



MAYO  
PROPERTY PRICE  
SURVEY

2009



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## Welcome to the first ever Mayo Property Price Survey

The concept behind this report is to provide reliable and impartial information for buyers, sellers and indeed anyone who may have an interest in property prices within County Mayo. As a practising auctioneer and valuer, I feel there is a lack of accurate information within the marketplace and can understand why buyers and sellers find it difficult to form an opinion as to what a particular property may be worth. From the outset, I should state that no sensitive private price information has been shared or disclosed that might fall foul of the Data Protection Act and anyone seriously interested in either buying or selling a property should seek appropriate professional advice. Moreover, this report and the price information within it should be used as a guide only. This report is available in digital format only as we are committed to reducing the amount of waste paper.

In the first instance I wish to sincerely thank the various contributors: Barney Kiernan, Garrett Loftus, Pat Killeen, Eddie Campbell,

Adrian Burke and Helen Cassidy. Without their help and assistance this report and data would not have been possible. The main findings are summarised at the beginning and then individual pages follow which provide detailed price information together with a summary of the market in that location. We then provide a picture of the Country House Market, followed by the land market and finally commercial property. The property industry has often been accused of providing misleading information. Rightly or wrongly, we work in an imperfect marketplace where reliable price information is often difficult to access even for those working in it. However, I have to accept that asking prices within the market are frequently far in excess of their likely values. In my opinion, it is incumbent on us professionals to provide clear, honest advice and to tell it like it is. The government has recently announced that as part of the renewed programme for government, that it will in future compile a database of all residential and commercial sales in Ireland as is

the case in the UK. This is long overdue and is to be welcomed. However, there are still data protection issues to be overcome which will require the Data Protection Act to be amended and one wonders when this information will be available and will it be freely accessible. In a depressed market, the Government should use every effort to bring about transparency on an all-too-often opaque marketplace. It has delayed far too long in ensuring buyers and sellers can make informed decisions based on accurate and up-to-date house price information and one hopes that this initiative will be operational very soon.

In the absence of reliable information, I, together with some colleagues, have decided to compile price information. The information contained herein has been compiled by a number of the leading practices of Auctioneers and Valuers currently practising in County Mayo. We have analysed prices across the six largest towns as measured by the 2006 census. In doing so we have analysed as many sales as possible in order that the sample is as broad as possible thereby producing an accurate view of current prices and movements over the last year. Finally, we have tried to provide some insight to where the market might be going in the year ahead.

To say that the property and construction sector is going through a tough time would be an understatement. The accumulative impact of a vastly overheated property market and the global credit crunch has led to large price corrections across all property types throughout the country. It is widely accepted that property prices peaked in late 2006. We have therefore had three years of a stagnating market with a lot of unsold stock. With buyers failing to secure finance and losing confidence, prices have fallen substantially, possibly by as much as 40% to 50%. With the wider economy suffering from a lack of liquidity, the government proposes the National Asset Management Agency (NAMA) will purchase the distressed property loans from six of the larger Irish lend-

ers. These loans are secured on property assets ranging from fully let office buildings to vacant development sites. This is a huge calculated gamble with the government and by default every single tax payer becoming development speculators. However, there are presently limited other viable alternatives to the plan and it is hoped that by cleaning up the balance sheets of the main lenders that they will commence lending to the wider economy and bring about some impetus for economic recovery.

The future prospects for a recovery of the property market are directly linked to the wider economy. Until growth is restored where jobs are being created and not lost, when liquidity is restored to the financial sector and ultimately when confidence is again a factor, then we have the framework for a marked recovery. In its annual review, the Central Bank reported that they expect to see annual GDP contract by 9% this year and 3.5% in 2010. A more up-to-date view of the state of the economy can be gleaned from the Autumn economic bulletin from the ERSI who expect to see GDP contract this year by 7.2% and 1.1% in 2010. Moreover, they estimate that unemployment will rise to 12.2% this year and to 14.8% in 2010. However, there may be some modest growth in 2011. The domestic economy is among the worst in Europe and the recovery is likely to be long and possibly painful. The Celtic Tiger is long gone and regrettably, much of what was created is long gone too. However, there are lessons to be learned, particularly about prudent management of the economy and government policy.

Possibly the most frequent question I have been asked over the last six months is "do you think prices will fall much further?" or "are we at the bottom yet?". Ultimately, I do not know nor indeed does anyone else. However, a logical examination of the marketplace and the fundamentals would suggest that we should reach the bottom of the market early next year. However, one should caution that the road to recovery is difficult to predict. Critically, interest rate movements will play a hugely significant part in the process and inflationary pressures within the Euro zone will determine when

they rise and by how much. Domestically we need to address the enormous and growing exchequer deficit and put ourselves in stronger position to prosper as and when economic recovery comes about.

We have a substantial surplus of unsold new homes which should be absorbed by the market before we start to build further development. Ultimately, in the years ahead the housing market will be driven, I believe, by the fundamentals of home ownership and less about speculation and greed. There will be fewer houses built but they will be built to a higher standard providing more sustainable energy-efficient places to live and work. Development is also likely to be concentrated more in urban areas or those that have basic services and infrastructure.

Finally, I hope that you enjoy reading this report and that it may be of some benefit to you. I would welcome any comments that you may have.

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- On average in our opinion, residential property values in County Mayo have fallen by 15-20% during 2009 and specifically Ballina 15%, Castlebar 15%, Westport 18-20%, Claremorris 15-20%, Ballyhaunis 10-15% and Ballinrobe 15%.
- Sales volumes have been very low during the past year with many buyers content to sit the market out until they feel prices have bottomed out.
- We expect prices are very close to the bottom of the cycle but may in some instances moderate further before showing signs of stabilising in 2010.
- Rental demand has remained reasonably strong but with more units available rental values have fallen by on average 20%.
- The Country home market within County Mayo has been challenging in 2009 with limited numbers of sales concluded. Potential buyers are seeking value and are taking advantage of far lower prices on offer.
- Confidence within the wider market is perhaps at an all time low point with all contributors reporting that they do not expect to see any marked recovery in the market until 2011.
- Recovery within the housing market cannot and will not happen until there is a broader economic uplift and improvement in the jobs market.
- Lack of liquidity within the Irish Banking sector is still a real problem with many would be buyers unable to secure finance.
- The passing and implementation of the NAMA legislation is a crucial issue for the industry but the impact may take some time to be felt.
- There is a considerable amount of unsold new homes in various locations throughout County Mayo and it may take two years or more for these to be sold.
- There are no developments of any scale ongoing at this time within County Mayo and we do not anticipate that work will recommence for some time.
- There is virtually no market for development land within County Mayo presently.
- We estimate that there is sufficient zoned serviced land in the main towns of the County for many years housing supply. However, this will only be developed as and when demand returns.
- The commercial property markets have also been poor throughout 2009 with falling investor and occupational demand.
- Commercial rental and capitals values have fallen substantially in 2009. Capital values are back by as much as 50% from their peak whilst rental values are 30% lower.
- Overall it is our opinion that 2010 will remain a difficult year for the property and construction industries with only a small number of buyers willing to buy until such time as it is obvious that we have reached the bottom of the market.

## Castlebar

The one upside of Castlebar's infrastructural difficulties is that very little serviced development land came on stream which means that now, with the slump in demand, there is not a huge oversupply of newly-built units. With no surge in cut-price new builds flooding the market, the local values have held up reasonably well when compared to other locations.

However, in the preceding decade, Castlebar was a magnet for buy-to-let investors. The presence of Mayo General Hospital, GMT and local Government offices meant a strong residential letting market. This letting market has now tightened, leading many investors to exit the market. A large number of former buy to let properties have come to the market, however these houses often do not appeal to the owner-occupier, first time buyer (who tends to be the main buyer segment at the moment). Ironically, while there might seem to be a strong supply of properties for sale, the quality of the available stock does not meet the expectations of a discerning first time home buyer.

It is our view that the price correction in the Castlebar area from the peak (1st quarter 2007) to now (last quarter 2009) is in the region of 25%. The correction would appear to be sharper in areas where there is a strong concentration of buy to let properties.

During 2009, sales volumes have been slow with some first time buyers taking advantage of re-priced properties and those fortunate finance-ready buyers (either loan approved or cash buyers) being in a particularly strong position. The downside for potential buyers is that the supply of good quality properties is diminishing as vendors are reluctant to go to the market unless circumstances force them.

There is evidence of increased mortgage activity with many first time buyers getting pre-approved in anticipation of prices 'bottoming out'. Those vendors that are willing to take a realistic view of the market are having some degree of success in attracting those buyers that are willing to commit.

The medium-term view is quite strong for Castlebar property with a varied employment base and a strong service sector. The supply/demand imbalance will stabilise far more quickly here than in similar size centres where there is a large overhang of new builds.

Any degree of positive sentiment, be it from the media, Government or market commentators, is likely to trigger an unlocking of the pent up demand that is latent in the marketplace.

For those buyers that are sitting on the fence, the trick is going to be all about timing!



## Ballina

Garrett Loftus of Property Partners says 2008/2009 has been one of the most difficult years since he started up his own business in Ballina over 22 years ago. The downturn in the current climate is evident across all types of property i.e. residential, commercial and land have all slowed considerably. This is due to a variety of combinations: lack of buyers in the market, lack of confidence from a purchaser's perspective, oversupply of housing, the uncertainty of mortgage interest rates and the banks have tightened up in their lending of funds.

With all these new factors at play, the selling of property has become much more complex and coupled with the ever increasing negative media publicity, buyers are taking their time, weighing up their options and are therefore more cautious.

Whatever buyers are out there, they are seeking homes in the very low end of the market ranging from €150,000. We have a lot of people viewing properties but generally making very low and unrealistic offers and Vendors are not contemplating selling at these low prices unless they are in serious financial difficulties.

Ballina has a lot to offer and there is good value to be got at this present time, but this could all change in the very near future as we predict renewed confidence in the market due to finalisation of NAMA and release of funds from financial services.

While there are a lot of houses available for sale in Ballina town there are not many new housing developments left with unfinished houses. This is certainly a positive factor for the area unlike many rural towns and villages throughout Ireland.

Presently, there is good value to be had in some of the estates with prices starting from €150,000 which in the good times would have achieved up to €180/€185,000. Ballina prices wouldn't have increased as much as some of the other bigger towns during the Celtic Tiger years so

therefore the drop wouldn't be as significant as some other locations within the county.

In previous years, home owners would be trading up but there are very few people in the position to do this now. First-time buyers are increasingly turning to the rental market rather than getting tied down with a mortgage and not knowing what their job prospects will bring, some first time buyers that are in good jobs may secure a 90% mortgage but cannot obtain or save the 10% deposit.

In the Commercial sector the volume of sales has slowed significantly for 2009 however the demand is reasonable for the leasing of commercial units on the high streets.

Land sales are still reasonable for good quality holdings, prices would have decreased but not as significant as seen in the residential sector. Sales of development land is showing evidence of being completely wiped out in 2009 hence we cannot envisage a demand for this in the foreseeable future until the oversupply of housing decreases substantially. One-off sites are selling at realistic prices subject to planning being obtained by the proposed purchaser.

2010 will no doubt be another challenging year, but with the implementation of NAMA and if the financial institutions start lending money more freely we would expect the market to grow in early 2010. We believe that the general public are realising that the more established and experienced firms of auctioneers are leading the way forward.

Despite the weakness of the property market as a result of the substantial falls in values combined with lower interest rates, affordability is far better than it has been for a number of years. On that basis, we are broadly optimistic for the year ahead.



### CASTLEBAR HOUSE SURVEY – NOVEMBER 2009

The following information reflects average prices in the various categories. There will be variations based on location, house size etc.

The figures are based on data gathered from a variety of sources.

A]	Two bedroom apartments	€150,000
B]	Three bedroom townhouse (Terraced)	€155,000
C]	Three bedroom semi-detached	€175,000
D]	Four bedroom detached (Urban/Estate type)	€255,000
E]	Four bedroom detached (Rural > 2,000 sq ft)	€300,000
F]	Three/Four bed rural bungalow (> 20 years built)	€190,000



### BALLINA HOUSE SURVEY – NOVEMBER 2009

The following information reflects average prices in the various categories. There will be variations based on location, house size etc.

The figures are based on data gathered from a variety of sources.

A]	Two bedroom apartments	€135,000
B]	Three bedroom townhouse (Terraced)	€140,000
C]	Three bedroom semi-detached	€170,000
D]	Four bedroom detached (Urban/Estate type)	€230,000
E]	Four bedroom detached (Rural > 2,000 sq ft)	€275,000
F]	Three/Four bed rural bungalow (> 20 years built)	€210,000



# Westport

2009 has been a difficult year for the property market in Westport with small numbers of properties finding buyers. Well-located and presented properties that are realistically priced are being viewed but many buyers remain very cautious whilst some are still finding finance difficult to come by. Our research would suggest that most interest is in properties at the lower end of the market with limited enquiries for properties above €300,000. Typically, buyers who may be seeking larger family homes may need to sell their own property in order to buy and this is proving difficult.

A factor of the property market in Westport over the last 12 months has been oversupply. From 2004 – 2006 a large number of developments were commenced which have competed for an ever smaller pool of buyers. There are now unfinished developments and a number of unsold apartments and houses. It is most unlikely that any new development will be commenced next year until there is clear evidence that there has been strong take-up of the existing stock and until finance for the sector might again become available.

Price corrections have been severe and we estimate peak to trough prices have fallen between 30 to 40%. These falls in values are being felt right across the spectrum of property types and in particular for poorer properties. However, relative to other locations in County Mayo, Westport remains the most expensive location in which to buy property. Prices are most unlikely to come down to match other locations due to its scenic location and lifestyle offering, which attracts a more diverse range of buyers.

Not surprisingly, the volume of sales has been slow throughout 2009 with many buyers content to sit the market out

until they feel the market may have bottomed. Despite that and wider perceptions, there are buyers who have decided to take advantage of a good range of homes that represent excellent value for money and who have bought homes this year. In particular we have witnessed an uptake among first time buyers. In addition there remains a small number seeking second homes who have purchased in 2009 but the investment end of the market is effectively non-existent due to the complete lack of available funding. Moreover, with modest rental yields and limited, if any, prospects in the short term for capital appreciation, many investors are keeping their funds in fixed securities even with the very low returns on offer.

Looking ahead, 2010 is likely to remain a challenging year for the local property market although we feel that the bottom of the market will be reached early in the new year. In the interim, values will remain under pressure particularly for poorer properties in more remote locations. Gradually, confidence will be restored but this will take some considerable time for a sector that has been severely damaged. For those that can move quickly, we expect there will be excellent opportunities and value on offer. We do not expect to see any large-scale development commenced and it is hoped that there will be take-up on some of the existing stock particularly within the newer developments. Buyers are likely to continue to find it difficult to raise finance until at least the second half of the year when we may begin to see some easing on liquidity among the main banks as a result of the implementation of NAMA.



# Claremorris

Claremorris and the surrounding area have seen significant change to the housing landscape in the last number of years. Given the excellent road infrastructure, it has become a commuter town to many of the larger towns such as Galway, Castlebar and Westport. Property prices were generally more affordable than many other locations and demand increased accordingly. As a result, property values rose substantially over a two year period. Demand was being driven principally by first time buyers and also investors as there was a steady supply of tenants. However, as quickly as the market rose it has come back down very sharply particularly in the last year where there has been fewer house sales than any year since 2002.

A relatively high number of residential developments commenced over a two to three year period to cater for the increased demand but now the similarities with numerous other locations in the County are now all too familiar where the supply is now out of kilter with demand and as a result there have been widespread price corrections. Indeed, we estimate that residential property prices have fallen on average by up to 30% from the prices achieved at the peak in 2006. It should be said that there is still a significant amount of over-priced property on the market at the moment. It is a challenge to get vendors to reduce their expectations in line with what the market will sustain and many vendors will wait for the market to show signs of stabilisation rather than reduce their asking prices.

Most of the activity in 2009 across the property market in Claremorris has been fuelled by owner occupiers with practically no sales to investors. However, transaction volumes have been low and we anticipate that in the short

term this is likely to remain the case. As a result, prices will remain under pressure with many buyers waiting to see if there are further price reductions. Conversely, other buyers feel that now is the right time to buy and they have taken advantage of the large choice and excellent value in the market at the moment. There have been a small number of apartment sales, town houses and semi-detached and there have also been a number of sales of detached houses at excellent value in the area.

Other than a severe lack of confidence, which is apparent in the wider property market the other major issue, facing buyers and particularly first time buyers is the lack of credit from the major high street banks and building societies. While the banks are advertising that credit is available, in reality it is proving very difficult to secure mortgage finance. Buyers have to raise far more personal capital now before the banks will consider offering mortgage terms. This is certainly proving an obstacle for those first time buyers who wish to secure their first home and who have no equity built up in a home already. For many this is all the more frustrating given the excellent value on offer, particular in new homes.

2010 will be a challenging year for the property market. It will take time to wash out the existing stock of overpriced housing and there is a significant level of activity from buyers. It will also be influenced by the availability of credit, the introduction of NAMA and events on the international markets.



## WESTPORT HOUSE SURVEY – NOVEMBER 2009

The following information reflects average prices in the various categories. There will be variations based on location, house size etc.

The figures are based on data gathered from a variety of sources.

A]	Two bedroom apartments	€150,000
B]	Three bedroom townhouse (Terraced)	€175,000
C]	Three bedroom semi-detached	€190,000
D]	Four bedroom detached (Urban/Estate type)	€300,000
E]	Four bedroom detached (Rural > 2,000 sq ft)	€275,000
F]	Three/Four bed rural bungalow (> 20 years built)	€230,000

## CLAREMORRIS HOUSE SURVEY – NOVEMBER 2009

The following information reflects average prices in the various categories. There will be variations based on location, house size etc.

The figures are based on data gathered from a variety of sources.

A]	Two bedroom apartments	€115,000
B]	Three bedroom townhouse (Terraced)	€135,000
C]	Three bedroom semi-detached	€160,000
D]	Four bedroom detached (Urban/Estate type)	€225,000
E]	Four bedroom detached (Rural > 2,000 sq ft)	€275,000
F]	Three/Four bed rural bungalow (> 20 years built)	€180,000

# Ballyhaunis

2009 has been a quiet year for property transactions. Residential sales have been few and far between. There are a number of reasons contributing to this, not least including some oversupply of built units coupled with a lack of consumer confidence. This has led to a reduction in the value in residential units of circa 10% - 15% from 2008 depending on type and location.

The lack of consumer confidence is fuelled by uncertainty in the future economy coupled with a tightness of available credit from banks and lending institutions. These factors are mainly outside the control of the local consumer and will only change in time.

The oversupply locally is not as severe as other similar towns and is a result of misreading the demand trends and the onset of the global recession. It is, however, difficult to estimate year-on-year sustainable demand as the town's population grew from 1,287 in 1996 to 1,708 in 2006. On the other hand the rented residential accommodation market in Ballyhaunis has held up much better. This may be attributed to the strong employment base where more than 34% of the workforce of 1,256 is employed in manufacturing (CSO 2006).

Market factors have determined that demand for development land will be negligible in the near to medium future. There is evidence of limited demand for sites in the owner-occupier sector. Similarly, there is a limited demand for agricultural land where the purchaser is not heavily dependant on borrowings to fund the purchase.

Traditionally office and retail town units have been let on a per capita basis as opposed to the more conventional price

per square metre model. Consequently there is a marked lack of rent review slots to accurately determine the state of this market sector. From limited information it appears that some downward rent negotiations are taking place to reflect the reduction in local commerce while demand is holding firm from 2008.

Over the previous decade Ballyhaunis enjoyed a wave of new property expansion unequalled in living memory. As the town's footprint moved outwards, the expansion diluted the occupation and use of inner town property. While other regional towns were benefiting from various tax incentives to redevelop town centre property, the residential and social fabric of Ballyhaunis inner town deteriorated as town houses were abandoned as places of residence in favour of the modern newly built residential units. The town now urgently needs a boost by some form of a capital tax allowance for redevelopment of townhouses and other non-performing commercial property to redress the balance.

Ballyhaunis is well-positioned to emerge from the current economic downturn in a very strong position. It has a very large workforce in proportion to its population. It is strategically located on the main Dublin - Westport rail link and is just 20 minutes from the ever-expanding Ireland West Airport Knock. Property values, while down from their peak value, have reduced at a slower rate than other regional towns due in the main to the strong economic and commercial base of Ballyhaunis.



# Ballinrobe

The property market in Ballinrobe has suffered a similar fate to the other main towns of the county.

An oversupply lag as a result of the volume of newly-built housing stock combined with falling consumer confidence and lack of credit, has resulted in a very poor year particularly for apartments. Sales volumes have been dismal with many potential buyers expecting that there may be better value to be had by waiting. With large volumes of unsold houses and few buyers, prices have come down sharply. Indeed we would estimate that residential property prices have fallen in 2009 on average by 20%. Conversely, however, the rental market has fared more favourably with monthly rents of €500-€600 for a four bedroom semi-detached property. This demand is coming from many of those potential buyers who are happy to stay in the rental sector until the market stabilises. This in turn is helping to support property investors who need a steady stream of tenants to service mortgage payments.

During the boom years of the Celtic Tiger, Ballinrobe became a commuter town to Galway and Castlebar. Development land was cheaper and thus far more competitively priced houses were on offer. As a result there was a large amount of speculative development with some large housing developments completed in town or on the edge of Ballinrobe. These sold well to both home owners and investors. With ever growing demand, values rose sharply over a three to four year period and peaked in late 2007. At that stage the price differential with larger towns within the county had narrowed considerably. Regrettably we have since seen values fall by as much as 30% since then.

The buyers that have been noticeably more active are principally first time buyers who have secure jobs and can secure mortgage facilities. Elsewhere there have been small numbers who for family reasons have traded up. However, both the investor and holiday home market have been hit the hardest. For investors there is no credit facilities available and holiday homes are now deemed a luxury that many buyers feel is beyond them at this time. Ballinrobe and the surrounding area is still, however, held in high re-

gard as a holiday home location given its scenic beauty and easy access to excellent freshwater fishing. One assumes therefore that as and when the market recovers, this sector of the market will once again benefit.

In our opinion the outlook for at least the first part of 2010 is that the market will remain weak as demand is not likely to return until there are signs of a wider economic recovery. In this respect there is little to be confident about as the falling GDP, the enormous exchequer deficit and growing unemployment are clear signs that Irish economy is unlikely to show real signs of recovery until 2011. In the interim we expect that the market will be very much a buyers market where value will be the order of the day. There may be further minimal price corrections particularly for older poorer quality housing stock.

Ultimately the housing market in Ballinrobe and, for that matter, just about anywhere else, needs stronger demand for there to be a recovery. Demand will come from economic opportunity in the form of jobs locally or other compelling reasons for the public to purchase property. Confidence has been eroded and without it, it is difficult to convince buyers that despite the tremendous value on offer, this is the time to make one of the biggest financial decisions one is likely to have to make. On the positive side, for those that can get mortgage approval the cost of borrowing is at a remarkable low level. In addition property prices have fallen substantially over a two year period. Therefore, in real terms, affordability in Ballinrobe is far better than it has been for many years.

Purchasing a property in the years ahead in Ballinrobe is likely to be driven by home owners who should see property as a home and not just an investment. However, if it is an investment it should be seen as a long term investment where the property affords a roof over your head and not as asset that one can leverage off. It is back to basics with recovery in property prices in Ballinrobe likely to take some years.



## BALLYHAUNIS HOUSE SURVEY – NOVEMBER 2009

The following information reflects average prices in the various categories. There will be variations based on location, house size etc.

The figures are based on data gathered from a variety of sources.

A]	Two bedroom apartments	€140,000
B]	Three bedroom townhouse (Terraced)	€110,000
C]	Three bedroom semi-detached	€145,000
D]	Four bedroom detached (Urban/Estate type)	€230,000
E]	Four bedroom detached (Rural > 2,000 sq ft)	€260,000
F]	Three/Four bed rural bungalow (> 20 years built)	€180,000

## BALLINROBE HOUSE SURVEY – NOVEMBER 2009

The following information reflects average prices in the various categories. There will be variations based on location, house size etc.

The figures are based on data gathered from a variety of sources.

A]	Two bedroom apartments	€120,000
B]	Three bedroom townhouse (Terraced)	€130,000
C]	Three bedroom semi-detached	€150,000
D]	Four bedroom detached (Urban/Estate type)	€200,000
E]	Four bedroom detached (Rural > 2,000 sq ft)	€220,000
F]	Three/Four bed rural bungalow (> 20 years built)	€160,000

## Country House Market

The year 2009 has been a troubled one for the Country Homes Market in the West of Ireland. Typically, it is a shallow pool of buyers who will invest in a country estate. The unfortunate consequence of recent negative national and international economic forces on the purchase of a country property in the West of Ireland has seen a dramatic fluctuation in the prices achieved and volume of sales for the year 2009. The purchase of a country residence is a purchase of choice, not necessity, so in many ways, this purchase has historically not been so market-sensitive with regard to price. Yet, the effects of the current crisis has meant that potential purchasers, whilst appreciating and valuing the individuality of country property in the West, are now expecting considerably more value for money, whilst vendors are now a great deal more practical, realistic and more willing to trust the professionals in terms of price in 2009. For a number of years due the small number of period country homes coming to the market in Mayo, premium prices were achieved. However for the first time in 20 years, the supply is now possibly greater than demand and this is reflected in lower asking prices.

The greatest factor impacting on the Country Homes Market in 2009 was the number of sales carrying over from 2008 that failed to conclude successfully. Because of the nature of period properties, the sales process can be a long drawn-out and somewhat stressful affair. The overwhelmingly negative economic predictions that had been gathering force since 2007, proved daunting to even the most committed of buyers during 2008, coupled with the serious lack of available credit and the general "wait and see" advice buyers were getting from their advisors. Many buyers have decided, therefore, it was wiser to hold off purchasing until the market had stabilised. The frequency and consequence of these "failed sales" was to undermine the confidence of vendors of period properties, and caused potential purchasers to pause before deciding to commit, and only then to question the price most vigorously. Thus, during 2009, the Country Homes Market experienced, with increased regularity, failed sales rising and the volume of successful sales falling.

In terms of pricing, sales prices would suggest that the market for country properties in the County has been reduced in the last twenty months by between 30% and 50% depending on the following factors: the individuality and historical associations of the property; the presentation

and degree of renovation undertaken to date; the privacy and amount of land offered in the sale; the circumstances of the vendor; the necessity of vendor to sell; the length of time the property has been on the market.

When the market was enjoying the peak of its buoyancy, a substantial country/ historical property would average an asking price of a range from just under €1m to sometimes in excess of €2.5m, depending on the factors as outlined above. Experience of the market in 2009 has shown that the more derelict the property and the longer it has been on the market, the more severe and dramatic has been the price discounting.

During 2009, the profile of potential buyers has changed slightly in that there are fewer Irish buyers active in the marketplace. There have been signs of increased enquiries for period properties in the county from Irish abroad. Now these potential purchasers are seeing the drop in prices and considering the advantage of purchasing in a seriously stressed market where their interest would be much more gratefully received and appreciated than before. As stated, the European purchasers, who had proved shy during our boom, are no doubt finding the aggressive prices well beyond consideration, are now making tentative approaches after a long period of inactivity in the west of Ireland country homes market.

Many period properties in the County that have reduced in price are getting viewings and bids that were never even looked at in the "good times" because the prices were too prohibitive then. Yet the lack of credit has also impacted strongly. Traditionally period properties rest for some time on the open market before engaging in a successful sale. With regard to the long-term outlook, we envisage reasonable activity in the Country Homes section of the western market if vendors will listen to reason and be practical. With regard to the prospects for recovery, when prices are more tempting, buyers will engage.

## Commercial Property

With falling economic growth and business confidence coupled with rising unemployment throughout 2009, there has been very limited demand across the spectrum of commercial property types. As a result, both rental and capital values have been under severe pressure. Investors have found it almost impossible to secure finance and for occupiers, general business conditions have deteriorated to such an extent that businesses are, in many instances, simply trying to survive the worst of the recession. Even for those that may be doing well, any immediate plans for growth or expansion have been put on hold. Regrettably, the short term outlook remains bleak and 2010 will be a very challenging year for many in business throughout County Mayo.

### RETAIL

The retail sector has performed better compared to either offices or industrial property. Prime town centre locations such as Pearce Street in Ballina, Hopkins Road in Castlebar and Bridge Street in Westport continue to attract interest and as such there is limited if any available units on the market. Rents have however come down by as much as 25-30% in secondary locations and by 15-20% in prime locations. Lease terms on offer are generally far more flexible including shorter lease lengths and break options. Accordingly, many tenants now find themselves committed to lease terms that are far and above market rents. During the course of 2009 there have been a limited number of new deals due principally to the small number of units that have come to the market. This would indicate that the retail sector is holding up well but this is certainly not telling the whole story. Many retailers, both small and large, are under financial pressure and in many instances,

landlords have conceded to rental reductions just to keep their tenants. The prospects for the year ahead are likely to remain challenging but the Christmas period will be a good barometer of consumer confidence. In the short to medium terms, there is unlikely to be any new retail stock added to the market in the major towns of the county.

### OFFICES

There have only been a handful of office deals secured during the year and nothing of any significance. Demand for offices within the larger towns of County Mayo is generally limited to small professional practices and in the current climate most are happy to stay put. Moreover, a number of staff have been laid off and there is less pressure on workspace. Both rental and capital values will have fallen this year but the obvious lack of evidence makes further analysis impossible. 2010 will remain a difficult year in the office market but fortunately there is a limited standing supply as there was very little office space built speculatively during the boom years.

### INDUSTRIAL

Not surprisingly, take up of industrial property has been weak during the year. As a result of poor business confidence and lack of working capital for start-ups, there have been very few deals agreed during the year. There is a considerable amount of vacant standing stock in Ballina, Castlebar and Westport that will have to be taken up before development recommences. The lack of deals has also meant that rental and capital values are difficult to analyse with any degree of certainty but both will have fallen considerably.

Average annual rents per annum per square foot let on standard lease terms.

	RETAIL PRIME	RETAIL SECONDARY	OFFICES	INDUSTRIAL
Ballina	€30 - €32	€18 - €22	€8 - €15	€2 - €8
Castlebar	€25 - €30	€17 - €20	€7.50 - €10	€3 - €6
Westport	€30 - €35	€20 - €22	€10 - €20	€4 - €7
Claremorris	€20 - €25	€12 - €15	€9 - €10	€2.50 - €3
Ballyhaunis	€15 - €18	-	€9 - €10	-
Ballinrobe	€14 - €16	-	-	-

## The Land Market

### AGRICULTURAL

Volumes of transactions have been low over the last 12 months as a result of the pressure on farm incomes and the lack of credit. There have been more modest price falls than in the wider property sector and indeed a limited amount of stock coming to the market. We expect this to continue through 2010 where a lack of funding will remain the key issue.

The lack of sales during 2009 means that there is a shortage of data to analyse and has led to some considerable difficulties in gauging exactly where current market value is. What can be said is that prices have softened but not to the same degree as within the wider property markets. The short-term outlook remains difficult. Given the prevailing market with limited buyers, we do not expect to see much agricultural land being offered for sale.

### DEVELOPMENT LAND

There have been very few sales of development land throughout County Mayo in 2009. This is not at all surprising given the lack of demand for completed housing and the complete block on funding for the sector. Development land values peaked in late 2006 where even modest development opportunities were attracting very aggressive bids. This was most evident for town centre brownfield sites or edge of town greenfield sites that were zoned and had access to mains services. We have since experienced a rapid deterioration in the wider economy and as a result of the banking crisis, there is no appetite or indeed capacity for the Irish banking sector to arrange new loan facilities. With falling demand and in many instances over supply, development land values have plummeted. This is particularly obvious in areas of large supply and which are less popular.

Frankly, we do not see any prospects for recovery within the development sector for some considerable time. Until there is an obvious bottoming of the market and clear signs of take up of unsold stock, we do see the availability of lending being restored. Moreover, there may be room for further price reductions. There also remains the possibility of an orderly sell of some development land within County Mayo that may come under the control of NAMA or indeed other property owned by so-called foreign banks that might fall outside of the Government Bank Guarantee Scheme.

Demand for development land for commercial development has not been impacted to the same extent and therefore price corrections have not been so severe. However, retailers and other commercial occupiers are under some pressure with rents and demand well down. Moreover, there is very limited funding available currently on attractive terms and high loan-to-values ratios which for most developers, makes moving forward with projects impossible.

### SITES

Those interesting in building their own house and who may be keen to take advantage of lower building costs have been reasonably active. However, many first time builders who have no equity built up or who are self employed have found it difficult to access debt. Moreover, tighter planning restrictions have also frequently led to planning refusals. The planning issues are likely to continue to become ever more difficult. This is an issue that will not go away and those seeking to build a house in the countryside are well advised to be aware of all of the issues and seek appropriate professional assistance as early as possible. These problems are frequently added to by over zealous sellers who have not fully researched the possibility of planning permission being granted on a particular site before offering the site to the market.

Sites in popular locations close to amenities and that have the benefit of a planning permission have remained in very limited supply and have attracted good interest throughout the year. Price corrections have therefore been less severe. However, sites in more peripheral locations continue to struggle unless they are priced very keenly and have no restrictions with regard to occupancy.

Like every other sector of the property market, demand is being driven exclusively by home owners. The small local builders who might have built a few detached houses in rural locations annually have almost ceased. Those fortunate enough, have concentrated on contract work. However, with limited job opportunities in the construction sector many will have left the sector or gone abroad to find work. These small builders were also finding it increasingly difficult to secure planning permission.

Those building their own detached houses are often less likely to have to trade up due to size pressures as families become larger. Most houses constructed are frequently larger dormer bungalows or two storey houses that can be adapted and in some instances finished as size demands increase. As a result many of these houses rarely come to the market unless for other reasons such as divorce, death or debt. However, there is still a large range of rural houses available for those that do not want to have to go through the self build process which can be lengthy and frustrating. In terms of hard data, there have been limited number of transactions to look at. However, the collective opinions of those that have taken part in this survey would suggest that prices for sites in the more remote locations may have fallen by 20% this year, whilst sites with consent closer to town centres and amenities may have fallen by 10%. As one might expect there is a huge price range for sites in County Mayo depending on a number of issues. But generally prices range from €50,000 - €100,000.

Looking at the year ahead, we expect those in funds to continue to seek out sites in the better locations and that planning permission will continue to be difficult to come by. Based on this, we do not anticipate much, if any, further price falls.

	AGRICULTURAL	SITES WITH F.P.P.	DEVELOPMENT LAND F.P.P.
Ballina	€8,000 - €10,000	€40,000 - €80,000	No data available
Castlebar	€8,000 - €10,000	€75,000 - €150,000	No data available
Westport	€5,000 - €10,000	€50,000 - €150,000	No data available
Claremorris	€6,000 - €7,500	€40,000 - €100,000	No data available
Ballyhaunis	€5,000 - €10,000	€30,000 - €50,000	No data available
Ballinrobe	€6,000 - €10,000	€40,000 - €60,000	No data available



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