

Irish housing market update

AIB Real Estate Finance



June 2021

Residential prices nationally at highest level since 2008

Residential property prices in Ireland are now back at levels last seen in late 2008, according to today's Residential Property Price Index release from the CSO. The rate at which prices are growing continues to rise, and prices in April of this year saw the biggest annual jump since early 2019, indicating increased upwards pressure being placed on house prices in Ireland—unsurprising given the pronounced and well documented demand and supply imbalance in the market. This was emphasised starkly in recent days with one estate agent saying that they had received 5,000 expressions of interest for 44 units in Lucan, Co. Dublin.

Prices in April 2021 were 4.5% higher than a year earlier

Residential property prices grew by 4.5% in the 12 months to April 2021, marking the sixth consecutive month of annual price increases, and the highest rate of inflation seen in the Irish market since January 2019.

Regional prices experiencing considerable upwards pressure

On an annualised basis, each of the 11 geographical regions covered by the CSO in these statistics experienced price increases in April. There has been significant upwards pressure on prices in the Border Region, where prices rose by 8.5% in the year, while prices in the Midland Region grew by 7.8%. It should be noted that these increases are starting from a lower base than in Dublin for example, but nonetheless these are particularly big rises.

In Dublin, the largest annual increase was seen in the City, where prices were up by 5% year-on-year, followed by Dun Laoghaire-Rathdown (DLR), which saw growth of 4.3% over the same period.

Transaction volumes solid, and up on last year

There were 3,138 household market purchases of residential dwellings filed with revenue in April, bringing total sales for the first four months of the year up to 13,778, an increase of 9% on the corresponding period of 2020.

There was a 13% increase in the number of existing dwellings sold in this same time-period, but the volume of new home transactions was down 7%, underlining the supply issues that face the market.

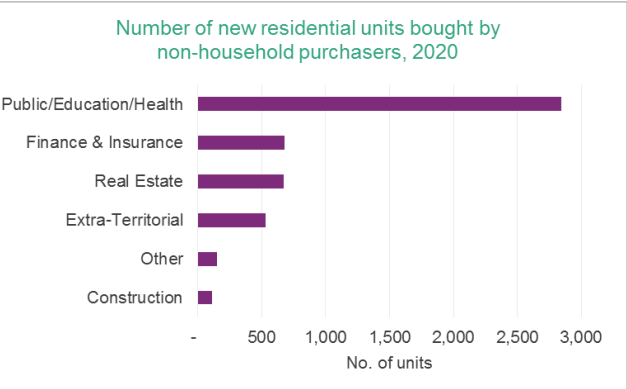
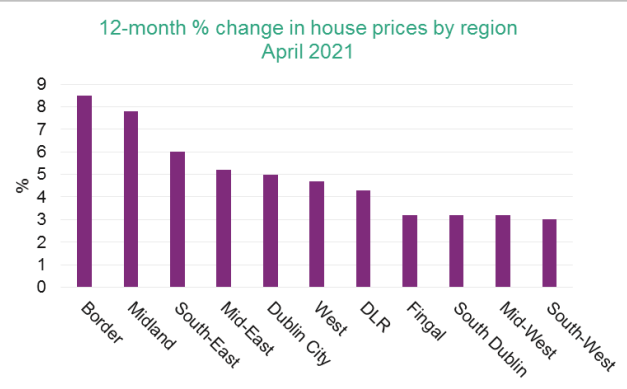
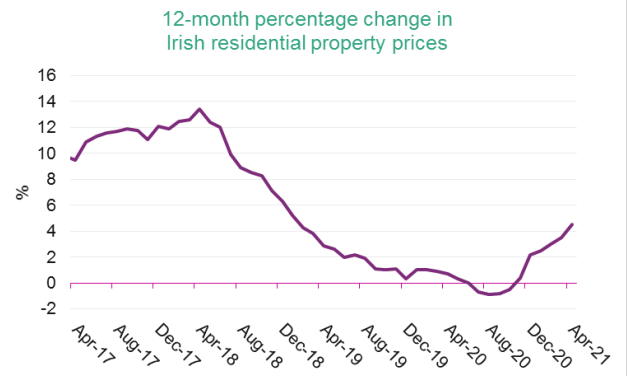
The number of units sold in Dublin in the first four months of 2021 was relatively unchanged from the same period of 2020, but there was an 9% increase in the volume of transactions outside of the capital, which reflects the stronger price growth seen in these regions.

Who is buying new homes in the Irish market?

Today's CSO release also provides an insight into the profile of purchasers of new residential units in the Irish market. In 2020, there were 12,170 new units sold nationally, of which 59% were bought by households, with the remaining 41% (4,971 units) bought by non-households. This is the largest number of non-household purchases since the series began in 2010, and almost 20% above the 2019 figure.

The largest share of non-household purchases was accounted for by "Public/Education/Health" buyers, who bought 20% of all new units in Ireland in 2020. This buyer segment includes state or semi-state agencies, such as local authorities and Approved Housing Bodies

In contrast, just 5% of new units were bought by "Real Estate" buyers, and even when Real Estate buyers are combined with "Financial/Insurance" and "Extra-territorial" buyers, the share comes in at just 15%.



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