

Economic Indicators at a glance – December 2013

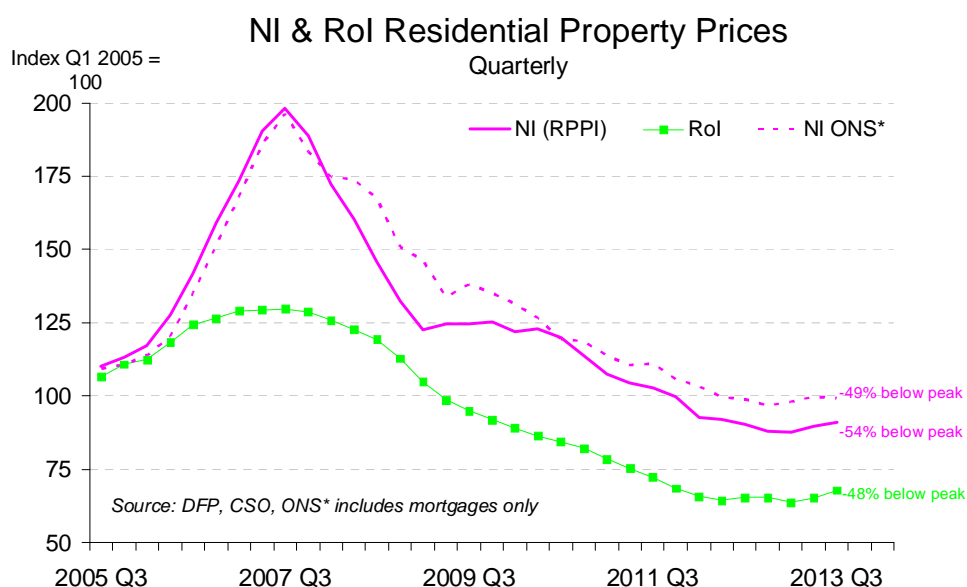
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Northern Ireland residential property prices post a 2% quarterly rise in Q3 2013

According to DFP's Residential Property Price Index (RPPI), Northern Ireland (NI) residential property prices posted a second successive quarterly rise of 2% in Q3 2013. Furthermore, they were 1% above their corresponding level in Q3 2012. This represents the first quarter in almost 6 years (Q4 2007) that NI residential property prices have posted a year-on-year increase. Four of the five areas within NI recorded a quarterly rise in Q3 2013. The *North of NI* was the only region not to post a quarterly rise in the last quarter (0%). The *West & South of NI* and *Belfast* recorded the steepest quarterly increases in Q3 2013 with both reporting a 3% q/q rise. Meanwhile prices in the *East of NI & Outer Belfast* rose by 1% q/q in Q3 2013. Following the latest figures, NI's standardised residential prices (*housing & apartments*) are still 54% below the Q3 2007 peak. This compares with a peak-to-trough fall of 56% between Q3 2007 and Q1 2013. An alternative residential property price index produced by the *Office for National Statistics (ONS)* includes only properties purchased via a mortgage (*excludes auction / cash sales*). This survey revealed two consecutive quarterly rises in NI's average house price in Q4 2012 and Q1 2013. However, the ONS survey signaled a 0.6% q/q decrease in Q3 2013. This suggests the RPPI survey's recent rise may be driven by cash sales. Using this ONS survey, NI's average house prices in Q3 were 49% below their Q3 2007 peak. The latest surveys suggest that NI's residential house prices appear to be entering a much needed period of stabilisation. It is noted that residential property prices in the Republic of Ireland are also on the rise. Average prices (*based on mortgage sales only*) are now 48% below their 2007 peak.

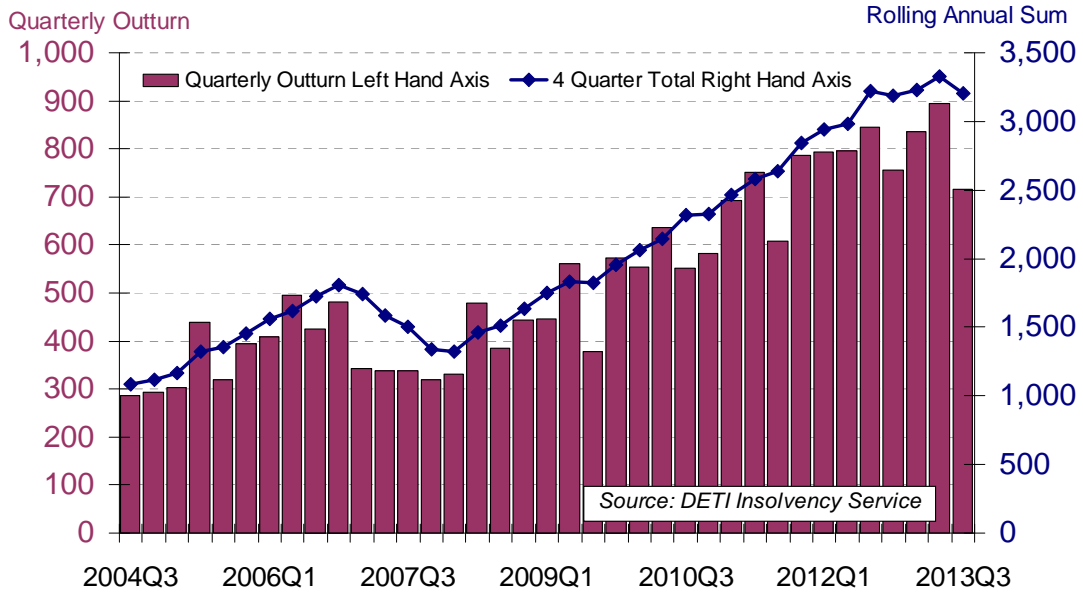


Personal insolvencies decrease by 15% y/y in Q3

Personal or individual insolvencies in Northern Ireland (NI) have more than doubled since 2007. However, the latest figures for Q3 2013, released last month, posted a 15% decline relative to the corresponding period last year. In the latest quarter, 717 individuals were either declared bankrupt (*or chose bankruptcy*) or entered into either an *Individual Voluntary Arrangement (IVA)* or a *Debt Relief Order (DRO)*. This represented a decrease of 20% relative to Q2's record high of 894. The latest quarterly decrease was driven by a 33% fall (-122) in bankruptcy orders, a 17% decline in DROs (-28) and a fall of almost 8% in IVAs (-27). It is noted that the latest 4 quarter outturn (*to Q3 2013*) there were 3,203 individual insolvencies which is 114% above the level that prevailed in the 4 quarter period (*to Q3 2007*) that pre-dates the credit crunch. In the 24 quarters since

the credit crunch began in Q3 2007 there have been 14,713 personal insolvencies in NI. This compares with 6,888 insolvencies in the 24 quarter period preceding the start of the credit crunch.

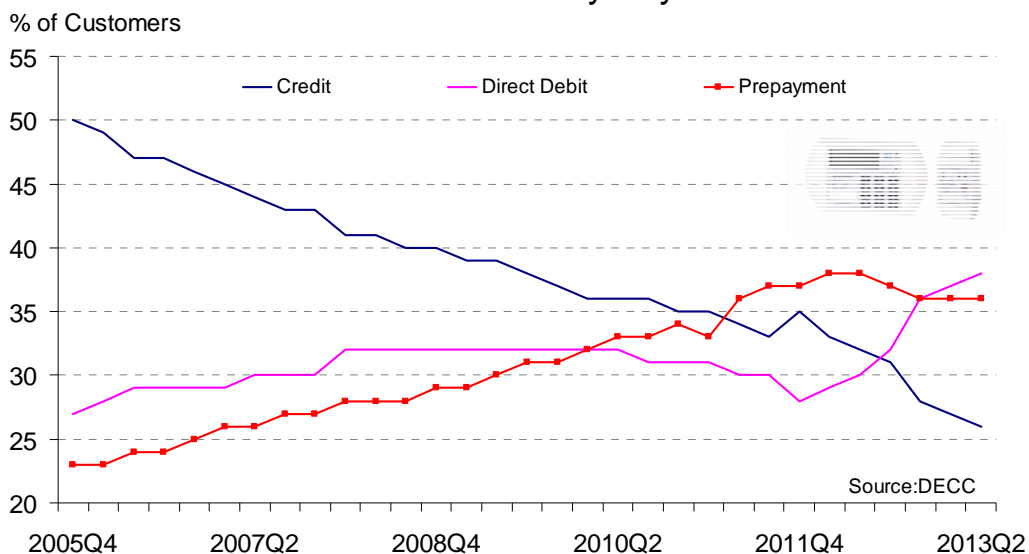
NI Individual Insolvencies



36% of NI’s domestic electricity customers pay for their electricity (prepayment) in advance of use

A sustained period of inflationary pressures has triggered a change in a range of consumer behaviours. One of these trends concerns the payment method for electricity customers. Since the economic downturn began, there has been a marked change in the payment habits of NI’s electricity customers. Six years ago 26% of NI’s electricity customers paid for their electricity (via prepayment cards / meters) before they used it. This proportion subsequently peaked at 38% in Q2 2012 and has eased slightly to 36% in Q2 2013. NI has the lowest proportion of domestic electricity customers within the UK paying by direct debit and the highest proportion paying via prepayment methods. This is significant as direct debit is the cheapest payment type whilst prepayment is the most expensive. In Q2 2013 16% of domestic electricity customers in the UK used prepayment methods with 55% paying by direct debit and 26% paying on credit. The latter is payment within 3 months in arrears. The corresponding figures for NI in Q2 2013 are credit (26%), direct debit (38%) and prepayment (36%). Back in Q2 2007 NI’s relative proportions were credit (44%) direct debit (30%) and prepayment (26%).

Northern Ireland Electricity Payment Method



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