UNIVERSITY of ULSTER

Northern Ireland

Quarterly House Price Index

For Q3 2006

Housing Executive

Bank of Ireland

ISSN 1462 - 2351
Report No. 88

Introduction

This survey analyses the performance of the Northern Ireland housing market during the period July to September 2006. The report is concerned with trends and spatial patterns in the housing market during the third quarter of 2006 drawing comparisons with the same quarter of 2005, as a measure of annual change, and with the second quarter of 2006 as an indicator of short - term, quarterly change. The analysis also includes composite year-to-date statistics over the first three quarters of 2006. The report is produced by the University of Ulster in partnership with Bank of Ireland and the Northern Ireland Housing Executive.

The price statistics are based on a sample of 2,291 open market transactions during the third quarter of 2006. Information is presented on the residential property market for Northern Ireland, with an analysis of sale price by different property types. The overall performance of the housing market is measured by a weighted index that reflects the market share of each property type. The index captures various movements within a single statistic and allows changes over time to be tracked. The regional analysis considers trends in market areas throughout the province.

Contents

A good time to sell?

December 2006

In the US, 2006 will go down as a year when the housing boom came to a rather abrupt halt. Meantime in Dublin, an Irish Times supplement (October 26) carried a headline - "The party's over: what happens next?" The backdrop was the continuing poor performance of the Dublin auction market for higher value properties in the context of rising euro interest rates and general price moderation. In Northern Ireland however, we can again report that the party is still going strong, the punchbowl is still out and few of the guests it seems are even thinking about making an exit. In terms of price inflation, we are in the throes of a boom of unprecedented proportions.

At over 32%, annual prices in the regional market are now growing at a rate well in excess of those which prevailed at the peak of the last boom in GB in 2002 and which caused policymakers sleepless nights. Furthermore, with an average price now topping £180,000, convergence with equivalent averages in both GB and the Irish Republic provides an added dimension for analysis. While survey results vary, there is also ample evidence to suggest that local prices are now comfortably above those in Scotland, Wales and the Northern regions of England.

Of course, price growth is only one barometer of the health of a housing market - anecdotal tales of gazumping, near "panic buying" conditions in certain areas and a tailing off in transaction volumes form pieces of the overall jigsaw. Supply constraints, partly as a consequence of the holding rather than the development of zoned land is also exercising minds.

As always, regular observers of the HPI will uncover a number of nuggets in the detail of our latest bulletin. For example, no fewer than five of our sub-locations posted average prices in excess of £200,000 in the last 3 months while the gap between the least and most expensive areas (North Belfast and Lisburn) is now not far off the £100,000 mark.

We again make no apologies for reinforcing the role of investment in driving demand, with Republic of Ireland monies particularly influential in border locations and the ever-worsening plight of first-time buyers (FTB) - all at a time when Sir John Semple is leading an Affordability Review. The latest CML regional data for 2006 reveals that on average, c 655 loans were advanced to FTB each month in the period to September which compares with c 765 for the same period in 2005. Interestingly, we may be seeing similar trends in the mainstream mortgage market with a decline in the number of loans advanced for house purchase but with some offsetting compensation for lenders in terms of the average higher value per loan, up c £20,000 on the same period in 2005.

Interest Rate Brakes

With two 1/4 pt hikes since August, official UK interest rates are now at their highest level since the 9/11 attacks on the US prompted a massive round of monetary easing and in the process helped trigger the subsequent property investment boom. Given the lag effects of monetary policy changes it is too early to assess the impact of the recent tightening but as far as base rate is concerned we are now a full 1.5 percentage points above the 48 year low of 3.5% hit in 2003 with no certainty we have yet reached the cycle peak. The latest BoE Inflation report implies that the target measure of inflation (CPI) will broadly return to target over the next two years but policymakers will be keeping at least one eye on the early 2007 pay round for confirmation of this.

In the context of a rising cycle an obvious debate surrounds the level of interest rates that would spook, or at least inject some caution into the local market. As a guide, Oxford Economic Forecasting recently suggested that rates would need to rise to 7% and claimant count unemployment to 8% for mortgage arrears to approach early 1990's levels. However, the experience from GB during the last rate cycle suggests that rates will not need to rise to anything like 7% to cause discomfort, particularly for younger and lower income households with other unsecured debt.

Prognosis

At the risk of repetition, 2006 growth rates are clearly unsustainable with the key questions about when and how the temperature cools? A softer market in 2007 is widely forecast and over time, there remains the likelihood of price inflation returning to a more normal pattern of mid to high single digit growth. Fears of a bumpy landing in the short-term still look misplaced as most players in the investment market would appear to have longer-term pensions objectives.

A good time to sell? I have no doubt that if we were reflecting on this rapid rate of capital appreciation in other "asset classes" some would be thinking of banking some profits and looking for the next opportunity. Of course housing is different in the sense that we all need a roof over our heads but such a restriction does not of course apply to investors. The reality is that some investors are crystallising gains at present but there is also a queue of buyers just waiting to snap up available stock. That, after all, is what makes a market!

Alan Bridle
Senior Manager, Research
Bank of Ireland Business Banking UK
T: 028 9043 3519 E: alan.bridle@boini.com

"What, who is driving the Northern Ireland's housing market."

The University of Ulster's house price data for Quarter 3 2006 confirms the recent anecdotal evidence from lenders and estate agents that Northern Ireland's housing market is overheating. Annual average price increases of more than 30 per cent are simply unsustainable, even in the medium term. The big question only remains when the downturn will come, and how sudden and severe it will be.

While accurate predictions are impossible it is important to have a comprehensive view of the complexity of Northern Ireland's housing market and the drivers underpinning it. This was one of the main reasons for the Housing Executive commissioning a major research project from Glasgow University and the University of Ulster entitled 'Northern Ireland's Housing Market: its changing structure, the drivers for change and the implications for housing policy.'

The research team has now completed several important phases of the project. One of the key working papers identifies key generic and Northern Ireland specific housing market drivers. The generic drivers are:

- Income growth and the drivers of income growth (economic growth, labour market change, patterns of unearned income, taxation).
- The earnings and income distribution, average incomes of key groups (newly forming households, migrant workers).
- Household change (natural population change; the age/sex distribution; headship rates; average household size; gross migration flows).
- Financial drivers such as mortgage rates, loan facilities, relative returns to residential investment, developers' cost of borrowing and user cost of capital (the price of holding land).
- Turnover and vacancies in the existing stock (the supply of housing opportunities from the existing stock) net of non-effective stock and demolitions).
- New supply by location, tenure and price band.
- Profitability, growth and industrial concentration of house builders (including the price elasticity of land supply with planning permissions). Cost conditions and rates of change thereof should also be examined (the efficiency of the industry and the relative performance of building cost inflation relative to prices generally).
- Planning system impact on housing supply through brownfield, density and affordable housing target effects.
- Impact of house purchase system on search and transactions costs (including stamp duty), time to sale prices, achieved, frustrated purchases, price inflation and localised market instability.
- House price levels, rates of change, social rents, market rents and returns to residential investment - suitably controlled for quality differences. Isolation of main explanatory causes of house price growth (demand growth, financial liberalisation, ripple effects, supply constraints, agent behaviour).

Northern Ireland specific drivers would include:

- Specific features of the planning system not replicated elsewhere in the UK.
- Specific data lacunae that might impede market transparency and encourage unsustainable speculative behaviour e.g. on quality-adjusted house prices, market transactions volumes.
- Cross-border housing market behaviour.
- Spatial segregation by ethnicity/religion that segments housing markets and filters mobility decisions and migration patterns.
- Longer term dividend effects on the housing market and economic confidence from the Belfast/Good Friday agreement.
- Specific relevant housing (and housing-related) policies: the Co-ownership scheme, and urban property-led regeneration; mixed housing and other affordable housing schemes, planning-led policies to guide the housing market.

Even the series of bullet points illustrates the complexities and difficulties faced by housing market experts in understanding the key drivers and how they impact on each other. It is often too easy to come up with anecdotal evidence which points the finger at one or two key players in the market, mainly those responsible for the plight of the first time buyer.

Lenders are criticised for making loans too easily available, developers for hoarding land, the Planning Service for not making sufficient land available for housing or private investors for outbidding first time buyers. There is an element of truth in all these assertions but the Glasgow /UU project clearly shows the dangers of monocausal perspectives.

It also illustrates the very difficult task facing Sir John Semple and his Affordability Review team attempting to develop practicable solutions to Northern Ireland's growing affordability problem, which do not have unforeseen negative consequences on the housing market driven by a very complex web of interrelated demographic, social and economic factors and investment decisions.

The draft report from Glasgow will undoubtedly provide a much deeper understanding than has hitherto been possible. This draft report is due in December.

Joe Frey
Head of research, NIHE
T: 028 9024 0588 E: joe.frey@nihe.gov.uk

General Market Trends

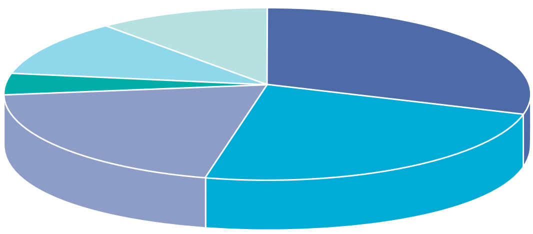
The main finding of this survey is one of further escalation of house prices throughout the whole of Northern Ireland. Indeed, the rate of growth has taken a further jump upwards with the average annual rate of increase now in excess of thirty percent (32.1%) and an unprecedented rate of increase of 11.9% over the quarter.

The overall average price of residential property in Northern Ireland for the third quarter of 2006 is £180,128. Compared with the same quarter of 2005, price levels are up on average by 32.1% (weighted increase), a rate of increase that has pushed the housing market to a new high and a level of increase significantly above the already strong second quarter figure (24.7%). The big question facing the local housing market is just how long such rates of increase can continue and whether this will benefit the housing market in the longer term. Evidence suggests that a key driver in the market is the high level of investor activity and with blockages in the market on the supply-side, the demand pressures are pushing sale prices ever higher. The shorter-term, quarterly weighted increase of 11.90% is at an unprecedented level and more than double the rates of quarterly growth reported in surveys over the past two years. Whether the third quarter performance represents a major spike or sets the benchmark for even greater rates of increase is an important question concerning the future behaviour of the housing market.

A key characteristic of the market from recent reports of the Northern Ireland Quarterly House Price Index has been the shrinkage in the number of houses selling at or below £100,000. This report provides further evidence of this with only 9% of properties selling below £100,000 compared to 16% and 21% in the previous surveys. With the upward shift in prices, the modal price band is for property selling for between £100,000 and £150,000 with 32% of sales. However, with the growth in the volume of sales above £150,000, the next price category (£150,000 to £200,000) is likely to shortly become the modal group, taking 31% of sales in this survey. Indeed, a consequence of the upward shift in average prices means that 59% of properties in the sample have sold for above £150,000 compared with 45% and 38% of properties in the last two reports. At the top-end of the market, the percentage of transactions in excess of £200,000 has increased to 28% compared to 20% in the previous survey.

In terms of market share, composition of the sample is consistent with previous surveys though with a higher weighting towards the terraced house market suggesting that activity in this sector has been one of the key drivers of the market. The two dominant property types are terraced/townhouses (n=749) accounting for 33% of the sample and semi-detached houses (n=584) representing 25%. Detached houses constitute 17% (n=392) and detached bungalows 8% (n=175). The market share taken by apartments (13%, n=304) continues to be strong. Semi-detached bungalows 4% (n=87) again have the smallest market share. In terms of age profile, newly developed property constitutes 21% of the sample.

Property Share by Type



Terrace	33%
Semi-detached house	25%
Detached house	17%
Semi-detached bungalow	4%
Detached bungalow	8%
Apartment	13%

Performance by Property Type

Performance by property type indicates that all sectors of the market have experienced phenomenal rates of average price increase over the year. However the highest rates of increase are for terraced/townhouses (35.5%) and semi-detached houses (37.1%) suggesting that competition in these sectors of the market has been intense.

Annual % increase and average price

Market Sector	Annual Change	Average Price Quarter 3	Average Price Year to Date Figures
Terraced house	35.5%	£142,406	£130,714
Semi-detached house	37.1%	£172,179	£153,612
Detached house	27.5%	£273,970	£250,314
Semi-detached bungalow	32.3%	£161,108	£146,021
Detached bungalow	26.7%	£231,251	£210,229
Apartment	29.1%	£143,348	£137,933

Annual performance provides a snapshot comparing the current average price with corresponding statistics for the third quarter of 2005. On the basis of this analysis all property types are following the overall market trend with substantial increases in average price over the year. The overall picture and feedback from agents throughout the province is a demand driven market with investors and home-buyers competing aggressively in the market place particularly at the main entry points into the housing market, notably terraced/townhouses and semi-detached houses. For this survey the highest rate of annual growth is for semi-detached houses (£172,179) with a 37.1% increase followed closely by terraced/townhouses (£142,406) for which average price is up by 35.5%. The semi-detached bungalow sector, although taking a small market share, has experienced similar growth characteristics with the average price (£161,108) up by 32.3%. The apartment market (average price £143,348), which has also been a target for investment activity, is characterised by similar high growth rates with average price levels up by 29.1% over the year.

The detached sectors of the market have seemingly attracted lower investment interest and significantly the rates of price increase, although high, are below the other sectors. Indeed for both detached houses (£273,970) and detached bungalows (£231,251) the rate of annual price growth is highly comparable at 27.5% and 26.7% respectively.

Short-term performance looks at price levels in the third quarter of 2006 against those for the second quarter of 2006. The weighted increase across all of the six main property types is 11.9% indicating major increases in house prices over a short period of time. Anecdotal evidence of sale prices greatly exceeding list prices and rising rapidly is reinforced by these statistics. The quarterly evidence is largely supportive of the annual picture in terms of the relative performance by property type though with some variability. Over the quarter, the market leader has been the semi-detached house sector with average price up by 16.3%, closely followed by detached houses up by 15.1% and semi-detached bungalows up by 14.9%. The terraced/townhouse sector has seen an 11.4% rate of increase over the quarter and detached bungalows a 10.6% increase. In contrast, the apartment sector is at variance with the rest of the market with average price slightly lower over the quarter, down by 1.88%.

Average price by region and property type

Region	All	Terrace	SD House	Detached House
Northern Ireland	£180,128	£142,406	£172,179	£273,970
Belfast	£172,209	£142,810	£192,146	£289,314
North Down	£193,197	£163,437	£161,220	£293,068
Lisburn	£226,984	£162,809	£188,908	£319,270
East Antrim	£140,882	£114,678	£144,602	£206,027
L'derry/Strabane	£147,053	£124,927	£142,000	£210,619
Antrim/Ballymena	£171,248	£143,625	£153,697	£241,746
Coleraine/Limavady/North Coast	£200,550	£153,177	£183,761	£263,500
Enniskillen/Fermanagh/South Tyrone	£202,965	£150,333	£172,765	£274,438
Mid Ulster	£181,078	£146,633	£168,638	£242,298
Mid and South Down	£207,506	£154,342	£167,818	£291,232
Craigavon/Armagh	£176,145	£123,048	£159,214	£236,079

Region	SD Bungalow	Detached Bungalow	Apartment
Northern Ireland	£161,108	£231,251	£143,348
Belfast	£179,182	£235,585	£145,240
North Down	£152,527	£237,278	£156,497
Lisburn	£179,357	£254,979	£124,606
East Antrim	£145,107	£215,604	£116,460
L'derry/Strabane	*	£192,167	£110,750
Antrim/Ballymena	*	£203,000	*
Coleraine/Limavady/North Coast	£168,417	£234,395	£196,250
Enniskillen/Fermanagh/South Tyrone	*	£240,143	£146,000
Mid Ulster	*	£203,645	£102,119
Mid and South Down	£153,900	£242,104	£190,643
Craigavon/Armagh	*	£225,278	*

Performance by Region

Analysis at the regional level highlights how house prices vary across Northern Ireland. Findings from this survey indicate that across all market areas, average prices have risen substantially over the year though there is variability by location and property type.

Belfast

In Belfast the average price of housing (£172,209) has increased significantly over the year with an annual growth rate (29.1%) slightly below but of similar magnitude to the weighted rate of increase for Northern Ireland. All sectors of the market have increased in average price though there is considerable variation in the rate of price growth. The apartment market (£145,240) with a 41.9% increase has been the market leader and the semi-detached house sector (£192,146), has seen a rate of price growth of 40.5% over the year, closely followed by semi-detached bungalows (£179,182) with a 37.5% rate of increase. Terraced/townhouses (£142,810) have increased substantially by 28.2% reflecting the continuing demand for this property type, though the rate of annual increase is slightly below that of the last survey. In accordance with the overall Northern Ireland market, the rate of increase for the detached sectors is lower, detached houses (£289,314) have increased by 21.7% and detached bungalows (£235,585) by 13.6%. Over the quarter, the price level for Belfast is up by 7.6%. However, rates of change are highly variable with detached houses up by 17.2% and semi-detached houses by 17.1% while, in contrast, apartments eased back in price level over the quarter.

On a geographical basis, the highest priced location within the city remains **South Belfast** (£208,270) where the average price of terraced/townhouses is £195,194, semi-detached houses £239,538, detached houses £333,364 and apartments £168,806. **East Belfast** with an overall average price of £192,811 is the next highest-priced location with evidence that the price gap with South Belfast has narrowed appreciably. On a property sector basis, respective average prices are terraced/townhouses £144,658, semi-detached houses £212,834, detached houses £310,627, detached bungalows £263,018 and apartments £135,605. The average price in **West Belfast** has increased to £143,575 with terraced/townhouses achieving £135,644, semi-detached houses £171,857 and apartments £131,000. For **North Belfast**, the current average price is £129,570 and on a property type basis, the mean price of terraced/townhouses is £108,652, semi-detached houses £142,333, detached houses £246,550 and apartments £108,660.

Belfast Metropolitan Area

Within the commuter zone of the Belfast Metropolitan Area house prices have increased significantly with rates of annual price growth of 22.3% for North Down, 42.8% for Lisburn and 28.9% for East Antrim.

For **North Down** (£193,197) there has been a significant annual increase of 22.3%, a rate of growth that remains highly comparable to that for the previous three reports: 21.9%, 23.5% and 24.8% respectively. Analysis by property type demonstrates strong growth across the market but notably for terraced/townhouses (£163,437) with a 33.6% increase over the year. Also, highly significant rates of annual increase are apparent for semi-detached houses (£161,220) up by 30.5% and detached houses (£293,068) up by 25.3%.

For apartments (£156,497) the rate of price growth is 19.3% and for detached bungalows (£237,278) 15.7%. Quarterly performance is strong with the overall average price up by 11.5% but dominated by the terraced house (20.4%) and semi-detached house (18.7%) sectors.

In **Lisburn**, the rate of price growth has taken on further dimensions with a 42.8% increase over the year and an overall average price that has soared to £226,984. All sectors of the market have advanced significantly with exceptional rates of growth for terraced/townhouses and semi-detached houses. In the case of terraced/townhouses the average price is now £162,809 up by 65.6% for the year and for semi-detached houses (£188,908) up by 50.4%. The smaller semi-detached bungalow sector (£179,357) is also characterised by such rates of price growth (53.5%). For the other market sectors the rates of growth, in comparison, are lower. Detached houses (£319,270) are up by 26.0%, detached bungalows (£254,979) by 17.4% and apartments (£124,606) by 11.7%. In contrast to the slower growth in second quarter, the Lisburn market during the third quarter has taken another significant advance, on average price levels are up by 16.7%. The key growth sectors for the quarter are semi-detached houses up by 20.0%, detached houses up by 16.8% and terraced houses by 13.0%.

For the **East Antrim** market the overall average price (£140,882) has increased significantly over the year (28.9%). The highest rate of growth has been for terraced/townhouses (£114,678) up by a staggering 50.3% over the year. Similarly, the semi-detached house sector has performed strongly with the average price of £144,602 up by 39.8%. The rate of increase in the bungalow sector is also high with detached bungalows (£215,604) up by 33.3% and semi-detached bungalows (£145,107) up by 31.6%. For apartments (£116,460) the rate of price increase is 23.2%. Over the quarterly time-period, the overall average sale price for East Antrim has risen by 9.4% with strong rates of increase across the market apart from apartments, which rose by only 3.7% over the quarter.

The North and North West

The market areas in the North and North West of the province continue to experience significant rates of annual price increase though for this survey these locations are lagging the overall rate of growth in the wider Northern Ireland market.

In **Antrim/Ballymena** the overall average price (£171,248) represents an annual increase of 21.5%; a high rate of growth but significantly lower than that reported for the second quarter. Over the year, most sectors of the market have advanced significantly with terraced/townhouses (£143,625) up by 45.0%. Strong rates of price growth are also apparent for semi-detached houses (£153,697) up by 33.2% and detached houses (£241,746) up by 26.1%. Detached bungalows (£203,000) are unchanged with average price slightly down by 0.1%. Over the quarter, a slightly different and more variable picture emerges with the overall average price down by 2.4% compared to the high second quarter statistics, though on a property sector basis both terraced/townhouses and semi-detached houses are up by 13.6% and detached houses by 8.3%.

For the **Coleraine/Limavady/North Coast** market, the overall average price of residential property now exceeds £200,000 (£200,550) with a 17.8% increase in average price over the year. All sectors of the market have experienced significant increases in average price with both semi-detached houses (£183,761) and detached bungalows (£234,395) up by 28.8%. For semi-detached bungalows (£168,417) the average price level is up by 24.2%, apartments (£196,250) by 20.1% and detached houses (£263,560) by 18.1%. In common with the previous survey, terraced/townhouses (£153,177) have a relatively lower rate of increase of 9.3% in comparison to the third quarter of 2005. Quarterly performance indicates a strong market with an overall rate of growth of 8.4% with all sectors of the market increasing apart from detached houses. Over the quarter there is the unusual feature of terraced/townhouses performing better (up by 16.5%) than over the annual time-period. The semi-detached house sector also performed strongly over the quarter up by 16.7%.

In the **Derry/Strabane** market, the strong price growth noted in recent surveys has been sustained, though the rate of price increase is somewhat lower than that reported for the second quarter. The overall average price (£147,053) represents a rate of increase of 23.2% compared to the third quarter of 2005. The most significant rates of price increase are again for terraced/townhouses (£124,927) up by 37.2% and detached bungalows (£192,167) up by 28.6%. Semi-detached houses (£142,000) have increased by 21.9% over the year but for detached houses (£210,619) the rate of price growth is a more modest 6.7%. Over the quarter, the overall average price level has dropped back by 2.9% from the high second quarter figure (£151,462) with a similar slight easing-up across most of the market apart from detached bungalows.

The West

The two markets in the West of the province continue to exhibit significant price increase but at a rate slightly below that for the Northern Ireland market.

The overall average price for the **Mid-Ulster** market has increased to £181,078 representing an annual rate of growth of 26.3% compared to the third quarter of 2005. All sectors of the Mid Ulster market have experienced substantial rates of annual price increase with terraced/townhouses (£146,633) up by 42.6%. In keeping with evidence from other market areas, semi-detached houses (£168,638) have also performed well with average price up by 34.8%. In the detached market, bungalows (£203,645) have risen by 25.6% and houses (£242,298) by 25.4%. Apartments (£102,119), which form a small but growing sector in this market area, are up by 19.3%. Over the quarter there has been a more modest increase in overall average sale price of 2.2%, but with significant price increases in the detached bungalow, semi-detached house and terraced/townhouse sectors.

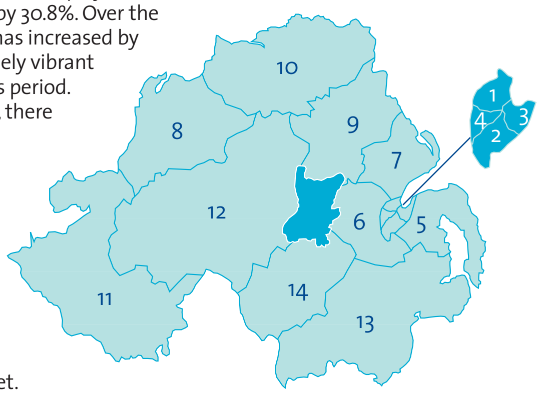
For **Enniskillen/Fermanagh/South Tyrone**, the average sale price now exceeds £200,000 (£202,965) with a 25.7% increase over the year. Across all sectors of the market there has been highly significant price growth. The local market strongly reflects price movements in other areas of Northern Ireland with terraced/townhouses the market leader (£150,333) up by 43.3%. Detached bungalows (£240,143) have also performed strongly with average price up by 39.3% as have semi-detached houses (£172,765) with average price over the year up by 35.6%. For the detached house sector (£274,438) the rate of increase is lower (14.8%). Quarterly performance remains strong with an 11.7% increase in the overall average price. Over the quarter highly significant increases are apparent for detached bungalows, semi -detached houses and detached houses.

The South

For the South of the province average price levels have remained highly buoyant with the largest rates of annual house price growth.

For **Craigavon/Armagh** the overall average price level (£176,145) represents an annual rate of price increase of a massive 49.0% compared to the third quarter of 2005. Right across the market there have been major changes in house prices. While the highest rate of increase, 58.6%, has been for detached bungalows (£225,278), the terraced/townhouse sector (£123,048) and semi-detached houses (£159,214) have also performed strongly with respective rates of increase of 44.6% and 43.7% respectively. Detached houses (£236,079) are up on average by 36.8%. Quarterly trends signify a marked difference between the third quarter with a 19.0% increase in average sale price and the appreciably lower rate of increase in second quarter. Over the quarter all sectors have shown major increases in price notably for detached property.

Mid & South Down in common with a number of other market areas across the province now has an average price in excess of £200,000 (£207,506) representing an unprecedented annual rate of increase of 45.0%. In comparison with the third quarter figures for 2006 all sectors of the market have increased significantly in average price. Apartments (£190,643) have seen a major increase in price levels though this property still takes a relatively small share in this market area. For detached houses (£291,232) the annual rate of increase is 45.7% with highly significant rates of growth for detached bungalows (£242,104) up by 36.9%, semi-detached houses (£167,818) up by 30.9% and terraced/townhouses (£154,342) up by 30.8%. Over the quarter, the average price has increased by 13.4% indicating an extremely vibrant housing market during this period. In terms of property sector, there has been strong growth in price levels for detached houses and apartments, whereas the rates of growth for terraced/townhouses and semi-detached houses are lower suggesting that in Mid and South Down growth is being driven at the top end of the market.

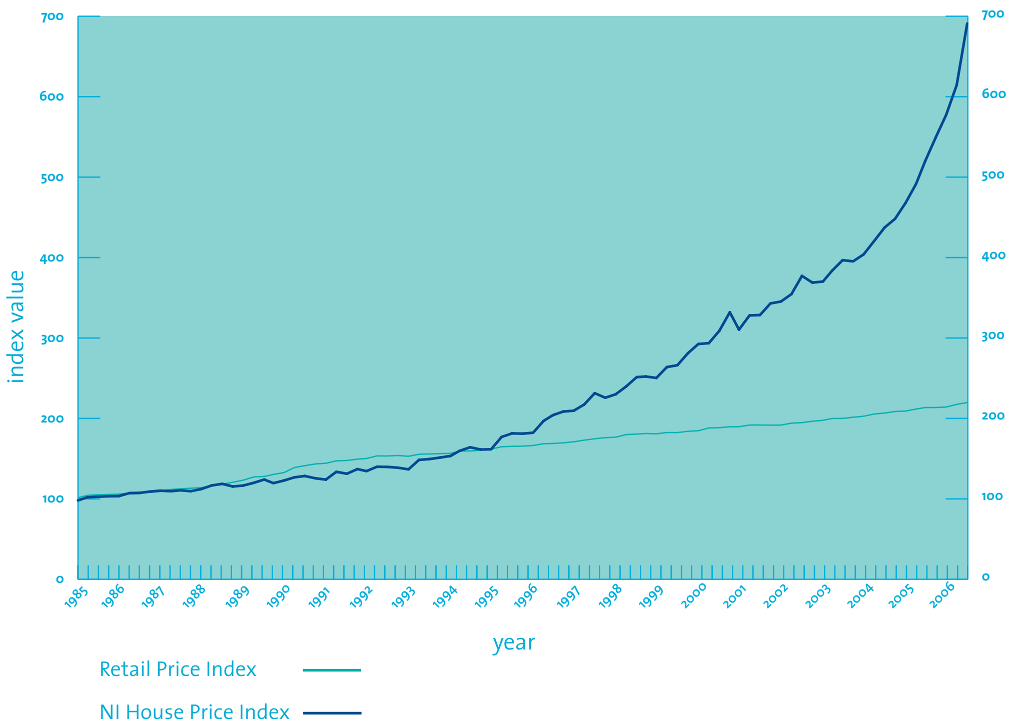


Location	Average Price Quarter 3	Year to Date Figures
Northern Ireland -All	£180,128	£166,204
Belfast - All	£172,209	£160,877
1. North Belfast	£129,570	£116,726
2. South Belfast	£208,270	£196,265
3. East Belfast	£192,811	£183,387
4. West Belfast	£143,575	£130,960
5. North Down	£193,197	£176,531
6. Lisburn	£226,984	£202,670
7. East Antrim	£140,882	£130,600
8. L'derry/Strabane	£147,053	£146,416
9. Antrim/Ballymena	£171,248	£164,548
10. Coleraine/Limavady/N. Coast	£200,550	£186,269
11. Enniskillen/Fermanagh/S.Tyrone	£202,965	£185,420
12. Mid Ulster	£181,078	£173,772
13. Mid & South Down	£207,506	£184,686
14. Craigavon/Armagh	£176,145	£153,762

The House Price Index

The house price index reflecting the increases reported for individual property types has surged ahead to another high for the Northern Ireland market. The index, which is calculated relative to the base quarter for the survey in 1984, now stands at 691.00.

Comparison between the house price index, which measures nominal growth, and trends in the Retail Price Index indicates that house prices in Northern Ireland bear little or no relationship with the general rate of inflation in the macro UK economy. The capital growth within the residential market has been a key factor contributing to the strong level of investor activity and continues to be a major influence in the market.



Contributors

- Acorn Homes
- Adrian J McElroy & Co.
- A & H Properties
- Alexander, Reid & Frazer
- Armstrong Gordon & Co.
- Best Property Services
- BH McCleary & Co.
- Bill McCann Estate Agency
- Bill McKelvey Estate Agents
- Blair & Boyd
- Brian Morton & Co.
- Brian Todd
- Brian Wilson
- Brice & Co.
- Burns & Co.
- Century 21 Network Property Services
- Century 21 McIvor Homes
- City Property Services
- Clarke Cullen Partnership
- Cookstown Property Services
- Corry & Stewart
- Country Estates
- Countrywide Estates Martin Quinn
- Cowley Groves Estate Agents
- Coyles
- CPS
- Curran Associates
- Daniel Henry Estate Agents
- Daniel Platt Property Services
- Daniel McGeown & Company
- David McCalmont & Co.
- Derek Wells
- DH Stevenson & Cumming
- Donnybrook Estate Agents
- Eadie McFarland & Co.
- Fred Dalzell & Partners
- Gerry O'Connor
- Gillian Campbell
- HA McIlwrath & Sons
- Halifax Property Services
- Hampton Estates
- Hanna Hillen Estates
- Harry Clarke & Co.
- Homelink
- HR Douglas & Sons
- Hunter Campbell
- JA McClelland & Sons
- James O'Doherty & Co.
- James Wilson & Son
- JG Fleming
- John McQuoid & Sons
- John Minnis Estate Agents
- John Neill & Sons
- John V Arthur
- Joyce Estate Agency
- Keiran Taggart Estate Agency
- Lindsay Fyfe & Co.
- Locate Estate Agents
- Mark McAlpine & Co.
- Martin & Dunlop
- McAfee Properties
- McClelland Salter
- McCormack Properties
- McDonagh Property Consultants & Chartered Surveyors
- McFarlane & Smyth
- McGrady Hopkins
- McMillan Estate Agents
- MCW
- Michael Hannath Property Consultancy
- Mid Ulster Properties
- Montgomery Finlay
- Mortgage Property Shop
- Myles Danker
- Norman Devlin
- Norman Morrow & Co.
- Oakland Property Services
- O'Connor Kennedy Turtle
- O'Hare Estate Agents
- O'Keefe Estate Agents
- O'Reilly Property Services
- Peter Rogers
- PJ Bradley
- PJ McIlroy & Son
- Pollock Estate Agents
- Pooler Watson
- Porter Estate Agency
- Quinn Bros
- RA Noble & Co.
- Rainey & Gregg Property & Mortgage Centre
- R Benson & Son
- Robert Ferris
- Robert Wilson Group
- Robert G Quigley
- Sawyer & Co.
- Shanks & Co.
- Seamus I Cox & Co.
- Shooter Property Services
- Smyth Properties
- Stanley Best
- Stephen Carson Estate Agency
- Stevenson & Cumming
- Tandragee Property Sales
- Taylor & Co.
- Templeton Robinson
- Terry Millar
- The Eric Cairns Partnership
- The Hopkins Partnership
- The Property Spot
- Tim Martin & Co.
- Ulster Property Sales
- Walter Jones
- Wylie Property

Mortgages

Bank of Ireland

Mortgages

we give you more...

you pay less

FREE

✓ **Arrangement Fees**

on our Standard Residential EasySwitch Mortgage

✓ **Valuation**

available on properties valued up to £500,000, we must instruct valuation

✓ **Legal Fees**

when using a BIM nominated solicitor

✓ **Expert Advice**

YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE

Contact the Mortgage Adviser in your local branch

All mortgages are subject to status and valuation. The mortgage must be secured by a first charge on the property. Suitable buildings insurance is required. Principle applicant must be 21 years or over. Full written illustrations are available on request from any Bank of Ireland branch. Bank of Ireland mortgages are provided by Bank of Ireland Mortgages Limited. Bank of Ireland Mortgages is the trading name of Bank of Ireland Home Mortgages Ltd. Plaza West, Bridge Street, Reading, RG1 2LZ. Registered in England No. 1130960. They are authorised and regulated by the Financial Services Authority (FSA). FSA registration number 303531. Compliance approval no. 851060803A. Bank of Ireland, 1 Donegall Square South, Belfast, BT1 5LR