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Press Release

CSO HOUSE PRICE INDEX - IPAV SAYS PRICES WILL CONTINUE TO HOLD UP BUT WARNS OF SUPPLY THREAT

Commenting on today's CSO Residential Property Price Index for June, IPAV, the Institute of Professional Auctioneers & Valuers, said while there is a large drop in the number of dwelling purchases, 33.1pc compared with June 2019, the 17.1pc increase over the month of May, 2020 was an indication of the opening up of the property market following the shutdown at the height of the pandemic.

Pat Davitt, IPAV Chief Executive said overall property prices are holding steady.

"Despite gloomy predictions about property prices by some commentators in recent months prices are, in fact, holding up," he said.

"We expect that to continue. While there may be new variations within areas, arising from how consumers and workers respond to the pandemic, overall we fully expect prices to remain steady."

Mr Davitt said the concern is what the pandemic and the reaction to it by other stakeholders will do to the supply of properties, which is already well behind demand.

"Delivery of new homes could drop to 17,000 or fewer this year, at a time when estimated demand is running at about twice that," he said.

And he pointed out that, as indicated in today's CSO house price index, prices are still 22.7pc below peak in Dublin and 20.5pc elsewhere.

"But these are global figures and within that there are areas of the country where prices are still up to 40pc behind peak," he said.

He warned that if lenders continue to operate in a severe risk averse way, issuing mortgages only to those in the most secure of jobs, then that will have an adverse impact of the supply of new homes.

"Builders are not going to build if they cannot be confident there will be a market for their homes," he said.

He also said the Help-to-Buy scheme needs to be extended to include second-hand homes. There is a good supply of such properties for prices much lower than new homes, typically at prices of between €170k to €250k.

"First-time buyers could be incentivised to purchase these second hand properties," he said.

Ends