

Friday 10th March, 2017

HOUSE PRICES WILL CONTINUE TO RISE UNTIL BUILDING INPUT COSTS AND THE COST OF FINANCE ARE ADDRESSED - IPAV

IPAV, the Institute of Professional Auctioneers & Valuers, has said until the “appalling lack of supply of residential homes” is addressed house prices will continue to rise.

Today’s CSO house price report shows prices up 7.9pc in the year to January, with Dublin prices up 5.3pc and the rest of the country up 11.3pc.

Pat Davitt, Chief Executive of the organisation which represents 1,100 auctioneers said serious issues impeding the supply of residential properties remain to be addressed and the problem is growing in intensity with supply continuing to fall well short of the 25,000 to 30,000 units required annually.

New home completions in 2016 were at about 12,000, he said. While official figure say 14,932 units were built they are based on connections to the ESB and don’t reflect actual new builds.

“While for some years now we have identified the issue of building and development costs as one that needs to be tackled to address the supply problem, a host of other organisations now agree, including the State’s own National Competitiveness Council (NCC) which acknowledges that significant concerns persist in relation to the cost of development and the cost of construction,” he said.

Mr Davitt said the Government needs to fastrack the promised detailed analysis of building input costs. “It should be given absolute priority by the Minister and the Government because it is costing families and individuals and it is hurting the economy,” he said.

“It appears that negative perceptions of the building industry may be informing policy in this area over knowledge,” he said. “Access to loans at reasonable interest rates is a major issue, particularly for SME builders. “In contrast in the farming sector the Strategic Banking Corporation of Ireland has introduced a special cash flow loan scheme for farmers at interest rates of just 2.9pc

“A somewhat similar builders fund would allow the government to agree new house prices with the participating builders, it would bring down the cost of new homes and it would also serve to taper the growing inflation in the price of second hand homes.”

Mr Davitt said the current housing and homelessness crisis was “a tragedy that doesn’t defy solution.”

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