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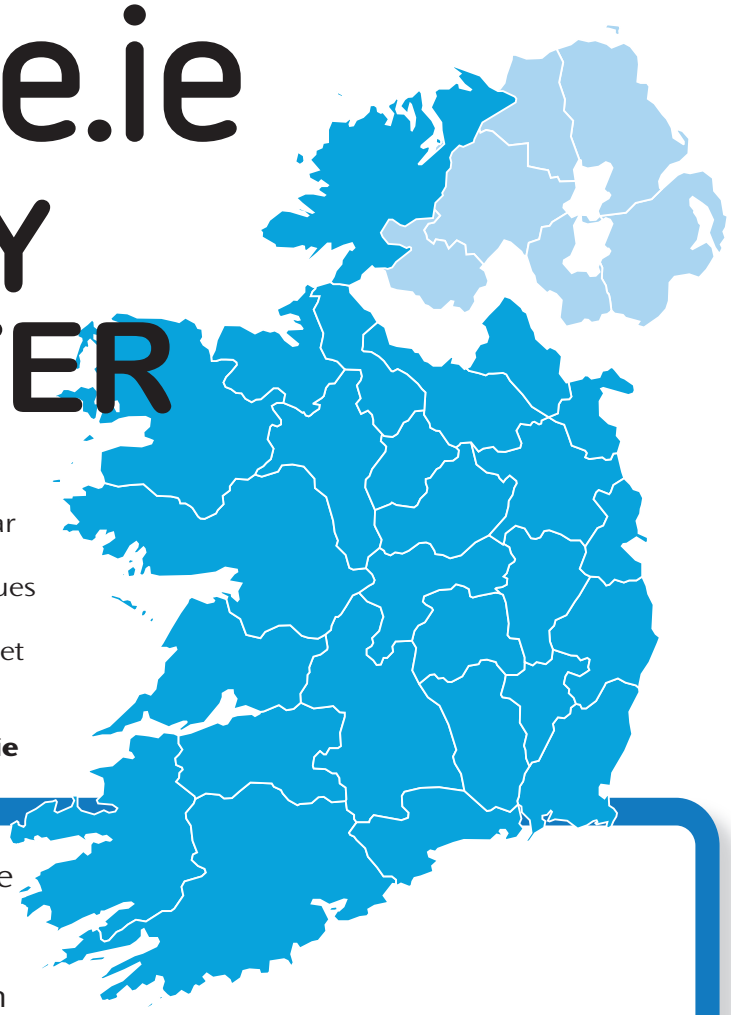
Measuring the
Property Market

Analysis by Caroline Kelleher,
DKM Economic Consultants

Introduction

myhome.ie

PROPERTY BAROMETER



Asking prices for houses in Dublin and around the country continued to show positive growth in Q3 2014. This quarter saw the first positive year on year growth nationally since 2007. The price differential between Dublin and the rest of the country continues to grow, while stock remains a major issue, with construction still well below what is required to meet demand.

Angela Keegan, Managing Director, MyHome.ie

❒ The mix adjusted average asking price nationally grew by 1.4% in the quarter.

❒ Nationally prices increased by 1.1% in the year - the first year on year increase in the main asking price index since Q2 2007.

❒ The mix adjusted average asking price in Dublin increased by 3%, while the annual increase stands at 9.6%.

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Market Analysis

"Both nationally and in Dublin, the average mix adjusted asking price continues to show positive growth."

Caroline Kelleher, DKM Economic Consultants

Continued strong price growth in Dublin

Trends in the MyHome.ie asking price data this quarter indicate that:

❒ Both nationally and in Dublin, the average mix adjusted asking price continues to show positive price growth.

❒ Nationally the mix adjusted average asking price increased by 1.4% while in Dublin the asking price was up 3%.

❒ Data on transacted properties from the Property Price Register (for which matched data was available from MyHome.ie) indicates double digit price growth in Dublin (25%) and nationally (16.5%) in the year to Q3 2014.

The lack of supply of property continues to drive price increases, particularly in Dublin. The coming months will determine a lot for the property market particularly in terms of whether progress is made on the measures contained in Construction 2020.

Average asking price nationally shows first positive year on year growth in Q3 2014

The average asking price nationally increased by 1.4% in Q3 2014 compared with an increase of 1.3% in the previous quarter. This generated an average mix-adjusted asking price nationally of €193,000, which is 53% below the peak in Q4 2006. On an annual basis, the mix adjusted asking price grew by 1.1%, which is the first positive year on year growth since 2007.

The average mix adjusted asking price continues to grow at a faster pace in Dublin, where it registered an increase of 3% in the quarter. In the year to Q3 2014, the asking price in Dublin increased by 9.6%. The mix adjusted asking price in Dublin is now €263,000.

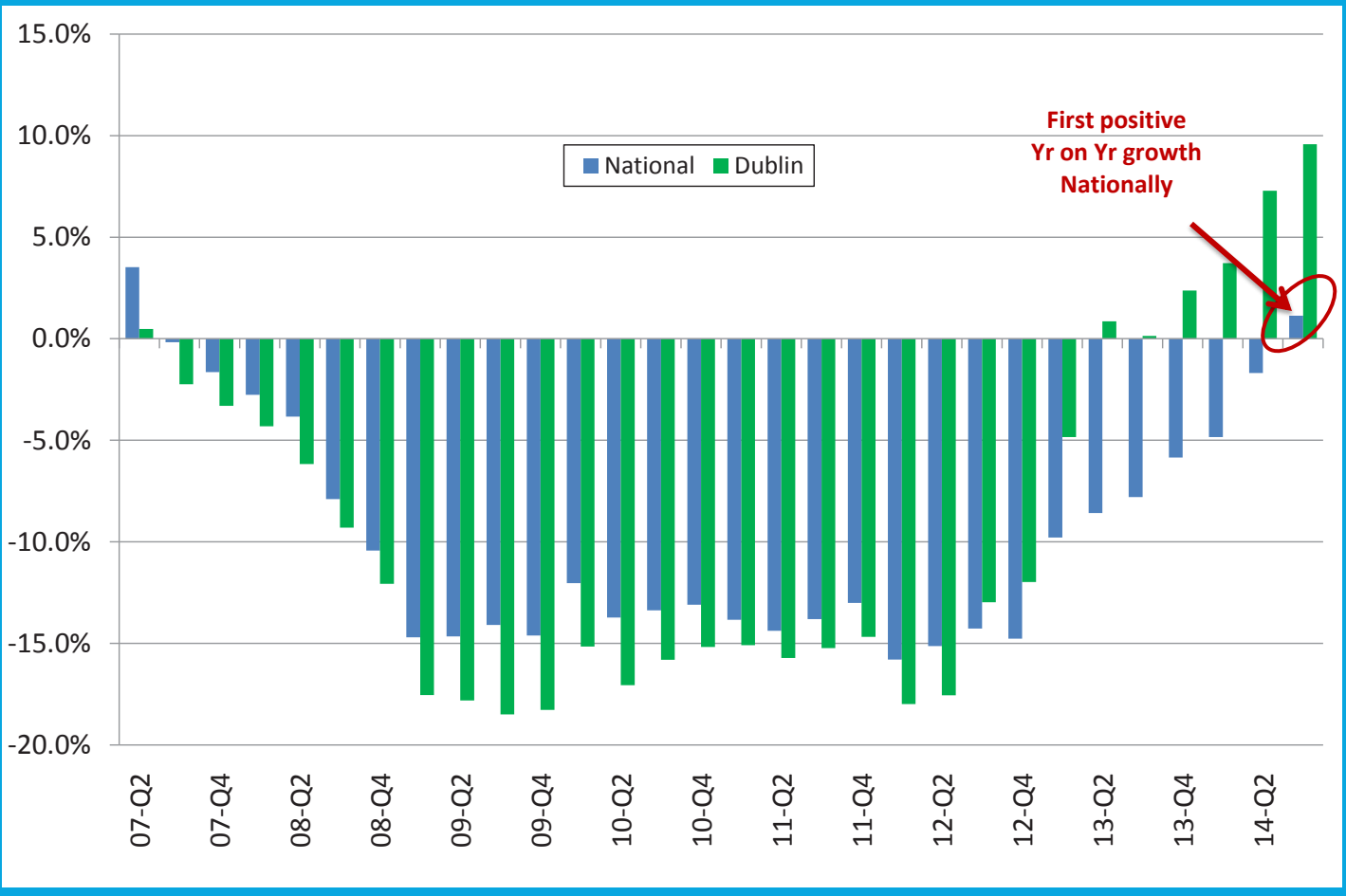
The asking price continues to fall for new properties, registering a decline of 5.8% in Q3 2014 and 12.5% in the year. The average mix adjusted asking price is now €172,000, a fall of almost 53% from the peak.

Second hand properties continue to show positive asking price growth. The average mix-adjusted price for second hand properties increased by 1.7% in the quarter and by 1.9% in the year. This translates into a mix-adjusted asking price of €197,000.

	Mix Adjusted Average Asking Price Q3 2014 (€)	Quarterly % Change	Annual % Change
National	€192,956	1.4%	1.1%
Dublin	€263,048	3.0%	9.6%
New	€171,784	-5.8%	-12.5%
2nd Hand	€197,248	1.7%	1.9%

The difference between asking prices in Dublin and nationally has accelerated further this quarter to 36% (from its lowest point at 11.5% above the national mix-adjusted property price in Q2 2012). The difference is marginally higher than at the peak when it stood at 35%.

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



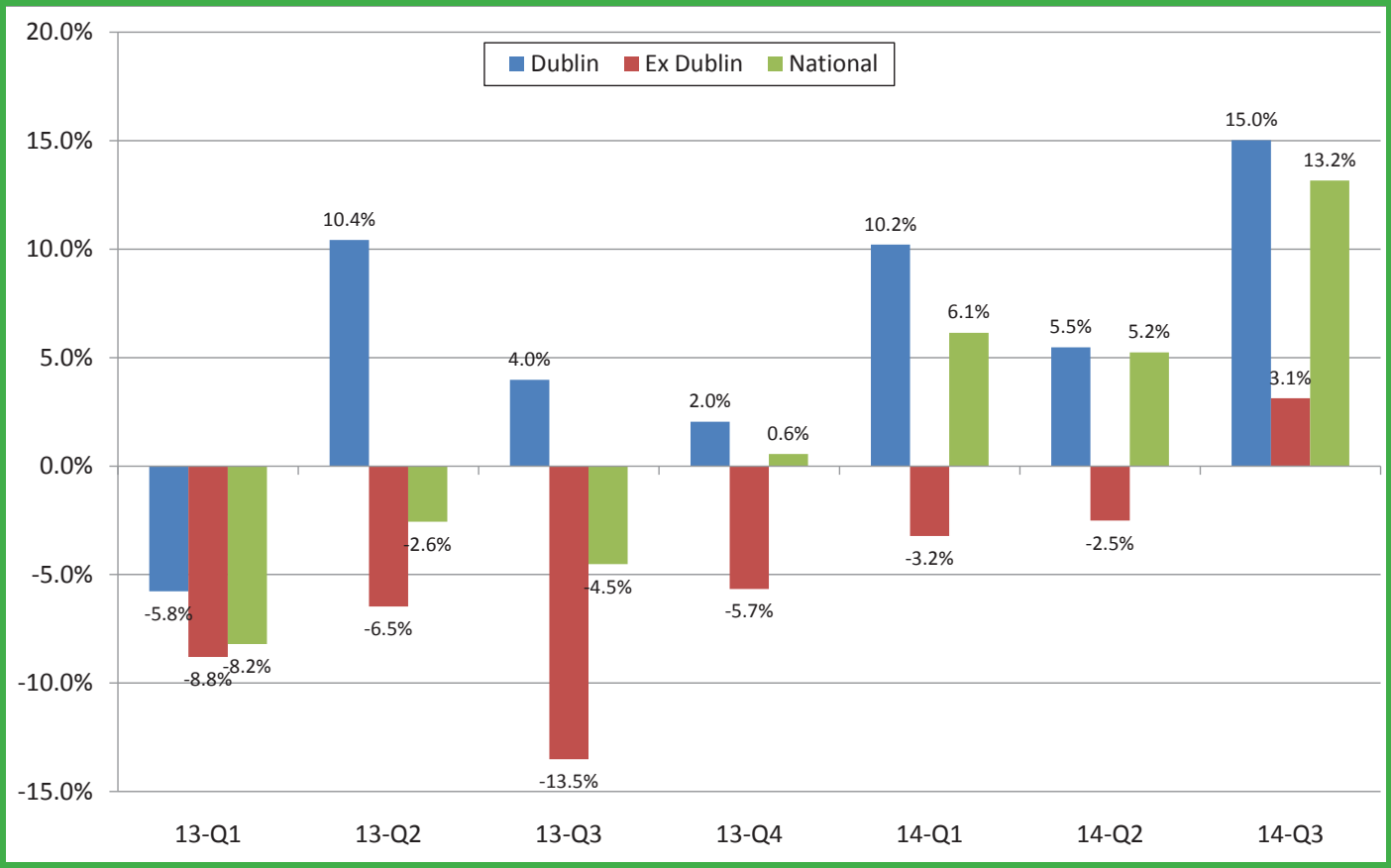
New sale instructions outside Dublin show continued asking price growth

An analysis of new sale instructions reveals strong asking price growth both in the Capital and outside Dublin. The **median** asking price for new instructions in Dublin increased by 3.1% in Q3 2014; while on an annual basis, the rate of increase stood at 15%. The median asking price for new instructions now stands at €299,000.

Outside Dublin, the median asking price for new instructions was up 6.5% in the quarter, which compares to an increase of 3.3% in Q2. On an annual basis, the median asking price for new instructions entered positive territory for the first time, increasing by 3.1% in the year to Q3 2014. The asking price for new instructions outside Dublin is now €165,000.

Nationally, new instructions increased by 7.5% in Q3 2014 to bring the median asking price to €215,000.

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



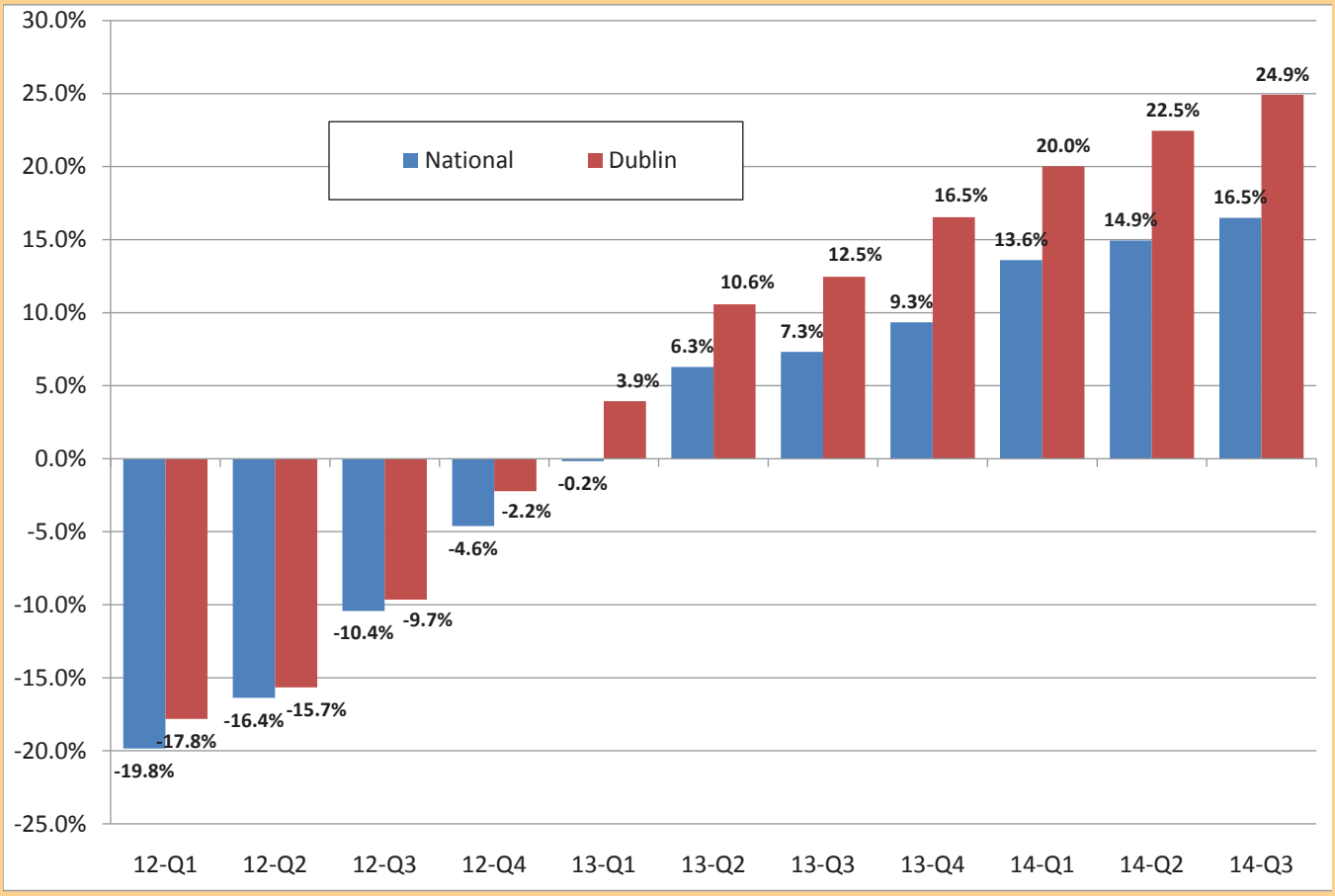
Double digit price growth evident in transactions data

An analysis of a sample of transacted properties up to Q3 2014, for which matched data was available from MyHome.ie, indicates that the mix adjusted transaction price nationally increased by 5% in Q3 2014. This compares to a 7.2% increase in the previous quarter and translates to an annual increase of 16.5% over the past year.

In Dublin the mix adjusted transaction price has been growing strongly since the start of 2014, increasing by 8.5% in Q2 and 7.5% in Q3. In the year to Q3 2014 the average transaction price had increased by 24.9%.

These trends are broadly similar to data from the most recent CSO Residential Property Price Index (RPPI) which shows that nationally property prices increased by 14.9% in the year to July, while in Dublin transactions prices have increased 25.1%.

Trends in MyHome.ie transaction prices (year-on-year changes)



Lack of supply continues to fuel price growth

It is evident that the strong price growth is being fuelled by a lack of supply and is likely to continue for the coming months. In the first quarter of 2014, there were less than 2,000 private housing completions nationally, of which 500 were in Dublin. Given that the Housing Agency has forecast a requirement of 5,700 units in Dublin alone for 2014, it is clear that the current rate of completions falls significantly short.

The latest mortgage data from the Irish Banking Federation indicates continued strong demand in the market; with mortgage approvals in July 2014 up 46% compared to the same time last year. However, while there is a significant increase in the numbers of mortgage approvals, cash buyers continue to dominate the market. In 2013, cash buyers accounted for 50% of transactions with this trend continuing in the first half of 2014.

With a continued lack of new supply to the market, the expectation is that prices will continue to rise over the coming months. Furthermore, the termination of Capital Gains Tax relief, in December 2014, on properties purchased before the end of the year may fuel demand in the comings months.

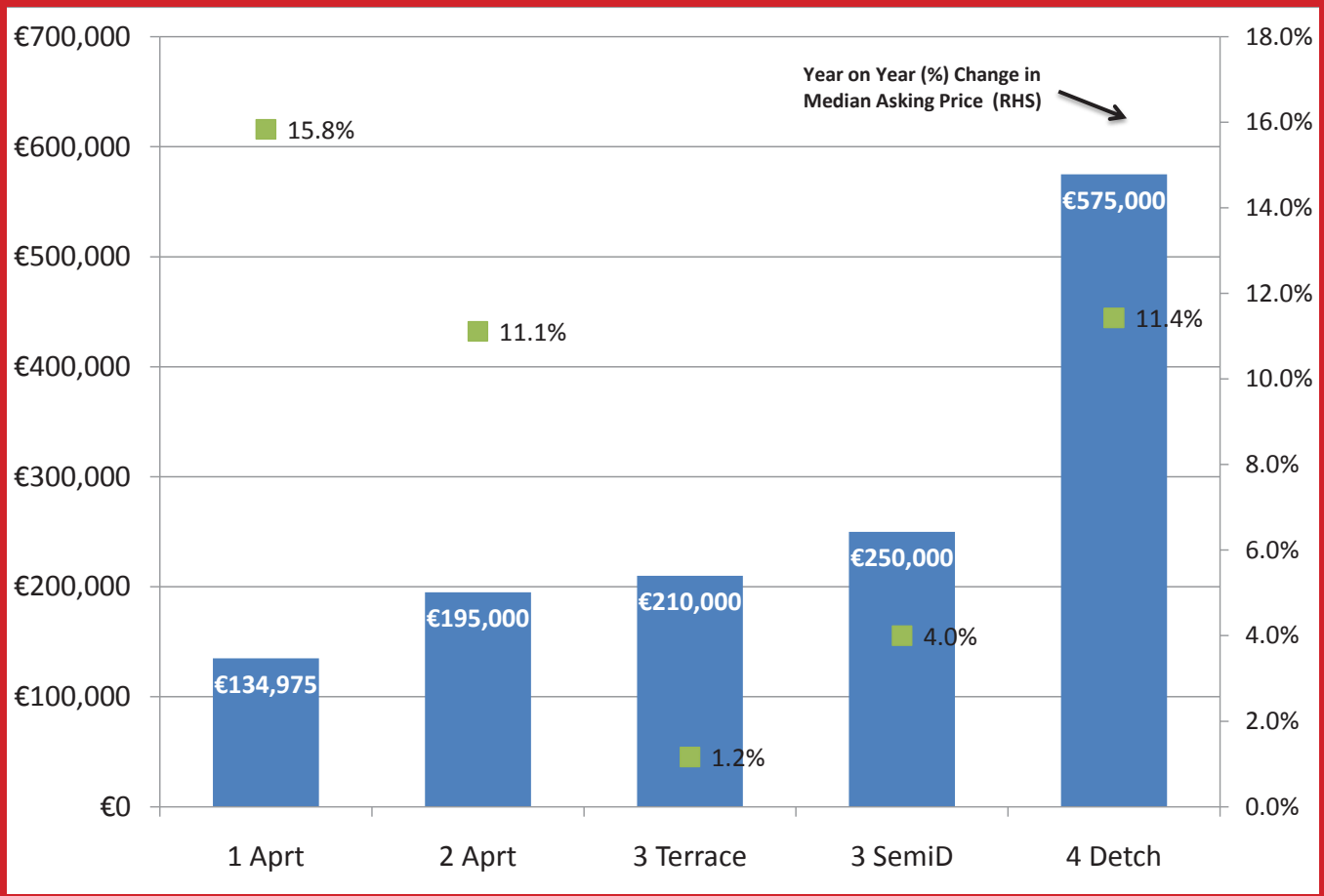
Dublin Market continues to show strong price growth across a range of property types

In terms of the breakdown across property types in Dublin, the data suggests that the most dramatic increase in prices over the last four quarters has been in 1 bed and 2 bed apartments. The median asking price for a 1 bed apartment increased by 3% in Q3 2014, resulting in a median asking price of €139,000. This represents a 15.8% increase on the same period last year. Two Bed apartments also exhibited strong asking price growth, with the median asking price increasing by 2.6% in the quarter and 11.1% on an annual basis.

While three bed properties exhibited strong price growth this quarter, on an annual basis the rate of increase was more moderate. The median asking price for 3 bed terraced properties increased by 3.6% in Q3 2014 while 3 bed semis increased by 4%. However, on an annual basis the rate of increase stood at 1.2% and 4% respectively.

Strong price growth is also evident among 4 bed detached properties in the past year, although the rate of increase has moderated in this quarter. In Q3 2014, the median asking price increased by 1.7% which compares to an increase of 8% in Q2 2014. The median asking price for a 4 bed detached property in Dublin now stands at €585,000 which is up 11.4% on the same period last year.

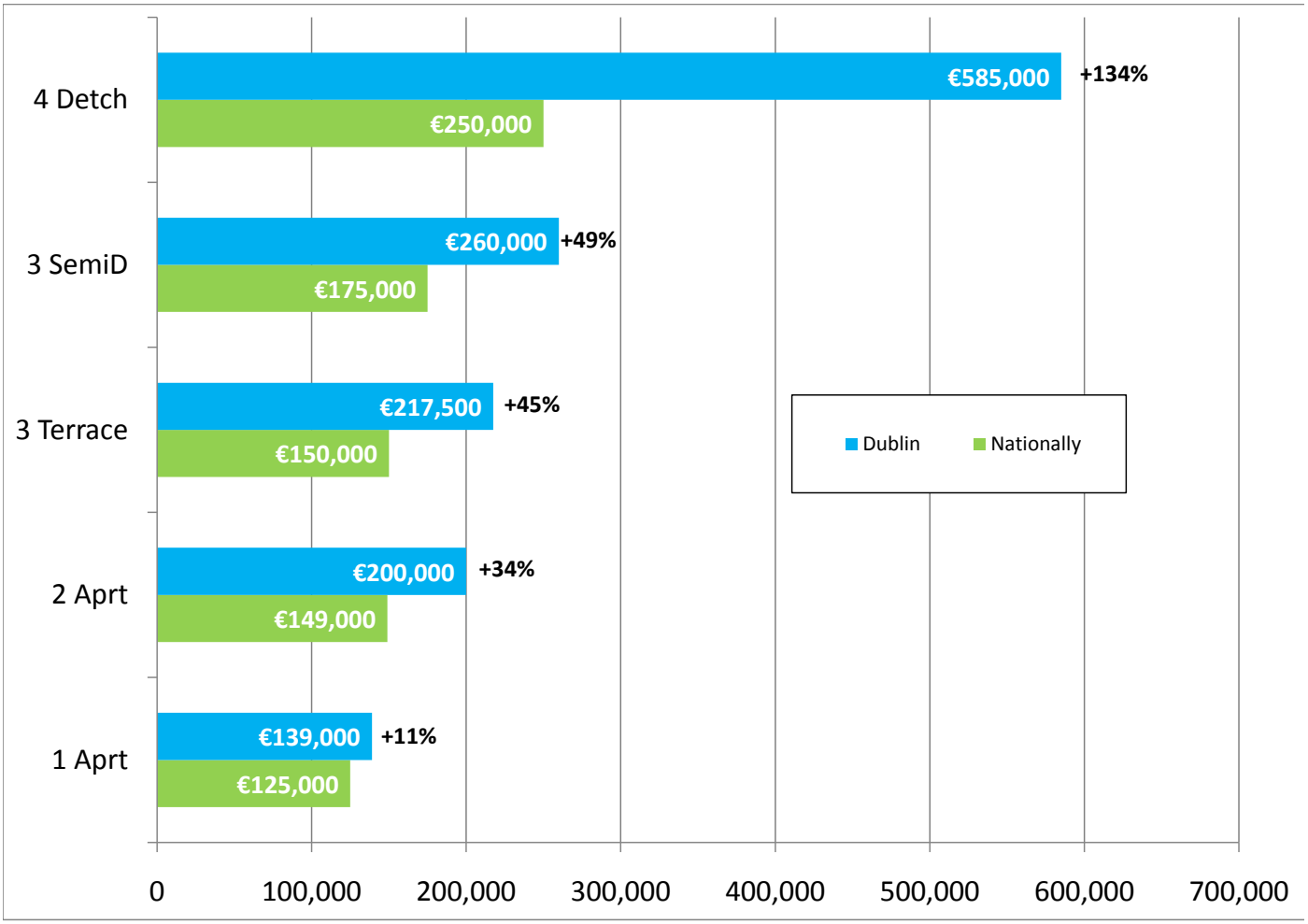
Median asking price by property types in Dublin



Divergence between Dublin and National increases significantly with house size

The analysis of asking prices by house type reveals that the difference between Dublin and national prices increases significantly with house size. The median asking price for a 1 bed apartment is 11% more expensive in Dublin, while the price premium increases to 34% for a two bed apartment. The median asking price for a 3 bed terraced and a 3 bed semis are 45% and 49% more expensive respectively. The median asking price for a 4 bed detached house in Dublin is over double the price nationally at €585,000.

Dublin V National asking prices by property type



Urban Spotlight

Cork:

The median asking price in both **Cork City** and **County** is up 2.6% this quarter, which compares to a similar increase of 2.7% in Q2 2014. The median asking price in both Cork City and County is now at €195,000.

Galway:

In **Galway City** the median asking price continued to show positive price growth this quarter increasing by 2.9% or €5,000. The median asking price in the City now stands at €175,000. While the median asking price in **Galway** is slightly lower at €165,000, it also showed positive price growth in Q3, increasing by 3.1% in the quarter.

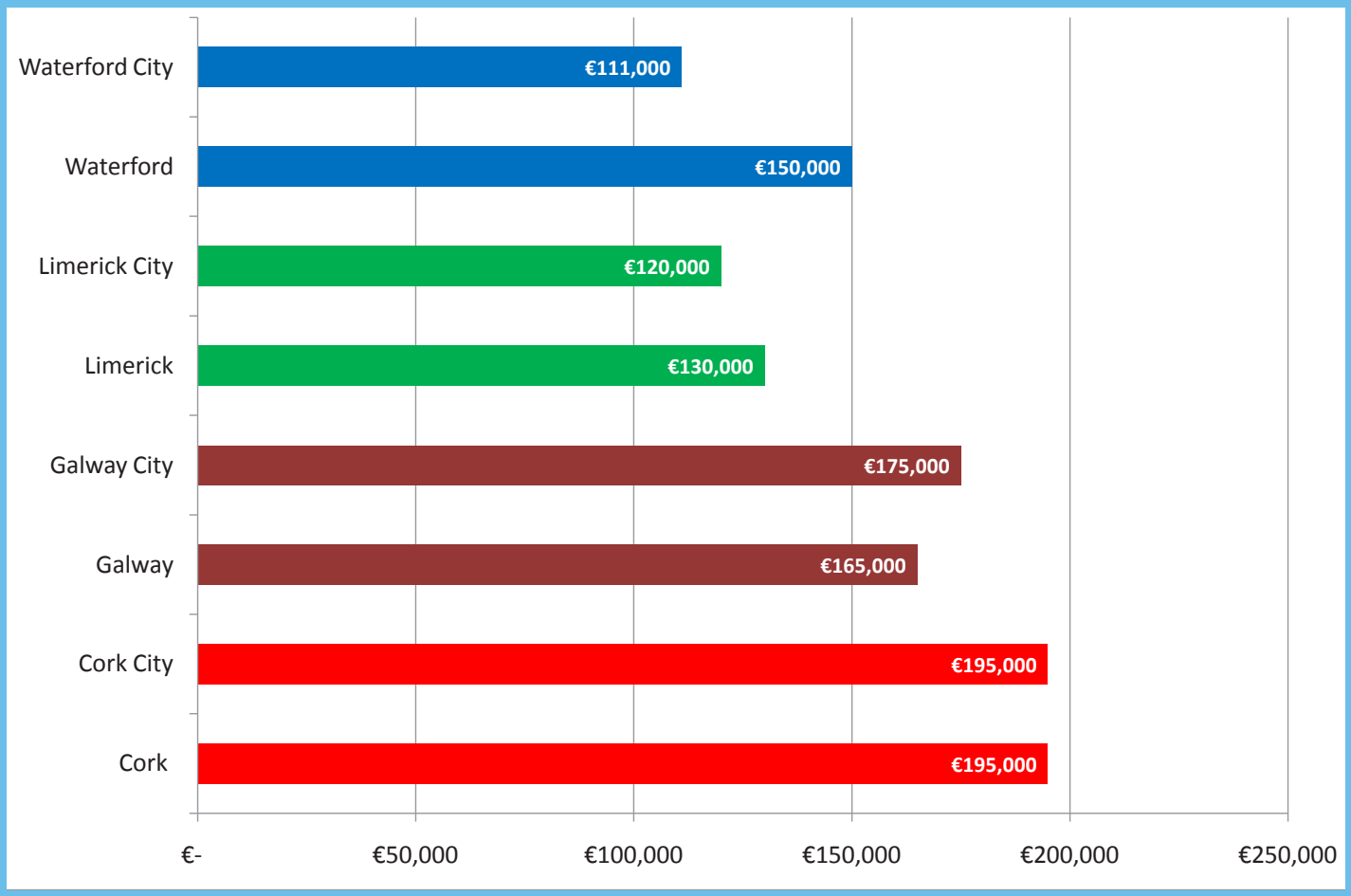
Limerick:

The median asking price in both **Limerick City** and **County** remained stable this quarter at €120,000 and €130,000 respectively. After Waterford City, Limerick has the lowest asking price of any of the urban areas.

Waterford:

Both **Waterford City** and **County** continued to see further declines in the median asking price this quarter. In the City, the median asking price now stands at €111,000, down 3.5% in the quarter. The total percentage decline of 63% from peak to current levels is the highest rate of decline across all the urban locations. In Waterford County, the median asking price is now €150,000, down 3.2% in the quarter and 57% from the peak.

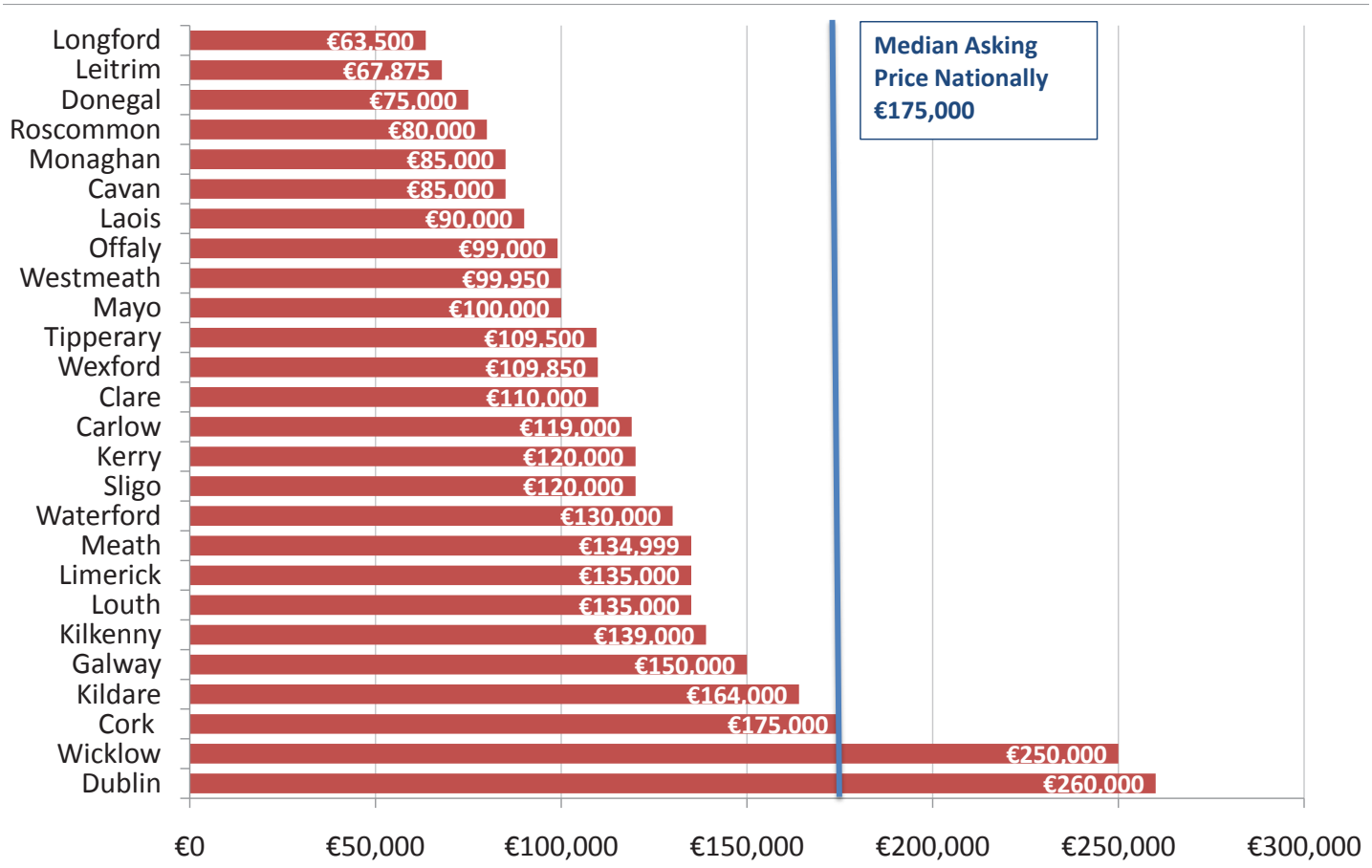
Median asking price in urban areas



The trend towards positive asking price growth for 3 and 4 bed semis continued this quarter in a number of counties. The national median prices continue to grow, reaching €175,000 for 3 bed semis and €232,000 for 4 bed semis. However, on a county level contrasting trends are in evidence.

3 bed semis

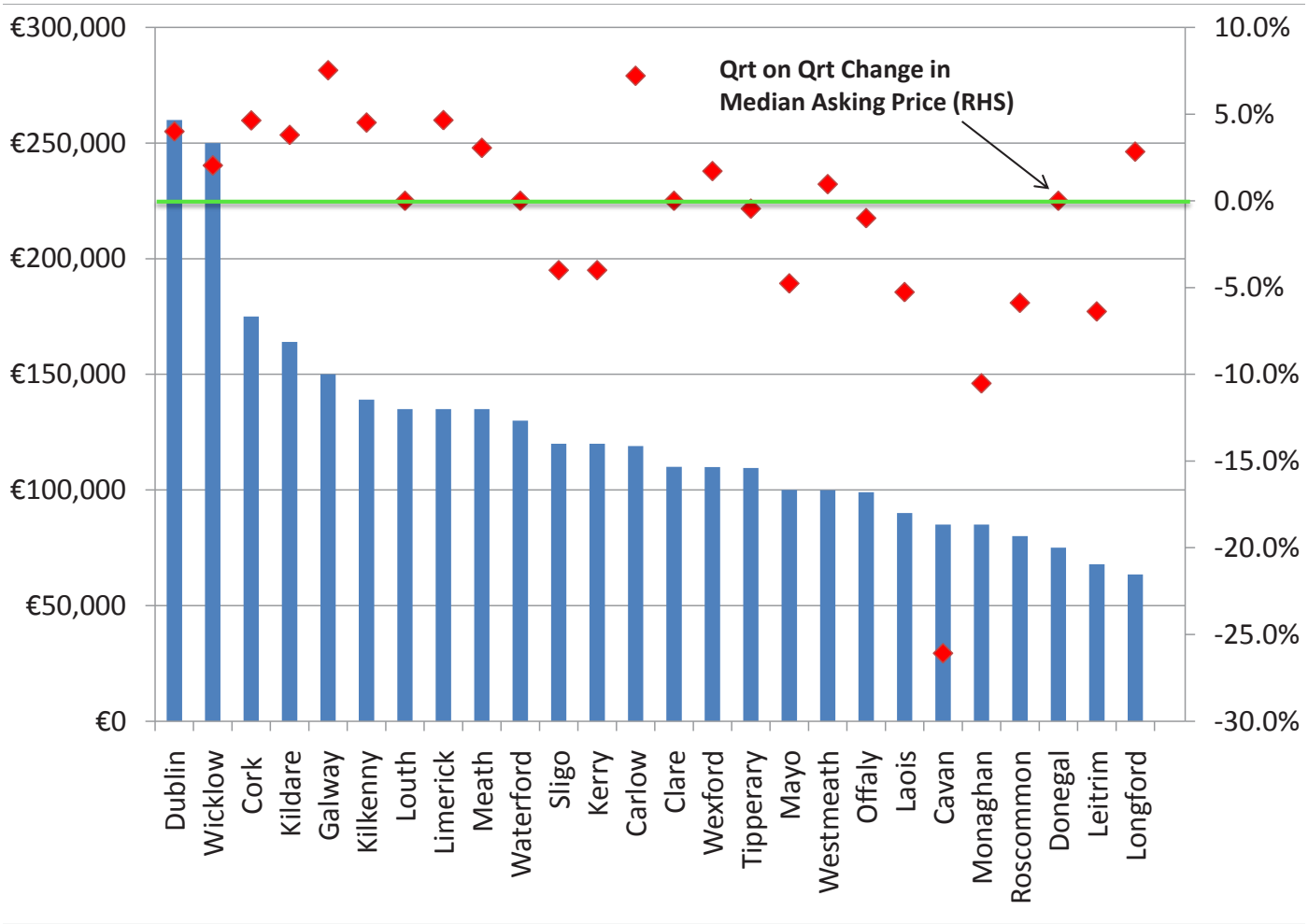
It is interesting to consider a direct comparison of asking prices relative to the national average at this point in the property cycle. In Q3 2014, 3 bed semis in **Dublin** (€260,000) and **Wicklow** (€250,000) are significantly (49% and 23% respectively) ahead of the median national asking price of €175,000, which is the price observed in Cork. In contrast, **Longford** and **Leitrim** record the lowest asking prices this quarter, at €63,500 and €67,875 respectively.



Galway showed the strongest quarter on quarter growth (7.5%) in asking prices among all counties, reaching €150,000. **Carlow** also displays strong quarterly growth this quarter increasing 7.2%.

The Dublin commuter belt continues to perform strongly with the median asking price in **Wicklow** up 2% in the quarter while in **Kildare** the price was up 3.8%. **Cork** and **Waterford** also show strong positive growth over the last quarter.

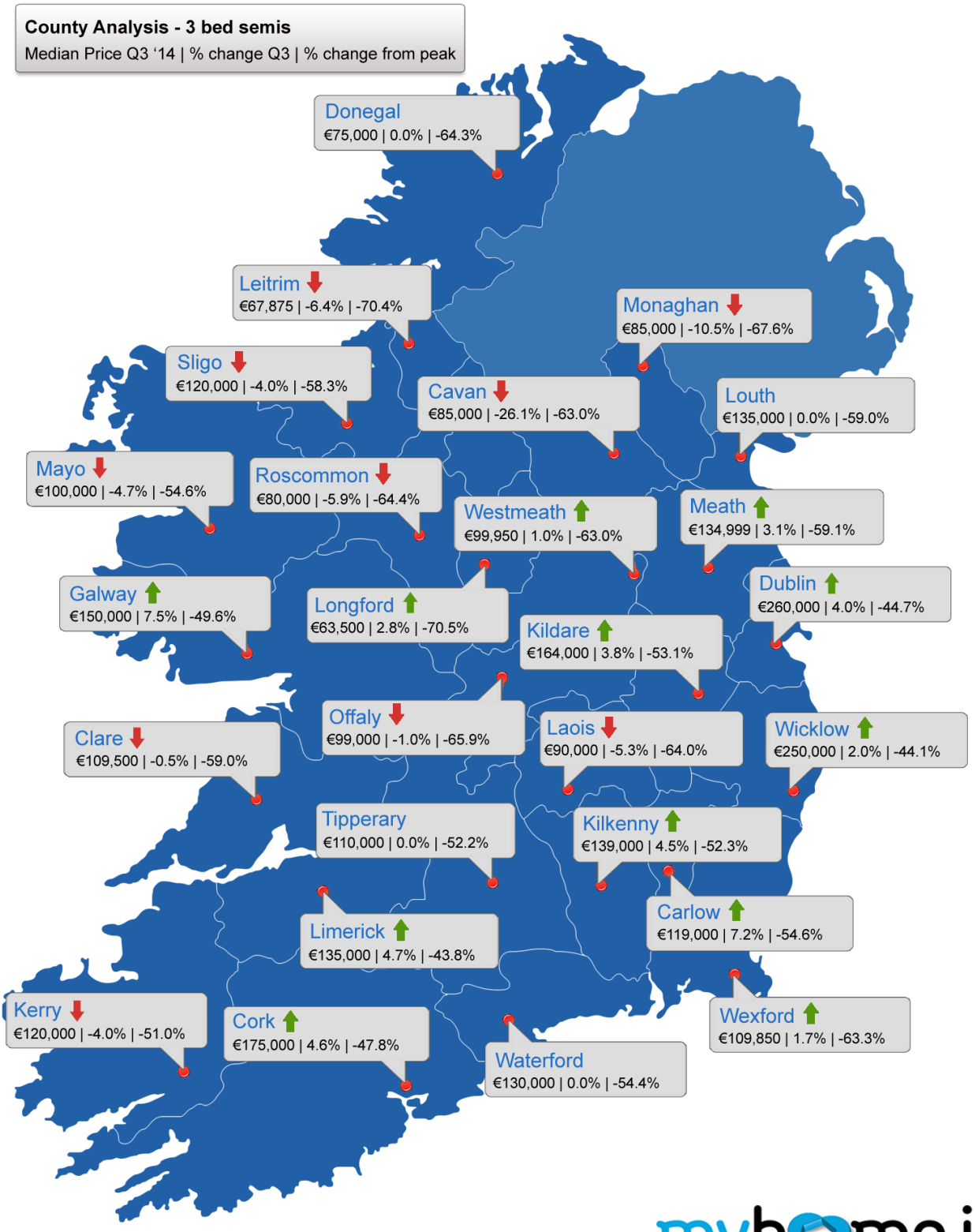
Nationally, twelve counties show positive price growth, four are stable while the others experience various degrees of price decline. **Cavan** continues to experience strong quarterly declines (-26.1%).



County Analysis - 3 bed semis

% change in asking prices Q3 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.



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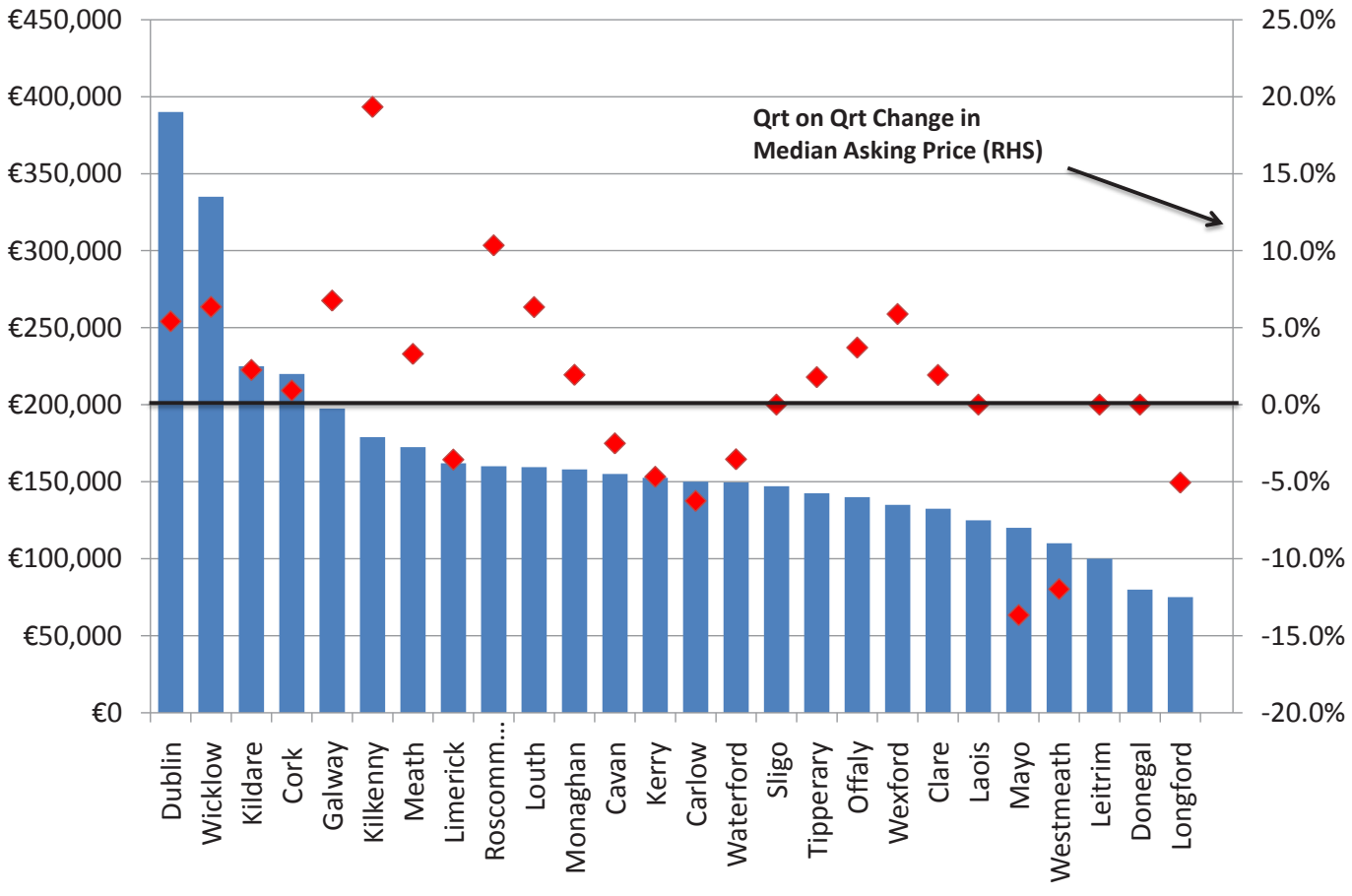
County Analysis - 4 bed semis

The median asking prices for 4 bed semis range from €390,000 in **Dublin** to €75,000 in **Longford**. This gap has increased as Dublin prices have continued to rise, up 5.4% in Q3 while Longford experiences a continuation of the downward adjustment (-5.1%) in its asking prices.

Strongest quarterly increases were observed in **Kilkenny** (19.3%), **Roscommon** (10.3%) and **Galway** (6.8%). As mentioned above, Dublin grew by 5.4% this quarter (compared to 7.2% in Q2), while **Wicklow**, **Galway**, **Louth** and **Wexford** all are also in the 5% quarterly growth bracket.

Asking prices in **Mayo** fell by 13.7% over the quarter, bringing the median asking price to €120,000.
In broad strokes, the majority of counties (14) registered an increase in asking prices for 4 bed semis, four remain stable and 8 experience quarterly declines.



County Analysis - 4 bed semis

Market index prepared by Graham Neary, Technical Analyst

	4 Bed Semi Median Price Q3 2014	% Change Q3 2014	Annual % Change
Leinster			
Dublin	€390,000	5.4%	4.0%
Meath	€172,500	3.3%	1.5%
Kildare	€224,950	2.3%	3.2%
Wicklow	€335,000	6.4%	11.7%
Longford	€75,000	-5.1%	-37.5%
Offaly	€140,000	3.7%	7.7%
Westmeath	€110,000	-12.0%	-21.4%
Laois	€125,000	0.0%	0.0%
Louth	€159,950	6.3%	-10.9%
Carlow	€152,500	-4.7%	2.2%
Kilkenny	€179,000	19.3%	5.9%
Wexford	€135,000	5.9%	8.0%
Munster			
Waterford	€158,000	1.9%	-3.4%
Kerry	€150,000	-6.3%	-20.0%
Cork	€220,000	0.9%	0.0%
Clare	€132,500	1.9%	0.4%
Limerick	€162,000	-3.6%	-7.4%
Tipperary	€147,000	0.0%	-1.3%
Connaught & Ulster			
Galway	€197,500	6.8%	6.8%
Mayo	€120,000	-13.7%	-14.3%
Roscommon	€160,000	10.3%	23.2%
Sligo	€142,500	1.8%	-3.1%
Leitrim	€100,000	0.0%	-17.7%
Donegal	€80,000	0.0%	-5.3%
Cavan	€155,000	-2.5%	-2.5%
Monaghan	€149,500	-3.6%	-11.3%

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	Q3 2004	Q3 2005	Q1 2006	Q3 2006	Q1 2007	Q3 2007	Q1 2008	Q3 2008	Q1 2009	Q3 2009	Q1 2010	Q3 2010
National	100.00	113.31	124.99	136.82	138.16	136.58	134.35	125.80	114.59	108.08	100.81	93.63
Dublin	100.00	115.96	132.28	139.62	138.89	136.50	132.90	123.81	109.58	100.90	92.97	84.95
New	100.00	112.37	121.19	133.92	135.91	137.37	134.13	128.00	114.83	110.07	101.34	95.a15
2nd Hand	100.00	113.60	125.75	137.28	138.60	136.59	134.50	125.60	114.50	107.74	100.65	93.28

% Change	Q3 2004	Q3 2005	Q1 2006	Q3 2006	Q1 2007	Q3 2007	Q1 2008	Q3 2008	Q1 2009	Q3 2009	Q1 2010	Q3 2010
National	N/A	1.80%	7.04%	2.96%	-0.30%	-0.72%	-1.43%	-4.91%	-6.13%	-4.27%	-3.30%	-3.88%
Dublin	N/A	2.75%	9.34%	1.08%	-0.25%	-1.66%	-1.29%	-4.93%	-7.44%	-5.73%	-3.91%	-4.30%
New	N/A	1.47%	5.19%	5.42%	0.92%	-0.35%	-1.49%	-2.79%	-7.83%	-3.56%	-4.35%	-1.91%
2nd Hand	N/A	1.95%	7.04%	2.52%	-0.46%	-0.73%	-1.42%	-5.21%	-6.02%	-4.39%	-3.24%	-4.15%

Standard Price	Q3 2004	Q3 2005	Q1 2006	Q3 2006	Q1 2007	Q3 2007	Q1 2008	Q3 2008	Q1 2009	Q3 2009	Q1 2010	Q3 2010
National	299,028	338,827	373,743	409,124	413,133	408,420	401,739	376,180	342,666	323,180	301,449	279,970
Dublin	382,547	443,617	506,046	534,124	531,320	522,157	508,397	473,612	419,205	385,993	355,657	324,985
New	267,854	300,978	324,615	358,721	364,039	367,959	359,268	342,850	307,590	294,835	271,437	254,871
2nd Hand	303,800	345,114	382,034	417,065	421,055	414,966	408,598	381,578	347,857	327,321	305,767	283,395

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 Q4 2014

INDICES	Q1 2011	Q3 2011	Q1 2012	Q3 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014
National	86.86	80.71	73.14	69.19	65.98	64.71	63.80	63.23	62.78	63.61	64.53
Dublin	78.94	72.01	64.74	62.66	61.61	62.21	62.75	63.10	63.91	66.75	68.76
New	88.40	86.59	83.26	80.67	75.65	73.81	73.30	71.41	69.69	68.11	64.13
2nd Hand	86.61	80.15	72.47	68.70	65.69	64.54	63.74	63.22	62.81	63.82	64.93
% Change	**Q1 2011**	**Q3 2011**	**Q1 2012**	**Q3 2012**	**Q1 2013**	**Q2 2013**	**Q3 2013**	**Q4 2013**	**Q1 2014**	**Q2 2014**	**Q3 2014**
National	-4.11%	-3.23%	-7.19%	-2.24%	-1.76%	-1.93%	-1.39%	-0.89%	-0.71%	1.32%	1.44%
Dublin	-3.82%	-3.76%	-7.54%	1.58%	-0.04%	0.98%	0.86%	0.55%	1.28%	4.45%	3.01%
New	-3.79%	-1.48%	-2.96%	-1.93%	-3.10%	-2.43%	-0.69%	-2.58%	-2.41%	-2.25%	-5.85%
2nd Hand	-4.12%	-3.34%	-7.29%	-2.11%	-1.60%	-1.76%	-1.23%	-0.82%	-0.65%	1.60%	1.74%
Standard Price	**Q1 2011**	**Q3 2011**	**Q1 2012**	**Q3 2012**	**Q1 2013**	**Q2 2013**	**Q3 2013**	**Q4 2013**	**Q1 2014**	**Q2 2014**	**Q3 2014**
National	259,745	241,334	218,705	206,910	197,293	193,488	190,790	189,086	187,736	190,216	192,956
Dublin	301,984	275,478	247,676	239,722	235,694	238,013	240,064	241,392	244,480	255,362	263,048
New	236,780	231,923	223,009	216,071	202,623	197,699	196,335	191,266	186,655	182,449	171,784
2nd Hand	263,127	243,483	220,173	208,723	199,568	196,058	193,650	192,071	190,830	193,878	197,248

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Market Analysis
Caroline Kelleher
Caroline.Kelleher@dkm.ie

Data Analysis
Graham Neary
nearyg@gmail.com

Layout & Design
James Rogers
james@myhome.ie

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