

## Housing Market Bulletin - October 2012

### Property Register Indicates Rising Level of Transactions

#### Register provides information on transaction levels as well as pricing

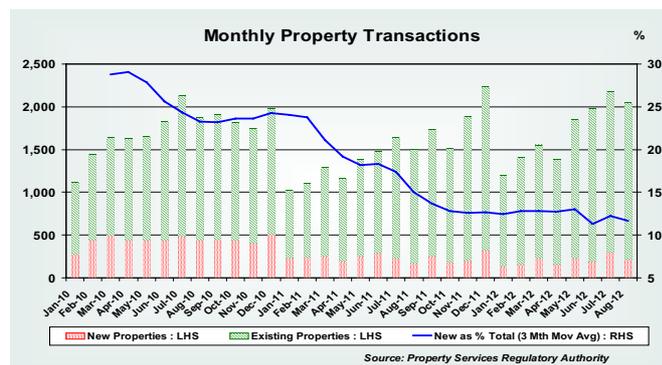
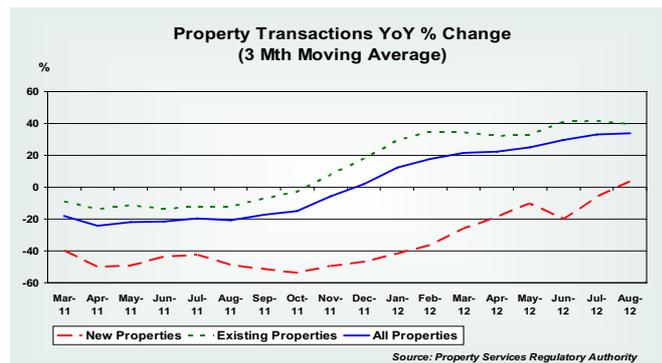
Most of the focus on the new Irish residential property price register has been on its value in providing clarity as to the level of pricing in the market. However, it is also worth noting that the register also provides, for the first time, access to data on the level of monthly housing market transactions.

#### Pick-up in transaction levels ...

The data (which are available from January 2010) would appear to confirm the anecdotal evidence of a pick up in transaction levels. The number of transactions recorded fell consistently on a year-on-year basis over most of 2011. However, this decline stopped towards the end of last year and transaction levels have been rising since. Indeed, in the three months to August, transactions were 34% higher than year earlier levels.

#### ... led by existing homes market

This recovery has been led by the existing homes market, where transactions are up some 40% YoY. However, the new homes market has been sluggish with transaction levels continuing to decline for most of this year. There is, though, some hint of recovery in this sector also, with transactions for new home sales in the three months to August at last showing a modest YoY increase (of 3.6%).



What is also noteworthy is the small scale of transactions in the new homes market. These averaged just over 200 per month in the first eight months of the year, compared to an average monthly transaction level of 1,500 in the existing homes market. With the recovery in the new homes market lagging that for existing homes, new homes accounted for under 12% of all transactions in the three months to August. This is down from almost 29% in the three months to March 2010.

#### Data confirm high level of cash sales - now some 54% of existing home transactions

The data also confirm the anecdotal evidence of a high and rising level of cash sales in the market. For existing homes, the number of mortgage drawdowns (according to DoE/IBF data) in both Q1 and Q2 2012 was 46% of transactions over the period, implying cash sales of 54%. This is up from 16% in Q1 2010 and an average of 26% for the year 2010.

This percentage may fall slightly if new home sales were to be included. However, self builds are not included on the property register, which is transaction based. Thus, any analysis of cash sales has to be confined to the existing homes market.



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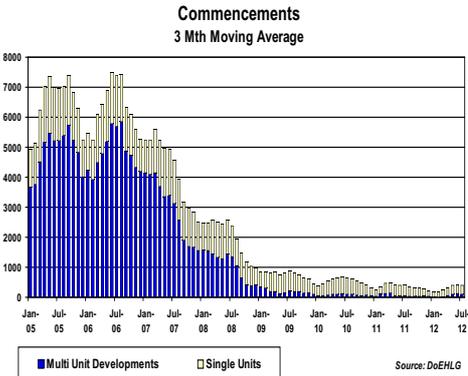
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## Completions/Registrations/Commencements

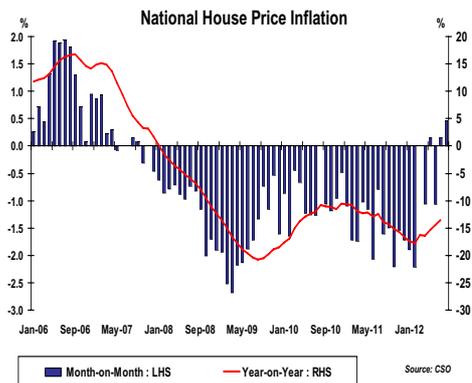
Just 5,367 units were completed in the first eight months of the year, (-23% yoy) and output of around 8,000 units is expected for 2012. This follows a 28% decline in 2011 when 10,480 units in total were completed. Output is being supported by the finishing of work in progress. The weak trend in housing starts continues, with no indication as yet of any pick-up in output for 2013. Commencements were running at a seas. adj. rate of just around 4,500 new units per annum in the 3 months to July, of which some 70% were single units. Developer activity appears to have ground to a virtual halt with just 464 (-26% yoy) new guarantees registered in the first 9 months of the year.



	Sep-12	Aug-12	Jul-12	Jun-12	May-12		Aug-12	Jul-12	Jun-12	May-12	Apr-12
<b>Registrations (HomeBond)</b>						<b>Completions (DoECLG)</b>					
Year to Date Y/Y	-25.8	-26.8	-25.3	-23.3	-26.9	Month	772	666	646	730	622
Cum 12 Mth Total	673	680	706	731	731	Year to Date	5,367	4,595	3,929	3,283	2,553
Cum 12 Mth Tot Y/Y	-18.8	-22.1	-25.8	-23.1	-26.8	Y/Y %	-23.4	-25.9	-26.2	-26.1	-29.7
<b>Commencements (DoECLG)</b>						Cum 12 Mth Total	8,845	8,875	9,082	9,320	9,404
Year to Date Y/Y	N/A	N/A	-18.5	-19.5	-26.4	Y/Y %	-26.8	-28.5	-28.8	-27.9	-29.3
Cum 12 Mth Total	N/A	N/A	3,807	3,851	3,770						

## House Prices / Rents

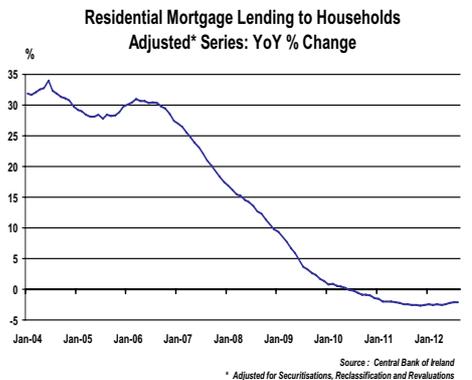
House prices are no longer in free fall and are showing some evidence of stabilisation in some areas. According to the CSO, prices nationally rose by 0.5% in August. This follows a 0.2% rise in July and was the third monthly increase in the past four months. However, there have also been some sizeable declines, notably a 1.1% fall in June. After the modest increases of the past two months, prices were still down by 11.8% on year earlier levels in August and were 50% below their peak. Signs of stabilisation appeared earlier in the rental market. Rental levels would appear to have bottomed at end 2010 and, despite some volatility in recent months, were 3.7% off their lows in August.



	Aug-12	Jul-12	Jun-12	May-12	Apr-12		Sep-12	Aug-12	Jul-12	Jun-12	May-12
<b>CSO Residential House Price Index</b>						<b>Daft Asking Prices</b>					
National MoM %	0.5	0.2	-1.1	0.2	-1.1	3Mth/3Mth %	-3.0	-3.2	-2.4	-2.5	-2.2
National Y/Y %	-11.8	-13.6	-14.4	-15.3	-16.4	YoY % 3 Mth Avg	-14.0	-14.0	-14.3	-14.5	-15.5
<b>From Peak %</b>						<b>CSO Private Rents</b>					
- National	-50.0	-50.3	-50.3	-49.8	-49.9	MoM %	#N/A	0.0	0.3	-0.5	-0.1
- Dublin	-57.4	-57.2	-57.0	-56.6	-56.7	YoY %	#N/A	1.9	2.0	2.0	2.2
- Ex Dublin	-46.2	-46.9	-47.0	-46.5	-46.6						

## Mortgage / Loan Growth

The level of mortgage lending outstanding fell by 2.1% yoy in August, the 27th consecutive month of negative yoy growth. However, Q2 data from the Irish Banking Federation data showed the first yoy increase in the number of new purchase mortgage drawdowns since Q3 2006. Total purchase mortgages were up 7.3% on year earlier levels, driven by a 9.6% yoy increase in FTB drawdowns. Loans to movers were up 5.6% in Q2. Those to investors, though, continue to contract, falling by a further 4.3% yoy. Despite the modest increase, there were just 2,837 new purchase mortgage drawdowns in Q2 this year compared to almost 30,000 per quarter seen at the peak of the market.



	Aug-12	Jul-12	Jun-12	May-12	Apr-12		Q2 12	Q1 12	Q4 11	Q3 11	Q2 11
<b>Residential Mortgage Growth (Central Bank of Ireland)</b>						<b>Mortgage Drawdowns (Irish Banking Federation)</b>					
Adjusted Y/Y %	-2.1	-2.1	-2.2	-2.5	-2.5	Purchase Drawdowns	2,837	2,213	3,224	2,939	2,643
						Y/Y %	7.3	-4.8	-19.9	-42.6	-46.6
						FTB Y/Y %	9.6	-6.9	-18.6	-43.7	-49.4
<b>Mortgage Arrears 90 Days + (Principal Residences) (Central Bank of Ireland)</b>						FTB Average Value €	151,451	163,470	159,220	171,357	179,552
No. Accts. in Arrears	83,251	77,630	70,911	62,970	55,763	Investor Y/Y %	-4.3	-7.2	-45.0	-61.4	-50.4
% of Outstanding	10.9	10.2	9.2	8.1	7.2	Mover Y/Y %	5.6	-1.4	-17.8	-38.2	-40.9