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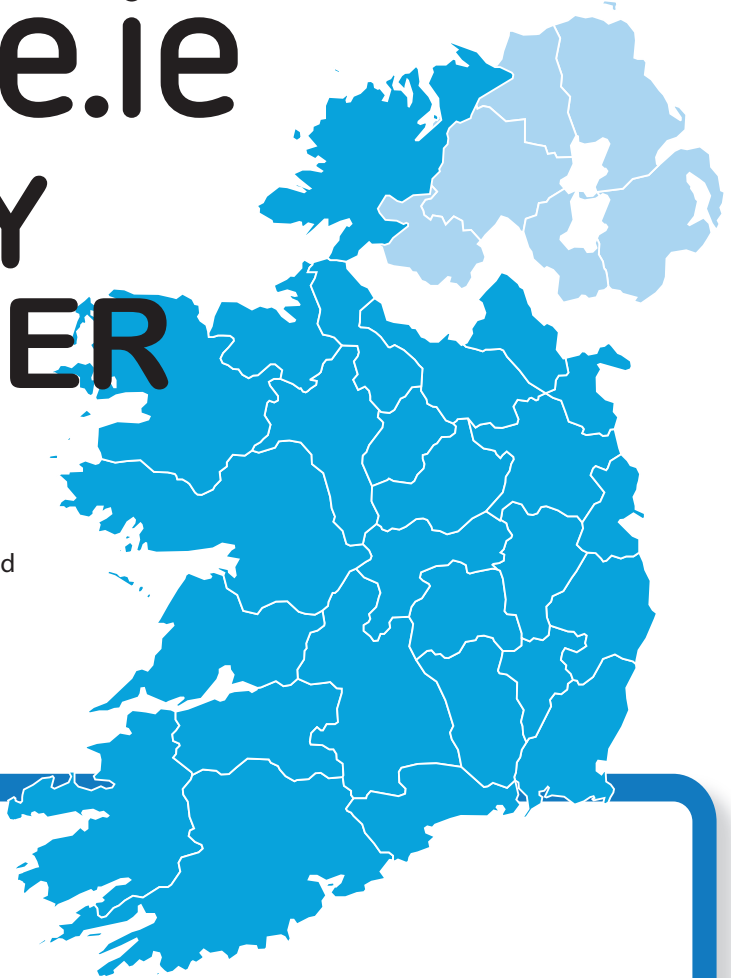
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Measuring the
Property Market

Analysis by Caroline Kelleher,
DKM Economic Consultants

myhome.ie

PROPERTY BAROMETER



The latest Barometer results confirm the property market continues to recover with prices increasing both nationally and in Dublin.

While the supply of new instructions to the market improved in Quarter2 availability of stock in urban areas remains an issue.

Angela Keegan, Managing Director, MyHome.ie

❑ The mix adjusted average asking price nationally grew by 1.3% in the quarter - the first increase recorded since the peak of the market in Q4 2006.

❑ The annual rate of decline nationally is now 1.7%.

❑ The mix adjusted average asking price in Dublin increased by 4.5%, which is the largest annual increase since Q1 2006.

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Market Analysis



"The recovery in asking prices has extended outside Dublin this quarter, increasing nationally by 1.3%"

Caroline Kelleher, DKM Economic Consultants

Supply constrained environment results in further price growth in Dublin in Q2 2014

The latest trends from MyHome.ie clearly show that the average mix-adjusted asking price in Dublin continues to experience positive price growth, increasing by 4.5% in Q2 2014 and 7.3% year-on-year. The recovery in asking prices has also extended outside Dublin this quarter with the average mix-adjusted asking price nationally increasing by 1.3%, the first positive price growth in almost eight years.

The asking price growth in Dublin is evident across the majority of areas and also across all property types. However, Dublin and national asking prices have now diverged to such an extent that the gap, in percentage terms, is on par with trends seen at the height of the boom, albeit prices are at a much lower base.

Stronger asking price growth is also evident based on an analysis of the median asking price of new sale instructions to the Dublin market, which increased by 7.4% in the quarter. Moreover, an analysis of a sample of transacted properties up to Q1 2014*, for which matched data was available from MyHome.ie, indicates that transactions prices were up by 20% in Dublin, which is in line with CSO trends.

** Due to the lag in properties being registered, data was analysed up to Q1 2014*

Mix-adjusted asking prices, Q2 2014

	Mix Adjusted Average Asking Price Q2 2014 (€)	% Change Quarter	Annual % Change
National	€190,216	1.3%	-1.7%
Dublin	€255,362	4.5%	7.3%
New	€182,449	-2.3%	-7.7%
2nd Hand	€193,878	1.6%	-1.1%

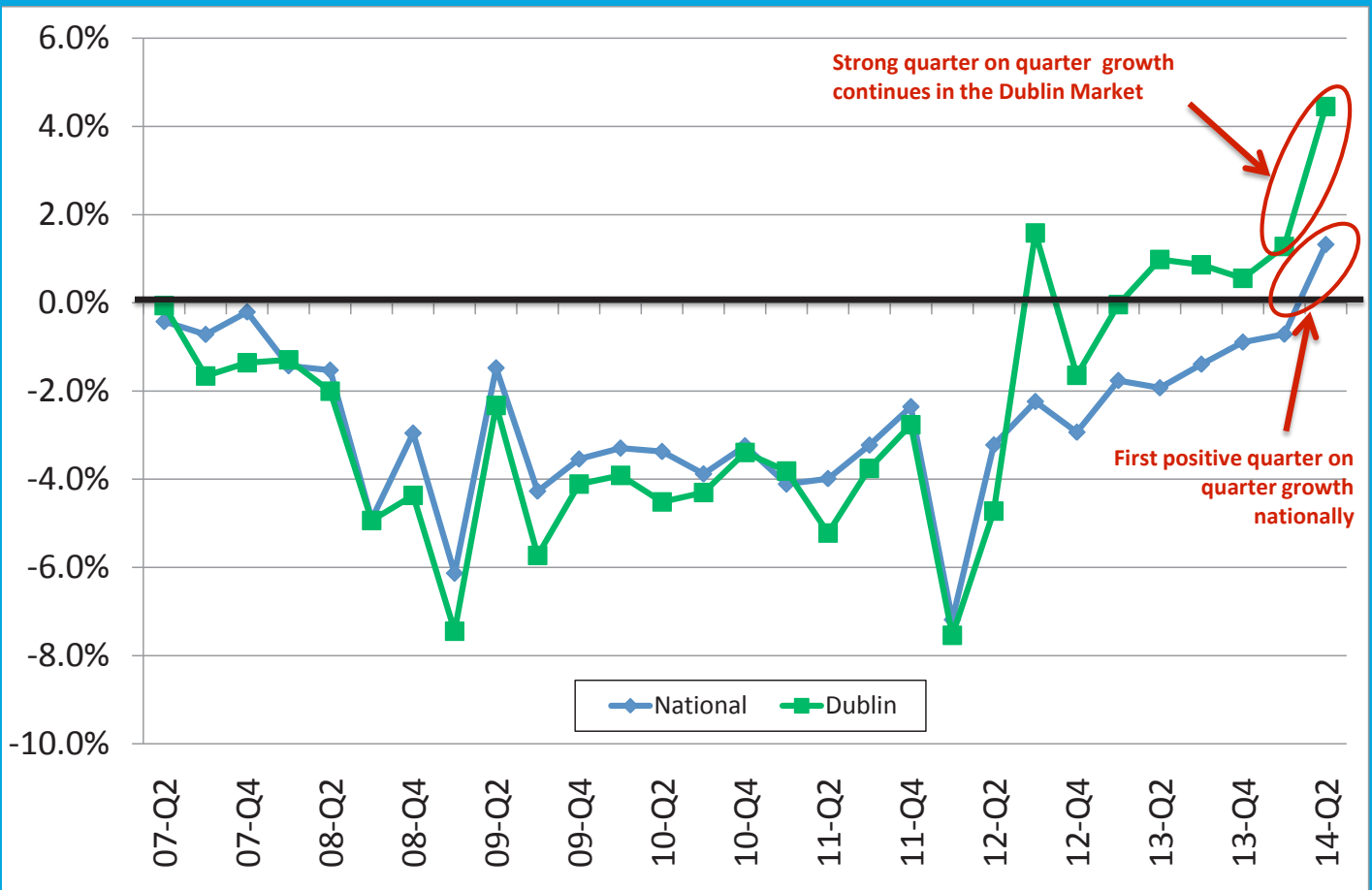
Asking prices in Dublin continued on their upward trend this quarter with the average mix-adjusted asking price increasing by 4.5% in Q2 2014. This represents the fifth consecutive quarter of positive asking price growth. In the year to the end of Q2 2014 price growth in Dublin reached 7.3% to bring the average mix-adjusted asking price in the capital to €255,000.

Nationally, growth in the average mix-adjusted asking price entered positive territory for the first time since Q4 2006, increasing by 1.3% in the quarter. The average mix-adjusted asking price nationally now stands at €190,000.

Similar trends were evident among second hand properties with the average mix-adjusted asking price also entering positive territory in Q2 2014. The average mix-adjusted asking price for second hand units is now €194,000, up 1.6% in the quarter.

However, new properties continue to show a decrease in the mix-adjusted asking price this quarter, down 2.3% to bring the average mix-adjusted asking price to €182,000.

Quarterly Percentage Change in Mix Adjusted Asking Prices Nationally and in Dublin



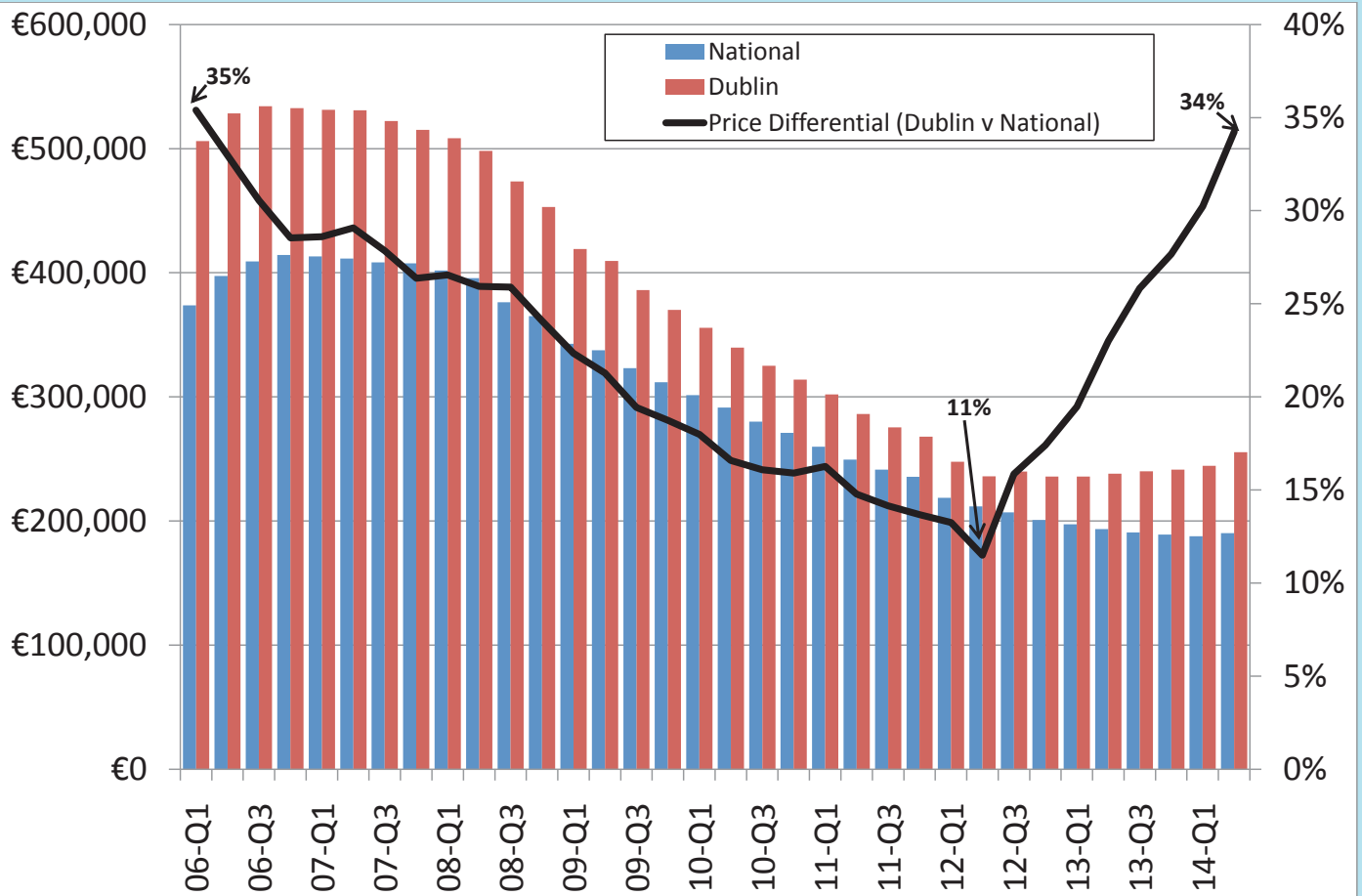
Dublin - National asking price gap continues to widen

The strong asking price growth evident in Dublin this quarter further accelerates the divergence between the capital and country as a whole.

The average mix-adjusted asking price in Dublin is now 34% higher than nationally, which is on

par with trends seen at the height of the boom when the difference stood at 35%, albeit prices are at a much lower base. These trends clearly indicate the dominance of Dublin in the current market and the shortage of supply which exists in the Dublin.

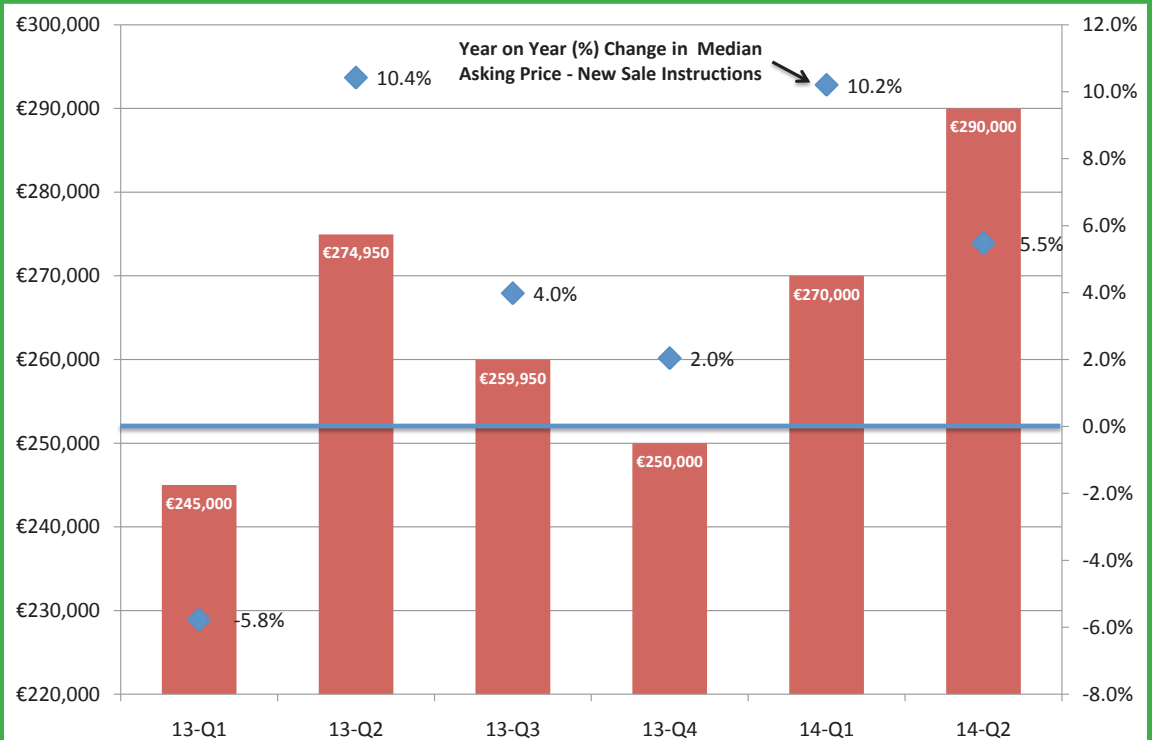
Mix-adjusted asking price trends in Dublin and nationally



Further evidence of Dublin price growth from new sale instructions

While there was an overall increase in the average mix-adjusted asking price in Dublin of 4.5%, an analysis of the median asking price of new sale instructions to the market in the Q2 2014 reveals a higher rate of increase of 7.4%. On an annual basis the median asking price for new instructions increased by 5.5% and has shown a consistent upward trend since Q2 2013. Currently the median asking price for new sale instructions in Dublin is €290,000.

New instructions - Year on Year changes in the median asking price



Dublin Analysis

The majority of Dublin areas experienced positive asking price growth this quarter, with Dublin West and Dublin North City showing a largely consistent upward trend in asking prices. However, fluctuations in stock levels and in the mix of properties are likely to be influencing some of the variability in median asking prices in Dublin South and South City. Overall in Dublin the median asking price increased by 6.4% in Q2 2014. On an annual basis the median asking price was unchanged at €250,000.

Dublin North:

The median asking price in Dublin North increased by 2.6% this quarter to reach €235,000. Despite some volatility in previous quarters, the median asking price has remained relatively stable on an annual basis in the year to Q2 2014.

Dublin South:

Dublin South saw the median asking price increase this quarter by 7.3%. While this reversed the price decline seen in the previous quarter, it is possible that stock fluctuations are having a volatile effect on this segment of the market. The median asking price in Dublin South now stands at €295,000.

Dublin West:

The median asking price in Dublin West continues to show positive price growth, increasing by 3.2% in the quarter and in the year to Q2 2014. The positive price growth this quarter follows on from positive price growth in Q1 2014. The median asking price now stands at €195,000.

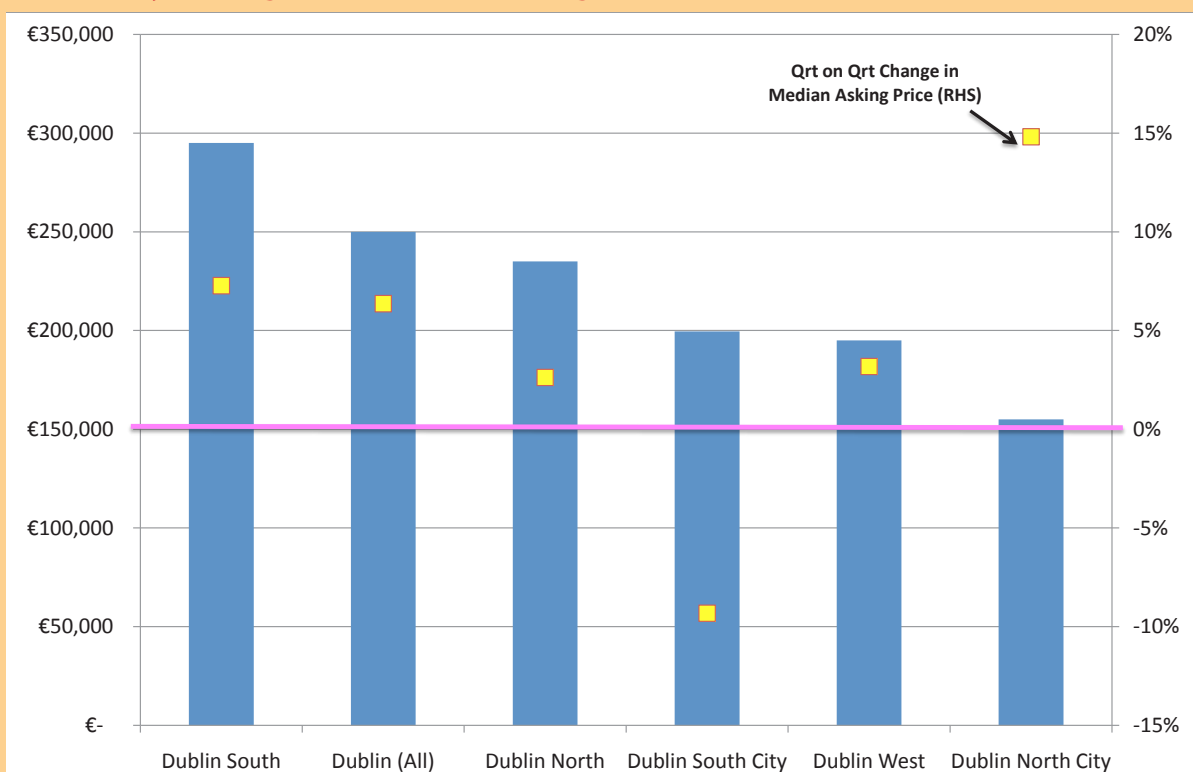
Dublin North City:

In Dublin North City the median asking price increased by 14.1% in Q2 2014. This positive price growth follows on from price stability in the previous two quarters. The median asking price in Dublin North City is now €155,000, which is the highest asking price recorded in the area since Q3 2011. On an annual basis the median asking price in Dublin North City is up 24%.

Dublin South City:

Dublin South City saw the median asking price decline this quarter by 9.3% following three quarters of strong positive price growth. The median asking price currently stands at €199,500. However, the volatility in the median asking price in Dublin South City may again reflect the mix of properties and/or stock movements in the area.

Quarterly change in median asking price in Dublin areas



Price growth in Dublin is also evident across all property types

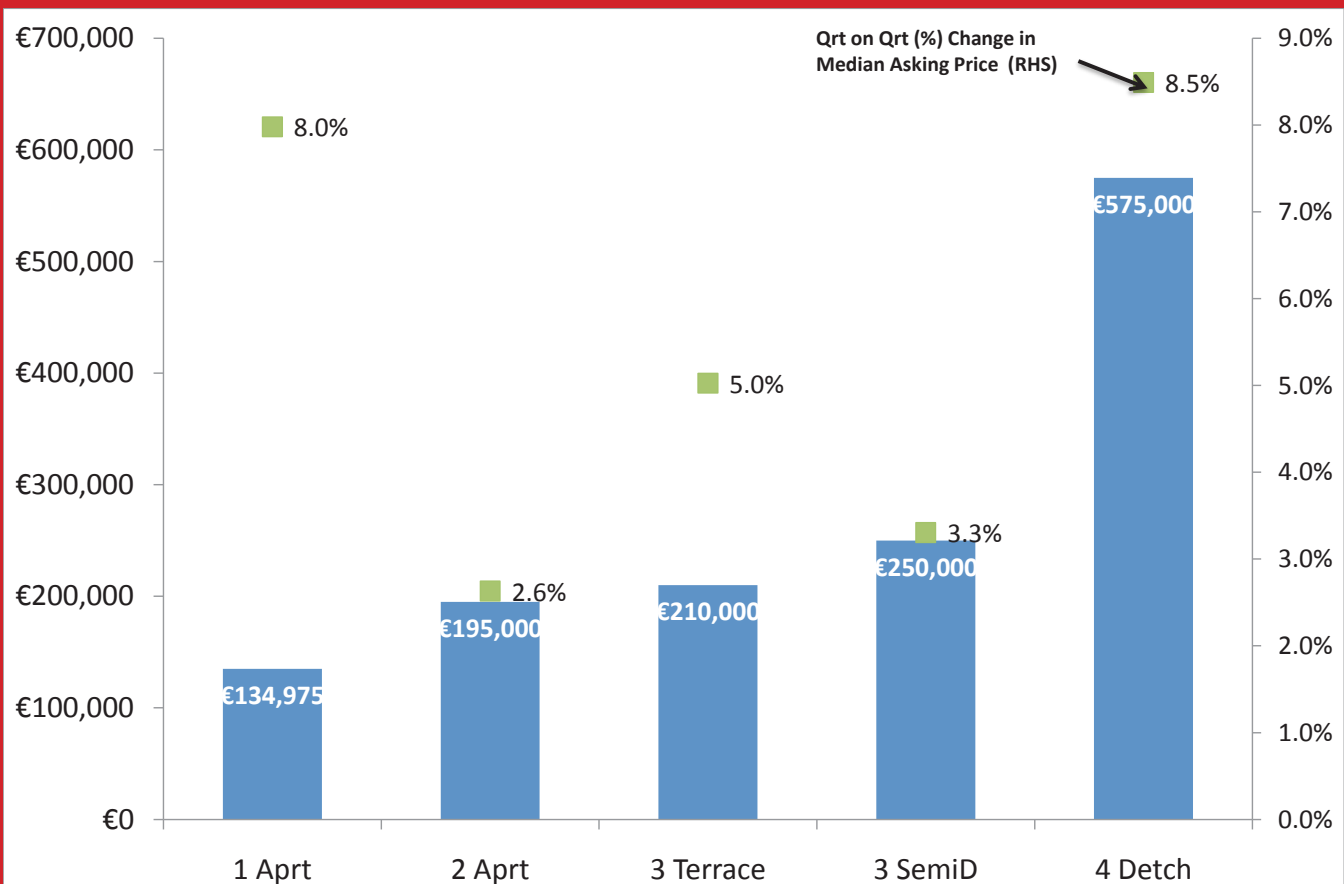
An analysis of the MyHome.ie Dublin data by property type shows price increases for all types of property over the last quarter.

The median asking price for a one bed apartment in the capital increased by 8% in the quarter and in the year to Q2 2014. Meanwhile a two bed apartment saw the median asking price increase by 2.6% in the quarter which builds on the positive price growth experienced since Q4 2013 to bring the year on year growth in the median asking price to 8.3%.

Both three bed terraced and three bed semi detached properties in Dublin saw asking prices increase by 5.0% and 3.3% respectively this quarter, however due to some volatility in prices in previous quarters the median asking price was unchanged year on year.

Four bed detached properties experienced the greatest increase this quarter up 8.5% to bring the median asking price to €575,000 in Q2 2014. On an annual basis the median asking price for 4 bed detached properties was up by 6.5%.

Quarterly change in Dublin median asking prices by property type

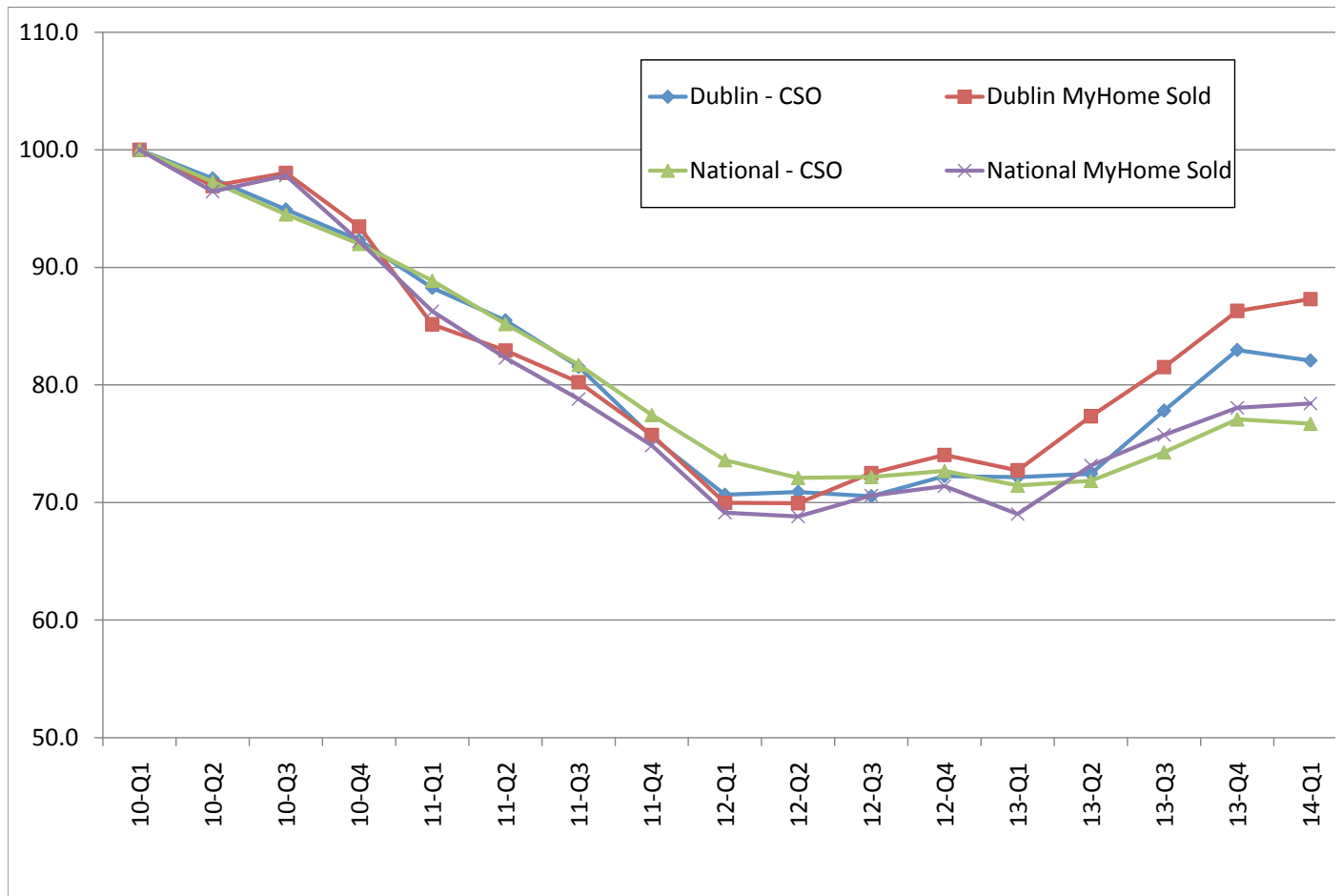


Transaction prices are on the rise

According to the latest CSO Residential Property Price Index, property prices in Dublin increased by 4.2% in May and 22.0% in the year. This compares with a national increase of 2.3% in May and 10.6% in the year. While the CSO data does not include cash based transactions, the trends evident in the data are also reflected in an analysis of a sample of transacted properties up to Q1 2014*, for which matched data was available from MyHome.ie. The MyHome.ie analysis reveals that in the year to Q1 2014 the mix adjusted transaction price nationally increased by 13.6% while the corresponding increase in Dublin was 20%.

** Due to the lag in properties being registered, data was analysed up to Q1 2014*

Trends in CSO Residential Property Price Index and MyHome Sold Price Index

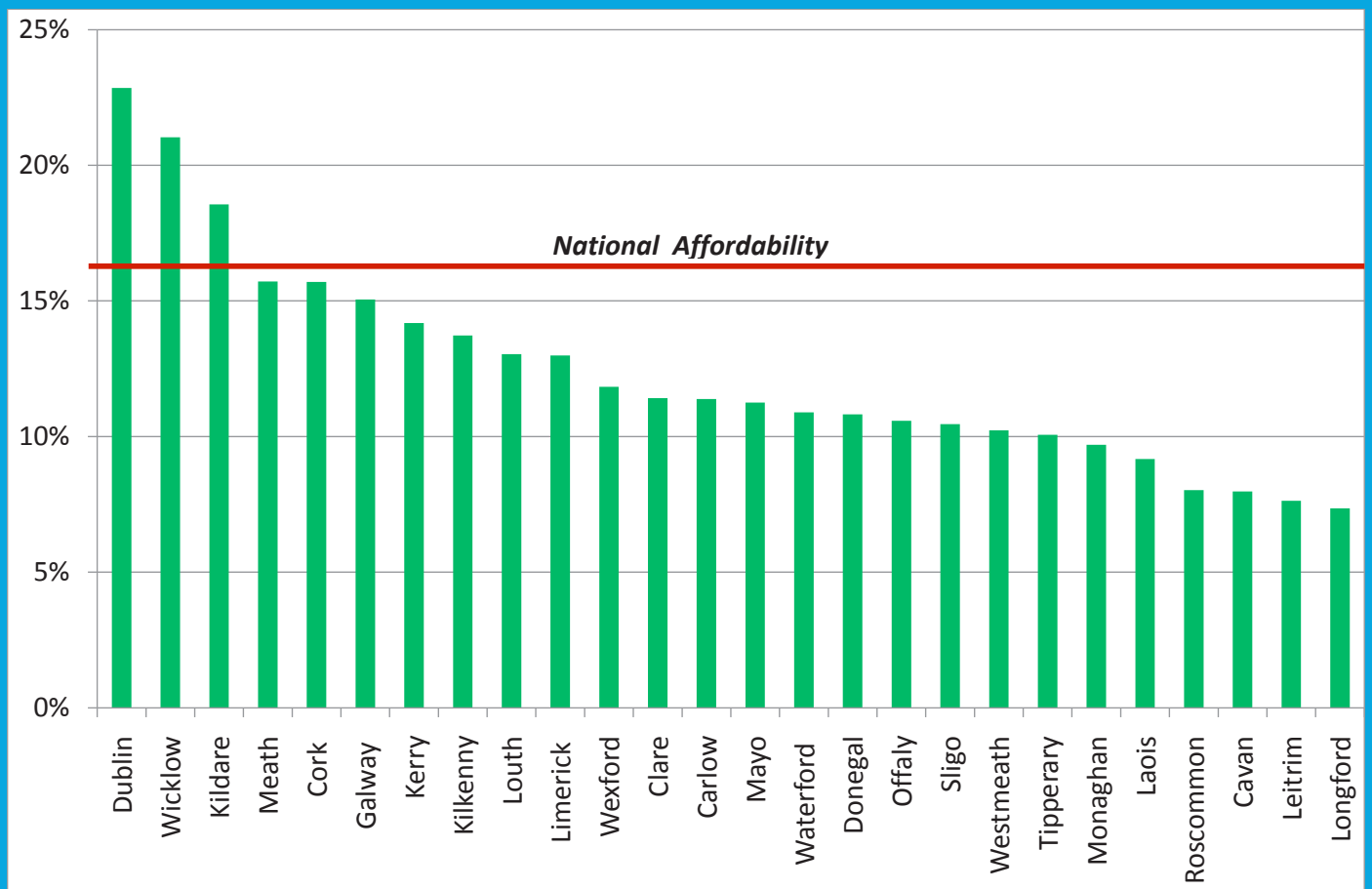


Price growth impacts on affordability

The price growth in Dublin clearly reflects the lack of stock for sale in the market and is having an impact on affordability. According to the latest EBS/DKM Affordability Index, affordability for average first time buyer working couple in Dublin has deteriorated slightly in the past year. As of June 2014, the average working couple required just over 24% of their net income to fund their mortgage but this proportion is well below the levels prevailing at the peak.

However, outside of Dublin property is more affordable. The EBS/DKM Affordability Index which reviewed affordability by county using transaction prices reveals significant differences across the country as evident in the Chart below. The analysis clearly shows that outside of Dublin, key markets such as Wicklow and Kildare are in the recovery phase; however it is also evident that other counties such as Roscommon, Cavan, Leitrim and Longford are lagging behind. Nevertheless the results are generally encouraging for anyone entering the housing market.

Housing affordability by county



EBS/DKM Affordability Index, May 2014 - available at www.dkm.ie

Growth in Cork as Galway City records its first positive quarterly median asking price growth since Q3 2007

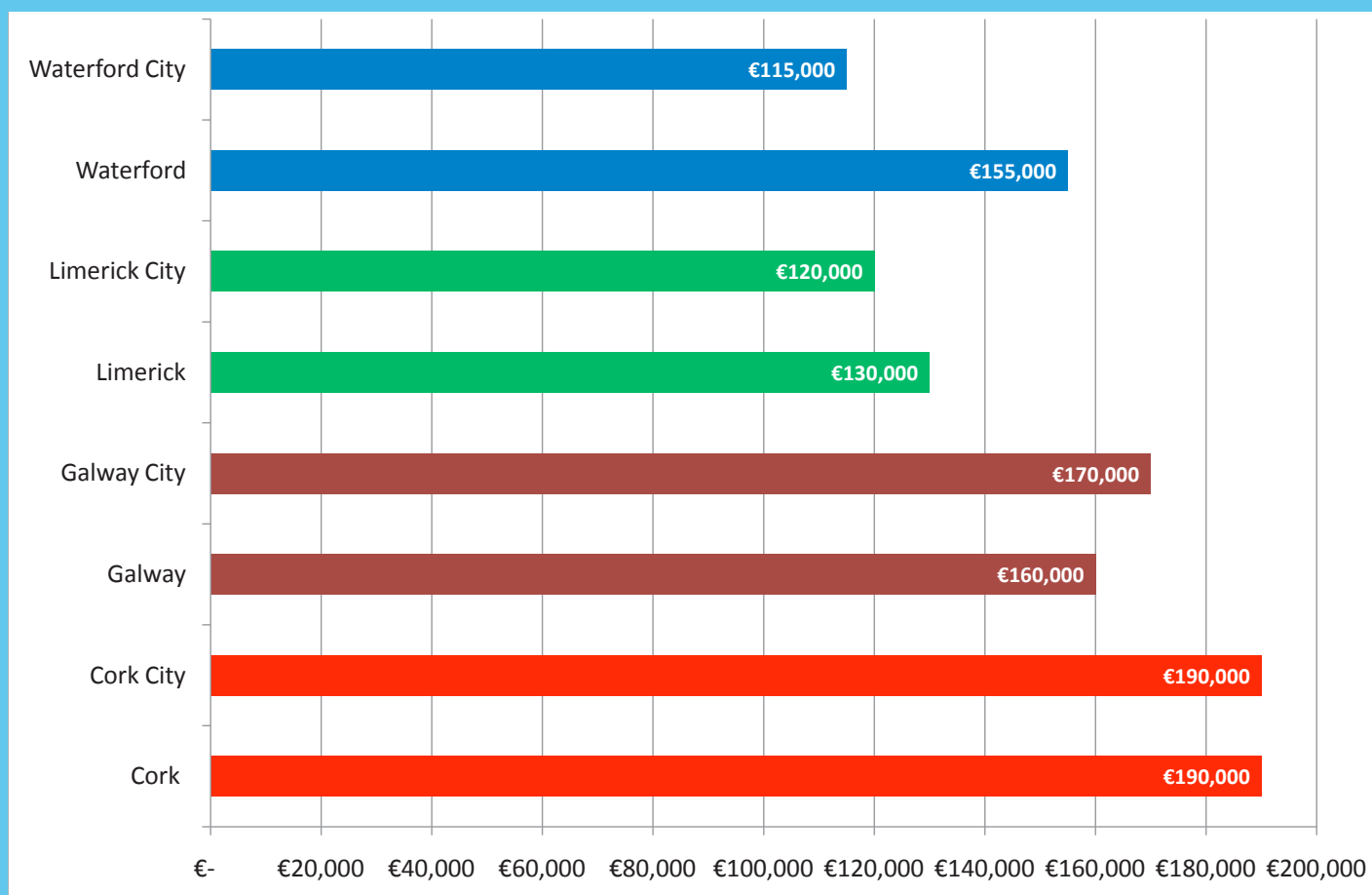
Cork: Cork City and County both experienced positive price growth this quarter increasing by 2.7% respectively. This reversed the negative price growth experience in Q1 2014 which followed a year of relative stability in the area. The median asking price now stands at €190,000 in both the City and County.

Galway: Galway City saw the median asking price increase by 3% this quarter, representing the first positive quarterly growth since Q3 2007. In Galway County the median asking price was unchanged. The median asking price in the City currently stands at €170,000 while in the County it is €160,000.

Limerick: In both Limerick City and County the median asking price continued to decline this quarter by 7.7% and 10.3% respectively. On an annual basis the decline in the median asking price in both areas remained in double digit figures: a decline of 17.2% in the City and 18.8% in the County was recorded. The current median asking price in Limerick City is €120,000 while in Limerick County it stands at €130,000.

Waterford: Waterford City and County both saw the median asking price decline by 8% and 2.5% respectively this quarter. Currently the median asking price in the City is €115,000 while in the County it stands at €155,000. The median asking price in Waterford City is down 62% from the peak, the largest of any urban area.

Median asking price in urban areas



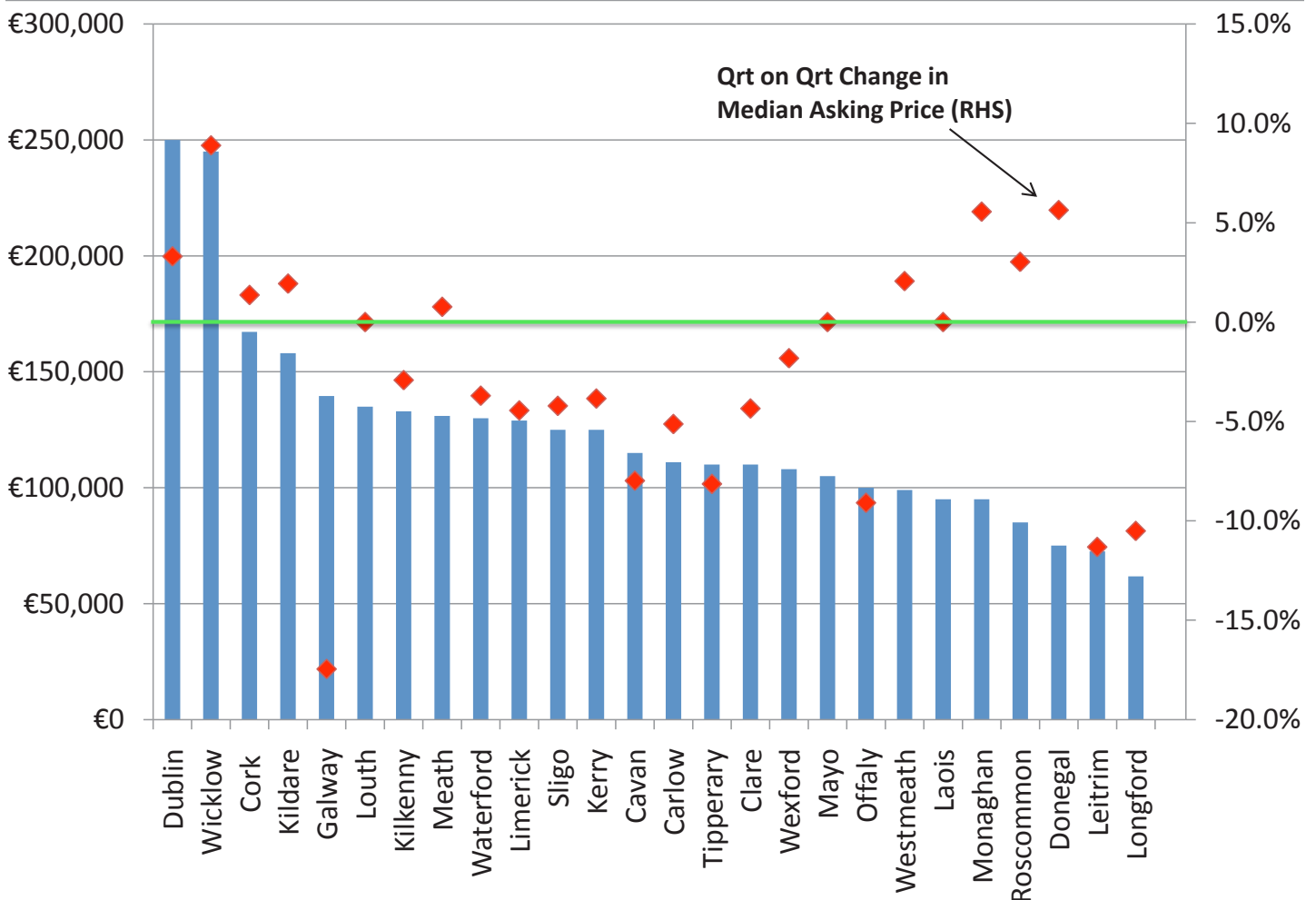
A number of counties show positive asking price growth for both 3 and 4 bed semis this quarter, most notably, the counties in the commuter belt of Dublin which are experiencing the impact of supply shortages in the Dublin Market. However outside these key markets there remains volatility in asking prices, which may be due to fluctuations in stock and the mix to properties for sale.

Positive trends in asking price growth for three bed semis recorded this quarter in a number of key markets

This quarter shows some positive trends in asking price growth in a number of key markets. The median asking price in Wicklow increased by 8.9% this quarter, continuing the positive growth seen in Q1. Other key markets such as Kildare and Cork also experienced positive price growth this quarter,

the first time such growth was evident in the data since Q1 and Q2 2007 respectively.

Elsewhere eight counties showed positive price growth, four counties experienced price stability while others experienced a price decline.



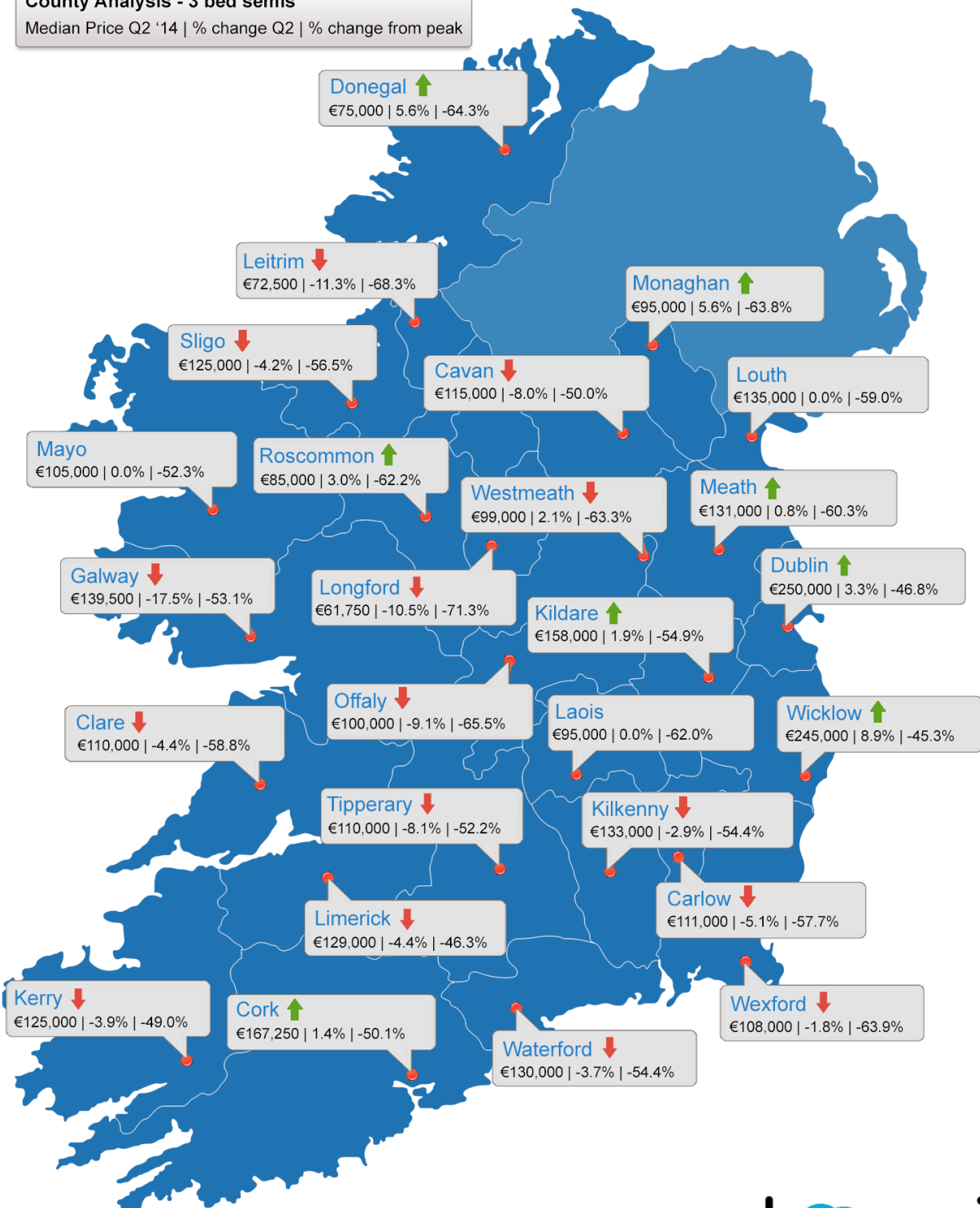
County Analysis - 3 bed semis

% change in asking prices Q2 2014

Our county by county analysis of 3 bedroom semi detached properties shows the median changes in asking prices in each county. The median is the "middle" price. It can be thought of as the price of the house which is more expensive than exactly half of the other houses. We find that it is superior to the average in estimating the price of a typical house.

County Analysis - 3 bed semis

Median Price Q2 '14 | % change Q2 | % change from peak



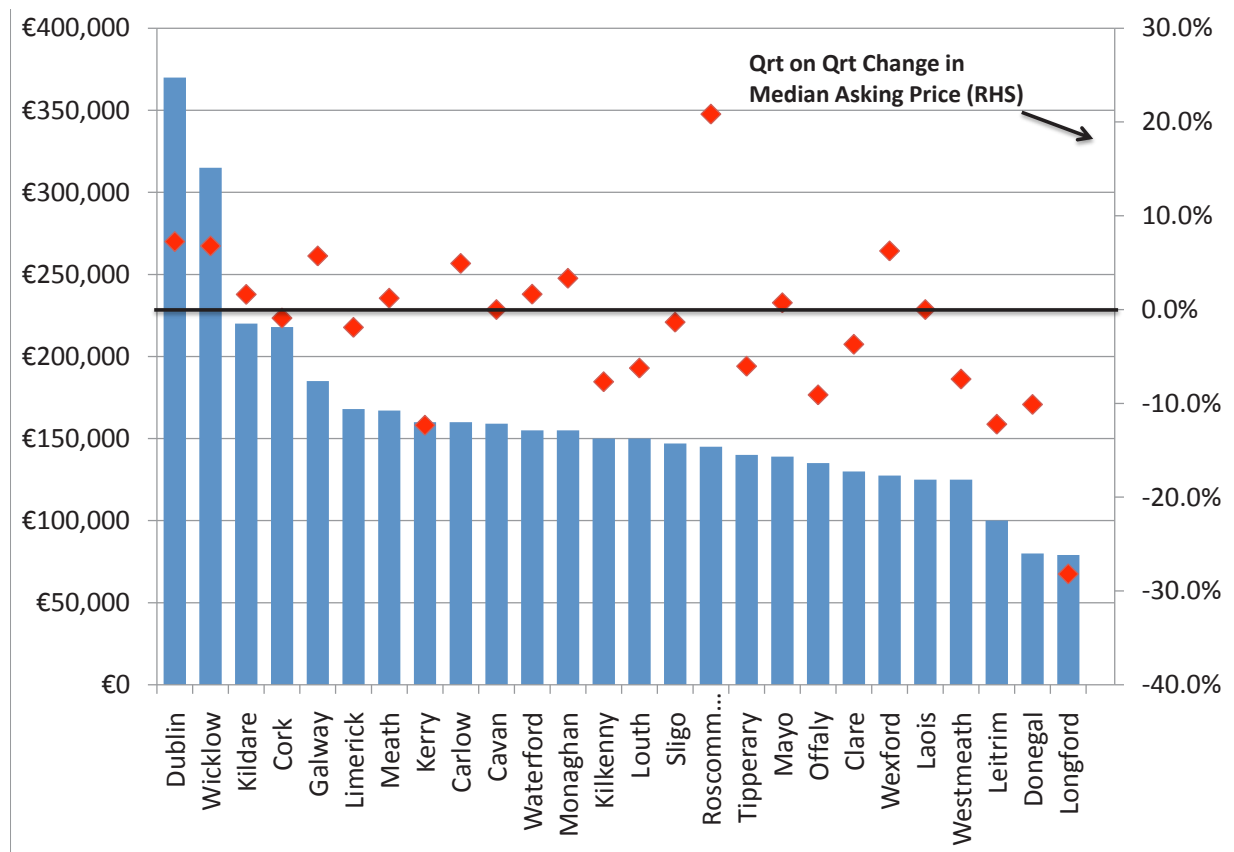
County Analysis - 4 bed semis

Strong price growth recorded for 4 Bed Semis in a number of areas

The median asking price for 4 Bed Semi detached properties ranged from €370,000 in Dublin to €79,000 in Longford.

The market for 4 Bed Semis also shows that Dublin (7.2%), Wicklow (6.8%) and Wexford (6.3%) all saw strong price growth this quarter, reversing the negative trends seen in Q1 2014. In Carlow the median asking price increased by 4.9% in the quarter to bring the asking price to €160,000. Modest price growth was evident in Kildare (1.6%) and Meath (1.2%), both of which have been showing relatively modest fluctuations in asking prices over the past year. In Laois the median asking price has been stable for the past three quarters.

Elsewhere the median asking price continues to show a downward trend or signs of volatility over a number of quarters.



County Analysis - 4 bed semis

Market index prepared by Graham Neary, Technical Analyst

4 Bed Semi			
	Median Price Q2 2014	% Change Q2 2014	Annual % Change
Leinster			
Dublin	€370,000	7.3%	-1.3%
Meath	€167,000	1.2%	-4.8%
Kildare	€220,000	1.6%	0.0%
Wicklow	€315,000	6.8%	-2.3%
Longford	€79,000	-28.2%	-34.2%
Offaly	€135,000	-9.1%	5.5%
Westmeath	€124,975	-7.4%	-16.1%
Laois	€125,000	0.0%	4.6%
Louth	€150,000	-6.2%	-16.2%
Carlow	€160,000	4.9%	12.3%
Kilkenny	€150,000	-7.7%	-10.2%
Wexford	€127,500	6.3%	-2.3%
Munster			
Waterford	€154,000	1.6%	-1.9%
Kerry	€160,000	-12.3%	-11.1%
Cork	€218,000	-0.9%	-5.2%
Clare	€130,000	-3.7%	-5.1%
Limerick	€168,000	-1.9%	-6.2%
Tipperary	€147,000	-1.3%	-6.4%
Connaught & Ulster			
Galway	€185,000	5.7%	0.0%
Mayo	€139,000	0.7%	-0.4%
Roscommon	€145,000	20.8%	16%
Sligo	€140,000	-6.0%	-1.8%
Leitrim	€100,000	-12.2%	-32.9%
Donegal	€80,000	-10.1%	-19.2%
Cavan	€159,000	0.0%	-0.6%
Monaghan	€155,000	3.3%	-16.2%

About the Report

MyHome.ie Property Barometer: The Method

The trends presented in this report are based on actual asking prices of properties advertised on MyHome.ie with comparisons by quarter over the last eight years. This represents the majority of properties for sale in Ireland from leading estate agents nationwide.

The series in this report have been produced using a combination of statistical techniques. Our data is collected from quarterly snapshots of active, available properties on MyHome.ie.

Our main indices have been constructed with a widely-used regression technique which adjusts for change in the mixture of properties for sale in each quarter. Since the supply of property

in each quarter has a different combination of types, sizes and locations, the real trends in property prices are easily obscured.

Our method is designed to reflect price change independent of this variation in mix.

For detailed statistics at the local level, we also provide a wide selection of median asking prices broken down by county or by urban location.

For analysis of the Property Price Register prices were adjusted upwards to account for VAT where necessary, and only full market value prices were used.

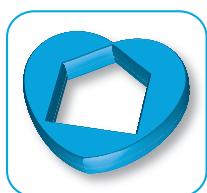
INDICES	Q4 2008	Q1 2009	Q2 2009	Q3 2009	Q4 2009	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q3 2011
National	122.08	114.59	112.90	108.08	104.25	100.81	97.41	93.63	90.59	86.86	83.40	80.71
Dublin	118.40	109.58	107.03	100.90	96.76	92.97	88.77	84.95	82.07	78.94	74.82	72.01
New	124.59	114.83	114.14	110.07	105.95	101.34	97.01	95.15	91.88	88.40	87.88	86.59
2nd Hand	121.84	114.50	112.69	107.74	104.02	100.65	97.32	93.28	90.33	86.61	82.91	80.15
% Change	Q4 2008	Q1 2009	Q2 2009	Q3 2009	Q4 2009	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q3 2011
National	-2.96%	-6.13%	-1.48%	-4.27%	-3.54%	-3.30%	-3.37%	-3.88%	-3.24%	-4.11%	-3.99%	-3.23%
Dublin	-4.37%	-7.44%	-2.33%	-5.73%	-4.11%	-3.91%	-4.52%	-4.30%	-3.39%	-3.82%	-5.22%	-3.76%
New	-2.66%	-7.83%	-0.61%	-3.56%	-3.74%	-4.35%	-4.27%	-1.91%	-3.44%	-3.79%	-0.58%	-1.48%
2nd Hand	-3.00%	-6.02%	-1.59%	-4.39%	-3.45%	-3.24%	-3.31%	-4.15%	-3.16%	-4.12%	-4.27%	-3.34%
Standard Price	Q4 2008	Q1 2009	Q2 2009	Q3 2009	Q4 2009	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q3 2011
National	365057	342666	337603	323180	311727	301449	291278	279970	270886	259745	249385	241334
Dublin	452921	419205	409448	385993	370137	355657	339598	324985	313965	301984	286227	275478
New	333730	307590	305716	294835	283795	271437	259845	254871	246108	236780	235400	231923
2nd Hand	370139	347857	342343	327321	316019	305767	295657	283395	274429	263127	251893	243483

Asking prices versus Transactions prices

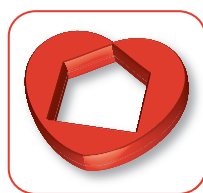
During the boom period when prices (and incomes) were rising and the number of buyers exceeded the number of sellers, transactions prices would have been significantly higher than asking prices, whereas now in recessionary times, asking prices are typically what vendors aspire to. As the market has adjusted downwards over the past four years and transactions have plummeted, asking prices have also had to adjust downwards. In today's market characterised by oversupply in some locations and a lack of mortgage finance, transactions prices tend to be below asking prices as what buyers are willing to pay or can afford is much lower now than during the boom years. The gap should narrow, however, as sellers become more realistic and as the demand/supply balance is addressed.

Next MyHome.ie Property Barometer Q3 2014

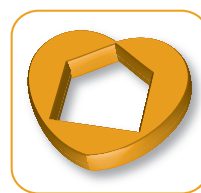
INDICES	Q4 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014
National	78.80	73.14	70.78	69.19	67.16	65.98	64.71	63.80	63.23	62.78	63.61
Dublin	70.02	64.74	61.69	62.66	61.64	61.61	62.21	62.75	63.10	63.91	66.75
New	85.80	83.26	82.25	80.67	78.07	75.65	73.81	73.30	71.41	69.69	68.11
2nd Hand	78.17	72.47	70.18	68.70	66.76	65.69	64.54	63.74	63.22	62.81	63.82
% Change	Q4 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014
National	-2.36%	-7.19%	-3.23%	-2.24%	-2.94%	-1.76%	-1.93%	-1.39%	-0.89%	-0.71%	1.32%
Dublin	-2.76%	-7.54%	-4.72%	1.58%	-1.64%	-0.04%	0.98%	0.86%	0.55%	1.28%	4.45%
New	-0.91%	-2.96%	-1.21%	-1.93%	-3.22%	-3.10%	-2.43%	-0.69%	-2.58%	-2.41%	-2.25%
2nd Hand	-2.47%	-7.29%	-3.16%	-2.11%	-2.83%	-1.60%	-1.76%	-1.23%	-0.82%	-0.65%	1.60%
Standard Price	Q4 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014
National	235642	218705	211651.3	206910.8	200,836	197,293	193,488	190,790	189,086	187,736	190,216
Dublin	267865	247676	235983.4	239722.1	235,787	235,694	238,013	240,064	241,392	244,480	255,362
New	229809	223009	220314.2	216071.7	209,114	202,623	197,699	196,335	191,266	186,655	182,449
2nd Hand	237474	220173	213214.4	208723.2	202,806	199,568	196,058	193,650	192,071	190,830	193,8780



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