



Overall the latest CML figures show signs of improvement within the local mortgage market. However, the recovery still has a long way to go within certain segments of the market.

Northern Ireland posted its fourth consecutive annual rise in mortgage activity last year with a relatively modest 2% gain. This compared favourably with the UK, where activity was flat. However NI's rise last year followed a 29% increase in mortgage activity in 2014.

Since the post-recession low in 2011, the number of Northern Ireland mortgages issued has

increased by 49% (UK +33%). Mortgage activity is now at an 8-year high. However, perspective is important. The volume of loans issued last year was just over half the level issued a decade ago.

Northern Ireland's first-time buyer market has experienced a much stronger recovery than the home-mover market. The latter's recovery has been thwarted by the legacy of negative equity.

The number of first-time buyer mortgages fell by just over 1% last year. UK FTB activity was flat. The number of first-time buyers in Northern Ireland has increased by 155% since the low in 2008 (UK +62%). Despite this strong recovery, the 7,400 FTB mortgages last year was just 75% of the level recorded a decade ago (2005). The peak in NI first-time buyer mortgages was 18,300 in 2001.

Ten years ago the first-time buyers' share of the NI mortgage market was just 36%. Last year it stood at 56%. Northern Ireland and London are the only two regions in the UK to have a greater proportion of first-time buyers than home-movers.

For Northern Ireland this isn't so much a sign of a healthy FTB market but an unhealthy home-mover market with abnormally low levels of activity. The local home-mover market has witnessed a 47% increase in mortgages (UK +16%) since its low in 2012. However, the volume of loans in 2015 was just one-third of the level recorded a decade ago. This compares with an equivalent figure of 60% for the UK.

Negative equity has restricted the volume of home-owners wishing to, or rather able to, trade up. Meanwhile the lack of house building over the last 7 years has reduced the supply of properties for those affected by negative equity.

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