Banking & Payments Federation Ireland

Mortgage Market Profile Report

H2 2021

Mortgage Market Profile Report

Banking & Payments Federation Ireland

Commentary

Anthony O'Brien, Head of Sector Research & Analysis

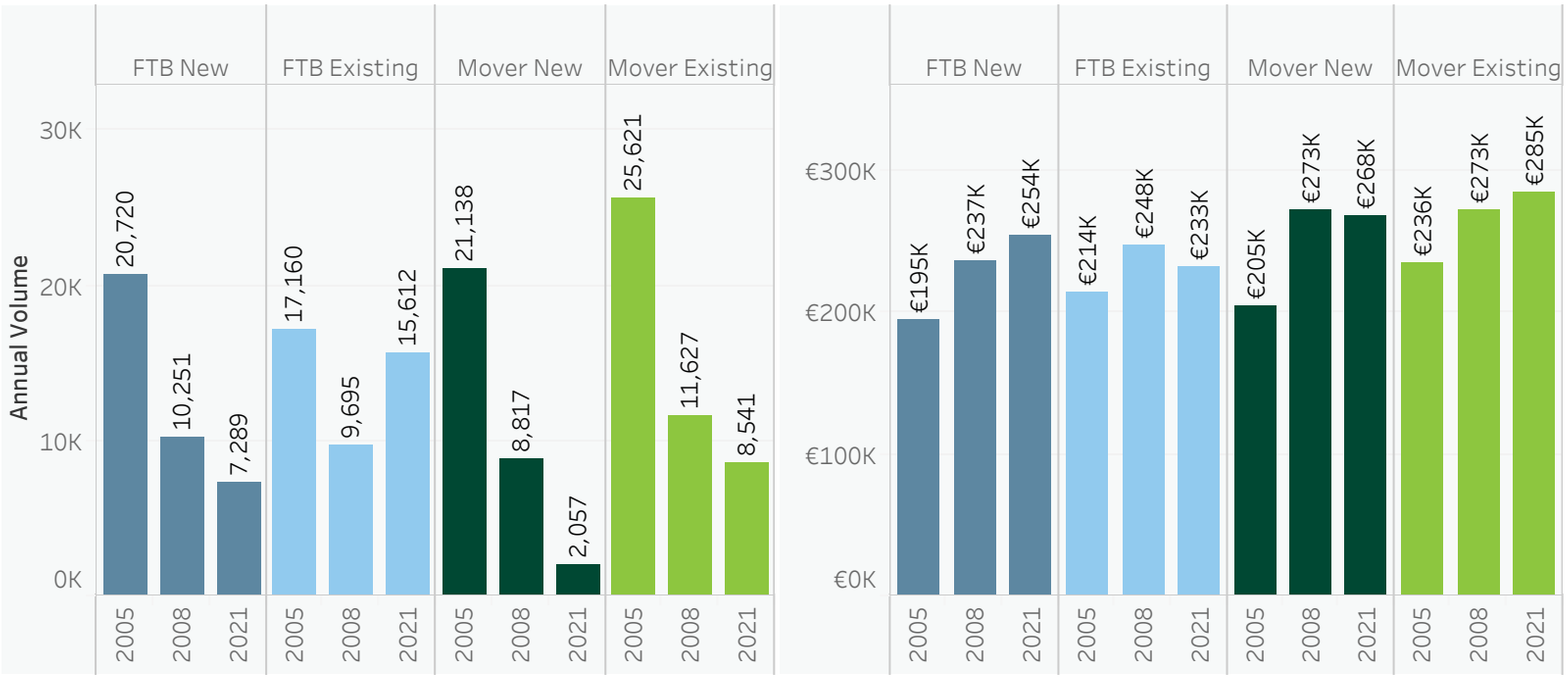
The mortgage market recovered strongly in 2021 with drawdown volumes up by 22.1% year on year to 43,494, the most since 2009. First-time buyers (FTBs) led the way with 22,901 drawdowns, the most since 2007.

It's worth reflecting on how the home purchase mortgage market has changed from its recent peaks: 2005, when lending activity peaked, and 2008, when the average drawdown peaked.

By 2021, the volume of FTB loans on existing properties had not only surpassed its 2008 level but had neared the 2005 peak of about 17,200. By contrast, the volume of FTB loans on new properties and home mover loans were below their 2008 levels.

The average drawdown reached record levels in the FTB new and mover existing segments in 2021, while the average mover loan on new properties was only about €4,000 lower than in 2008.

Drawdown Volumes and Average Values - Home Mortgages



Source: BPFI

It's worth noting that while investors (residential investment letting) played a key market role in the past (accounting for a quarter of property purchase drawdowns between 2006 and 2008), and took out larger than average loans, their share of drawdowns had fallen to 2.8% by 2021.

With average drawdowns at or surpassing their previous peaks, what does that mean for borrowers? In the next section, we look at how the incomes of borrowers have changed over the years.

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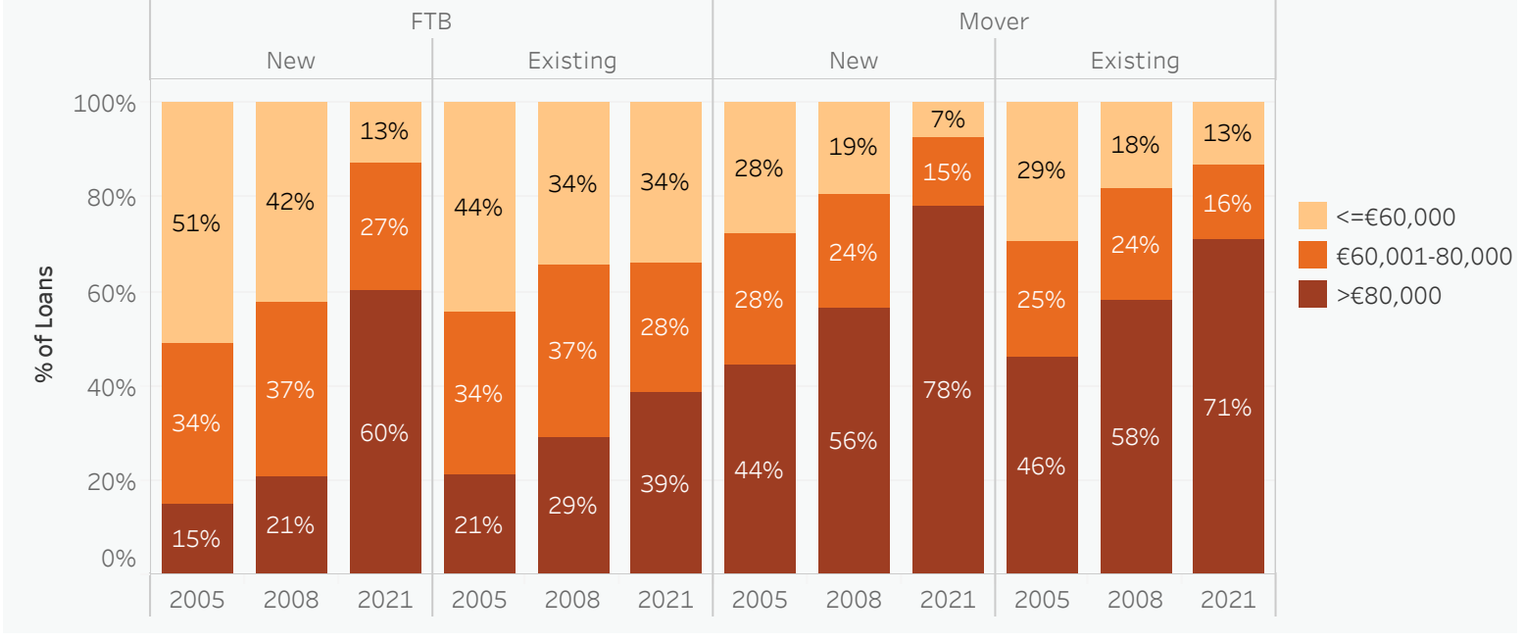
Commentary

FTBs buying new properties have significantly higher incomes

The median household income in 2021 was €56,659, according to the Central Statistics Office while the data suggests that homeowner households tend to have higher incomes than households that rent.

The median total household income* of new FTB borrowers increased from €71,000 to €77,000 between 2019 and 2021. The median income of FTBs financing new properties in 2021 was about €87,000, almost €16,000 more than their counterparts buying existing properties.

Income Range by Customer Type/Property Status



Source: BPFI (2021), Department of Housing, Local Government & Heritage (data up to 2008)

Comparing recent and historical data suggests that borrower household incomes have increased substantially since 2005 or 2008 but there are big variations depending on the customer type and property status.

Only 13% of FTB mortgages and 7% of mover mortgages financing new properties in 2021 had incomes of up to €60,000, compared with 51% and 28% in 2005, respectively. By contrast, some 34% of FTB mortgages for existing properties had incomes up to €60,000 in 2021, unchanged from 2008 but down from 44% in 2005.

The share of FTB existing mortgages with incomes over €80,000 almost doubled between 2005 and 2021 to 39%. A key factor here is the regional distribution of FTB mortgages, with higher income households concentrated in the largest mortgage markets. Households with incomes over €80,000 in the six largest counties (Dublin, Cork, Galway, Kildare, Meath and Wicklow) accounted for 31% of all FTB existing mortgages, up from 25% as recently as 2019).

*This analysis combines historical data previously published by the Department of Housing, Local Government & Heritage with data based on new analysis by BPFI. BPFI data on total household income (basic income plus other income sources such as rent, bonuses or social welfare payments) used to align with the CSO and historical data. RIL mortgages are included in mover figures up to 2008.

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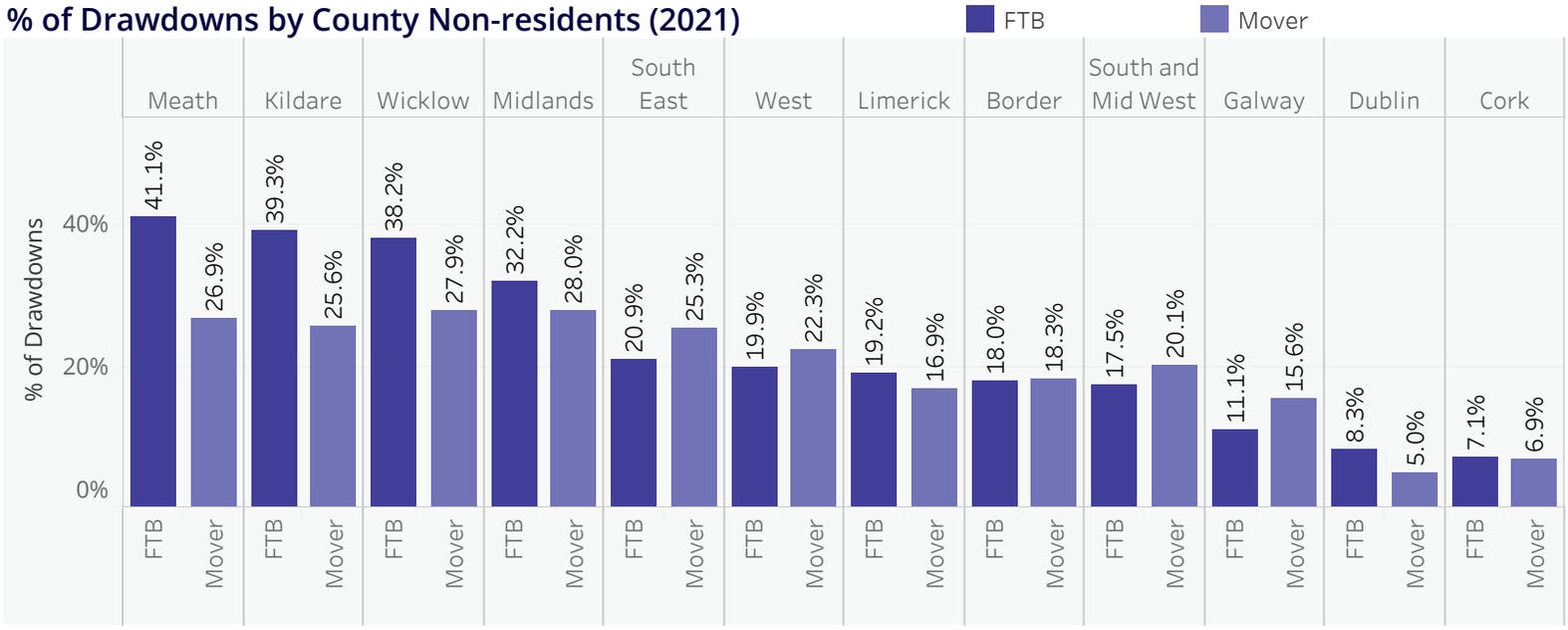
Commentary

Most mortgaged home buyers are county residents

Most home mortgage customers (82.5%) build or buy properties in the county where they live (based on the main borrower), with 81.4% of FTBs acquiring properties in their own county*. However, the importance of non-resident mortgaged buyers varies across the country.

Non-residents accounted for fewer than one in ten drawdowns in Dublin or Cork and less than 16% in Galway.

% of Drawdowns by County Non-residents (2021)



Source: BPFI

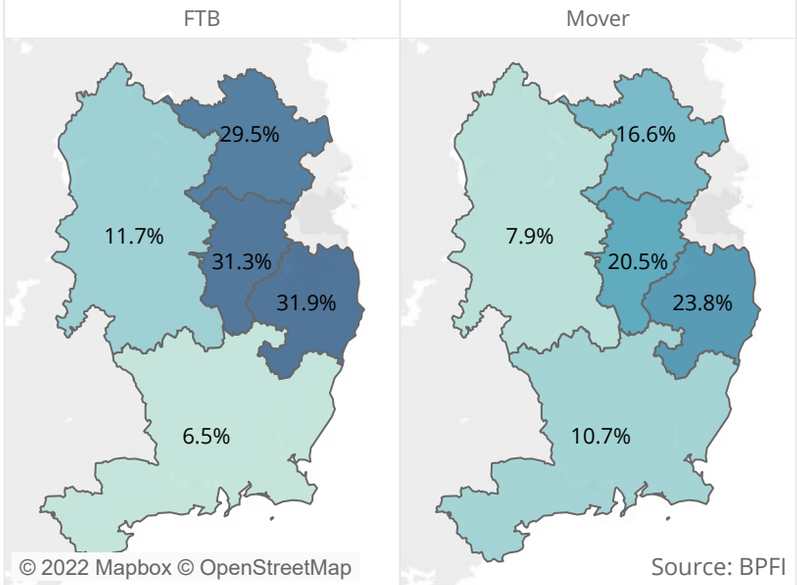
In five regions, however, non-residents accounted for at least one in five FTB or mover mortgages: Meath, Kildare, Wicklow, the Midlands and the South East. The main source of non-resident borrowers was the same: Dublin.

Dublin borrowers represented 30-32% of FTB mortgages on properties in Meath, Kildare and Wicklow, as well as 17-24% of mover purchase mortgages on properties in those counties.

Incomes in Dublin are generally higher than in other counties while home movers from Dublin may also benefit from higher-value collateral.

*This analysis excludes loans to borrowers outside Ireland.

% of Drawdowns by Dublin Borrowers (2021)



Source: BPFI

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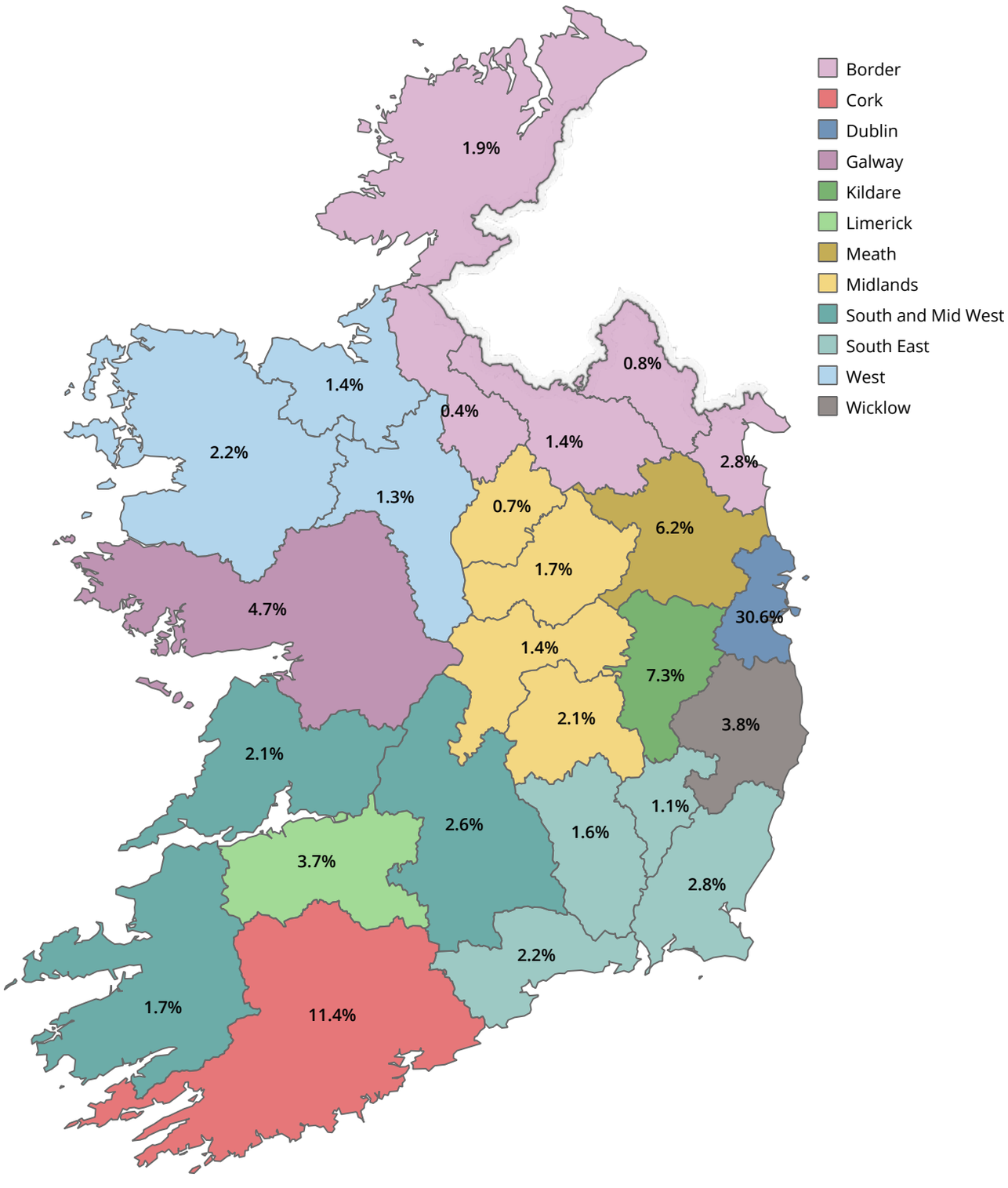
National Overview

Share of Lending Volume by County
(12 months ending December 2021)



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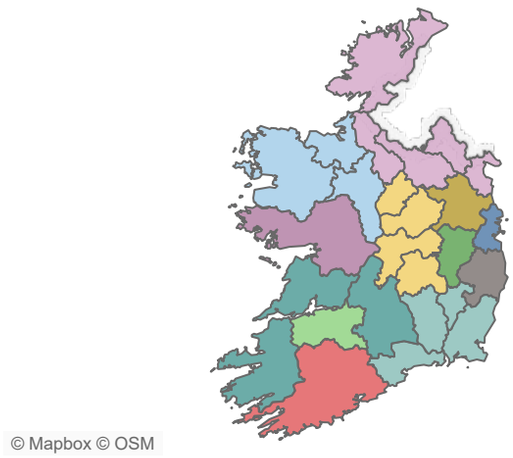
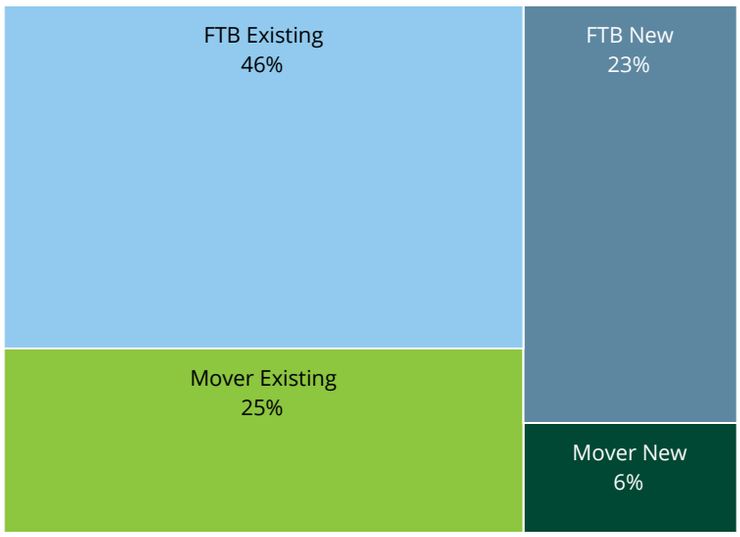
National



Customer Type-Property Status Share

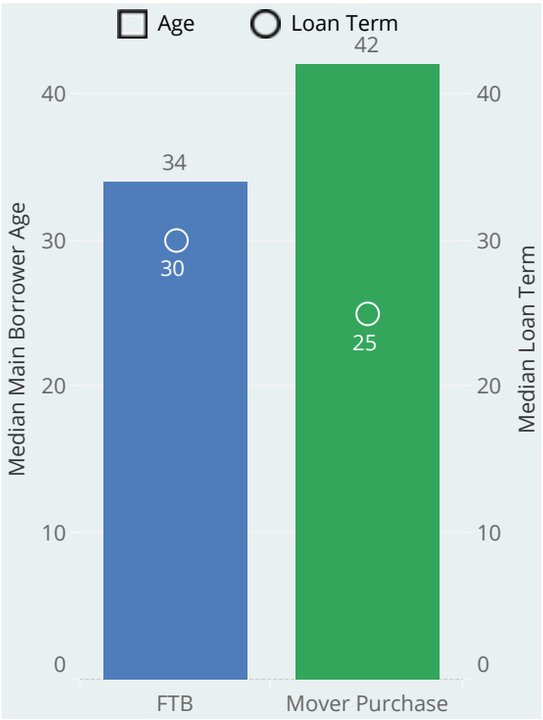


Note: All charts on this page refer to H2 2021.

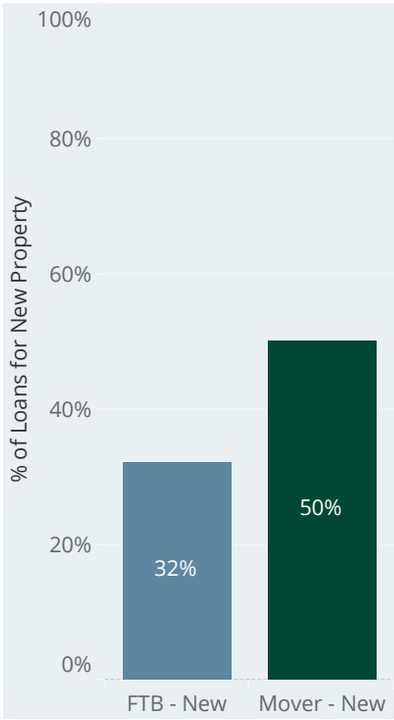
The median FTB repayment on existing properties increased by 5.7% year on year in H2 2021 but was still 21% lower than the median FTB repayment on new properties (excluding self-builds).

About half of mover purchase mortgages on new properties were self-builds, compared with 30% for FTBs. More than half (51%) of mover purchase mortgages were for the building or purchase of detached houses or bungalows.

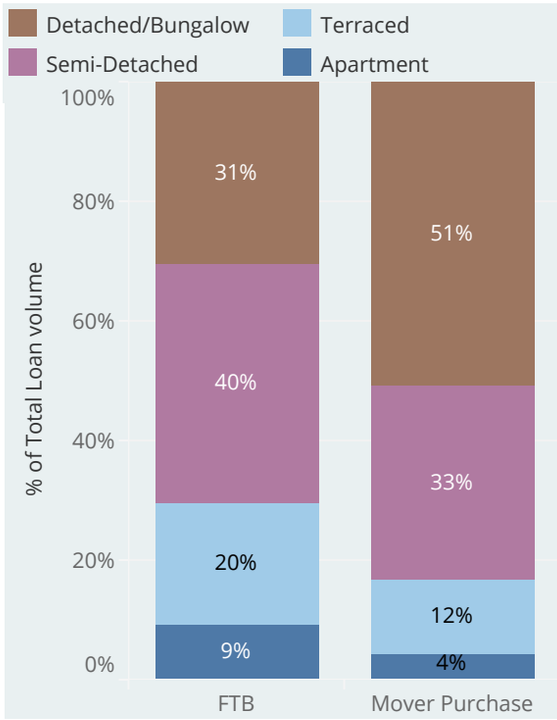
Borrower Age/Loan Term



Self-build % - New



Main Dwelling Types



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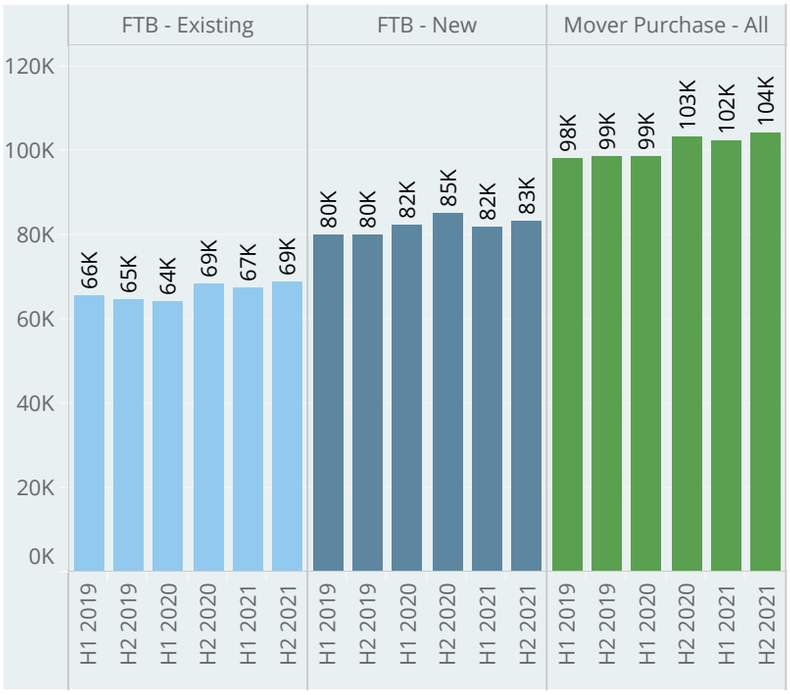
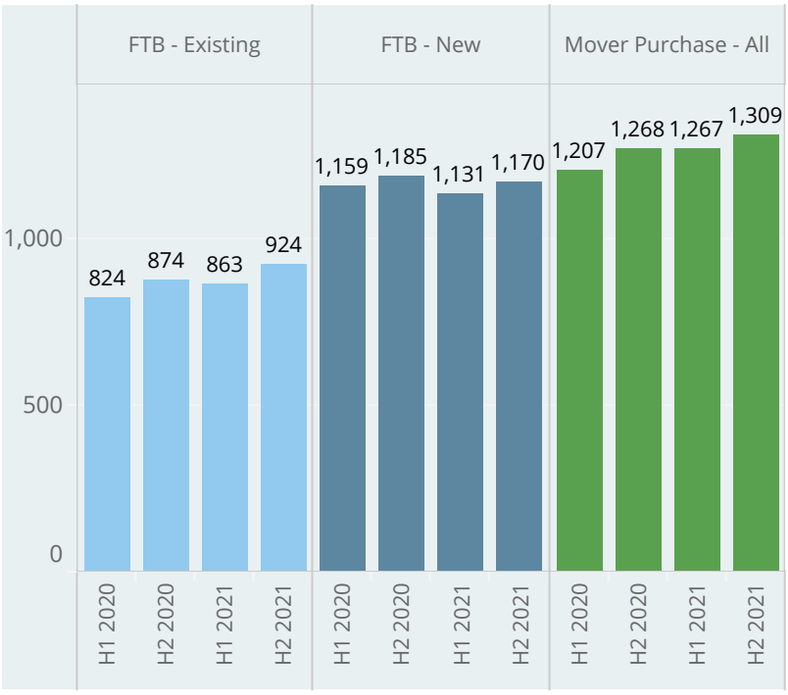
National

Median Basic Household Income



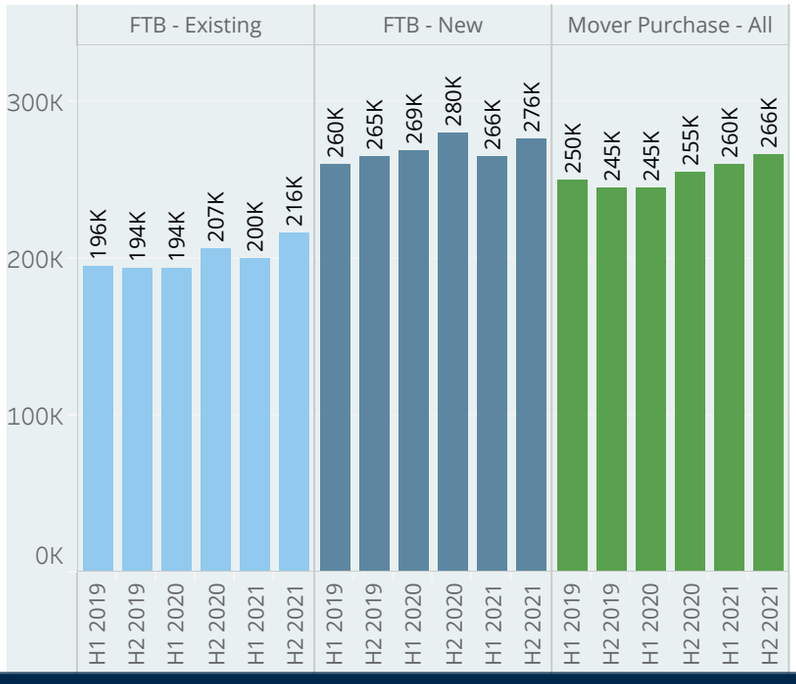
Median Monthly Repayment



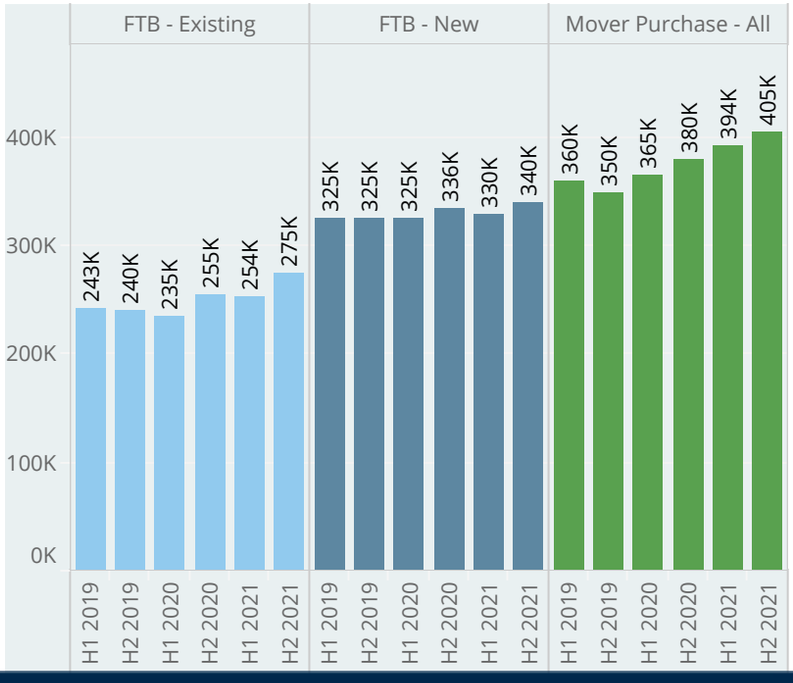
Note: Excluding self-builds

FTB - Existing FTB - New Mover Purchase - All

Median Loan



Median Property Value



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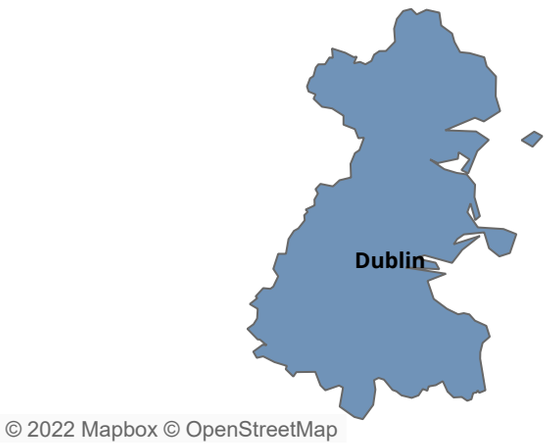
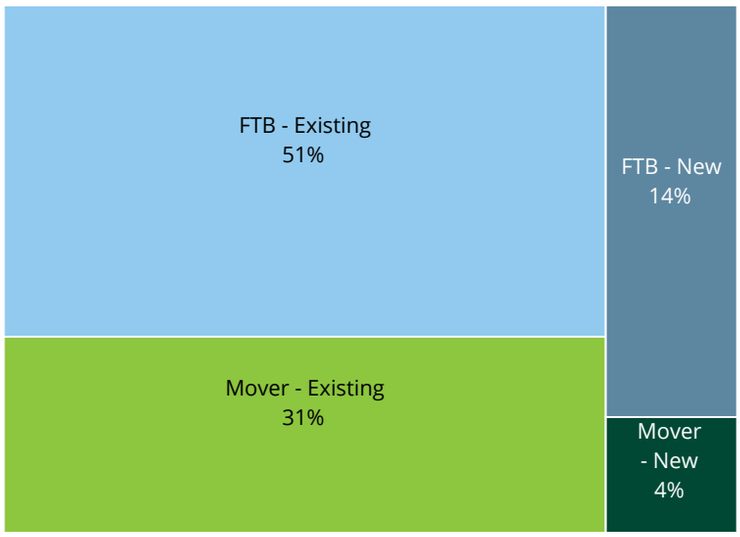
Dublin



Customer Type-Property Status Share

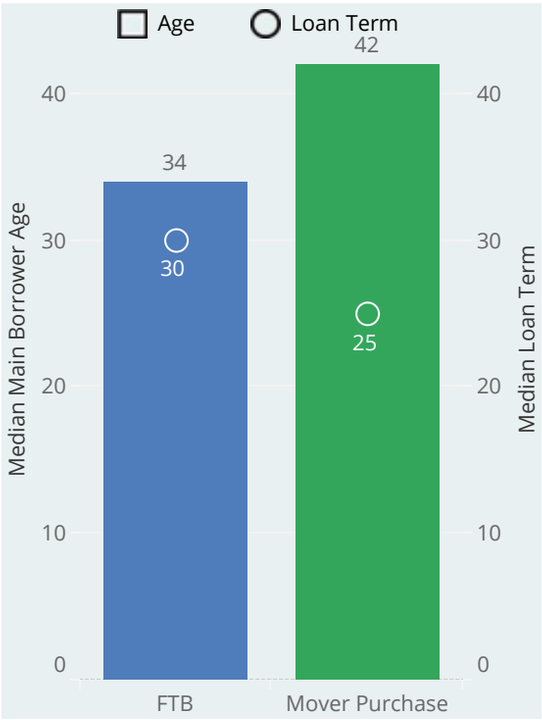


Note: All charts on this page refer to H2 2021.

Some 82% of home mortgages were secured on existing properties. About 37% of FTB and 24% of mover purchase mortgages in Dublin were for terraced houses – the only region in the country where this dwelling type had a substantial share.

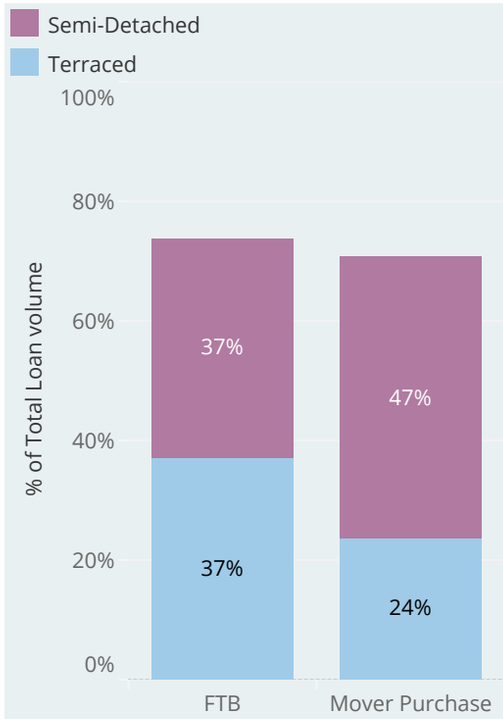
The median repayment for mover purchasers (excluding self-builds) and FTBs buying existing properties increased by €44 and €25, respectively, between H2 2020 and H2 2021.

Borrower Age/Loan Term



Self-build % - New

Main Dwelling Types



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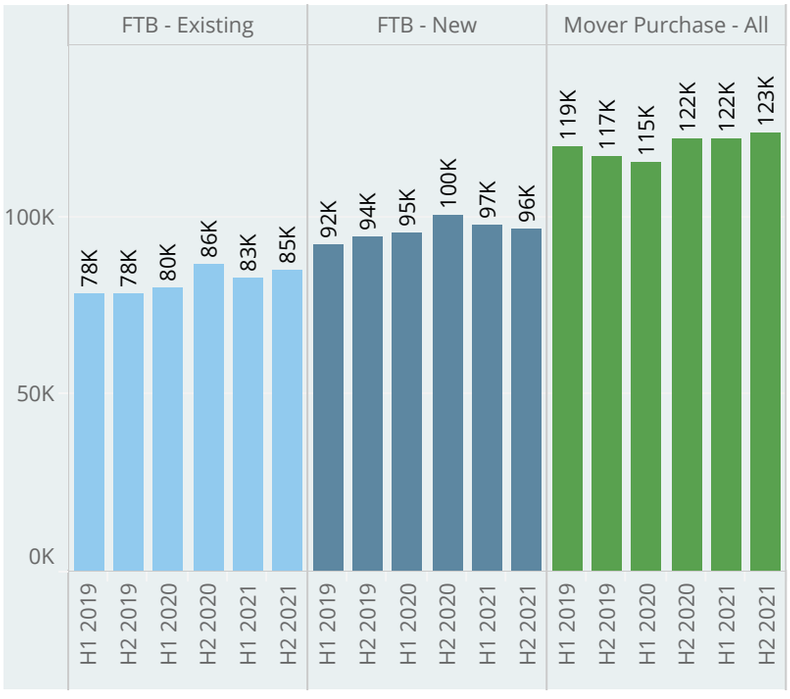
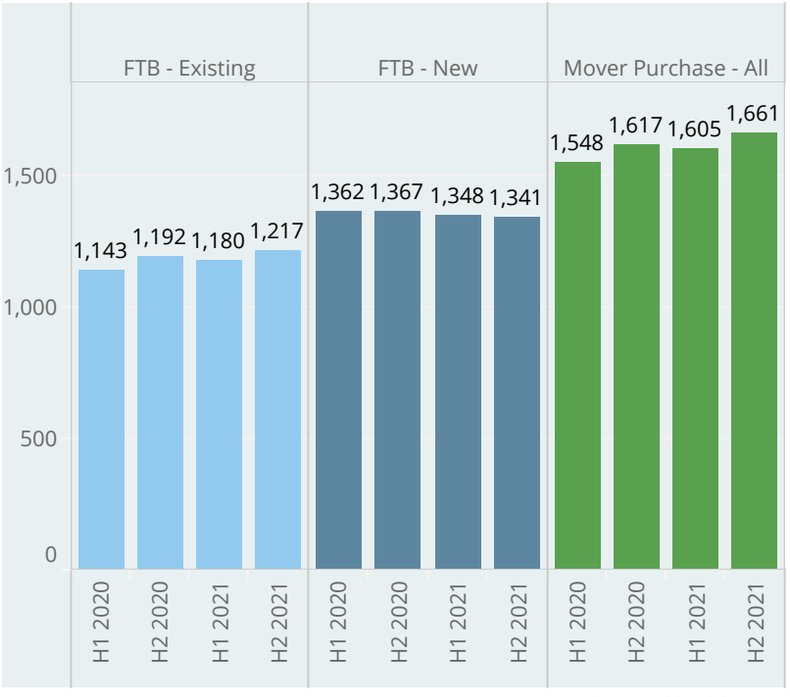
Dublin

Median Basic Household Income



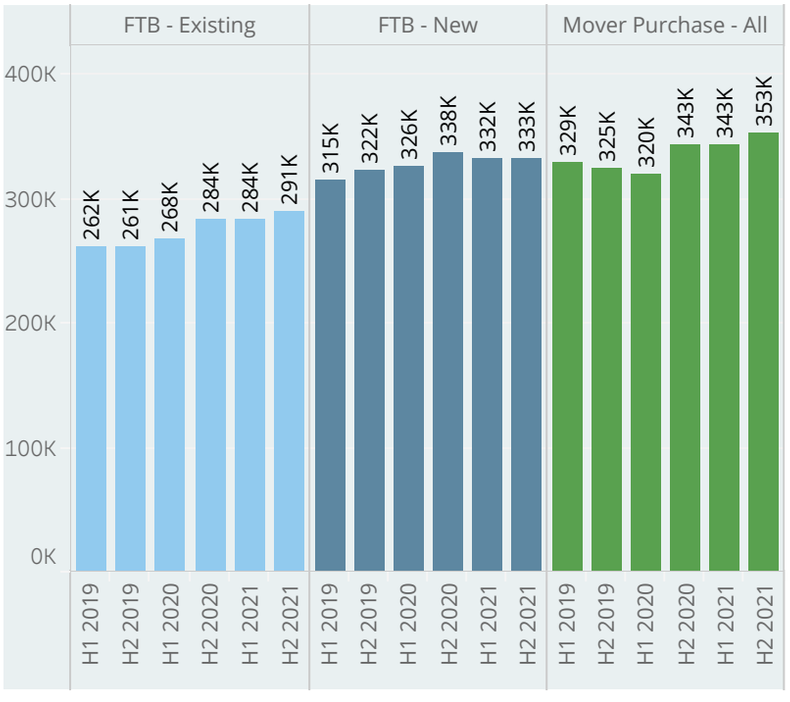
Median Monthly Repayment



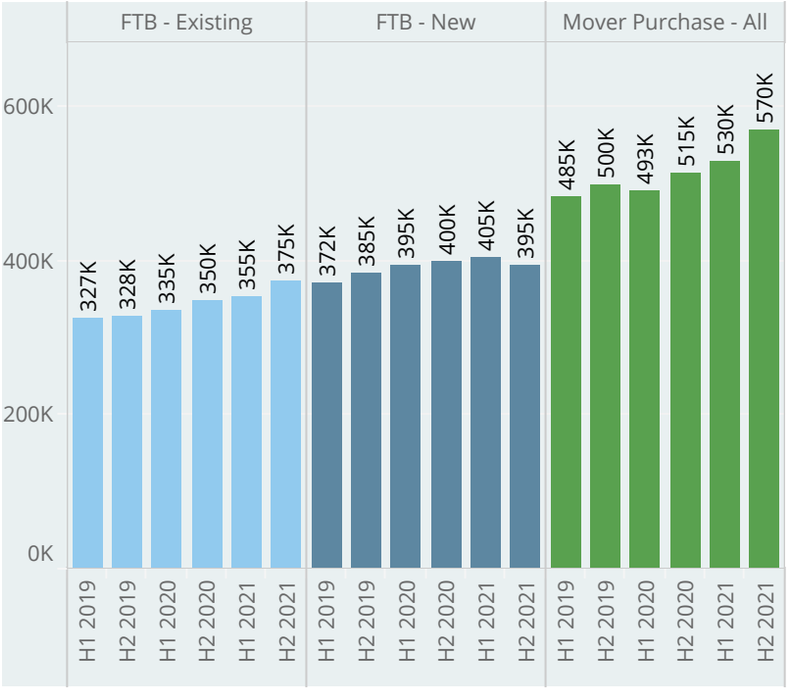
Note: Excluding self-builds

FTB - Existing FTB - New Mover Purchase - All

Median Loan



Median Property Value



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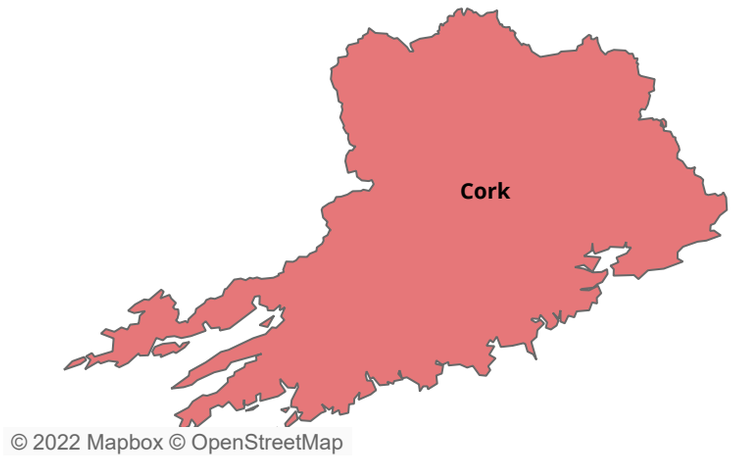
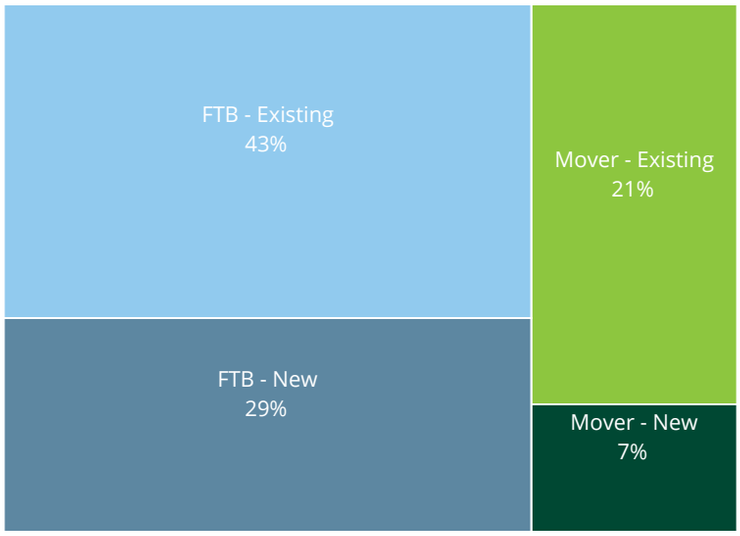
Cork



Customer Type-Property Status Share

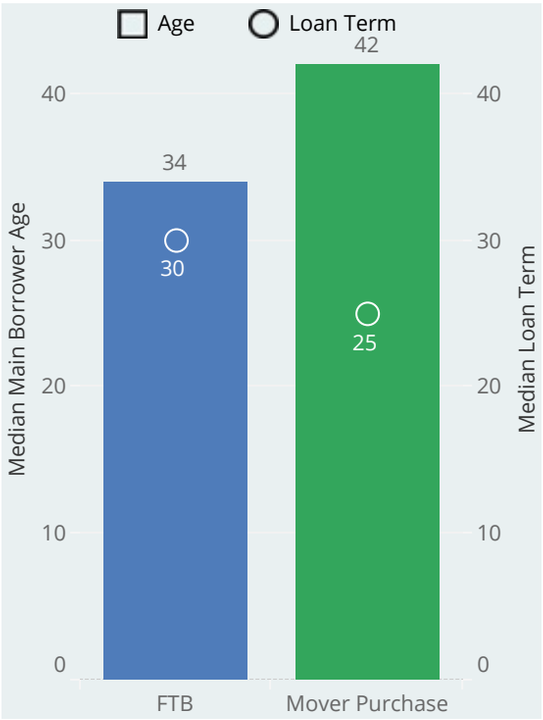


Note: All charts on this page refer to H2 2021.

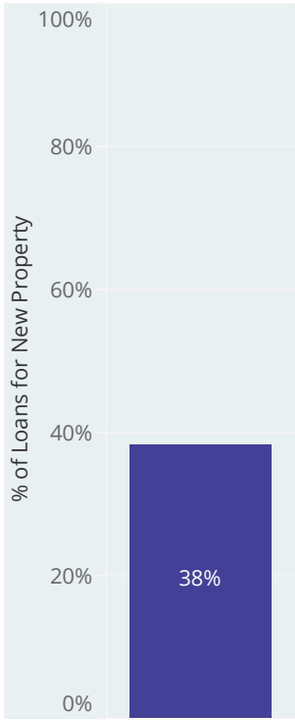
The median FTB mortgage repayment on existing properties in Cork was about €887 in H2 2021, the highest outside the eastern counties of Dublin, Kildare, Meath and Wicklow. At €380,000, the median mover purchase propoerty value was the fourth highest in the country after Dublin, Kildare and Wicklow.

Almost two thirds of mover purchase mortgages (61%) were secured on detached houses/bungalows.

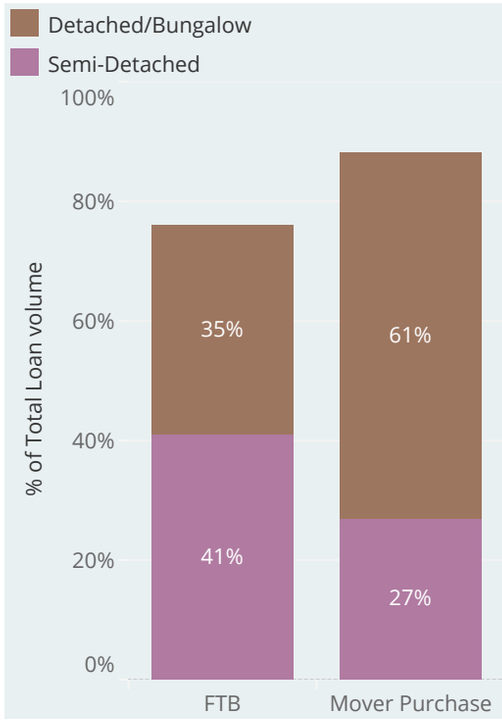
Borrower Age/Loan Term



Self-build % - New



Main Dwelling Types



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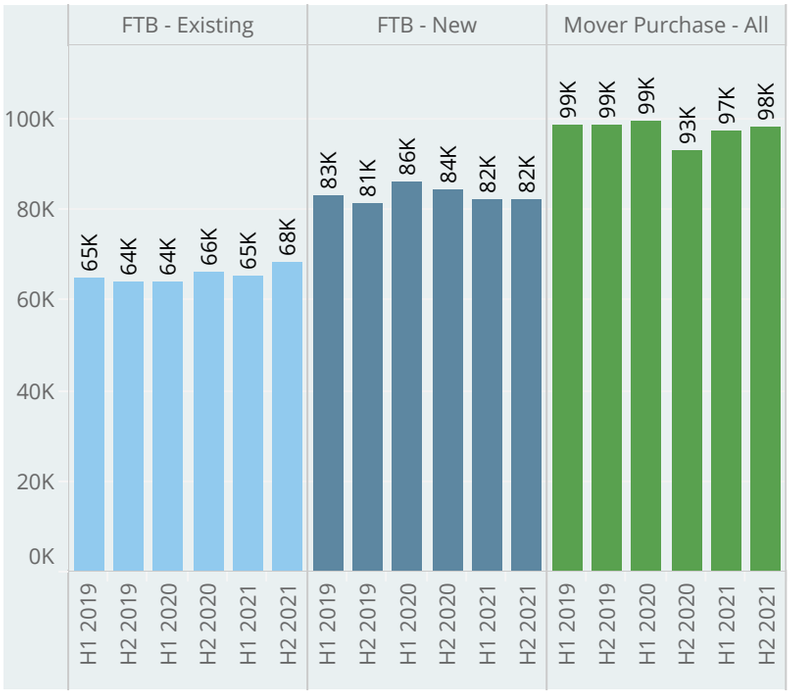
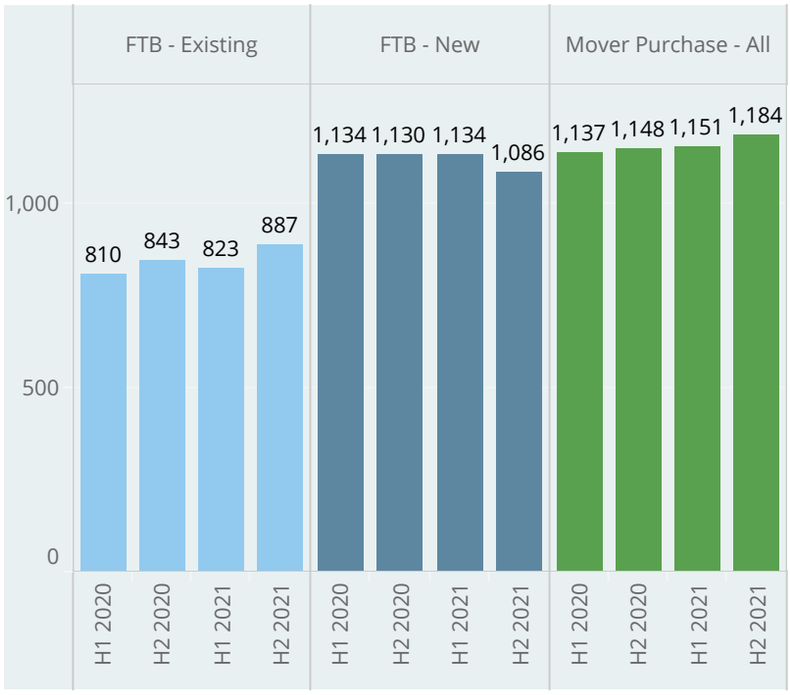
Cork

Median Basic Household Income



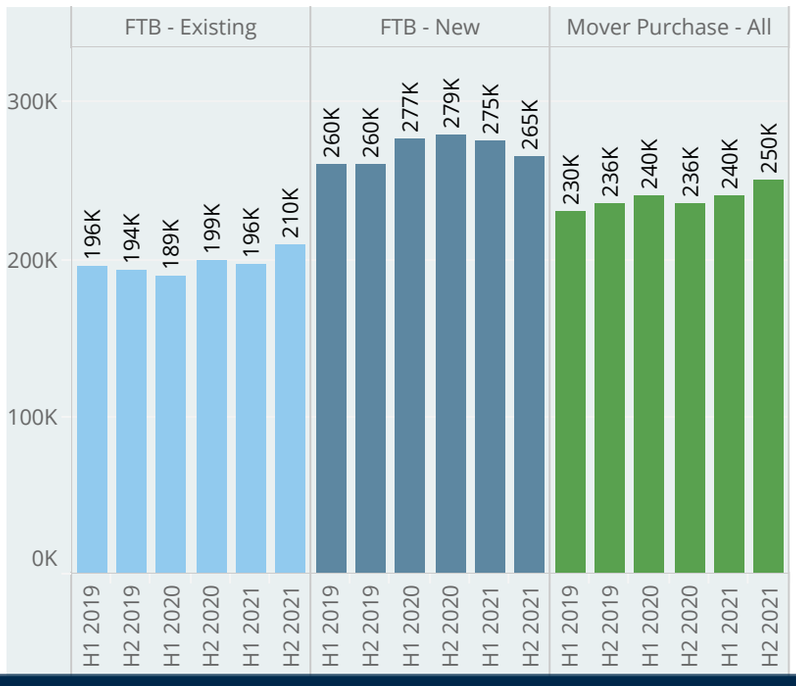
Median Monthly Repayment



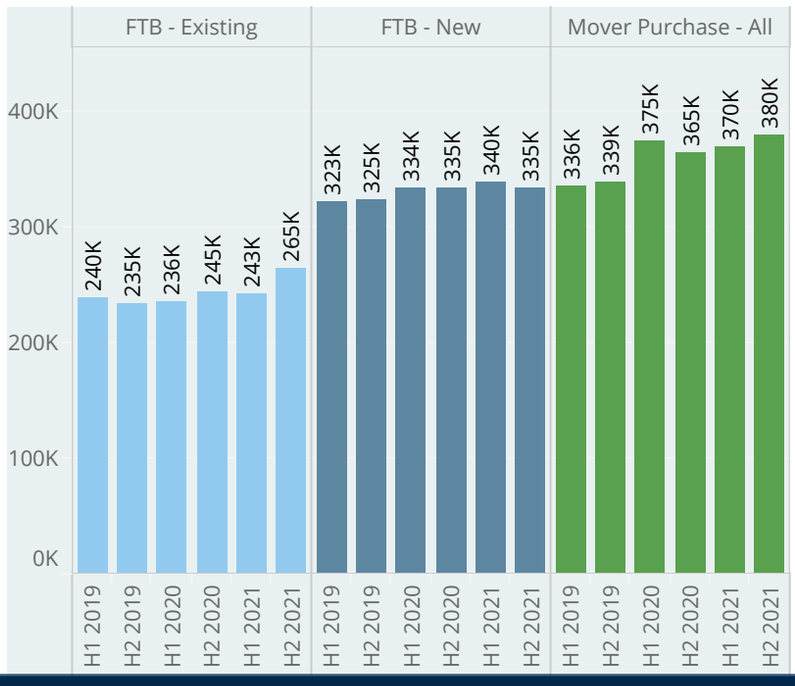
Note: Excluding self-builds

FTB - Existing FTB - New Mover Purchase - All

Median Loan



Median Property Value



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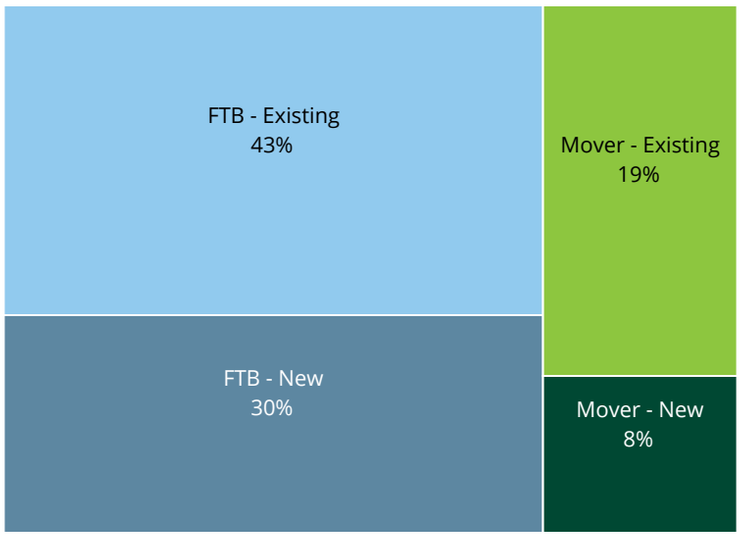
Galway

Customer Type-Property Status Share

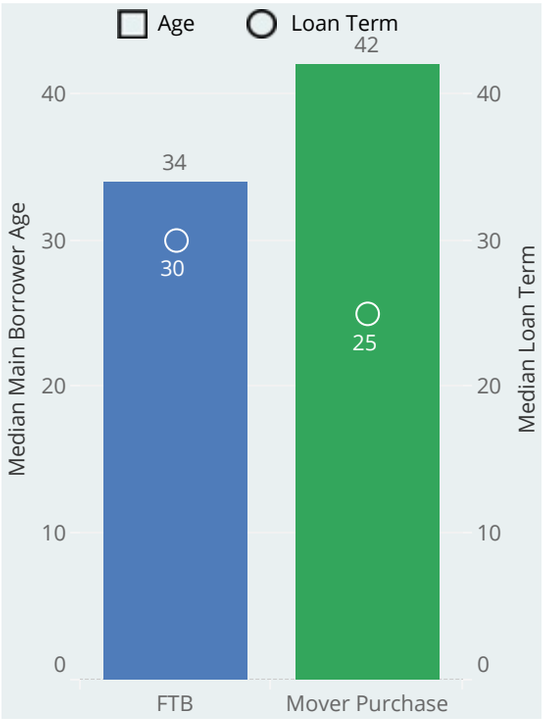


Note: All charts on this page refer to H2 2021.

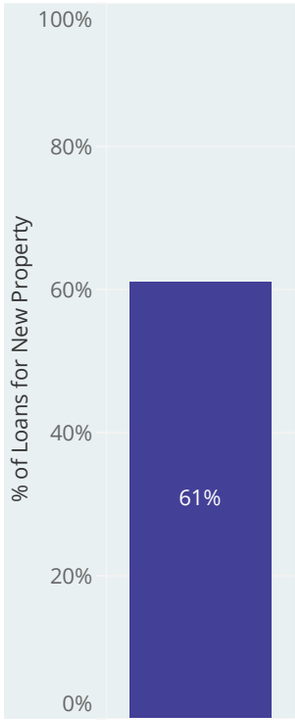
Self-builds accounted for 61% of home mortgages secured on new properties in Galway in H2 2021, one of he highest proportions in the country. More than half of FTB and mover purchase mortgages were for detached houses/bungalow, at 51% and 71%, respectively.

Between H2 2020 and H2 2021, the median mover purchase monthly repayment increased by €54 to €1,214. This was the fourth highest in the country after Dublin, Kildare and Wicklow.

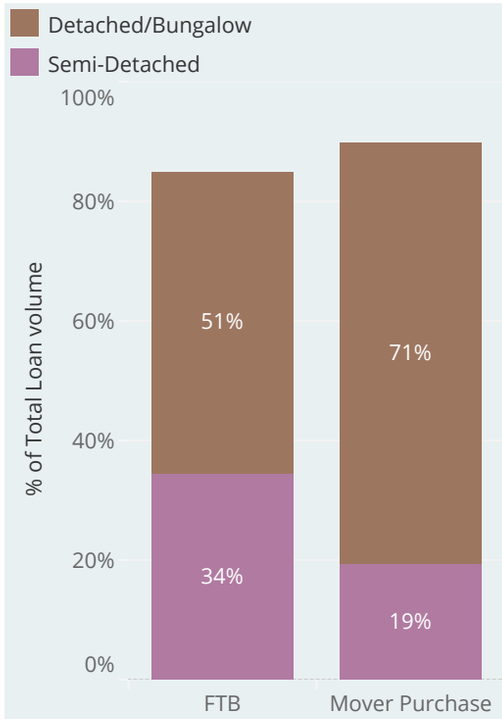
Borrower Age/Loan Term



Self-build % - New



Main Dwelling Types



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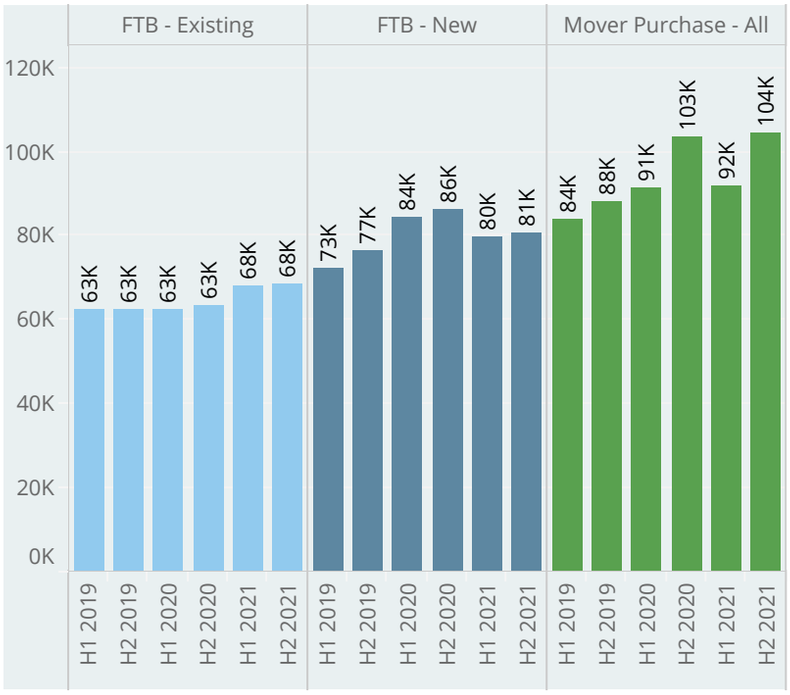
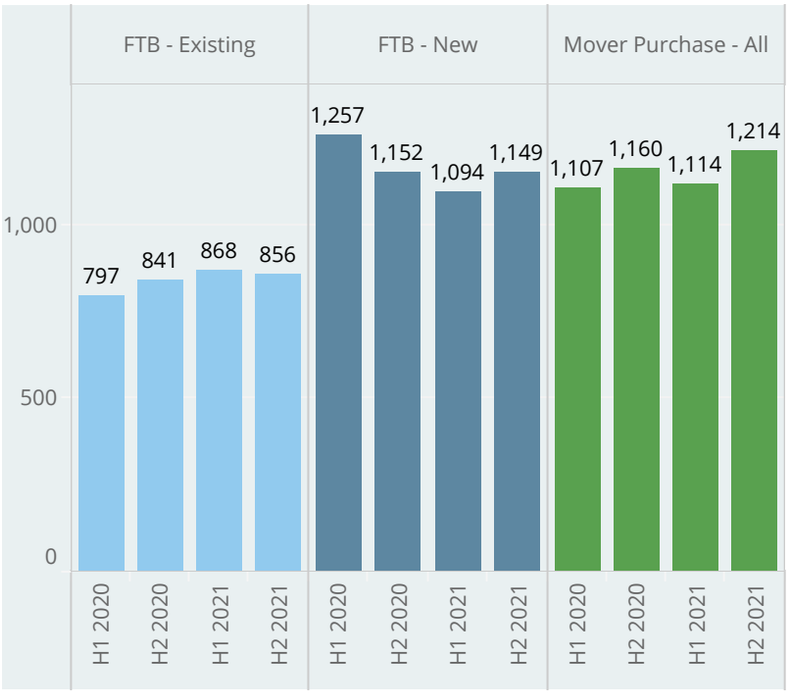
Galway

Median Basic Household Income



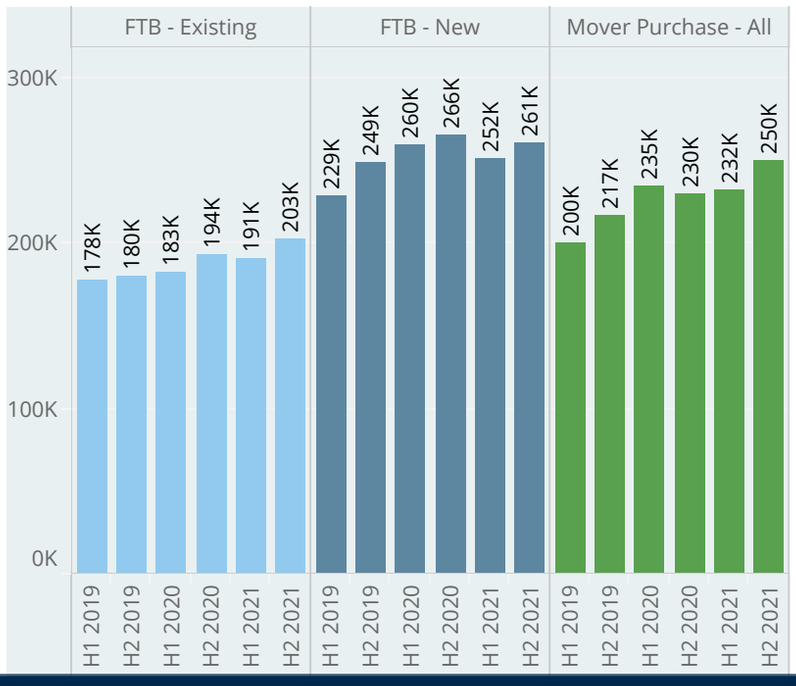
Median Monthly Repayment



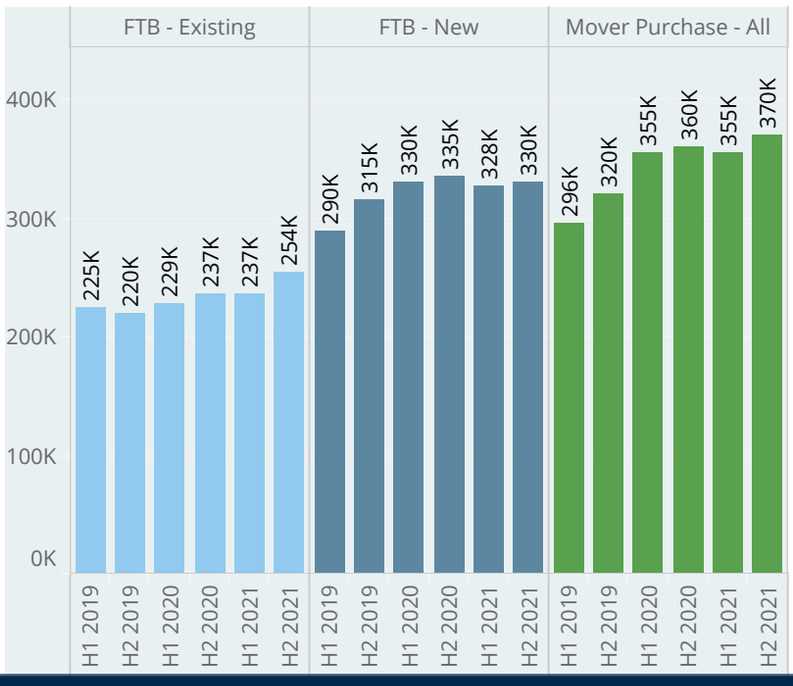
Note: Excluding self-builds

FTB - Existing FTB - New Mover Purchase - All

Median Loan



Median Property Value



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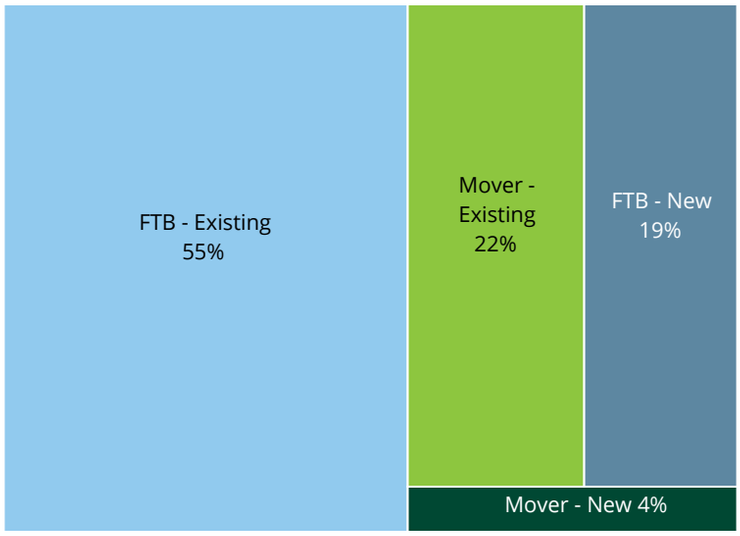
Limerick

Customer Type-Property Status Share

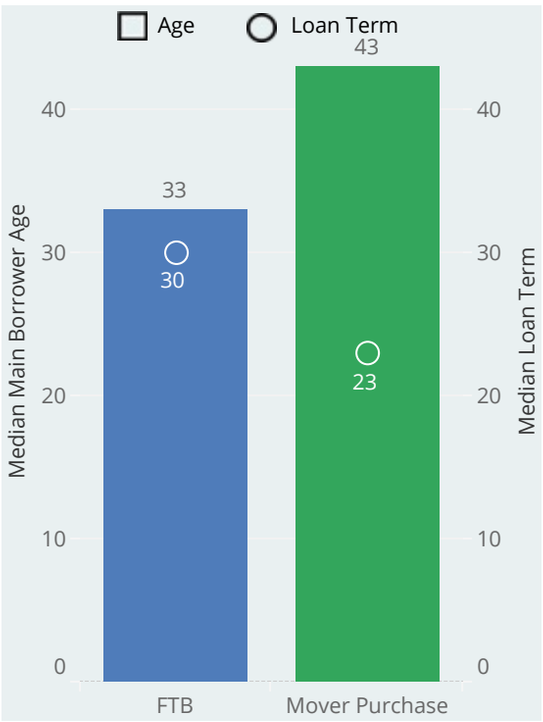


Note: All charts on this page refer to H2 2021.

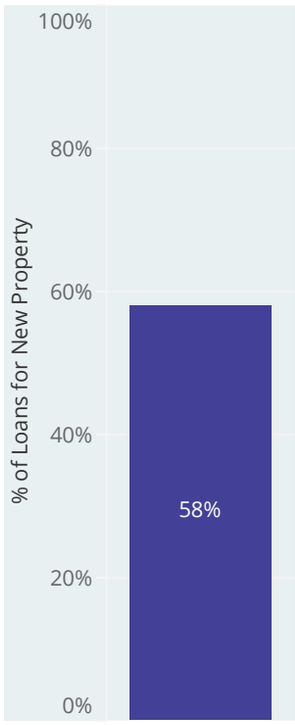
FTB mortgages on existing properties accounted for 55% of home mortgages in Limerick in H2 2021, while only 23% of home mortgages were secured on new properties – the lowest share in the country.

Some two-thirds (65%) of mover purchase mortgages were secured on detached houses/bungalows.

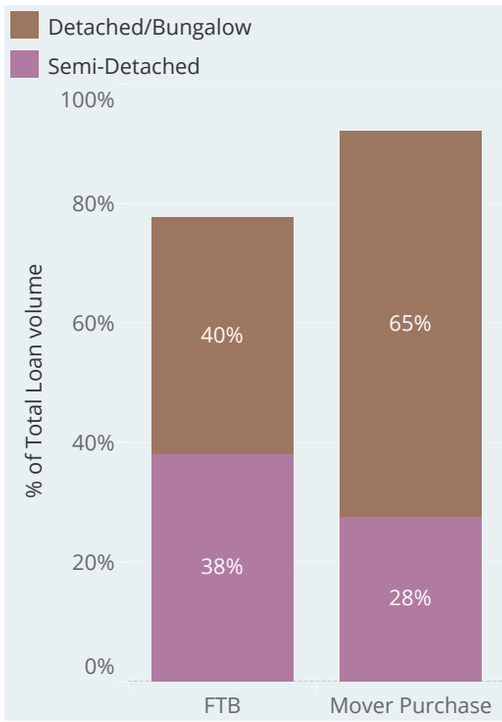
Borrower Age/Loan Term



Self-build % - New



Main Dwelling Types



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Mortgage Market Profile Report

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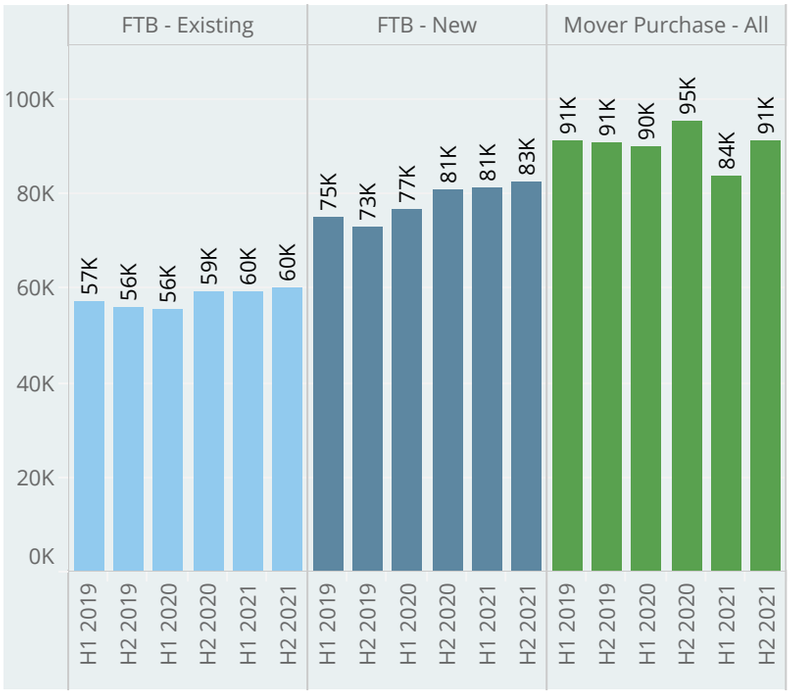
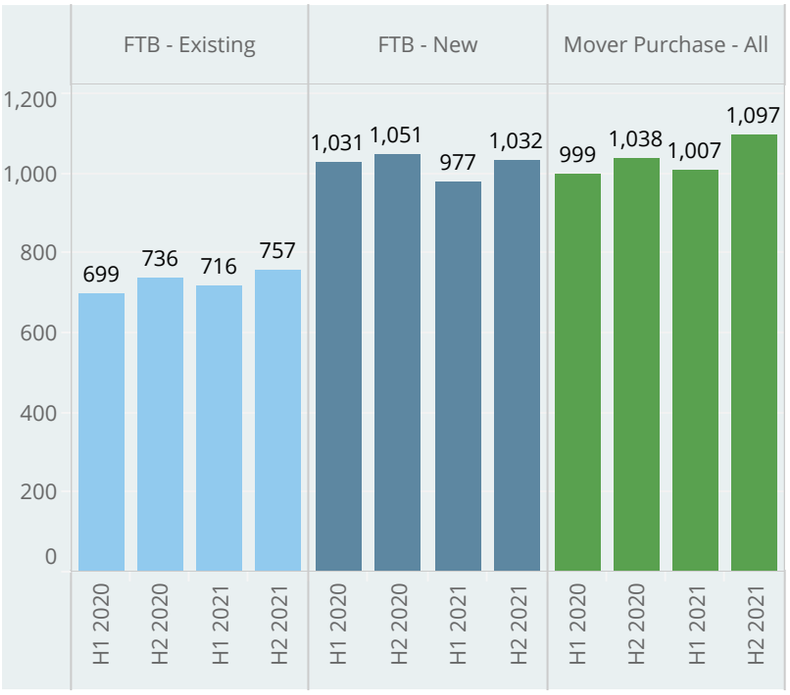
Limerick

Median Basic Household Income



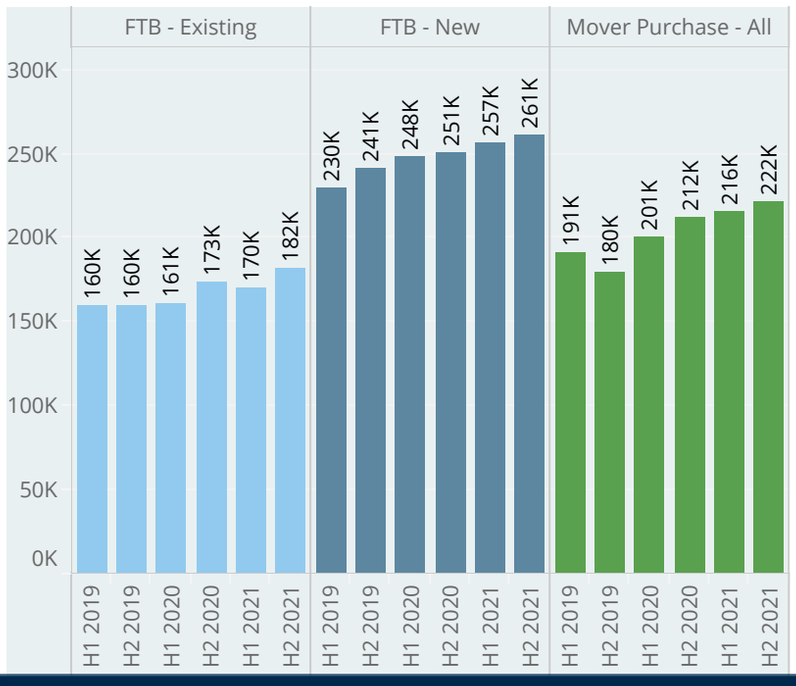
Median Monthly Repayment



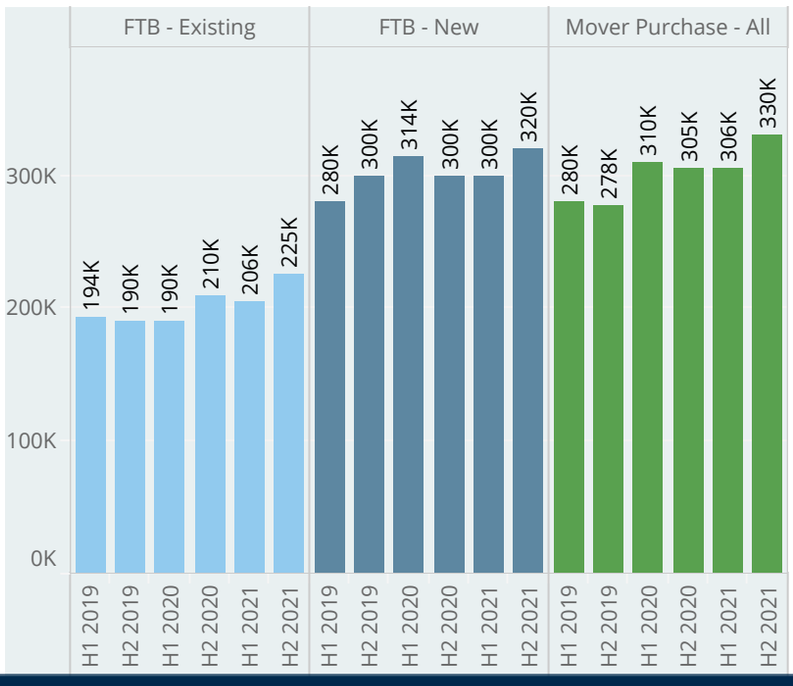
Note: Excluding self-builds

FTB - Existing FTB - New Mover Purchase - All

Median Loan



Median Property Value



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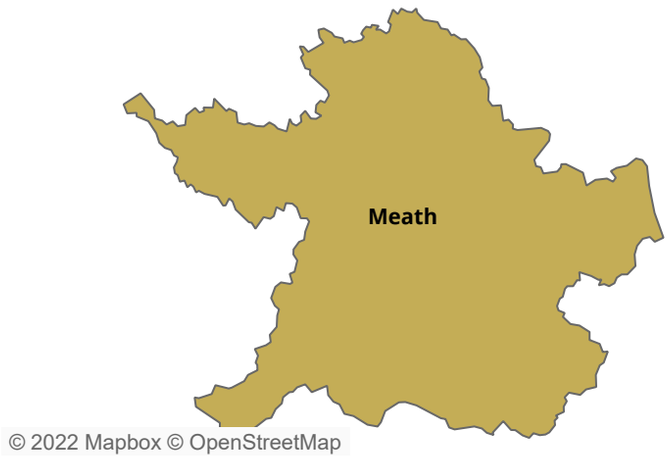
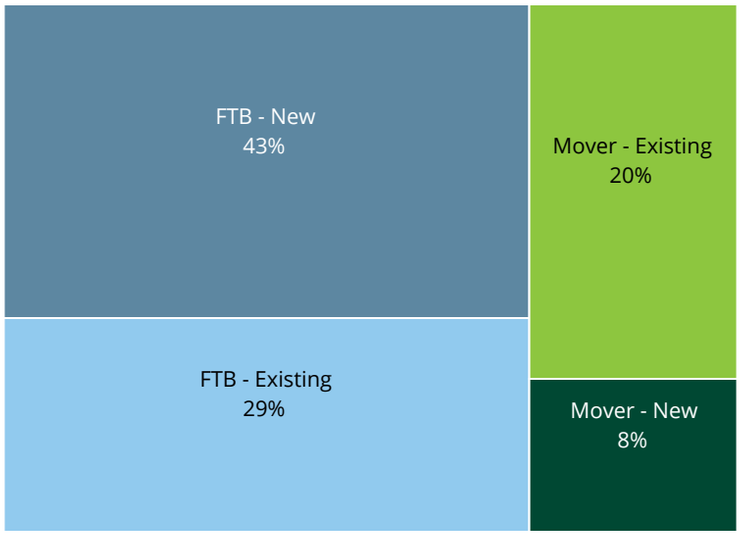
Meath



Customer Type-Property Status Share

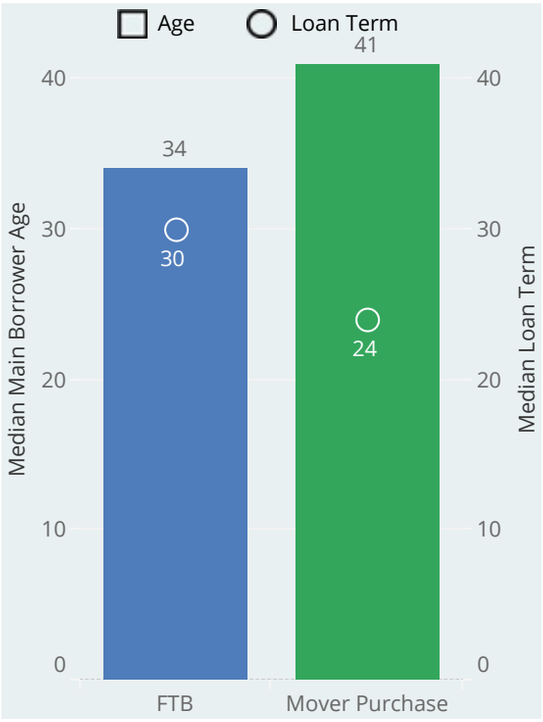


Note: All charts on this page refer to H2 2021.

FTB mortgages on new property accounted for 43% of home mortgages in Meath in H1 2021 – the second highest share for that segment in the country, after Kildare. Some 72% of home mortgages were drawn down by FTBs.

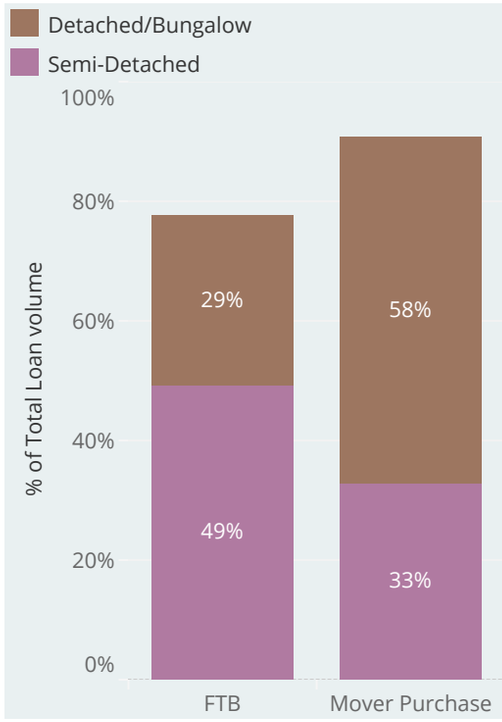
The median basic household income of FTBs buying existing properties was the lowest among the top six home mortgage markets, at about €67,000.

Borrower Age/Loan Term



Self-build % - New

Main Dwelling Types



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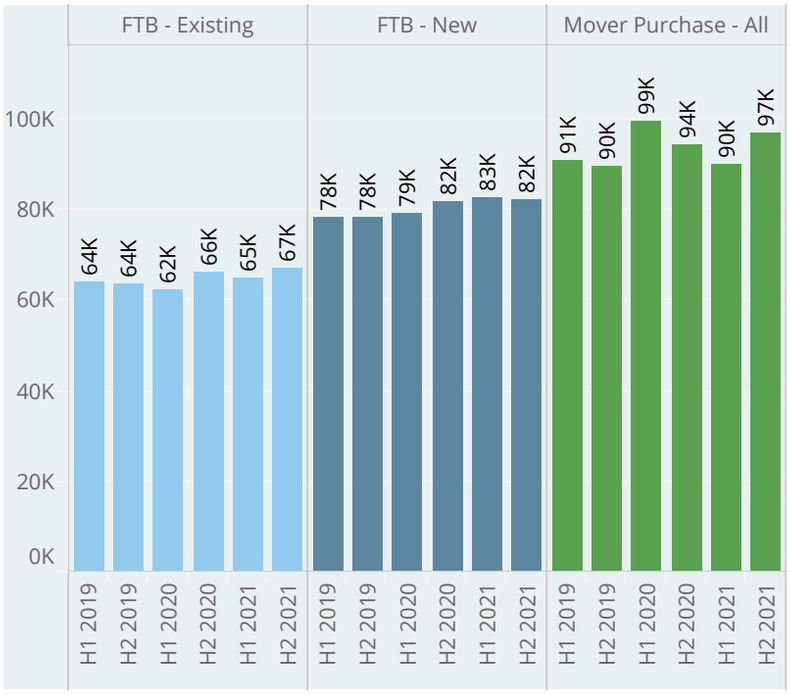
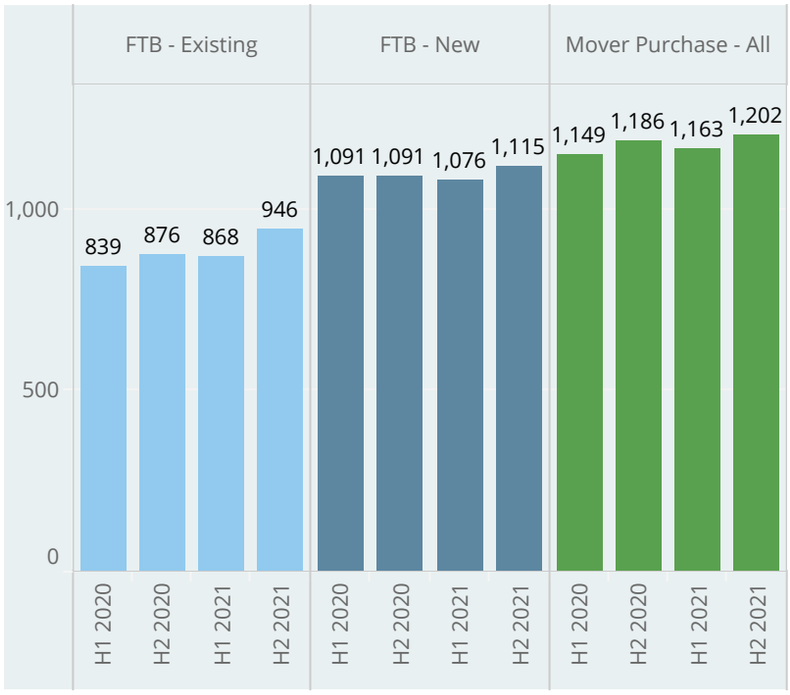
Meath

Median Basic Household Income



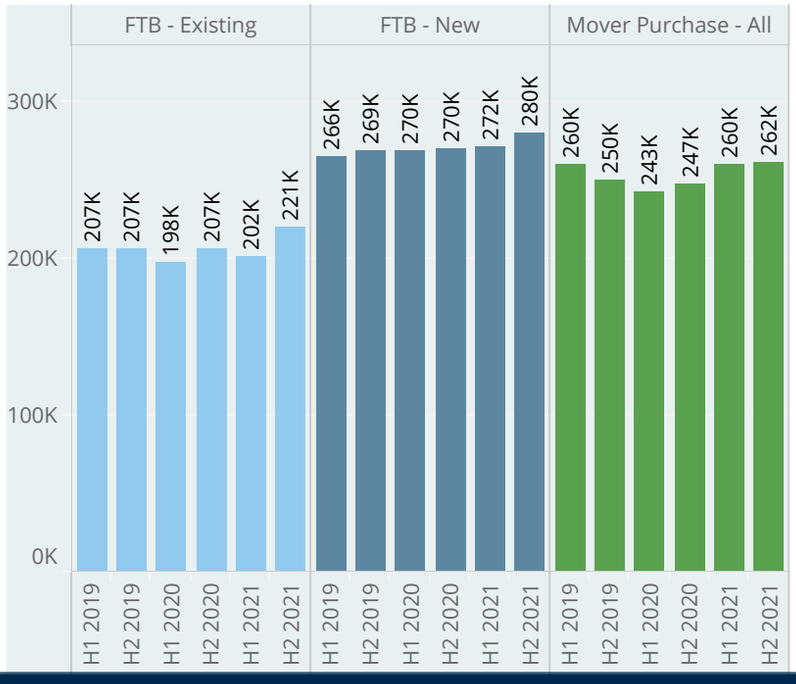
Median Monthly Repayment



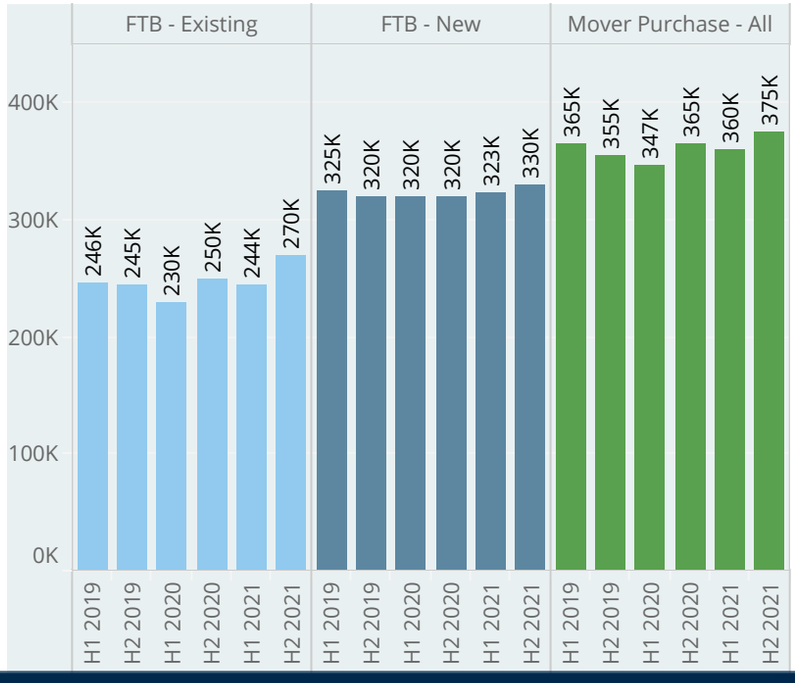
Note: Excluding self-builds

FTB - Existing FTB - New Mover Purchase - All

Median Loan



Median Property Value



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Mortgage Market Profile Report

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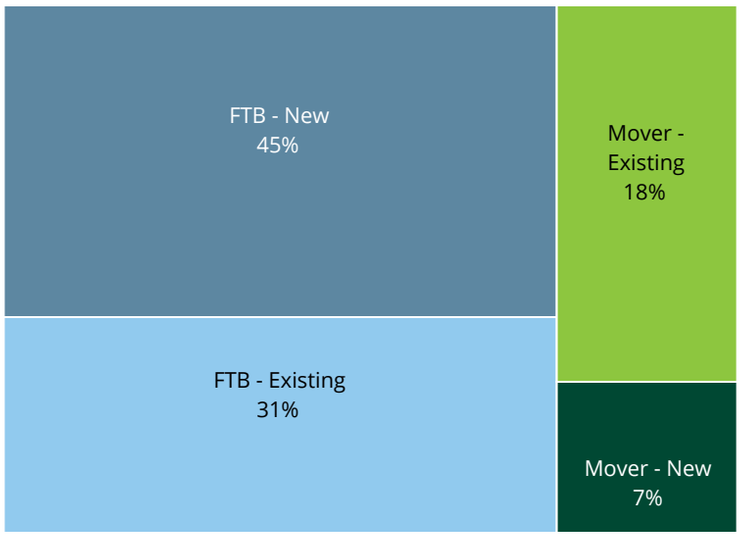
Kildare

Customer Type-Property Status Share

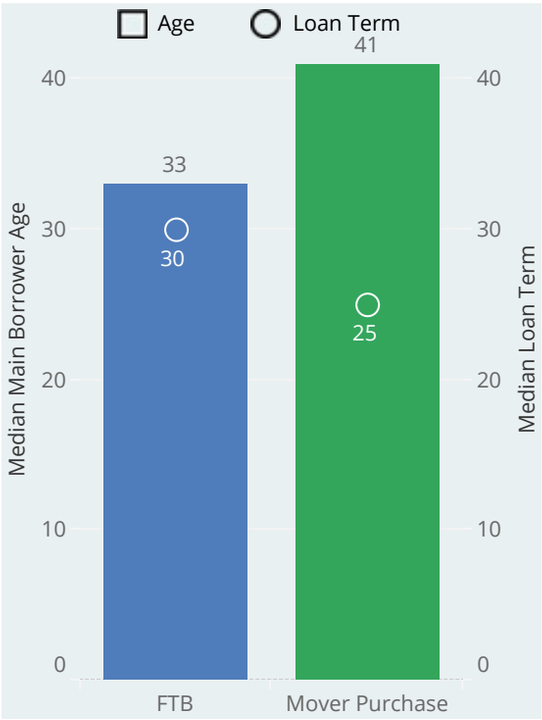


Note: All charts on this page refer to H2 2021.

FTBs accounted for 76% of home mortgages in Kildare in H2 2021. Some 60% of FTB mortgages financed the acquisition of semi-detached houses. Self-builds accounted for only 8% of mortgages secured on new properties – the lowest proportion in the country, apart from Dublin.

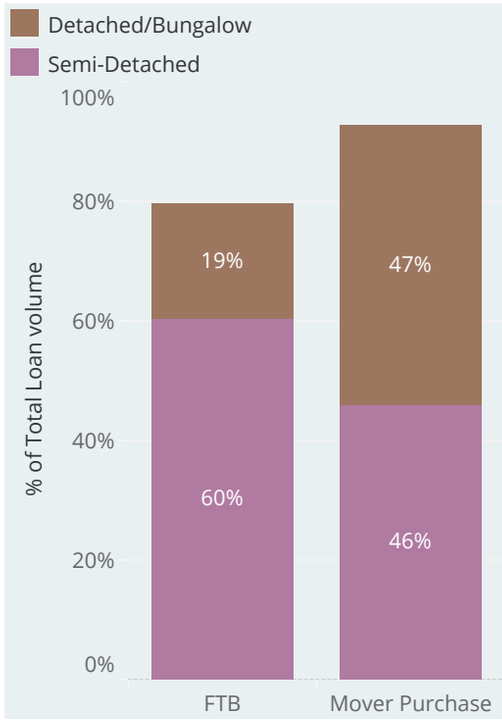
The median monthly repayment for FTB mortgages on existing properties rose by 7% year on year to €978.

Borrower Age/Loan Term



Self-build % - New

Main Dwelling Types



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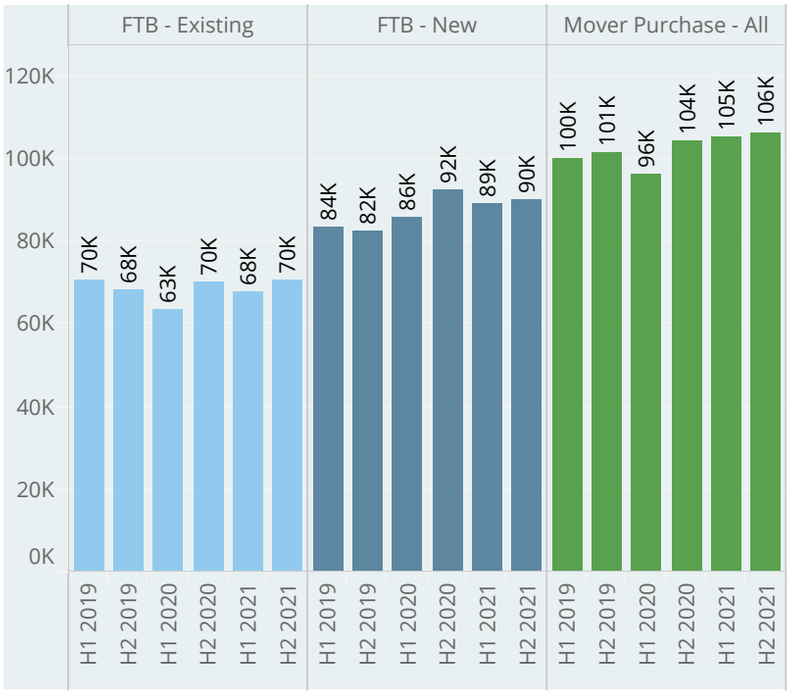
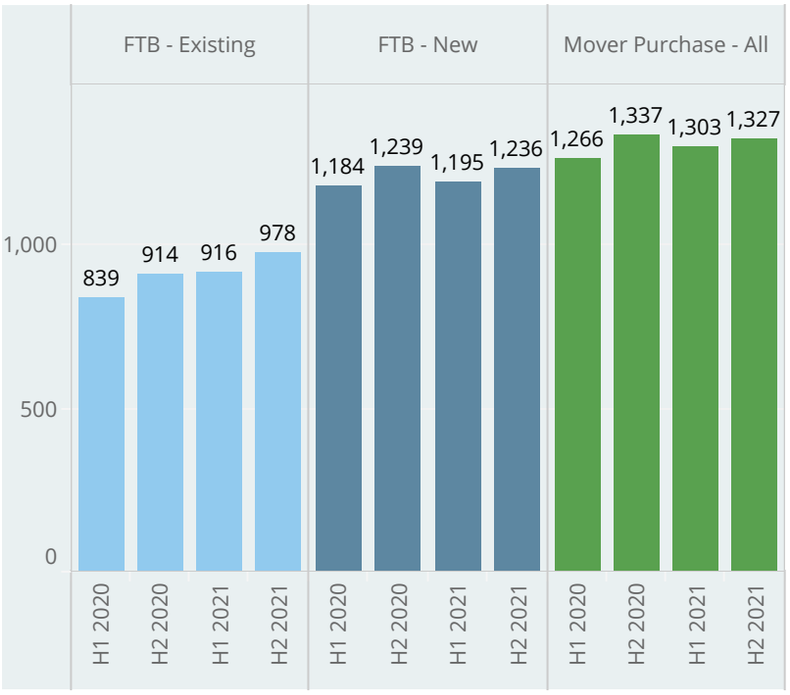
Kildare

Median Basic Household Income



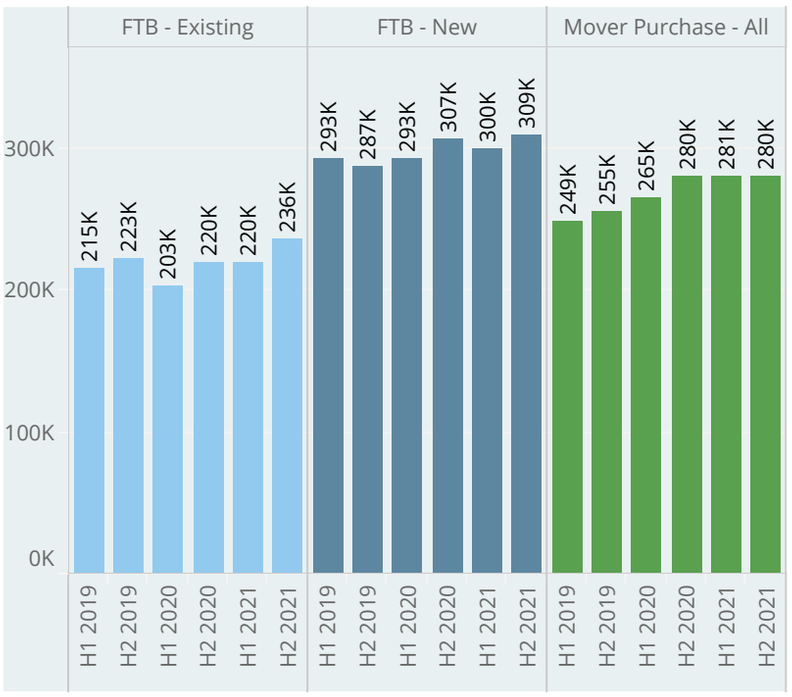
Median Monthly Repayment



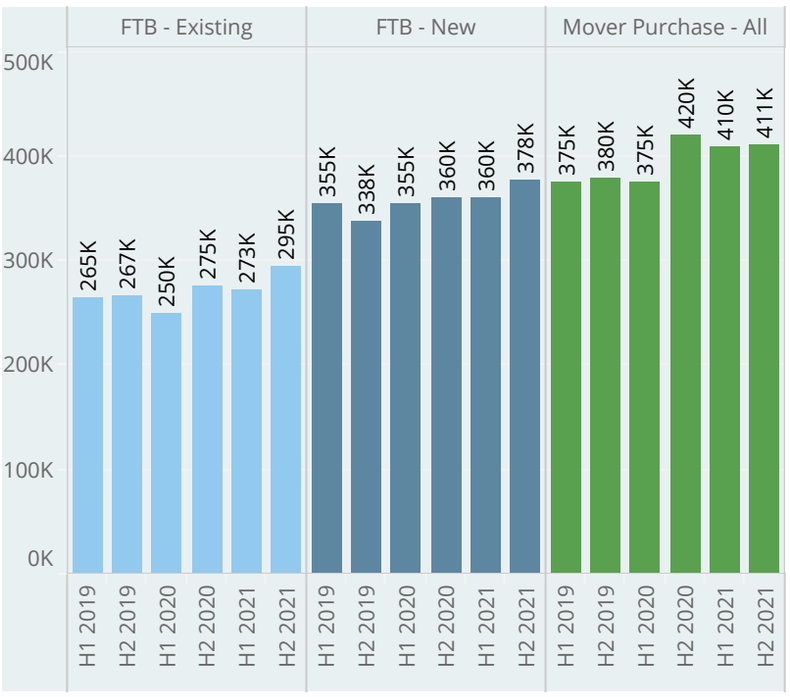
Note: Excluding self-builds

FTB - Existing FTB - New Mover Purchase - All

Median Loan



Median Property Value



Mortgage Market Profile Report

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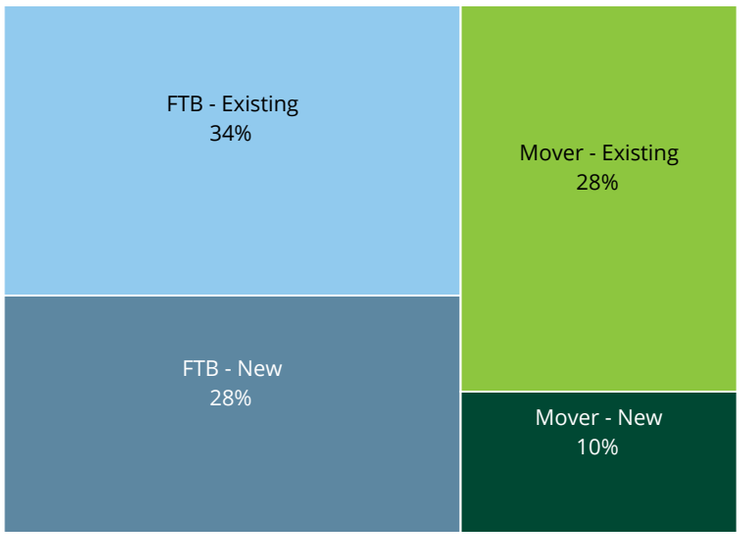
Wicklow

Customer Type-Property Status Share

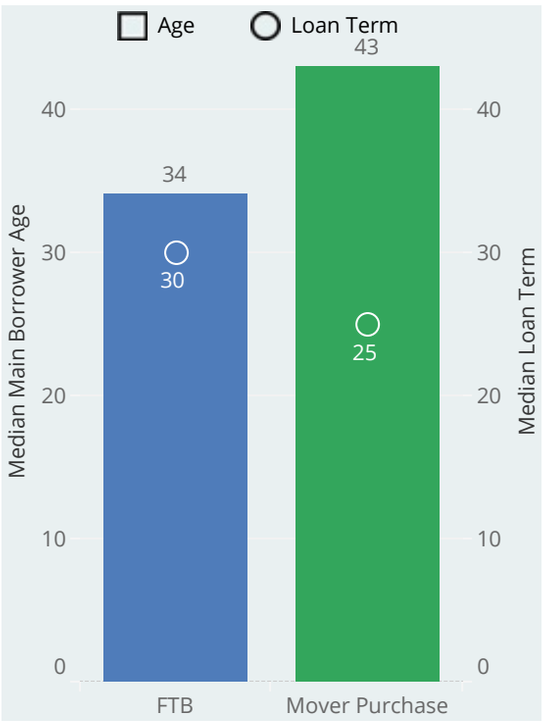


Note: All charts on this page refer to H2 2021.

Mover purchasers accounted of 38% of home mortgages in Wicklow in H2 2021.

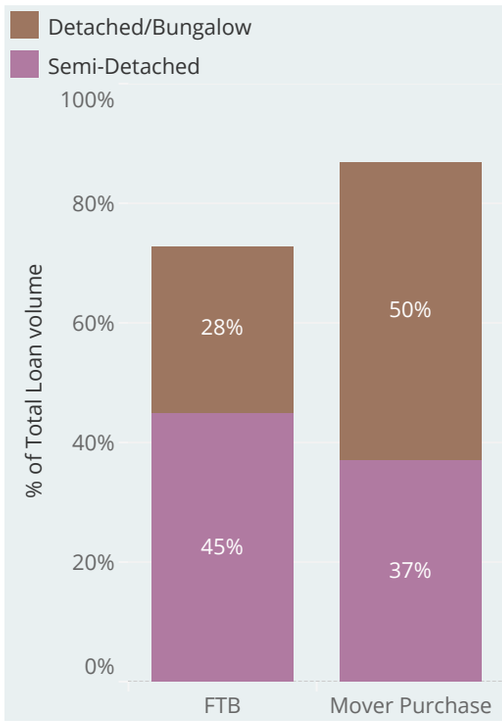
The county had the country's highest median basic household incomes, monthly repayments (excluding self-builds), loan values and property values for FTBs buying or building new properties.

Borrower Age/Loan Term



Self-build % - New

Main Dwelling Types



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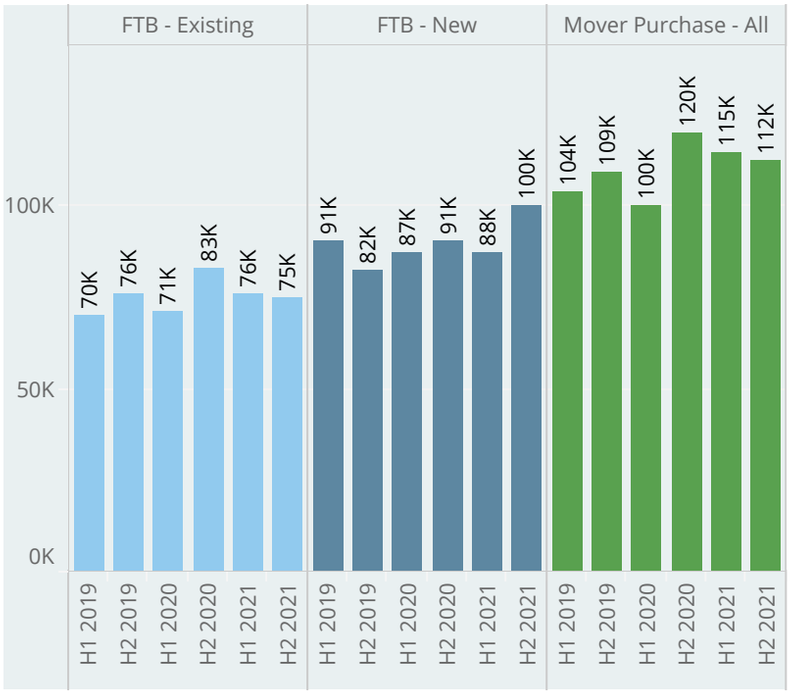
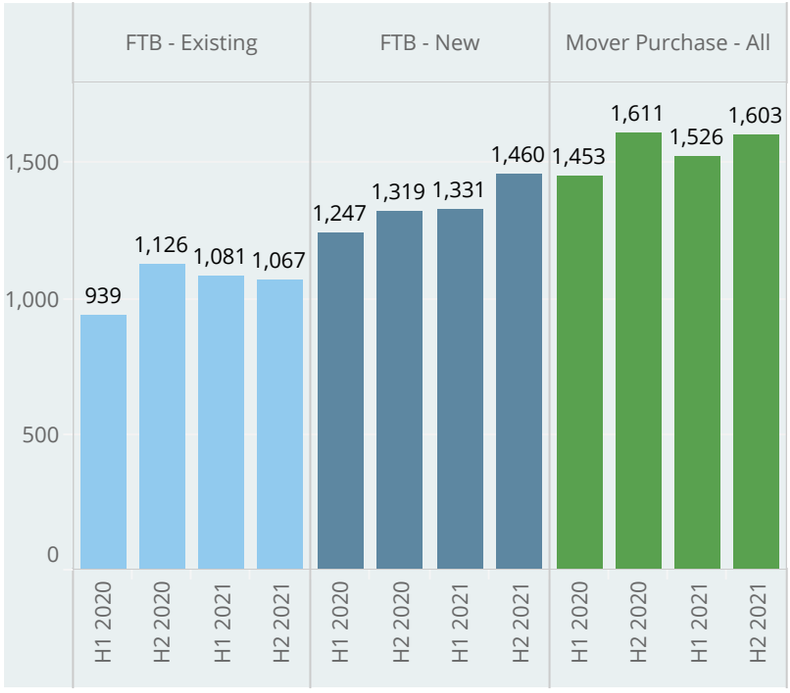
Wicklow

Median Basic Household Income



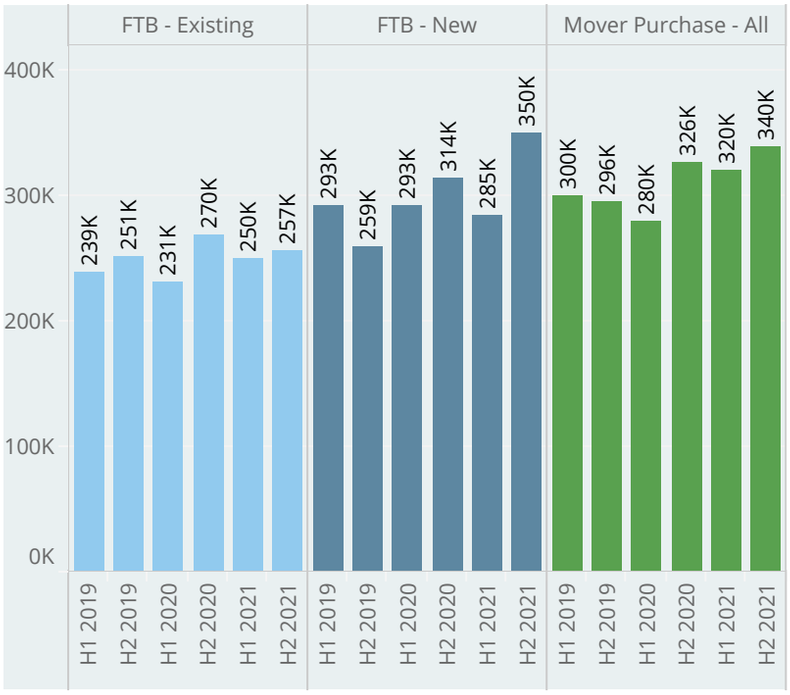
Median Monthly Repayment



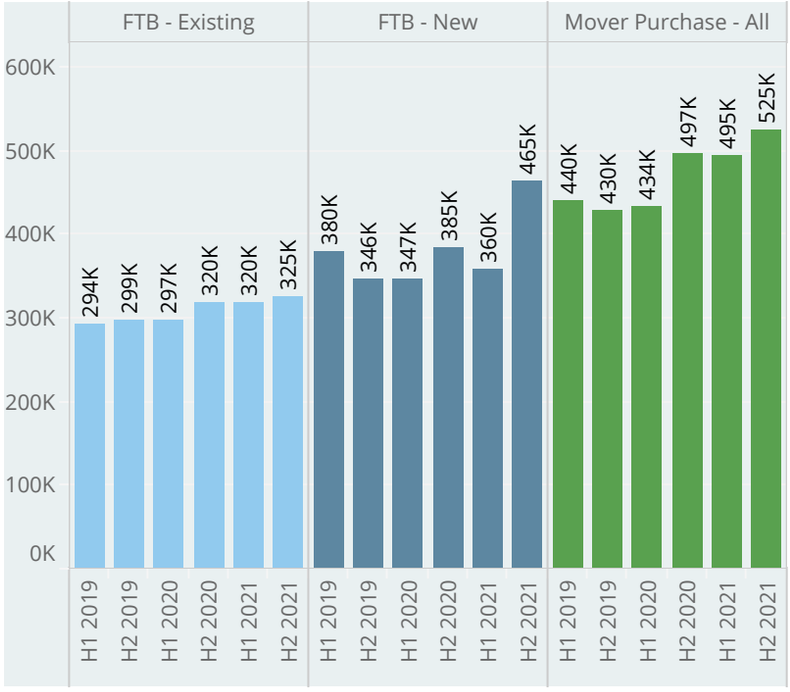
Note: Excluding self-builds

FTB - Existing FTB - New Mover Purchase - All

Median Loan



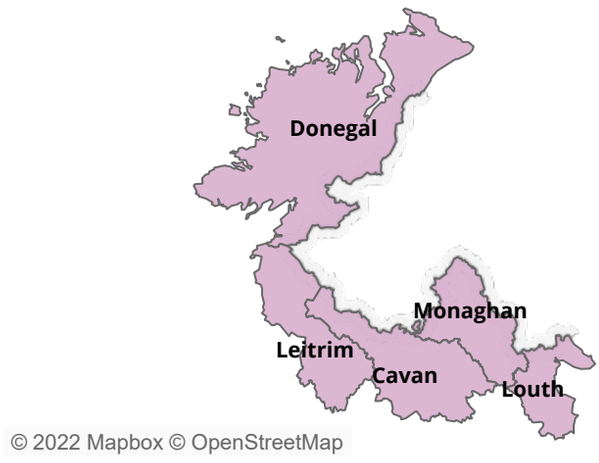
Median Property Value



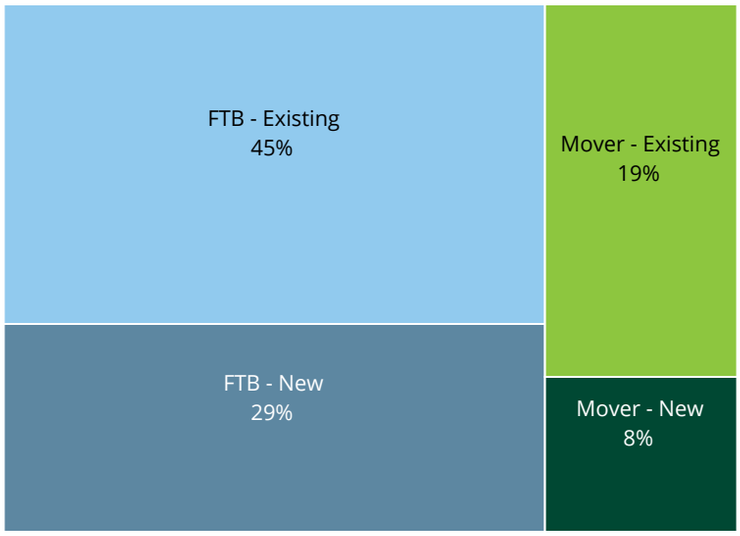
Mortgage Market Profile Report

Banking & Payments Federation Ireland

Border



Customer Type-Property Status Share

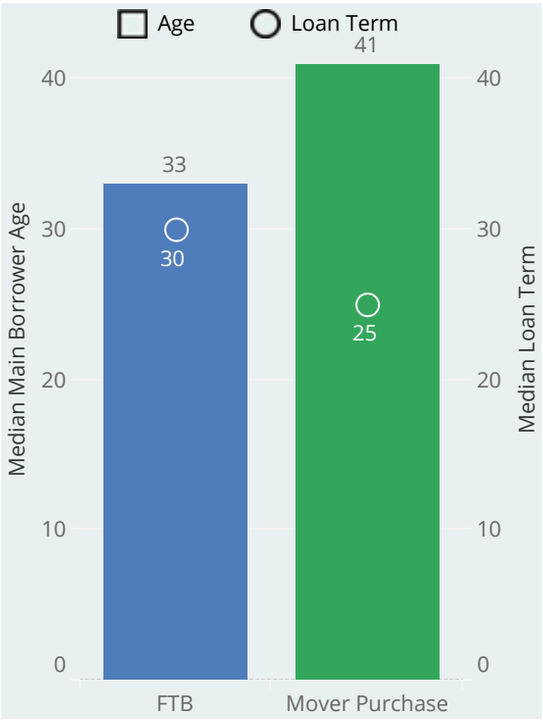


Note: All charts on this page refer to H2 2021.

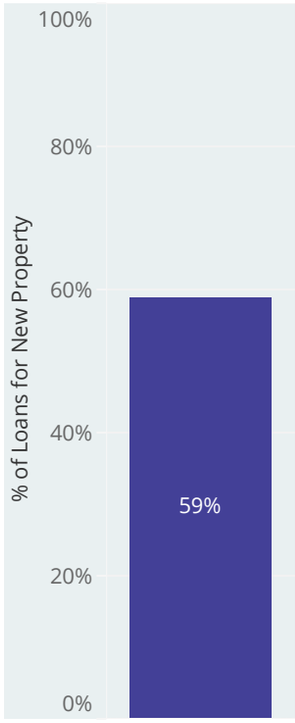
In H2 2021, FTBs accounted for some 74% of home mortgages in the Border region. Some 78% of mover purchase mortgages in the Border region were for detached houses/bungalows.

The median monthly repayment (excluding self-builds) increased by €60-80 in each segment between H2 2020 and H2 2021.

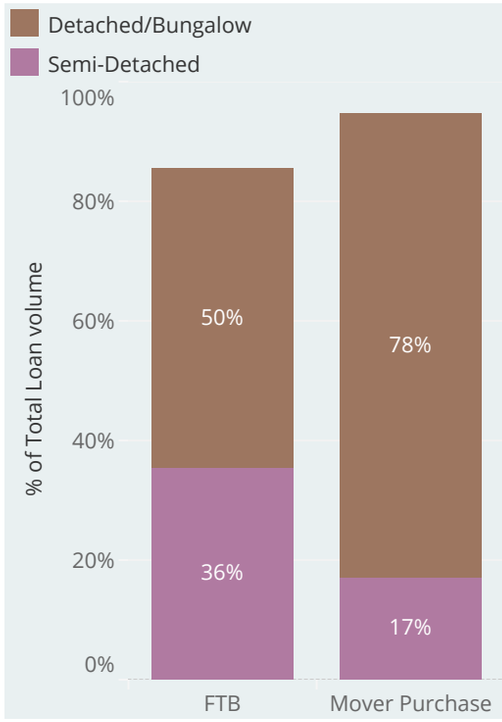
Borrower Age/Loan Term



Self-build % - New



Main Dwelling Types



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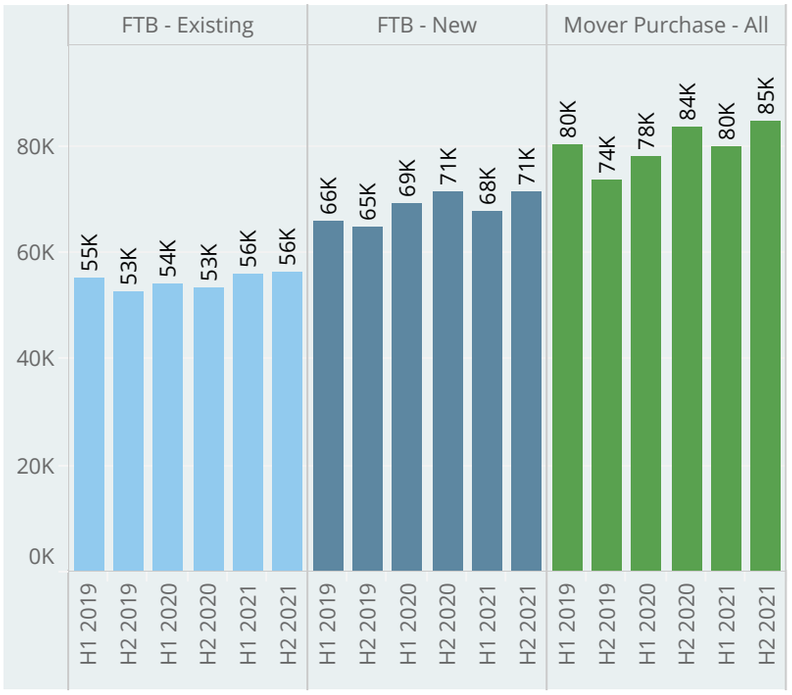
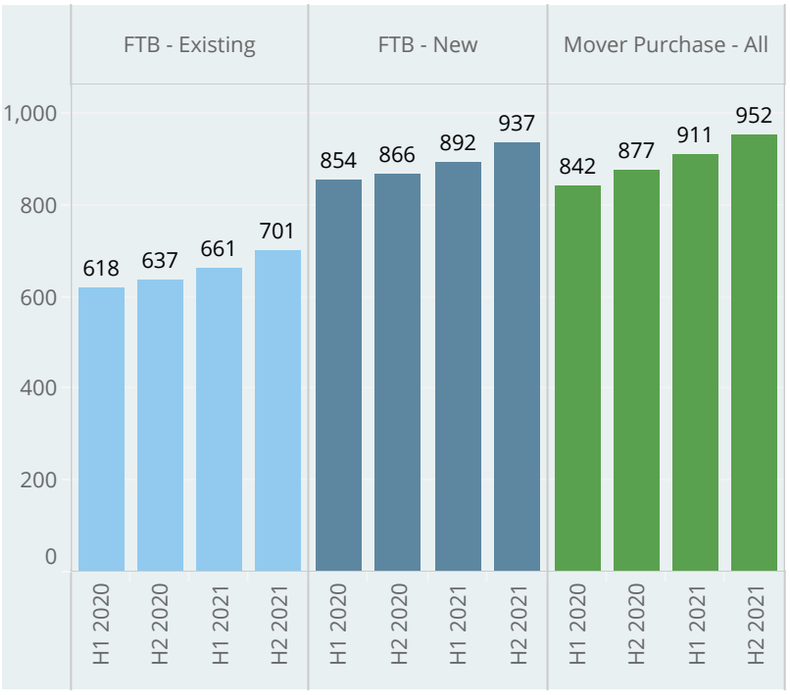
Border

Median Basic Household Income



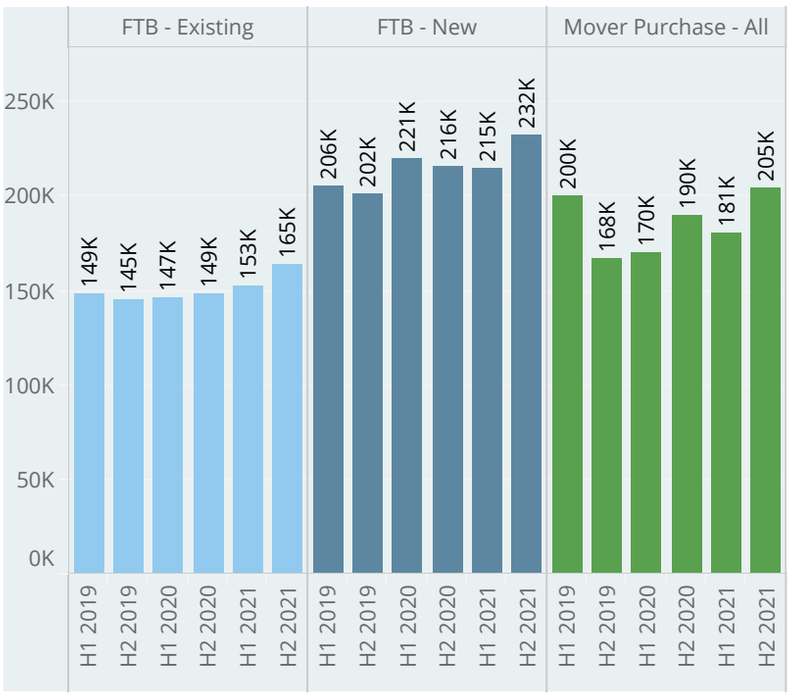
Median Monthly Repayment



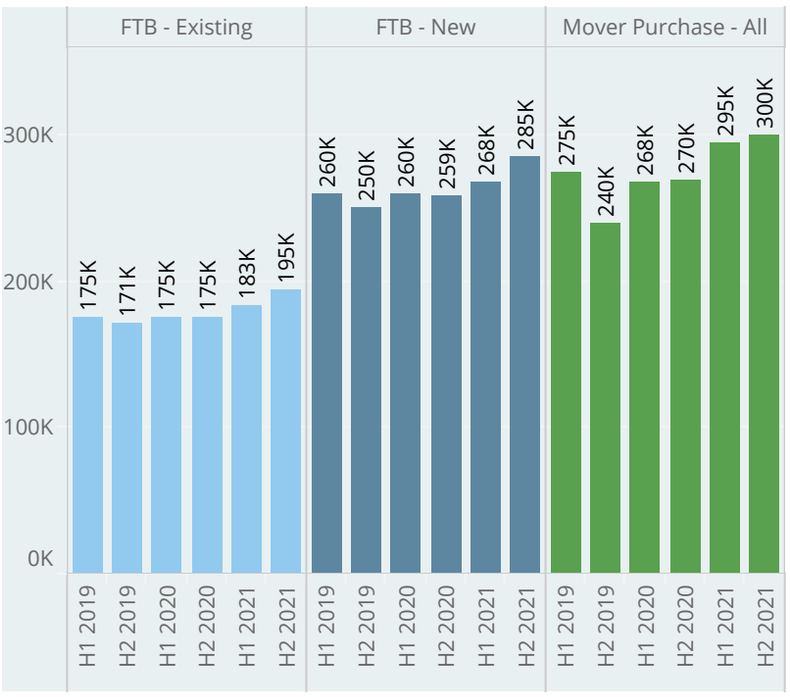
Note: Excluding self-builds

FTB - Existing FTB - New Mover Purchase - All

Median Loan



Median Property Value



Mortgage Market Profile Report

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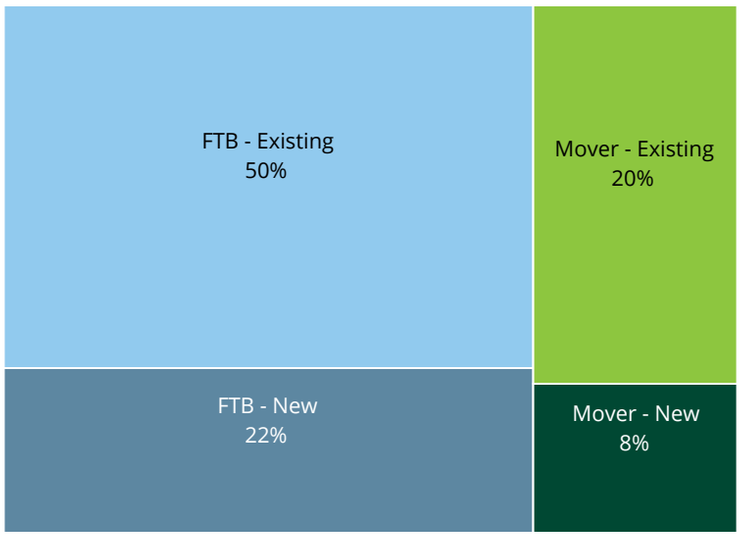
West

Customer Type-Property Status Share

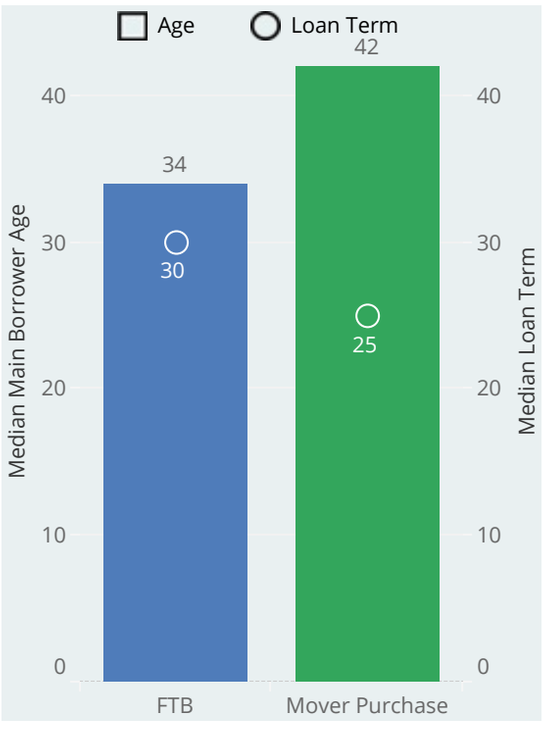


Note: All charts on this page refer to H2 2021.

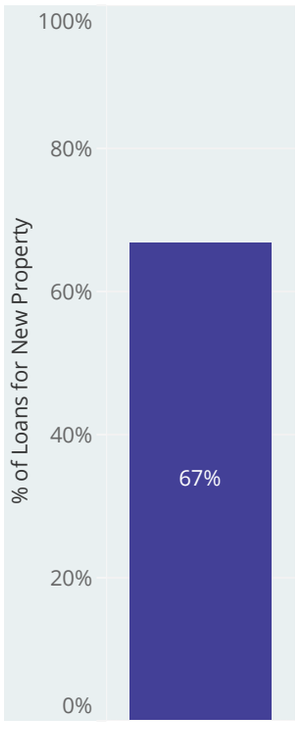
Some 67% of new properties financed by home mortgages in the West region were self-builds in H2 2021, while 74% of mover purchase and 57% of FTB mortgages were secured on detached houses/bungalows.

FTBs accounted for 72% of mortgages in H2 2021 and the median repayment on FTB mortgages for existing properties was the lowest in the country at €687.

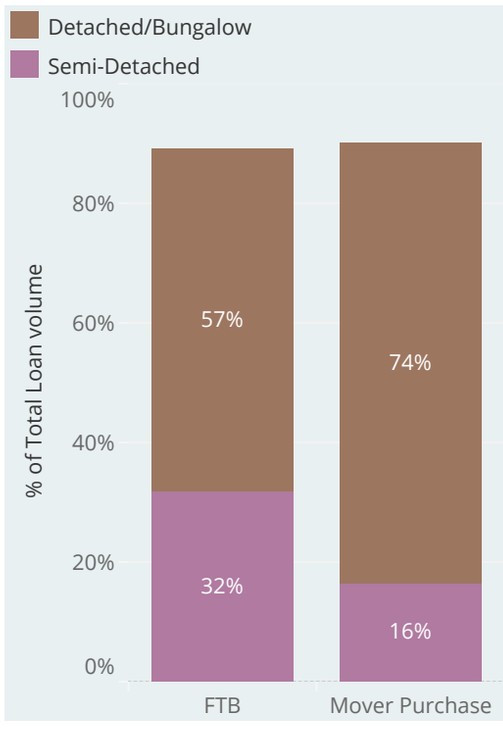
Borrower Age/Loan Term



Self-build % - New



Main Dwelling Types

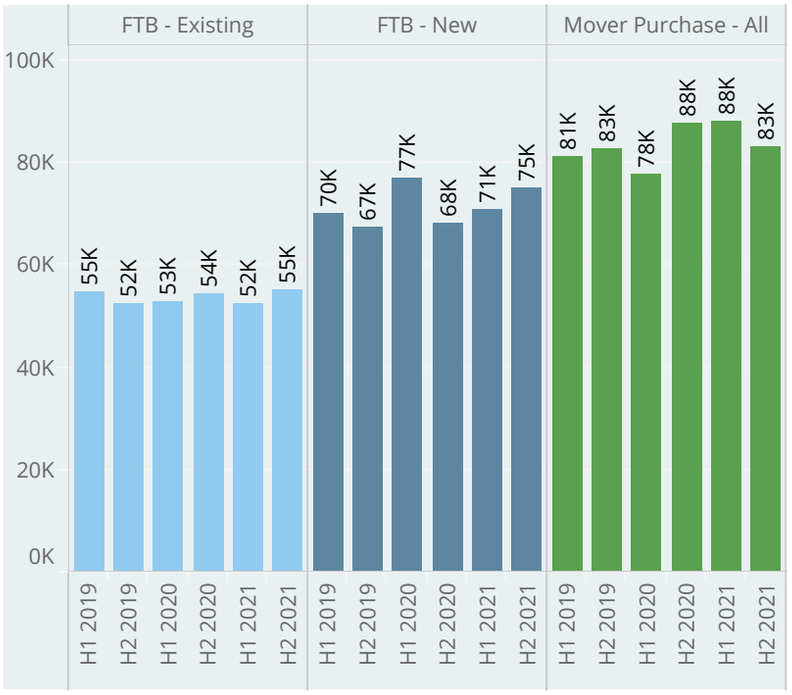


Mortgage Market Profile Report

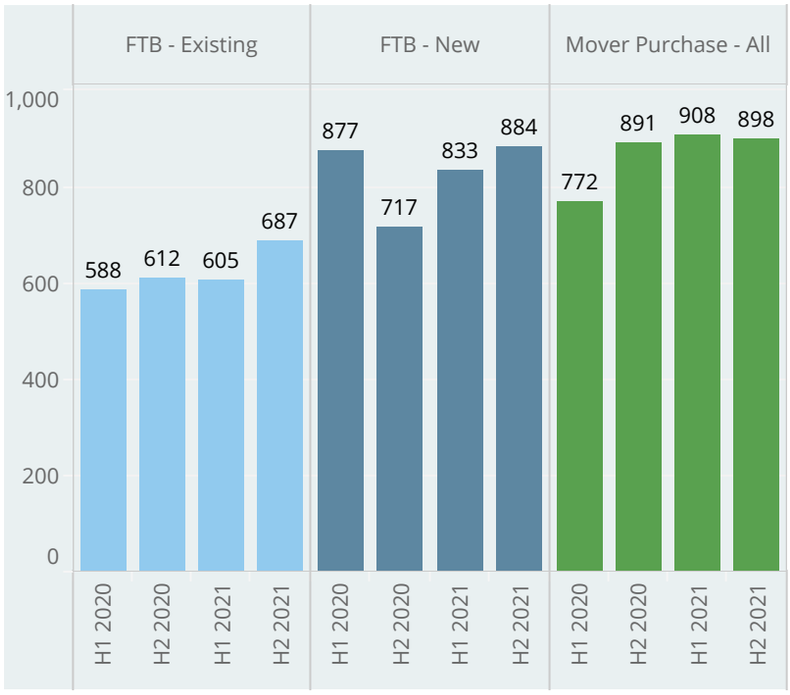
Banking & Payments Federation Ireland

West

Median Basic Household Income



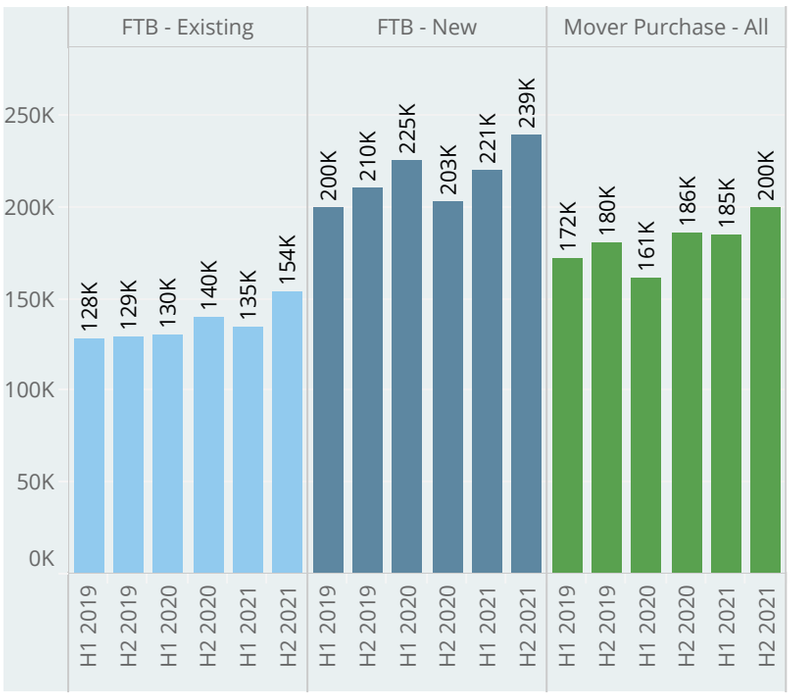
Median Monthly Repayment



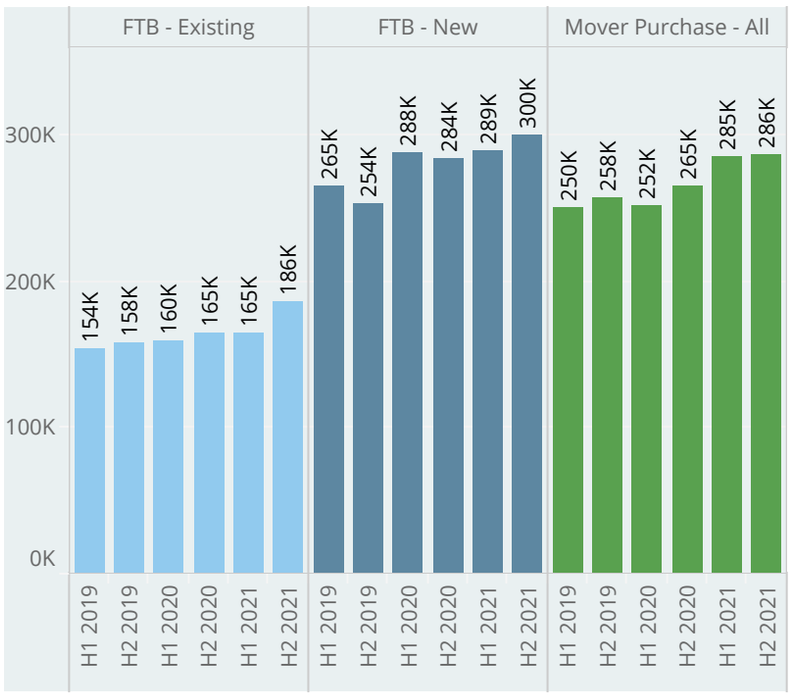
Note: Excluding self-builds

FTB - Existing FTB - New Mover Purchase - All

Median Loan



Median Property Value



Mortgage Market Profile Report

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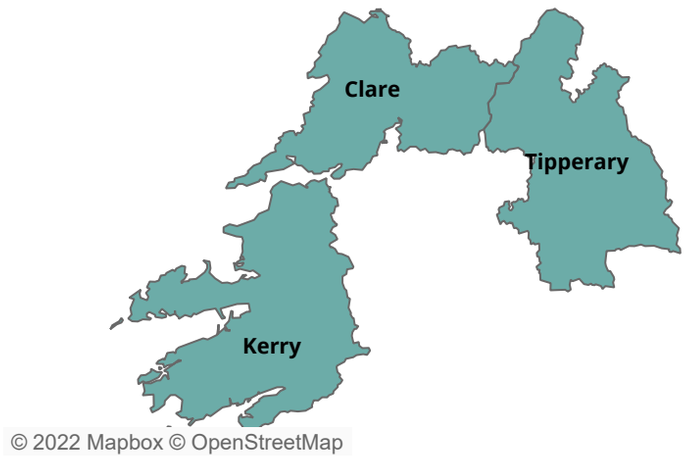
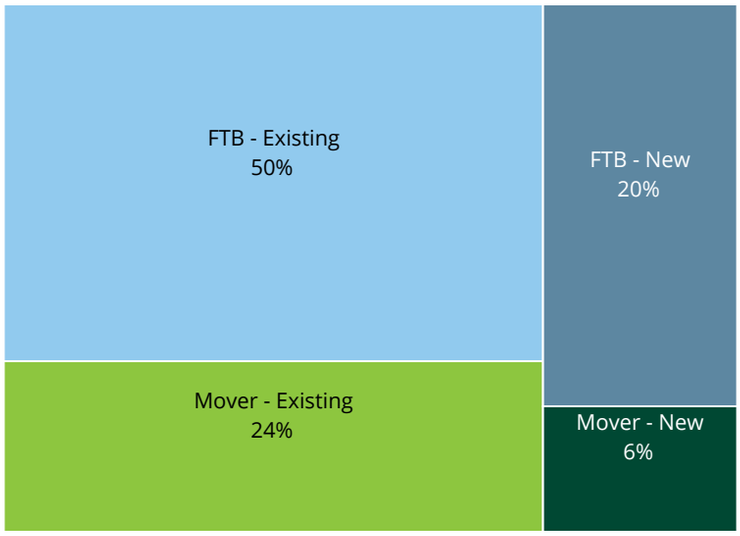
South and Mid West



Customer Type-Property Status Share

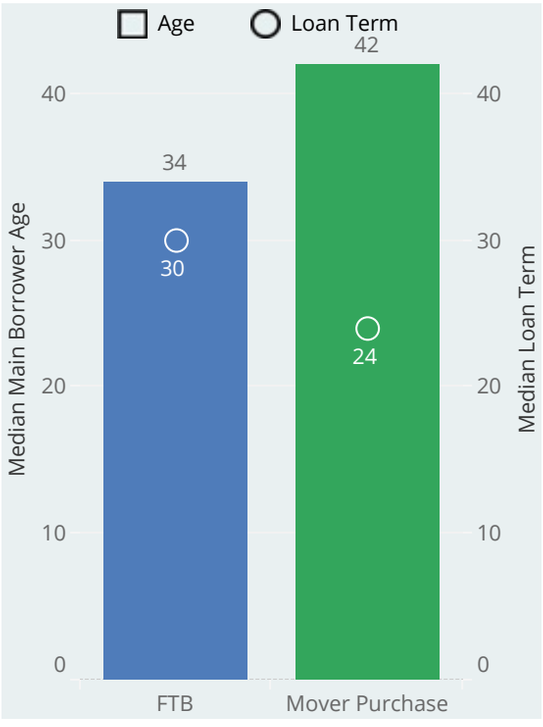


Note: All charts on this page refer to H2 2021.

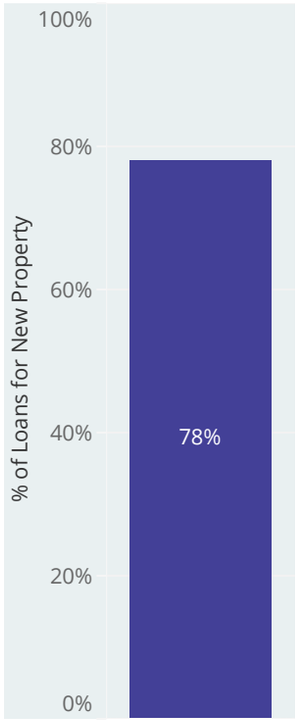
In H2 2021, self-builds accounted for 78% of new properties financed by home mortgages in the South and Mid West region - the highest share in the country. Some 56% of FTB mortgages and 80% of mover purchase mortgages were secured on detached houses/bungalows.

At €194,500, the South and Mid West has the lowest median mover purchase loans in the country.

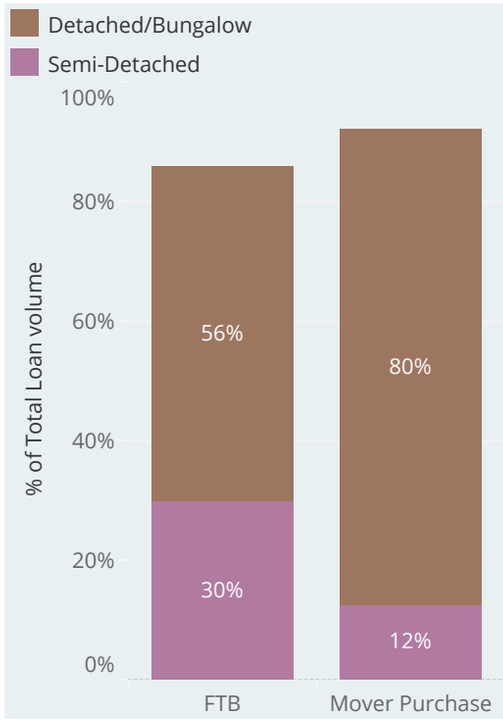
Borrower Age/Loan Term



Self-build % - New



Main Dwelling Types

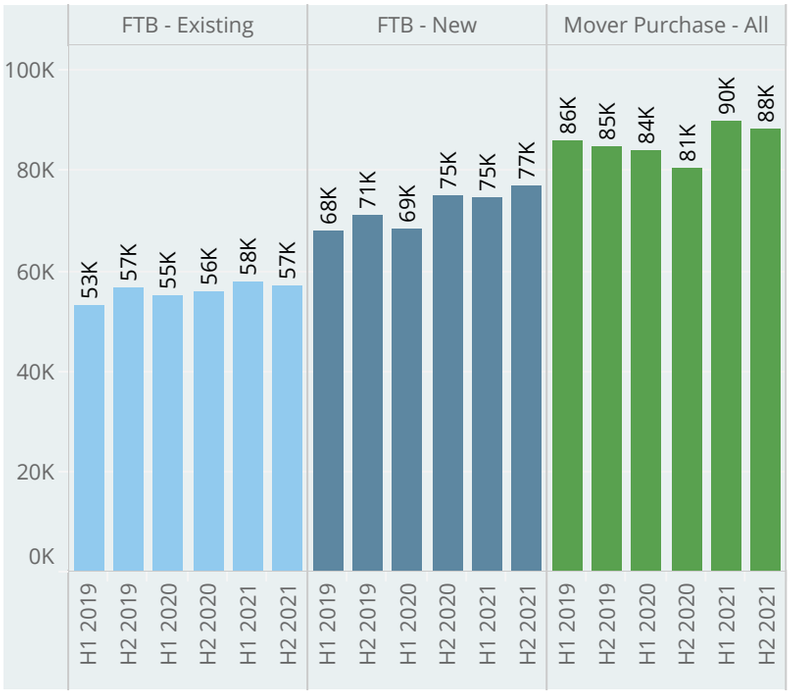


Mortgage Market Profile Report

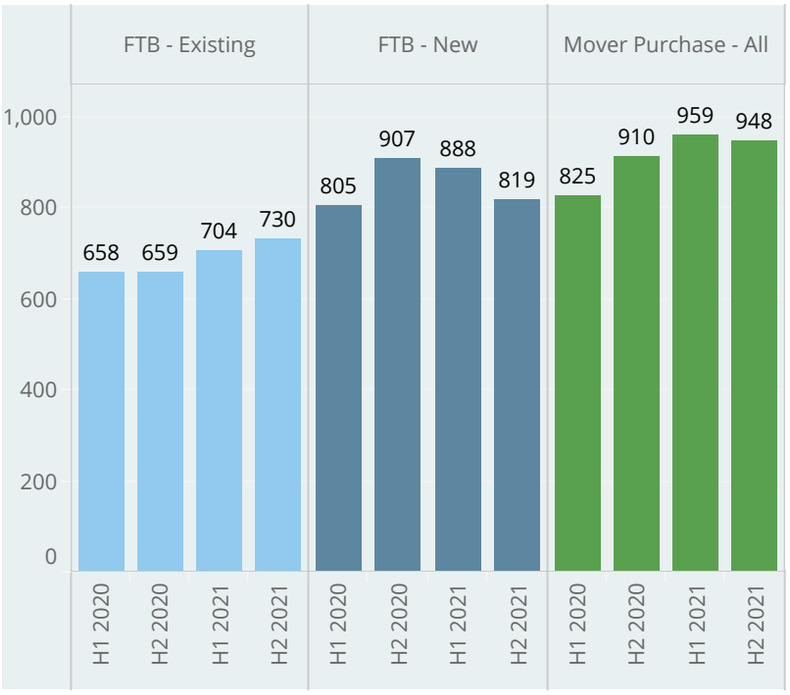
Banking & Payments Federation Ireland

South and Mid West

Median Basic Household Income



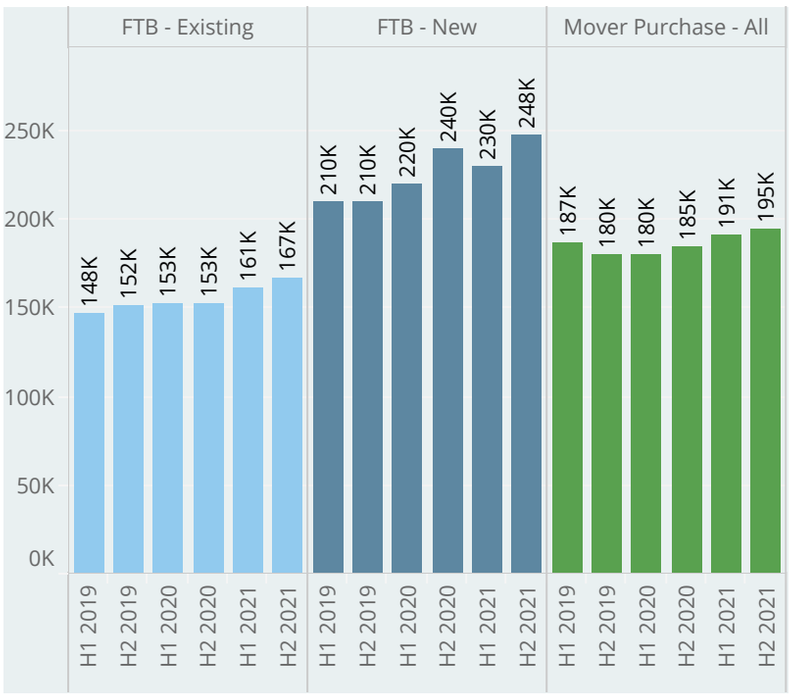
Median Monthly Repayment



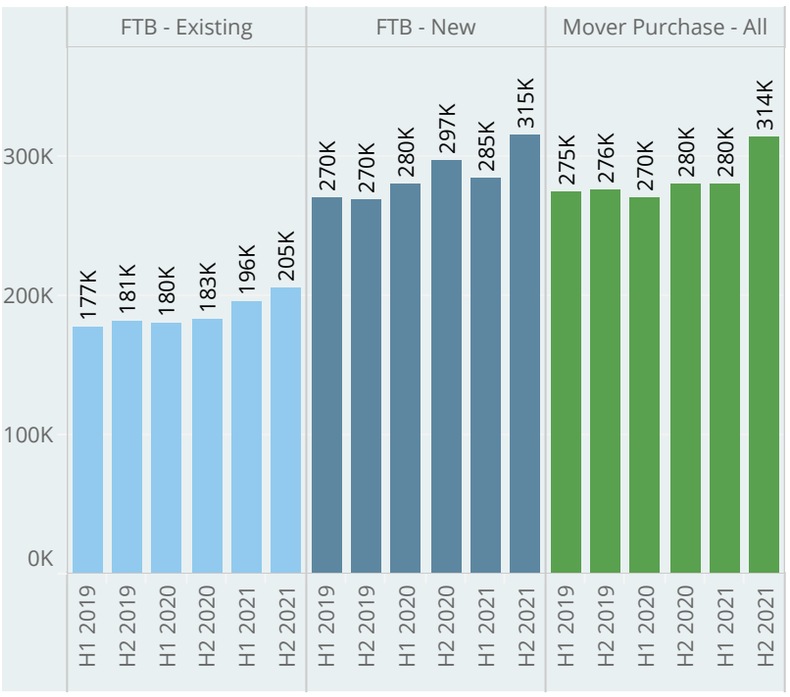
Note: Excluding self-builds

FTB - Existing FTB - New Mover Purchase - All

Median Loan



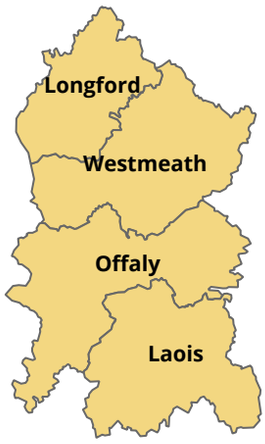
Median Property Value



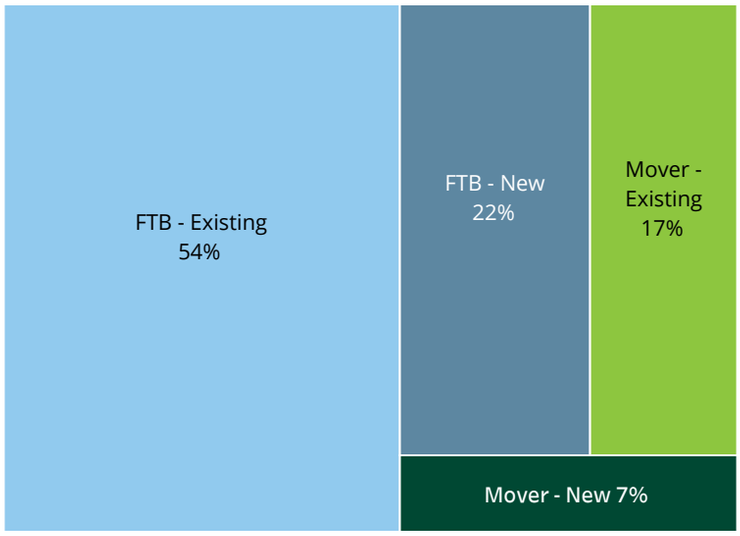
Mortgage Market Profile Report

Banking & Payments Federation Ireland

Midlands



Customer Type-Property Status Share

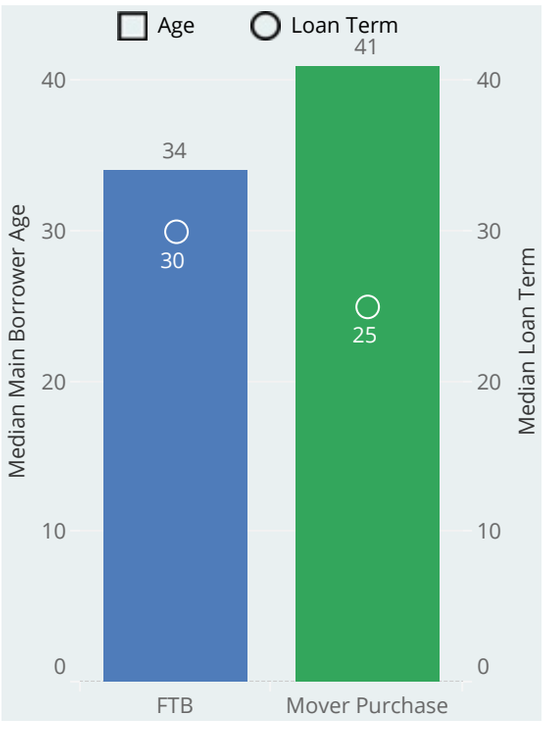


Note: All charts on this page refer to H2 2021.

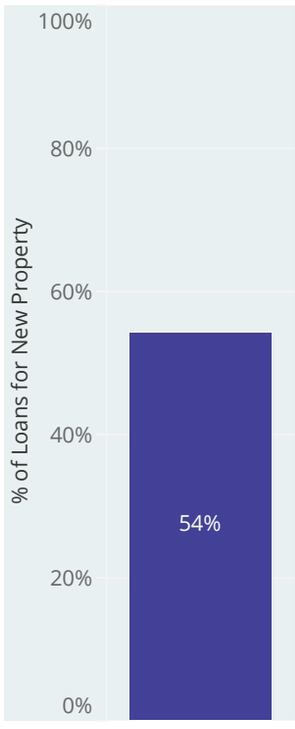
Some 76% of home mortgages in the Midlands region were drawn down by FTBs. Some 80% of mover purchase mortgages were secured on detached houses/bungalows, while 44% of FTB mortgages were secured of semi-detached houses.

The median monthly repayment for FTBs buying existing properties increased by 14% year on year to €736.

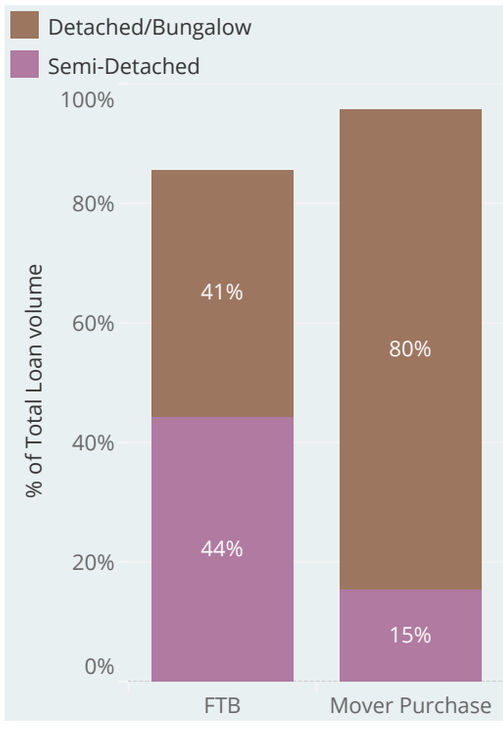
Borrower Age/Loan Term



Self-build % - New



Main Dwelling Types

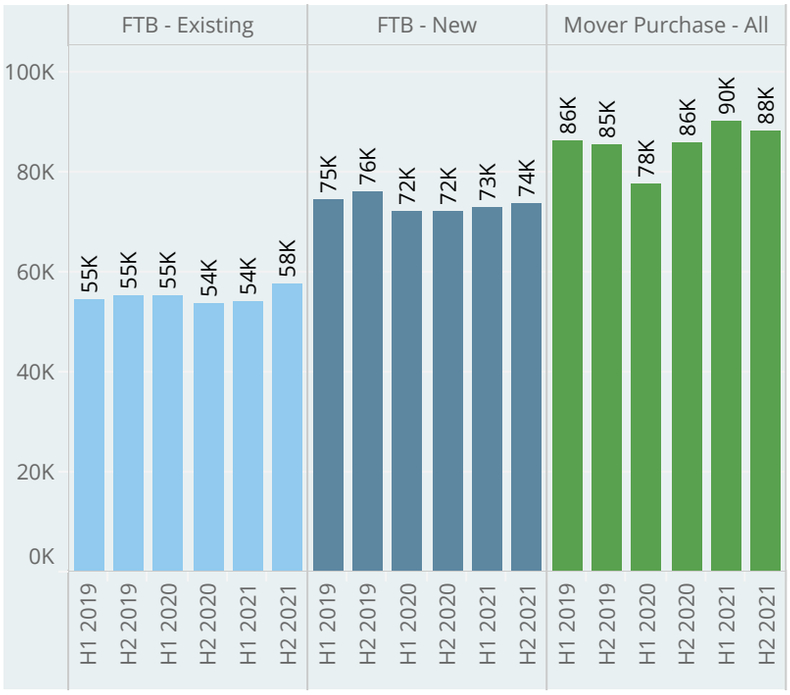


Mortgage Market Profile Report

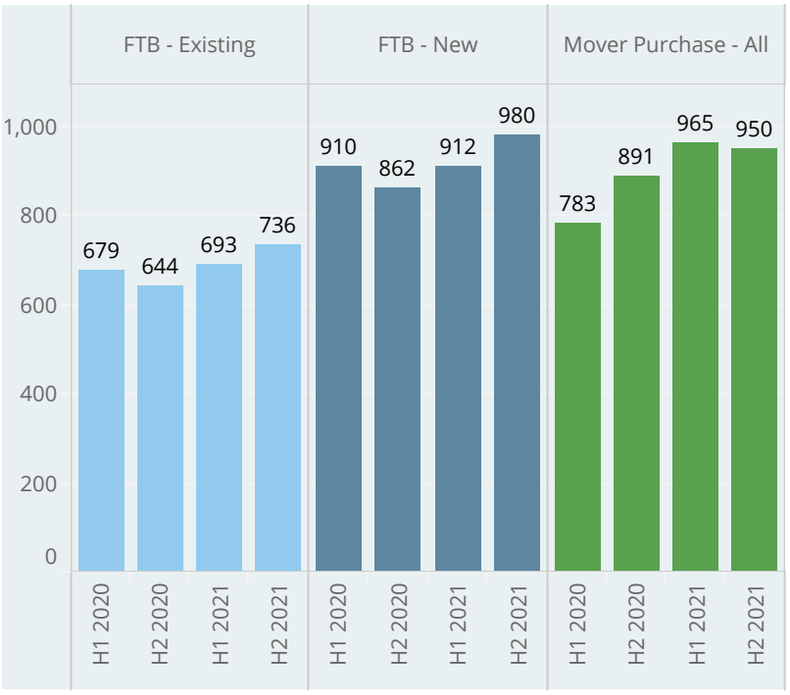
Banking & Payments Federation Ireland

Midlands

Median Basic Household Income



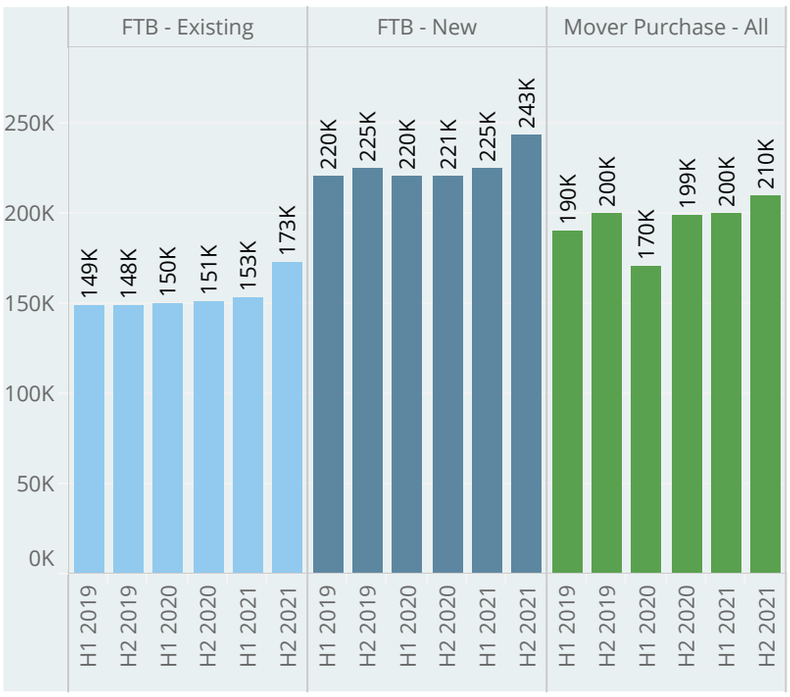
Median Monthly Repayment



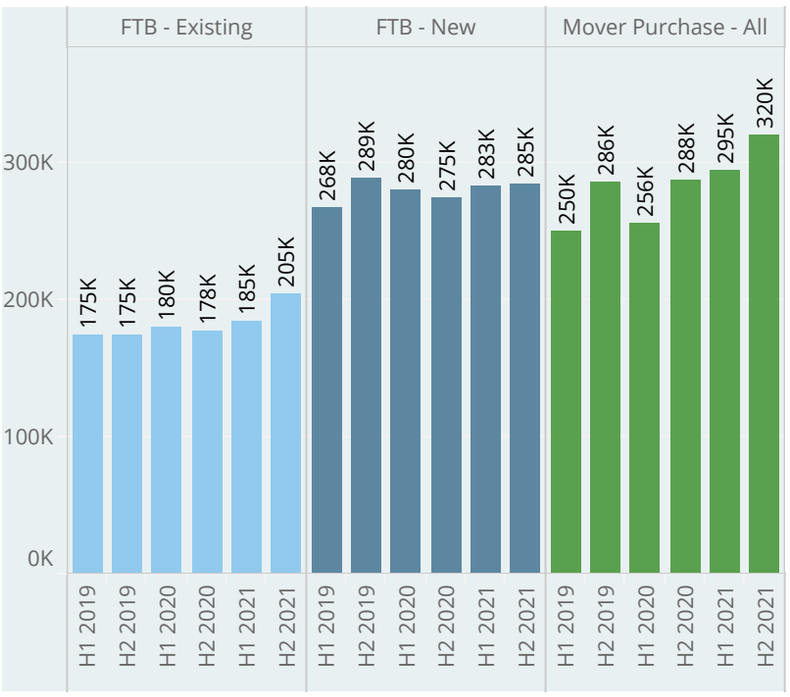
Note: Excluding self-builds

FTB - Existing FTB - New Mover Purchase - All

Median Loan



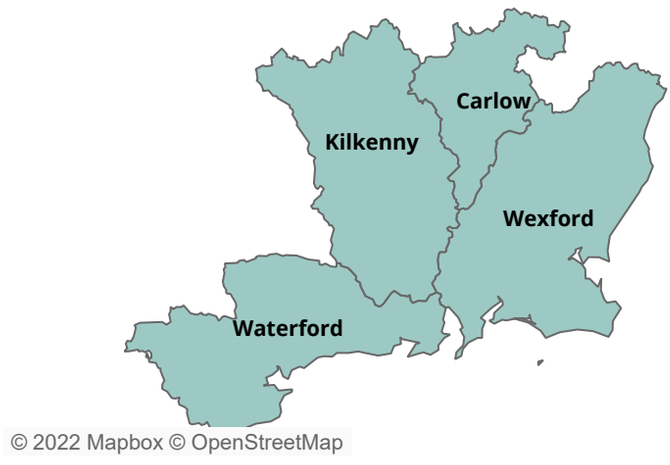
Median Property Value



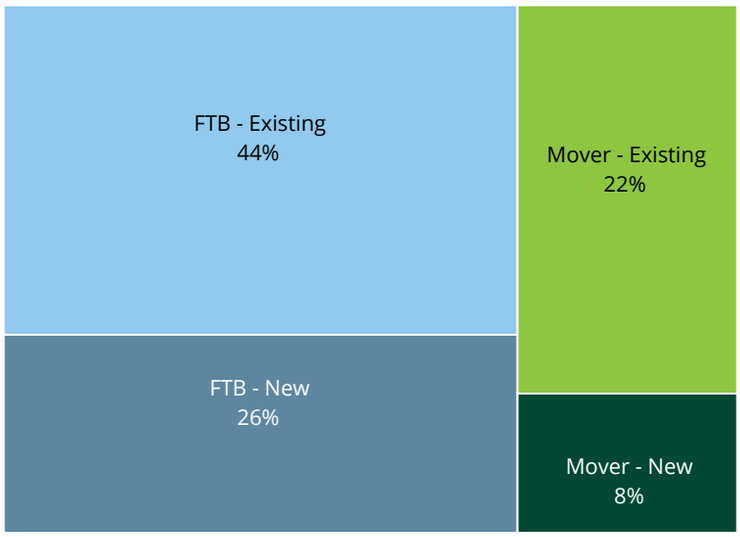
Mortgage Market Profile Report

Banking & Payments Federation Ireland

South East



Customer Type-Property Status Share

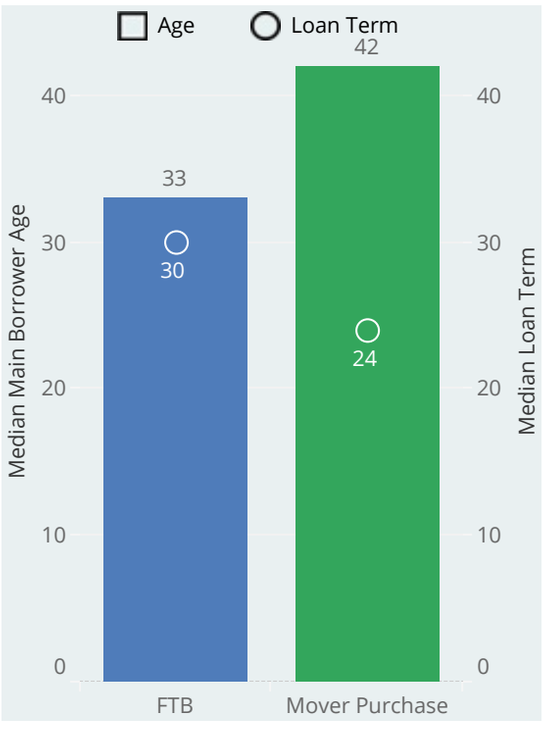


Note: All charts on this page refer to H2 2021.

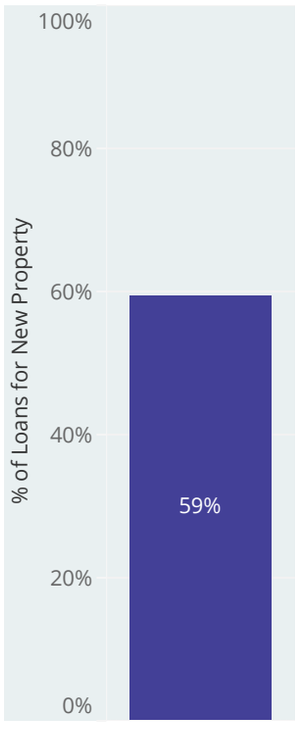
Some 66% of home mortgages were secured on existing properties in the South East region in H2 2021.

More than three quarters of mover purchase mortgages financed the purchase or building of detached houses/bungalows, as did 48% of FTB mortgages. Some 59% of new properties financed were self-builds.

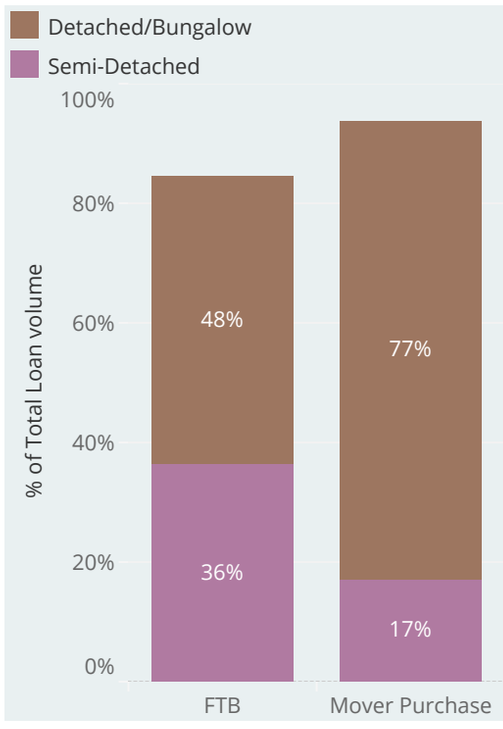
Borrower Age/Loan Term



Self-build % - New



Main Dwelling Types

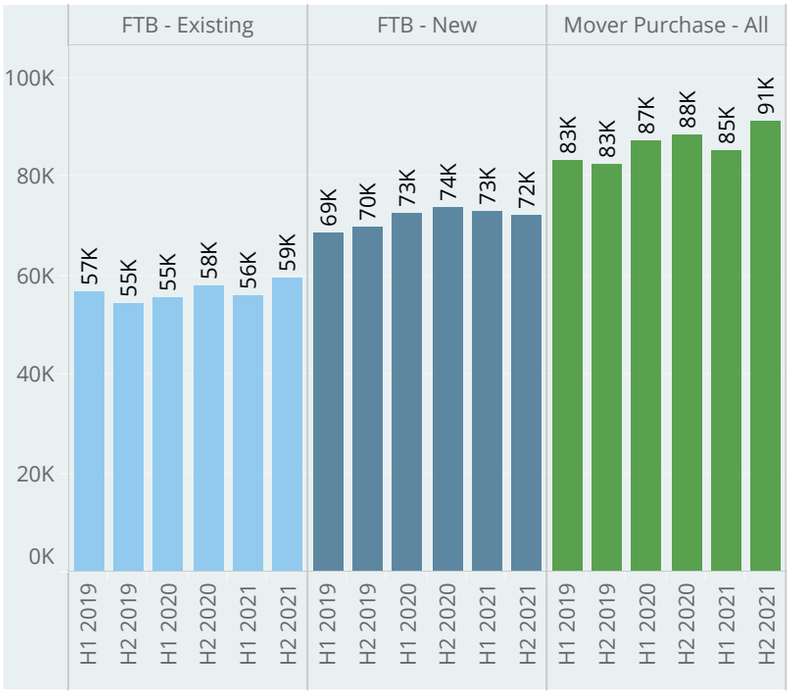


Mortgage Market Profile Report

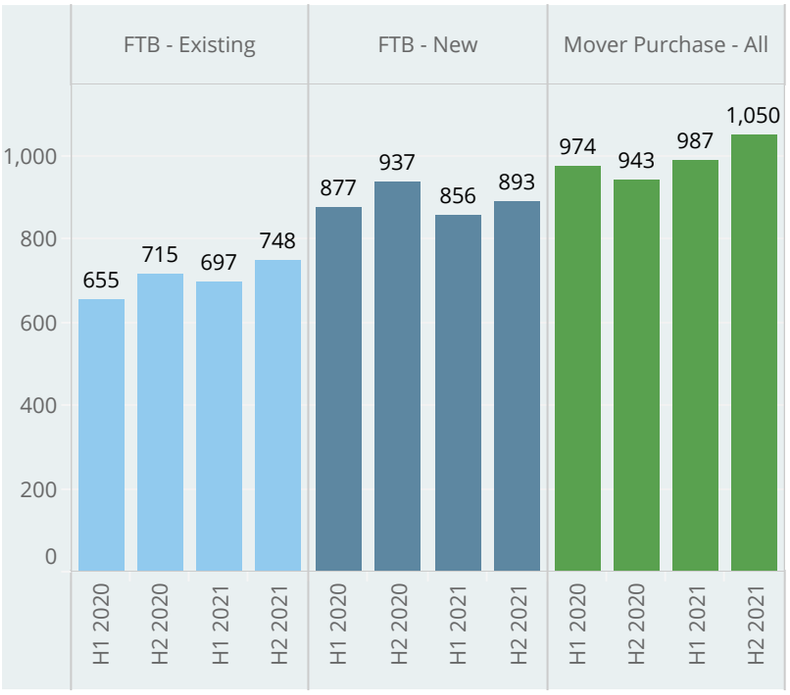
Banking & Payments Federation Ireland

South East

Median Basic Household Income



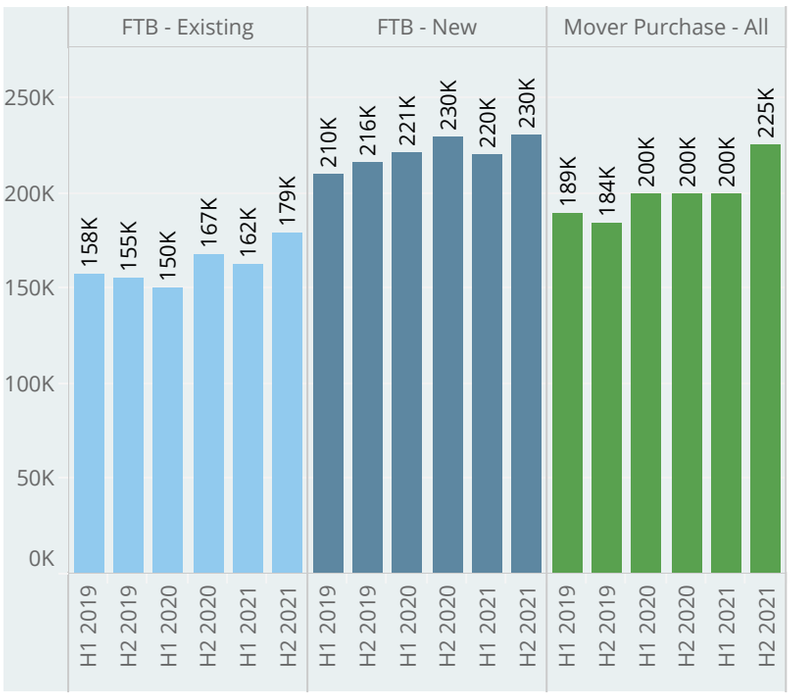
Median Monthly Repayment



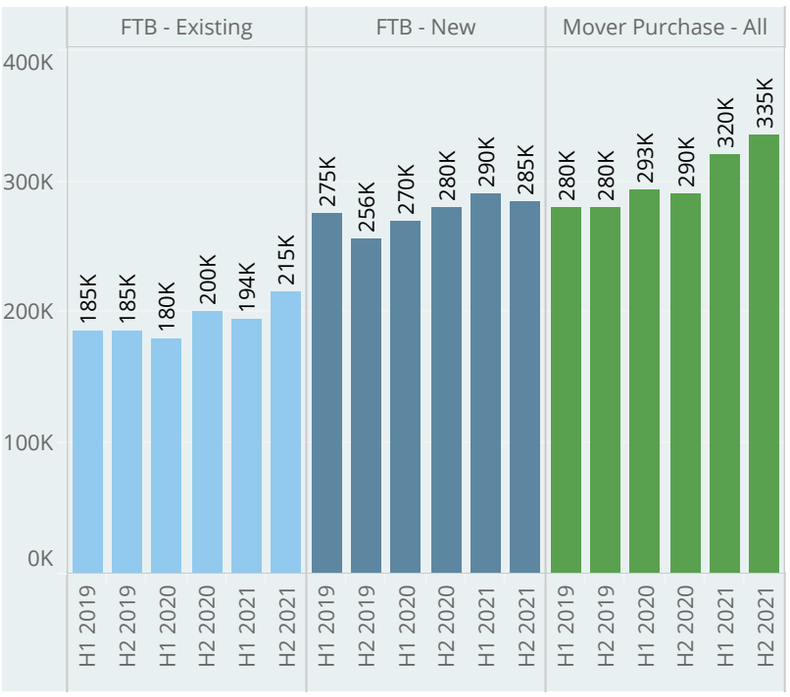
Note: Excluding self-builds

FTB - Existing FTB - New Mover Purchase - All

Median Loan



Median Property Value



Mortgage Market Profile Report

Banking & Payments Federation Ireland

About the Data

BPFI's mortgage drawdown data shows the highs and lows in the market since 2003. In this report, we drill down into the data and ask who, what and where:
- who is taking out home loans?
- what types of loans are they taking out and what types of properties are they building or buying?
- where are the properties being financed and how do borrowers, loans and properties differ around the country?

All data in this report is produced by BPFI unless otherwise stated.

BPFI collects anonymised loan-level data from participating members to enhance our understanding of the mortgage market and to better understand the nature of loans, borrowers and properties financed. BPFI ensures that no individual borrower or property can be identified.

This data complements and aligns with the monthly mortgage approvals and quarterly mortgage drawdowns data published by BPFI. However, this data draws on different data sources so full alignment cannot be guaranteed due to timing and other differences.

The data in this report covers mortgage drawdowns where the customer type has been identified as home buyer or builder and the mortgage financing the property purchase or build is secured on that property.

Note: The median repayment figures for 2020 were restated on 31 May 2022.

Customer Type & Property Status

First-time buyers (FTB) purchase - a loan issued for the purchase of residential property which is to be owner-occupied, where none of the borrowers have ever been an owner occupier (or part owner occupier) of a residential property in Ireland or elsewhere, or have previously had a housing loan.

Mover purchase – a loan issued for the purchase of residential property which is to be owner-occupied, where at least one of the borrowers has been an owner occupier (or part owner occupier) of a residential property in Ireland or elsewhere, or has previously had a housing loan.

New property - a newly built property that has not previously been inhabited.

Existing property - a property that has previously been inhabited.

Participating members

Eight member groups currently provide data:
AIB Group (AIB, EBS, Haven Mortgages);
Avant Money;
Bank of Ireland;
Dilosk/ICS Mortgages;
Finance Ireland;
permanent tsb;
KBC Bank Ireland;
Ulster Bank

Mortgage Market Profile Report

Banking & Payments Federation Ireland

About the Data

Data Definitions

Main borrower age - the age at drawdown of the borrower or main borrower where there is more than one borrower. The main borrower is identified through a combination of borrower income and the order in which the borrower is reported.

Loan term - the length of time in years over which the mortgage has to be repaid.
Self-build proportion - the share of loans secured on new-build homes where the loans are provided for the purpose of financing the building of a new home by the borrower rather than the purchase of a newly built home from a developer/contractor.

Main dwelling types - the type of property on which the mortgage is secured. These may be apartments, terraced houses, semi-detached houses or detached houses/bungalows.

Basic household income - the sum of gross basic annual income (income from the brorower's main occupation before income-related taxes, charges or benefits) for all borrowers. This excludes rental income as well as additional income from the borrower's occupation such as bonuses.

Monthly repayment - the monthly repayment amount (including principal, interest and fees, where applicable) at drawdown and based on the value of drawn balances. Repayments may subsequently increase if further undrawn balances are drawn down. Self-builds are exlcuded from this calculation. This data is only available from H1 2020.

Loan Value - the total value of the loan at drawdown whether or not the loan is drawn down in full at that time.

Property Value - the valuation of the property on which the mortgage is secured. For data before 2020, the property purchase price is used.

About BPFI

Banking & Payments Federation Ireland (BPFI) is the voice of banking and payments in Ireland. Representing over 100 domestic and international member institutions, we mobilise the sector's collective resources and insights to deliver value and benefit to members, enabling them to build competitive sustainable businesses which support customers, the economy and society.

Disclaimer

This report is based on statistical information supplied to BPFI by the mortgage lending institutions listed herein. While every effort has been made to ensure the accuracy of information included in this report, BPFI can accept no responsibility for errors contained herein. This report is not to be reproduced in whole or in part without prior permission. Figures may not sum due to rounding.

For queries, contact Anthony O'Brien, Head of Sector Research & Analysis, BPFI at anthony.obrien@bpfi.ie.

Banking & Payments Federation Ireland,
Floor 3, One Molesworth Street, Dublin 2, D02 RF29, Ireland.
Phone: +353 1 671 53 11 Email: info@bpfi.ie Website: www.bpfi.ie

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