Performance of the Private Rental Market in Northern Ireland

Summary Research Report

January - June 2016

Disclaimer

This report is prepared from information that we believe is collated with care, but we do not make any statement as to its accuracy or completeness. We reserve the right to vary our methodology. 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

The latest survey of the Northern Ireland private rental sector indicates a buoyant market with continuing demand for rental properties. The analysis also reveals growth in average rent but cautions of some variability by property type. Nonetheless, the high rate of transactions indicates continuing buoyancy in the private rented sector. This report focuses on the performance of the private rental market in Northern Ireland during the first half (January-June) of 2016. 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 provided by the Housing Executive. The NIHE rental data is used 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[i].

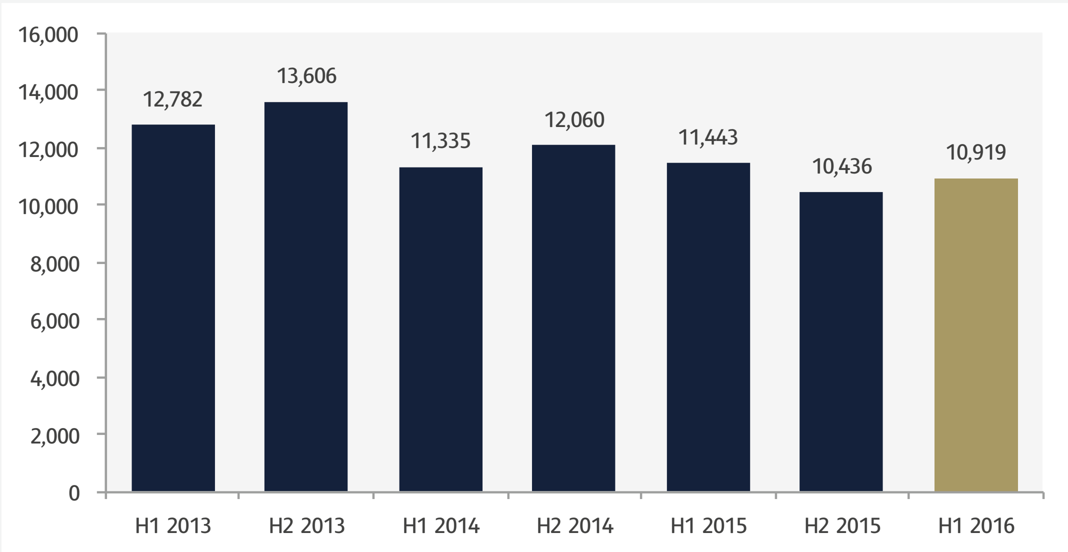
The statistics presented in this report are premised on a sample of 10,919 rental transactions recorded on PropertyNews.com and NIHE (Housing Benefit in the PRS) database for the first half of 2016. The rental figures represent the average rent (per month) as advertised. Rented properties are classified as 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 half (January-June) of 2016 there were **10,919** rental transactions in the private rented sector in Northern Ireland, representing a slight increase of 4.6 per cent on the last six months of 2015. Annual comparison shows a decrease of 4.6% on the same period the previous year (Figure 1). Considering the previous general downward trend in the number of rental transactions since the peak of H2 2013, the slowing decline in annual rental transactions could indicate that the private rented sector is becoming a longer term housing solution.

Figure 1: Number of dwellings let across Northern Ireland



Analysis by property type indicates that the rental market continues to be dominated by terrace/townhouse (40%) and apartment (32%) property types, which account for the vast majority of rental activity (See Table 1). The increase in transactions over the first half of 2016 is reflected across all sectors with the largest increases observed in the apartment (9.7%), and semi-detached (5.4%) property types. Overall the consistency in the number of rental transactions over the past two years would indicate a robust rental market.

Table 1: Properties let by type

Property Type	H1 2015	H2 2015	H1 2016	Half Yearly Change (%)	Annual Change (%)
Apartment	3,618 (31%)	3,169 (30%)	**3,477 (32%)**	9.7%	-3.9%
Terrace/Townhouse	4,764 (42%)	4,309 (41%)	**4,384 (40%)**	1.7%	-8.0%
Semi-detached	1,920 (17%)	1,810 (17%)	**1,907 (18%)**	5.4%	-0.7%
Detached	1,141 (10%)	1,148 (11%)	**1,151 (11%)**	0.3%	0.9%
TOTAL	**11,443**	**10,436**	**10,919**	**4.6%**	**-4.6%**

Two (39%) and three (40%) bedroom properties remain the most common property size, accounting for almost four fifths (79%) of properties rented during the first half of 2016. The figures show that the proportion of one bedroom properties (8%) has remained consistent over the time period (Table 2). In terms of the volume of rental transactions, most bedroom categories observed increases, with two (8.9%) and one (6.7%) bedroom properties showing the largest half yearly increases and four or more bedroom properties exhibiting moderate decline (5.7%) in the number of lettings over the period. In annual terms, the number of transactions across all bedroom categories is lower, mostly notable at either end of the market with one bedroom properties recording the largest annual decline (11.5%).

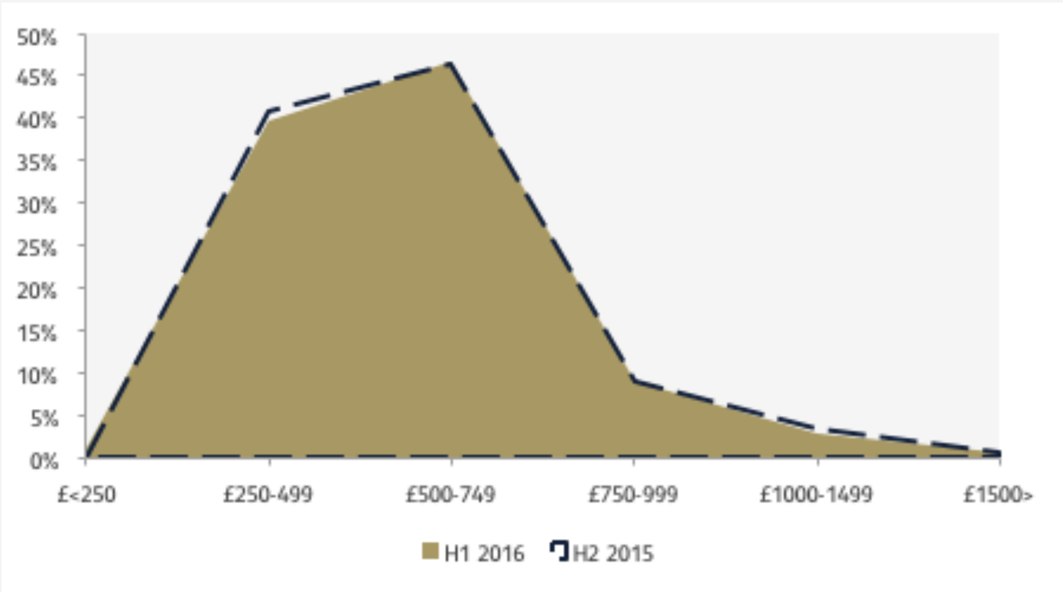
Table 2: Properties let by number of bedrooms

Number of Bedrooms	H1 2015	H2 2015	H1 2016	Half Yearly Change (%)	Annual Change (%)
1 bedroom	939 (8%)	779 (8%)	**831 (8%)**	6.7%	-11.5%
2 bedroom	4,329 (38%)	3,927 (38%)	**4,276 (39%)**	8.9%	-1.2%
3 bedroom	4,598 (40%)	4,199 (40%)	**4,368 (40%)**	4.0%	-5.0%
4/4+ bedroom	1,577 (14%)	1,531 (15%)	**1,444 (13%)**	-5.7%	-8.4%
TOTAL	**11,443**	**10,436**	**10,919**	**4.6%**	**-4.6%**

3.2 Distribution of Banded Monthly Rent

Figure 2 shows that almost half (47%) of rental properties let during the first six months of 2016 were in the £500-749 rental band. Two-fifths of properties (40%) were let in the £250-£499 band. Approximately 13% of rental properties let for £750 per month or more. Overall, the histogram shows a slight increase in the proportion of properties let in higher rent bands compared with the previous six months.

Figure 2: Histogram showing the distribution of banded monthly rent



3.3 Northern Ireland Average Monthly Rent

For the first six months of 2016, the average monthly rent for Northern Ireland was £565, a half per cent decrease on the second half of 2015 (£568) and a 2.2% annual increase compared with the same period in 2015 (£553). In terms of property type, the statistics in Table 3 reveal some variation in average rents over the half year. The figures show a large half yearly increase in rent for detached (9%) properties, a slight increase for semi-detached (1.8%) dwellings and a small decline in half-year rents for terraced/townhouses (-2.1%) and apartments (-2.9%). Average rents are up across all property types over the year, most notably for detached properties, by 5.3%.

Table 3: Average rent by property type

Property Type	H1 2015	H2 2015	H1 2016	Half Yearly Change (%)	Annual change (%)
Apartment	£547	£562	**£550**	-2.1%	0.5%
Terrace/ Townhouse	£527	£552	**£536**	-2.9%	1.7%
Semi-Detached	£556	£559	**£569**	1.8%	2.3%
Detached	£679	£656	**£715**	9.0%	5.3%
ALL	**£553**	**£568**	**£565**	**-0.5%**	**2.2%**

Table 4 figures indicate little variation in average rents over the half year by number of bedrooms. One and four or more bedroom properties have seen nominal decline in average rent with two and three bedroom properties showing slight increases. In terms of annual change, the analysis shows growth in average rent across all bedroom categories, except for four or more bedroom properties.

Table 4: Average rent by number of bedrooms

Number of Bedrooms	H1 2015	H2 2015	H1 2016	Half Yearly Change (%)	Annual Change (%)
1 bedroom	£416	£433	**£429**	-0.9%	3.1%
2 bedrooms	£505	£513	**£519**	1.2%	2.8%
3 bedrooms	£543	£556	**£562**	1.1%	3.5%
4/4+bedrooms	£799	£807	**£789**	-2.2%	-1.3%
ALL	**£553**	**£568**	**£565**	**-0.5%**	**2.2%**

3.4 The Northern Ireland Private Rental Index

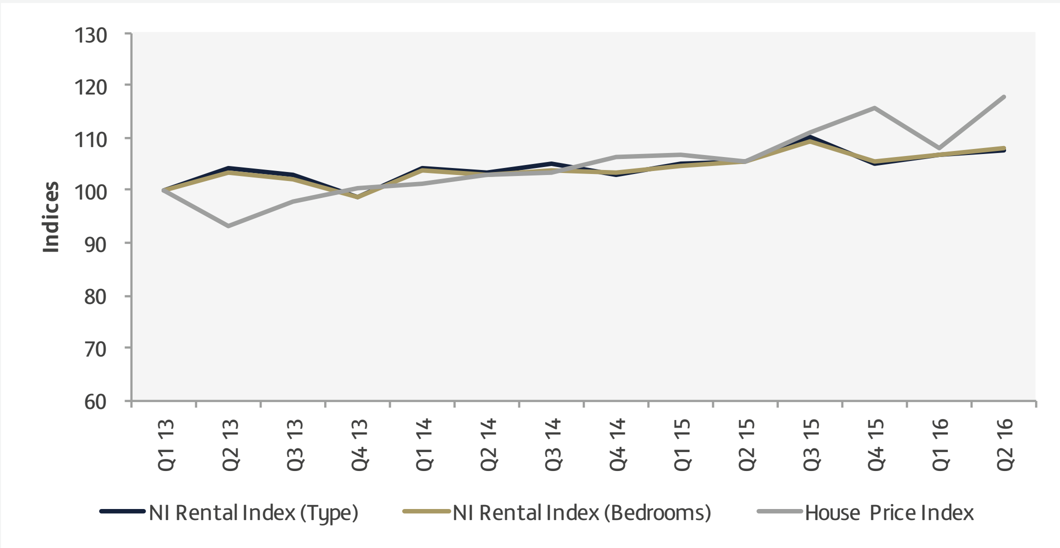
The Northern Ireland Private Rental Indices (NIPRIs) measure change in average rents by property type and number of bedrooms. The indices are calculated using a weighted average by property type and number of bedrooms at the base quarter (Q1 2013 = 100). Table 5 shows that the rental index by property type stands at 107.5 at Q2 2016 and has risen at a steady rate reflecting the strong performance of the market over the timeframe. Annual comparison reveals an increase of almost 2 percentage points over the year. Similarly, the Index by number of bedrooms stands at 108.3 reflecting a relatively even quarterly increase over the last six month period with an overall annual increase of 2.9 percentage points compared with the same period in 2015.

Table 5: Northern Ireland quarterly rental indices by type and bedrooms

Year	Quarter	NI Rental Index (House Type)	NI Rental Index (Bedrooms)
2013	Quarter 1	100 (Base)	100 (Base)
	Quarter 2	104.3	103.3
	Quarter 3	102.9	102.3
	Quarter 4	98.6	98.8
2014	Quarter 1	104.2	103.9
	Quarter 2	103.2	102.9
	Quarter 3	104.9	103.9
	Quarter 4	103.1	103.6
2015	Quarter 1	105	104.9
	Quarter 2	105.5	105.4
	Quarter 3	110.2	109.2
	Quarter 4	105.2	105.4
2016	Quarter 1	107	106.8
	Quarter 2	107.5	108.3

The general trend over the course of 2014 and first half of 2015 was one of convergence of house prices and rents indicating consolidation in the residential market with a steady upward trajectory in average rent running broadly in parallel with average house prices. The latter half of 2014 observed property prices nominally increasing beyond rental values which remain relatively flat in comparison. By the second quarter of 2015, house prices and rents once again converged, however, the second half of 2015 displayed a sharp divergence in the trends with house price performance reflecting strong and buoyant market conditions whereas average rents reflected some unevenness over that period. In the first half of 2016, the owner-occupied sector trend points towards a strongly performing residential market with high transaction levels and renewed price increases in the second quarter of the year. This is perhaps reflective of the 'seasonality' effect within house prices and political uncertainly relating to 'Brexit'. By contrast, average rents have shown a relatively smooth upward trajectory over the same timescale, reflecting strong rental market performance underpinned by buoyant transaction levels and increases in average rents.

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 2016, there were **4,960** properties let in the Belfast City Council area (BCCA), a transaction increase of 10.7 per cent on the last six months of 2015 but 4.5 per cent decrease over the year (Figure 4). Belfast continues to be the main rental market in Northern Ireland representing 45 per cent of all rental transactions across the region.

Figure 4: Number of dwellings let in Belfast City Council Area

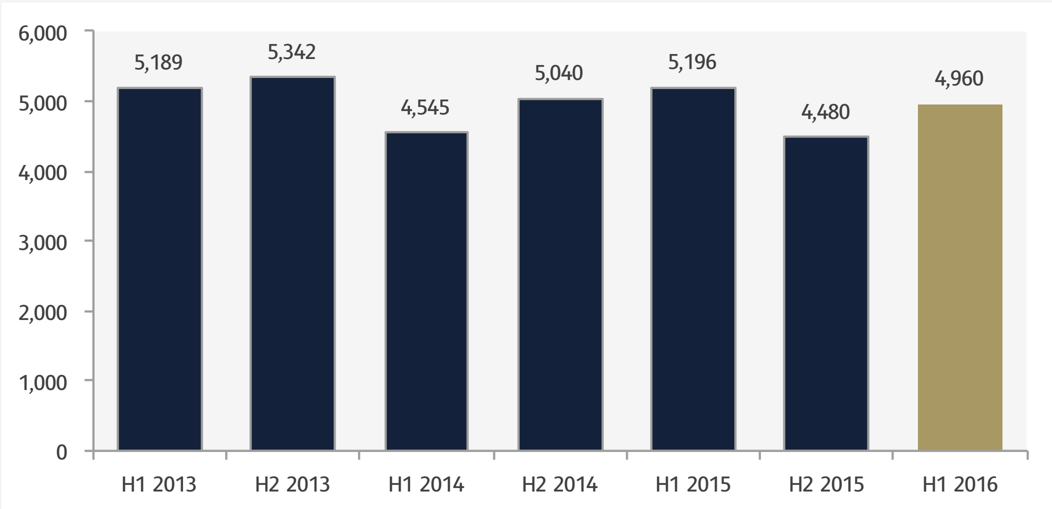


Table 6 shows the distribution of rented properties by property type. Analysis indicates that more than four fifths (85%) of properties let in the BCCA are terrace/townhouses (46%) and apartments (39%). These proportions are higher compared to Northern Ireland as a whole (40% and 32% respectively) and show half yearly increases in both relative and absolute terms across each property type apart from detached houses for which the volume of lets has reduced. However, compared with H1 2015 there has been a decline in the apartment (7.4%) sector and a similar rate of decrease (7.9%) in the number of terrace/townhouse properties let. In contrast, the number of semi-detached properties was appreciably up (20.5%) with detached properties (9.1%) also showing moderate growth in transaction levels over the year.

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

Property Type	H1 2015	H2 2015	H1 2016	Half Yearly Change (%)	Annual Change (%)
Apartment	2,078 (40%)	1,647 (37%)	**1,924 (39%)**	16.8%	-7.4%
Terrace/Townhouse	2,489 (48%)	2,079 (46%)	**2,293 (46%)**	10.3%	-7.9%
Semi-detached	497 (10%)	530 (12%)	**599 (12%)**	13.0%	20.5%
Detached	132 (2%)	224 (5%)	**144 (3%)**	-35.7%	9.1%
TOTAL	**5,196**	**4,480**	**4,960**	**10.7%**	**-4.5%**

Table 7 shows that two bedroom properties represent the most common property size, accounting for almost half of all properties let (48%), again a higher proportion than Northern Ireland as a whole (39%). Three bedroom dwellings are the next largest group, accounting for almost a third (31%) of properties let over the time period, a significantly lower proportion than Northern Ireland as a whole (40%).

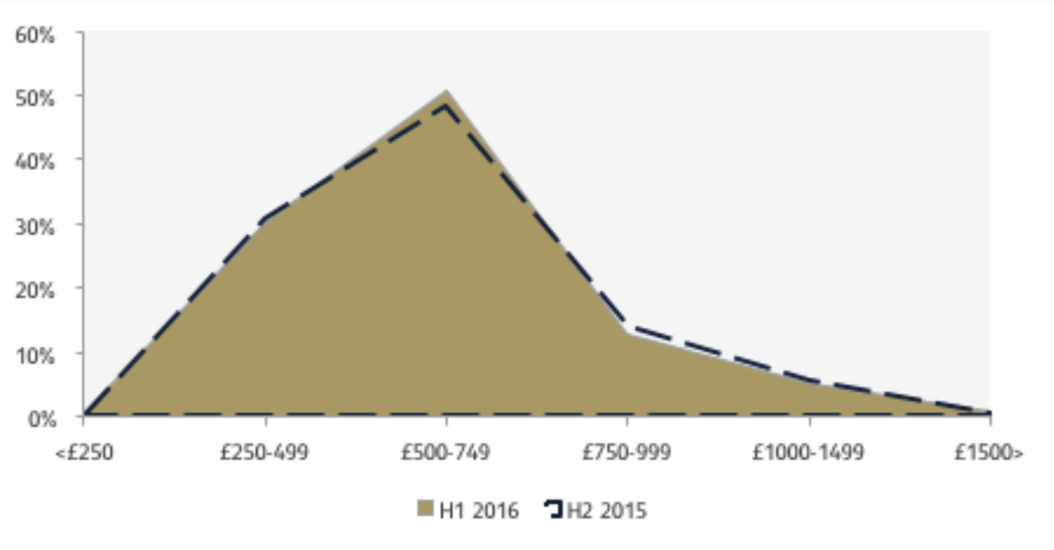
Table 7: Properties let in Belfast City Council Area by number of bedrooms

Number of Bedrooms	H1 2015	H2 2015	H1 2016	Half Yearly Change (%)	Annual Change (%)
1 bedroom	523 (10%)	424 (10%)	**438 (9%)**	3.3%	-16.3%
2 bedroom	2360 (46%)	2,082 (47%)	**2,363 (48%)**	13.5%	0.1%
3 bedroom	1524 (29%)	1,275 (29%)	**1,522 (31%)**	19.4%	-0.1%
4/4+ bedroom	789 (15%)	699 (16%)	**637 (13%)**	-8.9%	-19.3%
TOTAL	**5,196**	**4,480**	**4,960**	**10.7%**	**-4.5%**

4.2 Distribution of Banded Monthly Rent in Belfast City Council Area

The frequency distribution in Figure 5 shows that over half of all rental properties in the BCCA were let in the £500-£749 band (51%), with an average rent of £590 within this band, followed by the £250-£499 band (30%), with an average rent of £438 towards the upper end of this rent band. Just under one fifth (19%) of all rental properties in the BCCA were let for more than £750 per month, comparatively higher than the rest of Northern Ireland (13%) confirming the higher rent structure in Belfast. The histogram further indicates that there have been slight changes in the distribution of monthly rent over the first half of 2016 when compared with the last six months of 2015.

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 was £608 for the first half of 2016, higher than the Northern Ireland average (£565), representing a nominal decrease (0.7%) on the previous six months. In general, analysis of rental price locations in the BCCA show little change in average rents compared with the last six months of 2015. The city centre remains the most expensive rental location (£751) followed by South Belfast (£712) with mean rents considerably higher than the Belfast average. North Belfast (£464) remains the lowest priced location in the BCCA (Table 8). Over the year, rental growth in the BCCA shows positive but moderate performance (2.4%) and was largest in West Belfast (3.7%) and East Belfast (3.2%).

Table 8: Average rent in Belfast City Council Area

Location	H2 2014	H1 2015	H2 2015	H1 2016	Half Yearly Change (%)	Annual Change (%)
Belfast City Council Area	£589	£594	£612	**£608**	-0.7%	2.4%
Belfast City Centre	£727	£745	£741	**£751**	1.3%	0.8%
North Belfast	£456	£456	£476	**£464**	-2.5%	1.8%
South Belfast	£699	£713	£718	**£712**	-0.8%	-0.1%
East Belfast	£528	£539	£556	**£556**	0.0%	3.2%
West Belfast	£517	£519	£538	**£538**	0.0%	3.7%

4.3.1 Average Rent by Property Type

Average rental levels across the property types have exhibited a degree of variability, albeit marginal, over the first half of the year (Table 9). Terrace/townhouse properties (3.7%) have experienced slight decreases in average rental level over this time period whilst detached properties increased by 16.8 per cent, albeit from a low base. The figures show that detached properties remain the most expensive to rent (£934) and terrace/townhouse properties the least expensive (£578).

Table 9: Average rent in Belfast City Council Area by property type

Property Type	BCCA H2 2014	BCCA H1 2015	BCCA H2 2015	BCCA H1 2016	Half Yearly Change (%)	Annual Change (%)
Apartment	£586	£605	£612	**£609**	-0.5%	0.7%
Terrace/ Townhouse	£569	£567	£600	**£578**	-3.7%	1.9%
Semi-Detached	£615	£618	£624	**£646**	3.5%	4.5%
Detached	£863	£838	£800	**£934**	16.8%	11.5%
ALL	**£589**	**£594**	**£612**	**£608**	**-0.7%**	**2.4%**

4.3.2 Average Rent by Number of Bedrooms

Table 10 shows that average rents, analysed by number of bedrooms have broadly remained the same across the first six months of the year. In terms of annual change, average rents show strong performance across all bedroom categories but particularly one (6.3%) and three (4.6%) bedroom properties.

Table 10: Average rent in Belfast City Council Area by number of bedrooms

Number of Bedrooms	BCCA H2 2014	BCCA H1 2015	BCCA H2 2015	BCCA H1 2016	Half Yearly Change (%)	Annual Change (%)
1 bedroom	£438	£444	£468	**£472**	0.9%	6.3%
2 bedrooms	£527	£528	£540	**£544**	0.7%	2.9%
3 bedrooms	£584	£594	£621	**£621**	0.0%	4.6%
4/4+bedrooms	£870	£890	£898	**£911**	1.5%	2.4%
ALL	**£589**	**£594**	**£612**	**£608**	**-0.7%**	**2.4%**

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 £432 in BT13 to £955 in BT1.

Table 11: Average rent grid by postcode

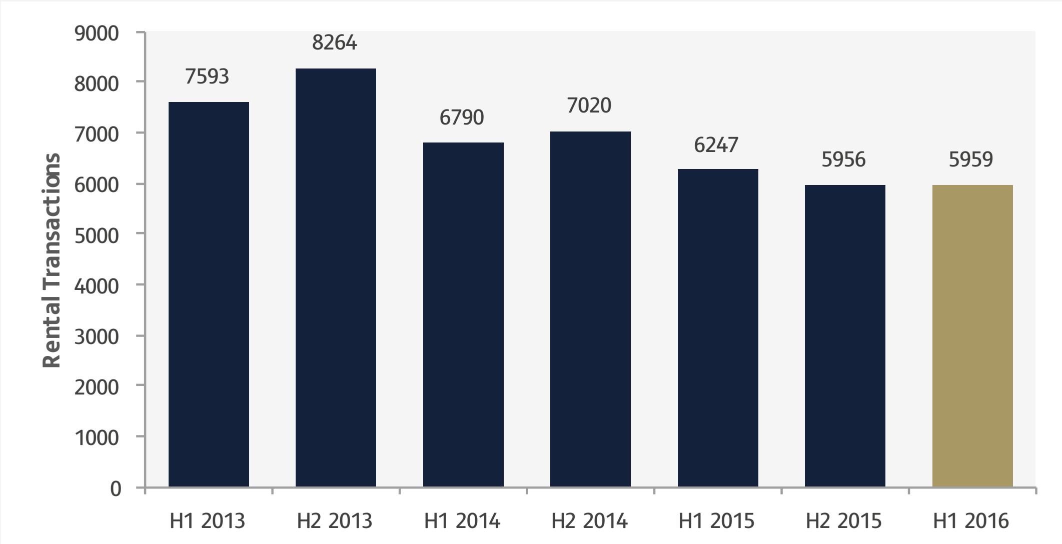
Poscode	1 Bed	2 Bed	3 Bed	4/4+ Bed	All
BT1	£617	£798	£955	-	£773
BT2	£552	£722	£850	-	£701
BT3	£667	£750	-	-	£782
BT4	£489	£544	£596	£820	£583
BT5	£418	£497	£609	£783	£537
BT6	£460	£515	£597	£683	£546
BT7	£481	£574	£700	£972	£711
BT8	£402	£554	£655	£996	£652
BT9	£498	£622	£753	£1,045	£732
BT10	£378	£565	£669	£786	£647
BT11	£443	£551	£587	£602	£565
BT12	£450	£495	£529	£644	£515
BT13	£348	£409	£432	£519	£419
BT14	£386	£452	£500	£552	£471
BT15	£376	£467	£538	£666	£497
BT16	£431	£523	£614	£705	£572
BT17	£456	£518	£587	£746	£562
BT18	£448	£592	£756	£1,393	£740
BT19	£476	£561	£597	£935	£630
BT20	£426	£522	£603	£803	£577
BT23	£405	£518	£560	£817	£566
BT26	£450	£572	£704	£909	£691
BT27	-	£490	£557	£896	£569
BT28	£397	£536	£575	£748	£578
BT36	£402	£527	£524	£785	£540
BT37	£380	£480	£511	£871	£517
BT38	£383	£469	£517	£658	£499

5.0 Rental Performance across the Local Government Districts[1]

5.1 Distribution of Properties Let by Local Government Districts

There were **5,959** properties let outside of the BCCA, during the first half of 2016, accounting for approximately 55 per cent of all rental transactions in Northern Ireland but lower in volume terms compared with evidence for 2015. Compared with the last six months of 2015, rental transactions have remained the same but are down by 4.6 per cent over the year (Figure 6).

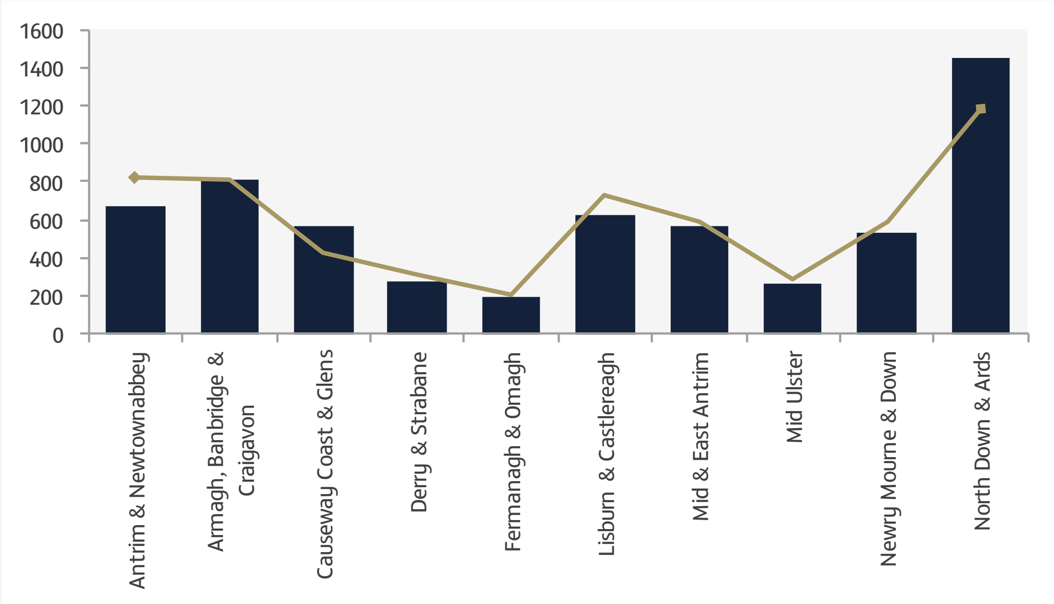
Figure 6: Number of properties let in Local Government Districts



The distribution of rental transactions (Figure 7) indicates that the North Down & Ards (1,447), Armagh, Banbridge and Craigavon (812) and Lisburn & Castlereagh (628) districts remain the largest rental markets outside of Belfast. Collectively, these three district council areas account for almost half (48%) of all rental transactions outside of Belfast. Consistent with previous surveys, the more rural areas of Fermanagh & Omagh (198) and Mid-Ulster (259) observed lower volumes of rental transactions over the same period.

[1] This section analyses all LGDs in Northern Ireland except Belfast LGD which is excluded.

Figure 7: Number of properties let in Local Government Districts H1 2016



Terrace/townhouse properties represent the largest proportion of rented properties accounting for 35 per cent of the total rental activity (Table 12). Apartments account for just over one quarter of lettings (26%) and semi-detached properties for 22 per cent of rented dwellings. The market share of detached dwellings remains the smallest accounting for 17 per cent of all properties let. The number of properties let has remained broadly similar over the half year, but down by 4.6% compared with the first half of 2015. Over the year, both terrace/townhouse and semi-detached properties exhibited the most significant decrease (8.1%) in the number of lettings.

Table 12: Properties let by property type

Property Type	H1 2015	H2 2015	H1 2016	Half Yearly Change (%)	Annual Change (%)
Apartment	1,540 (25%)	1,522 (26%)	**1,553 (26%)**	2.0%	0.8%
Terrace/Townhouse	2,275 (36%)	2,230 (37%)	**2,091 (35%)**	-6.2%	-8.1%
Semi-detached	1,423 (23%)	1,280 (22%)	**1,308 (22%)**	2.2%	-8.1%
Detached	1,009 (16%)	924 (16%)	**1,007 (17%)**	9.0%	-0.2%
TOTAL	**6,247**	**5,956**	**5,959**	**0.1%**	**-4.6%**

Table 13 shows that four fifths (80%) of properties let outside BCCA during the first half of 2016 were either two or three bedroom properties. Consistent with the previous half year, three bedroom properties are the most common size representing almost half (48%) of rented properties with an average rent of £530 per month. Two bedroom properties represent the next largest property size and account for almost one third (32%) of properties let, with an average rent of £489 per month.

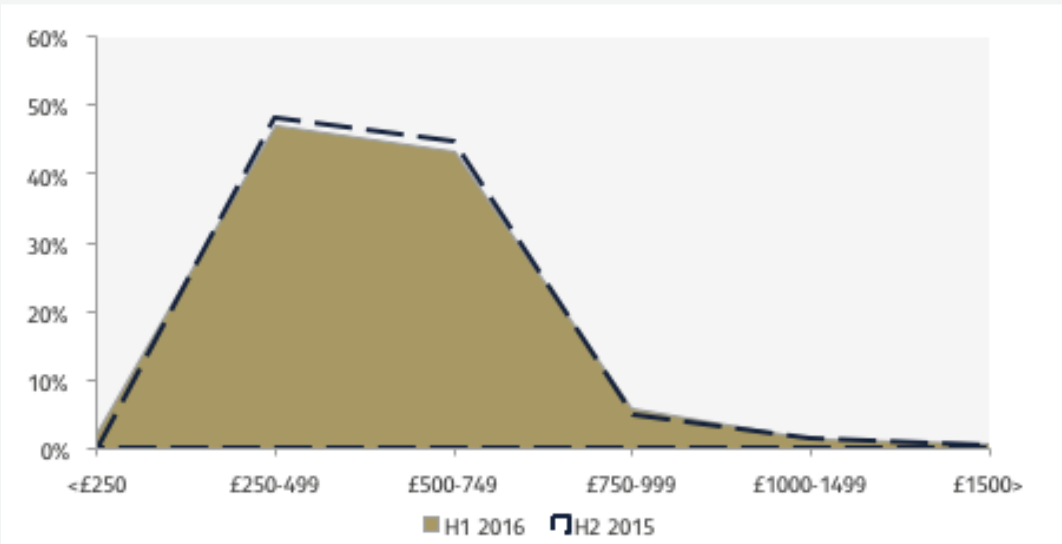
Table 13: Properties let by number of bedrooms

Number of Bedrooms	H1 2015	H2 2015	H1 2016	Half Yearly Change (%)	Annual Change (%)
1 bedroom	416 (7%)	355 (6%)	**393 (7%)**	10.7%	-5.5%
2 bedroom	1,969 (31%)	1,845 (31%)	**1,913 (32%)**	3.7%	-2.8%
3 bedroom	3,074 (49%)	2,924 (49%)	**2,846 (48%)**	-2.7%	-7.4%
4/4+ bedroom	788 (13%)	832 (14%)	**807 (13%)**	-3.0%	2.4%
TOTAL	**6,247**	**5,956**	**5,959**	**0.1%**	**-4.6%**

5.2 Distribution of Banded Monthly Rent across the Local Government Districts

Figure 8 shows that just under half of all rental properties outside BCCA (47%) were let in the £250-£499 per month rent band, with an average rent for this band of £435 per month. The proportion of properties let in the £500-£749 band reduced slightly to 43 per cent in this survey with an average rent of £576 towards the lower end of this band. Overall, the statistics continue to show the lower rent structure outside of Belfast.

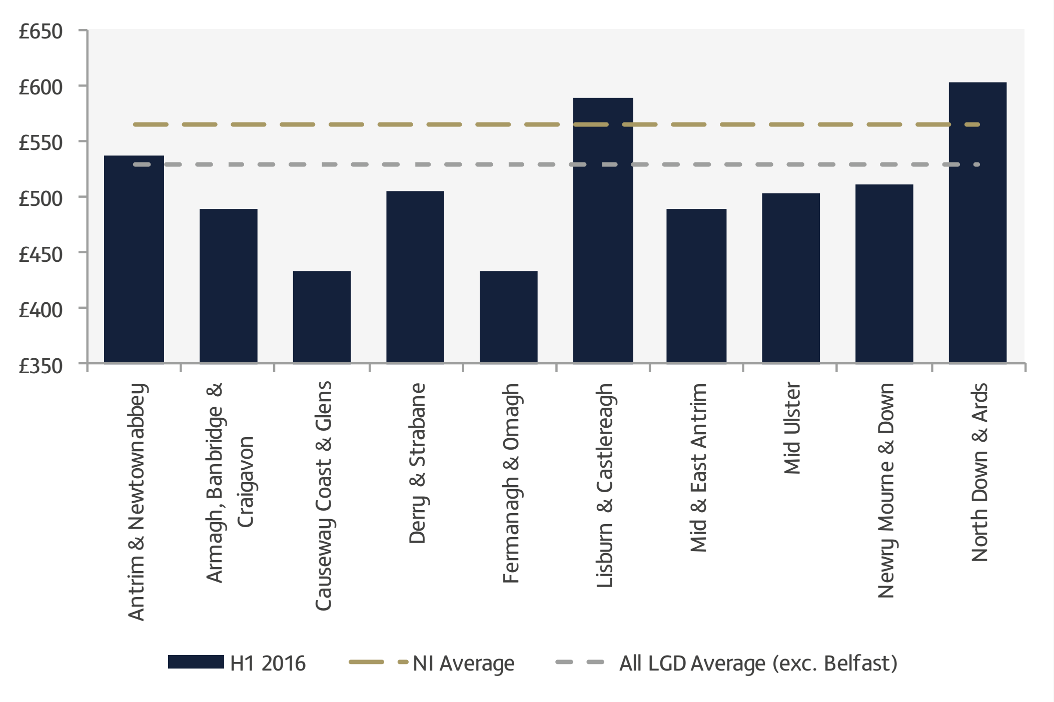
Figure 8: Histogram showing the distribution of banded monthly rents across Local Government Districts



5.3 Average Rent by Local Government District

Analysis of rental levels for properties rented outside of the BCCA reveal that the average rent was £529 per month, marginally down (0.9%) on the previous six months and lower than the Northern Ireland average rent of £565, which also showed a slight decrease in the same period. Figure 9 indicates that average rents in rural council areas, 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 & Ards (£602) and Lisburn & Castlereagh (£588) remain the most expensive council areas. The lowest average rents were in the Fermanagh & Omagh (£434), Causeway Coast & Glens (£434), Armagh, Banbridge & Craigavon (£489) and Mid & East Antrim (£490) council areas, with all areas recording slight rent decreases.

Figure 9: Average monthly rent by Local Government Districts



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 was found in the Lisburn & Castlereagh (£527) and North Down & Ards (£533) council areas followed some way behind by Antrim & Newtownabbey (£486) with all three experiencing moderate rental decline over the first six months of the year. The lowest average rents for this property type were in the districts of Fermanagh & Omagh (£392), Armagh Banbridge & Craigavon (£417) and Causeway Coast & Glens (£403), again all recording decreases in average rent over the period. The highest average rents for terrace/townhouse properties were again in North Down & Ards (£546) and Lisburn & Castlereagh (£539), with Derry & Strabane (£504) remaining the highest rental location outside of BMA council areas in the first half of 2016. The lowest average rents for terrace/townhouse properties were in Causeway Coast & Glens (£419) and Fermanagh & Omagh (£425), both exhibiting nominal decline. A similar trend is observed for semi-detached properties where the range of average rents was relatively narrow and the highest priced districts were again found in the BMA: North Down & Ards (£598) and Lisburn & Castlereagh (£595) which remained broadly the same as the previous half year, with Derry & Strabane (£560) the highest rental location for this property type outside of the BMA showing strong growth in this category. Although displaying growth, Fermanagh & Omagh (£453) and Causeway Coast & Glens (£411) were the lowest priced regions for semi-detached rental properties by some margin, highlighting the rent disparity between rural and urban contexts. For detached properties, the spread of average rent is generally much larger – ranging from £482 to £850. District council areas adjacent to Belfast exhibited the highest average rental for this type of property whilst Fermanagh & Omagh (£482), Causeway Coast & Glens (£536) and Mid Ulster (£560) were again amongst the lowest priced regions.

Table 14: Average monthly rent across Local Government Districts by property type

Council District	Average Rent by Property Type (£)				
	Apartment	Terrace/ Townhouse	Semi Detached	Detached	All
Antrim & Newtownabbey	£486	£484	£541	£760	£537
Armagh, Banbridge & Craigavon	£417	£446	£513	£616	£489
Causeway Coast & Glens	£403	£419	£411	£536	£434
Derry & Strabane	£451	£504	£560	£650	£506
Fermanagh & Omagh	£392	£425	£453	£482	£434
Lisburn & Castlereagh	£527	£539	£595	£761	£588
Mid & East Antrim	£460	£462	£524	£617	£490
Mid-Ulster	£414	£496	£511	£560	£503
Newry Mourne & Down	£462	£481	£513	£610	£512
North Down & Ards	£533	£546	£598	£850	£602

5.3.2 Average Rent by Number of Bedrooms

There is a small volume of one bedroom rental properties across the council areas outside of Belfast. The sample of one bedroom properties (Table 15) highlights a degree of clustering in rent structure within this category. Consistent with previous rent surveys, the highest average rent in this category was in North Down & Ards (£426), Lisburn & Castlereagh (£414) and Derry & Strabane (£392) where average rents remained similar in real terms. Unsurprisingly, the more rural areas such as Fermanagh & Omagh (£322), Causeway Coast & Glens (£359) and Armagh, Banbridge & Craigavon (£354) exhibit the lowest average monthly rent, although with evidence of rental increases in these areas. Analysis of two bedroom properties again shows a relative clustering of rents between £426 and £495, with the Belfast proximate areas of North Down & Ards (£534) and Lisburn & Castlereagh (£518), as outliers, having the highest average monthly rent. The lowest average rent for two bedroom properties was once again observed in Fermanagh & Omagh (£426) and Armagh Banbridge & Craigavon (£428) to the south and west, although both showed slight increases.

The statistics show that the range of average rent for three bedroom properties remains relatively narrow. The highest average rents are in the BMA council areas of Lisburn & Castlereagh (£591) and North Down & Ards (£589), and in the northwest of the province, Derry & Strabane (£532); locations which have been characterised by slight increases in average rent. However, Fermanagh & Omagh (£459) and Causeway Coast & Glens (£459), experience rental decreases and once again exhibit the lowest average rent for three bedroom properties, followed by Armagh Banbridge & Craigavon (£495).

Table 15: Average monthly rent across Local Government Districts by number of bedrooms

Council District	Average Rent by Number of Bedrooms (£)				
	1	2	3	4/4+	All
Antrim & Newtownabbey	£365	£495	£525	£803	£537
Armagh, Banbridge & Craigavon	£354	£428	£495	£642	£489
Causeway Coast & Glens	£359	£429	£459	£423	£434
Derry & Strabane	£392	£493	£532	£616	£506
Fermanagh & Omagh	£322	£426	£459	£544	£434
Lisburn & Castlereagh	£414	£518	£591	£820	£588
Mid & East Antrim	£379	£451	£510	£640	£490
Mid-Ulster	£358	£452	£512	£598	£503
Newry Mourne & Down	£382	£474	£516	£629	£512
North Down & Ards	£426	£534	£589	£912	£602

6.0 Conclusion

Analysis of the results derived from the rental market performance in the first half of 2016 are broadly in keeping with the trends highlighted by previous reports, and a picture of resilience and stability in the market is apparent in terms of the volume of new lets and the average monthly rent.

The results for the period from January to June 2016 indicate an increase in the number of transactions and whilst not as high as the first half of 2015, the analysis suggests that the private rental sector continues to occupy a key position within the overall Northern Ireland residential market. The composition of properties let by type remains consistent with previous reports, with apartment and terrace/townhouses the dominant property types, collectively accounting for 72% of rental lets while two or three bedroomed properties take 79% of properties rented during the first half of 2016.

The analysis shows that average monthly rent (£565) during the first half of 2016 has not deviated dramatically from the picture identified in previous surveys. A slight increase in the proportion of properties let in higher rent bands has resulted in a 2.2% increase in average monthly rent over the year, but with a slight half-year downward readjustment by 0.5%. Some fluctuation in average rent is apparent; for both apartments and terrace/townhouses the average rents have decreased slightly over 6 months but when taken over a year have increased by 0.5% and 1.7% respectively. In contrast, semi-detached and detached properties are characterised by higher average rents over both the half year and annually, with detached properties displaying a particularly strong rental growth over the year (5.3%). Analysis by number of bedrooms, indicates annual rental increases with the exception of 4/4+ bedrooms which indicate a slight decrease in average rent (-1.3%).

In contrast to the greater volatility apparent in the house sales market during the first half of 2016, the private rental sector has been much more stable with little variation in the rental indices. Thus there has been something of a divergence between the rental indices and the house price index, which has not occurred since 2013 when the HPI lagged the rental indices.

As with previous surveys there is a discernible distinction in the rental market between that in the Belfast City Council area and the overall Northern Ireland picture. Again rents are higher in Belfast, with an average of £608, although the annual and half year rates of change are of similar magnitude and direction. Highest average rents are again apparent in the city centre (£751 per month) and lowest in North Belfast (£464) highlighting the significant spatial variations in rents across the city. In the local government areas outside of the Belfast City Council area highest average rents are again apparent in those council areas closest to Belfast namely North Down & Ards (£602), Lisburn & Castlereagh (£588) and Antrim & Newtownabbey (£537).

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.