



# BPFI Housing Market Monitor Q3 / 2023

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

# OVERVIEW OF TRENDS

BPFI Housing Market Monitor Q3/2023

Indicator	Latest quarter	One year ago	% change
Dwelling completions	8,452	7,388	14.4%
Dwelling commencements	8,362	6,770	23.5%
Dwelling planning permissions	9,662	6,743	43.3%
Transactions	13,069	13,321	-1.9%
Yr/yr change in transaction prices	1.4%	10.7%	
Mortgage approvals	13,442	16,149	-16.8%
Mortgage drawdowns	11,614	14,851	-21.8%



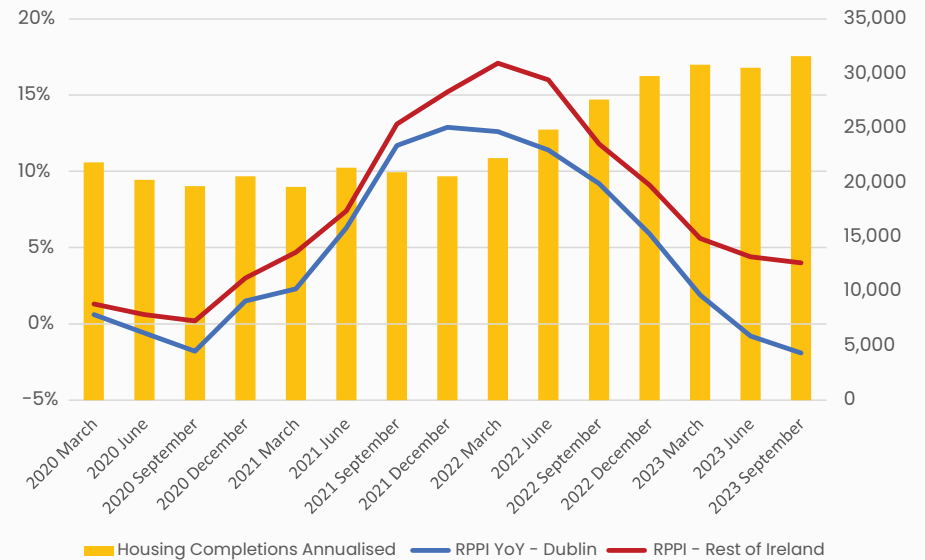
## Resilient housing and mortgage demand continues along with increased housing supply

At the beginning of the year, it was expected that housing and mortgage demand could be negatively affected in 2023 due to the fall in the purchasing power of households caused by higher housing and general living costs as well as future uncertainty in the wider economy. There was also uncertainty around the potential housing supply during the year. However, both in terms of housing supply and mortgage demand, it has been a strong year so far.

In terms of the mortgage market activity, approval values reached €14.7 billion in the twelve months ending October 2023 with nearly 52,000 approvals. The share of non-purchase approvals, which includes switching and top-ups, continued to decline and accounted for around 13.5% of all approvals in the same period in value terms, after reaching a peak share of around 25% in the twelve months ending October 2022. On the other hand, first-time buyers (FTBs) accounted for nearly 59% of all approvals during the period with over 30,500 approvals which is a new high and presents a strong pipeline for a strong end to the year.

In the twelve months ending September 2023, nearly 48,000 mortgages valued over €13.2 billion were drawn down, a slight decline (down 4.3%) in terms of volume and a similar level in terms of value (up 1.1%) compared to the twelve months ending September 2022. Drawdown volumes declined by 22% year on year in Q3 2023 however this was mainly due to the significant decline in switching activity. In fact, FTBs drew down over 7,000 mortgages during Q3 2023, the highest Q3 volume since 2007, accounting for almost 80% of home mortgage drawdowns on new properties and 69% of second-hand properties in the quarter.

Housing Supply and Average Housing Inflation (RPPI)



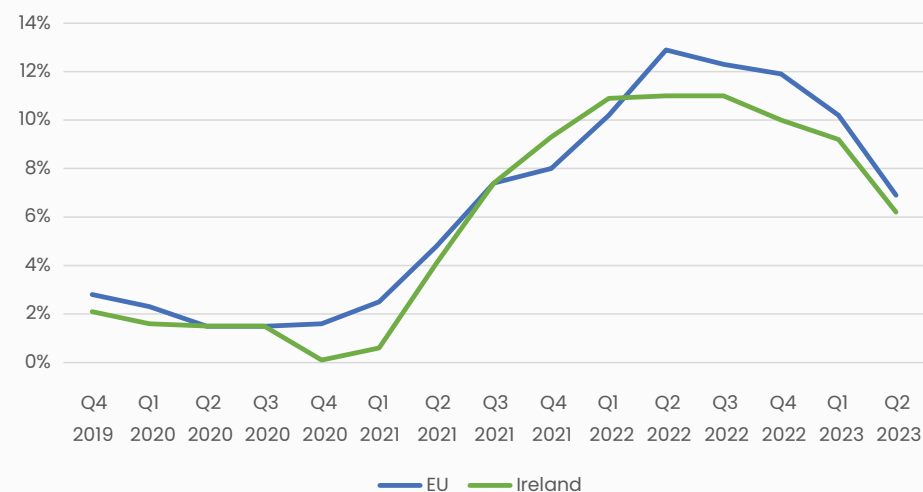
Source: Central Statistics Office (CSO)

## Increased housing output helps ease housing inflation

Housing completions increased significantly in 2023. Almost 31,600 new dwellings were completed in the twelve months ending September 2023, up from about 27,500 in the twelve months ending September 2022. The number of apartment completions during the third quarter of 2023 was nearly the same as the number of scheme completions and has reached its highest quarterly level since 2016. Housing starts in the first ten months of 2023 were 17% higher than in the same period of 2022. On an annualised basis, some 30,744 units were started in the twelve months ending October 2023. It is also encouraging to see that the number of housing starts continues to increase, providing a good pipeline for the level of completions in 2024 which is likely to exceed 32,000 units. In terms of the medium and longer term outlook, about 37,600 housing units were granted planning permission in the twelve months ending September 2023. A total of nearly 150,000 housing units were granted planning permission between the beginning of 2020 and September 2023, of which more than 55% was for apartments.

The increase in housing output has helped to moderate average annual housing price inflation. Average residential property prices increased by 1.4% in the 12 months to September 2023 compared with 10.8% annual increase in September 2022, with prices in Dublin decreasing by 1.9% and prices outside Dublin up by 4%. In fact, average prices in Dublin have been declining on a year-on-year basis since May 2023 according to the Central Statistics Office (CSO). The median price of a dwelling purchased in the 12 months to September 2023 was €320,000.

Year-on-year Change in Construction Costs  
(new residential buildings)



Source: Eurostat

## Construction costs have increased significantly

Notwithstanding the fact that average price inflation associated with the delivery of housing has eased recently, with lower inflation levels for energy and fuel and material costs, rising costs have been a challenge across the European Union countries. The changes in construction costs in Ireland are following a similar trend across the EU. According to Eurostat, average construction costs (including labour costs) in the EU annually increased by around 1.3% between 2011 and 2016. In the following three years, 2017 to 2019, the prices increased by an average of almost 3.0% per year. In Ireland, construction costs have increased by nearly 23% between the end of 2019 and the third quarter of 2023 while the increase between 2015 and 2019 was only 9%.

We have seen housing output increasing significantly in the past two years and the potential output for 2024 looks encouraging, based on evidence from the commencement activity. This has helped to ease average property price inflation particularly in the second half of 2023 and this is likely to continue to help in 2024. However, it will be important to monitor cost challenges in the sector while building more homes so that better affordability can be provided for potential home buyers given that average home prices have increased faster than the incomes of potential home buyers in the past few years.

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## New dwellings completed

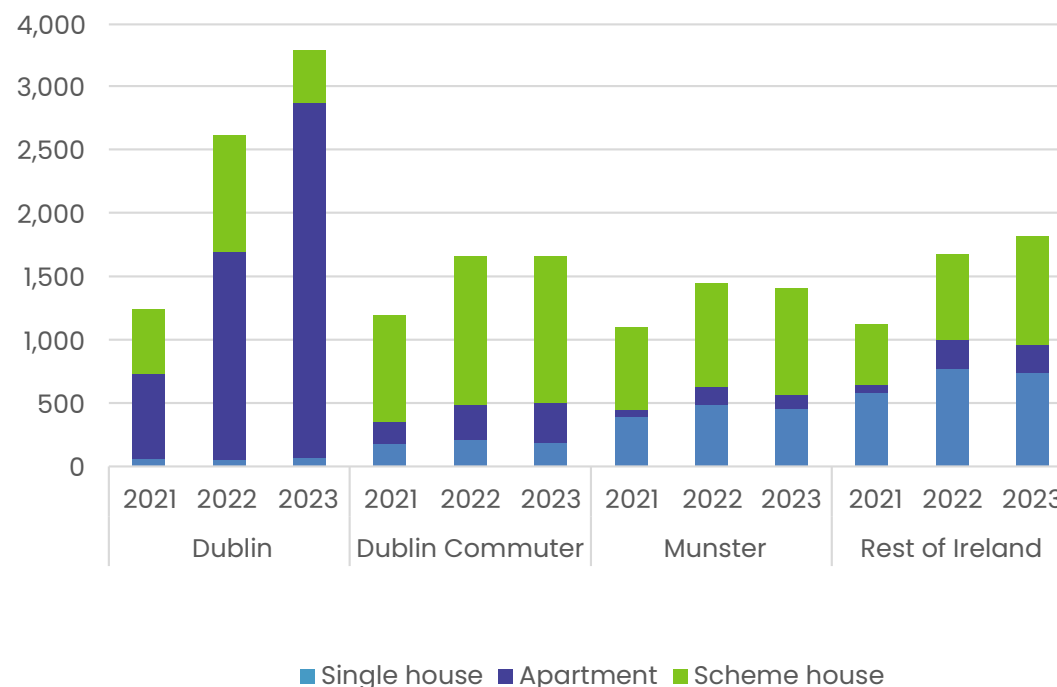
Almost 8,500 new dwellings were completed in Q3 2023, according to the Central Statistics Office (CSO), 14.4% more than in Q3 2022.

There were more than 3,600 scheme house completions in Q3 2023, an increase of 1.5% year on year. Scheme houses accounted for 42.9% of completions in the quarter.

Dublin accounted for about 42.2% of all completions in Q3 2023 and 80.8% of apartment completions. Munster and the Dublin Commuter region (Louth, Meath, Kildare and Wicklow) accounted for about 16.6% and 19.7% of completions, respectively.

While the number of apartment completions in Dublin rose by 66.6% year on year to 2,727, scheme house completions in the region fell by 15.2% to 777. The increase in scheme completions numbers was driven mainly by a 92.6% jump in Ulster to 260 units.

Note: Q3 Only. Source: CSO



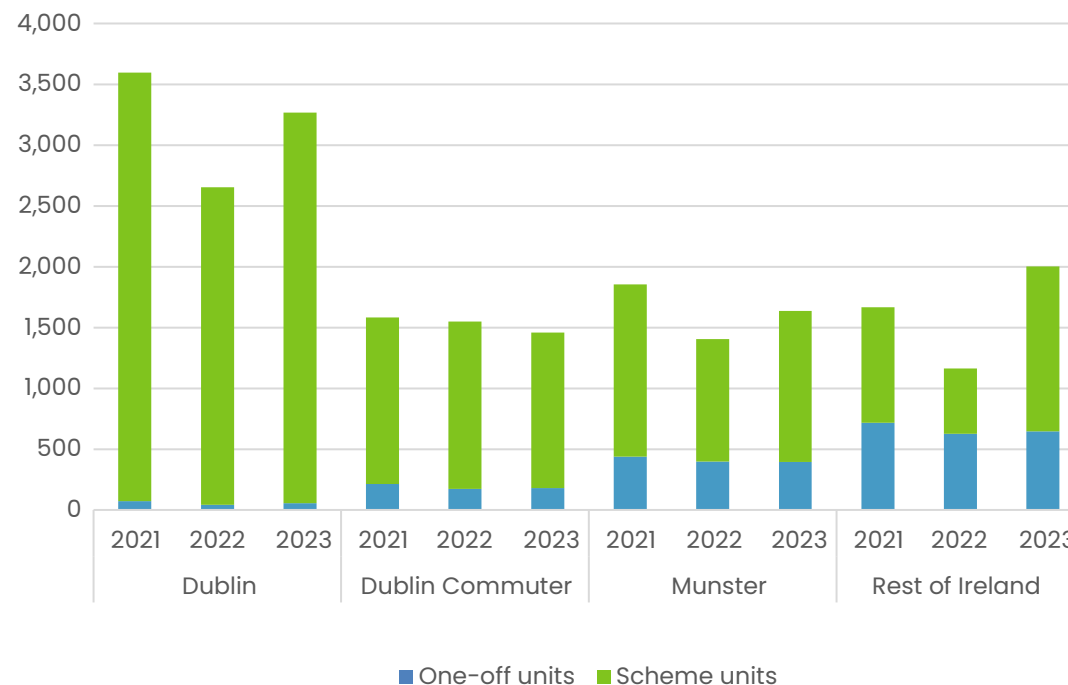
## New dwellings commenced

Almost 8,400 housing units were started in Q3 2023, 23.5% more than in Q3 2022 and the highest quarterly total since Q3 2021.

Dublin and Dublin Commuter accounted for 39.1% and 17.4%, respectively, of housing starts in Q3 2023. Almost 3,300 dwellings were commenced in Dublin, 23.1% more than in Q2 2023. By contrast, Dublin Commuter housing starts fell by 5.9% to less than 1,500 over the same period. Commencements rose on a year-on-year basis in Connacht-Ulster, up 64.8% year on year.

Only 15.3% of units commenced in Q3 2023 were one-off units. Connacht-Ulster was the only region in which more than half of housing starts were one-offs, at 50.4%.

Note: Q3 Only. Source: Department of Housing



## New dwelling planning permissions

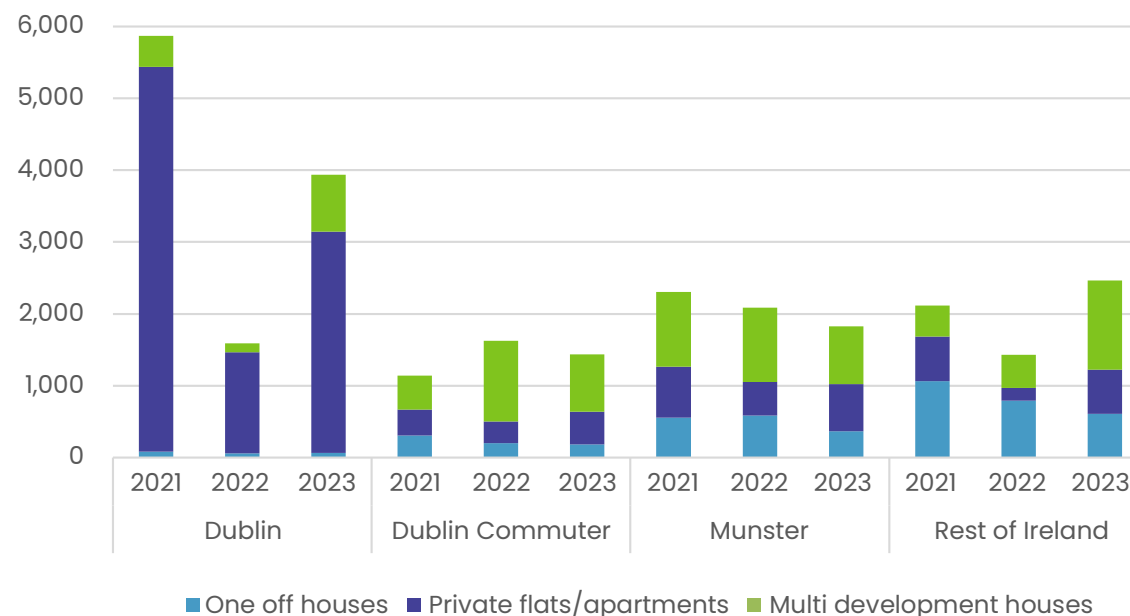
The number of residential units granted planning permission rose by 43.3% year on year in Q3 2023 to 9,662.

More than 4,800 apartments were granted planning permission in Q3 2023, about 50% of all units and 104.2% more than in Q3 2022. Dublin accounted of 64.1% of apartments nationwide and 17.8% of houses. Dublin City Council alone accounted for 47.3% of all apartments.

The Dublin Commuter region accounted for 14.9% of units granted planning permissions, compared to 16.8% in Q3 2022. The number of dwelling units approved in Munster decreased by 12.9% year-on-year, however, apartments in the region increased by 41.9% compared to Q3 2022.

The number of dwelling units approved in Kildare decreased by more than 400 year on year while the units approved in Limerick, Louth, Meath and Westmeath increased by more than 300 compared to Q3 2022.

Note: Q3 only. Source: CSO





## Transaction prices

Residential property price inflation increased in Q3 2023, with prices up by 1.4% in the twelve months to September 2023, compared with an increase of 10.7% in the year to September 2022.

Prices for new dwellings were up 10.4% year on year, while prices of existing dwellings were 1% lower.

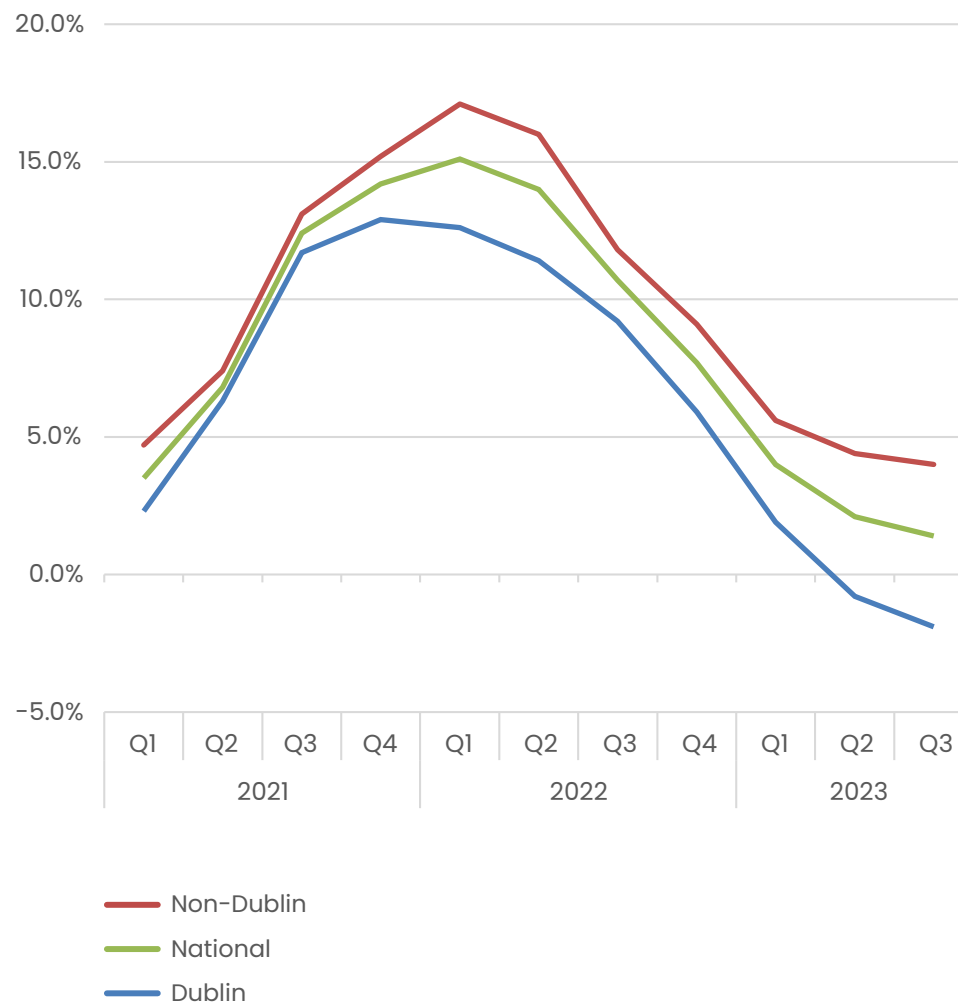
Prices in Dublin decreased by 1.9% in the 12 months to September 2023, with house prices in Dublin falling by 2.5% year on year while apartment prices increased in the county by 0.7%.

Residential property price inflation outside Dublin rose by 4% year on year, with house prices up by 3.9%.

Prices vary significantly by location, type and status. At almost €410,000, the median new house price was €110,000 higher than the median existing house price in September 2023 (based on filings of household purchases at market prices).

Eight local government areas (all of Dublin, Kildare, Meath, Wicklow and Cork County) had median residential property prices at or above the national median price of about €328,000 in September 2023. By contrast, each county in Connacht-Ulster (except Galway) had a median price of €205,000 or less.

Source: CSO



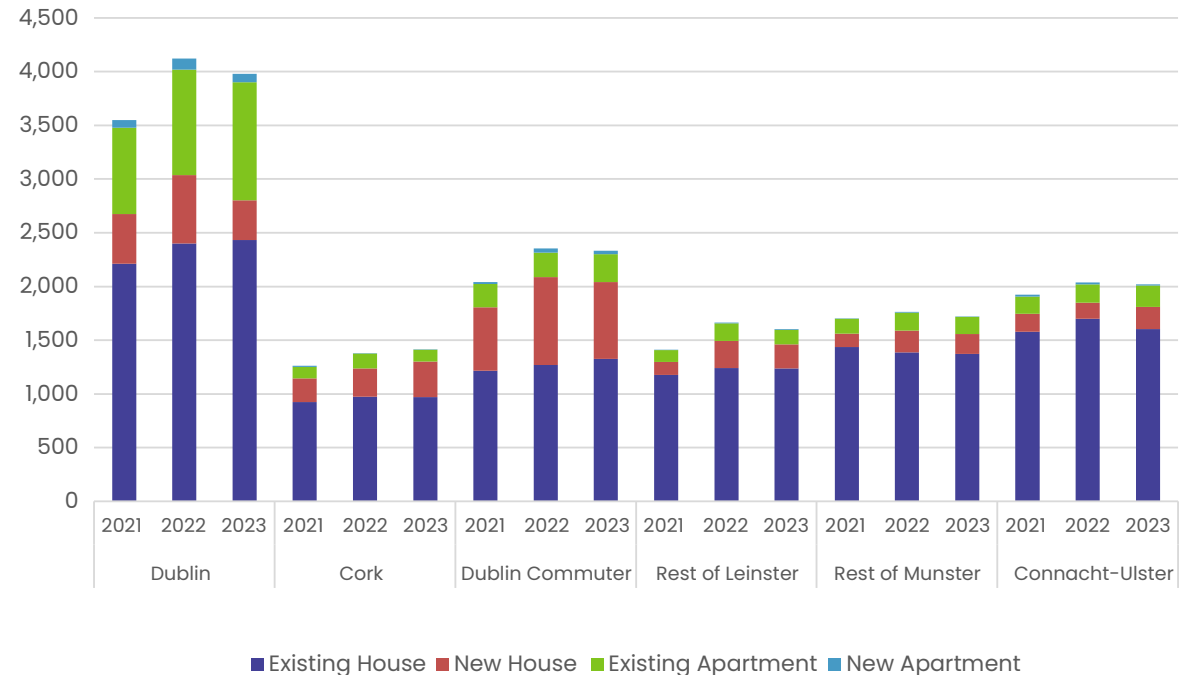
Household market purchases of residential property fell by 1.9% year on year to 13,069 in Q3 2023. On an annualised basis, there were 50,359 purchases in the twelve months ending September 2023. Activity had peaked at 50,687 in the twelve months ending August 2023.

Dublin was the largest housing market in Q3 2023 with almost 4,000 household market purchases, 3.5% less than in Q3 2022 and giving it a 30.5% share of the national market. Dublin accounted for more than half (56.2%) of apartment sales.

In terms of property type and dwelling status, apartments accounted for 16% of sales in Q3 2023, while existing houses accounted for more than two thirds (68.4%) of sales.

Dublin, Cork and Kildare, accounted for 18.3%, 16.1% and 14.4%, respectively, of new house sales in Q3 2023.

Note: Q3 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 decreased by 16.8% year on year in Q3 2023 to about 13,400.

First-time buyer (FTB) approval volumes rose by 13.3% year on year to 8,288 while mover purchase volumes fell by 4.9% to 3,096.

Re-mortgage or switching activity fell by 78% year-on-year to 1,031, the lowest Q3 volume since 2017.

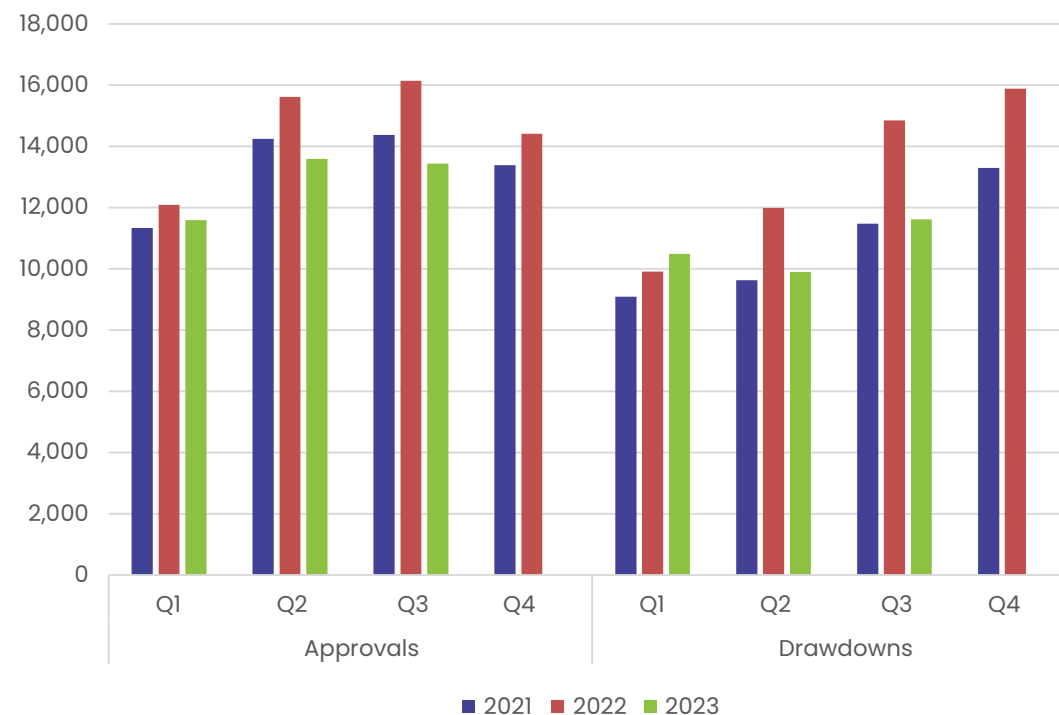
## Mortgage Drawdowns

Mortgage drawdown volumes fell by 21.8% year on year to 11,614 in Q3 2023.

FTBs drew down more than 7,011 mortgages, up by 6.5% year on year. Mover purchase volumes fell by 9.2% year on year to 2,715.

Re-mortgage or switching drawdown volumes fell by 79.6% year on year to about 900.

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 last month of the quarter, unless otherwise specified. The sources used for compiling the report are as follows:

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

For information on the data sources and analysis, please contact Anthony O'Brien, Head of Sector Research & Analysis, BPFI or Niall Faherty, Policy and Economic Analyst, BPFI.





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