

Mortgage Market Profile Report

H1 2022





Mortgage Market Profile Report

Commentary

Anthony O'Brien, Head of Sector Research & Analysis

The mortgage market continued to grow strongly in H1 2022 with drawdown volumes up by 17% year on year to 21,895, the most since 2009. First-time buyers (FTBs) led the way with 11,178 drawdowns, the highest H1 volumes since 2007.

In this analysis, we look at how the market for home mortgages, which includes FTBs and mover purchase (mover), has changed since before the Covid-19 pandemic and the previous market peaks: 2005, when lending activity peaked; and 2008, when the average drawdown peaked.

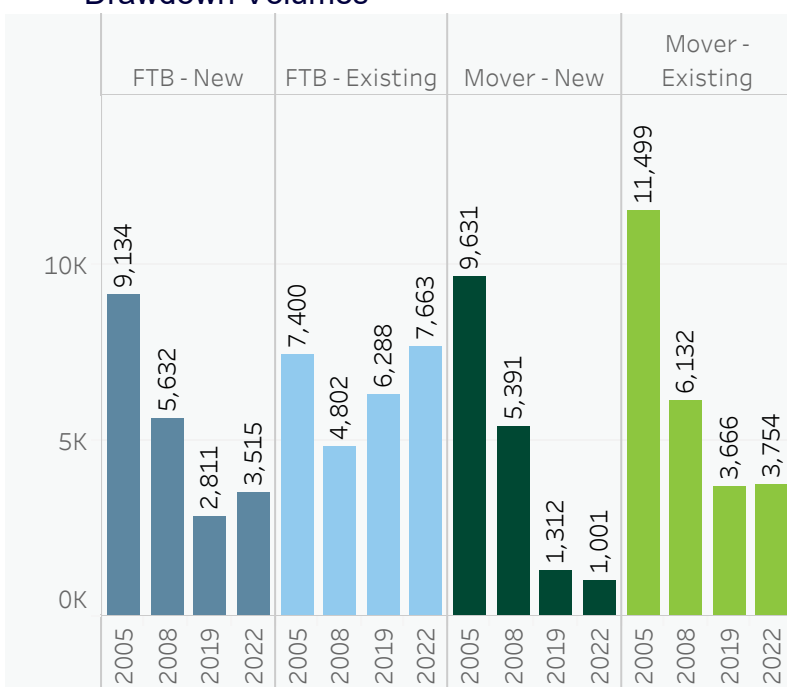
Activity in most home mortgage segments had exceeded H1 2019 levels by H1 2022, with the exception of movers buying or building new properties (Mover New) where activity levels were significantly down. The volume of FTB loans on existing properties (FTB Existing) had even surpassed the previous H1 peak in 2005 of about 7,400. By contrast, the average drawdown reached the highest H1 level in all segments except FTB Existing.

From a regional perspective, Dublin had by far the largest share of FTB Existing (33.9%) and total mover (35.8%) activity in H1 2022. However, Dublin's share of FTB New mortgages was relatively low at 16.4% and down from 21.6% in H1 2020.

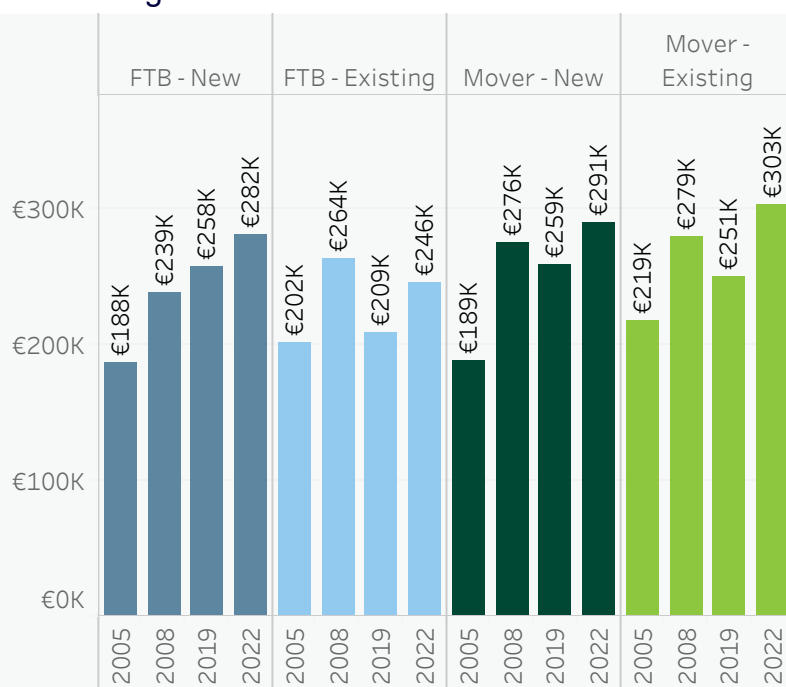
Kildare increased its share of FTB New volumes from 8.3% in H1 2020 to 11.5% in H1 2022. Over the same period, the Border and South East regions increased their shares of FTB New volumes by 1.8 and 2.1 percentage points to 10% and 9.8%, respectively.

Cork was the second biggest home mortgage market with 13.4% of FTB New mortgages in H1 2022, 10.3% of FTB Existing and 10.9% of total mover mortgages.

Drawdown Volumes



Average Drawdown Values



Note: Home (FTB and mover) mortgages H1 only

Source: BPFI



Mortgage Market Profile Report

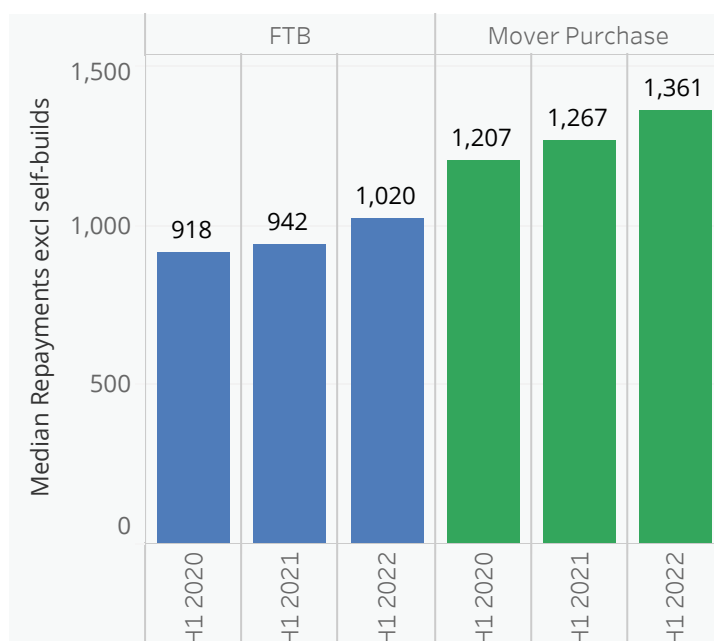
Commentary

Home buyers face rising repayments but some have options

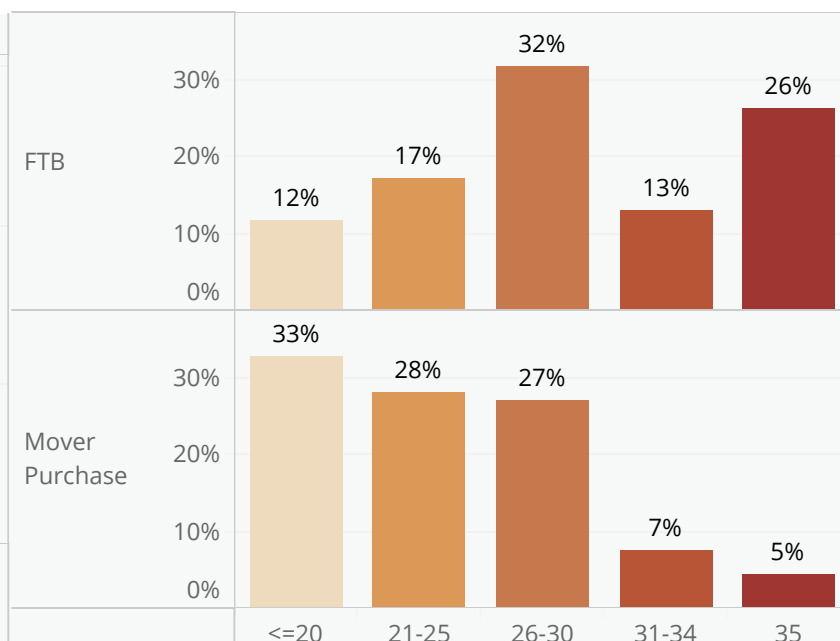
The median monthly mortgage repayment (excluding self-builds) rose by more than €100 for FTBs between H1 2020 and H1 2022 and by more than €150 for mover purchasers over the same period, reflecting higher housing prices and larger loans.

In the face of rising residential property prices, wider increases in the cost of living and higher European Central Bank interest rates, there is intense focus on mortgage repayments. Prospective borrowers aiming to buy a home have options to minimise their regular repayments.

Median Monthly Repayments excl. Self-builds



Loan Term Range (% of Drawdowns)



Source: BPFI

FTBs have traditionally sought longer loan terms than mover purchasers, to maximising the loan they can get and to minimise the regular repayments over the term. The longer terms also reflect the fact that FTBs tend to be much younger than movers.

While the average FTB and mover purchaser loan terms have been stable since at least 2017 so there is no evidence of borrowers seeking longer terms. In particular, since 2015, 22-28% of FTB mortgages have been for the longest loan term of 35 years (26% in H1 2022).

Another option available to new mortgage customers is to maximise the value of their deposit and minimise the amount borrowed. Since the start of 2020, about 17% of FTB loans and 38% of mover mortgages were less than they could have been under the Central Bank of Ireland's mortgage measures.*

*This analysis, which seeks to identify borrowers choosing not to get the maximum loan available under the CBI mortgage measures, shows that, between January 2020 and June 2022, 17% of FTB mortgages had loan-to-value (LTV) ratios of less than 85% and loan-to-income (LTI) ratios of less than 3.25, while 38% of mover purchase mortgages had LTVs of less than 75% and LTIs of less than 3.25.



Mortgage Market Profile Report

Commentary

Borrowers not maximising loans are older, have shorter loan terms and lower repayments

Borrowers who got the maximum loan available (maximised their loans), had deposits that were about half of those of borrowers who did. The median FTB deposit for borrowers maximising their loans was about €54,000, compared with €101,000 for those not. Similarly, the median mover deposit was €116,000 for those maximising their loans compared with a massive €231,000 for those not. Conversely, the median FTB loan for borrowers maximising their loans was €254,000 compared with €207,000 for those not.

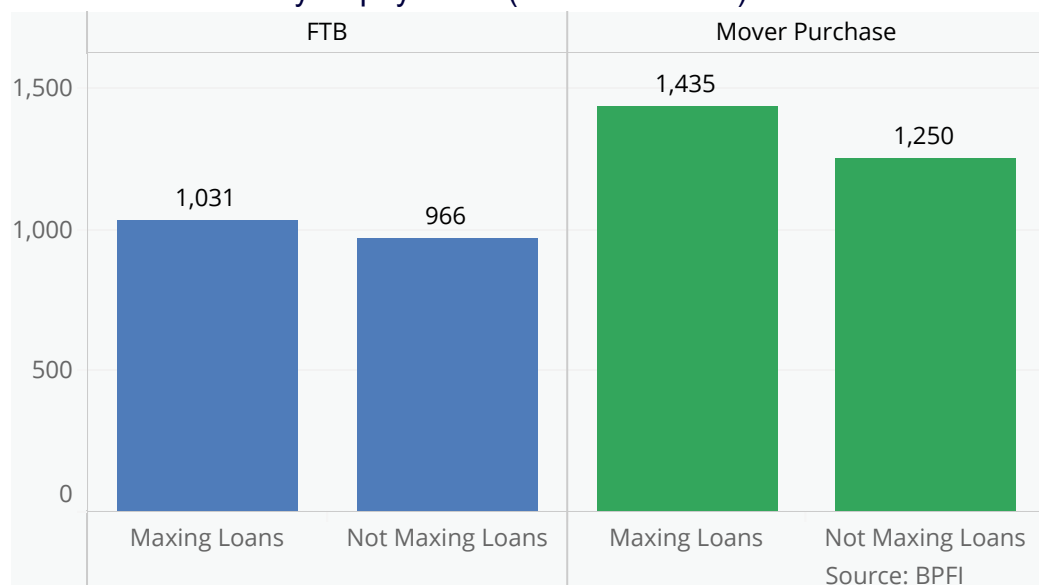
It takes time for many prospective borrowers to build up savings and other deposits, such as equity from the current home, so it makes sense that borrowers who maximise their loans are younger than those who do not.

The gap was greatest for movers, where the median age of the main borrower maximising loans was 41 in H1 2022, compared with 45 for those not maximising loans.

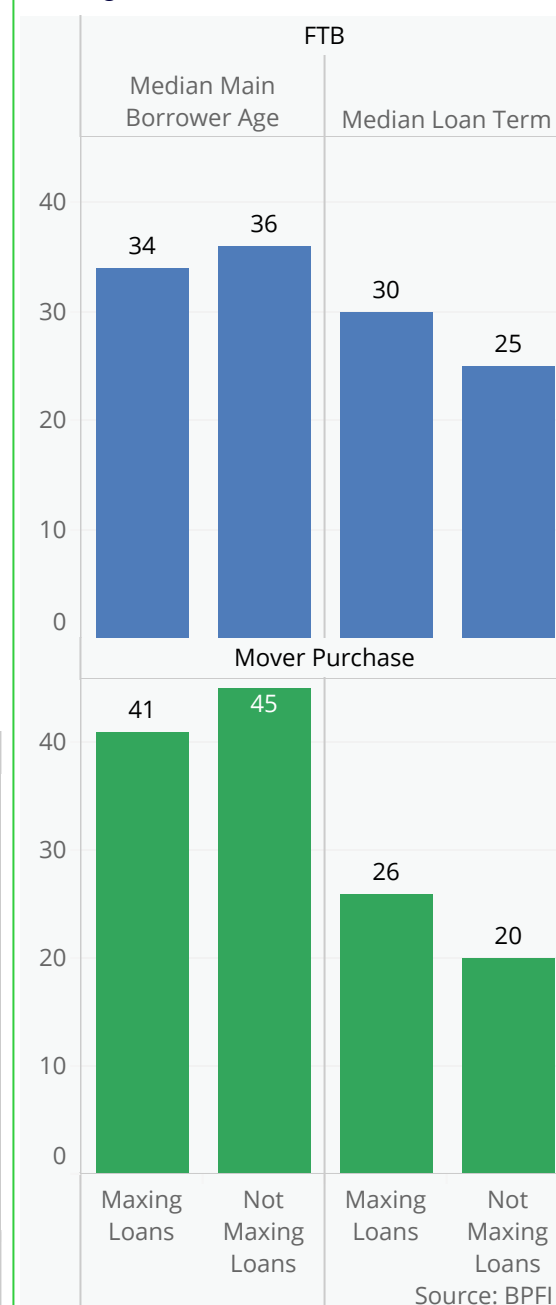
As borrower age is often negatively correlated with loan term, those maxing loans tend to have longer loan terms: some five years longer for FTBs and six for movers.

The benefit of borrowing less than the maximum can be seen in repayments. The median FTB monthly repayment (excluding self-builds) was €1,031 for those borrowing as much as possible versus €966 for those not. The difference for movers was greater, with the median repayment for those maximising loans some 14.8% higher than for those not.

Median Monthly Repayments (excl. self-builds)



Age and Loan Terms

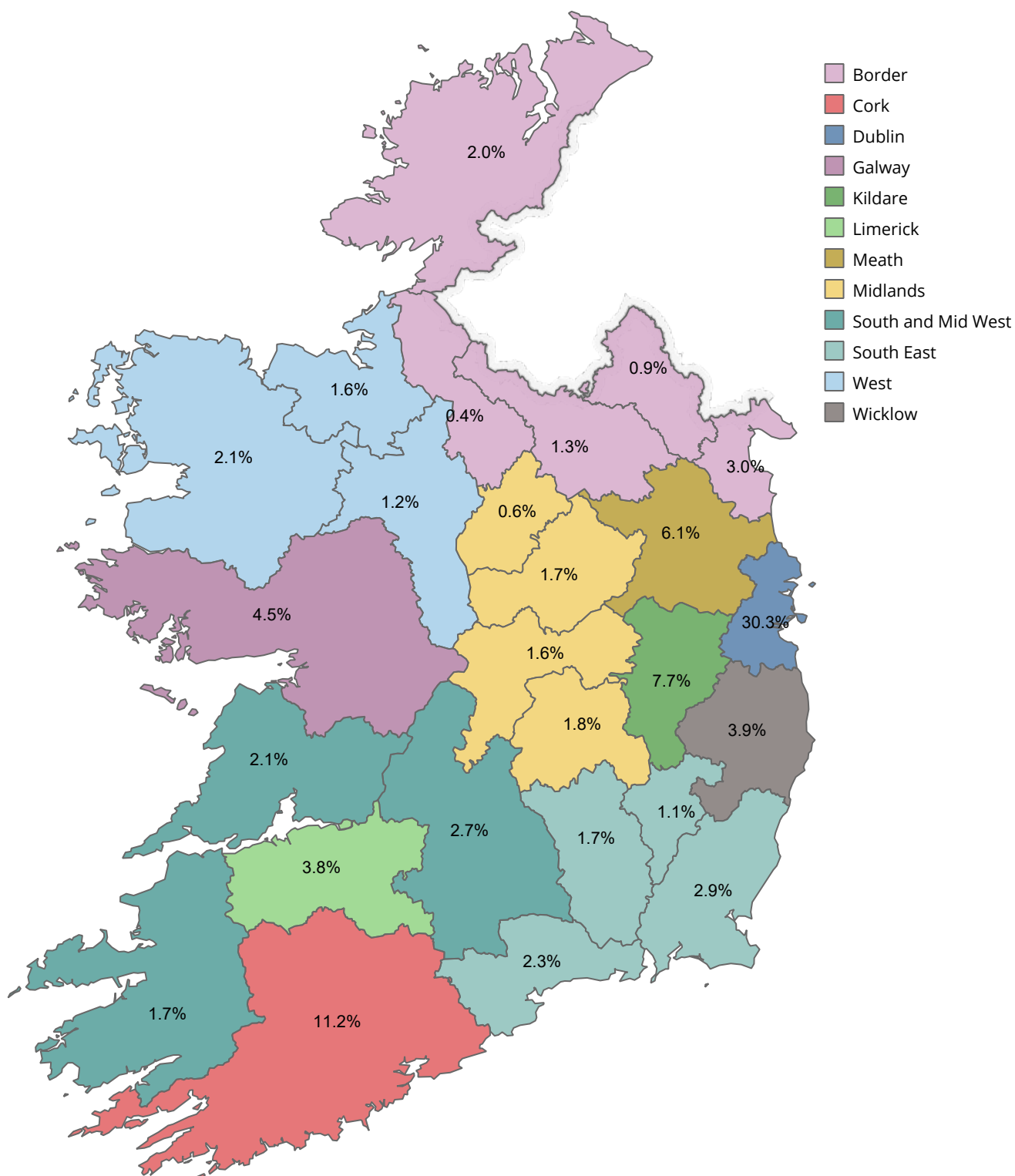




Mortgage Market Profile Report

National Overview

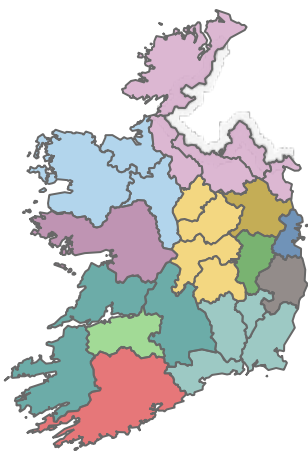
Share of Lending Volume by County (12 months ending June 2022)





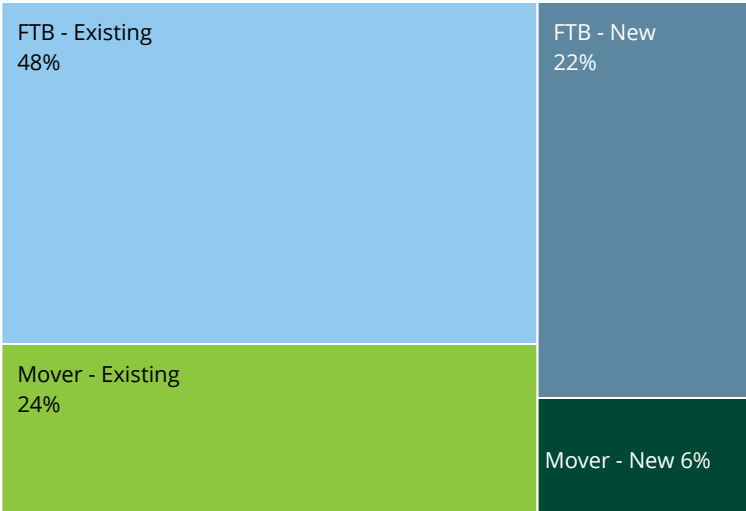
Mortgage Market Profile Report

National



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Customer Type-Property Status Share

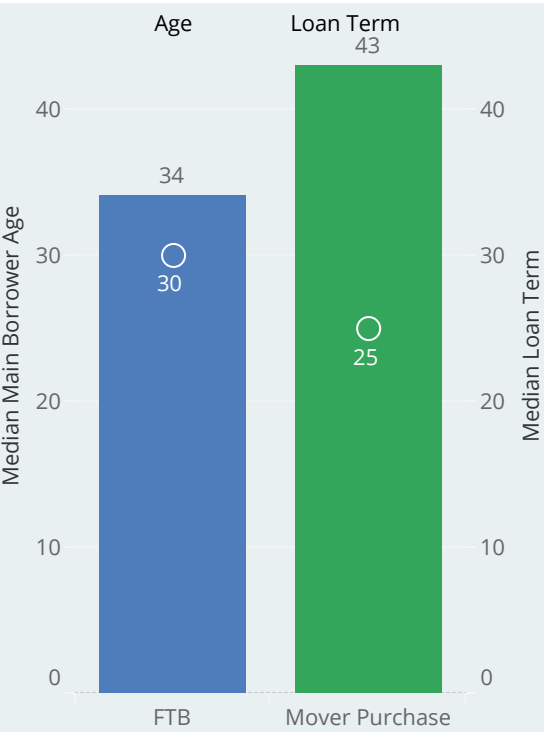


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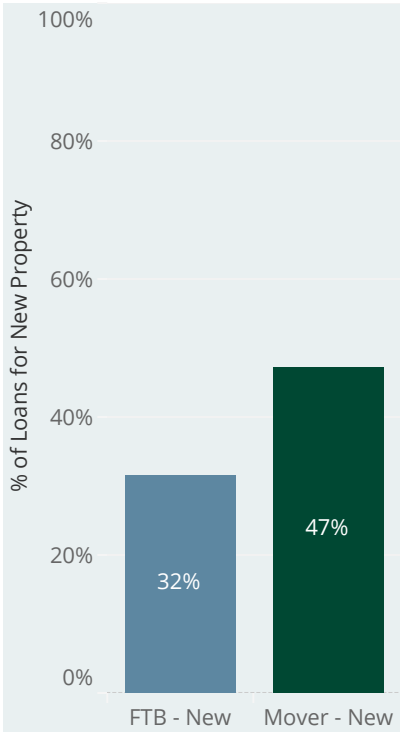
For FTBs buying existing properties, the median property value, loan value and monthly repayment (excluding self-builds) each increased by about 10% year on year.

The median age of the main mover purchase borrowers increased to 43, while the median FTB age was unchanged at 34.

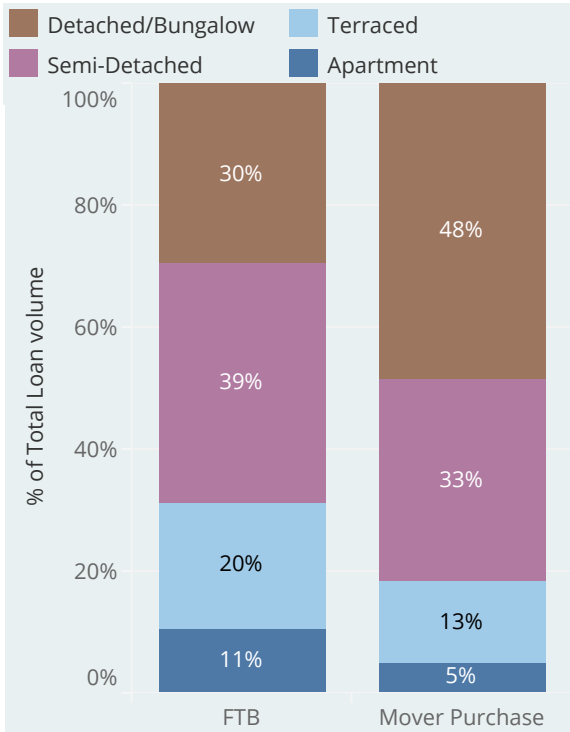
Borrower Age/Loan Term



Self-build % - New



Main Dwelling Types

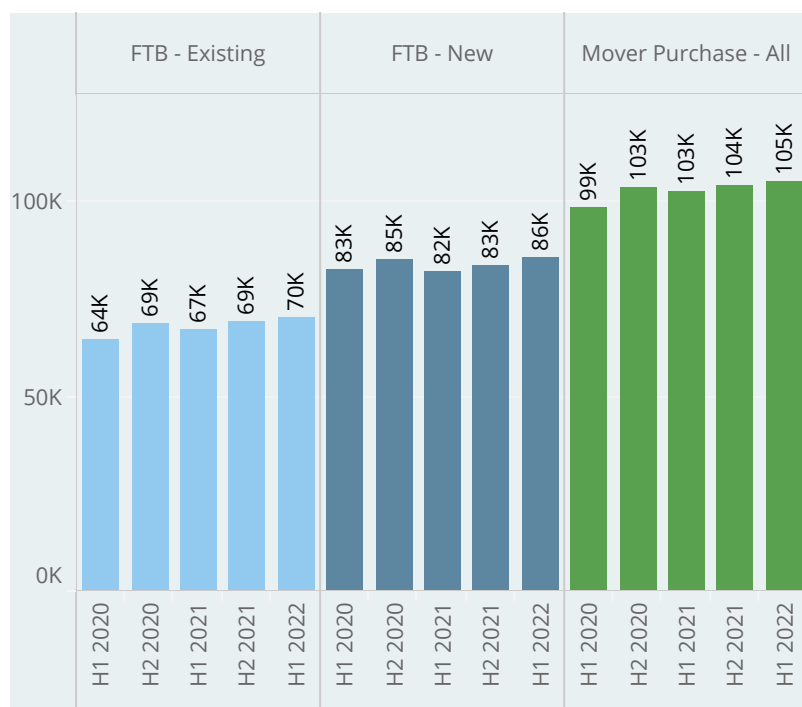




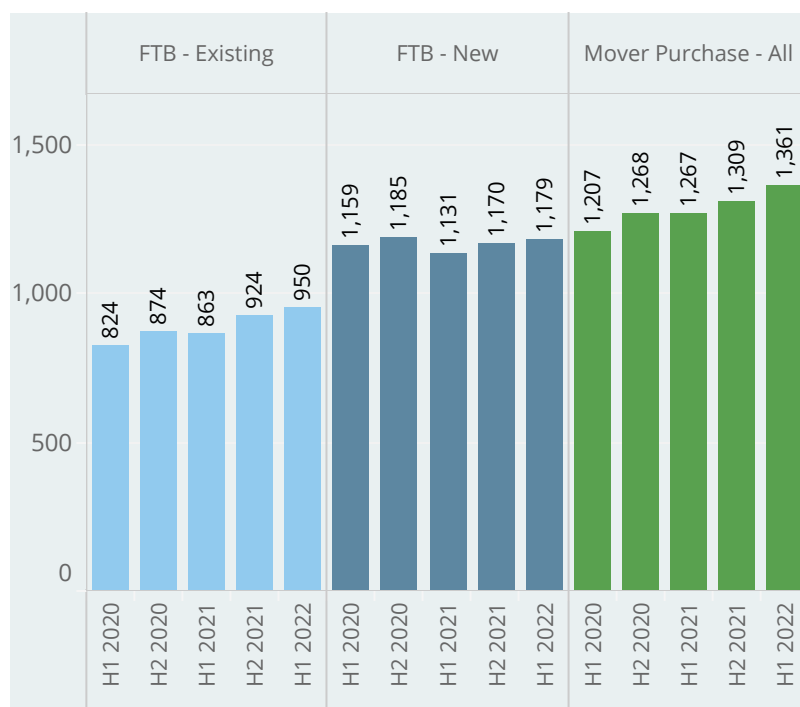
Mortgage Market Profile Report

National

Median Basic Household Income



Median Monthly Repayment



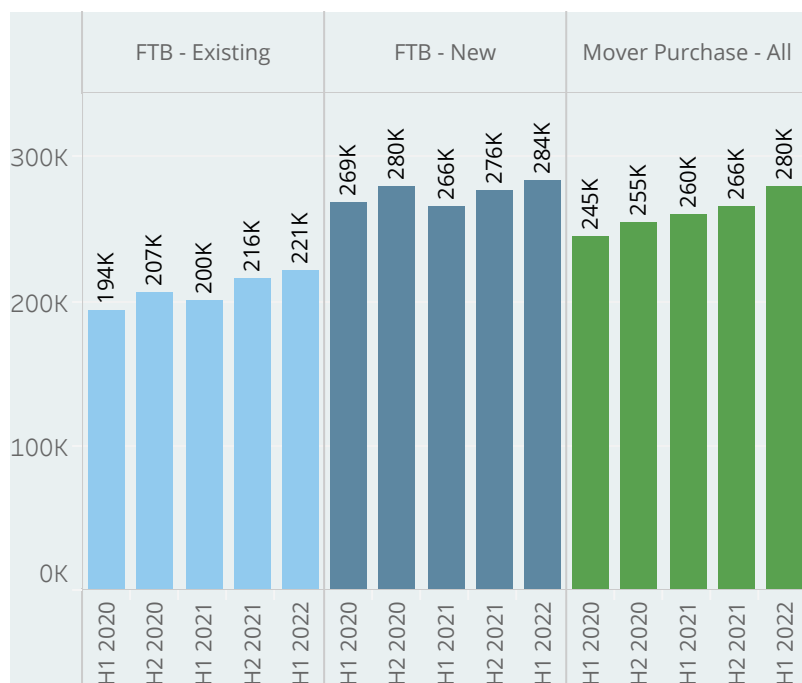
Note: Excluding self-builds

FTB - Existing

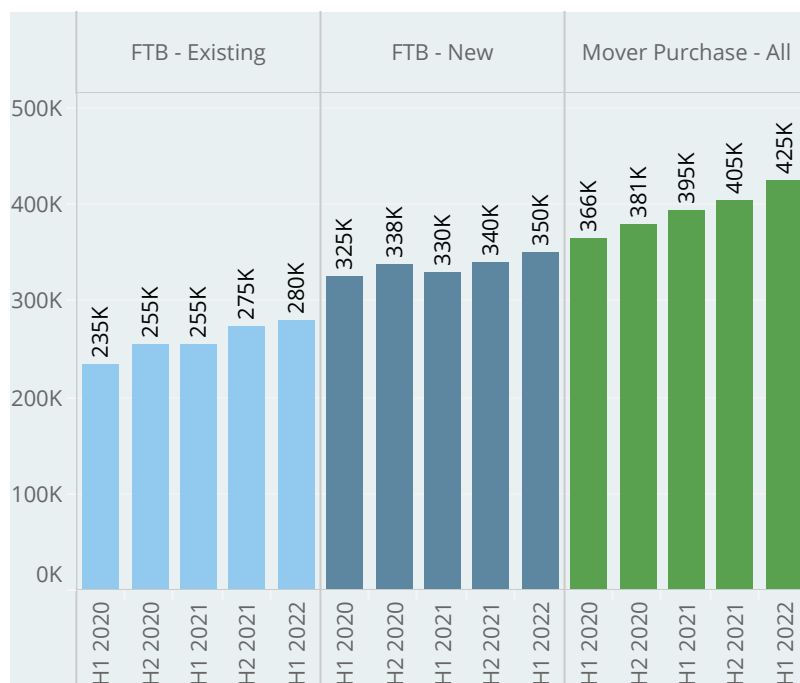
FTB - New

Mover Purchase - All

Median Loan



Median Property Value





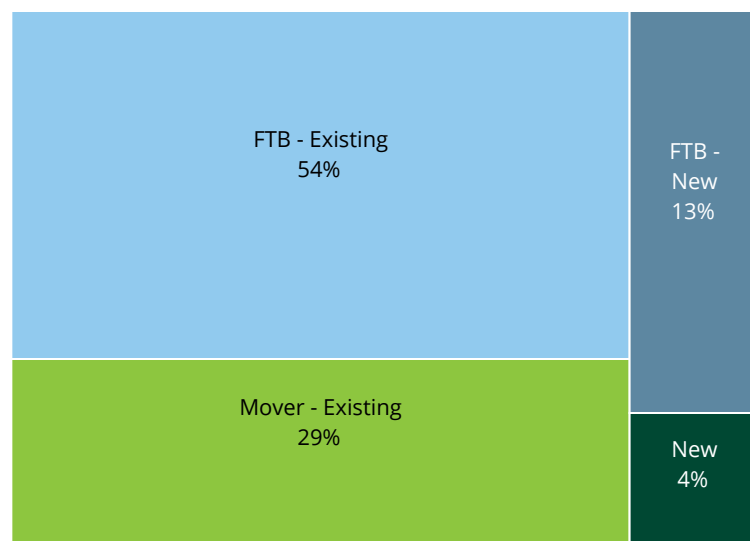
Mortgage Market Profile Report

Dublin



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Customer Type-Property Status Share

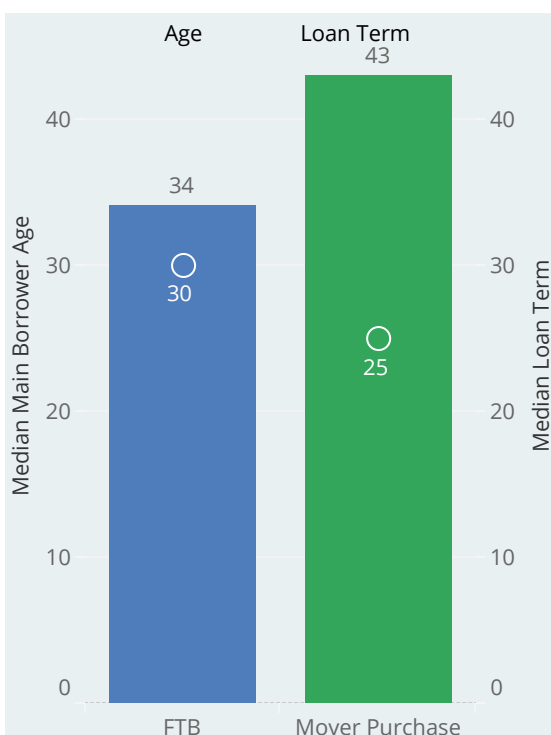


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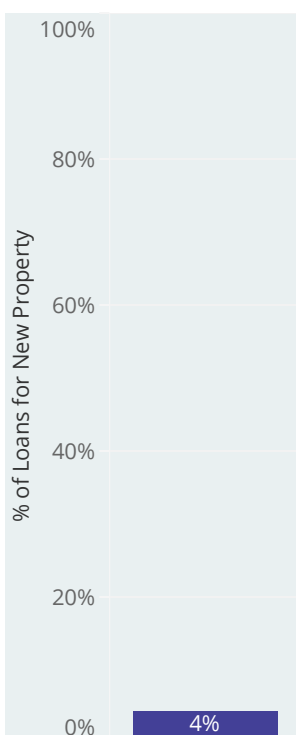
Some 83% of home mortgages were secured on existing properties. About 36% of FTB and 23% of mover purchase mortgages in Dublin were for terraced houses – the only region where this dwelling type had a substantial share.

FTBs buying or building new properties accounted for only 13% of home mortgages in Dublin in H1 2022, the lowest share of any region. At €375,000 and €575,000, Dublin had the highest FTB existing and mover purchase property values in the country.

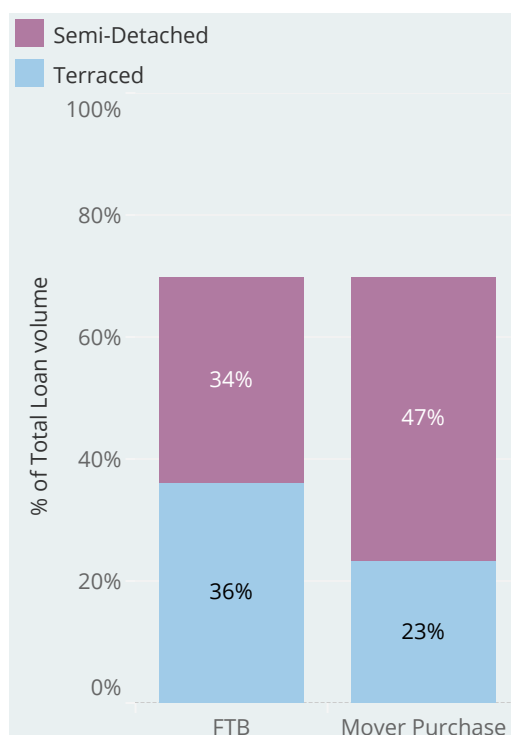
Borrower Age/Loan Term



Self-build % - New



Main Dwelling Types

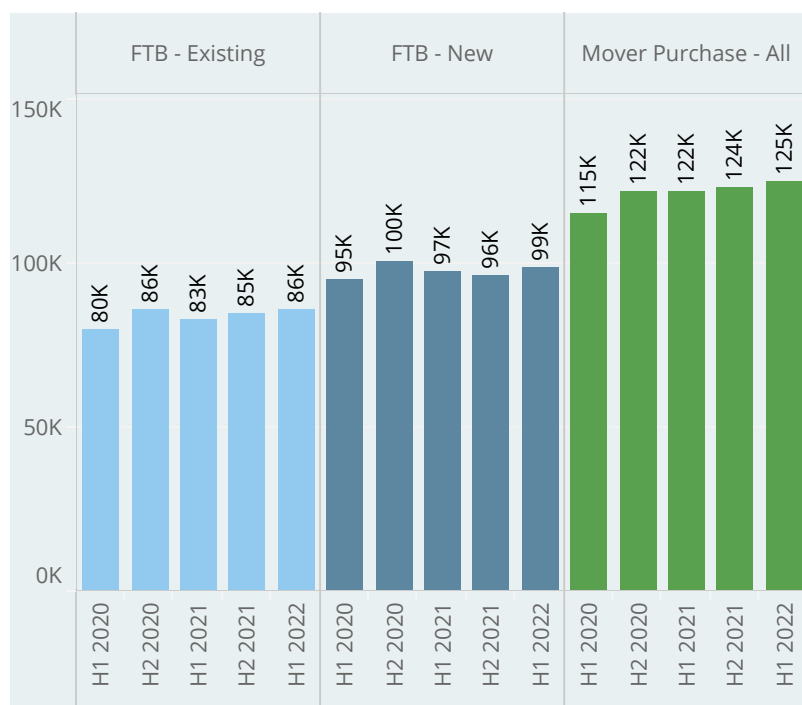




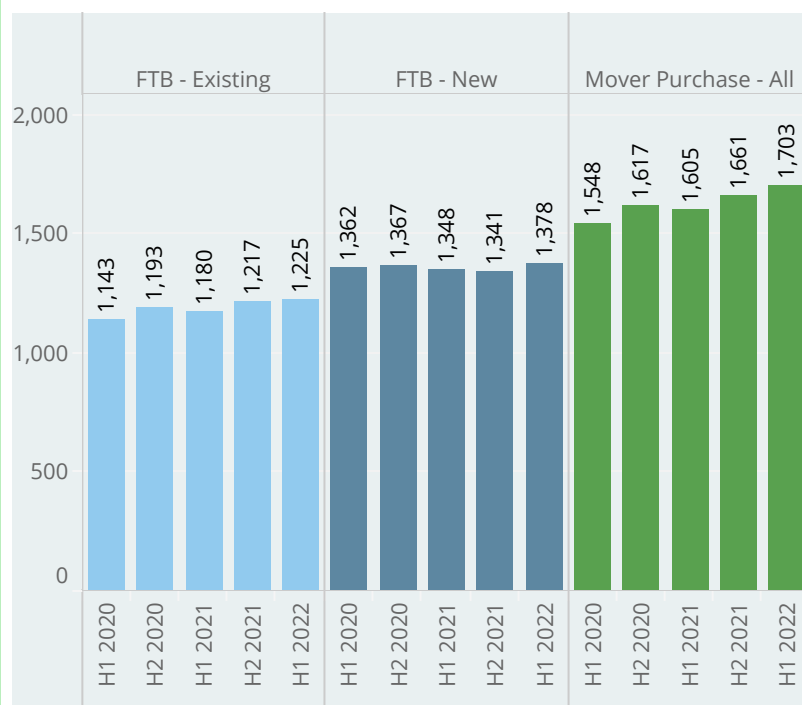
Mortgage Market Profile Report

Dublin

Median Basic Household Income



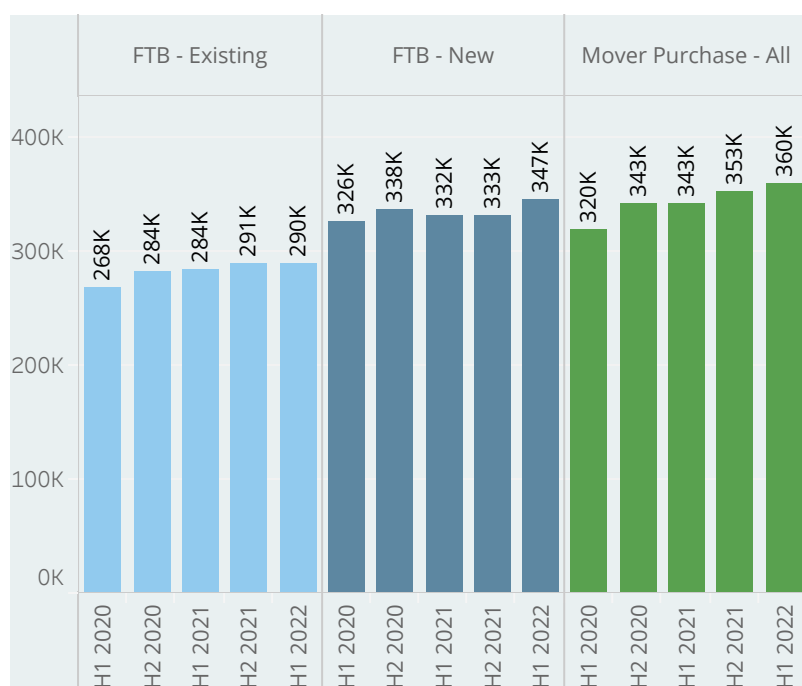
Median Monthly Repayment



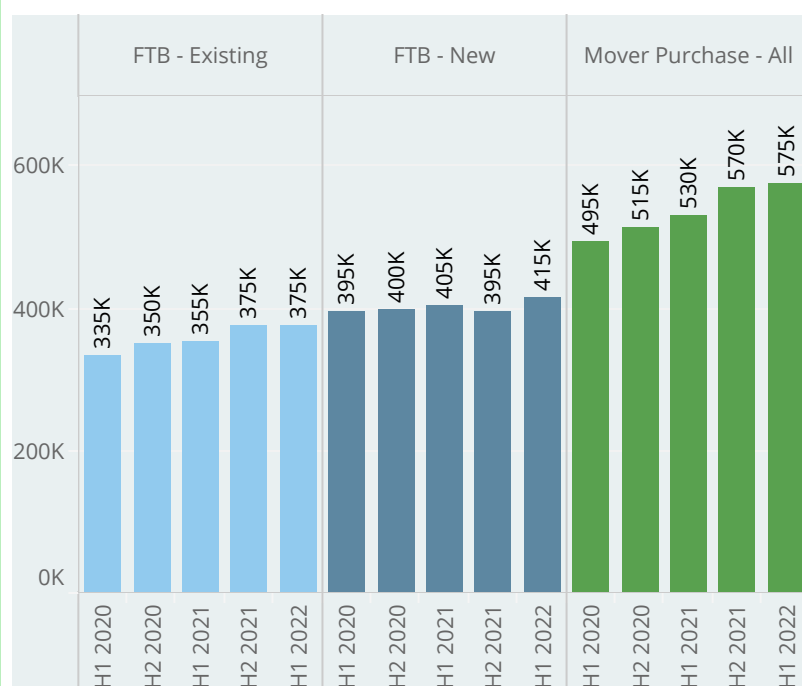
Note: Excluding self-builds

FTB - Existing FTB - New Mover Purchase - All

Median Loan



Median Property Value

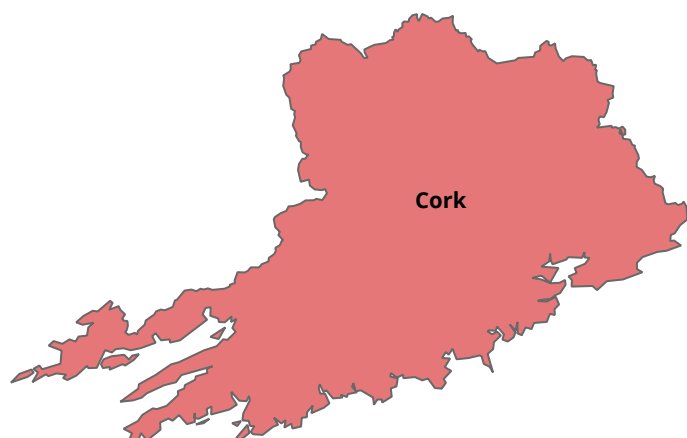
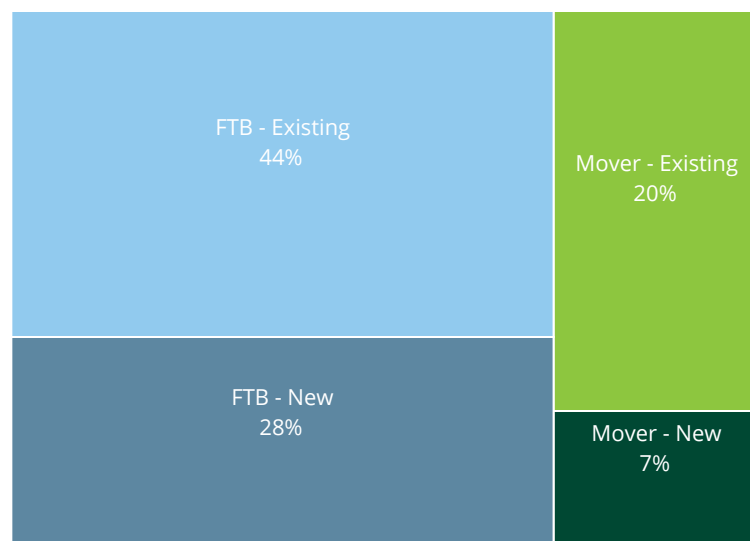




Mortgage Market Profile Report

Cork

Customer Type-Property Status Share



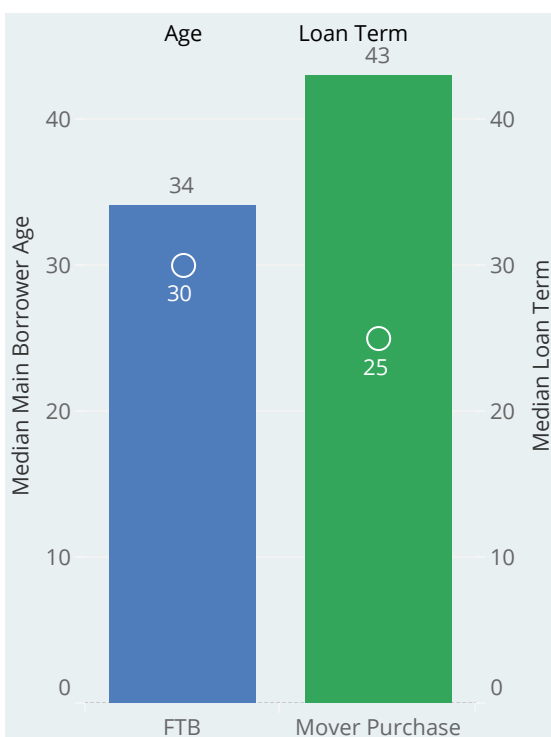
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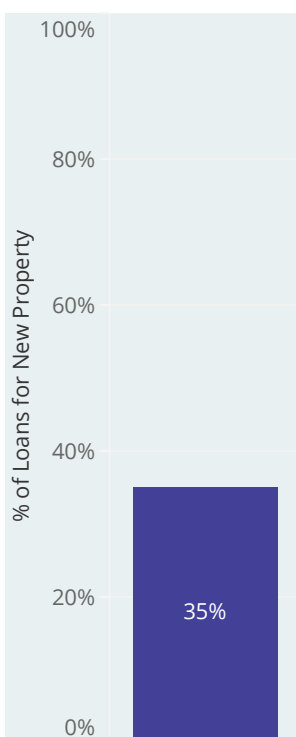
The median FTB monthly mortgage repayment on new properties (excluding self-builds) in Cork fell by 1% year on year to €1,220, the only region in which median repayments fell. However, the median FTB repayment on existing properties rose by 11% to €915.

About 31% of mover purchase mortgages were secured on semi-detached houses, up from 25% in H1 2020.

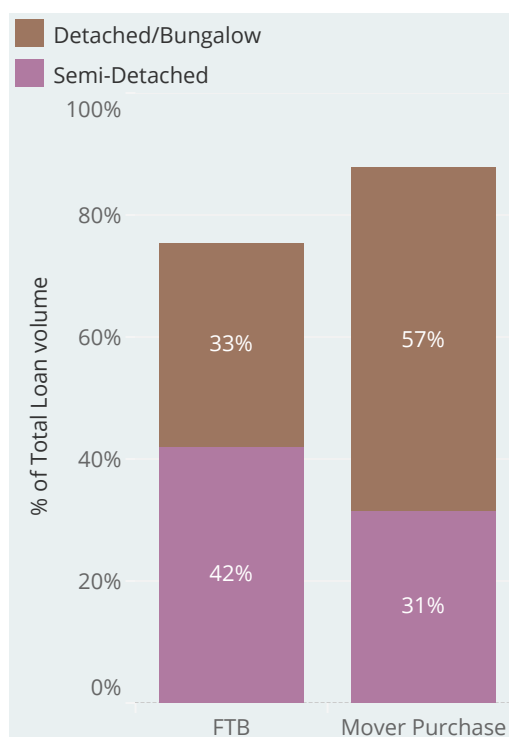
Borrower Age/Loan Term



Self-build % - New



Main Dwelling Types

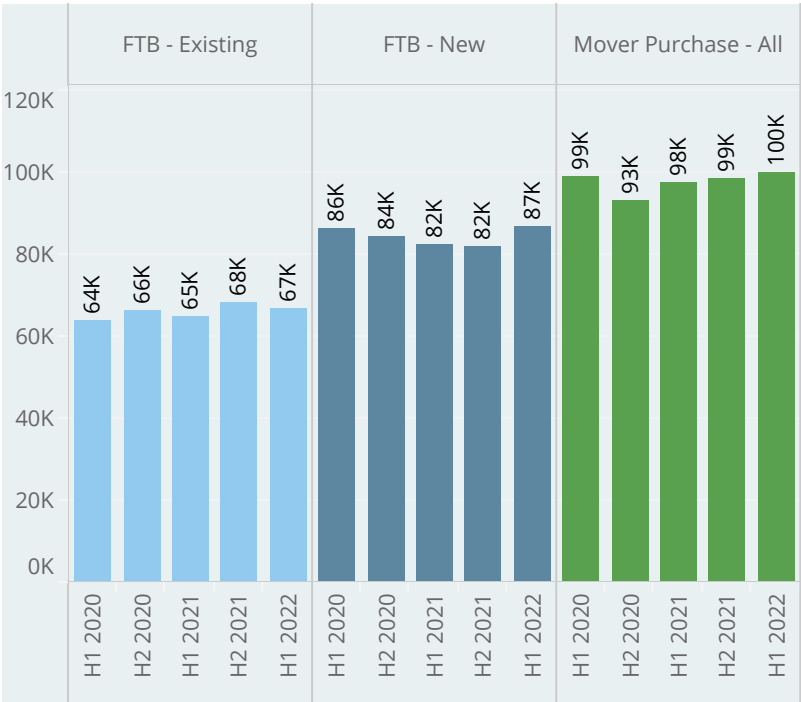




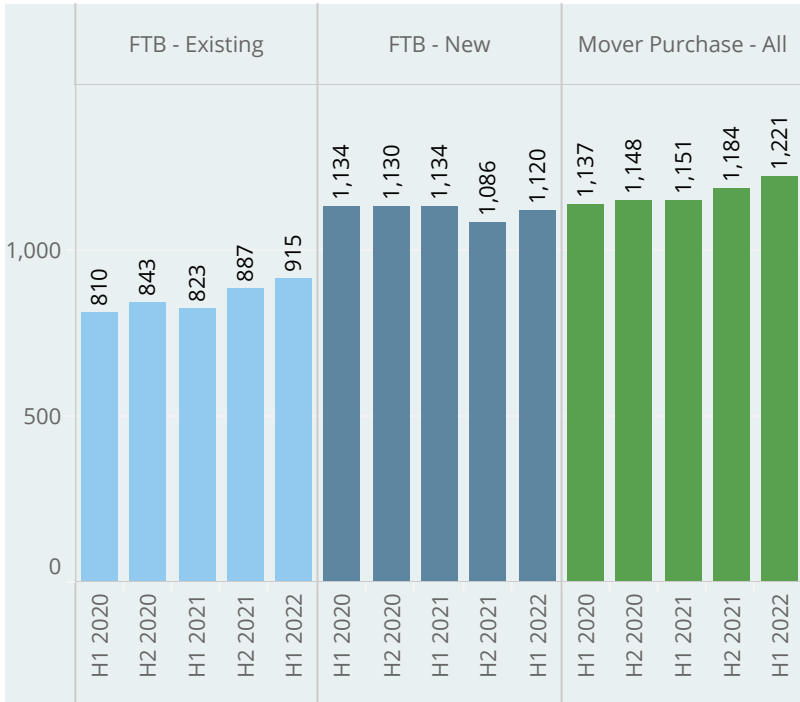
Mortgage Market Profile Report

Cork

Median Basic Household Income



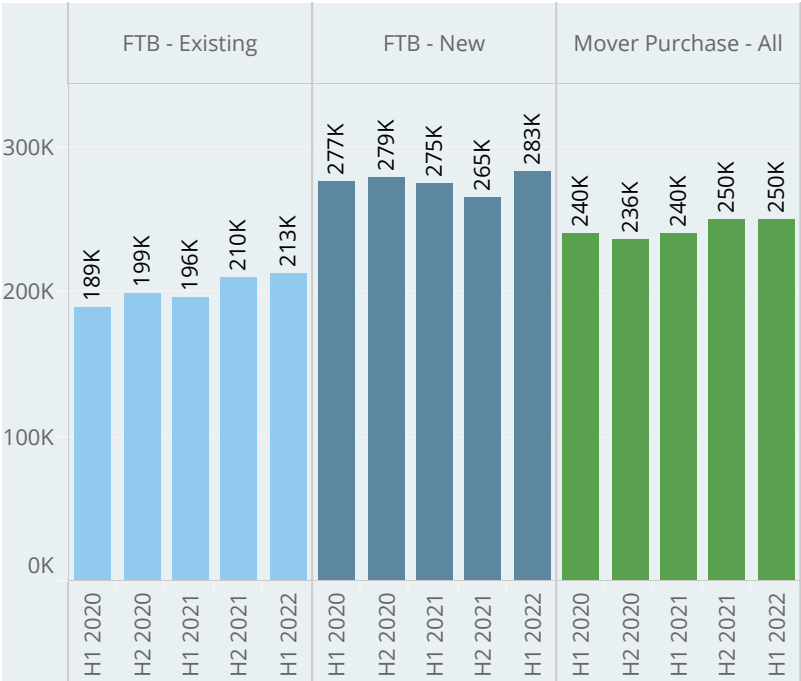
Median Monthly Repayment



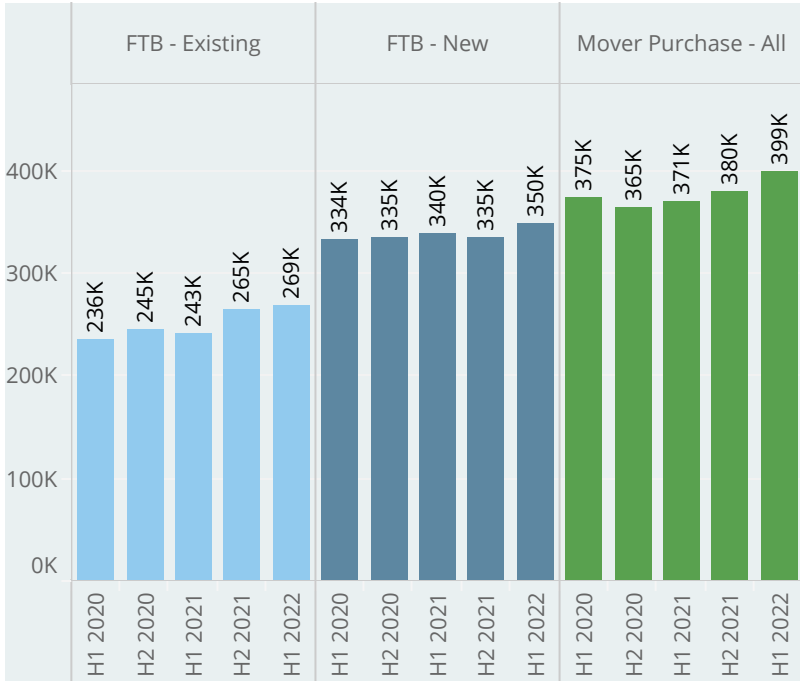
Note: Excluding self-builds

FTB - Existing FTB - New Mover Purchase - All

Median Loan



Median Property Value



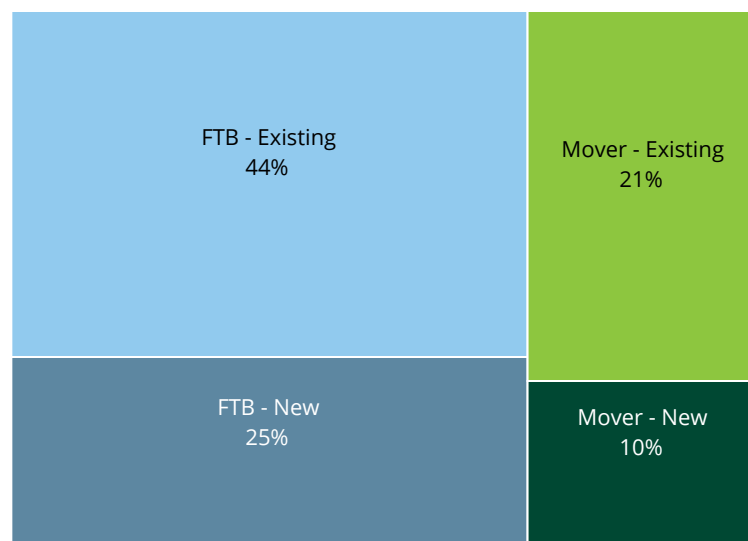


Mortgage Market Profile Report

Galway



Customer Type-Property Status Share

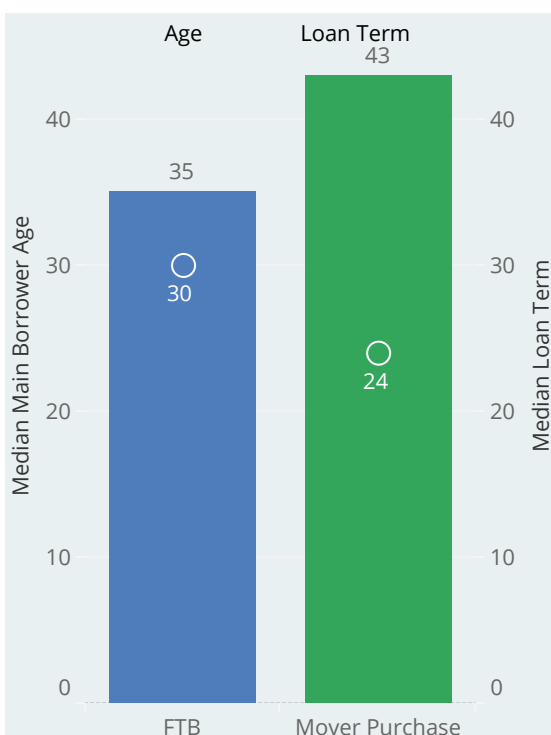


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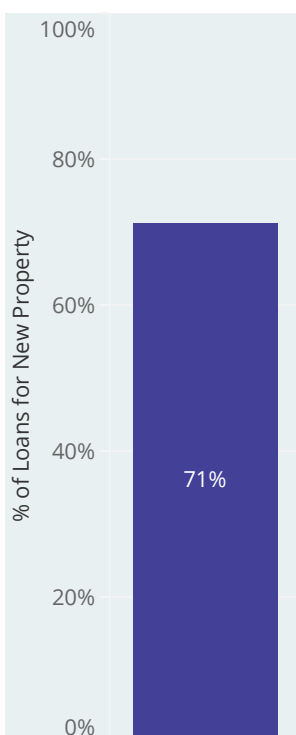
Self-builds accounted for 71% of home mortgages secured on new properties in Galway in H1 2022, up from 56% a year earlier. Only 29% of FTB mortgages were secured on semi-detached houses, the lowest proportion in the country.

At €260,000, the median property value for mover purchase mortgages was the highest outside the eastern counties of Dublin, Wicklow, Kildare and Meath.

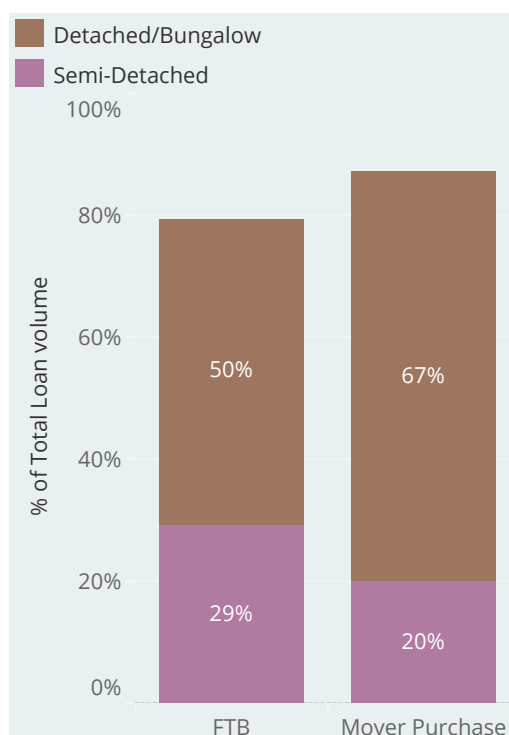
Borrower Age/Loan Term



Self-build % - New



Main Dwelling Types

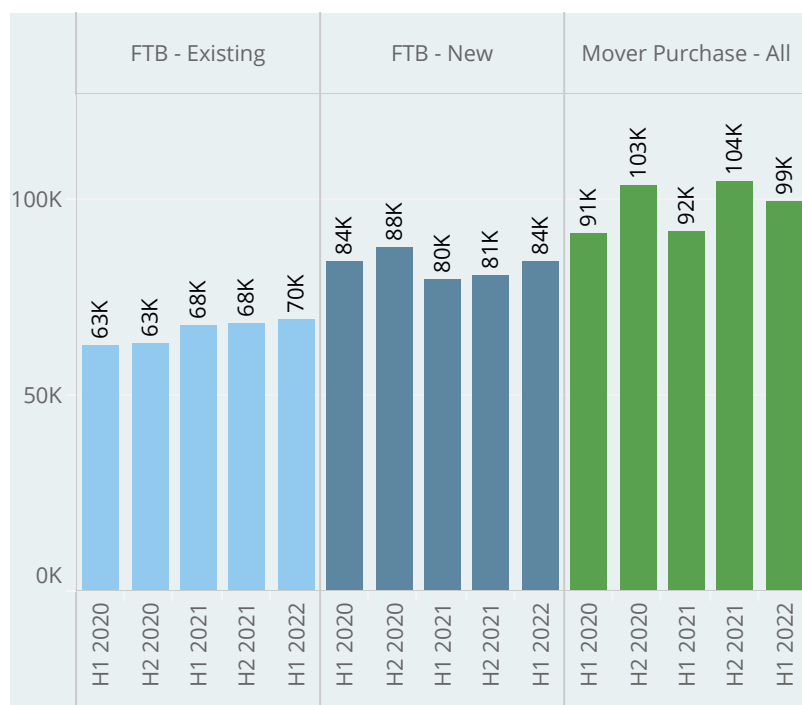




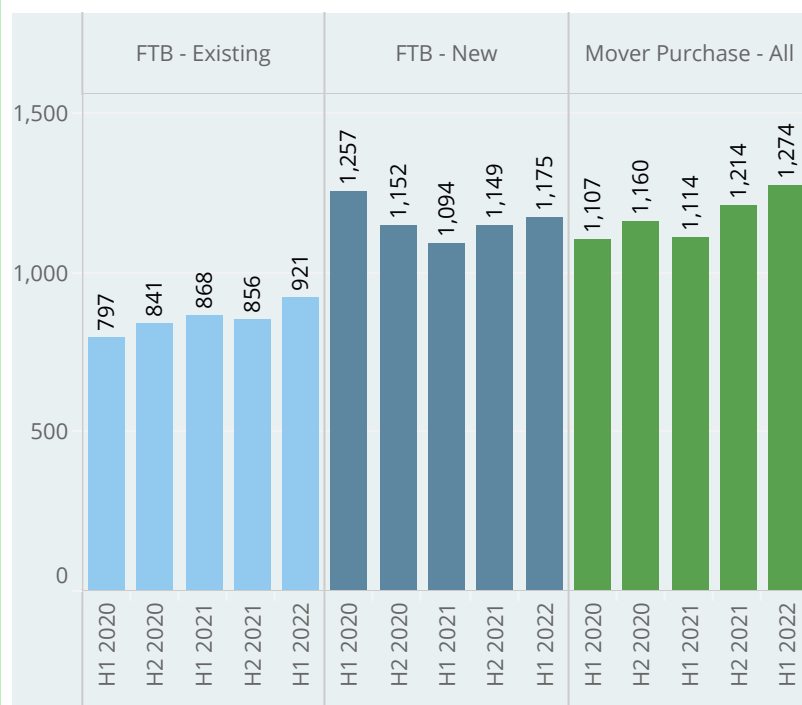
Mortgage Market Profile Report

Galway

Median Basic Household Income



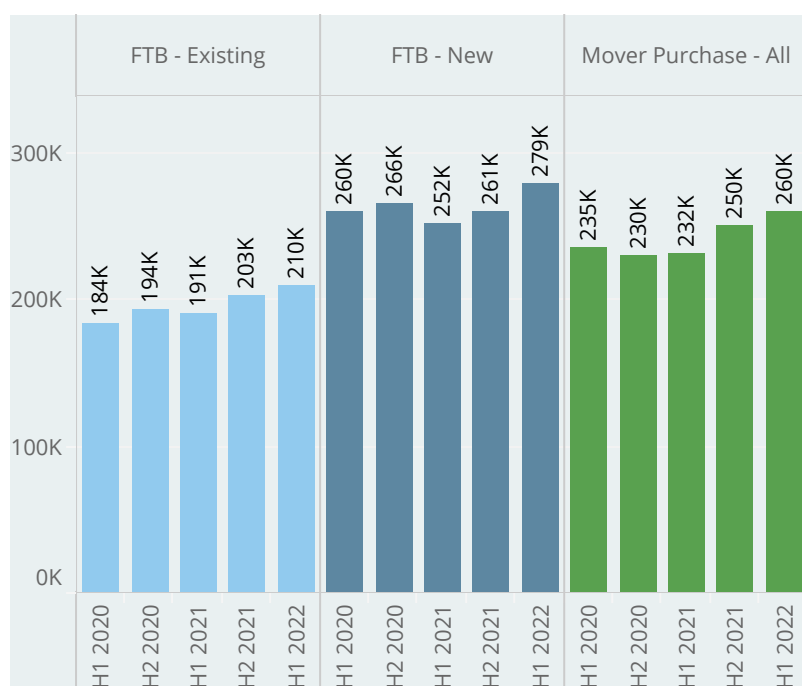
Median Monthly Repayment



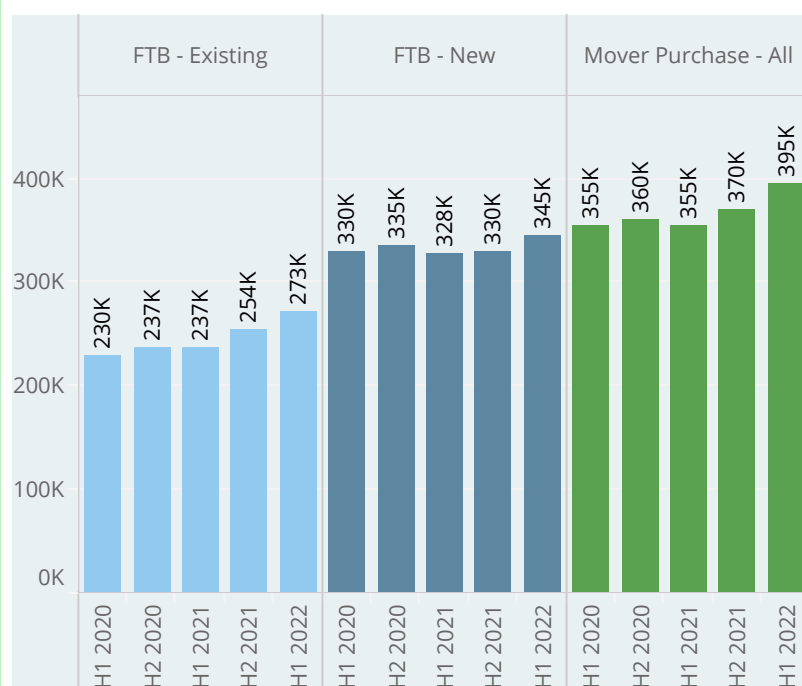
Note: Excluding self-builds

FTB - Existing FTB - New Mover Purchase - All

Median Loan



Median Property Value

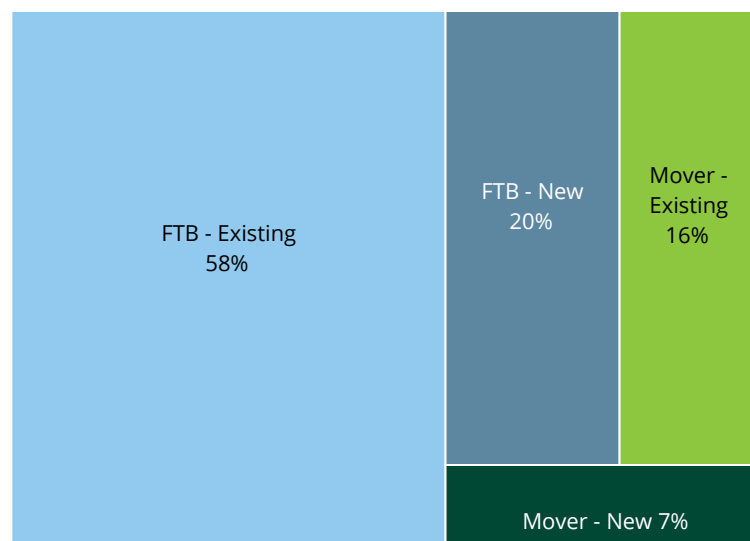




Mortgage Market Profile Report

Limerick

Customer Type-Property Status Share



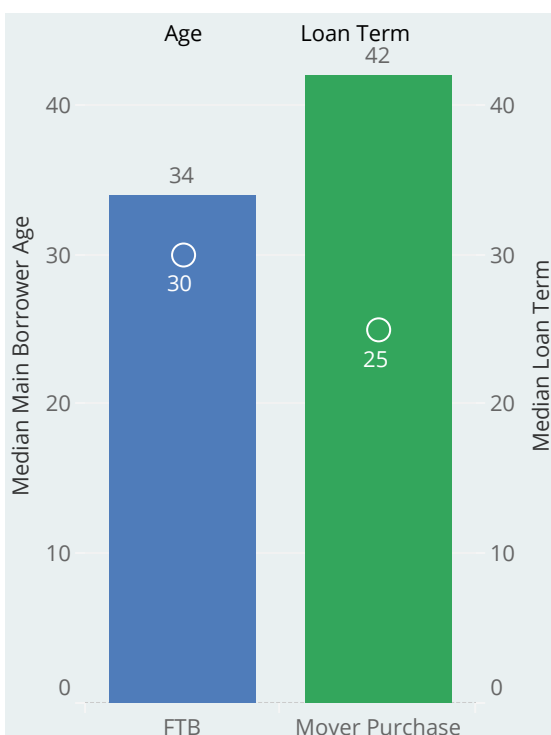
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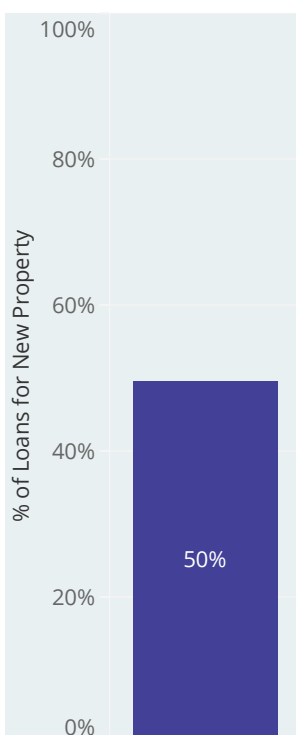
FTB mortgages on existing properties accounted for 58% of home mortgages in Limerick in H1 2022, up from 51% a year earlier.

The median FTB monthly repayment on new properties rose by 18% year on year, the fastest increase in the country. At €1,153, this was the fifth highest FTB new repayment in the country after Wicklow, Dublin, Kildare and Galway.

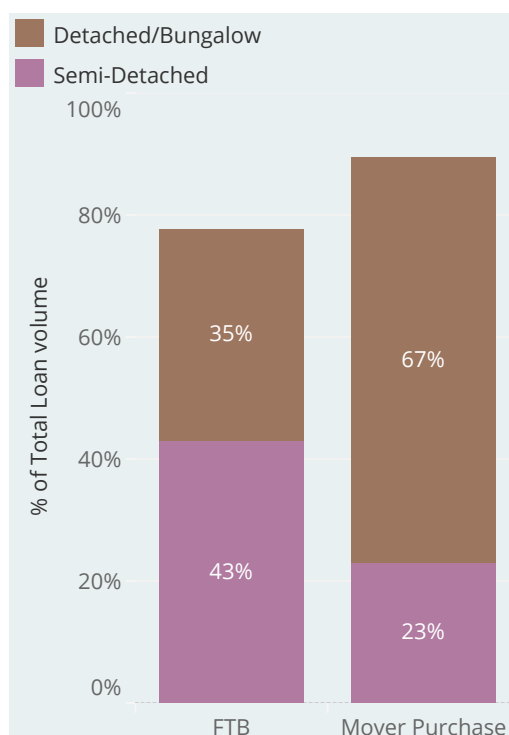
Borrower Age/Loan Term



Self-build % - New



Main Dwelling Types

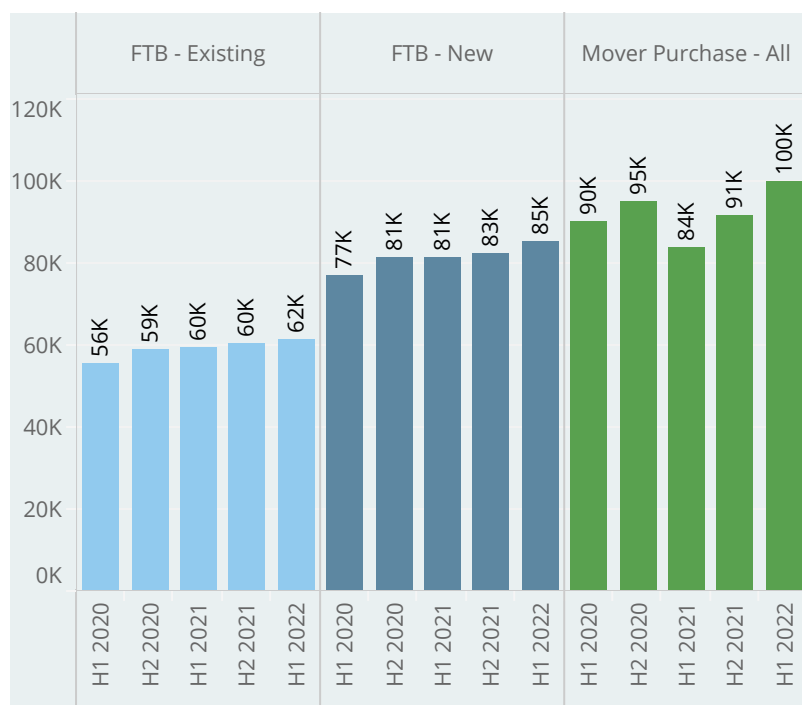




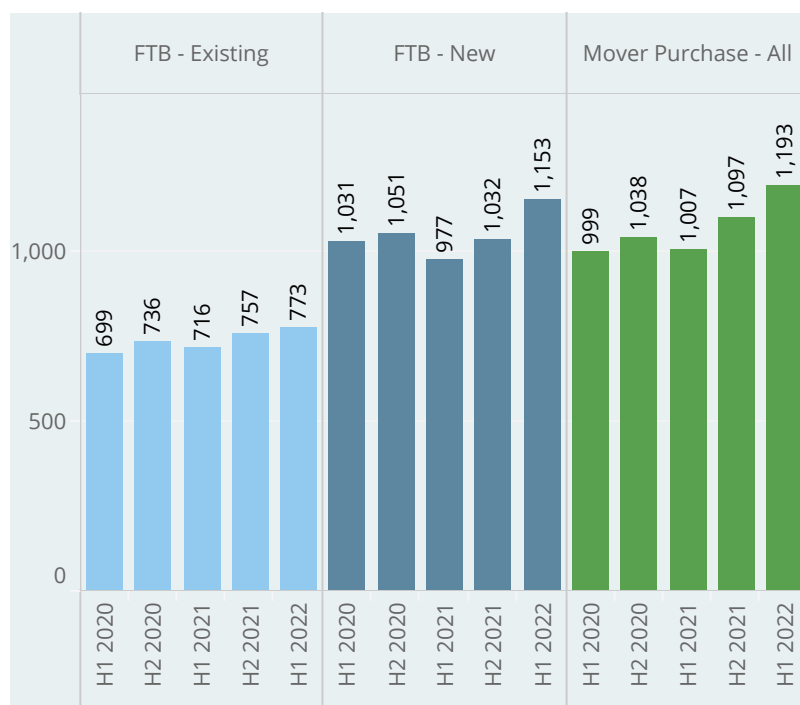
Mortgage Market Profile Report

Limerick

Median Basic Household Income



Median Monthly Repayment



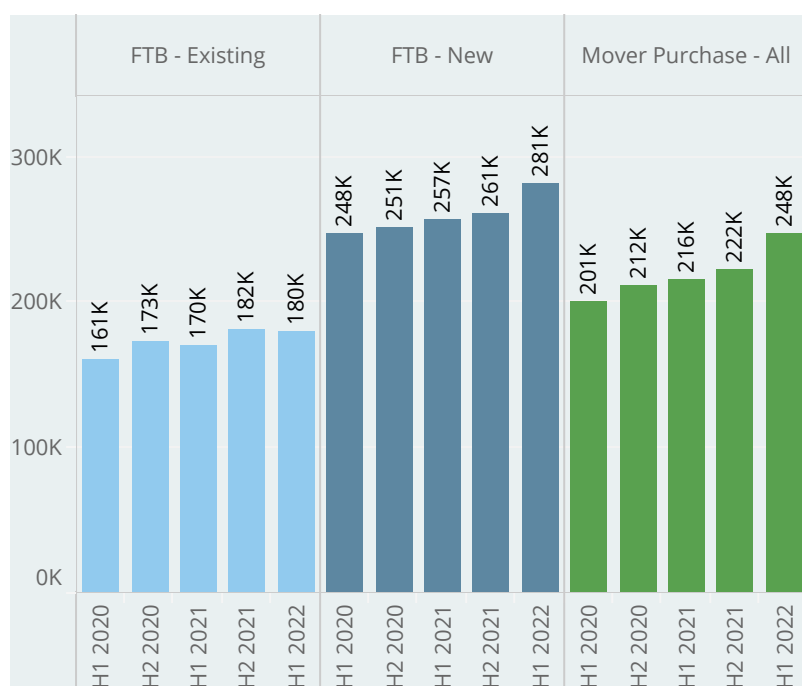
Note: Excluding self-builds

FTB - Existing

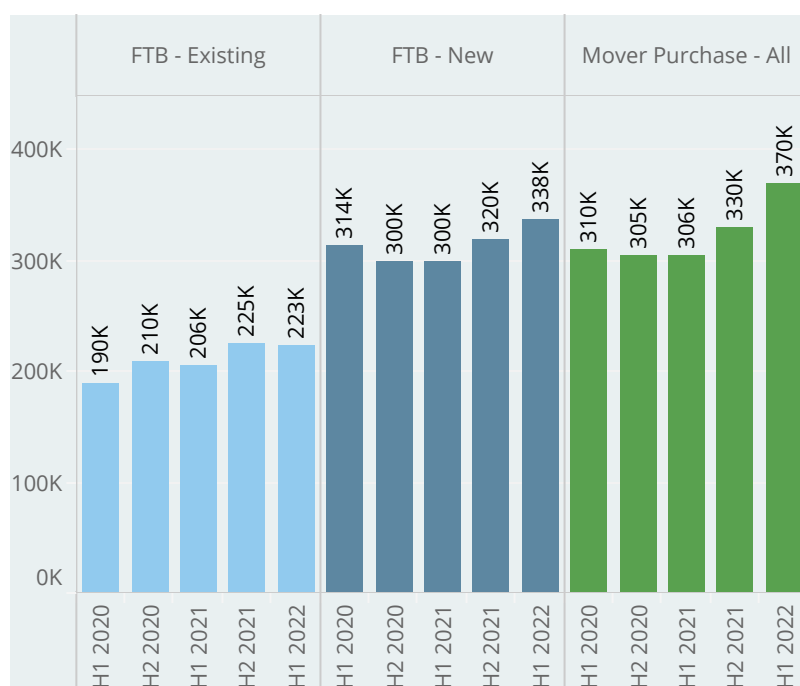
FTB - New

Mover Purchase - All

Median Loan



Median Property Value





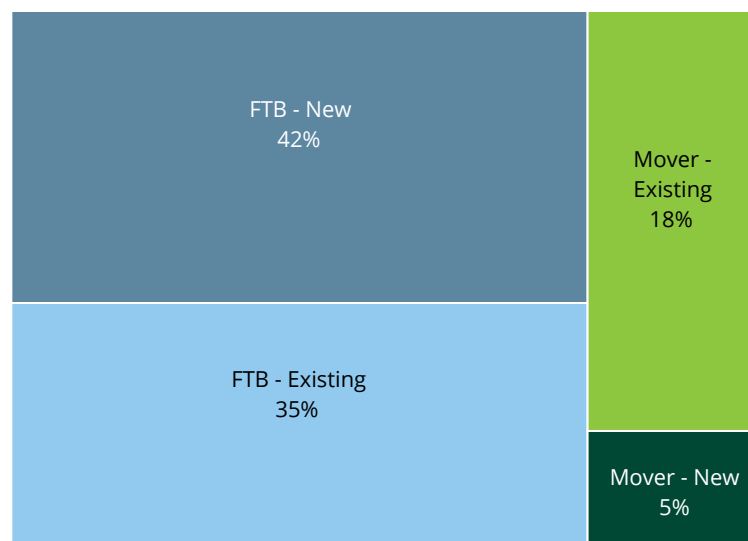
Mortgage Market Profile Report

Meath



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Customer Type-Property Status Share

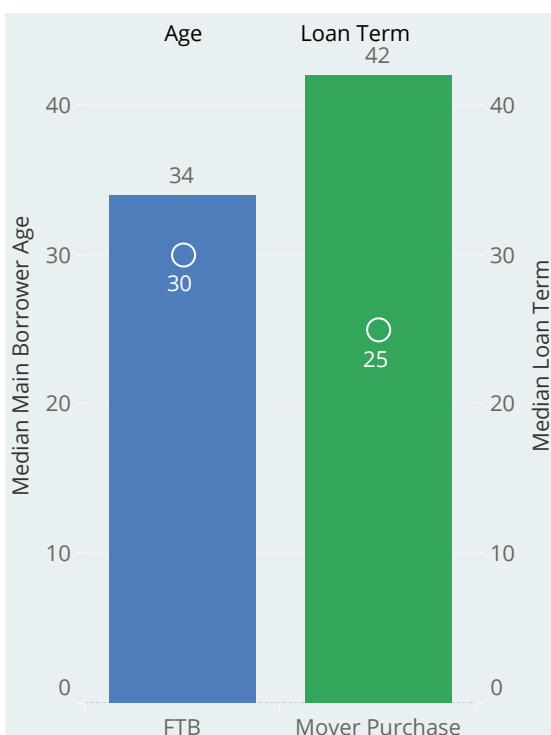


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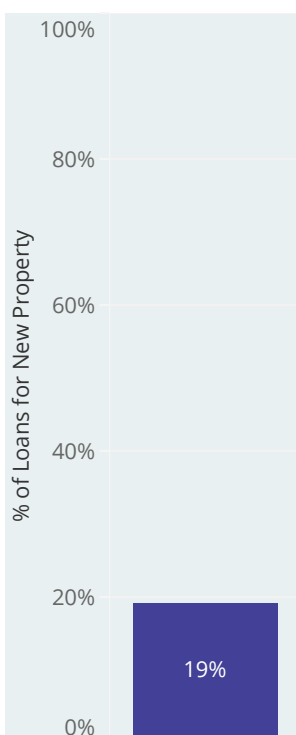
FTB mortgages on new property accounted for 42% of home mortgages in Meath in H1 2022 – the second share for that segment in the country.

The median basic household income of FTBs buying existing properties rose by 12% year on year, to almost €73,000. This was the third highest income for the FTB existing segment after Dublin and Wicklow.

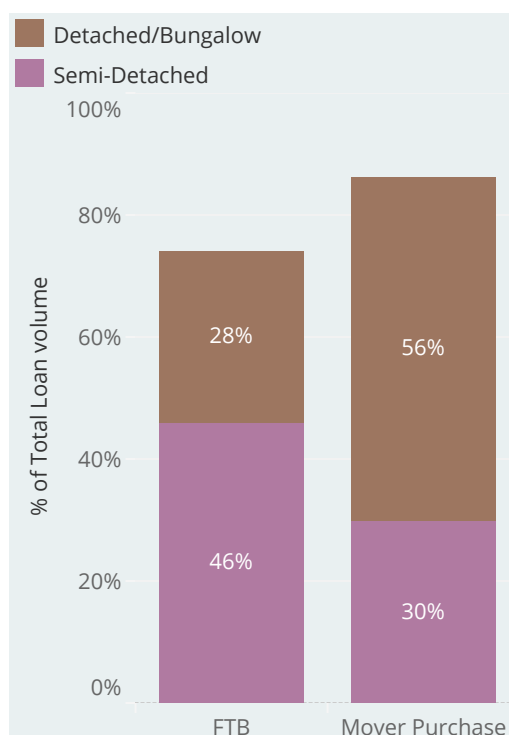
Borrower Age/Loan Term



Self-build % - New



Main Dwelling Types

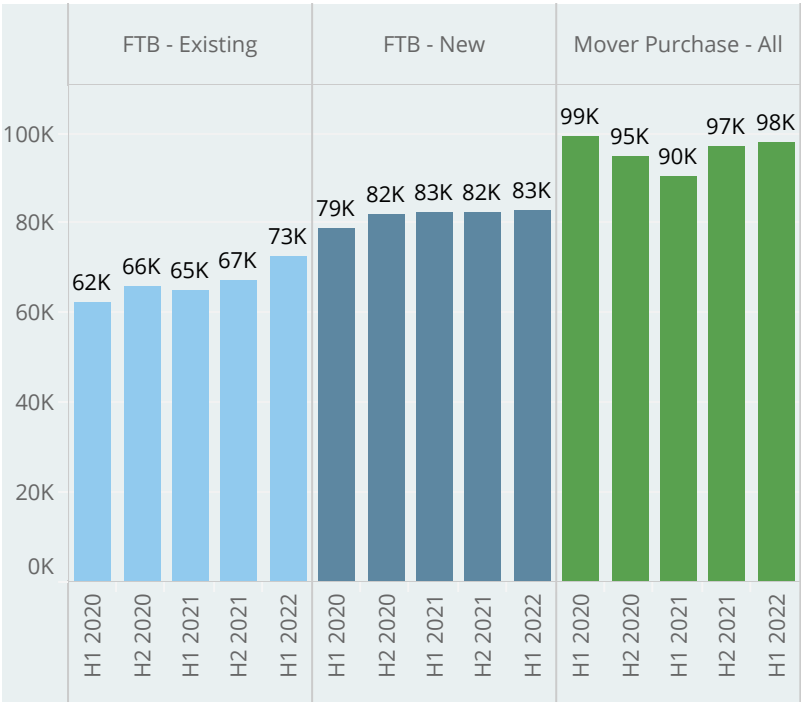




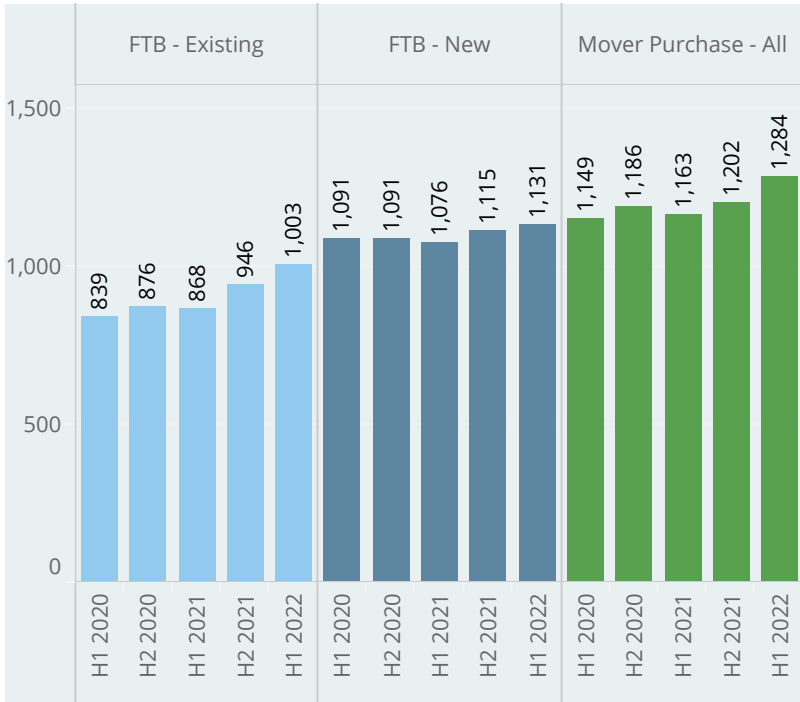
Mortgage Market Profile Report

Meath

Median Basic Household Income



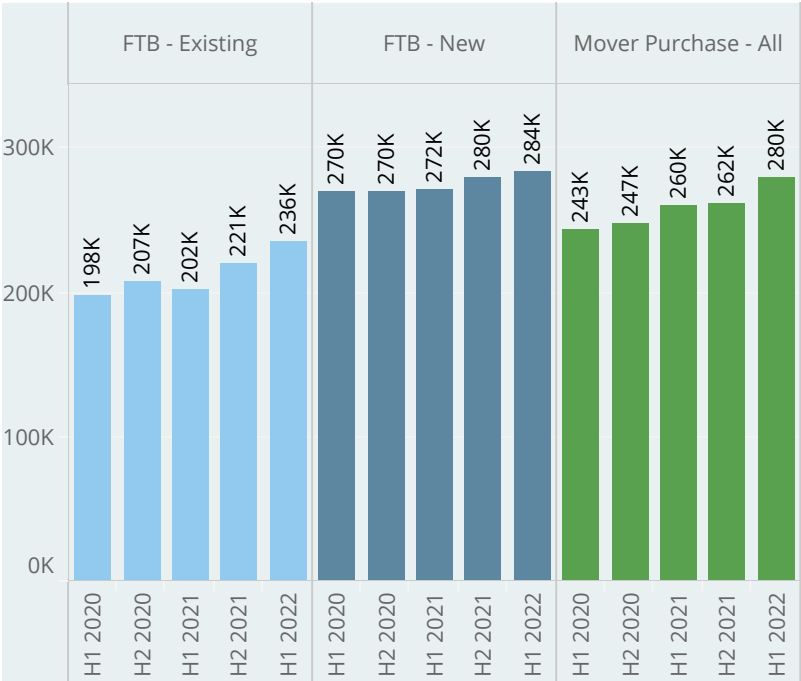
Median Monthly Repayment



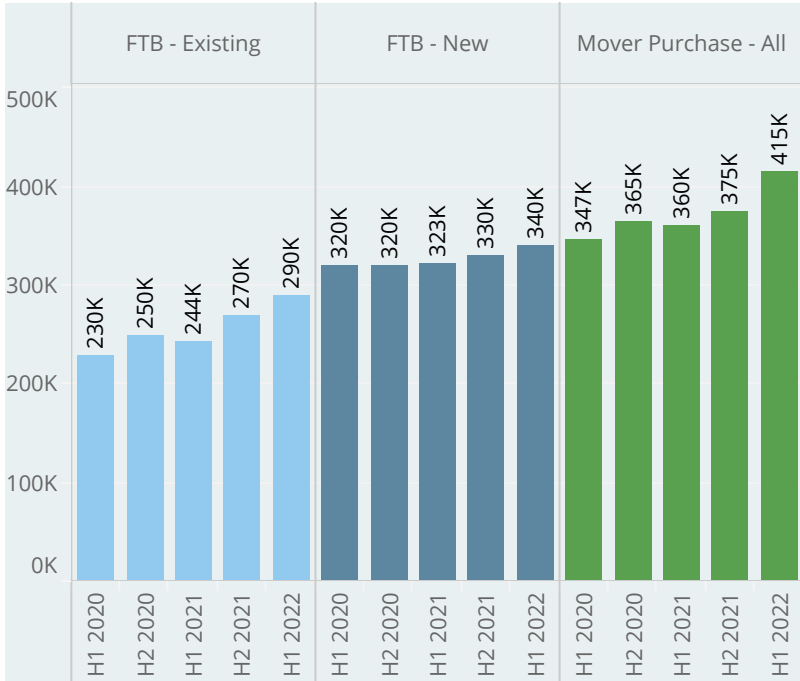
Note: Excluding self-builds

FTB - Existing FTB - New Mover Purchase - All

Median Loan



Median Property Value





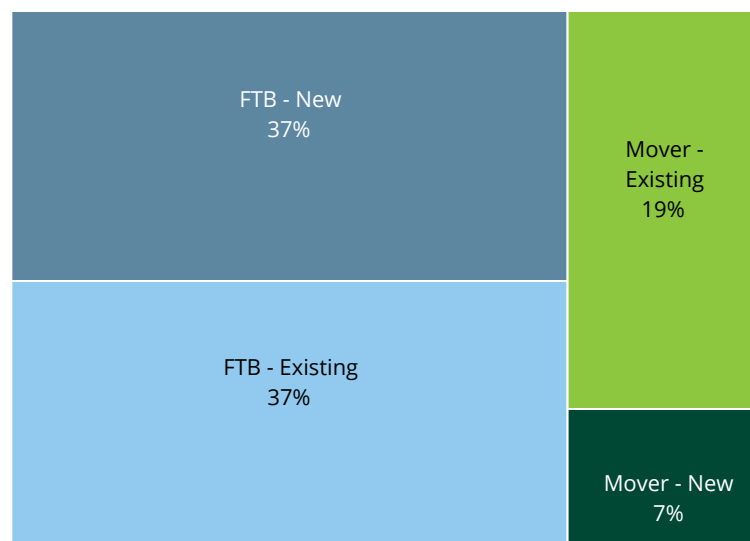
Mortgage Market Profile Report

Kildare



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Customer Type-Property Status Share

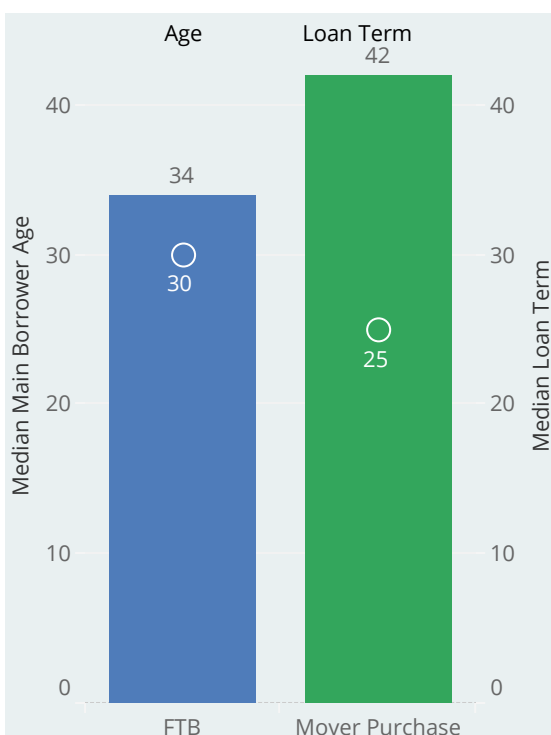


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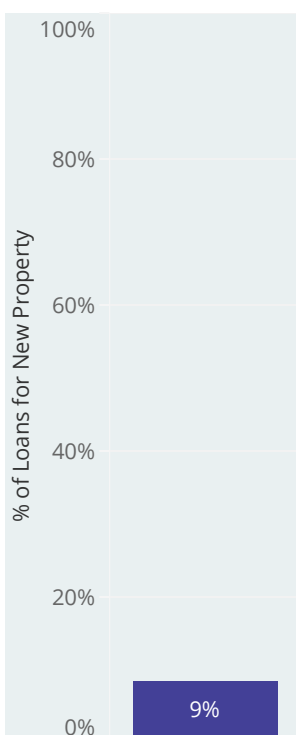
Detached houses and bungalows accounted for only 18% of FTB and 49% of mover purchase mortgages in Kildare, while only 9% of new properties were self-builds, the lowest proportions outside Dublin. Conversely, 58% of FTB mortgages were secured on semi-detached houses, the highest proportion in Ireland.

For all segments, Kildare has the third highest property value, loan value, income and repayment in the country, after Dublin and Wicklow.

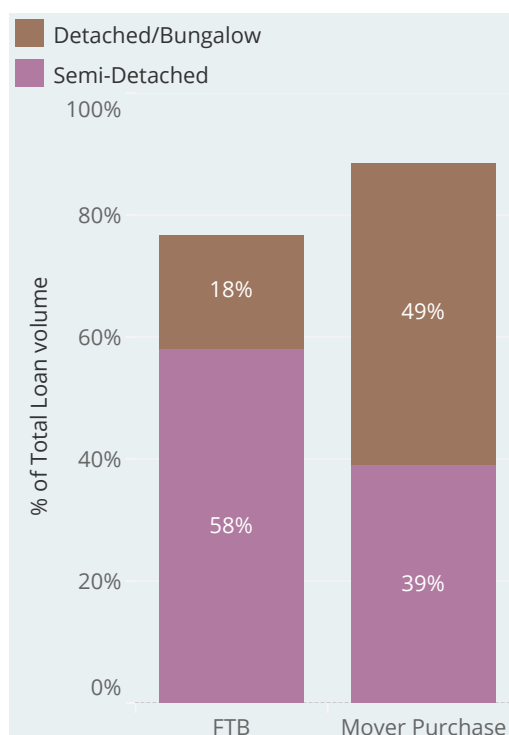
Borrower Age/Loan Term



Self-build % - New



Main Dwelling Types

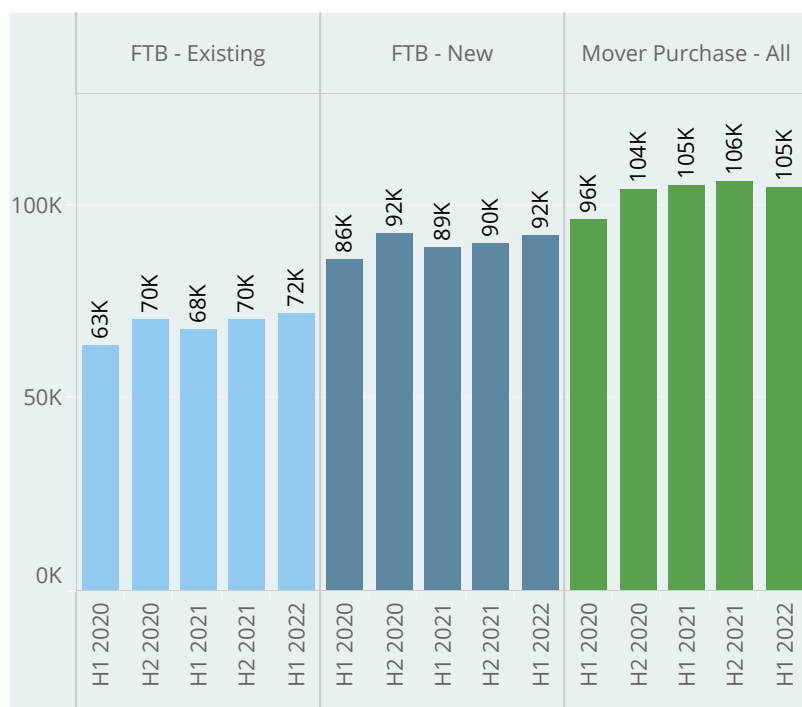




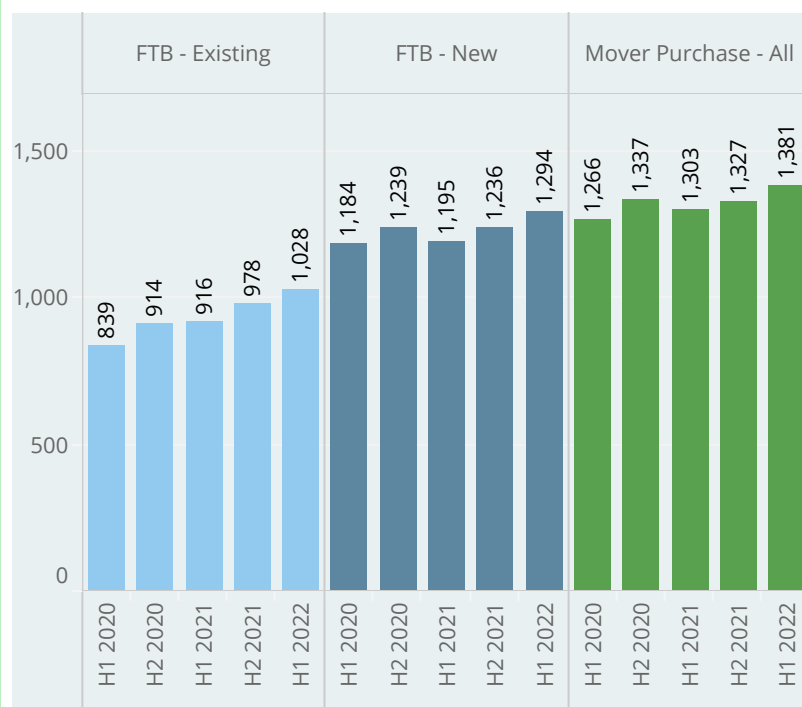
Mortgage Market Profile Report

Kildare

Median Basic Household Income



Median Monthly Repayment



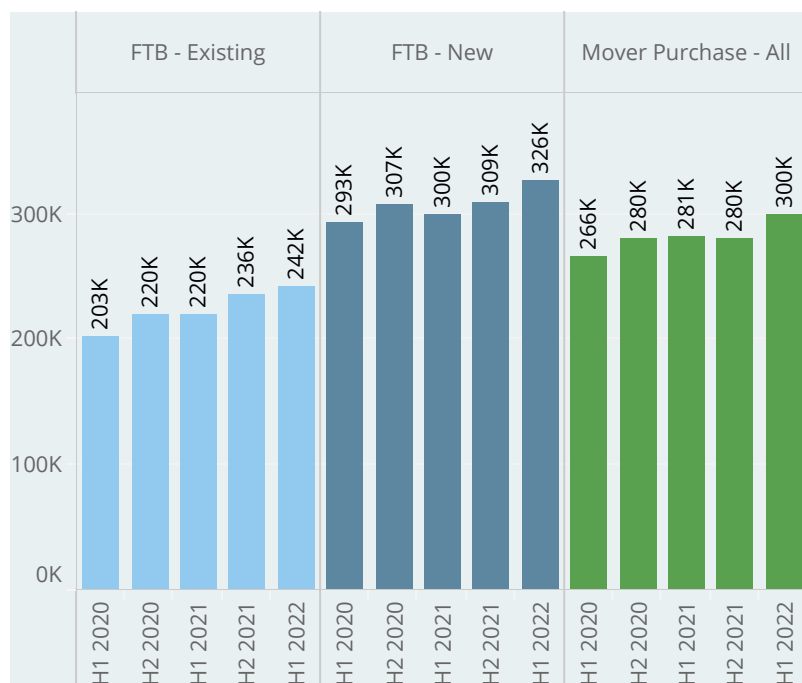
Note: Excluding self-builds

FTB - Existing

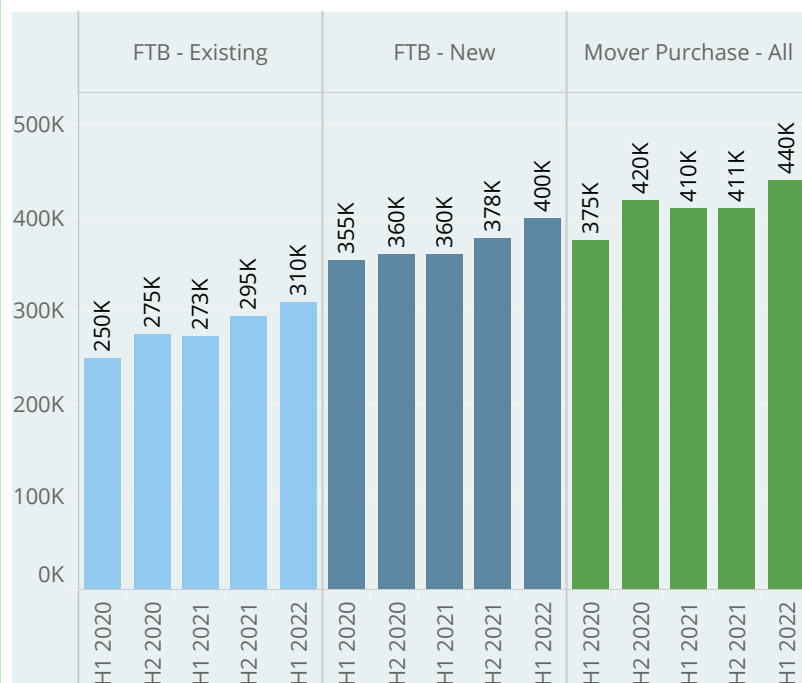
FTB - New

Mover Purchase - All

Median Loan



Median Property Value





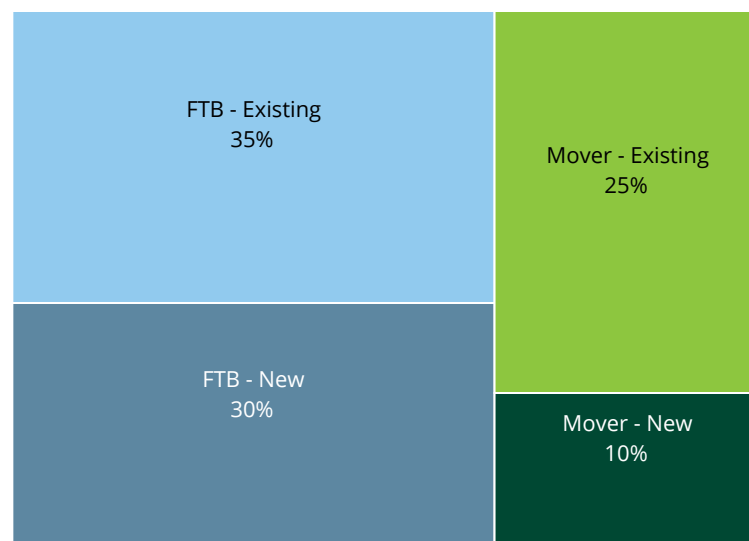
Mortgage Market Profile Report

Wicklow



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Customer Type-Property Status Share

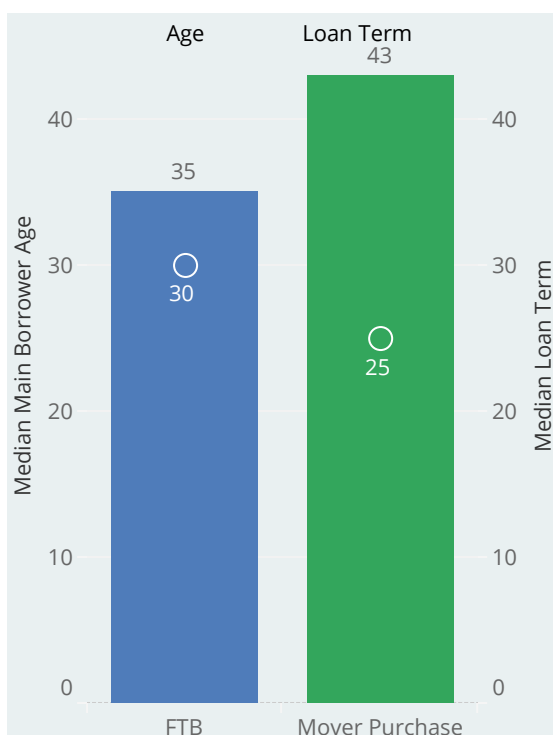


Note: All charts on this page refer to H1 2022.

Mover purchasers accounted of 35% of home mortgages in Wicklow in H1 2022, the highest proportion in the country.

The county had the country's highest median basic household incomes, monthly repayments (excluding self-builds) and property values for FTBs buying or building new properties. The median income and loan value of FTB mortgages on existing properties were also the highest in the country.

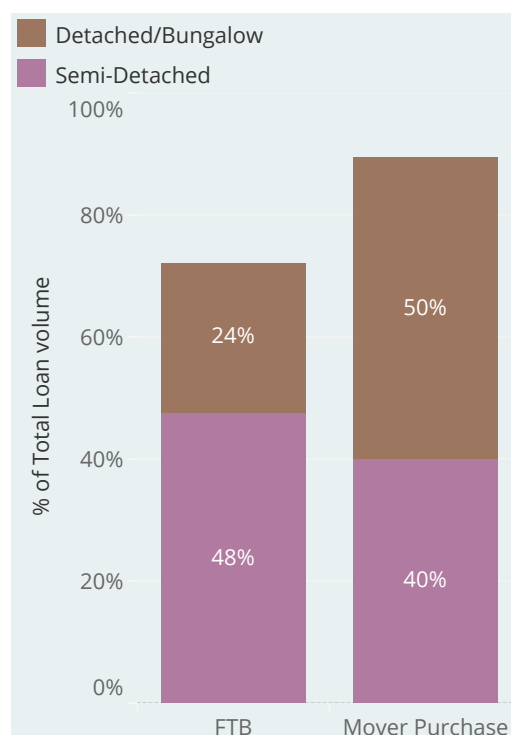
Borrower Age/Loan Term



Self-build % - New



Main Dwelling Types

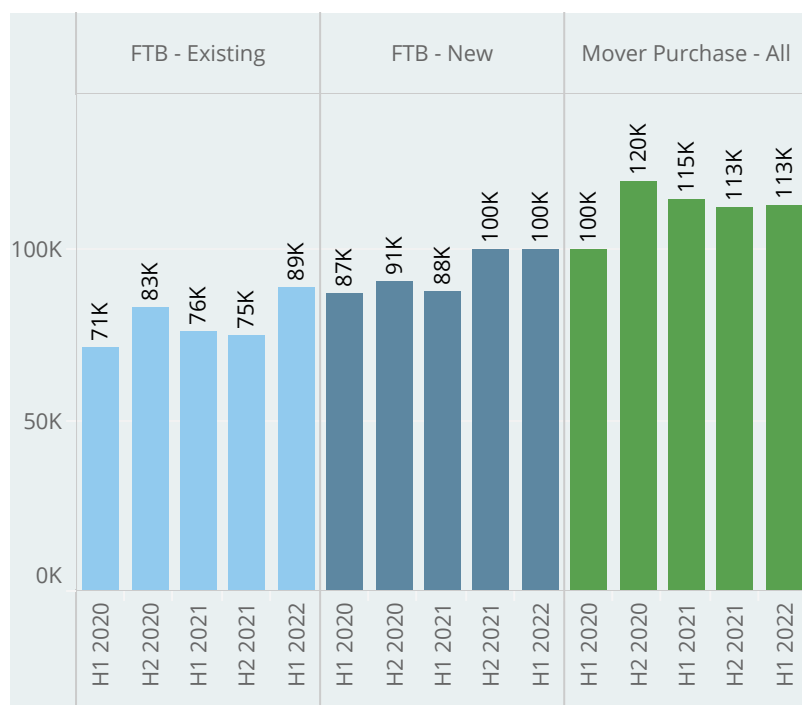




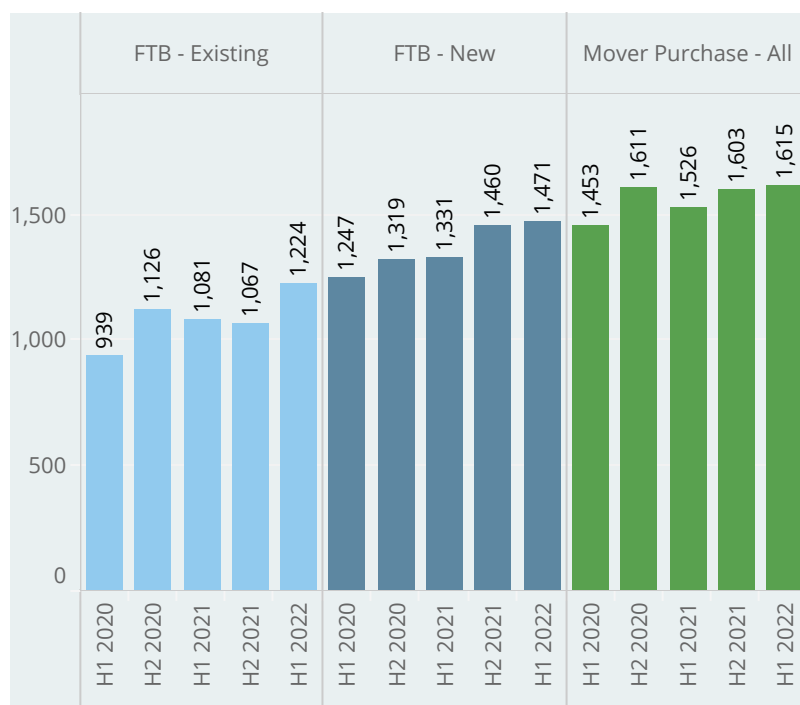
Mortgage Market Profile Report

Wicklow

Median Basic Household Income



Median Monthly Repayment



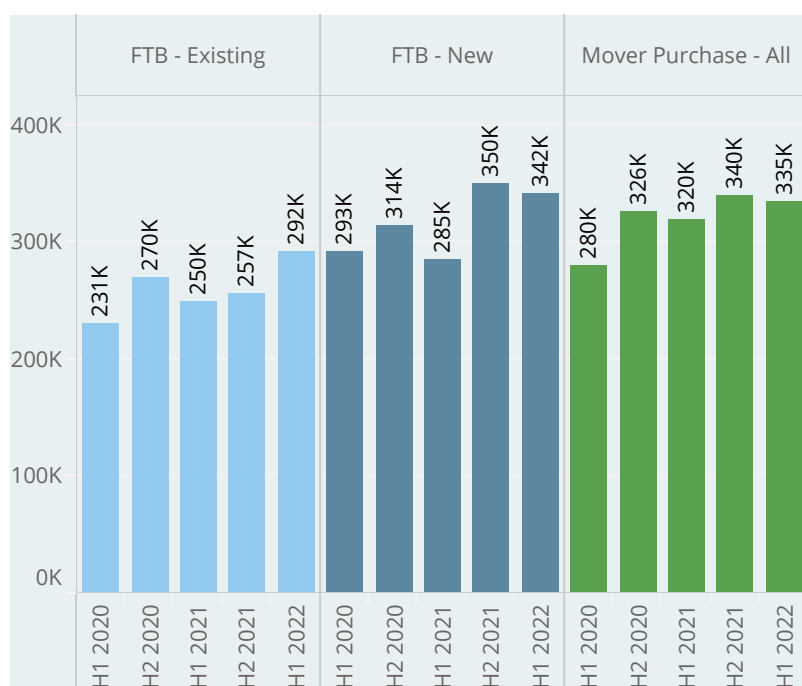
Note: Excluding self-builds

FTB - Existing

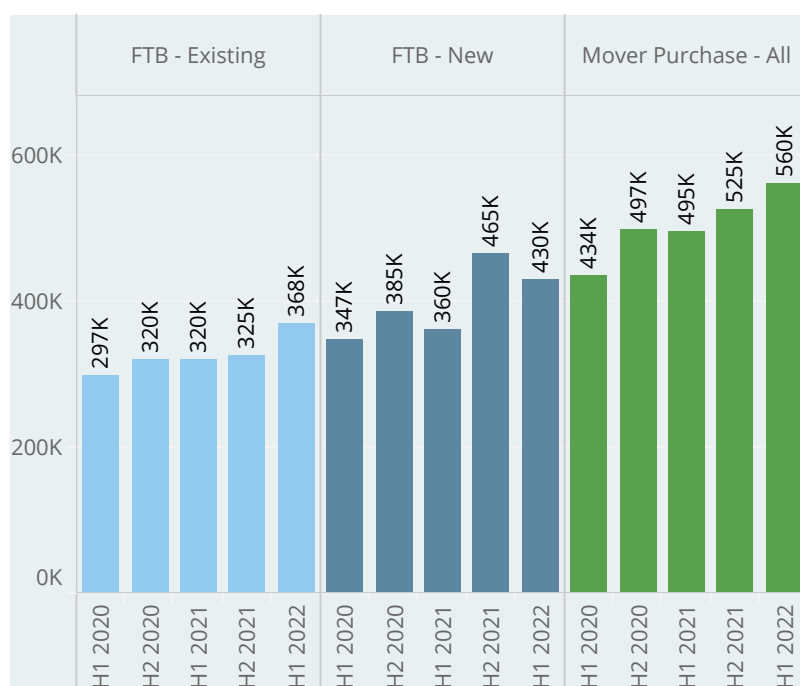
FTB - New

Mover Purchase - All

Median Loan



Median Property Value



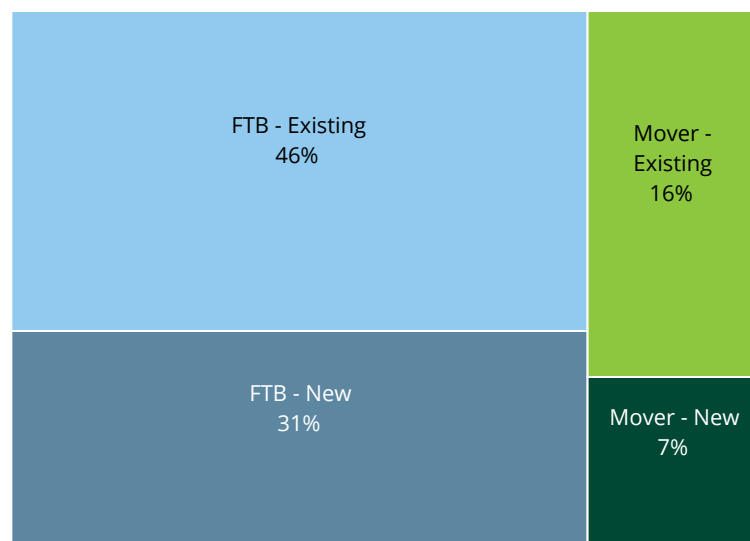


Mortgage Market Profile Report

Border



Customer Type-Property Status Share

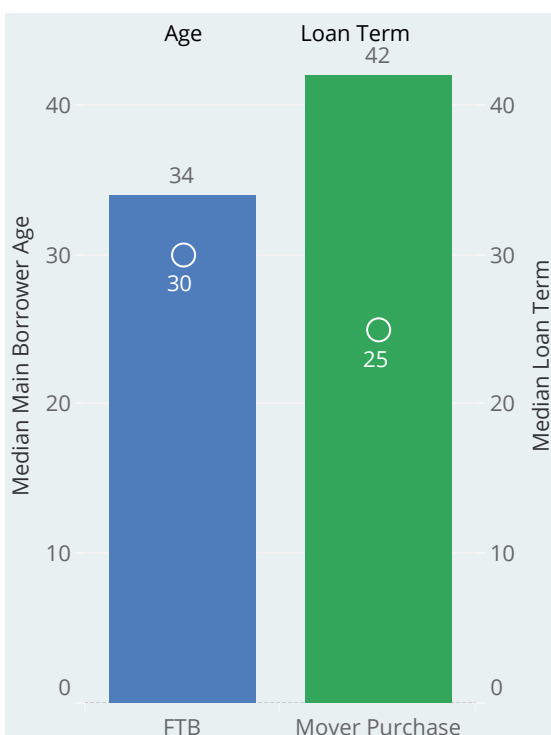


Note: All charts on this page refer to H1 2022.

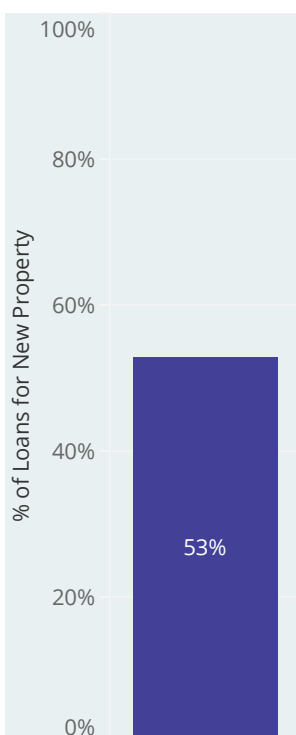
In H1 2022, FTBs accounted for some 77% of home mortgages in the Border region, with the share of mortgages issued to FTBs for new properties rising to 31% from 25% in H1 2020.

The median income of FTBs buying or building new properties rose by 9% year on year but was still the lowest in the country at less than €74,000.

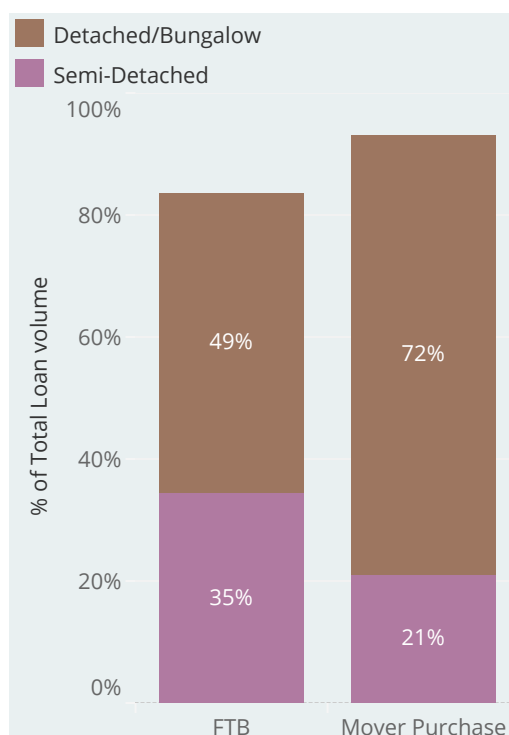
Borrower Age/Loan Term



Self-build % - New



Main Dwelling Types

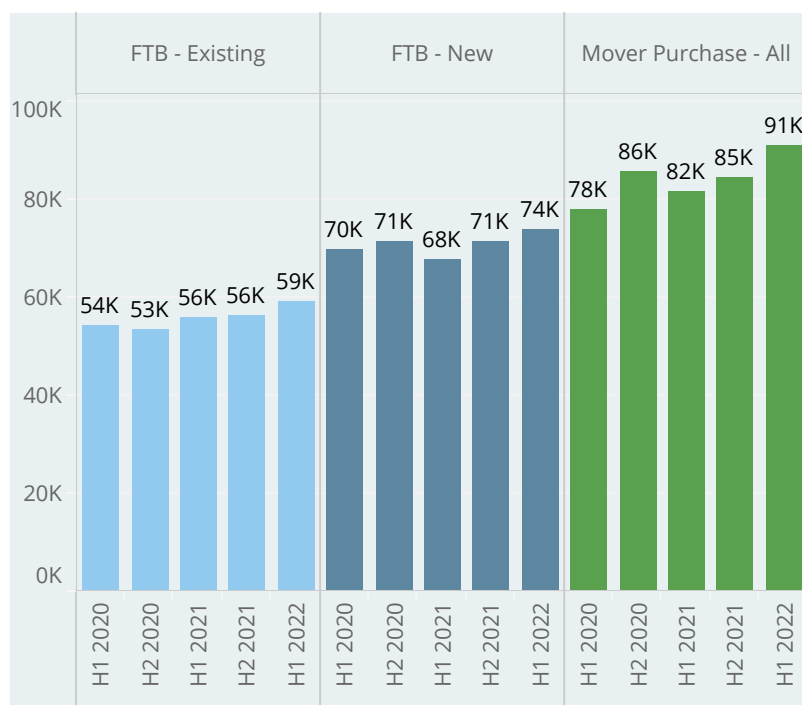




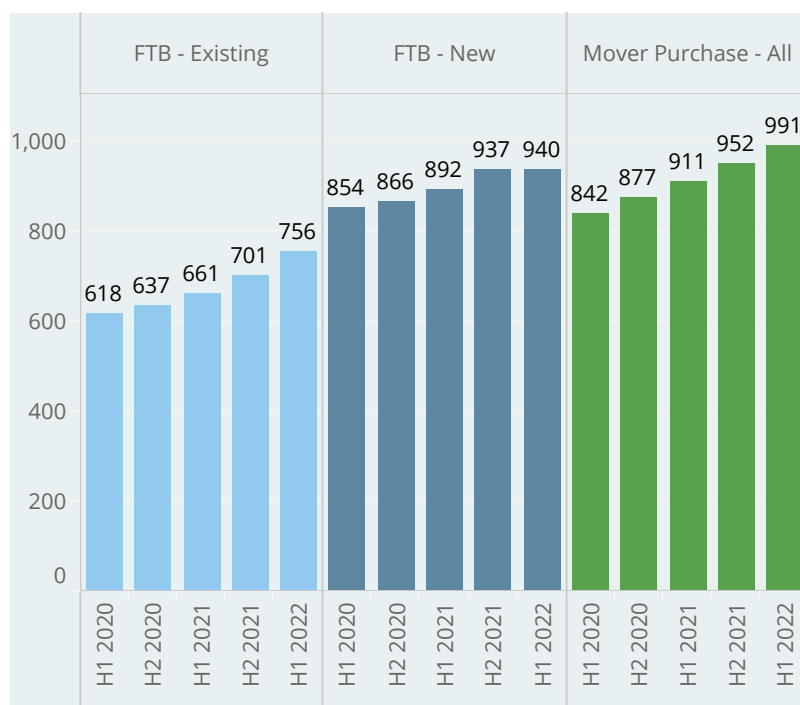
Mortgage Market Profile Report

Border

Median Basic Household Income



Median Monthly Repayment



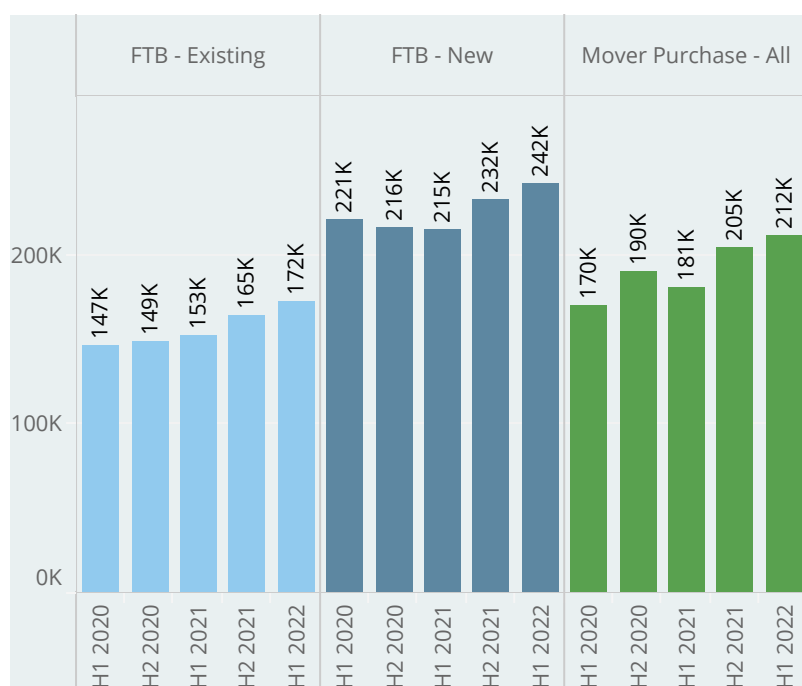
Note: Excluding self-builds

FTB - Existing

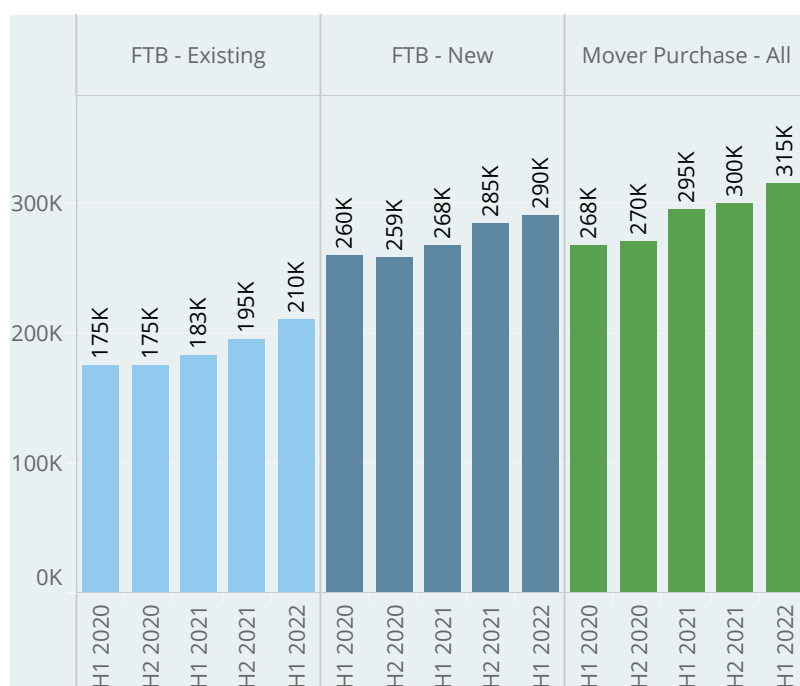
FTB - New

Mover Purchase - All

Median Loan



Median Property Value



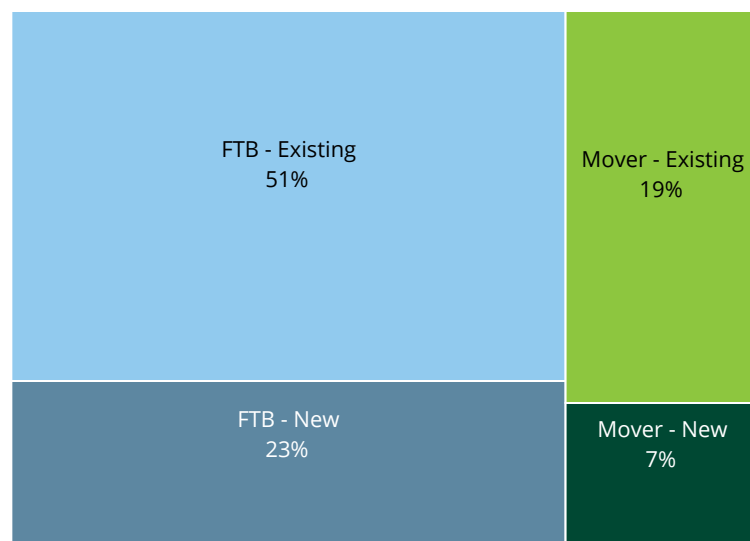


Mortgage Market Profile Report

West



Customer Type-Property Status Share

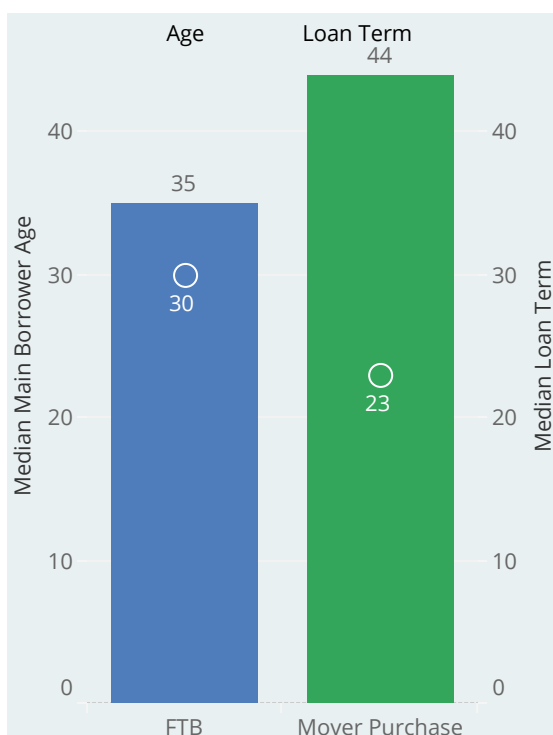


Note: All charts on this page refer to H1 2022.

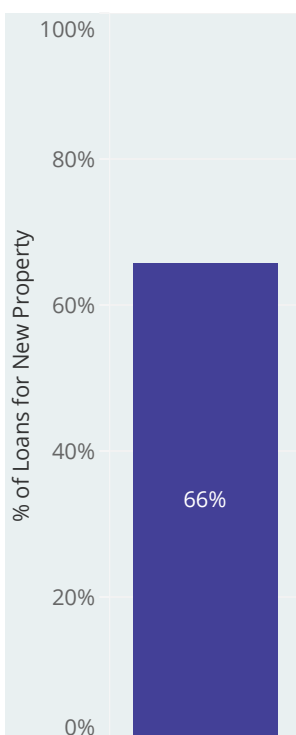
Some 66% of new properties financed by home mortgages in the West region were self-builds in H1 2022, down from 79% in H1 2020. Similarly, the share of mover purchase loans secured on detached houses/bungalows fell from 85% in H1 2021 to 69% a year later.

The West had the country's lowest median repayments (excluding self-builds) in all segments, even though the median repayment for FTBs on existing properties rose by 18% year on year to €716.

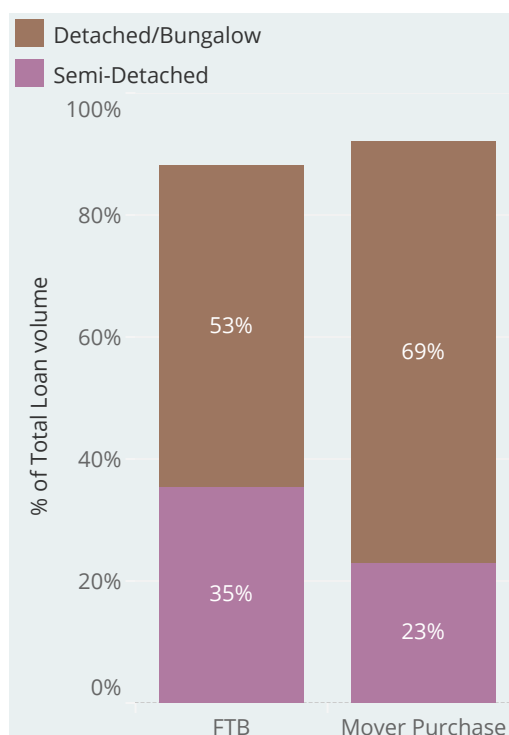
Borrower Age/Loan Term



Self-build % - New



Main Dwelling Types

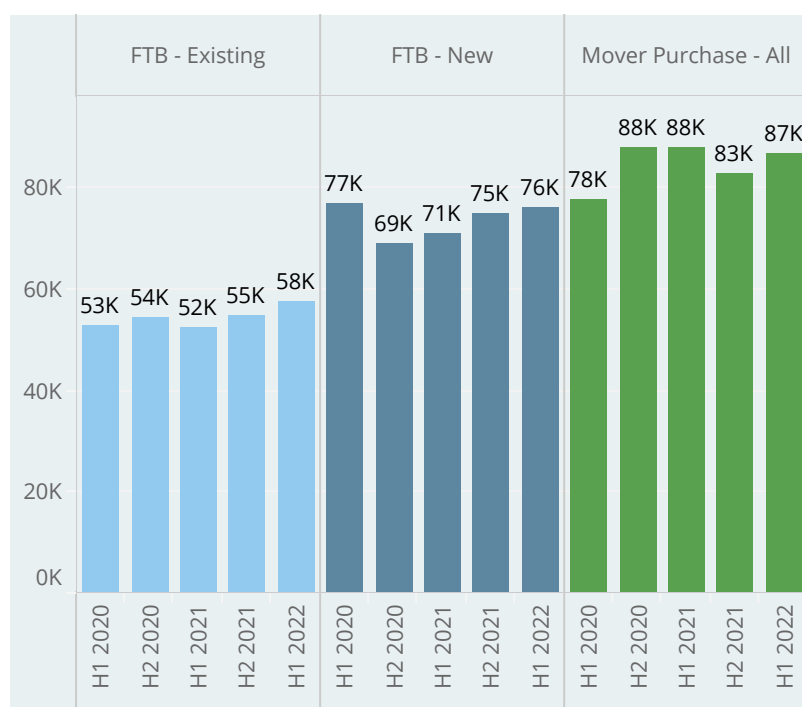




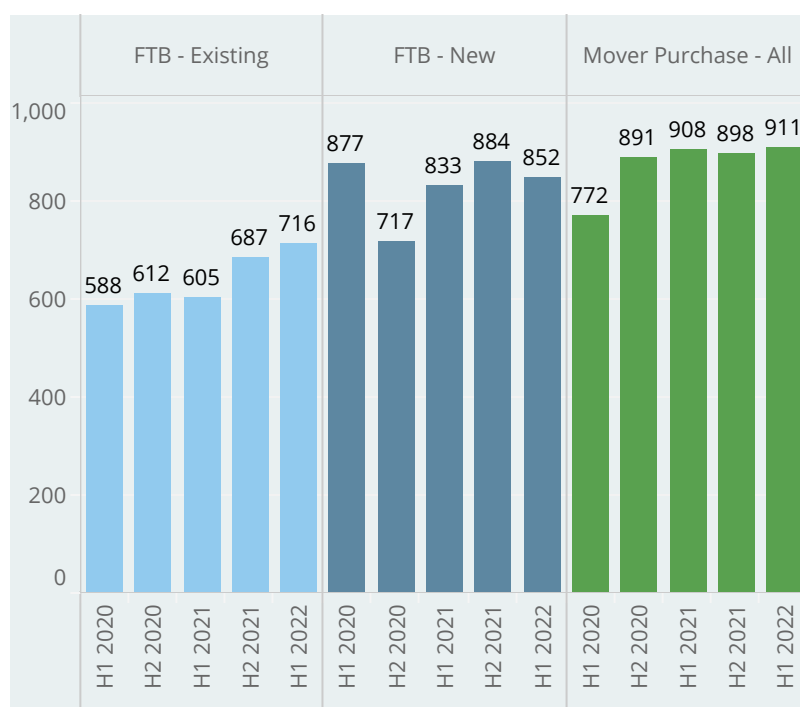
Mortgage Market Profile Report

West

Median Basic Household Income



Median Monthly Repayment



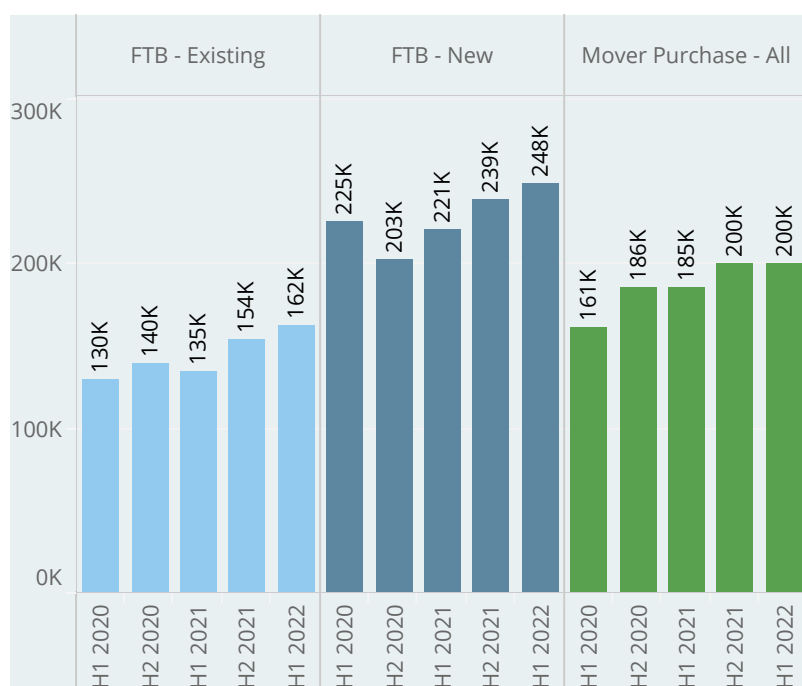
Note: Excluding self-builds

FTB - Existing

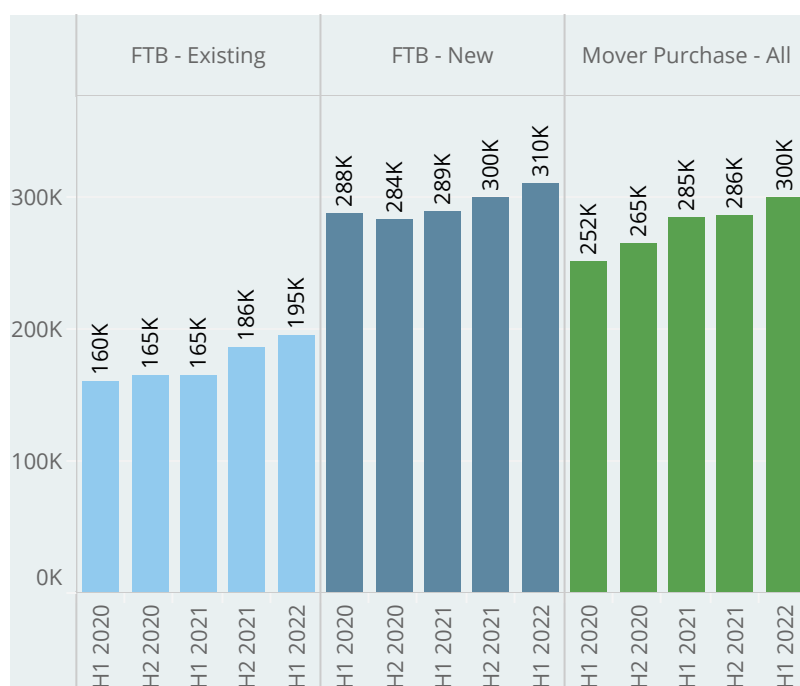
FTB - New

Mover Purchase - All

Median Loan



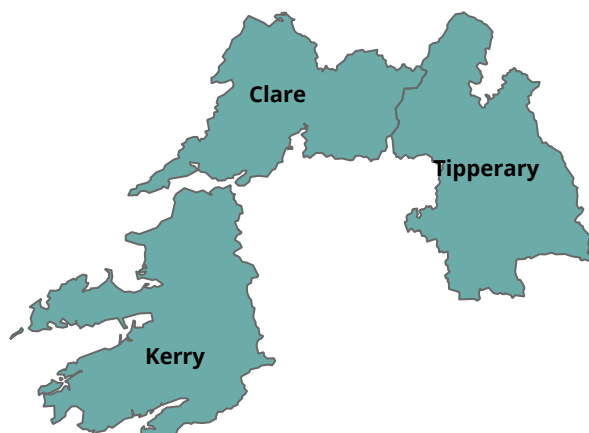
Median Property Value





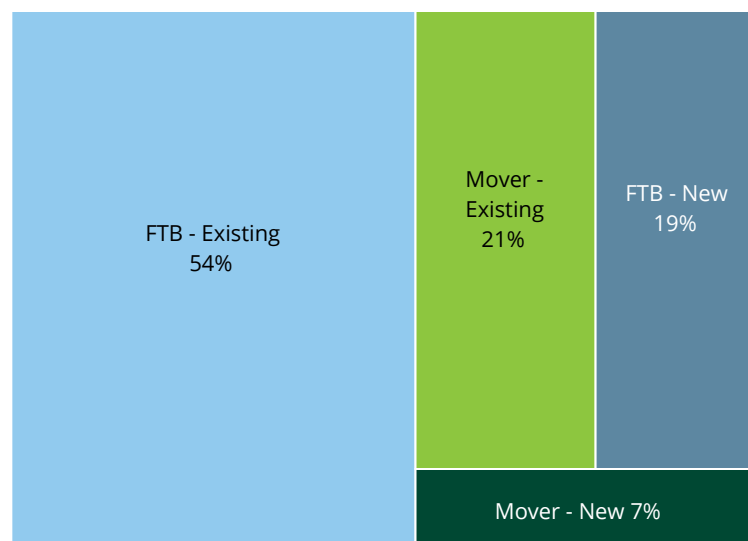
Mortgage Market Profile Report

South and Mid West



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Customer Type-Property Status Share

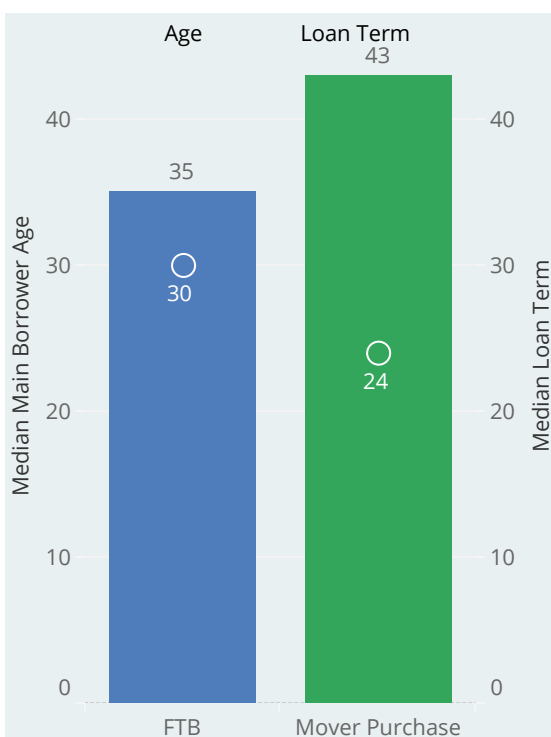


Note: All charts on this page refer to H1 2022.

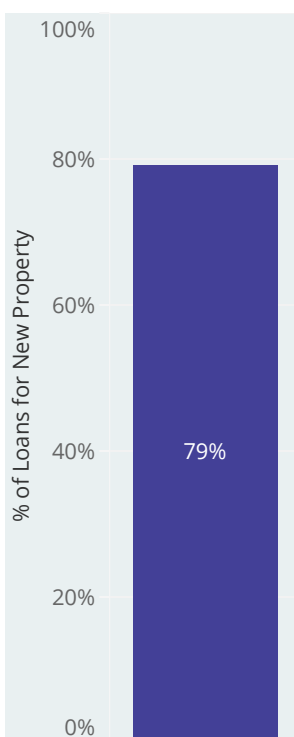
In H1 2022, self-builds accounted for 79% of new properties financed by home mortgages in the South and Mid West region - the highest share in the country. Some 54% of FTB mortgages and 78% of mover purchase mortgages were secured on detached houses/bungalows.

The median mover purchase property value jumped by 22% year on year to €342,000 in H1 2022.

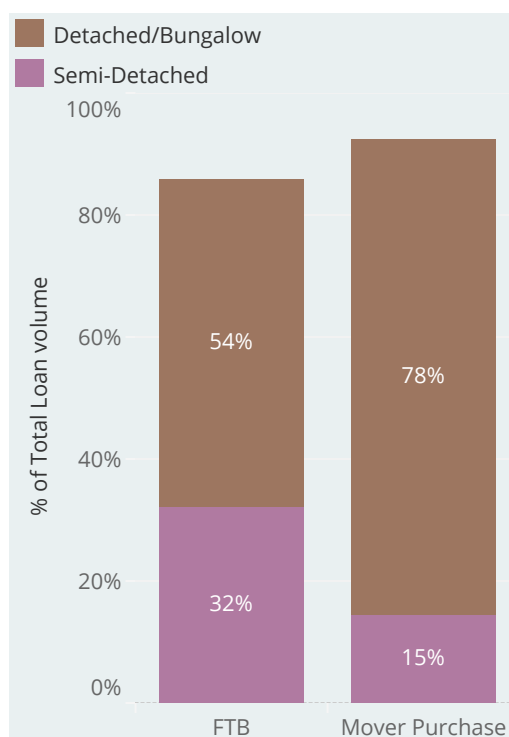
Borrower Age/Loan Term



Self-build % - New



Main Dwelling Types

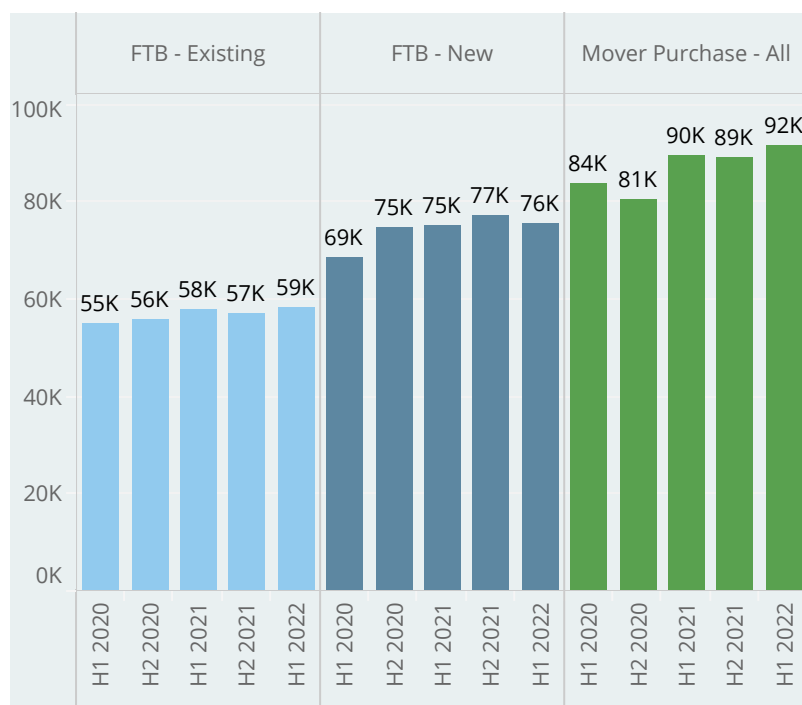




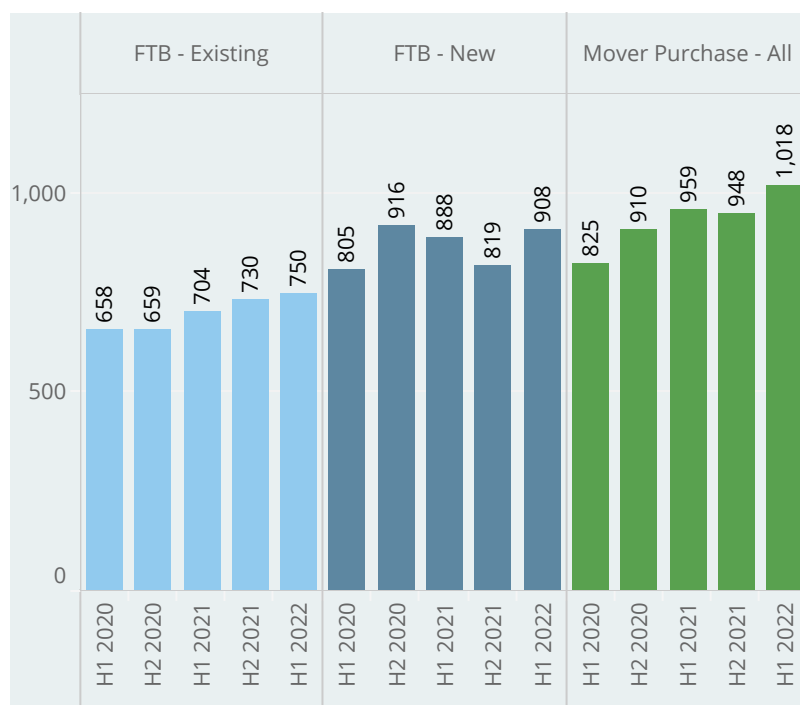
Mortgage Market Profile Report

South and Mid West

Median Basic Household Income



Median Monthly Repayment



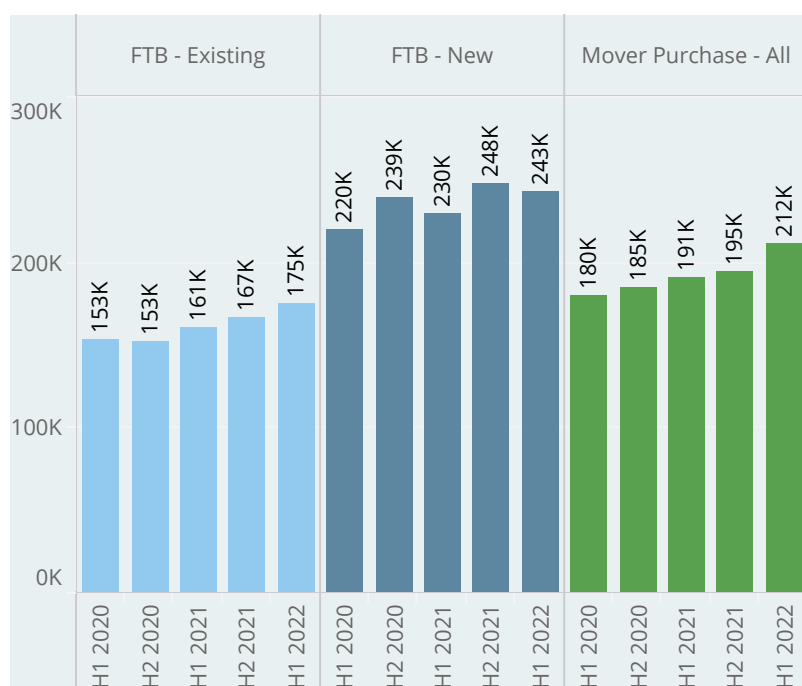
Note: Excluding self-builds

FTB - Existing

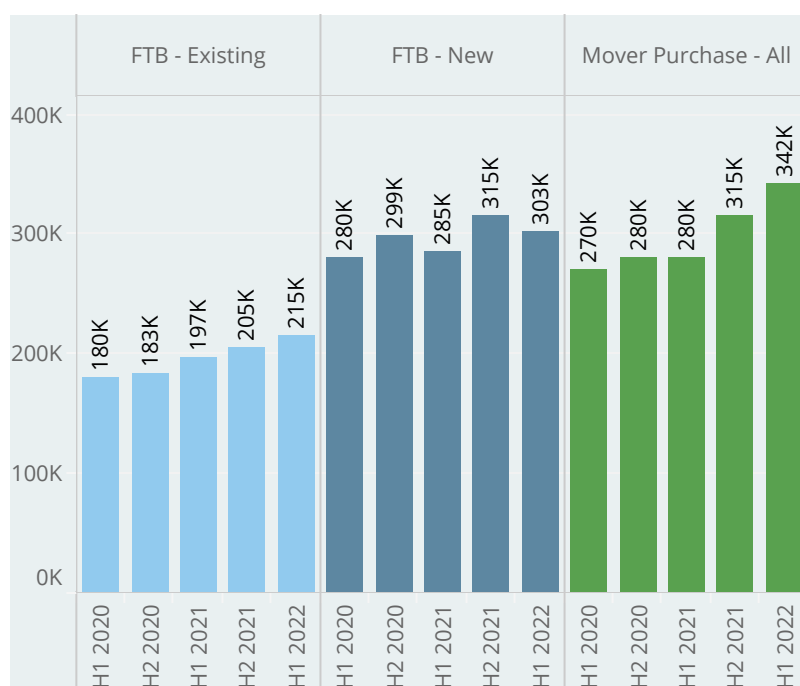
FTB - New

Mover Purchase - All

Median Loan



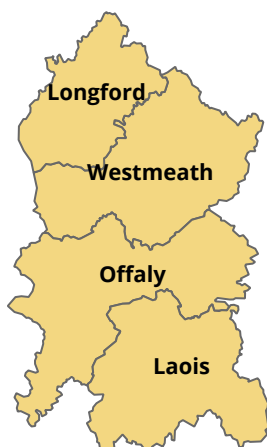
Median Property Value





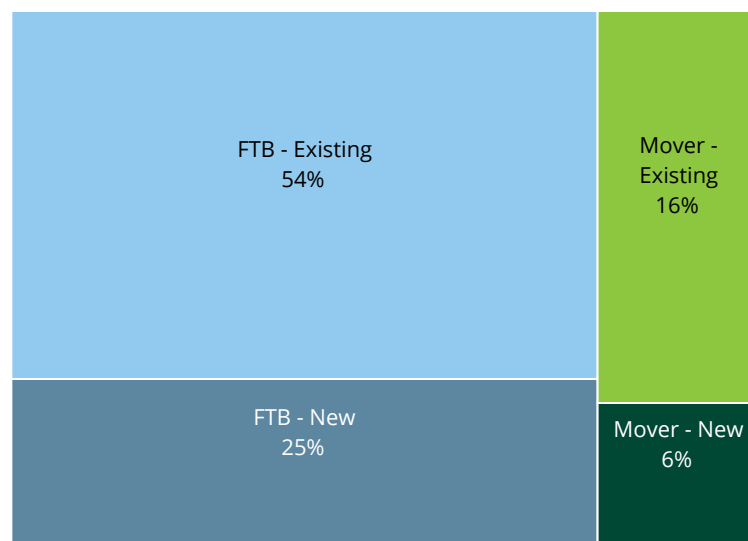
Mortgage Market Profile Report

Midlands



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Customer Type-Property Status Share

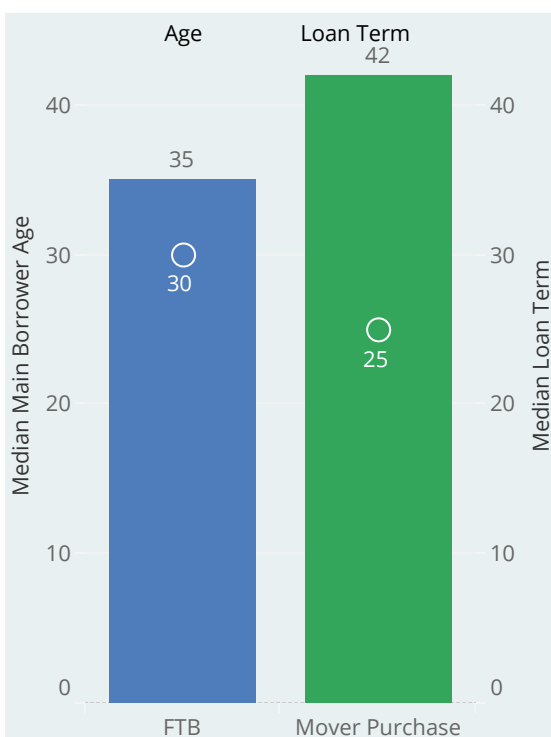


Note: All charts on this page refer to H1 2022.

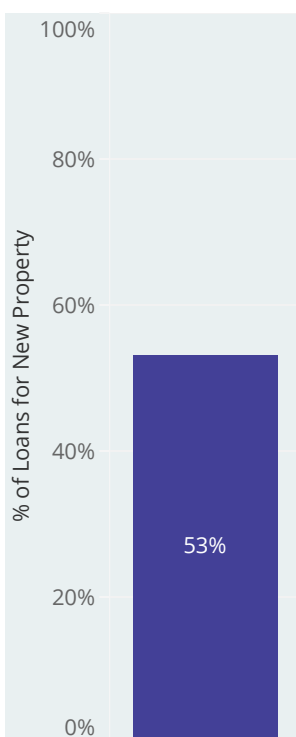
Some 79% of home mortgages in the Midlands region were drawn down by FTBs. Self-builds as a proportion of mortgages secured on new properties fell to 53% in H1 2022 from 71% two years earlier.

The median monthly repayment for mover purchasers jumped by 31% between H1 2020 and H1 2022 to €1,029.

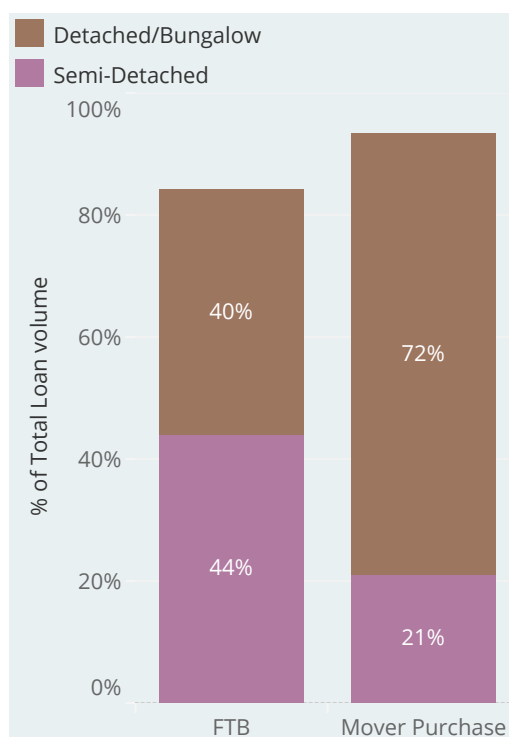
Borrower Age/Loan Term



Self-build % - New



Main Dwelling Types

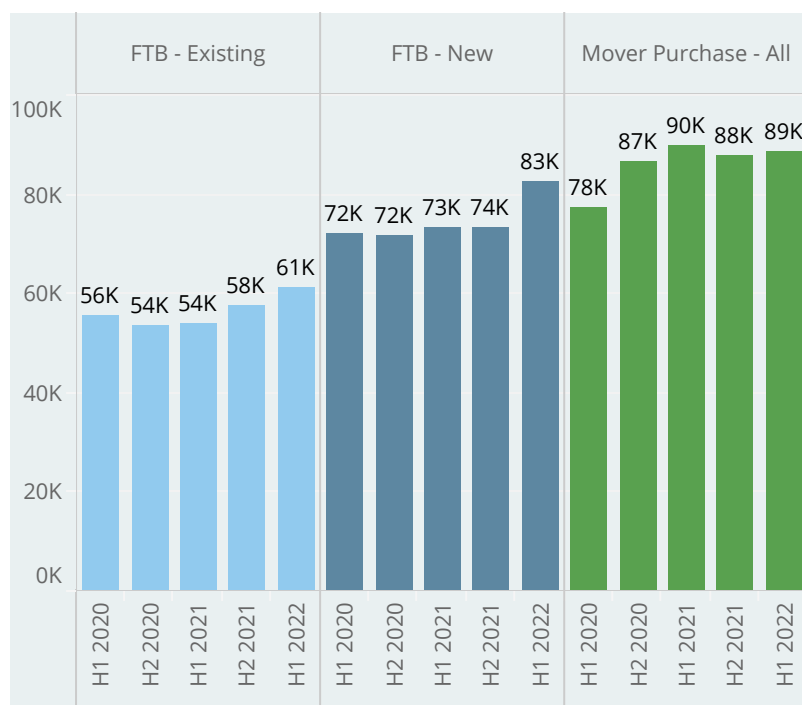




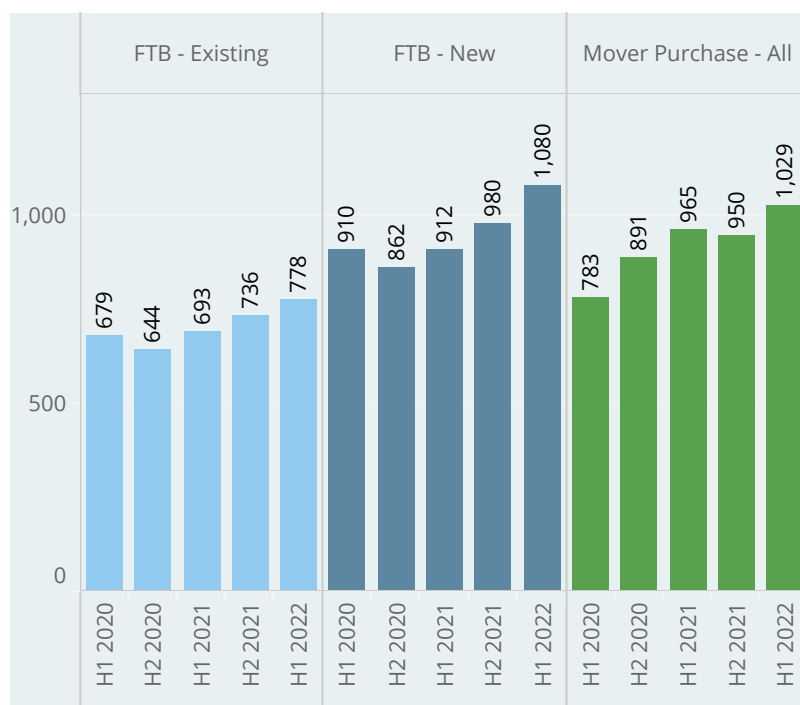
Mortgage Market Profile Report

Midlands

Median Basic Household Income



Median Monthly Repayment



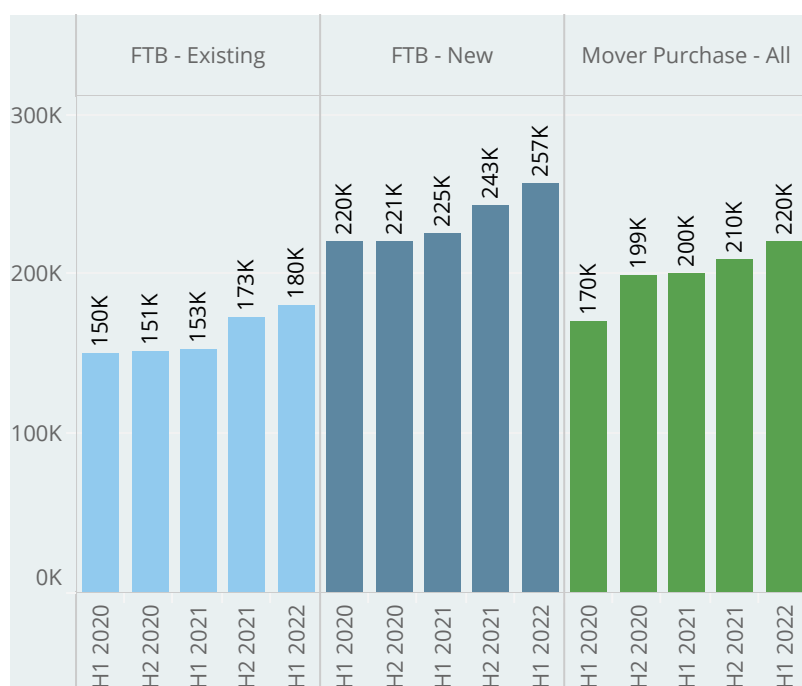
Note: Excluding self-builds

FTB - Existing

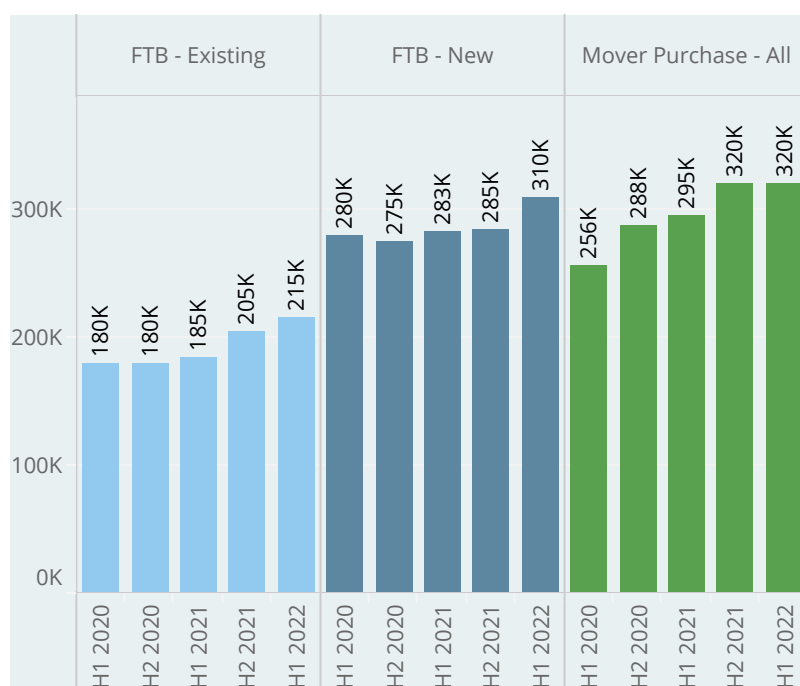
FTB - New

Mover Purchase - All

Median Loan



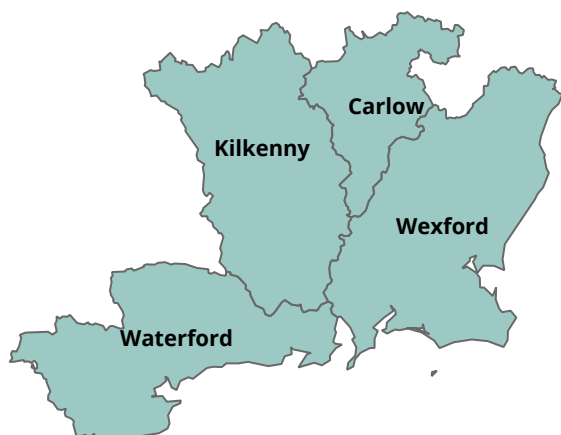
Median Property Value





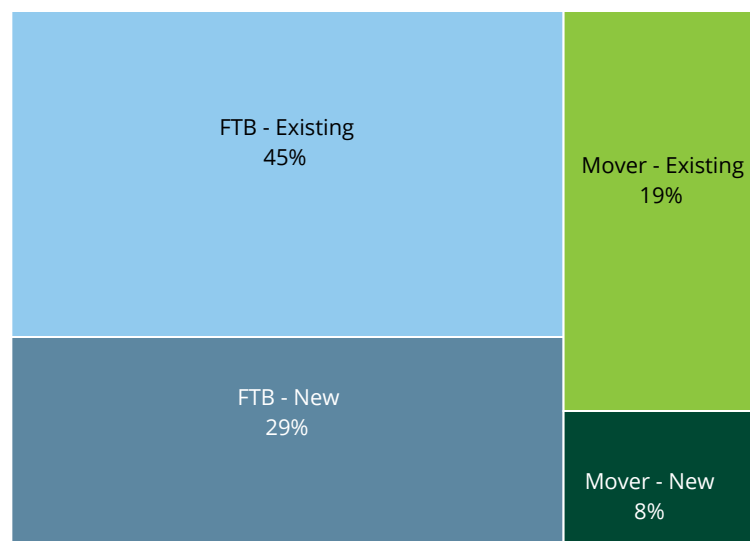
Mortgage Market Profile Report

South East



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Customer Type-Property Status Share

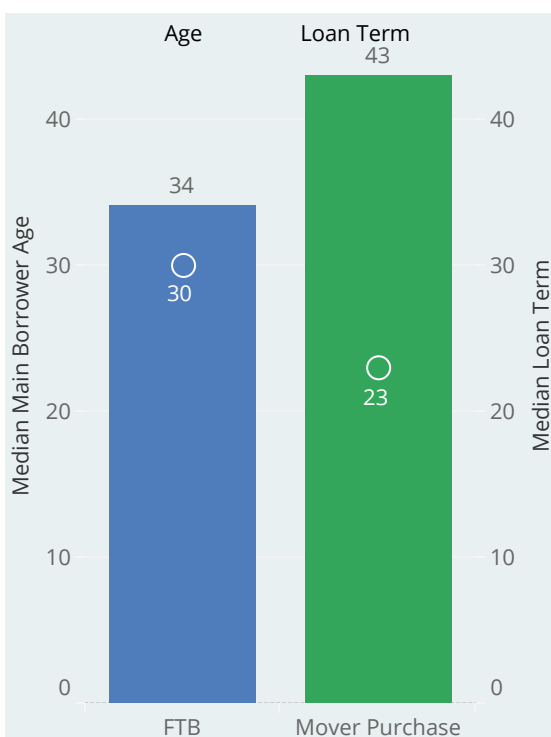


Note: All charts on this page refer to H1 2022.

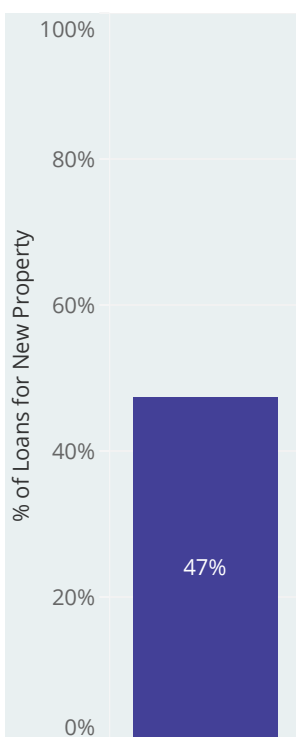
FTBs buying or building new properties accounted for 29% of home mortgages in the South East region in H1 2022, up from 24% a year earlier. The South East increased its share of FTB new mortgages from 8.2% in H1 2020 to 10% in H1 2022.

The median FTB new property value rose by 7% between H1 2020 and H1 2022, compared with a 25% increase in the median FTB existing property value.

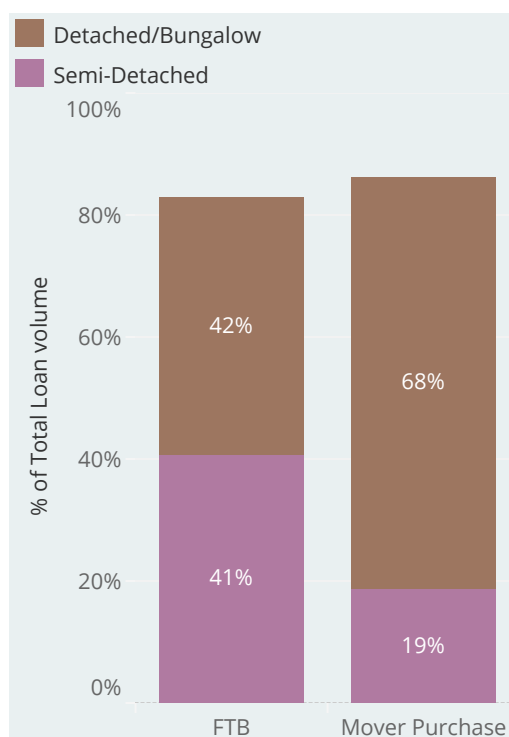
Borrower Age/Loan Term



Self-build % - New



Main Dwelling Types

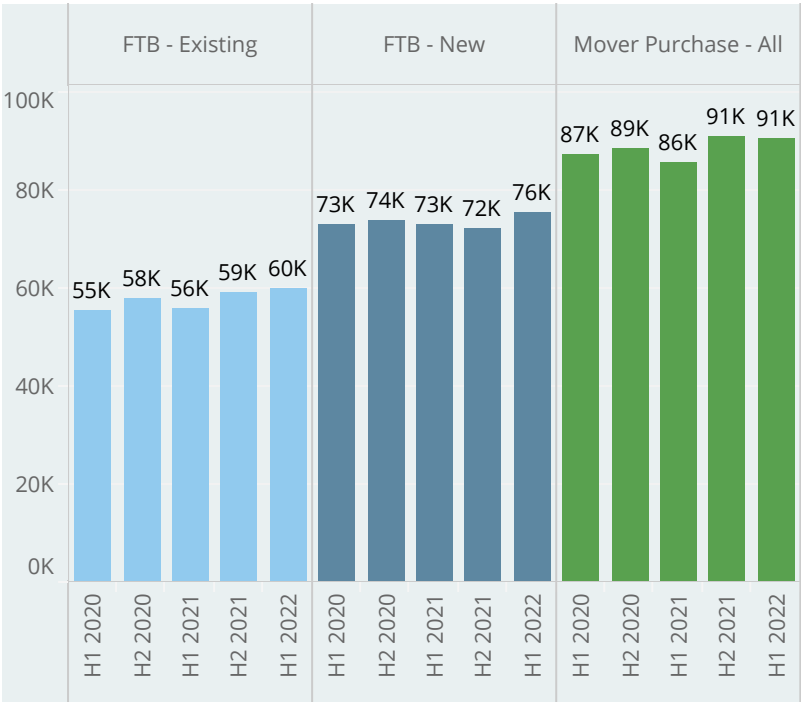




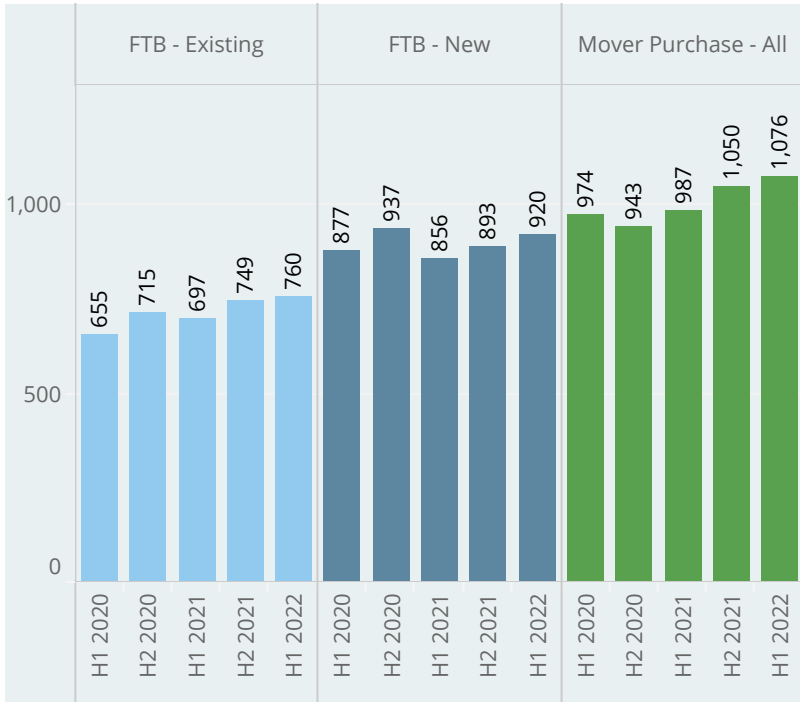
Mortgage Market Profile Report

South East

Median Basic Household Income



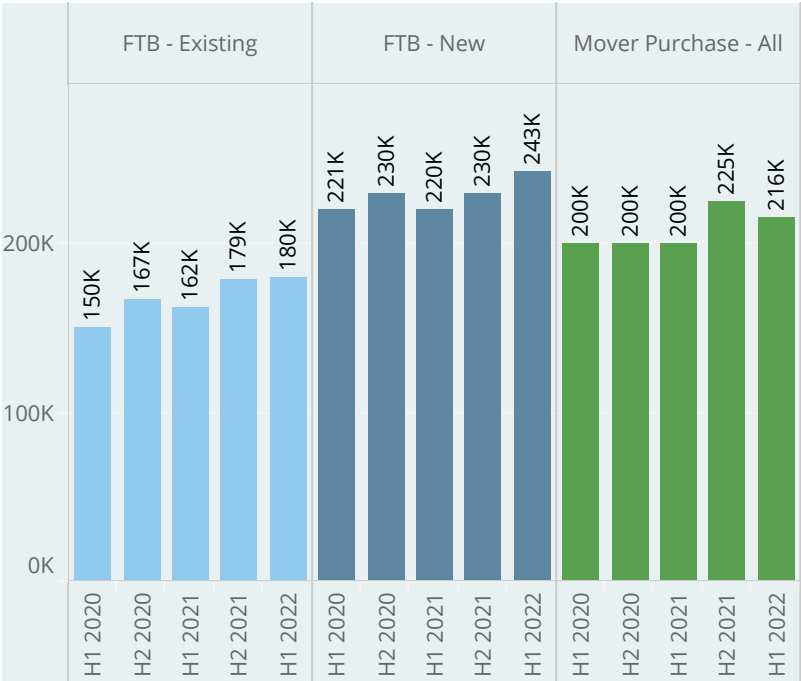
Median Monthly Repayment



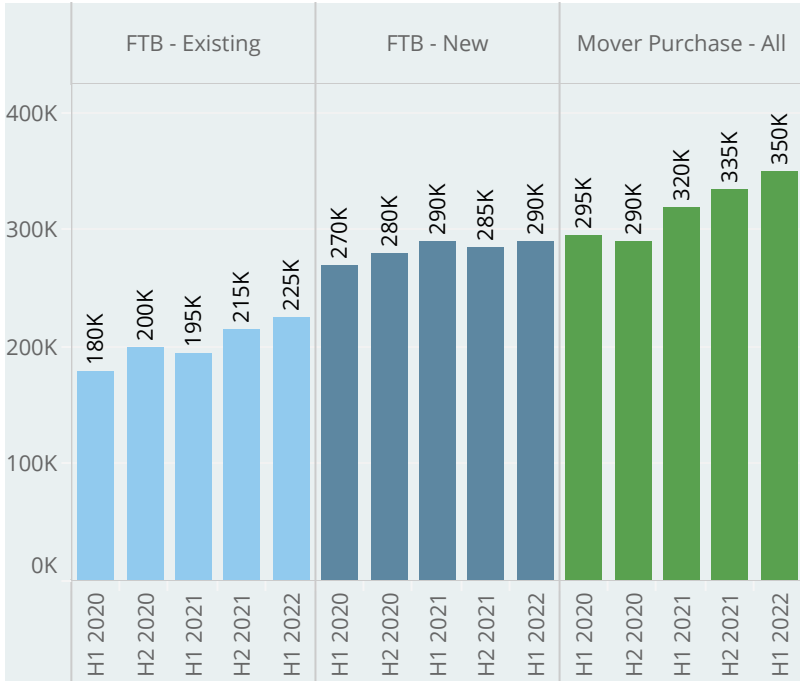
Note: Excluding self-builds

FTB - Existing FTB - New Mover Purchase - All

Median Loan



Median Property Value





Mortgage Market Profile Report

About the Data

BPFI's mortgage drawdown data shows the highs and lows in the market since 2003. In this report, we drill down into the data and ask who, what and where:

- who is taking out home loans?
- what types of loans are they taking out and what types of properties are they building or buying?
- where are the properties being financed and how do borrowers, loans and properties differ around the country?

All data in this report is produced by BPFI unless otherwise stated.

BPFI collects anonymised loan-level data from participating members to enhance our understanding of the mortgage market and to better understand the nature of loans, borrowers and properties financed. BPFI ensures that no individual borrower or property can be identified.

This data complements and aligns with the monthly mortgage approvals and quarterly mortgage drawdowns data published by BPFI. However, this data draws on different data sources so full alignment cannot be guaranteed due to timing and other differences.

The data in this report covers mortgage drawdowns where the customer type has been identified as home buyer or builder and the mortgage financing the property purchase or build is secured on that property.

Customer Type & Property Status

First-time buyers (FTB) purchase - a loan issued for the purchase of residential property which is to be owner-occupied, where none of the borrowers have ever been an owner occupier (or part owner occupier) of a residential property in Ireland or elsewhere, or have previously had a housing loan.

Mover purchase - a loan issued for the purchase of residential property which is to be owner-occupied, where at least one of the borrowers has been an owner occupier (or part owner occupier) of a residential property in Ireland or elsewhere, or has previously had a housing loan.

New property - a newly built property that has not previously been inhabited.

Existing property - a property that has previously been inhabited.

Participating members

Eight member groups currently provide data:

AIB Group (AIB, EBS, Haven Mortgages);

Avant Money;

Bank of Ireland;

Dilosk/ICS Mortgages;

Finance Ireland;

permanent tsb;

KBC Bank Ireland;

Ulster Bank (up to H2 2021)



Mortgage Market Profile Report

About the Data

Data Definitions

Main borrower age - the age at drawdown of the borrower or main borrower where there is more than one borrower. The main borrower is identified through a combination of borrower income and the order in which the borrower is reported.

Loan term - the length of time in years over which the mortgage has to be repaid.

Self-build proportion - the share of loans secured on new-build homes where the loans are provided for the purpose of financing the building of a new home by the borrower rather than the purchase of a newly built home from a developer/contractor.

Main dwelling types - the type of property on which the mortgage is secured. These may be apartments, terraced houses, semi-detached houses or detached houses/bungalows.

Basic household income - the sum of gross basic annual income (income from the borrower's main occupation before income-related taxes, charges or benefits) for all borrowers. This excludes rental income as well as additional income from the borrower's occupation such as bonuses.

Monthly repayment - the monthly repayment amount (including principal, interest and fees, where applicable) at drawdown and based on the value of drawn balances. Repayments may subsequently increase if further undrawn balances are drawn down. Self-builds are excluded from this calculation. This data is only available from H1 2020.

Loan Value - the total value of the loan at drawdown whether or not the loan is drawn down in full at that time.

Property Value - the valuation of the property on which the mortgage is secured. For data before 2020, the property purchase price is used.

About BPFI

Banking & Payments Federation Ireland (BPFI) is the voice of banking and payments in Ireland. Representing over 100 domestic and international member institutions, we mobilise the sector's collective resources and insights to deliver value and benefit to members, enabling them to build competitive sustainable businesses which support customers, the economy and society.

Disclaimer

This report is based on statistical information supplied to BPFI by the mortgage lending institutions listed herein. While every effort has been made to ensure the accuracy of information included in this report, BPFI can accept no responsibility for errors contained herein. This report is not to be reproduced in whole or in part without prior permission. Figures may not sum due to rounding.

For queries, contact Anthony O'Brien, Head of Sector Research & Analysis, BPFI at anthony.obrien@bpfi.ie.



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