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Press Release

RENTS – IPAV SAYS DAFT.IE REPORT ILLUSTRATES JUST HOW DAFT RENTAL VERSUS PURCHASE IS

Responding to the latest Daft.ie Rent Price Report for Q1 2021 IPAV, the Institute of Professional Auctioneers & Valuers, said the latest report highlights that only in two of the most expensive areas for property in the country, Dublin 4 and 6, is repaying a mortgage on a three-bedroom home more expensive than paying rent, and at that it is only marginally so.

In every other area of the country, including Dublin, it would be cheaper, close to half the cost in many cases, to service a mortgage than paying rent on the same property - if one could acquire a mortgage.

Examples from the Daft.ie report for a 3-bedroom home, paying a 3.25pc variable mortgage over 30 years with 85pc LTV include:

In Meath a mortgage would be €741 while rent is €1,317. Even if the interest rate were to increase by 2pc the mortgage would still be lower at €941

In Louth the respective figures are €666 (mortgage); €1,231(rent) and €845 (mortgage if there was a 2pc increase in the interest rate)

In Longford: €378; €742 and €480

In Offaly: €544; €941 and €690

In Kerry: €499; €864 and €633

In Clare: €477; €864 and €605

In Mayo: €373; €750 and €473

In Donegal: €352; €671 and €446

Pat Davitt, IPAV Chief Executive said: “These figures illustrate the travesty of the situation for young people in particular, many of whom are now approaching middle age and who cannot acquire their own homes.

“The solutions thus far are clearly not working and something very different needs to be done to get more affordable homes built. It requires a whole of Government approach, often talked about but not yet implemented.”

Mr Davitt said such solutions must include the entire planning process as well as the entire tax treatment of housing and investors in housing.

He said if European Central Bank interest rates rise in the next few years there will be “much bitter regret that the younger generations in 2020 and 2021 were excluded by State policy from accessing mortgages when they could get attractive fixed interest rates for periods of up to ten years.”

Mr Davitt has previously said the rental market needs to be reviewed in its entirety.

He said one of the issues that has contributed to inflated rents was the decision to leave owners of new properties exempt from the Rent Pressure Zone rules.

“New properties were left outside of the RPZ legislation entirely until July 19 when it was tapered and the exemption from then applied to first lettings only.

“However, the exclusion means higher rent levels are set which later become the comparables for others to justify raising their rents.”

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