

Economic Research Unit



MyHome asking price inflation accelerates to 6.5% in Q1 2024

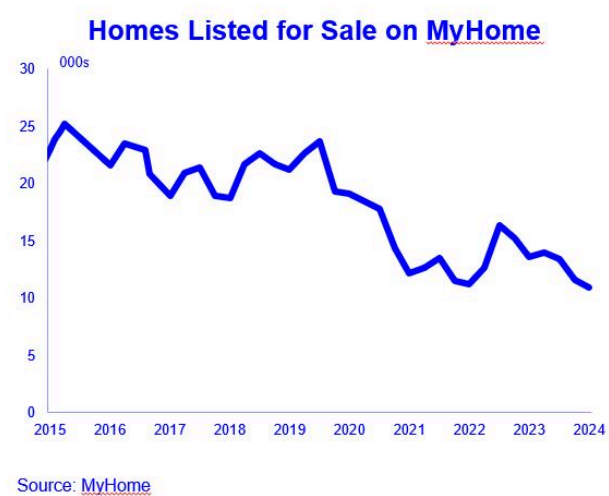
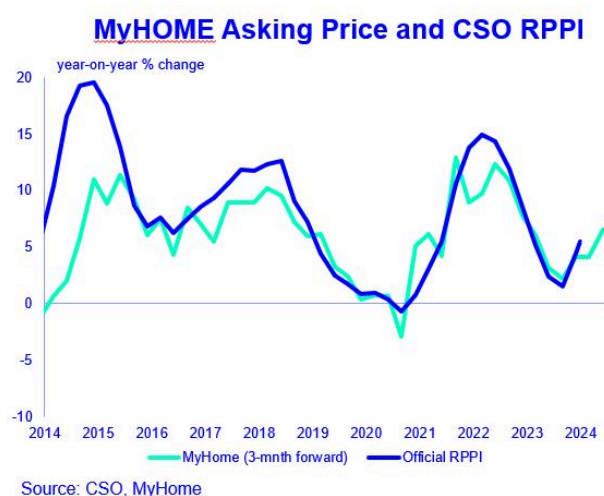
The Bank of Ireland/MyHome report on the Irish housing market was published this week. The clear message was that Irish house price inflation has regained momentum in early 2024, following the slowdown and brief period of falling house prices in 2023. Asking price inflation is now running at 6.5% - the fastest pace in eighteen months. The market is also exceptionally tight, just 10,935 homes were listed for sale at end-Q1 2024, a fresh historic low. The average time to sale agreed at 15 weeks is also close to a record low. Hence, we now expect Irish house prices will see a gain of 4% through 2024.

MyHome Asking Price Inflation accelerates to 6.5%: This quarter's MyHome report shows asking prices rose by 2% in Q1 2024, pushing the annual inflation rate up to 6.5%. In Dublin asking price inflation rose to 7%, despite recent concerns valuations had become most stretched in the capital. Outside Dublin asking price inflation was 5.5%. In addition, transaction prices in March 2024 were being settled 4% above the original asking price, up from a premium of just 1% twelve months ago. This illustrates growing competition amongst homebuyers, bidding up transaction prices above asking.

Housing market grinds tighter: The average time to sale agreed was just 15 weeks in Q1 2024, close to a historic low. This shows the housing market is turning over at a faster pace. Whatever stock is available on estate agents' books is being sold ever more quickly. At end-March there were just 10,935 homes listed for sale on MyHome. Nonetheless, we estimate residential transaction volumes in Q1 2024 were up marginally, by 0.4% on Q1 2023. That said, fresh liquidity in the market is definitely a concern. There were just 6,100 new listings for sale on MyHome in Q1 2024, down 8% on Q1 2023.

No let-up in housing demand: The average mortgage approval rose above €300,000 for the first time at end-2023, up 6.4% on the year - pointing to house price gains in 2024. Also, the average first-time-buyer in H1 2023 had an income of €88,258, up 6.7% on H1 2022. These figures illustrate the buoyant labour market is translating into both pay growth and upward pressure on house prices. This is despite improving signs on housing supply, albeit still running behind demand. There were 7,056 housing starts in the first two months of 2024, up 72% on the year, the twelve-month total for starts now 35,752 units.

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