

Northern Ireland house prices climb but momentum waning as inflation bites

Upward momentum in the Northern Ireland housing market is waning as the cost of living crisis begins to bite, but a lack of supply continues to underpin prices.

Those are the findings of the latest report from online property site PropertyPal which reported that the average price of a house in the province stands at £183,700, up 5% from the same time last year.

While prices broadly continue to head higher, the pace of growth has been pared as inflationary pressures have begun to impact household incomes. One council area – Belfast – reported a drop in average house prices of 0.5% to £193,200, the report said, while all other regions saw price rises.

PropertyPal economist Jordan Buchanan said the upward momentum will continue to wane for the remainder of the year.

“The opening quarter of 2022 has shown continued momentum in the market performance, albeit activity and prices have cooled considerably compared to last year,” he said. “An ongoing shortage of available properties will provide upward pressure on prices whilst demand remains strong, but headwinds are abound within the economic climate.

“Rising cost of living, higher mortgage rates and squeezed affordability alongside a weaker economic outlook suggest price growth will continue to moderate later in the year.”

The dwindling supply of properties has been highlighted by a sharp year-on-year fall of 17% in the number of houses advertised on the PropertyPal website with the bulk of those

located in the east of Northern Ireland around Belfast, Ards and North Down and Antrim and Newtownabbey.

More plentiful supply seems to have impacted prices with prices rising most sharply in Causeway Coast and Glens, up 12.5%, Mid and East Antrim, up 11.2% and Derry City and Strabane, up 9.1%.

Activity has also be hit, with the number of sale agreed properties falling 23% in the first quarter of 2022 compared to the same period in 2021, a period during which Northern Ireland was in partial lockdown.

Rents, meanwhile, continue to creep higher with annual rental growth pegged at 5.8% at an average of £711 a month, a level which remains elevated compared to income growth, Jordan Buchanan said.

“The rental market pressures remain at unsustainably high levels,” he said. “Rent inflation continues to outstrip wage growth and affordability pressures are growing, particularly for low-mid income households as the cost of living pressures take hold and are compounded by real term cuts to government support.

“The market dynamics continue to be driven by a significant supply shortage against a large pool of competing tenants with overall demand more than double pre-pandemic levels.”