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Demand Keeps House Prices Elevated – Latest IPAV Residential Property Price Barometer

There has been a 2.44pc increase in home prices in the latter half of last year by comparison with a 6.35pc figure for the previous six months, according to IPAV's Residential Property Price Barometer published today (Sunday).

The study, which captures prices actually achieved by auctioneers for three and four bedroom houses and two-bedroom apartments saw the biggest increases in the three-bedroom category taking place in Wicklow (7.33pc); Longford and Mayo (6.25pc) and Cavan (5.63pc). In this category also Donegal saw the largest drop (-8.85pc), thought to be linked to the mica crisis and Dublin 4 (-2.31pc).

IPAV Chief Executive Pat Davitt says the figures indicate a pick-up again in prices in December. "On that basis I expect we could see increases of the order of 2pc to 3pc in the first six months of 2023."

He said despite the fact that interest rates are continuing to increase and that some of the better long-term fixed interest rates are being pulled from the market by lenders, the level of demand is keeping prices elevated.

Unpublished research by the Housing Commission set up by Minister for Housing, Darragh O'Brien TD has concluded Ireland may need between 42,000 and 62,000 homes built per year until 2050.

Mr Davitt said while the CSO has recorded that new dwelling completions rose year-on-year by 45pc to almost 30,000 last year, the highest since 2011, commencement figures are "worrying".

"The Housing Agency, recorded falling numbers of Commencement Notices - a requirement for every dwelling constructed in the State. A disappointing 6,038 were registered in the final quarter of last year, down from 6,498 in the last quarter of the previous year. These commencement figures are likely to give a better indication of current reality," he said.

Mr Davitt said: "As a country we will have to do things differently than heretofore if we are going to succeed in reversing our declining home ownership figures, prevent enforced emigration and poverty in old age."

He said about 40pc of buyers are 'cash' purchasing, meaning they are expending savings of some sort with no requirement for mortgage finance. This is one of the most notable changes in the market.

"One of the issues we will have to embrace is forty and fifty-year duration mortgages. While not suitable for everyone such mortgages can deliver better value and give greater security than renting for life," he said.

Ends