

Northern Ireland Residential Property Price Index Q2 2013

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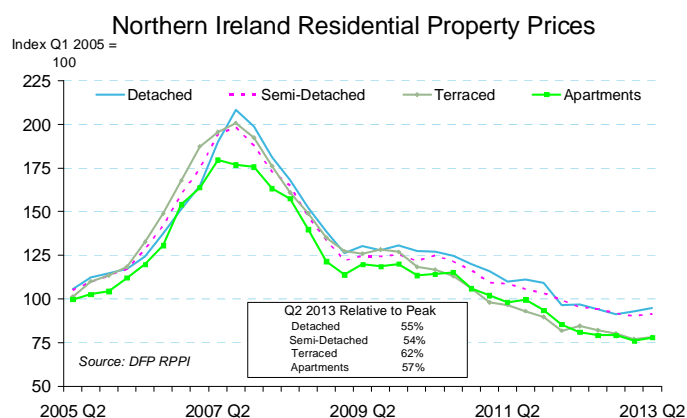
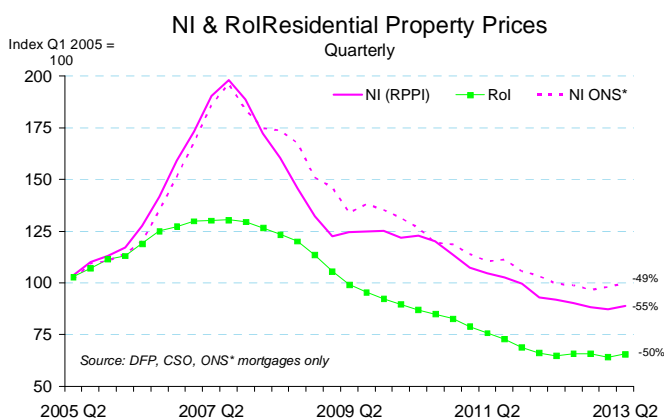
Background

Over the last five years a variety of house price surveys have documented the most significant property correction in UK history. Until May 2012, there were six surveys that provided slightly different views on either the average house price or the direction of house prices. On the 23rd May 2012 the Department of Finance & Personnel (DFP) added a 7th survey to what would appear to be a crowded market place. The latest addition, however, has a number of distinct advantages over the existing set of surveys and is likely to become the one most closely followed. The new Northern Ireland Residential Property Price Index (NI RPPI), unlike the sample-based surveys, includes all the property transactions notified to Her Majesty's Revenues & Customs (HMRC) within Northern Ireland. Therefore it includes almost the complete set of residential property transactions from cash sales (including auctions) to mortgages.

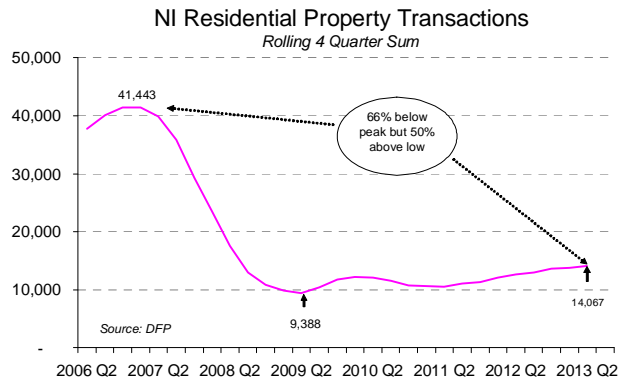
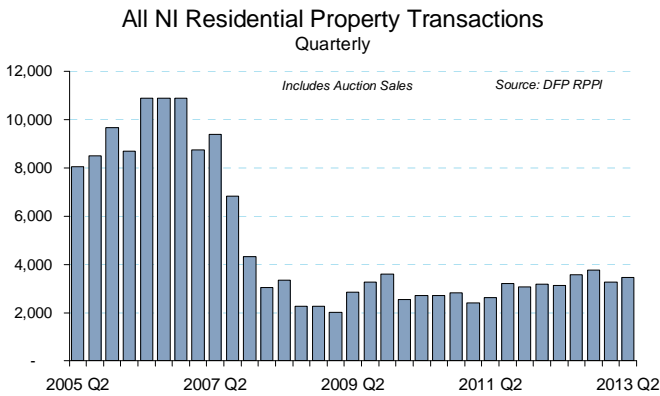
The NI RPPI includes the simple average and median (i.e. the price below/above which half of properties are sold). However, both of these measures do not take account the different type and characteristics (e.g. size, location) of properties sold each quarter. The NI RPPI addresses this issue using a preferred method that calculates a standardised price, which is a hypothecated value based on a weighted combination of prices (e.g. 0.5% of a detached house in North Down, 4% of a terraced house in Belfast etc). This method provides the best measure of an index reflecting pure price changes.

Northern Ireland residential property prices post a 2% quarterly rise in Q2 2013

Residential property prices posted a quarterly rise of 2% in Q2 2013 but were 3% lower relative to Q2 2012. Four of the five areas within Northern Ireland (NI) recorded a quarterly rise in Q2 2013. The *West & South of NI* was the only part of NI to record a quarterly decline in prices (-1%), however, this follows a 4% gain in the previous quarter. Prices in the *North of NI* recorded the steepest quarterly rise in Q2 (+6%) with *Belfast* posting the next largest increase (+3%). Meanwhile the *East of NI* and *Outer Belfast* recorded increases of 2% and 1% respectively. Following the latest figures, NI's standardised residential prices (*housing & apartments*) are 55% below the Q3 2007 peak. This compares with a peak-to-trough fall of 56% between Q3 2007 and Q1 2013. An alternative residential property price index produced by the *Office for National Statistics (ONS)* includes only properties purchased via a mortgage (*excludes auction / cash sales which currently drag down the standardised property price*). This survey revealed two consecutive quarterly rises in NI's average house price. Using this survey, NI's average house prices in Q2 were 49% below their Q3 2007 peak. The latest surveys suggest that NI's residential house prices appear to be entering a much needed period of stabilisation. Whilst forecasting house prices remains notoriously difficult, those individuals still waiting for NI's property market to bottom out may now have to look in the rear view mirror.

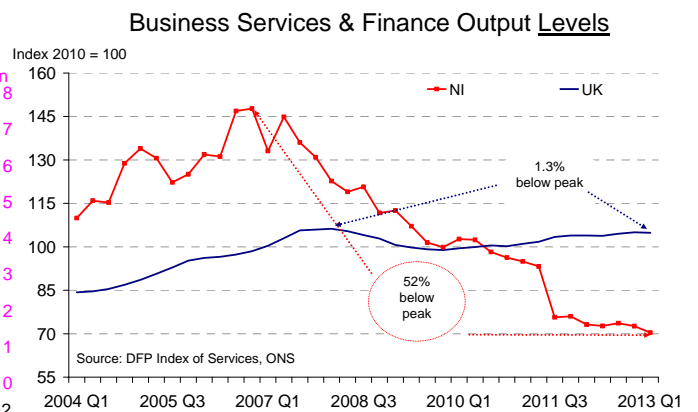
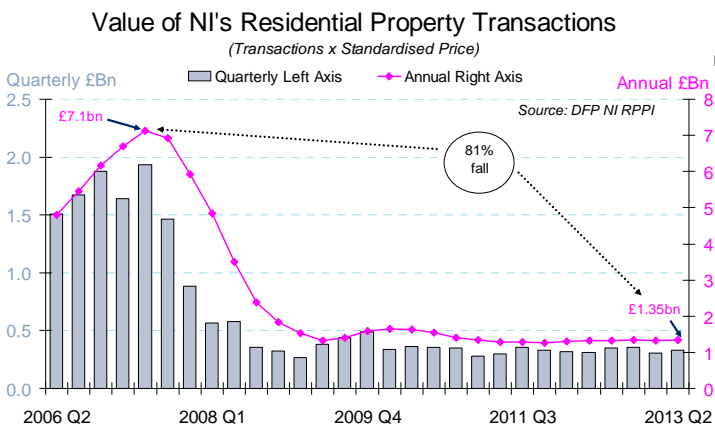


It is noted that the Republic of Ireland's residential property price index (RPPI) posted a gain of 2.3% in Q2 2013. The RoI RPPI in Q2 2013 was almost 50% below its Q3 2007 peak. It is noted that this survey includes properties purchased through a mortgage only and excludes cash sales associated with auctions.



NI residential property sales 66% below peak but 50% above 2009's low

Outside of price, the other key consideration when analysing a property market is the level of sales activity. Given that the new NI RPPI survey covers all sales picked up by the HMRC, it provides the best measure of housing transactions of all the local house price surveys. In Q2 2013 there were 3,460 residential property transactions. This represented an increase of almost 6% over the quarter and was over 10% higher than the corresponding quarter last year. The Q2 2013 outturn represented the highest level of transactions for the second quarter of any year since Q2 2007 (9,378). In addition, it was some 72% higher than the series (quarterly) low of 2,015 in Q1 2009. Over the last four quarters (to Q2 2013) there were 14,067 residential transactions which is 50% above the low posted in the four quarters to Q2 2009. However, this still remains 66% below the peak recorded over the four quarters to Q1 2007 (41,442). Given that 2006 was something of an abnormal peak in transactions, 2005 is a more useful gauge to benchmark activity. It is noted that that the number of property transactions during the four quarters to Q2 2013 was 48% of 2005's outturn (29,228). Looking at the fall in property transactions in terms of monetary value, it is noted that over the year to Q2 2013 the value of property transactions was 81% below the 2007 peak. Or alternatively, this represents a decline of £5.8bn in nominal terms. This lack of activity explains why activity in Northern Ireland's Business Services & Finance sector is currently (Q1 2013 latest data) 52% below its Q3 2006 peak.



Richard Ramsey,
21st August 2013

Northern Ireland Residential Property Price Index Index 2005 Q1 = 100

	All Property Prices	Detached	Semi-Detached	Terraced	Apartments
2005 Q1	100	100	100	100	100
2005 Q2	104	106	105	101	100
2005 Q3	110	112	110	110	103
2005 Q4	113	115	113	114	104
2006 Q1	117	117	117	118	112
2006 Q2	128	124	129	133	120
2006 Q3	142	137	142	149	131
2006 Q4	159	151	160	168	154
2007 Q1	173	165	174	187	164
2007 Q2	190	190	194	195	180
2007 Q3	198	208	198	201	177
2007 Q4	189	199	188	192	176
2008 Q1	172	181	173	176	163
2008 Q2	160	168	165	161	157
2008 Q3	146	152	147	149	140
2008 Q4	132	139	134	135	121
2009 Q1	123	126	122	127	114
2009 Q2	125	130	125	126	120
2009 Q3	125	128	124	128	119
2009 Q4	125	131	126	127	120
2010 Q1	122	128	122	118	114
2010 Q2	123	127	125	117	114
2010 Q3	120	125	122	113	115
2010 Q4	114	120	116	106	106
2011 Q1	107	116	109	98	102
2011 Q2	105	110	109	97	98
2011 Q3	103	111	106	93	100
2011 Q4	100	109	103	90	94
2012 Q1	93	96	99	82	85
2012 Q2	92	97	95	84	81
2012 Q3	90	94	94	82	79
2012 Q4	88	91	92	80	79
2013 Q1	87	93	90	77	76
2013 Q2	89	95	91	78	78
Q/Q Change	2%	2%	1%	1%	2%
Y/Y Change	-3%	-2%	-4%	-7%	-4%
Fall from Peak	-55%	-54%	-54%	-61%	-57%

Source: DFP NI RPPI August 2013

NI Average Sales Prices Q1 2005 - Q2 2013

Standardised NI Residential Property Price

Quarter	Simple Mean	Simple Median	Standardised Price (RPPI)
2005 Q1	£116,325	£100,000	£108,239
2005 Q2	£120,578	£105,500	£112,279
2005 Q3	£128,908	£115,000	£119,175
2005 Q4	£129,618	£117,000	£122,487
2006 Q1	£133,152	£120,000	£126,844
2006 Q2	£145,478	£130,000	£138,208
2006 Q3	£164,159	£145,000	£153,370
2006 Q4	£179,299	£160,000	£172,285
2007 Q1	£198,072	£175,000	£187,603
2007 Q2	£216,870	£193,000	£205,986
2007 Q3	£234,135	£200,000	£214,477
2007 Q4	£231,717	£192,000	£204,284
2008 Q1	£212,124	£175,000	£186,469
2008 Q2	£188,519	£165,000	£173,561
2008 Q3	£175,782	£152,000	£157,767
2008 Q4	£161,613	£144,887	£143,080
2009 Q1	£146,401	£130,000	£132,654
2009 Q2	£148,977	£132,000	£134,772
2009 Q3	£149,475	£135,000	£135,018
2009 Q4	£151,715	£137,500	£135,699
2010 Q1	£148,220	£124,000	£132,013
2010 Q2	£142,696	£125,000	£132,996
2010 Q3	£141,080	£125,000	£129,887
2010 Q4	£135,204	£120,000	£123,160
2011 Q1	£127,315	£112,000	£116,194
2011 Q2	£124,838	£112,000	£113,129
2011 Q3	£126,054	£111,500	£111,301
2011 Q4	£121,489	£106,000	£108,037
2012 Q1	£115,643	£100,253	£100,483
2012 Q2	£112,086	£98,000	£99,672
2012 Q3	£115,987	£100,000	£97,707
2012 Q4	£111,941	£96,000	£95,308
2013 Q1	£108,879	£92,000	£94,387
2013 Q2	£108,793	£94,500	£96,327

Source: DFP NI RPPI August 2013

Quarter	Detached	Semi-Detached	Terraced	Apartment
2005 Q1	£161,290	£104,899	£80,119	£98,729
2005 Q2	£170,572	£110,189	£81,157	£98,411
2005 Q3	£181,064	£115,112	£88,230	£101,414
2005 Q4	£184,972	£118,977	£90,947	£103,025
2006 Q1	£189,255	£122,910	£94,749	£110,729
2006 Q2	£200,370	£134,898	£106,387	£118,297
2006 Q3	£221,391	£149,205	£119,211	£128,940
2006 Q4	£244,068	£167,883	£134,462	£152,147
2007 Q1	£265,663	£182,988	£150,051	£161,794
2007 Q2	£306,097	£203,650	£156,597	£177,331
2007 Q3	£335,812	£208,014	£160,908	£174,611
2007 Q4	£320,385	£197,022	£154,180	£173,420
2008 Q1	£292,330	£181,197	£141,195	£161,241
2008 Q2	£271,310	£173,138	£129,025	£155,436
2008 Q3	£245,225	£154,094	£119,365	£138,056
2008 Q4	£223,606	£140,210	£108,351	£119,909
2009 Q1	£203,759	£127,922	£102,031	£112,422
2009 Q2	£209,928	£130,855	£100,869	£118,291
2009 Q3	£206,486	£130,432	£102,870	£117,050
2009 Q4	£210,520	£131,654	£101,666	£118,508
2010 Q1	£205,648	£127,745	£94,899	£112,095
2010 Q2	£205,133	£131,028	£93,608	£112,726
2010 Q3	£200,839	£127,507	£90,546	£113,911
2010 Q4	£193,483	£122,200	£84,837	£104,701
2011 Q1	£186,836	£114,618	£78,572	£100,628
2011 Q2	£177,385	£114,021	£77,433	£96,916
2011 Q3	£179,511	£110,813	£74,545	£98,356
2011 Q4	£176,088	£108,450	£71,785	£92,345
2012 Q1	£155,393	£104,180	£65,609	£84,347
2012 Q2	£156,103	£99,860	£67,649	£80,081
2012 Q3	£151,604	£99,041	£65,840	£78,233
2012 Q4	£147,025	£96,204	£64,242	£78,197
2013 Q1	£149,768	£94,760	£61,803	£75,079
2013 Q2	£153,063	£95,903	£62,690	£76,884

Source: DFP NI RPPI August 2013

NI Residential Property Price Index & Standardised Price of Properties Sold in each NUTS3 Area

Regional Area	Index (Quarter 2 2013)	% Change on Previous Quarter	% Change over 12 months	Q2 2013 relative to Peak	Standardised Price (Quarter 1 2013)
Belfast	86	3%	-4%	-57%	£89,848
Outer Belfast	94	1%	-3%	-53%	£107,535
East of N.Ireland	88	2%	-5%	-56%	£94,069
North of N.Ireland	90	6%	0%	-54%	£94,272
West & South of N.Ireland	83	-1%	-3%	-57%	£91,165
Northern Ireland	89	2%	-3%	-55%	£96,327

Source: DFP NI RPPI August 2013

Standardised Residential Property Price & Index by NI Region

	Belfast Standardised Price	Belfast RPPI	Outer Belfast Standardised Price	Outer Belfast RPPI	East of N.Ireland Standardised Price	East of N.Ireland RPPI	North of N. Ireland Standardised Price	North of Northern Ireland RPPI	West & South of N. Ireland Standardised Price	West & South of N.Ireland RPPI
2005 Q1	£104,003	100	£114,980	100	£106,462	100	£104,955	100	£109,562	100
2005 Q2	£105,157	101	£119,811	104	£108,027	101	£110,841	106	£119,028	108
2005 Q3	£114,360	110	£125,635	109	£113,994	107	£118,782	113	£125,304	114
2005 Q4	£114,776	110	£128,264	112	£117,352	110	£123,087	117	£131,729	120
2006 Q1	£117,336	113	£130,833	114	£121,886	114	£130,134	124	£138,296	126
2006 Q2	£132,694	128	£143,740	125	£131,595	124	£139,108	133	£148,440	135
2006 Q3	£148,334	143	£160,533	140	£146,126	137	£153,639	146	£162,754	147
2006 Q4	£167,779	161	£181,559	158	£165,535	155	£166,938	159	£181,555	164
2007 Q1	£178,508	172	£199,326	173	£186,351	175	£179,541	171	£194,343	176
2007 Q2	£196,923	189	£219,529	191	£204,953	193	£196,055	187	£211,809	192
2007 Q3	£207,252	199	£230,610	201	£214,788	202	£205,713	196	£209,171	190
2007 Q4	£190,011	183	£227,866	198	£200,846	189	£199,752	190	£202,061	183
2008 Q1	£171,040	164	£203,268	177	£186,905	176	£179,400	171	£188,281	171
2008 Q2	£159,952	154	£190,570	166	£173,660	163	£171,354	163	£168,128	153
2008 Q3	£150,062	144	£166,243	145	£157,575	148	£154,838	148	£156,611	143
2008 Q4	£128,506	124	£149,341	130	£148,102	139	£142,290	136	£144,411	131
2009 Q1	£121,157	116	£137,320	119	£135,413	127	£128,963	123	£136,967	124
2009 Q2	£129,919	125	£141,616	123	£133,312	125	£125,542	120	£140,864	128
2009 Q3	£133,120	128	£142,832	124	£134,815	127	£124,314	118	£136,238	124
2009 Q4	£131,115	126	£141,738	123	£136,499	128	£129,493	123	£137,844	125
2010 Q1	£125,067	120	£140,301	122	£129,659	122	£127,771	122	£135,410	123
2010 Q2	£125,319	120	£143,749	125	£131,373	123	£127,532	122	£132,791	121
2010 Q3	£122,164	117	£142,040	124	£128,437	121	£119,227	114	£131,955	120
2010 Q4	£111,777	107	£131,053	114	£122,871	115	£122,132	116	£125,209	114
2011 Q1	£105,647	102	£126,151	110	£117,006	110	£113,685	108	£117,893	107
2011 Q2	£105,577	102	£122,440	106	£112,857	106	£108,044	103	£113,514	102
2011 Q3	£104,826	101	£121,580	106	£111,979	105	£104,788	100	£109,293	99
2011 Q4	£100,338	96	£119,201	104	£107,039	101	£102,873	98	£106,325	97
2012 Q1	£93,474	90	£111,526	97	£99,458	93	£95,622	91	£98,019	89
2012 Q2	£93,953	90	£111,205	97	£99,175	93	£94,284	90	£94,847	86
2012 Q3	£93,050	89	£110,409	96	£96,436	91	£89,995	86	£93,680	85
2012 Q4	£90,356	87	£107,443	93	£94,262	89	£89,378	85	£89,317	82
2013 Q1	£87,023	84	£106,496	93	£92,410	87	£88,705	85	£93,129	84
2013 Q2	£89,848	86	£107,535	94	£94,069	88	£94,272	90	£91,522	83
Q/Q Change		3%		1%		2%		6%		-1%
Y/Y Change		-4%		1%		-5%		0%		-1%
Fall from Peak		-57%		-53%		-56%		-54%		-57%

Source: DFP NI RPPI August 2013

Median Sale Price of Residential Properties Sold between July 2012 - June 2013 By Property Type & Location

Local Government District	Detached	Semi-Detached	Terrace	Apartment	Total
Antrim	£160,000	£105,000	£60,000	£66,000	£100,000
Ards	£170,000	£100,000	£65,000	£70,000	£98,500
Armagh	£120,000	£74,250	£46,000	N/A	£80,000
Ballymena	£145,000	£101,500	£65,000	£85,000	£107,500
Ballymoney	£110,000	£74,000	£53,750	N/A	£84,000
Banbridge	£145,000	£87,500	£60,000	£66,000	£91,500
Belfast	£225,000	£120,000	£63,000	£80,000	£85,000
Carrickfergus	£147,750	£103,500	£56,500	£82,500	£99,950
Castlereagh	£184,250	£125,000	£76,485	£76,000	£125,000
Coleraine	£133,000	£95,000	£68,500	£115,000	£111,000
Cookstown	£125,000	£85,000	£67,500	N/A	£90,000
Craigavon	£125,000	£77,000	£47,800	£49,000	£74,000
Derry	£144,000	£95,000	£58,000	£51,000	£85,000
Down	£150,000	£97,500	£70,000	£82,500	£113,000
Dungannon	£120,000	£85,000	£54,500	N/A	£89,600
Fermanagh	£127,500	£76,500	£55,000	£75,000	£90,000
Larne	£128,500	£85,000	£55,000	N/A	£80,000
Limavady	£120,000	£70,375	£50,000	N/A	£88,500
Lisburn	£183,000	£108,000	£74,000	£65,000	£115,000
Magherafelt	£125,000	£88,250	£67,000	N/A	£92,000
Moyle	£126,250	£95,000	£100,000	N/A	£115,000
Newry & Mourne	£146,000	£89,250	£58,500	£60,000	£93,250
Newtownabbey	£155,000	£98,000	£59,475	£64,752	£99,950
North Down	£184,925	£110,000	£85,000	£86,000	£120,000
Omagh	£125,000	£80,000	£55,500	N/A	£90,000
Strabane	£105,000	£67,000	£51,000	N/A	£77,500

Source: DFP NI RPPI August 2013

Northern Ireland Residential Property Transactions

	All Transactions	Detached	Semi-Detached	Terraced	Apartments
2005 Q1	3,008	829	917	1,062	200
2005 Q2	8,055	2,240	2,502	2,828	485
2005 Q3	8,498	2,314	2,675	2,969	540
2005 Q4	9,667	2,515	3,018	3,511	623
2006 Q1	8,694	2,221	2,676	3,208	589
2006 Q2	10,889	2,851	3,259	3,907	872
2006 Q3	10,901	2,996	3,146	3,910	849
2006 Q4	10,903	2,787	3,149	4,098	869
2007 Q1	8,749	2,212	2,482	3,363	692
2007 Q2	9,378	2,338	2,706	3,599	735
2007 Q3	6,829	1,935	1,893	2,476	525
2007 Q4	4,330	1,162	1,226	1,516	426
2008 Q1	3,039	788	884	1,128	239
2008 Q2	3,347	824	1,036	1,166	321
2008 Q3	2,272	609	691	796	176
2008 Q4	2,255	620	722	746	167
2009 Q1	2,015	536	674	628	177
2009 Q2	2,846	737	1,027	851	231
2009 Q3	3,262	871	1,126	1,036	229
2009 Q4	3,600	999	1,243	1,106	252
2010 Q1	2,538	650	807	859	222
2010 Q2	2,712	744	928	852	188
2010 Q3	2,719	712	909	964	134
2010 Q4	2,818	828	845	937	208
2011 Q1	2,418	664	774	820	160
2011 Q2	2,625	764	812	818	231
2011 Q3	3,214	963	1,029	951	271
2011 Q4	3,085	900	989	933	263
2012 Q1	3,195	947	975	1,023	250
2012 Q2	3,134	900	979	992	263
2012 Q3	3,571	1,122	1,141	1,032	276
2012 Q4	3,768	1,173	1,157	1,175	263
2013 Q1	3,268	980	1,008	1,027	253
2013 Q2	3,460	1,055	1,063	1,138	204
Q/Q Change	6%	8%	5%	11%	-19%
Y/Y Change	10%	17%	9%	15%	-22%
Last 4 Quarters	14,067	4,330	4,369	4,372	996

Source: DFP NI RPPI August 2013

Northern Ireland Residential Property Transactions

4 Quarter Rolling Sum

	All Transactions	Detached	Semi-Detached	Terraced	Apartments
2005 Q4	29,228	7,898	9,112	10,370	1,848
2006 Q1	34,914	9,290	10,871	12,516	2,237
2006 Q2	37,748	9,901	11,628	13,595	2,624
2006 Q3	40,151	10,583	12,099	14,536	2,933
2006 Q4	41,387	10,855	12,230	15,123	3,179
2007 Q1	41,442	10,846	12,036	15,278	3,282
2007 Q2	39,931	10,333	11,483	14,970	3,145
2007 Q3	35,859	9,272	10,230	13,536	2,821
2007 Q4	29,286	7,647	8,307	10,954	2,378
2008 Q1	23,576	6,223	6,709	8,719	1,925
2008 Q2	17,545	4,709	5,039	6,286	1,511
2008 Q3	12,988	3,383	3,837	4,606	1,162
2008 Q4	10,913	2,841	3,333	3,836	903
2009 Q1	9,889	2,589	3,123	3,336	841
2009 Q2	9,388	2,502	3,114	3,021	751
2009 Q3	10,378	2,764	3,549	3,261	804
2009 Q4	11,723	3,143	4,070	3,621	889
2010 Q1	12,246	3,257	4,203	3,852	934
2010 Q2	12,112	3,264	4,104	3,853	891
2010 Q3	11,569	3,105	3,887	3,781	796
2010 Q4	10,787	2,934	3,489	3,612	752
2011 Q1	10,667	2,948	3,456	3,573	690
2011 Q2	10,580	2,968	3,340	3,539	733
2011 Q3	11,075	3,219	3,460	3,526	870
2011 Q4	11,342	3,291	3,604	3,522	925
2012 Q1	12,119	3,574	3,805	3,725	1,015
2012 Q2	12,628	3,710	3,972	3,899	1,323
2012 Q3	12,985	3,869	4,084	3,980	1,315
2012 Q4	13,668	4,142	4,252	4,222	1,305
2013 Q1	13,741	4,175	4,285	4,226	1,055
2013 Q2	14,067	4,330	4,369	4,372	996
Q/Q Change	2%	4%	2%	3%	-6%
Y/Y Change	11%	17%	10%	12%	-25%
2013 Q2 v Peak	-66%	-60%	-64%	-71%	-70%
Rise from Low	50%	73%	40%	45%	44%

Source: DFP NI RPPI August 2013

Richard Ramsey,
21st August 2013

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