



Annual Review 2013

Outlook 2014

The Residential Property Market Outlook 2014

Keith Lowe
FRICS FSCSI MIPAV
Chief Executive DNG



January 2014 heralds the sixth consecutive quarterly rise in residential property prices since the about turn in market performance from Quarter 3, 2012. This price recovery has been led in the main by the improvements in Dublin property prices over the last eighteen months. In terms of price recovery, a two tier market still prevails in Ireland with the capital and the balance of the country behaving distinctively differently.

The recovery in property prices has been slower to spread across the country but prices outside the capital did not fall as far or as fast as they had in the Greater Dublin Area. We have, however, noted some evidence of modest price recovery outside the capital in a number of the larger cities and towns including Cork and Galway and some other high population, strong employment areas such as counties Meath, Kildare, Wicklow and Sligo.

In contrast to property values there has been a much larger increase in transaction levels outside the capital than in the city itself. Results from data prepared by DNG Research and collated from the Property Price Register highlights, for the first 10 months of 2013, a 21% increase in transaction level outside Dublin year on year compared to a more modest rise of just 15% in the capital.

2013 was a year that will be remembered by the high level of cash transactions which assisted price recovery and sale volumes especially in the investment sector where there is little or no other funding available. In fact, around 54% of all sales in the first 9 months of the year were funded by cash which accounted for approximately 61% of all monies paid. However, the level of sales being funded by cash dropped to 40% in September and October as more buyers relied on financial institutions to fund purchases. It is worth noting that the September/ October cash transaction levels figure in Ireland is dropping to be more in line with the UK where a recent report in Britain stated that 30% of all sales there were financed with cash.

However, as interest rates in Ireland are at an all time low and private investors are receiving very low rates of interest (only 1%-2%) on their deposits which are also subject to DIRT, it is likely that the level of cash sales will be very strong again in 2014. Many entry level property investments located in Dublin, Cork and Galway now offer 10% - 15% returns which are very attractive to potential investors particularly those with cash reserves. The extension of the exemption for CGT for buyers who purchase by the end of this year and hold their investment for 7 years will also help drive the sale of investments to cash buyers over the year ahead. As a result of the excellent returns and the tax exemption scheme, we envisage big opportunities in this area for investors.

On the basis that the Government do not extend the CGT tax scheme again in next years budget, we believe that it is likely that cash sales will quickly fall back to between 25% - 35% in 2015 and that the Central Bank and its licensed banks, which largely control lending policy, will then have very strong influence on the future of property prices.

The availability of mortgages remains a major issue. There is still little or no finance for buyers to purchase investment properties which is urgently required. Neither is there any meaningful level of development funding available for builders to construct new homes schemes. We estimated that last year there was just under €2.5 Billion of bank funding out of a total of approximately €5.6 Billion in residential property sales. Banks willing to lend for home loans currently include AIB Bank (including EBS), Bank of Ireland, KBC, Permanent TSB and Ulster Bank (In alphabetical order). However, it should be noted that appetite to lend for some of the above named financial institutions can change from time to time.

The rate of house building in Ireland has now dropped below 8,000 units per annum. The ESRI estimate that 15,000 – 20,000 net new households will be created each year and that the majority of those newly formed households will choose to live in the main population and employment hubs such as Dublin, Cork and Galway. The lack of construction is starting to cause serious issues, particularly in Dublin where the shortage of new homes is leading to quicker price inflation than anticipated.

In order to resolve these issues and increase supply the Irish Government must follow the UK's lead by introducing specific measures to support the beleaguered house building industry. Measures such as the introduction of a new home grant or tax credit for buyers of new houses; supporting financial institutions in the provision of construction finance; reducing financial contributions (& passing on the new 2014 reduced rates retrospectively to existing permissions); and exempting Social & Affordable Housing from borderline-viable schemes all must be considered by Government in a timely manner.

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Another issue which is stifling development is that whilst there is a good supply of zoned land for residential development the rigorous zoning and density guidelines applicable in many cases hinder the land being built on. The problem being that the densities for many land banks only facilitate the construction of apartment schemes. Whilst there is demand from buyers and tenants for new apartments the cost of constructing them with underground car parking and associated costs is less than what the end product will sell for which makes the majority of the schemes financially unviable. In the last fortnight Dublin City Council have made a step in the right direction by reducing the density required on tracts of land in Clongriffin, Pelletstown and adjoining Ashtown lands all located on Dublin's northside. This reduction in density levels should now facilitate housing construction on those sites. This was necessary and is welcome and needs to be extended throughout the country on a site appropriate basis.

In summation, the market whilst appearing to be in the early stages of recovery is still not operating normally with an artificially low level of sales occurring in the state at slightly over 1% of housing stock vs. over 4% in the UK and prices in the main still remaining over-corrected.

- Property prices are likely to rise by around 15% in the greater Dublin area and surrounds.
- Property prices in Cork City, Galway City, Sligo and other high population areas are likely to rise by around 3-5%.
- A small number of areas with particular economic and supply issues are likely to suffer from some price deflation in 2014 but they will not affect the macro recovery.
- Transaction levels across the state are likely to increase by a further 10% - 15% in 2014 and are likely to exceed 30,000.

We believe that the year ahead to be an exciting and challenging proposition with much to be done by Government and the financial institutions to ensure a steady and stable recovery to both the property market and economy in general. It is a time of great hope and we urge particularly the Government to seize opportunities within its power to aid both the property and construction sectors which in turn will assist overall economic recovery.

Roxborough House,
Coliemore Road, Dalkey, Co. Dublin

SOLD €2,350,000





65 Orwell Park, Rathgar,
Dublin 6

SOLD Excess €2,500,000



50 Hollybook Road,
Clontarf, Dublin 3

SOLD €905,000



66 Dartmouth Square,
Dublin 6

SOLD €1,350,000

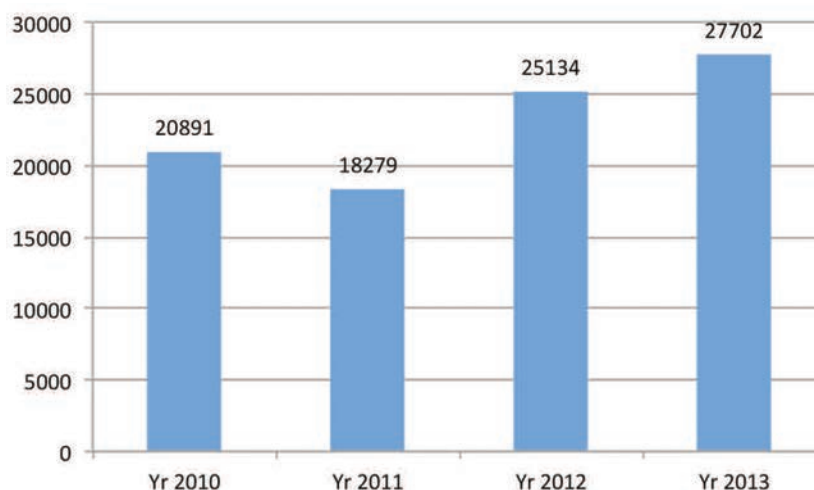


ANNUAL PERCENTAGE CHANGE IN SECOND HAND HOUSE PRICES 2001 - 2013

The DNG House Price Gauge recorded its second consecutive annual increase in second hand residential property prices in Dublin since the dramatic falls of 2006 – 2011. The overall increase in prices over the course of 2013, we believe, reflects both a definite turning point in market confidence and a general shortage of stock in the Dublin market particularly in the second half of the year.

| YEAR | % Change Second Hand House Price | |
|------|----------------------------------|---|
| 2001 | -3.5% | ↓ |
| 2002 | +21.2% | ↑ |
| 2003 | +9.5% | ↑ |
| 2004 | +13.0% | ↑ |
| 2005 | +22.0% | ↑ |
| 2006 | +19.0% | ↑ |
| 2007 | -11.3% | ↓ |
| 2008 | -21.5% | ↓ |
| 2009 | -24.2% | ↓ |
| 2010 | -15.1% | ↓ |
| 2011 | -20.0% | ↓ |
| 2012 | +2.2% | ↑ |
| 2013 | +17.7% | ↑ |

NUMBER OF CLOSED SALES AS PER PROPERTY PRICE REGISTER FOR FULL YEARS RECORDED AS AT THE 20/1/2014



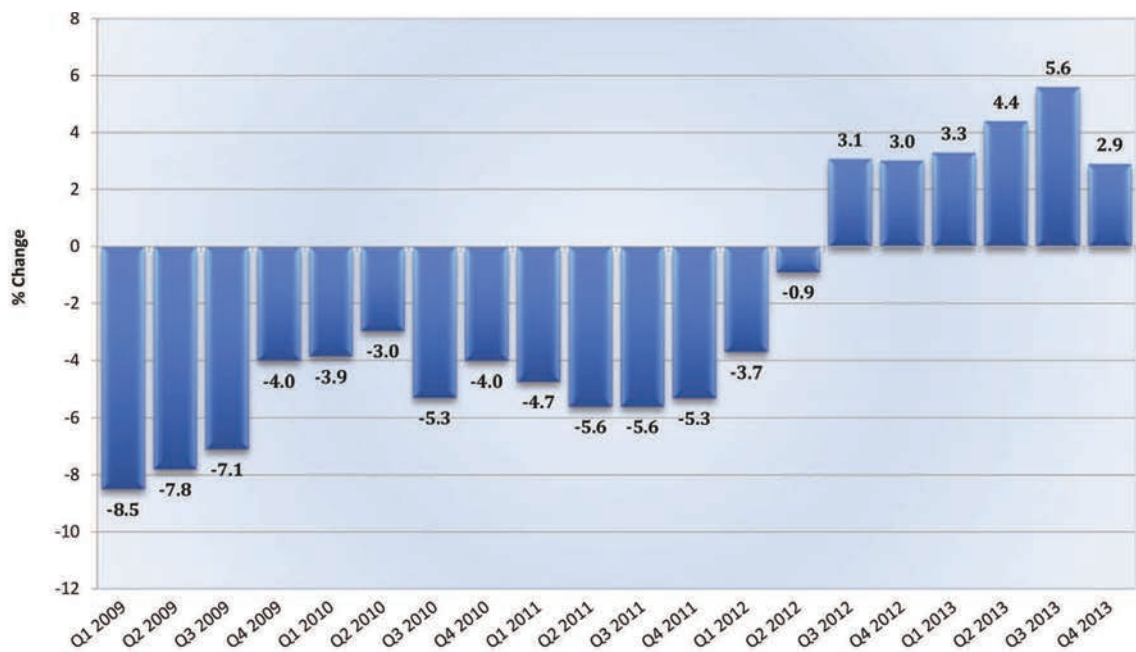
■ Number of closed sales as per Property Price Register for full years recorded as at the 20/01/2014

Figures from propertypriceregister.ie

Please note - As there is a time lag in stamping deeds the 2013 figures are not yet complete. It is hence likely that the number of closed sales in 2014 will be closer to 29,000 when they are all recorded, a rise of around 15% on the number of sales completed in 2012. The above figures include all transactions including non full value sales.

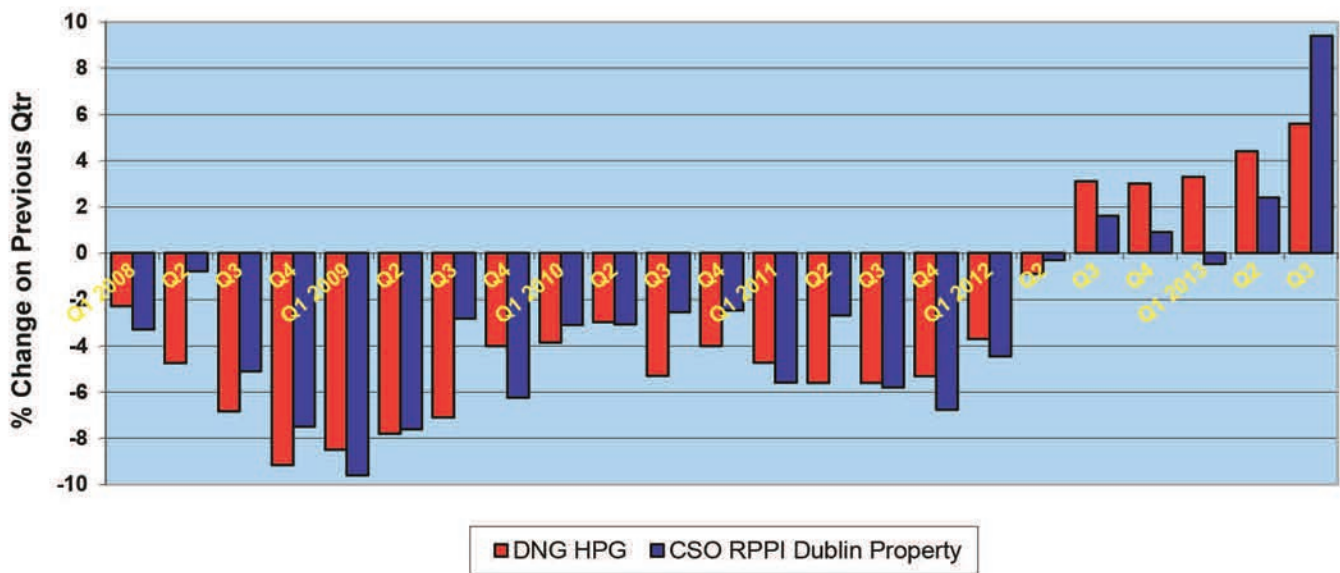


QUARTERLY CHANGE IN DUBLIN RESIDENTIAL PROPERTY PRICES



DNG HPG & CSO RPPI DUBLIN

A comparison of the DNG House Price Gauge and the Residential Property Price Index, compiled by the Central Statistics Office, reveals a very similar trend in the pattern of quarterly residential property price changes. Both sets of statistics recorded the first quarterly rise in Dublin values in the third quarter of 2012 and both measurements have recorded price increases every quarter since then, with the exception of Quarter one 2013 when the CSO reported a small decline in values compared to a modest rise on the HPG. Whilst the pace of price inflation recorded was greater on the DNG HPG since prices began to rise in the capital in the third quarter of 2013 the CSO RPPI recorded a stronger increase than the HPG at around 9%, confirming the increased pace of price inflation in the capital on both indices.



HEADLINE RESULTS

- Residential property prices increase by 17% on average in Dublin during 2013.
- Price inflation remains strong at 2.9% in the final three months of the year.
- All property types, at all price intervals, across all parts of the capital see prices rising.
- Shortage of supply the primary driver of price increases in the Dublin market.
- Recovery now firmly in place in the market with prices 25% higher than seen at the bottom of the market 18 months ago.

| | |
|--------------------------------------|-----------------|
| Average Dublin 2nd Hand Price | €302,846 |
| Percentage Change Q4 2013 | +2.9% |
| Annual Percentage Change 2013 | +17.7% |
| % Change Since Low (Q2 2012) | +25.0% |
| % Change From Peak (Q3 06) | -57.7% |

QUARTER 4, 2013 RESULTS OF DNG GREATER DUBLIN AREA HOUSE PRICE GAUGE

BY AREA

| | Q4 2013 | Annual % Change | From Peak Q3 2006 |
|--------------|---------|-----------------|-------------------|
| South Dublin | ↑ +3.0% | ↑ +17.3% | ↓ -60.1% |
| North Dublin | ↑ +2.0% | ↑ +16.5% | ↓ -55.7% |
| West Dublin | ↑ +3.4% | ↑ +20.6% | ↓ -53.2% |

BY PRICE RANGE

| | Q4 2013 | Annual % Change | From Peak Q3 2006 |
|-------------------|---------|-----------------|-------------------|
| > €250,000 | ↑ +2.4% | ↑ +16.9% | ↓ -59.9% |
| €251,000-€350,000 | ↑ +3.3% | ↑ +18.6% | ↓ -49.5% |
| €351,000-€500,000 | ↑ +2.8% | ↑ +16.5% | ↓ -52.5% |
| Over €500,000 | ↑ +2.7% | ↑ +18.7% | ↓ -63.2% |



In the last year's Review, we talked about the glimmers of light that had started to emerge in the Irish housing market in 2012. As we reflect on the year gone by, it is fair to say that these glimmers became somewhat brighter.

At this stage though, it is an exaggeration to say that the housing market is now in the midst of a sustainable recovery. One might take such a conclusion from the fact that house price inflation is now running at levels last seen at the height of the boom in 2006. This ignores both the reasons for the growth in prices and the varied nature of the recovery across the country.

On the latter issue, much has been said about the two-speed market recovery; that is, the Dublin market relative to the rest of the country. The truth is that we have suspected for some time that such a bifurcated market would develop given the obvious overbuilding during the boom years in areas with rather limited employment growth opportunities. It must be noted that even in these more troubled areas of the market, some signs of stability are beginning to emerge.

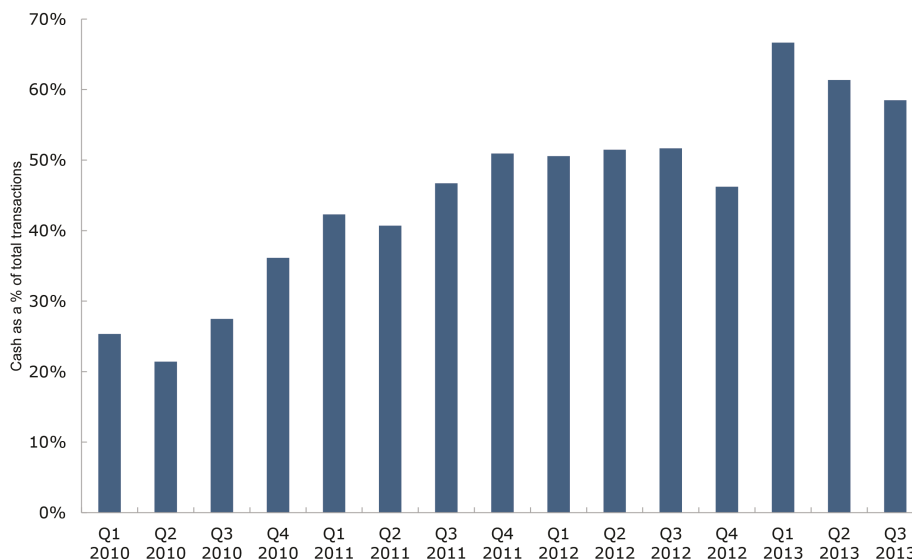
In Dublin, while continued growth in house prices was expected, the extent of the growth has been surprising and has led some to claim that a new bubble has developed in the capital. What does this actually mean? According to the Oxford English Dictionary, a "bubble" is referred to as a situation that is isolated from reality or unlikely to last. Does this describe the situation in the

capital? There are two considerations here. Firstly, we would agree that annualised price inflation of thirty per cent, as has been the reality over recent months, is "unlikely to last". However, we would not describe the level of prices as being "isolated from reality".

Despite a near 20% rise in prices in the capital since the trough in the summer of 2012, Dublin property prices remain at half their 2007 peak, according to the latest official data from the CSO. It may indeed be the case that micro-markets within Dublin have experienced a more vigorous recovery, but this is a reality based on the finite amount of family accommodation in these neighbourhoods. It is not, as was the case in 2006, a function of looser credit policies by the financial institutions stretching the income multiples at which borrowers were able to source funds. To the contrary, we know that cash transactions remain an important (and distorting) influence on the market.

To move on to the reasons for the recovery, there are what we would consider positive drivers and then those that policymakers should be doing their best to remove. On the positive side of the equation, the return of employment growth has been the most unambiguous sign that the economy is returning to health. Not only did employment grow by more than 3% in the past twelve months, a rate not seen since 2007, most of the jobs created were of a full-time variety. This reveals a certain sense of confidence among Irish employers in the

Cash still driving the recovery



Source: Property price register, IBF, Goodbody estimates



sustainability of the recovery. From a housing market standpoint, the return of full-time jobs should make the uncertain buyer more likely to take the plunge.

That brings us to next positive driver, that of confidence. Consumer confidence hit all-time lows in the immediate aftermath of the arrival of the Troika. At that time the solvency of many individuals and, indeed, of the State was being questioned. It is not hard to see, therefore, why so many decided to hold off on making large purchasing decisions, even if those people could get a mortgage at the time. Three years on, the banking system is in a much more stable position, even if it is not back to full health, the public finances look to be under control and, most importantly, jobs are being created. An increase in house prices, in turn, can feed upon itself, as more potential purchasers become comfortable with the decision to buy a property.

What about the negative forces pushing prices upwards? Analysis of the data shows that a significant shortage of supply is the major contributor to the squeeze upwards in prices, particularly in the Dublin area. Our estimates suggest that annual housing demand in the Greater Dublin area amounts to 10,000 units, but in 2013, there was a little over 1,000 units built. The Government is aware of the issue and has set up a special working group to address the situation, but given the time lags involved, it will be some time before we see a tangible increase in available supply in the

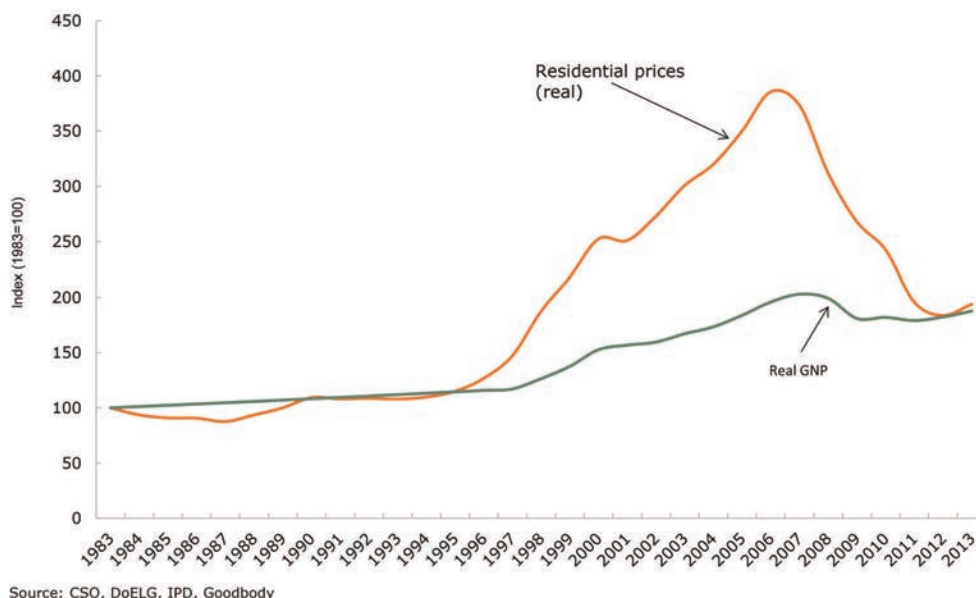
capital. The other major cities are seeing similar, albeit less acute problems.

Compounding this lack of new supply, the turnover in the market is low by international and historical standards due to the prevalence of very valuable tracker mortgages and large negative equity positions. Further consideration should be given to ways in which these "stagnant" homeowners can be mobilised, thus increasing liquidity in the market and improving the living standards of many in the process.

Given these issues, one might describe the recovery in the housing market as a "low quality" one. Nevertheless, it is a recovery, one which we expect to broaden in 2014. While price growth will be dominated by Dublin, we expect prices outside Dublin to rise very modestly next year. A key to a more sustainable recovery will be growth in new mortgage lending. This was the most disappointing feature of market developments in 2013. With falling unemployment and growth in domestic demand, there is no need for a credit-less recovery. For us a new cycle is very much in train in the Irish housing market. How sustainable it is will depend on important policy decisions domestically, as well as how long zero interest rate policy continues at the ECB.

Dermot O'Leary is Chief Economist with
Goodbody Stockbrokers

A new property cycle has begun



Residential Price Register By The PSRA - The Facts

Total number of completed sales in 2012 - 25,134

Total number of completed sales in 2013 - 27,702 (as at 20th Jan 2014)

As there is a time lag in stamping deeds and hence the reporting of closed sales on the Property Price Register it is likely that the number of completed sales in 2014 will be closer to 29,000, a rise of 15% on 2012.

TRANSACTION LEVELS - VALUE OF SALES JAN-OCT 2012 + 2013

| Carlow WITHOUT Special Sales | | | | | |
|--------------------------------|------------------|----------|-------|-------------------|------------------------|
| Year | Transaction No's | % Change | | Value of Sales | Average Value of Sales |
| 2012 | 182 | | Total | €21,339,956.04 | €117,252.51 |
| 2013 | 237 | 30.2 | Total | €29,581,398.89 | €124,816.03 |
| Cavan WITHOUT Special Sales | | | | | |
| Year | Transaction No's | % Change | | Value of Sales | Average Value of Sales |
| 2012 | 226 | | Total | €24,581,865.26 | €108,769.32 |
| 2013 | 335 | 48.2 | Total | €30,195,145.45 | €90,134.76 |
| Clare WITHOUT Special Sales | | | | | |
| Year | Transaction No's | % Change | | Value of Sales | Average Value of Sales |
| 2012 | 411 | | Total | €57,047,911.42 | €138,802.70 |
| 2013 | 438 | 6.6 | Total | €53,753,245.89 | €122,724.31 |
| Cork WITHOUT Special Sales | | | | | |
| Year | Transaction No's | % Change | | Value of Sales | Average Value of Sales |
| 2012 | 1851 | | Total | €335,678,211.26 | €181,349.65 |
| 2013 | 2143 | 15.8 | Total | €370,165,953.25 | €172,732.60 |
| Donegal WITHOUT Special Sales | | | | | |
| Year | Transaction No's | % Change | | Value of Sales | Average Value of Sales |
| 2012 | 476 | | Total | €52,464,552.17 | €110,219.65 |
| 2013 | 516 | 8.4 | Total | €51,701,193.19 | €100,196.11 |
| Dublin WITHOUT Special Sales | | | | | |
| Year | Transaction No's | % Change | | Value of Sales | Average Value of Sales |
| 2012 | 6043 | | Total | €1,752,622,987.45 | €290,025.32 |
| 2013 | 6955 | 15.1 | Total | €2,326,465,474.09 | €334,502.58 |
| Galway WITHOUT Special Sales | | | | | |
| Year | Transaction No's | % Change | | Value of Sales | Average Value of Sales |
| 2012 | 767 | | Total | €133,213,873.88 | €173,681.71 |
| 2013 | 1069 | 39.4 | Total | €175,849,810.99 | €164,499.36 |
| Kerry WITHOUT Special Sales | | | | | |
| Year | Transaction No's | % Change | | Value of Sales | Average Value of Sales |
| 2012 | 520 | | Total | €77,375,248.88 | €148,798.56 |
| 2013 | 590 | 13.5 | Total | €80,041,461.79 | €135,663.49 |
| Kildare WITHOUT Special Sales | | | | | |
| Year | Transaction No's | % Change | | Value of Sales | Average Value of Sales |
| 2012 | 682 | | Total | €128,737,650.13 | €188,764.88 |
| 2013 | 882 | 29.3 | Total | €175,979,908.24 | €199,523.71 |
| Kilkenny WITHOUT Special Sales | | | | | |
| Year | Transaction No's | % Change | | Value of Sales | Average Value of Sales |
| 2012 | 323 | | Total | €44,325,456.85 | €137,230.52 |
| 2013 | 318 | -1.5 | Total | €44,844,731.55 | €141,021.17 |
| Laois WITHOUT Special Sales | | | | | |
| Year | Transaction No's | % Change | | Value of Sales | Average Value of Sales |
| 2012 | 265 | | Total | €27,569,394.59 | €104,035.45 |
| 2013 | 250 | -5.7 | Total | €28,941,277.75 | €115,765.11 |
| Leitrim WITHOUT Special Sales | | | | | |
| Year | Transaction No's | % Change | | Value of Sales | Average Value of Sales |
| 2012 | 143 | | Total | €15,255,893.38 | €106,684.57 |
| 2013 | 214 | 49.7 | Total | €16,544,305.29 | €77,309.84 |
| Limerick WITHOUT Special Sales | | | | | |
| Year | Transaction No's | % Change | | Value of Sales | Average Value of Sales |
| 2012 | 551 | | Total | €86,424,620.27 | €156,850.49 |
| 2013 | 662 | 20.1 | Total | €96,673,791.69 | €146,032.92 |
| Longford WITHOUT Special Sales | | | | | |
| Year | Transaction No's | % Change | | Value of Sales | Average Value of Sales |
| 2012 | 123 | | Total | €11,565,613.58 | €94,029.38 |
| 2013 | 161 | 30.9 | Total | €11,275,343.23 | €70,033.19 |

Any sales marked as part value sales where the full value has not been paid have been excluded from these figures along with a small number of selected blocks/scheme sales.

*Figures as at 20th Dec 2013 from the Property Price Register – Please note that not all properties sold in 2013 may have been registered & updated as of this date; any revisions will be made in future publications THE FIGURES FROM THE PROPERTY REGISTER HAVE BEEN ADJUSTED BY DNG RESEARCH & ROUNDED TO THE NEAREST €1000.

THESE FIGURES SHOULD NOT BE RELIED ON.



Carol Strong
MRICS MSCSI
Director DNG

Average Price of a Property in Jan to Oct 2013

- Dublin = €334,502 – Up 15% from same period in 2012
- Rest of Ireland = €145,828 – Down just 3.5% from the same period last year
- Nationwide = €210,339 – Up 5% from the same period last year

Total Value of National Transactions Jan to Oct 2013 v's Jan to Oct 2012 – Up 25%

Total Number of Transactions

- Up Nationally - 19% Jan to Oct 2013 v's Jan to Oct 2012
- Up 15% in Dublin

Transactions up on 2012 in all counties except Kilkenny and Laois

TRANSACTION LEVELS - VALUE OF SALES JAN-OCT 2012 + 2013

| Louth WITHOUT Special Sales | | | | | |
|----------------------------------|------------------|----------|----------------------|-------------------|------------------------|
| Year | Transaction No's | % Change | Value of Sales | | Average Value of Sales |
| 2012 | 403 | | Total | €60,203,302.64 | €149,387.85 |
| 2013 | 539 | 33.7 | Total | €86,847,536.10 | €161,127.15 |
| Mayo WITHOUT Special Sales | | | | | |
| Year | Transaction No's | % Change | Value of Sales | | Average Value of Sales |
| 2012 | 379 | | Total | €44,602,992.41 | €117,686.00 |
| 2013 | 399 | 5.3 | Total | €47,047,876.80 | €117,914.48 |
| Meath WITHOUT Special Sales | | | | | |
| Year | Transaction No's | % Change | Value of Sales | | Average Value of Sales |
| 2012 | 570 | | Total | €102,433,086.22 | €179,707.17 |
| 2013 | 694 | 21.8 | Total | €121,112,705.51 | €174,513.98 |
| Monaghan WITHOUT Special Sales | | | | | |
| Year | Transaction No's | % Change | Value of Sales | | Average Value of Sales |
| 2012 | 115 | | Total | €12,850,980.12 | €111,747.65 |
| 2013 | 167 | 45.2 | Total | €15,777,511.79 | €94,476.12 |
| Offaly WITHOUT Special Sales | | | | | |
| Year | Transaction No's | % Change | Value of Sales | | Average Value of Sales |
| 2012 | 212 | | Total | €26,640,381.21 | €125,662.18 |
| 2013 | 228 | 7.5 | Total | €24,285,298.70 | €106,514.47 |
| Roscommon WITHOUT Special Sales | | | | | |
| Year | Transaction No's | % Change | Value of Sales | | Average Value of Sales |
| 2012 | 261 | | Total | €23,049,528.60 | €88,312.37 |
| 2013 | 384 | 47.1 | Total | €30,962,440.90 | €80,631.36 |
| Sligo WITHOUT Special Sales | | | | | |
| Year | Transaction No's | % Change | Value of Sales | | Average Value of Sales |
| 2012 | 249 | | Total | €29,063,305.74 | €116,720.10 |
| 2013 | 290 | 16.5 | Total | €32,076,502.95 | €110,608.63 |
| Tipperary WITHOUT Special Sales | | | | | |
| Year | Transaction No's | % Change | Value of Sales | | Average Value of Sales |
| 2012 | 415 | | Total | €53,800,983.82 | €129,640.92 |
| 2013 | 536 | 29.2 | Total | €59,366,686.86 | €110,758.74 |
| Waterford WITHOUT Special Sales | | | | | |
| Year | Transaction No's | % Change | Value of Sales | | Average Value of Sales |
| 2012 | 411 | | Total | €54,338,341.86 | €132,210.08 |
| 2013 | 531 | 29.2 | Total | €66,196,100.71 | €124,663.09 |
| Westmeath WITHOUT Special Sales | | | | | |
| Year | Transaction No's | % Change | Value of Sales | | Average Value of Sales |
| 2012 | 300 | | Total | €34,524,629.09 | €115,082.10 |
| 2013 | 383 | 27.7 | Total | €42,477,663.50 | €110,907.74 |
| Wexford WITHOUT Special Sales | | | | | |
| Year | Transaction No's | % Change | Value of Sales | | Average Value of Sales |
| 2012 | 681 | | Total | €87,179,661.46 | €128,017.12 |
| 2013 | 721 | 5.9 | Total | €85,834,908.48 | €119,049.80 |
| Wicklow WITHOUT Special Sales | | | | | |
| Year | Transaction No's | % Change | Value of Sales | | Average Value of Sales |
| 2012 | 536 | | Total | €124,974,906.94 | €233,162.14 |
| 2013 | 699 | 30.4 | Total | €174,525,586.29 | €249,678.95 |
| Grand Total - Ireland | | | | | |
| Year | Transaction No's | % Change | Total Value of Sales | | Average |
| 2012 | 17095 | | Total | €3,421,865,335.27 | €200,167.61 |
| 2013 | 20341 | 19.0 | Total | €4,278,523,859.88 | €210,339.90 |
| Rest of Ireland excluding Dublin | | | | | |
| Year | Transaction No's | % Change | Total Value of Sales | | Average |
| 2012 | 11052 | | Total | €1,669,242,347.82 | €151,035.32 |
| 2013 | 13386 | 21.1 | Total | €1,952,058,385.79 | €145,828.36 |

Any sales marked as part value sales where the full value has not been paid have been excluded from these figures along with a small number of selected blocks/scheme sales.
 *Figures as at 20th Dec 2013 from the Property Price Register – Please note that not all properties sold in 2013 may have been registered & updated as of this date; any revisions will be made in future publications THE FIGURES FROM THE PROPERTY REGISTER HAVE BEEN ADJUSTED BY DNG RESEARCH & ROUNDED TO THE NEAREST €1000.
 THESE FIGURES SHOULD NOT BE RELIED ON.

Part Built Schemes

Gemma Lanigan
BA
Director DNG



- We noted very strong interest in partially completed development sites in 2013. Buyer confidence arrived back into the overall market and this in turn bolstered the market for the finished product. Investors therefore saw opportunity at the current price levels.
- Buyers of this asset class are taking a view on the current market and they are buying at the current price levels with a view to future price increases and better returns.
- The Capital Gains Tax amnesty for investments purchased before the end of 2014 and held for seven years is an added incentive in addition to the improvement in the overall economic outlook.
- Activity is evident in all locations and not just limited to the Greater Dublin area. Albeit the market for partially completed estates outside Dublin is still very price sensitive as prices continue to contract outside the main urban areas in the state.
- Buyers of partially completed developments are quite often local to the area or have advisors with local knowledge assisting them in their acquisition.
- We also noted an increase in investment funds seeking to purchase this type of asset. These funds have also teamed up with advisors who are knowledgeable in dealing with details such as Part V and development contributions and other issues pertinent to this type of acquisition.
- The general outlook for the sale of this type of asset is very positive and we would anticipate new entrants will join the market in 2014 as the general economic outlook continues to improve.

Lios Na Si, Portumna, Co. Galway

13 partially completed 3 bed houses, 4 x 2 bed apts + c.5 acre site



Cookestown Rd, Tallaght, Dublin 24

Partially completed dev. of 45 residential apts with basement car park



15/16 George's Place, Dun Laoghaire, Co. Dublin

15 x 2 bed apts & 10 x 1 bed apts + with 25 surface level car spaces



Slieveardagh, Grangemockler, Co. Tipperary

Partially completed development of 6 semi detached 3 bed houses



Part Built Schemes

Gemma Lanigan
BA
Director DNG



Newcastle Lyons, Newcastle, Co. Dublin

This block of 14 comprises 2 x 1 bed apts, 4 x 2 bed apts,
2 x 2 bed duplexes, 4 x 3 bed duplexes & 2 x 3 bed houses

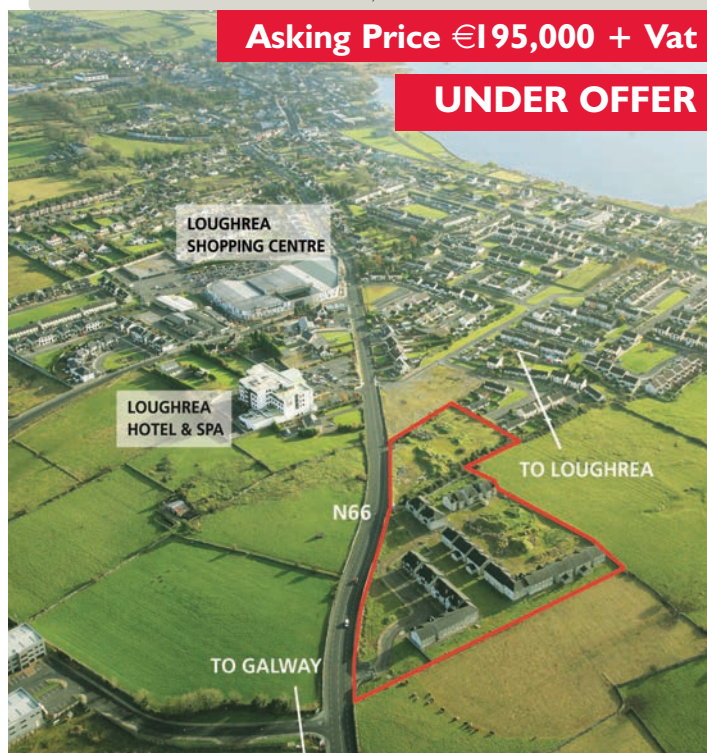


Asking Price €600,000 + Vat

UNDER OFFER

Cottage Hill, Athenry Road, Loughrea, Co. Galway

40 houses at varying stages of completion:
5 x 4 bed det houses, 18 x 4 bed semi det houses,
13 x 3 bed terraced houses, 4 x 2 bed corner terraced houses



Asking Price €195,000 + Vat

UNDER OFFER

Ard an Oir, Sneem, Co. Kerry

2 Part built residential properties at various stages of construction:
1 x 3 bed det house, 16 x 3 bed semi det houses &
25 x 3 bed terrace and end of terrace houses.



SOLD 2013



DNG - No.1 for New Homes in Ireland

- Whilst increased activity and prices in property market have been evident throughout the Greater Dublin area in the last 12 months and modest price recovery in a number of larger cities and towns, activity in the New Homes sector has been limited.
- In 2013 the new homes sector experienced their lowest ever recorded completions of under 8,000 completed residential properties.
- The lack of construction is starting to cause serious issues, particularly in Dublin where the shortage of new homes is leading to quicker price inflation than anticipated.
- In order to resolve these issues and increase supply the Irish Government must follow the UK's lead by introducing specific measures: Such as introduction of a new home grant or tax credit for buyers of new homes; supporting financial institutions in the provision of construction finance; reducing financial contributions (& passing on the new 2014 reduced rates retrospectively to existing permissions); and exempting Social & Affordable Housing from borderline-viable schemes all must be considered by Government in a timely manner.
- Another issue which is stifling development is the strict guidelines on development land, whilst there is a good supply of zoned land for residential development the guidelines regarding density levels need to be relaxed and allow for larger family homes. Not only is the market demand for 3 & 4 family homes but in the current market the cost of constructing apartments on these high density sites is financially unviable for developers and land holders.
- The general outlook for the New Homes sector is looking positive with the construction sector recording further growth towards the end of 2013, according to the Ulster Bank Construction Purchasing Managers' Index.
- With this in mind, we look forward to seeing more activity in construction sector and more New Homes launches toward the latter part of the year. But obviously coming from such a low level of housing completions, it will take a number of years before the construction industry gets back on its feet again, unfortunately its not like a tap you can just turn on.

Maxwell Square, Maxwell Rd, Rathmines, Dublin 6
A selection of 3 & 4 terraced and semi detached houses
Launching summer 2014, please register your interest.



Elmfield, Leopardstown, Dublin 18
Luxury Southside 1 & 2 bedroom apartments
Launching spring 2014, please register your interest.



New Homes

Gina Kennedy
BA Assoc SCSi
Manager DNG



Newcastle Lyons, Newcastle, Co. Dublin
Last 3 bedroom units available

Over 150 Sold to Date



Ballynakelly, Newcastle, Co. Dublin
Last 4/6 bed detached houses remaining

Over 30 Sold to Date



The Paddocks, Adamstown, Lucan, Co. Dublin
Traditional 3 bed terraced & semi detached houses
Launching spring 2014, please register your interest.

Over 300 Sold to Date

Next phase coming soon



Carrickmines Manor, Glenamuck Road, Dublin 18
A Selection of 2 bed apartments and 3 bed duplexes

60 Units Sold & Closed 2012/13



Regional Property Update - This Quarter Spotlight on Connaught

DNG Connaught Regional Experts



Shane Flanagan



Michael Boland



James Heaslip



Liam Farrell



Fintan Gilligan

Connaught Overview

Shane Flanagan of DNG Flanagan Ford Sligo.

The experience in the West of Ireland is that we lag approximately 12 months behind the market trends on the East Coast, mainly the Dublin Region.

The positive energy that seems to be fuelling the Dublin market is now drifting West & not just to the major towns such as Galway & Sligo, it is also feeding into the entire region. Most areas have already confirmed the property market is at the very least stabilised & most are experiencing small increases in prices at this point.

The market is still however dominated by the Receiver & Bank sales. With the advent of the fixed charge receivership we expect increased activity in this area of the market.

However, private sales continue to be our main bread & butter and we are seeing increased activity from willing sellers coming to the market prepared to sell at today's values. In many cases these sellers have been pleasantly surprised over the past 6 months when their AMV's have been exceeded & in many cases up to 4 or 5 bidders showing interest in their properties.

We feel property values in our area are now at such a level that they make it very attractive for outsiders to invest. We can confirm that we are receiving regular enquiries from overseas buyers as well as those based on the East Coast looking for what they would deem excellent value.

2013 was a very positive, vibrant year, reporting increased activity, a levelling in values and the signs we feel are very positive for 2014. We are predicting approximately 10% of an increase in the supply of property to the market, however we feel that this will be more than matched by the demand. We expect continued interest from overseas, along with transaction levels to continue on their upward curve.

Sligo Report

DNG Flanagan Ford

"The great news for the property sector in the Sligo Region is that by the end of 2013 we expect the total of number of sales to exceed 400.

This is approximately 15% up on the 2012 number of sales & is almost double the number of sales recorded in the year 2011".

Ballina Report

DNG Michael Boland

"Carrying on from 2012 we at DNG Michael Boland have seen the property market stabilising, the year starting with increased levels of enquiries and a steady level of sales. As the year progressed we saw more confidence emerging. Following on from 2012 most activity was under €150,000, however larger family homes were selling and a shortage of same is now in the market place. Bungalows are also hard to come

by. In 2013 the investor was back for property with good rental yields and agricultural land is still bucking the trend and commanding strong selling prices. Throughout the year we have seen the uptake in vacant retail units. We believe demand in the residential market will increase in 2014 and a shortage of homes is now emerging as little stock is coming to the market"

Forest Grove, Manorhamilton, Co. Leitrim.
New 4 bed semi det and 4 & 5 bed det houses

SOLD OUT Region €140,000 - €150,000



Regional Property Update - This Quarter Spotlight on Connaught

Leitrim/Roscommon Report

DNG Farrell

"We can report an overall increase in transaction levels with significant improvement in sales for the latter half of the year. Cash buyers are dominant with strong interest in good quality, well appointed apartments in the €40/€50k bracket.

There is clear evidence that the purging of the Buy to Let Market has commenced in earnest, particularly in the last quarter with financial institutions and receivers appointing rent receivers and bringing properties to the market.

Would be purchasers are acknowledging that a "bottom" price level has now been reached and that over time values will increase and provide them with capital appreciation in their investment."

Galway Report

DNG Maxwell Heaslip Leonard

"2013 has definitely been the busiest trading year since the heady days of 2009 in Galway City and activity in all areas of the market is on an upward curve. Standard three and four bedroom semi detached homes in suburban areas have become more difficult to source. This has been evidenced by a recent sale in the Knocknacarra area of a lovely 4 bed semi at €260,000 which exactly one year previous had been sale agreed at €220,000. Quality detached homes in all urban areas have similarly proved elusive and where available demand is far outstripping supply. Residential investments are also making a comeback with landlords snapping up urban properties at attractive prices with virtually 100% year round occupancy.



The outlook for Galway City and region for 2014 is certainly one that is showing an upward trend in the graph with property prices on the move. 2013 has seen the property market stabilise. There has been increased levels of enquiries and a steady level of sales. Purchasers are mainly first time buyers with three and four bedroom semi-detached houses and four bedroom detached houses all selling well.

Good quality farmland is selling at €8,000 to €9,000 per acre with poor quality lots selling mainly to forestry companies at €3,000 to €3,500 per acre. There has been increased activity in land sales due to better availability of finance. Commercially there has been an uptake in many vacant retail units showing that confidence is returning to the property market."

Claremorris Report

DNG Gilligan

"2013 has seen the property market stabilise. There have been increased levels of enquiries and a steady level of sales. Purchasers are mainly first time buyers with three and four bedroom semi-detached houses and four bedroom detached houses all selling well. Good quality farmland is selling at €8,000 to €9,000 per acre with poor quality lots selling mainly to forestry companies at €3,000 to €3,500 per acre. There has been increased activity in land sales due to better availability of finance.

Commercially there has been an uptake in many vacant retail units showing that confidence is returning to the property market."



Initial participating financial institutions – AIB Bank, EBS (merged with AIB),
Anglo Irish Bank (now IBRC in Special Liquidation),
Irish Nationwide Building Society (now IBRC in Special Liquidation)
and Bank of Ireland.

| | | | |
|--|---------------|---|---------------|
| CREATED | 2009 | CASH GENERATED FROM PROPERTY SALES SINCE 2009 | €10.6 BILLION |
| TIMELINE TO REDEEM LOANS (ALL SENIOR DEBT) | 2020 | CASH GENERATED MAINLY FROM RENTS, PRINCIPLE & INTEREST PAYMENTS | €5.9 BILLION |
| NO. OF LOANS PURCHASED | 850 | VALUE OF IRISH ASSETS CURRENTLY FOR SALE | €2 BILLION |
| PURCHASED LOANS AMOUNTING TO | €71.2 BILLION | DEVELOPMENT FUNDING APPROVED TO DATE | €1 BILLION |
| PAID BY ISSUE OF SENIOR BONDS | €30.2 BILLION | DEVELOPMENT FUNDING DRAWN DOWN | €0.5 BILLION |
| BONDS REDEEMED TO DATE | €7.5 BILLION | NO. OF CREDIT DECISION MADE SINCE 2009 | 39,000 |
| DISCOUNT ACHIEVED | 58% | NO. OF PROPERTIES SOLD SINCE 2009 | OVER 10,000 |
| CASH GENERATED SINCE 2009 | €16.5 BILLION | NO. OF UNITS DELIVERED TO LEASE OR SALE FOR SOCIAL HOUSING | 596 |

Data compiled from various press releases and statements released by NAMA and currently available at the date of this publication on nama.ie up to an including press releases of the 03/01/2014.

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DNG Nationwide Presence

CARLOW

CARLOW
TULLOW

CAVAN

CAVAN
VIRGINIA

CLARE

ENNIS

CORK

BANDON
BLACKPOOL
CLONAKILITY
DOUGLAS
GLANMIRE
KINSALE
MIDLETON
YOUGHAL

DONEGAL

DONEGAL TOWN
FALCARRAGH
KILLYBEGS
LETTERKENNY
MOVILLE

GALWAY

TUAM
GALWAY CITY
KINVARA
ORANMORE
OUGHTERARD

KERRY

CASTLEISLAND
DINGLE
KENMARE
KILLARNEY
LISTOWEL
TRALEE

KILDARE

CELBRIDGE
CLANE
MAYNOOTH
NAAS

KILKENNY

KILKENNY CITY

LAOIS

PORTARLINGTON
PORTLAOISE

LEITRIM

CARRICK-ON-SHANNON

LIMERICK

ABBEYFEALE
LIMERICK CITY

LONGFORD

LONGFORD TOWN

LOUTH

DROGHEDA
DUNDALK

MAYO

BALLINA
CLAREMORRIS

MEATH

NAVAN
RATOATH
STAMULLEN

MONAGHAN

CASTLEBLANEY

OFFALY

BIRR
TULLAMORE

ROSCOMMON

BOYLE
ROSCOMMON TOWN

SLIGO

SLIGO TOWN

TIPPERARY

NENAGH
TIPPERARY TOWN

WATERFORD

DUNGARVAN
WATERFORD CITY

WESTMEATH

ATHLONE
MULLINGAR

WEXFORD

BUNCLODY
WEXFORD TOWN

WICKLOW

ARKLOW

DUBLIN

BALBRIGGAN
BRAY
CITY CENTRE
DUN LAOGHAIRE
FAIRVIEW
LEESON PARK

LUCAN
PHIBSBORO
RATHMINES
SKERRIES
STILLORGAN
TERENURE

TALLAGHT
DNG NEW HOMES
DNG ADVISORY SERVICES
NEWMAN LOWE
COMMERCIAL

DOUGLAS NEWMAN GOOD
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