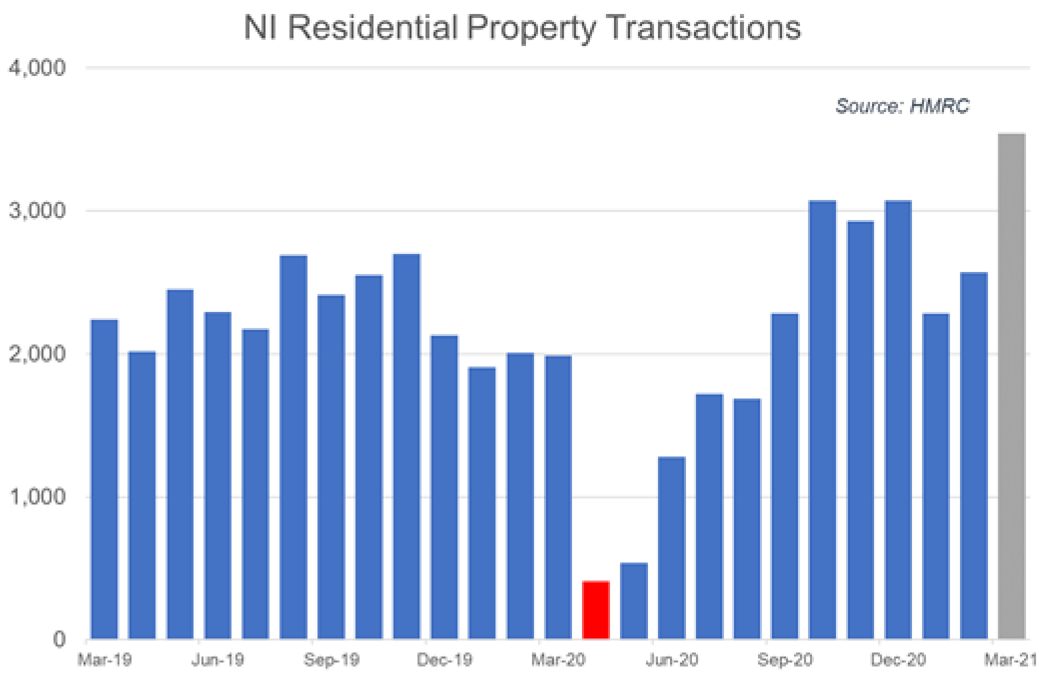
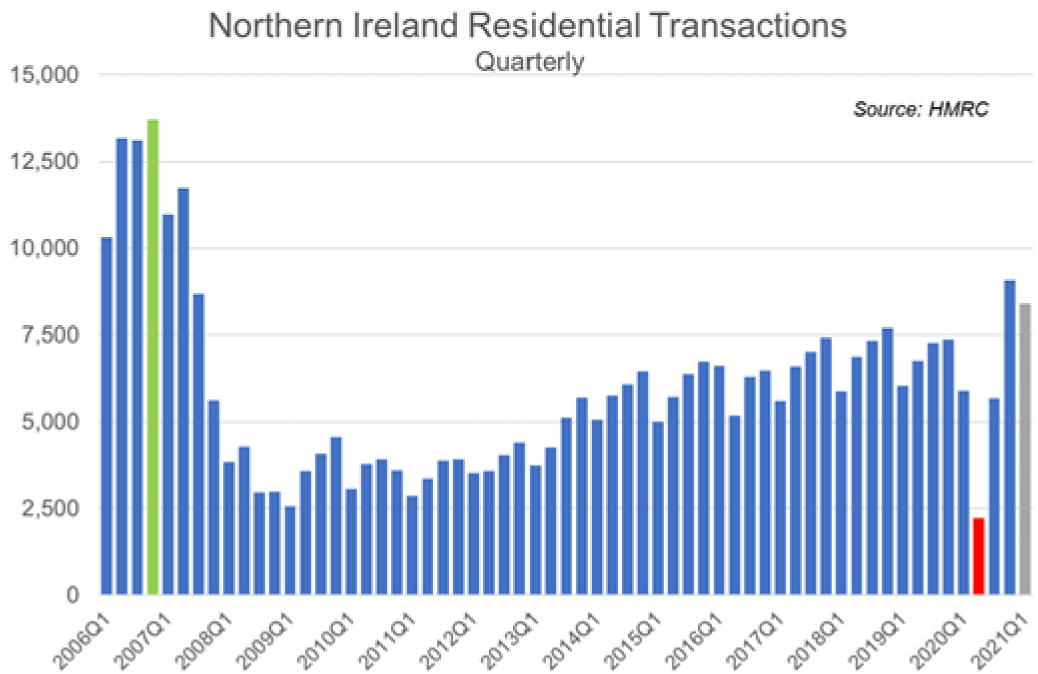
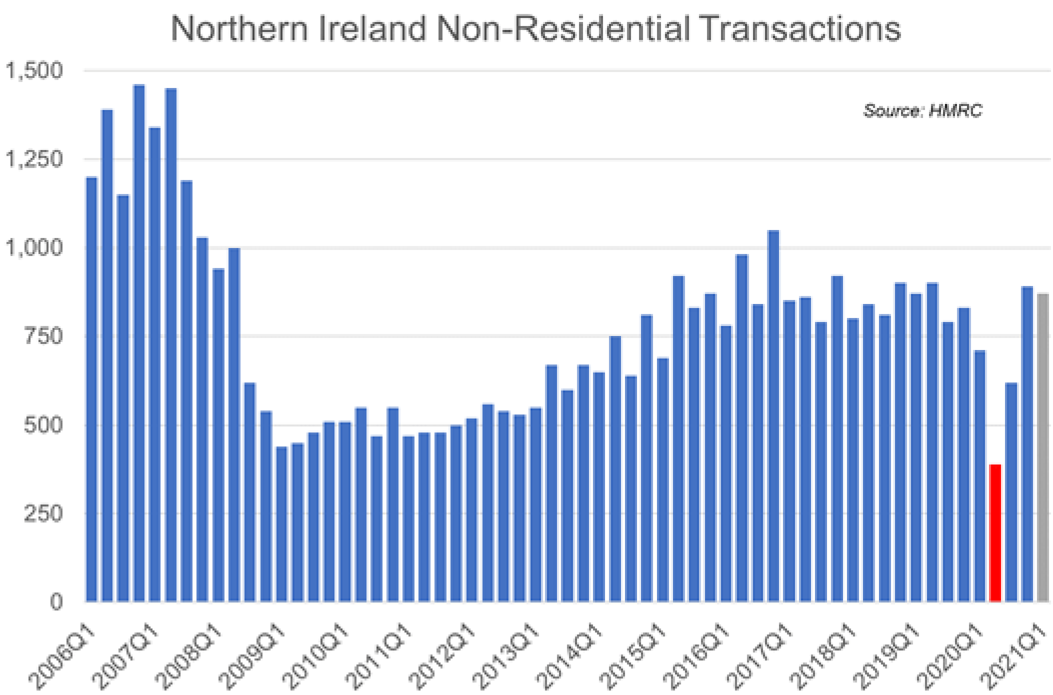
Boom times are back? March has been a bumper month for property transactions with local estate agents experiencing sales volumes not seen since 2007/08. Unlike the last property boom, the surge in activity is largely catch-up from the lockdown-induced record slump in Q2 last year (-67% y/y). The pent-up demand has been boosted by fresh demand from outside of Northern Ireland stemming from the post-COVID-19 opportunities of working from home. A temporary reduction in the stamp duty land tax has also provided an added incentive for the more expensive and typically larger properties.

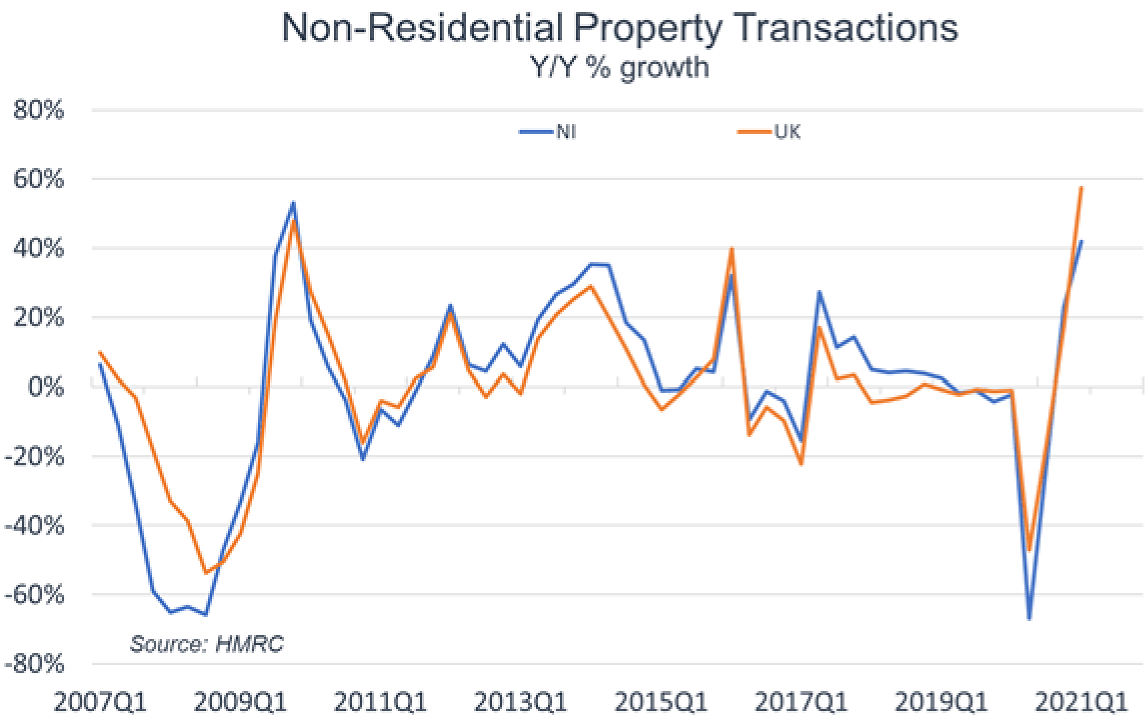
- 

- 

14-year high. The latest HMRC data revealed there were 3,540 residential property transactions in March, marking a rise of 78% y/y (UK = +102% y/y). Significantly it was also the best month for sales since June 2007 – just before the local property bubble was pricked. March's figures follows five months of very strong activity with the monthly sales figures consistently hitting 14-year highs. Residential sales in the first quarter (8,390) were down almost 8% relative to Q4 2020. However, they were 42% higher than the corresponding quarter last year and marked the best start to a year since 2007. Looking at the last 12 months to March, there were 25,380 residential sales. That represents an increase of 20% relative to August's low but remains 8% below 2019's total.

Non-residential property , which includes the commercial / industrial sector, also reported a surge in activity. The 420 transactions in March represented the highest monthly total since April 2008 and represented a rise of 50% y/y (UK = +53%). That took the quarterly total to 870 (+23% y/y, UK = +13% y/y) which matches the total in Q1 2019. Looking at the last 12 months to March, there were 2,770 non-residential sales. That is up 10% from October's low but remains 18% below 2019’s total.

- 



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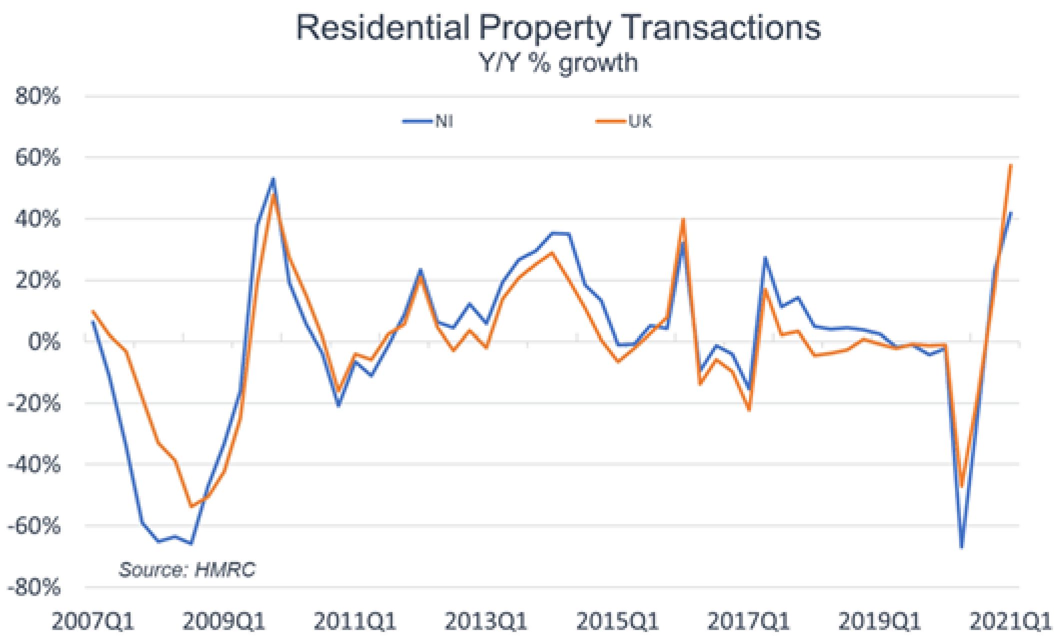
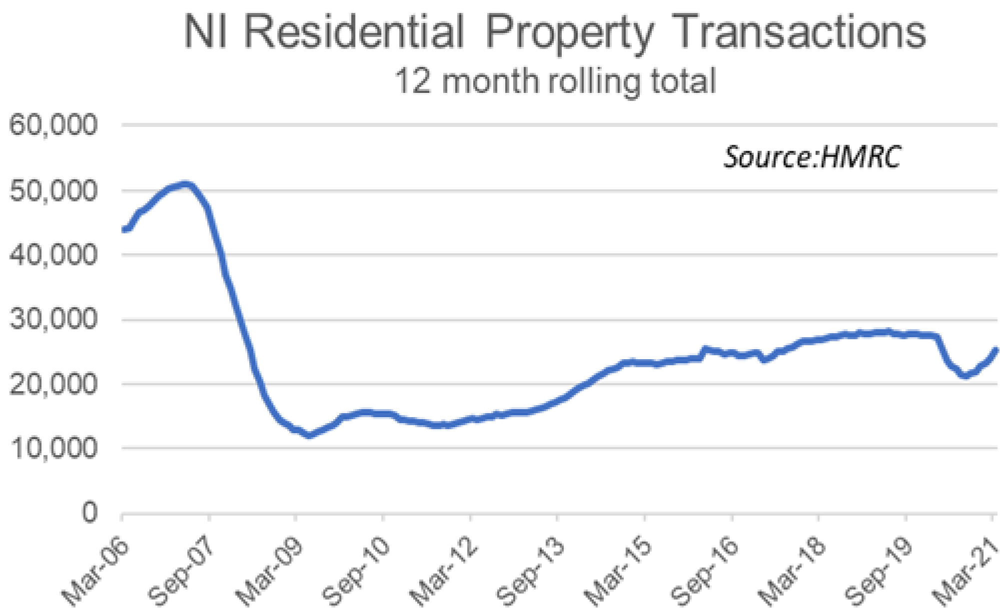
Slowdown ahead. The residential property market is expected to see a slowdown in activity in the months ahead as pent-up demand fades and supply constraints (limited stock) begin to bite. Meanwhile the non-residential market will have to adapt to the post-COVID and Brexit worlds. For office and retail space the problem could be one of oversupply while undersupply of suitable property could be a limiting factor within the industrial market.



- 

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Mega-growth rate warning. However, we should brace ourselves for some startling year-on-year growth rates in April and for Q2. Given that there were only 410 residential sales in April 2020 (-80% y/y), that is the base from which April 2021 year-on-year comparisons will be made. With sales expected to fall within the range 2,500-3,500, that will equate to year-on-year growth rates of between 500-750%!!! Therefore hearing growth rates of several hundred percent in the coming weeks should be treated with caution. The huge increases will largely be a reflection of how bad the corresponding month / quarter was last year rather than how strong activity is this year.