

Housing Market Bulletin - April 2010

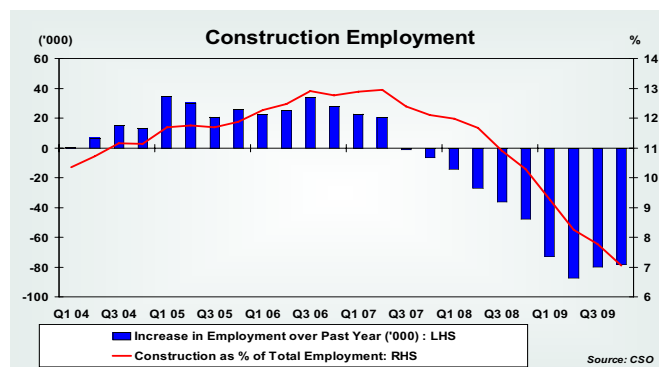
Employment Figures Highlight Decline in Construction Activity

Economy sheds some 260,000 jobs over last two years

The latest labour market data contained in the CSO's Quarterly National Household Survey (QNHS) for Q4 2009 show that the economy has shed some 260,000 jobs since employment levels peaked in the fourth quarter of 2007, a fall of some 12%.

Construction sector accounts for more than half of all job losses

The downturn in economic activity and contraction in employment has been led by the construction sector where employment levels have more than halved, falling from a peak of 275,000 in the second quarter of 2007 to 133,000 (on a seasonally adjusted basis) at end-2009. Indeed, the construction sector was shedding jobs at the rate of between 70,000 and 80,000 per annum throughout last year. As such, the construction sector alone accounts for around half of all jobs lost, reflecting the sharp fall in housing output and in non-residential building activity. Furthermore, as a result, the sector now accounts for only 7% of total employment, compared to 13% when the sector was at its peak.

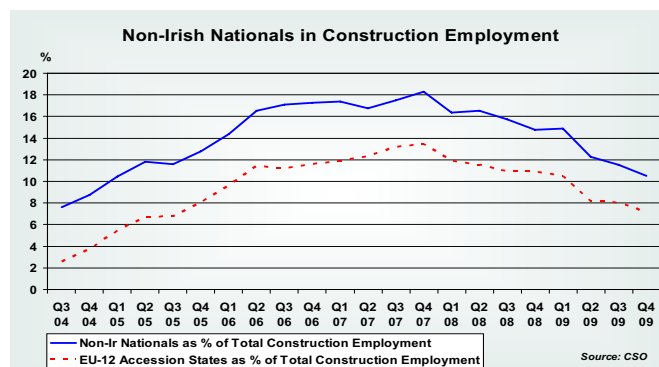


... and mirrors the decline in construction investment

The decline in construction employment is very much in line with the extent of contraction in construction investment. According to CSO data, overall investment in the construction sector has also halved over the course of this recession. Meanwhile, residential investment (including repair and maintenance and associated transfer costs) is down some 70%.

Job losses particularly high amongst non-Irish nationals

Non-Irish nationals have been particularly badly hit by the contraction in construction employment. 70% of non-Irish nationals employed in the sector in 2007 have lost their jobs. As a result, at Q4 2009, non-Irish nationals accounted for just over 10% of total construction employment, compared to around 18% at the peak. Meanwhile, employment by nationals from the EU-12 Accession States had dropped to just 7% of sectoral employment, from over 13% at its highs.



Further construction job losses likely

With new housing construction continuing to contract and subdued levels of non-residential construction activity, further job losses in the sector are likely. Given the massive contraction in the sector to date, further job losses should be more modest. However, employment in the sector could fall to, or below, the 120,000 level (a decline of at least 56% from its peak). Meanwhile, our forecasts indicate that, for the economy as a whole, the overall level of employment will fall to about 1.82 million at the start of 2011, which would represent a fall from the peak of 330,000 or 15%.

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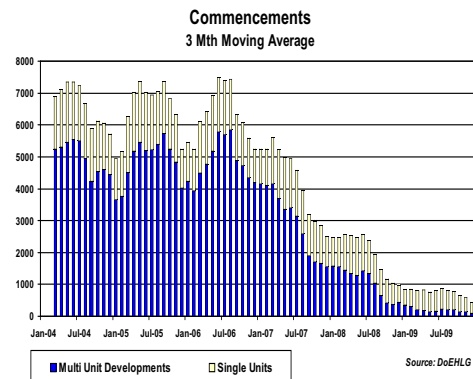
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Completions/Registrations/Commencements

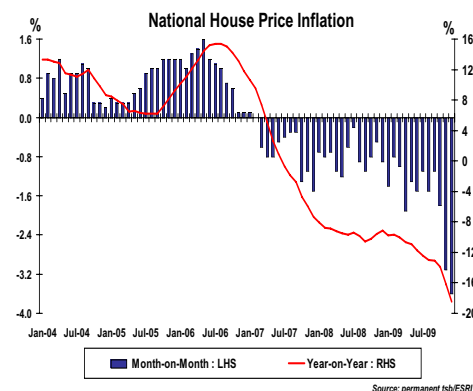
The fall in housing output continues with 24,968 units being completed in the 12 months to January 2010, (-50% yoy). Lead indicators, meanwhile, continue to suggest that the level of output will continue to decline and we are forecasting the completion of just 10,000 units this year and 8,000 in 2011. Commencements, which exclude local authority builds, were running at a seasonally adjusted rate of just 6,250 per annum in Q4 2009, largely reflecting single-units which now account for over 70% of all commencements. Registrations (for largely multi-unit developments), meanwhile, were running at a seasonally adjusted rate of only a little over 1,600 per annum in Q1 this year.



	Mar-10	Feb-10	Jan-10	Dec-09	Nov-09	Jan-10	Dec-09	Nov-09	Oct-09
Registrations (HomeBond & Premier)									
Year to Date Y/Y	-63.2	-58.0	-38.2	-70.5	-70.2	Month	1,207	2,033	1,997
Cumulative 12 Mth Total	3,006	3,332	3,651	3,743	4,195	Year to Date	1,207	26,420	24,387
Cum 12 Mth Tot Y/Y	-68.4	-67.9	-68.2	-70.5	-68.3	Y/Y %	-54.6	-48.9	-49.3
Commencements (DoEHLG)						Cum 12 Mth Total	24,968	26,420	28,021
Year to Date Y/Y	N/A	N/A	N/A	-62.3	-62.3	Y/Y %	-49.6	-48.9	-48.7
Cumulative 12 Mth Total	N/A	N/A	N/A	8,611	9,194				

House Prices

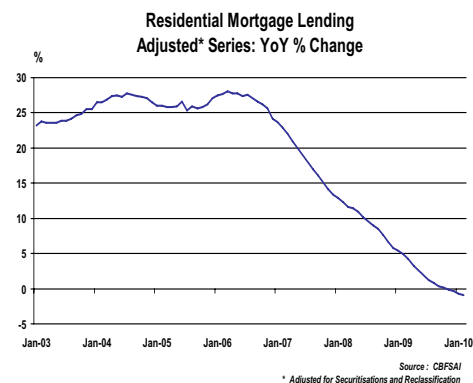
The permanent tsb/ESRI index showed prices nationally falling by 3.6% in December 2009 to 31.5% below their peak. However, most market commentators continue to put the decline in house prices from their peak at somewhere closer to 40-50%. Meanwhile, both Daft and MyHome report further falls in asking prices in Q1 2010, of 3.4% and 3.3% respectively (to 34% and 27%, respectively from peak levels). However, both also see a slowdown in the rate of price decline in the quarter. Property Week also report a slow down in price declines in some market segments with, notably, a Dublin 3 bed Semi falling by 0.7% in March, the first sub 1% monthly decline since December 2008.



	Dec-09	Nov-09	Oct-09	Sep-09	Aug-09	Mar-10	Feb-10	Jan-10	Dec-09
permanent tsb/ESRI House Price Inflation %									
National M/M	-3.6	-3.1	-1.8	-1.1	-1.5	Daft Asking Prices			
National Y/Y	-18.5	-16.2	-13.9	-13.1	-13.0	3Mth/3Mth %	-3.3	-4.0	-5.1
						YoY % 3 Mth Avg	-18.0	-18.2	-18.5
Average House Price €						Property Week - Dublin 3 Bed			
National	221,211	228,347	232,584	235,260	238,828	Price €	350,449	352,768	356,955
						M/M %	-0.7	-1.2	-1.1
									-1.4

Mortgage / Loan Growth

The level of mortgage lending outstanding fell in February for the eleventh consecutive month and the growth rate, at -0.9% yoy, was in negative territory for the fourth month running. Reflecting depressed housing market activity, stamp duty receipts (from all sources, not just housing) also continue to fall, though the pace of decline appears to be moderating. They were down by 29% in Q1 2010, having declined by 44% in 2009 (48% in 2008). Meantime, Irish Banking Federation data show a 23% yoy fall in the number of mortgage drawdowns for house purchase in Q4 2009. Notably, FTB mortgages declined by a relatively modest 11% yoy in the quarter (movers -38%; investors -76%).



	Mar-10	Feb-10	Jan-10	Dec-09	Nov-09	Q4 09	Q3 09	Q2 09	Q1 09
Residential Mortgages (CBFSAI)									
Adjusted Y/Y %	N/A	-0.9	-0.7	-0.3	-0.1	Irish Banking Federation			
						Total Drawdowns	9,946	12,189	12,686
Stamp Duty Receipts (Dept of Finance)						Y/Y %	-46.8	-56.4	-63.9
YoY %	-14.9	-30.8	-40.0	4.7	-8.3	First Time Buyer Y/Y %	-11.3	-34.6	-47.9
Cum YTD YoY %	-29.4	-33.8	-40.0	-43.7	-47.8	FTB Average Value €	206,865	210,210	206,517
						Investor Y/Y %	-76.2	-77.9	-79.4
						Mover Purchaser Y/Y %	-38.4	-54.9	-58.7
									-57.7