

Irish Residential Market Update

Q4 2025

Introduction

This market update provides an overview of the key components of demand and supply in the Irish Residential Market at the end of 2025, alongside an economic update.

2025 saw the Irish residential market continue to face an imbalance between demand and supply, leading to further robust price growth, with the average value of second-hand homes rising by 6.8%. Landlords continued to exit the market at an unsustainable rate. Positively, the number of new homes delivered to the market reached a series high, with 36,284 units completed.



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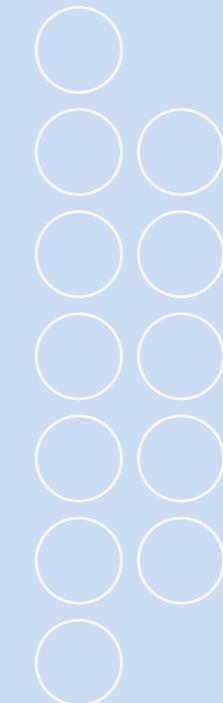
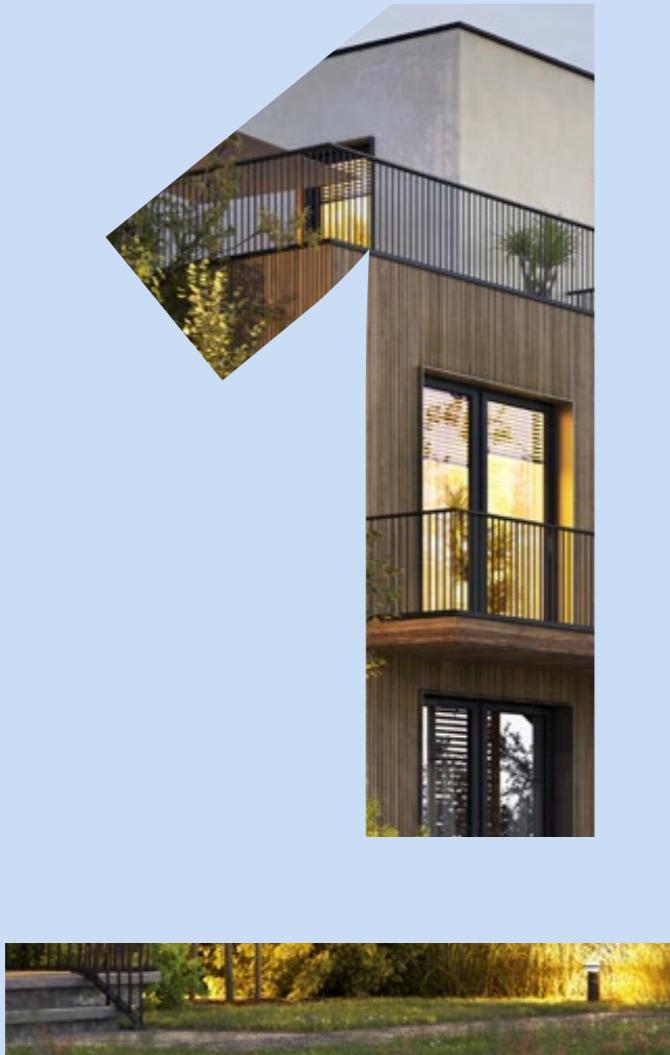
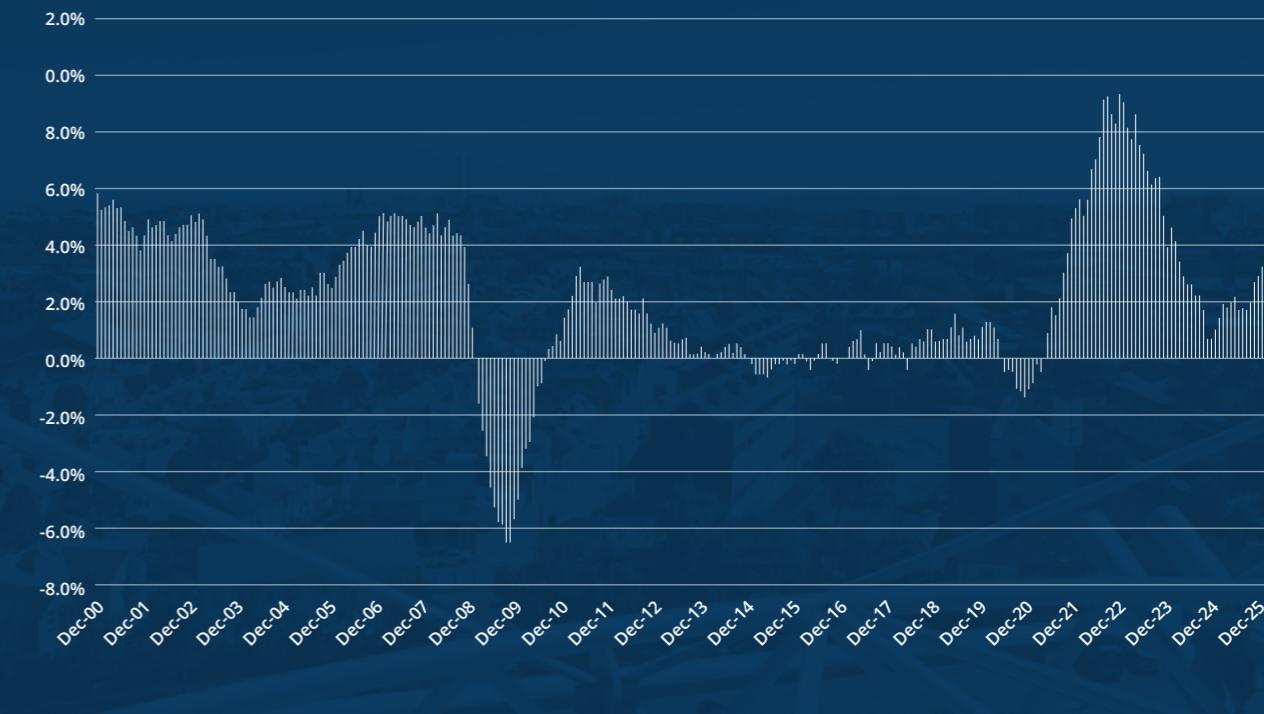


Figure 1: Consumer Price Index, Annual % Change – December 2000 to December 2025



Source: CSO

Economic Update

Despite the challenges faced throughout 2025, the Irish economy continues to perform well. Modified Domestic Demand (MDD), a measure of domestic economic activity in Ireland, grew by a robust 2.3% in Q3 2025, up from 0.5% the previous quarter.

This improvement was largely due to an increase in modified investment expenditure of 8.3%, driven by stronger growth in intangible assets.

Gross Domestic Product (GDP), however, decreased by 0.3% in the third quarter of the year. Performance across sectors varied, with the internationally facing sectors expanding by 0.2% overall. While growth was recorded in the Information & Communication sector, 0.6%, this was largely offset by a 0.7% contraction in the Industry sector. Domestic facing sectors of the economy declined by a modest 0.1% in the third quarter, reflecting decreases seen in Construction, -3.3%, and Public Administration, Education & Health, -0.8%. Strong growth was recorded for Financial & Insurance Activities, +7.8%, Agricultural, Forestry & Fisheries, +3.3%, and Arts & Entertainment, +3.0%. Professional & Administrative Services grew by 1.2% while Real Estate Activities increased by 0.7%.

The Economic and Social Research Institute (ESRI) are forecasting MDD to expand by 4.0% in 2025 and 2.1% in 2026. GDP is expected to grow by 13.1% in 2025. In 2026 however, GDP is expected to decline by 5.7% reflecting decreases in exports and investment expenditure compared to the exceptional levels seen in 2025.

Over recent months, inflationary pressures have begun to increase again. The annual rate of inflation, as measured by the Consumer Price Index (CPI) decreased to 2.8% in December 2025, down from 3.2% the previous month. The most significant increases in the twelve months leading up to December 2025 were in Education (+8.9%), driven by an increase in the costs associated with third-level education, and Clothing & Footwear (+5.7%). Furnishings, Household Equipment & Routine Household Maintenance (-0.4%) was the only

division to record a decrease compared to December 2024. The ESRI forecast that CPI inflation will average 2.2% in 2025 and 2.1% in 2026. Inflation in the Euro Area remained close to the medium-term target rate throughout most of 2025, standing at 1.9% in December. Against this backdrop, the ECB left key interest rates unchanged at its latest meeting in December, keeping the main refinancing rate at 2.15%.

The Credit Union's consumer sentiment index stood at 61.2 in December 2025, up marginally from 61.0 in November. It remained substantially below the figure recorded in December 2024, which was 73.9, indicating a continued trend of subdued sentiment. The major purchases index, which measures consumer sentiment for committing to large scale purchases such as a house or car, remains robust at 94.6 points, although this has eased from 100.3 in December 2024.

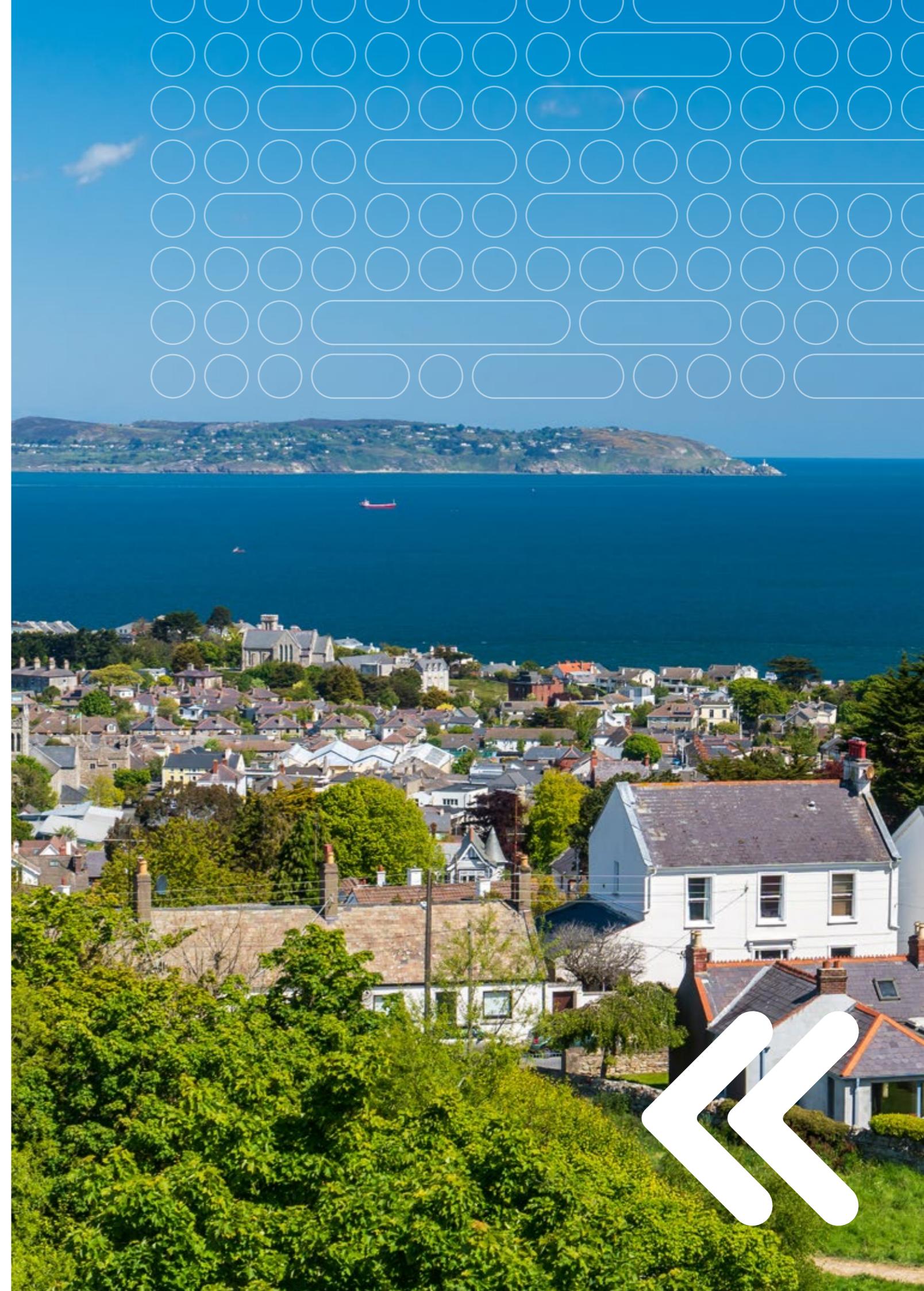
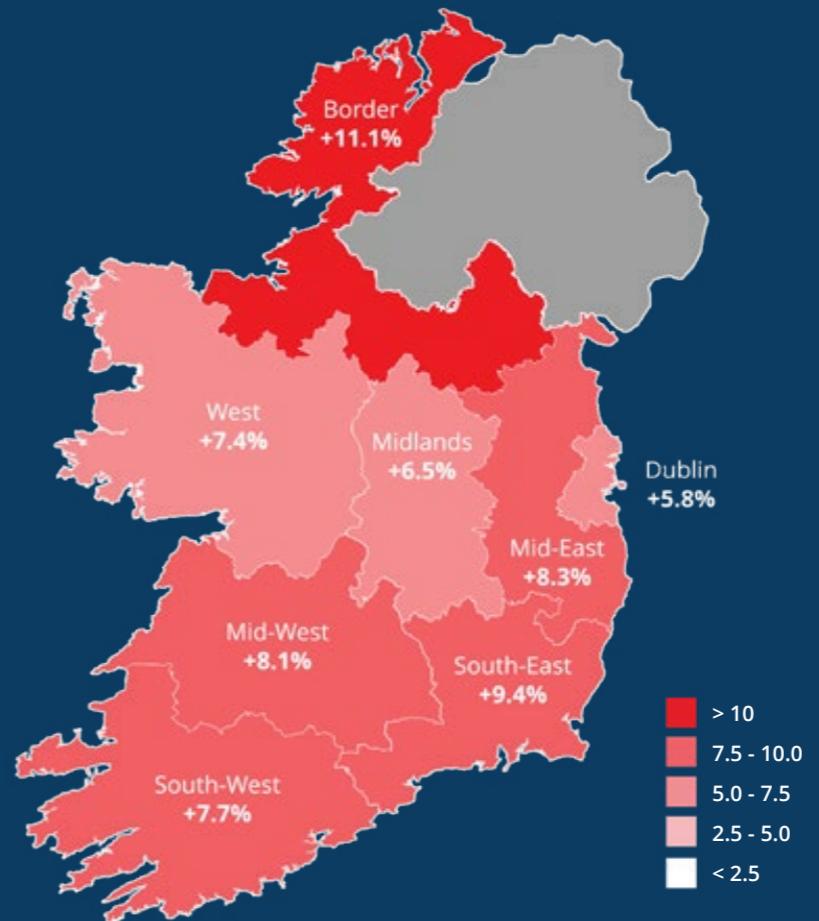




Figure 2: Annual Price Performance, Q4 2024 – Q4 2025



Source: Sherry FitzGerald Research

Demand

The latest figures from the Sherry FitzGerald Residential Index show that the average value of second-hand homes rose by 6.8% in 2025. This represents a moderation from the 7.2% growth recorded in 2024, but price inflation remains resilient.

In Dublin, residential values rose by 5.8% over the year, compared with annual growth of 7.1% in 2024. Outside the capital, prices increased by an average of 8.0%, with particularly strong growth recorded in the Border and South-East regions, where values rose by 11.1% and 9.4% respectively.

The continued strength of price growth recorded in 2025 highlights the persistent imbalance between housing supply and demand. The notably stronger growth outside Dublin reinforces the need for the delivery of homes across all tenures and in all regions of the country.

Residential transaction data for the first nine months of 2025, the most accurate data available, shows that there were approximately 35,230 residential transactions¹ made by household buyers. This is an increase of 3.8% from the first nine months of 2024.

¹ Based on stamp duty executions which are subject to upward revisions for a period of 12 months. Given the nature of this data, it is likely that this figure will be revised upwards as the year progresses.

This uptick is driven by strong performance in the new homes market, with transactions up 19.7% when compared to 2024. It is important to note that this correlates to 1,294 additional new homes transacting this year, bringing the total of new homes sold to household purchasers in the first nine months of 2025 to 7,867.

Unsurprisingly, transaction activity in the new homes market was concentrated in Dublin and the Mid-East in the nine months to the end of September, accounting for 56% of all activity in the sector. However, as noted above, the stronger price inflation recorded outside of Dublin in 2025 underscores the need for the delivery of new homes to all areas of the country.

In contrast, second-hand home sales remained broadly stable, with 27,361 transactions recorded during the nine-month period, a marginal decline of 0.1% compared with 2024. This is largely unsurprising, given the significant supply constraints which have been evident in the second-hand market over the past number of years.





Supply

The latest data from the CSO highlights a positive improvement in the number of new homes delivered to the Irish residential market in 2025. A total of 36,284 units were completed, an increase of 20.4% or 6,137 units on the 2024 level.

Table 1: 2025 v 2024 Completions and Demand Fulfilled

Region	2025 Completions	2024 Completions	YoY % Change	Annual Demand	Demand Fulfilled 2025
Border	1,869	1,449	29.0%	3,965	47.1%
Dublin	13,687	10,880	25.8%	16,255	84.2%
Mid-East	7,231	5,551	30.3%	10,395	69.6%
Midlands	2,006	1,653	21.4%	3,665	54.7%
Mid-West	2,302	2,019	14.0%	4,750	48.5%
South-East	2,532	2,577	-1.7%	4,900	51.7%
South-West	4,452	4,014	10.9%	7,290	61.1%
West	2,205	2,004	10.0%	4,950	44.5%
Ireland	36,284	30,147	20.4%	56,200	64.6%

Source: CSO, Sherry FitzGerald Research

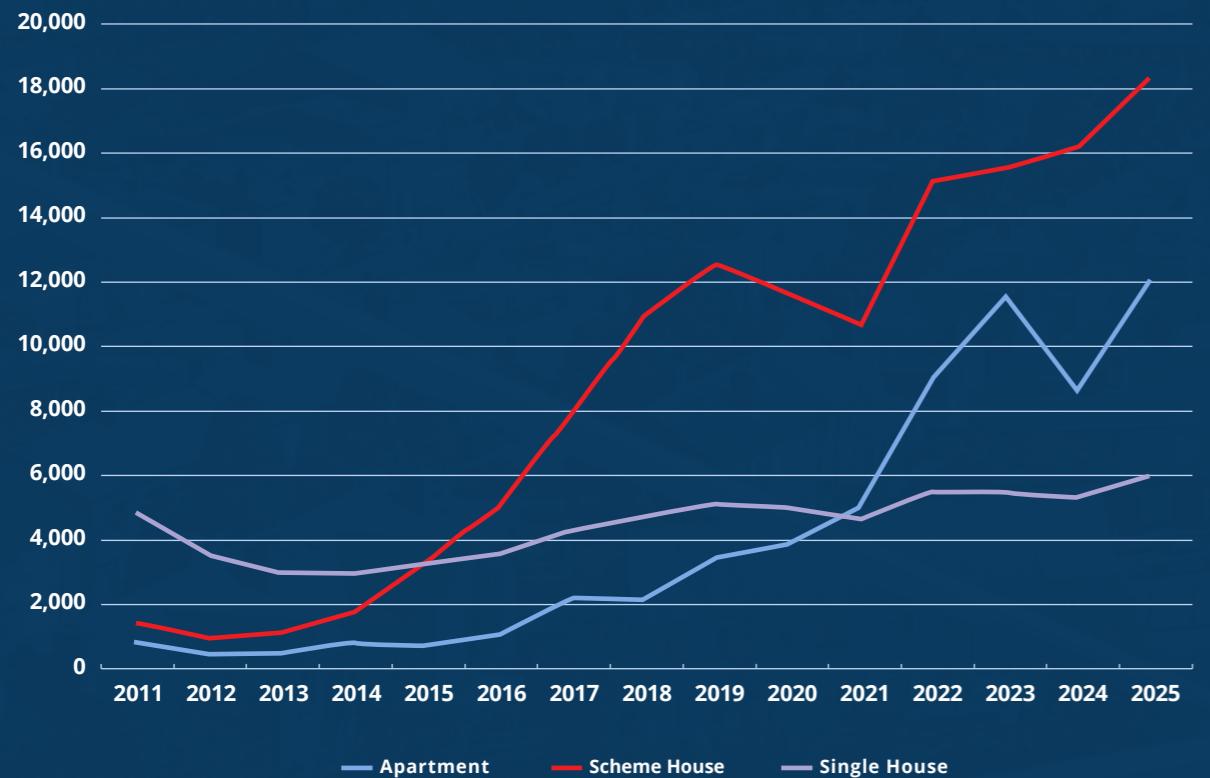
The majority of new dwelling completions in 2025, 57.7%, were in Dublin and the Mid-East, consisting of Louth, Kildare, Meath, Wicklow. This equated to 20,918 units. Dublin, unsurprisingly, accounted for the lion's share of these completions, at 13,687.

On a regional basis, completions increased across all regions but one in 2025, when compared to 2024. The South-East region was the only region to record a decline in completion numbers in 2025, though this decrease was marginal at just -1.7%. All other regions saw growth in completions which varied from 10% to 30.3%. The strongest growth was recorded in the Mid-East region, 30.3%, where the number of new homes completed reached 7,231. The lowest growth was recorded in the West, where just an additional 201 units were delivered when compared to the year before.

Notably, a comparison with annual average demand reveals that 64.6% of annual demand was fulfilled across Ireland in 2025. This is an improvement on 2024 when just 53.6% of demand was met. A regional analysis once again shows varied results. In Dublin, 84.2% of annual demand was fulfilled in 2025, with the West region fulfilling just 44.5% of annual demand.

Looking at new dwelling completions by type, apartment completions increased by 38.7% when compared to 2024 to reach 12,047 units. This increase comes after a significant decline in apartment completions in the year previous and leaves the number of apartments delivered in 2025 just 4.5% ahead of 2023 levels. Scheme homes, on the other hand, have recorded their third consecutive annual increase, reaching 18,308 units in 2025, up 13.1% on the 2024 level.

Figure 3: New Dwelling Completions by Type, 2011-2025



Source: CSO

The pipeline for the delivery of residential units has seen mixed results. Positively, planning permissions have increased by 4.9% in the first nine months of the year when compared to the same time period in 2024, with 11,142 units approved. A total of 16,412 residential units commenced construction in 2025. While this is the lowest level since 2016, it follows a year of particularly high commencement data in 2024. Over the last two years, commencements have averaged 42,860 units per annum, significantly ahead of previous years. In 2026, we would need to see

approximately 4,700 units commenced each month in order to meet demand.

Overall, the improvement in new dwelling completions is good news for the Irish residential market and signifies a step in the right direction following significant Government intervention in recent years. However, completions are still not in line with annual demand, or indeed the Government's own housing targets. All housing related indicators will be keenly watched in 2026, in order to truly measure the impact of recent interventions and policy changes.



Section 4

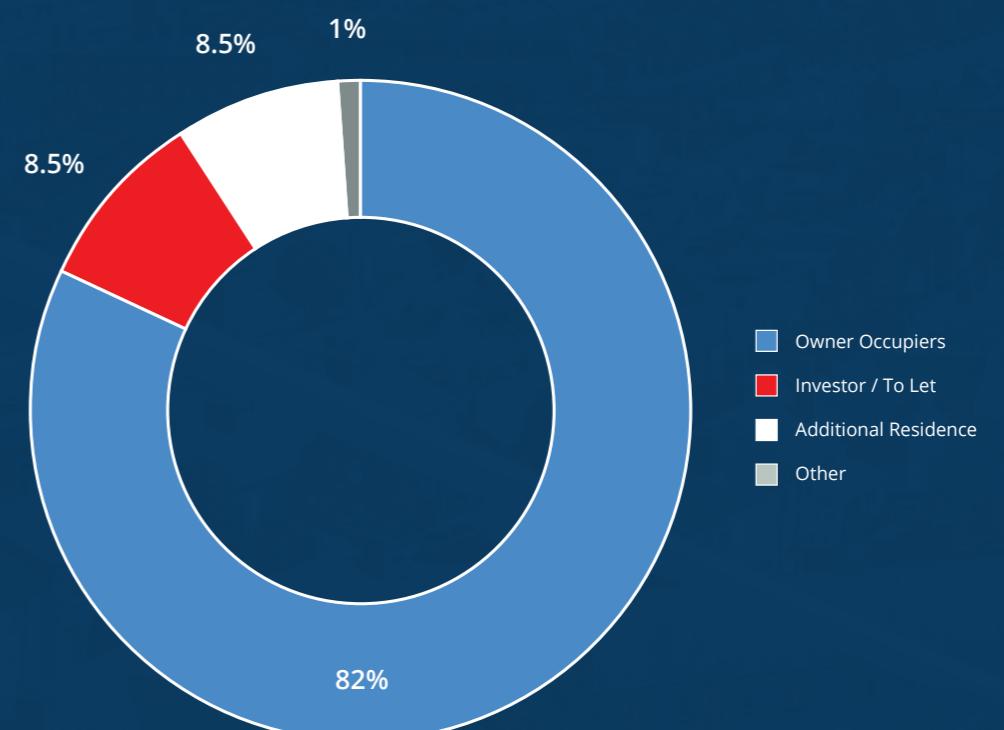


Purchaser and Vendor Analysis

As has been the case for over a decade, small landlords continue to exit the market at an unsustainable pace.

Throughout 2025, just 8% of second-hand homes purchased through Sherry Fitzgerald were bought by investors, the lowest proportion recorded since 2011, while 30% of properties were sold by investors seeking to exit the market.

Figure 4: Purchaser Analysis, 2025



Source: Sherry Fitzgerald Research

Planned changes to the rental system from March of 2026 have resulted in unintended consequences. While the reforms provide greater clarity for tenants and larger landlords and may attract investment back to the Private Rented Sector, many smaller landlords are exiting the market at pace, further exacerbating the supply shortage within the rental sector.

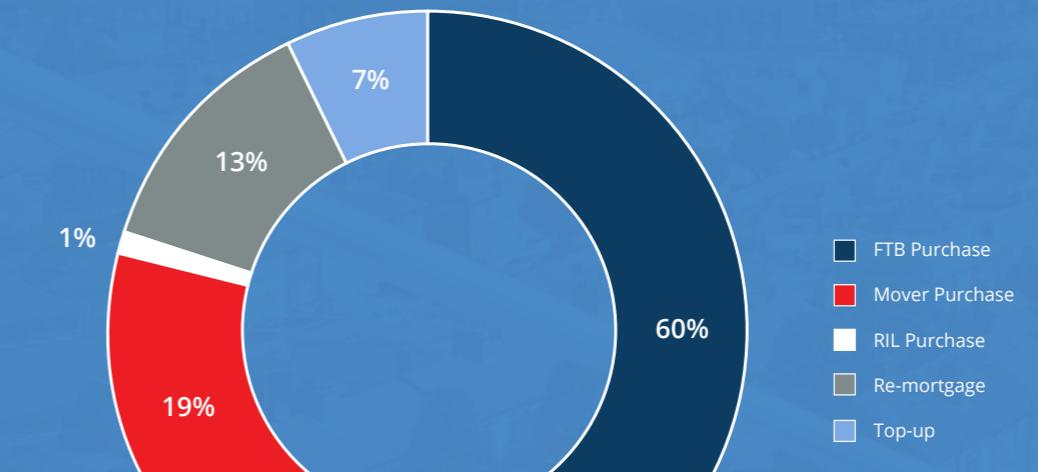
An analysis of Sherry Fitzgerald's sales reveals that in the year to September end, owner-occupiers remained the most active purchaser type in the second-hand residential market. Owner-occupiers accounted for 82% of purchasers in the time period, with first-time buyers, a key cohort in the market, accounting for 57% of all owner-occupiers.



Mortgage Market Activity

In 2025, 46,358 mortgages were drawn down, up 8% from 2024. The total value of these mortgages was nearly €14.5 billion, a 15% increase on the 2024 level and the highest since 2008, reflecting strong price growth in recent years.

Figure 5: Mortgage Drawdowns by Purchaser Type, 2025



Source: Banking and Payments Federation Ireland

First-Time

Buyers accounted for 60% of all drawdowns in 2025, with mover-purchasers accounting for a further 19%. Interestingly, mover-purchasers were the only category to record a decline in volume in 2025, down 3% on the year previous.

Mortgage approval levels were also up on 2024 levels, with 53,264 approvals recorded, representing a 4% increase on the year previous. This was largely driven by an increase in switcher mortgages and top-ups, reflecting the availability of lower interest rates.

Conclusion

Looking ahead to 2026, the same challenges experienced over recent years look set to persist in 2026. Positively, completions in 2025 have made a move in the right direction with over 36,000 new homes completed last year.

The planning pipeline showed signs of improvement in 2025, with the number of units granted planning permission in the first nine months of the year increasing by 4.9% compared with 2024. However, housing commencements were weaker, following the surge in activity recorded in the previous year. This surge aligned with the expiry of the development levy waiver and water charge rebate, and its impact is expected to be reflected in housing completions from 2026.

Additionally, forthcoming reforms to the planning and judicial review systems should support stronger planning permission activity in 2026. However, to meet underlying demand, a substantially higher level of permissions must be granted, and more units must progress to commencement in the years ahead.





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