

## HOUSE PRICE GAUGE Q3 2009 Results and Analysis

### Headline Results

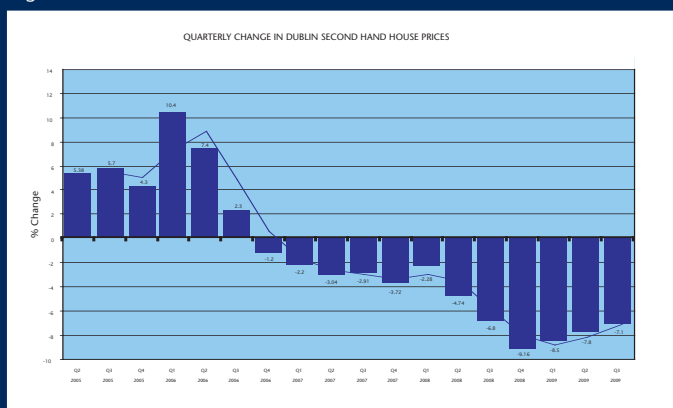
Table 1

Average Dublin 2nd Hand Price Sept 09	€388,935
Percentage Change Q3 2009	-7.10%
Annual Percentage Change	-28.80%
From Peak (Q3 06)	-45.70%

### Quarterly Results

The rate of decrease in prices in the Dublin second hand residential market continued to moderate during the Q3 2009, with prices falling by -7.1% on average. This quarterly change provided further slight evidence that the Dublin market is beginning to show tentative signs of a stabilisation, although in absolute terms, the fall of 7% in the three months is still large in historical terms. Q3 was the third consecutive quarter in which the rate of price decline eased so the trend is slowly turning but it cannot yet be said that prices have found any type of "floor."

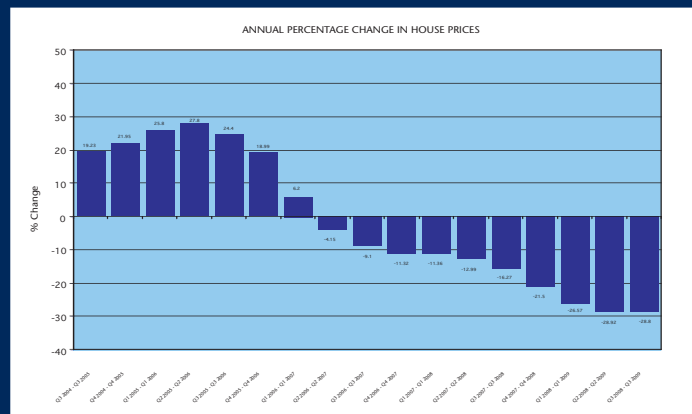
Fig. 1



### Annual Percentage Change in Second Hand House Prices in Dublin

In the twelve months to September, the average price of a second hand home fell by -28.8% following a decrease of 28.9% in the year to June 2009 which was the largest annual decline in the average price of second hand property since the HPG began in 2000.

Fig. 2



As with the trend of a moderate stabilisation in the quarter-on-quarter figures, the annual percentage fall in second hand property values now appears to be levelling off and this can reasonably be expected to continue into the final three months of the year, as the very large Q4 2008 decrease (-9.2%) drops out of the annual calculations.

Since the peak of the market in Q2 2006, the DNG House Price Gauge has recorded a fall in values of -45.7% on average across the capital but this figure hides the true extent of price decreases in some areas of the market and accentuates the price fall in other areas of the market as the following analysis and results by price bracket and by area show.

## Price Changes by Price Bracket

As part of the series the DNG HPG examines price movements by price bracket of property within Dublin as show in Table 2:

Table 2

% Price Change by Price Bracket Q3 2009			
	Q3 09	Annual % Change	From Peak (Q3 06)
Up to €400,000	-6.16%	-26.15%	-40.81%
€401,000 to €600,000	-6.48%	-27.41%	-37.20%
€601,000 to €800,000	-6.75%	-27.07%	-44.71%
€801,000 Upwards	-10.21%	-35.89%	-56.12%

The lower end of the market continues to outperform all other sectors with prices below €400,000 falling by -6.16% in Q3 and by -26.15% in the last twelve months. Properties priced between €400,000 and €800,000 performed to a similar degree and have seen prices fall by -27% in the last twelve months and by -44% since the peak of the market.

By far the hardest-hit sector of the residential market has been the upper end of the market, with prices in the €800,000+ bracket falling by -10% in Q3 alone and by -56% since peak, some 12 percentage points more than any other sector, reflecting the lack of finance for people wishing to trade up in the last year.

## Price Changes by Location

As part of the series the DNG HPG examines price movements by geographical location within Dublin as show in Table 3:

Table 3

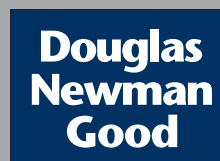
% Price Change by Location Q3 2009			
	Q3 09	Annual % Change	From Peak (Q3 06)
Southside	-8.12%	-31.62%	-49.58%
Northside	-6.34%	-27.04%	-42.73%
Westside	-5.50%	-22.74%	-37.69%

The Southside of Dublin, which contains a higher proportion of more expensive property in the sample analysed, has again seen the largest decline in prices, falling -32% in the year to September, and -50% since peak. In contrast, the Westside of the city saw a decline in the average price during Q3 of -5.5%, 1.6% points less than the average decline over the same period for Dublin as a whole (-7.1%)

## Summary

It is somewhat encouraging to see the quarterly rate of decrease showing tentative signs of stabilisation for the third quarter in a row, providing further evidence that a bottom to the market is creeping slowly closer although with quarterly decreases still in the order of 7% per quarter it is still too early to call the bottom of the market.

The lower end of the Dublin residential market is showing greater signs of stabilisation primarily due to the fact that First Time Buyers continue to show some level of activity and banks are providing credit for this sector of the market following Government rescue packages and subsequent pressure on lending institutions to make finance available for those looking to enter the property market. At the upper end of the market there is little or no demand and access to finance for people wishing to trade up in the current environment remains difficult to obtain. As a result, true valuations for high end properties remain difficult to quantify as sales slow to a trickle. Evidence from other price indices which examine asking prices as opposed to true prices still show price declines less than the figures contained in the DNG House Price Gauge, and this indicates that asking prices still have some way to fall before they are in line with actual prices.



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