



# BPFI Housing Market Monitor Q4 / 2022

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**With a commentary by Dr Ali Uğur**  
Chief Economist,  
Banking & Payments Federation Ireland

# OVERVIEW OF TRENDS

BPFI HOUSING MARKET MONITOR Q4/2022

Indicator	Latest quarter	One year ago	% change
Dwelling completions	9,148	6,962	31.4%
Dwelling commencements	6,038	6,498	-7.1%
Dwelling planning permissions	7,597	13,450	-43.5%
Transactions	14,410	14,071	2.4%
Yr/yr change in transaction prices	7.8%	14.2%	
Yr/yr change in rent prices*	8.2%	7.0%	
Mortgage approvals	14,417	13,383	7.7%
Mortgage drawdowns	15,888	13,299	19.5%

\*Data available up to Q2 2022



## Robust housing supply and mortgage demand will support housing market in 2023, but cost pressures provide downside risk

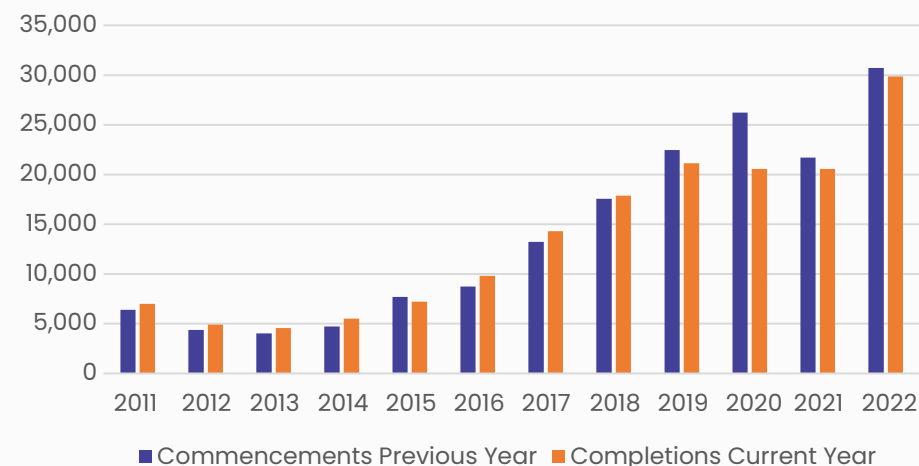
Housing supply recovered significantly in 2022 after lower-than-expected output in 2020 and 2021 due to the pandemic. There were close to 30,000 completions during the year, an increase of 45% from 2021 and 41% from 2019, prior to the pandemic. Activity was very strong in the last quarter of 2022 with 9,148 completions. The scale of the increase in supply can be illustrated by the fact that the level of completions in the last quarter of 2022 was more than 25% higher than the level of completions in the full year in 2015.

Dublin experienced the greatest increase in completions in 2022, at 65.1%, most of which was accounted for by apartment completions. In fact, the number of apartment completions in Dublin at close to 7,000 units was more than the total number of completions in Dublin in the previous year. Apartment completions accounted for over 30% of all completions in 2022 and these completions increased by around a third during the year, whereas scheme completions accounted for just over half of all completions. The number of apartments completed in 2022 was greater than the number of apartments completed in the previous two years combined.

### Pipeline indicates some 27,000 completions in 2023

Commencement figures in the prior year is a good lead indicator of total completions in a year, notwithstanding the break in this link during 2020 due to the pandemic. Between 2010 and 2021 there were nearly 168,000 units commenced which resulted in over 163,000 completed units in the 2011-2022 period. Nearly 27,000 housing units were commenced in 2022, similar to the levels in 2019 pre-pandemic. Commencements figures for January 2023 are also encouraging, with 2,108 housing units started during the month, the

Commencements vs Completions, 2011-2022

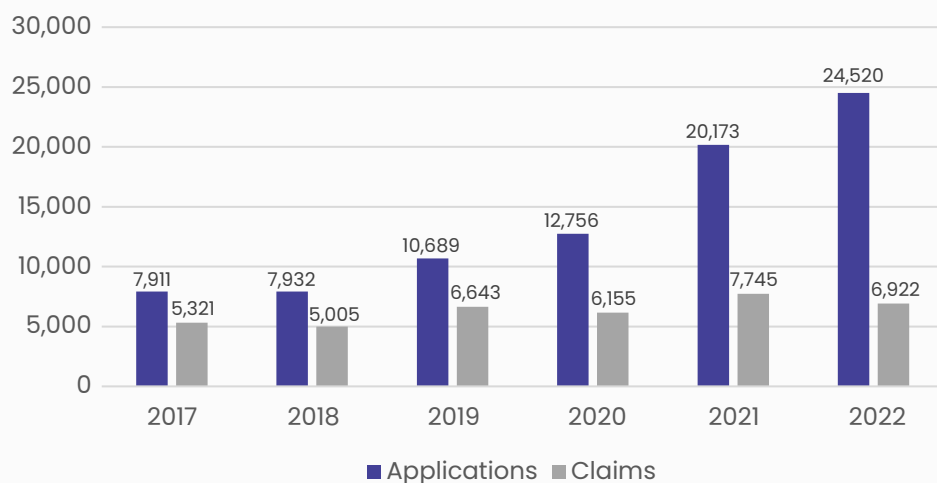


Sources: Central Statistics Office and Department of Housing, Local Government & Heritage

highest level observed in any January period since 2008. We expect the total number of completions in 2023 to be around 27,000 units, however the higher share of apartments in total completions may delay this level of output more than the one-year lag we use as a benchmark.

The significant recovery in the housing supply in 2022 is also reflected in mortgage market activity during the year. There were 52,634 mortgage drawdowns valued at €14.1 billion in 2022 compared with 43,494 drawdowns valued at €10.5 billion in 2021 – representing a 21% increase in volume terms and a 34% rise in value terms. These were the highest drawdown levels since 2008. There was a significant increase in switching activity in 2022 which accounted for nearly 28% of all drawdowns compared to 14% in 2021 in volume terms. This was mainly due to expected interest rate increases by the European Central Bank, which started in the second half of 2022. At the same time, first-time buyer (FTB) activity was still strong and accounted for around 47% of mortgage drawdowns by value in 2022.

**HTB Applications and Claims, 2017-2022 Annual**



Source: Revenue Commissioners

## FTB mortgage demand remains very strong

Mortgage approval activity is useful as a forward-looking indicator for mortgage drawdowns. In annual terms, mortgage approvals volumes reached 58,276 in 2022, an increase of 9% from 2021. The value of approvals jumped by 16% to €15.6 billion. These are the highest levels recorded since the data series began in 2011. January 2023 figures show that mortgages approved were valued at €1 billion, of which FTBs accounted for over 51%. While the volume of non-purchase mortgages (switching and top-ups) increased by 2.1%, this represents a significant slowdown from previous periods.

An important mortgage demand indicator is data published by the Revenue Commissioners for the Help to Buy (HTB) scheme, which supports FTBs buying or building new dwellings. This shows that there were 24,520 applications in 2022 resulting in nearly 7,000 claims. There were more than 7,000 applications to the scheme in January 2023, 36% higher than January 2022, and larger than the total number of claims in the whole of 2022.<sup>1</sup>

Following on from a strong year in terms of housing and mortgage market activity in 2022, we expect robust levels of activity in 2023 both in housing supply and mortgage demand levels. In terms of demand for mortgages, we expect the growth of non-purchase mortgages (switching and top-ups) to continue to slow and the FTB segment to drive activity, especially for new builds, with the continuation of support measures like the HTB scheme and the First Home Scheme as well as the revised rules on loan-to-income ratios under the Central Bank of Ireland’s macroprudential rules for mortgage lending. The slow down in residential property price inflation should help to alleviate affordability concerns especially for FTBs however building cost pressures and further ECB rate increases will provide downside risks to the housing supply outlook and mortgage demand in the short and medium term.

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<sup>1</sup> It’s worth noting that most applications expire at the end of each year so applicants who have not yet claimed must make a new application in the following year.

## New dwellings completed

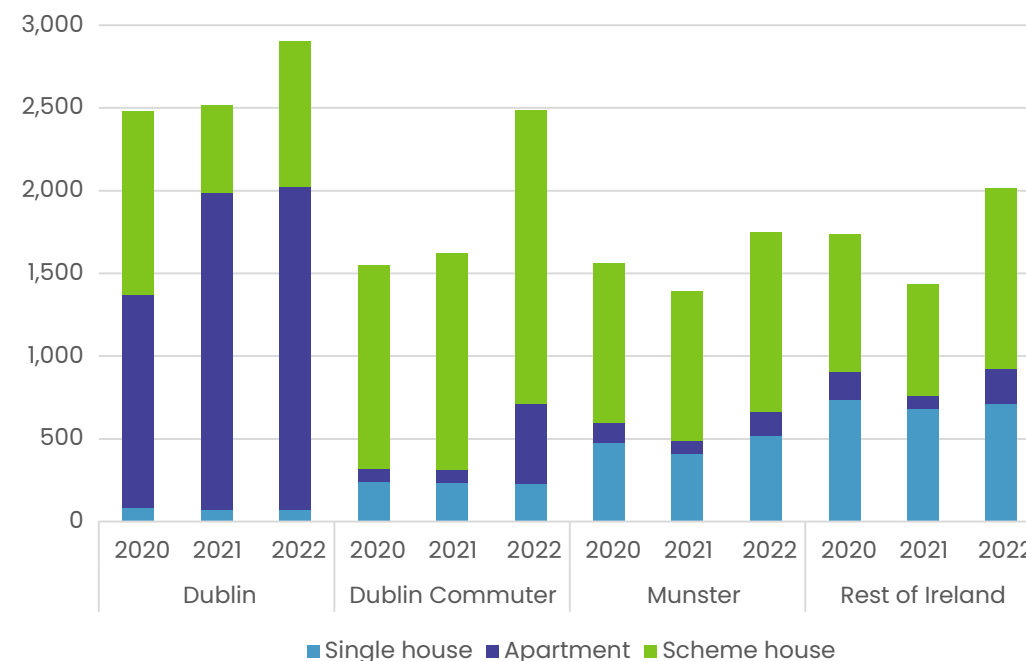
More than 9,100 new dwellings were completed in Q4 2022, according to the Central Statistics Office (CSO), 31.4% more than in Q4 2021 and the highest quarterly volumes since the CSO started reporting quarterly completions in 2011.<sup>1</sup>

Almost 31% of completions (30.7%) in 2022 were apartments, the highest proportion since the data series began.

Dublin accounted for about 34.7% of completions in 2022 and 75.4% of apartment completions. Munster and the Dublin Commuter region (Louth, Meath, Kildare and Wicklow) accounted for about 20.3% and 22.9% of completions, respectively.

Almost 30,000 (29,851) new dwellings were completed in 2022, 45.2% up from 20,553 in 2021. The number of apartments completed grew by 78.7% year on year to 9,166.

Note: Q4 Only. Source: CSO



<sup>1</sup>Under Level 5 public health restrictions imposed to limit the spread of Covid-19, most residential construction closed from 8 January 2021 until 4 May 2021. Similar restrictions were in place during Q2 2020.

# HOUSING SUPPLY

BPFI HOUSING MARKET MONITOR Q4/2022

## New dwellings commenced

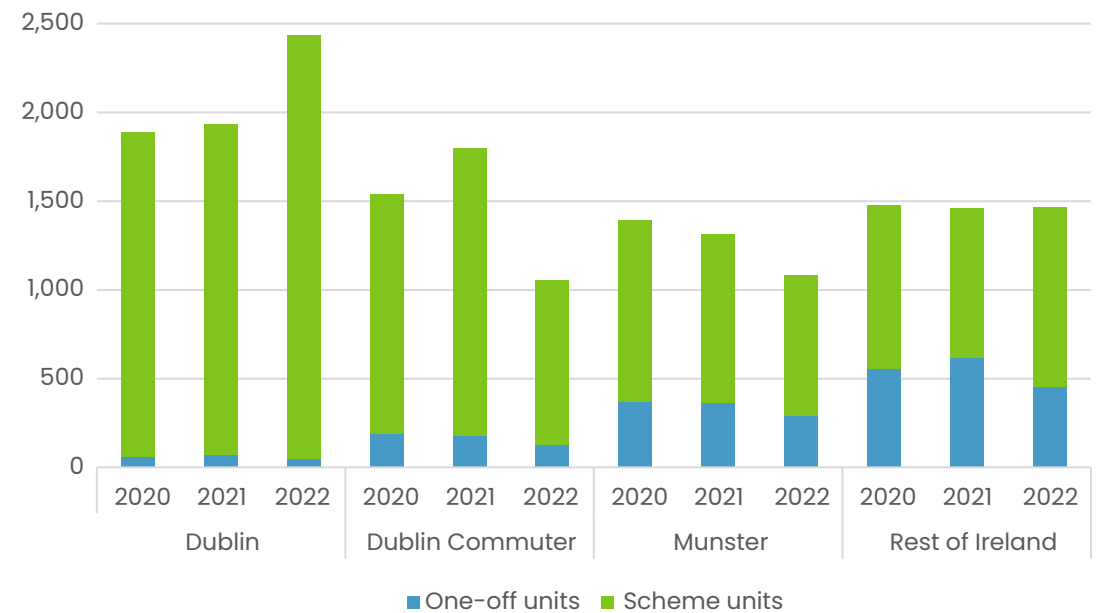
About 6,000 housing units were started in Q4 2022, 7.1% fewer than in Q4 2021. On an annual basis, almost 27,000 units were started in 2022, down by 12.3% compared with 2021.

Comparing with pre-Covid figures, housing starts in 2022 were about 2.7% higher than in 2019. Dublin was the fastest growing region, increasing by 12.2% since 2019 to almost 10,100 in 2022.

Dublin and Dublin Commuter accounted for 37.4% and 21.8%, respectively, of housing starts in 2022.

Some 17.4% of units commenced in 2022 were one-off units, similar to 17.3% in 2021. Four counties had more than 300 one-off housing starts in 2022: Cork, Galway, Donegal and Wexford.

Note: Q4 Only. Source: Department of Housing



## New dwelling planning permissions

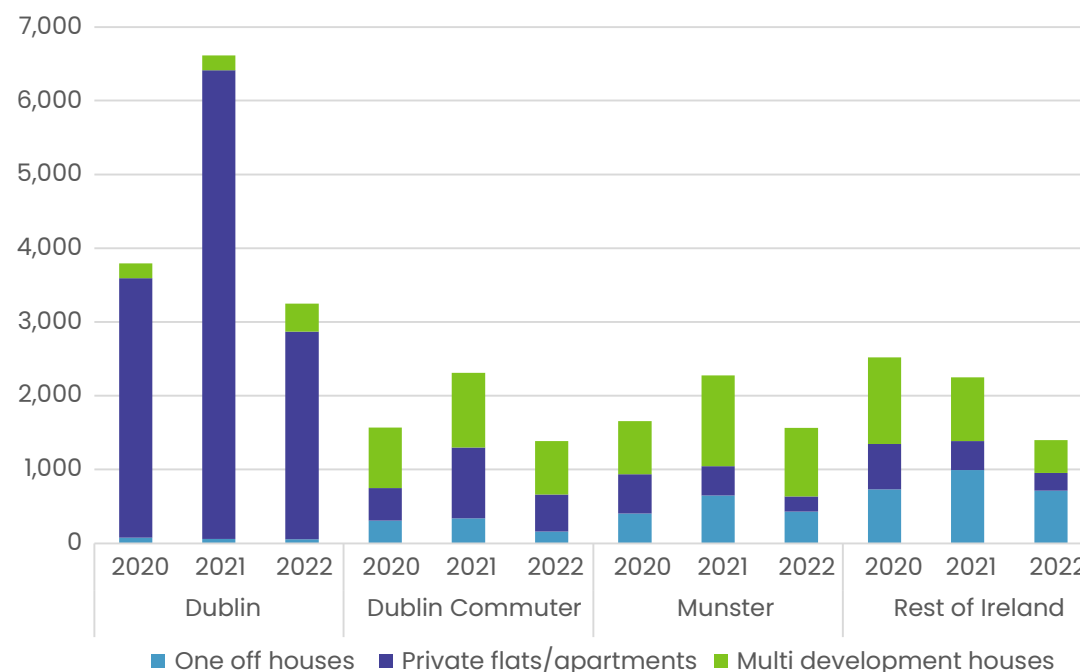
The number of residential units granted planning permission fell by 43.5% year on year in Q4 2022 to 7,597. More than 34,000 housing units were granted planning permission in 2022, down 20.5% from almost 43,000 in 2021.

More than 16,700 apartments were granted planning permission in 2022, about half of the total but 36% fewer than in 2021. Dublin accounted of 64.6% of apartments nationwide but only 7.8% of houses. The contraction in apartment activity contributed to a 39.5% year on year drop in housing units approved in Dublin to 12,156.

The Dublin Commuter region accounted for 11.8% of apartment and 21.7% of house units (27.9% of multi-development houses) granted planning permission in 2022. The number of housing units approved fell by 3.4% in 2022 to 5,752.

By contrast, the number of units granted planning permission in Cork grew by 5.2% to 4,352, while 4,909 housing units were approved in the rest of Munster, an increase of 13.4%. While 14.3% of houses granted planning permission were in Cork, 22.2% were in the rest of Munster.

Note: Q4 only. Source: CSO



## Transaction prices

Residential property price inflation decelerated further in Q4 2022, with prices up by 7.8% in the twelve months to December 2022, compared with an increase of 14.2% in the year to December 2021. The CSO's national index rose to 169, which is the highest level since the historical data series began in 2005.

Prices for new dwellings were 10% up year on year, while prices of existing dwellings were 8.3% higher.

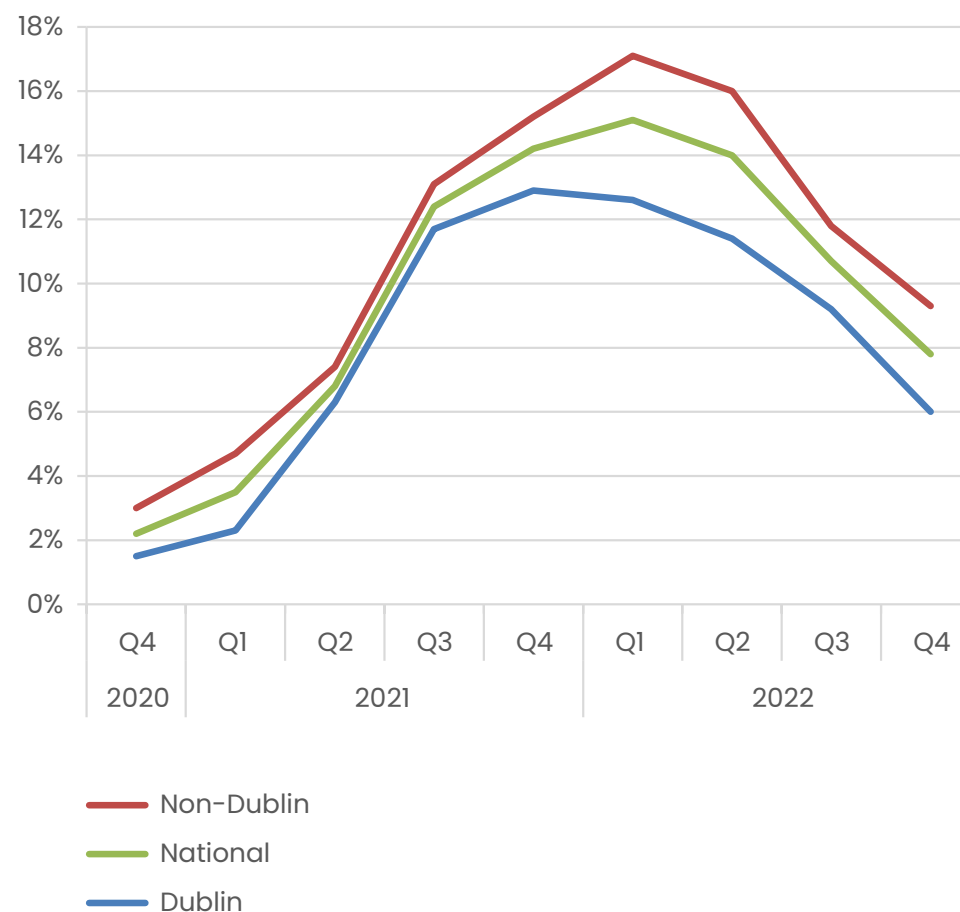
Prices in Dublin rose by 6% in the year to December 2022, with house prices in Dublin increasing by 6.1% year on year and apartment prices in the county by 5.4%.

Residential property price inflation outside Dublin rose by 9.3% year on year, with house prices up by 9.6%.

Prices vary significantly by location, type and status. At more than €401,000, the median new house price was 24% or €96,000 higher than the median existing house price in December 2022 (based on filings of household purchases at market prices).

Eight local government areas (all of Dublin, Kildare, Meath, Wicklow and Galway City) had median residential property prices at or above the national median price of about €305,000 in the twelve months ending December 2022. By contrast, eight counties had median prices of less than €200,000.

Source: CSO





## Rents

The annual rate of rental inflation was 8.2% in Q2 2022 with the national standardised rent level increasing to €1,464, according to the Residential Tenancies Board (RTB), based on new rental tenancies.

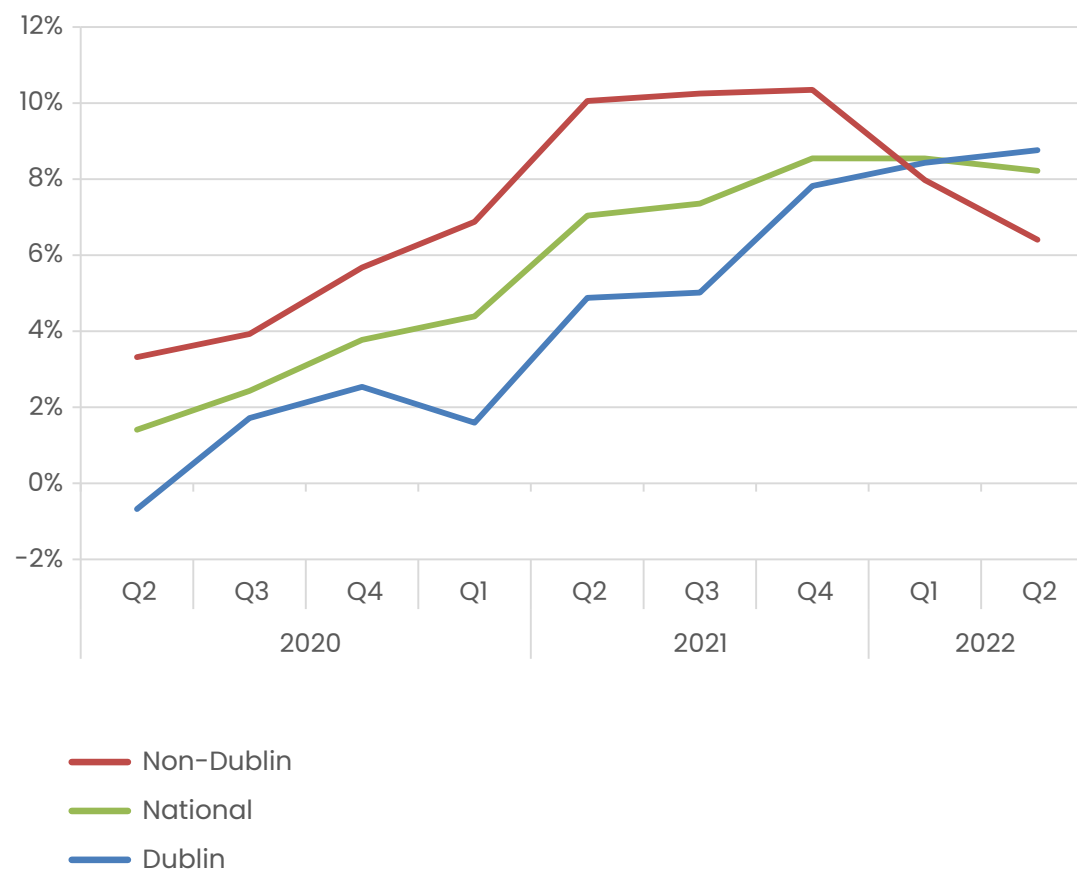
Fourteen counties had standardised rent levels of more than €1,000, led by Dublin at €2,011, which was 8.8% higher than in Q2 2021. All other Leinster counties, except Longford and Offaly, had average rents above €1,000. While 15 counties reported their highest standardised rent level since the data series began in Q3 2007, in seven other counties, it was the second highest.

Standardised rent levels fell in two counties, when compared with Q2 2021, with rents down by 2% in Wicklow and 1.1% in Kildare.

Some 19.4% of new tenancies involved rents of more than €2,000 per month in Q2 2022, up from 13.7% a year earlier. In Dublin, 37.3% of properties paid rent of more than €2,000, with a further 36.5% paying between €1,501 and €2,000. Outside Dublin, 46.1% paid between €501 and €1,000.

About 60.9% of new tenancies were for were apartments or flats in Q2 2022, up from 51.9% in Q2 2017. Some 77.8% of new tenancies in Dublin in Q2 2022 were for apartments/flats.

Source: RTB



# PROPERTY TRANSACTIONS

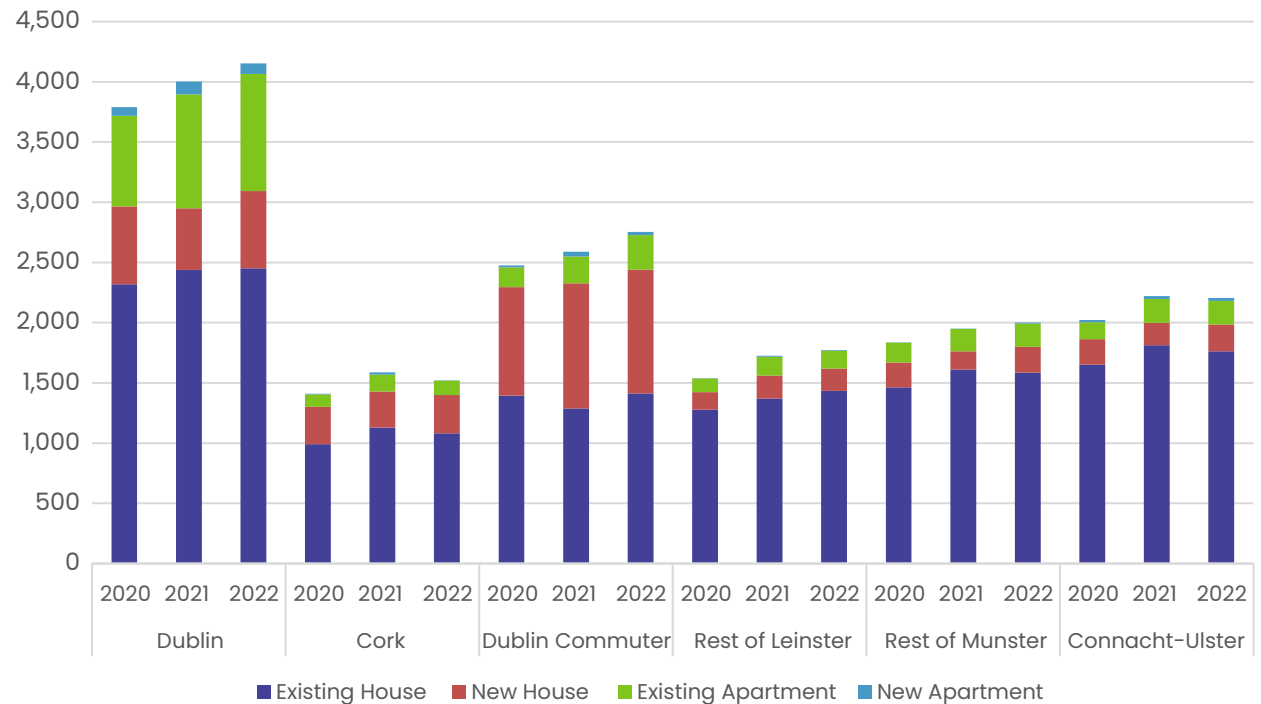
Household market purchases of residential property rose by 2.4% year on year to 14,410 in Q4 2022. On an annual basis, there were 50,025 purchases in 2022, the highest level since the data series began in 2010.

Dublin was the largest housing market in 2022 with more than 14,600 household market purchases, 10.2% more than in 2021 and giving it a 29% share of the national market. Dublin accounted for more than half (52.9%) of apartment sales.

The fastest growing housing market in 2022 was the Dublin Commuter region, with household market purchases up by 13.6% year on year to 9,002. Within that, the number of apartment purchases exceeded 1,000 for the first time. The region also accounted for 37% of household purchases of new houses.

In all other regions, existing properties accounted for between 80% and 90% of household property purchases in 2022.

Note: Q4 only. Source: CSO



\*This data is based on stamp duty filings with the Revenue Commissioners reported by the CSO for purchases of residential properties by households at market prices. It excludes properties purchased at non-market prices and by non-household buyers.

## Mortgage Approvals

Mortgage approval volumes rose by 7.7% year on year in Q4 2022 to more than 14,400. This was the highest Q4 volume since the data series began in 2011. Most of the growth was driven by switching activity with non-purchase mortgage volumes up 73.3% year on year to more than 4,500.

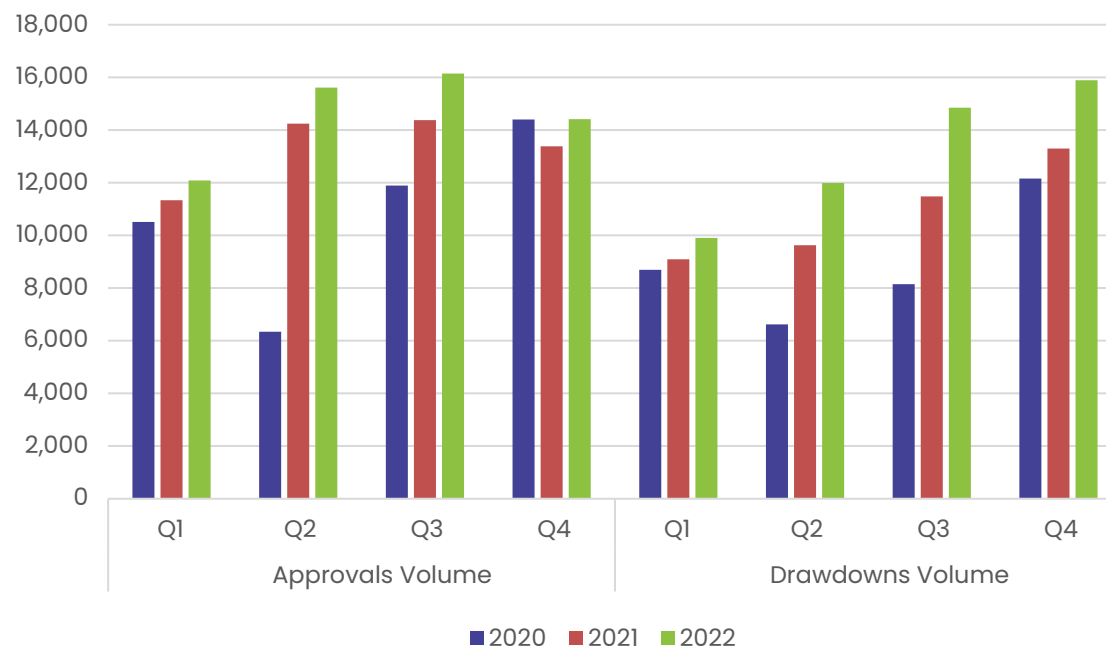
First-time buyer (FTB) approval volumes fell by 8.3% year on year to almost 6,700, while mover purchase volumes fell by 6.1% to 2,947, the second lowest Q4 volume since 2015.

## Mortgage Drawdowns

Mortgage drawdown volumes rose by 19.5% year on year to almost 15,900 in Q4 2022. This was the highest quarterly level since Q4 2008. The growth in drawdowns was also fuelled by switching activity with the number non-purchase drawdowns up 91.4% year on year to almost 5,200.

FTBs drew down more than 7,400 mortgages, up 2.7% year on year and the highest quarterly volume since Q3 2007. On an annual basis, total drawdown volumes rose by 21% year on year to 52,634, the most since 2008. There were 25,196 FTB drawdowns in 2022, the most since 2007.

Source: BPFI



The information presented here is based on a range of publicly available reports and datasets and collated by Banking & Payments Federation of Ireland. It is intended to bring together the range of housing and mortgage market data available and to constructively inform on-going analysis and assessment of the housing and mortgage market.

Figures are presented by quarter and by region, where possible. Unless otherwise specified, quantities given for quarters (and/or regions) are totals, while prices are averages for the entire quarter. The sources used for compiling the report are as follows:

- the Department of Housing, Local Government and Heritage [dwelling commencements]
- the Central Statistics Office [new dwelling completions, planning permissions, number of housing sales transactions, residential property price indices]
- Residential Tenancies Board [rental prices]
- Banking & Payments Federation of Ireland [mortgage approvals, drawdowns]

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