

Housing Market Review



May 2024

Introduction

Member,

Hopefully, our regular updates have kept you up-to-date on PII activities. There has been much to keep us all busy.

We have contributed to the consultation on the Affordable Housing Strategy, lobbied on RZLT and on the extension of the Development Levies wavier. PII's Pre-Budget Submission has been drafted and will be submitted to Government before the end of May.

Our current workstream includes the preparation of a General Election Manifesto for the Property and Construction Sector, a submission on the impact of rent controls on the PRS and the challenges of retrofitting our existing office stock.

While these are some of the main issues, we continue to have ongoing engagement with a range of policy makers.

Finally, can we remind you of our annual conference taking place on May 22nd at the Radisson Blu hotel, Golden Lane Dublin 8. The full agenda is set out on the next page – we hope to see you there.

David Duffy, David Howard



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Agenda

- 8:00** **Registration and networking**
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- 8:30** **Opening remarks**
Minister Darragh O'Brien
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- 8:45** **Chairman's address**
Ivan Gaine, Chairman, Property Industry Ireland
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- 9:00** **Property meeting wider societal needs**
- Alice Charles, Director, Arup
 - Bob Jordan, Chief Executive Officer, The Housing Agency
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- 9:30** **Funding landscape for real estate**
- David Lawlor, Corporate Finance Director, Real Estate, Cantor Fitzgerald
 - Andrew Pain, Managing Director, Bain Capital
 - Michele Connolly, Partner & Head of Infrastructure Sector & Corporate Finance, KPMG Ireland
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- 10:15** **Networking tea & coffee break**

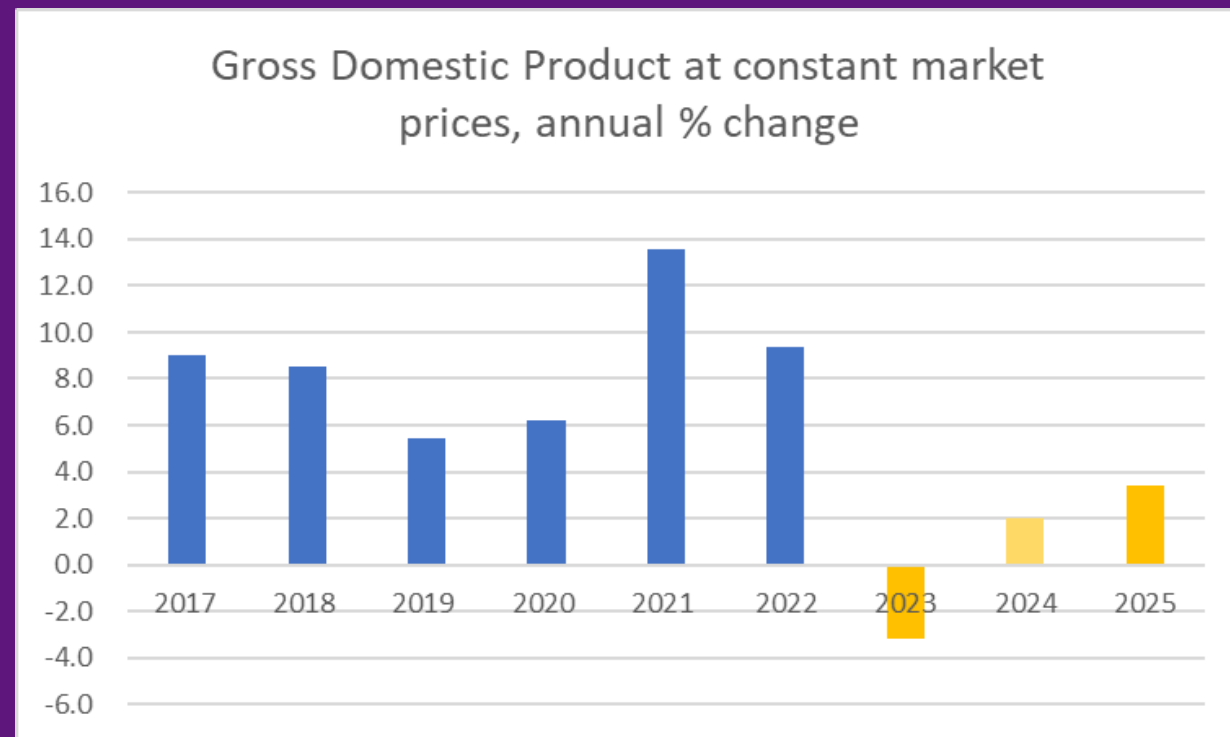
- 10:15** **Networking tea & coffee break**
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- 10:45** **Planning ahead – the challenges and opportunities in the property market**
- Kate English, Director, Head of Real Estate Research, Deloitte
 - Kara McGann, Head of Skills & Social Policy, Ibec
 - Gavin Lawlor, Chair, Irish Planning Institute
 - Sinéad Hickey, Head of Sustainability, John Sisk & Son
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- 11:15** **Ireland's changing property market**
- Cormac O'Rourke, Chair, Land Development Agency
 - Mary Buckley, Executive Director, IDA
 - Patrick Phelan, Managing Director, Ballymore Ireland
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- 11:45** **Concluding remarks**
- David Duffy, Director, Property Industry Ireland
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- 12:00** **Networking lunch**



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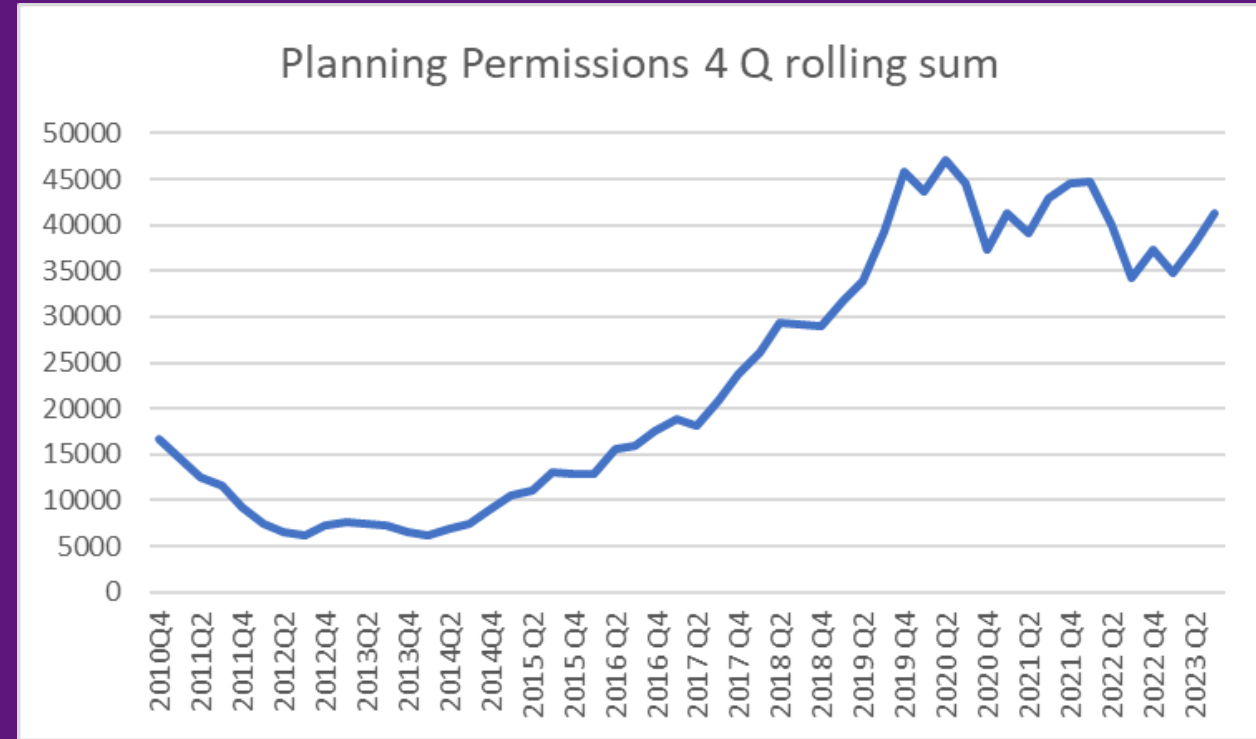
Ibec economic outlook – less room for error

- The Irish economy is still performing robustly, despite rising inflation and higher interest rates. This can be best seen in the fact that the economy added 90,000 jobs in the past twelve months.
- The global economy is entering a period of major change. The coming years will see more State subsidised competition for investment in new technology, falling levels of trade openness and rising geopolitical risk in global supply chains, energy and commodity markets. Each of these means that there will be a more uncertain and volatile business environment facing Irish companies selling abroad.
- This in turn will increase focus on managing volatility, reducing vulnerability to inflationary swings and addressing overall competitiveness concerns. For domestic policy, these changes in the global economy will reduce the margin for error when it comes to improving our domestic cost competitiveness, skills, infrastructure and capacity to innovate.
- Ibec Economic Outlook available [here](#).



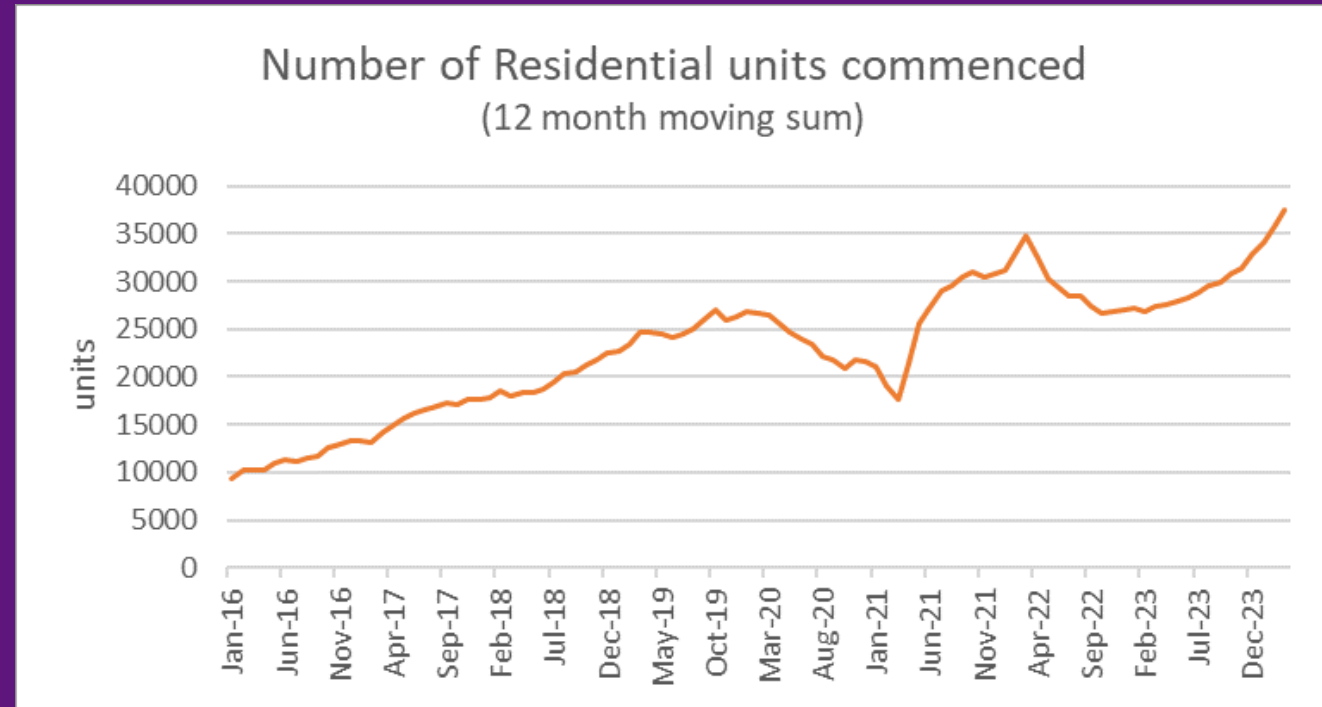
Rolling 4 quarter sum now over 41,200 homes

- There was an annual increase of almost 21% in the number of units approved in 2023, up from 34,177 units in 2022 to 41,225 units in 2023. In 2022 an annual decrease of 20.5% was recorded.
- In 2023, the number of apartments granted planning permission rose by almost 29% when compared with 2022, while house approvals were up by more than 13%.
- There was an annual rise of 40% in the number of multi-development houses receiving planning permission in 2023, compared with a decline of 27% in one-off houses.
- Apartment units accounted for more than half (52% or 21,487 units) of units granted permission in 2023, an increase of 28.5% when compared with 16,723 units which received approval in 2022.



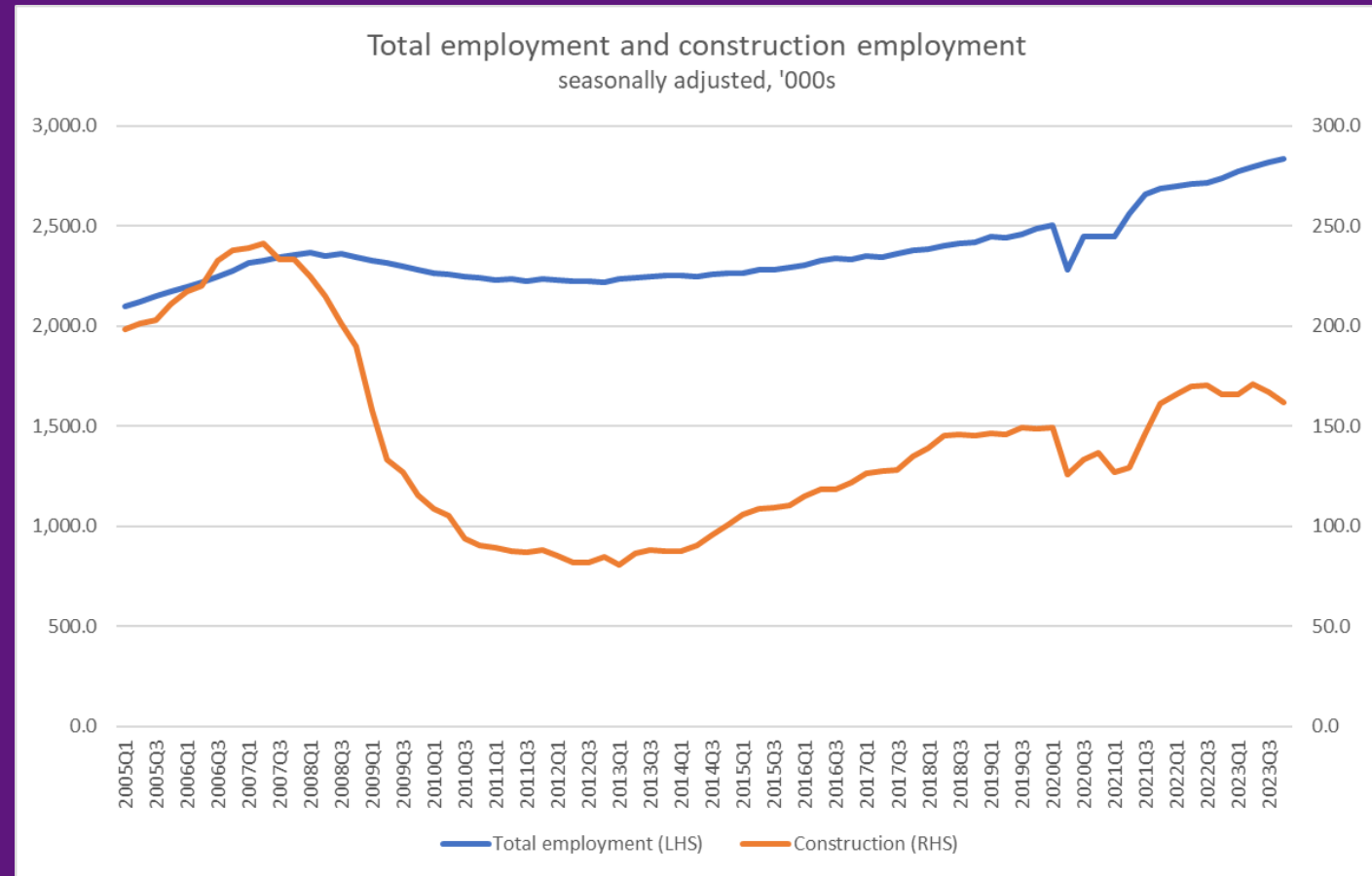
Commencement notices for new homes – number of units

- Number of new homes commenced in March 2024 was 4,900, a 51% increase when compared to the month of March 2023.
- In March 2024, the 12 month sum of commencements stood at 37,408. This compares to a figure of 27,309 in March 2023.
- In the first quarter of the year, 11,956 new homes were commenced, compared with 7,349 in the first quarter of 2023 – an increase of 63%.



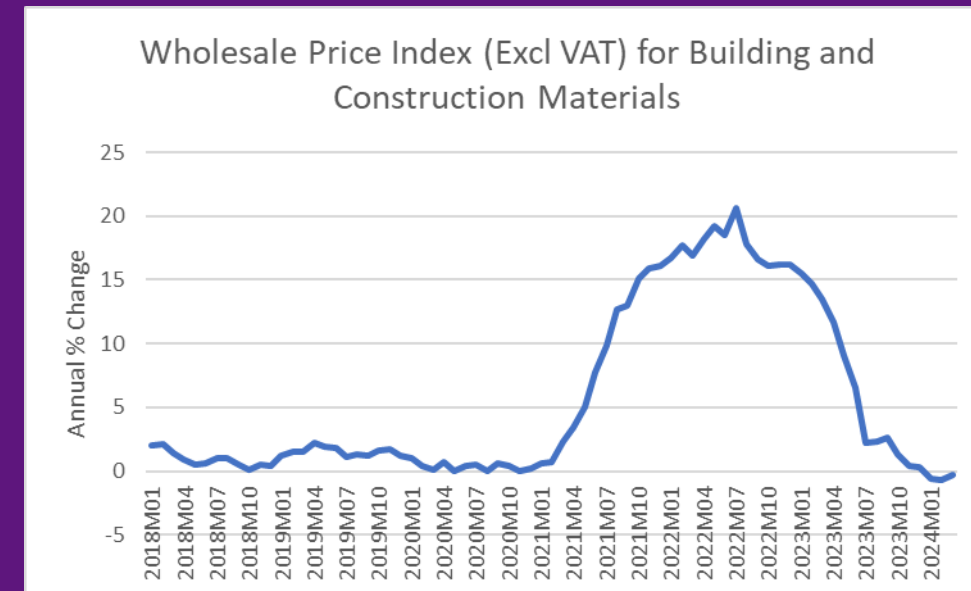
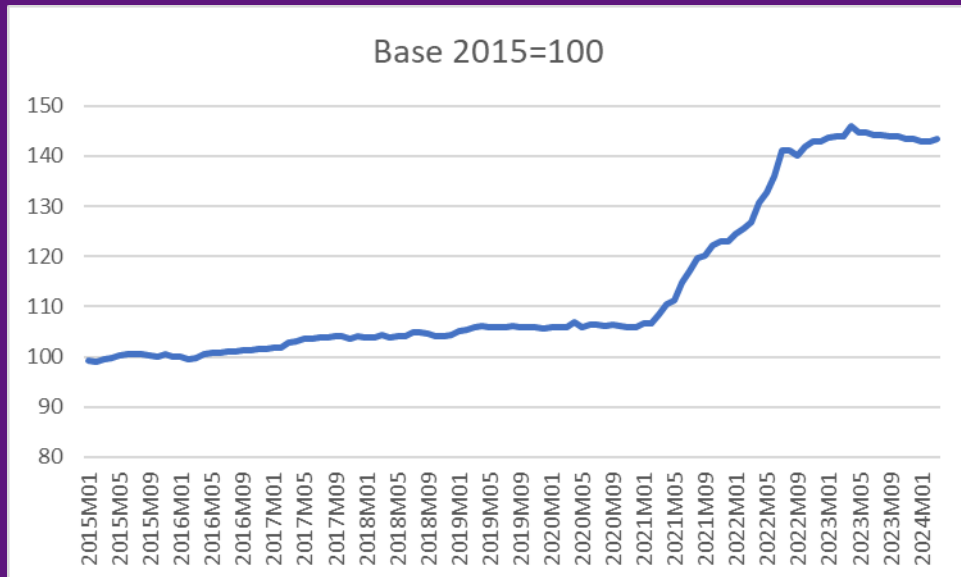
Irish Labour Market

- The trend of high employment growth and a tight labour market has continued unabated in the first part of the year, with monthly unemployment at 4.3% across the labour force, and just 3.2% for those aged 25-74.
- The employment rate for people aged 15-64 years was 74.0% in Quarter 4 2023. The number of people aged 15-89 years in employment increased by 89,600 or 3.4% to 2,706,400 in the 12 months to Q4 2023.
- In Q4, 2023, Construction sector employment was 162,000, down from 166,900 in Q3 2023.
- On a seasonally adjusted basis, the numbers unemployed in Q4 2023 stood at 127,000, a rise of 1,800 (+1.4%) from the previous quarter.
- With the labour force growing at 3.5% annually, and numbers employed increasing by 3.4%, the additional labour supply is being absorbed almost as quickly as it can be added to the labour market.



Input cost growth continues to moderate

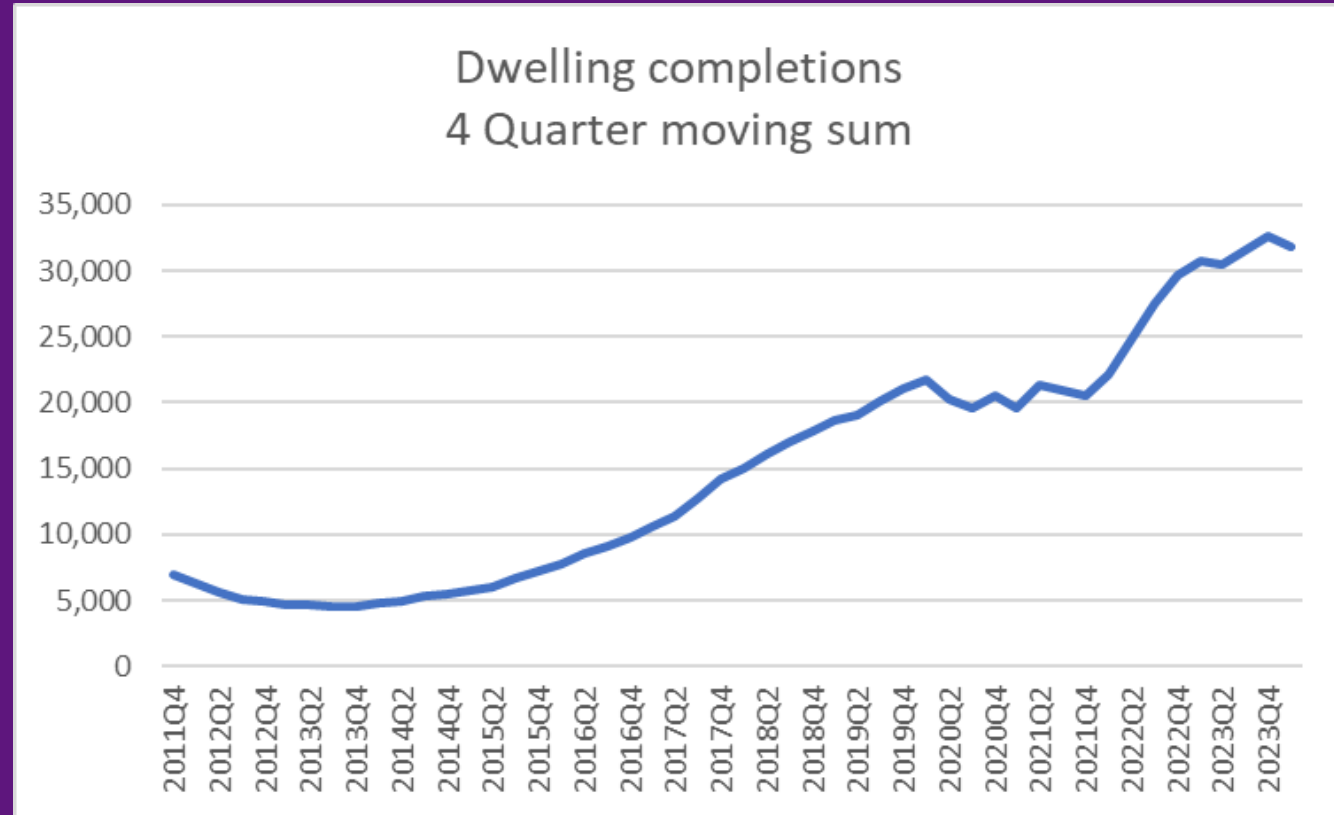
Wholesale prices for construction products were up by 0.2% in the month to March 2024 but were down by 0.3% in the 12 months since March 2023



However, construction products wholesale prices remain elevated

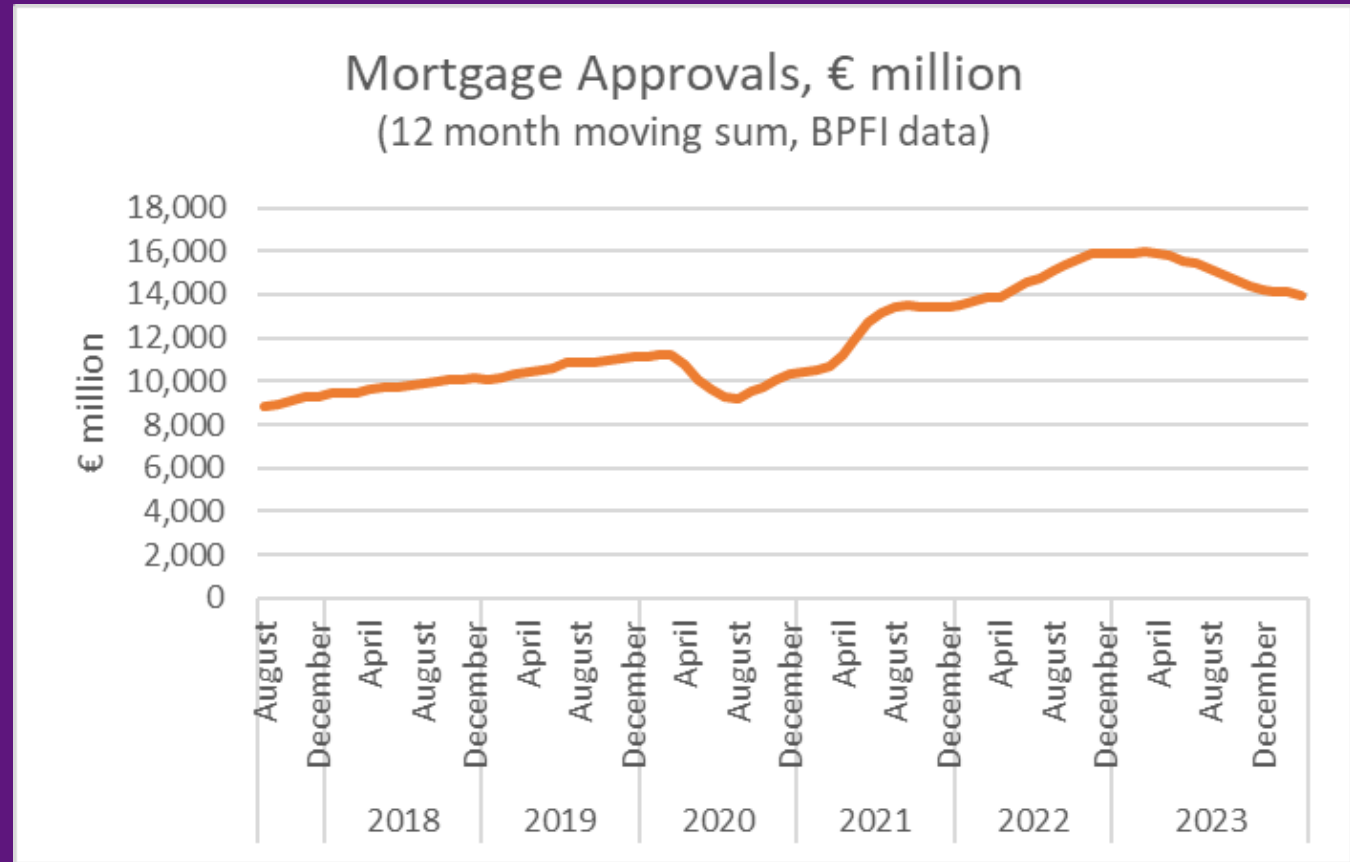
Annual sum of home completions remains above 30,000

- There were 5,841 new dwelling completions between January, February, and March (Q1) 2024, a fall of 12.1% on the same three months of 2023.
- Apartment completions in Q1 2024 stood at 1,603, down 32.6% from Q1 2023.
- There were 3,038 scheme dwelling completions in Q1 2024, down 1.4% from Q1 2023, while the number of single dwellings completed was 1,200, up 1.3% from Q1 2023.
- More than half of completions (52.0%) were scheme dwellings, 27.4% were apartments, and 20.6% were single dwellings.
- The dip in completions in Q1 may reflect a concentration on commencements given concerns that the exemption would expire.



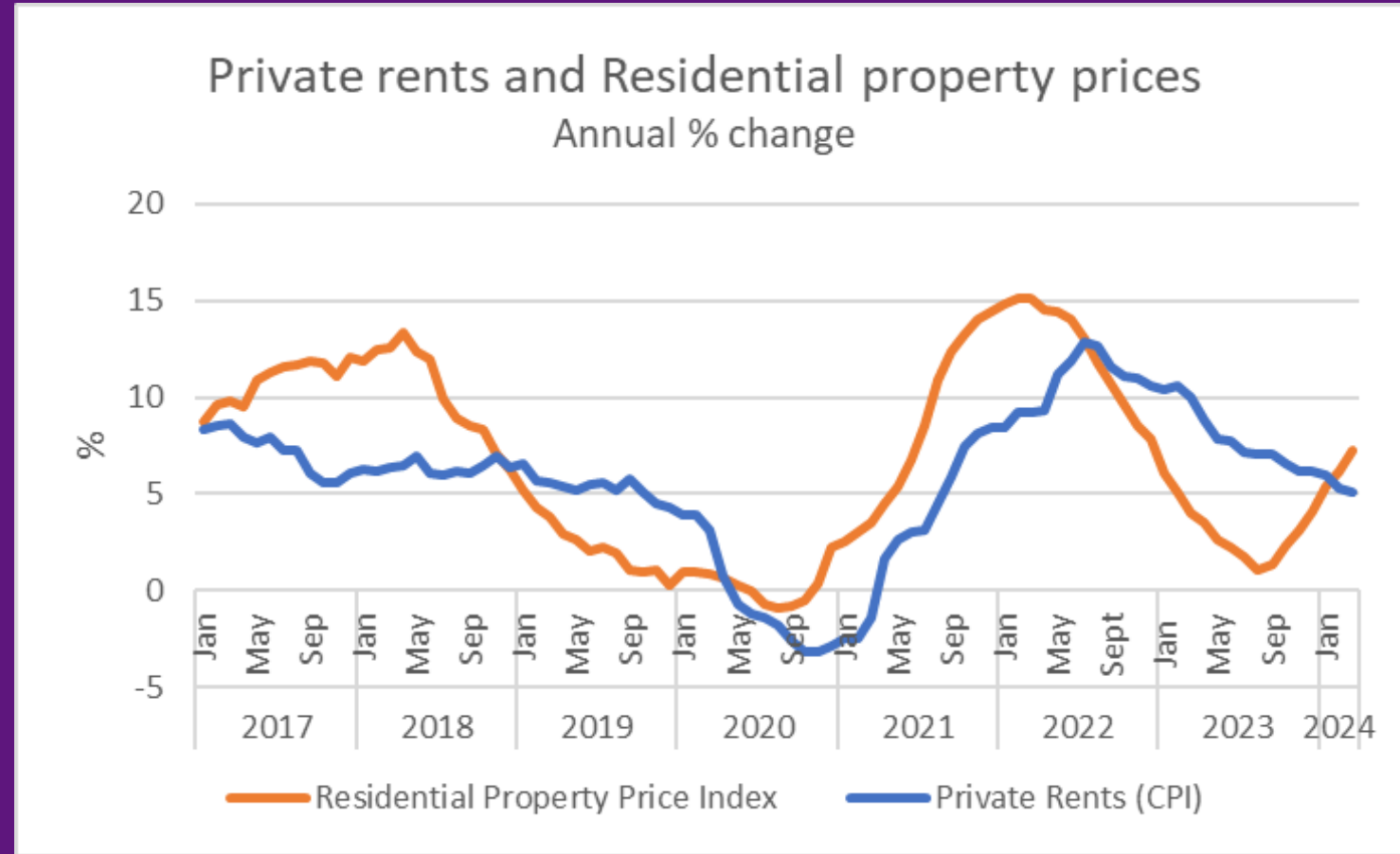
Mortgage Market

- There were 48,926 mortgage approvals in the twelve months ending March 2024, valued at €13,961 million. Annualised mortgage approval activity to end-March 2024 decreased in volume terms by 1.49% compared with the twelve months ending February 2024 and decreased in value terms by 1.41% over the same period.
- In March 2024, mortgage approval volumes for purchase decreased by 16.2% year-on-year to 3,237. First-time buyer (FTB) mortgage approval volumes decreased by 16.2% year-on-year to 2,360 while mover purchase approval volumes decreased by 17.4% year-on-year to 805.
- The value of mortgage approvals for property purchase decreased by 14.4% year on year to €991 million. The value of FTB mortgage approvals decreased by 14.3% year on year to €707 million, while the value of mover purchase approvals decreased by 15.8% year on year to €269 million.



Prices and Rents

- The national Residential Property Price Index increased by 7.3% in the 12 months to March 2024, with prices in Dublin rising by 7.2% and prices outside Dublin up by 7.4%
- In March 2024, 3,314 dwellings were purchased by households, down by 19.8% when compared with the 4,132 purchases in March 2023.
- The median price of a dwelling purchased in the 12 months to March 2024 was €333,000.
- Private sector rents grew by 0.2% in the month of November. Annual growth has slowed, although remaining strong at 5.1%



As before this Review uses data from the Central Statistics Office, Central Bank, Department of Housing, Local Government and Heritage, and the Banking and Payments Federation Ireland. We look forward to feedback you might have or suggestions as to other data you would find of interest.

To provide feedback or discuss this Review or any other PII issues please feel free to contact me at david.duffy@ibec.ie.



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