

City believes the worst is over

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

Auctioneers in Waterford say the fall in house prices has already come and gone, making further falls unlikely

AS ONE of the latest of Ireland's cities to be linked to Dublin by a brand new motorway (the M9 was completed last September), the optimism of some of Waterford city's auctioneers is perhaps influenced by the recent tangible fruits of investment in local infrastructure. Waterford boasts one of the country's largest hubs for third-level education, with over 8,000 students. It also has an important port and a major hospital.

It is in the area around this hospital, in fact, that there is some level of activity in the property market. One local auctioneer says: "The Dunmore Road and the Collins Avenue areas are still doing ok — there's demand for property in those parts, as well as for property around the hospital." Apart from those specific geographical areas, demand for property is relatively slow, with only property under €200,000 in demand. This demand curve is ensuring greater value for money. The city has also seen something of a glut of apartments. Demand for such properties has seriously plummeted with prices for an average apartment now at €50-€60,000 — down from the boom-time highs of €230,000. Three-bedroom semi-detached homes in the city are currently fetching between €150,000 and €160,000, representing a 40% fall from the peak of approximately €255,000.

Trading up activity in the city is, according to all auctioneers interviewed, "virtually non-existent". After some interest being shown in this area during December and January (in the wake of the slashing of stamp duty rates), there has been practically no activity since. Many put this phenomenon down to both a lack of credit but also to a lack of confidence in the market.

This lack of confidence has been helped, in no small measure, according to one auctioneer in the city with considerable experience in the market, by recent reports from the Central Bank. In advance of the recently-published stress-test report, they had spoken about house prices having dropped 38% (sic) from their peak and with further falls to go — falls that would result in an overall drop of 55% from peak prices. But, as virtually every auctioneer interviewed



A new house in Newtown Park, Tramore, Co Waterford, where five-bed, 2,800 sq ft homes with a sun room have been reduced from their old peak asking price of €698,000 down to €485,000.

in Waterford and elsewhere in Munster has already confirmed, that fall has already occurred, so these figures appear to be seriously out of step with what has been happening on the ground. Some of these figures are based not just on property sales, but also on top-up mortgages and valuations, argues the same auctioneer. These top-up mortgages

are organised on the basis of a valuation, he says. The valuation is an opinion of the property's value that may or may not be related to actual sale values. Auctioneers in Waterford city are advising vendors to price their property according to the market and anticipate what the market's going to do next, rather than expecting any price rise soon. The city

market has virtually no overseas interest as things stand and, historically speaking, it's a market in which the foreign buyer has played no significant part. Rents in the city are static at the moment. However, in contrast to many other parts of Munster, auctioneers in Waterford are not expecting an increase in rental values. This, they say, is down to the fact that supply is not a problem. Furthermore, as one agent observed, "a lot of apartments are becoming available... and sections of the demand are dropping because more and more Eastern European nationals are beginning to return to their home countries." Auctioneers are not risking auctions at the moment. In any case, it was always a market in which there were few public auctions. The cash buyers are making fleeting appearances in the local market when they sense a bargain about (such as in a distressed sale). Otherwise, most of the

transactions are first-time buyers who are being funded by mortgages, provided by the main local banks. Despite the apparent oversupply of property — particularly in the form of apartments — Waterford city is quite free of the phenomenon of ghost estates.

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Area:	Tramore
House type:	Four-bed detached
Year built:	2006
Peak value:	€450,000
Sale price:	In the region of €250,000

Area:	Waterford city
House type:	2-bed apartment
Year built:	2006
Peak value:	€325,000
Sale price:	In the region of €150,000



Great deals in sunshine city

FOR SALE

WATERFORD is serving up great bargains in recent times. This well located stylish five-bed home at 13 Kingscourt, Kingschannel, in Waterford (see photo, above) has had its asking price reduced several times. Once on offer for €620,000, the property was at €530,000 for some time, and was subsequently further reduced to €475,000.

The local selling agents say that this nine-year-old house has been fitted out to the highest standard. Accommodation includes a very large kitchen dining room with maple flooring, maple units with an island unit, granite worktops and integrated appliances. There's also a sun room, a utility room, an office and two carpeted living rooms with fireplaces.

Calm rural properties enjoy steady recovery

FOCUS ON: **WATERFORD COUNTY**

The consensus is that rural prices have fallen 40-50%, with a visible jump in people trading up since January

ONE prominent Dungarvan-based auctioneer sums up the recent property cycles in rural Waterford thus: "From Kilmacthomas right through to Lismore, house prices never went crazy in West Waterford."

He adds: "At the very peak of the market, the maximum paid for a three-bedroom semi in Dungarvan was €255,000. In Youghal — 20 minutes away — they hit €300,000 and in Middleton they went as high as €360,000."

If you can keep your head when all about you are losing theirs... then you'll probably end up surviving a property bubble better than most and end up in 2011 closer to recovery time than others. There's certainly an air of belief in West Waterford that that is the case, with one agent speaking of "welcoming" the recent banking stress tests; of getting them out of the way and "bringing us closer to the light."

West Waterford is essentially a rural market with a modest-sized town as its administrative capital (Dungarvan) and one which has a sound industrial base. The average price for a three-bedroom semi-detached home in the area today is approximately €155,000.

The area is not the most sought-after in the country, yet it enjoys considerable advantages, as another agent in Dungarvan points out: "I think that we have excellent living standards here. There's good employment here with the pharmaceutical and food companies and the county administrative headquarters. There's good educational facilities, ease of access to 3rd-level education, two hospitals and a choice of beaches on your doorstep." The general consensus is that property prices have dropped by between

Case studies: **Waterford County**

Area:	Cappoquin
House type:	Three-bed townhouse
Year built:	1980s
Value at peak:	€140,000
Sale price:	In the region of €63,000

Area:	Dungarvan
House type:	Three-bed semi-detached
Year built:	2004
Value at peak:	€240,000
Sale price:	In the region of €170,000

40% and 50% from their peak on average. The types that vary most from this spectrum are what one agent described as the "super-sized pads in the middle of the country far away from amenities and hard to maintain". These, say the agent, are down by "at least 50%". In addition, apartments in Dungarvan are "almost un-sellable", featuring only as a very slight trickle of sales to a shrunken holiday-home market.

At the other end of the scale are good quality detached homes under €200,000 in nice rural areas, as well as three-bedroom semi-detached house in mature estates. These are the most sought-after properties with the former having only dropped in value by about 25-30% from peak values.

"We'd be doing a bit more trading-up activity since after Christmas," says another West Waterford agent, who is also quick to point out that what is happening at the moment is an increase in activity, but not a recovery or a boom. Accordingly, they would advise vendors to make sure that if they are in the market to sell, then they need to price their

property accordingly: "Take the advice from your agent and price your house correctly — i.e. on the basis that if you instruct your agent and ask them 'What price do I need to put my house on the market for to sell it within three months?' then take their advice. If not, do not go on the market."

Active lenders in the marketplace are KBC and ICS currently.

According to local professionals, these companies have usurped AIB as the main providers of home loans. The market is dominated by first-time buyers. Lending criteria are very tight and there are, according to one agent, "literally hundreds" of potential buyers waiting in the wings for when finance does become more fluid. The overseas market

has always been of quite strong importance in the area. The dominant British segment has been scarce in recent years, but cash buyers from the UK are beginning to appear more regularly and one agent claimed that 40% of his sales since last October were to cash buyers from Britain. Meanwhile, all agents interviewed acknowledge the presence of a number of cash buyers locally, waiting for when they feel the time is right to invest. Yields on rental property are certainly looking promising. Average monthly rental figures are currently stable at around €550 and supply of quality housing stock for rent is becoming an issue, with some agents predicting an increase in rental values over the remainder of the year. It is worth noting, however, that the area is also experiencing the trend of a high proportion of tenants receiving rent allowance and one Dungarvan agent put that figure at 70% of the total number of tenants on his books, making for a potentially precarious position in terms of the future of government funding for such schemes.

Detached homes under €200,000 in nice rural areas are among the most sought-after properties in Waterford now