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For immediate release

**AUCTIONEERS WARN OF DANGERS OF MISINTERPRETING IMPLICATIONS OF
“GROWTH SPURT” IN DUBLIN PROPERTY PRICES**

Auctioneers today warned that misinterpreting the implications of the Central Bank’s Macro-Financial review showing Dublin property price growth of over 23pc this year, surpassing that of 2006, could lead to bad housing policy and stymie the development of a sustainable property market.

Pat Davitt, Chief Executive of IPAV, the Institute of Professional Auctioneers & Valuers, representing almost 1,000 auctioneers nationwide, said it is critical that this figure would be “analysed carefully and the correct interpretation taken from it. It is very misleading and dangerous to assume that because the growth figure in 2014 (a year with an attractive government Capital Gains Tax incentive scheme finishing at year end), is larger than that of 2006, that the market is in a similar situation to 2006.”

“Property prices have gone up by 40-45pc in the city of Dublin in the past two years. This is not a dramatic increase since property prices had fallen by at least 60pc between 2006 and 2012. The 40-45pc increase is coming off a much lower figure. To get back to 2006 levels, prices would have to increase by a minimum of 120pc. These prices were unsustainable and not where anyone is seriously suggesting we should be heading. However, the point is, we need to be careful when interpreting statistics,” he said.

“It should be unsurprising that a growth spurt would happen in a property market that did dramatically over correct over a five year period, a market in Dublin with strong population growth projections and where house building has virtually stagnated since the financial crash.

“The factors driving the 2006/07 growth spurt on the other hand were entirely different and included government incentives and irrational lending. On lending the Central Bank study does point out that at just over €3.2 billion in mortgages drawn down in the four quarters to the end of September 2014, it is a mere one-tenth of the amount drawn down in 2006. In fact we believe the figure is closer to one-twelfth. ”

Mr Davitt said the rise of 23pc in some pockets of the city of Dublin in the past year must not be taken in isolation. And he welcomed the Central Bank's acknowledgement that housing availability plays a central role in determining prices and rents.

"The critical issue now is, how can we ensure that a rapid house building programme, on which there is unanimous agreement on the need for, goes from aspiration to reality," he said. And he said a number of impediments were standing in the way, including:

- Hoarding of sites in the city centre
- Excessive interest rates, amongst the highest in Europe
- The selling of large blocks of apartments to International property funds
- Onerous new building requirements and high development charges
- The length of time taken to attain planning permission approval.

Mr Davitt said normally any one of these factors would be problematic. "When they are combined in a market selling just 50pc of a normal functioning market, it doesn't augur well for 2015 and beyond.

"If the Central Bank is tempted to follow through on its original proposal insisting on 20pc deposits for the majority of buyers it would be an unmitigated disaster," he said.

He called for "joined-up thinking."

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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 practising throughout Ireland. Established in 1971, it has close to 1,000 members nationwide.