



MyHome report shows asking prices still buoyant in Q4 2024

This morning we have published the Bank of Ireland, MyHome report, pointing to sustained upward pressure on house prices. MyHome asking price inflation accelerated to 8.4% in Q4 2024. Also, properties are now being sold 9% above the original asking price, with one-in-seven transactions being settled at a 20% premium to asking. The market remains exceptionally tight. There were just 11,500 homes listed for sale on MyHome in December, vs levels of circa 20,000 pre-pandemic. The average time-to-sale-agreed is still close to a historic low of 3-months.

Rising incomes, leverage and savings are adding to demand. The average mortgage approval in October was €321,000, up 8% on the year, pointing to further house price rises in 2025. There are some signs of improving supply, 7,641 new listings for sale in Q4 2024, up 12.5% on 2023. A rush of activity due to the expiration of waivers on development levies likely artificially inflated the 57,741 housing starts in the 12-months to November. However, housing completions should pick-up substantially in 2025 from the 33,000 we expect in 2024.

MyHome asking prices up 0.4% in Q4 2024, up 8.4% on the year: Asking prices saw a small 0.4% gain in Q4 2024, but during the quiet winter months when asking prices often decline. Hence, annual asking price inflation accelerated to 8.4% in Q4 2024, up from 7.5% in Q3 2024. This may not seem surprising. The official CSO measure of transaction price inflation was 9.7% in October. However, it typically takes 5-6 months between a property first listed for sale on MyHome and a completed transaction. So the Q4 MyHome asking price data point to further house price gains in H1 2025.

Housing market still exceptionally challenging for homebuyers: One metric capturing the intense competition for homes is that in November the average property was sold 9% above the original asking price. One-in-seven homes was sold at a 20% premium above asking. The average time-to-sale-agreed is still close to a historic low of 3-months. Whatever stock is available for sale on estate agents' books is being sold quickly. In December, there were just 11,500 homes listed for sale on MyHome, down 1.5% on the year, and vs levels circa 20,000 pre-pandemic.

Incomes, leverage and savings all pushing up Irish house prices: The average first-time-buyer purchase price was €375,000 in H1 2024, up 6%, or €21,000 on H1 2023. One-third of this rise, or €7000, was accounted for by larger deposits and the remaining two-thirds by higher levels of mortgage debt. Average earnings growth is currently running at 5%, providing a natural impetus to house prices. However, the mortgage market is also providing a higher degree of leverage to first-time-buyers following the relaxation of the Central Bank of Ireland's lending rules. In 2024 H1, the average first-time-buyer loan-to-income ratio was 3.37x, up from 3.25x in the same period of 2023.

Some modest signs of improving housing supply in existing homes market: A striking feature of the housing market has been poor liquidity amongst existing home owners with mortgage debt. However, new listings for sale on MyHome were 7,641 in Q4 2024, up 12.5% on the same period of 2023. This is perhaps a fledgling sign of improving conditions. ECB rates were one factor that likely hurt liquidity in the existing homes market. However, financial markets now expect the ECB to cut its deposit rate towards 2% by mid-2025. Falls in quoted mortgage interest rates will also help affordability and transactional activity in 2025.

Outlook for homebuilding in 2025 especially uncertain: The likely supply of newly built homes to market in 2025 is currently especially hard to gauge. In the twelve months to November 2024 there were 57,741 housing starts, whereas we expect housing completions of just 33,000 in 2024. At face value the starts data point to a rapid pick-up in homebuilding in 2025. However, starts rose rapidly ahead of the expiry of deadlines for waivers on development levies and water infrastructure charges. It remains to be seen when these starts translate into completed homes.



Contact Us at economics@boi.com

Disclaimer

This document has been prepared by the Economic Research Unit at The Governor and Company of the Bank of Ireland ("BOI") for information purposes only and BOI is not soliciting any action based upon it. BOI believes the information contained herein to be accurate but does not warrant its accuracy nor accepts or assumes any responsibility or liability for such information other than any responsibility it may owe to any party under the European Union (Markets in Financial Instruments) Regulations 2017 as may be amended from time to time, and under the Financial Conduct Authority rules (where the client is resident in the UK), for any loss or damage caused by any act or omission taken as a result of the information contained in this document. Any decision made by a party after reading this document shall be on the basis of its own research and not be influenced or based on any view or opinion expressed by BOI either in this document or otherwise. This document does not address all risks and cannot be relied on for any investment contract or decision. A party should obtain independent professional advice before making any investment decision. Expressions of opinion contained in this document reflect current opinion as at 9th January 2025 and is based on information available to BOI before that date. This document is the property of BOI and its contents may not be reproduced, either in whole or in part, without the express written consent of a suitably authorised member of BOI. Bank of Ireland is regulated by the Central Bank of Ireland. In the UK, Bank of Ireland is regulated by the Central Bank of Ireland and authorised by the Prudential Regulation Authority. Subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of our regulation by the Prudential Regulation Authority are available from us on request. The Governor and Company of the Bank of Ireland is incorporated in Ireland with limited liability. Registered Office 2 College Green, Dublin, D02 VR66. Registered Number C1.