

Northern Ireland economy growing, but yet to recover 2007 lustre

Northern Ireland's economy is growing but has yet to recover to the record levels of output recorded prior to the economic downturn more than 15 years ago.

That's according to the latest official output data from NISRA (the Northern Ireland Statistics and Research Agency) which showed that in the second quarter of this year the NICEI, the closest Northern Ireland has to a GDP index, was just 0.2% below its maximum value notched up in the same quarter in 2008.

That's compared to UK GDP as a whole which, in the second quarter, was 16.2% *higher* than its pre-economic crisis peak. The news comes as the UK's financial stability is called into question following market turmoil in reaction to the recent mini budget.

Economic output across the UK is expected to be hit hard by the current headwinds facing businesses in the form of soaring inflation, interest rates and energy prices, all of which will likely put paid to any chances Northern Ireland had of regaining its lustre from before the economic crisis.

On a positive note, the index revealed the local economy had witnessed a 2.4% annual increase in the quarter to the end of June as businesses continued to recover from the impact of the Covid-19 pandemic.

The release from NISRA said economic activity increased steadily between 2013 and 2019 before the pandemic brought growth to a halt, but is back at its 15-year high.

All eyes will be on the release of NICEI data for the third quarter of 2022 which will give an indication of how the current headwinds have impacted the Northern Ireland economy.

The housing market will also come under scrutiny given the rising cost of borrowing and withdrawal of some mortgage products by lenders.

Latest data from Land and Property Services showed the average price of a house in Northern Ireland stood at £169,063 in the second quarter of this year, up nearly 10% on the year.

However, house prices in the province are still around 25% below the peak hit in 2007. That compares to UK as a whole where the average house price is more than 30% above pre-crisis levels.