

# Nama will face losses up to €6bn say experts

Bad bank's figures are 'delusional'



[Louise McBride Twitter](#)

[Email](#)

Published 16/10/2011 | 05:00

The State's bad bank, Nama, could be sitting on a black hole of losses of as much as €6bn, according to various property sources.

Last year, the National Asset Management Agency paid AIB, Anglo Irish Bank, Bank of Ireland, EBS Building Society and Irish Nationwide €30.2bn for €71.2bn worth of loans.

And although the banks took an average 58 per cent haircut on those loans, some property experts believe Nama still paid above the market value for the properties on which those loans were secured.

Dr Brendan Williams, a lecturer in UCD, who last year co-wrote a major report on Irish ghost estates, said it was "plausible" that Nama could face losses of between 10 and 20 per cent on the loans it had taken over.

This suggests that Nama could have to swallow losses of between €3bn and €6bn unless property prices make a dramatic recovery.

When Nama took over the loans, "the expectation was that the then low market prices were in a distressed market and that Nama should instead pay a higher long-term value for those loans and assets," said Dr Williams.

"This long-term value represented an uplift in price, which Nama expected to realise over seven to 10 years. However, instead of stabilisation and growth, the property markets have deteriorated further since the loans were taken over."

Dr Williams also pointed out that, without knowing the actual value of the properties held by Nama, it was impossible to verify the losses it was facing.

Nama owns 10,000 properties and about 8,000 of these are apartments or duplexes. Nama valued the loans on its books in November 2009 and, since then, domestic house prices in Ireland have fallen by more than 20 per cent.

Apartment prices, which have taken a hammering, have fallen by almost 30 per cent since November 2009.

A spokesman for Nama said the agency had made profits on overseas properties it owns.

"In London and other markets, property prices have risen," protested the spokesman. "Nama has already approved the sale of a number of property assets for more than the agency paid for the linked loans. For example, it made a profit of the sale of loan books associated with the Maybourne Hotel Group."

Gregory Connor, professor of finance with NUI Maynooth, said: "Nama pretends that it can dig itself out of the loss position but that is a bit delusional."

Property developer Paddy McKillen said last week that Nama could lose billions because it lacked the skills to manage valuable assets.

Former HSBC banker Michael Geoghegan has carried out a review into Nama, which suggests changes in how the agency should be run.

Sunday Indo Business

Follow @Indobusiness

---

## Promoted Articles

---



### Revolutionary Laser Eye Surgery Taking Ireland By Storm

Clinic Compare



### You're Doing It Wrong: Why Old-School Language Learning Doesn't Work...

Babbel



### Grizzly Remains Of Long Lost Abandoned Aircraft

Gleems



### Genting: Unit to invest over 100 million euros to upgrade shipyards

Nikkei Asian Review



### Thousands Of Luxury Cars Are Abandoned In Dubai

Gleems



### The most addictive game of the year! Play with 15 million Players now!

Forge Of Empires



### 15 Of The Most Unfriendliest Cities In The World

Pixte



### Random Photographs That Prove Murphy's Law Is Real

Gleems



### "Iceman" Mummy Reveals Secrets About Ancient Europe

Vocativ

Recommended by

## Read More



## How to get Pokemon Go in Ireland- and why the international release date has been...

Cara McGoogan Pokémon Go has proved so popular that the UK release date for the augmented reality game has been postponed after an unexpectedly high volume of downloads in the US and Australia caused it to crash.



## SBCI launches €45 invoice financing fund for SMEs with Bibby Finance

Michael Cogley The Strategic Banking Corporation of Ireland (SBCI) and Bibby Financial Services Ireland (BFSI) have launched a new €45m invoice financing fund for small and medium enterprises (SMEs).



## Did you fly into Dublin Airport on its busiest day in history?

**Michael Cogley** Dublin Airport had its busiest day in its 76 year history last month, welcoming 100,000 passengers in 24 hours.

## Recommended Videos

from **Independent.ie** 

---

**WATCH:** Take a look inside Former Irish president Mary Robinson's home on the banks of Lough Conn for sale for €2.5M

**VIDEO:** 2016 Fiat 500 review - the cutest car on the block

**WATCH:** Furious woman allegedly runs over boyfriend after finding out he is HIV positive

[Independent.ie](#)  
[News](#)

[Irish News](#)

[News](#)

[Politics](#)

[Education](#)

[Health](#)

[Courts](#)

[World News](#)

[Europe](#)

[Americas](#)

[Middle East](#)

[Africa](#)

[Asia-Pacific](#)

[Opinion](#)

[Letters](#)

[Columnists](#)

[Editorial](#)

[Comment](#)

[Local Papers](#)

## Weather

[Forecast](#)

[Upload your Weather photos](#)

## Election 2016

[News](#)

[Count Centre Reports](#)

[Comment & Analysis](#)

[Parish Pump](#)

[Count us in](#)

## 1916

## Business

[Brexit](#)

[Irish](#)

[Banking Inquiry](#)

[Budget 2016](#)

[Rich List 2016](#)

## World

[Technology](#)

[Tech & Gaming](#)

[Digital Edition](#)

[Web Summit](#)

[Personal Finance](#)

[Latest News](#)

[Property & Mortgages](#)

[Pensions](#)

[How Much is Your House Worth?](#)

[Small Business](#)

[Latest News](#)

[Advice Centre](#)

[Your Stories](#)

[Farming](#)

[Ploughing Championships](#)

[Jobs](#)

[Media & Marketing](#)

[Commercial Property](#)

## Sport

[Euro 2016](#)

[Fanzone](#)

[Team Pages](#)

[Fixtures & Results](#)

[Have Your Say](#)

[Leftfield](#)

[Group A](#)

[Group B](#)

[Group C](#)

[Group D](#)

[Group E](#)

[Group F](#)

[Soccer](#)

[Premier League](#)

[Champions League](#)

- Euro 2016
- Other Soccer
- International Soccer
- League of Ireland

#### GAA

- Gaelic Football
- Hurling
- Ladies Football
- Camogie

#### Rugby

- Champions Cup
- Guinness Pro12
- Six Nations
- Other Rugby
- International Rugby
- Leinster Rugby
- Munster Rugby
- Connacht Rugby
- Ulster Rugby
- Schools Rugby
- Rugby World Cup

#### Golf

- Horse Racing
- Other Sports

#### MMA

- LeftField

- Greyhounds

#### Life

##### Health & Wellbeing

- Health Features
- Healthy Eating
- Fitness
- Mental Health
- Living With Cancer
- Mind Yourself

##### Home & Garden

- Homes
- Interiors
- Gardens
- Home Property Videos

##### Family

- Family Features
- Mothers & Babies
- Parenting
- Learning
- Fertility and You

##### Food & Drink

- Food News
- Recipes
- Food Reviews
- Wine

Table Talk

Motoring

News

Reviews

International

Talk

City Cycling

Archives

Style

Celebrity

Celebrity News

Celebrity Features

Fashion

Fashion News

Fashion Fix

Style Talk

Beauty

Body

Makeup

Hair

Sex & Relationships

Weddings

Voices

Galleries

Society

Competitions

Entertainment

Movies

Movie News

Movie Reviews

Television

TV News

TV Reviews

Music

Music News

Music Reviews

Windmill Lane

Radio

Books

Book News

Book Reviews

Theatre & Arts

Games

Festivals

SummerFest

Upload your festival photos

Banter

Cute

Gizmo

Videos

Trending

- Coffee Break
  - Competitions
  - Horoscopes
  - Lotto
  - Crosswords
- Windmill Lane

## Travel

- Travel News
- Top 10s
- Ireland
- Europe
- World/USA
- Family
- Sun
- Cruise
- Ski
- Travel TV
- Hotels
- Holiday Deals

## Video

## Podcasts

## Sponsored

- Business Hub
- StoryPlus
- Sponsored Features
- Ready Business
- Front Row

Search

Go