

Thursday 12th October, 2017

CSO HOUSE INDEX – PRICES WILL CONTINUE TO INFLATE UNLESS BUDGET MEASURES GET MORE REALISTIC WARNS IPAV

Acceleration in house prices, as evidenced by today's CSO data which shows a national increase of 12.2pc in the year to August, can be expected to continue until supply ramps up on its current anaemic level, IPAV, the Institute of Professional Auctioneers & Valuers, has warned..

Pat Davitt, IPAV's Chief Executive said: "There are a number of concerns around what should have been this week's positive measures. On the face of it the new €750 million Home Building Finance Ireland (HBFI) scheme looked very positive. We were told the agency would provide badly needed 'cheap' loans to builders. However, it has since emerged that these loans could be at interest rates of as high as 8pc, at a time when money can be borrowed by institutions for less than a third of that. In addition it has also been indicated that these loans may not begin to flow until well into 2018.

"If this is going to be the shape of the new initiative then we can be guaranteed that it will have minimal impact on the supply issue any time soon and may only help those who are already in a position to provide supply," he said.

Mr Davitt said to aid movement in the housing market the Central Bank mortgage lending rules should be eased somewhat for non-First Time Buyers and the Help-to-Buy scheme should be extended to such people..

"However, unless the supply of new homes ramps up more quickly there will be no appetite in Government or within the Central Bank to make these appropriate changes, fearing that any such action would accelerate prices. And when supply remains so appalling poor then that is exactly what will happen, unfortunately."

He said the issue captures the "interconnectedness of the housing market, where the lack of supply is adversely impacting virtually all home aspirations – from those who are homeless to the inability of many young people to get on the property ladder. And it is preventing the development of a sustainable property market," he said.

Earlier this week IPAV cautioned that the HBFI scheme should not be "scuppered with red tape in how it operates,"

The institution said the scheme should be "fast and fair and not get tied up in red tape as many State schemes tend to do. And crucially, it must not discriminate against smaller builders who have been the mainstay of the Irish home building market."

Ends

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 1,100 members nationwide. For further information log onto www.ipav.ie further information:

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