

## HOUSE PRICES ACCELERATING – IPAV RESIDENTIAL PROPERTY PRICE BAROMETER

IPAV's latest Residential Property Price Barometer charting house prices achieved for three and four bedroom semi-detached homes and two-bedroom apartments in the first half of 2021 shows an acceleration in house price increases over the previous six months and it is particularly prevalent in the country.

Overall IPAV's study has found double digit growth for 3-bedroom homes in Waterford and Limerick. And close behind are Tipperary, Meath, Louth and Cavan with nine plus per cent growth, followed in the eight plus per cent range by County Dublin, Carlow, Dublin 15, Dublin 7 and Kildare. In Kilkenny three bedroom homes increased by 2.81pc; 4-bedrooms by 6.07pc and 2-bedroom apartments by 4.96pc. (Others counties to be inserted here as relevant.)

Some of the area specific increases are accounted for by new blended working opportunities where people don't have to operate from formal office settings on a full-time basis, according to IPAV's Chief Executive Pat Davitt.

"While that is an influential factor, the main driver of increasing prices is the lack of supply of homes to meet current and pent-up demand. And that is why predictions by economists and others of house price drops during the pandemic have not materialised, forecasts IPAV called into question at the time," he said.

Mr Davitt said his organisation welcomes the Government's new Housing for All plan with a commitment to invest €4 billion per year to build 300,000 homes over the next nine years.

"While the nuts and bolts of how precisely the plan is going to achieve that target remains to be seen, it is in the interest of society as a whole that the plan works because continuing house price increases at the level we are currently seeing would not be sustainable over the longer term but will not abate either until more stock comes on stream to meet supply.

"As things stand currently those on average wages have difficulty in securing a mortgage at a time when rental levels are outstripping mortgage repayments, substantially so in many areas of the country."

He said it is for this reason IPAV has called on the Minister for Finance in a recent Budget submission to attempt to prevail upon the Central Bank to try and ensure that those earning €60,000 or less could borrow up to 4.5 times income, as opposed to the current 3.5 times income under the Central Bank mortgage rules.

He said the extension of the Government's Rebuilding Ireland Home Loan scheme from Local Authorities was welcome but it needs to be extended further to enable all purchasers to take advantage of the 4.5 times income under that scheme, not just first-time buyers.

Mr Davitt said the price of a home is critical to the future financial security and wealth of our younger population. "While still ahead of the euro area norm we currently have historically low interest rates. The recent introduction of 20 and 30-year fixed interest rate mortgages is a first for Ireland and enables purchasers to have security knowing exactly what their future financial outlay will be. This is a major contrast with the past where interest rates were frequently subject to increases, sometimes significant increases."

The IPAV Residential Property Price Barometer charts house prices achieved by auctioneers, as opposed to asking prices. Mr Davitt said while that difference is always relevant it is particularly so now given the intensity of activity where, it would appear, asking and achieved prices are diverging, often to a considerable degree.

He thanked members of IPAV for their contribution to the study which he said provides "real market evidence as opposed to speculation on prices."

Ends