

# Economic Indicators at a glance – June 2014

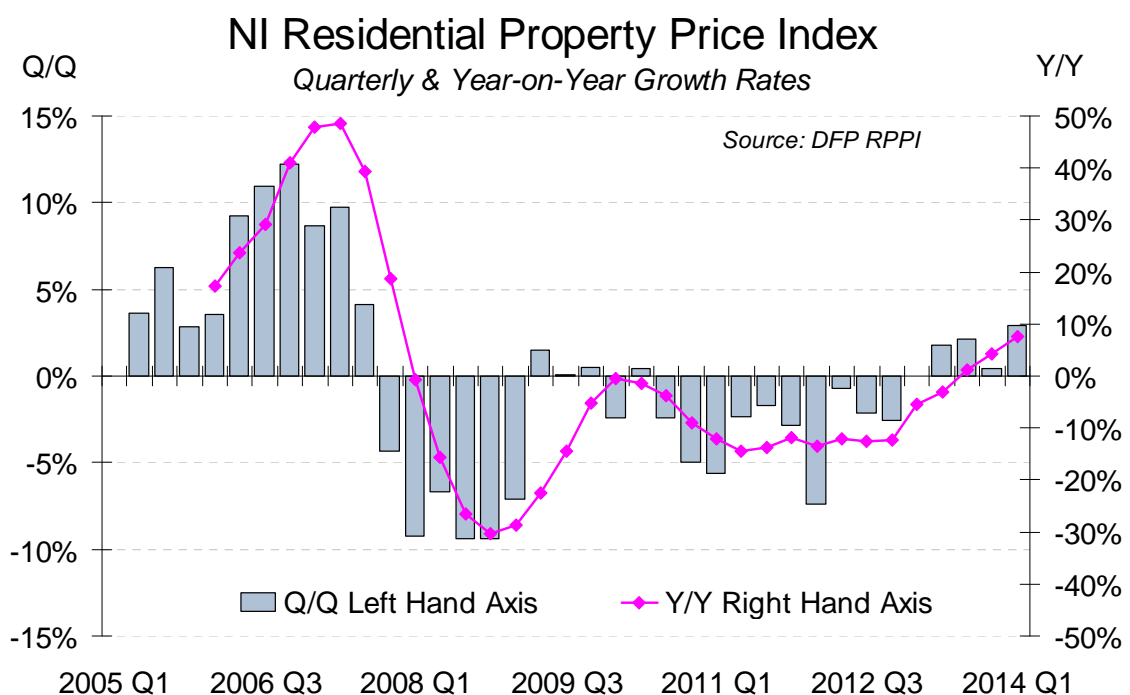
Contact: Richard Ramsey  
Chief Economist, Northern Ireland  
02890 276354 or 07881 930955

[Richard.ramsey@ulsterbankcm.com](mailto:Richard.ramsey@ulsterbankcm.com)  
[www.ulsterbank.com/economics](http://www.ulsterbank.com/economics)  
Twitter @UB\_Economics

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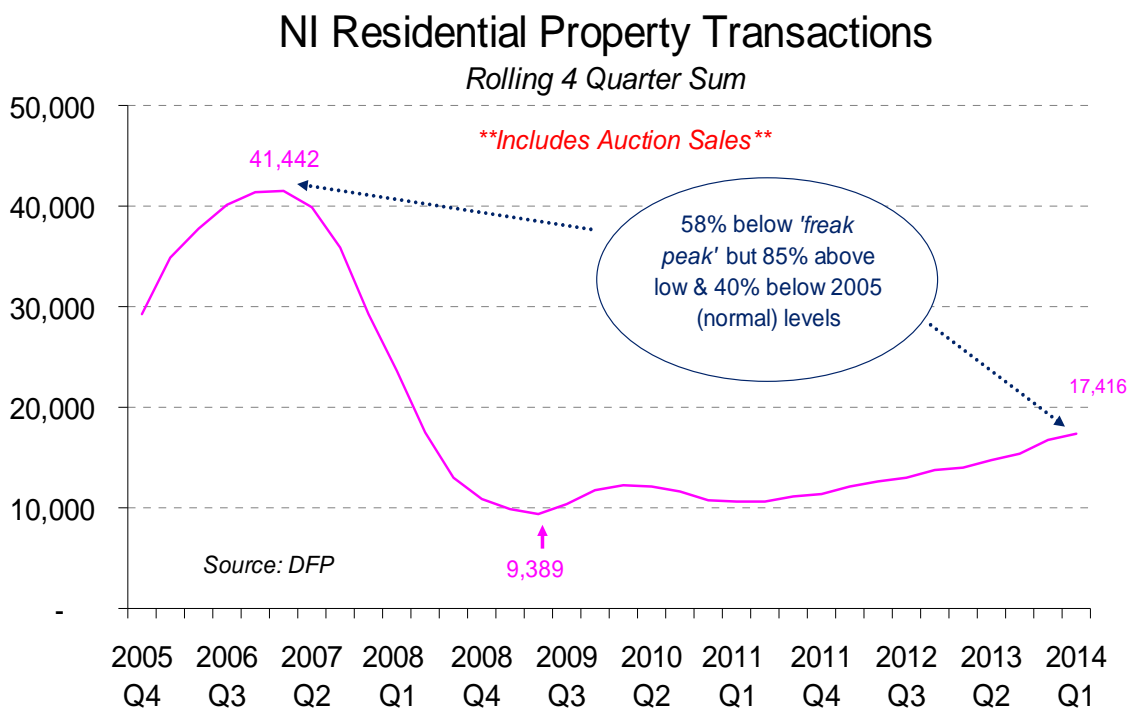
## NI Residential Property Prices rise by 7% year-on-year in Q1 2014

According to DFP's Northern Ireland Residential Property Price Index (RPPI), property prices posted a quarterly rise of 3% in Q1 2014 and were 7% above their corresponding level in Q1 2013. This represents the biggest quarterly increase since Q3 2007 and the third successive quarter of year-on-year growth. Three of the five broad NUTS areas within NI recorded a quarterly rise in Q1 2014. The *North of NI* (Ballymoney, Coleraine, Derry, Limavady, Moyle & Strabane LGDs) and *Belfast* both posted 2% declines in their standardised residential property prices in Q1 2014. The *West & South of NI* (Armagh, Cookstown, Dungannon, & South Tyrone, Fermanagh, Magherafelt, Newry & Mourne LGDs) recorded an increase of 2% q/q. Meanwhile *Outer Belfast* (Carrickfergus, Castlereagh, Lisburn, Newtownabbey & North Down LGDs) and the *East of NI* (Antrim, Ards, Ballymen, Banbridge, Craigavon, Down & Larne LGDs) each reported increases of 5% q/q. These two areas have also reported the largest year-on-year increases at 10%. Following the latest figures, NI's standardised residential prices (£102,034) are still 52.5% below the Q3 2007 peak. The Republic of Ireland's (RoI) residential property price index (RPPI) decreased by 1.3% q/q in Q1 2014. However, prices in the latest quarter were still 7.8% higher than the corresponding quarter a year ago. Despite this growth, prices in the RoI remain 47% below their Q3 2007 peak and 31% below the level when the series began 9 years ago (Q1 2005). Meanwhile Dublin residential property prices fell by 1.9% q/q in Q1 2014 but are still some 13.7% higher over the year. Despite this recent growth, Dublin prices are 50% below their pre-downturn peak and 33% below the corresponding level in Q1 2005. For comparison, NI and Belfast house prices are 6% and 10% below Q1 2005 levels. Unlike the NI and RoI, UK residential property prices are now higher (+4.5%) relative to their pre-recession peak (Q4 2007) and are significantly above Q1 2005 levels (+28%). Comparisons with NI and RoI are even more pronounced when comparing against London. In Q1 2014, London house prices were 27% higher than their pre-recession peak 6 years ago and a staggering 65% above the level prevailing 9 years ago in Q1 2005.



**NI residential property sales rise by 21% y/y in Q1 2014**

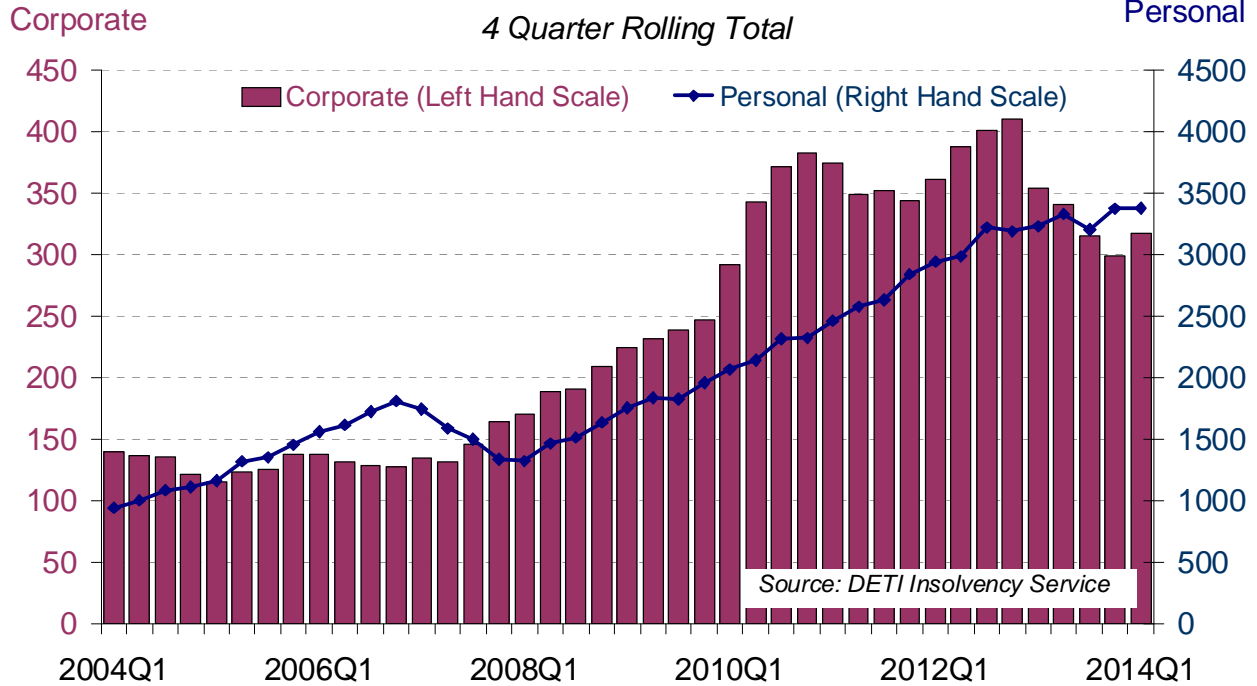
The new NI Residential Property Price Index (RPPI) covers all sales picked up by the HMRC and provides the best measure of housing transactions of all the local house price surveys. In Q1 2014 there were 4,189 residential property transactions. This represented an increase of 21% relative to the corresponding quarter in 2013. The Q1 2013 outturn also represented the highest Q1 figure in 7 years. Over the last four quarters (to Q1 2014) there were 17,416 residential transactions which is 85% above the low posted in the four quarters to Q2 2009. However, this still remains 58% below the peak recorded over the four quarters to Q1 2007 (41,442). Given that 2006 was something of an abnormal peak in transactions, 2005 is a more useful gauge to benchmark activity. A return to this 'freak peak' is neither expected nor desired. Instead a return to more 'normal' levels of activity that we would have seen around 2005 (29,233) would be desirable. This is 40% above where transactions currently are.



**Personal & corporate insolvencies post year-on-year rises in Q1 2014**

Last year saw 3,373 individual or personal insolvencies in Northern Ireland (NI). This represented a record high and was more than 150% (2,036) higher than the level in 2007. In the latest quarter (Q1 2014), 840 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 9% relative to the record quarterly high of 926 in Q4 2013. Nevertheless, the latest quarter was still marginally higher (+0.5%) than the corresponding quarter last year (836). As a result, the number of NI's insolvencies over the latest 4 quarter period (to Q1 2014) represents a fresh record high of 3,377. Meanwhile corporate insolvencies, either compulsory liquidations or creditors' voluntary liquidations, increased by 4% q/q in the latest quarter. The Q1 2014 outturn of 73 also represented a rise of one-third on the first quarter of 2013 and was the first year-on-year rise in five quarters. Over the last four quarters there have been 317 corporate insolvencies. This is almost double the 2007 figure but is remains almost a quarter below the record high in 2012 (410).

# Northern Ireland Insolvencies



Richard Ramsey,  
23<sup>rd</sup> May 2014

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