



Northern Ireland Quarterly House Price Index Q2 2021

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Northern Ireland Quarterly House Price Index

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**Housing
Executive**



Introduction

This survey analyses the performance of the Northern Ireland housing market during the second quarter of 2021 (April, May and June). The report details the key trends and spatial patterns in the housing market, drawing comparisons with the second quarter of 2020 as a measure of annual change and with the first quarter of 2021 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 as the housing market, wider economy and society transition out of the ongoing national and regional imposed lockdowns and we enter into normality or the 'new normal'. As indicated throughout the previous four reports, the psychological effect of the COVID-19 pandemic upon the housing market is well and truly discernible, with the race for space clearly evident. Indeed, in the first quarter of 2021 we noted the increased competition amongst buyers, with viewings instantaneously translating into firm offers and trading up activity. Moving into the second quarter of the year, this trend has firmly continued.

This report is premised upon 4,138 transactions, the highest volume of transactions recorded in the index since 2005, and substantially higher than the 2,829 reported in Q1, 2021 and the 570 presented in Q2 2020 due to the market closure.

Information is presented on the residential property market for Northern Ireland and the report includes analysis of average sale price by different property types across Northern Ireland (where applicable and available). 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. In addition, to reflect the localities within which households tend to make decisions about house purchase, the regional analysis also presents price trends based on functional housing market areas (HMAs) defined by the Housing Executive in 2018.

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Foreword from Northern Ireland Housing Executive

An exceptionally busy market, but are there challenges ahead?

In what is arguably the most unprecedented global context in living memory, the latest evidence on activity in Northern Ireland's housing market during Q2 2021 makes fascinating reading. The stand-out statistic in the long-running history of this survey is the number of transactions captured in the three-month sample for April to June 2021: at more than 4,100, it is by some way the highest figure in the records held by the Housing Executive, which date from early 2003. Similarly, at £195,242, the average price was the highest since autumn 2008.

The commentary on market sentiment gathered from estate agents, along with the wider analysis in the report, explains some of the key market dynamics that have been at work. The end of the full stamp duty holiday from 30 June coupled with the lifestyle shifts that have arisen for many due to the pandemic response resulted in a flurry of transactions during Quarter 2, as households relocated, often to larger properties and – in some cases – different areas. In part, therefore, it seems that the upward trend in average house prices reflects the size of properties transacting, as purchasers have sought additional space; in two of the local government districts with the highest levels of house price growth over the quarter, there were higher-than-average proportions of detached properties in the sample.

More than a year since the initial lockdown, and with the gradual winding down of the stamp duty holiday, we might expect the level of activity in the housing market to ease off in coming months, with a stabilising effect on price trends. While the comment is often made that house prices in Northern Ireland remain substantially below their 2007 peak – a fact that continues to have implications for some households who purchased at the height of the market – there would be nothing to gain from a further cycle of significant house price inflation, especially given the continuing economic uncertainty.

However, around half of the agents who provided feedback to the survey expected further price increases over the coming months, and the majority suggested that overall activity levels would either increase or remain largely consistent (25% and 50% of respondents respectively). Looking at the survey findings and the wider context, there are signs that point towards ongoing pressure in the housing market and for those wanting to purchase a home.

The report indicates recent price growth among dwelling types associated with 'entry level' purchases, and notes that this appears to be associated with new build properties becoming available for purchase in certain localities. For both prospective first time buyers and existing home owners, the availability of suitable properties has been a challenge, and the indications are that this will continue to be the case. While the level of construction output in 2020/21 was commendably high under the circumstances, at just under 6,500 the total number of new dwelling completions across all tenures (as measured by building control inspections) was almost 900 fewer than in 2019/20 and down by 1,360 compared with 2018/19 output.

Work continues on the delivery of new social and private housing, but global supply chain issues arising from the response to the pandemic have been well documented and Northern Ireland is not immune to these challenges. The Construction Employers Federation recently reported the findings of a survey of 80 Northern Ireland-headquartered construction firms. Asked about trends during the first six months of 2021, all respondents said they had been impacted by rising material costs and the vast majority (98%) were reporting materials shortages. Almost one third (30%) reported a risk to their business due to these factors, and a recent statement by the UK Construction Leadership Council highlighted the same issues, as well the impact of labour shortages.

While annual new output accounts for only a fraction of the overall housing stock, newly built properties have comprised, on average, just under one quarter of the sample of transactions since 2017. During Q2 2021, the proportion fell to 19%. Given the significant level of transactions, this does not necessarily represent a significant reduction in numbers, but it will be important to monitor the signals on new build output, market demand, transaction levels and price inflation as the year progresses.

Elma Newberry

Assistant Director of Land & Regeneration,
Northern Ireland Housing Executive

Foreword from Progressive Building Society

The housing market continues to show strong growth, further building on the momentum of the previous quarter with the highest level of transactional volumes seen since 2007, a quarterly price rise of 2.8%, and a significant rise in the annual price with an increase of 9.2%.

Many of the contributory factors to this growth have remained consistent, since the market re-opened following the enforced lockdown of 2020, with increased competition amongst buyers outstripping supply. As restrictions have eased the catalyst for the demand has been driven by increased savings, changing behavioural patterns and lifestyle choices which has seen continued trading up activity within the market. An improved economic outlook has also positively impacted consumer confidence and the push for completions before the stamp duty change on June 30th also contributed to market buoyancy in the second quarter of 2021.

As we move into the second half of the year, the expectations amongst property agents are the upward trajectory of house prices is set to continue with demand remaining consistent as we move through the year. However, as supply challenges continue to persist, we may see some impact on transaction volumes with this picture expected to become clearer in the remaining quarters.

Regional Outlook

From a regional perspective, there are significant geographic variations in price growth with across the 11 LGDs in Northern Ireland that is representative of local market demand and supply factors along with market behaviour. Following on from the Q1, there is further evidence of pandemic trends with many agents reporting increasing demand for property in rural locations along with buyers influenced by the potential for remote working as well as purchasers from outside of Northern Ireland continuing to be a key feature of the market.

Further examination of the regional property market has highlighted that seven of the eleven LGDs reported moderate to strong growth, whilst the remaining four reported small to modest declines in price changes. Causeway Coast and Glens have now the most expensive average house price in Northern Ireland with prices having increased by 5.6% from the last quarter resulting in an average house price of

£211,861. Derry City and Strabane LGD remains the cheapest region in Northern Ireland with it seeing a marginal decline of -2.2% resulting in an average house price of £123,525.

Rising sales in Mid-Ulster led to it having the largest increase in the average house price with a growth of 15% from Q1 to Q2. Antrim and Newtownabbey (11.29%) were the only other LGD that saw double-digit growth quarter on quarter with the average house price rising to £171,363. House prices also moderately increased in Fermanagh & Omagh (9.3%), Mid and East Antrim (7.1%), Belfast (5.7%), and Causeway Coast & Glens (5.6%) with modest growth of 1.9% in the Armagh City, Banbridge & Craigavon LGD.

In those LGDs where house prices declined, Ards & North Down saw the largest quarterly decrease with prices decreasing by -5.7% to £207,646. Likewise, Derry City and Strabane (-2.2%) Newry, Mourne and Down (-1.8%), and Lisburn and Castlereagh (-0.8%) displaying price decreases, although these decreases are less pronounced.

Summary

Despite the economic challenges of COVID, the resilience, affordability and changing patterns has seen momentum and confidence continue within Northern Ireland's housing market throughout the first half of 2021. While the soon to be phased out stamp duty holiday has been an important contributory factor, further easing of restrictions and a better than expected economic outlook augers well for the market in the coming months with transaction volumes expected to remain consistent with the first half of the year. The longer-term picture, however, must account for the end of the furlough scheme with the Northern Ireland Executive and the UK Government playing an important role in leading the policy environment to support economic investment and drive consumer confidence.

At Progressive, we continually measure the changing performance of NI's housing market so we may provide residential support and guidance to our members.

Michael Boyd

Deputy Chief Executive & Finance Director
Progressive Building Society



General Market Trends

The main findings of this survey indicate a market which continues to exhibit increased trading up activity and price acceleration as a consequence of strong levels of market demand coupled with supply inelasticity. The House Price Index shows a quarterly price growth of 2.8% with annual price increases equating to 9.2%¹. Entering into 2021, the market displayed strong buoyancy; this resilience has remained, with high demand and optimism continuing to characterise the market, but with lack of supply of stock making an increasing contribution to the dynamics.

This latest survey indicates a residential property market that continues to exhibit increasing price growth and strong market demand signals. As highlighted in our previous reports, the last year has witnessed some structural transformations within the housing market, primarily the behavioural patterns of buyers which have culminated in filtering processes driven by trading up activity within the market. The obvious push for completions as a consequence of the ending of the stamp duty holiday this quarter has invariably seen a surge in market activity, and a continuation of trading up in the market and relocation has continued to result in price acceleration for the fourth quarter in a row. With consumer confidence increasing, the lifting of restrictions and a more promising economic recovery than expected, underlying market demand allied with ongoing supply issues – particularly in the middle and upper pricing levels – will undoubtedly see the market continuing to heat, at least in the short-term. The evidence also points to increases in activity at the entry level of the market, where apartment prices and the terrace/townhouse sectors have rebounded and seen the highest price growth, largely due to the current benign lending environment.

The overall average price of residential property in Northern Ireland for the second quarter of 2021 is £195,242, which represents a weighted annual level of growth of 9.2% between Q2 2020 and Q2 2021². Where quarterly movements are concerned, the Index displays an increase of 2.8% relative to Q1 2021. This growth remains driven by increased activity: particularly within the semi-detached and detached segments of the market across the region but also as a result of more nuanced increases within the terrace/townhouse and apartment sectors, which have witnessed a rejuvenation in transaction prices.

Agent commentary and market sentiment survey Q1 2021

Our agent survey affords readers of the house price report series some contextual appreciation to supplement the figures underpinning the index performance indicators. Responses to the agent survey at the end of Q2 2021 yielded a number of important insights on the continued buoyancy evident across the Northern Ireland housing market over the course of the quarter.

The sense of positivity which has encapsulated the NI Housing market post the enforced pandemic closure continued throughout the three months to the end of June 2021. The agent survey reaffirms the sense of optimism, with over 70% of agents who responded to the survey citing heightened transaction volumes relative to Q1 2021 and 74% reporting heightened levels of enquiries from prospective purchasers. Importantly, more than 80% of the agents surveyed confirmed that increased viewing levels over the quarter had prompted a further increase in the number of properties

achieving sale agreed status relative to the previous quarter. The majority of agents expect market buoyancy to continue through into next quarter as the demand/supply imbalance continues to play a dominant role in market dynamics.

Despite the phasing out of the stamp duty holiday, which propelled a push for completions and heightened transaction volumes towards the end of the quarter, the majority of agents (50%) expect transaction volumes to remain largely consistent over the course of the next three months, and 25% expect a further uplift in activity levels. One participating agent indicated that market momentum does not seem to be slowing, citing the lack of supply province wide to be the main contributory factor – especially within the middle and upper tiers of the market. Further market sentiment suggests that this is not only driving prices up, but also creating a bottleneck situation with a lot of chains. The extent of the impact on transaction volumes will only become apparent over the course of Q3 and Q4.

Perhaps one of the most noteworthy elements of the agent survey is opinion on future price trends. While there are some spatial variations regarding future pricing structures it is clear that overall confidence in the market remains strong. Indeed, 49% of agents responding to the survey anticipate price inflation over the course of the next three months, with a further 46% anticipating pricing structures to remain largely consistent with the current quarter. A small number of agents (4%) suggested that prices could decline over the course of the next three months as the end of the stamp duty holiday, allied with continued economic inactivity, filters into the market.

The agent survey highlights that the transitioning out of the pandemic is likely to have a small negative impact on house prices – a view shared by 44% of agents surveyed. A further 19% of agents felt the transition out of the pandemic would have little implications on pricing structures while 21% felt it would result in an upward impact on house prices. Pertinently, the overwhelming majority of agents (55%) shared the view that the post-Brexit environment had little impact on the housing market in the first half of the year, while a further 21% suggested that exiting the EU had a small negative impact on the market.

The agent survey this quarter detailed further evidence of ‘pandemic’ attributable trends and patterns of buyer behaviour which have exacerbated demand in certain sub-markets. Seventy-four percent of agents surveyed highlighted that they had experienced increasing demand for property in more ‘rural’ locations compared to the previous quarter. Purchasers from outside NI continue to be a key feature of the market this quarter, with buyers from England, Scotland and Wales often seeking to return ‘home’ and take advantage of remote working possibilities. Agents across the province have also reported that many purchasers in recent months have been influenced in their location choices by the prospects of remote working.

Sample distribution

The data collected since the onset of the COVID-19 pandemic has provided evidence of a discernible shift in transaction levels across the price distribution. Moving into the first quarter of 2021, this bulge in the mid-to high price range in the market remained and continues to do so in Q2 2021. As noted in the previous report, there were also early signs of increases in transaction and pricing levels at the mid-to-lower end of the price distribution. This is a trend that has seemingly continued into this quarter.

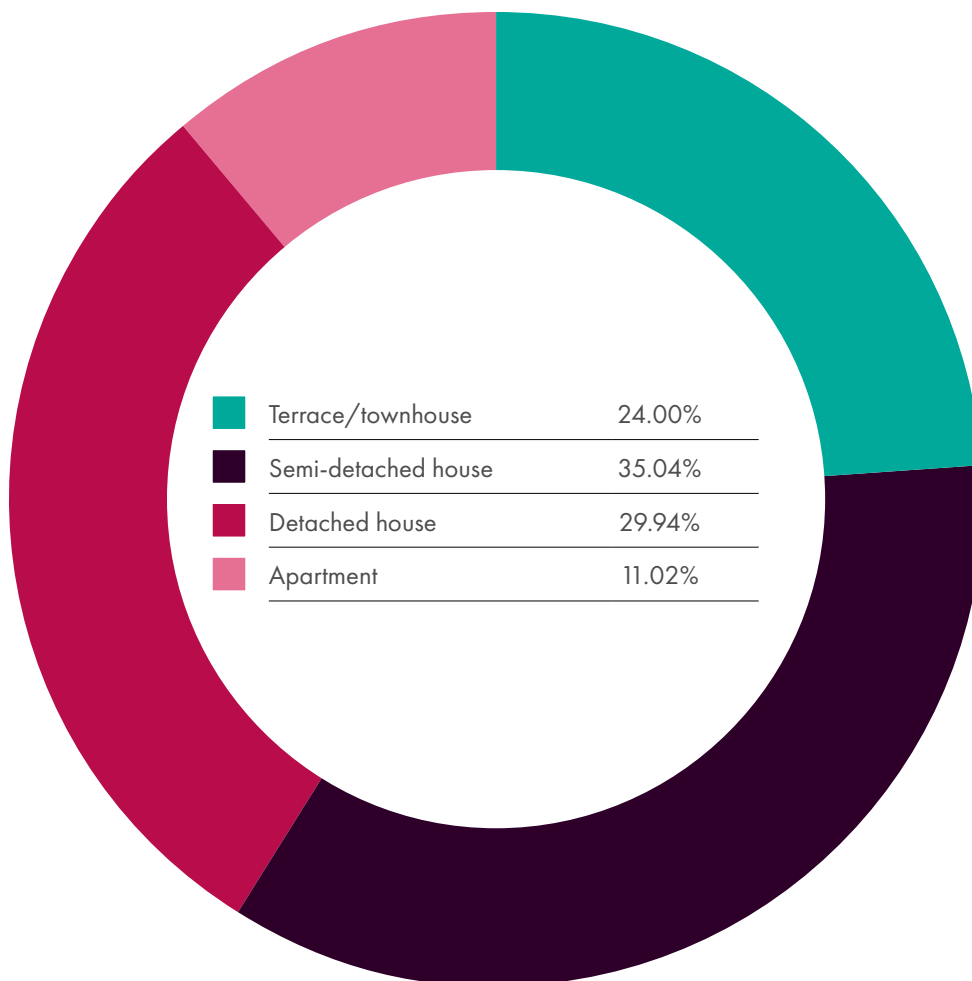
¹ It must be caveated that the closure of the market in Q2 2020 impacted on sample size and price performance for comparison purposes.

² The HPI weights the sample mix by property type which compares price and quantity statistics from the current period in relation to the base period.

The proportion of lower priced properties (below £100,000) equated to 14%, showing a decrease of three percentage points from Q2 2021. Properties sold at or below £150,000 accounted for 42% of transactions, representing a five percentage point decrease compared to the previous quarter (47%). In the mid-to-higher price brackets, 68% of transactions were at or below £200,000, representing a two percentage point decrease from the previous quarter. In the upper pricing levels of the market, the proportion of properties sold at or below £250,000 remained unchanged from the previous quarter at 81%, and 89% of sales were below the £300,000 threshold, the same as the previous two surveys. Overall, the analysis by price band shows a decrease and subtle erosion in the sales of properties transacting in the lower end of the price distribution up to the £200,000 benchmark. This is suggestive of further trading up activity in parallel with price increases.

The sample representation by property type this quarter is indicative of the wider housing market stock profile³ and remains in line with previous quarters, with minor changes notable. Semi-detached houses continued to be the most common house type in the sample, representing 35% of all transactions (n=1,450). Terraced/townhouses equate to 24% of the sample (n=993), while apartments continued to account for the smallest share of the market (11%; n=456). Detached houses comprised 30% of all sales (n=1,239), remaining the same as Q1 2021. The proportion of new build properties within the sample is below that of previous quarters by circa 4 per cent and accounts for 19% of the sales sample (n=803). This is in line with agent commentary which suggests that the lack of product may be starting to crystallise within the market.

Figure: Market Share by Type of Property



³ Statistics gathered from the latest register of recorded households reflecting the market compilation of property types across Northern Ireland.



Performance by Property Type

Analysis by property type indicates that there was pronounced annual price growth within all sectors of the market, particularly the semi-detached and terrace/townhouse segments. Examination of quarterly price movements also reveals the terrace/townhouse sector to show the largest price growth, with the remaining sectors all displaying commensurate price growth.

In terms of simple percentage changes, the analysis provides a snapshot that enables comparison of the current average price with the corresponding statistics for Q2 2020 (annual change) and Q1 2021 (quarterly change). In annual terms, the average price statistics exhibit an 11.2% increase from Q2 2020 levels. Again, however, this must be caveated in comparison terms, as this is benchmarking annual price change relative to the period when the market closed in Q2 2020. Where quarterly change is concerned, the average price increased by 2.8% between Q1 2021 and Q2 2021.

Comparative analysis by property type over the year, in parallel with the overall annual increase, shows varied levels of average price changes. The terrace/townhouse sector exhibited a 14.6% annual increase compared to Q2 2020, with the semi-detached sector recording annual growth of 16.1%, the highest of all the sectors. Both the detached (9.5%) and apartment (8.5%) sectors witnessed more moderate price growth relative to the other segments. Over the shorter term, the terrace/townhouse sector displays the most pronounced growth (7.9%) – which appears to be connected with new build schemes entering into the market within particular locales. The semi-detached, apartment and detached sectors all show more modest quarterly price changes of 2.2%, 1.3% and 2.9% respectively over the quarter.

The overall average price in the terrace/townhouse sector was £129,942 (n=993). The average price of traditional private-sector built terrace dwellings was £117,042 (n=787), while townhouses displayed an average of £179,226 (n=206). However, the average price of public sector-built terrace dwellings sold during the quarter remained substantially lower (£91,678; n=110). The semi-detached sector showed an average price of £176,690 (n=1,450) with private-built dwellings displaying an average of £179,215 (n=971), compared with an average of £125,832 (n=116) for public-built resale semi-detached housing. The overall average price of detached housing was £278,235 (n=1,239). For apartments, the average price in the market was £143,578 (n=456), with differences evident between the average price of private-built apartments (£145,262, n=434) and those originally built within the public sector (£109,532; n=22).

Average price by property type (unweighted % change)

| Market sector | Annual % change | Quarterly % change | Average Price Q1 2021 | Average Price Q2 2021 |
|---------------------|-----------------|--------------------|-----------------------|-----------------------|
| Terrace/townhouse | 14.6 | 7.9 | £120,406 | £129,942 |
| Semi-detached house | 16.1 | 2.2 | £172,910 | £176,690 |
| Detached house | 9.5 | 1.3 | £274,753 | £278,235 |
| Apartment | 8.5 | 2.9 | £139,475 | £143,538 |
| N. Ireland | 11.2 | 2.8 | £189,853 | £195,242 |

Average price by Local Government District

| Local Government District | Average Price Q1 2021 | Average Price Q2 2021 | % change Q1-Q2 |
|------------------------------------|-----------------------|-----------------------|----------------|
| Antrim & Newtownabbey | £153,974 | £171,363 | 11.3% |
| Ards & North Down | £220,158 | £207,646 | -5.7% |
| Armagh City, Banbridge & Craigavon | £162,924 | £166,027 | 1.9% |
| Belfast | £166,561 | £176,065 | 5.7% |
| Causeway Coast & Glens | £200,663 | £211,861 | 5.6% |
| Derry City & Strabane | £126,275 | £123,525 | -2.2% |
| Fermanagh & Omagh | £163,825 | £179,046 | 9.3% |
| Lisburn & Castlereagh | £205,365 | £204,004 | -0.7% |
| Mid & East Antrim | £158,186 | £169,393 | 7.1% |
| Mid Ulster | £172,470 | £198,378 | 15.0% |
| Newry, Mourne & Down | £189,895 | £186,537 | -1.8% |

Average Price by Functional Housing Market Areas

| HMA | Average Price Q1 2021 | Average Price Q2 2021 | % change Q1-Q2 | Belfast Metropolitan Area Local HMAs | Average Price Q1 | Average Price Q2 | % change Q1 - Q2 |
|--------------------------|-----------------------|-----------------------|----------------|--------------------------------------|------------------|------------------|------------------|
| Ballymena HMA | £166,368 | £160,030 | -3.8% | Antrim Local HMA | £158,083 | £183,427 | 16.0% |
| Belfast Metropolitan HMA | £192,952 | £196,181 | 1.7% | Core Belfast HMA | £201,130 | £203,188 | 1.0% |
| Causeway Coast HMA | £200,784 | £212,648 | 5.9% | Greater Belfast HMA | £192,862 | £189,322 | -1.8% |
| Cookstown HMA | £175,101 | £193,467 | 10.5% | Central Local HMA | £197,496 | £201,646 | 2.1% |
| Craigavon Urban Area HMA | £143,477 | £166,654 | 16.2% | Lisburn HMA | £181,688 | £172,947 | -4.8% |
| Derry HMA | £139,151 | £160,265 | 15.2% | Ards & Down Local HMA | £199,311 | £183,319 | -8.0% |
| Dungannon HMA | £137,589 | £192,470 | 39.9% | East Antrim | £150,208 | £168,100 | 11.9% |
| Fermanagh HMA | £161,153 | £153,974 | -4.5% | | | | |
| Newry HMA | £173,753 | £170,173 | -2.1% | | | | |
| Omagh HMA | £151,878 | £175,169 | 15.3% | | | | |
| Strabane HMA | * | £109,067 ^a | -- | | | | |

* denotes insufficient sample size for price determination

^a note this is based on a small sample and may not be fully representative.

Performance by Region

Analysis at the sub-regional level, based upon the eleven Local Government Districts (LGDs) and Housing Market Areas (HMAs) identified in research for the Housing Executive, highlights the variation in regional pricing levels across Northern Ireland. The price change performance across the LGDs remained varied, displaying nominal price increases and decreases relative to the final quarter of 2020, although the regional price changes are less varied than in previous quarters. These changes remain driven by the different types of stock which are transacting within the market areas.

Local Government Districts

In line with previous surveys, the geographic variation in average house prices across the LGD areas remains spatially uneven and representative of local market demand and supply factors and market behaviour. When considering the price change statistics between this quarter in comparison with the first quarter of the year, seven of the eleven LGDs revealed moderate and large price increases, with the remaining four displaying small to modest price decline. This variation appears to be driven by stock availability and to a certain extent new build schemes within particular market locales.

In contrast to the previous survey, Antrim and Newtownabbey LGD (11.3%), Fermanagh and Omagh (9.3%) and Mid and East Antrim (7.1%) all showed increases in average price over the quarter to £171,363, £179,046 and £169,393 respectively. The largest price change is observed in the Mid-Ulster LGD, where average prices of transacted stock have increased to £198,378, up 15% from the previous quarter. Both Belfast and Causeway Coast and Glens displayed moderate price change of 5.7% and 5.6%, showing average prices of £176,065 and £211,861, while Armagh City, Banbridge and Craigavon (1.9%) displayed more modest price growth. Ards and North Down revealed a decrease in average prices of 5.7% from the first quarter of the year with the average price currently £207,646. Similarly, Derry City and Strabane (2.2%) Newry, Mourne and Down (1.8%) and Lisburn and Castlereagh (0.8%) recorded price decreases, albeit these were less pronounced.

The analysis indicates that the change in price distribution appears to continue to be a consequence of local demand tastes, the availability of existing housing stock, market competitiveness and the nature of housing supply in each LGD, which is seemingly having an impact on pricing behaviour. Where market areas which have shown more marked price change, this appears to be due to increased activity within market segments. For example, price growth in Mid-Ulster and Antrim and Newtownabbey has been driven by sales in the semi-detached and detached segments of the market, much more than other LGDs – particularly the detached sector, which accounted for 37% of transactions in Antrim and Newtownabbey, and 39% in Mid-Ulster. In other LGDs, the proportion of transactions involving detached properties was much lower (Newry, Mourne and Down: 28%; Mid and East Antrim: 28%; Lisburn and Castlereagh: 25%; Belfast: 16%).

The variability of average prices within districts continues to reflect the varying composition of the housing stock in each district against the sample sales average price information, albeit this is weighted using market stock composition. The coefficient of variation⁴ measure showed continued price variability within market geographies; there were both

decreases and increases in the spread of prices at LGD level over the quarter, reflecting the price ranges of the stock transacting in different areas.

That said, in contrast to the previous survey in Q1 2021, with the exception of Belfast and the Causeway Coast and Glens, there is a notable decrease in the variability of pricing. The majority of LGDs exhibit COVs clustering between 26% and 40%, figures much lower than previous reports which tended to show price variability ranging between 46% and 53%. The generally lower COVs demonstrate much more concentrated pricing behaviour within each market, reflective of the type of stock transacting.

Regional Analysis based on Housing Market Areas

Regional analysis is also generally undertaken 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 system⁵, as well as a number of more localised HMAs and sub-areas that function within and across the Belfast Metropolitan HMA⁶.

Functional Housing Market Areas

The Housing Market Areas defined for the Housing Executive witnessed varying degrees of price change, again seemingly driven by stock transacting within particular market sectors. In terms of house price growth, a number of HMAs have seen concomitant levels of price change with other HMAs noting more modest levels, and three HMAs seeing some price erosion. Omagh, Derry, Craigavon and Cookstown HMAs all witnessed price increases between 10% and 16%, while Belfast (1.7%) and the Causeway Coast HMAs saw more moderate price increases of 1.7% and 5.9% respectively. Alternatively, Ballymena (3.8%), Fermanagh (4.5%) and Newry (2.1%) all exhibit price declines. In the previous report notable negative price changes were evident in Dungannon, however, this HMA seems to have rebounded with rather sizable increases in price changes which equates to 39.9%. When examining the type of stock transacting within this HMA it is discernible that 84% of sales were in the semi-detached and detached sectors – up 30% on the previous quarter's stock composition.

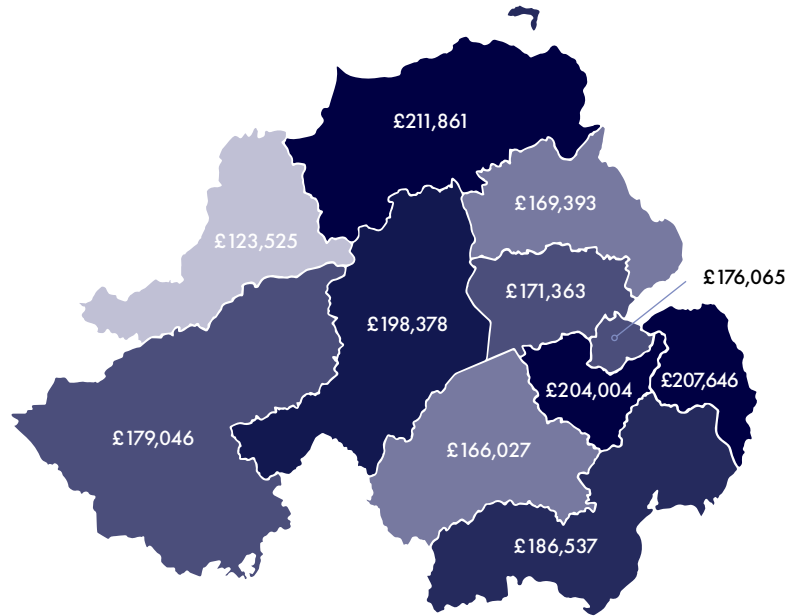
As inferred in previous reports, these very dynamic price changes continue to remain characteristic of market filtering practices, market demand tastes, the composition of stock transacting at both higher and lower prices in some HMAs and, to a certain extent, the sales of new build properties. Indeed, the previous survey noted that price fluctuations were evident as a consequence of transactions within the detached and more latterly semi-detached sectors. This quarter has seen further market filtering resulting in changing stock types transacting and varied pricing levels.

⁴ 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.

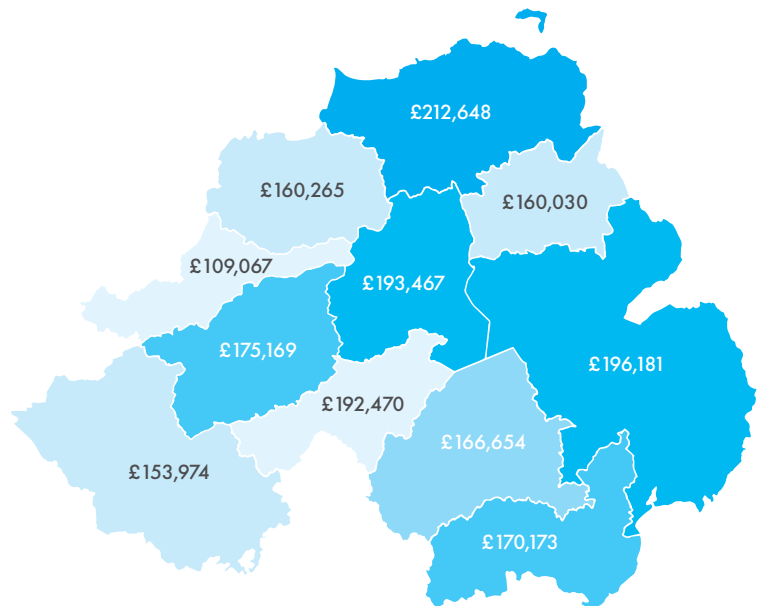
⁵ The research identified eleven broad housing market areas within Northern Ireland. See: www.nihe.gov.uk/getmedia/4ae016fe-6702-4080-983e-dac39738b342/Mapping-Northern-Irelands-Housing-Market-Areas.pdf.aspx?ext=.pdf

⁶ 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 Q2 2021 | |
|---------------------------------|---------------------|
| | £123,525 - £130,000 |
| | £160,000 - £170,000 |
| | £170,001 - £180,000 |
| | £180,001 - £190,000 |
| | £190,001 - £200,000 |
| | £200,001 - £211,861 |



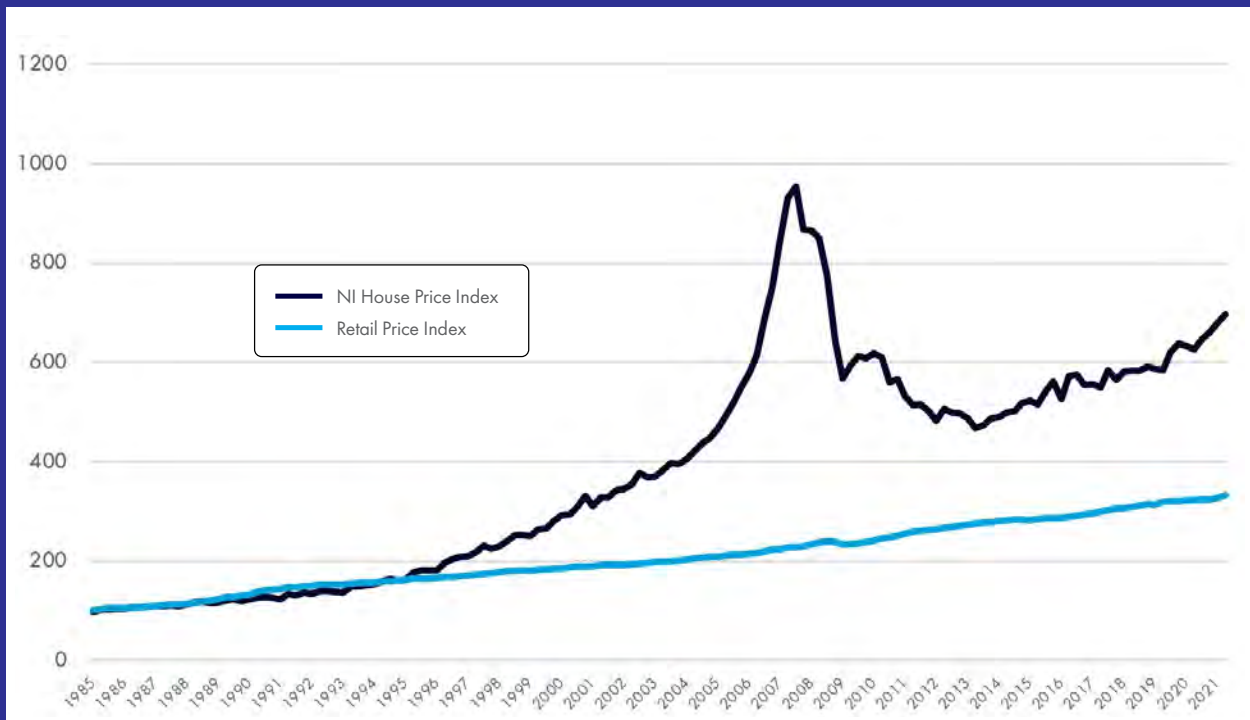
| HMA Average House Price Q2 2021 | |
|---------------------------------|---------------------|
| | £109,067 - £110,000 |
| | £150,000 - £160,000 |
| | £160,001 - £170,000 |
| | £170,001 - £180,000 |
| | £190,000 - £200,000 |
| | £200,001 - £212,648 |



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 696.09 Q2 2021 is up just over 18 basis points relative to Q1 2021. The increase in the quarterly values continues to be driven by increased market activity in the mid-to-high pricing levels both in the semi-detached and detached segments of the market and a rebound in the apartment and terrace/townhouse sectors.

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. This variability seemingly subsided moving into the second half of 2019 which witnessed continued price increases illustrating more traction than in the previous six quarters. Despite the market interlude and disruption as a consequence of the COVID-19 pandemic, the re-opened housing market continues to exhibit strong demand signals, which have translated into sales and price growth across all segments of the market and four consecutive quarters of growth.



ⁱ Base = 100 in 1984

ⁱⁱ Northern Ireland Labour Market Report January 2021: www.nisra.gov.uk/system/files/statistics/labour-market-report-january-2021.pdf

ⁱⁱⁱ www.finance-ni.gov.uk/publications/new-dwelling-statistics

^{iv} <https://ulstereconomix.com/2021/02/08/output-falls-at-fastest-pace-since-may-last-year-amid-covid-19-lockdown/#more-13210>

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