



The Daft.ie Analysis of the
Residential Property Price Register
2012 Q3

Foreword by Ronan Lyons, Economist at Daft.ie



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Much needed transparency in the property market

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At Daft.ie, we're delighted at the launch of the Residential Property Price Register (RPPR) by the Property Services Regulatory Authority. It brings much-needed transparency in the property market.

The register, which records all residential property sales made since the beginning of 2010, helps both buyers and sellers in forming expectations around residential property prices. This will hopefully foster confidence in the market and ultimately encourage a healthy and sustainable level of activity.

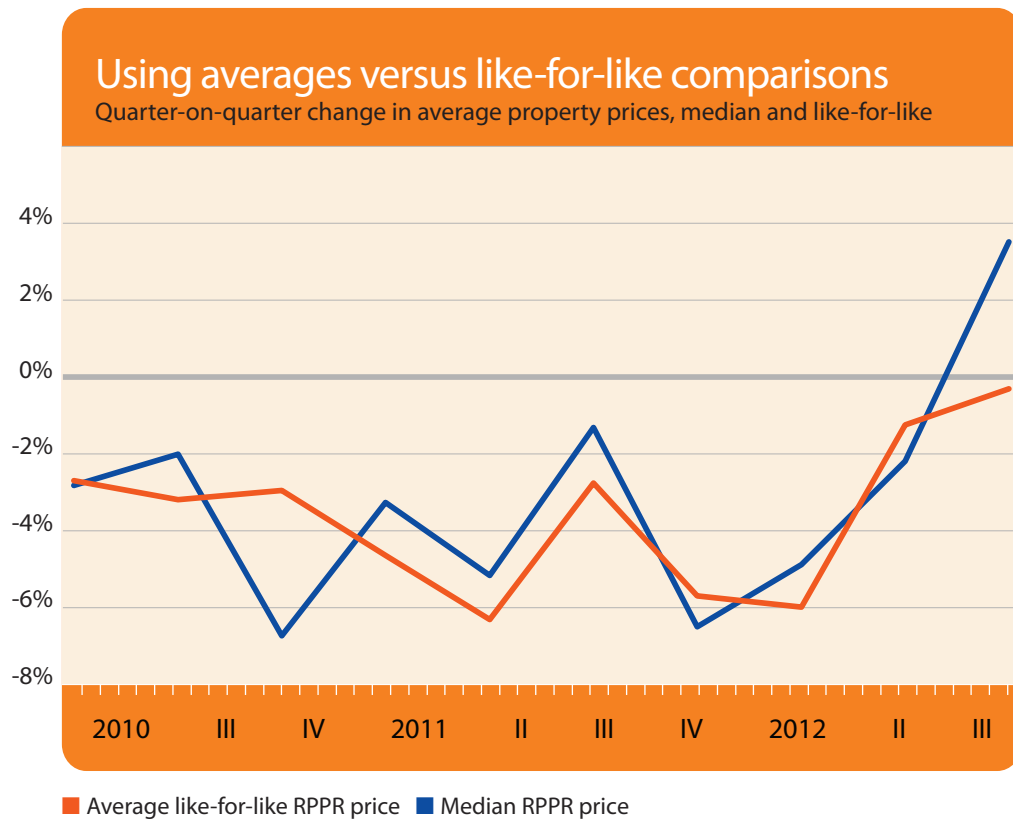
Unfortunately, the RPPR contains no information on property attributes, such as type or size. Thus, on its own, it cannot be used as an index of property prices, as these indices must be based on like-for-like comparisons over time.

Since the launch of the register, though, we have been busy linking up listings in the Daft.ie archives with transactions in the RPPR. For over 13,000 properties, we have been able to find the information needed (property type, location, number of bedrooms and bathrooms) to produce a house price index.

Using that, we were able to conduct analysis of the RPPR and here we present a RPPR house price index, trends in average house prices by region and the typical gap between asking prices and transaction prices.



Using averages versus like-for-like comparisons



- The simple median price achieved in RPPR transactions increased 3% between Q2 and Q3
 - In Dublin, it increased 14%, suggesting this may be due to the nature of properties transacted
- Using the like-for-like series compiled by Daft.ie, however, there was no increase in Q3
 - The average price fell in Q3 by 0.6%
- Nonetheless, prices have been more stable in the last two quarters than in any previous period
 - The average quarterly fall in prices from early 2011 to early 2012 was over 5%



RPPR House price index

RPPR House price index

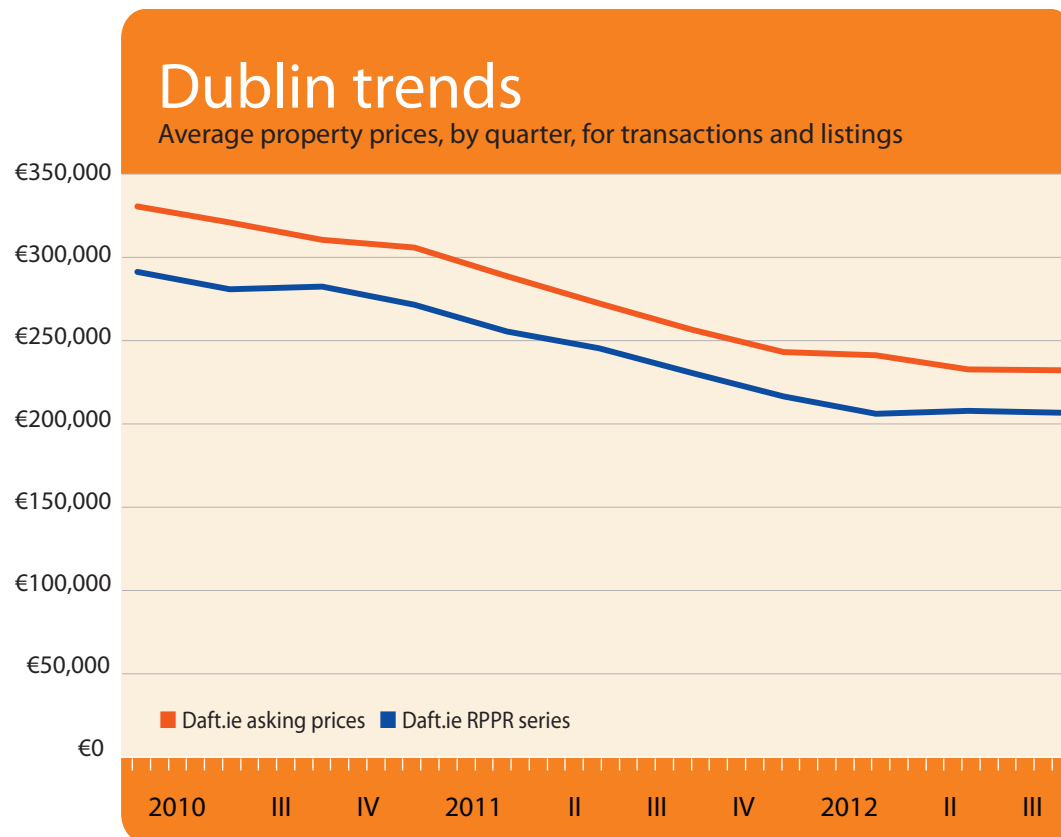
The base for each series is the average for that series for 2010

	Daft.ie RPPR	Daft.ie Asking	CSO
2010 / Q1	104.9	105.4	104.2
2010 / Q2	101.8	102.0	101.4
2010 / Q3	98.3	97.9	98.5
2010 / Q4	95.1	94.6	95.9
2011 / Q1	90.4	91.2	92.6
2011 / Q2	84.5	86.5	88.8
2011 / Q3	82.0	83.3	85.2
2011 / Q4	77.1	78.6	80.7
2012 / Q1	72.3	76.6	76.6
2012 / Q2	71.2	74.7	75.2
2012 / Q3	70.8	72.1	74.9

- The table shows a house price index, based on Daft.ie's analysis of RPPR data
- An equivalent model, holding location and size fixed, is presented for asking prices, as is the CSO index
 - The base for each series is the average for 2010
- The correlation between all three indices is above 99.5%, meaning changes in prices in the RPPR are well captured by both the CSO and Daft.ie indices



Trends in residential property prices in Dublin



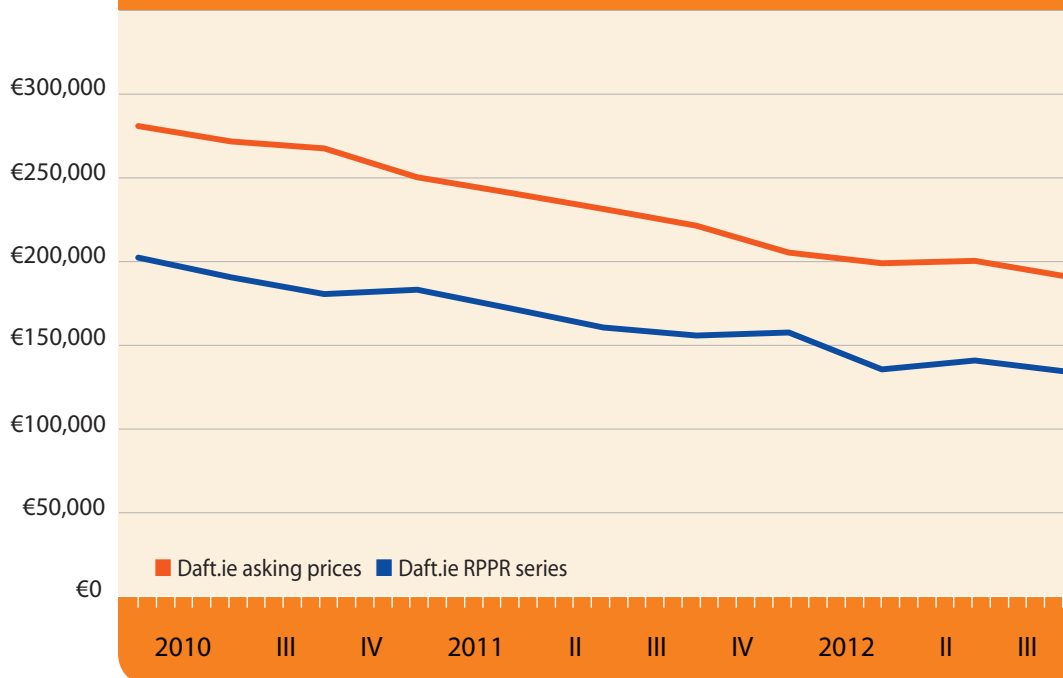
- According to RPPR data, property prices have fallen by 29% since the start of 2010
 - Daft.ie asking prices also show a fall of 29% over the same period
- The rate of decline in both series has slowed from an average of 5.5% in 2011 to 1.5% in 2012, with prices largely stable since Q1 2012
- The number of transactions in the first 9 months of 2012 in Dublin (5,500) was 27% higher than in 2011, but 4% less than the equivalent figure in 2010



Trends in residential property prices in other cities

Other cities trends

Average property prices, by quarter, for transactions and listings



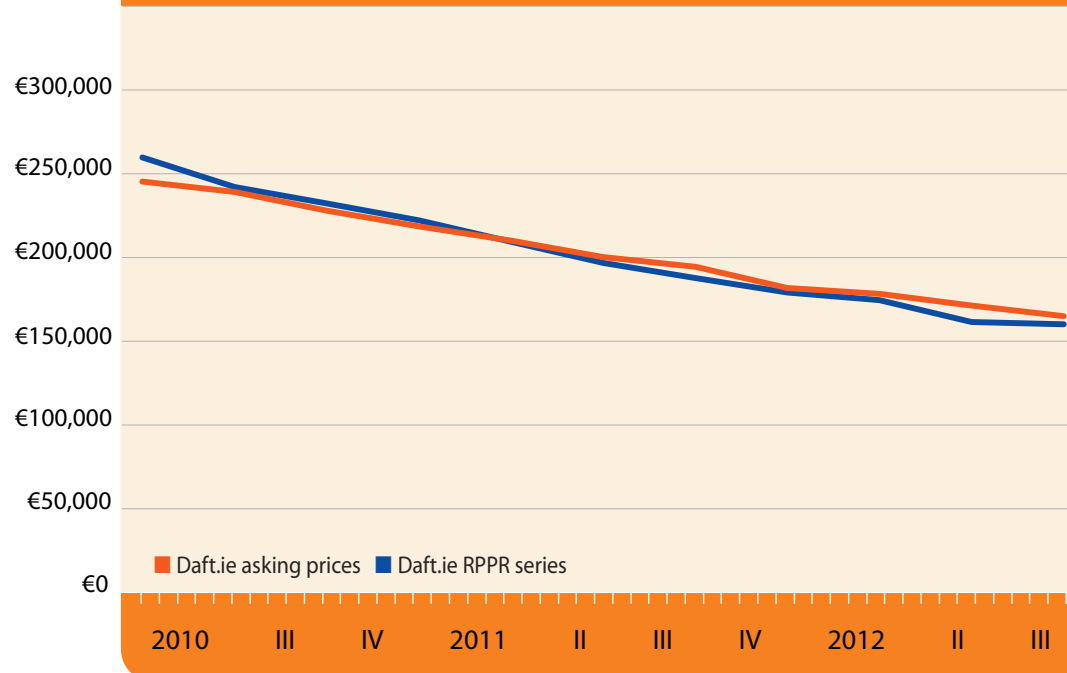
- According to RPPR data, property prices have fallen by 35% since the start of 2010
 - Daft.ie asking prices show a fall of 33% over the same period
- Due to the small number of transactions, the RPPR is more volatile, with a 15% fall in prices in Q1 2012 followed by a 4% rise in Q2
- The number of transactions in the first 9 months of 2012 in Cork, Galway, Limerick and Waterford cities (just under 1,100) was 4% higher than in 2011, but 3% less than the equivalent figure in 2010



Trends in residential property prices in Leinster

Leinster trends

Average property prices, by quarter, for transactions and listings



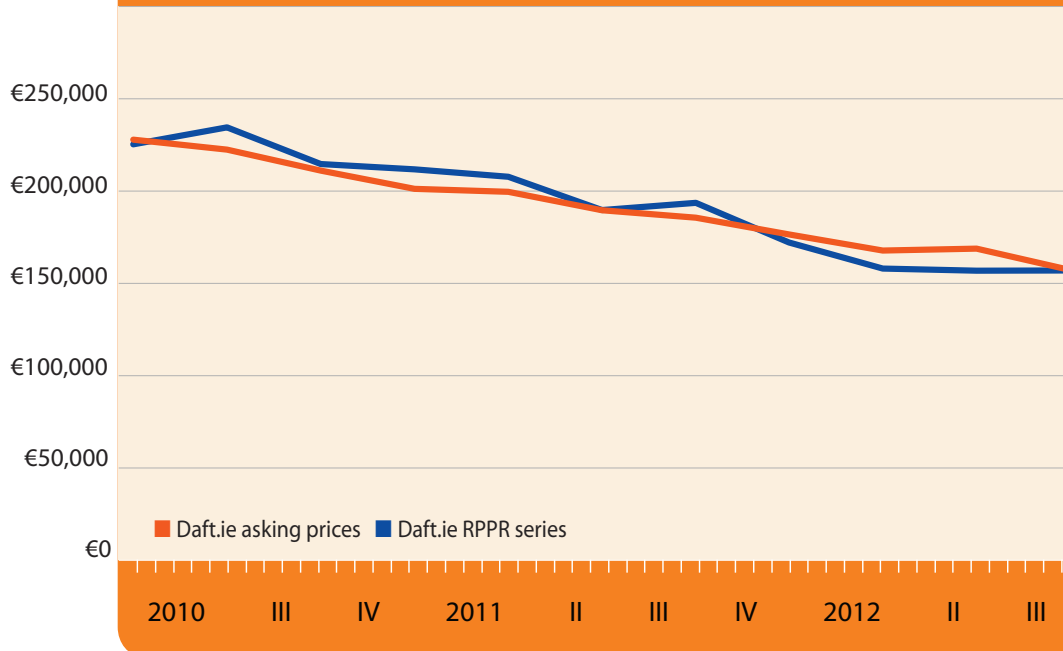
- According to RPPR data, property prices have fallen by 39% since the start of 2010
 - Daft.ie asking prices show a fall of 33% over the same period
- Prices were largely stable in Q3 (falling by -0.8%) but fell sharply in Q2 (by 7.6%)
- The number of transactions in the first 9 months of 2012 in Leinster (3,400) was 13% higher than in 2011, but 11% less than the equivalent figure in 2010



Trends in residential property prices in Munster

Munster trends

Average property prices, by quarter, for transactions and listings



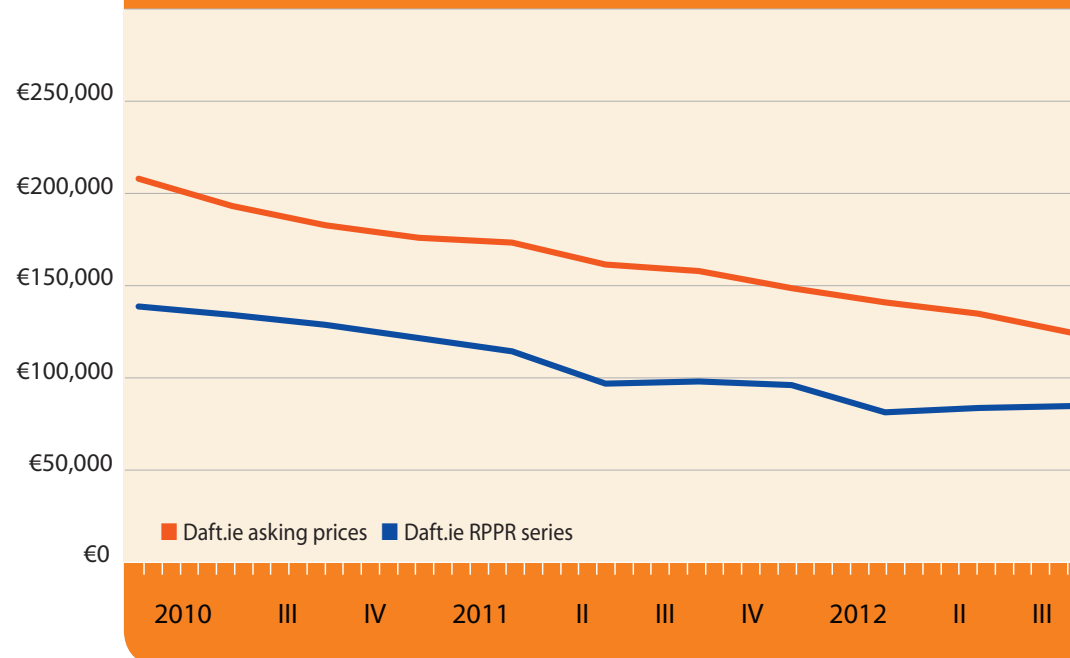
- According to RPPR data, property prices have fallen by 30% since the start of 2010
 - Daft.ie asking prices show a fall of 31% over the same period
- The RPPR series is quite volatile, due to the small number of transactions, but indicates stable prices since Q1 2012
- The number of transactions in the first 9 months of 2012 in Munster (2,500) was 6% higher than in 2011, but 5% less than the equivalent figure in 2010



Trends in residential property prices in Connacht-Ulster

Connacht-Ulster trends

Average property prices, by quarter, for transactions and listings



- According to RPPR data, property prices have fallen by 32% since the start of 2010
 - Daft.ie asking prices show a fall of 35% over the same period
- The RPPR series suggests that prices corrected sharply between 2011Q1 and 2012Q2 but have been stable since then
- The number of transactions in the first 9 months of 2012 in Connacht & Ulster (1,900) was 16% higher than in 2011, but 3% less than the equivalent figure in 2010



How do asking prices and transaction prices compare?

Average gap between asking price and transaction price, for matched properties

	1 bed	2 bed	3 bed	4 bed	5 bed
2010					
Dublin	-9.5%	-10.2%	-8.2%	-8.5%	-10.2%
Other cities	-9.8%	-10.5%	-8.5%	-8.8%	-10.5%
Leinster	-11.4%	-12.1%	-10.1%	-10.4%	-12.1%
Munster	-13.7%	-14.4%	-12.4%	-12.7%	-14.4%
Connacht-Ulster	-13.5%	-14.2%	-12.2%	-12.5%	-14.2%
2011					
Dublin	-11.3%	-12.0%	-10.0%	-10.3%	-12.0%
Other cities	-11.6%	-12.3%	-10.3%	-10.6%	-12.3%
Leinster	-13.2%	-13.9%	-11.9%	-12.2%	-13.9%
Munster	-15.5%	-16.2%	-14.2%	-14.5%	-16.2%
Connacht-Ulster	-15.3%	-16.0%	-14.0%	-14.3%	-16.0%
2012					
Dublin	-10.5%	-11.2%	-9.2%	-9.5%	-11.2%
Other cities	-10.8%	-11.5%	-9.5%	-9.8%	-11.5%
Leinster	-12.4%	-13.1%	-11.1%	-11.4%	-13.1%
Munster	-14.7%	-15.4%	-13.4%	-13.7%	-15.4%
Connacht-Ulster	-14.5%	-15.2%	-13.2%	-13.5%	-15.2%

- For 6,500 transactions, it was possible to link directly back to the listing and compare the asking and transaction prices
- The gap is smallest for 3-bedroom and urban properties *(Note: The sample size for 1-bedroom properties is small)*
- The typical gap grew between 2010 and 2011-2012 data suggest that it has fallen back
- The overall correlation between asking and transaction prices is 96%
- This means that asking prices are a useful proxy where transactions volumes are low, such as understanding price differences between two parts of a city or county



About the report

Methodology

Data gathering

- Two datasets based on the RPPR were analysed.
- The first (RPPR1) comprises 13,052 transactions and was used for calculating average price by region. It includes all those properties where information was found in the Daft.ie archives on location, type and number of bedrooms and bathrooms.
- The second (RPPR2) comprises 6,350 properties and focuses on a match between listings and transactions. It includes only those transactions paired with a listing from the prior 18 months.

Bid-ask spread

- Figures for the bid-ask spread are based on analysis of the RPPR2 dataset. The percentage bid-ask spread (transaction price minus list price, as a percentage of the list price) was regressed on region, bedroom number and year

Like-for-like prices: Methodology

- The methodology used here is the hedonic price regression; the price of any property is the sum of a number of components: its type, size (number of bedrooms and bathrooms), location, and the time it was listed/sold. The value of each of these components is estimated using a log-linear regression.
- The country was divided into the five regional markets presented in this analysis, so the trend over time and differentials associated with type/size could vary by region. County-level fixed effects were used for provincial markets, city-level for "Other Cities", while Dublin was divided into six areas (Central, North City, South City, North County, South County and West).
- This model was applied to both the RPPR1 dataset and the Daft.ie listings dataset (n=209,478), for the period 2010Q1-2012Q3. For the RPPR dataset, the model explains 68% of the variation in house prices. For the Daft.ie dataset, it explains 66%.
- The model includes a filter for properties with extreme values. Where the actual price is more than twice or less than half the predicted price, these observations are dropped and the model is rerun. This resulted in the exclusion of 7.7% of properties.

Coming Next...

The Daft.ie Rental Report

2012 Q3, in November 2012

The Daft.ie Rental Report will be published in November and will include a review of the performance of Ireland's rental market in mid-2012, plus all the usual indices, snapshots, trends and rental yield analysis, providing analysts, tenants, landlords and the public with the most up-to-date information on Ireland's rental market.

Disclaimer

The Daft.ie Report is prepared from information that we believe is collated with care, but we do not make any statement as to its accuracy or completeness. We reserve the right to vary our methodology and to edit or discontinue the indices, snapshots or analysis at any time for regulatory or other reasons. Persons seeking to place reliance on any information contained in this report for their own or third party commercial purposes do so at their own risk.

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