Banc Ceannais na hÉireann
Central Bank of Ireland
Eurosystem

Opening Statement
Governor Philip R. Lane

Media Briefing on Review of Mortgage Measures, 28 November 2018

At today's meeting, the Central Bank Commission discussed the outcome of the 2018 review of the mortgage measures. The review has confirmed that the measures, as part of the wider macroprudential framework, are continuing to achieve the twin objectives of contributing to overall financial stability and protecting individual borrowers.

The primary focus of our annual review is to evaluate the calibration of the measures, based on our assessment of the risks in the mortgage and property markets. The review included analytical assessments of the mortgage lending data, the wider developments in the housing market and the associated systemic risks.

The analysis has confirmed that, while the pace of growth in new mortgage lending is significant, the overall volume of mortgage lending remains below normal levels. The level of house prices is broadly in line with developments in incomes, rents, interest rates and housing supply and there is no current evidence of destabilising credit-price feedback dynamics. Over time, a sustained and significant expansion in housing supply is the key to improving affordability for both prospective home owners and renters.

While there have been shifts in the distribution of the ratios of loan to income and loan to value in new lending, there has been little change in the average LTIs and LTVs and no sign of a generalised deterioration in lending standards.

The analysis confirms that the mortgage measures as currently calibrated are achieving our objectives and are contributing to overall financial stability. On this basis, no changes will be made to the current framework.

The mortgage measures affect the flow of new mortgage lending. The effectiveness of the measures in safeguarding financial stability is reinforced by the recently-triggered countercyclical capital buffer that covers the outstanding stock of domestic credit. Taken together, the combination of the mortgage measures and the countercyclical capital buffer means that our macroprudential stance is prudently calibrated to enhance the resilience of the financial system and the wider economy in the event of a future downturn.

We will continue to monitor developments through our cycle of reviews and stand ready to adjust our macro-prudential policy tools to safeguard the stability of the financial system and protect consumers from excessive debt burdens.

Thank you. I am happy to take your questions.