

Performance of the private rental market



Belfast Metropolitan Area
July - December 2009

**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 in the second half of 2009 are an increase in the number of lettings secured and a modest rise in the average monthly rent compared with the first half of 2009. The results suggest that larger properties, particularly detached, present different market dynamics than that of the other property types. The analysis highlights that private rental market conditions have improved in volume and price across most property types against the first half of 2009.

Introduction

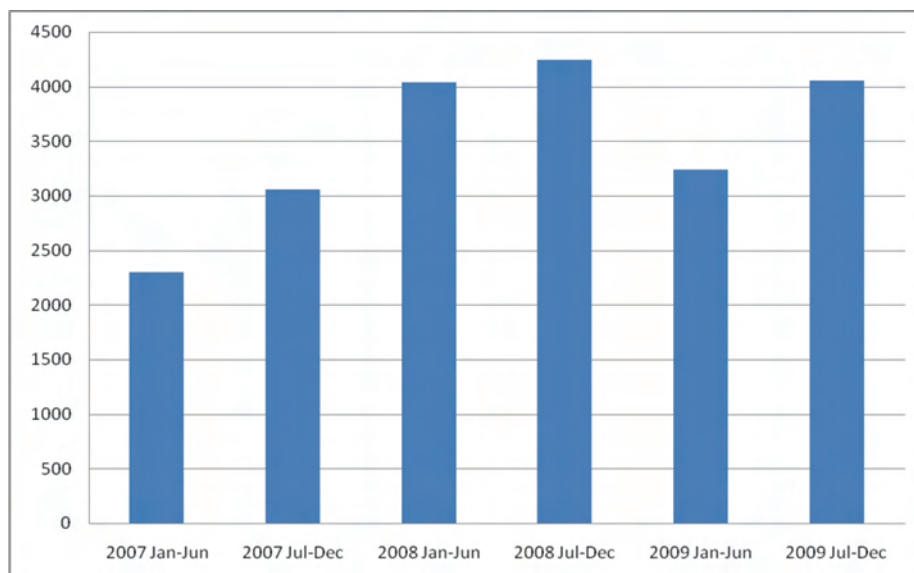
This report focuses on the performance of the private rental market in the Belfast Metropolitan Area during the second half (July to December) of 2009. The investigation is part of an ongoing research partnership between the Northern Ireland Housing Executive (NIHE), Propertynews.com and the Centre for 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 4053 rental transactions during the second half of 2009 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 second half of 2009 are compared to figures obtained for the first half of 2009. Comparisons are also made with rental figures for the same period in 2008 to assess annual change.

The number of properties let

The number of properties let in the Belfast Metropolitan Area in the second half of 2009 demonstrates a considerable rise in comparison to the first half of 2009, with an increase of approximately 20%. Indeed, the figures are more aligned with the letting rate of the second half of 2008 (Figure 1).

Figure 1 Dwellings let





Performance of the private rental market: Belfast Metropolitan Area, July - December 2009

Property Type

Terrace/townhouses had the highest market share in the second half of 2009 with 1662 lets (41%), followed by apartments with 1291 lets (32%), semi-detached with 695 lets (17%) and detached properties with 405 lets (10%) (Table 1).

Market share by property type is relatively consistent with previous rental volumes. There is a notable rise in the terrace/townhouse (n=1662) sector with the number of properties let much greater than that experienced in the first half of 2009. However, in relative terms the percentage is consistent with the overall trend. The apartment sector (n=1291) would appear to be on the increase in both absolute numbers and percentage share (32%) in comparison to the same period in 2008 and also the first half of 2009. The market share of semi-detached dwellings (17%) is marginally down on the first half of 2009 despite a marked rise in the number of lettings (n=695). In contrast, the detached sector (n=405) is down in both rental volume and percentage share (10%) compared to the first half of 2009 and relative to the second half of 2008.

Table 1 Dwellings let by property type

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

Number of bedrooms

Properties let during the second half of 2009 were dominated by two bedroom (n=1611) and three bedroom (n=1477) properties, with percentage share levels consistent with those for the same period in 2008 (Table 2). In conformance with the first half of 2009, the number of rentals is up for both 2 bedroom and 3 bedroom properties, although there has been a change in relative composition with the former taking 40% of all rentals. Lettings of one bedroom properties have increased to 232 with a market share of 6% over the year. A marked rise in lettings was experienced for 4/4+ bedroom (n=733) properties in comparison to the first half of 2009, with a percentage share (18%) similar to the second half of 2008. (Table 2).

Table 2 Dwellings let by number of bedrooms

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



Performance of the private rental market: Belfast Metropolitan Area, July - December 2009

Rental Levels

The overall average rent per month for the Belfast Metropolitan Area was £581, with rents nearly 2% higher than those in the first half of 2009 (Table 3). However, they are still down by 1% when compared to 2008. At the Belfast City Council level, average rents have shown modest growth during the past six months, with the average rent now £593, an increase of 2.8%. In the rest of the Belfast Metropolitan Area (Carrickfergus, Castlereagh, Lisburn, Newtownabbey and North Down) the average monthly rent for the second half of 2009 was £540, representing a 3.9% decline over the past six months. The annual change is also down, with a decline of 3.3% recorded.

Table 3 Average rent per month in Belfast Metropolitan Area

Districts	2008 (Jul-Dec)	2009 (Jan-Jun)	2009 (Jul-Dec)	Annual Change (%)	Half-yearly Change
Belfast Metropolitan Area (BMA)	£587	£570	£581	-1.0%	-1.9%
Belfast City Council	£598	£577	£593	-0.9%	-2.8%
Rest of BMA	£558	£561	£540	-3.3%	-3.9%

Rent by Property Type

Table 4 highlights that there is an increase in average monthly rents across all property types over the past six months. In the apartment sector, the average monthly rent for the second half of 2009 was £565, an increase of 2.9%. However, the annual rate of change is still down by 0.9% on the average rental value of 2008. The average monthly rents for terrace/ townhouses (£550) and semi-detached properties (£577) demonstrate annual decline, notably for semi-detached properties (-3.8%) despite rental growth over the past six months. In contrast, detached properties present growth both annually and half yearly, with the average monthly rent £762 for the final six months of 2009. This represents a rise of 6.4% against the 2008 figure, with an increase of 3.7% over the past six months.

Table 4 Average rent per month by property type

Property Type	2008 (Jul-Dec)	2009 (Jan-Jun)	2009 (Jul-Dec)	Annual Change (%)	Half-yearly Change (%)
Apartment	£570	£549	£565	-0.9%	2.9%
Terrace/ townhouse	£561	£536	£550	-2.0%	2.6%
Semi-detached	£600	£564	£577	-3.8%	2.3%
Detached	£716	£735	£762	6.4%	3.7%



Performance of the private rental market: Belfast Metropolitan Area, July - December 2009

Rent by number of bedrooms

There is a distinct difference in average monthly rent by number of bedrooms. In the final six months of 2009, one bedroom properties were being let on average for £435, two bedrooms for £519, three bedrooms for £563 and 4/4+ bedrooms for £800 respectively. Annual change across all property types is variable, with growth experienced in both 4/4+ bedroom properties (2.2%) and one bedroom dwellings (1.2%) but with an annual decline in average rents for properties with two bedrooms (-2.4%) and three bedrooms (-1.2%). Conversely, half yearly change is positive across all types. The analysis shows that the largest increase is in two bedroom dwellings for which a half yearly growth of 3.2% is experienced. Average rents in one bedroom properties also had notable change with a half yearly increase of 2.4% and for three bedrooms the rent rose by 1.1% during the same period (Table 5).

Table 5 Average rent per month by number of bedrooms

Property Type	2008 (Jul-Dec)	2009 (Jan-Jun)	2009 (Jul-Dec)	Annual Change (%)	Half-yearly Change (%)
1 bedroom	£430	£425	£435	1.2%	2.4%
2 bedroom	£532	£503	£519	-2.4%	3.2%
3 bedroom	£570	£557	£563	-1.2%	1.1%
4/4+ bedroom	£783	£798	£800	2.2%	0.3%

Average monthly rent in Belfast City Council Area

The average monthly rent in the Belfast City Council area was £593 during the second half of 2009 (Table 6). The highest rental locations are Belfast city centre and South Belfast. However, for the city centre, the average monthly rent (£633) is 7.6% down on the respective figure for the first half of 2008 and by 4.7% over the half year. Despite the high average rents in South Belfast (£681), there is a marginal decrease over the year (-0.3%), with average rents falling by 1.3% over the past six months.

The lowest rental location is North Belfast with an average monthly rent of £494. Average rents have increased in the north of the city by 1.4% over the year and by 4.4% over the half year. Rent levels in East Belfast have experienced the highest rate of annual increase (2.6%) with an average rent per month of £561 up 7.1% over the past six months. West Belfast rents have decreased over the year (-2.9%) and in the last six months (-0.8%).

Table 6 Average rent per month in Belfast City Council area

Location	2008 (Jul-Dec)	2009 (Jan-Jun)	2009 (Jul-Dec)	Annual Change (%)	Half-yearly Change (%)
Belfast City Council	£598	£598	£593	-0.8%	2.8%
Belfast City Centre	£685	£664	£633	-7.6%	-4.7%
North Belfast	£487	£473	£494	1.4%	4.4%
South Belfast	£683	£690	£681	-0.3%	-1.3%
East Belfast	£547	£524	£561	2.6%	7.1%
West Belfast	£512	£501	£497	-2.9%	-0.8%



Performance of the private rental market: Belfast Metropolitan Area, July - December 2009

Conclusion

The report highlights a growing private rental sector in the Belfast Metropolitan Area with a significantly higher volume of lettings relative to the first half of 2009. The number of lettings between July and December 2009 has increased to a level that is more reflective of the situation in 2008 suggesting that the second half of the year is attracting more lets than during the first six months, a pattern that has been apparent over the past two years. There has also been an increase in the average monthly rent for the Belfast Metropolitan Area but the rate of growth is relatively modest.

Methodology and Sample Size

The statistics are based on properties advertised on PropertyNews.com and let during the second half of 2009 (July to December). 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.