

House prices halved since peak



Northern Ireland property market taking a dive. Picture:Diane Magill

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HOUSE prices in Northern Ireland have exactly halved since the peak, a major survey has found.

The Halifax quarterly index shows that property values in the province have fallen 49.9 per cent from their highest point in 2007.

In the first three months of the year, the average home in Northern Ireland was £115,093, according to the lender's non-seasonally adjusted quarterly data. This contrasted with an average of £229,590 in the second quarter of 2007.

It also represented a drop of 6.6 per cent over the year. The Halifax survey is the first one of its kind to find that prices have dropped by half. The Nationwide's latest quarterly figures record prices as down 47 per cent from peak.

The University of Ulster survey has also shown a continuing downward trend over the last year, but their statistics point to a slightly lower overall drop of 43 per cent since 2007.

Tom McClelland, of the Royal Institute of Chartered Surveyors, told the News Letter that taking an average of the findings in the three main surveys would roughly tally with his own assessment. In some areas, he added, prices had dropped by more than half.

“Some recent repossession sales are showing price decreases of over 60 per cent and are back at levels where first time buyers can comfortably afford to enter the market,” Mr McClelland said.

“But the average drop across Northern Ireland is probably in and around 50 per cent down from the 2007 peak.

“The RICS are hoping that activity levels will increase over the next three months as would be expected in a summer market.”

Jonathan Davis, an economist and wealth manager who in 2007 predicted the house price collapse, says that the 50 per cent drop in Northern Ireland is the biggest fall in UK recorded house price history.

“The house price bubble has been the biggest economic disaster for Northern Ireland,” he said.

Mr Davis believes prices remain too high relative to average incomes, and are also vulnerable to forthcoming cuts in public expenditure.

However, many estate agents have reported an increase in activity in recent months, and predict that the bottom of the market has been reached.

Meanwhile, in Great Britain prices resumed their downward trend in May as demand from potential buyers weakened following the long bank holiday weekends.

Estate agents recorded a 0.5 per cent drop in the number of househunters registering with them, the first fall for three months, according to housing intelligence firm Hometrack.

It has happened gradually, and so has lacked the impact of a more sudden drop.

But, barely noticed, Northern Ireland house prices are now 50 per cent down from peak.

The housing bubble ruined some lives, yet many people seem to think high prices will return.

Certainly some homeowners have extraordinary hopes: it is not unusual to see one house for sale at, say, £220,000 and an exact equivalent house on the same street asking £300,000.

Perhaps such optimists will one day be justified in holding out. Or perhaps Northern Ireland will do a Japan (Tokyo prices are 45 per cent down from the 1991 peak).

If this happens, Ulster prices will remain depressed until 2027 or later.

Stormont has barely discussed the matter. This is partly because house prices are out the assembly's control.

But you would think they would have found some way of examining how much damage has been done by the 2005-07 myth that ‘you can't go wrong with property’.