

Friday 10<sup>th</sup> February, 2017

## **HOUSE PRICES WILL CONTINUE TO RISE UNTIL SUPPLY RAMPS UP SAYS IPAV**

### **Issues Impeding Supply Remain to be addressed**

IPAV, the Institute of Professional Auctioneers & Valuers, has said there are no surprises in today's CSO house price report showing Dublin prices up 5.7pc in the year to December with the rest of Ireland up 12pc. The organisation predicts prices will continue to rise until such time as supply ramps.

Pat Davitt, Chief Executive of the organisation which represents 1,100 auctioneers said this week's new home completion figures for 2016 of 14,932 units are severely short of the Government's target of 25,000 per year. "In fact because they are based on connections to the ESB grid rather than actual new builds, the real figure, is probably about 12,000.

"Issues impeding supply remain to be addressed. Not enough attention has been focused on why the supply of private homes, in contrast to that of commercial property, is falling so badly short of what is required," he said.

And he called on Minister Coveney and the Government to fastrack the promised detailed analysis of building input costs, given the centrality of the issue to housing supply. "The National Competitiveness Council (NCC) in its December report acknowledges that significant concerns persist in relation to the cost of development and the cost of construction.

"The issue 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.

Mr Davitt says that VAT was one of the input costs that may need to be addressed. "The text of Rebuilding Ireland shows a resistance to lowering VAT on the basis that it's already low at 13.5pc.

"However, what needs to be understood is VAT typically adds an extra €15,000 to €17,000 to the price of each home, and it is always paid by the buyer. Most buyers are paying this from an income that has already been taxed. And if the home is bought with a mortgage the buyer is also paying interest on this money," he said.

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