

# Beirne Capital - Real Estate Market Insights

As we progress through 2025, the Irish property market remains a cornerstone of domestic and international investment strategies. With home prices pushing new highs and interest rates remaining elevated, investors are asking a pressing question: Is the Irish housing market overvalued, undervalued-or just expensive for good reason? Let's dig into the data.

## Market Snapshot: Prices Still Rising, But at a Slower Pace

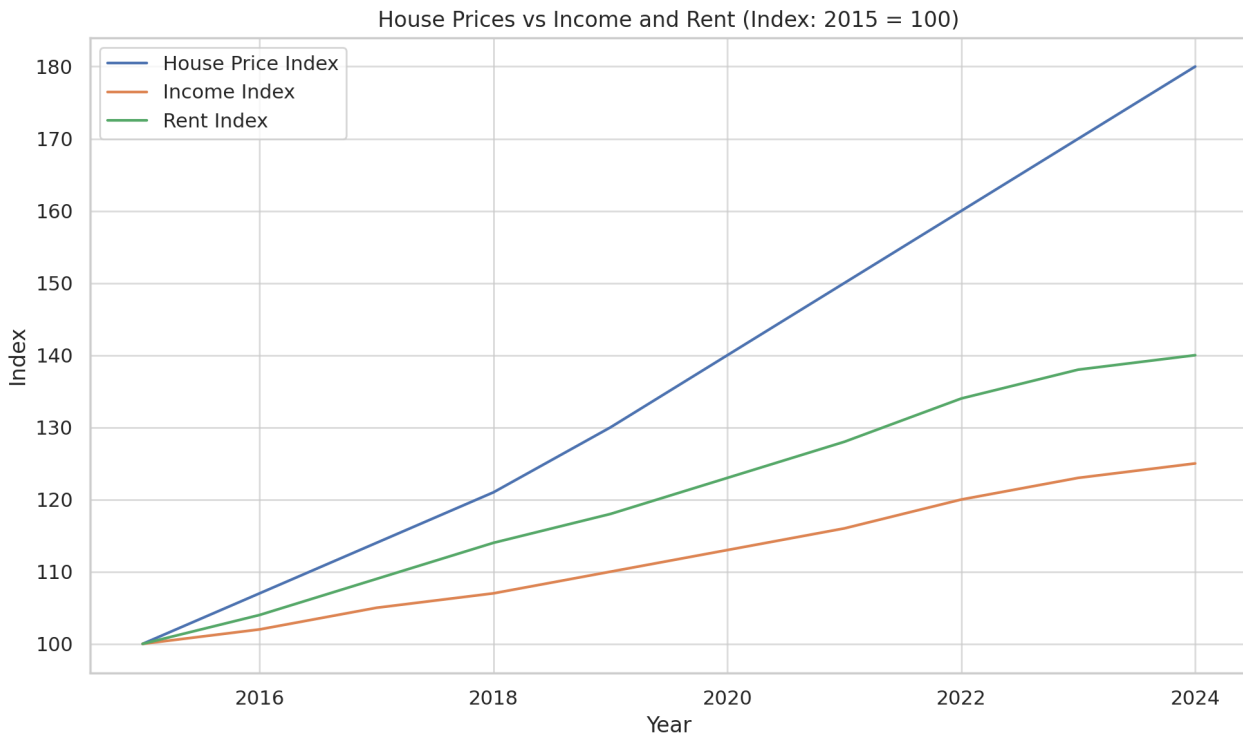
Residential property prices across Ireland have continued their upward march in 2025, albeit at a more moderated pace than the boom years of 2020-2022. Major cities like Dublin and Cork remain hotspots, while rural areas have also seen price increases, driven by flexible work trends and lifestyle shifts.

## Key Housing Market Indicators

### House Prices vs Income and Rent

This chart shows the steep divergence between house prices and the underlying income and rental base. Since 2015, prices have increased by 80%, while income has only grown 25% and rents about 40%. This trend is unsustainable in the long term unless income or rental yields catch up.

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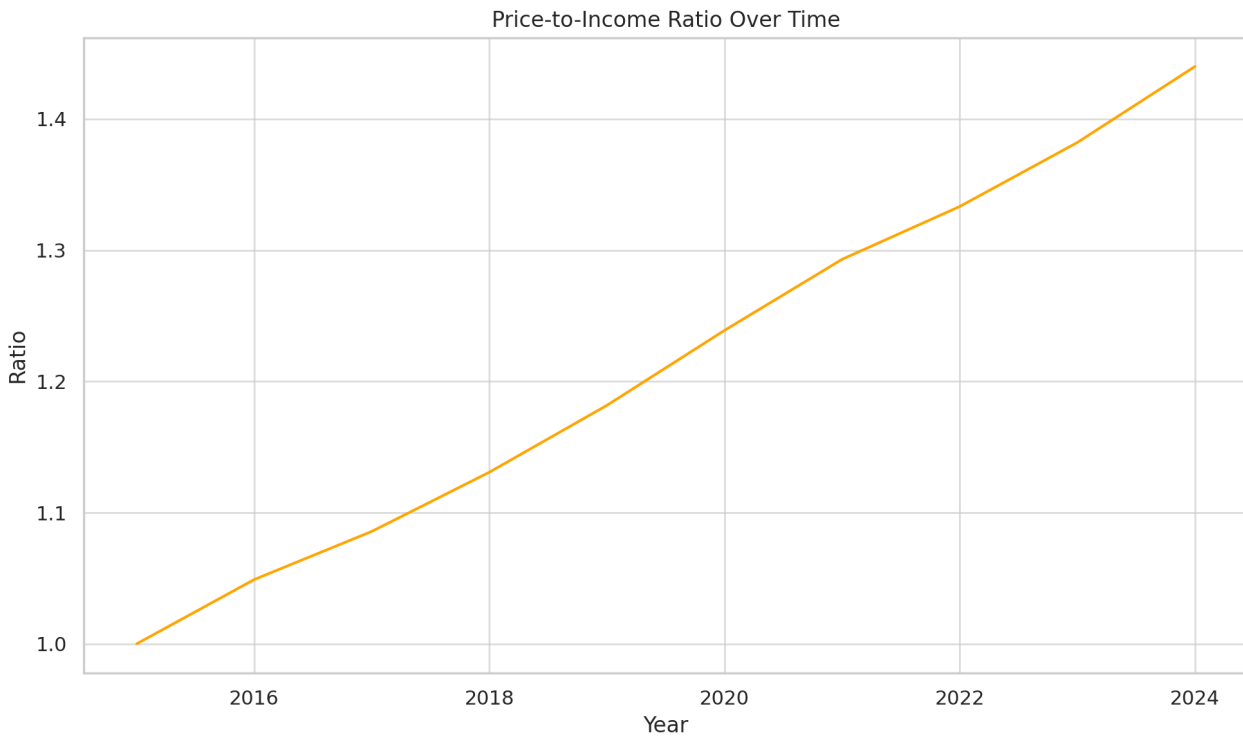


*House Prices vs Income and Rent (Index: 2015 = 100)*

## Price-to-Income Ratio

This ratio is a classic measure of affordability. As seen below, Irish housing has become significantly more expensive relative to incomes. As of 2025, the ratio has surpassed 1.4, indicating a housing market that is historically expensive by wage benchmarks. This points to overvaluation risk, especially for wage-sensitive owner-occupiers.

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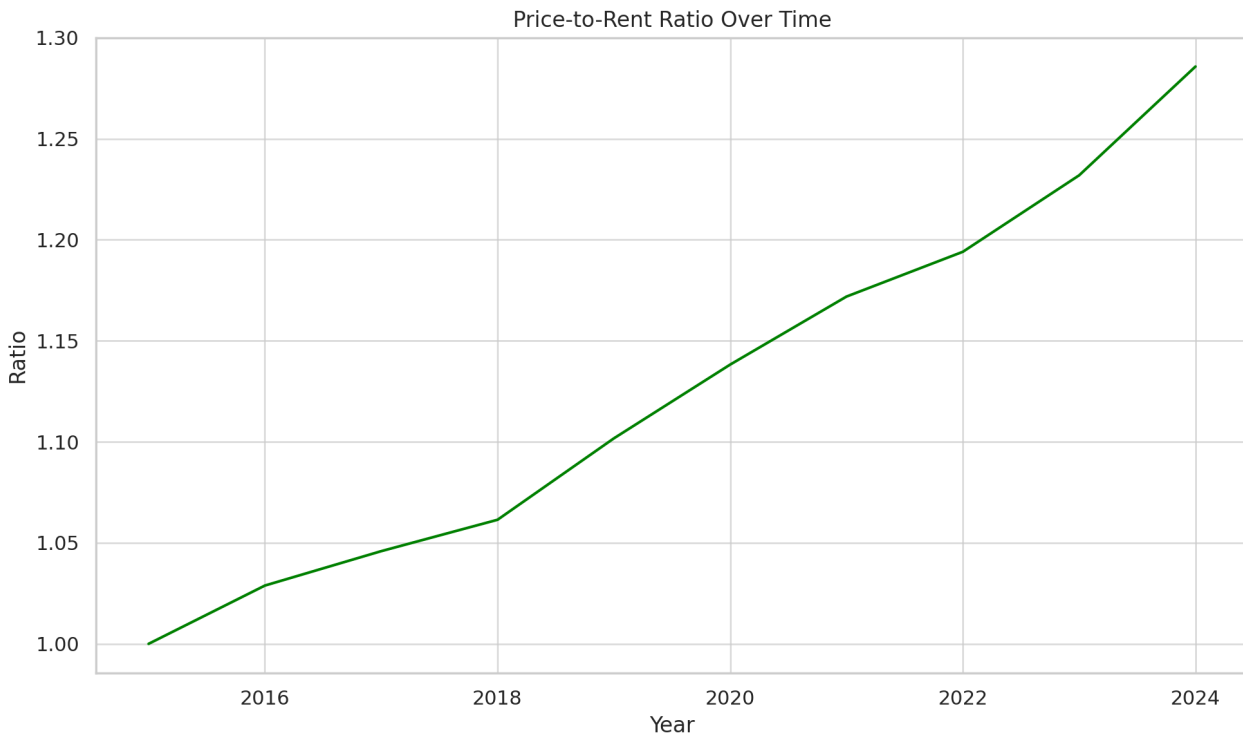


*Price-to-Income Ratio Over Time*

## Price-to-Rent Ratio

From an investor's point of view, the price-to-rent ratio is a critical indicator of yield compression. This ratio has steadily climbed, suggesting that capital appreciation is outpacing rental income, which could put downward pressure on future investor returns unless rent growth accelerates.

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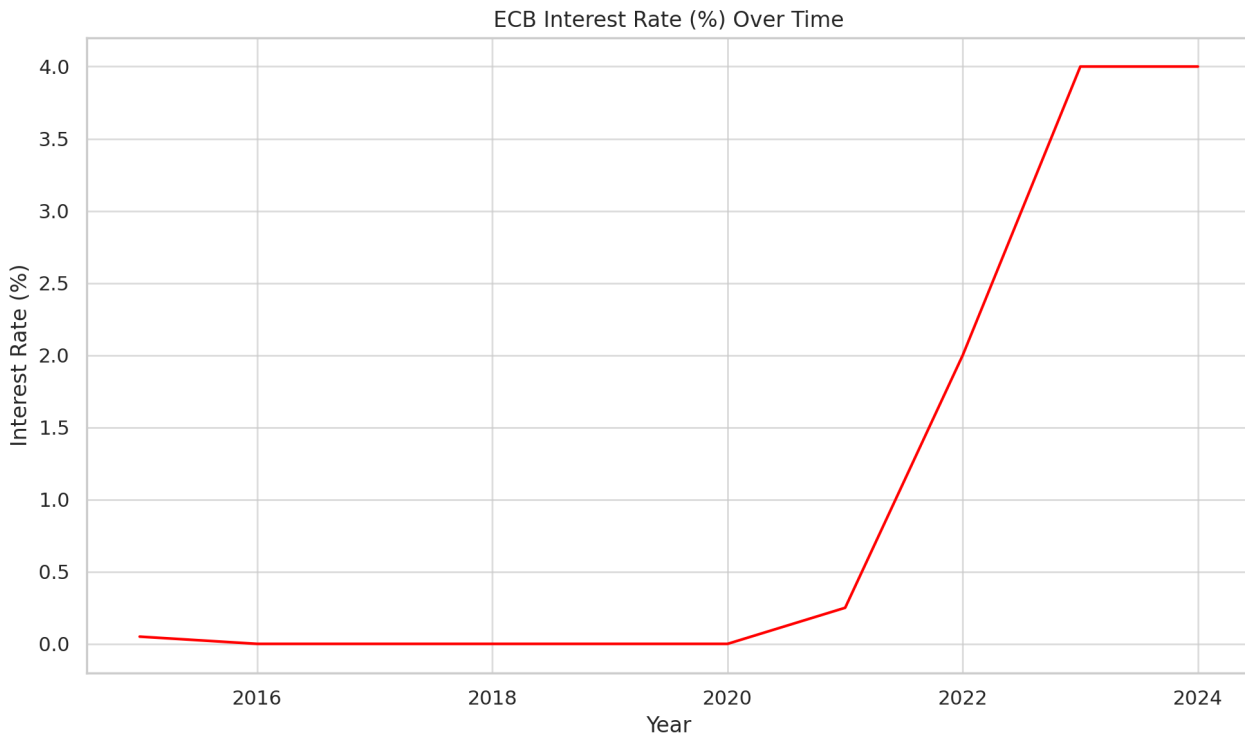


*Price-to-Rent Ratio Over Time*

## Interest Rate Environment

The European Central Bank's monetary tightening cycle has reshaped the landscape. While rates remain high, they've stabilized in early 2025. Higher rates impact affordability, investor leverage, and risk-adjusted returns.

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*ECB Interest Rate (%) Over Time*

## Structural Factors Supporting Prices

Despite affordability pressures, the market has strong structural support: persistent supply shortages, robust demographic demand, strong institutional investment in build-to-rent, and a healthy macroeconomic base.

## Risks on the Horizon

Investors should monitor the following risks: sustained high interest rates, government regulation on housing markets, and potential shocks to the Irish tech and export sectors.

## Investor Takeaway: Fundamentally Expensive, Strategically Viable

The Irish housing market in 2025 is not cheap by any metric-but that doesn't automatically signal a bubble. While expensive, strong fundamentals and long-term demand support its strategic role in investor portfolios.