

## November house prices stable, while sales volumes recover

### Minor price increases nationally in November

The November release of the Residential Property Price Index published by the CSO today shows a housing market which continues to hold up well despite the turbulence seen in 2020. House prices in November were back above levels seen in the same month of 2019, the first annual increase since May, indicating a recovery to the market following some minor decreases over the summer.

While the impact on pricing is likely to have been limited due to reduced transaction volumes, positively November saw the largest number of sales in a single month since December of 2019. This recovery in transaction volumes, and the extremely strong mortgage approval levels seen at the end of 2020, bodes well for the Irish residential market going forwards in 2021. The market will however be constrained by a pronounced shortage in supply, which will be further compounded by restrictions on construction activity.

### Prices now back above 2019 levels

Nationally, residential property prices increased by 0.4% between October and November, leaving prices 0.2% above where they were in November 2019 - the first such annual increase in six months. On a three month basis, November prices were 1.1% above those of August, making this the largest three-month increase in over a year, a considerably strong turnaround considering the challenges faced by the residential market as a consequence of Covid-19.

Positively, this strong performance in pricing can be seen almost across the board nationally, with only two of the 10 regions covered by the CSO (Dun Laoghaire/Rathdown and the South-West) experiencing declines over the three month period. Prices in the South-West Region (Cork & Kerry) fell by 1.3% between August and November, but in stark contrast, prices in South Dublin rose by 3.6% over the same period. There were also relatively strong increases seen in the Border, Mid-East, and South-East Regions.

### Transaction volumes showing an impressive recovery

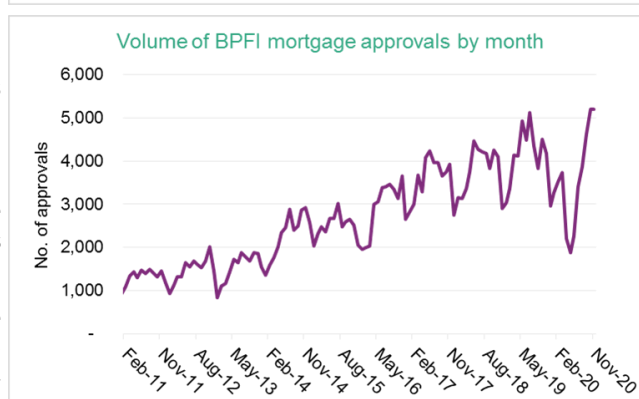
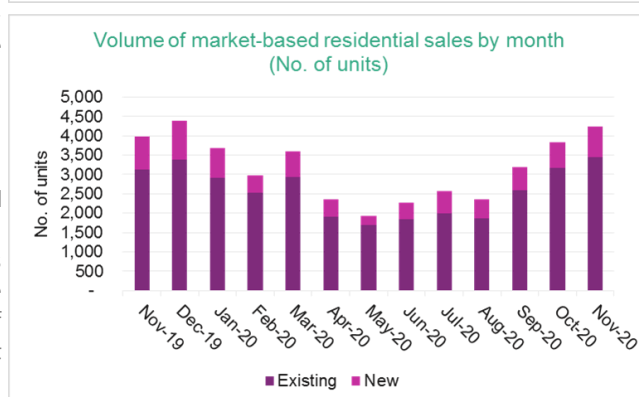
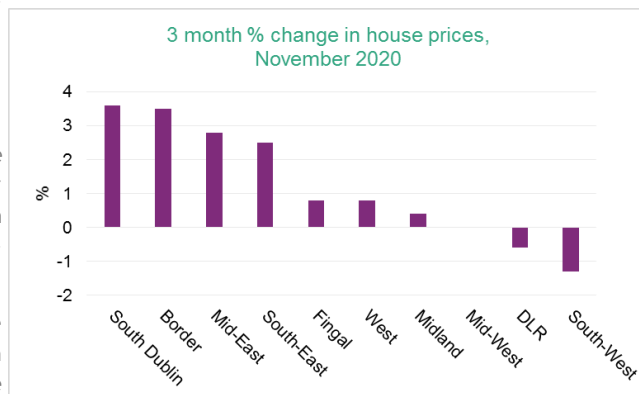
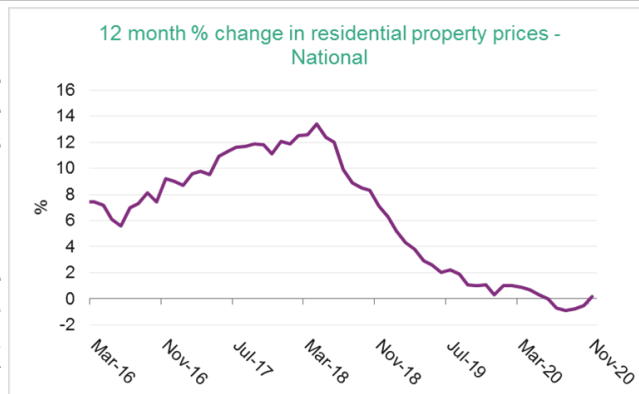
The number of units sold following the onset of Covid-19 in Ireland dropped dramatically, with almost 50% less units transacted in May when compared with May of 2019. However, the latest CSO data shows that there were 4,236 units sold in November, 6% above November 2019, and the highest monthly figure since December 2019. This turnaround in fortunes underlines the strength of demand in the Irish market, a market in which 33% of all purchasers are first time buyers, a figure which rises to 53% when looking solely at the new homes market.

Of the 4,236 units sold in November 2020, existing builds were dominant, making up 82%, a trend that is likely to continue for some time given the constraints to new residential supply posted by Covid restrictions.

### Mortgage approvals at record highs

There were 5,198 mortgages approved in November 2020 according to the latest BPFi data, almost the same as the 5,207 approved in October, which was the strongest monthly figure since the BPFi started publishing this data in 2011.

With these approvals now valid for six months, there will be significant appetite within the housing market for the first half of 2021, although this will be constrained by limited supply, which in turn is likely to sustain and place some upward pressure on prices.





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