



Property Price Gauge Q1 2013 Results

Headline Results

- Continued signs of market stability as average price increases 3.3% in Q1
- Third consecutive quarterly rise in values in the capital sees prices 9.5% higher than a year ago
- Strongest growth apparent in properties valued between €250,000 and €350,000, up 5% in Q1 and 12.7% in last twelve months.
- Average price of a resale property in Dublin now 62.7% lower than at peak of market

Average Dublin 2nd Hand Price	€267,022
Percentage Change Q1 2013	3.3%
Annual Percentage Change	9.5%
From Peak (Q3 06)	-62.7%

Quarterly Results

The DNG House Price Gauge (HPG) recorded a rise in the average value of a resale property in the capital of 3.3% during the first quarter of 2013, in contrast to the decline of -3.7% recorded in the same quarter of 2012 reflecting the improvement seen in the residential property market over the last twelve months (Fig 1.). The average price of a second hand home in the capital now stands at €262,000 compared to a figure of €258,000 at the end of 2012 and €243,800 at the end of March 2012. It is heartening to see a third consecutive quarter of growth in residential property values but equally the overall average rise of 3.3% in the three months to March hides a multitude of localised sub markets, some of which have not seen an end to falling property values. This current scenario is very typical of a market demonstrating the characteristics associated with 'find a floor' and anecdotal evidence already makes clear the fact that some sectors and locations will be much slower in recovery than others. have moved away from their low point, at least for the time being.

Fig. 1 QUARTERLY CHANGE IN DUBLIN RESALE PROPERTY PRICES

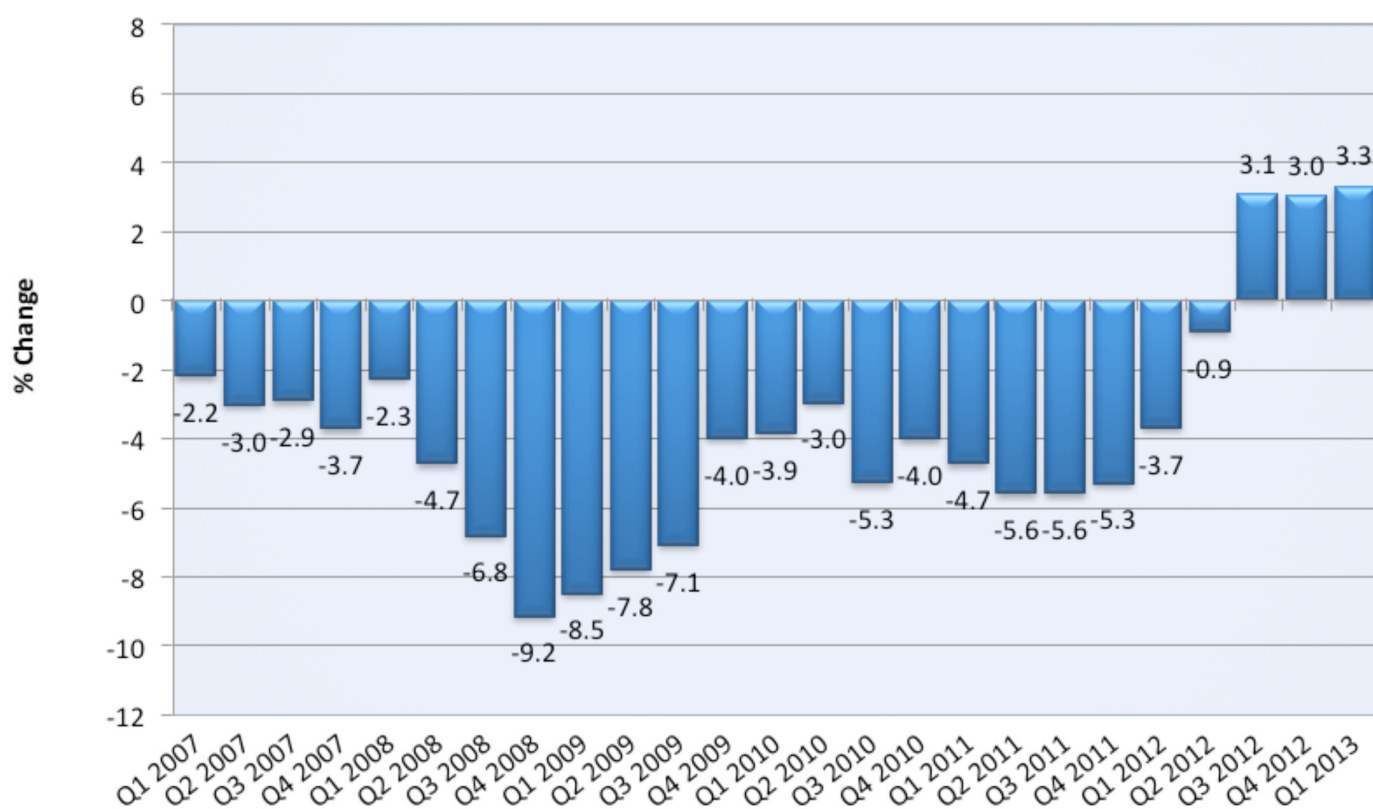
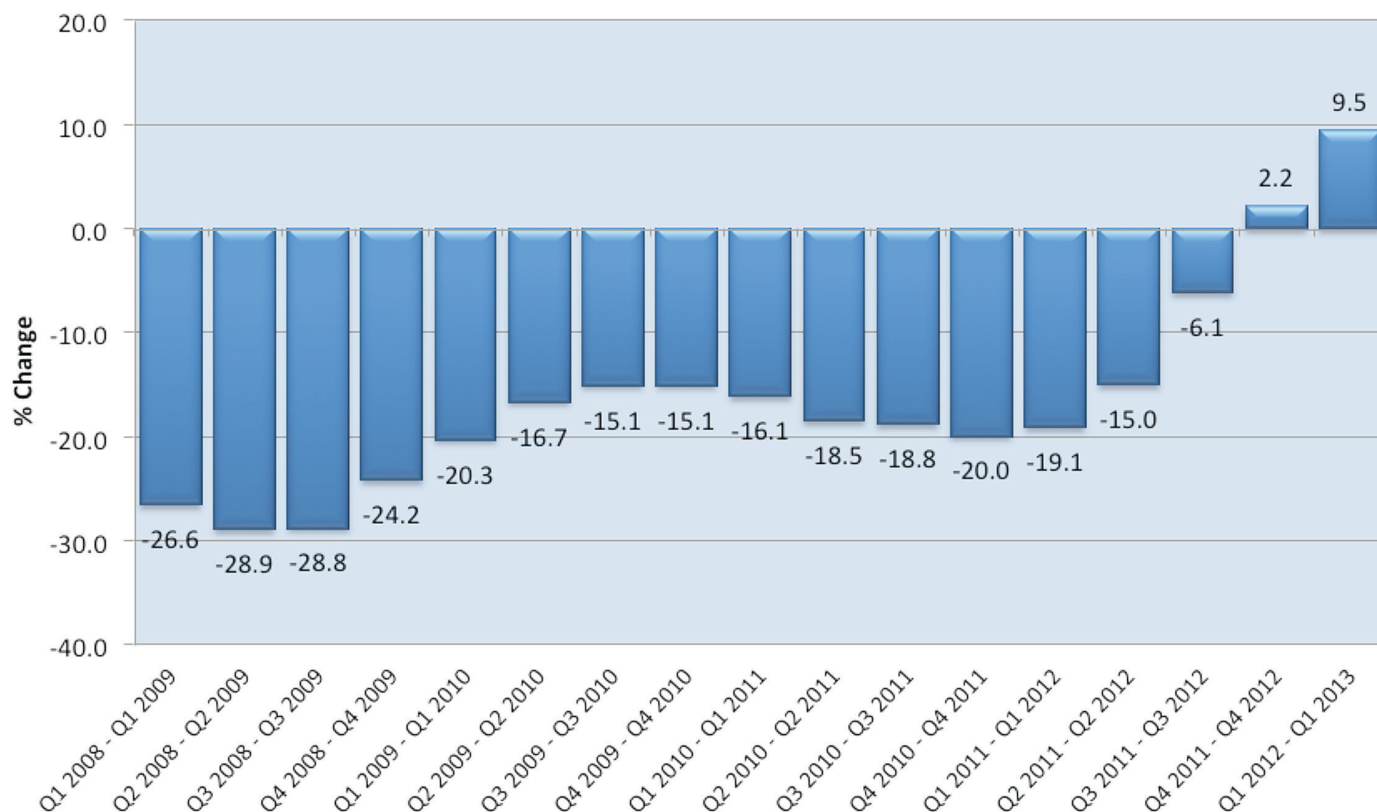


Fig. 2 ANNUAL CHANGE IN DUBLIN RESALE PROPERTY PRICES



Annual Change in Dublin Residential Property Prices

As illustrated in figure 2, in the year to March 2013 the HPG recorded growth in the price of a resale home in Dublin of 9.5% on average, compared to annualised growth of 2.2% over the course of 2012. The average increase of over 9% compared to just 2% in the twelve months to December does not signify a return to rapid price inflation in the market however. This is shown by the consistent quarterly rises in the last three quarters and the annualised figures which look back over the previous twelve months simply reflect the fact that the decline of nearly 4% in quarter 1 2012 has now dropped out of the figures. That said, the HPG does now show almost twelve months since the first signs of stability became evident in the market and price increases in excess of 10% have been recorded in the period. This has been the case, particularly at the lower end of the market which is susceptible to larger percentage price increases due to the low starting point of prices and some level of increased demand.

Significantly the 'peak-to-trough' decline in the capital's resale property values has now eased back below 60% for the first time since the quarter 2 2011 and barring a sustained worsening of market conditions in during the next twelve months resulting in further sharp price falls, then the peak to trough decline for this cycle of the market will be recorded at -66% with the decline lasting just under 6 years from the end of 2006 to the middle of 2012.



Price Changes by Location

As part of the series the DNG HPG examines price movements by geographical location within Dublin and its environs.

Interestingly it was south Dublin that showed the strongest growth in prices seeing growth in the average price of a resale home of 4.2% in the three months to March as the table above shows. Over the last twelve months the same area recorded the strongest increase in average prices when compared to either the north or west of the city. It must be remembered that south Dublin recorded the largest decline from peak to trough, as in excess of 70% of value was removed from property in many cases.

Price Changes by Location			
	Q1 2013	Annual % Change	From Peak (Q3 06)
Southside	4.2%	11.2%	-64.6%
Northside	3.3%	8.6%	-60.7%
Westside	3.2%	6.0%	-59.9%

Demand has been underpinned by the perceived 'value' to be currently had in what many people believe to be an over corrected market, combined with low levels of supply for sale on the market (due in part to the magnitude of price decreases) resulting in competitive bidding and higher prices paid for sought-after properties in the right locations.

Price Changes by Price Bracket

The DNG HPG measures the movement in prices for different price brackets of property within the sample.

The 'best' performing price bracket during the early part of 2013 was undoubtedly the €250,000-€350,000 range which saw prices increase by 5% since January. This is logical given that a large proportion of the semi-detached property type stock in Dublin has fallen back into this price range and surveys have shown that semi-detached homes remain the first preference of first time buyers.

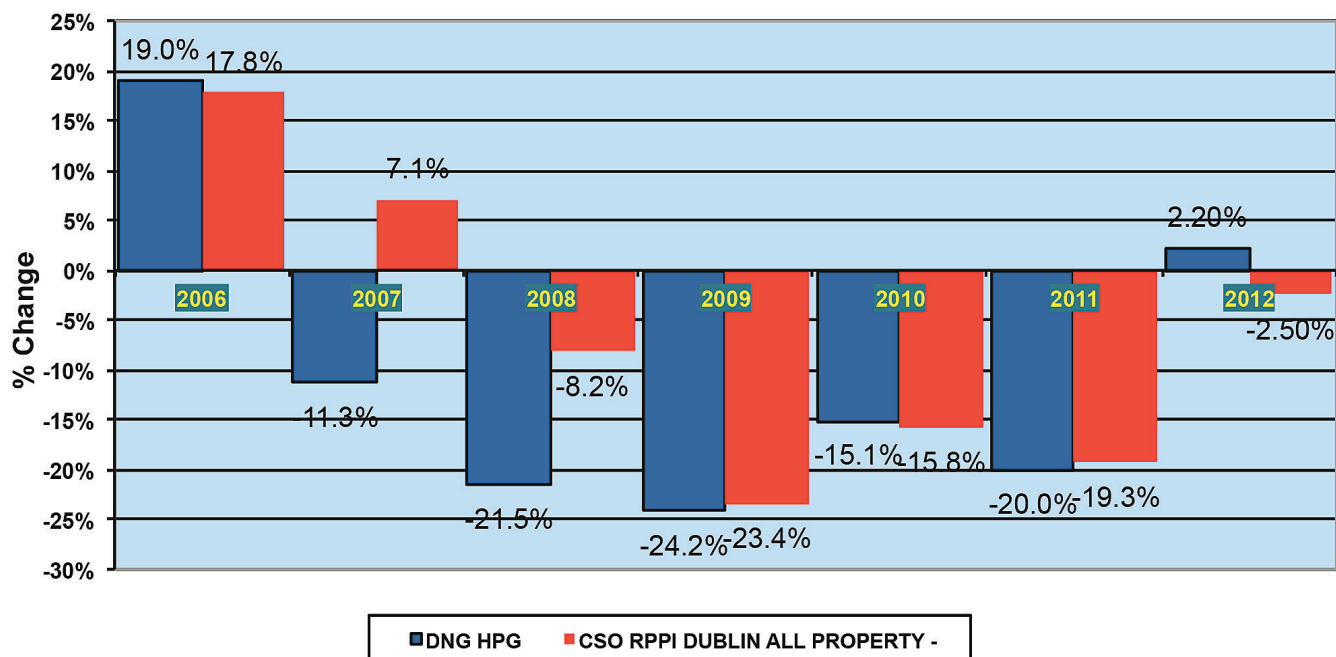
Price Changes by Price Bracket			
	Q1 2013	Annual % Change	From Peak (Q3 06)
Up to €250,000	2.8%	5.2%	-63.5%
€251,000 to €350,001	5.1%	12.7%	-54.4%
€351,000 to €500,000	3.6%	11.2%	-59.3%
Over €500,000	4.2%	11.9%	-69.4%

For many years semi-detached starter homes within the M50 ring were out of reach for a large proportion of first time buyers but as prices have fallen they are very much back within the scope of those looking to buy their first property in or close to the area they originate from or would like to settle in. In contrast the lower end of the market saw the lowest uplift in values both during the first quarter of the year (2.8%) and over the preceding twelve months (5.2%). The cheapest properties in the market as a whole are often the worst located, or are apartments in less desirable areas or are properties in need of major repair and refurbishment, and as such there has been a much lower level of demand than for example, in the three bed semi-detached market at the next step up the 'property ladder'.

Comparison with the CSO Residential Property Price Index

Figure 3. below shows how price movements on the DNG HPG compare with those calculated by the Central Statistics Office in their Residential Property Price Index (RPPI)

Fig. 3 ANNUAL % CHANGE IN DUBLIN RESIDENTIAL PROPERTY PRICES



As figure 3 shows, the CSO's figures correlate closely to the DNG House Price Gauge as back as far as 2006. The only exception to this was 2007 when the HPG had started recording consistent declines in values whereas the RPPI was still recording increasing prices. It is at the point of inflection in markets, such as now, where these discrepancies occur and are due in part to the time lag effect on the CSO's data which does not apply to the HPG. As a result the HPG recorded a small growth in residential values in 2012 (2.2%) whereas the RPPI recorded a decline of 2.5% over the same period. It remains clear from both measures of the Dublin residential property market that 2012 was certainly a far better year for the market than any of the preceding four years.

DUBLIN NEWMAN GROUP
DNG

T: 00353 1 4912600 E: info@dng.ie dng.ie

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