

Northern Ireland Asking Price Index

Key Findings

This report analyses the performance of the Northern Ireland housing market in terms of changes in the prices asked by home sellers and the achieved sale price. Overall, the analysis highlights the fluctuations in residential property asking prices, depicting market sentiment and the confidence of buyers and sellers across a time period characterised by significant decline in the listed asking price across all property types. The research highlights that asking prices remained consistently higher than achieved sale prices between 2009 and 2012. However, after a period of prolonged price erosion characterised by market disconnect between asking price and realised price, the findings reveal that the average asking price was lower than achieved average price for the last six months of 2012 offering tentative evidence of market stabilisation as well as a potential turning point in the market. The statistics for the first half of 2013 further show an uplift and stabilisation in average asking prices across all sectors of the market providing evidence of a stabilising housing market and realism in seller expectations aligned with the systemic price correction across Northern Ireland.

Introduction

In recent years, acute challenges within the private housing sector have resulted in increased analysis and speculation concerning house prices. Whilst much evidence exists relating to the decline in house prices, it is important to monitor and evaluate changes in asking prices in Northern Ireland. Indeed, the inherent value of the Northern Ireland Asking Price Index (NIAPI) is that it can indicate historic and current consumer sentiment and confidence in the market place as well as providing forward looking insights into price movements in advance of actual sales data. This report analyses the performance of the Northern Ireland housing market in terms of listed asking price relative to achieved sales price over time by property type and annual change. The research is part of an on-going research partnership between the Northern Ireland Housing Executive (NIHE) and the Centre for Research on Property and Planning at the University of Ulster.

Price statistics utilised in the report are based on the initial listed asking price market evidence from a sample of 61,020 properties (c.10,000 per annum) advertised on PropertyNews.com between 2007 and 2013. The asking price figures represent the average asking price as first advertised, with properties relisted within a 3 month period removed from the sample. The overall performance of the housing market is measured by a weighted index that reflects the weighted average of each property type. The index measures change in the prices asked by house sellers across the province and is set to a base value of 100 for the quarter of 2007. A weighted index is used to capture various movements within a single statistic and allows price change over time to be tracked. The simple average percentage change is also reported.

Asking Price by Property Type

Yearly comparison of the average asking price for all listed properties show a consistent downward movement in listed prices with an overall negative percentage change in average yearly asking price of -43.2% observed between 2007 and 2012 (Table 1). Although the figures indicate that there was no clear trend to the average annual asking price decline, it is notable that the largest decline in listed prices (-17.2%) over the period was between 2011 and 2012 suggesting that sellers at this point in the cycle became more accepting of the need to revise asking prices to suit the market conditions.

Table 1: Average Yearly Asking Price and Yearly Change

Year	Average Yearly Asking Price	Yearly Change (%)
2007	243790	
2008	232322	-4.7%
2009	207623	
2010	183040	-11.8%
2011	167217	
2012	138380	-17.2%

The listed asking prices can be disaggregated into groups of price observations depending on various property characteristics including type. Table 2 shows the average yearly asking price by property type together with year-on-year percentage change.

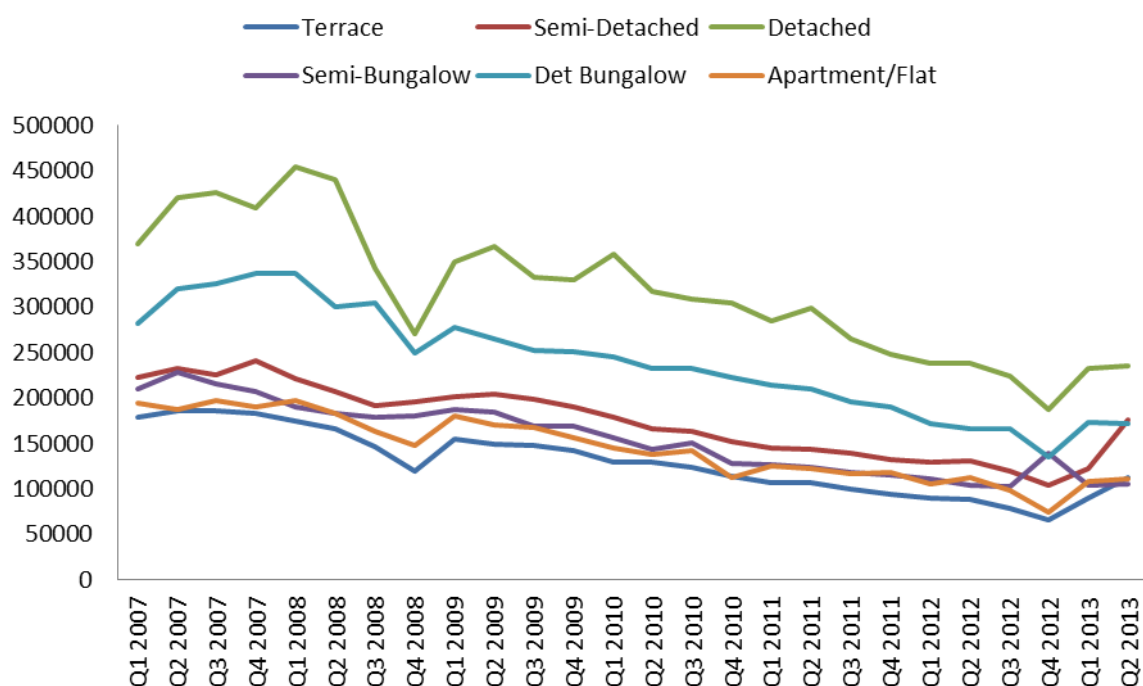
Table 2: Average asking price by property type per year with year-on-year percentage change

Property Type	2007	2008	% change	2009	% change	2010	% change	2011	% change	2012	% change
Terrace/ Townhouse	184109	165421	-10.2	147138	-11.1	124971	-15.1	102431	-18.0	86793	-15.3
Semi-Detached	230054	210898	-8.3	197436	-6.4	166867	-15.5	141040	-15.5	127573	-9.5
Detached	410739	430498	4.8	342340	-20.5	322564	-5.8	277004	-14.2	234980	-15.2
Semi-Bungalow	215914	185900	-13.9	174638	-6.1	145717	-16.6	121190	-16.8	109336	-9.8
Detached Bungalow	315616	311861	-1.2	258059	-17.3	233531	-9.5	204241	-12.5	168065	-17.7
Apartment/ Flat	191850	184323	-3.9	168017	-8.8	136670	-18.7	120855	-11.6	104342	-13.7

The figures demonstrate variable patterns of price change within and across different property types with no clear trend discernible in the annual rates of decline. Figure 1 shows the average price per quarter by property type over the six year period between 2007 and the second quarter of 2013. The trends exhibit unevenness across all sectors notably in the detached house sector with significant variability in asking prices across the six year period.

The significant decline in average asking price across all property types, except semi-detached bungalows, in the period Q3 2012 to Q4 2012 followed by the large uplift in average asking price in Q1 2013 provides tentative evidence of a change in the price sentiment of sellers and may be indicative that the market has 'bottomed out'. Figures from Q2 2013 show relative price smoothing and stability across all sectors over the second quarter of 2013, except for the terraced and semi-detached house sectors which have seen uplift in average asking price.

Figure 1 Average asking price of each property type per quarter between 2007 and 2013



Annual, Half Yearly and Quarterly Change

Annual and half yearly performance provides a snapshot comparing the recent average asking price with corresponding statistics from the previous six months and year. Analysis of the figures from the first half of 2012 and second half of 2012 appears to suggest a ‘bottoming out’ in asking price in the last 6 months of 2012 (Table 3) with decline in asking price observed across the terrace/townhouse (-16.4%), semi-detached house (-10.3%), detached house (-9.5%) and detached bungalow (-5.4%) and apartment (-13.2%) sectors. However, analysis of half yearly change between H2 2012 and H1 2013 shows a significant uplift in asking prices across all property types, except for semi-detached bungalows, yielding further evidence of increased realism in seller expectations aligned with the systemic price correction with achieved prices in the residential market across Northern Ireland. An upward trend in average list price and stabilisation of average prices is apparent in the second quarter of 2013, with terrace/townhouse and semi-detached houses showing significant uplift in asking price over the quarter. This subtle change provides further evidence of a stabilising housing market over the 12 months to the end of June 2013.

Overall, annual change shows significant growth in the terrace/townhouse (13.6%) and semi-detached (16.5%) sectors, with slight growth also observed for detached bungalows (2%) and apartment/flat properties (2.2%). Detached houses (-2.1%) and semi-detached bungalows (-4.1%) showed an average price decrease in asking price over the annual time scale.

Table 3: Annual and quarterly change in asking price by property type

Property Type	2012 (Jan-Jun)	2012 (Jul-Dec)	Half Yearly Change (H1 2012- H2 2012)	2013 (Jan- Jun)	Annual Change (%)	Half Yearly Change (H2 2012-H1 2013)
Terrace/ Townhouse	89895	75118	-16.4%	102146	13.6%	36.0%
Semi- Detached	130128	116747	-10.3%	151657	16.5%	29.9%
Detached	238784	216228	-9.5%	233703	-2.1%	8.1%
Semi- Bungalow	109363	109252	-0.1%	104887	-4.1%	-4%
Detached Bungalow	169647	160513	-5.4%	172970	2%	7.8%
Apartment/ Flat	107442	93278	-13.2%	109789	2.2%	17.7%

Asking Price Index

The index measures changes in the prices asked by home sellers and is calculated relative to price levels for each property type at the base quarter, Q1 2007. The overall index for this report (Q2 2013) stands at 65.68.

Table 4 Asking Price Index

Year	Quarter	NI Apartment Price Index	Quarterly Change (%)	Annual Change (%)
2007	Quarter 1	100		
	Quarter 2	106.617	6.60%	
	Quarter 3	106.839	0.20%	
	Quarter 4	106.807	0%	
2008	Quarter 1	106.334	-0.40%	6.30%
	Quarter 2	100.792	-5.20%	-5.50%
	Quarter 3	87.342	-13.30%	-18.30%
	Quarter 4	79.279	-9.20%	-25.80%
2009	Quarter 1	91.237	15.10%	-14.20%
	Quarter 2	91.233	0%	-9.5
	Quarter 3	87.233	-4.40%	-0.10%

2010	Quarter 4	84.869	-2.70%	7.10%
	Quarter 1	82.683	-2.60%	-9.40%
	Quarter 2	77.296	-6.50%	-15.30%
	Quarter 3	76.285	-1.30%	-12.60%
2011	Quarter 4	70.757	-7.20%	-16.20%
	Quarter 1	69.412	-1.90%	-16.10%
	Quarter 2	70.614	1.70%	-8.60%
	Quarter 3	64.845	-8.20%	-15%
2012	Quarter 4	61.659	-4.90%	-12.90%
	Quarter 1	58.467	-5.20%	-15.80%
	Quarter 2	58.378	-0.20%	-17.30%
	Quarter 3	53.367	-8.60%	-17.70%
2013	Quarter 4	44.968	-15.70%	-27.10%
	Quarter 1	57.998	29%	-16.40%
	Quarter 2	65.681	13.20%	-7%

In general, the figures indicate fluctuations in residential property asking prices and thereby reflect current and historic confidence of buyers and sellers of homes on the open market. Figure 2 provides a comparison between the index based on asking prices and trends in the NIQHPI since the start of 2007.

Figure 2: The NI Asking Price Index and NI House Price Index



It is noteworthy given the extent of the price correction in the residential sector across Northern Ireland that with the exception of the second half of 2012, the NI-API is consistently higher than achieved prices (NI-QPHI). This serves to highlight the complex nature of asking prices allied with unrealistic seller expectations particularly in the re-sale market, which in part at least can be attributed to a hangover from the mid-2000s house price bubble and an initial resistance on the part of home owners to 'crystallise' the decline in the value of 'their' property. Unsurprisingly, the longer term trend shows that, overall there has been significant decline in the average listed asking price reflecting the difficulties in the property market since 2007.

The relationship between asking and selling price presents a mixed picture between 2007 and 2008. Until the market peak in quarter 3 2007 achieved price exceeded asking price, reflecting strong consumer and market confidence. Post 2007 asking price surpassed the achieved price for the first half year of 2008 indicating a small lag in the market sentiment in terms of pricing adjustment. Following the initial sharp lagged decline, both achieved sales and asking price converged strongly over the course of 2008 suggesting a realisation of future price erosion. This price synergy however shows a negative relationship and clear divergence at the beginning of 2009 suggesting that sellers were unable or perhaps unwilling to accept the equity erosion and revaluation, and reflecting rigidity amongst sellers in a thin and downcast market. Asking prices gradually declined in a smoother fashion, in tandem with achieved prices until mid-2012 when there was a sharp decline until the end of the year, at which stage the listed asking price fell below the average selling price for the first time in almost 4 years. The fact that the average sale price surpassed the average asking price in the second half of 2012 provides tentative evidence that the market has 'bottomed out'. This trend suggests that it has taken 4 years for the resale market sector to correct itself in respect of seller's expectations of asking price and provides supporting opinion of the erosion of price sentiment and potentially the psychological turning point in the market for sellers in the second half of 2012. Figures for the first quarter of 2013 show an uplift in average asking price, bringing it back into equilibrium with achieved average selling prices. The second quarter of 2013 is characterised by continuing uplift in the average asking price which may be related to stabilising market conditions and confidence.

Conclusion

The report shows a high degree of variance in asking prices within and across different property types with an overall decline in asking price observed across all property types. The statistics indicate that the average yearly asking price has exhibited a negative percentage change of -43.2% between 2007 and 2012 with the largest yearly decline observed between 2011 and 2012 (-17.2%) suggesting that sellers have recently become more willing to revise asking prices to suit the market conditions. However, trends over the 12 months to the end of December 2012 are not consistent across all property types with slight growth in asking price apparent amongst detached bungalows and apartments in contrast to the continued decline in asking price across terrace/townhouses, semi-detached houses, detached houses and semi-detached bungalows. Nonetheless, analysis of the figures H1 2012 and H2 2012 provide some evidence of a 'bottoming out' in asking price with half yearly change for H1 2013 exhibiting significant increases in average asking prices across all sectors, except semi-detached bungalows bringing the average listed price back into line with achieved selling prices.

Overall, the findings suggest that, following significant divergence between asking and achieved prices in 2009, it has taken 4 years for sellers' expectations of asking price to align with buyers' willingness to pay and the bottoming out of prices in the second half of 2012 may be the psychological turning point in the market amidst tentative signs of stabilisation and recovery. The evidence from 2013 suggests that there has been an upward trend and stabilisation in average asking prices across all property types yielding further evidence of increased realism in seller expectations aligned with price correction in achieved prices in the residential market across Northern Ireland. This provides further evidence of a stabilising and more balanced housing market over the first half of 2013. The continued monitoring of asking price trends over the course of 2013 will offer further evidence on the extent and sustainability of the recovery in the Northern Ireland housing market.

i Methodology and Sample Size

The statistics are based on properties listed on the first listed Asking Price market evidence from a sample of 61,020 properties as advertised on PropertyNews.com between 2007 (base year) and 2013. The Asking Price figures represent the average asking price as first advertised, those relisted within a 3 month period have been removed. The data has been cleansed to remove multiple entries and anomalies.

ii Disclaimer

This report is prepared from information that we believe is collated with care, but we do not make any statement as to its accuracy or completeness. We reserve the right to vary our methodology. The report does not constitute legal or other professional advice. Persons seeking to place reliance on any information contained in this report for their own or third party commercial purposes do so at their own risk.