

# MyHome.ie

Property Barometer  
Quarter 2 2010



“Measuring the Irish  
property market”

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Angela Keegan, MyHome.ie Managing Director

## Introduction

“ encouraging signs of stability are emerging in particular sections of the market ”

Our latest edition of the MyHome.ie Property Barometer shows that the residential market has performed in line with expectations since the start of the year characterised by low, but relatively stable levels of demand. Some encouraging signs of stability are emerging in particular sections of the market, most notably the 3 bed house market in Dublin.

In general, asking prices continued to decline with the headline figure showing a drop of 3.4% in asking prices nationally for the second quarter of 2010.

## Key Highlights

- 1 As expected, property prices continued to decline throughout the second quarter of the year
- 2 Encouraging signs of stability are emerging in particular sectors of the market, notably the three bedroom house market
- 3 Second hand homes performed marginally better relative to the national index this quarter, while new homes performed noticeably worse
- 4 The latest declines are not the largest that we have seen but they do represent the continuation of a clear downward trend
- 5 The average asking price nationally now stands at €291,278 and at €339,598 in Dublin
- 6 Since the peak of the market in late 2006, asking prices have fallen 36.4% in Dublin and by 29.7% at a national level
- 7 Downward trend of apartment prices continues in the capital as is evident from the trend seen in newly added stock
- 8 First Time Buyers continue to demand larger properties at cheaper prices

Paul Murgatroyd, Independent Economic Consultant



## ...Property Prices continue to fall but some sectors are starting to show signs of price stabilisation

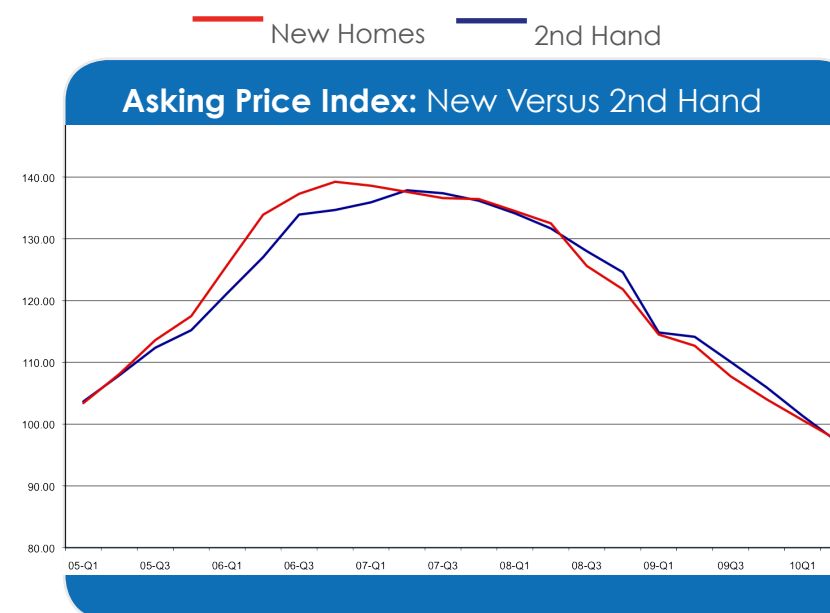
At the midpoint of the year, forecasts for both the economy and residential property market remain largely unchanged. At a macro level, property prices continue to fall but further evidence is emerging that some sectors are starting to show signs of price stabilisation. The latest results from the MyHome.ie Property Barometer reveal that, as expected, property prices continued to decline throughout the second quarter. At the start of the year we forecast that prices would decline by around 10% on average during 2010 with the majority of the decrease coming in the first half of the year and this has proved to be the case. The standardised indices have recorded price decreases of 7% at a national level across all property types (9% in Dublin), 9.2% for new homes and 6.9% for second hand properties since January of this year. The market continues to be characterised by relatively weak but stable levels of demand, especially in the non first time buyer segment.

### Summary of Asking Price Changes Q2 2010

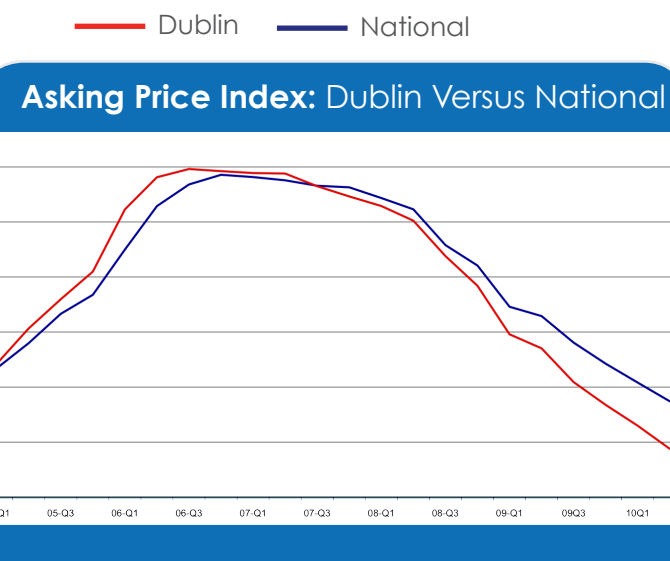
	Average Price Q2 2010	% Change Q2 2010	Annual % Change	% Change since peak
National	€291,278	- 3.37%	- 13.72%	- 29.71%
Dublin	€339,598	- 4.52%	- 17.06%	- 36.42%
New	€259,845	- 4.27%	- 15.00%	- 29.63%
Second Hand	€295,657	- 3.31%	- 13.64%	- 30.10%

## New Homes market performed noticeably worse than the second hand market in Q2

In terms of the breakdown between new and second hand properties, asking prices of each have now fallen by around 30% from their peak, with new properties catching up with the second hand properties thanks to a fall of 4.3% this quarter (compared to 3.3% for the second hand homes). We see that second hand homes performed marginally better relative to the national index this quarter, while new homes performed noticeably worse. The standardised asking prices are now €259,845 for new homes and €295,657 for second hand homes (the peaks were €369,200 and €423,000, respectively). Recent high profile sales of apartments have contributed to the fall in value.



Asking Prices of new and second hand properties have each fallen by around 30% from their peak in Q4 2006



## Dublin Vs. National

On a national level, we observe a decrease over Q2 2010 of 3.4%. This is comparable to what we saw in Q1 2010 (3.3%). It brings the total decline from the peak in Q4 2006 to almost 30%, with a decline over the past four quarters of 13.7%. It means that we now have fourteen consecutive declining quarters, and are below the initial starting point of the index in Q3 2004.

The Dublin index declined by 4.5% in Q2 2010, giving a decline for the past year of just over 17%. Our standardised Dublin asking price dropped from €355,700 down to €339,600 in Q2 2010.

## Buyers demanding cheaper and larger properties as their choice of starter home with only a minority seeking to purchase an apartment

At the beginning of the year we anticipated that the speed of price stabilisation would vary depending on property type and location, with the Dublin three bedroom house market likely to be the first to show signs of a "bottoming out" in terms of asking prices. Evidence that this pattern is now emerging in the residential market can be seen from an analysis of the newest supply to come to the market, particularly in Dublin. As was highlighted in MyHome.ie's Spring First Time Buyer survey published earlier this year, new entrants to the property market are demanding cheaper and larger properties as their choice of starter home with only a minority seeking to purchase an apartment.

## Analysis Of Newly Added Stock In Dublin

During the three months to June a clear trend of a gradual stabilisation in asking prices in some sectors of the market began to emerge in the capital. Overall the average asking price for all properties newly listed in Dublin remains unchanged. However on closer inspection we see the average asking prices for newly listed apartments is down in excess of 9% while average asking prices of the newly listed 3 bed terrace has increased by 4% and the 3 bed semi up slightly by 0.48%. This is further evidence that the 3 bed property remains the preferred choice of First Time Buyers.

“ 3 bed properties remain the preferred choice of First Time Buyers ”

Average	All	Latest	% Change
1 Bed Apartment	€201,442	€182,747	- 9.28%
2 Bed Apartment	€298,449	€268,836	- 9.92%
3 Bed Terrace	€302,131	€314,325	4.04%
3 Bed Semi	€339,284	€340,928	0.48%
4 Bed Detached	€850,672	€834,839	- 1.86%

### Dublin

Average Asking Price of recently added stock in Q2 2010

## The Wider Economy

Whilst weakness persists in the residential property market there are definite signs that the economy is beginning to stabilise. Indeed the economy officially emerged from a two and a half year recession during the first quarter of the year, with real GDP growth of 2.7% driven by strong exports. On the other hand, GNP or national income declined by 0.5% over the same period reflecting the continued weakness of the domestic side of the Irish economy. The domestic economy must show definite signs of a return to growth before a definitive trough can be called in the property market and any pick up in both activity and prices will be dependent on job creation, employment growth and a sustained reduction in unemployment.

“ The Irish economy finally exited the two and half year recession during Q1 2010 ”

## Consumer Sentiment

Consumer Sentiment is a key factor in housing demand and the continued improvement recorded by the latest KBC/ESRI Consumer Sentiment Index is a welcome sign. In June, the Sentiment Index recorded its highest reading in almost three years at 67.9 and it is encouraging that throughout the first half of this year consumers confidence has gradually improved.

“ First Time Buyers are key in any property market recovery ”

In addition, the forward looking element to the Index recorded its highest reading since September 2007 as consumers were slightly more positive about the economic outlook that in previous months which is consistent with the gradually improving economic picture painted throughout the first half of the year. Whilst it appears that consumers see the worst is now behind for the Irish economy they do remain somewhat cautious with regard to their own individual financial positions meaning a surge in spending on behalf of consumers is unlikely in the second half of the year. Nonetheless if the gradual improvement in sentiment continues for the remainder of the year and into 2011 it will assist with underpinning demand in the residential property market in the future.

“ First Time Buyers are commanding an increasing share in the overall mortgage market ”

## Mortgage Market

On a more positive note, First Time Buyers are commanding an increasing share of the overall mortgage market with data from the Irish Banking Federation confirming that in the first quarter of this year they commanded a 33% share of the overall market by volume and 38% by value. As we have commented on several occasions previously, First Time Buyers are key in any property market recovery and it provides some solace that they continue to be resilient in the face of the challenging and uncertain economic climate.

## Summary:

The second half of this year will give us a clear indication of the timeframe for a definitive bottoming of the market

In summary, the residential market has performed in line with expectation since the outset of the year, characterised by low but relatively stable levels of demand particularly among First Time Buyers. Some encouraging signs of stability are emerging in particular sectors of the market, notably the three bedroom house market in Dublin when compared to the relative weakness witnessed in the apartment market. First Time Buyers will continue to demand larger properties at cheaper prices which will help stabilise prices for houses and suppress any uplift in the apartment market for the foreseeable future. The second half of this year will give us a clearer indication of the likely shape and timeframe for a definitive bottoming of the market although it is already clear that certain sectors and locations will be far slower to recover than others.

### Dublin Summary

The average asking price in Dublin fell to €339,598 over the past three months, down from €355,657 in Q1 2010. The central city areas have seen the most dramatic slide, down 33-44% from their peak, with Dublin City North down -11.4% in this quarter alone.

North

- Dublin North has performed slightly better than the national average with a fall of 3% in the quarter
- Average Asking prices in Dublin North are now at €361,021 down from €445,000 since the peak of the market in 2006

### SOUTH

- Rate of decline in Dublin South has eased significantly with a fall of just 2.5% in Q2
- Average asking prices now stand at €507,034

West

- Dublin West continues to perform well
- Asking Prices in Dublin West are down -2.5% in the Q2 compared to a fall of 3.2% in Dublin as a whole

### DUBLIN CITY North

- The average asking price now stands at €247,859
- Decrease of -11.4% in Q2  
Dublin City North saw the most severe drop in Q2 2010; The large number of apartments available for sale has contributed significantly to drop in prices

### DUBLIN CITY South

- Dublin City South outperformed all other Dublin areas in Q2
- Average asking prices in Dublin City South are now €373,995 with a decline of just -1.7% in the quarter

	Average Price Q2 2010	% Change Q2 2010	Annual % Change	% Change since peak
North	€361,021	- 3.01%	- 14.36 %	- 35.81%
South	€507,034	- 2.50%	- 19.61 %	- 38.54%
West	€271,853	- 2.51%	- 10.03%	- 30.56%
City North	€247,859	- 11.41%	- 22.93 %	- 44.82%
City South	€373,995	-1.75%	- 13.25 %	- 33.95%

Dublin

Summary of Asking Price Changes Q2 2010

### GALWAY



Median Price Q2 2010	€265,000
% Change Q2 2010	-3.6%
Annual % Change Q2 2010	-11.4%
% Change since peak	-41.1%

- Median Prices fell by 3.6% in Q2...  
...from €275,000 to €265,000 in the quarter

- Galway has seen a total fall of 41.1% since the peak  
The fall in price in Q2 in Galway is the same size as the fall that occurred in the previous quarter, and contributes to a decline over the past twelve months of 11.4%, and a total fall from the peak of 41.1%.

LIMERICK

- Sharp decrease of 7.3%  
This quarter saw a sharp decrease of 7.3%, with median asking prices falling from €240,000 to €222,500.
- Limericks total decline in asking prices remains the lowest of all our urban spotlights  
Limerick has been a relative outperformer and its decline over the past 12 months, at 11.0%, remains the smallest of our urban spotlight areas.



Median Price Q2 2010	€222,500
% Change Q2 2010	-7.3%
Annual % Change Q2 2010	-11.0%
% Change since peak	-21.9%

### CORK



Median Price Q2 2010	€275,000
% Change Q2 2010	-5.01%
Annual % Change Q2 2010	-11.3%
% Change since peak	-27.6%

- Median Asking Prices fell by 5.0%  
Prices in Cork have dropped from a median asking price of €289,500 in Q1 2010 down to €275,000 in the latest quarter, or by 5.0%.
- Since the peak Cork has seen a dramatic decline in prices but is still noticeably smaller than the decline seen in Dublin  
From a maximum value of €380,000, this series has now fallen by 27.6%. The decline is however still noticeably smaller than the decline seen in Dublin.

	Type / No. of beds	Median Price Q2 2010	% Change Q2 2010
<b>Leinster</b>			
Dublin	3 Bed Semi	€300,000	-5.96%
Meath	3 Bed Semi	€239,950	-4.02%
Kildare	3 Bed Semi	€240,000	-3.61%
Wicklow	3 Bed Semi	€310,000	0.00%
Longford	3 Bed Semi	€165,000	-5.71%
Offaly	3 Bed Semi	€225,000	-1.10%
Westmeath	3 Bed Semi	€190,000	-4.52%
Laois	3 Bed Semi	€186,500	-1.84%
Louth	2 Bed Tce*	€165,287	-4.92%
Carlow	3 Bed Semi	€195,000	-3.70%
Kilkenny	3 Bed Semi	€210,000	-5.62%
Wexford	3 Bed Semi	€180,000	-2.70%
<b>Munster</b>			
Waterford	3 Bed Semi	€210,000	-6.67%
Kerry	3 Bed Semi	€205,000	-6.82%
Cork	3 Bed Semi	€235,000	-5.62%
Clare	3 Bed Semi	€199,500	-1.48%
Limerick	3 Bed Semi	€190,000	-9.52%
Tipperary	3 Bed Semi	€190,000	-2.56%
<b>Connaught &amp; Ulster</b>			
Galway	3 Bed Semi	€225,000	-4.26%
Mayo	3 Bed Semi	€177,000	-6.35%
Roscommon	3 Bed Semi	€170,000	0.00%
Sligo	3 Bed Semi	€198,875	-0.44%
Leitrim	3 Bed Semi	€180,000	-6.86%
Donegal	3 Bed Semi	€174,000	-3.06%
Cavan	3 Bed Semi	€179,000	0.00%
Monaghan	3 Bed Semi	€190,000	0.26%

Our County by County Analysis shows the median changes in Asking Prices from 3 bedroom semi detached properties in each county. The median is the "middle" price. It can be thought of as the price of the house which is more expensive than exactly half of the other houses. We find that it is superior to the mean in estimating the price of a typical house.



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### MyHome.ie Property Barometer: The Method

The statistics in this report have been produced using a combination of statistical techniques. Our data is collected from quarterly snapshots of active, available properties on MyHome.ie. For a broad view, we construct four indices: a national index, an index of Dublin properties, an index of new properties and an index of second-hand properties.

These indices have been constructed with a widely-used regression technique which adjusts for change in the mixture of properties for sale in each quarter. Since the supply of property in each quarter has a different combination of types, sizes and locations, the real trends in property prices can be easily obscured. Our method, however, provides figures which reflect price change independent of this variation in mix.

For detailed statistics at the local level and for particular property types, we also provide a selection of average and median asking price series.

INDICES	Q3 2004	Q1 2005	Q3 2005	Q1 2006	Q2 2006	Q3 2006	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Q4 2007
National	100.00	103.41	113.31	124.99	132.89	136.82	138.57	138.16	137.57	136.58	136.30
Dublin	100.00	104.22	115.96	132.28	138.13	139.62	139.24	138.89	138.80	136.50	134.64
New	100.00	103.67	112.37	121.19	127.04	133.92	134.67	135.91	137.85	137.37	136.16
2nd Hand	100.00	103.41	113.60	125.75	133.91	137.28	139.23	138.60	137.59	136.59	136.43
% Change	Q3 2004	Q1 2005	Q3 2005	Q1 2006	Q2 2006	Q3 2006	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Q4 2007
National		1.80%	4.93%	7.04%	6.32%	2.96%	1.28%	-0.30%	-0.43%	-0.72%	-0.21%
Dublin		2.75%	4.79%	9.34%	4.42%	1.08%	-0.28%	-0.25%	-0.06%	-1.66%	-1.36%
New		1.47%	4.14%	5.19%	4.82%	5.42%	0.56%	0.92%	1.43%	-0.35%	-0.88%
2nd Hand		1.95%	5.08%	7.04%	6.48%	2.52%	1.42%	-0.46%	-0.73%	-0.73%	-0.12%
Standard Price	Q3 2004	Q1 2005	Q3 2005	Q1 2006	Q2 2006	Q3 2006	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Q4 2007
National	299028	309219	338827	373743	397368	409124	414374	413133	411373	408420	407565
Dublin	382547	398704	443617	506046	528415	534124	532642	531320	530979	522157	515053
New	267854	277679	300978	324615	340272	358721	360714	364039	369248	367959	364713
2nd Hand	303800	314144	345114	382034	406803	417065	422990	421055	418002	414966	414468

INDICES	Q1 2008	Q2 2008	Q3 2008	Q4 2008	Q1 2009	Q2 2009	Q3 2009	Q4 2009	Q1 2010	Q2 2010
National	134.35	132.29	125.80	122.08	114.59	112.90	108.08	104.25	100.81	97.41
Dublin	132.90	130.23	123.81	118.40	109.58	107.03	100.90	96.76	92.97	88.77
New	134.13	131.68	128.00	124.59	114.83	114.14	110.07	105.95	101.34	97.01
2nd Hand	134.50	132.50	125.60	121.84	114.50	112.69	107.74	104.02	100.65	97.32
% Change	Q1 2008	Q2 2008	Q3 2008	Q4 2008	Q1 2009	Q2 2009	Q3 2009	Q4 2009	Q1 2010	Q2 2010
National		-1.43%	-1.53%	-4.91%	-2.96%	-6.13%	-1.48%	-4.27%	-3.54%	-3.30%
Dublin		-1.29%	-2.01%	-4.93%	-4.37%	-7.44%	-2.33%	-5.73%	-4.11%	-3.91%
New		-1.49%	-1.83%	-2.79%	-2.66%	-7.83%	-0.61%	-3.56%	-3.74%	-4.35%
2nd Hand		-1.42%	-1.48%	-5.21%	-3.00%	-6.02%	-1.59%	-4.39%	-3.45%	-3.24%
Standard Price	Q1 2008	Q2 2008	Q3 2008	Q4 2008	Q1 2009	Q2 2009	Q3 2009	Q4 2009	Q1 2010	Q2 2010
National	401739	395597	376180	365057	342666	337603	323180	311727	301449	291278
Dublin	508397	498194	473612	452921	419205	409448	385993	370137	355657	339598
New	359268	352707	342850	333730	307590	305716	294835	283795	271437	259845
2nd Hand	408598	402545	381578	370139	347857	342343	327321	316019	305767	295657

# A vintage fluorescent green lampshade.

{it was my mother's and her mother's before that}



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