



First time buyers borrow an average of €150,000

ACCORDING to the **Association of Expert Mortgage Advisors (AEMA)** the total value of new **mortgage** lending in the third quarter of 2013 was €750 million, a tenth of what it was in 2007.

But this data does not tell the full story as there is general consensus amongst industry that the volumes at the peak were way too high. The **mortgage** experts contend that the optimum size for Ireland's **mortgage** market is now €10 billion – and that this is what the industry should be working towards.

Ken Murray, Director of the **Association of Expert Mortgage Advisors** said: "Mortgages issued in 2013 were far smaller and more manageable with **first time buyers** (FTBs) borrowing an average of just over €150,000, while the "mover-upper's" with higher incomes are qualifying for an average of just under €220,000, so we just don't need the same market size to fund our housing needs.

"Based on demographics which have changed considerably in recent years and great consumer interest in and demand for renting, the optimum market size is now about €10 billion — roughly three times what it is now and just a quarter of what it was in 2007.

"We believe that the market size in 2014 will exceed €3 billion and potentially grow to grow to €4 billion if the new products planned come to fruition. Many people forget that **banks** need new **mortgage** lending if they are to return to profitability."

Ken went on to say: "Aside from the main players we are also likely to see the re-emergence of two dormant sectors of the market – namely residential investment and re-**mortgages**.

"KBC have launched a new re-**mortgage** product recently which is the first in a very long time and PTSB also recently introduced their residential investment product, so we certainly think these sectors will see considerably more activity this year — a multiple of the volumes over the past five years."

The AEMA contend that the shortage of properties in the key urban areas and the resultant house price **inflation** has been well documented and that negative equity and tracker traps are further restrictions, though there seems to have

been some abatement of the former resulting in a far higher volume of applications in the last quarter of 2013 as many homeowners are finally freed from this vice.

Ken continued: "This is boosting the confidence amongst those considering trading up and with the chronic lack of new family homes being built, there's a growing need for each purchasing segment to "shuffle up" to create space at the bottom for FTB entering the market.

"Unfortunately it will continue to be difficult to get a **mortgage** — the underwriting requirements and extensive paperwork are a challenge even for the experienced advisors, and that position is likely to remain.

"The proportion of consumers seeking professional support and advice has increased considerably will continue to — such is the complexity of the process. Criteria will undoubtedly relax over the coming years, but not to an excessive degree."

Publication: Evening Echo

Date: Tuesday, January 07, 2014

Page: 14

Extract: 2 of 2

Circulation: 15397

Author:

Headline: First time buyers borrow an average of €150,000



Cormac Fitzgerald, managing partner Fitzgerald & Partners CPA Accountants; Jim Power, economist; Lord Mayor, Cllr Catherine Clancy and County Mayor, Cllr Noel O'Connor, at The Bluehaven Hotel, Kinsale, for The Fitzgerald & Partners SME briefing. Jim spoke about business confidence and the recent IBEC reports and the economic outlook for 2014. The event was also a fund-raiser for the Cork Simon Community.

Picture: John Allen