FIGURE 11: Buy-to-let properties coming onto the market for sale. *Source: SCSI research.*

Net balance – for example, in a survey of 300 surveyors, 150 reported that buy-to-let properties coming onto the market for sale went up, 50 reported no change, and 100 reported that buy-to-let properties coming onto the market for sale went down. Proportionally, 50% of surveyors reported higher buy-to-let properties coming onto the market for sale, and 33% reported lower buy-to-let properties coming onto the market for sale, giving a net buy-to-let properties coming onto the market for sale balance of +17. This simple example shows that the net positive balance means that buy-to-let properties coming onto the market for sale are rising.

12. Residential Tenancies Board. Notices of Termination (NoTs) Received by the RTB, Q3 2024. Available from: https://www.rtb.ie/images/uploads/old/general/NoTs_Received_RTB_Q3_2024_V1-05.12.2024.pdf.

As reported by agents in the SCSI's survey, the top three primary drivers for the increase in buy-to-let properties entering the market for sale remain consistent: 1. tightening rental regulations; 2. declining net rental yields; and, 3. landlords emerging from negative equity (**Table 6**). These factors collectively contribute to mounting pressure on landlords to divest their properties. Among the specific concerns raised, the impact of Rent Pressure Zones (RPZ) and evolving tax policies have been particularly significant.

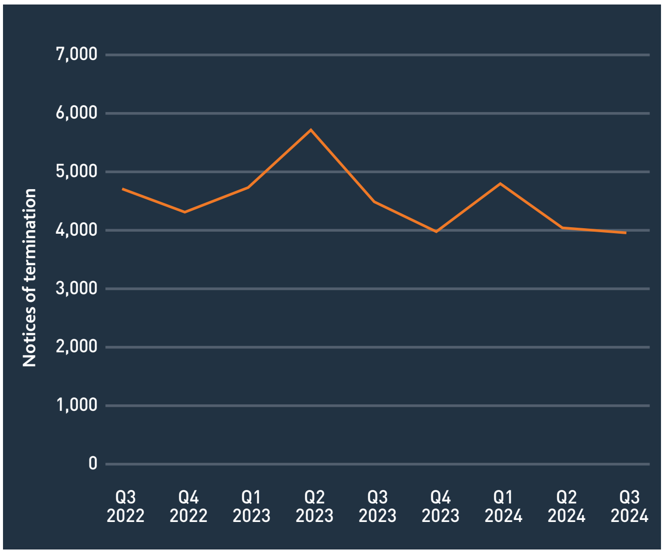


FIGURE 12: Total number of notices of termination received by the RTB, Q3 2022-Q3 2024. Source: Residential Tenancies Board.

Table 6: Top three reasons why buy-to-let units are coming back onto the market for sale.

1. Rent legislation is too complex and restrictive
2. Net rental returns are too low
3. Landlords coming out of negative equity

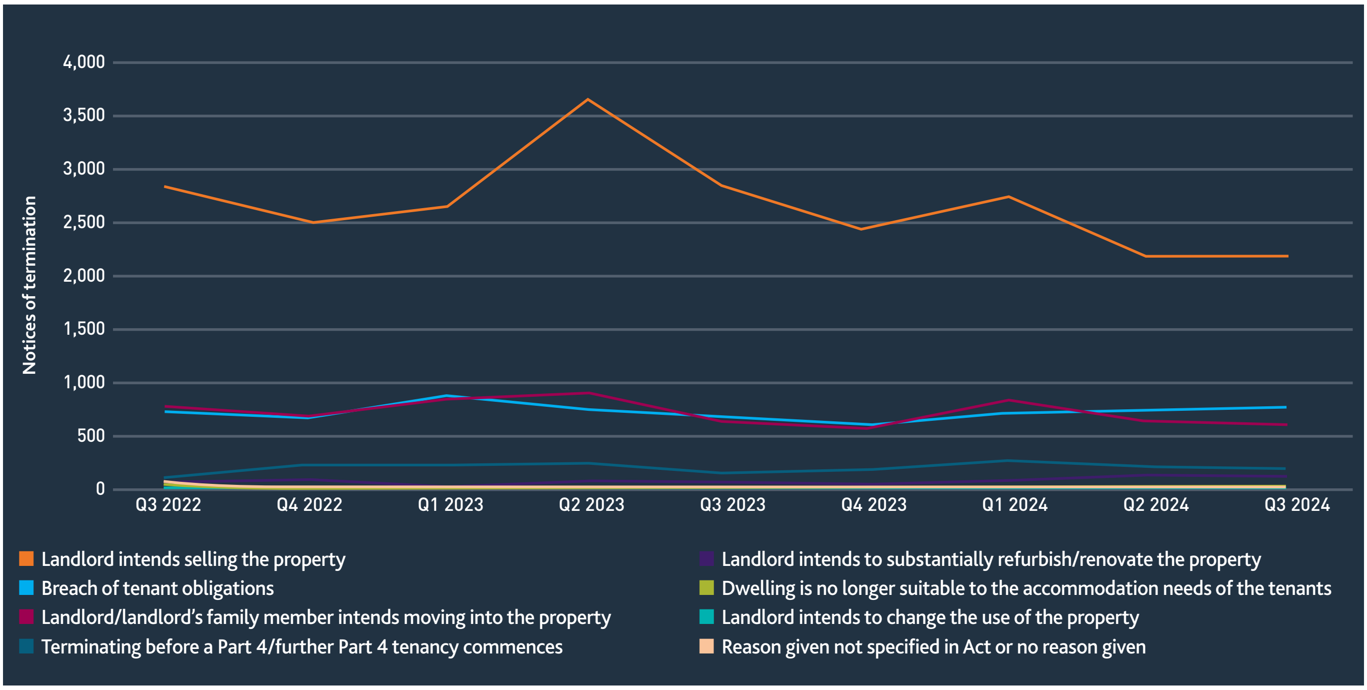


FIGURE 13: Total number of notices of termination received by the RTB by reason for termination, Q3 2022-Q3 2024. Source: Residential Tenancies Board.

OTHER MARKET TRENDS

Agents' sentiment regarding credit conditions in the residential mortgage market shows a slightly positive trend in the second half of 2024, as 53% are of the view that credit conditions have either improved significantly or slightly, whereas in the previous half of 2024, it was at 46% (**Figure 14**).

There has been a modest increase in the percentage of agents reporting that credit conditions have deteriorated slightly, from 4% in the first half of 2024 to 8% in the second half.

An article entitled 'Credit and House Prices in the Irish Residential Market', published in autumn 2024 by ESRI authors, highlights the impact of changing credit conditions and limited housing supply on rising house prices. The easing of macroprudential measures by the CBI in 2022, such as higher loan-to-income (LTI) for FTBs, and higher loan-to-value (LTV) levels for second and subsequent buyers, has increased borrowing capacity.

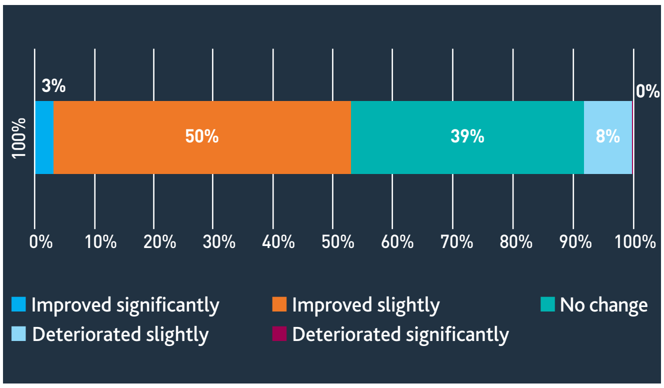


FIGURE 14: Assessment of credit conditions in the residential real estate mortgage market. *Source: SCSI research.*
Note: figures may not add up to 100% due to rounding.

Combined with a persistent housing supply shortage, these changes contribute to the increase in property prices.[13] As the study concluded: "Over the past few years, it would appear that changes in credit standards are once again beginning to have an impact on residential prices", and "With actual levels of housing supply in the Irish market somewhat below estimates of the structural demand for housing, it is particularly important that any upward movements in house prices are not additionally fuelled by changes in credit conditions".

As seen in the same article, it is observed that LTI ratios have returned to levels previously seen during the Celtic Tiger era, with credit conditions becoming notably influential on house prices since 2021. The article further highlights that although credit issuance remains below mid-2000s levels, the rise in highly leveraged households increases the risk of financial strain if economic fundamentals, like incomes or mortgage rates, worsen. Quoting from the article: "A significant number of mortgages were issued in the 2005-2007 period when credit conditions were loosened considerably, whereas fewer are available now. Nonetheless, this suggests that there is a growing cohort of mortgage holders in the Irish residential market who are taking out highly leveraged positions. A significant deterioration in economic fundamentals, such as reduced income levels or higher mortgage rates, could result in these households experiencing some difficulties in repaying their mortgages". These trends highlight the critical need to address the

13. Intereconomics. Credit and House Prices in the Irish Residential Market. Available From: https://www.intereconomics.eu/pdf-download/year/2024/number/5/article/credit-and-house-prices-in-the-irish-residential-market.html.

supply-demand imbalance and monitor credit standards to stabilise property prices and mitigate potential overvaluation concerns.

Echoing the ESRI article, there is a noticeable shift in agents' perceptions of property prices. In the current report, 83% of agents believed that property prices were either expensive or very expensive, almost the same as in Q2 2024, where the figure was 82% (**Figure 15**). There is a significant shift, primarily coming from agents who previously believed property prices were simply expensive, and now perceive them as very expensive. Meanwhile, the percentage of agents who believe property prices represent fair value has remained relatively the same, with 17% reporting this in Q2 2024 and 16% in the current report. However, there is a more pronounced decline when compared to the Q2 2023 report, where 30% of agents reported that property prices were at fair value. This indicates a downward trend in agents perceiving properties as reasonably priced.

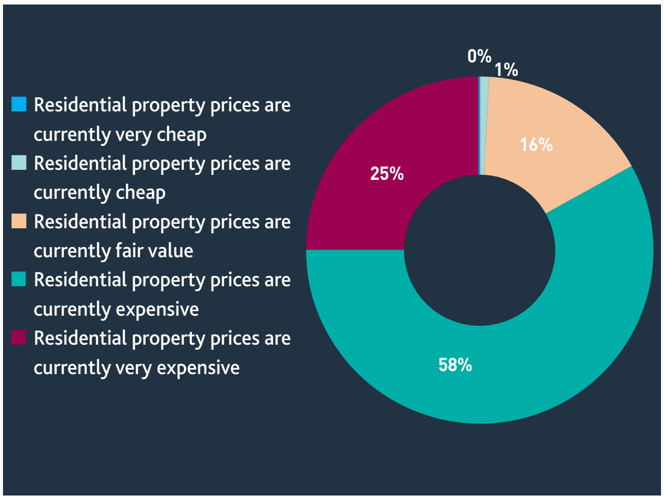


FIGURE 15: Current residential property market valuation levels. *Source: SCSI research.*
Note: figures may not add up to 100% due to rounding.

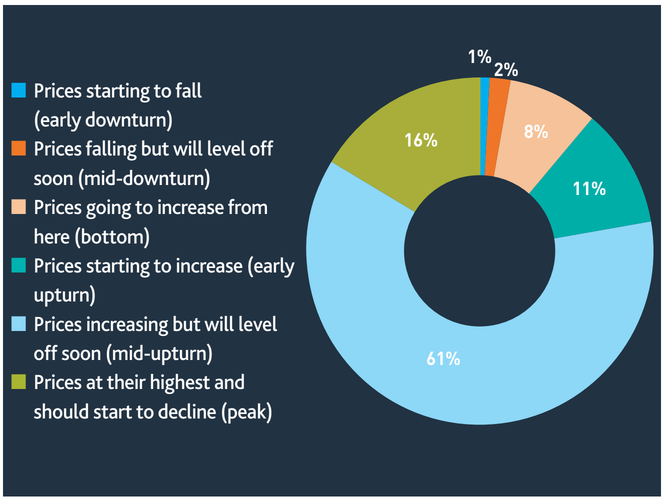


FIGURE 16: Current market cycle. *Source: SCSI research.*
Note: figures may not add up to 100% due to rounding.

When asked about the characteristics of the property market, there is a subtle shift in sentiment evident between the Q4 2024 and Q2 2024 survey responses (**Figure 16**). In the Q4 report, 61% of agents believe that prices will continue to increase but will level off soon ("mid-upturn"), down from 77% in the Q2 report. This suggests a shift towards expectations of more gradual growth rather than a continued surge.

Furthermore, 16% of agents in the Q4 report are of the view that prices are at their peak and may begin to decline ("peak"), compared to 8% in the Q2 report, indicating a growing recognition of potential market stabilisation or a slowdown. Overall, the responses suggest a shift towards more balanced growth expectations, with less emphasis on rapid price increases.

Levels of online auction bidding were almost the same compared to the first half of 2024, with 25% reporting an increase (up from 24% in the Q2 2024 report), while 71% saw no change (**Figure 17**). Online private treaty bidding experienced a notable uptick, with 46% reporting an increase (compared to 37% in the Q2 report). Virtual viewing technology showed a smaller growth, with 24% indicating an increase, up slightly from 22% in the Q2 report, while 69% saw no change. Overall, the data reflects steady or slightly improved engagement with online auctions and private treaty bidding, with virtual viewings stabilising after initial growth.

An article entitled 'Credit and House Prices in the Irish Residential Market', published in autumn 2024 by ESRI authors, highlights the impact of changing credit conditions and limited housing supply on rising house prices.

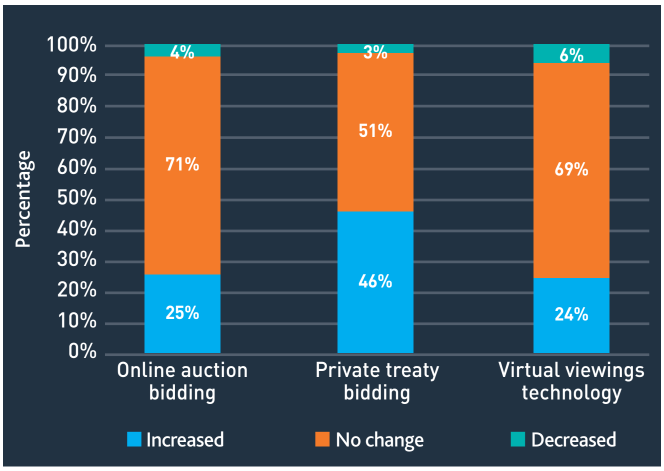


FIGURE 17: Current utilisation of virtual viewings technology, private treaty bidding, and online auction bidding. *Source: SCSI research.*
Note: figures may not add up to 100% due to rounding.

NEW HOME AFFORDABILITY ANALYSIS

The property market has experienced a notable upward trend in prices following the trough in mid-2023. Between August 2023 and August 2024, property price indices rose sharply from 1.1% to 10.1% according to the CSO, with a slight stabilisation at 10% in September 2024.[11] A research technical paper published by the CBI in November 2022 highlights a rising house price-to-income ratio, driven by house prices outpacing incomes due to various factors, despite cyclical fluctuations.[14] These trends, coupled with an acute housing shortage, as reflected in new home completion data, pose significant challenges to affordability for prospective buyers. To better understand the affordability challenges, the SCSI conducted its annual survey, gathering insights from its estate agency and valuation members into new home prices, and analysing affordability for a specific FTB profile.

Methodology

The survey focused on five counties: Meath, Kildare, Wicklow, Cork and Galway. To ensure consistency and reliability in the data collected for these reports, the SCSI receives price information from the same group of agents. They provide data on prices for new three-bedroom semi-detached, two-bedroom terraced and three-bedroom terraced homes. The affordability analysis used for the financial profile of an FTB couple is a garda and nurse, each with 10 years of service. The purchasing limit was compared to the surveyed property prices to assess affordability. This comparison indicates whether there is a surplus or deficit when the property price is matched against the purchaser's borrowing limit. A deficit signifies unaffordability, whereas a surplus indicates affordability. The following criteria were used to determine affordability for the purchase of a new home:

- combined gross salary: €107,000 (rounded off from €106,855 – garda after 10 years of service: €55,592; staff nurse after 10 years of service: €51,263);
- LTI: four times gross salary was considered for LTI – this is the maximum LTI for the average FTB;
- deposit amount: a 10% deposit was considered to calculate the total purchase limit;
- total purchase limit = LTI plus deposit amount – this represents the maximum property price the couple can afford;
- Government supports: the methodology assumes that the FTB couple utilises the Help to Buy scheme towards their 10% deposit – the First Home Scheme is not included within this methodology – other examples of the positive impact of this support on affordability are contained within the three scenarios in this section of the report; and
- affordability result = maximum funding amount available less total purchase price.

Affordability of new homes

Meath, Cork and Galway

The analysis revealed that all house types across Meath, Cork, and Galway were affordable for this FTB couple (**Table 7**).

14.Central Bank of Ireland. Estimating the Trend of House Price to Income in Ireland. Available from: https://www.centralbank.ie/docs/default-source/publications/research-technical-papers/estimating-the-trend-of-house-price-to-income-in-ireland.pdf.

Table 7: Affordability results Q4 2024 – averaged prices from SCSI estate agent/valuer members.

County	Locations*	House type	Average property purchase price (A)	10% deposit (B)	Average combined gross salary (C)	LTI 4 times salary (C x 4 = X)	Total purchase limit (X + B = Y)	Affordability result (Y – A)
Meath	Dunshaughlin, Ashbourne, Ratoath, Navan, Trim, Dunboyne, and Duleek	3-bed semi-detached	€445,000	€44,500	€107,000	€428,000	€472,500	€27,500
		2-bed terraced	€372,000	€37,200	€107,000	€428,000	€465,200	€93,200
		3-bed terraced	€427,000	€42,700	€107,000	€428,000	€470,700	€43,700
Kildare	Naas, Newbridge, Clane, Ballymore, Kilcullen, Kildare Town, Maynooth, and Leixlip	3-bed semi-detached	€491,000	€49,100	€107,000	€428,000	€477,100	-€13,900
		2-bed terraced	€404,000	€40,400	€107,000	€428,000	€468,400	€64,400
		3-bed terraced	€439,000	€43,900	€107,000	€428,000	€471,900	€32,900
Wicklow	Bray, Wicklow Town, Rathnew, Rathdrum, and Newcastle	3-bed semi-detached	€515,000	€51,500	€107,000	€428,000	€479,500	-€35,500
		2-bed terraced	€456,000	€45,600	€107,000	€428,000	€473,600	€17,600
		3-bed terraced	€464,000	€46,400	€107,000	€428,000	€474,400	€10,400
Cork (city and county)	Ballincollig, Glanmire, Blarney, Kerry Pike, Carrigaline, Douglas, Midleton, and Kinsale	3-bed semi-detached	€452,000	€45,200	€107,000	€428,000	€473,200	€21,200
		2-bed terraced	€339,000	€33,900	€107,000	€428,000	€461,900	€122,900
		3-bed terraced	€416,000	€41,600	€107,000	€428,000	€469,600	€53,600
Galway (city and county)	Salthill, Knocknacarra, Athenry, Kinvara, and Craughwell	3-bed semi-detached	€414,000	€41,400	€107,000	€428,000	€469,400	€55,400
		2-bed terraced	€340,000	€34,000	€107,000	€428,000	€462,000	€122,000
		3-bed terraced	€388,000	€38,800	€107,000	€428,000	€466,800	€78,800

**The locations considered in this report differ from those in previous SCSI Residential Market Monitors, as new developments are emerging in different areas. Most of the locations in Cork and Galway included in the study are within a 30-40km radius of their respective city. All property price and gross salary figures are rounded off.*

NEW HOME AFFORDABILITY ANALYSIS

Table 8: Affordability trend over the past two halves of 2024 using x4 times LTI ratio.
Six months price change for three-bed semi-detached homes.

County/ City	SCSI Market Monitor Report – 1H 2024	SCSI Market Monitor Report – 2H 2024	Price change (%)	1H affordability result	2H affordability result	Affordability result	Affordability trend
Meath	€419,000	€445,000	6%	€51,000	€28,000		Becoming less affordable
Kildare	€488,000	€491,000	1%	-€11,000	-€13,900		Not affordable and gap widening
Wicklow	€502,000	€515,000	3%	-€24,000	-€35,500		Not affordable and gap widening
Cork (county and city)	€430,000	€452,000	5%	€41,000	€21,000		Becoming less affordable
Galway City (excluding Galway county data)	€432,000	€442,000	2%	€39,200	€30,200		Becoming less affordable

Please note: All figures are rounded off, including the previous report's figures. The previous report's affordability result in this table is recalculated based on an LTI of four multiple, whereas in the previous report x3.5 ratio was used for those examples; hence, the affordability result figures on the table in the previous report and the current report will not be the same. Some new home prices are from new developments in different but broadly similar locations to those provided in the previous report. Also, for Cork, the averages combine city and county developments. For Galway, due to the varying proportion of county and city developments in the previous report, only Galway City data was filtered and compared with the current half year's data.

Kildare and Wicklow

In Kildare and Wicklow, two-bed terraced and three-bed terraced houses were found to be affordable for this FTB couple. The Help to Buy scheme further eases the upfront capital requirements, making these properties more accessible for eligible FTBs. However, three-bed semi-detached houses remain unaffordable in both Kildare and Wicklow, with affordability gaps of €13,900 and €35,000, respectively.

It is important to note that financial support provided by the First Home Scheme (FHS) was not included in the affordability table. The FHS sets price ceilings based on local authority areas, which differ from the regional analysis used in this study. In general, based on the average price for Kildare and Wicklow, the FHS is not applicable, as the average price in the table is above the price ceilings for the two counties. However, if the price of the specific property (new developer type home) is less than or equal to the ceiling, which is €425,000 for Kildare and €475,000 for Wicklow, then the FHS can be utilised. To provide additional insights, the SCSI has illustrated the impact of the FHS under various scenarios for the different local authority areas, which are detailed on page 21. These scenarios assume that the FTBs are utilising savings towards their 10% deposit requirements, which can include the Help to Buy scheme, where appropriate.

Affordability trend

SCSI survey data indicates that affordability for three-bed semi-detached homes has become more challenging across the five counties in the past six months (**Table 8**). The income considered here is once again based on the garda and nurse couple of 10 years' service.

Property prices have seen an increase ranging from 1% in Kildare to 6% in Meath, with counties like Cork and Wicklow[15] also recording notable rises. In Meath, for instance, the affordability gap has decreased from €51,000 in the first half of the year to €28,000 in the second half, reflecting tighter affordability. Counties such as Kildare and Wicklow continue to face affordability gaps, while Galway City has seen a modest increase in prices accompanied by a smaller, but still noticeable, decline in affordability. These trends suggest that the pace of property price growth is higher than income growth in several regions, especially Dublin's commuter counties, creating pressures for prospective buyers. While the housing market remains active and resilient, there is a growing need to address these emerging affordability concerns. A balanced approach to increasing housing supply, reducing construction costs, and supporting income growth could help to alleviate these pressures, fostering a more sustainable and inclusive housing market in the long term.

15. SCSI Survey of estate agent and valuer members.

First Home Scheme

The impact of the FHS for the average FTB couple is presented in the following examples.

Scenario 1: First Home Scheme unavailable

A FTB couple with the combined gross salary of €107,000 are looking to purchase a three-bed semi-detached home in Kildare for a price of €491,000. The couple use the Help to Buy scheme to part-fund their 10% deposit. Unfortunately, the funding gap of €13,900 (see **Table 7**) cannot be met with the First Home Scheme as the property purchase price is in excess of the price ceiling for Kildare.

- Property price: €491,000
- 10% deposit: €49,100 (HTB scheme available, used towards deposit)
- FHS: unavailable (over the price ceiling for Kildare)
- Maximum mortgage available: €428,000 (four times gross salary)
- Funding gap: €13,900

Scenario 2: First Home Scheme unavailable

A FTB couple with the combined gross salary of €107,000 is looking to purchase a three-bed semi-detached home in Wicklow for a price of €515,000. The couple cannot use the Help to Buy scheme for this purchase as the property price is above €500,000. The purchase price of the house is more than the price ceiling set by Wicklow County, which is €475,000. Hence the FHS scheme is unavailable for this property.

- Property price: €515,000
- 10% deposit: €51,500 (HTB scheme unavailable – criteria not satisfied)
- FHS: unavailable (over the price ceiling for Wicklow)
- Maximum mortgage available: €428,000 (four times gross salary)
- Funding gap: €35,500

While the FHS is not applicable in the two scenarios, there will be many FTBs on lower incomes than the average provided in our analysis. Others may be unable to utilise the maximum x4 times LTI and there may be FTBs seeking to buy new homes in areas below or at the Scheme's price ceiling. The FHS could therefore provide additional funding options for these buyer types to secure their first home.

A balanced approach to increasing housing supply, reducing construction costs, and supporting income growth could help to alleviate these pressures, fostering a more sustainable and inclusive housing market in the long term.

ENERGY EFFICIENCY AND BER

The survey findings highlight a shift in sentiment towards energy-efficient properties, reflecting broader trends in the Irish residential market.

As the Government intensifies efforts to achieve Ireland's 2030 climate goals, with initiatives like the Sustainable Energy Authority of Ireland's (SEAI) retrofit schemes aiming to reduce energy consumption by up to 40%, the market increasingly values energy-efficient homes. The survey data shows that a larger proportion of agents now estimate the market value of a high BER property (B2 or higher) to be between 5-10% higher compared to similar properties with a lower BER (47% in Q4, up from 34% in Q2). Additionally, 31% of agents in Q4 estimate the value to be 10-20% higher, a slight increase from 29% in Q2 (**Figure 18**).

Meanwhile, the percentage of those who believe the value to be about the same has decreased, from 29% in Q2 to 19% in Q4. These trends suggest growing recognition of the value premium associated with energy-efficient properties, aligning with the Government's push for energy renovations. This reflects broader market shifts where properties with higher energy performance are becoming increasingly attractive to buyers and investors, reinforcing the importance of sustainability in the residential property sector.

The survey findings highlight a shift in sentiment towards energy-efficient properties, reflecting broader trends in the Irish residential market.

When agents were asked about the factors driving homeowner demand for properties with strong sustainability credentials, the Q4 2024 survey revealed a slight shift in priorities, but mostly was the same as the previous report.

Energy cost savings remained the top factor, consistently ranked first in both the Q4 and Q2 2024 surveys. The availability of green mortgages held steady in second place, indicating continued interest in sustainable financing options. Notably, Government incentives moved up to third place in Q4, overtaking property value and resale potential, which

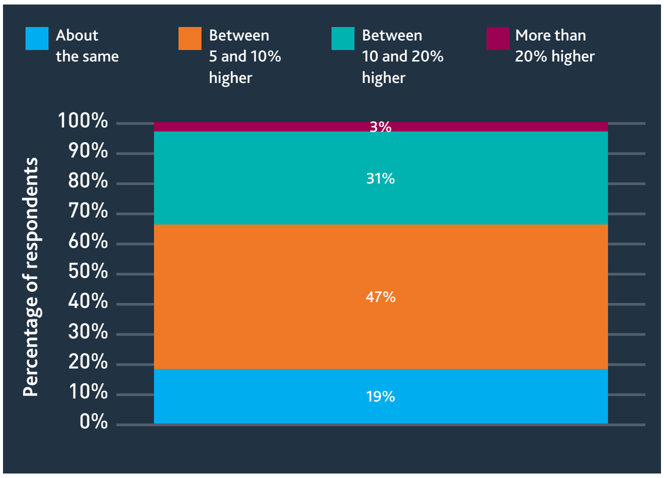


FIGURE 18: Value difference between properties with high and low BER.

Source: SCSI research.

Note: figures may not add up to 100% due to rounding.

dropped to fourth. Environmental impact concerns remained the fifth-ranked factor (**Table 8**). These findings reflect a growing focus on immediate financial benefits and the increasing role of Government support in driving demand for sustainable properties.

The Q4 survey report shows a slight increase in tenant inquiries about energy upgrades compared to Q2 2024 (**Figure 19**). In Q4, 19% of agents reported receiving inquiries from tenants, up from 16% at the end of Q2, while the majority (81% in Q4 and 84% in Q2) indicated no inquiries. This gradual rise suggests growing tenant awareness and interest in energy-efficient living, although such inquiries remain relatively low overall, indicating room for further engagement and awareness for tenants in this area.

Wall and roof insulation remained the most inquired-about upgrade, retaining its top spot from the previous report. However, heat pumps climbed to second place, overtaking solar panels, which moved down to third. Smart monitoring technology also gained traction, appearing in the Q4 rankings, while solar water heating dropped to fifth place (**Table 9**). These changes suggest an increased focus on heating efficiency and advanced energy management solutions among tenants, reflecting evolving priorities in energy efficiency upgrades.

Table 8: Main factors driving homeowner demand for properties with strong sustainability credentials.

1. Energy cost savings.
2. Availability of green mortgages.
3. Government incentives (e.g., Help to Buy).
4. Property value and resale potential.
5. Environmental impact concerns.

These findings reflect a growing focus on immediate financial benefits and the increasing role of Government support in driving demand for sustainable properties.

Table 9: Top four energy efficiency upgrades enquired about by tenants.

1. Wall and roof insulation.
2. Heat pumps.
3. Solar panels.
4. Smart monitoring technology

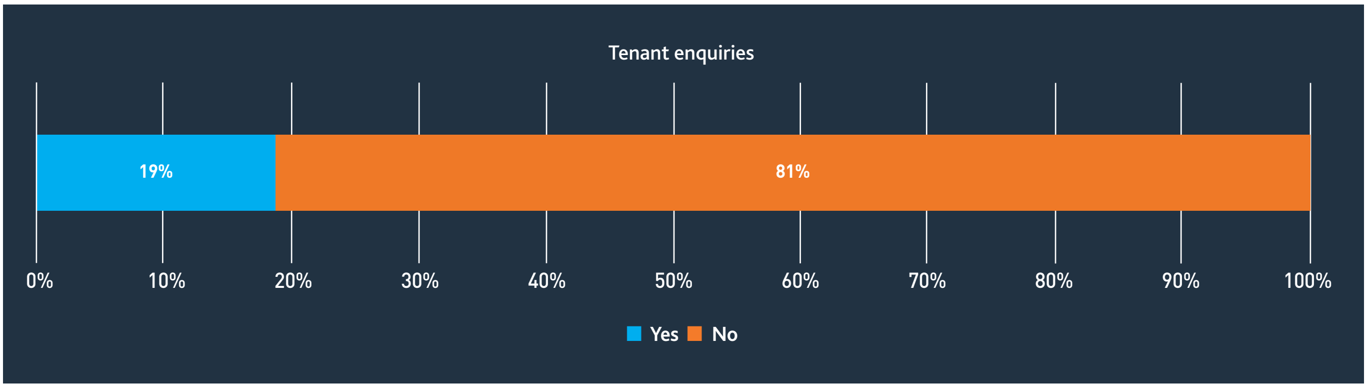


Figure 19: Tenants enquiring about home upgrades. *Source: SCSI research.*

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