

***** FOR IMMEDIATE RELEASE • 25th JUNE 2019 *****

DNG CALL FOR EXTENTION OF HELP TO BUY SCHEME BASED ON NEW ANALYSIS OF NEW HOMES COMPLETIONS AS RATE OF HOUSE PRICE INFLATION CONTINUES TO MODERATE

The DNG Half-Year Residential Market Review, released today, highlights the continuing moderation in the rate of house price growth across the country during the first half of the year, and in Dublin the slowdown has been even more evident during the first six months of 2019, with virtually no change in values according to the report.

The DNG National Price Gauge (NPG) which measures residential property price changes across the country, recorded a modest increase of 2.8% in house prices nationally (excluding Dublin) over the last twelve months, down from a rate of 5.0% in the year to December 2018. In Dublin, the stabilisation in house prices has been more pronounced, with the DNG House Price Gauge (HPG) showing an increase in prices of just 0.4% over the course of the last year.

During the second quarter of the year, house prices in the capital remained virtually unchanged with growth in the average price of a second hand home of 0.1% recorded by the HPG in the three months to June. Similarly, prices have also levelled out in the Dublin apartment market, with the DNG Apartment Price Gauge (APG) showing an increase in apartment values of 0.2% in the second quarter and 0.9% in the year to June.

The report also reveals the importance of the Government's Help To Buy (HTB) Incentive initiative since its inception in 2016, and calls for the ending of uncertainty surrounding the scheme's continuation as well as an extension of the deadline for a further two years. Analysis by the firm shows that since the initiative was launched, 44% of all new homes sales to private individuals in the market have been supported by the government initiative.

The report highlights how prices at the entry level to the market continue to show the strongest rates of growth, driven primarily by first time buyer demand. In the capital, homes valued at up to €300,000 increased by 2.3% on average over the last twelve months as those looking for their first home competed for the most affordable stock in the marketplace. Meanwhile the HPG recorded a decline of -0.2% in the value of an average resale property in south Dublin during the second quarter.

At the national level, the Border and Mid-West regions saw an acceleration in the rate of house price growth during the first six months of the year, whilst all other regions saw the rate of increase in prices ease further. The commuter counties in the Mid-East region recorded the lowest rate of

regional growth in house prices during the six months to June, with prices increasing by 0.5%, as a combination of relatively higher prices and higher levels of new homes completions compared to the rest of the country outside Dublin, impacted on the rate at which prices rose.

Commenting on the latest results, Paul Murgatroyd, Director of Research with DNG said, *“Given the current level of residential property prices in the capital, there is limited scope for prices to increase by any significant degree across the majority of the market, at least in the short term. The Central Bank’s macroprudential lending rules are having a significant impact on the market and are keeping the rate of house price inflation to an absolute minimum.”* He continued, *“Over the last twelve months, the increase in new dwelling completions in Dublin has also had a cooling effect on the rate of house price inflation in the second hand homes market”*

Using data from the Property Price Register, The Residential Property Price Index and Revenue, DNG show that the HTB Initiative has been used to support the sale of almost half of all the new homes sold nationally to individual buyers since the scheme’s implementation, and as such, it has played a critical role in the delivery of new housing output to the market over the last three years. The firm says that the volume of new homes sales to first time buyers has increased dramatically since 2016 when the scheme was launched. In 2017, the first full year of the initiative, an average of 268 new homes per month were bought by first time buyers, an increase of 58% on 2016. In 2018 this figure increased by a further 26% to 339 new homes per month.

Murgatroyd further added *“The initiative is being availed of by those first-time buyers who need support when purchasing their first home, with 46% of claims having been made against properties valued up to €300,000 and a further 47% made against properties valued between €301,000 and €450,000. In addition, almost 60% of the claims made to date have been against properties purchased with a loan to value in excess of 85%. As a result, the initiative must be seen as a highly targeted government support mechanism, and its importance in the current market cannot be overstated”*

Speaking about the report, Chief Executive of DNG Keith Lowe stated *“the current trend of price stabilisation is positive news for buyers; furthermore, the Help to Buy Incentive scheme is vital for first time buyers in the market, a high proportion of who are in rented accommodation. He further added, “We all want to see increased levels of new housing output in the shortest timeframe possible however, delivering new units is a lengthy and complex process and certainty around future demand needs to be maintained. In this regard it is important that first time buyers continue to be supported over the next number of years through the Help To Buy Initiative.”*

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[Please click here for the DNG Half Year Residential Market Review 2019](#)

For further information, interviews or media commentary, please contact:

Paul Murgatroyd
Director of Research and Business Development, DNG
Tel. 087 6998884 / 01 4912600
Email: paulmurgatroyd@dng.ie

ABOUT THE DNG RESIDENTIAL MARKET REVIEW:

The DNG Residential Market Review includes the DNG House Price Gauge and Apartment Price Gauge for Dublin and the DNG National Price Gauge. The DNG House Price Gauge measures movements in house prices across Dublin using a sample basket of properties which are revalued on a quarterly basis. The DNG Apartment Price Gauge measures the movement in apartment prices in Dublin on a quarterly basis using the same methodology. The DNG National Price Gauge measure price movements in each region across the country excluding Dublin.

ABOUT DNG:

The DNG Group is a multi-disciplinary property advisory practice based in the capital. We are Ireland's premier agency with a branch network which extends to 75 branded offices located in virtually every major city and town in the country. DNG is one of the largest sellers of residential property and new homes schemes in Ireland.

Our national franchise network contains some of the best agents in the business offering their superb local expertise with the backing of Ireland's premier property brand.

DNG are members of the Society of Chartered Surveyors Ireland and the Institute of Professional Auctioneers and Valuers and work to its strict codes and standards.