

Housing Market Analysis

Omagh Housing Market Area

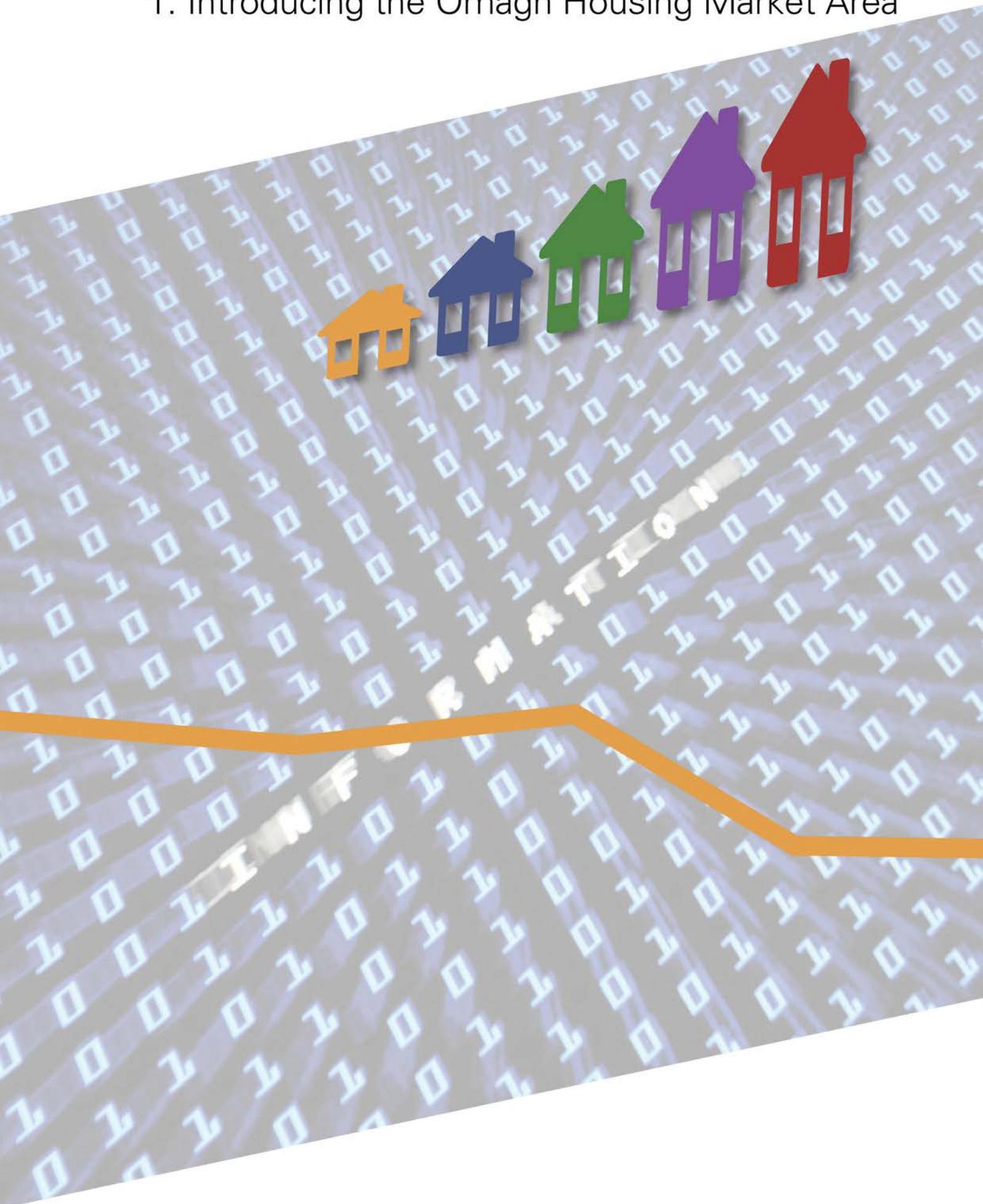


Contents

1. INTRODUCING THE OMAGH HOUSING MARKET AREA	5
The Spatial Boundary of Omagh HMA.....	5
Policy Context	8
2. KEY ECONOMIC AND DEMOGRAPHIC TRENDS	18
Introduction.....	18
Local Context	18
Recent economic performance.....	18
Recent employment trends.....	18
Unemployment, worklessness and deprivation.....	19
Labour market structure	20
Incomes and earnings	22
Earnings.....	22
Incomes and tenure.....	23
The economic outlook.....	23
Population Trends and Projections	25
Minority ethnic communities.....	27
Omagh HMA level population projections	28
Household projections	30
Key Issues.....	33
3. OWNER OCCUPATION WITHIN THE OMAGH MARKET	35
Profile of the owner occupied sector	35
Recent tenure trends	35
Vacant dwellings	36
Housing stock flows.....	37
House building relative to RDS 2001-25 targets	38
Other stock flows.....	39
Price trends	41
Affordability of owner occupation	42
Potential for intermediate housing	46
Co-ownership housing	48
Future prospects.....	48
Key issues.....	49
4. PRIVATE RENTING WITHIN THE OMAGH HMA	51
Introduction.....	51
Expansion of private renting	51
Profile of the PRS stock.....	52
Private Housing Benefit Analysis	54
Impact of Welfare Reform on the PRS	57
Future Prospects.....	59
Key issues	60
5. SOCIAL HOUSING WITHIN THE OMAGH HMA	62
Introduction.....	62
Profile of the social housing stock.....	62
Changes in stock numbers over time.....	62
Dwelling attributes	63
Dwelling age.....	66
Profile of existing social rented tenants.....	67
Annual supply of social housing.....	67
Applications for social housing.....	69
Waiting List applicants assessed to be in housing stress	71
Profile of new applicants in housing stress.....	73
Capacity of applicants to access private rental or owner occupied market.....	73
Welfare reform.....	74
Housing Executive assessment of housing need.....	74
Conclusion	74
Key Issues.....	75

6. BRINGING THE EVIDENCE TOGETHER AND IDENTIFYING IMBALANCES	78
Introduction.....	78
The economy and housing	78
Improving the residential offer.....	79
Appendix 1: References	84
Appendix 2: Northern Ireland’s Economic Performance	89
Appendix 3: Recent Employment Trends	92
Appendix 4: Northern Ireland Population Projections	93
Appendix 5: CACI PayCheck and Family Resources Survey incomes compared	95
Appendix 6: Changes in households and occupied stock numbers for 2001-10	97
Appendix 7: Average public sector rent	99
Appendix 8: Characteristics of Social Renters by Urban/Rural % Breakdown (2006)	100

1. Introducing the Omagh Housing Market Area





1. Introducing the Omagh Housing Market Area

The Spatial Boundary of Omagh HMA

The derivation of the Omagh HMA and the other 10 housing markets that function across Northern Ireland is set out in a separate report (Young et al, 2010). Essentially, the study assessed whether Travel to Work Areas (TTWAs) provided a reasonable approximation of housing market areas in 2001 by comparing Census commuting and migration patterns. Migration patterns between 2004 and 2007, which were derived from the Central Health Index (CHI)¹, were then analysed to develop a more detailed and timely understanding of the linkages between different areas and the influence of employment centres on residential flows. The validity of the set of HMA boundaries were also explored through stakeholder discussions.

The Omagh HMA is made up from the Omagh Local Government District and is detailed in Map 2. The area is substantially rural in character and approximately 58% of the population live in rural areas. The rural area of Omagh includes villages such as Fintona, Dromore, Drumquin, Beragh, Trillick, Sixmilecross, Carrickmore and Gortin.

Table 1: Omagh wards

LGD	Housing Market Area	Omagh sub-markets	Ward
Omagh	Omagh HMA	Omagh Rural	Beragh
	Omagh HMA	Omagh Rural	Clanabogan
	Omagh HMA	Omagh Rural	Dromore
	Omagh HMA	Omagh Rural	Drumnakilly
	Omagh HMA	Omagh Rural	Drumquin
	Omagh HMA	Omagh Rural	Fairy Water
	Omagh HMA	Omagh Rural	Fintona
	Omagh HMA	Omagh Rural	Gortin
	Omagh HMA	Omagh Rural	Newtownsaville
	Omagh HMA	Omagh Rural	Owenkillew
	Omagh HMA	Omagh Rural	Sixmilecross
	Omagh HMA	Omagh Rural	Termon
	Omagh HMA	Omagh Rural	Trillick
	Omagh HMA	Omagh Town	Camowen
	Omagh HMA	Omagh Town	Coolnagard
	Omagh HMA	Omagh Town	Dergmoney
	Omagh HMA	Omagh Town	Drumragh
Omagh HMA	Omagh Town	Gortrush	

1 The CHI collects information of residents of Northern Ireland that change GP registration.

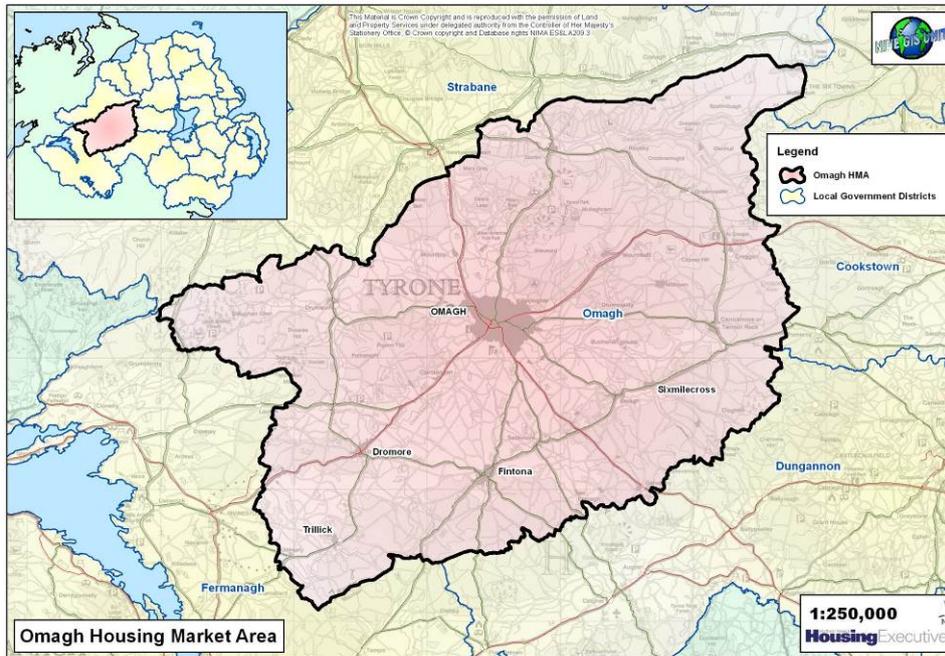
Housing Market Analysis

Omagh Housing Market Area

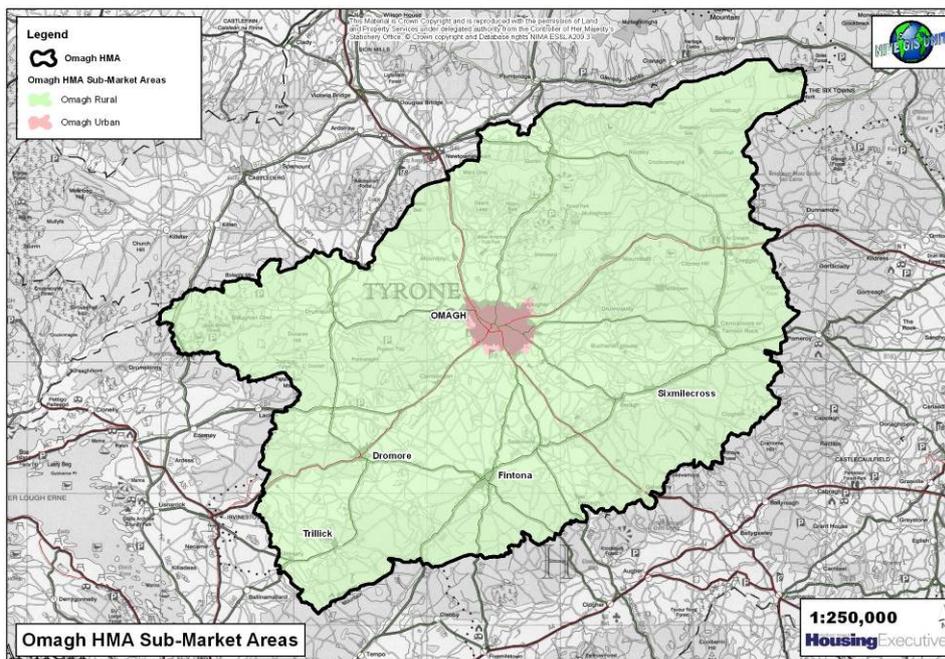


LGD	Housing Market Area	Omagh sub-markets	Ward
	Omagh HMA	Omagh Town	Killtclagher
	Omagh HMA	Omagh Town	Lisanelly
	Omagh HMA	Omagh Town	Strule

Map 1: The Omagh housing market area



Map 2: The Omagh housing market - sub-market areas





Housing Market Analysis Omagh Housing Market Area

The Omagh HMA is home to a population of 51,400 people and 18,400 households. The area exhibits a number of dynamic demographic trends. The population increased by 7% between 2001 and 2011 although the number of households increased by 14%. Around 75% of households live in smaller villages and rural remainder areas. Changing demographic trends, particularly in age profiles and a reduction in the average household size, are important factors in planning for new housing indicating a need for a larger proportion of dwellings for single/smaller household groups.

Table 2 confirms that in 2011 owner occupation was the dominant tenure across Omagh HMA. Since the 2001 Census we are aware of a changing pattern of tenure. During the period 2001 to 2011 there was an expansion of the PRS to approximately 15% and a contraction of the social rented sector to 9.8%. Owner-occupation has slightly reduced to approximately 70%.

Table 2: Housing tenure of households, 2011

	Owner Occupied (%)	Social renting (%)	Private Renting (%)	Other (%)	All (%)	No households
Northern Ireland	67.5	14.9	13.6	4.0	100	703,275
Omagh HMA	70.2	9.8	15.1	4.9	100	18,443

Census (2001 - 2011)

From 2001 to 2008 Omagh HMA experienced sustained economic growth, low levels of employment, greater prosperity and an increase in the number of households. The housing market responded to these drivers by increasing the housing supply. During the same period house prices, driven by speculators increased at an unprecedented and unsustainable rate. Since 2008 there has been a dramatic correction of the housing market. Activity, in terms of construction and sales, has fallen and house prices fell back to 2006 levels.

The purpose of the Local Housing Strategy Area is to understand the social, economic and demographic factors which influence the local housing market. The following chapters examine these drivers in some detail and assess their short and long term impacts and imbalances.



Policy Context

Introduction

This chapter describes the strategic housing and planning policy context within which the Omagh 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 2014/5. 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 benefits² 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.

² 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 is one neighbourhood renewal area in the Omagh 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.

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 the subsequent table.

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 3: 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.

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:



Housing Market Analysis Omagh Housing Market Area

- Development is directed towards 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'³

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 2, the NISRA 2008-based household projections suggest household growth will slow in the period to 2025.

RDS housing requirements for the Omagh HMA

The Omagh HMA, as noted in Chapter 1, extends across Omagh 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

³ 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.

Housing Market Analysis

Omagh Housing Market Area



hinterland and 129,200 dwellings assigned to the North, South and West of the Region.

The next table 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 Omagh HMA level, as at the Northern Ireland level, the share of net additional requirements allocated to the Omagh 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 4: 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	%
Omagh	6,700	3	6,100	3
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:

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



Housing Market Analysis Omagh Housing Market Area

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 Plan relevant to the Omagh HMA is the Omagh Area Plan 1987-2002.

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 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.

Housing Market Analysis

Omagh Housing Market Area



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

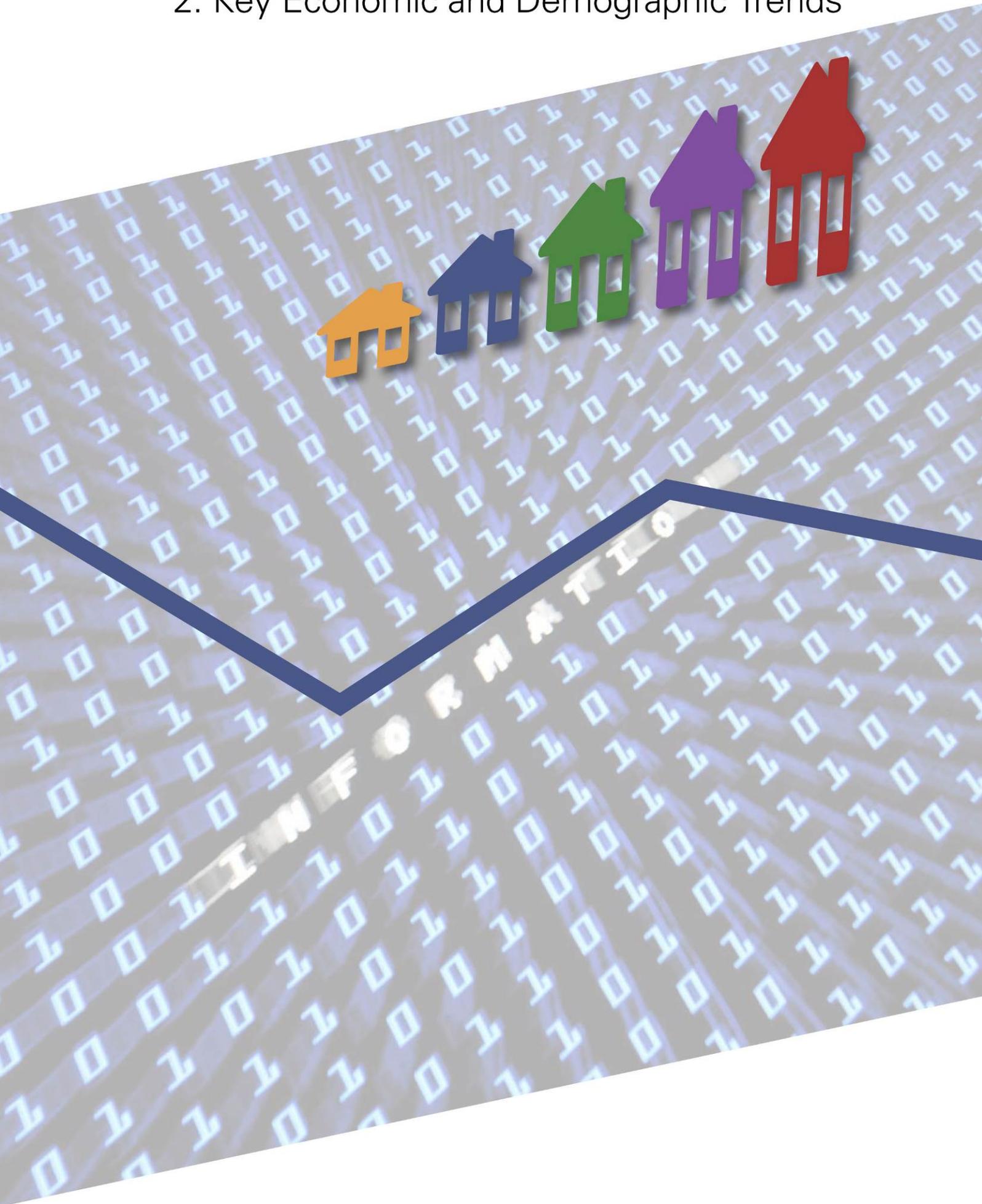
Housing is central to the NI Executive ambition to rebuild and rebalance the economy, both at the Northern Ireland and the Omagh HMA level. Ensuring the right volume and mix of housing in the right locations will be central to increasing mobility amongst the internal workforce and encouraging people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

Introduction

Various external factors influence housing system dynamics and the housing choices available to households. The possible implications of these external drivers for the Omagh HMA are discussed towards the end of this chapter and subsequent sections of this report.

Local Context

The main economic activity within the Omagh HMA revolves around retailing, services, manufacturing, construction and agriculture. These economic activities are mainly concentrated in the town of Omagh. The villages throughout Omagh HMA provide a range and variety of local retail and service facilities for their immediate area.

Recent economic performance

It is reasonable to state that the local economy is linked very closely to that of the Northern Ireland and UK economy. GVA (Gross Value Added) figures are broken down to a sub-regional level at the Nomenclature of Units for Territorial Statistics 3 (NUTS 3) areas. NUTS 3 is a European Commission's statistical classification. Details of GVA and NUTS 3 data are contained in Appendix 3.

Performance figures for economic growth are not available at the Omagh HMA level. The GVA figures are therefore presented at NUTS 3 level. Omagh is covered by the West and South of Northern Ireland NUTS 3 area.

The main identified trends are as follows:

- In 2009, total GVA for the NUTS 3 area relating to Omagh HMA was £4,990 million, approximately 18% of the Northern Ireland total GVA;
- GVA per head increased in West and South of Northern Ireland by 72% between 1997 and 2009;
- The average annual growth percentage was higher in the West and South of Northern Ireland (5.5%) than the Northern Ireland (4.8%).

Recent employment trends

Labour market participation amongst working age population

LGD findings from the Labour Force Survey from 2011 indicate that the economic activity rate for the Omagh HMA was below the Northern Ireland average. In 2011, around 70.3% of working age residents in Omagh was economically active in comparison with the Northern Ireland average of 72.5%.



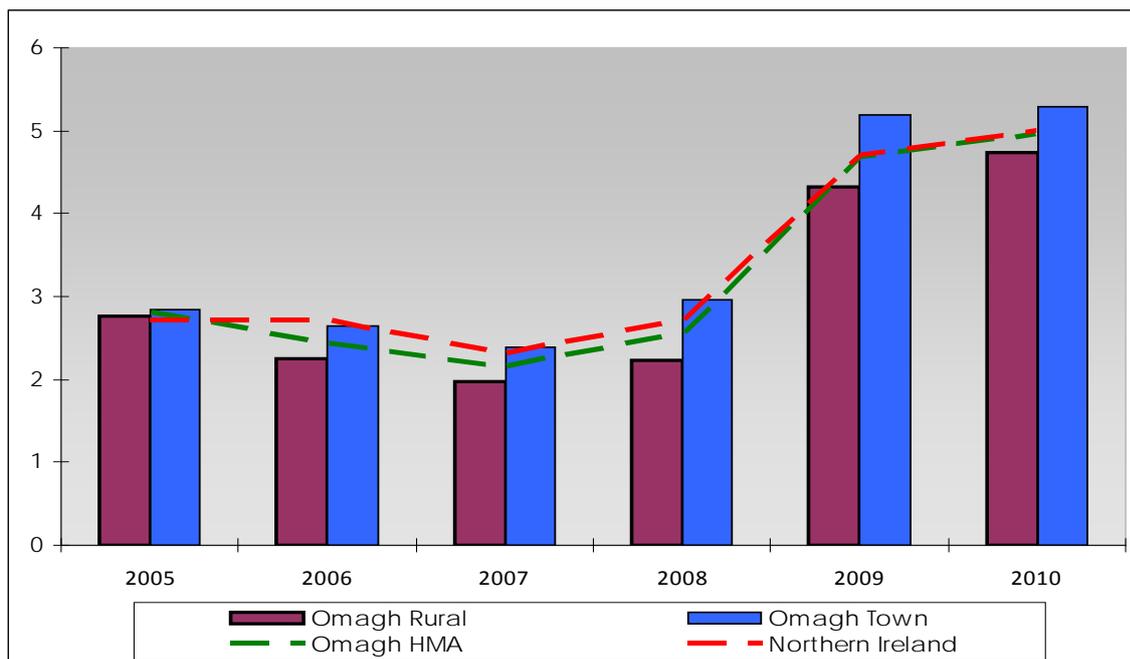
The average annual employment rate for the LGD was also below the comparable rate for Northern Ireland. In 2011, the Northern Ireland average of working age residents employed was 67.1%. At that time, 62.8% of Omagh working age residents were employed.

Unemployment, worklessness and deprivation

One manifestation of the recession has been a sharp rise in unemployment. Claimant count based unemployment figures for the Omagh HMA are summarised in Figure 1 and show that:

- Claimant count based unemployment rates remained below 3% to 2008 but increased sharply in 2009 and have continue rising;
- In August 2012, the annual average claimant count rate for the Omagh HMA was 5.3%, slightly below the comparable Northern Ireland figure of 5.6%;
- In 2010 although only 40% of the working age population lived in Omagh town, unemployment was at a high rate than in the rural area, 5.3% compared to 4.7%.

Figure 1: Annual Claimant unemployment for Omagh HMA, 2005-10 (%)



Source: NISRA Annual Average Claimant Count (NINIS, 2011)

This emerging trend highlights that the economic recovery remains fragile and points to the possibility of continuing high levels of unemployment for some time to come. Continued expansion of the labour force is anticipated as young people try to enter the competitive labour market.

Housing Market Analysis

Omagh Housing Market Area



There has also been some suggestion that overseas migrants may have been more affected by rising unemployment and this may be an issue that merits further investigation through sub-market studies to be prepared by the Housing Executive.

Labour market structure

The Omagh HMA job market is dominated by public and private services with 79.6% of employees working in this sector, less than Northern Ireland as a whole (82.8%). Table 5 shows that the shares of jobs, across the three main industries, are the same in both urban and rural Omagh. However the Omagh urban area has a greater dependency on part time jobs.

Table 5: No of employees in Omagh HMA by sub-division (workplace based), 2009

Area	Employee Jobs Total	Full Time (%)	Part Time (%)	Manufacture (%)	Construction (%)	Services (%)	Other (%)	Change 2001-9 (%)
Omagh HMA	17,735	65.2	34.8	8.7	9.9	79.6	1.9	10.9
Northern Ireland	691,395	65.0	34.9	10.7	5.3	82.8	1.2	9
Omagh Sub-divisions								
Omagh (Rural)	5,580	68.8	31.2	8.7	9.9	79.5	1.9	14.9
Omagh (Town)	12,155	63.5	36.5	8.7	9.9	79.6	1.9	9.1

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

Notes: Sub-market full time and part figures are based on ward employee counts whilst the broad industry category estimates are based on apportioning LGD outputs according to the number of employees that work in each ward.

The Standard Industrial Classification of Economic Activities (SIC 2007) employee statistics, which are summarised in Figure 2, indicate that in 2009 most employees in Omagh LGD worked in health and social work (21.5%), followed by the wholesale and retail trade.

In January 2013 the Department for Agriculture and Rural Development (DARD) announced that £1.9 million had been secured for the creation of a new Rivers Agency regional office in Omagh. Work has now begun on site and is due to complete in September 2014. This money has secured the jobs of the Rivers Agency staff and will provide work to the wider construction industry. This investment underlines the strategic position of Omagh in terms of its proximity to key rivers and its central location within County Tyrone and the wider North West.

Work has begun to clear and prepare the former 126 acre army base site at Lisanelly into a shared education campus. This £120 million project will see six post primary schools, catering for 3,700 pupils, built and based on this site. Phase one will see the construction of a new school for Arvalee Special School and a resource centre. The site will also include some shared areas such as a school of performance, sports facilities and an ecology centre. Recently the Massachusetts Institute of Technology (MIT) has expressed an interest in becoming involved with this project and in



Housing Market Analysis Omagh Housing Market Area

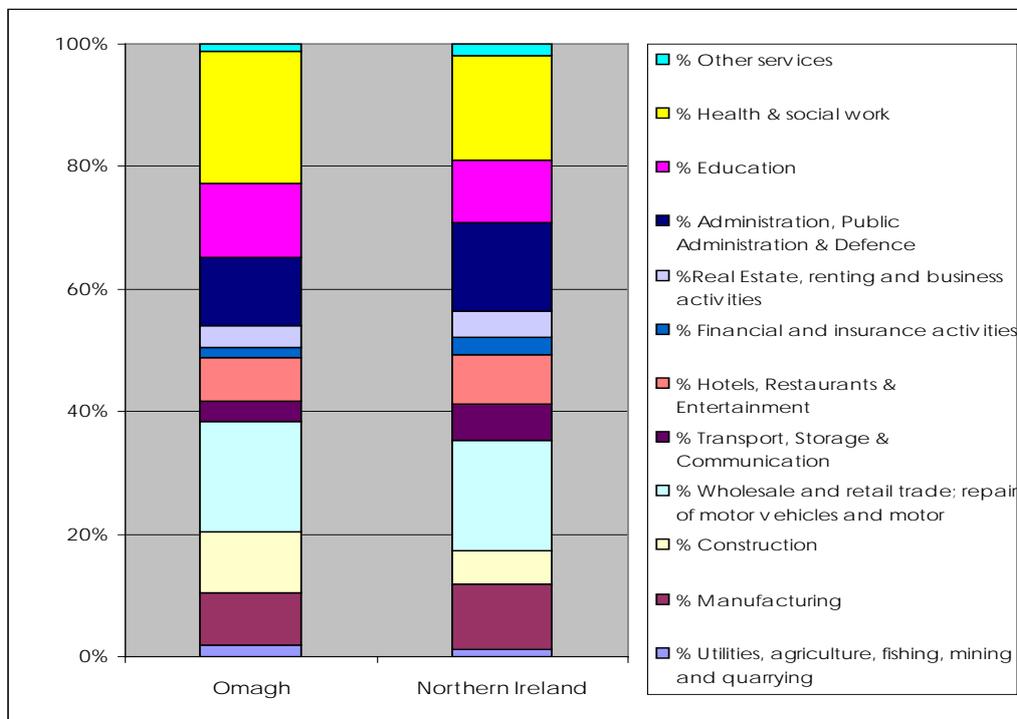
particular the School of Making. At present local government representatives are discussing this potential partnership with MIT.

In a further boost to the local economy, the Environment Minister gave the green light for a new retail development in Omagh town centre. This will see the existing Supervalu store extended and move to larger premises and Primark begin trading in the town. This will bring construction jobs in the short term and new retail jobs in the long term.

The number of employees working in the Omagh HMA peaked at over 18,277 in 2007 before reducing to just over 17,734 in 2009. However this is still a 10.9% increase in employee jobs within Omagh HMA since 2001.

Figure 3 shows the change in the number of employees by sector since the economic downturn, 2007-2009. There was a 3% drop in the Omagh jobs total over this period. The Omagh rural area job loss was approx 12%, however, in comparison the Omagh town area has had little change in the number of employees but had a shift in emphasis with increases in the service industries to the detriment of manufacturing and construction. This is a predominately rural area and a large percentage of the working age population is not in paid employment but is self-employed in the farming industry.

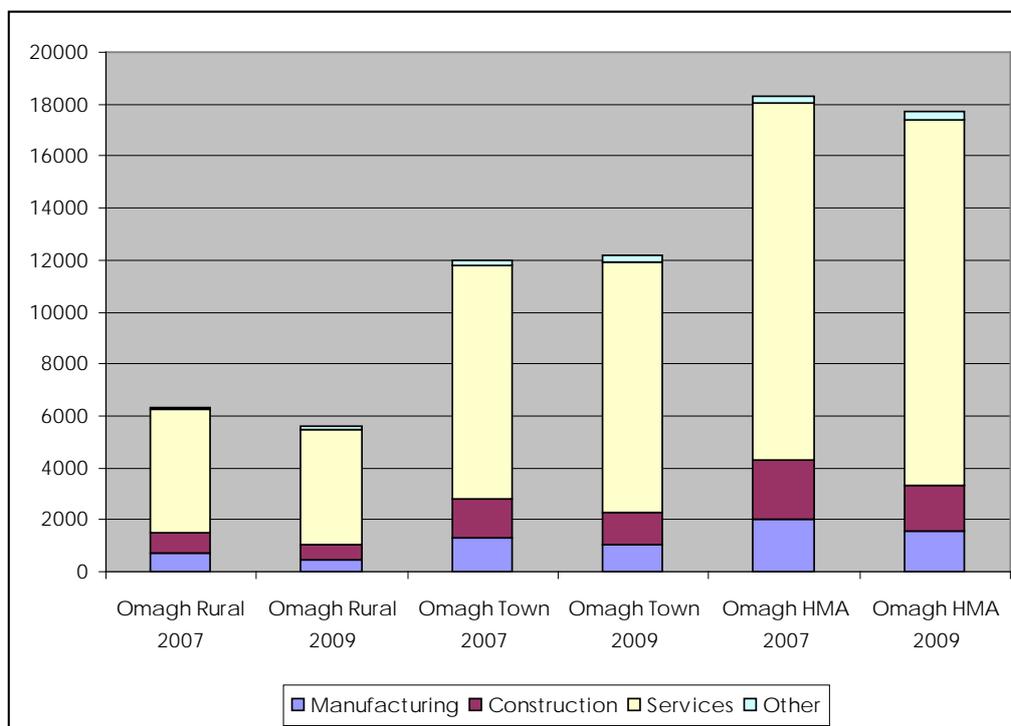
Figure 2: Employee share by industry 2009 by LGD



Source: DETINI, Census of Employment 2009



Figure 3: Number of employees by sector, 2007-09



Source: DETINI, Census of Employment 2009

Incomes and earnings

Earnings

LGD earning data presented in Table 6 provides a broad indication of earnings across the Omagh HMA and shows that:

- Residence based earnings are higher in Omagh HMA than work based earnings, indicating that people who live and work in Omagh earn more than those who travel to work in Omagh HMA;
- Residence based earnings, at both the Lower and Median quartile, are higher than the Northern Ireland average.

Table 6: Full time employee gross weekly pay, 2011

LGDs	Lower quartile		Median	
	residence	Work based	residence	work based
Northern Ireland	£312	£311	£439	£439
Omagh HMA	£320	£304	£475	£420

Source: DETINI ASHE

Incomes

Consistent with CLG (2007) guidance, we analysed the CACI PayCheck, which models gross annual household income from all sources, including state benefits and



savings. Table 7 illustrates that, across all income distributions, Omagh HMA is lower than the Northern Ireland average.

Table 7: Gross household income distributions, 2012

Area	Lower quartile	Median	Upper Quartile	Average
Omagh HMA	£13,003	£24,169	£42,016	£30,986
Northern Ireland	£18,597	£29,421	£44,793	£34,723

Source: CACI PayCheck

Incomes and tenure

- CACI Paycheck cannot be used to track trends, but some indication of change in household incomes can be gauged from the NI House Condition Survey (HCS) as shown in table 8;
- Owner occupiers in the Omagh HMA had an income higher than the Northern Ireland average;
- Households living in the social housing sector had by far the lowest income.

Table 8: Income of households living in Omagh HMA, 2001 and 2006

	Omagh								Northern Ireland	
	Owner occupied		Private rented		Social rented		All		All	
	2001	2006	2001	2006	2001	2006	2001	2006	2001	2006
Mean Income	19,600	26,600	n/a	n/a	10,900	n/a	17,400	21,700	19,700	19,100
Median Income	17,500	25,000	n/a	n/a	8,500	n/a	17,500	15,500	12,500	14,500

Source: HCS, 2001 and 2006 (rounded) "0" values are some fields due to the HCS sample size too small to base calculation.

The economic outlook

Northern Ireland saw an abrupt downturn in the economy during 2008 following the tightening of credit and the commencement of the economic downturn, this made it difficult for firms to secure funds for investment in their business and for consumers to secure funds to purchase housing and other services.

The economic slowdown, alongside increased borrowing costs, had a very immediate and severe impact on the housing market. There was a sharp decline in sales to first-time buyers as well as a sharp fall in sales to 'buy to let' investors throughout the Omagh HMA. This in turn led to a steep downturn in housing construction, property transactions and house prices. As prices fell sharply, house builders scaled back development activity and reduced employee numbers to cut costs and reduce exposure to risk. Rising unemployment had a further downward effect on demand for new private housing.

Housing Market Analysis

Omagh Housing Market Area



The private sector, especially the construction and the business and financial services sectors, which includes service providers vulnerable to housing market weakness including banks, solicitors, quantity surveyors, and estate agents, have been severely impacted by the recession. There is also little prospect of consumer confidence in the housing market recovering to any significant extent until the economy recovers and the availability of mortgage finance improves. This has seen an increased demand for private rented housing where there is little financial or long term commitment to households.

There is still uncertainty about how quickly the Omagh local economy, as in the rest of Northern Ireland, will recover and what scale of recovery is likely. The reduction in the NI Executive spending plans are likely to exert downward pressure on economic growth as well as consumer spending and confidence. The rate of unemployment within the Omagh HMA has climbed and employment growth remains modest⁴. However the February 2013 Ulster Bank Purchasing Managers Index reported that while the private sector economy in Northern Ireland remained in contraction the rate of decline in both activity and new business had slowed.

In July 2012 the Bank of England and HM Treasury introduced the Funding for Lending Scheme (FLS). The FLS is designed to enable banks and building societies fund themselves at a lower cost. It is hoped that through this scheme that mortgages and loans will be more easily available providing welcome support to business that want to expand and families aspiring to own their own home. This hopefully will boost the economy by creating jobs and in turn aid the housing market.

Longer term prospects

From a planning for housing perspective it is important to look beyond the short to medium term dynamics of the economy and its impact on the housing system, and consider whether underlying trends will re-establish themselves in the long term. This in turn requires a judgement as to whether economic fundamentals are strong.

There is a 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 repeated 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.

⁴ PWC (2011) report that unemployment could increase to around 11% during 2011 whilst Ulster Bank (2010b) suggest unemployment may rise for another 18-24 months.



The NI Executive's Economic Strategy, launched in March 2012, included increased targets for manufacturing exports and tackling youth unemployment. It will be important to reflect on the mix of housing that might 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.

Population Trends and Projections

The Omagh HMA is essentially rural in character with approximately 60% of people living in smaller villages and rural areas.

Table 9 shows population change for the Omagh HMA from 2001 to 2011. Over this period the Omagh HMA population increased by 3,400 or 7.1%, similar to the Northern Ireland percentage change. The biggest growth in population was estimated to be in the Omagh rural area with a change of 11.7% over this period.

Table 9: Northern Ireland population 2001 to 2011

	2001	2011	change 2001-11 (%)
Omagh HMA	48,000	51,400	7.1
Northern Ireland	1,685,300	1,810,900	7.5

Source: NISRA (2012)

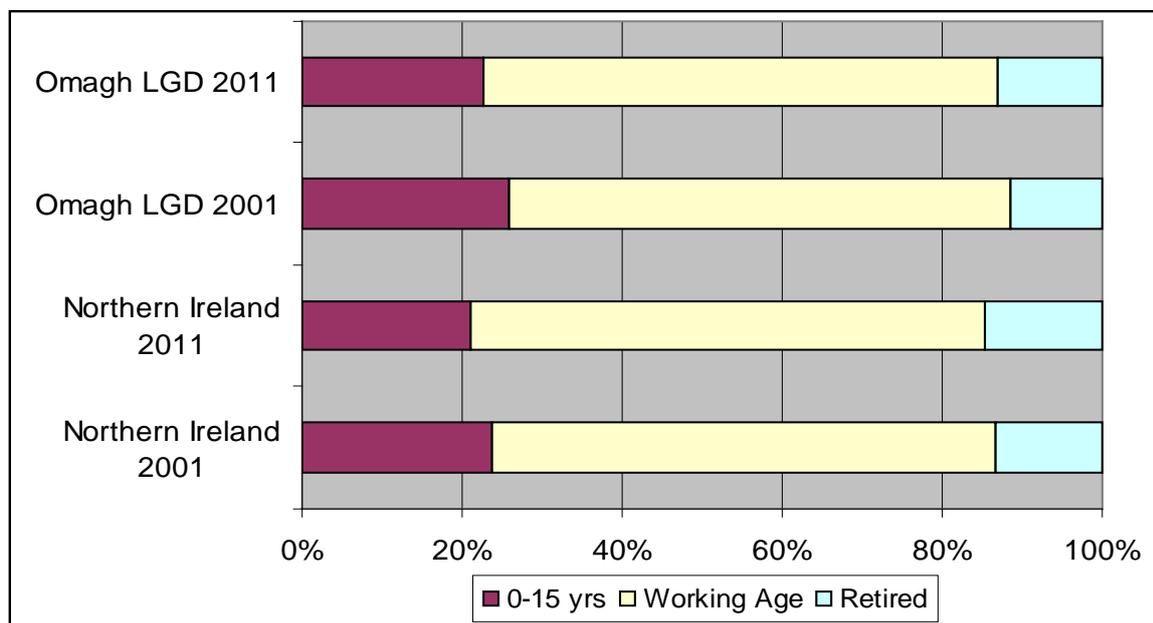
Figure 4 shows the composition of the Omagh HMA at 2011 census by age bands. It shows that the working age population is now 64% followed by 23% children and 13% elderly.

The Omagh HMA has experienced a higher rate of growth in retirement age population, relative to Northern Ireland. Table 10 shows the breakdown and changes in the population of Omagh HMA over the 10 year census period and indicates that:

- The fall in the number of children within Omagh HMA had been greater than that of Northern Ireland, 5.5% to 4.7%;
- Omagh HMA had seen a rise of 10% in the working age population which is comparable with that of Northern Ireland, 9.8%;
- The retired population within Omagh has grown at a greater rate than that of Northern Ireland, 21.8% compared to 18.1%.



Figure 4: Population of the Omagh HMA by age, 2001 - 2011



Source: NISRA Census 2001 - 2011

Table 10: Northern Ireland population census 2001 to 2011

	Northern Ireland	Omagh LGD
Population 2011		
0-15 years	379,300	11,700
working age	1,167,800	33,000
retired	263,700	6,700
Total	1,810,900	51,400
Population 2001		
0-15 years	398,100	12,400
working age	1,063,800	30,100
Retired	223,300	5,500
Total	1,685,300	48,000
Change in population age group 2001-2011 (numeric)		
0-15 years	-18,800	-700
working age	104,000	2,900
Retired	40,400	1,200
Total	125,600	3,400
Change in population age group 2001-2011 (percent)		
0-15 years	-4.7	-5.6
working age	9.8	9.6
Retired	18.1	21.8
Total	7.5	7.1

Source; NISRA Census 2001 - 2011



Minority ethnic communities

The 2001 Census indicated that 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 Britain, 3% had been born in the ROI and 48% had been born overseas.

Since the EU expansion in May 2004, there has been an increase in the number of people living in Northern Ireland that were born in Eastern Europe⁵. Oxford Economics (2009) estimate that in 2008, 56,000 individuals living in Northern Ireland had been born outside of the UK or the ROI, although the true figure could range from 50,000 to 59,000. This figure includes some 30,000 individuals from the former A8 countries that NISRA estimate live in Northern Ireland (see Table 11). Put into context, the Census reported that 720 residents had been born in Eastern Europe in 2001.

These estimates suggest that, whereas the former A8 population has increased rapidly, there has been comparatively little change in the number and spatial distribution of individuals from a (non-white) minority ethnic community since 2001.

The 2011 census shows that 1,336 people who migrated from former A8 countries live in the Omagh HMA. This represents 2.6% of the estimated population which is higher than the Northern Ireland figure.

Oxford Economics suggest that between 33,000 and 41,000 people born outside the UK and ROI were working in Northern Ireland in 2008, many in the hospitality and manufacturing sectors.

Table 11: A8 Population by LGD, 2011

LGD Name	A8 Population	2011 Population	% of Population
Omagh HMA	1,336	51,400	2.6
Northern Ireland	35,704	1,810,863	1.97

Source: census 2011

⁵ Cyprus & Malta joined the EU in 2008, as did 8 other countries often referred to as the A8 (Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia). Romania and Bulgaria joined in 2007.

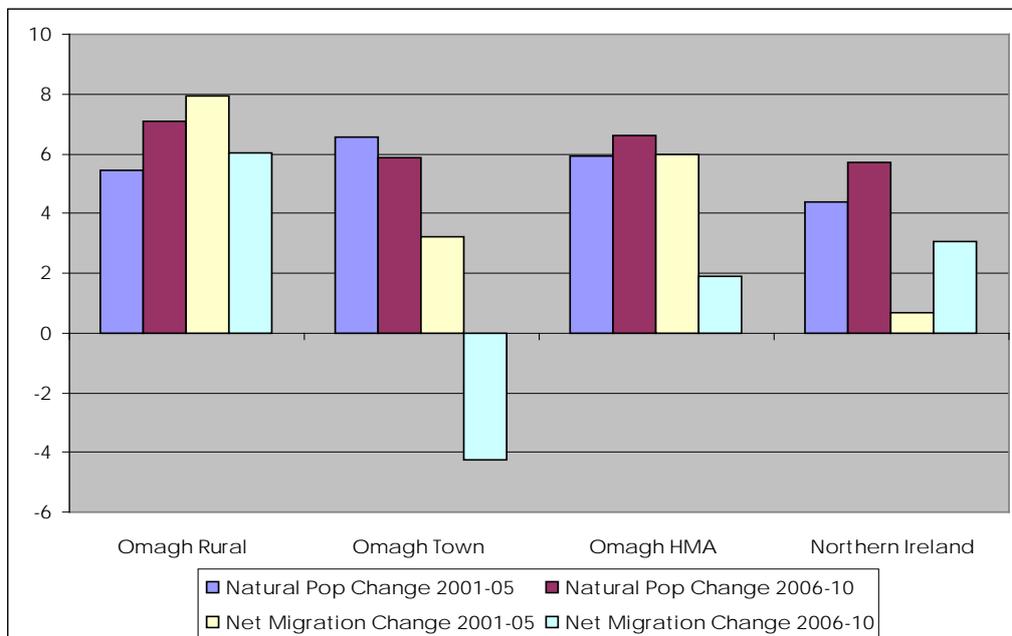


Components of population change

Natural population change within Omagh HMA has grown at a higher rate than the Northern Ireland average. In the Omagh town area, between the years 2006 and 2010, there was an outward migration of 4.2% and at the same time the rural area showed a net migration figure of 6%.

NISRA mid-year population estimates for 2009 confirm that one immediate consequence of the economic recession has been a sharp fall in external migration. In the year to summer 2009, net migration from Britain and the ROI fell to less than 600. Over the same period, net international migration added some 1,543 individuals to Northern Ireland’s population, down from over 8,300 in 2007.

Figure 5: Annual Average Rate in components of population change 2001-2010



Source: NISRA (2010) small area ward based annual statistics for births and deaths aggregated to HMA, LGD and sub-market level and then cross referenced with HMA, sub-market and LGD population estimates

Another consequence of the recession has been an increase in the number of migrant workers that face financial hardship. Migrant workers had not been entitled to state benefits unless they had signed up to the Workers Registration Scheme (WRS), or worked consecutively for 12 months. These restrictions were lifted for migrants from the former A8 countries in April 2011.

Omagh HMA level population projections

In May 2010 NISRA published LGD 2008-based population projections. NISRA (2010a) stress that sub-national projections are less reliable than those for Northern Ireland due to the greater volatility of internal migration.



Housing Market Analysis Omagh Housing Market Area

Population growth in Omagh HMA in the period 2015- 2023 is projected to be slightly higher than Northern Ireland growth, 5.4% compared to 4.7

Table 12: Omagh HMA population projections, 2015-23

	2015	2023	change 2015-23	
			No	(%)
Omagh HMA	55,000	57,900	2,900	5.4
Northern Ireland	1,862,200	1,945,800	83,600	4.7

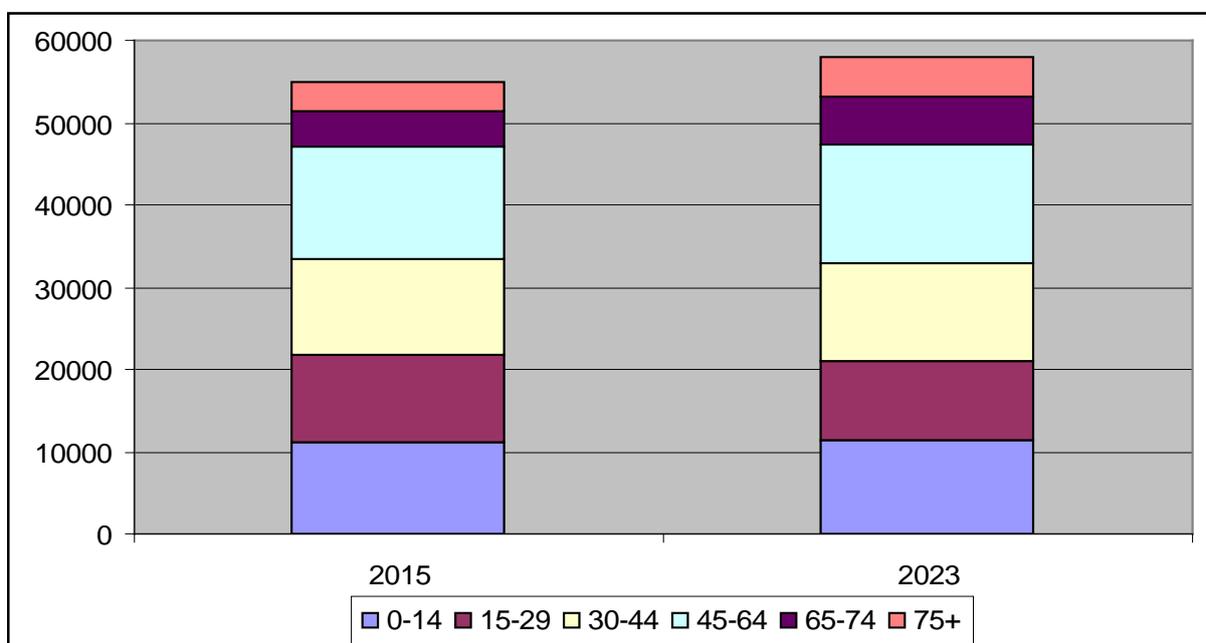
Source: NISRA 2006 and 2008-based LGD population projections- pro-rata allocation to sub-markets

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

The figures are based on NISRA projections for the Omagh LGD. In terms of the projected age profile of the Omagh HMA, Figure 6 shows that NISRA project from 2015-2023:

- 62% of the population will be of working age, 20% will be children and almost 18% will be aged 65+;
- The number of adults aged 15-29 years, which is the key household forming age group, is set to decline by almost 10%. However, as the migration and the household formation patterns of this age group are influenced by economic conditions and the dynamics of the housing system, this long term trend should be treated with caution;

Figure 6: Omagh HMA population projections by age, 2015-2023 (2008-based)



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

- The number of people aged 65+ years could increase by 2,664 (33%);

Housing Market Analysis

Omagh Housing Market Area



- There will be increasing numbers of people aged 45-64 years with an increase of 4%.

Household trends

From a housing perspective, the way in which the population organises itself into households and thus expresses demand and need in the housing system is of particular significance.

Omagh HMA household trends

The long term trend towards the formation of smaller and single person households have ensured that household growth has occurred across Northern Ireland. The increase in single person households throughout the UK reflects a mix of factors. These include higher divorce rates and higher numbers of adults delaying marriage and child bearing until they are in their 30s. However, the factor that has become of most significance is older people that outlive their partners continue to live alone for a much longer time.

Table 13: Omagh HMA households 2001-11

	2001	2011	change 2001-11	
			No	(%)
Omagh HMA	16,220	18,443	2,223	13.7
Northern Ireland	628,490	703,275	74,785	11.9

Source: NISRA (2011)

Household figures⁶, which are summarised in Table 13, suggest that from 2001 to 2011:

- The number of households in the Omagh HMA increased by 13.7% which is above the Northern Ireland rate of 11.9%;
- The 2011 census shows that 53% of the Omagh households were 1 or 2 person households;
- The average household size was 2.76.

Household projections

Future household trends are more sensitive to economic, housing market and policy changes than future population trends. As a result, household projections are subject to a greater degree of uncertainty than population projections. As Barry et al (2005) observed in relation to the 2002-based household projections:



Housing Market Analysis Omagh Housing Market Area

“LGD household projections should be treated as best estimates of what might happen in the future if past trends are allowed to continue without any policy intervention and without taking account of changing local needs. They should, in other words, be viewed more as a ‘do nothing’ policy outcome scenario that may help to inform future policy thinking. They are included here only for the sake of completeness and should not be taken as forecasts of what is actually going to happen at local level”.

NISRA sub-national household projections and household composition

NISRA issued 2008-based sub-national household projections to 2023 for the Omagh HMA, which are summarised in Table 14. It is consistent with what we anticipated:

- NISRA project that 22,200 households may be living in the Omagh HMA by 2023 which is a 9.4% increase over the term 2015-2023. This is higher than the Northern Ireland projected change;
- Consistent with population trends, Omagh is projected to experience a high rate of household growth over the period to 2023.

Table 14: NISRA 2008-based household projections for Omagh HMA 2015-23

2008-based	2015	2021	2023	change 2015-23
Omagh HMA	20,300	21,700	22,200	9.4%
Northern Ireland	749,200	794,400	810,400	8%

Source: NISRA 2008-based household projections (2010)

Figures rounded to be consistent with NISRA reporting conventions

Table 15 shows projections for the Omagh HMA. It shows that household growth will be driven by an increase in two person and single person households, the rate of growth is projected to be higher than the Northern Ireland total. It also shows that there is likely to be a comparatively sharp decline in the number of households without children. Consequently, as Figure 7 shows, by 2023 almost 62% of households living in Omagh HMA may comprise of single or two person households.

Household projections do not attempt to predict the possible impact of future government policies, changing economic circumstances or other factors on demographic behaviour. Any set of projections therefore require judgement as to how likely the trends are to continue.

It is less certain whether the projected scale of increase in the number of households at the Omagh HMA level will materialise. If current weak economic conditions continue for some considerable time, this would have a sustained downward impact on internal and external migration flows and patterns of household formation and thus overall levels of household growth.

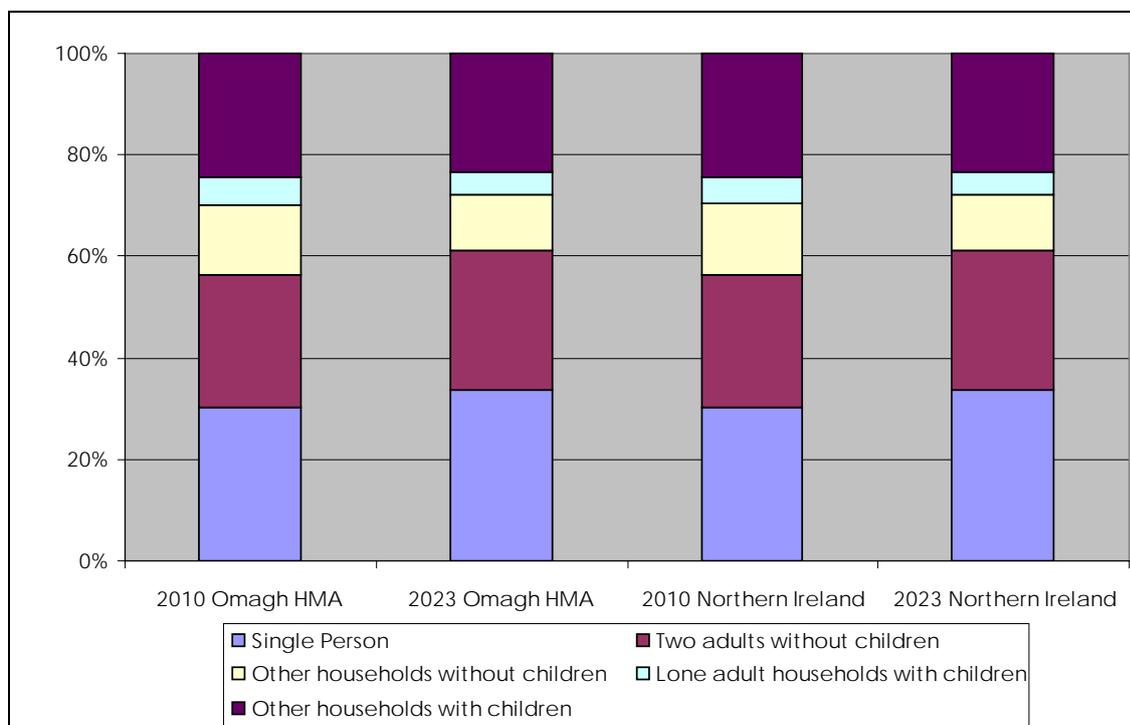


Table 15: NISRA 2008-based projected households by household type to 2023

	2015	2023	change 2015-23	
			No	%
Northern Ireland				
Single person households	236,400	273,800	37,400	16
Two adults without children	200,800	222,000	21,200	11
Other households no children	96,100	88,100	-8,000	8.4
Lone adult with children	37,100	37,500	400	1
Other households with children	178,800	189,000	10,200	6
All households	749,200	810,400	61,200	8
Omagh HMA				
Single person households	6,400	7,500	1,100	17
Two adults without children	5,400	6,100	700	13
Other households no children	2,600	2,400	-200	-8
Lone adult with children	1,000	1,000	-	-
Other households with children	4,800	5,200	400	8.5
All households	20,300	22,200	1,900	9.5

Source: NISRA household projections 2008-based

Figure 7: Change in household composition in the HMA 2010-2023



Source: NISRA

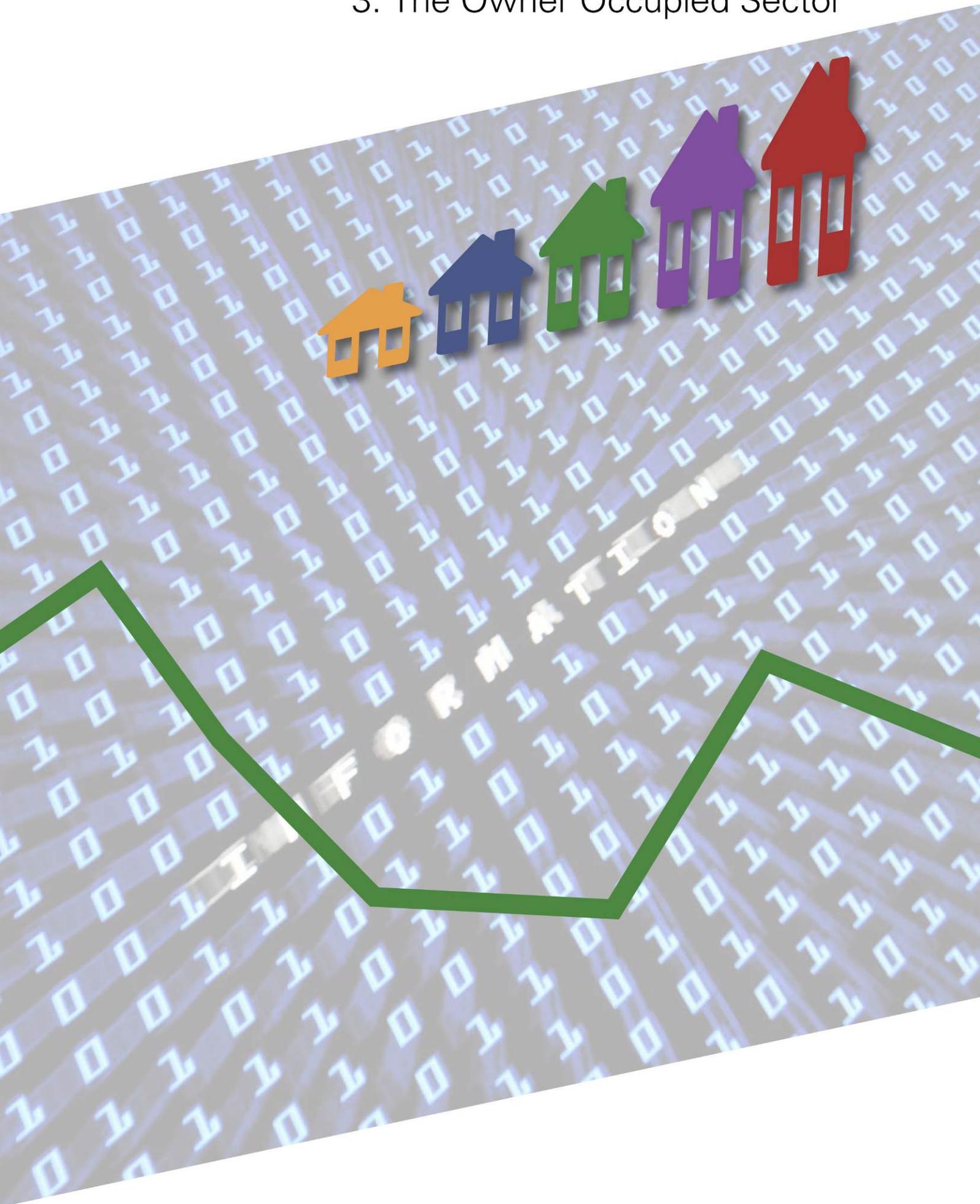


Housing Market Analysis Omagh Housing Market Area

Key Issues

- The economy and housing market are cyclical and intertwined. The economic downturn, increased unemployment and lower prosperity has led to a steep downturn in the Omagh housing market. Unemployment in Omagh HMA rose from 636, 2.29% of the working age population, in 2007 to 1,838 (6%) in 2012;
- Economic recovery is a critical ingredient in creating renewed confidence in the housing market. However, planned reductions in public spending point to a slow economic recovery;
- There is evidence of increasing concentration of low income and benefit dependency which will restrict housing choice of these households. The number of people and households living in the essentially rural Omagh HMA has increased by 13.7% since 2001 higher than the rate of Northern Ireland. The overall trend in Omagh is an increase in one and two person households;
- As increase in life expectancy means increasing numbers of older households, many of whom will wish to remain living in their own homes. This will require planning and innovation in terms of both policies and housing and social services.

3. The Owner Occupied Sector





3. Owner Occupation Within The Omagh Market

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

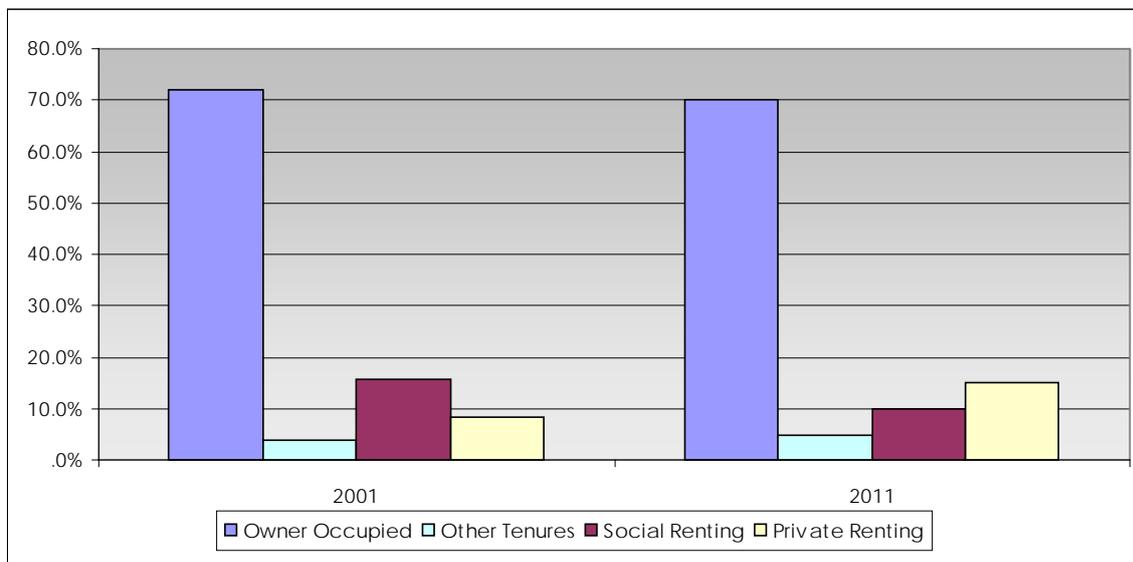
Profile of the owner occupied sector

In 2011 census, 70% of households in the Omagh HMA were living in the owner occupied sector, 2% less since the 2001 census. Northern Ireland as a whole has reduced from 70% to 67%. Of the 21 wards within the Omagh area, only the Lisanelly ward contains more social housing than owner occupation.

Dwellings in the owner occupied sector are generally larger than those in other tenures. In the Omagh HMA owner occupied dwellings on average contain five or more rooms. Reflecting the rural nature of the area, approximately 45% of owner occupied dwellings in the Omagh HMA are bungalows.

Recent tenure trends

Figure 8: Housing Tenure of Households in Omagh HMA (%)



Source: Census 2001 - 2011

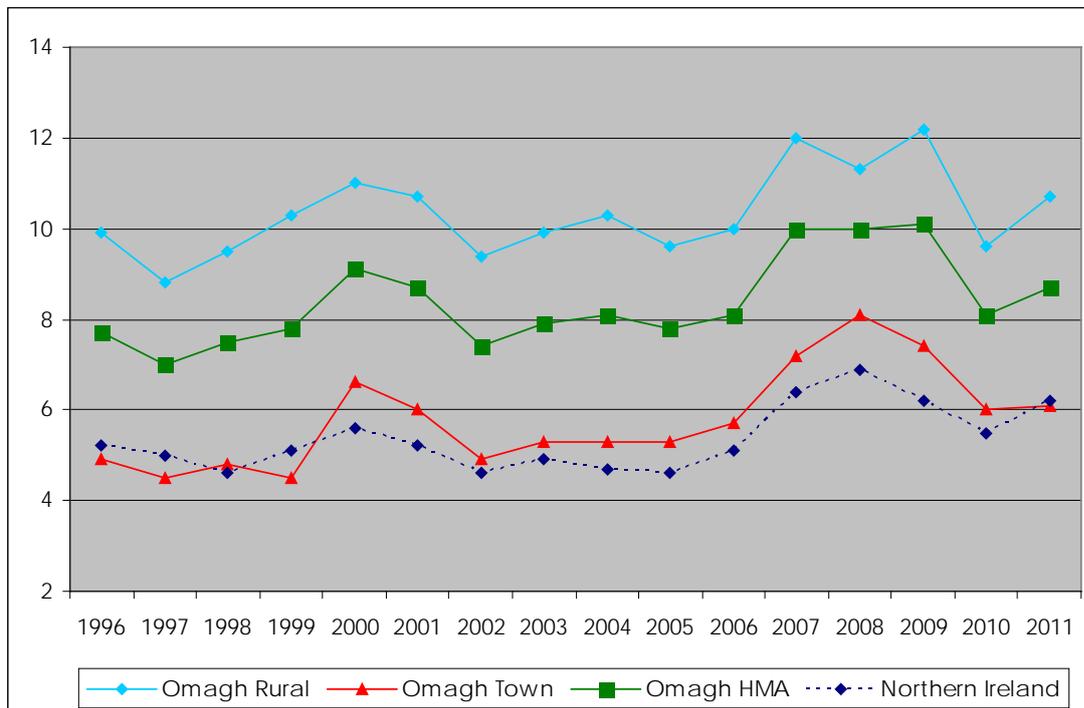
Figure 8 shows tenure within the HMA between 2001 and 2011. Since 2001, tenure trends in the Omagh HMA have mirrored Northern Ireland trends with an increase in the proportion renting their home from a private landlord (15%). During the same period the proportion of social housing has decreased from 16% to 10%.



Vacant dwellings

Figure 9 shows vacancy rates for the Omagh HMA, the urban and rural areas, as well as the Northern Ireland wide rate throughout the period 1996-2011. The draft Revised Regional Development Strategy 2011-25 assumes that a vacancy rate of 5.7% is necessary at the Northern Ireland level. Compared against this benchmark, evidence from the HCS indicates that vacancy rates for the Omagh HMA as a whole have been consistently higher with the rural rate rising to 12.2% in 2009.

Figure 9: Overall vacancy rates across Omagh HMA 1996 – 2011



Source: NINIS

It is sometimes assumed that vacancy rates in excess of 5% signal weak demand whilst rates below this may signal excess demand. A limitation of this assumption is that vacancy rates vary between tenures. In the intensively managed social rented sector, vacancy rates of 2% or less are common. At March 2013, only 17 Housing Executive dwellings in the Omagh HMA were vacant. In the PRS, vacancy rates of 10% or more are common due to the much shorter duration of tenancies and higher turnover rates.

The Omagh HMA, similar to Northern Ireland, generally experienced a sharp increase in the numbers and proportions of vacant stock between 2006 and 2009. However, the numbers of vacant dwellings appear to have fallen in the past two years.



Housing Market Analysis Omagh Housing Market Area

Interviewees suggested that the rise in vacancies prior to the downturn in the housing market in 2008 was largely due to increasing numbers of investors purchasing properties in the expectation of making sufficient profit through capital gain without the need to rent out their dwellings. This has undoubtedly been a factor but the scale of increase at Omagh HMA level, as well as for Northern Ireland as a whole (57%), suggests other factors must also have been at play.

- Another possibility is that the high numbers of new units constructed in the three or four years to 2008 pushed up vacancy rates. Greater levels of new supply more often than not lead to some increase in vacancies in the short term. The onset of the recession combined with severe credit constraints and an ebbing away of consumer confidence has probably heightened the impact of this short-term effect, growth that the RDS anticipated and the NISRA projections implied.

Housing stock flows

Various factors shape changes in the volume and mix of housing. Housing construction is the most important influence, but inter-tenure stock transfers, property conversions and demolitions can also have an influence.

Between 2000/01 and 2006/07 the Omagh HMA experienced strong levels of house building, with new starts being at their highest in the period 2006/07. The annual average numbers of housing starts rose to around 524 over this period, mainly due to an increase in new private housing construction.

We estimate that between 2000/01 to 2006/07, an average of 30 units per 1,000 households per annum were started in the Omagh HMA. This is well above the comparable rate of 21 units per 1,000 households for Northern Ireland. However, since the downturn, new build within the Omagh HMA has dropped from 30 to an average of 19 starts per 1,000 each year.

The sustained high level of new private housing in the seven years to March 2007 supported the growth in the numbers (as distinct from the proportion) of households living in the owner occupied sector. The lack of a corresponding increase in the proportion of owners reflects the high share of newly constructed private dwellings that entered the PRS, often as 'buy to let' investments.

Housing Market Analysis

Omagh Housing Market Area



Table 16: New build dwelling starts in Omagh HMA 2001 – 11

Area	New Dwelling Starts Private Sector	New Dwelling Starts Social Sector	New Dwelling Starts Total All Sectors	Social starts as % of all New Dwellings
2001	419	11	430	1.9
2002	384	3	385	0.8
2003	506	2	508	0.4
2004	509	15	524	2.9
2005	485	6	491	1.2
2006	501	0	501	0.0
2007	587	0	587	0.0
2008	449	0	449	0.0
2009	292	0	292	0.0
2010	324	0	324	0.0
2011	284	3	287	1
Average 2001 - 2004	455	7	462	1.5
Average 2005 - 2008	506	2	508	0.3
Average 2009 – 2011	300	1	301	0.3
Average 2001 - 2011	431	3	434	0.8
Omagh HMA	4456	37	4493	0.8
Northern Ireland	119,920	12,412	132,332	9.5

House building relative to RDS 2001-25 targets

The Housing Land Availability Summary Report 2011 issued by the Planning Service in January 2012 indicates that by July 2011 some 114,402 dwellings had been completed since the 31st December 1998, which was the start of the RDS 2001-25 housing allocation period. This includes 2,629 in the Omagh HMA. These completion figures are not fully comprehensive because they focus primarily on construction activity within settlements and do not necessarily include all housing completions in rural areas.

Table 17 compares the annual average numbers of starts over the 10 years to March 2011 with the annualised equivalent housing growth indicator (HGI) and the average net annual household growth to 2011. The NISRA projections could be considered to provide a 'policy neutral' scenario in the sense they indicate what would happen if underlying trends were to continue. It suggests that:

- At the Northern Ireland wide level, the numbers of starts have exceeded the current HGI targets in spite of the dip in house starts since 2008. From 2009 to March 2011 an average of 7,600 units were 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;



Housing Market Analysis Omagh Housing Market Area

- Performance in the Omagh HMA has exceeded the policy intent, at 140% of the 'policy neutral' scenario implied by the NISRA household projections;
- Completion rates in the rest of Northern Ireland have exceeded the rate of growth that the RDS anticipated and the NISRA projections implied.

Table 17: Comparison of annual average starts relative to RDS and household growth annual averages in 10 years to march 2011

Area	HGI 1998-2015 (adjusted 2006)	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
Omagh HMA	6,100	400	310	434	108.5	140
Northern Ireland	190,000	11,200	10,030	12,028	107%	119%

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 17 provides a useful indication of long run trends.

Other stock flows

Stock changes resulting from demolitions, conversions and closures are notoriously difficult to quantify but DSD housing statistics suggest that between 2002 and 2011, 6,261 properties have been lost from the Northern Ireland Housing Executive stock.

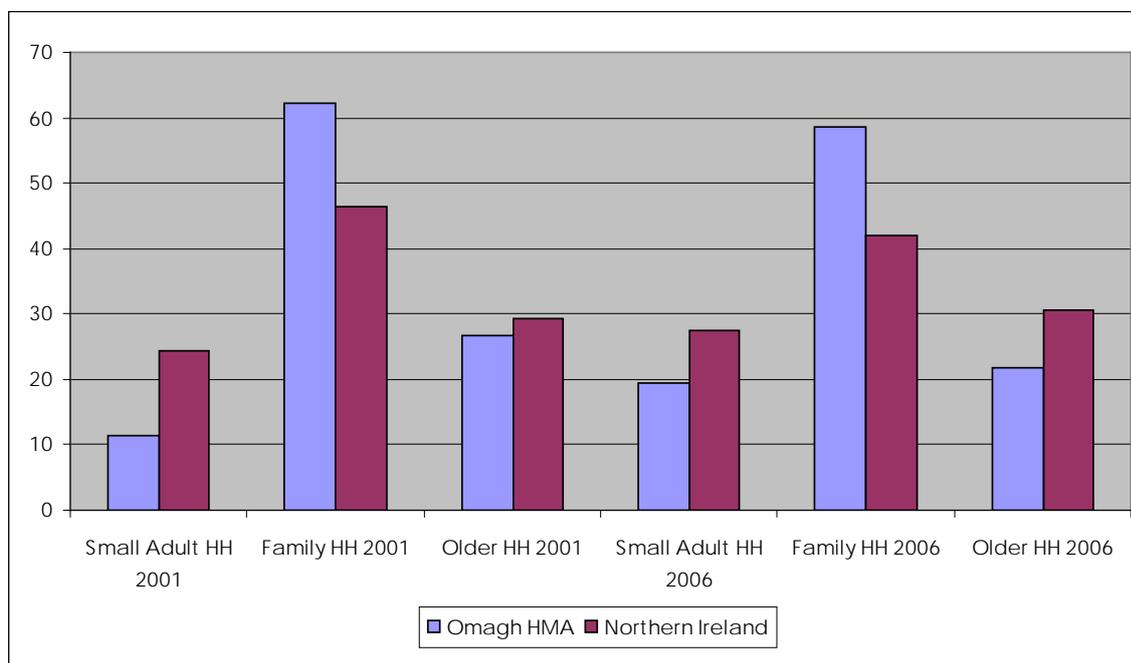
The sale of social housing has also contributed to the growth in owner occupation, although sales rates have fallen back since the start of the decade. At March 2012, 60% of Housing Executive properties in Omagh had been sold to sitting tenants. House Sales have declined sharply since the downturn with only eleven properties being sold in the last year.

Profile of Owner Occupiers

The profile of households living in the owner occupied sector in the Omagh HMA has a few substantive differences to Northern Ireland as a whole. Owner occupiers in the Omagh HMA are more likely to live in family household units. As Figure 10 shows 60% of owner occupiers in the Omagh HMA live in family households, compared to only 20% of smaller households that contain one or two adults.



Figure 10: Owners by Household Group, 2001 & 2006



Source: HCS, 2001 and 2006

House price and transaction trends

Exploring house price movements and the volume of dwellings transacted over time is central to understanding housing market supply and demand dynamics. There is a close link between housing demand, housing supply and affordability. Residential migration within a housing market area tends to be influenced by the price and affordability of housing as well as locational attributes such as the quality of a location and the accessibility of transport infrastructure.

Price trends by dwelling attribute

The University of Ulster's Quarterly House Price Index presents average and lower quartile⁷ prices by dwelling type. In Northern Ireland peak to trough prices have been reported across all dwelling types.

Due to the low number of sales within the Omagh HMA, we have no evidence to indicate that price falls were particularly marked in respect of any specific property

⁷ If all sales in a given period are ranked in descending order, the Lower quartile price is the price of the dwelling which marks the point where one quarter of sales fall below it.



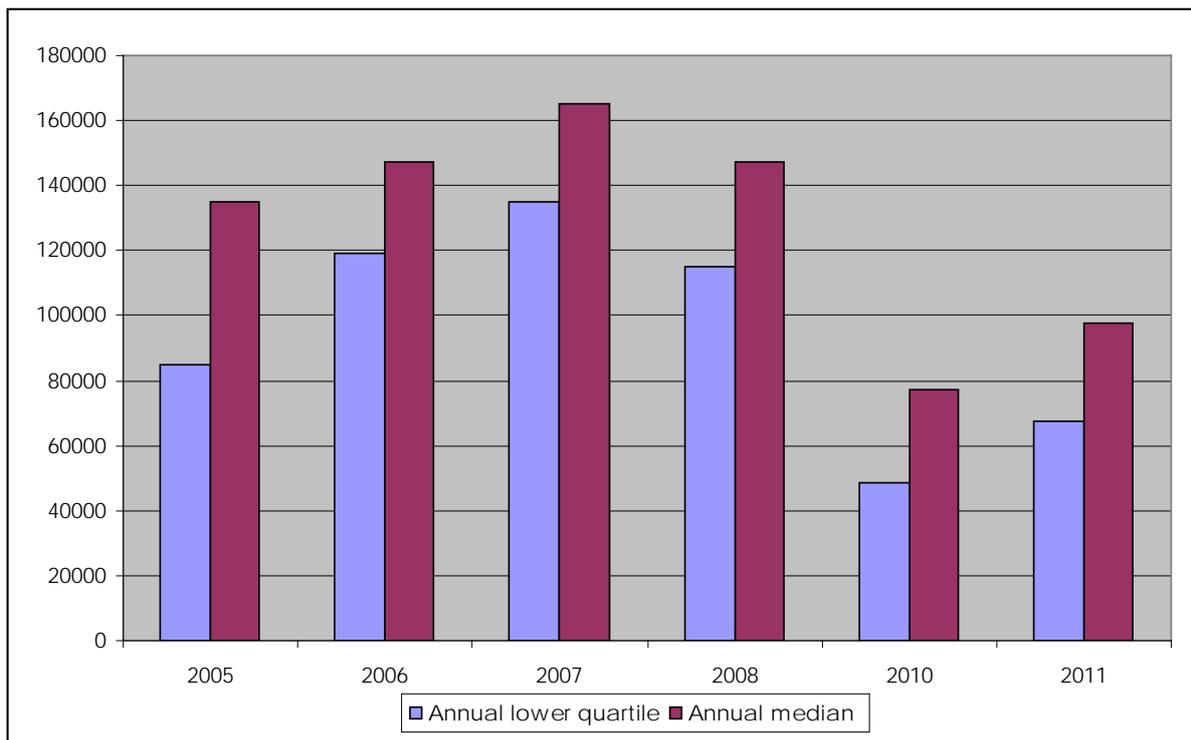
type. As expected, detached dwellings were the most expensive but since 2005 the average price of a detached dwelling has dropped by 25%.

Price trends

Median and Lower quartile prices for two/three bedroom properties

Any analysis of the affordability of the housing market requires a judgement about the appropriate house price threshold. The Department for Communities and Local Government (DCLG 2007) and Scottish Government (2008) guidance on the assessment of housing markets suggest that lower quartile house prices provide a reasonable indication of the price threshold that households looking to enter the owner occupied sector could pay. In effect, the Lower quartile price point provides an indication of the price threshold above which access to housing for first time buyers becomes unaffordable.

Figure 11: Lower quartile and Median House Prices for 2/3 bedroom properties, Omagh HMA 2005-2011



Source: University of Ulster House Price Index (based on outputs supplied for this study)

NB: No information was available for 2009. Some figures are based on low number of sales.

Although not always apparent at the regional and national level, local house price trends can be 'distorted' by changes in the type and size mix of dwellings transacted from one point in time to another. This is particularly the case in smaller and rural areas where the volumes of sales are low. To allow for this, the lower quartile price for two or three bedroom properties has been used as an

Housing Market Analysis

Omagh Housing Market Area



approximation for the entry level price threshold above which access to housing for prospective first time buyers is likely to become unaffordable. This measure is broadly consistent with the affordability measure adopted by Wilcox (2007, 2008).⁸

In 2011, the lower quartile threshold price in the Omagh HMA for two/three bedroom dwellings was £67,375. This was a rise of £18,625 on the lower quartile price of 2010. The 2011 median house price had also risen by £20,500 on 2010.

Volume of transactions

The fall in house prices has been accompanied by an even starker fall in the numbers of properties being sold. The reduction in house sales has also highlighted the ongoing housing market recession.

At the UK level, there were 885,000 sales in 2010 with a value of £40,000 or more, around 45% fewer than recorded in 2007 (DCLG, live table 530). The Office for National Statistics (ONS) has not updated figures on the numbers of sales in Northern Ireland since early 2008. Figures from the University of Ulster are based on a sample covering 30-40% of activity within new build and second hand sale market suggest that sales have dropped by 40% within the Omagh area.

The fall in house sales reflects the increased difficulties faced by first-time buyers because of the decline in the availability of mortgage finance discussed later in this chapter. The fall in sales also reflects reluctance on the part of existing homeowners (unless obliged to do so) and other potential buyers (including buy to let investors) to enter the market whilst house prices have looked likely to continue to fall.

Affordability of owner occupation

Recent trends

Rapid increases in house prices in the decade to 2007, relative to wage growth, resulted in deterioration in the affordability of the owner occupied sector across the Omagh HMA and the rest of Northern Ireland. However, the ability of households to purchase a property is not driven solely by the relationship between income and price. As recent market conditions have highlighted, other key factors are the cost and availability of credit finance.

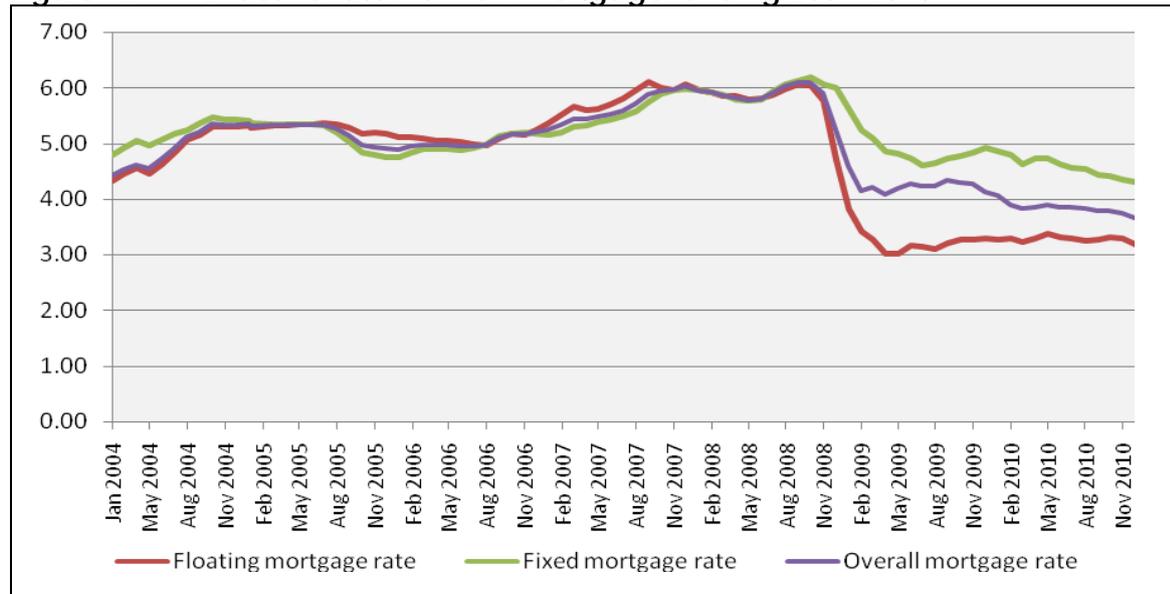
⁸ As part of this exercise we explored alternative entry-level price thresholds. The two/three bedroom option was preferred partly because it produced the largest sample from the University of Ulster database. More importantly, the University of Ulster LGD level Lower quartile two/three bedroom prices for 2006 were broadly comparable to those from the RMS. In 3 out of the 13 LGDs we checked, the price variation was in excess of £10,000 but in two of these cases the University of Ulster sample was considerably larger.



Housing Market Analysis Omagh Housing Market Area

Since the Bank of England cut interest rates to less than 1% in early 2009 the effective mortgage rate has declined (see Figure 12). 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 in interest payments as a proportion of income. This has eased affordability pressures for most households with a mortgage.

Figure 12: Effective rates for new mortgage lending 2004-2010



Source: Bank of England (2011)

The predicament for prospective first time buyers is that few have been able to take advantage of lower house prices and lower interest rates because of the continued credit constraints that have found expression through loan to value (LTV) ratios.

Deposit requirements increased sharply 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. As the Bank of England Credit Conditions Survey Q4 2010 confirms, most available mortgage products have a LTV of 75% or less. This is a major barrier for first time buyers that have to save a deposit from their own earnings and cannot rely on support from their family.

Negative equity is a constraint on a household's ability to secure mortgage finance and therefore their ability to move home. In April 2009, the Council of Mortgage Lenders estimated that some 5% of homeowners across Northern Ireland had negative equity, in line with the UK average. It is possible the proportion has increased slightly since then. This existence of negative equity may have contributed to the sharp fall in second-hand properties coming onto the market for resale.

Relative to the housing market downturn at the start of the 1990s, repossessions have remained low, possibly assisted by the introduction of various preventative measures

Housing Market Analysis

Omagh Housing Market Area



by the UK Government such as changes to the rules relating to Income Support for mortgage interest. There has been some upturn in mortgage arrears and repossessions.

Affordability ratios across the Omagh HMA

An affordability ratio measures the relationship between the Lower quartile price for an area and the incomes of households at the lower point of the income distribution. In our opinion this is a useful measure for illustrating the variability of affordability pressures across the Omagh HMA.

We used CACI PayCheck income probability estimates for 2011, to approximate lower quartile and median gross annual household incomes.

Some younger households will not be in employment so the CACI PayCheck 2011 estimates of Lower quartile (£12,953) and median incomes (£24,752) provide a reasonable approximation of the distribution of incomes amongst single and dual income households aged under 40 years.

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 18, compares the Lower quartile and median house price for a two/three bedroom property in 2011 with the Lower quartile and median CACI PayCheck income point for the Omagh HMA.

Table 18: Omagh HMA affordability ratios for two/three bedroom properties, 2011

Area	Lower quartile price	median price	Lower quartile income	median household income	Lower quartile ratio	median ratio	LQ price to median income
Omagh HMA	£67,375	£97,500	£13,003	£24,169	5.2	4.0	2.8
Northern Ireland	£83,687	£120,000	£12,953	£24,752	6.5	4.8	3.4

Source: Non adjusted simple price data supplied by the University of Ulster (22 July) and CACI PayCheck, 2011 used to reduce incomes

Assuming the Lower quartile income point is 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 18 suggest that:

- Lower quartile prices, in spite of the scale of recent falls, remain above affordable levels for younger single income households. These households would struggle to purchase a home unless they had considerable savings or access to other sources of funds;
- Lower quartile house prices have become affordable for dual income households and other households with incomes close to or above the median income;



Housing Market Analysis Omagh Housing Market Area

- Median house price to median income ratios exceed the 3.5 affordability benchmark in Omagh HMA, the ratio here is approximately 4.0.

Alternative affordability measures

Affordability ratios give no indication of the proportions of households experiencing affordability problems. We, therefore, sought to extend the analysis of affordability to look at the costs of buying and renting privately.

This analysis, which is summarised in Table 19, is intended to illustrate the potential proportions of younger households under the age of 40 that may lack the purchasing power to access the private housing market without some form of public sector intervention. It is not intended to provide a definitive measure of the numbers of younger households that cannot access the private housing market. Instead, it seeks to provide a consistent measure that can be used to consider the relative difficulty of accessing the lower end of the privately owned and rented market from one geographical area to another.

The analysis is based on the following assumptions:

- The cost of purchasing a dwelling at the lower quartile two/three bedroom property in 2010 with a mortgage equivalent to 80% or 95% of the purchase price;
- The median rent payable for a two bedroom private flat in 2010. These figures are derived from the private rental index database in the Omagh Area, which is discussed in more detail in Chapter 4;
- In terms of house purchase, a household could borrow 3.0 times their income and secure a 25-year repayment mortgage with an interest rate of 4.7%;
- In terms of rent payments, this should not exceed 25% of gross household income. This rent and the above owner occupation benchmarks are broadly consistent with CLG (2007) and Scottish Government Guidance (2008);
- The income distribution amongst households aged under 40 years is similar to the income distribution for all households. For example, if 10% of all households have an income of less than £10,000 then it is probable that 10% of households under 40 years will have an income of less than £10,000;
- The 95% LTV ratio is consistent with DCLG guidance (2007) whilst the 80% LTV ratio reflects current market conditions and the deposit requirements of mortgage lenders.

Although there has been a gradual increase in the levels of inter-generational transfers of wealth used to assist new households buy a home, no wealth adjustment factor has been applied. Another caveat is that some younger households will already be suitably housed and will not be looking to buy or rent. This will include households already living in the social rented sector as well as households that have already become homeowners.



Table 19: Comparison of the cost of owning and private renting

	Omagh	Northern Ireland
Estimated number of households under 40 years	5,291	198,113
Lower quartile purchase price(two/three bed Lower quartile)		
95% mortgage	£64,000	£79,500
80% mortgage	£53,900	£67,000
Weekly cost of option (25 year repayment mortgage at 4.7% interest)		
95% mortgage	£84	£104
80% mortgage	£70	£88
Private median rent for a 2 bedroom dwelling	£85	£97
Gross income required to access open market		
3.0 multiplier and 95% mortgage	£21,333	£26,500
3.0 multiplier and 80% mortgage	£17,967	£22,333
Rent equals 25% gross income	£17,780	£20,124
Affordability test 1: Lower quartile purchase: 95% mortgage and 3.0 multiplier		
No. unable to buy	2,370	104,406
% unable to buy	44.8	52.7
Affordability test 2: Lower quartile purchase: 80% mortgage and 3.0 multiplier		
No unable to buy	1,984	90,538
% unable to buy	37.5	45.7
Affordability test 3: private rent 2 bedroom dwelling (not exceeding 25% gross income)		
No. unable to afford	1,963	83,009
% unable to afford	37.1	41.9

The findings presented in Table 19 suggest that:

- 44% of younger households in the Omagh HMA could not afford to purchase a dwelling of the value of £67,375 assuming lenders were willing to provide mortgages with a LTV ratio of 95%;
- If we assume households could raise a deposit in order to secure a mortgage with a LTV ratio of 80%, around 37.5% of younger households in the Omagh HMA could not afford to purchase a dwelling of the value of £67,375;
- Some 37% of younger households in the Omagh HMA have an income below the level suggested by the DCLG guidance that a rent should not exceed 25% of gross household income. This shows that even though there has been a sharp fall in house prices, private renting is still the more affordable option.

Potential for intermediate housing

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

- The housing should meet the requirements of eligible households and the cost should be low enough for them to afford; and



Housing Market Analysis Omagh Housing Market Area

- 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.

Intermediate housing products are not intended for households in receipt of housing benefit. We therefore estimated the numbers and proportions of younger households that may benefit from some form of intermediate housing on the basis that they should have more than sufficient income to pay a social rent without recourse to housing benefit but insufficient income to purchase a two/three bedroom house with a 95% mortgage⁹.

This approach is broadly comparable with that adopted by Wilcox (2007, 2008). The findings suggest that at the Omagh HMA level:

- Consistent with affordability test one, outlined in Table 19, 45% of younger households could afford to purchase on the open market with a 95% mortgage and would not require some form of intermediate tenure option;
- Younger households are unlikely to be able to pay a social rent without recourse to full or partial housing benefit. For these younger households, social housing provision may be a more appropriate long-term housing option;
- Of the younger households who could afford to pay a social sector rent without recourse to housing benefit, many could not afford to buy locally. This suggests that there may be a potential for intermediate housing tenure in the Omagh HMA.

Set against this however, at least half of the younger households that could afford an intermediate tenure product could also afford a private rent for a two bedroom dwelling and considerably more could afford the median private rent for a one bedroom dwelling. This suggests that there is a distinct risk that intermediate housing would simply result in households moving from the PRS.

A clear limitation of this approach is that it takes no account of demand. In other words, it simply provides an estimate of the numbers of households that may be in a financial position to pay for intermediate housing. Any policy decisions regarding intermediate housing would need to consider whether various intermediate tenure options would be attractive to consumers.

Previous research (McGreal and Murie et al 2005) has shown that Co-ownership, which is a long-standing housing finance model that operates in Northern Ireland, is a popular product for which there has been sustained demand. By contrast,

⁹ This assumes an upper social rented sector threshold of approximately £80 per week partly to allow for higher rents in the HA sector and partly to discount low income households likely to be on the margins of housing benefit.

Housing Market Analysis

Omagh Housing Market Area



evidence from the UK is at best mixed about the strength of demand and popularity of intermediate tenure products.

Co-ownership housing

The Northern Ireland Co-Ownership Housing Association (NICHA) plays a key bridging role in the local housing market through its 'Do-it-Yourself-Shared-Ownership Scheme'.

In 2011/12, the average purchase price for Northern Ireland as a whole was £130,000. While below the prevailing average open market purchase price, the figure is above the Lower quartile price for two or three bedroom properties. Within the Omagh HMA, a total of 316 homes have been purchase through the Co-Ownership scheme. Only two properties were purchased through the Co-Ownership scheme in 2011/12 reflecting the inactivity of the housing market.

Over the past decade, an increasing share of those purchasing through Co-Ownership have been single person and single income households. In 2009/10, the average single income of those purchasing through Co-Ownership was £19,600, which is very similar to our assumed income for younger single income households. This suggests that the scheme is playing a valuable role in assisting new and recently formed households with modest incomes to purchase housing that is consistent with their preferences and aspirations.

Future prospects

There is little evidence that house prices in the Omagh HMA or the rest of Northern Ireland have stabilised. Even in regions of the UK, which have seen some recovery in house prices, transactions and house building remain weak. Most commentators therefore remain cautious about the future direction of the housing market.

The general impression is that a sustained rise in real house prices will only occur once unemployment levels decline, wages rise and credit constraints have eased for consumers and developers alike. Reductions in public sector spending, heightened uncertainty over future employment prospects and work in hand by the EU and Financial Service Authority (FSA) to tighten regulation of the mortgage market are likely to dampen the pace of economic and housing market recovery.

One plausible scenario is that in the Omagh HMA, a return to sustained real house price growth may not occur before 2015. If economic recovery occurs over several years, it may take to 2020 or beyond before house prices climb back to intersect with the long-term trend level. The upside is that this would allow house price to income ratios to return to long-term trend levels. A more prudent lending environment may also help to counteract a potential threat of another housing bubble emerging.

The fall in new build starts since 2008 demonstrates that the economic recession hit the house building industry hard. Without knowing when a return to real house price



Housing Market Analysis Omagh Housing Market Area

growth may occur, it is not possible to predict when private sector construction rates climb back to those seen in the early part of the last decade.

The housing slump forced house-builders and developers to mothball developments and take measures to reduce costs such as cutting back on staff. There are fears that this may have reduced the industry's capacity to respond promptly to any recovery in demand.

Aside from potential recruitment problems, recessions tend to make housing developers risk averse and they often prefer to focus on sites that pose the least challenge. For the same reasons they often prefer to build traditional three to five bedroom family houses as opposed to apartments because demand for the former tends to be more stable.

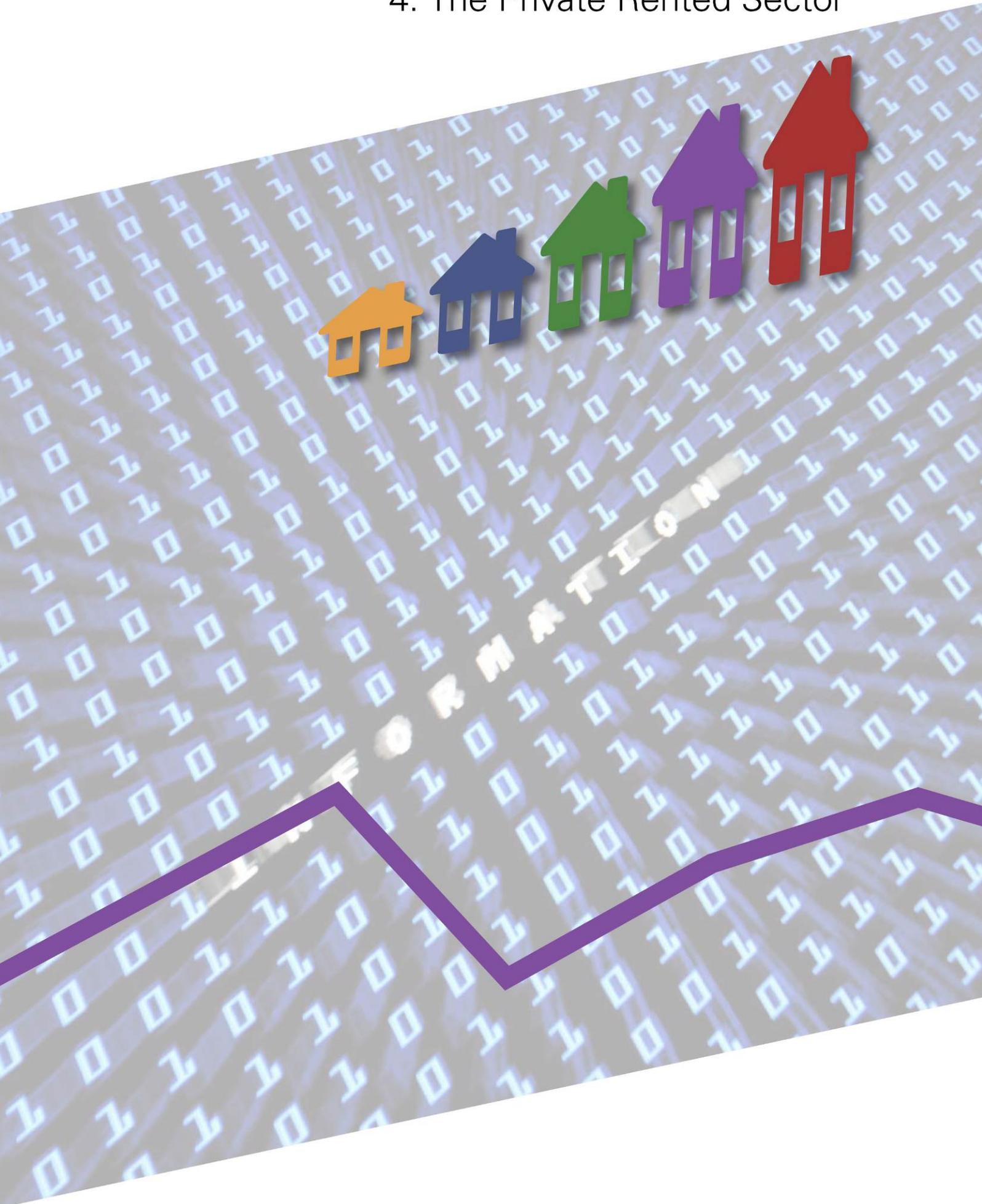
On balance, the continuation of modest private house-building rates during 2011 and 2012 may be manageable because of a possible short-term moderation in household growth noted in Chapter 2.

On the other hand, continued modest house building rates for five or more years would pose a risk that the level of new housing would fall below the current RDS housing growth indicators and the lower housing growth indicators proposed in the draft Revised RDS 2011-25. In effect, as time progresses it would become more difficult for the construction sector to 'catch up'. Whether this would create a gap between supply and demand and therefore push up prices and increase affordability problems is uncertain. Ultimately, the outcomes of a myriad of demographic, economic and policy processes on the long-term direction of the owner occupied sector and the building industry will only become clear as events unfold.

Key issues

- Owner occupation is the dominant tenure with almost three quarters of households owning their homes. Over a third of the owner occupied stock comprises larger detached houses and bungalows;
- An increase in life expectancy has seen older households remaining in their home. This implies that there may be an increased demand for property adaptations or services to allow older homeowners to continue to live independently;
- Following a period of growth in terms of construction and rising house prices, the economic downturn of 2007 has resulted in falls in building and a dramatic drop in house prices;
- The prospect of recovery in the housing market will depend on improved economic conditions. In the short term, the Omagh HMA still shows evidence of market uncertainty;
- Properties are now more affordable but the tighter lending criterion has resulted in first time buyers having difficulties accessing finance.

4. The Private Rented Sector





4. PRIVATE RENTING WITHIN THE OMAGH HMA

Introduction

This chapter explores the dynamics of the PRS including affordability, inter-tenure flows and the significance of private renting within the wider housing system. It draws upon evidence from the 2011 Census data. The chapter concludes by considering future prospects for the sector.

Expansion of private renting

The PRS has experienced a major revival in the Omagh HMA. In 2001, the Census identified that the PRS represented 7% of the housing stock but by 2011 census figures show that this had expanded to 15%.

Evidence indicates that the sector has continued to expand and at the 2011 census the PRS represented 13.6% of Northern Ireland households.

The rapid expansion of PRS stock at the Omagh HMA level since 2001 is consistent with anecdotal evidence that:

- There has been considerable investment in the PRS, including a substantial inflow of funds from the ROI and UK buy to let investors;
- Since the 2007 downturn in the housing market outlined in Chapter 3, there has been a marked increase in the share of newly constructed housing taken up by PRS landlords as well as an increase in PRS supply from homeowners unable to sell renting out properties, albeit temporarily (accidental landlords).

The majority of PRS households are located in Omagh town followed by the rural areas of Sixmilecross and Fintona. The rapid increase in the sector since 2001 has largely centred on these towns.

At the Omagh HMA level, the proportion of the total stock in the PRS increased from 8% to 15.1% in the period from 2001 to 2011 according to census figures. Since 2008, there has been a rise of 37% in Housing Benefit claims within the PRS, table 20. This marked increase reflects the lack of activity in the owner occupied sector and the difficulty accessing mortgages.

Table 20: Omagh Private Housing Benefit 2007 to 2011

	2008	2009	2010	2011	2012
Omagh HMA	2009	2187	2455	2619	2765

Source: NIHE /DHP (includes Housing Association claims)



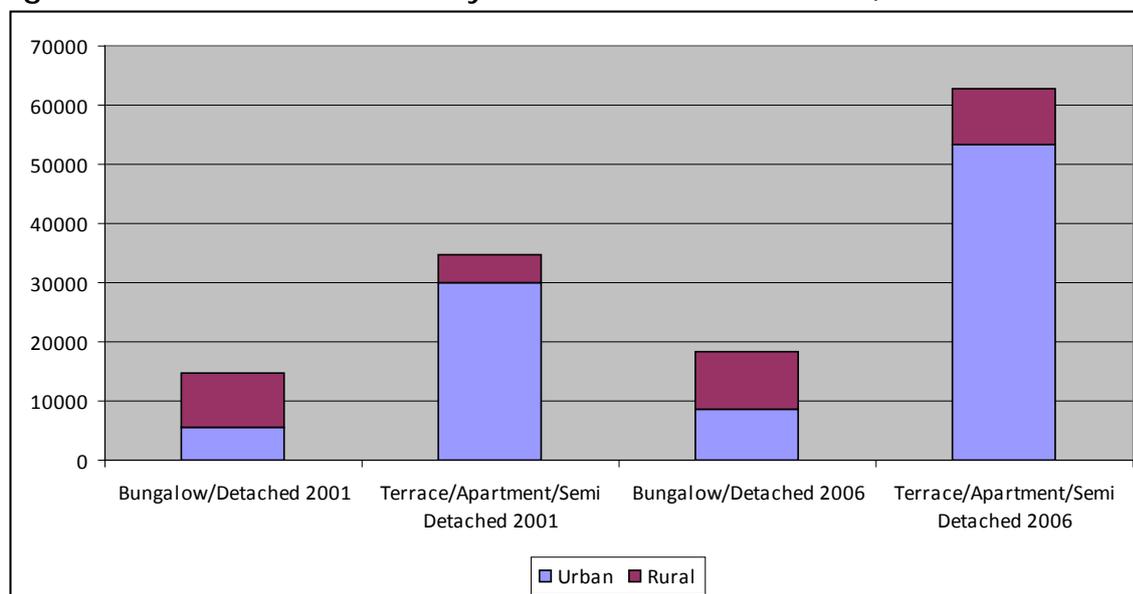
Profile of the PRS stock

Dwelling type

Figure 13 shows that the expansion of the PRS since 2001 has been accompanied by a change in the composition of the PRS housing stock in Northern Ireland. Between 2001 and 2006:

- The numbers of terraced, apartments and semi-detached housing increased by 28,076, and in 2006 represented 77.5% of all PRS stock;
- The number of bungalows in the sector increased by 22%, but their proportion of PRS stock fell from 29.5% to under 22.5%.

Figure 13: Private Rental Stock by Urban/Rural NI breakdown, 2001 & 2006



Source: HCS 2001 & 2006 (edited dataset)

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

Vacancies

There are a variety of reasons why dwellings are vacant including unfitness, failing housing markets and second homes. The highest levels of vacancies tend to be in the PRS. In 2006, 5% of the housing stock in Northern Ireland was vacant, of which over a third was in the PRS.

The majority of vacant dwellings in the Omagh HMA were located in the rural areas. It is considered that the majority of these were privately rented during their last occupancy. However, feedback from estate agents in the Omagh area, carried out in January 2012, indicate a high demand for good quality family accommodation in urban areas. Vacancies are concentrated in poor quality smaller dwellings which agents found difficult to let. In addition, these local agents advised that there was lower turnover in the PRS with increased longer term lets.



Dwelling age and condition

Until recently, the profile of the PRS was one of older properties in poorer condition. However, there has been a marked change in this profile. The 2001 HCS indicates that the majority (59%) of PRS dwellings were built before 1945. However by 2006 pre-1945 properties had reduced to 43%. This reflects the high level of construction activity in the residential sector. In the Omagh HMA during the period 2001 to 2011, a total of 4,778 new homes were constructed.

Table 21: 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.

In 2009, unfitness in Omagh was 5.1%, higher than the NI average of 2.4%. While there is no detailed information concerning the unfitness of the Omagh PRS, it is known that higher unfitness levels are found in the PRS and in rural and vacant stock.

The 2006 HCS estimates that more than a quarter (26.5%) of the PRS failed to meet Decent Homes Standards. Thermal comfort was the main criterion for failure with 44% of PRS households in fuel poverty compared to 34% of all households. The 2006 HCS assessed unfitness for the PRS at 2.7%. The situation had improved slightly by 2009 with unfitness reduced to 2.2%. The 2009 results indicate that unfitness is associated with vacancy (nearly three in five unfit dwellings in 2009 were vacant) but a declining proportion of vacancies are unfit and the Housing Executive attribute this to the growing proportion of vacant buy to let properties (which are presumably relatively modern or newly constructed).

Households

The PRS plays a pivotal role in the local housing system. The PRS is diverse and caters for a range of niche markets. It can provide flexible accommodation for young professionals, migrant workers and students. It can also provide for households that cannot or do not want to buy or rent from a social landlord. Private renting has always had a traditional role both in providing permanent housing for long term tenants (now dwindling) and providing emergency housing of last resort (e.g. to assist with homeless applications).

Table 22 sets out the distribution of household types for 2001, 2006 and 2009 in Northern Ireland. The largest groups within the PRS are small adult households comprising two adults, and families. There has been substantial growth in the PRS between 2001 and 2009, an increase of 154%. Family households have shown the biggest growth with a 209% increase.

Housing Market Analysis

Omagh Housing Market Area



Table 22: 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.

Information on households at Omagh HMA level is limited. An examination of Housing Benefit applicants can assist in giving a profile of the PRS households (Table 23).

Private Housing Benefit Analysis

At December 2012, there were 2,794 claims in Omagh for Private Housing Benefit. Over two thirds (72.5%) were singles and small adult households and the remainder were families with children. Claimants were mainly concentrated in the Omagh town area. This profile of PRS is corroborated by estate agents who indicate that single/couples are the mainstay of the PRS but there is increasing demand coming from families, particularly for recently constructed high quality family homes. In addition, estate agents indicated that tenants increasingly viewed private renting as a longer-term arrangement.

Table 23: Omagh Private Housing Benefit Cases December 2012 Percentage Profile of Family Groupings by Omagh Totals

Settlement	Couples	Families	Large Families	Singles	Grand Total
Omagh (Rural)	6.51	6.51	2.08	15.25	33.36
Omagh (Town)	14.24	15.07	3.83	33.50	66.64
Omagh HMA	20.76	21.58	5.91	51.75	100

Source: NIHE Housing Benefit System. Family Groupings calculated from Members in household information: 1 = Singles, 2 = Couples, 3-4 = Families, 5+ Large Families

The HCS household income figures (see Table 24) show that the income level within the Omagh PRS has risen since 2001 and is now higher than the overall Northern Ireland level for private renters. It should be noted that incomes for Northern Ireland households as a whole were greater than that of the PRS households. In 2006 the mean annual income for all households was £19,100 with a median income of £14,500. This may indicate that higher paid households choose not to live in the PRS.



Table 24: PRS by Income breakdown, Omagh and Northern Ireland

	HCS 2001		HCS 2006	
	Mean Income	Median Income	Mean Income	Median Income
Omagh HMA	£17,400	£17,500	£21,700	£15,500
Northern Ireland	£16,700	£12,500	£19,100	£14,500

Source: HCS 2001, 2006

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

Landlords

Because of the size of the sector and the range of motivations for investing in and holding PRS properties, there is little concrete information on landlords. However, the Housing Executive has commissioned follow up research on the PRS in Northern Ireland, re-analysing and in some cases augmenting HCS data. One such study concerns landlords and involves a follow up survey of 191 landlords conducted in 2009 for Northern Ireland as a whole.¹⁰

The interim findings included the following points. First, the majority of landlords are small scale (Two thirds have five or fewer properties) though their portfolios are increasing. Many entered the market during the period of rapidly rising prices and stated financial reasons as the main explanation for their choice. However, there is an important small number of landlords with large portfolios in Northern Ireland.

Second, the survey confirms that many of the landlords are new to the sector and have been active in it for less than 5 years. The vast majority of those surveyed said they became a landlord for financial reasons, about 15% said they were accidental landlords and many identified pension income, investment and long term reasons that combined both rental and capital growth returns.

Approximately 30% own their portfolio outright, whereas the rest have borrowed in different ways including buy to let mortgages, etc. – a substantial proportion had quite low LTV loans outstanding (suggesting scope to lever in more finance if required). The majority do not use a letting agent but manage directly.

Expert interviews dealt at length on the investment market facing actual and potential landlords. The spectacular growth of the sector was widely seen to have ended in the aftermath of the 2007 credit crunch. The buy to let market is currently flat (and not expected to pick up soon) because rents are relatively low comparatively to other UK markets, and the tightening of specific ‘buy to let’ lending rules. New supply is virtually at a standstill.

¹⁰ The work was carried out by Paddy Gray of the University of Ulster and will be the sixth in a series of short studies on the Northern Ireland PRS.

Housing Market Analysis

Omagh Housing Market Area



Affordability

Median rents in Omagh for two and three bedroom properties are similar. Approximately 60% of households are unable to afford the rent. This is slightly higher than the Northern Ireland figure.

Table 25: Two Bed Rental Affordability, 2010

Geography	Measure	Rent £ per week	Can afford (%)	Cannot afford (%)
Omagh HMA				
	Lower quartile	£76.45	32.7	67.3
	Mean	£82.81	35.8	64.2
	Median	£85.48	37.1	62.9
Northern Ireland				
	Lower quartile	£87.01	37.4	62.6
	Mean	£96.59	41.8	58.2
	Median	£96.75	41.9	58.1

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

Table 26: Three Bed Rental Affordability, 2010

Geography	Measure	Rent £ per week	Can afford (%)	Cannot afford (%)
Omagh HMA				
	Lower quartile	£87.66	38.2	61.8
	Mean	£92.96	40.7	59.3
	Median	£92.97	40.8	59.2
Northern Ireland				
	Lower quartile	£91.43	39.5	60.5
	Mean	£90.62	39.1	60.9
	Median	£101.63	43.6	56.4

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

These findings suggest that the levels of gross rents and incomes in the Omagh HMA PRS represent significant affordability problems for those not able to access Housing Benefit through the Local Housing Allowance (LHA). On the face of it, this might imply that the PRS would be less capable or suitable for low income households as an alternative to social housing but we must take account of the mitigating impact of LHA. Omagh experienced a 37% increase in the private sector housing benefit claims since 2007. Across Northern Ireland of those tenants paying rent in full or where HB did not cover the market rent in full, 45% said they found it very or fairly difficult and 5% were at least a fortnight in arrears. Table 27 repeats the affordability analysis above but uses the estimated levels of LHA that would apply at the same geographies (for two bed properties).



Table 27: Local Housing Allowance Affordability (2 bed)

Market	LHA (£)	cannot afford (%)	PRS mean rent (£)	% cannot afford (%)	PRS median rent (£)	cannot afford (%)
Omagh HMA	£78.13	33.5	£82.81	35.8	£85.48	37.1
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

Table 27 contrasts the two bed local housing allowance level of rents in the PRS with the actual rents. Looking at 2012 data, the analysis compares the LHA (which is derived from modal LHA figures) with the mode and the median of two bed private rents. The table also shows the proportion who could not afford such rents at Omagh and Northern Ireland level (using the same definition of rental affordability as before).

The key issue is really the extent to which the LHA alleviates or mitigates non-affordability for PRS households. We can indirectly assess this by subtracting the median rent from the LHA to make an approximate assessment. This indicates that the median rent payer eligible for the full LHA could expect to have £78.13 of £85.48 (91.5%) met in the Omagh HMA.

Expert interviews confirmed the importance of Housing Benefit to the PRS. Industry commentators contend that a large part of the PRS is currently underpinned by public funding through the LHA. Unlike the rest of the UK, there were no changes to rent direct when the LHA was introduced, meaning that most landlords still receive their rent LHA payments from social security rather than the tenant. It was argued that any future cuts in Housing Benefit, as part of wider fiscal austerity measures, would be serious for the sector's future. This also has implications for the potential of the sector to take on long term leasing to homeless households.

Impact of Welfare Reform on the PRS

The changes to LHA and Housing Benefit announced in the 2010 budget are being implemented in Northern Ireland. The most significant changes for tenants in the PRS are as follows:

- Change in Rate Calculation

Up to April 2011, the rate of LHA was set at the median rent value for properties in the broad market rental area where a property was located. This meant that about half of the properties in the area would have rents at or below the LHA rate. Since April 2011 the LHA rate has been set at the 30th percentile value. This means that only about 3 out of 10 properties in the area will be at or below the LHA rate.

- Introduction of Caps and Excess Entitlement

Since April 2011 there have also been caps placed on the amount of LHA that can be received, with the maximum rate based on no greater than a four bedroom

Housing Market Analysis

Omagh Housing Market Area



property. The entitlement to keep up to £15 excess payment of LHA has also been removed.

- Sharing Rate

From January 2012, single people aged from 25 to 34 who rent from a private landlord are only entitled to the Housing Benefit shared accommodation rate, irrespective of the size of accommodation actually rented. Depending on where the private tenant lives, this could see a reduction in benefit of up to £40 per week

These changes mean:

- Low-income households having to give up their existing tenancies as they can no longer afford to rent as the shortfall between rent and LHA benefit received increases;
- PRS tenants seeking accommodation in the limited numbers of cheaper/shared properties, or giving up their independence and return to the family home;
- Social housing waiting lists are likely to increase, with people reverting to them as their best option of re-housing, as the supply of affordable private rental declines;
- A significant potential for a rise in homelessness;
- Investment opportunities for landlords to respond to the affordable PRS. This may prove difficult in the current lending environment.

Tenancy management issues

The Northern Ireland Housing Market Review and Perspectives 2011-1014 indicates that there are approximately 10,000 HMOs in Northern Ireland. These play a key role on meeting the housing needs of single people, people on low incomes, students and migrant workers. HMOs are now within a statutory registration scheme and will ensure management standards improve. The 2006 HCS suggested that 89% of tenants said they had a good relationship with their landlord/letting agent and 56% were very satisfied (27% were satisfied) with the overall service provided. Data in this case is at Northern Ireland level, however there are 33 registered HMOs within the Omagh HMA.

Inter-tenure flows

There is considerable anecdotal evidence since 2007 that the PRS has replaced the owner-occupied sector in terms of purchasing new housing. Moreover, in several interviews, key participants argued that landlords were able to out-compete potential first time buyers, that the sector was price competitive and increasingly quality-based. It is also clear that the growth of the PRS in Northern Ireland and its embedded co-existence with owner-occupation means the two private sector parts of the housing system can co-evolve.

The relationship between the PRS and social renting is multi-faceted and important in contributing to meeting housing need. Key participants from social housing



Housing Market Analysis Omagh Housing Market Area

clearly felt that the PRS is substituting for social renting. One commentator argued that, despite a lesser degree of security, a wide choice, flexibility without the perceived stigma of social housing as well as (often) newly developed high quality housing– and it still offered the LHA. One Government spokesperson argued that competition between the PRS and the social rented sector is more evident in suburban towns and West of the Bann than in Belfast itself.

In terms of whether the PRS can make a bigger contribution to meeting wider needs it is important to know who are the current PRS clientele and who are they likely to be in the future. If the growth in private renting is simply meeting the requirements of households who would previously have been buying on the open market, then that growth holds little advantage for meeting the needs of those traditionally reliant on the social rented sector. On the other hand, if the sector is housing households in housing stress not finding their way into social housing, there may be a role to play and a strategy to devise in order to obtain maximum benefit.

However, in a separate study for the Housing Executive, Newhaven Research (2010) suggested that the rapid growth in the PRS since 2000 has been accompanied by an increase in the number of households assessed to be in housing stress (approximately 10,000 in 2001 and 20,300 in 2012). The research further suggests this was because of the possibility of insecurity of tenure and resulting homelessness. This would suggest that whilst the PRS may provide easier access to housing, many private renters do not perceive this tenure as a permanent or possibly even a satisfactory solution.

In summary, the evidence suggests that the PRS is perceived by a significant and growing number of landlords as an investment vehicle rather than a long-term commitment. Increasing numbers of tenants also see it as a staging post, as they take steps to secure social renting, or are saving to buy. On this basis, trends in the PRS are a reflection of the current economy in Northern Ireland and the housing market generally. Given the lack of flexibility of social housing to respond quickly to demand and lack of available finance for owner occupation, more households will continue to look to the PRS for housing solutions. However, it is clear that in Northern Ireland and the Omagh HMA, the aspiration is still for owner occupation where possible.

Future Prospects

There has been considerable expansion in the PRS in the Omagh HMA, from approximately 1300 units (5.7%) in 2001 to approximately 2,766 units (15%) in 2011. Interviews with estate agents have indicated that demand for private renting continues to increase. This demand is coming from a range of households including young professionals, households who would have been first time buyers, those seeking an alternative to social housing and migrant workers. Traditionally the PRS would have been dominated by older housing stock both in rural and urban areas. Increasingly, the newly built developments of the last decade which failed to sell to

Housing Market Analysis

Omagh Housing Market Area



owner occupiers or purchase as buy to let have become a more important aspect of the PRS market.

PRS households in the Omagh area are predominately single, couple or lone parent households. At December 2012, over 70% of Private Housing Benefit claimants were single or couple households. Income data from CACI suggests that PRS households in Omagh are more likely to be found in lower income bands than all households in Omagh HMA. Both factors indicate that there is a high level of benefit dependency, unemployment and lower income households living in the Omagh PRS.

PRS landlords generally have small portfolios, are often new to the sector and the majority are pursuing longer term financial or investment motives.

In spite of the comparatively abundant volume of evidence available, analysis of the PRS continues to be constrained by the diffuse nature of the sector.

Despite the apparent levelling-off of growth and the stalling of new investment, the prospects for the PRS remain good, not least because of continuing affordability problems in respect of home ownership. The Housing Executive observed that:

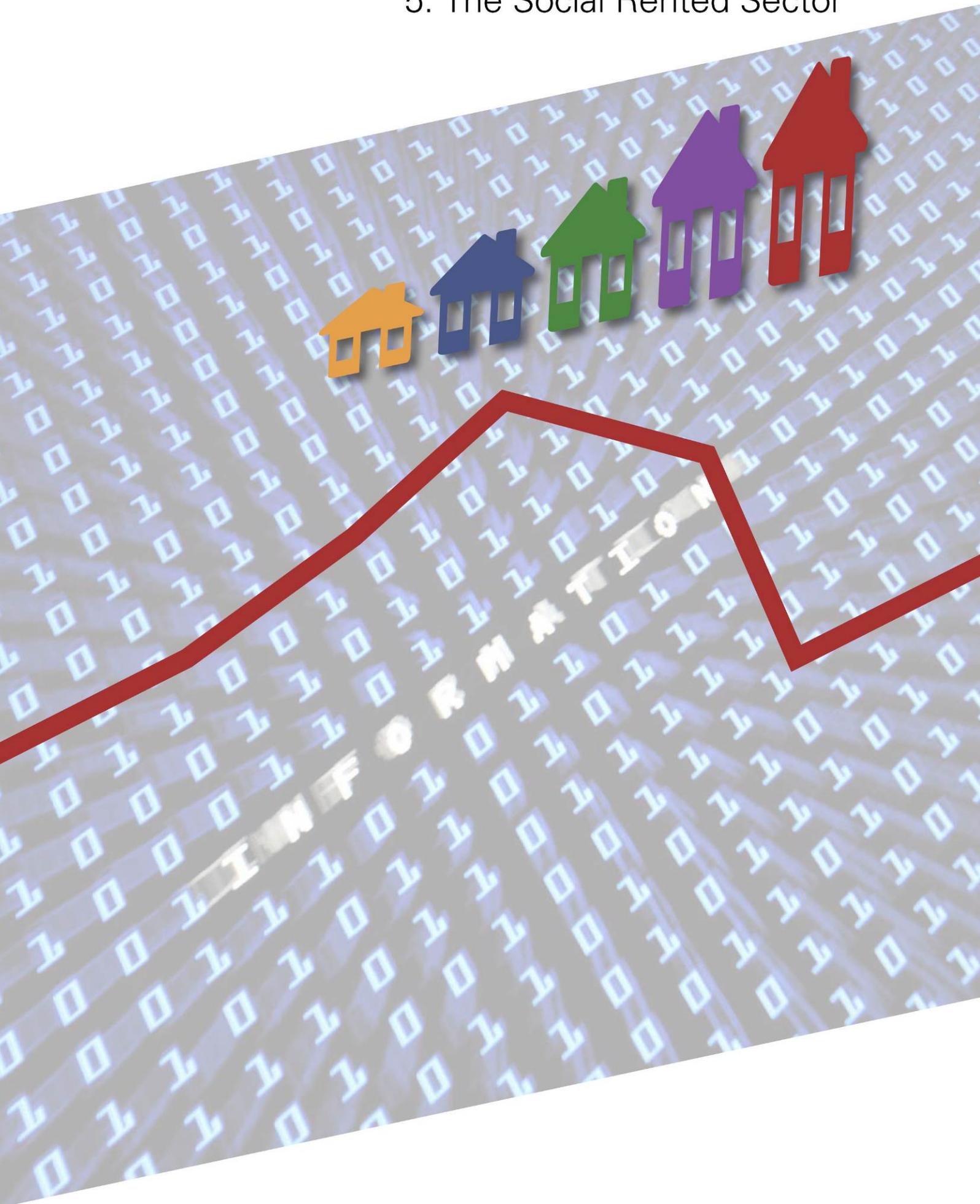
‘while qualitative evidence suggests some investors are leaving the market, the continuing storing occupier demand, lack of choice, migrant workers, and social housing budget pressures indicate that the ‘risk of large-scale disinvestment is seen as low’ (NIHE, 2009, p.84).

The future of the wider economy will impact on all sectors of the housing market. Supply within the owner occupied and PRS will remain constrained until mortgage lending conditions improve. In the meantime, as the sector approaches a sixth of all housing in Northern Ireland, there is an overriding need to increase our research into it and knowledge of those living in it.

Key issues

- During the last decade, the PRS has more than doubled to 15% of the total housing stock with the social and owner occupation reducing;
- The majority of privately rented properties are located in the Omagh town area;
- The standard of privately rented dwellings is improving, bolstered by more recently constructed properties;
- There is evidence of increasing demand for private renting but this sector is unaffordable to a significant number of households;
- Welfare Reform is likely to impact on the ability of households to access suitable rented accommodation.

5. The Social Rented Sector





5. SOCIAL HOUSING WITHIN THE OMAGH HMA

Introduction

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.

Profile of the social housing stock

Numbers and spatial distribution of social housing

The numbers of households in the Omagh HMA renting from a social landlord has steadily declined over the last decade and is now the smallest sector. In 2001, 16% of households in the Omagh HMA were renting from social landlords. By 2011, the proportion of households living in the sector had fallen to 9.8%, compared to 18% for Northern Ireland as a whole. The largest concentration of social rented housing in Omagh HMA is within Omagh town. Omagh has one of the lowest levels of social rented homes of the 11 HMAs.

Changes in stock numbers over time

The decline in social rented stock has been driven by the sale of Housing Executive dwellings, which has outweighed construction of new social rented dwellings by all social landlords. Between 2001/2 and 2009/10, 504 Housing Executive dwellings were sold in Omagh HMA. In common with the rest of the UK, sales began to fall away in 2005/6. In the period March 2006 to March 2010 there was an average of fifteen sales each year compared to an average of 85 in the previous 4 years. Aside from modifications to the eligibility criteria in respect of house purchase, the decline in house sales has been shaped by changes in the profile of the stock and the tenant base plus wider housing market conditions¹¹.

Table 28: Social rented sector completions and NIHE sales 2000/1 to 2009/10

Area	Total 2001/2 -2009/10		
	No social new build completions	No NIHE sales	Completions as % of sales
Omagh HMA	44	504	8.7
Northern Ireland	10,350	26,464	39.1

Source: NINIS (2011) Social rented completions and NIHE sales to 2009/10. Sales total excludes a very small number of 'special' NIHE sales plus all HA sales.

¹¹ There was a modest upturn in sales in 2009-10 which may reflect the expansion of the NIHE sale scheme to incorporate equity sharing, starting at 25%.



In the nine years to March 2010 around 0.4% of social housing completions in Northern Ireland were located within the Omagh HMA. On average, 4 new social rented dwellings were constructed each year in the Omagh HMA, which has compensated for 8.7% of the dwellings lost to the sector as a result of Housing Executive sales. This 'replacement ratio', 1:11.5 (one constructed to 11.5 sold) is considerably less than the Northern Ireland ratio 1:2.4.

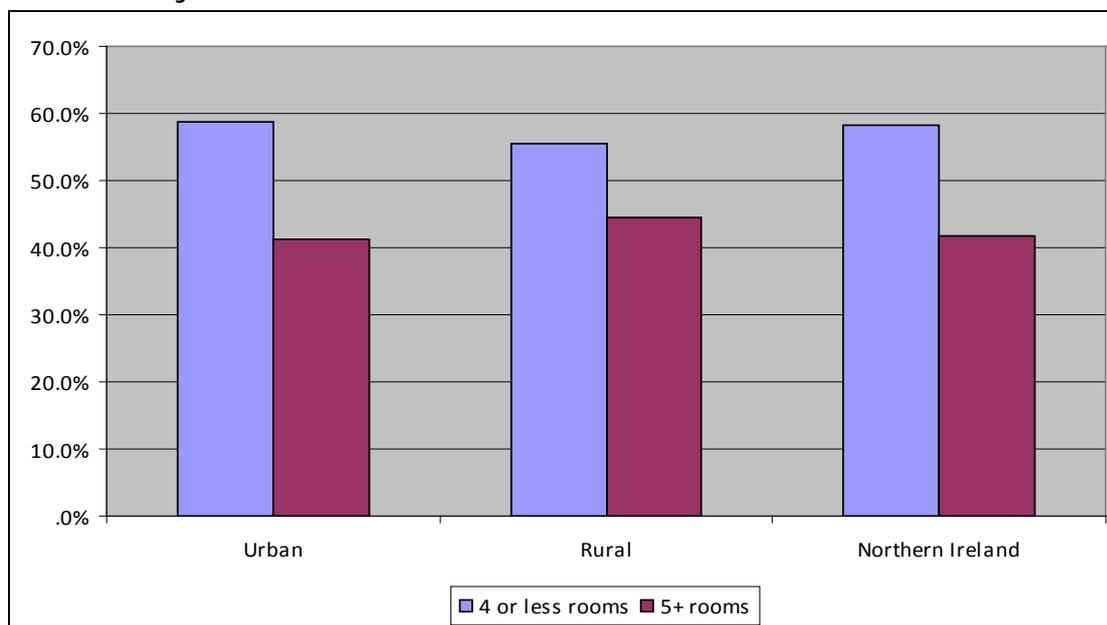
Dwelling attributes

Size and dwelling type

Over half (58%) of the social rented stock in Northern Ireland comprise of four rooms or less. This reflects the trend to build smaller units and the fact that a much higher share of family size dwellings containing five or more rooms have been sold.

The social housing stock in Omagh is predominately two and three bedroom family houses. Flats and maisonettes make up 14% of the social stock and are mainly located in urban areas. The remaining cottages are located in the rural area.

Figure 14: Breakdown of social rented households by Urban/Rural Northern Ireland by No. of rooms



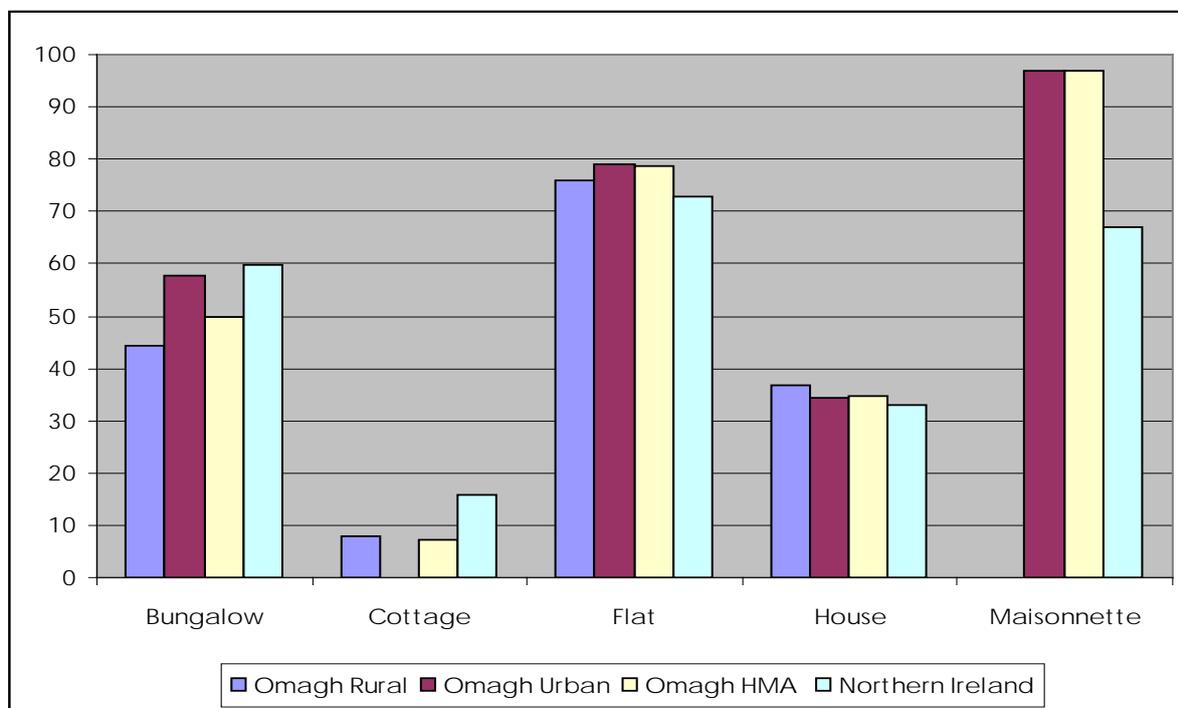
Source: HCS 2006

Since the introduction of the House Sales Scheme in 1979, 60% of all properties in Omagh, owned by the Housing Executive at that time, were sold by March 2012. Family houses and cottages have been the most popular for buyers in both urban and rural areas. Only 7.5% of the original number of cottages and 35% of houses remain in Housing Executive ownership. In comparison, flats have been less popular with 80% still in Housing Executive ownership. Almost 50% of bungalows are still in



Housing Executive ownership primarily because most two bedroom bungalows are excluded from the House Sales Scheme.

Figure 15: Housing Executive stock remaining as a % of 1979 stock by house type



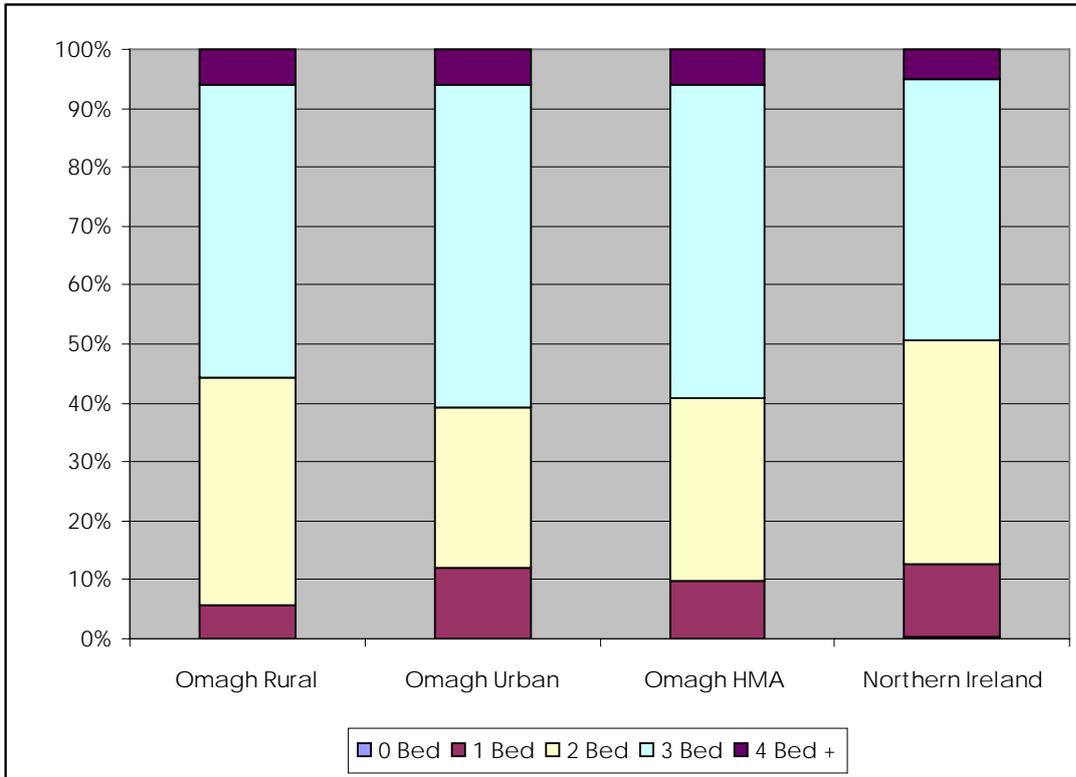
Source: NIHE

In terms of dwelling size social housing in Omagh is mostly two and three bedroom properties. Housing Executive 2011 stock distributions by dwelling size and by dwelling type are shown in Figures 14 and 15. At the start of 2011, 40.8% of Housing Executive dwellings in the Omagh HMA contained up to two bedrooms and just 6% contained four or more bedrooms. Moreover, in spite of the proportionately greater loss of houses through sales to sitting tenants, most Housing Executive dwellings in Omagh HMA continue to comprise of houses and bungalows as opposed to flats and maisonettes. One bedroom properties account for 12% of the social housing stock and are predominately located in 'sheltered schemes'. The impact of welfare reform, which financially penalises under occupation, may act as a driver to increase the proportion of new one bedroom accommodation.



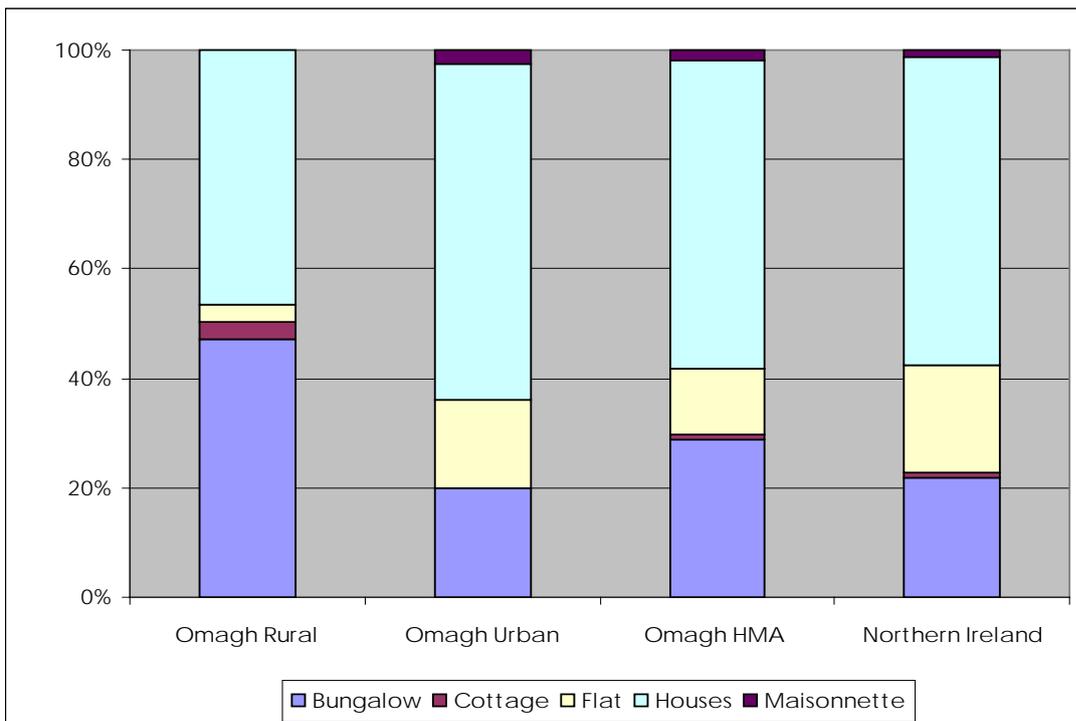
Housing Market Analysis Omagh Housing Market Area

Figure 16: NIHE 2011 Stock by number of bedrooms (%)



Source: NIHE Stock Data, April 2011

Figure 17: NIHE Stock 2011 Stock Distribution by dwelling type (%)



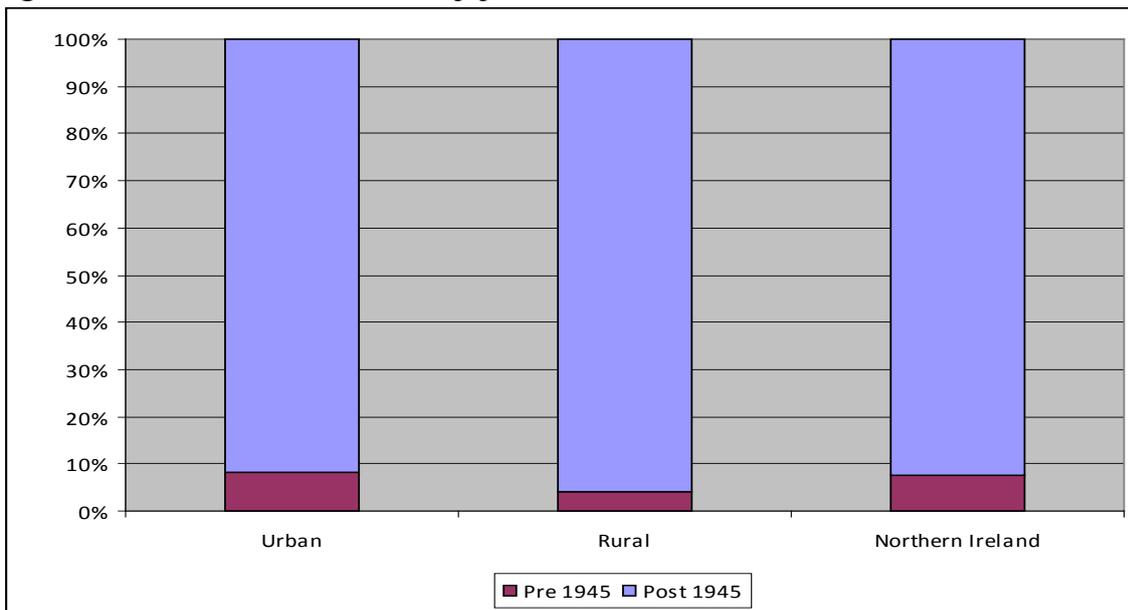
Source: NIHE Stock Data, April 2011



Dwelling age

Over 90% of Housing Executive stock was constructed from 1945 onwards (Figure 18). By contrast, Housing Association stock largely comprised of dwellings constructed after 1980 (80%) or older pre-1919 (11%) dwellings that were acquired and brought up to modern standards.

Figure 18: Social rented stock by year of construction Northern Ireland



Source: HCS, 2006

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 2001-2 and 2009-10 the average annual Housing Executive rent increase was 3.4%.

In 2012 the average Housing Executive weekly rent was £58.76, with the average weekly housing association rent 18% higher. From April 2013 Housing Executive rents will increase by 3.6% bringing the average rent to approximately £60.87.

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 housing 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.



Profile of existing social rented tenants

Household composition

There has been a decline in the numbers and proportions of households in the social rented sector. There has also been a reduction in the proportion of tenants in employment and an increase in the proportion of tenants who are economically inactive. Moreover, tenants who are in work tend to be in lower paid occupations and often work part-time. These long-term trends reflect the fact that the social rented sector now mainly accommodates households who cannot afford to secure private rented or owned housing that is appropriate for their circumstances from their own resources.

Northern Ireland has a high proportion of social tenants over 60 years old (38%). Comparison with evidence from the 2001 HCS suggests that the proportion of tenants over 60 years old has fallen back in recent years. The most likely reason for this is that the House Sales Scheme led to large numbers of households leaving the sector in the 1980's and 1990's who would be in their 60s and 70s today. The expansion of general needs provision in the housing association sector is also likely to have had some impact.

The overall trend has been a move to smaller household size. At Northern Ireland level, almost half of social housing tenancies are single person households. This is mainly due to relationship breakdown, young people leaving the family home and longer life expectancy.

Economic status and incomes

Less than a fifth of tenants in Northern Ireland are in employment. Although families and couples have higher rates of employment than single people or single parents, rates of employment amongst all working age households are very low. Tenants are therefore reliant on housing benefit and/or other state benefits.

A high proportion of all social rented tenants in the Omagh HMA are claiming housing benefit. This has remained consistent over the last three years.

In 2009, it was estimated that 55% of households in the social rented sector were assessed to be fuel poor compared to 44% of all households. The fact that the majority of tenants' have incomes of £10,000 or less, alongside very substantial rises in fuel costs have become the main factors associated with fuel poverty within the social rented sector. This is a serious problem, which remains difficult to resolve.

Annual supply of social housing

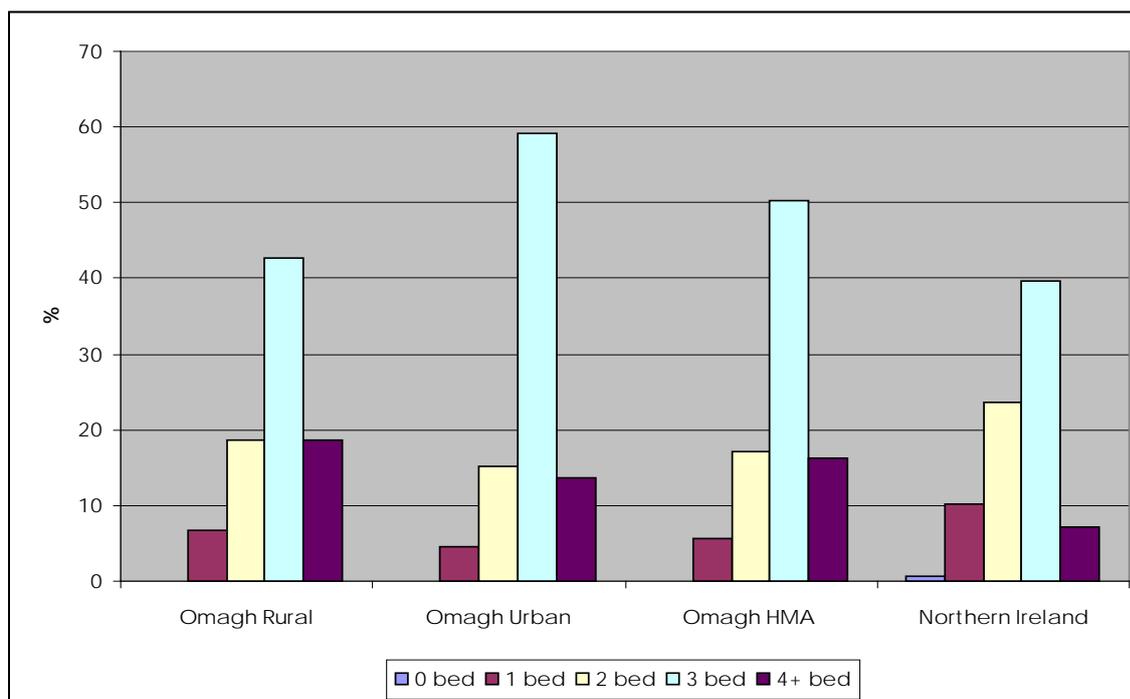
Lettings from 2006 to 2012

During the period from 2006 to 2008, the overall trend in Omagh HMA was one of increasing demand. Since 2008, the Housing Stress waiting list has decreased by 42%



and at March 2012 was at its lowest level in five years. Allocations now exceed the number of applicants in housing stress. It is considered that the availability of good accommodation in the private rented sector has resulted in a reduction in the waiting list for social housing.

Figure 19: NIHE % Allocations by no. of bedrooms Apr 10 – March 11



Source: NIHE Prawl, March 2011

Figure 19 shows the distribution of Housing Executive allocations by dwelling size for the year to March 2011¹² and indicates that:

- Most relets comprise of dwellings with three bedrooms, 50%. This is in line with the proportion of three bedroom stock within Omagh HMA (53%);
- 25.3% of relets contain one or two bedroom properties, whereas 41.8% of Housing Executive stock is one or two bedroom properties;
- 18.3% of relets contain four or more bedroom properties. This is a comparatively high proportion as only 6% of stock is of this size. The percentage is probably inflated due to the small sample size.

¹² Data on the number of bedrooms for NIHE properties (not housing associations) relet in 2008 and 2009 was supplied in a separate file from the other allocations data. It was possible to match 70% cases for 2008 and 99% cases for 2009 but it is possible that the figures are subject to a small margin of error.



Applications for social housing

Changes in total applicant numbers

The potential 'demand' for social housing can be assessed in different ways but the simplest is by reference to the total number of households that have applied for social housing. Table 29 shows trends in the total number of applicants recorded on the Common Waiting List (CWL) at the end of March each year between 2006 and 2012. In 2012 there were 627 applicants (including transfers) who wished to be considered for housing in the Omagh HMA, virtually all of whom already lived in the area.

In 2012 almost 3.4% of all households within Omagh HMA have applied for social housing. While total applicant numbers fluctuated between 2007 and 2010, this figure has returned to 2006 levels. These findings are consistent with perceptions that increasing affordability pressures in the wider housing market are being reflected in the build up of accumulated 'demand' for social housing.

The rate of increase in applicant numbers in the Omagh HMA during the period 2006-2008 (40%) was comparable with the Northern Ireland average. This was most likely because of job losses with the economic downturn and therefore making access to the owner occupied sector more difficult.

In March 2012 there were 504 CWL applicants seeking to be housed in the Omagh HMA. Between 2006 and 2012 transfer applicants made up approximately 25% of the total waiting list.

Housing Market Analysis

Omagh Housing Market Area



Table 29: Social Housing Waiting List for Omagh HMA 2006-2012

	2006	2007	2008	2009	2010	2011	2012	% change 06-12
Total waiting list applicants (Excluding Transfer Requests)								
Omagh Rural	125	151	168	132	129	121	110	-12.0
Omagh Town	389	489	536	488	461	501	394	1.3
Omagh HMA	514	640	704	620	590	622	504	-1.9
Total applicants in housing stress (Excluding Transfer Requests)								
Omagh Rural	32	48	54	30	28	29	27	-15.6
Omagh Town	94	151	170	124	103	131	100	6.4
Omagh HMA	126	199	224	154	131	160	127	0.8
Allocations to Applicants (Excluding Transfer Requests)								
Omagh Rural	47	36	50	55	46	42	39	-17.0
Omagh Town	144	127	99	126	118	110	100	-30.6
Omagh HMA	191	163	149	181	164	152	139	-27.2
Ratio of applicants to allocations								
Omagh Rural	2.7	4.2	3.4	2.4	2.8	2.9	2.8	6.1
Omagh Town	2.7	3.9	5.4	3.9	3.9	4.6	3.9	45.9
Omagh HMA	2.7	3.9	4.7	3.4	3.6	4.1	3.6	34.7
Northern Ireland	3.8	4.7	5.4	4.8	4.1	4.9	4.5	18.4

Source: NIHE Housing Selection Scheme (Data 2006-2011 PRAWL, 2012 HMS) End of March Figures

Social rented pressure ratios

An alternative measure of the potential demand for social housing is to look at the total number of waiting list applicants, at a given point in time, relative to the amount of properties that were available to let in the previous 12 months.

Sometimes referred to as the social rented pressure ratio, this measure can be used to look at the average expected time a waiting list applicant may have to wait for re-housing (the number of applicants to every allocation). This measure is also sometimes used to look at the relative popularity of different areas. Ratios that approach one or two tend to be regarded as a potential indicator that a low demand trend may be emerging.

This ratio is only an approximate measure of waiting time because some applicants leave the list without being housed and applicants considered to be in housing stress are generally rehoused more quickly. Despite its limitations, the ratio provides a useful measure of the relative 'demand' for social housing in different areas as well as changes in demand over time.

Looking at waiting list to letting ratios for the period from 2006 to 2012, Table 29 shows:

- At Omagh HMA level there has been a build up of pressure in the social rented sector over this period to a peak of 4.7 in 2008. This reflects the general Northern Ireland trend;



- This peak in housing stress coincided with a marked increase in pressure in the social rented sector in 2008;
- Omagh town experienced a sharper growth in the applicant to let ratio with a peak of 5.4 in 2008 comparative to Northern Ireland. This has, however, decreased to 3.9 and remained at that level over the last 4 years.

Waiting List applicants assessed to be in housing stress

Not all households that wish to be considered for social housing have a pressing housing need. The Housing Executive assesses each applicant's circumstances against a range of criteria. These 'points based' criteria include insecurity of tenure, housing conditions, overcrowding, intimidation and health & social well-being. Applicants with 30 or more points are assessed to be in housing stress (NIHE, 2007). As O'Sullivan (2010) notes, these criteria are similar to the housing need indicators outlined in the Strategic Housing Market Assessment Guidance (DCLG, 2007).

Table 29 summarises the number of households on the waiting list assessed to be in housing stress from 2006 to 2012 and shows that:

- At Omagh level there was an increase in the number of applicants assessed to be in housing stress in the period from 2006 to 2008. The trend fluctuated between 2009 and 2011 and returned to 2006 levels in 2012;
- 2.7% of the estimated household population in the Omagh HMA was waiting list applicants assessed to be in housing stress in 2012.

Comparisons with other evidence

It is widely acknowledged that some households in housing need may not register because they perceive their chances of re-housing to be low, due to the limited stock in some rural areas and low turnover. Depending on an applicant's area of choice, simply being in housing stress does not necessarily provide sufficient points to receive an offer as there may be a number of other applicants in greater need.

If people do not register, it can lead to a situation where a hidden need exists but is not apparent from the waiting list, which means that the new houses that are needed don't get built. In order to break this cycle in rural areas and determine if hidden need exists within an area, we carry out Rural Housing Needs Surveys (also known as Latent Demand Tests). These are designed to bring the possibility of new housing to the attention of households in need. We select approximately 10 rural areas across Northern Ireland each year and carry out an intensive information campaign to encourage anyone in genuine housing need to come forward and register on the waiting list. The level of interest gauged from the test helps determine the need for additional social new build.

In 2004/05, Latent Demand tests were carried out in Garvaghy, Mountjoy and Knockmoyle. It was determined that insufficient housing need existed in all three areas to warrant any social housing development.



Annual flow of new (waiting list) applicants

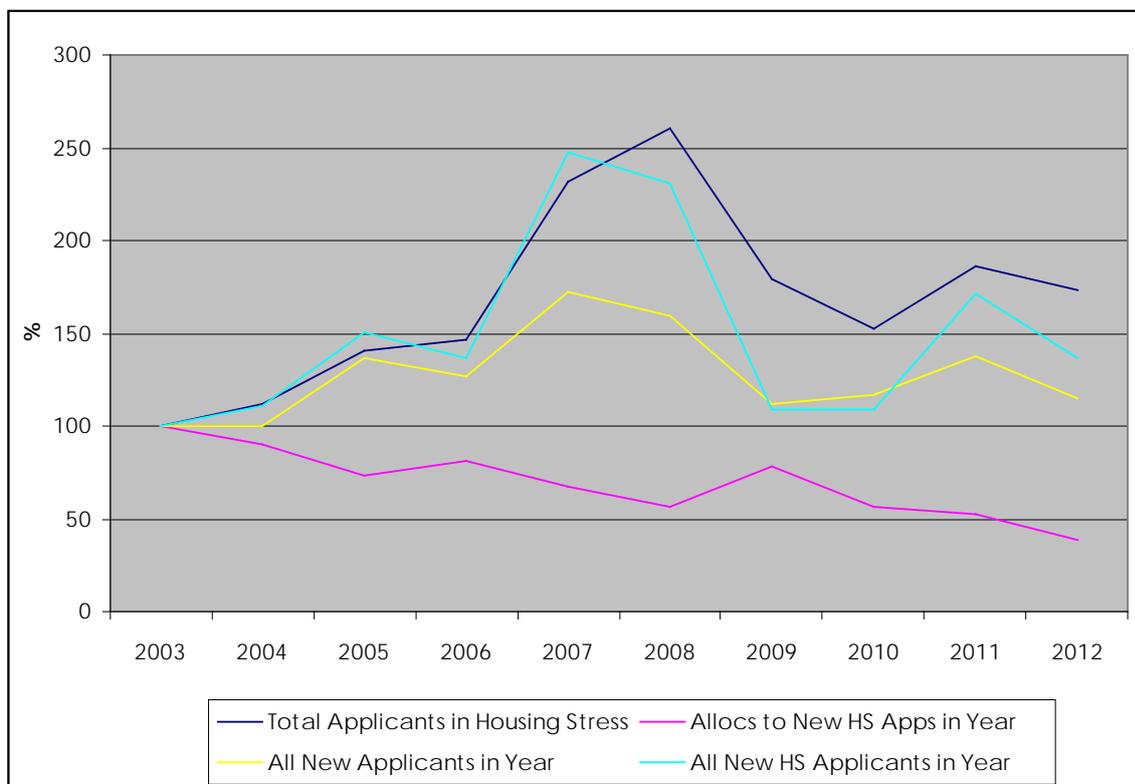
The upward trend in the total numbers of waiting list applicants in housing stress clearly shows there has been an accumulated build up of pressure for social housing. An examination of the annual flow of new waiting applicants gives some insight into this trend.

The annual number of 'new' waiting list applicants for each year from 2003 to 2012 was identified by adding together:

- All waiting list applicants that had registered for re-housing in the 12 months to September each year;
- All non-transfer applicants that applied for and were re-housed in the 12 months to 30 September each year.

Figure 20 shows the number of applicants for each year disaggregated by whether the applicant was assessed to be in housing stress or not. In order to examine change over time, the number of applicants was calculated as a percentage of the number of new applicants for the year to September 2003.

Figure 20: Percentage change in annual numbers of new waiting list applicants in Omagh HMA 2003-12



Source: NIHE (Prawl & HMS)

Although we would caution that we do not believe the numbers are fully comprehensive, Figure 20 shows:



Housing Market Analysis Omagh Housing Market Area

- The total number of applicants in housing stress and new applicants both increased during the period 2003 to 2012. This trend peaked in 2007/08 but has now returned to the 2006 level;
- The number of new applicants assessed to be in housing stress and re-housed within 12 months has declined over time. Although in the year to March 2012 70% of all stress applicants were housed within a year.

The sharp increase in demand from 2003 to 2007 indicates that additional factors may be responsible, including increased rates of household growth and a rise in affordability issues with first time buyers experiencing difficulties accessing the private housing market.

Profile of new applicants in housing stress

Applicants in housing stress in the Omagh HMA tend to fall into one of three groups. These are:

- Those between the ages of 16 and 44: This group is mainly comprised of newly forming or recently formed single person or lone parent households that are living in shared accommodation (including those looking to move out of someone else's home, such as their parents or in the PRS. A proportion also live in temporary accommodation;
- Those between the ages of 45 and 64: This group of established households tend to seek re-housing due to a change in personal circumstances. Many of this age group also seek to transfer from privately owned or rented accommodation into the social rented sector. A few live in temporary or shared accommodation;
- Those aged over the age of 65: Older established households tend to be seeking more suitable or supported accommodation, or perhaps to move nearer their family. Most are older lone households and half are seeking to move from the owner occupied sector.

It is difficult to predict the number of established households that are likely to require a move from the owner occupied or the PRS to the social rented sector each year because the numbers are very small and their personal circumstances are varied.

Capacity of applicants to access private rental or owner occupied market

Evidence from the HCS 2006 and the CTOS 2008 suggests few applicants are likely to be in a position to access the private housing market without some form of public assistance.

Both surveys suggest that less than 10% of households that had moved to their present home in the 12 months prior to the CTOS report of 2008 have an annual income in excess of £15,000. The CTOS also indicated that upwards of 64% of recent entrants are in receipt of full Housing Benefit.



Welfare reform

There is a clear body of opinion across the United Kingdom that the Government's proposed reforms of Housing Benefit for social housing tenants will have very significant impacts on individual claimants, social housing providers and local strategic housing authorities.

The Government's intended changes to Housing Benefit for social housing tenants are as follows:

- From April 2013, working age tenants in the social sector will have their Housing Benefit reduced if they live in a home which has more bedrooms than they require;
- The level of deductions applied for non-dependents living in the claimant's household will increase significantly;
- Limiting the total level of out of work benefits support to any one household to £500 per week (from April 2013) and paying help with housing costs as part of Universal Credit for working age households and as part of pension credit for non-working age households;
- The Government is providing some additional resources to help mitigate any negative impacts of the Housing Benefit changes. In Northern Ireland, these are focused on increasing the level of funding for discretionary housing payments, which can be made for a time limited period to a particular household in recognition of special circumstances.

Housing Executive assessment of housing need

Annual housing need assessments based on the March 2012 waiting lists have been carried out on all LGD's in Northern Ireland. These assessments highlighted that in Omagh 10 new social housing units may be required over the next five years, all of which are required for Omagh town. Singles dominate the waiting list and account for 65% of the waiting list followed by small families and elderly applicants.

Conclusion

The Omagh HMA has one of the lowest levels of social housing stock in Northern Ireland (9.8%). The proportion of households living in the social rented sector across the Omagh HMA, in common with the rest of Northern Ireland and the UK, has been declining for many years. The rate of this downward trend has slowed greatly in recent years. This is as a result of a combination of an upturn in new social housing completions and a sharp fall in house sales and other stock disposals.

Over the next five years, the most likely 'policy neutral' scenario is that further changes in the size of the sector are likely to be minimal. Continuing difficult economic and housing market conditions will continue to limit the capacity or confidence of the relatively small number of tenants in employment to purchase their current home or to purchase on the open market. The reduction in house sales



Housing Market Analysis Omagh Housing Market Area

is also because the more attractive housing stock has already been sold. In addition there is likely to be reduced funding for new build which will impact on the supply of social housing.

As the social sector has declined in size, the proportion of working age households not in employment has increased with a high proportion of social tenants in the Omagh HMA relying on full or partial housing benefit to meet the cost of their rent.

Households generally remain in their current tenure as they age. Most households in the age group that will be retiring between 2015 and 2020 have a much lower tendency to be social tenants than those above retirement age at present. Similarly, if the upward trend in the proportion of lettings to single persons and lone parents in their 20s and 30s continues, the number of working age families and couples in this sector is likely to decline further.

The downward trend in the annual supply of social housing has been partly compensated by the recent expansion of the private sector. Analysis of the annual flow of new applicants suggests the expansion of private renting has, in the short term at least, dampened the number of new applicants' seeking social housing.

Local estate agents advised that any surplus in the PRS has largely been utilised and it is anticipated that an increasing number of households will apply for social housing. In addition, proposed changes to Housing Benefit and LHA may impact on the demand for private renting and therefore create a corresponding increase the demand for social housing.

There are mounting problems for social tenants in terms of fuel poverty and, to a lesser extent, overcrowding. Resolution of fuel poverty remains a challenging and difficult problem due to the low income of tenants and current high fuel prices.

In general, it is anticipated that social housing will continue to become a residual tenure catering for the most vulnerable and the economically inactive. Housing stress is likely to increase as low income households find access to other tenures unaffordable and financial constraints are restricting new social housing activity.

Key Issues

- The social rented sector has reduced from 16% in 2001 to 9.8% in 2011 mainly as a result of house sales;
- In general terms waiting list demand is being addressed through existing social housing stock;
- The impact of Welfare Reform is likely to result in increasing demand for social housing. In addition, the number of transfer applicants seeking to downsize may increase;
- Social tenants in Omagh are highly dependant on benefits with 1,497(82%) in receipt of Housing Benefit;

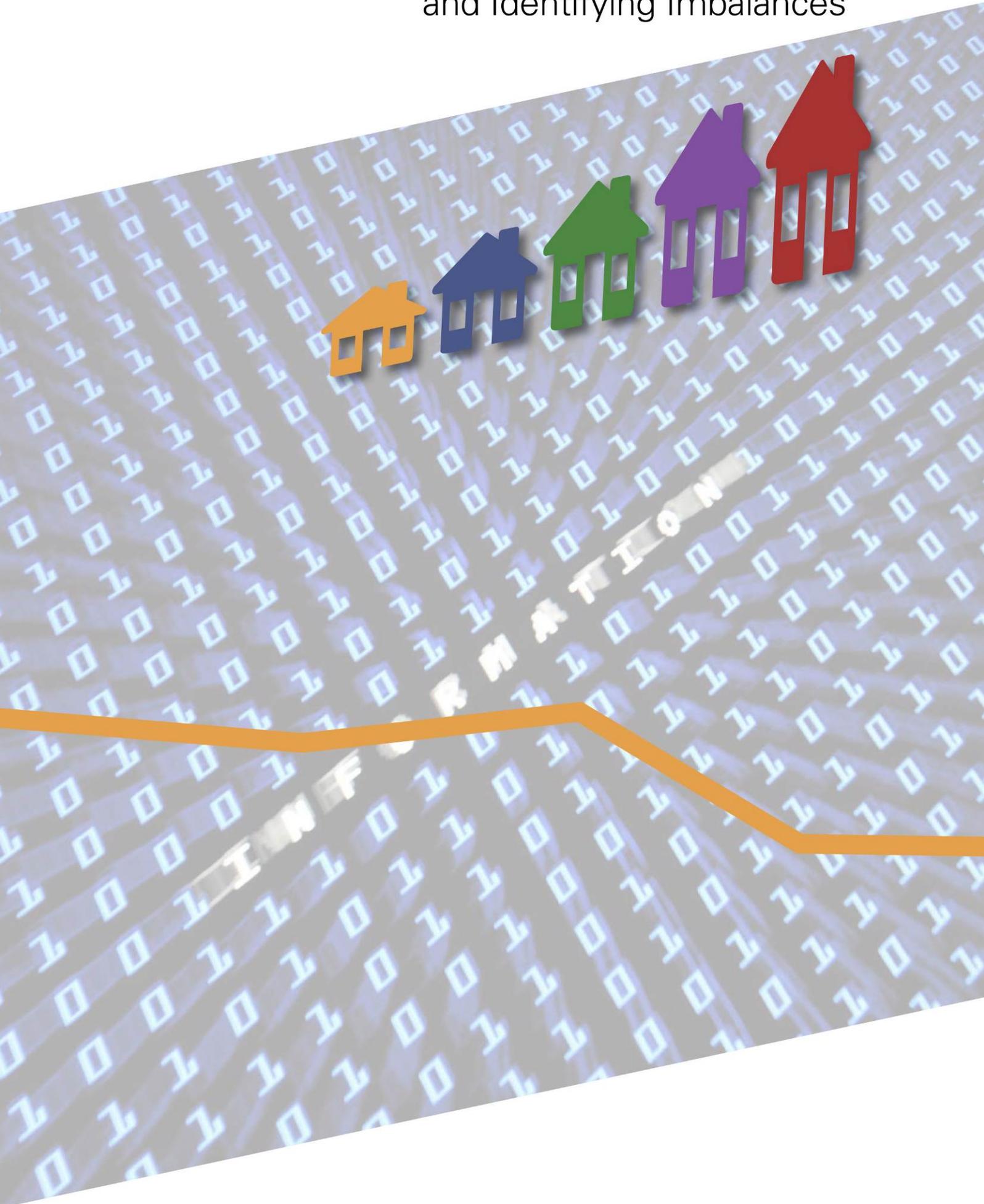
Housing Market Analysis

Omagh Housing Market Area



- Fuel poverty continues to be a significant issue for many households in the social rented sector.

6. Bringing the Evidence Together and Identifying Imbalances





6. Bringing the Evidence Together and Identifying Imbalances

Introduction

This chapter draws on the evidence presented in chapters 2 to 5 to identify the main housing system imbalances in the Omagh HMA and to consider how the housing system may develop in the future.

Any attempt to predict the future of the housing system is a difficult and speculative task due to its complexity and the difficulty of gauging the possible impact of wider economic, social and political processes. The repercussions of the credit crunch mean the future is even less likely to continue in the same way as the past. It is therefore important to appreciate the inevitable uncertainty associated with anticipating future housing system developments as there are with all projections and forecasts.

The economy and housing

The economy and housing market are cyclical and intertwined. The decade to 2008 was one of sustained economic growth, falling unemployment and real increases in earnings. The increasing prosperity of most households contributed to an upturn in the rate of residential mobility. Consequently, the number of people and households living in the Omagh HMA increased. During the same period there was a continuing trend towards the formation of one and two person households and an increasing life expectancy which has resulted in an increase of older households.

In common with the rest of Northern Ireland, the Omagh HMA experienced a period of sharp house price rises in the decade to 2008. House prices over the period increased more rapidly than household earnings and incomes. The rate of house price inflation was such that prices for lower priced areas and lower value property types (i.e. terraced houses and apartments) were becoming unaffordable for most potential first time buyers by 2005.

Following this long period of sustained and strong growth, the Omagh HMA has been going through a prolonged period of housing market correction. Falling house prices have improved affordability with price to income ratios narrowing. However, this improved situation has been offset by tighter lending criteria which has made it extremely difficult for potential first time buyers to raise the necessary deposits and finance.

Housing construction rates for the Omagh HMA, in the ten year period to 2011, have been above the RDS housing growth indicators (108%) and projected household growth (140%). Annual private housing construction rates are currently very modest but hopefully will increase once credit constraints ease, employment levels increase, and consumer confidence in the market returns.



Housing Market Analysis Omagh Housing Market Area

It is difficult to determine how sustained the current recovery is. The continuation of low rates of private housing construction for a further couple of years seems likely.

Unemployment in the Omagh HMA continues to increase. This higher dependency on benefits, along with lower income rates than the Northern Ireland average, makes for a slow economic recovery. Public expenditure cuts in Northern Ireland, in the wake of UK Spending Review, will result in a considerable strain on the economy and will be severely felt across Northern Ireland where there is a high dependency on Public sector jobs.

Older households

The age profile of the population in the Omagh HMA has changed. In the period 2001-2011 the retired population increased by almost 22%. This growth in older people will have implications in terms of the demand for housing adaptations, specialist housing and personal or nursing care.

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

There may also be merit in investigating the housing aspirations of those in their 50s to 60s and the factors that might attract them to move to housing better suited to their changing needs. This information could be shared with developers to encourage them to provide 'mainstream' housing that is appealing for older households and is conveniently located near to services and facilities.

Improving the residential offer

From the consumer perspective, the upturn in residential mobility in recent years has been a positive development. There are also important policy issues in terms of the impact these residential flows have on residents in those areas that people move to or away from.

At the settlement level, rapid in-migration may create challenges in terms of ensuring that the social, economic and transport infrastructure is in place to meet the expectations and needs of an expanding population. By contrast, out-migration from settlements or neighbourhoods may reduce demand for services and lead to a lowering of the quality and range of services provided. Sustained out-migration also risks exacerbating patterns of deprivation and segregation noted earlier in this chapter.

Improving the quality of the residential offer in parts of Omagh will remain an important policy priority. For this and other reasons, it may be valuable to

Housing Market Analysis

Omagh Housing Market Area



investigate what factors are influencing households' decisions to leave one location and move to another. This might include drawing on the local knowledge of housing management staff, Omagh council and other public and private partners engaged in the planning and/or delivery of housing.

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.

Although owner occupation is the tenure of choice within the Omagh HMA, it has decreased over the last 10 years. This is most probably due to the rapid increase in house prices which were not mirrored by comparative rises in household incomes making even the lower end of the market unaffordable to first time buyers.

Since 2008 falling house prices have improved affordability. This, however, has been offset by tighter lending criteria with high deposits making accessing the market still difficult for first time buyers.

Self build has seen a re-emergence in Omagh with the cost of land/sites reduced making this a more viable option.

The private rented sector

The current economic uncertainty and low growth environment is a contributory factor in the increased demand for private rental accommodation, with many prospective purchasers unwilling to commit to a home loan or unable to raise the finance required.

From 2007 the private rented sector has been increasing steadily. Since the downturn in the housing market there has been a marked increase in the share of newly constructed housing taken up by landlords as well as homeowners unable to sell renting out their properties. Local agents advise that the majority of private renters in Omagh are singles/couples who have difficulty accessing the housing market and gaining mortgages. There is an increased demand from families who are attracted by good quality properties within this sector as opposed to older social stock.

From 2008 there has been a 37% rise in private housing benefit claims in Omagh HMA a reflection of the economy and the rise in unemployment within the area. Welfare reform changes to housing benefit for under 35's may see a rise in those looking shared accommodation and agents have reported demand for one bedroom property which is in short supply.



The social rented sector

Changes in the housing market have also had spill over effects on the social rented sector. From 2007 to 2009 there was a significant rise in the numbers of applicants in housing stress. However since then the numbers on the waiting list in housing stress have returned to the 2006 figure. This is probably due to a growing share of households, which are unable to buy, choosing to rent privately in newly built modern developments.

The Housing Executive's annual housing need assessment for Omagh at March 2012 projected that only a total of 10 new social units are required over the next 5 years as current relets are meeting demand.

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.

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

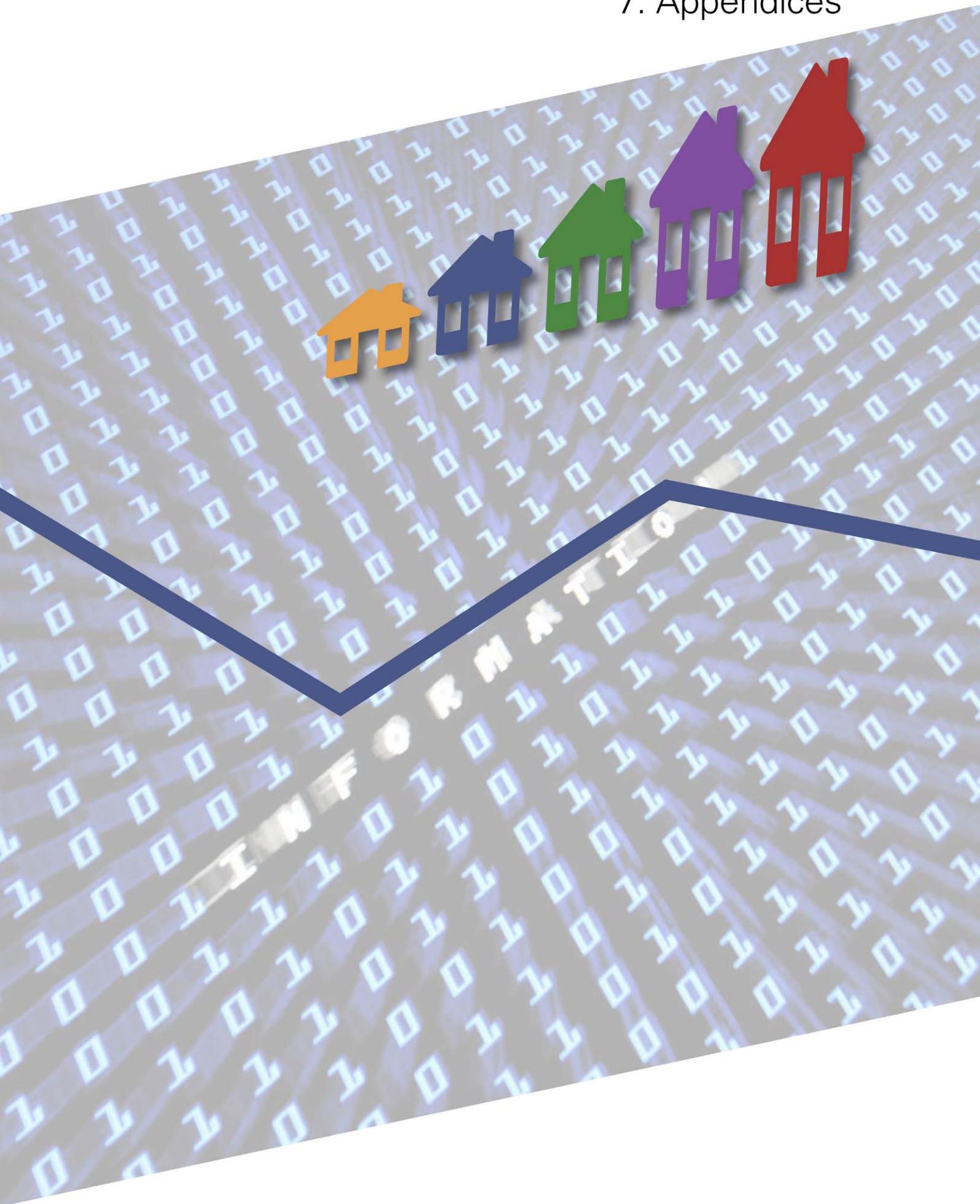
Housing Market Analysis

Omagh Housing Market Area



changes in the housing system in order to inform a reactive response from planning, housing and regeneration policy.

7. Appendices





Appendix 1: References

Barnett, R. (2009) Independent Review into Economic Policy. DETI/Invest in NUI: Belfast

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

Bell, J. et al (2009) Experiences of Migrant Workers in Northern Ireland, Department for Employment and Learning

Browne, J. (2010) The Impact of Tax and Benefit Reforms to be introduced between 2010-11 and 2014-15 in Northern Ireland <http://www.ifs.org.uk/bns/bn114.pdf>

Centre for Cities (2009) Belfast: Tipping the Balance. Centre for Cities: London

CML (2009) Homeowner housing equity through the downturn, James Tatch, CML Housing Finance Issue 01, 2009

Cole, I. (2007) Understanding and responding to housing market change (York: JRF)

DCLG (2007a) Strategic Housing Market Assessments (London: DCLG)

DCLG (2007a) Strategic Housing Market Assessments – Annex B household formation London

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

Department of the Environment (2010b) Planning Bill Draft Explanatory and Financial Memorandum: http://www.planningni.gov.uk/index/about/planning_bill_efm_-_as_introduced.pdf

Department of the Environment (2010a) Government Response to the Planning Reform Public Consultation July - October 2009: http://www.planningni.gov.uk/index/about/government_response_final.pdf

Department of the Environment (2010b) Local Government Reform: Policy Proposals, Consultation Document http://www.doeni.gov.uk/index/information/foi/recent-releases/publications_details.htm?docid=7866

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



Housing Market Analysis Omagh Housing Market Area

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

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 (2011) Shaping Our Future: RDS 2025 Consultation 10 year Review

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

Kinghan, E., Murtagh, B., and Shepley, C (2006) Shaping our Future - Housing Review Public Examination: Report on the Panel on the Review of Housing Growth Indicators

Housing Market Analysis

Omagh Housing Market Area



McVeigh, R. & McAfee, C. (2009). 'Za Chlebem' - The Impact Of The Economic Downturn On The Polish Community In Northern Ireland. Northern Ireland Council for Ethnic Minorities.

Newhaven Research (2010) Review of Housing Needs Assessment Formula for the Northern Ireland Housing Executive.

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

NHPAU National Housing and Planning Advice Unit (2007) Affordability Matters, National Housing and Planning Advice Unit, Titchfield, Hampshire

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>

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.



Housing Market Analysis Omagh Housing Market Area

- Northern Ireland Housing Executive (2010b) House Condition Survey 2009 – Preliminary Findings.
- 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 2011-14, 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
- 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
- North Harbour Consulting (2007) Housing Needs and Housing Market Assessment: A comparative review of methods used in England and Northern Ireland Final Report (edited version)
- Perry, J. (2008) The housing and neighbourhood impact of Britain Changing Ethnic Mix, Joseph Rowntree Foundation
- O’Sullivan, A., Young, G. Gibb, K. et al (2004) Local Housing Systems Analysis: Good Practice Guide, Communities Scotland
- Oxford Economics with FGS McClure Watters and Perceptive Insight Market Research (2009) The Economic, Labour Market and Skills Impacts of Migrant Workers in Northern Ireland, Department of Employment and Learning

Housing Market Analysis

Omagh Housing Market Area



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

Scottish Government (2008) Housing Needs and Demand Guidance, Edinburgh

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)

Watkins, C. (2001) The Definition and Identification of Housing Submarkets, Environment and Planning

Welsh Assembly Government, (2006) Local Housing Market Assessment Guide

Whitehead C., Monk S., Clarke A., Holmans A. and Markkanen S. (2009) Measuring Housing Affordability: A Review of Data Sources, University of Cambridge.

Wilcox S. (2006) The Geography of Affordable and Unaffordable Housing: And the Ability of Younger Working Households to become Home Owners, Joseph Rowntree Foundation, York.

Wilcox, S. (2007) Housing market affordability in Northern Ireland, Northern Ireland Housing Executive and Chartered Institute of Housing in Northern Ireland.

Wilcox, S. (2009) Housing market affordability in Northern Ireland update: 2007 based

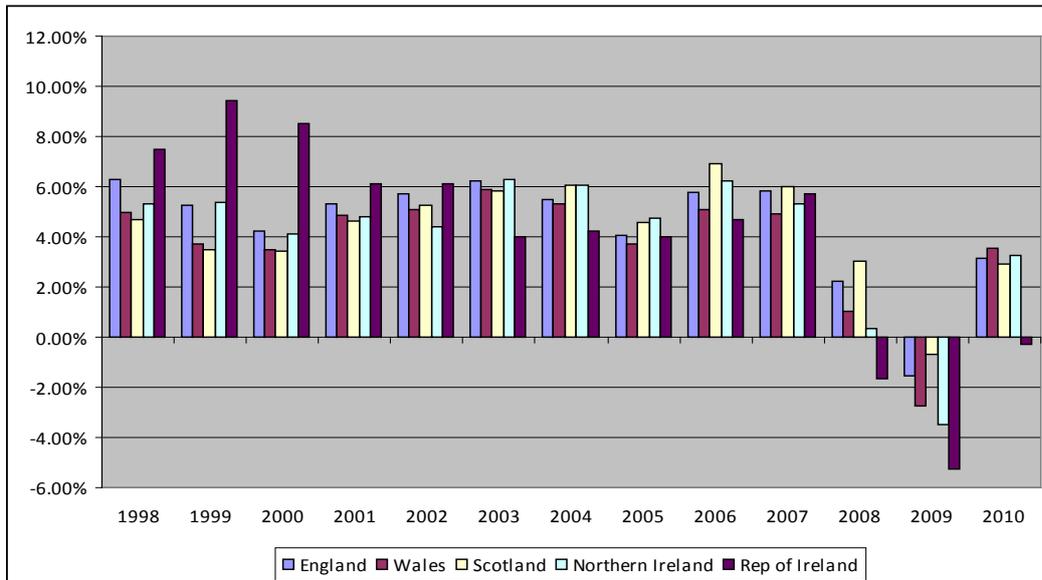
Wilcox S. and Bramley G. (2010) Evaluating requirements for market and affordable housing, National Housing and Planning Advice Unit,

Young, G., O'Sullivan, A., and Gibb, K. (2009) Northern Ireland Housing Market Areas



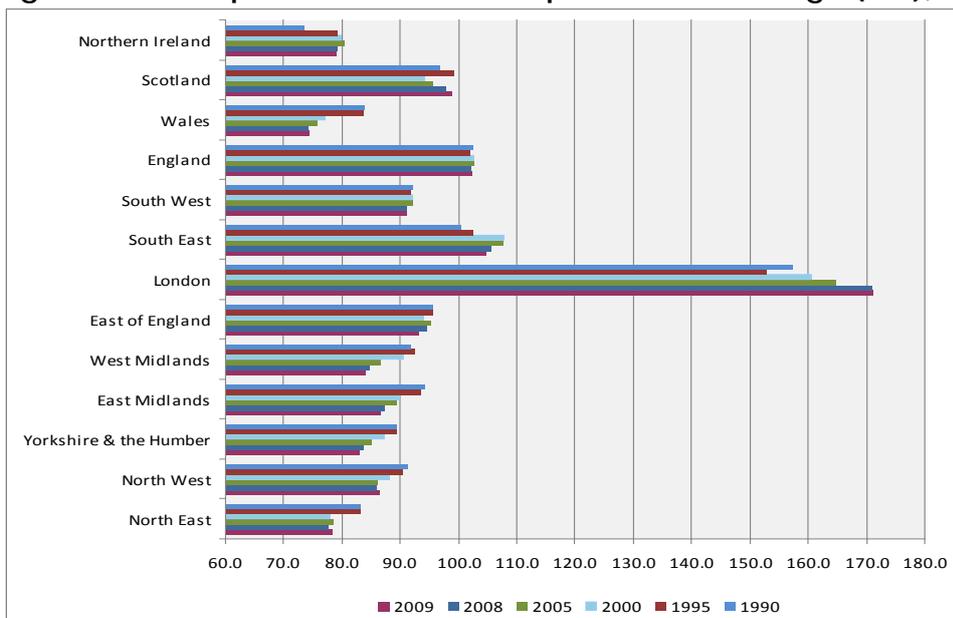
Appendix 2: Northern Ireland's Economic Performance

Figure 21: Total GVA (current prices) annual rate of growth, UK & ROI 1998-2010



Source: ONS (December 2010) total annual workplace based GVA 1995-2008 per head at current prices. Note: UK figures are Extra-Region and exclude statistical discrepancy and offshore contribution that ONS do not assign to any region. Also, the estimates presented are current prices and do not take account of inflation.

Figure 22: GVA per head indices compared to UK average (100), 1990-2009



Source: ONS (2010) GVA per head of population index 1990-2009, where UK including Extra-Region = 100

Table 30: 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	4881	8003	29	29	4.9	16967	29816	135.8	149.1
Outer Belfast	2909	4808	17	18	5.0	7914	12445	63.3	62.2
East of Northern Ireland	3926	6077	23	22	4.4	10152	13907	81.2	69.5
North of Northern Ireland	2263	3403	13	12	4.1	8400	11817	67.2	59.1
West and South of Northern Ireland	2902	4990	17	18	5.5	8062	12191	64.5	61.0
Northern Ireland	16880	27279	100	100	4.8	10100	15249	80.8	76.2
UK	728790	1235840			5.1	12498	20000	100	100
Cardiff and Vale of Glamorgan	5379	9615			5.6	12677	20864	101.4	104.3
Glasgow City	10010	17343			5.2	16946	29472	135.6	147.4
Republic of Ireland									

Source: ONS (2010) GVA NUTS 3 tables (current prices and workplace based).

Notes: ONS produce GVA for the Nomenclature of Units for Territorial Statistics (NUTS), which is a European Commission's statistical classification. GVA figures are published down to NUTS 3 level. Further details can be found at: <http://www.nisranew.nisra.gov.uk/census/geography/nuts3.html>
ONS published revised historical figures for all previous years in December 2010



Table 31: GVA for Northern Ireland and the Omagh economy by sector, 1997-2009

West & South of Northern Ireland				
	Total GVA 1997(million)	Total GVA 2009 (million)	As % of WSNI GVA 1997	As % of WSNI GVA 2007
Agriculture, forestry and fishing	£298	£140	10.3	2.8
Production	£609	£1,079	21.0	21.6
Construction	£244	£608	8.4	12.2
Distribution, transport and communication	£539	£1,039	18.6	20.8
Information and Communication	£48	£120	1.7	2.4
Financial and Insurance activities	£47	£113	1.6	2.3
Real Estate activities	£83	£222	2.9	4.4
Business services and finance	£149	£268	5.1	5.4
Public administration, education, health	£812	£1,289	28.0	25.8
Other services and Household activities	£71	£113	2.4	2.3
Total GVA	£2,900	£4,991	100	100
Northern Ireland				
	Total GVA 1997(million)	Total GVA 2009 (million)	As % of NI 1997	As % of NI 2009
Agriculture, forestry and fishing	£696	£318	4.1	1.2
Production	£3,846	£4,805	22.8	17.5
Construction	£1,066	£2,122	6.3	7.8
Distribution, transport and communication	£3,024	£5,166	17.9	18.8
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 services and finance	£937	£1,933	5.6	7.1
Public administration, education, health	£4,959	£7,901	29.4	29.0
Other services and Household activities	£452	£752	2.7	2.8
Total GVA	£16,877	£27,279	100	100

Source: ONS (2010) GVA headline figures by NUTS 3 area (current prices and workplace based).

Notes: Data have been smoothed by ONS using a five year moving average and may also not sum due to rounding

Distribution includes hotels and restaurants; wholesale and retail trade; repair of motor vehicles, motorcycles and personal household goods; and transport, storage and communication.

Public administration includes defence; compulsory social security, education, health, social work, other community, social and personal service activities.

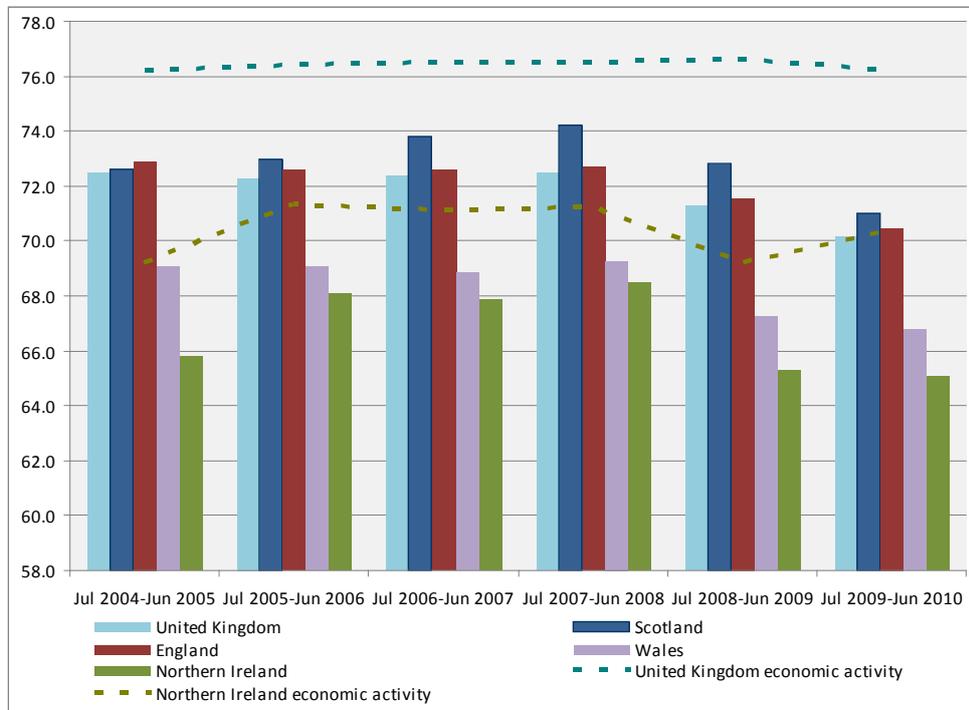
Business services etc includes real estate, renting and business activities.

Production is made up of mining and quarrying, manufacturing, and utilities supply.



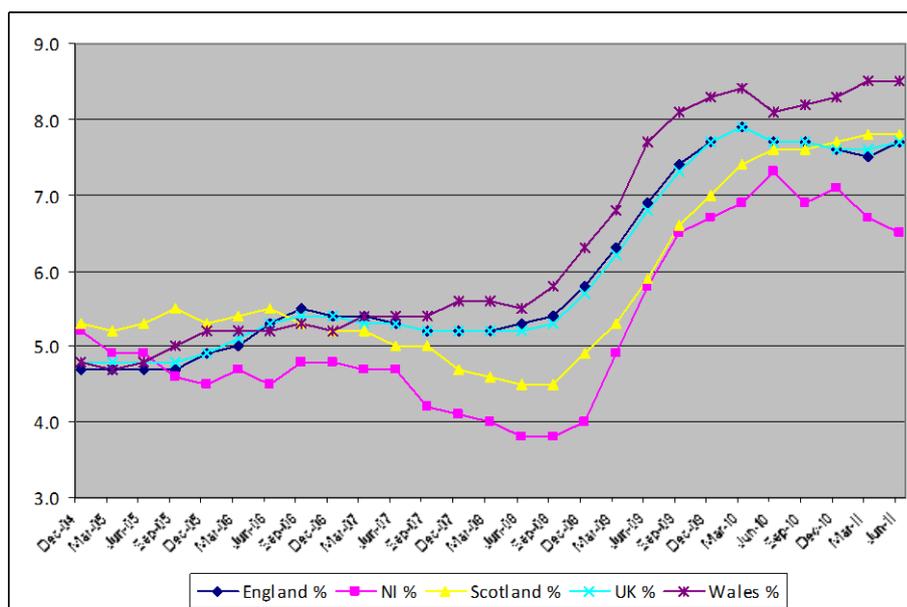
Appendix 3: Recent Employment Trends

Figure 23: Working age economically active and employment rates across UK, 2004-10



Source: Labour Force Survey and Annual Population Survey (via Nomis, DETINI and NISRA)

Figure 24: International Labour Office (ILO) defined unemployment rates, 2004-2011 (%)



Source: ONS Annual Population Survey and Labour Force Survey (via Nomis, DETI and NISRA)

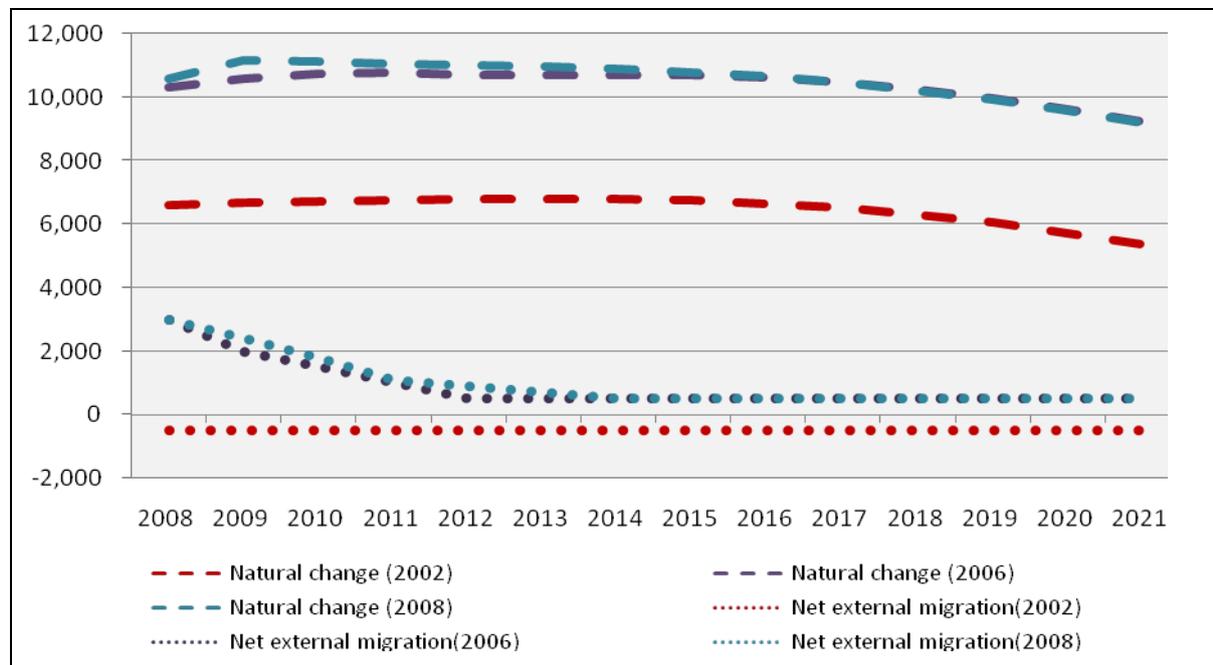
Appendix 4: Northern Ireland Population Projections

Table 32: 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 Note: Figures rounded up by NISRA

Figure 25: NISRA component of population change assumptions



Source: NISRA population projections

Housing Market Analysis

Omagh Housing Market Area



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

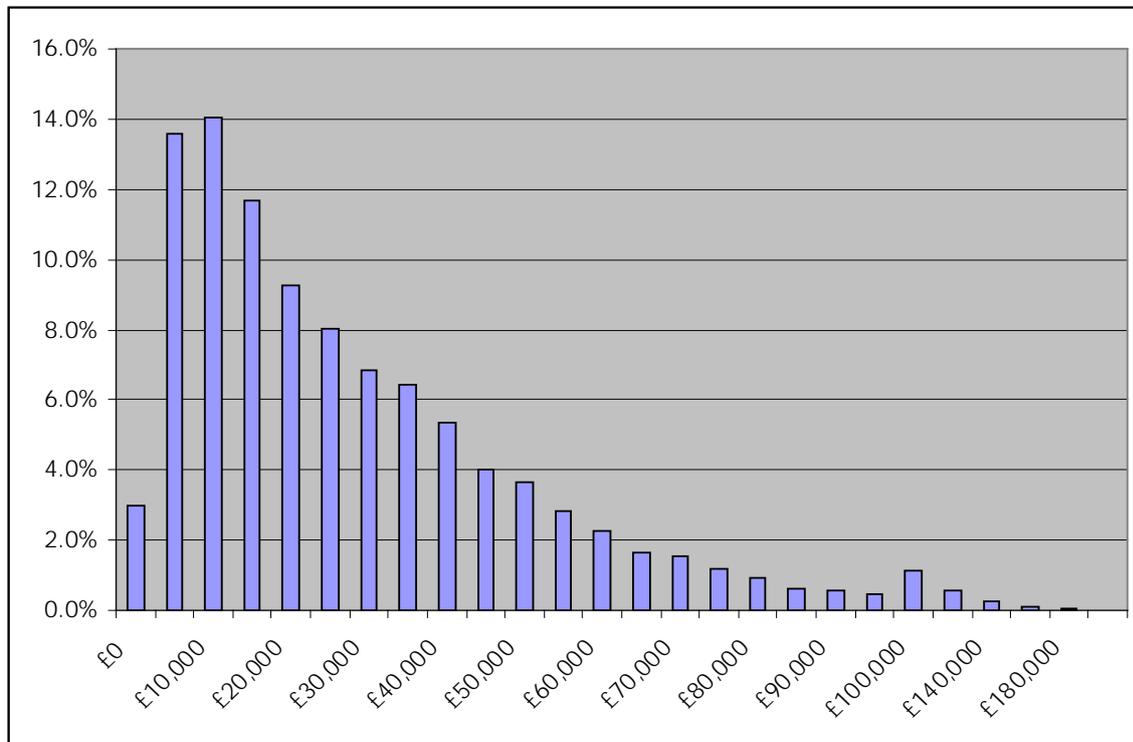
2008-based projections	2010	2015	2023	2033	change 2010-15	change 2010-33
Household size						
1 person	213,000	236,400	273,800	326,400	11%	53%
2 person	203,800	220,200	242,300	268,100	8%	32%
3 person	111,400	114,400	116,500	116,100	3%	4%
4 person	103,000	105,500	108,100	106,300	2%	3%
5+ person	75,200	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

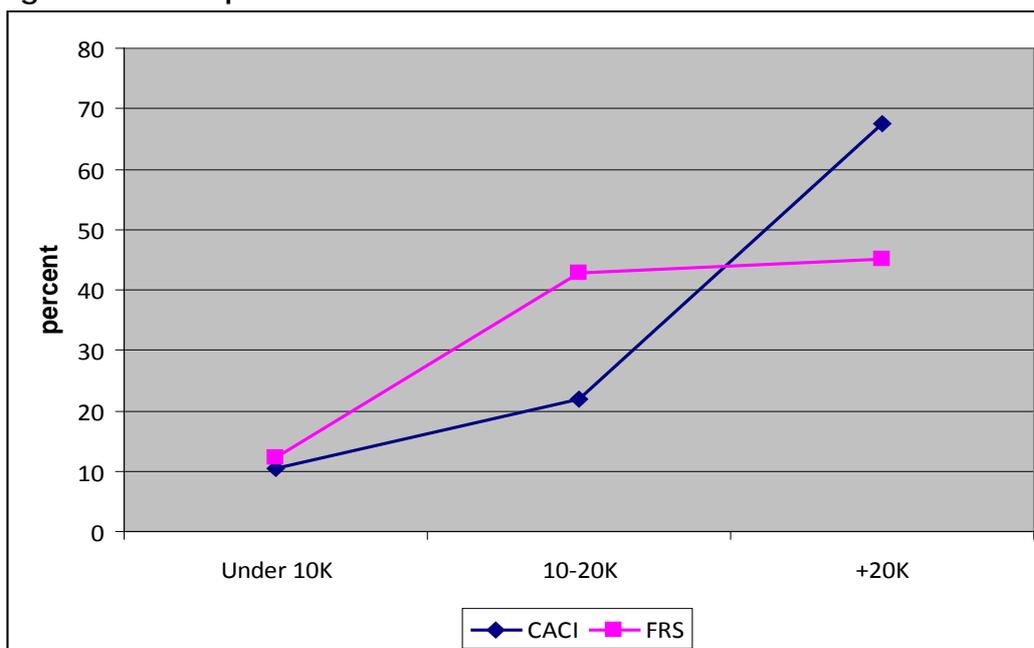
Appendix 5: CACI PayCheck and Family Resources Survey incomes compared

Figure 26: Distribution of gross annual income, Omagh HMA, 2012



Source: CACI Paycheck

Figure 27: Comparison of FRS and CACI at Northern Ireland



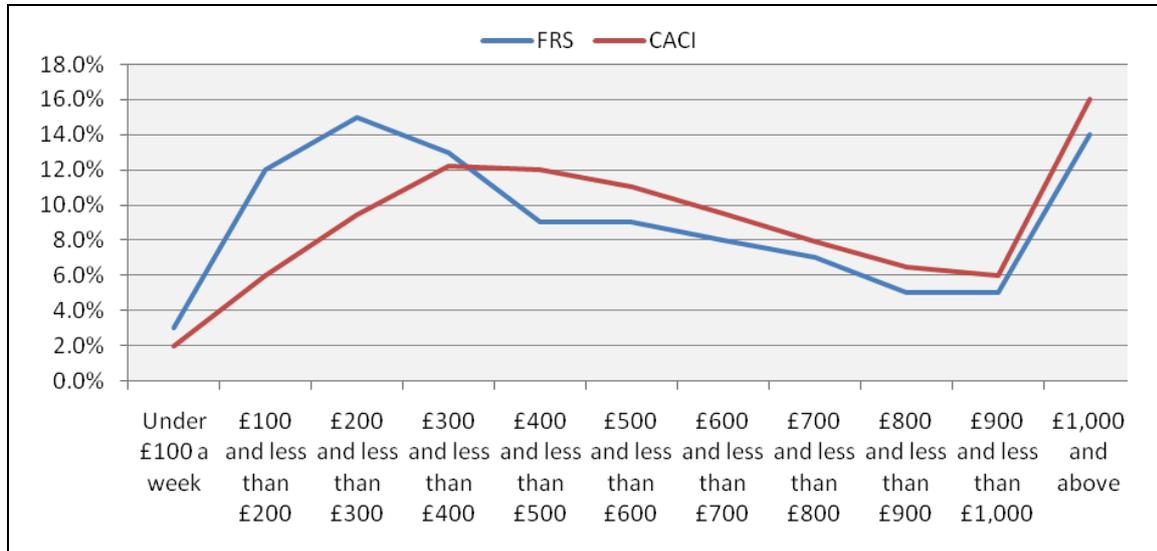
Source: FRS 2009/10 and CACI PayCheck 2010

Housing Market Analysis

Omagh Housing Market Area



Figure 28: 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 2001-10

Table 34: 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

Source: NISRA

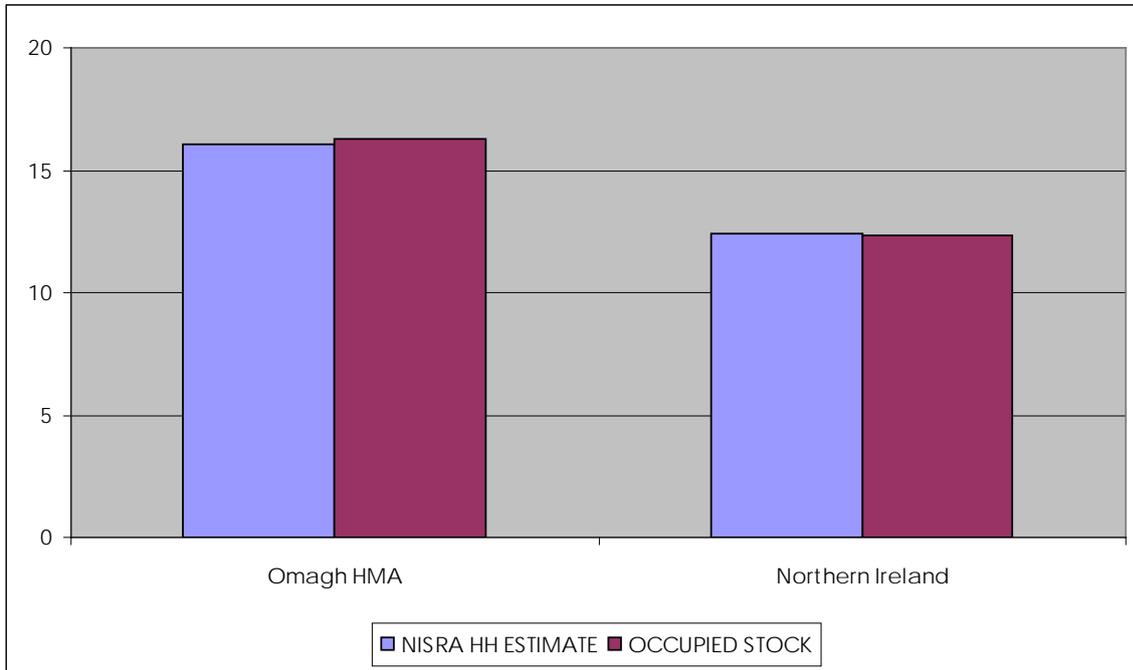
Table 35: Occupied stock as a % of households across the Omagh HMA

Year	Northern Ireland	Omagh HMA
2001	99%	95%
2002	99%	97%
2003	100%	97%
2004	100%	97%
2005	100%	97%
2006	99%	94%
2007	97%	91%
2008	98%	95%
2009	99%	96%
2010	99%	96%

Source: NISRA



Figure 29: Increase in Occupied Dwellings and Projected HH numbers, 2001-10, %

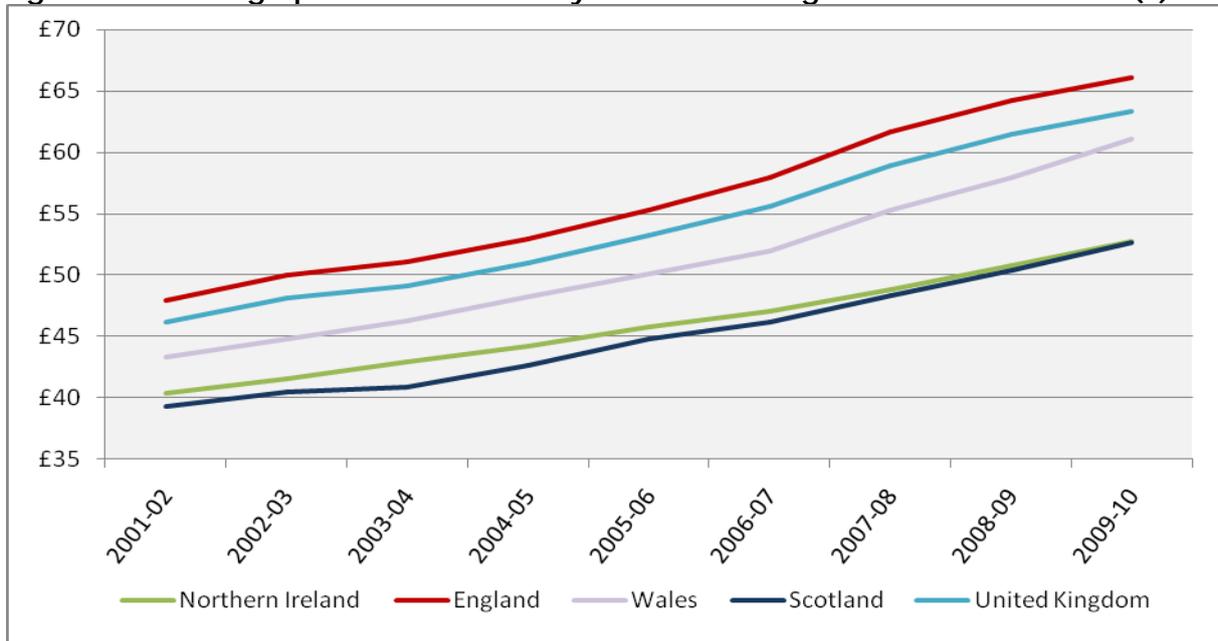


Source: NISRA/DSD



Appendix 7: Average public sector rent

Figure 30: Average public sector rent by selected UK region 2000-1 to 2009-10 (£)



Source: DCLG live tables No 701 (Note rents for England for 2009/10 were not available in June 2010)

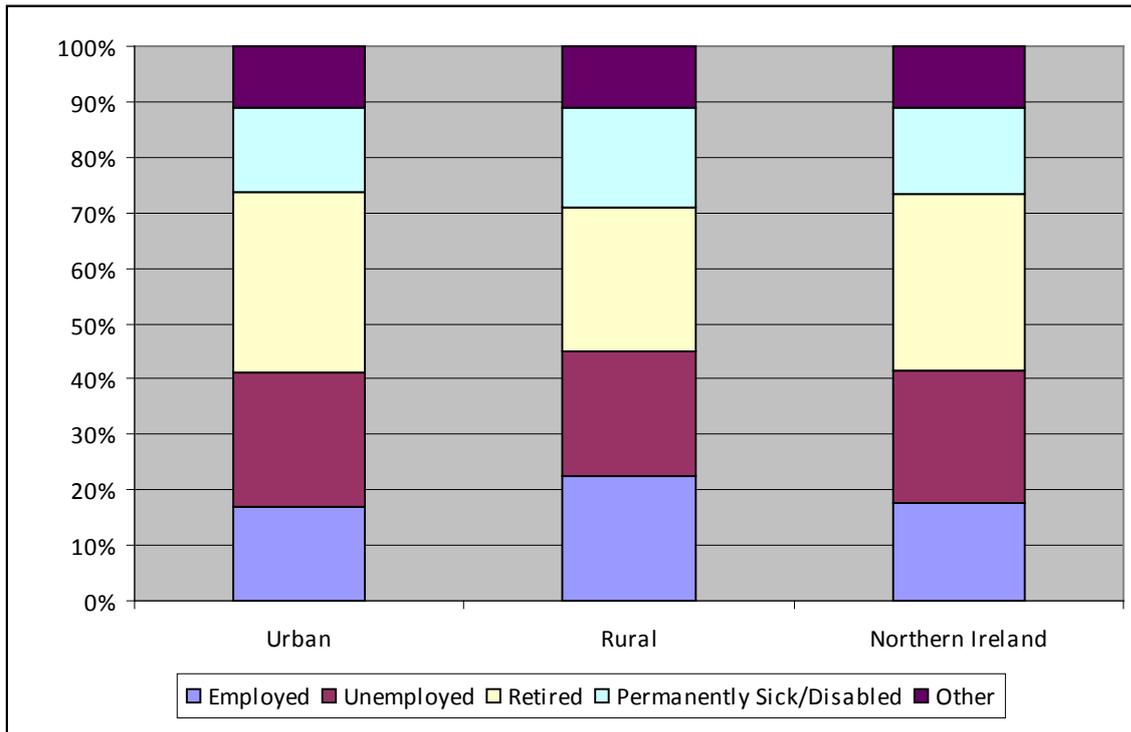


Appendix 8: Characteristics of Social Renters by Urban/Rural % Breakdown (2006)

	Urban	Rural	Northern Ireland
Age			
17-24	5	4	5
25-39	21	27	22
40-59	35	30	35
60 plus	39	39	38
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	16
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	79	74	78
£30000+	1	2	2

Source: HCS 2006

Figure 31: Economic Status of social renters by urban/rural breakdown



Source: HCS, 2006