

Northern Ireland Asking Price Index

Summary Report

January – December 2017

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.

Key Findings

This report analyses the performance of the Northern Ireland housing market in terms of changes in the prices asked by home sellers, depicting market sentiment and performance. Key findings from the research are:

- Comparison with 2016 reveals a 0.8% decrease in average asking price, the first annual decrease since 2012.
- The average asking price was down 2.1% over the second half of the year compared with the first six months of 2017.
- The decline in the Asking Price Index over two consecutive quarters mirrors the pattern in both 2015 and 2016, suggesting an element of seasonality in pricing structure.
- The value of the Asking Price Index for the final quarter of 2017 was marginally higher than that at the end of 2016.
- In terms of property type, the sharpest fall in the average asking price was for detached houses, down by 2.3% over the year.
- Complementarity of evidence of a slowing housing market is apparent from the Asking Price Index and the Northern Ireland Quarterly House Price Index.

Introduction

The Northern Ireland Asking Price Index (NIAPI) provides an overview of trends in vendor confidence and the perception of market sentiment, which can help provide forward-looking insights into price movements. The report is concerned with trends and patterns in the owner-occupied housing sector, drawing comparisons with 2016 as a measure of annual change. Comparison between H1 and H2 2017 provides an indicator of half-yearly change in the market. The project 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 Ulster University.

Price statistics utilised in the report are based on the initial asking price across a large sample (26,302) of properties advertised on PropertyNews.com across 2017 and the overall statistics are based on the *first listed asking price* market evidence from a sample of 178,399 properties as advertised on *PropertyNews.com* between 2007 (base year) and December 2017. The data has been cleansed to remove multiple entries and anomalies. Asking price figures represent the average asking price as first advertised, with properties relisted within a 3 month period removed from the sample. In this report, information is presented on the residential property market with analysis of asking price by different property types. The overall performance is measured by a weighted index that captures various movements within a single statistic and allows price change over time to be tracked. The index is set to a base value of 100 for the first quarter of 2007 and reflects the weighted average of each property type to measure change in the prices asked by house sellers across Northern Ireland.

Asking Price Trends

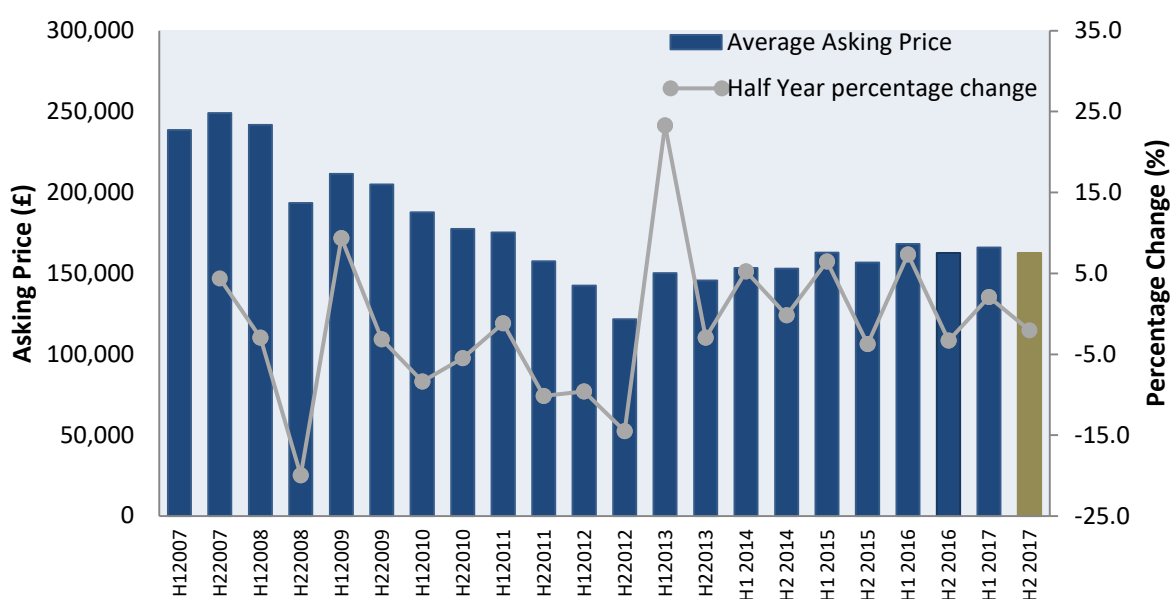
The average asking price in 2017 showed an annual percentage decrease of 0.8%, providing evidence of a small nominal reduction in list price of residential properties in the Northern Ireland housing market relative to the previous year. When considered in the context of the broader political and economic uncertainties around BREXIT, the local political vacuum, lagging economic growth, inflationary pressures and the first increases in the Bank of England base rate in a decade, the findings suggest a continuing resilience in the sector and overall a sustainable housing market in 2017. However, in real terms the average asking price is down, to an appreciable extent, relative to the 3 per cent rate of inflation in the UK macro-economy.

Table 1: Average Yearly Asking Price and Yearly Change

Year	Average Yearly Asking Price	Weighted Yearly Change (%)
2007	£243,790	
2008	£232,322	-4.7%
2009	£207,623	-10.6%
2010	£183,040	-11.8%
2011	£167,217	-8.6%
2012	£138,380	-17.2%
2013	£148,102	7.0%
2014	£153,136	3.4%
2015	£159,949	4.4%
2016	£165,865	3.7%
2017	£164,523	-0.8%

Figure 1 illustrates half yearly trends in average asking prices from 2007 to 2017. The average asking price statistics indicate year-on-year increases from 2013 onwards, at relatively significant rates. However, 2017 data suggests a slight change in market sentiment with the first dip in average asking price for five years, reflecting a cautious market underpinned by mixed macro and micro economic developments and local political uncertainty. Indeed, the base rate increases in quarter 3 of 2017 may have further impacted on the traditional slowdown of the market at the end of the year. This is reflected in the average asking price of £166,062 for the first half of 2017, up 2.1% on the second half of 2016, but dropping back by 2.1% to £162,656 over the last six months of the year.

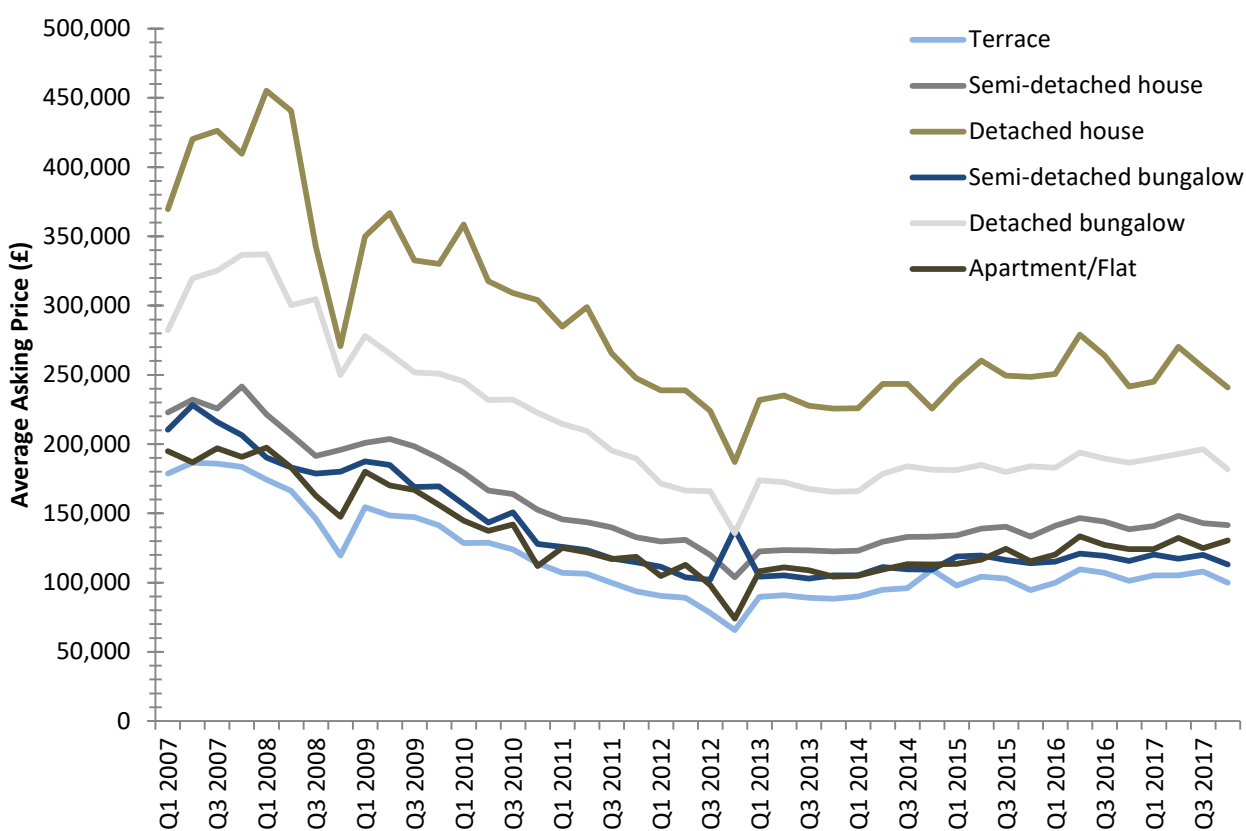
Figure 1: Average Half Yearly Asking Price, H1 2007- H2 2017



Asking Price Performance by Property Type

Figure 2 disaggregates the average asking price, on a quarterly basis, by property type. The general trend since 2013 has been for modest upward movements of asking price but characterised by certain evenness and general consolidation of the market across most sectors. There is evidence of periods of short term volatility – such as during the second half of 2017 – that are most pronounced in the detached house and detached bungalow sectors. Nevertheless, the overall pattern since 2013 has tended to be highly consistent by property type.

Figure 2: Average Asking Price by property type and quarter, Q1 2007 - Q4 2017



In terms of annual performance, the analysis suggests relative stability in average asking price across the market sectors; there was nominal but positive price growth across all sectors over the year, except for detached houses, for which the average asking price decreased by 2.3% (Table 2). However, performance levels were subdued and only detached bungalows and apartments/flats had an average asking price that increased by over one per cent (1.4% and 1.2% respectively). The figures suggest a market in which the fundamentals, though a little weakened, were still fundamentally good.

Table 2: Average listed asking price by property type, 2014-2017, and annual change, 2016-2017

Property Type	2014	2015	2016	2017	Weighted Annual % Change (2016-2017)
Terrace/townhouse	£96,481	£100,226	£104,355	£104,789	0.4%
Semi-detached house	£129,075	£136,600	£142,720	£143,515	0.6%
Detached house	£236,132	£251,570	£260,162	£254,223	-2.3%
Semi-bungalow	£109,262	£117,514	£117,741	£118,031	0.2%
Detached bungalow	£176,735	£182,559	£188,178	£190,741	1.4%
Apartment/ Flat	£109,684	£117,333	£126,464	£127,972	1.2%

The analysis of short-term performance (Table 3) considers average price level for both half-year periods of 2017 (H1 and H2) and also incorporates reference to the previous six-month period (H2 2016). The analysis shows that all property types experienced low to moderate increases in average asking price levels in the first six months of the year. Over this time horizon, detached houses showed the strongest growth (2.3%) followed by semi-detached houses and the apartment/flat sector (2.2% respectively). In contrast, the average asking price for all property types was lower over the second half of 2017. Most notably, the average asking price of detached houses was down by 3.9%, while the asking prices of semi-detached houses reduced by 1.6%, semi-detached bungalows by 1.2% and terraced/townhouses by 1%. The lower average asking prices over the last six months of the year were compatible with seasonal trends and seem to have been impacted by a significantly weaker fourth quarter.

Table 3: Half yearly change in asking price by property type

Property Type	H2 2016	H1 2017	Half Yearly % Change (H2 2016 – H1 2017)	H2 2017	Half Yearly % Change (H1 2017 – H2 2017)
Terrace/townhouse	£104,326	£105,270	0.9%	£104,188	-1.0%
Semi-detached house	£141,387	£144,599	2.2%	£142,279	-1.6%
Detached house	£253,068	£258,770	2.3%	£248,764	-3.9%
Semi-detached bungalow	£117,570	£118,730	1.0%	£117,257	-1.2%
Detached Bungalow	£187,978	£191,307	1.8%	£190,002	-0.7%
Apartment/ Flat	£125,692	£128,466	2.2%	£127,303	-0.9%

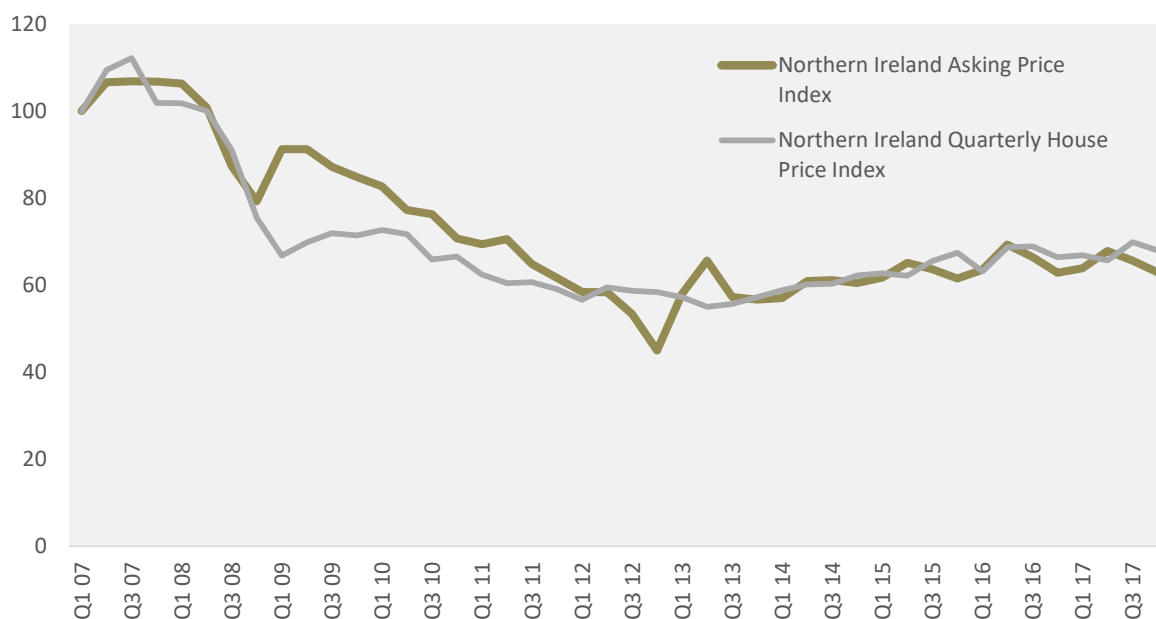
The Asking Price Index

The Asking Price Index is calculated relative to price levels for each property type at the base quarter, Q1 2007. At 62.95, the overall index at Q4 2017 had increased very slightly compared to the 2016 Q4 value (62.87), reflecting the stable market. However, following a period of strong growth in the first six months of the year which saw the index peak at 67.89, consecutive decreases in average asking price occurred during the latter quarters of the year, with a 4.1% quarterly decrease observed between the third and fourth quarters of 2017. In this respect, the pattern is highly similar to both the previous two years (2016 and 2015), with the asking price index peaking in the second quarter and dropping back appreciably in the third and fourth quarters.

Table 4: Northern Ireland Asking Price Index, Q1 2007 – Q4 2017

Year	Quarter	NI Asking Price Index	Quarterly Change (%)	Annual Change (%)
2007	Quarter 1	100		
	Quarter 2	106.62	6.6%	
	Quarter 3	106.84	0.2%	
	Quarter 4	106.81	0.0%	
2008	Quarter 1	106.33	-0.4%	6.3%
	Quarter 2	100.79	-5.2%	-5.5%
	Quarter 3	87.34	-13.3%	-18.2%
	Quarter 4	79.28	-9.2%	-25.8%
2009	Quarter 1	91.24	15.1%	-14.2%
	Quarter 2	91.23	0.0%	-9.5%
	Quarter 3	87.23	-4.4%	-0.1%
	Quarter 4	84.87	-2.7%	7.1%
2010	Quarter 1	82.68	-2.6%	-9.4%
	Quarter 2	77.30	-6.5%	-15.3%
	Quarter 3	76.29	-1.3%	-12.6%
	Quarter 4	70.76	-7.2%	-16.6%
2011	Quarter 1	69.41	-1.9%	-16.1%
	Quarter 2	70.61	1.7%	-8.6%
	Quarter 3	64.85	-8.2%	-15.0%
	Quarter 4	61.66	-4.9%	-12.9%
2012	Quarter 1	58.47	-5.2%	-15.8%
	Quarter 2	58.38	-0.2%	-17.3%
	Quarter 3	53.37	-8.6%	-17.7%
	Quarter 4	44.97	-15.7%	-27.1%
2013	Quarter 1	58.00	29.0%	-0.8%
	Quarter 2	65.68	13.2%	12.5%
	Quarter 3	57.28	-12.8%	7.3%
	Quarter 4	56.65	-1.1%	26.0%
2014	Quarter 1	57.01	0.6%	-1.7%
	Quarter 2	60.94	6.9%	-7.2%
	Quarter 3	61.19	0.4%	6.8%
	Quarter 4	60.52	-1.1%	6.8%
2015	Quarter 1	61.73	2.0%	8.3%
	Quarter 2	65.14	5.5%	6.9%
	Quarter 3	63.68	-2.3%	4.1%
	Quarter 4	61.51	-3.4%	1.6%
2016	Quarter 1	63.55	3.3%	3.0%
	Quarter 2	69.36	9.2%	6.5%
	Quarter 3	66.50	-4.1%	4.4%
	Quarter 4	62.87	-5.5%	2.2%
2017	Quarter 1	63.87	1.6%	0.5%
	Quarter 2	67.89	6.3%	-2.1%
	Quarter 3	65.67	-3.3%	-1.3%
	Quarter 4	62.95	-4.1%	0.1%

Comparison between the Asking Price Index and the Northern Ireland Quarterly House Price Index (NIQHPI), which tracks changes in the achieved selling price of property, is provided in Figure 3.

Figure 3: NI Asking Price Index and NI Quarterly House Price Index

The pattern of the Asking Price Index since its rapid fall during 2008 has been one of uneven performance, with the sharp decline between 2009 and 2012 reflecting the difficult conditions in the local housing market post the Global Financial Crisis. Following a period of correction, the last three to four years has generally seen both average asking prices and sale prices trending upwards, in parallel, across 2014, 2015, 2016 and the first half of 2017, reflecting the “recovery” period for the Northern Ireland housing market. However, the latter half of 2017 has seen a significant decline in the asking price index, compared to H1 2017. Interestingly, the NIQHPI recorded a modest fourth quarter decline in average sale price for the final quarter of 2017 which may reflect, with a one quarter lag, the lower value of the Asking Price Index in the third quarter.

Conclusion

The overall picture from the analysis of asking prices for 2017 suggests that the housing market in Northern Ireland is operating in a relatively stable and sustainable fashion and in this respect the evidence from both asking prices and sales prices appears to be operating in a complementary manner. However, this report highlights that the average asking price for Northern Ireland declined (albeit by only 0.8%) in 2017, relative to the 2016 overall average price. This is the first annual reduction in average asking price since 2012.

While the Asking Price Index declined over two consecutive quarters (Q3 and Q4), the value of the index at 62.95 for the fourth quarter of 2017 was marginally above that for the final quarter of 2016 (62.87) and hence was *just* in positive territory on an annual basis. Collectively, the evidence – whether it is average asking price (slightly lower over the year) or the index (very marginally higher for Q4) – points towards a noticeable slowing up in average asking price. This observation was mirrored by the Quarterly House Price Index, which for the final quarter of 2017 recorded a weighted decline of 3.4%.

In terms of prospects for 2018, it is important to point out that for the last three years (2015, 2016 and 2017) the Asking Price Index has declined in both the third and fourth quarters compared to index levels in the first and second quarters of the year. Whether the same situation will prevail in 2018 is unclear given the current uncertainties surrounding the UK macro-economy, the local Northern Ireland economy and job losses in the manufacturing sector, the political situation and the impact of Brexit.