

Housing Market Review



December 2023

Introduction

Member,

PII have had a busy year in 2023. With lots of policy interventions PII have had extensive engagement with Department of Housing, Department of Finance, Housing Agency, Labour and Employers Economic Forum, the Planning Advisory Forum, Construction Sector Group and a meeting with the Minister of Housing on the Planning Bill, RZLT and LVS.

Thanks to the input and engagement from members we were able to make extensive submissions on a wide range of issues affecting the sector. Some notable wins in 2023 included:

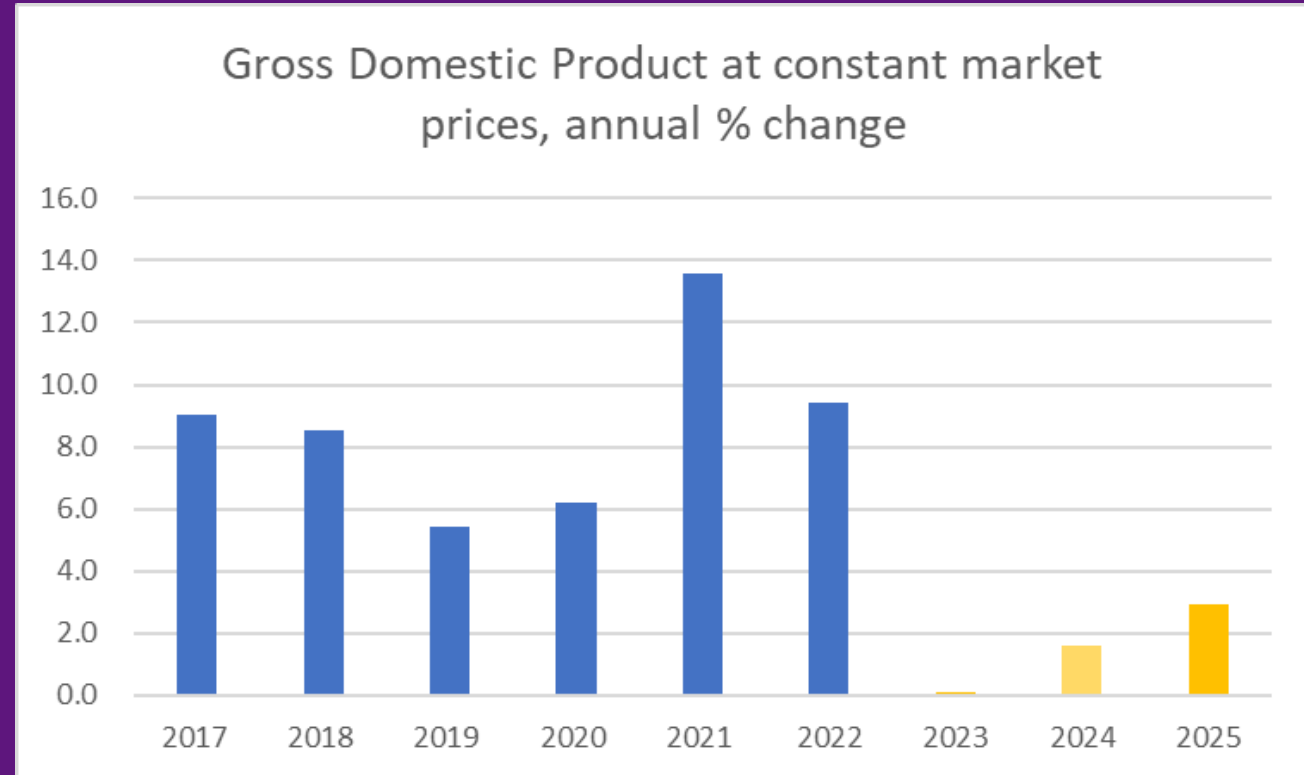
- The Planning and Development Bill was published in 2023. While the Bill is not perfect it includes many of PII's asks – particularly those aimed at timelines in the development process and measures to reduce the number of judicial review.
- PII lobbied the Department of Finance on the proposed Residential Zoned Land Tax. As a result of our efforts the implementation date was pushed back a year – giving PII further opportunity to engage with the Department and members on how the tax will impact on new home delivery.
- Following PII lobbying over the last couple of years Government published a consultation on guidelines for greater compact urban growth. The formal guidelines are expected to be published imminently, incorporating the vast majority of PII recommendations.
- Concerns were raised by members on the implications for industry of Revenue Guidance on implementation of Concrete Levy. Following cross industry engagement supported by Ibec/BMF, the Finance Bill included changes to wholly exempt pre-cast concrete from levy.

From PII and BMF we wish you a happy Christmas and peaceful New Year. We look forward to working with you in 2024.

David Duffy, David Howard

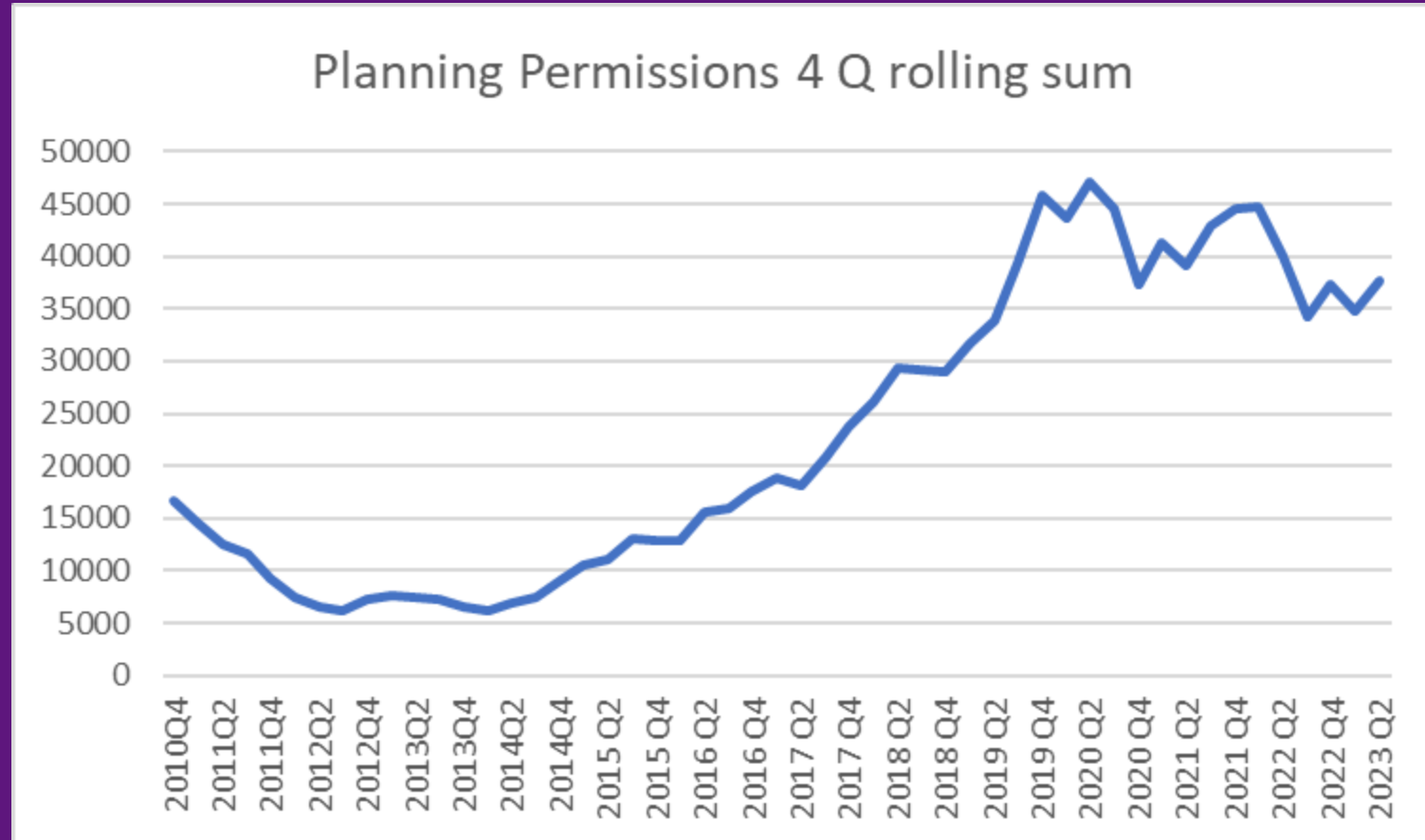
Ibec economic forecasts

- All signs are that the economy globally is beginning to slow.
- The softening global picture is clearly reflected in falling goods exports and slowing investment levels here at home.
- The Irish economy has had a spectacular four years with growth outstripping any of our major partners in terms of exports, investment and employment. We are now entering a period of consolidation where those gains are not reversed but businesses have a much greater focus on areas like cost and competitiveness.
- **Ibec expect domestic demand to grow by 3.2% in 2023. For 2024 we now expect growth of around 2.3%.**
- Ibec forecast weaker growth in domestic demand in 2024 on the back of a moderation in employment growth and a continued moderation in investment trends. **Ibec expect domestic demand to grow by 2.3% in 2024 and 3% in 2025.**
- Ibec Economic Outlook available [here](#).



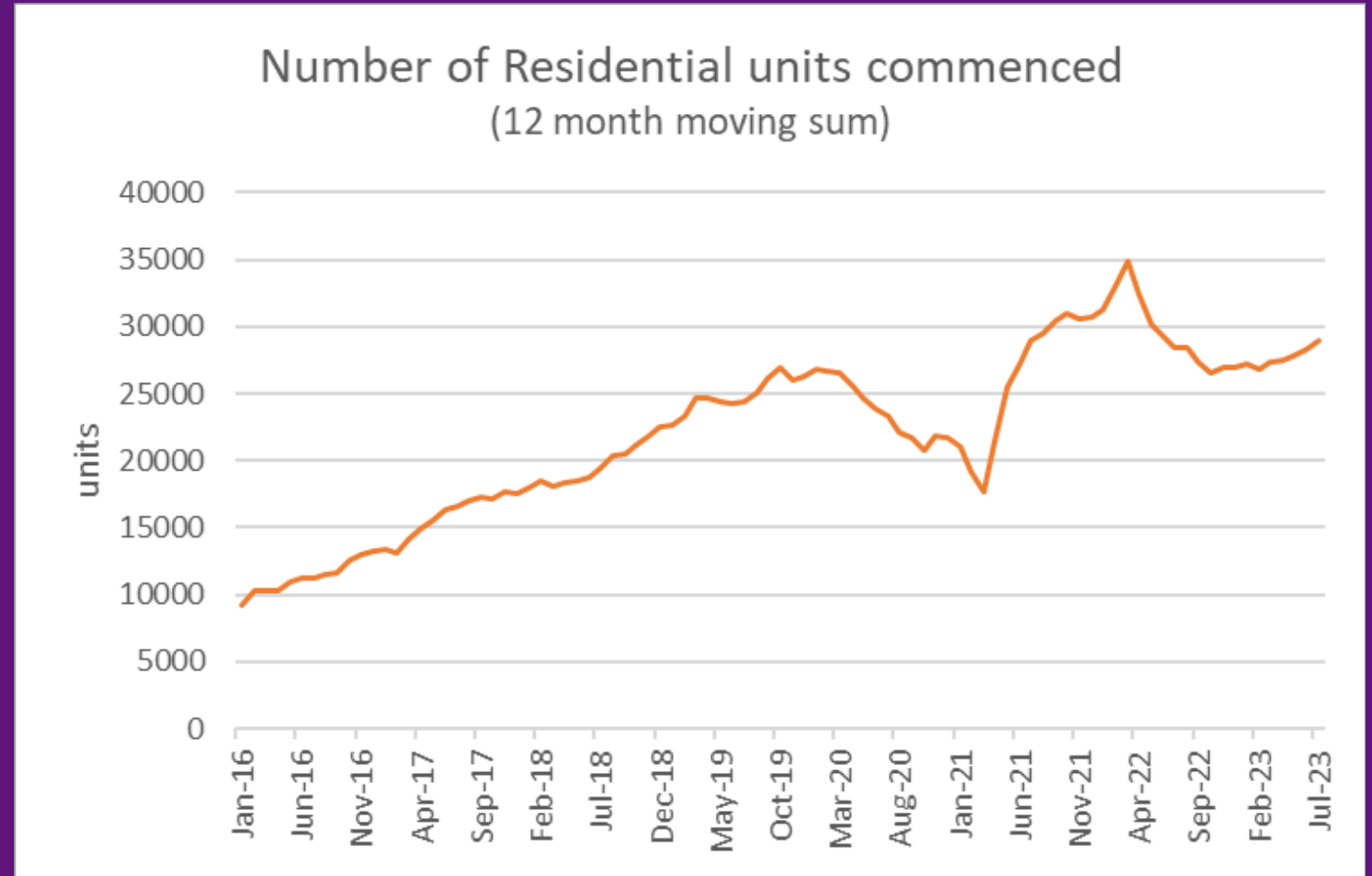
Rolling 4 quarter sum now over 37,000 homes

- There was an annual increase of more than 43% in the total number of dwelling units approved in Q3 2023 at 9,662 units compared with 6,743 units in Q3 2022, while in Q2 2023 an annual decrease of 23% was recorded.
- The number of dwelling units granted planning permission in Q3 2023 was almost evenly split between houses (4,859) and apartments (4,803).
- For the nine-month period (January to September 2023) there was an overall growth of 13% in the total number of dwelling units approved when compared with the same period in 2022.



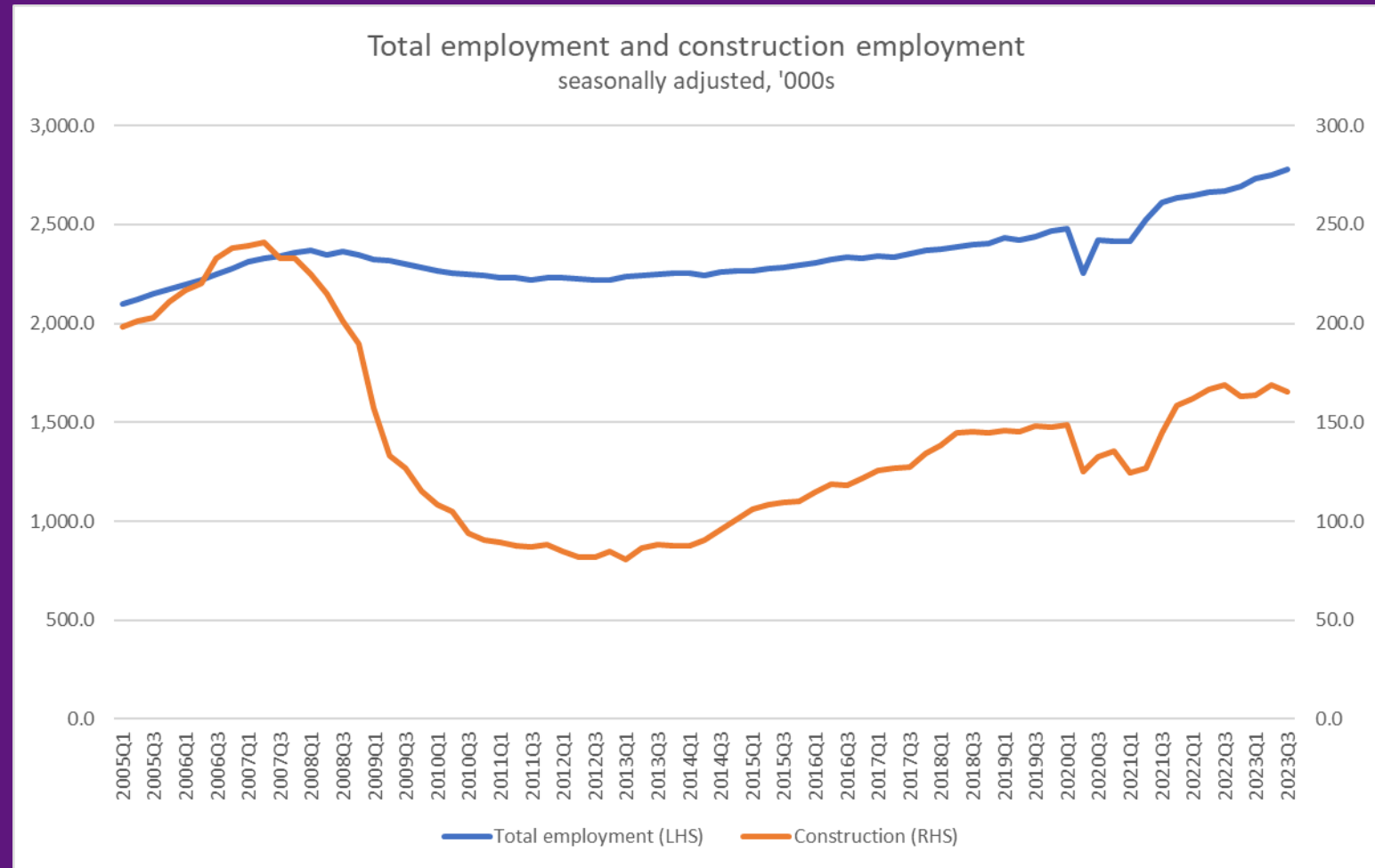
Commencement notices for new homes – number of units

- Number of new homes commenced in October 2023 was 2,624, a 42.5% increase when compared to the month of October 2022.
- In October 2023, the 12 month sum of commencements stood at 30,744. This compares to a figure of 26,608 in October 2022.
- In the first 10 months of the year, 26,547 new homes were commenced, compared with 22,760 in the first 10 months of 2022 – an increase of 16.6%.



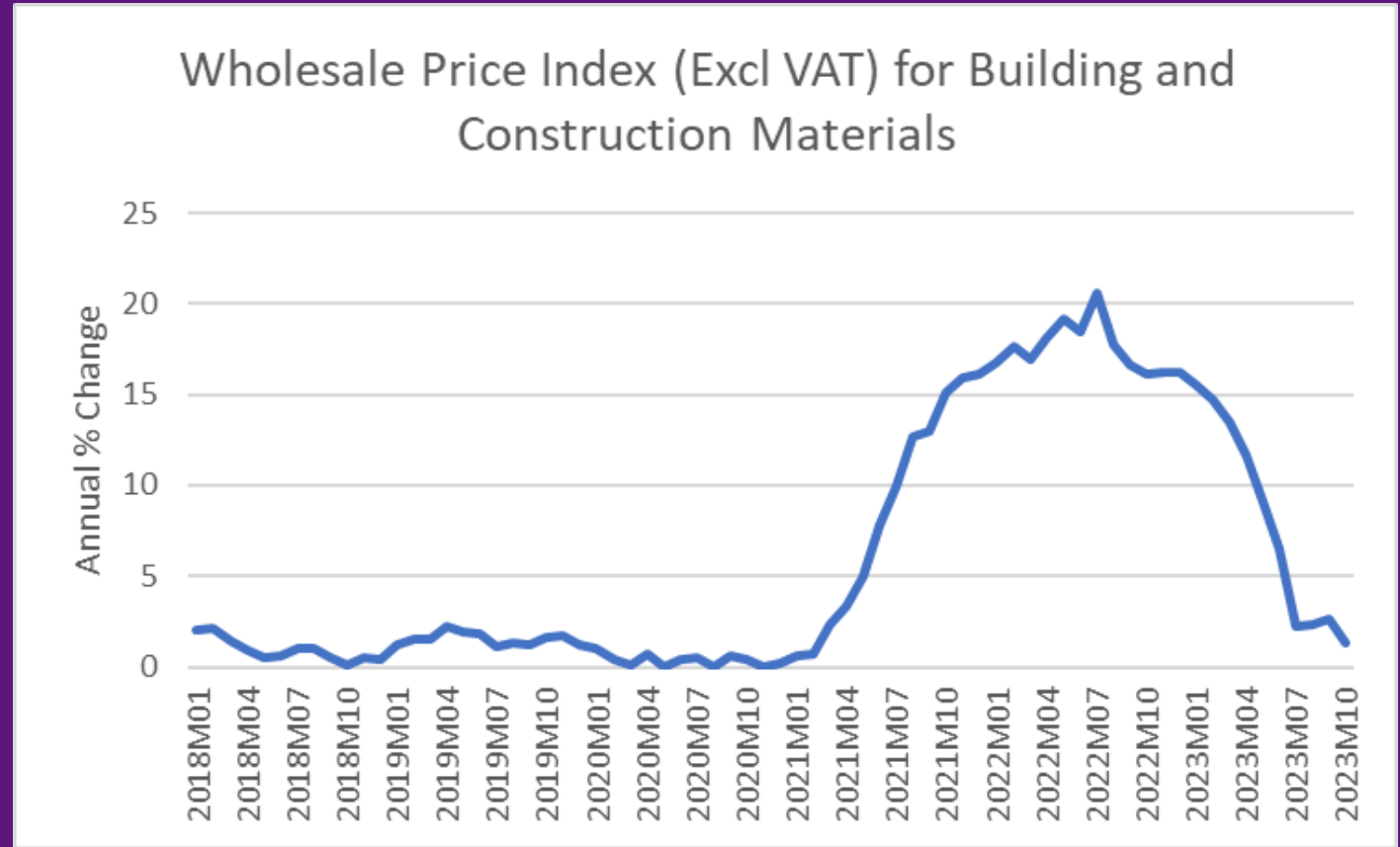
Irish Labour Market

- A tight labour market continues to prove challenging in terms of recruitment and retention. On a seasonally adjusted basis, the numbers in employment in Q3 2023 stood at 2,657,900 after a rise of 26,900 (+1.0%) from the previous quarter.
- Construction sector employment was 165,200, down from 169,100 in Q2 2023.
- The seasonally adjusted unemployment rate was up to 4.5% in Q3 2023 from a rate of 4.2% in the previous quarter.
- While new entrants to the labour market have helped to meet the growing demand for labour so far, the expectation for the coming year is slowing employment growth as it becomes more difficult to fill vacancies despite strong hiring intentions among businesses.
- Low monthly growth in employment across sectors, along with falling vacancy rates indicate slowing employment growth, as employers find it harder to source specific skills.



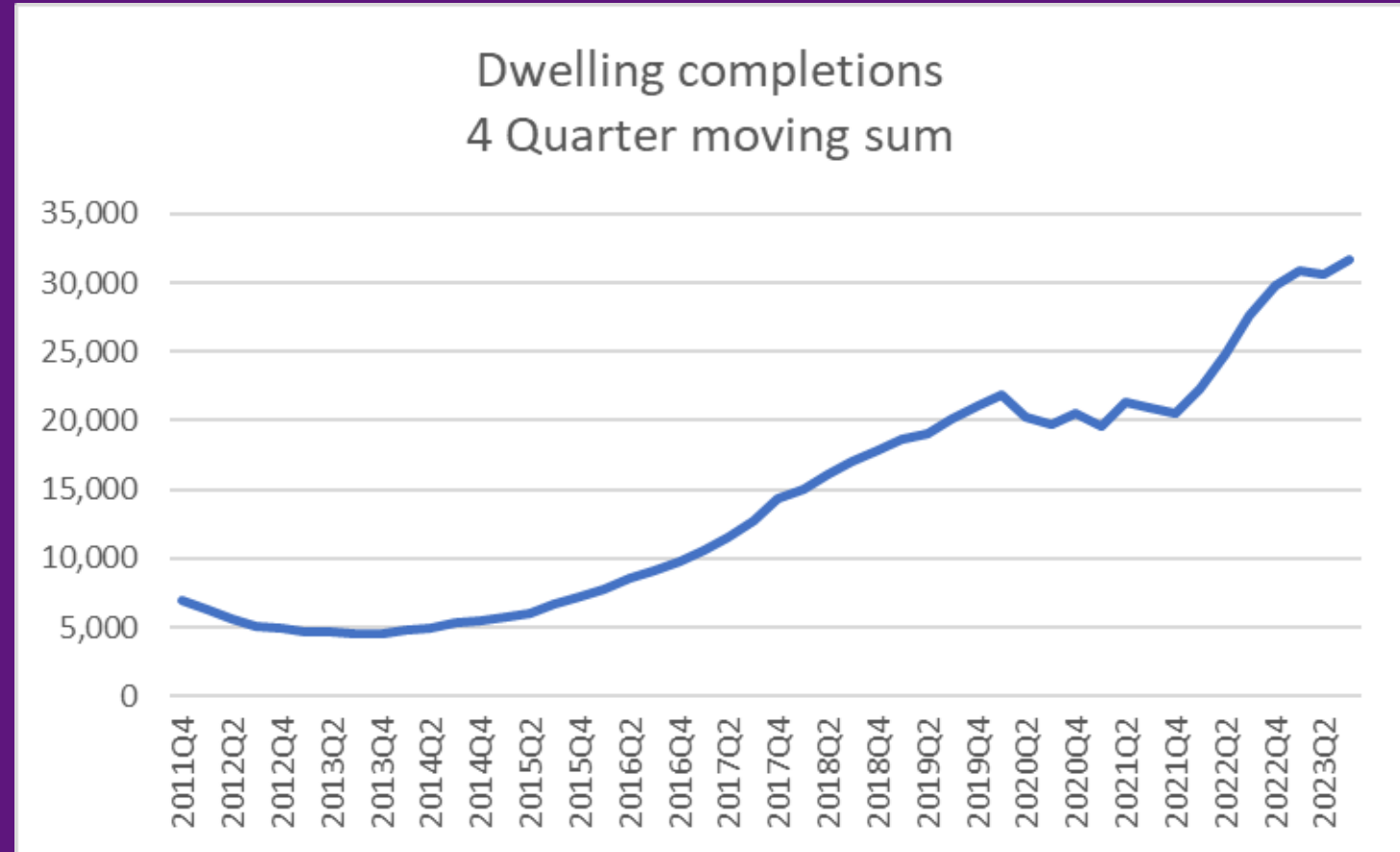
Input cost growth continues to moderate

- Wholesale prices for construction products were unchanged in the month to October 2023 (0.0%).
- Annual growth in wholesale prices for construction products was 1.3% in the 12 months since October 2022.



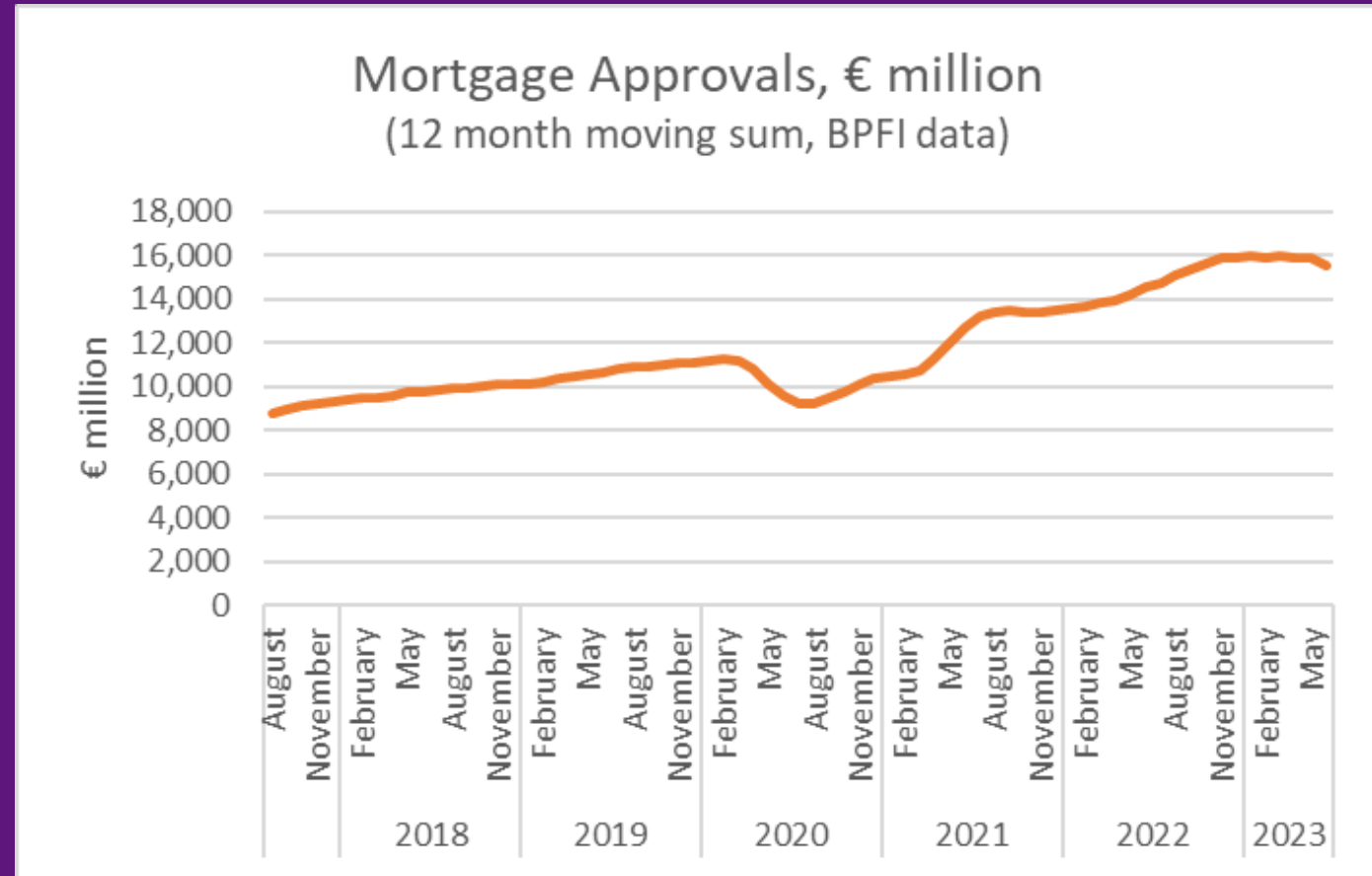
Annual sum of home completions remains above 30,000

- There were 8,452 new dwelling completions in Quarter 3 2023, an increase of 14.4% on the same three months of 2022.
- Apartment completions rose 47.3% in the 12 months to Q3 2023, to 3,373.
- There were 3,627 scheme dwelling completions in Q3 2023, up 1.5% from Q3 2022, while single dwellings were down 4.7% to 1,452 in Q3 2023.
- Over four in ten (42.9%) completions in Q3 2023 were scheme dwellings, with 39.9% apartments and 17.2% single dwellings.
- In the first nine months of the year 22,521 homes have been completed.



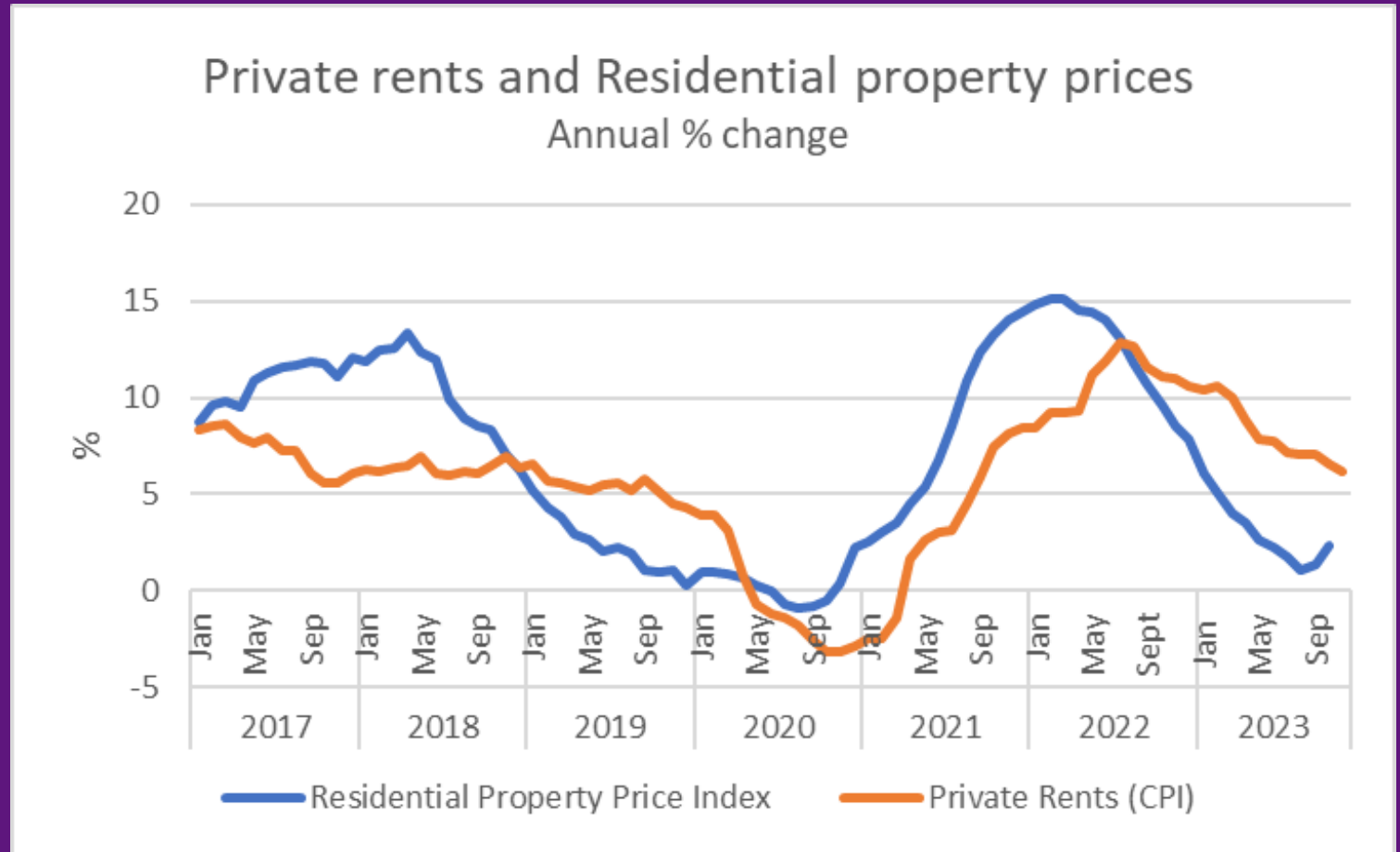
Mortgage Market

- A total of 4,273 mortgages were approved in October 2023 – first-time buyers (FTBs) were approved for 2,687 mortgages (62.9% of total volume) while mover purchasers accounted for 926 (21.7%).
- The number of mortgages approved fell by 20.1% compared with the same period last year.
- Mortgages approved in October were valued at €1,214 million – of which FTBs accounted for €793 million (65.3%) and mover purchasers for €291 million (23.9%).
- The value of mortgage approvals rose fell by 16.9% year-on-year.
- Re-mortgage/switching activity fell by 78.3% in volume terms year-on-year and by 81.5% in value in the same period.



Prices and Rents

- The national Residential Property Price Index (RPPI) increased by 2.3% in the 12 months to October 2023, with prices in Dublin decreasing by 0.6% and prices outside Dublin up by 4.5%.
- In October 2023, 4,604 dwellings were purchased by households, up by 7.2% when compared with the 4,296 purchases in October 2022.
- The median price of a dwelling purchased in the 12 months to October 2023 was €323,000.
- Private sector rents grew by 0.1% in the month of November. Annual growth has slowed, although remaining strong at 6.2%



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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