



Northern Ireland Quarterly House Price Index Q2 2020

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Northern Ireland Quarterly House Price Index

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Housing
Executive



Introduction

This survey analyses the performance of the Northern Ireland housing market during the second quarter of 2020 (April, May and June). The report details the key trends and spatial patterns in the housing market, drawing comparisons with the second quarter of 2019 as a measure of annual change and with the first quarter of 2020 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 which encompasses the period covering the UK 'lockdown' response to the COVID-19 pandemic¹. The pandemic has had a profound effect on market momentum which is borne out by the continued decline in transactional evidence relative to 'normal' H1 activity levels.

The first quarter of the year survey returned a reduced sample, down 23% in comparison with the same period in 2019, and this contraction in transactional evidence has carried forward into Q2. The prolonged nature of the lockdown and furlough measures within Q2, 2020 meant that the market was essentially not 'open for business' for two months of the quarter. That said, the re-opening of the housing market has witnessed strong levels of market enthusiasm as well as a marked uplift in transactions. This report is premised upon 570 transactions which equates to 26% of transactions relative to Q2, 2019. Whilst a sizeable reduction in the data sample, this volume of transactions equates to circa four weeks of market activity, which reflects 'normal market' operations and activity in terms of the long-term sample sizes and market evidence.

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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Uncharted territory

When the last quarterly house price index report was published, many aspects of life and business in Northern Ireland – including housing market activity – were paused under the ‘lockdown’ restrictions put in place in response to the Covid-19 pandemic. It was therefore welcome news for many when the Minister for Communities announced that a range of housing-related restrictions were to be relaxed from 15 June, allowing activities such as house viewings, sales, lettings, home moves and re-mortgaging. With the housing market essentially closed for almost the entire duration of the April – June 2020 analysis period, the figures presented in this report are, by necessity, based on a much-reduced sample of 570 transactions, complemented by insights gathered from participating estate agents across Northern Ireland.

In January, February and early March 2020, when the market was trading as normal, there had been a sense of ongoing demand and the indications were that this was set to continue. During lockdown, estate agents and surveyors spoke of a sense of pent-up demand, and the level of transactions within the narrow window for activity appears to bear out that this was the case. The evidence available does not show a marked change in pricing in the period immediately after restrictions eased, and the research team’s survey of agents points towards a significant level of optimism for continued demand and reasonably stable pricing – certainly in the short term.

Looking ahead, however, both within and beyond the housing market, much now depends on the ability to steer a steady course to recovery and avoid any further periods of ‘lockdown’. As of 30 June, more than 9 million employments in the UK had been placed on furlough through the Coronavirus Job Retention Scheme, of which just over 240,000 were in Northern Ireland². It is to be hoped that the gradual re-opening of business and services will allow as many as possible to return to work, but it is very difficult to estimate how many of these employments will resume by the time the scheme is scheduled to end, and some sectors look likely to be impacted more, and remain impacted for longer, than others.

Even in the best possible scenario, the consequences of what has happened over the last few months will remain with us for some time, and many households have already felt the impact of job losses and/or reduced income. Almost one third (30%) of respondents who took part in a new coronavirus opinion survey carried out by NISRA between April and June 2020³ indicated that their household finances were being affected, while a similar proportion (34%) expected the financial position of their household to get worse in the next 12 months.

Financial challenges and uncertainty present difficulties for both first time buyers and those who already have a mortgage. Estate agents who provided feedback commented on the reduction in the number of mortgage products available at higher loan to value ratios; with the evidence suggesting that younger people are disproportionately likely to have been furloughed or laid off as a result of the lockdown, the future prospects for the first time buyer segment, which plays such an important role in a healthy housing market, are a cause for concern. At the same time, figures released by UK Finance in June revealed that 1.86 million mortgage

payment holidays – equivalent to around one in six mortgages – had been issued across the UK by the end of May⁴. Separate figures have not been published for Northern Ireland, but in July one local lender reported having arranged over 5,000 mortgage holidays during the first half of 2020⁵. The steps already taken by lenders to help mitigate the difficulties faced by borrowers and potential borrowers are therefore very welcome, as are commitments to continue to support mortgage customers.

The last time this survey reported on a quarterly sample with a similarly low level of transactions was Q3, 2008 (670). The reduction in activity then reflected falling demand due to the combined effects of the wider economic downturn associated with the global financial crisis and the elevated pricing structure of the local housing market at the time. In contrast, the situation in Q2 2020 was an enforced one; the economic impacts of lockdown had not yet emerged and the low level of property transactions in Northern Ireland was unrelated either to the economy or the recent dynamics of the housing market itself.

A clearer picture of the impacts of lockdown on the economy and the housing market should emerge as monitoring continues during the latter half of the year. The unusual circumstances leave some room for hope that the national and global economy may recover more quickly from this destabilising period than from some previous recessions. However, the speed and magnitude of recent events – the decline in UK economic activity in March 2020 alone was only a little less than that recorded over the entire financial crisis⁶ – point to challenges ahead. Northern Ireland’s housing market meets the approaching headwinds from a position of much greater stability in 2020 than in 2008 but, as noted by the Ulster University Economic Policy Centre (UUEPC)⁷, we are in uncharted territory.

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¹ The full ‘lockdown’ period commenced on March 23rd with the housing market reopening on the 12th May 2020

² Coronavirus Job Retention Scheme Official Statistics, available at: www.gov.uk/government/statistics/coronavirus-job-retention-scheme-statistics-july-2020

³ NISRA Coronavirus (Covid-19) opinion survey, available at: www.nisra.gov.uk/publications/nisra-coronavirus-covid-19-opinion-survey

⁴ Lenders commit to ongoing support for mortgage borrowers impacted by Covid-19: www.ukfinance.org.uk/press/press-releases/lenders-commit-to-ongoing-support-for-mortgage-borrowers

⁵ Danske Bank UK H1 Financial Results: <https://danskebank.co.uk/about-us/news-and-insights/financial-results-first-half-2020?s=09>



Foreword

Michael Boyd,
Progressive Building Society

The second quarter of 2020 has proved to be an extremely challenging time for the housing market in Northern Ireland. Spanning April, May and June, Q2 saw the housing market essentially close due to the Coronavirus Pandemic 'lockdown'. With the closure of the market, it is unsurprising that transactions were at 25.5% of the levels they were at for the same period in 2019.

However, when the housing market reopened on June 15th it was clear that there was a heightened appetite and demand to get things moving again, and quickly, with estate agents reporting record viewing numbers and a significant boost in transactions.

The data for Q2 2020 indicates a mixed pattern of activity at both the lower and medium pricing levels. The average price for the period is £175,551, a 5.8% growth from Q2 2019 but a nominal decline of 1.6% from the previous quarter.

There has been a concerted effort, both within the industry and within government to support and maintain the levels of transactions in the market and boost the wider economy. That support will be crucial in the months ahead. While the longer term challenges of financial uncertainty, employment levels and Brexit prevail, the construction sector and housing market remain central to the economic recovery and must be championed.

Regional Outlook

Analysis at the regional level, based upon the eleven Local Government Districts (LGD's), indicates that price patterns have been varied with a number of LGD's showing modest growth and others seeing minor price declines. With this quarters sample size being reduced due to the Coronavirus Pandemic we must be mindful that this has affected the interpretations of price changes on a quarterly basis.

Nonetheless, for Q2 2020 Fermanagh and Omagh has witnessed the greatest quarterly increase of 23.4% having gone from £125,950 in Q1 to £155,362 for Q2. The Antrim & Newtownabbey LGD saw the greatest quarterly decrease of -19.4%, moving from £159,446 in Q1 to £128,457 in Q2, making Antrim & Newtownabbey the lowest priced region for Q2. Similarly to Q1 of 2020, Lisburn and Castlereagh remains the highest priced region with the average house price increasing from £188,175 by 6.1% to £199,687 for quarter two. Another notable increase was for the Causeway Coast & Glens who rose to £192,796, an increase of 11.4% from Q1.

Summary

COVID 19 has been one of the most challenging economic events to impact upon the global economy. Northern Ireland is not exempt from that in the short or long term, but the mitigation measures that have been put in place have cushioned some of the impact and must be welcomed. As we face into the Autumn and the end of the Jobs Retention Scheme, government and industry must remain nimble to adapt and support the evolving recovery. Infrastructure projects and the housing market will play an important role in that recovery, as a catalyst for the wider economy. The housing market in Northern Ireland is resilient, it is in a much better position to face economic upheaval than it was 10 years ago and it remains one of the most affordable regions in the UK to purchase a home. While many challenges remain, these are invaluable characteristics in maintaining vibrancy in the market in both the short and long term.

Michael Boyd

Deputy Chief Executive & Finance Director
Progressive Building Society



General Market Trends

The main findings of this survey indicate a market which, while continuing to be disrupted by the global pandemic, remains in relative parity with the end of 2019 and pricing levels observed in the first quarter of the year. The House Price Index shows an annual price increase; however quarterly Index values show a very marginal reduction. Initial market activity pre COVID-19 signalled continued appetite entering into the first quarter of the year. Post 'lockdown', there are strong signals of robust market activity due to pent-up demand, and subtle differentiated demand tastes have started to emerge post-pandemic, while sales look likely to continue to increase into the third quarter of 2020.

This latest survey indicates a residential property market that continues to exhibit resilience in terms of price signals and characterised by strong levels of underpinning market demand and appetite.

In contrast with the previous three quarterly surveys, which showed a shift in transaction levels in the upper end of the market, this survey shows a mixed pattern of market activity at both the lower and medium pricing levels. The overall average price of residential property in Northern Ireland for the second quarter of 2020 is £175,551, which represents a weighted annual level of growth of 5.8% between Q2 2019 and Q2 2020⁶. When considering quarterly movements, the Index indicates a nominal decline of 1.6% relative to Q1 2020. This appears by-and-large due to lower value stock transacting within a number of sub-markets across the province.

Agents' commentary and COVID-19 housing market survey

COVID 19 has been one of the most challenging economic events to impact upon the global economy. Northern Ireland is not exempt from that in the short or long term, but the mitigation measures that have been put in place have cushioned some of the impact and must be welcomed. As we face into the Autumn and the end of the Jobs Retention Scheme, government and industry must remain nimble to adapt and support the evolving recovery. Infrastructure projects and the housing market will play an important role in that recovery, as a catalyst for the wider economy. The housing market in Northern Ireland is resilient, it is in a much better position to face economic upheaval than it was 10 years ago and it remains one of the most affordable regions in the UK to purchase a home. While many challenges remain, these are invaluable characteristics in maintaining vibrancy in the

Supply and demand in the re-opened market

While agents had reported that the market buoyancy evident at the end of 2019 had continued into the first quarter of 2020, the onset of COVID-19 and ensuing 'lockdown' in mid-March curtailed this market momentum and enacted a period of housing market paralysis. As we reported, the long-term implications of the pandemic are still unclear and this remains the case. However, the initial emergence from economic hibernation has seen strong (pent-up) demand and near-normal activity levels within the housing market. The introduction of government economic stimuli, and particularly the changes to stamp duty thresholds, has undoubtedly helped feed into transaction levels within the NI housing market, and this seems likely to continue as we enter into the second half of 2020. That said, this will inevitably

be challenged towards the final quarter of 2020, when the furlough period is due to end, and the full economic implications of the pandemic will start to become clearer. With regards to the volume of sales within the housing market in Q2, compared to the same period in 2019, agent responses varied, providing an indication that across NI the impact of COVID-19 has been uneven, and more pronounced in some market areas than others. Indeed, agent responses indicated that the volume of sales range between 10% and 100% relative to the same time last year, suggesting that some market areas have witnessed more pronounced contractions in transactional activity levels than others. Notably, circa 67% of respondents estimated that transactions were between 75% and 100% relative to Q2, 2019 levels, with 20% of respondents indicating that the volume of sales was much lower – equating to less than 35% of sales compared to the same time last year. The remaining 13% of agents deem transaction levels to be half (50%) that of normal market activity.

Considering the market segments and property types, agents were asked whether they felt the impact of the pandemic had been more pronounced in any particular sector of the market. Notably, 47% of respondent agents indicated that they have not seen any specific property type impacted more than any others; however, 40% of agents did specify that the apartment sector has been more adversely affected. Interestingly, some regional differences are seemingly emerging with a number of the remaining agents inferring that they had seen a more adverse impact upon the detached sector with others commenting "all sectors except lower priced apartments". Further, when considering whether the impact of the current pandemic has been more pronounced upon the new build sector or resale market, 50% of the respondents indicated that the pandemic had impacted on both markets equally. Notably, no respondents indicated that there was a more adverse impact on the new build sector, however almost a third (31%) suggested that it had been more pronounced within the resale market.

In terms of current market activity, the majority of agents (88%) either strongly agreed (50%) or agreed (38%) that viewings and subsequent firm offers were occurring at a rate commensurate with normal market activity and conditions. While a number of agents commented that the market was vibrant, with more listings and viewings than normal, a relatively small proportion of respondents (6%) did not feel that viewings were being converted into transactions commensurate with a normal market setting. Pertinently, one agent commented that "prices have gone up in houses below £100,000 by approximately five percent, but above the £100,000 level prices have remained stagnant".

We also asked agents about their experiences of sales failing to complete or falling through as a result of tightened lending criteria in the mortgage market. The majority (75%) had witnessed incomplete sales due to revisions or withdrawals of existing mortgage products and tightened lending criteria (which are also affected by furlough status), and only a minority (around 13% of respondents) indicated that they had not experienced this occurrence. Discussing these issues, agents commented that first time buyer depositary requirements have increased to 85% LTVs in many instances, placing a strain on entry to the mainstream housing market. A number of agents indicated that where improved LTVs of 90% have filtered back into the lending

⁶ Nationwide House Price Index May 2020, available at: www.nationwide.co.uk/-/media/MainSite/documents/about/house-price-index/2020/May_2020.pdf

⁷ Labour market implications of COVID-19, available at: www.ulster.ac.uk/_data/assets/pdf_file/0004/578263/COVID-19-Worker-characteristics_08.06.2020.pdf

⁸ 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.

market (as of July), these are based on limited product availability, meaning that some prospective buyers cannot proceed. Respondents highlighted that this has been amplified for the apartment sector where deposit requirements are now more typically 20%, leaving a number of FTBs in a precarious position.

When asked to comment upon the impact of the Government's decision to implement a stamp duty holiday for properties below £500,000, and if this had stimulated activity levels, 76% of respondents indicated that they felt this move had a positive effect upon market activity. Additional comments about stamp duty included the observation that "given their status, first-time-buyers are precluded from having to pay stamp duty in any case; therefore this does not affect this segment of the market". Further, one agent also stated that the waiving of stamp duty has a positive impact only for "those upsizing and empty nesters but not for many others". However, another respondent did emphasise that "most property in Northern Ireland transacts below £500,000 which is helping market filtering".

The respondents' opinion in relation to whether they deemed the stamp duty holiday to be an effective enough measure in terms of support for the housing market, and whether they thought that additional fiscal measures or economic stimuli were needed, were less optimistic. Only around one fifth (19%) of respondents considered the revisions in stamp duty to be 'very' or 'extremely' effective, with more than two thirds (69%) seeing it as 'somewhat effective' and 13% deeming it as 'not so' effective. With regards to other fiscal measures which would help the housing market, a number of agents stated that there needed to be a reduction on second home-owner stamp duty, with others advocating for the withdrawal of the 3% stamp duty on buy-to-let and second properties. A number of respondents stressed that the first time buyer segment of the market needed assistance with lower deposits and the reintroduction of ISAs.

Agents' views on the short/medium-term outlook

Considering the ongoing economic climate and uncertainty entering into the second half of 2020 and the associated implications for the housing market going forward over the next six months, a number of agents indicated that the lending environment is key to ensuring housing market stability. There is a sense of both optimism and unease and cautiousness within the agent community. Agents commented that they had seen a flurry of activity and a high volume of new listings and viewings, and, a number noted that viewings were translating into firm offers – often via 'bidding wars' – as the market progresses out of lockdown.

However, a number of agents inferred that the availability of strong credit lines and LTV ratios would bolster the market, and some expressed the view that if current conditions persisted, prices would remain stagnant due to restrictions in bank lending. There was also a sense that the removal of 95% mortgages would "squeeze the FTB market" over the next few quarters if the restraints in lending do not ease. Similarly, agents highlighted that the relative uncertainty, particularly within the economy, may manifest in an impasse within the market, as signals are indicating that "investors begin to hold off as they feel prices will fall, but sellers are trying to sell before prices fall".

Further, the unfolding situation regarding employment will be a key influence on the housing market in coming months. Agents expressed concerns about the numbers of furloughed staff in the high-street retail sector and hospitality industry that would retain their jobs. The majority viewed the end of the furlough period as a potential watershed moment, fearing that significant redundancies

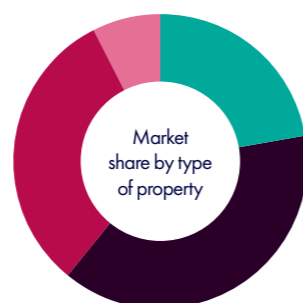
will feed into the housing market and, without meaningful economic intervention, will result in increased repossessions. A number of agents noted that the prospect of a second wave of COVID-19 and further 'lockdowns' will almost surely result in housing market uncertainty.

Nevertheless, when considering the longer-term performance of the housing market in Northern Ireland the respondents were relatively bullish about the future. Stressing that pre-COVID the market was vibrant and gathering momentum, circa 80% indicated that they believed the market would remain stable and suggested that even if price drops occurred, these would be relatively small and would recover within the next 12 to 18 months.

Sample distribution

The distribution of sale price in quarter one displayed nominal movements across the sample. This quarter shows a marginal change in market activity levels across the price distribution. The proportion of lower priced properties (below £100,000) equated to 21% reflecting an increase of five percentage points from Q1 2020. Properties sold at or below £150,000 accounted for 54% of transactions compared to 49% in the previous survey. In the higher price brackets, 77% of transactions were at or below £200,000, representing a two percentage point increase from the previous quarter. In the upper pricing levels of the market, 87% of properties sold at or below £250,000, while 92% of sales were below the £300,000 price band; both figures changed by less than one percentage point by comparison with the previous quarter. Overall, the analysis by price band shows a decrease in the proportion of transactions accounted for by properties selling within the mid to high value ranges and increases in the stock transacting at the lower end of the pricing structure across Northern Ireland.

In terms of the sample, the market share by property type remains broadly consistent with previous reports, and is indicative of the wider housing market stock profile⁹. Semi-detached houses continued to be the most common house type in the sample, representing more than one third of all transactions (39%, n=220), while terraced/townhouses again accounted for just over one fifth of transactions (22%, n=127). Detached houses comprised 32% of all sales (n=181). Apartments displayed a decrease of market share by comparison with the previous quarter (7%, n=42; down 1.8 percentage points) and continued to account for the smallest share of the market. The proportion of new build properties within the sample was marginally down on Q1 levels by 1.8%, comprising 26% of sales (n=148).



Terrace/townhouse	22.28%
Semi-detached house	38.60%
Detached house	31.75%
Apartment	7.37%

⁹ 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 type of property indicates that while there was annual price growth across all segments except apartments, the level of price movement varied by property type. Examination of quarterly price movements reveals price declines in the terrace, semi-detached and apartment sectors, with only the detached sector displaying price growth. The figures are arguably a reflection of the increase in transaction levels at the lower end of the market this quarter, and the reduced spatial coverage within the sample due to the ongoing global pandemic.

In terms of simple percentage changes, the data provides a snapshot that enables comparison of the current average price with the corresponding statistics for Q2 2019 (annual change) and Q1 2020 (quarterly change). In annual terms, the average price statistics show a 7.8% increase from Q2 2019 levels. Where quarterly change is concerned, the average price witnessed a decline of 0.7% between Q1 2020 and Q2 2020.

Comparative analysis by property type over the year, in parallel with the overall annual increase, shows average price increases across all sectors with the exception of apartments. The terrace/townhouse sector exhibited a 10.7% annual increase relative to Q2, 2019. The statistics also show pronounced levels of annual growth within the detached sector (12.9%) and more modest growth within the semi-detached sector (0.95%). However, the apartment sector observed a minor decline of 2.7% over the year – although this must be caveated in terms of sample composition spatially.

Over the shorter term, quarterly average price movements show a mixed position. While the detached sector exhibited an increase of 5.0%, the terrace/townhouse and semi-detached sectors both displayed similar average price decreases (4.9% and 5.1%

respectively) and the apartment sector revealed a more pronounced decline of 11.5%. Drilling further into the nature of the price statistics, the analysis shows that this reduction may be partly due to a reduced number of sample transactions in key apartment markets such as Belfast and Lisburn, with more evidence on this segment of the market drawn from areas such as Newtownabbey and Dundonald, which have lower pricing structures.

Similarly, the reductions in average price observed in both the terrace/townhouse and semi-detached sectors appear reflective of lower priced stock transacting in these segments of the market. For example, scrutiny of the pricing distributions shows that 42% of terrace/townhouse properties transacted in Q1, 2020 were priced below £100,000. However, the proportion of terrace/townhouse transactions below this threshold increased by 13 percentage points, to 55%, in Q2.

The average price in the terrace/townhouse sector was £113,385; however, within this segment of the market, the average price of public sector-built dwellings remains substantially lower (£86,863; n=46) than that of private-built townhouses (£128,447; n=81), with both showing slight decreases of 3.9% and 2.5% from the first quarter of the year. Similarly, the semi-detached sector showed an average price of £152,131 with private-built dwellings displaying an average of £154,348 (n=205), compared with an average of £117,140 (n=10) for public-built housing. The overall average price of detached housing was £254,115, with no sample evident for publicly built stock. Finally, the average price in the market for an apartment was £132,303; again, there was a substantial difference between the average price of private-built apartments (£135,957) and those originally built within the public sector (£63,875).

Average price by property type (unweighted % change)

Market sector	Annual % change	Quarterly % change	Average Price Q2 2020
Terrace/townhouse	10.7	-4.9	£113,385
Semi-detached house	0.95	-5.1	£152,131
Detached house	12.9	5.0	£254,115
Apartment	-2.7	-11.5	£132,303
N. Ireland	7.8	-0.7	£175,551

Performance by Region

Analysis at the sub-regional level, based upon the eleven Local Government Districts (LGDs) and Housing Market Areas (HMAs) identified in research for the Housing Executive, highlights the variation in regional pricing levels across Northern Ireland. A number of the LGDs show modest average price growth, with others showing negligible price declines. These changes remain driven by the different types of stock which are transacting within the market areas.

The reduced sample size within this survey presents a number of difficulties for drawing meaningful and comparative analysis for quarterly changes at the varying spatial levels reported. Accordingly, and where statistically robust, the findings are reported; however, they should be interpreted with some caution.

Local Government Districts

In line with previous surveys, the geographic variation in average house prices across the LGD areas remains uneven. However, across the sample all but two of the nine LGDs for which analysis was possible (Armagh City, Banbridge & Craigavon and Derry & Strabane had sample sizes that were insufficient for statistical analysis), exhibited positive price changes between the first and second quarter of 2020. The Antrim and Newtownabbey region is the only market area which shows a sizeable decline (19.4%) from average prices in Q1 2020. However, caution must be applied when interpreting this price change, which is principally due to the distorting effect of the number of lower priced apartments in the sample for the district. Average prices also decreased over the quarter in the Ards and North Down LGD, but at a more nominal rate of 2.1%.

On the other hand, the Fermanagh and Omagh (23.4%), Causeway Coast and Glens (11.4%) and Mid and East Antrim (11.7%) LGDs exhibit relatively high levels of price growth. Similar to Antrim and Newtownabbey region, however, scrutiny of the sales sample shows a positive skewness, with underrepresentation of both apartment and terrace housing stock in these districts. This is a consequence of the homogeneous (within areas) and heterogeneous (between areas) nature of the transactional evidence; for example, the Fermanagh and Omagh LGD is dominated by detached properties (+70%) within the sales sample. More modest growth is observed in the remaining LGDs. The Belfast LGD revealed an increase of 1.6% comparable with Newry, Mourne and Down (1.0%), while the Lisburn and Castlereagh (6.1%) and Mid-Ulster (3.5%) districts witnessed slightly higher percentage growth.

The variability of average prices within districts continues to reflect the varying composition of the housing stock in each district against the sample sales average price information. Applying the coefficient of variation¹⁰, the continued price variability within some market geographies is evident and increased, as conditioned by the underpinning housing stock and increases in market activity at both the lower and higher pricing levels. Based on the transactions that took place during Q2 2020, the Lisburn and Castlereagh and Mid Ulster LGDs displayed the lowest CoVs of 31% and 35%. However, the Belfast LGD showed a CoV of 72% and a considerable increase in the spread of pricing (transaction) levels from the previous quarter, characteristic of the transactions for higher priced stock, lack of apartment sales and smaller sample size.

Regional Analysis based on Housing Market Areas

Regional analysis is also generally undertaken using the functional Housing Market Areas (HMAs) defined on the basis of research that was undertaken for the Housing Executive to help guide spatial study of the housing system¹¹, as well as a number of more localised HMAs and sub-areas that function within and across the Belfast Metropolitan HMA¹².

Functional Housing Market Areas

For reasons of statistical robustness, we are only able to report on findings for four of the defined HMAs during Q2 2020.

The Belfast Metropolitan HMA displayed an average price of £174,120 a reduction of 4.2% relative to the first quarter of the year. Likewise, the average price of properties transacted in the Ballymena HMA was 7.7% lower than in Q1 2020, while the Causeway Coast HMA showed a negligible negative price change of 0.8%. However, the Cookstown HMA displayed a sizeable price increase of 14.7%; in line with some of the findings at the LGD spatial level, this was indicative of skewness towards higher priced properties transacting and limited sales in lower priced stock.

At the more localised geographies within the Belfast Metropolitan Area, the Central Belfast and Core Belfast local HMAs have witnessed concomitant price increases of 7.5% and 9.6%, displaying average prices of £206,665 and £207,708 in line with the end of 2019. At the more peripheral market geographies, the Antrim Local HMA, within which prices had increased strongly over the previous two quarters, displayed a 12.5% decrease; again, this change was generally reflective of transactions at the lower pricing levels and stock. Both the Lisburn and Greater Belfast HMAs exhibited similar price growth of 4.7% and 4.5% respectively.

Average price by Local Government District

Local Government District	Average Price Q1 2020	Average Price Q2 2020	% Change Q1 2020-Q2 2020
Antrim & Newtownabbey	£159,446	£128,457	-19.4
Ards & North Down	£183,641	£179,814	-2.1
Armagh City, Banbridge & Craigavon	£144,713	*	*
Belfast	£168,874	£171,636	1.6
Causeway Coast & Glens	£173,029	£192,796	11.4
Derry City & Strabane	£124,123	*	*
Fermanagh & Omagh	£125,950	£155,362	23.4
Lisburn & Castlereagh	£188,175	£199,687	6.1
Mid & East Antrim	£149,761	£167,285	11.7
Mid Ulster	£151,647	£156,970	3.5
Newry Mourne & Down	£166,252	£167,976	1.0

* denotes insufficient sample size for statistical analysis.

Functional Housing Market Areas

Housing Market Area	Average Price Q2 2020 (£)	% Change Q1 2020-Q2 2020
Ballymena HMA	£135,898	-7.7
Belfast Metropolitan HMA	£174,120	-4.2
Causeway Coast HMA	£168,275	-0.8
Cookstown HMA	£181,855	14.7
Craigavon Urban Area HMA	*	*
Derry HMA	*	*
Dungannon HMA	*	*
Fermanagh HMA	£197,737 ^a	b
Newry HMA	*	*
Omagh HMA	*	*
Strabane HMA	*	*

* denotes insufficient sample size and representation

^a denotes limited sample weighting

^b insufficient sample for Q1; unable to make quarterly comparison

Belfast Metropolitan Area Local and sub-area HMAs	Average Price Q2 2020 (£)	% Change Q1 2019-Q2 2020
Antrim Local HMA	£127,317	-12.5
Core Belfast HMA	£207,708	9.6
Greater Belfast HMA	£174,121	4.5
Belfast Central HMA	£206,665	7.5
Lisburn HMA	£184,908	4.7

¹⁰ 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.

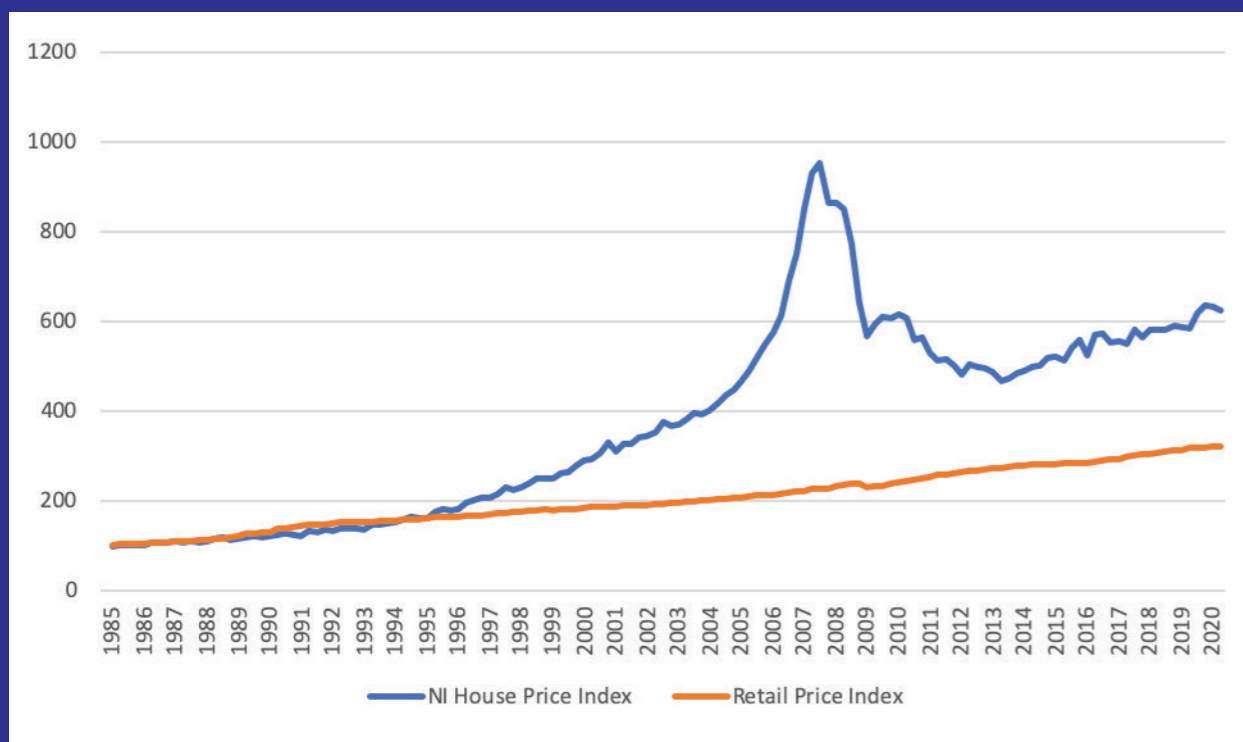
¹¹ The research identified eleven broad housing market areas within Northern Ireland. See: www.nihe.gov.uk/getmedia/4ae016fe-6702-4080-983e-dac39738b342/Mapping-Northern-Irelands-Housing-Market-Areas.pdf.aspx?ext=.pdf

¹² 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).

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 625.97, is marginally down by 7 basis points relative to the first quarter of the year. The slight reduction in the quarterly values is reflective of some impasse within particular market sectors and lower transaction levels within particular market segments.

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 saw continued price increases illustrating more traction than in the previous six quarters. However, due to the current economic conditions as a consequence of COVID-19, the market has witnessed some nominal price changes as the market attempts to return to normal and resume more typical activity levels.



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