

Northern Ireland Quarterly House Price Index

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Housing
Executive



PROGRESSIVE
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Introduction

This survey analyses the performance of the Northern Ireland housing market during the first quarter of 2022 (January, February and March). The report details the key trends and spatial patterns in the housing market, drawing comparisons with the first quarter of 2021 as a measure of annual change and with the fourth 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 continue to transition out of the COVID-19 epidemic and enter into more normal market conditions. Over the course of 2021, the housing market showed signs of heating, driven by strong demand signs, buyer activity and the emergence of supply-side issues in conjunction with wider economic inflationary pressures. The previous report at the end of 2021 highlighted that this market imbalance was arguably creating unsustainable price growth and pressures within the housing system. It appears that these difficulties are now breeding some sense of uncertainty, notably for market pricing levels moving into 2022.

This report is premised upon 3,752 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.

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Foreword from Northern Ireland Housing Executive

'Looking ahead to 2022, most estate agents who took part in the research for this report expect ongoing demand and consumer confidence in the local housing market'. This expectation, highlighted in our commentary for Q4 2021, was certainly borne out in the first quarter of 2022. By comparison with the series of figures dating back to 2004, the number of transactions in the sample for this research (3,752) was second only to the record high of 4,138 during Q2, 2021. The outcome of the sustained demand was that the average price of properties transacting again increased, rising by 9.7% (on a weighted basis) by comparison with the equivalent quarter in 2021, to £202,325.

In a context of inelastic supply and rising build costs, agents who provided qualitative feedback to the Q1 2022 survey generally expected that pricing structures and demand would be maintained, at least in the shorter term. While steady house price growth is a welcome trend for some – those home owners in negative equity since the rapid deflation of the housing market bubble post-2007, for example, and investors and owner-occupiers who see the value of their asset increasing – the dynamics of the current housing market raise questions and challenges, particularly given the wider global context. At a time when salary increases are being substantially out-paced by growth in the cost of living, especially the rising energy and fuel costs that impact directly on household budgets and also drive up the costs of other products and services, there are inevitable concerns over how some households – particularly those on lower incomes – will meet the cost of essentials, including their housing.

Given the interconnectedness of the housing system as a whole, and the supply/demand/need relationships between the owner occupied, private rented and social sectors, the recent trajectory of house prices cannot be viewed in isolation. For households aspiring or unable to purchase, the most accessible alternative tenure in the last two decades has been the private rented sector. However, as residential property prices have increased, so too have average rents in Northern Ireland. As well as collecting data on house prices in Northern Ireland, Ulster University collates and analyses data on the region's private rental market, and has produced half-yearly reports on the findings since 2013. A summary of evidence on the local private rental market in 2021, which was published earlier this year, indicated that:

- The number of transactions sampled decreased by 7.6% by comparison with 2020. This was a continuation of an ongoing trend, which has seen a steady year-on-year decline in the number of transactions captured by this research since Northern Ireland-wide coverage commenced in 2013.
- At £709 per month, average monthly rent for Northern Ireland as a whole was 7.7% higher in 2021 than 2020.
- Average rents were highest in the Belfast City Council area (£780 per month). However, at 4.5%, the rate of rent price growth in Belfast was lower than the average rate of growth in council areas outside Belfast; an increase of 11.6% brought overall average rents in council areas outside Belfast up to £636 per month in 2021, although there was considerable variability across the region.

The analysis also shows that, from a base of 100 in Q1 2013 for both indices, the house price index had climbed to around 145 by the end of 2021, while the rental index stood at 133.2. Commenting on trends in both indices over the last 12 months, the report notes that accelerating house prices, together with lack of supply across market sectors and the drag effects of COVID-19, continue to put upward pressure on average rents and cast a shadow on the rental sector in terms of both affordability and tenure options. As much as in the owner occupied sector, the analysis suggests that the lack of quality rental stock remains a pressing issue, which is feeding into rental price increases. Across the market as a whole, in which dwellings can flow over time between owner-occupation and different forms of rental, one of the key factors driving purchase and rental costs is that the current demand for quality housing outstrips supply. Whether this demand is sustained in coming months is likely to be one of the key determinants of longer term price trends.

Ursula McAnulty

Head of Research,
Northern Ireland Housing Executive
E: ursula1.mcanulty@nihe.gov.uk



Foreword from Progressive Building Society

Market resilience and the acute supply shortage continue to be the two defining factors influencing Northern Ireland's housing market, which began 2022 on a buoyant note, building on last year's momentum to register a quarterly price growth of 2.3%, with annual price increases equating to 9.7%.

The lack of quality stock and high levels of demand seen throughout 2021 were reflected in the market during Q1 2022, particularly within the mid-range pricing bracket, helping to push up the overall average price of residential property to £202,325. Despite early indications of a price 'softening' towards the end of 2021, this slowdown has not carried over into the new calendar year, with all market segments – detached notwithstanding – experiencing considerable quarterly price increases over Q4 2021.

Purchaser sentiment, which has so far been undeterred by rising interest rates, remains strong, with agents noting a spike in agreed sales as a result of high viewing levels. While the consensus remains that market buoyancy will continue over the next three months, the long-term picture comes with a cautionary note. Heightened inflation and rising living costs are expected to have an influential bearing on the market in the coming quarters, while the notable slowdown in new build homes has created a further squeeze on a housing stock already under pressure.

Regional Outlook

Analysis at the regional level, based upon the 11 Local Government Districts (LGDs), indicates geographic variation in price growth representative of local market demand and the nature of properties within and coming on to the market. Indeed, it is noted regional price changes for Q1 2022 are spatially uneven, in line with previous surveys.

Five of the 11 LGDs surveyed exhibited quarterly price decreases in Q1 2022, the largest of which was within Fermanagh and Omagh (£207,658; -13.64%) following a spike in detached dwellings during Q4 2021. It is now the second most-expensive region in Northern Ireland after Lisburn & Castlereagh, which itself witnessed a 2.8% increase from the previous quarter for an average price of £218,288. Further examination of the regional property market reveals Derry and Strabane witnessed the largest price increase over the quarter (17.1%), taking its average house price to £147,657, followed by the Causeway Coast and Glens (12.5%; £200,467) and Antrim and Newtownabbey LGDs (10.7%; £176,788). This however follows comparable price declines within all three LGDs during Q4 2021, again symbolising the changing nature of stock impacting the respective market areas and therefore leading to higher levels of price variability.

Significant quarterly price increases were also recorded across Belfast (4%) along with Mid & East Antrim (5.4%), with average prices of £176,774 and £175,320 respectively. Meanwhile, prices declined slightly across Ards & North Down (-1.7%; £213,553) and the Armagh City, Banbridge & Craigavon LGD (-5.8%; £176,916).

Summary

Northern Ireland housing market's resilience and vibrancy, which defied expectation throughout the pandemic, has been maintained in the first quarter of 2022.

An uplift of buyer activity is to be expected during what is traditionally a period of renewed market momentum in the early part of the year, spurred by purchaser confidence and the direct correlation between initial viewings and agreed sales. Current pricing structures within the market are expected to be maintained through heightened build costs and the continue imbalance between demand and supply.

As we look forward to the rest of the year, rising inflation and household costs remain a challenge within the longer term, with some agents of the view that it will soften demand and subsequently house price rises.

At Progressive, we continually measure the changing performance of NI'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 increases in price growth moving into the first quarter of 2022 driven by buoyant levels of market demand and a lack of quality of stock coming to the market. The House Price Index shows a quarterly price growth of 2.3% with annual price increases equating to 9.7%. Throughout 2021 the market displayed consecutive-quarterly price growth and market optimism. This enthusiasm has continued into the first quarter of 2022, with demand levels continuing to increase alongside purchaser sentiment. This buoyancy is being made more acute due to the ongoing supply crunch, which continues to distort market equilibrium.

This latest survey indicates a residential property market that continues to exhibit increasing activity levels, which are translating into price growth, particularly within the middle pricing tier of the market, and one which is underpinned by the lack of quality stock coming onto the market which is culminating in buyer competition and forcing buyers to pay higher premiums. More variable price change patterns at the end of 2021 hinted towards price ‘softening’, with the lowest rate of quarterly price change in around two years evident in Q4 2021. However, this slowing down of price growth has not continued into Q1 2022, with notable increases in prices evident within the terrace/townhouse and semi-detached segments of the market.

The overall average price of residential property in Northern Ireland for the first quarter of 2022 is £202,325, representing a weighted annual level of growth of 9.7% between Q1 2021 and Q1 2022¹. Where quarterly movements are concerned, the Index displays an increase of 2.2% relative to Q4 2021.

Agent commentary Q1 2022

Historically, the first quarter of the calendar year has tended to coincide with renewed market momentum and increased activity from prospective purchasers. Responses to the agent survey for Q1 2022 confirm the continuation of that trend with 53% of agents citing increased transaction volumes relative to the more traditionally subdued Q4 activity levels. Overall enquiry levels have also increased, with 47% of agent respondents citing an increase in footfall over the three-month period. Perhaps most telling in respect of buyer sentiment right now is the correlation between viewing levels and agreed sales. Notably, 58% of agents reported an increase in agreed sales as a result of the escalation in viewings. Lack of quality stock was again cited as a key factor driving transaction volumes which further served to underpin market pricing structures across the first quarter of 2022.

A little under half of the agents responding to the survey (42%) expected market activity levels to remain constant across the next three months while 37% of agent respondents expected activity levels to escalate further into the second quarter of 2022. That said, 21% of agents felt a slight decline in activity levels may be on the cards moving forward which they largely attributed to the lack of stock availability – with heightened build costs serving to curtail new build stock and halt development phases. Respondents did highlight that increased interest rates had thus far done little to suppress purchaser sentiment. Nonetheless, agents generally did aver that heightened inflation and increased living costs would inevitably have an impact at some point over the next few quarters. While this cautionary note was flagged, the overwhelming view among agents was that the demand-supply imbalance, allied with heightened build costs, would serve to maintain pricing structures.

As we enter into quarter two of 2022, more than half of agents (53%) anticipated further price inflation, with the remaining 47% anticipating that pricing structures would remain consistent with the first quarter of the year. The expectations around pricing were due to purchaser sentiment remaining strong: our survey results show that 63% of agents report consumer confidence to be akin to the previous quarter, with a further 32% inferring that it had increased across this quarter - as demonstrated by the heightened transaction levels and increased purchaser enquiries.

The consensus of opinion within the agent community is that the market will remain buoyant over the course of the next three months. The lack of quality stock – particularly detached family homes within the mid-range (£200,000-£300,000) pricing bracket – is an acute problem. A number of agents said that high levels of interest from prospective homeowners in this price band had resulted in listings achieving £10-20k above their list price. In many highly sought after locations, premiums were even greater. Time on the market, the period from initial listing through until sale agreed, remains very short reflecting the scale of the demand-supply imbalance across many parts of the province. Agents proffered the view that the housing market post-covid remained much more efficient, stating that those booking viewings are serious about their intentions and that has fuelled the strong transposition between viewing figures and sale agreed levels over the last six months.

The most critical theme of the agent survey over the last 12 months has been the lack of supply. In particular, the relative absence of new build stock coming onto the market has a multi-faceted impact on the overall housing market. The escalation in raw material pricing over the last 12 months and continued uncertainty on future movements in material pricing make it difficult to price future work and this, allied with skilled labour shortages, has caused a dramatic slowdown in the pace of new builds being released to the market. This, in turn, means that prospective home-movers seeking to acquire a new home are hesitant to list their existing properties – creating a further squeeze on supply. Meanwhile, prospective purchasers of new build who become frustrated with the delays in release turn to the resale market – which prompts increased demand within the resale sector. The ongoing supply side constraints allied with presently accessible mortgage provision are the key drivers of the house price inflation witnessed over the last year.

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.

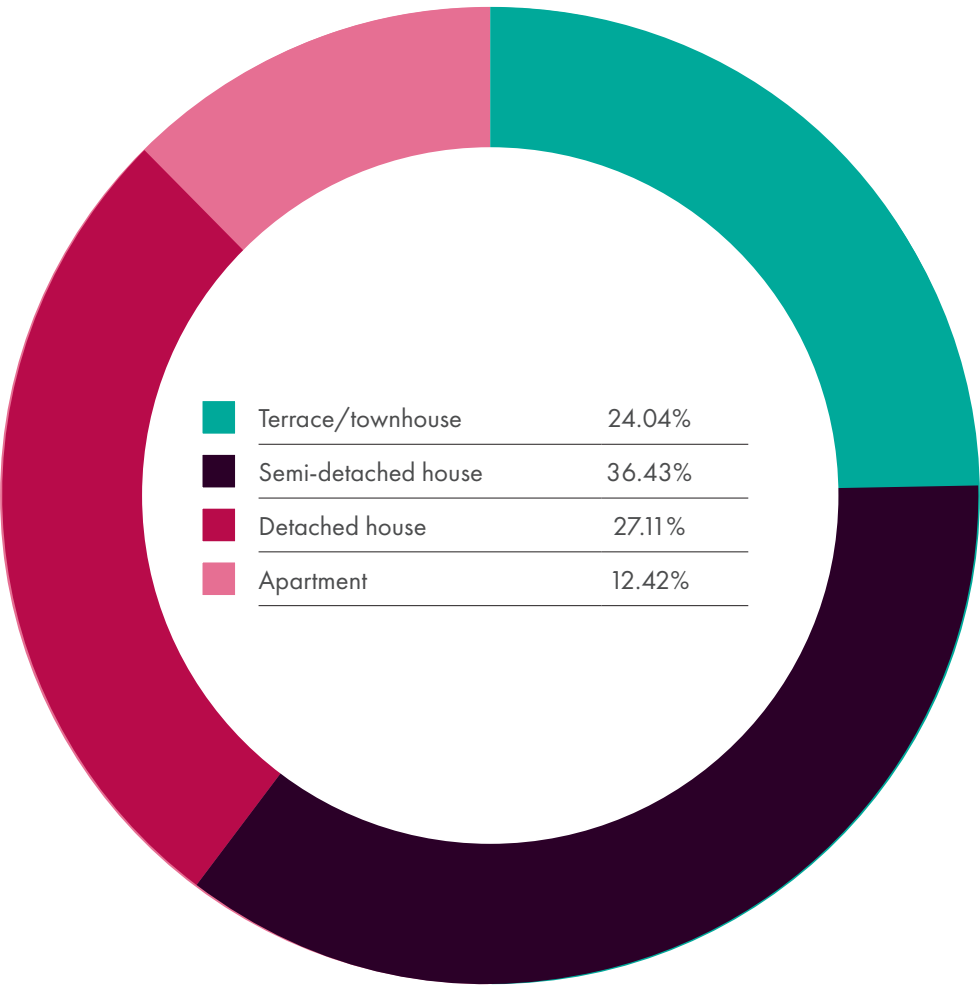
Sample distribution

The data collected since the onset of the COVID-19 pandemic has provided evidence of a subtle shift in transactions across the sample price distribution. This small but significant movement in transactions within the middle and upper end of the price distribution over 2021 has continued into the first quarter of 2022.

The proportion of lower priced properties (below £100,000) equated to 13%, showing a marginal decrease of a just over two thirds of a percentage point (0.7%) from Q4 2021. Properties sold at or below £150,000 accounted for 38% of transactions, representing a notable five percentage point decrease compared to the previous quarter (43%). In the mid-to-higher price brackets, 65% of transactions were at or below £200,000, representing a three percentage point decrease from Q4 2021. In the upper pricing levels of the market, the proportion of properties sold at or below £250,000 decreased by 2% from the final quarter of 2021, standing at 81%. Transactions below £300,000 equated to 89% of the sample, down one percentage point from Q4 2021. These small but subtle changes within transactions over the quarter indicate that there has been a decrease in market activity within the lower end of the price distribution with increased activity discernible between the £150,000 and £200,000 price range.

The sample representation by property type this quarter is indicative of the wider housing market stock profile² 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 36% of all transactions (n=1,367) up two percent from the previous quarter. Terraced/townhouses equate to 24% of the sample, down three percent from quarter four of 2021 (n=902), with apartments remaining in parity and accounting for the smallest share of the market (12%; n=466). Detached houses comprised 27% of all sales (n=1,017), remaining consistent with Q4 2021. At 24% (n=881), the proportion of new build properties within the sample has recovered from the final quarter of 2021, up approximately seven percentage points.

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 sizeable annual price growth across all segments of the market with the exception of the detached sector. Quarterly growth within the market over the first quarter of 2022 appears to be driven by price growth within the semi-detached and terrace/townhouse sectors.

In terms of simple percentage changes, the analysis provides a snapshot that enables comparison of the current average price with the corresponding statistics for Q1 2021 (annual change) and Q4 2021 (quarterly change). In annual terms, the average price statistics exhibit a 6.6% increase from Q1 2021 levels. Where quarterly change is concerned, the average price increased by 1.73% between Q4 2021 and this quarter (Q1 2022).

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 the highest annual price change of 13.2% compared to Q1 2021, with the semi-detached and detached sectors showing annual price growth of 7.1% and 4.2% respectively. The apartment sector displayed annual price growth of 4.7%. In terms of quarterly price changes, the terrace/townhouse and semi-detached sectors show the highest increases in the first quarter of the year of 6.0% and 5.2% respectively, followed by the apartment sector which witnessed price growth of 4.1%. Detached properties revealed a nominal decrease of 1.7% over the quarter.

The report on the final quarter of 2021 suggested that the market, whilst remaining buoyant, was potentially beginning to show evidence of price correction and variability in some segments of the market due to the emergent supply crunch, and the price change this quarter seems to confirm this sentiment. The notable increases evident within the terrace/townhouse and semi-detached sectors are suggestive of market filtration effects, with buyer transaction activity shifting towards these sectors due to the lack of product within the detached sector and buyers paying premiums for semi-detached and townhouse properties.

The overall average price in the terrace/townhouse sector stands at £136,241 (n=902). The average price of traditional private-sector built terrace dwellings was £123,890 (n=712), while townhouses displayed an average of £182,525 (n=190). However, the average price of public sector-built terrace dwellings sold during the quarter remained substantially lower (£104,379; n=220). The semi-detached sector showed an average price of £185,143 (n=1,367) with private-built dwellings displaying an average of £188,584 (n=1,287), compared with an average of £129,776 (n=80) for public-built resale semi-detached housing. The overall average price of detached housing was £286,344 (n=1,017). For apartments, the average price in the market was £145,990 (n=466), with differences evident between the average price of private-built apartments (£151,503, n=426) and those originally built within the public sector (£87,246; n=40).



Average price by property type (unweighted % change)

Market sector	Annual % change	Quarterly % change	Average Price Q4 2021	Average Price Q1 2022
Terrace/townhouse	13.2%	6.0%	128,496	136,241
Semi-detached house	7.1%	5.2%	176,018	185,143
Detached house	4.2%	-1.7%	291,288	286,344
Apartment	4.7%	4.1%	140,260	145,990
N. Ireland	6.6	1.7%	198,890	202,325

Average price by Local Government District

Local Government District	Average Price Q4 2021	Average Price Q1 2022	% change Q4-Q1
Antrim & Newtownabbey	159,751	176,788	10.7%
Ards & North Down	217,430	213,553	-1.8%
Armagh City, Banbridge & Craigavon	187,815	176,916	-5.8%
Belfast	169,929	176,774	4.0%
Causeway Coast & Glens	178,233	200,467	12.5%
Derry City & Strabane	126,114	147,657	17.1%
Fermanagh & Omagh	240,453	207,658	-13.6%
Lisburn & Castlereagh	212,379	218,288	2.8%
Mid & East Antrim	166,319	175,320	5.4%
Mid Ulster	211,424	194,301	-8.1%
Newry Mourne & Down	214,123	211,887	-1.0%

Average price by Functional Housing Market Areas

HMA	Average Price Q4 2021	Average Price Q1 2022	% change Q4-Q1	Belfast Metropolitan Area Local and sub-area HMAs	Average Price Q4 2021 (£)	Average Price Q1 2022 (£)	% Change Q4-Q1
Ballymena HMA	155,996	183,737	17.8%	Antrim Local HMA	164,537	182,740	11.1%
Belfast Metropolitan HMA	188,659	197,885	4.9%	Core Belfast Local HMA	199,851	205,384	2.8%
Causeway Coast HMA	193,836	196,869	1.6%	Greater Belfast Local HMA	195,317	197,818	1.3%
Cookstown HMA	184,019	185,564	0.8%	Central Local HMA	192,198	198,291	3.2%
Craigavon Urban Area HMA	190,488	185,050	-2.9%	Lisburn Local HMA	196,892	195,228	-0.9%
Derry HMA	144,779	128,424	-11.3%	Ards & Down local HMA	182,772	190,258	4.1%
Dungannon HMA	*	185,987	n/a	East Antrim HMA	148,328	175,855	18.6%
Fermanagh HMA	274,714a	184,069a	-33.0%				
Newry HMA	238,371	203,939	-14.4%				
Omagh HMA	155,780	190,692a	22.4%				
Strabane HMA	128,470	152,370	18.6%				

* denotes insufficient sample size
a note this is based on a small sample (<40 obs) and may not be fully representative.

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 prices 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 Q4 2021, five of the eleven LGDs noted price declines, with the remaining markets displaying price growth. Similar to the last quarter of 2021, these price changes – in line with the agent commentary – are seemingly representative of the subtle changes to stock being listed and transacted within the respective market areas. The Derry and Strabane LGD witnessed the largest price change over the quarter (17.1%) followed by the Causeway Coast and Glens (12.5%) and Antrim and Newtownabbey LGDs (10.7%). Again it is noteworthy that all three LGDs had observed comparable price declines the previous quarter which reflects the changing nature of stock transacting. The Belfast, Mid and East Antrim, and Lisburn and Castlereagh LGDs observed more modest price increases of 4.0%, 5.4% and 2.8% respectively.

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 and 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)³ 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 findings are in line with the previous quarter which witnessed heightened levels of variability within the LGDs, generally with the CoV ranging between 32% and 68%. For this quarter, the CoV values range between 33% (Derry City and Strabane) to 65% (Belfast). However, they have decreased within a number of market areas – notably the market areas which observed higher price changes, such as the Newtownabbey LGD which reveals a CoV of 39% relative to 47% in Q4 2021.

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

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, The Omagh and Ballymena HMAs have seen the largest price changes over the quarter, of 22.4% and 17.8%. Further analysis showed that for the Ballymena HMA over 50% of the transactions this quarter were above the £165,000 mark and that 53% of transactions were in the detached segment of the market, which had an average sale price of £241,028. Similarly, the Omagh HMA transactional evidence was dominated by detached sales (53%) which had an average sale price of £231,648 with semi-detached £154,015. The price increases in the Strabane HMA appeared to have been dominated by new build semi-detached sales. The Belfast HMA (4.9%), Causeway Coast HMA (1.6%) and Cookstown HMA (0.8%) show modest to nominal growth over the quarter.

Conversely, average prices declined in the remaining HMAs, with the Derry, Newry and Craigavon Urban Area HMAs recording decreases of 11.3%, 14.4% and 2.9% respectively, which upon further investigation appeared to be a consequence of lower priced stock transacting. Within the Derry HMA, 75% of recorded transactions were in either the semi-detached or terrace segments of the market with semi-detached properties showing an average price of £151,582 and terrace housing £95,195. For the Newry HMA, 44% of transactions were within the semi-detached sector revealing an average price of £190,408, with only 25% of transactions recorded in the detached segment of the market noting an average price of £321,521. Within the Craigavon Urban Area HMA, whilst 41% of recorded transactions occurred in the detached sector with an average of £260,752, the increased volume of sales within the semi-detached (39%) and terrace (14%) sectors has served to reduce the overall average price marginally this quarter. The Fermanagh HMA continued to exhibit higher price volatility representative of changes in the nature and number of sample transactions reported. Further insights show that whilst 65% of transactions were in the detached sector, the average sales price was £215,395 with 28% of transactions within the sme-detached sector displaying an average of £127,188.

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

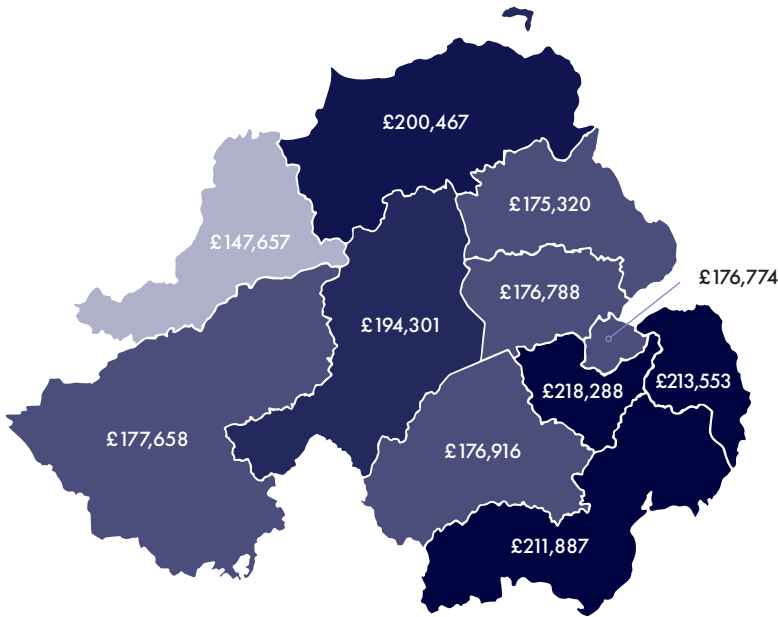
⁴ The research identified eleven broad housing market areas within Northern Ireland. See: www.nihe.gov.uk/getmedia/4ae016fe-6702-4080-983e-dac39738b342/Mapping-Northern-Irelands-Housing-Market-Areas.pdf.aspx?ext=.pdf.

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).

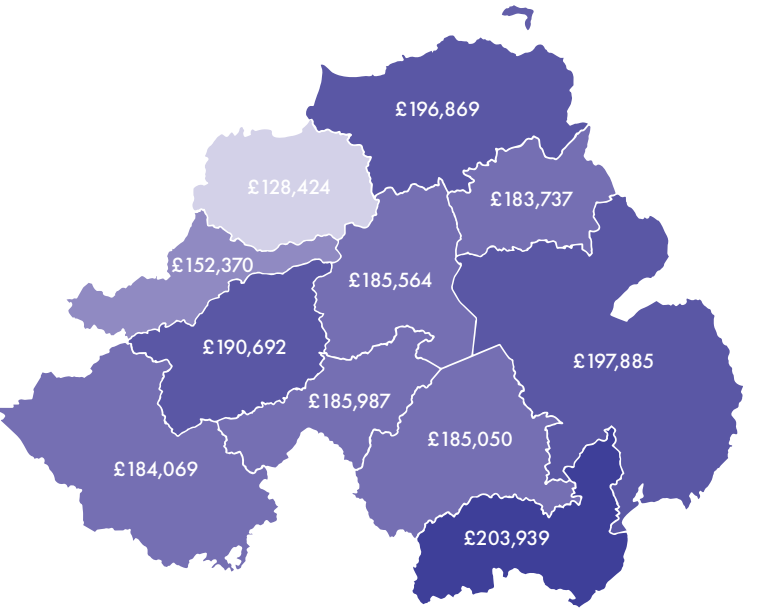
As across the course of 2021, this rather dynamic pricing behaviour continues to remain characteristic of market filtering practices and lead-lag effects alongside market demand tastes, the saturation of market product and lack of supply, and the composition of stock transacting at both higher and lower prices in some HMAs.

At the more localised geographies within the Belfast Metropolitan Housing Market Area, the Core and Central Belfast local HMAs in contrast to the previous quarter recorded price increases of 2.7% and 3.2%, bringing average prices to £205,384 and £198,291 respectively. At the Greater Belfast level, the average price was £197,818, representing a 1.3% increase from quarter four of 2021. In the more peripheral local market geographies, more pronounced price changes continued to be evident. Both the Antrim and East Antrim local HMAs in Q4 2021 observed more sizeable price declines due to a change in the stock transacting. In contrast, this quarter saw average price increases, of 11.1% and 18.6% respectively. Examination of their price distributions show an increase this quarter for semi-detached properties and new builds specifically. The Ards and Down local HMA showed an increase of 4.1%, to an average price of £190,258, in Q1, while the Lisburn local HMA generally remained in parity, with an average price of £195,228 and negligible price change decline of 0.9% over the quarter.

LGD Average House Price Q1 2022	
	£147,657 - £150,000
	£150,001 - £170,000
	£170,001 - £190,000
	£190,001 - £200,000
	£200,001 - £218,288



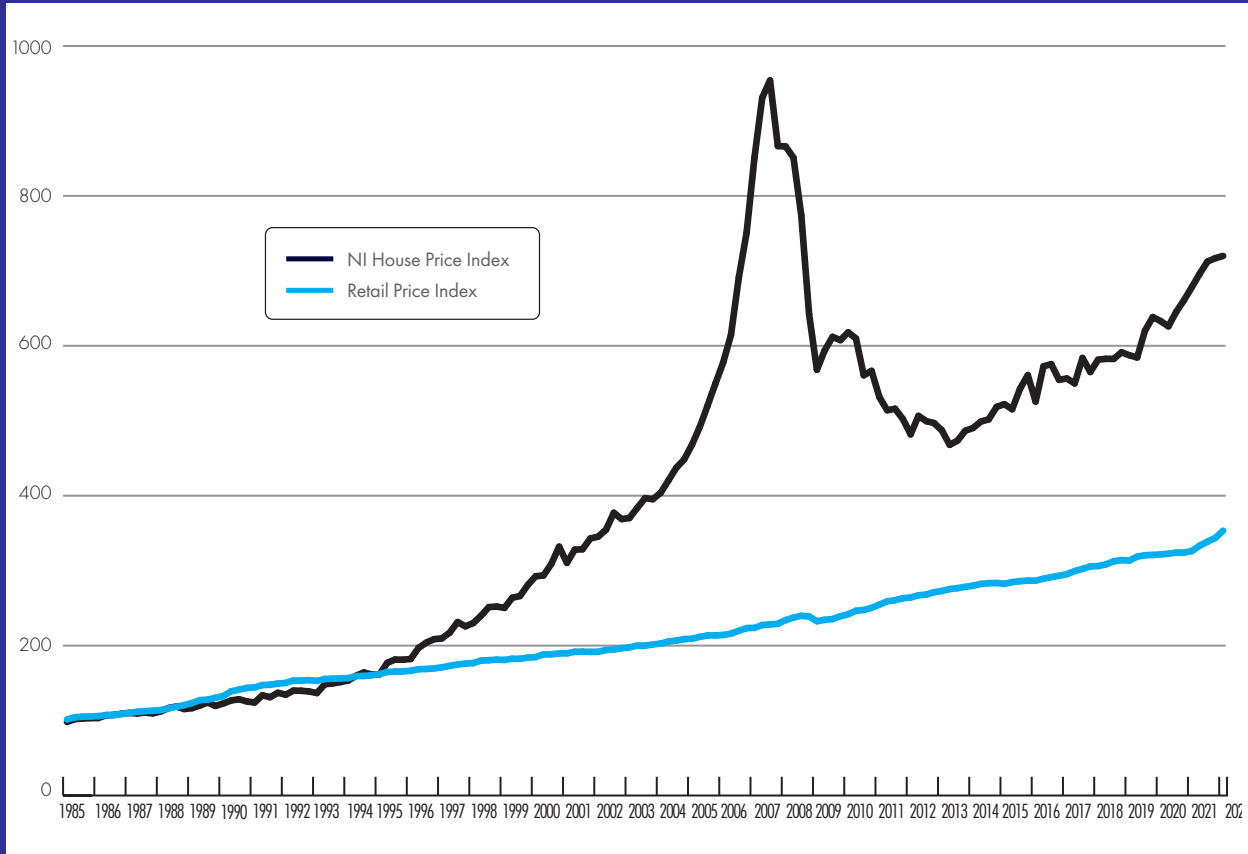
NIHE HMA Average Price Q1 2022	
	£128,424 - £140,000
	£140,001 - £155,000
	£150,001 - £170,000
	£170,001 - £190,000
	£190,001 - £200,000
	£200,001 - £203,939



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 719.92 in Q1 2022, is up just over 3 basis points relative to Q4 2021. The small increase in the quarterly values continues to be driven by strong demand, a benign lending environment and a lack of housing product in the detached segment 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 continues to exhibit strong demand signals, which have translated into sales and price growth across all segments of the market and seven consecutive quarters of growth.



Contributors

- Alexander, Reid & Frazer

AMPM Properties

Armoy Homes Property Services

Armstrong Gordon

Best Property Services

Bill McCann Estate Agency

Bill McKelvey Estate Agents

Blair & Boyd

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For further information please contact:

Dr Jasmine LC Lim

Programme Director

E: lc.lim@ulster.ac.uk **T:** +44 (0)28 9036 8562

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