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IPAV QUESTIONS RATIONALE FOR CENTRAL BANK SUPPORT OF RENTAL OVER BUYING

Responding to this week's statement by Lars Frisell of the Central Bank on the mortgage lending restrictions, IPAV, the Institute of Professional Auctioneers & Valuers, said while it is not in principle opposed to the rules it does take issue with their severity and timing.

Pat Davitt, Chief Executive of IPAV which represents 1,000 auctioneers and valuers, also said one of the perplexing issues in the latest Central Bank statement is that the bank is unequivocal in accepting that the rules '*should contribute to a shift in both housing demand and supply towards rental accommodation.*'

"The question we would ask is, are Irish people demanding a move towards more of a rental market than a buying one, or is it that they are being forced into it by the Central Bank's own rules?"

Mr Davitt said auctioneers will adapt to whatever market emerges. "But, does what the Central Bank and others are suggesting as desirable amount to the same direction in which Irish people want to go? Or, is it that policy makers and regulators think this is what we in Ireland should aspire to because it is perceived as a successful model elsewhere in Europe and, therefore, use all policy instruments to achieve that, regardless of consumer sentiment or needs'.

He said: "No reasonable person would argue with Mr Frisell's view that the spiralling of lending and prices would not be a solution and would in fact be a betrayal to the next generation of home buyers.

"Of course it would. That's not in question. One would expect that that would be the primary lesson of the property crash. The answer is how we get from the current dysfunctional situation to developing a sustainable property market."

Mr Davitt also said that what he called the "Central bank psychological analysis" where it states: '*those who do not yet own a property often prefer a steeply rising market as it feels safer to buy in the conviction that prices will continue to rise*' is out of date by about six years.

"On the contrary, what our members are experiencing is that prospective buyers are seriously apprehensive that they could experience the catastrophic drop in property values experienced by their parents and siblings in the recent crash."

He said a whole-of-government approach to the property market where the CBI would have their say like all other stakeholders was urgently needed. He welcomed the Taoiseach's commitment to a full Ministry for housing, something IPAV has been calling for for some time, also the Taoiseach's commitment to a housing crisis plan. IPAV has also called for a consultative/advisory Council of stakeholders to assist such a Minister.

The Institute in a policy proposal document to all newly elected TDs and parties questions, as it has done for some time, the policy of NAMA continuing to sell large numbers of residential units to foreign investment funds and says consideration should be given to NAMA supporting Irish governmental institutions such as housing agencies in acquiring properties

IPAV has also identified the cost of finance as one of the main impediments for builders, particular smaller builders, and the crisis in building is of such a magnitude it suggests that new Government will need to introduce some form of State finance that could be paid back once homes are sold.

The Institute has also called for the Development Contribution Rebate scheme, intended to boost house construction by returning, subject to certain conditions, between 80pc and 100pc rebate on development levies paid, to expand the number of areas of operation beyond Dublin and Cork and for the scheme to include developments of less than 50 units and making it available to all builders rather than just the large ones. This would prevent the kind of acute shortages in Dublin and Cork reaching regional centres in the next 18 months.

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

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