

Monday 27th March, 2017

RISING HOUSE PRICES NO CAUSE FOR MARKET INTERFERENCE - IPAV

Responding to the latest house price figures from Real Estate Alliance (REA) showing a year-on-year increase of 10.9pc nationally and 3.5pc in the first quarter of this year, IPAV, the Institute of Professional Auctioneers & Valuers, said the figures are indicative of a market getting back on track and should not be a cause for any more market interference.

Pat Davitt IPAV's Chief Executive said the priority has to be "the severe lack of supply".

"The severity of the Central Bank lending rules put a temporary brake on demand and contributed to rising rents."

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."

Building and development costs needs to be tackled to address the supply problem, he said and this is recognised in reports from the National Competitiveness Council (NCC) which acknowledges that significant concerns persist in relation to the cost of development and the cost of construction.

Mr Davitt said the Government also needs to fastrack the promised detailed analysis of building input costs set out in Rebuilding Ireland.

Access to loans at reasonable interest rates is a major issue, particularly for SME builders, he says. 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

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.