

House Prices Stabilising but Housing System Needs Reform

– Latest IPAV Residential Property Price Barometer

The latest Residential Property Price Barometer published today (Sunday) capturing prices actually achieved by auctioneers for three and four bedroom houses and 2-bedroom apartments throughout the country in the first six months of 2023 has found an overall increase of 2.05pc in the period, compared with 2.44pc in the previous six months.

Increases have generally been in the range of four to six percentage points with price drops in the two percent range in some Dublin districts and in the apartment category, a more difficult area for comparables, bringing the overall barometer to the 2.05pc figure.

The full data set is attached.

IPAV Chief Executive Pat Davitt said the forthcoming October Budget will need to contain unprecedented measures to arrest the housing crisis and the “resultant seismic shift in our demographics.”

He said home ownership must become more affordable for younger age cohorts in particular. “We’re still seeing private landlords fleeing the market and those on average incomes largely excluded from buying homes because of the very restrictive mortgage rules of recent years and now rising interest rates.”

He said urgent Government consideration needs to be given to options, beyond pillar banks, for making low interest rate mortgages widely available. While Credit Unions are entering the mortgage market it is unclear, as yet, the extent of their involvement or their capacity to service the market.

“Home ownership is of such a critical nature to our society that we believe, there is a strong rationale for treating mortgage provision, separate to other forms of lending.

“Were it not for the Help-to-Buy and First Home schemes, the current situation would be much worse. What we need is not State schemes to counter the problems created elsewhere in the housing system but a direct, long-term system of lending that gives more certainty over the lifetime of a mortgage,” he said.

Mr Davitt said: “As bank profits soar for the first six months of this year one cannot help but feel it’s a lopsided equation whereby the interest of lenders supersedes those of consumers, despite the Central Bank having a dual role under legislation to protect both.”

The recently published ESRI study: Housing Affordability: Ireland in a Cross-Country Context found that while Ireland has the fourth highest rate of home ownership for households aged 40+ across the 15 countries analysed, it has only the tenth highest rate for households aged below 40. Ireland was found to have one of the biggest gaps in ownership rates between younger and older generations, second only to Greece.

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