

Northern Ireland Residential Property Price Index Q3 2012

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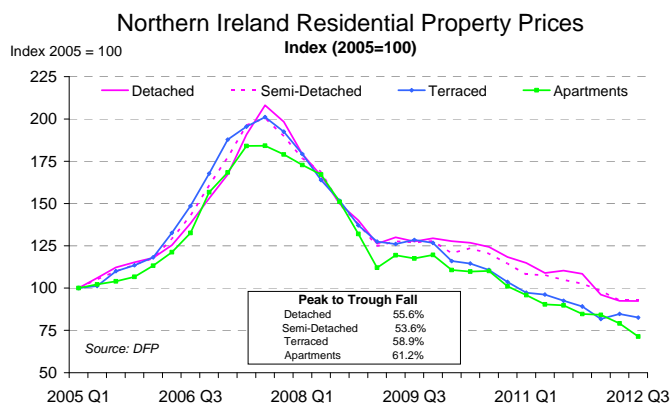
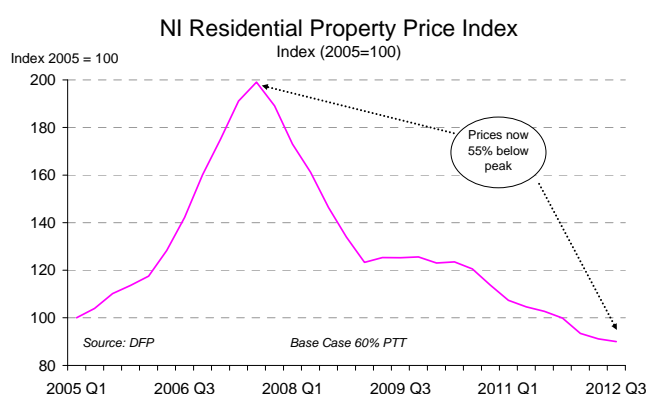
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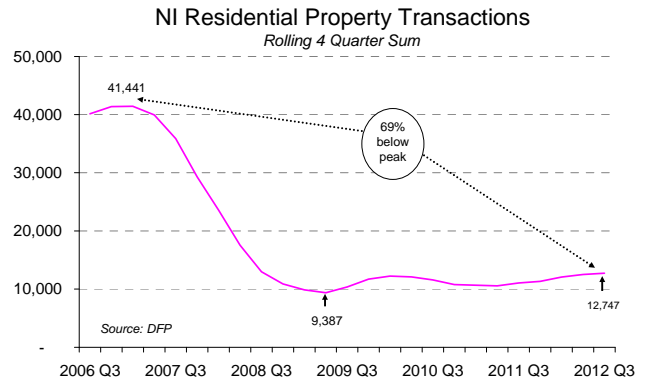
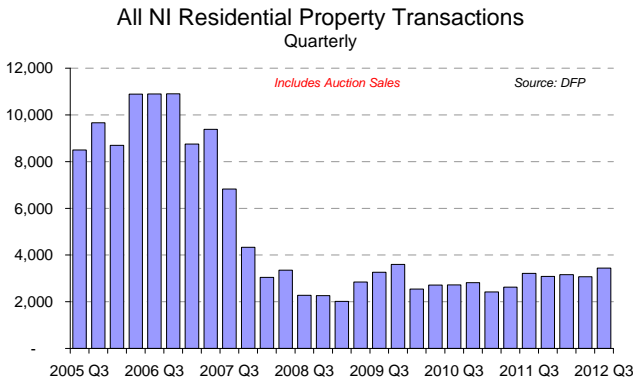
Over the last five years a variety of house price surveys have documented the most significant property correction in UK history. Until May 2012, there were six surveys that provided slightly different views on either the average house price or the direction of house prices. On the 23rd May the Department 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 still falling in Q3 2012 but at a slower rate

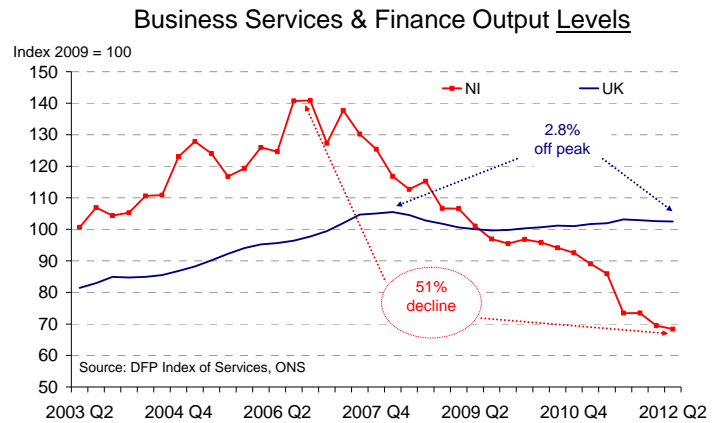
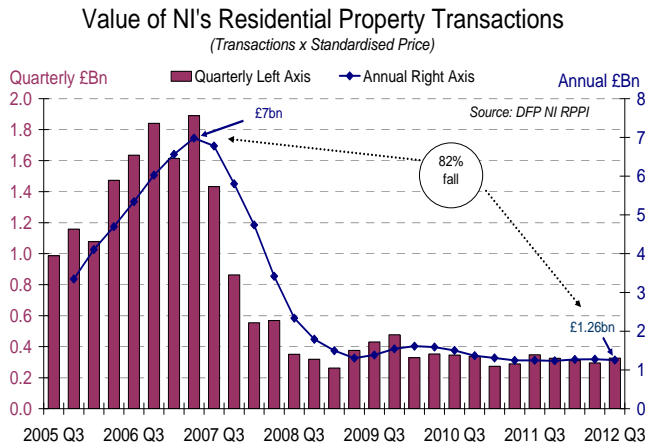
Residential property prices posted a quarterly fall of 1% in Q3 2012 and decreased by 12% relative to Q3 2011. Prices in the West & South of Northern Ireland increased in Q3 while those in Outer Belfast stabilised in Q3 2012. All other parts of Northern Ireland posted declines. Meanwhile since the peaks in Q3 2007, residential prices (*housing & apartments*) have fallen by 55% with all parts of Northern Ireland (except 'Outer Belfast') recording house price falls of 55% or greater. We still anticipate an overall (*all residential property types*) peak to trough decline of around 60%. Some property types have already posted decreases in excess of 60%. The apartment sector has recorded the steepest declines so far (-61%) followed by terraced properties (-59%). Meanwhile the detached and semi-detached markets have experienced declines of 56% and 54% respectively.





Northern Ireland residential property sales remain almost 70% below peak

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. In Q3 2012 there were 3,434 residential property transactions. This represented an increase of 11.7% over the quarter and 6.9% higher than the corresponding quarter last year. The Q3 outturn represented the highest level of transactions since Q4 2009 (3,600) and was some 70% higher than the series low of 2,015 in Q1 2009. Over the last four quarters (to Q3 2012) there were 12,747 residential transactions which is 36% above the low posted in the four quarters to Q2 2009. However, this still remains almost 70% below the peak recorded over the four quarters to Q1 2007 (41,441). Looking at the fall in property transactions in terms of monetary value, it is noted that over the year to Q3 2012 the value of property transactions was 82% below the 2007 peak. Or alternatively, this represents a decline of £5.7bn. This lack of activity explains why activity in Northern Ireland's Business Services & Finance sector is currently (Q2 2012 latest data) 51% below its Q4 2006 peak.



Richard Ramsey,
21st November 2012

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	102
2005 Q3	110	112	110	110	104
2005 Q4	114	115	114	113	107
2006 Q1	118	118	118	118	113
2006 Q2	128	125	129	133	121
2006 Q3	142	138	143	149	133
2006 Q4	160	153	161	168	157
2007 Q1	175	167	177	188	168
2007 Q2	191	191	196	196	184
2007 Q3	199	208	200	201	184
2007 Q4	189	198	190	193	179
2008 Q1	173	179	177	179	173
2008 Q2	161	166	169	164	167
2008 Q3	146	150	150	152	151
2008 Q4	134	140	138	137	132
2009 Q1	123	126	125	128	112
2009 Q2	125	130	128	126	119
2009 Q3	125	128	127	128	118
2009 Q4	126	129	128	127	120
2010 Q1	123	128	121	116	111
2010 Q2	123	127	124	115	110
2010 Q3	121	124	120	111	110
2010 Q4	114	118	114	104	101
2011 Q1	107	115	108	97	96
2011 Q2	105	109	108	96	90
2011 Q3	103	110	105	93	90
2011 Q4	100	108	103	89	85
2012 Q1	93	96	98	82	84
2012 Q2	91	92	93	85	79
2012 Q3	90	92	93	83	71
Q/Q Change	-1%	0%	0%	-2%	-10%
Y/Y Change	-12%	-16%	-11%	-11%	-21%
Fall from Peak	-55%	-56%	-54%	-59%	-61%

Source: DFP NI RPPI August 2012

NI Average Sales Prices Q1 2005 - Q3 2012

Standardised NI Residential Property Price

Quarter	Simple Mean	Simple Median	Standardised Price (RPPI)	Quarter	Detached	Semi-Detached	Terraced	Apartment
2005 Q1	£116,320	£100,000	£105,455	2005 Q1	£153,470	£102,230	£79,746	£95,552
2005 Q2	£120,231	£105,000	£109,628	2005 Q2	£162,635	£107,540	£80,735	£97,651
2005 Q3	£128,885	£115,000	£116,179	2005 Q3	£172,283	£112,284	£87,714	£99,365
2005 Q4	£129,528	£117,000	£119,791	2005 Q4	£176,888	£116,367	£90,510	£101,897
2006 Q1	£132,985	£120,000	£123,930	2006 Q1	£181,017	£120,190	£94,230	£108,233
2006 Q2	£145,292	£130,000	£135,260	2006 Q2	£192,395	£132,105	£105,776	£115,842
2006 Q3	£163,764	£145,000	£149,978	2006 Q3	£212,126	£145,964	£118,475	£126,717
2006 Q4	£179,081	£160,000	£168,827	2006 Q4	£234,982	£164,394	£133,758	£149,786
2007 Q1	£197,651	£175,000	£184,547	2007 Q1	£257,178	£180,114	£149,486	£158,943
2007 Q2	£216,525	£192,975	£201,554	2007 Q2	£293,429	£199,448	£155,597	£173,705
2007 Q3	£233,984	£200,000	£209,857	2007 Q3	£320,161	£203,637	£160,018	£173,852
2007 Q4	£231,319	£192,250	£199,391	2007 Q4	£305,061	£192,852	£153,208	£169,003
2008 Q1	£211,430	£175,000	£182,476	2008 Q1	£278,613	£177,851	£140,422	£158,798
2008 Q2	£188,456	£165,000	£169,983	2008 Q2	£258,806	£169,913	£128,390	£153,611
2008 Q3	£175,766	£152,000	£154,346	2008 Q3	£233,036	£150,626	£118,809	£138,777
2008 Q4	£161,644	£144,887	£141,256	2008 Q4	£217,781	£138,814	£107,370	£121,308
2009 Q1	£146,103	£130,000	£129,998	2009 Q1	£194,618	£125,555	£101,421	£112,213
2009 Q2	£148,778	£132,000	£132,129	2009 Q2	£200,326	£128,393	£100,261	£119,593
2009 Q3	£149,314	£135,000	£132,074	2009 Q3	£196,611	£127,666	£102,181	£117,700
2009 Q4	£151,462	£137,000	£132,437	2009 Q4	£199,550	£128,556	£100,791	£119,796
2010 Q1	£148,215	£124,000	£129,753	2010 Q1	£196,606	£124,910	£94,499	£118,829
2010 Q2	£142,728	£125,000	£130,228	2010 Q2	£195,109	£127,945	£93,298	£117,879
2010 Q3	£140,777	£125,000	£127,121	2010 Q3	£191,348	£124,593	£90,226	£118,222
2010 Q4	£135,035	£120,000	£119,900	2010 Q4	£182,159	£118,525	£84,443	£108,508
2011 Q1	£127,090	£111,750	£113,171	2011 Q1	£175,883	£111,306	£78,033	£105,288
2011 Q2	£124,403	£112,000	£110,249	2011 Q2	£166,741	£110,904	£77,136	£99,239
2011 Q3	£125,951	£111,500	£108,347	2011 Q3	£168,920	£107,922	£74,245	£98,632
2011 Q4	£121,351	£106,000	£105,299	2011 Q4	£166,060	£105,629	£71,529	£92,971
2012 Q1	£115,093	£100,000	£98,484	2012 Q1	£148,028	£102,072	£65,254	£87,120
2012 Q2	£111,551	£97,000	£96,133	2012 Q2	£142,346	£96,350	£67,620	£81,914
2012 Q3	£115,240	£100,000	£94,895	2012 Q3	£142,227	£96,615	£65,938	£73,885

Source: DFP NI RPPI November 2012

Source: DFP NI RPPI November 2012

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

Regional Area	Index (Quarter 3 2012)	% Change on Previous Quarter	% Change over 12 months	Q2 2012 relative to Peak	Standardised Price (Quarter 3 2012)
Belfast	89	-1%	-12%	55%	£91,529
Outer Belfast	97	0%	-9%	52%	£110,080
East of N.Ireland	90	-2%	-14%	55%	£93,764
North of N.Ireland	84	-4%	-14%	57%	£85,274
West & South of N.Ireland	84	2%	-14%	57%	£87,037
Northern Ireland	90	-1%	-12%	55%	£94,895

Source: DFP NI RPPI November 2012

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	£102,806	100	£113,868	100	£103,684	100	£101,042	100	£103,488	100
2005 Q2	£104,210	101	£118,912	104	£105,418	102	£106,865	106	£112,337	109
2005 Q3	£113,161	110	£124,526	109	£111,112	107	£114,248	113	£117,876	114
2005 Q4	£113,767	111	£127,346	112	£114,779	111	£118,863	118	£124,705	121
2006 Q1	£116,122	113	£129,770	114	£119,094	115	£125,565	124	£130,950	127
2006 Q2	£131,218	128	£142,638	125	£128,837	124	£134,593	133	£140,803	136
2006 Q3	£146,782	143	£159,361	140	£142,945	138	£148,292	147	£153,500	148
2006 Q4	£166,217	162	£180,278	158	£162,294	157	£161,772	160	£172,291	166
2007 Q1	£176,868	172	£198,336	174	£183,533	177	£174,916	173	£185,608	179
2007 Q2	£194,921	190	£218,079	192	£200,638	194	£189,317	187	£200,513	194
2007 Q3	£205,449	200	£229,477	202	£210,508	203	£198,196	196	£197,773	191
2007 Q4	£187,123	182	£226,545	199	£196,397	189	£191,894	190	£189,792	183
2008 Q1	£169,099	164	£202,385	178	£183,027	177	£173,431	172	£177,924	172
2008 Q2	£158,203	154	£189,661	167	£170,194	164	£165,760	164	£159,229	154
2008 Q3	£149,278	145	£165,345	145	£153,983	149	£149,728	148	£148,562	144
2008 Q4	£127,761	124	£149,039	131	£146,311	141	£139,026	138	£139,061	134
2009 Q1	£120,039	117	£137,430	121	£132,861	128	£124,560	123	£129,522	125
2009 Q2	£129,033	126	£141,725	124	£130,784	126	£121,476	120	£132,915	128
2009 Q3	£132,125	129	£142,649	125	£131,814	127	£119,898	119	£128,718	124
2009 Q4	£130,113	127	£141,551	124	£133,111	128	£124,222	123	£129,226	125
2010 Q1	£126,464	123	£140,512	123	£126,943	122	£122,815	122	£126,886	123
2010 Q2	£126,036	123	£143,490	126	£128,332	124	£122,327	121	£123,723	120
2010 Q3	£122,613	119	£141,599	124	£125,442	121	£114,464	113	£122,894	119
2010 Q4	£112,410	109	£130,505	115	£119,095	115	£116,392	115	£114,877	111
2011 Q1	£106,315	103	£125,753	110	£113,259	109	£107,440	106	£108,749	105
2011 Q2	£105,928	103	£122,095	107	£109,346	105	£102,752	102	£104,057	101
2011 Q3	£104,589	102	£121,248	106	£108,663	105	£99,102	98	£101,288	98
2011 Q4	£100,016	97	£118,968	104	£104,071	100	£97,596	97	£98,733	95
2012 Q1	£92,860	90	£110,807	97	£97,087	94	£92,166	91	£93,525	90
2012 Q2	£92,922	90	£110,421	97	£95,842	92	£88,547	88	£85,326	82
2012 Q3	£91,529	89	£110,080	97	£93,764	90	£85,274	84	£87,037	84
Q/Q Change		-1%		0%		-2%		-4%		2%
Y/Y Change		-12%		-9%		-14%		-14%		-14%
Fall from Peak		-55%		-52%		-55%		-57%		-57%

Source: DFP NI RPPI November 2012

Median Sale Price of Residential Properties Sold between October 2011 - September 2012 By Property Type & Location

Local Government District	Detached	Semi-Detached	Terrace	Apartment
Antrim	£160,000	£114,000	£60,000	£70,000
Ards	£180,000	£110,000	£70,000	£70,500
Armagh	£122,750	£80,000	£60,000	N/A
Ballymena	£160,500	£100,000	£60,000	£74,250
Ballymoney	£121,500	£85,500	£57,750	N/A
Banbridge	£150,000	£90,000	£62,500	N/A
Belfast	£225,000	£122,000	£65,000	£89,350
Carrickfergus	£151,250	£108,000	£60,000	£85,000
Castlereagh	£188,250	£127,250	£82,500	£80,000
Coleraine	£149,475	£97,000	£84,000	£110,000
Cookstown	£137,500	£85,000	£69,000	N/A
Craigavon	£125,500	£81,000	£49,250	N/A
Derry	£140,500	£101,500	£60,000	£52,500
Down	£152,250	£102,500	£70,250	£90,750
Dungannon	£128,000	£90,000	£60,000	N/A
Fermanagh	£140,000	£93,000	£60,500	£100,000
Larne	£135,000	£88,500	£55,750	£65,500
Limavady	£122,500	£90,500	£53,000	N/A
Lisburn	£169,500	£114,500	£73,000	£75,000
Magherafelt	£135,000	£85,000	£71,000	N/A
Moyle	£145,000	£114,000	£95,000	N/A
Newry & Mourne	£152,000	£97,000	£64,000	£60,000
Newtownabbey	£160,000	£106,500	£60,000	£76,000
North Down	£190,000	£118,750	£84,000	£85,250
Omagh	£132,500	£90,000	£57,500	N/A
Strabane	£112,500	£72,000	£54,500	N/A

Source: DFP NI RPPI November 2012

Northern Ireland Residential Property Transactions

	All Transactions	Detached	Semi-Detached	Terraced	Apartments
2005 Q1	3,009	829	918	1,062	200
2005 Q2	8,056	2,240	2,502	2,829	485
2005 Q3	8,497	2,314	2,675	2,971	537
2005 Q4	9,667	2,515	3,017	3,512	623
2006 Q1	8,694	2,221	2,676	3,209	588
2006 Q2	10,888	2,851	3,258	3,907	872
2006 Q3	10,900	2,997	3,146	3,909	848
2006 Q4	10,902	2,787	3,147	4,099	869
2007 Q1	8,751	2,213	2,482	3,364	692
2007 Q2	9,378	2,337	2,707	3,601	733
2007 Q3	6,828	1,936	1,894	2,476	522
2007 Q4	4,329	1,162	1,227	1,514	426
2008 Q1	3,038	788	883	1,128	239
2008 Q2	3,347	824	1,036	1,166	321
2008 Q3	2,271	609	691	795	176
2008 Q4	2,255	620	722	746	167
2009 Q1	2,015	536	674	628	177
2009 Q2	2,846	737	1,028	851	230
2009 Q3	3,262	871	1,126	1,036	229
2009 Q4	3,600	998	1,243	1,108	251
2010 Q1	2,539	650	807	859	223
2010 Q2	2,711	745	928	851	187
2010 Q3	2,719	712	909	964	134
2010 Q4	2,817	827	844	937	209
2011 Q1	2,417	664	774	820	159
2011 Q2	2,623	763	812	817	231
2011 Q3	3,212	962	1,029	950	271
2011 Q4	3,084	900	990	932	262
2012 Q1	3,156	937	968	1,013	238
2012 Q2	3,073	895	965	977	236
2012 Q3	3,434	1,090	1,092	1,003	249
Q/Q Change	12%	22%	13%	3%	6%
Y/Y Change	7%	13%	6%	6%	-8%
Last 4 Quarters	12,747	3,822	4,015	3,925	985

Source: DFP NI RPPI November 2012

Northern Ireland Residential Property Transactions 4 Quarter Rolling Sum

	All Transactions	Detached	Semi-Detached	Terraced	Apartments
2005 Q4	29,229	7,898	9,112	10,374	1,845
2006 Q1	34,914	9,290	10,870	12,521	2,233
2006 Q2	37,746	9,901	11,626	13,599	2,620
2006 Q3	40,149	10,584	12,097	14,537	2,931
2006 Q4	41,384	10,856	12,227	15,124	3,177
2007 Q1	41,441	10,848	12,033	15,279	3,281
2007 Q2	39,931	10,334	11,482	14,973	3,142
2007 Q3	35,859	9,273	10,230	13,540	2,816
2007 Q4	29,286	7,648	8,310	10,955	2,373
2008 Q1	23,573	6,223	6,711	8,719	1,920
2008 Q2	17,542	4,710	5,040	6,284	1,508
2008 Q3	12,985	3,383	3,837	4,603	1,162
2008 Q4	10,911	2,841	3,332	3,835	903
2009 Q1	9,888	2,589	3,123	3,335	841
2009 Q2	9,387	2,502	3,115	3,020	750
2009 Q3	10,378	2,764	3,550	3,261	803
2009 Q4	11,723	3,142	4,071	3,623	887
2010 Q1	12,247	3,256	4,204	3,854	933
2010 Q2	12,112	3,264	4,104	3,854	890
2010 Q3	11,569	3,105	3,887	3,782	795
2010 Q4	10,786	2,934	3,488	3,611	753
2011 Q1	10,664	2,948	3,455	3,572	689
2011 Q2	10,576	2,966	3,339	3,538	733
2011 Q3	11,069	3,216	3,459	3,524	870
2011 Q4	11,336	3,289	3,605	3,519	923
2012 Q1	12,075	3,562	3,799	3,712	1,002
2012 Q2	12,525	3,694	3,952	3,872	1,007
2012 Q3	12,747	3,822	4,015	3,925	985
Y/Y Change	15%	19%	16%	11%	13%
2012 Q3 v Peak	-69%	-65%	-67%	-74%	-70%
Rise from Low	36%	53%	29%	30%	43%

Source: DFP NI RPPI November 2012

Richard Ramsey,
21st November 2012

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