

Housing Market Analysis

Causeway Housing Market Area



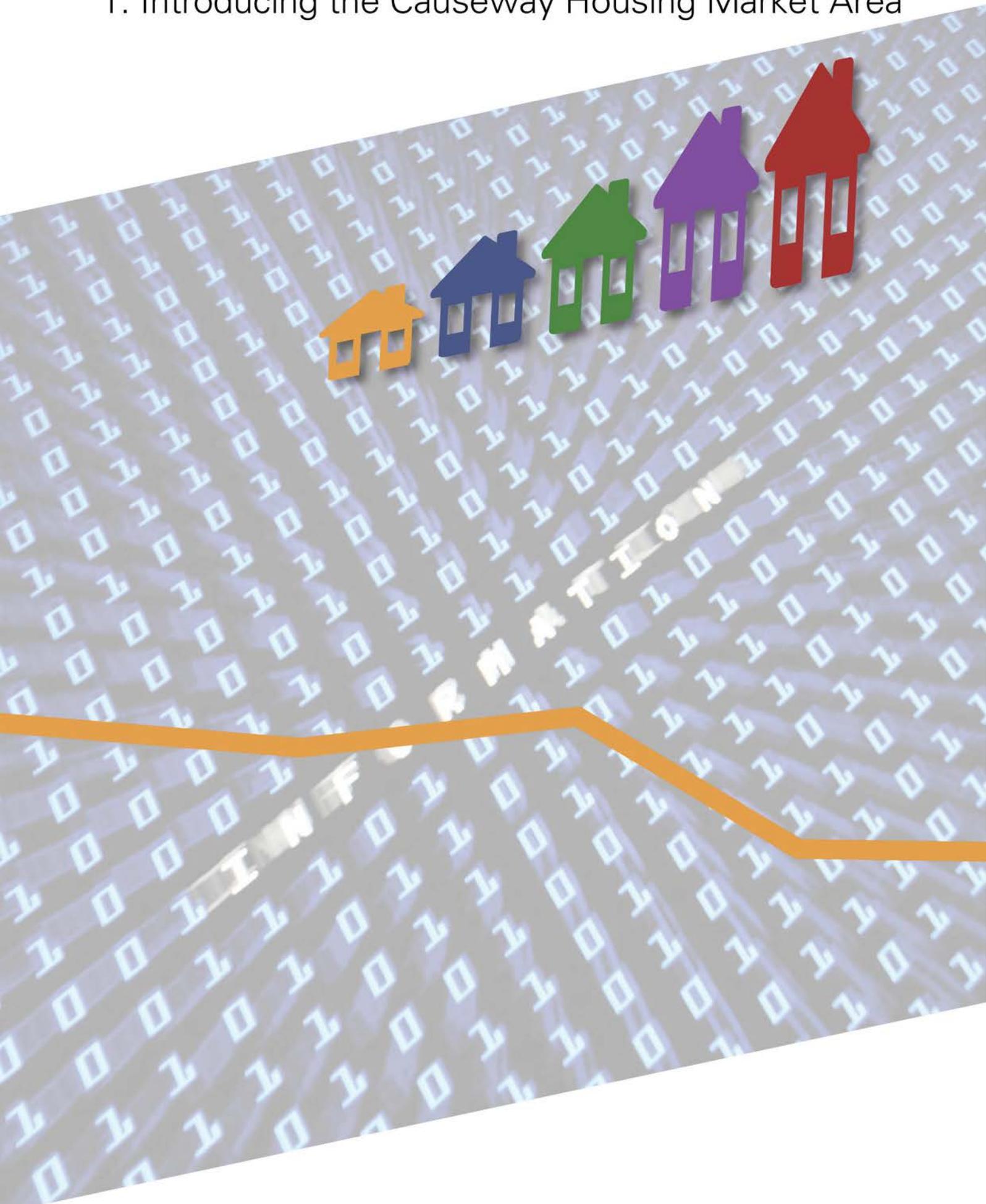


Contents

1. INTRODUCING THE CAUSEWAY HOUSING MARKET AREA.....	4
Policy Context.....	7
2. KEY ECONOMIC AND DEMOGRAPHIC TRENDS.....	17
Economic Performance	18
Economic Trends.....	19
Economic Outlook.....	25
Population.....	28
Key Issues.....	35
3. CAUSEWAY HMA: THE OWNER OCCUPIED SECTOR.....	37
Profile of the owner occupied sector	38
Key Issues.....	52
4. PRIVATE RENTING WITHIN CAUSEWAY HMA.....	53
Profile of the Private Rented Sector	54
Student Housing	59
Affordability	60
Key issues.....	63
5. CAUSEWAY HMA: THE SOCIAL RENTED SECTOR	64
Profile of the Social Rented Sector	65
Applicants.....	71
Housing Stress.....	72
Allocations	72
Ratio of new applicants (excluding transfers) to all (non-transfer) lettings.....	72
Rents	74
Housing Need Assessment	74
Travellers	75
Supported Housing.....	75
Key Issues.....	76
6. BRINGING THE EVIDENCE TOGETHER AND IDENTIFYING IMBALANCES	77
Introduction	78
Housing and the economy	78
An ageing population.....	79
Improving the residential offer	79
The owner occupied sector	80
The private rented sector	80
The social rented sector.....	82
Responding to housing stress	82
The rural perspective	83
Longer term housing system challenges.....	83
Appendix 1: References	85

Websites	90
Appendix 2: Northern Ireland's Economic Performance	91
Appendix 3: Recent Employment Trends	94
Appendix 4: Northern Ireland Level Population Projections	95
Appendix 5: CACI PayCheck and family Resources Survey Income Data	97
Appendix 6: Changes in households and occupied stock numbers for 2001 - 2010	99
Appendix 7: Average public sector rent by selected UK region 2001 to 2012 (£)	101
Appendix 8: Characteristics of social renters by urban/rural % breakdown (2006)	102

1. Introducing the Causeway Housing Market Area





1. INTRODUCING THE CAUSEWAY HOUSING MARKET AREA

The Causeway HMA

The Northern Ireland Housing Market Areas 2010 report by Young et al identified eleven housing markets that function across Northern Ireland, including the Causeway HMA. The study concluded that 'travel to work areas' provided a reasonable approximation of housing market areas in 2001 by comparing commuting and migration patterns between 2001, 2004 and 2007, derived from the Census and Community Health Index. This data was analysed to develop a more detailed understanding of the linkages between different areas and the influence of employment centres on residential flows. The validity of the boundaries were confirmed and agreed through stakeholder discussions.

The Causeway HMA is made up of 48 wards from the Coleraine, Ballymoney and Moyle LGDs. The map below shows which LGDs fall wholly or partly within Causeway HMA. The HMA includes:

- The entire Coleraine LGD;
- Fourteen wards from Ballymoney LGD;
- Twelve wards from Moyle LGD.

Map 1: Causeway Housing Market Area



Housing Market Analysis

Causeway Housing Market Area



Coleraine HMA is situated in the north of Northern Ireland and extends from Dunseverick in the North to Kilrea in the south and Ringsend in the west to Ballyvov in the east. It also includes the unique location of Rathlin Island, off the north coast of Ballycastle town.

Table 1: Wards within Causeway HMA

Agivey	Ringsend	Route*
Atlantic	Royal Portrush	Seacon*
Ballysally	Strand	Stranocum*
Castlerock	The Cuts	The Vow*
Central	University	Armoys**
Churchland	Waterside	Ballylough**
Cross Glebe	Ballyhoe and Corkey*	Bonamargy & Rathlin**
Dundooan	Benvardin*	Bushmills**
Dunluce	Carnany*	Carnmoon**
Garvagh	Dervock*	Dalriada**
Hopefield	Dunloy*	Dunseverick**
Kilrea	Fairhill*	Glenshesk**
Knocklynn	Glebe*	Glentaisie**
Macosquin	Killoquin Lower*	Kinbane**
Mount Sandel	Knockaholet*	Knocklayd**
Portstewart	Newhill*	Moss-side & Moyarget**

All wards within Coleraine LGD except: *Ballymoney; **Moyle

Coleraine town is the principle settlement within the Causeway HMA. For the purposes of analysis, Causeway HMA has been divided into two sub-divisions; Causeway urban and Causeway rural. Causeway urban is comprised of nine wards within Coleraine town: Waterside, University, The Cuts, Central, Cross Glebe, Churchlands, Knocklynn, Ballysally and Mount Sandel with five wards from Ballymoney town: Route, Glebe, Fairhill, Carnany and Newhill. All other wards combine to make up Causeway rural.

The formal definition of 'rural' is a settlement of less than 4,500 people. Whilst Portrush, Portstewart and Ballycastle record populations above this level, for the purpose of Causeway HMA, the rural sub-division is defined as the area outside of Coleraine town. This is due to the significant difference in size, population and role as service centre between Coleraine town and other towns in the HMA.



Policy Context

Introduction

This chapter describes the strategic housing and planning policy context within which the Causeway housing system functions. This chapter has been revised to take account of budget and policy developments subsequent to the election of the UK Coalition Government. This includes ongoing reform of the Northern Ireland planning system and local government reform.

UK Government spending

In October 2010, the UK Government's Comprehensive Spending Review (CSR) set out its spending plans for the four years from 2011/12 to 2014/15. This includes the block allocation to the Northern Ireland Executive. The spending plans will require Whitehall and the devolved administrations to make the deepest cuts for over 65 years. The Government believe the cuts, together with tax changes and welfare benefit reforms, will reduce the UK deficit and provide the stability the private sector needs to expand and create new jobs.

In terms of housing, a 50% cut in grant funding for social rented and other forms of affordable house building was introduced. The budget also confirmed measures to reduce Housing Benefit and other welfare benefit expenditure by some £18 billion over four years with most of these measures being introduced from 2011 or 2012. These measures are explained in more detail later in this chapter.

The March 2012 Budget remained committed to the 2011 Autumn Statement. The 'Plan for Growth' and Autumn Statement 2011 stated that UK growth forecasts had been revised down from 2010 and projected public borrowing had been increased. Consequently, the Government announced new measures including further cuts in public spending, the raising of state pension age to 67 and increased funding for infrastructure. Housing measures announced included:

- the introduction of a mortgage indemnity scheme, where first time buyers may be able to acquire 95% mortgages;
- an extension of Right to Buy with a 50% discount for social tenants who wish to buy their homes;
- an extra £50 million for empty homes strategies; and
- a fund of £400 million for 'Get Britain Building' to assist stalled house construction projects.



Welfare reform

On 11 November 2010, UK Government announced plans to introduce a 'Universal Credit' from 2013 to replace most in work and out of work benefits¹ for people of working age, including Housing Benefit. The aim is to transfer all existing claimants onto the new system by October 2017. The UK Government's Welfare Reform Bill was introduced to Parliament in February 2011. This Bill includes proposals for changes to other Social Security Benefits in advance of the introduction of Universal Credit. The key features of the proposed Universal Credit are:

- The introduction of a single 'taper' for the withdrawal of the Credit. This is intended to remove the need for most people to transfer from one set of benefits to another as their employment situation changes;
- The amount of Credit, when combined with Child Benefit and other benefits including assistance with housing related costs would be subject to an upper limit. The purpose of the cap is to ensure that no household could receive more in welfare than net median earnings.

The budget also confirmed measures to reduce Housing Benefit in 2011/ 2012. For private tenants these changes include the intention to calculate Housing Benefit entitlement with reference to local rents at the 30th percentile instead of the 50th percentile and a rise in the age threshold for the shared room rate from 25 to 35 years. Social and private tenants will also be subject to an increase in non-dependency reductions. The Government has also announced the following longer-term measures that will require primary legislation:

- Restriction of Housing Benefit to working age social rented tenants that under-occupy their home from April 2013;
- LHA rates will be up rated using the lower Consumer Price Index (CPI) measure as opposed to the Retail Price Index (RPI) from 2013/14.

The degree of uncertainty means it is not possible to be definite about the impact of public expenditure reductions and welfare reforms on the housing system, although some possible impacts are discussed in this report.

¹ UC will replace Working Tax Credit, Child Tax Credit, housing benefit, Income Support, Jobseekers' Allowance (income based) and Employment and Support Allowance. In mainland UK, it will also replace Council Tax Benefit, although details remain vague. Contributory JSA plus Employment and Support would continue to exist but the treatment of earnings would be aligned with the way earnings are treated within UC. Other Benefits that would continue include Disability Living Allowance, Child Benefit, Statutory Sick Pay, Bereavement Payments, Statutory Sick Pay, Statutory Maternity/Paternity Pay and Industrial Injuries Disablement Allowance.



The Northern Ireland Programme for Government - Building a better future - and budget

The Northern Ireland Executive's (NI Executive) over-arching aim is to build a peaceful, fair and prosperous society. The Draft Programme for Government 2011-15 sets out five strategic priorities to promote this aim:

- Growing a sustainable economy and investing in the future;
- Creating opportunities, tackling disadvantage and improving health and well-being;
- Protecting our people, the environment and creating safer communities;
- Building a strong and shared community;
- Delivering high quality and efficient public services.

In March 2011, the NI Executive published a budget setting out proposed spending plans for 2011 to 2015. The above priorities are to be guiding principles for Government policies, strategies and programmes

The background for the budget is the significant reduction of levels of funding available as part of the UK Government's Spending Review in October 2010. The Spending Review set an 8% reduction in NI Executive's Department Expenditure Limit (DEL) from 2011/12 to 2014/15. Capital funding provided by the UK Government will also reduce by 40% over the same period. The NI Executive proposes to transfer resources from current expenditure into capital investment to support infrastructure and the construction industry.

The Budget's allocation to the Department of Social Development from 2010/11 to 2014/15 will increase current expenditure by 0.4% to £523.4 million. Capital investment is to decrease from £269.6m in 2010/11 to £120.3m in 2014/15, a decrease of 55%. The Department is seeking to offset some of this reduction in funding by achieving savings and by maximising income from other sources such as leveraging in additional funds from the private sector.

Projected expenditure on the Housing Executive and Housing Associations is to reduce by 21% from £211.8m in 2010/11 to £165.5m in 2014/15 and, over the same period, capital investment for this sector is to decrease by 30% from £130.1m to £90m. It is envisaged that the Housing Executive's programme of modernisation and rationalisation will result in staff and running cost reductions. A review of maintenance spending, improved asset management and increased rental income are also to provide savings and revenue.

Supporting Strategies

The Programme for Government identifies a number of strategies and plans, which will promote the aims, priorities and commitments of the programme.



These provide further details about the intended policy direction on specific matters. Aside from the RDS, which is discussed later in this chapter, important policy strategies for this HMA report are those relating to economic development and regeneration.

The top priority for the Programme for Government is to grow the Northern Ireland economy. Consequently, the Northern Ireland Executive published a draft economic strategy 'Priorities for Sustainable Growth and Prosperity' (November 2011) for public consultation. This strategy is based around the twin aims of rebalancing the economy by growing private sector activity in the longer term and rebuilding the economy to secure employment growth in the shorter to medium term.

In 2012, the Department for Social Development published a consultation document 'Urban Regeneration and Community Development Policy Framework'. This Framework proposes an 'outcomes focused' approach to regeneration and community development as opposed to an approach, which centres on processes. Current strategies for regeneration and to tackle disadvantage include the 'People and Place: A Strategy for Neighbourhood Renewal' (DSD, 2003). This has identified several communities that experience high levels of deprivation. It encourages community, voluntary, government agencies and the private sector to work together to deliver goals associated with community, economic, social and physical renewal. Currently there are two neighbourhood renewal areas in the Causeway HMA.

Planning and Local Government reform

Reform of the NI Planning System

The planning system in Northern Ireland is undergoing a programme of Reform. Reform of the Planning System culminated in the Planning Act 2011. A main aim of this legislation is to transfer the majority of planning powers from the DOE to new councils, scheduled to be in place by 2015. The Planning Act provides legislation to allow:

- The councils to take responsibility for Local Development Plans. These will include a Plan Strategy and a Local Policies Plan (LPP). The former will set out the strategic objectives for the area that are aligned to the RDS whilst the LPP will provide site-specific plans for the area;
- The councils will determine applications for local and major developments;
- The DOE will retain responsibility for regionally significant development and Planning Policy;
- DOE will have powers to monitor and intervene in the LDP process, including powers to direct councils to prepare joint LDPs and powers to prescribe the form and content of the Plan Strategy and the LPP.



Housing Market Analysis Causeway Housing Market Area

In preparation for the transfer of planning functions, the DOE has established two divisions, one comprising of Local Area Planning Offices, which have responsibility for the functions transferring to the councils, and a Strategic Planning Division, whose functions will remain with the DOE.

Local government reform

Reform of local government is also ongoing. It involves a reduction in the number of local government districts from 26 to 11 alongside the transfer of planning, regeneration and some other central government functions to local government. The new councils are due to be in place by 2015, with piloting arrangements, including planning functions, to take place in 2014. The proposed new councils are summarised in Table 2.

It is intended that the new councils will receive powers of well being and community planning. It is proposed that local government districts will be given a statutory duty to lead and facilitate community planning and will be required to consult and co-operate with the community and bodies responsible for providing public services.

Table 2: Proposed New Local Government Districts

New LGD	Current LGD
Belfast City	Belfast and some parts of adjacent LGDs
Lisburn City and Castlereagh	Lisburn; Castlereagh
Antrim and Newtownabbey	Antrim; Newtownabbey
Mid and East Antrim	Ballymena; Larne; Carrickfergus
North Down and Ards	Ards; North Down
Armagh City, Banbridge and Craigavon	Armagh; Craigavon; Banbridge
Newry City, Mourne and Down	Newry and Mourne; Down
Mid Ulster	Cookstown; Dungannon; Magherafelt
Causeway Coast and Glens	Coleraine; Limavady; Ballymoney; Moyle
Derry/Londonderry and Strabane	Derry/Londonderry; Strabane
Fermanagh and Omagh	Omagh; Fermanagh

Planning Context

The Regional Development Strategy (RDS)

The first RDS "Shaping our Future", was issued by the Department for Regional Development (DRD) at the end of 2001. Consistent with commitments given in 2001, the RDS was reviewed in 2006 and 2010. In March 2012, a new RDS to guide development to 2035 was issued for consultation.

Housing Market Analysis

Causeway Housing Market Area



The RDS 2035 provides an overarching strategic framework, to help achieve a strong spatially balanced economy, a healthy environment and an inclusive society. The RDS also contains a commitment to sustainable development.

The RDS contains a Spatial Framework to support balanced spatial economic development and growth between the wider Belfast area and the rest of Northern Ireland. Features of the Spatial Framework include:

- Development is directed towards of Belfast City as the major driver for regional economic growth
- Derry/Londonderry is identified as the principal city and economic centre in the North West;
- The RDS identifies 16 Hubs and six Clusters of settlements. The Clusters are cities and towns which can work together to create a critical mass to attract economic development and deliver services, rather than Hubs competing for scarce resources.
- There are Gateways and Economic Corridors based on the Regional Strategic Transport Network connecting Belfast and Derry/Londonderry and the main centres of economic activity with gateways or important transport interchanges such as ports and airports.

RDS housing requirements

The RDS 2035 and its Spatial Framework), aims to influence the geography of development across Northern Ireland. The RDS, therefore, sets 'Housing Growth Indicators' (HGIs) to guide distribution of housing in the region. The RDS projects housing growth required to respond to changing 'housing need'²

The RDS identifies an indication of the net additional housing requirement of 190,000 dwellings between 2008 and 2025 throughout Northern Ireland. The HGIs allocate a proportion of the regional net additional housing requirement to each LGD. These allocations were intended to provide a starting point for assessing future net housing additions required at the local level through the Development Plan process. The RDS also emphasises that there should be a minimum of five years supply of housing land within local government districts.

The HGI figure for 2025 at 190,000 is lower than the comparable figure for the 18 years from 1998 to 2015. This is because, as discussed in Chapter 3, the NISRA 2008-based household projections suggest household growth will slow in the period to 2025.

² The RDS figures on 'housing need' include households that are able to pay for housing as well as those that cannot. The RDS use of the term 'need' is usually termed 'total net housing requirement' elsewhere in the UK.



RDS housing requirements for the Causeway HMA

The Causeway HMA, as noted in Chapter 1, extends across Coleraine LGD, includes a majority of wards in Ballymoney LGD and Moyle LGD. The RDS's regional allocation of 190,000 dwellings is shared according to the Spatial Framework, with 60,800 dwellings apportioned to the Belfast Metropolitan Area and hinterland and 129,200 dwellings assigned to the North, South and West of the Region.

Table 15 includes the spatial distribution of HGIs for 2008-2025. It also shows how the HGI allocations have changed over time, as the equivalent figures from the RDS 2001 revision in 2008 are included for the period from 1998 to 2015. It confirms that whilst the projected net additional housing requirement has fallen at the Causeway HMA level, as at the Northern Ireland level, the share of net additional requirements allocated to the Causeway HMA has not changed.

This reflects that the method adopted to identify net housing additions has been 'rolled forward'. Therefore, the RDS 2035 intention that the 48% of the regional housing figure should be allocated to the BMA and hinterland area and the remaining 52% to the rest of Northern Ireland to help achieve balanced regional development remains unchanged from the RDS 2001.

Table 3: Housing requirement spatial allocation (housing growth indicators) 1998 to 2015 and 2008 to 2025.

LGD	RDS 2001 1998-2015 (Revised 2008)		RDS 2035 2008-2025	
	No	%	No	%
Coleraine	7,600	4	6,900	4
Ballymoney	3,800	2	3,500	2
Moyle	2,000	1	1,800	1
Northern Ireland	208,000	100	190,000	100

Source: DRD (2008 and 2012)

Planning Policy Statements and Development Plans

The implementation of the RDS is supported by and mediated through Planning Policy Statements and Development Plans.

Planning Policy Statements contain policies on land-use and other planning matters. Of particular significance are PPS 12 Housing in Settlements, which was issued in 2005 and PPS 21 Sustainable Development in the Countryside, which was issued in 2010:

Housing Market Analysis

Causeway Housing Market Area



- PPS 12 confirms the importance of containing development within existing settlements. It provides a framework for establishing the spatial distribution of housing allocations as part of the development plan process. It also allows for supply of land and other measures to deliver new social housing development predicated on the findings from Housing Needs Assessments prepared by the Housing Executive. A review of PPS 12, which includes a review of developer contributions and other measures to support social and intermediate housing is ongoing;
- PPS 21 seeks to strike a balance between rural development and rural conservation. It provides for the consolidation of existing residential clusters and for farmhouses to be built in suitable locations to support rural communities. Policy CTY 5 of PPS 21 also allows the development of up to 14 social and/or intermediate dwellings outside but close to settlement limits or within Dispersed Rural Communities where a need has been established by the Housing Executive, and where there are no readily available sites within settlement limits.

Development Plans seek to translate RDS policies and PPS guidance at the local level. These documents set out land allocations for a range of land uses, including residential development. Development Plans relevant to the Causeway HMA include the North East Area Plan 1987-2002 and the draft Northern Area Plan 2016.

NIHE Housing Need Assessment

The RDS 2035 is based on a 'plan, monitor and manage' approach to provision of housing land. This approach requires regularly updated evidence on a range of matters, particularly at the development plan level. This includes evidence, such as updated figures on housing construction, land availability and local housing needs. The present spatial planning framework requires the Housing Executive to undertake a housing needs assessment, which is expected to form a technical supplement to support of local development plans. As PPS 12 states, the Housing Executive:

"... will provide a Housing Need Assessment (HNA) in relation to identified areas of the housing market to assist DOE Planning Service in their preparation of development plans. The findings of the HNA will be taken into consideration in the preparation of a development plan and will be updated at regular intervals during the life of the plan. The findings of the HNA will influence how development plans will seek to facilitate a reasonable mix and balance of housing tenures and types to cater for the identified range of housing needs".

Housing need and Housing Market Assessment

The RDS 2035 clarifies the HGI figures provide a starting point for assessing housing growth and they should be interpreted in light of local assessments of



Housing Market Analysis Causeway Housing Market Area

housing need and housing market conditions. It is now recognised that assessment of cross tenure housing need is more robust if the findings are embedded within a wider local housing market assessment.

In Great Britain, Housing Market Assessment has become a component of the local evidence base that local authorities are required to produce to support planning and housing policy. In particular, Housing Market Assessment is expected to inform the 'plan, monitor and manage' process of setting and reviewing housing supply targets at the sub-regional and local level.

In 2009, the Housing Executive established a set of functional HMA boundaries within Northern Ireland. This Housing Market Assessment marks an important step towards ensuring the Housing Executive ongoing programme of housing need assessments are understood and interpreted in light of the workings of the wider housing system.

It is important to note that guidance prepared to support local government districts analyse local housing systems in Great Britain all set out a general approach but permit different methods to be employed. In part, this is because the 'real world' environment in which different housing systems operate means that a single standardised approach is unlikely to be appropriate for all HMAs. These differences include local housing market conditions, the availability of statistical data and other evidence available, and the different spatial scales at which housing system analysis is conducted.

Conclusions

The Causeway HMA continues to evolve within a policy framework set out in a variety of NI Executive policy documents.

Housing is central to the NI Executive ambition to rebuild and rebalance the economy, both at the Northern Ireland and the Causeway HMA level. Ensuring the right volume and mix of housing in the right locations will be central to increasing mobility amongst the internal workforce and encouraging people to come from abroad to take up employment.

It has become clear that the effects of the UK recession will be felt for several years. Reductions in public expenditure and the programme of welfare reforms are likely to have a greater impact on the local economy because of the comparative 'over-reliance' on the public sector and the high welfare benefit dependency of the working age population relative to other UK regions.

There are many uncertainties surrounding welfare reforms but the scale of expected cuts in welfare expenditure will undoubtedly affect consumer spending and future trends in the need and demand for housing in different

Housing Market Analysis

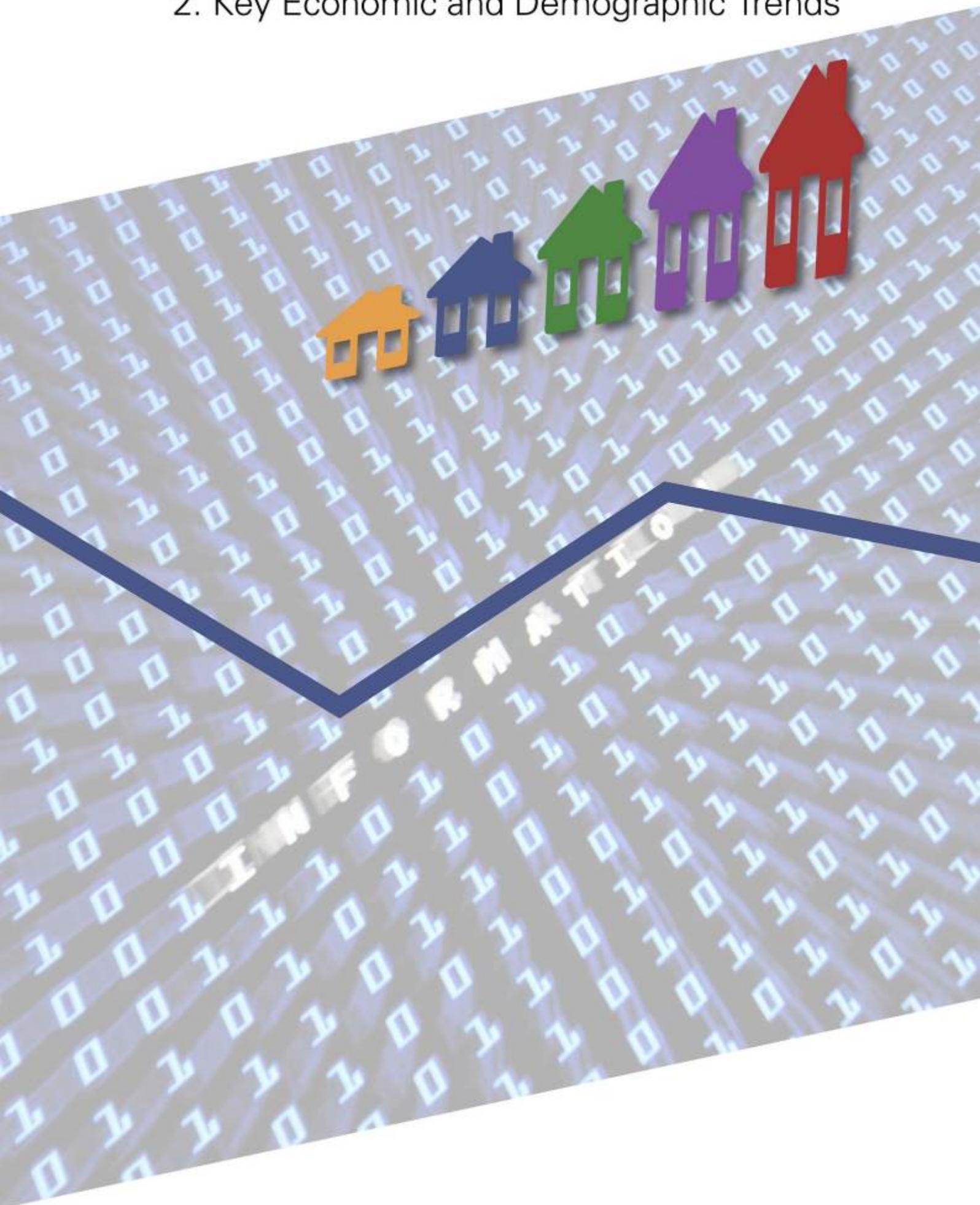
Causeway Housing Market Area



tenures. The precise impacts of these changes, however, remain uncertain. Continued monitoring and early identification of changing levels and patterns of housing need and demand will be vital if policy is to intervene and respond to emerging needs and demands in a timely fashion.

Reform of the planning system and local government will also have potentially far-reaching implications. The reforms will necessitate the creation of new intra-government relationships. It will require individual departments, agencies and local government districts to adopt a more integrated approach to spatial planning and to find new ways to ensure that local plans align with the community plan ambitions as well as the ambitions of the RDS. It will be important to monitor future development in the Causeway HMA to ensure that its housing market responds to the challenges set out on the RDS.

2. Key Economic and Demographic Trends





2. KEY ECONOMIC AND DEMOGRAPHIC TRENDS

A range of factors influence the operation of the housing market and the housing choices available to households. Of particular significance are recent and possible future trends in terms of economic performance, the operation of the labour market and demographic change, which are the focus of this chapter.

Economic Performance

Relative economic performance is an important factor in attracting households to an area and therefore impacts on the demand for housing. The Office of National Statistics (ONS) preferred measure of monitoring economic performance is Gross Value Added (GVA) for which figures are presented at the Nomenclature of Units for Territorial Statistics 3 (NUTS 3) areas. (Details of GVA data by NUTS 3 area is contained in Appendix 3.) The Causeway HMA falls under the coverage of the **North of Northern Ireland** NUTS 3 sub-regional area which covers the Causeway HMA and stretches west to include the districts of Limavady, Derry/Londonderry and Strabane.

From 1997 to 2009, the average annual growth rate in GVA for North of Northern Ireland was 4.1% and is below the Northern Ireland average of 4.8%. Although Causeway HMA saw continued growth in GVA, it was at a lower rate than all other NUTS 3 areas in Northern Ireland. This was possibly due to notable job losses in the area in recent years and the recessionary impact on the 'tourist' nature of employment in the area. The growth experienced in Causeway HMA is likely to have been more focused on Coleraine town where employment and industry are based and more likely to prosper.

Headline GVA per head at current prices figures show that the economy in North of Northern Ireland is small in comparison to the rest of Northern Ireland. Despite showing a consistent increase in GVA per head between 1997 and 2007, a dip between 2007 and 2009 left North of Northern Ireland as the lowest in Northern Ireland. This is due in part to the fact that it is a relatively small economy with little output comparable to other NUTS 3 areas. Considering the two Housing Market areas in North of Northern Ireland, Causeway HMA would be deemed a retirement area and North West traditionally suffers from high unemployment. This is therefore not conducive to an active economy and the area can be vulnerable as a result.

Analysis of GVA per head in North of Northern Ireland offers similarly bleak results. In 2009, GVA per head in North of Northern Ireland was the lowest in the UK. There is a distinct lack of output in the area which can again be



Housing Market Analysis Causeway Housing Market Area

attributed to retirement in Causeway HMA and unemployment in North West HMA.

Headline GVA by 10 industries at current basic prices can also assist in explaining the current position of the local economy. In 2009, the greatest reliance of the North of Northern Ireland economy is on Public Administration, Education and Health (40% higher than Distribution, Transport, Accommodation and Food, the next highest industry). From the perspective of Causeway HMA, this would represent local government, University of Ulster and the Causeway hospital. The smallest industry in North of Northern Ireland in 2009 was Agriculture, Forestry and Fishing. This is a familiar feature of the recent economy, as it appears to be a steadily shrinking industry.

Economic Trends

Local Government District (LGD) findings from the Labour Force Survey from 2007 to 2011 indicate that in 2007, the **employment** rate in all three LGDs within Causeway HMA was above the Northern Ireland average. In 2008, the rate remained strong in Coleraine but dropped in Ballymoney and Moyle. Ballymoney recovered in 2009 but Moyle continued to drop and Coleraine suffered a notable reduction. Between 2009 and 2011, the employment rate in Moyle has fluctuated greatly. This is likely due to the low working age population in the District. Ballymoney remained relatively steady during this period and Coleraine showed some signs of moderate recovery.

Coleraine LGD has particularly suffered in the job market following on from the economic downturn. High profile closures of major companies such as Kennedy Contracts and Concrete products resulted in the loss of 55 jobs in October 2010. The Kennedy Group attributed this to a "downturn in the construction industry" and "a lack of support available within the banking sector". Previously, in December 2008, the town saw 92 job losses at AVX who supply ceramic capacitors to the global electronics market. In January 2009, Spanboard timber manufacture let 75 staff go and in April 2009, Aiken Timber closed resulting in a further 18 redundancies. This trend could continue in the near future with potentially 300 job losses at Coleraine DVLA. Oxford Economics' autumn 2012 regional forecast suggests that employment in Coleraine, Ballymoney and Moyle LGDs may not return to peak levels until after 2022.



Table 4: No of employees in Causeway HMA and submarkets (workplace based), 2009

Area	Employee Jobs Total	Full Time (%)	Part Time (%)	Manu- facture (%)	Cons- truction (%)	Services (%)	Other (%)	Change 2001-9 (%)
Northern Ireland	691,395	65.0	34.9	10.7	5.3	82.8	1.2	9
Causeway HMA	29,889	60.1	39.5	9.1	5.5	84.2	0.8	1.2
Causeway Urban	17,572	59.9	40.0	9.5	5.4	83.9	1.2	0.4
Causeway Rural	12,317	60.3	38.9	8.6	5.7	84.6	1.1	2.5

Source: Census of Employment: DETI LGD outputs and NINIS Ward level outputs

As with the rest of Northern Ireland, Causeway HMA is heavily reliant on the **service sector**. Any negative impact on this sector could have a lasting detrimental effect on the local economy and employment within the HMA. Employment in the HMA is centred on Coleraine town with the major employers being the Causeway hospital, Local Government and the University of Ulster, which is the largest employer in the area.

The Health and Social Care Board Chief Executive in October 2012 stated that the consultant-led maternity unit at the Causeway hospital in Coleraine is likely to close in the next three to five years. John Compton made the comment as a major review into health services in Northern Ireland suggests the hospital is taken over by the Western Trust. It is currently run by the Northern Trust. Unison have voiced their concerns for the future of the Causeway Hospital however Minister Poots said their fears were unfounded. Nevertheless an over-dependence on the service sector together with reduced Government spending demonstrates the current vulnerability of the local economy.

Coleraine's retail sector is located mainly in the Diamond Centre and the Riverside Park and like other towns throughout the United Kingdom has experienced increasingly difficult trading conditions with rising numbers of vacant shop units.

Ballymoney Borough Council considers agriculture to be of great importance to their local economy. There are 715 farms in the borough which produce a higher than average turnover per farm. There are 1,305 VAT registered business located in the area of which approximately 41% are related to agriculture. The Borough has some well-established manufacturing businesses and employment levels in this sector at 13.8% are above the NI average: Its particular strength in the manufacturing sector lies in engineering. Like



Housing Market Analysis Causeway Housing Market Area

Coleraine a high percentage of the working population in Ballymoney is employed in the service sectors (73.5%).

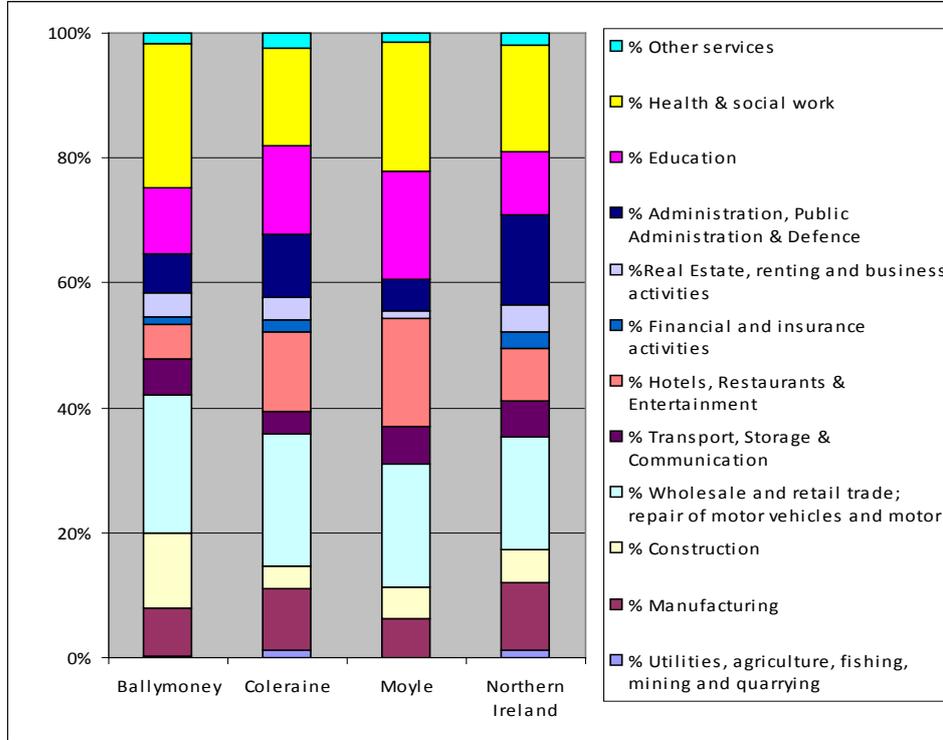
Latest figures indicate that Invest NI is currently working with 49 client companies employing 722 people. Supported by Invest NI the 'Start a Business' programme has been extremely successful, with 76 new micro or small businesses supported in the most recent 12-month period. In addition over the past 5 years more than 30 rural businesses in the area have received in excess of £400,000 of Leader+ grants; a sum which has been matched by the businesses themselves, bringing the total investment to over £800,000.

Moyle has few medium and large businesses (10+ employees) therefore opportunities for career development are limited. The local economy now relies heavily on tourism. The Giants Causeway and Carrick-a-Rede Rope Bridge which together attracts in excess of one million visitors per year make Moyle District an ideal tourist destination for both local and overseas visitors. Bushmills Distillery also provides a great boost to the area by attracting 120,000 visitors per year and trades internationally. The key challenge over the next decade will be to maintain sustainable growth in tourism. Initiatives such as the Giants Causeway visitors centre need to be introduced in the future to make tourism a sustainable enterprise and develop the tourist economy.

The number or role of migrant workers is not a significant factor in the Causeway economy. Despite the availability of jobs which are traditionally associated with overseas workers such as food processing, the hospitality industry and unskilled hospital employment, migrant workers represent only 2.5% of the working population in Coleraine LGD, 1.4% of Ballymoney LGD working population and 0.9% of Moyle LGD. There are small concentrations of migrant workers within Coleraine LGD with even fewer numbers in Ballymoney and Moyle LGDs. Consideration however should be given to the possibility of additional migrant workers gravitating to the Causeway HMA particularly if the tourist industry enjoys sustained growth.

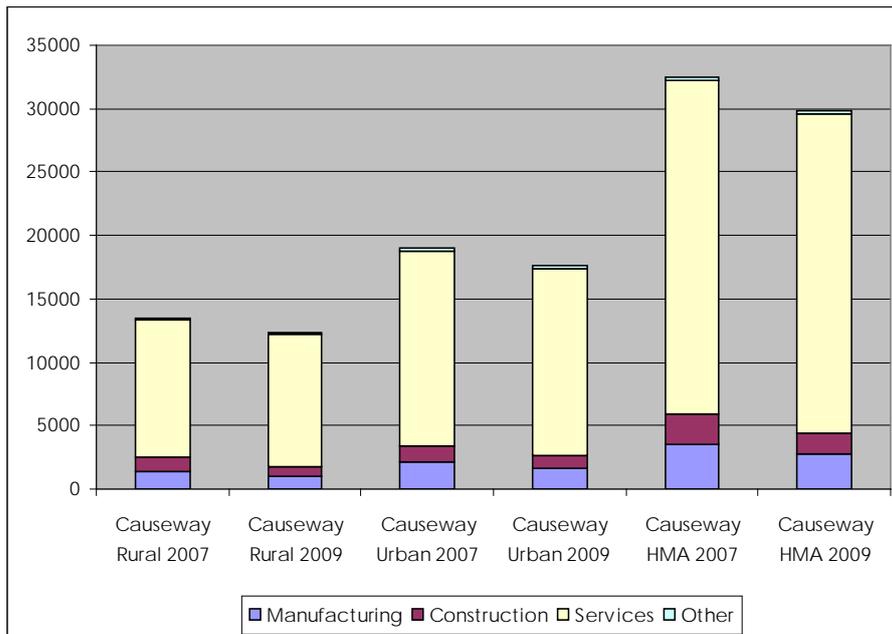


Figure 1: Employees share by Industry 2009 – LGD only



Source: Census of Employment, DETINI

Figure 2: Number of employees by sector 2007-09



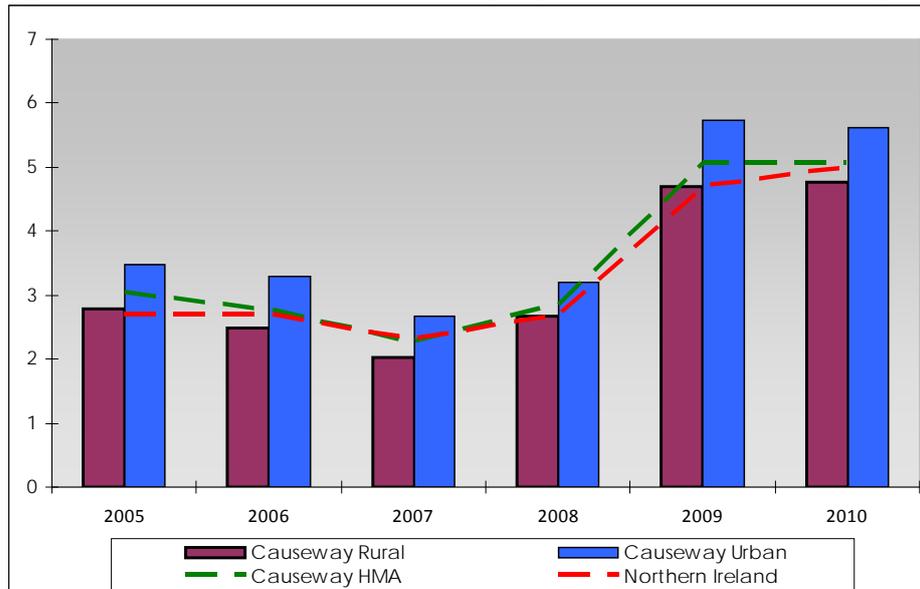
Source: Census of Employment, DETINI



Housing Market Analysis Causeway Housing Market Area

One manifestation of the current recession has been the increase in **unemployment**. Between January and August 2012, there were 1,249 redundancies in Northern Ireland and if trends continue, total redundancies for 2012 could exceed that of 2011 (1,726). Figure 3 below summarises the claimant count based unemployment figures for Causeway HMA and is broken down by submarket.

Figure 3: Annual Claimant Unemployment rate for Causeway HMA, 2005-10



Source: NISRA

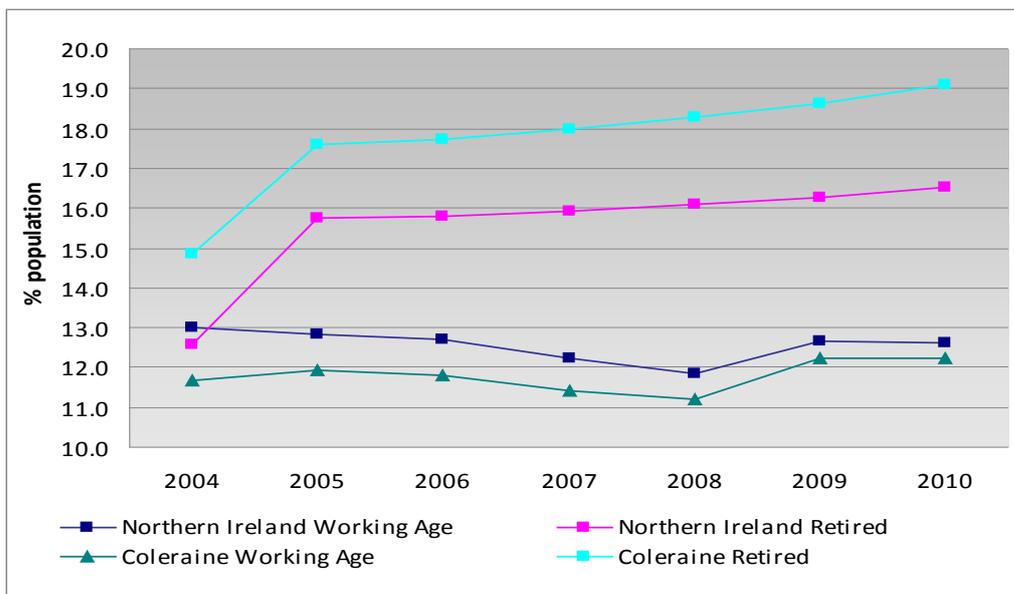
The claimant unemployment rate for Causeway HMA has followed a similar trend to the Northern Ireland average. The unemployment rate in Causeway HMA has consistently remained below the North West HMA but remained higher than Ballymena HMA between 2005 and 2010. This is probably due to the geographical position of the HMAs in relation to Belfast where employment opportunities are better. In 2011, the wards within the HMA with the highest claimant unemployment rate were: Bushmills and Glentassie from Moyle LGD; Cross Glebe from Ballymoney LGD and Coleraine Central and Ballysally from Coleraine LGD. The claimant unemployment rate for Causeway rural has consistently remained below Causeway urban. This is probably due to the proportionately high number of retiree's living in the rural area and the relative stability of the farming industry.

As another year's graduates and school leavers enter the labour market, unemployment is likely to continue to remain high or possibly increase. University of Ulster, Coleraine continues to accept a consistent number of students each year but they are entering a depleting job market. Young people entering the job market in Ballymoney LGD are particularly suffering with 54.1% of on-flows to the claimant count in the 16-24 age category at July 2012. Coleraine and Moyle LGDs follow the Northern Ireland average (44.7%). Without a significant improvement in employment opportunities and in



particular the quality of employment in the area, Causeway HMA will struggle to retain any of the graduates produced locally. Currently, the School of Biomedical Sciences at University of Ulster Coleraine is a good source of employment and is regarded as appealing for potential undergraduates and postgraduates.

Figure 4: Working Age adults in receipt of key benefits, 2004 to 2010



There is a decreasing level of retail jobs available in the Causeway HMA as the **vacancy rate** of shops in Coleraine doubled inside one year. At September 2011, the vacancy rate in Coleraine town was 11.2%. This rose to 21.2% at September 2012. Traders report that business rates in the prime retail locations are too high and are not only resulting in closures, but leaving retailers with no option but to look elsewhere for alternative premises. The Republic of Ireland is benefiting from the current position as occupiers are attracted to a more competitive corporation tax level (currently 12.5% in ROI compared to a UK rate of 24%).

Figure 4 shows the percentage of the population in receipt of key state benefits³ from 2004 to 2010. Causeway HMA follows the same trend for working aged claimants as both its neighbouring HMAs but remains marginally above the rate for Ballymena HMA and substantially below the rate for North West HMA. Causeway HMA has a comparatively high and increasing level of retired households. This is due to the Causeway HMA being a desirable location for retiree households as well those who have purchased

³ Numbers of working age claimants claiming at least one of the main benefits (Income Support, Jobseekers Allowance, Disability Living Allowance, Incapacity Benefit or Severe Disability Allowance and Pension Credit for males aged 60-64).



Housing Market Analysis Causeway Housing Market Area

second homes for holidays occupying them on a permanent basis following retirement. This knowledge is important when assessing the future business potential of an area,

Table 5: Full time employee gross weekly pay, 2010

LGD	Lower quartile		Median	
	Residence	Work based	Residence	Work based
Coleraine	312.3	287.8	431.5	381.5
Ballymoney	287.2	243.6	386.2	324.3
Moyle	-	-	-	-
Northern Ireland	378.1	403.2	555.4	667.4

Source: DETINI (2010) ASHE

Table 5 above would suggest that those who live and work within Coleraine LGD achieve a higher weekly pay than those who travel to work in the same area. Employees from Ballymoney would also appear to achieve a better weekly pay when living and working in the same area.

Table 6: Gross household income distributions, 2010

Area	Lower quartile	Median	Upper Quartile	Average
Northern Ireland	£12,953	£24,752	£43,856	£32,351
Causeway HMA	£12,536	£23,796	£42,319	£31,051

Source: CACI (2010) Paycheck

CACI Paycheck is deemed to be a robust source of indicating the distribution of households' income. At the lower end of the scale, income in Causeway HMA was in line with the Northern Ireland average at 2010. Income in the upper quartile is where Causeway HMA falls slightly short. This is in part due to the shortage of higher paid employment in Causeway HMA and partly due to the high incomes of those in Belfast HMA, particularly Lisburn, North Down and South Antrim. These are areas which are considered affluent and would act mainly as commuter areas into Belfast.

Economic Outlook

Northern Ireland saw an abrupt downturn in the economy during 2008 following the tightening of credit and the financial crisis. This made it difficult for firms to invest in their business and for customers to secure funds to purchase housing and other services.

The economic slowdown, alongside increased borrowing costs had an immediate impact on the housing market. Sales to first time buyers and 'buy to let' investors dried up in the HMA and across Northern Ireland. This had a knock on effect on the construction and manufacturing industries. Causeway

Housing Market Analysis

Causeway Housing Market Area



HMA will not have suffered with the decline in these industries to the same extent as some HMAs in Northern Ireland as employment in the area relies more on the service sector (which includes sectors vulnerable to housing market weakness such as banks, solicitors, quantity surveyors and estate agents). It also had an impact on the availability of finance and consumer confidence. This in turn had a heavy impact on services and led to a sharp decline in employment opportunities and business cut backs/closures.

This has had a lasting and significant impact on the housing market. The lack of available finance due to rising unemployment coupled with the banks becoming increasingly risk averse has resulted in the owner occupied market stalling. This has resulted in a rising number of prospective owner occupiers unable to raise the appropriate finance to purchase their own home. The declining price of property has caused wide scale uncertainty in the market and shattered consumer confidence. In the interim, households have opted to avail of the private rented market as this choice represents minimal financial commitment and offers a comparable variety of property and locations to the owner occupied market.

The UK economy pulled out of recession in early 2010 but signs of improvement in economic and labour market conditions in Causeway HMA, as in the rest of Northern Ireland, remained tentative. Fears of a double dip recession were then realised in the first quarter of 2012 as the UK economy shrank by 0.2%, following a 0.3% decline in the final quarter of 2011. This has resulted in more conservative forecasts of economic recovery.

The short term prospects for the economy are bleak. There were signs of a double dip recession over the past year with reductions in the Northern Ireland Executive's spending plans. This was always likely to exert downward pressure on the prospect of economic growth as well as consumer confidence and spending.

Unemployment is expected to remain static or possibly increase slightly in the forthcoming year. Any growth in employment will likely be modest in subsequent years. It will be important to offer sufficient finance for small and medium sized businesses to start up and allow for greater employment opportunities. Some commentators also suggest a short term reduction in corporation tax which would allow limited companies to stabilise and consider expansion in the medium term.

Uncertainty in the economy is having a direct impact on the housing market. Sales have been in decline since the peak around 2007 with only a few signs of increase. Estate agents in Causeway HMA are beginning to report an end to the decline. Sales are showing signs of recovery at the lower end of the market, a substantial amount of which have been repossessions. The private rented sector is likely to remain in demand for the foreseeable future until the



Housing Market Analysis Causeway Housing Market Area

sales market shows sustained improvement. The general consensus among local estate agents is that this will not happen until banks ease their lending criteria and allow a greater number of potential first time buyers to access the market.

In July 2012, the Bank of England introduced a Funding for Lending scheme which is designed to decrease funding costs for banks and therefore should encourage increased lending to UK households and firms. The scheme is expected to boost the ailing house sales market and allow firms to be able to finance investment. The result should be higher spending which in turn could create more jobs and higher incomes. At present, the scheme is in its infancy and its success will not be clear for some time.

The introduction of **welfare reform** may present some difficulties in the private rented sector. It is feared that this may dampen private rental supply at the lower end of the market. Some commentators anticipate that private landlords may have to react to the reforms by reducing their rents. If this does not happen, there may be increased pressure on the social sector. It is considered that the behaviour of private landlords will be shaped by the market they operate in.

From a planning for housing perspective, it is important to look beyond the short to medium term dynamics of the economy and consider if short term trends will have a lasting effect. There is widespread consensus that the rapid growth in retailing and public administration jobs that occurred in the decade to 2008 was supported by a unique set of circumstances that will not be replicated in the decade ahead.

Over the next 10 years and beyond, job growth in the region is likely to be slow relative to the UK unless the economic performance and competitiveness of other sectors of the economy can be improved and developed. In the past, the Northern Ireland economy has been accused of having an under-developed private sector which has forced an over-reliance on the public sector. Such reliance has been heavily exposed after the downturn. In moving forward, expansion of the private sector will be an important factor in economic recovery. This is of particular importance to Causeway HMA places a great reliance on the public sector relative to Northern Ireland.

The Northern Ireland Executive's Economic Strategy will have an important influence on the future direction of housing policy. It will be important to reflect on the mix of housing that may be required to support the type of employment that strategy seeks to promote. For example, an influx of professional and executive posts may increase demand for family housing whilst service and customer-care related jobs may attract younger single people seeking smaller and lower value dwellings.



In order to strengthen employment within Causeway HMA and indeed Northern Ireland, it will be necessary to rebalance the economy through the promotion of private industry whilst maintaining a strong service sector.

Population

In analysing the Causeway housing market, it is also important to understand the make up of the local population and future projections. After scrutinising employment and income, it is essential to understand the population trends in order to plan for future housing.

It is clear that the population of Causeway HMA has been increasing at a consistent rate over the past decade. This amplifies the ongoing need to provide housing and employment for a rising number of people. The population of Causeway rural is inflated due to the inclusion of Ballycastle town, Portstewart, Portrush and wards on the periphery of Coleraine town within its boundary. The important statistic from a planning perspective is the rate of population increase and the direction in which people are moving. Statistics for Causeway HMA would indicate a marginally greater desire to reside in Causeway rural. This is likely in part due to development in Ballymoney and the reliance on agriculture in the area. Most wards noted an increase in population however, Portstewart recorded a notable decrease, - 8% between 2005-10 and -13.6% between 2001-10. This is probably due to the onset of the recession. Portstewart is a town which has historically had a large student population but since the downturn, more students will be prepared to travel to university where possible instead of renting in the triangle area.

Table 7: Population estimates 2001 to 2010

	2001	2005	2010	change 2001-10 (%)	change 2005-10 (%)
Causeway HMA	92,052	94,237	96,541	4.9	2.4
Causeway Urban	32,654	33,295	33,838	3.6	1.6
Causeway Rural	59,398	60,942	62,703	5.6	2.9
Northern Ireland	1,691,319	1,726,414	1,801,405	6.5	4.3

Source: NISRA

The age profile of the Causeway HMA population is different to most HMAs in Northern Ireland. This is due to the size of the retired population which reside in the area. Causeway urban follows a similar profile to Northern Ireland with regard to its age profile. Causeway rural, which includes the coastal towns and villages of Portstewart, Portrush, Castlerock and Downhill have obviously attracted a greater proportion of retirees hence the older population composition. This is a trend which may reduce or reverse in the near future as fewer households may invest in retirement property in the area due to the

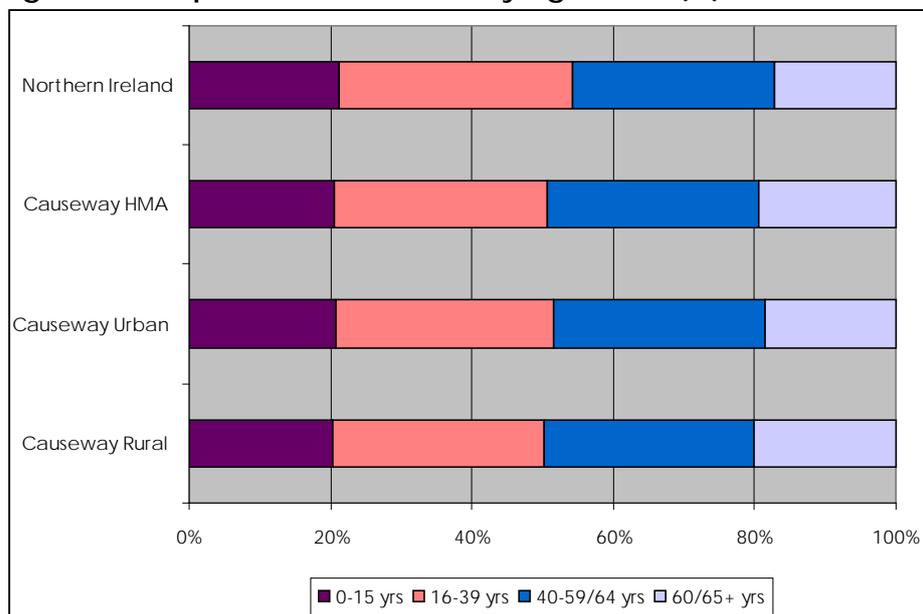


Housing Market Analysis Causeway Housing Market Area

weak economic outlook. It may be the case that households choose to remain in their current property for longer into their retirement instead of moving into the area.

This may have a detrimental impact on the local economy as fewer households with a substantial disposable income and savings will be contributing to the local economy. On the other hand, it may encourage young professionals to move to the area if suitable employment is available. This would however be a longer term impact as employment of this ilk is currently insufficient.

Figure 5: Population of the HMA by age, 2010 (%)



Source: NISRA



Table 8: Population estimates 2001 to 2010

	Causeway HMA	Causeway Urban	Causeway Rural	Northern Ireland
Population 2010				
0-15 years	19,817	8,260	11,557	382,025
working age	57,985	24,033	33,952	1,109,050
retired	18,742	7,365	11,377	308,319
Total	96,541	39,657	56,884	1,799,395
Population 2001				
0-15 years	20,916	9,108	11,808	397,149
working age	55,683	22,879	32,804	1,029,949
Retired	15,446	5,870	9,576	262,211
Total	92,052	37,862	54,190	1,689,318
Change in population age group 2001-10 (numeric)				
0-15 years	-1,099	-848	-251	-15,124
working age	2,302	1,154	1,148	79,101
Retired	3,296	1,495	1,801	46,108
Total	4,489	1,795	2,694	110,077
Change in population age group 2001-10 (percent)				
0-15 years	-5.5	-10.3	-2.2	-4
working age	4	4.8	3.4	7.1
Retired	17.6	15.8	20.3	15
Total	4.6	4.5	4.7	6.1

Source; NISRA (2010) Mid-Year Small Area Population Estimates aggregated to housing market and sub-division area. Note: working age refers to women aged 16-59 years and men aged 16 to 64 years. It should also be noted that small area figures (due to rounding by NISRA) do not always aggregate precise to LGD and national totals

According to the census, in 2001 some 99.2% of the Northern Ireland population consider themselves to be white (non-traveller) compared to 92% for the UK. The largest minority ethnic communities in descending order were Chinese (0.25%), Mixed (0.2%), Irish Traveller (0.1%) and Indian (0.09%). Around 40% of the 14,271 people that belonged to a minority ethnic community had been born in Northern Ireland, 9% had been born in Great Britain, 3% had been born in the Republic of Ireland and 48% had been born overseas.

In comparison to the rest of Northern Ireland, Causeway HMA has a low percentage of former A8 population. The employment opportunities of Coleraine town have attracted a small proportion of migrant workers but the low representation in Ballymoney and Moyle LGDs has significantly reduced the HMA percentage.



Housing Market Analysis Causeway Housing Market Area

Table 9: NISRA estimated A8 Stock Population by LGD, 2009

	A8 Population (2009)	2009 Mid Year Estimate	% of Population
Coleraine	1,400	57,100	2.5
Ballymoney	400	30,400	1.4
Moyle	200	17,000	0.9
Assumed Causeway HMA	2,000	104,500	1.9
Northern Ireland	39,000	1,788,900	2.2

Source: NISRA (2008b) Size of the EU Accession (A8) Population Resident in Northern Ireland and NISRA (2010) Small Area population estimates (ward based).

Notes: The A8 count for the Causeway HMA is the aggregate count for the three LGDs that fall entirely or partly within Causeway HMA.

The main components of population change are:

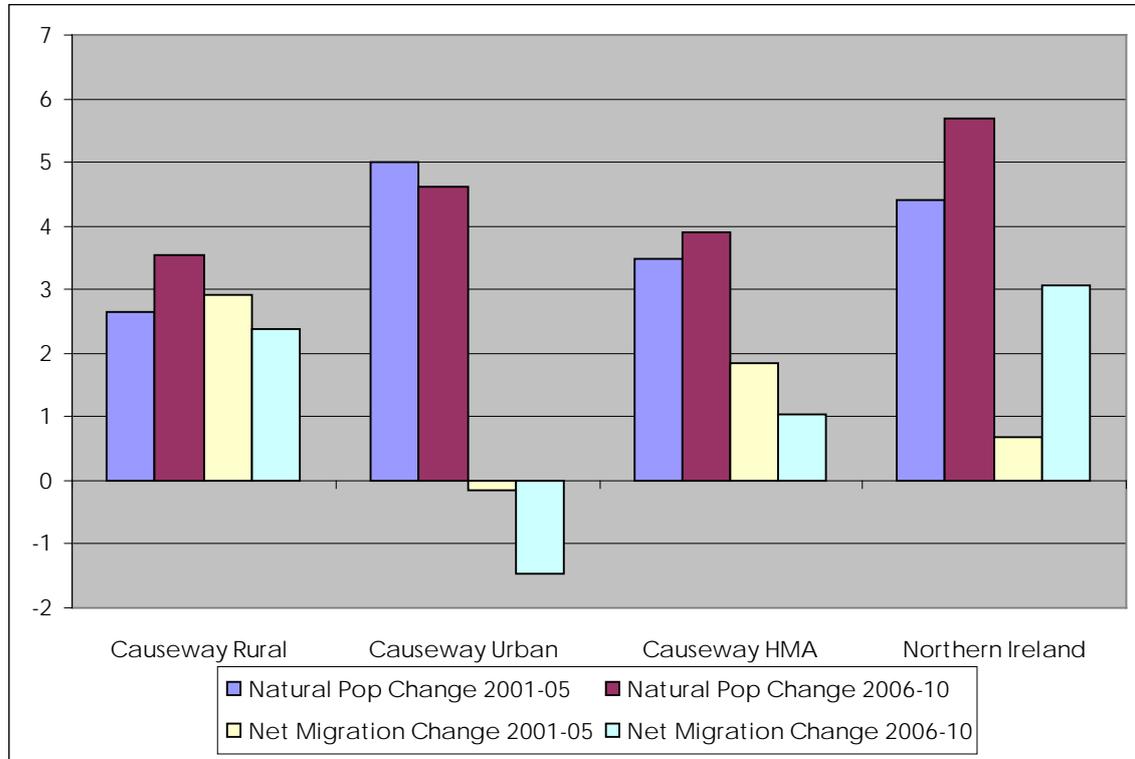
- Natural change (the difference between births and deaths);
- Internal migration, which refers to migration within Northern Ireland;
- External migration, which refers to migration from Great Britain, the Republic of Ireland and the rest of the world. The term international migration refers to migration from outside the UK.

NISRA migration figures and assumptions used to inform population estimates and projections do not generally differentiate between internal and external migration at the local and small area level.

Between 2001 and 2010, the main driver for population change in Causeway HMA has been natural population change. This has had a greater influence on population increase during the period 2006-10. Net migration change is of particular interest as it shows a small exodus from Causeway urban and an increase in Causeway rural. It could be the case that households are moving between the submarkets. The most likely explanation for this trend is the high level of new build in Causeway rural. Households have increasingly been able to avail of new, high quality private rental opportunities in Ballymoney and Moyle LGDs. This would still be within commuting range of Coleraine town for those in or seeking employment.



Figure 6: Annual average rate in components of population change 2001-10



Source: NISRA

In May 2010, NISRA published LGD 2008-based population projections. NISRA (2010a) stress that sub-national projections are less robust than those for Northern Ireland due to the greater volatility of internal migration. Internal migration was particularly volatile in the period to 2008. This was attributed to the high rate of house sales, private housing construction and residential mobility that occurred during this period.

NISRA projections suggest that Causeway HMA population may increase by 1.2% between 2010 and 2015. An increase of 2% is projected between 2010 and 2023. The rate of population increase in Causeway HMA is significantly lower than the neighbouring HMAs of Ballymena and North West. This projection is most likely based on the older population composition within Causeway HMA. Natural population increases are therefore hampered as more of the households are settled and fewer new families are forming. In order to encourage an increasing population, it will be important to invest in graduate level jobs in order to retain the university students and provide a greater number of affordable housing. This would, in time, shift the age composition of the area and create greater economic stability in the local area.



Housing Market Analysis Causeway Housing Market Area

Table 10: Causeway HMA population projections, 2010-23

	2010	2015	2023	change 2010-23		change 2010-15
				No	(%)	(%)
2008-based population projections						
Causeway HMA	97,000	98,200	98,900	1,900	2.0	1.2
Northern Ireland	1,802,200	1,862,200	1,945,800	143,600	8.0	3.3

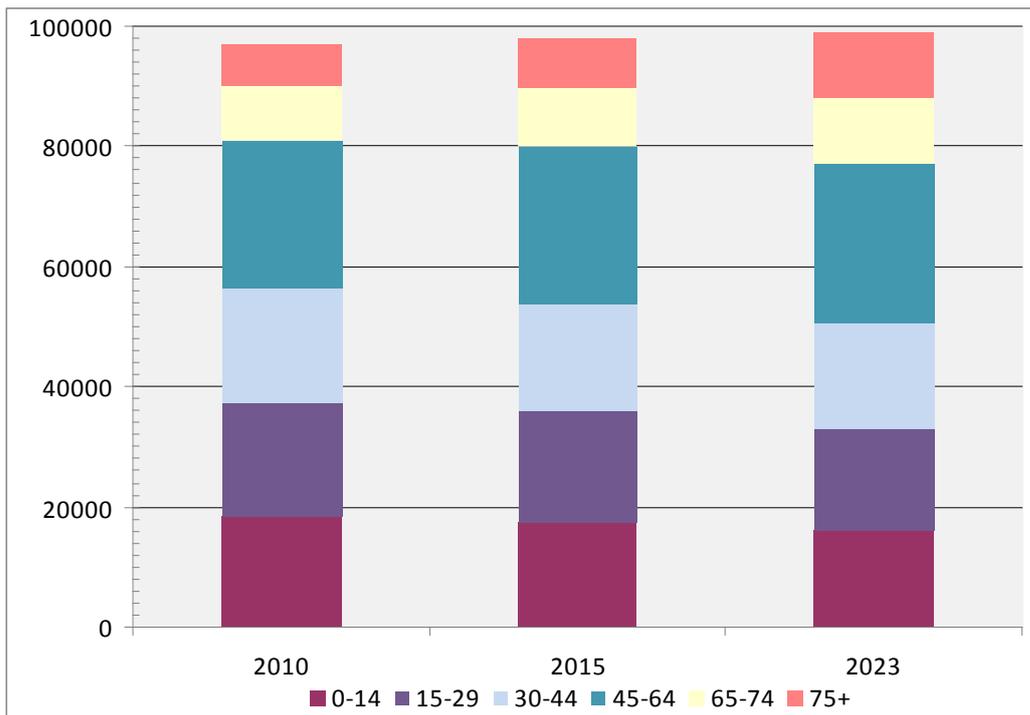
Source: NISRA 2008-based LGD population projections - pro-rata allocation to sub-markets

NOTES: Consistent with NISRA advice projections have been rounded to the nearest 100.

The figures are based on NISRA projections for the sections of Coleraine, Ballymoney and Moyle LGDs that fall within the Causeway HMA

Figure 7 below shows the projected age profile of Causeway HMA between 2010 and 2023. As expected, there is growing trend towards an older population in the HMA. The three youngest age brackets are all projected to decline whereas the three older age brackets are all projected to increase (75+ is projected to increase by 53%)

Figure 7: Causeway HMA population projections by age, 2010-2023 (2008 based)



Source: NISRA (2010a) LGD level 2008-based population projections

Between 2001 and 2010, the total number of households in the Causeway HMA is estimated to have increased by 11.8%. This is largely due to buoyant construction in the early to mid part of the decade with private sector new build starts peaking at 1,057 in 2006/07 (this will be discussed in greater detail in the next chapter). This is more than double the peak of Ballymena HMA (518) and is comparable to North West HMA. Most of the new build centred

Housing Market Analysis

Causeway Housing Market Area



in the LGDs of Coleraine and Ballymoney. The percentage increase of Causeway rural would suggest that, along with Ballymoney and Moyle LGDs, the towns and villages of Portstewart, Portrush and Castlerock also experienced significant new build.

Table 11: Causeway HMA household estimates 2001-10

	2001	2010	change 2001-10	
			No	(%)
Causeway HMA	34,680	38,760	4,080	+11.8
Causeway Urban	12,330	13,230	900	+7.3
Causeway Rural	22,350	25,530	3,180	+14.2
Northern Ireland	628,490	706,400	77,910	+12

Source: NISRA (2010) Notes: Ward level occupied stock estimates adjusted to sum to NISRA LGD 2008-based household projections for 2010 and numbers rounded to nearest 10

Table 12: NISRA 2008-based household projections for Causeway HMA 2010-23

2008-based	2010	2015	2021	2023	change 2010-15	change 2010-21	change 2010-23
Causeway HMA	38,500	40,400	42,100	42,700	4.9%	9.4%	10.9%
Northern Ireland	706,200	749,200	794,300	810,600	6.1%	12.5%	14.8%

Source: NISRA 2008-based household projections (2010)

Figures rounded to be consistent with NISRA reporting conventions

The composition of households in the Causeway HMA is projected to evolve towards a smaller household type to 2023. This is in line with the Northern Ireland trend and is attributed to a number of factors. Firstly, there is an increasing number of older persons who outlive their partners and remain in their home for longer. There has also been an increase in marriage break ups and relationship breakdowns. It could also be argued that an increase in private rental opportunities, coupled with the availability of housing benefit could encourage single person households where required. In planning future housing, it will be important to cater for this household type in order to avoid an over supply of larger, unaffordable housing.



Housing Market Analysis Causeway Housing Market Area

Table 13: NISRA 2008-based projected households by household type to 2023

	2010	2015	2023	change 2010-23		change 2010-15
				No	%	
Causeway HMA						
Single person households	11,600	12,800	14,400	2,800	24	10
Two adults without children	10,100	10,800	11,700	1,600	16	7
Other households no children	5,400	5,200	4,600	-800	-15	-4
Lone adult with children	2,000	2,000	2,000	0	0	0
Other households with children	9,500	9,700	10,000	500	5	2
All households	38,500	40,400	42,700	4,200	11	5
Northern Ireland						
Single person households	213,000	236,400	273,800	60,800	29	11
Two adults without children	184,800	200,800	222,000	37,200	20	9
Other households no children	98,300	96,100	88,100	-10,200	-10	-2
Lone adult with children	37,000	37,100	37,500	500	1	0
Other households with children	173,300	178,800	189,000	15,700	9	3
All households	706,400	749,200	810,400	104,000	15	6

Source: NISRA household projections 2008-based

Key Issues

- The average annual growth rate for North of Northern Ireland (4.1%) was less than the Northern Ireland average (4.8%);
- Since the onset of the downturn, Causeway HMA has suffered high job losses. Coleraine town has particularly suffered;
- Causeway HMA relies heavily on the service sector for employment. Among the major employers are: Causeway Hospital; University of Ulster and County Hall. Coleraine also had a strong retail sector.
- Outside Coleraine, the main industries are agriculture and tourism. Among the main tourist attractions are the Giants Causeway, Carrick-a-Rede Rope Bridge and Bushmills distillery which attract almost one million visitors per annum;
- Since 2007, unemployment has been increasing. Between 2009 and 2010, however, trends are showing the rate is beginning to plateau;
- Retail in Coleraine is in decline. The vacancy rate for retail units has doubled between September 2011 and September 2012;
- At 2010, income in Causeway HMA was lower than the Northern Ireland average. Coupled with increased borrowing costs, the housing market is naturally suffering;

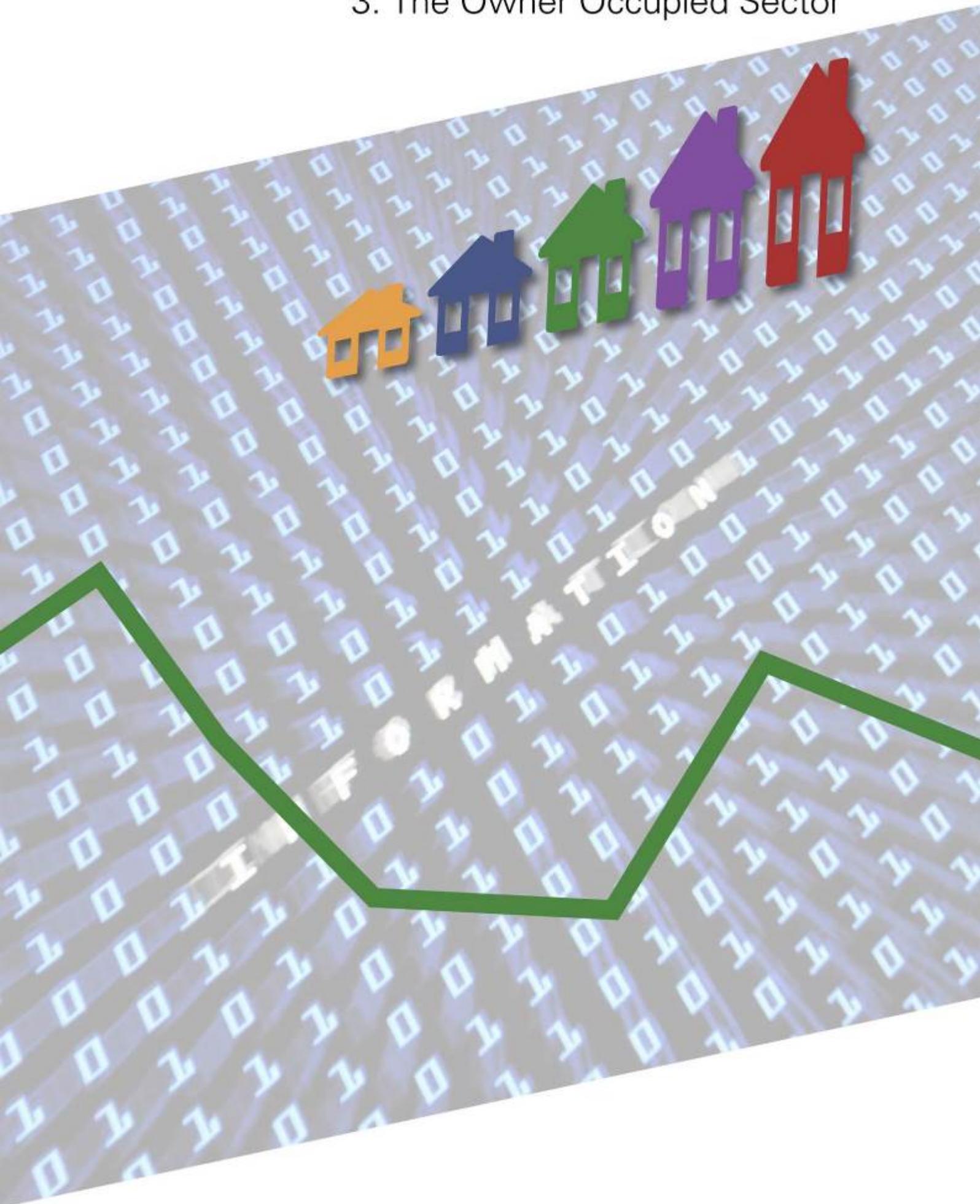
Housing Market Analysis

Causeway Housing Market Area



- The double dip recession recorded in the first quarter of 2012 has impacted negatively on consumer confidence and put downward pressure on economic growth;
- The impact of welfare reform is unclear at present. The anticipated Long term budget savings may have a detrimental impact on the lowest earners which could lead to households unable to afford their current housing and increased arrears;
- Between 2001 and 2010, the population of Causeway HMA has been increasing. A noticeable shift in age composition to an older population is projected between 2010 and 2023 with a relative decrease in younger persons;
- Total households in causeway HMA increased between 2001 and 2010. The rate of increase is expected to slow to 2023 and a shift towards smaller households is anticipated.

3. The Owner Occupied Sector



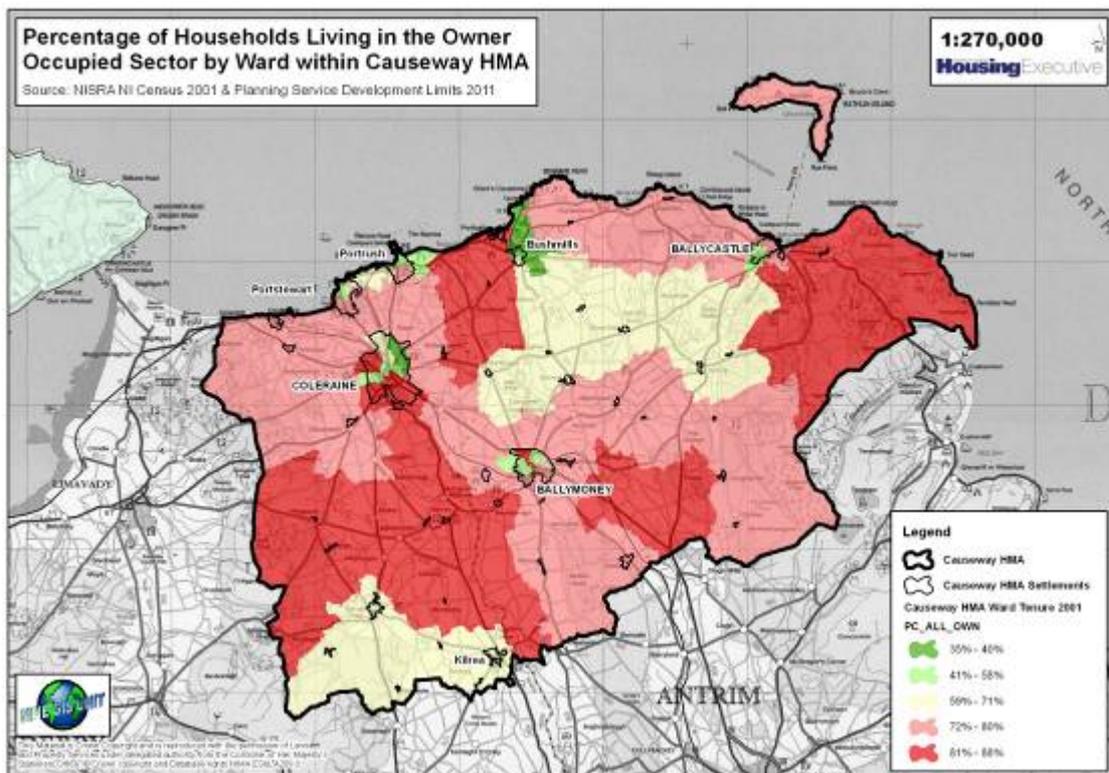


3. CAUSEWAY HMA: THE OWNER OCCUPIED SECTOR

Profile of the owner occupied sector

This chapter considers the characteristics and dynamics of the owner occupied sector of Causeway HMA, including recent housing supply and price trends.

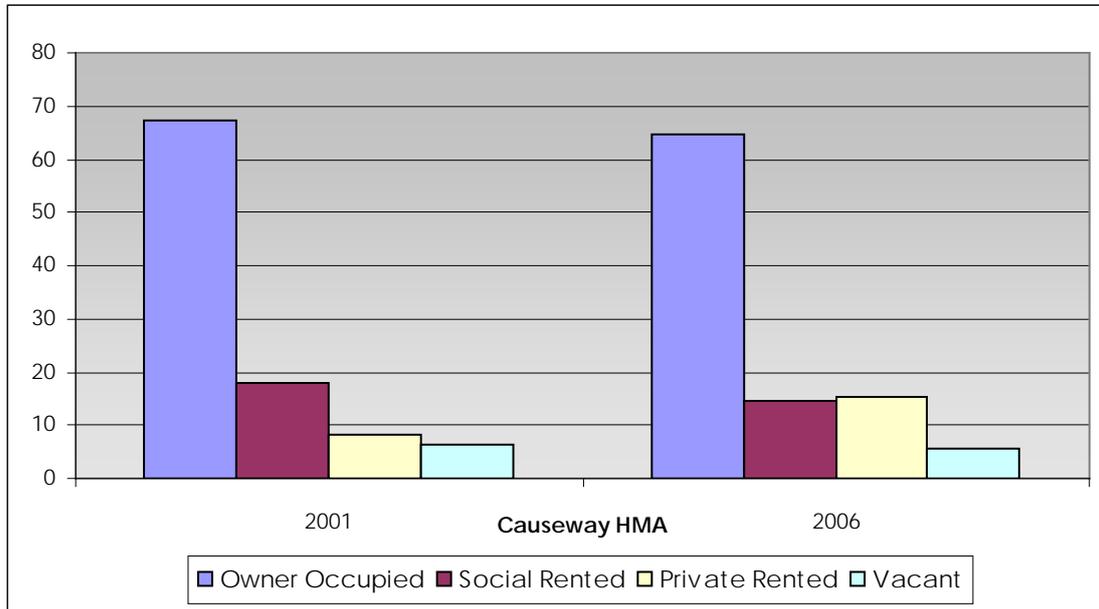
Map 2: Percentage of households living in the owner occupied sector by ward (2001)



Historically, the owner occupied sector has been the tenure most households in Northern Ireland aspire to. This is reflected in the percentage breakdown of tenure. In Northern Ireland at 2001, 66.8% of households were living in the owner occupied sector. Causeway HMA mirrored this trend with 67.4% households in the owner occupied sector. As the housing market rose towards its peak in 2007, the owner occupied sector began to reduce with a relative increase in the Private rented sector. In 2006, 64.5% of households were in the owner occupied sector.



Figure 8: Tenure of occupied and vacant stock in Causeway HMA, 2001-2006 (%)

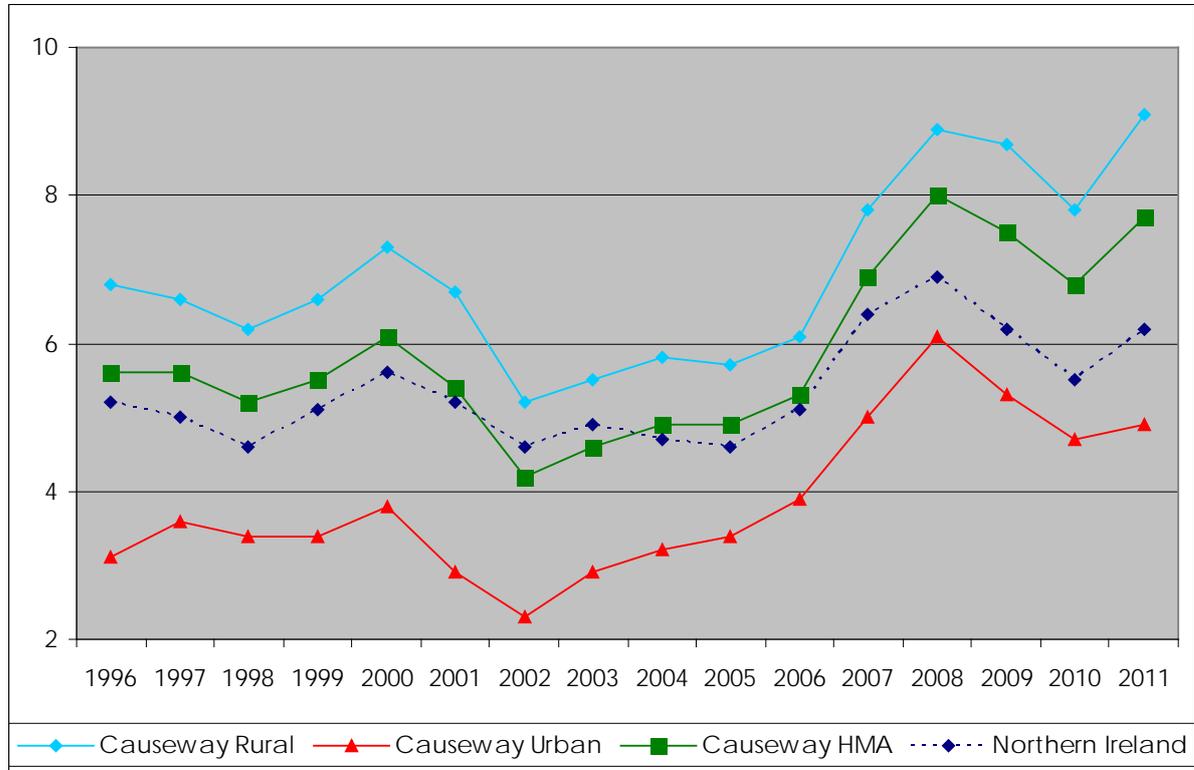


Source: HCS, 2001 and 2006

The HCS findings for 2006 and 2009 confirm that the majority of vacant dwellings are in the private sector. In 2006, 88% of vacant stock was privately owned with 54% owner occupied and 34% privately rented. In 2009, vacant stock in the private sector reduced slightly to 83% with 43% owner occupied and 40% privately rented. There are several reasons for the high vacancy rate in the private sector. Firstly, the social sector is stringently managed to keep vacancies low. Also, the high turnover due to short-term contracts in the private rented sector means that a high **vacancy rate** is common and inevitable. The most plausible reason for a high vacancy rate in the owner occupied sector at this time was as a result of the rate of construction. New build starts in the private sector were at their peak in the years prior to 2007 and had gone beyond the rate at which they could be sold. As construction fell between 2007 and 2009, the vacancy rate in the sector naturally reduced.



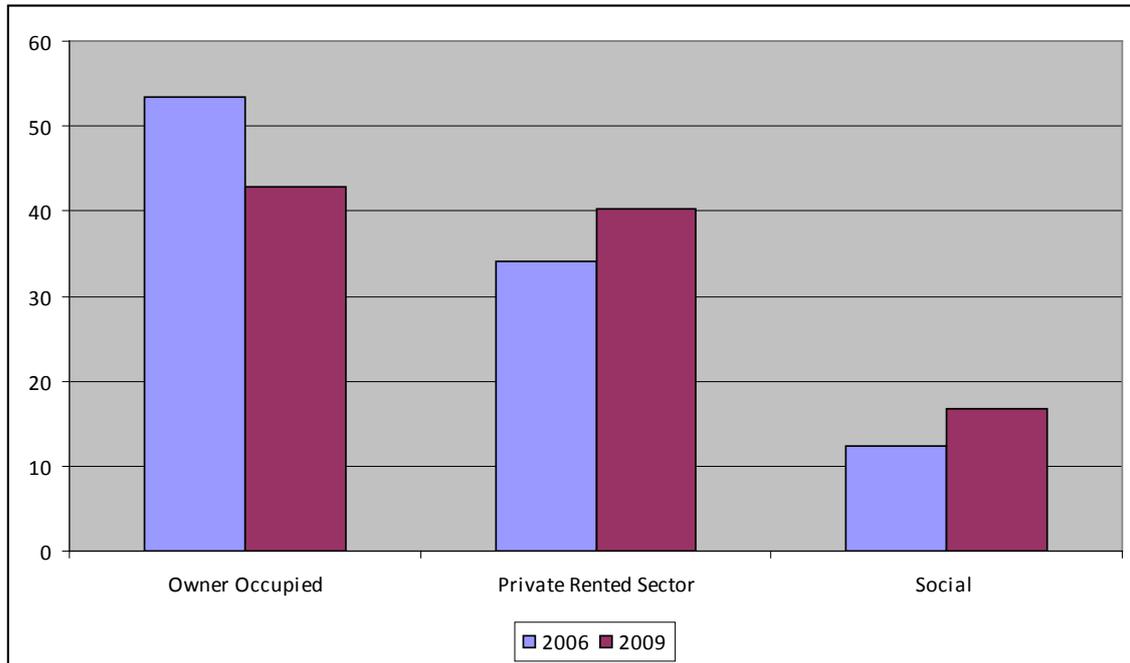
Figure 9: Annual vacancy rates across Causeway HMA 1996-2011



Vacancy rates for Causeway HMA were consistent with the Northern Ireland average from 1996 to 2007. Since then, vacancies increased at a greater rate than Northern Ireland to a peak of 8% in 2008. In 2011 vacancies had increased after a two-year dip across the HMA. Consultation with local estate agents and analysis of property websites suggest that many properties are empty as a result of repossession and are awaiting sale. There was also the suggestion that developers who had been renting stock they couldn't sell in order to keep afloat, are now being forced to sell at a loss due to financial pressure. If prospective tenants know that these properties are for sale they are unlikely to rent them and tenants in-situ will move on in search of a stable, long term lease if they find themselves in that position.



Figure 10: Tenure of vacant stock in Northern Ireland, 2006 & 2009



Source: HCS

In the decade prior to 2010, private sector new build had been buoyant in Causeway HMA. Although there was a significant reduction in starts from 2007, it still mostly remained above both the Neighbouring HMAs of Ballymena and North West. The level of private new build supported the growth of the PRS and continued high rate of owner occupiers, also taking into account the level of vacancies in both sectors. Ballymoney LGD was particularly popular for new build during the housing boom because of its accessibility to the two urban centres of Ballymena and Coleraine. House prices were also more competitive in Ballymoney LGD than in Ballymena or the north coast. It is anticipated that the level of starts will continue to decline and will show few signs of recovery in the short term. Discussion with local agents confirmed that land prices are currently minimal in comparison to the peak around 2007 (approximately £100k per acre compared to 1 million per acre). The greatest barrier within the construction industry at present is access to finance. Until the banks start to offer finance to builders, there will be little movement in the sector.

Housing association new build starts have not been able to keep pace with private sector new build in Causeway HMA and Northern Ireland as a whole. Despite demand for social housing remaining high, housing associations were unable to compete financially with private developers for prime pieces of land. In recent years, land has been at more of a premium and the difficulty of accessing land in areas of greatest need remains. Also, recent budget cuts have resulted in a more targeted approach for social housing.



Table 14: New dwelling sector starts in Causeway HMA , 2001-11

year	New Dwelling Starts Private Sector	New Dwelling Starts Housing Associations	New Dwelling Starts Total All Sectors	HA starts as % of all New Dwellings
2001	947	8	963	0.8
2002	1,004	25	1,025	2.4
2003	1,051	45	1,096	4.1
2004	937	20	956	2.0
2005	777	30	807	3.7
2006	794	31	825	3.8
2007	1,057	0	1,057	0
2008	696	0	696	0
2009	353	3	356	1.0
2010	468	45	515	9.0
2011	432	6	438	1.4
Average 2001- 2004	985	25	1,010	2.4
Average 2005- 2007	831	15	846	1.8
Average 2009-2011	418	18	436	4.2
Average 2001 – 2011	774	19	794	2.5
Total Causeway HMA	8,516	213	8,734	2.4
Northern Ireland	107,774	11,226	118,974	9.4

Source: NINIS (2011) Total Number of New Dwellings Started in NI

Notes: Figures are aggregated from LGD figures, as small area data is not available. The LGDs include sections of the LGDs of Coleraine, Ballymoney and Moyle

Table 14 compares the annual average number of starts over the 10 years to March 2010 with the annualised equivalent housing growth indicator (HGI) and the average net annual household growth to 2010. The NISRA projections provide a 'policy neutral' scenario in the sense they indicate what would happen if trends were to continue.

At Northern Ireland level, the number of starts has exceeded HGI targets despite a drop in starts from 2008/09. In the two years to March 2010, less than 7,400 units started each year compared to an average of almost 14,000 for the seven years to March 2007. Start rates have also outstripped household growth.

Performance in Causeway HMA as a whole has exceeded policy intent. In each of the three LGDs within the HMA, starts have surpassed projections for household growth. HGIs have since been uplifted therefore surplus new build is not as great as previous figures may suggest. This may partly explain a proportion of vacant dwellings in the HMA as household growth continues to lag behind new build starts. This position is likely to continue in Ballymoney



LGD and may be exacerbated in Moyle and Coleraine LGDs according to the draft Northern Area Plan 2016.

Table 15: Comparison of annual average starts relative to RDS and household growth annual averages in 10 years to March 2010

Area	HGI 2008-2025	HGI annualised equivalent (divided by 17 and rounded)	Net average annual household growth (rounded)	Annual average number of starts	Starts as % HGI	Starts as % of net annual household growth
Ballymoney	3,500	200	240	278	139	116
Coleraine	6,900	400	400	447	112	112
Moyle	1,800	100	150	136	136	91
Northern Ireland	190,000	11,200	10,030	12,028	107	120

Source: NINIS (2011) Total Number of New Dwellings Started in NI
NISRA 2008-based household projections for 2010 and previous projections for earlier years. The comparison provides a reasonable approximation of trends and not a precise statement of trends. The time periods involved are not fully compatible and multiyear targets do not necessarily translate easily to annualised equivalents. NISRA projection methods have also changed over time. In addition some starts will be intended to replace housing that has been demolished or closed and therefore do not add to the overall stock of dwellings. These caveats notwithstanding, we believe the information summarised in Table 15 provides a useful indication of long run trends.

Household type in the owner occupied sector is as expected in Causeway HMA. In 2001 and 2006, the sector was predominately comprised of families as the traditional family make up would have greater access to finance and historically strives towards home ownership. In 2006, however, small adult and elderly households made inroads into the family dominance of the market. This is likely more to do with a lower number of families purchasing than an increase of small adult or elderly households buying. At this time, house prices were reaching their peak and families were beginning to be priced out of the market. It is unlikely there has been any significant change in the trend from 2006. Estate agents reported that first time buyers have been struggling to access owner occupation due to the large deposits required to get a mortgage since the downturn began. This may suggest that there could be a slight decline in small adult household owners.



Figure 11: Owners by Household Group, 2001 & 2006



Source: HCS, 2001 and 2006

The average house price in Coleraine LGD peaked in 2007 and has continually decreased in the subsequent years. In Ballymoney LGD, the average house price fell by 39% between 2007 and 2010. Conversely, the average house price in Moyle LGD rose by 3.4% during this period, however it should be noted that these statistics are based on a low number of property sales and may not be fully representative.

Estate agents commented that house prices have started to stabilise, especially at the lower end of the market. Most agents noted considerable movement in the sales market from repossessions. In a recessionary economy, this is as expected. It will be a trend which should continue in the short term but will become less of a factor if the local economy grows and strengthens. Prices at the top end of the market are holding relatively strong in the Causeway HMA. Agents suggested that the properties which were realistically priced were starting to sell. It may be the case, however, that those who own higher end property, are in a stronger financial position and can afford to wait for improvement in the market.

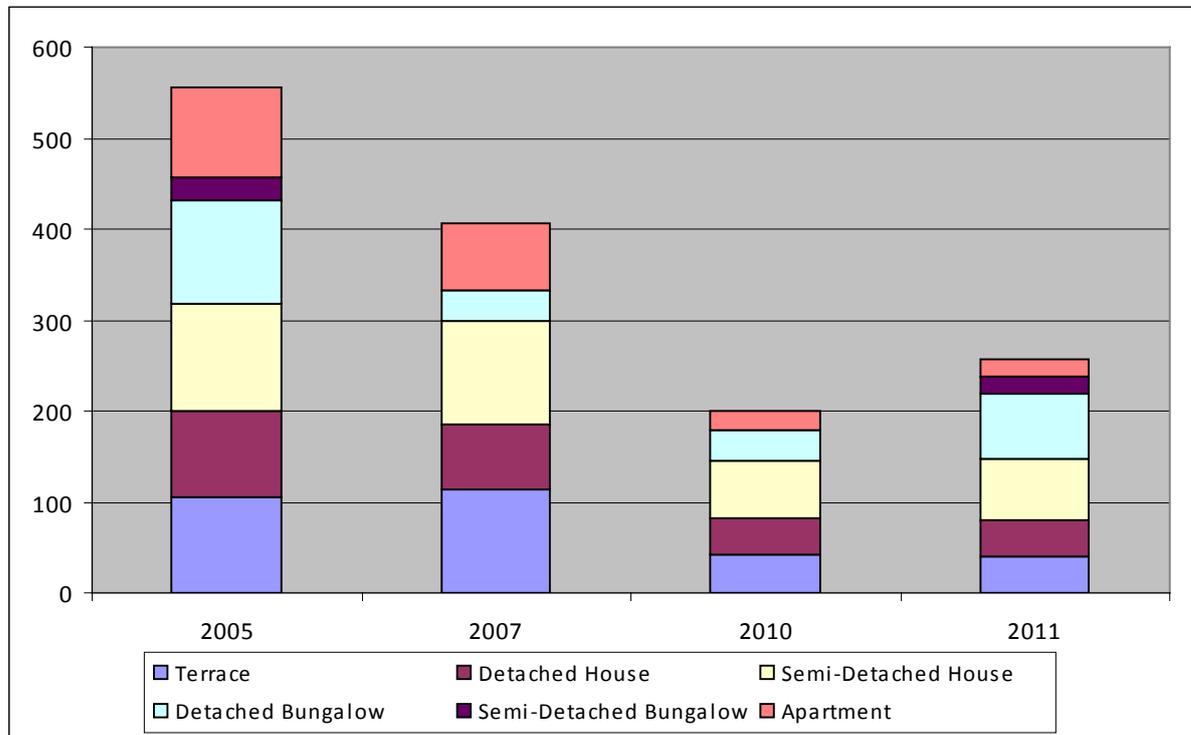
House prices in Causeway are mainly governed by house type and more importantly, location. A three bedroom apartment in Coleraine town is currently on the market for around £80k whereas, in Portstewart, a three bedroom apartment with sea view can command offers over £345k at September 2012. Likewise, a three bed bungalow can range from around £80k to £350k depending on location. There is slightly less disparity with semi-



Housing Market Analysis Causeway Housing Market Area

detached houses as they currently range from around £65k to £170k. It should be reiterated though, that property which commands a high price tag is not selling in high numbers.

Figure 12: Sales volume across the Causeway HMA, 2005-2011



Source: University of Ulster

As demonstrated in figure 12, the steady decline in property sales between 2005 and 2010 has had a proportionate impact on all house types. This is due to the universal difficulty in accessing finance. A recovery has since unfolded between 2010 and 2011. This is almost exclusively as a result of an increase of bungalow sales which are most likely bought as holiday/retirement accommodation by older families who have a greater disposable income. Also, prices have continued to fall which may have bridged the affordability gap for some households.

Since the bank of England cut interest rates to less than 1% in early 2009, the effective mortgage rate has declined. Although the effective mortgage rate continues to exceed the base rate, it remains low by historic standards. For households buying their home with a mortgage, lower interest rates have generally brought a reduction on interest payments as a proportion of income. This has eased affordability pressures for most households with a mortgage.

Prospective first time buyers have been unable to avail of lower house prices and lower interest rates because of the continued credit constraints as expressed through loan to value (LTV) ratios. The requirement for substantial

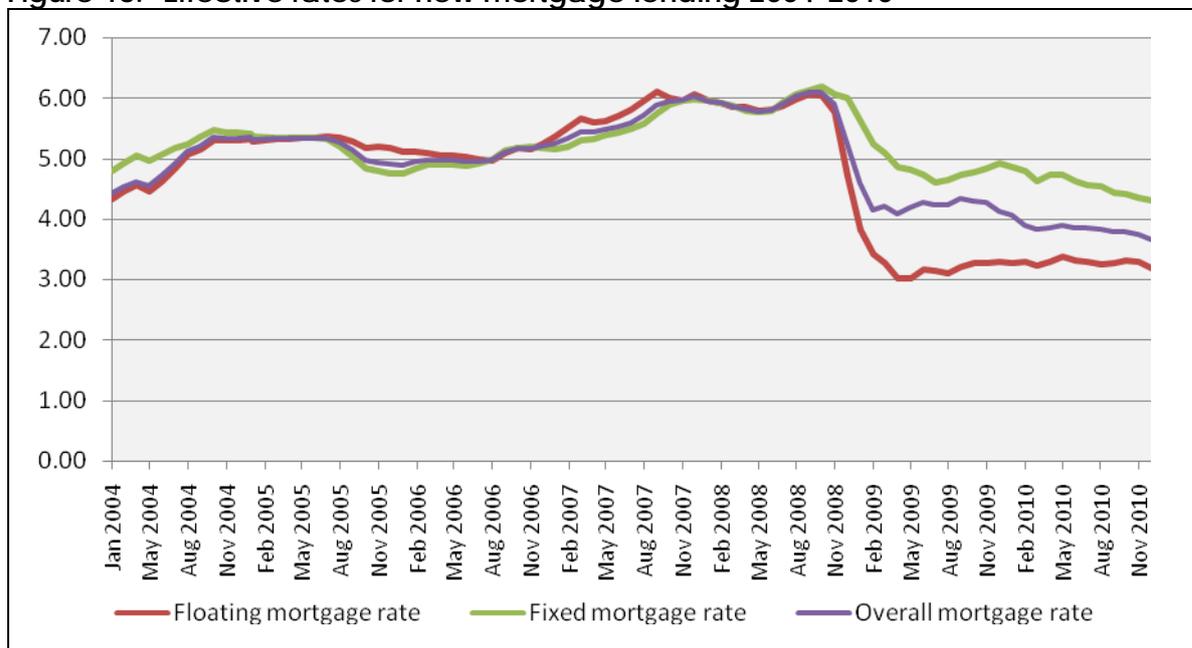
Housing Market Analysis

Causeway Housing Market Area



deposits increased in 2008 as lenders sought to minimise their risk of exposure to mortgage default. In 2009 and 2010, most first time buyers continued to require a deposit of 20% to 30% to access mortgage products. This was vastly out of reach for most first time buyers. For most of 2010, the majority of available mortgage products had a LTV of 75% or less. In 2012, the outlook was improving as the trend from 2010 had reversed with a greater number of lenders offering LTV ratios of more than 75%. Danske Bank (formerly Northern bank) currently offers several 100% LTV products. Criteria for such mortgages is strict however and will be accessed by only the select few.

Figure 13: Effective rates for new mortgage lending 2004-2010



Source: Bank of England (2011)

The UK and Scottish Governments suggest that a household should be considered able to afford to buy a home if it costs no more than 3.5 times the gross household income for a single income household or 2.9 times the gross household income for a dual income household. Taking this as a benchmark, Table 16 compares the lower quartile and median house price for a two/three bedroom property in 2009 with the lower quartile and median CACI PayCheck income point for Causeway HMA.



Housing Market Analysis

Causeway Housing Market Area

Table 16: Causeway HMA affordability ratios for two/three bedroom properties, 2009

Area	lower quartile price	median price	lower quartile income	median household income	lower quartile ratio	median ratio	LQ price to median income
Causeway HMA	80,000	113,500	12,536	23,796	6.4	4.8	3.4
Northern Ireland	83,687	120,000	12,953	24,752	6.5	4.8	3.4

Source: Non adjusted simple price data supplied by University of Ulster and CACI PayCheck 2009 used to deduce incomes

The lower quartile income point is considered reasonably similar to the incomes of younger single income households and the median income point is similar to the income of younger dual income households. The findings in Table 16 therefore suggest that at 2009, affordability was a major issue and home ownership was well beyond the average household.



Table 17: Comparison of the cost of owning and private renting

	Northern Ireland	Causeway HMA
Estimated number of households under 40 years	198,113	10,803
Lower quartile purchase price (2/3 bed lower quartile)		
95% mortgage	£79,500	£76,000
80% mortgage	£67,000	£64,000
Weekly cost of option (25 year repayment mortgage at 4.7% interest)		
95% mortgage	£104.00	£100.00
80% mortgage	£88.00	£84.00
Private median rent for a 2 bedroom dwelling	£96.75	£89.44
Gross income required to access open market		
3.0 multiplier and 95% mortgage	£26,500	25,333
3.0 multiplier and 80% mortgage	£22,333	21,333
Rent equals 25% gross income	£20,124	18,604
Affordability test 1: Lower quartile purchase: 95% mortgage & 3.0 multiplier		
No unable to buy	104,406	5,693
% unable to buy	52.7	52.7
Affordability test 2: Lower quartile purchase: 80% mortgage & 3.0 multiplier		
No unable to buy	90,538	4,926
% unable to buy	45.7	45.6
Affordability test 3: private rent 2 bedroom dwelling (not exceeding 25% gross income)		
No unable to afford	83,009	4,332
% unable to afford	41.9	40.1

Sources: CACI PayCheck, Ulster University Price Index and published Rental Index dataset 2012

Note: NIHCS 2011 percent of householders aged 17-39 years applied to NISRA projections to derive household count for younger households.

Sources: CACI PayCheck, Ulster University Price Index and published Rental Index dataset 2010

Note: NIHCS 2006 percent of householders aged 17-39 years applied to NISRA projections to derive household count for younger households for each sub-market.

The findings presented in Table 17 suggest that:



Housing Market Analysis Causeway Housing Market Area

- Just over half (52.7%) of younger households in Causeway HMA could not afford to purchase a dwelling to the value of £76,000 assuming lenders were willing to provide mortgages with a loan to value ratio of 95%. This compares with a Northern Ireland figure of 52.7% unable to afford a dwelling to the value of £79,500;
- If we assume households could raise a deposit in order to secure a mortgage with a loan to value ratio of 80%, 45.6% of younger households in Causeway HMA could not afford to purchase a dwelling to the value of £76,000 compared to a Northern Ireland figure of 45.7%;
- Approximately 40% of younger households in Causeway HMA have an income below the level suggested by the DCLG guidance that a rent should not exceed 25% of gross household income. This compares to a Northern Ireland average of 41.9%.

Therefore, although the sharp fall in house prices has seen the gap between the cost of purchase and the cost of private renting narrow considerably, renting is still the most affordable private housing option. The estimates are sensitive to price threshold and the mortgage multiplier adopted. For example, if the multiplier was increased, the proportion of households in Causeway HMA unable to afford to purchase a dwelling valued at £76,000 with a 95% mortgage would decrease. Likewise, if the average property price increased the percentage unable to buy would increase.

A limitation of all the above affordability calculations is that they do not take into account the impact of other relevant considerations that determine how potential buyers behave in the market place. The Northern Ireland Housing Executive (NIHE 2009), states that the affordability index should not be looked at in isolation. Significantly lower loan to value ratios are being offered by lenders to first time buyers. Conversely first time buyers are facing much higher deposits and more punitive interest rates for higher loan to value loans. It concludes that while house price to income ratios have declined significantly, deposits are an increasingly important affordability barrier to home ownership.

Intermediate housing is a term used by the UK Government to refer to properties which have prices and/or rents higher than those for the social rented sector but are lower than the prevailing market rate. The term therefore covers a wide range of provisions but the essential features intermediate housing products are that:

- The dwellings should meet the requirements of eligible households and the cost should be low enough for them to afford;
- There should be provision for affordable homes to remain at affordable prices for future eligible households, or for the subsidy to be recycled for further affordable housing provision.

Housing Market Analysis

Causeway Housing Market Area



Intermediate housing products are not intended for households in receipt of housing benefit. Essentially, households eligible for housing benefit would not qualify for intermediate housing and would have sufficient income to purchase a two or three bedroom property with a 95% mortgage⁴.

Consistent with affordability test 1, 53% of younger households could afford to purchase a property on the open market with a 95% mortgage and would not require any form of intermediate housing.

Evidence from table 17 would suggest that there is potential for some form of intermediate housing in Causeway HMA. There may, however, be an affordability overlap between intermediate housing and the lower end of the private rented sector. This could be of benefit to the housing market as the intermediate housing solution may free up housing in the private rented sector.

This approach should be treated with some degree of caution however, as it gives no indication of demand. Consultation with local estate agents suggested that there would be interest in such a product in the current housing market. There would need to be extensive advertising however in order to shift households' ideologies from the current housing model, to a new approach.

The Northern Ireland **Co-Ownership** Housing Association Ltd, better known as Co-Ownership Housing is Northern Ireland's regional body for shared ownership. It offers a do it yourself shared ownership scheme exclusively in Northern Ireland. Potential purchasers can buy a share of between 50% and 90% and increase their slice of ownership if/when they have access to more finance.

Uptake of the Co-Ownership scheme in Causeway HMA has been mixed. Relative to the number of households in each LGD, Coleraine had quite a high interest whereas Ballymoney and Moyle had not. By 2012, a total of 1,171 households had availed of the scheme in Coleraine LGD, 321 in Ballymoney LGD and 112 in Moyle LGD. The most popular areas are situated in the Belfast HMA. In line with the house sales market in general, there have been less properties sold through Co-Ownership in the past few years. In 2011/12, only seven properties were sold via the scheme in Coleraine LGD with none sold in Ballymoney or Moyle LGDs.

Estate agents in the area believe the Co-Ownership scheme is not being fully utilised. They feel the benefits of the scheme are not widely known and in

⁴ We assumed an upper social rented sector threshold of approximately £80 per week partly to allow for higher housing association rents and partly to discount low income households likely to be on the margin of housing benefit eligibility.



Housing Market Analysis Causeway Housing Market Area

order for there to be a greater uptake, there needs to be better advertising. There is a general consensus that households treat the scheme with a degree of scepticism. Households have a belief that the application lottery is still in operation and criteria for applications is strict. At present, there is no cap on the number of applications accepted and the criteria is no stricter than a standard mortgage application.

In 2010/11, the average purchase price of a property bought with Co-Ownership was £122,775. This is a small decrease from 2009/10 (£127,310). This is based on a relatively low sample scale and should be treated with a degree of caution. On average, purchasers initially took ownership of 57% of their property. This would suggest that, despite falling house prices, a mixture of difficulty accessing mortgages and low income means affordability remains a major problem.

Schemes like Co-Ownership are an important part of the housing market in recessionary times. In order to stimulate movement across the owner occupied tenure, it is important to encourage those at the start of the chain. Since finance/deposits are difficult for the majority of prospective first time buyers to raise, assistance is required. The difficulty will be encouraging households to commit to home ownership when uncertainty remains with house prices, the economy and employment.

In the coming years, there is likely to be little change in the owner occupied market. House prices at the lower end of the market have almost bottomed out but there may be still some further reduction for top end properties. Until, there is some level of stabilisation in prices, households will remain unwilling to consider buying. The near future will probably begin with a modest rise in house prices but significant recovery is unlikely to occur until 2020 or beyond.

The general impression is that a sustained rise in house prices will only take place when unemployment levels reduce, income rises and credit constraints are eased for both developers and prospective buyers. Restrictions in public sector spending and heightened uncertainty over future employment prospects are likely to dampen the pace of economic and housing market recovery.

Another factor which may lead to slow recovery is the current state of the construction industry. The housing slump caused house builders and developers to postpone or mothball developments and take measures, such as reducing staff, to decrease costs. There are some concerns that this may reduce the industry's capacity to respond promptly to any recovery in demand.

In addition, recessions tend to alter the market behaviour of developers. They become more risk averse and naturally prefer to develop sites which pose the least difficulty. Often, there will be a preference to build traditional three to



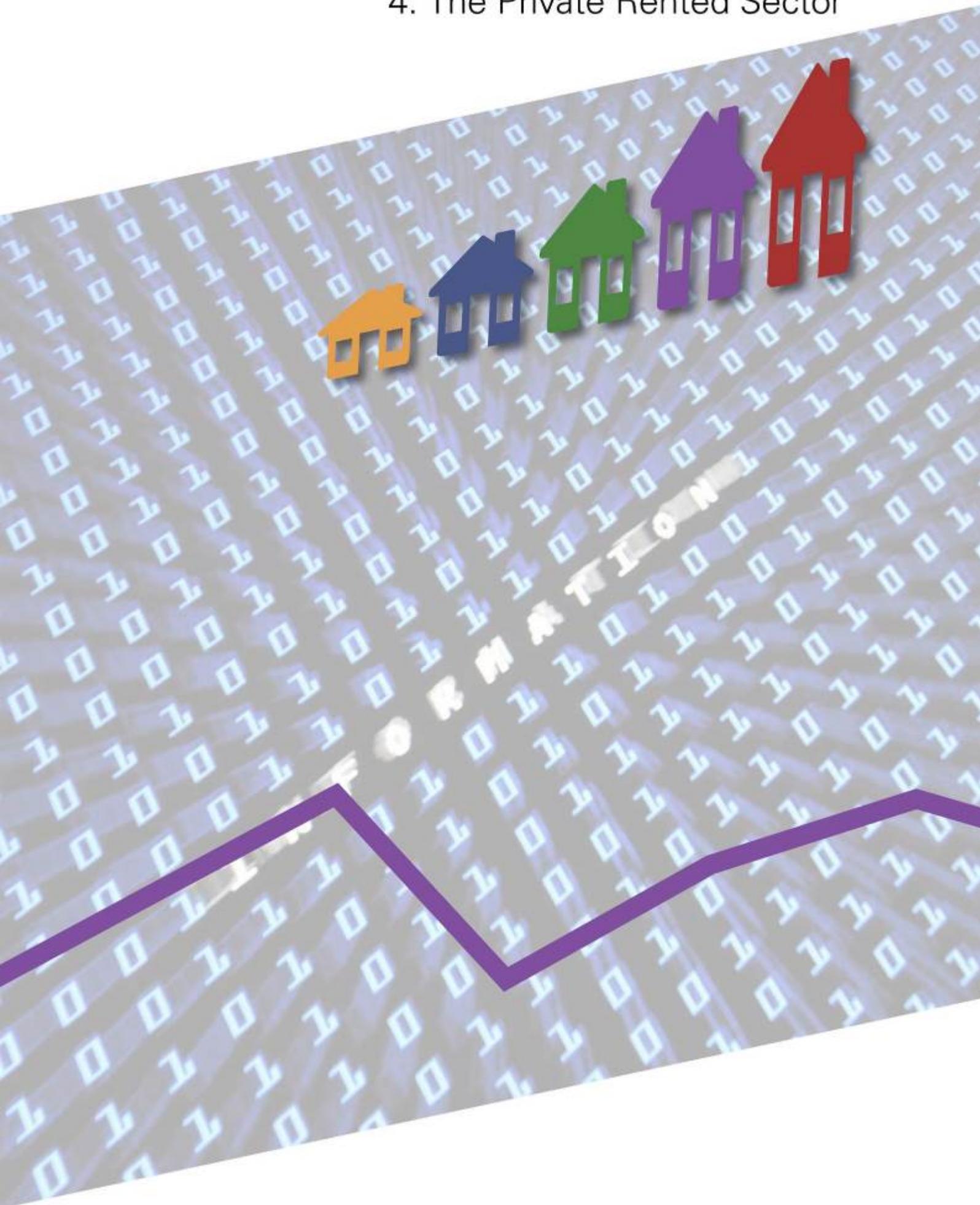
five bedroom family houses as opposed to apartments because demand for the former tends to be more consistent and stable.

In the short term, a continuation of slow private house building rates will probably continue. This scenario will suit the Causeway HMA over the next few years as starts have been exceeding household growth. In the medium term, the downward trend in construction could intersect household growth. It will be important to react to this possibility before it happens in order to avoid a major housing shortage. Financial incentives may need to be offered to proactively encourage construction before a demand problem manifests.

Key Issues

- Owner occupation is the dominant tenure in Causeway HMA and Northern Ireland as a whole. An increasing percentage share is being lost to the PRS;
- Over the last decade, private sector new build has been high. Over this period, new build has been in excess of household growth;
- The economic downturn has hit the construction sector hard and led to a fall in new build dwellings for sale;
- The owner occupied sector is mainly comprised of family households. Small adult and Elderly households have been increasing their share of the market;
- House Prices continue to fall albeit at a slower rate than in previous years;
- Whilst the affordability gap has narrowed, tighter lending criteria and a lack of consumer confidence means sales are still slow;
- Affordability figures suggest there could be a market for intermediate housing products. Demand for such products is as yet unclear;
- The position of owner occupation in Causeway HMA is unlikely to change significantly over the next few years.

4. The Private Rented Sector



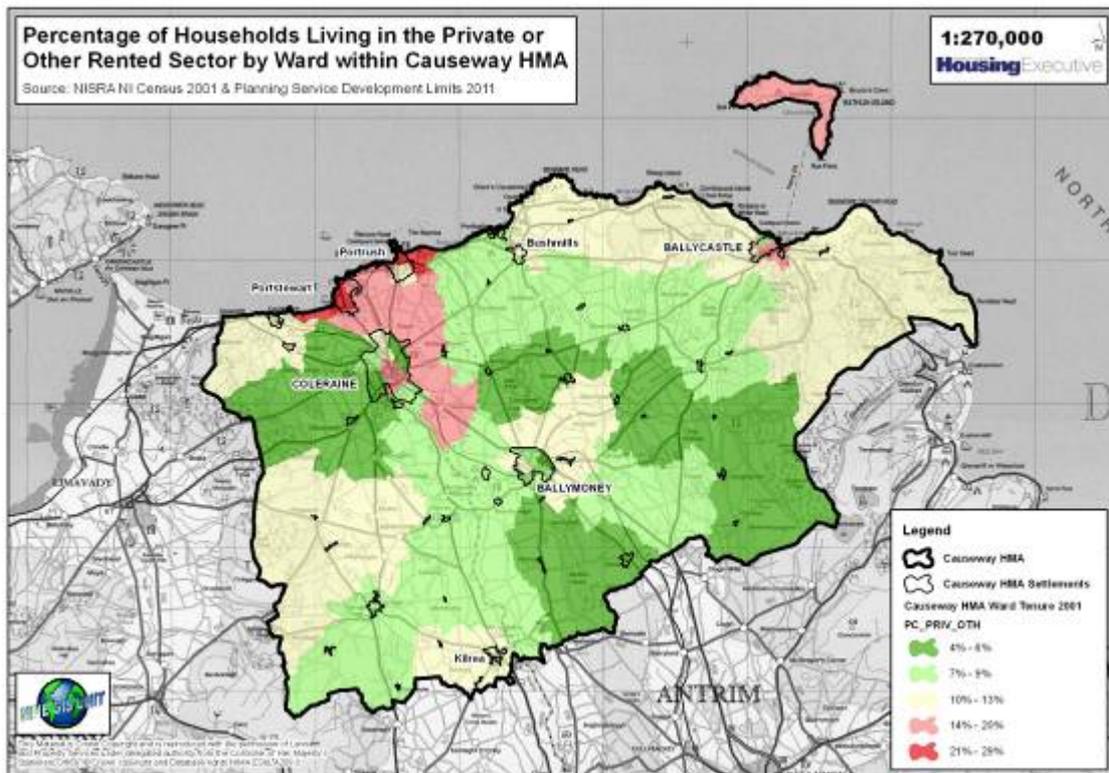


4. PRIVATE RENTING WITHIN CAUSEWAY HMA

Profile of the Private Rented Sector

Throughout Northern Ireland, the PRS has experienced major growth. The HCS and the Continuous Household Survey both indicate that between 2001 and 2006, the PRS share of total housing stock in Northern Ireland increased from around 8% to 13%. This reflects the trend witnessed before the downturn. Although robust statistics are unavailable for the period from 2008 to present, it is generally regarded that the PRS increased its share of total housing stock at a rapid rate during this time as owner occupation became unaffordable to the mass market.

Map 3: Proportion of stock in the private/other rented sector at ward level, 2001

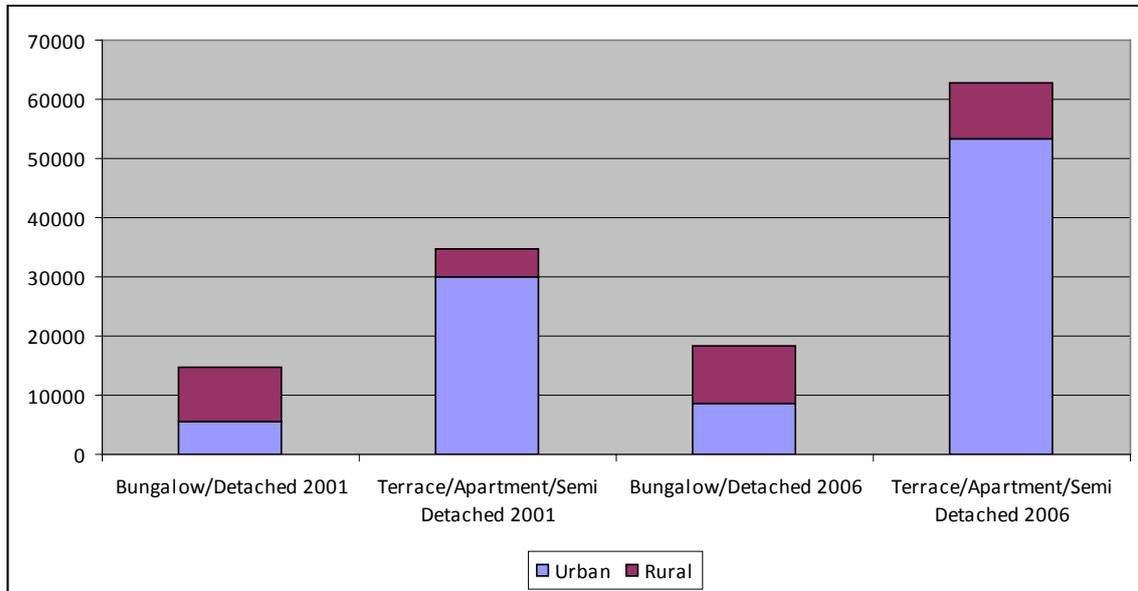


The map above illustrates the areas in Causeway HMA which experienced high levels of private renting in 2001. As expected, Portstewart, Portrush and the university area of Coleraine town had the highest concentration of private rental. This is largely due to the resident student population but also, in



Portstewart and Portrush, there was a number of holiday lets which contributed to the higher level of private renting.

Figure 14: Private Rental Stock by Urban/Rural breakdown, 2001 & 2006 (Northern Ireland)



Source: HCS 2001 & 2006 (edited dataset)

NB: Consistent with advice from NIHE Research Unit these figures have been rounded to the nearest 100.

The expansion in the PRS between 2001 and 2006 was driven in part by the development of terrace, apartment and semi detached properties in the urban parts of Northern Ireland. Traditionally, detached and bungalow house types are not abundant in the PRS as they are more popular in the owner occupied market. Although not significant, there had been an increase in private rental properties in rural areas. This was likely due to increased construction and increases in the buy to let market. In recent years, it is likely that there has been an increase in all house types as the PRS has further developed. There may also be a greater choice of house types as bungalow and detached properties could be offered for rental as an interim measure until households have the opportunity to sell. Properties that had been built for the owner occupied market are expected to continue to be rented out by developers and investors/speculators to provide a return on their investment until the housing market recovers.

In Causeway HMA, the proportion of private rental properties in the rural submarket is expected to be higher than the Northern Ireland average for rural areas. This is likely due to the student population in Portstewart and Portrush in addition to a number of holiday lets throughout the coastal towns of the rural submarket.



Table 18: PRS by Dwelling Age by Urban and Rural breakdown, Northern Ireland

	HCS 2001		HCS 2006	
	Urban	Rural	Urban	Rural
Pre 1945	20,700	8,400	26,900	8,200
Post 1945	14,700	5,600	34,900	10,900
Total	35,400	14,000	61,800	19,100

Source: HCS 2001 & 2006 (edited dataset)

NB: Consistent with advice from NIHE Research Unit these figures have been rounded to the nearest 100.

A comparison of HCS statistics between 2001 and 2006 shows the expansion of the PRS during this period, especially in urban areas. In 2001, the majority of PRS properties were built pre 1945. This trend reversed by the time of the 2006 HCS and it is considered likely that the number of post 1945 properties continued to increase in both the rural and urban areas of Northern Ireland. The total number of PRS properties will have increased in urban areas due to the high level of new build which created an excess of property which was built for owner occupation. These properties were then used in the PRS as a means of recouping initial investment in the short term. It is anticipated they will filter into the owner occupied sector in the long term. The increase in rural areas may have resulted from existing households' inability to sell, therefore renting their property would have provided a short term solution, allowing them the opportunity to move house which may have otherwise been unaffordable.

The picture in Causeway HMA will largely mirror that of Northern Ireland. With the level of new build, particularly in the LGDs of Ballymoney and Coleraine during the housing boom, there will have been an excess of unsold properties which will have entered the PRS in the interim. This position will likely remain static until lending restrictions are eased to an extent where first time buyers are able to enter owner occupation.

The PRS in Northern Ireland has traditionally been associated with poor housing conditions and a legacy of poor tenant/landlord relationships and wider tenancy management issues. The HCS provides various criteria to measure the condition of dwellings across all tenures. One such measure is the **Decent Homes standard**. A 'decent home' is described as wind and weather tight, warm and has modern facilities. These criteria are measured by a **fitness** standard, the state of repair, the level of facilities and the degree of thermal comfort.

In Northern Ireland, the highest rate of failure to meet the decent homes standard within occupied stock in 2006 was in the PRS (26.5%). In 2009, this had fallen to 17%, probably in part a result of the influx of unsold new build properties which were originally intended for owner occupation. This still



Housing Market Analysis Causeway Housing Market Area

represented the highest level of homes to fail the decent homes standard across all tenures.

The 2006 HCS provides information on the decent homes standards at LGD level and provides an indication of the **non decency rate** in Causeway HMA. Coleraine LGD had the highest non decency rate in the HMA with 23.8%, followed by Ballymoney LGD (20.2%) and Moyle (19.7%). This compares to a Northern Ireland average of 23.0%. Given the number of privately rented properties in Causeway HMA, it is deemed fair to assume that there is a proportionate non decency rate in the area.

The 2009 HCS does not provide information at LGD level, but indicates that the level of unfitness in Northern Ireland has fallen from 3.4% in 2006 to 2.4% in 2009 across all tenures. In the PRS, comparable figures show a fall from 2.6% to 2.2% over the same period. In 2001, unfitness in the PRS across Northern Ireland was 8.7%. It should be noted that unfitness is mainly attributed to unoccupied stock. In 2009, three in five unfit dwellings were vacant.

Table 19: PRS by Household Type by Urban and Rural breakdown, Northern Ireland

	HCS 2001		HCS 2006		HCS 2009	
	Urban	Rural	Urban	Rural	Urban	Rural
Small Adult HH	16,500	5,000	24,200	7,600	42,600	13,100
Family HH	12,300	5,400	27,200	6,400	37,800	17,000
Older HH	6,000	3,400	10,000	4,400	9,600	3,300
Total	34,800	13,800	61,400	18,400	90,000	33,400

Source: HCS 2001, 2006 & 2009 (edited dataset)

NB: Consistent with advice from NIHE Research Unit these figures have been rounded to the nearest 100.

The PRS is an integral part of the local housing system. It is a tenure where wider pressures can be eased, albeit often temporarily. It has a variety of stock which can cater for a diverse range of demands. It can provide flexible accommodation for young professionals, migrant workers and students. It can also provide for households who cannot or do not want to buy or rent from a social landlord. In addition, private renting has the flexibility to provide permanent housing for long term tenants and emergency housing for homeless applicants.

In the current housing market, the PRS is providing an important stopgap for younger **households** who would have traditionally sought to buy their own home. Due to economic conditions, this is not possible for the majority of young households until affordability improves. The solution has therefore been to rent until the housing market shows signs of recovery. This has also benefited accidental landlords, developers and others who have been unable to sell over the last few years.



The PRS has also provided housing for those who would have historically looked to the social sector. As waiting lists for housing in the social sector continue to increase, a proportion of households who have had the means to be proactive in their search for housing, have availed of the PRS.

The result of the PRS's position as the primary 'alternative' tenure is a notable increase in its share of the housing market. It is unlikely that the current picture will change significantly in the short term. It is expected that the PRS will gradually lose a percentage of households back to the owner occupied sector. This should not come into effect until after the housing market starts to recover and affordability pressures ease.

Table 20: PRS by Income by Urban and Rural breakdown, Northern Ireland

	HCS 2001		HCS 2006		HCS 2009	
	Mean Income	Median Income	Mean Income	Median Income	Mean Income	Median Income
Urban	13,200	12,500	14,000	10,500	17,300	12,500
Rural	13,500	12,500	14,700	12,500	15,500	12,500
Northern Ireland	13,300	12,500	14,100	10,500	16,800	12,500

Source: HCS 2001, 2006 & 2009 (edited dataset)

NB: Consistent with advice from NIHE Research Unit these figures have been rounded to the nearest 100.

The percentage of tenants living in the PRS in employment decreased slightly from 46.8% to 42.7% between 2001 and 2006. Considering the increasing number of households in the PRS and the difficulty accessing employment, there is little chance of any recent recovery of this percentage. Within Causeway HMA, the number of housing benefit claimants in the PRS has increased significantly. Coleraine LGD had increased from 1,406 to 2,399 between 2008 and 2012. Ballymoney LGD had increased from 683 to 1,153 and Moyle LGD increased from 544 to 749 over the same period. The increase in housing benefit claims could be partly explained by the increase in the PRS and partly by the increased unemployment.

The income of PRS tenants has been steadily increasing from 2001. This is possibly due to the greater diversity of tenants accessing the PRS. Taking into consideration the higher cost of living associated with the spending cuts and tax increases introduced by the coalition government, this may not represent a great increase in net income. Since affordability became an issue after the housing boom, middle-income households which would have directly accessed owner occupation have been forced to use the PRS. Those who chose the PRS as an interim measure before entering the owner occupied market may no longer have the disposable income to save for a deposit. This will result in said households remaining in the PRS for longer. Affordability therefore still remains a problematic issue.



Student Housing

An aspect of the PRS which is unique to Belfast, Londonderry and Coleraine, is the high level of student housing in the area. University of Ulster, Coleraine campus has been consistently attracting approximately 1,000 new students per annum over the last few years of which a substantial proportion need housed.

University of Ulster, Coleraine offers two on campus housing facilities, Cranagh student village and Errigal/Knocklayde. Cranagh student village has a total of 70 apartments which provides 350 bed spaces. Rents range from £94 to £145 per week depending on facilities. Errigal/Knocklayde is a development of 17 houses containing six and nine bedroom apartments (129 bed spaces). Rents for this development range from £71 to £112 per week depending on facilities. The University also manages a further 405 bed spaces off campus.

Local Estate Agents stressed the importance of the student presence in the area as they play a significant role in the local economy. There are three distinct sections of the community in Portstewart, Portrush and parts of Coleraine:

- The resident population;
- The holidaying population;
- The student population.

The three sections of the community contribute very differently to the area. The resident population constantly feeds the economy as they are always utilising the amenities. This provides a reliable baseline on which the local economy can be built. Consultation with local agents suggested that the holidaying population has little to offer the local economy. Generally, second home owners and caravan owners bring all necessary accoutrements to and from their holiday property and therefore need little from the local shops/restaurants etc. That therefore leaves the student population to compensate for the void left by the holidaying population. In the locations they settle, students are instrumental in maintaining a consistent trade for shopkeepers, bars and restaurants.

Students in the triangle area are typically offered a 37 week lease. This allows landlords to use their property as a holiday let during the 15 summer weeks. Summer rentals can command a weekly charge of £350-£500 per week depending on property type and location. Students weekly rent (off campus) is around £45 per head on average before utilities. The low individual rental charge encourages HMOs to be formed to maximise revenue from each property. This helps to bring rent into line with standard private rental



properties and provides a consistent income for landlords which cannot be guaranteed during the summer weeks.

The sharp rise in student tuition fees in 2012 is likely to have a negative impact on the PRS in Causeway HMA. In England, there was a notable drop in university applications as a direct result to the rise in fees suggesting the same could happen in Northern Ireland. Those who do take a University place are more likely to travel where possible in order to reduce costs.

Affordability

On behalf of the Housing Executive, the University of Ulster has gathered information from 2007 onwards on a sample of rental transactions across Northern Ireland based on information supplied by estate agents. The resulting database provides analysis of rents, location, bedroom number, type of property and new lettings and can be interrogated at Causeway HMA level. The analysis can track activity in the market place, adjusted for seasonal issues and other variables. To access affordability, information for two and three bedroom properties has been combined with CACI income data at the relevant geographies. The affordability criterion is whether the market rent is less than or equal to 25% of gross household income. The latter is based on the CACI income analysis. The following are the main findings for the rental affordability of two and three bedroom properties in Causeway HMA and Northern Ireland.

Table 21: Two Bed Rental Affordability, 2012

Geography	Measure	Rent £ per week	Can afford (%)	Cannot afford (%)
Causeway HMA	Median	89.44	59.9	40.1
	Mean	90.34	59.5	40.5
	Lower quartile	82.24	63.3	36.7
Northern Ireland	Median	96.76	58.1	41.9
	Mean	96.59	58.2	41.8
	Lower quartile	87.01	62.6	37.4

Source: Propertyweeknews.com, NIHE, University of Ulster rental monitor and CACI



Table 22: Three Bed Rental Affordability, 2012

Geography	Measure	Rent £ per week	Can afford (%)	Cannot afford (%)
Causeway HMA				
	Median	93.24	58.2	41.8
	Mean	94.82	57.4	42.6
	Lower quartile	87.61	60.8	39.2
Northern Ireland				
	Median	101.63	56.4	43.6
	Mean	90.62	60.9	39.1
	Lower quartile	91.43	60.5	39.5

Source: Propertyweeknews.com, NIHE, University of Ulster rental monitor and CACI

Since 2010, rental affordability in Northern Ireland has reduced. This is as a result of a number of contributory factors driven by the local economy and housing market. Despite a reduction in the mean rent for two and three bed properties in Northern Ireland, affordability has decreased. This is likely in part due to the increase in unemployment, greater dependence on benefits and higher cost of living. Lower quartile rent has shown an increase between 2010 and 2012 which could represent a problem for low income tenants, particularly those who cannot access housing benefit. This would suggest that the PRS is not necessarily suitable for low income households as an alternative to the social sector. High demand for the PRS could put further pressures on affordability as rental prices may increase relative to the sector's popularity.

A limitation of this data is that it assumes the same rental levels and incomes across the entire HMA. This is of particular significance in Coleraine HMA as there is a considerable difference in rent for student properties and rent for holiday lets. There may therefore be greater localised affordability problems which the figures are unable to uncover. The data does however give a broad indication of current rental affordability. The outlook is unlikely to change in the near future. This will have a major impact on the housing benefit bill over the next few years, as claimants are likely to rise.

The biggest challenge for PRS tenants will be the impact of Welfare Reform. Changes to the Local Housing Allowance (LHA) could result in greater affordability problems and high arrears. According to the 'DSD: Monitoring the impact of recent measures affecting Housing Benefit and Local Housing Allowances in the private rented sector in Northern Ireland', Amendments to LHA include the following:

- Removal of the £15 per week excess paid to tenants renting below the LHA rates;
- Setting LHA rates to the 30th percentile of local market rents;
- Capping LHA rates by property size and scrapping the five bedroom rate;

Housing Market Analysis

Causeway Housing Market Area



- Up-rating housing benefit rates by the Consumer Price Index from April 2013;
- Up-rating non-dependent deductions;
- Increasing financial support for Discretionary Housing Payments;
- Temporarily widening the discretion of local authorities to make direct rent payments to landlords;
- Including an additional bedroom in the size criteria for some households with a non-resident carer;
- Raising the age at which the Shared Accommodation Rate applies from 25 to 35;
- Capping total household benefits at £500 per week from 2013.

Combined, these factors could increase the financial strain on some households within the PRS. This could have a knock on effect on the social housing waiting list. It may also see an expansion of HMOs among those aged under 35 as a reaction to the affordability problems.

Table 23: Local Housing Allowance Affordability (2 bed)

Market	LHA (£)	cannot afford (%)	PRS mean rent (£)	% cannot afford (%)	PRS median rent (£)	cannot afford (%)
Causeway HMA	84.78	37.9	90.34	40.5	89.44	40.1
Northern Ireland	85.64	36.8	96.59	41.8	96.75	41.9

Source: Propertyweeknews.com, NIHE, University of Ulster rental monitor and CACI

The table above contrasts the two bed LHA rent levels with the actual rental transactions recorded in propertynews.com/University of Ulster private rental database. It is evident that even those who are eligible for LHA may still have affordability issues in the PRS. In both Causeway HMA and Northern Ireland, the LHA is lower than mean and median rents leaving a distinct affordability gap.

Despite the forthcoming affordability issues, the PRS holds almost a fifth share of all housing in Northern Ireland. Moving forward, it will be essential to better understand the dynamics of the sector and how it can be integrated more effectively into the housing market. Historically, the PRS was viewed as a short-term stopgap for those aspiring to owner occupation. It has however increasingly become a tenure capable of providing a wide range of housing with long-term leases.

In Causeway HMA, the general consensus gleaned from estate agent consultation suggested a strong PRS with high demand. The sustainability of the current position of the PRS in Causeway HMA depends on a number of factors. Primarily, a recovery in owner occupation could see a weakening in



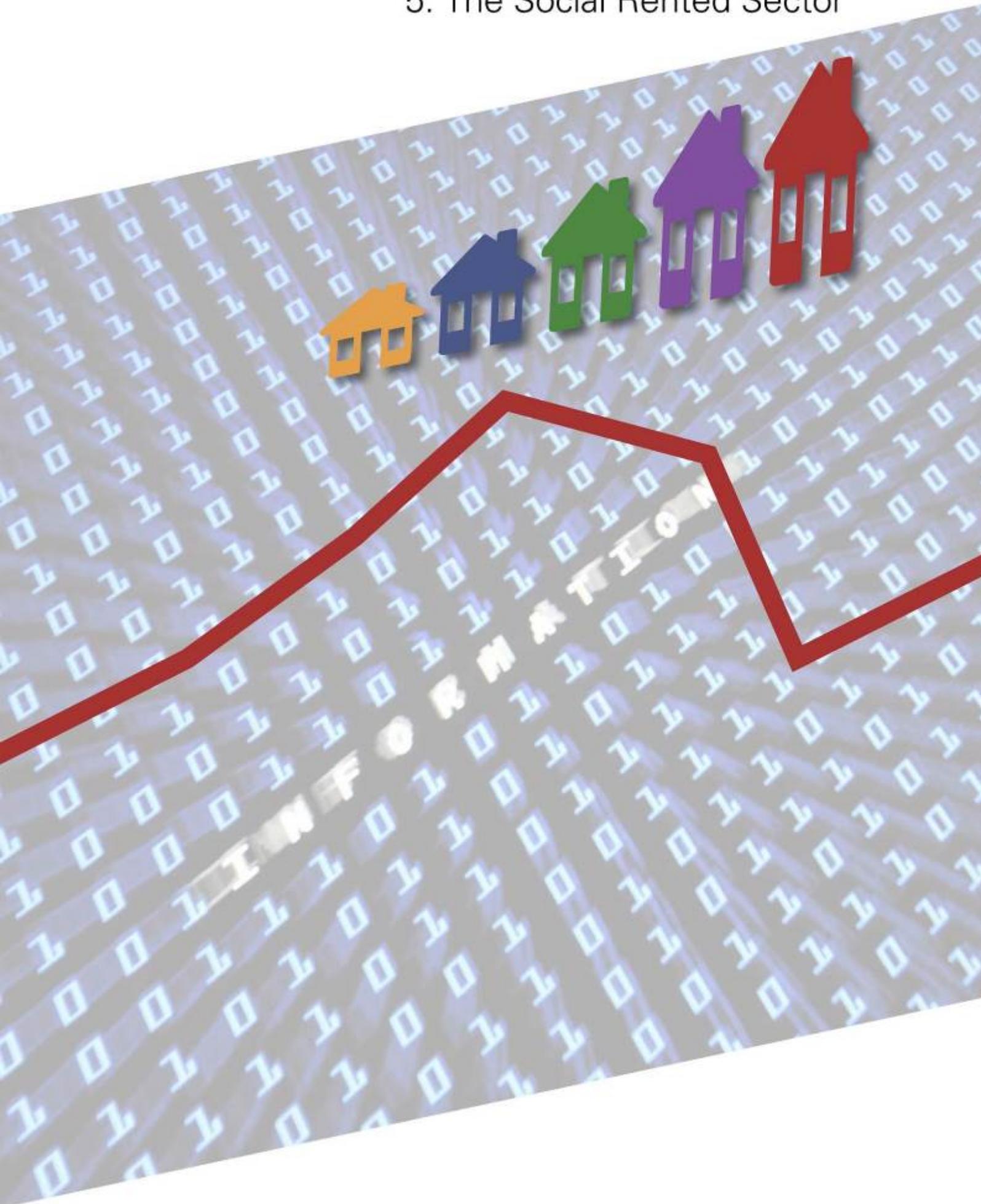
Housing Market Analysis Causeway Housing Market Area

the PRS but this is not predicted to happen in the near future. Also, the issue of tuition fees could have a detrimental effect on the local PRS. If students increasingly choose to defer taking up a place at university, there could be surplus PRS stock available. This stock is generally in known 'student villages' which are not popular with working households and could therefore be difficult to let.

Key issues

- Between 2001 and 2006, the PRS increased its share of total housing stock from 8% to 13%;
- In 2001, the highest concentration of private rental properties were in Portstewart, Portrush and around the locality of the University in Coleraine;
- Since the downturn of owner occupation, there has been greater choice of properties and locations in the PRS;
- Generally, PRS stock in Causeway HMA is in good condition relative to the Northern Ireland average;
- The PRS is currently providing a stopgap for households who would have traditionally sought housing in the owner occupied tenure;
- Over the past few years, the number of housing benefit claimants in the PRS within Causeway HMA has increased significantly;
- The student housing market is of great importance to the sustainability of the local economy;
- A rise in tuition fees may have a detrimental effect on the local PRS;
- Since 2010, affordability of two and three bedroom properties in the PRS has plunged;
- Welfare reform may provide the biggest affordability challenge to PRS tenants for a generation.

5. The Social Rented Sector



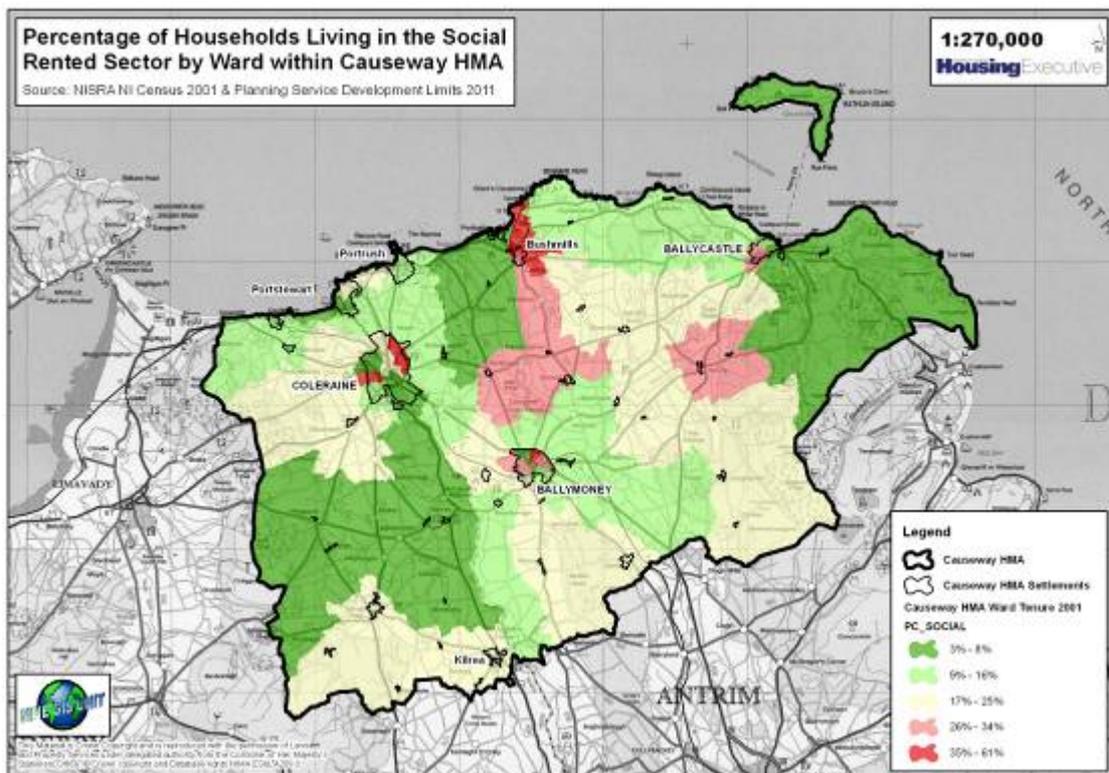


5. CAUSEWAY HMA: THE SOCIAL RENTED SECTOR

Profile of the Social Rented Sector

This chapter examines the social rented sector. It looks at the changing profile of social housing provision and its occupants as well as the expressed demand for the sector.

Map 4: Percentage of households living in social rented sector in 2001, at ward level



Map 4 highlights the concentrations of social housing from the 2001 census. Areas of prominence for social housing in Causeway HMA include the town of Bushmills, Ballymoney town and the outskirts of Coleraine town. Some parts of rural Moyle LGD and Ballymoney LGD where housing density is low also present a high concentration of social housing. Numerically, the greatest amount of social housing units are in Coleraine town. At March 2012, there were a total of 1,775 social housing properties in Coleraine town, the majority of which were houses. Due to the largely rural nature of Moyle and Ballymoney LGDs, a high proportion of bungalows still remain, although houses are still the dominant house type.



Table 24: Social rented sector completions and Housing Executive sales by LGD 2001 to 2010

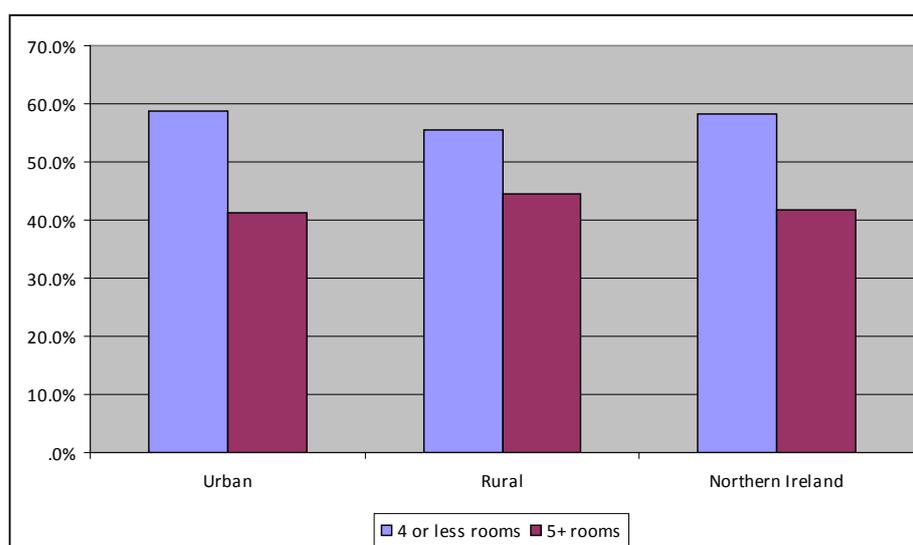
Area	Total 2001-2010		
	No social completions	No Housing Executive sales	Completions as % of sales
Coleraine	135	773	17.5
Ballymoney	13	484	2.7
Moyle	2	302	0.7
Northern Ireland	10,350	31,811	33

Source: NINIS (2011) Social rented completions and NIHE sales to 2009/10

Note: Sales total excludes a very small number of 'special' NIHE sales plus all HA sales.

Between 2001 and 2010, the total number of social housing completions has been unable to keep pace with the number of Housing Executive sales. This has been a greater issue within Causeway HMA than Northern Ireland as a whole as new build has been scarce. This can have a negative impact of social housing waiting lists, as there is less stock to allocate. Since the downturn in the housing market, the number of sales has reduced dramatically, as have the number of completions meaning stock has depleted at a much slower rate in the last few years than between 2001 and 2006/07. This status quo is unlikely to change dramatically in the near future as households continue to have difficulty accessing finance to purchase their property.

Figure 15: Breakdown of social rented households by Urban/Rural by No. of rooms for Northern Ireland



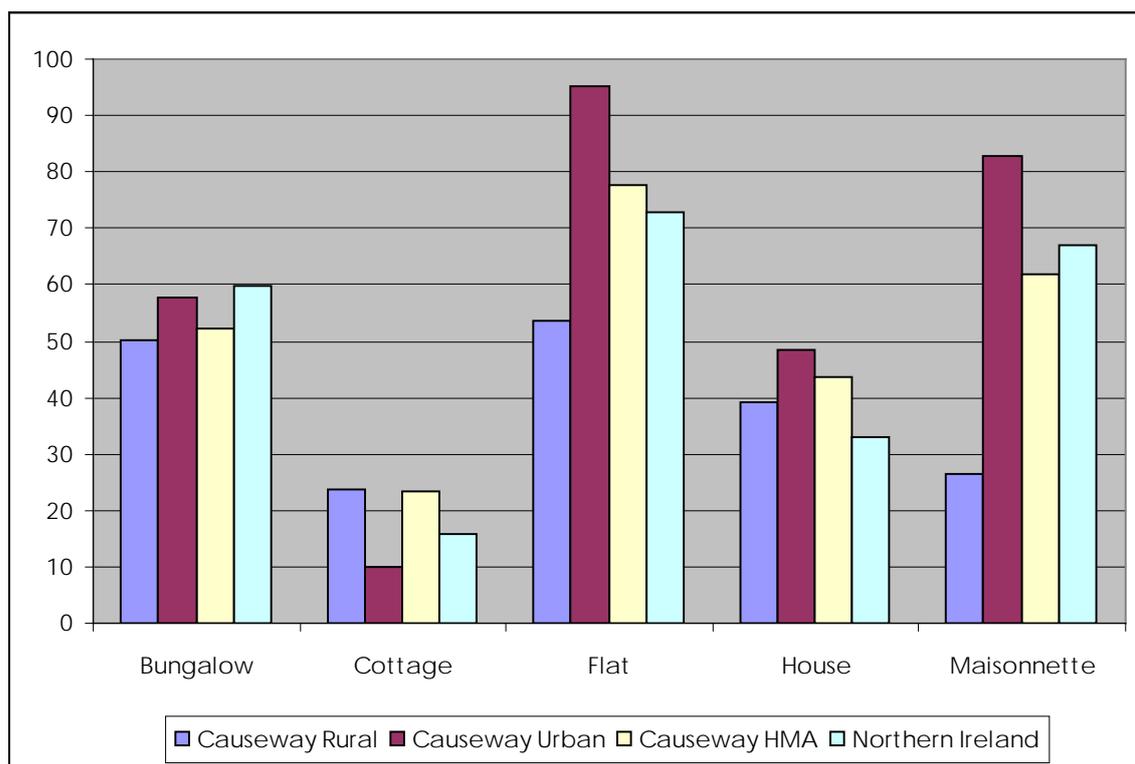
Source: HCS 2006



Figure 15 shows that 58.2% of social rented stock in Northern Ireland is comprised of four rooms or less. This reflects the trend to build smaller units based on waiting list trends and demands. Also, it would suggest that a larger proportion of properties containing five bedrooms or more have been sold. In urban parts of Northern Ireland, this is reflected by 58.7% of social rented stock comprising four rooms or less. A slightly smaller percentage is recorded rurally with 55.4% comprising four rooms or less.

Housing Executive stock is regarded to have an excellent level of fitness. According to the 2009 House Condition Survey, only 0.1% of occupied social rented properties were deemed to be unfit. This represents a continued decrease from 2001. In general, stock in rural areas is deemed to be more likely to be unfit.

Figure 16: NIHE 2011 Stock remaining for letting as a % of 1979 stock by house type



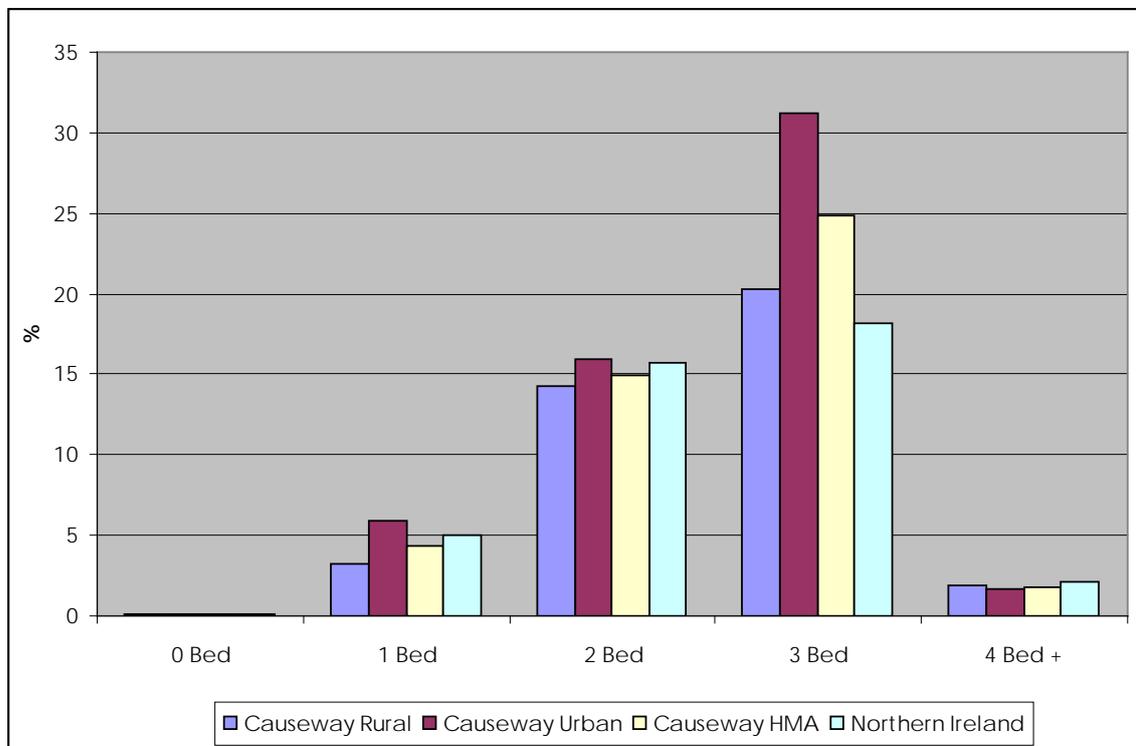
Source: NIHE

Figure 16 compares Housing Executive stock by house type at March 2011 as a percentage of Housing Executive stock in 1979. It shows the extent to which the total stock has depleted throughout this period. It also gives an indication as to the popularity of each house type for potential buyers. Essentially, the



house types which have sold in greatest numbers are those which generally house families. In most cases, families would have greater prospects of accessing the finance to purchase their property, although this market has slowed significantly in recent years. Traditionally flats and maisonettes are populated by single person households who would have difficulty acquiring a mortgage on a single income, therefore these house types have not sold in big numbers. In Northern Ireland, 76% of flats and 69% of maisonettes remain of the 1979 stock.

Figure 17: NIHE Stock 2011 % remaining for letting in comparison to 1979 total stock by no of bedrooms



Source: NIHE

The Housing Executive stock which remains for letting is largely indicative of the household make up of Housing Executive tenants. An area where stock may be insufficient is one bed properties in light of recent changes to the Local Housing Allowance for those under-occupying. Due to welfare reform, as discussed in the previous chapter, those who rely on Local Housing Allowance will only receive payment for the number of rooms they need, and not for the size of property they currently rent. Therefore, those who rent a property which is bigger than they require, may seek to downsize if affordability becomes an issue.

The Housing Executive explains: "If the proposals go ahead, from the 1st April 2013 size criteria would be introduced for new and existing working-age



Housing Market Analysis Causeway Housing Market Area

Housing Benefit claimants - that's anyone aged up to 61 years at April 2013 - living in a Housing Executive or housing association home. Tenants who are pensioners will not be affected by this change. Tenants who do not receive Housing Benefit would not be affected."

In summary, the Housing Executive states "the new system would allow one bedroom for each person or couple living as part of the household, with the following exceptions:

A child under the age of 16 would be expected to share with one other child of the same gender;

A child under 10 years would be expected to share with one other child under 10, regardless of gender;

A bedroom for a non-resident carer will be allowed in the calculation of necessary bedrooms where that carer provides necessary overnight care for the claimant or their partner;

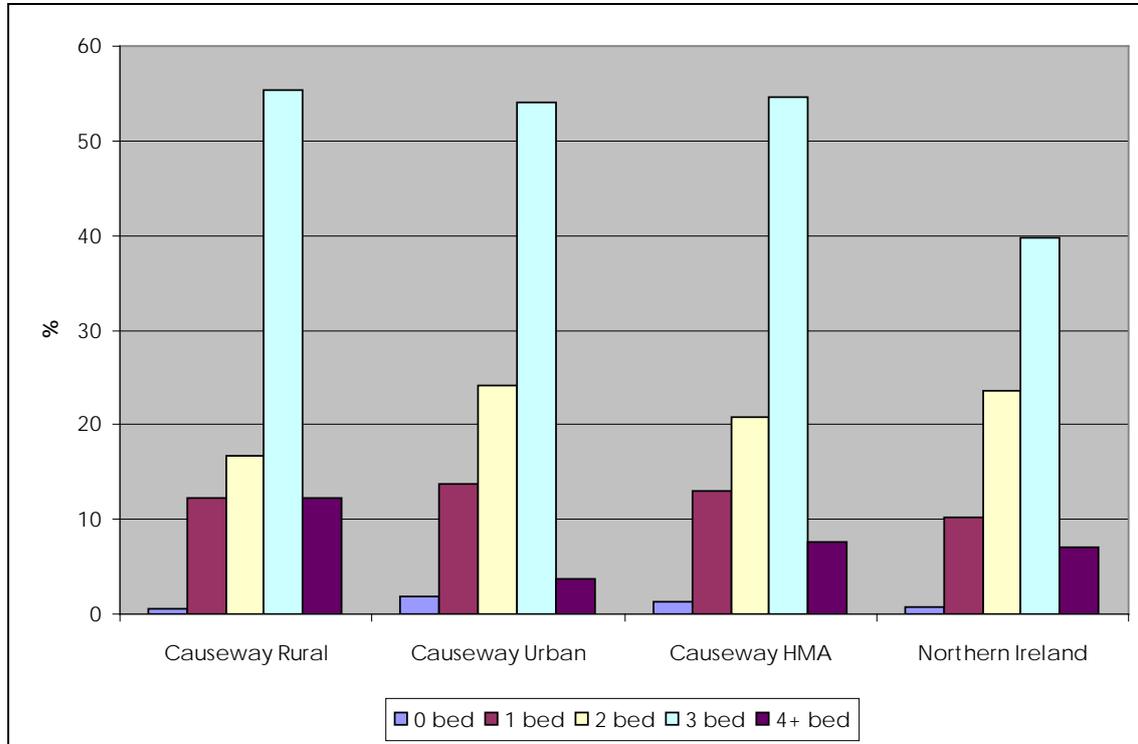
Foster children do not count as part of a foster carer's household, so no bedrooms are allocated for them under the size criteria."

Effectively, according to the Housing Executive "tenants would see their Housing Benefit payment reduced by 14% of their rent for under-occupation by one bedroom and by 25% for under-occupation by two or more bedrooms. Based on the current average rent of £58.76, a tenant who receives full housing benefit but who is under-occupying by one bedroom would see their Housing Benefit reduced by about £8.25 a week. A tenant who is under-occupying by two or more bedrooms would see a reduction of about £14.70 per week. If your Housing Benefit is cut you will have to pay your landlord the difference between your Housing Benefit and your rent."

There are a number of issues which must be considered before building additional one bed properties in order to prevent future problems arising. One bedroom properties offer no flexibility for family expansion or caring needs. Therefore, a certain degree of foresight must be used at the stages of building and allocation. It also must be considered the extent to which one bedroom properties have been demolished by the Housing Executive in recent years. Previous experience has deduced that one bedroom property developments can present housing management issues and require additional resources as a result. They may however have an important role to play in the changing modern housing system.



Figure 18: NIHE % Allocations by no. of bedrooms Apr 10 – March 11



Source: NIHE Prawl, March 2011

Analysis of social housing allocations for the year to March 2011 highlights two significant features. Firstly, from the percentage of three bedroom properties allocated, families would appear to be consistently in greatest housing need. This may also suggest there is an abundance of three bedroom properties compared to other house sizes. More importantly, the low percentage of one bedroom allocations, considering the introduction of welfare reform may suggest a lack of one bed properties to let. This could present problems should those singles who are under occupying wish to transfer. It may be the case that one bedroom properties are not allocated in bigger numbers because singles are not traditionally in greatest housing need. Although they are numerically prominent on the waiting list, they often possess fewer points than families and elderly applicants. It should also be considered that one bedroom flats are generally regarded as unpopular and offers for such properties may be turned down in anticipation of a better offer. Changes to the Local Housing Allowance may force singles to accept said properties as affordability could result in many singles unable to afford an extra bedroom.



Housing Market Analysis Causeway Housing Market Area

Table 25: Social Housing Waiting List for Causeway HMA 2008-2012

	2006	2007	2008	2009	2010	2011	2012	% change 06-12
Total waiting list applicants								
Causeway HMA	1,584	1,868	2,150	1,987	1,854	1,986	2,489	57.1
Causeway Urban	776	926	1,121	1,018	909	1,013	1,273	64.0
Causeway Rural	808	942	1,029	969	945	973	1,216	50.5
Total housing stress								
Causeway HMA	712	851	939	836	678	736	1,077	51.3
Causeway Urban	344	423	490	425	320	370	545	58.4
Causeway Rural	368	428	449	411	358	366	532	44.6
Allocations to applicants								
Causeway HMA	479	411	365	414	505	419	557	16.3
Causeway Urban	287	215	220	244	293	220	287	0.0
Causeway Rural	192	196	145	170	212	199	270	40.6
Ratio of new applicants (excluding transfers) to all (non transfer) lettings								
Causeway HMA	3.3	4.5	5.9	4.8	3.7	4.7	4.5	36.3
Causeway Urban	2.7	4.3	5.1	4.2	3.1	4.6	4.4	62.9
Causeway Rural	4.2	4.8	7.1	5.7	4.5	4.9	4.5	7.1
Northern Ireland	3.8	4.7	5.4	4.8	4.1	4.9	4.5	18.4

Applicants

The social housing waiting list trend for Causeway HMA highlights the evolution of the housing market over the past six years. Between 2006 and 2008, the waiting list increased as applicants sought the security of a long term social housing lease. Since the crash in the construction industry around 2007/08, there was an excess of properties which were originally intended for owner occupation. These properties then flooded the PRS and enticed applicants from the social housing waiting lists with the promise of brand new houses, made affordable by housing benefit. With the introduction of Welfare Reform, Local Housing Allowance will be reduced for many households in the PRS. This may go some way to explaining the significant rise in applicants on the waiting list between 2011 and 2012. Many households will have realised that the only affordable option may be social housing.



Numerically, there is little difference between Causeway urban and Causeway rural throughout this period. Although Coleraine town and Ballymoney town tend to command a relatively high waiting list, Causeway rural contains several small towns which are also popular social housing areas such as Portrush, Portstewart and Ballycastle.

Housing Stress

The six year trend for housing stress applicants mirrors that for the total number of applicants. The 46% rise between 2011 and 2012 adds further gravitas to the ongoing affordability difficulties currently being experienced by households directly affected by welfare reform.

Allocations

From 2006 to 2008, allocations decreased as applicants steadily increased. Construction in the social sector was unable to compete with a buoyant private sector therefore there was a scarcity of housing to let. As tenants left their secure tenancy in the social sector in 2008/09 for PRS properties, more social housing became available and allocations started to increase.

There is a notable difference between allocations in Causeway urban and Causeway rural. This can largely be explained by two contributory factors. Firstly, social housing stock in Causeway urban is more abundant and more densely populated. This provides greater opportunity for housing to become available. Secondly, households in the popular areas of Causeway rural are generally more settled and less likely to terminate their tenancy. This results in fewer properties becoming available to let.

Ratio of new applicants (excluding transfers) to all (non-transfer) lettings

Sometimes referred to as the social rented pressure ratio, this measure can be used to look at the average expected length of time a waiting list applicant may have to wait for re-housing. This measure is also used to look at the relative popularity of different areas. Ratios of around one or two tend to be regarded as a potential indicator that an area has little demand.

This ratio is only an approximate measure of waiting time as some applicants leave the list without being housed and applicants in housing stress are generally re-housed more quickly. Regardless of the limitations of the ratio, it provides a useful measure of the relative demand for housing in an area as well as changes in relative demand over time.

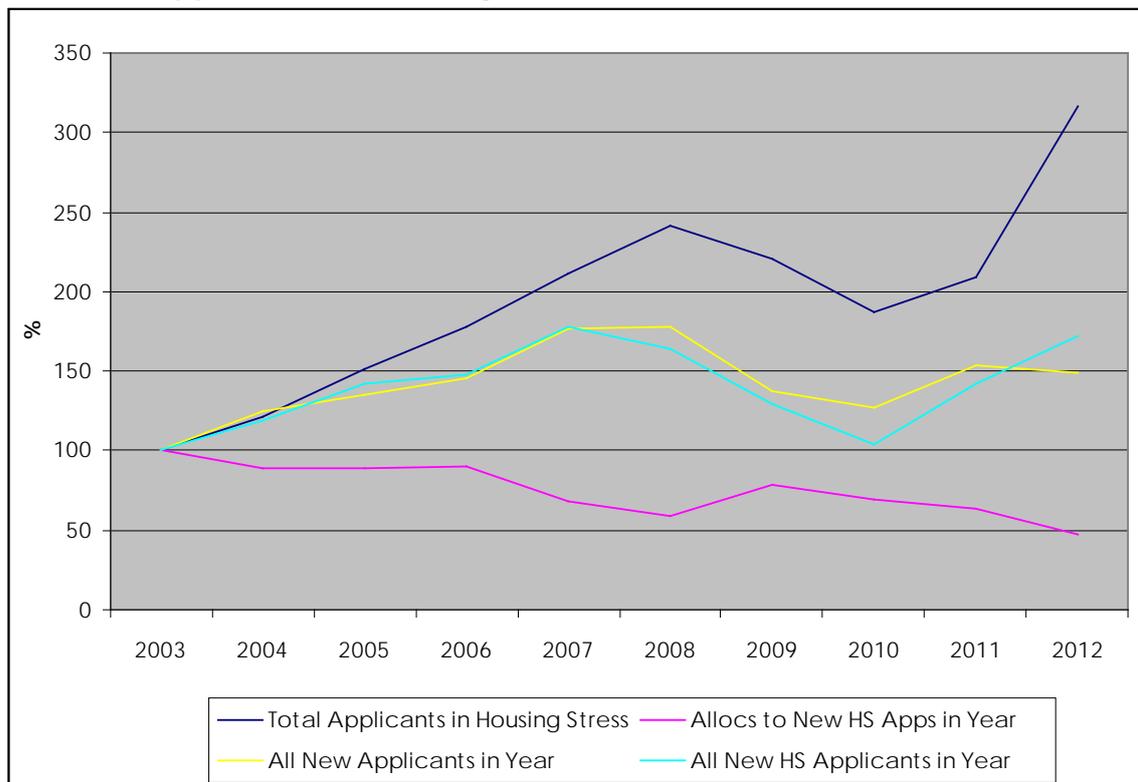
Causeway HMA largely follows a similar trend to that of Northern Ireland. There was a build up in pressure towards the end of the last decade,



Housing Market Analysis Causeway Housing Market Area

culminating in a peak in 2008. This pressure was eased by the availability of affordable housing in the PRS to 2010. Since then, the PRS has become saturated and affordability has become an issue, thus pressure began to build once again in the social sector. This trend is likely to continue in the near future as welfare reform takes its toll on some households. It is expected that households will migrate back from the PRS into the social sector where housing is viewed as a more permanent, affordable option.

Figure 19: Percentage change in annual numbers of new waiting list applicants in Causeway HMA 2003-11



Source: NIHE (Prawl & HMS)

Figure 19 graphically illustrates the total applicants, housing stress applicants, new applicants and allocations calculated as a percentage of 2003 figures for Causeway HMA. Overall, these figures suggest that the level of housing demand has increased significantly in Causeway HMA since 2003 and remains acute. Although the total annual number of new applicants and housing stress applicants has not increased greatly, it remains consistent and would appear to be on an upward trend from 2010. Despite a slight recovery in allocations to new housing stress applicants between 2008 and 2009, there has been an overall decrease from 2003. This falls considerably short of meeting the increasing housing need in Causeway HMA.



Rents

Over the past decade, the average public sector rent in Scotland and Northern Ireland has remained below the comparable rent for England and Wales. Between 2001/02 and 2009/10, the average annual Housing Executive rent increase was 3.4%. This was above the average annual increase in the Retail Price Index (RPI of 3%) and Consumer Price Index (CPI of 2%) for this period but below the annual average UK public sector rent increase of 4.1%

Housing Executive rents are 'pooled' and reflect the type, size and age of dwellings and (where applicable) the provision of certain amenities or services. Any variation in the average rent between one area and another is therefore simply a reflection of variations of Housing Executive stock. It is understood that housing associations do not generally 'rent pool' in the same way with individual rents being set for each development based on costs to provide/construct. As a result, housing association rent is generally higher than Housing executive rent.

Housing Need Assessment

The Social Housing Need assessment is carried out to determine the level of additional accommodation required to meet housing need for general needs applicants who have registered on the Common Waiting List. Information is gathered from a number of sources to enable the Housing Executive to assess the level of social housing need for a geographic area. The level of social housing need is projected for a five-year period. In essence, the Housing Executive analyse supply and demand trends in order to project potential future demand.

Table 26 shows the five-year social housing need assessment for Causeway HMA. This information is assessed at LGD level and is presented as such below:

Table 26: Summary of Social Housing Need Assessment for Causeway HMA by LGD

Settlement	Social Housing Need (Units) 5 Year (2012-17)
Total Social New Build Requirement Coleraine Borough	303
Total Social New Build Requirement Ballymoney Borough	23
Total Social New Build Requirement Moyle District	109
Total	435



Housing Market Analysis Causeway Housing Market Area

Taking into consideration the spending cuts imposed by the coalition government, it is unlikely that a target of 435 properties can be built in the three districts over the five-year period (2012-17). Also, with housing stress applicants on the rise and allocations falling, it is anticipated that social housing need could increase in the coming years.

Travellers

The Housing Executive's second Traveller Accommodation Needs Assessment was published in December 2008 and will draw up, within the next 5 years, a programme of Traveller specific schemes to address identified need.

The Northern Ireland programme includes the following types of scheme:

Group Housing

Residential housing developments, with additional facilities and amenities, specifically designed to accommodate extended families on a permanent basis.

Serviced Site

A range of managed accommodation where Traveller families have a permanent base to park caravans or erect timber framed sectional buildings; electricity, water and sewerage disposal are provided together with other facilities such as communal or individual amenity units.

Transit Site

A basic facility, where Travellers may park caravans on a temporary basis and where electricity, water and sewerage disposal are provided.

There are no Traveller accommodation needs identified currently for Coleraine, Ballymoney or Moyle Borough Council areas. This is kept under review.

Supported Housing

The New build provision for supported housing has been agreed and prioritised over a three-year period from September 2013/14 – 2015/16. Year One (2013/14) is committed with funding approved for all projects programmed to start within this time. The programme beyond year one is tentative and may change subject to ongoing review of need and funding availability.



A 14 unit supported housing scheme is currently on-site at Lerwill House, Coleraine. Within Coleraine Borough, there is no identified supported housing need for 2013/14 – 2015/16. This is kept under review.

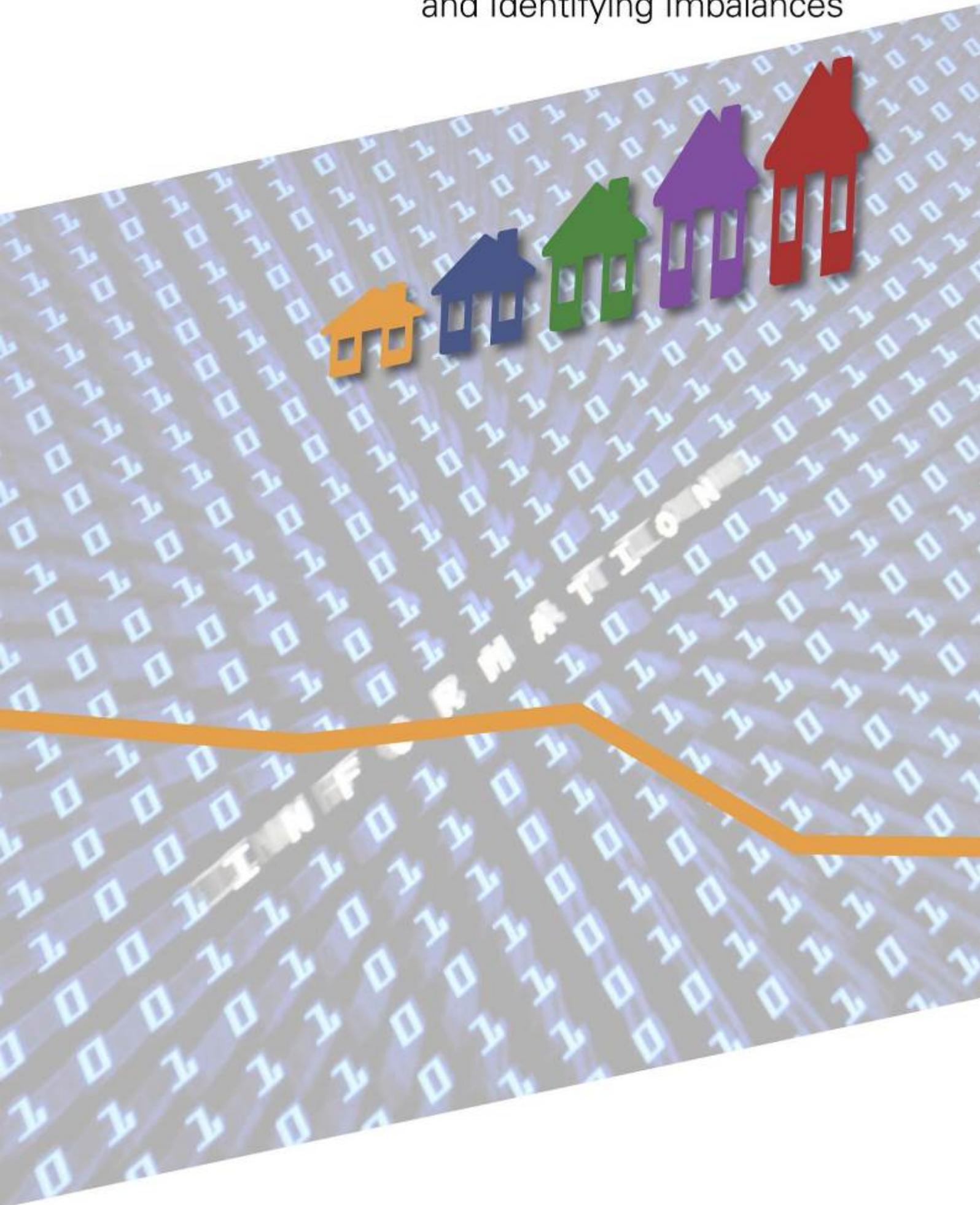
A six unit supported housing scheme is currently on site at Market Street, Ballymoney. Within Ballymoney Borough there is no identified need for supported housing for the period 2013/14 – 2015/16. This is kept under review.

The identified need for supported housing in Moyle District indicates a requirement for 38 units for the period 2013/14 – 2015/16. This includes a 28 unit scheme in Ballycastle and a 10 unit scheme at Knocklayde House, Ballycastle. This is kept under review.

Key Issues

- The social rented sector's tenure share of the market in Causeway HMA and across Northern Ireland has reduced over the past decade resulting in fewer available relets. The greatest concentration of social housing within Causeway HMA is in Coleraine town;
- New social housing has been unable to compensate for the number of dwellings sold to sitting tenants through the House Sales scheme;
- In Causeway HMA, demand for social housing has increased from 2006. Throughout this period, allocations have fluctuated;
- The number of new applicants in housing stress coming onto the waiting list in Causeway HMA dipped in the period 2007-2010 reflecting increased opportunity for housing in the PRS. New housing stress applicants increased between 2010 and 2012 suggesting this opportunity may have slowed down putting further strain on the social sector;
- Welfare reform is likely to result in rising social housing waiting lists due to unaffordable rents in the PRS. There may also be a notable increase in existing tenants wishing to transfer from properties they are under-occupying;
- A lack of one bed properties across Causeway HMA and Northern Ireland could cause problems with the introduction of welfare reform;
- Across the three districts within Causeway HMA, a total of 435 new social housing units will be required over the next 5 years to meet social housing need.

6. Bringing the Evidence Together and Identifying Imbalances





6. BRINGING THE EVIDENCE TOGETHER AND IDENTIFYING IMBALANCES

Introduction

This chapter gathers the evidence presented in chapters 2 to 5 to identify the main characteristics of the housing market in Causeway HMA and to consider how the housing system may develop in the future.

Any attempt to predict the future of the housing system involves a speculative approach in gauging the possible impact of wider economic, social, political and cultural processes. It is well documented that the housing market experienced shock from the effects of the financial crisis and, from 2007 onwards, the resultant economic downturn and credit squeeze. In addition, uncertainty in the Eurozone economics added to the uncertainty of economic growth throughout Northern Ireland, which also impacted on the housing market.

Housing and the economy

Causeway HMA, as with the rest of Northern Ireland, was characterised by sustained economic growth and increased earnings in the decade to 2008. The boom in housing development emphasised the previous low level of new housing development in the Causeway HMA. This accentuated trend was unsustainable and was brought to a swift end by the global economic downturn.

From 2008, the downturn had a devastating effect on the housing market and the first recognisable financial loser was the developers. At the height of the housing boom, developers were able to sell large developments with a good profit. Some, however, were unable to see the downturn coming or were committed to projects and continued to build in the hope that the market would recover quickly. This resulted in many developers being left with a bank of stock which they could not sell. Many of their surplus stock was then sold at a loss or offered into the PRS as a temporary measure.

Despite making the initial headlines, the construction industry was not the only service negatively impacted by the economic downturn. The effect became widespread and ultimately had an impact on the entire Causeway HMA population. The economy in Coleraine town mainly relies on retail, local government bodies and healthcare providers. Each of these industries have suffered notable job losses and spending cuts which has contributed to a trend of increasing unemployment in the area since 2007.



Housing Market Analysis Causeway Housing Market Area

Naturally, with unemployment increasing, income will be directly affected. At 2010, income in Causeway HMA was lower than the Northern Ireland average which increases the area's vulnerability in a recession. The biggest problem for the local economy is the population's increasing benefit dependence. Those who are reliant on benefits are unable to make a significant contribution to the economy, therefore the area will continue to struggle and signs of economic growth may be slow and insignificant.

Before economic growth can take place, there are still some short to medium term challenges to overcome. The public spending cuts in Northern Ireland in the wake of the UK Comprehensive Spending Review has and will result in a considerable strain being placed on the economy. The impact of these cuts will be felt severely in Northern Ireland where there is a high dependence on the public sector.

An ageing population

The total population of Causeway HMA has been increasing and is anticipated to continue this trend. There has also been a shift in the overall age profile. The population of Causeway HMA and Northern Ireland has become older as people are living longer. This presents challenges with increasing demand for housing and the type of housing required for older persons wishing to remain in their home.

Although the 'care' related needs of the most vulnerable and frail older people remain a vital policy concern, it is important to note that the majority of households living in Causeway HMA in 10 or 20 years will be homeowners living in general needs housing stock. This is in line with national policy, which seeks to facilitate older households to live independently for as long as possible. It also reflects the fact that older persons generally prefer to live in their own home.

In preparing for the future, it may be prudent to investigate the aspirations of households who are currently in their 50s and 60s in order to ascertain their long term housing needs. This information could be shared with developers to encourage them to provide 'mainstream' housing that is appealing to older households and is convenient to local services and facilities.

Improving the residential offer

The housing market is a continuously evolving system where changes are forced upon it by external drivers. In order to improve the residential offer, it is important to monitor the variables which can affect the housing market such as economic conditions, population changes and household changes.

In Northern Ireland, the key factor which has influenced the housing market is the downturn in the economy from 2007. It has altered the way households



have had to consider their housing options and has changed the housing aspirations of a generation.

Improving the quality of the residential offer in Causeway HMA will remain a policy priority. In moving forward, it will be valuable to continuously investigate and understand what factors are influencing households' decisions to choose a particular tenure. Also, from the perspective of Causeway HMA, it would be prudent to investigate the reasons households leave the HMA in search of housing elsewhere.

The owner occupied sector

The combination of strong demographic and economic growth and the willingness of financial institutions to offer consumers and businesses credit at low interest rates and generous lending terms shaped housing demand and inter-tenure dynamics in the period to 2008.

One of the most significant imbalances that emerged in the decade to 2008 was that of affordability. House prices in Causeway HMA and Northern Ireland experienced a sharp rise in the decade to 2007 which were not mirrored by sufficient rises in households' incomes. The rate of house price inflation was such that even the lower priced properties were becoming unaffordable for most prospective first time buyers by 2005. In hindsight, it is believed that the rises in house prices were mainly driven by speculators and investors rather than owner occupier purchases.

On the surface, falling house prices since 2008 have improved affordability in the sense that price to income ratios have subdued. However, this was offset by tighter lending criteria which has made it more difficult for prospective first time buyers, especially younger households. In the long term, a stricter lending environment may constrain house price rises and help to prevent the re-emergence of affordability problems of the kind experienced between 2005 and 2007.

Due to its dominance in the market, the owner occupied sector has arguably the biggest effect on the housing market, although its role is diminishing. The affordability constraints took hold in 2007/08 and marked the end of a period of high demand for home ownership. The current market is now in a perilous state of low house prices, low demand for home ownership and a collapsed sales/construction market. This has resulted in households' availing of a prosperous PRS.

The private rented sector

The current economic uncertainty and low growth environment is a contributory factor in the increased demand for private rental



Housing Market Analysis Causeway Housing Market Area

accommodation, with many prospective purchasers unwilling to commit to a home loan or unable to raise the finance required. Increases in Private Housing Benefit claimants in all three LGDs in Causeway HMA, since 2007, suggests that more people are now renting their homes from private landlords. Local estate agents confirm that there is a good demand for private rental properties throughout Causeway HMA. The availability of Private Housing Benefit encouraged the growth of the PRS and provided an assurance to tenants who may experience a fall in income. New build development entering the PRS has now plateaued which may curtail further growth in the sector. Evidence gathered at a local level suggests that the private rental sector has, and continues to attract tenants who would have traditionally applied for social housing.

Although the rise in private renting tends to be discussed solely in terms of rising house prices and speculative investment, broader factors have also been at play:

- Faced with the burden of student debt and less employment security, a growing number of individuals appear to have altered their attitude to housing. Increasing numbers of adults in their twenties appear to be delaying entering into the long-term commitment of house purchase;
- Throughout Causeway HMA, households have been attracted by the fact that high proportions of stock in this sector are located in sought after locations;
- There has been some discussion as to whether the private rental sector is reinforcing or defusing economic, tenure and religious segregation at neighbourhood, community and settlement level. Within some areas of Causeway HMA, private rental properties in new build estates contribute to the revitalisation of communities through providing affordable accommodation and diversification in community through tenure mix, community background and ethnic origin mix. In some single identity social housing estates where private rental properties are available, private tenants conform to this identity.

Factors that may support further growth in the PRS include:

- The shift to higher rates of employment in the private sector envisaged in Northern Ireland Executive's (2011) Consultative Economic Strategy may result in a further shift towards greater labour market flexibility. This could mean fewer permanent full time jobs and more fixed term and part time jobs;
- A potential legacy of the credit crunch is that there will be further tightening of lending criteria and as a result fewer households assessed to have the financial standing to access mortgage funding;
- A growth in single person and lone parent households who are reliant on single incomes and are in a weaker financial position to buy.



Looking forward, the private rental market is likely to continue to expand, albeit at a much slower pace than seen over the past decade. The future rate of growth in the sector is likely to depend on a mix of factors, including:

- Alternative investment opportunities for smaller investors and whether these are perceived to be more attractive and less risky;
- The Government's proposed welfare changes including changes to Housing Benefit, the downward adjustment to the Local Housing Allowances and the proposed introduction of Universal Credit;
- The extent to which the private rental market is suited to low-income households who rely on Private Housing Benefit;
- The political acceptance of the option to lease private rented properties to address homelessness and other forms of housing stress.

The social rented sector

Changes in the housing market have had spill-over effects on the social housing sector but it has essentially remained the tenure of last resort. The popularity of the PRS has resulted in an easing of pressure on the social housing waiting list as households' took advantage of newly built housing in modern developments. Between 2008 and 2010, the social housing waiting list in Causeway HMA decreased. It now appears that, as a result of Welfare Reform and the changes to local housing allowance, households are beginning to seek the affordability and security of social housing. This change in attitude has resulted in a continual increase in applicants from 2010.

Responding to housing stress

The Housing Executive's annual assessment of housing need indicates that in Ballymena HMA the requirement for additional social housing has been well in excess of social housing construction rates over the past decade.

The level of resources which the Northern Ireland Executive can make available to address social housing need is likely to be constrained given future budgetary pressures. The severe funding constraints set out in the NI Executive's Draft Budget 2011-15, suggest that it will be necessary to look at a variety of options to address housing need.

Lord Best's recent Commission on the Future for housing in Northern Ireland pointed to the possibility of introducing some form of intermediate housing products. Evidence presented in Chapter 4 indicates that there may be potential to introduce some form of intermediate housing in Causeway HMA. In practice however, new products could simply displace consumer demand from the PRS. This may not be a negative outcome if it creates additional



Housing Market Analysis Causeway Housing Market Area

vacancies in the PRS for a rising demand in that sector. It would be prudent to adopt a cautious approach initially in order to gauge potential demand for such products.

The rural perspective

Causeway HMA is a predominantly rural area. In general the housing market trends do not appear to be significantly different in the rural areas of Causeway HMA when compared to Coleraine town. There are, however, some issues of note:

- There is a high level of owner occupied stock in Causeway rural. As property prices rose in Causeway urban and development boundary constraints restricted potential for housing development, purchasers moved to relatively less expensive properties in the surrounding villages and hamlets. This resulted in a degree of population shift from urban to rural;
- There is a strong private rental market in Causeway rural. A significant number of private rental properties are under occupied and Welfare Reform will impact on these tenants' ability to pay for their current accommodation;
- Coastal areas of Causeway rural have a high number of holiday homes with some owners renting their properties to provide an income or cover mortgage payments. Whilst the tourist trade is an important part of the Causeway HMA economy, high house prices in second homes locations have priced many local residents out of the owner occupied market;
- The number of applicants for social housing has increased in Causeway rural. The number of social housing lettings increased as the PRS expanded but currently, as new supply to the PRS has plateaued, social housing lettings have decreased again;
- Demographic projections of increasing numbers of older households over the next 15 to 20 years will require policy and practical interventions in housing and services. Many older homeowners will wish to remain in their homes for as long as possible. To achieve this, adaptations to the property may be required, improved transport options made available and some households may decide to downsize or move to supported or sheltered housing. There is need to plan for this demographic shift if we are to adequately meet the housing and other needs of our rural older population.

Longer term housing system challenges

Changed economic circumstances and the tightening of public expenditure represent the biggest challenge faced by households for a generation. It is difficult to predict when a recovery will occur but it is not anticipated to happen in the short term and signs of a recovery will be slow.

Housing Market Analysis

Causeway Housing Market Area



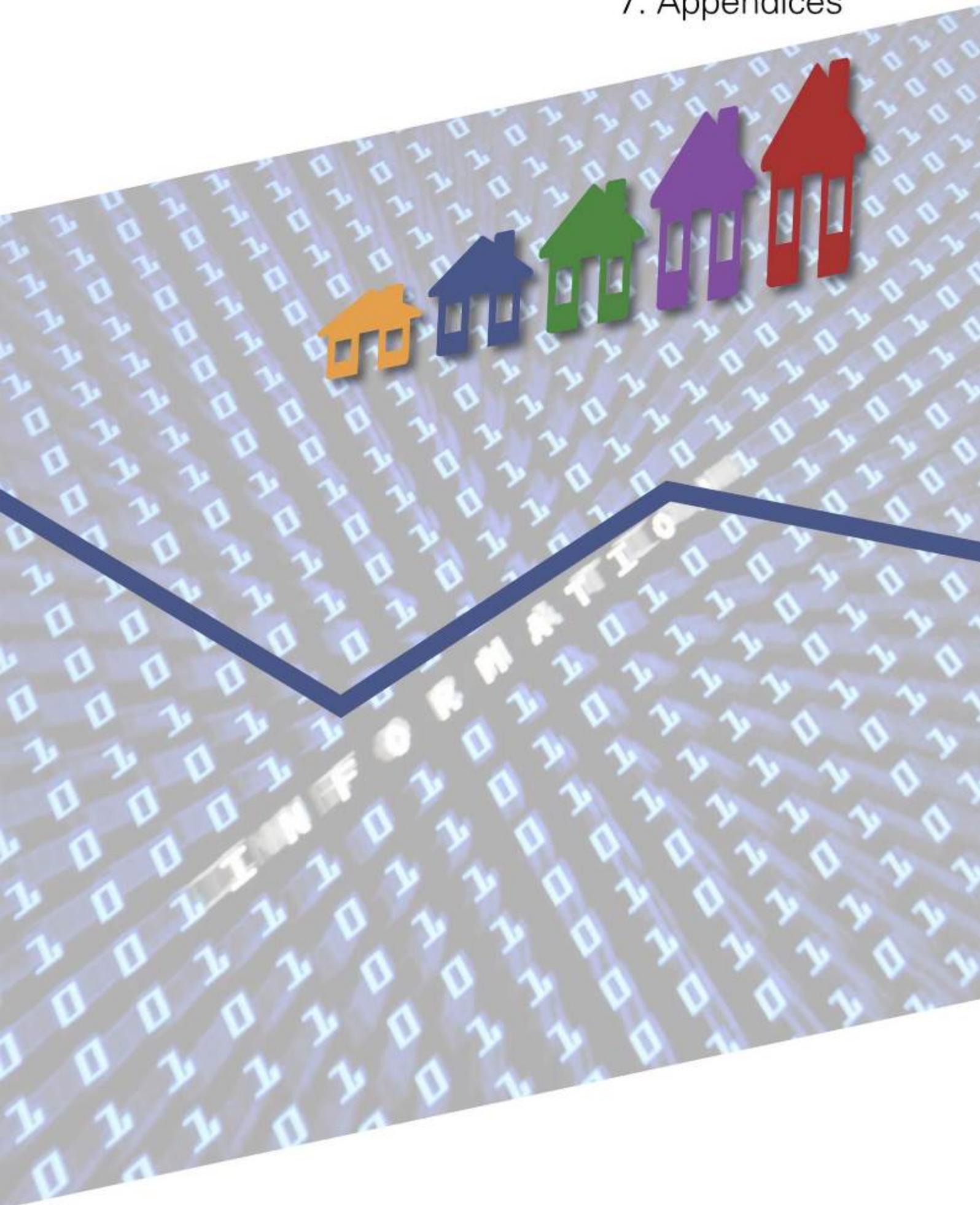
The impact economic conditions have on the housing market is widespread and is felt by many different entities. In times of a recession, major money lending organisations become risk averse and stringent restrictions are applied to their products. In its simplest terms, if households are unable to borrow sufficient finance, there is limited demand for new housing and the construction industry suffers as a result. This, in turn has a knock on effect on the manufacturing industry which is not required to produce large quantities of building materials. With all these elements combined and industries depleting, it will take considerable time for industries to have the resources in place to contribute to economic growth.

The contraction of industry has had a personal impact on many households who have suffered job losses as a result. The rise in unemployment has caused many households to tighten their own finances which has contributed to the closure of several retail outlets and increased benefit. In an effort to pull their own finances into line, households' have been more frugal in their spending which has directly impacted on the retail industry. This again has resulted in further job losses and further pressure has been placed on the prospect of economic growth.

In the early stages of welfare reform, it is difficult to gauge the impact it may have on housing and the economy. It is anticipated that many households who are currently under occupying their property and are in receipt of local housing allowance will seek to transfer into accommodation which is more suitable and affordable.

Over time, the development of a more qualitative approach, as part of the ongoing Local Housing System Analysis, could enhance understanding of the more elusive changes in the housing system in order to inform a reactive response from planning, housing and regeneration policy.

7. Appendices





Appendix 1: References

Census of Employment: DETI LGD outputs and NINIS Ward level outputs

DSD: Monitoring the impact of recent measures affecting Housing Benefit and Local Housing Allowances in the private rented sector in Northern Ireland

NINIS (2011) Social rented completions

NIHE: The Belfast Metropolitan Housing Market Area, a Local Housing System Analysis 2012

http://www.nihe.gov.uk/the_belfast_metropolitan_housing_market_area_-_a_local_housing_systems_analysis.pdf

Barry, R., Beatty, R., Donnelly, D. and Marshall, D. (2005) Household Projections for Northern Ireland: 2002-2025, Northern Ireland Statistics and Research Agency

Department of the Environment (2010) Planning Policy Statement 21: Sustainable Development in the Countryside

DETI Northern Ireland (2009) Labour Market Bulletin: Northern Ireland Annual Survey of Hours and Earnings.

DETI Northern Ireland (2010a) Social Economy Enterprise Strategy 2010-2011
http://www.detini.gov.uk/social_economy_strategy_2010-2011.pdf

DETI Northern Ireland (2010 b) Economic Commentary June 2010
www.detini.gov.uk

DETI Northern Ireland (2010c) Economic Commentary December 2010
www.detini.gov.uk

DETI Northern Ireland (2011c) Labour Market Statistics – March 2011
http://www.detini.gov.uk/statistical_press_release_-_march_2011.pdf

Department for Regional Development (2001) Shaping our Future: Regional Development Strategy for Northern Ireland 2025

Department for Regional Development (2002) Regional Transportation Strategy

Department for Regional Development (2005a) Shaping our Future Together: Public Consultation Review of the Regional Housing Growth Indicators



Housing Market Analysis Causeway Housing Market Area

Department for Regional Development (2005b) Planning Policy Statement 12 (PPS 12) Housing in Settlements

Department for Regional Development (2006) The RDS for Northern Ireland: Review of Housing Figures – Response by the Department for Regional Development to the report of the Independent Panel following the Public Examination

Department for Regional Development (2008a) Shaping our Future: RDS 2025 First 5-Year Review (Report of the Process, Key Findings and Planned Actions

Department for Regional Development (2008b) Shaping our Future: Adjustments to the RDS – 2025

DRD (2012) RDS 2035: Building a Better Future

DSD (2007) Review into Affordable Housing Final Report

DSD (2009) Family Resources Survey, Northern Ireland, 2007-08

Department for Work and Pensions (2010b) Green Paper: 21st Century Welfare <http://www.dwp.gov.uk/consultations/2010/21st-century-welfare/>

Department for Work and Pensions (2010b) White Paper, Universal Credit: Welfare That Works <http://www.dwp.gov.uk/policy/welfare-reform/legislation-and-key-documents/universal-credit/>

Department for Work and Pensions (2010c) Impact Assessment for Universal Credit <http://www.dwp.gov.uk/docs/universal-credit-ia-white-paper.pdf>

Experian (2008) Northern Ireland Key Settlement Study: A Final Report for the Department for Regional Development

Newhaven Research (2010) Review of Housing Needs Assessment Formula for NIHE

Northern Ireland Audit Office (2009) The Performance of the Planning Service

Northern Ireland Executive (2008a) Building A Better Future -The Northern Ireland Executive's Programme For Government 2008-2011

Northern Ireland Executive (2008b) Building a Better Future: The Investment Strategy for Northern Ireland 2008-2018
<http://www.northernireland.gov.uk/index/programme-for-government-and-budget-v1.htm>

Housing Market Analysis

Causeway Housing Market Area



Northern Ireland Executive (2008c) Budget 2008-11
<http://www.northernireland.gov.uk/index/programme-for-government-and-budget-v1.htm>

Northern Ireland Executive (2010) The Planning Bill (2010)
http://www.planningni.gov.uk/index/about/planning_bill.pdf

Northern Ireland Executive (2010b) Draft Budget 2011-15
http://www.northernireland.gov.uk/website_-_draft_budget.pdf

Northern Ireland Executive (2011) Economic Strategy - Consultation On
Priorities For Sustainable Growth And Prosperity
http://www.detini.gov.uk/northern_ireland_economic_strategy

Northern Ireland Assembly Research and Library Service (2011) Briefing Note
(04/11) Draft Budget 2011-15
<http://www.niassembly.gov.uk/researchandlibrary/publications2011.htm>

Northern Ireland Housing Executive (2007) (update). Mapping BMI and
Migrant Workers in Northern Ireland, NIHE

Northern Ireland Housing Executive (2007b) Housing Need Assessment
Guidance Manual (PPS12) User Guide

Northern Ireland Housing Executive (2009) Northern Ireland Housing Market
Review and Perspectives 2009-2012. NIHE: Belfast

Northern Ireland Housing Executive (2010a) Northern Ireland Housing Market
Review and Perspectives 2010-2013. NIHE: Belfast

Northern Ireland Housing Executive (2010) House Condition Survey 2009, NIHE

Northern Ireland Housing Executive (2006) House Condition Survey 2006, NIHE

Northern Ireland Housing Executive (2006) House Condition Survey 2001, NIHE

Northern Ireland Housing Executive (2011) Northern Ireland Housing Market
Review & Perspectives 2012-15, NIHE

Northern Ireland Statistics and Research Agency (2008b) Size of the EU
Accession (A8) Population Resident in Northern Ireland (2007), NISRA

Northern Ireland Statistics and Research Agency (2008c) Technical Annex –
2006-based Household Projections for Northern Ireland, NISRA

Northern Ireland Statistics and Research Agency (2008d) Northern Ireland
Local Area Population Projections, NISRA



Housing Market Analysis Causeway Housing Market Area

- Northern Ireland Statistics and Research Agency (2009a) Population & Migration Estimates Northern Ireland (2008) – Statistical Report, NISRA
- Northern Ireland Statistics and Research Agency (2009b) Long Term International Migration Estimates for Northern Ireland 2007-8, NISRA
- Northern Ireland Statistics and Research Agency (2010a) Report of the Inter-Departmental Urban-Rural Definition Group – Statistical Classification and Delineation of Settlements
- Northern Ireland Statistics and Research Agency (2010b) Small Area Population Estimates for Northern Ireland (2008)
- Northern Ireland Statistics and Research Agency (2010c) Northern Ireland Multiple Deprivation Measure 2010
- The Planning Service (2009a) Northern Ireland Housing Land Availability Summary Report 2008
- The Planning Service (2009b) Reform of the Planning System in Northern Ireland: Your chance to influence change: Consultation Paper
- The Planning Service (2011) The Housing Land Availability Summary Report 2010 issued by the Planning Service in January 2011
- Ulster Bank (2009) Quarterly Economic Bulletin December 2009. Ulster Bank
- Ulster Bank (2010) Northern Ireland Purchasing Managers Index June 2010 Survey
<http://www.ulsterbankcapitalmarkets.com/economicindicators.aspx?gid=ni&ind=26>
- Ulster Bank (2011) Northern Ireland Purchasing Managers Index February 2011 Survey
<http://www.ulsterbankcapitalmarkets.com/economicindicators.aspx?gid=ni&ind=26>
- University of Ulster (2011) Northern Ireland quarterly House Price Index 2010 quarter 4 <http://rpp.ulster.ac.uk/research/housing-index/q4-2010.pdf>
- University of Ulster and NIHE (2011) Performance of the Private Rental Market, Belfast Metropolitan Area January-June 2010 (Published January 2011)
- Young, G., O'Sullivan, A., and Gibb, K. (2009) Northern Ireland Housing Market Areas

Housing Market Analysis

Causeway Housing Market Area



Websites

<http://www.colerainetimes.co.uk/news/local/black-friday-83-jobs-go-as-kennedy-s-and-beveridge-engineering-closes-1-1976844>

<http://www.agendani.com/no-recovery-without-radical-action>

<http://www.bbc.co.uk/news/uk-northern-ireland-foyle-west-19894201>

<http://www.u.tv/News/Rise-in-NIs-vacant-shops/dd0dfdab-e211-4f2b-b3c0-bcf5b4ad035b>

<http://www.co-ownership.org/>

<http://www.accommodation.ulster.ac.uk/on-campus/coleraine/>

<http://www.propertypal.com/>



Appendix 2: Northern Ireland's Economic Performance

Figure 20: Total GVA (current prices) annual rate of growth, UK & ROI, 1998-2010

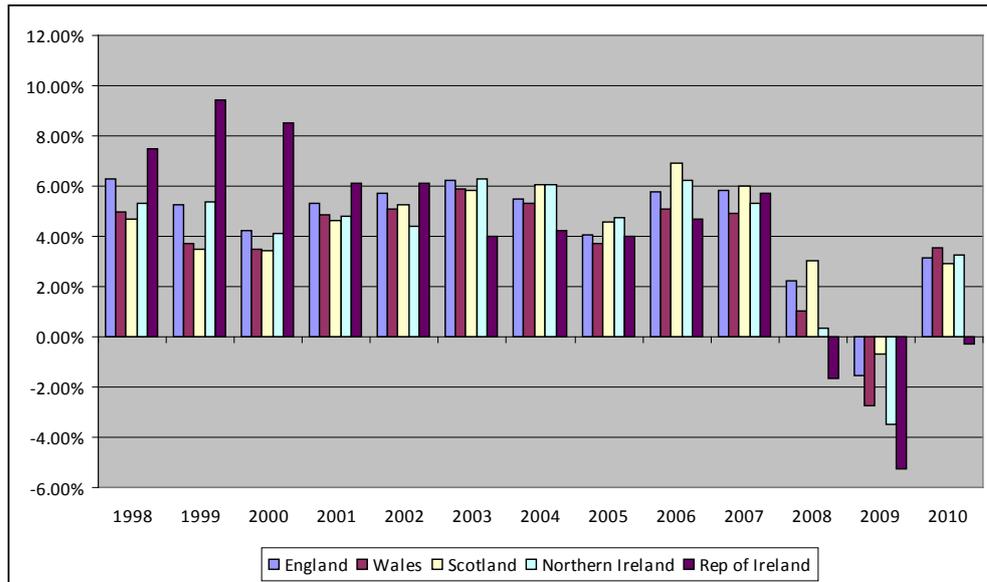
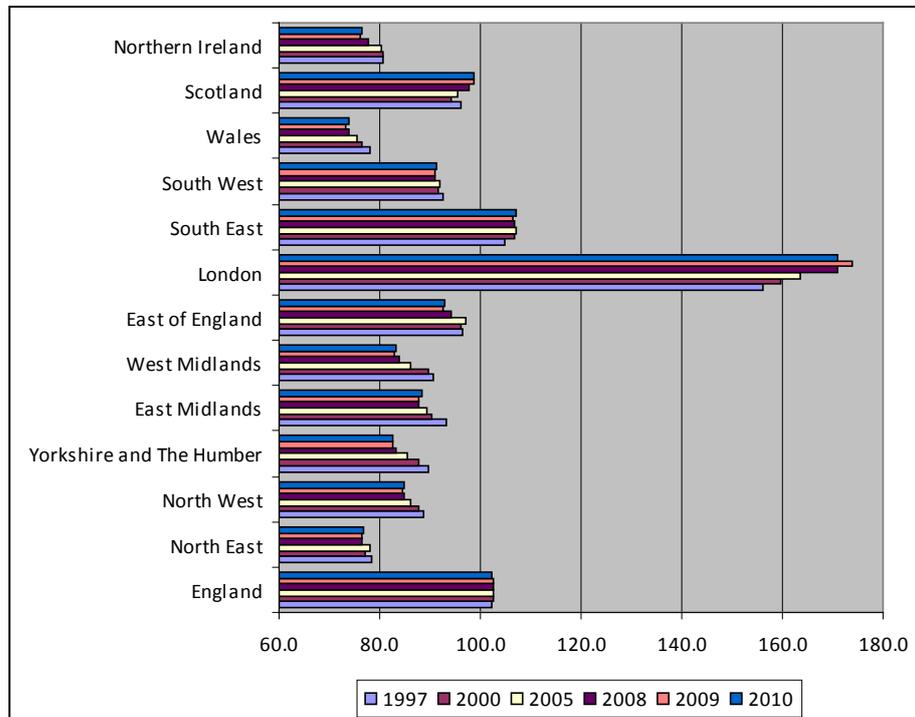


Figure 21: GVA per head indices compared to UK average (100), 1997-2010



Source: ONS (2011) GVA per head of population index 1997-2010, where UK including Extra-Regio = 100

Housing Market Analysis

Causeway Housing Market Area



Table 27: GVA Growth for Northern Ireland split by area 1997 - 2009

NUTS 3 Area	Total GVA 1997 £ (million)	Total GVA 2009 £ (million)	Share NI GVA 1997 (%)	Share NI GVA 2009 (%)	Average Annual Growth %	GVA per head 1997 £	GVA per head 2009 £	GVA per head % UK 1997	GVA per head % UK 2009
Belfast	4,881	8,003	29	29	4.9	16,967	29,816	135.8	149.1
Outer Belfast	2,909	4,808	17	18	5.0	7,914	12,445	63.3	62.2
East of Northern Ireland	3,926	6,077	23	22	4.4	10,152	13,907	81.2	69.5
North of Northern Ireland	2,263	3,403	13	12	4.1	8,400	11,817	67.2	59.1
West and South of Northern Ireland	2,902	4,990	17	18	5.5	8,062	12,191	64.5	61.0
Northern Ireland	16,880	27,279	100	100	4.8	10,100	15,249	80.8	76.2
UK	728,790	1,235,840			5.1	12,498	20,000	100	100
Cardiff and Vale of Glamorgan	5,379	9,615			5.6	12,677	20,864	101.4	104.3
Glasgow City	10,010	17,343			5.2	16,946	29,472	135.6	147.4



Housing Market Analysis

Causeway Housing Market Area

Table 28: GVA for Northern Ireland and the Causeway HMA economy by sector, 1997-2009

Northern Ireland				
	Total GVA 1997 (million)	Total GVA 2009 (million)	As % of NI GVA 1997	As % of NI GVA 2009
Agriculture, forestry and fishing	£696	£318	4.1	1.2
Production	£3,846	£4,805	22.8	17.6
Construction	£1,066	£2,122	6.3	7.8
Distribution, transport and communication	£3,024	£5,166	17.9	18.9
Information and Communication	£407	£888	2.4	3.3
Financial and Insurance activities	£540	£1,356	3.2	5.0
Real Estate activities	£950	£2,038	5.6	7.5
Business Service activities	£937	£1,933	5.6	7.1
Public administration, education and health	£4,959	£7,901	29.4	29
Other services and Household activities	£452	£752	2.7	2.8
Total GVA	£16,880	£27,279	100	100
North of Northern Ireland				
	Total GVA 1997 (million)	Total GVA 2009 (million)	As % of Local GVA 1997	As % of Local GVA 2009
Agriculture, forestry and fishing	£147	£52	6.5	1.5
Production	£651	£518	4.6	5.4
Construction	£147	£326	6.5	9.6
Distribution, transport and communication	£348	£652	15.4	19.2
Information and Communication	£51	£158	2.3	4.6
Financial and Insurance activities	£50	£88	2.2	2.6
Real Estate activities	£58	£100	2.6	2.9
Business Service activities	£104	£185	28.8	15.2
Public administration, education and health	£627	£1,103	27.7	32.4
Other services and Household activities	£80	£221	3.5	6.5
Total GVA	£2,263	£3,403	100	100



Appendix 3: Recent Employment Trends

Figure 22: Working age economically active and employment rates across UK, 2004-11

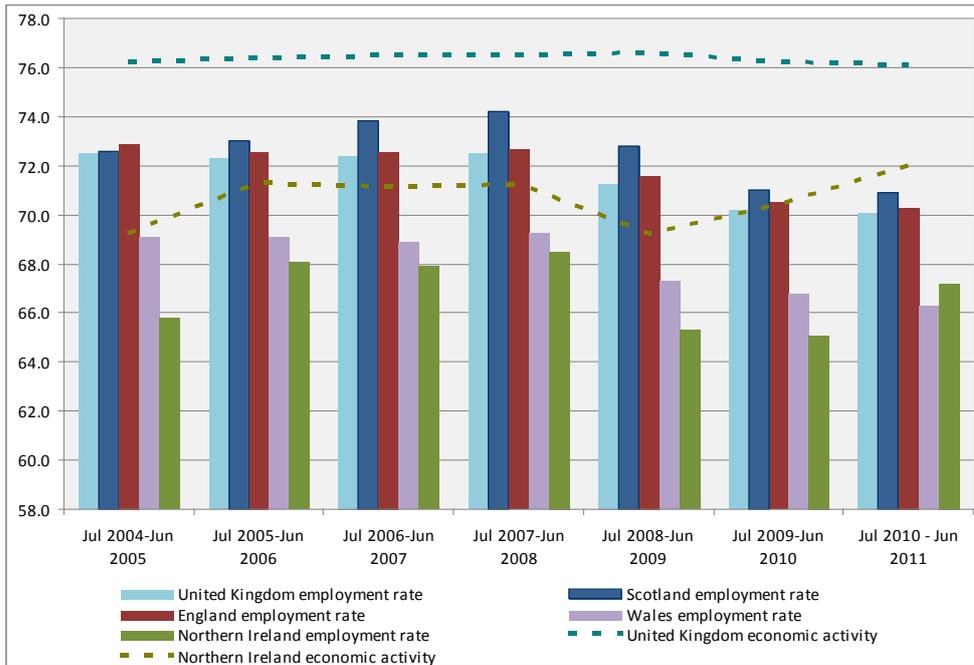
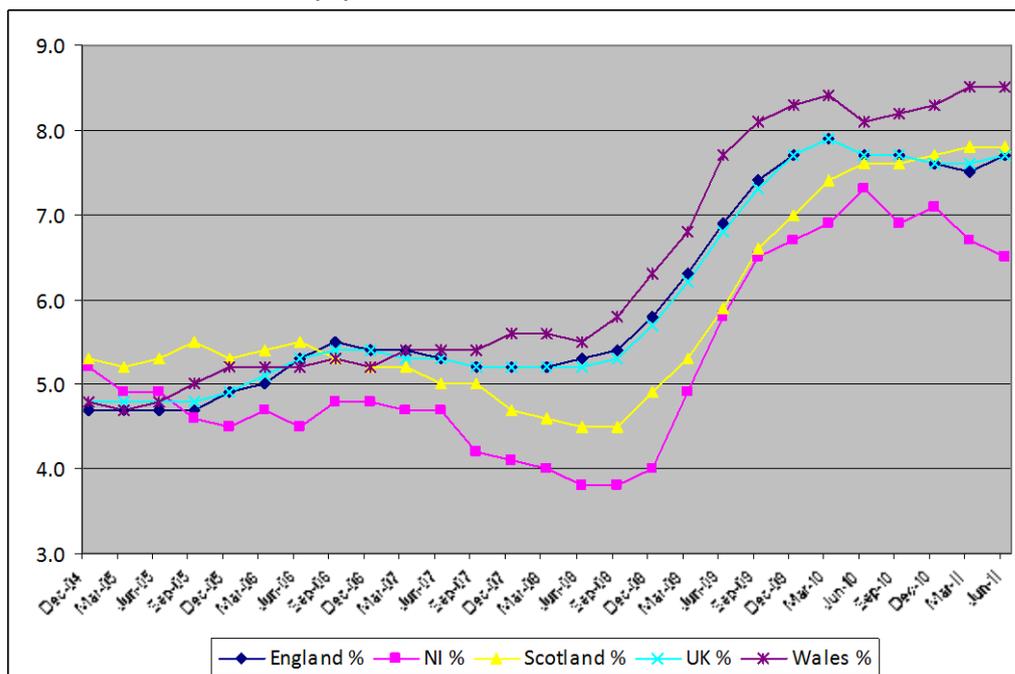


Figure 23: International Labour Office (ILO) defined unemployment rates, 2004-2011 (%)





Appendix 4: Northern Ireland Level Population Projections

Table 29: NISRA alternative Northern Ireland population projections

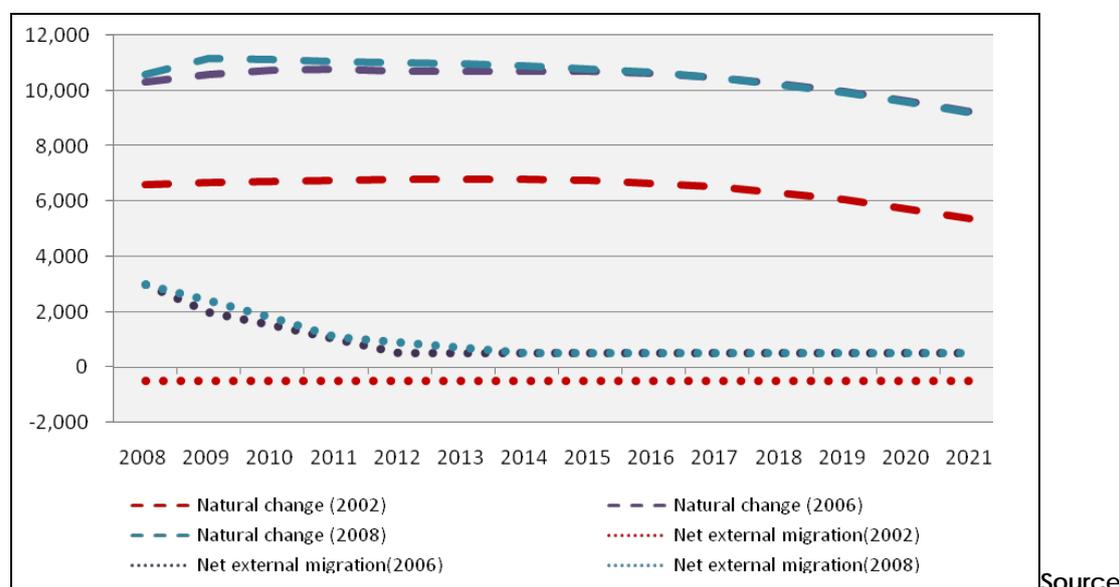
Year	2002-based	2006-based	2008-based	Difference 2002 and 2008-based		Difference 2006 and 2008-based	
				No	%	No	%
2008	1,732,000	1,774,000	1,775,000	43,000	2	1,000	0.06
2009	1,739,000	1,787,000	1,789,000	50,000	3	2,000	0.11
2010	1,745,000	1,799,000	1,802,000	57,000	3	3,000	0.17
2011	1,751,000	1,812,000	1,815,000	64,000	4	3,000	0.17
2012	1,757,000	1,823,000	1,827,000	70,000	4	4,000	0.22
2013	1,763,000	1,835,000	1,839,000	76,000	4	4,000	0.22
2014	1,770,000	1,846,000	1,851,000	81,000	5	5,000	0.27
2015	1,776,000	1,857,000	1,862,000	86,000	5	5,000	0.27
2016	1,782,000	1,868,000	1,874,000	92,000	5	6,000	0.32
2017	1,788,000	1,879,000	1,885,000	97,000	5	6,000	0.32
2018	1,794,000	1,890,000	1,896,000	102,000	6	6,000	0.32
2019	1,800,000	1,901,000	1,906,000	106,000	6	5,000	0.26
2020	1,806,000	1,911,000	1,917,000	111,000	6	6,000	0.31
2021	1,811,000	1,922,000	1,927,000	116,000	6	5,000	0.26

Source: NISRA

Notes: Figures rounded up by NISRA



Figure 24: NISRA component of population change assumptions – Northern Ireland



: NISRA population projections

Table 30: NISRA 2008-based household projections for Northern Ireland, 2010-33

2008-based projections	2010	2015	2023	2033	change 2010-15	change 2010-33
Household size						
1 person	213,000	236,400	273,800	326,400	11%	53%
2 person	203,800	220,200	242,300	268,100	8%	32%
3 person	111,400	114,400	116,500	116,100	3%	4%
4 person	103,000	105,500	108,100	106,300	2%	3%
5+ person	75,200	72,600	69,800	63,500	-3%	-16%
All Households	706,400	749,200	810,400	880,400	6%	25%
Average household size	2.51	2.44	2.36	2.24	NA	NA
Household type						
Single person households	213,000	236,400	273,800	326,400	11%	53%
Two adults without children	184,800	200,800	222,000	248,800	9%	35%
Other households without children	98,300	96,100	88,100	88,500	-2%	-10%
Lone adult households with children	37,000	37,100	37,500	34,500	0%	-7%
Other households with children	173,300	178,800	189,000	182,300	3%	5%
Total households	706,400	749,200	810,400	880,400	6%	25%
Comparison with 2006-based projection						
Projected household count	712,000	753,900	812,000	NA	6%	NA
Average household size	2.48	2.42	2.34	NA	NA	NA

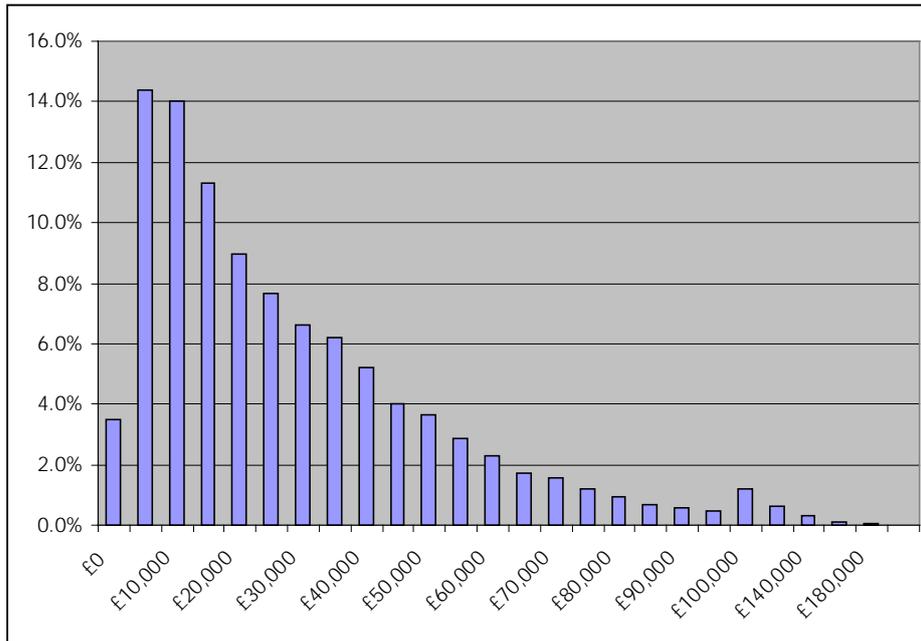
Source: NISRA 2008-based household projections (2010)

Figures rounded by NISRA



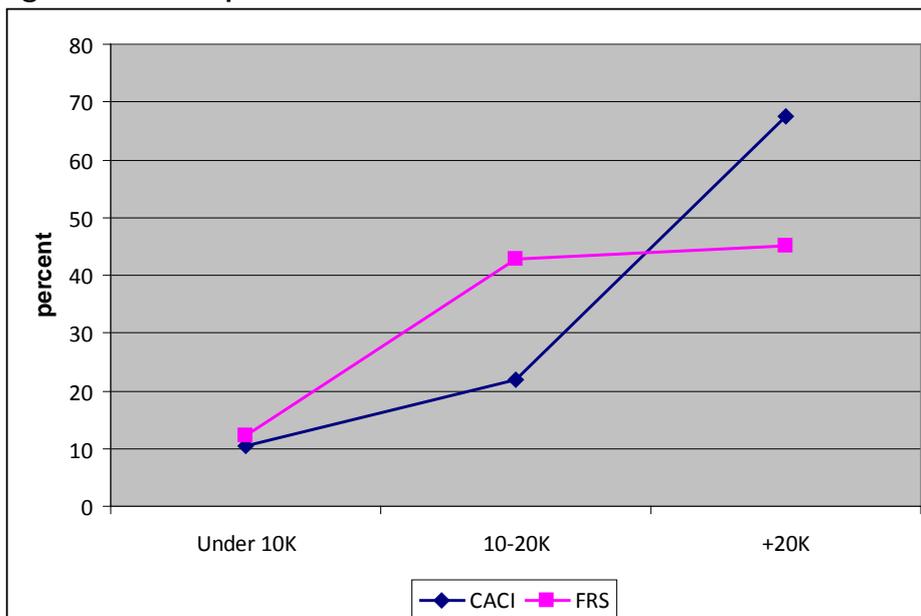
Appendix 5: CACI PayCheck and family Resources Survey Income Data

Figure 25: Distribution of gross annual income, Causeway HMA, 2012



Source: CACI Paycheck

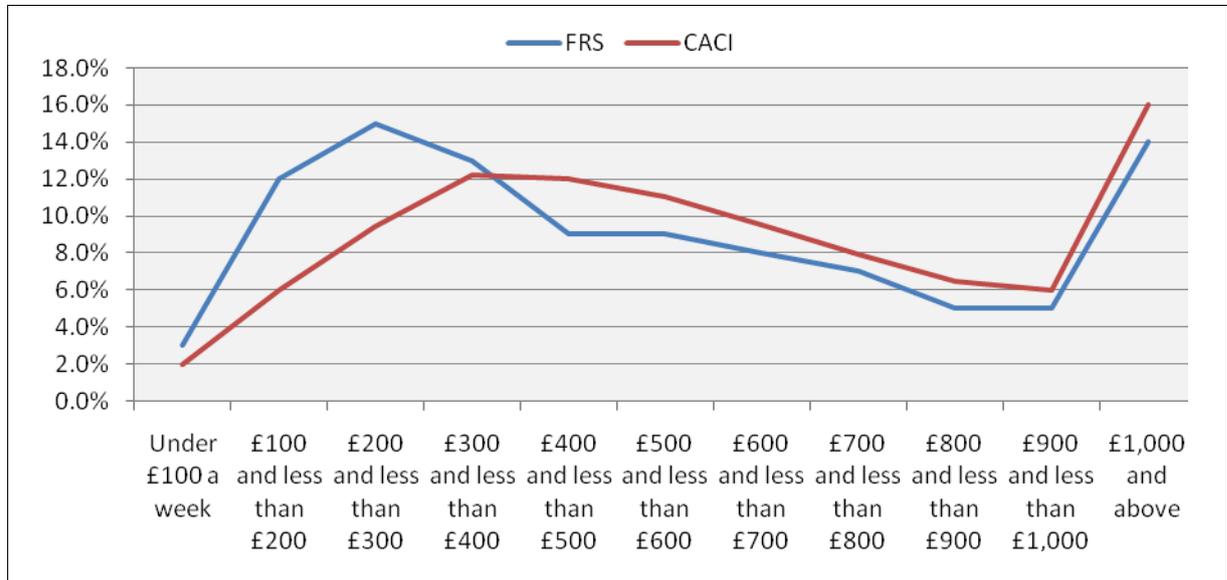
Figure 26: Comparison of FRS & CACI at Northern Ireland



Source: FRS 09/10 and CACI PayCheck 2010



Figure 27: Comparison of FRS and CACI gross annual income distribution, Northern Ireland



Source: FRS 2007/8 and CACI PayCheck 2009



Appendix 6: Changes in households and occupied stock numbers for 2001 - 2010

Table 31: Northern Ireland occupied stock and projected household numbers, 2001-10

Year	Occupied Stock	NISRA household projection	Occupied stock as a % of households
2001	620,000	628,500	99
2002	633,200	637,000	99
2003	642,500	645,000	100
2004	653,200	652,900	100
2005	662,600	660,700	100
2006	667,700	672,600	99
2007	664,400	684,300	97
2008	676,500	693,300	98
2009	687,700	702,900	98
2010	696,300	712,000	98

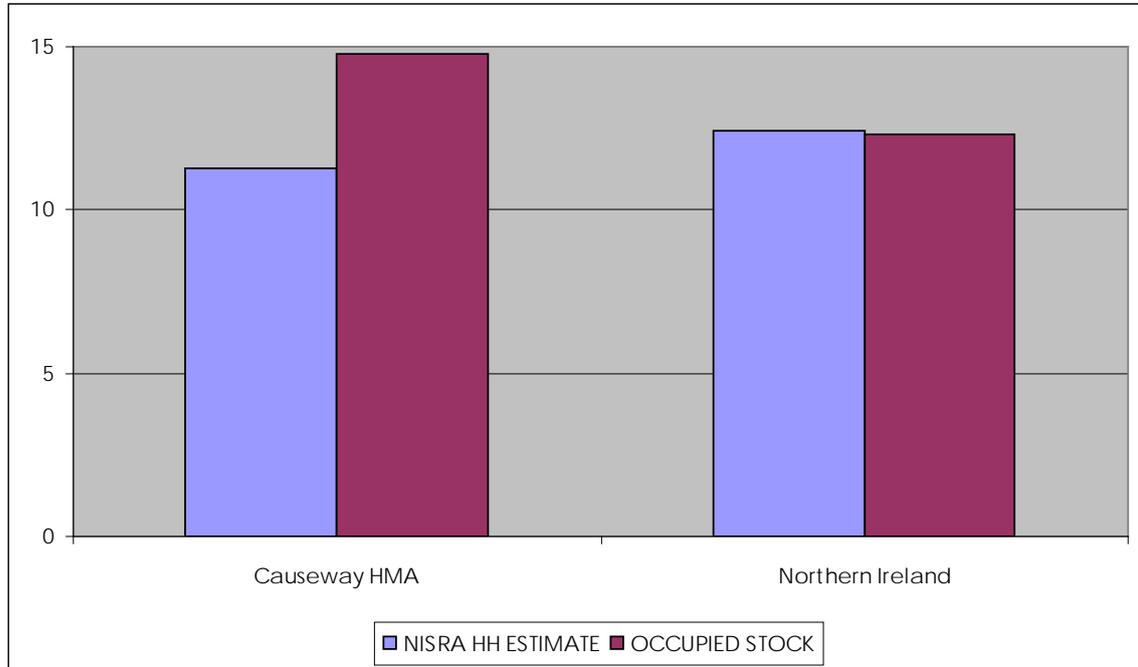
Table 32: Occupied stock as a % of households across the Causeway HMA 2001-10

Year	Northern Ireland	Causeway HMA
2001	99%	105%
2002	99%	107%
2003	100%	108%
2004	100%	108%
2005	100%	109%
2006	99%	110%
2007	97%	108%
2008	98%	107%
2009	99%	107%
2010	99%	108%

Source: NISRA (2010 household projections and NISRA (DSD) ward level occupied stock estimates published on NINIS aggregated up to selected geographies Figures for 2007 should be treated with caution as there appears to be some under-reporting of occupied stock in some wards



Figure 28: Increase in Occupied Dwellings and Projected HH numbers, 2001-10, %

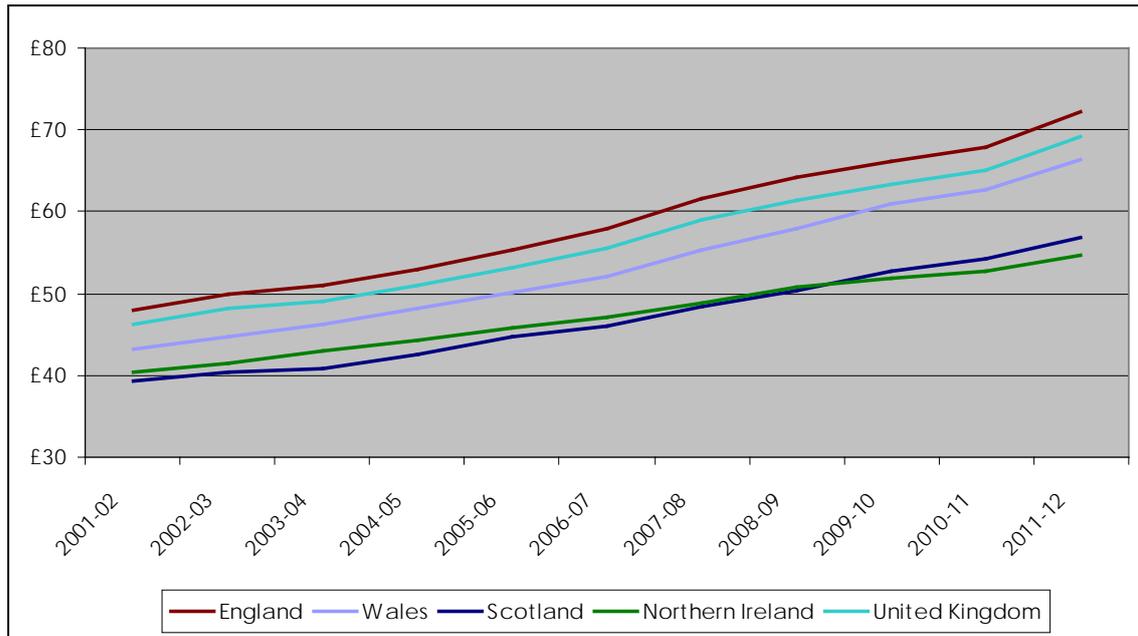


Source: NISRA/DSD



Appendix 7: Average public sector rent by selected UK region 2001 to 2012 (£)

Figure 29: Average public sector rent by selected UK region, 2001-2012 (£)



Source: DCLG Live Table No 701



Appendix 8: Characteristics of social renters by urban/rural % breakdown (2006)

Table 33: Characteristics of social renters by Urban/Rural breakdown

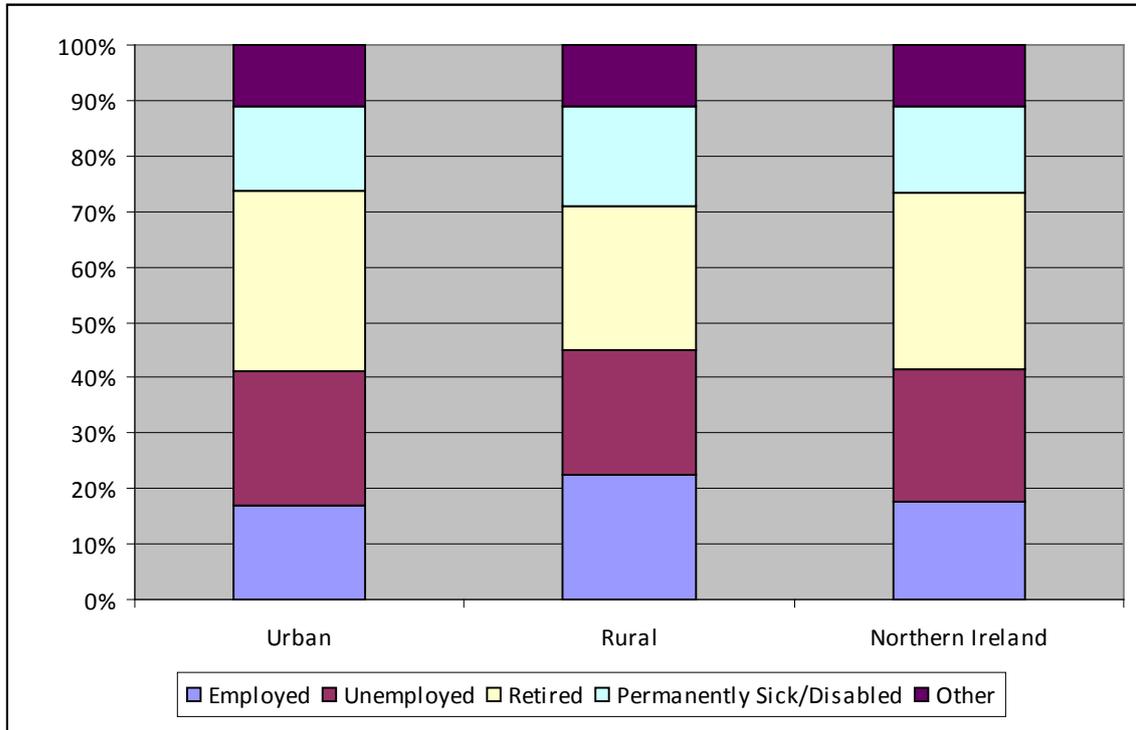
	Urban	Rural	Northern Ireland
Age			
17-24	5	4	5
25-39	21	27	22
40-59	35	30	35
60 plus	39	39	39
Gender			
Male	42	52	44
Female	58	48	56
Household Size			
1 person	49	47	49
2 persons	23	27	24
3 persons	14	13	14
4+ persons	14	13	13
Economic status			
Employed	17	23	18
Unemployed	24	22	24
Retired	33	26	32
Permanently sick/disabled	15	18	15
Other	11	11	11
Religion			
Protestant	53	42	52
Catholic	42	53	43
Mixed/other/none	5	5	5
Household			
Small Adult	30	34	31
Family	35	33	35
Older	35	33	34
Banded income			
under £7000	20	24	20
£7000-£29999	76	72	76
£30000+	4	4	4

Source: HCS 2006



Housing Market Analysis Causeway Housing Market Area

Figure 30: Economic Status of social renters by urban/rural breakdown



Source: HCS, 2006