

Housing Market Trends, Past, Present and Projections

**Sherry
FitzGerald**

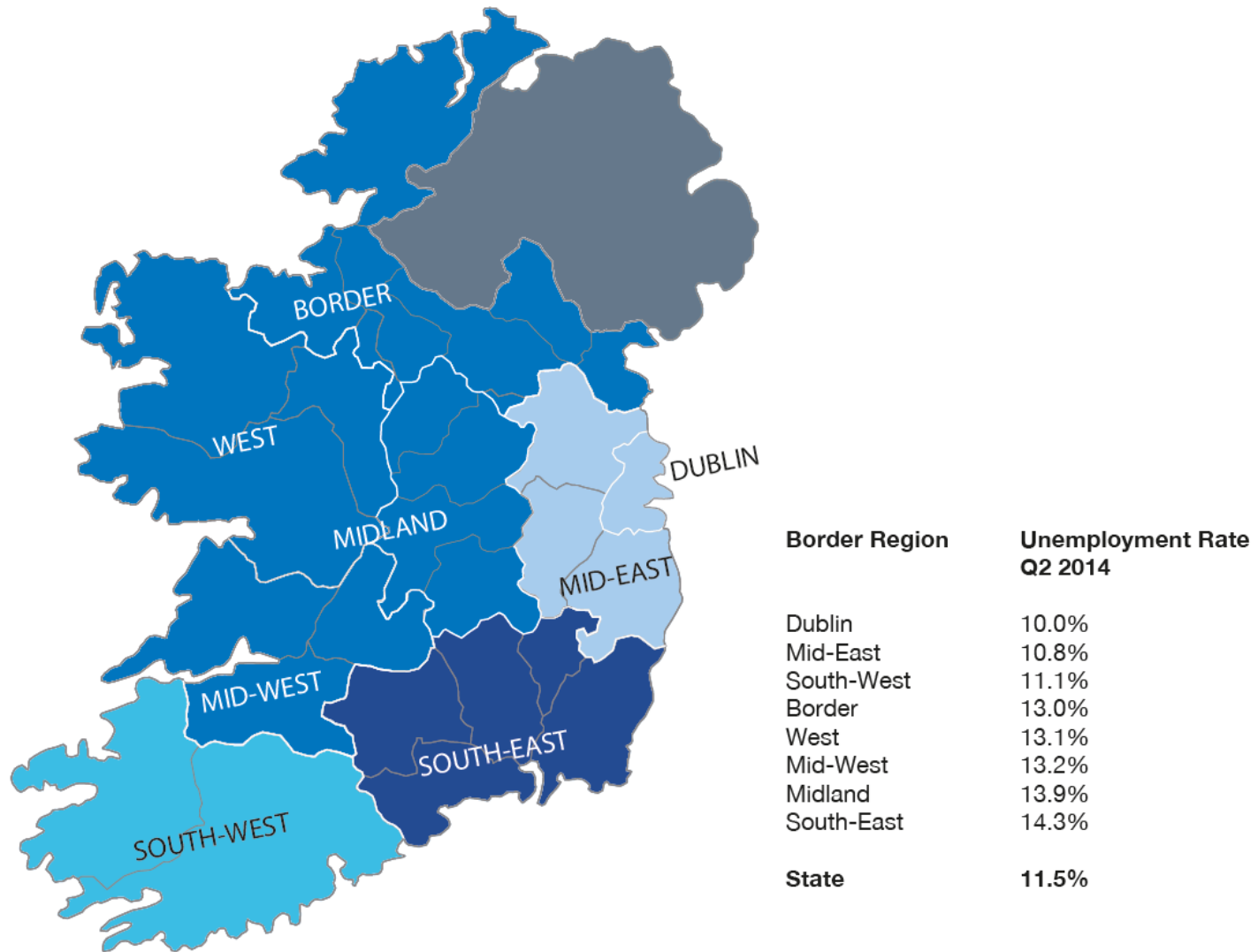
NAMA National Housing Supply Conference
Marian Finnegan, Chief Economist, Sherry FitzGerald

Economy, An Overview

% Change	2011	2012	2013	2014	2015	2016	2017	2018
Real GNP	-1.6%	1.8%	3.2%	2.7%	2.3%	2.5%	2.7%	2.7%
Real GDP	2.2%	0.2%	0.2%	2.1%	2.7%	3.0%	3.5%	3.5%
Exports	5.4%	1.6%	1.1%	2.1%	3.2%	4.2%	4.4%	4.4%
Consumption	-1.6%	-0.3%	-0.8%	2.0%	1.6%	1.2%	1.2%	1.2%
Unemployment Rate	14.4%	14.7%	12.1%	11.5%	10.5%	9.7%	8.9%	8.0%

Source: Department of Finance

Unemployment Rate (%) Border Regions, Q2 2014

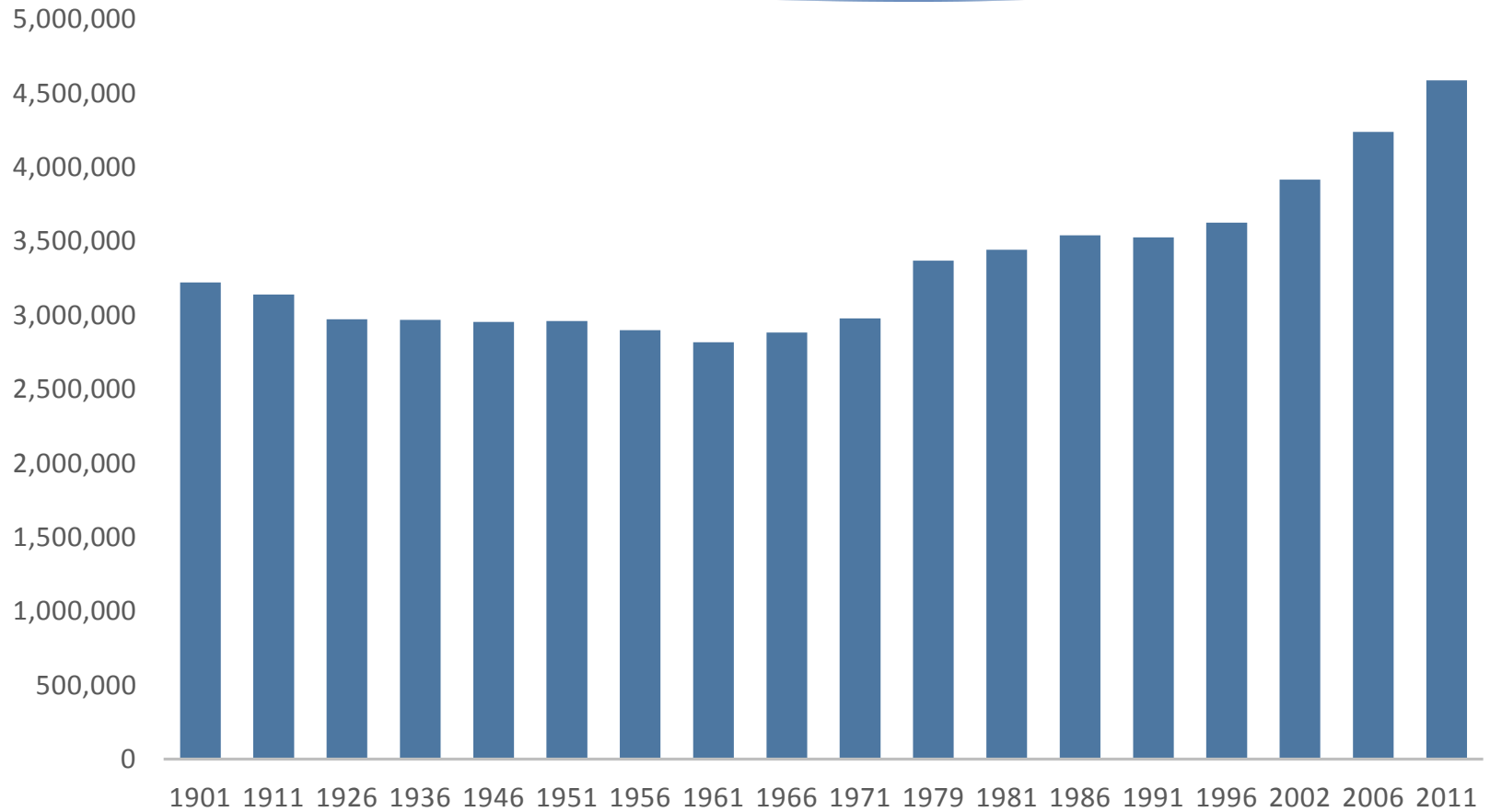


Source: CSO

Residential Property Market



Ireland's Population



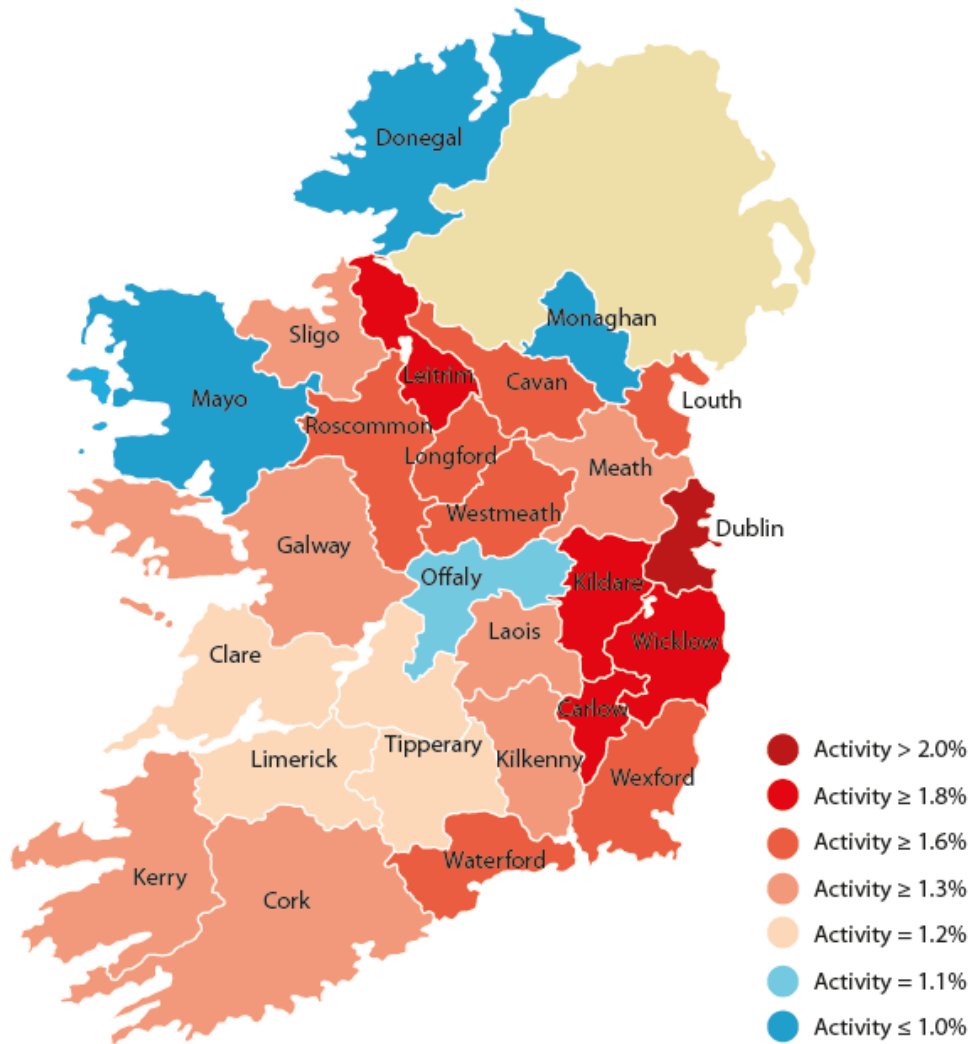
Population: 4.58 million in 2011, 8.2% growth on 2006

How We Live in 2011 Compared to 2006:

Nature of Occupancy	2011	2006
Permanent Private Households	1,649,408	1,462,296
Own with Mortgage or Loan	583,148	593,513
Own Outright	566,776	498,432
Renting from Private Land Lord	305,377	145,317
Renting from Local Authority	129,033	105,509
Voluntary/Co-op	14,942	50,480
Live rent free	25,436	21,701
Not Stated	24,696	47,344

Significant growth in rented households

County by County analysis of Market Activity



County	% of Housing Stock Versus Sales 2013
Dublin	2.2%
Wicklow	2.0%
Leitrim	2.0%
Kildare	1.8%
Carlow	1.8%
Roscommon	1.7%
Louth	1.6%
Wexford	1.6%
Cavan	1.6%
Waterford	1.6%
Westmeath	1.6%
Longford	1.6%
Cork	1.5%
Meath	1.5%
Galway	1.5%
Sligo	1.4%
Laois	1.4%
Kilkenny	1.3%
Kerry	1.3%
Clare	1.2%
Limerick	1.2%
Tipperary	1.2%
Offaly	1.1%
Monaghan	1.0%
Donegal	1.0%
Mayo	1.0%
State	1.6%

Source: Sherry Fitzgerald Research

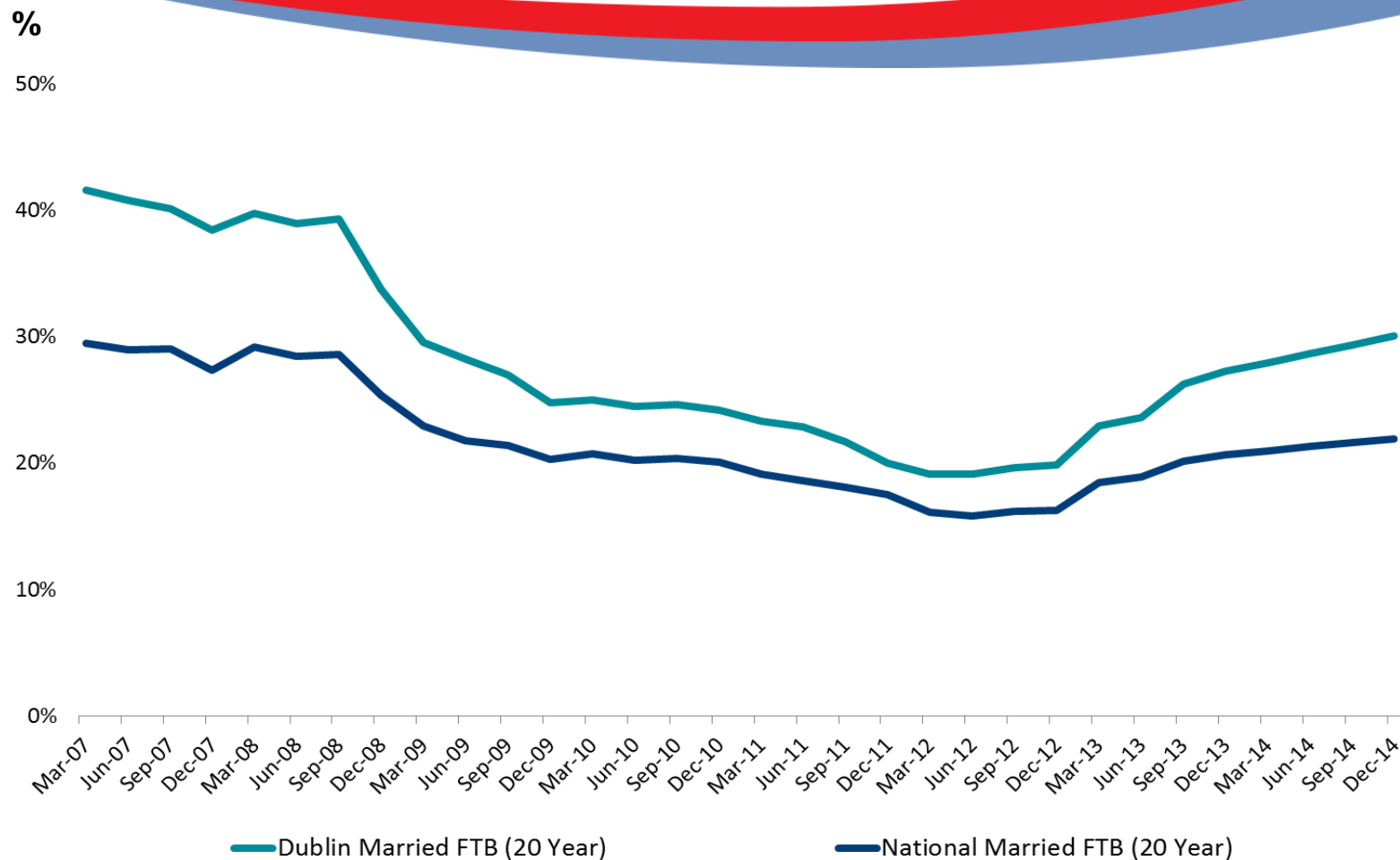
Profile of Purchasers, H1 2014

Purchaser Reason for Purchase

- Owner Occupation – 73%
- Additional Residence – 4%
- Investment – 19%
- Development – 4%
- Of Total, First Time Buyers - 20%

19% of Purchasers were investors

Affordability Ratio: Ireland & Dublin, First Time Buyer Couple - 20 Year Term



A FTB couple in Dublin will spend 27% of net income to finance a mortgage

Future Demand, Demographic Projections



Year	Population
2011	4.58 million
2016	4.69 million
2021	4.88 million
2026	5.04 million



Future Demand, Demographic Projections

Year	Housing Demand
2012-16	22,500
2016-21	33,500
2021-26	34,500
Average PA	30,000



Future Demand, Demographic Projections - Dublin

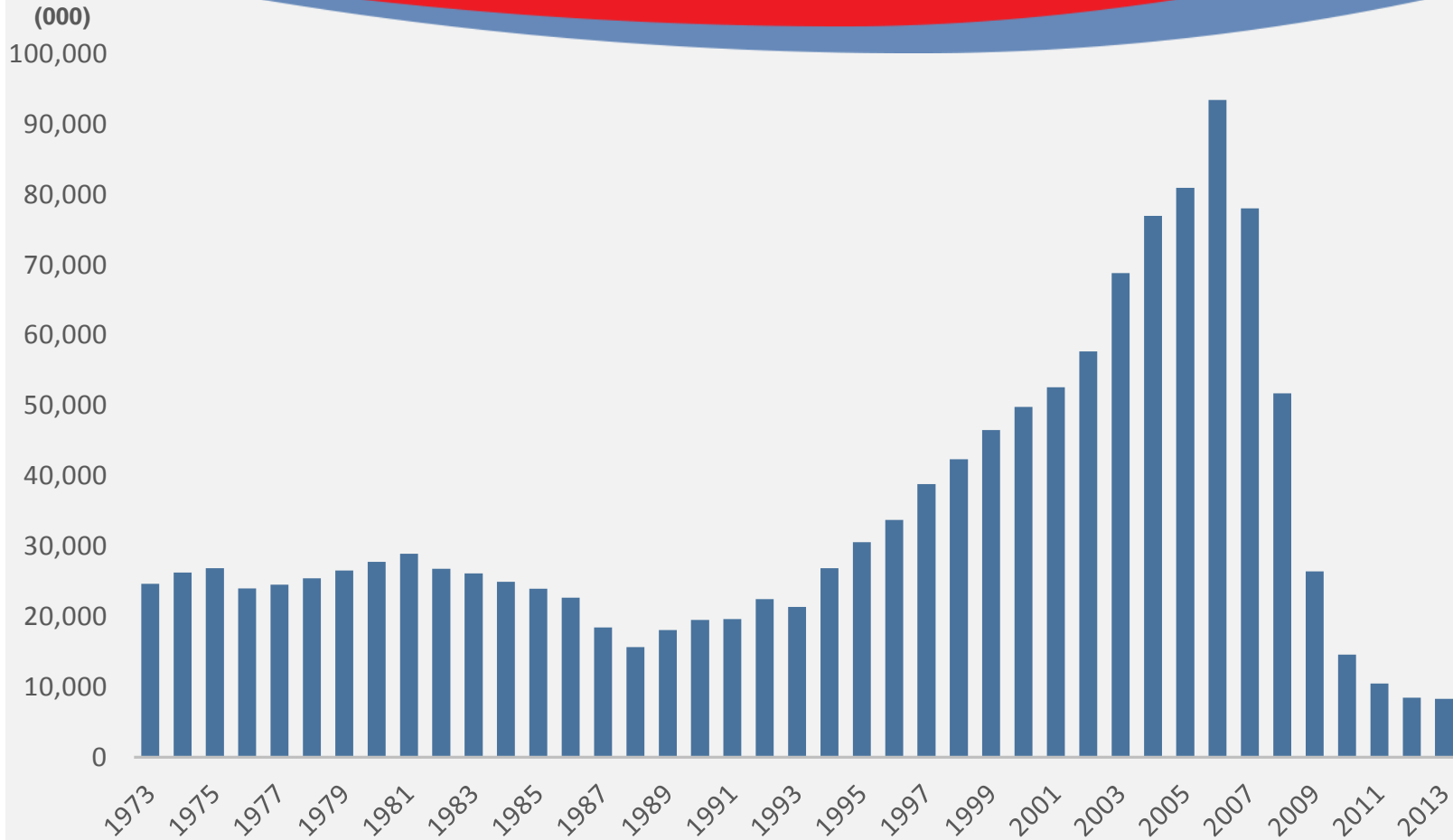
Year	Housing Demand
2012-16	6,300
2016-21	11,700
2021-26	10,100
Average PA	9,700



Supply Analysis



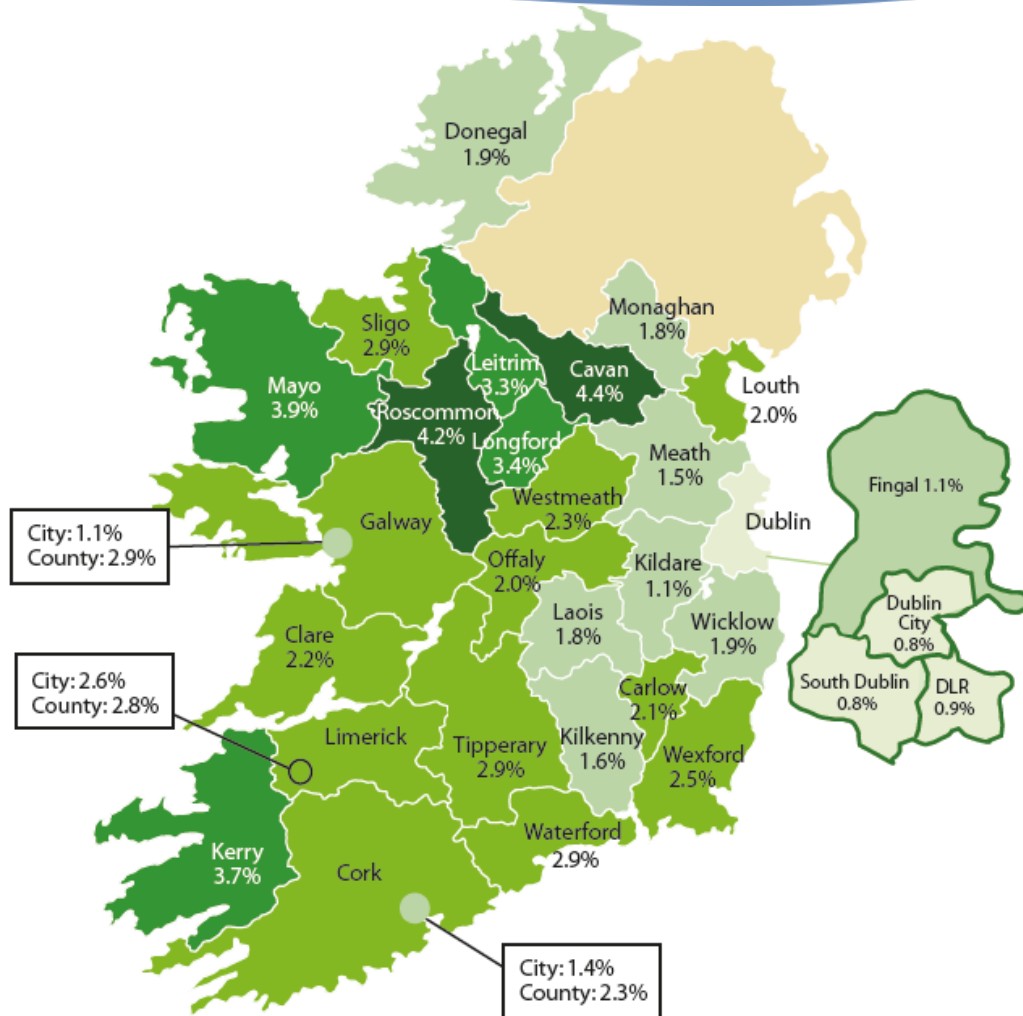
Housing Completions 1973-2013



LT average: 33,655 units

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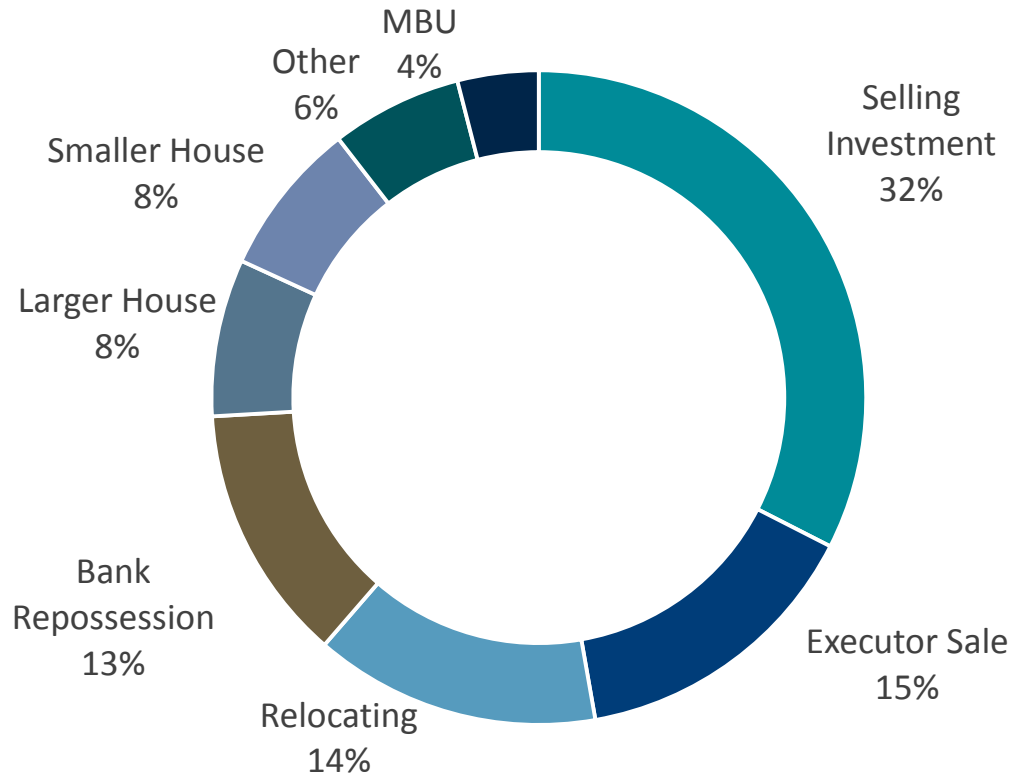
% of Private Housing Stock Advertised for Sale July 2014



County	% of Second Hand Private Stock Advertised for Sale July 2014
Dublin City	0.8%
South Dublin	0.8%
Dun Laoghaire-Rathdown	0.9%
Fingal	1.1%
Galway City	1.1%
Kildare	1.1%
Cork City	1.4%
Meath	1.5%
Kilkenny	1.6%
Laois	1.8%
Monaghan	1.8%
Wicklow	1.9%
Donegal	1.9%
Louth	2.0%
Offaly	2.0%
Carlow	2.1%
Clare	2.2%
Westmeath	2.3%
Cork County	2.3%
Wexford	2.5%
Limerick City	2.6%
Limerick County	2.8%
Sligo	2.9%
Waterford	2.9%
Tipperary	2.9%
Galway County	2.9%
Leitrim	3.3%
Longford	3.4%
Kerry	3.7%
Mayo	3.9%
Roscommon	4.2%
Cavan	4.4%
State	2.0%

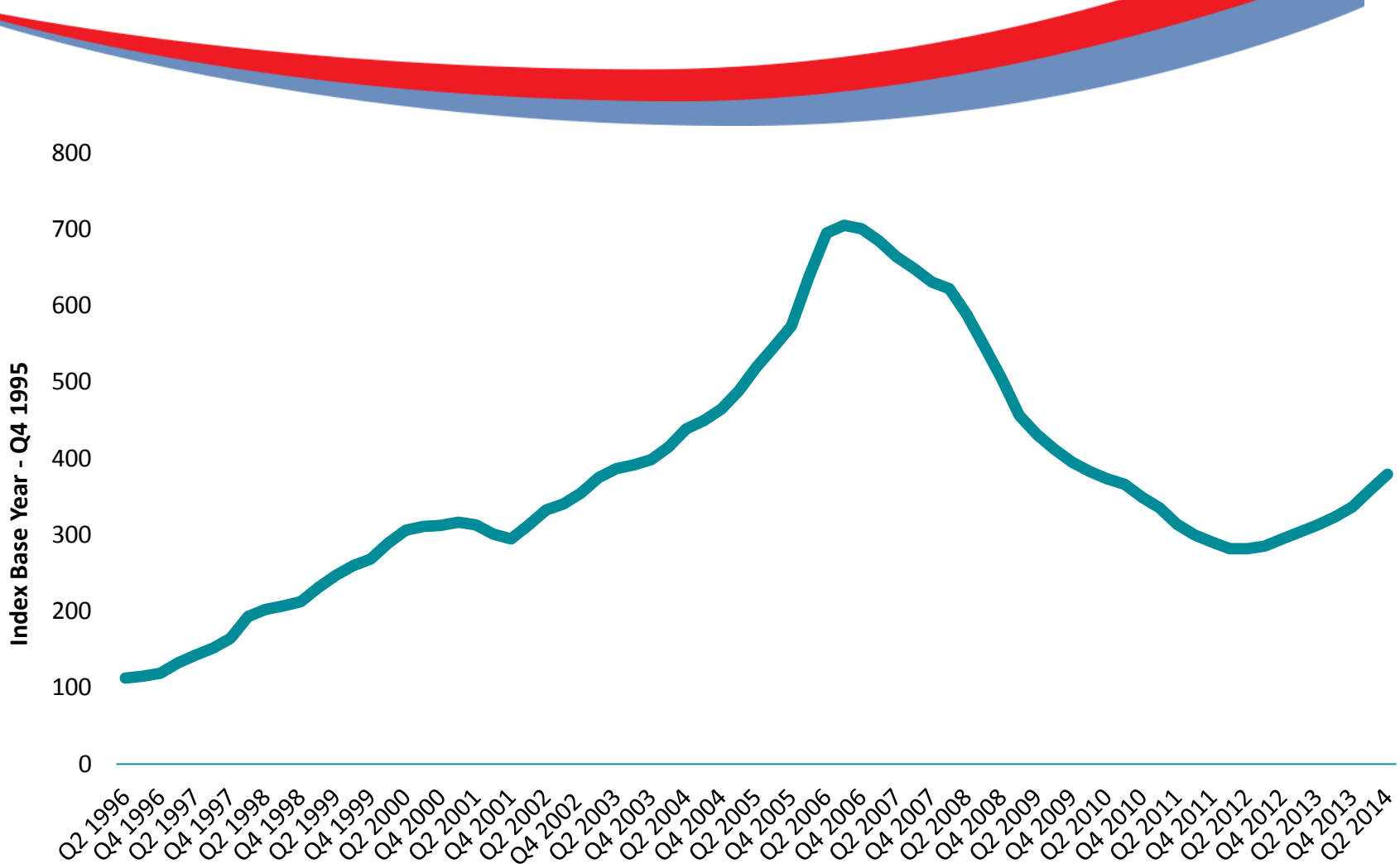
Source: Sherry Fitzgerald Research

Profile of Vendors – H1 2014



32% of Vendors “Selling Investment” in H1 2014

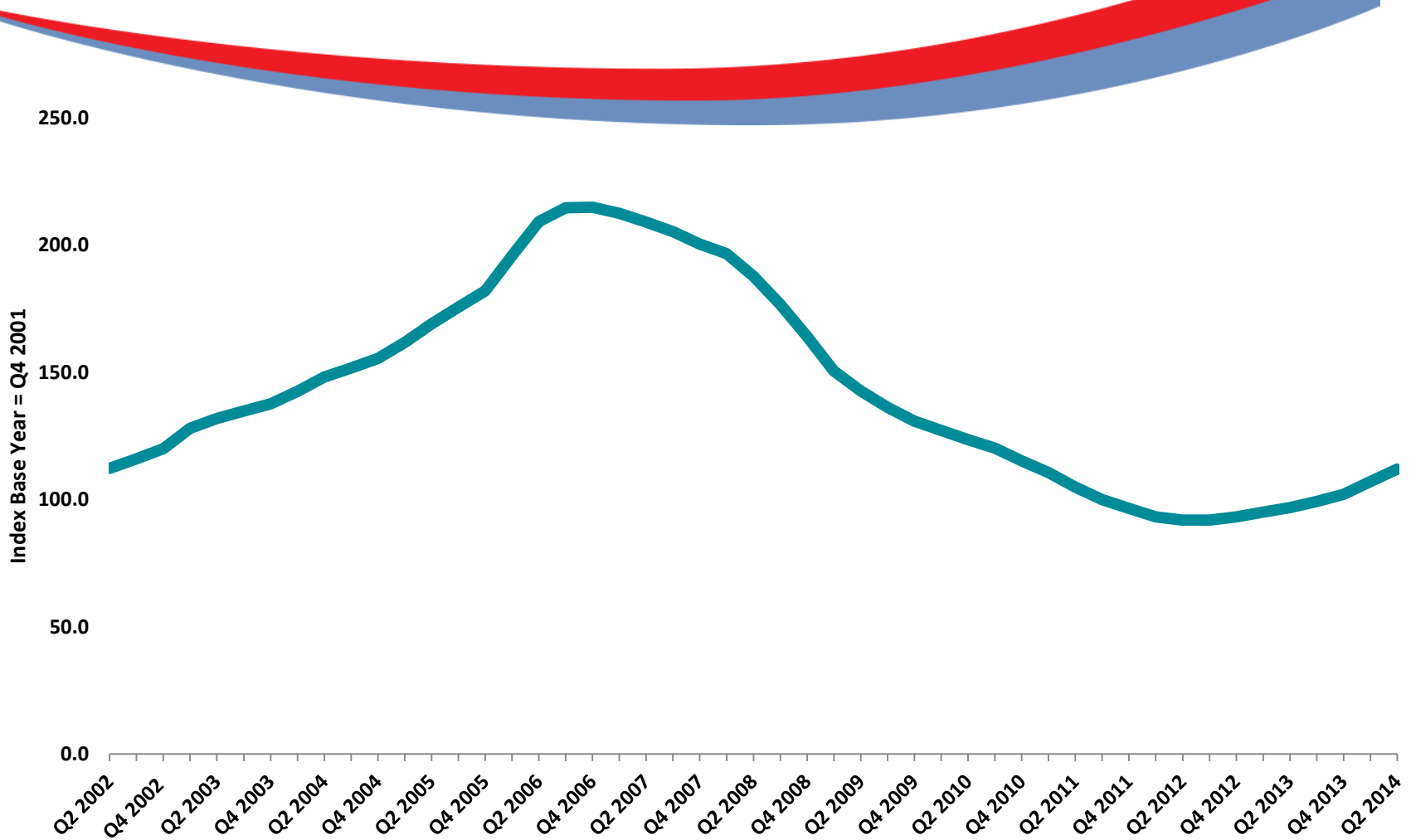
Dublin Second Hand Market



Dublin Market rose 12.6% in H1 2014

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Ireland Second Hand Market



Irish Market rose 9.8% in H1 2014

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What does all this mean for residential property?

- Established Market – Price Growth re-emerged in 2013 and accelerated in 2014
- Regional Centres and Mid East suffering a dearth of supply
- Price and Rental Inflation in Dublin, Cork and Galway
- Stabilisation of the market more broad-based
- Latent Demand: Doubling in quantity of households in rented accommodation
- Long term: Requirement for approx. 30,000 new builds per annum

CAVEATS

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