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LATEST IPAV STUDY OF RESIDENTIAL HOUSE PRICES SHOWS INCREASES THAT DEFY PREDICTIONS

The latest Residential Property Price Barometer which charts actual house prices achieved by auctioneers, for the most common family home types – three and four bedroom semi-detached houses and two-bedroom apartments - and compares prices in Q3/4 of 2020 with Q1/2 of 2020 reveals price increases in the vast majority of the country, with the largest increases taking place in 4-bedroom homes. In Westmeath it found that in the latter six months of 2020 three-bedroom semi-detached homes increased by 2.93pc, four-bedrooms by 4.03pc and 2-bedroom apartments by 3.85pc, over the previous six months.

Elsewhere Galway city topped the list for such homes with a 5.87pc increase, followed by Donegal at 5.16pc. In the three-bedroom category Louth was top at 4.67pc, followed by Kildare at 4.60pc and for two-bedroom apartments Waterford led the way with a 4.97pc increase followed by Carlow at 4.94pc and Dublin 24 at 4.14pc.

Pat Davitt, IPAV Chief Executive said when, in the late Spring and early Summer of 2020, notable economists and analysts across both the public and private sectors were predicting house price drops, some of the order of 20pc, knowing the feedback from auctioneers IPAV publicly questioned the rationale for such forecasts. He said property valuations are crucially important because values impact, not only the balance sheets of lending institutions and pension funds but the financial security and immediate and future choices available to citizens.

Mr Davitt said it's likely that housing demand will keep prices elevated for the foreseeable future.

"Just over a year ago the Central Bank estimated we will need to build 34,000 new homes every year up to 2030. Latest CSO data shows the 2020 figure for new builds was 20,676. So demand will continue to outstrip supply for some time." But supply is not our only problem, he said. "There is a huge issue around affordability, particularly for those on average wages up to €45,000, many of whom by paying high rents have shown they can well afford to service a mortgage, were it not for the overly zealous nature of the Central Bank's macro prudential mortgage rules.

The 3.5 times salary allowed for in the Central Banks rules are not high enough multiples to allow these average wage earners qualify for mortgages to get them on the property ladder. The Government have already recognised this and allow 4.5 Loan to Income multiples in their Rebuilding Ireland Home Loan. However as this loan is only suited to certain applicants, the Central Bank need to follow suit.

"At a time when rental levels in most areas of the country remain substantially higher than mortgage repayments for the same property, it's ironic that the Government has had to step in and extend the Help-to-Buy scheme and are now introducing a new Affordable Purchase Shared Equity scheme where the State will provide equity support to those seeking to buy new private homes but are unable to secure the full mortgage to do so."

Mr Davitt said the setting up by the Government of the promised Commission on Housing is awaited. "It's absolutely critical that this body would have input from all stakeholders, so that past mistakes can be avoided and the major impediments that remain to building sufficient homes are addressed," he said.

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Note to editors: IPAV is the only representative body in Ireland which solely caters for the professional and educational requirements of auctioneers and valuers practicing throughout Ireland. Established in 1971, it has over 1,300 members nationwide. For further information log onto www.ipav.ie

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