

# Young unable to get on property ladder

BY BEN LOWRY

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FIRST-time home buyers in Northern Ireland are still shut out of the housing market because property prices remain too high for them to purchase.

Despite massive falls in the price of homes, the province is the least affordable part of the UK outside London for people trying to get on the property ladder, a comprehensive survey has found.

The Halifax research provides fresh evidence of how chronically overvalued houses were in Northern Ireland around the 2007 peak.

Since that high point, house prices have tumbled by more than 40 per cent in the province, yet this has still not been enough to bring them into a range relative to incomes.

Halifax found that in 2010 property prices remained too high in Northern Ireland, where average wages are amongst the lowest in the UK.

The province and London were the only regions in which houses were out of reach to first-time buyers (FTB) in all local authority areas within the region.

London has 30 such authorities, while Northern Ireland has 26 local authority councils, all 56 of which were found to be too expensive.

In contrast, in the most affordable region – the North East of England – homes were affordable to FTBs in 83 per cent of its various local authority areas.

London and Northern Ireland were well removed from the average across the UK, where 40 per cent of local authority districts were deemed affordable for the average FTB. This was a sharp improvement on 2007, when only six per cent of council areas across

## Affordability based on average wage

■ A local authority is classified as affordable if the average house price for a first-time buyer (FTB) in the authority is lower than someone on average earnings in the area can pay. Gross average annual earnings for the local authority are multiplied by four to calculate the amount that someone could 'afford' to pay. For example, if average earnings in the local authority are £20,000, someone earning

that amount could pay up to £80,000.

The multiple of four is in line with the average house price to income ratio for a FTB over the past 20 years.

■ The research was based on data from the Halifax's own housing statistics database and Office for National Statistics data on average earnings.

■ FTBs were required to find an average deposit of £28,770 in 2010, equivalent to 21 per cent

of the property price. In 2000, FTBs put down an average deposit of £9,865 (14 per cent).

■ Terraced homes remain the most popular types of property purchased by FTBs, accounting for 42 per cent of all purchases in 2010. Flats have fallen in popularity over the past three years, accounting for only 24 per cent of purchases in 2010 compared with 37 per cent in 2007

the UK were classified affordable, but it represented less than half the proportion of affordable local authority districts in 2000 (82 per cent).

London has the highest average incomes in the UK, but its property remains out of reach because house prices are by a clear margin the highest in the UK.

The average house price paid by first-time buyers in Northern Ireland dropped from £122,422 in 2009 to £112,971 last year.

Despite that fall, FTBs in the province paid more than those in the East Midlands, Scotland, the North West, Yorkshire and the Humber and Wales. In the North East FTBs on average paid only £97,160.

However, FTBs in a number of regions had to pay more for a home than their counterparts in Northern Ireland,

including the South East and the South West and the West Midlands.

In London FTBs paid by far the most, with an average purchase price of £237,760. The capital city helped push up the UK average FTB price to £138,682, more than double the price a decade earlier of £68,644.

The average mortgage for a FTB in 2010 was £109,912, up from £58,808 in 2000.

Speaking on the improved affordability position in much of Great Britain, Martin Ellis, housing economist at Halifax, said: "The 'noughties' were a difficult period for many looking to get onto the property ladder. The substantial rise in house prices over much of the decade prevented many potential first-time buyers from entering the market, however, affordability has improved significantly over the past three years."

## House cost fall 'good news for economy'

THE fall in house prices is good news for the economy, according to a City of London financial expert who predicted the Ulster property crash.

Jonathan Davis, who first appeared on BBC Radio Ulster predicting a crash in early 2007, said he prefers to use the phrase "housing costs" than house prices because it reminds people of the consequences of rising property valuations.

"High housing costs – house prices – are not helpful to society because they require people to take on more and more debt which becomes increasingly unpayable.

"It is inflationary, which means that wages have to rise, which means that the cost of goods and services have to rise, which makes us uncompetitive, which raises unemployment, reduces public services and creates a

vicious downward spiral for the economy.

"Whereas falling housing costs does the opposite, and creates a rising, virtuous spiral for an economy."

Mr Davis also criticised politicians and the media for talking up house values, with disastrous consequences.

"In the bubble years, most politicians encouraged businesses and people to borrow and spend but with faint hope of paying it back, and so they had a hand in the bubble. They tried to prevent a housing crash, but ultimately the government has no control over economic fundamentals.

"Responsible politicians, including at Stormont, must learn that you cannot develop a strong economy based on debt. This is true also for opinion-formers in the media."

## First-time buyers 'older'

THE average age of a first-time buyer (FTB) who does not have outside financial assistance has risen to a staggering 36 years old.

The Halifax found that the average age of FTBs overall was 29, but overwhelmingly they were made up of people who received financial help from parents or some other source to get on the ladder – around 85 per cent of FTBs.

Those who have no such assistance are finding it so hard to become a homeowner that they are approaching

middle age before they can buy, despite declining prices. The average age of those without help has risen from 33 in 2007 to 36 last year.

The survey also found that FTBs across the UK are benefitting from a temporary increase in the threshold at which such purchasers have to pay stamp duty.

The exemption level was raised to £250,000 in March, which meant that only five per cent of FTBs had to pay the purchase tax between April and November last year.

# Price of former Best home falls

BY BRYAN GRAY

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THE asking price of the former Belfast home of football legend George Best has been slashed to below £100,000, it has emerged.

The modest terrace situated in the Cregagh estate – the long-standing home of Best's late father Dickie – has been up for sale since August 2008.

Originally on the market with an asking price of £165,000, the property is now being advertised at £99,950 – an overall drop of around 40 per cent.

This time last year the property was valued at £120,000, following an earlier price revision.

The revised figure has been implemented in recent days and is reflective of the ongoing slump in the Northern Ireland housing market since its peak in 2007.

Despite the significance of the property, the former Best family home is now similarly priced to other dwellings currently for sale in the Cregagh area.

There was speculation when the house went on the market almost two-and-a-half years ago that it could be utilised as a possible tourism



The Burren Way home of the late George Best, inset, and his father Dickie

PICTURE: Matt Mackey/Presseye

venture such as a museum, given the stature of its former tenant, but nothing has yet materialised.

When contacted by the News Letter, Best's brother-in-law Norman McNarry

admitted having a "degree of surprise" at the new figure.

"I assume it (the price) is in line with every other bit of property in east Belfast. There isn't really anything that can be done about that,"

he said.

Revealing the family's choice for the property would be something based on The Beatles' childhood homes in Liverpool, owned by the National Trust, Mr McNarry added: "It would be a very fitting tourist attraction for east Belfast."

Last summer, a spokesperson for the National Trust confirmed the charity would be willing to "play a supporting role" regarding the future status of the Burren Way house.

She said: "If the community feel that it is important for the house to be saved, we believe that there are many, including sporting and other organisations, who would be in a position to help. The National Trust would be willing to consider how it could play a supporting role within this if required."

The three-bedroom property is one of the most recognisable addresses in the province and has a plaque on its facade marking Best's recognition as a freeman of the borough of Castlereagh, awarded in 2001.

Best died in 2005 following a long battle with alcoholism. His 88-year-old father Dickie resided in the family home until his death in April 2008.

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