



Banking & Payments
Federation Ireland

Mortgage Market Profile Report

H1 2023





Mortgage Market Profile Report

Commentary

Anthony O'Brien, Head of Sector Research & Analysis

Mortgage switching activity surged in late 2022 in response to the European Central Bank's interest rate increases from July 2022. That wave of switching ebbed in early 2023.

First-time buyers (FTBs) still led the way with 11,313 drawdowns valued at almost €3.2 billion. These were the highest H1 FTB volumes and values since H1 2007.

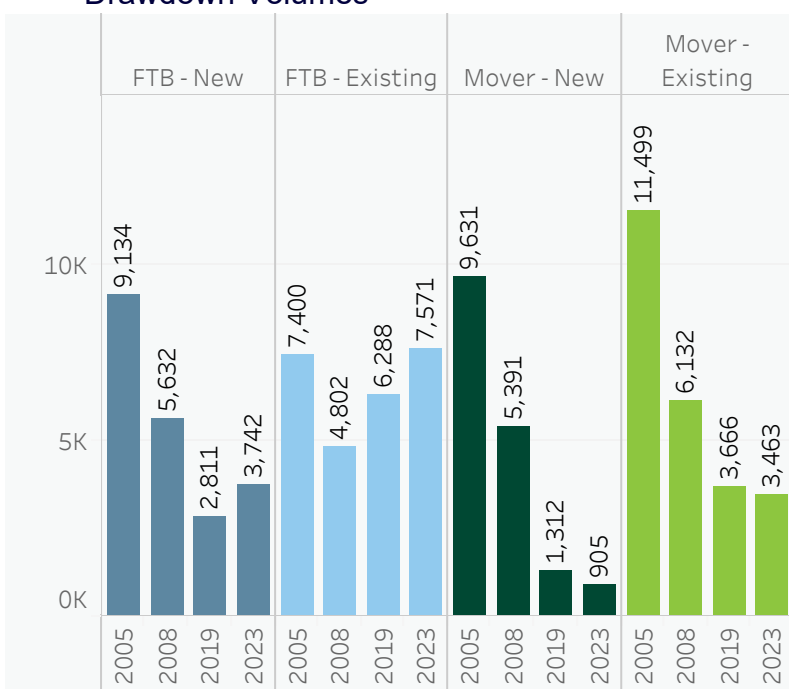
This analysis mainly looks at how the market for home mortgages, which includes FTBs and mover purchase (mover), has changed recent years and how current activity compares with the previous periods: 2005, when lending activity peaked; and 2008, when the average drawdown peaked.

While the number of FTB loans on existing properties (FTB Existing) fell by 1.2% year on year to 7,571 in H1 2023, rising housing prices pushed FTB Existing loan values to their highest H1 levels since the data series began at almost €2 billion. The average FTB Existing mortgage value increased to €258,802, the highest level since H1 2008.

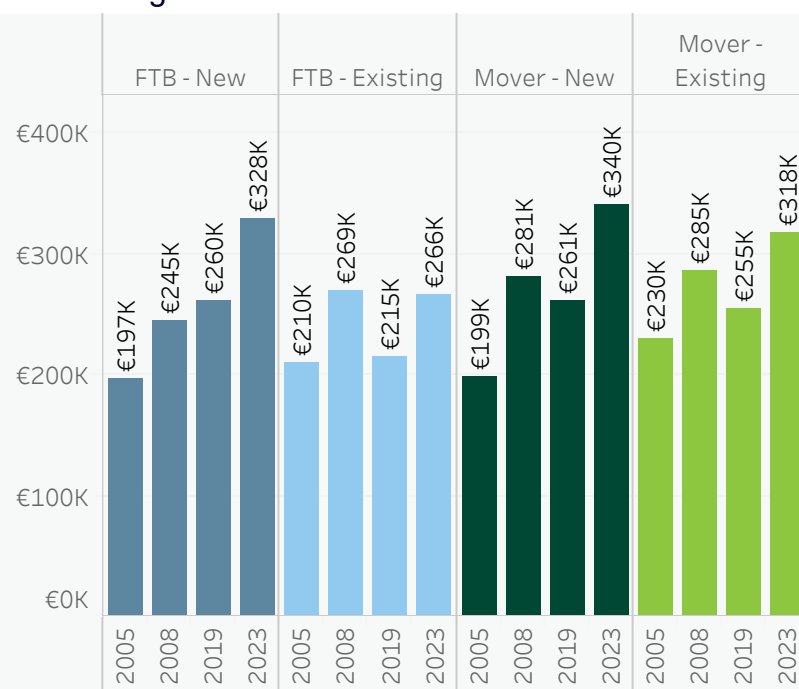
The average FTB New mortgage and the Mover New mortgage rose to their highest levels since the data series began at €324,541 and €339,215, respectively.

Increasing drawdown values reflect the sharp rise in residential property prices from the middle of 2021, with the Central Statistics Office reporting that new and existing residential property prices rose by about a quarter between Q2 2019 and Q2 2023.

Drawdown Volumes



Average Drawdown Values



Note: Home (FTB and mover) mortgages (H1 only)

Source: BPFI



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More than half of FTBs had loans over €250,000 and total incomes over €80,000

More than half of FTB drawdowns involved high-value mortgages of over €250,000 and high total household incomes of over €80,000 in 2022. By H1 2023, 57% of FTB drawdowns involved high-value mortgages and 56% involved high total incomes. These are the highest proportions recorded either by BPFi or the Department of Housing, Local Government and Heritage, dating back to 2004.

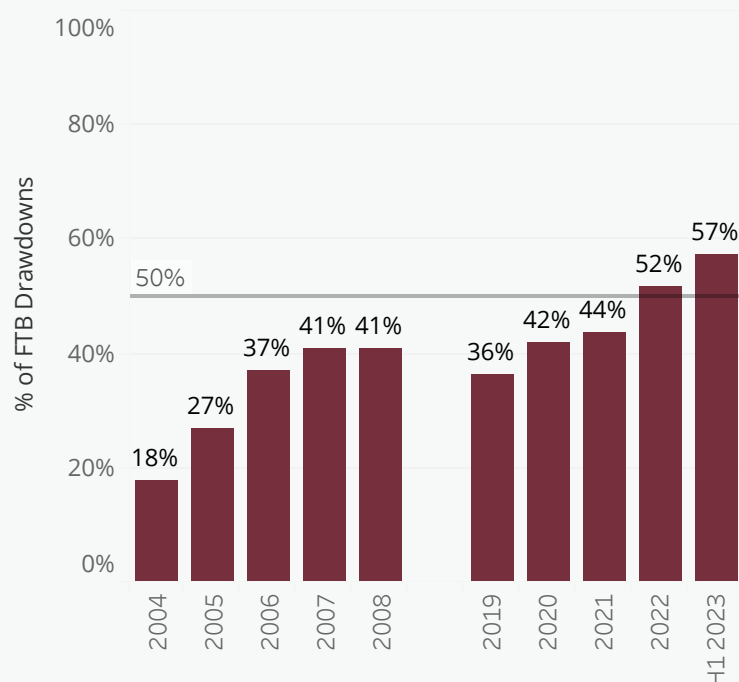
The median mortgage on new properties (FTB New) increased by €30,000 year on year to €315,000 in H1 2023, driven by a 12.3% increase in median property values to €395,000. Only three regions (Cork, Galway and Limerick) saw median loan values increases of less than €25,000.

By contrast, no region saw an increase of more than €20,000 in median FTB loan values for existing properties. Median mover mortgages on existing properties increased at a national level but the median loan fell in seven of the twelve regions, while the median property value fell in six.

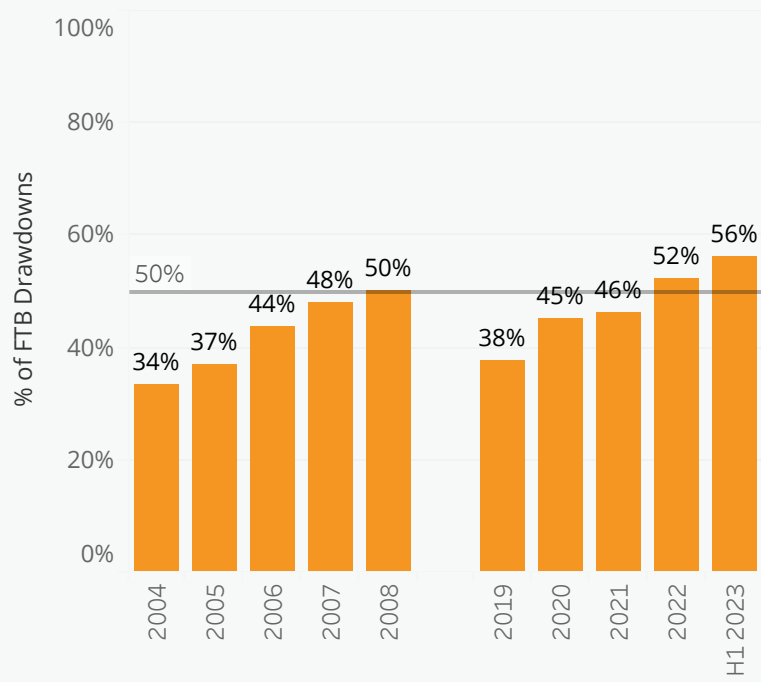
Higher Loan Values and Incomes - Share of FTB Drawdowns

Sources: BPFi and Department of Housing, Local Government and Heritage (data up to 2008)

% of Loans - Loan Value >€250k



% of Loans - Total Household Income >€80k



Employment is at an all-time high and earnings have increased significantly in recent years, according to the Central Statistics Office, up by 17.9% between Q2 2019 and Q2 2023.

Incomes on FTB drawdowns have increased substantially, with existing property mortgage median incomes increasing by about €4,000 year on year to about €75,000 in H1 2023 and new property mortgage median incomes rising by over €7,000 to more than €93,000. The median FTB income on new property mortgages surpassed €100,000 in both Dublin and Kildare, increasing by about €12,000 and €11,000, respectively.



Mortgage Market Profile Report

Commentary

FTBs are still getting older but loan terms are stable

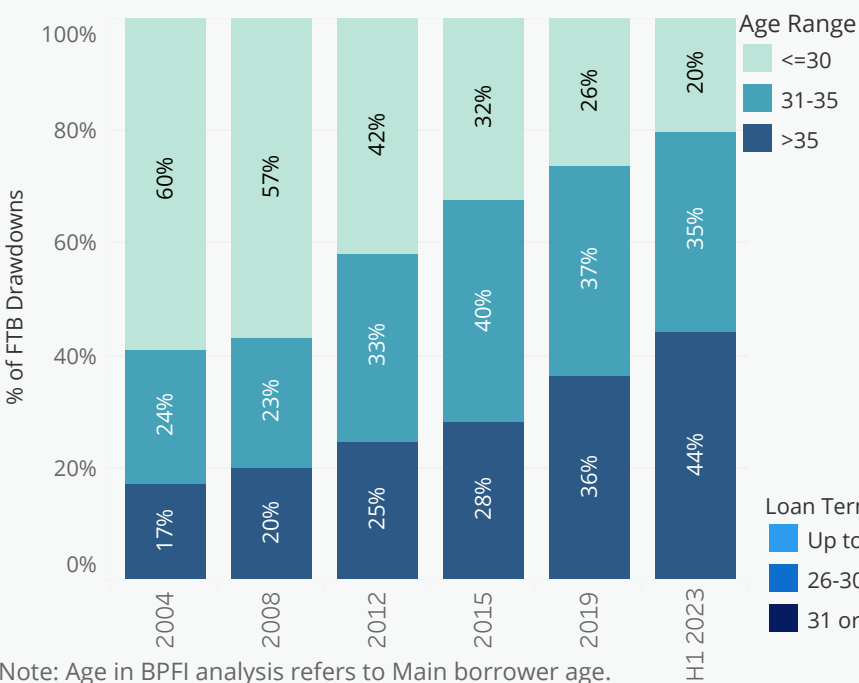
The median age of main FTB borrowers rose to 35 for the first time while the share of FTB borrowers aged over 35 increased to 44%, from 36% in 2019 and only 17% in 2004, according to historical data from the Department of Housing, Local Government and Heritage. Only one in five FTB borrowers were up to 30 years of age, down from 60% in 2004. This may partly reflect higher borrower incomes as, on average, incomes rise in line with age.

Older FTBs generally have higher repayments: borrowers aged over 35 had median repayments of €1,277 in H1 2023 compared with €1,137 for FTBs up to 30 years of age. Older FTBs also have shorter loan terms: 83% of FTBs aged over 35 had loan terms of 30 years or less.

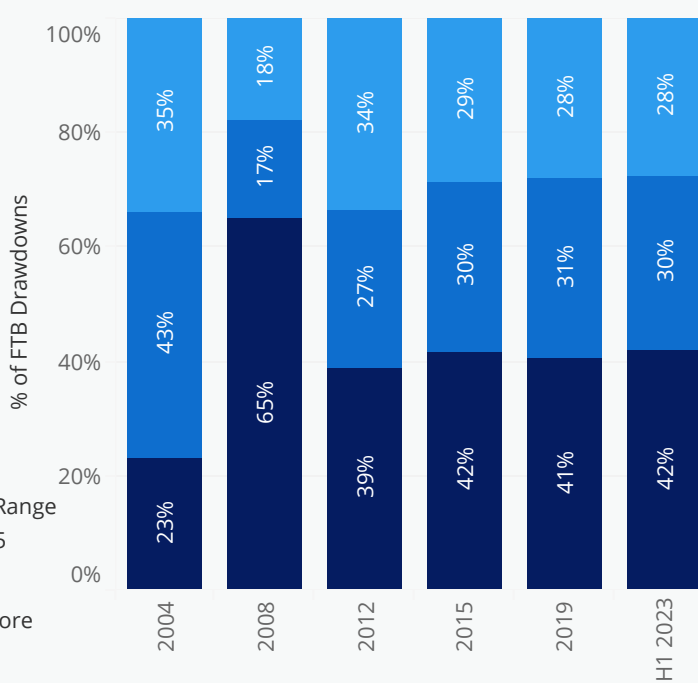
FTB Ages and Loan Terms

Sources: BPFI and Department of Housing, Local Government and Heritage (data up to 2008)

FTB Age Ranges



FTB Loan Term Ranges



Note: Age in BPFI analysis refers to Main borrower age.

Loan terms have been remarkably stable in recent years. The median loan term for FTBs has been 30 years since at least H1 2012 and the share of mortgages with loan terms over 30 years has been stable at about 40% for much of that time, with the longest loan term at 35 years.

That contrasts with 2008, when data from the Department of Housing, Local Government and Heritage suggests almost two thirds (65%) of FTB mortgages had loan terms of more than 30 years. Some 11% of FTB mortgages had loan terms of over 35 years.

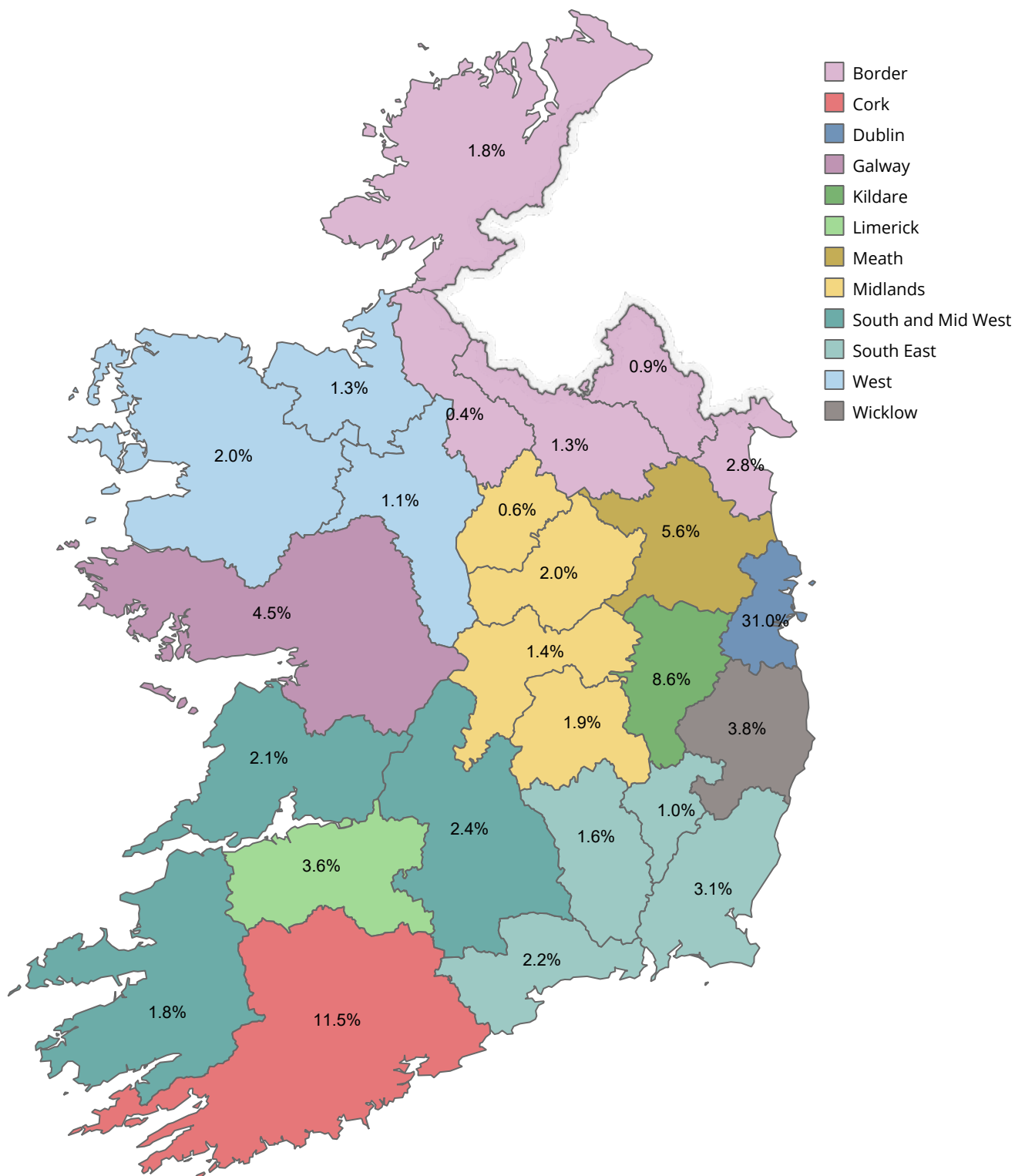
It also contrasts with the UK, where UK Finance reported that the proportion of FTBs taking out mortgages on loan terms of over 30 years increased sharply during 2022 before levelling off at over 50% in H1 2023.



Mortgage Market Profile Report

National Overview

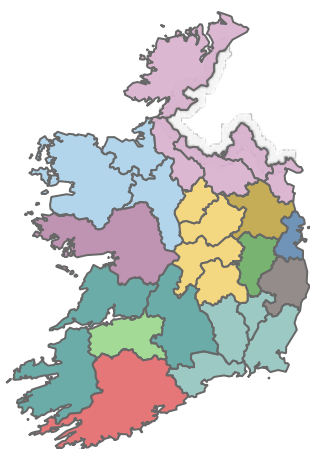
Share of Lending Volume by County (12 months ending June 2023)





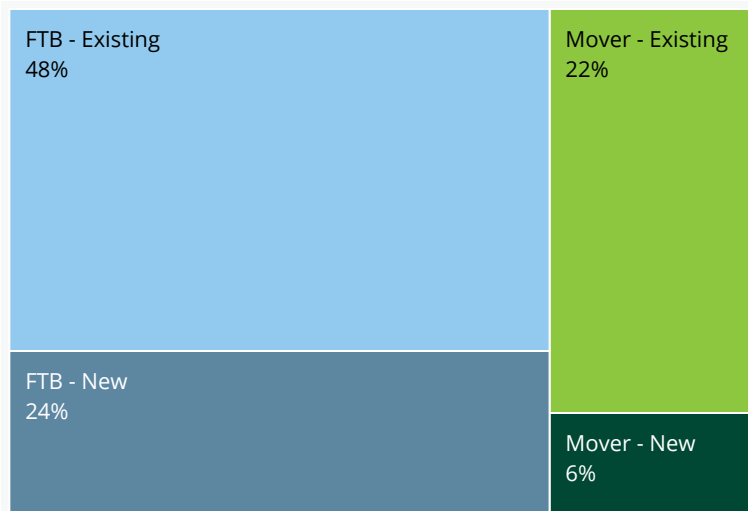
Mortgage Market Profile Report

National



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Customer Type-Property Status Share

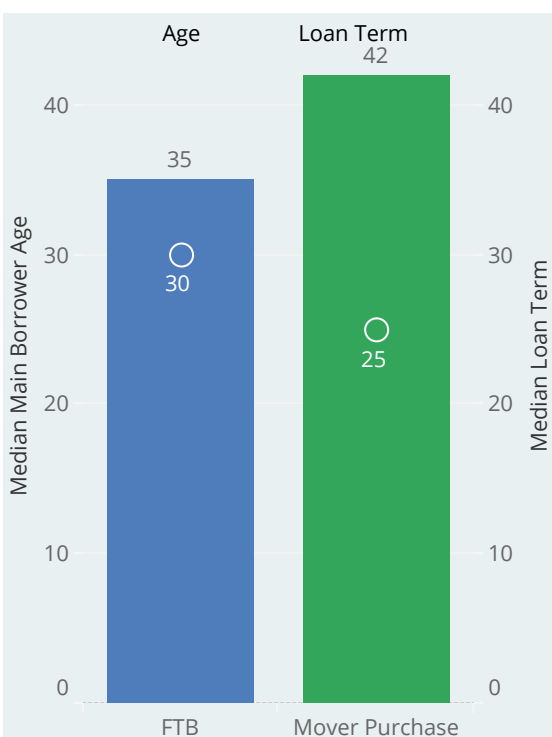


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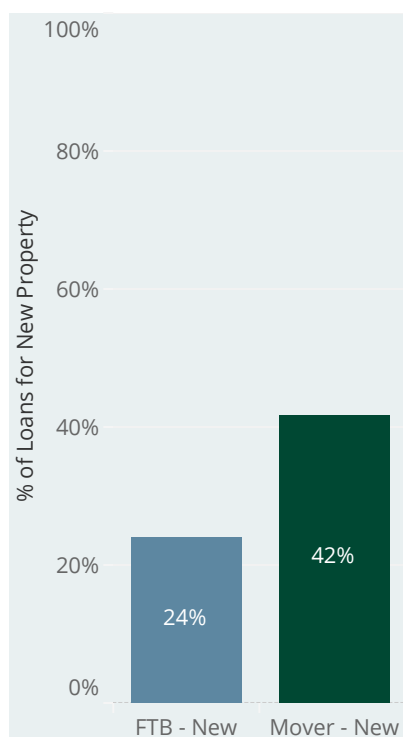
A quarter (24%) of FTB mortgages on new properties were for self-builds, compared with 42% of mover purchase mortgages on new properties. While 41% of FTB mortgages were for semi-detached houses, 46% of mover mortgages were for detached houses/bungalows.

Median basic household incomes increased by 6.5% year on year for FTBs to almost €82,000, and by 5.2% for mover mortgages to more than €111,000. The median FTB mortgage increased by €20,000 year on year to €270,000, while the median mover mortgage rose by less than €4,000 to €290,500.

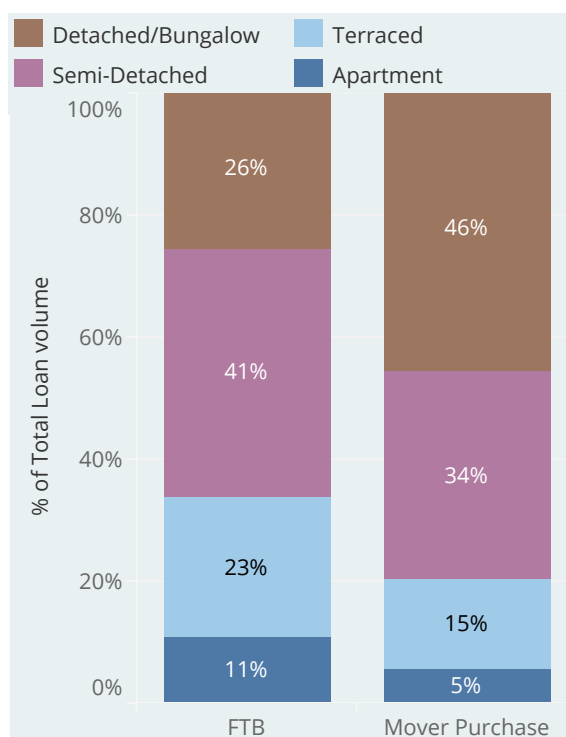
Borrower Age/Loan Term



Self-build % - New



Main Dwelling Types

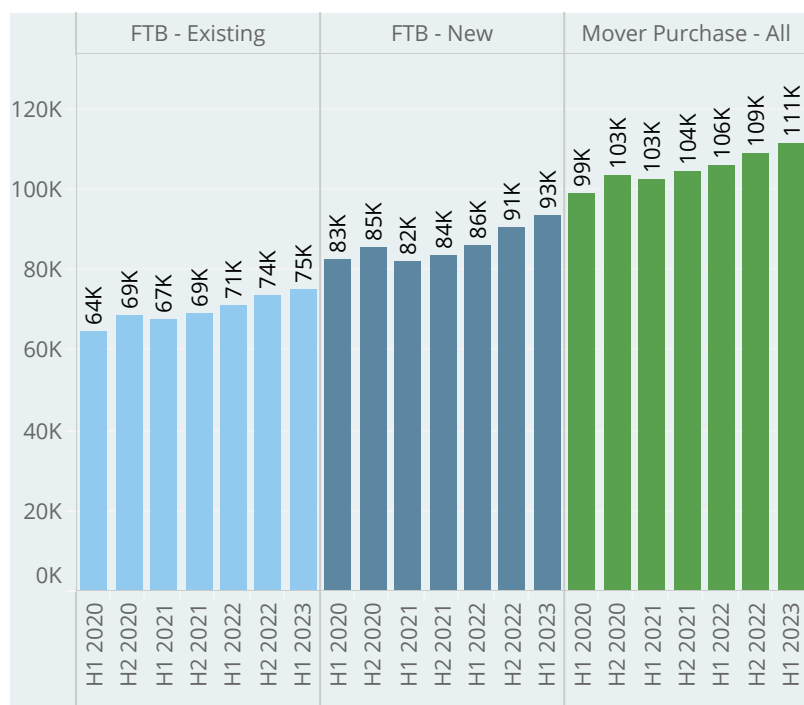




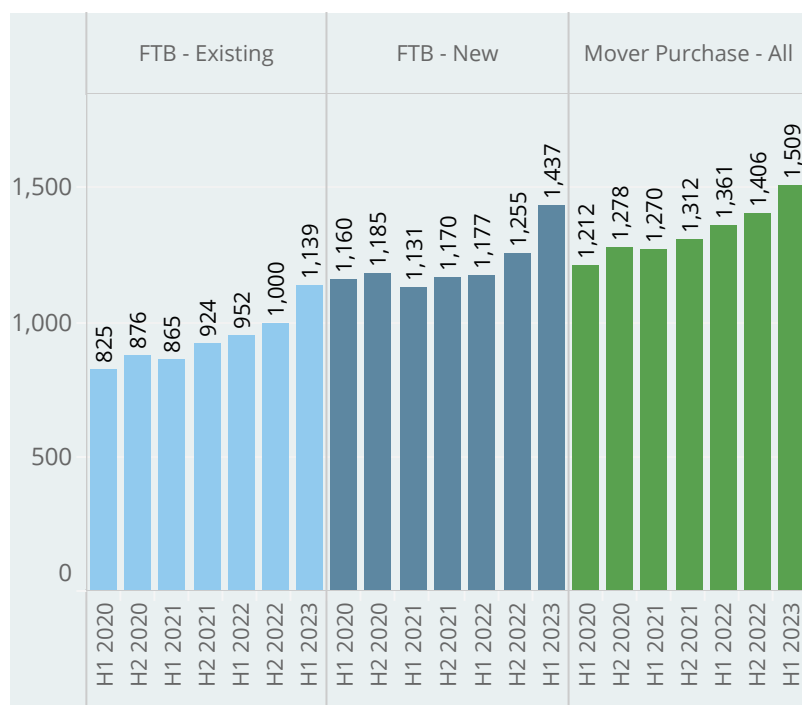
Mortgage Market Profile Report

National

Median Basic Household Income



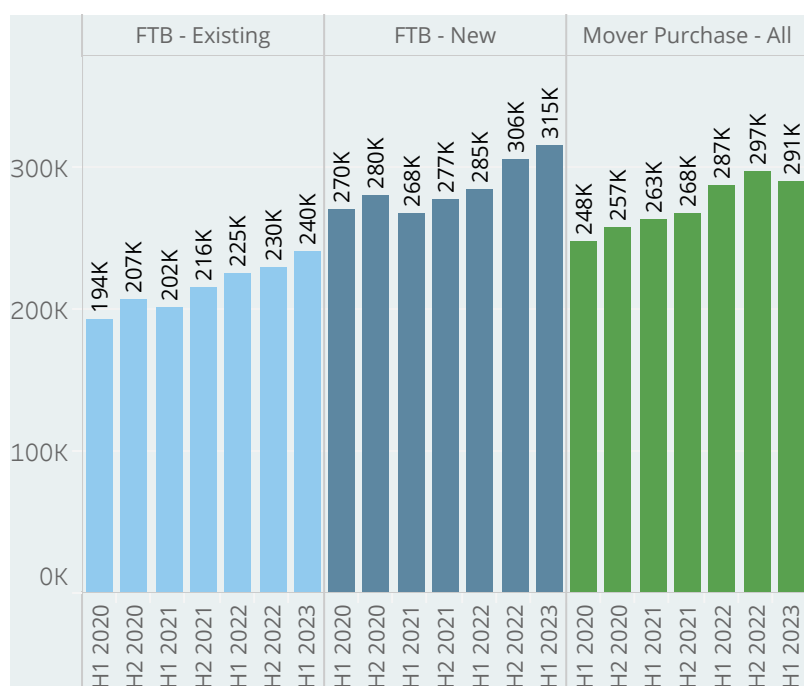
Median Monthly Repayment



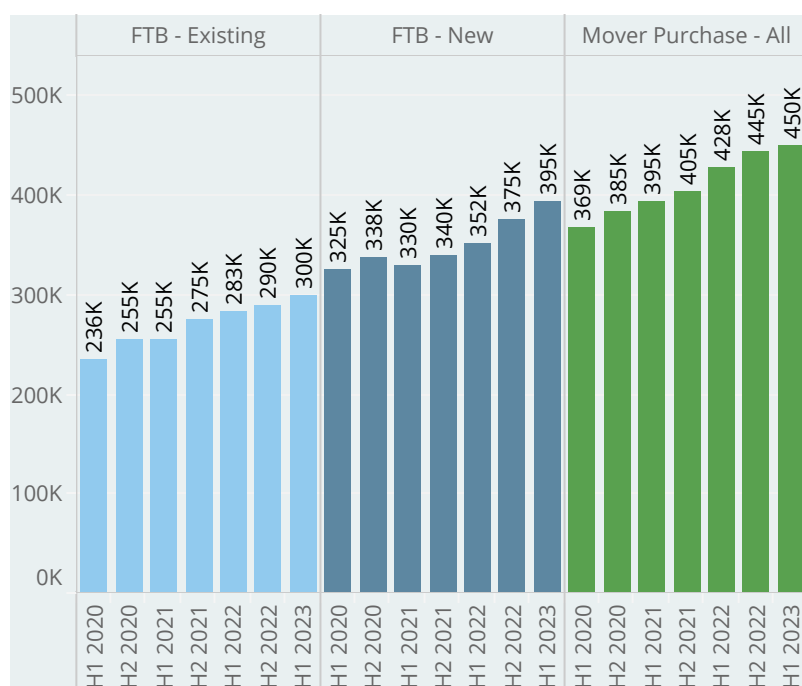
Note: Excluding self-builds

■ FTB - Existing ■ FTB - New ■ Mover Purchase - All

Median Loan



Median Property Value





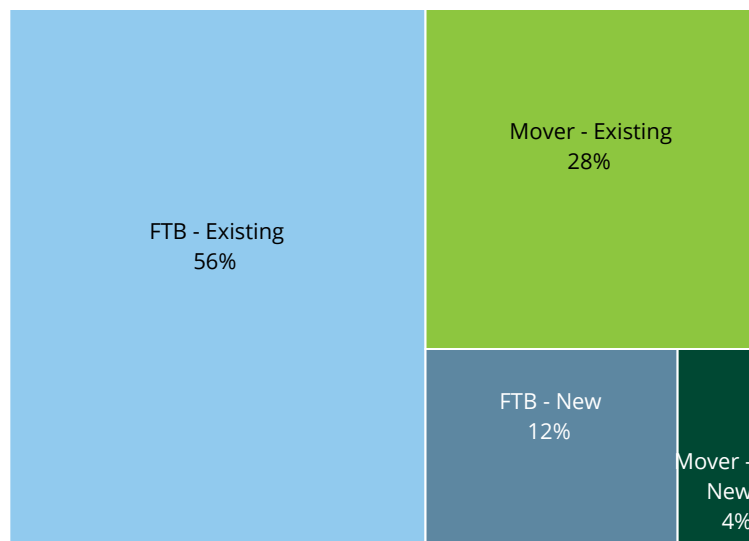
Mortgage Market Profile Report

Dublin



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Customer Type-Property Status Share

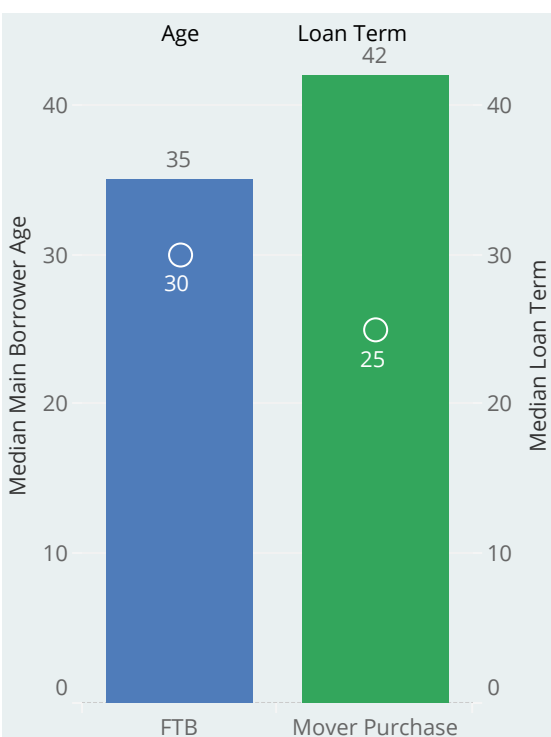


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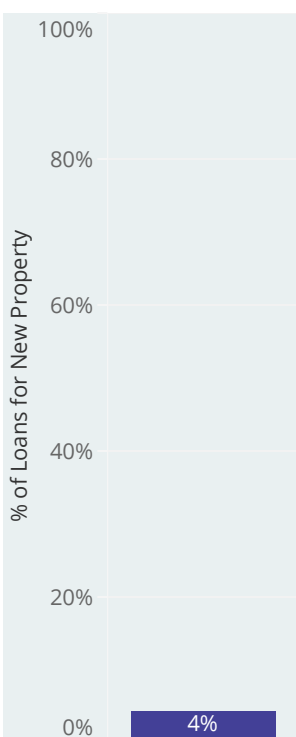
Dublin had the highest median household incomes across all customer types at €90,200 for FTB buying existing property, €112,000 for FTB buying or building new property and €134,200 for mover purchase.

The median property values for FTBs financing new and existing property were the highest across all regions at €475,000 and €387,400 respectively. About 82% of FTBs bought existing properties in Dublin, the largest share in the country, while 40% of FTB mortgages were for terraced properties.

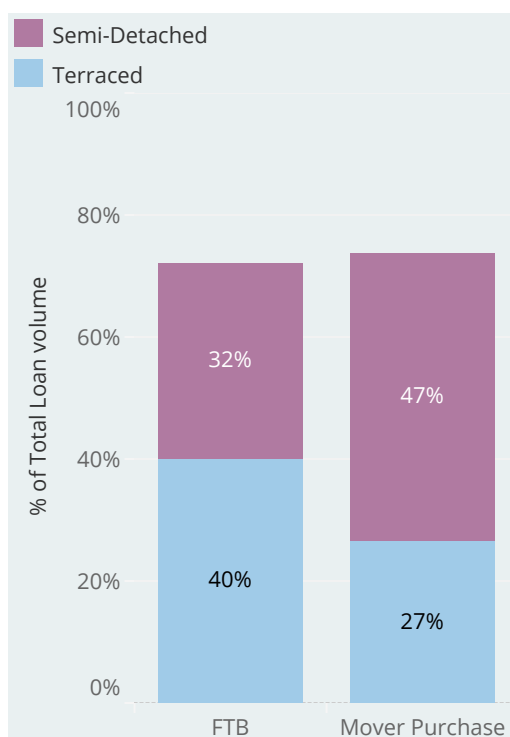
Borrower Age/Loan Term



Self-build % - New



Main Dwelling Types

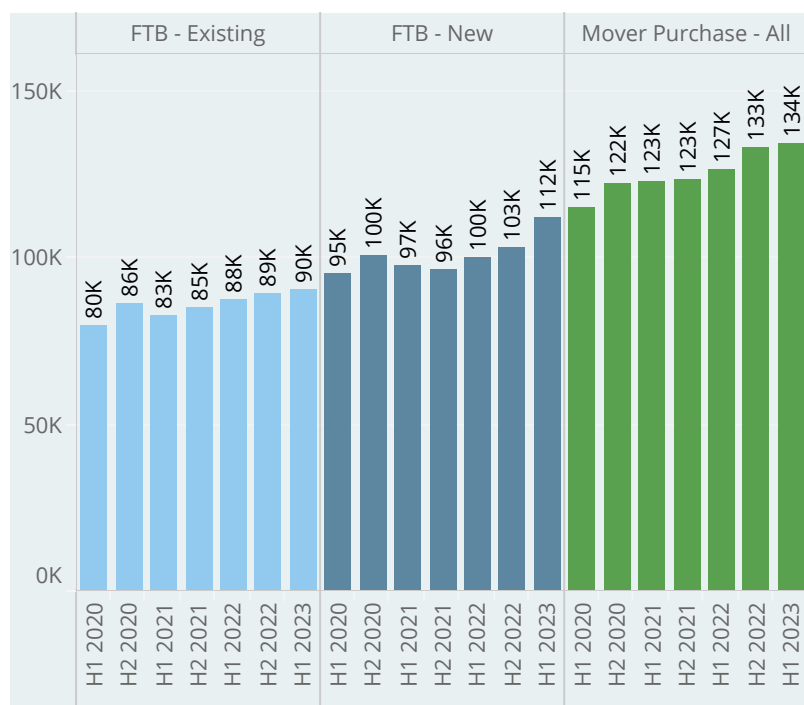




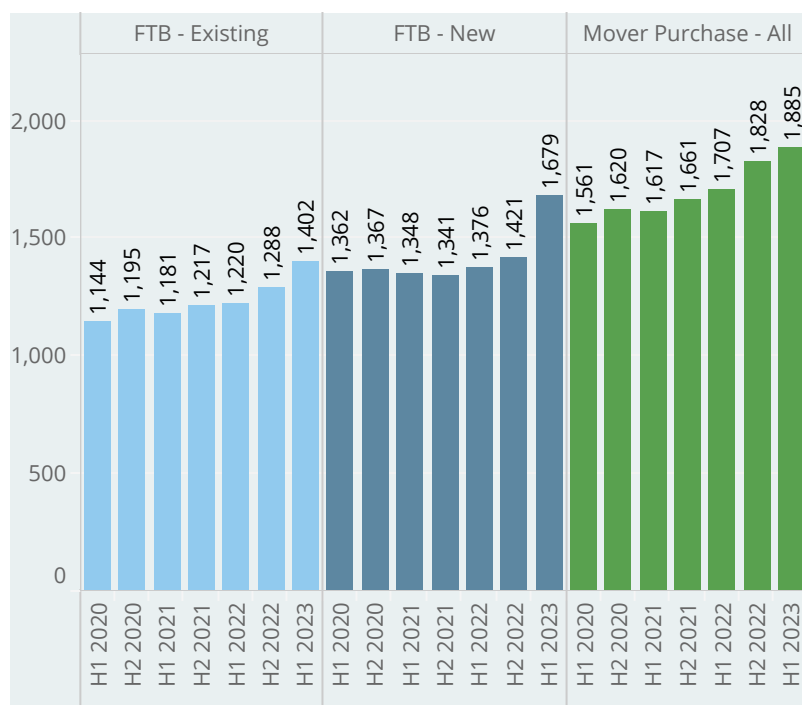
Mortgage Market Profile Report

Dublin

Median Basic Household Income



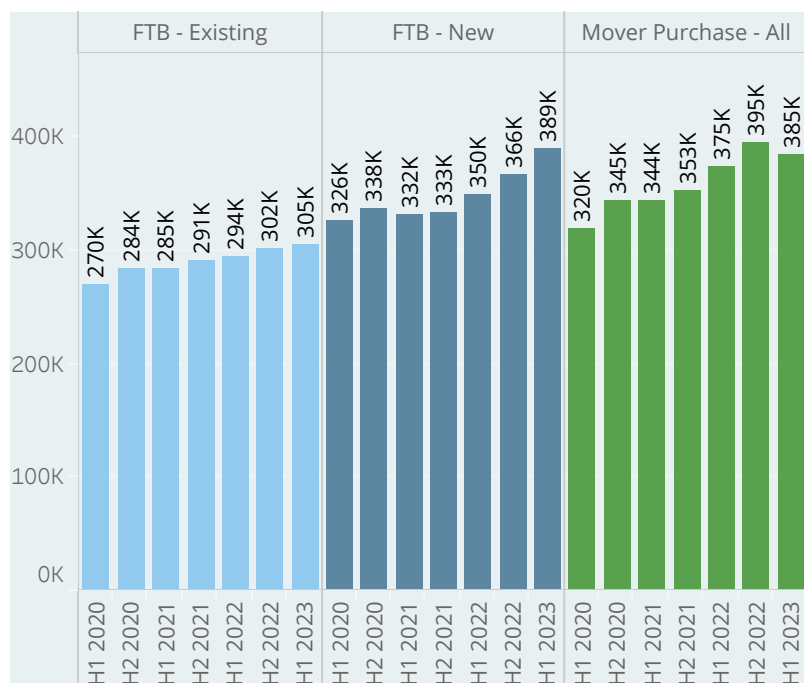
Median Monthly Repayment



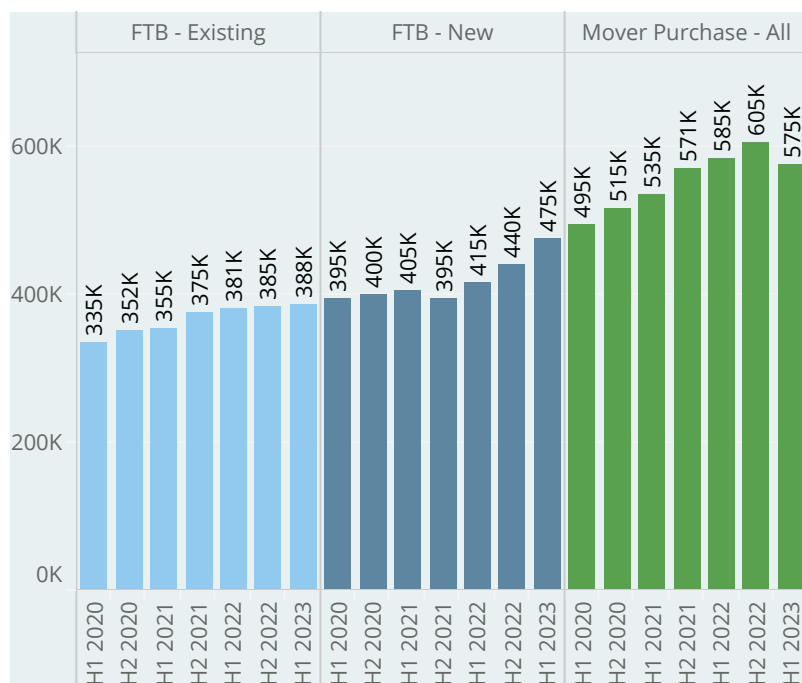
Note: Excluding self-builds

FTB - Existing FTB - New Mover Purchase - All

Median Loan



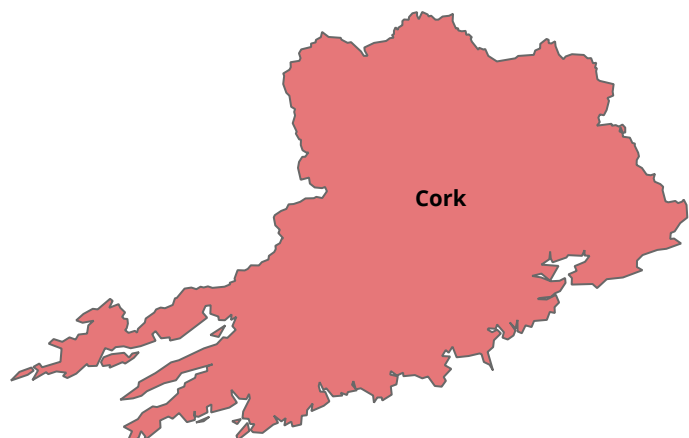
Median Property Value





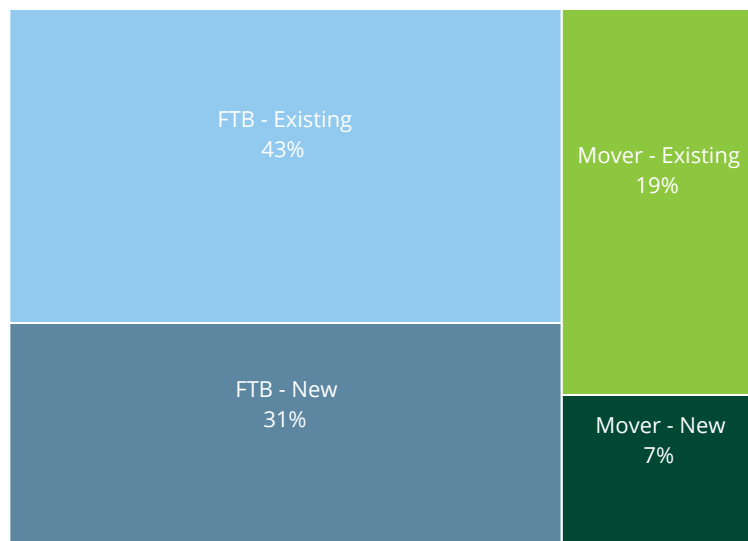
Mortgage Market Profile Report

Cork



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Customer Type-Property Status Share

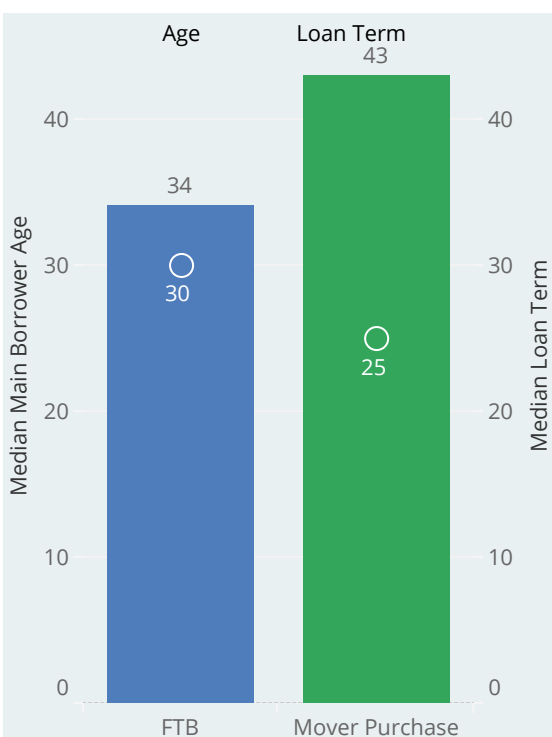


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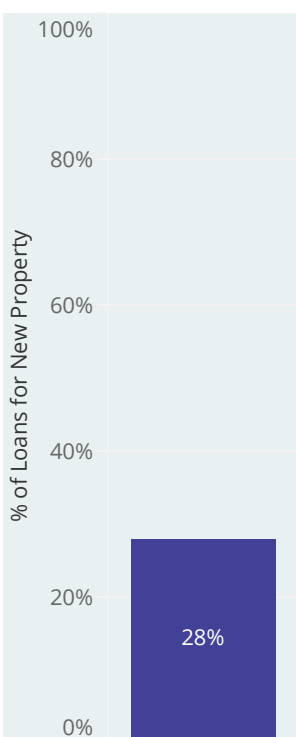
Cork had the second largest share of FTBs buying existing properties at 10.9% and third largest for FTBs buying new properties at 15% in H1 2023.

Semi-detached houses were the most common dwelling type for FTBs 45% while 63% of mover mortgages finance detached houses/bungalows.

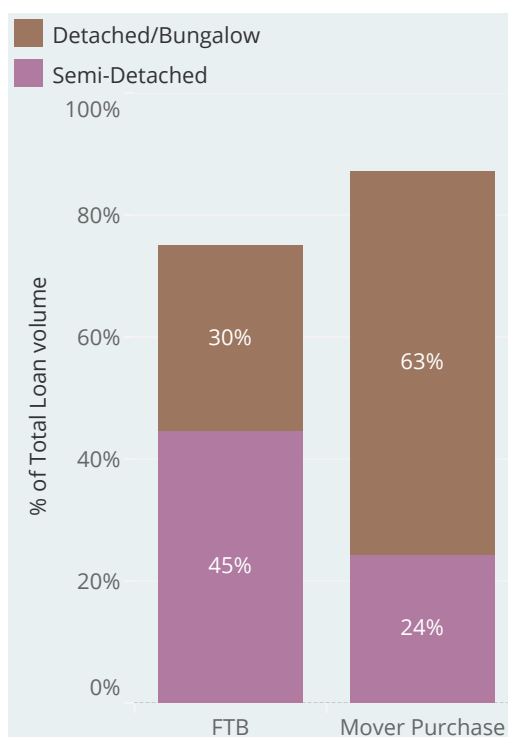
Borrower Age/Loan Term



Self-build % - New



Main Dwelling Types

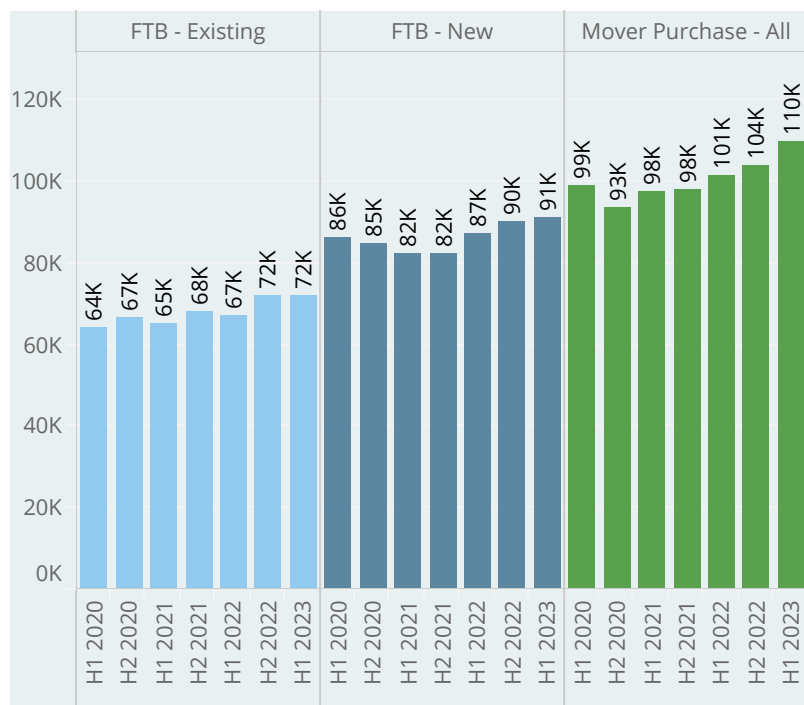




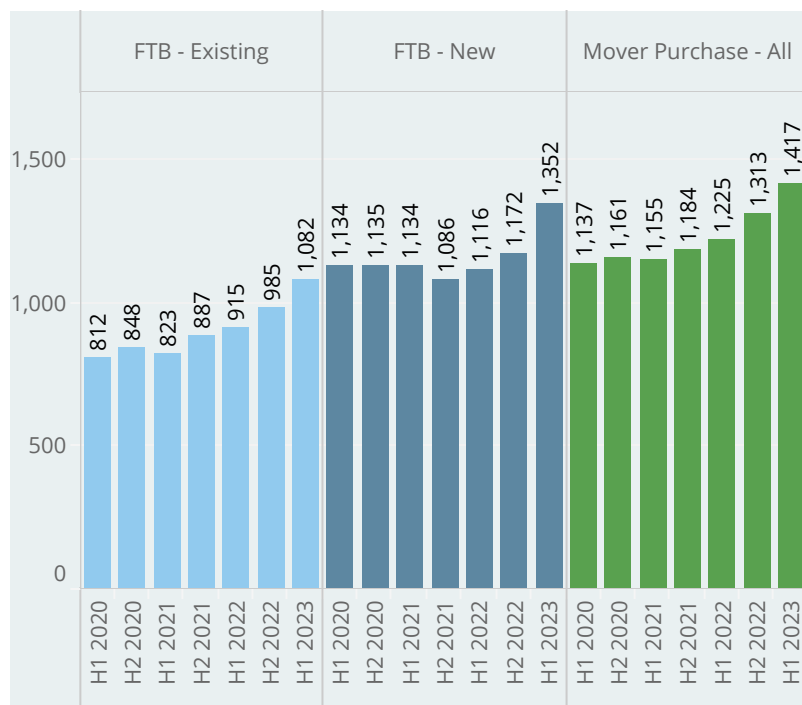
Mortgage Market Profile Report

Cork

Median Basic Household Income



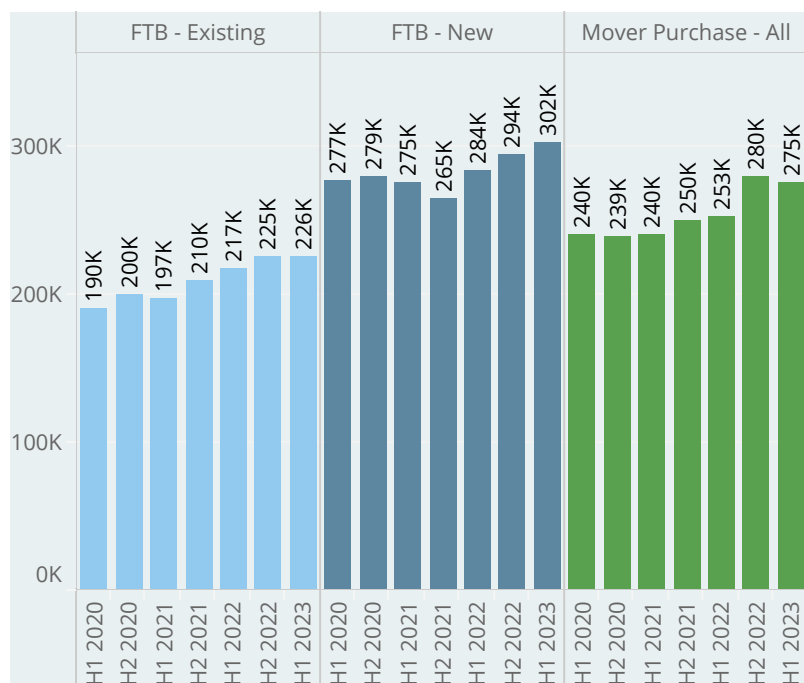
Median Monthly Repayment



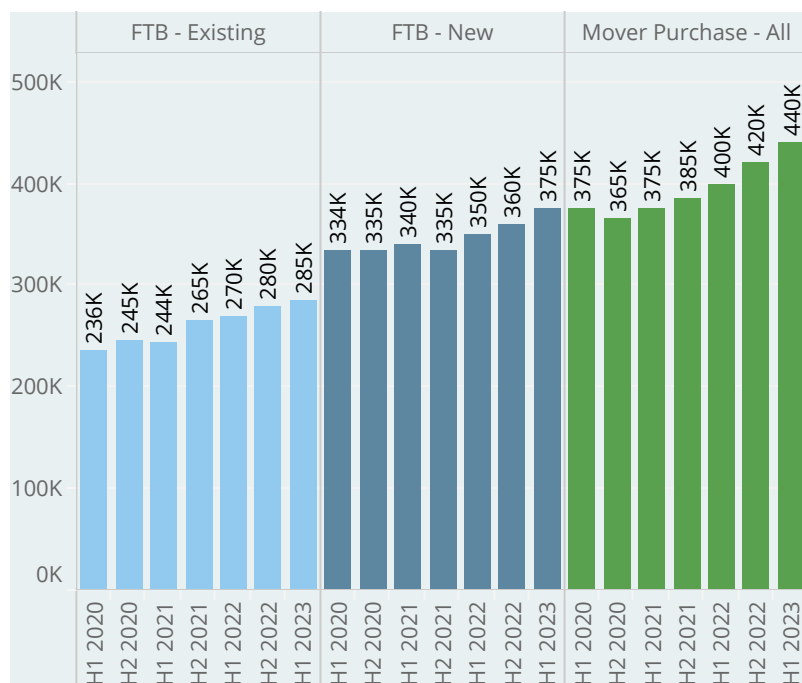
Note: Excluding self-builds

FTB - Existing FTB - New Mover Purchase - All

Median Loan



Median Property Value





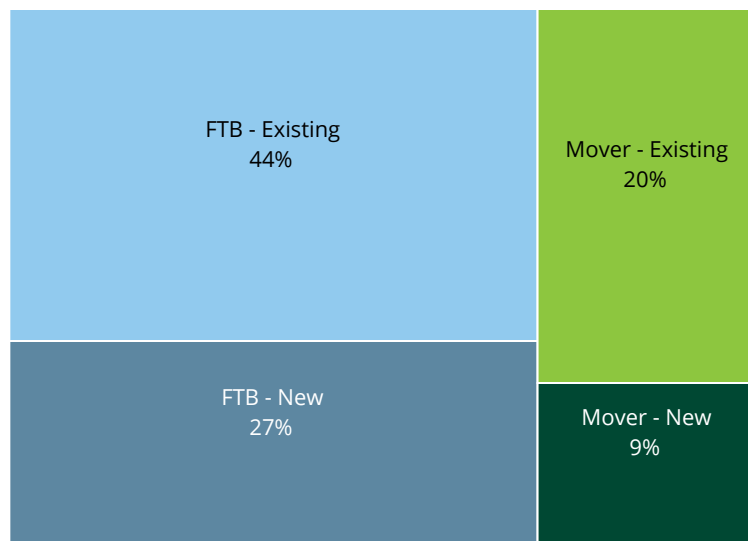
Mortgage Market Profile Report

Galway



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Customer Type-Property Status Share

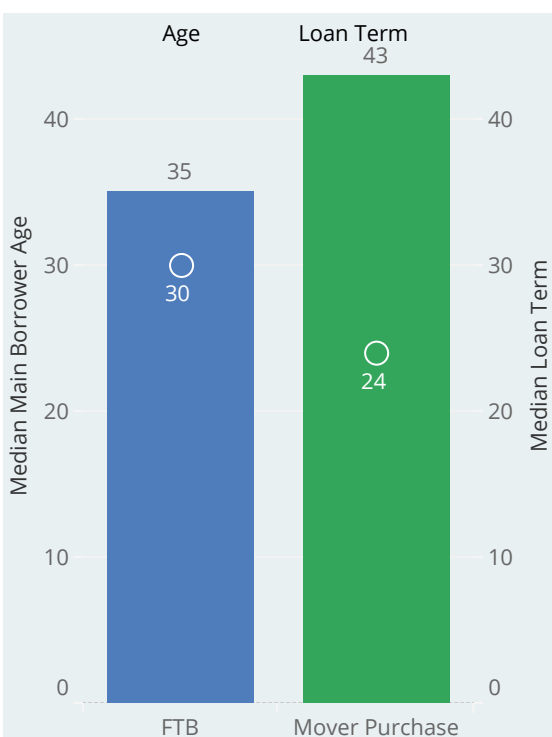


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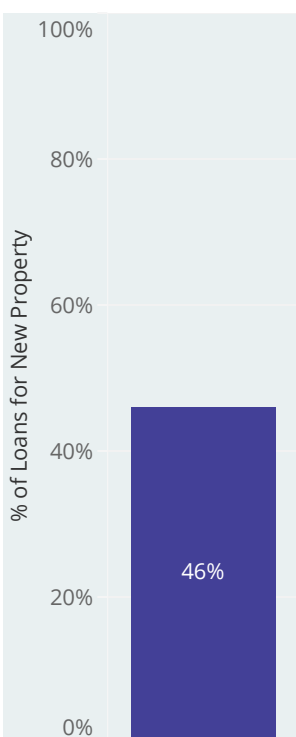
Some 11% of FTB mortgages in Galway were for apartments, the second highest proportion in any region, after Dublin. Some 41% of FTB mortgages and 63% of mover mortgages were secured on detached houses/bungalows.

Almost half (46%) of new properties financed by a mortgage were self-builds.

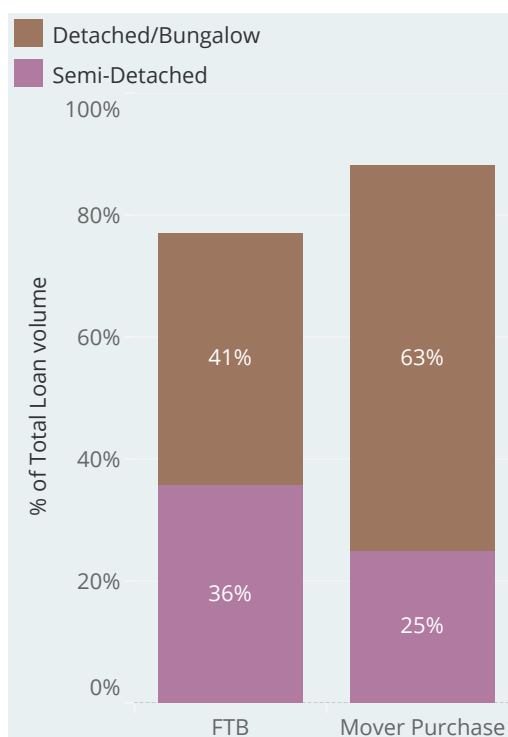
Borrower Age/Loan Term



Self-build % - New



Main Dwelling Types

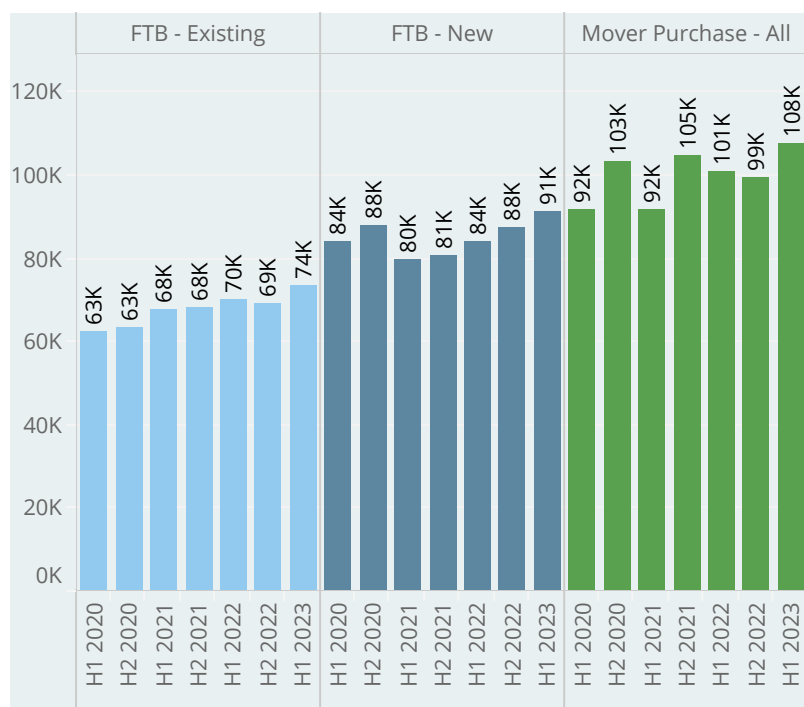




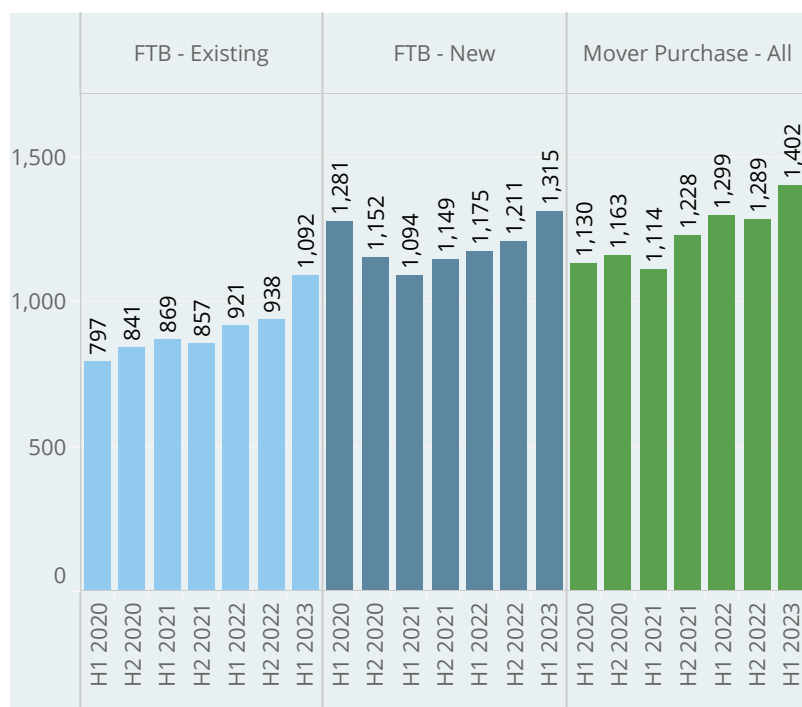
Mortgage Market Profile Report

Galway

Median Basic Household Income



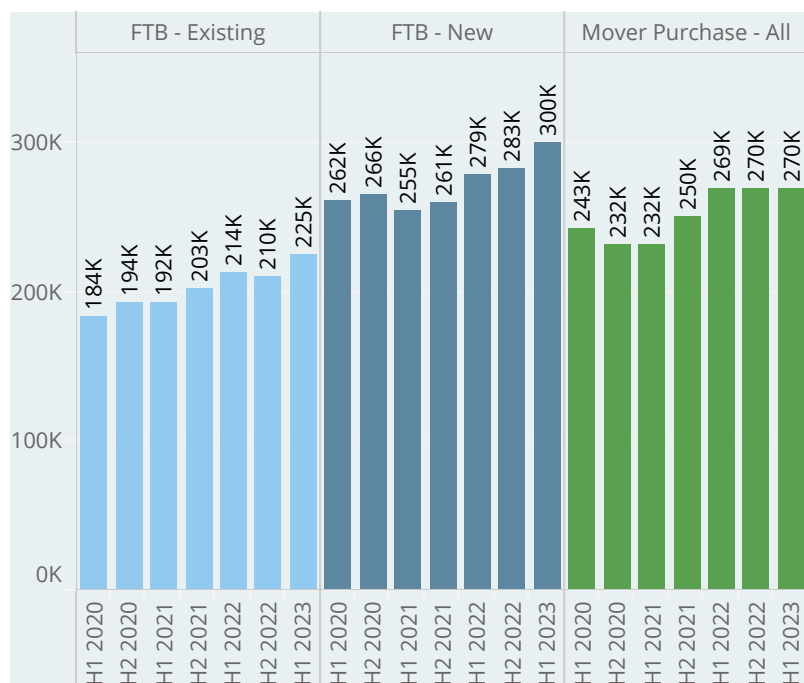
Median Monthly Repayment



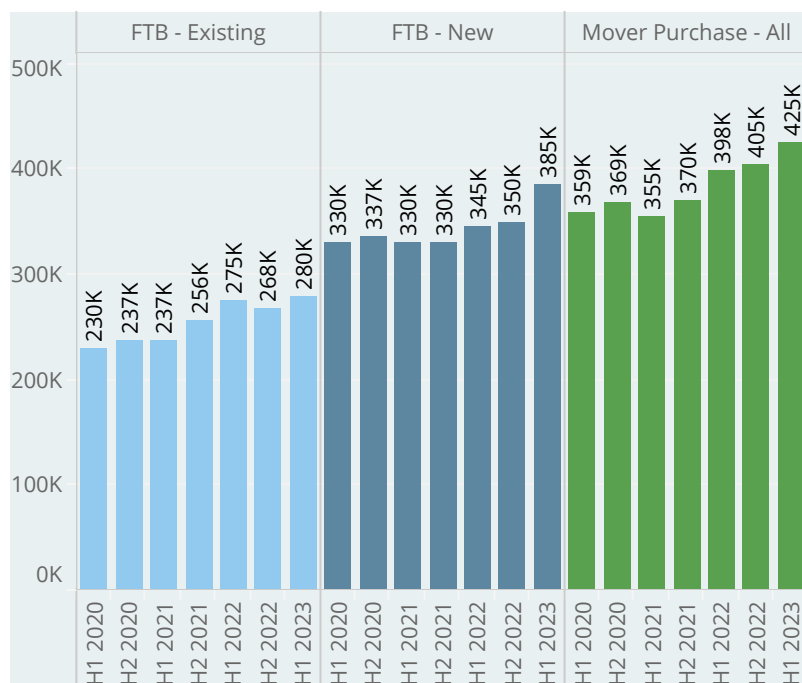
Note: Excluding self-builds

■ FTB - Existing ■ FTB - New ■ Mover Purchase - All

Median Loan



Median Property Value





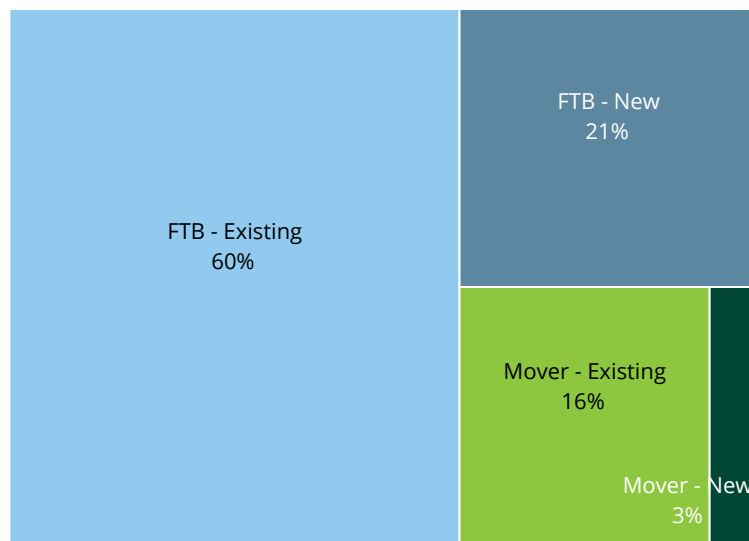
Mortgage Market Profile Report

Limerick



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Customer Type-Property Status Share

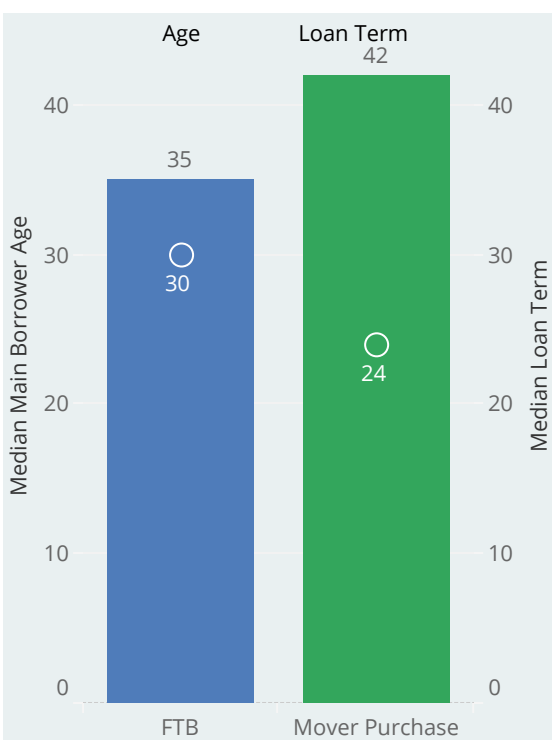


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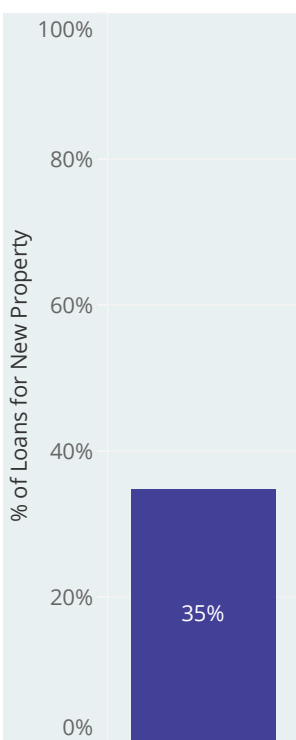
Limerick had the lowest share of the national market, among the twelve regions, for mover purchases at 2.4%, the second lowest share of FTBs buying or building new properties at 2.9% and third lowest share of FTBs buying existing properties at 4.4%.

Some 81% of home mortgages were drawn down by FTBs, the highest proportion in the country.

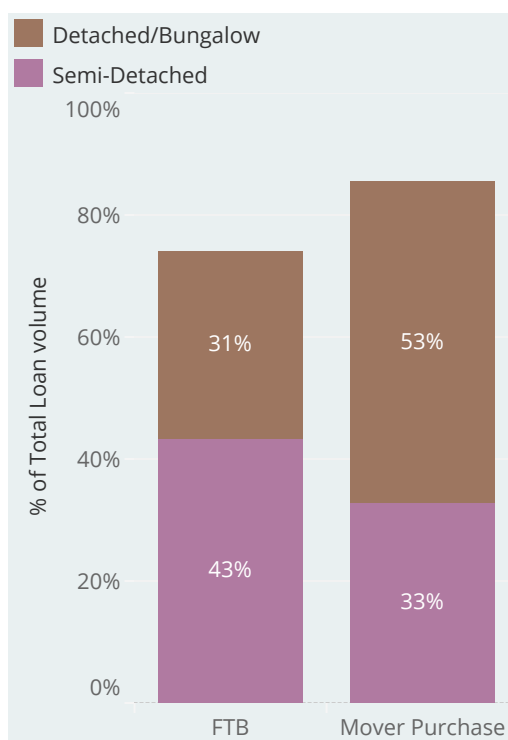
Borrower Age/Loan Term



Self-build % - New



Main Dwelling Types

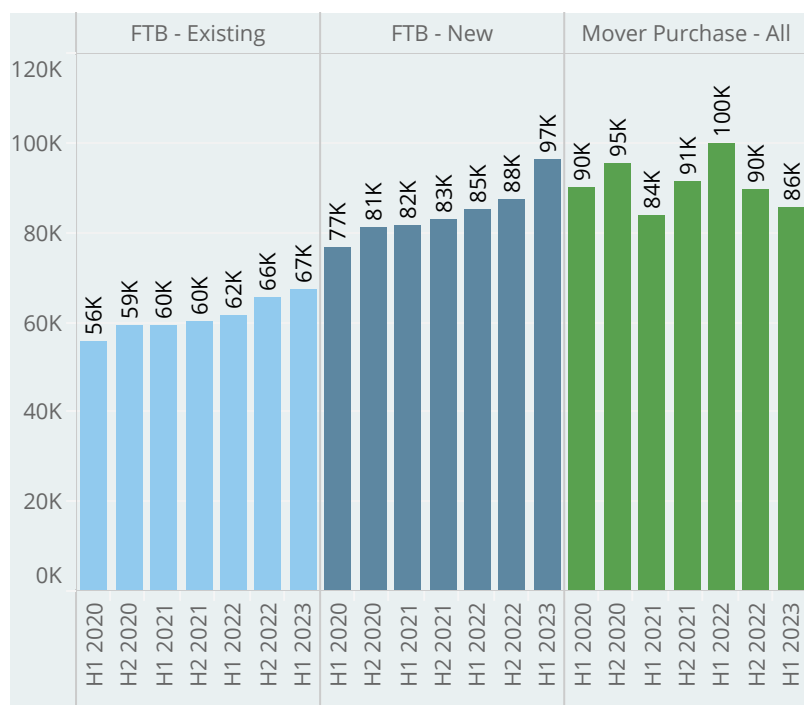




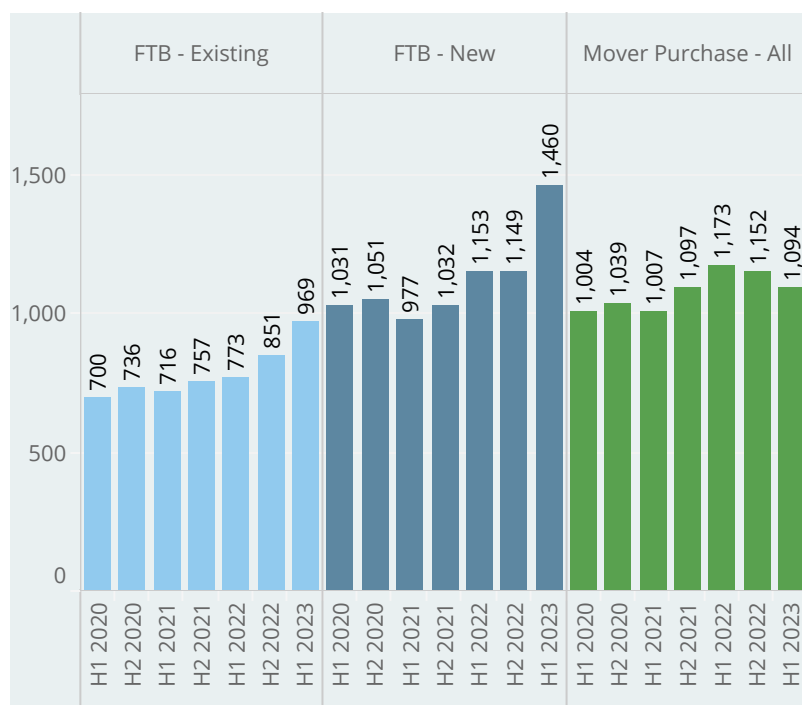
Mortgage Market Profile Report

Limerick

Median Basic Household Income



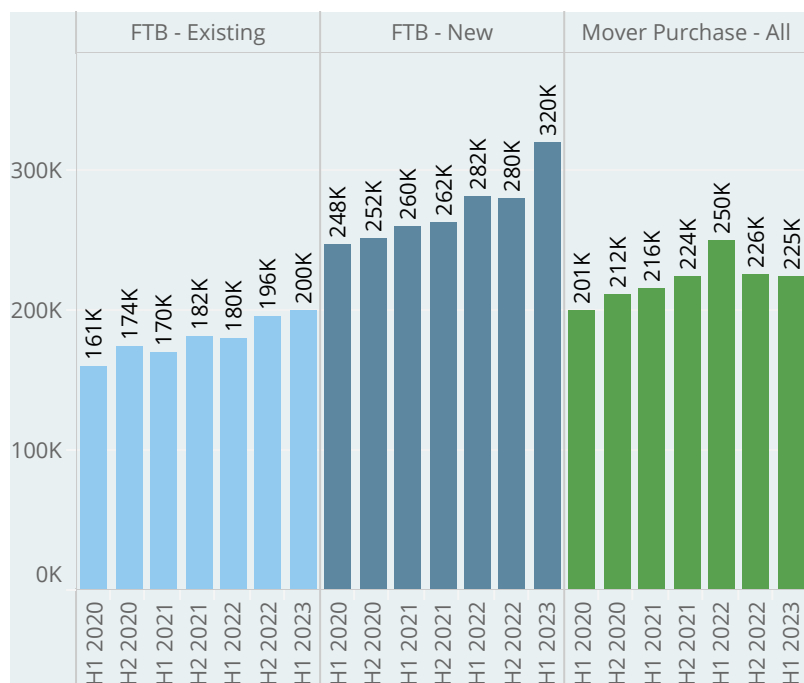
Median Monthly Repayment



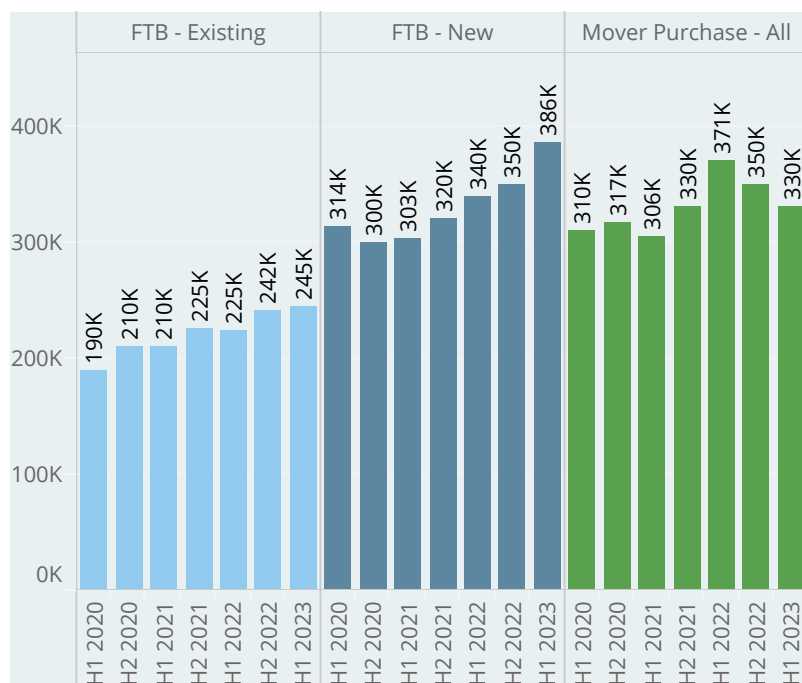
Note: Excluding self-builds

■ FTB - Existing ■ FTB - New ■ Mover Purchase - All

Median Loan



Median Property Value





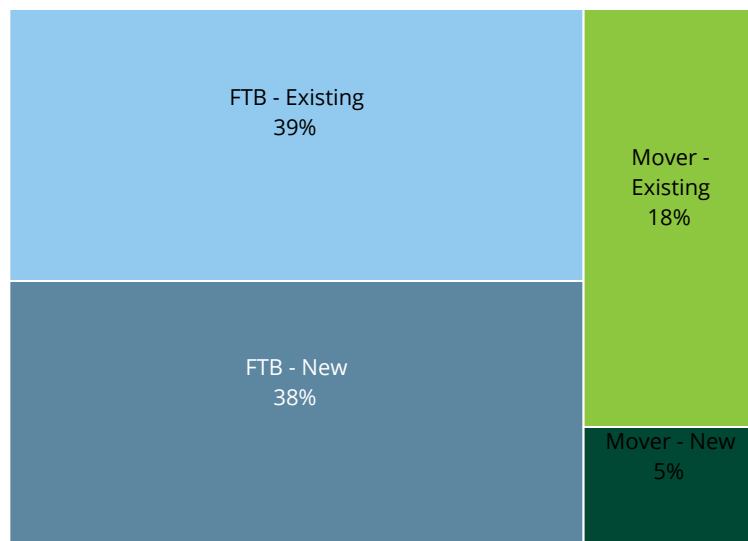
Mortgage Market Profile Report

Meath



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Customer Type-Property Status Share

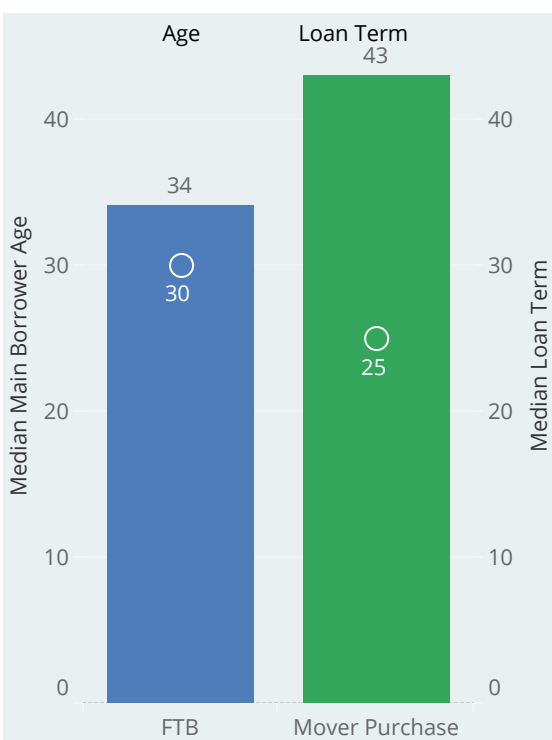


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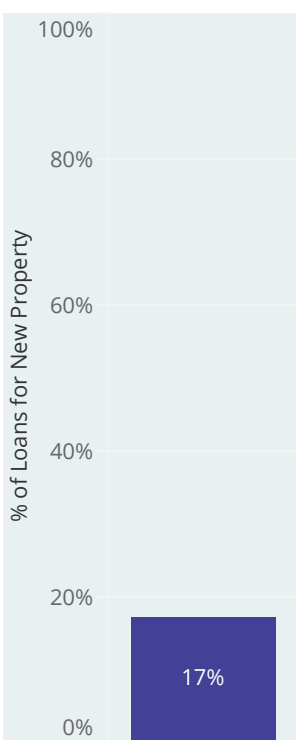
Semi-detached houses were the most common dwelling type for FTBs at 47% while detached/bungalow dwelling type was the most common for mover purchasers at 61% in H1 2023.

Meath's share of the national market for FTB New mortgages fell from 10.2% in H1 2022 to 8.4% in H1 2023.

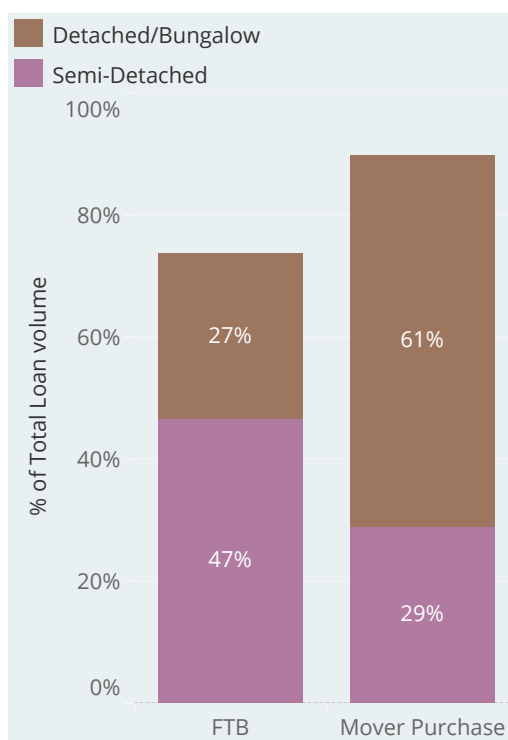
Borrower Age/Loan Term



Self-build % - New



Main Dwelling Types

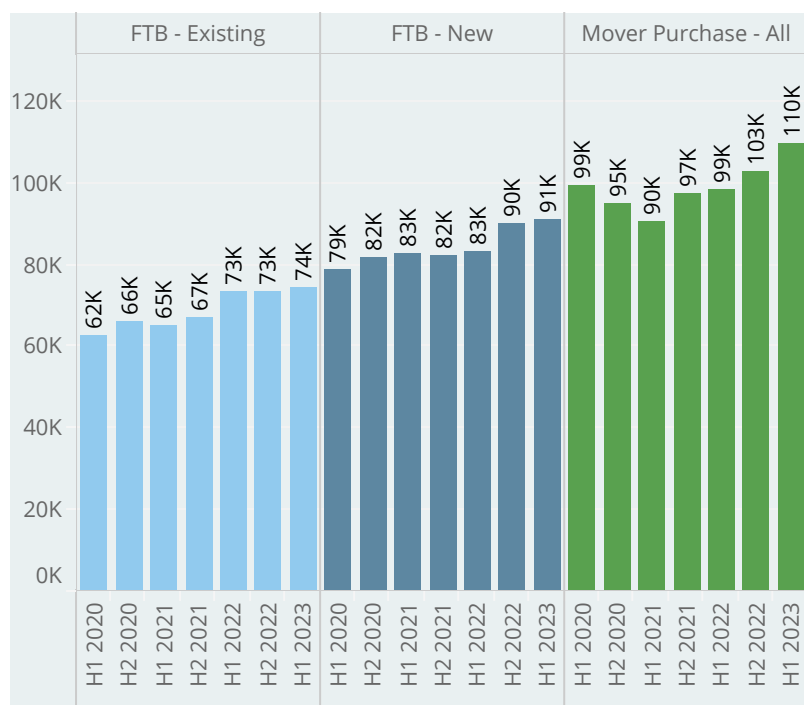




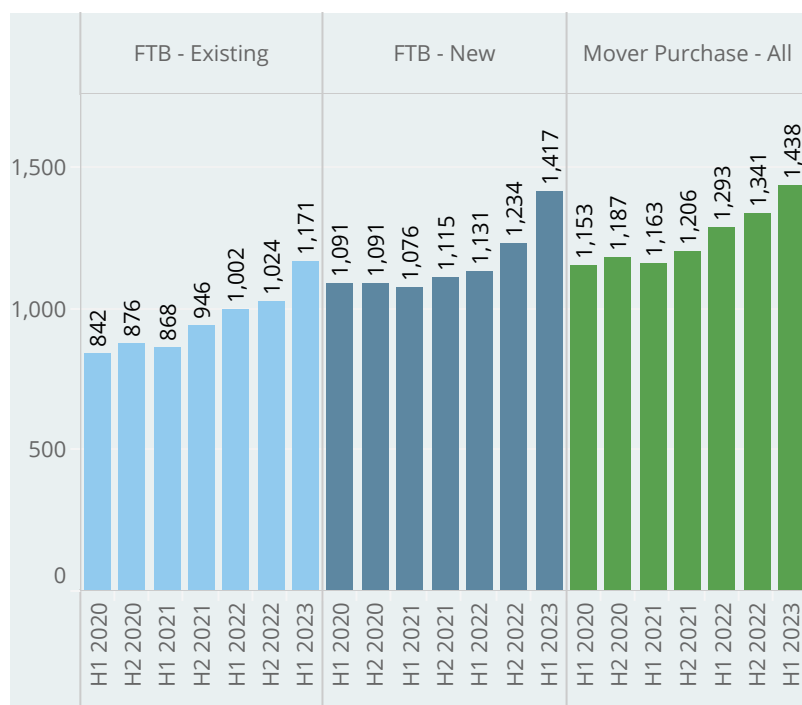
Mortgage Market Profile Report

Meath

Median Basic Household Income



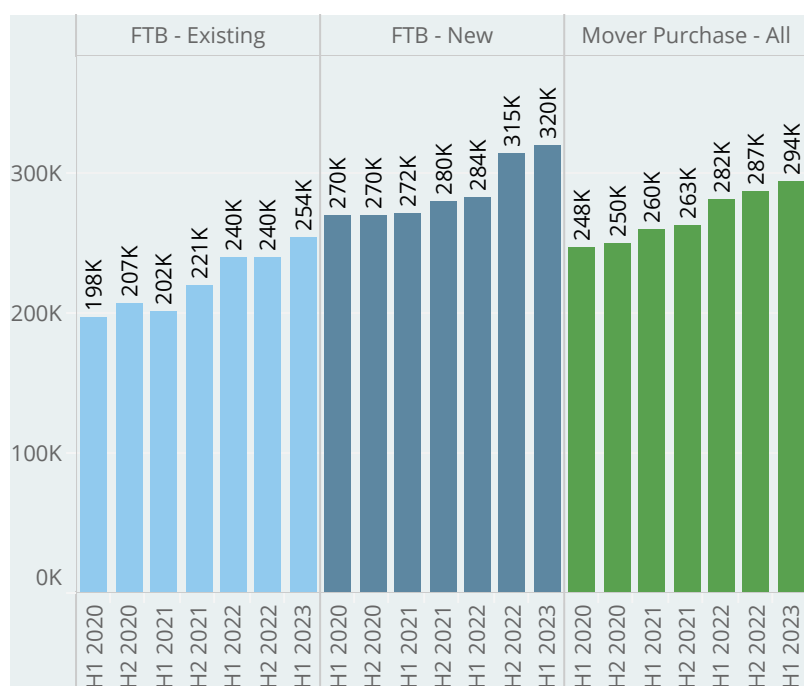
Median Monthly Repayment



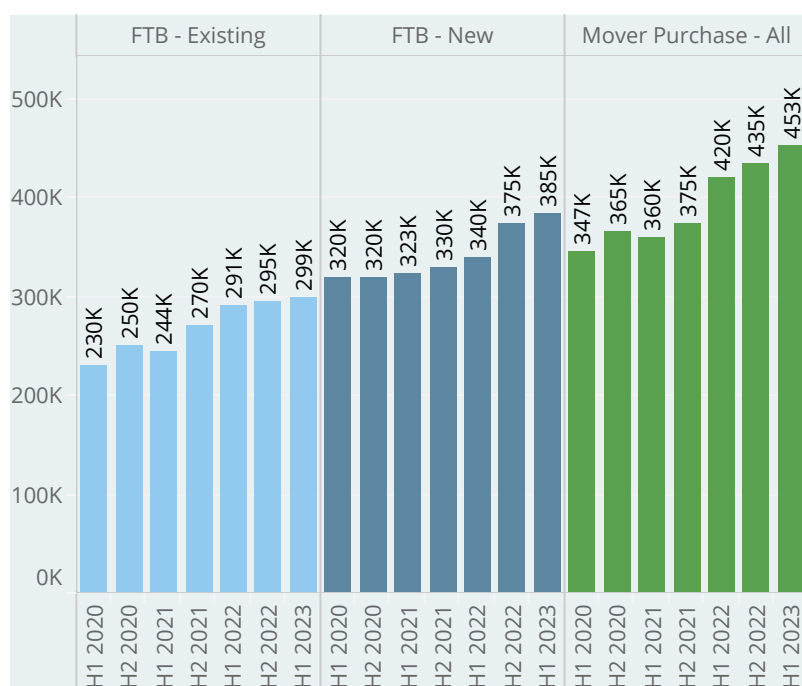
Note: Excluding self-builds

FTB - Existing FTB - New Mover Purchase - All

Median Loan



Median Property Value





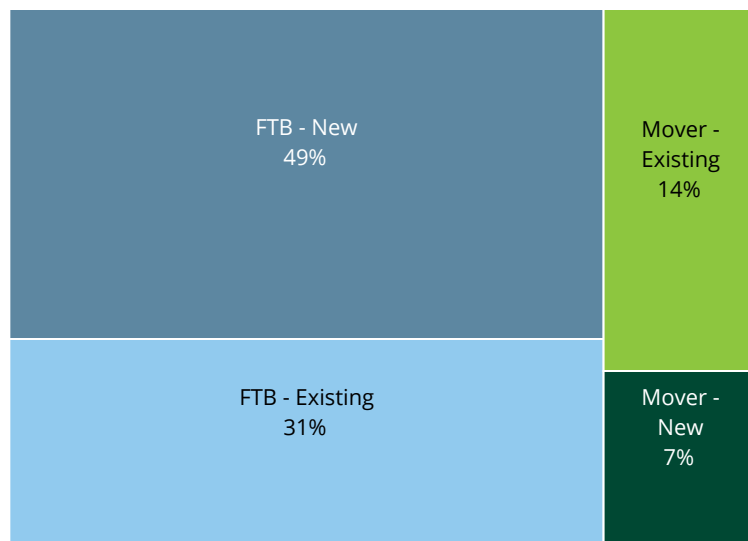
Mortgage Market Profile Report

Kildare



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Customer Type-Property Status Share

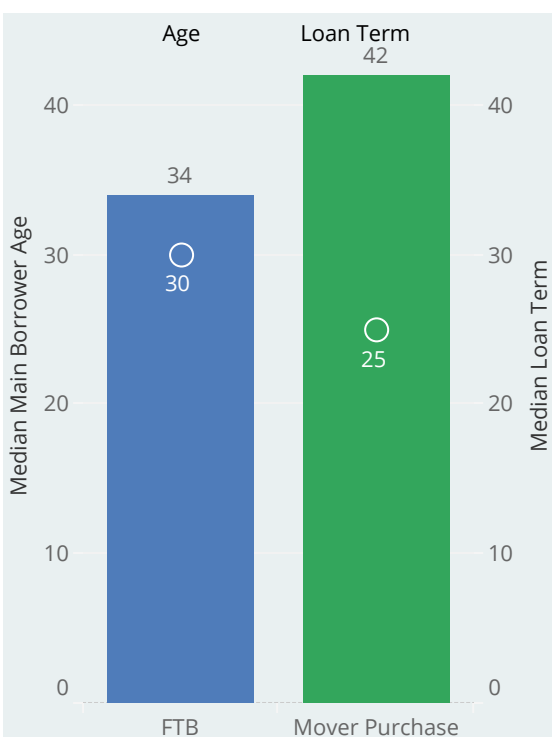


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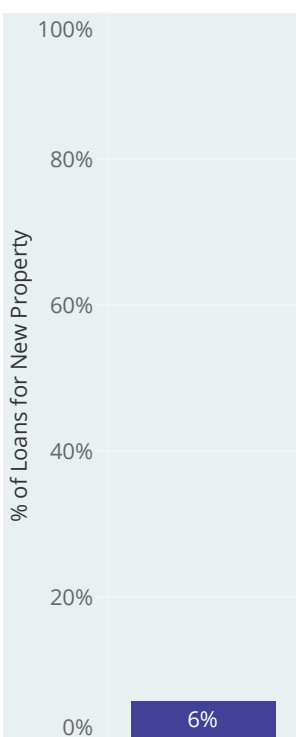
Kildare had the largest share of FTBs buying new properties in the country at 18%, this is the first time a county other than Dublin has had the largest share of FTBs buying or building new properties.

Some 56% of FTBs bought semi-detached properties in H1 2023, the highest proportion across all regions, while 47% of movers bought semi-detached houses. Self-builds accounted for 6% of new properties financed by mortgages, the second lowest level across all regions.

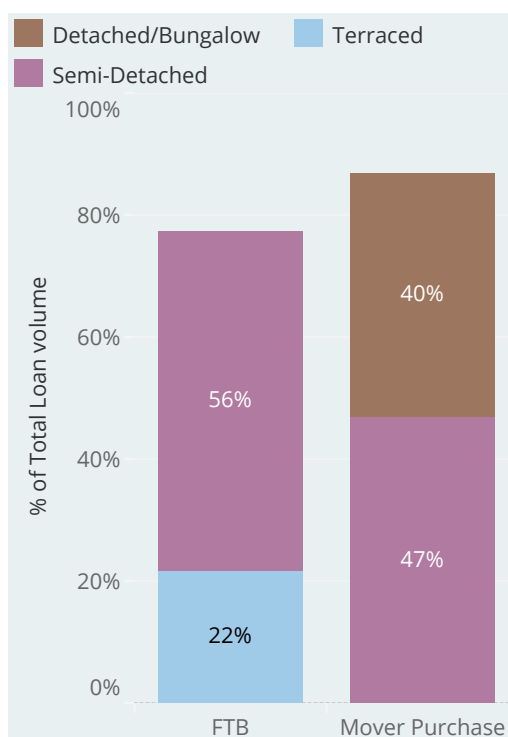
Borrower Age/Loan Term



Self-build % - New



Main Dwelling Types

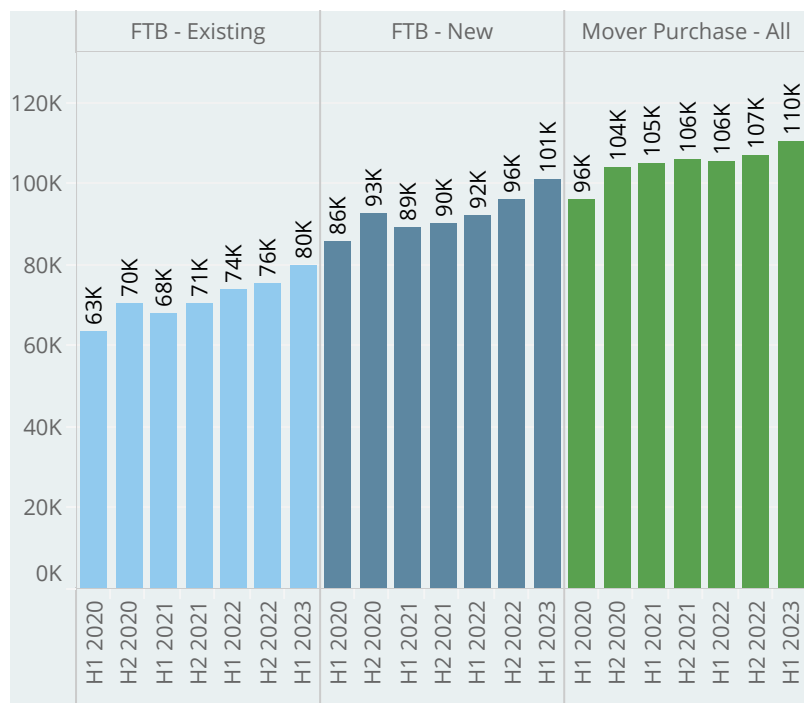




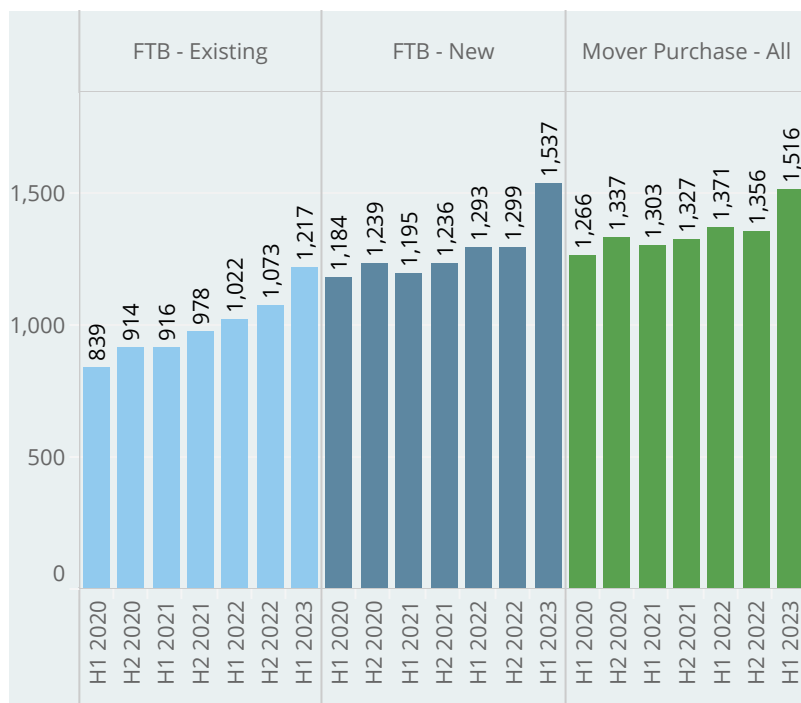
Mortgage Market Profile Report

Kildare

Median Basic Household Income



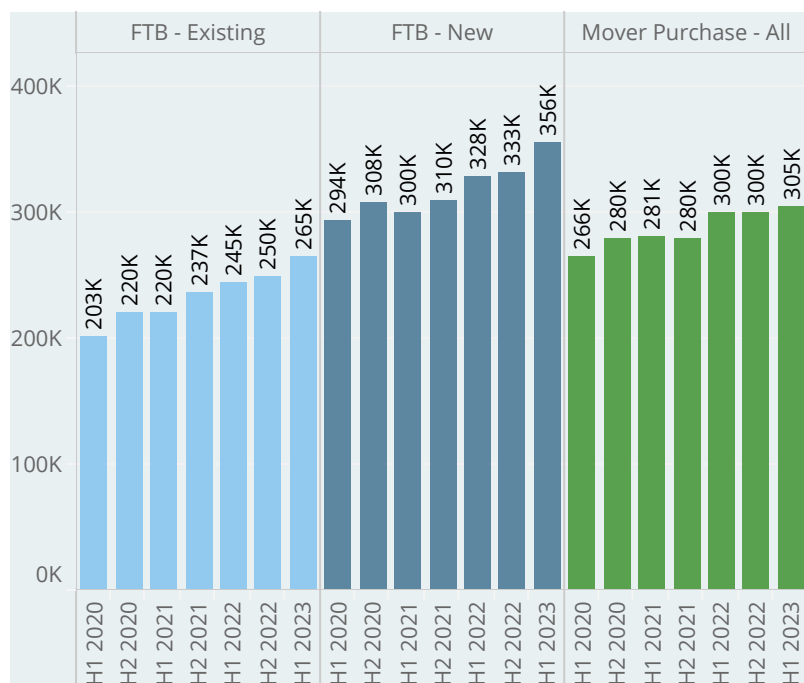
Median Monthly Repayment



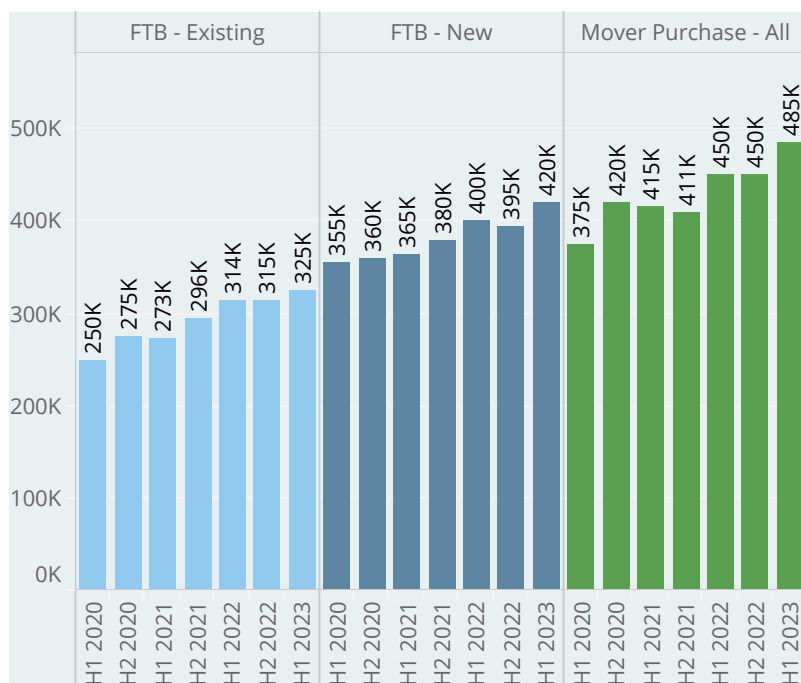
Note: Excluding self-builds

FTB - Existing FTB - New Mover Purchase - All

Median Loan



Median Property Value





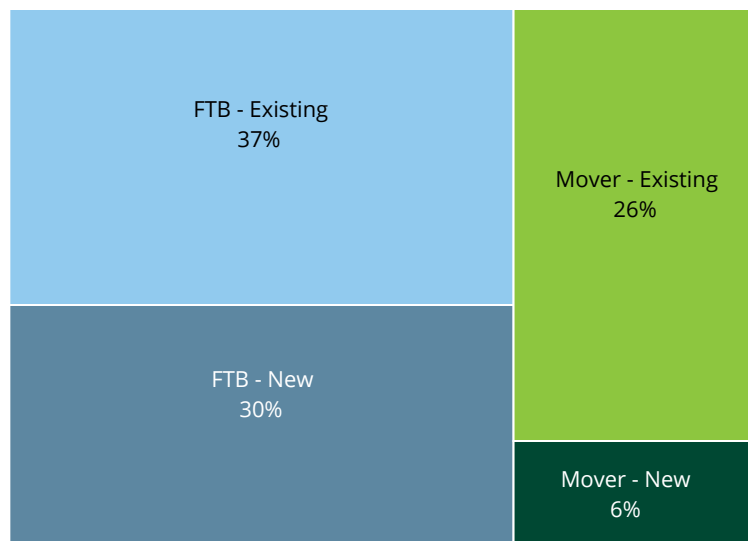
Mortgage Market Profile Report

Wicklow



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Customer Type-Property Status Share

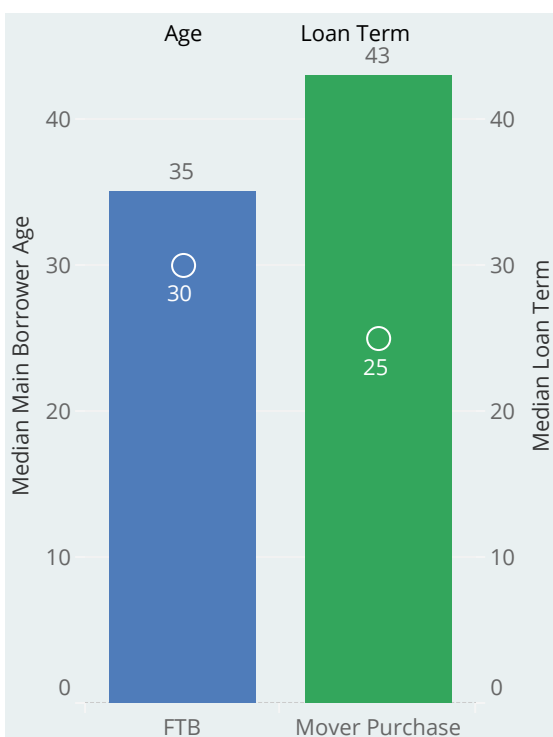


Note: All charts on this page refer to H1 2023.

The median property values in Wicklow were the second highest nationally for all customer types at €385,000 for FTBs buying existing property, €450,000 for FTBs buying or building new property and €530,000 for mover purchase. Wicklow had the lowest national market share of FTBs buying existing properties at 2.9% in H1 2023.

Semi-detached houses were the most common dwelling type for FTBs in Wicklow at 49%, the second highest proportion across all regions.

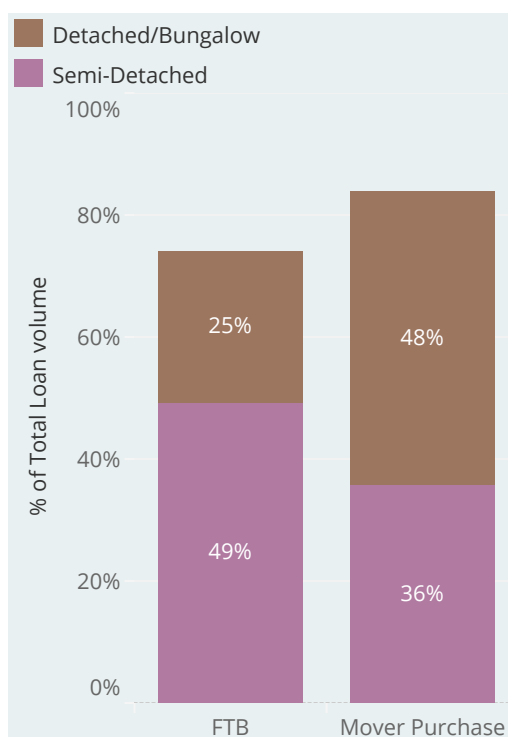
Borrower Age/Loan Term



Self-build % - New



Main Dwelling Types

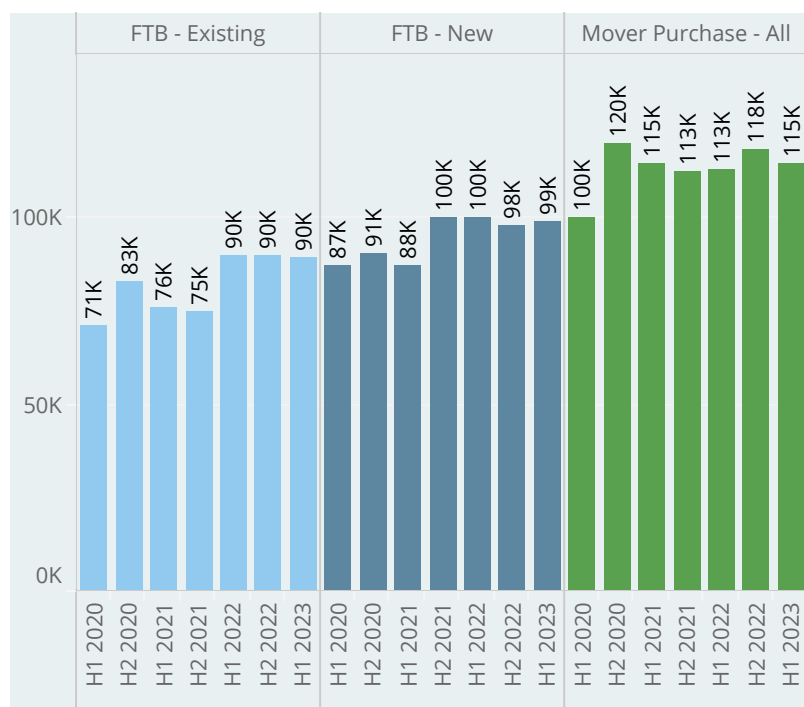




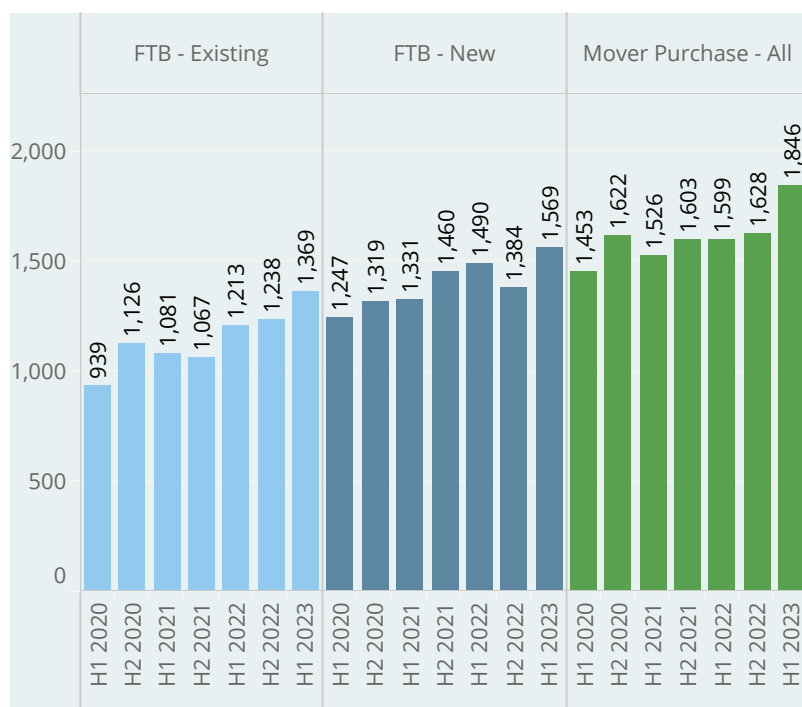
Mortgage Market Profile Report

Wicklow

Median Basic Household Income



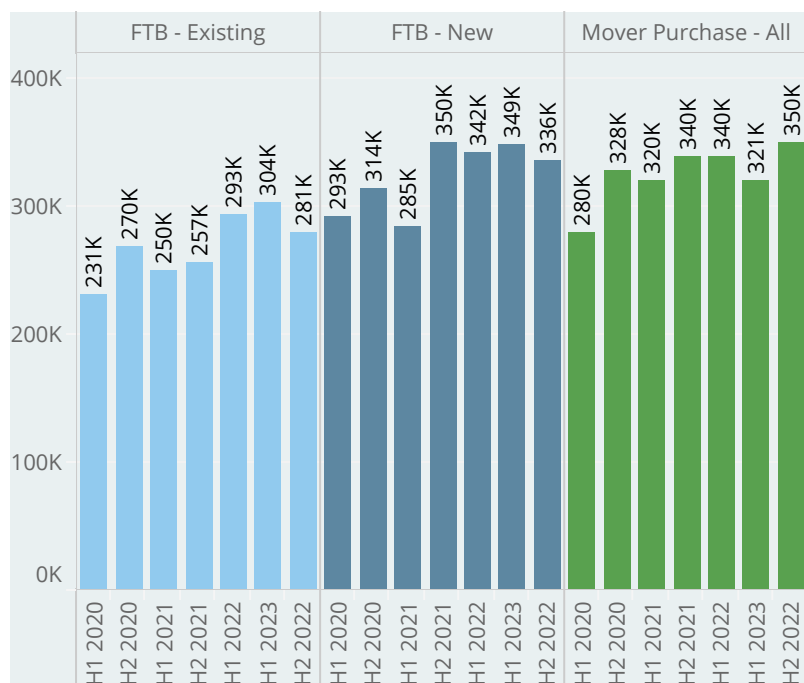
Median Monthly Repayment



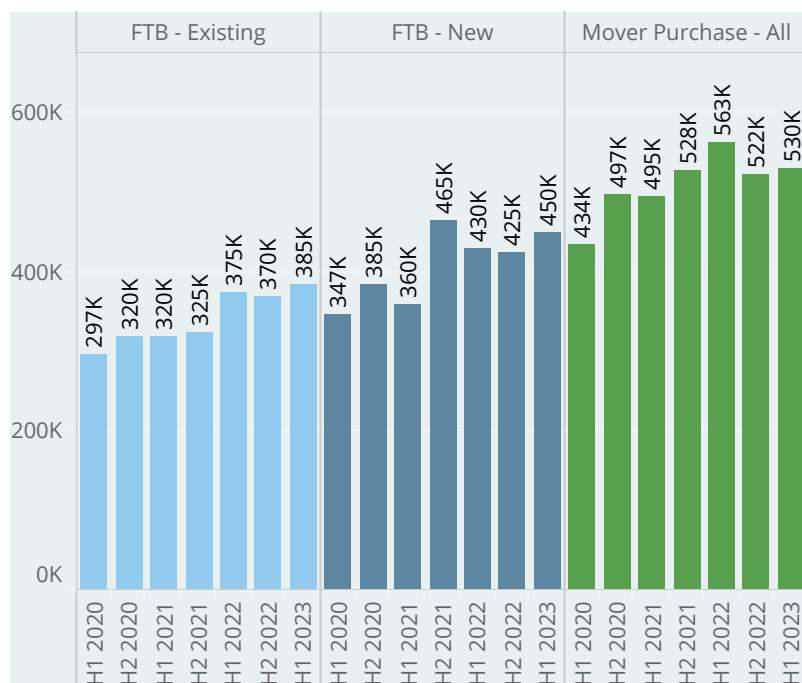
Note: Excluding self-builds

■ FTB - Existing ■ FTB - New ■ Mover Purchase - All

Median Loan



Median Property Value





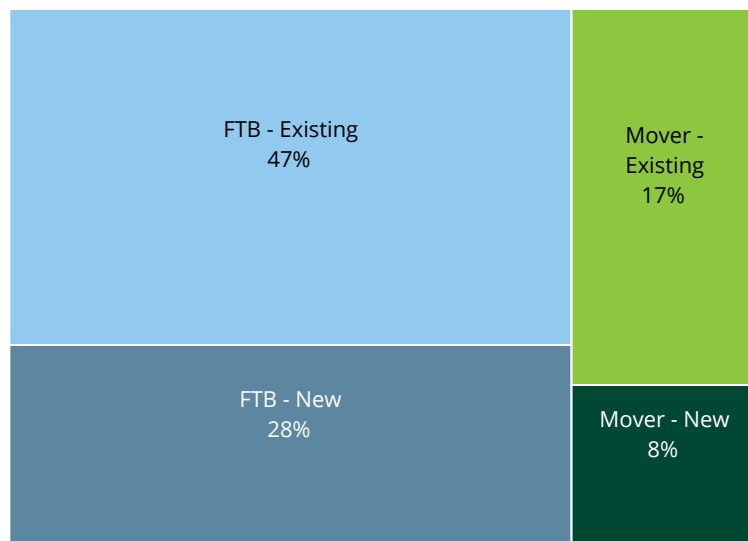
Mortgage Market Profile Report

Border



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Customer Type-Property Status Share

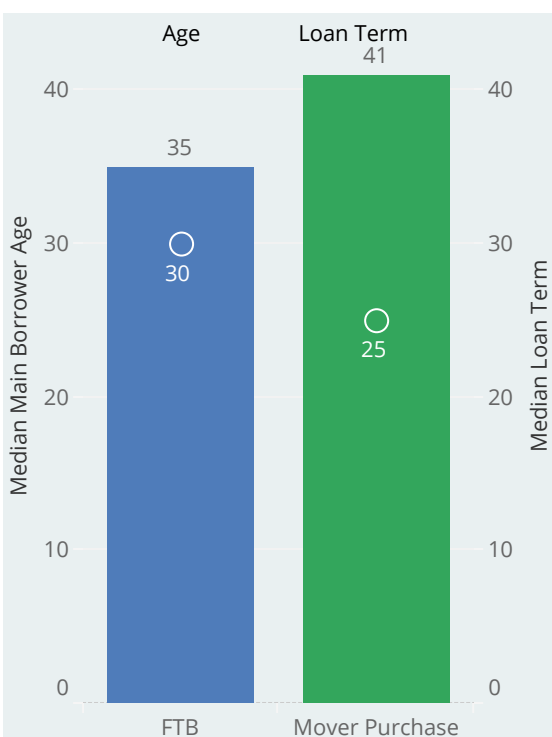


Note: All charts on this page refer to H1 2023.

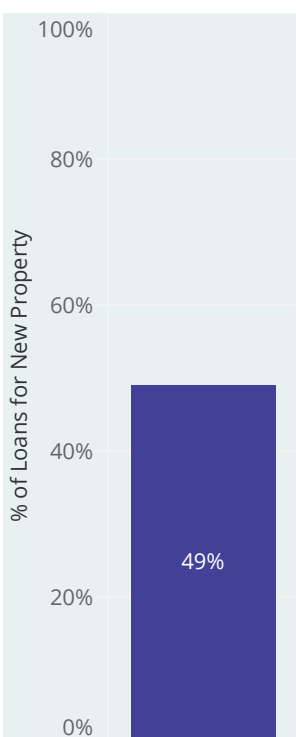
FTB property values in the border region were second lowest for FTBs buying both existing and new properties at €220,000 and €336,000, respectively.

This corresponds with relatively low median household incomes at €64,000 for FTBs buying existing property and €79,800 for FTBs buying or building new property. Self-builds accounted for 49% of new properties financed by mortgages, the third highest level of across all regions. Some 75% of mover purchases were to detached houses/..

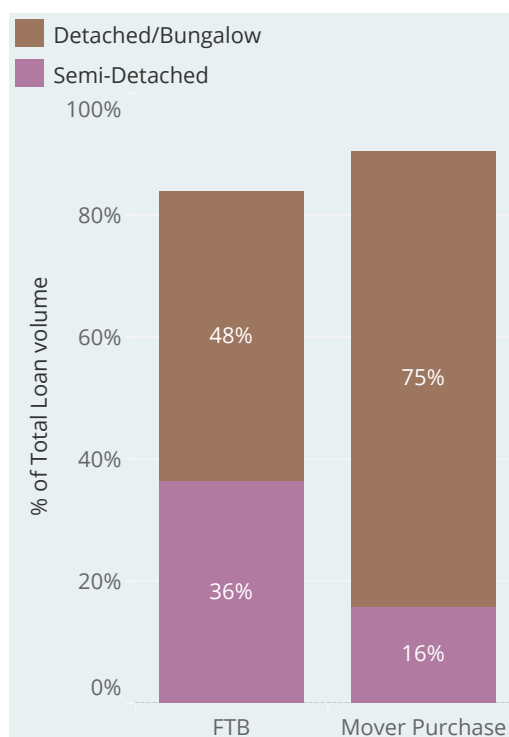
Borrower Age/Loan Term



Self-build % - New



Main Dwelling Types

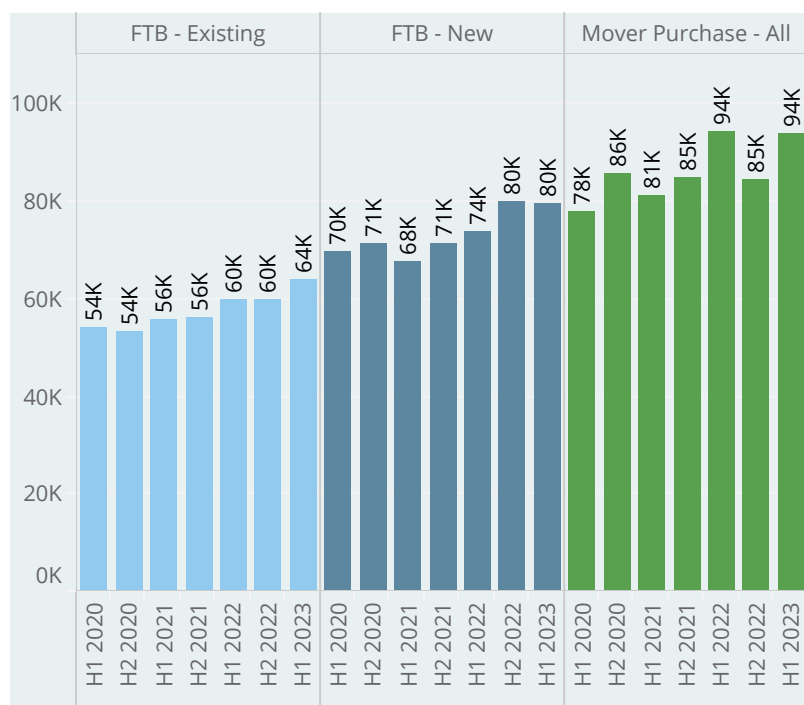




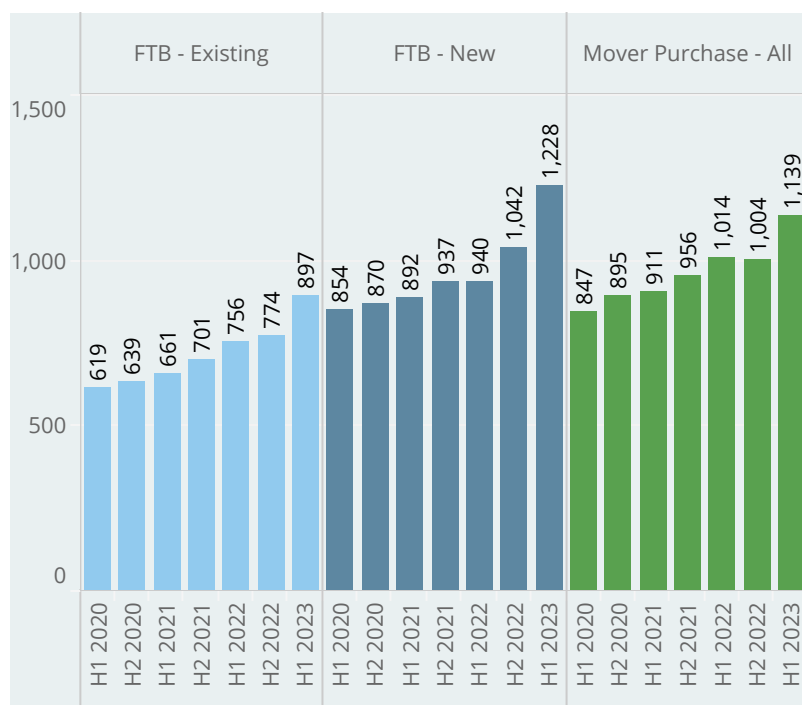
Mortgage Market Profile Report

Border

Median Basic Household Income



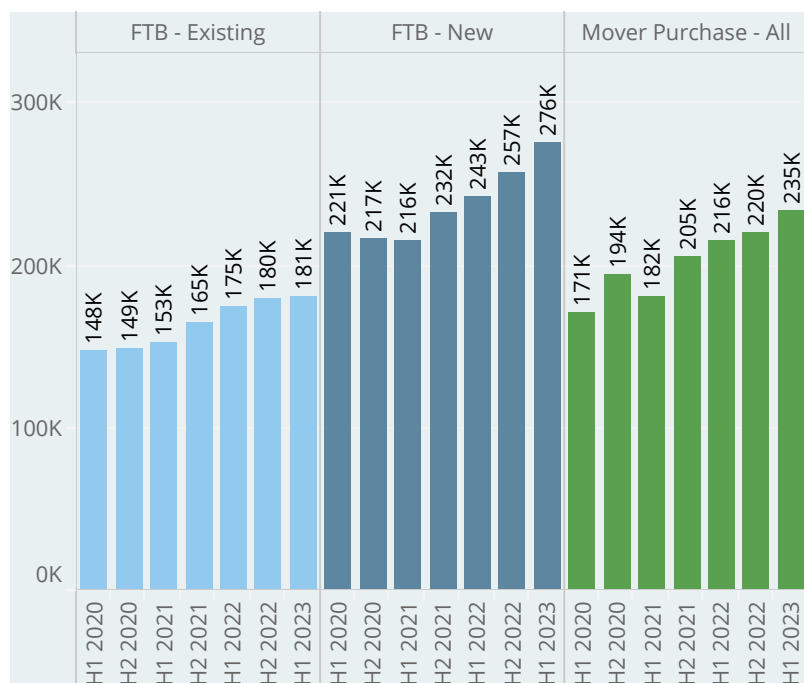
Median Monthly Repayment



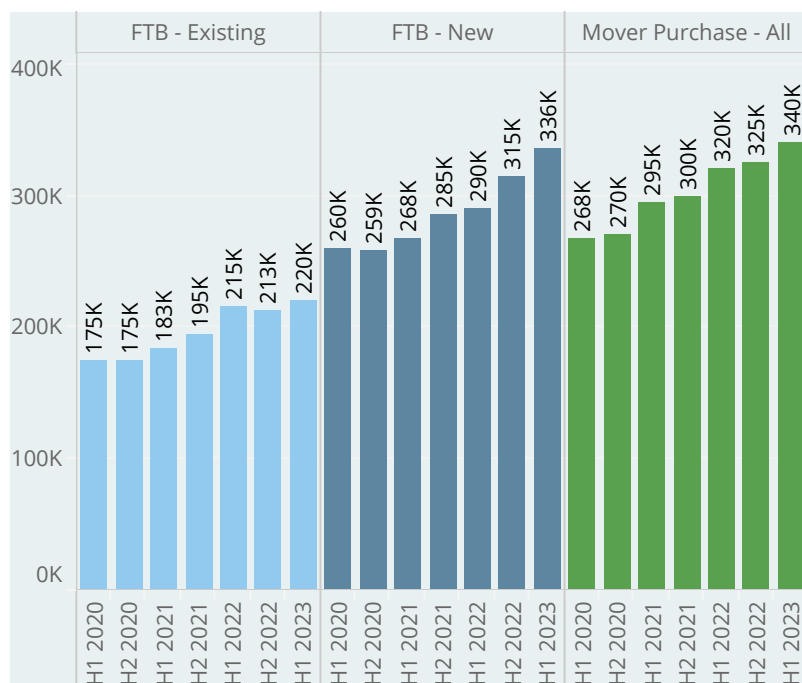
Note: Excluding self-builds

■ FTB - Existing ■ FTB - New ■ Mover Purchase - All

Median Loan



Median Property Value





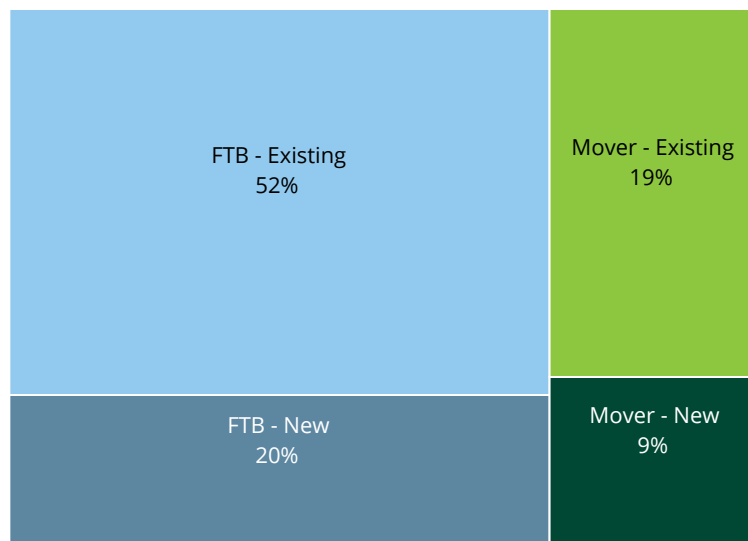
Mortgage Market Profile Report

West



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Customer Type-Property Status Share

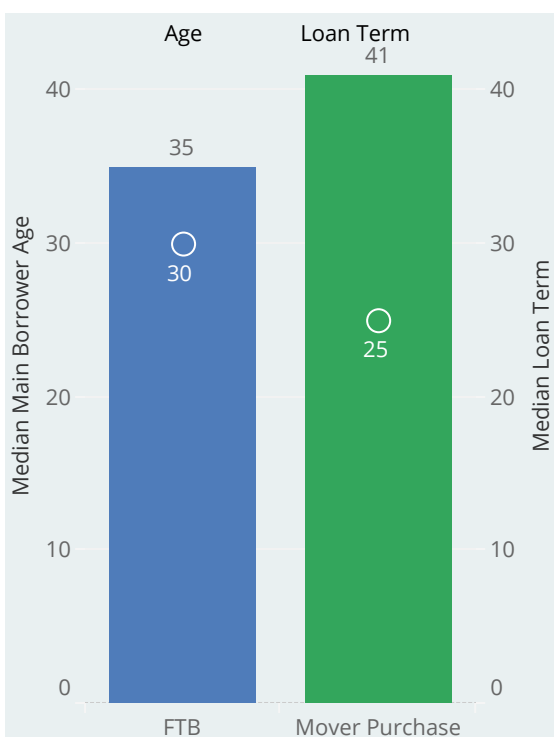


Note: All charts on this page refer to H1 2023.

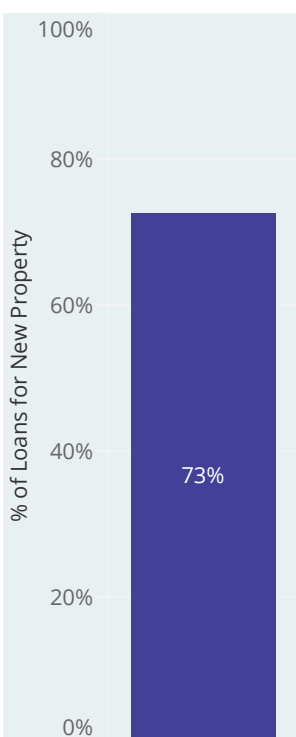
The West region had the lowest median property value for FTBs buying existing property at €205,000 in H1 2023.

Almost three quarters (73%) of new properties were self-builds and more than half of FTB and mover purchase mortgages were secured on detached houses/bungalows.

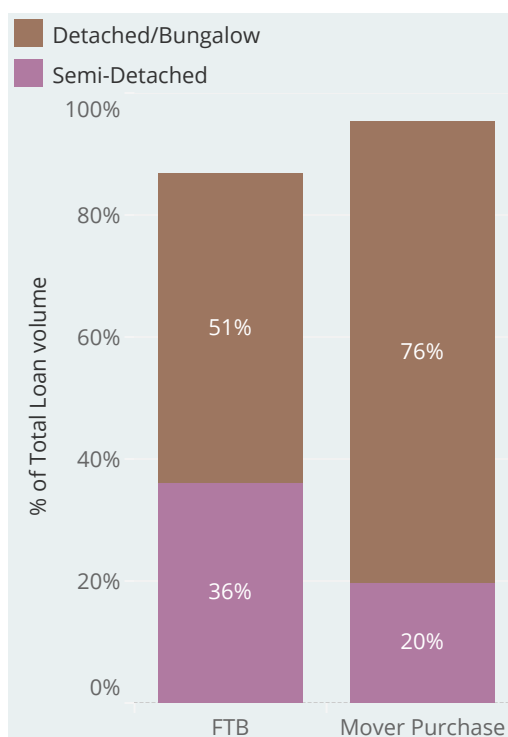
Borrower Age/Loan Term



Self-build % - New



Main Dwelling Types

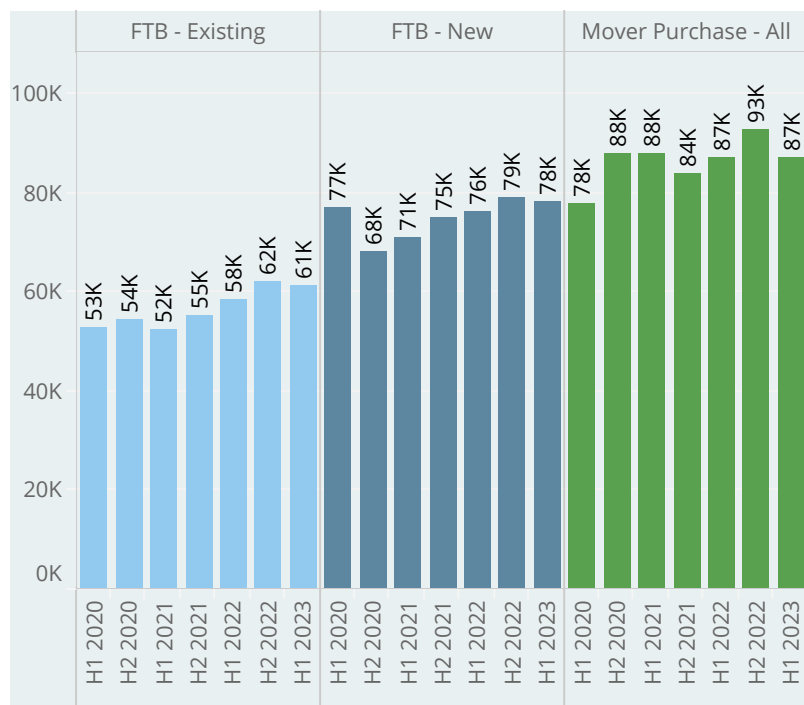




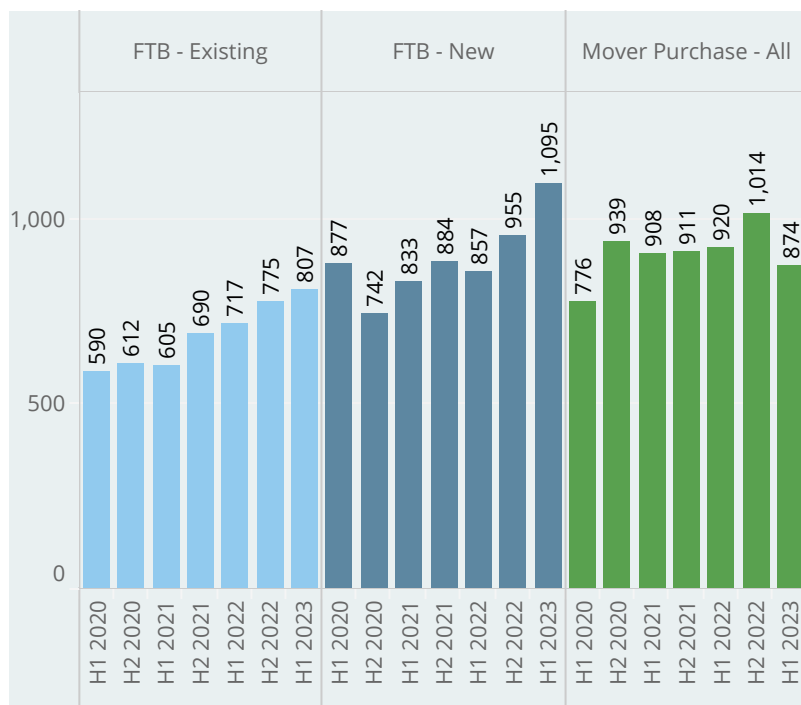
Mortgage Market Profile Report

West

Median Basic Household Income



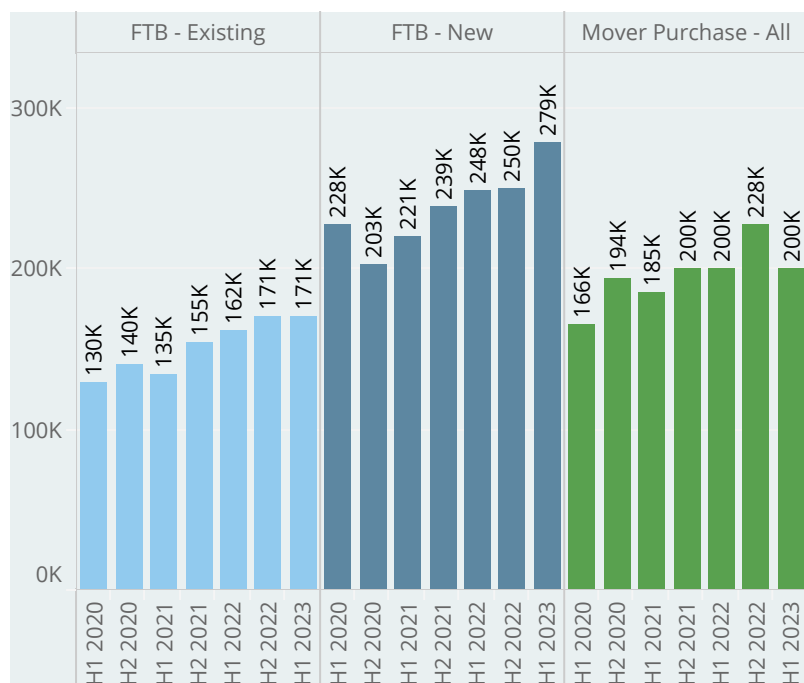
Median Monthly Repayment



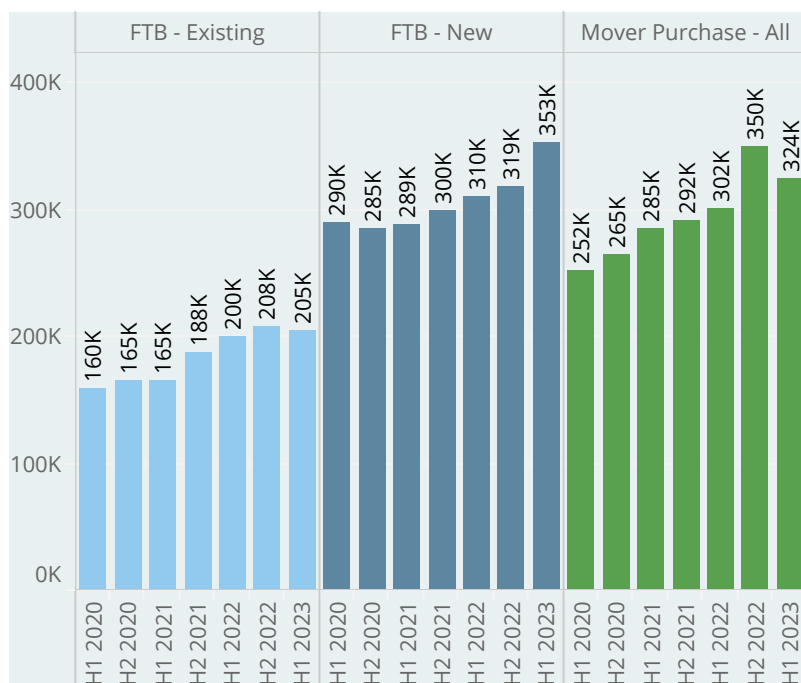
Note: Excluding self-builds

■ FTB - Existing ■ FTB - New ■ Mover Purchase - All

Median Loan



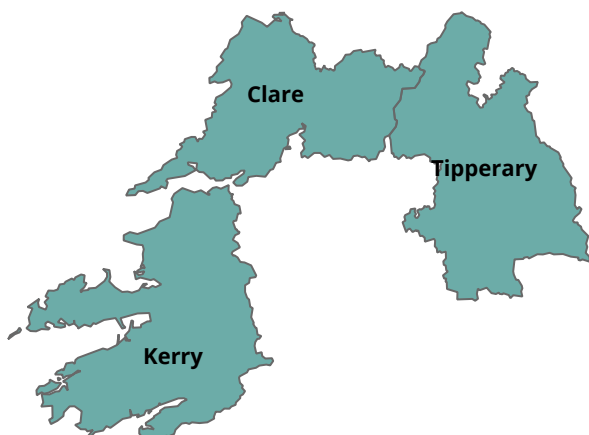
Median Property Value





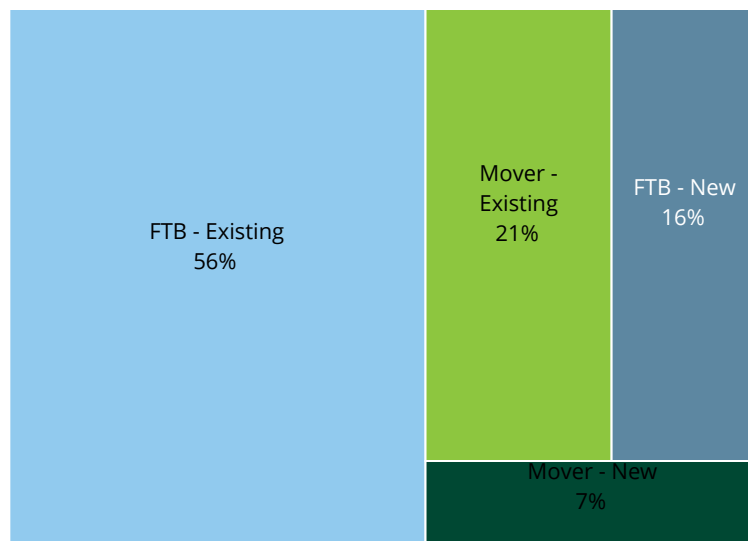
Mortgage Market Profile Report

South and Mid West



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Customer Type-Property Status Share

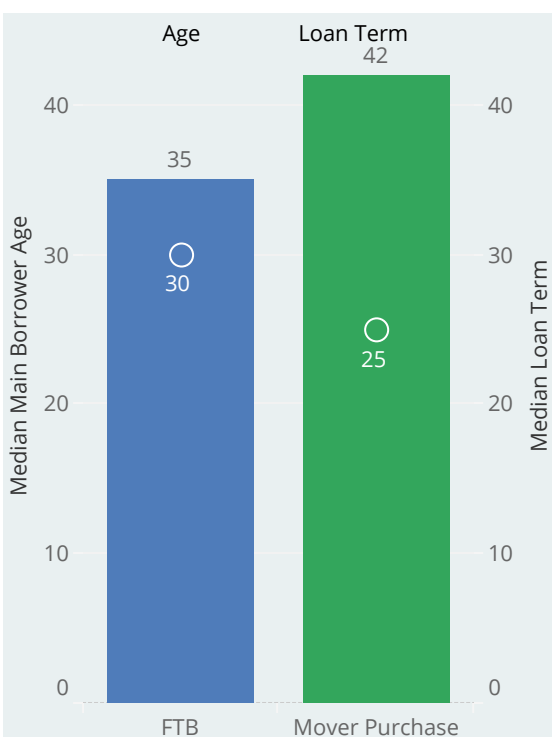


Note: All charts on this page refer to H1 2023.

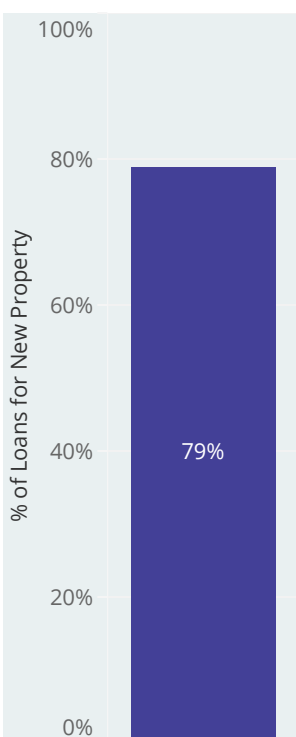
Self-builds accounted for 79% of new properties financed by mortgages in the South and Mid-west region, the highest proportion across all regions. Some 52% of FTB mortgages and 73% of mover mortgages were secured on detached houses/bungalows.

The median property value for FTBs buying or building new property rose by 22.4% between H1 2023 and H1 2022, the highest rate of increase across segments and regions.

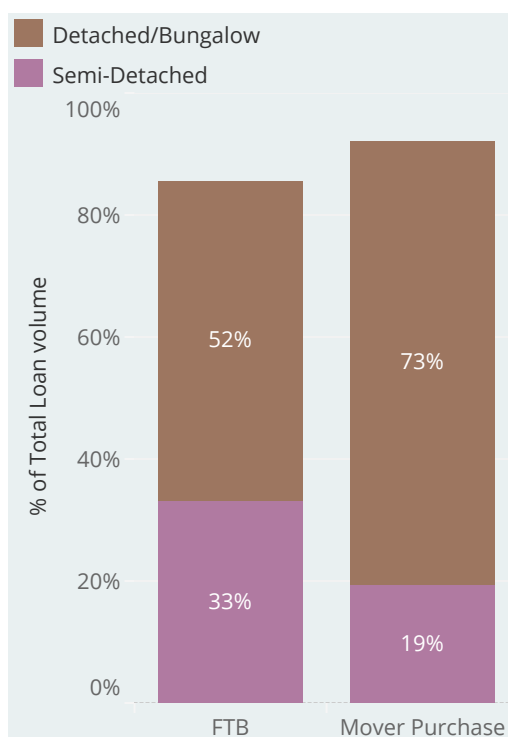
Borrower Age/Loan Term



Self-build % - New



Main Dwelling Types

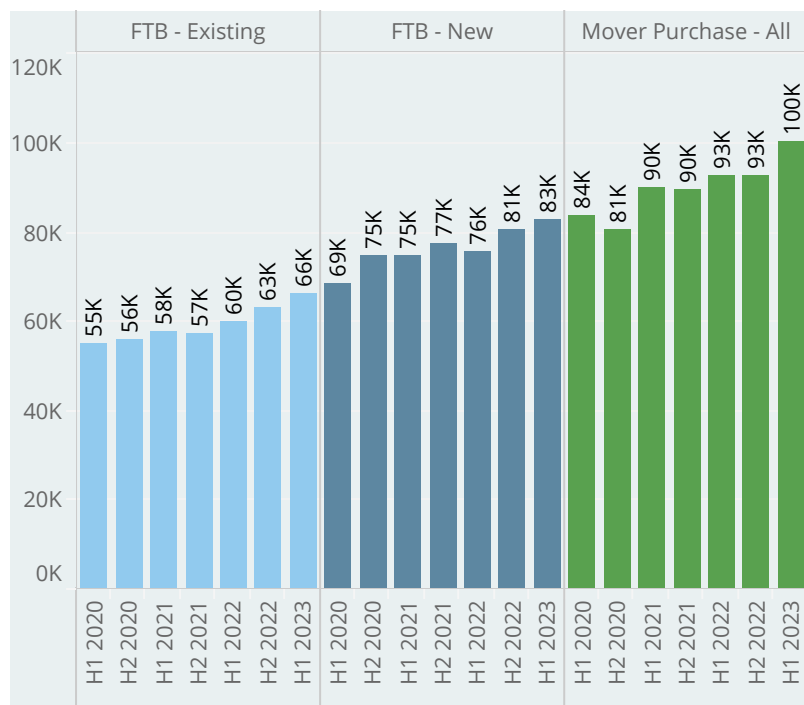




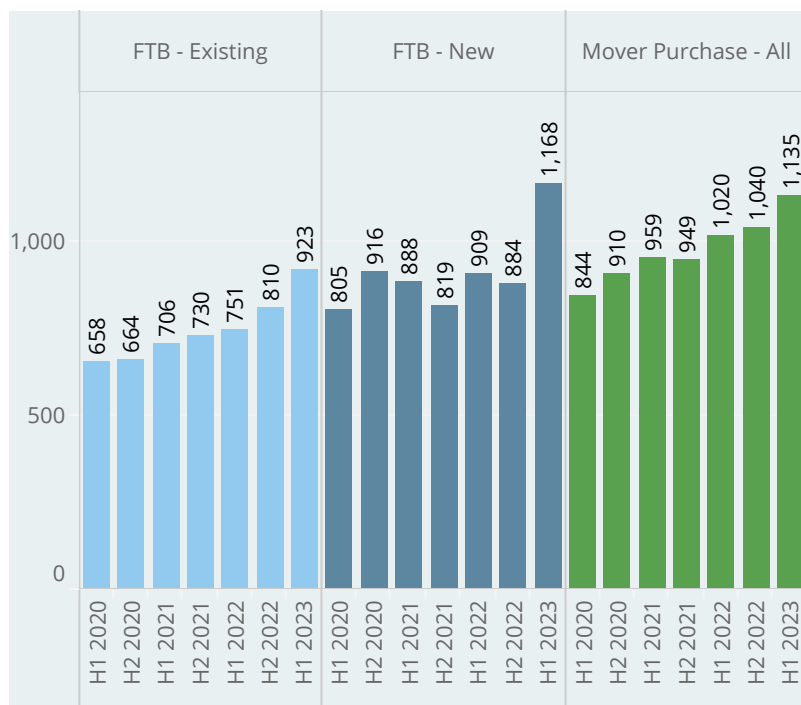
Mortgage Market Profile Report

South and Mid West

Median Basic Household Income



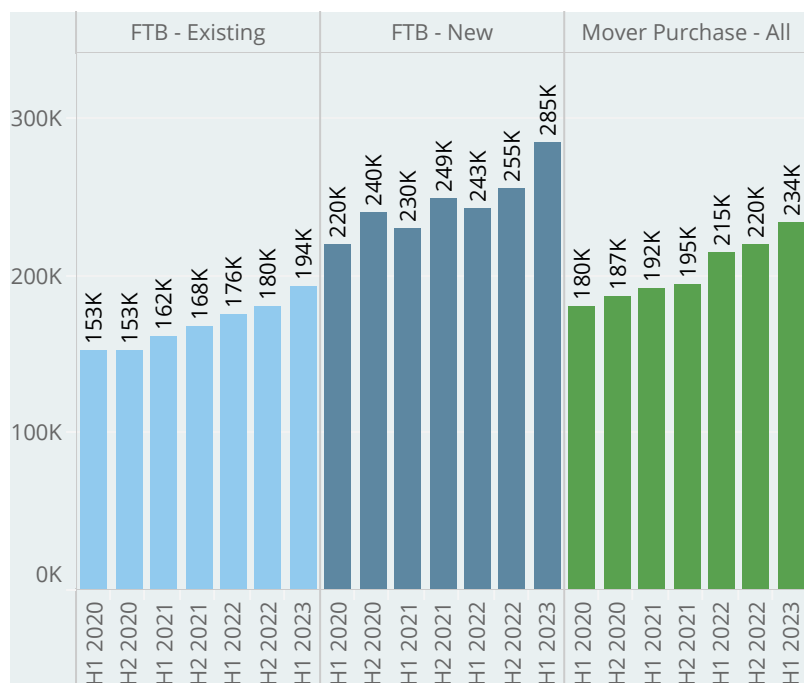
Median Monthly Repayment



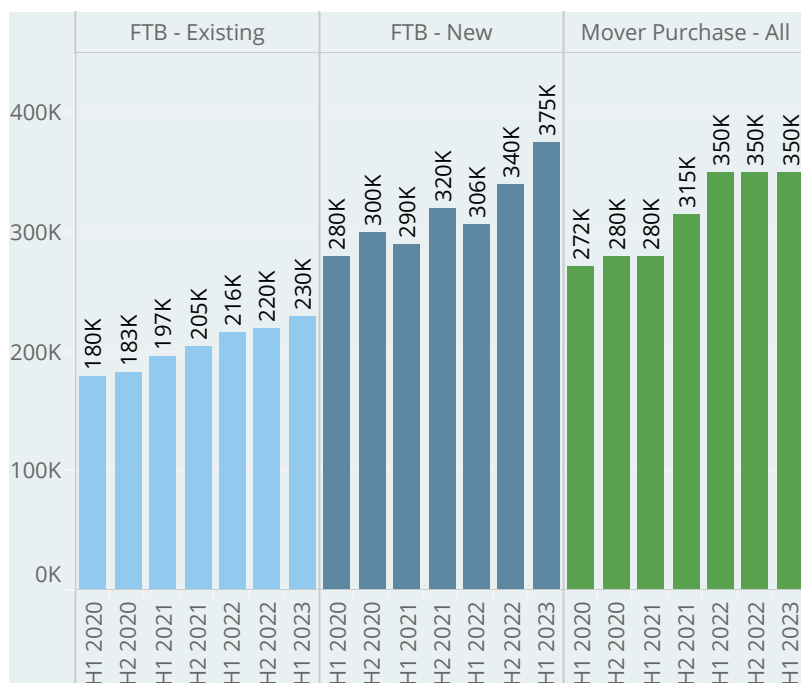
Note: Excluding self-builds

■ FTB - Existing ■ FTB - New ■ Mover Purchase - All

Median Loan



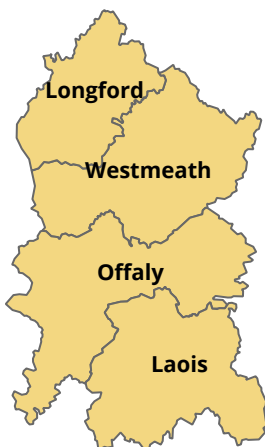
Median Property Value





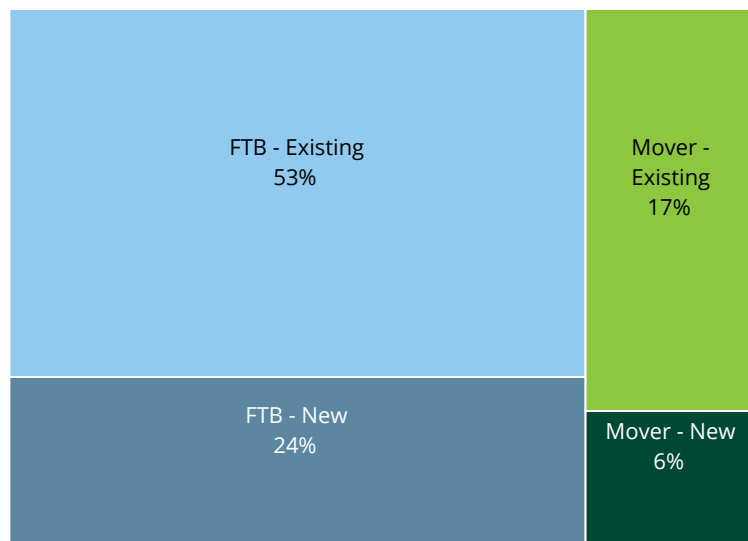
Mortgage Market Profile Report

Midlands



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Customer Type-Property Status Share

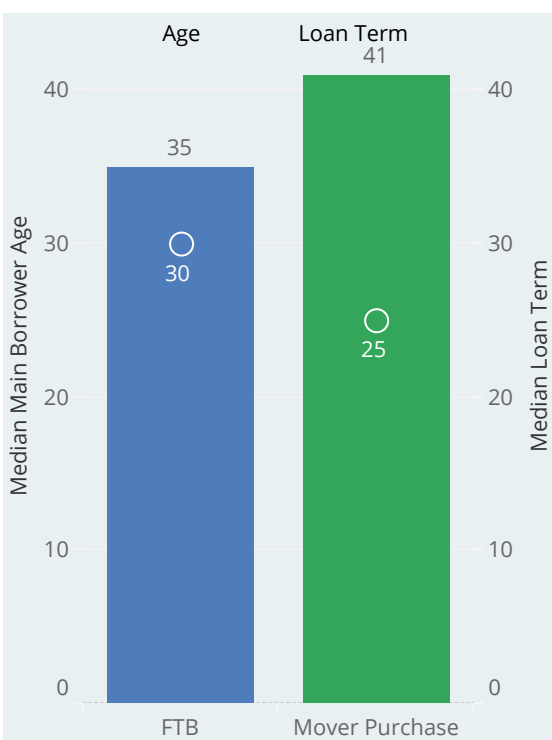


Note: All charts on this page refer to H1 2023.

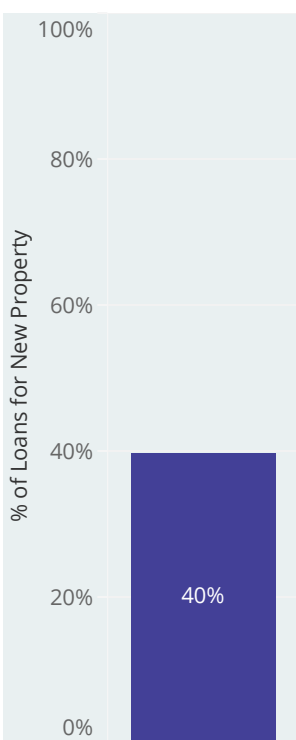
The Midlands region had the third lowest median property value for FTBs buying new and existing property at €345,000 and €225,000 respectively. The median property value for mover purchasers was €305,000 in the Midlands, the lowest in the country and about €15,000 less than in H1 2022.

Some 48% of FTBs in the Midlands purchased semi-detached properties in H1 2023, the third highest proportion across all regions.

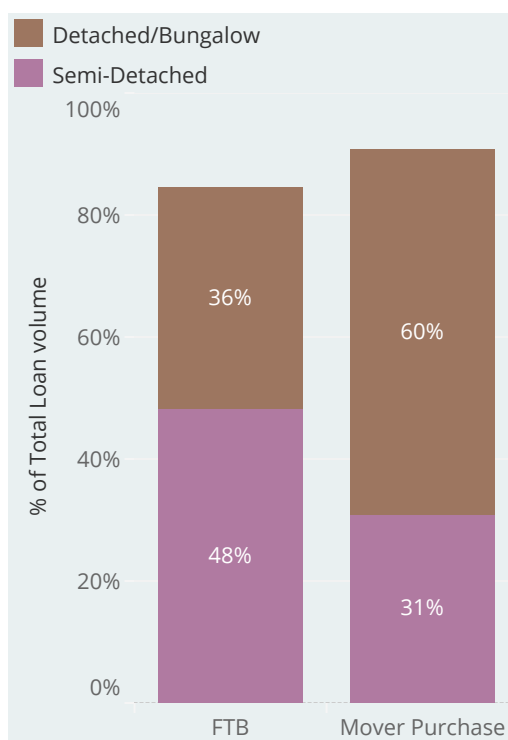
Borrower Age/Loan Term



Self-build % - New



Main Dwelling Types

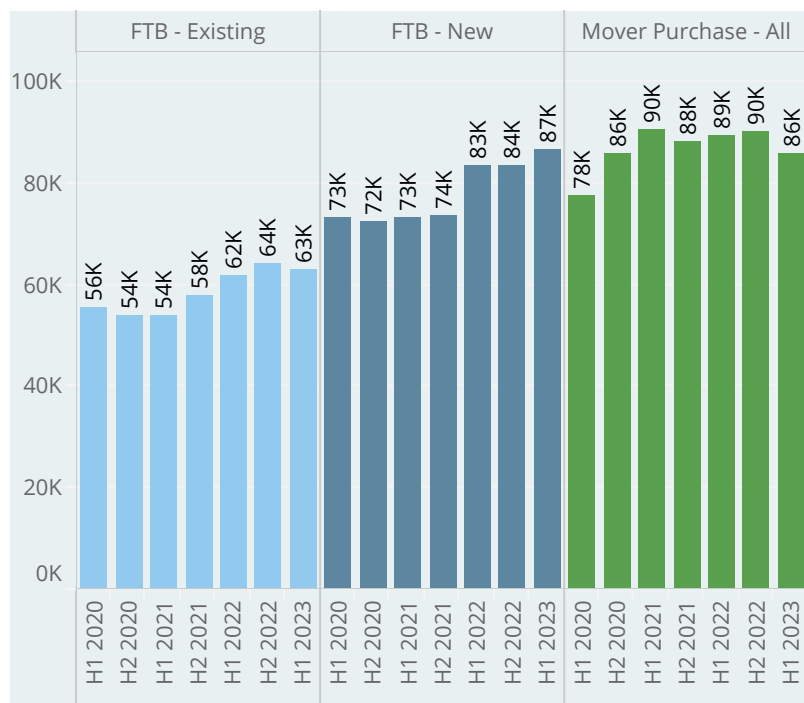




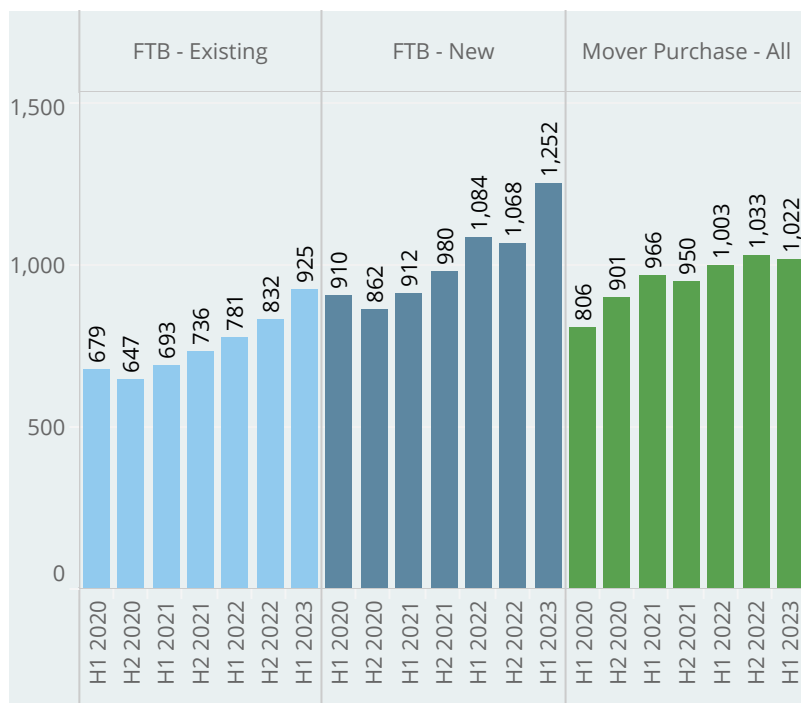
Mortgage Market Profile Report

Midlands

Median Basic Household Income



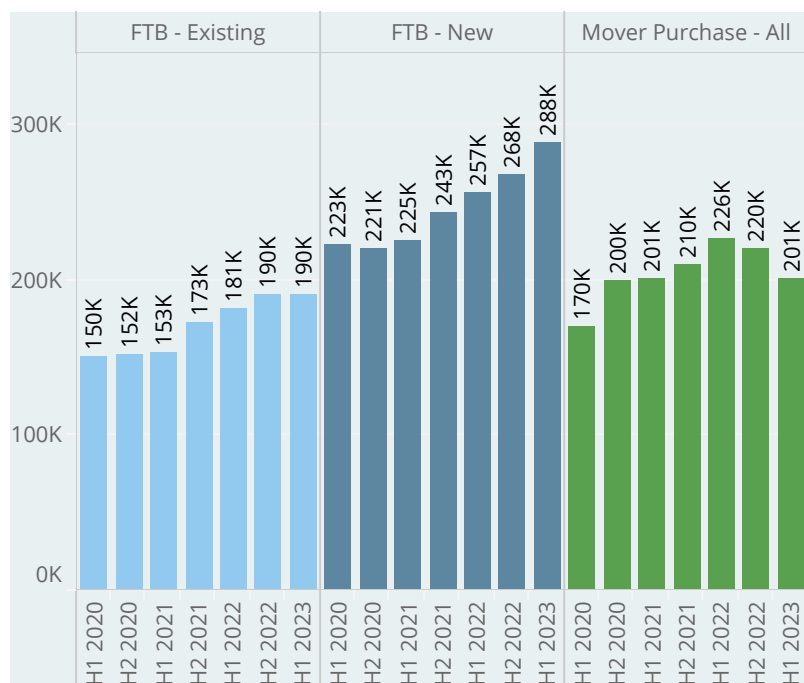
Median Monthly Repayment



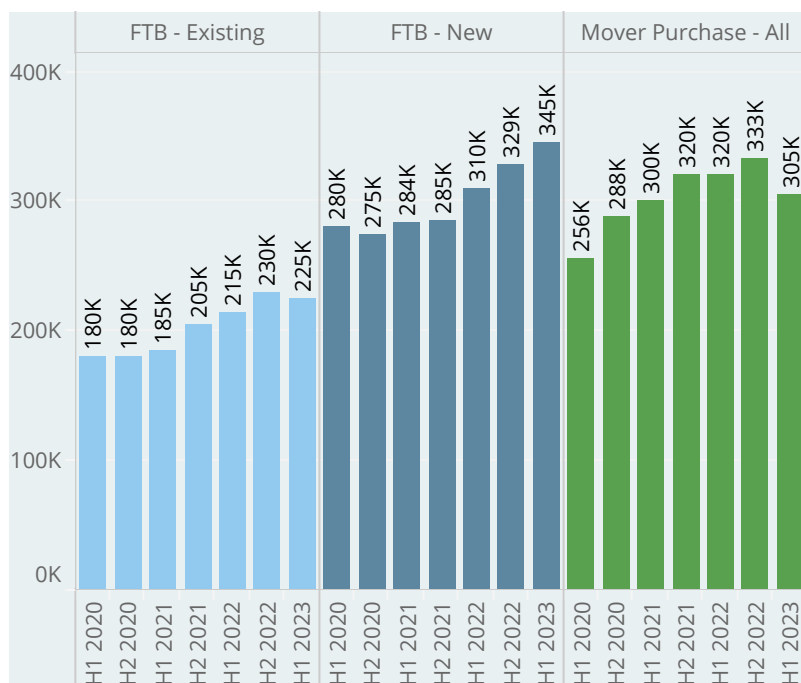
Note: Excluding self-builds

FTB - Existing FTB - New Mover Purchase - All

Median Loan



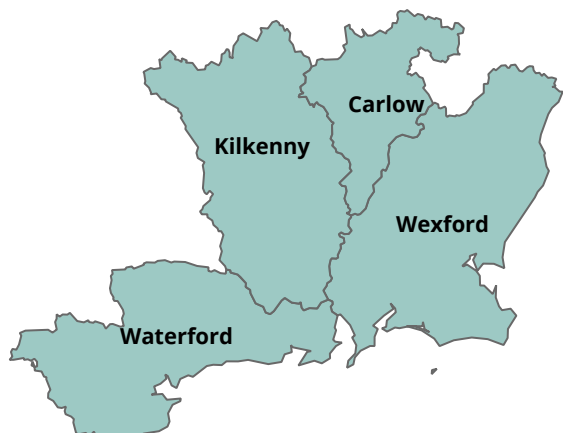
Median Property Value





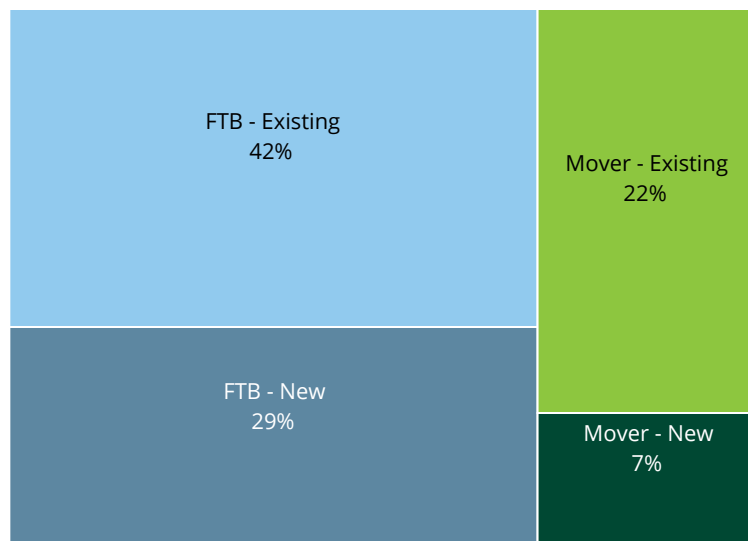
Mortgage Market Profile Report

South East



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Customer Type-Property Status Share

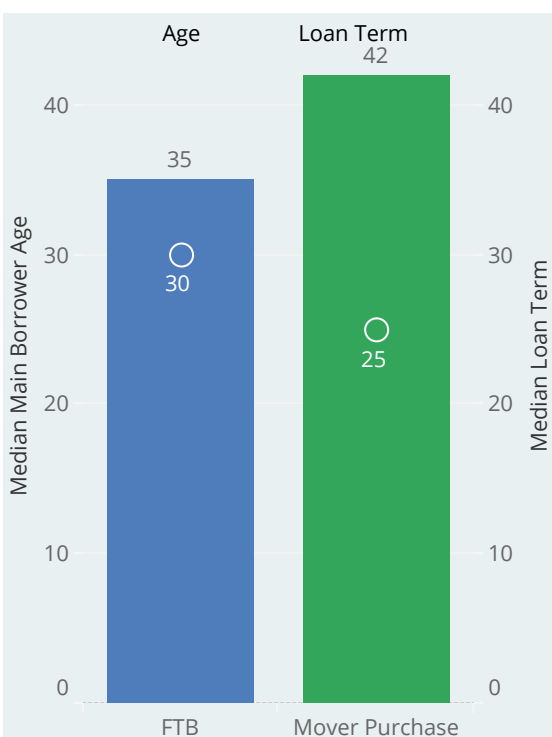


Note: All charts on this page refer to H1 2023.

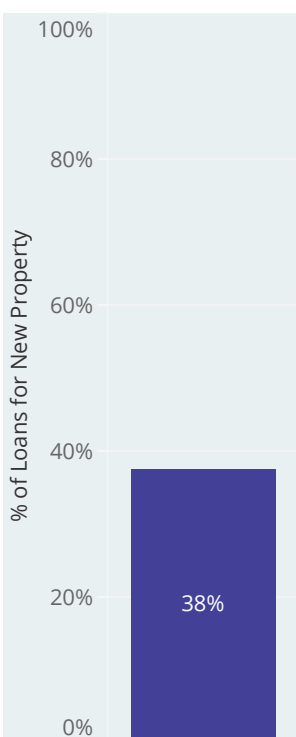
The South East region had the lowest median property value for FTB buying new property across all regions at €335,000.

The South East had a relatively low median income for FTBs buying new property at €82,700, the third lowest across all regions.

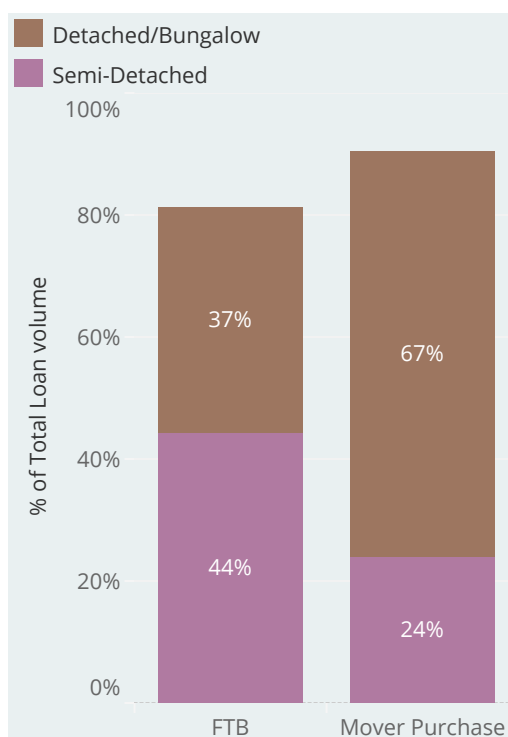
Borrower Age/Loan Term



Self-build % - New



Main Dwelling Types

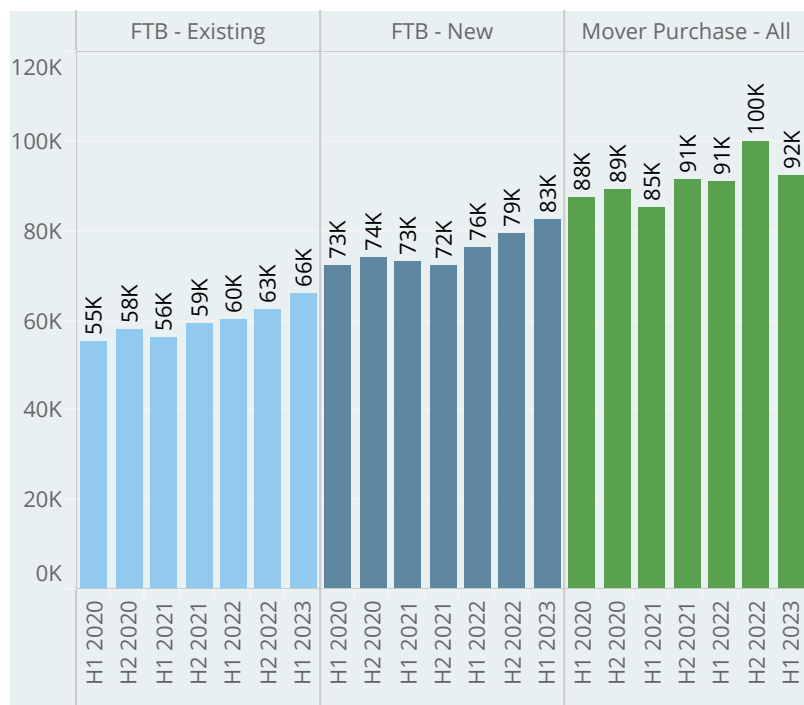




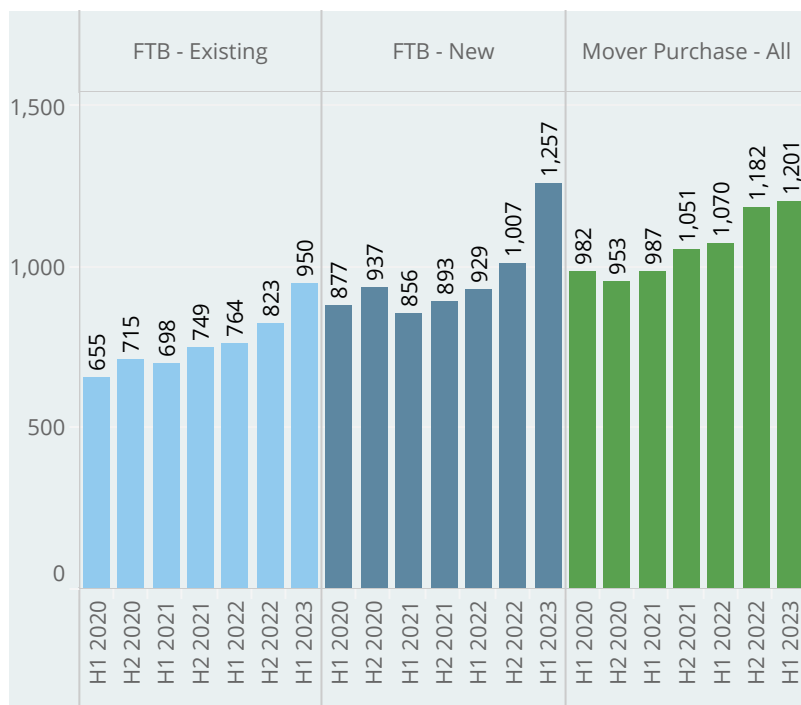
Mortgage Market Profile Report

South East

Median Basic Household Income



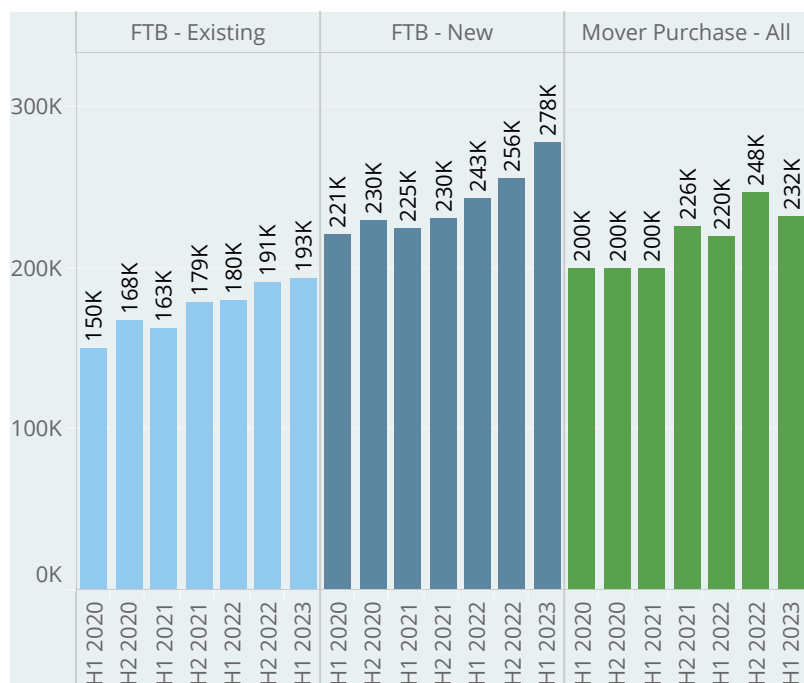
Median Monthly Repayment



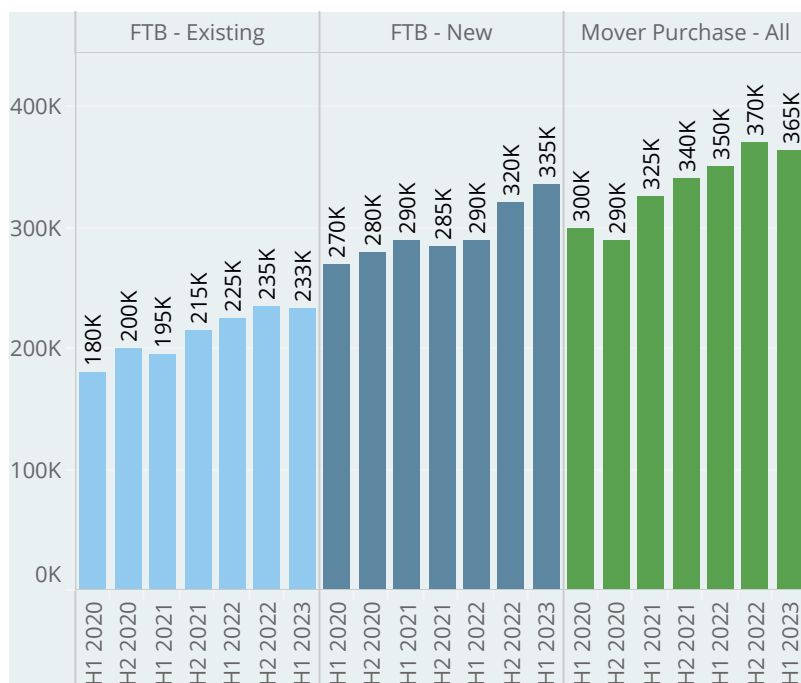
Note: Excluding self-builds

FTB - Existing FTB - New Mover Purchase - All

Median Loan



Median Property Value





Mortgage Market Profile Report

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.

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.

Re-mortgage/switching - A mortgage loan which is issued by one lender to refinance an existing mortgage with another lender.

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 (up to H1 2022);
- Ulster Bank (up to H2 2021)



Mortgage Market Profile Report

About the Data

Standard 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 borrower'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 excluded 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.



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