

## Ulster house prices almost halved since peak

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HOUSE prices in Northern Ireland have almost halved since their peak four years ago, a major new survey found yesterday.

The Nationwide's quarterly index showed the province as the worst performing region in the UK in the first three months of the year, with the average price down to £119,913.

This was a seasonally adjusted drop of 10.8 per cent over the year and 2.2 per cent on the previous quarter.

Looked at over the longer term, the Nationwide's data shows that the average house price in Northern Ireland has tumbled 47 per cent since its highest point in the third quarter of 2007.

Jonathan Davis, a City of London financial expert who has long predicted a collapse in Northern Ireland prices, described the scale of the drop as unprecedented.

"That has never been seen in British house price history," he said yesterday.

Mr Davis recalled that "people were absolutely incredulous" when he first started appearing in the Ulster media in early 2007 warning of a 40 to 50 per cent drop. He later revised his forecast to a drop of between 50 per cent and 70 per cent.

"The house price bubble has been the biggest economic disaster for Northern Ireland, yet everyone was saying it was a good thing," he said.

Explaining the 2006-07 peak, Mr Davis added: “The prices to earnings were way beyond extremes, the borrowings were way beyond extremes, the investment speculation was way beyond extremes.”

The Nationwide found yesterday that in Belfast average prices were £174,747 in the first quarter, down 11 per cent over the year. In the northeast, the southeast and the west of the province, the average price in each area dropped five per cent over the year to £138,641, £156,406 and £125,391 respectively.

Late last year, the News Letter carried out a ‘survey of the surveys’ in a bid to get behind multiple and at times seemingly contradictory house price findings. We combined four major indices — Nationwide, Halifax, University of Ulster and the Department of Local Government — to show an average Northern Ireland drop in excess of 40 per cent by the third quarter of 2010.

Surveys since then, including yesterday’s, suggest the position in the province has continued to decline slightly.

But across the UK, the Nationwide found yesterday that the overall house price rose 0.6 per cent in the first three months of this year to £162,379.

In London, there was a 2.3 per cent quarterly increase to £286,658.

Robert Gardner, Nationwide’s chief economist, said: “The outlook remains uncertain but, all things considered, this is unlikely to mark the beginning of a strong upturn in prices.”