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# Property Price Data Would Stop Values Based on Sentiment

Lorcan Sirr

*Technological University Dublin, lorcan.sirr@dit.ie*

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## Property price data would stop values based on sentiment

Prices soared when our perceptions were based on market sentiment.

A price register would give the true story, says **Lorcan Sirr**

**T**HE NEWS that the government might consider imposing a property tax based on the value of a property raises the interesting issue of transparency in the market.

For years we have been trading in a market which was opaque. Information vital to making an appropriate assessment of what should be paid for a property was, and still is missing. This means that transactions happen based on incomplete ideas of worth. The country's largest provider of property prices is a national newspaper.

Prices soared when our perceptions were based on the views of in-house company experts, marketing gurus, public relations, and gut instinct – market sentiment.

Sentiment is not fact however, and it is now evident that it is essential that fact is separated from sentiment where money matters are concerned.

The government needs to give urgent consideration to the creation of a register which records the true transaction price of each and every property in Ireland (including commercial property). This register could be held by each local authority, available free online, and be broken down by various factors including location (GPS would help here), size in meters squared, age and type of dwelling.

Other features could be included as well, but for the moment these are probably the most vital.

This register could then be accessed by current owners for self-assessment if necessary, and by prospective purchasers and sellers to help them get a more accurate representation of price trends in a specific location.

A decision to buy or sell could then be made based on market facts rather than rumour, spin and sentiment. If there is no movement, then that too tells its own story about the location, as people are content there, or the market is indeed stagnant and stimulatory measures may be needed.

For those who are sceptical of such a proposal in an economic downturn, I would argue that a record of property transactions could actually be a stimulus in a recessionary market, as the slightest sign of uplift can be detected without bias by buyers and sellers and decisions taken with confidence that this is fact and not hype.

Confidence is an important point here. Many homeowners feel cheated by their current situations, sold houses (which in fairness they agreed to buy) which are now worth far less than they paid for them, and who are tied to large mortgages for the foreseeable future.

The restoration of confidence in a market badly affected by events both within and outside its control has hit it and those who rely on it (the kitchen installers, the roofers, the landscapers, the mortgage brokers and so forth) hard. Any instrument which brings a measure of clarity to the fog that is the Irish property market can only be a good thing.

There will of course be detractors, objectors, and nay-sayers to the creation of such a register of property transactions.

Data protection is a frequent objection, and is the very reason why we don't have such a register of transaction prices so far. According to the Data Protection

Commissioner, private sales are private, and need the consent of both vendor and purchaser to publish transaction prices.

This is legally correct, but economic and, indeed, moral nonsense. Society has a right to know with accuracy how the heavily State-influenced market in which they trade is performing.

In any case, valuers have been exchanging such transaction information for years. "Comparables" are a mainstay of how valuations are conducted.

Where the property market is concerned, the common good needs to come first, as it does in many other countries. The Data Protection Act can be changed.

The objection on the grounds that it may be a tool used by the Revenue Commissioners or the local authority to levy tax is another frequent one.

Indeed, if either were to levy an instrument such as property tax, I would rather it was based on an accurate local valuation – even a self assessment – of my property than a spurious one constructed by a clerical officer in an open-plan office far from where the property is located.

The other usual objection is that of competitive advantage. Competitive advantage may have existed for those who were operating the market, but not for those in it and so I would not hesitate to disregard it.

Although it is not politically appetising at the moment, this is an opportune time to bring maturity to our property market.

The creation of a register of property transactions is not beyond our capabilities, and will be a positive step in creating and opening up what is supposed to be a free market.

Also, it is one of the steps which we as a nation can take with relative ease in order to be better prepared when such a crash happens again. As it will.

**Dr Lorcan SIRR heads the European office of Innovation Economics LLC in Belgium**

