

Housing Market Update

TOPIC OF THE DAY FROM AIB GLOBAL TREASURY SERVICES

Recent developments in the Irish Housing Market: -

- Output remains firm, with 66,470 completions in the first nine months of the year (including a backlog of some 5,200 carried forward from 2005) compared to 54,394 in the same period last year.
- However, there are some indications that the Irish housing market is cooling towards a soft landing. According to permanent tsb data, the monthly rate of house price increases moderated further in September and the annual rate of inflation would appear to have peaked.
- While house registrations remain buoyant, there are some indications that they too may be slowing. Total registrations were up 14% for the first nine months of 2006. However, HomeBond registrations (some 75-80% of the total) increased by less than 1% y-o-y in the three months to October 2006.
- The Central Bank of Ireland, in its Financial Stability Report, expressed concerns about the strength of the Irish housing market, but also took the view that a soft landing is the most likely outcome.

For further commentary, statistics and data on the Irish housing market and visit

www.fxcentre.com or click below: -

http://www.fxcentre.com/monthly/200611_IrishHousingMarketMonthly.pdf

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