

Douglas Newman Good Press Release

Reaction to Budget 2009

October 14th 2008

Douglas Newman Good Residential Group welcome introduction of Government Equity Initiative and increase in HFA loans for residential property.

- 14/10/08 Leading nationwide estate agents Douglas Newman Good today welcomed the introduction of a new Government equity initiative and the increase of the maximum loan available through the Local Authority Mortgage Scheme. The system aims to assist first time buyers purchasing residential properties and whilst the details are yet to be announced they believe this to be a significant measure which will lead to an increase in transaction levels going forward. In addition, today's budget granted first time buyers increased mortgage interest relief in the early years of their mortgage which is also a welcome measure.
- Commercial stamp duty at top tier has been reduced from 9% to 6% which is long overdue and should lead to an increase in activity in the commercial sector and should help stem the flow of investment money leaving the Irish commercial market.
- The new €200 levy on non principle private residences was also given a guarded welcome by the agency on the basis that that it will provide much needed funds to local authorities.

Commenting on the announcements, Paul Murgatroyd, economist with Douglas Newman Good said "At a time when mortgage finance has been increasingly difficult to obtain by first time buyers because of the global credit crunch these measures are most welcome. First time buyers are the lifeblood of the property market and this scheme should improve access to credit for those people currently finding it the most difficult to obtain finance from the normal lending sources, through absolutely no fault of their own." He further added "with lower property prices and falling interest rates, affordability in the market is continually improving but first time buyers are being denied access to the market which is having a serious knock on effect further up the ladder. Over time these measures should lead to increased sales levels and will go

someway to underpinning prices going forward. We still believe the market will find its own level over time and there will be not inflationary impact on property prices, but the current credit crisis has the potential for property prices to undershoot their true value because of an unduly large restraint on access to mortgage finance and hence a suppressed level of transactions in the market”

Keith Lowe CEO of Douglas Newman Good further added “The new Government Equity Initiative has recently been commenced in the United Kingdom and initial reaction has been very positive with a strong interest and take up from first time buyers. Assuming that the scheme is structured in a similar manner to that, we believe that the system will be prove extremely popular and be a major instrument in the provision of affordable housing to the private sector especially when credit is so difficult to obtain. I also believe that the increase in the threshold for the existing local authority mortgage scheme to be much welcomed on the basis that the existing system is outdated and more or less ineffective due to its low threshold. We believe that both of these schemes will facilitate purchasers to buy in the residential market that at the present time are not in a position to do so. The quicker that both of these measures are implemented the better this will be for the market as a whole.”