



## AIB/ESRI Housing Market Index

20th January 2014

Consumer sentiment towards the housing market has improved steadily, according to a new AIB/ESRI Housing Market Index.

The index is a measure of the perception consumers have in relation to the Irish housing market as well as their house price expectations. The survey of over 800 consumers conducted by the ESRI between July and December 2013 shows the index increased to 104.4 in December 2013 from 100 at the end of September 2013, based on a three month rolling average.

Some of the main findings of the index include:

- A significant shift in consumer expectations in relation to house prices from July to December 2013. Those consumers surveyed who believe house prices will be higher in 12 months' time increased from 29.2% to 46.3%
- The main risks to buying noted in December by consumers was 'worries about future income' or 'affordability concerns' (58.4%), followed by 'fears about increasing interest rates' (17.7%). Also cited were 'changes in family circumstances' (16.3%), as was 'possible changes in house prices' (6.5%)
- The main reasons for not buying noted by consumers surveyed included that they are 'satisfied with their present dwelling' (54.6%), followed by 'cannot afford it' (22%)
- Overall, consumers expect that house prices will increase by 2.1% over the next 12 months. Dublin-based consumers expect higher house price growth, with growth of 3.6% expected over the next 12 months.

**ESRI economist, David Duffy said:** "Consumer's perceptions are an important factor in their housing market decision making. This new index tracks how consumers view the performance of the housing market. The index shows that consumers have become more positive about the housing market in recent months. In addition, this new survey also asks consumers what they think will happen to house prices. In December consumers expect that house prices will increase by 2.1% over the next 12 months, up from 1.7% in November."

Meanwhile, AIB has revamped its website to be more responsive to needs of customers and has developed an online customer centred mortgage portal which will allow customers to review how much they can borrow and how much the repayments will cost per month using the new mortgage calculator. This simple to use calculator was designed by AIB's mortgage lenders and can provide customers with an 'approval in principle'. Once customers are happy with the mortgage amount being offered they can continue to complete a full eMortgage application online using a unique

registration code. This offering is supported by web chat, text and email communication throughout the process allowing customers full visibility of their eMortgage application from start to finish.

**AIB Head of Mortgages, Jim O’Keeffe said:** *“We are delighted to launch the new Housing Index with the ESRI, which will provide a unique insight into the property market in the coming years. The index indicates that consumer confidence is beginning to return to the market which is in line with our own application and drawdown activity. Concerns around affordability still remain strong amongst potential buyers and for that reason we have launched a new online mortgage portal which will allow customers to review how much they can borrow, cost of repayments and even allow them to progress to ‘approval in principle’. We believe that this development will be extremely beneficial in reducing the complexity associated with buying your new home.”*

**-ENDS-**

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**Notes for editor:**

The index is based on a telephone survey of over 800 consumers across the country. This is the first AIB/ESRI Housing Market Index to be published. The overall index figure is based on a three month rolling average.