Sherry FitzGerald

Irish Residential Market

H1 2026

Overview

This report provides an overview of the key components of demand and supply in the Irish Residential Market during the first half of 2026, alongside an economic update.

The Irish residential market remained characterised by persistent supply-side shortages and stable demand in the first half of 2026. While the pace of house price inflation moderated when compared to the same point last year, growth remained resilient, with the average value of second-hand homes increasing by 5.2% in the twelve months to the end of June.

The availability of second-hand stock remains acutely tight. In July 2026, there were 14,388 second-hand homes advertised for sale nationally, down 2.2% on the same time last year and 20.6% below the level recorded in 2020. The decline remains particularly severe at lower price points, with the number of homes available below €350,000 falling by 9.6% year-on-year.

Positively, new dwelling delivery continued to move in the right direction. A total of 16,679 new homes were completed in the first half of 2026, a 10.8% increase on the same period in 2025 and the strongest first-half total recorded since the New Dwelling Completions series began in 2011. Despite this improvement, delivery remains below the level required to meet underlying demand.

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Video Review

Residential Market Video Review

Watch Marian's video where she provides a brief review of the latest developments in the residential market.

Section 1

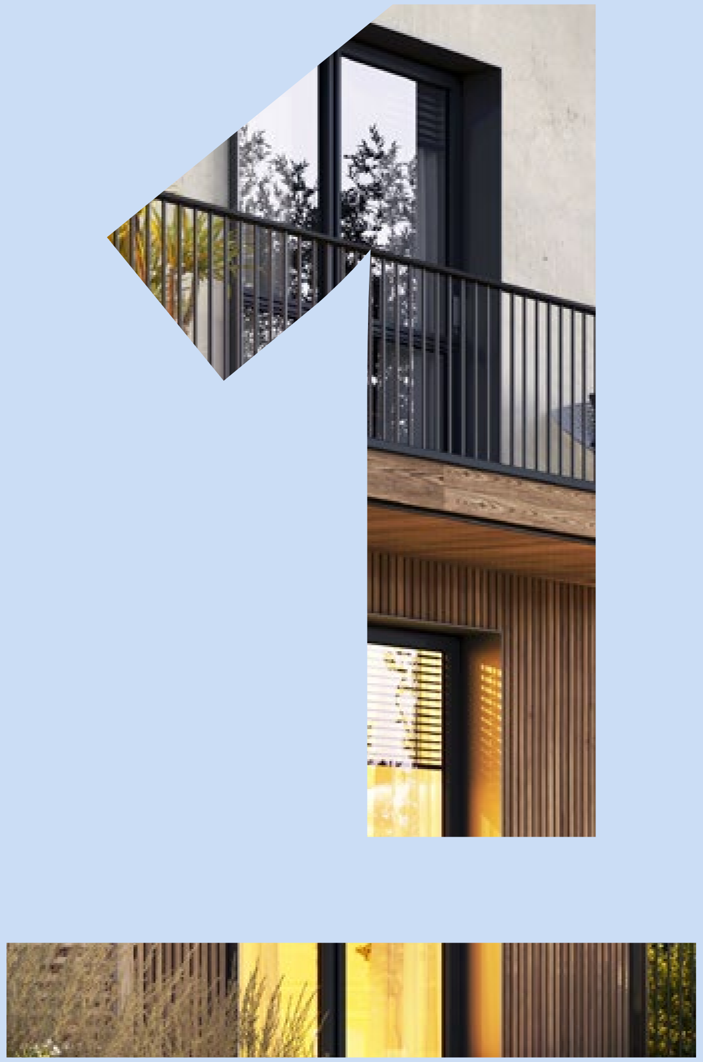
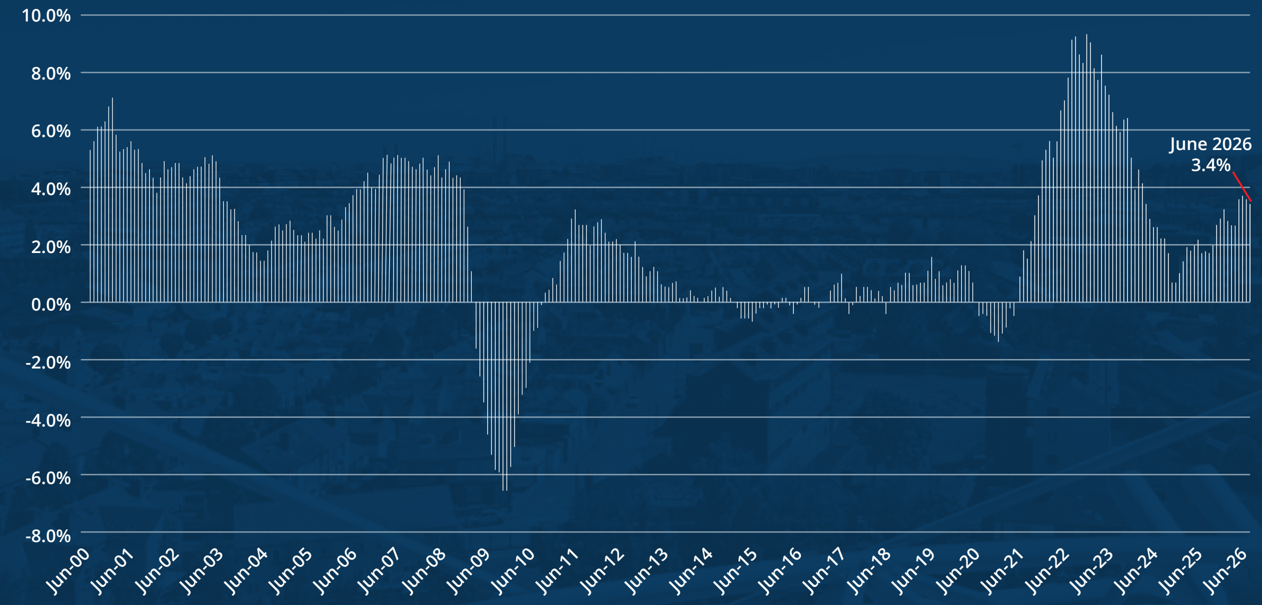


Figure 1: Consumer Price Index, Jun 00-Jun 26



Source: CSO

Economic Update

The global economic outlook remains uncertain as we move through 2026, with renewed conflict and rising tensions in the Middle East adding to concerns around energy supply, inflation and overall economic stability.

Against this backdrop, the European Central Bank raised interest rates by 25 basis points in June, its first increase since September 2023. This brought the main refinancing rate to 2.4% and the deposit rate to 2.25%. Future rate movements will be highly dependent on the path of inflation, energy prices and the broader geopolitical environment. Markets widely expect a further rate increase at the September monetary policy meeting.

Despite external challenges, the domestic economy continued to perform well in the opening quarter of 2026. Modified Domestic Demand, a measure of domestic economic activity which strips out the activities of multinationals, increased by 0.3% in Q1, bringing annual growth to 3.4%.

Growth in consumer spending remained resilient, increasing by 2.9% annually, while Government spending on goods and services rose by 1.1%. Modified investment also increased by 6.5% compared with the same period in 2025, supported by strong annual growth in investment in machinery and equipment, excluding aircraft relating to leasing, and dwellings.

Gross Domestic Product, however, declined by 7.0% in the first quarter of the year and by 13.0% on an annual basis. This largely reflected a 24.8% contraction in multinational-dominated sectors following exceptionally strong growth the previous year. In particular, activities of the Industry sector decreased by a significant 36.0% compared to Q1 2025. This was partially offset by a 3.7% annual increase in the Information & Communication sector.

Domestic-facing sectors recorded modest annual growth at 1.4%, with increases across sectors such as Financial & Insurance Activities (+5.1%), Real Estate Activities (+3.8%), Distribution, Transport, Hotels & Restaurants (+1.3%) and Public Administration, Education & Health (+1.1%).

Notably, the Construction sector contracted by 3.5% annually, following exceptionally strong growth in the first half of 2025. It is also important to note that on a quarterly basis, the construction sector also recorded a contraction of 4.3% when compared to Q1 2026.

The latest forecasts from the ESRI suggest that, despite elevated energy prices and persistent geopolitical uncertainty, growth in the domestic economy will remain resilient. Modified Domestic Demand is expected to expand by 2.6% in 2026 and by 2.8% in 2027, driven primarily by modified investment. In contrast, GDP is expected to contract in 2026, largely due to base effects following the surge in exports recorded in 2025.

Over recent months, inflationary pressures have begun to rise again. The annual rate of inflation, as measured by the Consumer Price Index, stood at 3.4% in June 2026, down marginally from 3.6% the previous month. The most significant annual increases were Education Services (+8.9%), Housing, Water, Electricity, Gas & Other Fuels (+7.3%), Clothing & Footwear (+7.0%) and Insurance & Financial Services (+5.7%).

The labour market is showing some signs of softening, although employment levels remain very strong. The total number of people in employment stood at 2.79 million in Q1 2026, broadly unchanged compared with the same period last year. The seasonally adjusted monthly unemployment rate rose for the second consecutive month in July to reach 5.1%, compared with 5.0% in July 2025.

Consumer sentiment edged downwards in July, with the Credit Union Consumer Sentiment Index falling to 61.6. This is above the 59.1 points recorded in July 2025 but remains well below its long-run average of 83.1, indicating that households remain cautious overall. The major purchases component of

the index, which signals willingness to commit to large purchases such as a car or house, remained robust following a modest decrease to stand at 92.2 in July.

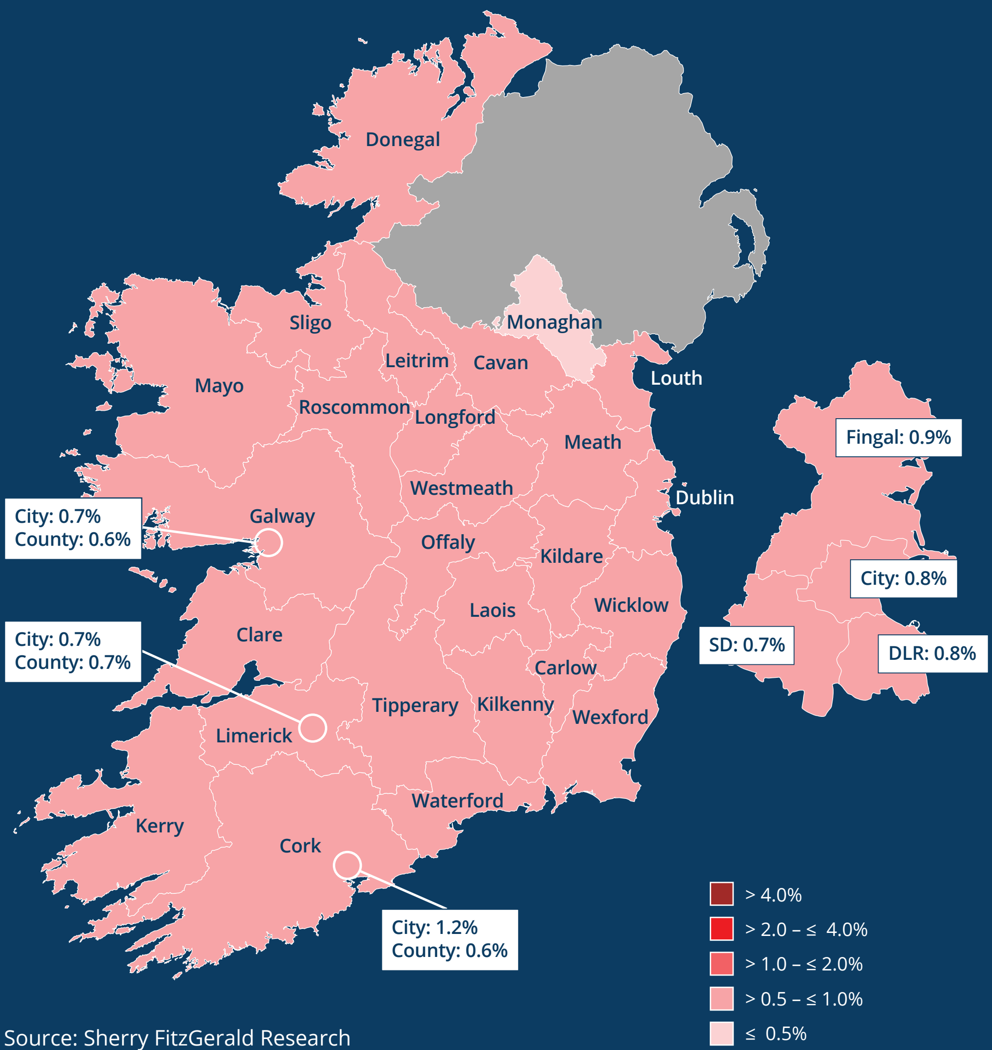
Construction cost pressures also remain. Building and construction materials costs increased by 3.1% annually in June, unchanged from the previous month. When wages are included, the building and construction cost index increased by 3.2% over the year. While cost inflation has eased from the peaks recorded in recent years, viability remains an important consideration for the delivery of new housing, particularly apartment schemes.

Section 2

Second-Hand Supply

The latest analysis from Sherry FitzGerald shows that advertised second-hand stock remained exceptionally constrained in July 2026. There were 14,388 second-hand homes advertised for sale nationally, a decrease of 2.2% on the same month last year and 20.6% below the level recorded in 2020.

Figure 2: Advertised Second-Hand Stock, July 2026



Source: Sherry FitzGerald Research

This equates to just 0.7% of the total private housing stock, underlining the limited depth of supply available to prospective purchasers.

The shortage remains particularly acute in the lower-value segments of the market. The number of homes available below €350,000 fell to 5,676 in July, down 9.6% year-on-year and 55.0% below mid-2020. Within this segment, the number of homes available below €200,000 declined by 20.6% over the year to 1,531 properties. This continued erosion of more affordable stock is placing additional pressure on first-time buyers and other purchasers operating within tighter affordability constraints.

By contrast, the availability of homes at higher price points has increased over the period, partly reflecting the price inflation recorded in recent years. There were 8,193 homes advertised above €350,000 in July, an increase of 1.9% on the same month last year. Homes above this threshold accounted for 56.9% of all advertised supply, compared with 26.7% in mid-2020.

While some increase in the proportion of properties in higher price categories is is unsurprising given the price inflation witnessed in recent years, the shift in the composition of stock highlights the growing mismatch between the types of homes available for sale and the price points most accessible to many purchasers.

Regionally, the decline in advertised stock was broad-based. All regions bar one recorded a reduction in supply over the year. The most pronounced decline was recorded in the West, where advertised stock fell by 9.0% year-on-year to 1,580 properties. The Border region also recorded a notable fall, with stock down 4.5% to 1,283 homes. The Midlands was the only region to record an increase, with advertised stock rising by 9.2% to 857 homes.

% Advertised Stock to Private Dwellings July 2026

Monaghan	0.4%	Sligo	0.6%	Wicklow	0.8%
Carlow	0.5%	Kilkenny	0.6%	Donegal	0.8%
Tipperary	0.5%	South Dublin	0.7%	Dun Laoghaire-Rathdown	0.8%
Clare	0.5%	Leitrim	0.7%	Westmeath	0.8%
Kildare	0.6%	Limerick County	0.7%	Mayo	0.8%
Offaly	0.6%	Limerick City	0.7%	Fingal	0.9%
Waterford	0.6%	Kerry	0.7%	Roscommon	0.9%
Meath	0.6%	Longford	0.7%	Wexford	0.9%
Cork County	0.6%	Galway City	0.7%	Cork City	1.2%
Cavan	0.6%	Dublin City	0.8%		
Galway County	0.6%	Laois	0.8%		
Louth	0.6%	Dublin	0.8%	**State**	**0.7%**

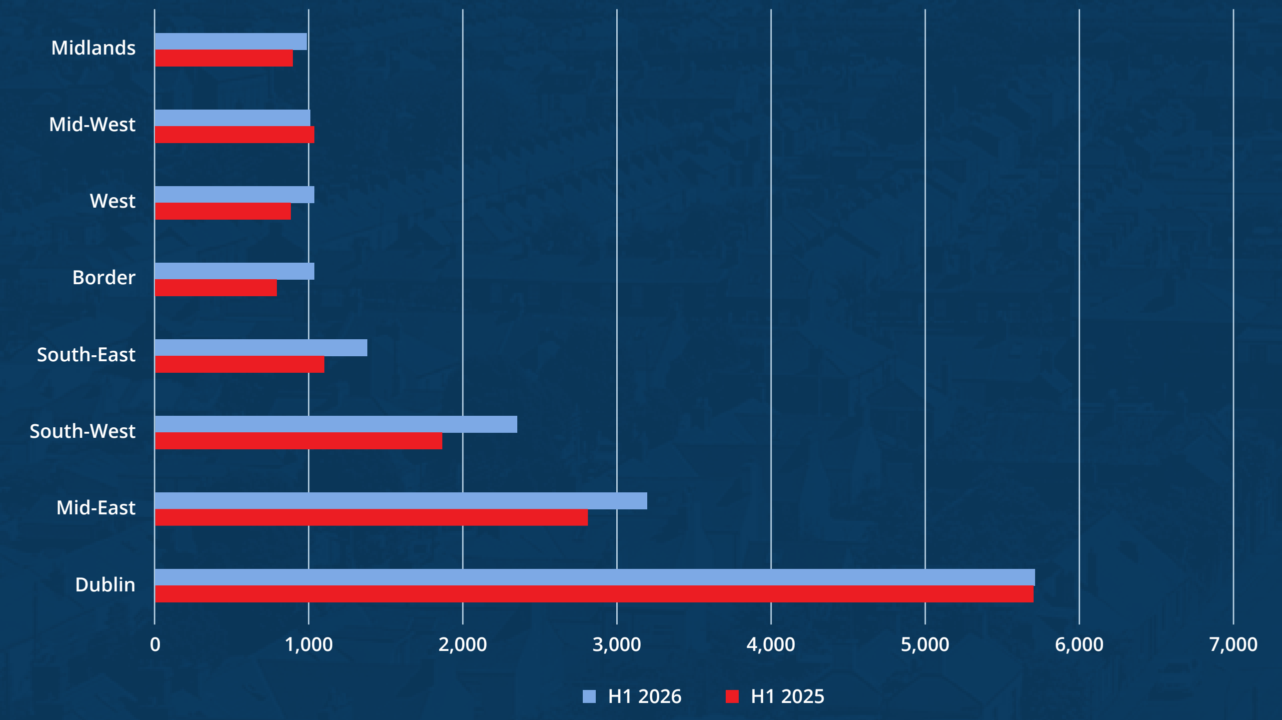
Source: Sherry FitzGerald Research

Section 3

New Dwelling Completions

While second-hand availability remains extremely limited, there is positive movement in terms of new home delivery.

Figure 3: Nuts 3 Completions, H1 2025 v H1 2026



Source: CSO

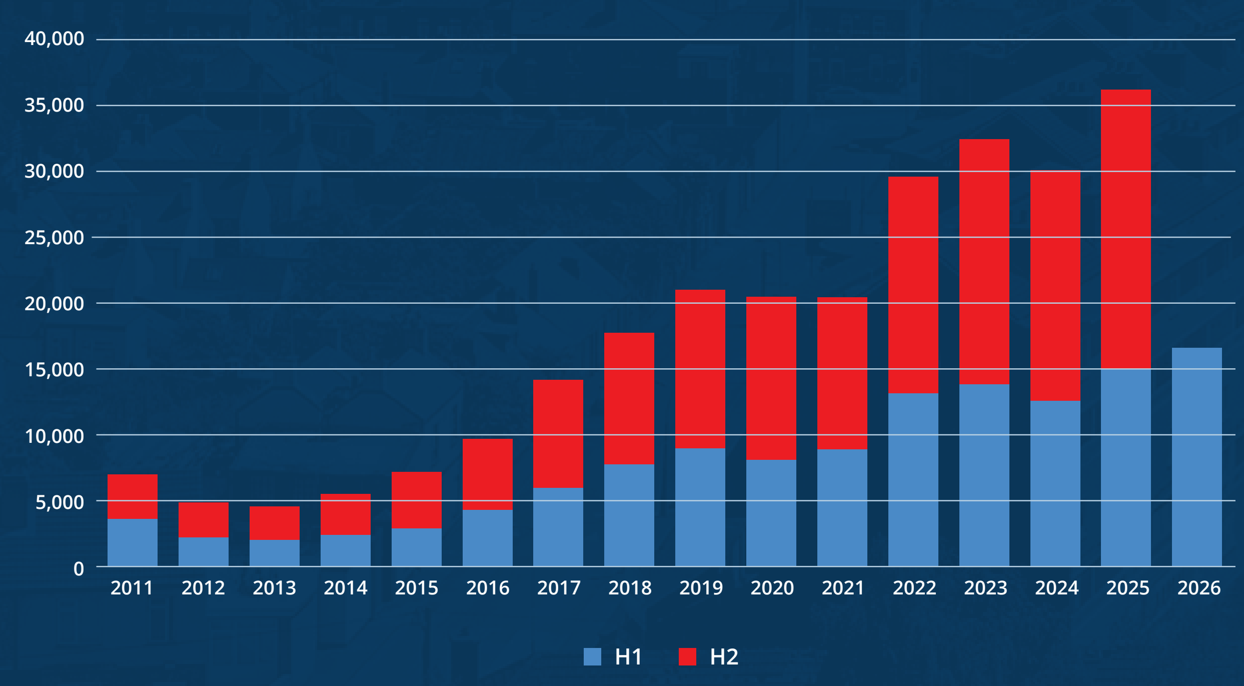
The latest data from the CSO highlights that a total of 16,679 units were completed in the first half of 2026, an increase of 10.8% on the same period in 2025. This marks the highest first-half level recorded since the New Dwelling Completions series began in 2011.

Looking at new dwelling completions by type, scheme homes were the key driver of growth in the first six months of the year. A total of 8,830 scheme houses were completed in H1 2026, up 15.0% year on year to represent 52.9% of all completions. Apartment completions totalled 5,011, a 4.5% increase on a year earlier while single house completions increased by 9.7% to reach 2,838.

On a regional basis, Dublin remained the largest market, accounting for 34.3% of all completions in the first half of the year. However, completion volumes in the capital were broadly unchanged, increasing by just 17 units compared with H1 2025. The majority of the national increase was delivered outside Dublin, with Cork, Louth and Kildare together accounting for 961 additional completions.

Growth in completions was recorded across all Nuts 3 regions bar one in the first half of the year. The Border recorded the largest percentage increase, 31.9% to reach 1,037 units delivered. The Mid-West recorded a decline of 3.2% when compared to H1 2025, with 1,044 units completed in the first six months of 2026.

Figure 4: New Dwelling Completions, 2011 - 2026



Source: CSO

For the most part, this broader pattern of delivery is encouraging and represents a welcome step towards a more geographically balanced improvement in housing output. However, maintaining this momentum will require a sustained pipeline of approved homes, viable apartment development and the timely delivery of supporting infrastructure.

Even if completions exceed last year's level, the scale of underlying demand means that delivery will need to rise further and remain elevated over a sustained period if the cumulative shortfall in housing supply is to be meaningfully reduced.

Looking forward to full year completions, it is likely that 2026 completions will be ahead of 2025 yet remain below demand estimates by Sherry FitzGerald Research. Based on the seasonal pattern recorded over the past five years, completions are projected to reach just over 39,000 in 2026.

However, new dwelling completion figures can be volatile, as a small number of large developments can significantly affect the overall delivery figure in any given year.

If completions were to reach 39,000 in 2026, this would represent a 7.7% increase on 2025, and a continuation of the positive progress recorded in housing delivery over recent years. That said, this remains far below Sherry FitzGerald Research's demand estimate of 56,200 per annum. It is important to note that this demand estimate does not account for the accumulated demand created by the shortfall in completions over recent years, suggesting that this figure is higher.

The development pipeline paints a more varied picture. Residential commencement activity in the first half of 2026 is significantly ahead of 2025 levels, with 15,946 residential units commenced. This is almost 2.5 times higher than the same point in 2025, when 6,414 residential units had been commenced.

Commencement levels in 2025 were greatly skewed following the expiration of development levy waivers in 2024, which significantly boosted activity that year.

In contrast, latest available data shows that the number of units granted planning permission in the first quarter of the year fell by 1.0%. In the first three months of the year, 8,092 units were granted planning permission, down marginally from 8,177 the previous year.

It must be noted that both commencements and completions recorded declines in the second quarter of the year when compared to the same period in 2025. This will need to be closely watched as the year progresses. Additionally, to meet the high level of demand in the market, the number of homes granted planning permission and commenced will need to increase significantly over the short to medium term.

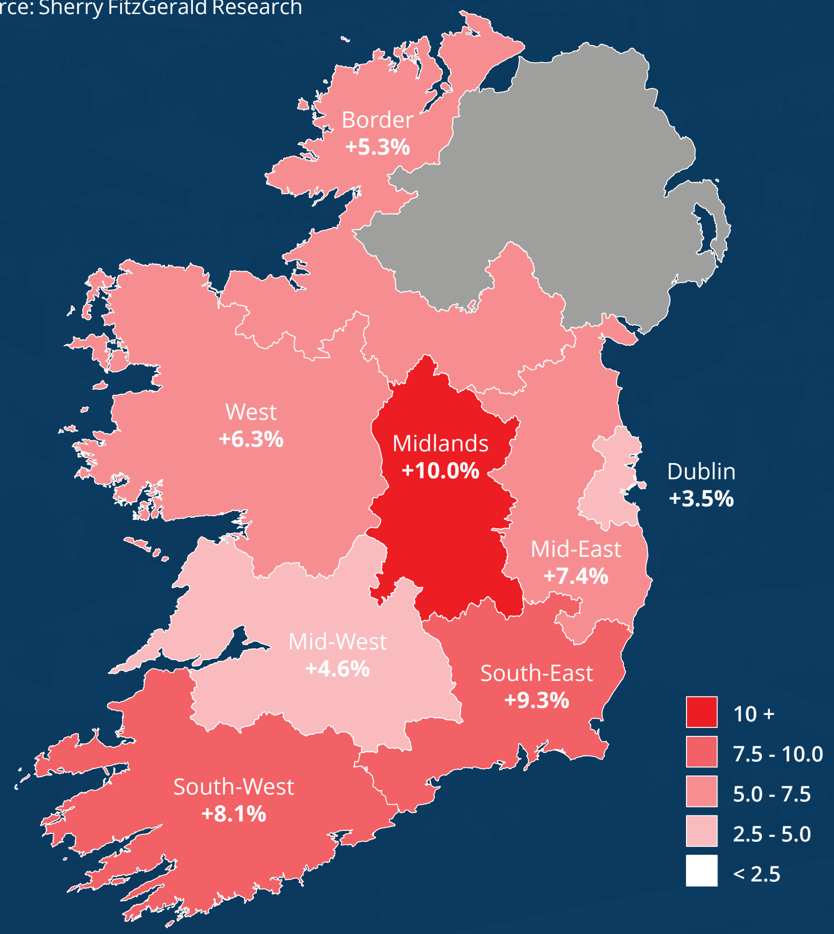
Section 4

Demand

The persistent shortage of second-hand homes and the improved yet still insufficient level of new delivery mean that overall supply remains constrained. This, coupled with resilient demand has sustained continued price inflation.

Figure 5: Annual Price Performance, Q2 2025 – Q2 2026

Source: Sherry FitzGerald Research



The latest figures from the Sherry FitzGerald Residential Index show that the average value of second-hand homes increased by 5.2% in the twelve months to the end of June 2026. This represents a moderation from the 7.4% growth recorded at the same point in 2025, but price inflation remains robust.

In Dublin, second-hand residential values increased by 3.5% over the year. Outside of the capital, values rose by 7.2%, highlighting the persistent imbalance between housing supply and demand in regional and rural Ireland in particular. Turning to transaction activity, in the first three months of 2026, which was the most accurate data available at the time of writing[1], the number of residential transactions by household purchasers rose by 5.5% to reach 10,429.

1 As stamp duty executions are used, a lag of three months is left to ensure an appropriate amount of time for sales to be recorded. It is possible that this data may be revised upwards as the year progresses.

This was driven by stronger new homes activity, with sales rising to approximately 2,508 units in the first three months of 2026, a significant 29.1% increase on the 1,942 sold in the same period in 2025. First-time buyers remain the most active purchaser cohort in the new homes market, accounting for 62.9% of all new homes' transactions in the three-month period, likely driven by supports available for first-time buyers seeking to purchase a new dwelling, such as the Help to Buy and First Home schemes.

By contrast, second-hand activity remained constrained, declining marginally by 0.3% to 7,921 sales in Q1 2026 compared with 7,945 in Q1 2025. Given recent improvements in new dwelling completions, alongside continued shortages in the second-hand market, this is largely unsurprising. Former owner-occupiers are the most-active category in this segment of the market accounting for 55.8% of all second-hand sales.

The mortgage market also continues to highlight the strength of demand, with a total of 21,232 mortgages drawn down over the first six months of the year. This is an increase of 5.1% when compared with H1 2025. First-time buyer growth remains particularly strong, with the cohort accounting for 59.2% of all drawdowns in H1 2026. Mover-purchasers accounted for a further 17.8% of all drawdowns in the first six months of this year, down from a share of 19.5% in H1 2025. With advertised stock remaining acutely constrained in July, the shortage of suitable second-hand homes is likely limiting mover-purchaser activity.

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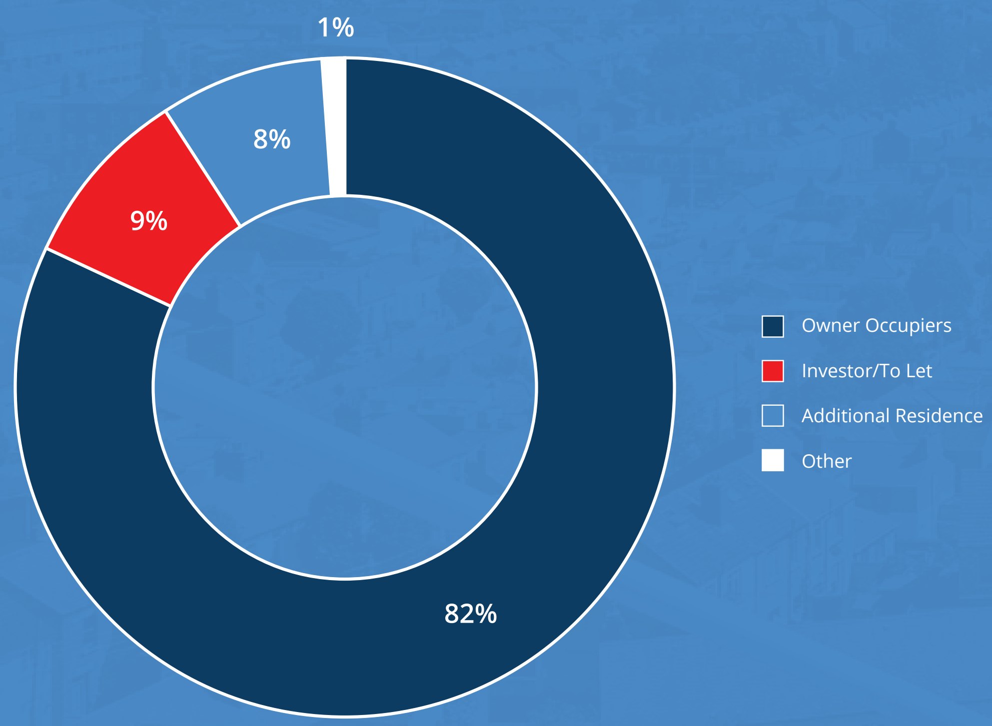
Section 5

Purchaser & Vendor Analysis

An analysis of Sherry FitzGerald sales activity reveals that owner-occupiers remained the most active purchaser type in the second-hand residential market in the first half of 2026, accounting for 82% of all purchasers through Sherry FitzGerald. Within this cohort, first-time buyers continued to account for a significant share of activity.

Figure 6: Purchaser Analysis, H1 2026

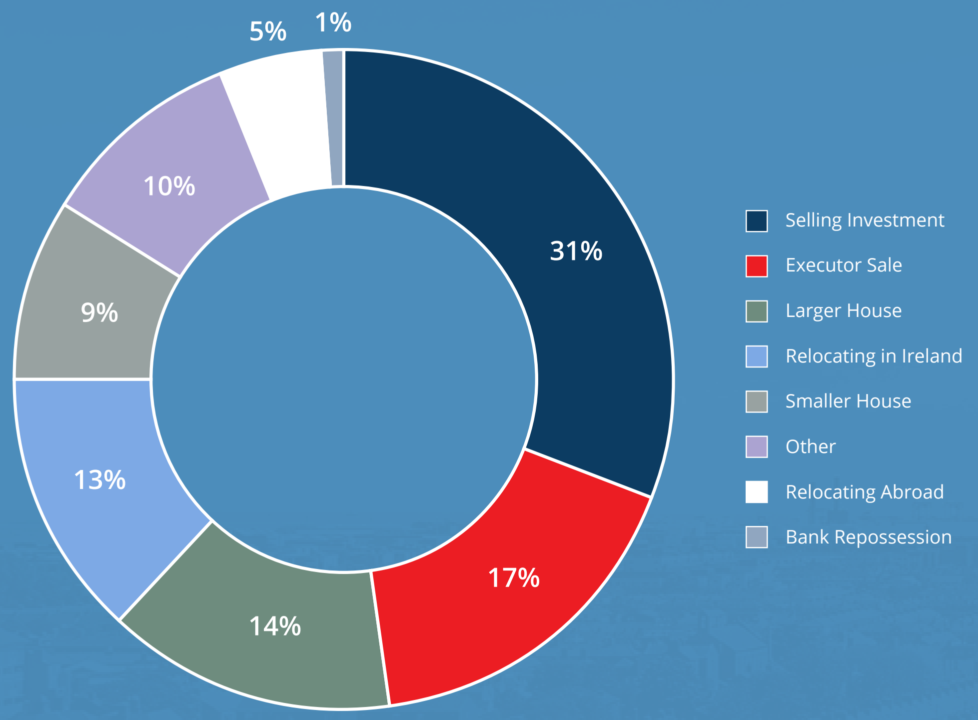


Source: Sherry FitzGerald Research

First-time buyers accounted for 59% of owner-occupier purchasers through Sherry FitzGerald in the period. Although this proportion has remained relatively stable in recent years, this purchaser group remains particularly exposed to the shortage of homes available at lower price points, where advertised stock has fallen most sharply.

An analysis of vendor activity through Sherry FitzGerald for the first half of the year revealed no significant change in the long-running trend of investors exiting the market. Those selling investment properties accounted for 31% of all sales through Sherry FitzGerald in H1 2026, with 9% of purchasers buying investment properties. The continued exit of small private landlords remains a

Figure 7: Vendor Analysis, H1 2026



Source: Sherry FitzGerald Research

serious concern, but the rental rule changes introduced earlier this year do not yet appear to have had a material impact on this long-running trend.

Buyer engagement remained strong during the period. A recent survey by Sherry FitzGerald found that 70% of active bidders checked property listings at least once a day, underlining the intensity of competition for available homes.

Conclusion

Looking ahead to the second half of 2026, many of the same challenges experienced over recent years look set to persist. Positively, the increase in new dwelling completions in the first half of the year represents further progress and indicates that delivery momentum has strengthened, albeit at a more moderate pace than is required to meet demand.

The overall market remains constrained by the limited availability of homes for sale, particularly within more affordable price bands. While price growth has moderated compared to 2025, demand continues to outweigh supply in many parts of the country, placing continued pressure on values.

The stronger rate of annual price growth recorded outside Dublin reinforces the need for the delivery of homes across all tenures, regions and price points. Without a meaningful improvement in the mix and availability of stock, affordability pressures are likely to remain a key feature of the market.

All housing-related indicators will be keenly watched over the remainder of 2026, including completions, planning permissions, commencements and the availability of second-hand stock. In the absence of a sustained improvement in both new housing delivery and second-hand availability, supply-side constraints are likely to remain the defining feature of the Irish residential market into 2027.

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