

Colm Farrell (PER)

From: Robert Watt (PER)
Sent: Friday 25 September 2020 09:00
To: Graham Doyle
Cc: Clare Costello (PER)
Subject: Fwd: Irish mortgage approvals rise to €964m in August

Graham, In the context of an affordable scheme, there is little evidence to suggest an absence of mortgage finance. If there is a lack of supply it is not because of a lack of “effective demand “. The property industry want an equity scheme because it will increase prices. Robert

Sent from my iPhone

Begin forwarded message:

From: Davy Research
Date: 25 September 2020 at 6:30:19 a.m. IST
To: "Robert Watt (PER)"
Subject: Irish mortgage approvals rise to €964m in August
Reply-To: Davy Research



September 25 2020 06:30 IST/BST

Market comment

Irish mortgage approvals rise to €964m in August

THE DAVY VIEW

The news that Irish mortgage approvals rose to €946m in August is a welcome sign that lending activity is returning to normal. House purchase approvals of €834m were up 0.6% on the year. A striking

feature was that the average approval rose to €250,000, a fresh cycle high, up 8% on the year. In short, signs of tighter credit conditions are absent in the lending data, instead pointing to house price rises with COVID-19 limiting the housing supply.

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Mortgage approvals €946m in August, 2% down on 2019

This morning's Banking & Payments Federation Ireland (BPF) data are a welcome sign that activity in the mortgage market is returning to normal. Mortgage approvals equalled €946m, down only 2.3% compared with 2019 and a big improvement from €811m in July and €536m in June. House purchase approvals were €834m, up 0.6% on August 2019. Approvals to first-time buyers were up 11.2% to €556m but were down 13.6% to €267m to more cautious mover-purchasers.

Average mortgage approvals point to house price gains

The average mortgage approval for house purchase was €250,000 in August, a fresh record high this cycle and up 8% on the year. The data fly in the face of concerns that COVID-19 uncertainty would lead to a tightening of credit standards - specifically, stricter rationing of

exemptions to the 3.5x loan-to-income regulatory threshold. There were 3,337 mortgage approvals in volume terms, still down 6.8% on the year.

COVID-19 tightens housing market, pushing price gains

Residential transaction volumes in Q3 are down circa 30%, and the stock of homes listed for sale on MyHome in September was still down 25% on last year. Clearly, housing completions will be lower this year. For now, demand remains robust. Prospective homebuyers on higher incomes do not yet feel that COVID-19 is a threat to their income and employment. Too much money is still chasing too few houses. Today's mortgage approvals data suggest our forecast for a 1% fall in residential property prices through 2020 is too pessimistic and a 1-2% gain is now more likely.

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Includes important disclosures and analyst certification.

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