

IE – Ireland

The Department of State for Environment, Community and Local Government produces a nationwide house price series for all types of existing (second-hand) dwellings. The average price for houses and apartments is based on data supplied by mortgage lending agencies. The series is quoted in Euros. Data prior is converted to euros, using the irrevocable exchange rate of 0.787564 pounds per euro. Dwelling prices are determined from loans that have been approved by lending agencies, and not necessarily loans that have been paid. Prices reported by mortgage agencies are broken down by area. The aggregate series is constructed from an unweighted average of each area. The series is reported at a quarterly frequency going back to the first quarter of 1978 and at annual frequency going back to 1974. We interpolate the annual series for Ireland to a quarterly frequency with the quadratic-match average method and use its growth rates to extend the quarterly series back to the first quarter of 1975.

The Central Statistics Office (CSO) of Ireland produces a nationwide house price index for existing, single-family dwellings. The average price of a dwelling is determined by drawdown mortgage data supplied by eight of the main Mortgage Lending Institutions.³⁰ It is estimated that this sample of mortgage data covers at least 75% of the housing market. The hedonic method is used to construct the index. This controls for movements in the price level attributed to location, building type, floor area, number of bedrooms and first time buyer. Prices are weighted based on transaction values during the previous year. Each month the weights are adjusted by the estimated change in average price, producing an annual chain-linked, Laspeyres-type index. The CSO index is reported at a monthly frequency and begins in January 2005. We average the monthly observations (using a simple arithmetic average) to obtain quarterly observations.

At the dataset update on the third quarter of 2013, the gap between the house price series produced by the department of Stat for Environment, Community and Local Government and the Central Statistics Office (CSO) of Ireland had become particularly significant. The fact that the Department of State for Environment, Community and Local Government is unweighted makes it very sensitive to changes in the volume and composition of houses traded. While we initially adopted this series as our series of reference for consistency purposes, we have decided to combine that series with the shorter one from the CSO in order to get a more consistent indicator of the pure price fluctuations in Ireland. We splice the Department of State for Environment, Community and Local Government quarterly series with the CSO index starting in the first quarter of 2005. The combined series in seasonally adjusted then rebased to 2005=100.

The house price series are not seasonally-adjusted by the source. We seasonally-adjust the spliced series using the BSTS model and transform it into an index with base year 2005=100. We deflate this house price series using the Personal Consumption Expenditure (PCE) deflator. We use the current quarterly PCE deflator obtained from the OECD Economic Outlook database that begins in the first quarter of 1990. To extend the series we use the growth rates of an earlier quarterly PCE deflator series obtained from the OECD Economic Outlook 88 database.

³⁰ Under a drawdown mortgage structure, the borrower receives an initial lump sum payment that is smaller than the total loan amount. The borrower can make subsequent withdraws until the total loan amount is reached. Interest payments are made at the loan's expiration, allowing interest to compound; however, interest only accrues on the withdrawn portion of the loan.

We complete the data for Ireland with data on Personal disposable income (PDI) reported in *per capita* terms. To create the PDI series we employed the annual household disposable income series from the OECD Economic Outlook database extended back to 1975, to create a population series we use an extended working-age population series from the OECD Economic Outlook database. The source of the current PDI and working age population data has changed, affecting the PDI *per capita* series in the 2012 first quarter update and all subsequent updates. Gross disposable income and consumption of fixed capital for households is collected from Eurostat. Both series are reported at a quarterly frequency and begin in 2002. Consumption of fixed capital is subtracted from gross disposable income series to produce PDI. The series is largely influenced by seasonal factors, so we use a structural time series model in state-space form to identify and systematically extract the seasonal and excessively volatile components of the data. To extend the PDI series back to 1975, we use the annual disposable income series from the OECD Economic Outlook 70 database that starts in 1977 and two annual series obtained from Statistics Ireland—personal consumption of goods and services and personal savings—that both start in 1975. These two series from Statistics Ireland are added together to create a PDI measure proxy based on the main uses of the personal disposable income. This PDI measure is used to extend the OECD disposable income series. This extended annual series is interpolated and spliced with the current quarterly data.

Current working age population data is now obtained from the OECD Main Economic Indicators database. It is reported at a quarterly frequency and begins in the second quarter of 1999. To extend the current data, we use two annual series from Statistics Ireland—population of persons aged 15 and older and populations of persons aged 65 and older. We subtract the latter series from the former to create an annual working-age population series. This series is interpolated using the quadratic-match average method. The resulting quarterly growth rates are used to extend the current working-age population series back to the first quarter of 1975. We divide the resulting PDI series by the working-age population series to create a nominal PDI *per capita*. We use the PCE deflator to express the series in real terms. Both nominal and real PDI measures are re-based to 2005=100.

Information Resources:

The Department of State for Environment, Community and Local Government Data
<http://www.environ.ie/en/Publications/StatisticsandRegularPublications/HousingStatistics/>

Central Statistics Office (CSO) of Ireland Data
<http://www.cso.ie/en/releasesandpublications/prices/>
http://www.cso.ie/en/media/csoie/releasespublications/documents/prices/2012/rppi_dec2012.pdf

Eurostat Data
http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database

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