

News Letter

PROPERTY CRISIS: Value of homes 'could drop by 80pc'

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A property expert is predicting Ulster's housing slump is likely to continue

A LEADING financier who was "laughed off" the Nolan Show on television last February when he predicted the property market's imminent collapse has warned that some houses could collapse 80 per cent in value.

The City of London financial consultant said that prices in Northern Ireland would fall much further than the rest of the UK and said that he "wouldn't touch property with a barge pole", despite developers' claims that the market was at rock bottom.

Speaking to the News Letter, Jonathan Davis repeated his prediction of 18 months ago that the average house price in Northern Ireland would fall by 50 per cent but said that some of the most overvalued houses would plunge much further.

"I remember being on the Nolan Show on a Wednesday night a year-and-a-half ago and saying the market would fall 50 per cent – I was pretty well laughed off," he said.

"I'm pretty comfortable in saying that the average fall in Northern Ireland will be 50 percent which means that some properties could fall 70 or 80 per cent.

"It wasn't used, but I said on camera to ITV six months ago that the region in the country which would have the worst crash would be Northern Ireland because it went up the most – prices went up by 400 per cent in 15 years in Northern Ireland."

Mr Davis said it was a "total and utter joke" that people had thought Northern Ireland's inflated house prices were sustainable when they had become so far removed from what people were actually earning.

"To increase by 400 per cent to levels not dissimilar to Oxford and Cambridge? For goodness sake, the average wage in Northern Ireland is lower than the UK average wage.

"The yield from (renting] properties got down to two per cent which is pretty amazing given that you could get five per cent in the bank.

"It was all about expectations of future growth which was fuelled by the banks, the mortgage brokers and the estate agents – in other words, nothing changes."

Mr Davis, who is managing director of Armstrong Davis and a volunteer spokesman for the website housepricecrash.co.uk, said that if he was trying to sell a house he would slash the asking price.

"If it was me and I was up to my eyeballs in debt – which is pretty well the only way people bought those properties in the last few years – I would bite the bullet and significantly reduce the asking price.

"I would set the asking price at 10 per cent below the prevailing asking prices of similar properties in the area and accept a low offer.

"Why? Because it will go down even further.

"This way you can get out of debt – and you can hopefully put some money in the bank rather than continuing to lose it and effectively be working for the bank and the taxman."

Mr Davis advised people thinking of buying a house to continue renting while the market continues to fall: "I would not touch property with a barge pole and would continue renting.