



# BPFI Housing Market Monitor Q2 / 2023

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**With a commentary by Dr Ali Uğur**  
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# OVERVIEW OF TRENDS

BPFI Housing Market Monitor Q2/2023

Indicator	Latest quarter	One year ago	% change
Dwelling completions	7,353	7,619	-3.5%
Dwelling commencements	8,212	7,152	14.8%
Dwelling planning permissions	8,723	11,374	-23.3%
Transactions	11,722	11,270	4.0%
Yr/yr change in transaction prices	2.2%	14.0%	
Yr/yr change in rent prices*	8.9%	6.8%	
Mortgage approvals	13,593	15,619	-13.0%
Mortgage drawdowns	9,896	11,985	-17.4%

\*Data available up to Q1 2023



## Robust new housing supply expected to continue supported by strong demand

Average residential property prices declined on a month-on-month basis both at the national level and in Dublin in the first five months of 2023. The latest Central Statistics Office (CSO) data shows that month on month, average prices increased by 0.6% at the national level and 0.3% in Dublin in June 2023. On a year-on-year basis, residential property prices increased by 2.2% in Ireland in June 2023. This compares with an increase of 2.6% in the year to May 2023. Average prices in Dublin fell by 0.9% in the twelve months to June 2023. As of June 2023, Dublin residential property prices were 9.2% lower than their February 2007 peak, while residential property prices in the rest of Ireland were 3.2% higher than their May 2007 peak.

A significant gap is emerging between new and existing homes in terms of average yearly price changes. Average prices of existing homes were 0.6% higher in the second quarter of 2023 than the corresponding period in 2022, whereas average prices of new homes increased by 11% during the same period.

According to the latest data from the CSO, there were almost 7,400 completions in the second quarter of 2023, a small decline of 3.5% compared with the same period in 2022. However, this drop in the total number of completions between the Q2 2022 and Q2 2023 was solely due to the 18.9% decline in apartment completions. In total, there were 14,107 units completed in the first half of 2023 compared with 13,247 units during the same period in 2022, a 6% increase over the period. Overall, Dublin accounted for around 35% of all completions in the first half of 2023. On a rolling twelve-month basis, a total of 30,546 units were completed in the twelve months ending June 2023 compared with 24,841 units during the twelve months ending June 2022. If the sector continues to build at the rate seen since the start of 2022, it is likely that total completions in 2023 could reach over 30,000 units.



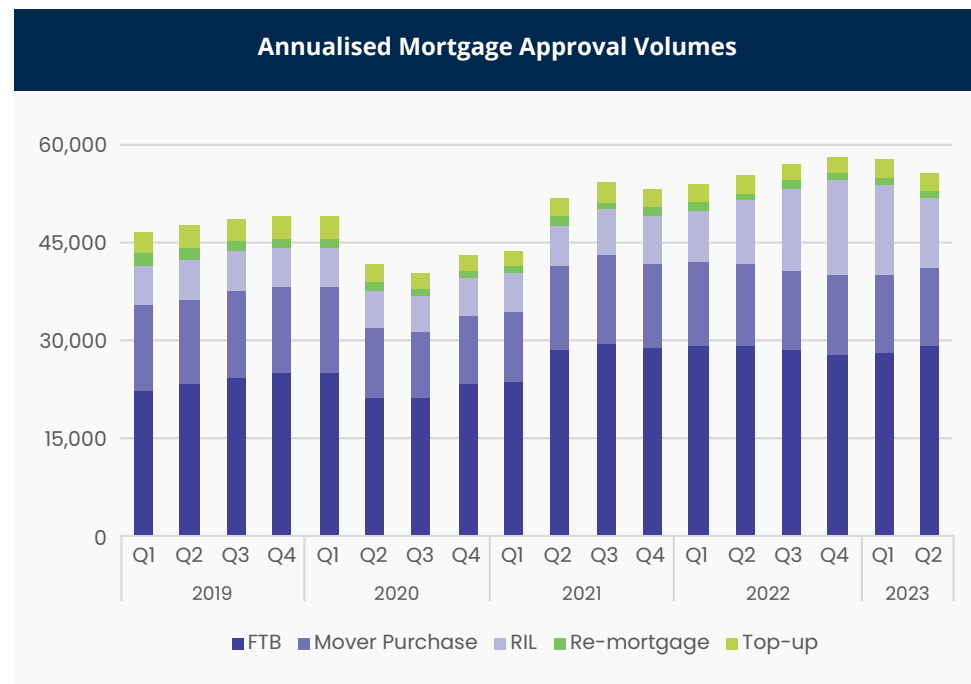
Source: Central Statistics Office (CSO)

In terms of future activity, we see that 18,546 units were commenced in the first seven months of 2023 compared with 16,587 units in the same period in 2022. There were 28,916 units commenced in the twelve months to July 2023, similar to the level observed in the same period in 2022, which is an encouraging sign of activity for future completions.

Looking at the mortgage market activity, the latest Banking & Payments Federation Ireland (BPFI) data show that in the first half of 2023, there were 20,389 mortgage drawdowns valued at €5.6 billion. Compared with the first half of 2022, mortgage activity was flat in terms of value and there was a 7% decline in terms of volumes. However, this decline in the volume of mortgage drawdowns was mainly due to the significant drop in the switching activity, by around 31% in the first half of 2023 compared with the same period in 2022. First-time buyers (FTBs) accounted for around 55% of all mortgage drawdowns in volume terms in the first half of the year.

The total number of approvals in the first seven months of 2023 was 29,935 with a total value of around €8.5 billion, similar to the level observed during the same period in 2022. The significant decline in switching activity is also evident from the approvals data, where activity decreased by around 65% in value terms and 64% in volume terms in the first seven months of this year compared with the same period in 2022. Notwithstanding the wider market slowdown in mortgage approval activity, FTB activity remained strong. In the twelve months ending July 2023, there were nearly 30,000 FTB mortgages approved valued at nearly €8.4 billion, the highest annualised levels since the date series began in 2011.

It is likely that overall mortgage activity at the end of 2023, in terms of the number of approvals and drawdowns, will be lower than the levels observed in 2022, as there was significant switching activity in the second half of 2022 which is unlikely to reach similar levels for the same period in 2023. In fact, most of



Source: BPFI

the switching activity in 2022 happened in the second half of the year, hence we are likely to see significant year-on-year decline in switching activity for the rest of the year. At the same time, with strong economic fundamentals and latent demand, we expect solid demand for mortgages from the FTB segment, which accounted for almost 62% of the volume and value of mortgage approvals in July 2023.

While approval numbers are good indicators of future activity, in terms of effective demand for mortgages, the government's Help to Buy and First Home Scheme provide useful indicators in terms of future potential FTB mortgage demand. In the first eight months of 2023, there were 23,635 applications to the Help to Buy scheme, compared with 19,354 in the same period in 2022. About 4,800 claims had been made in 2023 to date, leaving a large volume of applications in the pipeline. Similarly, the First Home Scheme reported about 1,900 approved applications for the scheme up to the end of June 2023, with 456 homes bought under the scheme.

CSO Census 2022 data shows that the housing situation of many households changed between 2011 and 2022. Owner occupied dwellings accounted for 66% of homes in 2022. Within that, the number of homes owned with a mortgage fell by 9% between 2011 and 2022 to 531,000 while the number owned without a mortgage jumped by 20% to almost 680,000.

The number of homes rented privately increased by 8% to about 331,000. Many of these renters are likely to seek to buy in the future. In addition to renters, CSO Census 2022 found that more than 175,000 adults aged between 25 and 39 were living with their parents (17% of that age group), up from 151,000 in 2011. Combined, these cohorts indicate that there is significant medium term demand for housing both for purchase and rental.

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## New dwellings completed

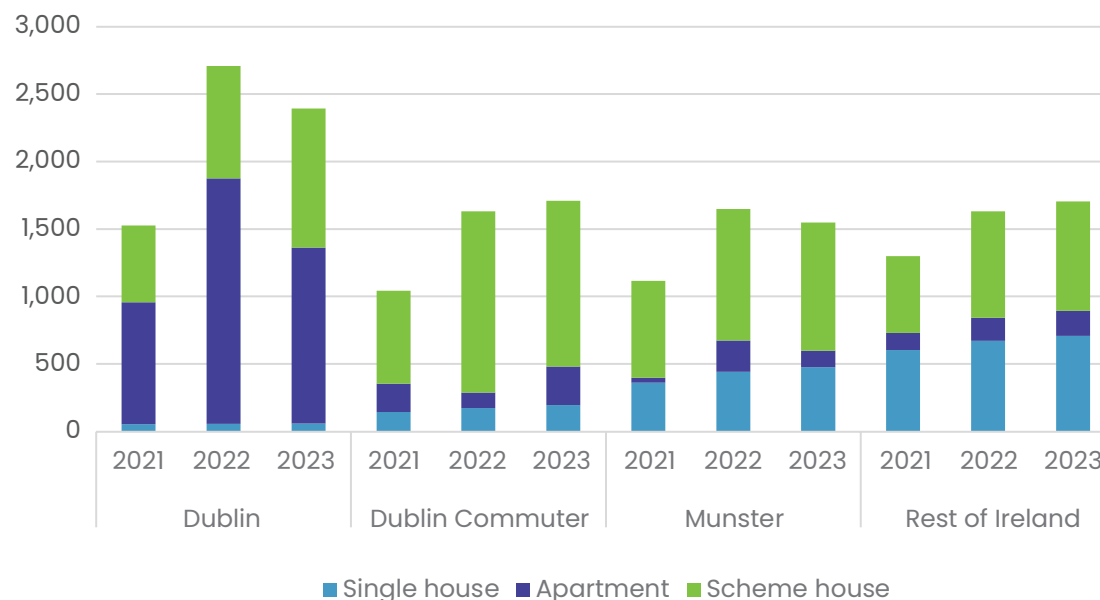
Almost 7,400 new dwellings were completed in Q2 2023, according to the Central Statistics Office (CSO), 3.5% less than in Q2 2022.

There were more than 4,000 scheme house completions in Q2 2023, an increase of 2% year on year. Scheme houses accounted for 54.6% of completions in the quarter.

Dublin accounted for about 32.5% of all completions in Q2 2023 and 68.7% of apartment completions. Munster and the Dublin Commuter region (Louth, Meath, Kildare and Wicklow) accounted for about 21.1% and 23.2% of completions, respectively.

While the number of scheme house completions in Dublin rose by 23.9% year on year to 1,030, apartment completions in the region fell by 28.4% to 1,304.

Note: Q2 Only. Source: CSO



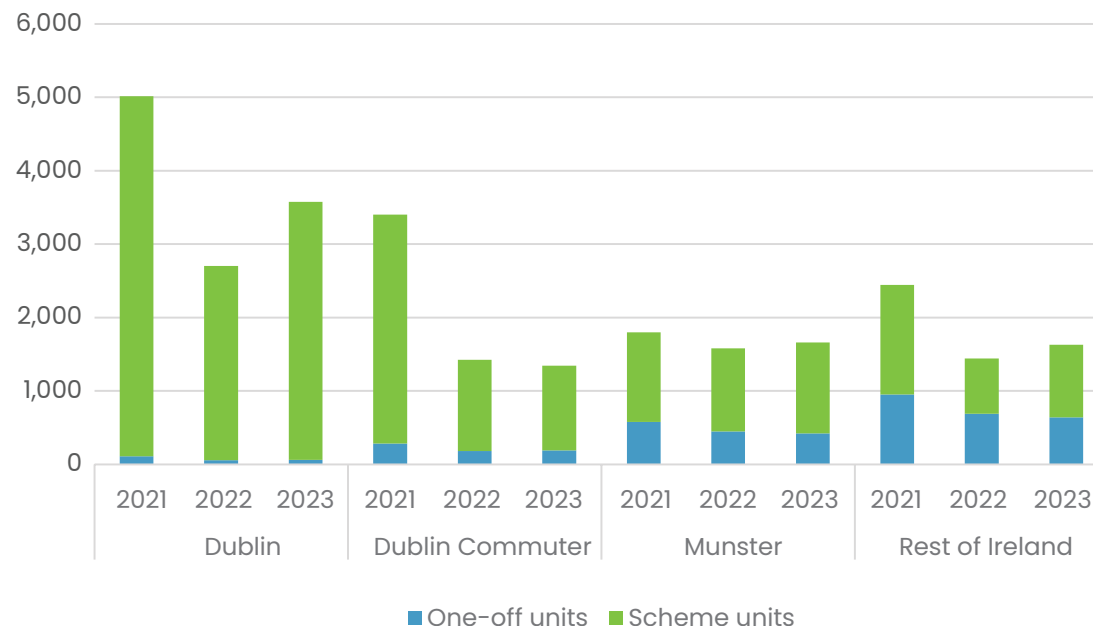
## New dwellings commenced

More than 8,200 housing units were started in Q2 2023, 14.8% more than in Q2 2022 and the highest quarterly total since Q3 2021.

Dublin and Dublin Commuter accounted for 43.6% and 16.4%, respectively, of housing starts in Q2 2023. Almost 3,600 dwellings were commenced in Dublin, 32.3% more than in Q2 2022. By contrast, Dublin Commuter housing starts fell by 5.4% to about 1,300 over the same period. Commencements fell by 4.3% year on year in Cork but rose by 14.5% in the rest of Munster.

Only 16.1% of units commenced in Q2 2023 were one-off units. Connacht-Ulster was the only region in which more than a half of housing starts were one-offs, at 60.8%, all other regions were below 30%.

Note: Q2 Only. Source: Department of Housing



## New dwelling planning permissions

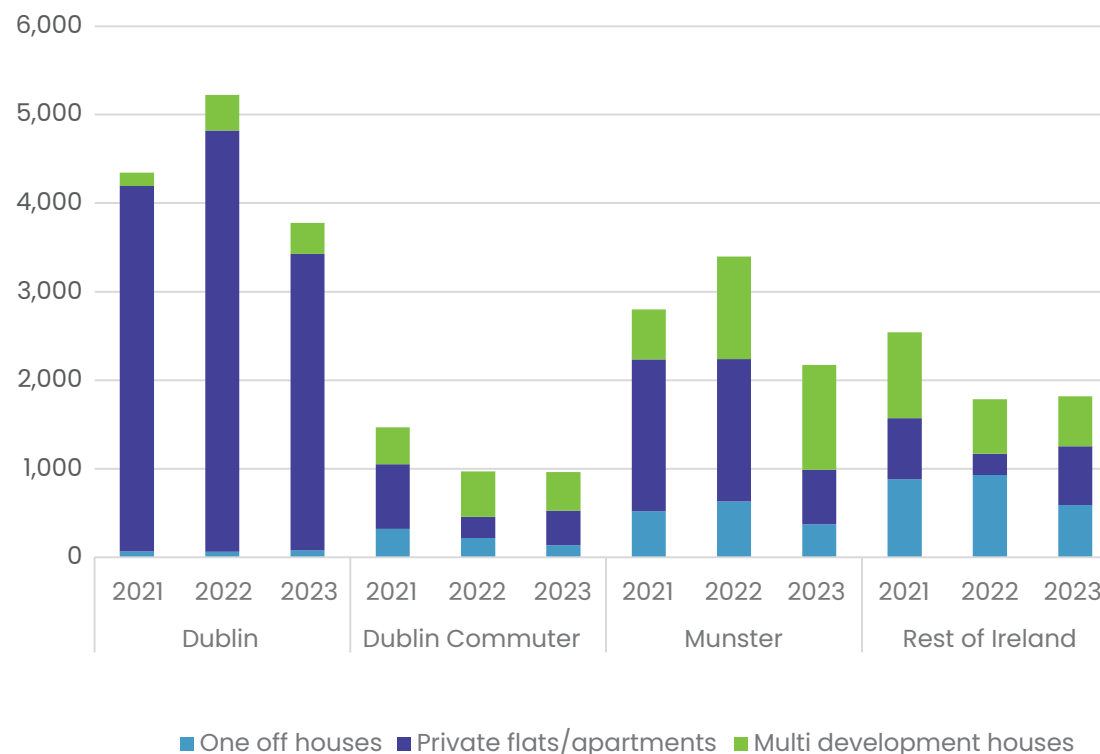
The number of residential units granted planning permission fell by 23.3% year on year in Q2 2023 to 8,723.

More than 5,000 apartments were granted planning permission in Q2 2023, some 58% of all units. Dublin accounted for about two-thirds of apartments and 12% of houses approved. Dun Laoghaire-Rathdown County Council alone accounted for 34.8% (1,747) of apartment units approved.

Cork accounted for 31.1% of multi-development houses and 9.1% of apartments granted planning permission in Q2 2023.

In the first half of 2023, the number of units granted planning permission rose by 2.7% year on year to 20,382. Dublin accounted for 76% of apartment units and 41% of multi-development houses granted planning permission. A 37% increase in multi-development houses approved more than offset a 34% drop in one-off houses approved.

Note: Q2 only. Source: CSO





## Transaction prices

Residential property price inflation decelerated further in Q2 2023, with prices up by 2.2% in the twelve months to June 2023, compared with an increase of 14% in the year to June 2022.

Prices for new dwellings were 11% up year on year, while prices of existing dwellings were 0.6% higher.

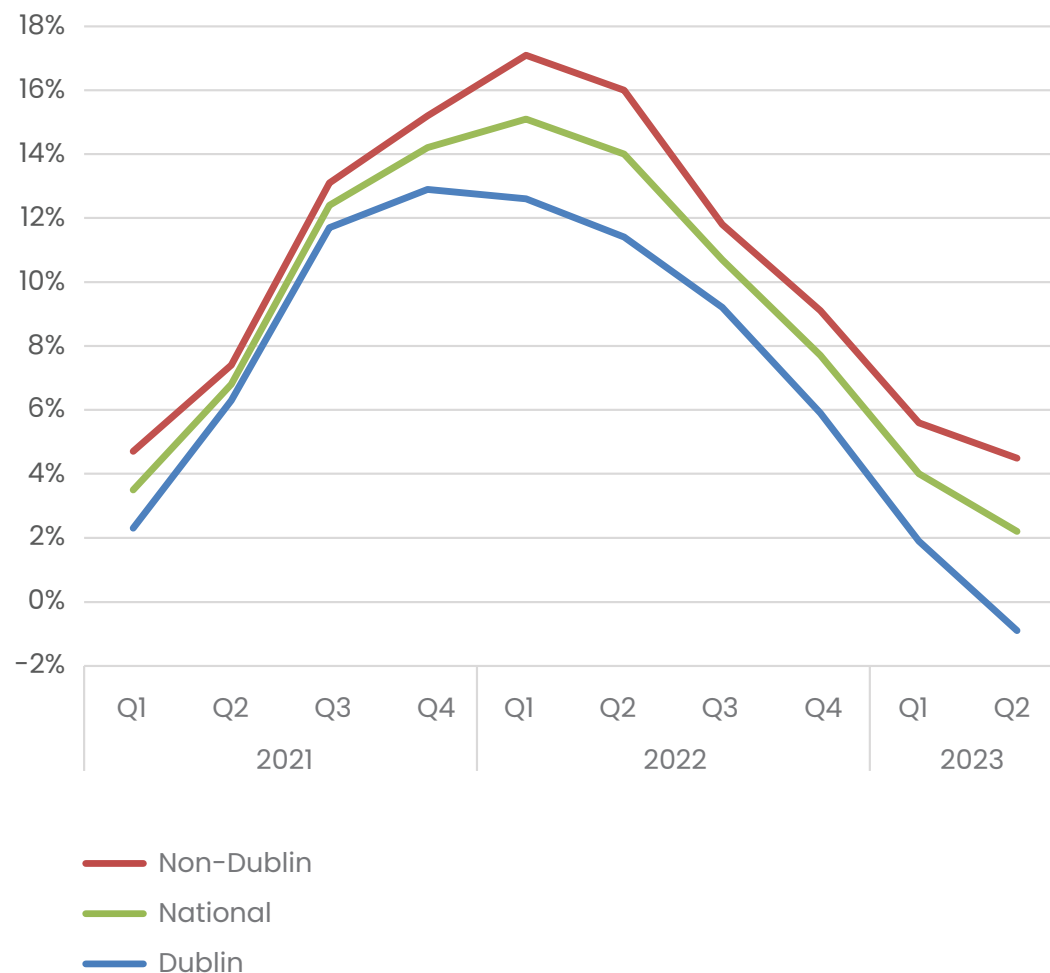
Prices in Dublin decreased by 0.9% in the 12 months to June 2023, with house prices in Dublin falling by 1.1% year on year and apartment prices in the county by 0.2%.

Residential property price inflation outside Dublin rose by 4.5% year on year, with house prices up by 4.7%.

Prices vary significantly by location, type and status. At almost €415,000, the median new house price was 38% or about €115,000 higher than the median existing house price in June 2023 (based on filings of household purchases at market prices).

Nine local government areas (all of Dublin, Kildare, Meath, Wicklow Cork County and Galway City) had median residential property prices at or above the national median price of about €325,000 in June 2023. By contrast, eight counties and Waterford City had median prices of less than €200,000.

Source: CSO



## Rents

Source: RTB

The annual rate of rental inflation was 8.9% in Q1 2023 with the national standardised rent level increasing to €1,544, according to the Residential Tenancies Board (RTB), based on new rental tenancies.

Sixteen counties had standardised rent levels of more than €1,000, led by Dublin at €2,102, which was 8% higher than in Q1 2022. All other Leinster counties, except Longford and Offaly, had average rents above €1,000. While 18 counties reported their highest standardised rent level since the data series began in Q3 2007, in six other counties, it was the second highest.

Standardised rent levels did not fall in any county, when compared with Q1 2022, but rents increased by more than 10% in 15 counties.

Some 22.3% of new tenancies involved rents of more than €2,000 per month in Q1 2023, up from 17.9% a year earlier. In Dublin, 17.4% of properties paid rent of more than €2,500, with a further 26.8% paying between €2,001 and €2,500. Outside Dublin, 43.5% paid €1,000 or less.

The number of new tenancies registered with the RTB and used in its analysis was 14,085, 8.2% less than in Q1 2022 and 25% below the level in Q1 2020.



# PROPERTY TRANSACTIONS

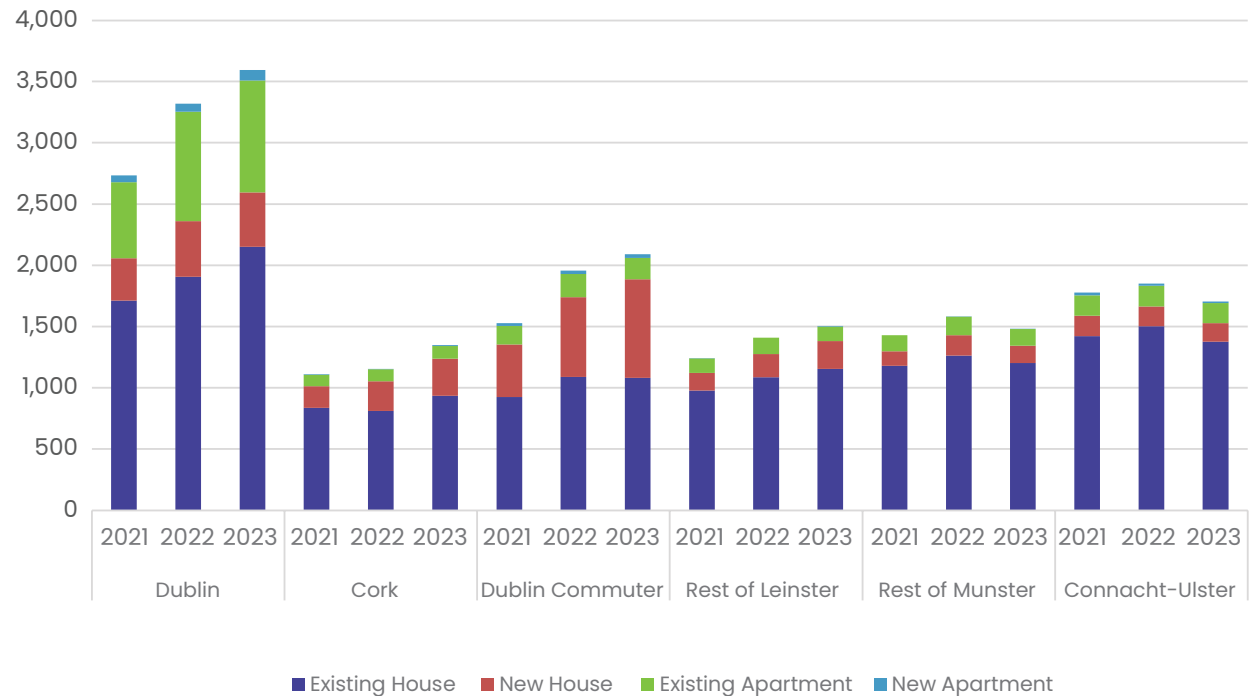
Household market purchases of residential property rose by 4% year on year to 11,722 in Q2 2023. On an annual basis, there were 50,611 purchases in the twelve months ending June 2023, the second highest level, after the twelve months ending May 2023, since the data series began in 2010.

Dublin was the largest housing market in Q2 2023 with almost 3,600 household market purchases, 8.3% more than in Q2 2022 and giving it a 30.7% share of the national market. Dublin accounted for more than half (56.9%) of apartment sales.

In terms of property type and dwelling status, apartments accounted for 14.9% of sales in Q2 2023, while existing houses accounted for 67.4% of sales.

Kildare, Dublin and Cork accounted for 21.5%, 21.4% and 14.7%, respectively, of new house sales in Q2 2023.

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 decreased by 13% year on year in Q2 2023 to less than 13,600.

First-time buyer (FTB) approval volumes rose by 13% year on year to 8,600 while mover purchase volumes fell by 5.8% to 3,004.

Re-mortgage or switching activity fell by 75.6% year-on-year to 929, dropping below 1,000 for the first time since Q3 2017.

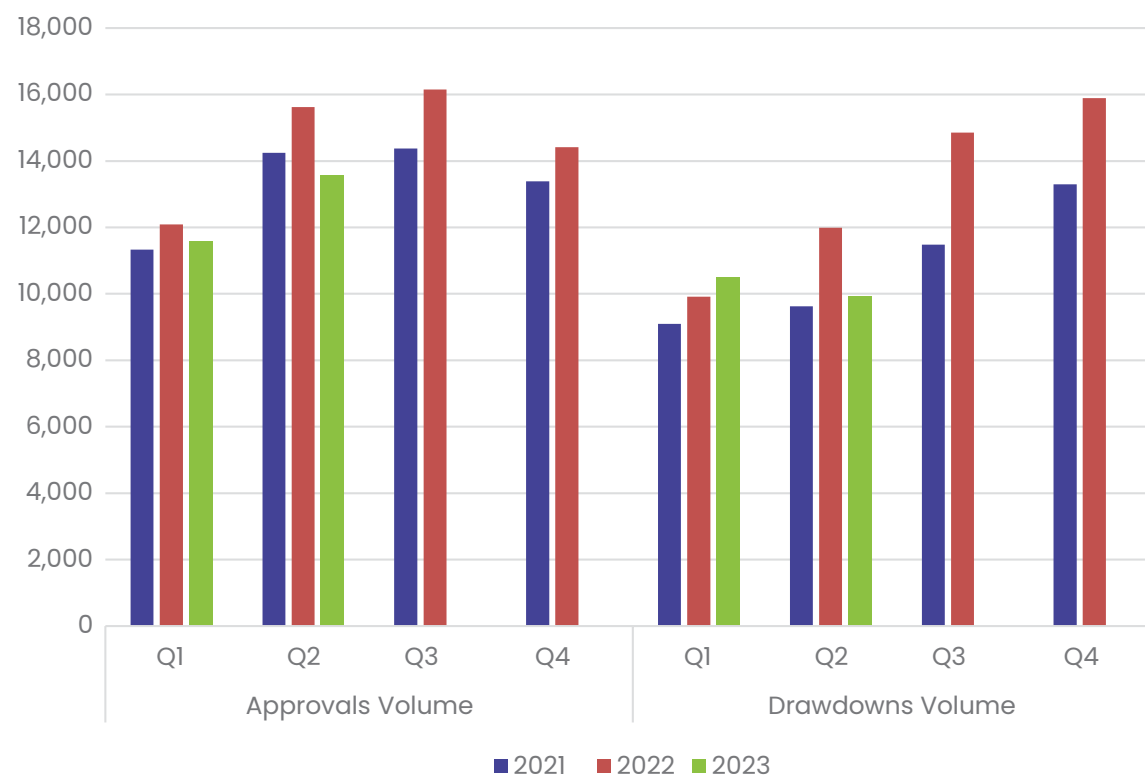
## Mortgage Drawdowns

Mortgage drawdown volumes fell by 17.4% year on year to almost 9,900 in Q2 2023.

FTBs drew down almost 6,000 mortgages, down 0.4% year on year. Mover purchase volumes have fallen by 12.6% year on year to 2,163.

Re-mortgage drawdown volumes fell by 63.8% year on year to less than 1,000.

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 Ireland [mortgage approvals, drawdowns]

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