

NOVEMBER 2024

Northern Ireland Residential Market Overview



SimonBrien

Contents

- 3** Summary
- 4** NI Residential Market Video Review
- 5** Economic Overview
- 8** Transaction Activity
- 10** Supply
- 13** Price Performance
- 15** Outlook
- 16** Contact



Summary

Northern Ireland's economy outperformed the UK economy post-pandemic, with output 8.1% higher in quarter two of 2024 compared to quarter four 2019.

Meanwhile, the UK economy grew by 2.4% during this period. In addition, the employment rate remained strong during the May to July period at 71.1%, while the unemployment rate persisted close to the record low.

The construction sector was the largest contributor to the Northern Ireland's economic growth during quarter two with output expanding by 4.2% during the three-month period. This is reflected in the residential completions figures which increased to 2,778 in the first half of 2024, 6% ahead of the same period in 2023.

Preliminary figures show that residential sales look set to surpass 2023 levels with transactions totalling an estimated 9,802 in the first half of the year.

Prices continued to trend upwards in the Northern Ireland market with average standardised prices rising by 3.6% during the second quarter of 2024 to reach £185,025 according to the latest NISRA House Price Index. On an annual basis this represents a 6.4% increase.

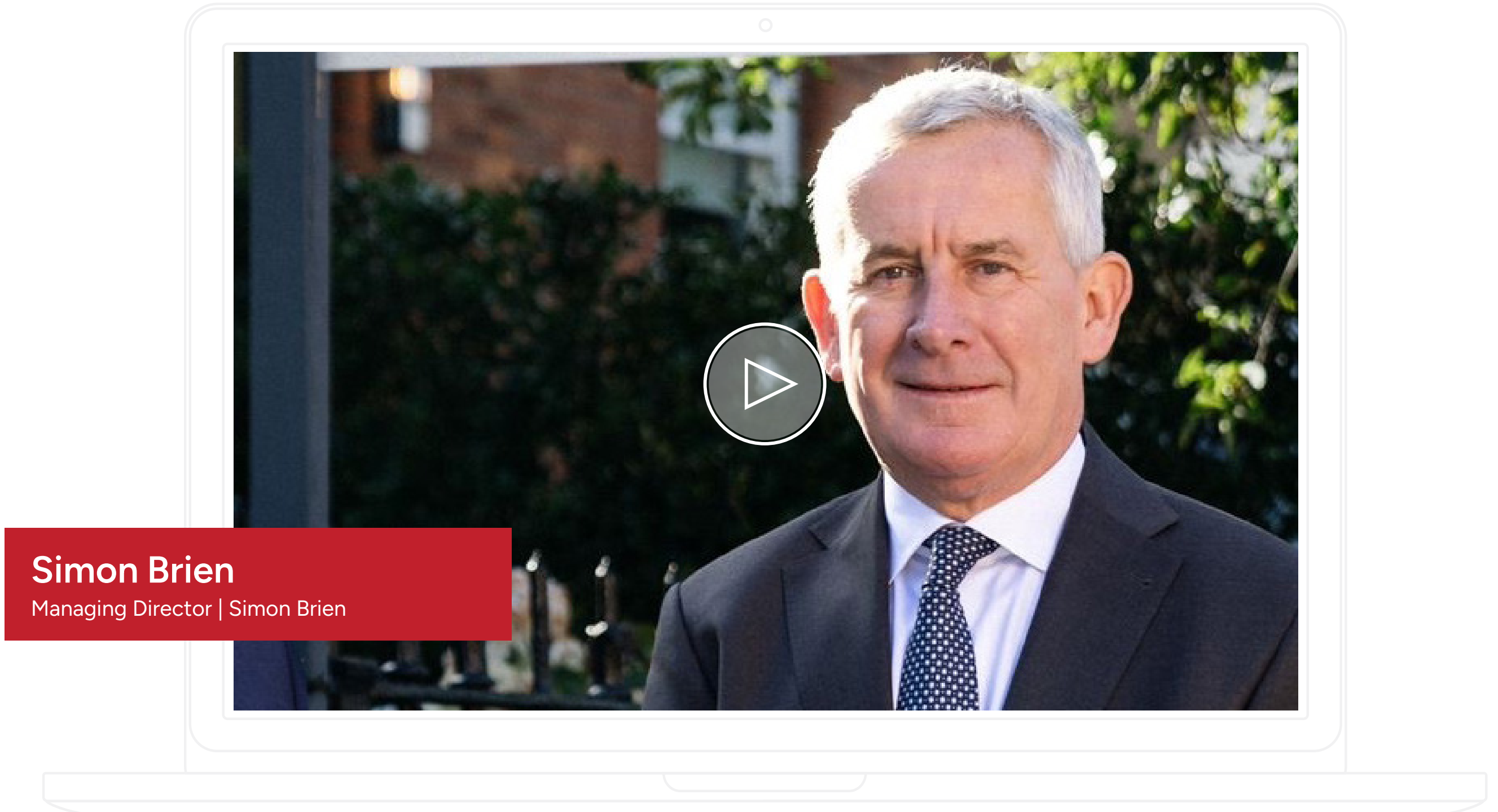
Looking to the future, lower borrowing costs are expected to further stimulate demand, however supply looks likely to remain below market requirements for the short term, which will continue to put further upward pressure on prices going forward.

Preliminary figures show that residential sales look set to surpass 2023 levels



NI Residential Market Video Review

Watch Simon Brien's video where he provides a brief review of the latest developments in the Northern Ireland residential market.



Economic Overview

Since the beginning of 2024, growth in economic activity, which is measured by the Northern Ireland Composite Economic Index and is broadly similar to GDP, has remained positive.

Latest figures from the Northern Ireland Statistics and Research Agency (NISRA) show that output expanded by 0.4% in quarter two compared to the previous three-month period and by 2.3% compared to the same quarter in 2023. In comparison, the UK economy recorded a 0.6% increase in real GDP during quarter two, with output 0.9% greater than the same period in 2023. This follows a relatively mixed performance in the Northern Ireland economy during 2023 with output contracting slightly during quarters two and four, while positive growth was recorded for quarters one and three.

Interestingly, a comparison with pre-pandemic output levels shows that the Northern Ireland economy has outpaced the UK economy in the intervening period. In quarter two, output in Northern Ireland was 8.1% above the pre-pandemic level. Output in the UK economy during quarter two was 2.4% higher than in quarter four 2019.

Behind the quarterly increase, the Construction sector made the largest contribution followed by the Services sector. In particular, Construction sector activity grew by 4.2% during the three-month period, while Services sector activity rose by 0.4%. In contrast, both Production and Agricultural output declined by 0.1% and 8.3% respectively. Public sector activity also decreased during the period contracting by 0.2%. The Construction and Services sectors have experienced significant expansion since the pandemic, with growth of 18.2% and 10.6% respectively since Q4 2019.

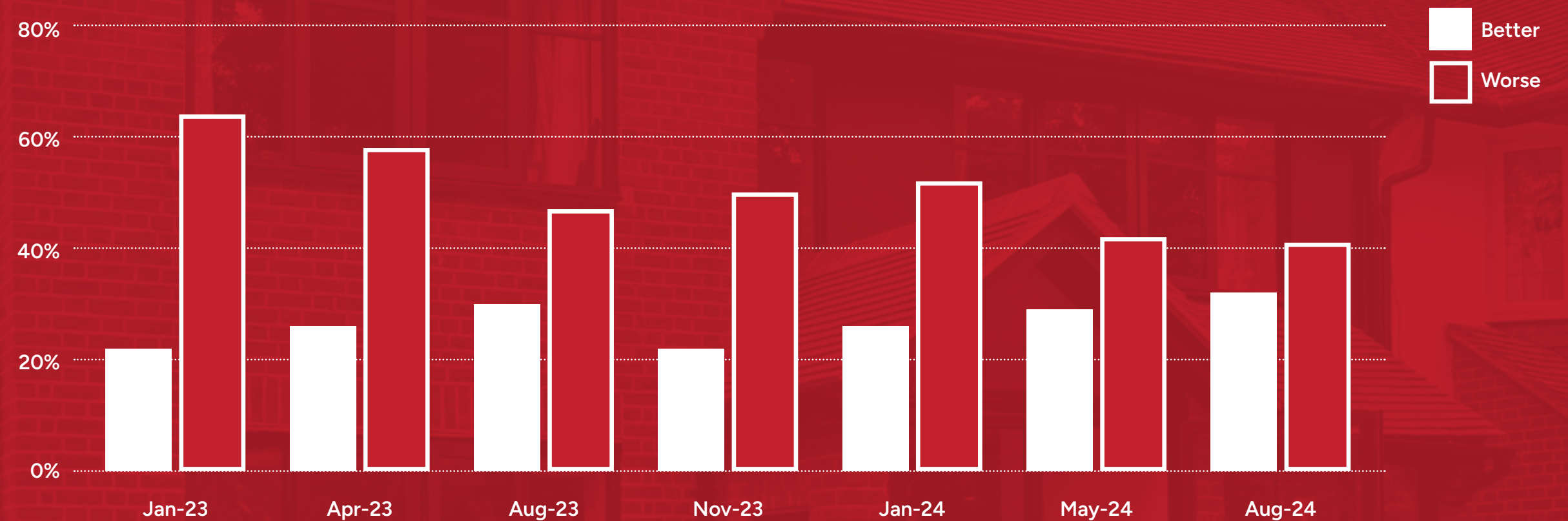
The labour market in Northern Ireland has been very constrained over the past number of years with the unemployment rate reaching historically low levels. The seasonally adjusted unemployment rate for those aged 16 years and over reached 2% between May and July 2024, just up from a record low of 1.9% recorded between April and June. This is the lowest rate recorded across all regions in the UK, and significantly below the post-2007/08 recession peak of 8.3% in early 2013. The rate is also below the pre-pandemic rate of 2.4% recorded between October and December 2019. Since then, unemployment rose to a peak of 4.5% between May and July 2021 during the pandemic, before gradually decreasing to its current level.

The employment rate for individuals aged 16 to 64 years remained strong during the May to July period, standing at 71.1%, although it must be noted that this remains below the UK rate of 74.8%. This reflects a relatively higher economic inactivity rate (individuals not working, not seeking work or unavailable for work) in Northern Ireland among those aged 16 to 64 years, which stood at 27.5% during the period. The comparable figure for the UK was 21.9%.

Consumer confidence in Northern Ireland improved between June and August 2024, according to the latest Credit Union Northern Ireland Consumer Sentiment Survey. Although consumers remain cautious about the broader economic outlook and their household finances, there has been a noticeable reduction in concern and negativity surrounding the cost of living and economic outlook in recent months due to lower inflation, reducing energy prices and interest rate cuts. Among respondents, 32% believe that the general economic situation will improve over the next 12 months, while 41% expect it to worsen, marking it the highest level of optimism recorded since the survey began in January 2023.

Figure 1

Views On General Economic Situation Over The Next 12 Months



Source: Irish League of Credit Unions / Core Research

In its most recent meeting in November, the Bank of England cut key lending rates by 25 basis points bringing the Bank Rate to 4.75%. This follows a reduction in the rate of annual inflation to reach 1.7% in September from 2.2% the previous month and falls below the target rate of 2%. The latest interest rate decision comes after an initial cut to key interest rates by 25 basis points in August, which followed a series of rate increases that began in December 2021 in an attempt to curb inflation. While inflation is expected to increase again this year, it is expected to return to the 2% target rate in the medium term, with further interest rate cuts anticipated in 2025.

In its most recent meeting in November, the Bank of England cut key lending rates by 25 basis points bringing the Bank Rate to 4.75%



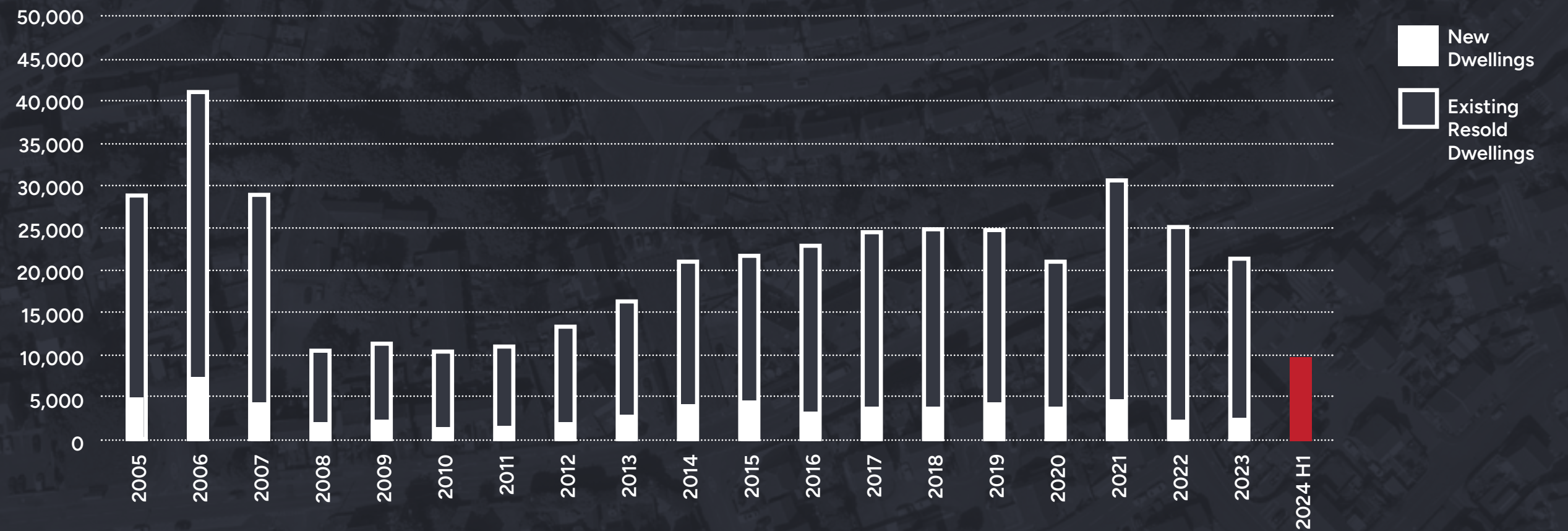
Transaction Activity

Residential transactions, based on stamp duty returns, show that a total of 21,585 properties were sold in Northern Ireland during 2023, a drop of 15% on 2022.

This reflects a considerable 17% reduction in second-hand home transactions during the year to reach 18,840. This was partly offset by a 10% rise in new home transactions during the period to stand at 2,745. The decline in total transaction activity in 2023, coincided with continued increases in key lending rates by the Bank of England throughout much of the year, with the Bank Rate peaking at 5.25% in August. This contractionary monetary policy negatively impacted affordability and consequently, deterred transaction activity.

That said, transaction activity picked up in the opening months of 2024 with 4,738 residential properties sold in quarter one, slightly ahead of the same period in 2023.

Figure 2
Residential Transactions 2005 - H1 2024



Source: NISRA

For quarter two, preliminary data shows a total of 5,064 residential sales, bringing the transaction levels in the first half of the year to 9,802, just 1% lower than the same period in 2023. In addition, it must be noted, that these figures will be revised upwards as the year progresses, suggesting that sales in the year to date are likely to surpass last year's totals.

The majority of transactions during the first half of the year consisted of house sales totalling 8,896 or 91%. This was slightly lower than the level recorded for the same period the previous year. The remaining 906 transactions comprised apartments, just 5% greater than the first half of 2023.

Belfast led transactions in the first half of 2024, accounting for more than a fifth or 2,019 of all sales. This was followed by Ards and North Down with a further 12% or 1,158 of total transactions. Armagh City, Banbridge, and Craigavon witnessed the largest reduction in sales compared to the corresponding period of 2023 with transactions down 10% to reach 1,049.

**Belfast led transactions
in the first half of 2024,
accounting for more than
a fifth or 2,019 of all sales.**



Supply

In line with trends witnessed across the UK, completion levels in Northern Ireland have been falling.

In 2023, figures from NISRA reveal that a total of 5,373 new dwellings completed construction, representing a significant 21% reduction on the 2022 level. This also marks the lowest level recorded since data collection started in 2005 and sits 30% below the historical annual average of 7,670 over that 19-year period. Below average completions were seen across both houses and apartments, with house completions down 23% on the 2022 level to reach 4,607 units, while apartment completions fell by 14% in the year to reach 766 units. It is likely that the hikes in the Bank of England's Bank Rate since December 2021, coupled with the strength of construction material price inflation during 2021 and 2022 contributed to elevated construction costs for new housing developments, which in turn led to a decline in new dwelling completions.

Development activity improved during the first half of 2024, with 2,778 residential units completing construction during the six-month period. This represents a 6% increase on the corresponding period in 2023. That said, this remains well below the long term H1 average of 3,745. Dwellings built for private owner/speculative development comprised the majority of total completions during the first half of 2024, totalling 2,432 units, while the remaining 346 units were social housing developments.

Development activity improved during the first half of 2024



Houses dominated completions in the first half of 2024, accounting for 2,373 completions. This represents a 3% rise from the first half of 2023. Apartment completions experienced notable growth in the first half of 2024, reaching 405 units marking a 25% increase compared to the same period the previous year. However, both house and apartment completions remain well below the long-term average.

Overall, 6 out of the 11 regions in Northern Ireland experienced an increase in completions in the first half of 2024 compared to the same period the previous year. Belfast saw the most significant growth, with completions increasing by 51% to reach 266.

An analysis of commencement data for 2023 suggests that housing output in the short term will remain below average. In particular, during 2023 the number of commencements reached 5,779, down 12% on the previous year and well below the long run annual average of 8,100 units. However, it should be noted that the situation has improved since the beginning of 2024, with 3,375 units commencing construction in the first half of the year, representing an increase of 15% on the corresponding period of 2023. Of these, 15% were attributed to new social housing developments. Houses accounted for 2,623 of total commencements, with the number slightly up on the same period the previous year. In contrast, apartment commencements during the first six months of 2024 stood at 752 units, more than double that seen in the first half of 2023.

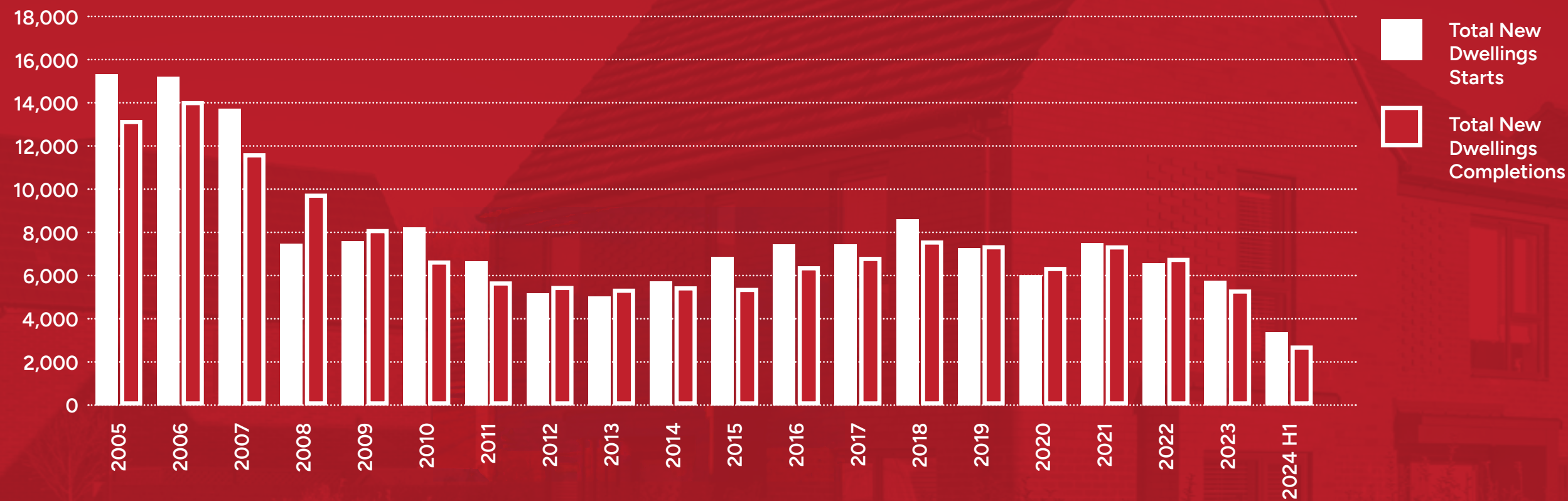
Table 1: NI Completions by Region, H1 2024

District Council	H1 2024 Completions	Change from H1 2023
Belfast	266	51%
Lisburn and Castlereagh	247	31%
Armagh City, Banbridge and Craigavon	446	23%
Fermanagh and Omagh	167	17%
Derry City and Strabane	245	13%
Mid and East Antrim	262	8%
Ards and North Down	198	-4%
Newry, Mourne and Down	251	-7%
Antrim and Newtownabbey	348	-9%
Causeway Coast and Glens	174	-11%
Mid Ulster	174	-27%

Source: NISRA



Figure 3
Annual New Dwelling Starts and Completions 2005 - H1 2024



Source: NISRA

Table 2: NI Commencements by Region, H1 2024

District Council	H1 2024 Commencements	Change from H1 2023
Lisburn and Castlereagh	484	98%
Fermanagh and Omagh	237	82%
Belfast	571	81%
Armagh City, Banbridge and Craigavon	473	27%
Causeway Coast and Glens	187	24%
Antrim and Newtownabbey	262	-2%
Mid and East Antrim	234	-9%
Mid Ulster	260	-10%
Ards and North Down	201	-13%
Newry, Mourne and Down	258	-15%
Derry City and Strabane	208	-44%

Source: NISRA

Five of the 11 districts in Northern Ireland saw an increase in commencements in the first half of the year compared to the same period in 2023. Lisburn and Castlereagh experienced the most significant jump, with commencements rising 98% to 484 units.

Price Performance

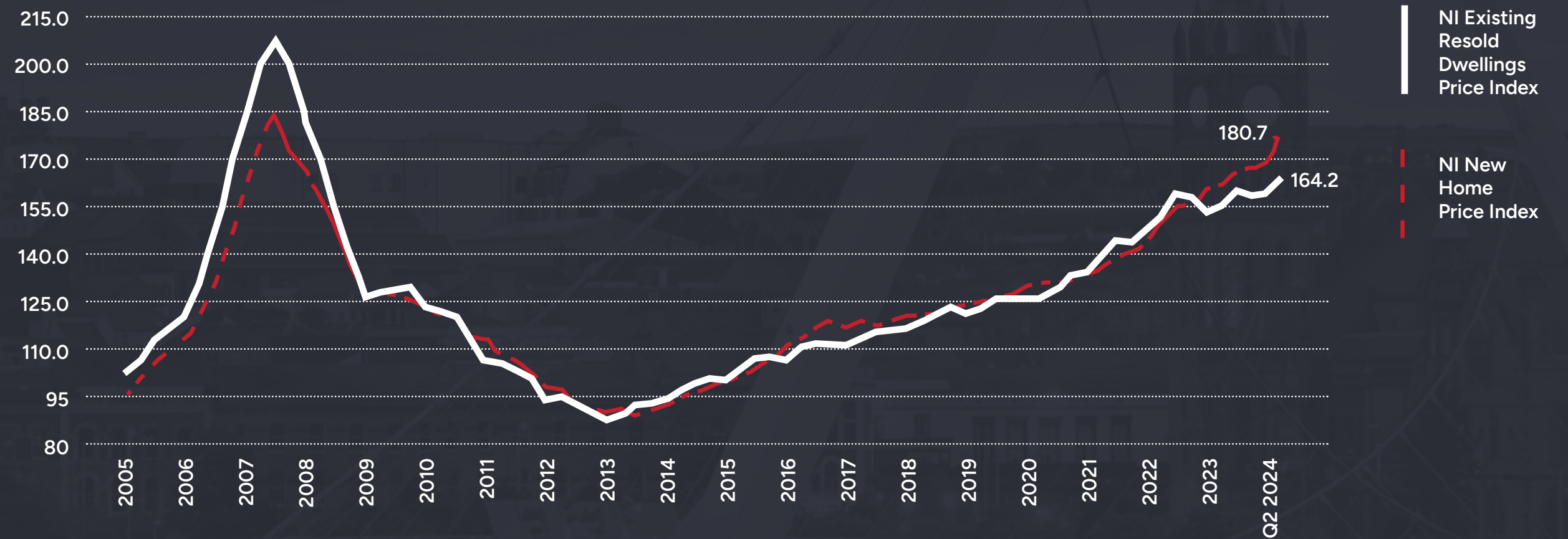
The latest NISRA House Price Index reveals that average standardised house prices rose by 3.6% in the second quarter of 2024 to reach £185,025.

This is substantially higher than the long-term average of 0.7% and marks the highest quarterly increase since Q3 2022.

On an annual basis there was a 6.4% increase. Average prices are now 90% above the lowest point recorded by the index in the first quarter of 2013. However, prices remain almost 18% below the peak of quarter three in 2007.

New dwellings saw the strongest growth rising by 6.4% in quarter two, and 10.8% in the year to reach a standardised price of £237,090. Existing dwellings rose by 3.2% during the quarter and 5.8% during the year to reach £174,223.

Figure 4
Northern Ireland Residential Property Price Index



Source: NISRA

New Homes £237,090
Existing Homes £174,223

Apartment prices in Northern Ireland are rising slightly faster than house prices. In the year to quarter two 2024, apartment prices increased by 7.7%, reaching a standardised price of £139,287. In comparison, house prices grew by 6.3% over the same period, with a standardised price of £196,365. Newry, Mourne and Down had the highest standardised house price growth of 8.9% reaching £211,630 in quarter two of 2024.

Apartment prices in Northern Ireland are rising slightly faster than house prices

Table 3: Standardised House Prices by Region, Q2 2024

District Council	House Prices Q2 2024	Change from Q2 2023
Newry, Mourne and Down	£202,524	8.9%
Armagh City, Banbridge and Craigavon	£165,470	7.6%
Antrim and Newtownabbey	£190,567	6.9%
Causeway Coast and Glens	£207,798	6.6%
Mid and East Antrim	£169,441	6.4%
Belfast	£168,054	6.3%
Fermanagh and Omagh	£169,489	6.3%
Lisburn and Castlereagh	£215,464	6.0%
Mid Ulster	£177,585	5.6%
Ards and North Down	£211,630	5.4%
Derry City and Strabane	£163,836	3.1%

Source: NISRA

Outlook

The Northern Ireland residential market witnessed a decline in both transaction activity and completions during 2023, which coincided with rising interest rates, higher living costs and relatively weaker economic performance.

However, since the beginning of 2024 completion levels have increased compared to the previous year, while transaction activity looks set to surpass 2023 levels reflecting positive economic activity and the current downward trend in borrowing costs.

Despite the recent improvement, the level of completions and commencements recorded for the first half of the year remain below average. In addition, a 2022 report by the Northern Ireland Housing Executive estimated that 6,370 units would be required per annum between 2022 and 2035 to meet demand, including the backlog of housing needs. Recent completions and commencement data suggests that these targets will not be met in the short term, putting further upward pressure on prices.

Growing shortages of accommodation in the market are highlighted by the number of households on the social housing waiting list standing at 47,936 at the end of June 2024, an increase of 6% on the same period in 2023. The Northern Ireland Housing Executive recently announced that it would only be able to deliver 400 social housing units in the 2024 to 2025 period due to a considerable funding shortfall. This is significantly below its target of 2,000

homes, suggesting that further increases in the numbers awaiting social housing are likely, putting further strain on the market.

In addition to this, it has widely been reported that an inadequate wastewater infrastructure is hampering the development of new homes. This, coupled with record low levels of unemployment limiting the capacity to expand the construction workforce will make it difficult to increase supply levels in the short term.

On a positive note, interest rates now appear to be on a downward trajectory with further rate cuts by the Bank of England anticipated in 2025. This expansionary policy is expected to continue in the medium term according to forecasts published by the Bank of England with rates predicted to reach 4.2% by Q3 2025 and 3.8% by Q3 2026. This will help improve affordability for purchasers and stimulate demand in the market, which if not matched by supply will put further upward pressure on prices.



Contact

Sean Cadogan

Economist, Researcher
Sherry FitzGerald Group

sean.cadogan@sherryfitz.ie
+353 (0)1 237 6300

Jean Behan

Senior Economist, Head of Research
Sherry FitzGerald Group

jean.behan@sherryfitz.ie
+353 (0)1 237 6300

Jane Dunne-Terry

Economist, Researcher
Sherry FitzGerald Group

jane.dunneterry@sherryfitz.ie
+353 (0)1 205 1231

Simon Brien FNAEA

Managing Director
Simon Brien

simon.brien@simonbrien.com
+44 (0)28 9066 8888

Samuel Dickey MRICS

Director
Simon Brien

samuel.dickey@simonbrien.com
+44 (0)28 9059 5555

Thomas O'Doherty MRICS

Director
Simon Brien

thomas.odoherty@simonbrien.com
+44 (0)28 9066 8888

CONFIDENTIALITY CLAUSE

This information is to be regarded as confidential to the party to whom it is addressed and is intended for the use of that party only. Consequently and in accordance with current practice, no responsibility is accepted to any third party in respect of the whole or any part of its contents. Before any part of it is reproduced, or referred to, in any document, circular or statement, our written approval as to the form and context of such publication must be obtained.



SimonBrien

Proudly part of



simonbrien.com | [f](#) [@](#) [▶](#) [in](#)