



UNIVERSITY of
ULSTER

Northern Ireland

Quarterly House Price Index

For Q2 2006



**Housing
Executive**

ISSN 1462 2351
Report No. 87

Bank of Ireland



Introduction

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

The price statistics are based on a sample of 2,285 open market transactions during the second quarter of 2006. Information is presented on the residential property market for Northern Ireland, with an analysis of sale price by different property types. The overall performance of the housing market is measured by a weighted index that reflects the market share of each property type. The index captures various movements within a single statistic and allows changes over time to be tracked. The regional analysis considers trends in market areas throughout the province.

Contents

A Summer Hot House	Page 1
More affordable housing with the help of the planning system	Page 2
General Market Trends	Page 3
Performance by Property Type	Page 4
Performance by Region	Page 6
The House Price Index	Page 8
Contributors	Page 9





"A Summer Hot House"

September 2006

Avid readers of Northern Ireland's Quarterly House Price Survey will no doubt reflect on our latest findings with a sense of déjà vu. In short, 2006 is shaping up as a year when all records will be broken with confirmation that the boom in residential house prices continued into the summer months while any lingering concerns we may have harboured earlier in the year about sustainability have clearly been assuaged for the time being.

Perhaps the most significant feature of this latest snapshot is the remarkable consistency in spectacular annual price growth of c 25% as recorded in recent surveys, far outpacing the general rate of inflation and rates of growth in incomes and employment. These are exceptional times which, if anecdotal evidence is anything to go by, will persist for a while yet. Tales of limited supply, lengthy queues for new releases and gazumping have been gaining even greater currency in recent weeks.

To give some measure of the quantum involved, at nearly £163,000, average prices in this region have risen by almost £70,000 in just four years. For the same quarter in 2002, the average price of a property was just over £95,000; now, on current trends a transaction below £100,000 will soon become an "extinct species" with five out of six deals now above this threshold and one in five now above £200,000.

The Micro Picture

Of course, the Northern Ireland market is made up of various sub-segments and "markets within a market" and very often the main interest in our survey lies in the detail. Readers will note, for example, that Antrim/Ballymena tops the table this time for fastest price growth over the twelve month period at a staggering 48% while Lisburn, South Belfast and the North Coast remain the most expensive places to buy. By contrast, North Belfast seems entrenched in the position of least expensive area in the survey with prices rising in more moderate fashion and the gap with the West of the City widening since the last survey. This may to some extent reflect a legacy of so-called interface areas and occasional outbreaks of community tensions.

In terms of property type, it is no surprise to see the highest rate of increase in the terraced / townhouse segment but this again seems less a commentary on starter homes for first-time buyers and more about an attractive niche for the relentless investor activity that we are seeing. Last month the Council of Mortgage Lenders (CML) reported UK buy-to-let borrowing setting new records in the first half of 2006 with 152,500 loans advanced worth £17.5 billion and representing a rise of 20% in value terms on the same period in 2005.

Local investors are certainly playing their part in this phenomenon. Unfortunately, the CML data is not

disaggregated for the regions but Bank of Ireland estimates that borrowing to finance residential property investment in Northern Ireland is now approaching the £2 billion mark. (The overall UK market is now c £84 billion). Of course, the rising immigrant population and potential buyers with affordability constraints (there were fewer than 10,000 first time buyer mortgages last year, the lowest since 1992) are boosting the demand for rental accommodation and helping prolong the investment boom. A market which has become a cold house for first time buyers is simultaneously, a hot house for the investor community.

Overall, while higher rates bills & the introduction of water charges next year may have some impact, I remain of the view that a real cooling in house price growth is contingent on this investor dynamic changing.

Interest Rate Dampener?

Last month, after a long period of inactivity the Bank of England increased the cost of borrowing by 25bps, a move followed within days by the main mortgage lenders pushing Standard Variable Rates (SVR) a step closer to 7.0%. Furthermore, ahead of the official move the money markets had been anticipating tighter credit conditions resulting in the re-pricing of many of the very attractive fixed rate products.

The obvious question is whether the recent move by the central bank is the precursor to a series of "quick-fire" increases to bring inflation back under control or part of a "stitch in time" strategy to avert the possibility of more strident action later on. I favour the latter. There is little evidence to suggest that the "inflation genie" has escaped from the bottle but equally there is no doubt that price pressures and expectations are higher than the Bank of England had anticipated at the beginning of the year with the sustained rise in energy prices and the rebound in economic growth.

Looking ahead, while the target measure of inflation continues to overshoot the 2.0% level with the greater risk of Mervyn King having to write a letter of explanation to the Chancellor, the "hawks" on the committee will remain a little uncomfortable and we should be on watch for another small rate increase before year-end. The comforting news for borrowers is that the pattern of "shallow" interest rate cycles is likely to continue – the cost of money may be a touch more expensive but the overall record levels of indebtedness in the wider UK economy suggests the rate-setters will tread softly and with sensitivity to achieve their remit.

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

More affordable housing with the help of the planning system

Capital appreciation may well be good news for existing owner-occupiers and investors, but the University of Ulster's latest quarterly house price figures indicate clearly the growing difficulty faced by first-time buyers in gaining a first foothold on the ladder of owner occupancy. Average house prices are continuing to rise at 25 per cent annually and the proportion of houses being sold at less than £100,000 fell to a new low of 16 per cent in quarter 2 2006. With the University of Ulster citing an inelastic supply side as a factor in this equation, it is timely to look at research findings emerging from Great Britain where the planning system has been used for some years to ensure delivery of affordable housing.

Using the Planning System – Planning Obligations

In Great Britain and the Republic of Ireland, there has been the increasing use of the planning system to deliver affordable housing. Under Section 106 of the Town and Country Planning Act 1990 (England) Section 75 of the Town and Country Planning (Scotland) Act 1997, and Part V of the Planning and Development Act 2000 (Republic of Ireland), provision has been made to enable the planning system to assist with the delivery of affordable housing through planning obligations.

Planning obligations are legal agreements between the planning authority and the developer. Obligations tend to apply mainly to major development schemes and can be used as a means of providing sites, buildings or funding for educational, social or leisure facilities, transport infrastructure, or affordable housing in the form of both social rented properties and Low Cost Home-Ownership.

In Great Britain and in the Republic of Ireland thresholds have been put in place by a number of Councils requiring that a proportion of affordable housing must be provided within developments over a certain number of units or area of land.

Research Findings

The Joseph Rowntree Foundation has recently published a number of pieces of research which throw light on the effectiveness of section 106 agreements in England. Some of the most interesting findings are summarised below:

- Planning agreements are now attached to 40% of major residential planning permissions; the equivalent proportion in 1997/98 was 26%.
- The number of S106 affordable units granted planning permission has risen rapidly (from just over 15,000 in 1999/2000 to around 36,000 in 2004/05).
- The total value of affordable housing obligations delivered in 2003/04 was estimated at £600m, while

the value of obligations agreed during the same period was estimated to be approximately £1.2 bn.

- Completions of S106 affordable units have been rising more slowly than permissions, leading to concerns about the capacity of S106 and the planning system to actually deliver agreed levels of affordable housing.
- Although there is an inherent time lag between completion and permission, this alone is not sufficient to account for the gap. Evidence points to delays, changes in mix and timing within developments and lack of clarity about the use of financial instruments as contributing factors.
- Negotiations between the local authority, house builder and housing association(s) involved in S106 developments can be long and complex, and at times challenging due to differences in negotiating styles.
- Evidence gathered during the research projects suggests that, in the majority of cases, once development starts on a site, S106 delivers what was originally agreed. The most important explanation for the disparity between planning permissions and completions is that either schemes were not developed or there were very long delays between permission and completion.
- S106 is beginning to bed down, and looks likely to account for increasing proportions of new affordable housing provision in England. However, securing more affordable homes through S106 depends heavily on the buoyancy of the housing market. While a strong and rising market means that it is easier to agree the original S106 and deliver the desired affordable output, and that the impact of the original agreement on a developer's profit margin is reduced, a downturn in the market would present significant challenges.

The experience from England, therefore, suggests that Section 106-type arrangements – although often complex and time-consuming to put in place – are starting to deliver outcomes, particularly on larger sites. Under Section 40 of the Planning (Northern Ireland) Order 1991, it would be possible to put in place similar obligations where affordability is identified as a problem in Northern Ireland, and policy and practice would have the advantage of being informed by the experience of implementing similar processes elsewhere. As yet, Article 40 has not been used to provide social or affordable housing in NI, but if house prices continue to rise and affordable options for first time buyers and low income households to rent or buy continue to contract, use of planning obligations looks likely to be an increasingly important aspect of affordable housing provision. It is heartening to see that the Department for Regional Development in its response to the Independent Panel's Report on the Review of Housing Growth Indicators has committed itself to revising PPS 12 – Housing in Settlements, "to clarify and strengthen policies on affordable housing."

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

General Market Trends

The main finding of this survey is the enduring nature of the current boom in house prices throughout Northern Ireland. The rate of growth is highly consistent with the previous report for the first quarter of 2006 providing a further indication of the buoyant nature of the housing market. Over the year house prices have increased on average by 24.7% with a quarterly weighted increase of 6.4%.

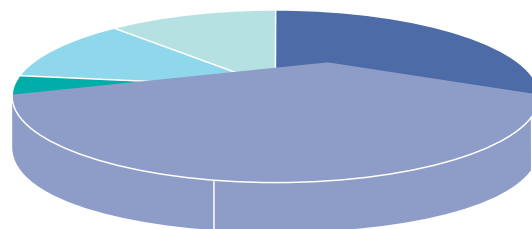
The overall average price of residential property in Northern Ireland for the second quarter of 2006 is £162,821. Compared with the same quarter of 2005, price levels are up on average by 24.7% (weighted increase), a rate of increase that is virtually unchanged from the picture prevailing in the previous report (24.6%). Indeed, a feature of the housing market has been the consistently high rate of growth that has been maintained for several quarters and in particular the ability of the market to sustain such rates of increase. Evidence suggests that demand has been very strong in the market with investors competing with home-owners, whereas supply is relatively inelastic in response to the demand-side pressures. The shorter-term, quarterly weighted increase of 6.4% is in line with the rate of growth of recent surveys with the over-riding characteristic of the market being the similarity in the rate of increase, namely: 5.5%, 5.2%, 5.8% and 5.9% respectively over the previous four quarters.

One of the main findings from recent reports of the Northern Ireland Quarterly House Price Index has been the shrinkage in the number of houses selling at or below £100,000. This report indicates no easing-up in this trend with only 16% of properties selling at or below £100,000 compared to 21% in the previous survey. The continuing reduction in the number of sales at this level means that first-time buyers are being stretched and increasingly are paying well in excess of £100,000 to purchase a property. With the upward shift in prices, the modal price band is property selling for between £100,000 and £150,000 with 39% of sales. Indeed this survey indicates

that the percentage of sales within this price band may also be starting to contract with nearly as many sales recorded for property priced within the range from £150,000 to £200,000 (35% of all sales). The upward shift in average prices means that 45% of properties in the sample have sold for above £150,000 compared with 38% of properties in the last report. At the top-end of the market, the percentage of transactions in excess of £200,000 has increased to 20%.

In terms of market share, composition of the sample is highly consistent with previous surveys. The two dominant property types are terraced/townhouses (n=685) accounting for 30% of the sample and semi-detached houses (n=625) representing 27%. Detached houses constitute 18% (n=401) and detached bungalows 9% (n=206). The market share taken by apartments (13%, n=300) continues to be strong. Semi-detached bungalows 3% (n=68) are poorly represented and have the smallest market share. In terms of age profile, newly developed property constitutes 23% of the sample.

Property Share by Type



Performance by Property Type

Performance by property type indicates that all sectors of the market have increased substantially in average price over the year in line with the overall market trend. However it is significant that the highest rate of increase is for terraced/townhouses (31.5%) with the lowest rate of growth for detached houses (17.3%).

Annual performance provides a snapshot comparing the current average price with corresponding statistics for the second quarter of 2005. On the basis of this analysis all property types, in accordance with the overall market, have performed strongly with significant increases in average price over the year. For this survey the highest rate of annual growth is terraced/townhouse property (£127,847) with a 31.5% increase. Significantly it is this sector of the market which is attracting the strongest investment interest as well as traditionally being the access point of the first-time buyer. Seemingly strong competition is a key factor responsible for the high rate of increase. Similar competition is apparent within the apartment sector (£146,097) with price levels increasing on average by 27.8% over the year.

For semi-detached houses (average price £148,109) the annual rate of price growth (25.1%) is also strong and very consistent with the overall rate of increase in the residential market. Likewise, the semi-detached bungalow sector (£140,193) has performed strongly (27.7%) though overall this sector of the market is low in terms of the volume of sales evidence.

Detached bungalows (£209,037) have a rate of annual increase (24.9%) which also is highly comparable to the overall market picture, however for this survey it is the highest priced sector, detached houses (£238,103), that has the lowest rate of annual price growth (17.3%). This is largely due to some regional markets notably within the east of the province experiencing reduced average price levels for detached houses.

Annual % increase and average price

Market Sector	Annual Change	Average Price Quarter 2	Average Price Half Year Figures
Terraced house	31.5%	£127,847	£124,356
Semi-detached house	25.1%	£148,109	£144,505
Detached house	17.3%	£238,103	£238,987
Semi-detached bungalow	27.7%	£140,193	£136,358
Detached bungalow	24.9%	£209,037	£197,913
Apartment	27.8%	£146,097	£135,237

Short-term performance examines price levels in the second quarter of 2006 against those for the first quarter of 2006. The weighted increase across all of the six main property types is 6.4% indicating that the market has continued to progress at a consistent rate during the second quarter of the year and building further upon the high rates of growth reported over several successive quarters. However, on a property type basis quarterly performance shows more variability than the annual trend. Over the quarter, the price of apartments has increased substantially (17.1%) but with the high level of new development in this sector, the average price can be influenced by particular releases. Detached bungalows have also performed well over the quarter with the average price up by 13.6%. For terraced houses, semi-detached houses and semi-detached bungalows the rates of quarterly increase are reflective of the overall market with respective rates of change of 6.1%, 6.0% and 6.4%. In contrast, the average price of the detached house sector is virtually unchanged over the quarter (up by 0.2%).

Average price by region and property type

Region	All	Terrace	SD House	Detached House
Northern Ireland	£162,821	£127,847	£148,109	£238,103
Belfast	£160,121	£133,246	£164,139	£246,813
North Down	£173,285	£135,712	£135,823	£261,087
Lisburn	£194,519	£144,052	£157,388	£273,333
East Antrim	£128,838	£98,676	£124,565	£186,222
L'derry/Strabane	£151,462	£128,410	£144,398	£217,108
Antrim/Ballymena	£175,439	£126,433	£135,273	£223,147
Coleraine/Limavady/North Coast	£185,049	£131,531	£157,453	£287,286
Enniskillen/Fermanagh/South Tyrone	£181,707	£147,206	£151,893	£255,038
Mid Ulster	£177,168	£139,625	£155,000	£259,947
Mid and South Down	£183,056	£146,341	£157,776	£238,920
Craigavon/Armagh	£148,033	£108,647	£142,000	£187,778

Region	SD Bungalow	Detached Bungalow	Apartment
Northern Ireland	£140,193	£209,037	£146,097
Belfast	£143,100	£273,091	£147,419
North Down	£120,556	£241,300	£166,030
Lisburn	*	£245,786	£122,854
East Antrim	£130,875	£178,049	£112,296
L'derry/Strabane	£138,846	£167,800	£116,570
Antrim/Ballymena	*	£210,357	*
Coleraine/Limavady/North Coast	£150,500	£215,497	£188,350
Enniskillen/Fermanagh/South Tyrone	*	£199,556	£179,214
Mid Ulster	*	£176,933	*
Mid and South Down	£161,438	£240,381	£135,304
Craigavon/Armagh	£117,300	£166,322	£112,643



Performance by Region

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

Belfast

In Belfast the average price of housing (£160,121) has increased significantly over the year with an annual growth rate (22.6%) of similar magnitude to the weighted rate of increase for Northern Ireland. All sectors of the market have increased in average price over the year though there is some variation in the rate of price increase. Terraced houses (£133,246), as in the case of the overall Northern Ireland picture, have increased substantially by 29.1% reflecting the strong demand for this property type by both home purchasers, in particular first-time buyers, and investors. Both semi-detached houses (£164,139) up by 25.0% and apartments (£147,419) up by 24.4% have also performed strongly over the year with highly significant rates of price increase. Detached houses (£246,813) have increased by 10.9% reflecting a more stable owner-occupied market. Over the quarter, the price level for Belfast is up by 10.4% suggesting a very vibrant second quarter housing market with key sectors up substantially notably apartments by 17.0%, terraced houses by 11.6% and semi-detached houses by 9.4%. However, over the quarter the average price of detached houses is down relative to the first quarter of 2006.

On a geographical basis, the highest priced location within the city remains **South Belfast** (£188,149) where the average price of terraced/townhouses is £190,772, semi-detached houses £191,508, detached houses £398,500 and apartments £141,166. **East Belfast** with an overall average price of £184,500 is the next highest-priced location within the city and has substantially closed the price gap with South Belfast. On a property sector basis, respective average prices are terraced/townhouses £146,171, semi-detached houses £186,297, detached houses £255,903 and apartments £126,406. The average price in **West Belfast** is £136,537 with terraced/townhouses achieving £122,039, semi-detached houses £156,843, detached houses £214,357 and apartments £125,998. For **North Belfast**, the current average price is £112,225 and on a property type basis, the mean price of terraced/townhouses is £97,360, semi-detached houses £111,621, detached houses £179,350 and apartments £108,453.

Belfast Metropolitan Area

Within the commuter zone of the Belfast Metropolitan Area house prices have increased significantly with rates of annual price change of 21.9% for North Down, 24.8% for Lisburn and 25.4% for East Antrim.

For **North Down** the overall average price (£173,285) represents a significant rate of annual increase of 21.9%, a rate of growth that is comparable to that for the previous two reports: 23.5% and 24.8% respectively. Analysis by property type demonstrates a strong rate of growth right across the market but notably for terraced houses (£135,712) with a 37.9% rate of increase over the year. In this respect, the North Down market is reflecting a similar trend to that of the overall Northern Ireland market. Also, highly significant rates of annual increase are apparent for apartments (£166,030) up by 25.1%, detached houses (£261,087) up by 22.2%

and detached bungalows (£241,300) up by 20.3%. For semi-detached houses (£135,823) the annual rate of growth is lower (13.4%) and for semi-detached bungalows (£120,556) the rate of increase is relatively modest (6.7%). Quarterly performance is dominated by the strong price growth in terraced houses and detached bungalows, in contrast, the average price of semi-detached property and detached houses has declined over the quarter.

In **Lisburn**, the rapid rate of price growth has further consolidated this quarter with the overall average price increasing to £194,519: an annual rate of price increase of 24.8%. The overall average price again makes Lisburn the highest priced market area in the province. All sectors of the market are characterised by significant rates of annual price increase with the exception of apartments (£122,854) for which there has been little growth (up by 0.9%). Across the other sectors of the market the rate of price increase has been highly consistent with terraced/townhouses (£144,052) up by 29.9%, detached houses (£273,333) up by 27.3%, semi-detached houses (£157,388) up by 26.9% and detached bungalows (£245,786) by 25.4%. Over the quarterly time-scale, there is evidence that the rate of price growth may be starting to slow down with a 3.0% increase compared to the strong first quarter figures. Variation in quarterly performance is apparent across the main property types with semi-detached houses, detached houses and detached bungalows all increasing in average price level but the terraced house and apartment sectors have lower average price levels compared to the first quarter.

For the **East Antrim** market the overall average price (£128,838) has increased significantly over the year (25.4%) in line with the overall trend for Northern Ireland. Indeed, for this survey the rate of increase is above that for the other market areas in the Belfast region. The highest rate of growth has been for terraced houses (£98,676) up by 38.7% over the year. Similarly, the semi-detached house sector has performed strongly with the average price of £124,565 up by 31.9% and apartments (£112,296) up by 29.5%. The annual rate of price increase is lower for detached property with detached houses (£186,222) up by 15.5% and detached bungalows (£178,049) up by 19.6%. Semi-detached bungalows (£130,875) have increased by 23.1% but constitute a small section of the local market. Over the quarterly time-period, the overall average sale price for East Antrim has risen by 7.2%, with the strongest rate of increase for semi-detached houses though, in common with a number of other regions, the average price of detached houses was below the first quarter figure.

The North and North West

The market areas in the North and North West of the province continue to have high rates of annual price increase though with greater variability between the markets than in the previous quarter.

In **Antrim/Ballymena** the overall average price (£175,439) is substantially higher than the equivalent price for the second quarter of 2005, representing a simple rate of annual increase of 47.8% and making this market area the highest growth region in this survey. Over the year, all sectors of the market have advanced significantly. The average price of terraced properties is £126,433, semi-

detached houses £135,273, detached houses £223,147 and detached bungalows £210,357. Over the quarter, the overall average price has increased by 13.0% with all sectors apart from detached houses increasing in value.

For the **Coleraine/Limavady/North Coast** market (£185,049) there again has been a substantial increase in average price over the year with an annual growth of 20.9%, a figure which is highly comparable with that for the previous survey (21.9% increase). In common with the previous quarter, all sectors of the market have continued to experience significant increases in average price though the pattern in this market area is somewhat different from that for the province as a whole. In particular, there has been strong price growth in the detached sectors with the average price of detached houses reaching £287,286 and detached bungalows rising to £215,497. Growth in the apartment sector continues, with the average price £188,350 up by 25.4% compared to the second quarter of 2005. For semi-detached houses (£157,453) there has been a 19.0% increase in average price. However, in contrast, terraced houses (£131,531) have experienced a much lower rate of increase of 4.7%. Quarterly performance indicates an overall rate of increase of 11.8% with all sectors of the market increasing apart from the terraced sector where the overall average price is down relative to the very high first quarter price.

In the **Derry/Strabane** market, the strong price growth noted in recent surveys has been sustained. The overall average price has increased to £151,462 representing a 28.4% rate of increase compared to the second quarter of last year: a level of price growth that is highly comparable with that for the previous survey (30.4%). Significant uplifts in average price are apparent across all sectors of the market most notably for terraced/townhouses (£128,410) with a 48.1% rate of increase, semi-detached houses (£144,398) with a 38.2% rise and apartments (£116,570) up by 33.6%. In the detached sector, the rate of increase has been 23.0% for detached houses (£217,108) but only 3.2% for detached bungalows (£167,800). Over the quarter price growth has also been significant with on average prices up by 7.6%.

The West

The two markets in the West of the province continue to exhibit significant price increase with highly comparable rates of annual and quarterly growth.

The overall average price for the **Mid-Ulster** market has increased to £177,168 representing an annual rate of growth of 30.6% compared to the second quarter of 2005 and above the annual rate of growth (25.7%) in the previous report indicating continuing buoyancy in the local market. All sectors of the Mid Ulster market have experienced substantial rates of price increase. In particular, detached houses (£259,947) have increased by 39.3% and terraced/townhouses have risen (£139,625) on average by 39.2%. For both semi-detached houses (£155,000) and detached bungalows (£176,933) the annual rate of growth is lower (16.0%). Over the quarter there has been an 8.4% increase in average sale price with the market leaders terraced/townhouses and detached houses.

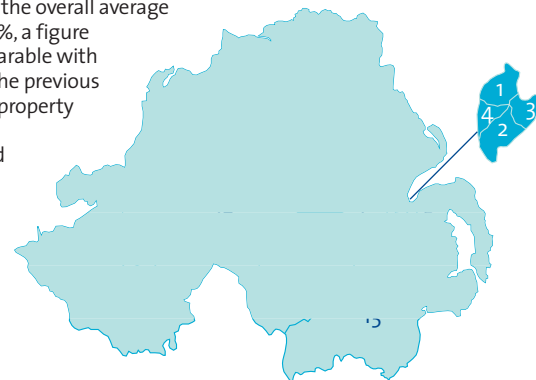
For **Enniskillen/Fermanagh/South Tyrone**, a strong picture is again apparent with prices up on average by 28.0% (28.9% in the previous survey) over the year to £181,707. Across all sectors of the market there has been highly significant price growth. Terraced/townhouses have increased to an average price of £147,206, semi-detached houses to £151,893, detached houses to £255,038 and detached bungalows to £199,556. Quarterly change indicates continuing strength in the market with on average prices levels up by 7.3% compared to the first quarter, with terraced/townhouses the market leader.

The South

For the South of the province average price levels have remained buoyant with annual rates of increase of 17.6% in Craigavon/Armagh and 28.0% for Mid & South Down.

For **Craigavon/Armagh** the overall average price level (£148,033) represents an annual rate of price increase of 17.6% compared to the second quarter of 2005. Most sectors of the market have increased price levels notably terraced/townhouses for which the average price (£108,647) is up by 47.6% and semi-detached houses (£142,000) up by 30.1%. Within the detached market a more variable picture is apparent with the average price of detached bungalows (£166,322) up by 11.5%, however the average price of detached houses (£187,778) has reduced by 4.5%. Quarterly trends suggest that the high rates of growth may be starting to ease back with the overall average price up by only 2.7% compared to the first quarter.

The **Mid & South Down** market has performed strongly once again with the overall average price of residential property increasing to £183,056 representing an annual rate of increase of 28.1%; a figure that is highly consistent with the growth rate in the previous survey (30.6%). In comparison with the second quarter figures for 2005 all sectors of the market have increased significantly in average price. The highest rates of annual increase are for detached bungalows (£240,381) up by 39.7% over the year and apartments (£135,304) up by 34.2%. Terraced/townhouses (£146,341) are up by 28.6% and semi-detached houses (£157,776) by 28.1%. For detached houses (£238,920) the annual rate of increase is 14.9%. Over the quarter, the overall average price has increased by 9.0%, a figure which also is highly comparable with the quarterly increase in the previous survey (8.9%). In terms of property sector, price levels have increased across the board over the quarter notably for terraced houses, semi-detached houses, detached bungalows and apartments.

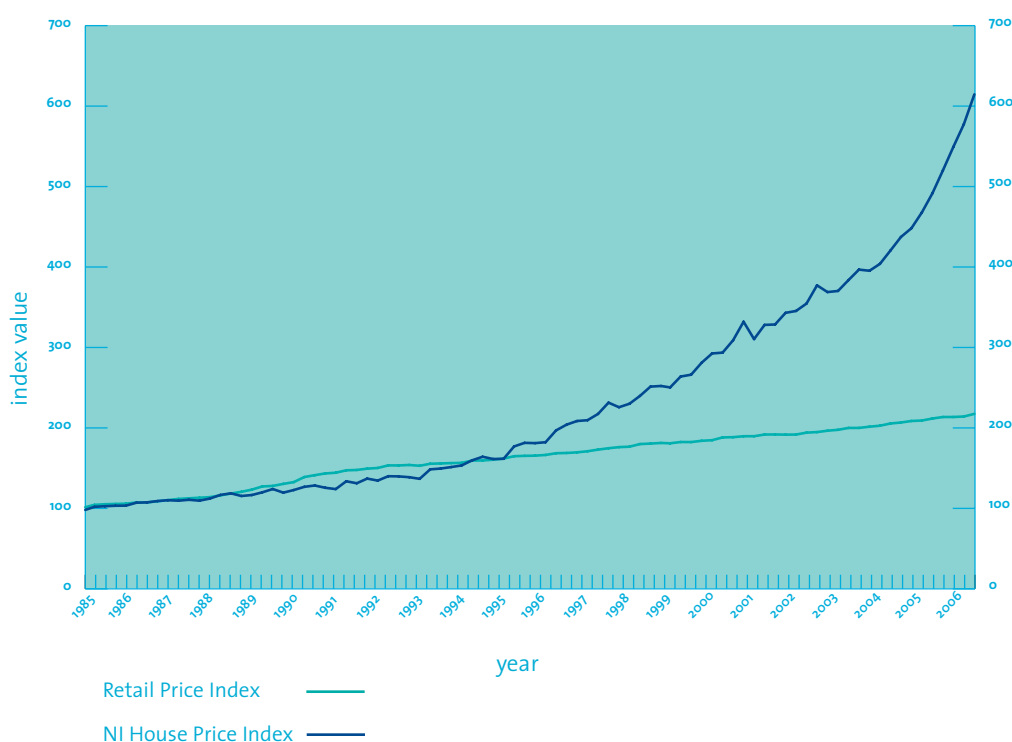


Location	Average Price Quarter 2	Average Price Half Year Figures
Northern Ireland -All	£162,821	£158,618
Belfast - All	£160,121	£153,291
1. North Belfast	£112,225	£109,929
2. South Belfast	£188,149	£190,534
3. East Belfast	£184,500	£175,578
4. West Belfast	£136,537	£124,158
5. North Down	£173,285	£169,589
6. Lisburn	£194,519	£191,277
7. East Antrim	£128,838	£125,362
8. Lderry/Strabane	£151,462	£146,335
9. Antrim/Ballymena	£175,439	£165,809
10. Coleraine/Limavady/N. Coast	£185,049	£175,779
11. Enniskillen/Fermanagh/S.Tyrone	£181,707	£174,300
12. Mid Ulster	£177,168	£169,257
13. Mid & South Down	£183,056	£174,296
14. Craigavon/Armagh	£148,033	£145,539

The House Price Index

The house price index reflecting the increases reported for individual property types has risen to another new peak. The index, which is calculated relative to the base quarter for the survey in 1984, now stands at 614.54.

Comparison between the house price index, which measures nominal growth, and trends in the Retail Price Index indicates that house prices in Northern Ireland are increasing at a level significantly above the general rate of inflation in the macro UK economy. The capital growth within the residential market has been a major factor contributing to the strong level of investor activity.



Contributors

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

Re-mortgages

Bank of Ireland



Personal Banking

the experts agree we're still the best



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

Contact the Mortgage Advisor in your local branch

All mortgages are subject to status and valuation. The mortgage must be secured by a first charge on the property. Suitable buildings insurance is required. Principal applicant must be 21 years or over. Full written illustrations are available on request from any Bank of Ireland branch. Bank of Ireland mortgages are provided by Bank of Ireland Mortgages Limited of Plaza West, Bridge Street, Reading, RG1 2LZ who are authorised and regulated by the Financial Services Authority. Registered in England No 1130960. Compliance approval no. 342060222a. Bank of Ireland, 1 Donegal Square South, Belfast, BT1 5LR