

Northern Ireland Quarterly House Price Index

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**Housing
Executive**



PROGRESSIVE
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Introduction

This survey analyses the performance of the Northern Ireland housing market during the first quarter of 2019 (January, February and March). The report details the key trends and spatial patterns in the housing market, drawing comparisons with the first quarter of 2018 as a measure of annual change and with the fourth quarter of 2018 as an indicator of quarterly change. The report is produced by Ulster University in partnership with the Northern Ireland Housing Executive and Progressive Building Society.

The price statistics are based upon market evidence from a sample of 1,922 sales in the first quarter of the year. Information is presented on the residential property market for Northern Ireland and includes analysis of average sale price by different property types. The overall performance of the housing market is measured by a weighted index and reflects the market share of each property type. The index captures various movements within a single statistic and allows for the analysis of changes over time.

At sub-regional level, the analysis in this report considers market pricing within each Local Government District (LGD) throughout Northern Ireland, which represents a methodological change in terms of spatial representation from the previously-defined housing market areas that have traditionally formed the basis for this analysis. The modification was considered a necessary step to align the house price information with other government statistics for ease of comparison and analysis. In addition, however, and in order to reflect the localities within which households tend to make decisions about house purchase, the regional analysis also presents price trends for the updated functional housing market areas (HMAs) that were defined as part of a research project carried out for the Housing Executive in 2018.

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Continuity and change

The findings of Ulster University's most recent analysis for the Quarterly House Price Index show that the average price of properties sold in Northern Ireland during the first quarter of 2019 was £162,914. This figure was virtually unchanged (-0.4% on a weighted basis) by comparison with the previous quarter, but marginally higher (1.2%) than during the equivalent period in 2018. The figures are the latest in a very stable series that has seen headline average prices vary only slightly each quarter since the second half of 2017, and that has been characterised by consistently robust numbers of transactions, in line with seasonal trends.

Once again, feedback received from estate agents as part of the survey was heavily focused on the uncertainty associated with Brexit. There is a sense that, in light of delays in the process and an ongoing absence of clarity, vendors, purchasers and lenders alike are adopting a cautious but pragmatic approach that has militated against any significant growth in house prices, but without dampening the market. More than three decades since the base year for this House Price Index (1984), some things have changed a great deal. Arguably, both Brexit and the house price boom and subsequent crash of 2007/2008 would have seemed highly unlikely in mid-80s Northern Ireland. Similarly, the 1984 House Condition Survey indicated that around half (52%) of dwellings in the region were owner occupied and more than one third (35%; 172,000) were owned and managed by the Housing Executive. Only eight per cent of dwellings were privately rented, and homes owned by the housing associations accounted for less than one per cent of the housing stock. By 2016, when the last House Condition Survey was carried out, the distribution of the housing stock by tenure had changed substantially.

Ulster University's Quarterly House Price Index has tracked trends in house prices and the housing market in Northern Ireland through the various changes in the socio-economic, political and demographic landscape that have occurred since 1984. The Housing Executive has had a long association with this research, recognising the value of both the quantitative and qualitative data collected from estate agents across the region and the housing market expertise of the team at Ulster University. While many associate the Housing Executive primarily – and rightly – with its role as a social housing landlord, it also has a broader role as the regional housing authority in Northern Ireland. One of our key statutory functions is to regularly examine housing conditions and need, and both these strands of work necessitate looking at the whole housing market. Our Housing Investment Plans and input into the Community Planning process are based not only on an understanding

of the social housing sector, but also on analysis of the trends and dynamics in the owner occupied and private rented markets.

With this in mind, the work we commission from Ulster University has gradually expanded, to include not only the House Price Index, but also half-yearly reports on the Performance of the Private Rental Market in Northern Ireland and annual analyses of trends in affordability and asking prices. We are pleased that this partnership with Ulster University (and with PropertyNews.com and the Progressive Building Society) will continue for a further three years, and have taken the opportunity, with the Ulster University team, to review the outputs of the analysis.

Regular readers may therefore notice some changes in this quarterly report. For many years, the Quarterly House Price Index has reported on a set of 11 geographic boundaries that were considered to best represent the functional housing market areas at sub-regional level when Northern Ireland had a larger number of district council areas. With the 11 district council model now well-established, a decision has been taken to move to reporting house price data at local government district level; we hope this will provide outputs that are more in line with other related indicators and the sub-regional levels at which housing and development plans are formulated. However, we are mindful that the eleven sub-regions previously reported on in the quarterly analysis were formulated with practical considerations in mind; when it comes to purchasing a home, households generally place more emphasis on proximity to work, school and family networks and the price structure of the market than on administrative boundaries.

Last year, we commissioned a Housing Market Areas (HMAs)¹ study to enhance understanding of the concept of functional housing market areas, and to update a suite of 11 broad sub-regional HMAs that were originally defined in 2009. While the updated HMAs were primarily intended to provide us with a framework to support our

¹ Newhaven Research (2018) Mapping Northern Ireland's Housing Market Areas: Report for the Northern Ireland Housing Executive: available at: www.nihe.gov.uk/Working-With-Us/Research/Housing-Market-Analysis

own analysis of local housing systems, they should also help anyone with an interest in the housing market to more clearly understand the broad market areas that operate within Northern Ireland.

Along with the LGD analysis, this report therefore also presents figures for the 11 functional housing market areas delineated by the 2018 research. The intention is that this dual approach will make greater use of the available data and help to enhance understanding of the sub-regional dynamics within Northern Ireland's housing market. In a sense, this report is a baseline from which to move forward, and both we and the Ulster University team are excited about building on this foundation. However, it is

important to note that while some aspects of the report will change, the overall average house price figure at Northern Ireland level and the Index itself remain comparable with the previously published data, maintaining the time-series that has provided a barometer of the local market for almost four decades.

We hope readers will find the contents of this report useful, and would welcome any comments on the new format.

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Foreword

Michael Boyd,
Progressive Building Society,
Q1 2019

Average house prices (£162,914) throughout the first quarter of 2019 have seen a modest annual increase of 1.2% compared to 2018. While quarterly growth continues to be subdued, economic conditions in Northern Ireland support the outlook of an affordable housing market.

However, the ongoing political stalemate is continuing to affect consumer confidence and according to estate agents the uncertainty around Brexit is impeding the level of transactions with certainty around the process required to support sustainable growth.

Regional Outlook 2019

The breakdown of the regional analysis highlights a considerable price variation within the new Local Government Districts. The Lisburn and Castlereagh LGD was the highest house price region (£183,495) compared to Derry City and Strabane which saw the lowest (£135,326). The Western submarkets of Fermanagh and Omagh saw slightly lower than average house prices (£159,191) in comparison to mid Ulster (£163,200). The South of Northern Ireland is a varied picture also, with average house prices in the Armagh City, Banbridge and Craigavon region (£135,913) and moderately higher prices in Newry, Mourne and Down (£158,669).

There is fluctuation across the each LGD with detached houses across all market areas showing elevated prices in comparison to other property types. For example, In Antrim and Newtownabbey, detached houses have an average price of £213,691, 32% higher than semidetached houses which have an average price of £144,950.

Forward look

With unemployment rates continuing to fall below the UK average over the coming months we are working to continue the trend whereby a sustainable local housing market can be maintained.

Affordability in the housing market continues to support the healthy level of transactions however undoubtedly the duration of political inactivity will start to influence the buoyancy of the market over the coming months.

Michael Boyd

Deputy Chief Executive & Finance Director
Progressive Building Society



General Market Trends

The main findings of this survey indicate a resilient but cooling market in Northern Ireland, characterised by modest price changes. Quarterly growth is overall more subdued than during the latter part of 2018, and there is evidence of increased variability across LGD sub-markets.

This latest survey indicates a residential property market that remains durable; however, rates of price growth are relatively muted for the third quarter in a row. The figures reflect a nominal level of growth over the year, comparing Q1 2018 with Q1 2019, but quarterly change between Q4 2018 and Q1 2019 suggests more contrasting market conditions, culminating in a marginal decline in the average house price over the three months.

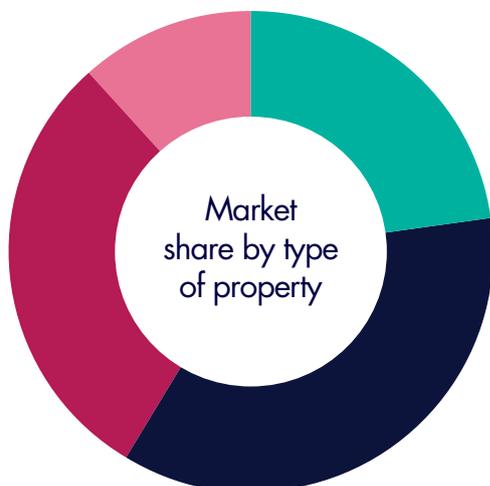
In relation to market performance, the House Price Index, which weights the sample mix by property type, reveals an annual increase of 1.2%, indicating real growth in sale price above the rate of inflation between the period Q1 2018 and Q1 2019 and an overall average price of £162,914 for Northern Ireland. When considering the quarterly price movements, the Index reveals a slight decline of 0.4% relative to the fourth quarter of 2018.

Estate agents' market observations during the first quarter of 2019, as with the last quarter of 2018, have been largely dominated by the ongoing Brexit paralysis and the accompanying uncertainty. There remains a perception that vendors, purchasers and investors are perhaps more reluctant to commit to a sale or purchase, and that the sales process is perceptibly more fragile. Indeed, the market was generally perceived to be 'on hold' and relatively flat, given the more cautious market dynamics. With regards to market transactions, a number of agents also commented that it is "harder to get sales to completion" with more sales appearing to fall through as a result of discrepancies between agreed prices and survey values.

Despite this, agents have also discerned that the first quarter of the year would appear to have brought with it a slightly more optimistic and resilient attitude amongst some purchasers which one agent attributed to potential buyers being "fed up waiting for something to happen". The insinuation is that market participants are now becoming less influenced by the continuing political uncertainty and are adopting a more defiant outlook. Agents across the region have also observed that the market is still considerably first-time-buyer focused, although it was also commented that the "bank of mum and dad" is still very much in evidence amongst the FTB cohort.

The distribution of sale price this quarter broadly reflects the previous quarter, with the share of lower priced properties below £100,000 equating to 22%. Properties sold at or below £150,000 accounted for 55% of transactions, compared to 58% in the previous survey. For the higher price brackets, 78% of transactions are at or below £200,000, 90% of properties sold at or below £250,000 and 95% below £300,000. Overall the analysis by price band continues to show a balanced housing market in Northern Ireland, with price spreads virtually unchanged over the quarter.

The market share by property type also remains broadly consistent with previous reports and is indicative of the wider NI housing market². Semi-detached houses continue to be the dominant sample sector, representing just over one third of all transactions (35.9%, n=690), with terraced/townhouses also remaining consistent compared to the previous quarter (22.8%, n=439), whilst detached houses comprise 29.8% of all sales (n=573). Apartments also have a comparable market share of 11.4% (n=220), accounting for the smallest shares of the market. The number of newly built properties has remained unchanged, comprising 23% of sales (n=435), similar to the previous quarter.



■ Terrace/townhouse	23.0%
■ Semi-detached house	36.0%
■ Detached house	30.0%
■ Apartment	11.0%

² Statistics gathered from the latest register of recorded households shows the market compilation to be 10.33% apartments; 35.09% detached; 25.34% semi-detached and 29.35% terrace/townhouse.



Performance by Property Type

Performance by type of property suggests that cooling market conditions are not uniform as characterised by some marked differentiation in pricing trends both annually and quarterly.

Annual performance examined by property type provides a snapshot comparing the current average price with corresponding statistics for the first quarter of 2018. Concurrent with the cooling of market conditions, there is variability across property types, with average price reductions evident in both detached houses (£221,868), which decreased by 7.34%, and apartments (£131,592) which are down by 3.57% over the year. This is arguably due to the increased apportionment of sales in these sectors being for lower priced properties in the sample. In contrast, all other property types exhibit annual increases with terrace/townhouses (£111,088) up by 7.31%, semi-detached houses (£153,872) up by 5.36%. When disaggregated further by type, semi-detached bungalows (£119,885) are up by 7.4% with detached bungalows (£177,936) showing a negligible increase of 0.6%.

Over the shorter-term, average prices compared to the previous quarter (Q4 2018), exhibit a more variable trend. The terrace/townhouse and detached sectors, both of which showed increases last quarter, have declined by 0.58% and 5.72% respectively, again as a result of lower valued properties being sold on the market. While the average price of apartments also reduced (by 4.19% over the quarter), there are observable increases over the quarter in both the semi-detached (3.68%), and – to a lesser degree – detached bungalow (0.9%) segments of the market, again mirroring the annual trends.

Average price by region and property

Market sector	Annual % change	Quarterly % change	Average Price Q1 2019
Terrace/townhouse	7.31	-0.58	£111,088
Semi-detached house	5.36	3.68	£153,872
Detached house	-7.34	-5.72	£221,868
Apartment	-3.57	-4.19	£131,592

Average price by Local Government District and property type

Local Government District	Average Price Q1 2019	Terrace	Semi Detached	Detached	Apartment
Antrim & Newtownabbey	£147,316	£101,935	£139,731	£210,412	£94,850
Ards & North Down	£172,222	£120,468	£156,810	£231,023	£135,743
Armagh City, Banbridge & Craigavon	£135,913	£81,836	£118,613	£186,038	£117,160
Belfast	£155,994	£116,880	£172,751	£323,003	£139,557
Causeway Coast & Glens	£182,460	£128,855	£157,295	£222,703	£185,160
Derry City & Strabane	£135,326	£112,188	£133,389	£191,745	£56,333
Fermanagh & Omagh	£159,191	£117,625	£109,258	£191,072	£92,000
Lisburn & Castlereagh	£183,495	£131,700	£178,745	£236,384	£111,863
Mid & East Antrim	£135,680	£86,195	£128,628	£184,500	£100,032
Mid Ulster	£163,200	£95,000	£133,857	£206,800	£88,680
Newry, Mourne & Down	£158,669	£108,423	£133,174	£206,116	£89,279

Average Price by Functional Housing Market Areas

HMA	Mean
Ballymena HMA	£132,985
Belfast Metropolitan HMA	£167,200
Causeway Coast HMA	£188,803
Cookstown HMA	£155,777
Craigavon Urban Area HMA	£130,113
Derry HMA	£130,325
Dungannon HMA	£141,707
Fermanagh HMA	£155,893
Newry HMA	£145,882
Omagh HMA	£161,695
Strabane HMA	£105,000

Belfast Metropolitan Area Local and sub-area HMAs	Mean
Antrim Local HMA	£147,678
Ards and Down Local HMA	£174,632
Core Belfast Local HMA	£173,082
Greater Belfast Local HMA	£170,708
Belfast Central	£173,554
Lisburn	£169,668

Performance by Region

Analysis at the regional level, now based upon the eleven Local Government Districts, indicates a much more dynamic picture in terms of average prices within these market areas. The considerable price variation is symbolic of different demand and supply fundamentals evident within, and between, locations and the various property types.

As already noted, this quarterly report marks a change of approach to the sub-regional analysis, moving away from reporting on the housing market areas that were identified some time ago, and instead focusing on the eleven Local Government Districts (LGDs) in Northern Ireland. In addition, recent analysis undertaken for the Housing Executive has provided an updated picture of strategic Housing Market Areas (HMAs) within the region, and this report also presents data for these HMAs. In light of this shift and the methodological changes required to ensure that the data remains robust at these spatial levels, the regional analysis has been rebased in order to analyse temporal price patterns for this and future quarters.

Local Government Districts

As illustrated opposite, there is a high spread in the average price across NI at this spatial geography. The highest priced region weighted by housing stock is the Lisburn and Castlereagh LGD, which displays an average price of £183,495, followed closely by the Causeway Coast LGD which displays an overall average of £182,460. The lowest priced region is Derry City and Strabane (£135,326), marginally above the Mid and East Antrim LGD (£135,680) and the Armagh City, Banbridge and Craigavon region (£135,913).

The average price in the Belfast LGD is £155,994, while prices in the contiguous districts showed relative variability, being appreciably higher at £172,222 for the Ards and North Down LGD and £147,316 respectively for the Antrim and Newtownabbey which is the lowest priced bordering LGD to the Belfast market. In the remaining LGD markets, average values exhibit similar pricing levels with the Mid Ulster LGD recording an average price of £163,200, slightly higher than Fermanagh and Omagh (£159,191) and Newry, Mourne and Down (£158,669) regions.

In terms of intra-LDG pricing effects, there is a relatively high spread across and within each respective LGD, which reflects the nature and composition of the housing stock. The overall average pricing structures exhibit a high level of fluctuation and variability between the top and bottom market prices across property types, with some noticeable pricing spreads evident within each property

type. In particular, the detached sector across all LGD market areas shows elevated prices in comparison with the rest of the property types. For example, in the Antrim and Newtownabbey LGD, with an average price of £210,412, detached dwellings were by far the highest priced sector, significantly higher than semi-detached houses (£139,731). Typically, across LGDs, the semi-detached sector had the lowest level of pricing spreads and was the most standardised in terms of the average house price value in each LGD sub-region. In Antrim and Newtownabbey, semi-detached houses show a Coefficient of Variation (CoV)³ of 14%, indicating a very tight spread of prices for this property type across this geographic region. However, detached houses in Antrim and Newtownabbey had a much broader price distribution, evidenced by a larger CoV of (39%).

Regional Analysis based on Housing Market Areas

Regional analysis is also possible using the functional Housing Market Areas (HMAs) defined on the basis of research that was undertaken for the Housing Executive to help guide spatial study of the housing system. The research identified eleven broad housing market areas within Northern Ireland⁴ (Figure X), as well as a number of more localised HMAs and sub-areas that function within and across the Belfast Metropolitan HMA⁵.

Functional Housing Market Areas

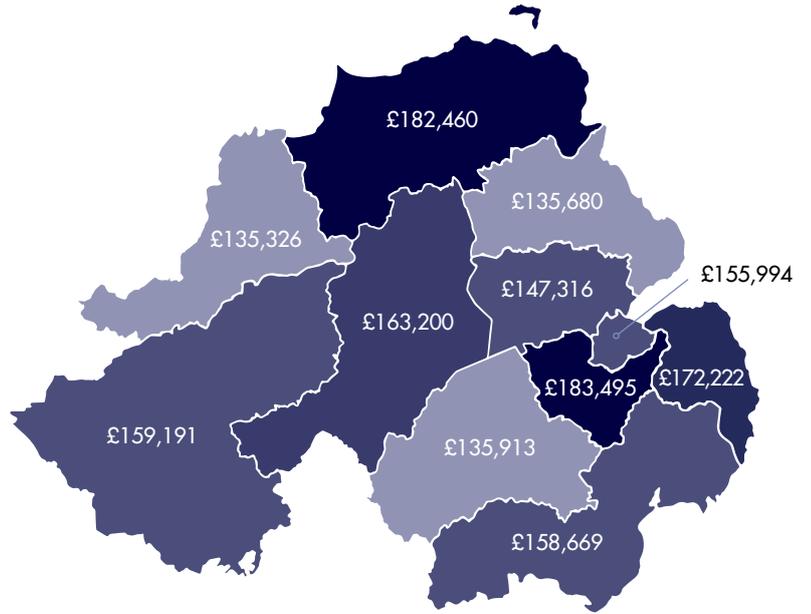
The HMA-level analysis shows that the Causeway Coast market area had the highest average sales price within the sample during Q1 2019 (£188,803), followed by the Belfast Metropolitan HMA, which had an overall average price of £167,200. At this spatial level, the sub-regional pricing structure appears comparatively uniform; a number of the market geographies have an average house price of circa £130,000, with the Strabane market revealing the lowest average price of £105,000. Within the Belfast BMA, there also appears to be a relatively consistent average price across the more localised HMA sub-regions, with the average house price resting at around £170,000. The only exception within the Belfast HMA is the Antrim local HMA, which displays a sizeably lower average house price of £147,678.

3 The Coefficient of Variation (CoV) is a measure of relative variability. It is the ratio of the standard deviation to the mean (average). The CoV is particularly useful when comparing results from surveys or samples that have different measures or values. In this case, for example, if the sample for District A has a CoV of 10% and the sample for District B has a CoV of 20%, we can say that District B has more variation in house prices, relative to its mean house price, than District A.

4 www.nihe.gov.uk/getmedia/4ae016fe-6702-4080-983e-dac39738b342/Mapping-Northern-Irelands-Housing-Market-Areas.pdf.aspx?ext=.pdf

5 These are as follows: Antrim Local HMA (made up of the sub areas of East Antrim and South Antrim); Ards and Down Local HMA (made up of the sub-areas of Ards and Down); and Core Belfast Local HMA (made up of Central or Core Belfast area and Lisburn).

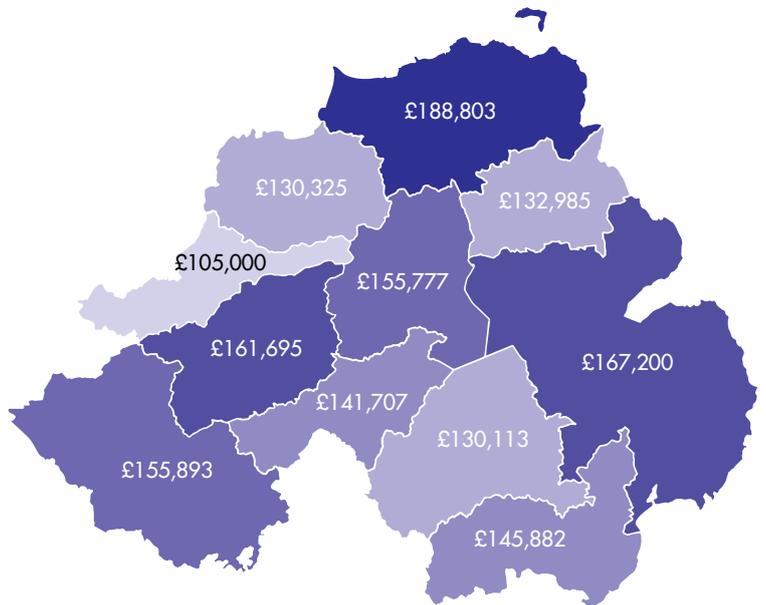
LGD Average House Price Q1 2019	
	£127,349 - £130,000
	£130,001 - £140,000
	£140,001 - £150,000
	£150,001 - £160,000
	£160,001 - £170,000
	£170,001 - £180,000
	£180,001 - £186,422



Functional Housing Market Areas 2018	
1	Causeway Coast HMA
2	Derry HMA
3	Ballymena HMA
4	Strabane HMA
5	Cookstown HMA
6	Omagh HMA
7	Belfast Metropolitan HMA
8	Dungannon HMA
9	Fermanagh HMA
10	Craigavon Urban Area HMA
11	Newry HMA



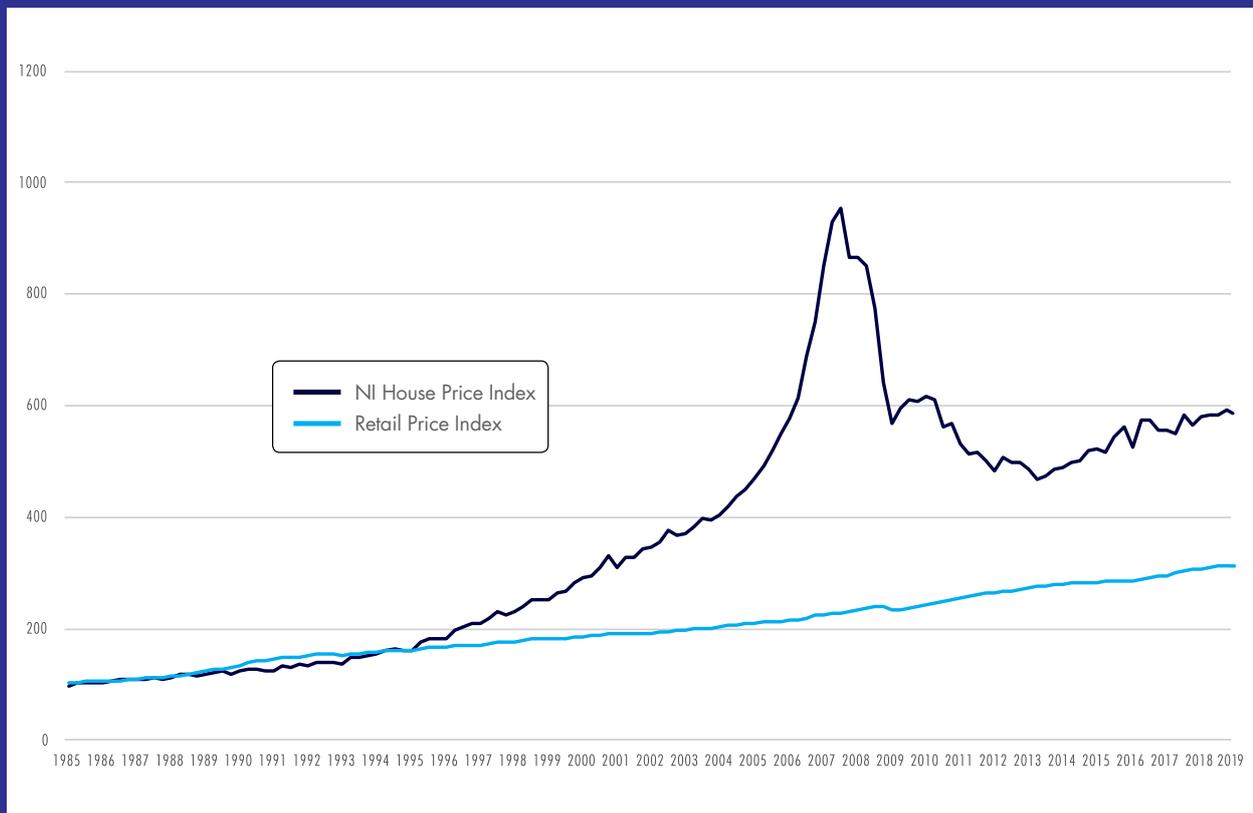
NIHE HMA Average Price Q1 2019	
	£105,000 - £110,000
	£110,00 - £120,000
	£120,000 - £130,000
	£130,000 - £140,000
	£140,000 - £150,000
	£150,000 - £160,000
	£160,000 - £170,000
	£180,000 - £188,803



The House Price Index

The long-term house price index is calculated relative to price levels for each property type at the base quarter for the survey, the final quarter of 1984. The overall index, standing at 587.38 remains virtually unchanged over the year and stable over the quarter reflecting cooling market conditions signalling that the market is perhaps slowing down.

The pattern of the house price index since its rapid fall during 2008-2010 has been one of uneven performance. After trending downwards over the period 2011-2013, the overall picture since 2014 has been an upward trajectory for the index, which displayed less variation in price changes initially, but has witnessed more price variability, punctuated by periods of both slightly higher and lower average prices, since 2016.



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