

# Housing Market Review

August 2023

# Introduction

Member,

The policy space continues to be busy. We have ongoing engagement with policymakers from a number of government departments on the RZLT, LVS and Concrete Levy.

As we move into quarter 3, the review of the NPF is commencing. Given the impact of the NPF so far, its review will be a key focus of PII activity over the coming months. Please contact us if there are issues you would like PII to raise as part of the NPF Review.

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.

I hope you find this Review interesting and useful.  
Please feel free to get in touch.

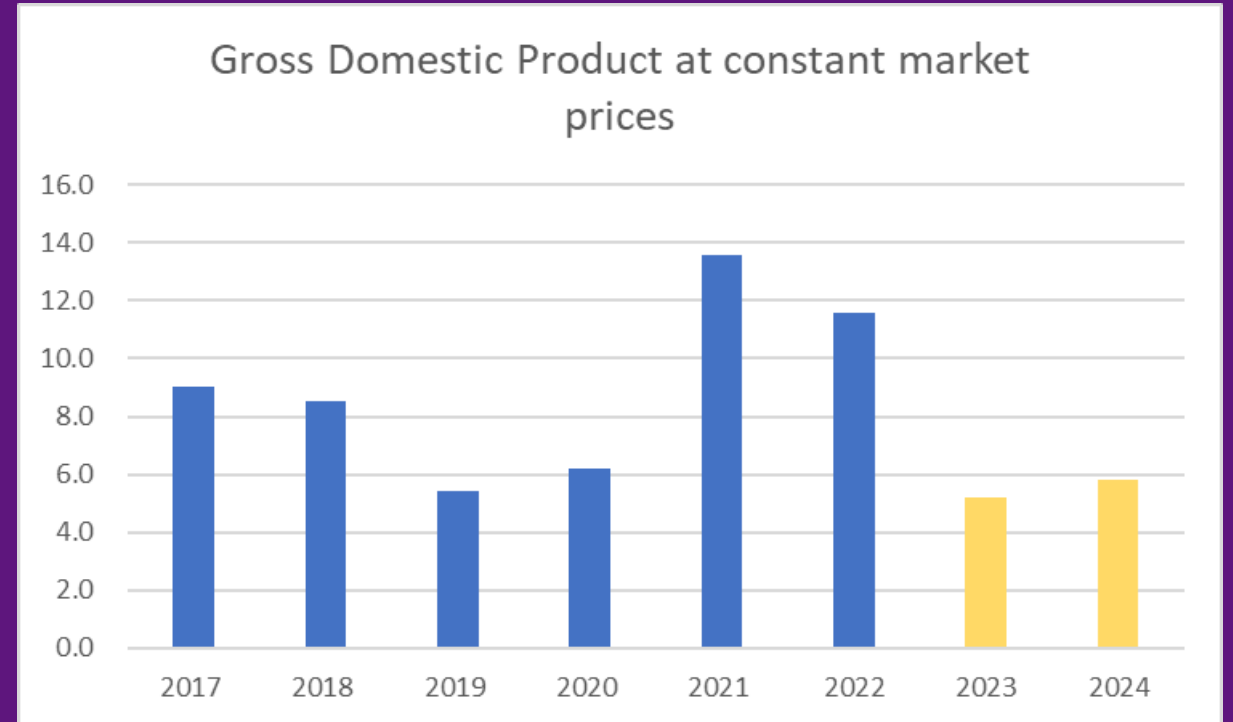
David

David Duffy,

Director, PII

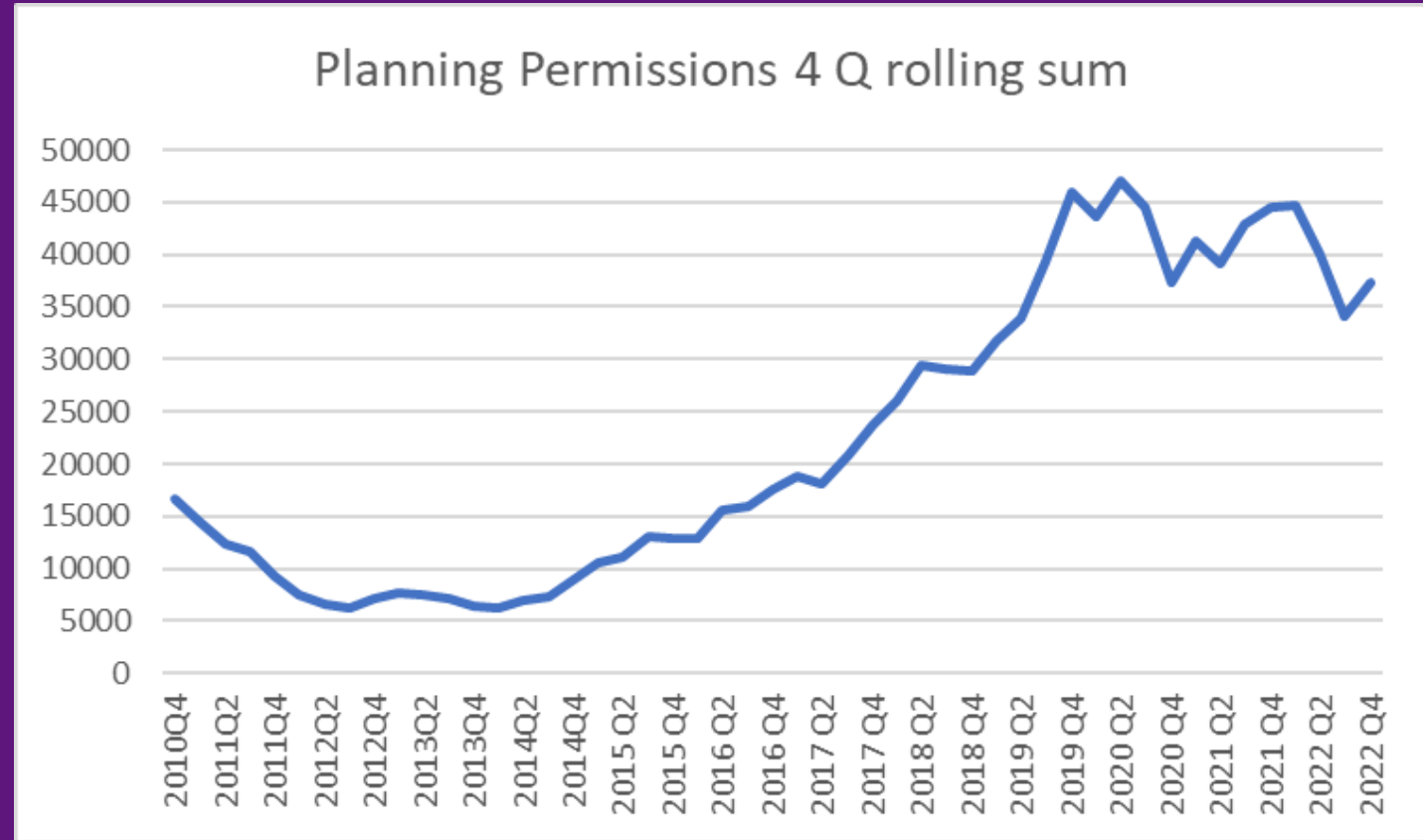
# Ibec economic forecasts

- Global supply chain disruptions, volatile energy prices and inflation are now well on the path to more normal levels.
- There is an increasing sense that we may be entering a period of more moderate growth globally.
- We expect the domestic economy to grow by 3.4% in 2023. For 2024 we now expect growth of around 2.3%, resulting from a normalisation of investment levels and some slowdown in the growth of consumer spending.
- We are now nearing the peak of the economic cycle.
- It is important that we do not build top-of-cycle assumptions into either Government or business decision making.
- Ibec Economic Outlook available [here](#).



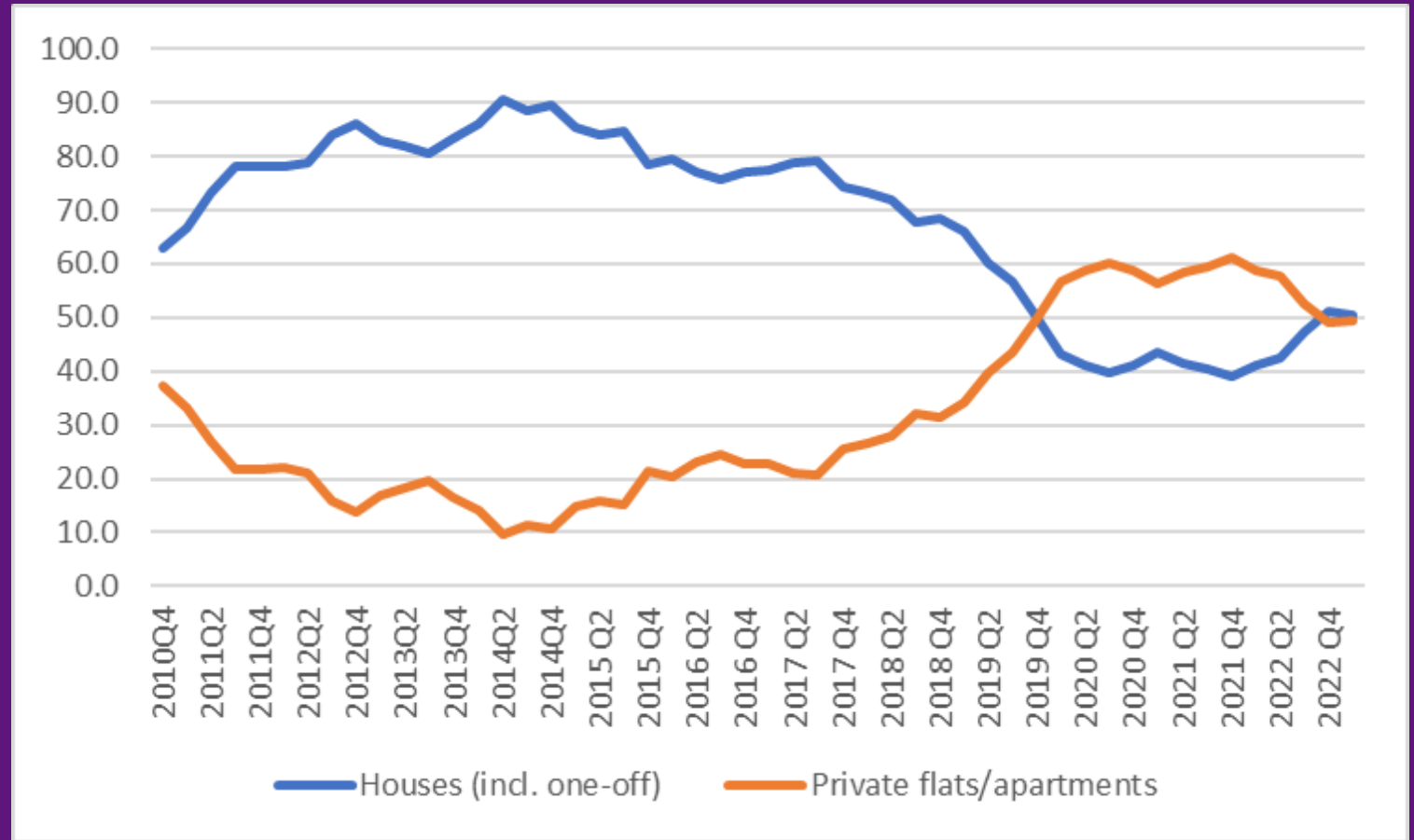
## Rolling 4 quarter sum now over 37,000 homes

- There was an annual increase of 37.8% in the total number of dwelling units approved at 11,659 units in Q1 2023 compared with 8,463 units in Q1 2022.
- In Q1, 2023, there was an annual rise of more than 81% in the number of multi-development houses receiving planning permission, compared with a decrease of almost 32% in one-off houses.
- The number of houses granted planning permission rose by 31% on an annual basis to 6,146 housing units, while apartment approvals rose by 46% to 5,513 units in the first quarter.



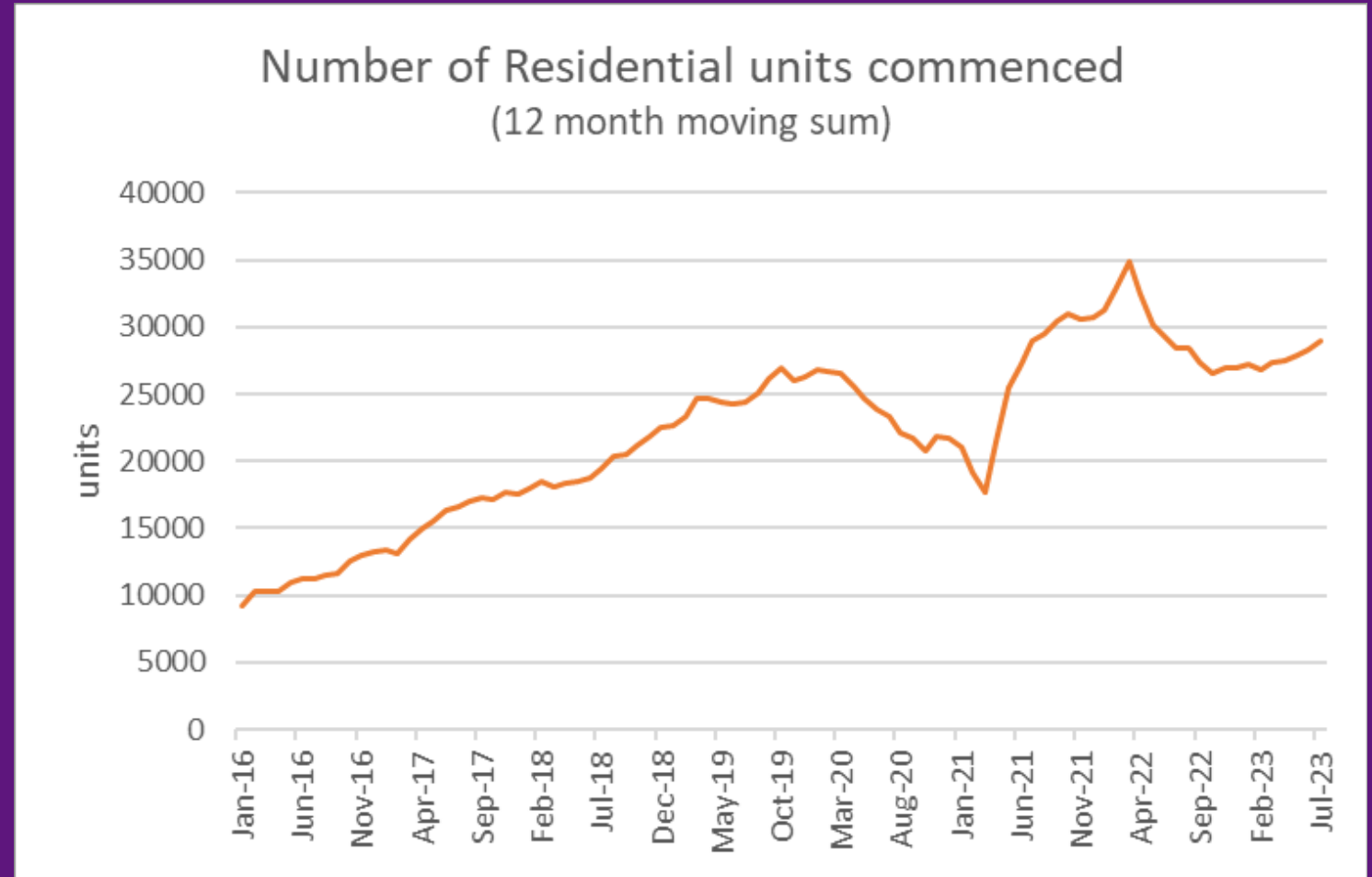
# Apartments account for approx. 50% of planning permissions

- In Q1, 2023, housing units accounted for 53% of all dwelling units approved, while apartments accounted for the remaining 47%.
- Across the four local authorities of Dublin, planning permission was granted for 4,637 apartments in Q1 2023, accounting for more than 84% of all apartments granted planning permission in the state between January and March of this year.



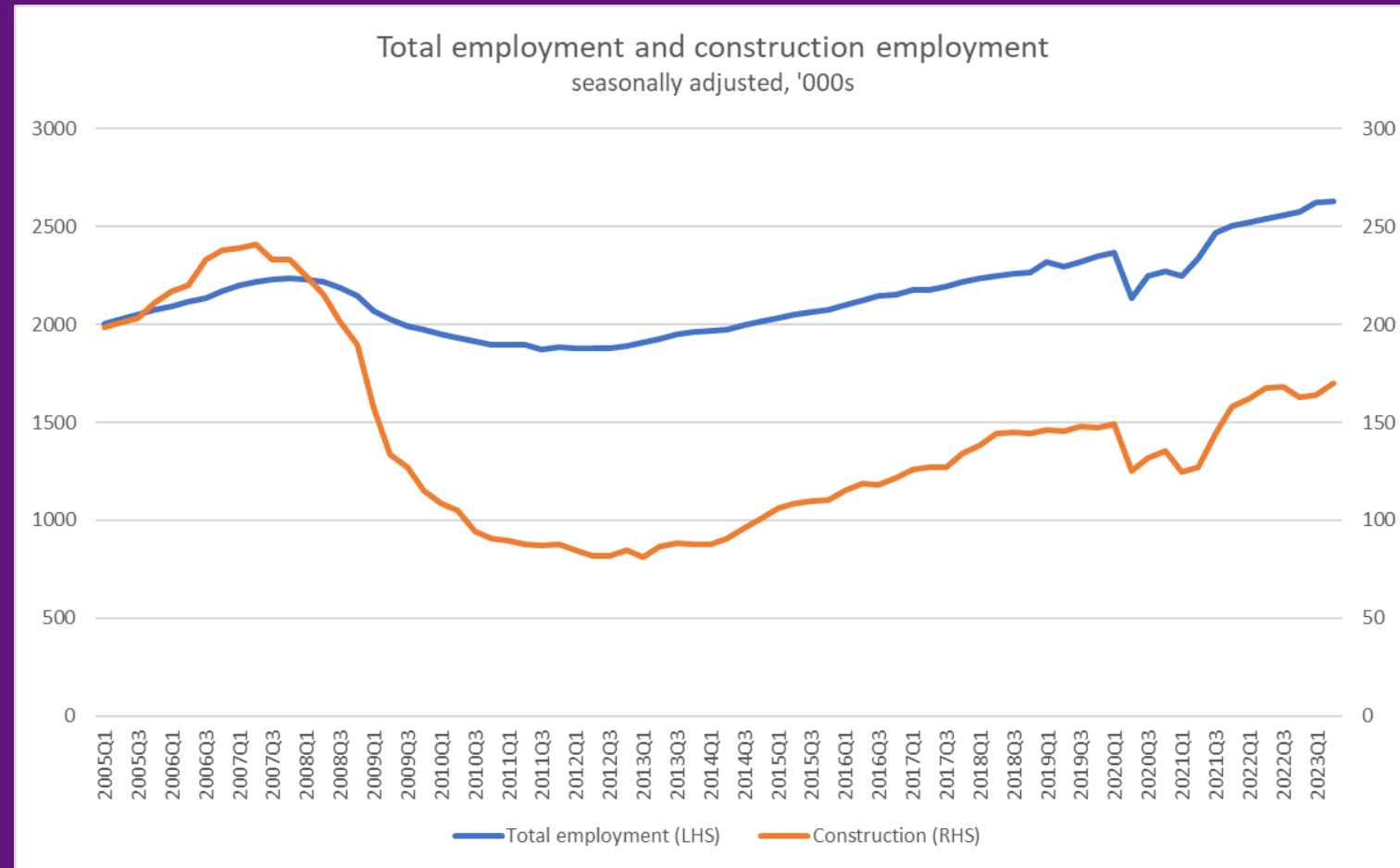
# Commencement notices for new homes – number of units

- Number of new homes commenced in July 2023 was 2,985, a 22% increase when compared to the month of July 2022.
- In July 2023, the 12 month sum of commencements stood at 28,916. This compares to a figure of 34,846 in March 2022, a recent peak.
- In the first 7 months of the year, 18,546 new homes were commenced, compared with 16,587 in the first six months of 2022 – an increase of 11.8%.



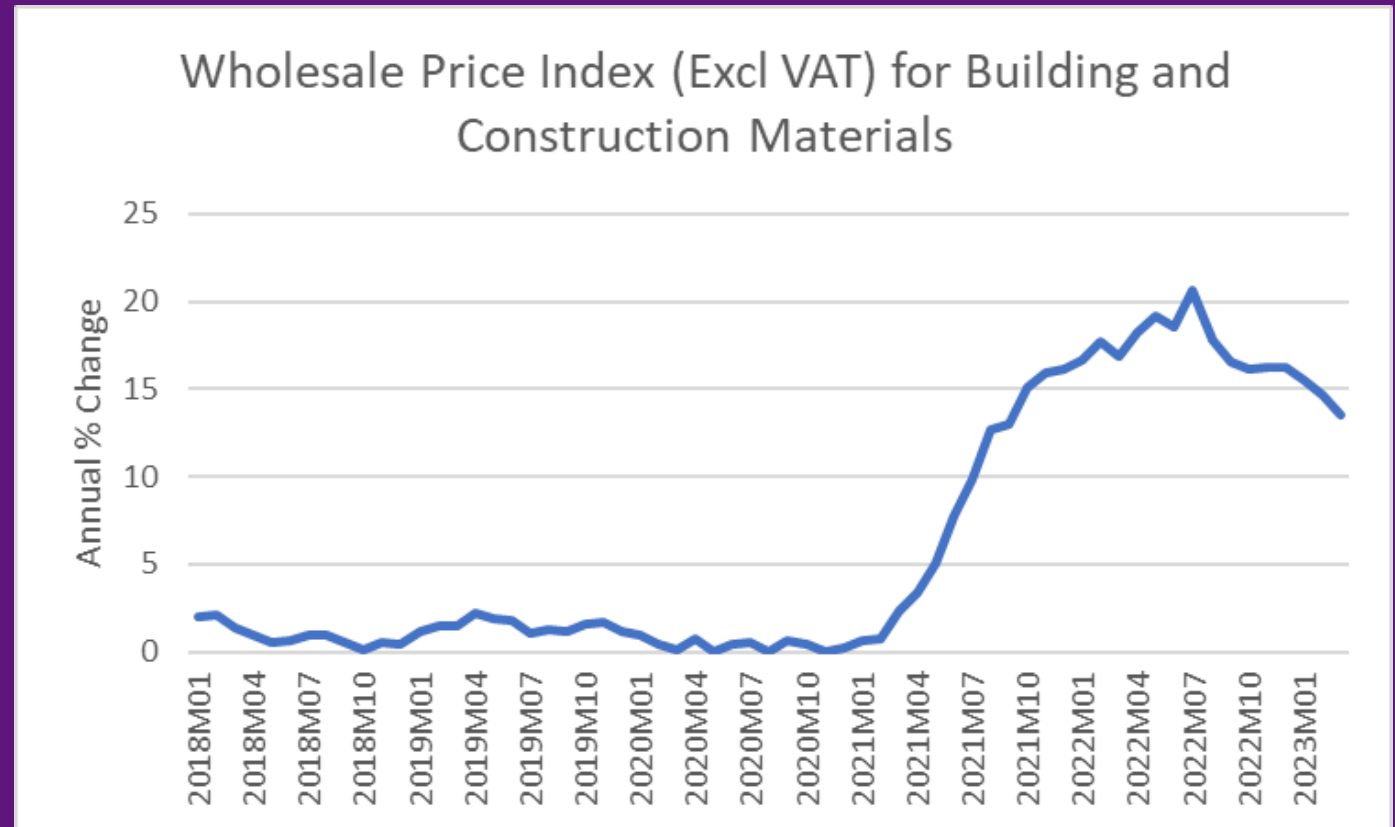
# Irish Labour Market

- The Irish labour market remains extremely tight. On a seasonally adjusted basis, the numbers in employment in Q2 2023 stood at 2,629,300 after a rise of 8,600 (+0.3%) from the previous quarter.
- Construction sector employment increased to 170,200, up from 163,900 in Q1 2023. Employment in construction is now at it's highest level since Q4 2008.
- On a seasonally adjusted basis, the numbers unemployed in Q2 2023 stood at 113,900, a rise of 500 (+0.5%) from the previous quarter.
- The seasonally adjusted unemployment rate was unchanged at 4.2% in Q2 2023 from a quarter previously
- As immediate concerns around energy costs and supply chains are easing, a dwindling pool of available labour will likely remain a key constraint on growth for the Irish economy over the years to come.



# Input cost growth continues to moderate

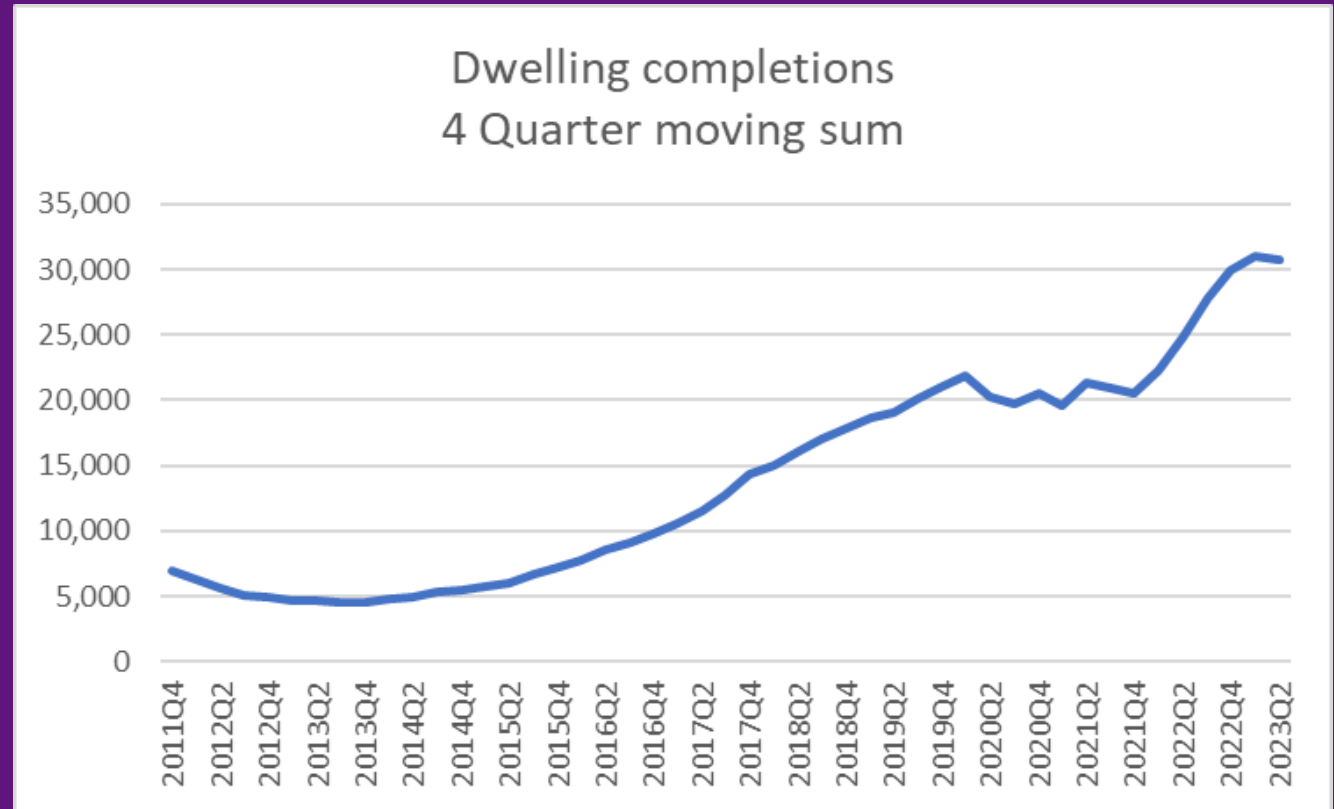
- Wholesale prices for construction products showed no change in the month to June 2023.
- Annual growth in the All Materials Index for construction products slowed again in June to 6.5%.
- This is the slowest rate of annual growth since May 2021.





## Annual sum of home completions remains above 30,000

- There were 7,353 new dwelling completions over Quarter 2 2023, a small drop of 3.5% on the same three months of 2022.
- There was a small decrease in completions in urban areas. In Q2 2023 the number of completions in urban areas was 6,176, down 5.0% from 6,499 in Q2 2022.
- In rural areas there was a small rise in completions, up 5.1% from 1,120 in Q2 2022 to 1,177 in Q2 2023.
- Of all completions in the quarter, 84.0% were in urban areas.
- In the first half of the year 14,069 homes have been completed.

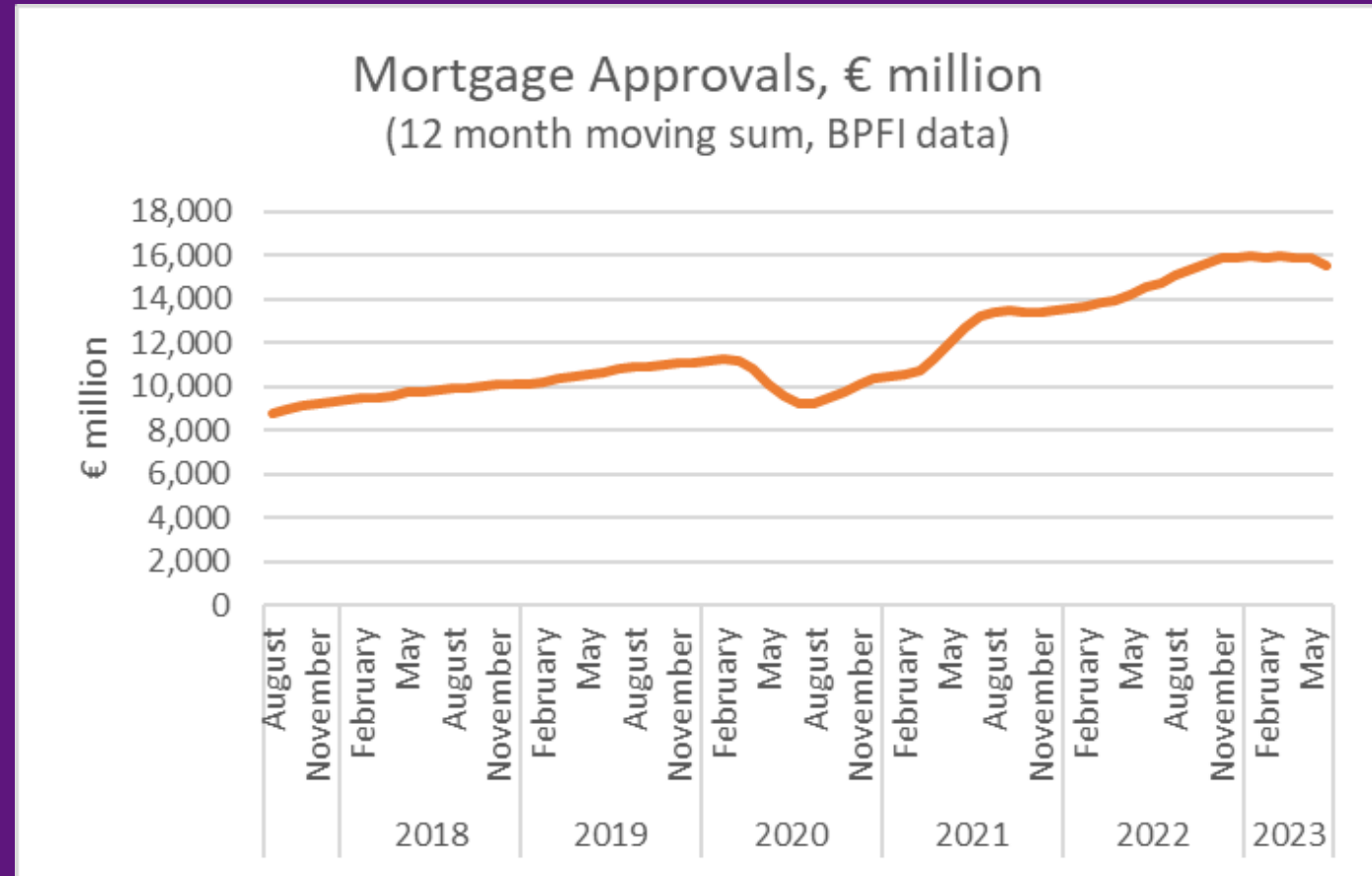


- Apartment completions fell 18.9% from Q2 2022 to Q2 2023, standing at 1,897 this quarter.
- There were 4,017 scheme dwelling completions in Q2 2023, up 2.0% from Q2 2022, while single dwellings were up 7.2% to 1,439 in Q2 2023.
- Over half (54.6%) of completions in Q2 2023 were scheme dwellings, with 25.8% apartments and 19.6% single dwellings



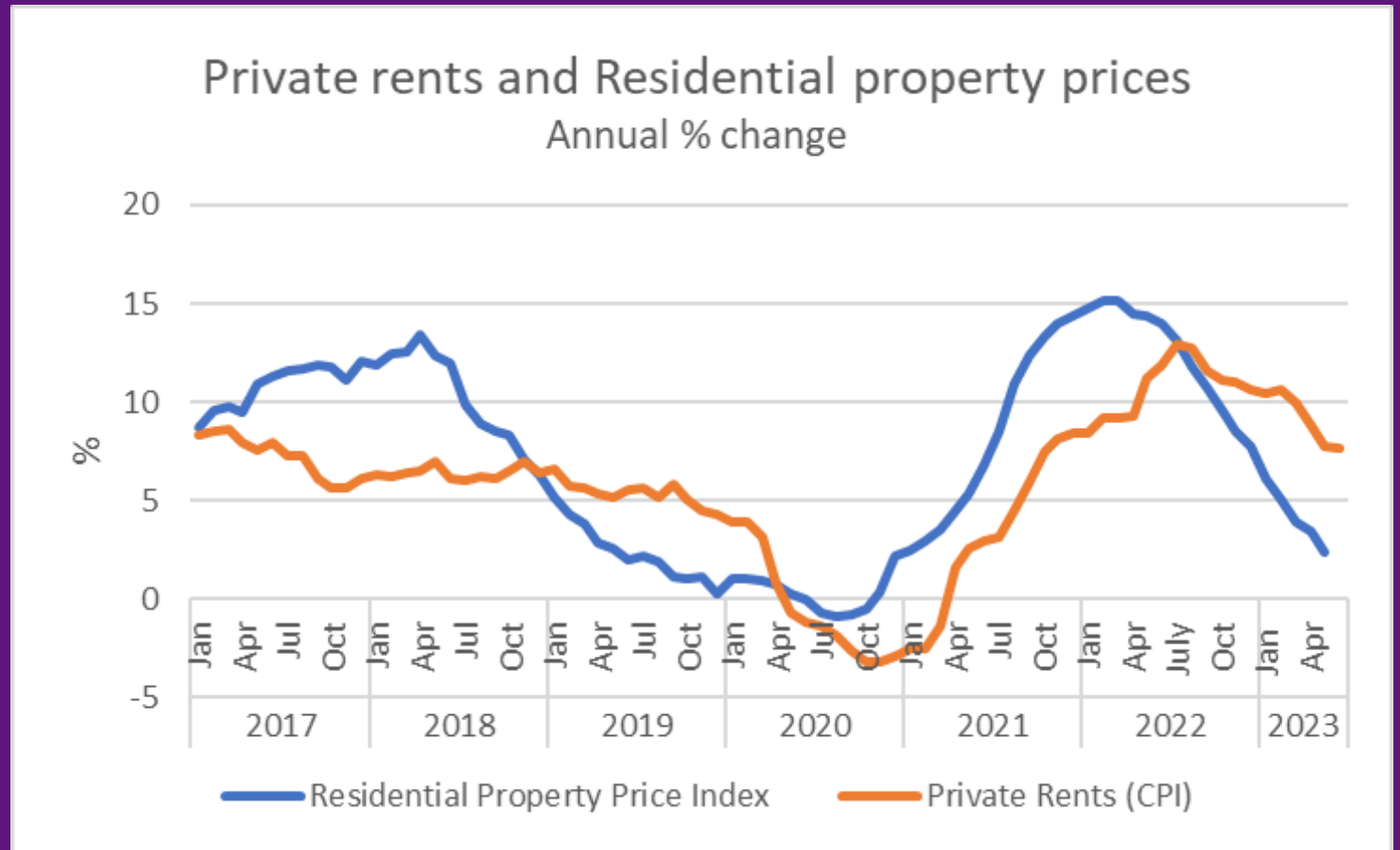
# Mortgage Market

- 4,766 mortgages were approved in June 2023 – some 3,013 were for FTBs (63.2% of total volume), while mover purchasers accounted for 1,094 (23%).
- The number of mortgages approved in June fell by 3.3% month-on-month and fell by 20% year-on-year.
- Mortgages approved in June 2023 were valued at €1,356 million – of which FTBs accounted for €862 million (63.6%) and €372 million by mover purchasers (27.4%).
- Re-mortgage/switching activity fell by 83.2% year on year in volume terms and by 85% in value in the same period.



# Prices and Rents

- The national Residential Property Price Index (RPPI) increased by 2.2% in the 12 months to June 2023, with prices in Dublin decreasing by 0.9% and prices outside Dublin up by 4.5%.
- In June 2023, 4,025 dwelling were purchased by households, down by 1.7% when compared with the 4,094 purchases in June 2022.
- The median price of a dwelling purchased in the 12 months to June 2023 was €318,000.
- Private sector rents grew by 0.6% in the month of July. Annual growth has slowed, although remaining strong at 6.7%



**To provide feedback or discuss this Review or any other PII issues  
please feel free to contact me at [david.duffy@ibec.ie](mailto:david.duffy@ibec.ie).**