

Northern Ireland Quarterly House Price Index

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Housing
Executive



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Introduction

This survey analyses the performance of the Northern Ireland housing market during the second quarter of 2023 (April, May and June). The report details the key trends and spatial patterns in the housing market, drawing comparisons with quarter two of 2022 as a measure of annual change and with quarter one of 2023 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.

This report is premised upon 2,879 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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Slowing momentum

On the face of it, the figures set out in this latest report suggest that Northern Ireland's housing market has been defying the odds. At 2,879, the number of transactions captured in the sample for Q2 2023 was higher than in the three preceding quarters, and although there was a further (marginal) quarter-on-quarter decline in the average price of properties transacting, on a weighted measure there remained a low level of price growth by comparison with the equivalent quarter in 2022. Once again, the survey findings were in line with the market intelligence provided by participating estate agents, who had noted an increase in listings during the first quarter of the year, and strong levels of buyer enquiries; in the event, it seems, the listings and enquiries translated into a stable level of transactions.

Particularly in recent years, however, each quarterly snapshot of the housing market sits within its own context. At the time of writing, only a few weeks later, the conditions influencing the housing market have once again shifted, and the changes are reflected in agents' observations of a reduction in both new listings and buyer enquiries, which are likely to shape the direction of the market in coming months. A key influence on sentiment has been two further interest rate rises, the first as Q2 drew to a close, in June, and the most recent in early August. This latter increase, the fourteenth consecutive rise, brought interest rates to their highest level since early 2008 (5.25%). The relentless upward trajectory over the last two years has been painful for many households, and perhaps especially so for those in younger cohorts, who have until recently only experienced a low interest rate borrowing environment.

Irrespective of views on the extent to which interest rate increases can or will bring about the desired outcome of a substantial decrease in the rate of inflation, it is worth bearing in mind that the recent period of near-zero base rates was historically unprecedented, and that the Monetary Policy Committee's latest deliberations and decisions are based on a market-implied path for Bank Rate that rises to a peak of just over 6% and averages just under 5.5% over the three-year forecast period [i.e. Q3 2023 to Q3 2026]¹. In other words, all other things being equal, interest rates are expected to rise further before any potential fall.

The body of this report highlights the coming challenges for households approaching the end of a fixed rate deal this year. In June, the Institute for Fiscal Studies produced a UK-wide analysis, which estimated that the increase in interest rates between March 2022 and May 2023 (therefore, prior to the two most recent rises) had resulted in an average increase in monthly mortgage payments of around £150 in Northern Ireland, equating to more than 5% of disposable income²; it is likely that both figures are now much higher.

Interest rates are not the only challenge for the local housing market; survey findings published in June indicated that more than half of Northern Ireland-based construction firms were experiencing serious impacts due to inflationary pressures, leading to financial concerns or contractual/business risk³. Perhaps related to these challenging conditions, the total number of new dwelling starts recorded during the first quarter of 2023 (the most recent period for which figures are available at the time of writing) was the lowest January-March figure for some time⁴. A likely shortfall in the funding available for new social housing in 2023/24 will also impact on new dwelling output⁵, and will have the longer term impact of further restricting options for those households in the most acute housing need, exacerbating pressures on the wider housing market.

In combination, the prevailing conditions point towards the likelihood of slowing momentum in the housing market, not due to any decrease in need or underlying demand, but rather as a result of pressure on household finances and housing supply. As the summer draws to a close and other expenses increase (there has already been an uptick in the prices of home heating oil and petrol/diesel in recent weeks), the local housing market may follow the pattern of other parts of the UK, with decreased activity and further marginal quarter-on-quarter price decline.

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¹ Bank of England Monetary Policy Report August 2023

² Interest rate hikes could see 1.4 million people lose 20% of their disposable income | Institute for Fiscal Studies (ifs.org.uk)

³ Construction sector in NI facing into dual headwinds of limited pipeline and stubborn inflation (cefnl.co.uk)

⁴ 1,361 starts were recorded in Jan-Mar 2023, compared with 1,906 in the same quarter 2022, 1,982 in 2021, 1,569 in 2020, 1,760 in 2019 and 1,960 in 2018. Figures are available at [New dwelling statistics](https://www.finance-ni.gov.uk/new-dwelling-statistics) | Department of Finance ([finance-ni.gov.uk](https://www.finance-ni.gov.uk))

⁵ 'NIHE warns that budget cuts will hit those most in need' (June 2023) [The Housing Executive - News \(nihe.gov.uk\)](https://www.nihe.gov.uk/news)

Foreword Progressive Building Society

A continued lack of supply underpinned the Northern Ireland housing market in the second quarter of the year, countering pressure from increasing borrowing rates and helping push prices higher. The resilient showing means the market has recovered the slight losses recorded in the first quarter and confirms the notion that buyers remain eager despite the wider economic malaise and inflationary environment. However, increasing cost-of-living pressures mean the short-term outlook is likely to come under pressure, particularly with many in the market taking a wait-and-see approach.

The House Price Index showed average Northern Ireland house prices climbed by 0.7% in the second quarter of 2023, bringing the annual increase to 2.9%. At the same time, 58% of agents reported a drop of in new instructions, highlighting the slide in fresh supply coming to the market.

Regional Outlook

Regional supply and demand balances are once again reflected in the price activity across each local government district in Northern Ireland. A total of eight out of the 11 districts saw price increases in the second quarter compared to the first quarter of 2023, with Derry City and Strabane seeing the largest price increase of 9.6%, closely followed by Ards and North Down and Armagh City, Banbridge and Craigavon which both saw increases of 5.1%. Other regions to report gains were Mid and East Antrim (2.5%), Belfast (2.1%), Newry Mourne & Down (1.7%) and Mid and East Antrim (0.5%). Conversely, three districts saw prices slide, including Fermanagh and Omagh which was down 10.5%, Causeway Coast and Glens which recorded a 7.4% decline and Lisburn and Castlereagh which fell 2.4%.

Summary

The performance of the Northern Ireland housing market in the second quarter of the year reinforces the view that supply-side constraints are underpinning prices despite a number of consistent headwinds. There can be little doubt the market is under pressure, not least from affordability issues as consecutive Bank of England interest rate hikes force borrowing costs higher and still-high inflation eats into disposable income. Agents responding to the survey have confirmed as much, noting more testing conditions and the withdrawal of some prospective buyers. However, that uncertainty doesn't just impact buyers but also sellers, keeping owners on the sidelines in search of a clearer, more confident outlook before committing to a sale and reducing the pool of houses for sale. In addition, agents reported that there appears to be a "healthy" number of willing buyers in the market who are chasing that still-constrained supply of stock.

The latter issue has been a fundamental of the Northern Ireland housing market for some months and shows little sign of abating, so it's little wonder that expectations for any significant price correction, as witnessed in the first quarter, are slim. Couple that with increasing signs that inflation, as measured by the consumer price index, is easing and the near-to-medium term outlook looks relatively robust. Certainly, the Bank of England's latest interest rate increase would suggest the central bank is less worried about rising inflation. It had been widely expected to raise rates by 0.5% in August so its 0.25% hike has been seen as evidence that its latest run of increases may be coming to an end. Of course, there are many variables which could colour that outlook in the coming weeks but for borrowers, and for the Northern Ireland housing market, there is little doubt the pressures which have determined the market in recent months are easing.

Progressive Building Society has a long history of working with homeowners to charter a path through the more volatile environment which currently exists, with products to fit the majority of borrower needs and the ability to flex to service more complex projects. Our team are equipped with deep knowledge of the complexities of the housing market and can be trusted to help make one of the most important life purchases a reality.

Michael Boyd

Deputy Chief Executive & Finance Director
Progressive Building Society



General Market Trends

The main findings of this survey indicate that the housing market continues to remain 'in parity', recording a nominal price increase in the second quarter of 2023. The findings indicate that whilst the market continues to see new listings and buyer enquiries despite the ongoing economic and financial market uncertainty, there are signals that these have begun to decrease over quarter two of the year. The House Price Index this quarter shows an increase of 0.7% in the average house price between the first quarter of 2023 and quarter two 2023, with an annual weighted price increase of 2.9% in comparison to Q2 2022.

The previous quarter indicated a cooling housing market, and one which for the first time in more than two years observed a small quarterly price decline and reduced transactions as a consequence of the wider macroeconomic environment and inflationary pressures. During quarter two of the year, the continued battle to curb inflation through interest rate hikes by the Bank of England further alarmed the lending fraternity, when it had appeared that lenders believed they had priced in any further interest rate increases and market participants were beginning to come to terms with the realities of the new mortgage interest rate environment.

The dynamic and ever-changing borrowing landscape has continued to present uncertainty for market participants, with mainstream lenders repricing their products in line with the ongoing interest rate and inflation movements throughout the quarter. This has inevitably filtered into the housing market, with the result that potential buyers and sellers are playing a 'holding game': evidence has begun to show signs of waning buyer demand and some indications that sales prices are below asking prices.

Yet despite these ongoing challenges, the housing market has remained somewhat resilient, with prices revealing a nominal increase of 0.7% over the quarter - meaning that the market remains at the same price point since the beginning of the year. This arguably is attributable to a lack of supply and product entering the market and, given this supply-demand imbalance, prices may well continue to hold in the immediate future and mitigate any potentially severe price correction.

That said, the Office of National Statistics has calculated that across the UK more than 1.4 million fixed rate mortgage deals are due to end during 2023, of which just over 57 percent were fixed at under 2%⁶. A sizeable number of these borrowers will be remortgaging on deals at approximately 6%, which will significantly increase mortgage costs and undoubtedly pose a significant test for the housing market and house prices moving forward. In line with the lagged nature of the house price response to macroprudential and economic changes, the impacts of increased borrowing costs are likely to become more evident during the third and fourth quarters of the year.

This survey reveals the overall average price of residential property in Northern Ireland for the first quarter of 2023 is £204,331, representing a weighted annual level of growth of 2.9% between Q2 2022 and Q2 2023⁷. Where quarterly movements are concerned, the Index displays an increase in average prices of 0.7% relative to Q1 2023.

Agent commentary Q2 2023

The previous evidence from agents denoted a more positive sentiment towards market outlook in the first quarter of 2023. While there appear to be continued listings and there is growing evidence of a sentiment shift amongst prospective buyers, the Bank of England (BOE) raised the base rate twice over the course of Q2 (by 0.25% on 11th May and by a further 0.5% on the 22nd June). These quick succession rises saw the base rate jump from 4.25% to 5% and it is clear that the changing interest rate environment has curtailed momentum within the housing market and impacted upon purchaser confidence. The housing market in Northern Ireland had already exhibited signs of 'cooling' in the first quarter of the year, with a more cautionary approach seemingly being adopted by prospective purchasers. Meanwhile, the withdrawal and repricing of mortgage products in response to the Bank of England hikes has meant that purchaser affordability is also being severely impacted.

The UK inflation rate may have fallen unexpectedly in recent weeks, but with further hikes to the BOE base rate forecast for this year the cost of mortgage borrowing is a primary concern amongst prospective buyers. Notably, 53% of the agents contributing to our quarterly survey felt that sentiment amongst both buyers and sellers had decreased in the three months to the end of June. This change in sentiment has prompted a marked decline in the number of enquiries, with 47% of agents surveyed reporting a falloff in the number of purchaser enquiries relative to previous quarters.

The number of new listings coming to market has also declined, with 58% of agents surveyed reporting a drop-off in new instructions. The ongoing lack of quality supply in key locations has been long identified as a significant factor in maintaining house prices across Northern Ireland and pricing resilience again remains evident over the course of Q2, with 53% of agents surveyed stating that prices had remained steadfast relative to the previous quarter. Looking forward, 47% of agents surveyed do expect prices to decline over the course of the next few quarters. It is envisaged, however, that any price correction is likely to be moderate, with demand-supply imbalance continuing to be a factor in prices remaining stagnant.

Agents responding to the survey acknowledged that the more testing market conditions had prompted some prospective buyers to exit the market, but the general consensus amongst the agent community is that a healthy number of willing and able buyers do remain. The lack of quality stock remains a key inhibitor to servicing the ongoing levels of demand and as yet there appears to be little increase in stock listings attributable to the ongoing cost of living crisis, albeit this may change if inflationary pressures persist into next year.

A further factor in the price resilience shown to date is most likely the pronounced inflation within the private rental sector. Despite the increased interest rate environment many prospective purchasers still find it less expensive to buy than rent in the current market. The yields on offer within the private rented sector have also attracted the attention of Buy-to-Let landlords, particularly high-net worth investors, which has put added pressure on housing demand.

The picture is very dynamic at present and is certainly not uniform across Northern Ireland. While small reductions between listing price and price achieved were reported in some sub-markets, other agents continued to report high levels of activity, with transaction prices

⁶ [How increases in housing costs impact households - Office for National Statistics \(ons.gov.uk\)](https://www.ons.gov.uk/economy/inflationandcosts/articles/how-increases-in-housing-costs-impact-households)

⁷ The HPI weights the sample mix by property type which compares price and quantity statistics from the current period in relation to the base period.

continuing to exceed the listing price. It is clear that the financial impact of the interest rate changes appears to have been filtering into the market over the quarter. This has placed potential buyers in a quandary, waiting to see if the recent slight easing of inflation has any effect on interest rates. Higher interest rates have inevitably affected confidence, particularly with regard to properties in the higher price bracket, as even marginal changes in borrowing costs can significantly alter affordability. Looking forward, the next quarter is likely to be significant as the impact of the 0.5% rise in the BOE base rate impacts market conditions and purchaser affordability.

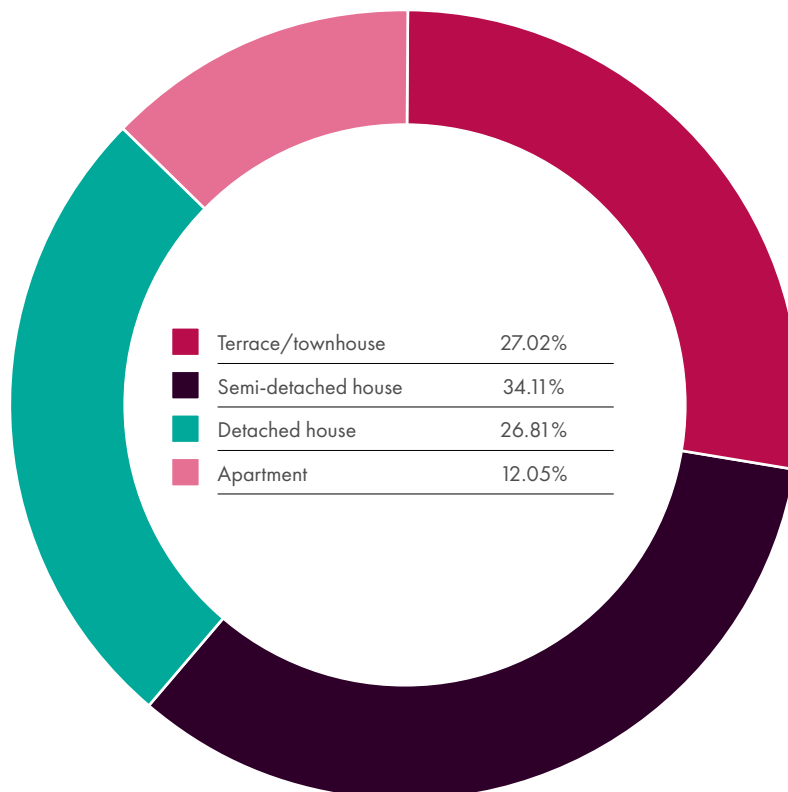
Sample distribution

By the end of 2022 the market was showing evidence of subtle increases in the proportion of transactions within the mid-to-lower end of the price distribution, and this trend continued at the start of 2023. This quarter, the sales evidence remains similar to the first quarter of the year. The proportion of lower priced properties (below £100,000) within the sample equated to 13%, representing a one percentage point decrease from Q1 2023. Properties sold at or below £150,000 accounted for 37% of transactions, a one percentage point decrease from the previous quarter. In the low-to-middle price brackets, 64% of transactions were at or below £200,000, also representing a one percentage point decrease on the previous quarter. In the middle-to-upper pricing levels of the market, the proportion of properties sold at or below £250,000 decreased by three percentage points to 78%, down from 81% seen in the first quarter of 2023.

Transactions below £300,000 accounted for 88% of the sample, a decrease of two percentage points from Q1 2023, with transactions beyond £300,000 accounting for 12% of sales within the sample. The transactional evidence within this quarter's sample indicates that consumer activity has remained stable and consistent with the first quarter of the year and that, to some extent, the volatility within the lending sector due to the interest rate environment has not yet severely impacted on sales transactions within the market.

The sample representation by property type this quarter remains indicative of the wider housing market stock profile⁸ and in line with previous editions of the report. Semi-detached houses continue to be the most common property type in the sample, representing 34% of all transactions (n=982), in line with the first quarter of the year. Terraced/townhouses account for 27% of the sample, a decrease of one percentage point from the previous quarter (n=778). Detached houses comprised 27% of all sales (n=772), reflective of a one percentage point increase relative to Q1 2023. The apartment sector, continued to account for the smallest share of the market and showed a decrease of one percentage point, down to 12% from Q1 2023 (n=347). The proportion of new build properties displayed a small increase to 11% (n=321), up one percentage point from the first quarter of the year. Whilst showing a small increase, this remains below the long-term average of 22% seen since 2016. The average price of the new build properties transacting this quarter was £252,341, reflecting a further 1.4% increase from the previous survey.

Market Share by Type of Property



⁸ 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 shows mixed price movements across the market sectors as the market continues to adjust to the wider economic climate and financial setting. In terms of quarterly price change, all but the semi-detached sector showed price increases. At the overall level, a quarterly increase of 0.5% within the market during the first quarter of 2023 is evident. Annually, the price changes are more varied with the terrace/townhouse and detached segments of the market revealing price declines whereas the semi-detached and apartment sectors displayed increases. Overall, the annual rate of price change – which had been slowing over the course of 2022 and into 2023 – exhibits an unweighted decline of 0.6% compared to Q2 2022.

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 2022 (annual change) and Q1 2023 (quarterly change). In annual terms, the average price statistics exhibit a 0.6% decrease from Q2 2022 levels. Where quarterly change is concerned, the average price increased by 0.5% between Q1 2023 and this quarter (Q2 2023).

The previous survey (Q1, 2023), noted that the different sectors were experiencing realigning price trends, primarily due to the extremely dynamic interest and mortgage interest rate environment. Whilst the previous two surveys showed small declines within the detached sector, this quarter saw positive price change of 1.6%. A slightly higher positive price change (2.9%) within the terrace/townhouse sector cancelled out the price decline witnessed in the first quarter of the year. This quarter, the semi-detached sector is the only segment of the market which observed a price decline – albeit nominal – of 0.9%, while the apartment sector is the only sector to exhibit positive price change both quarterly and annually (0.1% and 7.6% respectively).

The overall average price in the terrace/townhouse sector stands at £135,682 (n=778), with traditional private-sector built terrace dwellings averaging £124,132 (n=609) and townhouses £177,305 (n=169). However, the average price of public sector-built terrace dwellings sold during the quarter remained substantially lower (£106,882; n=255). The average price of properties transacting in the semi-detached sector was £189,039 (n=867), with private-built dwellings displaying an average of £193,578 (n=903), compared with an average of £134,549 (n=77) for public-built resale semi-detached housing. The overall average price of detached housing was £290,340 (n=772). For apartments, the average price in the market was £158,821 (n=347), with differences evident between the average price of private-built apartments £163,981 (n=325) and those originally built within the public sector (£81,048; n=21).

Average price by property type (unweighted % change)

Property Type	Annual % change	Quarterly % change	Average Price Q1 2023 (£)	Average Price Q2 2023 (£)
Terrace/townhouse	-2.4%	2.9%	131,865	135,682
Semi-detached house	0.6%	-0.9%	190,698	189,039
Detached house	-0.3%	1.6%	285,677	290,340
Apartment	7.6%	0.1%	158,621	158,821
N. Ireland	-0.6%	0.5%	203,326	204,331

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 first quarter of 2023, 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 defined market areas.

Local Government Districts (LGDs)

In line with previous surveys, the geographic variation in average house price change across the LGDs remains spatially uneven and characteristic of local market demand and supply imbalances, as well as the nature of the housing stock within and coming onto the market. When considering the price change statistics this quarter in comparison with Q1 2023, there remain some uneven price changes across the Local Government Districts, amplified by the stock transacting in the resale and new build markets.

Eight out of the eleven LGD market areas exhibited price increases over the quarter with the largest price change increases notable in Derry City and Strabane (9.6%) and more modest price increases in Antrim and Newtownabbey (4.2%), Ards & North Down (5.1%) and Armagh City, Banbridge and Craigavon (5.1%). Nominal price increases were observed within Mid and East Antrim (2.5%), Belfast (2.1%), Newry Mourne & Down (1.7%) and Mid Ulster (0.5%) LGDs. Price declines were apparent in the Fermanagh & Omagh (5.7%) Causeway Coast and Glens (3.4%) and Lisburn and Castlereagh (2.4%) LGDs.

Analysis of the data indicates that this sizeable variation has been driven by some changes to the stock transacting within particular market regions driving demand and supply and ultimately price change statistics. For example, the transactional evidence indicated that during Q1 2023 approximately 49% of sales within the Fermanagh and Omagh LGD were within the detached sector and 34% within the semi-detached sector. This quarter has seen a reduction in sales transactions in the semi-detached segment of the market (28%) with increased transactions within the terrace/townhouse sector (15%) which had average prices of £166,573 and £122,800 respectively. Similarly, in the Derry City and Strabane LGD there was a subtle increase in transactions within the detached and semi-detached segments of the market, increasing to 27% and 32% respectively this quarter, with average prices of £291,740 and £164,725.

Average price by Local Government District

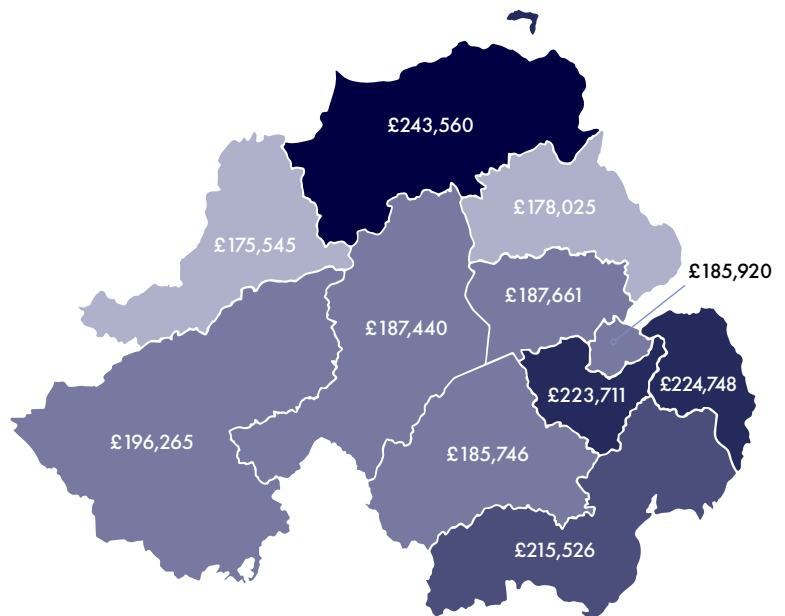
Local Government District	Average Price Q1 2023 (£)	Average Price Q2 2023 (£)	% change Q1-Q2
Antrim & Newtownabbey	180,096	187,661	4.2%
Ards & North Down	213,818	224,748	5.1%
Armagh City, Banbridge & Craigavon	176,728	185,746	5.1%
Belfast	182,157	185,920	2.1%
Causeway Coast & Glens	252,248	243,560	-3.4%
Derry City & Strabane	160,164	175,545	9.6%
Fermanagh & Omagh	208,023	196,265	-5.7%
Lisburn & Castlereagh	229,298	223,711	-2.4%
Mid & East Antrim	173,621	178,025	2.5%
Mid Ulster	186,498	187,440	0.5%
Newry Mourne & Down	211,837	215,526	1.7%

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)⁹ 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 market areas. An interesting observation this quarter is the reduction in the range of the CoV statistic across the market geographies. The previous survey reported the range in the variation of sales prices to be between 39% and 61%. For Q2 2023, the CoV statistics ranged across

market geographies between 35% (Fermanagh and Omagh) and 54% (Armagh City, Banbridge and Craigavon) illustrating an overall decrease in the variability of the price of stock transacting within some of the market areas. An interesting observation is that the Fermanagh and Omagh market – with the lowest CoV – recorded the greatest price decline; this was due to the increase in transactions within particular segments of the market. Similarly, the Derry and Strabane market area, which observed an increase in its CoV by seven percentage points from 44% to 51% this quarter, recorded the highest rate of price change over the quarter.

Average price by Local Government District

LGD Average House Price Q2 2023	
	£175,545 - £180,000
	£180,001 - £200,000
	£200,001 - £220,000
	£220,001 - £240,000
	£240,001 - £243,560



⁹ 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.

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 system¹⁰, as well as a number of more localised HMAs and sub-areas that function within and across the Belfast Metropolitan HMA¹¹.

Functional Housing Market Areas (HMAs)

The Housing Market Areas defined for the Housing Executive witnessed differing degrees of price change, again driven by the nature of the stock transacting within particular market sectors. In terms of house price change, eight out of the eleven HMAs observed increases at varying levels ranging between 0.4% and 5.9%. The largest quarterly rate of price increase was observed in the Fermanagh HMA (5.9%), followed by Craigavon Urban Area HMA (5.2%), Newry (5.0%), Derry (4.8%), Cookstown (4.6%) and Dungannon (4.4%) HMAs. Both the Ballymena and Omagh HMAs displayed nominal price changes of 1.5% and 0.4% respectively. The largest price decline was observed in the Causeway Coast HMA (6.2%), followed by Strabane HMA (4.6%) and the Belfast Metropolitan HMA (2.8%).

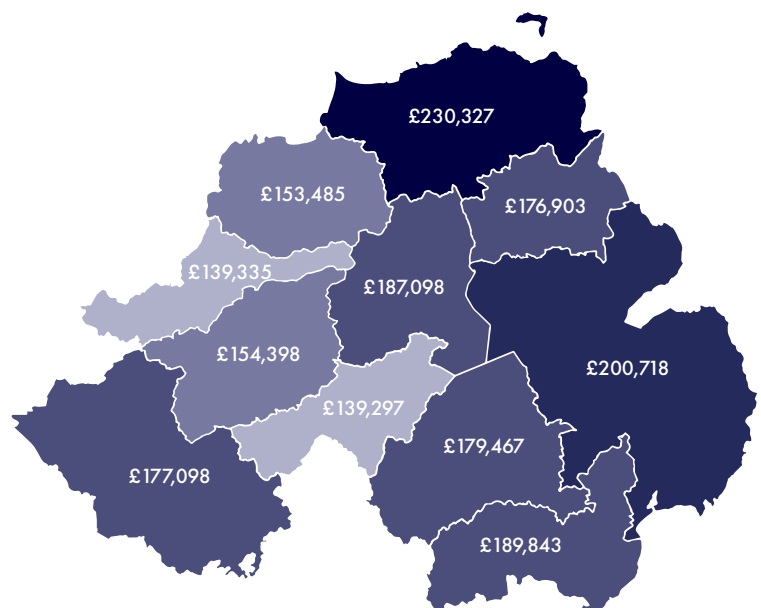
Functional Housing Market Areas

Housing Market Area	Average Price Q1 2023 (£)	Average Price Q2 2023 (£)	% change Q1-Q2
Ballymena HMA	174,287	176,903	1.5%
Belfast Metropolitan HMA	206,432	200,718	-2.8%
Causeway Coast HMA	245,530	230,327	-6.2%
Cookstown HMA	178,940	187,098	4.6%
Craigavon Urban Area HMA	170,622	179,467	5.2%
Derry HMA	146,424	153,485	4.8%
Dungannon HMA	133,395	139,297	4.4%
Fermanagh HMA	167,172	177,098	5.9%
Newry HMA	180,820	189,843	5.0%
Omagh HMA	153,798	154,398	0.4%
Strabane HMA	146,023	139,335	-4.6%

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

Average house prices by Functional Housing Market Areas

NIHE HMA Average Price Q2 2023	
	£139,297 - £150,000
	£150,001 - £170,000
	£170,001 - £190,000
	£190,001 - £210,000
	£210,001 - £230,327



¹⁰ 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

¹¹ 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).

At the more localised geographies within the Belfast Metropolitan Housing Market Area, the Core and Central Belfast local HMAs observed small price increases of 2.0% and 0.3%, bringing average prices to £208,404 and £201,701 respectively. At the Greater Belfast level, the average price was £200,718, representing a 0.9% increase from the first quarter of the year.

In the more peripheral local market geographies, price variation was more notable, with the exception of the Antrim local HMA which recorded no price change. The East Antrim HMA observed a price increase of 1.7% with an average price of £186,580, with Ards and Down local HMA and Lisburn local HMA showing slightly higher price increases of 2.3% and 3.9% and recording average prices of £209,385 and £220,207.

Belfast Metropolitan Area Local HMAs

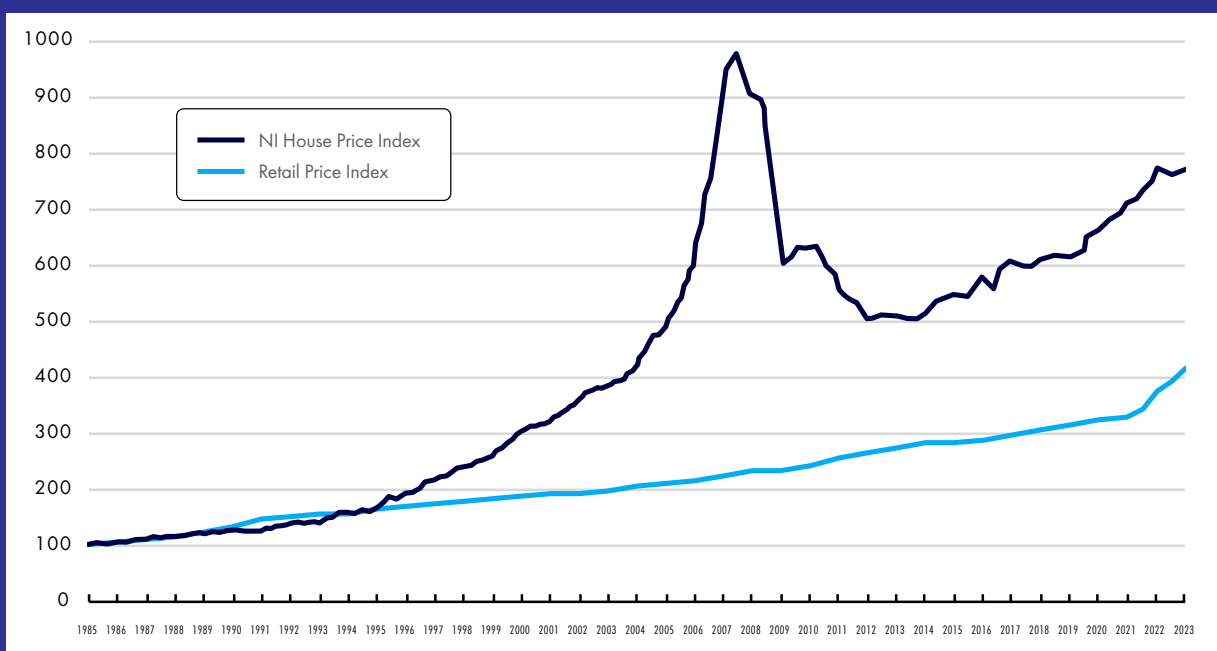
	Average Price Q1 2023 (£)	Average Price Q2 2023 (£)	% change Q1-Q2
Antrim Local HMA	186,228	186,246	0.0%
Core Belfast Local HMA	204,335	208,404	2.0%
Greater Belfast Local HMA	199,053	200,718	0.9%
Central Belfast Local HMA	201,117	201,701	0.3%
Lisburn Local HMA	211,918	220,207	3.9%
Ards & Down local HMA	204,780	209,385	2.3%
East Antrim HMA	183,497	186,580	1.7%

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 756.26 in Q2 2023, is up 4 basis points relative to Q1 2023. This nominal increase in the quarterly values reflects the varied and uneven price movements within the various sectors of the market, particularly the terrace/townhouse segment, which demonstrated price growth of 2.9%.

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 continued to exhibit strong demand signals, which translated into sales and price growth across all segments of the market and nine consecutive quarters of growth. With the onset of the cost of living crisis at the beginning of 2022, and the large interest rate and mortgage interest rate hikes, the housing market began to slow down during 2022, with a deterioration in house price growth and market activity. This cooling of housing market activity was associated with a declining rate of price growth across 2022 and, for the first time since COVID-19, there was negative price growth in the first quarter of 2023. This quarter has seen a small increase in prices which has meant that the market has over the first two quarters of the year seen no price growth.



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