

“Determination,  
attention to detail,  
honesty & commitment  
remain the key  
components”

**SOLD**

Popefield, Athy – Sold May 2010 for €1,520,000

## SUMMARY QUARTER 1 2010

- There was an increase in viewings and offers on various residential properties throughout the first quarter of 2010.
- Access to funds, job security and international financial volatility remain key factors in the market's poor performance.
- Property across all sectors and locations has been affected by the downturn with values back by circa 50% from the peak in 2007.
- Agricultural lands continue to command interest but the purchaser profile has altered from developers, builders and businessman to the 'farmer' and this has altered prices to approximately €14,000 per acre from a peak of €30k in 2007.
- Vendor expectations still remain a key determinant in the market. If prices are realistic then deals can be achieved.
- Credit will not start to flow again in a normal fashion until the banks have repaired their capital positions.
- The new windfall tax of 80% on profits or gains attributable to rezoning where the rezoning takes place on or after the 30th October may become a potential issue in the future.
- Commercial rents have been reduced with demand at low levels.

## INTRODUCTION

Certainly the current time is one of the most challenging periods to be involved in the property industry. The list of events on an economic scale both nationally and internationally which has effected the market appears endless.

Within the industry we face greater challenges as business people in running our own practices. Determination, attention to detail, honesty and commitment remain the key components for a successful future and I feel fully equipped with excellent well trained staff and a good company ethos to continue representing clients to the best possible standards.

Outlined in the following brief report is our experiences in the market in 2010 to date. We hope you find it informative and concise.



**Paddy Jordan**  
Managing Director

## Outlook 2010

- Increased number of properties on the market but funding and job stability still key factors affecting sales.
- Agricultural land prices to stabilise at €14,000 per acre on average in the Leinster Area
- Increased number of distressed sales and bank instructions due to financial pressures.
- Continued pressure on commercial rents and landlords having to provide incentives for tenants to occupy units.
- House prices in certain categories almost at bottom and likely to stabilise. Apartments and large developments for sale in unfinished estates likely to continue to be difficult to sell.



Paddy Jordan  
FIAVI, MIREF  
MANAGING DIRECTOR



Clive Kavanagh  
BSc (Surv), MSCS,  
MRICS, MIAVI



Castlefarm, Narraghmore – Sold for €3.35m, December 2009

## Land

The demand for land is still strong albeit at different levels to the peak of 2006. The purchaser profile has altered from builders, developers and businessmen back to the farming community who are looking to expand their enterprise. The price is on average €14,000 per acre depending upon quantum, location etc. Road frontage, development potential or such factors are no longer forcing prices upward.

Falling prices have also presented opportunities. This is the first time in six or seven years that farmers have a genuine opportunity to expand and grow their business. We have a number of land sales scheduled for the summer / autumn in 2010 and this will provide further market confirmation of values. So far this year we have managed to secure the sale of several land holdings in the 20 – 50 acre bracket at between €10,000 - €14,000 per acre.

Table 1.1: Average agricultural values 2006 – 2010

Year	Price Per Acre
2006	€25,000
2007	€30,000
2008	€20,000
2009	€15,000
2010	€14,000

## Equestrian / Bloodstock

The equestrian industry has obviously been affected by the economic turmoil with increase strain on trainers, fees & nominations. This has in effect consolidated the market to the major players who in effect only have interest in well established holdings with good facilities and accessible locations. The market for small equestrian holdings with large houses has been affected and proved difficult to sell as the purchaser for this type of property tended to be from the business community and this sector due to the financial crisis has been the hardest hit. In spite of this we did achieve in excess of €30,000 per acre for an exceptional stud farm in Co. Kildare which shows that quality still comes at a premium.

## Country

There is always a market for a special product in a good location but the widespread demand for houses of all size and condition in the country has been severely affected. In many cases these were often lifestyle choices facilitated by a strong business environment and an ability to both fund and sell a previous property. Many of the homes built through the last couple of years were designed plainly with too large a floor area and lacking character and charm. This market type has been most affected in the current climate. Quality of product is now the key to a successful sale.



# Residential Market



Liam Hargaden, FIAVI  
DIRECTOR

The strength of the residential market is obviously governed by the economic factors at a particular time and we are all well aware of the general turmoil in this regard. First time buyers are in the market but their problem is finance and essentially unless you have a state guaranteed job, work for a multi – national company or have considerable savings and backing then your ability to raise finance is extremely limited thereby forcing you into the rental market.

Viewing numbers have increased along with offers since January. The majority of transactions in the first quarter of 2010 has involved first-time buyers at the lower value end of the market who are getting excellent value. The drop in prices has seen first-time buyers coming back into the market for properties they would previously have been unable to afford.

Vendor expectations have come back in-line with market reality and transactions will occur once priced and presented correctly. Buyers are obviously a lot more particular in terms of what they can buy and therefore ‘first impressions’ are now more important than ever.

We estimate that residential property prices are now somewhere in the region of 40% off peak prices of late 2006 / early 2007 and while the majority of price reductions has taken place there may be further fluctuations through 2010 until the difficult economic conditions, lack of finance and job insecurity cycle is broken.

Table 1.2: Average price of a 3 bedroom semi-detached house in Newbridge:

Year	Price
2006	€350,000
2007	€330,000
2008	€290,000
2009	€230,000
2010	€210,000



Piercetown, Newbridge



Old Connell Weir, Newbridge



Kilmoney, Rathangan



Kilashee View, Naas



Liffey Mill, Athgarvan



Great Southern, Newbridge



Laurelwood, Kilmcullen



Old Connell Weir, Newbridge



Walshestown Park,  
Newbridge



Baroda Court,  
Newbridge



Curragh Grange,  
Newbridge

## Commercial Market

There has been an obvious increase in the availability of office, retail and industrial space in the last number of years due to the banking crisis, difficult economic conditions, and reduced consumer spending. Take up has reduced and rents and yields have been affected with all of the commercial sectors experiencing significant reductions from their peak in 2006, both in terms of capital and rental values. We would estimate that prime retail rents in the geographical area we cover experienced a reduction in the region of 40% – 50% with both the industrial and office sectors experiencing rental reductions in the region of 30% - 40% from their peak.

### Industrial market

Demand will continue to be subdued in the short term with limited sales transactions and no speculative development. Consolidation in many industries will present opportunities for well positioned companies to acquire buildings both on a purchase and leasing basis. There will continue to be a wide range of rental levels achieved. Most companies will want flexibility when leasing short term space and occupiers will be seeking improved buildings and locations that provide better value for money. There is a significant over supply of certain type of industrial property particularly incubator/enterprise units that have been purchased by investors and this will continue to be the most difficult sector of the market.



Rory Lavelle  
M.A., FSCS, FRICS,  
ACI Arb, MIAVI  
DIRECTOR



Billy Grogan  
BSc (Est. Mgt), MIAVI,  
MCS, MRICS

### Retail

The retail climate in Ireland remains very challenging. The main activity in the market place stems from store closures, which has resulted in a significant increase in vacancy levels. Legislation prohibiting upward only rent reviews came into effect on the 28th February 2010 creating a two tier market.

Short terms / temporary lettings have become common place along with break options and the guarantees and strong covenant once demanded by landlords have become less of an issue. Rents have fallen dramatically as a result of reduced activity and weak consumer spending leading to poor market sentiment in the sector.



### Development land

This is one of the sectors hit the hardest in recent times with very poor demand. The high levels of existing debt on lands, the lack of finance and the influence of NAMA ensured few sites have been offered for sale. Within the Greater Dublin Area there are a number of development plans up for review including County Kildare and this presents an important opportunity for landowners to make submission and consider the future planning of their respective properties.

The 80% Windfall Tax recently introduced under the NAMA legalisation has not yet had an obvious effect because of the lack of activity in the market. However, we feel that in the current form it will significantly reduce the transaction levels in development land in the future.



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