



Northern Ireland Quarterly House Price Index

For Q2 2022 | Report Number 151 | ISSN 1462-2351

**Housing
Executive**



Introduction

This survey analyses the performance of the Northern Ireland housing market during the second quarter of 2022 (April, May and June). The report details the key trends and spatial patterns in the housing market, drawing comparisons with the second quarter of 2021 as a measure of annual change and with quarter one of 2022 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 continues to display signs of growth, which however does now appear to be slowing. Since the end of the lockdown periods, and as COVID-19 subsided, the housing market throughout 2021 exhibited strong price growth driven by unprecedented demand levels and buyer activity. Moving into 2022, these signs of price growth and market activity have continued; however, market activity appears to be cooling in light of the cost of living crisis, interest and mortgage rate increases, and the ever-increasing economic and political uncertainty. Previous editions of the report noted that market imbalance was driving price increases. However, with the noticeable reduction in sales enquiries and instructions, and less competitive bidding, this will inevitably see the market returning to long(er)-term and more normal levels of activity, and serve to stabilise house prices and house price growth into the second half of 2022.

This report is premised upon 3,191 transactions. 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.

Contents

Slowing momentum	4
Foreword from Progressive Building Society	5
General Market Trends	6
Performance by Property Type	8
Performance by Region	9
The House Price Index	12
Contributors	13

Slowing momentum

The latest data compiled for the Housing Executive by Ulster University suggest that the unprecedented level of housing market activity of the last two years (as evidenced by this research) has begun to be tempered by factors in the wider economic and political landscape. However, while the 3,191 transactions captured in the Q2 sample was lower than the previous quarter (3,752), the figure remains well above the long-run 2004-2019 average of around 1,600. Similarly, although the annual weighted rate of house price change (+5.6%) was at its lowest since the end of 2020, growth continued, with the average price of properties transacting during the quarter climbing to £205,628.

As summer continues and autumn approaches, the feedback from estate agents points towards an anticipated decline in the level of sales, with a drop in purchaser confidence already evident. Importantly, however, the majority of agents expect prices to remain relatively stable during the third quarter, partly due to the increasing cost of materials for new build and ongoing supply pressures. Notwithstanding the recent high levels of market activity, longer term trends as evidenced by the index illustrated later in this report and Figure 1 below show that the recent trajectory of house price change in Northern Ireland has been generally stable, particularly relative to the periods of extreme change before and after the global financial crisis of 2008.

All other things being equal, it is to be hoped that stability will remain in the months to come. However, the housing market does not operate in isolation; recognising this, the Housing Executive commissioned research on the drivers influencing the local market almost two decades ago, in 2005. Local drivers identified at that time included specific features of the planning system, longer term dividends of the peace process, spatial segregation, cross-border housing market behaviour and specific local policies such as the Co-Ownership scheme. More generic influences outlined in the report included income growth and its drivers; earnings and income distribution across key groups; financial drivers; new housing supply; the profitability and concentration of house builders; and factors within the housing market itself.

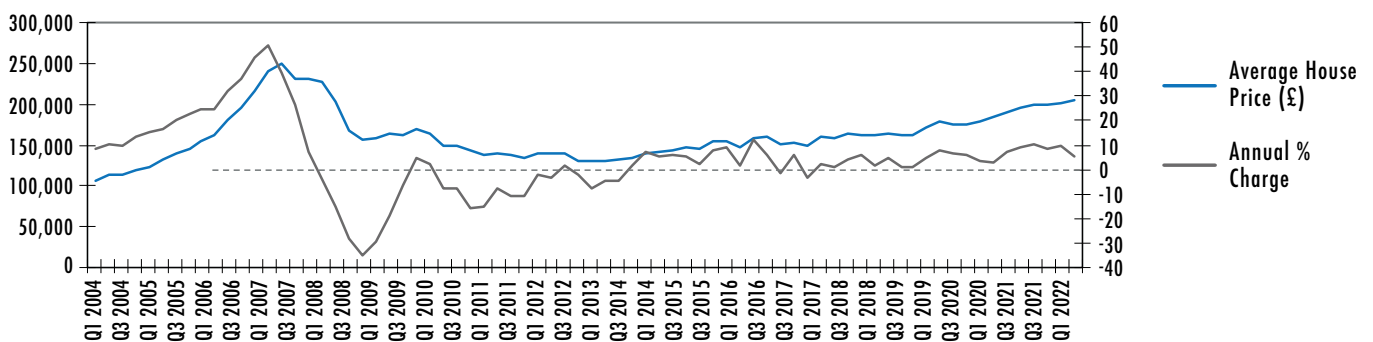
Arguably, with the passage of time and in an increasingly globalised context, the impact of the local drivers has diminished, and a number of wider contemporary factors arising from the events of the last two years are likely to have a significant influence on housing market transactions and prices in the short and medium term, by constricting

household budgets and disposable income and putting pressure on businesses and employers.

- From a level of 0.8% in April 2020, the UK rate of inflation (on the CPI measure) had risen to 9.4% by June 2022, while producer input prices rose by 24.0% in the year to June 2022. Food products were among those making the largest upward contribution to the latter measure and, along with transport, food also made the largest upward contribution to the change in the CPIH 12-month inflation rate between May and June 2022. With increasing challenges to global food output and distribution, the position appears unlikely to ease imminently.
- With at least a portion of this inflation attributable to the significant increase in money supply since early 2020 – an increase that occurred in an environment where most of the monetary policy tools available had already been used to address the global financial crisis – policy makers face difficult decisions in the months ahead. Having remained below one per cent since spring 2009, the Bank of England base rate has already been raised four times in 2022, albeit it to a current rate of 1.25%. A further announcement is expected in August, and while interest rates remain at a historically low level any sustained increase would pose challenges for some borrowers and would further limit housing market access for prospective home buyers.
- As well as rising food and motoring costs, households have also been faced with escalating energy prices as a result of ongoing growth in the wholesale cost of energy. Commentators have noted that there is no sign of downward movements and that the lack of a price cap in Northern Ireland means price increases can be passed on to consumers in the region at relatively short notice.

While households are therefore likely to face a combination of financial challenges over the coming months, purely in covering basic living costs, the latest evidence from the 2021 Census nevertheless points to an ongoing requirement for additional housing, and partly explains the sustained level of housing market demand. In March 2021, there were 768,900 households in Northern Ireland, up from 703,300 in 2011. Importantly, the actual number of households in 2021 was more than 24,000 greater than the estimate put forward in the most recent (2016-based) household projections (744,754). Taking account of these figures and the financial headwinds facing many households, ensuring an ongoing supply of affordable housing, in particular, will be increasingly important – and challenging – in the months ahead.

Figure: Average house price and annual % change in properties transacting, Q1 2004 – Q2 2022



Foreword from Progressive Building Society

Following a prolonged period of market vibrancy, momentum within Northern Ireland's housing market was maintained in Q2 2022 with a quarterly price growth of 3.5%, albeit with indicators that market activity levels are beginning to cool.

The strong purchaser sentiment of 2021 and Q1 2022, coupled with low stock levels, were factors in the overall average price of residential property rising to £205,628 in Q2, which represents a 5.6% weighted increase on the same quarter last year. However, rising consumer costs and interest rates resulting in the continued squeeze on household budgets has begun to impact market activity with a third of estate agents reporting a reduction in new enquiries within selected market areas between Q1 and Q2.

While 86% of agents anticipate prices either remaining largely the same or having 'softer' price inflation over the next three months, the consensus suggests the Northern Ireland housing market is approaching a peak in activity. Demand and the recurring supply challenges remain, however the longer-term picture projects a fall in transaction levels, with inflationary pressures and rising consumer costs expected to have a greater impact upon the local housing market.

Regional Outlook

Analysis at the regional level, based upon the 11 Local Government Districts (LGDs), indicates geographic variation in price growth reflective of local market demand, supply factors and the nature of properties within and coming on to the market.

Closer examination reveals that, of the 11 LGDs surveyed, all but two regions exhibited quarterly price increases, albeit smaller increases relative to Q1, with Belfast (8.1%; £191,040) and Antrim & Newtownabbey (8%; £190,936) recording the largest change during Q2. Meanwhile a 6.4% increase within Newry, Mourne & Down places it as the most-expensive region in Northern Ireland at £225,512. A similar spike of 7.1% was noted within Causeway Coast and Glens (£214,723), while more modest growth was observed across Armagh City, Banbridge & Craigavon (5.1%; £185,882), Ards and North Down (3.2%; £220,445) and Mid and East Antrim (3.9%; £182,098).

Remaining on par with Q1 was the Derry City and Strabane LGD, with its negligible price decrease of 0.2% resulting in an average house price of £147,261. It joins Fermanagh & Omagh as the only two LGDs which displayed price declines during quarter two, with the latter recording a quarterly change of -1.9%.

In line with previous surveys, price distribution across the LGDs is representative of local demand tastes and the nature and availability of the stock transacting.

Summary

The indicators are that Northern Ireland's residential housing market is on the verge of a cooling-off period following very high levels of demand and buyer activity which was seen throughout the last 18 months. As anticipated, the influencing factors of inflation and consecutive interest rate rises are expected to curb momentum in the period ahead, with a majority of agents expecting a dip in sales volume. Current market pricing is expected to be maintained, at least in the short-term, through heightened build costs and the continued supply-demand imbalance.

As we enter the latter half of 2022, the consensus among agents predicts a return to a more 'stable' market dynamic, with fewer sales enquires and purchases expected in the next three months. The long-term forecast of double-digit inflation predicted by the Bank of England for the autumn and the continued household squeeze will likely impact upon transaction levels with a more cautious purchaser landscape.

At Progressive, we continually measure the changing performance of Northern Ireland's housing market to ensure we provide residential support and guidance to our members. We are committed to offering a flexible approach with each mortgage application considered on a case-by-case basis ensuring that people in Northern Ireland can achieve their home ownership goals.

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 show price increases moving into the second quarter of 2022. However, the findings also suggest a market which appears to be slowing down, with a reduction in activity and the ongoing supply-side issues related to the cost of labour and materials reported in previous editions of this survey. The House Price Index shows a quarterly price growth of 3.6% between the first and second quarter of 2022, with annual price increases equating to 5.6% in comparison to Q2 2021. Throughout 2021, the market displayed consecutive-quarterly price growth and market optimism, which were driven by strong purchaser sentiment and the ongoing supply crunch and continued into the first quarter of 2022 despite the emergence of wider market inflationary issues. However, the latest evidence suggests that despite further modest growth in prices, the rate of price growth is slowing and the market appears to be approaching its apex, with signals suggesting that activity is cooling amidst the cost of living crisis.

Although previous analysis hinted towards a softening in prices at the end of 2021, the rebound in Q1 2022 suggested that the market remained buoyant; strong enquiry and transaction levels, allied with a lack of quality stock translated into buyer – and ultimately price – competition. While no ‘dead cat bounce’ is evident in terms of pricing levels, this latest survey indicates a residential property market that is beginning to cool in terms of activity levels and momentum. The survey reveals the overall average price of residential property in Northern Ireland for the second quarter of 2022 is £205,628, representing a weighted annual level of growth of 5.6% between Q2 2021 and Q2 2022. Where quarterly movements are concerned, the Index displays an increase of 3.6% relative to Q1 2022.

Agent commentary Q2 2022

Following a prolonged period of pronounced price inflation and positive purchaser sentiment, the second quarter of 2022 has begun to exhibit clear signs that momentum across the housing market has started to slow. The combination of interest rate rises and heightened living costs has belatedly started to impact upon enquiry levels, with estate agents contributing to the survey citing a drop-off in new purchaser enquiries by one third compared to the previous quarter. Nonetheless, it is also apparent that this drop-off in new enquiries is by no means uniform across the province: 13% of contributors reported heightened levels of enquires across the three months to the end of June and a further 40% reported activity levels to be consistent with the previous quarter – again highlighting disparity in demand and sentiment across some market areas.

Notably, transaction volumes have held up strongly across the quarter, with 47% of agents reporting transaction levels consistent with the first quarter of the year, and a further 27% reporting heightened transaction levels relative to the first three months of the year. It would appear that those ‘committed to buying’ have thus far not been deterred by the changing political, economic and financial landscape, with 67% of agents reporting that the viewings translating to sales ratio was holding up, and a further 20% citing a slight increase in the number of viewings translating into sales across the quarter. Only 13% of the agents surveyed reported a decline in the number of viewings translating into sales over quarter two. It should be noted, however, that 67% of agents surveyed expected a decline in sales volumes as we move into the third quarter of 2022 and beyond, as sentiment begins to impact upon purchaser appetite. This apparent cooling in purchaser sentiment was noted by 60% of agents, who reported a drop in purchase confidence.

Perhaps one of the most important elements of the agent survey is their opinions on future price trends. While there are some spatial variations regarding anticipated future pricing structures – principally related to localised demand and supply patterns – it is clear that confidence in the level of market pricing remains, at least for the time being. Indeed, 53% of agents responding to the survey anticipated that prices would remain largely the same over the course of the next three months, with 33% anticipating some ‘softer’ price inflation. A small number of agents (13%) suggested that prices could decline over the course of the next three months, as interest rate rises are likely to curb investment acquisitions in some cases. For first-time-buyers, it was noted that the heightened interest rate environment adds to affordability pressures, with mortgage lenders, certainly in mainland UK, starting to withdraw some mortgage products. The continued lack of supply allied with prohibitive raw material and labour costs was cited by a number of agents as a key factor in maintaining the current pricing structure. In that sense, pent-up market demand remains a core factor within many sub-markets with agents in many of the larger urban conurbations reporting that while purchasers are not as ‘bullish’, the volume of sales has only been marginally impacted. Indeed, 53% reported only a very moderate decline in sale volumes over the quarter with a further 33% of agent respondents confirming that sale volumes had remained stable despite the increase in interest rates. Looking forward, however, agents highlighted that the end of quarter two had seen a noticeable drop-off in enquiries and foresaw a decline in sales enquires and purchases moving forward. Agent sentiment inferred a return to a more ‘stable’ market dynamic, with one agent commenting:

The post-pandemic period witnessed the emergence of a ‘name your price culture’ for sellers underpinned by the acute lack of supply of quality housing stock coming to the market. While demand amongst prospective home owners has not dissipated there is no doubt that heightened interest rates and increased living costs has resulted in a more cautious purchaser landscape. The competitive bidding wars which characterised the market over the course of the last 18 months have all but gone nonetheless quality stock remains at a premium while there is also less appetite for refurbishment projects at the moment due to labour and material costs.

¹The HPI weights the sample mix by property type which compares price and quantity statistics from the current period in relation to the base period.

Sample distribution

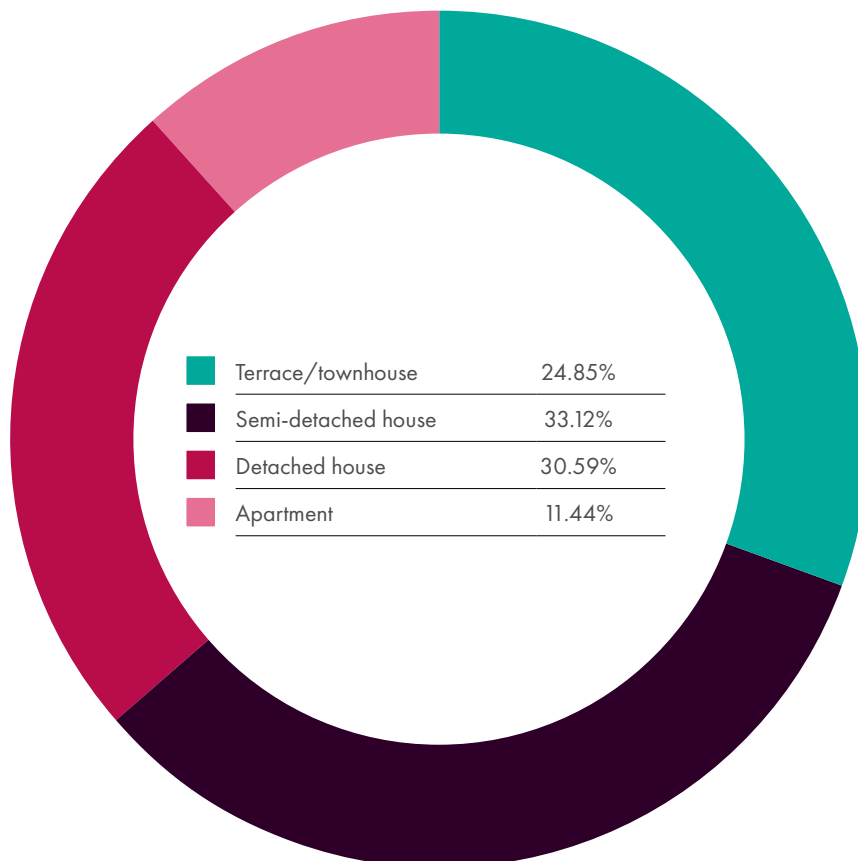
The market evidence since the beginning of Q2 2020 has revealed some subtle movements within transactions across the sample price distribution, particularly within the middle and upper end of the price distribution. The previous survey evidence in Q1 2022 revealed that these small changes continued into the first quarter of the year, when there was a decrease in market activity within the lower end of the price distribution, with increased activity discernible between the £200,000 and £250,000 price range.

The data for Q2 indicate that the proportion of lower priced properties (below £100,000) within the sample equated to 11%, representing a decrease of two percentage points from Q1 2022. Properties sold at or below £150,000 accounted for 37% of transactions, also representing a decrease of one percentage point from the previous quarter, which witnessed a notable reduction compared to the end of 2021 when the proportion was 43%. In the mid-to-higher price brackets, 61% of transactions were at or below £200,000, representing a four percentage point decrease from Q1 2022. In the upper pricing levels of the market, the proportion of properties sold at or below £250,000 decreased by four percentage points from Q1 2022, equating to 77%, with transactions below £300,000 equating to 87%, down two percentage points from the first quarter of the year.

The transactional evidence within this quarter's sample reveals that there seems to have been a further decrease in market activity within the lower- to mid-price distribution, with increased activity notable beyond the £250,000 price range. Indeed, further analysis reveals that 25% of transactions within Q2 2022 were at prices beyond £246,900. Analysis by property type indicates that 25% of semi-detached property transactions were at prices above £212,500, while 25% of detached homes sold at above £349,950.

The sample representation by property type this quarter is indicative of the wider housing market stock profile and remains in line with previous quarters, with minor changes notable. Semi-detached houses continue to be the most common property type in the sample, representing 33% of all transactions (n=1,057) down three percentage points from the previous quarter. Terraced/townhouses equate to 25% of the sample, up one percentage point from the first quarter of 2022 (n=793), with apartments remaining in relative parity and accounting for the smallest share of the market (11%; n=365). Detached houses comprised 31% of all sales (n=976), up over three percentage points relative to Q1 2022. At 19% (n=617) the proportion of new build properties within the sample has decreased by five percentage points, showing an average price of £236,642. This reduction within the sample, as also noted in Q4 2021, suggests that the level of new build activity may be decreasing as developers hold off releasing phases due to escalating construction costs and the wider market uncertainty.

Figure: Market Share by Type of Property



² 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 moderate annual price growth across all segments of the market. Quarterly growth within the market over the second quarter of 2022 is more modest than witnessed in previous quarters and appears to be consistent across the different market segments. This consistency indicates that some of the differential price trajectories and dynamism in terms of price lead-lag relationships between market sectors has begun to stabilise.

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 2021 (annual change) and Q1 2022 (quarterly change). In annual terms, the average price statistics exhibit a 5.3% increase from Q2 2021 levels. Where quarterly change is concerned, the average price increased by 1.6% between Q1 2022 and this quarter (Q2 2022).

Comparative analysis by property type over the year, in parallel with the overall annual increase, shows some commensurate average price changes relative to the reaction of the housing market to COVID-19 post lockdown. Over the past number of quarters since lockdown, the pricing structure within the housing market, both at the aggregate and sectoral level, has displayed dynamism related to consumer behaviour, choice and preference, all of which have corresponded to annual and quarterly price movements over time. In other words, there has been lead-lag pricing behaviour across the various market sectors, driven by market participants. This has seen particular segments – namely detached properties – reveal the largest annual and quarterly price increases and changes initially. However, the other segments of the market have ‘caught up’ as a result of market filtration, which is reflected in more delayed (quarterly) and amplified (annual and quarterly) price changes.

For this quarter, the terrace/townhouse sector exhibited the highest annual price change of 6.9% compared to Q2 2021, with the semi-detached sector showing a comparable annual price growth

of 6.3%. The detached sector displayed annual price growth of 4.6%, with the apartment sector showing the lowest annual growth relative to this time last year, of 2.8%. In terms of quarterly price changes, the terrace/townhouse, detached and semi-detached sectors recorded comparable price increases since the first quarter of the year (2.0%, 1.7% and 1.5% respectively), while price growth in the apartment sector was marginally lower (1.1%). The previous report in Q1 2022 noted that buyer sentiment and transaction activity towards certain segments of the market were resulting in instances of market pricing premiums. This effect seems to have waned in Q2, as a result of cooling market activity and the market beginning to find its equilibrium.

For this quarter, the overall average price in the terrace/townhouse sector stands at £138,942 (n=793). The average price of traditional private-sector built terrace dwellings was £123,507 (n=582), while townhouses displayed an average of £181,513 (n=211). However, the average price of public sector-built terrace dwellings sold during the quarter remained substantially lower (£109,203; n=277). The semi-detached sector showed an average price of £187,861 (n=1,057) with private-built dwellings displaying an average of £193,057 (n=977), compared with an average of £124,399 (n=80) for public-built resale semi-detached housing. The overall average price of detached housing was £291,071 (n=976). For apartments, the average price in the market was £147,594 (n=365), with differences evident between the average price of private-built apartments £154,461 (n=328) and those originally built within the public sector (£86,720; n=37).

Average price by property type (unweighted % change)

Market sector	Annual % change	Quarterly % change	Average Price Q1 2022	Average Price Q2 2022
Terrace/townhouse	6.93%	1.98%	136,241	138,942
Semi-detached house	6.32%	1.47%	185,143	187,861
Detached house	4.61%	1.65%	286,344	291,071
Apartment	2.83%	1.10%	145,990	147,594
N. Ireland	4.73%	1.63%	202,325	205,628

² Statistics gathered from the latest register of recorded households reflecting the market compilation of property types across Northern Ireland.

Performance by Region

Analysis at the sub-regional level, based upon the eleven Local Government Districts (LGDs) and the 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 fourth quarter of 2021, 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 price change across the LGD areas remains spatially uneven and characteristic of local market demand and supply imbalances and the nature of the housing stock within the market and coming onto the market.

When considering the price change statistics this quarter in comparison with Q1 2022, all but two of the LGDs show price increases. Belfast (8.1%) and Antrim and Newtownabbey (8.0%) LGDs display the largest increases followed closely by Causeway Coast and Glens (7.1%) and Newry, Mourne and Down (6.4%). More modest growth was observed in Armagh City, Banbridge & Craigavon (5.1%), Mid and East Antrim (3.9%), and Ards and North Down (3.2%), with both Lisburn and Castlereagh and Mid Ulster LGDs noting small price increases of 0.4%. The Derry and Strabane LGD remained on par with Q2 2022, displaying a negligible price decrease of 0.2%, and Fermanagh and Omagh showed a nominal decrease of 1.9%.

In line with previous surveys over the course of 2021, examination of the price distribution of the stock transacting within and across the LGDs indicates that variability in price change is driven by local demand tastes, the nature and availability of the stock transacting and new build stock entering into the respective market areas.

As noted, the variability of average prices within the LGDs continues to reflect the varying composition of the housing stock against the sample sales average price information, albeit this is weighted using market stock composition. The coefficient of variation (CoV) exhibits relatively disparate price variability within market geographies; both decreases and increases in the spread of prices at LGD level over the quarter reflect the price ranges of the stock transacting in different areas.

On this measure, the analysis indicates that the nature of the stock transacting, and their respective pricing structure has increased in variability in relation to Q1 2022, and more in line with the end of 2021. This appears symptomatic of some market geographies seeing the higher priced properties listed and transacting and more heterogeneous stock. The CoV ranges between 39% (Derry City and Strabane, up from 32% in the first quarter of 2022) and 61% (Fermanagh and Omagh, which has increased from 48% in Q1 2022). Notably, agent commentary from Fermanagh and Omagh highlighted that the market remains healthy with premiums still being achieved for the detached segment of the market. At the general level, five of the LGDs show CoV's ranging between 52% and 58%, with the remainder ranging between 44% and 46%.

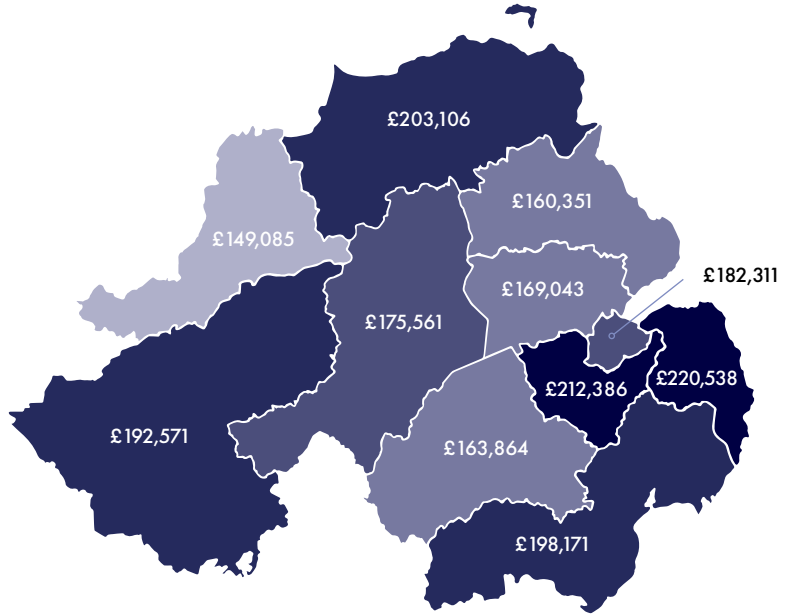
Average price by Local Government District

Local Government District	Average Price Q1 2022	Average Price Q2 2022	% change Q1-Q2
Antrim & Newtownabbey	176,788	190,936	8.0%
Ards & North Down	213,553	220,445	3.2%
Armagh City, Banbridge & Craigavon	176,916	185,882	5.1%
Belfast	176,774	191,040	8.1%
Causeway Coast & Glens	200,467	214,723	7.1%
Derry City & Strabane	147,657	147,261	-0.3%
Fermanagh & Omagh	207,658	203,590	-1.9%
Lisburn & Castlereagh	218,288	219,235	0.4%
Mid & East Antrim	175,320	182,098	3.9%
Mid Ulster	194,301	195,075	0.4%
Newry Mourne & Down	211,887	225,512	6.4%

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.

Average price by Local Government District

LGD Average House Price Q2 2022	
	£149,085 - £160,000
	£160,001 - £175,000
	£175,001 - £190,000
	£190,001 - £205,000
	£205,001 - £220,538



Regional Analysis based on Housing Market Areas

Regional analysis is also undertaken using the functional Housing Market Areas (HMAs) defined on the basis of research that was carried out for the Housing Executive to help guide spatial study of the housing system⁴, 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 (HMAs)

The Housing Market Areas defined for the Housing Executive witnessed varying degrees of price change, again driven by the nature of the stock transacting within particular market sectors. In terms of house price growth, six of the HMAs observed varying degrees of price increases. The Derry HMA witnessed a return to Q4 2021 levels with a jump of 21.2% to an average price of £155,633. Upon further analysis, this growth appears to have been driven by transactions within both the semi-detached (average £156,907) and detached (average £216,730) sectors, which accounted for just over 60% of the sample sales in the HMA. During the previous quarter, there had been more sales within the terrace/townhouse and semi-detached sectors.

The Newry (8.5%), Causeway Coast (7.9%) and Belfast Metropolitan (6.2%) HMAs witnessed modest price increases; again – and particularly for the Newry HMA – this was due to the percentage of sales within the detached segment of the market, which accounted for 36.5% of transactions at an average of £317,105. Both the Dungannon and Fermanagh HMAs showed nominal price growth of 1.7% and 1.9%.

Conversely, average prices observed within the remaining HMAs showed decreases relative to the stock transacting. The Omagh and Ballymena HMAs observed declines of 10.5% and 6.5%, which appeared to be a consequence of lower priced stock transacting within the terrace and semi-detached sectors. The Cookstown (2.2%), Craigavon Urban Area (1.5%) and Strabane HMAs exhibited relatively nominal declines, reflecting reduced price volatility and representative of changes in the nature and number of sample transactions reported. The analysis indicates that the rather uneven and dynamic pricing and market filtering effects are subsiding, with a number of HMAs showing limited price fluctuation and stability.

Table: Functional Housing Market Areas

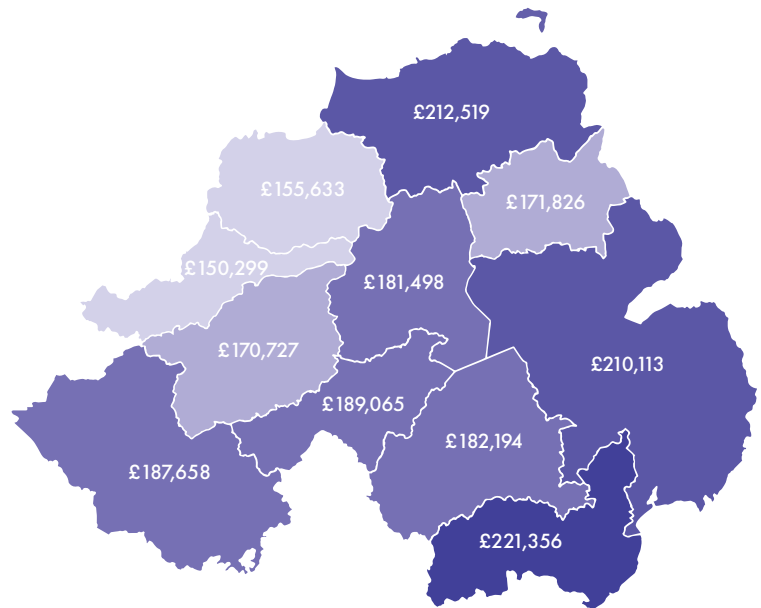
Housing Market Area	Average Price	Average Price	% change
	Q1 2022	Q2 2022	Q1 - Q2
Ballymena HMA	183,737	171,826	-6.5%
Belfast Metropolitan HMA	197,885	210,113	6.2%
Causeway Coast HMA	196,869	212,519	7.9%
Cookstown HMA	185,564	181,498	-2.2%
Craigavon Urban Area HMA	185,050	182,194	-1.5%
Derry HMA	128,424	155,633	21.2%
Dungannon HMA	185,987	189,065	1.7%
Fermanagh HMA	184,069	187,658	1.9%
Newry HMA	203,939	221,346	8.5%
Omagh HMA	190,692 ^a	170,727 ^a	-10.5%
Strabane HMA	152,370	150,299	-1.4%

⁴ The research identified eleven broad housing market areas within Northern Ireland. See: <https://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).

Average house prices by Functional Housing Market Areas

NIHE HMA Average Price Q2 2022	
	£150,299 - £165,000
	£165,001 - £180,000
	£180,001 - £200,000
	£200,001 - £215,000
	£215,001 - £221,346



At the more localised geographies within the Belfast Metropolitan Housing Market Area, the Core and Central Belfast local HMAs, similar to Q1 2022, recorded price increases of 5.0% and 7.2%, bringing average prices to £215,742 and £212,522 respectively. At the Greater Belfast level, the average price was £201,926, representing a 2.1% increase from the first quarter of the year.

In the more peripheral local market geographies, a more uneven picture was evident. The Antrim and Ards and Down local HMAs showed increases of 7.0% and 8.4% respectively, with average prices of £195,432 and £206,214. In contrast, Lisburn local HMA noted a decrease of 5.3% to an average of £184,930 with East Antrim showing a more marginal decline of 1.6%, to £173,027.

Table: Belfast Metropolitan Area Local HMAs

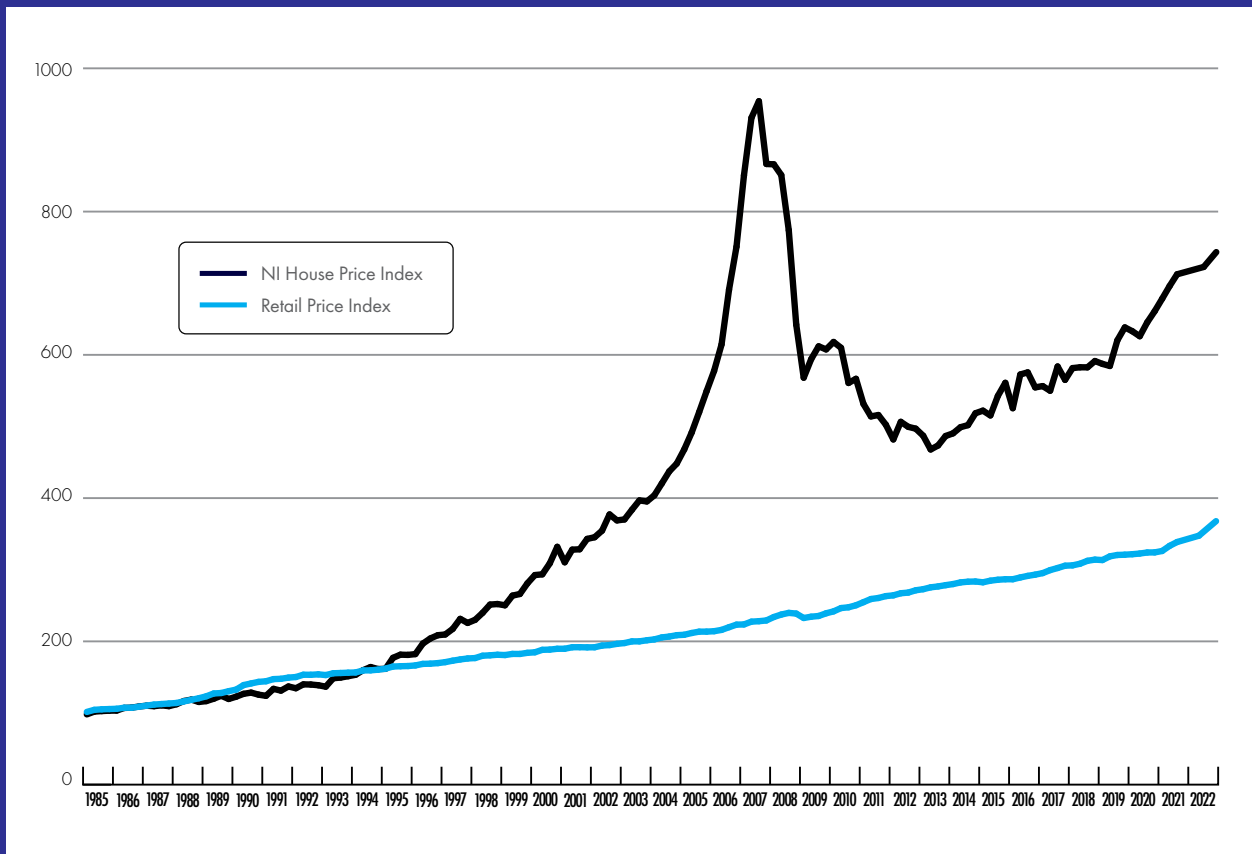
	Average Price Q1 2022 (£)	Average Price Q2 2022 (£)	% Change Q1 - Q2
Antrim Local HMA	182,740	195,432	7.0%
Core Belfast Local HMA	205,384	215,742	5.0%
Greater Belfast Local HMA	197,818	201,926	2.1%
Central Belfast Local HMA	198,291	212,522	7.2%
Lisburn Local HMA	195,228	184,930	-5.3%
Ards & Down local HMA	190,258	206,214	8.4%
East Antrim HMA	175,855	173,027	-1.6%



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 733.43 in Q2 2022, was up over 13 basis points relative to Q1 2022. The increase in the quarterly values continues to be driven by price growth across all segments of the housing market.

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 housing market across 2021 and into 2022 has continued to exhibit strong demand signals, which have translated into sales and price growth across all segments of the market and eight consecutive quarters of growth.



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