



National Asset Management Agency

Kieran Lenihan

Clerk to the Committee

Public Accounts Committee

Leinster House

Kildare Street

Dublin 2.

14 October 2016

Dear Mr. Lenihan,

In the context of the Committee's review of the C&AG's Special Report on Project Eagle, a former member of NAMA's Northern Ireland Advisory Committee (NIAC), Mr Brian Rowntree, gave evidence at your hearing yesterday, 13 October 2016. Mr Rowntree is reported to have stated that information which he considered to be confidential and commercially sensitive was provided to the external members of the NIAC.

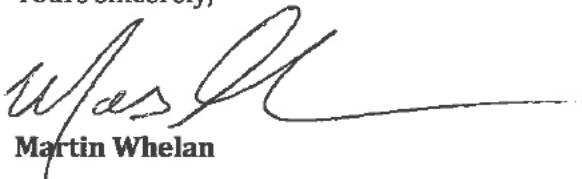
NAMA refutes this categorically.

Mr Rowntree referred to a research report entitled *Spatial Analysis of Residential Development Land Banks in Northern Ireland* which was prepared by an academic team from the University of Ulster (UU) and provided to NAMA in December 2012. The data used in the report's preparation was provided by NAMA and by four other financial institutions. NAMA had sight of its own data and of the aggregate data; NAMA did not have access to data provided by other institutions nor did they have access to NAMA data.

I wish to make the following points regarding this report:

1. The 2012 report, a copy of which is attached, provides a profile of the aggregate of residential development land sites in Northern Ireland securing loans held by five financial institutions, including NAMA. There is a particular focus on the location, planning status and density of the development pipeline. As is clear from its contents, the report includes **no debtor-specific or asset-specific information nor does it include NAMA valuations.** The data that is included in the report would be of general interest to policymakers and planners.
2. Of the assets securing the Project Eagle loan portfolio, Northern Ireland residential land represented less than 8%. It can hardly be contended, therefore, that access to high-level information on NAMA's residential land exposure in Northern Ireland would have been of major commercial value to any investor interested in acquiring the Eagle portfolio. In any event, the various investors who were given access to the Project Eagle data room in February 2014 had access to much more detailed information regarding debtors and their assets.
3. Contrary to some media reports, this UU report was not secret. There are references to it in NAMA's 2013 Annual Report (page 68) and in its 2014 Annual Report (Page 61) and it was the subject of a PQ in the Dáil by Deputy Pearse Doherty T.D. in May 2013 (copy attached).
4. Mr Rowntree suggested that the information in this report could potentially have been of commercial value if combined with data on Northern Ireland housing requirements. This aggregated analysis was not available to NAMA during 2012 and 2013 and only became available to NAMA when two UU staff members made a presentation to the NIAC on 8 September 2014. This was three months after the sale of Project Eagle which concluded in June 2014. **Please note that this September 2014 UU information was not provided to Mr Cushnahan as he had resigned from the NIAC in November 2013 – some 10 months before.**

Yours sincerely,



Martin Whelan

Head of Public Affairs



Spatial Analysis of Residential Development Land Banks in Northern Ireland

Report to

**The National Asset Management Agency
(NAMA)**

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ACKNOWLEDGEMENTS

The authors would like to acknowledge the on-going support received from across the banking and property related sectors in the compilation of this report. The exploratory nature of the research necessitated a paradigm shift in mindset beyond conventional banking ethos to an integrated and collaborative ideology. The research has also served as a learning platform for all key stakeholder groupings in highlighting the importance of robust and credible data as well as the value that can be derived from effective and integrated data management systems that inform business decision making. The confidential nature of the research deems it not appropriate to mention specific individuals or organisations, nonetheless the human resource commitments allied with a collective will and desire to make this project viable is testament to the significance of this research and the implications that it will have for land and property markets across the island of Ireland over the next 5–10 years. The research journey is not yet complete – inference has replaced uncertainty in respect of the geographic disposition of residential development landholdings across Northern Ireland – full transparency has thus far proven elusive but remains the end goal.

It is noteworthy that all the contributing banks afforded themselves a ‘wry smile’ when first approached to participate in the research commission with the consensus of opinion encapsulated in the following quotes:

‘It is unfortunate that you did not think of doing this research during the up-cycle – if banks had this type of data to inform their lending decisions perhaps we would not all be in the mess we are in right now’.

‘This research commission will necessitate extensive resource commitments on the part of the bank, nonetheless the benefits of such knowledge make such commitments necessary. The timeliness of the data is crucial – research reports offer a ‘snapshot’ in time. A functioning land market is organic – this research commission cannot be a ‘one-off’ the data must be updated regularly if it is to be valuable’.

NAMA has occupied a central role in the development of this project, facilitating data provision on the part of member institutions as well as offering strategic guidance and direction in terms of non-NAMA banks. This sustained endeavour on the part of NAMA reaffirms the commitment to creating stability within the Northern Ireland market through a responsible strategic approach which is a critical first step towards the creation of a more informed, transparent and sustainable residential land development model in Northern Ireland. The challenge is to sustain the momentum and commitment of all key stakeholder groupings to ensure timeliness of updates and the further integration of key stakeholders/data providers over and beyond the banking community.

RESEARCH ASSUMPTIONS AND DATA RESTRAINTS

This research presents the most robust and viable findings based on the information provided by the contributing banks. Nonetheless the research is subject to a number of constraints and limitations. With regards to residential development land holdings, a number of inconsistencies and incomplete data-fields prevented disaggregation of land holdings with ‘detailed’ and ‘outline’ planning permissions. Consequently, landholdings with planning permission are presented in the aggregate at particular geographies. Moreover, a number of the land portfolios received from contributing banks had no assigned classification planning status; however in terms of completeness these landholdings have been incorporated into the total landholdings statistics in order capture the total landholdings. For the purposes of analysis these land parcels have been presented as ‘unclassified’¹. Analysis of the residential development pipeline stock was also challenging to present at the disaggregated individual property type level as a result of incomplete data attained from a minority of the contributing banks. This has resulted in presentation of NAMAs ‘position’ which is disaggregated by type of pipeline units relative to the overall total pipeline units of all banking institutions. Finally, the research has attempted at best to encapsulate all data from a specific ‘point in time’ to ensure consistency and reliability, nonetheless, market dynamism in addition to individual business strategy and decision-making has made this difficult.

EXECUTIVE SUMMARY

The NAMA research commission on residential development landholdings is the first comprehensive study on residential land supply undertaken in Northern Ireland. The commission is a necessitated response to the systemic demise in land and property values on the island of Ireland and is intended to enhance the transparency of land markets and land availability across Northern Ireland, facilitate evidence based decision making as well as informing the strategic release/disposal of land in a manner conducive to value preservation and fully aligned with demand based indicators within geographic sub-markets. Pertinently, the research has served to foster collaboration across and within the banking sector, stimulating departmental cooperation as well as resource/data integration in fostering a more integrated and holistic business decision framework. Significantly, the research commission has prompted strategic reform of data management systems within the banking sector in terms of the form, functionality and completeness of data held and the robustness of data in facilitating timely and informed lending/business decision making.

The findings contained within this report are premised upon the residential development land portfolios of seven banking institutions namely; Anglo Irish Bank², Bank of Ireland, Barclay’s Bank, First Trust Bank, HSBC, Northern Bank

¹ The research team continues to engage with the financial institutions involved to obtain these key datasets. This has necessitated the exploration of individual client files and branch based correspondence on the part of the financial institutions and as a consequence is a protracted process. Unclassified landholdings will be apportioned across the relevant sub-categories as information becomes available to facilitate definitive categorisation.

² Trading as Irish Bank Resolution Corporation Limited (IBRC) as of 14th October 2011.

and Ulster Bank (herein after referred to as ‘the contributing banks’). The aforementioned banks constitute circa 90% of residential land development holdings across Northern Ireland. Dialogue is ongoing with a further two potential contributors to capture further market coverage namely, Santander and Certus³ with the view to integrating their respective residential land development holdings into the research going forward.

The research commission has served to push institutional boundaries, revise work practices and dispel unsubstantiated proclamations through the composition of a robust and credible evidence base. More specifically the research brings forward a number of key findings as well as identifying a series of issues which warrant continued exploration from a NAMA perspective. Firstly, the research encapsulates the vast supply of residential land across Northern Ireland – most notably in the West of the province but also within certain geographic pockets to the East of the River Bann. In terms of value, a fundamental shift in mind-set will be required and decisions taken within many of the contributing banks about the ‘develop-ability’ of many land parcels. Predicated on residential development land availability relative to housing demand indicators within certain geographies, a substantial proportion of what currently constitutes the pooled residential developmental portfolio of the contributing banks is likely to require reversion back into agricultural land.

In total, residential development landholdings across the contributing banks equates to circa 11,603 acres. The NAMA portfolio⁴ constitutes circa 2,502 acres or 21.5% of total residential development land availability across Northern Ireland.

NAMA Total (Acres)	Total (Acres)	% Total
2501.9	11602.9	21.5%

The geographic dispersion of total residential landholdings is complex and localised in terms of land density and availability. At the aggregate level the density of total landholdings is most pronounced in the West of the province most notably in the Enniskillen and Dungannon areas. The extent of ‘unzoned land’ held across the contributing banks is a source of consternation comprising 4,525 acres or 39% of total residential development land holdings. This concentration of unzoned land is greatest within the L’Derry and Dungannon local markets. The NAMA exposure to ‘unzoned land’ is comparatively modest at circa 311 acres constituting 7% of all unzoned land. The 311 acres of unzoned land held by NAMA equates to 12.4% of the NAMA residential land development portfolio. The findings tentatively suggest that for the NAMA portfolio the nature of planning status and location of the land with associated planning status is healthier than the position held by the remaining collective banking institutions. The reversion of what is currently considered ‘development’ landholdings across the contributing banks into ‘agricultural land’ is likely to centre predominantly on unzoned landholdings. The picture is nonetheless complicated with certain geographies containing small pockets of unzoned

³ Certus are responsible for the Bank of Scotland Portfolio.

⁴ The NAMA portfolio is premised on the NAMA portfolios of Anglo Irish Bank (IBRC), Bank of Ireland and First Trust Bank.

land exhibiting better underpinning housing demand indicators whilst in other locations even land holdings which are currently ‘zoned’ for development are unlikely to be ‘developed out’ premised on population trends and housing formation rates although no appetite exists within the planning service currently to ‘de-zone’ land.

RESIDENTIAL DEVELOPMENT LANDHOLDINGS				
All Contributing Banks				
Planning (Acres)	Zoned (Acres)	Unzoned (Acres)	Unclassified (Acres)	Total (Acres)
4384.1	1867.6	4525.5	825.5	11602.9
NAMA Portfolio				
Detailed Planning (Acres)	Outline Planning (Acres)	Zoned (Acres)	Unzoned (Acres)	Total (Acres)
1244.5	297.1	649.3	311.0	2501.9

Premised on existing planning status (detailed and outline) the property pipeline across Northern Ireland constitutes 43,026 units. The NAMA portfolio constitutes 20,328 units (circa 47%). Pertinently, there would appear to be a weakness in demand based indicators relative to pipeline supply in a number of areas to the West of the province. In the East of the province, localised market areas such as Dundonald, Derriaghy and areas of Belfast demonstrate strong supply side characteristics premised on the existing property pipeline, and perhaps warrant further examination by NAMA. The apartment planning pipeline is of principal concern consisting of 2,729 units. An imbalance exists between supply and demand based indicators within certain pockets of Belfast as well as more profound levels of oversupply in more provincial apartment markets. Within less recognized apartment markets, high volumes of completed apartment stock remain unsold demonstrating a clear requirement for reconfiguration of unit composition of the future property pipeline.

PIPELINE HOUSING STOCK*						
All Contributing Banks						
Detached	Semi	Town	Apartment	Unclassified	Total	% of Total
3,917	4,392	4,912	8,581	21,224	43,026	100%
NAMA Portfolio						
Detached	Semi	Town	Apartment	Unclassified	Total	% of Total
3,335	3,102	3,660	7,500	2,731	20,328	47.2%

* Premised on Existing Planning Consent

WORK IN PROGRESS					
Detached	Semi	Town	Apartment	NAMA Total	NAMA as % of Total WIP
42	73	72	144	1,010	33%

COMPLETED UNSOLD AND COMPLETED TENANTED STOCK LEVELS								
Completed Unsold Units	Det	Semi	Town	Apt	Un-C	NAMA Total	All Contributing Banks Total	NAMA %
Total	37	29	362	127	137	692	2,145	32.0%
Completed Tenanted Stock	Det	Semi	Town	Apt	Un-C	NAMA Total	Total	NAMA %
Total	7	6	44	35	n/a	92	1,650	5.57%
Total	–	–	–	–	–	784	3,795	20.65%

The Regional Development Strategy (RDS) 2025 for Northern Ireland published in January 2011 shows that new projected Housing Growth Indicators (HGI) envisages that approximately 189,500 new dwellings are needed built over the period 2008-2025. This implies an annual average output of approximately 11,150 units which is significantly above (45–50%) current build rates. The Office for National Statistics (ONS) published its 2010 based population projections for Northern Ireland in October 2011. The projections indicate a number of important changes in Northern Ireland's demography over the 10 year period to 2020. Population growth is projected to increase by 6 percent to 2020 from 1,799,000 in 2010 to 1,910,000. The number of children aged under 16 is projected to increase by 5 percent, adults aged 16–64 is projected to increase 2 percent, with the number of people aged 65 and over projected to increase by 9%. However, of pertinence is the projected increase in people aged over 75 which is expected to increase by 29,000 (25%). This has key implications for housing market dynamics. The increasing number and proportion of one and two person households will have some impact on the size and design of dwellings, but also the housing support funding and care packages which are needed to enable older people to live independently in their own homes. Meeting the housing and support needs of older people is a key challenge facing the housing profession and policy makers.

The most recent household projections indicate the overall number of households is set to grow between 2008 and 2023 by 122,000 (18%), with average household size continuing to fall from 2.53 to 2.36. By 2023 approximately one third (34%) of all households will be single person households (compared with 30 per cent in 2008). Evidence for the need for social housing in Northern Ireland is derived from the Net-Stock Model. The most recent version of the model (2012) indicates that a minimum of 1,100 new social dwellings will be required each year in order to meet the ongoing needs of the growing population and, in addition, a further 900 are needed to address both the backlog that has built up since 2001 and the expectation that rates of private sector new build will remain low over the next three year period, giving an overall annual requirement of a minimum of 2,000 new social dwellings.

The Geography of the Demand for Social Housing shows that the pattern is by no means uniform. The highest percentage increases (at least 40 per cent) in housing stress over the five year period from March 2006 to March 2011. Two housing management districts in Derry City have experienced exceptionally high growth as has Lisburn Dairy Farm (dominated by the Twinbrook and Poleglass housing estates), with other sub-markets (Newtownards, Lurgan and Cookstown) also showing high need. This housing stress is however in regions where NAMA hold a number of unsold properties and have significant landholdings, warranting further scrutiny as this seems a viable avenue to capitalize on – especially with local authorities and housing associations. In contrast, a number of districts also indicate the decline in housing stress (Fermanagh and Limavady) where peripherality may well be an important factor. Indeed, these are also areas where NAMA demonstrate moderate levels of landholdings.

With mainstream house prices destined to remain lifeless, and despite substantial improvements in the affordability ratios, shared-equity products such as

Co-Ownership continue to play an invaluable bridging role. In 2010/11 approximately 492 properties were bought through the Co-ownership scheme, a slightly higher figure than in the previous year (461) at a total cost of almost £60 million (£26m from NICHA). This coupled with Council of Mortgage Lender (CML) figures clearly shows activity and latent demand by first-time buyers.

Opportunities do exist to bring forward development sites in collaboration with public sector bodies. Additionally there is a requirement for the creation of more innovative financial models to initiate mixed-tenure (private-affordable-social) development opportunities given the financial operating constraints of housing associations and as a consequence an inability to adequately service demand. Given the social acceptability not to mention the economic leverage that this would generate it is a work-out strategy that warrants serious further exploration. The analysis also serves to raise a number of issues pertaining to the spatial distribution and the requisite densities of landholdings relative to underpinning demand based indicators. Moreover, there is necessity for further micro level (site specific) analysis to contextualise development opportunities relative to demand based fundamentals. Propensity for high density configuration (at the height of the market) in order to achieve viable development appraisals has culminated in a mis-alignment between the supply pipeline relative to demand based fundamentals within a number of housing sub-markets. The problem is particularly acute in the apartment sector, with a number of areas exhibiting high concentrations of apartment pipeline stock lacking an established apartment market. It is also noteworthy within the confines of the West of the province (which exhibits large volumes of detached properties within the planning pipeline) that current market activity is concentrated at the lower end of the price spectrum and that demand for large detached properties is currently limited (premised on house transaction trends 2011-12).

The findings within this report constitute a robust and credible evidence base on the extent of residential land availability across Northern Ireland. In doing so the research has served to fill, what was in essence, an 'information vacuum' offering the first 'holistic' overview of residential land development holdings within Northern Ireland. The research commission was innovative and required sustained co-operation across key stakeholder groupings proving a 'steep learning' platform for many contributing banks. Nonetheless, the resolve and willingness to make this project viable is indicative of the importance of the research outputs and the need to put in place a transparent and credible evidence base to inform business lending and investment decision making going forward. It is imperative that this report is not considered the 'end-goal' but as a 'stepping-stone' in identifying pertinent issues (premised on informed decision-making) sign posting sequential disposition of development opportunities as well as facilitating multi-stakeholder integration and approach to residential land development. It is imperative that the collaboration shown across the banking sector in facilitating this research commission is sustained and indeed enhanced and that the landholding portfolios of the contributing banks are periodically updated to ensure relevance and timeliness of practical application/usability in what will be a period of continued transformation and realignment within the banking and property sectors going forward.

ABBREVIATIONS

BMA	Belfast Metropolitan Area
CML	Council of Mortgage Lenders
FTB	First-time Buyer
HA	Housing Association
HSBC	Hong Kong Shanghai Banking Corporation
LGD	Local Government District
LPS	Land and Property Service
LTV	Loan-to-Value
NAMA	National Asset Management Agency
NHBC	National House Building Council
NI	Northern Ireland
NIHE	Northern Ireland Housing Executive
NINIS	Northern Ireland Neighbourhood Information Service
WIP	Work in Progress
UUHPI	University of Ulster House Price Index

1.0 INTRODUCTION

The paradigm shift in land and property values across the island of Ireland post-2007 allied to the transformation within the financial landscape has fuelled a prolonged period of uncertainty in the banking and property sectors. In the Northern Ireland context, figures collated by the University of Ulster indicate that the average house price has fallen *circa* 45% from the peak of the market in 2007 to the end of H1 2012. Residential development output has plummeted prompting a wholesale contraction in construction activity and associated professional services. By way of contextualisation; NHBC statistics confirm that total housing completions across Northern Ireland in 2011 was 2771 units, this equates to a decline of *circa* 63% from the output levels achieved in 2004 (the peak of the market in terms of output levels by NHBC affiliated builders) and is *circa* 4,700 units under the 18yr average achieved between 1994 and 2011.

The continued realignment within the banking sector and instability in property prices has been compounded by economic instability which has prompted concerns over job security and culminated in a marked reduction in the appetite of prospective purchasers. Figures compiled by the Council of Mortgage lenders indicate that first time buyers now constitute over 50% of market transactions although pertinently total mortgage advances have fallen 10% over the 12 months to the end of December 2011 relative to the same period for 2010. The contraction on the demand side in tandem with the marked decline in house prices has served to undermine the commercial viability of a number of development schemes causing them to be 'mothballed'. Moreover indecision pertains around the medium-long term work out strategies which could be implemented on development sites across the province.

The interim report delivered to NAMA in July 2012 offered evidence that the residential land development model within Northern Ireland (as we knew it) is broken and that there is a pertinent need (in economic terms as well as land and property terms) to develop a more sustainable model premised on enhanced transparency, a credible evidence base, integrated decision making as well as key stakeholder collaboration across the public and private sectors. Moreover, there is compelling evidence to suggest that existing data frameworks held within the banking sector are not as robust as would be desired and as a result the capacity to undertake informed strategic 'evidence based' decision making has been compromised. Moreover, it is clear that a disconnect exists between key stakeholder groupings (within and across both the public and private sectors) in respect of strategic business decision making which had been compounded by a lack of appetite for collaborative exploration of development opportunities and the comparative absence of a comprehensive and integrated data framework depicting residential development land opportunities premised on demand-supply based indicators across Northern Ireland.

This research is intended to create a more robust and transparent evidence base depicting the availability of residential development landholdings across Northern Ireland. Outputs from the research have the capacity to inform strategic deci-

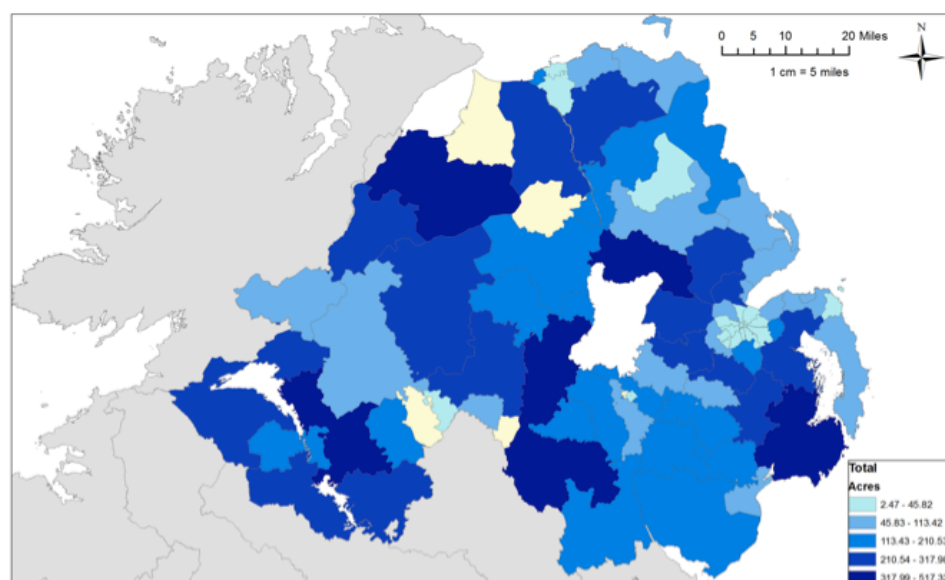
sion making and promote greater collaboration across key stakeholder groupings (across contributing banks and between the private and public sectors) culminating in a more orderly disposal of land and property assets in an attempt to preserve value. Moreover, the research has the capacity to enhance cross-disciplinary understanding of the ‘transformational shift’ in the land development model post-financial crisis and facilitate tentative visualisation of ‘development opportunities’ premised on credible and robust data frameworks. Additionally, the research will enhance the transparency and effectiveness of the land valuation process culminating in a robust, better informed and more sustainable decision making framework going forward upon which future land acquisition and lending decisions might be governed.

More specifically the report profiles total development land holdings held by the seven contributing banks across Northern Ireland in respect of location, planning status and density of the development pipeline premised on existing planning consents. The supply side is complemented by an examination of residential property market dynamics within spatial sub-markets across Northern Ireland. Understanding sub-market connotations and demand-side dynamics is imperative to gaining an appreciation of development opportunities, project viability and configuration as well informing phasing/timing of project commencement relative to evidence based indicators. The report has been structured as follows; Section 2 offers an investigation into residential development landholdings. Section 3 provides analysis of the total residential property pipeline currently in the planning system, with Section 4 scrutinising development activity and housing supply dynamics. In Section 5 eleven key housing sub-markets are identified and analysed to draw out the key issues evident at the disaggregated level. Finally conclusions are presented in Section 6 which encompasses a number of key observations emanating from the research.

2.0 RESIDENTIAL DEVELOPMENT LANDHOLDINGS ACROSS NORTHERN IRELAND

Investigation of residential development landholdings is the cornerstone of this research commission. The identification, assimilation and evaluation of the geographic concentration and disposition of the residential development land portfolios of the contributing banks is of critical importance in establishing the economic viability of land parcels, facilitating a more informed and structured land disposal strategy. Total landholdings across the contributing banks are aggregated to determine the extent of land availability within a specified geography (postcode level). Analysis collated from all contributing banks reveals that total residential development landholdings across Northern Ireland equates to 11,603 acres (*Figure 1*), exhibiting a ‘patch-work’ effect in terms of land density/availability which appears relatively non-contiguous and pepper-potted across various localised market areas across the province.

Figure 1
**Total Residential
Development Land Holdings
in Northern Ireland**



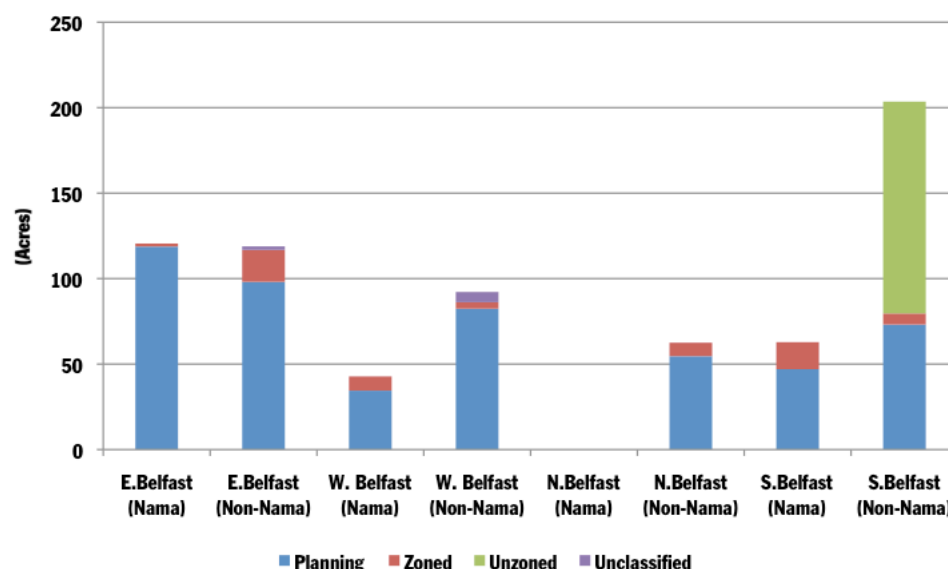
In this regard, land holdings are seemingly most pronounced within more peripheral and rural areas which by-and-large account for 27.7% of the entire land development portfolio. This composition of landholdings vary considerably across the contributing banks depicting the geographic distribution of branch networks, client profiles as well as the appetite for land development lending (pre-financial crisis). Significantly, this is reflected in the geographic diversity of landholdings with no single institution considered ‘overly exposed’ (relative to portfolio magnitude) to any particular locale, although certain contributing banks exhibit high levels of concentration within specific geographies. By contrast, the NAMA portfolio could be described as geographically diverse, or indeed strategically well located relative to underpinning market fundamentals (housing demand).

The NAMA portfolio of residential development landholdings equates to approximately 22% of total land held across all contributing banks. The density of residential landholdings within the NAMA portfolio varies extensively premised on location. The NAMA portfolio for example includes circa 50% of all landholdings within East Belfast (*Figure 2*). NAMA landholdings in the main have attained plan-

ning consent. In West Belfast the NAMA portfolio proportional to that of the non-NAMA contributing banks although land density overall in the west of the city is constrained relative to East and South Belfast. The NAMA position in South Belfast appears robust in terms of market based indicators and premised on existing planning status relative to the non-NAMA contributing banks (due to significant exposure to unzoned land holdings). Pertinently, the NAMA portfolio includes no land holdings in the North of the city.

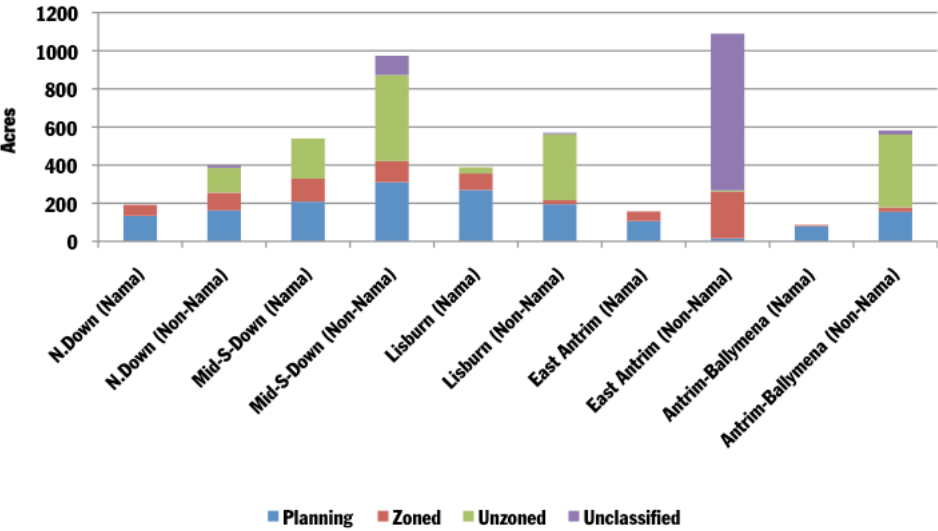
"NAMA has limited exposure to unzoned land (particularly in more rural areas where underpinning property market demand fundamentals are weak). Furthermore, the NAMA portfolio is well positioned within key conurbations such as Lisburn and North Down which exhibit tentative signs of market recovery particularly the Lisburn market which has been led by the semi-detached sector".

Figure 2
Land Availability
in Belfast
(NAMA and Non-NAMA
position)



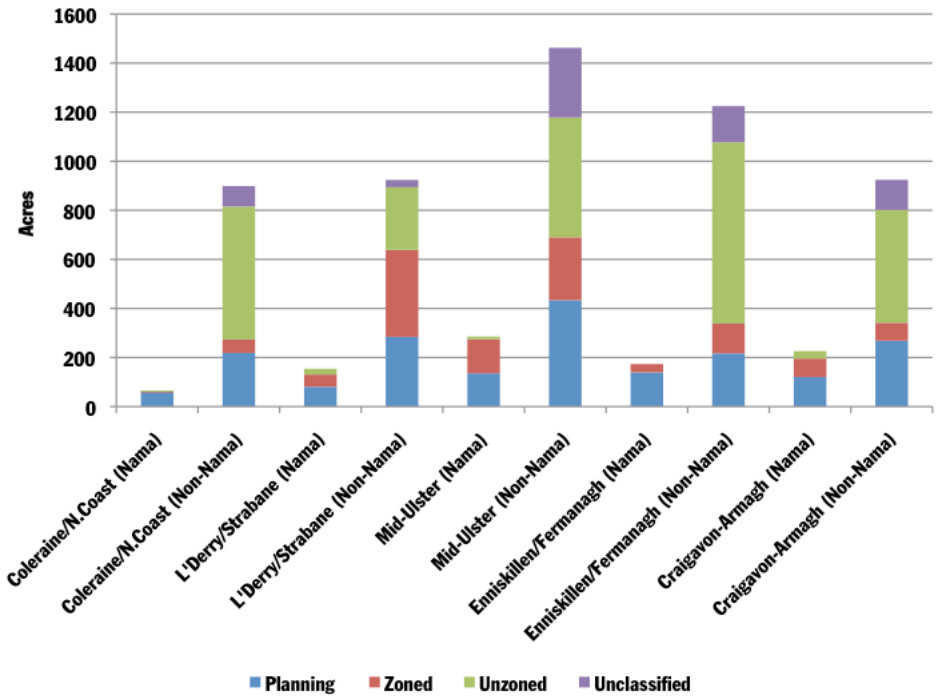
In the East of the province which for the purpose of this analysis comprises the areas of North, Mid and South Down, Lisburn, East Antrim as well as Antrim and Ballymena the NAMA portfolio position is comparatively strong relative to the landholdings held by non-NAMA contributing banks (Figure 3). NAMA has limited exposure to unzoned land (particularly in more rural areas where underpinning property market demand fundamentals are weak). Furthermore, the NAMA portfolio is well positioned within key conurbations such as Lisburn and North Down. The principal concern in the East of the province from a NAMA perspective is the extent of exposure to unzoned land within the Mid-South-Down area (210 acres). Pertinently, the NAMA portfolio constitutes circa 30% of all unzoned land within Mid-South-Down which is concerning given the density of landholdings in the area that have planning consent or which have been zoned for residential development. It is noteworthy from the analysis that extensive further work is required within the East Antrim area in order to categorise land holdings in terms of planning status. At present 823 acres of the non-NAMA landholdings within East Antrim have not been categorised relative to planning status. This constitutes 66% of all residential land holdings within the area held by the contributing banks. However NAMA exposure is small within East Antrim.

Figure 3
Land Availability in the
East of the Province
(NAMA and Non-NAMA
Position)



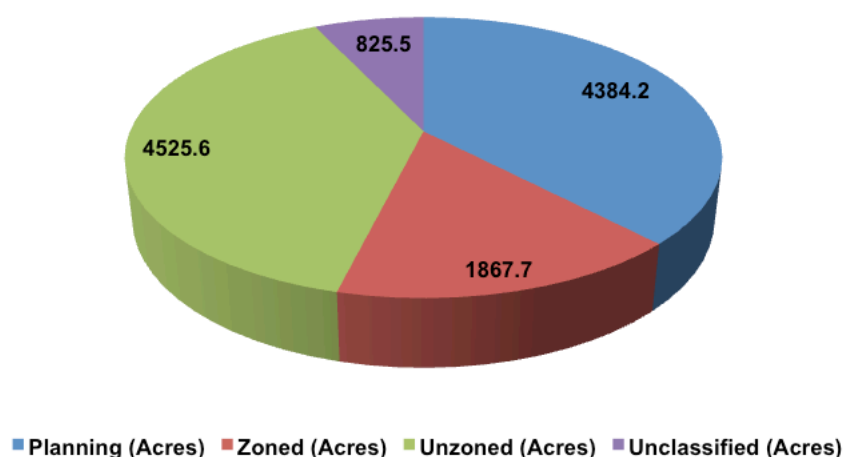
The West of the province for the purposes of this analysis comprises Craigavon-Armagh, Enniskillen-Fermanagh, Mid-Ulster, L'Derry/Strabane, and the North Coast including Coleraine and Limavady. Examination of the NAMA portfolio in the West is more resilient relative to the non-NAMA contributing banks with much lower density of land holdings overall as well as minimal exposure to unzoned landholdings (Figure 4). The limited exposure to unzoned land is pertinent given the extent of unzoned land held by non-NAMA contributing banks within the North Coast, Enniskillen-Fermanagh, Mid-Ulster and Craigavon-Armagh areas. At the aggregate level in the West of the province the extent of land availability within the Mid-Ulster area is a distinguishing feature of the research. Moreover, the extent of unzoned land within the Mid-Ulster areas (488 acres) could well be compounded given that a further 285 acres of land has yet to be classified in terms of the planning status.

Figure 4
Land Availability in the
West of the Province
(NAMA and Non-NAMA
Position)



Examination of the residential development landholdings relative to existing planning consent at the aggregate level reveals a number of noteworthy findings (*Figure 5*). Land holdings with ‘planning’ status constitute circa 4,384 acres or 37.8% of the entire residential land development portfolio. The highest concentration of land with planning permission resides within the Ballyclare and Lisburn areas which comprise 230.7 acres and 394.6 acres respectively. Premised on existing planning consent it is apparent that a significant potential pipeline of properties (43,026) exists across Northern Ireland. Nonetheless, it is also evident that a number of land portfolios secured planning permission for ‘high-density’ development in locations which illustrate limited or no demand based indicators premised on historic housing market transactions. Moreover, the concentration of land zoned for future residential development is significant and analogous with land that previously attained planning consent will result in extensive levels of oversupply. Zoned land comprises 1,868 acres (16.1%) of total landholdings held across the contributing banks. This concentration of zoned land (*Figure 4*) is greatest within the L’Derry and Dungannon local markets equating to circa 321 acres (17.1%) and 126 acres (6.8%) respectively of all zoned land holdings across the contributing banks. This high proportion and concentration of zoned land is also evident within various core market areas scattered across Northern Ireland, namely; the Lisburn, Newtownards, Craigavon, Banbridge and Omagh areas.

Figure 5
**Total Landholdings
by Planning Status**



Perhaps the most pertinent finding of the research is the level of unzoned land within the residential development portfolios of the contributing banks. In total, unzoned land comprises 4525.6 acres or 39% of total residential development land holdings across Northern Ireland. The extent of this exposure varies considerably across the contributing banks with distinct trends emerging premised on geography and proximity to key ‘transportation corridors’ and major conurbations.

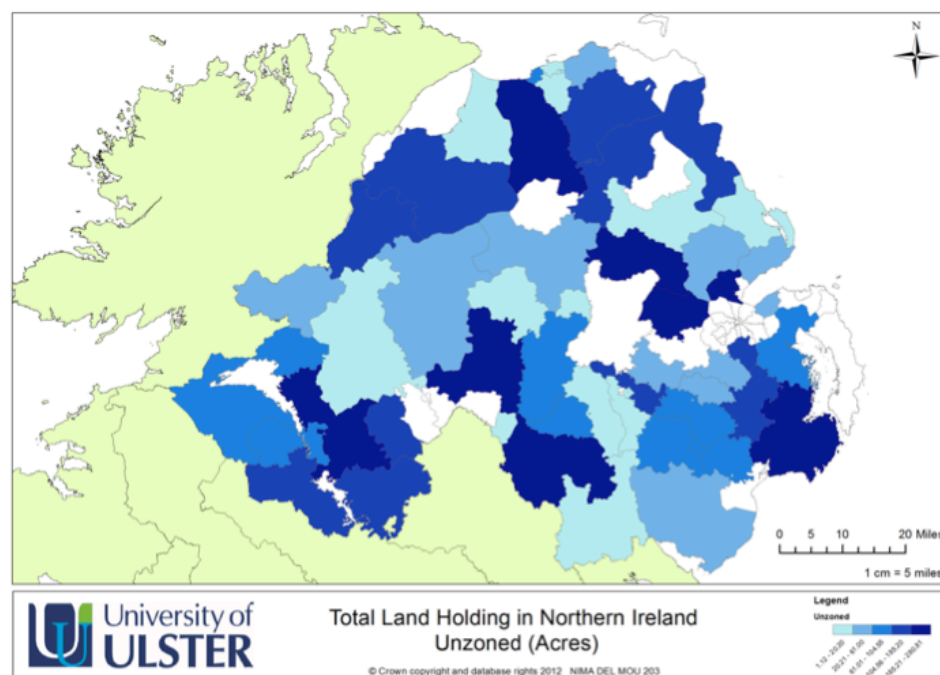
“The deepest concentration of unzoned land centres on Crumlin, Newtownabbey and Antrim a spatial cluster to the northwest of the Belfast market. NAMA has NO exposure to UNZONED land in these areas”.

“NAMA’s unzoned land exposure is primarily concentrated in the mid-south Down housing sub-market, notably Ballynahinch, Dromore & Downpatrick”.

The largest pocket of unzoned land centres on a spatial cluster to the northwest of Belfast comprising Crumlin, Newtownabbey and Antrim (*Figure 6*). This ‘cluster’ has collective exposure to 755.6 acres of unzoned land, which equates

to circa 17% of unzoned land holdings across Northern Ireland. In addition, and importantly, other key pockets of unzoned land are evident across the province such as Enniskillen (276.7 acres); Dungannon (198.7 acres); Armagh (210.9 acres); Coleraine (218.1 acres) and Downpatrick (238 acres) are misaligned with underpinning market fundamentals. Significantly, the aforementioned areas constitute the upper decile of unzoned landholdings and equate to circa 42% of contributing banks exposure to unzoned land. The level of exposure to unzoned land parcels clearly depicts the extent of land speculation which had become an essential feature of the land market in Northern Ireland during the up-cycle in the residential property market. A further noteworthy finding of the investigation has been the inability of a number of the contributing banks to determine the planning status of landholdings within their residential land development portfolio. For the purposes of this analysis these landholdings have been labelled ‘unclassified’ and comprise 825.5 acres (7.1%) of the total residential development land held by the contributing banks⁵. A robust assumption at this stage is that the unclassified landholdings are predominantly unzoned in terms of planning status.

Figure 6
Total Unzoned Land Holdings
across Northern Ireland



⁵ The research team is working with the contributing banks concerned to update/populate their respective land holding records.

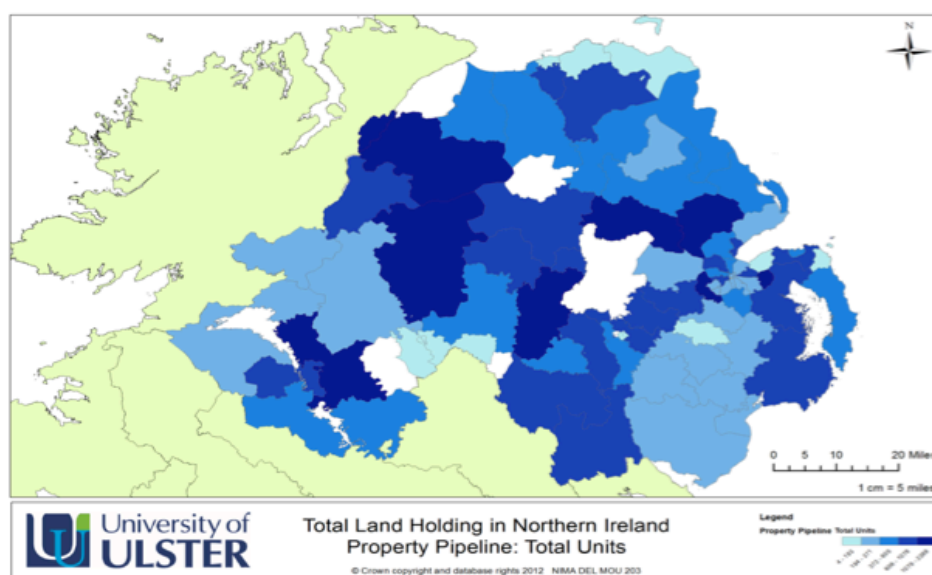
3.0 RESIDENTIAL PROPERTY PIPELINE PREMISED ON EXISTING PLANNING CONSENT

Premised on existing planning consents of landholdings across the contributing banks the residential development pipeline at the Northern Ireland level constitutes 43,026 units. In a spatial context, analysis shows a piecemeal distribution of pipeline residential units across the province (*Figure 7*). The highest concentration of pipeline units stretches across the Mid-Ulster corridor from the Antrim region in the east towards Londonderry in the west indicating a wide geographical distribution of residential units currently in the property pipeline held by the contributing banks. The analysis shows that western regions (Enniskillen and Dungannon) and the band radiating south east comprising Newry and Armagh constitute a large proportion of development holdings. It is also noteworthy however that these areas exhibit conflicting levels of underpinning demand. There appears to be a weakness in demand based indicators relative to pipeline supply in a number of postcodes within counties Fermanagh, Tyrone and certain pockets within the L'Derry area. In the east of the province, localised market areas such as Dundonald, Derriaghly and areas of Belfast, demonstrate strong supply side characteristics premised on the existing property pipeline.

"The NAMA portfolio exhibits demand-supply imbalance predicated on existing planning property type configurations relative to market based demand-led indicators. This necessitates planning reconfiguration relative to unit density and current housing market transaction trends."

The NAMA portfolio exhibits similar demand-supply imbalance across Northern Ireland comprising 20,328 units or 47.2% of total development pipeline stock held by the contributory banks. Whilst particular areas (Enniskillen; Newtownabbey; Dundonald; Newry) demonstrate a more diversified level of property assets in the pipeline, the total number of units in a majority of the locations is not conducive to underlying market dynamics. The primary concern therefore is the extent of NAMA's exposure to smaller more localised market areas. The NAMA portfolio within the Bangor and Crawfordsburn district (773 units) constitutes 81% of pipeline stock within the area. Similarly, in the West of the province, the NAMA portfolio in Omagh for example comprises 172 units or 69% of development pipeline stock.

Figure 7
Residential Units
currently in the
Property Pipeline
(All banks)



This is also evident in relation to the type of pipeline stock held across contributing banks. In a number of different market locales the percentage of pipeline apartment dwellings constitutes a sizeable component of all housing pipeline stock (*Table 1*). As the apartment sector is, excluding BT47, Belfast-centric consisting of 2,729 apartment units, an imbalance exists between supply and demand based indicators within certain Belfast postcode locales. This is particularly pronounced within the apartment market with high volumes of completed stock remaining unsold or in short-term tenancy demonstrating the potential for substantial oversupply and requirement for reconfiguration of unit composition and density of development.

Table 1
**Apartment Unit
Pipeline Stock
– Upper Decile**

Postcode area	Apt (No of Units)	Apt as % of All Pipeline Stock within Postcode area
South-West Belfast	580	97.8%
Newtownabbey	466	78.6%
Bangor	392	66.1%
L'Derry	375	63.2%
Dundonald	362	61.0%
North Belfast	320	54.0%
East Belfast	320	54.0%
Belfast City Centre	289	48.7%

A similar picture also emerges when examining the pipeline of detached housing units. A significant concentration and volume of stock is located and clustered towards the west of the province notably in Dungannon, L'Derry and Enniskillen regions. Whilst these areas have in the main lower density development profiles relative to more urbanised locales, the quantity of detached property in the pipeline infers problematic levels of oversupply in these specific locations. In the East of the province parallel issues surface in more local market areas such as Ballyclare where 88% (91 units) of pipeline stock is currently detached properties. In reality there are enclaves of property types in the pipeline which are too highly concentrated in specific locations, and in a number of instances in the incorrect locations relative to market and economic fundamentals.

4.0 RESIDENTIAL DEVELOPMENT ACTIVITY AND HOUSING SUPPLY-SIDE DYNAMICS

Figures compiled by the National House Building Council (NHBC) highlight the extent of the decline in residential development activity across Northern Ireland post market correction⁶. Completion rates by NHBC affiliated builders in Northern Ireland peaked in 2004 with output of 10,227 units per annum; two years prior to the systemic correction in house prices within Northern Ireland. It is also noteworthy that completion rates amongst NHBC affiliated builders have been in decline since 2004. One possible explanation for the lag between the peak in development output relative to the peak in market price is the 'build and hold' strategies

⁶ NHBC figures constitute *circa* 70% of the market share of private residential development activity in Northern Ireland with the remainder comprising smaller developer/builder operatives as well as self-build stock. Figures compiled by NINIS nonetheless reaffirm the extent of the decline in residential development activity post-2007 across Northern Ireland within both the public and private sectors.

adopted by some developers in order to capture the significant uplifts in market value over the two year period 2005-2006. This practice served two purposes – it enabled the developer to maximise the sale price whilst mitigating ‘investor speculation’, ‘off-plan trading’ and ‘property flipping’. The ‘build and hold’ strategy adopted on built stock was compounded by the ‘buy and hold’ or ‘buy and trade’ ethos which engulfed land development opportunities over the same timeframe.

A further possible explanation for the lag between the peak in completion rates (2004) and the peak of the market in price terms (2007) was the growing recognition/concern that the growth trajectory within the housing market was not sustainable. By 2004, key stakeholders including some developers (in conjunction with financiers/advisors and seasoned market commentators) had started to pose legitimate questions about the future trajectory of the residential development sector in Northern Ireland highlighting the extenuation in the affordability gap and the complete disconnect between conventional income multiples, loan to value ratios and house prices. The escalation in discussions around a potential market correction (and the very real prospect of development initiation which would transcend the real estate cycle) may have served to constrain the levels of housing supply – although it is likely to be the former practices which have been outlined rather than the later theory offers the greatest level of explanation.

It is noteworthy, given the extent of the development pipeline in tandem with tentative demand based indicators within certain housing sub-markets, that completion rates amongst NHBC affiliated builders across Northern Ireland in 2011 was the lowest annual output rate recorded in the eighteen year history of the completion rate data series. At the Northern Ireland level the completion rate has fallen 73% between the peak of the market in 2004 and the end of 2011. The most pronounced decline in completion levels (circa 80%) has been within counties Tyrone and Armagh with only Antrim (-71%) showing tokenistic resilience to the marked contraction in residential development activity. In the period 2008-2011 inclusive NHBC affiliated builders completed 15,070 units across Northern Ireland equating to an average annual output of 3,678 units. This equates to less than 50% the 18yr average (7,464 units) achieved between 1994 and 2011. Pertinently, completion rates by NHBC affiliated builders in 2011 (2,771 units) were circa 63% below the 18yr average. The decline in development activity should ensure that when market confidence returns any developed stock over-hang (which in Northern Ireland is comparatively modest relative to the Republic of Ireland) has the potential to be absorbed quite quickly. Permutations do exist nonetheless in terms of location as well as the configuration of stock (property type) relative to under pinning market dynamics. Meanwhile, price continues to play a central role within the property acquisition decision framework; wide spread evidence across a diverse range of key stakeholder groupings infers that the ‘new build’ sector has undergone a more intense price realignment than the resale sector and as such has reached a base conducive to prospective buyers and that economic confidence (as opposed to property market price stability) is the key barrier to increased transactions.

The lack of confidence in the residential property market is further manifest through the complete fall-off in commencement activity. Figures compiled by NHBC

confirm that residential development commencement activity across the whole of Northern Ireland in 2011 equated to 2,030 units. The 2011 figures confirm that commencement levels in Northern Ireland by NHBC affiliated builders have fallen by circa 81% from peak in 2004 (10,555 units). The decline has been most pronounced in county Armagh (-91%) with county Antrim (-73%) showing the greatest level of resilience. Indeed, it is pertinent given the role of the construction sector within the Northern Ireland economy that commencement levels for the 4yr period 2008-2011 inclusive (11,290 units) constitute a mere 735 units more than the commencements attained in 2004 (10,555 units).

"The developed stock overhang in NI is comparatively modest relative to the ROI. Given the contraction in residential development activity post 2007, completed unsold stock could be quickly absorbed in 'normal' market conditions."

In the confines of this research commission the work-in-progress portfolios of the contributing banks has been disaggregated into apartment and housing units⁷. This permitted a comprehensive representation of all contributing banks

work-in-progress with five key market areas emerging prominent in terms of housing being developed across Northern Ireland. The North-west comprising L'Derry and Strabane accounts for 7.7% (77 units) of house stock in progress. Another significant area is the hinterland north of Belfast encompassing the Antrim district which accounts for 4.8% of total stock. In South-Down, the areas of Newry and Downpatrick account for 120 house units (11.9%) of all work currently in progress. Within the Belfast market area, Dundonald has the highest proportion of housing work in progress with 118 units equating to 11.7% of total housing currently under construction. Significantly, there is little development activity outside of these regions. It is reasonable to assume that the majority of the limited development activity will continue to centre on the two major urban centres of Belfast and Londonderry, the only caveat to this might be historic landholdings which are economically viable in locations which demonstrate pent-up demand.

Work in progress within the apartment sector identifies Derriaghy (within Lisburn City Council) as the most prominent area constituting 27.5% (98 units) of the total WIP stock. This area along with Carryduff and Dundonald, which are all located on the periphery of the Belfast market, account for 38.8% of total apartments currently under development. Outside of Greater Belfast, work in progress relating to the apartment stock is relatively non-existent with the exception of Dungannon and Armagh which collectively equate to circa 20% (71 units) of the stock. Portrush on the North Coast has work in progress totalling 22 apartments (6.2% of the total supply) and depicts demand for second homes, retirement homes and student accommodation within this postcode locale.

"The extent of apartment oversupply within certain Belfast postcodes undermines the sustainability and economic viability of the supply pipeline. This will have significant implications pertaining to the NAMA portfolio in terms of development timeline."

A further feature of the correction in property prices within Northern Ireland has been the volumes of new build stock which remain unsold. It is clear that the levels of completed unsold stock within Northern Ireland are not as voluminous

⁷ Limitations in the datasets of contributing banks necessitated the amalgamation of detached, semi-detached and townhouse properties into the single configuration 'house'.

as those within the Republic of Ireland; nonetheless it is clear that certain geographic pockets will necessitate concerted attention and enhanced innovation in order to stimulate/facilitate enhanced transaction activity. Figures compiled for the University of Ulster House Price Index suggest that new build stock constituted 33% of all transactions in Q2 2012 within that survey. The significant realignment in the price of new build stock (relative to resale properties) has been a key factor in the expansion of new build as a percentage of market-share. Nonetheless, a number of locations across the province continue to demonstrate a concerted lack of demand even when taking into account the price reductions.

Stock completed but unsold across the contributing banks equated to 2,145 units with the largest concentration observed within in the apartment sector (1,002 units or 47%). The greatest geographical concentration of completed unsold apartment stock falls within the Belfast city centre area and its surrounding vicinity constituting circa 52% of total unsold apartment stock. Paradoxically, the extent of apartment oversupply within certain Belfast postcodes undermines the sustainability and economic viability of the supply pipeline (depicting property type premised on existing high density planning configurations). Given the fervour of apartment developments within Belfast at the height of the market, oversupply was generally anticipated. It is also noteworthy that a number of locations with lesser established apartment markets also demonstrate high levels of unsold stock. Whilst the levels of unsold apartment stock are comparatively modest relative to certain areas of Belfast, in real terms unsold stock located in less established apartment markets constitutes a sizable supply-side issue given the lack of credible demand based indicators. The concentration of completed unsold houses is much less pronounced than the apartment sector due, in the main, to the greater geographic diversity associated with houses relative to apartments within Northern Ireland. There are high concentrations of completed unsold houses within particular areas but all-in-all the levels of completed unsold houses across the province is not considered overly problematic.

A cascading effect of the inability to transact on new build stock has been the expansion in new build stock entering the private rental market. The historically low interest rate environment has been conducive to 'would-be' landlords. Rental returns at least in the short-term have proven attractive and offered a viable income stream in order to service mortgage obligation. The research findings show that collectively, the contributing banks hold 1,650 units of stock categorised as 'Completed Stock with Short-term Tenancy Agreements'⁸. The largest concentration of short-term tenanted stock resides within Belfast city centre which collectively equates to 233 units. This reflects the strong level of demand and appetite for the Greater Belfast rental market over the last twenty-four months as would-be buyers unsure of the future trajectory of housing market values and less than confident about job security are adopting short term 'holding positions'. Other notable concentrations of short term rented stock include Craigavon, Newtownabbey and Bangor.

It is noteworthy that when taken at the aggregate the greatest concentration of 'completed and unsold stock' and 'completed tenanted stock' is within the Greater

⁸ Short-term tenanted stock denotes stock that was developed with the intention of being sold but which has subsequently been rented out as a result of market conditions.

Belfast metropole, Craigavon and Antrim regions. Total ‘completed unsold stock’ and ‘short-term tenanted stock’ across the contributing banks equated to 3,795 units. This infers limited oversupply of developed stock across Northern Ireland; nonetheless, tentative analysis undertaken in the compilation of this research suggests that ‘small pockets’ of systemic over-supply relative to underpinning demand based indicators exist.

CURRENT RENTAL MARKET DYNAMICS

The current dynamics within the private rental sector has the potential to further soak up existing completed stock currently held by NAMA, principally in the Belfast Metropolitan area (BMA) and surrounding hinterland. Since 2007, despite the advent of the global financial crisis and attendant deflation in house prices, the rental market has continued to flourish. In 2009, there were approximately 125,000 dwellings in the private rented sector, an increase of 54% from 2006, equating to 17% of total housing stock. The growth in demand for rental property reflects contemporary and endemic access issues across the mainstream housing market due to affordability pressures and mortgage illiquidity, the corollary of which is the heightened activity in both the apartment and terrace/townhouse sectors within the Belfast metropolitan area. Analysis conducted by the University of Ulster in conjunction with the NIHE and Property news for the first half of 2012 illustrates that in the BMA the terrace/townhouse sector accounted for 39% (n=2484) of the total rental activity, with apartments comprising 38% (2409) of total market share. Further analysis disaggregated by property type (*Table 2*), reveals the average monthly rent for apartments in the Belfast Metropolitan Area in the first half of 2012 was £572, with average rent prices £551 for the terrace/townhouse sector.

Table 2
Average Rental Prices
by Property Type
in 2011 and 2012

Property Type	2011 (Jan–Jun)	2011 (Jul–Dec)	2012 (Jan–Jun)	Annual Change %
Apartment	£567	£573	£572	0.9%
Terrace/town	£567	£572	£551	–2.8%
Semi-detached	£578	£599	£591	2.2%
Detached	£752	£741	£750	–0.3%

Market analysis shows variation in the average rents per month within distinct geographically defined boundaries within the Belfast market and surrounding areas. The average rent per month for properties within the Belfast Metropolitan Area in the second half of 2011 was £582, remaining moderately stable compared with past evidence performance. The average monthly rent in the Belfast City Council area was £592 for the first half of 2012 (*Table 3*). The highest rental price locations in Belfast are consistent with previous values and include South Belfast (£643) and Belfast City Centre (£667), although the lowest priced locations in the Belfast City Council area were North (£505) and West Belfast (£509). Based on the average BMA rental price of £582, for example, if the largest concentration of completed unsold stock observed within in the apartment sector (1,002 units) was to be customised as rental stock, assuming 100% absorption rate, *ceretis paribas*, this would provide a monthly income stream of £583,164. Although relatively arbitrary, this indicates the wealth held in unsold stock lying dormant retained by the banking institutions.

Table 3
Average monthly rent
by Sub-market area
(2011 and 2012)

	2011 Jan-Jun	2012 (Jan-Jun)	Annual Change (%)
Belfast City Council	£599	£592	-1.2%
Belfast City Centre	£673	£667	-0.9%
North Belfast	£490	£505	3.1%
South Belfast	£690	£643	-6.8%
East Belfast	£547	£520	-4.9%
West Belfast	£515	£509	-1.2%

The rental evidence highlights strong market demand in terms of volume and transactions, inferring continued buoyancy and underpinning appetite for rental properties. There is a high degree of consistency in terms of market share and performance by property type although performance is more variable across the markets areas, with the highest level of variability apparent for the sub-markets within the Belfast City Council area.

VOLUME OF HOUSE TRANSACTIONS IN NORTHERN IRELAND

Housing transaction records compiled by Land and Property Service (LPS) clearly illustrates the severe demand based readjustment within the housing market at different intervals across the real estate cycle in Northern Ireland (Table 4). After an initial decline of 29.3% between 2006 and 2007 followed by a more acute fall of 62.3% between 2007 and 2008, the average number of transactions has remained relatively stable. In the four year period between 2008 and 2011, the average number of transactions in the NI market was 11,369. The most recent market evidence shows transactions to be marginally higher (5.3%) than 2010 figures. This increase, primarily due to the modest expansion in mortgage finance filtering into housing market, coupled with tentative market stability lends tentative support for a balanced increase in pipeline stock development.

Table 4
Volume of House Transactions
in Northern Ireland
between 2005 and 2011

	Detach	(%)	Semi-Detach	(%)	Terrace	(%)	Apt	(%)	Total
2005	8149	27.34%	9292	31.17%	10524	35.30%	1846	6.19%	29811
2006	11183	26.56%	12458	29.58%	15309	36.35%	3162	7.51%	42112
2007	7919	26.61%	8417	28.29%	11053	37.15%	2366	7.95%	29755
2008	2968	26.49%	3421	30.53%	3907	34.87%	910	8.12%	11206
2009	3221	27.07%	4132	34.73%	3662	30.78%	884	7.43%	11899
2010	2971	27.28%	3531	32.42%	3632	33.35%	758	6.96%	10892
2011	3336	29.06%	3652	31.81%	3554	30.96%	938	8.17%	11480

The composition of housing stock transacted on the market has remained relatively unchanged since 2005 with the obvious exception to volume. The LPS statistics for 2011 show that a latent appetite for apartment purchase exists within the NI market as transaction volumes increased by 23.7% from 758 to 938 sales. This development, if not ephemeral, should ameliorate the pressure on stock currently sitting vacant on the market, and indeed pipeline stock entering the market.

MORTGAGE LENDING

This potential for market absorption is further evidenced through scrutiny of statistics gathered by the Council of Mortgage Lenders (CML). The CML figures indicate that the number of loans increased steadily (20.6%) from the market correction in 2007 to 2010 where loans advanced totalled 7,700 in volume comprising a median loan-to-value (LTV) of 67%. In 2010, a total of 9,700 loans were advanced for house purchase, with the average advance being £95,000 based on a LTV of 75%. In 2011, approximately 8,700 loans were advanced with an average advance of £88,000. Although down in terms of volume, the CML figures highlight the shift in buyer activity and sentiment towards house purchase. First-time buyers currently make up 54% of house purchase transactions which have in the medium-term generally only represented circa 35-38% of transactions. Indeed, the increase in mortgage liquidity and reduction in substantial mortgage deposits (down-payments) appears to have enticed appetite into the lower end of the price spectrum. This coupled with the increase in LTV and the apparent increase in transaction rates as evidenced by LPS statistics suggests that the lower end of the price market is where concentration should be with regards to existing and pipeline stock. This is endorsed by examining the number of loans and distribution of property value. In 2011, the CML figures show that 68% (3,200) of FTB loans were advanced for properties valued under £125,000 with 26% (1,200) for properties valued between £125,000 and £175,000. In terms of NAMA's pool of housing stock green shoots are evident as the seemingly over-exposure of the apartment sector in particular locales has the potential to be somewhat mitigated – given a realistic valuation. Moreover, the subsequent sub-market analysis offers more in-depth exploration within geographic clusters highlighting potentially viable development opportunities over the short to medium term as well as identifying potential for collaboration between the public and private sectors in terms of mixed tenure development.

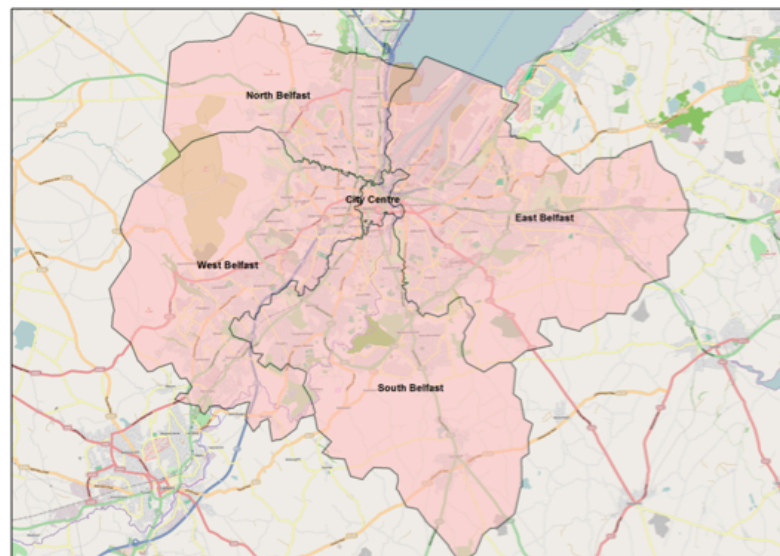
5.0 PROPERTY SUB-MARKET ANALYSIS

As indicated at various stages throughout this research project, the measurable scale at which to assess and analyse the data at a meaningful geography is required to permit practical applicability and fruitful analysis of the residential landholdings and pipeline stock. The residential landholdings and pipeline stock was therefore dissected into eleven core markets areas (*Figure 8*) as defined by the University of Ulster Northern Ireland House Price Index. This step was undertaken in order to draw representative and meaningful comparisons which are related to other key housing market information within each sub-market.

Figure 8a
Northern Ireland
Housing Sub-Markets



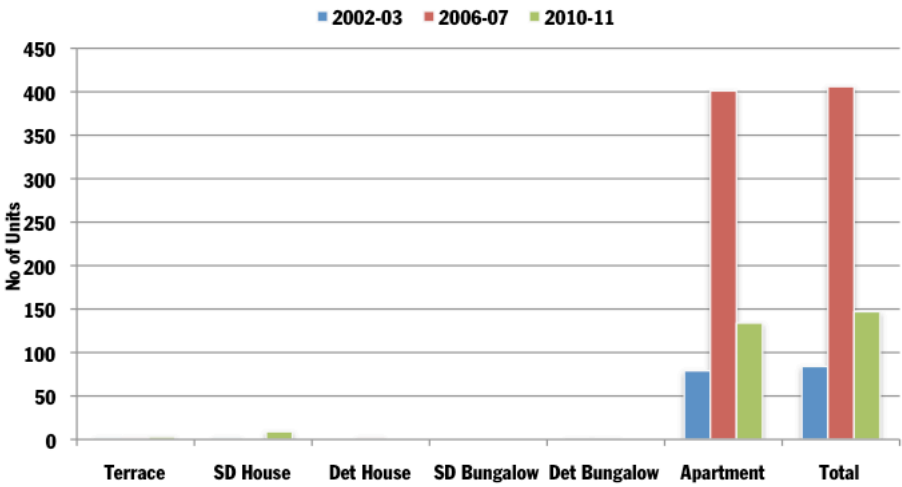
Figure 8b
Belfast
Housing Sub-Markets



BELFAST CITY CENTRE

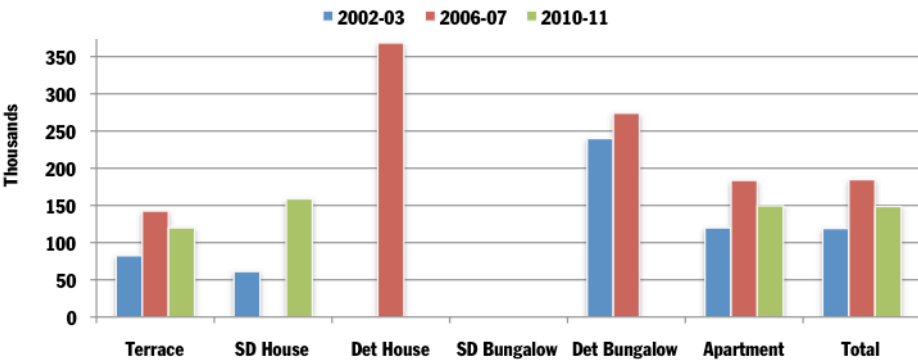
The city centre of Belfast for the purposes of this research comprises postcode areas BT1 and BT2. Belfast City Centre is predominantly an apartment market. In 2002–03 apartments constituted 94% of all transactions increasing to 99% in 2006–07. Post market correction, apartment sales as a percentage of all transactions has fallen to 91% within BT1 & BT2 (*Figure 9*). Premised on UU HPI sales data there was a total of 147 completed transactions in 2010–11. Relative to the peak of the market in 2006–07 transactions levels in Belfast City Centre have fallen circa 66%.

Figure 9
Belfast City Centre
Housing Transaction
Volumes (Units)



The average house price within Belfast City Centre in the period 2010–11 was £148,605 (*Figure 10*). The average apartment price achieved in 2010–11 was marginally higher at £149,587 consequently apartment prices within Belfast City Centre have fallen circa 19% from the peak of the market in 2006–07.

Figure 10
Belfast City Centre
House Price Trends



Total residential development landholdings held by all contributing banks within this defined sub-market constitute 5.87 acres (*Table 5*), with the NAMA portfolio comprising 3.55 acres (60.5%). In total, detailed planning accounts for 53.5% of NAMA's land portfolio, with outline planning constituting 38.9% and the remaining 7.6% zoned land. Although relatively healthy in terms of the type of land held by the NAMA portfolio, there is a potential issue of oversupply in the future uptake and development of the land parcels due to the dominance of stock in the area and level of demand currently present in the market.

Table 5
Belfast City Centre
Residential Development
Landholdings

Belfast City Centre	NAMA Portfolio					All Banks
	DetPlan	OLine	Zoned	Unzoned	Total	Total
Belfast City Centre	1.6	1.38	0	0	2.98	3.4
	0.3	0	0.27	0	0.57	2.47
Total	1.9	1.38	0.27	0	3.55	5.87

The total property pipeline within Belfast City Centre (premised on existing planning permissions) constitutes 349 units (*Table 6*). The NAMA portfolio equates to more than 84% of the pipeline stock within Belfast City centre (n293 apartments). This pipeline stock is primarily located in BT1 with 289 units representing 82.8% of total pipeline stock.

Table 6
Belfast City Centre
Property Pipeline (Units)

City Centre BT1, BT2	NAMA Portfolio						All Banks
	Det	Semi	Town	Apt	UnC	Total	Total
Belfast City Centre	0	0	0	289	0	289	325
	0	0	0	4	0	4	24
Total	0	0	0	293	0	293	349

Moreover, in terms of completion rates, the current supply of units across the entire Belfast market in 2011 was 599 units which decreased by 684 units from 1283 units in 2010. Indeed, across the entire Belfast market, the moderate to long-term level of completions between 2005 and 2011 amounted to 8,678 units (*Table 7*), equating to an average annual completion rate of 1,239 units. On current build projections the NAMA pipeline units for merely the City Centre sub-market comprises 48.9% of total new build completion rate for the entire Belfast market. On longer-term averages the NAMA pipeline stock equates to 23.6% of total completions across the whole Belfast market. In this regard, NAMA's potential pipeline apartment stock therefore not only appears to saturate the total pipeline stock within this sub-market area, but generally the whole Belfast market.

Table 7
New Build Completion
Rates for Belfast (All)
between 2005 and 2011

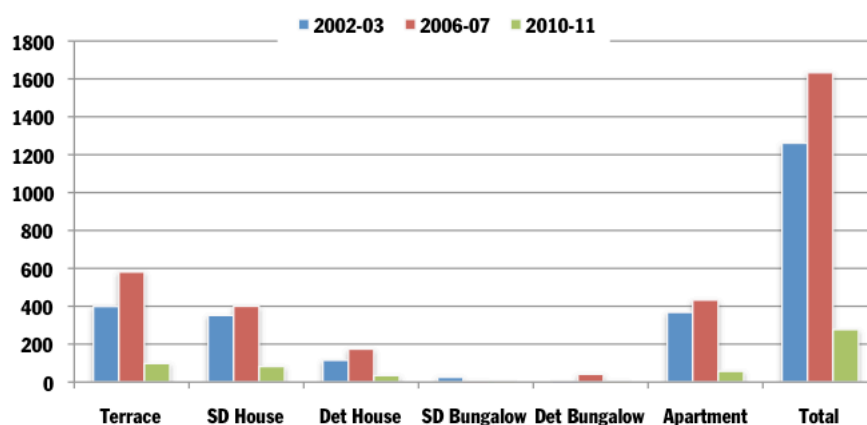
Completions (No. Of Units)	2005	2006	2007	2008	2009	2011	2011	Total
Belfast	333	1345	2037	1344	1737	1283	599	8678

Source: Building Control

EAST BELFAST

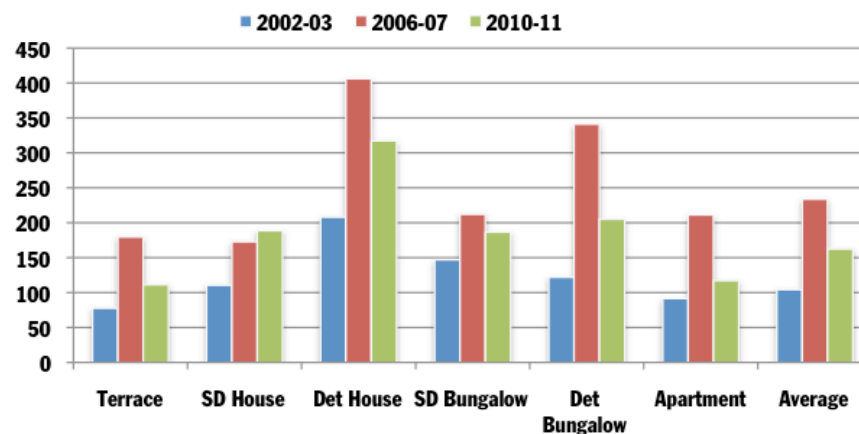
East Belfast for the purposes of this research comprises the postcode areas BT3, BT4, BT5, BT6 and BT16. In terms of property market dynamics East Belfast is a diverse market exhibiting contrasts in demand across property types at different points in the real estate cycle. At the All property level transactions levels in 2010–11 (n277) were 83% down on the peak of the market in 2006–07. The decline in demand has been comparatively uniform across all property types relative to their respective market share within East Belfast (*Figure 11*).

Figure 11
East Belfast
Housing Transaction
Volumes (Units)



The average house price within East Belfast in the period 2010 – 11 was £162,545 (Figure 12). The average house price within East Belfast has fallen £71,165 between 2006-07 and 2010 – 11 with significant decline in property values exhibited across all property types.

Figure 12
East Belfast
House Price Trends



Total residential development landholdings within East Belfast constitute 239.4 acres (Table 8). The NAMA portfolio comprises 120.5 acres (50.3%) of total residential development land holdings in this sub-market area. Of these 120.5 acres, 98.6% (118.8 acres) comprises detailed planning with the remaining 1.8 acres earmarked as land with attributable zoning. In comparison with all banks which hold development land, the NAMA portfolio has a modest level of residential development landholdings. Nonetheless, there does appear to be a high level of exposure within BT16 (Dundonald), which requires further insight and scrutiny.

Table 8
East Belfast
Residential Development
Landholdings

East Belfast BT3,4,5,6,16	NAMA Portfolio					All Banks				
	Det	OLine	Zon	Un-zon	Total	Plan	Zon	Unzon	Un-class	Total
Belfast Harbour	2.2	0	0	0	2.2	2.2	2.3	0	0	4.5
Sydenham	15.2	0	1	0	16.1	39.3	1	0	1.2	41.5
Knock	0.7	0	0.8	0	1.4	13.6	13.5	0	0.9	27.9
Cregagh	3.3	0	0	0	3.3	8.4	0	0	0	8.4
Dundonald	97.4	0	0	0	97.4	153.2	0	0	0	156.9
Total	118.8	0	1.8	0	120.5	216.8	20.4	0	2.1	239.3

The total property pipeline within East Belfast (premised on existing planning permissions) constitutes 2,853 units (Table 9). The NAMA portfolio equates to 2,270

units (79.5%) of the pipeline stock within East Belfast. It is noteworthy that BT16 has a diverse range of property types within the existing development pipeline, by contrast postcodes BT3, BT4, BT5 and BT6 are characterised by higher proportions of apartment stock. Indeed, existing development pipeline apartments comprise 50.2% of total NAMA holdings, which also corresponds with the exposed position held in the Belfast City centre market area. This appears to be particularly acute within BT3 which also comprises 47.8% of development land holdings. Similarly, in BT16 the NAMA pool of pipeline units constitutes 97% of total pipeline units held across all institutions – currently based on existing planning permission.

Table 9
East Belfast
Property Pipeline
(Units)

East Belfast BT3, 4, 5, 6, 16	NAMA Portfolio						All Banks
	Det	Semi	Town	Apt	UnC	Total	Total
Belfast Harbour	0	0	0	320	0	320	320
Sydenham	7	95	118	137	2	359	725
Knock	7	0	0	90	0	97	240
Cregagh	1	0	0	230	0	231	266
Dundonald	312	308	281	362	0	1263	1302
Total	327	403	399	1139	2	2270	2853

Although more eclectic with regards to the type of property held, this presents challenges for the fruitful phasing and supply of these units onto the variable marketplace. Applying rating data (collated by Land and Property Services) the existing figures show the East-Belfast sub-market comprises 46,699 dwellings (6.8% of dwellings in Northern Ireland) with an overall capital value of £5.9bn. The potential pipeline supply feeding into the East Belfast sub-market will constitute approximately 6.1% of new build development stock, of which NAMAs proportion is 4.86%, which implies a one to two year supply of stock. Further disaggregation of the frequency of housing stock by property type highlights the relative position of apartment and total pipeline stock as a component of existing stock (*Table 10*). This clearly illustrates the over-exposure of pipeline apartments within this sub-market region.

Table 10
Existing and NAMA
Pipeline Housing stock
in the East Belfast
Housing Market

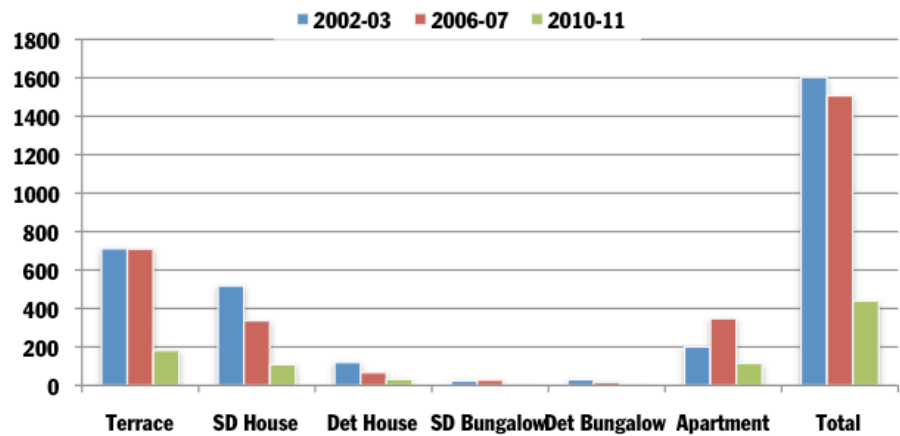
Property Type	Existing Stock (Units)	Type as % of total stock	NAMA Stock (Units)	NAMA Pipeline as % of existing stock
Apartment	4,262	9.1	1,139	26.72%
Total	46,699	100.0	2,853	4.86%

Nonetheless, examination of unmet need statistics as proposed in the Northern Ireland Housing Executive's current unmet need prospectus shows that 955 units are required within this area, highlighting that social housing development is a potential and viable area where the supply of pipeline stock can be adapted. This is endorsed by the level of private-public housing mix within this sub-market area. Private built housing comprises 75.8% (35,398 dwellings) of the market with public built housing representing 24.2% (11,286), leaving scope for an increase in social housing provision.

WEST BELFAST

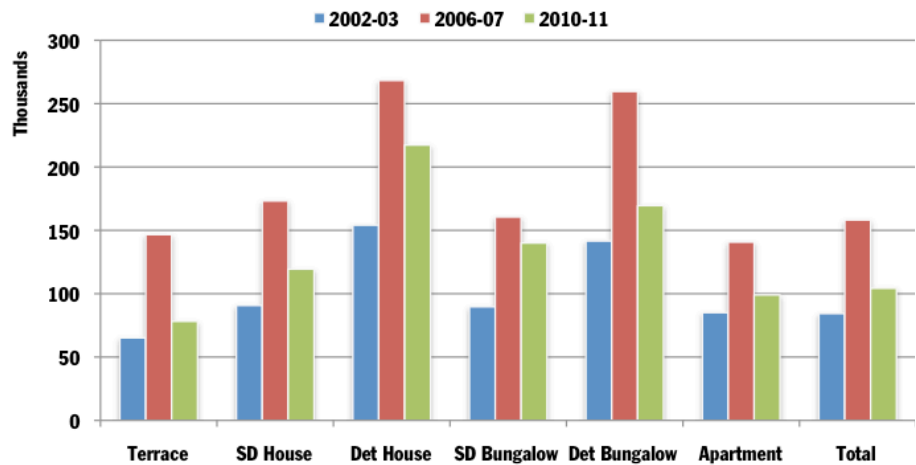
West Belfast, for the purposes of this research, comprises the postcode areas BT11, BT12, BT13, and BT17. West Belfast has a high percentage of terraced housing. In 2010–11 terrace/town houses constituted 41.5% of all completed transactions (n182). At the All property level, transactions in 2010–11 (n439) were 70% down on the peak of the market in 2006–07 (*Figure 13*). An interesting dynamic within the West Belfast market has been the expansion and growth in apartment style living which was not a historic trend. In 2002–03 the apartment sector accounted for 12.5% of all transactions; by 2006–07 this had risen to 23.1% of market share. Post-market correction (2010–11) the apartment market accounted for 26.2% of all completed transactions although this must be contextualised given the overall decline in transaction volume.

Figure 13
West Belfast
Housing Transaction
Volumes (Units)



The average house price within West Belfast in the period 2010–11 was £104,266 (*Figure 14*). It is noteworthy that the terrace/town house sector has experienced the most significant decline in value between 2006-07 and 2010–11 (–46.7%) with the average price now £78,183. By contrast the apartment sector has been more resilient in terms of house price decline (–29.6%) with the average apartment price in 2010–11 calculated at £99,026.

Figure 14
West Belfast
House Price Trends



Total residential development landholdings across the contributing banks within West Belfast constitute 134.9 acres (*Table 11*). The NAMA portfolio comprises 42.8 acres (31.7%) of which zoned land comprises 8.31 acres (68.5%) of all zoned residential development land holdings in the area.

Table 11
West Belfast
Residential Development
Landholdings

West Belfast (BT11, 12, 13,17)	NAMA Portfolio					All Banks				
	Det	OLine	Zon	Un- zon	Total	Plan	Zon	Un- zon	Un- class	Total
Andersonstown	0.5	0.8	0	0	1.3	6.6	0.5	0	0	7.1
Falls/The Village	5.1	0	6	0	11.1	9.6	8.6	0	0	18.235
Shankill/ Ballygomartin	18	0	0	0	18	38.8	0.6	0	0	39.47
Derriaghy	10.05	0	2.3	0	12.4	61.8	2.3	0	6	70.18
Total	33.7	0.8	8.3	0	42.8	116.8	12.1	0	6	134.985

The total property pipeline within West Belfast (premised on existing planning permissions) constitutes 2,607 units (*Table 12*). The NAMA portfolio equates to 872 units (33.5%) of the pipeline stock within West Belfast, heavily weighted by apartment pipeline units (n599) which represent 68.7% of all pipeline stock, with townhouse and terrace housing constituting 16.9% of pipeline units.

Table 12
West Belfast
Property Pipeline
(Units)

West Belfast (BT11, 12, 13,17)	NAMA Portfolio					All Banks
	Det	Semi	Ter/Town	Apt	Total	Total
Andersonstown	39	0	44	71	154	259
Falls/The Village	0	0	11	374	385	745
Shankill/ Ballygomartin	26	50	65	36	177	420
Derriaghy	0	10	28	118	156	1183
Total	65	60	148	599	872	2607

Further scrutiny of existing units by property type (*Table 13*) illustrates the overall market share and composition. Apartments represent 8.8% of the market with terrace properties representing 56.7%. Therefore, NAMA's percentage of existing stock equates to 15.2% of potential supply. The rest of the NAMA pipeline stock is relatively nominal in comparison and should be absorbed relatively quickly into the market. Based on current house price and transaction levels the NAMA portfolio appears to be relatively practical for potential disposal over the short to medium term, as it matches the current market demand and appetite. The rating data also reveals that the average size of properties in the area is 91m² which further emphasises the demand tastes for apartment and terrace type properties. Nonetheless, it must be recognised that as the NAMA portfolio only constitutes 33.5% of total pipeline stock, there is potential for market saturation if all pipeline stock reaches the market concomitantly. Existing data reveals the West-Belfast market to be comprised of 44,639 units which equates to circa 6.5% of total housing stock in Northern Ireland. The current pipeline units across all institutions would therefore equate to 2.6% of new supply coming onto the market, with NAMA's total pipeline units equating to 1.95% of this 'future' supply.

Table 13
**Existing and NAMA
Pipeline Housing stock
in the West Belfast
Housing Market**

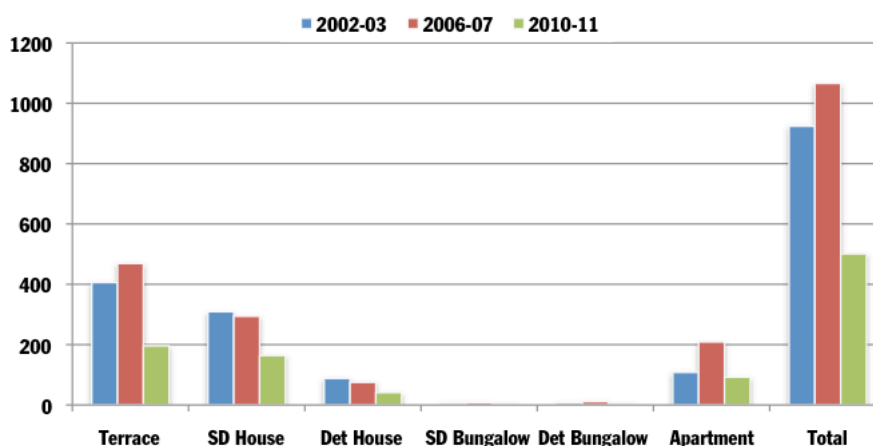
Property Type	Existing Stock (Units)	Type as % of total stock	NAMA Stock (Units)	NAMA Pipeline as % of existing stock
Apartment	3939	8.8	599	15.20%
Detached	2,652	5.9	65	2.40%
Semi-detached	12,006	26.9	60	0.40%
Terrace	26,013	58.3	148	0.50%
Total	44639	100	872	1.95%

Examination of the composition of existing stock shows that publically built housing represents 51.5% (23,001) of total housing in this area with private constructed housing totalling 21,633 (48.5%). This is significant in terms of the feasible delivery and output of future development, primarily relating to pipeline units as unmet need data currently shows 1,096 units are required for social housing in the sub-market area which would represent 42% of total pipeline units.

NORTH BELFAST

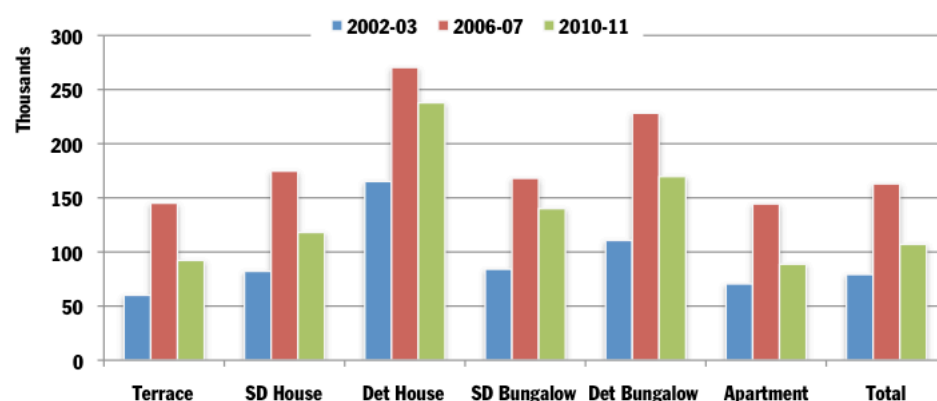
North Belfast for the purposes of this research comprises the postcode areas BT14 and BT15. At the All property level, transactions within North Belfast in 2010–11 (n501) were 53% down on the peak of the market in 2006–07 (n1,066). An interesting dynamic within the North Belfast market has been the composition by property type with semi-detached and town/terrace housing comprising on average more than 71% of all market transactions across the entire real estate cycle (*Figure 15*).

Figure 15
**North Belfast
Housing Transaction
Volumes (Units)**



Demand side characteristics infer that the apartment sector in North Belfast is not as well developed as in other quarters of the city. Post-market correction (2010–11) the apartment market accounted for 18.4%, moreover, the average price in the apartment sector in North Belfast (£88,748) is the lowest of all of the Belfast sub-markets. It is noteworthy that the apartment sector experienced the most marked decline in value between 2006–07 and 2010–11 falling circa 37% (*Figure 16*).

Figure 16
North Belfast
House Price Trends



Total residential development landholdings across the contributing banks within North Belfast constitute 62.5 acres (*Table 14*). The NAMA portfolio comprises a nominal 3.5 acres (5.6%) of all residential development land across the participating banks. The entire NAMA portfolio within North Belfast has detailed planning consent. This indicates that the NAMA pool of landholdings is somewhat sheltered in terms of market exposure relative to the existing landholdings of all institutions.

Table 14
North Belfast
Residential Development
Landholdings

North Belfast BT14, 15	NAMA Portfolio					All Banks				
	Det-Plan	OLine	Zoned	Unzon	Total	Plan	Zon	Unzon	Un-class	Total
Crumlin Road	1	0	0	0	1	45.67	6.1	0	0	51.77
Antrim Road	2.5	0	0	0	2.5	8.95	1.8	0	0	10.75
Total	3.5	0	0	0	3.5	54.62	7.9	0	0	62.52

The total property pipeline within North Belfast (premised on existing planning permissions) constitutes 1,165 units (*Table 15*). The NAMA portfolio equates to 699 units (60%) of the pipeline stock, this includes circa 45% (n313) of all apartment stock with the North Belfast area.

Table 15
North Belfast
Property Pipeline
(Units)

North Belfast	NAMA Portfolio						All Banks
	Det	Semi	Town	Apt	UnC	Total	Total
Crumlin Road	2	113	48	270	0	433	703
Antrim Road	88	41	94	43	0	266	462
Total	90	154	142	313	0	699	1165

A mis-alignment exists between pipeline stock and land availability in North Belfast

Existing residential housing stock within this area is circa 24,009 dwellings comprising 66.9% (16,134) privately built housing units and 7,961 public built housing, with the dominant type of housing being terrace property which constitutes 48.2% (11,606 units) of market share. The total pipeline units would therefore equate to a new supply level of 4.85% relative to overall market stock. The current appetite and activity within the housing market suggests that there is potential for the NAMA portfolio to be absorbed into the market more speedily for terrace and semi-detached housing as transaction rates are higher inferring demand is evident for this type of stock. Nevertheless, the apartment sector appears to be slightly more precarious in terms of absorption rate, premised on current market activity, the NAMA compilation equates to 14.94% of the total apartment stock (*Table 16*).

Table 16
Existing and NAMA
Pipeline Housing stock
in the North Belfast
Housing Market

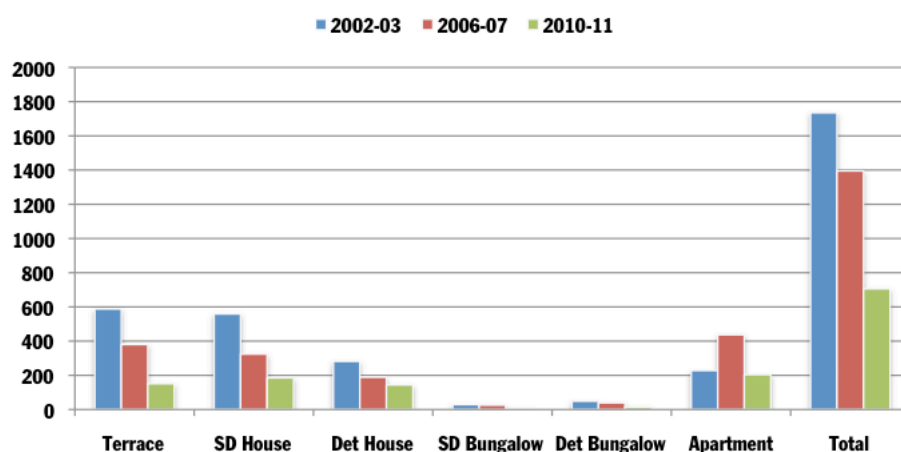
Property Type	Existing Stock (Units)	Type as % of total stock	NAMA Stock (Units)	NAMA Pipeline as % of existing stock
Apartment	2094	8.7	313	14.94%
Detached	2908	12.2	90	3.40%
Semi-detached	7573	31.5	154	2.00%
Terrace	11788	49	142	1.20%
Total	24099	100	699	2.90%

The level of social unmet need in the sub-market currently rests at 907 units. Based on this projected level of need and the current pipeline supply, there appears to be an opportunity to tailor a large proportion of the pipeline housing units towards social housing provision.

SOUTH BELFAST

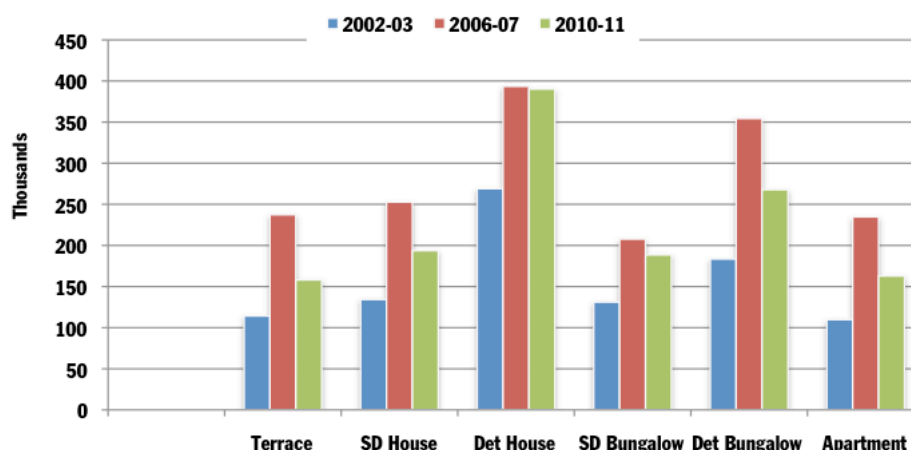
South Belfast for the purposes of this research comprises the postcode areas BT7–BT10 inclusive. In terms of property market dynamics transaction levels within South Belfast in the period 2010–11 (n706) have fallen 97.6% from the peak of the market (in price terms) in 2006–07 (n1395). The fall in transaction volume has been most pronounced within the terrace/town house and apartment sectors. Between 2006-07 and 2010-11 the volume of transactions within the town/terrace housing sector have fallen 151%, transaction levels within the apartment sector over the same timeframes have declined by 114%. The expansive growth in the apartment sector as a percentage of overall market transactions had been a key feature of the market within South Belfast in the market up-cycle (*Figure 17*). Between 2006–07 and 2010–11 apartment transactions as a percentage of the overall market share has declined from 31.3% to 28.9%.

Figure 17
South Belfast
Housing Transaction
Volumes (Units)



The average house price within South Belfast in the period 2010-11 was £218,774. In terms of the magnitude of the market correction the average house price in South Belfast has fallen 20.7% between 2006–07 and 2010–11. The fall in price has been most pronounced within the terrace/town house (-50.2%) and apartment sectors (-44.1%). Detached houses within the South Belfast area have shown the greatest resilience to the market correction both in terms of transaction volume and price decline (*Figure 18*).

Figure 18
South Belfast
House Price Trends



Total residential development landholdings across the contributing banks within South Belfast constitute 266.4 acres (Table 17). Unzoned land constitutes 46.5% (123.9 acres) of all land holdings within South Belfast South. The NAMA portfolio comprises 62.8 acres which equates to 23.5% of all residential development land held across the contributing banks. The NAMA portfolio within South Belfast contains no unzoned landholdings indeed 45.7 acres of NAMA landholdings within the area current have detailed planning consent.

Table 17
South Belfast
Residential Development
Landholdings

South Belfast	NAMA Portfolio					All Banks
	DetPlan	OutLine	Zoned	Unzoned	Total	Total
Ormeau	0.9	1.4	0.5	0	2.8	9.3
Carryduff	23.6	0	15.3	0	38.9	210.5
Malone	21.0	0	0	0	21.0	33.0
Finaghy	0.2	0	0	0	0.2	13.5
Total	45.7	1.4	15.8	0	62.8	266.4

The total property pipeline within South Belfast (premised on existing planning permissions) constitutes 1,240 units (Table 18). The analysis confirms that NAMA has significant exposure to the South Belfast market across all property types. In terms of composition the NAMA portfolio equates to 874 units (70.5%) of the total pipeline stock this includes 37.9% (n470) of all future apartment stock with the South Belfast sub-market. This is however tolerable as market based evidence infers that apartments are relatively sought after, undoubtedly due to the sizeable student populace residing in this area. This is an area where NAMA may wish to concentrate development and transference of this pipeline stock.

Table 18
South Belfast
Property Pipeline
(Units)

South Belfast	NAMA Portfolio						All Banks
	Det	Semi	Town	Apt	UnC	Total	Total
Ormeau	0	0	3	193	44	240	265
Carryduff	64	144	104	98	0	410	472
Malone	7	15	11	172	8	213	262
Finaghy	1	0	3	7	0	11	241
Total	72	159	121	470	52	874	1240

The total existing stock for the South Belfast sub-market is estimated at 33,187 dwellings or 4.8% of total Northern Ireland housing stock. This market area has a high proportion of private built stock (84.2%) with a low quantity of public built housing (15.8%), which is expected given the level of house price trends in the area. The latent demand for social housing is relatively pronounced as according to the NIHE the unmet need statistics indicate that 1000 dwellings are currently required within this sub-market. The potentiality and viability of providing potential pipeline units is problematic given the value of perspective properties and the voluminous level of apartment stock which is not suited to social need requirements.

In terms of market saturation, the total new build pipeline stock from across all banks would equate to 3.73% of existing stock. This existing market stock is primarily composed of terrace housing (11,598) of which NAMA's future pipeline supply equates to 1% (*Table 19*). This is slightly higher for semi-detached stock (1.6%) and equivalent for detached housing (1%). The apartment sector which comprises 11.8% (3,910) of existing market stock exhibits slightly higher ratio of new to existing (NAMA) stock (12%). This however is tenable given the significant demand within the area. There appears based on pipeline development to be no real cause for concern in this more resilient dynamic market area.

Table 19
**NAMA Pipeline stock
relative to existing stock
in South-Belfast**

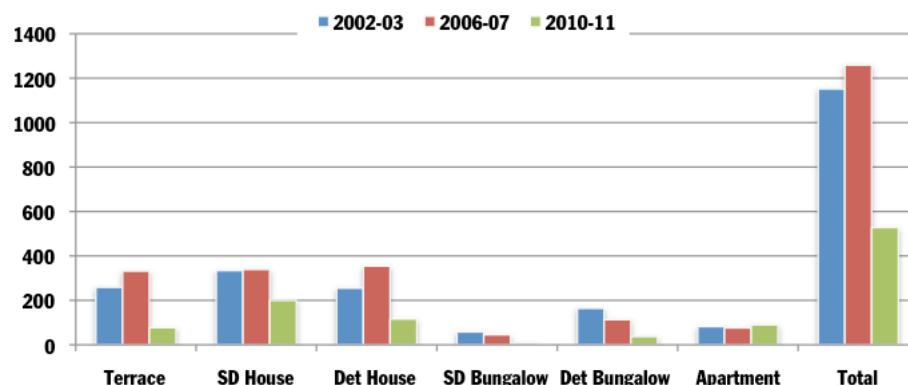
Property Type	Existing Stock (Units)	Type as % of total stock	NAMA Stock (Units)	NAMA Pipeline as % of existing stock
Apartment	3910	11.8	470	12.00%
Detached	7578	22.9	72	1.00%
Semi-detached	9847	29.6	159	1.60%
Terrace	11786	35.5	121	1.00%
Total	33187	100	874	2.60%

LISBURN (comprising Lisburn, Hillsborough & Crumlin)

The Lisburn housing sub-market cluster for the purposes of this final report includes postcodes BT27 and BT28 as well as BT26 (Hillsborough) and BT29 (Crumlin). Data collated for the University of Ulster House Price Index (UUHPI) infer that transaction levels between 2006-07 and 2010-11 at the all property level have fallen 58.1% within the Lisburn sub-market. Indeed, transaction volumes at the all property level in 2010–11 were circa 54% less than the level of transactions achieved in 2002–03. Property type trends that are noteworthy over the time intervals under exploration within Lisburn include the comparative immaturity of the apartment sector (*Figure 19*). Premised on the UUHPI the long run annual transaction levels for apartments within the Lisburn area is circa 41 units (which includes a combination of new build and resale stock). Other noteworthy trends post-financial crisis include the growth in semi-detached property transactions as a percentage of the overall market. At the height of the market in price terms (2006–07) semi-detached properties (n339) constituted 26.9% of all housing transactions however in the period 2010–11 sales of semi-detached properties (n200) equated to 37.9% of all transactions. This of course needs to be contextualised given the overall fall in transaction volumes post-market correction –

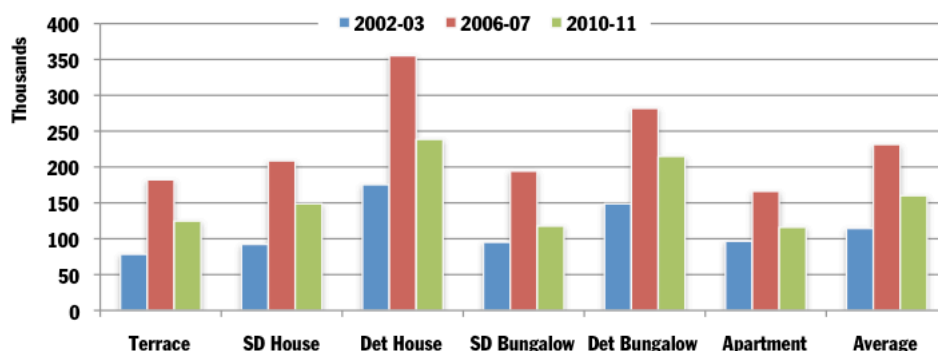
nonetheless the figures would suggest a preference for semi-detached properties at the expense of town-terrace houses. In the 2yr period 2006–07 town/terrace houses (n332) commanded 26.4% of the Lisburn market by transaction volume, in 2010–11 this had fallen to 14.6% premised on 77 transactions.

Figure 19
Lisburn Housing
Sub-Market
Transaction
Volumes (Units)



The average house price within the Lisburn sub-market in the period 2010–11 was £160,146 (Figure 20). House prices in the Lisburn area have exhibited a decline of 30.8% at the all property level between 2006–07 and 2010–11. The fall in house price within the Lisburn sub-market between 2006–07 and 2010–11 has been predominantly uniform ranging from (–32.8%) in the detached housing sector to (–28.6%) in the semi-detached sector. The apartment market has experienced price decline (–30.2%) between 2006–07 and 2010–11 marginally greater than the terrace/town house sector (–31.5%) over the same timeframe.

Figure 20
Lisburn Housing
Sub-Market Price Trends



Premised on the portfolios held across all participating banks total residential development land holdings within the greater Lisburn constitute 958.2 acres (Table 20). Lisburn and its surrounding hinterlands constitute 8.3% of the total residential development land holdings held by the contributing banks across Northern Ireland. Given proximity to the Belfast-Dublin transport corridor it is perhaps unsurprising that Lisburn and its surrounding hinterlands are projected to experience significant expansion in the density of residential offer over the course of the next decade. Moreover, Crumlin (due to the proximity to Belfast and the International airport) has also been the subject of expansive development activity during the residential upcycle. The Lisburn, Hillsborough and Crumlin areas have been the subject of intense speculative investment as borne out by the land holdings of the contributing banks. Unzoned land holdings held by the contributing banks comprise 378.8 acres or 39.5% of total landholdings within this housing sub-market. Indeed, 8.4% of all unzoned land held within the portfolios is located within the

Lisburn, Hillsborough and Crumlin areas. Pertinently, the deepest concentration circa 281 acres is in BT29 (Crumlin).

The NAMA portfolio within this sub-market comprises 388.4 acres; this constitutes 41% of all residential land held by the contributing banks. The NAMA portfolio is in the main concentrated within two postcodes, NAMA landholdings in BT27 comprise 243.3 acres or 85% of all land held by the contributing banks. It is noteworthy from a NAMA perspective that 32 acres of the land held in BT27 is currently unzoned. In BT28 the NAMA portfolio comprises 137 acres constituting circa 50% of all land holdings held by the contributing banks. The 5.3 acres of NAMA landholdings in BT26 (Hillsborough) has detailed planning permission but constitutes a mere 6.5% of land held by the contributing banks in this area. In total within BT26 the contributing banks hold 81.2 acres of which more than 51% (41.8 acres) currently has planning consent. NAMA's exposure within BT29 (Crumlin) is very modest (2.8 acres) but is part of a much larger pool (313.6 acres) of residential development land held within this postcode area.

Table 20
Lisburn Housing
Sub-Market
Residential Development
Landholdings

Post-Code	NAMA Portfolio					All Banks				
	Detail (Acres)	Outline (Acres)	Zoned (Acres)	Unzoned (Acres)	Total (Acres)	Planning (Acres)	Zoned (Acres)	Unzoned (Acres)	Unclassified (Acres)	Total (Acres)
BT26	5.3	0.0	0.0	0.0	5.3	41.8	1.4	37.0	1.0	81.2
BT27	210.3	0.0	1.0	32.0	243.3	215.5	8.2	61.0	2.0	286.7
BT28	5.0	47.4	84.6	0.0	137.0	179.1	95.6	0.0	2.0	276.8
BT29	1.0	0.7	1.1	0.0	2.8	28.2	3.1	280.8	1.5	313.6
Total	221.6	48.1	86.7	32.0	388.4	464.6	108.3	378.8	6.5	958.2

*Postcode Index – BT26 (Hillsborough), BT27 (Lisburn/Drumbo), BT28 (Lisburn/B'derry), BT29 (Crumlin).

The total property pipeline within the Lisburn housing sub-market (premised on existing planning permissions) comprises a total of 4,068 units (Table 21). It is noteworthy that the NAMA portfolio is concentrated within BT27 and BT28 and comprises 977 units which equates to 33% of the pipeline stock within the two postcodes. Pipeline stock within the NAMA portfolio is diversified across all property types within the Lisburn sub-market nonetheless given what seems to be the apparent lack of an established apartment market the level of future apartment stock within the NAMA portfolio premised on existing planning permissions is something which may well require some degree of property type reconfiguration. Moreover, in-depth exploration of the NAMA portfolio within this sub-market is required to ensure that units currently unclassified (n619) can be factored into the property pipeline taxonomy. In particular the 482 pipeline units within BT28 merit exploration given they constitute circa 79% of the NAMA property development pipeline (26% of pipeline units held by all contributing banks) within this postcode area.

Table 21
Lisburn Housing
Sub-Market
Property Pipeline
(Units)

Lisburn	NAMA Portfolio						All Banks
	Det	Semi	Town	Apt	UnC	Total	Total
BT26	20	62	18	54	20	174	514
BT27	70	39	67	123	70	369	1064
BT28	0	41	39	46	482	608	1858
BT29	47	16	38	13	47	161	632
Total	137	158	162	236	619	1312	4068

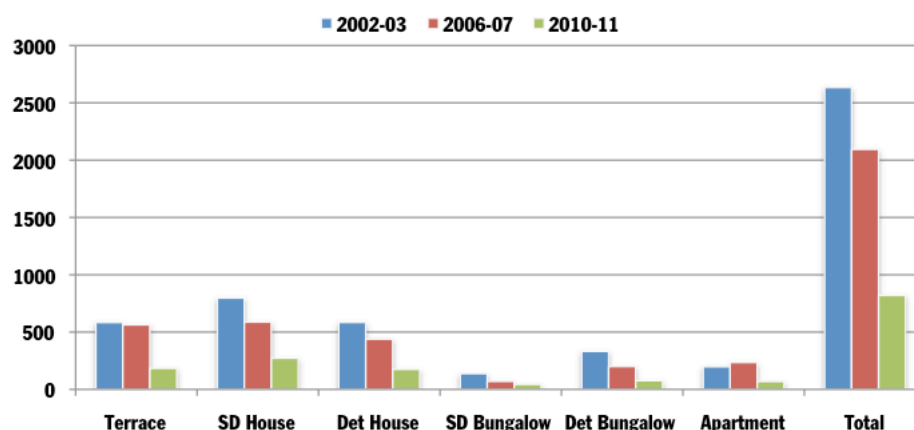
*Index – BT26 (Hillsborough), BT27 (Lisburn/Drumbo), BT28 (Lisburn/Ballinderry), BT29 (Crumlin).

Lisburn and its surrounding hinterlands have been identified as one of the key housing market growth areas within the confines of the Northern Ireland. Premised on ratings data compiled by Land and Property the existing housing stock within this sub-market comprises 30,577 units with a capital value of circa £4.1bn. Given the proximity to the M1/A1 transportation corridor and the accessibility to key employment hubs (Belfast and Lisburn) the housing stock footprint within this sub-market is projected to grow apace over the course of the next decade. The property pipeline comprising 4,068 units (premised on existing planning permissions) if fully developed would result in the housing footprint within the Lisburn sub-market increasing circa 13%. Additionally, it is noteworthy that the Lisburn sub-market continues to be under served by social housing provision. The Northern Ireland Housing Executive (NIHE) unmet housing need prospectus highlights a need for the provision of a further 910 social housing units within Lisburn and its surrounding hinterlands. Given the extent of unmet social housing need it is pertinent that a mere 9.3% (n31) of all housing commencements within the Lisburn local government district in the financial year 2009/10 were attributed to housing associations. The findings merit further exploration from a NAMA perspective given the extent of the development landholdings portfolio within Lisburn and surrounding areas. Opportunities do exist to bring forward development sites within this sub-market in collaboration with public sector bodies. Additionally there is a requirement for the creation of more innovative financial models to initiate mixed-tenure (private-affordable-social) development opportunities given the financial operating constraints of housing associations and as a consequence an inability to adequately service demand. Given the social acceptability not to mention the economic leverage that this would generate it is a work-out strategy that warrants serious further exploration.

NORTH DOWN

The North Down housing sub-market for the purpose of this research comprises the postcode areas BT18 (Holywood), BT19 & BT20 (Bangor), BT21 (Donaghadee), BT22 (Ards Peninsula) & BT23 (Newtownards). The housing market within North Down comprises a diverse range of property types and premised on long term market analysis is one of the most expensive residential locations within Northern Ireland. Premised on Land and Property Services (LPS) data the existing residential housing stock within North Down comprises 65,155 units constituting 9.4% of total housing stock within Northern Ireland. The capital value of housing stock within the North Down sub-market constitutes circa £9.5bn. In terms of recent property market dynamics transaction volumes for the period 2010/11 within the North Down sub-market have fallen circa 61% from the peak of the market in 2006/07. Indeed, it is noteworthy that the housing market in North Down (based on transaction volumes) was more buoyant in the 2yr period 2002 – 03 than it was at the peak of the price cycle in 2006 – 07 (*Figure 21*).

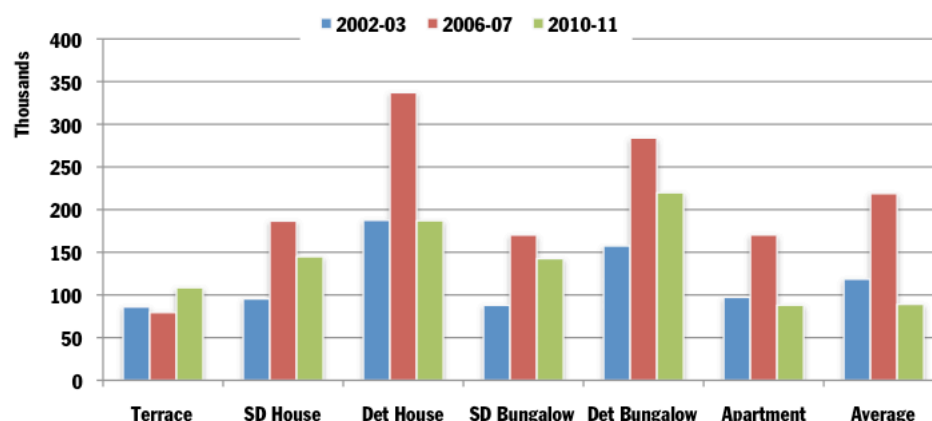
Figure 21
Market Transactions
in North Down
by Property Type



Trends that are noteworthy over the time intervals under exploration within the North Down housing market include the growth in the apartment sector during the up-cycle. In the period 2002–03 the apartment sector accounted for 7.5% of all transactions within North Down but by the peak of the market the apartment sector constituted 11.2% of all property transactions (n235). Expansion within the apartment sector coincided with a marked contraction in bungalow sales (both detached and semi-detached). Pertinently, the apartment sector has been most adversely impacted upon post market correction. In the 2yr period 2010–11 transaction levels within the apartment sector declined circa 70% relative to 2006/07 transaction volumes. Therefore whilst the apartment market in North Down constituted 8.4% (n69) of all property transactions in 2010–11 this must be contextualised within the confines of a comparatively small transaction base. Other noteworthy trends within North Down post market correction include the expansion in semi-detached house sales as a percentage of the overall market dynamic – perhaps reflecting the increased ‘value’ purchasers can capture as a result of the marked correction in house price.

Premised on data collated for the 2yr period 2010-11 the average house price in North Down was £89,091. Pertinently, the most marked decline was in the apartment sector with prices falling 48.3% premised on transactions completed in 2010–11 relative to 2006-07. The average apartment price for the period 2010–11 was £88,092 compared with £170,338 for the period 2006-2007. Indeed it is noteworthy that the average apartment price being achieved within North Down over 2010-11 is 9% lower than the average price achieved in the period 2002-03 when the average apartment price was calculated at £97,226. Detached properties in North Down also witnessed a marked decline in price over 2010–11 relative to the peak of the market in 2006–07. The average price of a detached property premised on completed transactions for 2010–11 was £187,086 a decline of 44.5% from the period 2006–07. It is pertinent that the average detached property price in North Down is now fully aligned with 2002–03 figures (Figure 22).

Figure 22
North Down
House Price Trends



Based on the portfolios of all contributing banks North Down comprises total residential development land holdings of 591.4 acres (*Table 21*). The North Down area constitutes 5.1% of the total residential development land holdings held by the participating banks across Northern Ireland with the greatest density of available land (263.9 acres) within BT23; indeed BT23 constitutes circa 45% of the land availability within the North Down sub-market.

NAMA landholdings portfolio within the North Down area comprises 191.7 acres equating to 32.4% of all residential land held by the contributing banks within the area. The NAMA portfolio in North Down contains no unzoned land holdings, indeed over 45% (115 acres detailed and 18.6 acres outline planning) of the NAMA portfolio within North Down has planning consent. Also noteworthy in terms of the NAMA portfolio in North Down is that the 3 acres of land with detailed planning permission within BT21 (Donaghadee) is the only residential development land held across the contributing banks. The NAMA portfolio in BT19 (Bangor) comprises 85.4 acres, significantly this constitutes 84% of all residential landholdings held by the contributing financial institutions in the BT19 postcode area ensuring NAMA will occupy a key role in terms of facilitating residential development activity within the Bangor area in the short to medium term. A further statistic of note within the confines of the NAMA portfolio is the 25.6 acres of land held in BT23 (Newtownards). The NAMA portfolio constitutes 9.7% of residential development landholdings held by participating banks within BT23 (263.9 acres). It should be noted that 94 acres of landholdings held by the contributing banks with BT23 are currently unzoned with a further 11 acres awaiting classification in terms of the planning status.

Table 21
North Down
Residential Development
Landholdings (Acres)

North Down	NAMA Portfolio					All Contributing Banks				
	Detail	OLine	Zoned	Un-zoned	Total	Plan-ning	Zoned	Un-zoned	Un-classi-fied	Total
BT49	0	0	0	0	0	44	17.3	17.5	17.4	96.2
BT51	7.9	0	0	0	7.9	58.5	10.4	218.1	15.2	302.1
BT52	6.7	3.8	2.5	0	13	35.3	2.5	8	0	45.8
BT53	4.4	6.5	0	0	10.9	59.2	12.4	185.2	0	256.8
BT54	12.4	0	0	0	12.4	22.8	9.6	0	31.2	63.6
BT55	3.4	13	0	0	16.4	42.5	1.5	83	1.5	128.4
BT56	1.3	0	0	0	1.3	10.1	3.5	6	2.5	22.0
BT57	0.5	0	0	3	3.5	6.2	0	28.0	15	49.2
Total	36.5	23.3	2.5	3	65.3	278.5	57.0	545.7	82.8	964.1

The total property pipeline within North Down (premised on existing planning permissions) constitutes 2,866 units (*Table 22*). If fully built out, the property pipeline would result in an expansion in housing stock of circa 4.4% within the North Down area. The NAMA portfolio within North Down constitutes 1,729 units (60.3%) of the pipeline stock. The NAMA portfolio is diversified across all property types nonetheless there is a high concentration within the apartment sector (n838) which equates to circa 48.5% of the NAMA development pipeline within the North Down area.

Table 22
North Down
Property Pipeline
(Units)

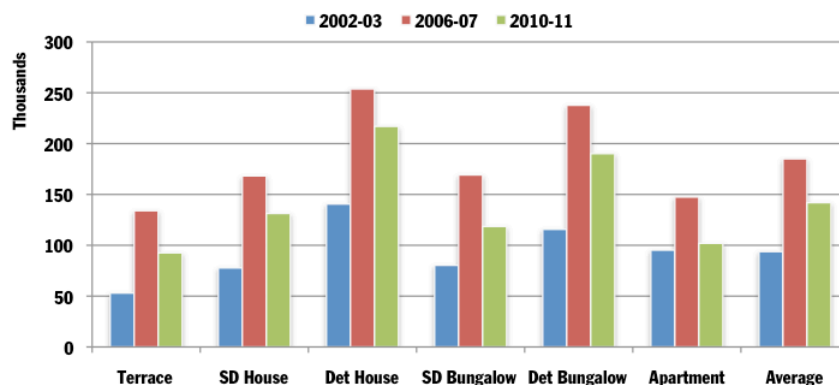
North Down	NAMA Portfolio						All Banks
	Det	Semi	Town	Apt	UnC	Total	Total
BT18	44	5	4	111	44	208	208
BT19	84	2	428	348	84	946	1042
BT20	53	76	6	212	71	418	625
BT21	1	0	0	26	1	28	28
BT22	14	8	3	22	57	104	464
BT23	73	24	3	119	53	272	746
Total	269	115	444	838	63	1729	3113

As in other sub-markets the development pipeline within the North Down premised on existing planning permissions is something which will require in-depth exploration in order to generate evidence based reconfigurations. In particular, under pinning market dynamics do not support such a marked expansion in apartment stock. It is also noteworthy that opportunities do exist in terms of social housing provision with the NIHE Unmet Need Prospectus highlighting requirements for a further 559 units within the North Down sub-market. Within this premise of social housing provision it is pertinent that housing associations were responsible for 33% (n111) of commencements within the Northern Down market in the financial year 2009/10 (NINIS, 2010).

EAST ANTRIM

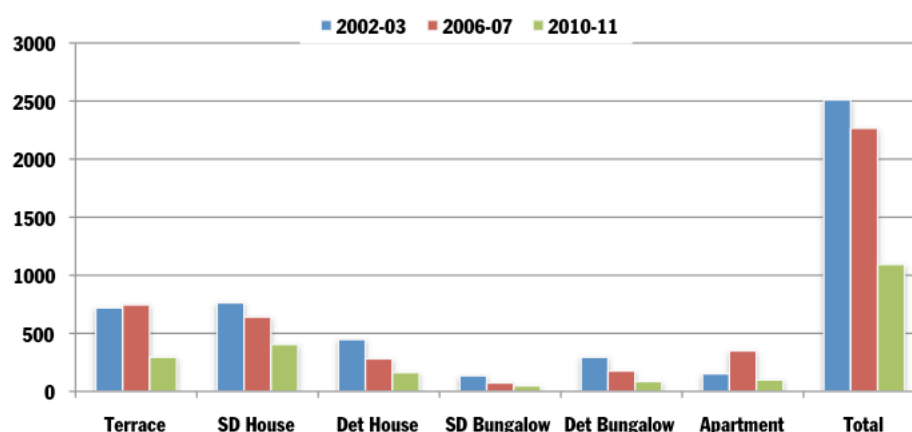
East Antrim for the purposes of this research comprises the postcode areas BT36-BT40 inclusive. At the All property level transactions levels in 2010–11 within East Antrim (1,093) were 51.8% down on the peak of the market in 2006–07. Transaction levels over the course of the last decade in East Antrim infer a consistent market structure premised on property type (*Figure 23*). Nonetheless, it is noteworthy that the apartment sector grew from 6.1% in 2002-03 to 15.4% in 2006-07. Post market correction apartment sales as a proportion of all market transaction has fallen to 9.1% (99 units).

Figure 23
East Antrim
Housing Transaction
Volumes (Units)



The average house price within East Antrim in the period 2010–11 was £141,877 (Figure 24). House prices in East Antrim have exhibited a decline of 23.3% at the all property level between 2006–07 and 2010–11. It is noteworthy that the lower end of the market in price terms has witnessed the most pronounced decline with terrace/town house sector and apartment sectors both property types experiencing a price decline of circa 31% between 2006-07 and 2010-11. By contrast detached houses have fallen on average 14.5% over the same timeframe.

Figure 24
East Antrim
House Price Trends



Total residential development landholdings across the contributing banks within East Antrim constitutes 822.8 acres (Table 23) of which 295.4 acres (35.9%) is currently unzoned. The NAMA portfolio in East Antrim comprises 157.4 acres or 19.1% of land holdings held by the participating banks. The NAMA portfolio in East Antrim comprises land with detailed planning (63.5 acres), outline planning (43 acres) with a further 50.9 acres of zoned land. The NAMA portfolio in East Antrim contains no unzoned land holdings.

Table 23
East Antrim
Residential Development
Landholdings

East Antrim	NAMA Portfolio					All Banks
	DetPlan	OLine	Zoned	Unzoned	Total	Total
BT36	30.6	12.1	0.2	0.0	42.9	307.5
BT37	0.4	18.9	0.0	0.0	19.3	69.2
BT38	3.1	0.0	14.0	0.0	17.1	77.9
BT39	28.7	12.0	36.8	0.0	77.5	318.0
BT40	0.7	0.0	0.0	0.0	0.7	50.3
Total	63.5	43.0	51.0	0.0	157.4	822.9

The total property pipeline within East Antrim (premised on existing planning permissions) constitutes 4,402 units (Table 24). The NAMA portfolio equates to 1,668 units (37.9%) of the pipeline stock within East Antrim. Significantly, given the apartment market dynamic within East Antrim the current NAMA development pipeline includes 906 apartments equating to 54.3% of the NAMA portfolio by unit volume. Premised on apartment long term and contemporary transaction levels within East Antrim the pipeline of apartment stock with the NAMA portfolio constitutes 8–9 years of supply – a figure that has been based on resale transactions as well as new build.

Table 24
East Antrim
Property Pipeline
(Units)

East Antrim	NAMA Portfolio						All Banks
	Det	Semi	Town	Apt	UnC	Total	Total
BT36	144	54	34	154	0	386	605
BT37	101	53	31	466	0	651	685
BT38	35	2	43	125	0	205	306
BT39	39	20	56	119	122	356	2388
BT40	14	14	0	42	0	70	418
Total	333	143	164	906	122	1668	4402

The total existing stock for the East Antrim sub-market is estimated at 64,163 dwellings or 9.3% of total Northern Ireland housing stock. This market area has a high proportion of private built stock (72.8%) with a low quantity of public built housing (27.2%). Demand for social housing within the sub-market is relatively conservative as according to the NIHE the unmet need statistics indicate that 437 dwellings are currently required – this would equate to a 2.5% increase in public built housing provision.

In terms of market saturation, the total new build pipeline stock from across all contributing banks equates to 2.59% of existing stock. This existing market stock is primarily composed of detached housing stock (21,172 units) of which NAMA's future pipeline supply equates to 1.57% (Table 25). The apartment sector which comprises 7.7% (4,921) of the existing stock exhibits a disproportionately high ratio of pipeline stock with the existing NAMA portfolio 9 if built out constituting an expansion in apartment provision of 18.4%.

Table 25
Pipeline Stock
relative to Existing Stock
in East Antrim

Property Type	Existing Stock (Units)	Type as % of total stock	NAMA Stock (Units)	NAMA Pipeline as % of existing stock
Apartment	4921	7.7	906	18.4%
Detached	21,172	33.8	333	1.57%
Semi-detached	18,037	28.1	143	0.7%
Terrace	19,396	30.3	164	0.8%
Total	64,163	100	1668	2.59%

ANTRIM AND BALLYMENA

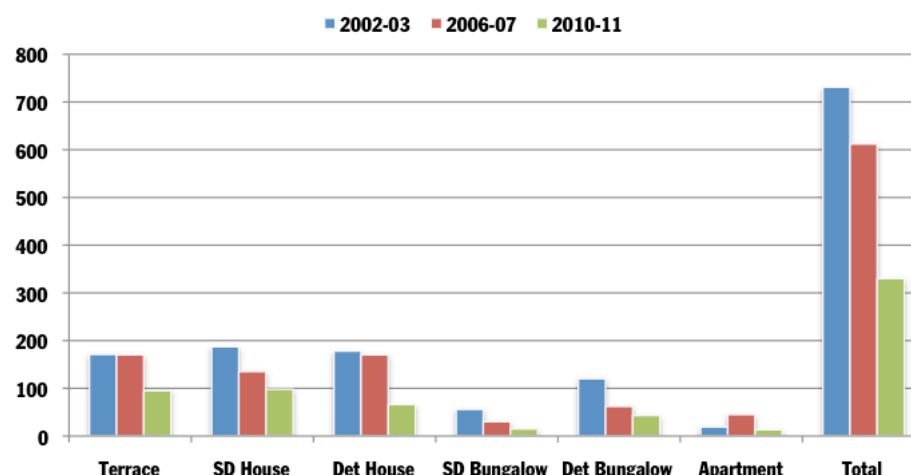
The Antrim and Ballymena area for the purpose of this research comprises the postcode areas BT41–BT44 inclusive. Total residential development landholdings across the contributing banks within Antrim and Ballymena constituted 668.9 acres (Table 26) of which 381.9 acres (57%) is currently unzoned. The NAMA portfolio in Antrim and Ballymena is comparatively modest and comprises 86.8 acres or 13% of land holdings held by the participating banks. Pertinently, 66.2 acres (76.2%) of the NAMA portfolio is concentrated within BT41 (Antrim). Moreover, 92% of the NAMA portfolio within the Antrim and Ballymena areas has detailed planning consent.

Table 26
Antrim and Ballymena
Residential Development
Landholdings

Antrim-Ballymena	NAMA Portfolio					All Banks
	DetPlan	OLine	Zoned	Unzoned	Total	Total
BT41	65.2	0.0	1.0	0.0	66.2	374.6
BT42	2.0	0.0	5.6	0.0	7.6	73.4
BT43	3.2	0.0	0.7	0.0	3.9	38.2
BT44	9.1	0.0	0.0	0.0	9.1	182.7
Total	79.5	0.0	7.3	0.0	86.8	668.9

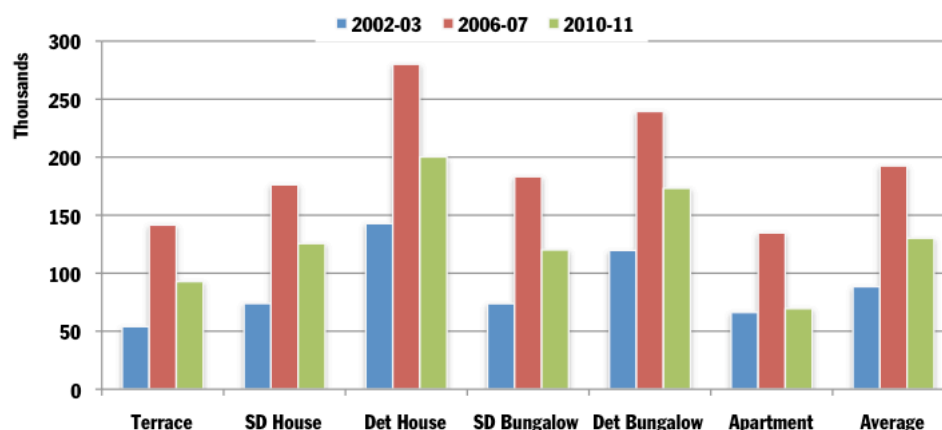
At the All property level transactions levels in 2010–11 within Antrim and Ballymena (n330) were 46% down on the peak of the market in 2006–07 (*Figure 25*). The most marked decline in transaction levels within the Antrim and Ballymena areas was in the detached properties (–61%) between 2006–07 and 2010–11. A further important feature of the property market within the Antrim and Ballymena is the comparative absence of an apartment market. Apartments equated to 7.4% of all of all market transactions at the height of the market in 2006–07 (n45) and have diminished to just 3.9% of market share over the period 2010–11 (n13).

Figure 25
Antrim and Ballymena
Housing Transaction
Volumes (Units)



The average house price within the Antrim and Ballymena areas in the period 2010–11 was £130,229 (*Figure 26*). House prices in Antrim and Ballymena have exhibited a decline of 32.3% at the all property level between 2006–07 and 2010–11. The apartment sector has experienced a price decline of circa 48% between 2006–07 and 2010–11 although this should be contextualised within the confines a small sample set in 2010–11 (n13).

Figure 26
Antrim and Ballymena
House Price Trends



The total property pipeline within Antrim and Ballymena (premised on existing planning permissions) constitutes 2,584 units (*Table 27*). The NAMA portfolio equates to 1,432 units (55.4%) of the pipeline stock within Antrim and Ballymena. Significantly, given the apartment market dynamic within Antrim and Ballymena the current NAMA development pipeline includes 298 apartments equating to 20.8% of the NAMA portfolio by unit volume. It is noteworthy given the extent of the apartment pipeline within Antrim and Ballymena that a further 509 units within the NAMA portfolio are awaiting categorisation by property type.

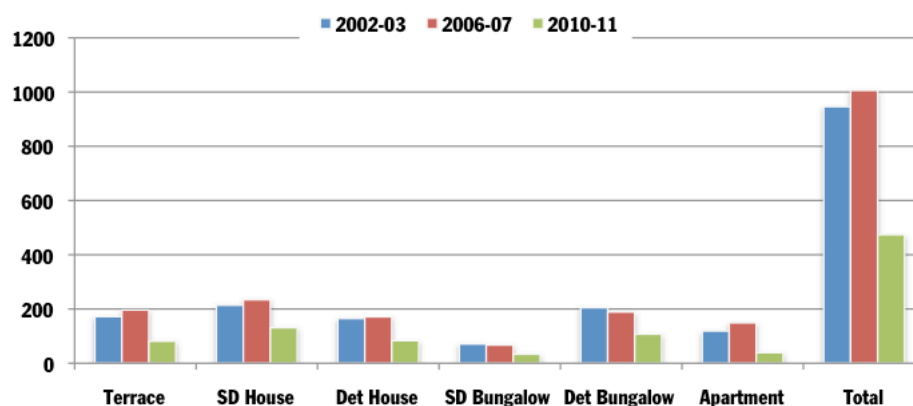
Table 27
**Antrim and Ballymena
Property Pipeline
(Units)**

Antrim-Ballymena	NAMA Portfolio						All Banks
	Det	Semi	Town	Apt	UnC	Total	Total
BT41	62	21	147	77	509	816	1456
BT42	22	54	30	61	0	167	399
BT43	7	34	13	84	0	138	288
BT44	36	78	121	76	0	311	441
Total	127	187	311	298	509	1432	2584

COLERAINE – LIMAVADY – NORTH COAST

The geographic area comprising the housing sub-market of Coleraine–Limavady–North Coast includes the postcode areas BT49 and BT51–BT57 inclusive. At the All property level transactions volumes in 2010–11 within Coleraine–Limavady–North Coast (n474) were 52.8% down on the peak of the market in 2006–07 (*Figure 27*). Analysis of transaction levels by property type indicates that the decline in transaction volumes within the market overall has been comparatively uniform. The notable exception to this has been the apartment sector with transaction volumes declining 52.8% between 2006–07 and 2010–11. Nonetheless this needs some element of contextualisation given the ‘spike’ in apartment sales at the height of the market. In 2006–07 apartment sales constituted 14.8% of all property transactions within the Coleraine–Limavady–North Coast sub-market. At the end of 2010–11 the apartment sector comprised 8.2% of completed transactions.

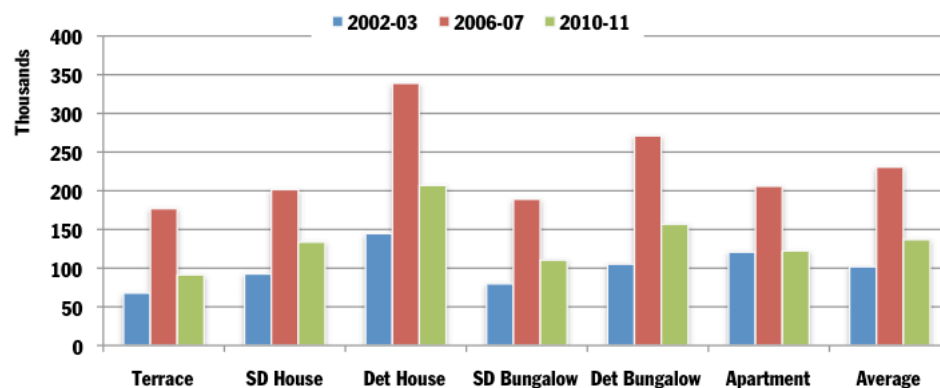
Figure 27
**Coleraine – Limavady
– North Coast
Housing Transaction
Volumes (Units)**



The average house price within the Coleraine–Limavady–North Coast sub-market in the period 2010–11 was £136,860 (*Figure 28*). House prices in Coleraine–Limavady–North Coast have exhibited a decline of 40.6% at the all property level

between 2006–07 and 2010–11. Price falls have been comparatively uniform across property types with Terrace/Town houses being the most adversely effected with an average price decline of 48.4% between 2006–07 and 2010–11.

Figure 28
Coleraine – Limavady
– North Coast
House Price Trends



Total residential development landholdings across the contributing banks within the Coleraine–Limavady–North Coast area constitutes 964.1 acres or 8.3% of total residential development land held by the contributing banks across Northern Ireland (Table 23). Pertinently, 545 acres (56.6%) of the land holdings within this housing sub-market are currently unzoned. At the aggregate level circa 12% of unzoned landholdings held by the contributing banks across Northern Ireland is situated within the Coleraine–Limavady–North Coast area.

The NAMA portfolio in Coleraine–Limavady–North Coast is comparatively modest at 65.3 acres or 6.2% of the NAMA residential land development portfolio within Northern Ireland. The NAMA portfolio constitutes 6.7% of all land holdings held by the contributing banks within the Coleraine–Limavady–North Coast sub-market and includes 36.5 acres with detailed planning consent, 23.3 acres with outline planning consent which in the collective constitute 91.5% of the NAMA portfolio in the area. The density of NAMA landholdings is greatest within BT55 (Portstewart) with circa 16.4 acres of development land with planning permission. Pertinently the NAMA portfolio constitutes less than 13% of all landholdings held by the contributing banks within the Portstewart area although it is important to recognise that 83 acres of the land held by the contributing institutions within the Portstewart area is currently unzoned. Also noteworthy in the confines of the NAMA land portfolio within this housing sub-market is the extent of land availability within BT51 (Coleraine/Garvagh). NAMA land holdings within BT51 equate to 7.9 acres of land with detailed planning consent. The NAMA portfolio in BT51 constitutes a mere 2.6% of the land held across the contributing banks, as such total landholdings of the contributing banks within BT51 constitutes 302 acres; 218 acres (72%) of which is currently unzoned. In addition to the NAMA portfolio a further 58.5 acres of land within BT51 has planning consent.

Table 28
Coleraine – Limavady
– North Coast
Residential Development
Landholdings

Coleraine– Limavady– N.Coast	NAMA Portfolio					All Banks
	DetPlan	OLine	Zoned	Unzoned	Total	Total
BT49	0.0	0.0	0.0	0.0	0.0	96.2
BT51	7.9	0.0	0.0	0.0	7.9	302.1
BT52	6.7	3.8	2.5	0.0	13.0	45.8
BT53	4.4	6.5	0.0	0.0	10.9	256.8
BT54	12.4	0.0	0.0	0.0	12.4	63.6
BT55	3.4	13.0	0.0	0.0	16.4	128.4
BT56	1.3	0.0	0.0	0.0	1.3	22.0
BT57	0.5	0.0	0.0	3.0	3.5	49.2
Total	36.5	23.3	2.5	3.0	65.3	964.1

The total property pipeline within Coleraine–Limavady–North Coast (premised on existing planning permissions) constitutes 3,074 units (Table 31). The NAMA portfolio equates to 1,551 units (50.5%) of the pipeline stock. The NAMA development pipeline includes 524 apartments which equates to 33.7 % of the NAMA portfolio by unit volume. Figures compiled for the UUHPI⁹ over the time series 2002/3, 2006/7 and 2010/11 inclusive infer annual demand levels of circa 65-70 units per annum within the apartment sector within this submarket. As such the apartment stock pipeline (premised on existing planning consent) would constitute more than 7 years of supply but in reality the development timeframe is likely to be much greater given that the demand side projections included both resale as well as new build apartment stock. Furthermore, the apartment pipeline is likely to be somewhat under represented within these figures with a total of 930 pipeline units within this sub-market awaiting classification by property type.

Table 29
Coleraine – Limavady
– North Coast
Pipeline (Units)

Coleraine– Limavady– N.Coast	NAMA Portfolio						All Banks
	Det	Semi	Town	Apt	UnC	Total	Total
BT49	12	0	0	0	0	12	392
BT51	124	70	93	78	0	365	466
BT52	123	10	185	218	28	564	634
BT53	0	17	26	137	89	269	769
BT54	91	12	0	0	68	171	193
BT55	3	0	8	49	2	62	401
BT56	0	14	46	36	0	96	133
BT57	0	0	6	6	0	12	86
Total	353	123	364	524	187	1551	3074

Rating figures compiled by LPS calculate total housing stock within the Coleraine/ Limavady and North Coast areas to constitute 49,549 units with a capital value of circa £5.8bn. Development of the existing property pipeline premised on the landholdings of the contributing banks would result in the housing footprint within this sub-market increasing by circa 6.2%. Evaluation of population demographics within this submarket offer some scope for innovation in terms of bringing forward development opportunities: but it is probable that existing planning consents will

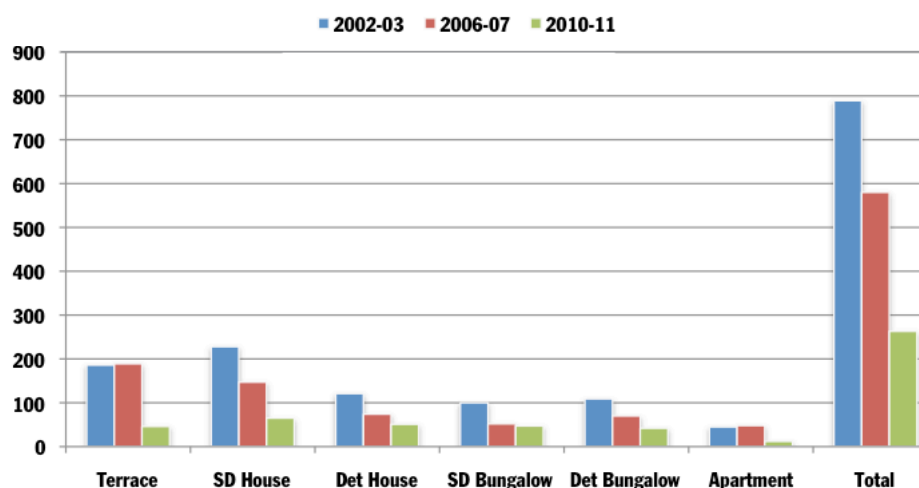
⁹ Premised on 2010/11 LPS figures which covers all transactions the UUHPI constitutes circa 30% of market activity at the Northern Ireland level. Comparison between the LPS and UUHPI cannot be fully contextualized at sub-market level given the disparity in geographic composition nonetheless it does offer some degree of insight to the demand-supply framework within sub-markets.

require an element of reconfiguration (although the full extent of any configuration will only become clear with a comprehensive taxonomy of the existing property pipeline. It is important to recognise the potential role to be played by the social housing sector within this sub-market. Social housing activity levels have never achieved the projected levels of output required. Figures compiled by NIHE for their Unmet Need Prospectus highlight demand for a further 473 units within the Limavady/Coleraine/North Coast area which has the capacity to absorb some of the pipeline supply. NINIS data confirms for the financial year 2009/10 highlights that no housing association stock commencements took place within the Limavady Borough Council area with a mere 43 units commencing in Coleraine over the same timeframe (NINIS, 2010).

L' DERRY AND STRABANE

The geographic area comprising the housing sub-market of L'Derry and Strabane includes the postcode areas BT47, BT48 and BT82. At the All property level transactions volumes in 2010–11 within L'Derry and Strabane (n263) were 54.6% down on the peak of the market in 2006–07 (*Figure 29*). Analysis of transaction levels by property type indicates that the decline in transaction volumes has been most pronounced within the town/terrace house sector. In 2006–07 town/terrace sales constituted 32.6% (n189) of all property transactions within the L'Derry and Strabane sub-market. At the end of 2010–11 town/terrace houses comprised 17.5% (n46) of all completed transactions. A further noteworthy feature of the market in L'Derry and Strabane is the comparative immaturity of the apartment market. In 2006-07 apartment sales constituted 8.3% (n48) of all property transactions within the L'Derry and Strabane sub-market. At the end of 2010–11 the apartment sector comprised 4.6% (n12) of all completed transactions.

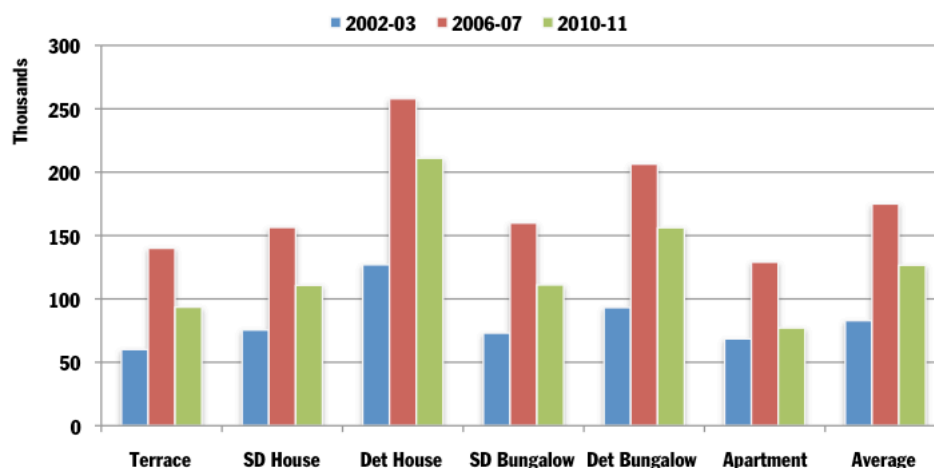
Figure 29
L'Derry and Strabane
Housing Transaction
Volumes (Units)



The average house price within the L'Derry and Strabane sub-market in the period 2010–11 was £126,651 (*Figure 30*). House prices in L'Derry and Strabane have exhibited a decline of 27.6% at the all property level between 2006–07 and 2010–11. It is noteworthy that the higher end of the market (detached houses) within L'Derry and Strabane has shown greater resilience to price decline. In the

period 2006–07 to 2010–2011 the average price of a detached property fell 18.1%, by contrast the terrace/town house and apartment sectors exhibited decline of 33.1% and 40.2% respectively.

Figure 30
L'Derry and Strabane
House Price Trends



Residential development landholdings within L'Derry and Strabane constituted 1,078.3 acres which equates to 9.3% of the total residential development landholdings held by the contributing banks across Northern Ireland. Within the confines of the residential development land portfolios of the contributing banks it is noteworthy that 279.2 acres of the land is currently unzoned. This constitutes circa 26% of the landholdings within this sub-market and 6.2% of all unzoned landholdings held by the contributing banks across Northern Ireland. Pertinently, circa 365 acres of the landholdings held by the contributing banks within the L'Derry/Strabane housing sub-market has planning consent.

The NAMA portfolio in L'Derry and Strabane comprises 154 acres or 14.3% of land holdings held by the contributing banks within this housing sub-market (Table 30). The NAMA portfolio includes 23.7 acres of unzoned land, this equates to 15.3% of the NAMA portfolio and 8.4% of the total unzoned land within this sub-market. The deepest concentration of unzoned land (15 acres) within the NAMA portfolio is within BT82 (Strabane). It is also noteworthy that more than 52% (80.8 acres) of the NAMA landholdings within this sub-market has received planning consent.

Table 30
L'Derry and Strabane
Residential Development
Landholdings

	NAMA Portfolio					All Contributing Banks				
	Detail	OLine	Zoned	Un-zoned	Total	Plan-ning	Zoned	Un-zoned	Unclassified	Total
BT47	50.5	21.6	5.8	8.7	86.6	179.5	50.3	164.2	9.4	403.4
BT48	2.3	0	44.0	0	46.3	38.3	320.7	0	2.3	361.3
BT82	0	6.4	0	15	21.4	147.2	32.9	115.0	18.5	313.5
Total	52.8	28.0	49.8	23.7	154.3	364.9	403.9	279.2	30.2	1078.3

* Postcode Index – BT47 (L'Derry/Waterside), BT48 (City Side), BT82 (Strabane).

Rating figures compiled by Land and Property Services (LPS) highlight that the residential property footprint within the L'derry/Strabane housing sub-market comprises 53,809 units with a capital value of circa £5.3bn. The property pipeline within L'Derry and Strabane (premised on existing planning permissions) consti-

tutes 4,136 units (*Table 31*). If fully built out the development pipeline will expand the residential footprint within this housing submarket by 7.7%. The NAMA portfolio constitutes 1,125 units (27.2%) of the pipeline stock within the L'Derry/Strabane area.

Table 31
**L'Derry and Strabane
Pipeline (Units)**

L'Derry & Strabane	NAMA Portfolio						All Banks
	Det	Semi	Town	Apt	UnC	Total	Total
BT47	192	131	107	367	152	949	1911
BT48	0	0	0	42	0	42	1258
BT82	74	7	0	53	0	134	967
Total	266	138	107	462	152	1125	4136

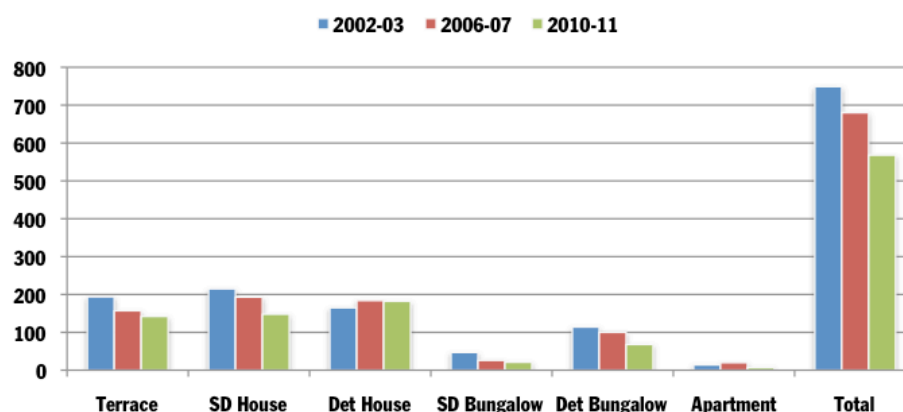
The immaturity of the apartment market within the L'Derry and Strabane area is significant given the unit composition of the development pipeline within the NAMA portfolio which includes 462 apartments equating to 41.1 % of the NAMA portfolio by unit volume. Premised on UUHPI figures compiled over the periods 2002/3, 2006/7 and 2010/11 inclusive the average volume of apartment transactions per annum is circa 18 units. Even when taking into account that the UUHPI constitutes circa 30% of all market transactions completed in Northern Ireland the imbalance in pipeline stock is obvious with significant oversupply of apartment stock relative to demand based indicators and long term market trends. Opportunities do present themselves however in terms of social housing provision within the L'Derry and Strabane. Figures compiled for the Northern Ireland Housing Executive (NIHE) Unmet Housing Need Prospectus suggest a requirement for 861 social housing units within the L'Derry and Strabane areas. Within the confines of social housing provision it is noteworthy that in the financial year 2009/2010 no additional social housing provision commenced within the Strabane Local Government District (LGD). This is in stark contrast to the Derry LGD where 182 social housing units commenced in the financial year 2010/11. It is clear that considerable momentum has been generated in the social housing sector within the Derry LGD – social housing stock constituted 61% of all residential property commencements in 2009/10. However, given that Derry city is the largest conurbation outside of Belfast residential development levels remain subdued. Opportunities do exist in the market and there is a requirement for a better balance in property tenure options particularly enhanced affordable housing provision in tandem with more innovative models to facilitate access to the housing market for FTBs and key workers in the area.

MID-ULSTER

The geographic area comprising the housing sub-market of Mid-Ulster includes the postcode areas BT45–BT46, BT68–BT71 inclusive and BT78–BT81 inclusive. At the All property level it is noteworthy that transaction levels within Mid-Ulster have remained relatively robust post market correction. Transactions levels in 2010–11 within Mid-Ulster (n568) were 16.4% down on the 2006–07 figures. Pertinently, transaction levels within Mid-Ulster over the 2yr period 2002–03 were 24% greater (n749) than the peak of the market in price terms in 2006–07. The

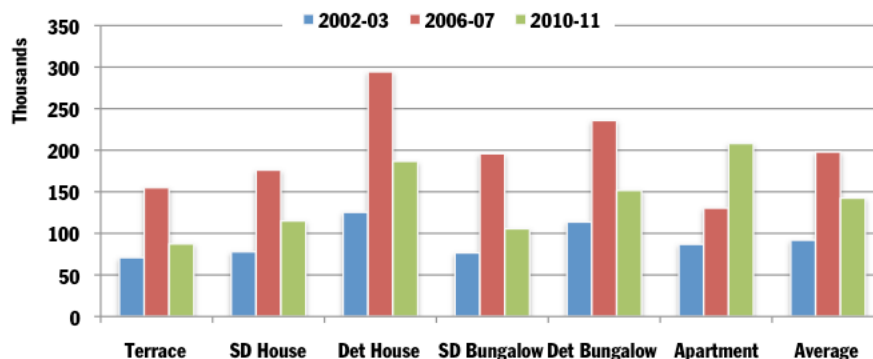
growth in detached properties as a percentage of market share over the time series analysed is a key feature of transaction trends (*Figure 31*). In 2002–03 detached properties constituted 22% of all market transactions this has increased linearly to 27.1% in 2006–07 and 32% in 2010–11.

Figure 31
Mid-Ulster Housing
Transaction Volumes
(Units)



The average house price within the Mid-Ulster sub-market in the period 2010–11 was £142,394 (*Figure 32*). The market in Mid-Ulster shows uniformity in price reduction across all property types.

Figure 32
Mid-Ulster
House Price Trends



Total residential development landholdings across the contributing banks within Mid-Ulster constitutes 1748.2 acres (*Table 32*) which equates to 15% of the residential development land portfolio across Northern Ireland. It is noteworthy given the extensive land availability within the Mid-Ulster area that 498.9 acres (28.5%) of the land held by the contributing banks is currently unzoned. Indeed, the unzoned landholdings within the Mid-Ulster area constitute 11% of all unzoned land held by the contributing banks across Northern Ireland. The caveat to the Mid-Ulster land holdings is that 284.8 acres of the land held by the contributing banks remains to be classified by planning status, this equates to 16.3% of the total residential development land holdings.

The NAMA portfolio in Mid-Ulster comprises 285.5 acres or 16.3% of land holdings held by the contributing banks within the area. The NAMA portfolio in Mid-Ulster includes 11.1 acres of unzoned land this equates to 3.9% of the NAMA portfolio and 2.2% of the total unzoned land in the area. The NAMA portfolio is most concentrated within the Dungannon area comprising postcodes BT70 and BT71.

Indeed these two postcode areas constitute almost 50% of the NAMA residential land development portfolio within Mid-Ulster. It should be highlighted however that the NAMA landholdings within the Dungannon area and surrounding hinterlands form only 17% of the total land availability across the contributing banks – albeit over 300 acres of the landholdings are currently unzoned with a further 127 acres awaiting planning status classification.

Table 32
Mid-Ulster
Residential Development
Landholdings

	NAMA					All Contributing Institutions				
	Detail	Oline	Zoned	Un-zoned	Total	Plan-ning	Zoned	Un-zoned	Unclassified	Total
BT45	26.2	0	14.1	3.5	43.8	89.6	15.9	43.0	10.4	158.9
BT46	0	0	0	0	0	0	75.1	0	8.5	83.6
BT68	0	0	0	0	0	0	0	18	5.1	23.1
BT69	0	2.4	0	0	2.4	45.9	0	0	2.3	48.3
BT70	0	19.2	42.4	0	61.6	49.5	49.8	198.7	11.1	309.0
BT71	14.2	6.5	57.7	0	78.5	152.7	125.9	104.6	116.2	499.4
BT78	14.2	0	9.4	0	23.6	55.9	21.4	20.2	15.9	113.3
BT79	9.3	9.4	2	0	20.7	81.4	57.5	37.0	82.2	258.1
BT80	13.9	0	13.1	7.64	34.6	55.8	41.3	17.6	26.4	141.1
BT81	20.4	0	0	0	20.4	38.4	8.4	59.9	6.8	113.4
Total	98.2	37.5	138.7	11.1	285.5	569.1	395.4	498.9	284.8	1748.2

Figures compiled by Land and Property Services confirm that for rating purposes the existing residential property footprint within the Mid-Ulster housing sub-market constitutes 68,214 units with a total capital value of circa £7.5bn. The total property pipeline within Mid-Ulster (premised on existing planning permissions) constitutes 5,698 units (*Table 33*). If fully built out the existing development pipeline will extent housing provision within the Mid-Ulster area by 8.4%. The NAMA portfolio comprises 2,443 units or 42.9% of all pipeline stock held by the contributing banks within the Mid-Ulster area. The NAMA portfolio comprises a diverse range of property types but as in many other sub-markets perhaps of greatest concern is the extent of exposure to the apartment sector. Premised on UU House Price Index housing transactions for the periods 2002–03, 2006–07 and 2010–11 inclusive it is apparent that Mid-Ulster does not have an expansive apartment market, therefore the NAMA poerfolio will require planning reconfiguration by property type. It is also noteworthy that presently 595 units within the NAMA pipeline portfolio in Mid-Ulster have yet to be classified by property type which could either mitigate or compound exposure to the apartment sector.

Table 33
Mid-Ulster
Property Pipeline
(Units)

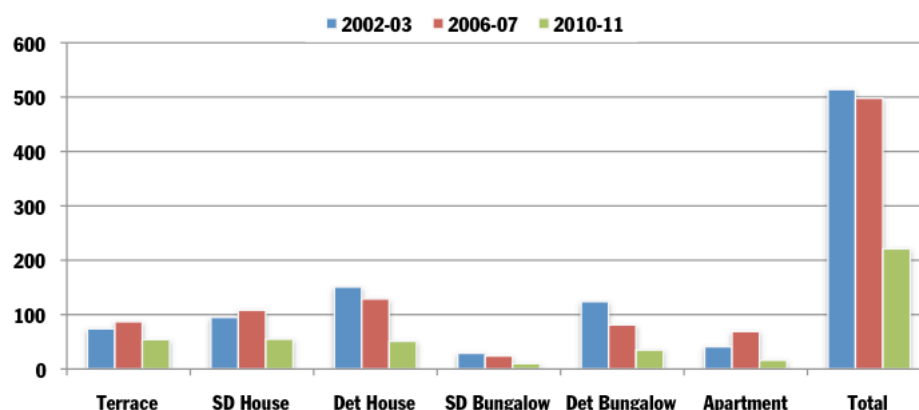
Mid-Ulster	NAMA Portfolio						All Banks
	Det	Semi	Town	Apt	UnC	Total	Total
BT45	17	65	82	29	130	323	955
BT46	0	0	0	0	0	0	0
BT68	0	0	0	0	0	0	0
BT69	3	0	31	0	30	64	120
BT70	99	18	0	100	177	394	515
BT71	217	64	114	68	79	542	1459
BT78	68	58	29	123	0	278	339
BT79	177	56	101	73	106	513	1345
BT80	27	64	51	15	0	157	716
BT81	6	50	43	0	73	172	249
Total	614	375	451	408	595	2443	5698

The requirement for social housing provision within the Mid-Ulster area is comparatively less intense than in other housing sub-markets. The NIHE Unmet Housing Need prospectus identifies need for a further 188 units within the Mid-Ulster area. Within this framework it is noteworthy that 97 residential commencements within the Dungannon Local Government District (LGD) in the financial year 2009/10 were attributable to housing associations. This constituted 20% of all residential development activity within the LGD. Housing Association activity within the Cookstown and Magherafelt LGDs is much less pronounced with a total of 11 housing association units commencing in the financial year 2009/10.

ENNISKILLEN-FERMANAGH

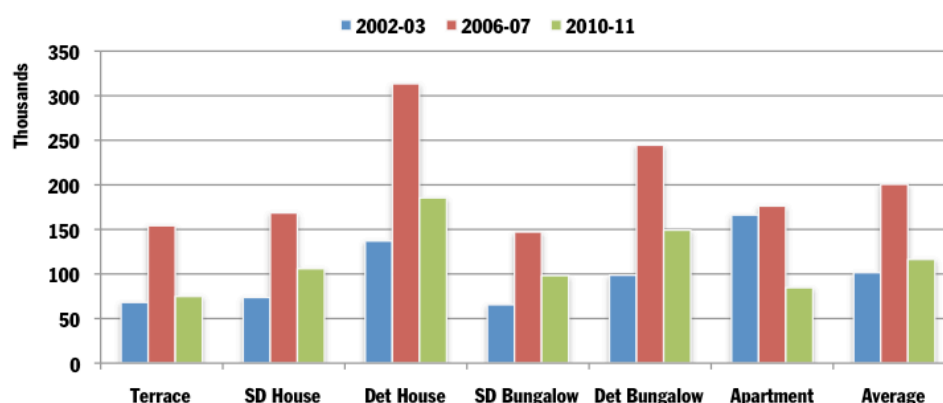
The geographic area defined as the housing sub-market of Enniskillen–Fermanagh comprises the postcode areas BT74–BT77 inclusive and BT92–BT94 inclusive. At the 'All Property' level it is noteworthy that transaction levels within Enniskillen–Fermanagh have remained relatively robust post market correction. Transactions levels in 2010–11 within Enniskillen–Fermanagh (n221) were 55% down on the 2006-07 figures (n498). In the Enniskillen–Fermanagh it is noteworthy that apartment sales at the height of the market had grown to constitute 13.9% (n69) of all housing transactions but post market correction the apartment market has been decimated within only 16 transactions completing in 2010–11. The scale of the drop off in transaction activity within Enniskillen–Fermanagh is perhaps best encapsulated by the fact that the 16 apartment transactions still served to constitute 7.2% of activity by unit volume (*Figure 33*).

Figure 33
Enniskillen-Fermanagh
Housing Transaction
Volumes (Units)



The average house price within the Enniskillen–Fermanagh sub-market in the period 2010-11 was £116,392 (*Figure 34*). The market in Enniskillen–Fermanagh has exhibited the most pronounced decline in price of all the Northern Ireland sub-markets. Between 2006–07 and 2010–11 the average house price in Enniskillen–Fermanagh fell by circa 42%. The decline has been most acute within the terrace/townhouse and apartment sectors with price falls of 51.5% and 52% respectively.

Figure 34
Enniskillen-Fermanagh
House Price Trends



Total residential development landholdings across the contributing banks within Enniskillen–Fermanagh constitutes 1397.9 acres (Table 34) of which 738.8 acres (52.8%) is currently unzoned. The NAMA portfolio in Enniskillen–Fermanagh comprises 173.3 acres or 12.4% of land holdings held by the contributing banks. It is pertinent given the extent of unzoned landholdings within the Enniskillen–Fermanagh area that the NAMA portfolio does not include any unzoned land holdings. Indeed 60% (104 acres) of the NAMA portfolio has detailed planning consent although again this must be contextualised given the extent of land availability relative to underpinning demand based indicators.

Table 34
Enniskillen-Fermanagh
Residential Development
Landholdings

Enniskillen/ Fermanagh	NAMA Portfolio					All Banks
	DetPlan	OLine	Zoned	Unzoned	Total	Total
BT74	22.4	0.5	0.0	0.0	22.9	165.3
BT75	1.0	0.6	2.7	0.0	4.3	171.5
BT76	0.0	0.0	0.0	0.0	0.0	33.0
BT77	0.0	0.0	4.5	0.0	4.5	5.5
BT92	21.1	0.0	0.0	0.0	21.1	256.7
BT93	35.8	23.0	0.0	0.0	58.8	248.6
BT94	24.3	10.7	26.7	0.0	61.6	517.3
Total	104.7	34.8	33.9	0.0	173.3	1397.9

Rating figures compiled by Land and Property Services infer that the existing residential footprint within the Enniskillen–Fermanagh submarket constitutes 25,869 units with a capital value of circa £2.8bn. The total property pipeline within Enniskillen–Fermanagh (premised on existing planning permissions) constitutes 2,605 units (Table 35). If fully developed the pipeline stock would constitute an expansion in the total residential offer of in the region on 10% – a finding which is at odds with the most recent demographic profiling of the area. The NAMA portfolio equates to 1,038 units (39.9%) of the pipeline stock. The NAMA portfolio has a diverse range of property types in the development pipeline within the Enniskillen–Fermanagh area. Ordinarily such diversification would be advantageous however in light of the wholesale drop in price across all property types within the Enniskillen–Fermanagh this does not really serve to enhance the portfolios resilience. Perhaps of greatest concern is the extent of exposure to the apartment sector with no under pinning demand based fundamentals to support the required expansion in apartment style living within this submarket. Moreover, unlike other housing sub-markets across Northern Ireland the Enniskillen/Fermanagh area does not

offer the same scope for an expansion in social housing provision with the NIHE Housing Need Prospectus identifying need for 74 units at present. Pertinently, housing association commencements in the area in the financial year 2009/10 amounted to 67 units. Also noteworthy is that commencements in the private sector within the Enniskillen/Fermanagh (n711) were the highest of any LGD in the financial year 2009/10 (NINIS, 2010).

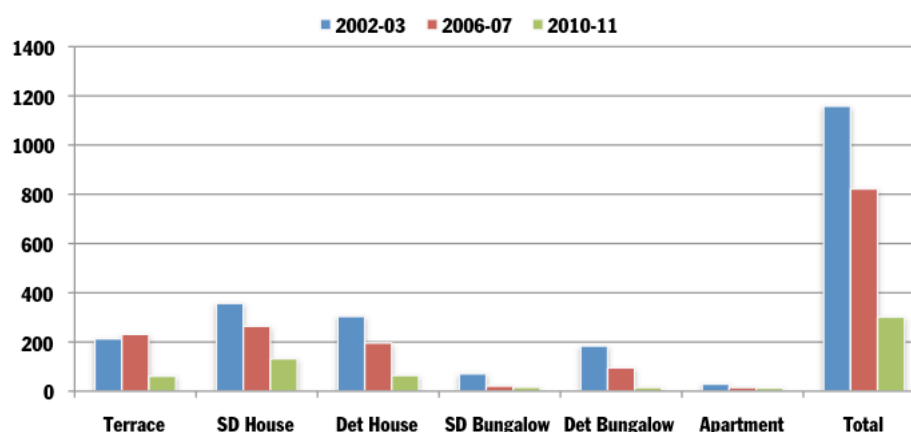
Table 35
Enniskillen-Fermanagh
Property Pipeline
(Units)

Enniskillen/ Fermanagh	NAMA Portfolio						All Banks
	Det	Semi	Town	Apt	UnC	Total	Total Units
BT74	16	12	1	34	113	176	644
BT75	0	0	0	0	0	0	0
BT76	4	0	0	0	0	4	4
BT77	0	0	0	0	0	0	10
BT92	19	112	25	56	30	242	410
BT93	80	84	55	21	55	295	371
BT94	160	10	76	0	75	321	1166
Total	279	218	157	111	273	1038	2605

CRAIGAVON AND ARMAGH

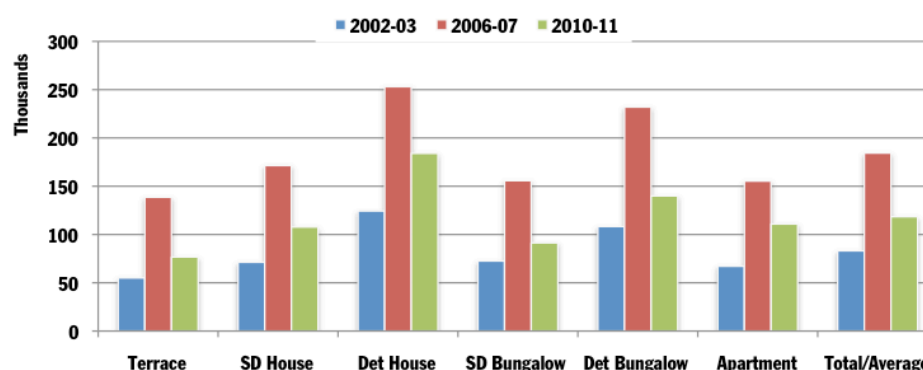
The geographic area defined as the housing sub-market of Craigavon and Armagh comprises the postcode areas BT60–BT67 inclusive. Transactions levels in 2010–11 within Craigavon and Armagh (n301) were 63.3% down on the 2006–07 figures (n822). In terms of both transaction volumes and price the detached bungalow sector has imploded post-market correction. At the height of the market the detached bungalow sector constituted 11.6% of all market transactions with an average price of £231,942, in the period 2010–11 the detached bungalow sector constituted 5% with the average price falling to £139,933 a decline of 39.7% (Figure 35).

Figure 35
Craigavon and Armagh
Housing Transaction
Volumes (Units)



The greatest decline in prices was within the town/terrace house sector. In the period between 2006-07 and 2010-11 the average price of a terrace/town house within Craigavon and Armagh fell 44.7% from £138,619 to £76,639. Premised on 2010–11 date the average house price within the Craigavon and Armagh sub-market in the period 2010–11 was £118,427 (Figure 36).

Figure 36
Craigavon and Armagh
Housing Price Trends



Total residential development landholdings across the contributing banks within Craigavon and Armagh constitute 1,150.5 acres (*Table 36*) of which 490.2 acres (42.6%) are currently unzoned. The NAMA portfolio in Craigavon and Armagh comprises 226.2 acres or 19.7% of land holdings held by the contributing banks. The NAMA portfolio within Craigavon and Armagh includes 30.6 acres of unzoned land this constitutes 13.5% of the NAMA portfolio and 6.2% of all unzoned land with the Craigavon and Armagh sub-market.

Table 36
Craigavon and Armagh
Residential Development
Landholdings

Craigavon/ Armagh	NAMA Portfolio					All Banks
	DetPlan	OLine	Zoned	Unzoned	Total	Total
BT60	31.4	0.8	0.0	0.0	32.1	373.4
BT61	2.6	0.0	4.2	0.0	6.7	135.9
BT62	17.6	4.5	68.0	0.0	90.1	185.9
BT63	9.4	0.0	0.4	0.0	9.8	65.7
BT64	0.0	0.0	0.0	0.0	0.0	37.0
BT65	0.0	0.0	0.0	16.7	16.7	41.5
BT66	19.3	0.0	1.4	8.9	29.6	202.6
BT67	34.2	1.0	1.1	5.0	41.3	108.7
Total	114.4	6.3	75.0	30.6	226.2	1150.5

The total property pipeline within Craigavon and Armagh (premised on existing planning permissions) constitutes 4,290 units (*Table 37*). Premised on rating data compiled by Land and Property Services (LPS) the existing residential property footprint within this submarket constitutes 61,172 units with a capital value of circa £6.4bn. If fully developed the existing pipeline would culminate in an increase in housing stock of circa 7%.

Table 37
Craigavon and Armagh
Property Pipeline
(Units)

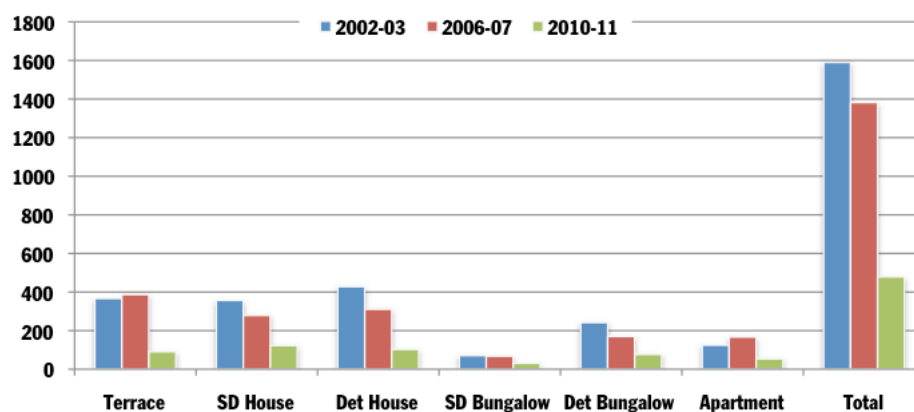
Craigavon and Armagh	NAMA Portfolio						All Banks
	Det	Semi	Town	Apt	UnC	NAMA Total	Total Units
BT60	32	176	31	80	0	319	962
BT61	14	30	0	0	14	58	408
BT62	10	112	125	84	0	331	680
BT63	0	6	0	37	18	61	433
BT64	0	0	0	0	0	0	0
BT65	0	0	0	0	0	0	191
BT66	29	69	100	63	15	276	859
BT67	31	48	163	228	0	470	757
Total	116	441	419	492	47	1515	4290

The NAMA portfolio equates to 1,515 units (35.3%) of the pipeline stock. The NAMA portfolio has a diverse range of property types in the development pipeline within the Craigavon and Armagh area. Like many other sub-markets within Northern Ireland the volume of apartment stock in the property pipeline within Craigavon and Armagh is a source of consternation. The NAMA development pipeline within Craigavon and Armagh currently comprises 492 apartment units, this in all probability will need reconfigured to lower density property type configurations. Premised on UU House Price Index sales data total apartment transactions within the Craigavon and Armagh areas in the periods 2002–03, 2006–07 and 2010–11 comprised 57 units. This would infer a clear mis-alignment between demand based market dynamics and the current supply side planning configuration within the Craigavon and Armagh areas.

MID AND SOUTH DOWN

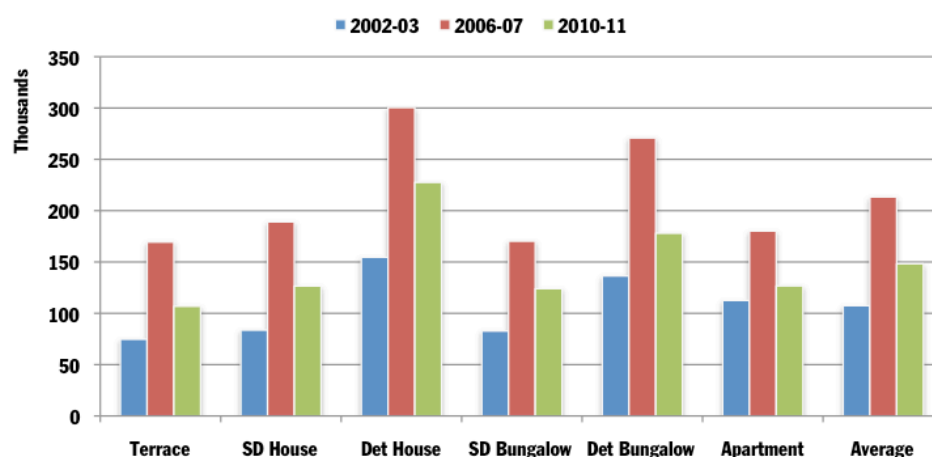
The geographic area defined as the housing sub-market of Mid and South Down comprises the postcode areas BT24–BT25 inclusive and BT30–B35 inclusive. Transaction levels in 2010–11 within Mid and South Down (n479) were 65.3% down on the 2006–07 figures (n1382). The decline in transaction levels has been proportionate across all property types although town/terrace property types have been most adversely effected exhibiting a decline of 76% by transaction volume between 2006–07 and 2010–11 (*Figure 37*).

Figure 37
Mid and South Down
Housing Transaction
Volumes (Units)



The average house price within the Mid and South Down sub-market in the period 2010–11 was £148,288 (*Figure 38*). House prices in Mid and South Down have exhibited a decline of 30.5% at the all property level between 2006–07 and 2010–11. Price falls have been comparatively uniform across property types ranging from ranging from 36.9% in the town/terrace sector to 24.2% in the detached housing sector.

Figure 38
Mid and South Down
House Price Trends



Total residential development landholdings across the contributing banks within Mid and South Down constitutes 1,513.5 acres (*Table 38*) which equates to circa 13% of all residential development landholdings held by the contributing banks across Northern Ireland. Noteworthy in terms of the landholdings within Mid and South Down is the concentration of land within BT30 (Downpatrick) which constitutes almost 25% of the total landholdings within and Mid and South Down housing submarket. A further pertinent issue in the confines of the land availability within BT30 is that 238 acres (64%) of the land is currently unzoned. Indeed the contributing banks have a high concentration of unzoned land within the Mid and South Down area. At the submarket level unzoned land equates to 662.6 acres or 43.7% of all landholdings held by the contributing banks in the area. Moreover, the Mid and South Down submarket constitutes 14.6% of all unzoned landholdings across Northern Ireland.

The NAMA portfolio in Mid and South Down comprises 539.7 acres or 35.6% of land holdings held by the contributing banks across Northern Ireland. On the face of it the Mid and South Down submarket would seem to have been subject to higher levels of speculation than any of the other housing submarket within the NAMA portfolio. The NAMA portfolio in Mid and South Down includes 210.5 acres of unzoned land this constitutes 39% of the NAMA portfolio and 31.7% of all unzoned land with the Mid and South Down sub-market.

Table 38
Mid and South Down
House Price Trends

	NAMA Portfolio					All Contributing Banks				
	Detail	Online	Zoned	Un-zoned	Total	Planning	Zoned	Un-zoned	Unclassified	Total
BT24	13.6	0.0	16.3	86.0	115.9	43.2	34.2	142.8	10.0	230.1
BT25	67.4	8.4	4.2	53.0	133.0	100.8	4.4	66.0	4.0	175.2
BT30	22.4	0.0	36.5	56.0	114.9	83.5	44.0	238.0	5.6	371.1
BT31	0.0	18.9	0.0	0.0	18.9	74.3	3.0	86.5	0.4	164.2
BT32	5.8	0.0	37.7	0.0	43.5	39.6	60.1	79.7	8.0	187.5
BT33	1.5	17.7	10.6	0.0	29.8	34.1	14.6	0.0	7.5	56.2
BT34	0.0	0.0	5.0	15.6	20.6	32.2	48.7	42.9	30.7	154.5
BT35	44.0	9.1	10.2	0.0	63.2	111.1	22.3	6.8	34.6	174.7
Total	154.6	54.1	120.5	210.6	539.7	518.8	231.2	662.6	100.8	1513.5

Premised on ratings data the existing residential footprint within the Mid and South Down submarket constitutes 77,678 units with a capital value of £9.5bn. The total property pipeline within Mid and South Down (premised on existing planning permissions) constitutes 3,713 units (*Table 39*). If fully built out, the existing property pipeline in Mid and South Down would see the residential footprint expand by 4.8%. The NAMA portfolio equates to 1,644 units (44.3%) of the pipeline stock. The NAMA portfolio has a diverse range of property types in the development pipeline within the Mid and South Down although concentrations are greatest in the apartment (25%) and Semi-detached house sectors (26%). It is also noteworthy that 247 units within the NAMA portfolio have yet to be classified by property type.

Table 39
Mid and South Down
Property Pipeline
(Units)

Mid-South Down	NAMA Portfolio						All Banks
	Det	Semi	Town	Apt	UnC	Total	Total Units
BT24	18	30	35	74	0	157	327
BT25	72	31	0	72	1	176	297
BT30	31	114	59	102	0	306	774
BT31	0	0	0	0	150	150	314
BT32	19	50	9	14	2	94	353
BT33	4	0	6	14	94	118	322
BT34	6	63	35	18	0	122	248
BT35	137	140	127	117	0	521	1078
Total	287	428	271	411	247	1644	3713

Opportunities do present themselves within the Mid and South Down markets in terms of social and affordable housing provision. Figures collated for the Northern Ireland Unmet Need Prospectus highlight a requirement for a further 1,195 units within this housing submarket. Meanwhile activity levels in terms of social housing provision within the area remain comparatively subdued with only 94 unit commencements in the financial year 2009/10 attributable to Housing Association development activity within the Down and Newry and Mourne LGDs.

6.0 CONCLUSION

The purpose of this research was to bridge the knowledge gap pertaining to residential development land availability held within the banking sector and to overlay land volumes relative to demand based indicators within geographic housing sub-markets across Northern Ireland. Premised on the portfolios of the seven contributing banks the research has served to address the 'information vacuum' offering the first 'holistic' insight into the extent of residential development land availability within specific geographic clusters (housing sub-markets) across Northern Ireland. The research was a necessitated response to enhance the transparency of the residential land development position following the systemic correction in the Northern Ireland residential market which in tandem with the paradigm shift within the Irish banking sector post-GFC had generated widespread uncertainty as well as exposing limitations in data management systems to facilitate evidence based decision making.

The exploratory nature of the research presented many barriers, resulting in extended timeframes and required sustained commitment on the part of the contributing banks to enable this report compilation. This process of collaboration and stakeholder integration has been a key output of this research commission. The networks developed and the refinements in data management systems within the banking sector as a result of this research commission are ongoing. This process must be sustained and the 'buy-in' of key stakeholders maintained in order to create a more credible and transparent land development model going forward.

The research commission has also served to unearth a series of noteworthy findings pertinent to both the banking and property sectors, as well as policy makers. The volume of residential land holdings held by the contributing banks across Northern Ireland has now been conceptualised with analysis highlighting the complex interplays between land availability, pipeline stock and the level of demand for stock within key housing submarket areas. More specifically, the analysis raises a number of issues pertaining to the spatial distribution and the requisite densities of landholdings relative to underpinning demand based indicators with Mid-Ulster and Fermanagh most notable in exhibiting disproportionately high concentrations of residential land development supply.

A further key finding of the research has been the levels of unzoned land contained within the residential development portfolios of the contributing banks. Exposure to unzoned land varies across the contributing banks and within geographic submarkets. At the Northern Ireland level unzoned land constitutes 4525 acres or 39% of all residential development land holdings within the seven contributing banks. Whilst the specifics of individual land parcels are beyond the scope of this research at this juncture, and will necessitate more micro level (site specific) analysis, it is reasonable to assume that much of the unzoned land held within the residential land development portfolios of the contributing banks is a consequence of the speculation which characterised land transactions during the property market up-cycle. Indeed, it is quite clear (given the availability of zoned land as well as land with planning consent) that many banking institutions will be required to make strategic business decisions regarding the 'development probability' of unzoned landholdings in many housing sub-markets. Such decisions may well impinge upon 'aspirational value' of speculative land parcels but will be necessary for enhancing the transparency of the land development model going forward.

The property pipeline in Northern Ireland premised on existing planning permissions held by the contributing banks constitutes 43,026 units. Spatial interpretation highlights a dichotomy in demand based indicators relative to the development pipeline. Examination of the development pipeline infers that a large proportion of properties within the planning system are positioned in areas of latent demand with limited capacity to be brought forward in either the short, medium or long term in their current configuration. High density apartment developments are indicative of the drive to ensure the commercial viability of development sites at the height of the market however underpinning demand side credentials in more provisional submarkets do not support such development configurations. Nonetheless, opportunities do exist to bring forward development sites within a number

of submarkets most notably in collaboration with public sector bodies in the provision of mixed tenure (private-affordable-social) housing provision. Additionally, there is a requirement for the creation of more innovative financial models to initiate development opportunities given the financial constraints on government and housing associations to cater for demand across many housing sub-markets. The expansion in residential development activity will not only have a positive impact in redressing pent-up housing demand (most notably in the social housing sector), but will have the cascading benefits acting as key stimulus to construction activity levels and the associated multiplier effects this has in terms of both investment and employment generation.

In closing, it is fair to suggest that the research has perhaps not achieved the depth of exploration or the micro-level analysis perhaps envisaged at proposal inception. This in the main has been attributable to unforeseen deficiencies in data storage systems within the banking sector which culminated in incomplete records. Moreover, the incompatibility of datasets over and beyond the landholdings in certain cases lacked the depth of detail to facilitate meaningful analysis at the housing sub-market level. Nonetheless, the research has served to significantly improve the transparency of the residential development land market within Northern Ireland and has generated sustained interest across key stakeholder groupings including policy makers. Like all exploratory expeditions this research commission has proven a steep learning curve and no doubt the lessons learned and the problems surmounted have paved the way ongoing collaboration within, and across, the public and private sectors building in formulating an objective and credible land development model to support economic growth as well as investment and lending decisions.

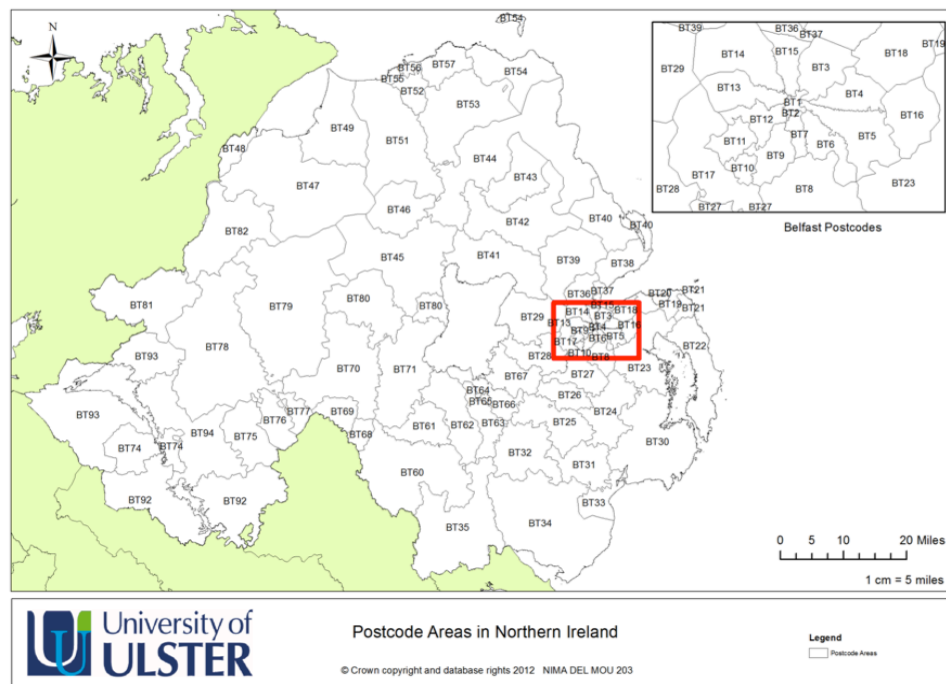
KEY OBSERVATIONS

- The rental market within the Belfast Metropolitan Area (BMA) has shown significant growth in recent years both in terms of numbers of properties and rental values achieved. This presents an opportunity to NAMA to reconfigure existing completed and unsold stock into an easily absorbable rental market which predicated on continued instability in the housing market allied with wider economic conditions is projected to continue to deliver robust levels of performance over the short-medium term. In terms of the long-term a 'new-build' income producing portfolio would be more conducive to prospective investors – particularly in light of increased institutional investment being channeled into the residential property sector.
- The oversupply of apartment stock in the market is a major concern (particularly within Belfast City Centre). NAMA has a relatively concerning level of apartment pipeline stock. Moreover it is pertinent that many areas with high density of over-supply also exhibit high levels of apartment pipeline stock – raising questions over the viability of current pipeline configurations – particularly relative to underpinning market based demand indicators.
- A palpable realisation is required relating to land reversion in many parts of the province with large swaths of unzoned landholdings offering little to no long-term

‘development value’. This report has served to enhance the transparency of the land development market and highlights the true extent of land availability. Although no appetite currently exists within the planning service for de-zoning land it is fair to say that in many areas (most notably West of the Bann and in counties Tyrone and Fermanagh particularly) the development time horizons pertaining even to zoned landholdings is highly problematic.

- NAMA landholdings relative to the other contributing banks in the main are geographically better positioned relative to key underpinning market fundamentals (such as areas of Lisburn and Dundonald). Moreover, the NAMA portfolio is well-placed within a number of key markets in terms of existing planning status.
- The Northern Ireland market exhibits limited overhang of completed units (relative to the Republic of Ireland Market) with capacity for swift absorption within a ‘functional market’. Within this premise it is noteworthy that transaction levels in 2012 have improved in some key housing sub-markets (Lisburn a notable example) affording opportunities to dispose of/develop out in areas exhibiting the strongest recovery.
- It is important to recognise that any development activity should be concentrated at the ‘lower end’ of the housing spectrum. Transactions over the course of 2011/12 have been most pronounced in the semi-detached sector of the market (reflecting demand based fundamentals and purchaser preference as well as the relative ‘value’ purchasers can capture post-market correction).
- Transaction levels demonstrate an appetite amongst First Time Buyers (FTBs) to enter the market. Indeed this purchaser grouping comprised 54% of all market activity in 2011. Nonetheless, mortgage accessibility remains by and large constrained predominantly as a consequence of ‘deposit gap’. This is further encapsulated by the expansion in co-ownership product and shared equity schemes within Northern Ireland. Scope exists for the exploration and expansion of innovative funding models in collaboration with public sector (de-risked) bodies.
- In the short-medium term opportunities for ‘land disposal’ are likely to be significantly curtailed by the relative absence of prospective purchasers. It is therefore preferable to explore ‘work out options’ for the development of sites and to identify ‘first-mover’ options (premised on alignments between location and planning consents relative to demand based fundamentals). Opportunities for collaboration in the provision of social housing also exist which is in accordance with the ‘responsible’ and long-term vision advocated by NAMA in terms of its Northern Ireland portfolio.
- The sequential release of development opportunities is important to preserve ‘value’ and maintain equilibrium between demand and supply based indicators. That said, given the extent of land availability across Northern Ireland (even within the confines of key urban markets) there is requirement for active exploration of opportunities and to move forward those sites which demonstrate the greatest economic viability and propensity for development ‘turnaround’. It should be recognised that additional land opportunities are likely to become available in the form of government estate portfolios which could ultimately serve to undermine many of the potential ‘quick wins’.

Reference Guide – Post Code Overlays



Postcode District	Post Town	Coverage Areas
BT1	BELFAST	Belfast, City Centre
BT2	BELFAST	Belfast, City Centre
BT3	BELFAST	Belfast
BT4	BELFAST	Belfast, Sydenham, Belmont, Stormont
BT5	BELFAST	Belfast, Castlereagh, Crossnacreevy, Gilnahirk, Knock Braniel (part)
BT6	BELFAST	Belfast, Cregagh, Knockbreda
BT7	BELFAST	Belfast, Ormeau
BT8	BELFAST	Belfast, Carryduff, Knockbreda, Newtownbreda
BT9	BELFAST	Belfast, Malone, Lisburn Road, Taughmonagh Stranmillis
BT10	BELFAST	Belfast, Finaghy
BT11	BELFAST	Belfast, Andersonstown
BT12	BELFAST	Belfast, Falls Road, Sandy Row, The Village
BT13	BELFAST	Belfast, Shankill Road, Woodvale, Ballygomartin Springmartin, Glencairn, Highfield
BT14	BELFAST	Belfast, Ballysillan, Upper Ballysillan
BT15	BELFAST	Belfast
BT16	BELFAST	Dundonald
BT17	BELFAST	Belfast, Derriaghy, Dunmurry, Hannahstown
BT29	BELFAST	Belfast, Crumlin, Aldergrove, Dundrod, Glenavy Nutts Corner
BT58	BELFAST	Belfast
BT18	HOLYWOOD	Hollywood, Craigavad
BT19	BANGOR	Bangor (outside Ring Road), Crawfordsburn Groomsport, Helens Bay

BT20	BANGOR	Bangor (within Ring Road)
BT21	DONAGHADEE	Donaghadee
BT22	NEWTOWNARDS	Newtownards, Ardkeen, Ballyhalbert, Ballywalter Carrowdore, Cloughey, Greyabbey, Kircubbin, Millisle Portaferry, Portavogie
BT23	NEWTOWNARDS	Newtownards, Ballygowan, Comber, Conlig, Killinchy Moneyrea
BT24	BALLYNAHINCH	Ballynahinch, Drumaness, Saintfield
BT25	DROMORE	Dromore, Dromara, Finnis, Waringsford
BT26	HILLSBOROUGH	Hillsborough, Annahilt, Culcavy
BT27	LISBURN	Lisburn, Cargacreevy, Drumalig, Drumbo, Hilden Hillhall, Lambeg
BT28	LISBURN	Lisburn, Ballinderry Lower, Ballinderry Upper Stoneyford
BT29	CRUMLIN	Belfast (Airport), Crumlin, Aldergrove, Dundrod Glenavy, Nutts Corner
BT30	DOWNPATRICK	Downpatrick, Ardglass, Ballyhornan, Ballykinler, Castleward, Clough, Crossgar, Kilclief, Killard, Killough Killyleagh, Loughinisland, Seaforde, Strangford, Toye
BT31	CASTLEWELLAN	Castlewellan, Ballyward
BT32	BANBRIDGE	Banbridge, Annaclone, Ballinaskeagh, Ballyroney, Corbet, Katesbridge, Lenaderg, Loughbrickland, Seapatrick
BT33	NEWCASTLE	Newcastle, Bryansford, Dundrum
BT34	NEWRY (South Down)	Newry, Annalong, Ballymartin, Cabra, Hilltown, Kilcoo Kilkeel, Mayobridge, Poyntzpass, Rathfriland, Rostrevor, Warrenpoint
BT35	NEWRY (South Armagh)	Jerrettspass, Bessbrook, Camlough, Crossmaglen Belleek, Newtownhamilton
BT36	NEWTOWNABBEY	Newtownabbey, Mossley, Glengormley
BT37	NEWTOWNABBEY	Newtownabbey
BT38	CARRICKFERGUS	Carrickfergus, Ballycarry, Greenisland, Kilroot Whitehead
BT39	BALLYCLARE	Ballyclare, Ballynure, Doagh, Parkgate, Straid Templepatrick
BT40	LARNE	Larne, Ballygally, Gleno, Glynn, Islandmagee Kilwaughter, Magheramorne, Millbrook
BT41	ANTRIM	Antrim, Dunadry, Muckamore, Randalstown Toomebridge
BT42	BALLYMENA	Broughshane, Cullybackey, Galgorm, Kells
BT43	BALLYMENA	Cargan, Knockanully
BT44	BALLYMENA	Portglenone, Carnlough, Glenarm, Clogh Mills Rasharkin, Glenariff/Waterfoot, Cushendun Cushendall, Dunloy, Loughguile, Glarryford
BT45	MAGHERAFELT	Magherafelt, Ballyronan, Bellaghy, Castledawson Desertmartin, Draperstown, Knockloughrim Moneymore, Tobermore, Fallalea, Fallaghloona((Lavey))
BT46	MAGHERA	Maghera, Lisnamuck, Swatragh, Upperlands
BT47	LONDONDERRY[2]	Derry, Waterside, Claudy, Feeny, Dungiven, Eglinton Park, New Buildings
BT48	LONDONDERRY[2]	Derry, Cityside, Ballynagard, Coshquin, Rosemount The Collon, Culmore
BT49	LIMAVADY	Limavady, Ballykelly

BT51	COLERAINE	Coleraine, Aghadowey, Articlave, Bellany, Blackhill Castlerock, Castleroe, Garvagh, Kilrea, Macosquin Ringsend
BT52	COLERAINE	Coleraine, Ballyvelton, Cloyfin
BT53	BALLYMONEY	Ballymoney, Dervock, Armoy, Ballybogy
BT54	BALLYCASTLE	Ballycastle, Ballintoy, Ballypatrick, Ballyvoy Cape Castle, Glenshesk, Maghercashel, Maghernahar Moyarget, Torr, Rathlin Island
BT55	PORTSTEWART	Portstewart
BT56	PORTRUSH	Portrush, Craigahullier, Urbalreagh
BT57	BUSHMILLS	Bushmills, Castlecatt, Dunseverick, Portballintrae
BT60	ARMAGH	Killylea, Tynan, Belcoo, Middletown, Keady, Darkley Markethill, Kingsmills
BT61	ARMAGH	Armagh, Collone, Hamiltonsbawn, Kilmore, Loughgall Richhill
BT62	CRAIGAVON	Craigavon, Portadown, Tandragee, Clare, Scotch Street
BT63	CRAIGAVON	Gilford, Laurencetown, Portadown, Scarva
BT64	CRAIGAVON	Craigavon (West): Knockmenagh, Mandeville
BT65	CRAIGAVON	Craigavon (East): Drumgor, Legaghory, Tullygally Brownlow
BT66	CRAIGAVON	Derryadd, Derrytrasna, Dollingstown, Donaghcloney Lurgan, Waringstown
BT67	CRAIGAVON	Aghagallon, Aghalee, Gawley's Gate, Lurgan Magheralin, Moira
BT68	CALEDON	Caledon, Minterburn
BT69	AUGHNACLOY	Aughnacloy, Carnteel
BT70	DUNGANNON	Dungannon, Ballygawley, Cappagh, Castlecaulfield Donaghmore, Galbally, Garvaghy, Pomeroy, Rock, Seskilgreen
BT71	DUNGANNON	Dungannon, Benburb, Blackwatertown, Bush Coalisland, Killycolpy, Ardboe, Moygashel Stewartstown
BT74	ENNISKILLEN	Enniskillen town, Boho
BT75	FIVEMILETOWN	Fivemiletown, Clabby
BT76	CLOGHER	Clogher
BT77	AUGHER	Augher
BT78	OMAGH	Omagh, Dromore, Drumquin, Eskra, Fintona, Killynure Newtownstewart, Seskanore, Trillick
BT79	OMAGH	Omagh, Drumlea, Glengawna, Gortin, Mountfield, Plumbridge, Rosnamuck, Sheskinshule, Sixmilecross
BT80	COOKSTOWN	Cookstown, Coagh, Tullyhogue
BT81	CASTLEDERG	Castlederg, Aghyaran, Clare, Garvetagh, Killen, Killeter Mournebeg, Scraghey, Spamount
BT82	STRABANE	Strabane, Artigarvan, Ballymagorry, Bready, Clady Douglas Bridge, Dunamanagh, Sion Mills Victoria Bridge
BT92	ENNISKILLEN	Lisnaskea, Florencecourt, Derrylin, Newtownbutler
BT93	ENNISKILLEN	Belleek, Belcoo, Kesh, Derrygonnelly, Garrison
BT94	ENNISKILLEN	Irvinestown, Ballinamallard, Brookeborough, Tempo Maguiresbridge, Lisbellaw

Residential Development Land: Supply Side Dynamics and Policy Implications

Presentation to Northern Ireland NAMA Committee

**Professor Jim Berry
Dr Martin Haran**

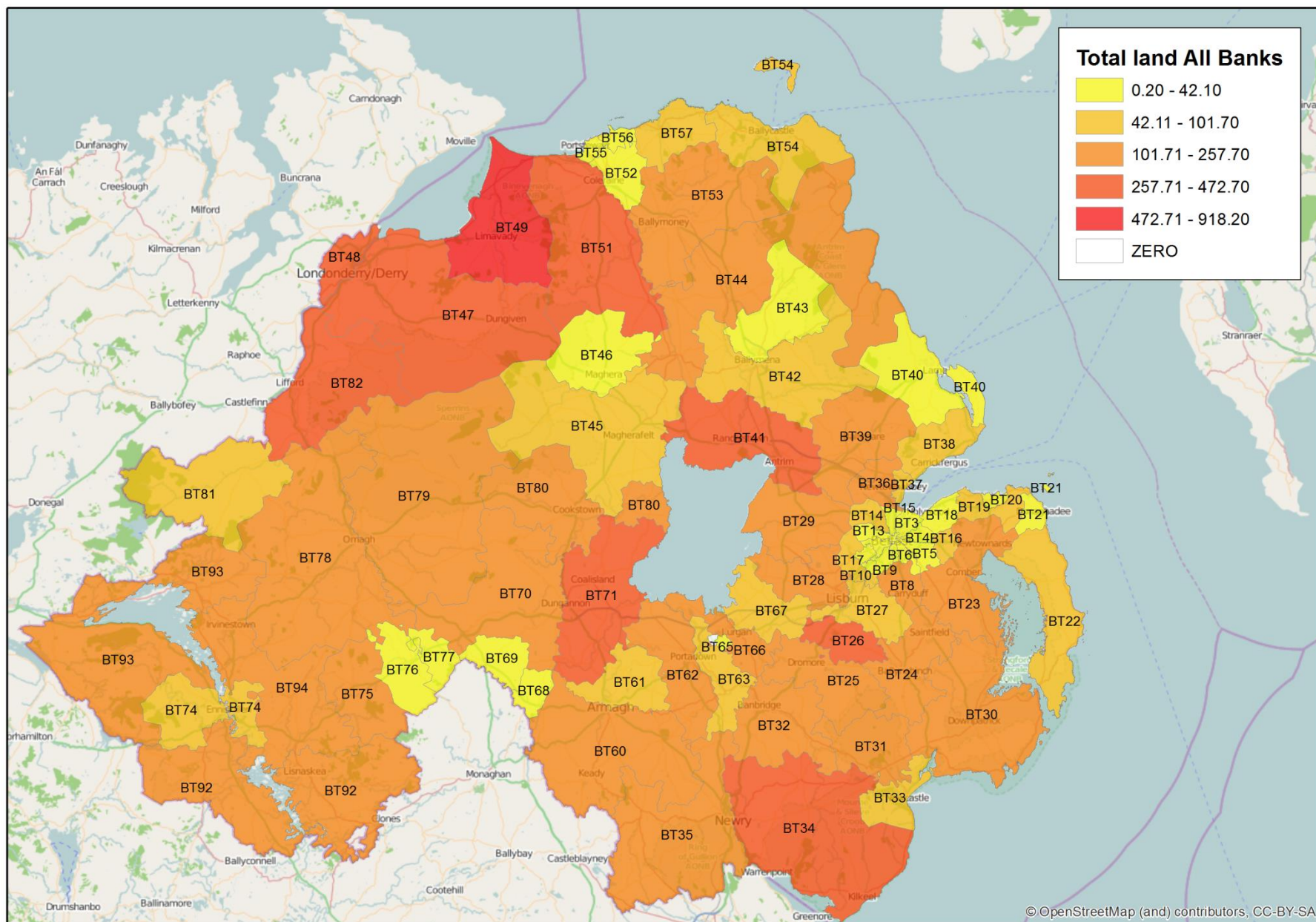
Monday 8th September 2014

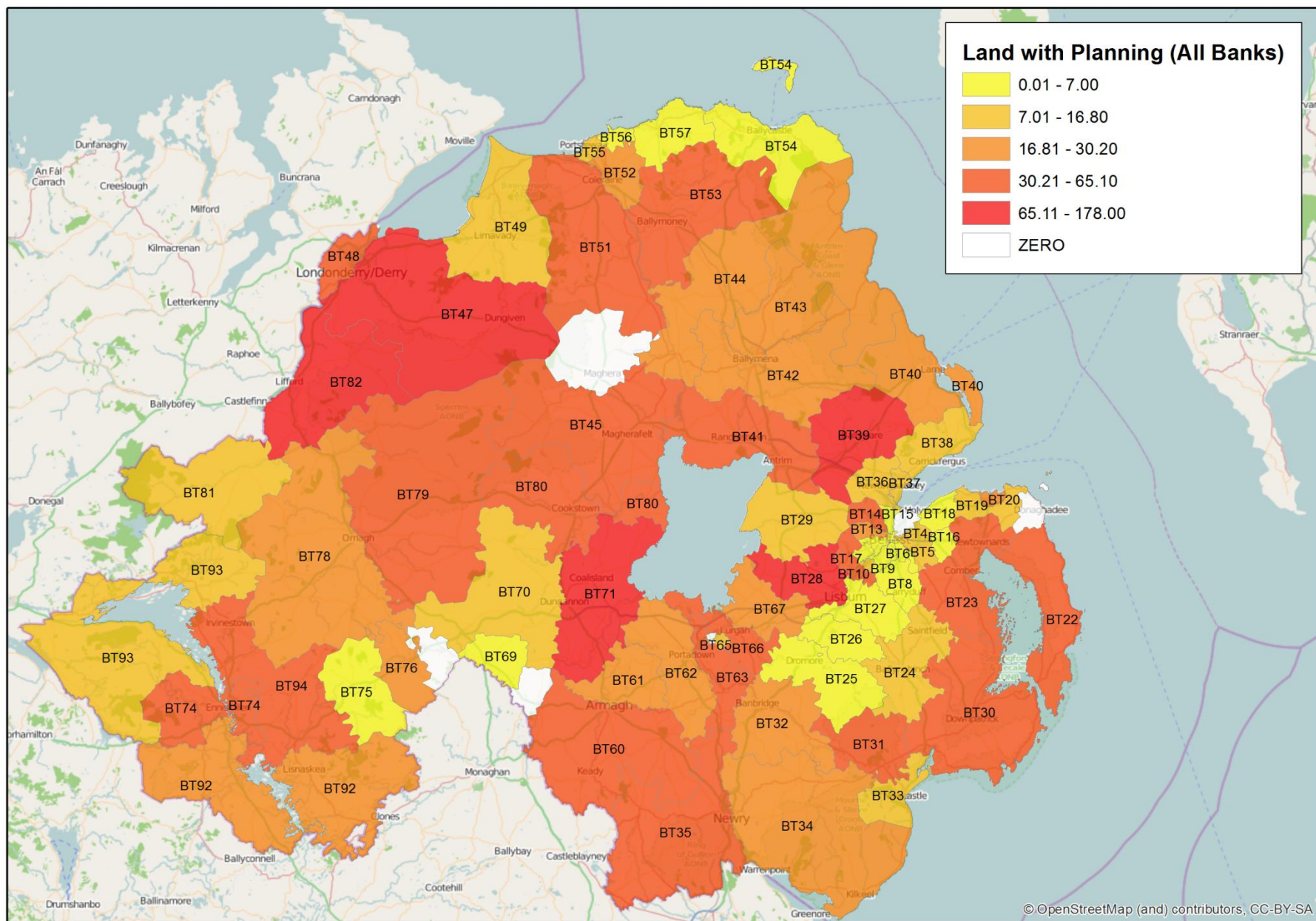
Research Contextualisation

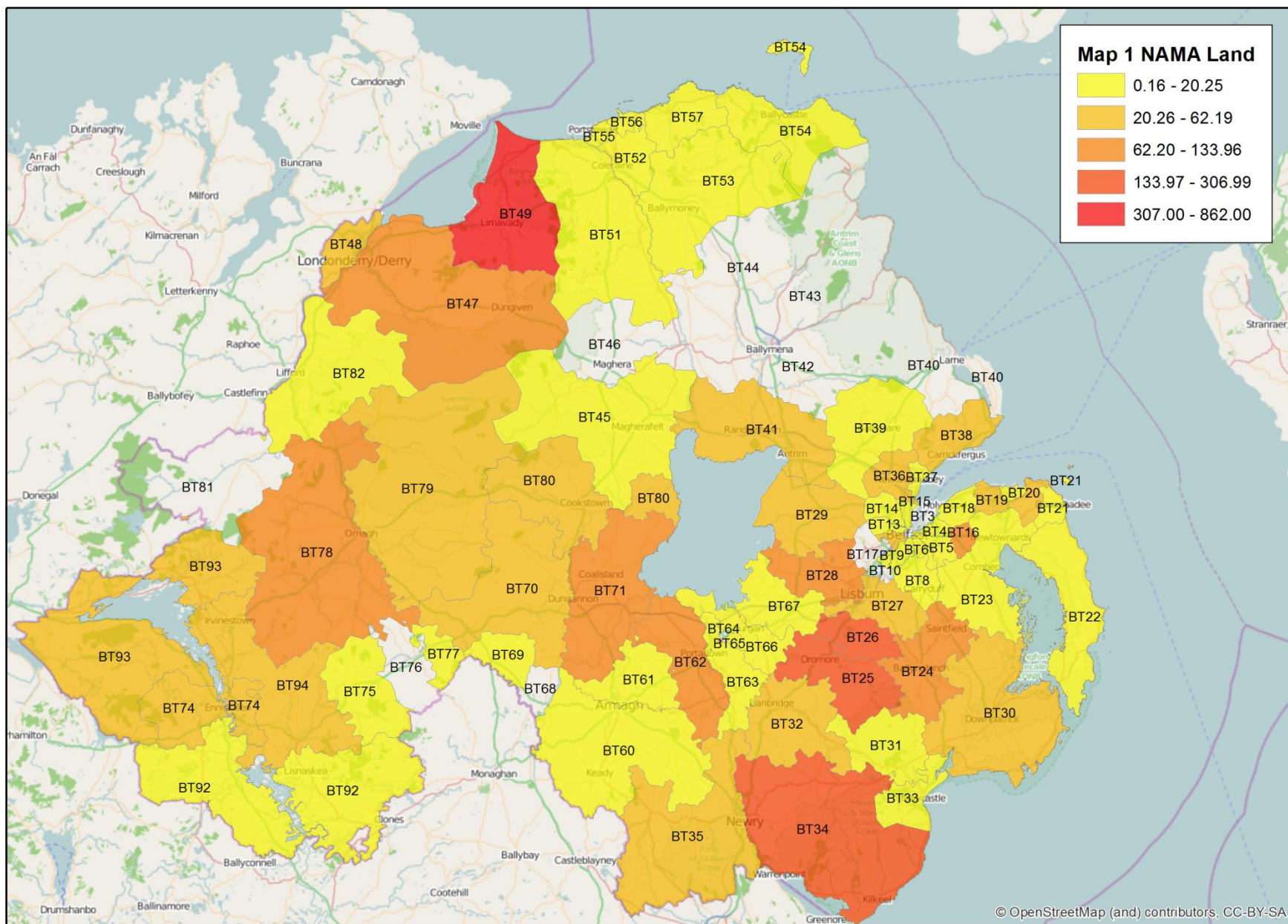
- **Profile residential development land holdings held by seven contributing banks across Northern Ireland in respect of location, planning status and density of the development pipeline as at the end of June 2014.**
- **Supply side dynamics assessed relative to residential property market dynamics within spatial housing sub-markets across Northern Ireland.**
- **Understanding sub-market connotations and supply-demand dynamics imperative in terms of:**
 - Determining the Viability of Landholdings**
 - Informing phasing/timing of project commencement**
 - Mobilising the Land Supply Pipeline**
 - Identifying Opportunities for Public-Private Supply collaborations**
 - Informing/Guiding future land zonings and lending decisions**

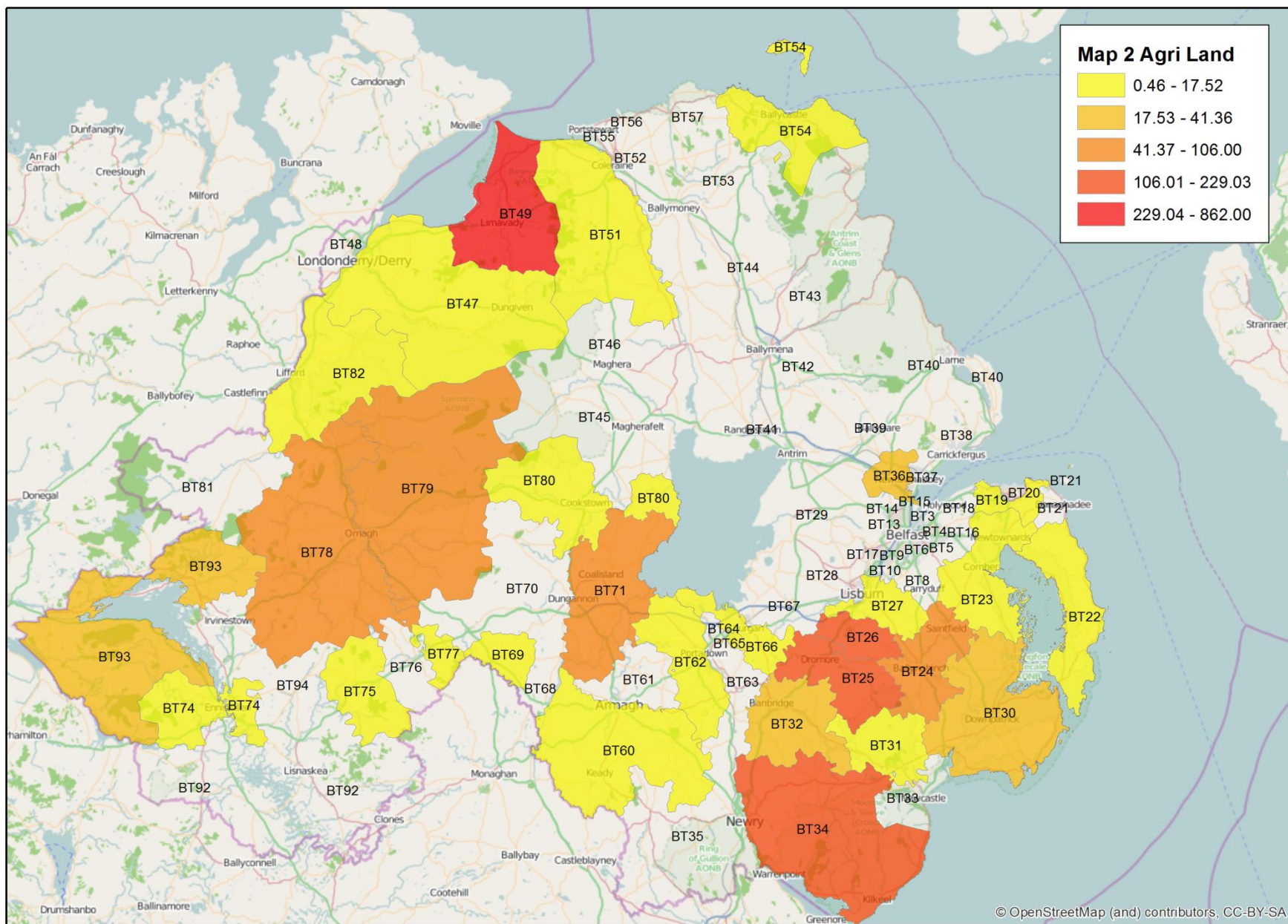
Land Holdings by Planning Status

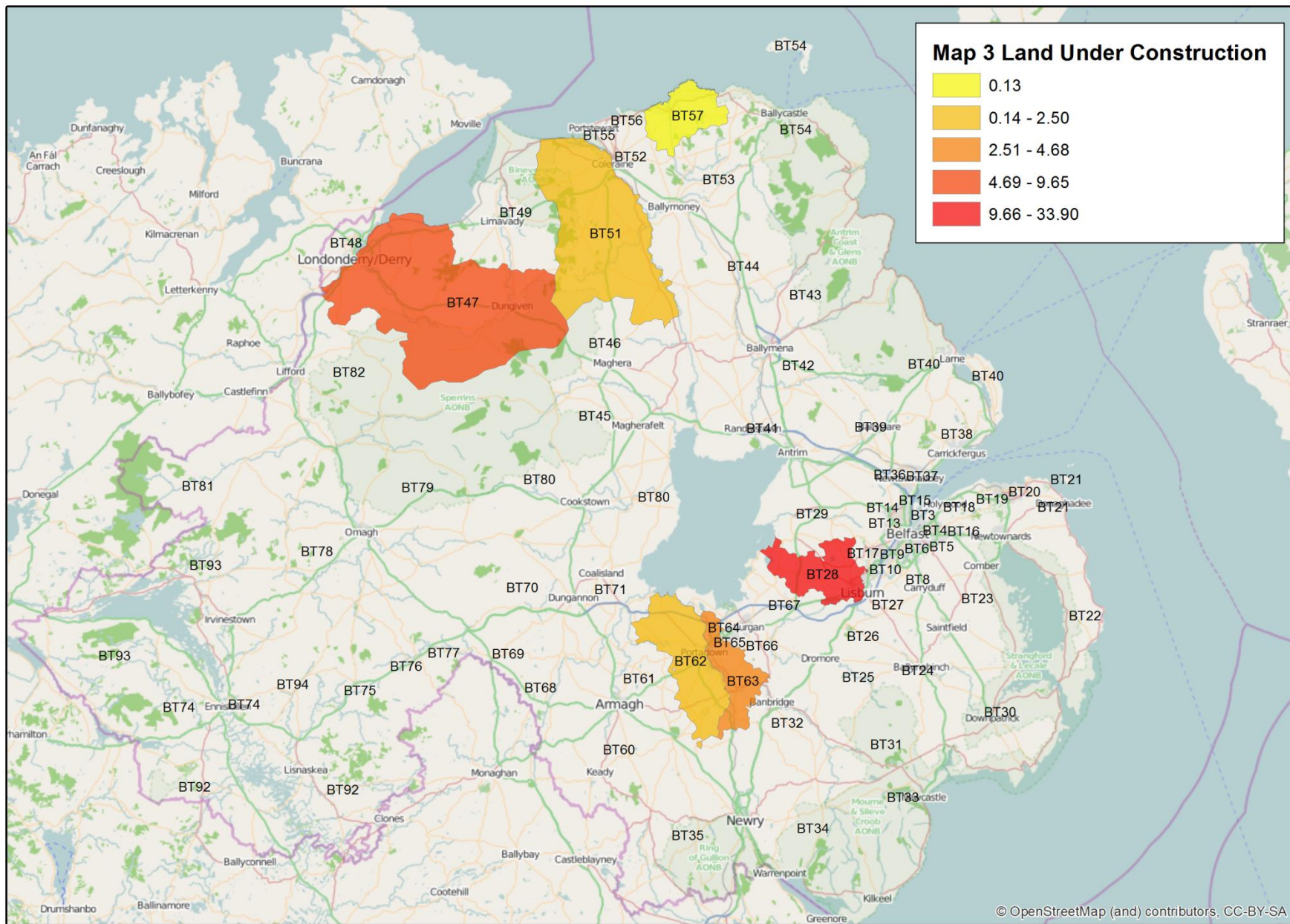
	All Contributing Banks				
	Planning (Acres)	Zoned (Acres)	Unzoned (Acres)	Unclassified (Acres)	Total (Acres)
June 2012	4,384.1	1,867.6	4,525.5	825.5	11,602.9
June 2014	2091	2137	5922	0	10,147
	NAMA Portfolio				
	Planning (Acres)	Zoned (Acres)	Unzoned (Acres)	Unclassified (Acres)	Total (Acres)
June 2012	1,541.6	649.3	311.0	0	2,501.9
June 2014	52.7	1208.7	2015.2	0	3276

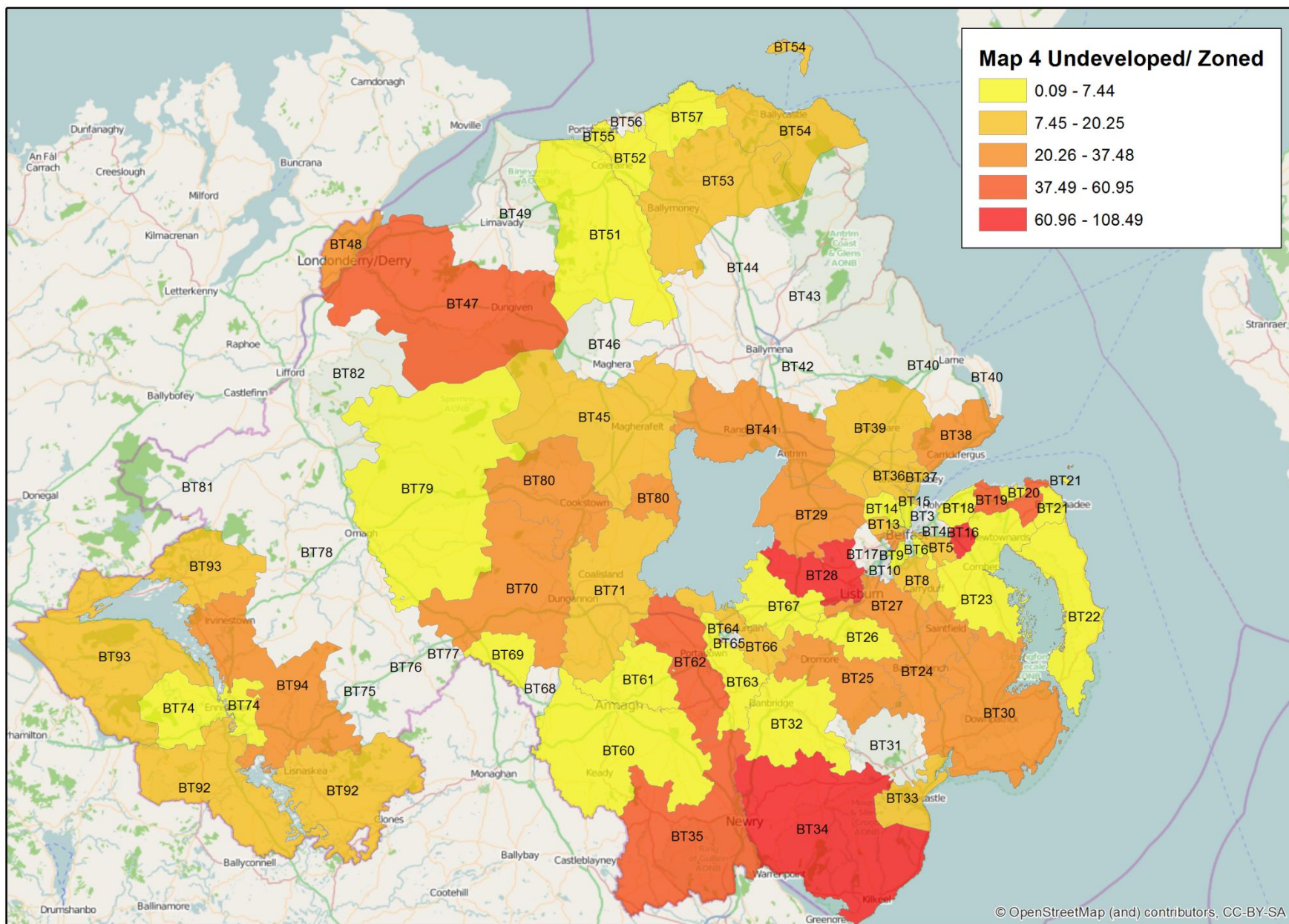


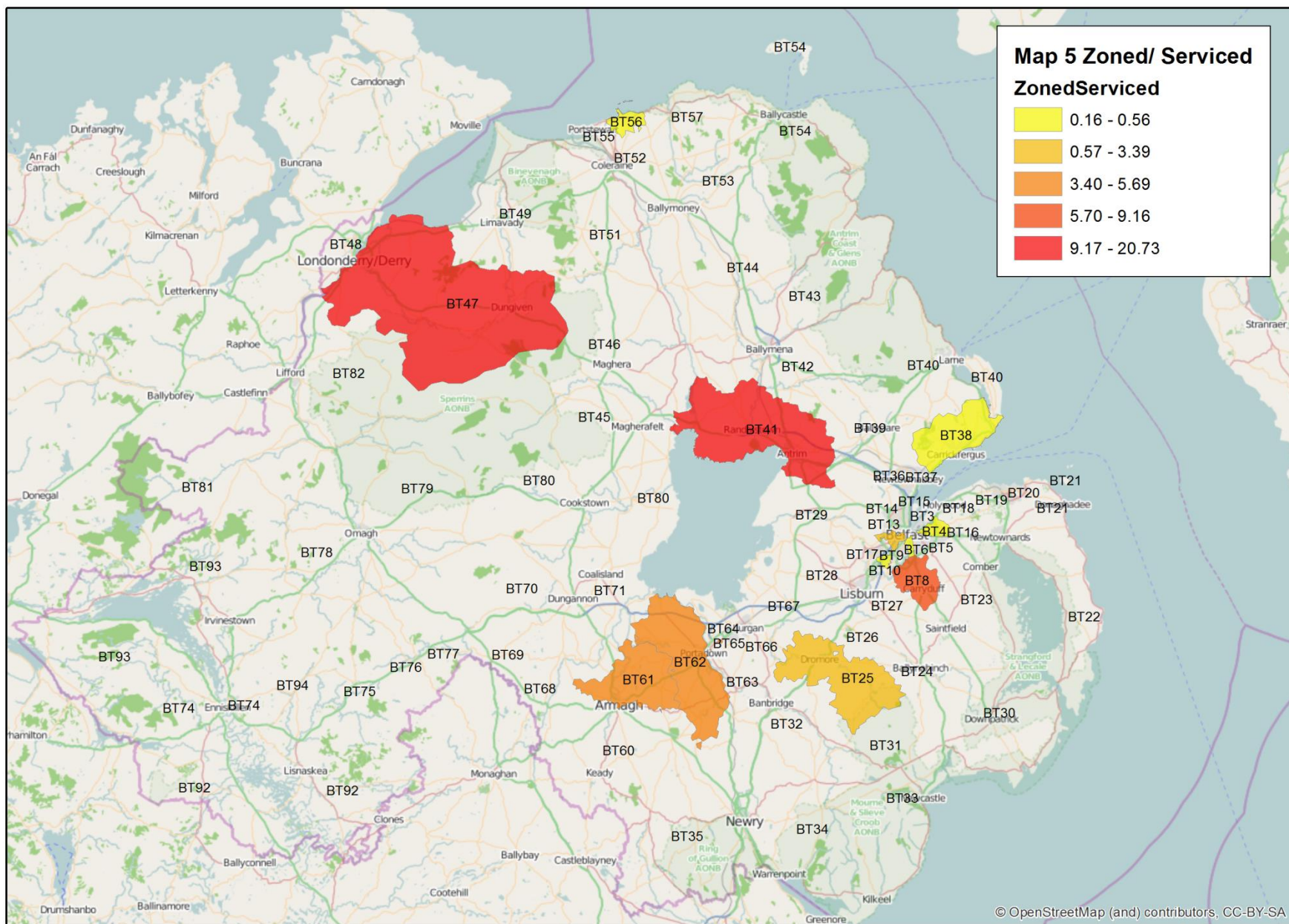












Emerging Policy Issues: Housing Land Availability

- Transparency in the potential land available for housing is essential evidence for decision making and planning policy.
- Links to the debate concerning housing growth indicators and policy decisions.
- Policy concerning the need to continue with HGIs as a monitoring instrument.
- Spatial dimension of HGIs at District Council level in terms of local housing market strategies and plans.
- Access to land at competitive market value to facilitate bringing forward housing development.

Emerging Policy Issues: Housing Supply

Key issues concerning the current rate of housing supply include:

- The level and pattern in the shortfall of new supply.
- The supply of affordable/social housing.
- The current under-performance of housing associations in delivering new supply.
- Relationship between housing demand, supply and the outworking of the planning decisions on the zoning of land.
- Implications for the new local government authorities.

Emerging Policy Issues: Alleviating Housing Stress

Alleviating housing stress is a key social policy issue in Northern Ireland

- **Impact of economic downturn and turmoil in the private housing market has accentuated levels of housing stress.**
- **An uneven spatial pattern of housing stress is placing pressure on the delivery of new social housing units and the ability of housing associations to meet heightened levels.**
- **Pressure on meeting on strategic housing policy objectives with implications on the functioning of local housing markets.**
- **Monitoring of surplus land and its potential use in meeting social sector delivery targets.**

Emerging Policy Issues: Housing Land Development

Policy challenges concerning private sector housing development in an improving macroeconomic context

- **Access to land for housing development purposes at affordable pricing levels to avoid a future house price bubble and maintain a more sustainable housing market going forward**
- **Size and carrying capacity of development sites and economies of scale**
- **Financing of private sector housing development at competitive rates of lending**
- **Ability to attract larger developers capable of handling exposure to varying debt-equity exposures**
- **Providing a more diverse housing product with tenure mix**

Emerging Policy Issues: Local Planning Priorities

Local authorities need to consider their own specific local needs and determine what it means for their area in terms of housing development based on robust data analysis

- **Determining where the greatest demand for housing need will occur in the short to medium term**
- **The different composition of households and variations in tenure types is significant for house building**
- **Local authorities need to be given the resources to gauge what kinds of needs exist within their jurisdiction**
- **The housing sector needs to be building enough homes of the right type, size and tenure to meet housing projection targets**
- **Need to interrelate land availability, housing development employment growth and job creation at local government level**

Opportunity for Open Discussion

180. Deputy Pearse Doherty asked the **Minister for Finance** further to Parliamentary Question No. 213 of 21 May 2013, if he will confirm the decision process entailed in forwarding £20,000 to the University of Ulster as a contribution towards a study being undertaken there; if the university approached the National Asset Management Agency or NAMA approached the university; if NAMA has a fund established for such educational and research undertakings; if other universities or education and research institutions have approached NAMA for similar funding; and if NAMA is considering further funding of educational and research studies in the future. [\[25527/13\]](#)

Minister for Finance (Deputy Michael Noonan): I refer the Deputy to my previous response on this topic (Parliamentary Question, 16009/12, 22nd March 2012). I am advised by NAMA that, as in the Republic of Ireland, a particular difficulty associated with the Northern Ireland residential market has been the lack of independent professional research and data about the key factors that will influence the future availability and cost of housing. For this reason, NAMA considered a number of research proposals by reference to the need for practical market insights to facilitate informed decision-making by all market participants, including NAMA, in the Northern Ireland residential market. Based on the proposals received, NAMA agreed to help fund research by the University of Ulster into the geography of future residential supply and demand in Northern Ireland with a particular focus on residential land bank assets. In December 2012, the University published its Spatial Analysis of Residential Development Land Banks, which overlays residential land bank assets in Northern Ireland with planning, infrastructure, demographic and housing need data to produce a comprehensive picture of likely future housing supply and demand patterns.

The Deputy may be aware also that NAMA has recently agreed to take a leading role in promoting and funding a two-year research programme on housing in the Republic of Ireland to be undertaken by the Economic and Social Research Council (ESRI). The Agency advises that proposals for research such as this are considered by, amongst other criteria, reference to the practical application of expected outcomes. I am advised by NAMA that the agency does not operate a fund for such undertakings but procures research as and when required, in line with its commercial remit.