

# IRISH RESIDENTIAL MARKET

AUTUMN REVIEW 2018

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## OVERVIEW

**It was a quarter of marginal improvement in the housing market. The positive momentum seen in transaction activity and supply levels continued, as the market continues its slow recovery. These were accompanied by a notable slowdown in house price growth.**

Impeded by the macroprudential rules, which has limited access to credit, price growth reduced considerably in Q3 2018. The revisions to the rules made at the end of last year reduced the number of mortgages that banks can provide in a year, to second and subsequent buyers who exceed the standard loan-to-income limit.

The reduced availability of these exemptions, which anecdotally are said to have all but dried up by July, has constrained mortgage activity, which in turn has constrained activity in the second-hand market and subsequently price growth.

In the quarter, second hand house prices nationally rose by 0.5 per cent and 0.3 per cent in Dublin, heralding not only the second consecutive quarter of reduced growth both in Dublin and nationally, but also the slowest pace of quarterly growth in two and a half years. In comparison, prices in Q3 2017 rose 2.3 per cent nationally and 2.5 per cent in Dublin.

Aided by the Help-to-Buy, the new homes market continues to expand. Based on data from the Property

## 0.5%

ACCORDING TO THE SHERRY FITZGERALD BAROMETER, THE PRICE OF ESTABLISHED HOMES NATIONALLY ROSE 0.5%.



## 31%

THERE WAS A 31% INCREASE IN THE VOLUME OF NEW HOMES SOLD IN H1 2018 COMPARED TO H1 2017.



Price Register (PPR), comparing H1 2018 and H1 2017 reveals that the quantity of new homes sold nationally rose 31 per cent and 43 per cent in Dublin. On the back of this rapid increase in new homes sales, overall residential transaction activity increased by 5 per cent over the same period.

Construction activity continues to ramp up with an increasing number of new homes being built and residential units receiving planning permission. Similarly, there has been incremental growth in the number of houses available for sale. While combined, these do point to an improving Irish property market, significant dysfunction remains, as the prolonged mismatch between supply and demand continues to hamper market dynamics.



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