

Economic Indicators at a glance – December 2014

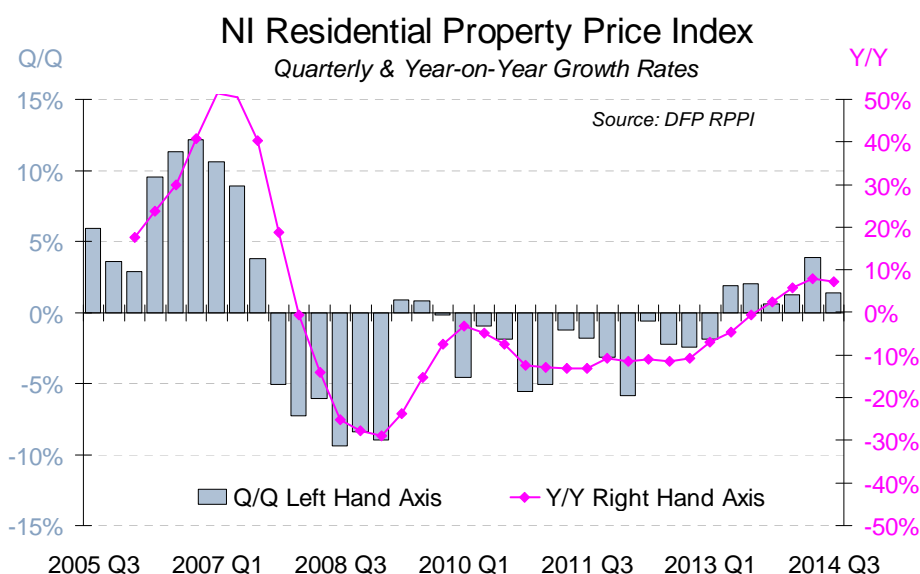
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NI's residential property prices post 6th successive quarter of growth

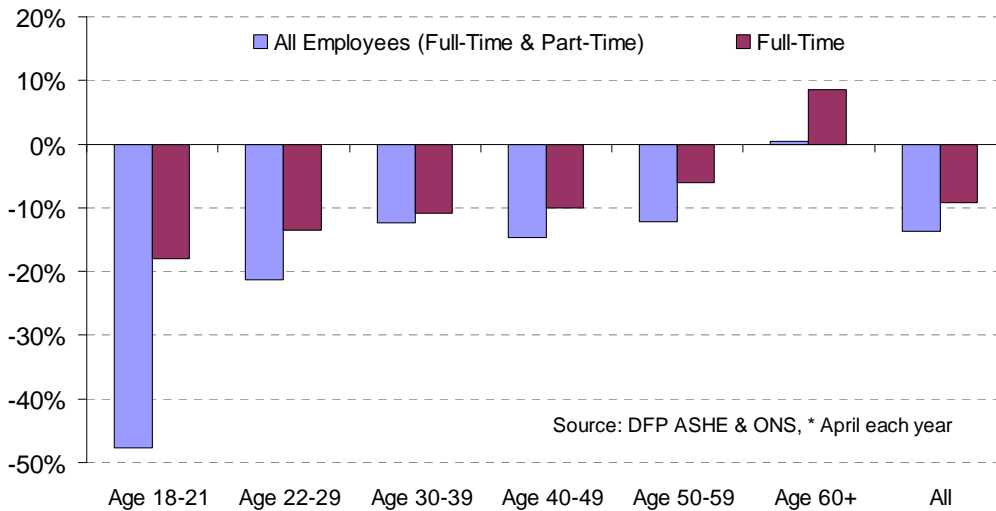
The latest Residential Property Price Index (RPPI) reported its sixth successive quarter of price rises. Residential property prices increased by 1% q/q in Q3 with prices some 7% higher than the corresponding period last year. Northern Ireland's residential property prices recorded a peak-to-trough decline of 57% between Q3 2007 and Q1 2013. Prices have subsequently risen by over 11%. As a result, Northern Ireland has recouped less than one-tenth (9%) of the peak-to-trough decline in prices with prices still almost 52% below their pre-downturn peak. From a wider economic perspective, the continued rise in transactions is a more significant signal that the recovery is strengthening. Residential property transactions in Q3 2014 (5,094) were 21% higher than the same quarter last year and represented the highest Q3 figure in 7 years. On an annual basis, the number of transactions has been rising steadily for three years with almost 19,700 transactions completed over the last 12 months. This is more than twice the number recorded at the low in the 12 months to Q2 2009 but 52% below the 'freak peak' recorded in 2006/07. 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 (29,000) would be desirable. This is almost 1/3rd above where transactions currently are. Further growth in house prices, and more importantly transactions, are expected in the year ahead.



The youngest generation post the steepest falls in earnings over the last 6 years

Since 2008, the median wage for all employees (*full-time & part-time*) in Northern Ireland has fallen in real terms by almost 14%. However, the younger age groups have experienced the steepest declines. The median wage of employees aged between 18-21 years of age has almost halved between April 2008 and April 2014. Those aged between 22-29 years of age and 30-39 years of age have experienced declines of 21% and 12% respectively. Employees in their 40s and 50s have seen their pay fall by almost 15% and 12% respectively. Meanwhile those employees over 60 years of age buck the trend and are the only age-group not to experience a real terms decline in earnings over this period (+0.4%). The huge fall in median earnings for those aged 18-21 years is largely explained by the changing composition of jobs (*a greater preponderance of part-time employment and lower job quality*). The decline in the wages of full-time employees is less severe but still significant. The decline for 18-21 year olds is 18%, 14% for those aged 22-29 years, around 10% for those in their 30s & 40s and just 6% for those in their 50s. Meanwhile those full-time employees aged 60 and over have seen their pay increase by 9% in real terms over the last 6 years.

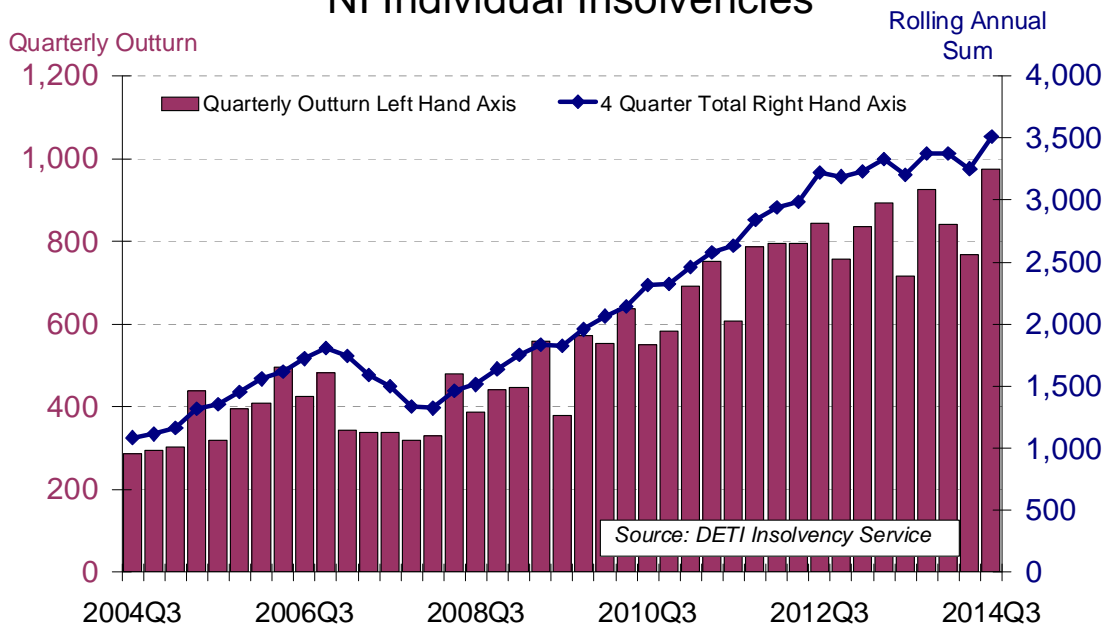
% Change in N.Ireland Median Annual Earnings Cumulative change in real terms 2008-2014*



Northern Ireland's personal insolvencies hits a record high in Q3 2014

Personal or individual insolvencies in Northern Ireland have more than doubled since 2007. The latest figures for Q3 2014, released last month, posted a 36% rise relative to the corresponding quarter last year. In the latest quarter, 975 individuals were either declared bankrupt (*or chose bankruptcy*) or entered into either an *Individual Voluntary Arrangement (IVA)* or a *Debt Relief Order (DRO)*. The latest increase was driven by a surge in IVAs with a record number (549) in Q3 2014. IVAs increased by 68% year-on-year in Q3 2014 with Bankruptcy Orders (303) up 20% over the same period. Meanwhile the number of DROs fell by almost 12% y/y. It is noted that the latest 4 quarter outturn (*to Q3 2014*) there were 3,510 individual insolvencies which is 134% above the level that prevailed in the 4 quarter period (*to Q3 2007*) that pre-dates the credit crunch.

NI Individual Insolvencies



Richard Ramsey,
24th November 2014

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