

Irish housing market update

AIB Real Estate Finance



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House prices across Ireland continue to move upwards

Strongest annual price growth since May 2019

Today's publication of the latest Residential Property Price Index by the Central Statistics Office (CSO) shows a housing market which has started 2021 strongly, following a good closing quarter of 2020. Prices nationally increased by 2.6% in the 12 months to January of this year, marking the strongest rate of annual price growth since May 2019, and significantly higher than the increase of 1.0% seen in January of 2020, before Covid-19 had become a household name.

Eight consecutive months of positive month-on-month growth

This annual increase has been driven by consistent monthly increases, with the rise of 0.5% between December and January representing the eighth consecutive month of month-on-month positive price inflation.

Broken down geographically, of the 11 regions that the CSO covers with these statistics, all but two experienced monthly price increases in January, with South Dublin and the Mid-East seeing slight drops of 0.1% and 0.5% respectively.

On an annualized basis, prices are up in every region apart from Fingal and Dublin City, both of which saw a minor decline of 0.1% in the year to January. Prices in a number of regions grew well in excess of the national rate of inflation, with house prices in both the West and South-East rising by over 5%, while prices in the South-West rose by 4.5%.

Healthy sales volumes to start the year

Following a record number of residential transactions in December, during which 4,988 units were sold, January saw sales volumes come down to 3,484 units— just 6% lower than January of 2020, which was a month that didn't have to contend with the levels of disruption seen in the market since.

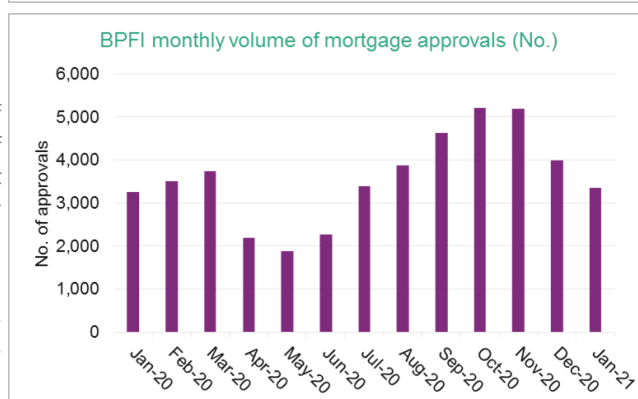
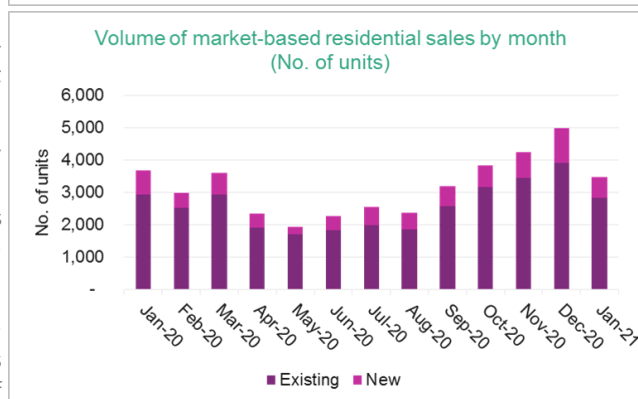
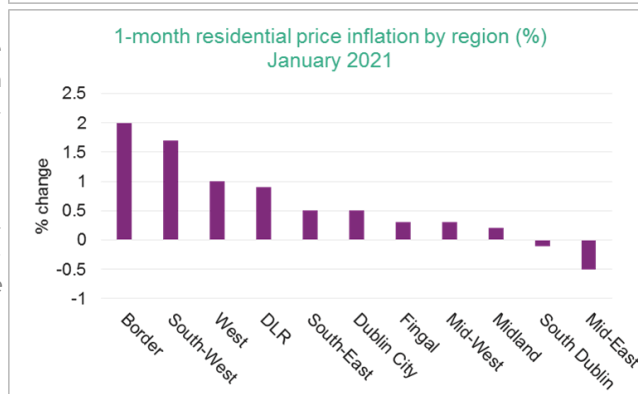
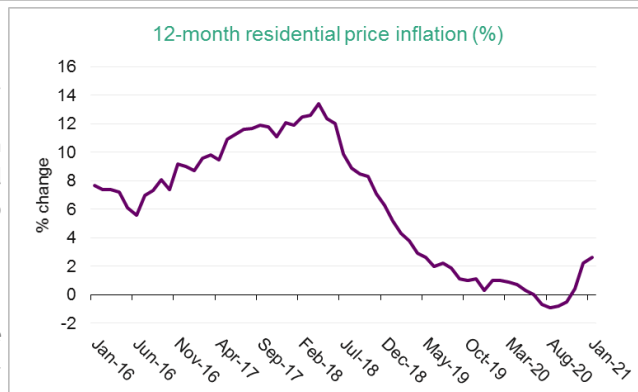
There was a larger fall in new home sales, with the 661 units sold in January 2021 14% lower than in the same month of last year, while sales of existing dwellings dropped by a more modest 3%. New home sales in January of this year accounted for 19% of total sales, down slightly from 21% in the same period of last year.

First time buyers (FTBs) accounted for 32% of all sales in January, relatively unchanged from 31% last January. However the FTB share of new home sales jumped significantly, rising from 45% in January 2020 to 55% in January of 2021.

January 2021 the busiest January on record for mortgage approvals

The closing months of 2020 were characterised by a surge in the volume of mortgage approvals, with both October and November seeing in excess of 5,000 approvals. 2021 has begun with 3,355 mortgage approvals in the first month, a slight increase of 3% on last January, but also the busiest January since the Banking and Payments Federation of Ireland (BPMFI) started publishing this dataset in 2011.

Overall, the Irish housing market looks to have entered 2021 in a healthy position, and the likely reopening of construction sites in April will go to further stabilise the market.



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