Performance of the private rental market in Northern Ireland

Summary Research Report
Jan - June 2014

Contents

Disclaimer

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

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1.0 Introduction

Recent rental market evidence for Northern Ireland has shown an ongoing healthy demand for rental properties. The private rented sector continues to provide greater tenure choice and sustainable tenancies in the local housing market. This report focuses on the performance of the private rental market in Northern Ireland during the first half (January-June) of 2014. The report analyses trends in the private rental sector at district council level during this six month period. Section 2 provides a brief overview of the methodology. Section 3 provides an insight into the number of properties let in Northern Ireland by property type and number of bedrooms as well as the average monthly rent by property type, number of bedrooms and location. The overall performance of the private rental market is measured and presented by weighted rental indices. Section 4 examines rental performance within the Belfast City Council Area. A rent grid is presented to highlight variance in rents across the wider Belfast region at postcode district level and by number of bedrooms. Section 5 analyses regional rental performance at the district council level by number of properties let and the average monthly rent by property type and number of bedrooms. Section 6 offers brief conclusions.

2.0 Methodology

The Northern Ireland rent index is a tool designed for practical application by policy makers and stakeholders. For this reason, methodological simplicity and transparency are important. The research has combined rental data from PropertyNews.com with NIHE rent data gathered by staff in order to calculate the Local Housing Allowance received for the administration of private sector housing benefit. In order to combine the data sets, the NIHE rent data has been adjusted to the preferred monthly frequency and adjusted upward by property type to be inclusive of rates.

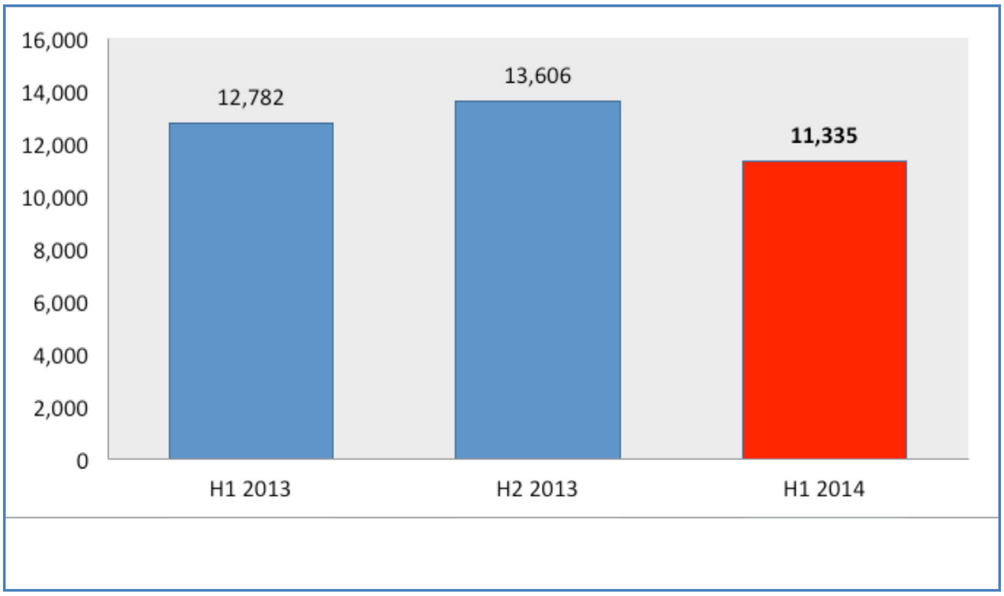
The statistics presented in this report are premised on a sample of 11,335 rental transactions recorded on PropertyNews.com and NIHE (Housing Benefit in the PRS) database for the first half of 2014. The rental figures represent the average rent (per month) as advertised. Rented properties are those that were let during the specified time period. The data has been cleansed to remove outliers, invalid observations, multiple entries and anomalies. The overall performance of the private rental market is measured by two weighted rental indices, one reflecting the weighted average by property type and the other by number of bedrooms. The indices measure change in average rent and are set to a base value of 100 for the first quarter of 2013.

3.0 Rental Performance in Northern Ireland

3.1 Distribution of Properties Let in Northern Ireland

During the first six month period (January-June) of 2014 there were **11,335** rental transactions in the private rented sector in Northern Ireland, representing a decrease of 16.7 per cent on the last six months of 2013. Annual comparison shows a decrease of 11.3 percentage points on the same period the previous year (Figure 1). Anecdotal evidence from estate agents indicates that the decline in transactions may be related to limited supply and a more active sales market.

Figure 1 Number of dwellings let across Northern Ireland



Analysis by property type indicates that the market share is relatively consistent and continues to be dominated by terrace/townhouse (39%) and apartment (31%) property types, which account for 70 per cent of the total rental activity. The market share of semi-detached (18%) and detached properties (12%) have remained relatively unchanged (See Table 1).

The decline in transactions for the first half of 2014 is reflected in the transaction levels across all property types, with detached (-23%) and terrace/townhouse (-19.2%) property types experiencing the largest decline compared to the previous 6 months. The annual change in level of transactions is less pronounced, however detached properties continue to experience the most significant annual decline in transactions with a drop of -23.6 per cent (See Table 1).

Table 1 Properties let by Type

Property Type	H1 2013	H2 2013	H1 2014	Half Year Change (%)	Annual Change (%)
Apartment	3,871 (30%)	3,897 (29%)	**3,521 (31%)**	-9.6%	-9.0%
Terrace/Townhouse	4,836 (38%)	5,451 (40%)	**4,402 (39%)**	-19.2%	-9.0%
Semi-Detached	2,324 (18%)	2,522 (18%)	**2,075 (18%)**	-17.7%	-10.7%
Detached	1,751 (14%)	1,736 (13%)	**1,337 (12%)**	-23.0%	-23.6%
Total	**12,782 (100%)**	**13,606 (100%)**	**11,335 (100%)**	**-16.7%**	**-11.3%**

Two (36%) and three (42%) bedroom properties are the most common property size, accounting for almost four fifths (78%) of properties rented during the first half of 2014. The figures also show that the number of four or more bedroom properties let over the time period accounted for 15% of transactions, with one bedroom properties the smallest market share at 7 per cent (Table 2). In terms of rental volume, the numbers of two, three and four bedroom properties let have exhibited large half yearly decreases, with one bedroom properties observing a small decrease (1.8%) on the previous 6 month period. Similarly, in annual terms, two, three and four or more bedroom properties observed decreases with the number of one bedroom properties showing a small increase of 1.2%.

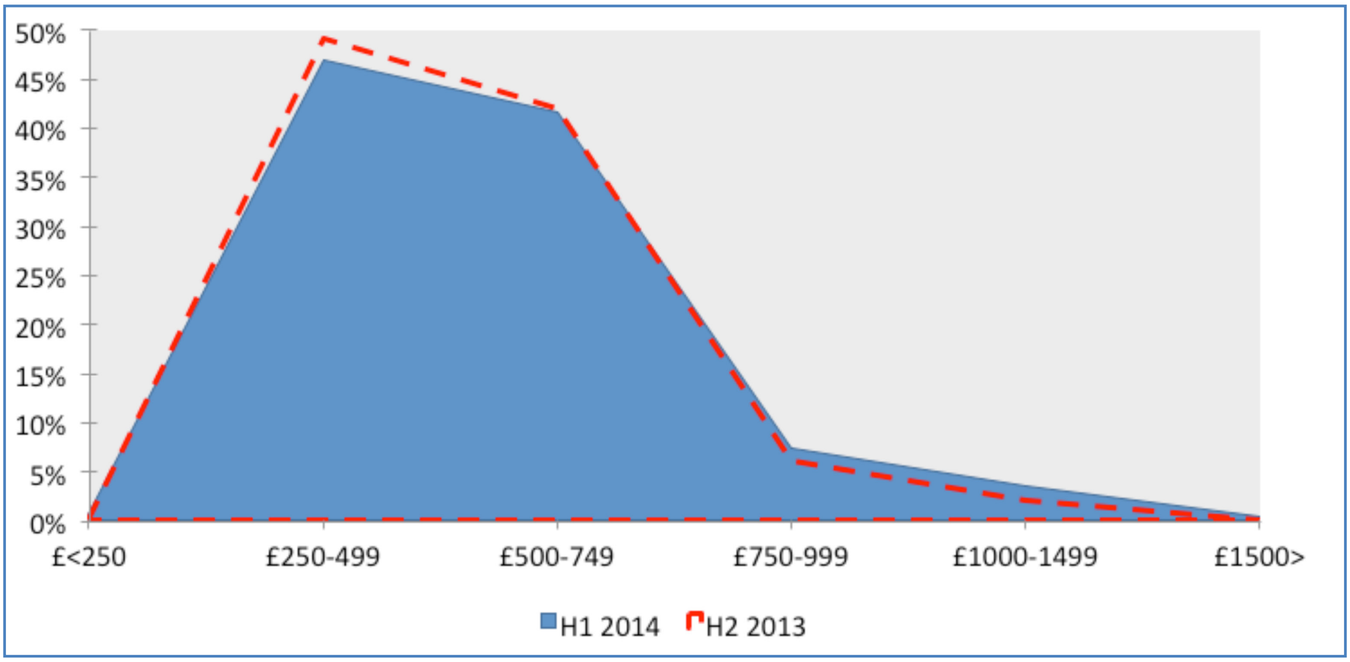
Table 2 Properties let by number of bedrooms

Number of Bedrooms	H1 2013	H2 2013	H1 2014	Half Year Change (%)	Annual Change (%)
1 bedroom	827 (7%)	852 (6%)	**837 (7%)**	-1.8%	1.2%
2 bedroom	4,579 (36%)	4,893 (36%)	**4,010 (36%)**	-18.0%	-12.4%
3 bedroom	5, 286 (41%)	5,891(43%)	**4,789 (42%)**	-18.7%	-9.4%
4/4+ bedroom	2,070 (16%)	1,968 (15%)	**1,699 (15%)**	-13.7%	-17.9%
Total	**12,782 (100%)**	**13,606 (100%)**	**11,335 (100%)**	**-16.7%**	**-11.2%**

3.2 Distribution of Banded Monthly Rent

Figure 2 shows that the most common rent band during the first half of 2014, with almost half (47%) of rental properties let, is the £250-£499 category. A slightly lower proportion of properties (42%) were let in the £500-£749 band. Approximately 11% of rental properties let for more than £750 per month or more. The histogram shows that the proportion of properties let in the lower rent band have marginally decreased, and in contrast transactions across the higher rent bands have increased, compared with the second half of 2013. This suggests a slight change in price structure which may be related to demand and supply in the private rental market.

Figure 2 Histogram showing the distribution of banded monthly rent



3.3 Northern Ireland Average Monthly Rent

For the first half of 2014, the average monthly rent for Northern Ireland was £548, a 2.6 percentage point increase on the second half of 2013 (£534) and a small annual increase (0.9%) compared with H1 2013 (£543). In terms of property type, the statistics in Table 3 reveal slight half yearly and annual increases in average rents across all sectors, except apartments. The average monthly rent for apartments is £539, showing a 4.1 per cent increase over the first six months of the year, although the average rent was 0.8 per cent lower than the same period in 2013. Terrace/townhouses have an average rent of £527 showing a half year rent increase of 3 per cent, although it remains the lowest priced property type. Detached properties have the highest average rent (£653) with an increase of 2.3 per cent over the first half of the year and a 3 per cent annual increase compared with the first half of 2013. Semi-detached dwellings have an average rent of £543 per month showing a 1.3 per cent increase over the half year.

Table 3 Average Rent by Property Type

Property Type	H1 2013	H2 2013	H1 2014	Half Yearly Change (%)	Annual Change (%)
Apartment	£543	£517	**£539**	4.1%	-0.8%
Terrace/Townhouse	£515	£511	**£527**	3.0%	2.3%
Semi-Detached	£533	£535	**£543**	1.3%	1.8%
Detached	£634	£638	**£653**	2.3%	3.0%
All	**£543**	**£534**	**£548**	**2.6%**	**0.9%**

Table 4 shows that rental levels increased with the number of bedrooms in a property, ranging from £410 for a one bedroom property to £791 for four or more bedrooms. In general, the figures again show half yearly increases in average rents by number of bedrooms, except for one bedroom dwellings. Properties with four or more bedrooms exhibited the largest half yearly (8.9%) and annual (6.9%) increase in average rent.

Table 4 Average Rent by Number of Bedrooms

No. of Bedrooms	H1 2013	H2 2013	H1 2014	Half Yearly Change (%)	Annual Change (%)
1 bedroom	£419	£411	**£410**	-0.4%	-2.3%
2 bedrooms	£494	£489	**£493**	0.8%	-0.2%
3 bedrooms	£527	£525	**£533**	1.4%	1.1%
4/4+bedrooms	£740	£726	**£791**	8.9%	6.9%
All	**£543**	**£534**	**£548**	**2.6%**	**0.9%**

3.4 The Northern Ireland Private Rental Index

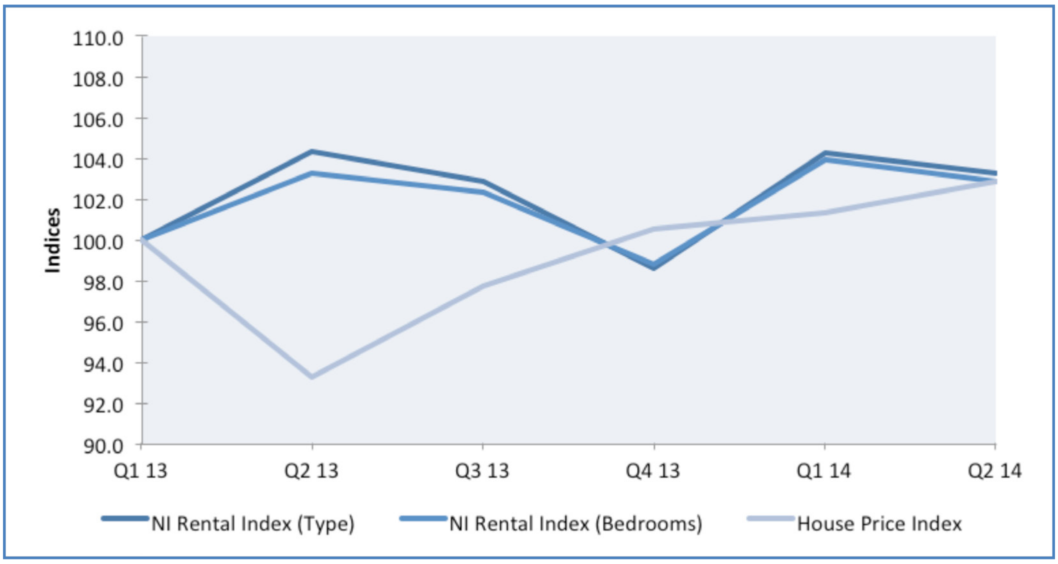
The Northern Ireland Private Rental Indices (NIPRIs) measure change in average rents by property type and number of bedrooms. The indices are calculated using a weighted average by property type and number of bedrooms at the base quarter, Q1 2013 (100). Table 5 shows that the rental index by property type stands at 103.2 at Q2 2014, indicating a quarterly and annual decrease of approximately one percentage point. Similarly, the Index by bedrooms stands at 102.9 showing a decrease of 1 per cent over the quarter and a slight annual decrease of 0.4 percentage points compared with the same period in 2013.

Table 5 Northern Ireland Quarterly Rental Indices by Type and Bedrooms

Year	Quarter	NI Rental Index (HType)	Quarterly Change (%)	Annual Change (%)	NI Rental Index (Bedrooms)	Quarterly Change (%)	Annual Change (%)
2013	Quarter 1	100 (Base)			100 (Base)		
	Quarter 2	104.3	4.31		103.3	3.27	
	Quarter 3	102.9	-1.38		102.3	-0.94	
	Quarter 4	98.6	-4.13		98.8	-3.45	
2014	Quarter 1	104.2	5.72%	4.2%	103.9	5.18%	3.9%
	Quarter 2	103.2	-0.97%	-1.0%	102.9	-1.00%	-0.4%

The trends over the 2013 period indicate convergence of house prices and rental prices, suggesting increased synchronisation between rental and housing prices (Figure 3). From the start of 2014, average rents have bounced back considerably (5.7% HType; 5.2% Bedroom), before evening out with a marginal decline observed in Q2 2014. Annual price change analysis suggests that house prices have continued to exhibit a soft but sustainable increase since the second quarter of 2013. Overall, the trends show a slow but steady increase in average house price since Q2 2013, with the average rent also marginally above Q1 2013 levels. Notably there is convergence between rental values and property prices over the last twelve month period (beginning mid-Q3 2013).

Figure 3 Rental Indices v House Price Index Trend



4.0 Rental Performance in Belfast City Council Area

4.1 Distribution of Properties Let in Belfast City Council Area

In the period January-June 2014, there were **4,545** properties let in the Belfast City Council area (BCCA), a transaction decrease of 14.9 per cent on the second half of 2013 (Figure 4). Although the volume of lettings in the Belfast private rented sector have declined, Belfast continues to be the main rental market in Northern Ireland representing 40.1% of all rental transactions across Northern Ireland, a slight half yearly increase in market share of 0.8% from the second half of 2013.

Figure 4 Number of dwellings let in Belfast City Council Area

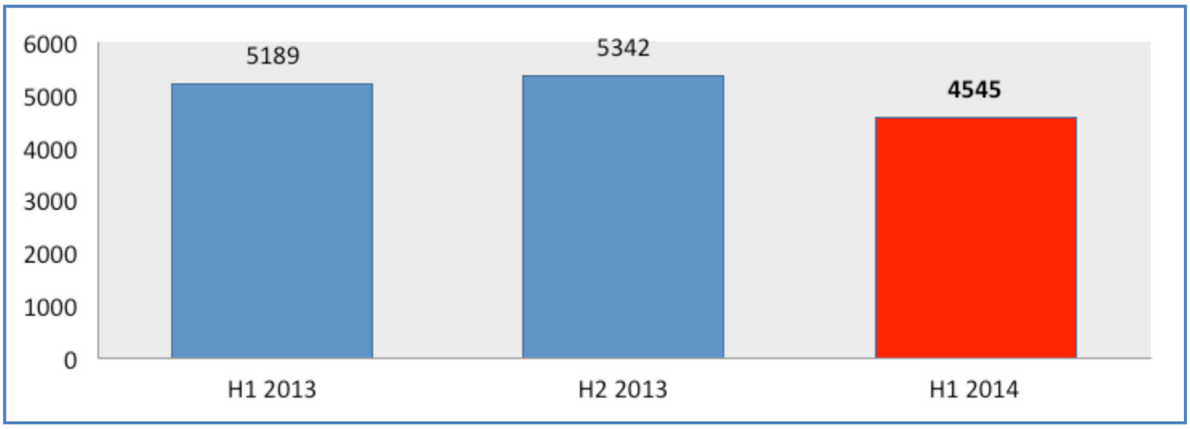


Table 6 shows the distribution of rented properties by property type. Analysis indicates that almost nine out of ten (88%) properties let in the BCCA are terrace/townhouses (45%) and apartments (43%), much higher proportions than for Northern Ireland as a whole (39% and 31% respectively). In terms of volume of properties let, large half yearly decreases in the detached (32.4%) semi-detached (29.4%) and terrace/townhouse (20.5%) property types were observed in the first half of 2014, with a small decrease in number of apartments (1.6%) let over the same period.

Table 6 Properties let in Belfast City Council Area by property type

Property Type	H1 2013	H2 2013	H1 2014	Half Yearly Change (%)	Annual Change (%)
Apartment	2,186 (42%)	1976 (37%)	**1,945 (43%)**	-1.6%	-11.0%
Terrace/Townhouse	2,316 (45%)	2565 (48%)	**2,039 (45%)**	-20.5%	-12.0%
Semi-Detached	548 (11%)	653 (12%)	**461 (10%)**	-29.4%	-15.9%
Detached	139 (3%)	148 (3%)	**100 (2%)**	-32.4%	-28.1%
All	**5,189**	**5,342**	**4,545**	**-14.9%**	**-12.4%**

Table 7 shows that two bedroom properties represent the most common property size, accounting for almost half of all properties let (45%), again higher proportions than Northern Ireland as a whole (35%). Three bedroom dwellings are the next largest group, accounting for over a quarter (28%) of properties let over the time period, a significantly lower proportion than Northern Ireland as a whole (42%).

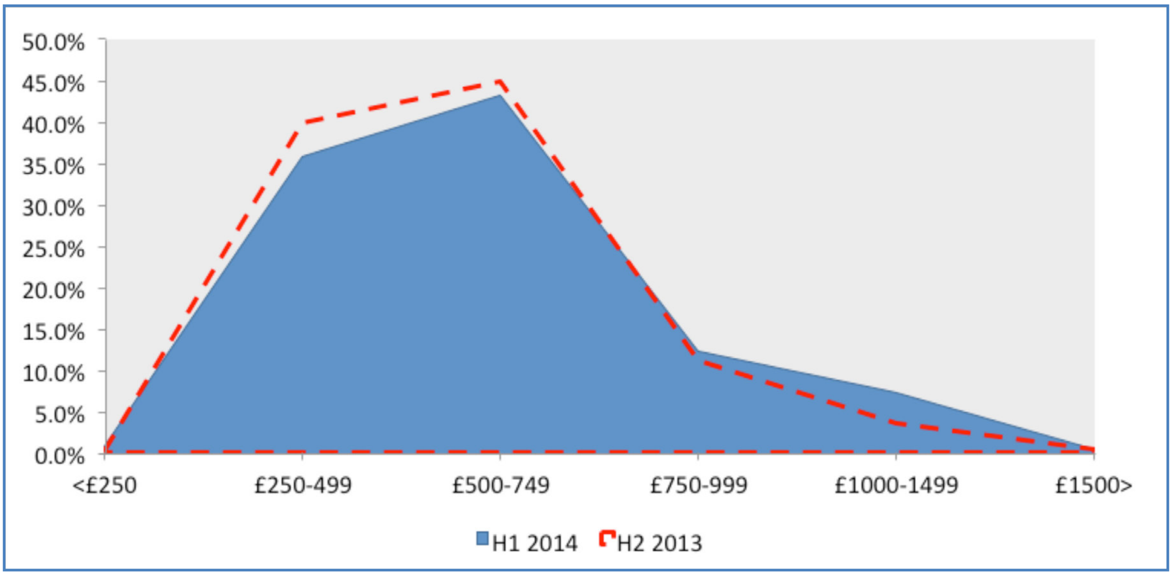
Table 7 Properties let in Belfast City Council Area by number of bedrooms

No. of Bedrooms	H1 2013	H2 2013	H1 2014	Half Yearly Change (%)	Annual Change (%)
1 bedroom	482 (9%)	441 (8%)	**446 (10%)**	1.1%	-7.5%
2 bedrooms	2,413 (47%)	2,468 (46%)	**2,055 (45%)**	-16.7%	-14.8%
3 bedrooms	1,375 (27%)	1,620 (30%)	**1,248 (28%)**	-23.0%	-9.2%
4/4+bedrooms	914 (18%)	813 (15%)	**796 (18%)**	-2.1%	-12.9%
Total	**5,184**	**5,342**	**4,545**	**-14.9%**	**-12.4%**

4.2 Distribution of Banded Monthly Rent in Belfast City Council Area

The frequency distribution shows that most rental properties in the BCCA were let in the £500-£749 band (43%), with an average rent of £584, followed by the £250-£499 band (36%), with an average rent of £427 (Figure 5). In contrast, the majority of rents paid in the rest of Northern Ireland fall within the £250-£499 band (47%) highlighting the different rent structure in Belfast. Approximately one fifth (20%) of all rental properties in the BCCA were let for more than £750 per month, an increase of five per cent over the half year. Figure 5 also illustrates that there have been slight changes in the distribution of monthly rent in the first six months of 2014 with a notable increase in the proportion of £1000-1499 rent band lettings and a decrease in properties let in the £250-£499 band.

Figure 5 Histogram showing the distribution of banded monthly rent in Belfast City Council Area



4.3 Average Rent in Belfast City Council Area

The average monthly rent across the BCCA is £602 for the first half of 2014, higher than the Northern Ireland average (£548), representing a 5.1 per cent increase on the previous 6 months and a 2.2 per cent increase on the same period in 2013. In general, analysis of rental price locations in the BCCA show slight decreases in average rents compared with the second half of 2013, except for South Belfast which recorded a 7.7 per cent increase in average rent. South Belfast is now the most expensive rental location (£716) followed by Belfast City Centre (£713) with mean rents considerably higher than the Belfast average. North Belfast (£456) and West Belfast (£504) are the lowest priced locations in the BCCA (Table 8).

Table 8 Average Rent in Belfast City Council Area

Location	H1 2013	H2 2013	H1 2014	Half Yearly Change (%)	Annual Change (%)
Belfast City Council Area	£589	£573	**£602**	5.1%	2.2%
Belfast City Centre	£737	£716	**£713**	-0.4%	-3.2%
North Belfast	£490	£470	**£456**	-2.9%	-6.8%
South Belfast	£687	£665	**£716**	7.7%	4.2%
East Belfast	£531	£520	**£519**	-0.3%	-2.3%
West Belfast	£506	£518	**£504**	-2.7%	-0.4%

4.3.1 Average Rent by Property Type

Table 9 shows that average rental levels across all property types, except for detached, have increased over the first half of 2014 compared with the last 6 months of the year. Terrace/townhouse (6%) and apartment (5.8%) properties exhibit the largest rental price increases in the BCCA over the time period. Detached properties showed a marginal decrease (0.8%) in average rent over the half year but clearly remain the most expensive to rent (£853), with terrace/townhouse marginally the least expensive (£588). Annual comparison with H1 2013 also reveals rent increases across all property types, except for detached dwellings, indicating rent growth across most sectors in the BCCA.

Table 9 Average Rent in Belfast City Council Area by Property Type

Property Type	BCCA H1 2013	BCCA H2 2013	BCCA H1 2014	Half Yearly Change (%)	Annual Change (%)
Apartment	£597	£568	**£601**	5.8%	0.6%
Terrace/ Townhouse	£560	£555	**£588**	6.0%	5.1%
Semi-Detached	£601	£594	**£611**	2.9%	1.7%
Detached	£897	£860	**£853**	-0.8%	-4.9%
All	**£589**	**£573**	**£602**	**5.1%**	**2.2%**

4.3.2 Average Rent by Number of Bedrooms

Table 10 shows that average rents have generally increased across all properties, analysed by number of bedrooms, in the first 6 months of 2014 when compared to the second half of 2013. Properties with 4 or more bedrooms have shown the largest rent increase (10.6%) while 1 bedroom properties experienced no half-yearly change. In terms of annual change, similar trends are observed except for one bedroom properties which display a nominal decrease of 1.5 per cent when compared to the first half of 2013.

Table 10 Average Rents in Belfast City Council Area by number of Bedrooms

No. of Bedrooms	BCCA H1 2013	BCCA H2 2013	BCCA H1 2014	Half Yearly Change (%)	Annual Change (%)
One bedroom	£442	£435	**£435**	0%	-1.5%
Two bedrooms	£517	£512	**£518**	1.2%	0.2%
Three bedrooms	£592	£575	**£598**	3.9%	1.0%
Four or more bedrooms	£848	£830	**£918**	10.6%	8.3%
All	**£589**	**£573**	**£602**	**5.1%**	**2.2%**

4.4 Wider Belfast Area Rent Guide

Table 11 summarises rents across the wider Belfast region and highlights the considerable variation in average monthly rents at postcode district level by number of bedrooms. For example, the average rent for a typical three bedroom property varies from £435 in BT13 to £1,025 in BT2.

Table 11 Average Rent Grid by Postcode

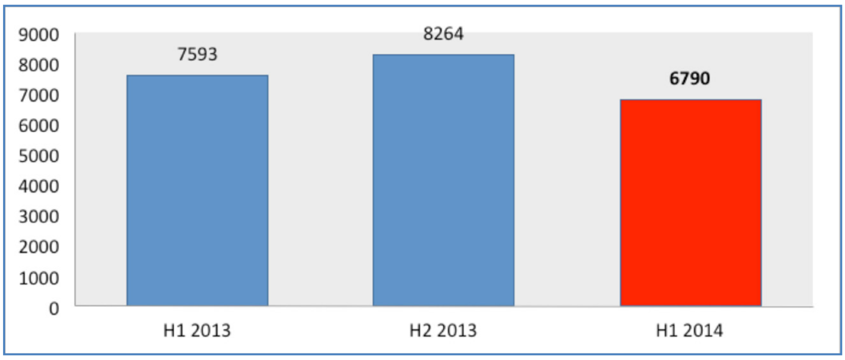
Postcode	1 Bed	2Bed	3 Bed	4/4+ Bed	All
BT1	£645	£702	£997	-	£727
BT2	£544	£668	£1,025	-	£690
BT3	£615	£789	-	-	£805
BT4	£474	£492	£554	£715	£538
BT5	£372	£460	£574	£791	£503
BT6	£438	£489	£551	£655	£522
BT7	£416	£558	£670	£980	£717
BT8	£411	£537	£612	£767	£593
BT9	£454	£585	£711	£1,026	£727
BT10	£444	£550	£656	£810	£631
BT11	£450	£556	£574	£540	£551
BT12	£432	£469	£501	£516	£483
BT13	£385	£416	£435	£577	£430
BT14	£359	£427	£468	£530	£443
BT15	£376	£444	£526	£654	£489
BT16	£446	£496	£551	£676	£522
BT17	£417	£501	£566	£795	£561
BT18	£497	£593	£705	£1,284	£729
BT19	£466	£526	£575	£975	£620
BT20	£415	£501	£593	£758	£571
BT23	£410	£479	£539	£790	£533
BT26	£433	£620	£673	£914	£688
BT27	£377	£498	£531	£731	£547
BT28	£408	£514	£547	£740	£553
BT36	£404	£490	£518	£710	£518
BT37	£380	£467	£505	£769	£516
BT38	£364	£460	£490	£679	£481

5.0 Rental Performance across the Local Government Districts

5.1 Distribution of Properties Let by Local Government Districts

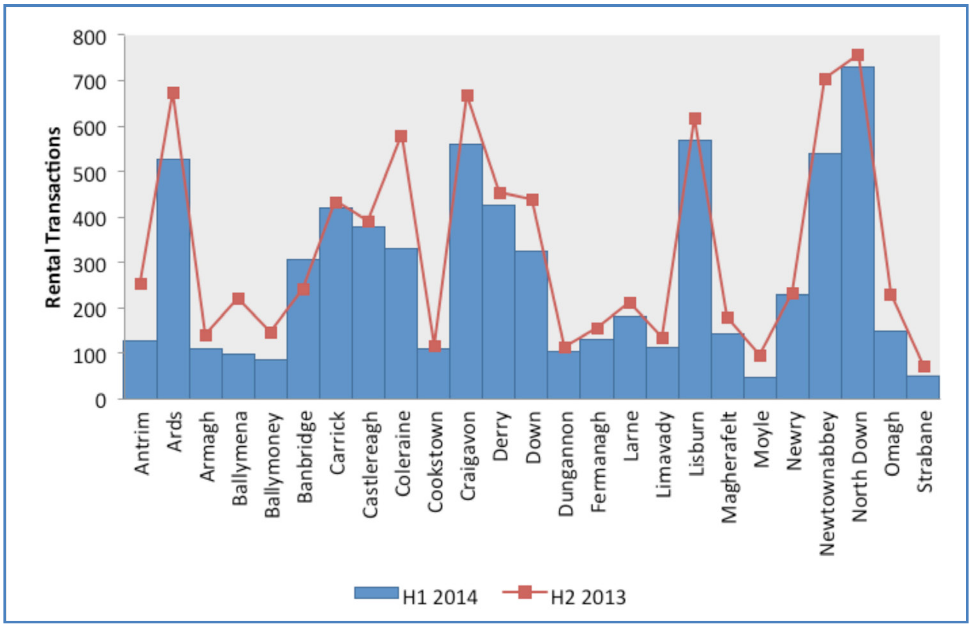
There were 6,790 properties let outside of the BCCA, during the first half of 2014, accounting for 60 per cent of all rental transactions in Northern Ireland. In comparison to the second half of 2013, rental transactions in LGD's outside the BCCA experienced an 18 per cent decrease during the first six months of 2014 (Figure 6).

Figure 6 Number of properties let in Local Government Districts



Similar to previous reports, the distribution of rental transactions (Figure 7) indicates that the North Down (730), Lisburn (570), Craigavon (559), Newtownabbey (540) and Ards (527) districts are the largest rental markets outside of Belfast. The figures also identify Derry (427) Carrick (420) and Castlereagh (377) to be other main rental areas. Collectively, these eight district council areas account for 61 per cent of all rental transactions outside of Belfast, although all recorded a decrease in rent transactions on the previous 6 month period with sizeable decreases observed in Coleraine (249), Newtownabbey (163) and Ards (148) most likely seasonal. Moyle (48), Strabane (50), Ballymena (87), Ballymoney (97) and Dungannon (104) exhibited the least amount of activity over the period, and although somewhat consistent with previous analysis, the large half yearly decrease in letting in Ballymena (56%) is noteworthy.

Figure 7 Number of properties let in Local Government Districts



Terrace/townhouses represent the largest proportion of rented properties with over one third (35%) of the total rental activity (Table 12). Apartments and semi-detached properties account for 23 and 24 per cent of rented dwellings respectively. Market share of detached dwellings is the smallest accounting for 18 per cent of properties let. The number of properties let across all property types have significantly declined, with an overall half yearly decrease of 17.8 per cent compared with the second half of 2013.

Table 12 Properties let by property type

Property Type	H1 2013	H2 2013	H1 2014	Half Yearly Change (%)	Annual Change (%)
Apartment	1,685 (22%)	1,921 (23%)	**1576 (23%)**	-18.0%	-6.5%
Terrace/Townhouse	2,521 (33%)	2,886 (35%)	**2363 (35%)**	-18.1%	-6.3%
Semi-detached	1,776 (23%)	1,869 (23%)	**1614 (24%)**	-13.6%	-9.1%
Detached	1,611 (21%)	1,588 (19%)	**1237 (18%)**	-22.1%	-23.2%
Total	**7,593 (100%)**	**8,264 (100%)**	**6790 (100%)**	**-17.8%**	**-10.6%**

Table 13 again shows that more than four fifths (81%) of properties let outside BCCA during the first half of 2014 were two and three bedroom properties. Consistent with the previous half year, three bedroom properties are the most common size representing over half (52%) of rented properties with an average rent of £510 per month. Two bedroom properties represent the next largest property size and account for 29 per cent of properties let, with an average rent of £467 per month.

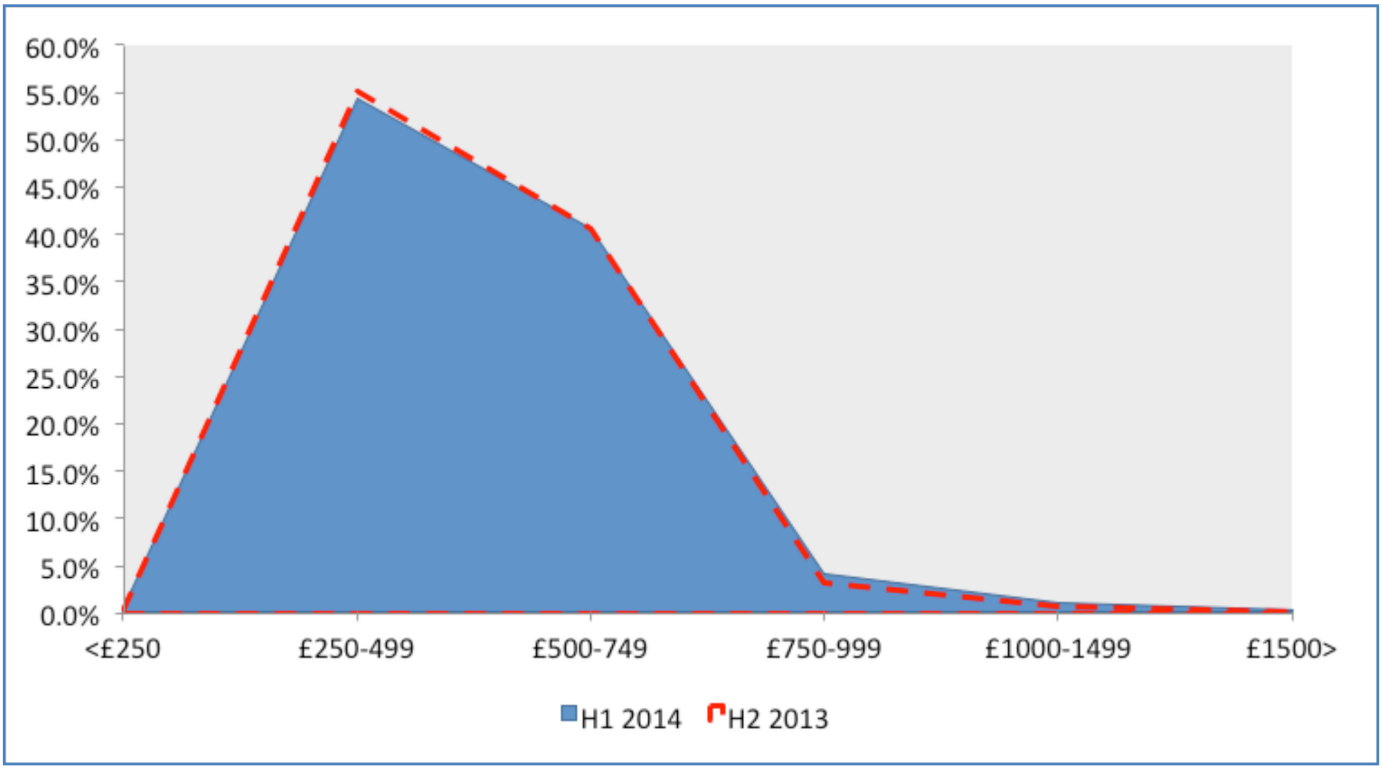
Table 13 Properties let by number of bedrooms

No. of Bedrooms	H1 2013	H2 2013	H1 2014	Half Yearly Change (%)	Annual Change (%)
1 bedroom	351 (5%)	411 (5%)	**391 (6%)**	-4.9%	11.4%
2 bedroom	2,166 (29%)	2,425 (29%)	**1955 (29%)**	-19.4%	-9.7%
3 bedroom	3,911 (52%)	4,273 (52%)	**3541 (52%)**	-17.1%	-9.5%
4/4+ bedroom	1,165 (14%)	1,155 (14%)	**903 (13%)**	-21.8%	-22.5%
Total	**7,593 (100%)**	**8,264 (100%)**	**6790 (100%)**	**-17.8%**	**-10.6%**

5.2 Distribution of Banded Monthly Rent across the LGDs

Figure 8 shows that over half of all rental properties outside BCCA (54%) were let in the £250-£499 per month rent band, with an average rent of £431 per month. Similarly, 40 per cent of properties were let in the £500-£749 band, and a further 5 per cent of properties let for £750 or more. Overall, this highlights the different rent structure outside of Belfast, although there has been a very slight increase in the proportion of properties in higher rent brackets.

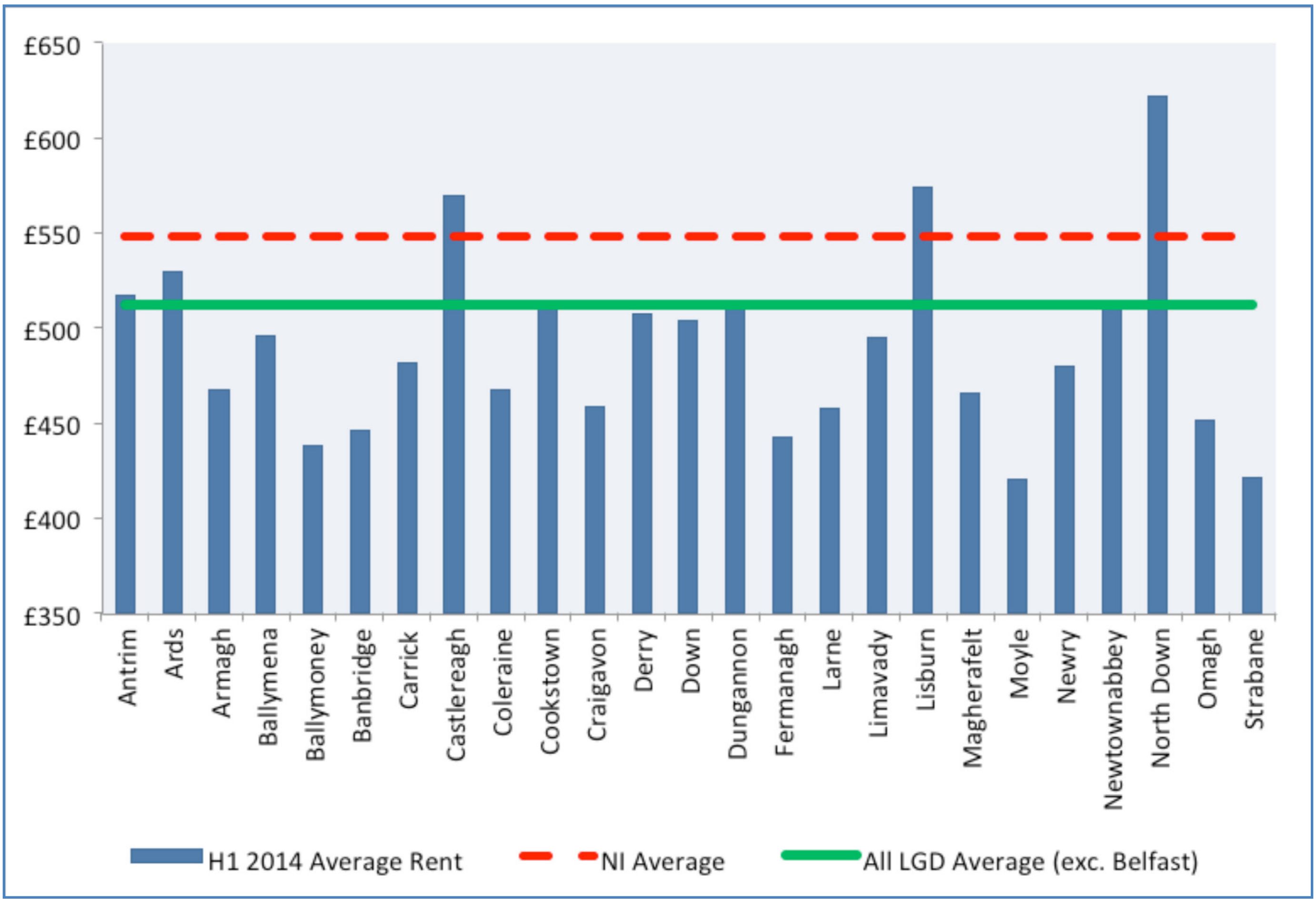
Figure 8 Histogram showing the distribution of banded monthly rents across Local Government Districts



5.3 Average Rent by LGD

Analysis of rental levels for properties rented outside of the BCCA reveal that the average rent was £512 per month, a 0.8 per cent increase on the second half of 2013 and below the Northern Ireland average rent of £548. Figure 9 illustrates the distribution of average rent statistics by local government district, highlighting the variance in average rents by location. Overall, the figures indicate that average rents in rural regions, particularly those districts in the West and North of the province, are significantly below the Northern Ireland average. The Belfast Metropolitan area (BMA) urban council districts of North Down (£622), Lisburn (£574) and Castlereagh (£570) are the most expensive council areas; all showing increases in average rent compared to the previous six month period. Similar to previous analysis, the lowest average rents were in the Moyle (£420), Strabane (£421), Ballymoney (£438) and Fermanagh (£442) districts which all displayed decreases in average rent compared with the previous half year period.

Figure 9 Average monthly rent by Local Government District



5.3.1 Average Rent by Property Type

Table 14 provides analysis by property type at district council level. The highest average rent for apartments were in Lisburn (£543), North Down (£536), Ards (£483) and Castlereagh (£477). The lowest average rents were in the districts of Omagh (£340) Strabane (£340) and Ballymoney (£353) – generally consistent with previous analysis. The highest average rents for terrace/townhouse properties, were in in North Down (£556), Castlereagh (£554) and Lisburn (£539), with Derry (£503) the highest rental location outside of the BMA in the first half of 2014. The lowest average rents were in Banbridge (£410), Larne (£413), Moyle (£414) and Craigavon (£421). A similar trend is observed for semi-detached properties where the range of average rent was relatively narrow and the highest priced districts were again the BMA districts of North Down (£602), Castlereagh (£601) and Lisburn (£557) with Cookstown (£539) and Derry (£537) the highest priced regions outside of the BMA. Moyle (£424) and Ballymoney (£446) in the North and Fermanagh (£440), Armagh (£464) in the South and West were the lowest priced regions for semi-detached rental properties. For detached properties, the spread of average rent is generally much larger – ranging from £443 to £913. Detached properties in the BMA (North Down, Castlereagh, Lisburn, Newtownabbey) exhibited the highest average rent for this type of property, echoing the trend for July-December 2013. Moyle (£443), Fermanagh (£484), Strabane (£493) and Omagh (£512) were again the lowest priced regions.

Table 14 Average monthly rent across district council area by property type

Council District	Average Rent by Property Type (£)					Half Year Change (%)
	Apartment	Terrace/ Townhouse	Semi-Detached	Detached	All	
Antrim	£440	£460	£525	£674	£518	-1.2%
Ards	£483	£470	£531	£656	£530	0.9%
Armagh	£380	£452	£464	£537	£468	-2.3%
Ballymena	£426	£467	£518	£560	£496	-1.0%
Ballymoney	£353	£436	£446	£523	£438	-2.4%
Banbridge	£360	£410	£465	£624	£446	0.2%
Carrickfergus	£458	£450	£522	£668	£481	-3.9%
Castlereagh	£477	£554	£601	£693	£570	2.1%
Coleraine	£436	£457	£479	£529	£468	-1.3%
Cookstown	£430	£499	£539	£547	£513	0.1%
Craigavon	£383	£421	£493	£572	£459	0.6%
Derry	£451	£503	£537	£612	£508	-0.5%
Down	£440	£464	£496	£617	£504	-2.0%
Dungannon	£421	£485	£525	£556	£513	0.0%
Fermanagh	£416	£439	£440	£484	£442	-1.9%
Larne	£446	£413	£469	£583	£458	0.8%
Limavady	£476	£433	£502	£593	£495	-0.1%
Lisburn	£543	£539	£557	£704	£574	2.6%
Magherafelt	£377	£441	£484	£522	£466	1.3%
Moyle	£388	£414	£424	£443	£420	-7.4%
Newry & Mourne	£451	£438	£477	£552	£480	-1.3%
Newtownabbey	£472	£471	£536	£683	£515	1.4%
North Down	£536	£556	£602	£913	£622	1.9%
Omagh	£340	£424	£479	£512	£451	1.8%
Strabane	£340	£438	£477	£493	£421	-5.1%

5.3.2 Average Rent by Number of Bedrooms

One bedroom rental properties are not a common property size across all regions. Nonetheless, the proportion of market share has marginally increased (1%) in this sample and, perhaps more pertinently, the number of one bedroom lettings has increased by 1.1 per cent in this half year period despite the overall decrease (14.9%) in total lettings. Where the sample of one bedroom properties is sufficient for analysis, North Down (£458), Lisburn (£418) and Castlereagh (£413) displayed the highest average rent with more rural areas such as Strabane (£302), Banbridge (£311) and Magherafelt (£316) exhibiting the lowest average monthly rent. Analysis of two bedroom properties shows a clustering (88%) of rents between £371-£473, with North Down

(£531), Lisburn (£516), Castlereagh (£503) having the highest average monthly rent. The lowest average rent for two bedroom properties was observed in Omagh (£371), Strabane (£383), Moyle (£384) and Banbridge (£387) districts, consistent with previous analysis.

The statistics show that the range of average rent for three bedroom properties is relatively narrow with 88 per cent of average rents for this property size falling between £424 and £537. The highest average rents remained relatively similar to the second half of last year and were again in the BMA districts of North Down (£600), Castlereagh (£588) and Lisburn (£569) with Ards (£537) again displaying the next highest average rent. Moyle (£424) once again exhibited the lowest average rent statistic, followed by Fermanagh (£445), Banbridge (£451) and Ballymoney (£456). In general, the figures for this group highlight rent differentials, with the South West and Mid-Ulster generally showing lower average rent profiles for this property size.

Table 15 Average rent across district council area by number of bedrooms

Council District	Average Rent by Number of Bedrooms(£)					Half Year Change (%)
	1	2	3	4/4+	All	
Antrim	£346	£473	£504	£681	£518	-1.2%
Ards	£404	£473	£537	£738	£530	0.9%
Armagh	*	£429	£459	£570	£468	-2.3%
Ballymena	£356	£459	£502	£566	£496	-1.0%
Ballymoney	£330	£397	£456	£518	£438	-2.4%
Banbridge	£311	£387	£451	£741	£446	0.2%
Carrickfergus	£364	£461	£490	£683	£481	-3.9%
Castlereagh	£413	£503	£588	£775	£570	2.1%
Coleraine	£362	£438	£476	£535	£468	-1.3%
Cookstown	*	£461	£511	£561	£513	0.1%
Craigavon	£344	£391	£462	£567	£459	0.6%
Derry	£397	£473	£522	£595	£508	-0.5%
Down	£380	£448	£495	£676	£504	-2.0%
Dungannon	*	£448	£507	£576	£513	0.0%
Fermanagh	£333	£431	£445	£555	£442	-1.9%
Larne	*	£420	£457	£602	£458	0.8%
Limavady	£372	£437	£508	£589	£495	-0.1%
Lisburn	£418	£516	£569	£772	£574	2.6%
Magherafelt	£316	£394	£459	£532	£466	1.3%
Moyle	£369	£384	£424	£510	£420	-7.4%
Newry & Mourne	£346	£451	£471	£599	£480	-1.3%
Newtownabbey	£389	£472	£516	£733	£515	1.4%
North Down	£458	£531	£600	£946	£622	1.9%
Omagh	£330	£371	£467	£540	£451	1.8%
Strabane	£302	£383	£461	£555	£421	-5.1%

**denotes sample size is too small for robust analysis.*

6.0 Conclusion

The report shows a sizable decrease in the volume of rental transactions across Northern Ireland, with a 16.7 per cent decrease observed over the six month period and 11.3 per cent annual decline when compared with the same period in 2013. Anecdotal evidence from estate agents suggests that this may be related to a more limited supply of rental properties and an improving sales market.

The BCCA and wider BMA regions continue to dominate and drive the Northern Ireland rental market. Although the volume of lettings in the Belfast private rented sector has declined by 14.9 per cent over the first half of 2014, Belfast continues to be the main rental market in Northern Ireland representing 40.1% of all rental transactions across Northern Ireland, a slight half yearly increase in market share of 0.8% from the second half of 2013. More than half of all rental transactions took place outside the BCCA, (59.9%) where there was an 18 per cent decrease in rental transactions on the second half of 2013. Findings also reveal that the average rent for Northern Ireland has increased by 2.7 per cent in the first half of 2014 to £548,with a slight annual increase of 0.9% compared with H1 2013 (£543). Almost half of properties let (47%) fall in the £250-£499 rent band, although this has decreased by two per cent compared with the previous six month period suggesting a very slight shift in price structure. The terrace/townhouse property type continues to have the largest market share of lettings (39%), followed by apartments (31%). Three bedroom properties are the most common by size (42%), with two bedroom lettings the next largest group (35%).

In the BCCA, variability in average rent is observed by property type and number of bedrooms. A similar picture was evident across the local government districts, with variation in the rental volume and average rent observed, particularly in more rural western regions. The average BCCA rent for the first half of 2014 is £602, representing a 5.1 per cent increase on the previous 6 months and 2.2 per cent increase on the same period in 2013. This is significantly higher than the remainder of Northern Ireland local government districts where the average rent is £512 per month. There remains a distinct comparative difference in the distribution of rented properties by property type and number of bedrooms. The most common property types in the Belfast market are terrace/townhouse and apartment dwellings which have almost equal proportions and account for almost nine in ten rented properties. However, outside Belfast this figure is 58 per cent with the sample showing a more equal distribution of rented properties by type and significantly higher proportions of rented detached and semi-detached properties. The analysis also noted disparity in the distribution of properties let by number of bedrooms. In the BCCA, two bedroom properties were the most common property size (45%) whereas three bedroom properties were the largest sector outside Belfast accounting for over half (52%) of all properties let.

Endnote

[i] Rent statistics in PropertyNews.com are generally inclusive of rates. To ensure rent datasets are comparable, NIHE rent statistics for Housing Benefit in the PRS need to be adjusted upward to ensure consistency in average rents across the sample. Following wide and detailed analysis of the council areas, rates poundage and the range of adjustment required for each property type across the LGD areas, the research identified the median percentage adjustment for the NIHE datasets to be as follows: Apartments 11%; Detached 17%; Semi-Detached 13%; and Terrace 13%. It was observed that there was only slight variance in the range across the LGD areas and therefore the percentage uplift could be applied uniformly to the dataset across all LGD areas.