



BPFI Housing Market Monitor Q1 / 2024

With a commentary by Dr Ali Uğur
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OVERVIEW OF TRENDS

BPFI Housing Market Monitor Q1/2024

Indicator	Latest quarter	One year ago	% change
Dwelling completions	5,841	6,647	-12.1%
Dwelling commencements	11,956	7,349	62.7%
Dwelling planning permissions	8,387	11,659	-28.1%
Transactions	10,262	11,158	-8.0%
Yr/yr change in transaction prices	7.3%	4.0%	
Mortgage approvals	10,623	11,595	-8.4%
Mortgage drawdowns	8,419	10,493	-19.8%



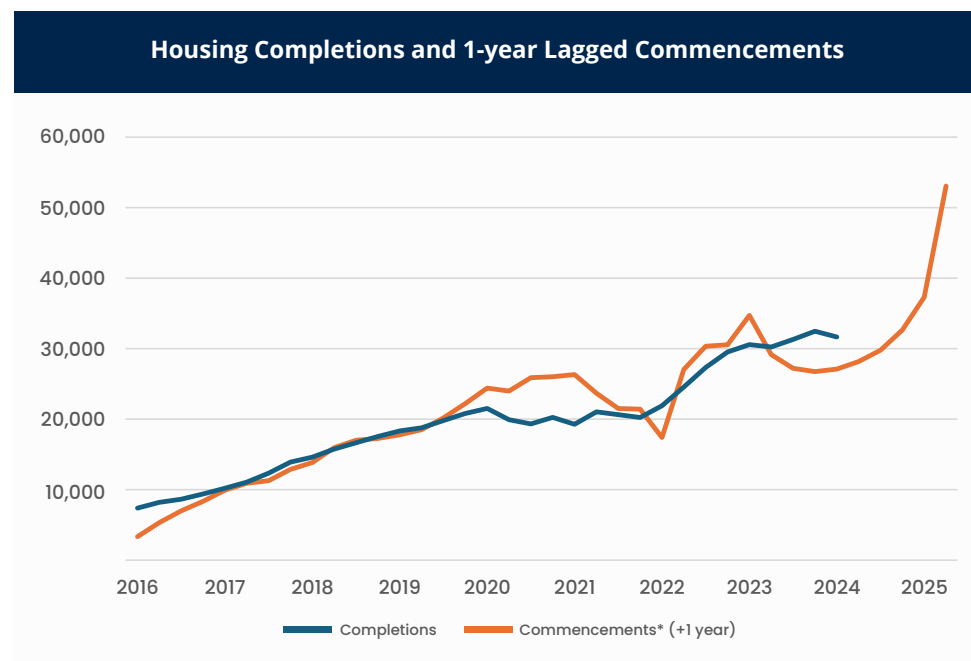
Construction activity ramps up in early 2024

According to the latest data from the Central Statistics Office (CSO), more than 5,800 housing units were completed in the first quarter of 2024, a decline of 12.1% compared with the same period in 2023, mainly driven by the fall in the level of apartment completions which, at just over 1,600 units, were down by nearly a third from the first quarter of 2023.

Scheme houses accounted for 52% of completions in the first quarter of the year and Dublin alone accounted for nearly a third of all completions as well as over 77% of apartment completions. On a rolling 12-months basis, a total of 31,820 units were completed in the twelve months ending March 2024 compared with 30,744 units during the twelve months ending March 2023. There was also evidence of slowdown in the housing and mortgage market activity during the first quarter of 2024 where the number of property transactions, mortgage approvals and drawdowns were all down compared with the same period a year ago.

Commencements activity increases sharply across the country

However, we see positive evidence of increasing activity in housing supply in terms of forward-looking indicators. The number of units commenced in the first four months of 2024 alone was over 30,000 units, compared with around 32,800 units which were commenced in all of 2023. There were over 18,000 housing units commenced in April 2024 alone, which was perhaps partly due to the proposed end of the waiver on developments and rebate on water charges. These waivers were extended in May for qualifying housing works completed by the end of 2026. On a rolling 12-months basis, just over 53,000 units were commenced. The latest BNP Paribas PMI report showed that residential construction was the best performing of the three sector categories, the other two being commercial and civil engineering of construction as of May 2024, where employment expansion continued however at a slower pace.



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

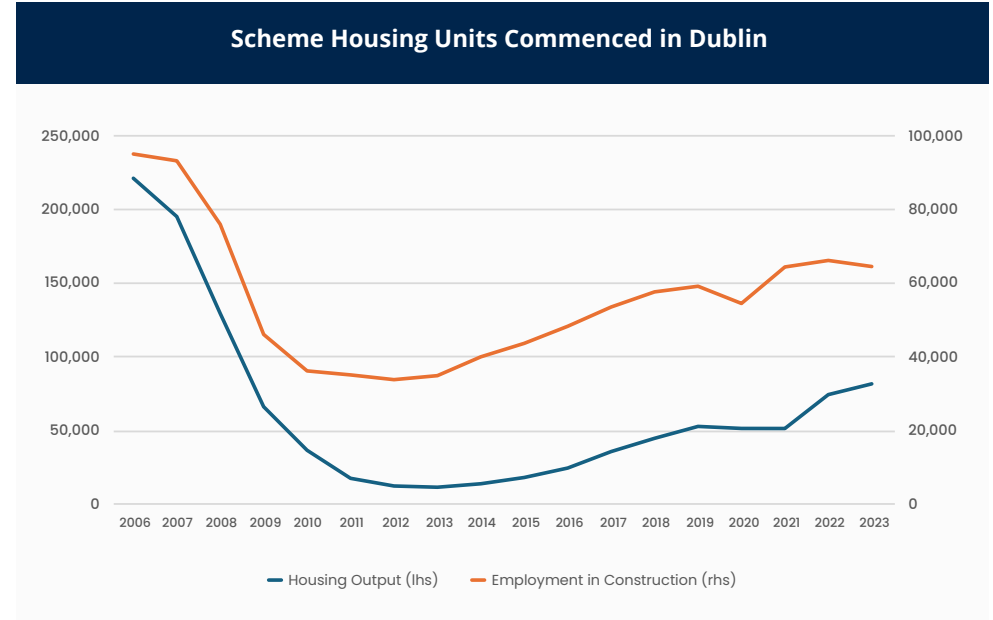
In terms of the regional distribution of commencements activity, in 2023 Dublin accounted for over 41% of the activity with the Greater Dublin Area (GDA), which includes all Dublin Local Authorities and the Mid-East region, accounted for nearly 60% of commencement activity during the year. When we look at the regional distribution of commencement in the first four months of 2024, of the total of 30,138 units, Dublin accounted for around 34% of the activity with the wider GDA accounting for around 54%, which shows the increasing

share of residential construction activity taking place in other regions than these two. We have also seen an increase in the share of apartments in terms of commencement activity where of the 30,138 units commenced in the first four months of 2024, an estimated 48% were scheme dwellings, 43% were apartments and 10% were for one-off units. This compares with scheme units accounting for 52% and apartments accounting for 27% of all completions in the first quarter of 2024.

In terms of planning permissions, the number of residential units granted planning permission fell by 28.1% year on year in Q1 2024 to 8,387. There were more than 3,400 apartments granted planning permission in Q1 2024, accounting for about 42% of all units. The number of apartment units granted planning permission in the first quarter of 2024 was 37% less than in the same quarter in 2023. Dublin accounted of 57.4% of apartments granted planning permission nationwide and 6% of houses.

Labour capacity may need to increase

An estimated 2.7 million people were in employment in the first quarter of 2024 in the Irish economy, an increase of around 336,000 people compared to the first quarter of 2020. In the same period employment in the construction sector increased from 147,500 to 171,700. At its peak in the second quarter of 2007, the construction sector employed nearly 240,000 people, which declined to around 85,000 people in 2012 as overall activity declined in the sector during the same period. Since then, with increasing output, employment in the sector continued to increase. It is interesting to note that the employment levels in the sector in 2023 were lower than the levels observed in 2022, however the sector managed to increase annual output between these two years. For the sector to be able to deliver output levels in line with the commencement activity that is taking place at the moment labour capacity may need to increase. It is likely that some of the skilled labour required for this increased level of output can be transferred from other parts of the construction sector, such as office construction, where activity seems to be declining and the decline in overall



Source: Department of Housing, Local Government and Heritage

employment in construction between 2002 and 2023 and the subsequent increase in the first quarter of 2023 may be signs of labour movement within the sector.

In terms of mortgage activity, there were 8,419 mortgage drawdowns in the first quarter of 2024 valued at €2.3 billion. Mortgage drawdown activity declined in volume terms by 19.8% year-on year and 14.1% in value terms over the same period. First-time buyers (FTBs) remained the single largest segment by volume and value accounting for around 58.5% by volume and 60.2% by value of overall mortgage drawdowns. The trend in the decline in switching activity continued in the first quarter of 2024 where value of switching mortgage drawdowns fell

by over 59% year on year in the first quarter of 2024. Switching activity appears stabilising compared to the higher-than-normal trend observed in the second half of 2022 and in the first quarter of 2023.

In terms of approvals, a total of 4,446 mortgages valued at €1.3 billion were approved in April 2024, a 14% increase in volumes and 18.4% in terms of values compared with the same period last year. This brought the total value of approvals to €14.2 billion in the twelve months ending April 2024, with around 49,473 mortgages approved during the same period. Re-mortgage/switching activity increased by 31% in volume terms year on year and by 24% in value in the same period. Switching activity accounted for around 8% of mortgage approvals, in volume terms, in April 2024 compared with around 32% at its peak in October 2022. Recent data from the Central Bank of Ireland (CBI) shows that the share of fixed rate mortgages reached 67% of credit institution mortgage balances by December 2023. In addition, only 1% of fixed rate mortgages were fixed up to 1 year whereas nearly 84% were fixed for more than 3 years as of December 2023.

Current indicators show that housebuilding activity remains robust especially with commencements at record levels. We will need to see how much of this significant increase in commencement activity will be delivered in completed units in 2024 and beyond as under the terms of the waiver and rebate, the units have to be completed by the end of 2026. In addition, around 42% of the commencements in the first four months of 2024 were for apartments, where there is a longer lag between commencement and completions for apartment building activity compared with traditional house building activity. On the demand side, declining overall inflation levels contributing to a more positive outlook for disposable incomes, supportive demographic trends and government fiscal supports for prospective FTBs are likely to sustain high levels of housing demand.

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New dwellings completed

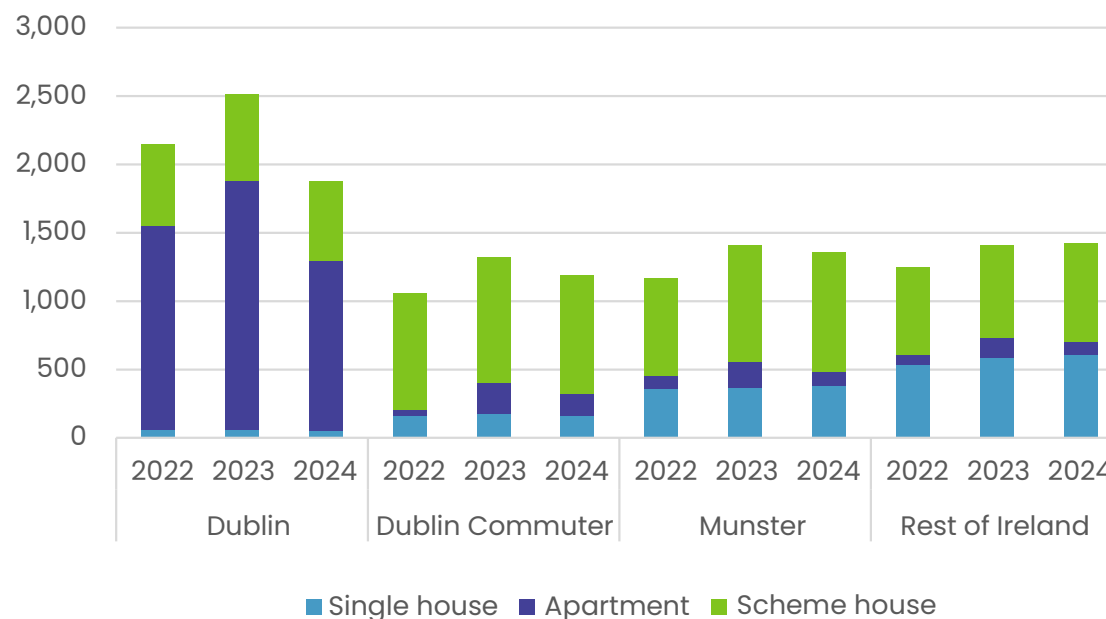
More than 5,800 new dwellings were completed in Q1 2024, according to the Central Statistics Office (CSO), 12.1% less than in Q1 2023.

There were 3,038 scheme house completions in Q1 2024, a decrease of 1.4% year on year. Scheme houses accounted for 52% of completions in the quarter.

Dublin accounted for about 32.1% of all completions in Q1 2024 and 77.5% of apartment completions. Munster and the Dublin Commuter region (Louth, Meath, Kildare and Wicklow) accounted for about 23.2% and 20.4% of completions, respectively.

There were more than 1,600 apartment completions in Q1 2024, a decrease of 32.6% year on year. Apartment completions in Dublin fell by 31.8% year on year to 1,242.

Note: Q1 only. Source: CSO



New dwellings commenced

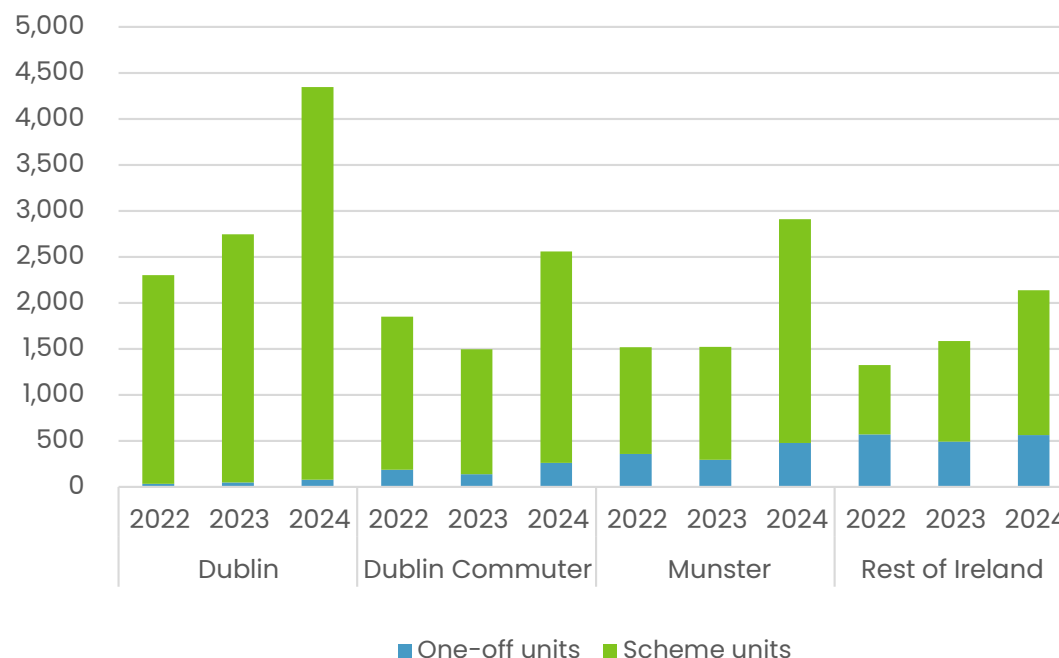
Almost 12,000 housing units were started in Q1 2023, 62.7% more than in Q1 2023 and the second highest quarterly (activity spiked to 12,665 in Q3 2021 following the lifting of Covid-related health restrictions) since Q3 2007.

Dublin and Dublin Commuter accounted for 36.4% and 21.4%, respectively, of housing starts in Q1 2024. More than 4,300 dwellings were commenced in Dublin, exactly 1,600 units more than in Q1 2023. Housing starts increased by 71.2% year on year in Dublin commuter to 2,561 and by 19.3% in Munster to 914.

The rest of Leinster, Connacht and Munster all had less than 10% of units commenced in Q1 2024.

There were almost 6,000 scheme houses commenced in Q1 2024, making up half of all units commenced, with apartments accounting for 39%.

Note: Q1 only. Source: Department of Housing



New dwelling planning permissions

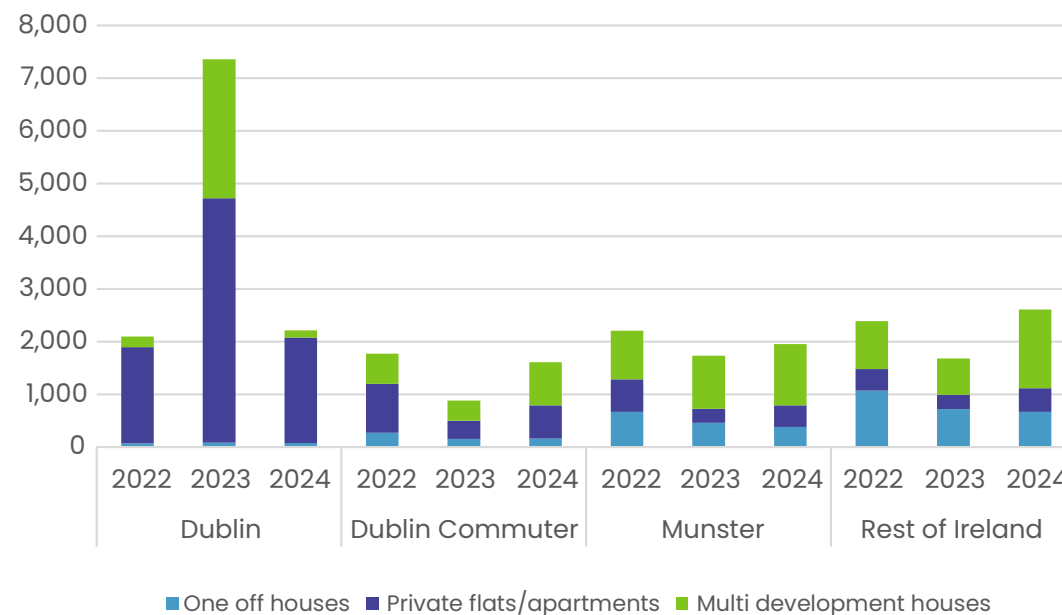
The number of residential units granted planning permission fell by 28.1% year on year in Q1 2024 to 8,387.

Almost 3,500 apartments were granted planning permission in Q1 2024, about 41.6% of all units and 36.7% less than in Q1 2023. Dublin accounted of 57.4% of apartments nationwide and 6% of houses.

The Dublin Commuter region accounted for 19.2% of units granted planning permissions, compared to 7.6% in Q1 2023. The number of dwelling units approved in Munster increased by 12.8% year on year as apartments increased by 54.2%, however, one-off houses in the region decreased by 16.7% compared to Q1 2023.

The number of dwelling units approved in Laois increased by almost 600 (578) year on year while the units approved in Kildare and Kerry increased by 555 and 330 respectively in Q1 2024.

Note: Q1 only. Source: CSO



Transaction prices

Residential property price inflation increased in Q1 2024, with prices up by 7.3% in the twelve months to March 2024, compared with an increase of 4% in the year to March 2023.

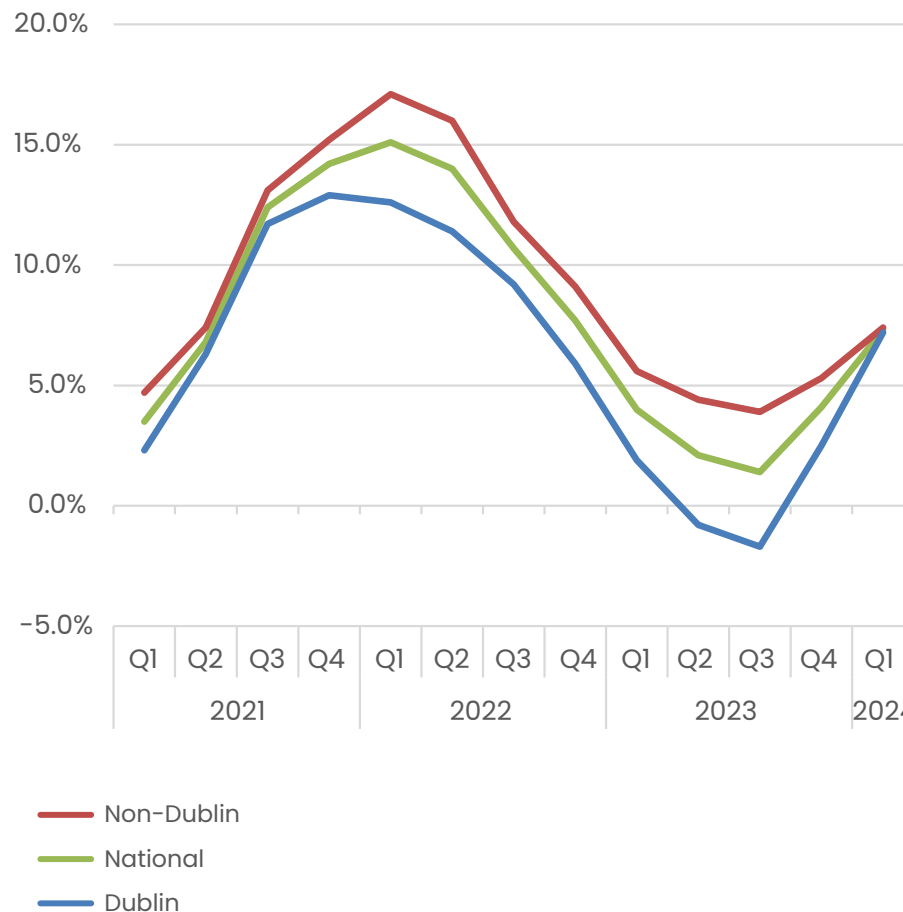
Prices for new dwellings were up 8.4% year on year, while prices of existing dwellings were 5.7% higher.

Residential property price inflation outside Dublin rose by 7.4% year on year, with Dublin prices up by 7.2%. House prices in Dublin increased by 7.7% in the 12 months to March 2024, while apartment prices in the county increased by 5.3% year on year.

Prices vary significantly by location, type and status. At €417,000, the median new dwelling price was more than €100,000 higher than the median existing dwelling price in March 2024 (based on filings of household purchases at market prices).

Nine local government areas (all of Dublin, Kildare, Kilkenny, Meath and Wicklow) had median residential property prices at or above the national median price of about €341,940 in March 2024. By contrast, Donegal, Leitrim, Longford, Mayo, and Roscommon have median price of €200,000 or less.

Source: CSO



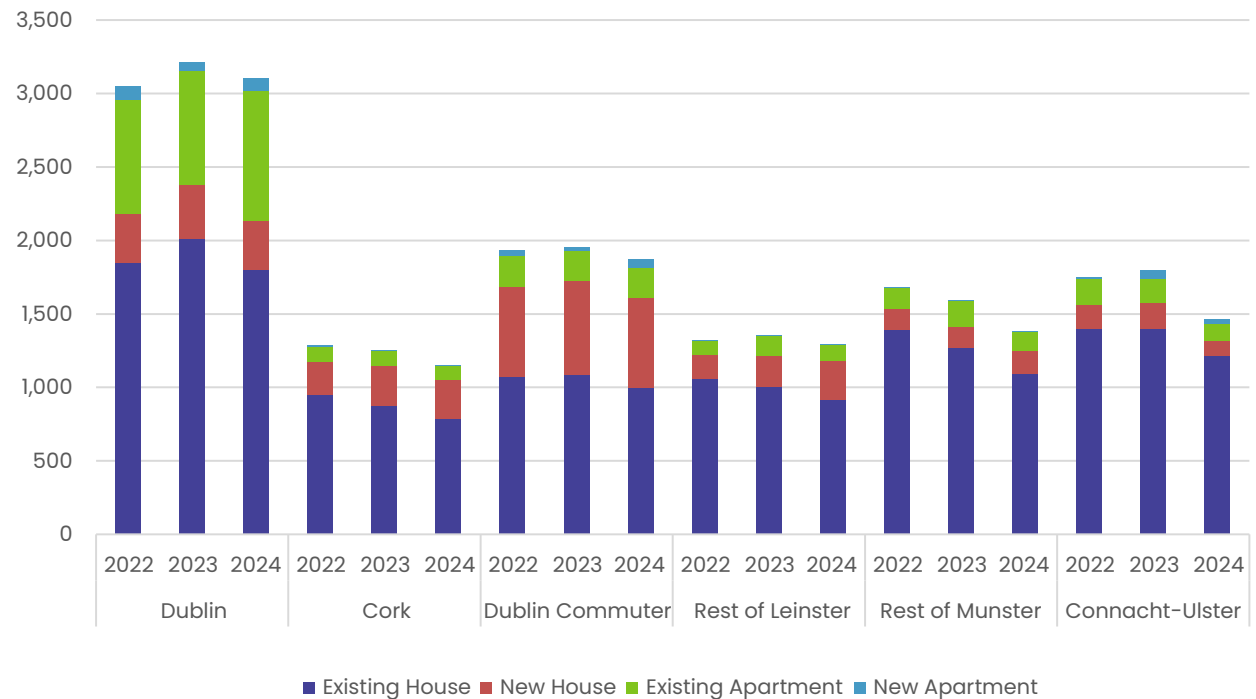
Household market purchases of residential property fell by 8% year on year to 10,262 in Q1 2024. On an annualised basis, there were 49,338 purchases in the twelve months ending March 2024. Activity had peaked at 50,687 in the twelve months ending August 2023.

Dublin was the largest housing market in Q4 2023 with more than 3,100 household market purchases, 3.5% less than in Q1 2023 and giving it a 30.2% share of the national market. Dublin accounted for more than half (56.2%) of apartment sales.

In terms of property type and dwelling status, new apartments accounted for 16.9% of sales in Q1 2024, while existing houses accounted for two thirds (66.3%) of sales.

Dublin, Kildare and Cork, accounted for 19.4%, 14.4% and 15.4%, respectively, of new house sales in Q1 2024.

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 8.4% year on year in Q1 2024 to about 10,600.

First-time buyer (FTB) approval volumes fell by 1.3% year on year to 6,522 while mover purchase volumes fell by 14.6% to 2,180.

Re-mortgage or switching activity fell by 27.8% year-on-year to 1,080, the lowest Q1 volume since 2017.

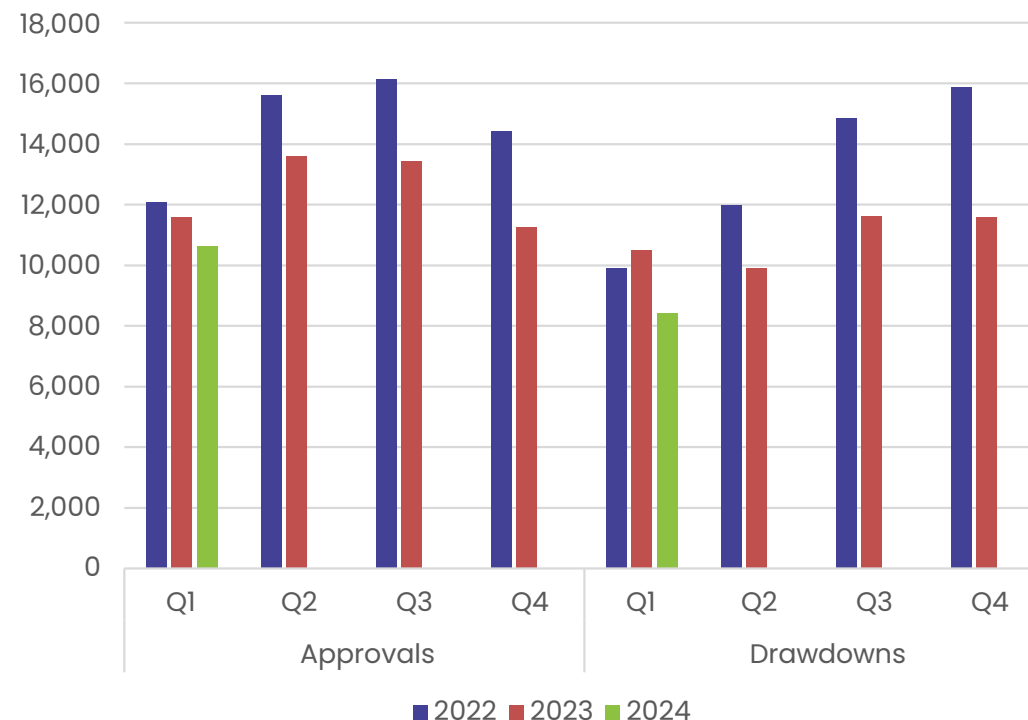
Mortgage Drawdowns

Mortgage drawdown volumes fell by 19.8% year on year to 8,419 in Q1 2024.

FTBs drew down 4,921 mortgages, down by 7.9% year on year. Mover purchase volumes fell by 16.3% year on year to 1,846.

Re-mortgage or switching drawdown volumes fell by 53.1% year on year to 983.

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 Research Lead, BPFI.





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