

Economic Research Unit



An uncertain outlook for Irish housing completions

The outlook for Irish housing completions is now especially uncertain. Yesterday's CSO data showed 6,884 completions in Q2 2024, down 5% on the year, a disappointing out-turn. This suggests the early timing of Easter did hurt Q1's especially weak figures, but the disruption to housing starts in 2022 from elevated energy costs, build cost inflation and impaired viability, is still being felt. In contrast, fresh housing starts have surged to 33,784 in H1 2024, up 117% on the year, albeit inflated by developers rushing ahead of an expected expiration of a waiver on local authority and water infrastructure charges. Given these uncertainties, it is reassuring the housing component of the Irish Construction PMI was 52.4 in June, pointing to expanding activity for a fourth successive month. So in summary, there are downside and upside risks respectively to our forecast for 37,000 and 41,000 housing completions in 2024 and 2025.

Housing completions in Q2 2024 down 5% on the year to 6,884 : Yesterday's CSO data showed there were 6,884 housing completions in Q2 2024, down 5% on the year. This means that 31,400 homes were completed in the twelve months to June, of which; apartments (10,500), scheme houses (15,400) and single one-off homes (5,500). The out-turn is a little better than the 5,846 in Q1 2024, down 12% on the year, likely affected by the early timing of the Easter holidays. Nonetheless, the negative -5% annual growth rate for completions in Q2 2024 suggests the disruption from elevated energy costs and build cost inflation experienced in 2022 and 2023 is still being felt.

Housing starts running at over 50,000 per annum: Housing starts fell from 30,700 in 2021 to 27,000 in 2022 as viability was hurt by build cost inflation. However, the typical 12-month lagged relationship between starts and completions has frayed as incomplete developments, stalled during the Covid19 pandemic, were finished off (see chart below). Housing starts soared in H1 2024, to 33,784 (up 117% on the 15,561 in H1 2023), bringing the 12-month total to June to 51,000 units. This reflected a rush by developers ahead of an expected expiration of a waiver on local authority and water charges. So it remains to be seen how quickly these starts will translate into completed homes.

Non-household purchases of residential property fall back in 2023: This week also saw the CSO publish fresh detail on non-household purchases of residential property in 2023. Total non-household purchases fell from 13,176 (21% of the total market) to 12,649 in 2023. Here, purchases by private sector firms (excluding construction firms) fell by 34% to 5,084, illustrating the impact of higher interest rates on demand from institutional investors. In contrast, the public/education/health sector saw purchases grow by 32% to 5,943, as efforts to grow the social housing stock ramped up. The vast bulk of these public sector purchases (4,201) were new build properties (see chart below).

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