

Reports a little faulty?

PROPERTY MARKET:

Carol Tallon looks at the latest market analysis tools and concurs that all is not as it seems

ANOTHER week, another ESRI report on the Irish housing market. The latest publication reveals that an enormous 40 per cent of all renters could afford a mortgage, although not necessarily the accompanying deposit. The report goes on to say that up to 40 per cent of those who are

renting are ready to buy as soon as the market, and the wider economy, picks up. So, when will that be? Well, this is the catch; nobody knows. The report quotes from a recent Kennedy and McQuinn study, which states that 'house prices are today below their long-run equilibrium'. I wish any buyer who dares to suggest to a seller in the current market that their house is priced below its long-run equilibrium the very best of luck!

One very telling aspect of the research is that into vacant properties across Ireland. It is here the real urban-rural divide is most evident. Looking solely at the Dublin market, we can see that the current vacancy rate stands at 8.3 per cent and this is down from 9.7 per cent in 2006. This reflects the slowdown in construction of housing stock and the on-going purchasing activity.

The breakdown of vacancy rates in the Dublin market is as follows: 10.2 per cent of all residential property in Dublin City is vacant, however this is down from 11.7 per cent in 2006. The figures for Fingal tell a similar story, with current vacancy levels now seven per cent, down from 8.8 at peak. This is true too for South Dublin, where the current rate of 5.4 per cent is well down on the 2006 figure of 8.9 per cent. Interestingly, only Dún Laoghaire-Rathdown is experiencing current levels of vacancy in excess of the market at peak. Some 7.7 per cent of the total housing stock is vacant, including apartments, up from 6.2 per cent. It is estimated that 0.5 per cent of all vacant stock in the capital is made up of holiday homes and is therefore unavailable for the purposes of assessing the market. Please note that these vacancy rates apply to all residential stock, comprising houses and apartments.

I have long questioned the usefulness of these reports for potential buyers or their relevance when buying or selling. The



reality is that reports can be more of a hindrance than a help in the search for a home. It is not enough to use these in the absence of the much-promised, long-overdue national property price register. In its absence we have no information on achieved sales prices, period. Half-baked statistics, interpreted with bias, can tell any story. What would-be buyers need to know is their local market. Who is buying? How quickly are properties coming on or selling? If a buyer intends to buy, just analyse the housing stock, likewise with apartments.

The litmus test for buyers must surely be to gauge local supply and demand and to trust the information that is evident 'on the ground'. I listened to Tom Dunne on Newstalk recently describing a game he

plays on his daily commute whereby he counts and compares the number of houses marked For Sale against the number of properties marked Sold or Sale Agreed. This week, he said, the Sale Agreed properties overtook the houses For Sale, for the first time. Admittedly, this is not the most scientific approach to market analysis, however, it is certainly more relevant to house-hunters on Dunne's route home than any ESRI report.

Finally, the report promises 'more detail will follow in later publications' and I have no doubt that it will, indefinitely. *Carol Tallon is author of the Irish Property Buyers' Handbook 2012/2013 and MD of Buyers Broker Ltd. Tel: (01) 442 8035. info@buyersbroker.ie. www.buyersbroker.ie.*

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