

Press Release

DOUGLAS NEWMAN GOOD HOUSE PRICE GAUGE Q1 2006

“Dublin house price inflation doubles during exceptionally strong first quarter – Second Hand House Prices increase by 10.4%”

- **Key Findings**

- **Average Price of a second hand house in Dublin increased by 10.4% during first three months of 2006, double the highest quarterly rate at any point last year**
- **Annual rate of house price inflation in the capital rose again to 25.8% for the year to March from 22% in the year to December 2005**
- **The average number of days to agree a sale on a property fell again to 55 days during Q1 2006 from an average of 59 days at the end of 2005 signifying a further strengthening of demand in the market.**
- **Prices at the entry level to the market rose by 9.2% and prices at the upper end of the market rose by 10.5% during Q1 2006**
- **The House Price Gauge recorded that house price inflation increased in line with the number of bedrooms associated with a property. 2 bed properties increased by 8% on average whilst 5 bed properties increased by 12.1% on average suggesting a continued strength of demand from people trading up, despite recent interest rate rises.**

Leading Auctioneers Douglas Newman Good today published the DNG House Price Gauge (HPG) for quarter 1 2006. The DNG HPG recorded an average increase in the price of a second hand home in Dublin of 10.4% during the first three months of 2006, a rate of price inflation which was double the increase recorded in any one quarter of last year. In the 12 months to March 2006 the average price of a second hand home in the capital rose by 25% up from 22% for the whole of 2005.

The DNG HPG also found that despite recent interest rate rises in December and March demand for larger properties continued unabated, as people continued to trade up in the market, with the strongest levels of demand coming at the upper end of the market and the entry level to the market as first time buyers

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remained very active throughout the first quarter. This is reflected by the highest rates of price increase recorded for properties worth less than €350,000 which increased by 9.2% on average, and also for homes at the upper end of the market (valued at €700,000 and over) which increased by 10.5% during quarter 1.

The strengthening of demand for residential property continued in quarter 1 as revealed by analysis of a sample of properties traded during the period. The average time to agree a sale on a property was 55 days during the first three months of the year, down from an average of 59 days at the end of 2005. Indeed such was the strength of demand that almost half of all sales (47%) were agreed within 30 days of the property coming on the market compared to 43% in Q4 2005.

Commenting on the results Paul Murgatroyd, economist with Douglas Newman Good said “in terms of price inflation, the residential property market continued the trend begun in the latter half of 2005 which saw a noticeable upturn in prices and this was very evident in the first three months of 2006 with prices rising in the capital by 10.4% on average, the highest quarterly rise in prices for a number of years and double the rate of growth recorded in any quarter last year.” He continued “clearly the two quarter point increases in interest rates in December and March last, did nothing to cool the market whatsoever and if anything demand for property strengthened somewhat in quarter one, reflected in the fact that in almost 50% of cases, sales were agreed within 30 days of a property being offered for sale on the market. In addition sales were agreed within 60 days on three quarters of properties offered for sale during that period. Looking ahead the expectation is that further interest rate rises will lead to a softening of the rate of price inflation”

Keith Lowe, CEO of Douglas Newman Good added “the start of 2006 has been nothing short of exceptional in the residential market with prices rising across the board by higher levels than anticipated. First time buyers drove up prices at the lower end of the market and demand further up the property ladder remained strong, and this coupled with the fact that supply in both the new homes and second hand markets was unusually low in the early part of the year meant that prices rose dramatically, particularly in

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certain areas which became real hotspots in the last three months. Clearly the appetite of the Irish property buyer is undiminished at the present time despite recent interest rate rises and warnings from several quarters that prices cannot continue to rise as they have. The very positive economic outlook is, in our opinion, underpinning the whole market at present and we fully expect this to continue as the year progresses but there is little doubt that interest rates will rise further and this may help cool the market in the second half of the year.”

As a result of the stronger than expected rate of price increase during quarter one DNG have raised their expected rate of growth in prices in the Dublin second hand residential market for 2006 to 18% from a forecast of 12% at the beginning of the year.

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