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Phoiblí agus Athchóirithe**  
Department of Public  
Expenditure and Reform

# **The Context for NDP Housing Spend: What can the Property Price Register reveal?**

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## **Summary**

- **Annual housing market spend tripled since 2010, from €5 billion to over €14.5 billion**
- **The €9.5 billion increase is not fuelled by mortgage credit; mortgage drawdowns have increased by only €2.5 billion**
- **Spend is highly concentrated in a few counties, and tends not to connect to new supply**
  - **Dublin and the Mid-East accounts for 64% of spend since 2010**
  - **Second hand market accounts for 80% of spend (€11.8 billion in 2017)**
  - **New housing market accounts for 20% of spend (€2.8 billion in 2017)**
- **By comparison, Gross Exchequer Capital spend for all purposes in 2017 was €4.5 billion**

## 1. Introduction

This paper was compiled primarily to gain some perspective on the size of the residential property market, to enable NDP spend measures to be given a context. It does not purport to be a review of policy – its purpose is simply to identify and set out some salient features of national housing spend.

Where other analyses tend to focus on price movements and volumes of housing units, this paper is concerned with the macro trends in total housing spend, as recorded on a download of the Property Price Register (PPR) taken on 19 September 2018, covering 2010 to that date.

## 2. How large is the residential property market?

Spend has been volatile over the period, which means there is no simple answer to this question. Neither is there a consistent trend in how spend has changed over the period; for example, total spend actually fell by 20% in 2011, but rose by 24% the very next year.

Annual spend more than tripled since 2011, from under €4 billion to over €14.5 billion in 2017. PPR suggests that 2018 will see a further substantial increase in spend – spend up to July 2018 is 24% higher than the same period in 2017.

This means that, on average, well over €1 billion is spent in the residential property market every month.

**Table 1: Residential Property Price Register Transactions and Value 2010 to Sept 2018**

Year	Transactions	Total Value €m	% Change YoY
2010	20,970	€5,097m	
2011	18,403	€3,958m	-22.3%
2012	25,330	€4,904m	23.9%
2013	30,027	€6,158m	25.6%
2014	43,560	€9,353m	51.9%
2015	49,042	€10,807m	15.5%
2016	49,683	€12,173m	12.6%
2017	54,587	€14,546m	19.5%
2018 (Part)	33,479	€9,934m	24.2%*
<b>Total</b>	<b>325,081</b>	<b>€76,930m</b>	

Source: DPER analysis of Property Price Register download taken 19 September 2018 \* YTD July 2018 compared to YTD July 2017

### 3. What is the regional breakdown?

The PPR data clearly shows the regional concentration in the residential property market. Seven counties, comprising Dublin & Mid-East region, Cork, Galway and Limerick account for nearly two thirds of all PPR transactions and 80% of total value.

Dublin, on its own, accounts for 52% of spend. The Mid-East (Kildare, Meath, Wicklow) accounts for a further 12%. Hence, it can be said that 64% of residential property spend since 2010 is concentrated in or near Dublin. Some concentrations exist beyond Dublin; Cork accounts for 10% of spend, Galway 4% and Limerick 2%.

**Table 2: Spend €m by county 2010 to 2018 (part)**

County	Value €m	%Value
Dublin	€39,702m	51.6%
Cork	€7,497m	9.7%
Kildare	€3,735m	4.9%
Galway	€3,150m	4.1%
Wicklow	€2,868m	3.7%
Meath	€2,623m	3.4%
Limerick	€1,851m	2.4%
Rest of Ireland	€15,502m	20.2%
<b>State</b>	<b>€76,930m</b>	<b>100.0%</b>

Source: DPER analysis of Property Price Register download taken 19 September 2018

Between 2010 and 2017, total transaction value increased by nearly €9.5 billion, or 185%. Most of this increase was concentrated in Dublin, where total value increased by 225% or €5.2 billion.

**Table 3: Change in spend by county 2010 to 2017**

County	Difference €m 2010 to 2017	% Change 2010 to 2017
Dublin	€5,206m	225.4%
Cork	€835m	159.9%
Kildare	€503m	200.2%
Galway	€373m	176.2%
Wicklow	€341m	161.5%
Meath	€385m	199.3%
Limerick	€200m	138.5%
Rest of Ireland	€1,606m	128.1%
<b>State</b>	<b>€9,449m</b>	<b>185.4%</b>

Source: DPER analysis of Property Price Register download taken 19 September 2018

#### 4. What is the balance between new and old properties?

Spend is largely concentrated in the second-hand market. The second-hand market attracted 84% of spend since 2010; less than 16% relates to new builds;

**Table 4: Spend by New/Second-hand 2010 to 2018 (Part)**

Description of Property	Value €m	% Value
New Dwelling house /Apartment	€12,187m	15.8%
Second-Hand Dwelling house /Apartment	€64,743m	84.2%
<b>Total</b>	<b>€76,930m</b>	<b>100.0%</b>

Source: DPER analysis of Property Price Register download taken 19 September 2018

Since reaching a low in 2013, new builds are accounting for an increasing share, with 21% of value so far in 2018 relating to new houses and apartments. However, this clearly means that nearly 80% of value still relates to transfers of existing properties.

**Table 6: New/Second-hand trend by year 2010 to 2018 (Part)**

Year	New Dwelling house /Apartment	Second-Hand Dwelling house /Apartment	Total	% New
2010	€1,130m	€3,967m	€5,097m	22.2%
2011	€570m	€3,388m	€3,958m	14.4%
2012	€559m	€4,345m	€4,904m	11.4%
2013	€590m	€5,568m	€6,158m	9.6%
2014	€1,014m	€8,339m	€9,353m	10.8%
2015	€1,451m	€9,356m	€10,807m	13.4%
2016	€1,996m	€10,177m	€12,173m	16.4%
2017	€2,767m	€11,779m	€14,546m	19.0%
2018	€2,110m	€7,824m	€9,934m	21.2%
<b>Total</b>	<b>€12,187m</b>	<b>€64,743m</b>	<b>€76,930m</b>	<b>15.8%</b>

Source: DPER analysis of Property Price Register download taken 19 September 2018

## 5. What is the trend in financing?

The Banking and Payments Federation of Ireland collate data in respect of 9 domestic mortgage lenders; their historical data includes four institutions that have either withdrawn from the Irish market or ceased trading.

**Table 7: PPR transaction value vs BPF Mortgage Drawdowns 2010 to 2017**

Year	Total PPR	BPF Mortgage Drawdowns	Drawdowns as % of PPR
2010	€5,097m	€4,746m	93.1%
2011	€3,958m	€2,463m	62.2%
2012	€4,904m	€2,636m	53.8%
2013	€6,158m	€2,495m	40.5%
2014	€9,353m	€3,855m	41.2%
2015	€10,807m	€4,866m	45.0%
2016	€12,173m	€5,656m	46.5%
2017	€14,546m	€7,286m	50.1%

Source: DPER analysis of Property Price Register download taken 19 September 2018 & BPF dataset

In 2010, BPF report mortgage drawdowns (for all purposes, including re-mortgages) to amount to over €4.7 billion. By 2017, mortgage drawdowns increased by about €2.5 billion; residential property spend increased by almost €9.5 billion in the same period.

This suggests that the growth in the size of the market is chiefly driven by funds that are not raised through mortgage lending reported by BPF.

## 6. How does this compare to Exchequer/NDP housing spend?

The historic trend in Exchequer capital funding for housing – covering both public and voluntary housing, and housing-related infrastructure – is set out in the following table, along with PPR spend data.

**Table 8: PPR transaction value vs Exchequer & Local Authority Capital Spend 2010 to 2017**

	2010	2011	2012	2013	2014	2015	2016	2017
<b>Public Capital Spend</b>	€830m	€485m	€397m	€295m	€300m	€430m	€542m	€836m
<b>PPR New Spend</b>	€1,130m	€570m	€559m	€590m	€1,014m	€1,451m	€1,996m	€2,767m
<b>PPR Second Hand Spend</b>	€3,967m	€3,388m	€4,345m	€5,568m	€8,339m	€9,356m	€10,177m	€11,779m
<b>Total PPR</b>	€5,097m	€3,958m	€4,904m	€6,158m	€9,353m	€10,807m	€12,173m	€14,546m

Source: DPER INFOR system and DPER analysis of Property Price Register download taken 19 September 2018

It would not be feasible for the Exchequer to approach the level of funding that private market participants are willing to spend on second hand housing. For example, in 2017 €11.8 billion was spent in the second hand market in that one year. By comparison, Gross Exchequer Capital spend for all purposes in that year was €4.5 billion.

The Rebuilding Ireland strategy is to focus most public resources on new builds. Private spend on new builds is also significant. PPR records €2.8 billion in spend in 2017 on new housing; to put this in perspective, total public capital spend on housing is the equivalent of 30% of market spend on new properties in that year. NDP contains significantly increased provision for housing. Exchequer Capital spend for social housing for the full ten year period of the plan is €11.6 billion, including over €4.2 billion for the period 2018 to 2021.

It is not the purpose of this paper to comment on policy. Its main purpose is simply to explore the trends in PPR data, to provide a context for NDP spend. The PPR provides evidence of a very sharp increase in private spend in the residential housing market in recent years, in particular on second hand property in and near Dublin. It is interesting to note that, if that substantial increase in private spend could be more balanced in favour of stimulating new build capacity, it could relieve demands for further Exchequer funding for the sector.

## **Note on Data**

All PPR figures in this analysis are based on a download from the PPR taken on 19 September 2018 and imported into MS Access from the PRSA Website.

The PPR download contains details of 325,000 residential property transactions with a total value of nearly €77 billion undertaken from 2010 up to September 2018.

DPER analysis finds 985 records (0.3% of the total dataset) which potentially include duplicates, where the address, date of sale and price are all identical to at least one other record. These are included in the analysis, but are unlikely to influence conclusions in any material way.

*“The Residential Property Price Register is produced by the Property Services Regulatory Authority (PSRA) pursuant to section 86 of the Property Services (Regulation) Act 2011. It includes Date of Sale, Price and Address of all residential properties purchased in Ireland since the 1st January 2010, as declared to the Revenue Commissioners for stamp duty purposes.*

*It is important to note that the Register is not intended as a "Property Price Index".*

*In a small number of transactions included in the Register the price shown does not represent the full market price of the property concerned for a variety of reasons. All such properties are marked \*\*.*

*Where a property is part residential and part non-residential (e.g. living quarters over a shop) the Register will only contain information about the residential part.*

*If the property is a new property, the price shown should be exclusive of VAT at 13.5%. Where a number of apartments are sold for a single price (e.g. Apartments Nos 1 to 15 Oak Drive are sold for €2m), the information on the Register depends on what was filed with the Revenue Commissioners.”*

### **Quality assurance process**

To ensure accuracy and methodological rigour, the author engaged in the following quality assurance process.

- ✓ Internal/Departmental
  - ✓ Line management
  - Spending Review Steering group
  - ✓ Other divisions/sections
  - Peer review (IGEES network, seminars, conferences etc.)
  
- External
  - Other Government Department
  - Steering group
  - Quality Assurance Group (QAG)
  - Peer review (IGEES network, seminars, conferences etc.)
  - External expert(s)
  
- Other (relevant details)