

QUARTER

house price guage
2003 results analysis

Q1 03



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Overall change in Dublin second hand residential property prices Q1 2003

Ave Price End Q1 2003	€325,108
Ave Price End Q4 2002	€310,405
% Change during Q1 2003	4.7 %
Annual % Change*	19.2%

Quarterly Analysis

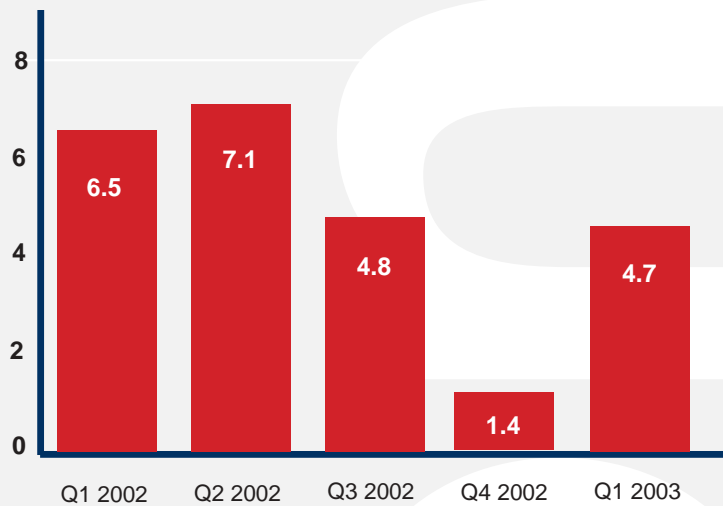
As the table above shows, the DNG House Price Gauge (HPG) recorded a quarterly increase in the average price of second hand residential property in Dublin of 4.7% during the period January to March 2003. Compared to the same period in 2002, the rate of

increase slowed from 6.5%, but remains relatively high given the prevailing economic climate both globally and domestically. This quarterly increase is the fifth consecutive increase in prices since the end of 2001 and means that the average price of a second

hand property in Dublin has increased to €325,108 at the end of March, compared to €310,405 at the end of December 2002.

Quarter One 2003

Quarterly change in Dublin second hand residential prices



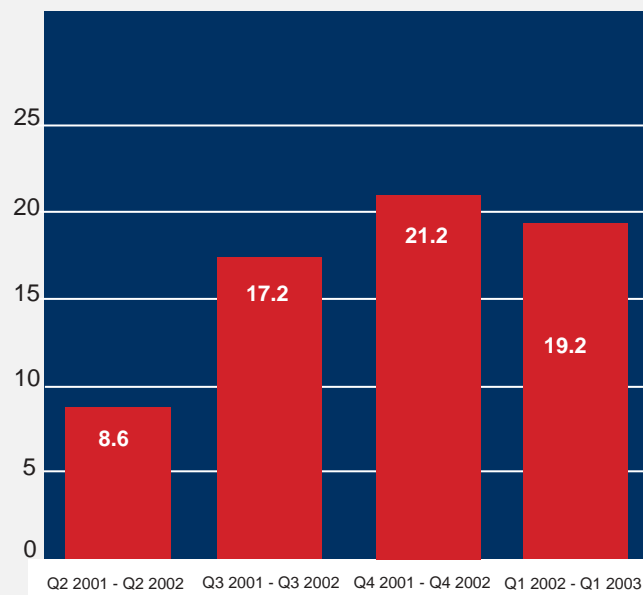
Annual Percentage Price Change

In the twelve months to the end of March 2003, the average price of second hand property in the Dublin area has risen by 19.2% compared to a slightly higher increase of 21.2% in the twelve months to December 2002. The numbers confirm that the high

level of price inflation recorded throughout 2002 continue to characterise the market during the first three months of this year, but as the graph shows, it is possible that the trend in annual price increases has begun to edge downwards following a high of

21.2% at the end of December 2002.

Annual Percentage change in Dublin second hand residential prices



Analysis Whilst the overall average percentage increase in prices was 4.7% this figure masks the different fortunes experienced at different levels in the market. Prices in the lower end of the market continued to increase at a rate well ahead of the average and in many cases in this sector prices increased by up to 15%, reflecting strong demand from First Time Buyers. Conversely, the upper end of the residential market remained robust, but prices did not increase by nearly as much more affordable property in the market. The residential market has continued to be driven by the availability of cheap mortgage

finance during Quarter 1. The ECB cut interest rates in the Euro zone to 2.5% during December which improved affordability in the market as lenders passed on the reduction to borrowers, and it is likely that a further rate cut will follow in the near future which will further stimulate demand, especially from First Time Buyers.

It is quite possible that the increases experienced in Quarter 1 will not necessarily set a precedent for the rest of this year and it is likely that far more moderate asset price inflation will be seen as the year progresses. The Quarter 1

results show that whilst most markets are suffering from continued uncertainty the property market is not. Short term uncertainty with regard to the conflict in Iraq has not affected the residential market in the slightest so far and in our opinion is unlikely to do so. Given the continuing low interest rate environment and the large pool of First Time Buyers still looking to enter the market, the outlook for the remainder of 2003 is very positive in spite of the benign economic outlook.

Greater Dublin Residential Auction Market

In line with the strong performance of the Private Treaty market, the Auction market has also returned an improved performance compared to Quarter 1 2002. In the first three months of this year, 123 residential properties have been put for sale by the auction method compared to 80 properties in the first quarter last year, an increase of 53%.

The results achieved in the auction rooms are generally accepted as a good barometer of the strength or otherwise of the market and during the period January to March, 123 properties were auctioned with 64

(52%) selling under the hammer, 42 (34%) properties were withdrawn, 14 (11%) were withdrawn but sold immediately after the auction, 1 was sold prior and 2 auctions were cancelled or postponed. Overall therefore, almost two thirds of all properties auctioned sold on the day of the auction. In addition the average sale price for sales under the hammer (the only auctions where exact sale prices are available) was €879,855. In Quarter 1 2002 the average sale price was €795,426. With the average square footage for auction properties also falling from 2010sq ft last year to 1845sq ft in the first three months

this year the increase in average price is even more impressive.

The strong nature of the market is also confirmed by the higher number of sales in excess of one million euro. In Quarter 1 2002 there were 11 houses sold under the hammer for over €1 million whereas so far in 2003 16 such sales have been achieved, in addition to a number of high profile €1 million plus deals being negotiated immediately after auction.

* Annual Percentage Increase in House Prices refers to a 12 month period i.e. the level of price change in January 2000 compared with January 2001; June 2000 compared with June 2001 and so forth.