

News Letter



Inside today:
Keep 'Er Lit—Eight-page
 Michael Dunlop special



WIN an overnight
 stay and meal at the
 Malone Lodge Hotel

SEE PAGE 8

DUKE'S 92ND BIRTHDAY MARKED



Queen visits Prince Philip in hospital

The Queen arrives at the London Clinic yesterday to visit the Duke of Edinburgh on his 92nd birthday. He is recuperating following an exploratory operation on his abdomen, but Buckingham Palace has said he is "comfortable and in good spirits". See page 13

PICTURE: Lewis Whyld/PA

PROPERTY PRICES FALL BACK A DECADE, BUT HOMES PRICED AT THAT LEVEL SAID TO BE SELLING FAST

Houses at 2003 prices

BY BEN LOWRY
 ben.lowry@newsletter.co.uk
 @BenLowry2

House prices in Northern Ireland have fallen back a decade, the News Letter reveals today.

The average cost of a home in the Province is now slightly be-

low early 2003 levels, our detailed analysis shows.

We combined four key property price surveys to map out an overall average house price for then and now.

Adjusted for inflation, the average property in Northern Ireland at the beginning of 2003 was valued at £122,000

in today's money.

By comparison, in the first three months of this year, the overall average price of a home in Northern Ireland was £116,000—lower than its 2003 value, and a drop of 52 per cent from the peak average price in 2007.

The collapse in value is

dramatically illustrated on a graph inside today's newspaper. But the findings come amid signs of growing activity in the housing market.

Many surveyors believe that prices have now bottomed out. And many estate agents are telling of keen interest in properties that are

fairly priced.

Chris Pooler, an agent with decades of experience in east Belfast, said: "Property is down 50 to 60 per cent from peak in 2007. But houses that are realistically priced at those levels are selling fast."

SEE PAGE 9



POLICING

Security increased ahead of G8 conference

Protection of landmarks across Belfast has been tightened in advance of the G8 conference, with Parliament Buildings getting round-the-clock guards. SEE PAGE 4

MAZE ROW

UUP calls for prison buildings to be razed

Former RUC officers speaking out against a conflict transformation centre at the old Maze prison is yet another reason for the plans to be demolished, according to the leaders of the Ulster Unionist Party yesterday. SEE PAGE 6

FARMING

Stormont took four days to ask RAF's help

Stormont did not request RAF help during the March snow crisis—in which 44,000 animals perished—until almost four days after the snow began to fall, documents have revealed. SEE PAGE 8

NEWS

PROPERTY MARKET

A lost decade in house prices, as values tumble back to 2003 levels

By **BEN LOWRY**
ben.lowry@newsletter.co.uk
@News_Letter

The full scale of Northern Ireland's spectacular house price collapse is laid bare today.

A News Letter analysis of the four main property price surveys reveals that the average price of a home in the Province has fallen back a full 10 years, to 2003 levels.

The figure is reached by taking an 'average of the averages' - in other words, a combined average house price of the four surveys - from the first quarter of 2003, and indexing that amount for inflation, to arrive at an equivalent average price in today's money.

The data shows that the 2003 combined average house price of £89,000 (see panel right) is equivalent to £122,000 in today's monetary values.

The figure can be compared with a combination of the latest of the four surveys (which relate to the first three months of this year), which puts the average price of a home in Northern Ireland at £116,000.

In simple language, this comparison shows that house prices have risen slightly since 2003 in nominal terms, but in real terms (after inflation is factored in) they have fallen slightly.

Although there have been many anecdotal reports of house prices having fallen back a decade, this analysis

is the first concrete proof of such a collapse across Northern Ireland.

The combined average peak price of the four surveys (all four found that prices peaked in mid-2007) shows that home values topped out at £239,000.

Since then all surveys have shown almost relentless falls. The combined average peak-to-trough fall is 52 per cent (a collapse in values which is even greater if allowance is made for inflation).

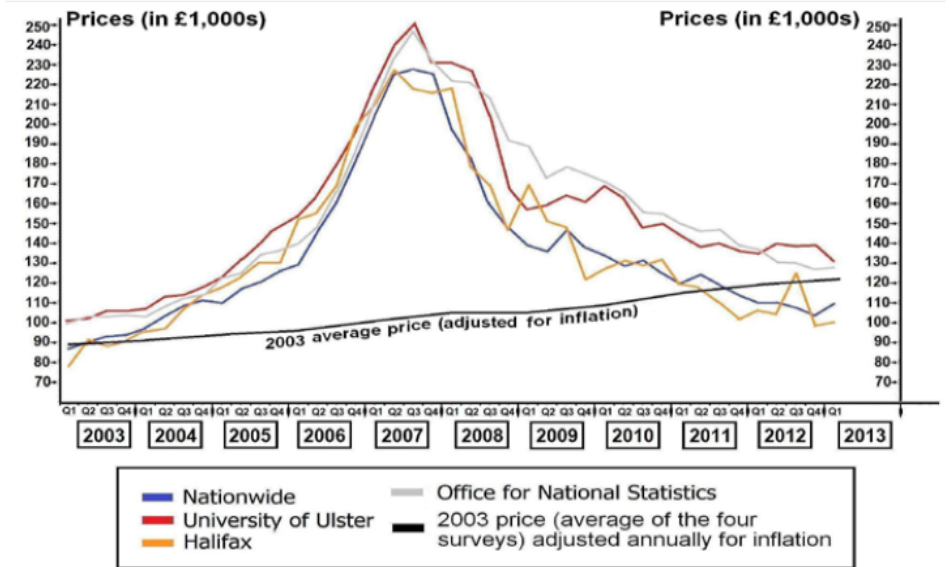
Some estate agents say that certain types of property, such as apartments, have fallen much more, by 60 per cent or more. Land with planning permission is reported to be the most badly affected, with falls of 80 or 90 per cent commonplace.

However, many property agents have reported a bustling housing market this spring. Properties which are priced at their new lower levels are finding keen buyers.

Chris Pooler, an estate agent who has been working in east Belfast since the 1980s, said: "Property is down 50 to 60 per cent from peak in 2007. But houses that are realistically priced at those levels are selling fast."

"There are far more buyers about now, including first time buyers and investors."

Jonathan Davis, a London-based economist and wealth manager who was one of the few pundits to predict the house price collapse back in 2007, said: "House prices in



Four major house price surveys combined to show the rise and fall of the price of the average home in Northern Ireland over the last decade

'Prices are down 50 per cent to 60 per cent but realistically priced homes are now selling fast'

Estate agent Chris Pooler

Northern Ireland were disastrously overvalued relative to incomes but at the time very few people wanted to believe that.

"That which is unsustainable will not sustain."

"Now we have seen one of the biggest house price crashes in recorded history."

Mr Davis agrees that prices may now rise slightly: "Given the recent budget and the Help to Buy scheme, I do see a short to medium term bounce in prices."

See Morning View, page 14

House price graph explained

The graphic above charts the four biggest house prices surveys - University of Ulster, Halifax, Nationwide, Office for Nat'l Stats. It follows the average property price figure that each survey has given for an average Northern Ireland home over the last decade (prices shown quarter by quarter). The line in black is a combined average of the four surveys in the first quarter (Q1) of 2003. The line updates that figure for inflation each

year (using Retail Prices Index). In Q1 2003, the four surveys' average NI price ranged from £78,000 to £101,000 (combined average £89,000). In the most recent quarter for which figures are available (Q1 2013), the four surveys estimated NI prices at between £100,000 and £131,000 (combined average £116,000). The index-linked combined 2003 price over the same period rises to £122,000 - a bit above the current combined average of the surveys.

COURT

Mansion was valued at £5m

A London-based finance boss who agreed to fund a new art venture on the strength of a £5m valuation placed on a Belfast mansion knew nothing about Northern Ireland's housing market, he told the High Court yesterday.

Michael Gerson claimed he was dependent on local property expertise when agreeing to lend homeowner Paul Campbell nearly £1m to set up the art dealership in 2009.

Describing his reaction to

a separate valuation months later, that held the home to be worth up to £2.5m, Mr Gerson said: "My hair, what's left of it, was standing on end."

His company, Aurora Leasing Ltd, is suing estate agency Colliers International over the figure it put on Terrace Hill House, a Shaws Bridge address once owned by an unnamed rock star.

Lawyers for Aurora claim this £5m valuation, after the market had peaked, was gross-

ly negligent.

The action is being defended on grounds of planning approvals having maintained the property's worth.

Contributory negligence due to lack of due diligence is also alleged.

The court heard how Aurora agreed the loan to Mr Campbell, whose interests include defunct sportswear brand Gaelic Gear, on condition of Terrace Hill House as security. The case continues.



The case was heard at the High Court yesterday

VALUATIONS

Surveyors say prices are at lowest point

House prices in Northern Ireland appear to have bottomed out, with surveyors expecting no further drop in values over the summer months, according to new research.

All property professionals questioned in the latest Royal Institute of Chartered Surveyors (RICS) and Ulster Bank Housing Market Survey predicted prices would

remain the same over June, July and August.

In the previous three months, the research noted a slight drop in prices.

RICS Northern Ireland housing spokesman Tom McClelland said: "The trend has been one of easing price falls and modestly rising transaction volumes, and we expect this to continue over the year as a whole."