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Press Release

RENTS – IPA V SAYS LONG-TERM STRATEGY FOR AFFORDABLE HOMES NEEDED

Responding to today's Daft.ie rental Report for Q3 2020 IPA V, the Institute of Professional Auctioneers & Valuers, said one of the most striking features of the report is just how much more expensive it is to rent rather than to buy a home.

Pat Davitt, IPA V Chief Executive said this highlights how dysfunctional the property market remains and how big the challenge is to turn it around.

"In the vast majority of areas in the country it is substantially cheaper to service a mortgage, if you can get one, than it is to pay rent for a similar property, even allowing for a 2pc interest rate increase on the mortgage," he said. (The figures are set out on pages 14 to 17 of the Daft.ie report).

He said there are would-be first-time buyers who have been unable to acquire a first mortgage because of the fallout from the last financial crisis.

"And now there is not enough stock of affordable homes so they continue to be locked out from the market. That should be a source of deep concern to policymakers because it means many more people will be living in poverty in their later years," he said.

He said in a study last year the ESRI maintained the cost of building homes must be driven down. "But over a decade on from the housing market crash there is absolutely no consensus whatever on how that is going to happen.

"Unless it does happen it's impossible to see how we're going to build the 340,000 homes the Central Bank of Ireland estimates we need up to 2030."

He said, as today's Daft.ie report highlights, rental housing stock outside of Dublin is low. "This will keep rental levels high. We can expect to hear much about short-term measures but what we need is a proper long-term strategy to build affordable homes," he said.

He said new homes priced at between €250,000 and €300,000 are already too expensive for young people on an average wage of €40/50k.

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