

Can Northern Ireland build on its housing market recovery?



*Policy Forum for Northern Ireland Keynote Seminar:
Challenges & Opportunities for public & private housing in Northern Ireland*

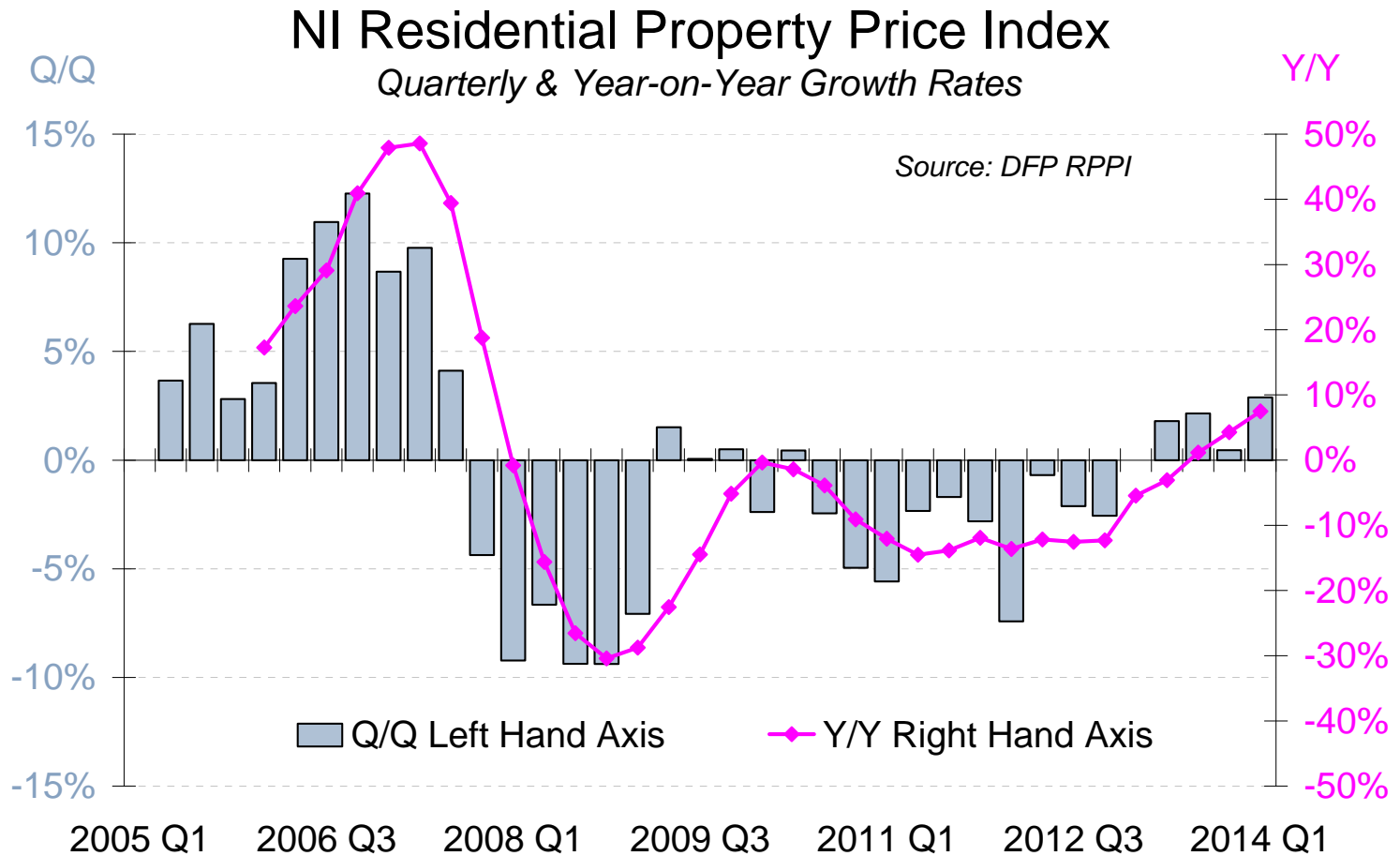
*12th June 2014
Richard Ramsey
Chief Economist Ulster Bank*

The hills are alive with the sound of recovery

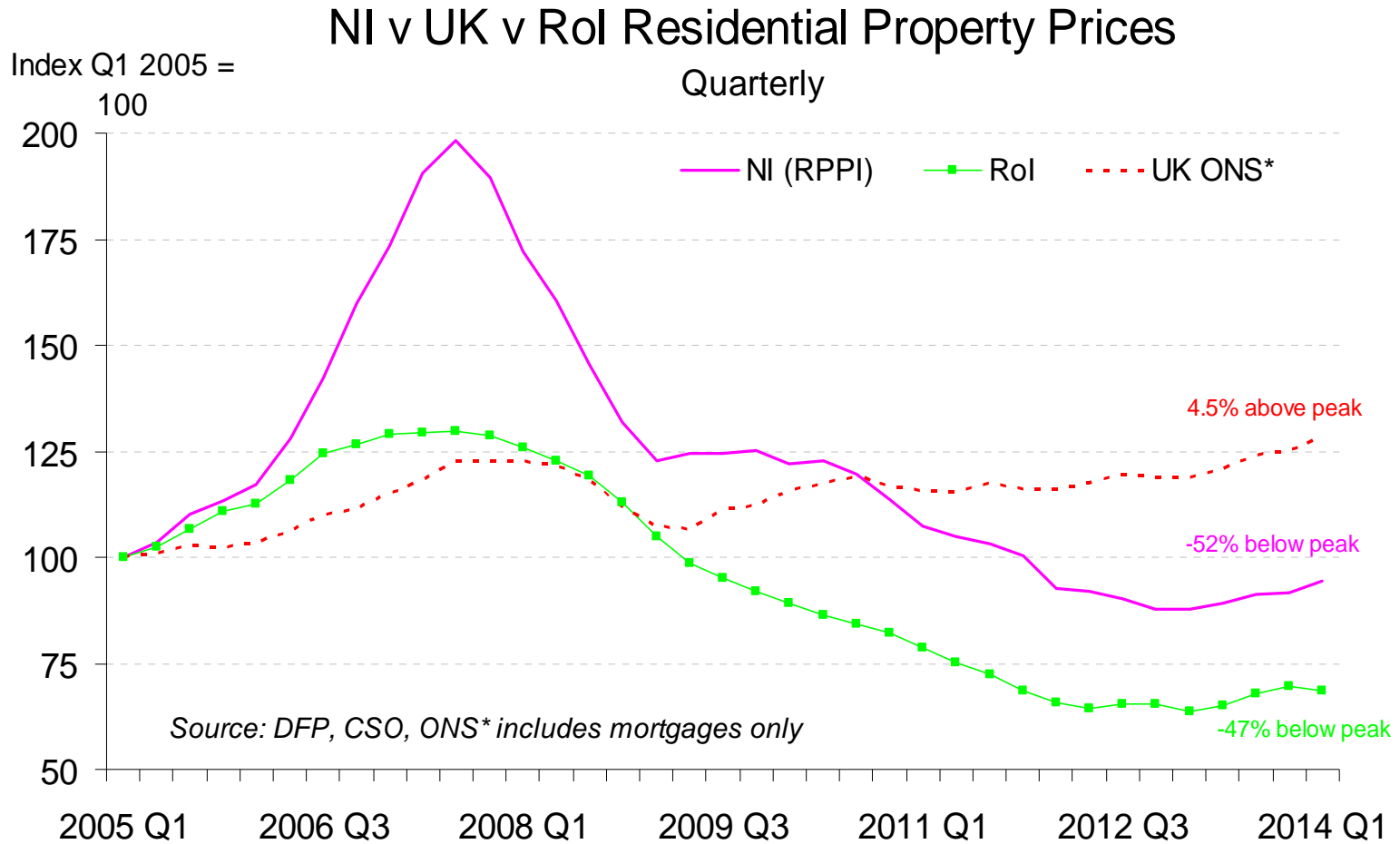




N.Ireland house prices up 7% year-on-year

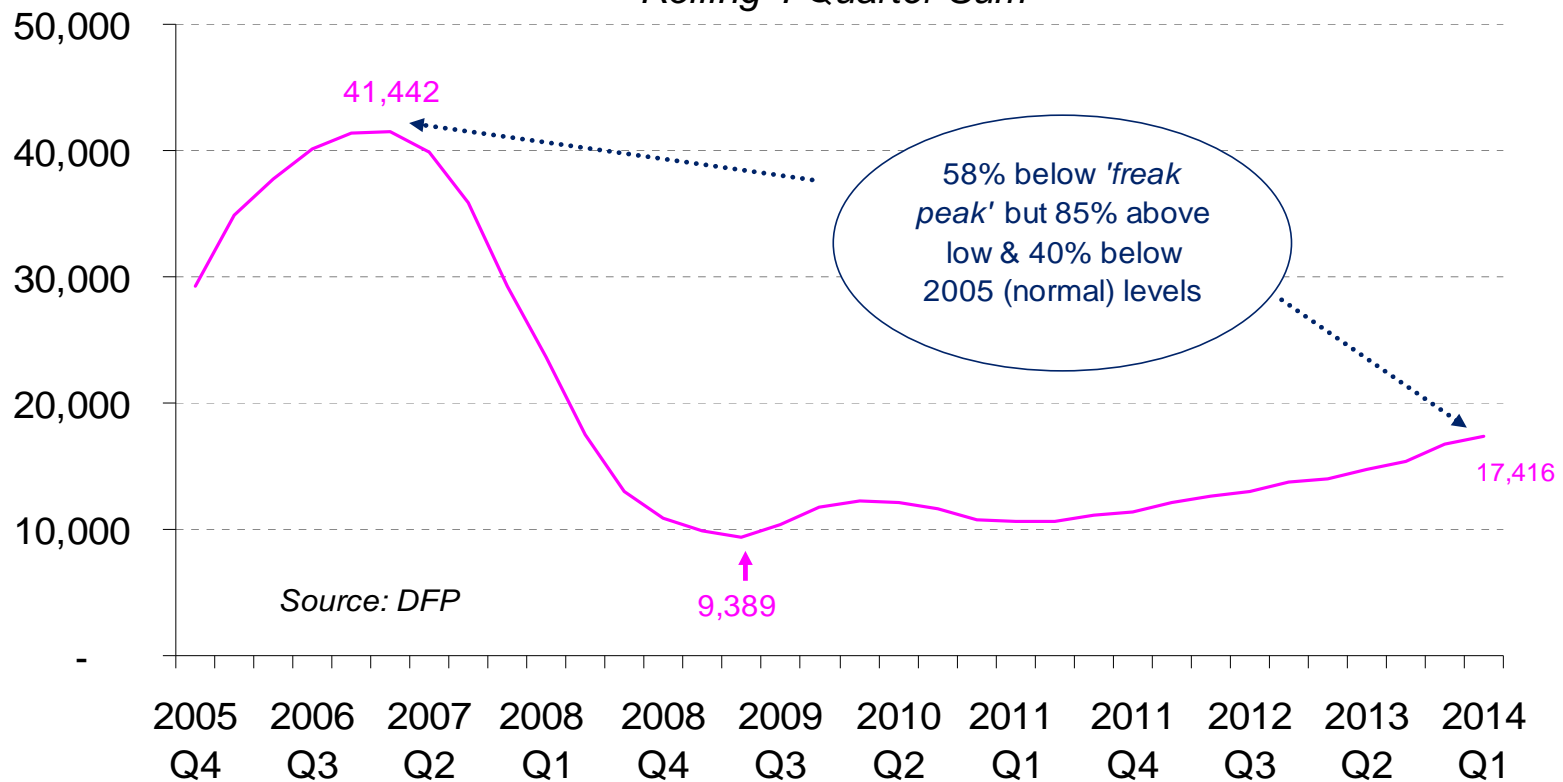


... but still 52% below 2007 peak



Transactions have risen by 85% from 2009 low

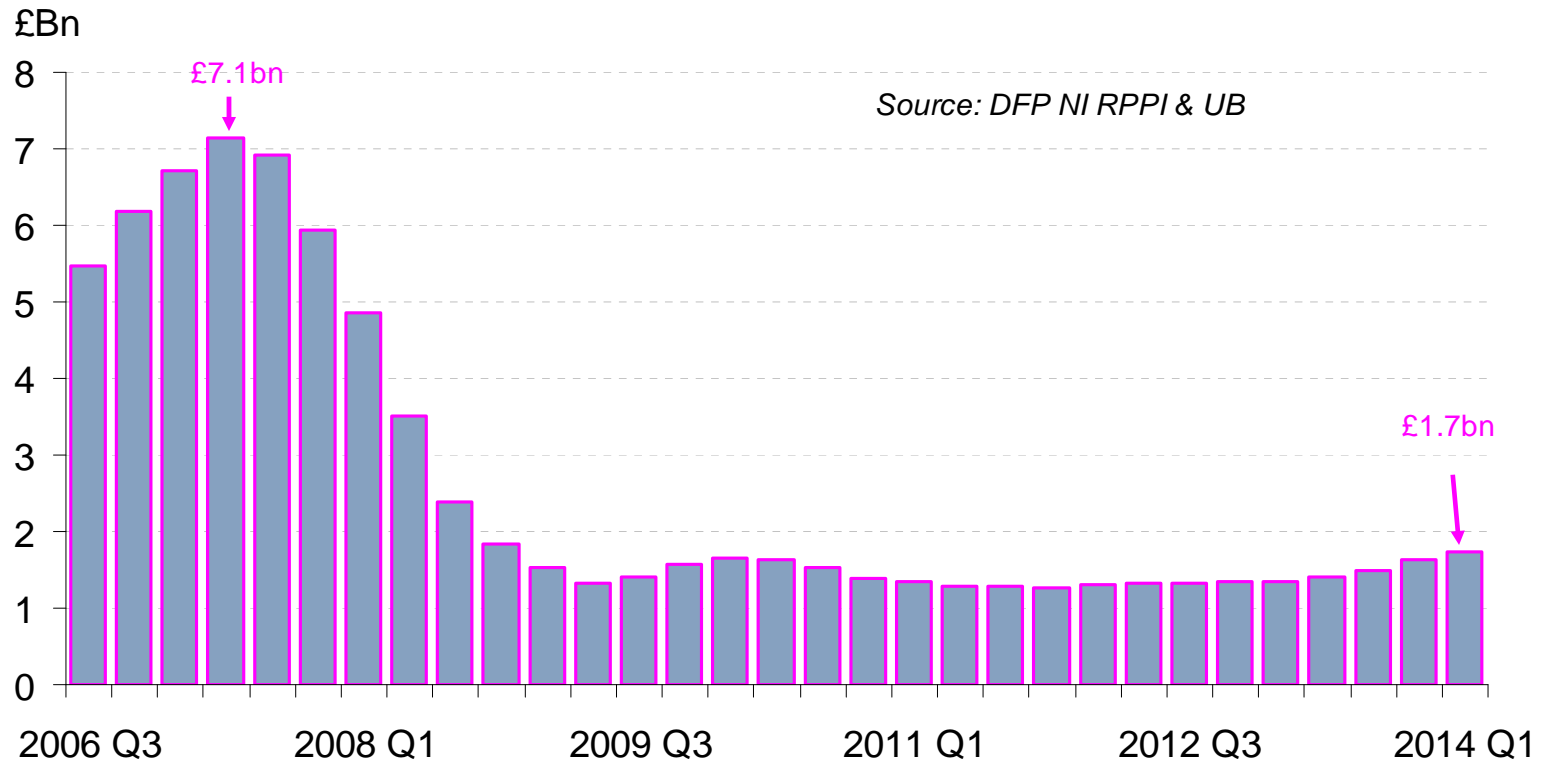
NI Residential Property Transactions Rolling 4 Quarter Sum



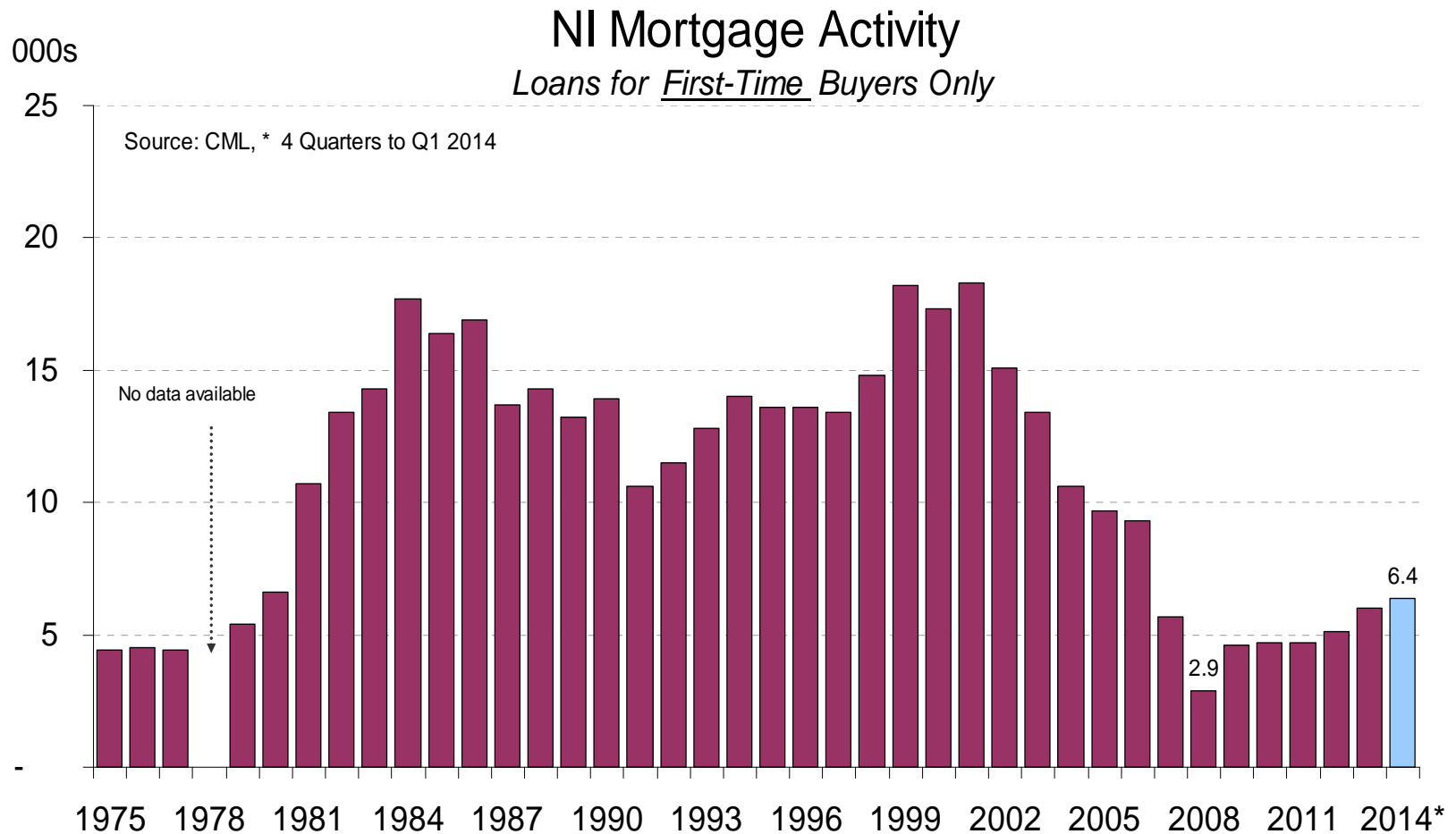
The value of transactions has fallen by >£5bn p.a.

Value of NI's Residential Property Transactions

(Transactions x Standardised Price on a Rolling 4 Quarter Basis)

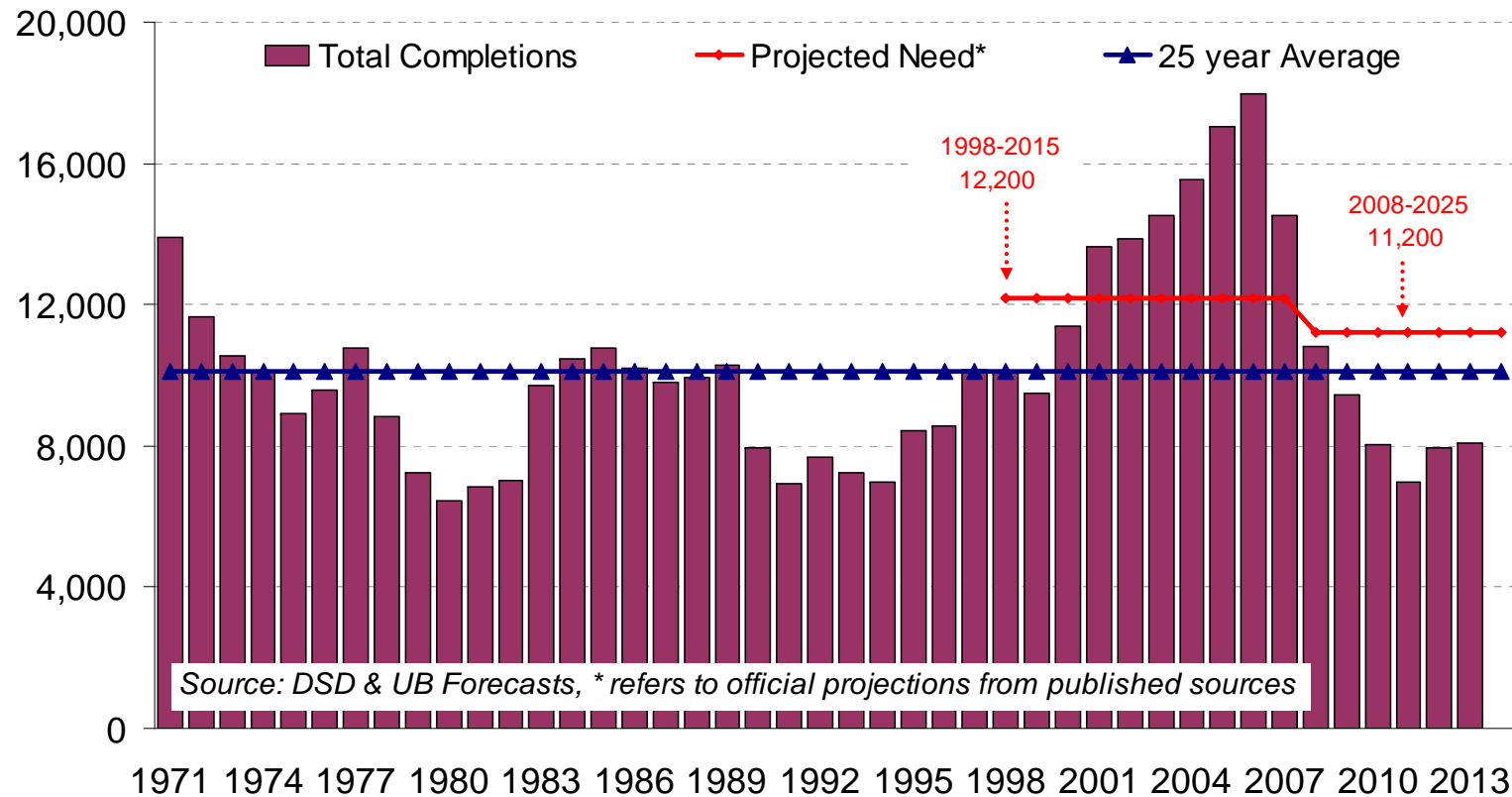


First-time buyer market up 121% from low



House completions up 16% since 2011 low

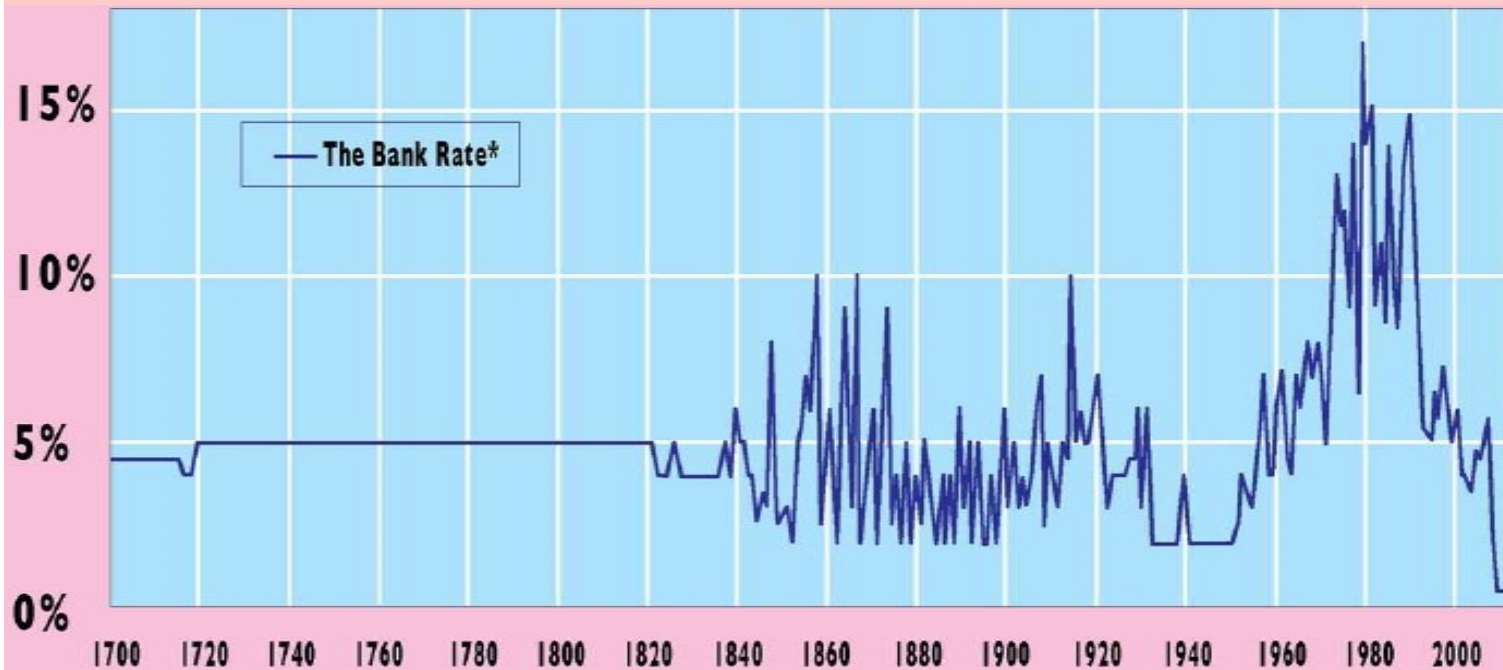
NI Housing Completions





The Bank of England will not keep its bank rate at a record low forever...

The Bank Rate 1700-2013



* Variously the Bank Rate, Minimum Lending Rate, Bond 1 Dealing Rate and Official Bank Rate.

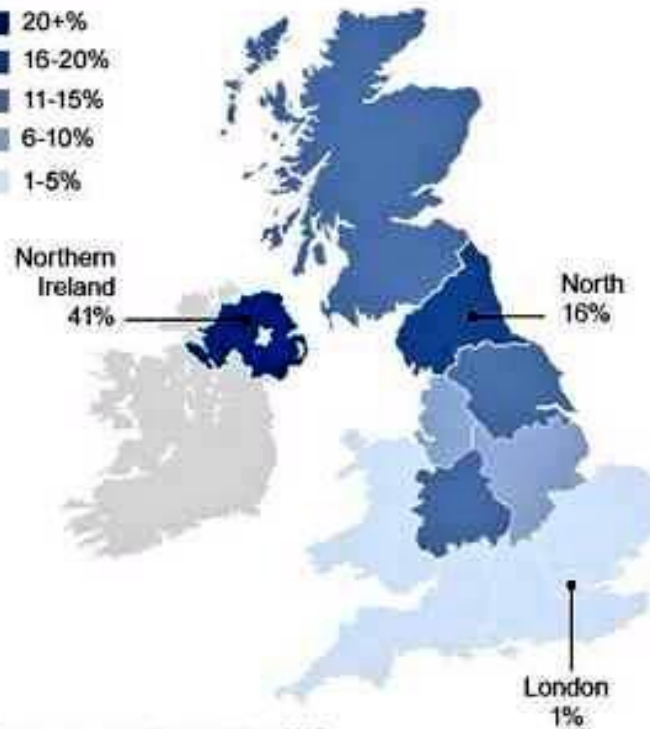
Source: The Bank of England, Church House

Steep falls in prices mean negative equity is widespread

UK negative equity map

Percentage of borrowers in negative equity

- 20+%
- 16-20%
- 11-15%
- 6-10%
- 1-5%

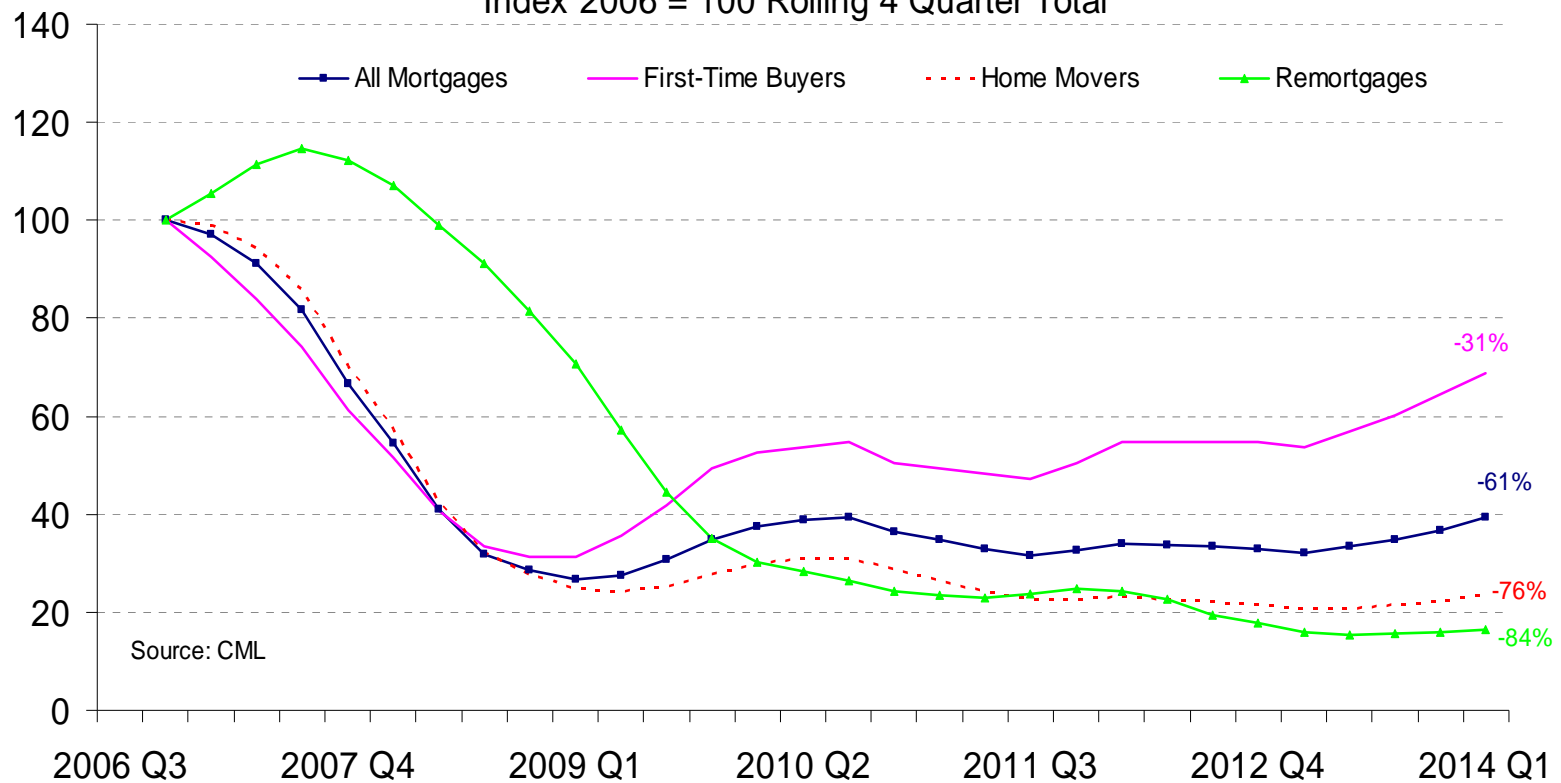


Base: mortgages advanced since 2005
Source: HML

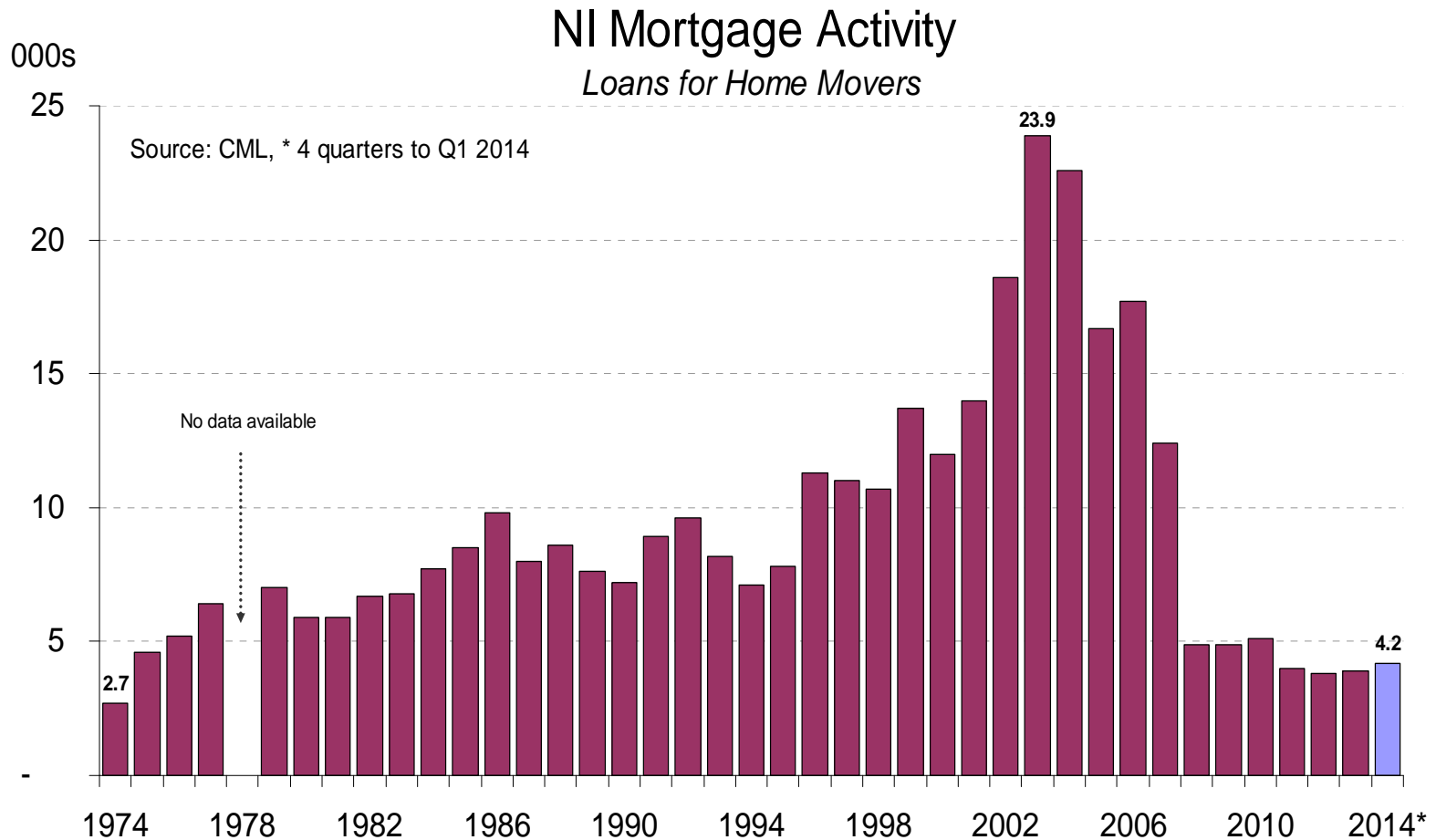
Still no recovery in the home-mover market

N.Ireland Mortgage Activity Levels

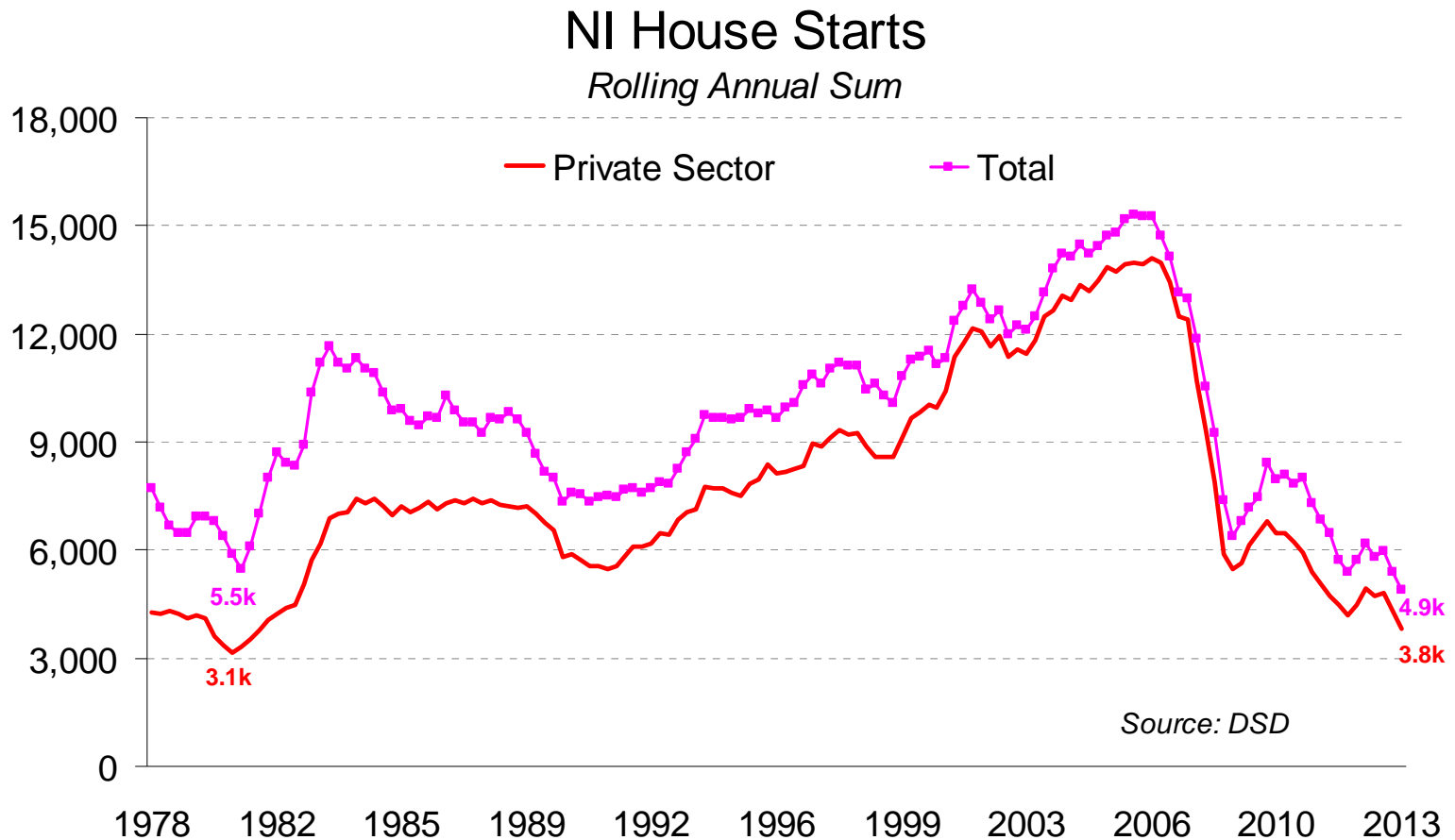
Index 2006 = 100 Rolling 4 Quarter Total



Home-mover market as active as the mid-1970s!

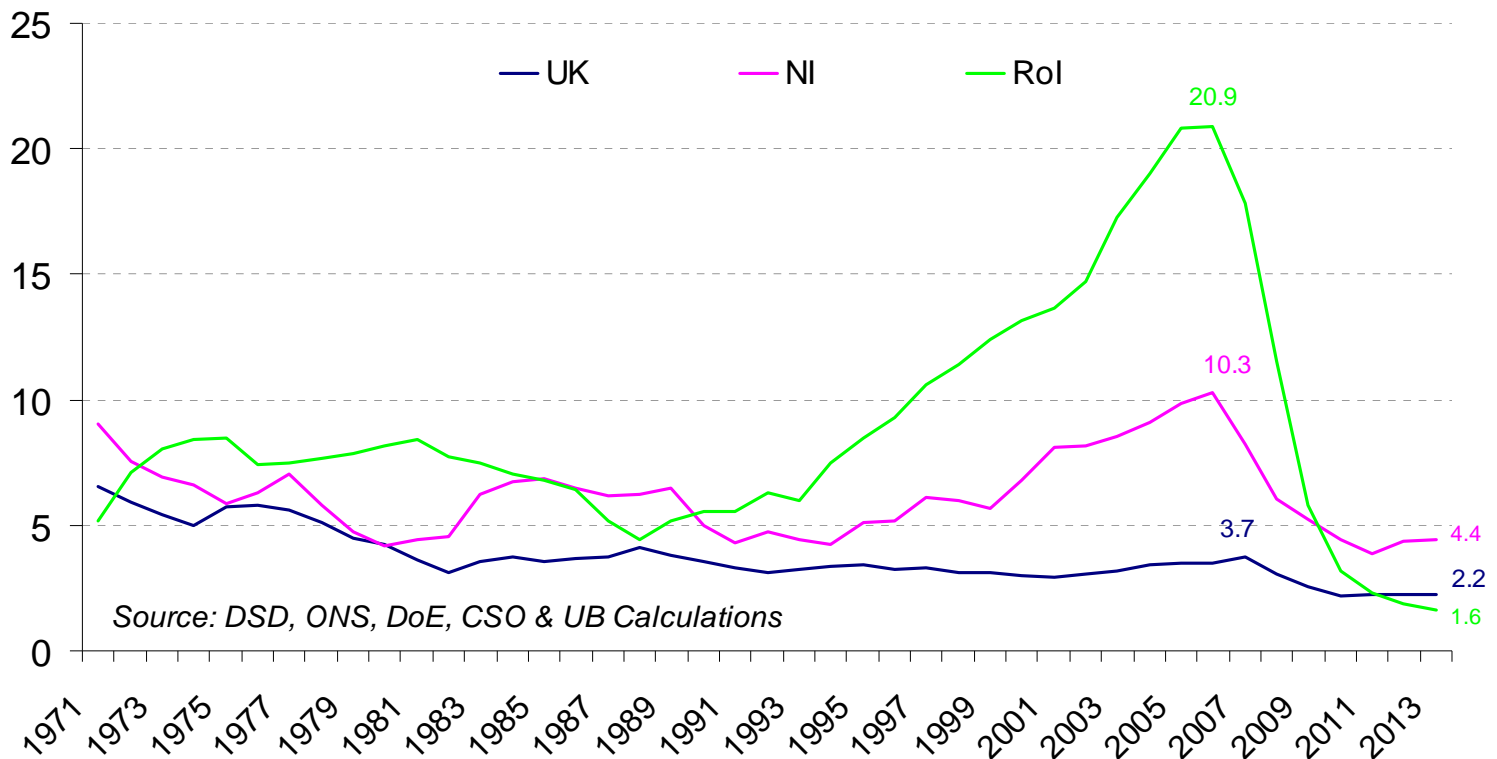


Housing starts fell to a record low last year



Although we are still building more than elsewhere

House Completions per 1,000 Population



Conclusion

- Housing market recovery is patchy
- No recovery in home-mover market or house-building
- Debt overhang still affecting households, builders & lenders
- External investment potential to *Help to Build?*

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