

News Letter



Price: 72p (IR 1.05 EURO) Wednesday, November 23, 2011

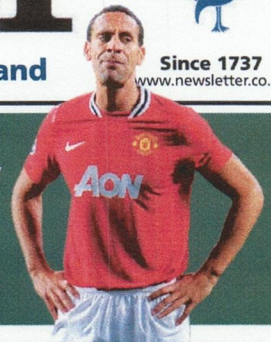
The pride of Northern Ireland

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A seaside show
with tractor
factor PAGE 20



United held,
City beaten
SEE SPORT



Hospital of the future

The main entrance area of the new £276m Erne Hospital is continuing to take shape. It has been dubbed the 'hospital of the future' and promises to deliver the best services and patient care available in the UK. The new acute hospital will open next June. See page 3

Houses plunge to 2004 prices

BY BEN LOWRY
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HOUSE prices in Northern Ireland have plummeted back seven years and now stand at 2004 levels, a survey has shown. The Halifax quarterly index records prices down 52 per cent

from their 2007 peak. The latest indication of the scale of the property price crash comes as the News Letter today charts four major house price surveys in a bid to simplify the various findings for readers. All surveys tell a similar tale of a sudden surge in prices from 2004, followed by collapse.

And last night there was further misery for those trapped in negative equity as a result of the boom, when BBC Spotlight quoted an economist saying that prices were unlikely to return to peak levels for decades. Meanwhile, another economist, Jonathan Davis – one of the few people to have predicted a crash

at the peak – attacked those who had promoted high prices. "I don't know how those who were pushing property as a good thing to put your money into, even after the crash had started in 2008 and beyond, can sleep at night," he told the News Letter. See page 5

INSIDE



Road victim is named

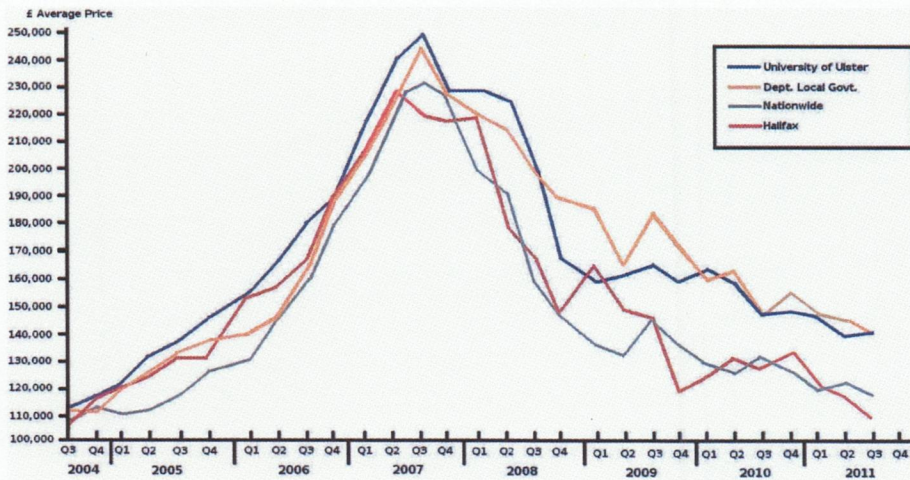
THE elderly motorist killed on the Newry Road, Poyntzpass on Monday night has been named as Anne Campbell, 70, who lived locally. Two other people are being treated in hospital following separate road collisions last night. A male pedestrian in his 80s was described as "serious but stable" after being struck by a vehicle at Woodstock Road, Belfast. Meanwhile, a female pedestrian was injured by a vehicle on the Moneyreagh Road near Newtownards. The spate of incidents has come at the start of Road Safety Week. See pages 6 & 7

Collusion row goes on

SINN Fein has declined the opportunity to address claims that the Dublin government created and protected the Provisional IRA – and instead has challenged unionists over loyalist weapons they say are still at large. Having been invited to comment on the collusion issues raised in yesterday's News Letter, Alex Maskey MLA called for the setting up of a Truth Commission. See page 8

Latest on the Massereene murder trial SEE PAGE 4

House prices fall back to 2004 levels



BY BEN LOWRY

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HOUSE prices in Northern Ireland have fallen back to 2004 levels, a major property survey has found.

The Halifax records that the average cost of a home in the province is now less than half its 2007 peak.

It is the first of the leading house price reports to show prices back seven years.

The News Letter revealed in May that the Halifax had become the first survey to find that prices in Northern Ireland had halved. After that the Nationwide recorded a similar 48 per cent drop.

The Halifax is now reporting even lower prices, down 52 per cent down from peak.

The average property in the province was £109,612 in the third quarter, compared to a peak of £229,500 in the second quarter of 2007.

The last time that Halifax's seasonally-adjusted quar-



Professor Michael Moore

terly prices were lower was in the third quarter of 2004, at £106,025, rising to £113,539 the following three months.

The new data emerged as last night's BBC Spotlight programme into the aftermath of the housing boom included a prediction from an economist that those who bought at the height of the boom will never see peak prices return.

Professor Michael Moore,

of Queen's University Belfast, said: "For the life of everyone's mortgage there will be no recovery because mortgages typically last 20 to 25 years."

He added: "There is going to be no recovery in the life-time of any of the mortgages that currently exist."

Jonathan Davis, a City of London economist who predicted the Northern Ireland crash four years ago, told the News Letter last night that he agreed with Professor Moore's prediction.

"I think that is a fair statement, particularly given that the government prints money every couple of years. This will continue to create inflation, thus interest rates will rise in the medium to long term. If people think it is hard now, it will be significantly harder in the future."

He said the drop was expected and would worsen.

"Northern Ireland had the biggest bubble thus in a crash it has the biggest crash."

Mr Davis attacked those who had promoted high prices: "I don't know how those who were pushing property as a good thing to put your money into, even after the crash had started in 2008 and beyond, can sleep at night. I am talking about various media outlets, economists, lenders, banks and building societies, chartered surveyors, estate agents, developers, politicians. They have created misery for thousands of Northern Ireland residents who believed the hype unknowingly, who believed the so-called experts."

The Department of Local Government and University of Ulster house price surveys have so far found a shallower overall price drop from peak, down 43 per cent and 44 per cent respectively.

A News Letter chart of the four surveys, above, shows that over the long-term they all tell a similar story.

Republic homes drop 45pc

HOUSE prices in the Republic fell last month at their fastest rate for two-and-a-half years, official figures have revealed.

In further signs that the crash has yet to bottom out, average property prices are down 15.1 per cent in the last year, the largest annual decline since March 2010.

The housing index from the Central Statistics Office (CSO) also showed the cost of a home is now 45 per cent cheaper than the peak in early 2007.

Average prices in Dublin are down 51 per cent while outside the Irish capital the

fall is lower at 42 per cent.

The collapse has hit apartments in the Republic particularly hard, with values down 60 per cent.

The fall of 2.2 per cent in average property prices in October is the largest monthly drop since April 2009.

The overall data suggests that on both sides of the Irish border, and in both rural areas and in cities, prices in most sectors are somewhere between 40 per cent and 50 per cent down from peak.

According to some experts, this means that the Irish property crash is one of the worst in the world.

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Property boom ended in misery

ANALYSIS
BY BEN LOWRY



THE house price boom-bust is one of the largest economic collapses in the 90-year history of Northern Ireland.

But you would hardly know that, because the deflating of the bubble has only gradually come to the forefront of people's consciousness.

Our chart, at the top of the page, should help reduce the confusion that most people feel when they hear blizzards of reports about house price surveys, one

saying prices are up, the next saying they are down.

Over the seven-year period of the chart, all four of the major surveys tell the same fundamental story.

Now some experts are saying the collapse — of around 50 per cent from peak — is the worst in the world.

Jonathan Davis, quoted above, is one of the few experts to have foreseen the coming carnage in the heady days of 2007, when crazily high prices were widely celebrated.

Little consideration seemed to be given to the fact that the huge rise, if sustained, would have shut

a generation out of home ownership.

Not much examination was given to the basic numbers, either.

Northern Ireland has lower average incomes than much of the UK so alarm bells should have been screaming when prices shot above other regions.

It is understandable, though, that after the grim years of the Troubles many homeowners got excited at the prospect a minor lottery win. People harboured fantasies such as using their windfall to move to the sun.

Those dreams lie in tatters. That £400k house is

now worth £200k.

Even worse, economists fear that young people who bought at the height of the market are unlikely ever to get their money back.

Many were first-time buyers who had been told by their elders: "You can't go wrong with property."

This advice was given with good intentions, but the older generation had never lived through a major crash and was unaware of the dangers.

If in 20 or 30 years prices spiral again, then as a society we will have had warning of the misery in which it can all end.

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