

City rents likely to rise by 5-10%

by **Conor Power** FOCUS ON: **LIMERICK CITY**

Three-bed semi-detached homes in Limerick city centre are comfortably selling for around €185,000 to €190,000

ACCORDING to one Limerick city auctioneer, there is already a shortage of quality housing stock in the rental market and the prediction is that this factor will force a rise in rental values by up to 10%.

“Residential rents are on the rise,” says the agent.

“I would expect them to go up by 5% to 7% this year — maybe even by 10%. They’ve been going up since about the second half of last year; very slowly and by small amounts, but they’re still going up.

“Supply isn’t a huge issue but supply of quality stuff is. If you’ve bad quality property in today’s market, it’s very hard to rent — tenants aren’t interested.”

The city has suffered from large-scale employment losses — particularly in the form of Dell — but that doesn’t seem to have impacted as greatly on the fortunes of the city’s property market as one might have expected.

Auctioneers here are putting overall residential values at no more than 40% down from figures at the peak of the bubble.

“The older, more well-established city locations are probably performing the best,” says another experienced agent in the city. “The more newly-developed residential areas are suffering a bit because of over-supply.”

But even in the newer estates in suburbs, such as around the Dooradoyle

Case studies: Limerick city

Location:	Limerick city
Area:	Suburban estate
House type:	Three-bed semi-detached
Year built:	2005
Value at peak:	€260,000
Sale price:	In the region of €165,000

Location:	Limerick city
Area:	Suburban estate
House type:	Three-bed semi-detached
Year built:	2003
Value at peak:	€320,000
Sale price:	In the region of €250,000

area, the average three-bed semi-detached is still fetching in the region of €185,000 to €190,000 — pretty much the average for the city as a whole.

The relative good health of the city’s residential property market is also reflected in the fact that all agents spoken to are reporting ongoing trading-up activity.

“The residential sector is hugely improving,” says another auctioneer who talks about a market consisting of “mostly first-time buyers as well as some buying in the middle range”.

“Although values in the middle sector aren’t rising, we’re finding more activity in that area than in others,” says another agent. “That would be in the area from about €250-

€300,000 up to €450-€500,000. There’s definitely a bit more activity there than



GOOD AREA: A property in Dooradoyle, Limerick, an area where houses have been selling quite well, often exceeding €200,000.

there had been. These are houses that were once worth €800,000, so the market seems to be recognising that they’re getting great value.”

Cash buyers and civil servants are still forming the core of what buyers are active in the market.

The city still has quite a strong industrial core, so any recovery does depend on how and

when the banks will be able to make finance more widely available. The pattern of active lenders in the market is similar to that found elsewhere, with Bank of Ireland consistently cited as the main player.

Despite a pick-up in transactions across the board, most auctioneers in Limerick are reluctant to predict



The Docklands in Limerick, where property prices have remained strong, according to local auctioneers and trends evident in national surveys. **Picture:** Kevin Clancy

Location:	Limerick county
Area:	Abbeyfeale
House type:	Four-bed bungalow
Year built:	1970
Peak value:	€350,000
Sale price:	In the region of €180,000

when the market is going to bottom out, the issue being so tied up in variables — particularly the one concerning the question of when the banks are going to return to some sort of fluidity.

One agent, however, is predicting that the bottom will be reached at a point between “the middle and the end of this year.

“It’s simply the case that we’re seeing renewed activity, higher value properties selling in more quantities than they have been and we’re even seeing competitive bidding situations coming back to the market for the first time in four years.”

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Resurgence in farming sector brings a welcome boost to land values

FOCUS ON: **LIMERICK COUNTY**

Renewed interest in land from UK nationals or returning Irish emigrants is lifting residential property prices

THE one area that is causing a lot of positivity to flow through the veins of County Limerick auctioneers from Kilmallock to Adare and everywhere in between is that of farm land.

“The agricultural sector is very strong at the moment,” says one agent based in the southern town of Kilmallock. “The banks are supporting it, allowing transactions to take place so land sales are very good as a result.”

This is an important and encouraging factor in an area where the agricultural industry is of such importance. The model of improvement in a large indigenous industry which a banking system recognises and subsequently provides credit for is one that many auctioneers here feel will follow through to the residential sector. One auctioneer in the Adare area has even spoken of the renewed interest in land extending across the Irish Sea to UK nationals or returning Irish emigrants; and that is already having a knock-on effect on interest levels in residential property.

The current residential market is one that sees the average three-bedroom semi-detached home fetching between €160,000 and €180,000. But where demand is strongest is for once-off individual properties with some “elbow room” and that aren’t too far from amenities.

“The once-off houses out the country on a half-acre site — they’re the ones that are selling the best,” says one experienced Abbeyfeale-auctioneer who says that

Location:	Limerick county
Area:	Abbeyfeale
House type:	Two-bed detached house with garage
Year built:	1971
Value at peak:	€250,000
Sale price:	In the region of €120,000

Location:	Limerick county
Area:	Croom
House type:	Four-bed detached
Year built:	2005
Value at peak:	€450,000
Sale price:	In the region of €330,000

houses in newer estates in the smaller towns and villages in the county are harder to sell. This, he says, is because of a lack of confidence in such property and the fact that there is an over-supply in smaller urban centres.

Forced or distressed sales are rare, with the exception of one agent in the Newcastle West area, who said that they had “about 8-10 of them in the last 12 months.”

Estimates of how much house prices have dropped vary from town to town, with agents in Adare and Abbeyfeale reporting an overall 50% drop in values from peak.

Auctioneers in Kilmallock say that property there has been more like 40%, while agents in Newcastle West put the figure at 25-30%.

The British buyers did represent an important sub-market across the county, notably for buying one-off property with a little land, but they haven’t returned to this particular corner of Ireland yet in any significant numbers.

“They’re very scarce now,” says one agent in

the county. “The English buyers in particular used to be very keen on houses in the countryside with three or four acres. If you were selling a large holding, for example, you would always retain any residence on it with a few acres and you could be almost 100% certain that it would be a British client that would buy it.”

Residential rents are stable in the county, with some areas expecting there to be a slight rise in rent values during 2011. There is some variety from town to town, but an accurate average monthly rent figure would be in the region of €550. The percentage of tenants on rent allowance varies greatly from town to town, but an overall estimate would be that roughly 40% of all tenants are receiving some level of rent allowance support — a factor that may affect rental values in the near future, depending on what sort of support cuts the Government will need to make during the course of the year.

Some auctioneers in the county spoke about the

encouraging signs that were manifest in increased transactions: “A fresh pro-active confidence and assertiveness in the market,” said one agent.

There is also unanimity amongst agents in the county with regard to the existence of cash buyers waiting in the wings to move on the residential property market.

“There are always people with a big ball of cash in every town and village in the country,” said another estate agent.

Another suggested that many of the cash buyers were as reticent as many of the first-time buyers who would qualify for a mortgage, suggesting that confidence was every bit as important a factor in the market as the availability of finance.

In spite of the overall positivity, none of the agents were hazarding a guess at when the market might bottom out.

“I’m not sure I’ll be around when it does,” one auctioneer joked.

“Whenever the banks get back on track,” said another. “That may take another 12 months.”