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## House price rise only an 'upward blip'



House prices in Northern Ireland rose by nearly 10 per cent in the last quarter

A FINANCIAL expert has poured cold water on any hope of a resurgence in the housing market after a report by a leading lender showed prices rose for the fifth month in a row. The average cost of a UK home rose by 0.9 per cent during the month to £161,816, building on gains of 1.4 per cent in both July and August, according to the Nationwide Building Society.

Northern Ireland saw the biggest quarter-on-quarter change at 9.7 per cent, but is still down eight per cent annually.

London-based Chartered Financial Planner Jonathan Davis said the report was an upward blip in what is still a downward trend in the market as the effects of the economic crisis will continue to be felt.

He said there was still a massive adjustment to be made in house prices in Northern Ireland, with around 60 to 80 per cent of value from the highs of 2007 to be wiped off by 2011 or 2012.

Mr Davis said the latest figures were the result of government stimulation in cutting interest rates, stamp duty, VAT and other measures, like the car scrappage scheme

He said: "It's a counter-trend really because the trend is still down. No trend goes in a straight line, but stimuli has created this rally."

The financial expert said he predicted the property market would remain listless for quite some time, and that even if activity returned, there would be no real increase in prices.

"In the short to medium term, house prices will increase below levels of inflation, meaning that property is no longer a wealth creator."

Nationwide itself has also warned that house prices were unlikely to continue to increase at their current rate.

Martin Gahbauer, Nationwide's chief economist, said: "The further increase in house prices is very much consistent with improvements in a broad range of economic and financial indicators over the last few months, all of which suggest that the most intense phase of the recession and financial crisis has probably passed.

"However, given that the housing market still faces considerable headwinds in the form of high unemployment, restrictive credit conditions and an impending withdrawal of the stamp duty holiday, it would be surprising to see house prices continuing to increase at the very strong rate seen in recent months."