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Opinion divided over housing market

A FINANCIAL expert has rejected estate agents' claims that Ulster house prices have "bottomed out".

Warning buyers to be wary of suggestions – made repeatedly by many estate agents over the last year – that house prices will not fall any further, Jonathan Davis said that people considering buying should listen to those who correctly foresaw the dramatic slump in the market.

The Armstrong Davis managing director said that, while he recognised estate agents' job was to sell houses, their house price predictions had been too optimistic in recent years.

Ever since prices began to fall in the early summer of 2007, numerous local estate agents have predicted that the market is on the cusp of recovery.

Some estate agents, however, are now insisting that the bottom of the downturn seems to have been reached.

Keith Mitchell, a founding partner of Templeton Robinson, this week argued that, unlike the rest of the UK, prices in Northern Ireland "exploded over a short period of time and have reduced just as quickly".

"In our view there is therefore no basis to suggest our values will become further depressed," he said.

But Mr Davis said that it was important to remember that Northern Ireland escaped the early 1990s house price crash because of the Troubles, meaning that prices had been rising for almost two decades.

"In Northern Ireland they were rising for longer than the rest of the UK because prices didn't fall in the 1990s so they were rising from the 1980s through to 2007," he said.

"You don't have an asset bubble – whether its houses or gold or shares or whatever – which rises for 20 years continuously and then just falls for one-and-a-half years. That flies in the face of rational economics."

Mr Mitchell has defended a newspaper article that he wrote in November 2007, in which he said "there's never been a better time to buy houses", since when Ulster house prices have plunged another 30 per cent.

In the newspaper opinion piece, Mr Mitchell predicted a "fresh impetus" returning to the market in 2008.

It later turned out that house price falls had accelerated at the time and continued to do so through 2008.

Last October, Templeton Robinson again urged buyers "not to leave it too long" to buy as they "may miss the boat". Since then prices have continued to fall.

And earlier this week Mr Mitchell attacked those who suggested prices may continue falling.

Referring to his late 2007 advice that "there's never been a better time to buy", Mr Mitchell told the News Letter: "It depends how you qualify it.

"Property was never meant to be bought and sold speculatively like stocks and shares – naturally prices can go up and can go down.

"I don't think anybody on the planet saw the financial crisis coming and that is the only thing in that time that has altered."

Speaking of Mr Mitchell's comments, Mr Davis said: "I don't dislike estate agents.

They are doing their job – their job is to sell properties."

But he said that far from late 2007 being a good time to buy property, it would in fact still have been a good time to sell, coming while prices had only dipped a little from "the biggest asset bubble in Northern Ireland's history".

In September 2007, another leading estate agent, Simon Brien, said: "The market is not going over the edge of the cliff – that will not happen."

The BTW Cairns partner added: "Prices will not just nosedive."

Asked recently how he now views his comments, Mr Brien told the News Letter: "I think that with what's happened, anybody looking at me there would say there are global economic affairs which came about in the summer of last year which were unprecedented."