

**EBS DKM Index shows housing affordability has improved for first time buyers since October 2014**

EBS, today, (Wednesday, 3<sup>rd</sup> June 2015) releases its latest EBS DKM Affordability Index showing that the proportion of disposable income required to fund a mortgage for the average first time buyer (FTB) working couple dropped to 19.5% in April 2015. This is down from 20.6% last October due to a decrease in house prices in the opening months of this year. The situation has improved dramatically since 2006, when an average FTB couple needed 26.4% of their net income to fund their mortgage, as property prices peaked.

The Index shows a noticeable difference between the Dublin housing market and the rest of the country. In Dublin, a FTB working couple currently requires 22.6% of earnings to fund their mortgage, down from 24.3% in October 2014. A further improvement in Dublin affordability is forecast to 22.1% in June.

The research also ranks counties in terms of housing affordability. Outside of Dublin, Wicklow and Kildare are the least affordable counties, where a FTB couple requires 21.6% and 21.1% of their respective net incomes to fund their mortgage repayments. In Cork and Galway, the figure stands at 14.4% and 13.4% respectively. Longford is the most affordable county in Ireland to buy a home, with a couple requiring only 6.9% of their net income to fund their mortgage.

**Director at DKM Economic Consultants, Annette Hughes, said:** *“The benefit of the EBS DKM Affordability Index is that it captures monthly changes in house prices and the other determinants of affordability. With the volatile changes in house prices in the opening months of 2015, the positive and negative swings in affordability can be clearly seen. The recent upturn in house price in March is probably not surprising given that the market continues to be characterised by pent-up demand, a supply shortage, rising rents and new lending regulations.”*

**EBS Head of Mortgages, Conal Clerkin said:** *“EBS has twice cut its mortgage rates over the last six months, helping improve affordability for new and existing customers. The research released today forecasts that affordability across the first time buyer market will have further improved in the three months to June.”*

**-Ends-**

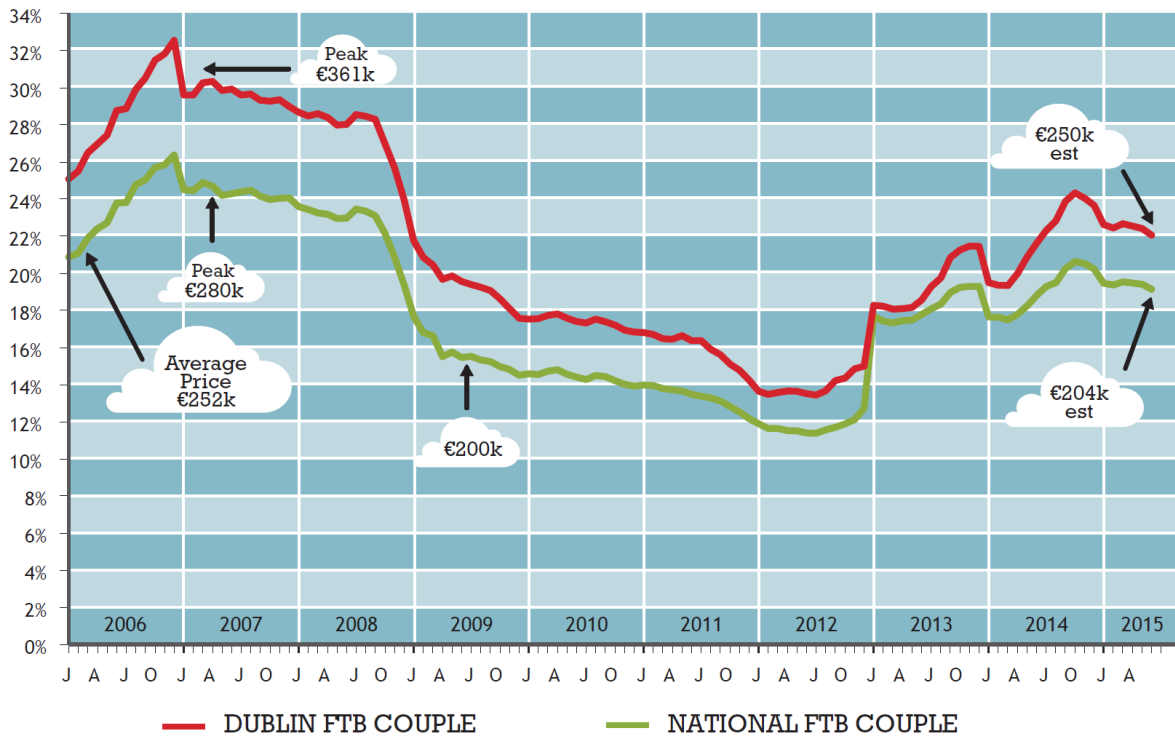
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**Note to Editor:**

**Figure 1: EBS – DKM Housing Affordability Index**

The proportion of net income required by a FTB working couple to fund mortgage repayments on the ‘average’ FTB property.



**Figure 2: EBS – DKM Housing affordability trends**

For a FTB working couple and single person in December 2006 – April 2015 with projections to June 2015

	Dec 06	Dec 07	Dec 08	Dec 09	Dec 10	Dec 11	Dec 12	Dec 13	Dec 14	Apr 15	Jun 15
Average Mortgage Rate	4.81%	5.37%	4.80%	3.32%	4.02%	4.24%	4.33%	4.48%	4.40%	Estimate 4.30%	Forecast 4.20%
<b>National FTB Working Couple - both working on average earnings</b>											
Monthly Repayments	1,323	1,230	1,008	722	683	579	603	902	959	939	924
As % of Net Income	26.4%	24.1%	19.4%	14.5%	13.9%	12.2%	12.7%	19.3%	20.2%	19.5%	19.1%
Ave. House Price (000s)	279.0	260.8	224.2	188.1	168.4	140.3	145.0	178.7	207.8	205.4	204.3
<b>National Single FTB - on average earnings</b>											
Monthly Repayments	1,390	1,306	1,008	722	683	579	603	902	959	939	924
As % of Net Income	55.4%	51.1%	38.7%	29.0%	27.8%	24.4%	25.5%	38.6%	40.5%	38.9%	38.3%
Ave. House Price (000s)	279.0	260.8	224.2	188.1	168.4	140.3	145.0	178.7	207.8	205.4	204.3
<b>National (excluding Dublin) FTB Working Couple - both working on average earnings</b>											
Monthly Repayments	1,257	1,176	1,007	773	734	634	654	769	776	765	756
As % of Net Income	25.0%	23.0%	19.4%	15.5%	14.9%	13.3%	13.8%	16.4%	16.4%	15.9%	15.7%
Ave. House Price (000s)	266.3	249.4	224.0	201.4	180.9	153.5	146.0	152.4	168.0	167.4	167.1
<b>Dublin FTB Working Couple - both working on average earnings*10%</b>											
Monthly Repayments	1,741	1,577	1,326	929	877	720	754	1,065	1,191	1,155	1,131
As % of Net Income	32.5%	29.0%	24.0%	17.6%	16.8%	14.3%	15.0%	21.4%	23.7%	22.6%	22.1%
Ave. House Price (000s)	359.0	333.9	294.9	241.9	216.1	174.4	181.3	210.9	258.0	252.7	250.1

**Figure 3: Housing affordability by county based on 83% LTV**

	2014 & 2015 Q1	2014	2015 Q1 (est)	2015 Q1 vs. 2014	2014	2015 Q1 (est)
	Average Gross Earning for FTB Working Couple (euro)	Median Transaction Price (euro)		% Change in Median House Price	Housing Affordability based on % of Net Income required to Fund Mortgage Repayments	
Dublin	85,536	262,000	265,000	+1.1	22.9	22.9
Wicklow	72,000	225,000	225,000	0.0	21.9	21.6
Kildare	74,880	211,000	225,000	+6.6	20.1	21.1
Meath	70,992	162,968	180,000	+10.5	16.0	17.4
Kilkeny	63,000	118,000	145,500	+23.3	12.6	15.4
Cork	72,504	150,000	150,000	0.0	14.5	14.4
Galway	68,256	140,000	135,000	-3.6	14.1	13.4
Louth	66,024	118,000	125,000	+5.9	12.1	12.7
Carlow	64,872	112,365	122,000	+8.6	11.7	12.6
Wexford	61,704	111,000	115,000	+3.6	12.0	12.4
Kerry	61,704	111,000	110,000	-0.9	12.0	11.9
Monaghan	55,872	87,000	100,000	+14.9	10.3	11.7
Laois	62,280	87,000	105,845	+21.7	9.4	11.3
Donegal	54,576	82,500	90,000	+9.1	9.9	10.7
Limerick	77,688	100,000	117,000	+17.0	9.3	10.7
Waterford	66,744	100,000	105,000	+5.0	10.2	10.6
Westmeath	64,008	95,420	100,000	+4.8	10.0	10.4
Tipperary	64,764	92,250	98,000	+6.2	9.6	10.1
Offaly	58,392	100,000	88,261	-11.7	11.4	10.0
Clare	64,800	100,380	92,500	-7.9	10.4	9.6
Mayo	62,136	85,125	89,000	+4.6	9.2	9.5
Sligo	65,160	96,475	92,000	-4.6	10.0	9.5
Cavan	60,120	68,000	75,500	+11.0	7.5	8.3
Roscommon	59,616	65,800	68,000	+3.3	7.3	7.5
Leitrim	63,360	61,290	67,500	+10.1	6.5	7.1
Longford	60,048	55,243	62,713	+13.5	6.1	6.9
<b>National</b>	<b>72,000</b>	<b>155,719</b>	<b>165,000</b>	<b>+6.0</b>	<b>15.2</b>	<b>15.9</b>

Source: CSO, Property Price Register and DKM analysis.

*Full report is available on request*