

## Irish house prices still heading down

By Ben Lowry

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House prices in the Republic have continued their downward spiral over the last year, and since the peak have fallen by a similar proportion to house prices in Northern Ireland.

Property prices south of the border tumbled 12.5 per cent over the 12 months and are now down 43 per cent since the height of the boom four years ago, official figures revealed yesterday.

Prices in Dublin have fallen particularly far, and have nearly halved since the peak, according to the Republic's Central Statistics Office (CSO).

The Irish capital is now 47 per cent down on the levels seen in early 2007.

The data is the latest indication that house prices have dropped by a similar proportion on both sides of the border.

In May the News Letter revealed that the first major house price index showed that prices in Northern Ireland had almost exactly halved since 2007.

The Halifax survey showed that prices were 49.9 per cent down from their peak, from £229,590 to £115,093.

The Nationwide and University of Ulster have shown slightly milder overall drops of 46 per cent and 45 per cent respectively.

Combining the three Northern Ireland surveys to get a median average figure, prices in the province are down 47 per cent since 2007, compared to the CSO's figure of 43 per cent for the Republic.

Speculators who had made money in property south of the border are believed to have been a factor that helped fuel the boom in Northern Ireland. Prices in the province had been rising steadily in the early years of this century but took off after 2005, when house prices effectively doubled in two years.

Despite the house price collapse on both sides of the border, house prices remain under pressure in both the Republic and Northern Ireland, amid forthcoming cuts in public expenditure in the two jurisdictions.

The situation is particularly acute in the Republic, where data from Ireland's Central Bank yesterday showed that more than 55,763 mortgages are now in arrears for more than three months, a rise from 49,609 at the end of March.

Jonathan Davis, a London-based economist and wealth manager who predicted the Northern Ireland and Republic crashes, said that he did not anticipate any rise in prices on either side of the border in the medium to long term. Mr Davis said that he expected further falls in the short term.

“It is pretty simple,” he said yesterday. “The booms in both Northern Ireland and the Republic had the same cause of easy lending. Now that is over for years, if not decades to come. And that is why in my view current prices in either side of the border are unlikely to be any higher at the end of the decade than today.

“The house price booms have been an economic disaster for both sides of the border. In the short term, booms in anything — be it gold in California or dot com shares in the 1990s — give the illusion of wealth but when it bursts it is a disaster for the majority.”

Mr Davis also believes that London, which saw only a minor house price drop after the banking crisis and has witnessed a return to booming prices, will experience a property price decline in forthcoming years.