

Northern Ireland house prices soften but supply tightness continues to underpin

The first signs of a retrenchment in the housing market has emerged from government data which showed property prices in Northern Ireland fell at the end of last year.

Latest data from Land and Property Service showed the average prices of a house in the province stood at £175,234 in the fourth quarter of 2022, a fall of 0.5% compared to the third quarter in July to September.

While prices may have eased back, the market is still strong in historical terms, up 10.2% on the fourth quarter in 2021 and in line with inflation.

A lack of new supply coming on to the market has been attributed to underlying strength in prices, a situation which doesn't look likely to ease anytime soon. Of note, the report also noted a 12% fall in new housing starts in 2022 to just 6,596 which, aside from Covid-19 pandemic-hit 2020 where construction was started on just 6,046 houses, is an eight year low.

Richard Ramsey, Chief Economist at Ulster Bank in Northern Ireland, said tight supply will continue to support the market.

"The squeeze on housing supply is set to continue/ intensify. Will offer support to house prices," he said. "Given rise in mortgage costs & lack of supply it is a case of survival of the richest."

In terms of regional variations, the most expensive property in Northern Ireland is in Ards and North Down where the

average price of a house stands at £201,171 while the lowest is Derry City and Strabane at £153,244.

The report by Land and Property Services, compiled in conjunction with the Northern Ireland Statistics and Research Agency, is based on property sales recorded by HMRC.

It follows two recent reports from RICS which said prices had eased higher and one by Progressive Building Society which said they had held steady.

Rising interest rates and concern about the health of the economy are said to be behind the tempering of the market's steady gains over the last few years.