



PAPER 1

The Northern Ireland Economy – An Overview

**NORTHERN IRELAND HOUSING
MARKET REVIEW** 2024/25

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Foreword

I am delighted to introduce this first edition of our refreshed Northern Ireland Housing Market Review, which we are pleased to re-establish as an annual publication and a resource for the collation and dissemination of housing-related data.

In developing the new format, the Housing Executive's Research Team consulted with colleagues and stakeholders in the housing sector; we are grateful for their input, and that of the editorial team, which provided both feedback and content.

Alongside this report, a series of data tables will be made available, which will allow for all data contained in the publication to be downloaded and used by the reader. These data tables will be updated throughout the year, as and when new figures are released.

This report is published against a backdrop of acute housing supply challenges, however we welcome the specific priority attached to housing supply in the new Programme for Government, coupled with the Housing Supply Strategy. It places important emphasis on the development of the right kind of housing in the right places. As well as providing much-needed homes for those in housing need, this focus on delivery will also make a significant contribution to the local economy and the stability of the construction sector for years to come. Reducing homelessness and housing stress are a key NI Executive priority with a welcome focus on prevention and collaboration across departments.

Our mission – as set out in our Corporate Strategy for 2025/26 – 2027/28 is to ensure that housing helps resolve some of our greatest challenges. Through good housing, we aim to help end health inequalities, prioritise early intervention and prevention, protect our communities from climate change, and drive sustainable economic growth.

We are ambitious about what can be achieved over the next ten years. As we plan future activities, the data, research and information brought together in this comprehensive document provides a critical evidence base for us as an organisation. We trust that it will also be a useful reference point for our partners and stakeholders across and beyond the housing sector.

Grainia Long
Chief Executive

Introduction

The Northern Ireland Housing Market Review consists of a series of papers covering a range of housing topics, market data, analysis and commentary which is designed to provide important background and contextual information for the development of housing strategies and housing policy as well as direct intervention in the housing market.

It draws together key statistics compiled by the Housing Executive, Government departments, universities, and the private sector. The intention is that this document will become an annual publication and will contribute to the formation of the Housing Executive's Corporate and Business Plans, thereby helping to guide the organisation's intervention in the housing market and providing an important means of monitoring the strategic impact of this intervention.

Papers 1 & 2 (Economic Overview and Review of NI households) provide a summary of trends in the economy and key demographic indicators from the most recent Census (2021).

Papers 3, 4 and 5 (House Sales and Affordability, Private Rented Sector and Affordable Housing) examine trends and developments in each of the three main housing tenures: social housing, the private rented sector and owner occupation. Each paper highlights the key issues emerging from the analysis, research gaps and the strategic perspective.

Paper 6 provides an overview of the assessment of housing need.

Paper 7 focuses on the development process for the new Housing Supply Strategy.

Additional papers will be released over the coming months via the Housing Executive website.

I would like to take this opportunity to extend my thanks to the editorial team members and our team of Housing Executive researchers who have dedicated considerable time to the production of this report and associated data tables. I hope you find the papers of this report useful and informative.

Ursula McAnulty
Head of Research

Acknowledgements

We would like to thank the members of the editorial team and all those who contributed to the compilation of the data and commentary contained in the Northern Ireland Housing Market Review 2024/25.

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The content of this report does not necessarily reflect the official opinion of the Housing Executive.

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Key Data



1.6%

1.6% annual increase in economic output
(Q1 2024/25)



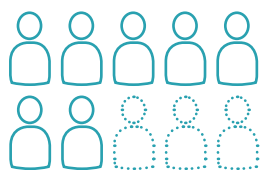
3.6%

3.6% annual increase in construction output
(Q1 2024/25)



4.1%

4.1% increase in housing output
(Q1 2024/25)

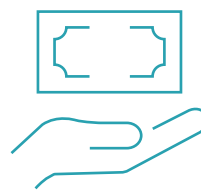


71.7%

employment rate
(Q1 2024/25)



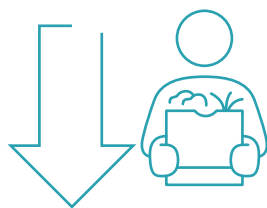
Decrease in confirmed redundancies during 2024/25



Inflation has **increased** over the year
(3.4% as of May 2025)



Interest rates are decreasing slowly
(4.25% as of June 2025)



15%

15% annual decrease in food parcels distributed across NI



72%

72% of households using local **food banks** during 2024/25 were families with children



Lowest levels of food security are found in the **social housing sector**

1. The Northern Ireland Economy – An Overview

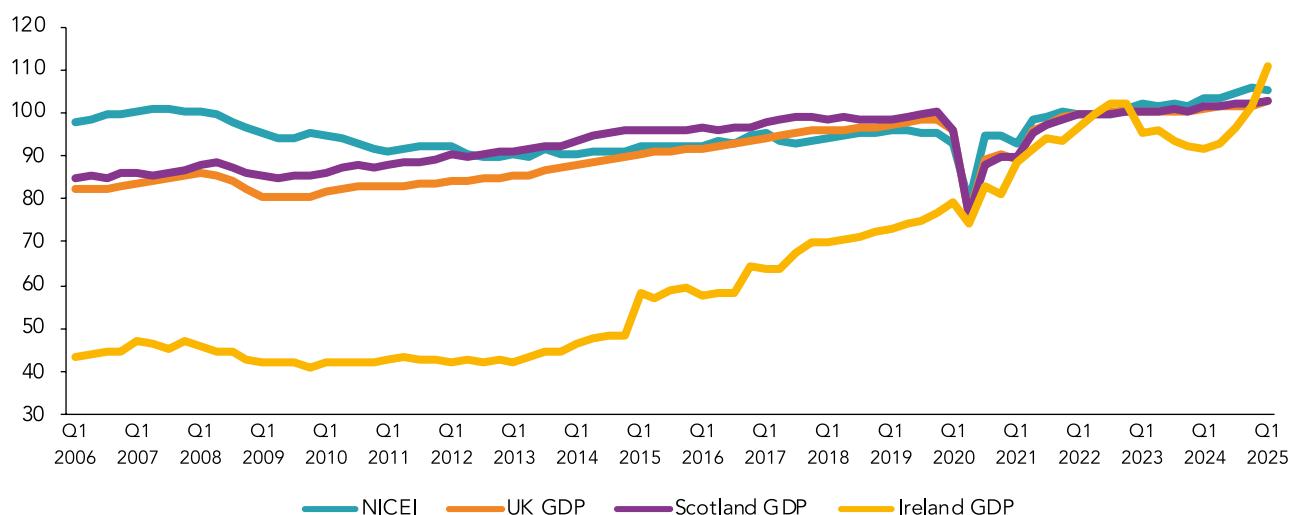
Author: Patrice Reilly, Senior Research Officer, Housing Executive's Research Unit

Much has happened over the past 12 months to suggest an emerging world of increased economic risk and instability. The introduction of tariffs between the US and other countries has added to a dramatic change in geo-politics which is challenging the global economic system and dampening growth across the United Kingdom (UK) and European Union (EU). The World Bank has projected a slowdown in global growth in 2025 to 2.4% and the UK remains in a sustained period of low growth with predictions of around 1% growth during 2025. UK inflation remains above target at 3.4% and while UK interest rates have been following a downward trajectory, the descent is at a very slow and cautious pace. The Northern Ireland economy finds itself at a crucial juncture, influenced by both regional dynamics and global macroeconomic conditions. Understanding the broader economic landscape is essential for navigating the challenges and opportunities that may lie ahead.

Economic Growth in Northern Ireland

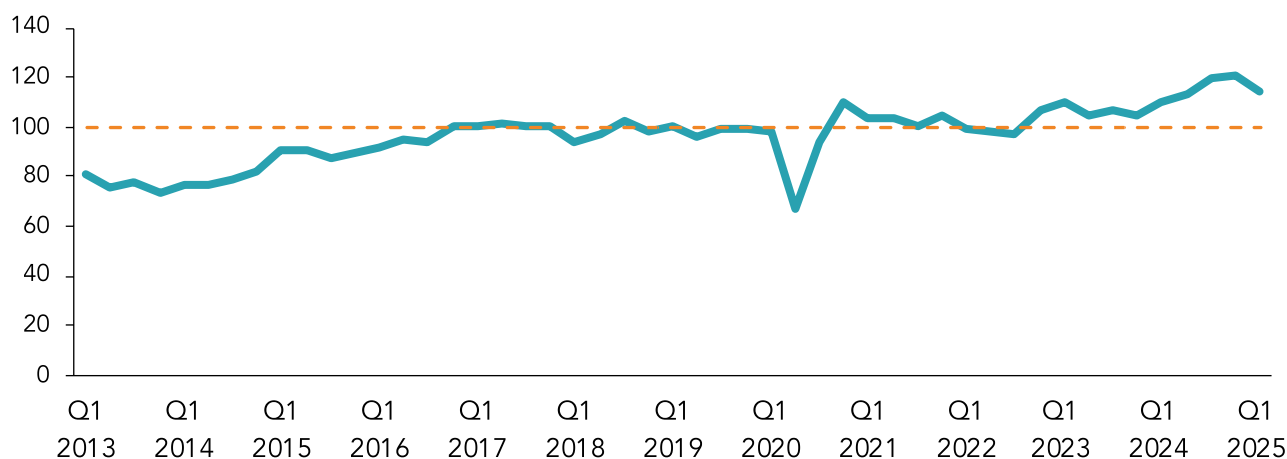
The Northern Ireland Composite Economic Index¹ (NICEI), produced by NISRA on a quarterly basis, tracks local economic output. During 2024/25 economic output increased by 1.6% over the year (Q1 2024 – Q1 2025). Growth has primarily been driven by an increase in services sector output and, to a lesser extent, the production and construction sectors. The local economy is also supported by a large public sector. A NICEI series high point of 105.8 was reached during Q4 of 2024, followed by a dip of 0.6% in Q1 2025. Growth has been stronger in Northern Ireland since the pandemic with growth of 10% since Q4 2019, compared to growth of 4.1% across the UK for the same period. Overall, the data suggests that the Northern Ireland economy has recovered well from the economic shock of the pandemic and global economic slowdown and has shown resilience, performing better than the UK economy over the year. However, inflation, high interest rates and living costs continue to restrict growth across the UK for the foreseeable future.

¹ <https://www.nisra.gov.uk/statistics/economic-output-statistics/ni-composite-economic-index>

Figure 1.1: NICEI comparisons with UK, Scotland & Ireland GDP, Q1 2025

Source NISRA: NICEI Economic Bulletin

Focusing in on construction output², over the last two years there has been a clear upward trend in output with a 3.6% annual increase during 2024/25 (Q1 2024 – Q1 2025). There has also been a marked recovery from the impacts of the pandemic with output approximately 15.5% higher by Q1 2025 than pre-pandemic levels in 2019. Despite a drop in construction output during Q1 2025 (114.2), there has been significant positive growth over the year. Implementation of an energy transition policy and the Housing Supply Strategy could further boost investment in the construction sector.

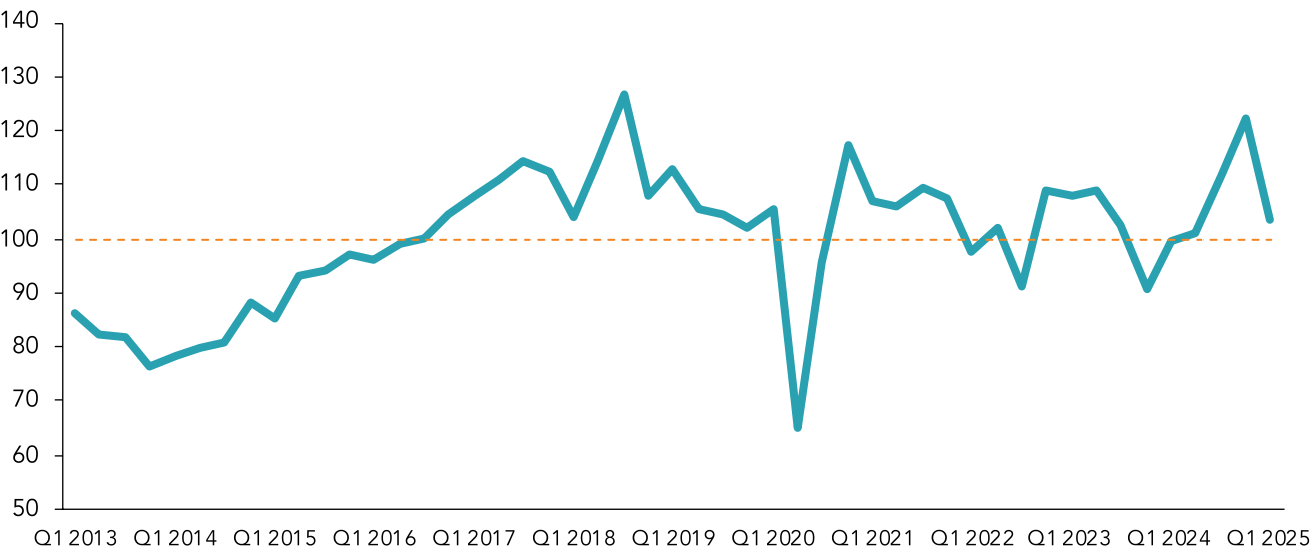
Figure 1.2: Volume of Construction Output in Northern Ireland (2013 – 2025)

Source NISRA: Construction Output Statistics

² <https://www.nisra.gov.uk/statistics/economic-output-statistics/construction-output-statistics>

Housing output, which accounts for approximately 30% of all construction output³, has increased over the past year (Q1 2024/Q1 2025) by 4.1%, peaking at 122.1 during Q4 2024, before decreasing during Q1 2025 to 103.7. Looking at the different components of construction output, Repair and Maintenance works increased by 12.7% over the year (Q1 2024/Q1 2025) while Infrastructure and New Work output both decreased slightly over the year.

Figure 1.3: Volume of Housing Output in Northern Ireland (2013 - 2025)



Source NISRA: Construction Output Statistics

Table 1.1: Annual changes in Construction Output by Sector

Q1 2025	Overall Construction	New Work	Repair & Maintenance	Housing	Infrastructure	Other Work
Index	114.2	99.8	140.9	103.7	116.7	121.9
Annual change	3.6%	-2.2%	12.7%	4.1%	-2.5%	8.3%

Source NISRA: Construction Output Statistics

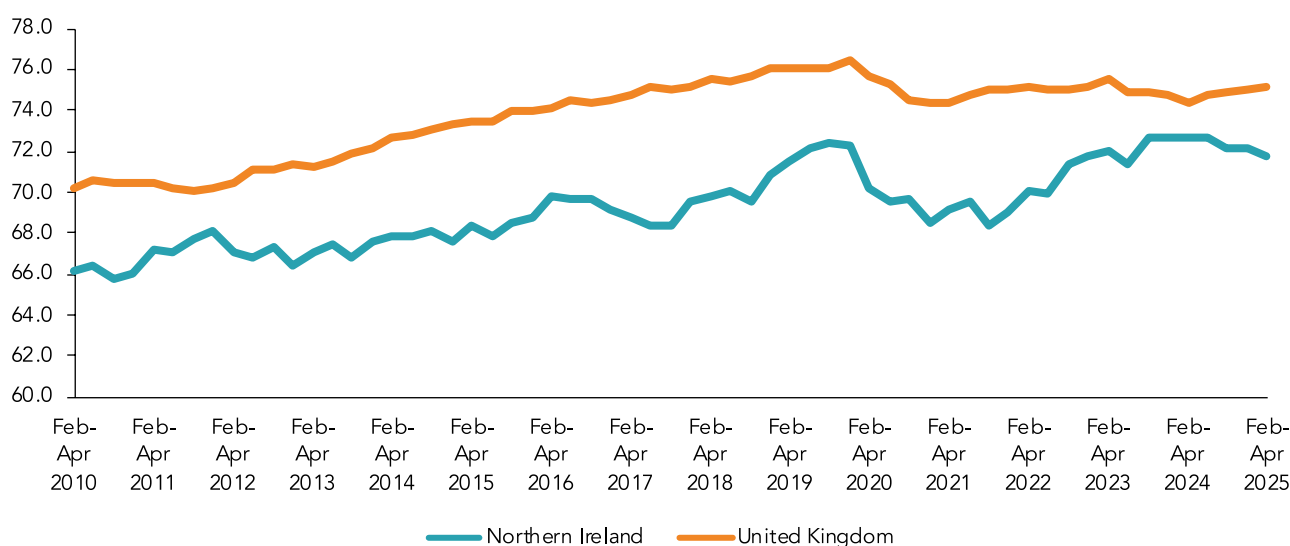
³ Construction activity measured includes new work, repair & maintenance, housing and infrastructure. Please consult the construction bulletin for further information; <https://www.nisra.gov.uk/statistics/economic-output-statistics/construction-output-statistics>

The Local Labour Market

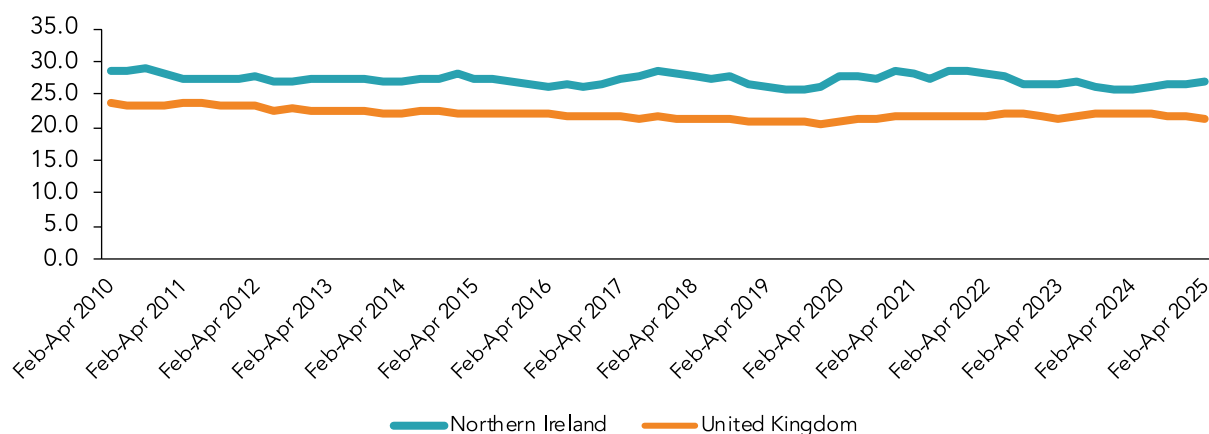
The employment rate in Northern Ireland decreased slightly during Feb-April 2025, reaching 71.7%⁴. Overall, the employment rate has been increasing over the last 15 years until quite recently. A slight downturn during Aug-Oct 2024 has continued into 2025, however the overall recovery of the labour market in Northern Ireland post-pandemic has been very positive. In comparison, the UK employment rate was 75.1% during Feb-Apr 2025, and is consistently higher than Northern Ireland.

There is considerable focus on the level of economic inactivity in Northern Ireland which is higher than the UK level at 26.9% (21.3% in UK) as of Feb-April 2025. Generally, there has been a very modest (almost inert) downward trend in economic inactivity in Northern Ireland over the last 15 years, however this decrease has been very uneven/variable. The most common reason given for economic inactivity in those aged 16-64 in Northern Ireland was 'long term sickness' (38.3%, Feb-April 2025), which has increased since the pandemic. Overall, Northern Ireland has the second highest rate of economic inactivity across the 12 UK regions.

Figure 1.4: Northern Ireland & UK Employment Rate (Aged 16-64), Feb-April 2025

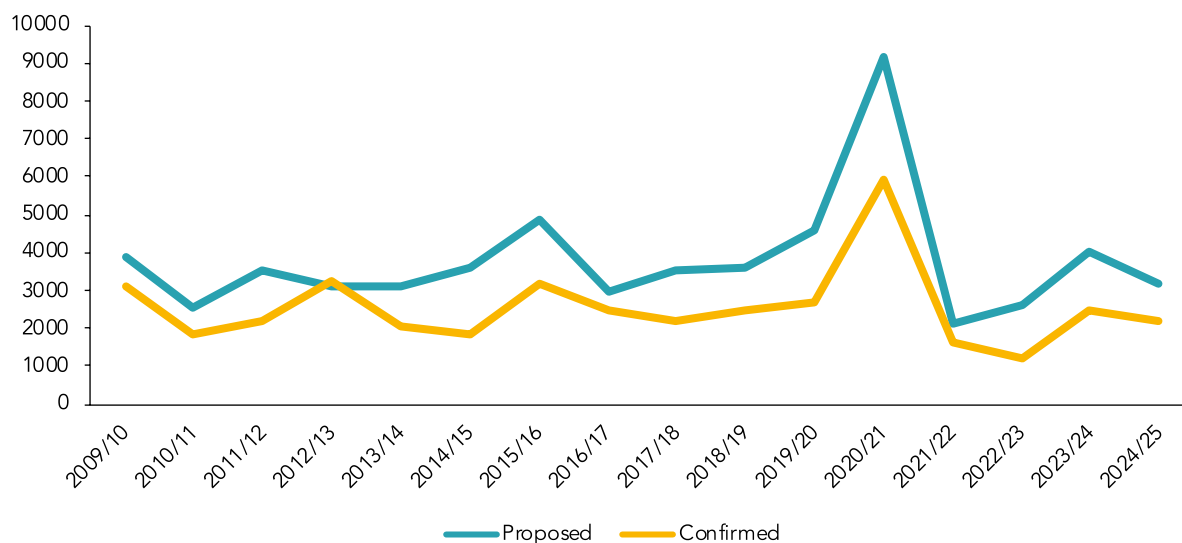


Source: NISRA/Labour Force Survey

Figure 1.5: Northern Ireland & UK Economic Inactivity Rate (Aged 16-64), Feb-April 2025

Source: NISRA/Labour Force Survey

The Labour Force Survey recorded 2,170 confirmed redundancies during 2024/25, a decrease of 300 redundancies compared to the previous year. Similarly, there was a decrease in proposed redundancies (3,200) compared to the previous year (4,040 in 2023/24). Two fifths of proposed (41.1%) and confirmed (44.5%) redundancies during 2024/25 were in the manufacturing sector and a further fifth of confirmed redundancies (18.2%) were in the education sector.

Figure 1.6: Northern Ireland Redundancies (Confirmed and Proposed) (2009/10 - 2024/25)

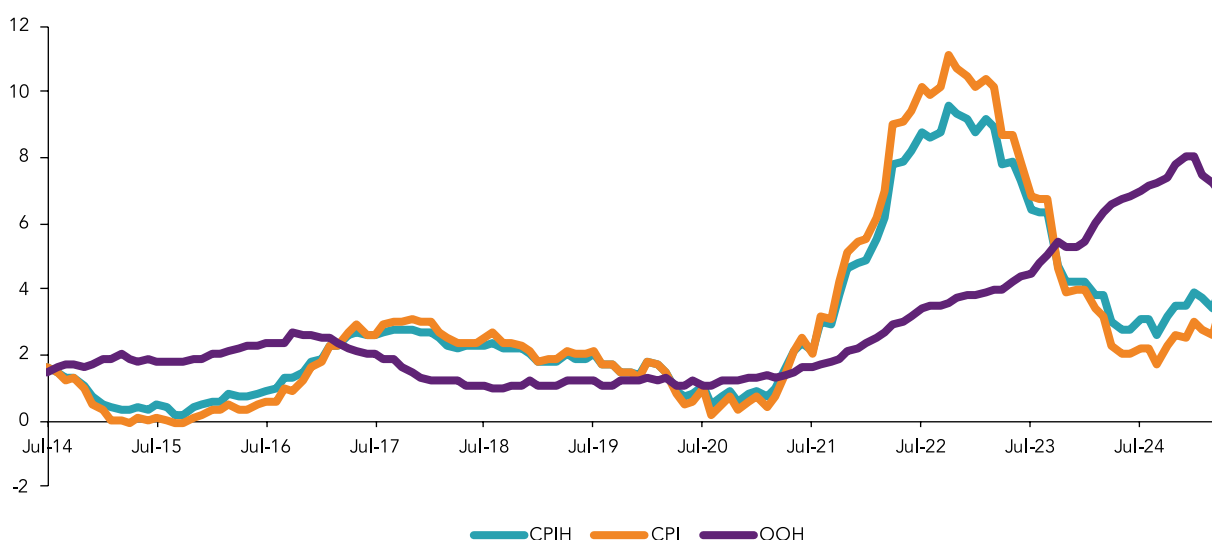
Source: NISRA/Labour Force Survey

It is also worth noting that redundancy statistics provided only record data on businesses with 20 or more employees and therefore will not reflect the job losses from smaller businesses which are highly vulnerable at this time. In fact, the majority of businesses in Northern Ireland are micro businesses with less than 10 employees. Local high streets have experienced significant change since the pandemic and cost of living crisis, with small businesses, including retail and hospitality, particularly impacted. The loss of larger anchor retailers in town centres and local bank branches has also changed the local high street.

Inflation and Interest Rates

Inflation is the rate of increase in prices over a given period of time. UK inflation is measured by tracking the prices of hundreds of everyday goods including utilities such as oil and gas as well as food, clothing and household appliances. The Office for National Statistics (ONS) calculates inflation by analysing price changes over the previous 12 months, producing the Consumer Prices Index (CPI) to visually track changes in inflation rates. The ONS also produce an index inclusive of owner occupiers housing costs (CPIH) and a separate measure of owner-occupied housing costs (OOH) which are the costs of housing services associated with owning, maintaining and living in one's own home. There are arguments for and against the inclusion of housing costs in CPI⁵ - including housing costs in CPI would make the index more representative of real household expenses, but it also introduces significant measurement and volatility challenges, particularly for owner-occupied housing. For completeness, both measures have been included in the graph below⁶.

Figure 1.7: UK Inflation Rates (CPI, CPIH, OOH July 2014 – May 2025)



Source: Consumer Price Inflation, ONS

⁵ <https://blog.ons.gov.uk/2017/01/10/including-housing-costs-in-measures-of-inflation/>

⁶ <https://www.ons.gov.uk/economy/inflationandpriceindices/methodologies/consumerpriceinflationincludesall3indicescpihcpiandrpqmi> CPI – Consumer Price Index CPIH – Consumer Price Index Including Housing Costs OOH – Owner Occupiers Housing Costs

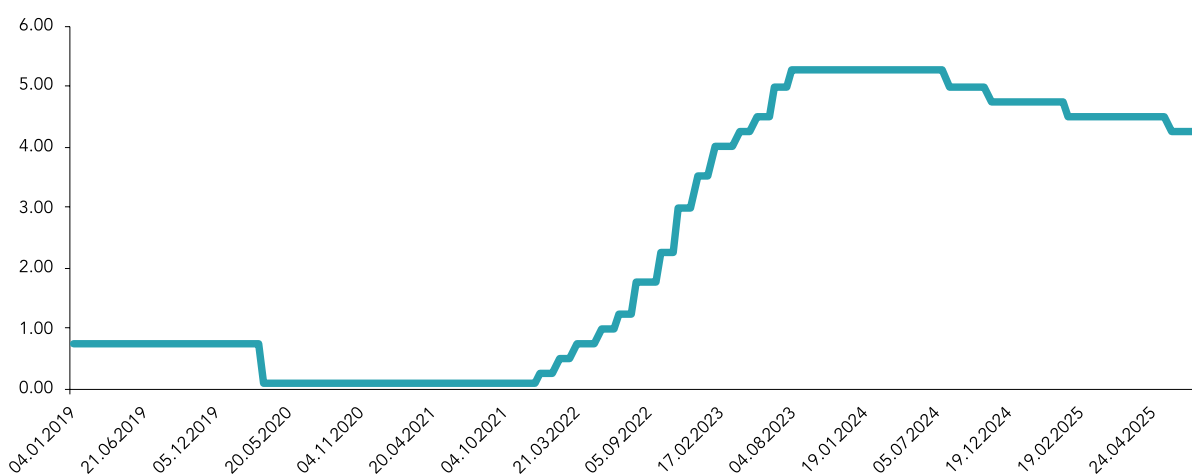
UK inflation (CPI)⁷ peaked at 11.1% in October 2022, followed by a steep downward trend to 2.0% by June 2024. However, since October 2024, an upward trend in CPI inflation has prevailed (3.4% in May 2025). UK inflation (CPI) has remained higher than the EU states since January 2025 (2.1% across the 27 EU states in May 2025). Inflation has also increased in the United States of America (2.6% in December 2024).

The Consumer Price Index inclusive of Housing Costs (CPIH) has followed a very similar trend to CPI over the last 10 years. CPIH sits slightly higher than CPI at 4.1% in April 2025, with a similar uptick observed since October 2024.

The Bank of England (BoE) has a target of 2% for inflation (CPI) and utilises interest rates as an economic lever, to exert some influence over inflation. Many of the key factors driving high inflation are external and global. For example, the economic fallout of the Covid-19 pandemic and the recent invasion of Ukraine have had a huge influence on the costs of food, oil and gas. Higher BoE interest rates suppress spending and encourage saving, thereby slowing price rises and demand for goods.

Since November 2021 the BoE has increased UK interest rates 14 times. Interest rates peaked at 5.25% in August 2023 and reduced slightly to 5% by August 2024. Since November 2024 BoE has gradually decreased the UK interest rate (4.25% as of June 2025), however the significance of the rise in UK interest rates over recent years cannot be understated. The UK enjoyed very low interest rates of consistently below 1% since the global financial crash of 2008/09. Many mortgages have been secured based on record low interest rates, therefore the rise in interest rates has translated into mortgage pain for many owner occupiers, business owners, landlords and first-time buyers. The UK Government has negotiated mitigations with mortgage lenders to reduce the impact of higher interest rates on mortgage customers, and it is notable that repossession rates have so far remained relatively low in Northern Ireland. Interest rates are expected to decrease during the second half of 2025; however, this decrease will remain cautiously slow.

Figure 1.8: Bank of England (BoE) Interest Rates (Jan 2019 - June 2025)



Source: Bank of England (June 2025) <https://www.bankofengland.co.uk/monetary-policy/the-interest-rate-bank-rate>

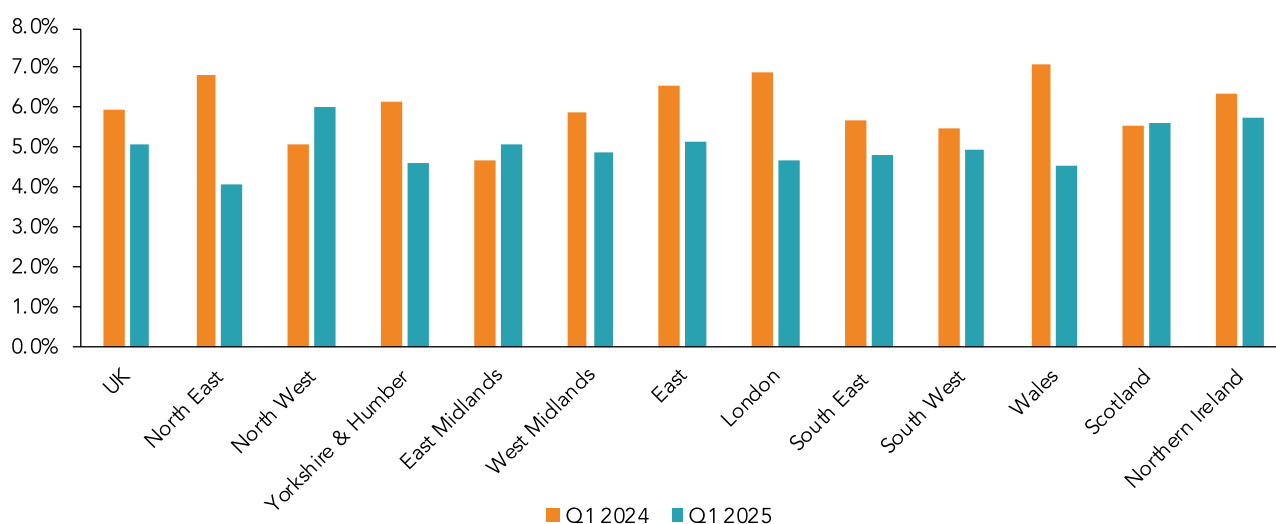
⁷ Consumer price inflation, UK - Office for National Statistics

Cost of Living

Many UK households have experienced significant falls in disposable income since late 2021. Households are impacted by increases in housing costs (higher mortgage rates, higher rents) but also from the inflation fueled price rises in food and fuel costs. High inflation has disproportionately impacted on lower income households. Northern Ireland fares worse than other UK regions, with a higher proportion of low-paid jobs and the lowest discretionary disposable income. Local households spend disproportionately higher amounts of their income on energy, food and fuel relative to the rest of the UK.

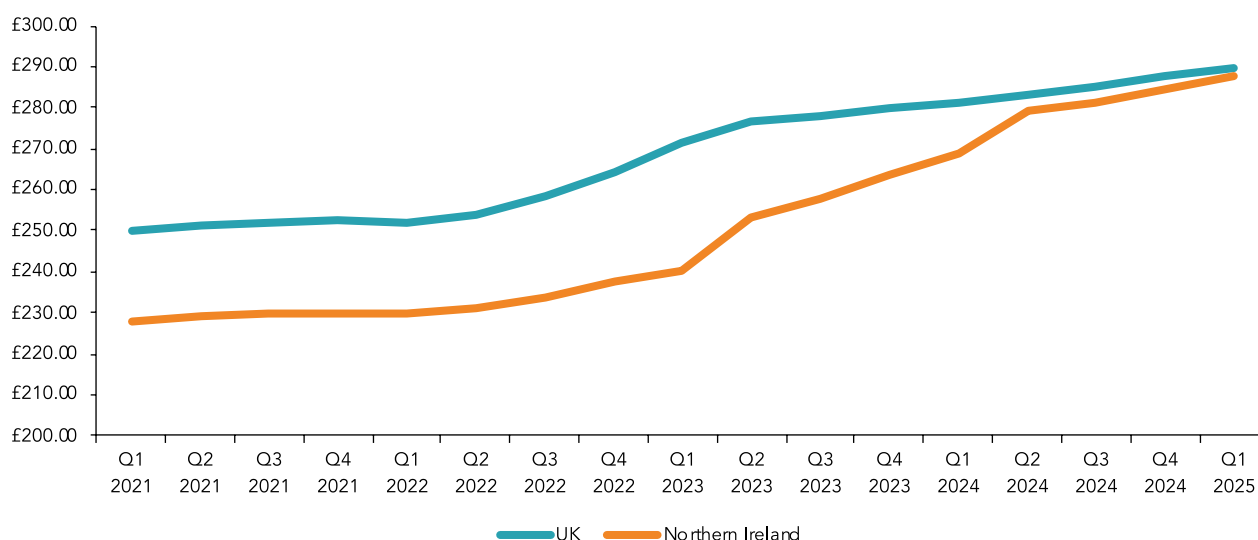
The Asda Income tracker (produced by the Centre for Economics and Business Research) noted annual growth of 5.1% in gross income across the UK (Q1 2024 vs Q1 2025) and across the majority of UK regions, growth was lower in Q1 2025 compared to Q1 2024. Northern Ireland recorded the strongest annual growth in spending power (18.7% in Q1 2025) compared to overall UK annual spending power growth (10.8%).

Figure 1.9: Regional Gross Annual Income % Change (Q1 2024 vs Q1 2025)



Source: ASDA Income Tracker [ASDA Income Tracker Report April 2025](#)

Looking specifically at lower income households in Northern Ireland (NI Household Expenditure Tracker: NI Consumer Council), the average weekly household income, after tax, for the lowest earning households in Northern Ireland in Q1 2025 was £287.55, marginally below the UK comparator of £289.50. Compared to the highest earning households locally, lower income households spend proportionally much more of their income on food/non-alcoholic beverages and essentials such as housing, water, electric, gas/fuel.

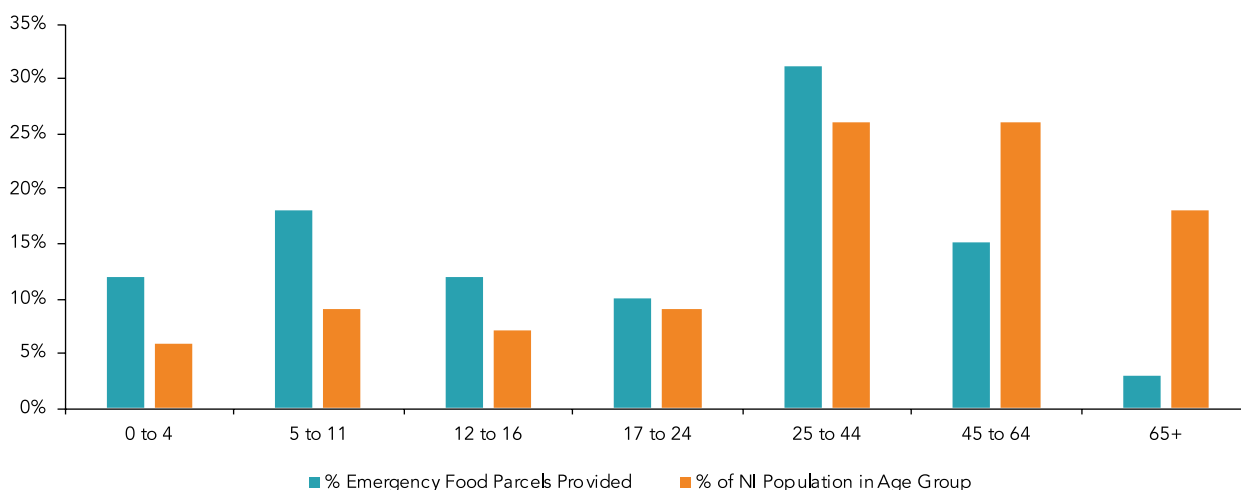
Figure 1.10: Lowest Earning Households NI & UK: Weekly Income After Tax Q1 2021 - Q1 2025

Source: The Consumer Council for Northern Ireland, Northern Ireland Household Expenditure Tracker

The Trussell Trust distributed 77,000 emergency food parcels across Northern Ireland between April 2024 and March 2025⁸. Although this represents a 15% decrease on the previous year, it is a 71% increase since before the pandemic (2019/20). Overall, there has been an increasing need for food parcels across Northern Ireland since the pandemic. The Trussell Trust reports that an increasing proportion of their service users are households returning to their local food bank for support, reflective of the deepening poverty many households are now experiencing. Similarly, the Trust notes that where children (0-16) make up approximately one fifth of our population (22%), children make up two fifths (41%) of their service users. Almost three-quarters (72%) of households using local food banks during 2024/25 were families with children.

⁸ https://cms.trussell.org.uk/sites/default/files/2025-05/EYS_factsheet_NI_2025.pdf

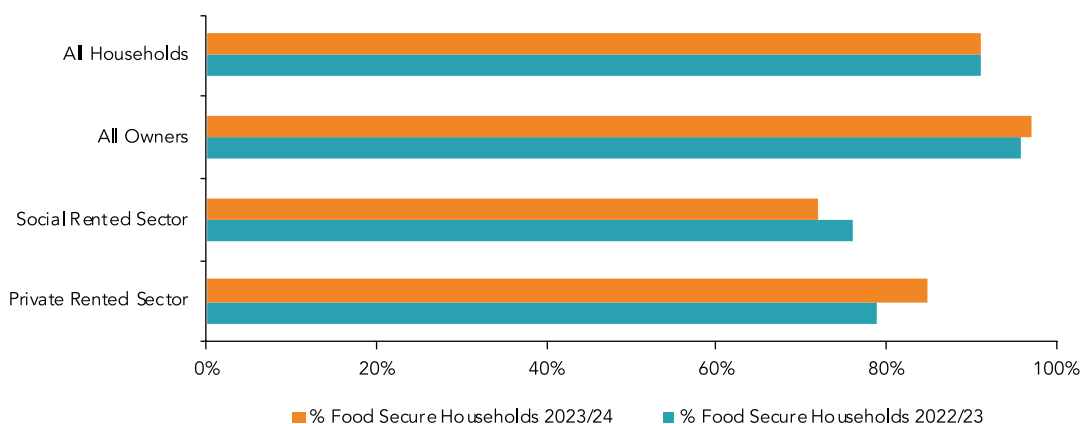
Figure 1.11: Trussell Trust - Percentage of Emergency Food Parcels distributed by Age and Population Distribution (2024/25)



Source: Trussell Trust

The widespread use of foodbanks highlights the decreasing levels of food security⁹ within the UK and specifically within Northern Ireland. It is also worth noting that the lowest levels of food security are found in the social housing sector (72% in 2023/24) and to a lesser extent the private rented sector (85% in 2023/24) in Northern Ireland compared to 97 per cent of owner-occupied households (Family Resources Survey (FRS) 2023/24).

Figure 1.12: Level of Food Security (%) by Tenure in Northern Ireland (2022/23 – 2023/24)



Source: Family Resources Survey (NI) 2023/24

⁹ Food Security is defined by the World Bank as: when all people, at all times, have physical and economic access to sufficient safe and nutritious food that meets their dietary needs and food preferences for an active and healthy life.

Local households continue to struggle with the increased costs of food which, when combined with increased rents and energy/fuel costs, are particularly impacting lower income households both in the social and private rented sectors. Inflation has decreased but many households are still feeling the pain of the higher cost of food and necessities compared to before the Covid-19 pandemic. Not least this is due to Northern Ireland having a higher proportion of low-paid jobs than the rest of the UK and the lowest discretionary disposable income. The cost of childcare in Northern Ireland has also become a significant economic pressure on families, particularly in the context of the broader cost-of-living crisis. With wages in Northern Ireland lower than the UK average, many families struggle to balance this alongside other rising expenses such as housing, energy and food.

Should interest rates continue to decrease slowly during 2025, and should inflation continue to stabilize from recent historic highs, this decrease does not translate into cheaper prices for households. The cost of living will still be higher for households as prices will still be rising, albeit at a slower rate. It is unlikely that interest rates will return to previous lows of below 1% and it's also quite possible that the increased cost of food and necessities will become the new normal for households.

The economic outlook is uncertain for Northern Ireland and the UK as a whole. External factors have a hand in shaping our economic future including the ongoing conflicts in Ukraine, the Middle East and the impact of US trade tariffs.

The data presented in this chapter clearly highlights some positive aspects of the local economy. Northern Ireland has recovered relatively well, economically, from the impacts of the Covid-19 pandemic and unemployment rates have remained relatively low.

List of abbreviations

BRMA	Broad Rental Market Areas
DFC	Department for Communities
DPG	Development Programme Group
EQIA	Equality Impact Assessment
EU	European Union
FDA	Full Duty Applicant
FRA	Fundamental Review of Allocations
FRS	Family Resource Survey
FTB	First Time Buyer
FTC	Financial Transactions Capital
HAG	Housing Association Grant
HCS	House Condition Survey
HMA	Housing Market Area
LA	Local Authority
LDP	Local Development Plan
LPP	Local Policies Plan
LPS	Land and Property Services
MMC	Modern Methods of Construction
NHBC	National Housing Building Council
NI	Northern Ireland
NICEI	Northern Ireland Composite Economic Index
NIHE	Northern Ireland Housing Executive
NISRA	Northern Ireland Statistics and Research Agency
ONS	Office for National Statistics
PBMSA	Purpose Built Managed Student Accommodation
PRS	Private Rented Sector
SES	Socioeconomic Status
SHDP	Social Housing Development Programme
SHMA	Strategic Housing Market Area
T:BUC	Together: Building a United Community
UK	United Kingdom
UU	Ulster University

