

## Economic indicators at a glance – December 2012

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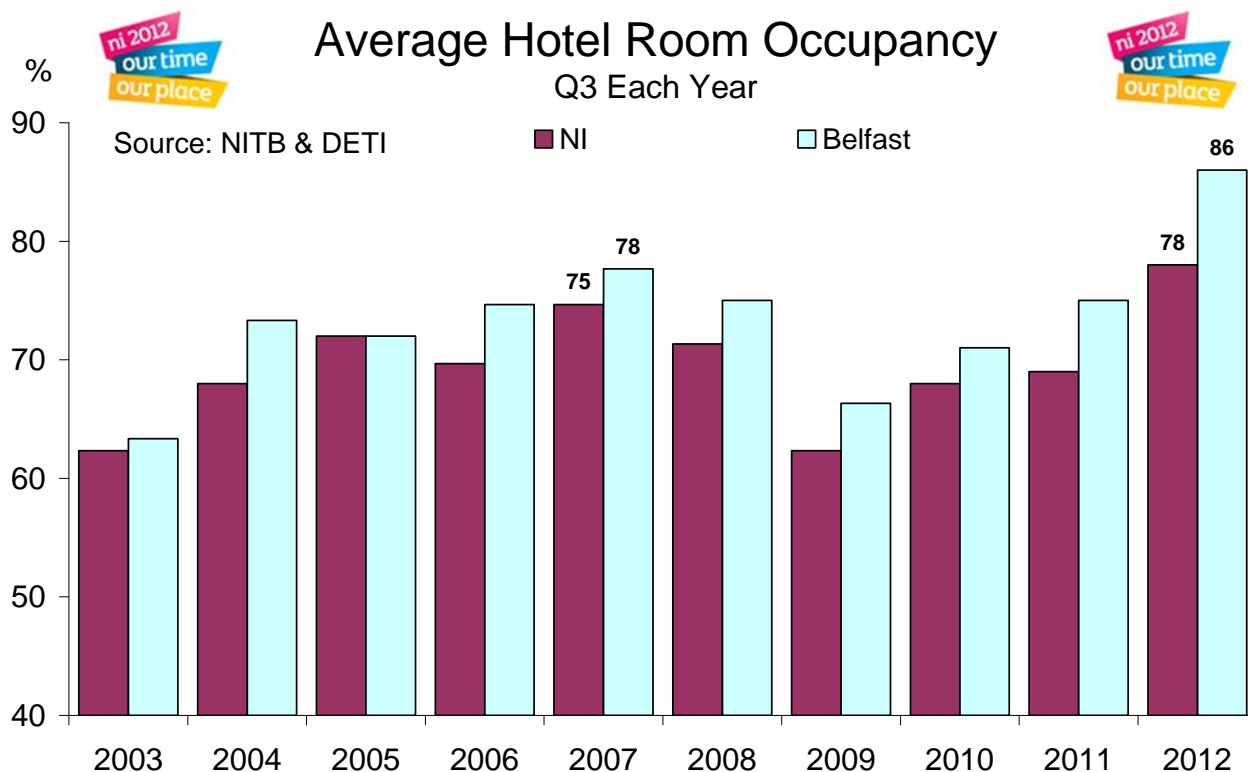
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### Chart of the Month – ‘Our Time Our Place’: Hotel occupancy rates at record highs again

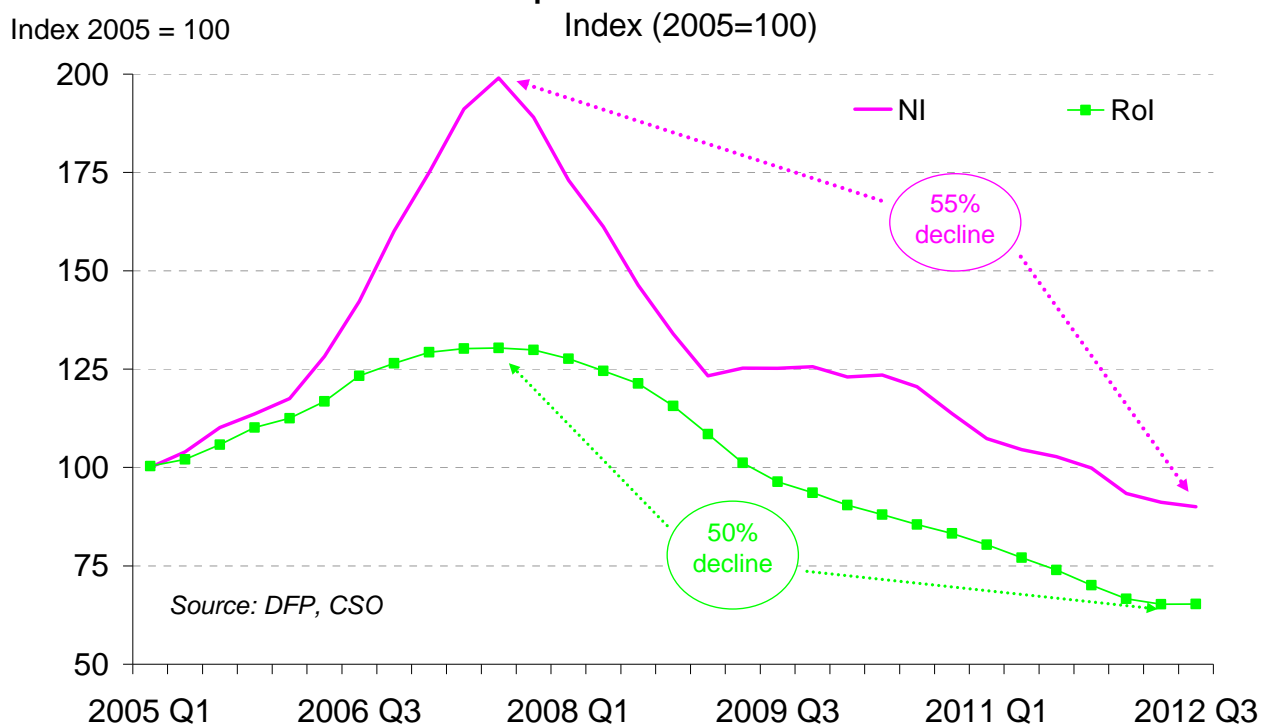
Record highs of the positive variety remain in short supply. However, the local tourism industry remains one of the few bright spots. 2007 was a record year for the local tourism industry, however, 2012 has already seen a number of record highs within the sector. Sales in hotel rooms have been booming in recent months with Belfast and Northern Ireland benefiting from the Irish Open Golf tournament and the opening of the iconic Titanic building. Soaring hotel room sales have seen both Belfast (86%) and Northern Ireland (78%) witness record highs in average hotel room occupancy rates in Q3 2012. These figures compare with 75% and 69% respectively in Q3 2011. The impressive Q3 figures follow record occupancy rates in Q2 2012. During the first 9 months of 2012 there have been 1.4 million rooms and 2.19 million bed-spaces sold in Northern Ireland hotels. Both measures of hotel occupancy represent an annual increase of 11%. Next year should be even better with an embarrassment of riches in the local events calendar. The North West will benefit from the Derry-Londonderry UK City of Culture, with the Maiden City also hosting the All Ireland Fleadh (*the largest celebration of Irish traditional music in the world*). Meanwhile, Fermanagh will be hosting next year’s G8 Summit with the world’s leaders descending on the Lough Erne hotel and golf resort next June. In addition, Northern Ireland will host the World Police & Fire Games (WPF) from 1<sup>st</sup>-10<sup>th</sup> August 2013. The event is the world’s third largest multi-sport event and has more competitors than the Commonwealth Games. Some 25,000 visitors are anticipated including 10,000 competitors from 70 countries participating in 66 sports held in 41 venues across Northern Ireland.



### Northern Ireland residential property prices now 55% below 2007 peak

Northern Ireland residential property prices posted a quarterly fall of 1% in Q3 2012 and decreased by 12% relative to Q3 2011. Prices in the West & South of Northern Ireland increased in Q3 while those in Outer Belfast stabilised in Q3 2012. All other parts of Northern Ireland posted declines. Meanwhile since the peaks in Q3 2007, residential prices (*housing & apartments*) have fallen by 55% with all parts of Northern Ireland (except 'Outer Belfast') recording house price falls of 55% or greater. Some property types have already posted decreases in excess of 60%. The apartment sector has recorded the steepest declines so far (-61%) followed by terraced properties (-59%). Meanwhile the detached and semi-detached markets have experience declines of 56% and 54% respectively. To date, residential property prices in the Republic of Ireland (*excluding auction sales*) have fallen by 50% relative to their 2007 peak.

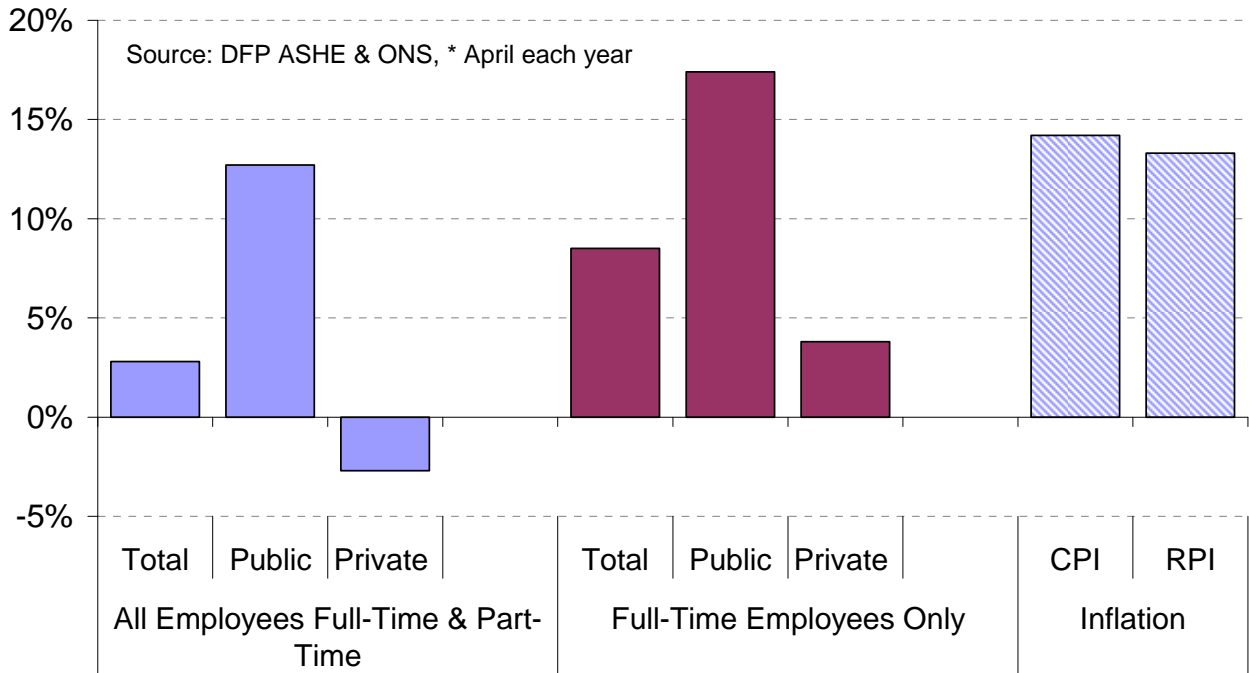
## N.Ireland & Republic of Ireland House Prices



### Northern Ireland earnings growth being wiped out by inflation

Last month's Annual Survey of Hours & Earnings (ASHE) for 2012 provides further evidence of the impact of the recession on the earnings of employees. Since the UK recession officially began in 2008, pay cuts and wage freezes have been commonplace within the private sector. The squeeze on incomes has been compounded by rampant inflation. UK consumer prices have increased by 14.2% cumulatively between April 2008 and April 2012. This compares with a cumulative rise in median earnings (*for all employees part-time & full-time*) of just 2.8%. Indeed, the median private sector wage in April 2012 was 2.7% lower than the corresponding level in 2008 before inflation is taken into account. Meanwhile, the median public sector wage increased by 12.7% over the same period. Full-time employees (*all sectors*) have fared rather better with an increase of 8.5% over the four years to April 2012. Indeed, the median public sector full-time employee wage managed to outpace inflation with a cumulative rise of 17.4%. This compared with a corresponding increase of 3.8% within the private sector.

## % Change in N.Ireland Median Wages v UK Inflation Cumulative Increase 2008-2012\*



Richard Ramsey,  
26<sup>th</sup> November 2012

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