

Performance of the private rental market



Belfast Metropolitan Area
January - June 2010

**Housing
Executive**

The Regional Housing Authority

propertynews.com

**University of
ULSTER**



Summary Report

Key Findings

The main findings of this report into the private rental market in the Belfast Metropolitan Area for the first half of 2010 is a decrease in the number of lettings secured and a moderate decline in the average monthly rent compared with the second half of 2009. The results suggest that larger properties, particularly detached houses present higher rates of decline in average rental prices than that of the other property types. The analysis highlights that private rental market conditions have become exposed to the current economic climate with reductions both in volume and price evident across most property types.

Introduction

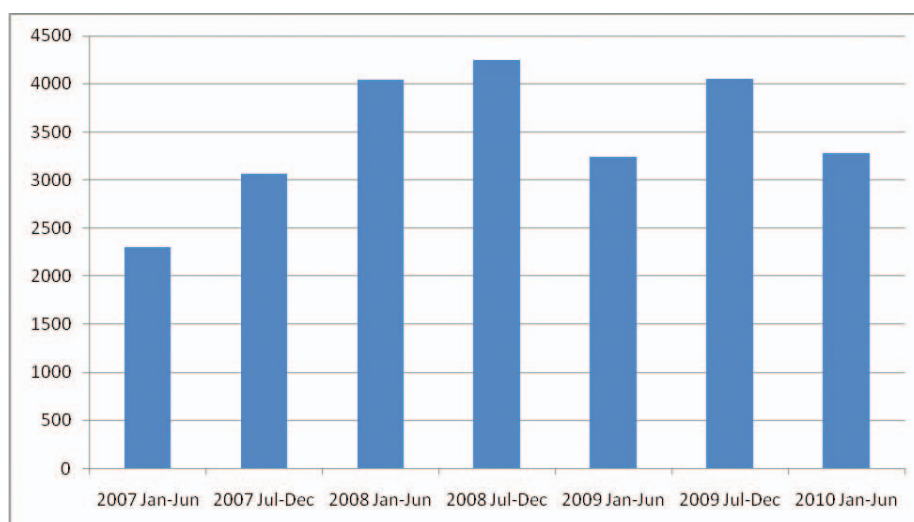
This report focuses on the performance of the private rental market in the Belfast Metropolitan Area during the first half (January to June) of 2010. The investigation is part of an ongoing research partnership between the Northern Ireland Housing Executive (NIHE), PropertyNews.com and the Centre for Research on Property and Planning at the University of Ulster. The report analyses half yearly trends in the private rental sector.

The report is based on a sample of 3280 rental transactions during the first half of 2010 from the PropertyNews.com website. The performance of the market is measured by the number of properties let and the average monthly rent by location, property type and number of bedrooms. Rental figures for the first half of 2010 are compared to figures obtained for the second half of 2009. Comparisons are also made with rental figures for the same period in 2009 to assess annual change.

The number of properties let

The number of properties let in the Belfast Metropolitan Area in the first half of 2010 highlights shrinkage in the private rental sector when compared against the second half of 2009 with a decline of approximately 19%. Indeed the results are more indicative of the number of lets in the first half of 2009 (Figure 1). While the time series for this data set is not long, the pattern is emerging of less rental activity in the first half of the year. (Figure 1).

Figure 1 Dwellings let





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Property Type

Similar to previous reports, lettings in terrace/townhouses were higher than other property types in the first half of 2010 making up 40% (n=1303) of the market. Apartments made up 33% (n=1097) of lettings in the Belfast Metropolitan Area, semi-detached 17% (n=556) and detached properties 10% (n=324) (Table 1).

Analysis shows that market share by property type remains highly consistent with previous letting rates, however the actual number of properties rented is down in each sector compared with the second half of 2009. Table 1 illustrates that there is notable decline in the apartment sector (n=1097) although the market share (33%) is marginally higher than in previous surveys. The terrace/townhouse sector is also down in both absolute numbers (n=1303) and percentage market share (40%) but remains the healthiest rental property type in the Belfast Metropolitan Area. The market share of both semi-detached (17%) and detached properties (10%) remain similar to the second half of 2009. Despite this, rental volumes are down with 556 lettings in the semi-detached sector and only 324 in the detached sector - the lowest recorded since 2007.

Table 1 Dwellings let by property type

Property Type	2008 (Jul-Dec)	2009 (Jan-Jun)	2009 (Jul-Dec)	2010 (Jan-Jun)
Apartment	1229 (29%)	914 (28%)	1291 (32%)	1097 (33%)
Terrace/Townhouse	1787 (42%)	1280 (40%)	1662 (41%)	1303 (40%)
Semi-detached	795 (18%)	620 (19%)	695 (17%)	556 (17%)
Detached	432 (10%)	424 (13%)	405 (10%)	324 (10%)
Total	4243	3238	4053	3280

Number of bedrooms

The properties let during the first half of 2010 were dominated by two bedroom (n=1334) and three bedroom (n=1213) properties with percentage share levels relatively similar to those for the second half of 2009 (Table 2). In comparison with the first half of 2009, the number of rentals is up for both 1 bedroom and 2 bedroom properties. Lettings of three bedroom properties have decreased to 1213 with a market share of 37% over the year. A marked decrease in lettings was experienced for 4/4+ bedroom properties (n=512) in comparison to the second half of 2009, with a percentage share (15%) similar to the first half of 2009. (Table 2).

Table 2 Dwellings let by number of bedrooms

Number of Properties	2008 (Jul-Dec)	2009 (Jan-Jun)	2009 (Jul-Dec)	2010 (Jan-Jun)
1 bedroom	200 (5%)	160 (5%)	232 (6%)	221 (7%)
2 bedroom	1687 (40%)	1230 (38%)	1611 (40%)	1334 (41%)
3 bedroom	1589 (37%)	1311 (41%)	1477 (36%)	1213 (37%)
4/4+ bedroom	767 (18%)	537 (16%)	733 (18%)	512 (15%)
Total	4243	3238	4053	3280



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Rental Levels

The overall average rent per month for the Belfast Metropolitan Area in the first half of 2010 was £560, with rents approximately 3.6% lower than achieved rents for the second half of 2009. Indeed, annual change would suggest that average rental prices are down 1.8%, despite the growth experienced between July and December of 2009. At the Belfast City Council level, average rents have shown half yearly decline of 4.2%, with the average rent now £568. In the rest of the Belfast Metropolitan Area (Carrickfergus, Castlereagh, Lisburn, Newtownabbey and North Down) the average monthly rent for the first half of 2010 was £548, illustrating a stronger market as average rental prices have increased by 1.5% over the past six months. Despite this, the situation remains relatively erratic with an annual decline of 2.3% (Table 3).

Table 3 Average rent per month in Belfast Metropolitan Area

Districts	2009 (Jan-Jun)	2009 (Jul-Dec)	2010 (Jan-Jun)	Annual Change (%)	Half-yearly Change
Belfast Metropolitan Area (BMA)	£570	£581	£560	-1.8%	-3.6%
Belfast City Council	£577	£593	£568	-1.56%	-4.2%
Rest of BMA	£561	£540	£548	-2.3%	-1.5%

Rent by Property Type

Table 4 highlights that the rental market is tentative at present with evidence suggesting a relative decline across most property types, particularly during the past six months. In the apartment sector, the average monthly rent for the first half of 2010 was £550, a decline of 2.7% on the second half of 2009. However, the annual rate of change is up by 0.2% on the average rental value of the first half of 2009. The average monthly rents for both terrace/ townhouses (£527) and detached properties (£706) are lower over both the annual and half-yearly timescale, notably for detached properties with average rents down by 7.3% compared to the second half of 2009. In contrast, semi-detached properties are characterised by rental growth over the year (2.1%), with a slight half yearly decline of 0.2% bringing the average rental to £576.

Table 4 Average rent per month by property type

Property Type	2009 (Jan-Jun)	2009 (Jul-Dec)	2010 (Jan-Jun)	Annual Change (%)	Half-yearly Change (%)
Apartment	£549	£565	£550	0.2%	-2.7%
Terrace/ townhouse	£536	£550	£527	-1.7%	-4.2%
Semi-detached	£564	£577	£576	2.1%	-0.2%
Detached	£735	£762	£706	-3.9%	-7.3%



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Rent by number of bedrooms

Table 5 highlights a distinct rental price difference by number of bedrooms in the Belfast Metropolitan Area. As can be seen, there are high levels of both annual and half yearly decline in each property type. In the first six months of 2010, one bedroom properties were being let on average for £416, two bedrooms for £511, three bedrooms for £553 and 4/4+ bedrooms for £766 respectively. Annual change across all property types is variable, with growth (1.6%) only experienced in 2 bedroom properties between the first half of 2009 and the first half of 2010. However, half yearly change in this property type indicates a decline of 1.5% in average rental. The analysis shows that the largest decrease is for one bedroom dwellings with a half yearly decline of 4.4%. Average rents in 4/4+ bedroom properties also had notable change with a half yearly decrease of 4.3%. For three bedrooms the rent declined by 1.8% during the same period (Table 5).

Table 5 Average rent per month by number of bedrooms

Property Type	2009 (Jan-Jun)	2009 (Jul-Dec)	2010 (Jan-Jun)	Annual Change (%)	Half-yearly Change (%)
1 bedroom	£425	£435	£416	-2.1%	-4.4%
2 bedroom	£503	£519	£511	1.6%	-1.5%
3 bedroom	£557	£563	£553	-0.7%	-1.8%
4/4+ bedroom	£798	£800	£766	-4%	-4.3%

Average monthly rent in Belfast City Council Area

The average monthly rent in the Belfast City Council area was £568 during the first half of 2010 (Table 6). The highest rental locations are Belfast city centre and South Belfast. However, for the city centre, the average monthly rent (£626) is 1.6% down on the respective figure for the first half of 2009 and down by 4.2% over the half year. Despite the high average rents in South Belfast (£620), there is a decrease over the year (-10.1%), with average rents falling by 9% over the past six months.

The lowest rental location is North Belfast with an average monthly rent of £483. Average rents have increased in the north of the city by 2.1% over the year but declined by 2.2% over the half year. Rent levels in East Belfast have also experienced decline, with the average rent now £515 down by 8.2% during the past six months, though the annual decline in average rents is less dramatic (-1.7%). West Belfast rents (£500 per month on average) have decreased over the year (-0.2%) but increased in the last six months (0.6%) suggesting greater stability in the rental market in this sector of the city.



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Table 6 Average rent per month in Belfast City Council area

Location	2009 (Jan-Jun)	2009 (Jul-Dec)	2010 (Jan-Jun)	Annual Change (%)	Half-yearly Change (%)
Belfast City Council	£577	£593	£568	-1.6%	-4.2%
Belfast City Centre	£664	£633	£626	-5.7%	-1.1%
North Belfast	£473	£494	£483	2.1%	-2.2%
South Belfast	£690	£681	£620	-10.1%	-9%
East Belfast	£524	£561	£515	-1.7%	-8.2%
West Belfast	£501	£497	£500	-2.0%	0.6%

Conclusion

The report highlights reduced activity in the private rental sector in the Belfast Metropolitan Area with fewer properties being let compared with the second half of 2009. However the number of lettings is reflective of past trends with student lettings most likely contributing to the higher number of lets during the second half of previous years. The survey highlights the tough conditions faced by many landlords and tenants as a result of the economic downturn which has resulted in alternating signs of both growth and decline. Testament to this is the decline of average rents in the Belfast Metropolitan Area to pre-2007 levels.

Methodology and Sample Size

The statistics are based on properties advertised on PropertyNews.com and let during the first half of 2010 (January to June). The rental figures represent the average asking rent (per month) as advertised. Let properties are those that were let during the specified time period.

Disclaimer

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