

# Irish Residential Market Update



**This** market update provides an overview of the key components of demand and supply in the Irish Residential Market, alongside an economic update.

The Irish residential market continues to face significant supply side shortages, alongside robust demand. The continued imbalance between supply and demands is the key factor underpinning strong price growth, with average values rising by 7.3% annually.





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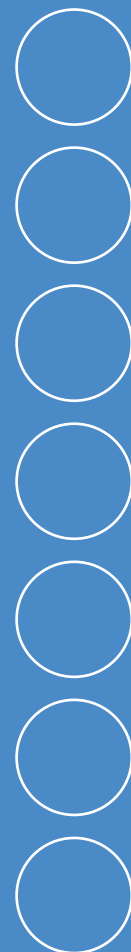
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## Economic Overview

*The Irish economy continues to show resilience, despite the broader economic and geopolitical challenges, although the pace of growth has eased compared to earlier in the year.*

## Modified

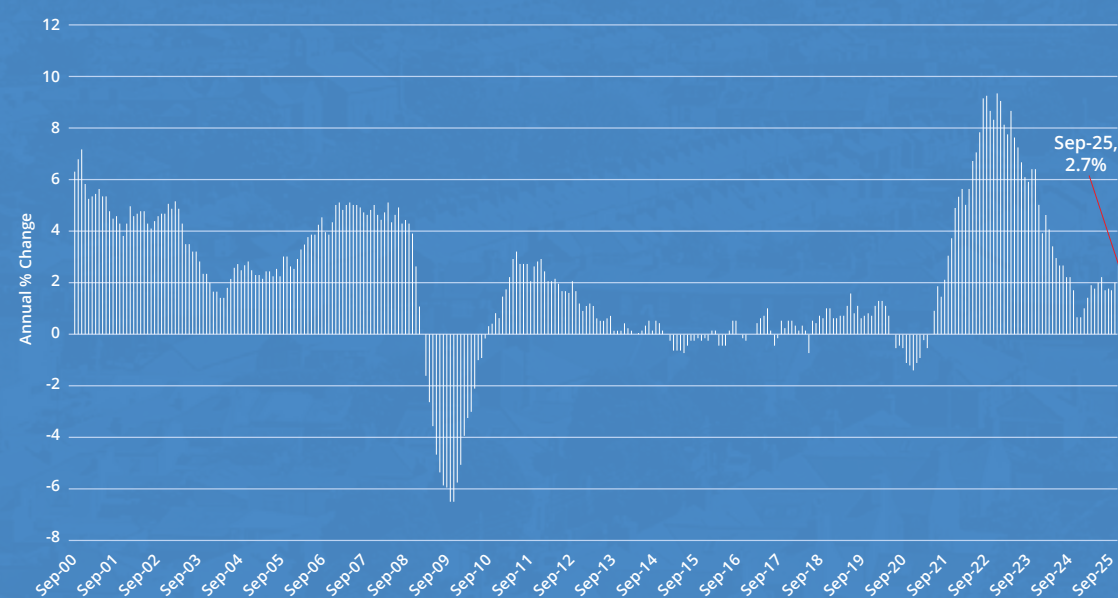
Domestic Demand, which is seen as a more accurate measure of economic activity in Ireland, grew by 0.6% in the second quarter of 2025. This increase was largely driven by a 1% increase in the personal consumption of goods and services.

Gross Domestic Product increased by 0.2% in the second quarter of the year, after a particularly strong 7.5% increase in quarter one. This decline in the pace of growth is due to significant declines in investment expenditure and goods exports, following the front-loading of exports to the US in the early months of the year, in anticipation of new tariffs. The strongest performing domestic sectors were Construction, recording a 20.8% increase year-on-year, and Real Estate Activities which grew by 5.7% annually.

The annual rate of inflation, as measured by the Consumer Price Index (CPI) increased to 2.7% in September, up from 2.0% the previous month. The most significant increases in the twelve months leading up to September 2025 were in Food & Non-Alcoholic Beverages (+4.7%) and Miscellaneous Goods & Services (+3.7%). Furnishings, Household Equipment & Routine Household Maintenance (-0.6%) was the only division to record a decrease compared to September 2024. The ESRI forecast that CPI inflation will average 2.0% in 2025.



Figure 1: Consumer Price Index, Annual % Change – September 2000 to September 2025

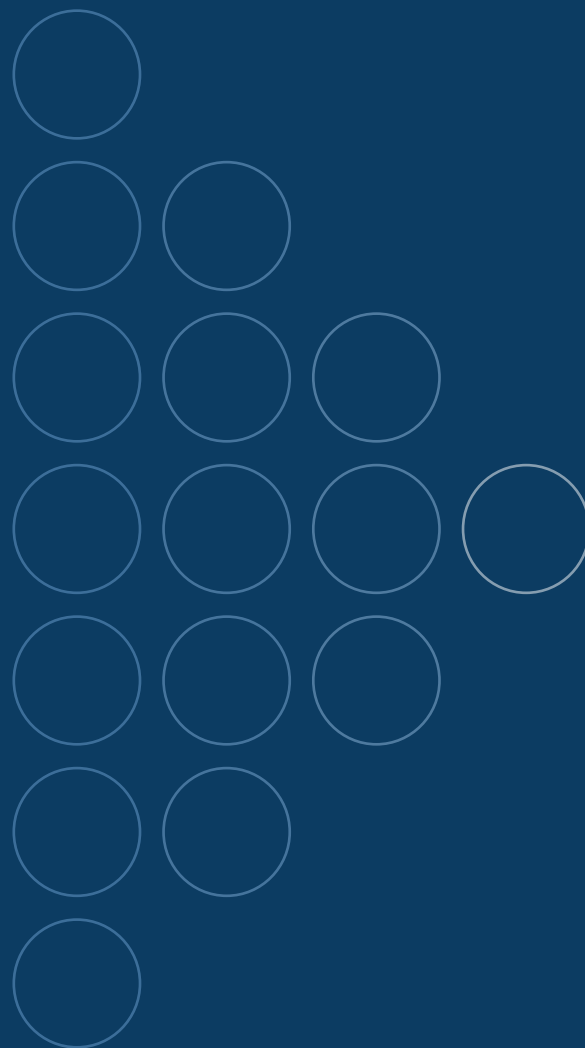


Source: CSO

Inflation in the Euro Area stood at 2.2% in September, just above the medium-term target rate of 2%. Inflation is predicted to average 2.1% in 2025, easing to 1.7% in 2026 and rising slightly to 1.9% in 2027 according to ECB staff forecasts. Against this backdrop, the ECB left key interest rates unchanged at its latest meeting in September, keeping the main refinancing rate at 2.15%.

The Credit Union's consumer sentiment index reached 61.7 in September 2025, slightly higher than 61.1 level in August. The index has remained relatively stable in recent months suggesting

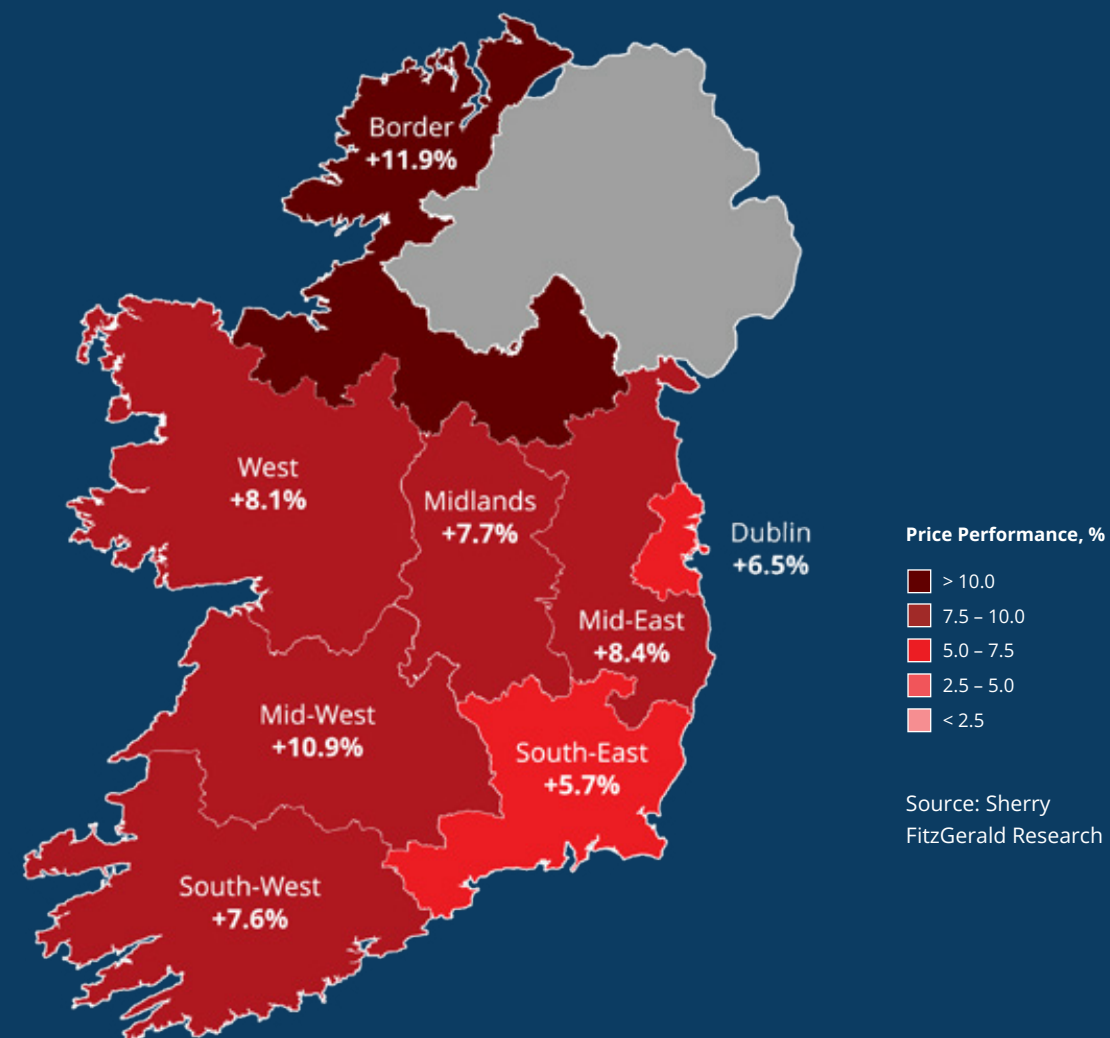
that sentiment among Irish consumers has changed little. Consumers were likely reassured by the recent tariff agreement, as it reduced uncertainty and the final tariffs were not as severe as initially feared. However, sentiment remains significantly lower than the long run average of 83.8 as cost-of-living pressures and concerns over the economic outlook persist. Interestingly, the major purchases component of the index, which measures consumer sentiment for committing to large scale purchases such as a house or car, remained robust in September at 93.8, up from 93.4 in August.



## Demand

*The latest figures from the Sherry FitzGerald Residential Index show that the average value of second-hand homes rose by 1.8% in the third quarter of the year. Over the past 12 months, property values have risen by 7.3%, highlighting the continuing challenges in the housing market.*

Figure 2: Annual Price Performance, Q3 2024 – Q3 2025



In Dublin, the pace of house price inflation was slower, at 1.1% in the quarter, bringing the annual increase to 6.5%. Outside of the capital, however, average values rose by 2.6% over the three-month period, bringing the increase over 12 months to 8.3%. This particularly strong price inflation outside of the capital has been driven by significant supply side shortages.

The strongest price performance over the past twelve months has been in the Border region, with the average value of second-hand homes increasing by 11.9%. Robust price performance is also evident in the Mid-West, 10.9%, and West, 8.1%.



Residential transaction data for the first half of the year, the most accurate data available, shows that there were approximately 21,568 residential transactions<sup>1</sup> made by household buyers in the time period. This is an increase of 2.6% from the first six months of 2024. This uptick is driven by strong performance in the new homes market, with transactions up 19.5% when compared to 2024. It is important to note that this correlates to just 770 additional new homes transacting this year when compared to last, bringing the total to 4,717 new homes sold to household purchasers in the first six months of 2025.

Transaction activity in the new homes market was concentrated in Dublin and the Mid-East in the first half of the year, accounting for 57% of all activity in the sector. With construction activity concentrated in these regions, this comes as no surprise.

Turning to the second-hand residential market, transaction activity has fallen by 1.3%, with 16,851 transactions in this sector of the market in the first half of 2025. This is largely unsurprising, given the significant supply constraints which have been evident in the second-hand market over the past number of years.

<sup>1</sup> Given the nature of this data, it is likely that this figure will be revised upwards as the year progresses







## Supply

*The latest data available from the CSO shows that new home completions reached 24,325 units in the first nine months of 2025. This represents a 13.1% year-on-year increase.*

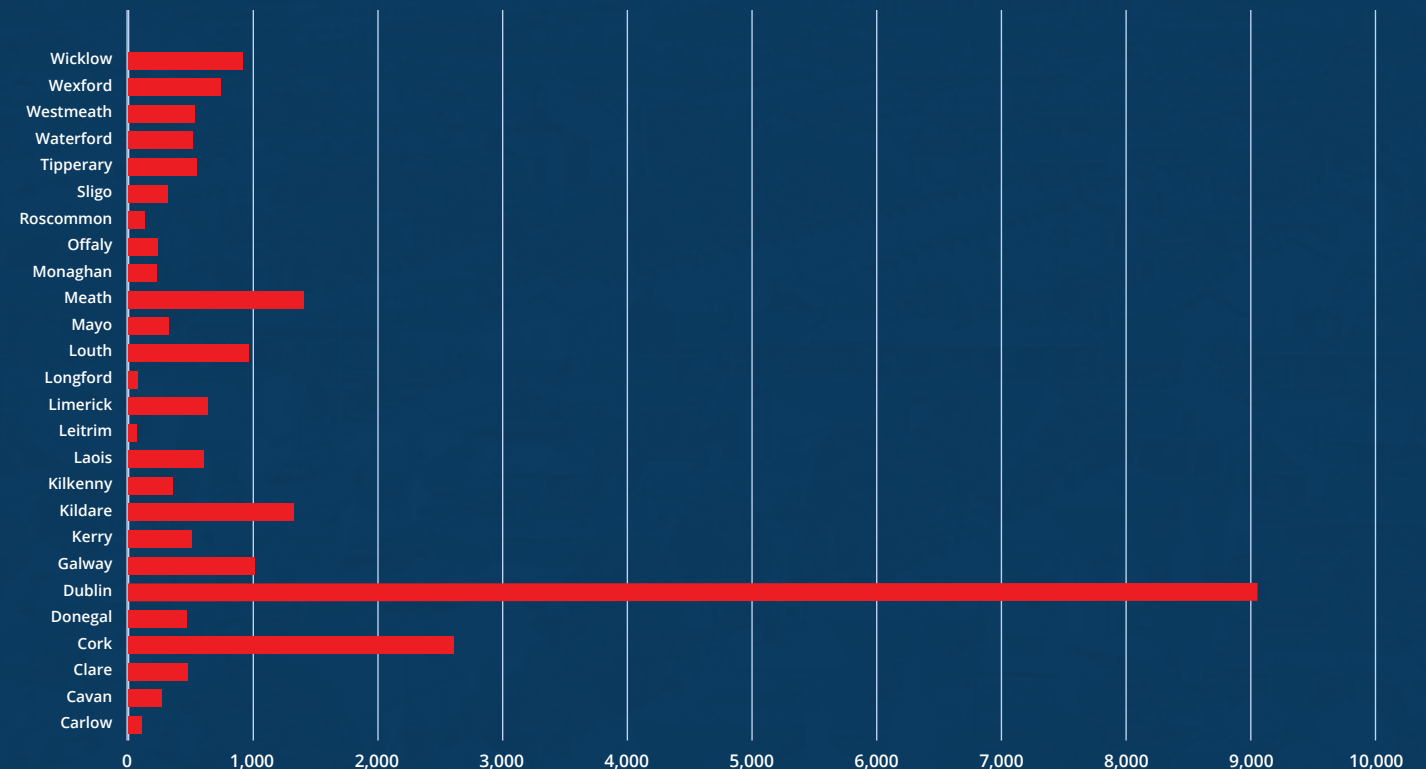
The majority of new dwelling completions during the first nine months of the year, 56%, were in Dublin and the Mid-East, consisting of Louth, Kildare, Meath and Wicklow. This equated to 13,619 new dwelling completions across the five counties, with Dublin absorbing the largest number at 9,026.

In the year to date, apartments, scheme homes and single dwellings have all recorded increases when compared to 2024. Apartment completions have increased by 29.6% when compared to last year, but the number of single dwellings and scheme homes completed have increased by 7.8% and 6.1% respectively.

This latest data suggests that completions for the full year will be in or around Sherry FitzGerald Research's previous forecast of 33,500 units, a welcome improvement on last year, but far below overall requirements.

Worryingly, the number of residential units granted planning permission in the first half of 2025 has fallen by -7.6% when compared to the first half of 2024. The planning system in Ireland is viewed as one of the key obstacles to delivering the required level of housing in Ireland. Planned changes to the system, and indeed the speed and efficiency of these planned reforms will be key to the Government meeting its own housing targets over the next number of years.

Figure 3: New Dwelling Completions by County, Q1 to Q3 2025



Source: CSO

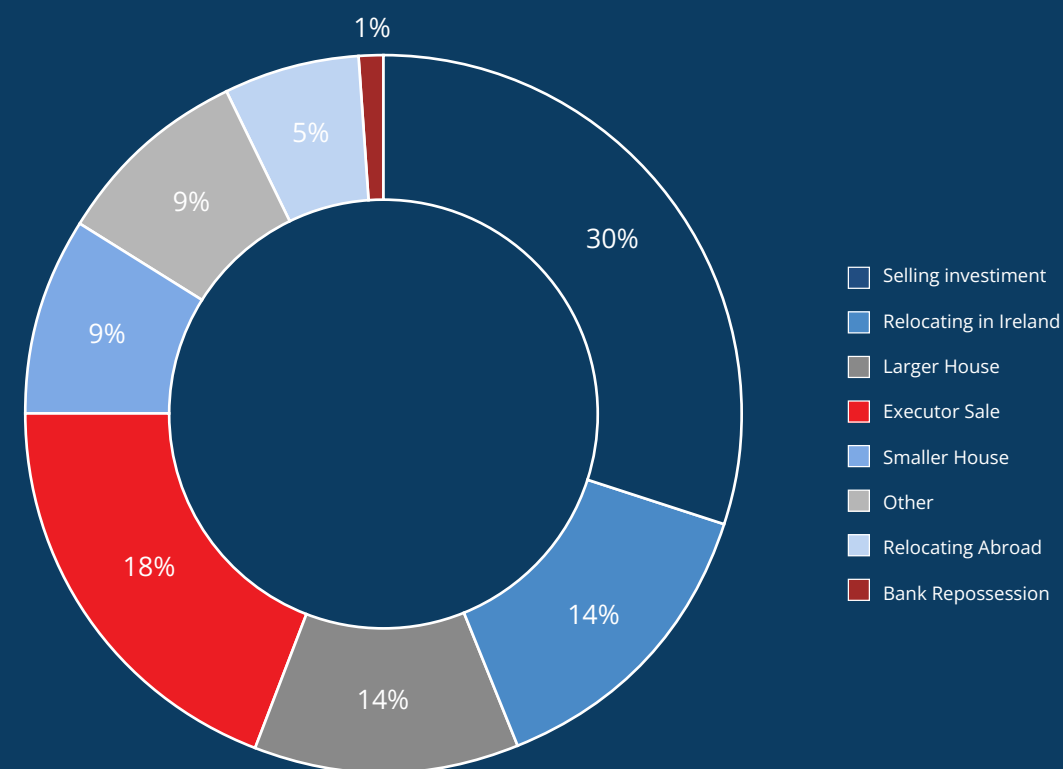




## Purchaser and Vendor Analysis

*As has been the case for over a decade, small landlords continue to exit the market at an unsustainable pace. Throughout the first nine months of 2025, just 9% of second-hand homes purchased through Sherry FitzGerald were bought by investors, while 30% of properties were sold by investors seeking to exit the market.*

Figure 4: Vendor Analysis, Q1 to Q3 2025



Source: Sherry FitzGerald Research

This trend has become particularly pronounced in recent years, putting significant pressure on the rental market. The loss of small, private landlords from the rental market underscores the pressing need for increased investment in the Private Rented Sector. Recent announcements in Budget 2026, such as the reduction in VAT on new build apartments to 9% and the enhanced corporation tax deduction for certain apartment construction costs are welcomed and should help improve the viability of apartment construction nationwide.

An analysis of Sherry FitzGerald's transactions reveals that in the first nine months of the year, owner-occupiers remained the most active purchaser type in the second-hand residential market. Owner-occupiers accounted for 82% of purchasers in the time period, with first-time buyers, a key cohort in the market, accounting for 56% of all owner-occupiers.



*The Irish residential property market in 2025 continues to face significant challenges, with declining planning permissions, an ongoing exodus of small landlords, and persistent pressures on supply.*

While targeted measures announced by the Government so far this year and those included in Budget 2026 are steps in the right direction, further reforms and sustained investment are essential to meet housing demand and support market stability. Continued action will be required to ensure that both homeowners and renters can access suitable accommodation in the years ahead.







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