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IPAV CALLS FOR URGENT GOVERNMENT ACTION ON BUILDING COSTS AS HOUSE PRICES CONTINUE TO RISE

“The State, and anyone interested in the development of a sustainable property market, needs to know if land hoarding so as to keep an inflated floor on house prices is a factor in the market or not.” – Pat Davitt, IPAV Chief Executive

At a time when the supply of homes is continuing to fall dramatically behind market demand pushing up house prices, as shown in the latest figures from Daft.ie and MyHome.ie, the best kept secret in Irish property is the detailed breakdown of the costs of building a home, IPAV, the Institute of Professional Auctioneers & Valuers said today.

Pat Davitt IPAV's Chief Executive said there is agreement in studies from both the Irish Home Builders Association and the Society of Chartered Surveyors of Ireland that the cost of building a typical three-bed house, excluding land acquisition and VAT, is of the order of €197,000.

“A study by Irida Consulting for the Irish Concrete Federation has demonstrated that concrete products and quarried material used in building such a home account for less than 5pc of total build costs.

“Yet, as of now there are no official figures that give the precise breakdown of the other 95pc of costs,” he said. “It is appalling that almost a decade on from the housing crash housing policy is based on supposition rather than on scientific data.”

Mr Davitt reiterated IPAV's call for the Government to fastrack the promised detailed analysis of building input costs set out in 'Rebuilding Ireland', the Government's housing strategy.

“The State, and anyone interested in the development of a sustainable property market, needs to know if land hoarding so as to keep an inflated floor on house prices is a factor in the market or not.”

He said the immediate success of the Government's Help-to-Buy scheme introduced in January is testament to the pent-up demand that now exists in the marketplace.

“The demand is growing in intensity with supply continuing to fall well short of the 25,000 to 30,000 units required annually, running at about 12,000 new homes in 2016. In fact, Daft.ie estimates that demand could be as high as 50,000 units a year.”

Mr Davitt said access to loans at reasonable interest rates is a major issue, particularly for SME builders. IPAV has proposed to Government a Builders Fund along the lines of that for the farming sector under the Strategic Banking Corporation of Ireland. A special cash flow loan scheme has been introduced for farmers at interest rates of just 2.9pc. There would be no loss to the Exchequer as monies would be repaid as homes are sold.

Ends

NOTE1: IPAV says new home completions in 2016 were at about 12,000. While official figures show 14,932 units were built they are based on connections to the ESB grid and don't reflect actual new builds.