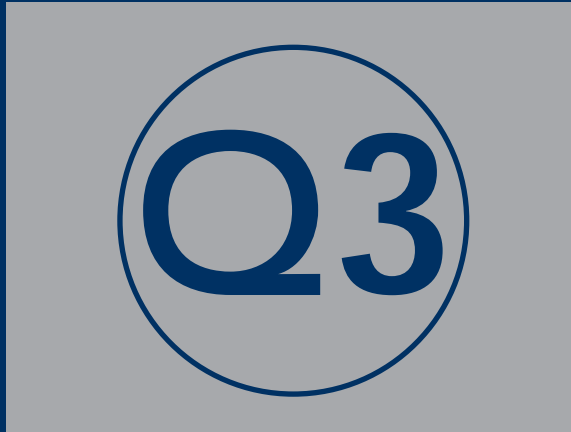


DOUGLAS NEWMAN GOOD



HOUSE PRICE GAUGE 2004



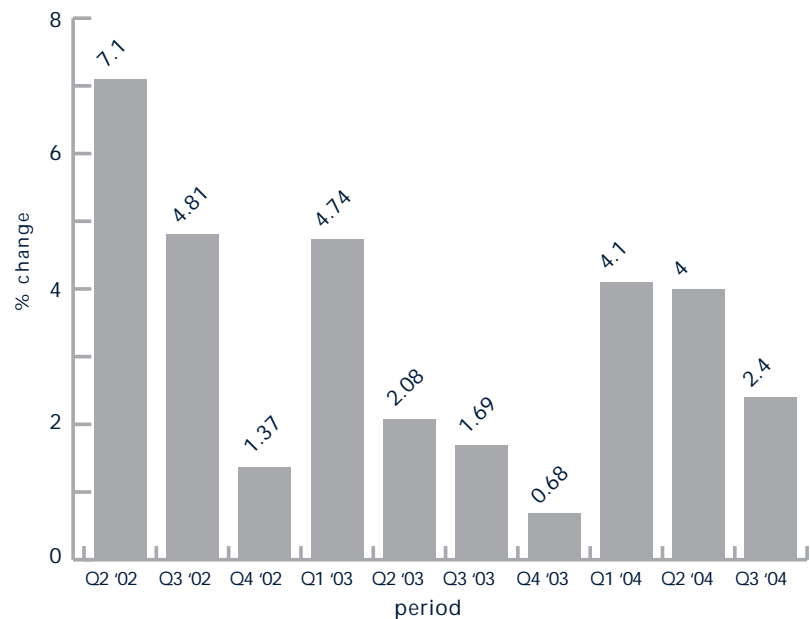
**Douglas
Newman
Good**

Overall change in Dublin second hand residential property prices Q1 2004

Ave price end Q3 2004	Ave price end Q2 2004	Ave price end Q3 2003	% change in Q3 2004	Annual % change *
€376,555	€367,742	€337,506	2.40%	11.57%

Q3 QUARTERLY ANALYSIS

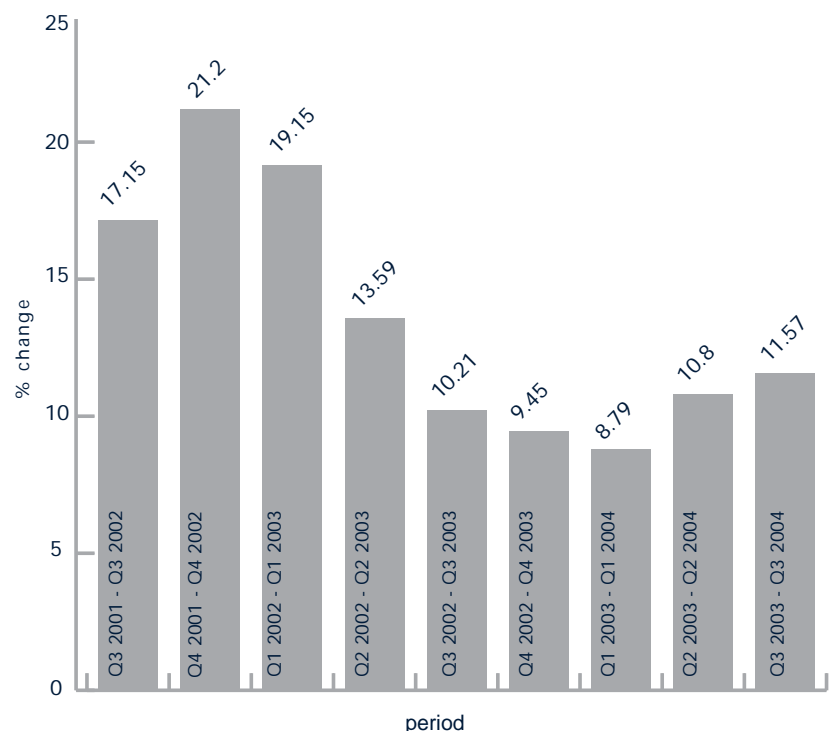
House prices in the Dublin second hand residential market increased by 2.4% during the period July to September 2004, following an increase of 4% in the quarter two of the year. This level of increase was slightly higher than the corresponding period last year, where prices in the Dublin area rose by 1.7% on average. The increase was broadly in line with expectations for the performance of the market this year but was inflated to some degree by the continuing strength of the upper end of the market - a trend that has prevailed for the past twelve months. The average price of a second hand house in Dublin increased by €8,813 during quarter three up from €367,742 at the end of June to €376,555 at the end of September.



QUARTERLY % CHANGE IN DUBLIN SECOND HAND HOUSE PRICES

Q3 ANNUAL % PRICE CHANGES

For the twelve months to the end of September the average price of second hand residential property in Dublin increased by 11.6% compared to an increase of 10.8% for the period July 2003 to June 2004. As was the case for the year to June, the rate of increase in prices was slightly higher than the previous twelve month period as the graph shows. As predicted in our quarter 2 House Price Gauge, the annual rate of increase has again accelerated slightly, primarily because of the stronger than anticipated growth in prices during the first six months of this year. Since quarter three 2003, the annual change in prices has hovered around the 10% mark rising only slightly in the last six months. We still believe that the rate of increase for this year as whole will average 12%, up slightly on last year (9.5%) and in line with previous years. Any further increase in prices during the remaining three months of the year will be nominal.



ANNUAL % CHANGE IN DUBLIN SECOND HAND HOUSE PRICES

* 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.

Q3 MARKET ANALYSIS

The residential market in Dublin continues to show solid strength and resilience despite the now all too common predictions of price bubbles, over valuations and risks to the market. During the last twelve months the average price of second hand residential property across the capital has increased by 11.6%, but this average masks the true performance of different sectors of the market.

The table below shows the change in prices for different price brackets within the overall market.

It is clearly evident that the middle and upper sectors of the market have outperformed price increases lower down the scale, with properties valued at over €700,000 having increased by almost double the average of 11% at 21%. Conversely, those properties at the entry level valued at less than €350,000 have increased at a more moderate rate of 7%. Taking figures for just two types of property shows just how segmented performance in the current market is. In the past twelve months detached property prices have increased by 18% on average as demand has continued to exceed supply across all areas of the capital but especially in South Dublin, whereas the performance of the apartment market has been somewhat subdued in comparison with prices rising by a more modest 6%.

Again this can be explained by traditional supply and demand analysis. Good quality second hand family homes in mature suburban locations are at a premium, and their supply is further limited by the lack of newly built homes of this type in such locations during the past 18 months. At the other end of the scale the supply of apartments and starter homes in both the new and second hand markets is healthy to say the least, because of record levels of construction output, particularly for apartments, coupled with the number of people selling smaller properties in order to trade up to larger homes and take advantage of the low interest rate environment and high levels of equity that have accrued on their smaller properties. At the lower end of the market prices have continued to rise and First Time Buyers continue to drive the market but because supply has increased and is now in line with demand in this sector, the increase in prices has not been as pronounced as further up the scale. This is certainly positive news for those people looking to get on the property ladder with more choice of property available to them, and in certain pockets across the capital such is the competition amongst vendors to secure a sale that in the last quarter several properties in our sample recorded no increase in value.

The state of the current market is also well reflected in the performance of the auction market and although this method of sale only accounts of 3-4% of property transactions in Dublin it is often viewed as an important barometer

of the healthiness of the residential market as a whole. So far this year 45% of auctions have sold under the hammer, 16% were withdrawn but sold during negotiations immediately after auction and 5% were sold prior to the auction date. In total therefore 66% of properties put up for sale by public auction have sold on or before auction day and often for prices well in excess of expectations.

In summary, the residential market as a whole continues to perform well as the statistics show. Prices continue to increase, but not at an unsustainable rate, and the middle and upper sectors of the market continue to drive the average price of property higher. Increased supply at the lower levels of the market has resulted in lower than average increases which this is welcome news for First Time Buyers. Looking ahead, any further increase in prices this year will be nominal and a tentative projection for 2005 will see a slowing of price inflation back to single digits, as pent up demand is satisfied and interest rates start to rise.

QUARTER 3 2004 AVERAGE PRICE CHANGE BY PRICE BRACKET

HOUSE PRICE RANGE	% CHANGE Q 3	YEAR TO SEPT 04
UP TO €350,000	2.00%	7.00%
€351,000 TO €500,000	1.80%	11.80%
€501,000 TO €700,000	3.40%	15.90%
€701,000 UPWARDS	3.70%	20.90%



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