Northern Ireland House Price Index April - June 2018 (Quarter 2 2018)



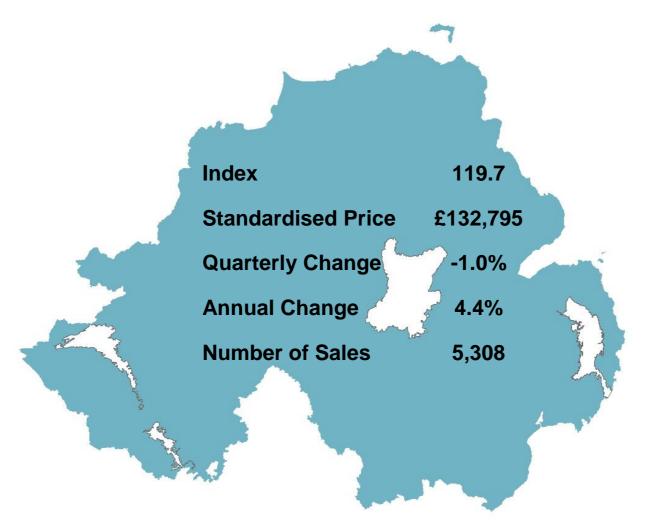


Published: 15 August 2018

https://www.finance-ni.gov.uk/articles/northern-ireland-house-price-index

The House Price Index (HPI) is designed to provide a measure of change in the price of a standardised residential property sold in Northern Ireland. The index uses information on all verified residential property sales as recorded by HM Revenue & Customs. The NI HPI is used as the NI component in the UK HPI and statistics are comparable across regions. The index reference period¹ is Q1 2015 = 100.

Results for the most recent quarter are provisional and are subject to revision.



¹ A reference period is a quarter which is used as a benchmark for other periods, to allow calculation of inflation.

Introduction

This publication analyses the Northern Ireland domestic property market using residential sales recorded by HM Revenue & Customs (HMRC) for stamp duty purposes. This includes all sales irrespective of how they are purchased, e.g. auction sales are included. Information on all sales must by law be passed to HMRC – more detail on the HMRC data is available in the Explanatory Notes: https://www.finance-ni.gov.uk/articles/northern-ireland-house-price-index

Information on the price of new dwellings sold has been available since Q1 2016. Verified sales numbers for new dwellings for the most recent two quarters are not yet at a reliable level for reporting, so they are not included in the report.

The contents of this report will be of interest to Government, Members of the Legislative Assembly, the business community, property professionals, economic commentators, academics and members of the public interested in the property market.

The report includes eight sections:

- 1. Northern Ireland House Price Index;
- 2. House Price Index by Property Type;
- 3. House Price Index for New/Existing Resold Dwellings;
- 4. Sales Volumes:
- 5. Regional House Price Statistics (Quarter 1 2018);
- 6. Economic Context:
- 7. Detailed Statistics Content:
- 8. Contact Details.



1. Northern Ireland House Price Index

The overall performance of the residential property market is measured in this report using the Northern Ireland House Price Index (NI HPI). The index uses a modelling approach, to produce a standardised property price. The use of a "mix adjusted" approach controls for differences in the mix of properties sold from quarter to quarter allowing for price comparisons to be made on a like for like basis. The simple average price is not used in constructing the index as it is overly influenced by changes in the mix of properties sold each quarter (eg changes in the mix of locations, type or quality of property sold etc), (see Explanatory Notes Section 1).

https://www.finance-ni.gov.uk/articles/northern-ireland-house-price-index

Revisions

Results for the most recent quarter are provisional and subject to revision as more up-to-date data become available (e.g. through late sales returns to HM Revenue & Customs and revisions to existing sales data). As a result, users should use the full time series from the most recent statistics report, rather than appending new data to back series from previous reports.

The table below shows the revisions to price index statistics for Q3 and Q4 2017 since the previous report published in February 2018.

Magnitude of Adjustments made to each index due to revisions

Sale year	Sale Quarter	NI House Price Index	Detached Price Index	Semi- Detached Price Index	Terrace Price		New Dwelling	Existing Resold Dwelling Price Index
	Occasion 4	0.00/	0.00/	0.00/	0.00/	0.00/	0.00/	0.20/
2017	Quarter 4	0.0%	-0.2%	0.2%	0.0%	-0.3%	-0.3%	-0.3%

Revised Index values

Sale year	Sale Quarter	NI House Price Index	Detached Price Index	Semi- Detached Price Index	Terrace Price Index		New Dwelling	Existing Resold Dwelling Price Index
2017	Quarter 4	116.8	115.3	114.8	120.2	119.5	121.2	115.0
2018	Quarter 1	120.9	122.0	117.8	122.9	122.0	124.6	119.8

Statistics are revised each quarter to include sales received since the last publication, namely sales of new properties which have been entered into the NI Valuation List and late sales reported to HMRC.

The process of recording property characteristics of new dwellings takes longer than for existing re-sold properties. As a result a lower number of new dwelling sales are available to calculate the initial price/index estimate in the current quarter, than for existing re-sold sales. This leads to a more volatile series for new dwelling prices/index.

Price and index values published in previous reports can be viewed at: https://www.finance-ni.gov.uk/articles/about-northern-ireland-house-price-index

Presentation of figures

The index number, which is based on the constant standardised price, is presented rounded to one decimal place. Quarterly and annual changes are calculated based on the unrounded index for accuracy and presented rounded to one decimal place. The index and prices are comparable over time.

For presentational purposes, most of the tables and graphs in this report cover the period from 2009 onwards. However, the complete time series from 2005 for each Index is available in the detailed statistics document on the Department of Finance (DoF) website:

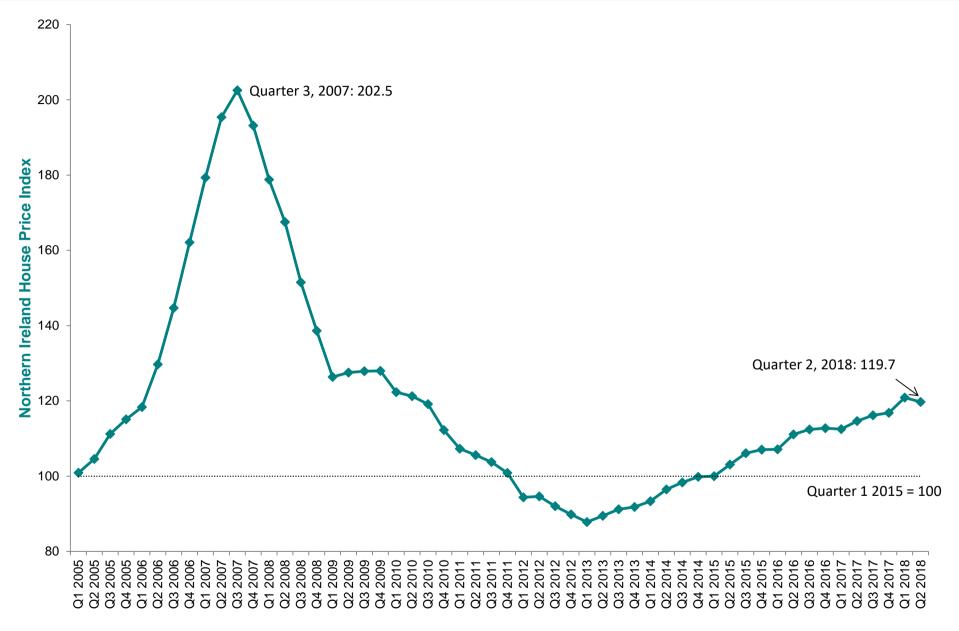
https://www.finance-ni.gov.uk/articles/northern-ireland-house-price-index

The Explanatory Notes provide detailed information on the methodology used to produce the statistics and are available at Explanatory Notes:

https://www.finance-ni.gov.uk/articles/northern-ireland-house-price-index

Figure 1.1 shows the NI HPI series since January – March 2009 (Q1 2009). The reference base period is Q1 2015 and the index is set to 100 for that period.

Figure 1.1: Northern Ireland House Price Index (Q1 2009 – Q2 2018)



NI House Price Index

The overall index showed a decrease of 1.0% between the first and second quarter of 2018. Between Q2 2017 and Q2 2018 the House Price Index increased by 4.4%. The NI HPI currently stands at 119.7 in the second quarter of 2018. The index is now 19.7% higher than in the first quarter of 2015, and 18.7% higher than Q1 2005.

Price Index by Property Type

The index for terrace properties and apartments increased in Q2 2018 compared to the previous quarter while the index for detached and semi-detached properties decreased. Apartments saw the biggest increase (1.6%) while terrace properties increased by 0.3%. Detached houses decreased by 3.7% while semi-detached houses decreased by 0.1% over the quarter.

Price Index by Dwelling Type

The process of recording property characteristics of new dwellings takes longer than for existing resold properties. The majority of sales in the current quarter will have property characteristics added during the two forthcoming quarters and only when characteristics are available can the sales be used to calculate a price/index. As a result a lower number of new dwelling sales are available to calculate the initial price/index estimate in the current quarter, than for existing re-sold sales. This leads to a more volatile series for new dwelling prices/index.

The price of new dwellings sold in Q2 2018 increased by less than 0.1% from Q1 2018. The index stands at 124.6 in Q2 2018 which is 24.6% higher than Q1 2015 and 30.1% higher than Q1 2005. It should be noted that these figures are provisional and will be revised in the next quarter.

Table 1.1: NI House Price and Index Values

			NI		
		NI House	Standardised	Quarterly	Annual
Year	Quarter	Price Index	House Price	Change	Change
	Quarter 1	126.4	£140,190	-8.8%	-29.3%
2009	Quarter 2	127.5	£141,489	0.9%	-23.9%
20	Quarter 3	127.9	£141,864	0.3%	-15.6%
	Quarter 4	128.0	£141,994	0.1%	-7.7%
	Quarter 1	122.3	£135,701	-4.4%	-3.2%
2010	Quarter 2	121.3	£134,515	-0.9%	-4.9%
20	Quarter 3	119.1	£132,164	-1.7%	-6.8%
	Quarter 4	112.2	£124,515	-5.8%	-12.3%
	Quarter 1	107.3	£119,024	-4.4%	-12.3%
2011	Quarter 2	105.6	£117,142	-1.6%	-12.9%
20	Quarter 3	103.8	£115,108	-1.7%	-12.9%
	Quarter 4	100.8	£111,871	-2.8%	-10.2%
	Quarter 1	94.4	£104,712	-6.4%	-12.0%
2012	Quarter 2	94.6	£104,987	0.3%	-10.4%
20	Quarter 3	92.0	£102,086	-2.8%	-11.3%
	Quarter 4	89.8	£99,647	-2.4%	-10.9%
	Quarter 1	87.8	£97,428	-2.2%	-7.0%
2013	Quarter 2	89.4	£99,229	1.8%	-5.5%
20	Quarter 3	91.2	£101,165	2.0%	-0.9%
	Quarter 4	91.8	£101,879	0.7%	2.2%
	Quarter 1	93.4	£103,570	1.7%	6.3%
2014	Quarter 2	96.5	£107,031	3.3%	7.9%
20	Quarter 3	98.4	£109,116	1.9%	7.9%
	Quarter 4	99.8	£110,750	1.5%	8.7%
	Quarter 1	100.0	£110,940	0.2%	7.1%
2015	Quarter 2	103.1	£114,340	3.1%	6.8%
20	Quarter 3	106.1	£117,716	3.0%	7.9%
	Quarter 4	107.0	£118,756	0.9%	7.2%
	Quarter 1	107.1	£118,851	0.1%	7.1%
2016	Quarter 2	111.1	£123,249	3.7%	7.8%
20	Quarter 3	112.4	£124,731	1.2%	6.0%
	Quarter 4	112.7	£125,059	0.3%	5.3%
	Quarter 1	112.5	£124,786	-0.2%	5.0%
2017	Quarter 2	114.6	£127,178	1.9%	3.2%
20	Quarter 3	116.2	£128,878	1.3%	3.3%
	Quarter 4	116.8	£129,603	0.6%	3.6%
2018	Quarter 1	120.9	£134,086	3.5%	7.5%
2010	Quarter 2	119.7	£132,795	-1.0%	4.4%

Note: Percentage change figures are calculated using unrounded figures.

Download table

2. House Price Index by Property Type

Table 2.1: NI House Price Index by Property Type

Property Type	Index (Quarter 2 2018)	Percentage Change on Previous Quarter	Percentage Change over 12 months	Standardised Price (Quarter 2 2018)
Detached	117.5	-3.7%	3.8%	£197,481
Semi-Detached	117.7	-0.1%	4.4%	£128,559
Terrace	123.2	0.3%	5.6%	£92,957
Apartment	124.0	1.6%	2.7%	£108,327
All	119.7	-1.0%	4.4%	£132,795

(Index Q1 2015 = 100)

Note: Percentage change figures are calculated using unrounded figures.

Download table

The table shows the index and standardised price of different types of residential property for the second quarter of 2018 as compared to the first quarter of 2018 and the second quarter in 2017. This shows that the index for terrace properties and apartments increased over the quarter and over the year while the index for detached and semi-detached properties decreased over the quarter but showed an increase over the year.

The remainder of this section shows the trend since 2009 across the four property types (detached, semi-detached, terrace, apartment).

Figure 2.1: NI Detached Property Price Index (Q1 2009 - Q2 2018)

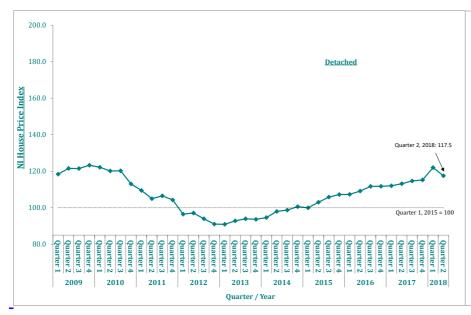


Figure 2.1 graphs the index for detached properties sold in Northern Ireland.

The index for detached properties decreased by 3.7% between Q1 and Q2 2018 and is 3.8% higher than Q2 2017, with the index now standing at 117.5 (ie prices today are typically 17.5% higher than the first quarter of 2015).

Download chart

Figure 2.2: NI Semi-Detached Property Price Index (Q1 2009 - Q2 2018)

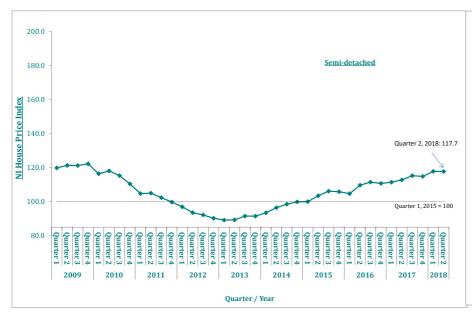


Figure 2.2 graphs the index for semi-detached properties sold in Northern Ireland.

The index for semi-detached decreased by 0.1% between Q1 and Q2 2018 but increased by 4.4% between Q1 2018 and Q2 2018. Prices are currently 17.7% higher than the Q1 2015 level.

Download chart

Figure 2.3: NI Terrace Property Price Index (Q1 2009 - Q2 2018)

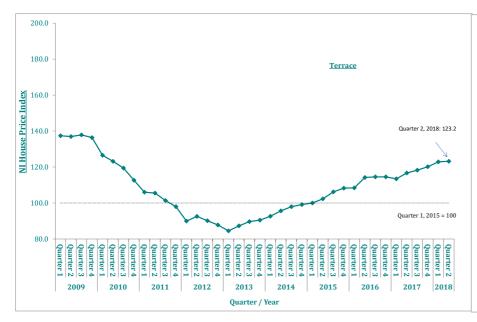


Figure 2.3 graphs the index for terrace properties sold in Northern Ireland.

The index for terrace properties increased by 0.3% between Q1 and Q2 2018 and increased by 5.6% between Q2 2017 and Q2 2018. It now stands at 123.2 and is 23.2% higher than Q1 2015.

Download chart

Figure 2.4: NI Apartment Price Index (Q1 2009 - Q2 2018)

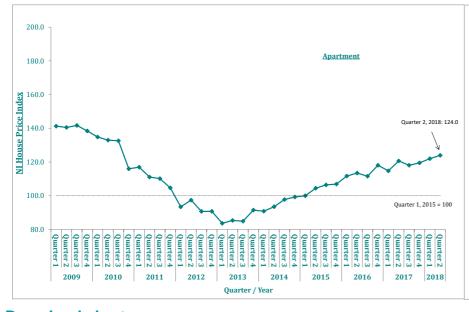


Figure 2.4 graphs the index for apartments sold in Northern Ireland.

The index for apartments increased by 1.6% between Q1 and Q2 2018 and increased by 2.7% between Q2 2017 and Q2 2018 and now stands at 124.0. It is 24.0% higher than Q1 2015.

Download chart

3. House Price Index for New/Existing Re-sold Dwellings

The sale of a new dwelling is defined as the first sale of a new property in the NI Valuation List. All sales which do not meet this definition are considered to be sales of existing re-sold dwellings.

The process of recording property characteristics of new dwellings takes longer than for existing re-sold properties. The majority of sales of new dwellings in the current quarter will have property characteristics added during the two forthcoming quarters and only when characteristics are available can the sales of new dwellings be used to calculate a price/index. As a result a lower number of new dwelling sales is available to calculate the initial price/index estimate in the current quarter, than for existing re-sold sales. This leads to a more volatile series for new dwelling prices/index.

Table 3.1: NI House Price Index for New/Existing Resold Dwellings

Dwelling Type	Index (Quarter 2 2018)	Percentage Change on Previous Quarter	Percentage Change over 12 months	Standardised Price (Quarter 2 2018)
New	124.6	0.0%	4.8%	£163,504
Existing Resold	118.4	-1.2%	4.3%	£125,597
All	119.7	-1.0%	4.4%	£132,795

Download table

Table 3.1 shows the price index and standardised price paid for new and existing resold dwellings in Northern Ireland in Q2 2018 compared to Q1 2018 and Q2 2017. New dwellings showed an increase of less than 0.1% over the quarter while existing resold dwellings showed a decrease of 1.2%. The annual increase in the price of new dwellings was 4.8% while the price of existing resold dwellings increased by 4.3% since Q2 2017.

Figure 3.1: NI House Price Index for New/Existing Resold Dwellings

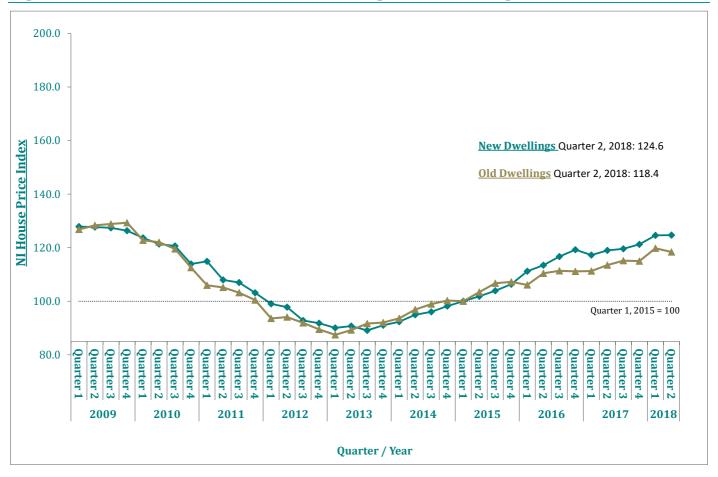


Figure 3.1 shows the price index trend for new and existing resold dwellings between Q1 2009 and Q2 2018. The price index of new dwellings rose by 93.3% from Q1 2005 to peak in Q3 2007 at 185.2, prices for pre-owned dwellings increased by 102.5% during the same period. Since the peak, prices for both dwelling types followed a downward trend until 2013. Price levels for existing resold dwellings bottomed out in Q1 2013 whereas price levels for new dwellings decreased between Q2 and Q3 2013. Prices of new dwellings increased each quarter since mid-2013 until Q4 2016.

The new dwellings index now stands at 124.6, 24.6% higher than Q1 2015 and 30.1% higher than Q1 2005. The existing resold dwellings index now stands at 118.4, 18.4% higher than Q1 2015 and 15.5% higher than Q1 2005.

Further analysis on prices of new and existing resold dwellings is available in the <u>detailed</u> <u>statistics</u>.

4. Sales Volumes

Table 4.1 shows the number of verified sales of each residential property type in Northern Ireland during each quarter between Q1 2009 and Q2 2018.

Verified residential property sales are defined as sales recorded by HM Revenue & Customs which could be matched to a domestic property in the NI Valuation List.

Between 2009 and 2011 the annual number of sales was roughly 11,000. From 2012-2017, the number of sales increased each year and in 2017 there were almost 24,500 sales.

In Q2 2018, there were 5,308 verified residential property sales. This number will be revised upwards in the next publication due to late sales notified to HMRC and new properties being entered into the NI Valuation List.

In 2009 the single largest type of properties sold were semi-detached houses, around 35%. During 2014 the most popular choice for dwellings sold was detached (32%), however in 2016 and 2017, semi-detached sales once again became the preferred choice (34%).

Apartment sales have remained steady over the period at around 8% of all sales.

Table 4.1: Number of Verified Residential Property Sales in Northern Ireland

Year	Quarter	Detached	Semi-Detached	Terrace	Apartment	Total
1 001	Quarter 1	528	669	624	175	1,996
66	Quarter 2	729	1,018	847	233	2,827
2009	Quarter 3	860	1,114	1,032	229	3,235
	Quarter 4	989	1,239	1,103	254	3,585
	2009 Total	3,106	4,040	3,606	891	11,643
	Quarter 1	639	796	848	221	2,504
0	Quarter 2	738	924	849	185	2,696
2010	Quarter 3	705	906	961	134	2,706
	Quarter 4	825	844	936	208	2,813
	2010 Total	2,907	3,470	3,594	748	10,719
	Quarter 1	654	770	817	159	2,400
←	Quarter 2	761	811	814	233	2,400
2011	Quarter 3	961	1,025	950	272	
	Quarter 3 Quarter 4	900	987	930		3,208
	2011 Total	3,276	3,593	3,508	263 927	3,077
	Quarter 1	937	971	1,017	250	11,304 3,175
7	Quarter 2	901	975	990	261	3,127
2012	Quarter 3	1,119	1,130	1,034	274	3,557
	Quarter 4	1,177	1,147	1,179	268	3,771
	2012 Total	4,134		4,220	1,053	13,630
	Quarter 1	1,027	4,223 1,072	1,065	274	3,438
	Quarter 2	1,193	1,196	1,227	259	3,436
2013	Quarter 3	1,1335	1,190	1,275	324	4,212
20	Quarter 4	1,602	1,572	1,456	426	5,056
	2013 Total	5,157	5,118	5,023	1,283	16,581
	Quarter 1	1,482	1,407	1,379	363	4,631
	Quarter 2	1,665	1,655	1,531	413	5,264
2014	Quarter 3	1,743	1,742	1,571	429	5,485
7	Quarter 4	1,853	1,833	1,675	491	5,852
	2014 Total	6,743	6,637	6,156	1,696	21,232
	Quarter 1	1,422	1,469	1,382	341	4,614
2	Quarter 2	1,639	1,694	1,482	475	5,290
2015	Quarter 3	1,861	1,978	1,562	436	5,837
	Quarter 4	1,864	2,049	1,761	500	6,174
	2015 Total	6,786	7,190	6,187	1,752	21,915
	Quarter 1	1,761	1,879	1,897	616	6,153
	Quarter 2	1,521	1,711	1,322	326	4,880
2016	Quarter 3	1,887	2,083	1,537	463	5,970
Ñ	Quarter 4	1,887	2,069	1,652	465	6,073
	2016 Total	7,056	7,742	6,408	1,870	23,076
	Quarter 1	1,485	1,814	1,459	442	5,200
	Quarter 2	1,879	2,031	1,698	491	6,099
2017	Quarter 3	1,979	2,302	1,751	472	6,504
7	Quarter 4	2,013	2,346	1,791	526	6,676
	2016 Total	7,356	8,493	6,699	1,931	24,479
0040	Quarter 1	1,553	1,766	1,489	433	5,241
2018	Quarter 2	1,567	1,740	1,557	444	5,308
Download		1,007	1,1 10	1,007	117	0,000

Download table

5. Regional House Price Statistics

The Northern Ireland property market trends are available at:

- eleven Local Government Districts;
- Urban Rural classification¹.

Index values and standardised prices at the Local Government District level are included in this report. Data and a graphical representation of the house price index for each council, and urban and rural areas can be viewed in the <u>detailed statistics</u>.

Table 5.1: NI HPI and standardised price by Local Government District (Quarter 2 2018)

Local Government District	Index (Quarter 2 2018)	Percentage Change on Previous Quarter	Percentage Change over 12 months	Standardised Price (Quarter 2 2018)
Antrim and Newtownabbey	118.7	-0.6%	2.4%	£136,457
Ards and North Down	112.0	-2.0%	3.2%	£150,357
Armagh City, Banbridge and Craigavon	119.6	-1.4%	3.8%	£117,869
Belfast	118.6	-0.3%	4.5%	£125,386
Causeway Coast and Glens	128.1	2.1%	5.9%	£138,334
Derry City and Strabane	125.2	1.8%	8.2%	£118,497
Fermanagh and Omagh	130.7	0.2%	7.5%	£125,225
Lisburn and Castlereagh	118.2	-0.1%	4.8%	£158,690
Mid and East Antrim	119.3	-3.1%	2.5%	£123,503
Mid Ulster	118.7	-3.2%	5.0%	£132,786
Newry, Mourne and Down	120.7	-4.8%	4.1%	£135,767
Northern Ireland	119.7	-1.0%	4.4%	£132,795

(Index Q1 2015 = 100)

Note: Percentage change figures are calculated using unrounded figures.

Download table

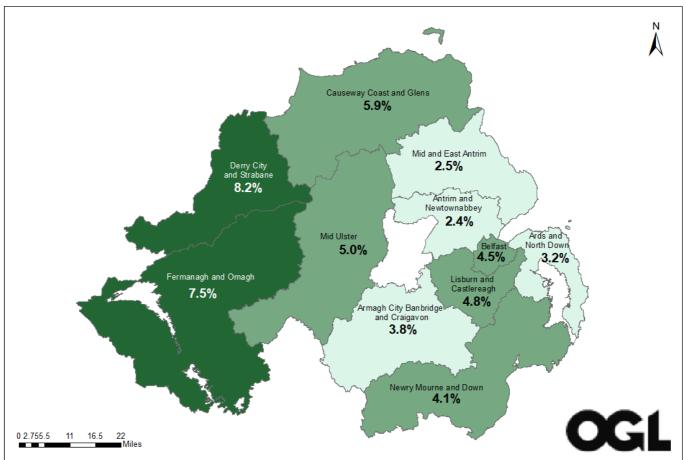
Table 5.1 shows the NI House Price Index and standardised price for each Local Government District in Northern Ireland at Q2 2018.

The index increased over the quarter in three council areas: Causeway Coast and Glens, Derry City and Strabane and Fermanagh and Omagh. The prices for the other 8 council areas showed a decrease. The index for properties in Causeway Coast and Glens saw the largest increase over

the quarter of 2.1% while the index for properties in Newry, Mourne and Down saw the largest decrease of 4.8%.

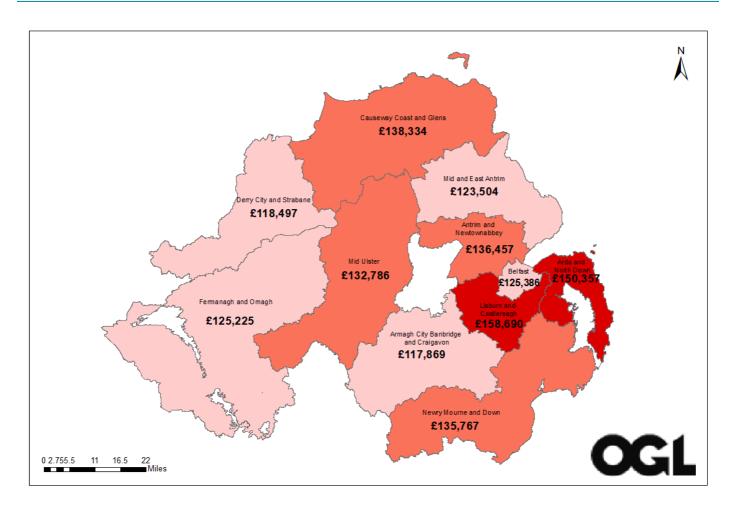
All council areas showed an increase over the 12 months since Q2 2017. Antrim and Newtownabbey reported the smallest increase of 2.4%, while the index for Derry City and Strabane was 8.2% higher than Q2 2017.

Figure 5.1: Annual Change in HPI by Local Government District Q2 2018



Download chart

Figure 5.2: Standardised Price by Local Government District Q2 2018



The standardised price for NI as a whole is £132,795 and ranges from £117,869 in Armagh City, Banbridge and Craigavon to £158,690 in Lisburn and Castlereagh.

6. Economic Context

House prices are often considered within the economic context of a region. The latest Department for the Economy (DfE) monthly economic update (July 2018) provides an overview of the state of the Northern Ireland economy, setting it in context with the UK and Republic of Ireland. This can be found at:

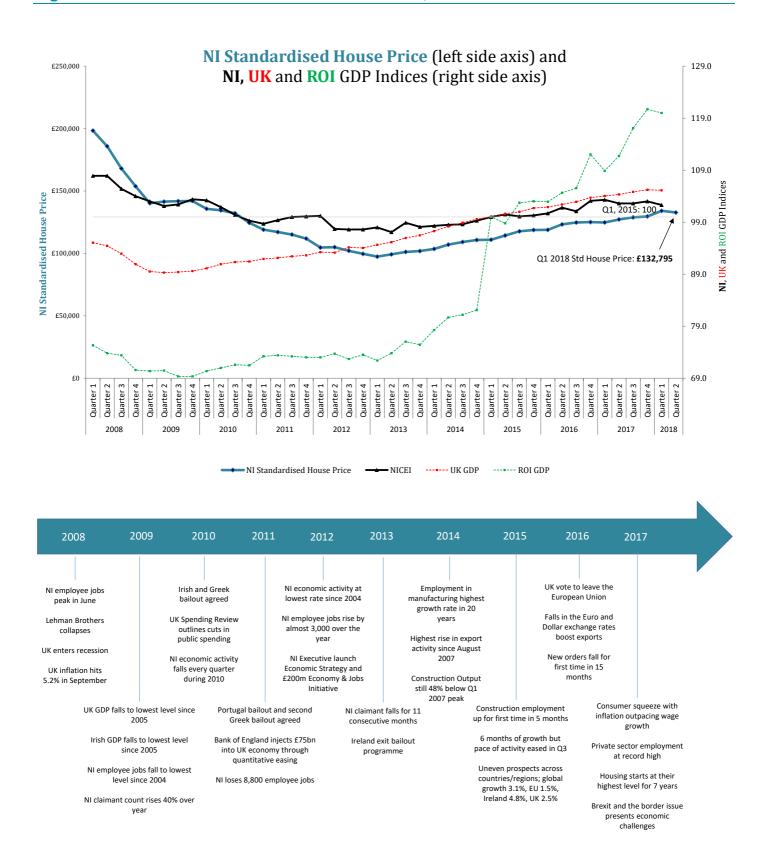
https://www.economy-ni.gov.uk/publications/dfe-monthly-economic-update

The most up-to-date official statistics on the economy and labour market are available on the Economy page of the Northern Ireland Statistics and Research Agency (NISRA) website at https://www.nisra.gov.uk/statistics/economy

To set the NI HPI within this economic context, the Northern Ireland Composite Economic Index (NICEI – an experimental official statistic https://www.nisra.gov.uk/statistics/economic-output-statistics/ni-composite-economic-index), along with the UK and Republic of Ireland GDP indices have been presented with a graph of the NI house prices at Figure 6.1. Underneath is an economic time line showing key world, European, UK and NI events.

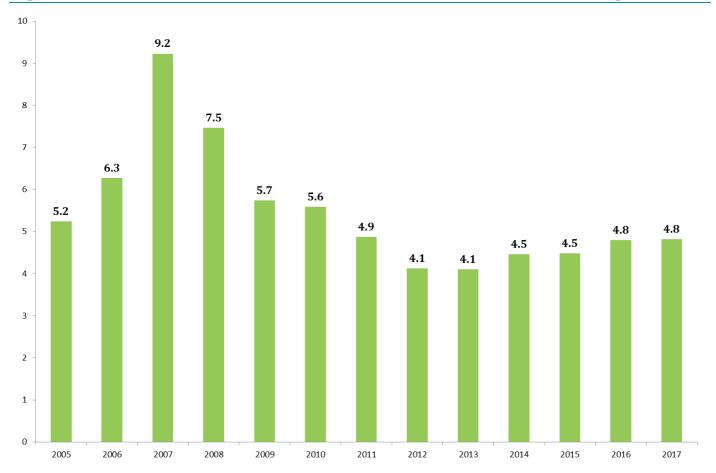
To illustrate the relationship between the three indices in figure 6.1 the NICEI, UK and ROI indices are referenced to Q1 2015 = 100.

Figure 6.1: NI Standardised House Price with NICEI, UK and ROI GDP Indices



The graph shows how the fall in prices from the Q3 2007 peak has most closely aligned to the NI economic performance. ROI GDP reported a dramatic rise in Q1 2015, more details can be found at http://www.cso.ie/en/releasesandpublications/er/na/quarterlynationalaccountsquarter12016/

Figure 6.2: Ratio of NI Median House Sale Price to Median Annual Gross Earnings



Source: Annual Survey of Hours and Earnings, NISRA https://www.nisra.gov.uk/statistics/labour-market-and-social-welfare/annual-survey-hours-and-earnings

Figure 6.2 shows the ratio of median sale price of residential properties in Northern Ireland to median annual gross earnings of all full time employees in Northern Ireland for each year between 2005 and 2017.

In 2005 median house prices were just over five times a median annual full time salary, but by 2007, at the peak of the market, prices were more than 9 times the median salary. With the downturn in the property market since 2008, the ratio fell each year until 2012. The ratio rose in 2014 and 2016 and the median residential property sale price is now 4.8 times the median annual gross full time earnings.

The annual gross earnings figures are published annually in the autumn.

7. Detailed Statistics Content

An index, price series and sales volumes between Q1 2005 and Q2 2018 are available in detailed statistics for the following breakdown:

- All residential dwellings;
- Property Type (detached, terrace etc);
- Dwelling Type (new/existing resold);
- Local Government District:
- Urban and Rural Area²:
- Rural Drive Times².

Contains public sector information licensed under the Open Government Licence v3.0.



8. Contact Details

Users' comments or any issues relating to the statistics are particularly welcomed and encouraged. Responses should be addressed to the contact below:

Contact Details

Responsible Statistician:

Mrs Ciara Cunningham

Land & Property Services Statistics Branch

Lanyon Plaza

7 Lanyon Place

Belfast

BT1 3LP

Telephone: 028 90336035

Email: LPS.statisticsbranch@finance-ni.gov.uk

Media Enquiries:

DoF Communications Office

Clare House

303 Airport Road

Belfast

BT3 9ED

Telephone: 028 9081 6724 or

028 9081 6725

Out of Office Hours: 07623 974383

E-mail:dof.pressoffice@finance-ni.gov.uk