

NEW RESEARCH POINTS TO SOCIAL COST OF CENTRAL BANK MORTGAGE RULES BEING HIGH

New in-depth research carried out by Behaviour & Attitudes on behalf of 11 different organisations on the impact of the Central Bank rules on the property market, has found, among other issues, that:

71pc of both FTBs (first-time buyers) and movers are impacted by the rules, the vast majority negatively;

69pc of those planning to take a mortgage have put buying 'on the long finger';

6 years 6 months' time period required to save for the deposit needed to purchase;

2 in 5 have yet to start saving;

42pc acknowledge they will need a gift from family for a deposit;

52pc have excluded the area where they actually want to live on the basis of unaffordability;

Many are endeavouring to save while paying high rents: 2 in 3 are thus impacted, and a knock-on effect on higher rents seems inevitable;

The social cost is high, with many moving away from family networks and to areas of lower amenity or infrastructural inappropriateness – poorer transport, childcare facilities, schools, roads, and further from work;

2 in 3 are having to look more than 6kms from where they would like, and 3 in 10 more than 15kms, diminishing the ability to rely on family assistance for childcare and may result in one parent having to quit work to mind their children.

The research carried out for IBEC, IPAV, BPF, SCS, CIF, IBA, IMB, AEMA, DNG, Hooke & McDonald and Lisney, involved 1,072 participants' nationwide, existing homeowners and prospective buyers, and was carried out online between 22nd July and 4th August, 2016.

Speaking on behalf of the group Michael Dowling, Chairman of the IBA Mortgage Committee, said a diverse range of interests set aside their competitive instincts to collaborate in this important research.

“We all share the Central Bank’s objective of increasing the resilience of the banking and household sectors to shocks in the property market. However, there are serious unintended consequences arising from the rules, which are reverberating way beyond their intended purpose. They are contributing to an inequality of opportunity between those with family wealth and those without. And they are leading to urban sprawl as buyers move further from their desired locations.”

Mr.Dowling said the study suggests that deposits are a primary inhibiting factor for prospective buyers. And even though house prices are still 35pc below peak levels, over a third believe they remain too high.

“This research was undertaken in the context of the Central Bank review of the macroprudential rules but since the implications of the rules have much wider import it should also be of interest to the Government in framing the forthcoming budget,” he said.

Ends