

# Time to get **REAL** *about property*

Real Estate Alliance survey results for 2009 revealed.

In mid-March the results of Real Estate Alliance's annual property survey were revealed. The survey offers an insight into the views of those already, or soon to be, active in the property market this year. As part of REA's proactive approach to determining current market opinions and expectations, the findings of the study are designed to give Real Estate Alliance members an invaluable insight into the marketplace and assist them in providing their clients with the best possible service.

The Real Estate Alliance annual property survey was launched online through the property group's website ([www.realestatealliance.ie](http://www.realestatealliance.ie)). Participants sampled were gathered through REA offices nationwide, the clients and contacts of agents and through general website traffic.

Throughout January and February of this year a total of 210 individuals submitted their views. The respondents were representative of buyers in the market. The number of respondents was down a third from last year, reflecting the amount of potential buyers in the market.

The survey was a snapshot of the various types of buyers currently active in the marketplace. Of those surveyed, 37 per cent were first time buyers while 38 per cent were looking to trade-up. Almost a quarter (24 per cent) were investors while the remaining two per cent were hoping to downsize.

Several positive facts emerged from the report, for example the majority of potential buyers (52 per cent) intend to purchase a

**"61 PER CENT WOULD BUY 'THE RIGHT HOUSE' NOW."**

property in the next year and an overwhelming majority (79 per cent) believe there is value to be found in buying a property now. Seeing 'the right house' would motivate 61 per cent of those surveyed to buy, although 63 per cent are holding off in anticipation of further drops in prices, which 36 per cent believe will be at their lowest by the end of this year. A five per cent decrease in property prices is expected by 27 per cent of those surveyed while half of those surveyed predict a drop of ten per cent. Most respondents (63 per cent) believe interest rates will drop to one per cent.

**"OVER A THIRD OF FIRST TIME BUYERS (35 PER CENT) BELIEVE THAT HOUSE PRICES WILL DECREASE BY FIVE PER CENT IN 2009 AND THE MAJORITY OF THEM BELIEVE THAT BUILDING ENERGY RATINGS WILL HAVE NO EFFECT ON HOUSE PRICES."**

Respondents were asked a number of questions relating to Building Energy Ratings (BER) and carbon taxing, which revealed that 65 per cent believe that Building Energy Ratings will have no effect on house prices. One significant finding from the report reveals that 64 per cent of participants don't agree with

carbon taxing homes although 66 per cent believe it will be used as the basis for the proposed property tax. Of the investors and those hoping to trade-up, 45 per cent think they can obtain a BER certificate online rather than through professionals.

Commenting on the survey, Paul Grimes, Director of Real Estate Alliance and Director of GRIMES Real Estate in Ashbourne and Skerries, said, "We are heartened to report that 52 per cent of those seeking to buy intend to do so in the year ahead. In particular almost seventy per cent of first time buyers intend to buy in the next year. The widespread belief is that prices will continue to fall in the months ahead but that the bottoming out of the market will come towards the end of 2009. The majority of respondents believe that there is value in the market currently and that seeing the right house would provide the stimulus for them to proceed with a purchase."

"The results of the survey have clearly defined the challenges ahead for all Real Estate Alliance members to show potential buyers the value that exists and to use their experience and expertise to find the right house for clients. While there is an obvious reduction since the peak in the number of people active in the market place, those that are considering purchasing intend to do so in the months ahead and we can presume they will be monitoring the market closely in the belief that the bottom of the market will come towards the end of this year. Naturally, everyone wants to be ready to strike when this time comes," concluded Grimes.

## THE RESULTS

### First Time Buyers

The majority of this group are between 25 and 30 years old. Just under half (48 per cent) are renting while 31 per cent live with their parents. Two-thirds (66 per cent) of those renting are paying between €600 and €700 per month. A large majority (68 per cent) of these potential buyers want to buy in the next year and most are motivated by “seeing the right house”, 54 per cent are buying alone and 41 per cent are buying with a spouse or partner. Interestingly, most have no preference between a newly-built or a second-hand house. The most common budget is between €200,000 and €249,000. Most of these buyers (54 per cent) are holding off buying because they believe prices will fall in the months ahead and 22 per cent are having problems obtaining finance. A considerable number of this group (59 per cent) haven't applied for a mortgage yet. Most first time buyers feel that the Home Choice loans will have little effect on the market with 79 per cent of the opinion that there is value in buying a house at the moment, while 37 per cent believe that property prices will bottom out by mid-2009. Over a third of first time buyers (35 per cent) believe that house prices will decrease by five per cent in 2009 and the majority of them believe that Building Energy Ratings will have no effect on house prices and most don't agree with carbon taxing homes.

### Trading-Up

A vast majority (88 per cent) of this group are not planning to sell this year while nearly forty per cent plan on buying. Of participants who are planning to buy, eighty per cent would like to do so in the next 12 months and 64 per cent feel that “seeing the right house” would motivate them to buy sooner rather than later. Respondents buying with a spouse or a partner totalled eighty per cent and 22 per cent have a budget of over €600,000 for trading-up. A large majority (62 per cent) are holding off buying as they believe prices will fall further and very few (nine per cent) are

having difficulty obtaining finance. Most of this group have not applied for mortgage approval in the last 12 months. Nearly seventy per cent of people trading up believe the Home Choice Loans have little effect on the market, but 62 per cent feel that there is good value in buying a house in the immediate future. Almost seventy per cent believe prices will fall further while 37 per cent believe that the market will bottom out in 2010. Over half of those surveyed (56 per cent) believe that property prices will decrease by more than ten per cent in 2009 and 53 per cent believe interest rates will fall in 2009 to one per cent. The majority of people trading-up believe that building energy ratings will have no overall effect on house prices though 64 per cent believe that energy ratings will be used as a basis for carbon taxing homes, although the majority (sixty per cent) do not agree with carbon taxing homes.

### Investors

Investors represented 23 per cent of respondents in this survey and they stated that they are not planning on selling this year, but 48 per cent plan on buying, with 85 per cent planning on doing so in the next 12 months. More than half (57 per cent) are motivated by seeing the right house and 43 per cent are motivated by the lower interest rates. Most investors (67 per cent) are either buying with a spouse or partner while 28 per cent are buying alone. This group have no preference between newly-built or second-hand houses. The budget for this group varies more than the other sectors with a majority favouring under €299,000.

A large majority (75 per cent) are holding off purchasing for now as they believe prices will fall further in the months ahead and 17 per cent are having difficulty securing finance. Almost two-thirds (65 per cent) believe the Home Choice loans offered by the Government will have little effect on the market and most investors (72 per cent) believe that rental prices will go down in 2009.

Just below half of the investors who responded (48 per cent) believe that property prices will bottom out in late 2009. The majority of those surveyed (65 per cent) believe that Building Energy Ratings will have no overall effect on house prices, but 69 per cent believe it will be used as a basis for carbon taxing homes.

Nearly three-quarters (72 per cent) do not agree with carbon taxing homes.

