



# Northern Ireland property market update

October 2018

## Independent, free, expert advice on housing

Buying, selling or investing in today's variable market means you need to take a great deal of care before making a decision. It's essential to secure independent, up-to-date advice you can trust. Kate Faulkner and her team make it easy to access the information and support consumers' needs via FREE of charge [eBooks](#), checklists, [The Buy To Let Show](#), articles and one-to-one advice.



Belfast City Hall, in the capital city of a country which has already seen its property bubble burst.

Image: © Giorgio Galeotti

| Northern Ireland   | Highest average house price pre-credit crunch 2007/08 | Lowest average house price during recession 2009 | Market low +/- versus market height | Latest month's data Q2 18 | How much higher/lower are latest prices vs height in 2007/8 | How much higher/lower are latest prices vs 2009 low | Year on year change in price in Q2 18 | Highest yearly average increase since 2000 |            |
|--------------------|---|--|-------------------------------------|---------------------------|---|---|---------------------------------------|--|------------|
|                    |   |  |                                     |                           |   |   |                                       | Date                                       | % Increase |
| All property types | £224,670  | £97,428  | -56.64%                             | £132,795                  | -41%  | 36%   | 4.4%                                  | Q1 06                                      | 51.5%      |
| Detached           | £332,718  | £152,823   | -54.07%                             | £197,481                  | -41%  | 29%   | 3.8%                                  | Q2 06                                      | 51.5%      |
| Semi Detached      | £209,688  | £97,337  | -53.58%                             | £128,559                  | -39%  | 32%   | 4.4%                                  | Q2 06                                      | 51.9%      |
| Terraced           | £164,232  | £63,755  | -61.18%                             | £92,957                   | -43%  | 46%   | 5.6%                                  | Q1 06                                      | 60.6%      |
| Flat               | £179,936  | £73,121  | -59.36%                             | £108,327                  | -40%  | 48%   | 2.7%                                  | Q2 06                                      | 53.6%      |

NOTE: Different house types only recorded from Q1 05 onwards

Source: [UK HPI](#)

| Mortgaged only prices          |                                |                         | Sold prices inc cash sales & new builds |                            |                     |
|--------------------------------|--------------------------------|-------------------------|---|----------------------------|---------------------|
| Nationwide Average Price Q2 17 | Nationwide Average Price Q2 18 | Nationwide % Change YoY | UK HPI Average Price Q2 17              | UK HPI Average Price Q2 18 | UK HPI % Change YoY |
| £133,449                       | £136,211                       | 2.1%                    | £127,178                                | £132,795                   | 4.4%                |



## KATE FAULKNER COMMENTS ON PRICES

“ We often hear the press talk about the property bubble bursting, but few seem to realise that in places such as Northern Ireland, it has already well and truly burst.

Property prices up to the credit crunch went higher than even those in England and, as this was not underpinned by real growth but stimulated more by buying mania, prices came tumbling down at the biggest rate of UK countries; semi-detached properties fell by 53% on average, while terraced homes fell by 61%.

Although some recovery has taken place, it's likely that for many, negative equity will remain for some time. In contrast, those who bought at the bottom of the market in 2009, may be in a position to start moving on now with 29% to 48% gains, creating some real 'winners' and 'losers' from the property market in Northern Ireland.

For those coming into the market now, the good news is that property prices do seem to be moving forward, albeit it at small increments, giving an incentive to purchase or move on if their equity allows.

| Northern Ireland Towns & Cities | Highest average house price pre-credit crunch 2007/08 | Lowest average house price during recession 2009 | Market low +/- versus market height | Latest month's data Q2 18 | How much higher/lower are latest prices vs height in 2007/8 | How much higher/lower are latest prices vs 2009 low | Year on year change in price in Q2 18 | Highest yearly average increase since 2005 |            |
|---------------------------------|---|--|-------------------------------------|---------------------------|---|---|---------------------------------------|--|------------|
|                                 |   |  |                                     |                           |   |   |                                       | Date                                       | % Increase |
| Belfast                         | £213,626  | £87,890  | -58.86%                             | £125,386                  | -41%  | 43%   | 4.5%                                  | Q1 07                                      | 57.1%      |
| Antrim and Newtownabbey         | £229,186  | £102,233   | -55.39%                             | £136,457                  | -40%  | 33%   | 2.4%                                  | Q2 07                                      | 52.8%      |
| Ards and North Down             | £269,355  | £119,281   | -55.72%                             | £150,357                  | -44%  | 26%   | 3.2%                                  | Q2 07                                      | 57.8%      |
| Derry and Strabane              | £180,450  | £82,705  | -54.17%                             | £118,497                  | -34%  | 43%   | 8.2%                                  | Q3 06                                      | 38.0%      |
| Lisburn and Castlereagh         | £270,714  | £120,871   | -55.35%                             | £158,690                  | -41%  | 31%   | 4.8%                                  | Q1 07                                      | 58.6%      |

NOTE: Data only available from 2005 onwards

Source: [UK HPI](#)

**Table 3: First-time buyers: average Price, loan and deposit by region, 2017**

|                  | Average House Price (£s) | Average Mortgage (£s) | Average Deposit (£s) | Deposit as % of purchase price |
|------------------|--------------------------|-----------------------|----------------------|--------------------------------|
| Northern Ireland | 120,648                  | 103,012               | 17,636               | 15%                            |

Source: [Halifax/CML](#)

|                         |          |
|-------------------------|----------|
| FTB average paid        | £120,648 |
| New build average price | £163,504 |

Sources: [UK HPI](#), [Halifax/CML](#)

| City    | Current price | %yoy Jul-18 | % change from Jul-08 |
|---------|---------------|-------------|----------------------|
| Belfast | £129,700      | 3.2%        | -28%                 |

Source: [Hometrack](#)



## RICS

“The results are consistent with a broadly stable housing market when viewed through the prism of a national perspective. As we have highlighted previously, the feedback to the RICS survey continues to suggest a stronger market in Scotland, Northern Ireland, much of the north of England, the Midlands and Wales.” (Jul 18)



## Hometrack

“Three cities have average prices that are still below their 2008 levels – Belfast (28%), Aberdeen (3%) and Liverpool (1%). 2008 did not mark the end of price falls in these cities and average values continued to fall for a further 3 to 4 years. The subsequent recovery phase has been shorter and with below average rates of house price growth compared to other cities, reflecting weaker underlying demand for housing.” (Jul 18)



## KATE FAULKNER COMMENTS ON TOWN AND CITY PRICE DIFFERENCES



It's clear from all the price reports that cover Northern Ireland that prices just went far too high and the falls we have seen since the credit crunch have now made it much more affordable – with the average property price of £120,648 for first-time buyers allowing some to get on the market for much less, too.

What's interesting about the falls in different areas is that they were all pretty consistently around 55-60%, while recovery has been

stronger in areas such as Belfast, Derry and Strabane, which have seen 40%+ increases from the market low.

Other areas, such as Ards and North Down, have only seen rises of 26%, suggesting that for some, seeing a property price recovery is unlikely in the near future.

However, for those getting on the market now, prices seem to be much more reasonable and easier to access.



Derry is one of the areas of Northern Ireland which has experienced stronger recovery.

Image: © Giorgio Galeotti | Flickr

## First-time buyers in Northern Ireland

|                  | 2007  | 2012  | 2016  | 2017* |
|------------------|-------|-------|-------|-------|
| Northern Ireland | 5,700 | 5,100 | 8,100 | 9,410 |

Source: [Halifax/CML](#)



### Halifax/CML

*“In the past decade, the number of first-time buyers in London has fallen by 26% marking the third consecutive annual decline. The North is the only other region aside from the capital to see a drop in numbers (5%) during the same period. On the other hand, the number of people getting on the housing ladder in Northern Ireland has grown by 65% to 9,410. The second largest rise was in the South West (16%, from 25,400 to 29,399).” (Jan 18)*



### KATE FAULKNER COMMENTS ON FIRST-TIME BUYERS



The ease of affordability for first-time buyers has helped ensure they can now get on the ladder in Northern Ireland and, interestingly, with numbers rising by 65% in just a few years, they don't seem to have been put off from buying, despite seeing what happened to others during the crash.

Although we spend most of our time coming to conclusions about the property market from studying London, what this data shows is that

it's far more important to understand what's happening in other regions to really understand the issues facing first-time buyers. Why for example are FTBs in Northern Ireland happy to purchase, while the number of FTBs is still falling in the North of England, along with the more unaffordable London?

When it comes to people making the decision to buy for the first time, there is clearly a lot more going on than just affordability.

## Sales volumes by local authority/county

| Local authority/county | Sales volume | Sales volume | Sales volume |
|------------------------|--------------|--------------|--------------|
|                        | 2016         | 2017         | YoY %        |
| Northern Ireland       | 23076        | 24479        | 6.1%         |

Source: [UK HPI](#)



### KATE FAULKNER COMMENTS ON PROPERTY TRANSACTIONS



Although not likely to recover to their pre-credit crunch levels, Northern Ireland currently appears to be making a better recovery volume-wise than many of the other regions around the UK which aren't seeing this level of growth.

Scrabo Tower, near Newtownards in County Down

Image: © creativcommonsstockphotos | Dreamstime.com



## BELVOIR - Q2 18 REPORT

Source: [Belvoir Lettings](#)

### Newtownards

The Newtownards office reported increasing rents for one to four-bed properties, with higher increases on three and four-bed houses but static rents for five+ bed detached houses during Q2 2018, citing a shortage of properties in the local area causing the increases. Tenant demand remained consistent for flats and houses. Rents are expected to increase over the next quarter, mainly due to shortage in supply. Demand is set to remain static albeit at a high level.

### Belfast

For Belvoir Belfast, Q2 2018 revealed increasing rents across the board coupled with increasing tenant demand. Rents and demand are however expected to remain static during Q3 2018.

### Lisburn

For Q2 2018, the Lisburn office reported static rents for two to five+ bed properties, with small increases for studio flats. Tenant demand fell for both flats and houses due to an increase in the number of first-time buyers entering the market. Over the next quarter, rents and demand are expected to remain static.

Source: [Homelet](#)

| Homelet Average Monthly Rent Jul-17 | Homelet Average Monthly Rent Jul-18 | Homelet % Change YoY |
|-------------------------------------|-------------------------------------|----------------------|
| £625                                | £653                                | 4.5%                 |

## Annual variance in average rents

Rental Price Annual Percentage Change

|             |              |
|-------------|--------------|
| 8.1 - 15.0% | 0.4 - -0.4%  |
| 5.1 - 8.0%  | -0.5 - -3.0% |
| 3.1 - 5.0%  | -3.1 - -5.0% |
| 0.5 - 3.0%  | -5.1 - -8.0% |

### Northern Ireland

|                   |       |
|-------------------|-------|
| Average rent 2017 | £596  |
| Average rent 2016 | £571  |
| Annual variance   | +4.4% |

### Antrim and Newtownabbey

|                   |       |
|-------------------|-------|
| Average rent 2017 | £551  |
| Average rent 2016 | £545  |
| Annual variance   | +1.1% |

### Mid and East Antrim

|                   |       |
|-------------------|-------|
| Average rent 2017 | £511  |
| Average rent 2016 | £497  |
| Annual variance   | +2.8% |

### Belfast

|                   |       |
|-------------------|-------|
| Average rent 2017 | £658  |
| Average rent 2016 | £615  |
| Annual variance   | +7.0% |

### Causeway Coast and Glens

|                   |        |
|-------------------|--------|
| Average rent 2017 | £525   |
| Average rent 2016 | £459   |
| Annual variance   | +14.4% |

### Derry and Strabane

|                   |       |
|-------------------|-------|
| Average rent 2017 | £517  |
| Average rent 2016 | £506  |
| Annual variance   | +2.2% |

### Fermanagh and Omagh

|                   |       |
|-------------------|-------|
| Average rent 2017 | £461  |
| Average rent 2016 | £440  |
| Annual variance   | +4.8% |

### Mid Ulster

|                   |       |
|-------------------|-------|
| Average rent 2017 | £519  |
| Average rent 2016 | £508  |
| Annual variance   | +2.2% |

### Armagh, Banbridge and Craigavon

|                   |       |
|-------------------|-------|
| Average rent 2017 | £523  |
| Average rent 2016 | £495  |
| Annual variance   | +5.7% |

### Lisburn and Castlereagh

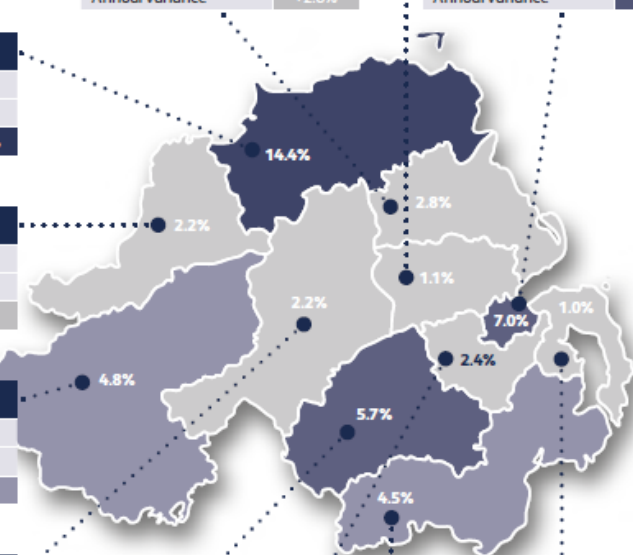
|                      |       |
|----------------------|-------|
| Average rent H2 2017 | £609  |
| Average rent H1 2017 | £595  |
| Annual variance      | +2.4% |

### Ards and North Down

|                   |       |
|-------------------|-------|
| Average rent 2017 | £613  |
| Average rent 2016 | £607  |
| Annual variance   | +1.0% |

### Newry, Mourne and Down

|                   |       |
|-------------------|-------|
| Average rent 2017 | £536  |
| Average rent 2016 | £513  |
| Annual variance   | +4.5% |



Source: [NIHE](#)



| Location       | 2018 | 2019 | 2020 | 2021 | 2022 | 5-year compound growth |
|----------------|------|------|------|------|------|------------------------|
| UK             | 2.5% | 2.5% | 3.0% | 3.5% | 3.5% | 15.5%                  |
| London         | 3.0% | 3.0% | 3.5% | 3.5% | 3.0% | 17.0%                  |
| UK excl London | 2.0% | 2.0% | 3.0% | 3.5% | 3.5% | 15.0%                  |
| Wages          | 3.0% | 3.0% | 3.0% | 3.5% | 3.5% | 17.0%                  |
| CPI            | 2.0% | 1.5% | 2.0% | 2.0% | 2.0% | 9.5%                   |

Source: [Savills](#)



## KATE FAULKNER COMMENTS ON THE RENTAL MARKET

“ Most rents appear pretty affordable in Northern Ireland, ranging mostly from £500 to £600 per month, giving an annual cost of £6,000 to £7,200.

Taking affordability to mean around one third of earnings, that means most people who are on joint or single salaries of £18,000 to £21,600 should be able to manage well renting versus buying. This is likely to

be why rents have managed to move forward year on year at quite a healthy rate versus the rest of the UK which have in some areas actually seen falls or very muted rises.

Market data and feedback from agents suggests a relatively healthy and affordable rental market in Northern Ireland both now and in the future.



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If you need Kate to appear on TV, radio or for general comment, please contact directly:

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