

Northern Ireland Residential Property Price Index Q4 2012

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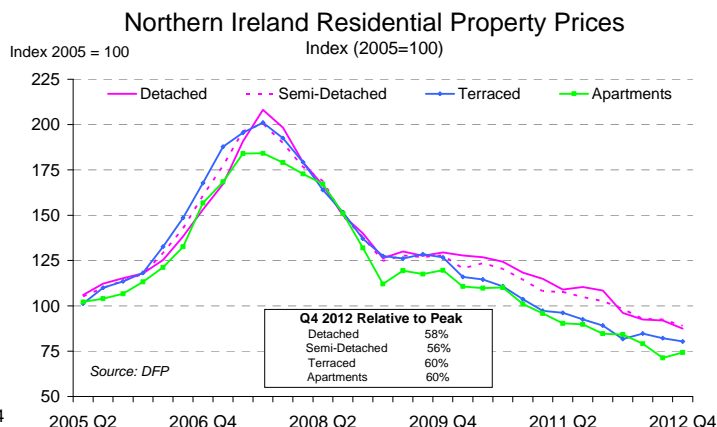
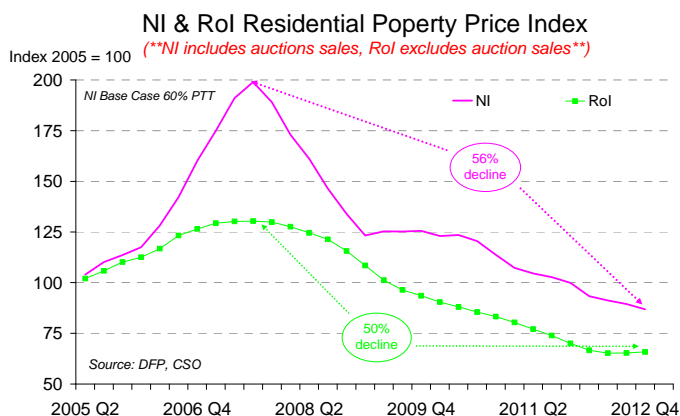
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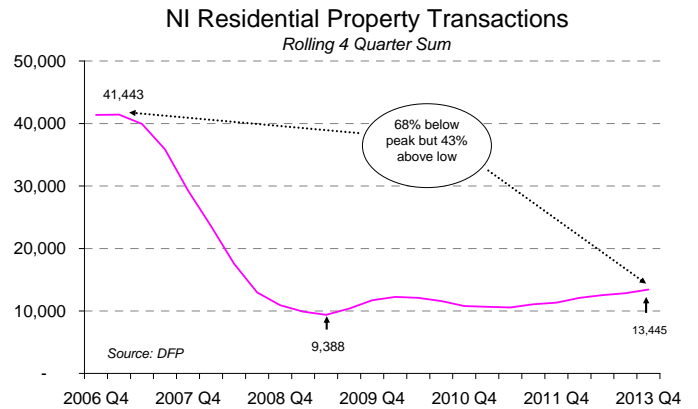
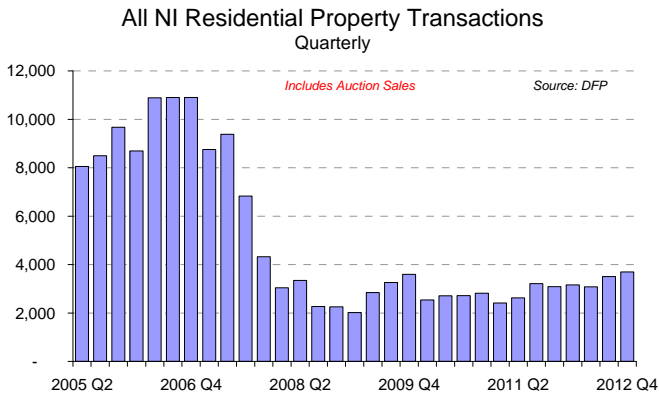
Over the last five years a variety of house price surveys have documented the most significant property correction in UK history. Until May 2012, there were six surveys that provided slightly different views on either the average house price or the direction of house prices. On the 23rd May the Department 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 Q4 2012

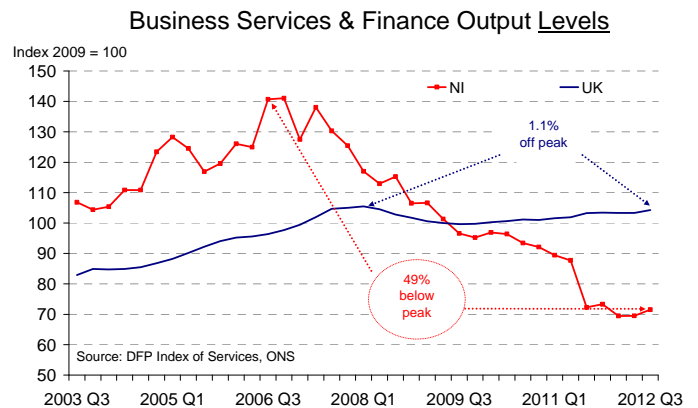
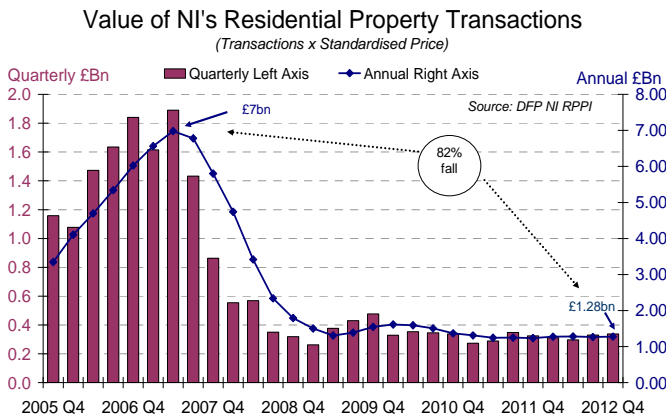
Residential property prices posted a quarterly fall of 3% in Q4 2012 and decreased by 13% relative to Q4 2011. Prices in the West & South of Northern Ireland posted the steepest quarterly decline in Q4 (-6%) while those in the North and East recorded the smallest decrease (-1%). Belfast & Outer Belfast recorded quarterly declines of -4% and -3% respectively. Meanwhile since the peaks in Q3 2007, residential prices (housing & apartments) have fallen by 56% with all parts of Northern Ireland (except 'Outer Belfast' 54% fall) recording house price falls of 57%. We still anticipate an overall (all residential property types) peak to trough decline of around 60%. Some property types have already posted decreases of 60% - i.e. terraced properties and apartments. Meanwhile the detached and semi-detached markets have experience declines of 58% and 56% respectively. NI's detached property market posted the steepest year-on-year decline in Q4 (-19%) as it effectively plays 'catch-up' with the correction experienced within other property types. It is noted that the Republic of Ireland's residential property price index in Q4 2012 was 50% below its Q3 2007 peak. However, this survey excludes auction sales and therefore underestimates the true price correction experienced to date.





NI residential property sales 68% below peak but 43% 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 Q4 2012 there were 3,693 residential property transactions. This represented an increase of 5.4% over the quarter and was 19.6% higher than the corresponding quarter last year. The Q4 outturn represented the highest level of transactions since Q4 2007 (4,329) and was some 83% higher than the series (quarterly) low of 2,015 in Q1 2009. Over the last four quarters (to Q4 2012) there were 13,445 residential transactions which is 43% 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 (41,443). 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 in 2012 was 46% of 2005's outturn (29,230). 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 (Q3 2012 latest data) 49% below its Q3 2006 peak.



Richard Ramsey,
20th February 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	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	89	92	92	82	71
2012 Q4	87	87	89	80	74
Q/Q Change	-3%	-5%	-4%	-2%	4%
Y/Y Change	-13%	-19%	-13%	-10%	-12%
Fall from Peak	-56%	-58%	-56%	-60%	-60%

Source: DFP NI RPPI February 2013

NI Average Sales Prices Q1 2005 - Q4 2012

Quarter	Simple Mean	Simple Median	Standardised Price (RPPI)
2005 Q1	£116,320	£100,000	£105,455
2005 Q2	£120,231	£105,000	£109,628
2005 Q3	£128,885	£115,000	£116,179
2005 Q4	£129,522	£117,000	£119,791
2006 Q1	£132,985	£120,000	£123,930
2006 Q2	£145,288	£130,000	£135,260
2006 Q3	£163,764	£145,000	£149,978
2006 Q4	£179,081	£160,000	£168,827
2007 Q1	£197,646	£175,000	£184,547
2007 Q2	£216,525	£192,975	£201,554
2007 Q3	£234,020	£200,000	£209,857
2007 Q4	£231,319	£192,250	£199,391
2008 Q1	£211,430	£175,000	£182,476
2008 Q2	£188,456	£165,000	£169,983
2008 Q3	£175,752	£151,750	£154,346
2008 Q4	£161,644	£144,887	£141,256
2009 Q1	£146,103	£130,000	£129,998
2009 Q2	£148,778	£132,000	£132,129
2009 Q3	£149,314	£135,000	£132,074
2009 Q4	£151,462	£137,000	£132,437
2010 Q1	£148,215	£124,000	£129,753
2010 Q2	£142,728	£125,000	£130,228
2010 Q3	£140,777	£125,000	£127,121
2010 Q4	£135,090	£120,000	£119,900
2011 Q1	£127,081	£111,500	£113,167
2011 Q2	£124,500	£112,000	£110,250
2011 Q3	£126,095	£111,500	£108,348
2011 Q4	£121,294	£106,000	£105,291
2012 Q1	£115,046	£100,000	£98,486
2012 Q2	£111,643	£97,000	£96,132
2012 Q3	£115,398	£100,000	£94,327
2012 Q4	£111,240	£95,000	£91,553

Source: DFP NI RPPI February 2013

Standardised NI Residential Property Price

Quarter	Detached	Semi-Detached	Terraced	Apartment
2005 Q1	£153,470	£102,230	£79,746	£95,552
2005 Q2	£162,635	£107,540	£80,735	£97,651
2005 Q3	£172,283	£112,284	£87,714	£99,365
2005 Q4	£176,888	£116,367	£90,510	£101,897
2006 Q1	£181,017	£120,190	£94,230	£108,233
2006 Q2	£192,395	£132,105	£105,776	£115,842
2006 Q3	£212,126	£145,964	£118,475	£126,717
2006 Q4	£234,982	£164,394	£133,758	£149,786
2007 Q1	£257,178	£180,114	£149,486	£158,943
2007 Q2	£293,429	£199,448	£155,597	£173,705
2007 Q3	£320,161	£203,637	£160,018	£173,852
2007 Q4	£305,061	£192,852	£153,208	£169,003
2008 Q1	£278,613	£177,851	£140,422	£158,798
2008 Q2	£258,806	£169,913	£128,390	£153,611
2008 Q3	£233,036	£150,626	£118,809	£138,777
2008 Q4	£217,781	£138,814	£107,370	£121,308
2009 Q1	£194,618	£125,555	£101,421	£112,213
2009 Q2	£200,326	£128,393	£100,261	£119,593
2009 Q3	£196,611	£127,666	£102,181	£117,700
2009 Q4	£199,550	£128,556	£100,791	£119,796
2010 Q1	£196,606	£124,910	£94,499	£118,829
2010 Q2	£195,109	£127,945	£93,298	£117,879
2010 Q3	£191,348	£124,593	£90,226	£118,222
2010 Q4	£182,159	£118,525	£84,443	£108,508
2011 Q1	£175,883	£111,306	£78,033	£105,288
2011 Q2	£166,741	£110,904	£77,136	£99,239
2011 Q3	£168,920	£107,922	£74,245	£98,632
2011 Q4	£166,060	£105,629	£71,529	£92,971
2012 Q1	£148,028	£102,072	£65,254	£87,120
2012 Q2	£142,346	£96,350	£67,620	£81,914
2012 Q3	£141,608	£95,974	£65,619	£73,816
2012 Q4	£134,666	£92,401	£64,160	£76,921

Source: DFP NI RPPI February 2013

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

Regional Area	Index (Quarter 4 2012)	% Change on Previous Quarter	% Change over 12 months	Q4 2012 relative to Peak	Standardised Price (Quarter 4 2012)
Belfast	88	-4%	-9%	-57%	£89,949
Outer Belfast	90	-3%	-14%	-54%	£97,326
East of N.Ireland	86	-1%	-14%	-57%	£83,910
North of N.Ireland	84	-1%	-10%	-57%	£79,969
West & South of N.Ireland	78	-6%	-16%	-57%	£80,212
Northern Ireland	87	-3%	-13%	-57%	£91,553

Source: DFP NI RPPI February 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	£102,600	100	£107,796	100	£98,020	100	£95,386	100	£102,456	100
2005 Q2	£103,686	101	£112,813	105	£98,705	101	£100,720	106	£106,363	104
2005 Q3	£113,608	111	£117,096	109	£103,196	105	£106,447	112	£111,121	108
2005 Q4	£114,267	111	£119,074	110	£107,412	110	£111,708	117	£119,347	116
2006 Q1	£115,903	113	£121,487	113	£111,766	114	£119,002	125	£125,526	123
2006 Q2	£132,133	129	£134,328	125	£120,782	123	£127,063	133	£133,540	130
2006 Q3	£147,934	144	£149,172	138	£134,125	137	£135,883	142	£141,982	139
2006 Q4	£166,396	162	£170,811	158	£152,085	155	£154,402	162	£162,960	159
2007 Q1	£178,023	174	£187,721	174	£173,193	177	£159,878	168	£173,079	169
2007 Q2	£195,627	191	£204,115	189	£189,096	193	£175,223	184	£179,434	175
2007 Q3	£209,221	204	£212,734	197	£197,082	201	£186,588	196	£185,399	181
2007 Q4	£190,297	185	£211,980	197	£186,344	190	£176,088	185	£181,463	177
2008 Q1	£169,114	165	£188,206	175	£172,831	176	£158,340	166	£170,744	167
2008 Q2	£157,769	154	£180,029	167	£161,460	165	£166,672	175	£154,209	151
2008 Q3	£148,890	145	£154,217	143	£140,690	144	£144,849	152	£151,995	148
2008 Q4	£126,136	123	£142,807	132	£137,530	140	£113,403	119	£131,897	129
2009 Q1	£120,762	118	£130,896	121	£128,189	131	£127,434	134	£122,419	119
2009 Q2	£129,666	126	£137,881	128	£125,363	128	£121,704	128	£127,000	124
2009 Q3	£133,469	130	£136,875	127	£128,753	131	£116,105	122	£124,101	121
2009 Q4	£130,227	127	£136,478	127	£129,488	132	£117,072	123	£120,616	118
2010 Q1	£126,176	123	£130,979	122	£123,228	126	£129,997	136	£124,999	122
2010 Q2	£125,655	122	£135,401	126	£125,107	128	£118,971	125	£117,469	115
2010 Q3	£122,672	120	£136,155	126	£122,829	125	£112,244	118	£117,679	115
2010 Q4	£112,790	110	£122,628	114	£118,134	121	£113,997	120	£109,601	107
2011 Q1	£102,813	100	£119,246	111	£100,413	102	£102,012	107	£98,394	96
2011 Q2	£103,637	101	£115,478	107	£102,058	104	£97,175	102	£93,739	91
2011 Q3	£101,409	99	£115,891	108	£92,479	94	£97,937	103	£98,291	96
2011 Q4	£98,760	96	£113,039	105	£97,478	99	£88,365	93	£95,380	93
2012 Q1	£92,851	90	£103,137	96	£93,205	95	£87,534	92	£90,992	89
2012 Q2	£93,696	91	£102,206	95	£89,825	92	£81,287	85	£83,862	82
2012 Q3	£94,099	92	£100,831	94	£84,367	86	£80,641	85	£85,756	84
2012 Q4	£89,949	88	£97,326	90	£83,910	86	£79,969	84	£80,212	78
Q/Q Change		-4%		-3%		-1%		-1%		-6%
Y/Y Change		-9%		-14%		-14%		-10%		-16%
Fall from Peak		-57%		-54%		-57%		-57%		-55%

Source: DFP NI RPPI February 2013

Median Sale Price of Residential Properties Sold between January 2012 - December 2012 By Property Type & Location

Local Government District	Detached	Semi-Detached	Terrace	Apartment	Total
Antrim	£147,725	£115,000	£60,000	£70,000	£106,000
Ards	£175,000	£105,000	£68,000	£55,500	£105,000
Armagh	£121,750	£75,000	£55,000	N/A	£88,000
Ballymena	£159,000	£100,500	£62,000	£79,000	£110,000
Ballymoney	£108,000	£77,000	£53,501	N/A	£90,000
Banbridge	£150,000	£87,000	£62,000	N/A	£90,000
Belfast	£220,000	£120,000	£65,000	£82,950	£87,000
Carrickfergus	£146,978	£104,000	£55,000	£90,000	£100,000
Castlereagh	£189,950	£125,000	£78,975	£77,000	£124,950
Coleraine	£142,500	£95,000	£79,998	£120,000	£114,950
Cookstown	£132,000	£87,500	£68,000	N/A	£90,000
Craigavon	£125,000	£80,750	£48,000	£46,500	£75,000
Derry	£140,000	£95,000	£60,500	£46,500	£88,000
Down	£149,000	£100,000	£71,000	£87,000	£115,000
Dungannon	£125,000	£89,250	£59,000	N/A	£93,375
Fermanagh	£130,000	£83,000	£57,000	£100,000	£95,500
Larne	£128,125	£88,000	£54,000	£63,125	£85,000
Limavady	£120,000	£87,500	£54,000	N/A	£100,000
Lisburn	£170,000	£112,250	£72,000	£71,250	£115,000
Magherafelt	£135,000	£86,500	£72,500	N/A	£100,000
Moyle	£135,500	£113,000	£97,500	N/A	£120,000
Newry & Mourne	£149,000	£91,000	£60,000	£60,000	£90,000
Newtownabbey	£157,500	£103,000	£60,000	£66,500	£100,000
North Down	£188,125	£115,000	£83,000	£80,000	£122,500
Omagh	£130,000	£83,500	£58,000	N/A	£95,000
Strabane	£110,000	£70,000	£52,500	N/A	£80,000

Source: DFP NI RPPI February 2013

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	9,668	2,515	3,017	3,513	623
2006 Q1	8,694	2,221	2,676	3,209	588
2006 Q2	10,889	2,851	3,259	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	8,752	2,214	2,482	3,364	692
2007 Q2	9,378	2,337	2,707	3,601	733
2007 Q3	6,829	1,937	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	2,272	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	1,028	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	2,818	828	844	937	209
2011 Q1	2,418	664	774	820	160
2011 Q2	2,625	764	812	818	231
2011 Q3	3,215	963	1,029	952	271
2011 Q4	3,088	900	990	934	264
2012 Q1	3,163	937	970	1,018	238
2012 Q2	3,084	899	969	979	237
2012 Q3	3,505	1,119	1,113	1,017	256
2012 Q4	3,693	1,160	1,139	1,156	238
Q/Q Change	5%	4%	2%	14%	-7%
Y/Y Change	20%	29%	15%	24%	-10%
Last 4 Quarters	16,533	5,015	5,181	5,104	1,233

Source: DFP NI RPPI February 2013

Northern Ireland Residential Property Transactions 4 Quarter Rolling Sum

	All Transactions	Detached	Semi-Detached	Terraced	Apartments
2005 Q4	29,230	7,898	9,112	10,375	1,845
2006 Q1	34,915	9,290	10,870	12,522	2,233
2006 Q2	37,748	9,901	11,627	13,600	2,620
2006 Q3	40,151	10,584	12,098	14,538	2,931
2006 Q4	41,385	10,856	12,228	15,124	3,177
2007 Q1	41,443	10,849	12,034	15,279	3,281
2007 Q2	39,932	10,335	11,482	14,973	3,142
2007 Q3	35,861	9,275	10,230	13,540	2,816
2007 Q4	29,288	7,650	8,310	10,955	2,373
2008 Q1	23,574	6,224	6,711	8,719	1,920
2008 Q2	17,543	4,711	5,040	6,284	1,508
2008 Q3	12,986	3,383	3,837	4,604	1,162
2008 Q4	10,912	2,841	3,332	3,836	903
2009 Q1	9,889	2,589	3,123	3,336	841
2009 Q2	9,388	2,502	3,115	3,021	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	10,787	2,935	3,488	3,611	753
2011 Q1	10,666	2,949	3,455	3,572	690
2011 Q2	10,580	2,968	3,339	3,539	734
2011 Q3	11,076	3,219	3,459	3,527	871
2011 Q4	11,346	3,291	3,605	3,524	926
2012 Q1	12,091	3,564	3,801	3,722	1,004
2012 Q2	12,550	3,699	3,958	3,883	1,010
2012 Q3	12,840	3,855	4,042	3,948	995
2012 Q4	13,445	4,115	4,191	4,170	969
Q/Q Change	5%	7%	4%	6%	-3%
Y/Y Change	18%	25%	16%	18%	5%
2012 Q4 v Peak	-68%	-62%	-66%	-73%	-70%
Rise from Low	43%	64%	35%	38%	40%

Source: DFP NI RPPI February 2013

Richard Ramsey,
20th February 2013

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