Ulster University

Performance of the Private Rental Market in Northern Ireland

Summary Research Report

July - December 2014

Housing Executive

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1.0 Introduction

Evidence derived from rental market data analysis continues to show high demand for rental properties across the Northern Ireland residential sector. Indeed, the private rented sector continues to play a crucial role in supporting tenure choice in the local housing market. This report focuses on the performance of the private rental market in Northern Ireland during the second half (July-December) 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 provides a summary of the overall performance of the private rental sector in Northern Ireland in 2014 with comparisons drawn with the previous year. Section 7 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 have been adjusted to the preferred monthly frequency and adjusted upward by property type to be inclusive of rates.

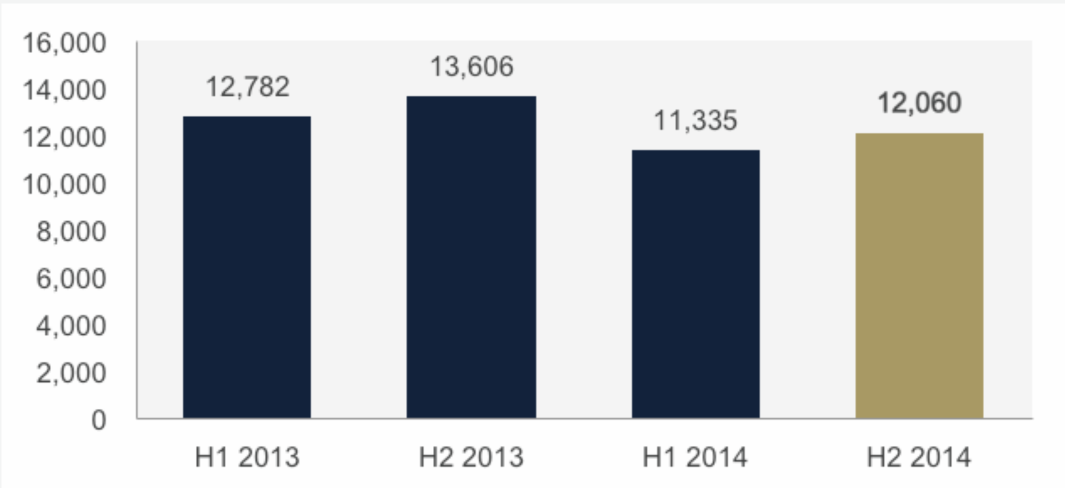
The statistics presented in this report are premised on a sample of 12,060 rental transactions recorded on PropertyNews.com and NIHE (Housing Benefit in the PRS) database for the second half of 2014. The rental figures represent the average rent (per month) as advertised. Rented properties are classified as those that were let during the specified time period. The data have 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 second half (July-December) of 2014 there were **12,060** rental transactions in the private rented sector in Northern Ireland, representing an increase of 6.4 per cent on the first six months of 2014. Annual comparison shows a decrease of 11.3 percentage points on the same period the previous year (Figure 1).

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 (42%) and apartment (29%) property types, which account for 71 per cent of the total rental activity. The market share of semi-detached (18%) and detached properties (12%) have remained unchanged over the half year period. (See Table 1).

The moderate increase in transactions over the second half of 2014 is reflected across all property types but most notably in the terrace/townhouse sector (14.2%). The detached (3.5%), semi-detached (1.7%) and apartment (0.4%) sectors all recorded nominal increases compared with the first half of the year. However, the annual change in number of transactions is more pronounced with detached (-20.3%) and semi-detached (-16.3%) properties exhibiting the most significant annual decline in transactions (See Table 1).

Table 1: Properties let by type

Property Type	H2 2013	H1 2014	H2 2014	Half Year Change (%)	Annual Change (%)
Apartment	3,897 (29%)	3,521 (31%)	**3,538 (29%)**	0.4%	-9.3%
Terrace/Townhouse	5,451 (40%)	4,402 (39%)	**5,028 (42%)**	14.2%	-7.8%
Semi-Detached	2,522 (18%)	2,075 (18%)	**2,110 (18%)**	1.7%	-16.3%
Detached	1,736 (13%)	1,337 (12%)	**1,384 (11%)**	3.5%	-20.3%
TOTAL	**13,606 (100%)**	**11,335 (100%)**	**12,060 (100%)**	**6.4%**	**-11.3%**

Consistent with previous reports, two (37%) and three (41%) bedroom properties are the most common property size, accounting for almost four fifths (78%) of properties rented during the second half of 2014. The figures also show that the proportion of one bedroom properties (7%) and those with four or more bedrooms (15%) remained consistent over the time period (Table 2). In terms of rental transactions, the number of one and two bedroom properties let exhibited a moderate half yearly increase, with three and four or more bedroom properties also observing an increase. Annually, the number of transactions decreased for 2, 3 and 4 or more bedroom properties. There was a small annual increase in 1 bedroom rental transactions (4.6%).

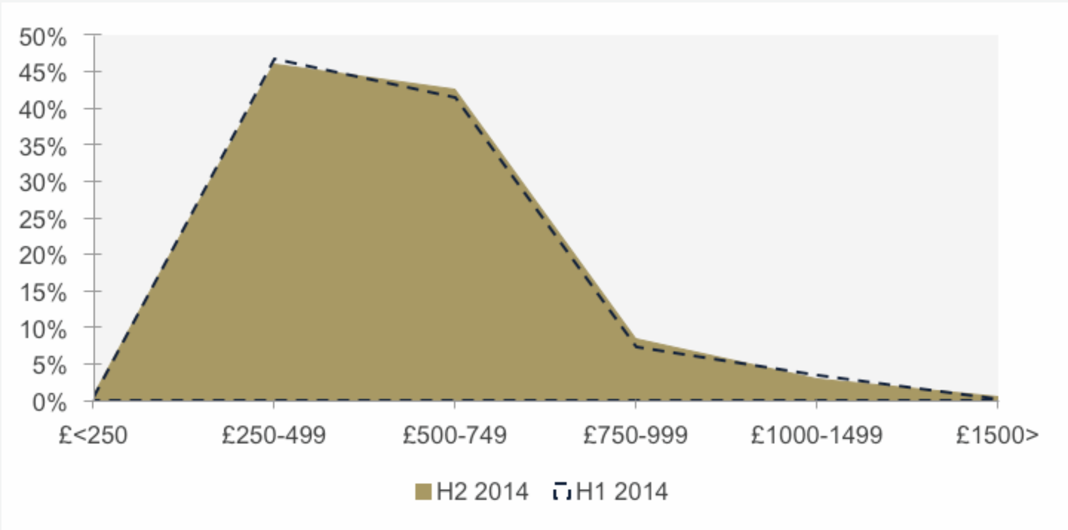
Table 2: Properties let by number of bedrooms

Number of Bedrooms	H2 2013	H1 2014	H2 2014	Half Year Change (%)	Annual Change (%)
1 bedroom	854 (6%)	837 (7%)	**891 (7%)**	6.5%	4.6%
2 bedroom	4,893 (36%)	4,010 (36%)	**4,442 (37%)**	10.3%	-9.6%
3 bedroom	5,891(43%)	4,789 (42%)	**4,973 (41%)**	4.3%	-15.2%
4/4+ bedroom	1,968 (15%)	1,699 (15%)	**1,754 (15%)**	3.2%	-10.9%
TOTAL	**13,606 (100%)**	**11,335 (100%)**	**12,060 (100%)**	**6.4%**	**-11.4%**

3.2 Distribution of Banded Monthly Rent

Figure 2 shows that almost half (46%) of rental properties let during July-December 2014 were in the £250-£499 rental band. A similar 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 has marginally decreased, and in contrast transactions across the higher rent bands have increased, compared with the first half of the year. This provides credible evidence of a gradual increase in average rents in Northern Ireland.

Figure 2: Histogram showing the distribution of banded monthly rent



3.3 Northern Ireland Average Monthly Rent

For the second half of 2014, the average monthly rent for Northern Ireland was £549, a nominal increase on the first half of 2014 (£548) and a small annual increase (2.8%) compared with H2 2013 (£534). In terms of property type, the statistics in Table 3 reveal relatively little half yearly change in average rents across property types The figures show a small half yearly decrease in rent for apartments (-1.3%) and terrace properties (-0.6%), however annually, rent has actually increased across all property types.

Table 3: Average rent by property type

Property Type	H2 2013	H1 2014	H2 2014	Half Year Change (%)	Annual Change (%)
Apartment	£517	£539	**£531**	-1.3%	2.8%
Terrace/Townhouse	£511	£527	**£524**	-0.6%	2.4%
Semi-Detached	£535	£543	**£549**	1.3%	2.6%
Detached	£638	£653	**£683**	4.6%	7.0%
ALL	**£534**	**£548**	**£549**	**0.2%**	**2.8%**

Table 4 figures indicate a slight increase in average rents over the half year, with the exception for four or more bedroom dwellings. In terms of annual change, however, the analysis shows a small increase in average rent for 1, 2 and 3 bedroom properties, with four or more bedrooms properties exhibiting the largest annual (7.3%) increase in average rent.

Table 4: Average rent by number of bedrooms

Number of Bedrooms	H2 2013	H1 2014	H2 2014	Half Year Change (%)	Annual Change (%)
1 bedroom	£411	£410	**£413**	1.0%	0.6%
2 bedroom	£489	£493	**£499**	1.3%	2.1%
3 bedroom	£525	£533	**£536**	0.6%	2.1%
4/4+ bedroom	£726	£791	**£779**	-1.5%	7.3%
ALL	**£534**	**£548**	**£549**	**0.2%**	**2.8%**

3.4 The Northern Ireland Private Rental Index

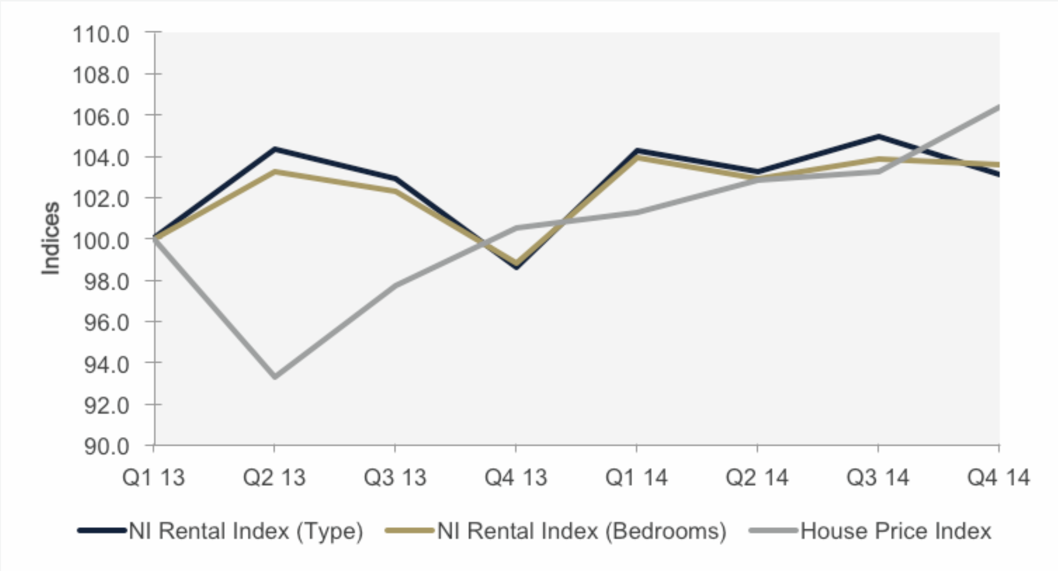
The Northern Ireland Private Rental Indices (NIPRIs) measure change in average rents by property type and number of bedrooms. The indices are calculated using a weighted average by property type and number of bedrooms at the base quarter, Q1 2013 (100). Table 5 shows that the rental index by property type stands at 103.1 at Q4 2014, indicating a quarterly decrease of 1.73 percentage points. However, annual comparison with Q4 2013 reveals an increase of 4.6 percentage points. Similarly, the Index by number of bedrooms stands at 103.6 showing a decrease of 0.25 per cent over the quarter but moderate annual increase of 4.8 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
	Quarter 3	104.9	**1.65**	2.0	103.9	**0.95**	1.5
	Quarter 4	103.1	**-1.73**	4.6	103.6	**-0.25**	4.8

The emerging trends over the latter end of 2013 and first three quarters of 2014 showed a convergence of house prices and rental prices. Overall, the trends show a slow but steady increase in average house price with the average rent remaining marginally above Q1 2013 levels, although over the last two quarters property prices have increased beyond rental values which remain relatively flat in comparison.

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 July-December 2014, there were **5,040** properties let in the Belfast City Council area (BCCA), a transaction increase of 10.9 per cent on the first six months of 2014 (Figure 4). Belfast continues to be the main rental market in Northern Ireland representing 41.8% of all rental transactions across Northern Ireland.

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

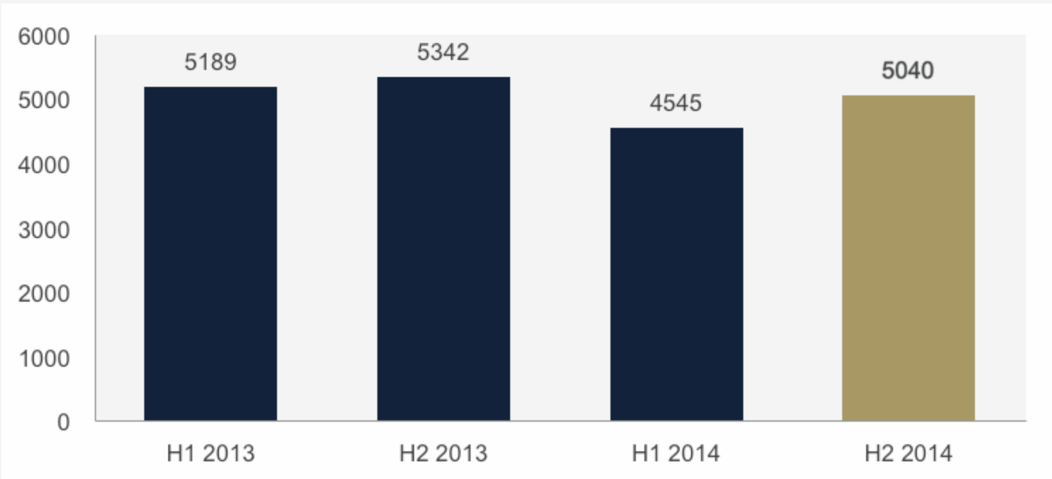


Table 6 shows the distribution of rented properties by property type. Analysis indicates that almost nine out of ten (87%) properties let in the BCCA are terrace/townhouses (49%) and apartments (38%), much higher proportions than for Northern Ireland as a whole (42% and 29% respectively). In terms of volume of properties let, large half yearly increases in the detached (50%) and terrace/townhouse (21.4%) property types were observed over the second half of 2014, with a small decrease in number of apartments (2.3%) let over the same period.

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

Property Type	H2 2013	H1 2014	H2 2014	Half Year Change (%)	Annual Change (%)
Apartment	1,976 (37%)	1,945 (43%)	**1,900 (38%)**	-2.3%	-3.8%
Terrace/Townhouse	2,565 (48%)	2,039 (45%)	**2,475 (49%)**	21.4%	-3.5%
Semi-Detached	653 (12%)	461 (10%)	**514 (10%)**	11.5%	-21.3%
Detached	148 (3%)	100 (2%)	**150 (3%)**	50.0%	1.4%
TOTAL	**5,342**	**4,545**	**5,039**	**10.9%**	**-5.7%**

Table 7 shows that two bedroom properties represent the most common property size, accounting for almost half of all properties let (46%), again higher proportions than Northern Ireland as a whole (37%). Three bedroom dwellings are the next largest group, accounting for almost a third (30%) of properties let over the time period, a significantly lower proportion than Northern Ireland as a whole (41%).

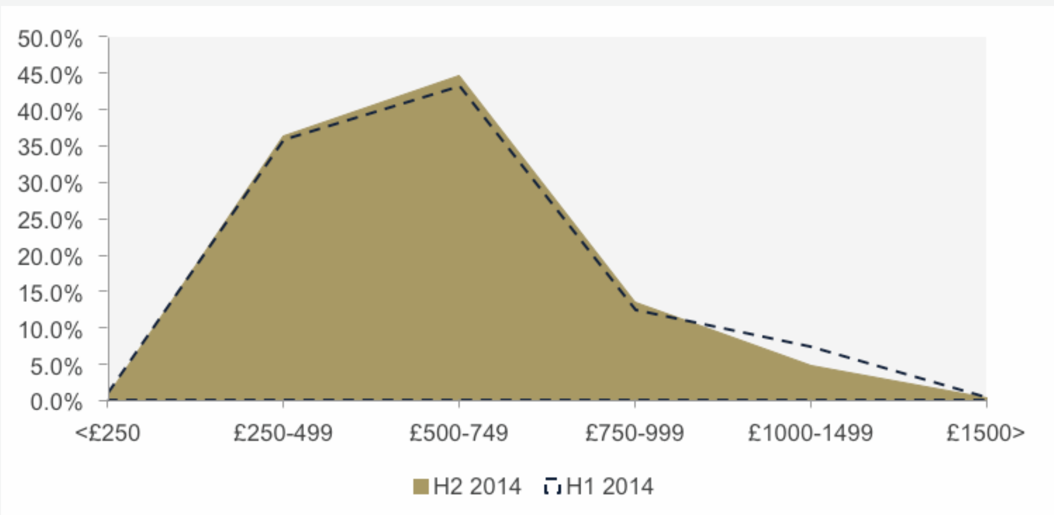
Table 7: Properties let in Belfast City Council Area by number of bedrooms

Number of Bedrooms	H2 2013	H1 2014	H2 2014	Half Year Change (%)	Annual Change (%)
1 bedroom	441 (8%)	446 (10%)	**471 (9%)**	5.6%	6.8%
2 bedroom	2,468 (46%)	2,055 (45%)	**2,292 (46%)**	11.5%	-7.1%
3 bedroom	1,620 (30%)	1,248 (28%)	**1,494 (30%)**	19.7%	-7.8%
4/4+ bedroom	813 (15%)	796 (18%)	**783 (16%)**	-1.6%	-3.7%
TOTAL	**5,342**	**4,545**	**5,040**	**10.9%**	**-5.7%**

4.2 Distribution of Banded Monthly Rent in Belfast City Council Area

The frequency distribution in Figure 5 shows that most rental properties in the BCCA were let in the £500-£749 band (45%), with an average rent of £586, followed by the £250-£499 band (36%), with an average rent of £425 (Figure 5). In contrast, the majority of rents paid in the rest of Northern Ireland fall within the £250-£499 band (46%) emphasising the higher rent structure in Belfast. Approximately one fifth (18%) of all rental properties in the BCCA were let for more than £750 per month. The histogram further illustrates that there has been slight changes in the distribution of monthly rent over the second half of the year. Pertinently, the figures show slight increases in the proportion of lettings in the £250-£499, £500-749 and £750-999 rent bands, indicative of a slow but gradual increase in rent structure in the BCCA.

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 £589 for the second half of 2014, higher than the Northern Ireland average (£549), representing a slight decrease (2.2%) on the previous 6 months and a 2.7 per cent increase on the same period in 2013. In general, analysis of rental price locations in the BCCA show slight increases in average rents compared with the first half of 2014, except for South Belfast which recorded a 2.4 per cent decrease in average rent. Belfast City Centre (£727) is the most expensive rental location followed by South Belfast (£699) with mean rents considerably higher than the Belfast average. North Belfast (£456) is the lowest priced location in the BCCA (Table 8).

Table 8: Average rent in Belfast City Council Area

Location	H2 2013	H1 2014	H2 2014	Half Year Change (%)	Annual Change (%)
Belfast City Council Area	£573	£602	**£589**	-2.2%	2.7%
Belfast City Centre	£716	£713	**£727**	1.9%	1.5%
North Belfast	£470	£456	**£456**	0.0%	-2.9%
South Belfast	£665	£716	**£699**	-2.4%	5.0%
East Belfast	£520	£519	**£528**	1.8%	1.5%
West Belfast	£518	£504	**£517**	2.6%	-0.1%

4.3.1 Average Rent by Property Type

Table 9 shows that average rental levels across property types have exhibited some variability over the second half of the year. Terrace/townhouse (-3.3%) and apartment (-2.5%) properties have experienced a slight decline in average rental price over the time period. Detached and semi-detached properties remain the most expensive to rent, with terrace/townhouse properties marginally the least expensive (£569). Annual comparison with H2 2013 reveals rent increases across all property types.

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

Property Type	BCCA H2 2013	BCCA H1 2014	BCCA H2 2014	Half Year Change (%)	Annual Change (%)
Apartment	£568	£601	**£586**	-2.5%	3.1%
Terrace/Townhouse	£555	£588	**£569**	-3.3%	2.5%
Semi-Detached	£594	£611	**£615**	0.7%	3.6%
Detached	£860	£853	**£863**	1.1%	0.3%
ALL	**£573**	**£602**	**£589**	**-2.2%**	**2.7%**

4.3.2 Average Rent by Number of Bedrooms

Table 10 shows that average rents for the second half of 2014, when analysed by number of bedrooms, have increased slightly for 1 and 2 bedroom properties, and decreased for 3 and 4 or more bedroom properties. In terms of annual change, average rents have increased across all bedroom categories most notably in the four or more bedroom (4.8%) and two bedroom (2.9%) properties when compared to the second period of 2014.

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

Number of Bedrooms	BCCA H2 2013	BCCA H1 2014	BCCA H2 2014	Half Year Change (%)	Annual Change (%)
1 bedroom	£435	£435	**£438**	0.6%	0.6%
2 bedroom	£512	£518	**£527**	1.7%	2.9%
3 bedroom	£575	£598	**£584**	-2.3%	1.6%
4/4+ bedroom	£830	£918	**£870**	-5.3%	4.8%
ALL	**£573**	**£602**	**£589**	**-2.2%**	**2.7%**

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 £433 in BT13 to £900 in BT2.

Table 11: Average rent grid by postcode

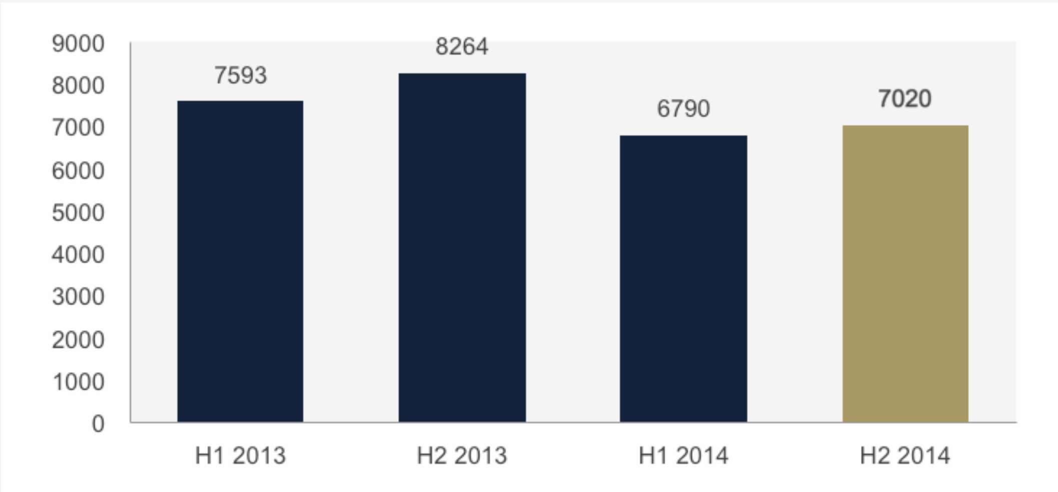
Poscode	1 Bed	2 Bed	3 Bed	4/4+ Bed	All
BT1	£575	£749	£885	-	£724
BT2	£576	£738	£900	-	£735
BT3	£560	£777	-	-	£783
BT4	£447	£507	£548	£767	£546
BT5	£409	£461	£579	£785	£509
BT6	£444	£492	£575	£633	£530
BT7	£432	£566	£631	£892	£676
BT8	£449	£543	£624	£828	£621
BT9	£455	£606	£722	£990	£721
BT10	£468	£571	£624	£790	£621
BT11	£493	£554	£591	£579	£571
BT12	£485	£480	£509	£578	£497
BT13	£350	£408	£433	£565	£420
BT14	£378	£437	£468	£542	£449
BT15	£336	£449	£574	£654	£491
BT16	£414	£485	£577	£770	£545
BT17	£413	£538	£593	£756	£579
BT18	£454	£610	£686	£1,239	£724
BT19	£487	£513	£594	£964	£629
BT20	£416	£518	£618	£774	£577
BT23	£406	£478	£545	£815	£535
BT26	£385	£615	£660	£1,021	£757
BT27	£364	£489	£550	£1,016	£584
BT28	£409	£505	£539	£755	£552
BT36	£408	£486	£525	£737	£516
BT37	£367	£452	£499	£716	£502
BT38	£410	£471	£516	£629	£503

5.0 Rental Performance across the Local Government Districts[1]

5.1 Distribution of Properties Let by Local Government Districts

There were **7,020** properties let outside of the BCCA, during the second half of 2014, accounting for approximately 58 per cent of all rental transactions in Northern Ireland. In comparison to the first half of 2014, rental transactions in LGD's outside the BCCA experienced a three per cent increase over the last six months of the year, although annual comparison indicates that transaction levels are 15 per cent down on the same period in 2013 (Figure 6).

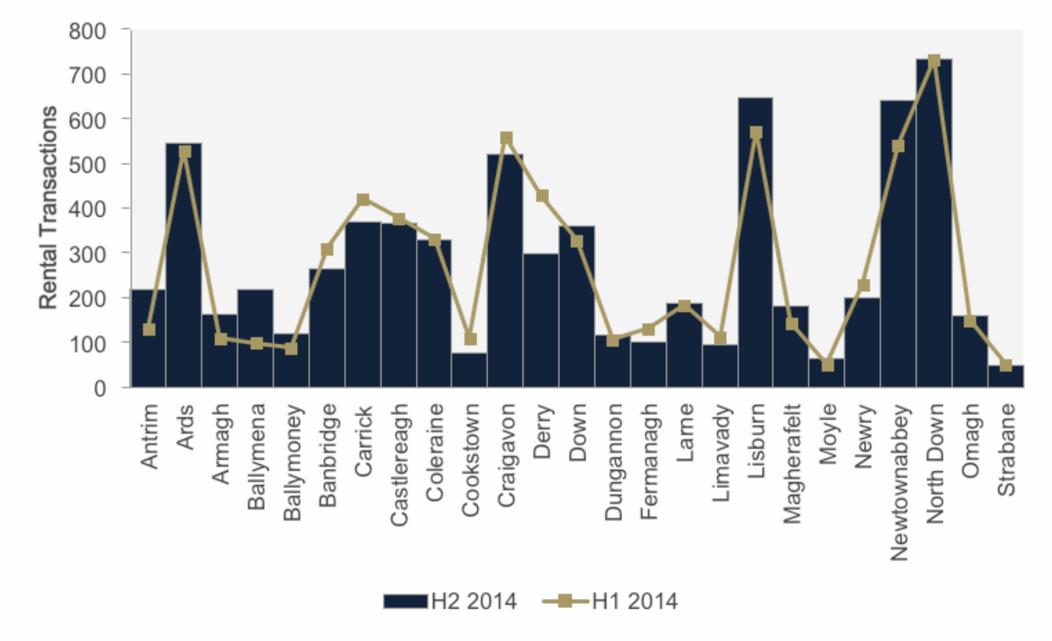
Figure 6: Total number of properties let in Local Government Districts



Similar to previous reports, the distribution of rental transactions (Figure 7) indicates that the North Down (734), Lisburn (646), Newtownabbey (641), Ards (544), and Craigavon (520) districts are the largest rental markets outside of Belfast. The figures also identify Carrick (369), Castlereagh (367) and Down (359) to be other main rental areas. Collectively, these eight district council areas account for 60 per cent of all rental transactions outside of Belfast. Figure 7 also illustrates variance in rent transaction levels in the second half of 2014 compared with the previous 6 month period. The prominent rental markets (North Down, Lisburn, Newtownabbey and Ards) observed increases in rent transactions, most notably in Newtownabbey (19%) and Lisburn (13%). Ballymena, Antrim, Armagh and Ballymoney also observed sizeable increases in transactions most likely related to seasonal effects. Strabane (48), Moyle (68), Cookstown (77) and Limavady (95) exhibited the least amount of activity over the period. Consistent with previous analysis the relative half yearly decrease in Cookstown letting activity (29%) is also noteworthy.

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

Figure 7: Number of properties let in each Local Government District



Terrace/townhouses represent the largest proportion of rented properties with over one third (36%) of the total rental activity (Table 12). Apartments and semi-detached properties each account for 23 per cent of rented dwellings. The market share of detached dwellings remains the smallest accounting for 18 per cent of properties let. The number of properties let across the terrace/townhouse and apartment sectors have shown moderate increases over the second half of the year compared with the first half of 2014, with detached and semi-detached properties exhibiting nominal decreases.

Table 12: Properties let by property type

Property Type	H2 2013	H1 2014	H2 2014	Half Year Change (%)	Annual Change (%)
Apartment	1,921 (23%)	1,576 (23%)	**1,637 (23%)**	3.9%	-14.8%
Terrace/Townhouse	2,886 (35%)	2,363 (35%)	**2,553 (36%)**	8.0%	-11.5%
Semi-Detached	1,869 (23%)	1,614 (24%)	**1,596 (23%)**	-1.1%	-14.6%
Detached	1,588 (19%)	1,237 (18%)	**1,234 (18%)**	-0.2%	-22.3%
TOTAL	**8,264 (100%)**	**6,790 (100%)**	**7,020 (100%)**	**3.4%**	**-15.1%**

Table 13 again shows that four fifths (80%) of properties let outside BCCA during the second half of 2014 were two and three bedroom properties. Consistent with the previous half year, three bedroom properties are the most common size representing half (50%) of rented properties with an average rent of £515 per month. Two bedroom properties represent the next largest property size and account for 30 per cent of properties let, with an average rent of £470 per month.

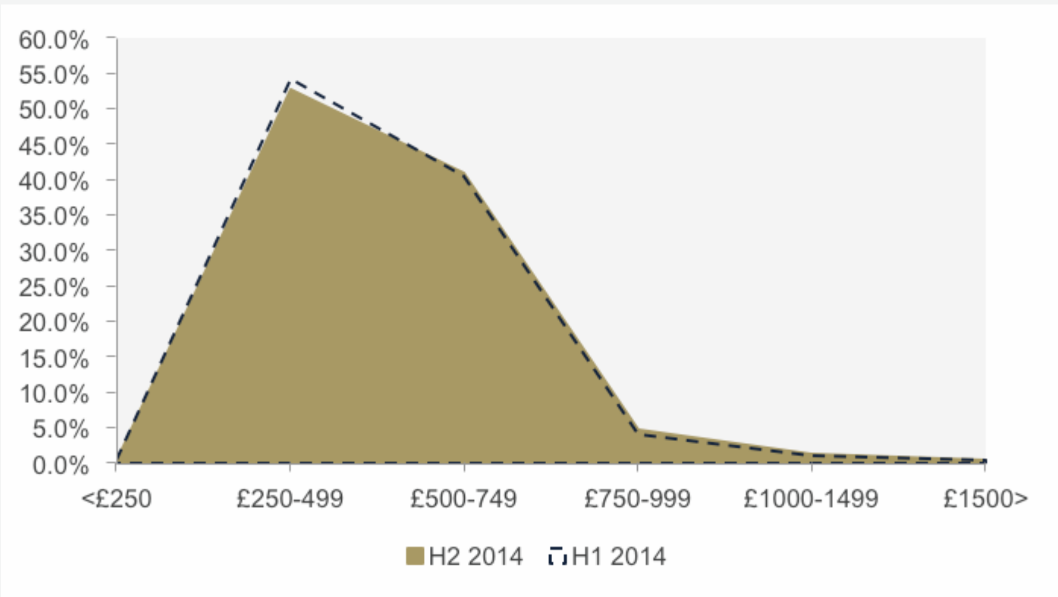
Table 13: Properties let by number of bedrooms

Number of Bedrooms	H2 2013	H1 2014	H2 2014	Half Year Change (%)	Annual Change (%)
1 bedroom	411 (5%)	391 (6%)	**420 (6%)**	7.4%	2.2%
2 bedroom	2,425 (29%)	1,955 (29%)	**2,130 (30%)**	9.0%	-12.2%
3 bedroom	4,273 (52%)	3,541 (52%)	**3,499 (50%)**	-1.2%	-18.1%
4/4+ bedroom	1,155 (14%)	903 (13%)	**971 (14%)**	7.5%	-15.9%
TOTAL	**8,264 (100%)**	**6,790 (100%)**	**7,020 (100%)**	**3.4%**	**-15.1%**

5.2 Distribution of Banded Monthly Rent across the Local Government Districts

Figure 8 shows that over half of all rental properties outside BCCA (53%) were let in the £250-£499 per month rent band, with an average rent of £430 per month. Similarly, 41 per cent of properties were let in the £500-£749 band. Overall, this highlights the different rent structure outside of Belfast, although it is also notable that there has been a slight increase in the proportion of properties in higher rent brackets.

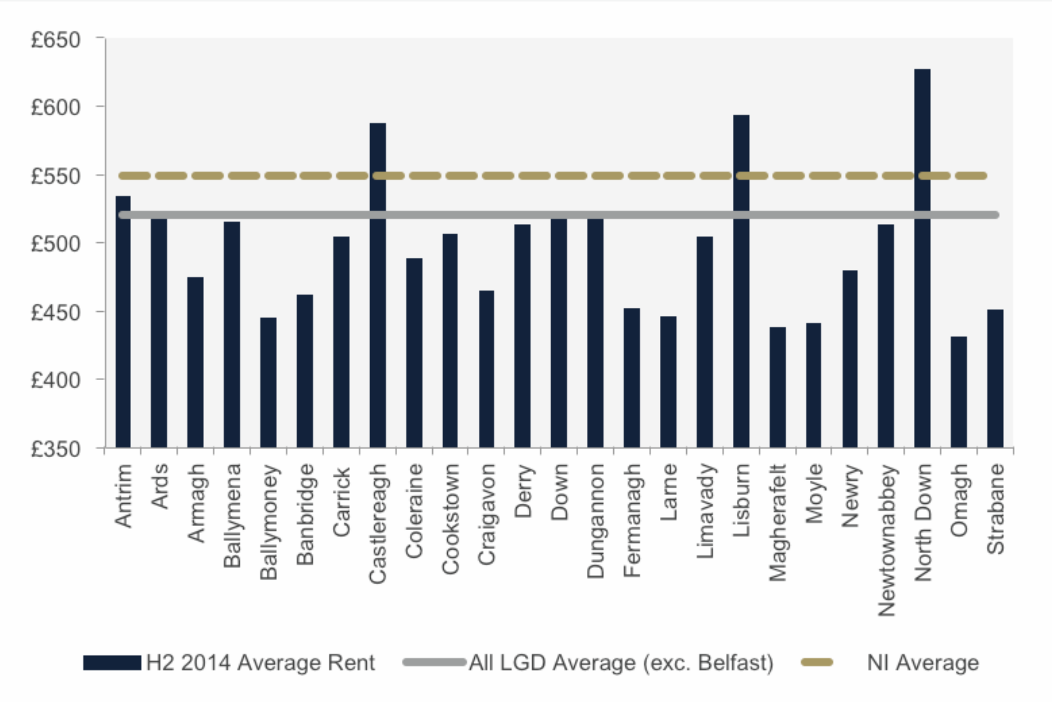
Figure 8: Histogram showing the distribution of banded monthly rents across Local Government Districts



5.3 Average Rent by Local Government District

Analysis of rental levels for properties rented outside of the BCCA reveal that the average rent was £520 per month, a 1.6 per cent increase on the first half of 2014 and below the Northern Ireland average rent of £549. Figure 9 indicates 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 (£627), Lisburn (£593) and Castlereagh (£587) remain 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 Omagh (£431), Magherafelt (£438) and Moyle (£441) districts which all displayed small decreases in average rent compared with the previous half year period. Nonetheless, it is notable that there is a clustering of rents in the more rural rental locations.

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 was found in North Down (£541), followed by Lisburn (£521), Carrickfergus and Castlereagh (£486). The lowest average rents were in the districts of Omagh (£342), Magherafelt (£357) and Ballymoney (£374). These results are generally consistent with previous analysis. Again, the highest average rents for terrace/townhouse properties, were in in North Down (£609), Castlereagh (£565) and Lisburn (£543), with Derry (£506) remaining the highest rental location outside of the BMA in the second half of 2014. The lowest average rents were in Larne (£411), Banbridge (£415), Omagh (£415). 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 Castlereagh (£625), North Down (£591), and Lisburn (£574) with Derry (£533) and Dungannon (£529) the highest priced regions outside of the BMA. Moyle (£444) and Ballymoney (£452) in the North, and Fermanagh (£452), Omagh (£462) and Armagh (£466) 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 £492 to £881. Detached properties in the BMA (North Down, Lisburn and Castlereagh) exhibited the highest average rent for this type of property, echoing the trend for the previous 6 month period. Omagh (£492), Fermanagh (£507), Ballymoney (£509) and Moyle (£520) were again amongst the lowest priced regions, although all showed an increase in the second half of the year.

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

Council District	Average Rent by Property Type (£)					Half Year Change (%)
	Apartment	Terrace/ Townhouse	Semi Detached	Detached	All	
Antrim	£460	£471	£528	£702	£534	3.2%
Ards	£442	£469	£539	£699	£523	-1.3%
Armagh	£426	£457	£466	£554	£475	1.5%
Ballymena	£460	£463	£502	£631	£515	3.8%
Ballymoney	£374	£422	£452	£509	£445	1.6%
Banbridge	£384	£415	£477	£639	£461	3.5%
Carrickfergus	£486	£471	£529	£646	£504	4.7%
Castlereagh	£486	£565	£625	£775	£587	3.1%
Coleraine	£461	£459	£506	£547	£488	4.4%
Cookstown	£456	£500	£512	£554	£506	-1.3%
Craigavon	£415	£423	£499	£612	£465	1.3%
Derry	£474	£506	£533	£629	£513	1.1%
Down	£453	£473	£513	£624	£519	3.0%
Dungannon	£430	£511	£529	£582	£520	1.3%
Fermanagh	£414	£435	£452	£507	£452	2.2%
Larne	£445	£411	£468	£576	£445	-2.7%
Limavady	£441	£470	£493	£638	£504	1.7%
Lisburn	£521	£543	£574	£792	£593	3.3%
Magherafelt	£357	£422	£460	£539	£438	-6.1%
Moyle	£384	£424	£444	£520	£441	4.9%
Newry & Mourne	£427	£437	£498	£559	£480	0.0%
Newtownabbey	£467	£474	£549	£679	£513	-0.4%
North Down	£541	£609	£591	£881	£627	0.8%
Omagh	£342	£415	£462	£492	£431	-4.5%
Strabane	£393	£436	£462	£528	£451	6.9%

5.3.2 Average Rent by Number of Bedrooms

One bedroom rental properties are not a common property size across all regions, although the number of one bedroom lettings has increased by 7.4 per cent in this half year period and is up 2.2 per cent in annual terms. The sample of one bedroom properties reveals that North Down (£438), Derry (£422) and Castlereagh (£412) displayed the highest average rent with more rural areas such as Magherafelt (£307), Omagh (£307), Banbridge (£321) and Fermanagh (£328) exhibiting the lowest average monthly rent. Analysis of two bedroom properties shows a relative clustering (88%) of rents between £374 and £487, with North Down (£544), Lisburn (£516), Castlereagh (£502) having the highest average monthly rent with little change over the half year. The lowest average rent for two bedroom properties was observed in Magherafelt (£374), Omagh (£393), Moyle (£395) and Banbridge (£398) districts. This is consistent with previous analysis but it is notable that slight increases in average rent are observed across most locations in this category.

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 £434 and £534. The highest average rents remained relatively similar to the first half of last year and were again in the BMA districts of North Down (£619), Castlereagh (£605) and Lisburn (£566) with Dungannon (£534) and Derry (£529) again displaying the next highest average rents. Moyle (£434) once again exhibited the lowest average rent statistic, followed by Magerafelt (£445), Ballymoney (£450) and Strabane (£454). 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 Local Government Districts by number of bedrooms

Council District	Average Rent by Number of Bedrooms (£)					Half Year Change (%)
	1	2	3	4/4+	All	
Antrim	£386	£471	£509	£762	£534	3.2%
Ards	£397	£466	£520	£748	£523	-1.3%
Armagh	*	£431	£473	£592	£475	1.5%
Ballymena	£388	£469	£506	£653	£515	3.8%
Ballymoney	£367	£408	£450	£508	£445	1.6%
Banbridge	£321	£398	£459	£658	£461	3.5%
Carrickfergus	£410	£471	£517	£629	£504	4.7%
Castlereagh	£412	£502	£605	£833	£587	3.1%
Coleraine	£369	£458	£491	£565	£488	4.4%
Cookstown	*	£425	£501	£583	£506	-1.3%
Craigavon	£355	£408	£467	£607	£465	1.3%
Derry	£422	£487	£529	£623	£513	1.1%
Down	£358	£462	£514	£689	£519	3.0%
Dungannon	£373	£482	£534	£569	£520	1.3%
Fermanagh	£328	£429	£457	£549	£452	2.2%
Larne	*	£400	£460	£610	£445	-2.7%
Limavady	*	£453	£498	£615	£504	1.7%
Lisburn	£397	£516	£566	£881	£593	3.3%
Magherafelt	£307	£374	£445	£539	£438	-6.1%
Moyle	£371	£395	£434	£599	£441	4.9%
Newry & Mourne	£372	£431	£481	£598	£480	0.0%
Newtownabbey	£391	£464	£518	£704	£513	-0.4%
North Down	£438	£544	£619	£956	£627	0.8%
Omagh	£307	£393	£454	£544	£431	-4.5%
Strabane	*	£418	£454	£539	£451	6.9%

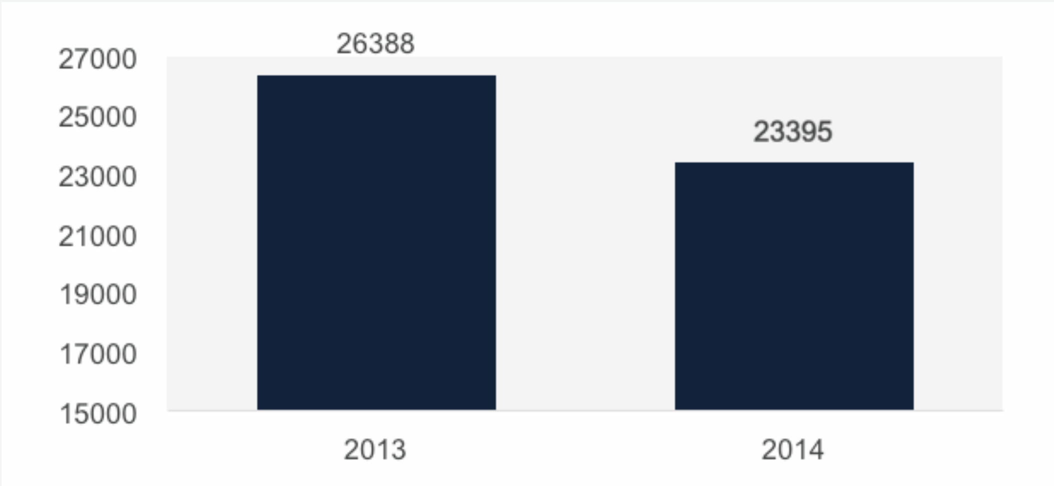
* denotes sample size is too small for analysis.

6.0 Performance of the Rental Market in 2014

6.1 Distribution of Properties Let in Northern Ireland in 2014

In 2014, there were **23,395** rental transactions in the private rented sector in Northern Ireland, representing an 11.3 per cent decrease on the previous year (Figure 10). Nonetheless, the figures show a healthy ongoing demand for rental properties.

Figure 10: Number of dwellings let across Northern Ireland



Analysis by property type indicates little change in the rental market in 2014, with terrace/townhouse (40%) and apartment (30%) properties dominating the market, in total accounting for 70 per cent of the total rental activity over the year. The market share of semi-detached (18%) and detached properties (12%) also remain relatively unchanged over the year (Table 16).

The overall decrease in rental volume in 2014 is reflected in declining transactions across all property types but most notably in the detached sector which recorded a 22 per cent decrease compared with 2013 (See Table 16).

Table 16: Properties let by Type

Property Type	2013	2014	Annual Change (%)
Apartment	7,768 (30%)	**7,059 (30%)**	-9.1%
Terrace/Townhouse	10,287 (39%)	**9,430 (40%)**	-8.3%
Semi-Detached	4,846 (18%)	**4,185 (18%)**	-13.6%
Detached	3,487 (13%)	**2,721 (12%)**	-22.0%
TOTAL	**26,388 (100%)**	**23,395 (100%)**	**-11.3%**

The figures for 2014 are consistent with those for 2013 and confirm that two (36%) and three (42%) bedroom properties are the most common property size in the Northern Ireland rental market, accounting for almost four fifths (78%) of properties rented during the year (Table 17). In terms of rental transactions, the numbers of two, three and four or more bedroom properties let have exhibited moderate decreases in volume over the year. In contrast, annual comparison indicates that one bedroom properties observed slight increase in 2014, most likely related to the potential advent of the bedroom tax and associated policy impetus for the provision of one bedroom properties.

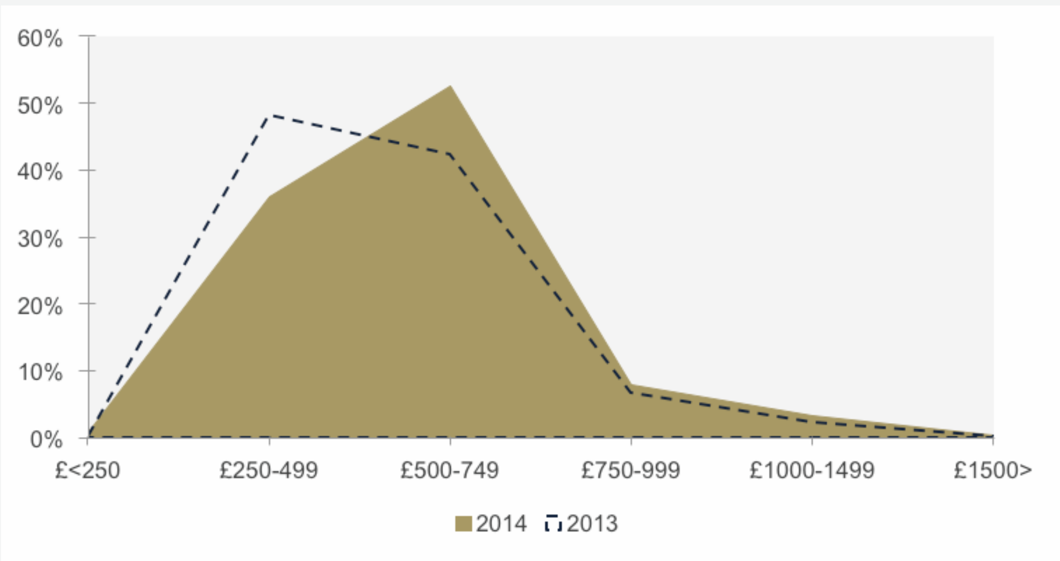
Table 17: Properties let by number of bedrooms

Number of Bedrooms	2013	2014	Annual Change (%)
1 bedroom	1,679 (7%)	**1,728 (7%)**	2.9%
2 bedroom	9,472 (36%)	**8,432 (36%)**	-11.0%
3 bedroom	11,177 (42%)	**9,782 (42%)**	-12.5%
4/4+ bedroom	4,038 (15%)	**3,453 (15%)**	-14.5%
TOTAL	**26,366 (100%)**	**23,395 (100%)**	**-11.3%**

6.2 Distribution of Banded Monthly Rent in 2014

Figure 2 shows that the most common rent band during 2014 was £500 - £749, with over half (52%) of rental properties let in this category. A lower proportion of properties (36%) were let in the £250 - 499 band. Approximately 11% of rental properties let for more than £750 per month or more. The histogram (Figure 11) shows that the proportion of transactions across the higher rent bands has increased compared with the previous year, providing evidence of a shift in price structure of average rents in Northern Ireland.

Figure 11: Histogram showing the annual distribution of banded monthly rent



6.3 Northern Ireland Average Monthly Rent in 2014

For 2014 the average monthly rent for Northern Ireland was £549, a two percentage point increase on the average rent statistic for 2013 (£538). In terms of property type, the statistics in Table 18 reveal small annual increases in average rents across all sectors. Detached properties have the highest average rent (£669) with an increase of 5.1 per cent compared to 2013.

Table 18: Average rent by property type

Property Type	2013	2014	Annual Change (%)
Apartment	£530	**£535**	0.9%
Terrace/Townhouse	£513	**£525**	2.4%
Semi-Detached	£534	**£546**	2.2%
Detached	£636	**£669**	5.1%
ALL	**£538**	**£549**	**2.0%**

Table 19 generally shows stronger performance of average rents in 2014 when analysed by number of bedrooms, except for one bedroom dwellings which recorded a small decline of 0.8% per cent. Properties with four or more bedrooms exhibited the largest annual (7.1%) increase in average rent.

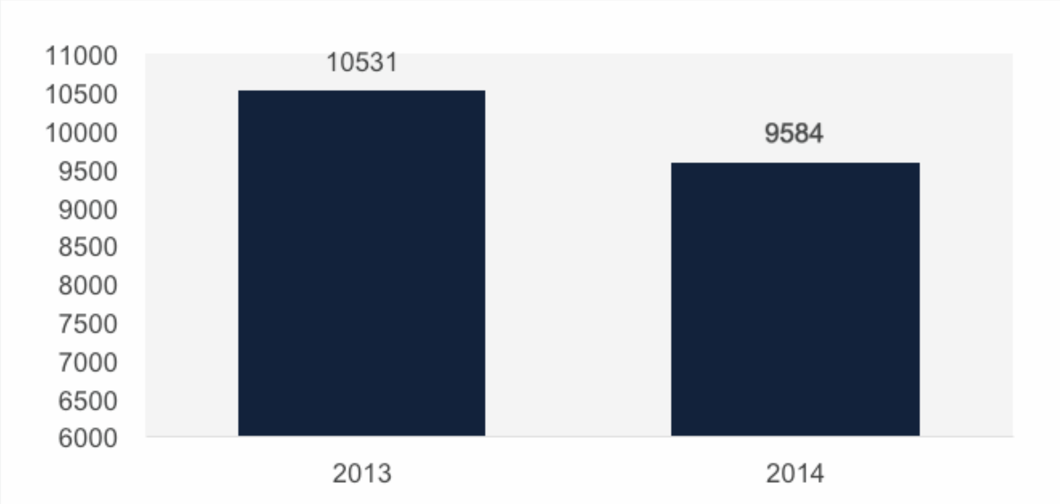
Table 19: Average rent by number of bedrooms

Number of Bedrooms	2013	2014	Annual Change (%)
1 bedroom	£415	**£412**	-0.8%
2 bedroom	£491	**£496**	1.0%
3 bedroom	£526	**£534**	1.6%
4/4+ bedroom	£733	**£785**	7.1%
ALL	**£538**	**£549**	**2.0%**

6.4 Rental Transactions in Belfast City Council Area in 2014

In 2014 there were 9,584 properties let in the Belfast City Council area (BCCA), a transaction decrease of 9 per cent on 2013 (Figure 12). Belfast continues to be the main rental market in Northern Ireland representing 41% of all rental transactions in 2014; an increase of one percentage point from 40% in 2013.

Figure 12: Number of dwellings let in Belfast City Council Area



6.4.1 Average Rent in Belfast City Council Area in 2014

The average monthly rent across the BCCA is £595 for 2014, representing a slight increase (2.4%) on the average for 2013. In general, analysis shows relatively little change in average rents with the notable exceptions of North Belfast which observed a 4.7% decrease compared with the previous year and South Belfast which observed a moderate growth of 4.5% in average rents compared with2013. The annual figures reveal West Belfast to be the lowest priced location in the BCCA with Belfast City Centre the highest (Table 20).

Table 20: Average rent in Belfast City Council Area

Location	2013	2014	Annual Change (%)
Belfast City Council Area	£581	**£595**	2.4%
Belfast City Centre	£722	**£721**	-0.2%
North Belfast	£480	**£458**	-4.7%
South Belfast	£677	**£707**	4.5%
East Belfast	£525	**£524**	-0.2%
West Belfast	£512	**£511**	-0.2%

6.4.2 Average Rent in Belfast City council Area in 2014 by Property Type

Table 21 shows that average rental levels across property types have exhibited growth in 2014 compared to 2013, except for the detached sector which displayed a slight decline (2.2%). The terrace/townhouse (3.7%) and semi-detached (2.8%) sectors observed the largest annual growth in average rent.

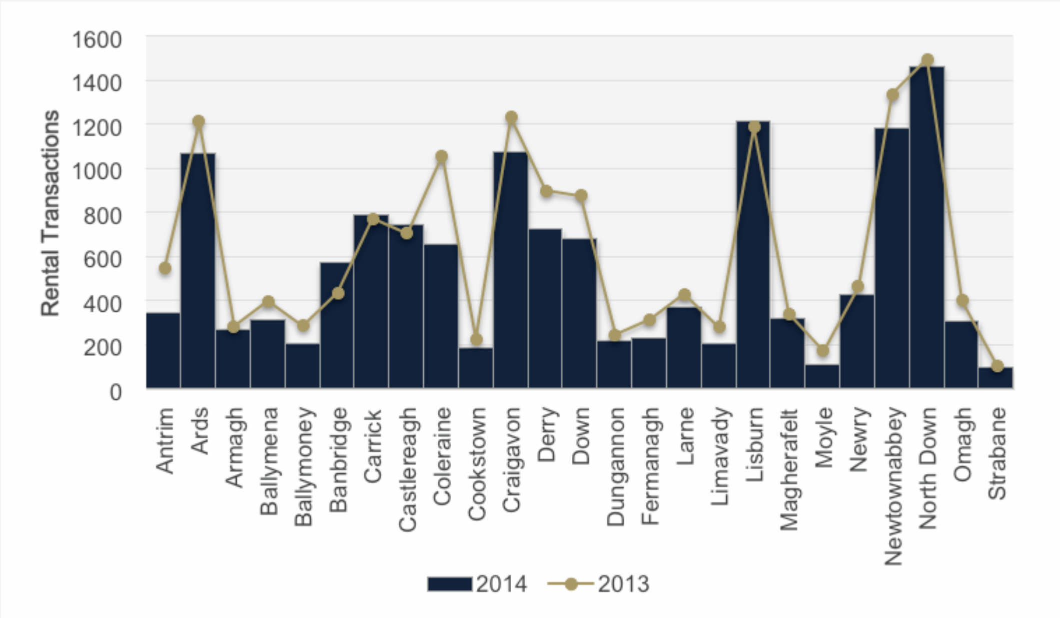
Table 21: Average rent in Belfast City Council Area by property type

Property Type	BCCA 2013	BCCA 2014	Annual Change (%)
Apartment	£583	**£593**	1.8%
Terrace/Townhouse	£557	**£578**	3.7%
Semi-Detached	£597	**£613**	2.8%
Detached	£878	**£859**	-2.2%
ALL	**£581**	**£595**	**2.4%**

6.5 Distribution of Properties Let by Local Government Districts in 2014

There were **13,810** properties let outside of the BCCA during 2014, accounting for approximately 59 per cent of all rental transactions in Northern Ireland. Annual comparison reveals that rental transactions in LGD's outside the BCCA experienced a 13 per cent decrease from 15,867 in 2013. The distribution of rental transactions (Figure 13) indicates certain variance compared with the previous year though, consistent with evidence from 2013, the prominent rental markets continue to be North Down, Lisburn, Newtownabbey, Craigavon and Ards.

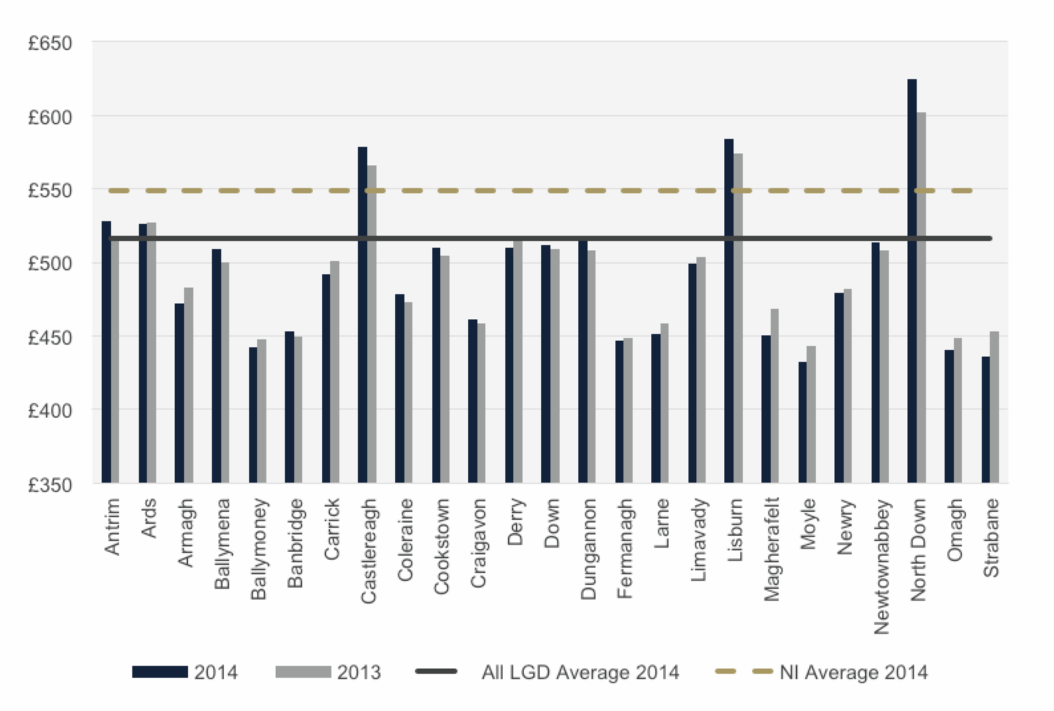
Figure 13: Number of properties let in Local Government Districts



6.5.1 Average Rent by Local Government District in 2014

Analysis of rental levels for properties rented outside of the BCCA reveals that the average rent for 2014 was £516 per month, a 1.2 per cent increase on 2013 (£510) and below the Northern Ireland 2014 average rent of £549. Figure 14 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 (£627), Lisburn (£593) and Castlereagh (£587) remain the most expensive council areas; all showing increases in average rent compared to 2013.

Figure 14: Average monthly rent by Local Government District in 2014



7.0 Conclusion

The report shows a moderate growth in the volume of rental transactions across Northern Ireland, with a 6.4 per cent increase observed over the six month period, however, in annual terms transactions have decreased by 11.3 per cent compared with the same period in 2013. It is interesting to note that the reduced volume of rental transactions in 2014 coincide with the first growth in the private housing market since 2007.

The BCCA and wider BMA regions continue to dominate and drive the Northern Ireland rental market. The volume of lettings in the Belfast private rented sector has increased by 10.9 per cent over the second half of 2014 to represent 41.8 per cent of all rental transactions across Northern Ireland. Just under three fifths (58%) of all rental transactions took place outside the BCCA, with a 3.4 per cent increase in rental transactions observed in the second half of 2014. Findings also reveal that the average rent for Northern Ireland has marginally increased in the second half of 2014 to £549, with a slight annual increase of 2.8% compared with H2 2013 (£534). Almost half of properties let (46%) fall in the £250 - £499 rent band, although the proportion of properties let in the higher rent bands have increased slightly providing evidence of a slow change in price structure. The terrace/townhouse property type continues to have the largest market share of lettings (42%), followed by apartments (29%). Three bedroom properties are the most common by size (41%), with two bedroom lettings the next largest group (37%).

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 second half of 2014 is £589, representing a 2.2 per cent decrease on the previous 6 months but 2.7 per cent increase on the same period in 2013. This is notably higher than the remainder of Northern Ireland local government districts where the average rent is £520 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 (49%) and apartment (38%) dwellings which collectively account for almost nine in ten rented properties. However, outside Belfast this figure is 59 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 (46%) whereas three bedroom properties were the largest sector outside Belfast accounting for half (50%) of all properties let.

Endnote

[i] As RPA is in a transition period this report utilises the pre-RPA boundaries for consistency. The new RPA will be adopted from H1 2015 onwards.

[ii] 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.