

# QUARTER

house price guage  
2003 results analysis



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# DOWN

## QUARTERLY ANALYSIS

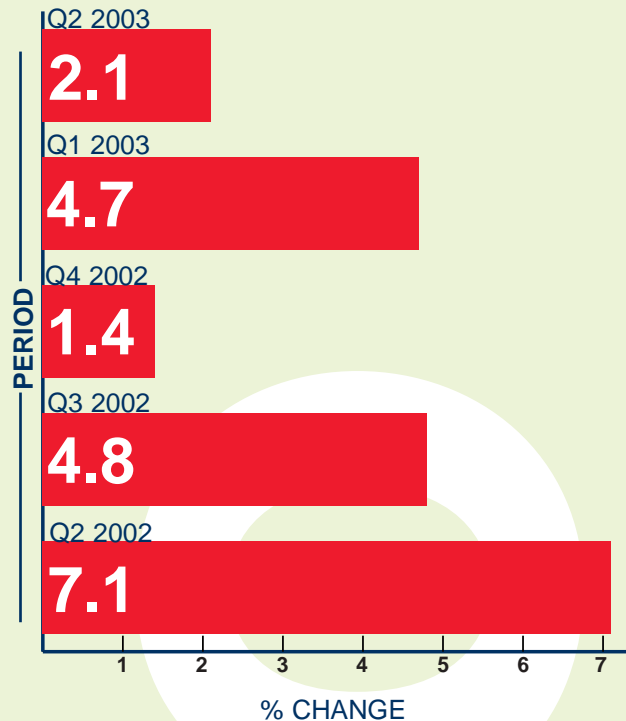
DNG House Price Gauge (HPG) recorded a quarterly increase in the average price of second hand residential property in Dublin of 2.1% during the period April to June 2003. Compared to the same period in 2002, the rate of increase slowed dramatically from 7.1% which reflects the different market conditions which now prevail. The rate of growth in prices has also slowed significantly since Quarter 1 this year when prices rose by 4.7%, confirming the view that the second hand residential market is gradually cooling down. This quarterly increase means that the average price of a second hand property in Dublin has increased to €331,863 at the end of June compared to €325,108 at the end of March.

## MID YEAR ANALYSIS

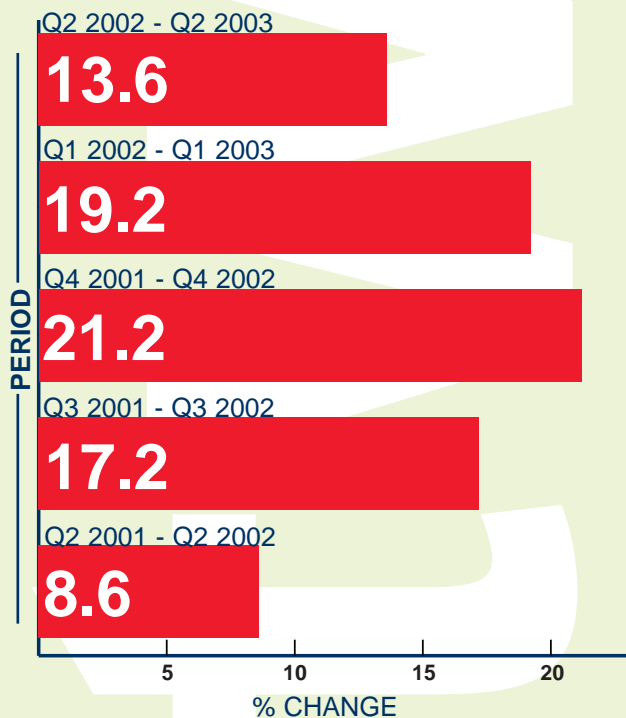
Despite several commentaries published in recent weeks claiming that residential prices were set to drop, even collapse in Ireland, depending on which analysis you were reading, the bare facts of the second hand market in Dublin show that prices continue to rise albeit at a slower rate than in previous quarters. Increases in prices of around 2% per quarter are sustainable and point towards a gradual levelling off in the residential market, making the possibility of a sudden or sustained drop in values rather unlikely to say the least.

The slower rate of increase in quarter two compared to quarter one reflects the changing nature of the residential market. Supply of second hand property increased significantly between April and June, up around 40% on the same period last year and 30% higher than during the first three months of the year. Demand remains robust but it is clear that investors are no longer the driving force in the market they were twelve months ago and this has provided space for owner occupiers, especially First Time Buyers, to compete in the market. Conditions have certainly swung more in favour of buyers in recent months, as a combination of interest rate cuts and a better choice of properties on the market have shifter the pendulum in their direction. A note of caution needs to be sounded at this juncture, in that delaying purchases in anticipation of a significant fall in prices in the coming months could well prove to be a very risky strategy. It is easy to forget how in 2001, when the market slowed significantly, people delayed purchases in the hope that they would save money by waiting for prices to fall further but ended up paying far more in the spring of 2002 as prices rebounded strongly as a result of the Budget and the strong boost to demand. Overall prices are up by 6.8% in the first six months of the year with more modest increases expected for the second half of the year as supply remains healthy in all sectors of the market.

## Quarter Two 2003 QUARTERLY CHANGE IN DUBLIN SECOND HAND RESIDENTIAL PRICES



## ANNUAL PERCENTAGE CHANGE IN DUBLIN SECOND HAND HOUSE PRICES



## ANNUAL PERCENTAGE PRICE CHANGE

In the twelve months to the end of June, the average price of second hand property in the greater Dublin area has risen by 13.6% compared to an increase of 19.2% in the twelve months to March 2003. As the graph clearly shows, even though prices are still rising year on year, the trend is definitely towards slower rates of growth since the peak of 21% for the 12 months to December 2002. As this year progresses, and the 2002 quarterly price increases gradually work their way out of the numbers, so the annual rate of increase in prices should reduce back to around 10-12% by the end of the year. This lower level of price growth is far more sustainable in the long term than the rates of increase witnessed in previous years and it would be no surprise to see the rate of increase level out at between 8 % and 10% per annum going forward.

## OVERALL AVERAGE PRICE CHANGE IN DUBLIN SECOND HAND PRICES

### Ave Price End Q2 2003

€331,863

### Ave Price End Q1 2003

€325,108

### Ave Price End Q2 2002

€292,147

### % Change during Q2 2003

2.08 %

### Annual Percentage Change\*

13.59%

## GREATER DUBLIN RESIDENTIAL AUCTION MARKET MID TERM REVIEW

### AUCTION VOLUMES UP BY OVER ONE THIRD IN 2003

In the first six months this year, 563 residential properties in the greater Dublin area have been put for sale by public auction compared to 414 properties in the first six months of 2002, an increase of 36%.

In terms of results the auction market has remained robust across all price brackets with solid results reflected in the prices paid either under the hammer or in negotiations afterwards. Of those 563 auctions, just under half, 253 or (45%) sold under the hammer, 202 (36%) properties were withdrawn, 90 (16%) were withdrawn but sold immediately after the auction, 15 properties were sold prior and 8 auctions were cancelled or postponed.

Overall therefore, 61% of all properties auctioned, sold on the day of the auction which is exactly the same as for the first six months last year and is a good performance level for the market as a whole. In addition the average sale price for sales under the hammer (the only auctions where exact sale prices are available) was €912,881 between January and June whereas in the first half of 2002 the average sale price was €799,495. Also an analysis of the average price paid per square foot shows that this year so far the amount paid is €505 up from €465 in 2002.

The strong nature of the market is also confirmed by the higher number of sales in excess of one million euro. In the first half of 2002 there were 38 houses sold under the hammer for €1 million or more whereas so far in 2003, 84 such sales have been achieved, an increase of 120% over last year.

\* Annual Percentage Change 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.



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