Housing Executive

STRATEGIC HOUSING MARKET ANALYSIS:

MID-WESTERN AREA – COOKSTOWN, DUNGANNON, FERMANAGH AND OMAGH HMAS

FINAL REPORT

JUNE 2022

ECONOMIC Research and Evaluation

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Strategic Housing Market Analysis: Mid-Western Area – Cookstown, Dungannon, Fermanagh and Omagh HMAs

Final Report

Submitted to

Northern Ireland Housing Executive

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Contents

Abbreviations

AHS	Average household size
ASHE	Annual Survey of Hours and Earnings
BRMA	Broad Rental Market Area
CHMA	Centre for Housing Market Analysis
CWL	Common Waiting List
DfC	Department for Communities
DfI	Department for Infrastructure
dPS	Draft Plan Strategy
FDA	Full-Duty Applicant
FODC	Fermanagh and Omagh District Council
FRS	Family Resources Survey
GDHI	Gross Disposable Household Income
HB	Housing Benefit
HCS	House Condition Survey
HGI	Housing Growth Indicators
HIP	Housing Investment Plan
HMA	Housing Market Area
HRP	Household Reference Person
HRR	Household representative rate
LDP	Local Development Plan
LFS	Labour Force Survey
LGD	Local Government District
LHA	Local Housing Allowance
LPS	Land and Property Services
MUDC	Mid Ulster District Council
NIHE	Northern Ireland Housing Executive
NISRA	Northern Ireland Statistics and Research Agency
NSM	Net stock model
OBR	Office for Budget Responsibility
ONS	Office for National Statistics
PAC	Planning Appeals Commission

PfG	Programme for Government
POP	Preferred Options Paper
PRS	Private rented sector
RDS	Regional Development Strategy
SHBE	Single Housing Benefit Extract
SHMA	Strategic Housing Market Analysis
SOA	Super Output Area
SPPS	Strategic Planning Policy Statement

Preface

This report is one of five Strategic Housing Market Analyses (SHMAs) Reports commissioned by the Housing Executive in its role as the Strategic Regional Housing Authority in Northern Ireland. Collectively, the SHMAs encompass the 11 Housing Market Areas (HMAs) defined in previous research by the Housing Executive entitled Mapping Northern Ireland's Housing Market Areas.

The SHMAs have been prepared in two stages. The first stage involved the preparation of the SHMA reports for the Belfast Metropolitan HMA and the Derry and Strabane HMAs. Those reports set out projections of future housing need and demand for each of the three HMAs for the 15-year period 2020 to 2035. The reports were published in 2021 and are available on the Housing Executive website (https://www.nihe.gov.uk/Working-With-Us/Research/Housing-Market-Analysis).

The second stage in the research focuses on the remaining eight HMAs which have been grouped for reporting purposes into the following three areas:

- Mid-Western – the Cookstown, Dungannon, Fermanagh and Omagh HMAs.
- South Eastern – the Craigavon Urban Area and Newry HMAs.
- Northern – the Causeway Coast and Ballymena HMAs.

This report presents the SHMA for the Mid-Western area HMAs. The SHMA reports are accompanied by a summary report which presents the key findings at Northern Ireland level and also the 11 Local Government Districts.

The second stage of the research was based on a range of datasets available as at end-2021. Therefore, the 2011 Census of Population was the most recently available benchmark dataset for the research. The decennial Census is the main source of household data at the geographical level required for the SHMAs.

The results from the 2021 Census of Population are expected to be published by the Northern Ireland Statistics and Research Agency (NISRA) in a series of releases commencing in May 2022 and running through summer 2023 and will be used by NISRA to revise the historical mid-year population estimates. In addition, a new set of sub-national population projections will be prepared with a 2021 population base which are likely to be published in late-2023/early-2024.

The implications of the 2021 Census data for the SHMA housing need and demand projections will be considered at a later stage by the Housing Executive.

Executive Summary

Introduction

This report presents the Strategic Housing Market Analysis (SHMA) for the Housing Market Areas (HMAs) contained within the Mid-Western reporting area, i.e., Fermanagh, Omagh, Dungannon and Cookstown. The report sets out projections of future housing need and demand. The main purpose is to assist policymakers in their understanding of the dynamics of the HMAs and to inform Local Development Plans. The report has been commissioned by the Northern Ireland Housing Executive ('the Housing Executive') in its role as the strategic regional housing authority.

Housing Market Areas are defined as:

> "The spatial area within which most households both live and work and where those moving house without changing their place of work search for, and choose, a home."

Within that context, this report serves as an evidence base. While different scenarios for the future evolution of housing need are identified, the report does not suggest targets or policy. It is a matter for Councils to conclude which scenario is most appropriate to their area and this can be referenced in the Local Development Plan (LDP). The scenario deemed most appropriate could change in a different economic/housing market context, over the life of the Plan. The scenarios are based on demographic trends and allow Councils to consider policy responses if they wish to change the identified trends. It is also acknowledged that the LDP can set housing targets due to other factors, set out in the 2015 Strategic Planning Policy Statement (SPPS).

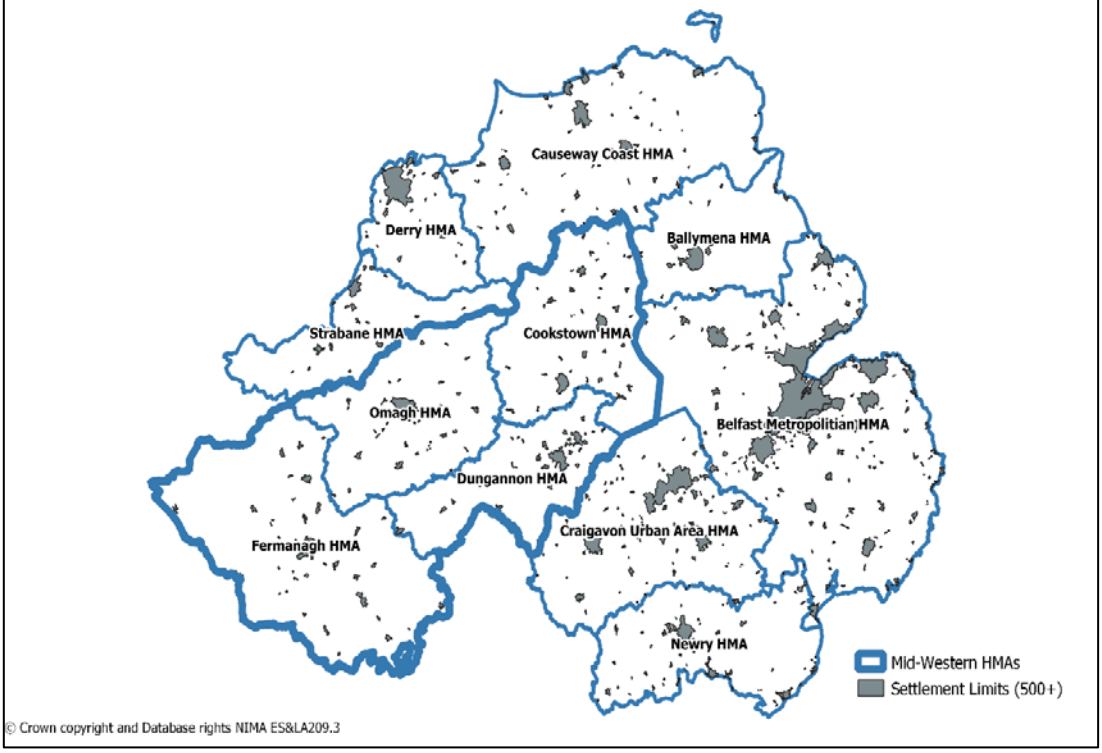
The Mid-Western HMAs

The Mid-Western HMAs were defined in a research report commissioned by the Northern Ireland Housing Executive. The four Mid-Western area HMAs are shown in Map A along with the seven remaining HMAs.

The Fermanagh and Omagh HMAs are coterminous with the Fermanagh and Omagh District Council. The Cookstown and Dungannon HMAs are coterminous with the Mid Ulster District Council.

Each of the four HMAs has a broadly similar spatial structure, centred on a District Town serving a rural hinterland of smaller settlements, villages and the open countryside. The Mid-Western HMAs each have a resident population which is less than 100,000 and rank among the smaller HMAs in population terms. With their extensive rural hinterlands, the four HMAs have relatively low population densities.

Map A The Northern Ireland Housing Market Areas



The four HMAs are distinguished by their high population shares living in rural areas (outside towns with a population of 5,000+), ranging from 62 per cent in the Omagh HMA to 78 per cent in the Fermanagh HMA at the 2011 Census of Population.

In addition to the four HMAs, within their respective Local Government Districts (LGDs), the spatial framework for the SHMA includes:

- Within the Cookstown HMA, two subareas were defined, i.e. the Cookstown and Magherafelt subareas.
- Within each HMA, a three-way summary classification by settlement type to reflect the urban-rural dimension.

The projection of housing need and demand is at the level of the HMAs and the subareas. The settlement types have been designed to assist in analysis and understanding of the housing market dynamics within their respective HMAs.

From the available information, second homes are almost entirely concentrated within the Fermanagh HMA. However, second homes did not emerge as a significant housing market issue in the analysis for this SHMA.

Policy Context

The policy context within which this SHMA sits is framed by three main elements:

- Planning policy.
- Programme for Government, with particular reference to housing.
- Welfare reform, again focusing on aspects relevant to housing.

The planning policy framework encompasses the Regional Development Strategy 2035, the 2015 Strategic Planning Policy Statement (SPPS) and the Local Development Plan (LDP) process. The LDP process is ongoing.

Fermanagh and Omagh District Council published its Local Development Plan Draft Plan Strategy (dPS) in October 2018. The dPS was submitted to the Department for Infrastructure on 18 December 2020. On 13 May 2021, the Planning Appeals Commission (PAC) was appointed to conduct the Independent Examination (IE) of the dPS. The IE public hearing sessions concluded in March 2022 and the PAC is currently preparing its soundness report.

Mid Ulster District Council (MUDC) published its Local Development Plan Draft Plan Strategy (dPS) in February 2019. The dPS was submitted to the Department for Infrastructure in May 2021. The next stage is the appointment of the Planning Appeals Commission to conduct the Independent Examination of the DPS. That appointment is pending (as of June 2022).

In January 2021, the Executive Office published a draft Outcomes Framework Consultation Document. While the preparation of a new PfG stalled in the face of the need to tackle the coronavirus pandemic, housing policy has continued to be developed.

The housing priority is being developed under four main themes, as follows:

- Increasing housing supply/options across all tenures.
- Making the best use of existing housing.
- Improving the private rented sector.
- Improving housing for the most vulnerable.

The main thrust of the housing supply theme is to “enhance investment and agree a target for new social and affordable home starts”. As part of the approach to increasing housing supply, the Department for Communities (DfC) is also considering how to expand the range of intermediate housing

products for low and middle-income households that can afford social housing but cannot afford market rents and/or house purchase.

Over the last decade, the UK Government has enacted a raft of legislation designed to reform the benefit system. The reforms have been implemented with the aim of streamlining the system and to reduce welfare expenditure. Overall, the amount of Housing Benefit received by social sector tenants has been largely protected from welfare reform measures, notably the social sector size criteria ('the bedroom tax'). Private rented sector tenants have not been protected. Consequently, the vast majority face a shortfall between their Local Housing Allowance (LHA) entitlement and their weekly rent.

The wider context for this SHMA has been shaped by two key events, i.e. the Covid-19 pandemic and the UK's exit from the European Union (Brexit). The pandemic had a hugely disruptive effect across all sectors of society and the economy, including the housing market.

The longer-term impacts of Brexit remain highly uncertain, especially the ramifications for international migration, which is of particular importance in a housing market analysis.

The perspective adopted in this SHMA is that long-term demographic trends will continue, e.g. the ageing of the population. It is also assumed that housing market effects from the pandemic, especially on activities such as transactions, lettings and new dwelling completions, will be transient, albeit the timing and duration of effects is highly uncertain. Those activities tend to fluctuate in any event, more typically with the economic cycle. However, demographic factors will continue to operate over the long term.

Looking to the longer term and considering the 15-year projection period for this SHMA, demographic trends will continue to strongly shape housing market need and demand. The overall total population does not follow a cyclical pattern. The vast majority of those who will be alive in 2035 have already been born.

Population

The key points from the review of population trends are as follows:

- In each of the Mid-Western HMAs, the pace of population growth was slower in the period 2011-2020 compared with the previous decade from 2001-2011.

- The growth in the Mid Ulster HMAs was especially strong between 2001 and 2011, when Cookstown expanded by 13 per cent while Dungannon rose by over 21 per cent, well above the Northern Ireland average of 7.4 per cent. Their faster population growth during that decade was driven by large in-migration flows from the European

Union (EU). The pace of growth slackened between 2011 and 2020, falling to 5.7 per cent in the Cookstown HMA and 9.1 per cent in the Dungannon HMA. Nonetheless, both HMAs continued to grow faster than the Northern Ireland average (4.5 per cent).

- Between 2001 and 2011 the Fermanagh and Omagh HMAs tracked the Northern Ireland average growth rate. Population growth slowed between 2011 and 2020, falling to 3.7 per cent in the Fermanagh HMA and three per cent in the Omagh HMA, both behind the Northern Ireland average.

- Between 2001 and 2011, population growth was faster in rural than in urban areas within each of the four HMAs. The shift to rural areas has lessened in the period 2011 to 2020, with a narrowing of the gap in rates of population change across the settlement hierarchy.

- Within the Fermanagh HMA, the cluster of Wards where second homes are most concentrated recorded population growth rates that were ahead of the average for the HMA, suggesting that the presence of second homes in those clusters has not displaced the resident population.

- As the most recent population data are for the period through mid-2020, it is still too early to definitively assess the longer-term effects on population growth either of the Covid-19 pandemic or Brexit. Nonetheless, Brexit and Covid-19 combined to slow population growth in the short-term at least, with all four HMAs experiencing a reduction in the rate of growth between mid-2019 and mid-2020 compared with the period 2011-2019. That was due to a rise in deaths and a sharp fall in in-migration.

- Over the past decade, all four HMAs have lost population due to internal migration (movements to and from other locations within Northern Ireland). Within the Mid Ulster HMAs, those losses have been more than offset by population gains from international in-migration. The Fermanagh and Omagh HMAs have also gained from international in-migration, but to a lesser degree.

- Similar to the rest of Northern Ireland, natural change (the excess of births over deaths) has been declining as a contributor to population growth in all four HMAs.

When the natural change and migration trends are extrapolated forward, the result is a decreasing rate of population growth over the next 15 years in the HMAs (Figures A and B).

Figure A Annual population change, Cookstown and Dungannon, historical and projected

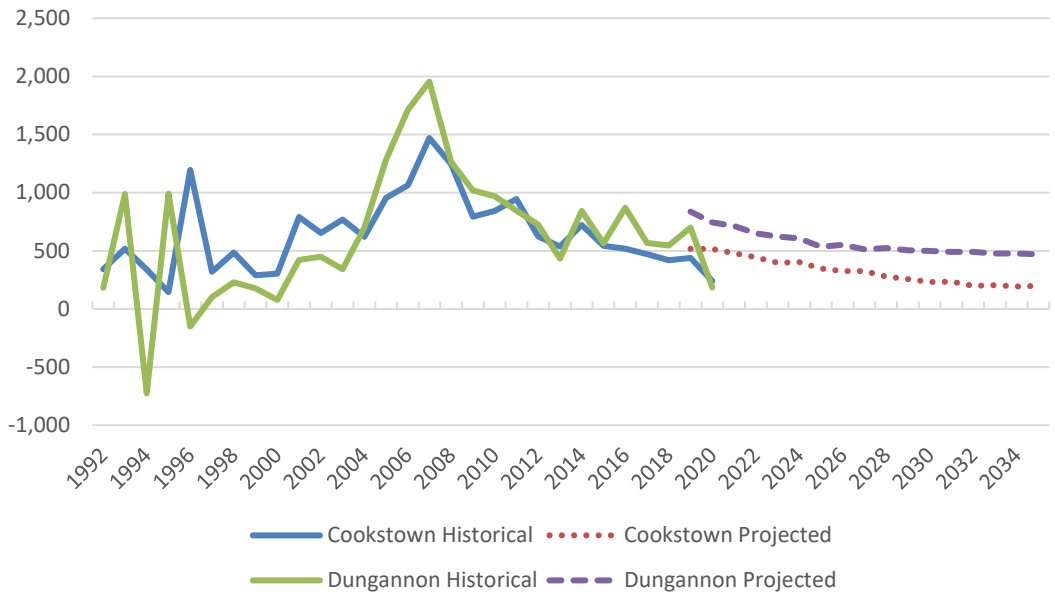
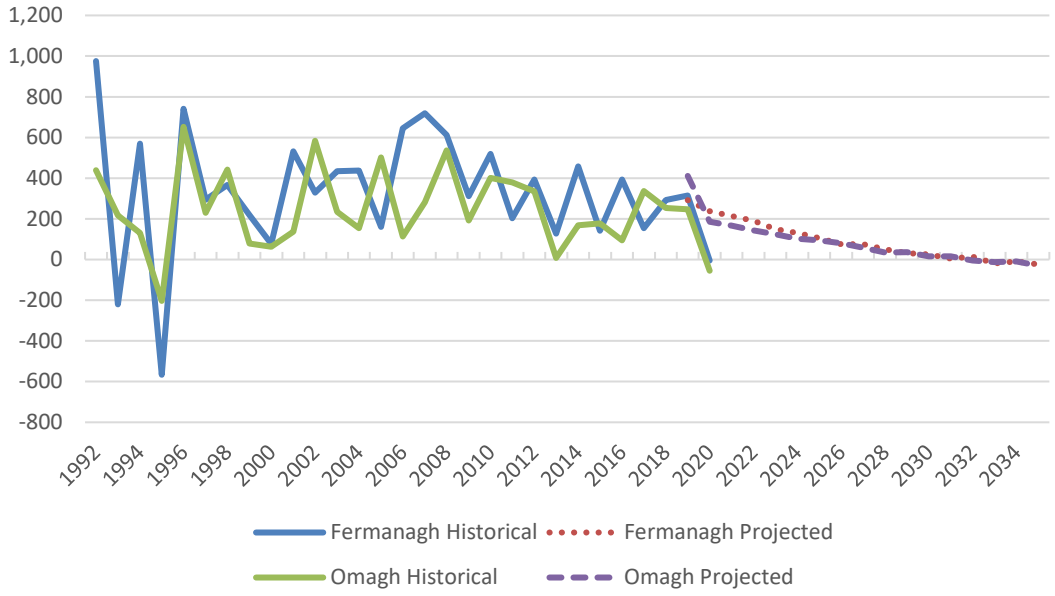


Figure B Annual population change, Fermanagh and Omagh, historical and projected



According to NISRA's 2018-based population projections, between 2018 and 2035, the population of the Mid-Ulster HMAs is expected to rise by 10 per cent, with the Cookstown HMA up by 6.6 per cent and the Dungannon HMA rising by 15 per cent, ahead of the Northern Ireland average of 4.8 per cent. The faster growth of the Dungannon HMA stems from the assumption that it

will continue to benefit from net in-migration. With a younger population profile, both HMAs also benefit from above-average growth due to natural increase.

The NISRA projections expect the Fermanagh and Omagh population to rise by 2.5 per cent between 2018 and 2035, below the Northern Ireland average. That reflects a lower contribution from natural increase, due to the older age profile of the population. All of the population growth in the Fermanagh and Omagh HMAs is projected to occur in the period 2018 to 2030, with zero growth between 2030 and 2035.

Similar to the rest of Northern Ireland, population ageing has been a key feature shaping the age composition of the population in each of the HMAs over the last three decades. The 2018-based population projections anticipate a continuation of the ageing trend.

The ageing trend is anticipated to proceed more slowly in the Mid Ulster HMAs, where the child population (aged under 16) is projected to remain above the population aged 65+ until 2035. By contrast, in Fermanagh and Omagh, the population aged 65+ is projected to exceed the child population by the mid-2020s.

Reflecting the uncertainties around the population projections, and to highlight some of the risks around the underlying assumptions, especially migration, a number of population change scenarios have been constructed, i.e. zero net external migration, zero net migration and a constant share scenario.

In each of the migration scenarios, the Mid Ulster population growth is lower than in the principal NISRA projection, especially in the Dungannon HMA. The migration scenarios have less of an effect on the Fermanagh and Omagh HMAs.

Households

Historical data for the number of households at the geographical level required for this SHMA are only available from the decennial Census of Population, with the most recent available data for 2011.

Over the two decades 1991 to 2011, the number of households rose by 45 per cent in Mid Ulster, including +42 per cent in the Cookstown HMA and +49 per cent in the Dungannon HMA. At +37 per cent, the increase was lower in Fermanagh and Omagh, albeit still ahead of the Northern Ireland average (+33 per cent).

Over that period, the increase in the number of households was driven by the combination of household population growth and falling average household size (fewer people per household).

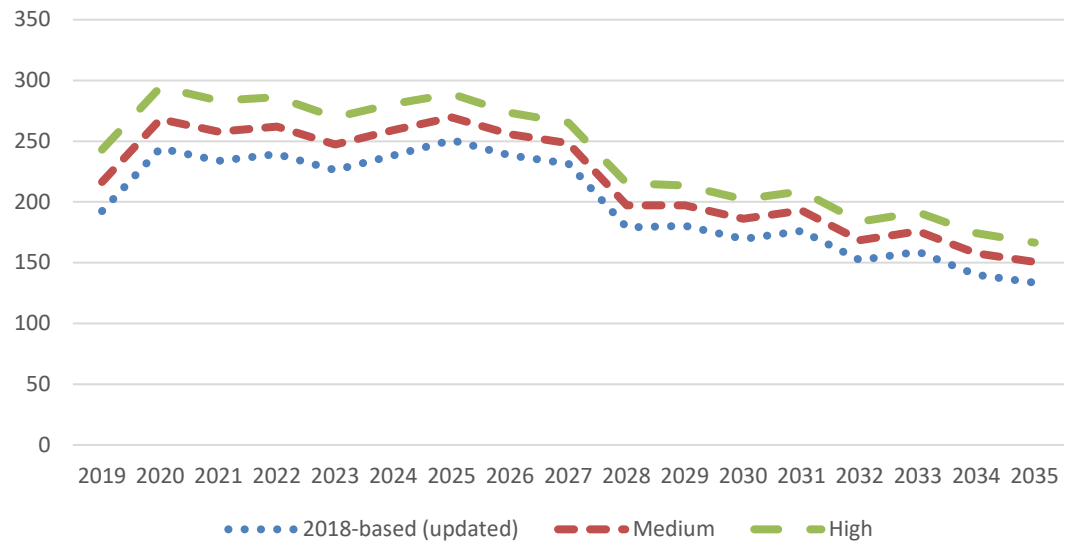
The most recent official population projections indicate that population growth will provide less of an impetus to household growth over the next 15 years. Consequently, household growth is likely to be slower than had been the case up to 2011.

However, there is uncertainty around the trend in average household size. The uncertainty is reflected in the range of scenarios that can be considered around the future evolution of average household size.

For this SHMA, the NISRA 2016-based household projections have been updated to take account of the 2018-based population projections. In addition, medium and high growth scenarios for household growth have been generated which are linked to the official population projections, but with varying assumptions around the trend in average household size. Compared to the medium growth scenario, average household size falls faster in the high growth scenario and more slowly in the updated scenario. Hence, the updated household projections yield a slower growth scenario.

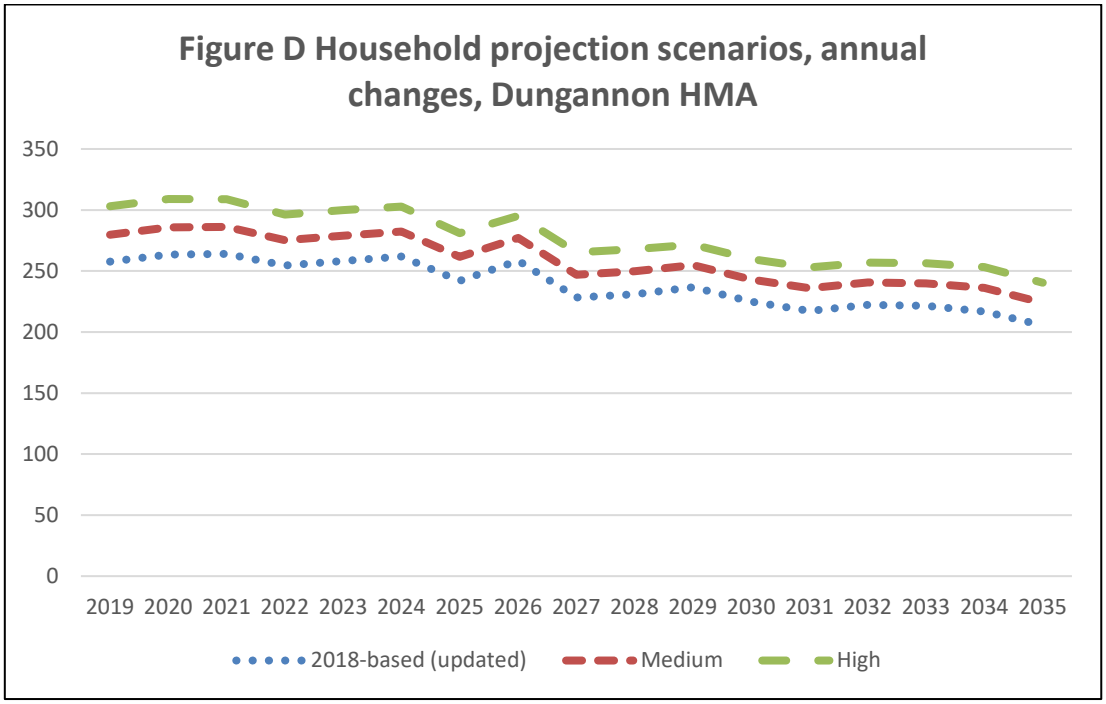
For the Cookstown HMA, between 2018 and 2035 the medium growth scenario projects growth of 12.9 per cent in the number of households (+3,710 newly arising households). The updated scenario yields a slower rate of growth (+11.8 per cent or 3,380 newly arising households) while the fast growth scenario projects a rise of 14 per cent (+4,040 newly arising households). The growth in the number of households is projected to be fastest in the period up to 2025. From the mid-2020s onwards, in each of the projection scenarios, household growth is projected to slacken in tandem with a slower pace of population growth (Figure C).

Figure C Household projection scenarios, annual changes, Cookstown HMA



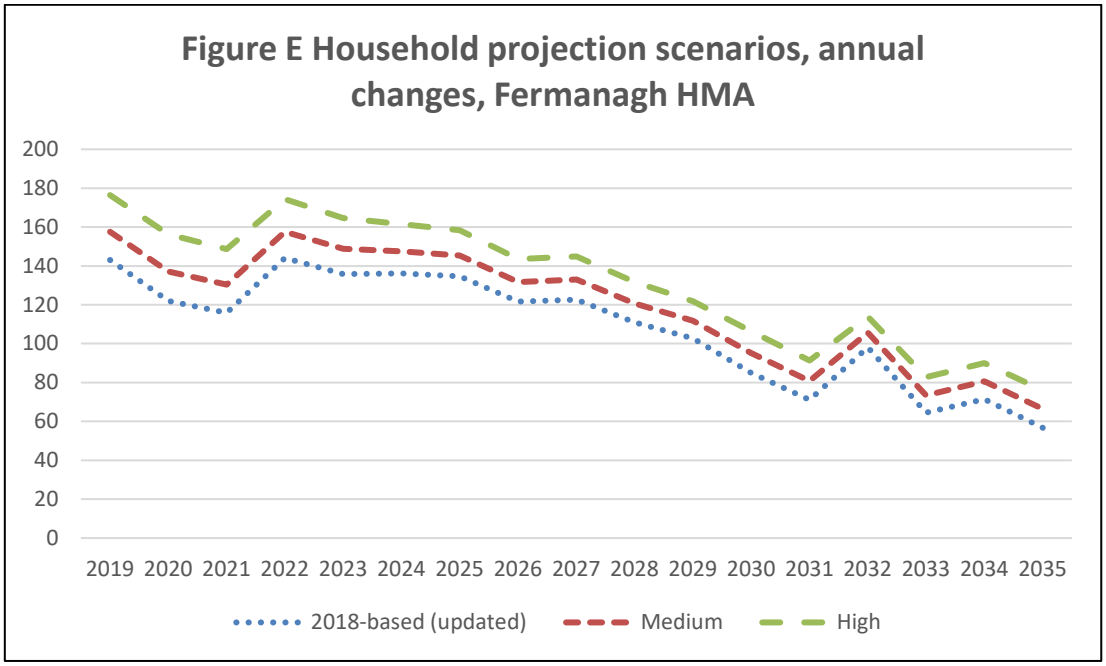
For the Dungannon HMA, between 2018 and 2035 the medium growth scenario projects growth of 19.6 per cent in the number of households (+4,400 newly arising households). The updated scenario yields a slower rate of growth (+18.3 per cent or 4,070 newly arising households) while the fast growth scenario projects a rise of 21 per cent (+4,720 newly arising households).

Similar to the Cookstown HMA, the growth in the number of households is projected to be faster in the period through the mid-2020s (Figure D). Though, as the Dungannon HMA is projected to be relatively fast-growing (almost double the Northern Ireland average of 11 per cent growth between 2018 and 2035), the projected slowdown is not as noticeable as in the Cookstown HMA.

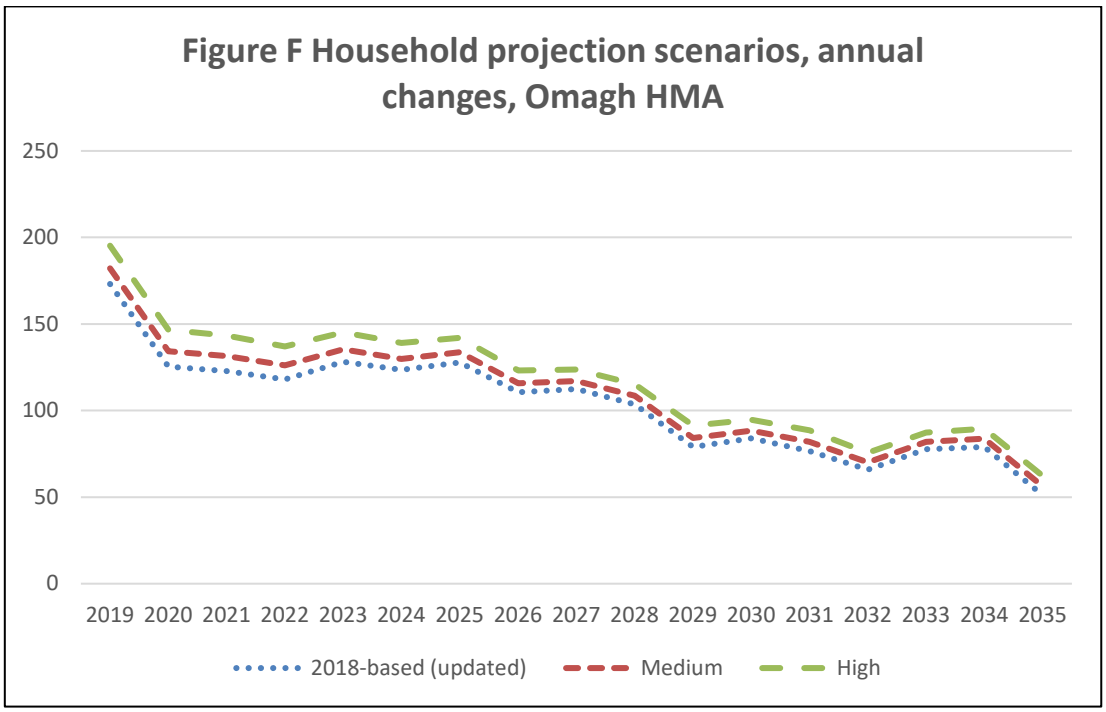


For the Fermanagh HMA, between 2018 and 2035 the medium growth scenario projects growth of 8.4 per cent in the number of households (+2,020 newly arising households). The updated scenario yields a slower rate of growth (+7.7 per cent or 1,840 newly arising households) while the fast growth scenario projects a rise of 9.3 per cent (+2,240 newly arising households).

With a slow-growing and ageing population, the projected newly arising households per annum tapers off from the early-2020s onwards (Figure E).



For the Omagh HMA, between 2018 and 2035 the medium growth scenario projects growth of 9.5 per cent in the number of households (+1,860 newly arising households). The updated scenario yields a slower rate of growth (+9 per cent or 1,760 newly arising households) while the fast growth scenario projects a rise of 10.2 per cent (+2,000 newly arising households). Similar to Fermanagh, the projected newly arising households per annum tapers off from the early-2020s onwards, again reflecting slower population growth and an ageing population (Figure F).



As the future path of household growth plays the major role in the level of demand for housing, the household growth scenarios are key inputs to projecting future housing requirements.

Housing Market

In the residential housing market, the large house price falls that followed the boom of 2005-2007 resulted in a marked improvement in affordability in the Mid-Western area. In the recovery phase, between 2016 and 2019, house prices grew at modest rates, 1.9 per cent per annum in Mid Ulster and 3.5 per cent in Fermanagh and Omagh.

Along with the rest of Northern Ireland, the rate of house price growth in the Mid-Western area quickened following the lifting of the first Covid-19 lockdown in summer 2020. Between the first quarter of 2020 and the fourth quarter of 2021, house prices in Mid Ulster rose by 7.5 per cent per annum, close to the Northern Ireland average (7.3 per cent per annum). Fermanagh and Omagh prices rose at 8.2 per cent per annum, just above the Northern Ireland average.

It is reasonable to expect that the pandemic-induced house price growth will moderate over the next 12 months or so. That is the expectation of market commentators and those consulted for this SHMA.

While they have risen slightly since 2016, recent trends in the median and lower quartile earnings ratios would suggest that, at this time, affordability is holding reasonably steady with no pronounced deterioration. With house price rises expected to moderate over the next 1-2 years, the outlook for house purchase affordability would appear broadly positive.

Across the Mid-Western HMAs, residential property transactions have followed the housing market cycle. After reaching unsustainable levels during the house price boom years between 2005 and 2007, there was a steep fall in transactions during the downturn followed by a steady recovery from 2011 through to spring 2020. Similar to the rest of Northern Ireland, transactions fell sharply during the first Covid-19 lockdown in spring 2020 but rebounded just as sharply. In 2021, house sales were back at or above their 2019 pre-pandemic levels in three of the four Mid-Western HMAs. The exception was the Cookstown HMA, where 2021 sales were back to within four per cent of their 2019 level.

Overall, the transactions data would suggest the Mid-Western housing markets have broadly stabilised following the disruption wrought by the pandemic.

Prior to the pandemic, in the rented housing market, private sector rentals had been growing at a steady pace in both HMAs. By 2018-19, median weekly private sector rents were estimated to represent 18 per cent of

median household income in Mid Ulster and 16 per cent in Fermanagh and Omagh. At the lower priced end of the rental market, 30th percentile rents were estimated to represent 27 per cent of lower quartile household incomes in Mid Ulster and 24 per cent in Fermanagh and Omagh. At those ratios, the median and 30th percentile rents could not be said to have presented an acute affordability problem, on the average.

Reflecting the pressure of demand on the available supply, the rate of increase in private sector rents has risen since the commencement of the pandemic. From the Housing Executive rent data, Northern Ireland rents rose by an estimated four per cent in 2021. Mid Ulster rents are estimated to have risen by five per cent and by 3.3 per cent in Fermanagh and Omagh.

There is, however, considerable uncertainty regarding the future evolution of rent inflation. The pandemic has affected all sectors of society and the economy, but in many respects the disruptive effects have been temporary in nature. The maintained hypothesis in this SHMA is that the recent bout of rent inflation will similarly unwind over time.

As at April 2019, an estimated 36 per cent of private rented sector tenants were in receipt of Housing Benefit in Mid Ulster. At 45 per cent, the proportion was higher in Fermanagh and Omagh. That underscores the importance of Housing Benefit in helping private sector tenants with a low income to sustain their accommodation.

Housing Stock and Occupancy

Detached and semi-detached dwellings account for a large majority of the housing stock across the Mid-Western area. By 2021, over one in two dwellings in Mid Ulster were detached (an estimated 54 per cent) while semi-detached properties accounted for over one in four dwellings (27 per cent), giving a total of 81 per cent, up from 70 per cent in 1991. The share of the stock accounted for by apartments has risen slightly, reaching four per cent in 2021, up from three per cent in 1991. The terraced dwellings share stood at 15 per cent, down from over one in four (26 per cent) in 1991.

Similarly, in Fermanagh and Omagh, in 2021, an estimated 59 per cent of dwellings were detached along with 22 per cent semi-detached, a total of 81 per cent, up from 71 per cent in 1991. Apartments accounted for five per cent of the stock, up from four per cent in 1991. The share of the stock in terraced dwellings was 14 per cent, down from 25 per cent in 1991.

Thus, over the past three decades, household growth has mainly been accommodated in the more space-extensive dwelling types.

In Fermanagh and Omagh, the proportion of dwellings unoccupied (7.5 per cent in 2011) has typically been above the Northern Ireland average (six per

cent in 2011). The difference is primarily due to dwellings that are unoccupied because they are second homes.

Based on Census of Population results, the proportion of dwellings unoccupied within Mid Ulster has fluctuated around the Northern Ireland average. In 2011, five per cent of dwellings were unoccupied, one percentage point below the Northern Ireland average.

The composition of the occupied housing stock varies markedly with household tenure. Across the Mid-Western area, almost all owner-occupier households (99 per cent) live in a whole dwelling, including 70 per cent in a detached dwelling, 20 per cent in semi-detached properties and 10 per cent in terraced houses. Just one per cent live in apartments. By contrast, in the social rented sector, terraced dwellings are most prevalent (43 per cent), with one in three (33 per cent) living in a semi-detached property, 14 per cent in an apartment and nine per cent in a detached dwelling.

Relative median house prices by property type have been broadly stable over the past decade. Overall, there are no obvious market signals indicating substantial shifts in the future pattern of demand by property type in the residential housing market.

The distribution of property types varies with the age of the Household Reference Person (HRP). The proportion living in detached properties increases steadily from 26 per cent among households where the HRP is aged 16-24 to 64 per cent where the HRP is aged 45-49. From age 50 onwards, the proportion in such dwellings remains stable, falling only slightly to 62 per cent from age 70 onwards. Overall, the type of property occupied by a household aged 45 to 49 is a good predictor of the type of property that same household will occupy in future years, as they age into the older cohorts.

As measured by the number of rooms (bedrooms plus common spaces such as living rooms), dwelling size is clearly linked to household size. On average, the larger the household, the more rooms that are contained within the occupants' dwelling. Dwelling size also varies by tenure, with owner-occupied households generally occupying the larger dwellings.

Based on the occupancy rating measure, in 2011 seven per cent of households living in Mid Ulster and six per cent in Fermanagh and Omagh were classified as living in 'overcrowded' dwellings. The incidence of 'over-crowding' was therefore on a par with the Northern Ireland average (seven per cent).

Across the Mid-Western area, a large majority of households (83 per cent) are estimated to live in properties with three or more bedrooms, ranging from 50 per cent in the social sector to 91 per cent in the owner-occupied sector.

Smaller sized properties, with one to two bedrooms, are estimated to be found most frequently in the social rented sector (50 per cent), followed by the private rented sector (28 per cent), falling to nine per cent in the owner-occupied sector.

The age distribution of bedroom sizes stands in sharp contrast to the age distribution of household sizes, most notably in the older age groups. The vast majority of households where the HRP is aged 65 and over are comprised of one or two persons (84 per cent). On a notional bedroom standard basis, those one and two person households only 'require' one bedroom. However, almost four in five households (79 per cent) where the HRP is aged 65 and over live in three and four bedroom properties. That is to suggest a considerable degree of 'under-occupancy' among older households.

The ageing of the population provides the fundamental demographic context in projecting the expected future use and occupation of the dwelling stock. Between 2018 and 2035, the net change in the number of households is projected to be driven by those where the HRP is aged 60 and over

Against that backdrop, the projections presented in this Section indicate that the extent of 'under-occupancy' among older households will increase over the next 15 years. That raises policy issues both around helping people to live in their homes and, where that is desired and appropriate, moving to more suitably sized accommodation.

Housing Requirements

Based on the net stock model, new dwelling requirements have been projected over the 15-year period 2020 to 2035. The projections are made for the four HMAs and the two Cookstown HMA subareas.

The household projections on which the dwelling requirements are based are taken from the **medium household growth scenario**.

In that scenario, for the Mid Ulster HMAs, the projected number of **newly arising households** over the projection horizon is **7,060**. After allowing for expected changes in second homes, vacant dwellings, and the replacement of dwellings lost due to dereliction, demolition, etc, the projected total new dwelling requirements amount to **9,780**, giving an average annual requirement of **650** dwellings over the 15-year period.

For the Fermanagh and Omagh HMAs, the projected number of **newly arising households** over the projection horizon is **3,270**. After allowing for expected changes in second homes, vacant dwellings, and the replacement of dwellings lost due to dereliction, demolition, etc, the projected total new dwelling requirements amount to **5,040**, giving an average annual requirement of **340** dwellings over the 15-year period.

Household growth is projected to slacken from the mid-2020s onwards, reflecting the expected slower growth in population. That feature of the household projections is reflected in the projected trajectory of new dwelling requirements. Thus, for the Mid Ulster HMAs, new dwelling requirements over the decade 2020 to 2030 are projected to average 690 per annum, falling to 580 per annum in the five years between 2030 and 2035. Similarly, for the Fermanagh and Omagh HMAs, new dwelling requirements over the decade 2020 to 2030 are projected to average 370 per annum, falling to 270 per annum in the five years between 2030 and 2035.

The Mid Ulster HMAs contain an estimated **420** homeless individuals and families who do not have their own self-contained accommodation. The estimate for the Fermanagh and Omagh HMAs is **310** homeless individuals and families. They form the net **backlog of housing need**, i.e. additional new dwellings are required to meet their need for accommodation. The net backlog has been measured from the Housing Executive's Common Waiting List (CWL) as of August 2019. The CWL is a comprehensive listing of individuals who have expressed a desire for alternative accommodation by applying for a social rented home.

With the addition of the backlog, the total new dwelling requirement for the Mid Ulster HMAs for the period 2020 to 2035 increases to **10,200**. Over the 15-year projection period, the net backlog adds an annual **30** to the requirement, bringing the annualised total to **680**.

For the Fermanagh and Omagh HMAs, the total new dwelling requirement for the period 2020 to 2035 increases to **5,350**. Over the 15-year projection period, the net backlog adds an annual **20** to the requirement, bringing the annualised total to **360.**

The projected **changes by HMA, LGD and subarea** are summarised in Table A. The projected numbers of newly arising households reflect the expected geographic variations in population growth over the 15-year projection period. In particular, the faster growth projected for the Mid Ulster HMAs and the slower growth anticipated for the Fermanagh and Omagh HMAs.

Table A New dwelling requirements and components, 2020-2035, net stock model with backlog, Mid-Western Area HMAs and subareas, medium household growth scenario

	Households	Net backlog	Other changes	Total
	No.	*No.*	*No.*	*No.*
Mid Ulster	**7,060**	**420**	**2,720**	**10,200**
Cookstown HMA	3,230	170	1,260	4,650
Cookstown subarea	1,250	90	550	1,890
Magherafelt subarea	1,980	70	720	2,760
Dungannon HMA	3,830	260	1,450	5,540
Fermanagh and Omagh	**3,270**	**310**	**1,760**	**5,350**
Fermanagh	1,730	180	1,220	3,130
Omagh	1,540	130	550	2,220

The net **new dwelling requirements by tenure** have been projected based on a household affordability model, with income tests deployed to assign the following categories:

- **Market** – can afford market rent or has sufficient income to enter and sustain home ownership.
- **Intermediate** – cannot afford market rent but can afford more than social rent.
- **Social** – cannot afford intermediate or market rent.

Excluding the backlog, 66 per cent of the projected annualised requirements for the Mid Ulster HMAs are assigned to the market sector with 18 per cent to the intermediate sector and 16 per cent to the social sector. When the net backlog is assigned to the social sector, the social share rises to 20 per cent while the market share reduces to 63 per cent and the intermediate share to 17 per cent.

For the Fermanagh and Omagh HMAs, when the backlog is excluded, 71 per cent of the projected annualised requirements are assigned to the market sector with 17 per cent to the intermediate sectors and 12 per cent to the social sector. When the net backlog is assigned to the social sector, the social share rises to 17 per cent while the market share reduces to 67 per cent and the intermediate share to 16 per cent.

The requirements by tenure, including the backlog, are summarised for the HMAs and by LGD in Table B.

Table B New dwelling requirements by tenure, Mid-Western Area HMAs and subareas, including backlog, 2020-2035

	Market	Intermediate	Social	All
Mid Ulster	**6,460**	**1,740**	**2,000**	**10,200**
Cookstown HMA	3,090	750	820	4,650
Cookstown subarea	1,160	320	410	1,890
Magherafelt subarea	1,930	430	410	2,760
Dungannon HMA	3,370	990	1,180	5,540
Fermanagh and Omagh	**3,570**	**860**	**920**	**5,350**
Fermanagh	2,060	510	550	3,130
Omagh	1,510	350	370	2,220

The Housing Executive is responsible for the **provision and management of accommodation for the Irish Traveller Community**, including social housing, Traveller-specific Group Housing, serviced sites and transit sites**. The findings from the** Northern Ireland Housing Executive Irish Traveller Accommodation Survey 2018-19 provides an evidence base to inform the Irish Travellers Accommodation Strategy 2020-2025 and will be used to develop a Traveller-specific accommodation needs assessment.

Projections for new dwelling requirements are inherently uncertain. In the present context, the main source of uncertainty is the pace of household growth. To illustrate the sensitivities, the new dwelling requirements have also been projected on the basis of the updated (2018) and high growth household projections.

When applied to the Mid Ulster HMAs, the scenarios give a range of -550 and +520 around the medium growth scenario for new dwelling requirements. That is a variance of about ±5 per cent around the medium growth scenario.

When applied to the Fermanagh and Omagh HMAs, the scenarios give a range of -260 and +310 around the medium growth scenario for new dwelling requirements. That is a variance of about ±5 per cent around the medium growth scenario.

The range in the projection scenarios does not represent a 'confidence interval' and should be viewed strictly as an illustration of potential variation arising from different assumptions for household growth. However, as the scenarios for new dwelling requirements are based on making alternative

assumptions regarding future rates of household growth, they can be interpreted as follows:

- The medium growth scenario provides the basis for the main new dwelling requirement projections.
- The updated (2018) projections serve to test projections for new dwelling requirements to reflect slower household growth compared with the medium growth scenario.
- The high growth projections play a similar role in testing for the effects of faster than anticipated household growth.

In addition to the average household size assumptions, the projected number of households depends also on the projected rate of population change. The population change scenarios discussed in Section 4 of the report have therefore been applied to the medium household growth scenario to illustrate the sensitivity of the projections for new dwelling requirements to varying household population levels.

1 Background

1.1 Introduction

This report presents the Strategic Housing Market Analysis (SHMA) for the Housing Market Areas (HMAs) contained within the Mid-Western reporting area, i.e., Cookstown, Dungannon, Fermanagh and Omagh. The report sets out projections of future housing need and demand. The main purpose is to assist policymakers in their understanding of the dynamics of the HMAs and to inform Local Development Plans. The report has been commissioned by the Northern Ireland Housing Executive ('the Housing Executive') in its role as the strategic regional housing authority.

Housing Market Areas are defined as[1]:

> "The spatial area within which most households both live and work and where those moving house without changing their place of work search for, and choose, a home."

HMAs provide a spatial framework for Strategic Housing Market Analyses. The rationale for a SHMA has a number of dimensions, including[2]:

- Enabling the appropriate authority to develop long-term strategic views of housing need and demand to inform regional spatial strategies and regional housing strategies.
- Enabling planners to think spatially about the nature and influence of the housing markets in respect to their local area.
- Providing robust evidence to inform policies aimed at providing the right mix of housing across the housing market (both market and affordable housing).

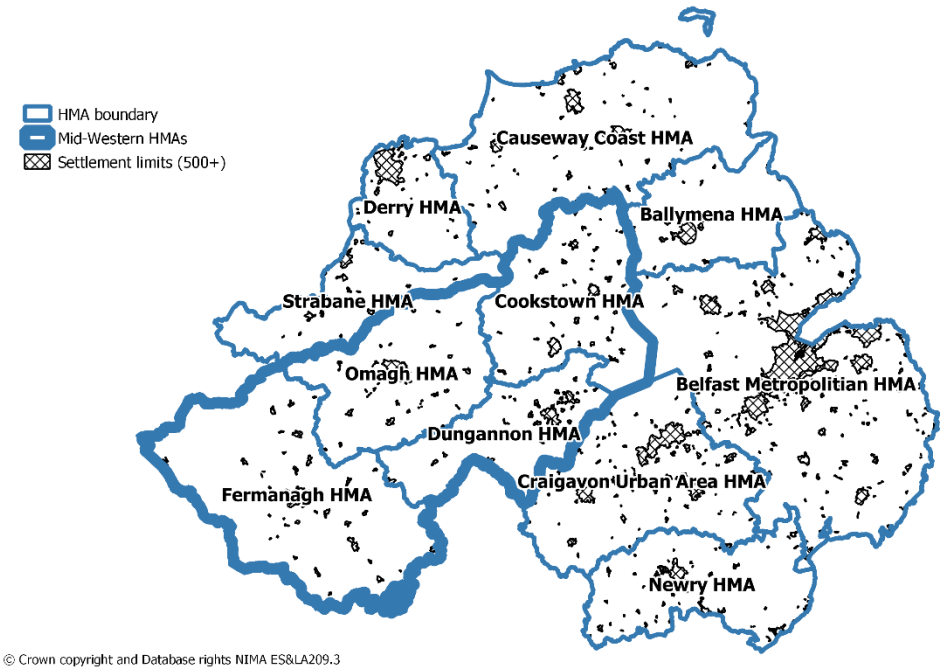
Within that context, this report serves as an evidence base. While different scenarios for the future evolution of housing need are identified, the report does not suggest targets or policy. It is a matter for Councils to conclude which scenario is most appropriate to their area and this can be referenced in the Local Development Plan (LDP). The scenario deemed most appropriate could change in a different economic/housing market context, over the life of the Plan. The scenarios are based on demographic trends and allow Councils to consider policy responses if they wish to change the identified trends. It is also acknowledged that the LDP can set housing targets due to other factors, set out in the 2015 Strategic Planning Policy Statement (SPPS).

[1] Newhaven Research, 2018. Mapping Northern Ireland's Housing Market Areas, page 12.
[2] Department for Infrastructure, Regional Development Strategy 2035, page 104.

1.2 The Mid-Western HMAs

The Mid-Western HMAs were defined in a research report commissioned by the Housing Executive[3]. The four Mid-Western area HMAs are shown in Map 1.1 along with the seven remaining HMAs.

Map 1.1 The Northern Ireland Housing Market Areas



The Fermanagh and Omagh HMAs are coterminous with the Fermanagh and Omagh District Council. The Cookstown and Dungannon HMAs are coterminous with the Mid Ulster District Council.

The spatial configuration shown in Map 1.1 reflects the methodology employed for defining HMAs in the 2018 Newhaven Research report. The approach was based around first defining a set of 'seeded' centres and then examining the strength of the linkages between each centre and surrounding Wards, as measured by the seeded centre's share of residential moves into and out of those Wards. The HMAs are then built up from the application of a series of tests to determine the seeded centre which exerts the greatest influence on movements into and out of each Ward. As can be seen from Map 1.1, in the Mid-Western Area, the methodology produces a set of HMAs which are centred on their respective District Towns.

[3] The report, dated August 2018, was prepared by Newhaven Research and is titled Mapping Northern Ireland's Housing Market Areas.

1.3 Objectives

The objectives of this SHMA are as follows:

- Analyse key economic, demographic and housing data to establish the current operation and future trends that influence the Mid-Western Housing Market Areas.
- Identify the main housing sub-markets within the Mid-Western HMAs and where appropriate, highlight any local issues (including rural-related issues) within the submarkets that deviate from the wider HMAs. It should also highlight specific linkages to other Housing Market Areas and how they inter-relate.
- Provide a 15-year, cross-tenure (private, intermediate and social) housing need assessment methodology to be applied at Housing Market Area, Local Authority level and sub-local authority level within the Mid-Western HMAs.
- Provide housing need projections across all tenures for 15 years at Housing Market Area and Local Authority level within the Housing Market Areas, i.e. total, intermediate and social housing need requirements.
- Apply a range of scenarios to the 15-year housing need assessment calculation, i.e. standard, high-level and low-level housing requirements to accommodate potential variations in performance of the housing market, economy and the policy environment.
- Engage with local authority planners to clarify the most critical issues the housing systems analysis should address, and which will be practical to deliver in light of data availability.

1.4 Structure of the Report

The report is structured as follows:

- **Section 2** presents an overview on **the policy context**, in relation to planning policy, the Programme for Government and welfare reform, with particular reference to housing. This Section also considers the wider context. The policy and wider context reviews in this Section are a summary of the more detailed review presented in the accompanying Northern Ireland report.
- **Section 3** describes **the spatial framework** for the analysis, including Local Government Districts, the urban-rural dimension and subareas.

- **Section 4** analyses **population** trends and projections for the Mid-Western HMAs, as well as by LGD, subarea and settlement type.

- **Section 5** examines **household growth** trends and projections. The uncertainties around household projections are discussed and alternative scenarios presented.

- **Section 6** assesses the trends in a range of **housing market** indicators, commencing with factors affecting the affordability of owner-occupied accommodation in housing market areas, i.e. house prices, jobs and incomes, and house price to earnings ratios. The Section then considers indicators for activity levels in the housing market, i.e. residential property sales and new dwelling completions. It also looks at the rented sector and concludes with a discussion of tenure shares, both historical and projected.

- **Section 7** presents a profile of **the housing stock and the occupancy of dwellings**. The Section commences with an overview on trends in the housing stock, both overall and by LGD and settlement type. Drawing on the 2011 Census of Population, the distributions of dwellings by number of rooms and occupancy ratings are discussed. The Section also presents estimates and projections for the bedroom size distribution of the occupied dwelling stock, which are compared with projections for bedroom requirements.

- **Section 8** presents the findings from the application of a net stock model to project new **housing requirements**, for a given rate of household growth. The basic net stock model is augmented through the inclusion of a net backlog component, i.e. households in need who lack their own self-contained accommodation. The Section concludes by assigning tenure splits to the projected requirements, based on an affordability test.

- **Section 9** brings together the key findings and themes in the **concluding remarks**.

Note:

All percentage figures shown are calculated from unrounded data. As percentages are presented in rounded numbers, components may not add to the total shown.

Population and other counts or estimates are presented in tables and charts rounded to the nearest 10 or 100. Therefore, components of a population or other total may not add to the total shown in a table or chart.

2 Policy Context

This Section presents an overview on the policy context for this SHMA, under the following headings:

- Planning policy.
- Programme for Government, with particular reference to housing.
- Welfare reform, again focusing on aspects relevant to housing.

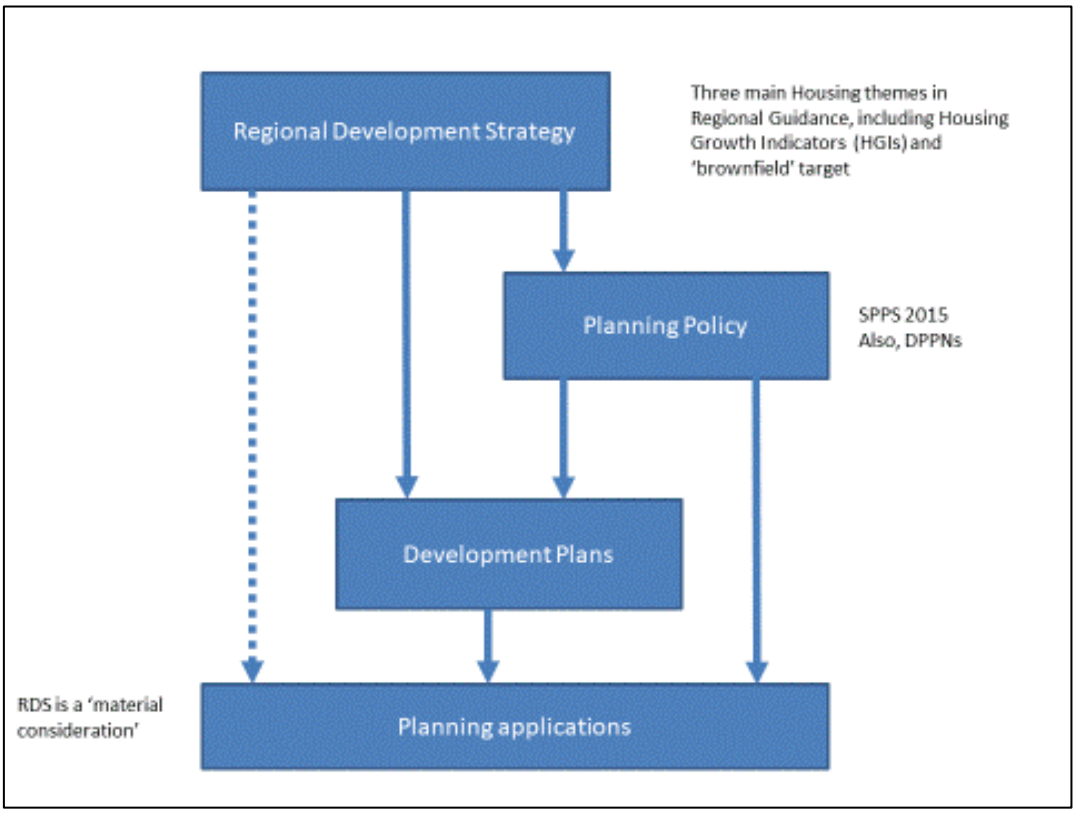
The Section concludes with a discussion of the wider context, in particular the Covid-19 pandemic and the UK's exit from the European Union (Brexit).

2.1 Planning Policy

The planning policy framework within which this SHMA sits is summarised in Figure 2.1 and includes:

- The Regional Development Strategy 2035.
- Strategic planning policy.
- Local development plans.

Figure 2.1 Policy context: Planning



2.1.1 Regional Development Strategy

The Regional Development Strategy (RDS) aims to provide "an overarching strategic planning framework to facilitate and guide the public and private sectors". It was conceived as the spatial framework for the delivery of the Northern Ireland Executive's Programme for Government with the intention of informing the spatial aspects of the strategies of Government Departments.

As a strategic framework, the RDS mainly serves to provide guidance to bodies such as Local Government Districts (LGDs) in exercising functions such as the preparation of Local Development Plans (LDPs). The 2035 iteration of the RDS contains three themes relating to housing. One of those themes is to 'manage housing growth to achieve sustainable patterns of residential development'. As part of that theme, and to promote development within existing urban areas, the RDS has set a regional target for 60 per cent of new housing to be located in appropriate 'brownfield' sites within the urban footprints of settlements greater than 5,000 population. Also under the housing theme, the Department for Infrastructure (DfI) produces Housing Growth Indicators (HGIs) at LGD level to "provide an indication of future housing need in Northern Ireland".

The most recent Housing Growth Indicators were published in September 2019, based on the NISRA 2016-based household projections, which were commissioned by the Housing Executive. The 2016-based HGIs replaced the previous 2012-based HGIs, which had been prepared from NISRA's 2012-based household projections.

In the text accompanying the HGIs, DfI states that the estimates "are purely for guidance and should not be considered as a cap or a target on development". Rather, they represent a "starting point which can subsequently be adjusted". That is an appropriate caution, as the HGIs are purely trend-based extrapolations and contain no policy content. Nonetheless, the HGIs are tied to expectations of future household growth, which is the main component in projecting new dwellings required to meet housing need and demand.

Most, though not all, LGDs have sought within their local development plans to reflect the HGIs in making estimates of proposed allocations of land to meet the projected housing requirements. Indeed, prior to the issuing of the 2016-based HGIs, seven of the 11 LGDs had perfectly aligned their proposed allocations with the previous 2012-based HGIs (Table 2.1).

Within the managing housing growth theme, and with reference to ensuring an "adequate and available supply of quality housing", the RDS states that planners should take account of Housing Needs Assessment (HNA)/Housing Market Analysis (HMA) when allocating land, "including land for social and intermediate housing and affordable housing".

Table 2.1 Proposed dwelling requirements in Local Development Plans as per cent of HGIs[1]

	Base year:	
	2012	**2016**
	%	*%*
Antrim and Newtownabbey	117	217
Ards and North Down	100	139
Armagh City, Banbridge and Craigavon	100	90
Belfast	200	399
Causeway Coast and Glens	100	129
Derry and Strabane	156	205
Fermanagh and Omagh[2]	100	113
Lisburn and Castlereagh	104	101
Mid and East Antrim	100	108
Mid Ulster	100	99
Newry, Mourne and Down	100	117
N. Ireland	**119**	**142**

1 The new dwelling requirements for the calculations have been taken from Councils' published draft Plan Strategies or Preferred Options Papers, whichever was the most recent as of June 2022. Note that all but one of the source documents preceded the publication, in September 2019, of the 2016-based HGIs.

2 The new housing requirements in the Fermanagh and Omagh draft Planning Strategy (dated October 2018), and which was undergoing Independent Examination as of June 2022, were calculated from the 2012-based HGIs. In October 2020, the Council submitted a Schedule of Proposed Changes (FODC 110) which proposed amending the new housing requirements to align with the 2016-based HGIs.

Sources: DfI, 2016-based Housing Growth Indicators, 2012-based Housing Growth Indicators; Local Government District papers prepared for LDP process, through June 2022 (see LDP documents listed in References).

2.1.2 Strategic Planning Policy

The 2015 Strategic Planning Policy Statement (SPPS) was issued following the reform of the planning system from a unitary system (where all powers rested with the Department) to a new two-tier model of delivery where councils have primary responsibility in relation to, *inter alia*, local plan making. The *Housing in Settlements* Section of the SPPS sets out eight processes for allocating housing land. The first process listed identifies the HGIs as a starting point. The processes also include Housing Needs Assessment (HNA)/Housing Market Analysis (HMA), in the following terms:

> "Provides an evidence base that must be taken into consideration in the allocation, through the development plan, of land required to facilitate the right mix of housing tenures including open market and special housing needs such as affordable housing, social housing, supported housing and Travellers accommodation. The HNA will influence how LDPs facilitate a reasonable mix and balance of housing tenures and types. The Northern Ireland Housing Executive, or the relevant housing authority, will carry out the HNA/HMA".

The SPPS also provided a definition of 'affordable housing', i.e. social rented housing and intermediate housing (see Box 2.A). That definition was updated by DfC in April 2021. The updated definition, which is discussed further below, has since been adopted by DfI for planning purposes within the SPPS. It should, however, be noted that the definition included in the SPPS published in September 2015 was still current when LGDs were gathering evidence for their Local Development Plans.

Box 2.A Affordable housing: Strategic Planning Policy Statement definition (September 2015)

Social rented housing is housing provided at an affordable rent by a Registered Housing Association; that is, one which is registered and regulated by the Department for Social Development[4] as a social housing provider. Social rented accommodation should be available to households in housing need and is offered in accordance with the Common Selection Scheme, administered by the Northern Ireland Housing Executive, which prioritises households who are living in unsuitable or insecure accommodation; and

Intermediate housing consists of shared ownership housing provided through a Registered Housing Association (e.g. the Northern Ireland Co-Ownership Housing Association) and helps households who can afford a

[4] Since the SPPS was issued, and following the re-organisation of Northern Ireland government Departments, the functions of the former Department for Social Development have been subsumed within the Department for Communities.

small mortgage, but that are not able to afford to buy a property outright. The property is split between part ownership by the householder and part social renting from a Registered Housing Association. The proportion of property ownership and renting can vary depending on householder circumstances and preference.

Source: DfI, Strategic Planning Policy Statement, September 2015, page 114.

2.1.3 Fermanagh and Omagh District Council

Fermanagh and Omagh District Council published its Local Development Plan Draft Plan Strategy (dPS) in October 2018. The dPS was submitted to the Department for Infrastructure on 18 December 2020. On 13 May 2021, the Planning Appeals Commission (PAC) was appointed to conduct the Independent Examination (IE) of the dPS. The IE public hearing sessions concluded in June 2022 and the PAC is currently preparing its soundness report.

Since the dPS was published, the Council has made a number of proposed changes, including around the policy for managing housing supply (FODC 110 Schedule of Proposed Changes, October 2020; Schedule of Proposed Changes IE Update, June 2022). The dPS is evolving and the following summary is presented within that context.

From the perspective of this SHMA, a number of policies proposed in the dPS are relevant, including:

- Policy HOU3 proposes that, where a need for affordable housing is identified by a Housing Needs Assessment, "proposals for residential developments of 10 housing units or more or on a site of 0.5 hectares or more, will only be permitted where at least 10 per cent of the units are affordable housing". The policy would support mixed tenure developments. Such schemes have not been a feature of developments to date and the Council would like to encourage mixed tenure schemes in the future.

- Policy HOU5 sets out criteria for supporting residential development proposals. Criterion (c) would require proposals to provide a range of dwelling types, sizes and tenures, to meet the needs of all households.

- Lifetime homes have not been a feature of private housing developments within the District. To encourage the inclusion of lifetime homes in new developments in the future, in its October 2020 Schedule of Proposed Changes (FODC 110), the Council proposed an additional criterion for HOU5, that developments over a specified

threshold (20 units generally and 10 units within smaller settlements) should include at least 10 per cent built to wheelchair standards.

- Policies HOU9 to HOU18 relate to housing in the countryside. Policy HOU17 provides for affordable housing in the countryside. As set out in the dPS, affordable housing developments in the countryside would comprise groups of no more than six dwellings, adjacent to or near a village or small settlement. The October 2020 Schedule of Proposed Changes has proposed an increase in the limit to eight dwellings.

The dPS also sets out the Council's proposals regarding the spatial pattern of future growth in the District. Thus, the Spatial Growth Strategy seeks to "focus major population growth within the two main hubs of Enniskillen and Omagh" while sustaining the role of the local towns, villages, and small settlements. The objective for the countryside is to "support and sustain vibrant, rural communities".

The dPS sets out the District's spatial growth strategy within a settlement hierarchy comprised of four Tiers (Policy SP02), as follows:

- Main towns (hubs) – Enniskillen and Omagh, with a combined 33 per cent share of households at the 2011 Census of Population.
- Local towns – Five listed (7.9 per cent share of households).
- Villages – 29 settlements (14.8 per cent share of households).
- Small settlements – 44 settlements (3.9 per cent share of households).

The countryside is defined in the dPS as all areas located outside settlement limits. In 2011, the countryside was home to an estimated 40 per cent of households.

Table 2.2 shows the proposed strategic allocation of land for housing in settlements and the open countryside as set out in the dPS. When compared with the 2011 household shares, the allocations would entail a skew of +14 percentage points towards the main towns/hubs.

The Council's Preferred Options Paper (POP), dated October 2016, considered the option of focusing the majority of development on the two main towns, in line with the RDS target for 60 per cent of new housing to be located in urban settlements with a population of 5,000 or more. That option was not taken forward on the ground that it would overly constrain development in rural areas and "could therefore create problems in relation to housing choice and affordability".

Table 2.2 Proposed housing land allocation, Fermanagh and Omagh District Council

	Households[1]	Housing land allocation[2]	
	2011	% of HGI	*Skew*
	%	*%*	*pps*
Settlements	60	77	*+17*
Main towns/hubs	33	47	*+14*
Local towns	8	10	*+2*
Villages	15	15	*0*
Small settlements	4	5	*+1*
Countryside	40	23	*-17*
Total	100	100	

1 Census of Population, 2011
2 Fermanagh and Omagh Draft Plan Strategy, Figure 5.

In determining the quantum of housing to be allocated, the Council has relied on DfI's Housing Growth Indicators. The 2012-based HGIs formed the basis for strategic allocation of housing in the October 2018 dPS. Based on the 2012-based HGIs, the projected requirement 2015-2030 was calculated as 5,190 new dwellings, or 346 per annum. Subsequently, in September 2019, DfI published revised 2016-based HGIs, indicating a lower new dwelling requirement for the District. The revised HGIs were considered in the November 2019 Updated Housing Paper (FODC 309), which calculated the revised requirement at 4,300 dwellings for the plan period (2015-2030), an annual average of 287. The October 2020 Schedule of Proposed Changes includes a proposed amendment to the dPS to reflect the 2016-based HGIs.

Within the settlements, as set out in draft Strategic Policy SP03, the allocation of zoned land within the main and local towns will be in two phases. A criteria-based approach will be taken. In the identification of Phase 1 sites to meet any remaining housing need over the period to 2030, it is proposed that: "Committed housing sites with extant planning permissions or sites which are under development will be taken into account when doing so". In the Council's view, there is an over-supply of housing land which would persist without the proposed phased approach in SP03 (FO Response to Queries Raised - Technical Appendix, paras 3.15-3.16).

The countryside allocation will be managed by the relevant policies, i.e., HOU9 to HOU18. As set out in the Updated Housing Paper, the expectation is for 66 approvals per annum, in line with the historical average under the

existing planning policy regime for new housing in the countryside (PPS 21: Sustainable Development in the Countryside).

2.1.4 Mid Ulster District Council

Mid Ulster District Council (MUDC) published its Local Development Plan Draft Plan Strategy (dPS) in February 2019. The dPS was submitted to the Department for Infrastructure in May 2021. The next stage is the appointment of the Planning Appeals Commission to conduct the Independent Examination of the DPS. That appointment is pending (as of June 2022).

Within the dPS, the need for affordable housing is primarily addressed in terms of making provision for social housing, with a mixture of a management development approach and key site requirements. Thus, Policy HOU2 (Quality residential development) proposes that residential developments of 50 units or more or on sites of 2 hectares and over should include social housing at a rate not less than 25 per cent of the total number of units. The policy will apply where a need for social housing has been identified "until such times that the Local Policies Plan brings forward sites with key site requirements addressing social housing needs".

Policy HOU2 also requires that provision is made for a mix of house types, with a proposed requirement that on sites with 25 units or more or on sites of 1+ hectares, "there should be a mix of house types to meet the needs of all families and small households". Policy HOU2 further states the Strategy's support for providing accommodation for all, including those with disabilities. In addition to meeting building control provisions, developers will need to show "consideration has been given to the needs of the disabled in terms of appropriately designed and located open spaces".

Policy HOU4 sets out criteria for conversion of existing buildings to flats, apartments or houses in multiple occupation (HMOs). The justification for the policy refers to the recent demand for such conversions, especially in Dungannon where there is a large migrant population.

Regarding housing in the countryside, policy CT3 provides for groups of dwellings where a need has been identified by the Housing Executive and the group is located adjacent to or near a village or small settlement.

The dPS sets out the District's spatial planning framework within a settlement hierarchy comprised of four Tiers, as follows:

- Main towns (hubs) – Cookstown, Dungannon and Magherafelt. Together, they accounted for approximately 27.5 per cent of the households living in MUDC in 2011.

- Local towns – Maghera and Coalisland, with a 7.5 per cent household share.

- Villages – 48 settlements (22.6 per cent share of households).
- Small settlements – 34 settlements (estimated 3.5 per cent share of households when three proposed new settlements are included).

The dPS also sets out the Council's proposals regarding the spatial pattern of future growth in the Borough. As stated in the dPS, the Strategy:

> " … aims to encourage growth in Cookstown, Dungannon and Magherafelt which are our main service centres and the most accessible places in the district, particularly for those without a car. At the same time, however, the plan seeks to balance the needs of our urban centres with those of our rural communities, which require vibrant local towns and villages to meet their daily needs."

Within that context, for the main towns, the spatial growth strategy proposed allocating land for housing within a range, from 30 per cent to 60 per cent of the HGI. The allocation flows from the Council's proposed Policy SPF 2, which aims to focus growth within the three main towns/hubs. The upper end of the range (60 per cent) reflects the RDS regional target for 60 per cent of new housing to be located within the urban footprints of settlements greater than 5,000 population. The dPS states that "opportunities should be provided in the Local Policies Plan" to achieve the 60 per cent. The 30 per cent lower end of the range has been specified with reference to the main towns' 28 per cent share of households living within MUDC (Table 2.3).

Table 2.3 Proposed housing land allocation, Mid Ulster District Council

	Proposed allocation[1]		Households[2]
	Urban Min.	Urban Max.	2011
	%	%	pps
Settlements	63	93	61
Main towns	30	60	28
Local towns	7	7	7
Villages	23	23	23
Small settlements	3	3	3
Countryside	37	7	39
Total	100	100	100

1 Mid Ulster Draft Plan Strategy.
2 Census of Population, 2011.

The dPS proposed pro rata allocations to the local towns, villages and small settlements based on their 2011 Census of Population household shares. In total, the dPS allocates about one-third of the HGI to the local towns, villages and small settlements (Table 2.3).

The countryside is not subject to a specific HGI allocation[5]. Development will be controlled via policies CT1 (General Policy for Housing in the Countryside) and CT2 (Dwellings in the Countryside). The number of houses approved for the countryside will be monitored so that, if the number exceeds 40 per cent of the HGI, a change in policy will be triggered at the Plan Review. The 40 per cent threshold for triggering a review has been specified with reference to the proportion of households living in the countryside (Table 2.3). The policy context for the threshold is SPF 6, which aims to "accommodate development within the countryside that supports the vitality and viability of rural communities".

As set out in the dPS, the Housing Growth Indicators (HGIs) prevailing at April 2019 (the 2012-based HGIs) formed the basis for strategic allocation of housing to settlements in the District's Spatial Growth Strategy. The total of committed units still to be developed and residual zoning (calculated as of April 2015) exceed the HGIs (dPS, Appendix 1).

Within the main towns, the strategy proposes zoning land in two phases, with Phase 2 land held in a land bank to meet future need. Policy HOU1 (Protection of land zoned for housing) sets out factors to be considered in deciding whether to release Phase 2 land. The factors include, *inter alia*, the latest HGIs and the HGI-based allocations in the Growth Strategy. Policy HOU1 also states that, if there is insufficient uncommitted land that can meet social housing needs identified and confirmed by the Housing Executive, release of Phase 2 land for that purpose will be considered.

Though, as noted in the Council's April 2021 response to issues raised in the dPS representations and counter-representations: "At present, phase 1 housing land is largely committed therefore the opportunity to acquire social housing is limited" (MUDC114, page 167). For the same reason, that would also suggest that Policy HOU5 will have limited capacity in practice to contribute to meeting social/affordable housing need over the phase 1 lifetime. Beyond that point, the potential contribution of Policy HOU5 will reflect the incidence of development schemes comprised of 50+ units.

[5] The 'allocations' shown in Table 2.3 are calculated on a residual basis, varying with the main towns proportions.

2.2 Northern Ireland Policy Context

This Section presents a summary overview on the Northern Ireland policy context. A more detailed review can be found in the accompanying Northern Ireland report, under the following main headings:

- Programme for Government.
- Housing.
- Welfare Reform.

2.2.1 Programme for Government

In January 2021, the Executive Office published a draft Outcomes Framework Consultation Document. The consultation closed in March 2021 and the responses are now being considered. Nine outcomes were specified in the draft Framework, with housing listed as a Key Priority Area under the following outcomes:

- We live and work sustainably – protecting the environment. The housing priority is about maintaining and developing the housing stock in an energy-efficient and sustainable manner.
- We have a caring society that supports people throughout their lives. The main focus of the housing priority is tackling homelessness and investing in new social and affordable homes.
- People want to live, work and visit here. The housing priority aims to "ensure everyone has access to good-quality, affordable housing and in promoting an integrated, shared society".

While the preparation of a new PfG stalled in the face of the need to tackle the coronavirus pandemic, housing policy has continued to be developed.

2.2.2 Housing

The housing priority is being developed under four main themes, as follows:

- Increasing housing supply/options across all tenures.
- Making the best use of existing housing.
- Improving the private rented sector.
- Improving housing for the most vulnerable.

As stated in the New Decade-New Approach document, the main thrust of the housing supply theme is to "enhance investment and agree a target for new social and affordable home starts".

No targets have yet been set, but in a statement made in November 2020, the DfC Minister noted that the Executive has "never achieved more than 2,200 social new build starts in one year" and expressed an ambition to remedy the position.

Following a Call for Evidence carried out over the period May to July 2021, DfC published a consultation on the new Housing Supply Strategy in December 2021, running until February 2022. In the Foreword to the Strategy, the Minister stated her aim for the Strategy in the following terms:

> "My aim for this Strategy is to create a housing system that can deliver 100,000 plus homes over its 15 year lifetime. I want at least a third of these homes to be social homes. I also have an ambition to deliver a significant number of intermediate homes".

As part of the approach to increasing housing supply, DfC is considering how to expand the range of intermediate housing products for low and middle-income households that can afford social housing but cannot afford market rents and/or house purchase. Within that context, and following a consultation exercise, in April 2021 the Department published a revised definition of affordable housing, as follows:

> Affordable housing is:
>
> a) Social rented housing; or
>
> b) Intermediate housing for sale; or
>
> c) Intermediate housing for rent
>
> that is provided outside of the general market, for those whose needs are not met by the market. Affordable housing which is funded by Government must remain affordable or alternatively there must be provision for the public subsidy to be repaid or recycled in the provision of new affordable housing.

The Department's explanatory note goes on to state that:

> Affordable housing is available to households who otherwise could not house themselves, for example, because they would struggle to afford the cost of housing in the open market, or they need a specific type of house which is not commonly available. It is provided outside the general market i.e. it is not a home bought privately or a home rented from a private landlord. It is therefore not available to households who can meet their own housing needs without Government support.

The Department is currently examining options for an intermediate rent product to augment the range of affordable housing options currently available (social rented and shared ownership).

In October 2021, the Department commenced a Consultation on Intermediate Rent Development of Policy and Model. The consultation is based around an intermediate rent product proposed in a report by the Collaborative Centre for Housing Evidence (CaCHE). The consultation period ran through to mid-January 2022. Subsequently, in late-June 2022, the Department published a Consultation Outcome Report. While the majority of respondents were in favour of the development of Intermediate Rent, a number of issues remain unresolved and development work is ongoing.

In the private rented sector, various measures have been implemented to help households sustain their tenancies through the difficulties posed by the coronavirus pandemic. In May 2020, the Northern Ireland Assembly passed the Private Tenancies (Coronavirus Modifications) Regulations (Northern Ireland) 2020, providing for landlords to give 12 weeks' notice to quit. That measure was originally intended to operate through September 2020, but has since been extended to May 2022.

The Covid-19 pandemic had a major impact on the Housing Executive, both through the adoption of working practices to contain and delay the transmission and in response to the housing needs arising from the pandemic. The measures adopted to contain and delay the transmission of the virus have included:

- Changes to the renewal process. Between March 2020 and December 2020, applicants on the Common Waiting List (CWL) were not issued with the usual renewal forms.
- Restriction on works to emergency repairs only.
- Reduction in new build.

In combination, those measures disrupted the level of off-flows from the CWL. The changes to the renewal process meant that applicants remained on the CWL, whereas in normal circumstances they may have flowed off by de-registering. The restriction of works to emergency repairs reduced the number of relets available to allocate to CWL applicants. Similarly, the reduction in new build resulted in fewer dwellings available for allocation to applicants. Both of those measures would therefore have reduced the number of off-flows from the CWL.

Over the period from mid-2019 to October 2021, the number of applicants on the CWL increased by 20 per cent, including those in housing stress (30+ points on the CWL) and other applicants with fewer points (Table 2.4). It is not, however, possible at this time to separate out the effects of housing difficulties owing to the pandemic from the effects of the measures adopted in response to the pandemic.

Table 2.4 The Common Waiting List, June 2019 and October 2021				
	June, 2019	**October, 2021**	**Change**	
	No.	*No.*	*No.*	*%*
Applicants[1]	37,385	44,837	7,452	*19.9*
In housing stress[2]	25,921	31,129	5,208	*20.1*
Other	11,464	13,708	2,244	*19.6*
Social tenants[3]	10,858	12,134	1,276	*11.8*
In housing stress[2]	6,553	7,603	1,050	*16.0*
Other	4,305	4,531	226	*5.2*
All	**48,243**	**56,971**	**8,728**	***18.1***

1 Applications to the CWL from households that do not currently have a social tenancy. 2 With 30 or more points on the CWL. 3 Applications to the CWL from those already in a social home seeking a transfer.
Source: NIHE.

Under the Rural Needs Act (NI) 2016, the Housing Executive has a statutory duty to pay due regard to the needs of rural communities in the development of policies, strategies and plans and in the delivery of services. The Housing Executive's first Rural Policy was developed in 1991 and "recognised the need to identify housing need which was often hidden or 'latent' in rural areas" (NIHE, *Reaching Rural*, p. 4).

The most recent Rural Strategy covered the period 2016-2020. In November 2021, the Housing Executive published its Rural Strategy 2021-2025 which aims to promote: "Vibrant, shared, healthy and sustainable rural communities where everyone has access to decent and affordable housing".

2.2.3 Welfare Reform

Over the last decade, the UK Government has enacted a raft of legislation designed to reform the benefit system. The reforms have been implemented with the aim of streamlining the system and to reduce welfare expenditure. The reform agenda commenced in October 2010 when the UK government announced plans to introduce the Universal Credit (UC) as a means of integrating and simplifying means-tested welfare benefits and in-work tax credits for working-age adults. Universal Credit comprises a single means-tested benefit for working age claimants, including an allowance for housing costs, whether they are unemployed or in low-paid work.

The Government's plans were given legislative effect through the Welfare Reform Act 2012. The 2012 Act also introduced changes to Housing Benefit which reduced the amount payable to social sector tenants who were deemed to be 'under-occupying' their dwelling according to the social sector size criteria.

The reforms, notably Universal Credit and the social sector size criteria, were implemented in Northern Ireland under the Welfare Reform (Northern Ireland) Order 2015, which came into effect on 9 December 2015. While the social sector size criteria have been introduced in Northern Ireland, the effects have been mitigated to date. In February 2022, the Northern Ireland Assembly passed legislation to indefinitely extend the social sector size criteria mitigation, with a review to be carried out by March 2025.

Private rented sector tenants have also been affected by welfare reform, again for generating savings on welfare expenditure. Since 2008, private rented sector tenants have received a Local Housing Allowance (LHA) rather than Housing Benefit. LHA rates were frozen from April 2016 to March 2020. In response to the pandemic, the Chancellor uprated Local Housing Allowance (LHA) rates so that they were aligned with the 30th percentile of private sector rents in each Broad Rental Market Area (BRMA). Those new rates became effective on 30 March 2020 for the financial year through to April 2021. Northern Ireland has 40 separate LHA rates (five bedroom size categories within each of eight BRMAs). The average (unweighted) increase in LHA rates was 12 per cent. While the uplift in LHA rates was made permanent, the rates determined on 30 March 2020 were frozen for the year March 2021 to April 2022.

Universal Credit was rolled out across Northern Ireland on a phased basis between October 2017 and December 2018. The rollout was for new claims only, with migration of existing claimants of 'legacy benefits' such as Income Support and Jobseekers Allowance scheduled to commence in 2020 and complete by 2023. That schedule is subject to change due to the coronavirus pandemic. In England and Wales, the Department for Work and Pensions (DWP) has indicated that managed migration would resume in May 2022.

Overall, the amount of Housing Benefit received by social sector tenants has been largely protected from welfare reform measures, notably the social sector size criteria. Private rented sector tenants have not been protected. Consequently, the vast majority face a shortfall between their LHA entitlement and their weekly rent[6].

[6] See NIHE, 2019. Broad Rental Market Areas Scoping Study.

2.3 Wider Context

The wider context for this SHMA has been shaped by two key events, i.e. the Covid-19 pandemic and the UK's exit from the European Union (Brexit).

Following a transition period that ran from 1 February 2020, the UK exited the European Union on 31 December 2020. The UK's exit from the EU brought to an end the free movement of workers from the remaining EU states. That has implications for future levels of migration to and from the remaining EU states.

The World Health Organisation declared the Covid-19 outbreak a Public Health Emergency of International Concern on 30 January 2020 and a global pandemic on 11 March 2020. Along with the rest of the UK, Northern Ireland went into its first lockdown on 23 March 2020. The first lockdown lasted through May 2020. Since then, there have been two further waves of the virus and the same number of lockdowns, with varying levels of restrictions in place between and after each lockdown. In February 2022, the Northern Ireland Executive announced the lifting of most remaining restrictions.

The accompanying Northern Ireland report contains a detailed overview on the impacts from the pandemic. The key points from that review are as follows:

- Over the course of the pandemic, a range of activity indicators (economic output, jobs, unemployment, house sales, new dwelling starts and completions) have each followed a similar trajectory over the course of the pandemic[7]. That is, a sharp increase or decrease in activity during the first lockdown followed by a reversion to pre-pandemic levels.

- The main exception to that general trend has been the plateau reached by Universal Credit claimants, which has persisted and has yet to unwind.

- House prices and rents have followed a different pattern, with both remaining on an upward path over the course of the pandemic.

- Reflecting the rise in house prices, affordability has deteriorated for first-time buyers, albeit the effect has been modest to date and, in affordability terms, Northern Ireland continues to compare favourably with the UK average.

Brexit effects are less obvious and more difficult to disentangle in any event. Of particular relevance in the context of this SHMA, the potential Brexit effects on international migration have not yet been clarified. Thus, the net

[7] See the wider context review in the accompanying Northern Ireland report for the detailed analysis.

outflow in international migration from Northern Ireland that was observed in 2019-2020 may also reflect a pandemic effect, due to the restrictions on movements that accompanied the first lockdown.

The issues raised by changes in the wider context are re-visited in subsequent sections of this SHMA, when looking ahead. At this juncture, the following points may be noted.

While economic indicators signal an ongoing recovery from the pandemic, the outlook remains uncertain, both in the short-run and beyond. As noted by the Office for Budget Responsibility (OBR):

> "The strength of the rebound in demand in the UK and internationally has led [the economic recovery] to bump up against supply constraints in several markets. In the UK, these supply bottlenecks have been exacerbated by changes in the migration and trading regimes following Brexit. Energy prices have soared, labour shortages have emerged in some occupations, and there have been blockages in some supply chains. These can be expected to hold back output growth in the coming quarters, while raising prices and putting pressure on wages." (OBR, October 2021 Fiscal Outlook, page 7).

The longer-term effects of the pandemic are equally uncertain. In its October 2021 report, the Office for Budget Responsibility (OBR) estimated the 'scarring' effect of the pandemic at two per cent of output. But that is down from the three per cent projection in the OBR's March 2021 report.

The pandemic has also led to a sharp increase in the number of people working regularly from home. It is possible that may lead to a more dispersed population as households seek larger homes to accommodate their home-working requirements and reduce their time spent commuting. That might be expected to affect established internal migration patterns. Theoretically, a reduction in time spent commuting (due to fewer trips to the workplace) would be expected to result in a 'flattening' of the population density gradient. Though, as discussed in the Belfast Metropolitan SHMA, there is already a well-established pattern of out-migration from the largest urban area (Belfast City) to surrounding districts.

The ramifications of Brexit for international migration are also highly uncertain. The UK Government's immigration White Paper, issued in 2018, had seemed to signal a tough immigration regime post-Brexit, with a minimum salary cap of £30,000. However, writing in 2021, Portes comments on the resulting legislation as follows:

> "It is not the case that the new system represents an unequivocal tightening of immigration controls. Rather, it rebalances the system from one which was essentially laissez-faire for Europeans, while quite restrictionist for non-Europeans, to a uniform system that, on paper at

> least, is expensive but has relatively simple and transparent criteria, and covers up to half the UK labour market. The new system is likely to lead to a reduction in EU migration, partly offset by a smaller increase in non-EU migration."

The perspective adopted in this SHMA is that long-term demographic trends will continue, e.g. the ageing of the population. It is also assumed that housing market effects, especially on activities such as transactions, lettings and new dwelling completions, will be transient, albeit the timing and duration of effects is highly uncertain. Those activities tend to fluctuate in any event, more typically with the economic cycle. However, demographic factors will continue to operate over the long term.

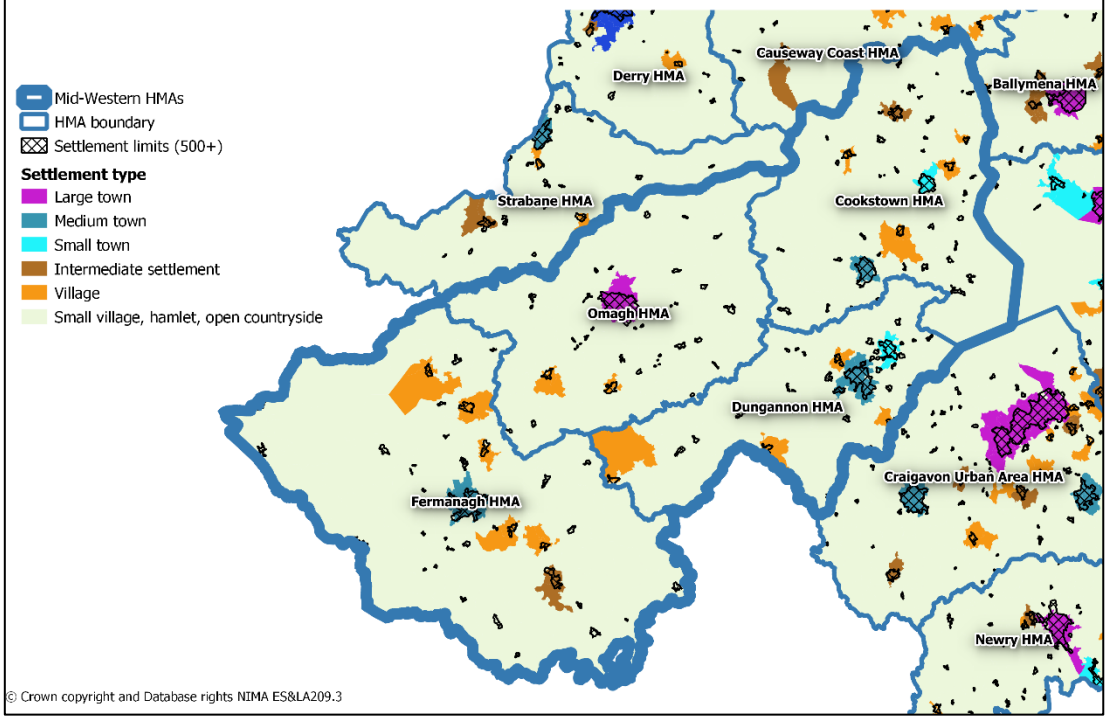
Looking to the longer term and considering the 15-year projection period for this SHMA, demographic trends will continue to strongly shape housing market need and demand. The overall total population does not follow a cyclical pattern. The vast majority of those who will be alive in 2035 have already been born.

The cyclical component in population growth largely derives from migration movements. To that extent, the uncertainties around Brexit and the pandemic are to do with the future pattern of migration, both within Northern Ireland and flows to and from other jurisdictions.

3 Spatial Framework

The Mid-Western reporting area contains four HMAs, i.e. Cookstown, Dungannon, Fermanagh and Omagh. As can be seen from Map 3.1, each of the HMAs has a broadly similar spatial structure, centred on a District Town serving a rural hinterland of smaller settlements, villages and the open countryside.

Map 3.1 The Mid-Western HMAs



Note: The settlement types have been mapped using NISRA's Small Area to settlement type lookup table. The settlement type layer is therefore an approximate representation of settlement boundaries.

The Cookstown and Dungannon HMAs together comprise Mid Ulster District Council (Map 3.2). In combination, the Fermanagh and Omagh HMAs are coterminous with the Fermanagh and Omagh District Council.

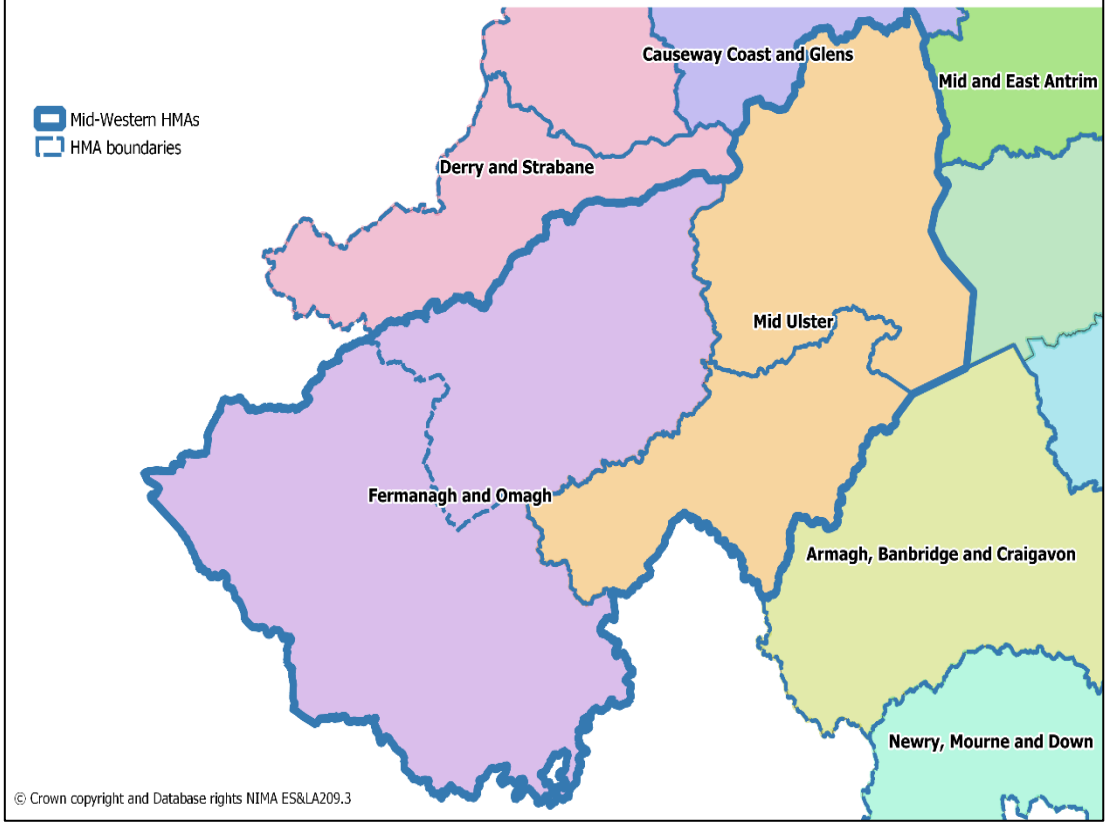
The Mid-Western HMAs each have a resident population which is less than 100,000 and rank among the smaller HMAs in population terms (Table 3.1). Moreover, with their more extensive rural hinterlands, the four HMAs have relatively low population densities. With 34 persons per square kilometre, Fermanagh has the lowest population density of any HMA, followed closely by Omagh (47 persons) (Table 3.1). Cookstown (74 persons) and Dungannon (80 persons) have slightly higher densities, but still well below the Northern Ireland population density of 134 persons per square kilometre.

Table 3.1 Population by LGD contained within the Mid-Western HMAs, 2020

	Population	Per cent of LGD	Population density[1]
Mid Ulster	**148,950**	**100**	**76**
Cookstown HMA	83,710	56	74
Dungannon HMA	65,240	44	80
Fermanagh and Omagh	**117,340**	**100**	**39**
Fermanagh HMA	64,280	55	34
Omagh HMA	53,060	45	47

1 Persons per square kilometre.
Source: Derived from NISRA mid-year population estimates.

Map 3.2 The Mid-Western HMAs and Local Government Districts



The settlement type classification shown in Map 3.1 is based on NISRA's 2015 Review of the Statistical Classification and Delineation of Settlements. The classification is summarised in Box 3.A. The Review specified a default urban-rural split, with a threshold population size of 5,000 to distinguish urban and rural areas, i.e., the default rural population comprises those living in intermediate (2,500-4,999 population) and village settlements (1,000-2,499 population) along with the population living in small villages, hamlets and the open countryside.

Box 3.A Settlement type classification

Band	Description	Category
A	Belfast City	
B	Derry City	
C	Large town (18,000+ population)	Urban
D	Medium town (10,000-17,999 population)	
E	Small town (5,000-9,999 population)	
F	Intermediate (2,500-4,999 population)	Rural – Intermediate settlements and villages
G	Village (1,000-2,499 population)	
H	Small village, hamlet, open countryside	Rural – Open countryside

Source: NISRA, 2015, Review of the Statistical Classification of Settlements.

According to the NISRA classification, within Mid Ulster District Council, both Cookstown and Dungannon are medium towns (Table 3.2). There are two small towns in the District, i.e., Magherafelt in the Cookstown HMA and Coalisland in the Dungannon HMA. Within the settlements classified as rural, the District contains one intermediate settlement (Maghera, in the Cookstown HMA) and eight villages with a population in the range 1,000 to 2,499. The villages are equally split between the Cookstown and Dungannon HMAs.

The remaining resident population within each HMA live in small villages (less than 1,000 population), hamlets and the open countryside. Across the District, at the time of the 2011 Census of Population, almost 82,000 people lived in small villages, hamlets and the open countryside, of which an estimated 60,610 lived in the open countryside, outside of defined settlement limits. Thus, in 2011, the open countryside accounted for 44 per cent of the MUDC population.

Table 3.2 Cookstown and Dungannon HMAs: Settlements by type		
Classification	**Name**	**Population (2011)**
Urban		
Medium town	Dungannon**	14,330
	Cookstown*	11,620
Small town	Magherafelt*	8,820
	Coalisland**	5,700
Rural		
Intermediate settlement	Maghera*	4,220
Village	Castledawson*	2,290
	Moneymore*	1,900
	Draperstown*	1,770
	Moy**	1,600
	Fivemiletown**	1,240
	Donaghmore**	1,120
	Bellaghy*	1,120
	Aughnacloy**	1,040
Small village, hamlet, open countryside		81,820
Of which:		
Cookstown HMA		47,280
Dungannon HMA		34,540

* Cookstown HMA
** Dungannon HMA
Source: Census of Population 2011, Commissioned Table CT0235NI

The Fermanagh and Omagh HMAs present a broadly similar spatial structure, albeit more dispersed. With a population close to 20,000 at the 2011 Census of Population, Omagh is a large town. Enniskillen, within the Fermanagh HMA, is a small town. They are the only urban settlements within the District. In the rural areas, there is one intermediate settlement (Lisnaskea in the Fermanagh HMA) and seven villages, of which five are in the Fermanagh HMA and two in the Omagh HMA (Table 3.3).

Table 3.3 Omagh and Fermanagh HMAs: Settlements by type		
Classification	**Name**	**Population (2011)**
Urban		
Large town	Omagh Town**	19,680
Medium town	Enniskillen*	13,790
Rural		
Intermediate settlement	Lisnaskea*	2,960
Village	Irvinestown*	2,260
	Ballinamallard*	1,430
	Dromore**	1,200
	Fintona**	1,160
	Lisbellaw*	1,100
	Maguiresbridge*	1,040
	Kesh*	1,040
Small village, hamlet, open countryside		67,500
Of which:		
Fermanagh HMA		38,180
Omagh HMA		29,310

* Fermanagh HMA
** Omagh HMA
Source: Census of Population 2011, Commissioned Table CT0235NI

The remaining resident population within the two HMAs live in small villages, hamlets and the open countryside. Across the District, at the time of the 2011 Census of Population, 67,500 people lived in small villages, hamlets and the open countryside, of which an estimated 51,910 lived in the open countryside, outside of defined settlement limits. Thus, in 2011, the open countryside accounted for 46 per cent of the Fermanagh and Omagh District Council population.

The NISRA settlement hierarchy is based on population thresholds. By contrast, in both the Mid Ulster and Fermanagh and Omagh draft Plan Strategies, in addition to population, the settlement hierarchy is defined based on factors such as function, range of services/facilities and location (see page 36 of the Mid Ulster dPS and page 35 of the Fermanagh and Omagh dPS).

In the Mid Ulster dPS, settlements are classified into four categories, i.e., Main Towns/Hubs, Local Towns, Villages and Small Settlements, as follows:

Main Towns/Hubs. There are three Main Towns in the Mid Ulster hierarchy - Cookstown, Dungannon and Magherafelt. Cookstown and Dungannon are Main Hubs in the RDS 2035 spatial framework for Northern Ireland while Magherafelt is a Local Hub (RDS 2035, Diagram No. 2.3). With a 2011 population in the range 10,000 to 17,999, Dungannon and Cookstown are in NISRA's medium town class while Magherafelt falls within the small town category.

Local Towns. The Mid Ulster hierarchy identifies two Local Towns, Coalisland and Maghera. The former is classed as a small town by NISRA and counts as part of the urban population in NISRA's default urban-rural split. With a population of 4,220 in 2011, Maghera is an intermediate settlement in the NISRA classification and therefore is included in the rural population according to the threshold of 5,000 population used for the default urban-rural split.

Villages. Based on the 2011 Census of Population, the 48 Villages in the Mid Ulster hierarchy range in size from 2,290 (Castledawson) to 50 (Cappagh). Eight of the Villages had a population of 1,000 or over at the 2011 Census and therefore fall into NISRA's village class (1,000 to 2,499 population). Together, they were home to 12,090 people in 2011, representing 41 per cent of the 29,190 population in the Mid Ulster Villages grouping. The remaining 17,100 population (59 per cent of the Villages population) is counted within NISRA's small villages, hamlets and open countryside category.

Small Settlements. The dPS lists 34 Small Settlements (including three proposed new settlements), ranging in size from a population of 407 (Killeen) to 11 settlements with fewer than 50 people. In 2011, the 31 existing Small Settlements were home to approximately 4,100 people. They are all included in NISRA's small villages, hamlets and open countryside grouping.

In the Fermanagh and Omagh dPS, settlements are similarly classified into four categories, i.e., Main Towns, Local Towns, Villages and Small Settlements, as follows:

Main Towns. There are two Main Towns in the Fermanagh and Omagh hierarchy – Enniskillen and Omagh. Both are identified as Main Hubs in the RDS 2035. Omagh is a large town in the NISRA hierarchy and Enniskillen is a medium town. Together, they contain the urban population of the District, based on NISRA's default urban-rural threshold of 5,000+ population. The remaining settlements in the Fermanagh and Omagh hierarchy are classified as rural by NISRA.

Local Towns. The Fermanagh and Omagh dPS lists five Local Towns, ranging in size from 2,960 (Lisnaskea) to 450 (Carrickmore) with a total population of 8,040 at the 2011 Census. As their populations range from 450 to 2,960, the Local Towns are distributed across each of the three rural categories in the NISRA classification, i.e., intermediate (37 per cent population share), village (58 per cent) and small villages, hamlets and the open countryside (six per cent).

Villages. The dPS lists 29 settlements as Villages, ranging in size from 1,430 (Ballinamallard) to 60 (Tullyhommon). Four of the Villages had a population of 1,000 or over at 2011 Census and therefore fall into NISRA's village class (1,000 to 2,499 population). Together, they were home to 4,610 people in 2011, representing 30 per cent of the 15,490 population in the Fermanagh and Omagh Villages grouping. The remaining 10,890 population (70 per cent of the Villages population) is counted within NISRA's small villages, hamlets and open countryside category.

Small Settlements. The dPS lists 44 Small Settlements, ranging in size from a population of 410 (Tamlaght) to 17 settlements with fewer than 50 people. In 2011, the Small Settlements were home to approximately 4,200 people. They are all included in NISRA's small villages, hamlets and open countryside grouping.

For analysis and reporting purposes, in this SHMA the NISRA settlement types have been grouped into three categories, within each of the two HMAs, as follows (Map 3.3):

- Urban.
- Rural – intermediate settlements and villages.
- Rural – small villages, hamlets and the open countryside.

It should be noted that the modelling and analysis is at the level of the categories listed above, not by individual settlements.

Given their settlement type patterns, it is not surprising to find that each of the four HMAs has a majority rural population (Figure 3.1). Indeed, in each HMA, the dispersed rural population living in small villages, hamlets and the open countryside is close to or above 60 per cent of their total populations, with a further 5-16 per cent living in intermediate settlements. Consequently, the Mid-Western area is the most rural of the five SHMA reporting areas. Based on the NISRA classification, across the four HMAs, the average rural population share in 2011 was 71 per cent, compared with a Northern Ireland average rural share of 37 per cent for Northern Ireland. That high rural share is a distinguishing feature of each of the four HMAs.

Map 3.3 The Mid-Western HMAs: Urban-rural classification and LGD1992 boundaries

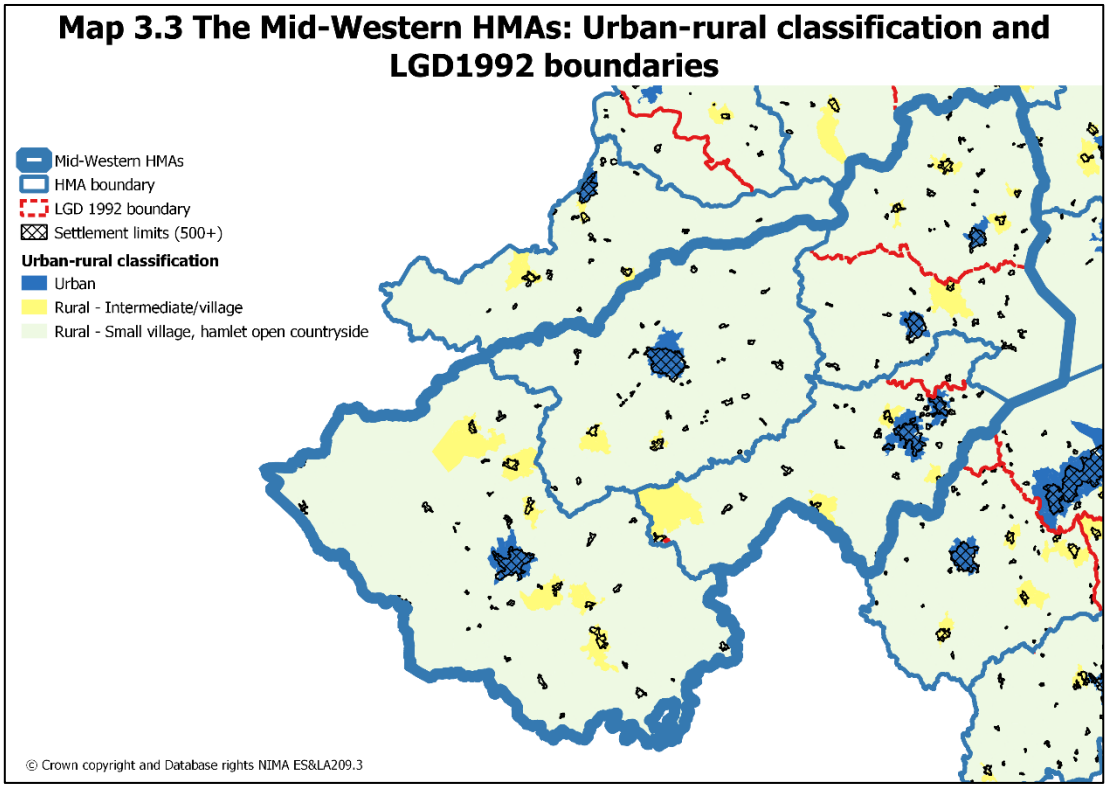
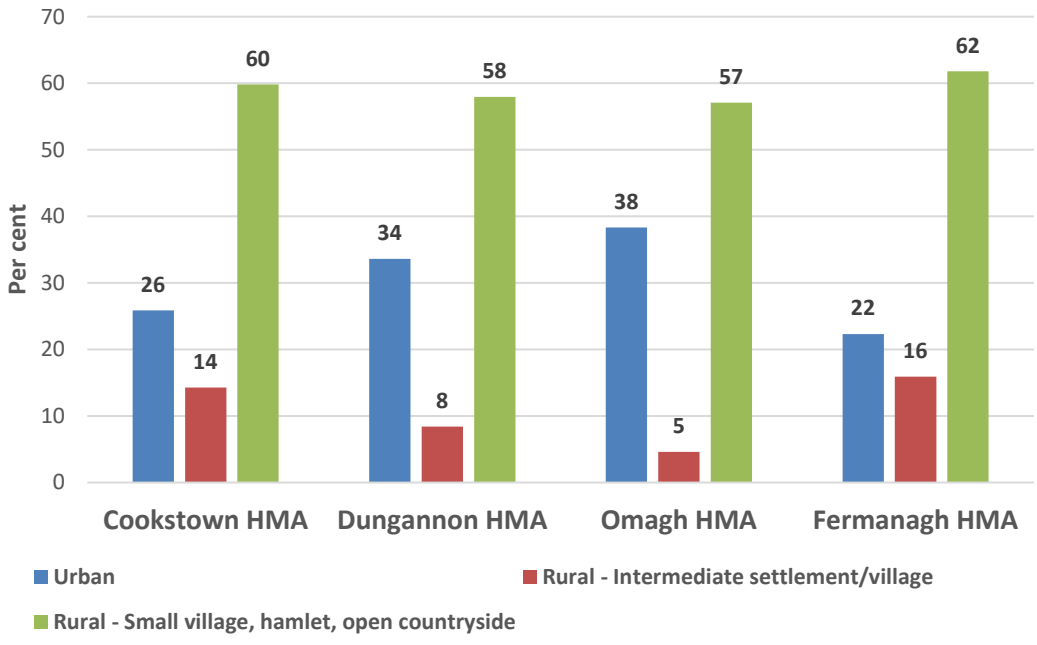


Figure 3.1 Population shares by settlement type, Mid-Western HMAs (Source: Census of Population, 2011)



To explore the possibility of defining subareas for analysis, the HMAs were compared with the former LGD 1992 boundaries that were in place prior to the 2014 re-organisation of local government. The rationale is that, outside the main city areas (Belfast and Derry), the former LGDs were typically centred on market or district towns serving largely rural hinterlands.

From Table 3.2, it can be seen that the Cookstown HMA may reasonably be further divided into subareas based on the former LGD boundaries. As can be seen, the Cookstown HMA encompasses most or all of two former LGDs, i.e., all of the former Magherafelt and 92 per cent of the former Cookstown LGD (Map 3.3 and Table 3.4). The possibility of treating those former LGDs as subareas within the Cookstown HMA was tested by calculating residential self-containment rates using the same dataset of residential moves that was employed for the Newhaven research which defined the HMA boundaries. The containment rate is defined as the proportion of residential moves originating in an area that terminate in the same area[8].

Table 3.4 The Mid-Western HMAs and 1992 LGDs, population, 2020

	Population	% of 1992 LGD	% of HMA
Cookstown HMA			
Cookstown	35,930	92	43
Magherafelt	47,780	100	57
Dungannon HMA			
Cookstown	3,090	8	5
Dungannon	62,150	98	95
Fermanagh HMA			
Fermanagh	64,280	100	100
Omagh HMA			
Omagh	53,060	100	100

Source: Population - Author's estimates calculated from NISRA mid-year population estimates.

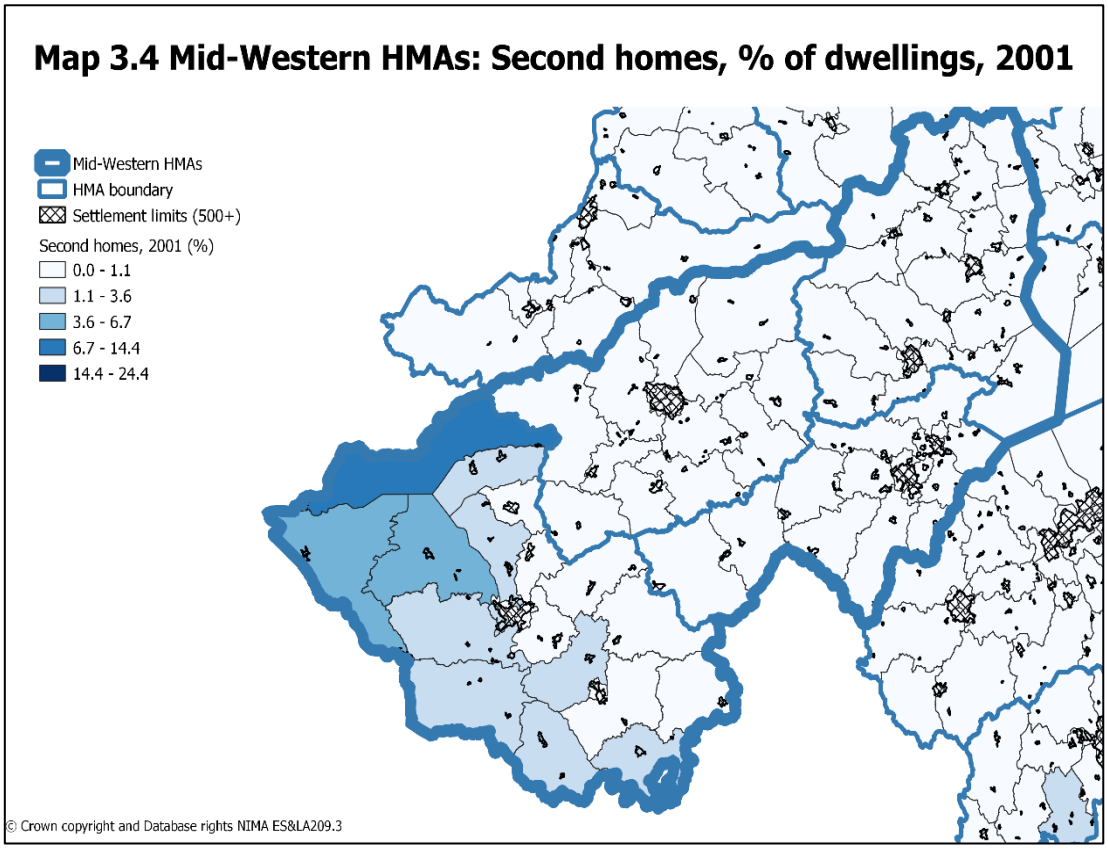
[8] The containment rate analysis is based the Medical Card Register (MCR) data employed in the Newhaven report for defining HMAs. The MCR dataset used in the Newhaven report comprises counts of changes of address between January 2011 and October 2017. For a more detailed explanation of the MCR dataset and the calculation of self-containment rates for defining the Northern Ireland HMAs, see Appendix 1 of the Newhaven Mapping Northern Ireland's Housing Market Areas report.

The calculations give a 76 per cent containment rate for the former Magherafelt LGD and, for the portion of the former Cookstown LGD that lies within the HMA, a similar containment rate of 77 per cent. Those containment rates indicate that the two former LGDs can serve as sub-areas to examine variations in housing market issues within the HMA[9].

The Fermanagh and Omagh HMAs are coterminous with their respective former LGDs (Table 3.4). Similarly, the Dungannon HMA is almost wholly coterminous with the former Dungannon LGD. A fraction of the former Cookstown LGD (eight per cent) lies within the Dungannon HMA, not sufficient to warrant a further sub-division of the HMA beyond the urban-rural grouping.

A final point to note regarding the Mid-Western reporting area is that, according to the 2001 Census, second homes are almost entirely concentrated within the Fermanagh HMA (Map 3.4).

Map 3.4 Mid-Western HMAs: Second homes, % of dwellings, 2001



[9] There is no specific threshold for the use of containment rates in the delineation of subareas within a pre-defined Housing Market Area. However, it is desirable that subarea self-containment rates should be above 65 per cent. For example, in the six subareas defined for the Belfast Metropolitan HMA in the Newhaven research, the self-containment rates ranged from 65 per cent (Lisburn) to 85 per cent (Central).

The 2001 Census of Population is the only data source for the distribution of second homes at the required level of geographical detail. According to the 2001 Census of Population, at that time, second homes accounted for 2.1 per cent of the dwelling stock in the Fermanagh HMA. Second homes were most prevalent in areas around the Lakes, notably Belleek and Boa (8.4 per cent), Derrygonnelly (6.2 per cent) and Belcoo and Garrison (5.6 per cent).

There is an absence of more up-to-date information on the number of second home dwellings in the HMA. However, it is likely that the broad spatial pattern shown in Map 3.4 remains accurate.

Second homes in the Fermanagh and Omagh District Council area were examined in the Housing Executive's August 2017 Housing Market Analysis Update (FODC 304). The Update noted the absence of up-to-date information on second homes and referenced the research previously undertaken by the Housing Executive into second homes, which resulted in a report, published in 2008, titled *Second Homes in Northern Ireland*. The Update concluded that, while the previous report contains information sourced in 2007, "the underlying trends still have relevance". The Housing Market Analysis Update observed that:

> "The [2008] report indicates that second homes in Fermanagh and Omagh are widely scattered geographically, limiting the affect that second home ownership may have in one settlement or location. … . It was assessed that while some permanent residents held negative views about second homes, there was no evidence that second homes have had a significant impact on the local housing market or house prices in the Fermanagh Lakelands. This is seen to be validated by the University of Ulster research, which states that Fermanagh and Omagh contains the second lowest percentage of unaffordable properties based on median incomes, in Northern Ireland, in 2017."

It can also be noted that second homes did not emerge as an issue in the consultations around the Fermanagh and Omagh draft Plan Strategy. In the June 2021 DPS Consultation Report on Consideration of Issues Raised in Representations and Counter Representations (FODC 109), there was no mention of second homes. Further, the dPS currently under examination by the Planning Appeals Committee (PAC) does not include any policy consideration of second homes.

To summarise, the spatial framework for the Mid-Western area comprises the following main components:

- The four HMAs.
- The two LGDs of Mid Ulster and Fermanagh and Omagh.

- Settlement type – three-way summary classification to reflect the urban-rural dimension.

- Subareas - within the Cookstown HMA only.

It should be noted that the projection of housing need and demand is primarily at the level of HMAs and LGDs. The settlement types and subareas are primarily to assist in analysis and understanding of the housing market dynamics within their respective HMAs.

4 Population

4.1 Introduction

This Section focuses on population change within and across the Mid-Western HMAs, commencing with an overview on the main population trends over the period 1991 to 2020, within the spatial framework outlined in Section 3.

The Section then discusses:

- Recent trends in the components of population change; that is, natural change and net migration.
- The projected growth of the population over the period 2018 to 2035, based on the 2018-based sub-national population projections published by NISRA in spring 2020.
- The age composition of the population, including trends and projections.

The Section concludes with a key points summary.

The sources used to derive the time series data are described in Annex 4 at the end of this Section. While the HMAs are nested within their respective LGDs, nonetheless they do not correspond with any statistical or administrative units for which data are published. Within that context, the approach taken to meeting the reporting requirements was to construct a Small Area dataset, by single year of age and sex, scaled to be consistent with published population estimates and benchmarked using 2011 Census of Population Small Area counts. The Small Area dataset was designed to produce estimates at HMA level, subareas and by the rural-urban classification discussed in Section 3.

The NISRA mid-year population estimates formed the main data inputs for constructing historical data, covering the period 1991 to 2020. The population projections reported in this Section are based on NISRA's 2018-based population projections for areas within Northern Ireland. The tables and charts in this Section derive from those two main sources. *As the NISRA data have been processed to meet the geographic requirements for this SHMA, the reader is referred to Annex 4 for information on data sources*.

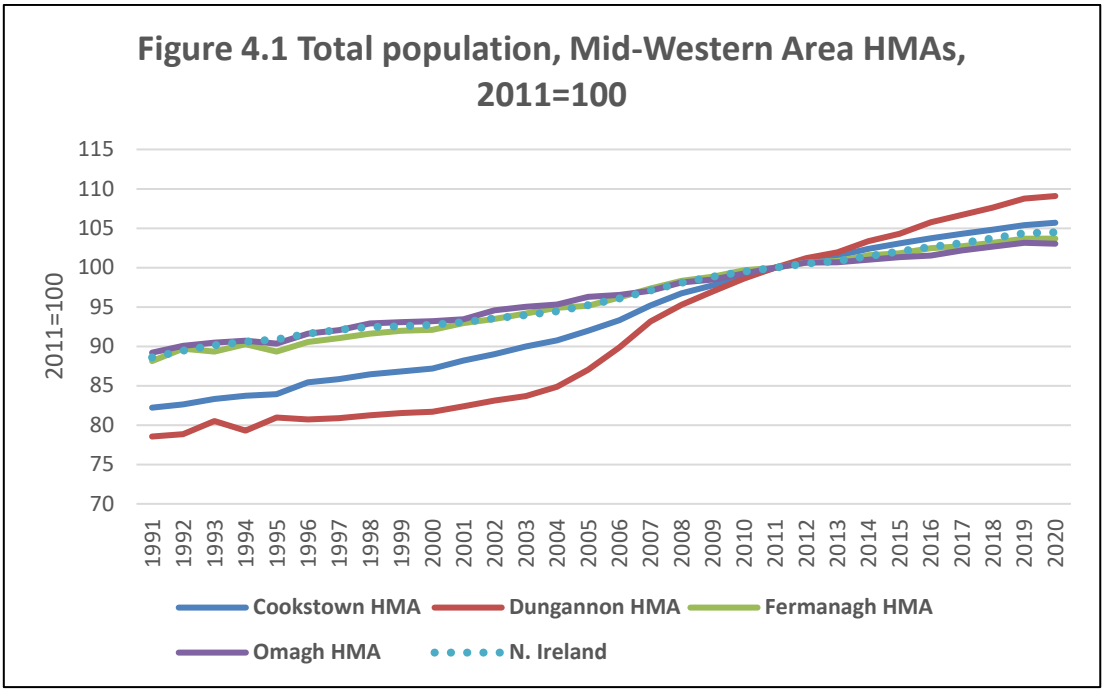
Finally, this Section focuses on trends within and across the Mid-Western HMAs. The Northern Ireland context within which those trends fit is discussed in Appendix A of the accompanying Northern Ireland report.

4.2 Trends

Over the past three decades, since 1991, the Mid-Western HMAs have been growing in population (Table 4.1). The pace of growth has varied across the HMAs. In combination, the Mid Ulster HMAs have seen a 33 per cent increase in population between 1991 and 2020, almost double the Northern Ireland average (18 per cent). Over the same period, the Fermanagh and Omagh HMAs have slightly lagged the Northern Ireland average (Figure 4.1).

Table 4.1 Total population, 1991 to 2020, Mid-Western HMAs and LGDs

	1991	2001	2011	2020
	'000s	*'000s*	*'000s*	*'000s*
Mid Ulster	112.1	119.1	139.0	149.0
Cookstown HMA	65.1	69.8	79.2	83.7
Dungannon HMA	47.0	49.3	59.8	65.3
Fermanagh and Omagh	100.6	105.8	113.5	117.3
Fermanagh HMA	54.6	57.6	62.0	64.3
Omagh HMA	45.9	48.1	51.5	53.1



The growth in the Mid Ulster HMAs was especially strong between 2001 and 2011, when Cookstown expanded by 13 per cent while Dungannon rose by over 21 per cent, well above the Northern Ireland average of 7.4 per cent (Table 4.2). The faster population growth in the Mid Ulster HMAs during that decade was mainly driven by large in-migration flows from the European Union (EU), particularly in the wake of the accession of eight central and east European countries in 2004. The pace of growth slackened between 2011 and 2020, falling to 5.7 per cent in the Cookstown HMA and 9.1 per cent in the Dungannon HMA. Nonetheless, both HMAs continued to grow faster than the Northern Ireland average (4.5 per cent).

Table 4.2 Population change, Mid-Western HMAs, per cent change

	1991-2001	2001-2011	2011-2020
	%	%	%
Mid Ulster	6.3	16.7	7.2
Cookstown HMA	7.3	13.4	5.7
Dungannon HMA	4.9	21.4	9.1
Fermanagh and Omagh	5.1	7.3	3.4
Fermanagh HMA	5.5	7.6	3.7
Omagh HMA	4.8	7.0	3.0
N. Ireland	*5.1*	*7.4*	*4.5*

Between 1991 and 2011 the Fermanagh and Omagh HMAs broadly tracked the Northern Ireland average growth rate. Population growth slowed between 2011 and 2020, falling a little behind the Northern Ireland average (Table 4.2).

The variations in population growth across the four HMAs relative to the Northern Ireland average are further illustrated by the contrasting trajectories in the HMAs' shares of the total Northern Ireland population. The Mid Ulster HMAs both registered strong upward shifts in share between 1991 and 2011 (Figures 4.2a and 4.2b). Since 2011, the Dungannon HMA share has continued to rise while the increase in the Cookstown share has moderated.

The Fermanagh and Omagh HMAs have followed a different path, as their shares of the Northern Ireland population have fallen steadily over the past decade (Figures 4.3a and 4.3b).

Figure 4.2a Cookstown HMA share of NI population, 1991-2020

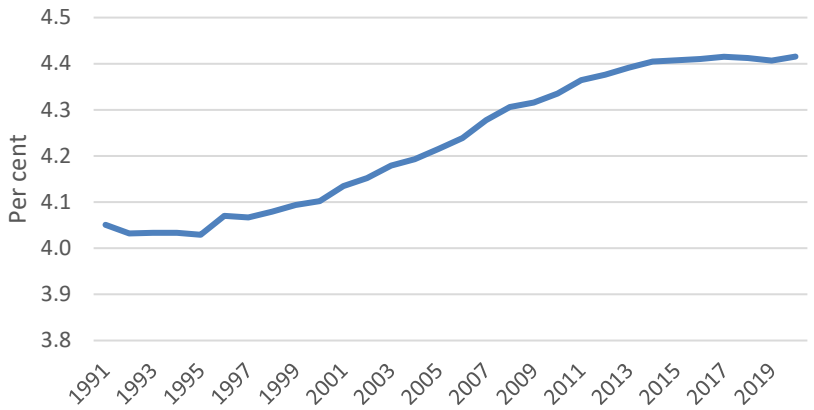


Figure 4.2b Dungannon HMA share of NI population, 1991-2020

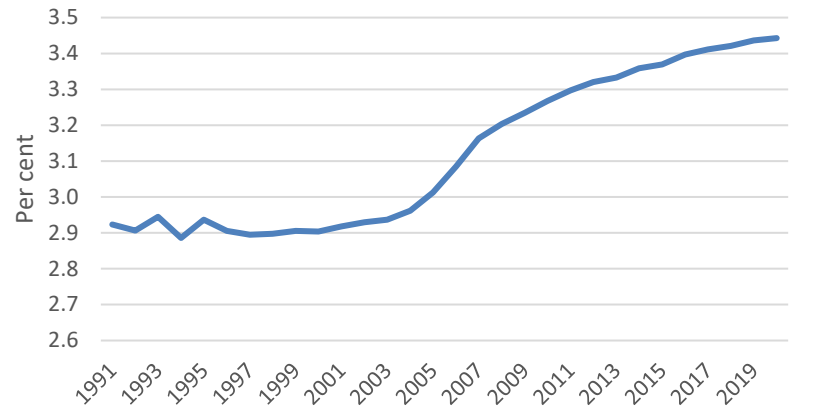


Figure 4.3a Fermanagh HMA share of NI population, 1991-2020

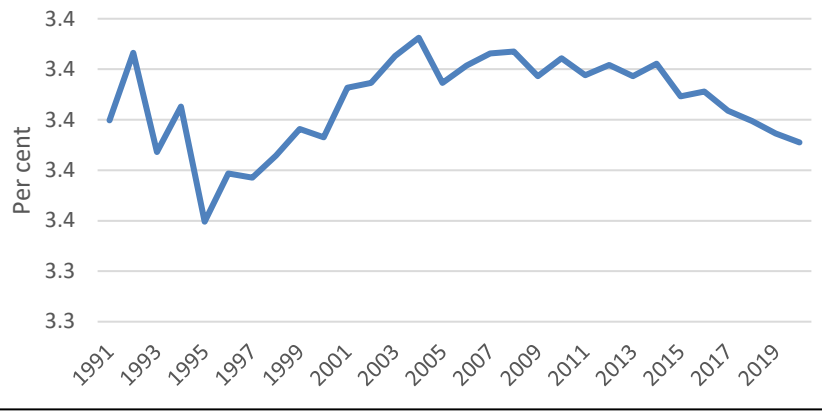
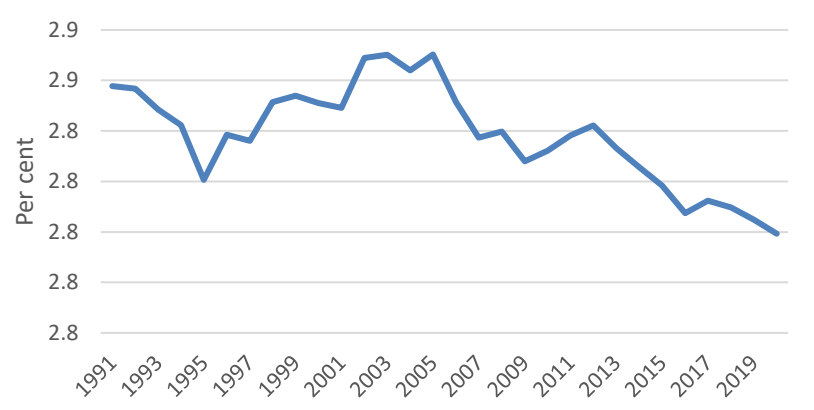


Figure 4.3b Omagh HMA share of NI population, 1991-2000



Looking ahead, the likely future evolution of the population trends outlined above is a fundamental issue in projecting future housing need and demand across the HMAs. An important factor to consider in that regard is the potential effects of recent changes in the wider context, notably the Covid-19 pandemic and the UK's exit from European Union (Brexit).

As the most recent population data are for the period through mid-2020, it is still too early to definitively assess the effects on population growth either of the Covid-19 pandemic or Brexit. Nonetheless, even though the mid-2019 to mid-2020 population data include only the first four months of the pandemic, it is apparent that Brexit and Covid-19 have combined to slow population growth in the short-term at least.

According to the most recent population estimates, between mid-2019 and mid-2020 the Northern Ireland population grew by just 0.1 per cent, compared with an average rate of 0.5 per cent per annum between 2011 and 2019. The slowdown in population growth over that period was apparent across all eleven HMAs (Figure 4.4).

In the Dungannon HMA, population growth between mid-2019 and mid-2020 (0.3 per cent) was almost a full percentage point down on the 1.1 per cent annual average over the period 2011 to 2019 (Table 4.3). The Cookstown HMA also experienced a reduction in the population growth rate, falling from 0.7 per cent per annum between 2011 and 2019 to 0.3 per cent in 2019-2020.

Figure 4.4 Population change by HMA, per cent per annum

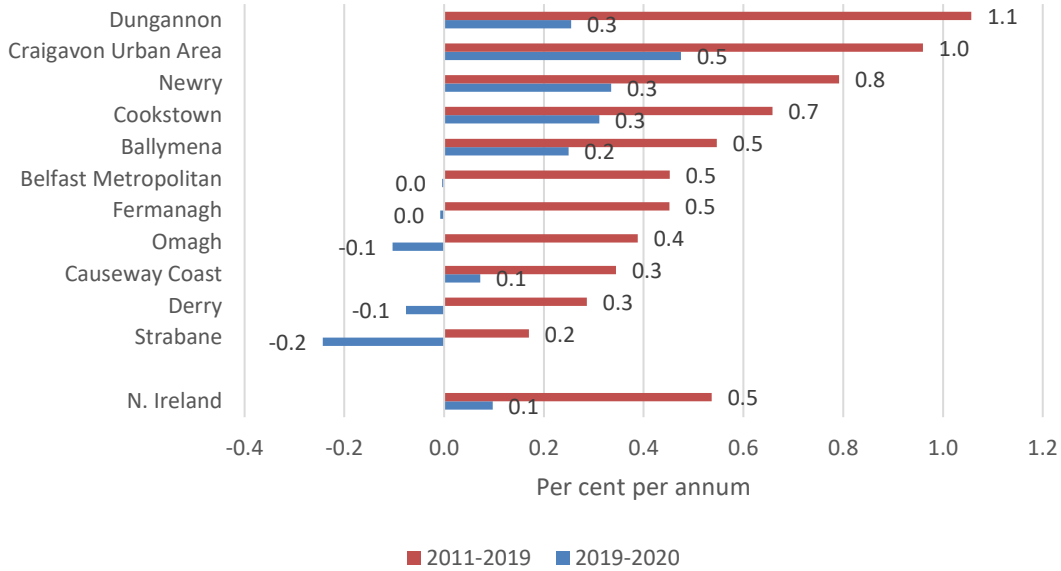


Table 4.3 Population change, Mid-Western HMAs, per cent per annum			
	2011-2019	**2019-2020**	**2011-2020**
	%	%	%
Mid Ulster LGD	0.7	0.3	0.6
Cookstown HMA	1.1	0.3	1.0
Dungannon HMA	0.8	0.3	0.8
Fermanagh & Omagh LGD	0.5	0.0	0.4
Fermanagh HMA	0.4	-0.1	0.3
Omagh HMA	0.4	-0.1	0.4
N. Ireland	*0.5*	*0.1*	*0.5*

In the Fermanagh and Omagh HMAs, population growth similarly stalled between mid-2019 and mid-2020. In both those HMAs, after growing at 0.4 per cent per annum between 2011 and 2019, the population hardly changed between mid-2019 and mid-2020 (down by -0.1 per cent), representing the slowest rate of population change since 1995, over a quarter of a century ago.

The potential effects of Brexit and the Covid-19 pandemic are further explored later in this Section when considering the population growth outlook.

4.2.1 Settlement Type

In general terms, over the past two decades, urban-rural patterns in population change have exhibited two main trends:

- Faster population growth in rural areas than in urban areas.
- Sharply divergent growth between 2001 and 2011 followed by a narrowing of differences in growth rates since 2011.

The two main trends are discussed at Northern Ireland level, as outlined in Appendix A to the accompanying Northern Ireland report. They are also evident in the Mid-Western HMAs, albeit with some variations.

The Cookstown HMA in Mid Ulster exemplifies the two main trends (Figure 4.5 and Table 4.4). Since 2001, population growth has been fastest in the villages (population range of 1,000 to 2,499) and the small villages, hamlets and the open countryside.

However, over that same period, the urban-rural differential in population growth narrowed from +11.6 percentage points between 2001 and 2011 to +1.7 percentage points between 2011 and 2020.

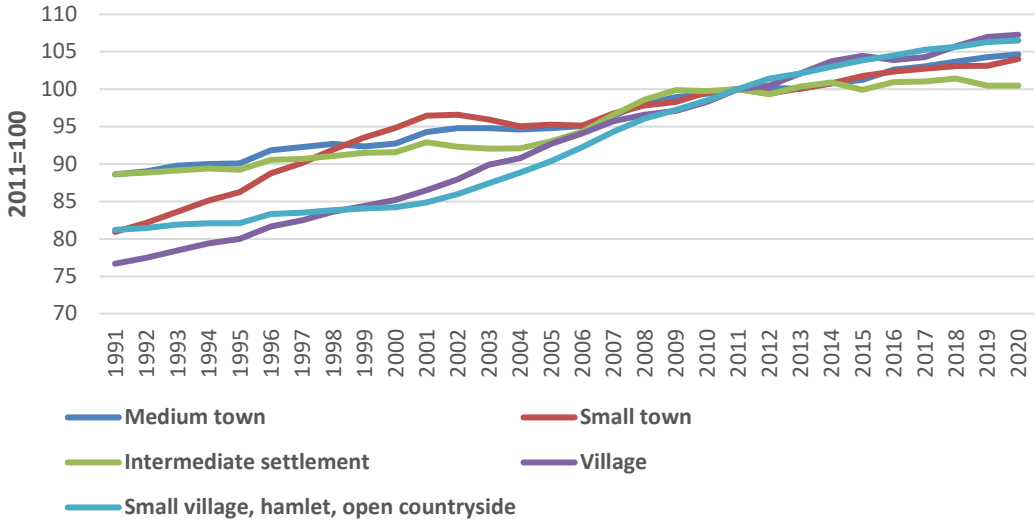


Table 4.4 Population change by settlement type, Cookstown HMA, 1991-2020

	1991-2001	2001-2011	2011-2020
	%	%	%
Urban	**11.5**	**5.0**	**4.4**
Medium town (Cookstown)	6.4	6.1	4.6
Small town (Magherafelt)	19.2	3.7	4.0
Rural	**5.7**	**16.6**	**6.1**
Intermediate settlement (Maghera)	4.8	7.6	0.5
Village	12.8	15.6	7.3
Small village, hamlet, open countryside	4.5	17.8	6.5
Cookstown HMA	**7.3**	**13.4**	**5.7**

The same trends are evident in the Dungannon HMA, but not to the same degree (Figure 4.6 and Table 4.5). There, the medium town (Dungannon) registered an increase of almost one quarter between 2001 and 2011 and continued to grow strongly between 2011 and 2020 (up by 10 per cent). The urban-rural gap in growth rates 2001-2011 (+3.7 percentage points) was

therefore much less than in Cookstown (11.6 percentage points) and narrowed to just one percentage point between 2011 and 2020.

Figure 4.6 Population change by settlement type, Dungannon HMA, 2011=100

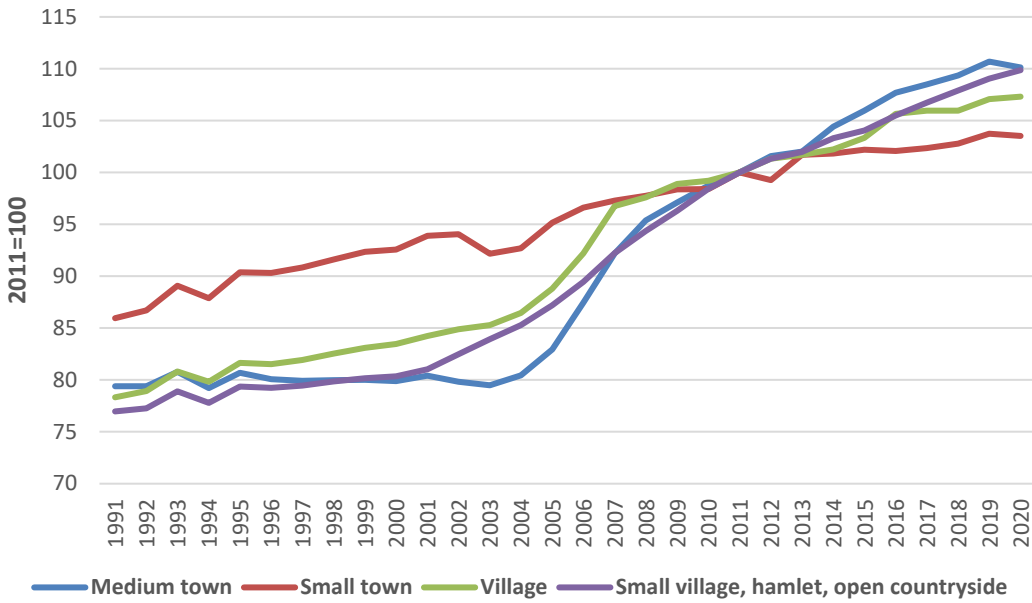


Table 4.5 Population change by settlement type, Dungannon HMA, 1991-2020

	1991-2001	2001-2011	2011-2020
	%	%	%
Urban	**3.5**	**19.0**	**8.4**
Medium town (Dungannon)	1.3	24.4	10.1
Small town (Coalisland)	9.2	6.5	3.5
Rural	**5.6**	**22.7**	**9.5**
Village	7.5	18.7	7.3
Small village, hamlet, open countryside	5.3	23.4	9.9
Dungannon HMA	**4.9**	**21.4**	**9.1**

Though population growth in Fermanagh and Omagh has been less buoyant than in Mid Ulster, the two HMAs showed broadly similar trends (Figures 4.7 and 4.8). In the Fermanagh HMA, rural areas outpaced urban areas in population growth by +7.3 percentage points between 2001 and 2011 (Table 4.6). Though, as the medium town (Enniskillen) lost population between 2011 and 2020, the urban-rural differential narrowed only slightly, to +5.9 percentage points.

Figure 4.7 Population change by settlement type, Fermanagh HMA, 2011=100

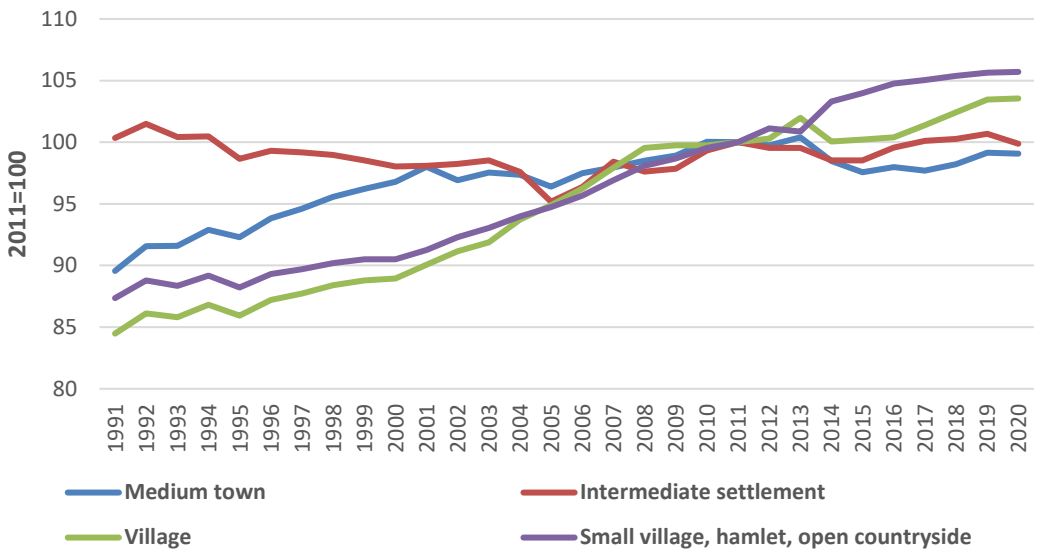


Table 4.6 Population change by settlement type, Fermanagh HMA, 1991-2020

	1991-2001	2001-2011	2011-2020
	%	%	%
Urban	**9.4**	**2.0**	**-0.9**
Medium town (Enniskillen)	9.4	2.0	-0.9
Rural	**4.3**	**9.3**	**5.0**
Intermediate settlement (Lisnaskea)	-2.3	2.0	-0.1
Village	6.6	11.0	3.6
Small village, hamlet, open countryside	4.5	9.6	5.7
Fermanagh HMA	**5.5**	**7.6**	**3.7**

The population shift to rural areas has been most pronounced in Omagh. There, the rural population expanded by 13.5 per cent between 2001 and 2011, whereas the urban population (Omagh town) declined by -1.8 per cent, a gap of 15.3 percentage points (Table 4.7). Between 2011 and 2020, the gap narrowed to 2.5 percentage points, as Omagh grew in population (1.5 per cent) while the growth in rural areas moderated to four per cent.

Figure 4.8 Population change by settlement type, Omagh HMA, 2011=100

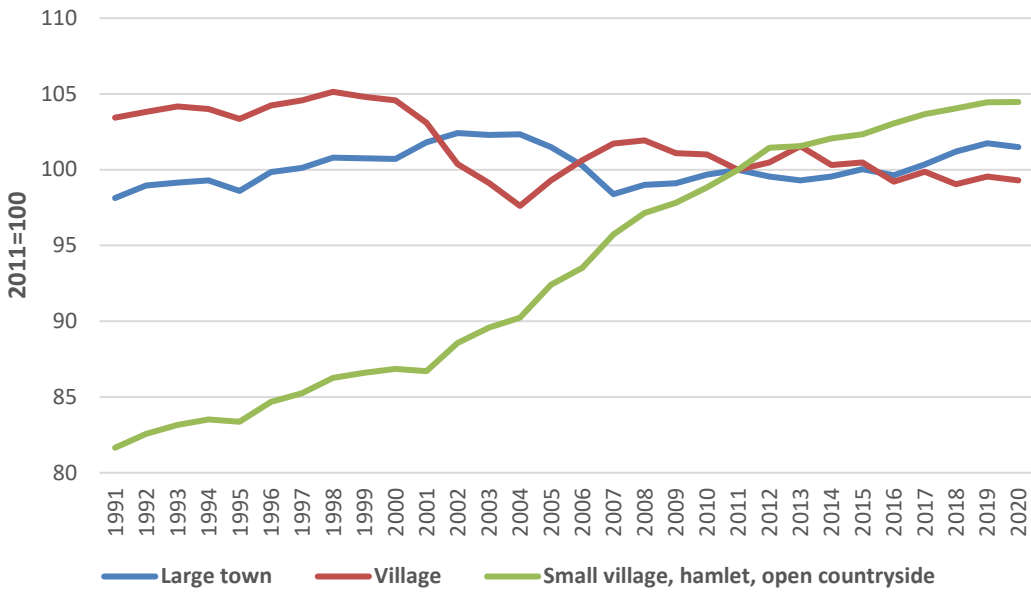


Table 4.7 Population change by settlement type, Omagh HMA, 1991-2020

	1991-2001	2001-2011	2011-2020
	%	%	%
Urban	**3.7**	**-1.8**	**1.5**
Large town (Omagh)	3.7	-1.8	1.5
Rural	**5.5**	**13.5**	**4.0**
Village	-0.3	-3.0	-0.7
Small village, hamlet, open countryside	6.2	15.3	4.5
Omagh HMA	**4.8**	**7.0**	**3.0**

The shift in the distribution of the population towards rural settlements and the open countryside is summarised in Table 4.8 for the period 2001 to 2020. The shift has been strongest in the Omagh HMA, with a +4.1 percentage point increase in the rural population share. The shift has been weakest in the Dungannon HMA (+1.1 percentage points), due to the pace of population growth in Dungannon town from 2004 onwards (see Figure 4.6).

Table 4.8 Rural[1] population shares by HMA, 2001 and 2020

	2001	2020	*Change*
	%	*%*	*pps*
Cookstown HMA	72.0	74.4	*+2.4*
Dungannon HMA	64.4	65.6	*+1.1*
Fermanagh HMA	76.4	78.6	*+2.2*
Omagh HMA	57.4	61.5	*+4.1*

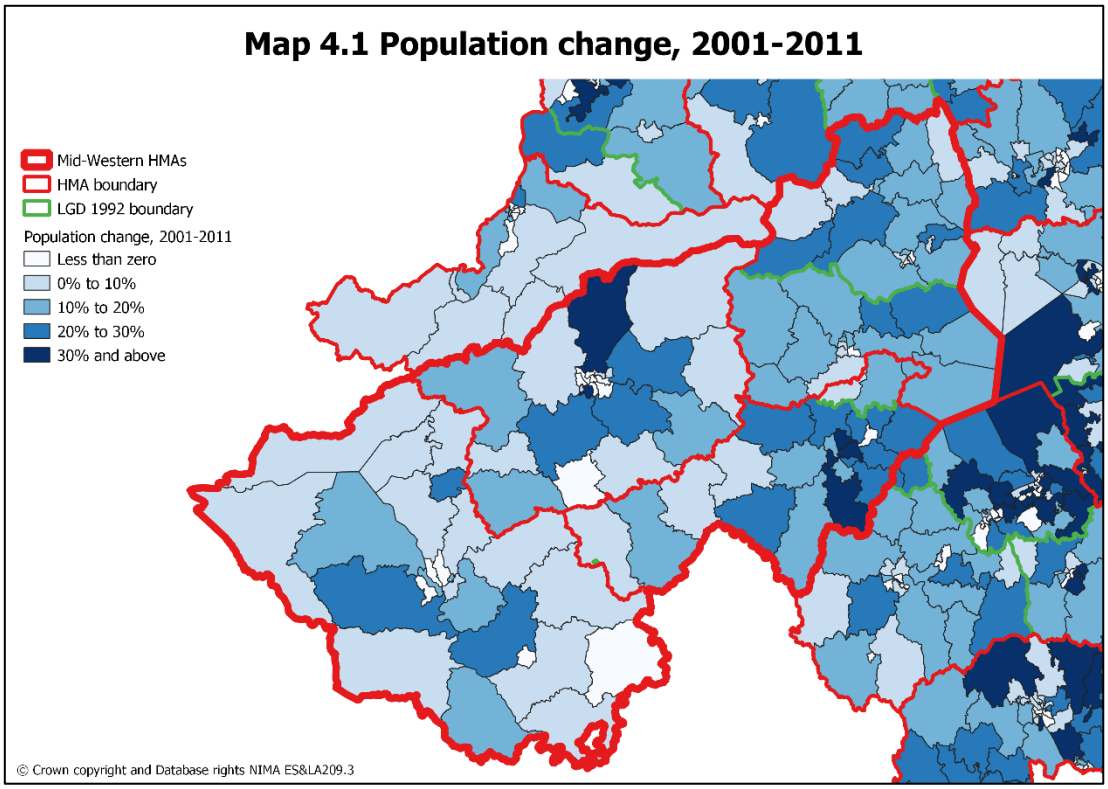
1 NISRA default rural definition.
Pps Percentage points difference between 2020 and 2001 shares.

It is clear from the foregoing trend analysis that the shift to rural areas (defined as settlements with fewer than 5,000 population plus the population living in the open countryside[10]) has lessened over the past decade or so. The narrowing of the gap in rates of population change is also apparent at smaller spatial scales. That is evident from a comparison of the 92 Super Output Areas[11] (SOAs) contained within the Mid-Western HMAs for the periods 2001 to 2011 (Map 4.1) and 2011 to 2019 (Map 4.2).

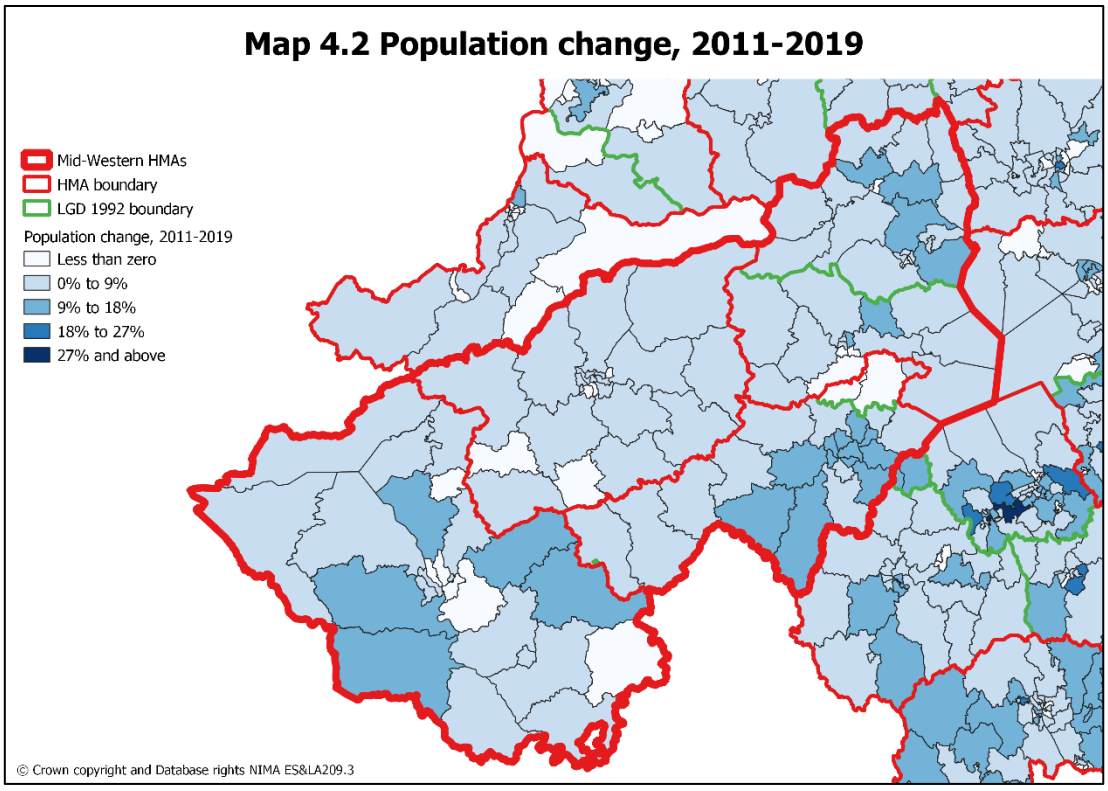
In the consultations with LGD planners it was suggested that slower growth in rural areas since 2011 may, at least partly, be linked to the introduction of PPS 21: Sustainable Development in the Countryside, which tightened the criteria for approving single homes in the countryside compared to the preceding planning regimes (see Mid Ulster District Council's Development Pressure Analysis (MUDC212) and Fermanagh and Omagh District Council's Updated Housing Paper (FODC 309)). Though, the more difficult economic and housing market conditions following the house price crash of 2007-08 (discussed in Section 6 below) and a slower overall pace of population change between 2011 and 2019 are also factors to be considered.

[10] Note that, from the available data for the trend analysis, it is not possible to separately estimate the open countryside component within the NISRA category *small villages, hamlets and the open countryside*.
[11] SOAs are statistical units with an average population of around 2,000.

Map 4.1 Population change, 2001-2011



Map 4.2 Population change, 2011-2019



Note: The maps are drawn at Super Output Area (SOA) level, with data sourced from NISRA mid-year population estimates 2018.

4.2.2 Cookstown HMA Subareas

As discussed in Section 3, the Cookstown HMA can be subdivided into two subareas, as follows:

- The Cookstown subarea, comprising 92 per cent of the former LGD.
- The Magherafelt subarea, which is all of the former LGD.

As can be seen from Figure 4.9, since 2001 the two subareas have seen very similar population growth rates. Between 2001 and 2011, the subareas grew in lockstep, at 13.4 per cent each (Table 4.9). Since 2011, Magherafelt has grown at a slightly faster pace, but only by a margin of 0.5 percentage points. The two subareas are not, therefore, subject to substantially different population trends.

Figure 4.9 Population, Cookstown HMA subareas, 2011=100

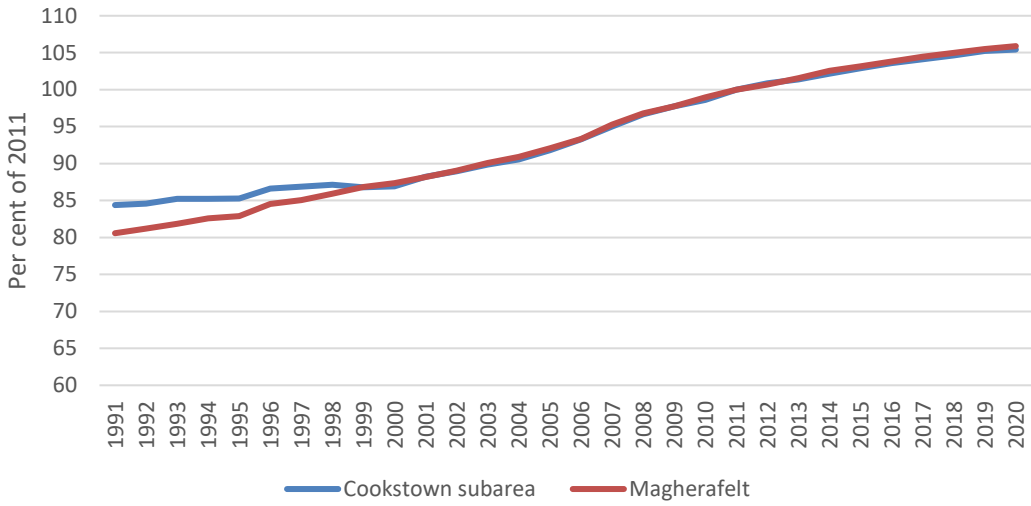


Table 4.9 Population change by subarea, Cookstown HMA, 1991-2020

	1991-2001	2001-2011	2011-2020
	%	%	%
Cookstown subarea	4.5	13.4	5.4
Magherafelt	9.4	13.4	5.9
Cookstown HMA	**7.3**	**13.4**	**5.7**
N. Ireland	*5.1*	*7.4*	*4.5*

4.2.3 Second Homes

As noted in Section 3, second homes are a feature of the Fermanagh landscape, albeit relatively dispersed. At the time of the 2001 Census of Population (the last count of second homes across Northern Ireland), second homes accounted for more than two per cent of dwellings in eight of the 22 Wards in the Fermanagh HMA, ranging from 8.4 per cent (Belleek and Boa) to 2.4 per cent (Maguiresbridge). Defining those eight Wards as the Fermanagh second homes 'cluster', it can be seen that their population growth rate has been ahead of the average for the HMA (Figure 4.10 and Table 4.10). That would suggest the presence of second homes in those clusters has not displaced the resident population.

Figure 4.10 The Fermanagh second homes cluster, population, 2011=100

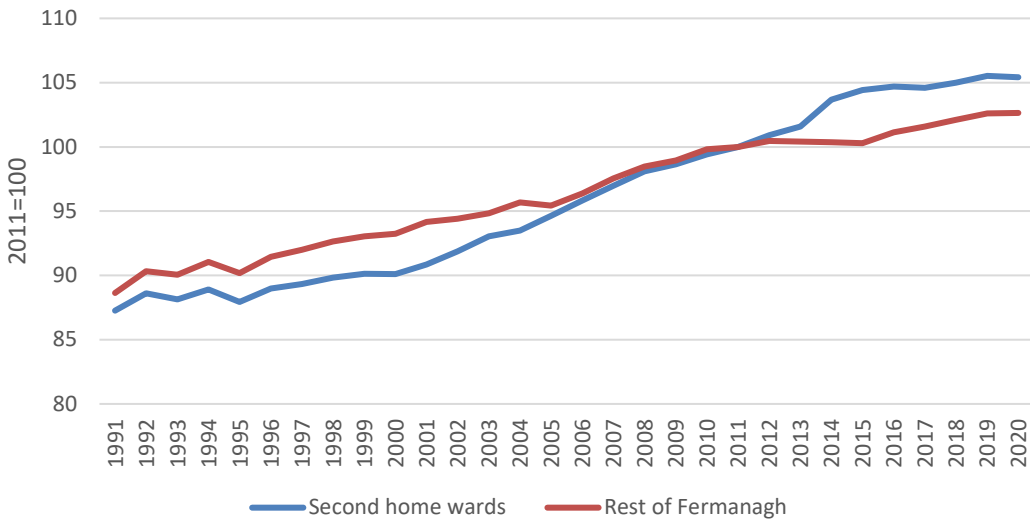


Table 4.10 Population change by second homes clusters[1], Fermanagh HMA, 1991-2020

	1991-2001	2001-2011	2011-2020
	%	%	%
Second homes clusters[1]	4.1	10.1	5.4
Rest of Fermanagh	6.2	6.2	2.6
Fermanagh HMA	**5.5**	**7.6**	**3.7**

1 Defined as Wards where the second homes proportion of all dwellings is two per cent of more at the 2001 Census of Population.

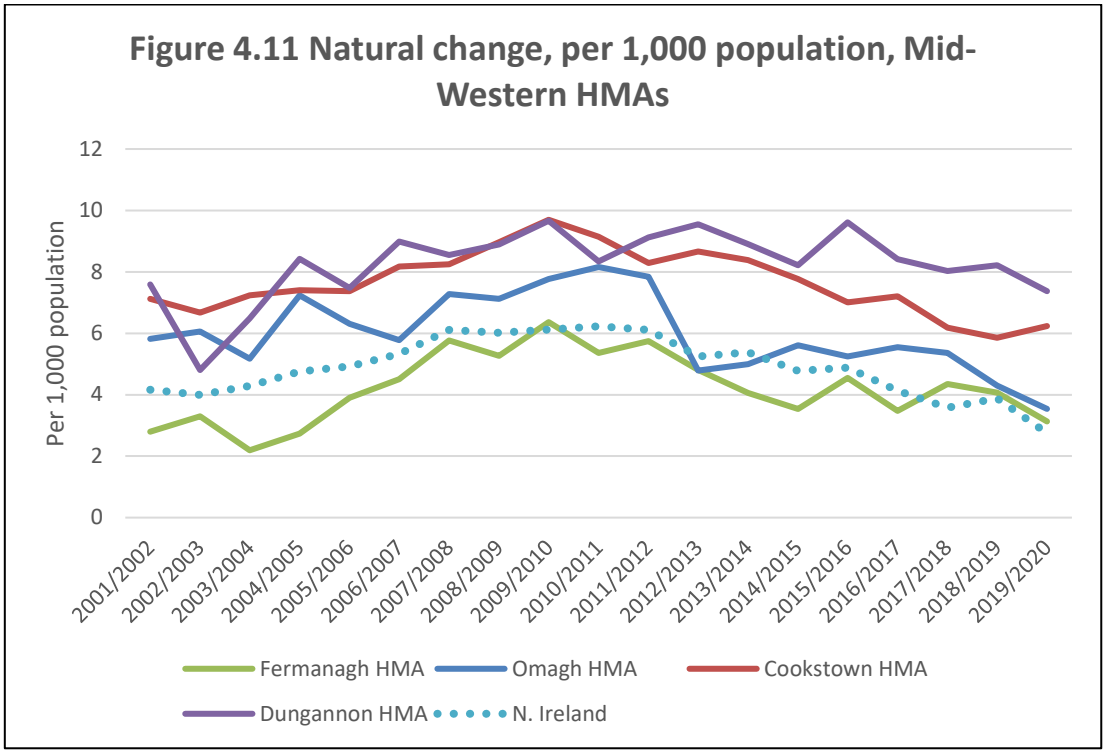
4.3 Components of Change

Over a given period, the total population will rise or fall depending on the balance between the components of population change, as follows:

- Natural change, i.e. the difference between births and deaths.
- Net migration, i.e. the difference between inflows to an area and outflows to other areas.

4.3.1 Natural Change

Historically, natural change has been the major contributor to population change across Northern Ireland. However, since about 2010-11, the natural change contribution has been falling[12]. That is a fundamental demographic trend shaping the population projections presented later in this Section. As can be seen from Figure 4.11, the falling natural change contribution is evident across each of the Mid-Western HMAs, albeit somewhat less strongly in the Dungannon HMA.



[12] The discussion in this Section focuses on components of change per 1,000 population at the start of the period under discussion, e.g. where the component relates to the change between mid-2001 and mid-2002 (abbreviated to 2001-02 in the text), the denominator is the population at mid-2001. That is to illustrate the difference that the component makes to population change. The contribution that a specific component makes is dependent on parameters such as fertility and mortality rates. See Appendix A of the accompanying Northern Ireland report for a summary of Northern Ireland's recent demographic trends.

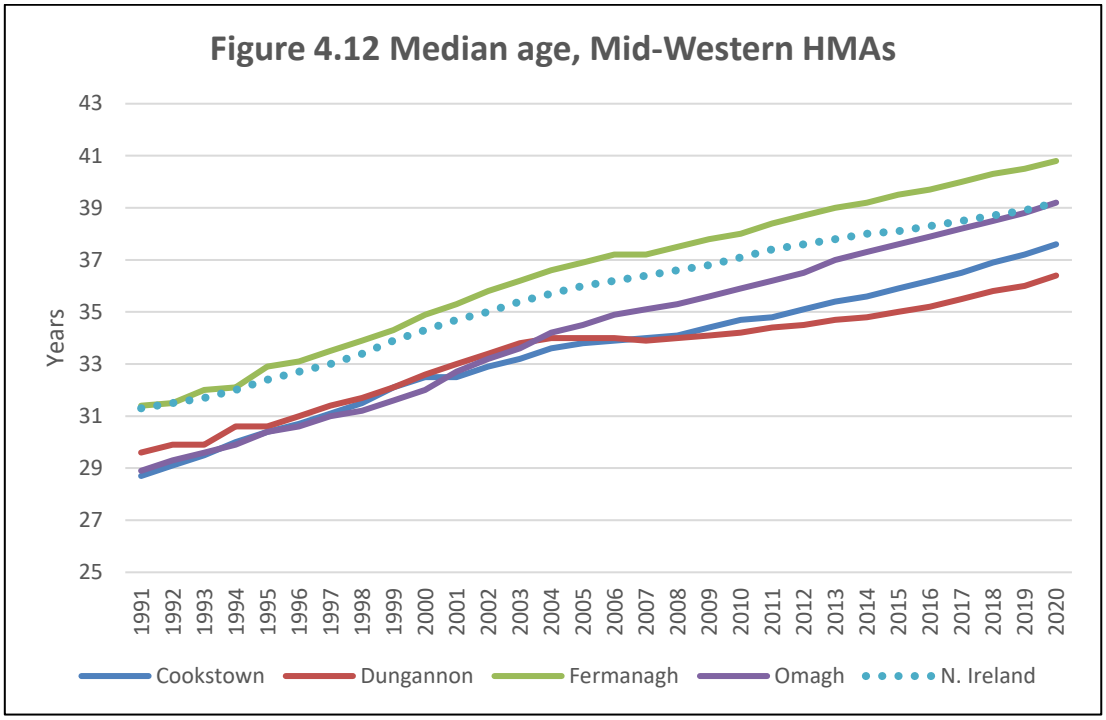
The second main point to note from Figure 4.11 is that the natural change contribution has been larger in the Dungannon and Cookstown HMAs by comparison with the Fermanagh and Omagh HMAs.

Over the seven-year period from 2012-13 to 2018-19, the average annual contribution from natural change in the Mid Ulster HMAS averaged 8.1 per 1,000 population (Table 4.11). In that period, the Dungannon HMA natural change contribution ranked highest across the 11 HMAs, driven by the highest contribution from births of any HMA (16.3 per 1,000 population) and the second-lowest number of deaths per 1,000 population (7.4). Conversely, the natural change contribution in the Fermanagh and Omagh HMAs was about in line with the Northern Ireland average, both in terms of births and deaths.

Table 4.11 Natural increase, per 1,000 population, annualised, seven-year average, 2012-13 to 2018-19

	Births	Deaths	Natural change
Mid Ulster	15.2	7.1	8.1
Cookstown HMA	14.4	7.0	7.4
Cookstown subarea	14.8	7.6	7.2
Magherafelt subarea	14.2	6.5	7.6
Dungannon HMA	16.3	7.4	9.0
Fermanagh & Omagh	12.9	8.3	4.6
Fermanagh HMA	12.9	8.7	4.2
Omagh HMA	12.8	7.7	5.2
N. Ireland	**13.0**	**8.4**	**4.6**

The stronger contribution from natural change in the Mid Ulster HMAs partly reflects their younger population age profiles. In 2020, the median population age in Dungannon was 36.4 years and 37.4 years in Cookstown, both below the Northern Ireland median of 39.2 years (Figure 4.12). By contrast, in 2020, median age in the Fermanagh HMA was 40.8 years while Omagh (39.2 years) was on a par with the Northern Ireland median. It can also be noted that the median population age in the Cookstown and Dungannon HMAs has been rising more slowly than the Northern Ireland median since 2004. That reflects the typically younger age profile of immigrants, which has slowed population ageing in those HMAs.



4.3.2 Migration

There are three migration flows affecting the Mid-Western HMAs, as follows:

- Internal migration, i.e. flows to and from other areas within Northern Ireland.
- Migration to and from the rest of the UK.
- International migration flows to and from the rest of the world.

The net flows under those headings are shown in Figures 4.13 to 4.16 separately for each of the HMAs and can be summarised as follows.

The Cookstown HMA. The HMA saw a spike in net migration from the rest of the world following the following the accession in 2004 of eight new EU member states (Figure 4.13). Since then, the HMA has continued to gain from net international migration, albeit at a modest rate. Net migration flows due to internal moves and migration have varied, but typically resulting in a slight loss of population.

The Dungannon HMA. The EU accession effect had a large effect on the Dungannon HMA between 2004-05 and 2006-07 (Figure 4.14). Since then, the HMA has continued to gain from international migration, more than any other HMA in Northern Ireland. Net migration flows to the rest of the UK have been broadly in balance while internal moves have typically resulted in a small, but persistent population loss.

Figure 4.13 Net migration flows, per 1,000 population, Cookstown HMA

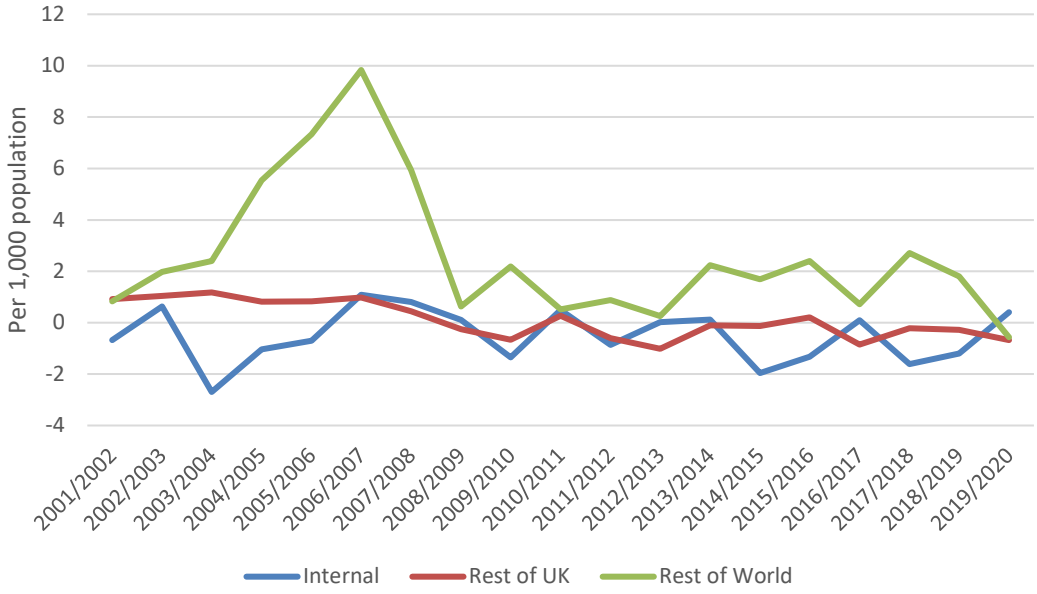
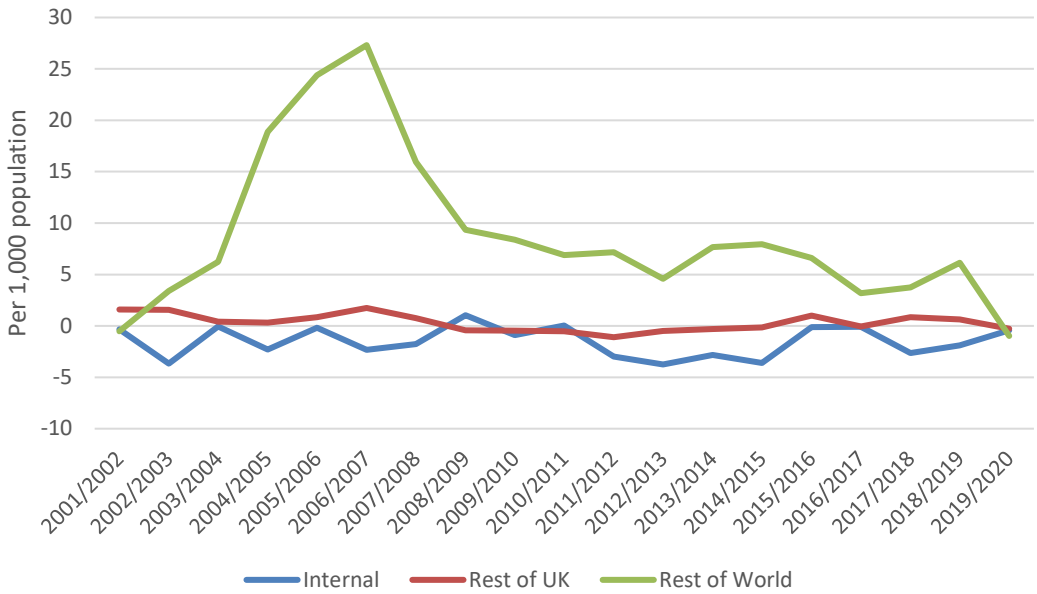


Figure 4.14 Net migration flows, per 1,000 population, Dungannon HMA



The Fermanagh HMA. The EU accession of 2004 had much less of an effect on the Fermanagh HMA compared to the Mid Ulster HMAs, but the HMA has continued to gain from international migration (Figure 4.15). In recent years, the HMA has been losing population due to internal migration.

The Omagh HMA. Similar to the Fermanagh HMA, the Omagh HMA has made slight gains from international migration over the past two decades (Figure 4.16). Internal migration flows have been variable, but consistently negative since 2012-13.

Figure 4.15 Net migration flows, per 1,000 population, Fermanagh HMA

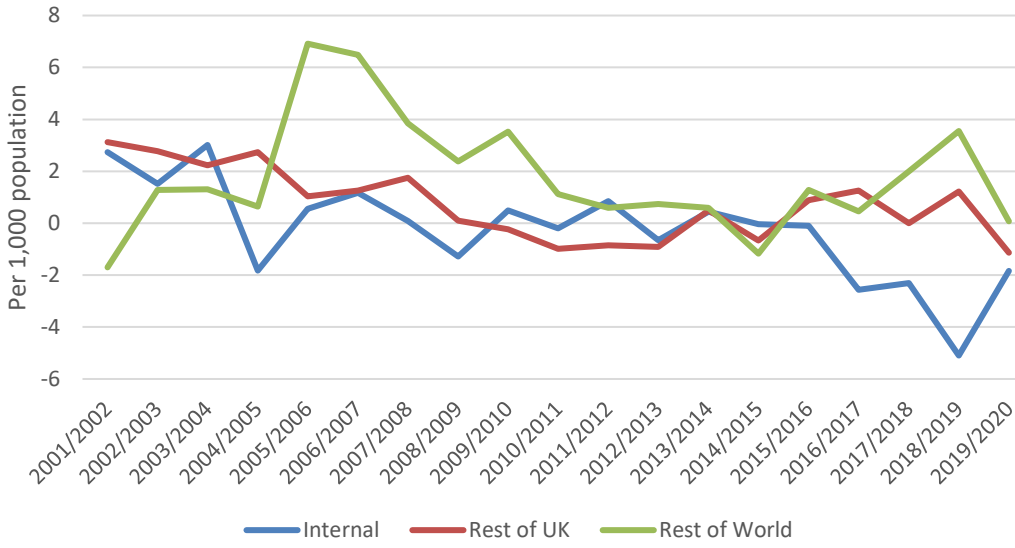
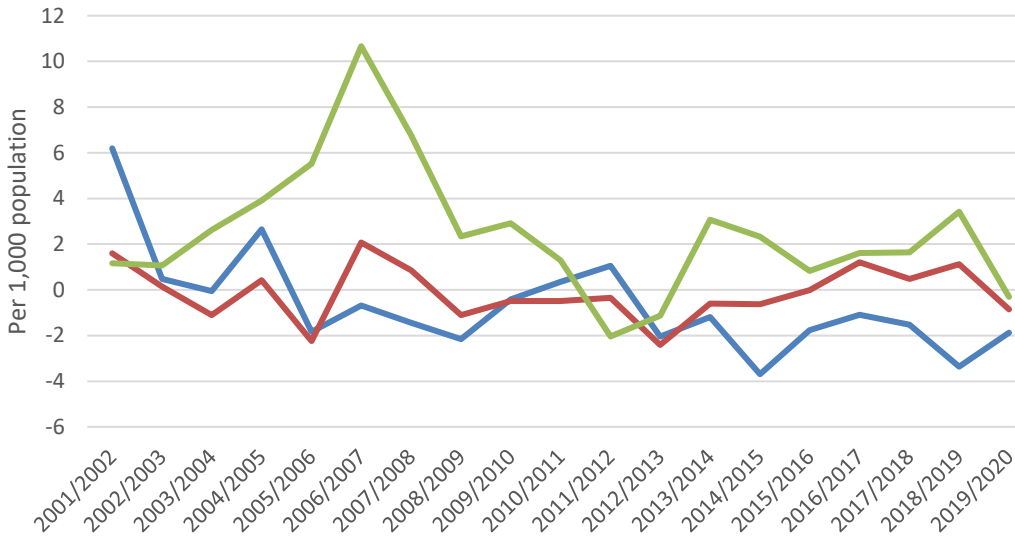


Figure 4.16 Net migration flows, per 1,000 population, Omagh HMA



4.3.3 Internal Migration

NISRA publishes internal migration figures for both the 11 new LGDs and the 26 former LGDs. As the Mid-Western HMAs are similar, though not identical to the former LGDs, it is possible to derive internal migration estimates separately for the four HMAs. However, it should be noted that the net migration estimates for LGDs (both current and former) do not separately distinguish flows between pairs of LGDs.

The net internal migration flows represent the balance between outflows to and inflows from other parts of Northern Ireland. From the available data, it can be seen that over the seven year period 2012-13 to 2018-19, the four HMAs have each gained less from inflows than they have lost through outflows of population (Table 4.12).

Table 4.12 Internal migration, per 1,000 population, annualised, seven-year average, 2012-13 to 2018-19

	Inflows	Outflows	Net
Mid Ulster	20.4	21.9	-1.5
Cookstown HMA	27.0	27.9	-0.9
Cookstown	29.1	29.9	-0.8
Magherafelt	25.5	26.4	-0.9
Dungannon HMA	26.0	28.2	-2.2
Fermanagh & Omagh	18.0	19.8	-1.8
Fermanagh HMA	17.2	18.7	-1.5
Omagh HMA	24.8	27.0	-2.1

Age is an important predictor of the propensity to move within Northern Ireland. Internal migration data are only available at LGD level. Nonetheless, the age pattern in internal migration flows are consistent and clear across the Mid Ulster and Fermanagh and Omagh LGDs. Thus, in both LGDs, relative to the population, inflow and outflow rates are highest among young people aged 16-24. That reflects moves to look for or start a job or to commence higher education. Such moves are also likely to reflect an element of new household formation. As discussed in Section 6 below, the rental market is of particular importance to younger people at the household formation stage.

Figure 4.17 Gross internal inflows and outflows, Mid Ulster LGD, per cent of population, average, 2013-14 to 2016-17

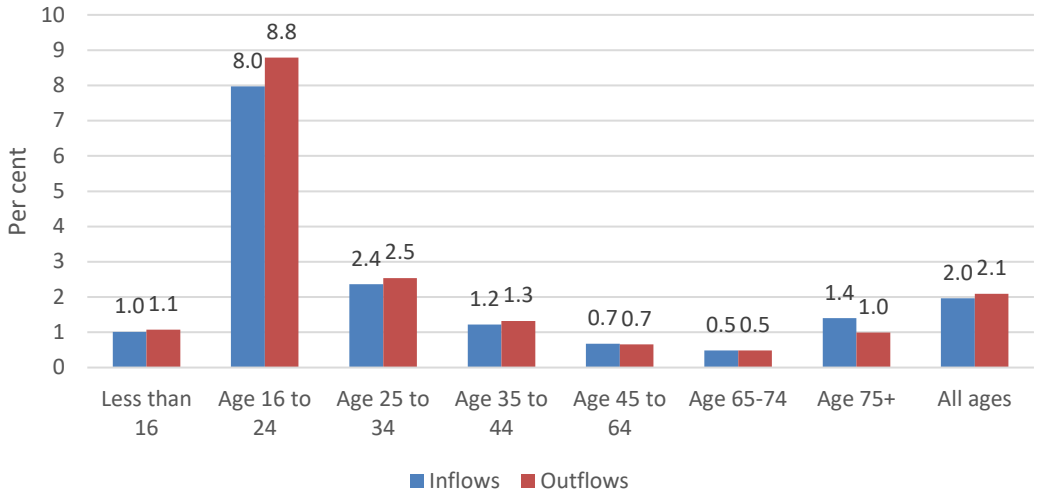
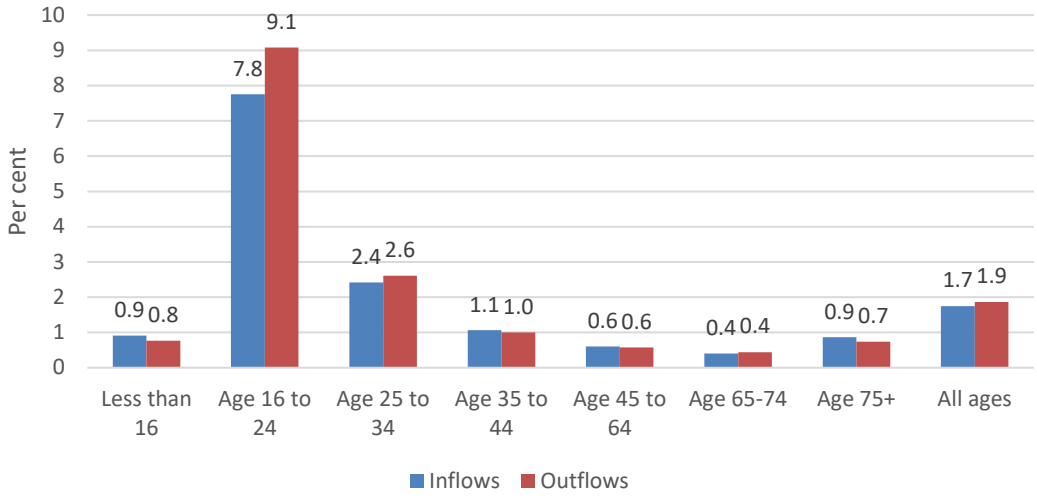


Figure 4.18 Gross internal inflows and outflows, Fermanagh and Omagh LGD, per cent of population, average, 2013-14 to 2016-17



4.3.4 Rest of UK

The annualised gross and net flows to and from the rest of the UK over the seven-year period from 2012-13 to 2018-19 are shown in Table 4.18. In that period, flows to and from the rest of the UK have been broadly in balance across the four HMAs, very slightly positive for the Dungannon and Fermanagh HMAs and very slightly negative for Cookstown and Omagh.

Table 4.13 Migration to and from the rest of the UK, per 1,000 population, annualised, seven-year average, 2012-13 to 2018-19			
	Inflows	**Outflows**	**Net**
Mid Ulster	3.6	3.7	-0.1
Cookstown HMA	3.3	3.6	-0.3
Cookstown	3.0	3.7	-0.7
Magherafelt	3.5	3.6	-0.1
Dungannon HMA	4.1	3.9	0.2
Fermanagh & Omagh	6.2	6.0	0.1
Fermanagh HMA	7.6	7.2	0.3
Omagh HMA	4.5	4.6	-0.1
N. Ireland	**5.9**	**6.0**	**-0.1**

4.3.5 International Migration

Over the past two decades, the Mid Ulster HMAs, and Dungannon in particular, have consistently gained population from net inflows of international migrants (see Figures 4.13 and 4.14). The gains were especially strong in the years following the accession in 2004 of eight new EU member states. By the time of the 2011 Census, persons born in the EU (excluding the Republic of Ireland) accounted for 7.5 per cent of the Dungannon HMA population, well above the Northern Ireland average of 2.5 per cent (Table 4.14).

Fermanagh has an extensive border with the Irish Republic and that is reflected in a 6.7 per cent share of the resident population born in the Republic at the 2011 Census, compared with a Northern Ireland average of 2.1 per cent (Table 4.14).

Over the seven-year period 2012-13 to 2018-19, each of the Mid-Western HMAs have continued to gain from international migration, particularly Dungannon (Table 4.15). Over that period, East Timor (with Portuguese citizenship) and Lithuania were the main sources of immigration to Dungannon. The main flows into Cookstown were from Portugal and Romania, following the extension of free movement within the Single Market to Romania and Bulgaria in 2014.

The Republic of Ireland was the main source country for flows into both Fermanagh and Omagh over the period since 2012-13. Though, Hungary was the main source of flows into Omagh from 2012 to 2015.

Table 4.14 Country of birth, 2011, per cent of usual residents

	N. Ireland	Rest of UK	Rep. of Ireland	Other EU	All other
Mid Ulster	88.9	2.9	1.6	4.9	1.6
Cookstown HMA	92.1	2.9	1.2	2.9	1.0
Cookstown	91.1	3.1	1.2	3.5	1.1
Magherafelt	92.8	2.7	1.1	2.5	0.9
Dungannon HMA	84.7	3.0	2.2	7.5	2.5
Fermanagh & Omagh	86.6	4.6	4.7	2.8	1.3
Fermanagh HMA	84.0	5.5	6.7	2.7	1.2
Omagh HMA	89.8	3.6	2.3	2.9	1.3
N. Ireland	**88.8**	**4.6**	**2.1**	**2.5**	**2.0**

Source: Census of Population 2011, Table KS204

Table 4.15 Migration to and from the rest of the world, per 1,000 population, annualised, seven-year average, 2012-13 to 2018-19

	Inflows	Outflows	Net
Mid Ulster	8.5	5.0	3.5
Cookstown HMA	4.9	3.2	1.7
Cookstown	6.0	3.9	2.1
Magherafelt	4.1	2.6	1.5
Dungannon HMA	13.2	7.4	5.9
Fermanagh and Omagh	6.1	4.7	1.4
Fermanagh HMA	6.6	5.5	1.1
Omagh HMA	5.4	3.7	1.7
N. Ireland	**7.1**	**6.0**	**1.1**

4.3.6 Components: Summary

The relative contributions of the components of change, per 1,000 population, over the seven year period 2012-13 to 2018-19 are summarised in Table 4.16. The historical natural increase and net migration averages are used by NISRA in forming assumptions for those two components when making population projections. They are discussed in more detail in the next part of this Section. As can be seen from Table 4.16, the Mid Ulster HMAs have benefitted from above-average rates of natural increase and net migration over the seven-year period. Consequently, population growth in those HMAs has been well above the Northern Ireland average.

Table 4.16 Components of population change, annualised net changes per 1,000 population, seven-year average, 2012-13 to 2018-19

	Natural increase	Net migration	Other changes	Total
Mid Ulster	8.1	1.9	-1.7	8.3
Cookstown HMA	7.4	0.5	-1.4	6.5
Cookstown	7.2	0.6	-1.6	6.2
Magherafelt	7.6	0.5	-1.3	6.8
Dungannon HMA	9.0	3.9	-2.2	10.7
Fermanagh & Omagh	4.6	-0.3	-0.4	4.0
Fermanagh HMA	4.2	-0.1	0.2	4.3
Omagh HMA	5.2	-0.5	-1.1	3.5
N. Ireland	**4.6**	**1.0**	**-0.1**	**5.5**

By contrast, the natural increase contribution in the Fermanagh and Omagh HMAs has been about in line with the Northern Ireland average while net migration has been slightly negative. Consequently, those HMAs have seen their populations grow more slowly than the Northern Ireland average.

Also shown in Table 4.16 is the adjustment that NISRA makes which it calls ‘other changes’. Over the period shown in Table 4.16, the adjustment has mostly been negative, more so in the Mid-Ulster HMAs with an average reduction of -1.7 per 1,000 compared with -0.4 per 1,000 in the Fermanagh and Omagh HMAs.

The 'other changes' figure includes changes in the Armed Forces and an adjustment made to reconcile the difference between the two methods that NISRA uses for producing sub-national population estimates, i.e. the components of change and ratio change methods[13]. That adjustment is made only in the mid-year population estimates and plays no role in the population projections, which are made using the components of change method only.

4.4 Projections

The methodology used by NISRA for producing population projections is based around making assumptions about how the components of change might evolve in future years. The assumptions are trend-based and it is useful therefore to bear in mind the following points made in the Statistical Bulletin accompanying the 2018-based Population Projections for Areas within Northern Ireland:

> " … population projections are **not** forecasts and do not attempt to predict the impact that future government policies, changing economic circumstances or other factors might have on demographic behaviour. Due to the inherent uncertainty of demographic behaviour, any set of projections will inevitably differ from actual future outcomes to a greater or lesser extent." (NISRA, 2019, p. 1).

The most recent population projections take as their starting point the 2018 mid-year population estimates. They are therefore referred to as the 2018-based projections. The 2018-based projections for LGDs were issued in Spring 2020 and replaced the previous 2016-based projections. The main assumptions underlying the 2018-based projections for Northern Ireland are summarised in Appendix A of the accompanying Northern Ireland report.

As the Fermanagh and Omagh HMAs are coterminous with their former LGDs, the official population projections for the Fermanagh and Omagh LGDs can be used without the need for any adjustment.

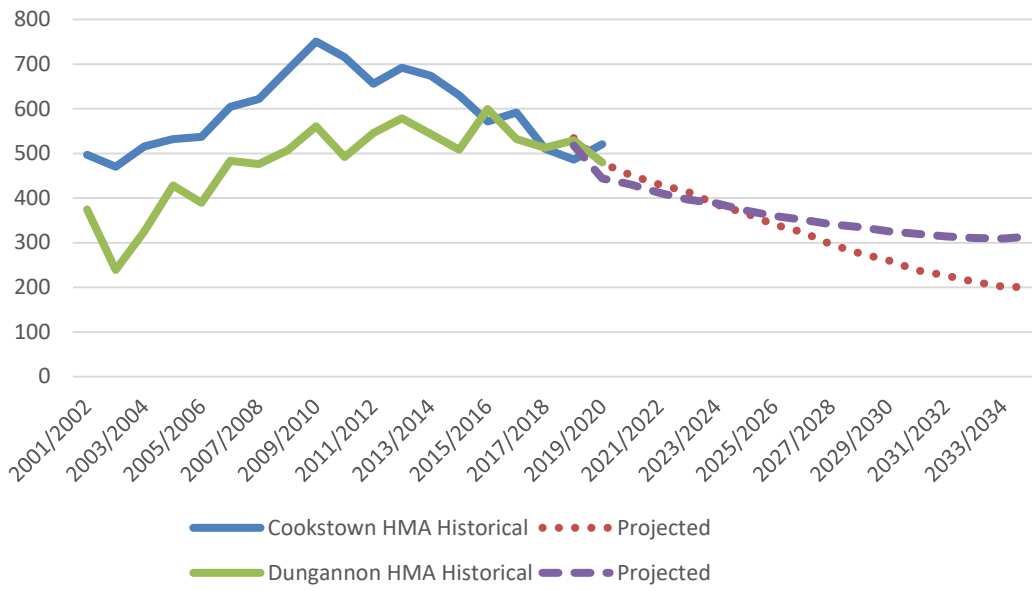
The Cookstown and Dungannon HMAs are each comprised of all or the major portions of former LGDs (see Table 3.2 in Section 3). The central

[13] NISRA makes its mid-year population estimates by taking the average of two methods, i.e. the components of change and ratio change methods. See the Methodology Report accompanying the NISRA mid-year population estimates. As set out in the notes accompanying the mid-year population estimates: "The ratio change method applies the change in secondary (typically administrative) data sources to Census estimates. The cohort-component method updates the Census estimates by 'ageing on' populations and applying information on births, deaths and migration. An average of both methods is taken and constrained to the published population figures [for Northern Ireland]". Due to the use of two methods, the total population change from one year to the next cannot all be attributed to one or other of the components of change and the remainder is subsumed within the figures for 'other changes'. Note also that the Armed Forces are treated as a special population; they are removed from the start year population before ageing on and then added back after the components have been estimated.

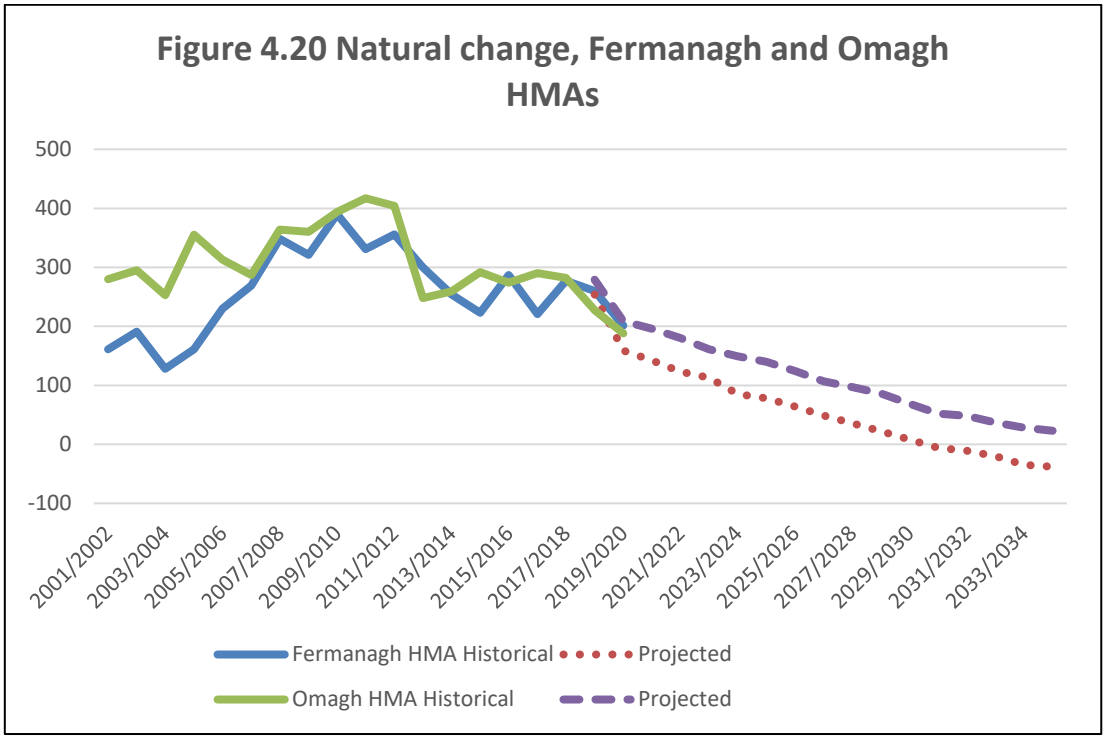
population projections for those HMAs have been derived by apportioning the projections for the former LGDs to their respective HMAs, by age and sex. The resulting estimates were constrained to agree with the NISRA projections for the new Mid Ulster LGD, which is coterminous with the combined Cookstown and Dungannon HMAs.

The assumptions for natural change (births minus deaths) for the Mid Ulster HMAs are summarised in Figure 4.19. In the Cookstown HMA, over the projection period, the natural change component is expected to continue the downward trend that commenced in 2009-10. Cumulatively, over the period 2018 to 2035, the component adds 5,600 to the population (6.8 per cent of the 2018 base population). The downward shift in the natural change component in Dungannon is more recent (2015-16) but is nonetheless expected to continue into the projection period. Between 2018 and 2035, natural increase is expected to add 6,200 to the Dungannon population (9.7 per cent of the 2018 base population).

Figure 4.19 Natural change, Cookstown and Dungannon HMAs



The NISRA projections also anticipate a declining contribution from natural increase in the Fermanagh and Omagh HMAs (Figure 4.20). For Fermanagh, the natural change component is expected to turn negative (more deaths than births) by 2030 and remain negative through to 2035. Thus, between 2018 and 2035, the cumulative natural change contribution amounts to 1,020, adding 1.6 per cent to the 2018 base population. Natural change is also modest in the Omagh HMA, adding 1,990 over the projection period (3.8 per cent of the 2018 base population).



The net migration assumptions underlying the 2018-based projections for the Mid Ulster HMAs are shown in Figure 4.21. For Dungannon, the component adds 3,400 over the projection period, representing 5.3 per cent of the 2018 base population. For the Cookstown HMA, net migration outflows are expected to roughly balance in-flows, with a slight net out-flow of -120, just 0.2 per cent of the 2018 base population.

The net migration assumptions for the Fermanagh and Omagh HMAs are shown in Figure 4.22. The projections for Fermanagh assume that, over the period 2018 to 2035, net migration flows will add 520 to the base population (0.5 per cent). For Omagh, the expectation is for a net out-flow, cumulating to -570 over the projection period (-1.1 per cent of the 2018 base population).

Figure 4.21 Net migration, Cookstown and Dungannon HMAs

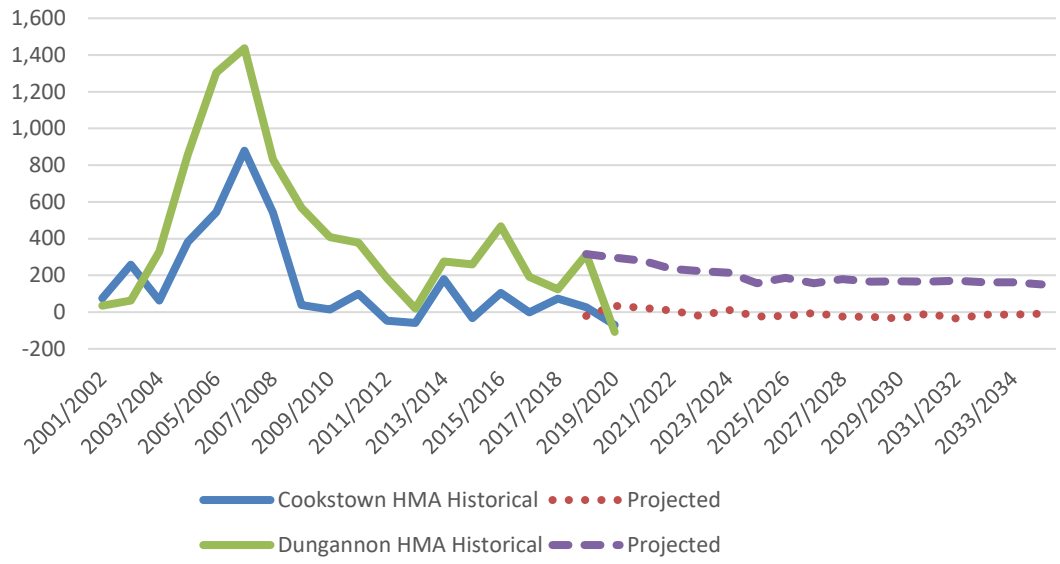
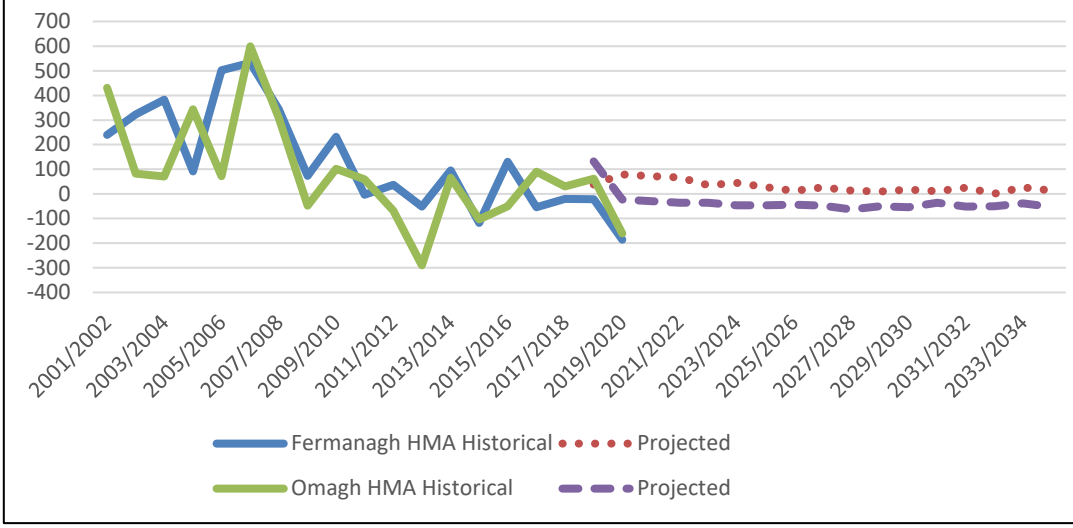


Figure 4.22 Net migration, Fermanagh and Omagh HMAs



The projections are summarised in Table 4.17. The Mid Ulster HMAs are expected to out-pace the Northern Ireland average in population growth while the Fermanagh and Omagh HMAs grow at less than the average.

Table 4.17 Population projections, components of change, 2018 to 2035, per cent of 2018 population

	Natural increase	Net migration	Population change
Mid Ulster	8.1	2.3	10.3
Cookstown HMA	6.8	-0.2	6.6
Cookstown subarea	6.0	-0.3	5.7
Magherafelt subarea	7.4	-0.1	7.3
Dungannon HMA	9.7	5.3	15.0
Fermanagh & Omagh	2.6	0.0	2.5
Fermanagh HMA	1.6	0.8	2.4
Omagh HMA	3.8	-1.1	2.7
N. Ireland	**3.3**	**1.5**	**4.8**

Table 4.18 shows the projected population levels for 2030 and 2035, with selected historical data points also shown for comparison. Both Cookstown and Dungannon are anticipated to grow in population throughout the projection period (Figure 4.23). By contrast, both Fermanagh and Omagh are expected to see zero population growth between 2030 and 2035 (Figure 4.24).

Table 4.18 Population, Mid-Western HMAs, historical 1991-2018, projected 2018-2035

	1991	2001	2011	2018	2030	2035
	000s	*000s*	*000s*	*000s*	*000s*	*000s*
Mid Ulster	112.1	119.1	139.0	147.4	159.2	162.6
Cookstown HMA	65.1	69.8	79.2	83.0	87.5	88.6
Cookstown	28.7	30.0	34.1	35.6	37.4	37.7
Magherafelt	36.4	39.8	45.1	47.4	50.1	50.9
Dungannon HMA	47.0	49.3	59.8	64.4	71.7	74.1
Fermanagh & Omagh	100.6	105.8	113.5	116.8	119.9	119.8
Fermanagh HMA	54.6	57.6	62.0	64.0	65.5	65.5
Omagh HMA	45.9	48.1	51.5	52.9	54.3	54.3
N. Ireland	**1,607**	**1,689**	**1,814**	**1,882**	**1,959**	**1,972**

Figure 4.23 Population, Cookstown and Dungannon HMAs, 2018=100

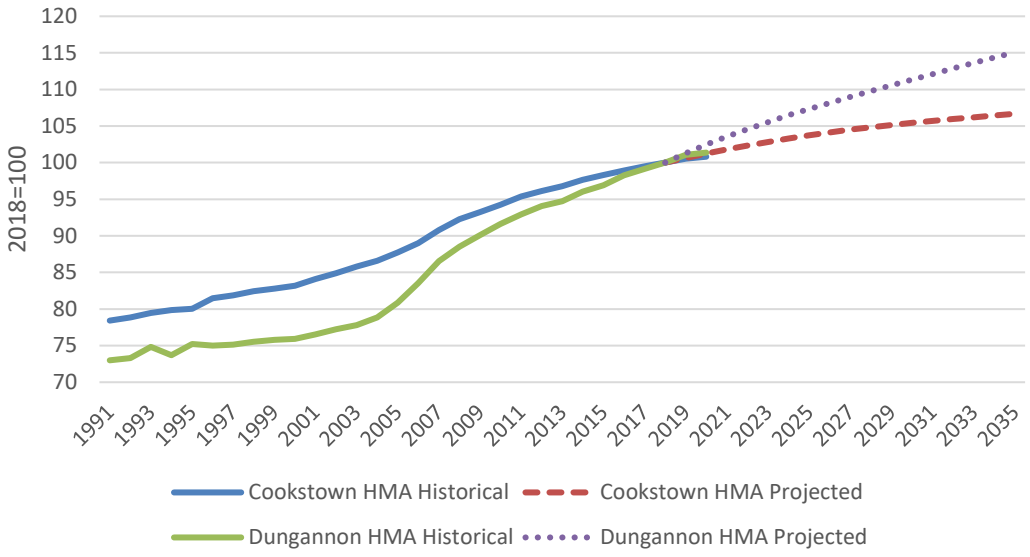
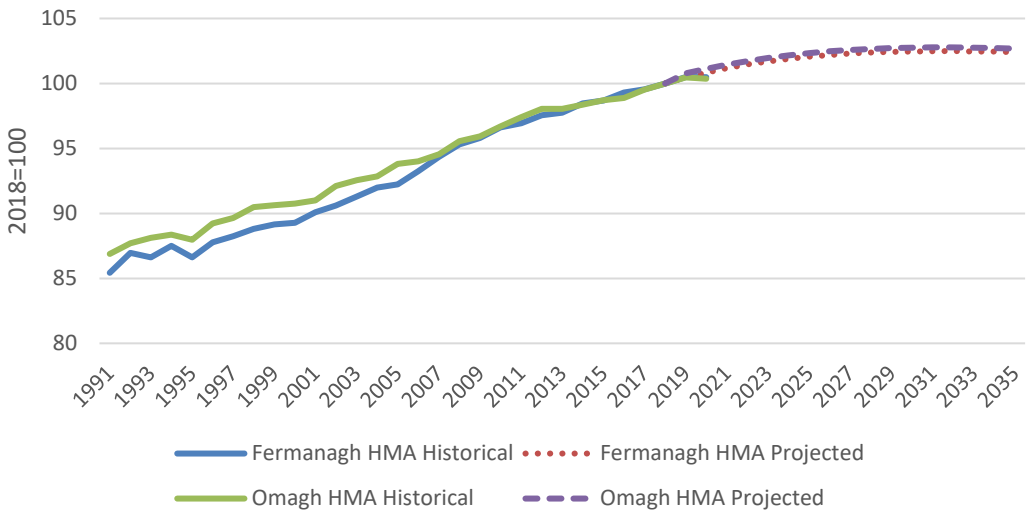


Figure 4.24 Population, Fermanagh and Omagh HMAs, 2018=100



Mainly reflecting the fall in the natural change contribution, the four HMAs are projected to see population growth rates fall over the period 2018 to 2035, in tandem with the Northern Ireland average (Figures 4.25 and 4.26). The projected slowing in population growth provides an important context for the household projections discussed in Section 5 and the projections for new dwelling requirements in Section 8.

Figure 4.25 Population growth, Cookstown and Dungannon HMAs, per cent per annum, historical 1991 to 2018, projected 2018 to 2035

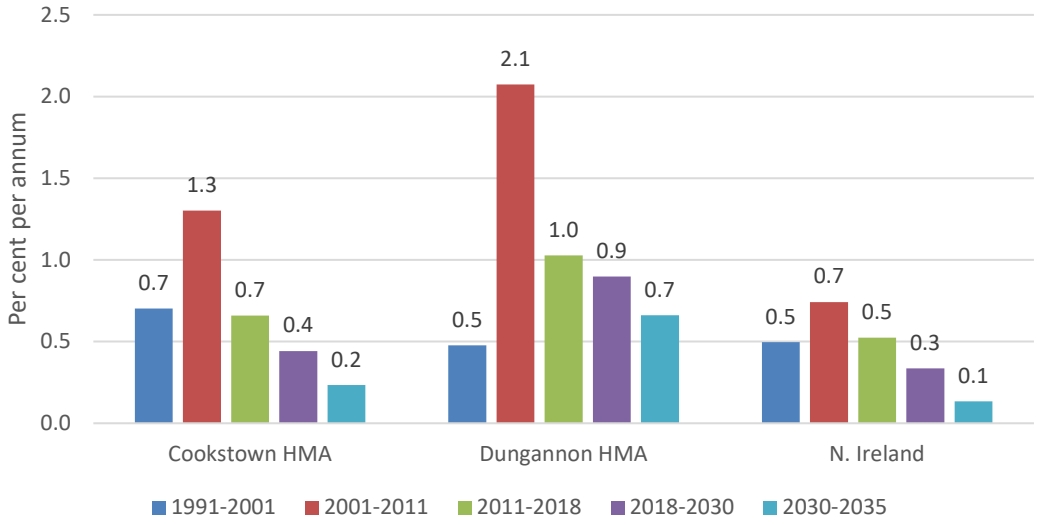
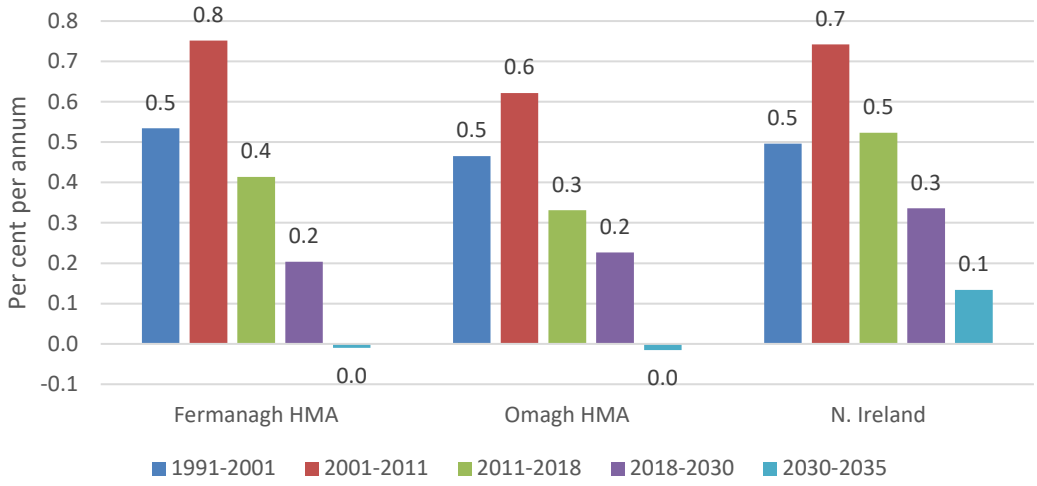


Figure 4.26 Population growth, Fermanagh and Omagh HMAs, per cent per annum, historical 1991 to 2018, projected 2018 to 2035



The trend-based nature of the central population projections is evident from the projected population share trajectories. Thus, the projections anticipate that the Mid-Ulster HMAs will continue to gain in share, particularly Dungannon (Figure 4.27). As they lag behind the Northern Ireland average, the Fermanagh and Omagh HMAs are projected to lose population share (Figure 4.28). That serves to illustrate that the projections essentially assume that the factors affecting shifts in share over the historical period will

continue to operate in the future. For example, that Dungannon will continue to benefit from net migration inflows. Those assumptions can be tested.

Figure 4.27 Population shares, Cookstown and Dungannon HMAs, per cent of Northern Ireland, 2018=100

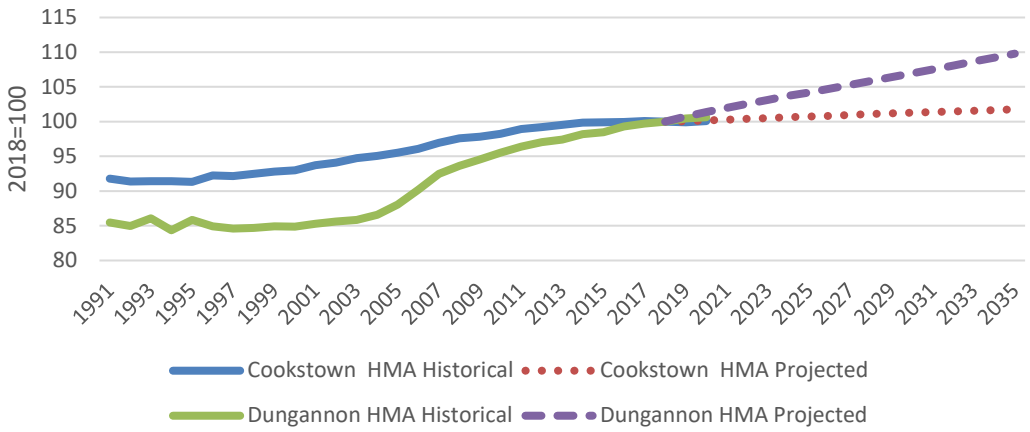
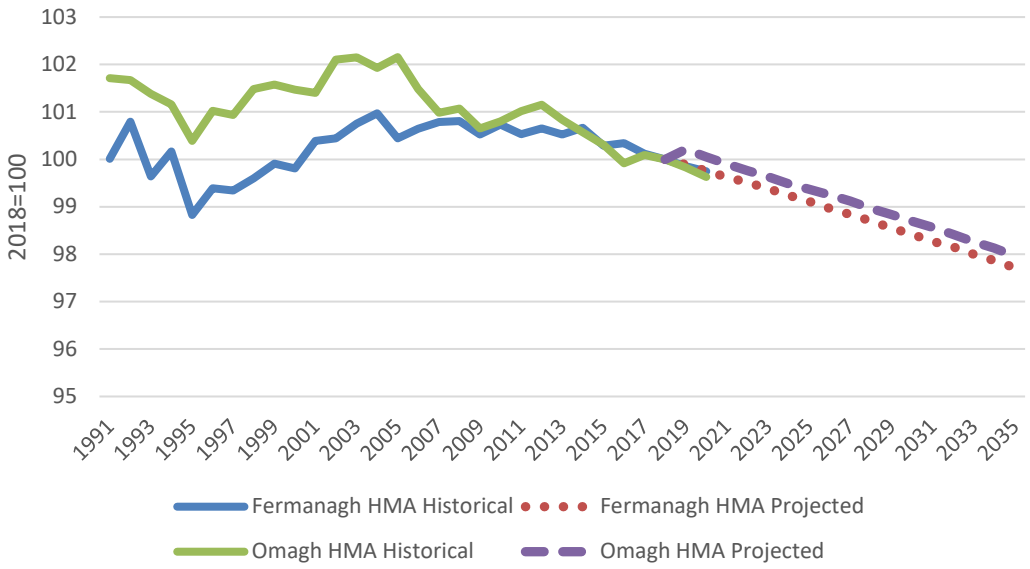


Figure 4.28 Population shares, Fermanagh and Omagh HMAs, per cent of Northern Ireland, 2018=100



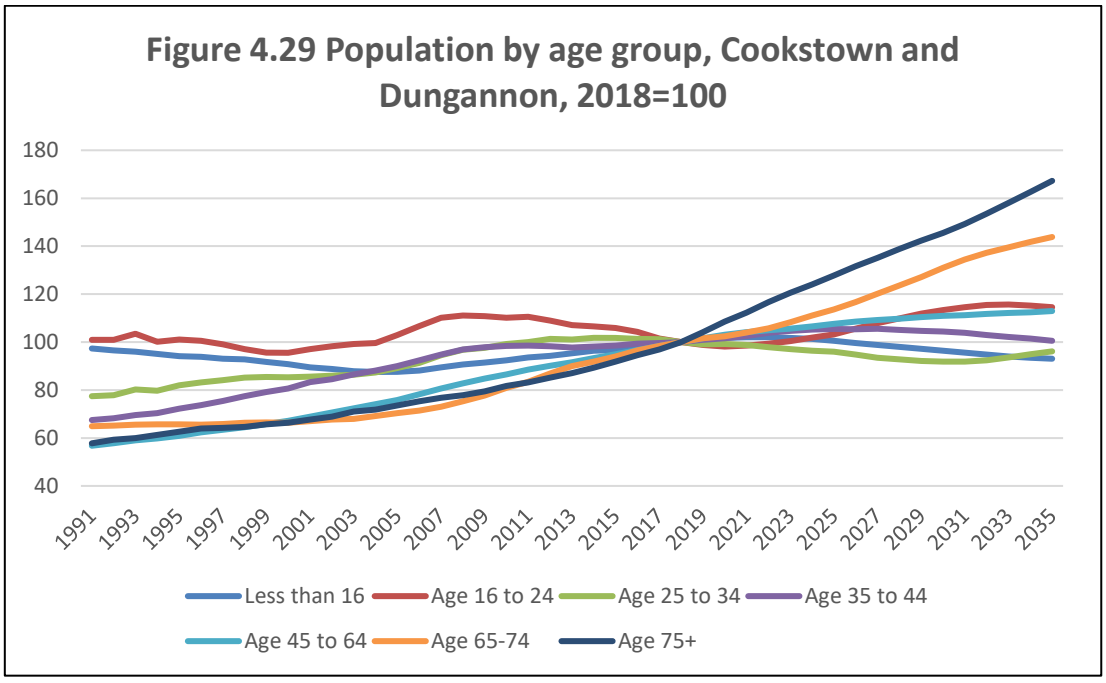
4.5 Age Composition

Similar to the rest of Northern Ireland, and driven by rising life expectancies, population ageing has been a key feature shaping the age composition of the population in each of the two HMAs over the last three decades. Looking first at the Mid Ulster HMAs, the proportion of the population aged 65 and over rose from 12 per cent in 1991 to 14 per cent by 2018 and is projected to

rise to 20 per cent by 2035 (Table 4.19). That reflects continued faster growth in the older age groups (Figure 4.29). Though, the rise in the older population in Mid Ulster is expected to be slower than the Northern Ireland average (a projected increase in share from 16 per cent in 2018 to 23 per cent by 2035).

Table 4.19 Population age composition, Mid Ulster HMAs - Cookstown and Dungannon

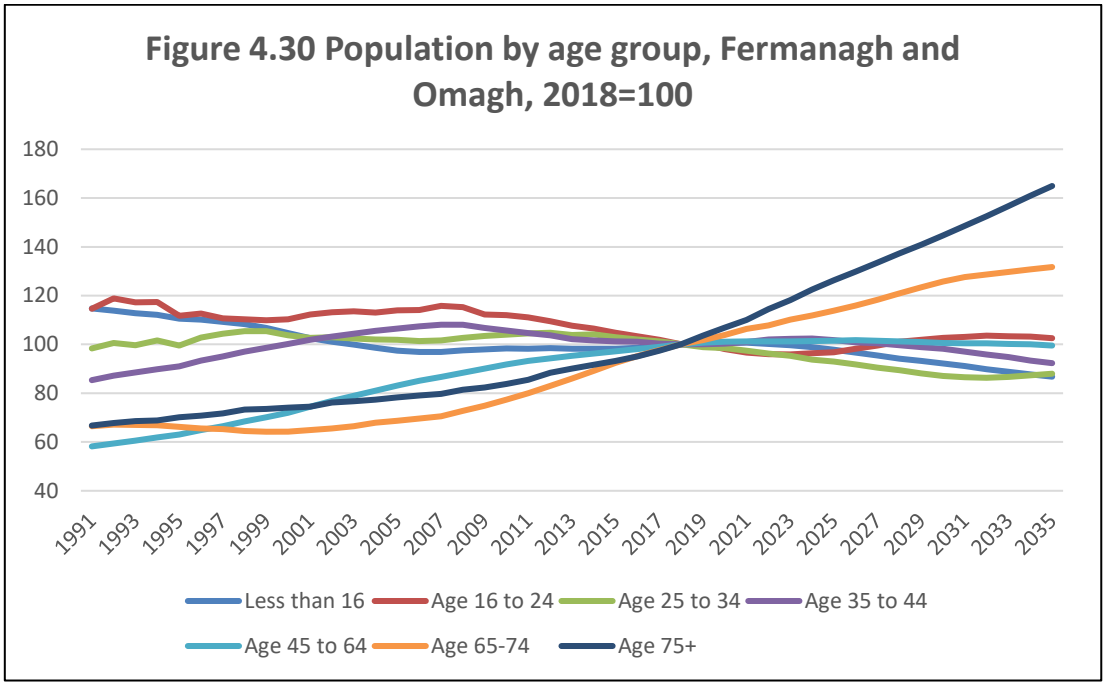
	1991	2001	2011	2018	2025	2035
	%	%	%	%	%	%
Less than 16	30	26	23	23	22	20
Age 16 to 24	14	13	13	11	11	11
Age 25 to 34	14	15	15	14	13	12
Age 35 to 44	12	14	14	14	14	12
Age 45 to 64	18	20	23	24	25	25
Age 65-74	7	7	7	8	9	10
Age 75+	5	5	6	6	8	10
All ages	**100**	**100**	**100**	**100**	**100**	**100**



With an older age profile in the 2018 population base year, the Fermanagh and Omagh HMAs are expected to see a sharper rise in the population aged 65+ (Figure 4.30). According to the NISRA projections, those aged 65+ will account for 24 per cent of the total population of Fermanagh and Omagh by 2035, up from 17 per cent in 2018 (Table 4.20).

Table 4.20 Population age composition, Fermanagh and Omagh HMAs

	1991	2001	2011	2018	2025	2035
	%	%	%	%	%	%
Less than 16	29	25	22	22	21	18
Age 16 to 24	14	13	12	10	10	10
Age 25 to 34	14	14	13	12	11	11
Age 35 to 44	13	14	14	13	13	12
Age 45 to 64	18	22	25	26	26	25
Age 65-74	7	7	8	10	11	12
Age 75+	6	6	6	7	9	12
All ages	**100**	**100**	**100**	**100**	**100**	**100**



The population ageing effect is perhaps most evident when the projected growth in the population aged 65+ is compared with the projections for children aged under 16. In both HMAs the child population is projected to fall between 2018 and 2035 (Figures 4.31 and 4.32). The main contrast is that, in Fermanagh and Omagh, the population aged 65+ is expected to overtake the child population by around 2027. That does not happen in Mid Ulster until 2035. Nonetheless, the more rapid growth in the older populations and the expected falls in the child populations across each HMA have implications for the evolution of average household size (discussed in Section 5) and the occupancy of dwellings (discussed in Section 7).

Figure 4.31 Population aged 65+ and children aged under 16, Cookstown and Dungannon, historical and projected

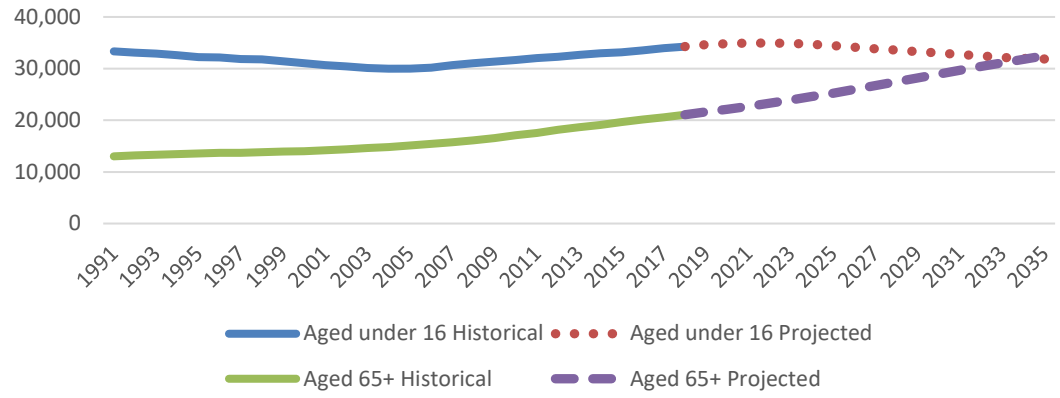
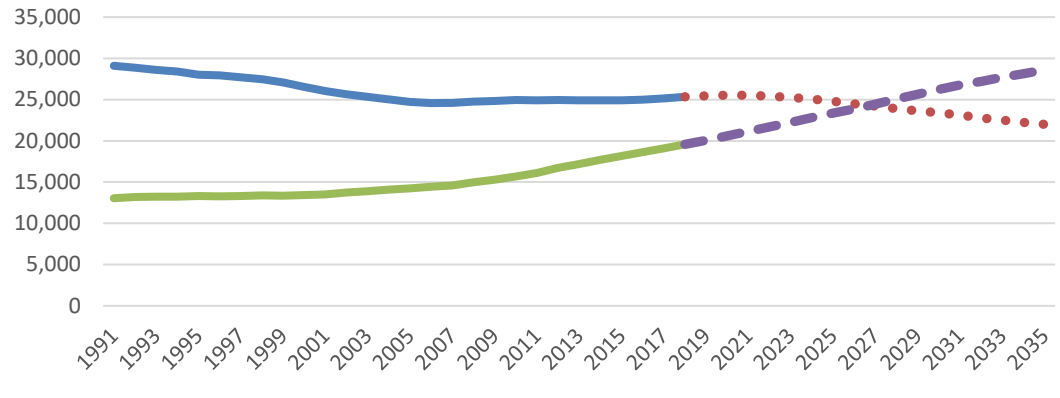


Figure 4.32 Population aged 65+ and children aged under 16, Fermanagh and Omagh, historical and projected



4.6 Population Change Scenarios

As outlined above, the principal NISRA 2018-based population projections are based on the extrapolation of historic trends to derive assumptions for the components of change. The assumptions made are inevitably subject to uncertainty: trends can change direction; cyclical events and longer-term trends can be more or less difficult to disentangle; external and/or unanticipated 'shocks' may occur; the economic climate may change. As the NISRA projections were made based on information that pre-dates the Covid-19 pandemic and the UK's exit from the European Union, those uncertainties are especially relevant at this juncture.

Within that context, and in order to highlight some of the risks around the NISRA projections, a number of population change scenarios have been constructed. The scenarios are mainly focused around migration, which is of particular interest in a housing market analysis, as movements into an area can give rise to new household formation within that area while movements out of an area can result in a reduction in the number of households. Two migration scenarios were constructed[14], as follows:

- **Zero net external migration**. In this scenario, the flows between Northern Ireland and elsewhere (rest of UK and rest of world) are set to net zero. Migration still occurs, but no area gains or loses population in net terms due to external migration movements.

- **Zero net migration**. For each area, internal and external migration flows are set to net zero. Migration still occurs, but no area gains or loses population in net terms due to migration movements, whether internal or external.

In addition, a 'constant share' scenario was constructed for each area, i.e. a scenario in which each area sees population grow at the same rate as the projections for Northern Ireland.

The three scenarios are 'stylised' projections intended to highlight a particular source of uncertainty in the principal population projections that are used in this SHMA as the main input to the household projections (discussed in Section 5) that in turn serve as the main driver in projecting new dwelling requirements (Section 8). The scenarios are summarised in Table 4.21, showing the projected population change 2018-2035, conditional on the assumptions made for the scenario, along with the principal 2018-based projected changes.

[14] The migration scenarios were constructed by varying the assumptions for in- and out-migration flows in NISRA's 2018-based principal population projections. The detailed assumptions, by single year of age and sex, were supplied by NISRA for this SHMA and modelled using the components of change method.

Table 4.21 Population change scenarios, Mid-Western HMAs				
	Scenario:			
	Principal (2018-based)	**Zero external migration**	**Zero net migration**	**Constant share**
	Population change, 2018 to 2035			
	No.	*No.*	*No.*	*No.*
Mid-Ulster	**15,250**	**6,380**	**11,630**	**7,090**
Cookstown HMA	5,540	3,860	5,850	3,930
Cookstown	2,050	1,440	2,320	1,650
Magherafelt	3,490	2,420	3,540	2,280
Dungannon HMA	9,700	2,530	5,780	3,160
Fermanagh & Omagh	**2,960**	**-1,730**	**2,740**	**5,620**
Fermanagh HMA	1,550	-1,540	570	3,080
Omagh HMA	1,410	-190	2,170	2,540
	Per cent change, 2018 to 2035			
	%	*%*	*%*	*%*
Mid-Ulster	**10.3**	**4.3**	**7.9**	**4.8**
Cookstown HMA	6.7	4.6	7.0	4.7
Cookstown	5.8	4.0	6.5	4.6
Magherafelt	7.4	5.1	7.5	4.8
Dungannon HMA	15.1	3.9	9.0	4.9
Fermanagh & Omagh	**2.5**	**-1.5**	**2.3**	**4.8**
Fermanagh HMA	2.4	-2.4	0.9	4.8
Omagh HMA	2.7	-0.4	4.1	4.8
N. Ireland	**4.8**	**2.9**	**3.1**	**4.8**

International migration has been an important source of population growth for the Mid-Western HMAs over the past decade and a half. Within that context, the vulnerability of population growth in the Mid-Western HMAs to a loss of net international migration inflows is clearly signalled by the zero external migration scenario. In that scenario, population growth in the Dungannon HMA is projected to fall to four per cent, down from 15 per cent in the principal projection. The Cookstown HMA would be less affected, as its growth rate would drop from 6.7 per cent to 4.6 per cent. The Fermanagh and Omagh HMAs would experience population decline in the scenario.

The population effects would be much less pronounced in the zero net migration scenario, where both internal and external migration flows are set to net zero. That is because, in the principal projections, it is assumed that the Mid-Western HMAs would continue to lose population as a result of internal migration movements. In the zero net migration scenario, setting those flows to net zero would serve to offset the reduction in population growth due to setting external migration flows to zero.

Reflecting that offsetting effect, in the net zero migration scenario, the Cookstown HMA is projected to grow at about the same rate as in the principal projection (seven per cent in the scenario versus 6.7 per cent in the principal projection).

Conversely, due to the prominence of international migration as a source of population growth, the Dungannon HMA would see its growth rate fall, to nine per cent from 15 per cent in the principal projection. Though, and again reflecting the offsetting effect of reversing a negative net internal migration flow, the reduction in growth would be less than projected under the zero external migration scenario (down to four per cent).

The zero net migration scenario produces mixed results for the Fermanagh and Omagh HMAs. With a higher rate of population loss due to internal migration, the Omagh HMA would see its projected population growth increase to four per cent compared with 2.7 per cent in the principal projection. In contrast, the Fermanagh HMA would see a reduction in its rate of population growth in the scenario (0.9 per cent) compared with the principal projection (2.4 per cent).

Overall, the Dungannon HMA is the most sensitive to the zero external migration scenario. For the Cookstown HMA, the principal projections are much less affected by the two migration scenarios. The effects on the Fermanagh and Omagh HMAs are more variable, with population loss a potential risk in the scenario where external migration flows are set to zero.

For each HMA and subarea, the constant share scenario has been designed to replicate the Northern Ireland rate of population growth over the period 2018 to 2035 (+4.8 per cent). For an area that is expected to see its share of the Northern Ireland population fall in that time period, the scenario will give a population projection that is higher than the principal projection, and vice versa.

Within the Mid-Western HMAs, the Cookstown share has been flattening in recent years (see Figure 4.26) and a constant share projection is not implausible. The share scenario is also relevant to the Fermanagh and Omagh HMAs. In both those HMAs, their share of the Northern Ireland population has been trending downward in recent years but had been increasing up to 2003 (see Figure 4.27).

4.7 Key Points Summary

The key points from the review of population trends are as follows:

- In each of the Mid-Western HMAs, the pace of population growth was slower in the period 2011-2020 compared with the previous decade from 2001-2011.

- The growth in the Mid Ulster HMAs was especially strong between 2001 and 2011, when Cookstown expanded by 13 per cent while Dungannon rose by over 21 per cent, well above the Northern Ireland average of 7.4 per cent. Their faster population growth during that decade was driven by large in-migration flows from the European Union (EU). The pace of growth slackened between 2011 and 2020, falling to 5.7 per cent in the Cookstown HMA and 9.1 per cent in the Dungannon HMA. Nonetheless, both HMAs continued to grow faster than the Northern Ireland average (4.5 per cent).

- Between 2001 and 2011 the Fermanagh and Omagh HMAs tracked the Northern Ireland average growth rate. Population growth slowed between 2011 and 2020, falling to 3.7 per cent in the Fermanagh HMA and three per cent in the Omagh HMA, both behind the Northern Ireland average.

- Between 2001 and 2011, population growth was faster in rural than in urban areas within each of the four HMAs. The shift to rural areas has lessened in the period 2011 to 2020, with a narrowing of the gap in rates of population change across the settlement hierarchy.

- Within the Fermanagh HMA, the cluster of Wards where second homes are most concentrated recorded population growth rates that were ahead of the average for the HMA, suggesting that the presence of second homes in those clusters has not displaced the resident population.

- As the most recent population data are for the period through mid-2020, it is still too early to definitively assess the longer-term effects on population growth either of the Covid-19 pandemic or Brexit. Nonetheless, Brexit and Covid-19 combined to slow population growth in the short-term at least, with all four HMAs experiencing a reduction in the rate of growth between mid-2019 and mid-2020 compared with the period 2011-2019. That was due to a rise in deaths and a sharp fall in in-migration.

- Over the past decade, all four HMAs have lost population due to internal migration (movements to and from other locations within Northern Ireland). Within the Mid Ulster HMAs, those losses have been more than offset by population gains from international in-

migration. The Fermanagh and Omagh HMAs have also gained from international in-migration, but to a lesser degree.

- Similar to the rest of Northern Ireland, natural change (the excess of births over deaths) has been declining as a contributor to population growth in all four HMAs.

When the natural change and migration trends are extrapolated forward, the result is a decreasing rate of population growth over the next 15 years in the HMAs (Figures 4.33 and 4.34).

According to NISRA's 2018-based population projections, between 2018 and 2035, the population of the Mid-Ulster HMAs is expected to rise by 10 per cent, with the Cookstown HMA up by 6.6 per cent and the Dungannon HMA rising by 15 per cent, ahead of the Northern Ireland average of 4.8 per cent. The faster growth of the Dungannon HMA stems from the assumption that it will continue to benefit from net in-migration. With a younger population profile, both HMAs also benefit from above-average growth due to natural increase.

The NISRA projections expect the Fermanagh and Omagh population to rise by 2.5 per cent between 2018 and 2035, below the Northern Ireland average. That reflects a lower contribution from natural increase, due to the older age profile of the population. All of the population growth in the Fermanagh and Omagh HMAs is projected to occur in the period 2018 to 2030, with zero growth between 2030 and 2035.

Figure 4.33 Annual population change, Cookstown and Dungannon, historical and projected

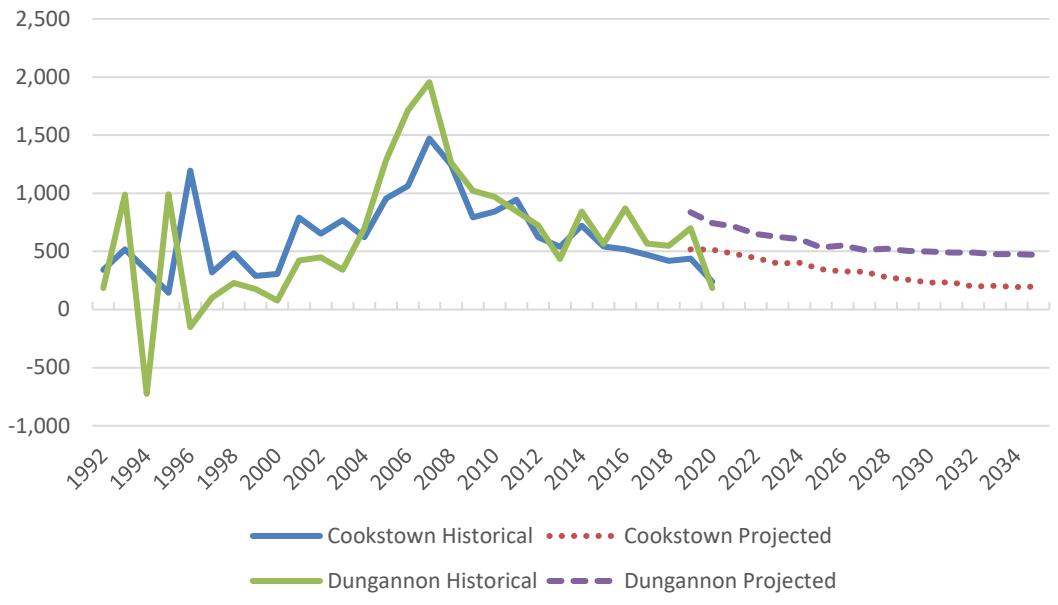
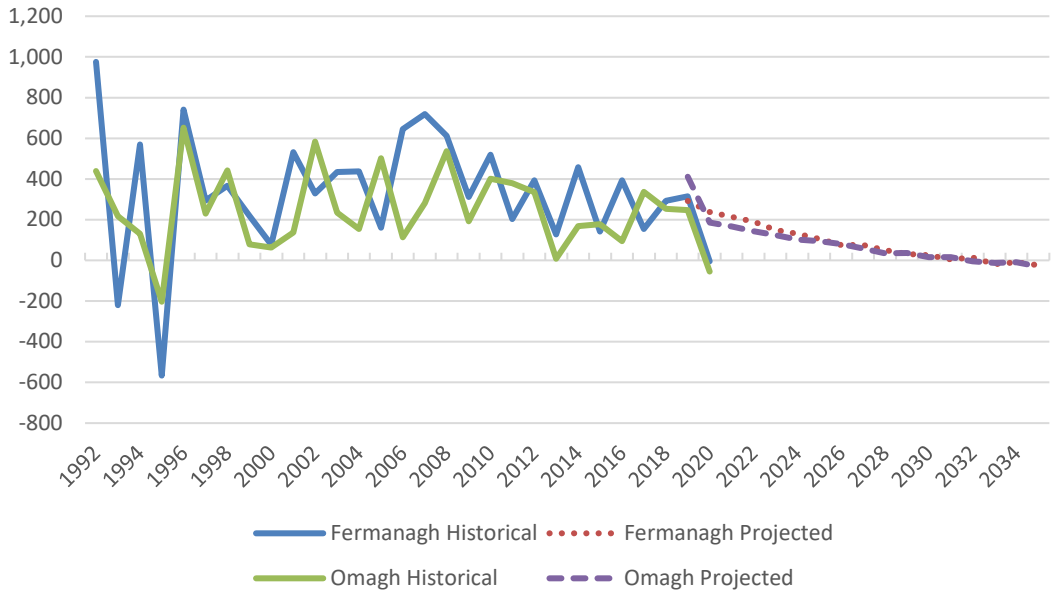


Figure 4.34 Annual population change, Fermanagh and Omagh, historical and projected



Similar to the rest of Northern Ireland, population ageing has been a key feature shaping the age composition of the population in each of the HMAs over the last three decades. The 2018-based population projections anticipate a continuation of the ageing trend.

The ageing trend is projected to proceed more slowly in the Mid Ulster HMAs, where the child population (aged under 16) is projected to remain above the population aged 65+ until 2035. By contrast, in Fermanagh and Omagh, the population aged 65+ is projected to exceed the child population by the mid-2020s.

Reflecting the uncertainties around the population projections, and to highlight some of the risks around the underlying assumptions, especially migration, a number of population change scenarios have been constructed, i.e. zero net external migration, zero net migration and a constant share scenario.

In each of the migration scenarios, the Mid Ulster population growth is lower than in the principal NISRA projection, especially in the Dungannon HMA. The migration scenarios have less of an effect on the Fermanagh and Omagh HMAs.

Annex 4 Data Sources: Population

The Northern Ireland HMAs do not correspond to any statistical or administrative geography. Further, there is not a one-to-one mapping from existing administrative statistical units for which time series population data are regularly published. In the Mid-Western Area, the Omagh and Fermanagh HMAs are coterminous with their former LGD areas, which is helpful in constructing the required time series datasets. In combination, the Cookstown and Dungannon HMAs are coterminous with the new Mid Ulster LGD boundary. However, on their own, the two Mid Ulster HMAs are not coterminous with any existing administrative geography. For example, the Dungannon HMA includes almost all (98 per cent) of the former Dungannon LGD and eight per cent of the former Cookstown LGD (see Table 3.4).

In addition, the SHMA is required to report on urban and rural areas, for which no historical time series data are published.

The approach taken to meeting the reporting requirements within the context of the complexities of the HMA geography was to construct a Small Area dataset, by single year of age and sex. The Small Area estimates were scaled to be consistent with published population estimates and benchmarked using the 2011 Census of Population Small Area counts for the usually resident population by single year of age and sex.

The historical data series used as inputs to the construction of the Small Area dataset for analysis of population trends (Section 4.2) were derived from the NISRA mid-year population estimates 2020. The published NISRA data include the following tables:

- The 11 new LGDs – estimates by single year of age and sex, 2001 to 2020.
- The 26 former LGDs – estimates by single year of age and sex, 1991 to 2020.
- Super Output Areas (SOAs) – for each of the 890 SOAs, population by sex and four broad age groups, 2001 to 2020.
- Small Areas (SAs) – for each of the 4,537 SAs, total population, 2001 to 2020.

While the Small Area estimates by age and sex have been scaled to be consistent with higher geographies, it is important to appreciate that those estimates serve strictly as building blocks for higher level geographies for which population time series are not available. For example, to build the Dungannon HMA by adding a portion of the former Cookstown LGD to the former Dungannon LGD and subtracting the portion of the former Dungannon

LGD that was assigned to the Armagh City, Banbridge and Craigavon Borough Council following the local government reorganisation.

The main data source for the components of change analysis (Section 4.3) was the NISRA mid-year population estimates 2020. Components of change data are published for the 11 new Local Government Districts and the 26 former Local Government Districts. The components for the Fermanagh and Omagh HMAS were extracted directly from the published tables. To build the Cookstown and Dungannon data series, the Small Area dataset for the population trends analysis was used to apportion the data for the former LGDs which are included in those HMAs, whether in whole or in part.

The population projections reported in Section 4.4 are based on NISRA's 2018-based population projections for areas within Northern Ireland. NISRA publishes projections for the 11 new LGDs and the 26 former LGDs, by single year of age and sex, from which it was possible to derive HMA-level projections.

NISRA does not publish variant subnational population projections. The population change scenarios in this Section were produced by running a components of change projection model using the same natural change assumptions as in the central NISRA projections, but with alternative migration assumptions. The natural change assumptions were based on unpublished tables supplied by NISRA for the purpose of this project.

5 Households

5.1 Introduction

This Section examines household growth trends across the Mid-Western HMAs. The Section commences with an overview on the longer-term historical trends in household growth between 1991 and 2011. The Section then considers the household projections. As the 2011 Census of Population is the most recent source of key data inputs for making such projections, there is considerable uncertainty around the rate of household growth across the HMAs in the period since 2011. Those uncertainties are considered in detail in Appendix A of the accompanying Northern Ireland report, which also includes a range of household projection scenarios that have been developed to reflect uncertainties around the future pace of new household formation. It can also be noted that, to ensure a consistent approach, the household projection scenarios specified for the previous SHMAs are also deployed in this SHMA. The Section concludes with a key points summary.

5.2 Trends

The number of households at a point in time can be calculated from the household population[15] divided by the number of persons per household, or average household size (AHS)[16]. Thus, the change in the number of households depends on changes in the household population combined with the trend in average household size. These are the components of household change.

Historical data for the number of households at the geographical level required for this SHMA are only available from the decennial Census of Population, with the most recent available data for 2011. The main trends between 1991 and 2011 are summarised for the Mid-Western HMAs in Table 5.1. In that period, growth in the household population combined with falling average household size (fewer people per household) to drive the growth in the number of households.

[15] The household population comprises the resident population minus those who are living in communal establishments, which would include hospitals, prisons, hostels, student residences, etc. In 2011, 0.7 cent of the resident population in the Mid Ulster LGD lived in communal establishments. The proportion was 1.1 per cent of the Fermanagh and Omagh resident population.

[16] An alternative formulation is to calculate the number of households as the product of the household population aged 16+ and the proportion of the household population aged 16+ heading a household, i.e., the household representative rate (HRR) (also termed the 'headship rate', mainly in the US literature). The two formulations are essentially equivalent, since the AHS can be calculated as the inverse of the household representative rate, with an adjustment for the proportion of the household population aged 16+. The AHS formulation is preferred in this section as it (a) refers to the total household population and (b) is a more intuitive indicator for presenting trend analysis. Also, NISRA's Household Projections Methodology is not based on HRRs and is more readily interpreted within an AHS framework.

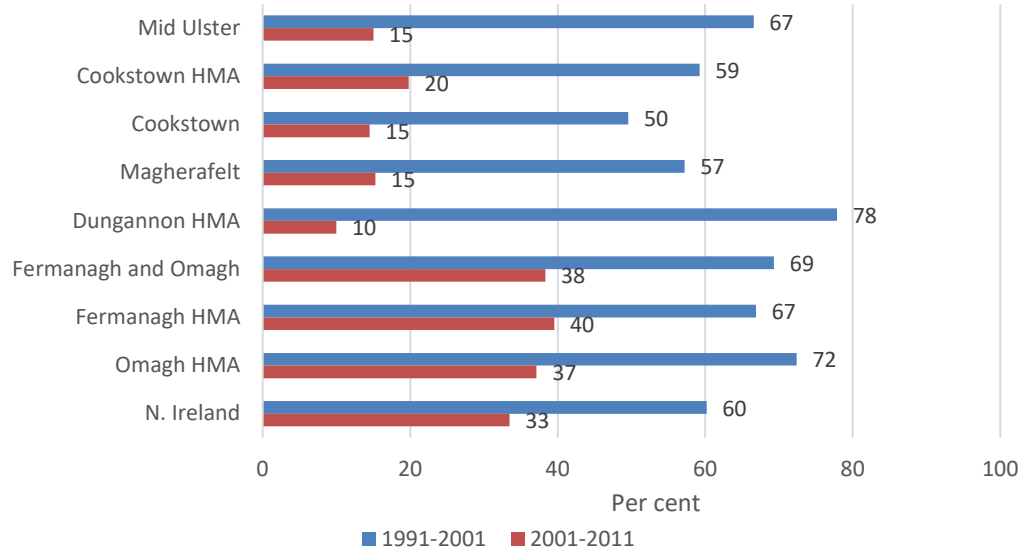
Table 5.1 Households, population and average household size, 1991-2011, Mid-Western LGDs, HMAs and subareas

	Levels			Change	
	1991	**2001**	**2011**	**1991-2001**	**2001-2011**
	No.	*No.*	*No.*	*%*	*%*
Households					
Mid Ulster	32,900	39,700	47,800	20.7	20.2
Cookstown HMA	18,900	23,000	26,900	21.5	17.1
Cookstown	8,500	10,100	11,900	18.1	18.4
Magherafelt	10,400	12,900	15,000	24.3	16.2
Dungannon HMA	14,000	16,700	20,800	19.6	24.4
Fermanagh and Omagh	30,200	36,600	41,500	21.1	13.5
Fermanagh HMA	16,800	20,500	23,100	21.4	12.8
Omagh HMA	13,400	16,100	18,400	20.7	14.3
N. Ireland				**18.7**	**12.2**
Household population					
Mid Ulster	111,300	118,000	137,700	6.1	16.7
Cookstown HMA	64,300	69,300	78,500	7.8	13.3
Cookstown	28,100	29,800	33,700	6.0	13.2
Magherafelt	36,200	39,500	44,800	9.1	13.4
Dungannon HMA	46,900	48,700	59,200	3.8	21.4
Fermanagh and Omagh	98,200	103,700	111,900	5.6	7.9
Fermanagh HMA	53,500	56,900	61,100	6.2	7.4
Omagh HMA	44,700	46,900	50,900	5.0	8.5
N. Ireland				**6.7**	**7.8**
Average household size				*Persons*	
Mid Ulster	3.38	2.97	2.88	-0.41	-0.09
Cookstown HMA	3.40	3.01	2.91	-0.38	-0.10
Cookstown	3.30	2.96	2.83	-0.34	-0.13
Magherafelt	3.48	3.05	2.98	-0.42	-0.07
Dungannon HMA	3.35	2.91	2.84	-0.44	-0.07
Fermanagh and Omagh	3.25	2.84	2.70	-0.41	-0.14
Fermanagh HMA	3.18	2.78	2.65	-0.40	-0.13
Omagh HMA	3.34	2.90	2.76	-0.43	-0.15
N. Ireland	**2.95**	**2.65**	**2.54**	**-0.30**	**-0.10**

Source: Estimated from Census of Population data.

The mix between the components of change varied between the two decades. Between 1991 and 2001, the main component of growth was falling household size[17]. In the Mid Ulster HMAs, the household population grew by 6.1 per cent between 1991 and 2001, but the number of households increased by 20.7 per cent. The contrast between the growth in the household population and the change in the number of households was due to a sharp fall in the AHS, down by -0.41 persons over the decade. In that period, the fall in average household size accounted for 67 per cent of the increase in the number of households, ranging from 59 per cent in the Cookstown HMA to 78 per cent in the Dungannon HMA (Figure 5.1). By contrast, between 2001 and 2011, the fall in AHS was more modest (-0.09 persons) and contributed just 10 per cent to the growth in the number of households. In that decade, the growth in the household population (+16.7 per cent) was the major contributor to the 20.2 per cent increase in the number of households.

Figure 5.1 Average household size component of household growth, per cent



The Fermanagh and Omagh HMAs exhibited a similar pattern. In the two HMAs combined, between 1991 and 2001 the sharp drop in average household size (-0.41 persons) accounted for the majority (69 per cent) of the increase in the number of households (+21.1 per cent). Between 2001 and 2011, the contribution of average household size dropped to 38 per cent (Figure 5.1).

[17] Note that a fall in the AHS means fewer people per households. The more rapid the fall in the AHS, the larger the change in the number of households for a given rate of household population change.

The slower pace of change in average household size between 2001 and 2011 compared with the previous decade has implications for projecting future household growth, especially in light of the projected slower population growth discussed in Section 4. In that respect, it can be noted that the slowdown was less pronounced in Northern Ireland than in the rest of the UK, notably England where the AHS was virtually flat over the decade. Nonetheless, the question posed by Holmans (2014) in the context of projecting future household growth is relevant to Northern Ireland:

> "The central question for the household projection is whether what happened in 2001-11 was a structural break from a 40-year trend; or whether household formation was forced downwards by economic and housing market pressures that are likely to ease with time."

Alternatively, was new household formation 'suppressed' over the period 2001-2011 due to cyclical factors, notably the housing market boom and bust of the 2000s along with the recession of 2008-09 and the accompanying credit restrictions on access to mortgage finance? Or, has there been a longer-term 'structural' shift in household behaviour, e.g. younger adults choosing to live longer with their parents?

For example, Bentley and McCallum (2018) argue that housing costs and affordability pressures continue to restrain new household formation. They point in particular to the increasing proportion of young adults living with their parents. That proportion has been rising UK-wide, including Northern Ireland; ONS estimates that, across Northern Ireland, the proportion of young adults aged 20-34 living with their parents increased from 21 per cent in 1999 to 27 per cent in 2019[18].

Simpson (2014) takes an alternative perspective, arguing that the slower pace of new household formation reflects long-term demographic trends and is unlikely to be reversed. For example, he notes that the increased number of young adults living with their parents commenced at the start of the millennium, before the downturn, albeit the increase did accelerate after 2008.

The trend in the proportion of 'concealed families' provides one indicator for the presence of suppression effects. Concealed families are defined as families living in households where the family head is not the household head, for example, lone parents or couples with children. Concealed families represent potential households which have not yet formed. That may be through choice or constraint, perhaps due to inability to afford their own self-contained accommodation. A rise in the incidence of concealed families may signal constraints on household formation due to housing costs.

[18] ONS, 2019, Young adults living with their parents.

The Census of Population results for the numbers of concealed families in the Mid-Western HMAs are reported in Table 5.2. Across each of the four HMAs, the number of concealed families as a proportion of all families rose between 2001 and 2011. The increases were modest in Cookstown and Omagh (+0.4 percentage points) and slightly higher in Fermanagh (+0.7 percentage points) and Dungannon (+0.9 percentage points). In 2011, their share of all families had risen to around two per cent in Cookstown, Dungannon and Fermanagh. Albeit they were modest, the rising share of concealed families in the HMAs may suggest constraints on new household formation during that decade.

Table 5.2 Concealed families[1], per cent of all families, Mid-Western HMAs

		2001	2011	*Change*
		%	*%*	*pps*
Cookstown[2]	Lone Parent	0.9	1.0	*0.1*
	Couple	0.6	0.9	*0.3*
	All concealed families	1.5	1.9	*0.4*
	Base (All families)	*18,100*	*21,400*	
Dungannon[2]	Lone Parent	0.6	0.9	*0.3*
	Couple	0.5	1.1	*0.6*
	All concealed families	1.1	2.0	*0.9*
	Base (All families)	*11,900*	*15,000*	
Fermanagh	Lone Parent	0.6	0.8	*0.2*
	Couple	0.4	0.9	*0.5*
	All concealed families	1.0	1.7	*0.7*
	Base (All families)	*14,500*	*16,300*	
Omagh	Lone Parent	0.5	0.8	*0.2*
	Couple	0.4	0.6	*0.2*
	All concealed families	0.9	1.4	*0.4*
	Base (All families)	*11,800*	*13,200*	

1 Concealed families are defined as families living in households where the family head is not the household head.
2 The family type tables are only available at LGD 1992 level. The Cookstown and Dungannon HMAs are approximated by their respective LGD 1992 areas, with the former Cookstown and Magherafelt LGDs merged to form the Cookstown HMA.
Sources: Census of Population 2011, Table CT0164; Census of Population 2001, Table CAS011.

The question of whether the slowdown in household formation rates is structural, cyclical or some mix of the two cannot be answered by this SHMA. The results from the 2021 Census of Population will help to illuminate the issues. In the absence of Census data post-2011, the approach taken in this SHMA is to produce a range of scenarios for the future path of household growth.

Finally, the following points may be noted regarding the potential impacts of the Covid-19 pandemic. Immediately following the onset of the pandemic, it is likely that AHS rose, mainly due to younger people returning home (perhaps having lost a job or due to university lockdown) or delaying their move away from the family home. However, there are no data available to say whether and to what extent that may have happened in Northern Ireland and how long any such effect of the pandemic on AHS might have lasted[19].

The working hypothesis for this SHMA is that AHS effects from the pandemic, and especially the lockdown periods, will have largely receded or unwound by 2021. Up-to-date data on that issue are currently lacking for Northern Ireland.

However, the evidence from the U.S. is that the household size effects of the pandemic were short-lived[20]. There was an increase in average household size in the early stages of the pandemic in the U.S., due mainly to young adults living in their parents' homes (whether having returned home or by delaying their departure from the family home). However, by March 2021, that effect was no longer evident in the published data on new household formation in the U.S. Clearly, the U.S. experience is not necessarily transferable to Northern Ireland, but it is nonetheless interesting to observe. As discussed in Section 2, a common thread across many indicators affected by the pandemic was an initial spike during the first lockdown followed by recovery towards more 'normal' levels.

[19] The Continuous Household Survey (CHS) results for 2020-21 actually show a large drop in average household size, falling to 2.29 compared to a 2.43 average in the previous three years (2017-18 to 2019-20). However, due to the pandemic, the achieved sample size in the 2020-21 CHS was much reduced compared to previous years (1,403 in 2020-21 versus 4,557 in 2019-20). The 2020-21 AHS estimate cannot therefore be considered robust or reliable.

[20] For an assessment of pandemic effects at an early stage in the U.S., see Garcia and Paciorek, 2020. Writing in March 2021, McCue finds that: "The surge in young adults living in their parents' homes during the early months of the COVID-19 pandemic appears to have been short-lived".

5.3 Projections

The most recent set of official Northern Ireland household projections, which were commissioned by the Housing Executive and prepared by NISRA, were published in December 2018. The projections are for the years 2016 to 2041, both for Northern Ireland as a whole and for each of the 11 Local Government Districts. They are referred to as the 2016-based projections because they are tied to NISRA's 2016-based population projections for areas within Northern Ireland. Though, the household trends used to convert the population projections to household projections were derived from Census of Population data for the years 2001 to 2011.

As the 2016-based population projections have now been superseded by the 2018-based population projections[21], an updated set of household projections has been prepared by the authors for this SHMA, following the approach set out in the published NISRA methodology paper (see Box 5.A).

The updated projections replicate the NISRA household projections by LGD for 2016. Beyond 2016, the updated projections differ from the NISRA projections to reflect the changes between the most recent 2018-based population projections and the previous 2016-based population projections. A comparison of the updated household projections with the NISRA 2016-based projections is provided and discussed in Appendix A of the accompanying Northern Ireland report.

Box 5.A Household projections

The Northern Ireland household projections are based on the extrapolation of changes in household membership probabilities.

Briefly, in each projection period, for each of 14 age groups and separately for males and females, the probability of being in one of 18 household types is calculated (see NISRA's Methodology Report published in December 2018). The probabilities are then applied, by age and sex, to the projected population living in households, i.e. the total population minus those projected as living in communal establishments. The results can then be summed across the household types to derive the projected total number of households, with appropriate weightings for household size, i.e. divide the projected population living in two-person households by two, and so on.

For projection purposes, the household membership probabilities are extrapolated forward based on changes between the 2001 and 2011

[21] See Appendix A of the accompanying Northern Ireland report for a comparison between the 2018-based population projections and the preceding 2016-based population projections.

Box 5.A Household projections

Population Censuses. That is, household trends between 1991 and 2001 are given zero weight.

The household membership probability tables are published only for Northern Ireland as a whole (Tables B.1 and B.2 accompanying the NISRA Methodology paper). On request, NISRA supplied the same tables for the Belfast Metropolitan HMA and the rest of Northern Ireland combined. HMA-level tables were then estimated by combining the NISRA-supplied tables with age, sex, and household size counts from the Census of Population. The derived household membership tables served as inputs to a computer programme designed to mirror the NISRA methodology.

The fundamental issue in translating population projections into household projections is the assumptions to be adopted regarding the trend in average household size. For a given rate of population growth, the faster the assumed decline in the AHS, the faster will be the rate of new household formation, and vice versa. In the NISRA methodology, household projections are based on the extrapolation of the AHS trend between the 2001 and 2011 Censuses of Population. As discussed above, across the Mid-Western HMAs, average household size declined at a slower pace between 2001 and 2011 when compared with the preceding decade. The slower AHS fall between 2001 and 2011 compared with the previous decade is illustrated in Figure 5.2[22]. In the period 2001 to 2011, house prices boomed and then crashed, accompanied by a deep recession. It is plausible that, over that period, new household formation was suppressed by those cyclical factors[23].

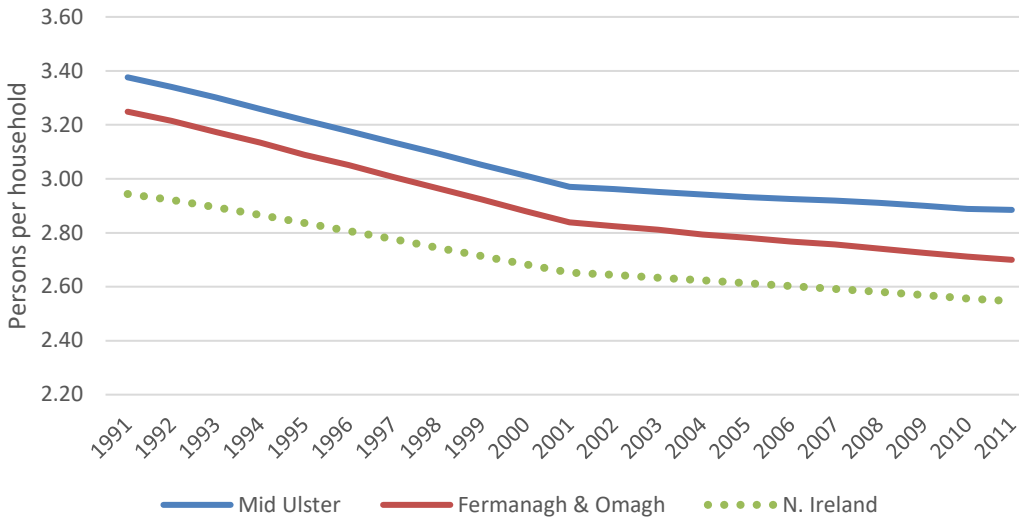
Insofar as cyclical factors acted to suppress new household formation between 2001 and 2011, the unwinding of those effects in the economic recovery of the 2010s arguably served to boost new household formation, especially as the housing market also rebounded from about 2013 onwards (discussed in Section 6). The true picture will not be known until the results of the 2021 Census of Population are published.

However, to the extent that the rate of household formation may have been positively affected by the economic recovery and accompanying housing market improvement, the reliance on the 2001-2011 trend means that the

[22] To simplify the presentation, charts and tables accompanying the explanation of the development of the household projections are at LGD level. However, within each LGD, the constituent HMAs exhibited very similar AHS trends (see Table 5.1 and Figure 5.1).
[23] Paciorek (2016) provides a useful discussion of the cyclical factor in new household formation.

NISRA 2016-based projections and the updated 2018-based projections run the risk of under-stating the future path of household change.

Figure 5.2 Average household size, Mid-Western LGDs
(Sources: Census of Population, author's estimates)



For that reason, and to manage the uncertainty around the future path of household growth in projecting future new dwelling requirements, a number of scenarios have been prepared based on varying the assumptions underlying the household projections[24], as follows:

- **Medium growth scenario**. For this scenario, new households are projected by extrapolating from a weighted average of the 1991 to 2001 and 2001 to 2011 trends, with a two-thirds weighting given to the 2001 to 2011 trends.

- **High growth scenario**. In this scenario, households are projected from the 1991 to 2011 trends, i.e. with equal weighting given to the trends from 1991 to 2001 and 2001 to 2011.

The average household size projections in the scenarios are shown in Figure 5.3 for the Mid Ulster LGD and summarised in Table 5.3. As would be expected, the AHS projections in the updated 2018-based scenario closely track the NISRA 2018-based projections; the slight difference shown in Table 5.3 reflects the faster rate of population ageing in the 2018-based population projections compared with the 2016-based population projections. Compared with the updated 2018-based projections, the medium and high

[24] Fuller details on the development of the scenarios at Northern Ireland level is provided in Appendix A of the accompanying Northern Ireland report. In both scenarios, the NISRA assumptions for the trends in households with children were also modified.

growth scenarios both yield larger falls in average household size over the period to 2035.

Figure 5.3 Average household size, projection scenarios, Mid Ulster (Source: Author's estimates)

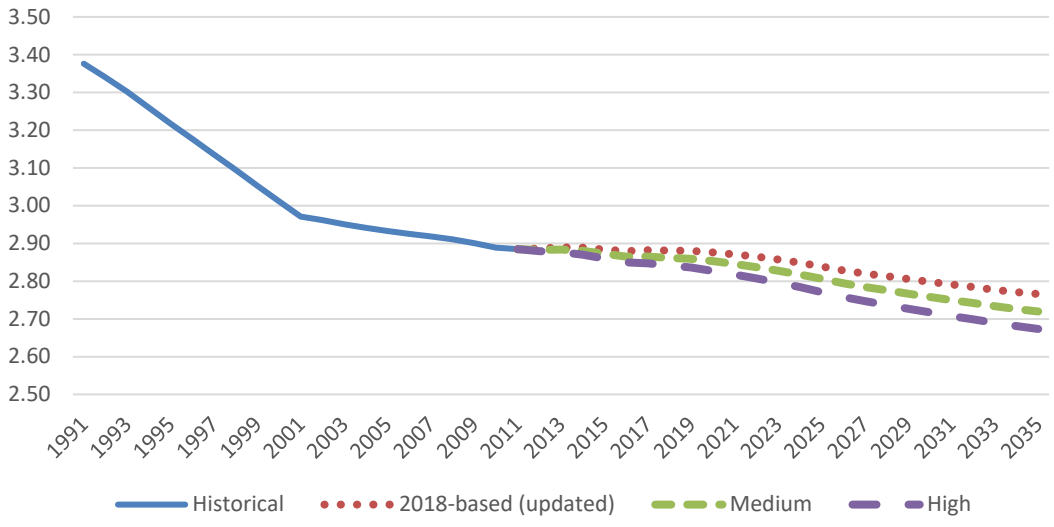


Table 5.3 Household projection scenarios, average household size, Mid Ulster

	2011	2018	2035	*Change, 2018-2035*
	Persons	*Persons*	*Persons*	*Persons*
NISRA 2016-based	2.88	2.88	2.78	*-0.10*
Updated (2018-based)	2.88	2.88	2.77	*-0.11*
Scenarios				
Medium growth	2.88	2.86	2.72	*-0.14*
High growth	2.88	2.84	2.67	*-0.17*

Sources: NISRA; Author's estimates.

The average household size projections for the Fermanagh and Omagh LGD are shown in Figure 5.4 and summarised in Table 5.4. Again, the AHS projections in the updated 2018-based projections differ only slightly from the NISRA 2016-based projections, due to the faster rate of population ageing in the underpinning population projections. Compared with the Mid Ulster projections, in each scenario, AHS falls slightly faster in the scenarios for Fermanagh and Omagh. That is because, as outlined in Section 4, population ageing is projected to proceed at a faster pace in the Fermanagh

and Omagh HMAs than in the Mid Ulster HMAs[25]. All else equal, a faster rate of population ageing will tend to push the AHS down.

Figure 5.4 Average household size, projection scenarios, Fermanagh and Omagh (Source: Author's estimates)

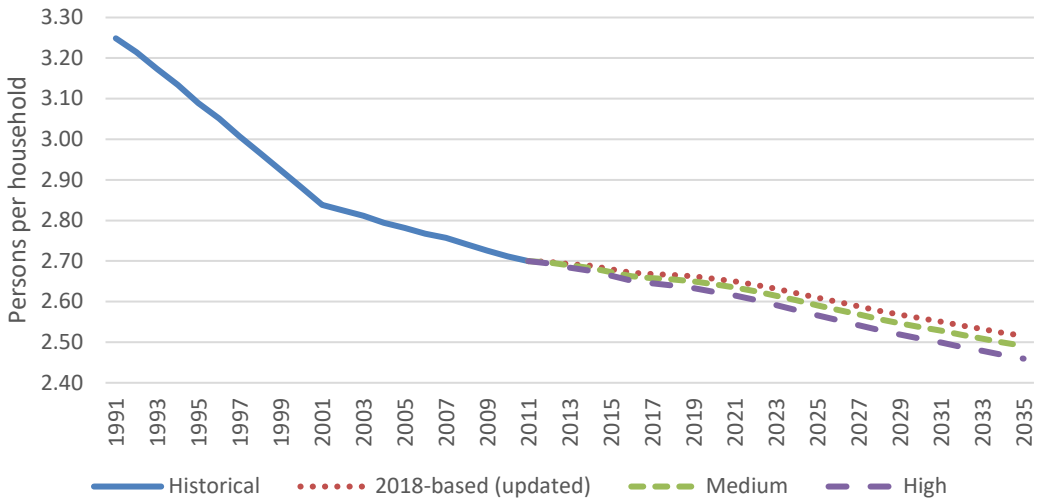


Table 5.4 Household projection scenarios, average household size, Fermanagh and Omagh

	2011	2018	2035	*Change, 2018-2035*
	Persons	*Persons*	*Persons*	*Persons*
NISRA 2016-based	2.70	2.66	2.52	*-0.14*
Updated (2018-based)	2.70	2.67	2.52	*-0.15*
Scenarios				
Medium growth	2.70	2.65	2.49	*-0.16*
High growth	2.70	2.64	2.46	*-0.18*

Sources: NISRA; Author's estimates.

The household projections for Mid Ulster are shown in Figure 5.5 and summarised in Table 5.5 (see Annex 5 for the summaries by HMA). They are derived by combining the AHS projections with the household population projections[26]. As the household population projections are the same in each

[25] In the 2018-based population projections, by 2035, the proportion aged 65+ is anticipated to rise to 24 per cent in Fermanagh and Omagh (Table 4.20) versus 20 per cent in Mid Ulster (Table 4.19).
[26] The household population projections are made by adjusting the NISRA total population projections for the population living in communal establishments, following the approach set out in NISRA's

scenario, the projected growth in the number of households varies across the scenarios in line with the assumptions for the trajectory of average household size (Figure 5.3).

Figure 5.5 Household projection scenarios, Mid Ulster
(Source: Author's estimates)

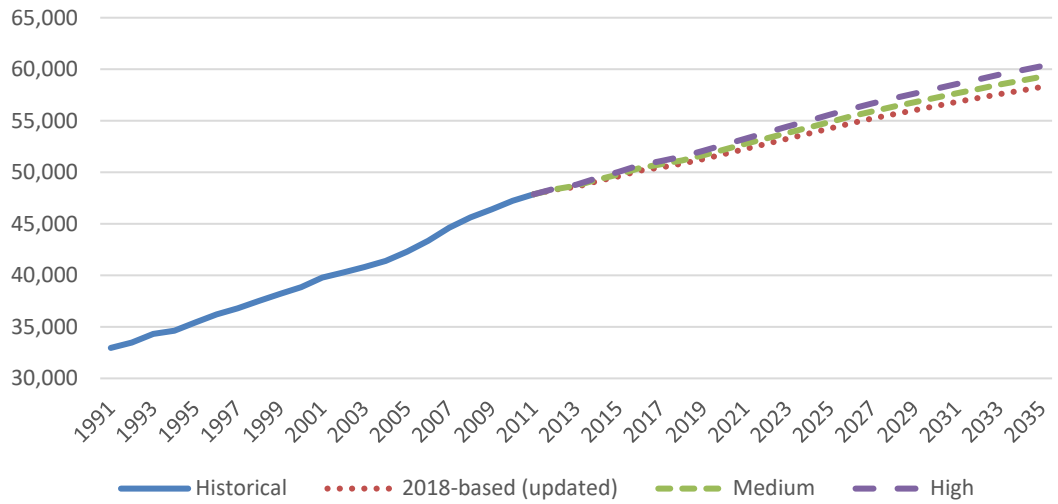


Table 5.5 Household projection scenarios, summary, Mid Ulster

	2018	2035	Change	
	No.	*No.*	*No.*	*%*
NISRA 2016-based	51,070	59,080	8,010	15.7
Updated (2018-based)	50,830	58,280	7,450	14.7
Scenario:				
Medium growth	51,160	59,270	8,110	15.8
High growth	51,540	60,300	8,760	17.0
Sources: NISRA; Author's estimates.				

As can be seen from Table 5.5, the projected number of households for the year 2035 in the updated 2018-based scenario for Mid Ulster is 800 lower than in NISRA's 2016-based projections. That is because the 2018-based

Methodology Report accompanying the 2016-based household projections. The household population accounts for the vast majority of the total resident population (99 per cent in both Mid Ulster and Fermanagh and Omagh in 2011). The household population projections therefore closely track the total population projections. As the population projections have been presented in Section 4, they are not discussed in this Section.

household population projections for Mid Ulster are lower than the 2016-based projections, by a margin of 2,780 in 2035.

The projections for Fermanagh and Omagh are shown in Figure 5.6 and summarised in Table 5.6. The numbers of projected households again vary across each scenario in line with the AHS assumptions (Figure 5.4).

Figure 5.6 Household projection scenarios, Fermanagh and Omagh (Source: Author's estimates)

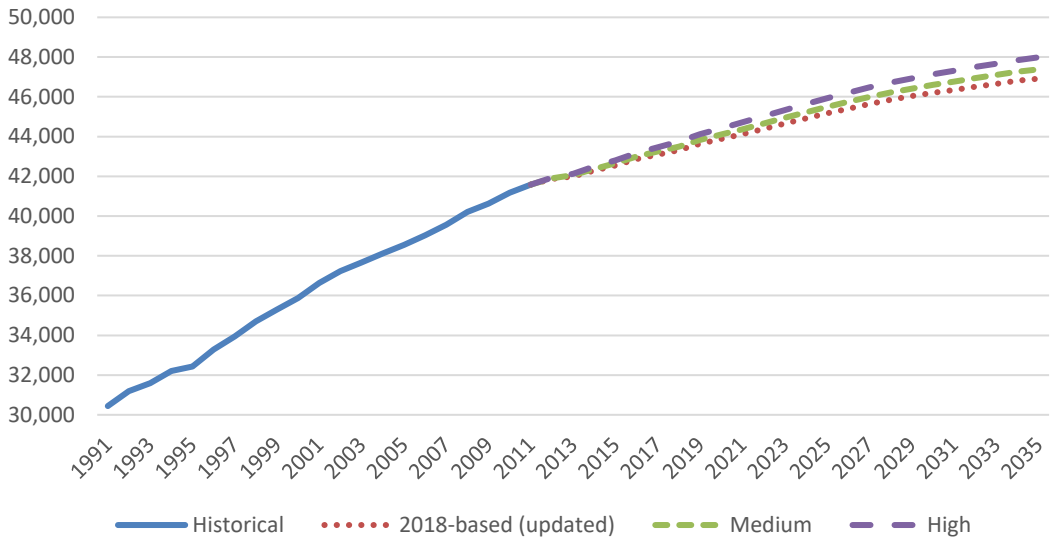


Table 5.6 Household projection scenarios, summary, Fermanagh and Omagh

	2018	2035	Change	
	No.	*No.*	*No.*	*%*
NISRA 2016-based	43,350	47,000	3,640	8.4
Updated (2018-based)	43,320	46,910	3,590	8.3
Scenario:				
Medium growth	43,500	47,380	3,880	8.9
High growth	43,750	47,990	4,240	9.7
Sources: NISRA; Author's estimates.				

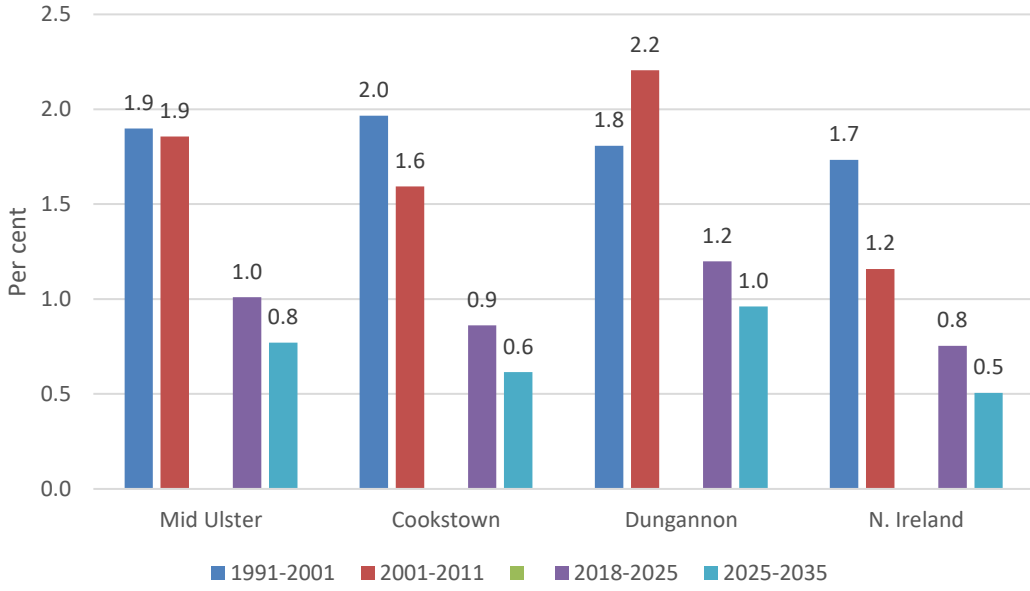
Across each of the scenarios, the household projections are shaped by the slower population growth projected for the period 2018 to 2035 by comparison with the historical growth in population (see Figures 4.25 and 4.26 in Section 4). Over the period 2018-2035, the Mid Ulster household population is projected to rise by 0.6 per cent per annum, down from 1.6 per cent per annum between 2001 and 2011. Similarly, household population

growth in Fermanagh and Omagh is projected to dip to 0.1 per cent per annum from 0.8 per cent per annum between 2001 and 2011.

The effect of slower household population growth will be offset to an extent by the anticipated drop in AHS over the projection period. However, the slower pace of household population growth is expected to drive a reduction in the rate of new household formation in future years. That is illustrated in the medium growth scenario in Figure 5.7 for the Mid Ulster LGD and its constituent HMAs and in Figure 5.8 for Fermanagh and Omagh.

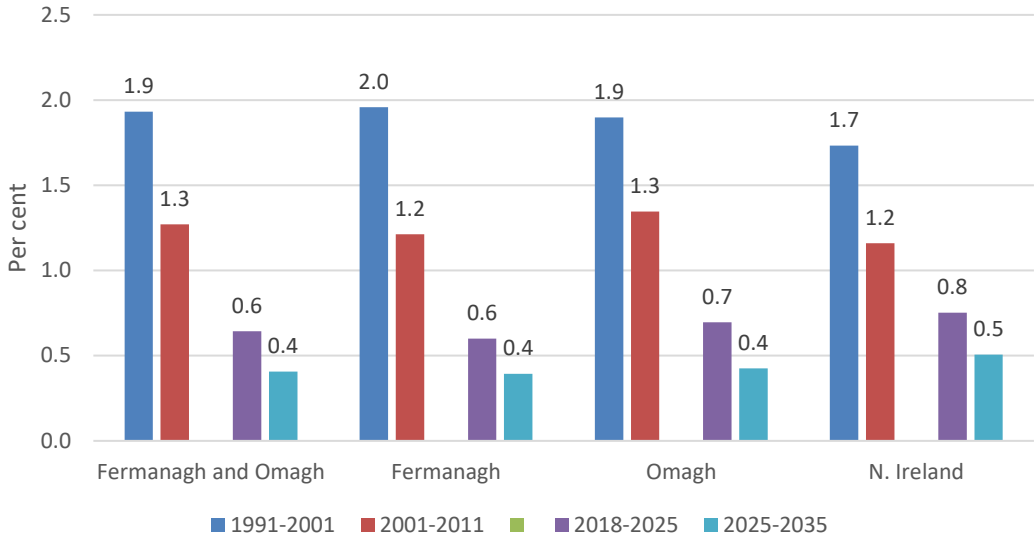
Thus, over the period 2018 to 2035, the number of households in Mid Ulster is projected to rise by 0.8-1.0 per cent per annum, compared with 1.9 per cent per annum in the period 2001-2011. A similar pattern is projected for both Cookstown and Dungannon, which in turn mirrors the Northern Ireland picture.

Figure 5.7 Households, per cent change per annum, historical (1991-2011) and projected (2018-2035), medium growth scenario, Mid Ulster



The outlook for Fermanagh and Omagh is comparable. Across the District, the medium growth scenario projects household growth of 0.6-0.4 per cent per annum over the period 2018 to 2035, down from 1.3 per cent per annum between 2001 and 2011. Within the District, the two HMAs are anticipated to grow at 0.4-0.7 per cent per annum, down from 1.2-1.3 per cent per annum between 2001 and 2011. Again, the trajectory of household growth is in line with the overall Northern Ireland trend.

Figure 5.8 Households, per cent change per annum, historical (1991-2011) and projected (2018-2035), medium growth scenario, Mid Ulster



The household growth scenarios play a key role in the projections for new dwelling requirements presented in Section 8 of this SHMA. The assessment of the scenarios for that purpose is presented and discussed in detail in Appendix A of the accompanying Northern Ireland report.

The assessment concluded that the medium growth scenario would best serve as the central scenario for the purpose of projecting new dwelling requirements. The high growth scenario is useful in considering upside risks to new dwelling requirement projections while the updated (2018-based) projections provide an indication of slower than expected growth.

The uncertainties around the rate of new household formation were an important ingredient in the selection of the medium growth scenario as the central scenario for projecting new dwelling requirements.

In the absence of up-to-date historical household formation data, a second element in the assessment was to compare the household projections with observed supply side changes that have actually occurred over the period since 2011. The rationale is that supply side changes ought to reflect the level and pattern of demand for housing, which may be expected to be linked with changes in the number of households.

The published Land and Property Services (LPS) Housing Stock Statistics provide a direct supply-side measure, i.e. the total number of dwellings available for occupation[27]. From the LPS data, between 2011 and 2020 there was a net increase in the Mid Ulster dwelling stock of 4,400 properties (Table 5.7). Over that same period, the updated 2018-based projections anticipate an additional 3,910 households, i.e. 89 per cent of the change in the housing stock. The medium growth projections indicate a net additional 4,340 households were formed (98 per cent of the change in the dwelling stock) while the high growth scenario indicates an additional 4,820 households formed over the period (109 per cent of the dwelling stock change).

The household projections for the Omagh and Fermanagh LGD can also be compared with the observed change in the stock of domestic properties. Between 2011 and 2020, the dwelling stock increased by 2,420 dwellings, which can be compared with an additional 2,300 households in the updated 2018-based projections (95 per cent of the change in dwellings), rising to 2,530 households (104 per cent) in the medium growth scenario and 2,840 (117 per cent) in the high growth scenario.

Table 5.7 The stock of domestic properties and household projections, changes 2011 to 2020, Mid-Western LGDs

	Domestic properties, change[1]	**Household projections, net changes[2]**		
		2018-based (updated)	Medium growth	High growth
	No.	*No.*	*No.*	*No.*
Mid Ulster	4,400	3,910	4,340	4,820
Fermanagh and Omagh	2,420	2,300	2,530	2,840
		Per cent of domestic properties		
Mid Ulster		88.9	98.5	109.3
Fermanagh and Omagh		94.9	104.3	117.2

1. Source: LPS, Housing Stock Statistics.
2. Authors' estimates.

[27] Land and Property Services publish annual data giving a count of properties valued as domestic or mixed for the purposes of rating. The counts refer to "properties in the Valuation List which are used for the purposes of a private dwelling".

It should be emphasised that the comparisons between the household projections and the dwelling stock changes have not been made to draw any conclusions regarding the balance between demand and supply in the housing market. Rather, the LPS dwelling counts are actual data, which provide relevant and interesting points of comparison for the household projections.

Within that context, the dwelling stock comparisons for the two HMAs should be viewed as in the nature of a 'sense check' on the assumptions underlying the household projection scenarios. From that perspective, the medium growth scenario works well for the Mid Ulster HMA. The scenario may seem to overstate household growth between 2011 and 2020 in Omagh and Fermanagh, albeit not by a wide margin, having regard to the uncertainties around household growth rates between 2011 and 2020. Those uncertainties will not be resolved until the publication of the results from the 2021 Census of Population.

The medium growth scenario is summarised in Table 5.8, for the Mid-Western LGDs, HMAs and the Cookstown HMA subareas. The subarea projections should be interpreted with caution, as uncertainties will be greater for smaller areas.

The household projections summarised in Table 5.8 play a central role in the new dwelling requirements projections presented in Section 8. The following points may be noted.

The number of households in the Dungannon HMA is projected to increase by almost 20 per cent between 2018 and 2035. That is almost double the projected growth across Northern Ireland as a whole (11 per cent) and is the largest percentage increase in the medium growth scenario across the 11 HMAs. The main driver in the growth of new households in the Dungannon HMA is the projected increase in the household population (+14.8 per cent).

With the household population growing slightly above the Northern Ireland average (6.4 per cent versus 4.6 per cent) and average household size falling by 0.17 persons, the Cookstown HMA is also expected to see above-average growth in the number of households, up by 13 per cent between 2018 and 2035.

The Fermanagh and Omagh HMAs are expected to see household growth rates of 8.4 and 9.5 per cent respectively. In those HMAs, falling AHS is the main driver of new household formation, offsetting below average increases in the household population.

Table 5.8 Households, population and average household size, projections, medium growth scenario, 2018-2035, Mid-Western HMAs

	2018	2025	2035	Change, 2018-2035	
				Period	Per annum
	No.	*No.*	*No.*	*%*	*%*
Households					
Mid Ulster	51,200	54,900	59,300	15.8	0.9
Cookstown	28,700	30,500	32,500	12.9	0.7
Cookstown subarea	12,500	13,300	14,000	11.6	0.6
Magherafelt subarea	16,200	17,300	18,400	13.9	0.8
Dungannon	22,400	24,400	26,800	19.6	1.1
Fermanagh and Omagh	43,500	45,500	47,400	8.9	0.5
Fermanagh	24,000	25,000	26,000	8.4	0.5
Omagh	19,500	20,500	21,400	9.5	0.5
N. Ireland				10.9	0.6
Household population					
Mid Ulster	146,400	154,000	161,200	10.1	0.6
Cookstown	82,500	85,500	87,800	6.4	0.4
Cookstown subarea	35,400	36,600	37,300	5.4	0.3
Magherafelt subarea	47,100	48,900	50,500	7.1	0.4
Dungannon	63,900	68,500	73,400	14.8	0.8
Fermanagh and Omagh	115,500	117,900	118,000	2.2	0.1
Fermanagh	63,200	64,400	64,500	2.1	0.1
Omagh	52,300	53,500	53,600	2.4	0.1
N. Ireland				4.6	0.3
Average household size					*Persons*
Mid Ulster	2.86	2.81	2.72		-0.14
Cookstown	2.87	2.80	2.71		-0.17
Cookstown subarea	2.82	2.76	2.66		-0.16
Magherafelt subarea	2.91	2.84	2.74		-0.17
Dungannon	2.85	2.81	2.74		-0.11
Fermanagh and Omagh	2.65	2.59	2.49		-0.16
Fermanagh	2.64	2.58	2.48		-0.16
Omagh	2.68	2.61	2.50		-0.17
N. Ireland	2.51	2.46	2.37		-0.14

Source: Author's estimates.

5.4 Key Points Summary

Historical data for the number of households at the geographical level required for this SHMA are only available from the decennial Census of Population, the most recent of which was taken in 2011.

Over the two decades 1991 to 2011, the number of households rose by 45 per cent in Mid Ulster, including +42 per cent in the Cookstown HMA and +49 per cent in the Dungannon HMA. At +37 per cent, the increase was lower in Fermanagh and Omagh, albeit still ahead of the Northern Ireland average (+33 per cent).

Over that period, the increase in the number of households was driven by the combination of household population growth and falling average household size (fewer people per household).

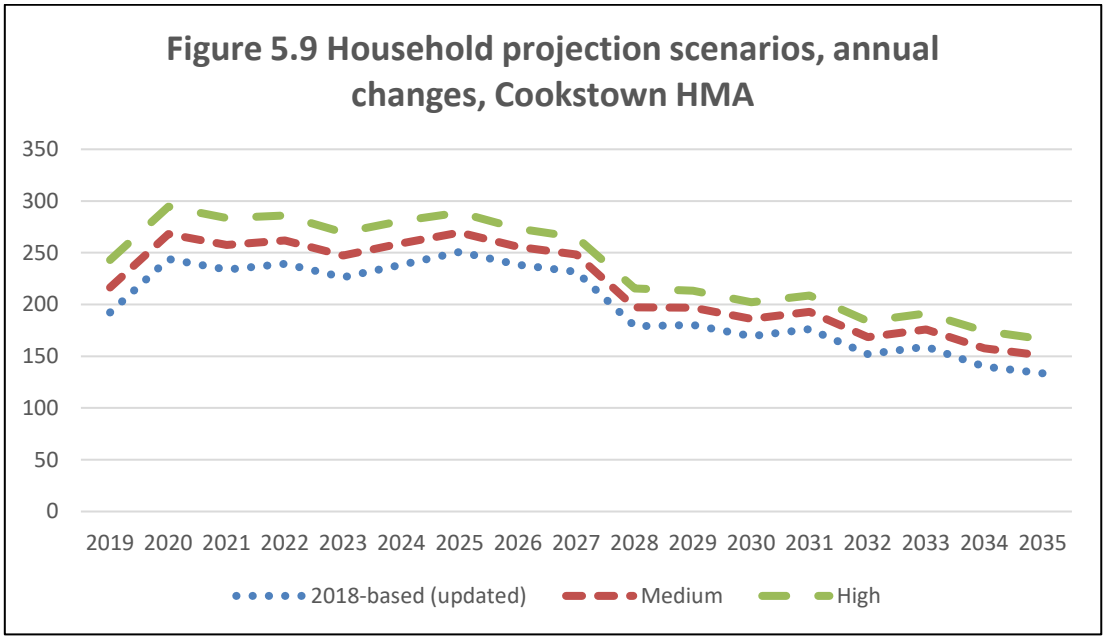
The most recent official population projections indicate that population growth will provide less of an impetus to household growth over the next 15 years. Consequently, household growth is likely to be slower than had been the case up to 2011.

However, there is uncertainty around the trend in average household size. The uncertainty is reflected in the range of scenarios that can be considered around the future evolution of average household size.

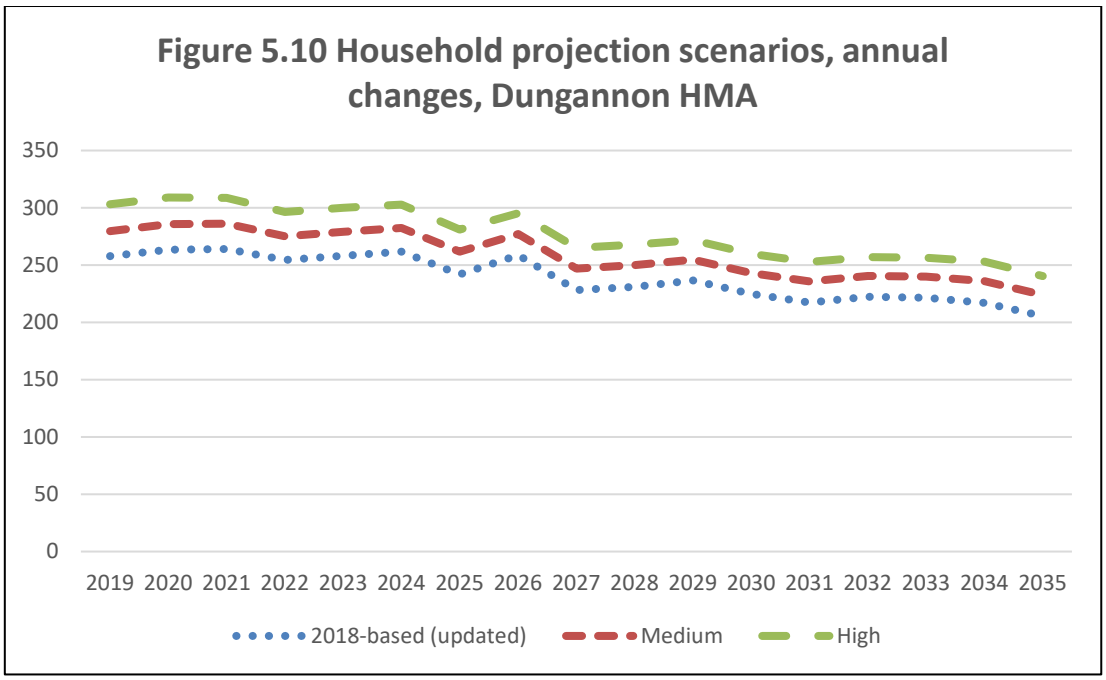
For this SHMA, the NISRA 2016-based household projections have been updated to take account of the 2018-based population projections. In addition, medium and high growth scenarios for household growth have been generated which are linked to the official population projections, but with varying assumptions around the trend in average household size. Compared to the medium growth scenario, average household size falls faster in the high growth scenario and more slowly in the updated scenario. Hence, the updated household projections yield a slower growth scenario.

For the Cookstown HMA, between 2018 and 2035 the medium growth scenario projects growth of 12.9 per cent in the number of households (+3,710 newly arising households). The updated scenario yields a slower rate of growth (+11.8 per cent or 3,380 newly arising households) while the fast growth scenario projects a rise of 14 per cent (+4,040 newly arising households).

The growth in the number of households is projected to be fastest in the period up to 2025. From the mid-2020s onwards, in each of the projection scenarios, household growth is projected to slacken in tandem with a slower pace of population growth (Figure 5.9).

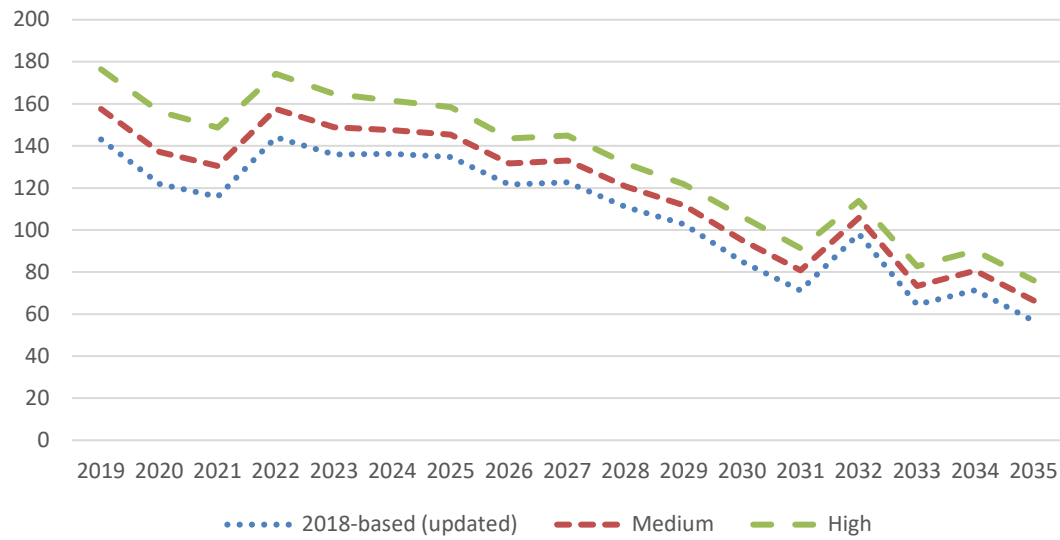


For the Dungannon HMA, between 2018 and 2035 the medium growth scenario projects growth of 19.6 per cent in the number of households (+4,400 newly arising households). The updated scenario yields a slower rate of growth (+18.3 per cent or +4,070 newly arising households) while the fast growth scenario projects a rise of 21 per cent (+4,720 newly arising households). The growth in the number of households is projected to be faster in the period through the mid-2020s (Figure 5.10). Though, as the Dungannon HMA is projected to be relatively fast-growing (almost double the Northern Ireland average of 11 per cent growth between 2018 and 2035), the projected slowdown is not as noticeable as in the Cookstown HMA.



For the Fermanagh HMA, between 2018 and 2035 the medium growth scenario projects growth of 8.4 per cent in the number of households (+2,020 newly arising households). The updated scenario yields a slower rate of growth (+7.7 per cent or 1,840 newly arising households) while the fast growth scenario projects a rise of 9.3 per cent (+2,240 newly arising households). With a slow-growing and ageing population, the projected newly arising households per annum tapers off from the early-2020s onwards (Figure 5.11).

Figure 5.11 Household projection scenarios, annual changes, Fermanagh HMA



For the Omagh HMA, between 2018 and 2035 the medium growth scenario projects growth of 9.5 per cent in the number of households (+1,860 newly arising households). The updated scenario yields a slower rate of growth (+9 per cent or 1,760 newly arising households) while the fast growth scenario projects a rise of 10.2 per cent (+2,000 newly arising households).

Similar to Fermanagh, the projected newly arising households per annum tapers off from the early-2020s onwards, again reflecting slower population growth and an ageing population (Figure 5.12).

As the future path of household growth plays the major role in the level of demand for housing, the household growth scenarios are key inputs to projecting future housing requirements.

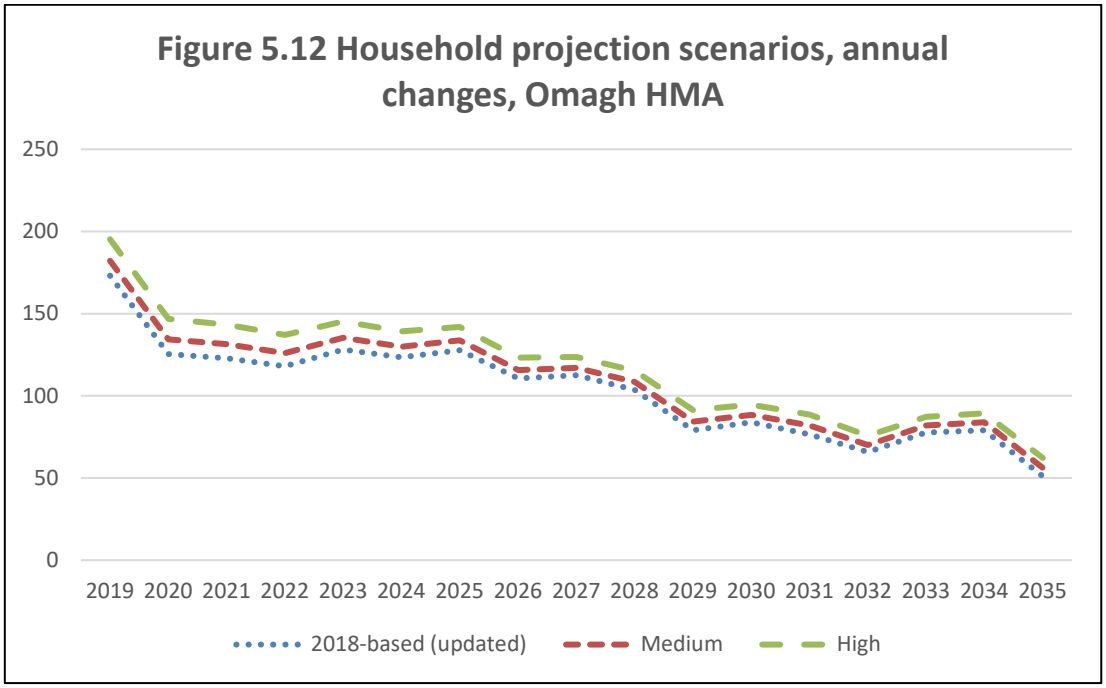


Figure 5.12 Household projection scenarios, annual changes, Omagh HMA
250
200
150
100
50
0
2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031 2032 2033 2034 2035
2018-based (updated)
Medium
High

Annex 5 Household Projection Scenarios by HMA: Summaries

Table A5.1 Household projection scenarios, summary, Cookstown HMA

	2018	2035	Change	
	No.	*No.*	*No.*	*%*
NISRA 2016-based	28,670	32,520	3,850	13.4
Updated (2018-based)	28,560	31,950	3,380	11.8
Scenario:				
Medium growth	28,740	32,450	3,710	12.9
High growth	28,950	32,990	4,040	14.0
Sources: NISRA; Author's estimates.				

Table A5.2 Household projection scenarios, summary, Dungannon HMA

	2018	2035	Change	
	No.	*No.*	*No.*	*%*
NISRA 2016-based	22,390	26,560	4,160	18.6
Updated (2018-based)	22,260	26,330	4,070	18.3
Scenario:				
Medium growth	22,420	26,820	4,400	19.6
High growth	22,590	27,310	4,720	20.9
Sources: NISRA; Author's estimates.				

Table A5.3 Household projection scenarios, summary, Fermanagh HMA				
	2018	**2035**	**Change**	
	No.	*No.*	*No.*	*%*
NISRA 2016-based	23,850	25,720	1,870	7.9
Updated (2018-based)	23,840	25,680	1,840	7.7
Scenario:				
Medium growth	23,950	25,970	2,020	8.4
High growth	24,100	26,340	2,240	9.3
Sources: NISRA; Author's estimates.				

Table A5.4 Household projection scenarios, summary, Omagh HMA				
	2018	**2035**	**Change**	
	No.	*No.*	*No.*	*%*
NISRA 2016-based	19,510	21,280	1,770	9.1
Updated (2018-based)	19,480	21,240	1,760	9.0
Scenario:				
Medium growth	19,550	21,410	1,860	9.5
High growth	19,650	21,650	2,000	10.2
Sources: NISRA; Author's estimates.				

6 Housing Market

6.1 Introduction

This Section presents a review of housing market trends under the following headings:

- House prices.
- Jobs and incomes.
- House price to earnings ratios.
- Residential property transactions.
- Completions.
- Private sector rents.
- Receipt of Housing Benefit.
- Tenure.

In reviewing the residential property market, the conclusion drawn in the previous SHMAs was that, by 2019, the Northern Ireland housing market had largely recovered from the severe and protracted downturn that followed the 2005-2007 house price boom. That issue is assessed separately at Northern Ireland level in Appendix B of the accompanying Northern Ireland report. That review concluded that the sharp price adjustment that lasted until spring 2013 led to improved affordability and, by 2019, a recovery to more sustainable levels of activity in the mortgage market and residential property transactions.

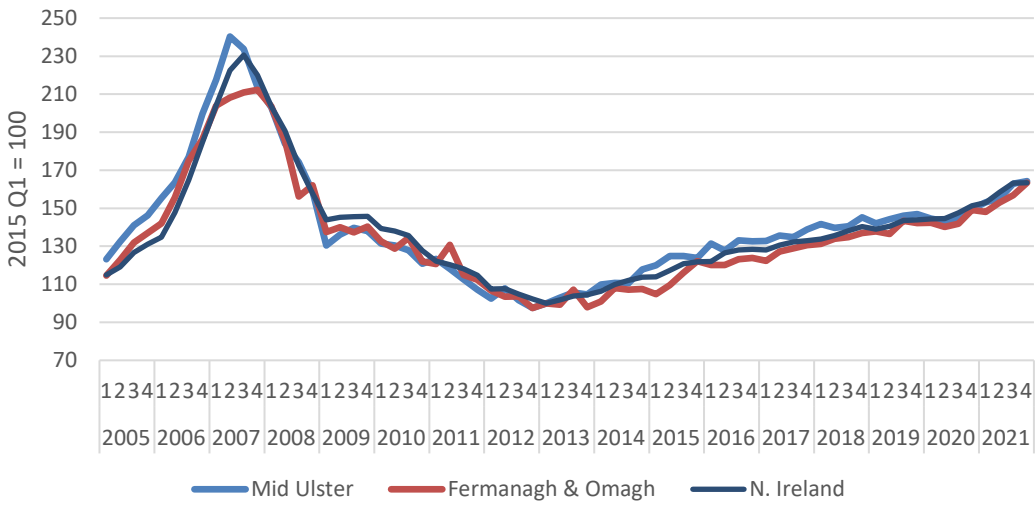
The extent to which the recovery in the Northern Ireland market has been shared by the Mid-Western HMAs is a central focus also of this Section. Of course, since spring 2020, the Covid-19 pandemic has had wide-ranging effects on the economy and society and has been highly disruptive in the housing market.

The full impacts of the Covid-19 pandemic are not yet known, particularly in relation to distinguishing short-term effects that will unwind as the pandemic is brought under control from longer-term effects that may persist. Within the constraints on data availability, the approach taken in this Section is to provide up-dated data on the position in 2020-21 and comment on what can be observed to date.

6.2 House Prices

Reflecting the influence of common factors such as mortgage interest rates and the economic cycle, house price movements in the Mid Ulster and Fermanagh and Omagh LGDs[28] have broadly followed the path of the Northern Ireland House Price Index (Figure 6.1). In the period of rapid house price inflation between 2005 and 2007, prices peaked in Mid Ulster in the second quarter of 2007 and the first quarter of 2008 in Fermanagh and Omagh, approximately coincident with the Northern Ireland peak (2007 Q3). In the subsequent period of sharply falling house prices, the trough was reached in each LGD in the first quarter of 2013. By then, house prices had more than halved, falling to 43 per cent of their peak in Mid Ulster and 47 per cent in Fermanagh and Omagh. The corrections nonetheless resulted in a marked improvement in affordability in both areas, which underpinned the post-2013 recovery.

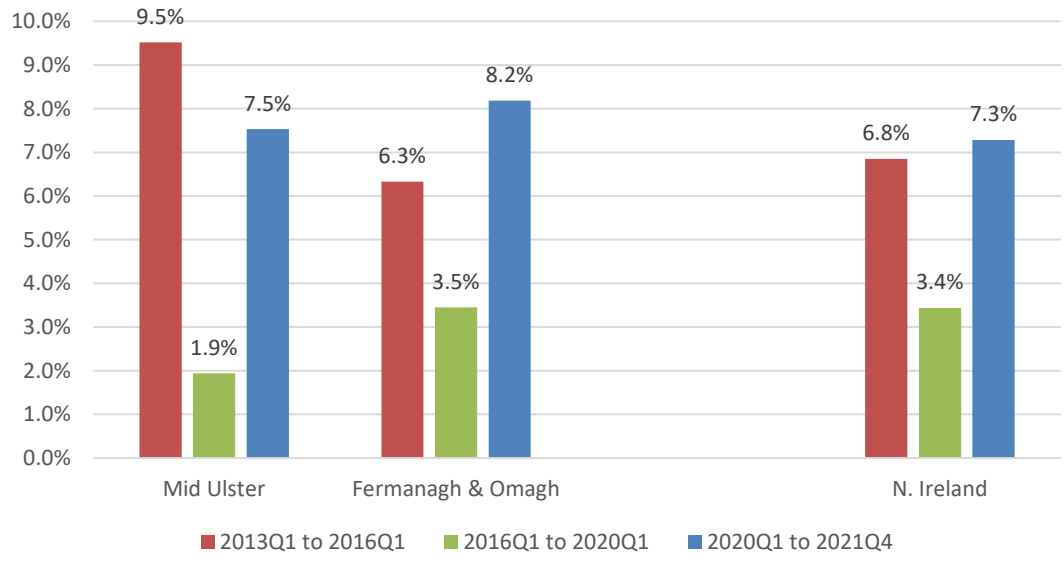
Figure 6.1 House price index - 2013 Q1 = 100 (Source: LPS, NI House Price Index)



Since the 2013 trough, and through the first quarter of 2020, the NIHPI rose by 44 per cent, faster in the initial stages of the recovery (6.8 per cent per annum between 2013 Q1 and 2016 Q1) and at a more modest pace between 2016 and the first quarter of 2020 (3.4 per cent per annum) (Figure 6.2). Mid Ulster prices rose more quickly in the recovery phase (9.5 per cent per annum) but lagged between 2016 and 2020 Q1 (1.9 per cent per annum). Over the same period, Fermanagh and Omagh prices rose in tandem with the Northern Ireland average.

[28] Quarterly house prices are published for the 11 new LGDs, but not for geographical units below LGD level, hence the use of the LGD data to track the most recent trends.

Figure 6.2 Annual per cent change in house prices, 2013Q1 to 2021Q4 (Source: LPS, NI House Price Index)



Along with the rest of Northern Ireland, the rate of house price growth in both HMAs quickened following the onset of the Covid-19 pandemic in spring 2020 (Figure 6.2). Between the first quarter of 2020 and the final quarter of 2021, Mid Ulster prices rose by 14 per cent, equivalent to an annualised 7.5 per cent rate of increase, about in line with the Northern Ireland average (+13 per cent over the period, an annualised rate of 7.3 per cent). Fermanagh and Omagh house prices rose by 15 per cent, giving an annualised rate of 8.2 per cent.

As can be seen from Figure 6.1, the Northern Ireland average rate of increase slowed in the fourth quarter of 2021, when the average price of a house rose by just 0.1 per cent compared to the previous quarter. That slowdown was not so evident in Mid Ulster, where the quarter on quarter rise was 0.8 per cent. The slowdown was even less apparent in Omagh and Fermanagh where fourth quarter prices in 2021 were 4.2 per cent above their third quarter level, albeit the LGD had been lagging the Northern Ireland average rate of increase through much of the period since 2020 Q1.

It would not be prudent to place too much weight on a single quarter house price change, especially at LGD level where house price movements can be erratic. Nonetheless, higher interest rates and rising inflation, leading to pressures on household incomes, can be expected to moderate buyer demand and a reduction in the rate of house price growth can be anticipated. That is also consistent with the expectation of market commentators. For example, Property Pal's June 2022 Housing and Economic Monitor forecasts Northern Ireland house price growth of 3.2 per cent in 2022, rising modestly to 3.8 per cent by 2024.

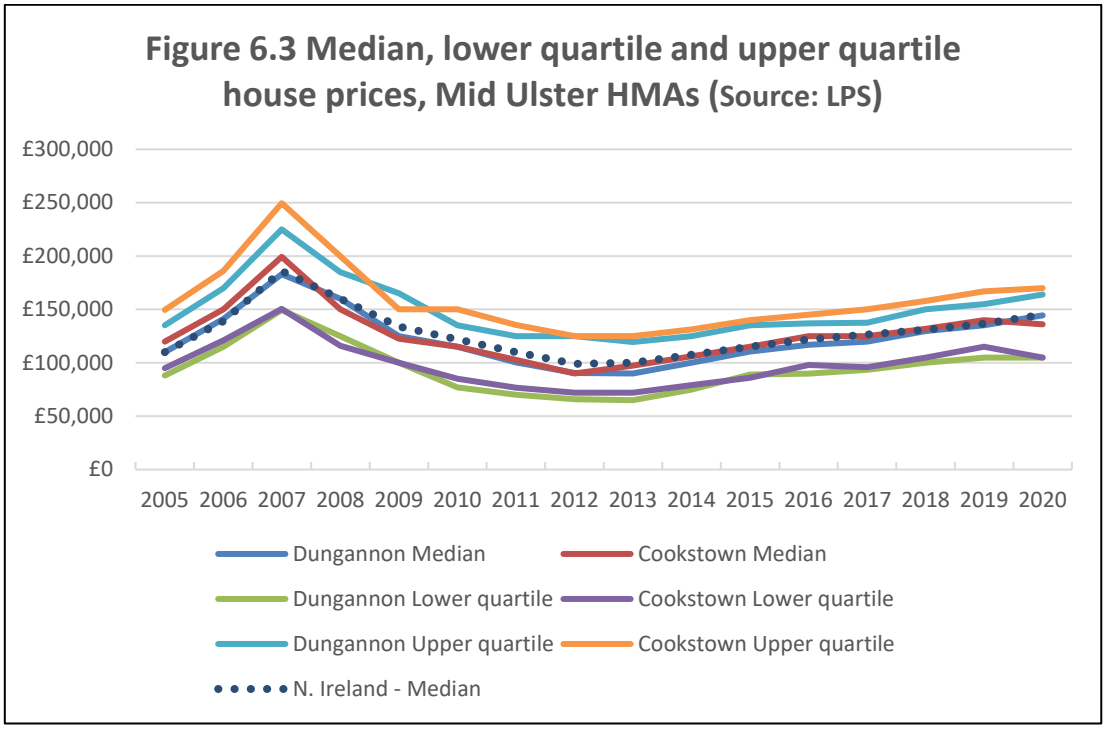
While average house prices vary considerably from one local area to another, it is clear from Figure 6.1 that, notwithstanding quarterly fluctuations, the rate at which prices change at LGD level is highly correlated with the Northern Ireland average. That would suggest that house price growth in the Mid-Western area will follow the Northern Ireland average to a lower trajectory over the next 2-3 years.

Consultees for this SHMA shared that expectation of a softening of house price growth in the Mid-Western area. Prices initially rose sharply due to the release of pent-up demand following the lifting of the spring 2020 lockdown, but that effect may be expected to have unwound at this juncture. Notwithstanding a more restrictive stance by banks in 2020, with rising demand, house prices gained from a low interest rate environment.

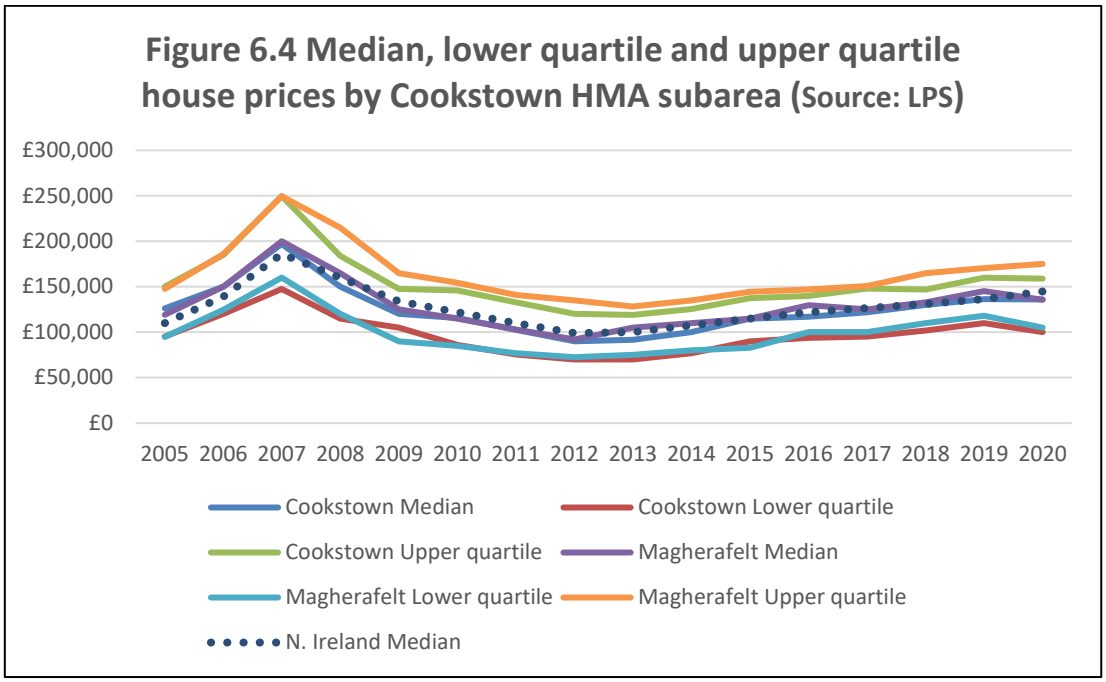
Nonetheless, consultees did not expect a decline. One reason for that is debt taken on to purchase housing during the pandemic period is viewed as more sustainable than in the house price boom of the 2000's. For example, household savings rose sharply in 2020, as restrictions curtailed discretionary spending on travel, etc., which enabled larger deposits to be made than might otherwise have been the case.

House prices at HMA level are only available on an annual basis through 2020. Nonetheless, it is apparent that median as well as upper and lower quartile house prices within each of the four HMAs and also the Cookstown HMA subareas have broadly followed the house price cycle since 2005 (see Figures 6.3 to 6.5. See also Box 6.A). Focusing first on the Mid Ulster HMAs, median house prices in 2019, prior to the pandemic, stood at £140,000 in Cookstown and £135,000 in Dungannon, about on a par with the Northern Ireland median of £136,500. In 2020, median and upper quartile house prices in Dungannon rose while the lower quartile was unchanged. That would suggest, at least in the initial stages of the pandemic, an increase in demand for larger property types and/or sizes higher up the price distribution.

Upper quartile prices also rose in the Cookstown HMA in 2020. However, in contrast to Dungannon, and the wider trend across Northern Ireland, median and lower quartile house prices in 2020 in the Cookstown HMA were lower than in 2019. That contrast is difficult to interpret, especially as the Cookstown HMA median price level was at or slightly above the Northern Ireland median between 2016 and 2019. However, as discussed later in this Section, the number of sales in the Cookstown area fell sharply in 2020 (-25 per cent), more so than in Dungannon (-12 per cent) or Northern Ireland as a whole (-15 per cent). The 2020 drops in median and lower quartile prices should be viewed within that context.

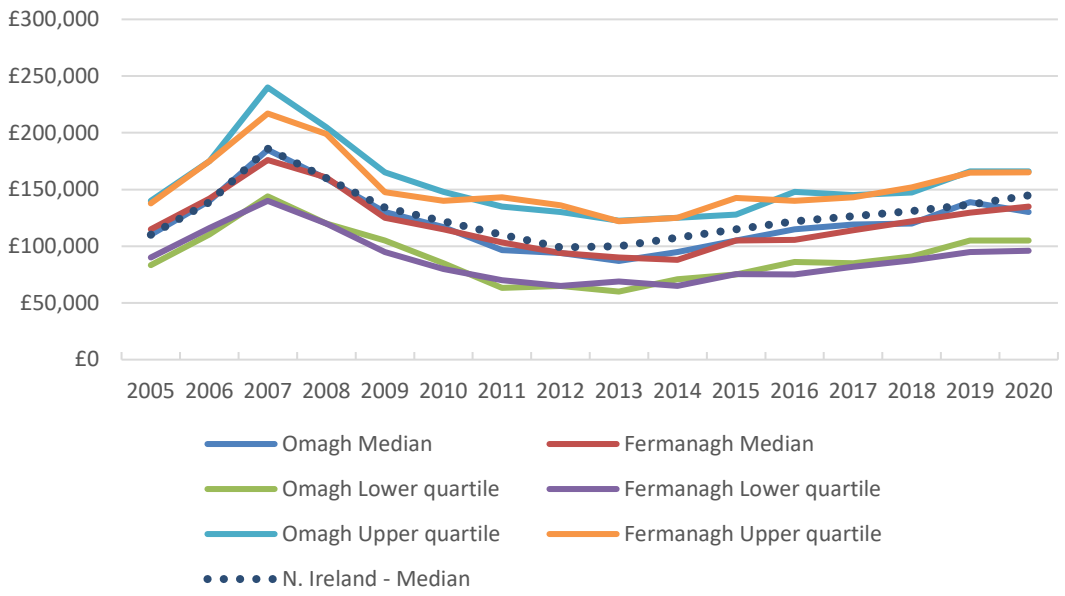


Within the Cookstown HMA, the median house price has typically been slightly higher in the Magherafelt subarea than in the Cookstown subareas (Figure 6.4), albeit the Magherafelt median fell in 2020 while the Cookstown median remained constant. Similar to the HMA, lower quartile prices fell in both subareas in 2020. Though, against a backdrop of sharply falling sales volumes in 2020, in both subareas, the falls should not be over-emphasised.



In both the Fermanagh and Omagh HMAs, house prices across the distribution have generally tracked the house price cycle, including the recovery from 2013 through 2019 (Figure 6.5). Similar to the Mid Ulster HMAs, 2020 was somewhat of an exception. In the Omagh HMA, the median house price fell while the lower and upper quartiles remained unchanged. In that HMA, the number of transactions also fell sharply in 2020, by 24 per cent, so interpretation is difficult. In the Fermanagh HMA, the pandemic had less of an effect on sales volumes, down by 10 per cent in 2020. Nonetheless, the median house price rose slightly while the lower and upper quartiles remained unchanged on their 2019 values.

Figure 6.5 Median, lower quartile and upper quartile house prices, Fermanagh and Omagh HMAs (Source: LPS)



Box 6.A Median and quartile values

The **median** is the middle value in a set of numbers arrayed in rank order from lowest to highest. That is, 50 per cent of values lie below the median and 50 per cent lie above the median. For example, across the Cookstown HMA, the median value of all dwellings sold in 2019 was £140,000. In that year, half the dwellings sold had a value below £140,000 while the remaining half sold for more than £140,000. As it lies in the middle of a distribution, median values are less affected by extremely high (or low) values. For that reason, the median is often used to measure the 'typical' value at which a property sells.

In an ordered set of numbers, the **lower quartile** is the value separating the 25 per cent of lowest-valued numbers from the rest of the distribution. For example, across the Cookstown HMA, the lower quartile value of all

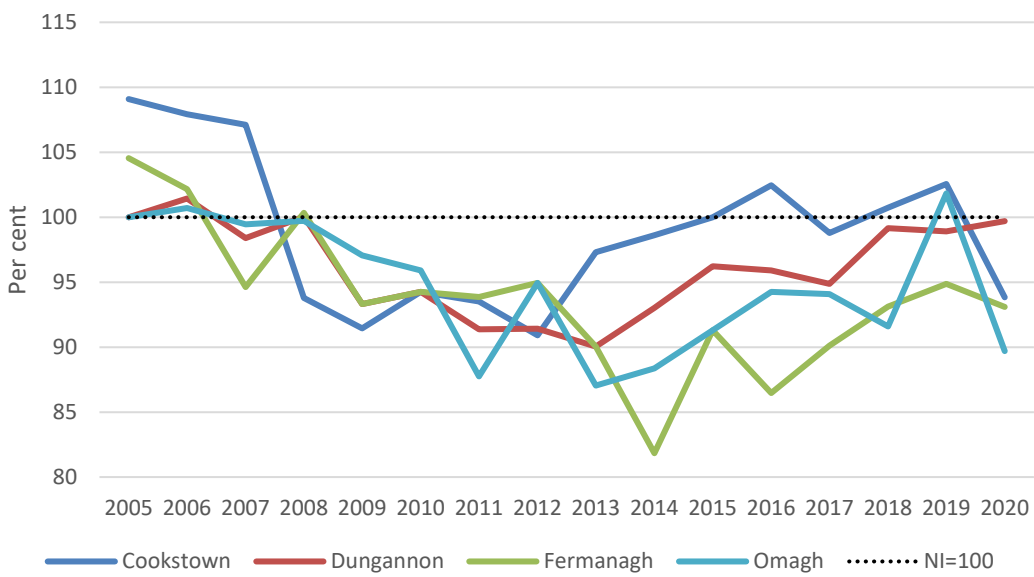
Box 6.A Median and quartile values

dwellings sold in 2019 was £105,000. In that year, 25 per cent of the dwellings sold had a value below £105,000 while the remaining three-quarters sold for more than £105,000. In a housing market analysis, the lower quartile is often selected as the entry point for first-time buyers.

Similarly, the **upper quartile** is the value separating the 25 per cent of highest-valued numbers in the distribution. The upper quartile will typically be accessed by households who are not constrained by affordability.

Over the past decade, median house prices in the Mid-Western HMAs have been at or below the Northern Ireland median. In Cookstown, the median has been slightly higher than the Northern Ireland median since 2016, but only by about 3-4 per cent (Figure 6.6). The Dungannon median has been edging up since 2013, but without surpassing the Northern Ireland median. Fermanagh and Omagh have been below the Northern Ireland average, by a margin of 5-9 per cent consistently over the last decade, with the single exception of Omagh in 2019.

Figure 6.6 Median house prices as per cent of Northern Ireland median, Mid-Western HMAs (Source: LPS)



Given the profile of residential transactions by property type across the HMAs, the relative median house price levels in the Mid-Western HMAs can be viewed as anomalous. As can be seen from Figure 6.7, in the Fermanagh and Omagh HMAs, detached dwellings account for almost one in two

transactions, compared with the Northern Ireland average of less than one in three (30 per cent). As detached dwellings typically attract a higher price compared to other property types (Figure 6.8), the higher shares of detached dwellings might be expected to push the Fermanagh and Omagh median prices above the Northern Ireland average.

Figure 6.7 Transaction shares by property type, 2019
(Source: LPS)

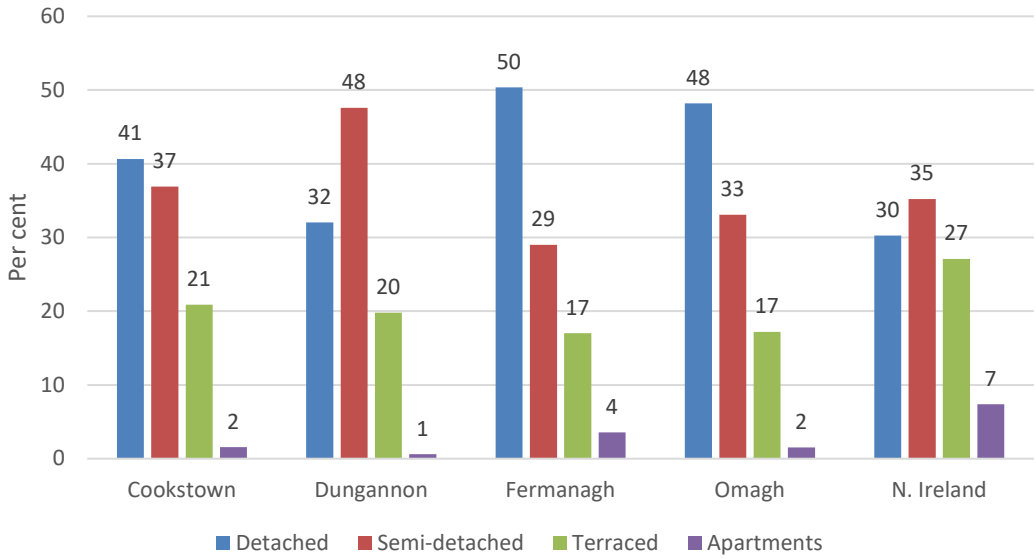
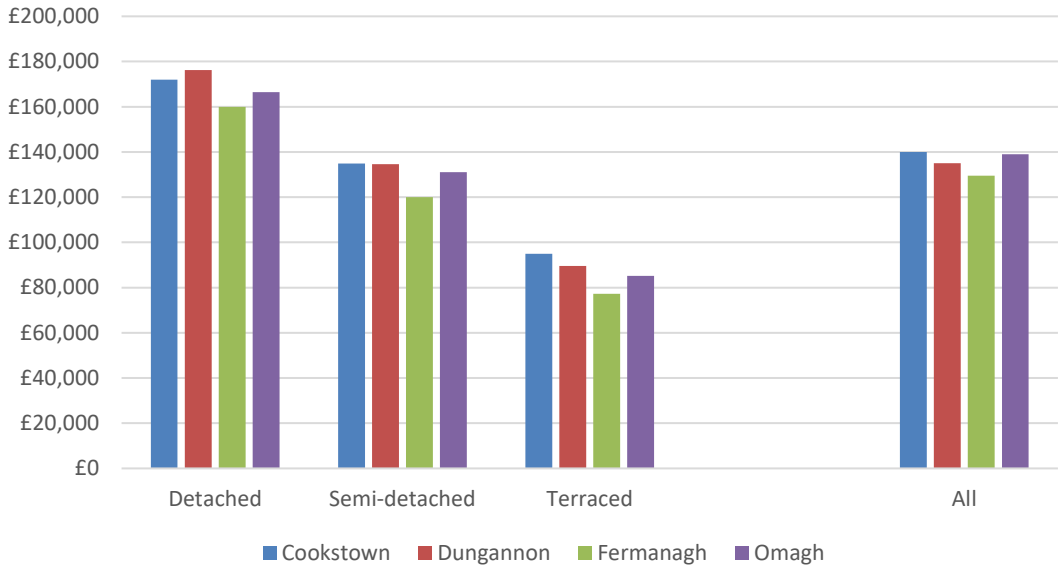


Figure 6.8 Median house prices by property type, 2019
(Source: LPS)



Detached dwellings are less prominent in the Mid Ulster HMAs, albeit the share is still relatively high in Cookstown (41 per cent). Nonetheless, in both those HMAs, the proportion of sales accounted for by terraced dwellings and apartments is below the Northern Ireland average. There are too few sales of apartments in the Mid-Western HMAs to publish median values, but it can be seen from Figure 6.8 that terraced dwellings sell at lower prices than detached or semi-detached properties.

The contrast between above-average shares of higher-priced property types and relative median prices at or below the Northern Ireland median points to a property mix effect in the median house price values for all properties within the Mid-Western HMAs.

In the Fermanagh HMA, median house prices for each of the main property types are substantially below the comparable Northern Ireland median values for those property types, ranging from 81 per cent of the Northern Ireland median for detached properties to 84 per cent for terraced properties (Table 6.1). However, as higher-valued detached properties account for 50 per cent of transactions, the all-properties median for the HMA is closer to the Northern Ireland median (91 per cent).

Table 6.1 Median and lower quartile house prices, per cent of Northern Ireland, 2016-2019 average

	Cookstown	Dungannon	Fermanagh	Omagh
	NI=100	*NI=100*	*NI=100*	*NI=100*
Median				
All	**101**	**97**	**91**	**96**
Detached	90	91	81	84
Semi-detached	100	98	83	92
Terraced	106	100	84	94
Apartments	n.a.	n.a.	n.a.	n.a.
Lower quartile				
All	**112**	**105**	**92**	**99**
Detached	95	93	80	86
Semi-detached	106	99	82	95
Terraced	110	106	92	103
Apartments	n.a.	n.a.	n.a.	n.a.

Sources: LPS; Authors' calculations.

From Table 6.1 it can be seen that the property mix effect in the Fermanagh HMA is also evident at the lower quartile of house prices. At both the median and the lower quartile, the strength of that property mix effect would suggest

that, for a given property type, house prices are below average in the Fermanagh HMA. Though, it should be appreciated that property type does not encapsulate all of the factors that affect house values, e.g. whether new build or an existing dwelling, number of rooms, accessibility, etc.

The property mix effect is also apparent in the Omagh HMA, albeit less pronounced as, for each property type, house values are closer to the Northern Ireland average both at the median and lower quartile. In the Omagh HMA, lower quartile terraced properties are an exception, averaging three per cent above the comparable Northern Ireland figure between 2016 and 2019. Nonetheless, the mix effect suggests that, in the Omagh HMA, house prices are typically below the Northern Ireland average for detached properties at both the median and lower quartiles. At the lower quartile, prices are close to parity for semi-detached and terraced properties.

The property mix effect is less evident in the Mid Ulster HMAs. In the Dungannon HMA, where semi-detached dwellings account for close to half of all transactions, the median value of such properties is close to parity with the Northern Ireland median value for that property type. Thus, the all-properties median for Dungannon is close to the Northern Ireland median (97 per cent), even though the median value of detached properties is nine per cent lower than the Northern Ireland median for detached properties[29]. At the lower quartile, terraced dwellings are slightly above the comparable Northern Ireland average, by a margin of six per cent. As such dwellings will tend to cluster within the lower quartile when all properties are arrayed by sales value, that differential feeds through to the all-properties lower quartile house price, which is five per cent above the Northern Ireland lower quartile for all properties. The conclusion to be drawn is that house prices in the Dungannon HMA are broadly aligned with the Northern Ireland average.

In the Cookstown HMA, the all-properties median value is also aligned with the Northern Ireland average. By contrast, the lower quartile value for all properties is 12 per cent above the Northern Ireland value for that property type. Primarily, that is because lower quartile values for both terraced and semi-detached dwellings are above their comparable Northern Ireland values for each of those property types. That would suggest that, in the Cookstown HMA, at the lower quartile of the house price distribution, house prices are relatively high when compared with the Northern Ireland average.

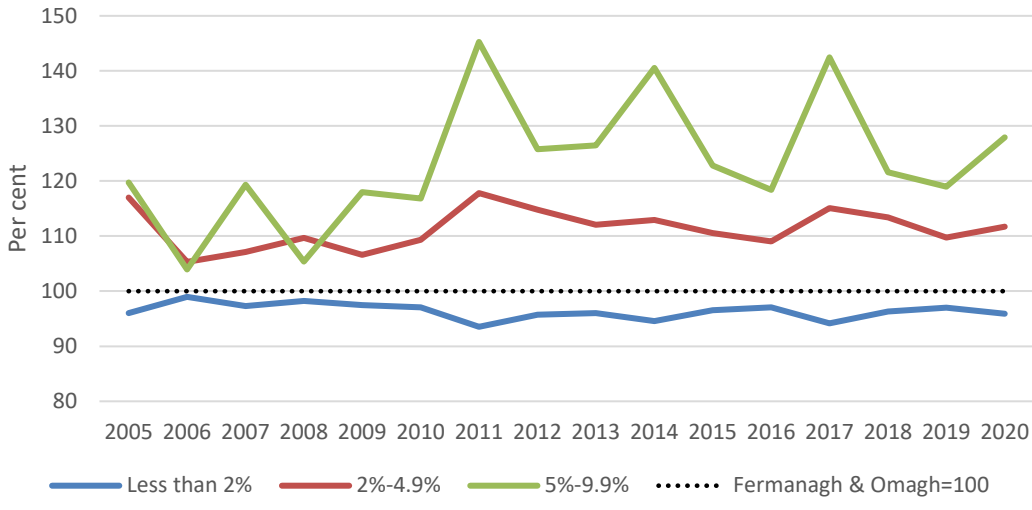
The conclusions drawn above regarding relative median and lower house prices across the four HMAs do not necessarily lead to conclusions around house purchase affordability. That depends also on factors such as relative household incomes, which are discussed later in this section. Thus, for example, it cannot be concluded at this juncture that there is an affordability

[29] That differential is reflected in the upper quartile for all properties, which is 86 per cent of the Northern Ireland median in Dungannon.

problem in Dungannon but not in Fermanagh. A second point to note is that the analysis has focused on both the median and lower quartile points in the house price distribution. The latter is typically used in assessing first-time buyer affordability. However, in addition to its role as a market indicator, the median is also relevant to the analysis of affordability in Northern Ireland. The dwelling price threshold for the main affordable housing product, shared housing, is £175,000, which is 21 per cent above the Northern Ireland median (£144,950 in 2020).

Finally, it is useful to briefly consider second homes within the Fermanagh HMA. As discussed in Section 3, while they are concentrated in areas around the Lakes, they tend to be relatively dispersed. The second homes cluster within the Fermanagh HMA can only be analysed at Ward level. Median and lower quartile house values are only very sparsely available at that geographic level. It is therefore necessary to rely on mean house prices at Ward level. The mean values are not mix-adjusted and, unlike the median, can be affected by a few extreme values. Bearing those caveats in mind, Figure 6.9 shows time series for mean house prices, indexed to the Fermanagh and Omagh average, in clusters of Wards with above-average proportions of dwellings classified as second homes at the time of the 2001 Census of Population. As can be seen, the relative mean values in second homes clusters have fluctuated over the period since 2005. However, relative to the Fermanagh and Omagh average, mean values of house prices in Wards outside the second homes clusters have moved within a narrow range (95-99 per cent). The findings would suggest that higher house prices within the second homes clusters do not spill over into house prices more widely across Fermanagh and Omagh.

Figure 6.9 Mean house prices, second homes clusters compared with rest of Fermanagh and Omagh, per cent of average (Source: Calculated from LPS data)



6.3 Jobs and Incomes

The Northern Ireland labour market was badly affected by the Great Recession of 2008-09 that occurred alongside the housing market downturn. Between 2008 and 2012, employee jobs fell by almost six per cent. Since 2012, and prior to the onset of the coronavirus pandemic, the Northern Ireland labour market had been performing strongly, posting a 14 per cent rise in employee job numbers between 2012 and 2019 (Table 6.2 and Figure 6.10).

The Mid Ulster HMAs performed particularly strongly between 2012 and 2019, with employment growing at 28 per cent, double the Northern Ireland rate of expansion. The Dungannon and Cookstown HMAs grew at rates comparable to the LGD average (Figure 6.10), as did the Cookstown subareas. The Mid Ulster growth was fuelled by rising manufacturing employment, which rose by over 40 per cent between 2012 and 2019. By 2019, manufacturing accounted for 28 per cent of employee jobs in Mid Ulster, well above the Northern Ireland average (11 per cent) (Figure 6.11). The growth in manufacturing jobs was one of the factors underpinning the strong positive net international migration inflows discussed in Section 4 above, particularly into the Dungannon area. The Mid Ulster HMAs suffered a drop in employment in 2020 (-0.8 per cent), the first year of the pandemic, in line with the Northern Ireland average (-0.9 per cent). From the review of employment trends at Northern Ireland level, the job losses in Mid Ulster are likely to have been reversed in the rebound from the pandemic.

Table 6.2 Employee jobs, per cent change

	2012-2019	2019-2020	2012-2020
	%	*%*	*%*
Mid Ulster	**28.3**	**-0.8**	**27.3**
Cookstown HMA	30.0	-0.8	29.0
Cookstown subarea	29.5	-0.8	28.5
Magherafelt subarea	30.5	-0.8	29.5
Dungannon HMA	26.4	-0.8	25.4
Fermanagh and Omagh	**12.3**	**1.3**	**13.8**
Fermanagh HMA	13.3	1.3	14.8
Omagh HMA	11.2	1.3	12.7
N. Ireland	**13.8**	**-0.9**	**12.7**

Source: NISRA, Business Register and Employment Survey (BRES).

Figure 6.10 Employee jobs, 2012=100 (Source: NISRA, BRES)

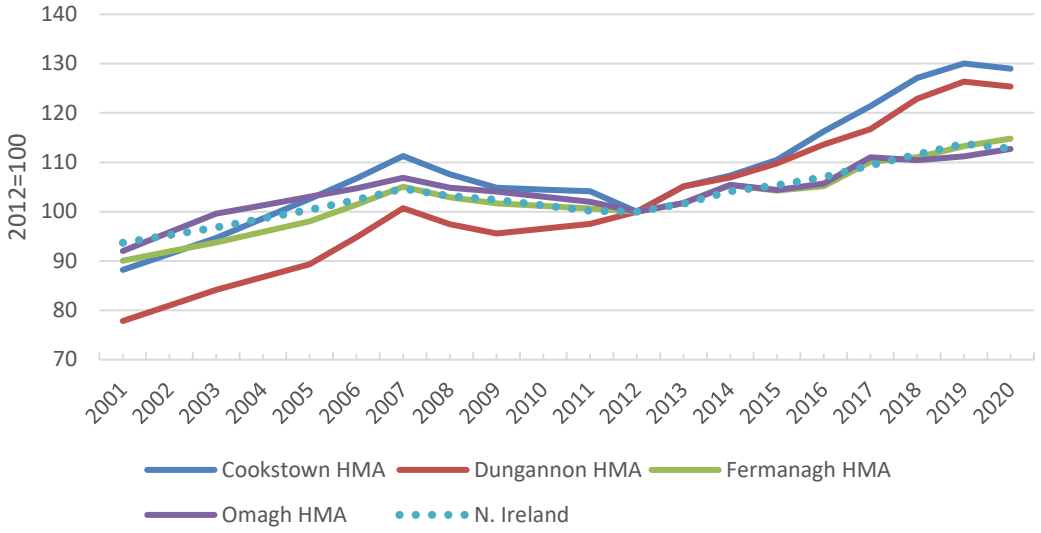
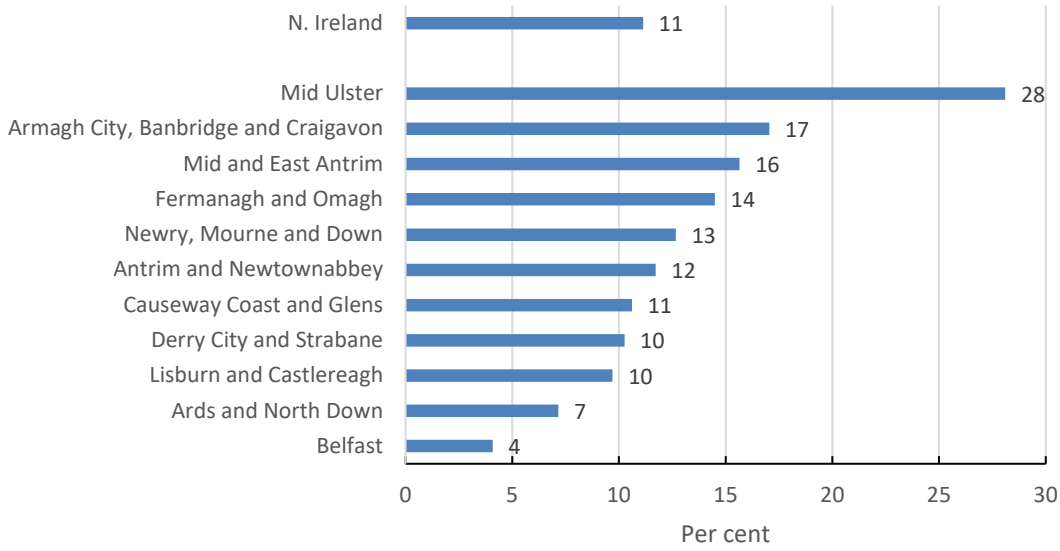


Figure 6.11 Manufacturing, employee jobs, % of total, 2019 (Source: BRES)



The Fermanagh and Omagh HMAs shared in the recovery from the Great Recession, posting a rate of growth in jobs that was on a par with the Northern Ireland average. Employee jobs in those HMAs did not decline between 2019 and 2020, recording a 1.3 per cent expansion in that period.

While the employee jobs trend is useful, the more important indicator from a housing market perspective is the working age employment rate, i.e. the proportion of the population aged 16-64 with employment. Higher employment rates have a positive effect on household incomes and the concomitant capacity to obtain a mortgage for those households that may wish to purchase a home. Unfortunately, employment rate data are not published on a regular basis below the LGD level[30]. It is therefore necessary to use the employment rate results published for the two Mid-Western LGDs.

Since 2009, the Mid Ulster LGD has benefitted from an above-average employment rate. In 2009, with an employment rate of 69 per cent (Table 6.3), the LGD ranked fifth of the 11 LGDs. Boosted by the fast growth in employment, the ranking rose to third highest in 2020, 3.3 percentage points above the Northern Ireland average.

Table 6.3 Employment rate, population 16-64

	2009	2019	2020
	%	*%*	*%*
Mid Ulster	68.9	75.3	74.2
Fermanagh and Omagh	64.8	65.0	67.2
N. Ireland	**65.1**	**71.9**	**70.9**

Source: NISRA, Labour Force Survey (LFS).

By contrast, the Fermanagh and Omagh employment rate has not kept pace with the Northern Ireland average. Between 2009 and 2020, the Fermanagh and Omagh rate rose by 2.4 percentage points compared to 5.8 percentage points for the Northern Ireland average.

Across Northern Ireland as a whole, the rise in employment rates between 2009 and 2020 has been accompanied by declining rates of economic inactivity, i.e. the proportion of the population of working age who are not in employment or unemployed (Table 6.4). Economic inactivity is due to a combination of study, looking after the home or sickness/disability. Generally, higher rates of economic inactivity are associated with lower household incomes and above-average receipt of state benefits, including Housing Benefit or the housing element of Universal Credit.

[30] The annual employment rate data published by NISRA is drawn from the Labour Force Survey and the sample size is not large enough to permit publication below LGD level.

Table 6.4 Economic inactivity rate, population 16-64			
	2009	**2019**	**2020**
	%	*%*	*pps*
Mid Ulster	31.1	24.7	25.8
Fermanagh and Omagh	35.2	35.0	32.8
N. Ireland	**34.9**	**28.1**	**29.1**
Sources: NISRA, Business Register and Employment Survey (BRES), Labour Force Survey (LFS).			

As can be seen from Table 6.4, between 2009 and 2020, economic inactivity rates fell in Mid Ulster (by -5.3 percentage points), in line with the Northern Ireland average (-5.8 percentage points). The rate fell by less in the Fermanagh and Omagh LGD (-2.4 percentage points). By 2020, the Mid Ulster rate was 3.3 percentage points below the Northern Ireland average while the Fermanagh and Omagh rate was 3.7 percentage points higher.

The Annual Survey of Hours and Earnings (ASHE) is the main source of information on median earnings of employees. As the ASHE is a sample survey, the results are only published to LGD level. Further, the results can vary from one year to the next due to sampling variability, which can make the assessment of trends more difficult. Bearing those caveats in mind, the following points can be noted from the ASHE results by LGD (see Figure 6.12 and Table 6.5).

Between 2013 and 2020, median earnings of employees living in the Mid Ulster LGD grew at 2.2 per cent per annum, slightly below the Northern Ireland average (2.6 per cent per annum), but faster than the rate of consumer price inflation (1.4 per cent per annum). The pattern was similar for lower quartile earnings in the Mid Ulster LGD, i.e., slightly below the Northern Ireland average but ahead of consumer price inflation.

By contrast, according to the ASHE results, median earnings in the Fermanagh and Omagh LGD declined over the period 2013 to 2020, by -0.6 per cent per annum, behind both the Northern Ireland average and the rate of price inflation.

Overall, therefore, in the Mid-Western LGDs, earnings growth was sluggish between 2013 and 2020.

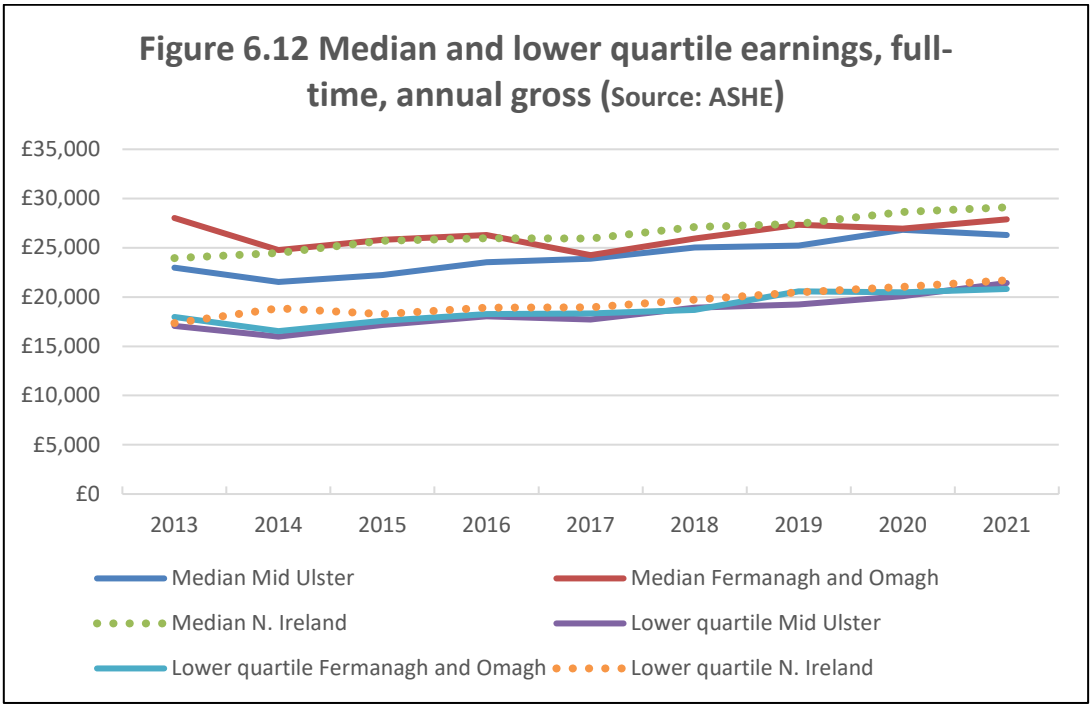


Table 6.5 Median and lower quartile earnings, full-time, annual gross, residence-based, 2020

	£'s	*NI=100*	*Change, 2013-2020, % per annum*
Median			
Mid Ulster	26,824	94	2.2
Fermanagh and Omagh	26,941	94	-0.6
N. Ireland	**28,624**	**100**	**2.6**
Lower quartile			
Mid Ulster	20,079	96	2.3
Fermanagh and Omagh	20,464	97	1.9
N. Ireland	**21,021**	**100**	**2.8**

Source: NISRA, Annual Survey of Hours and Earnings (ASHE).

A second indicator for the trend in incomes is the Regional Gross Disposable Household Income series published by the ONS. The ONS defines gross disposable household income (GDHI) as: "The amount of money that all of the individuals in the household sector have available for spending or saving after income distribution measures (for example, taxes, social contributions and benefits) have taken effect. GDHI does not provide measures relating to actual households or family units". It is, therefore, only possible to track changes in per capita GDHI, rather than the average per household.

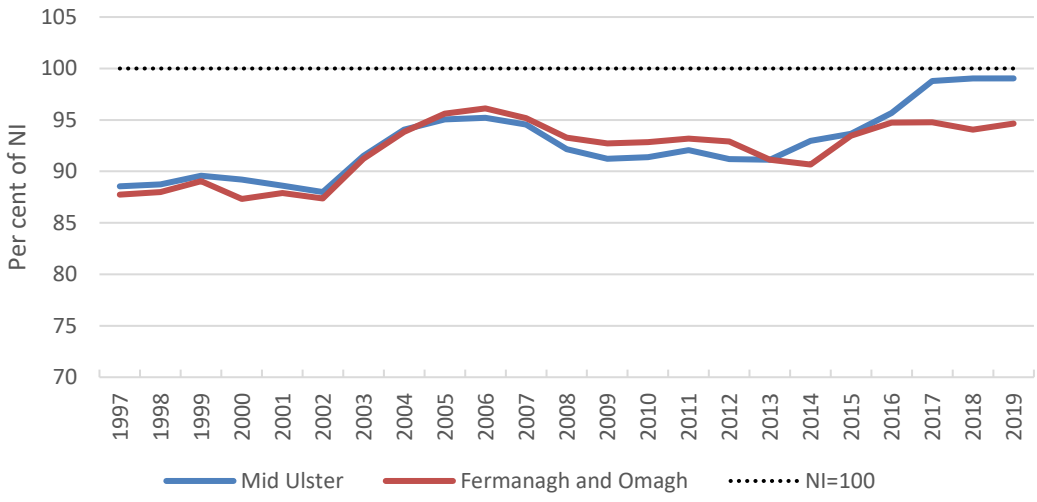
Between 2013 and 2019, per capita household incomes grew by 28 per cent in Mid Ulster, an annual rate of 4.2 per cent (Table 6.6). That was above the Northern Ireland rate (2.8 per cent). Thus, over that period, per capita household disposable incomes in Mid Ulster have been steadily converging on the Northern Ireland average. By 2019, the Mid Ulster average had risen to parity with Northern Ireland (Figure 6.13).

Table 6.6 Gross disposable household income per capita, 2019

	Per cent of NI	Change, 2013-2019	
	NI=100	*Per cent change*	*% per annum*
Mid Ulster	99	28	4.2
Fermanagh and Omagh	95	23	3.4
N. Ireland	**100**	**18**	**2.8**

Source: ONS, Regional Gross Disposable Household Income.

Figure 6.13 Gross household disposable income per capita, per cent of Northern Ireland (Source: ONS)



At 3.4 per cent per annum, the growth in household income per capita in Fermanagh and Omagh has also been above the Northern Ireland rate between 2013 and 2019 (Table 6.6).

Two points should be noted regarding the GDHI figures. First, they include all sources of income, including self-employment income, which is especially important in Fermanagh and Omagh with its large farming community.

Second, while they measure disposable household incomes, the GDHI series are published on a per capita basis. Thus, in LGDs where average household size is above the above the Northern Ireland average, the per capita GDHI figures will tend to understate relative average disposable income measured at household level. That caveat applies to both Fermanagh and Omagh and Mid Ulster. As shown in Section 5 above, average household size in those LGDs is higher than the Northern Ireland average.

In the case of the Mid Ulster LGD, the estimated average household size in 2019 was 2.88 compared with 2.53 for Northern Ireland. Adjusting the GDHI figures to a household basis would suggest that, in 2019, average household incomes in Mid Ulster were almost 13 per cent above the Northern Ireland average. A similar adjustment for Fermanagh and Omagh suggests the average household income in the LGD was on a par with the Northern Ireland average.

6.4 House Price to Earnings Ratios

In 2007, at the peak of the house price boom, the Northern Ireland-wide ratio of median house prices to median earnings stood at 9:1. By the time house prices had reached their trough, in 2013, the ratio had more than halved, to 4.2:1. The ratio ticked upward in the early phase of the house price recovery, from 2013 to 2016, but remained stable at around five from 2017 through April 2020 (Figure 6.14 and Table 6.7). In 2021, the ratio increased, albeit to a modest degree, to 5.2:1.

As noted above, comparable earnings data by LGD are only available since 2013. Nonetheless, it can be seen that the median house price to earnings ratios in both the Mid Ulster and Fermanagh and Omagh LGDs have tracked the Northern Ireland average over the period since 2013. It is also evident that, in both LGDs, median house prices relative to median earnings had followed the Northern Ireland ratio to more sustainable levels following the house price boom of 2005-07. The main point of contrast is that the Mid Ulster ratio has been slightly above the Northern Ireland average while the Fermanagh and Omagh ratio has been at or below the average. That contrast reflects the differences in relative house prices between the HMAs within each of the LGDs discussed above (see Table 6.1).

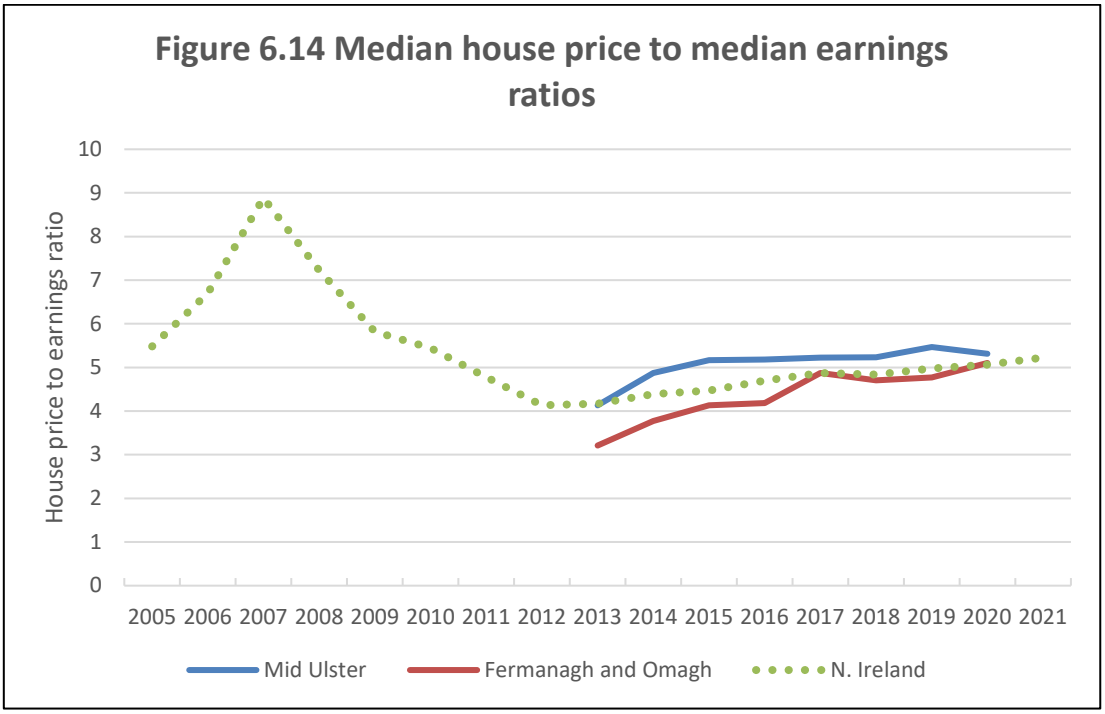


Table 6.7 Median house price to median earnings ratios

	2015	2016	2017	2018	2019	2020
Mid Ulster	5.2	5.2	5.2	5.2	5.5	5.3
Fermanagh & Omagh	4.1	4.2	4.9	4.7	4.8	5.1
N. Ireland	**4.5**	**4.7**	**4.9**	**4.8**	**5.0**	**5.1**

Sources: Calculated from LPS, Annual Ward and Local Government District Statistics and NISRA, Annual Survey of Hours and Earnings (ASHE).

The ratio of lower quartile earnings to lower quartile house prices paints a broadly similar picture (Figure 6.15 and Table 6.8). In the Mid Ulster LGD, the lower quartile ratio has been consistently above the Northern Ireland ratio, apart from 2020 when the Mid Ulster ratio dipped to parity with Northern Ireland due to the fall in lower quartile house prices within the constituent HMAs (see Figure 6.3 above). By contrast, the Fermanagh and Omagh lower quartile ratio has been aligned with the Northern Ireland ratio in each year for which the ratios can be calculated.

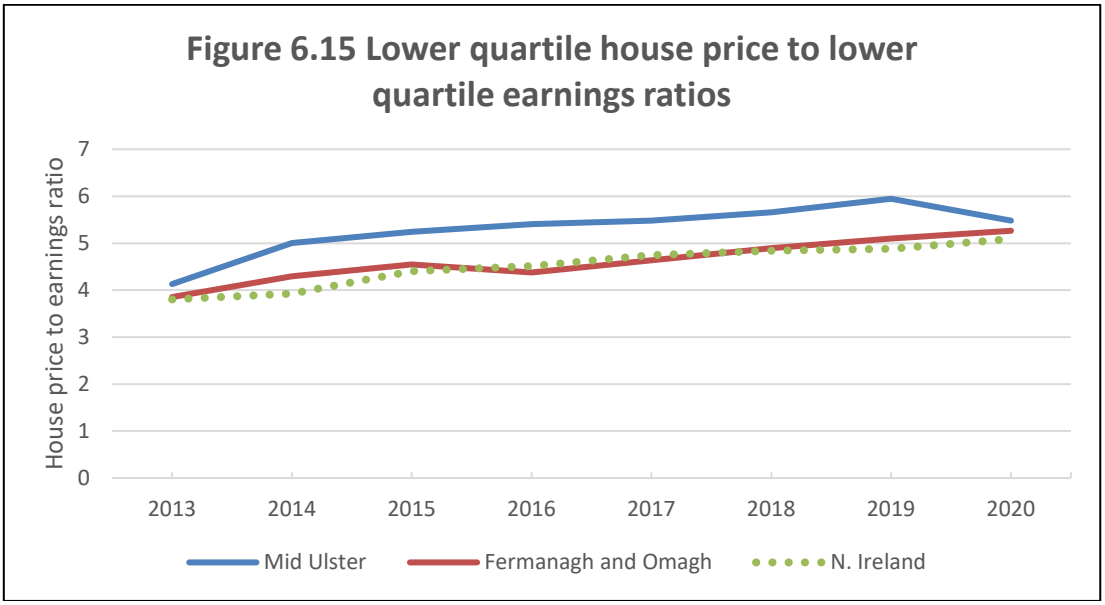


Table 6.8 Lower quartile house price to lower quartile earnings ratios

	2015	2016	2017	2018	2019	2020
Mid Ulster	5.2	5.4	5.5	5.7	5.9	5.5
Fermanagh & Omagh	4.5	4.4	4.6	4.9	5.1	5.3
N. Ireland	**4.4**	**4.5**	**4.7**	**4.8**	**4.9**	**5.1**

Sources: Calculated from LPS, Annual Ward and Local Government District Statistics and NISRA, Annual Survey of Hours and Earnings (ASHE).

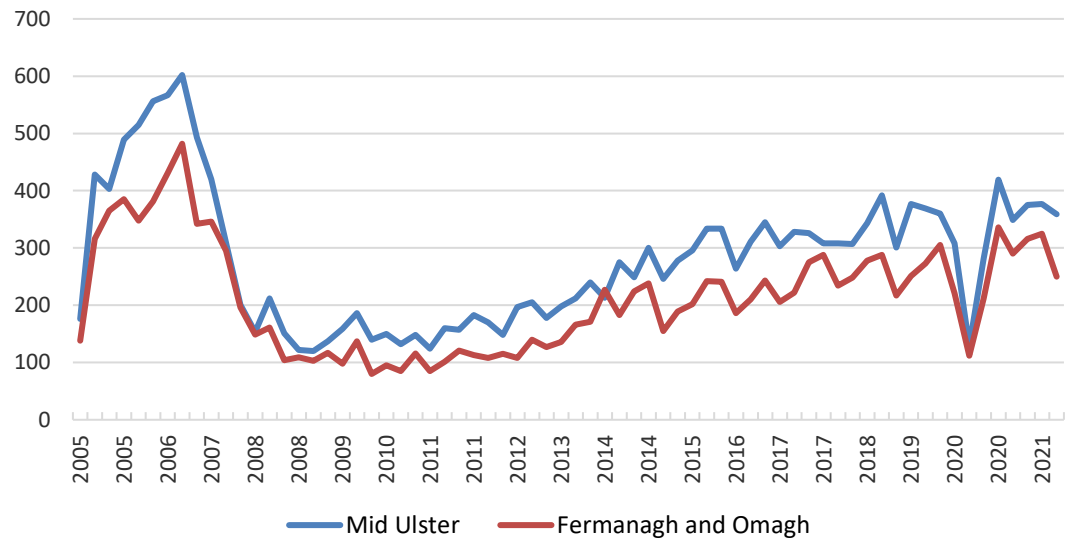
The median and lower quartile earnings ratios are not direct measures of affordability. As noted above, there are other sources of household income such as self-employment earnings. Nonetheless, the house price to earnings ratio serves as an indicator for the direction of travel in affordability. Thus, a sharply rising ratio, as was observed in 2006 and 2007, indicates deteriorating affordability, and vice versa.

The trends in the median and lower quartile house price to earnings ratios illustrated in Figures 6.14 and 6.15 would suggest that, at this time, affordability is holding reasonably steady with no pronounced deterioration. With house price rises expected to moderate over the next 1-2 years, the outlook for house purchase affordability would appear broadly positive.

6.5 Transactions

Residential property transactions data on a quarterly basis are only available at LGD level. In both LGDs, property transactions have closely tracked the house price cycle. Similar to the rest of Northern Ireland[31], transactions rose to high and unsustainable levels during the house price boom of 2006-07 before tumbling along with the house price crash of 2008 (Figure 6.16). From about 2011 onwards, transactions steadily recovered, before falling sharply during the first Covid-19 lockdown in the second quarter of 2021. Since then, in both LGDs, transactions have recovered, rising back to their pre-pandemic levels in 2021.

Figure 6.16 Residential property transactions (Source: LPS)



The recent trends at LGD, HMA and subarea levels are summarised on an annual basis for the years 2019 to 2021 in Table 6.9. Within the Mid Ulster LGD, transactions fell very sharply in Cookstown in 2020 (-25 per cent) and at a more modest rate in Dungannon, with a drop of 12 per cent, not much different from the Northern Ireland average (-15 per cent). In 2021, transactions increased by 28 per cent across the LGD, varying little by HMA or subarea. Thus, by 2021, the volume of transactions had rebounded back above their 2019 level in Dungannon and only slightly below in Cookstown (four per cent). Though, the rate of increase in 2021 was well below the Northern Ireland rate (40 per cent), albeit more aligned with HMAs outside the Belfast Metropolitan HMA (32 per cent).

[31] The Northern Ireland trend in transactions is discussed in the accompanying Northern Ireland level report.

Table 6.9 Residential property transactions, 2019-2021, Mid-Western area

	2019	2020	2021	Per cent change:	
				2019-20	2020-21
	No.	*No.*	*No.*	*%*	*%*
Mid Ulster	**1,410**	**1,140**	**1,460**	**-19.2**	**28.4**
Cookstown HMA	790	600	760	-24.6	28.2
Cookstown subarea	340	260	340	-23.5	28.8
Magherafelt subarea	450	340	430	-25.4	27.7
Dungannon HMA	620	540	700	-12.3	28.7
Fermanagh and Omagh	**1,050**	**880**	**1,180**	**-15.8**	**34.1**
Fermanagh HMA	590	530	720	-9.5	35.3
Omagh HMA	460	350	460	-23.8	32.1
N. Ireland	**24,930**	**21,210**	**29,770**	**-14.9**	**40.4**
Excl. Belfast Met. HMA	10,820	9,250	12,210	-14.5	32.1

Sources: LPS, Annual Ward and Local Government District Statistics; 2021 HMA and subarea figures - Authors' estimates

The picture was more varied in Fermanagh and Omagh. Thus, transactions in the Omagh HMA fell almost as sharply as in Cookstown in 2020 (-24 per cent) and rebounded at a similar rate to Cookstown in 2021 (+32 per cent). By contrast, transactions in Fermanagh fell by less than 10 per cent in 2020 and recovered at a 35 per cent rate in 2021. Thus, by 2021, the volume of transactions in Fermanagh (720) was 22 per cent higher than the pre-pandemic level (590). The contrast with other HMAs in the Mid-Western area is interesting. However, it is not possible to say if the uplift in transactions in Fermanagh reflected some source of external demand that was not present in those other HMAs, such as second home purchasers. Though, it can be noted that, across Northern Ireland as a whole, the volume of transactions in 2021 was also about one-fifth higher than in 2019 (19.4 per cent).

The pandemic undoubtedly had a very disruptive effect on the Northern Ireland housing market, both in terms of prices and sales volumes. The full story of that disruption has yet to be written. Nonetheless, one consistent message around the pandemic has been shifts in households' preferences, towards larger dwellings, both in terms of rooms to facilitate increased working from home and garden space for leisure/amenity reasons.

It is plausible that such a shift in preferences contributed to the house price growth from spring 2020 through most of 2021. In December 2021, the Bank of England published research suggesting that just under half of the UK house price growth through June 2021 could be attributed to the 'race for space', including 11 per cent due to a shift towards larger properties, 21 per cent from a 'premium' on houses rather than flats, and 15 per cent to a location outside London.

The Bank of England findings do not entirely read across to Northern Ireland, and less so to the Mid-Western HMAs. First, the London effect is unlikely to apply with the same force to the Northern Ireland market, given the distance from the London market and the presence of a sea border with the rest of the UK.

Second, apartments account for a relatively lower share of transactions in Northern Ireland; seven per cent in 2019 compared with 17 per cent in England and Wales. In the Mid-Western HMAs, apartments account for 1-5 per cent of transactions, higher in Fermanagh (five per cent) and lower in Dungannon (one per cent). Partly, that reflects the proportion of the dwelling stocks in apartments (see Section 7 below). But also, as one of the local housing market consultees remarked, in the Mid-Western areas there is a "culture of 2/3-bed houses with a garden rather than a flat". That is, in the Mid-Western HMAs especially, there was less scope for any shift in preferences for houses rather than flats to exert a discernible effect on house prices.

Third, the property mix effect is difficult to detect in Northern Ireland. In the Bank of England modelling, that is represented by an increase in the share of more space-extensive properties such as detached dwellings. At least through 2021, that effect was quite apparent in the transactions data for England and Wales. There, the share of apartments fell from 17 per cent in spring 2020 to 14 per cent by mid-2021 while the detached dwelling share rose from 26 per cent to 29 per cent (Source: ONS, Property Sales by Type).

In Northern Ireland, the detached dwelling share rose from 30 per cent in 2019 to 32 per cent in 2021 before falling back again in 2021 to 31 per cent. A similar pattern was seen in the Mid Ulster HMAs, accompanied by a fall in the semi-detached share in Cookstown and a drop in the terraced share in Dungannon (Table 6.10). That same pattern was not, however, observed in the Omagh and Fermanagh HMAs. Indeed, looking across the HMAs, the property type mix in 2021 is very similar to the pre-pandemic profile of 2019. In both the Mid Ulster HMAs, the detached share in 2021 was lower than in 2019, but that may have reflected the relative supply of such properties for house purchase in a period of accelerating sales volumes.

Table 6.10 Residential property transactions by property type, Mid-Western HMAs, 2019-2021, per cent of total			
	2019	**2020**	**2021**
	Col%	*Col%*	*Col%*
Cookstown			
Detached	41	42	38
Semi-detached	37	34	35
Terraced	21	21	25
Apartments	2	3	3
Dungannon			
Detached	32	34	31
Semi-detached	48	48	49
Terraced	20	17	20
Apartments	1	1	1
Fermanagh			
Detached	50	50	51
Semi-detached	29	28	26
Terraced	17	18	17
Apartments	4	3	5
Omagh			
Detached	48	45	47
Semi-detached	33	37	35
Terraced	17	17	17
Apartments	2	1	2
Sources: LPS; 2021 HMA shares are authors' estimates.			

At least for the Mid-Western HMAs, the property mix effect would appear to have a limited role in 'explaining' the rise in house prices from spring 2020. That is not to say that the so-called 'race for space' was absent in the Mid-Western HMAs. The factor could have exerted an influence through, for example, a rise in demand for larger homes, of whatever type. According to Property Pal's June 2022 Housing and Economic Monitor (Figure 23), sales of 4-5 bedroom homes grew more sharply during the pandemic than sales of 2-3 bedroom dwellings, albeit the differential in sales by bedroom size had disappeared by mid-2021.

One reason that the property mix effect is not so apparent in the Mid-Western HMAs is that those markets were already skewed towards larger dwelling sizes prior to the pandemic (see Figure 6.7). Arguably, a shift in preferences towards larger dwellings may have exerted upward pressure on prices to the extent that house purchasers were willing to pay a higher premium for additional space. It is not possible to examine such a hypothesis from the available published data. A second possible route by which the 'race for space' might have influenced house price growth across the HMAs would be an injection of external demand, such as home-movers from more densely populated areas such as Belfast, or other parts of the UK. Further examination of that factor must await more up-to-date migration data.

Overall, the transactions data would suggest the Mid-Western housing markets have broadly stabilised following the disruption wrought by the pandemic.

In the Mid-Western HMAs, the majority of transactions are in rural areas (Table 6.11). In the Mid Ulster HMAs, new dwellings account for almost one in three sales (32 per cent), compared to the Northern Ireland average of less than one in five (18 per cent). Finally, as measured by the ratio of sales per 1,000 dwellings, the 'turnover' of properties in the HMAs is lower than the Northern Ireland average, especially in Fermanagh and Omagh. That is typical of the more rural HMAs, which tend to have lower levels of population churn than highly urbanised areas such as Belfast.

Table 6.11 Residential property transactions, 2019, Mid-Western area

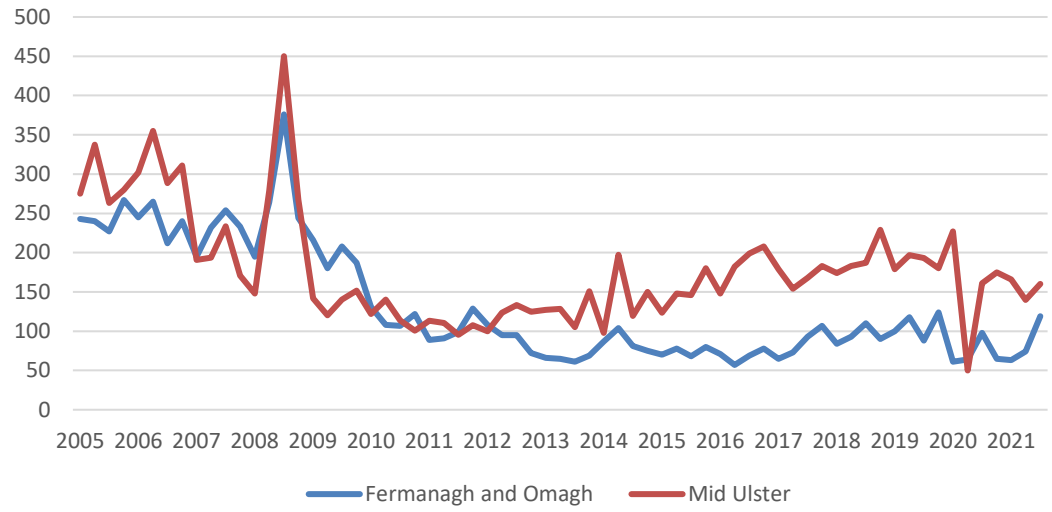
	Share of total:		Sales per 1,000 dwellings
	Rural area	New dwelling	
	%	%	Ratio
Mid Ulster	**58**	**32**	**25.7**
Cookstown HMA	57	31	26.0
Cookstown subarea	46	24	25.4
Magherafelt subarea	66	36	26.5
Dungannon HMA	59	33	25.4
Fermanagh and Omagh	**57**	**19**	**21.4**
Fermanagh HMA	69	16	21.3
Omagh HMA	41	24	21.6
N. Ireland	**30**	**18**	**31.2**

Sources: LPS, Annual Ward and Local Government District Statistics; Authors' calculations.

6.6 Completions

Similar to the rest of Northern Ireland, since 2005, new dwelling completions in the Mid Ulster LGD have tracked the housing market cycle in prices and transactions (Figure 6.17). Completions were elevated between 2005 and 2008 and fell sharply when the house price boom turned to bust in 2008. Completions reached their low point in 2011 and recovered steadily through 2019, climbing back from about 100 per quarter to close to 200. Completions collapsed in the summer 2020 lockdown before recovering in late-2020, albeit by the third quarter of 2021, completions had not yet reached their pre-pandemic levels. The Omagh and Fermanagh LGD followed a somewhat different trajectory, as completions recovered relatively slowly between 2011 and 2019. While the lockdown effect was not as large as in Mid Ulster, it was not until the third quarter of 2021 that completions began to climb again.

Figure 6.17 Completions, Mid-Western LGDs (Source: LPS)



At Northern Ireland level, completions fell by 14 per cent in 2020 before recovering strongly in 2021, with an estimated 15.5 per cent rise (Table 6.12). Based on the first three quarters of 2021, completion levels in Northern Ireland are back almost to their pre-pandemic level. By contrast, completions in the Mid-Western LGDs in 2021 are estimated to have remained below their 2019 levels. In the case of Mid Ulster, that reflects a relatively tepid rebound in 2021 (+1.4 per cent). On an annualised basis, completions in 2021 were still 17 per cent below their 2019 level. In Fermanagh and Omagh, the more prolonged slowdown in 2020 evident from Figure 6.17 resulted in a 33 per cent year-on-year drop in completions compared to 2019. With stronger growth in 2021, completions recovered, though still an estimated 21 per cent lower than in 2019. Overall, therefore, it would appear that completions in the Mid-Western LGDs are recovering, but more slowly than the Northern Ireland average.

Table 6.12 New dwelling completions, 2019-2020, Mid-Western area					
	2019	**2020**	**2021[1]**	**Per cent change:**	
				2019-20	**2020-21**
	No.	*No.*	*No.*	*%*	*%*
Mid Ulster	750	610	620[1]	-18.2	1.4
Fermanagh and Omagh	430	290	340[1]	-33.0	18.5
N. Ireland	**7,440**	**6,420**	**7,410[1]**	**-13.7**	**15.5**

1 Annualised from completions for first three quarters of 2021.
Sources: LPS, New Dwelling Statistics.

Completions by HMA and subarea, averaged over the period 2011 to 2019, are shown in Table 6.13. Within the Mid Ulster LGD, the Dungannon HMA has accounted for an estimated 47 per cent of new dwelling completions, which is higher than its 44 per cent share of dwellings. That is consistent with the faster growth of the Dungannon HMA in population and households discussed in Sections 4 and 5 above, notably in the period since 2011.

Table 6.13 New dwelling completions, annual averages, 2011-2019, Mid-Western area				
	Annual average	**Per 1,000 dwellings**	**LGD shares**	
			Completions	Dwellings
	No.	*Ratio*	*%.*	*%*
Mid Ulster	**630**	**11.9**	**100**	**100**
Cookstown HMA	330	11.3	53	56
Cookstown subarea	110	8.8	18	25
Magherafelt subarea	210	13.2	34	31
Dungannon HMA	300	12.8	47	44
Fermanagh and Omagh	**340**	**7.1**	**100**	**100**
Fermanagh HMA	190	7.2	57	57
Omagh HMA	150	7.1	43	43
N. Ireland	**6,280**	**8.1**		

Sources: LPS, New Dwelling Statistics; HMAs and subareas- authors' estimates.

Completions within the Fermanagh and Omagh LGD have been evenly distributed across the two HMAs, which is consistent with their more closely aligned rates of growth in population and households.

Comparing the two LGDs, the average rate of completions relative to the dwelling stock has been higher in the Mid Ulster LGD, averaging 12 completions per 1,000 dwellings between 2011 and 2019 compared with 7.1 for the Fermanagh and Omagh LGD and an average of 8.1 across Northern Ireland. That higher rate of new dwelling completions in the Mid Ulster LGD is testimony to the migration inflows that have boosted population and household growth since 2004.

A final point to note is that, in both Mid-Western LGDs, a high proportion of households reside in the open countryside, 39 per cent in the Mid Ulster LGD at the 2011 Census of Population and a similar proportion (40 per cent) in the Fermanagh and Omagh LGD. In both LGDs, there are development pressures around new dwellings in the countryside, albeit those pressures appear to have abated since 2011, following the introduction of PPS 21.

There are no published statistics on the number of new dwelling completions in the open countryside, outside settlement limits. According to an analysis undertaken by Fermanagh and Omagh District Council as part of the LDP process, and which is reported in the Updated Housing Paper November 2019 (FODC 309), between 2012-13 and 2018-19, new dwellings in the open countryside accounted for 57 per cent of all completions in the District. According to FODC 309, the rural share was lower in the latter half of that period, averaging 50 per cent between 2015-16 and 2018-19.

A similar analysis is not available for the Mid Ulster LGD, though the District's Position Paper - Development Pressure Analysis, September 2015 (MUDC212) shows a peak in the volume of planning decisions for rural new and replacement single dwellings in 2006-07, after which there is a sharp decline through 2011-12 and a flatter trend through to 2013-14.

Also, a proportion of new dwellings in the countryside are replacement dwellings and do not therefore result in the formation of a new household. The precise proportion in the Mid-Western LGDs is not known, though an analysis by Newry, Mourne and Down District Council found a replacement dwelling share of 36 per cent across that LGD.

6.7 Private Sector Rents

Prior to the pandemic, private sector rentals in Northern Ireland were growing at a steady pace. According to the ONS experimental Index of Private Housing Rental Prices, between January 2015 and January 2020 average private rental prices rose by 1.8 per cent per annum. That was in line with the rate of increase in the Consumer Price Index, which rose by 1.7 per cent per annum over the same period. Certainly, at Northern Ireland level, private sector rents have not exhibited the volatility that has characterised house prices in the residential property market.

The private sector rents data supplied by the Housing Executive for this SHMA, based on advertised lettings, suggest that, within the Mid-Western HMAs, private sector rents were also growing at a modest pace prior to the pandemic (Table 6.14).

Table 6.14 Private sector rents, annual growth, Mid-Western HMAs

	2018	2019	2020	2021
	%	%	%	%
Mid Ulster	1.3	0.7	2.6	5.2
Cookstown	1.3	0.4	1.8	5.1
Dungannon	1.3	1.4	4.3	4.4
Fermanagh and Omagh	1.4	2.0	3.1	3.3
Fermanagh	1.1	1.7	5.1	3.0
Omagh	1.9	2.3	1.5	3.6
N. Ireland	**1.6**	**1.8**	**2.9**	**4.0**

Source: Calculated from advertised lettings data supplied by NIHE.

Reflecting the pressure of demand on the available supply, the rate of increase in private sector rents has risen since the commencement of the pandemic. From the Housing Executive rent data, Northern Ireland rents rose by an estimated four per cent in 2021. Mid Ulster rents are estimated to have risen by five per cent while rents in Fermanagh and Omagh rose by an estimated 3.3 per cent on average.

There is, however, considerable uncertainty regarding the future evolution of rent inflation. The pandemic has affected all sectors of society and the economy, but in many respects the disruptive effects have been temporary in nature. The maintained hypothesis in this SHMA is that the recent bout of rent inflation will similarly unwind over time.

Within that context, it is useful to examine the affordability of private sector rentals based on the available data, which pre-date the pandemic. One approach is to compare rents with household income levels. Income data by tenure are not available at sub-regional level within Northern Ireland. Therefore, average rents are compared with the small area household income data, based on CACI modelled estimates. As the small area data are for all households, ratios of rents to household incomes are likely to be lower than would be the case with a tenure breakdown[32].

Bearing that caveat in mind, it is useful to consider ratios of rents to average household incomes within and across the HMAs. Rent to household income ratios are shown in Table 6.15 for both median and 30th percentile rents[33]. In calculating the ratios, Housing Benefit is included on the income side.

Table 6.15 Median and 30th percentile rents as per cent of income (including Housing Benefit), 2018-19

	Median rent		30th percentile rent	
	£'s	% of median income	£'s	% of lower quartile income
Mid Ulster	£111	18	£102	27
Cookstown	£109	17	£101	26
Dungannon	£116	19	£108	29
Fermanagh and Omagh	£99	16	£90	24
Fermanagh	£99	16	£90	25
Omagh	£100	16	£91	24
N. Ireland	**£112**	**19**	**£102**	**29**

Sources: Calculated from rent data supplied by NIHE and CACI Small Area household income data combined with FRS household income data.

[32] According to the FRS, the median income of households in the private rented sector is 11 per cent below the average for all households when Housing Benefit is included on the income side and 16 per cent lower when Housing Benefit is excluded from income.
[33] In an ordered array of numbers, the 30th percentile is the value below which 30 per cent of values are located.

Across the Mid Ulster HMAs, median weekly rents in 2018-19 are estimated to represent 17-19 per cent of median household income, only slightly below the Northern Ireland average of 19 per cent. In the Fermanagh and Omagh HMAs, the ratio is lower, at 16 per cent. At those ratios, the median rent could not be said to present an acute affordability problem, on the average.

The 30th percentile rent is relevant as the reference rent that forms part of the process for determining Local Housing Allowance (LHA) rates paid to private sector tenants who have insufficient income to meet their full accommodation costs. Given its role in assisting those on a low income to meet their housing costs, the 30th percentile rent is compared with the lower quartile of gross household incomes in Table 6.15. Across the Mid Ulster HMAs, the 30th percentile of rents is equivalent to 26-27 per cent of the lower quartile of household incomes, slightly below the Northern Ireland average (29 per cent). Again, the ratios are lower in the Fermanagh and Omagh HMAs, at 24-25 per cent.

6.8 Receipt of Housing Benefit

Receipt of help with housing costs provides a direct indicator of affordability problems within the private rented market. That is because Housing Benefit or the housing support element in Universal Credit[34] is awarded on a means-tested basis. The estimated numbers of recipients of Housing Benefit are shown in Table 6.16. Those estimates have been derived from the Single Housing Benefit Extract (SHBE), with an adjustment to account for the introduction of Universal Credit in October 2017.

The proportions shown in Table 6.16 by sector have been calculated by comparing the SHBE estimates with estimates for the numbers of households within each sector in the relevant year. As outlined in Section 5 above, there is considerable uncertainty around the numbers of households in 2018 and 2019 and, as discussed later in this Section, their tenure composition. Therefore, the proportions in Table 6.16 should be viewed as strictly indicative.

Bearing that caveat in mind, the following points can be noted. As at April 2019, an estimated 53 per cent of households in the Mid Ulster rental sector were in receipt of Housing Benefit. At 62 per cent, the estimated 2019 proportion is higher for Fermanagh and Omagh. By comparison, the estimated average share across Northern Ireland was 61 per cent. In both LGDs, the estimated receipt of Housing Benefit is higher within the social rented sector compared with the private rented sector.

[34] From October 2017, for working age claimants, Housing Benefit was replaced by the housing support element of Universal Credit, with new applications for help with housing costs treated under the Universal Credit regime. For convenience, Housing Benefit is used here as a shorthand for all recipients of help with housing costs.

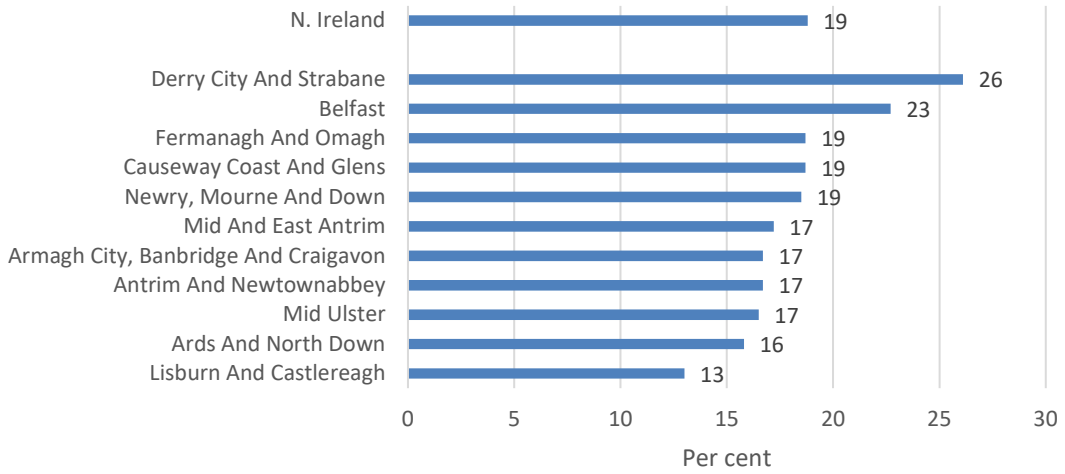
Table 6.16 Receipt of Housing Benefit[1], Mid-Western area				
	2018		2019	
	No.	*%[2]*	*No.*	*%[2]*
Mid Ulster				
Private rented	4,000	38	3,800	36
Social rented	4,100	89	4,200	90
All	8,100	54	8,000	53
Per cent of all households		*16*		*16*
Fermanagh and Omagh				
Private rented	4,300	50	3,900	45
Social rented	4,000	100	4,000	99
All	8,300	66	7,900	62
Per cent of all households		*19*		*18*

1 Estimated from Single Housing Benefit Extract (SHBE), adjusted to include receipt of housing element of Universal Credit, April of each year shown.
2 Per cent of households (estimated).

When the number of Housing Benefit recipients is compared with the estimated total number of households, the proportion is 16 per cent in Mid Ulster and 18 per cent in Fermanagh and Omagh.

The higher incidence of receipt of Housing Benefit in Fermanagh and Omagh is likely to reflect the lower household income levels and higher rates of economic inactivity compared to Mid Ulster, as outlined earlier in this Section. In that regard, it can be noted that the incidence of receipt of key benefits by persons of working age is higher in Fermanagh and Omagh (19 per cent) compared to Mid Ulster (17 per cent) (Figure 6.18. See also Box 6.B).

Figure 6.18 Working age claimants of key benefits, February 2020, Per cent of 16-64 population (Source: DfC Benefit Statistics)



Box 6.B Key benefits for persons of working age

- Carer's Allowance
- Disability Living Allowance
- Employment & Support Allowance
- Incapacity Benefit
- Income Support
- Jobseeker's Allowance
- Severe Disablement Allowance
- Personal Independence Payment

Source: DfC, Benefit Statistics, Client Group Analysis.

As discussed in Section 2, the onset of the pandemic was accompanied by a surge in claims for Universal Credit. From the available data, it is estimated that receipt of housing support also rose sharply between 2019 and 2021, by 11.4 per cent across Northern Ireland. The estimated increase was higher in the Mid Ulster HMA, up by 18 per cent in Dungannon and 21 per cent in Cookstown (Table 6.17). The Fermanagh and Omagh HMAs are estimated to have seen claims for housing costs rise at or slightly below the Northern Ireland average. However, it is very uncertain whether the increase in receipt of HB/housing support will persist beyond the disruptive influence of the pandemic.

Table 6.17 Receipt of Housing Benefit, 2019 and 2021[1]				
		2019	**2021**	**Change**
		No.	*No.*	*%*
Cookstown	Private rented	2,400	2,900	21.7
	Social rented	2,200	2,600	19.3
	All	4,600	5,500	20.6
Dungannon	Private rented	1,500	1,800	19.9
	Social rented	2,100	2,400	16.3
	All	3,500	4,200	17.8
Fermanagh	Private rented	1,900	2,000	8.1
	Social rented	2,200	2,500	12.1
	All	4,100	4,500	10.2
Omagh	Private rented	2,000	2,300	11.4
	Social rented	1,800	2,100	15.8
	All	3,900	4,400	13.5
N. Ireland	Private rented	59,100	69,700	17.7
	Social rented	96,500	103,800	11.6
	All	155,600	173,500	14.0
1 Estimated from Single Housing Benefit Extract (SHBE), adjusted to include receipt of housing element of Universal Credit, April 2019 and August 2021.				

Social rented housing, including both the Housing Executive and Housing Associations, is one of the types of affordable housing included in the DfC definition outlined in Section 2. It is therefore useful to compare the rents paid by Housing Benefit recipients in the social sector with the rents paid by their private sector counterparts and the wider private rented market. That is, how do rents in the private sector compare with rents paid for dwellings that are classified as 'affordable housing'?

In making such comparisons, it is necessary to control for variations in rents by bedroom size. Table 6.18 shows the variations in private rented sector lettings by bedroom size for both the median and 30th percentile. It should be noted that the analysis is restricted to the Mid-Western LGDs, as sample sizes by bedroom size in the Housing Executive lettings dataset are not large enough to disaggregate by HMA.

Table 6.18 Private rented sector lettings: Median and 30th percentile rents by number of rooms, Mid-Western LGDs					
	One room	**Two rooms**	**Three rooms**	**Four rooms**	**All[1]**
Mid Ulster					
Median	£86	£105	£112	£119	£111
30th percentile	£75	£93	£105	£110	£102
Fermanagh and Omagh					
Median	£78	£96	£101	£115	£99
30th percentile	£67	£86	£95	£106	£90
Source: Lettings data supplied by NIHE. 1 Excluding shared accommodation lettings					

Table 6.19 presents the average rents paid by Housing Benefit recipients in the private rented sector[35] as well as Housing Associations and the Housing Executive[36], relative to the 30th percentile rents in Table 6.18. Housing Executive rents are shown separately because they were frozen from 2015 to October 2020 and, by April 2019, were 27 per cent below Housing Association rents, on average.

Within the Mid Ulster LGD, the average rent paid by Housing Association tenants in receipt of Housing Benefit amounted to 96 per cent of the 30th percentile of the private sector rents shown in Table 6.18, ranging from 121 per cent for one bedroom accommodation to 99 per cent for three bedroom units. In Fermanagh and Omagh, Housing Association rents averaged 102 per cent of the 30th percentile of private sector rents, ranging from 131 per cent for one bedroom accommodation to 103 per cent for two-bedroom units.

The degree of alignment between Housing Association rents and the private sector indicates that the 30th percentile of private sector rents can be considered a valid threshold for defining social affordable rents and is used for that purpose in the forward-looking assessment of housing requirements in Section 8 below.

[35] The proportions are calculated from actual contract rent amounts, which are typically greater than the LHA rate that is payable as a contribution towards their rents.
[36] The proportions shown within the bedroom size categories within the social sector relate only to working-age claimants. Claimants of pension age within the social sector are not subject to the social sector size criteria (the 'bedroom tax'); therefore, information on the number of bedrooms contained within their accommodation is not included in the SHBE.

Table 6.19 Median rents paid by Housing Benefit recipients, Mid-Western LGDs, per cent of PRS 30th percentile

	One room	Two rooms	Three rooms	Four rooms	All[1]
	%	%	%	%	%
Mid Ulster					
Private rented/LHA	100	100	99	100	98
Housing Associations	121	102	99	106	96
NIHE	73	66	71	71	66
Fermanagh and Omagh					
Private rented	105	102	101	96	101
Housing Associations	131	103	110	110	102
NIHE	78	79	81	81	77

Source: SHBE.
1 Excluding shared accommodation lettings

The rents paid by Housing Benefit recipients can be further compared with the overall private rented sector distribution by calculating the proportions with rents lying below the 30th percentile; between the 30th percentile and the median. The results are shown in Table 6.20, with proportions adjusted for bedroom size. The following points can be noted.

Within both LGDs, all Housing Executive tenants pay rents that are below the 30th percentile of PRS rents.

Within the Mid Ulster LGD, 40 per cent of Housing Association tenants pay a rent that is below the 30th percentile. The same proportion pay a rent that is between the 30th percentile and the median with the remaining 20 per cent paying above the median.

By contrast, in Fermanagh and Omagh, 62 per cent of Housing Association tenants pay a rent that is above the median while 24 per cent pay between the 30th percentile and the median with the remaining 15 per cent paying a rent that is below the 30th percentile. At least partly, the contrast with Mid Ulster reflects the lower average private sector rent levels in Fermanagh and Omagh (see Table 6.18).

Table 6.20 Housing Benefit recipients[1]: Rents[2] relative to private rented sector median and 30th percentile – Mid-Western LGDs

	Above PRS median	Between 30th percentile and median	Below 30th percentile
	%	%	%
Mid Ulster			
LHA\Private rented	30	18	52
Housing Associations	20	40	40
NIHE	0	0	100
All	**18**	**15**	**67**
Fermanagh and Omagh			
LHA\Private rented	31	21	48
Housing Associations	62	24	15
NIHE	0	0	100
All	**22**	**14**	**64**

Sources: Calculated from SHBE and NIHE lettings data.
1 Working age recipients with bedroom entitlement (73 per cent of total claimants on SHBE).
2 Adjusted for number of bedrooms.

In the private rented sector, within Mid Ulster, 48 per cent of tenants pay a rent that is above the 30th percentile, including 30 per cent paying above the median rent. In Fermanagh and Omagh, over one in two private rented sector tenants (52 per cent) pay a rent above the 30th percentile, including close to one in three (31 per cent) paying above the median.

The proportion of claimants in the private rented sector paying above the 30th percentile for their weekly rent is at least partly due to the freeze on LHA amounts over the period 2016 to 2020. In both LGDs, the vast majority of those claimants (91 per cent in Mid Ulster and 90 per cent in Fermanagh and Omagh) pay a weekly contract rent that exceeds their LHA amount (Table 6.20). That is, they have a rent shortfall.

Table 6.21 Housing Benefit recipients with bedroom entitlement[1]: Shortfall between Housing Benefit amount and contract rent, Mid-Western LGDs, 2019

	Private rented /LHA	NIHE	Housing Association
Mid Ulster			
Per cent with a shortfall	91%	70%	54%
Median shortfall			
Amount	£28	£10	£16
Per cent of weekly rent (average)	27%	15%	15%
Fermanagh and Omagh			
Per cent with a shortfall	90%	70%	51%
Median shortfall			
Amount	£24	£10	£15
Per cent of weekly rent (average)	26%	15%	15%

Source: SHBE
1 LHA claimants in the private rented sector, working age claimants in the social sector.

In Mid Ulster, the average weekly shortfall amounts to £28, representing over one-fourth (27 per cent) of their weekly contract rent, which must be met from their own resources. At £24, the average shortfall amount is slightly lower in Fermanagh and Omagh, albeit a similar proportion of the weekly rent (26 per cent). Again, that reflects the lower average rent levels in Fermanagh and Omagh compared with Mid Ulster (see Table 6.15).

Nonetheless, that is to underline the importance of the continuing availability of Housing Benefit within the private rented sector.

6.9 Tenure

Similar to the rest of Northern Ireland, prior to 2001, the main trends in tenure composition within both Mid Ulster and Fermanagh and Omagh were the rising share of owner-occupation and the falling share in social rented accommodation (Tables 6.22 and 6.23). The two trends were linked to the extent that the shift toward owner-occupation was boosted by the introduction of the House Sales Scheme in 1979, whereby sitting Housing Executive tenants could purchase their dwelling.

Table 6.22 Tenure shares, 1991-2011, Mid Ulster

	Shares:			**Shift in share:**	
	1991	**2001**	**2011**	**1991-2001**	**2001-2011**
	%	%	%	pps	pps
Owner-occupied	67	75	72	8	-3
Owned outright	38	38	38	0	1
Owned with mortgage	29	36	33	7	-3
Shared ownership	0	1	0	1	0
Social rented	26	15	9	-11	-6
NIHE	25	14	8	-11	-6
Housing Associations	1	1	1	0	0
Private rented	7	10	19	3	9
Private landlord/letting agency	5	7	14	2	8
Employer/relative/friend	0	3	2	3	-1
Rent-free	2	1	3	-1	2
All	**100**	**100**	**100**		

pps Percentage points
Source: Census of Population.

Reflecting similar trends across Northern Ireland, the shifts in tenure shares between 2001 and 2011 moved in tandem across the two LGDs. First, the shift to owner-occupation went into reverse, with the share falling in each LGD, from 75 per cent to 72 per cent in Mid Ulster and from 73 per cent to 72 per cent in Fermanagh and Omagh. In both LGDs, the decrease was on a par with the Northern Ireland average (-2 percentage points).

Table 6.23 Tenure shares, 1991-2011, Fermanagh and Omagh					
	Shares:			**Shift in share:**	
	1991	**2001**	**2011**	**1991-2001**	**2001-2011**
	%	%	%	pps	pps
Owner-occupied	67	73	72	6	-2
Owned outright	39	39	41	1	2
Owned with mortgage	29	33	30	5	-3
Shared ownership	0	1	0	1	0
Social rented	25	15	10	-10	-6
NIHE	24	14	8	-10	-6
Housing Associations	1	1	2	1	0
Private rented	8	11	19	3	8
Private landlord/letting agency	6	8	14	2	6
Employer/relative/friend	0	3	2	2	-1
Rent-free	1	1	3	-1	3
All	**100**	**100**	**100**		

pps Percentage points
Source: Census of Population.

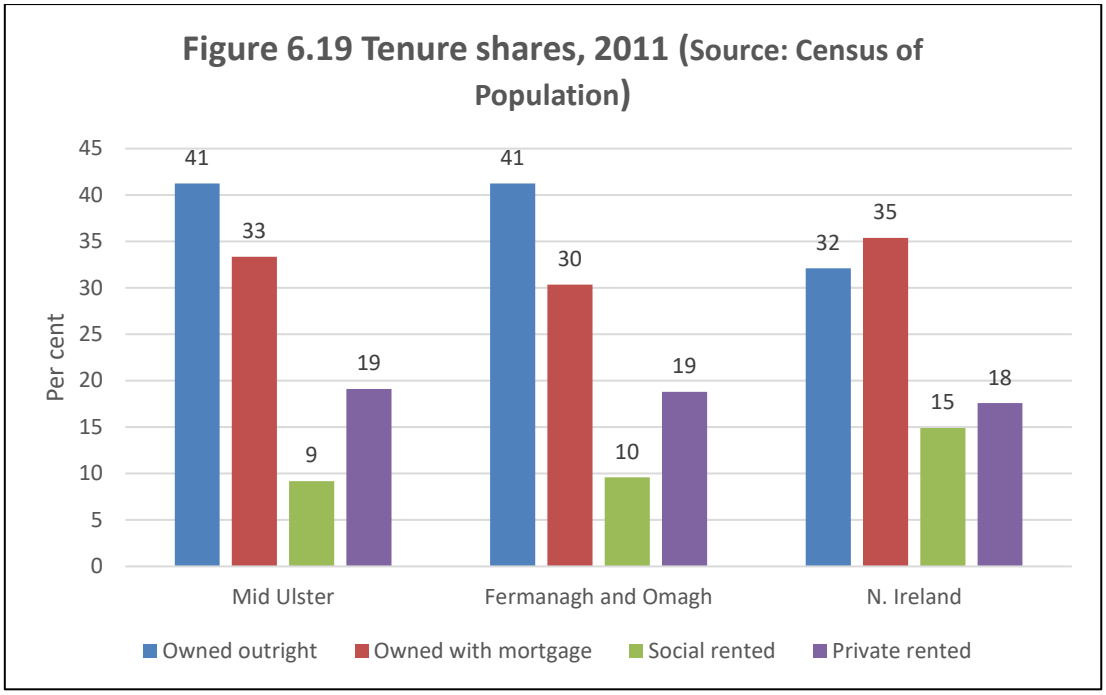
The fall in the owner-occupied share was driven by a decline in the proportion owning with a mortgage, down by -3 percentage points in both LGDs. Though, the shift was less than the Northern Ireland fall of -5 percentage points.

The decline in the proportion owning with a mortgage is testimony to the effects of the house price cycle during that period, with first-time buyers squeezed by deteriorating affordability when prices were rising and constrained access to credit during the downturn.

The fall in owner-occupation would likely have been steeper were it not for Housing Executive sales to sitting tenants. During the 2000s, the social sector share continued to decline, by six percentage points in both LGDs.

The opposite of the falling owner-occupation and social sector shares was a sharp rise in the proportion of households living in rented accommodation. In both LGDs, the private rented share rose modestly between 1991 and 2001, up by two percentage points in Mid Ulster and three percentage points in Fermanagh and Omagh. The rise in the sector's share accelerated in the next decade, rising by nine percentage points in Mid Ulster and eight percentage points in Fermanagh and Omagh. Again, the two LGDs were in line with the average shift across Northern Ireland (+8 percentage points).

Notwithstanding the similarity between the LGDs and the Northern Ireland average in tenure shifts over the two decades, by 2011 both LGDs retained a distinctive tenure profile when compared to the Northern Ireland average. The main feature is the high proportion owning with a mortgage, at 41 per cent in each LGD compared with 32 per cent for Northern Ireland (Figure 6.19).



The foregoing trends were also evident across the four Mid-Western HMAs. Between 2001 and 2011, the private rented sector share rose in each HMA at a comparable pace, from +7 to + 9 percentage points (Table 6.24). The rise in the rented sector share was mainly reflected in a fall in the social sector share, of -5 to -6 percentage points. The owner-occupied share declined in each HMA, by -2 to -4 percentage points. Nonetheless, by 2011, owner-occupation rates were above the Northern Ireland average (68 per cent) in each HMA, notably Cookstown (73 per cent) and Fermanagh (73 per cent). The social sector share was 5-7 percentage points lower than the Northern Ireland average while the rental sector share was above the average in Dungannon and Omagh.

Table 6.24 Tenure shares by HMA, 2011			
	Owner-occupied	**Social rented**	**Private rented**
Shares 2011			
	%	*%*	*%*
Cookstown	74	8	18
Dungannon	69	10	20
Fermanagh	73	9	18
Omagh	70	10	20
N. Ireland	**68**	**15**	**18**
Change 2001-2011			
	pps	*pps*	*pps*
Cookstown	-2	-6	8
Dungannon	-4	-5	9
Fermanagh	-2	-6	7
Omagh	-2	-6	8
N. Ireland	**-2**	**-6**	**8**

pps Percentage points difference
Source: Census of Population.

In the absence of a Census of the population, it is not possible to say precisely how the household tenure composition has evolved since 2011. Drawing on time series data from the Family Resources Survey (FRS), that issue is addressed in detail in Appendix C of the accompanying Northern Ireland report. While it is not possible to be definitive, the conclusion drawn is that the main tenure trends of 2001 to 2011 continued through to 2018-19 but at a reduced pace. Based on that analysis, the main tenure trends have been estimated through to 2018.

The estimates for Mid Ulster are summarised in Figure 6.20 and Table 6.25, as follows:

- Owner-occupation – estimated to have declined by 1.3 percentage points.
- Social rented – estimated to have stabilised, remaining at nine per cent. That is likely due to the combined effects of a sharp fall-off in

Housing Executive house sales and continued growth in Housing Associations.

- Private rented – estimated to have increased in share by 1.4 percentage points.

Figure 6.20 Household tenure composition, 1991 to 2011 historical, 2018 estimated, Mid Ulster

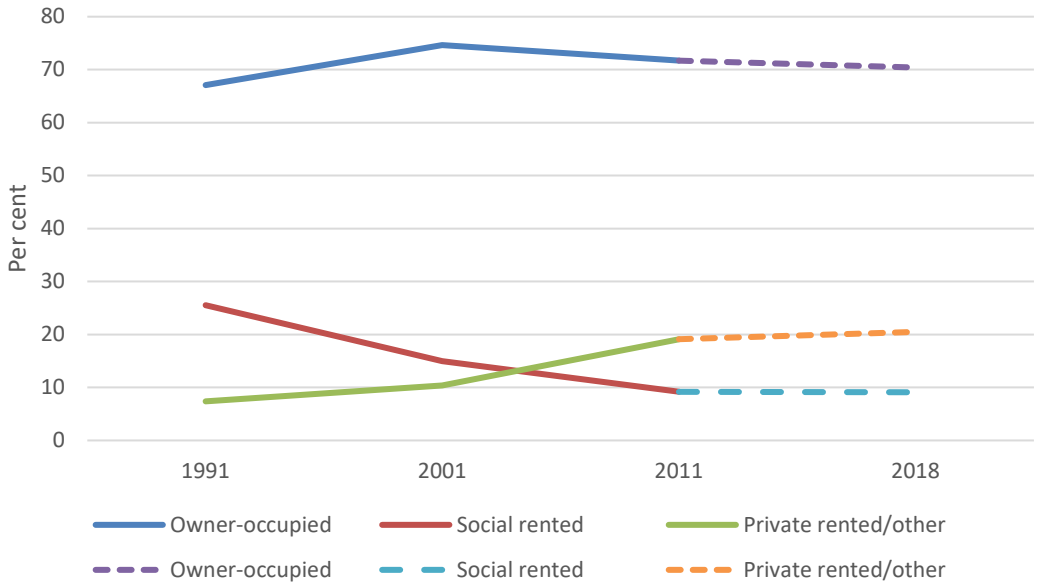


Table 6.25 Tenure shares, 1991-2011 historical, 2018 estimated, Mid Ulster

	1991	2001	2011	2018
Owner-occupied	67.1	74.6	71.7	70.4
Social rented	25.5	15.0	9.2	9.1
Private rented	7.4	10.4	19.1	20.5

Sources: Historical - Census of Population; Estimated – author's estimates.

The estimates for Fermanagh and Omagh are summarised in Figure 6.21 and Table 6.26, as follows:

- Owner-occupation – estimated to have declined by about one percentage point.

- Social rented – estimated to have fallen by -0.4 percentage points. That can be compared with the 5.8 percentage point decline in the

decade 2001 to 2011, again reflecting reduced volumes of Housing Executive sales and the expansion of Housing Associations.

- Private rented – estimated to have increased in share by 1.2 percentage points.

Figure 6.21 Household tenure composition, 1991 to 2011 historical, 2018 estimated, Fermanagh and Omagh

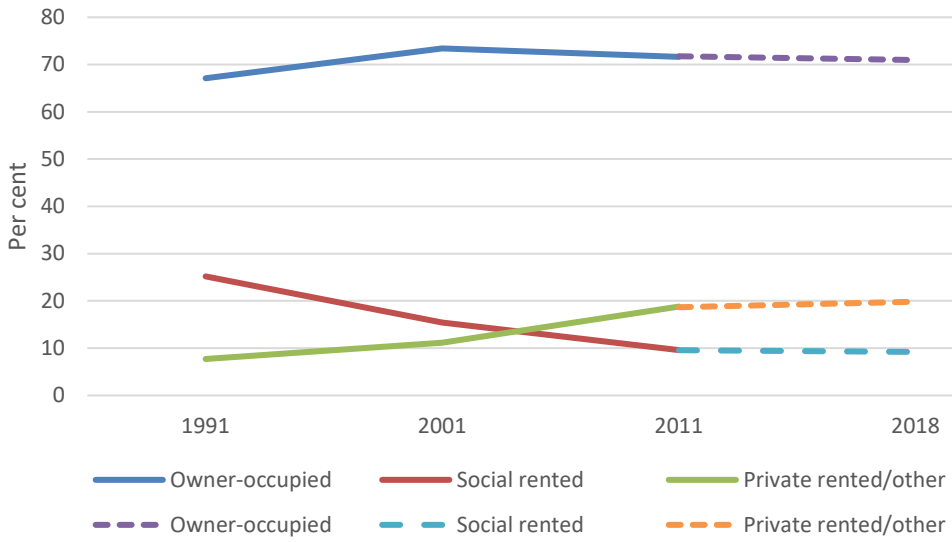


Table 6.26 Tenure shares, 1991-2011 historical, 2018 estimated, Fermanagh and Omagh

	1991	2001	2011	2018
Owner-occupied	67.1	73.4	71.6	70.8
Social rented	25.2	15.5	9.6	9.2
Private rented	7.7	11.1	18.8	20.0

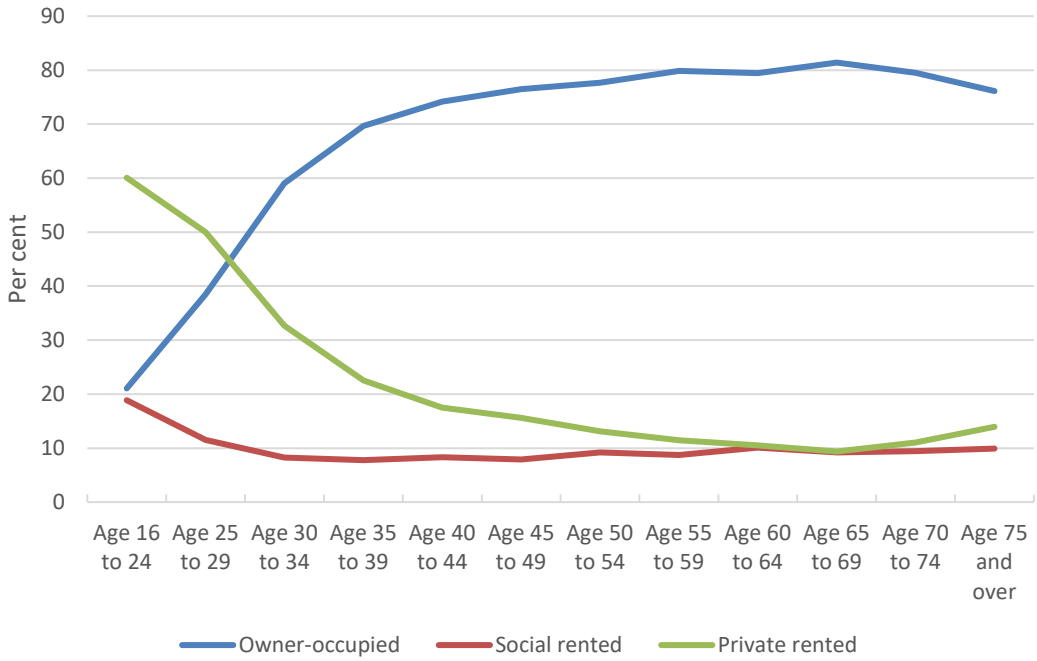
Sources: Historical - Census of Population; Estimated – author's estimates.

The remainder of this Section assesses the potential future evolution of the main tenure categories from a demographic perspective. As outlined in Appendix C of the accompanying Northern Ireland report, the tenure shares have been projected forward using Holmans' demographic method.

The methodology is grounded in two main features of the tenure composition by age of the Household Reference Person (HRP – see Box 6.C), both of which are present in the Mid-Western LGDs[37].

First, tenure shares are broadly stable among households where the HRP is aged 45 and over (see Figure 6.22 for the Mid Ulster profile and Figure 6.23 for Fermanagh and Omagh). Second, in households where the HRP is aged under 45, there is a clear progression from renting to owning (see Figure 6.24 for Mid Ulster and Figure 6.25 for Fermanagh and Omagh). Both of those features are clearly present in both LGDs. Those distinct patterns in tenure by age of the HRP provide the basis for demographic tenure projections.

Figure 6.22 Tenure by age of HRP, Mid Ulster, 2011
(Source: Census of Population)



[37] The presentation of the demographic tenure analysis and projections is at LGD level, to avoid repetition of detail as the constituent HMAs share similar features to their LGDs.

Figure 6.23 Tenure by age of HRP, Fermanagh and Omagh, 2011 (Source: Census of Population)

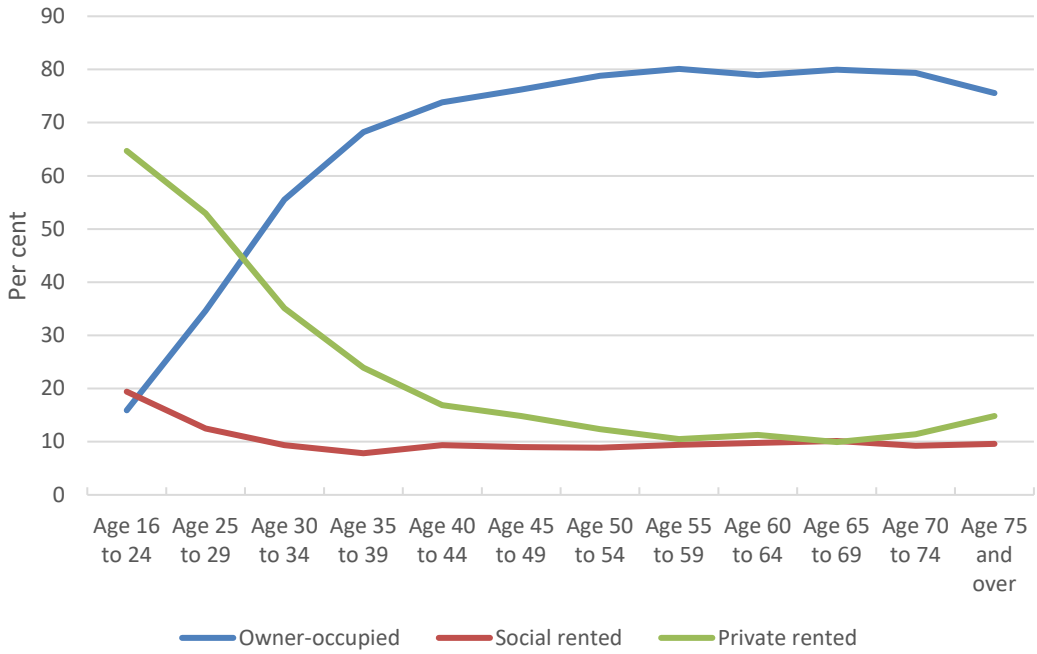


Figure 6.24 Tenure by age of HRP, 2011, Mid Ulster (Source: Census of Population)

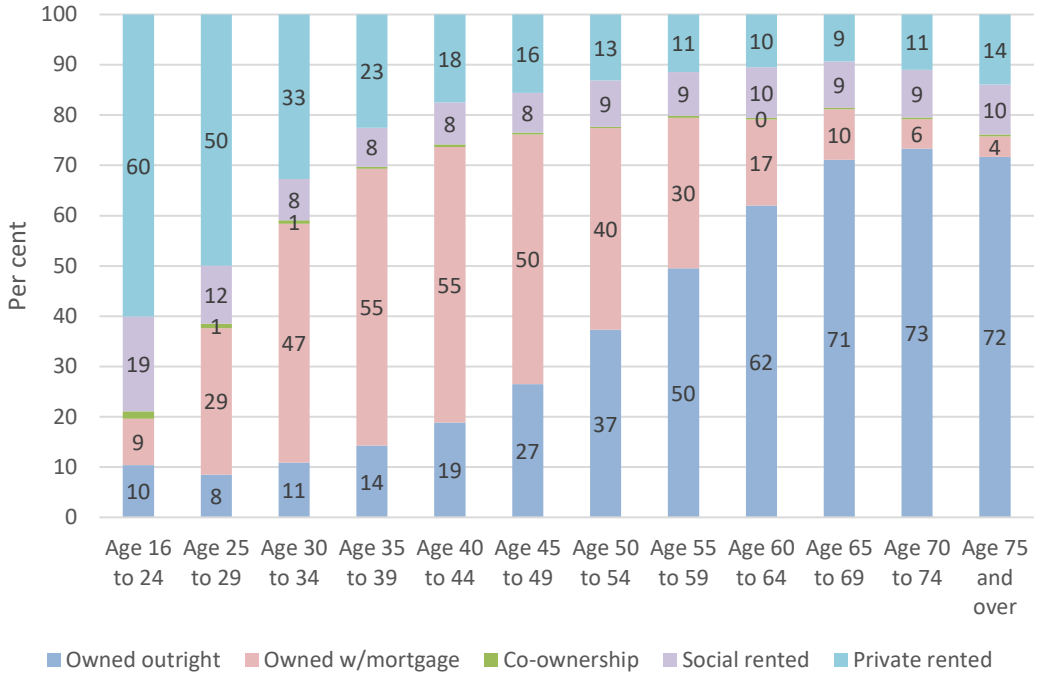
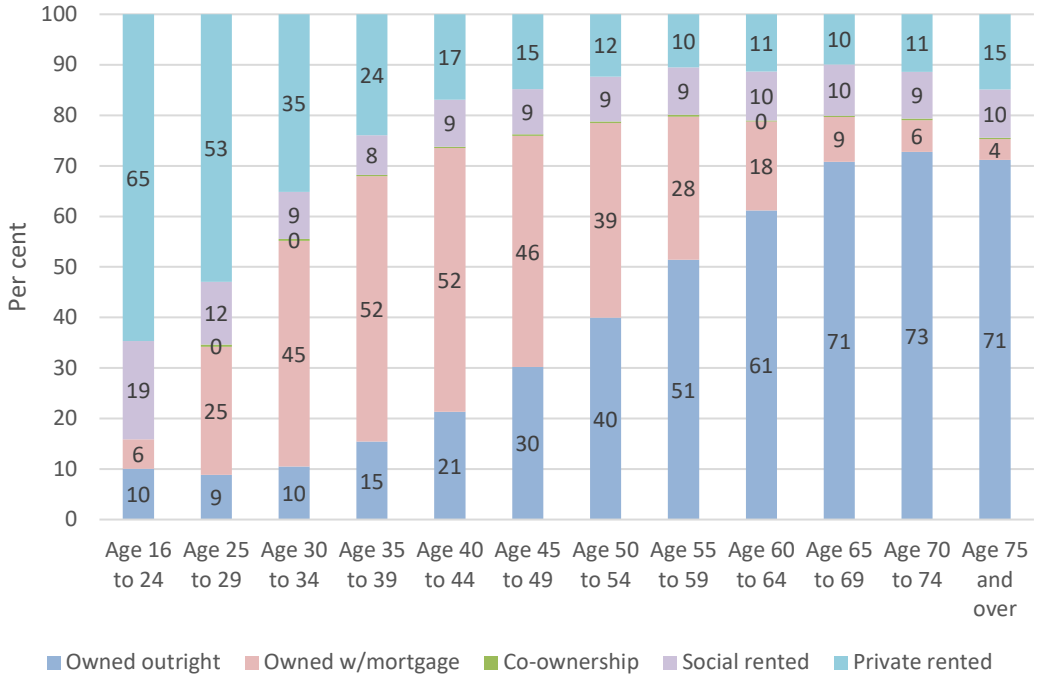


Figure 6.25 Tenure by age of HRP, 2011, Fermanagh and Omagh (Source: Census of Population)



Box 6.C Household Reference Person (HRP)

The **Household Reference Person** (HRP) concept was introduced for the 2001 Census of Population to replace the former 'head of household' measure. There is one HRP per household. The HRP should be one of the usual residents in the household. For a person living alone, it follows that this person is the HRP. Otherwise:

- If the household contains only one family, the HRP is the same as the Family Reference Person (FRP).
- If there is more than one family in the household, the HRP is chosen from among the FRPs using the same criteria as for choosing the FRP (economic activity, then age, then order on the form).

In a lone parent family, the **Family Reference Person** is taken to be the lone parent in a lone parent family. Otherwise:

- In a couple family, the FRP is chosen from the two people in the couple based on their economic activity (in the priority order; full-time job, part-time job, unemployed, retired, other).

Box 6.C Household Reference Person (HRP)

- If both people have the same economic activity, the FRP is identified as the elder of the two or, if they are the same age, the first member of the couple on the form.

A **family** comprises of a group of people consisting of a married or cohabiting couple with or without child(ren), or a lone parent with child(ren). It also includes a married or cohabiting couple with their grandchild(ren) or a lone grandparent with his or her grandchild(ren) where there are no children in the intervening generation in the household. Cohabiting couples include same sex couples. Children in couple families need not belong to both members of the couple.

If there is no family, the HRP is chosen from the individuals within the household using the same criteria as for the FRP, i.e. economic activity status, age and order in which listed on the form.

Generally, visitors cannot be HRPs and households containing visitors only (e.g. holiday homes) would not have a HRP unless they contained a visitor with no other usual residence. In an all-visitor household containing one or more visitors with no other usual residence, an HRP should be selected from the 'resident visitors' (i.e. visitors with no (other) usual residence).

Source: Extracted from NISRA, 2011 Census Definitions and Output Classifications.

The results of the demographic tenure projections for the two LGDs are summarised in Table 6.27. In both LGDs, the demographic projections result in broadly stable tenure shares. Thus, in Mid Ulster, the owner-occupied share is projected to increase slightly (less than one percentage point) between 2018 and 2035, offset by a similarly slight decrease in the private rented share. The owner-occupied share in the Fermanagh and Omagh projections is projected to remain stable.

In both LGDs, the projected stability in the owner-occupied shares would represent a reversal of the declines that were observed in the period from 2001 to 2011. While the projections are demographically based, they serve to illustrate the housing market recovery that was evident in the period from 2016 through 2019.

Regarding the social sector projections, the Mid Ulster share is expected to remain constant while the sector's share in Fermanagh and Omagh is projected to rise slightly. That reflects the projected faster ageing of the population in Fermanagh and Omagh, from the underpinning demographic projections.

Table 6.27 Household tenure composition: Projections to 2035, Holmans demographic method					
	2001	**2011**	**2018**	**2030**	**2035**
Mid Ulster					
Owner-occupied	74.6	71.7	70.4	70.9	70.9
Social rented	15.0	9.2	9.1	9.1	9.1
Private rented	10.4	19.1	20.5	20.0	20.0
All	100.0	100.0	100.0	100.0	100.0
Fermanagh and Omagh					
Owner-occupied	73.4	71.6	70.8	70.9	70.8
Social rented	15.5	9.6	9.2	9.7	10.0
Private rented	11.1	18.8	20.0	19.3	19.3
All	100.0	100.0	100.0	100.0	100.0
Sources: Historical - Census of Population; Estimated – author's estimates.					

Nonetheless, the social sector projections also signal a reversal of trends over recent decades which are not unreasonable in light of the sharp decline in Housing Executive sales in tandem with the Social Housing Development Programme.

Of course, there is uncertainty around the projected tenure shares. For example, house purchase affordability may worsen to the extent that first-time buyers become more constrained in accessing home ownership. In that event, newly arising households may be more likely to enter the private rented sector while households already in the private rented sector may find it more difficult to move into home ownership.

For that reason, it is useful to consider a variant scenario in which the private rented sector share increases, albeit at a reduced rate compared with the rapid expansion of the 2000s. The trend-based scenario is summarised in Table 6.28 and provides a different narrative to the demographic projections.

Table 6.28 Household tenure composition: Projections to 2035, FRS-based trends by age with dampening factor (0.5)					
	2001	**2011**	**2018**	**2030**	**2035**
Mid Ulster					
Owner-occupied	74.6	71.7	70.4	68.5	67.8
Social rented	15.0	9.2	9.1	9.8	10.1
Private rented	10.4	19.1	20.5	21.6	22.2
All	100.0	100.0	100.0	100.0	100.0
Fermanagh and Omagh					
Owner-occupied	73.4	71.6	70.8	69.1	68.4
Social rented	15.5	9.6	9.2	9.8	10.0
Private rented	11.1	18.8	20.0	21.1	21.7
All	100.0	100.0	100.0	100.0	100.0
Sources: Historical - Census of Population; Estimated – author's estimates.					

6.10 Key Points Summary

In the residential housing market, the large house price falls that followed the boom of 2005-2007 resulted in a marked improvement in affordability in the Mid-Western area. In the recovery phase, between 2016 and 2019, house prices grew at modest rates, 1.9 per cent per annum in Mid Ulster and 3.5 per cent in Fermanagh and Omagh.

Along with the rest of Northern Ireland, the rate of house price growth in the Mid-Western area quickened following the lifting of the first Covid-19 lockdown in summer 2020. Between the first quarter of 2020 and the fourth quarter of 2021, house prices in Mid Ulster rose by 7.5 per cent per annum, close to the Northern Ireland average (7.3 per cent per annum). Fermanagh and Omagh prices rose at 8.2 per cent per annum, just above the Northern Ireland average.

It is reasonable to expect that the pandemic-induced house price growth will moderate over the next 12 months or so. That is the expectation of market commentators and those consulted for this SHMA.

While they have risen slightly since 2016, recent trends in the median and lower quartile earnings ratios would suggest that, at this time, affordability is holding reasonably steady with no pronounced deterioration. With house

price rises expected to moderate over the next 1-2 years, the outlook for house purchase affordability would appear broadly positive.

Across the Mid-Western HMAs, residential property transactions have followed the housing market cycle. After reaching unsustainable levels during the house price boom years between 2005 and 2007, there was a steep fall in transactions during the downturn followed by a steady recovery from 2011 through to spring 2020. Similar to the rest of Northern Ireland, transactions fell sharply during the first Covid-19 ockdown in spring 2020 but rebounded just as sharply. In 2021, house sales were back at or above their 2019 pre-pandemic levels in three of the four Mid-Western HMAs. The exception was the Cookstown HMA, where 2021 sales were back to within four per cent of their 2019 level.

Overall, the transactions data would suggest the Mid-Western housing markets have broadly stabilised following the disruption wrought by the pandemic.

Prior to the pandemic, in the rented housing market, private sector rentals had been growing at a steady pace in both HMAs. By 2018-19, median weekly private sector rents were estimated to represent 18 per cent of median household income in Mid Ulster and 16 per cent in Fermanagh and Omagh. At the lower priced end of the rental market, 30th percentile rents were estimated to represent 27 per cent of lower quartile household incomes in Mid Ulster and 24 per cent in Fermanagh and Omagh. At those ratios, the median and 30th percentile rents could not be said to have presented an acute affordability problem, on the average.

Reflecting the pressure of demand on the available supply, the rate of increase in private sector rents has risen since the commencement of the pandemic. From the Housing Executive rent data, Northern Ireland rents rose by an estimated four per cent in 2021. Mid Ulster rents are estimated to have risen by five per cent and by 3.3 per cent in Fermanagh and Omagh.

There is, however, considerable uncertainty regarding the future evolution of rent inflation. The pandemic has affected all sectors of society and the economy, but in many respects the disruptive effects have been temporary in nature. The maintained hypothesis in this SHMA is that the recent bout of rent inflation will similarly unwind over time.

As at April 2019, an estimated 36 per cent of private rented sector tenants were in receipt of Housing Benefit in Mid Ulster. At 45 per cent, the proportion was higher in Fermanagh and Omagh. That underscores the importance of Housing Benefit in helping private sector tenants with a low income to sustain their accommodation.

7 Housing Stock and Occupancy

7.1 Introduction

This Section presents a profile of the housing stock and the occupancy of dwellings. The Section commences with an overview on trends in the housing stock by type of dwelling, including the distribution by HMA and settlement type. The next part of the Section looks at the trend in unoccupied dwellings, again by HMA and settlement type.

The Section then provides a profile of occupied dwellings, by property type, tenure, and age of the Household Reference Person (HRP). The remainder of the Section focuses on the use of the stock, specifically the size distribution of dwellings. Drawing on the 2011 Census of Population, the distribution of dwellings by number of rooms and occupancy ratings are discussed, including variations by tenure, HMA and settlement type.

The Section next presents estimates for the bedroom size distribution, focusing in particular on occupancy by age of the HRP. The Section concludes by presenting indicative sets of projections for the bedroom size distribution of the occupied dwellings stock, which are compared with projections for bedroom requirements. The demographic context is of particular importance for those projections, notably the projected ageing of the population.

7.2 Housing Stock

Over the two decades from 1991 to 2011, the Mid Ulster housing stock rose by 43 per cent, from 35,180 dwellings in 1991 to 50,240 in 2011 (Table 7.1). Similar to the rest of Northern Ireland, in both decades, detached and semi-detached dwellings formed the major component of that growth (Figure 7.1). The number of semi-detached dwellings more than doubled between 1991 and 2011 (+109 per cent). The stock of terraced dwellings fell by over one fifth (-20.5 per cent) between 1991 and 2001, recovering only slightly between 2001 and 2011 with a net addition of 644 dwellings (+7.9 per cent). The number of apartments went up in both decades, albeit from a low base (1,060 in 1991).

Reflecting the variations in growth, the composition of the dwelling stock showed large shifts (Table 7.2). By 2011, detached dwellings accounted for over half the stock (55 per cent). The share of the stock in semi-detached properties rose from 17 per cent in 1991 to 25 per cent by 2011. By 2011, four in five dwellings (80 per cent) were detached or semi-detached. Conversely, the share of the stock in terraced dwellings fell sharply, from over one in four in 1991 (26 per cent) to less than one in six by 2011 (16 per cent). The proportion comprised of apartments rose only slightly, up by +0.7 percentage points over the two decades to 3.7 per cent by 2011.

Table 7.1 The housing stock, Mid Ulster, 1991, 2001 and 2011			
	1991	**2001**	**2011**
Detached	18,540	22,570	27,680
Semi-detached	6,040	10,170	12,630
Terraced	9,190	7,310	7,880
Flat, maisonette, or apartment	1,060	1,430	1,850
Purpose built	510	1,100	1,430
Converted or shared house (including bedsits)	550	330	420
Other[1]	350	260	190
All	**35,180**	**41,740**	**50,240**

1 Caravan or other mobile or temporary structure, shared dwellings.
Source: Census of Population.

Figure 7.1 Net change in dwellings by type, Mid Ulster, 1991-2011 (Source: Census of Population)

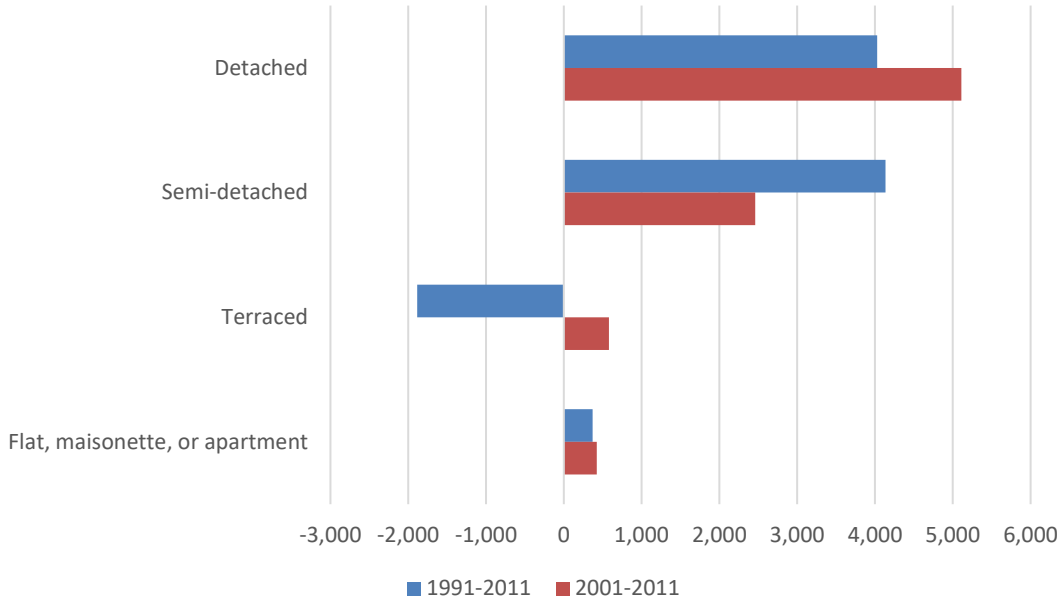


Table 7.2 The housing stock, Mid Ulster, composition by dwelling type, 1991, 2001 and 2011

	1991	2001	2011
	%	%	%
Detached	52.7	54.1	55.1
Semi-detached	17.2	24.4	25.1
Terraced	26.1	17.5	15.7
Flat, maisonette, or apartment	3.0	3.4	3.7
Other	1.0	0.6	0.4
All	**100.0**	**100.0**	**100.0**

Source: Census of Population.

Fermanagh and Omagh showed very similar trends over the period 1991 to 2011 (Figure 7.2 and Table 7.3). The total dwelling stock increased by 39 per cent and, as in Mid Ulster, the bulk of the growth between 1991 and 2011 was in detached (+45 per cent) and semi-detached dwellings (+122.5 per cent) accompanied by a fall in the number of terraced dwellings (-19 per cent). The stock of apartments rose in both decades, again from a low base (1,230 in 1991).

Figure 7.2 Net change in dwellings by type, Fermanagh and Omagh, 1991-2011 (Source: Census of Population)

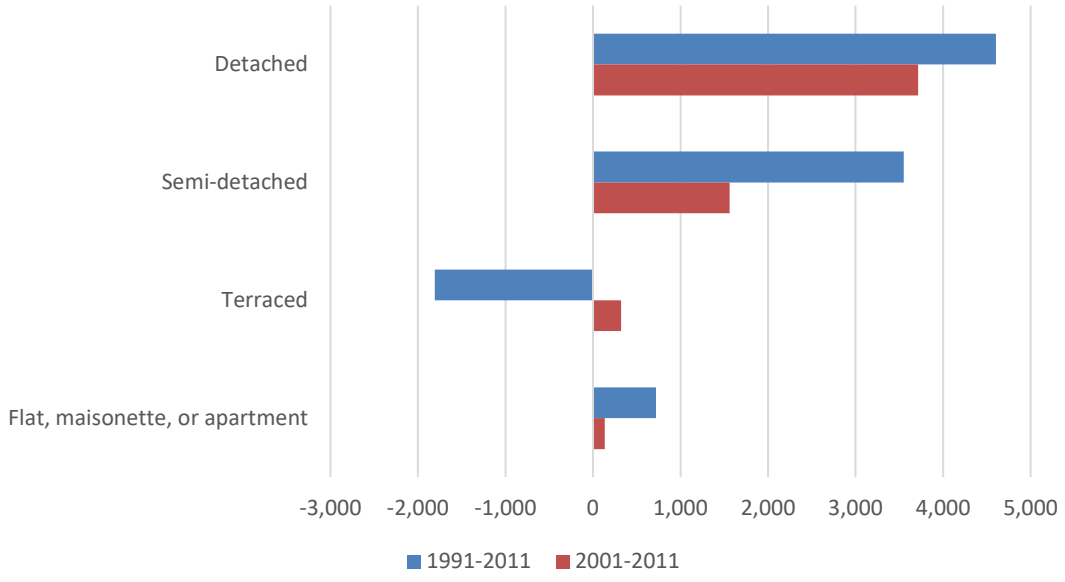


Table 7.3 The housing stock, Fermanagh and Omagh, 1991, 2001 and 2011

	1991	2001	2011
Detached	18,630	23,240	26,950
Semi-detached	4,180	7,730	9,300
Terraced	7,950	6,140	6,460
Flat, maisonette, or apartment	1,230	1,950	2,090
Purpose built	610	1,350	1,640
Converted or shared house (including bedsits)	620	600	450
Other[1]	320	270	100
All	**32,310**	**39,320**	**44,890**

1 Caravan or other mobile or temporary structure, shared dwellings.
Source: Census of Population.

By 2011, over four in five properties in Fermanagh and Omagh (81 per cent) were either detached (60 per cent) or semi-detached (21 per cent) dwellings (Table 7.4). Reflecting its more rural and dispersed population, the detached share of dwellings in Fermanagh and Omagh, as well as Mid Ulster, is well in excess of the Northern Ireland average (37 per cent in 2011).

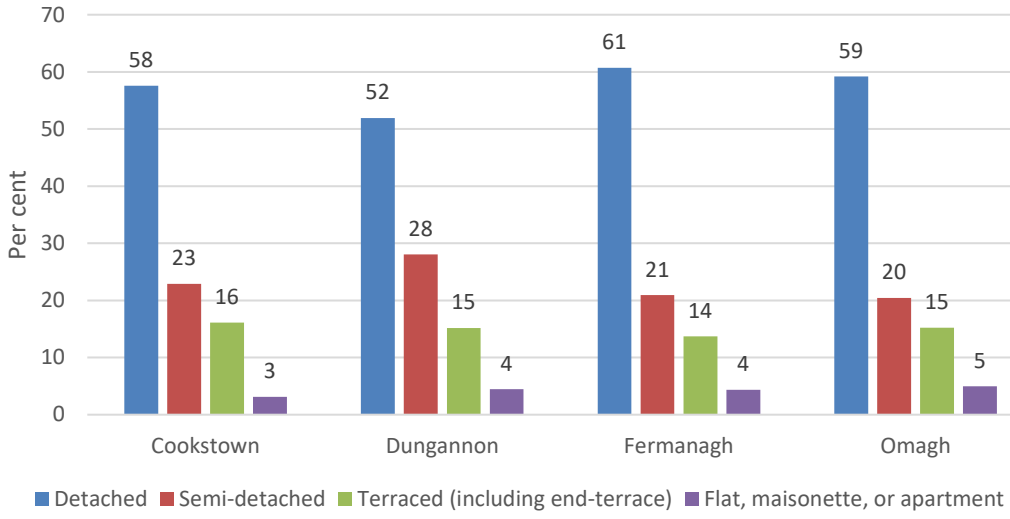
Table 7.4 The housing stock, Fermanagh and Omagh, composition by dwelling type, 1991, 2001 and 2011

	1991	2001	2011
	%	*%*	*%*
Detached	57.7	59.1	60.0
Semi-detached	12.9	19.7	20.7
Terraced	24.6	15.6	14.4
Flat, maisonette, or apartment	3.8	5.0	4.6
Other	1.0	0.7	0.2
All	**100.0**	**100.0**	**100.0**

Source: Census of Population.

The dwelling stock trends by LGD have been mirrored across their constituent HMAs. As can be seen from Figure 7.3, within each LGD, the HMAs exhibit very similar housing stock profiles by dwelling type.

Figure 7.3 The housing stock by dwelling type, Mid Western HMAs, 2011 (Source: Census of Population)



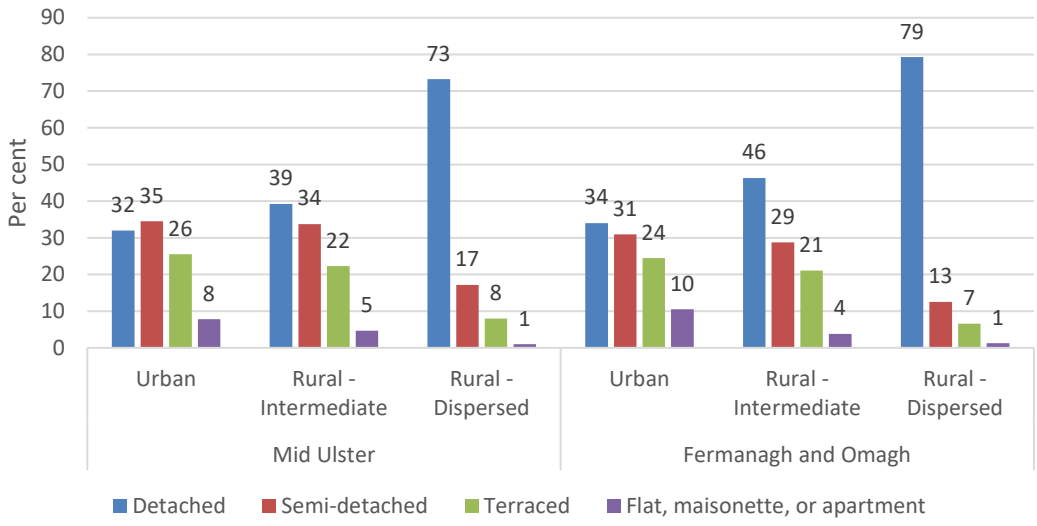
Similarly, dwelling stocks grew strongly within each HMA over the two decades from 1991 to 2011 (Table 7.5). The contrasts in growth rates between 2001 and 2011 reflect the patterns of population and household growth discussed in Sections 4 and 5, respectively.

Table 7.5 The housing stock by HMA, Mid-Western

	Dwellings			Change
	1991	2001	2011	2001-2011
	No.	*No.*	*No.*	*%*
Mid Ulster	**35,180**	**41,740**	**50,240**	**20.4**
Cookstown	20,060	24,070	28,180	17.0
Cookstown subarea	9,090	10,530	12,610	19.8
Magherafelt subarea	10,970	13,550	15,570	14.9
Dungannon	15,120	17,670	22,060	24.9
Fermanagh and Omagh	**32,310**	**39,320**	**44,890**	**14.1**
Fermanagh	18,140	22,190	25,170	13.4
Omagh	14,170	17,130	19,720	15.1
Source: Census of Population.				

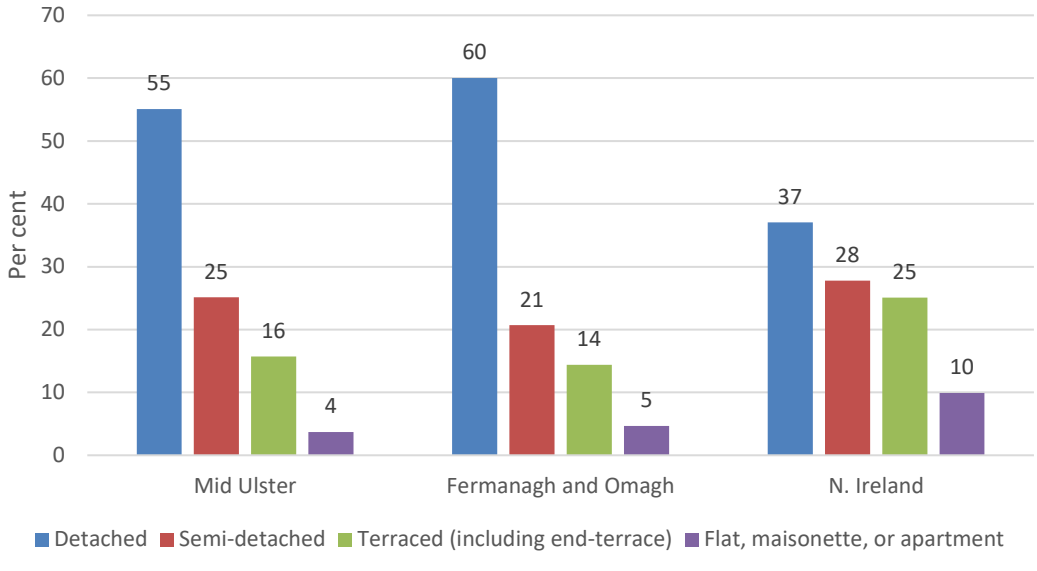
Across the Mid-Western area, the composition of the housing stock varies by settlement type (Figures 7.4). In particular, the more space-extensive detached dwellings predominate in rural areas.

Figure 7.4 Type of dwelling by settlement type, 2011 (Source: Census of Population)



Reflecting their more rural settlement pattern, the proportion of the housing stock in detached dwellings is considerably higher in the Mid-Western area when compared with the Northern Ireland average (Figure 7.5).

Figure 7.5 Housing stock by dwelling type, 2011 (Source: Census of Population)



For the period 2011 onwards, the trend in the dwelling stock, both overall and by type, can be tracked from the annual Land and Property Services (LPS) dwelling count data, both overall and by type (see Box 7.A). On the LPS data, between 2011 and 2021 the total dwelling stock in Mid Ulster increased by 10 per cent, ranging from four per cent for terraced properties to 19 per cent for semi-detached dwellings (Figure 7.6). Across all property types, growth has been stronger in the second half of the decade, growing at 1.3 per cent per annum from 2016 to 2021 (Table 7.6). In that period, the growth was led by semi-detached and apartment dwellings.

Figure 7.6 Growth in dwellings by property type, Mid Ulster, 2011=100 (Source: LPS)

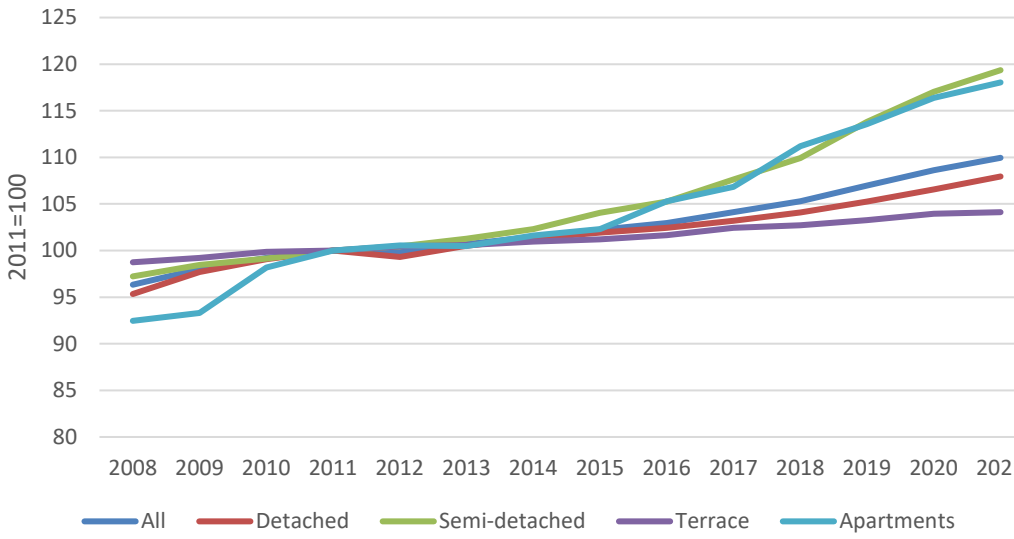


Table 7.6 Change in dwelling stock, Mid Ulster, per cent per annum

	2008-2011	2011-2016	2016-2021
	%	%	%
Mid Ulster	**1.3**	**0.6**	**1.3**
Dwelling type			
Detached	1.6	0.5	1.1
Semi-detached	0.9	1.0	2.5
Terraced	0.4	0.3	0.5
Apartment	2.6	1.0	2.3
Source: LPS.			

Box 7.A Annual Housing Stock Statistics

Land and Property Services (LPS) publish annual data giving a count of properties valued as domestic or mixed for the purposes of rating. The counts refer to "properties in the Valuation List which are used for the purposes of a private dwelling". A private dwelling is defined as a self-contained dwelling and includes both social and private sector dwellings. The counts refer to the position at April/May of each year, from 2008 onwards.

The LPS count excludes caravans, which are included in the Census of Population as a separate type of dwelling. That is a minor difference in scope.

Notwithstanding differences in scope and timing, the LPS and Census dwelling totals are reasonably well-aligned. For Northern Ireland as a whole, the LPS dwelling count for 2011 differs by 1.1 per cent from the Census of Population figure (756,647 on the LPS count for April 2011 compared with 748,048 according to the March 2011 Census, a difference of 8,599).

LPS also publishes counts of properties by type. The 2011 count by type refers to September 2011. However, the LPS counts differ from the Census figures by property type, notably in respect of semi-detached and terraced properties, as shown in the table below, which is for Northern Ireland.

	CoP 2011	LPS 2011	Difference
Detached	277,131	270,825	-2.3%
Semi-detached	207,903	185,236	-10.9%
Terraced	187,676	222,510	18.6%
Flat, maisonette, or apartment	74,146	78,076	5.3%
All	**748,235**	**756,647**	**1.1%**

The variances by property type are likely to reflect the different modes of data collection, i.e. the LPS counts are derived from administrative data whereas Census data are mainly self-reported. As the Census of Population contains detailed socio-demographic information, this is the main source of data for the SHMA on the use and occupation of dwellings. Due to the variances by property type, the LPS data have been deployed to indicate the direction of recent trends, with counts indexed to 2011.

The LPS publishes Housing Stock Statistics by LGD, Ward and Super Output Area (SOA).

Notwithstanding the more recent uptick between 2016 and 2021, since 2011 the growth in the Mid Ulster dwelling stock has been running at a slower pace by comparison with previous decades (Figure 7.7). As the pace of growth in the stock has fallen, so also has the variability in growth rates across different house types. For example, between 2001 and 2011, growth ranged from +8 per cent (terraced) to +30 per cent (apartments), a spread of 22 percentage points. From 2011 through 2021, the spread fell to 15 percentage points, from +4 per cent (terraced) to +19 per cent (semi-detached).

Figure 7.7 Change in dwelling stock by type, Mid Ulster, 1991 to 2021

Updating the dwelling type shares shown in Table 7.2 with the LPS growth rates from Figure 7.7 yields the following estimated shares as of April 2021:

- Detached – 54 per cent (-1.1 percentage points compared to 2011)
- Semi-detached – 27 per cent (+2.1 percentage points)
- Terraced – 14.8 per cent (-0.9 percentage points)
- Apartments – 4 per cent (+0.3 percentage points).

The main point of interest in the shifts in shares between 2011 and 2021 is the increase in the semi-detached share (+2.1 percentage points), testifying to the continuing prominence of conventional 'family-sized' dwellings. Apartments have been growing at above-average rates, but from a low base, so that their share of the stock remains relatively low (compared to the 10 per cent Northern Ireland average).

According to the LPS data, the dwelling stock in Fermanagh and Omagh increased by six per cent between 2011 and 2021, from three per cent for terraced properties to 12 per cent for semi-detached dwellings (Figure 7.8). In contrast to Mid Ulster, growth was not noticeably stronger in the second half of the decade (0.6 per cent per annum) compared to the period 2011-2016 (0.5 per cent per annum) (Table 7.7). Semi-detached dwellings were an exception, with a pick-up in growth from 0.8 per cent per annum between 2011 and 2016 to 1.5 per cent from 2016 to 2021. Conversely, the growth in the stock of apartments slowed, from 1.5 per cent per annum between 2011 and 2016 to 0.3 per cent per annum from 2016 to 2021.

Figure 7.8 Growth in dwellings by property type, Fermanagh and Omagh, 2011=100 (Source: LPS)

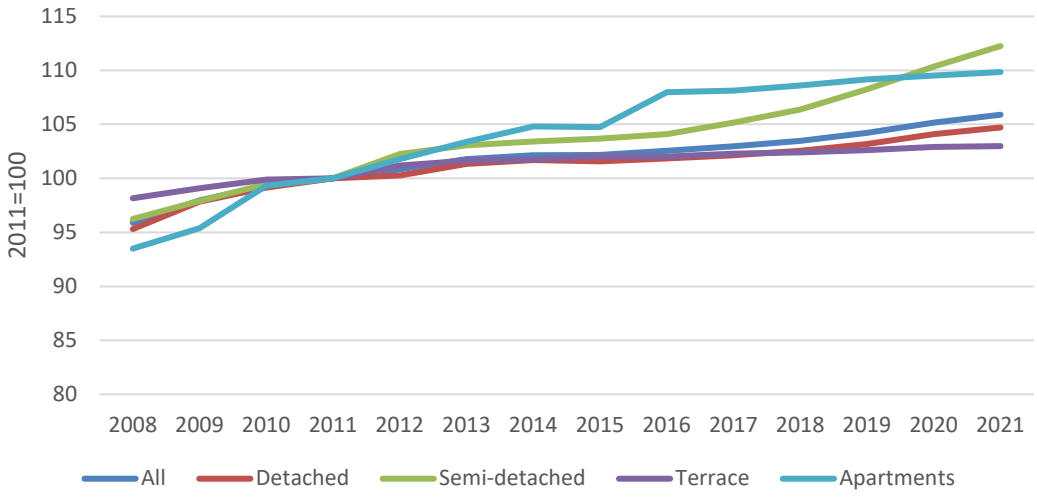
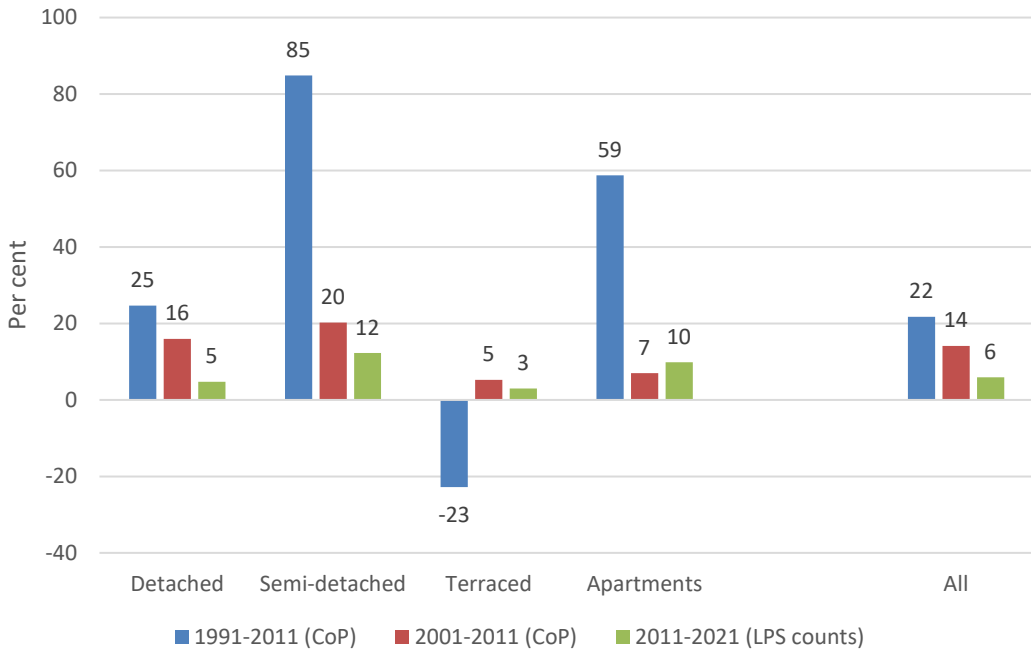


Table 7.7 Change in dwelling stock, Fermanagh and Omagh, per cent per annum

	2008-2011	2011-2016	2016-2021
	%	%	%
Fermanagh and Omagh	**1.4**	**0.5**	**0.6**
Dwelling type			
Detached	1.6	0.4	0.6
Semi-detached	1.3	0.8	1.5
Terraced	0.6	0.4	0.2
Apartment	2.3	1.5	0.3
Source: LPS.			

Similar to Mid Ulster and reflecting the sluggish recovery from the housing market slowdown in the late 2000s, since 2011 the growth in the Fermanagh and Omagh dwelling stock has been slower over the last decade by comparison with the two preceding decades, falling from 14 per cent between 2001 and 2011 to six per cent from 2011 to 2021 (Figure 7.9). Also, the past decade has seen reduced dispersion in growth rates across different house types. Thus, the spread in the growth rates across all property types has narrowed from 15 percentage points between 2001 and 2011 to nine percentage points between 2011 and 2021.

Figure 7.9 Change in dwelling stock by type, Fermanagh and Omagh, 1991 to 2021



Consequently, the composition of the stock has been changing relatively slowly since 2011. Updating the dwelling type shares shown in Table 7.4 with the LPS growth rates from Figure 7.9 yields the following estimated shares as at April 2021:

- Detached – 59.3 per cent (-0.8 percentage points compared to 2011)
- Semi-detached – 21.9 per cent (+1.2 percentage points)
- Terraced – 14 per cent (-0.4 percentage points)
- Apartments – 4.8 per cent (+0.2 percentage points).

The population and household projections discussed in Sections 4 and 5 would suggest that the dwelling stock will continue to rise at a more muted

pace and, with reduced variability in growth rates by property type, the composition of the stock will also evolve more gradually than had been the case prior to 2011. That provides a degree of assurance in relying on the 2011 Census of Population to profile variations by property type in how the stock is occupied.

The broad spatial patterns in the growth of the LPS dwelling stock counts are summarised in Table 7.8 for the HMAs and subareas within each LGD. Within the Mid Ulster LGD, both HMAs and their subareas showed similar growth rates between 2011 and 2016. From 2016 to 2021, the Dungannon HMA has seen faster growth compared to the Cookstown HMA. Within the Fermanagh LGD, the two HMAs have seen their dwelling stocks rise at very similar rates, albeit at slower rates than the Mid Ulster HMAs.

Table 7.8 Change in LPS dwelling count by HMA, per cent per annum

	2008-2011	2011-2016	2016-2021
	%	*%*	*%*
Mid Ulster	**1.3**	**0.6**	**1.3**
Cookstown HMA	1.1	0.6	1.2
Cookstown subarea	1.2	0.4	1.1
Magherafelt subarea	1.0	0.7	1.4
Dungannon HMA	1.4	0.6	1.5
Fermanagh and Omagh	**1.4**	**0.5**	**0.6**
Fermanagh HMA	1.5	0.5	0.5
Omagh HMA	1.3	0.5	0.8
N. Ireland	**1.3**	**0.5**	**1.0**

Source: LPS.

The 2011 to 2021 changes in the LPS dwelling stock counts by settlement type within each of the four HMAs are shown in Table 7.9. Overall, the growth in dwelling stocks did not vary greatly between urban and rural areas.

Table 7.9 Change in LPS dwelling count by HMA, subarea and settlement type, 2011-2021, per cent

	Urban	Rural		All
		Inter-mediate	Dispersed	
	%	%	%	
Mid Ulster	**10.4**	**9.8**	**9.7**	**10.0**
Cookstown HMA	8.9	8.6	9.2	9.0
Cookstown subarea	6.1	11.3	7.6	7.3
Magherafelt subarea	13.0	7.9	10.5	10.4
Dungannon HMA	11.9	12.1	10.3	11.1
Fermanagh and Omagh	**6.3**	**5.3**	**5.8**	**5.9**
Fermanagh HMA	4.6	6.5	5.3	5.4
Omagh HMA	7.5	0.9	6.5	6.6
N. Ireland	**7.2**	**8.1**	**8.6**	**7.6**

Source: LPS.

7.3 Unoccupied dwellings

Before turning to the analysis of how the stock is occupied, it is useful to examine trends in the incidence of unoccupied dwellings. The vacancy rate is an important indicator of imbalances between demand and supply in the housing market. The 2011 Census of Population did not distinguish between vacant dwellings and second homes. Rather, the Census reported on dwellings[38] with and without usual residents. Therefore, it is only possible to report on Census estimates for the proportion of dwellings that are unoccupied.

The unoccupied dwellings proportions for 1991, 2001 and 2011 are reported in Table 7.10 for Mid Ulster, by HMA, dwelling type and settlement type. The following points can be noted.

[38] The Census distinguishes between 'household spaces' and dwelling. The distinction is that the former includes shared spaces within a single dwelling. However, very few shared spaces were enumerated and, for practical purposes, spaces and dwellings are the same. Across the Mid-Western HMAs, the 2011 Census counted 95,123 spaces and 95,114 dwellings, a difference of nine, which is negligible. For convenience, this report refers to 'dwellings'.

Table 7.10 Unoccupied dwellings, Mid Ulster, per cent of total			
	1991	**2001**	**2011**
	%	*%*	*%*
Mid Ulster	**6.2**	**4.8**	**4.9**
Cookstown HMA	5.7	4.3	4.4
Dungannon HMA	6.9	5.4	5.6
Dwelling type			
Detached	7.2	4.2	4.5
Semi-detached	4.9	4.0	3.3
Terraced (including end-terrace)	4.7	6.5	6.3
Flat, maisonette, or apartment	12.4	11.3	16.0
Settlement type			
All urban	5.3	4.9	4.1
Rural - Intermediate settlement/village	5.1	4.8	5.5
Rural - Small village, hamlet, open countryside	7.1	4.7	5.2
Source: Census of Population			

First, in each Census year, the proportion of dwellings unoccupied was higher in the Dungannon HMA compared to the Cookstown HMA, by about one percentage point.

Second, the proportion unoccupied varies by dwelling type, ranging, in 2011, from 3.3 per cent of semi-detached dwellings to 16 per cent of apartments. That is similar to the Northern Ireland picture where, in 2011, the proportions ranged from 3.5 per cent of semi-detached dwellings to 6.8 per cent of terraced properties and 15.9 per cent of apartments. The higher proportions of unoccupied apartments and terraced dwellings is to be expected as those are the property types that are more prevalent in the private rented sector, where higher vacancy rates can be expected due to the higher turnover of occupants. Though, as apartments comprise less than five per cent of the stock, the effect on the overall vacancy rate is limited.

Third, the differences by settlement type in the proportion unoccupied have varied across the Census years. In 2001, there was very little difference in the proportions unoccupied across the three main settlement type categories. In 2011, the proportion was lowest in the urban areas and highest in the rural intermediate settlements and villages.

The unoccupied dwellings proportions for 1991, 2001 and 2011 are reported in Table 7.11 for Fermanagh and Omagh, by HMA, dwelling type and settlement type. Across each of the three Census years, the proportion has been consistently higher in the Fermanagh HMA than in the Omagh HMA, by a margin of around two percentage points in both 2001 and 2011. The difference between the two HMAs most likely reflects the greater prevalence of second homes in the Fermanagh HMA. According to the 2001 Census, second homes comprised 2.1 per cent of the dwelling stock in the Fermanagh HMA. The proportion of the stock unoccupied for other reasons was very similar in both HMAs in 2001, at 5.7 per cent in Fermanagh and 5.5 per cent in Omagh.

Table 7.11 Unoccupied dwellings, Fermanagh and Omagh, per cent of total

	1991	2001	2011
	%	%	%
Fermanagh and Omagh	**6.3**	**6.9**	**7.5**
Fermanagh HMA	6.8	7.8	8.3
Omagh HMA	5.8	5.7	6.5
Dwelling type			
Detached	7.2	6.6	6.4
Semi-detached	3.4	4.5	5.3
Terraced (including end-terrace)	5.0	6.2	10.0
Flat, maisonette, or apartment	13.7	21.0	24.3
Settlement type			
All urban	4.7	6.4	7.4
Rural - Intermediate settlement/village	5.2	5.3	8.0
Rural - Small village, hamlet, open countryside	7.6	7.6	7.5

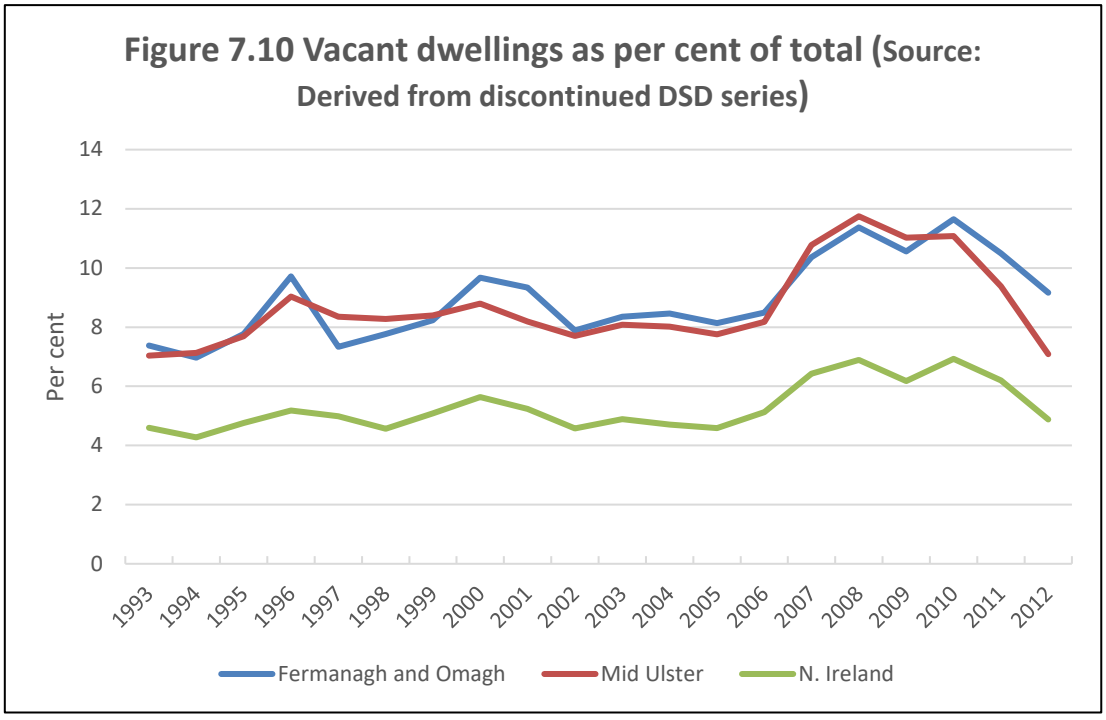
Source: Census of Population

The proportion of dwellings that are second homes also serves to drive the unoccupied proportion for the Fermanagh HMA (8.3 per cent in 2011) above the Northern Ireland average (six per cent in 2011).

Similar to the Mid Ulster HMAs, and the rest of Northern Ireland, the proportion of dwellings unoccupied in Fermanagh and Omagh varies strongly by dwelling type. Thus, the proportion has been consistently lower within the semi-detached stock, standing at 5.3 per cent in 2011, and highest among apartment dwellings (24.3 per cent in 2011).

In 2011, the proportion unoccupied did not vary greatly across the main settlement type classifications, with a spread of less than one percentage point between urban settlements (7.4 per cent) and rural intermediate settlements and villages (eight per cent).

Updating the proportions unoccupied from 2011 onwards is difficult. A time series showing the distribution of the stock between vacant and occupied properties had been published on an annual basis between 1993 and 2012, by the former Department for Social Development (DSD). That series was discontinued in 2012 due to a change in the rating of unoccupied dwellings. However, the data that are available show a rise in the vacancy rate following the house price crash of 2007, both in the two HMAs and across Northern Ireland as a whole (Figure 7.10). Also, similar to the Northern Ireland average, vacancy rates fell after 2010, as the wider economy and housing market started to recover from the Great Recession of 2008-09.



The only data point available for the period post-2012 is the Housing Executive's 2016 Northern Ireland House Condition Survey (HCS), which reported a 3.7 per cent vacancy rate for Northern Ireland as a whole, down from an estimated 7.2 per cent in the 2011 Survey. That would suggest that, at Northern Ireland level, vacancy rates continued to fall post-2012.

According to the DSD time series through to 2012, the vacancy rates in the Mid-Western areas were consistently above the Northern Ireland average and can be expected to have tracked the overall trend. That is broadly consistent with the Census data for Fermanagh and Omagh. Though, according to the Census data, the proportion of dwellings unoccupied in Mid Ulster was below the Northern Ireland average in 2011 (4.9 per cent versus the Northern Ireland average of six per cent). That is likely to reflect the different modes of data collection used for the Census compared with the LPS counts (see Box 7.A above).

In the absence of published statistics for the vacant dwellings rate, the approach adopted for this SHMA is to estimate the proportion of dwellings that are unoccupied by comparing the household projections discussed in Section 5 with the LPS data for dwelling stocks.

The results are shown in Figure 7.11 for Mid Ulster and Figure 7.12 for Fermanagh and Omagh, presenting unoccupied dwelling proportions for each of the three household growth scenarios. These are the proportions used in projecting new dwelling requirements using the net stock model in Section 8.

Figure 7.11 Estimated proportion of dwellings unoccupied, alternative household projections, Mid Ulster, 2011-2021 (Source: Author's estimates)

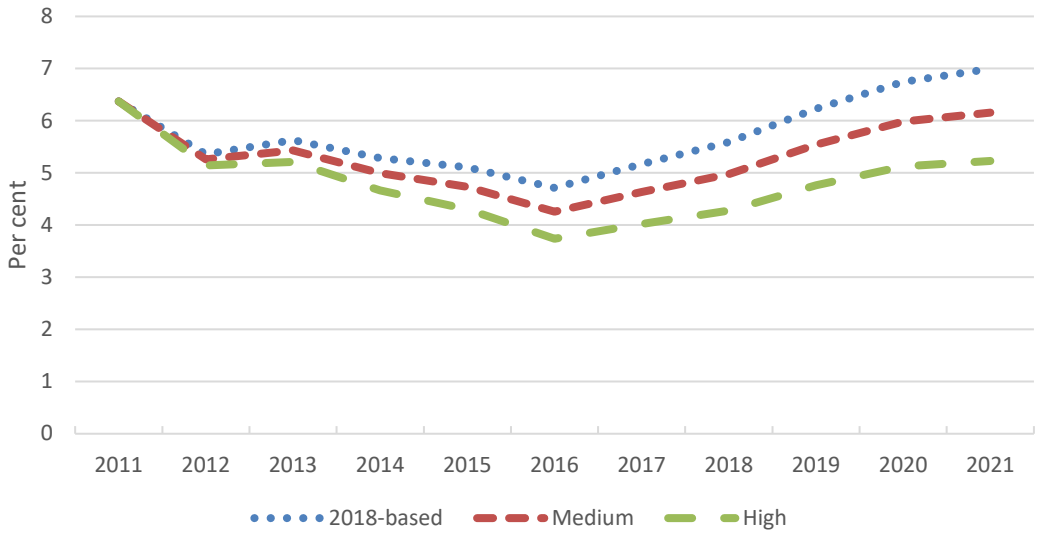
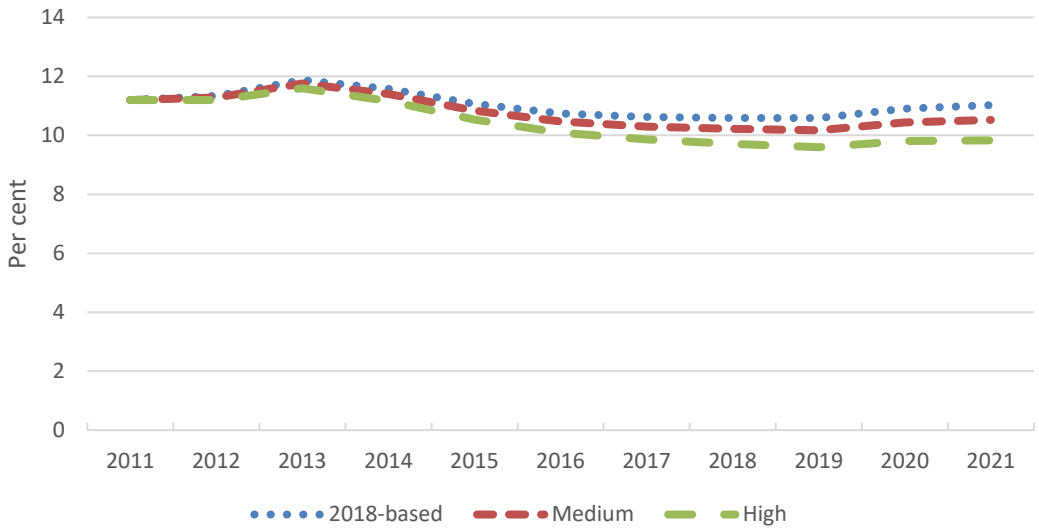


Figure 7.12 Estimated proportion of dwellings unoccupied, alternative household projections, Fermanagh and Omagh, 2011-2021 (Source: Author's estimates)



7.4 The Occupied Stock

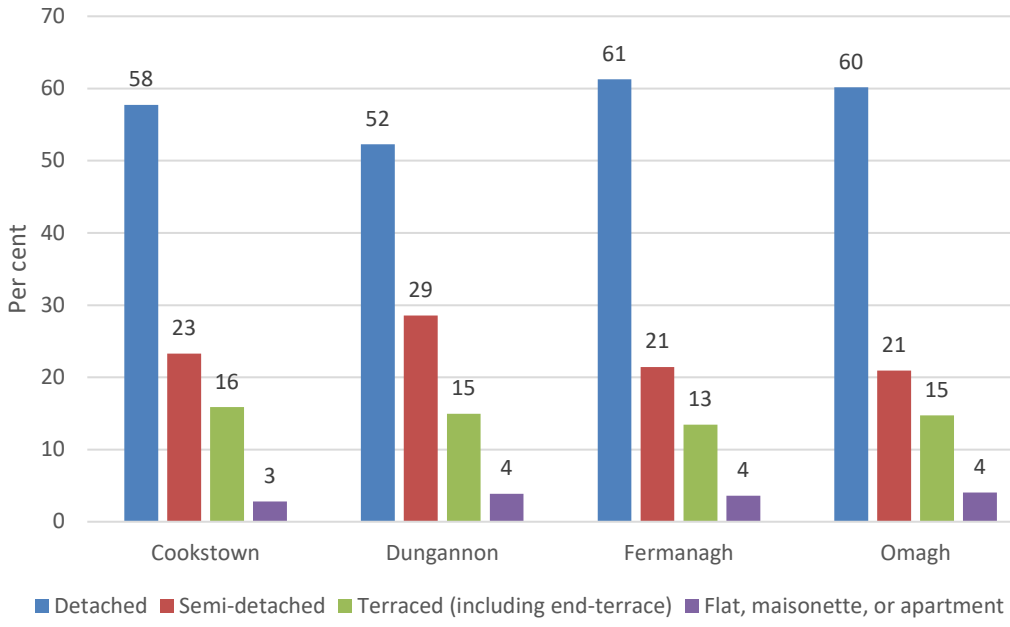
7.4.1 Property Type

In 2011, across the Mid-Western HMAs, 94 per cent of dwellings were occupied by households. Consequently, the composition of the occupied stock by property type differs only very slightly from the total stock, as can be seen by comparing Figure 7.13 with Figure 7.3. For example, within each HMA, apartments tend to have a lower share of occupied dwellings compared with their share of the stock, due to their higher proportion unoccupied. But the differences are marginal and less than one percentage point across each of the four HMAs.

The spatial patterns in the occupied dwellings are also very similar to the total stock within each HMA. For example, in Mid Ulster, the proportion living in detached dwellings ranges from 32 per cent in the urban settlements to 39 per cent in intermediate settlements/villages and 74 per cent in the rural small villages and open countryside. That distribution is very similar to the dwelling stock profile shown in Figure 7.4.

As the property type and spatial distributions of occupied dwellings closely resemble the patterns in the total stock, as described above, the discussion of the occupied stock focuses on the attributes of households and how they occupy their dwellings.

Figure 7.13 Occupied dwellings: Property type, Mid-Western HMAs, 2011 (Source: Census of Population)



7.4.2 Tenure

Similar to the rest of Northern Ireland, the Mid-Western areas exhibit pronounced differences by tenure in the types of dwellings occupied by households. In the Mid-Ulster LGD, two in three owner-occupier households (67 per cent) live in detached houses, rising to almost three in four in Fermanagh and Omagh (Table 7.12)[39].

By contrast, in the social rented sector, the majority of households live in terraced dwellings or apartments (59 per cent in Mid Ulster and 56 per cent in Fermanagh and Omagh). Households in the private rented sector show a more mixed pattern.

Reflecting the profile of the dwelling stock in the Mid-Western area, most private renters live in detached or semi-detached dwellings (71 per cent in both Mid Ulster and Fermanagh and Omagh). However, substantial proportions occupy terraced properties and flats (28-29 per cent).

[39] See Table A7.1 in Annex 7 at the end of this Section for the tenure profile of the occupied stock by property type within each of the four Mid-Western HMAs. It should be noted that the HMA profiles are very similar to the LGDs within which they are contained.

Table 7.12 Property type by tenure, Mid-Western LGDs, 2011				
	Detached	**Semi-detached**	**Terraced**	**Flat**
	Row%	*Row%*	*Row%*	*Row%*
Mid Ulster				
Owner-occupied	67	22	10	1
Shared	18	51	23	8
Social rented	9	32	44	15
Private rented	34	37	21	8
All	**55**	**26**	**15**	**3**
Fermanagh and Omagh				
Owner-occupied	73	17	9	1
Shared	26	49	20	6
Social rented	9	34	43	13
Private rented	40	31	18	10
All	**61**	**21**	**14**	**4**
Source: Census of Population.				

The tenure differences by property type partly reflect demographic influences. For example, across the Mid-Western HMAs, in 2011, one- and two-person households accounted for 71 per cent of social sector tenants compared with 47 per cent of owner-occupiers and 61 per cent of private rented sector tenants (see also Tables A7.3 and A7.4 in Annex 7 at the end of this Section, showing the household size distributions by tenure in, respectively, the Mid Ulster and Fermanagh and Omagh LGDs).

Household income differences also play a role in shaping the tenure contrasts in occupation of dwellings. The Census does not collect information on income differences by tenure, but the available data clearly show higher household incomes in the owner-occupied sector[40]. Households with the resources to purchase their own property evince a strong preference

[40] According to the 2019-20 Households Below Average Income (HBAI) report, at Northern Ireland level, relative income poverty rates ranged from eight per cent in households owning with a mortgage to 29 per cent in the private rented sector and 32 per cent in the social rented sector.

for more space-extensive dwellings, especially detached properties in the Mid-Western area.

The distribution of property types occupied by shared ownership households is interesting as an indicator of the types of dwellings that are purchased by first-time buyers; in 2018-19, first-time buyers accounted for 95 per cent of households assisted into shared housing[41].

As can be seen from Table 7.12, semi-detached and terraced properties account for the large majority of properties in shared ownership; 74 per cent in Mid Ulster and 69 per cent in Fermanagh and Omagh. In both LGDs, and their constituent HMAs (see Table A7.1), the proportion of detached properties in shared ownership is well below the average for all owner-occupier households.

To the extent that relative house prices may shape future owner-occupier demand for different property types, and especially first-time buyers, it is useful to consider trends in relative house prices by type of dwelling. For that purpose, median house prices by property type, relative to the median values for all sales, are shown in Figure 7.14 for the Mid Ulster LGD and in Figure 7.15 for Fermanagh and Omagh[42].

In the Mid Ulster LGD, median semi-detached property prices have been in alignment with the median for all house sales over the entire period 2005 to 2020. Over the past decade, detached properties have consistently sold at about 30 per cent above the all-properties median while terraced dwellings have been about 30-36 per cent below the all-properties median.

Similarly, in Fermanagh and Omagh, semi-detached properties have tracked the all-properties median. Since 2015, detached dwelling median prices have remained about 21-26 per cent higher than the all-properties median with terraced properties typically 36-38 per cent lower.

Overall, therefore, relative house prices by property type have been broadly stable across the Mid-Western area[43]. The conclusion to be drawn is that there are presently no divergent house price trends that might be expected to disrupt the historical pattern of demand by property type in the residential property market in Mid-Western LGDs and their constituent HMAs.

[41] For an overview on shared ownership, see Appendix C of the accompanying Northern Ireland report.
[42] Relative median prices are shown as the median can be considered to measure 'representative' prices for different dwelling types across the residential property market. Also, the upper threshold for assistance with entry to shared ownership in Northern Ireland is £175,000, which is above the median house value in both the Mid Ulster LGD (£142,500 in 2020) and Fermanagh and Omagh (£137,500 in 2020).
[43] It should be noted that focusing on the lower quartile of house prices would lead to the same conclusion.

Figure 7.14 Median house prices by property type, per cent of all sales median, Mid Ulster (Source: LPS)

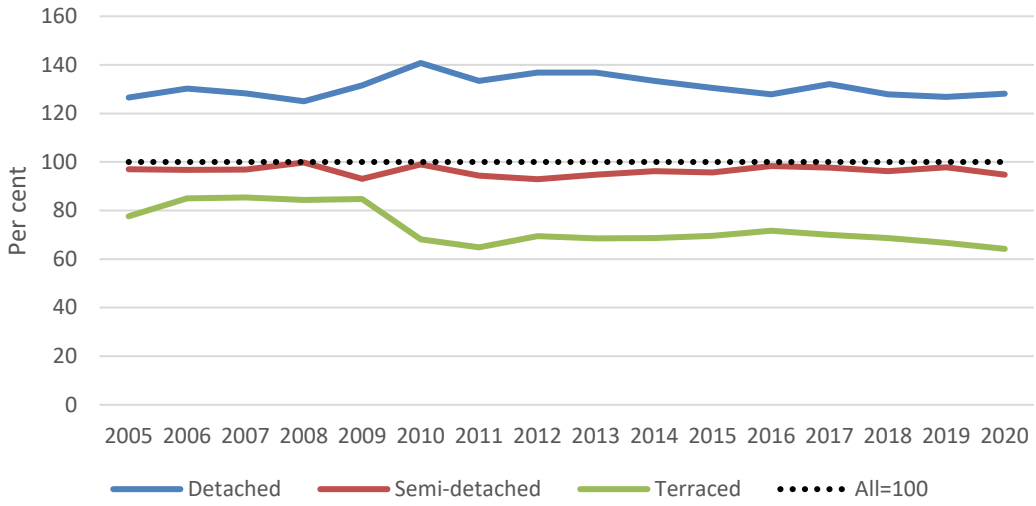
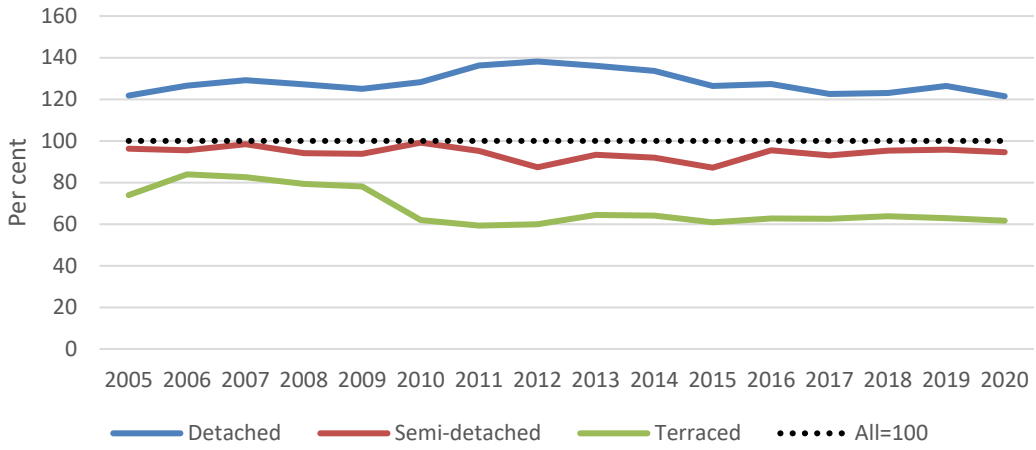


Figure 7.15 Median house prices by property type, per cent of all sales median, Fermanagh and Omagh (Source: LPS)



It can also be noted that, since 2015, the distribution of sales by property type has also been relatively stable within each HMA (Figures 7.16 and 7.17). For example, over that period, detached dwellings have accounted for around 35 per cent of sales in Mid Ulster and 50 per cent in Fermanagh and Omagh

Overall, therefore, there are no obvious market signals indicating substantial shifts in the future pattern of demand by property type in the residential housing market.

Figure 7.16 Transactions by property type, Mid Ulster, per cent of all sales (Source: LPS)

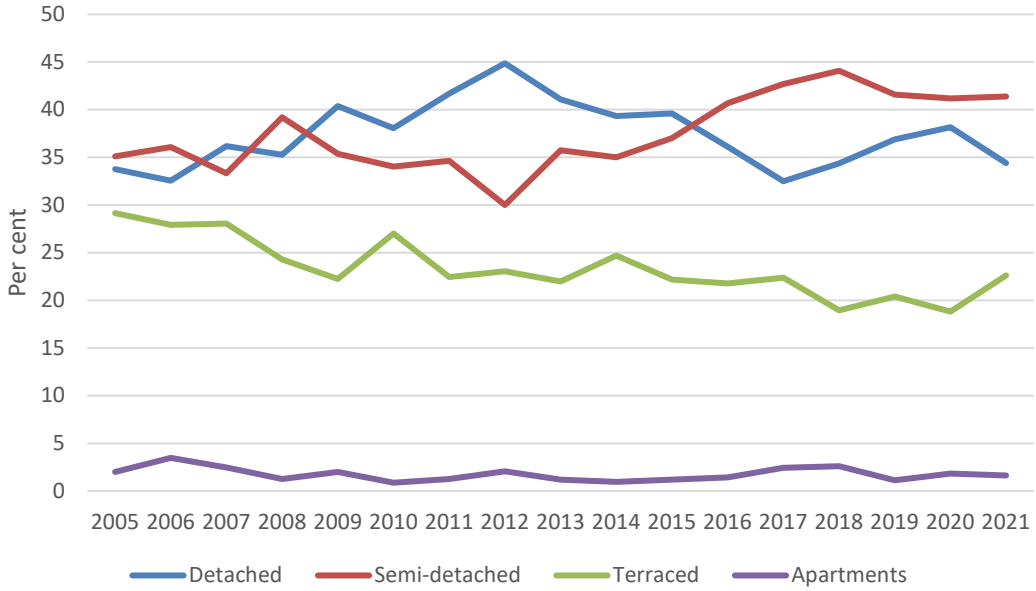
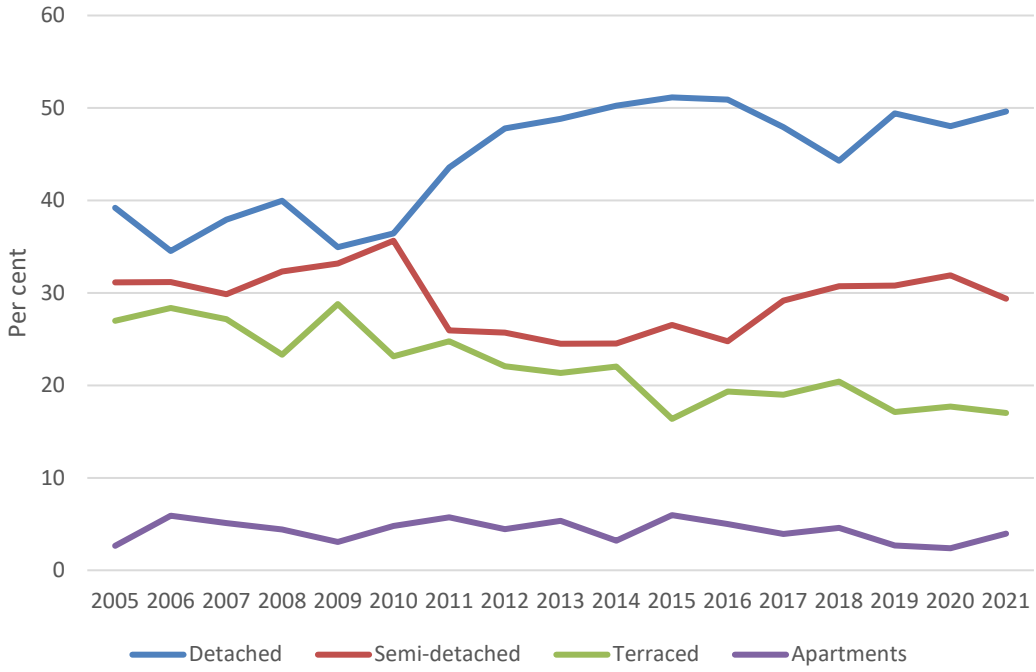


Figure 7.17 Transactions by property type, Fermanagh and Omagh, per cent of all sales (Source: LPS)



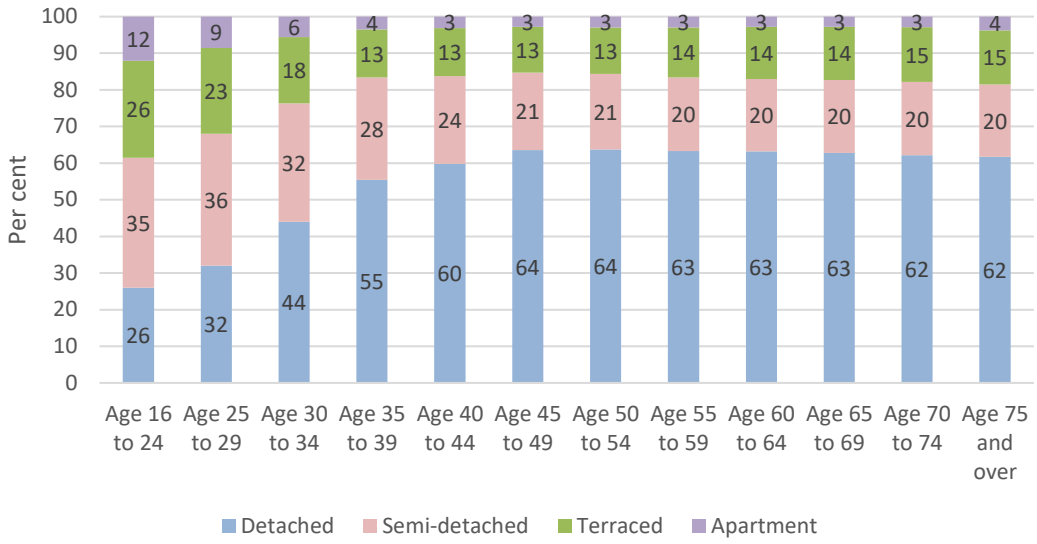
7.4.3 Age of Household Reference Person (HRP)

The distribution of property types by age of the Household Reference Person (HRP) is shown in Figure 7.18. As can be seen, the proportion living in detached properties increases steadily from 26 per cent among households where the HRP is aged 16-24 to 64 per cent where the HRP is aged 40-44. From age 40 onwards, the proportion in such dwellings remains relatively stable, dipping only slightly to 62 per cent in the 70+ age groups.

Given the prominence of detached and semi-detached properties in the owner-occupied sector, the pattern by age of the HRP in the occupancy of those property types clearly reflects the age progression into owner occupation discussed in Section 6 above (see Figures 6.24 and 6.25).

The stability of the property type distribution among HRPs aged 40 and over also suggests that the type of property occupied by a household aged 40 to 44 is a good predictor of the type of property that same household will occupy in future years, as they age into the older cohorts.

Figure 7.18 Property type by age of HRP, Mid-Western, 2011 (Source: Census of Population)



The stability in the mix of dwelling types occupied by households where the HRP is aged 40 and over is also apparent from a comparison of urban and rural areas. By broad settlement type, the main point of difference is the higher incidence of the smaller and more space-intensive dwelling types in the urban areas, i.e. terraced properties and apartments (Figure 7.19). In rural areas, detached dwellings are predominant, accounting for close to three in four dwellings occupied by households where the HRP is aged 45 and over (Figure 7.20).

The urban-rural contrast also reflects tenures differences. Owner-occupation is more prevalent in rural than in urban areas (see Table A7.5) and, as noted previously, that tenure is associated with a higher proportion of detached properties.

Figure 7.19 Property type by age of HRP, Mid-Western, 2011 (Source: Estimated from Census of Population)

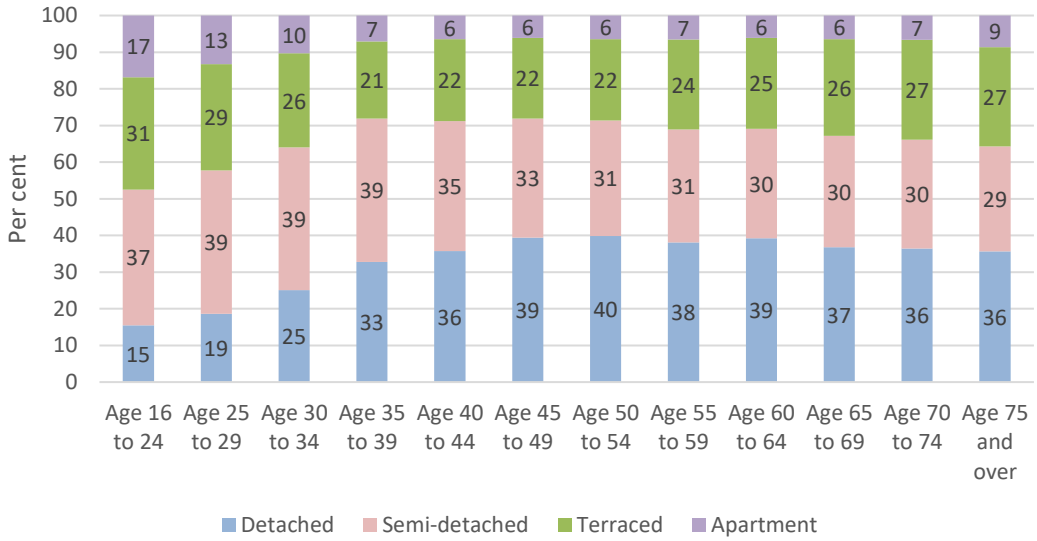
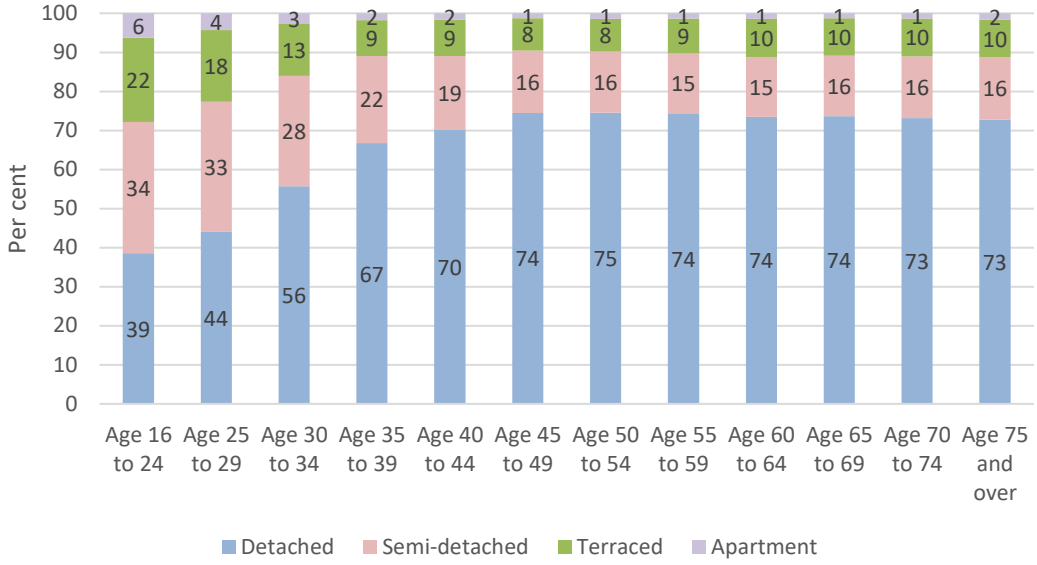


Figure 7.20 Property type by age of HRP, rural areas, Mid-Western, 2011 (Source: Estimated from Census of Population)

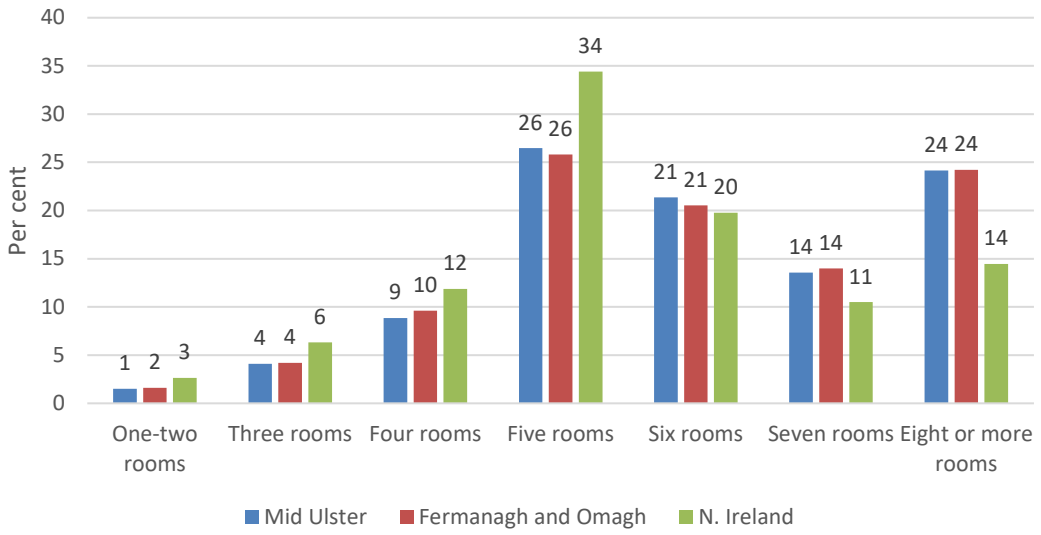


7.5 Dwelling Size

7.5.1 Rooms

Property types are of interest partly because they represent the physical expression of the housing stock, including especially its spatial distribution. The second major point of interest is the size distribution of the stock, which leads to discussion of issues around the occupation of the stock relative to household size. Number of rooms is the only dwelling size indicator for which information is collected in the Census[44]. On that metric, the distribution of dwelling sizes is quite similar across the Mid-Western LGDs (Figure 7.21). Reflecting the greater prevalence of larger property types, the proportion of dwellings with six or more rooms (59 per cent in both LGDs) is higher than the Northern Ireland average (45 per cent).

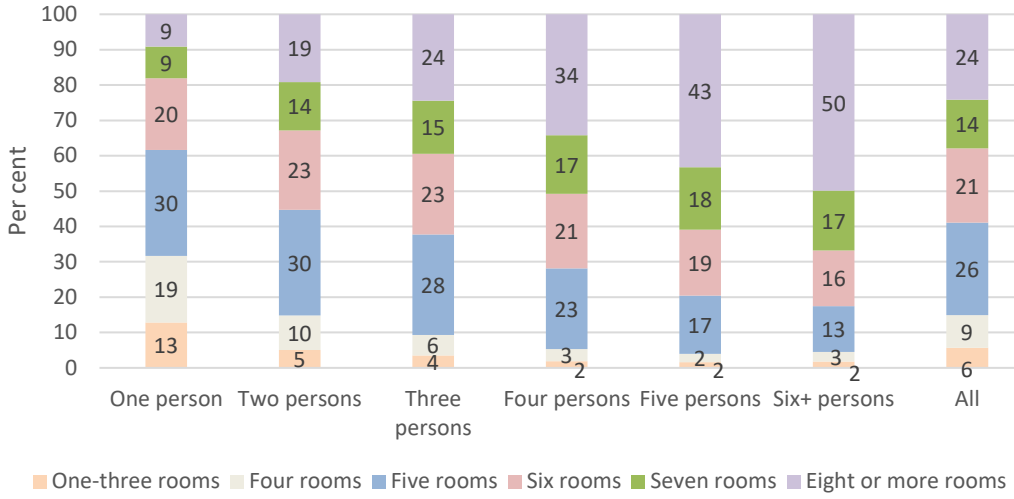
Figure 7.21 Number of rooms, Mid-Western, 2011
(Source: Census of Population)



The published 2011 Census tables do not include the number of rooms by property type. However, information is available by household size and tenure. As measured by the number of rooms, dwelling size is clearly linked to household size. On average, the larger the household, the more rooms that are contained within the occupant's dwelling (Figure 7.22). The linkage between household size and dwelling size is not perfect. For example, over one in three one-person households (38 per cent) live in a property with six or more rooms. Conversely, almost one in five households with six or more persons (18 per cent) live in a property containing five or fewer rooms.

[44] The Census count of rooms includes bedrooms, kitchens, living rooms, utility rooms, studies and conservatories. Bathrooms, toilets, halls and landings are not counted.

Figure 7.22 Number of rooms by household size, Mid-Western (Source: Census of Population)



Dwelling size also varies by tenure, with owner-occupiers living in larger properties, on average (Table 7.13). Almost seven in 10 owner-occupier households (69 per cent) live in a dwelling with six or more rooms. By contrast, social sector tenants predominantly occupy dwellings with five or fewer rooms, including 89 per cent of Housing Executive tenants and 87 per cent of Housing Association tenants. The private rented sector distribution is less skewed, with the majority (57 per cent) living in five and six room dwellings.

Table 7.13 Rooms by tenure, Mid-Western, 2011

	All	Owner-occupied	NIHE	Housing Associations	Private rented
	%	%	%	%	%
One-two rooms	2	1	4	12	3
Three rooms	4	2	10	26	8
Four rooms	9	5	31	22	14
Five rooms	26	22	44	27	35
Six rooms	21	22	8	8	22
Seven rooms	14	16	2	3	9
Eight+ rooms	24	31	1	2	9
All households	**100**	**100**	**100**	**100**	**100**

Source: Census of Population

7.5.2 Occupancy Ratings

The number of rooms in a dwelling can be converted to occupancy ratings, to provide a measure of under-occupancy and overcrowding. The procedure used for Census of Population room counts is to estimate the number of rooms notionally required by a household and subtract the result from the actual number of rooms occupied (Box 7.B). The results are published on a five-point scale, ranging from -2 to +2. Values less than zero imply a 'shortfall' between rooms occupied and rooms required, indicating there is 'overcrowding'. A value in excess of zero implies too many rooms relative to the notional requirement, i.e. 'under-occupation'.

Box 7.B Occupancy ratings

The occupancy rating provides a measure of whether a household's accommodation is overcrowded or under-occupied. There are two measures of occupancy rating, one based on the total number of rooms in a household's accommodation, and one based only on the number of bedrooms.

The occupancy rating of a household is calculated by subtracting the notional number of rooms (bedrooms) required from the actual number of rooms (bedrooms). The ages of the household members and their relationships to each other are used to derive the notional number of rooms (bedrooms) they require, based on a standard formula.

The occupancy ratings for the Mid-Western area are summarised in Table 7.14 by HMA, tenure and settlement type. For reference, the ratings for Northern Ireland as a whole are reproduced in Annex A, Table A7.2, also distinguishing HMAs, tenure and settlement type.

Based on the occupancy rating measure, in 2011, the proportion of households with one or more rooms in excess of their notional requirement ranged from 80-84 per cent across the four HMAs. That compares with 79 per cent across Northern Ireland as a whole.

The proportion classified as living in 'overcrowded' dwellings ranged between 6-8 per cent. Across Northern Ireland as a whole, the proportion classified as living in 'overcrowded' accommodation was seven per cent.

Similar to the rest of Northern Ireland, the distribution of occupancy ratings varies sharply by tenure. Across the Mid-Western area, the prevalence of households in 'over-crowded' accommodation was highest in the social rented sector (13 per cent of Housing Executive tenants and 18 per cent of Housing Association tenants) and lowest in the owner-occupier sector (five per cent).

Table 7.14 Occupancy ratings, Mid-Western, per cent of households, 2011

	Occupancy rating:				
	-2	**-1**	**0**	**+1**	**+2**
	%	*%*	*%*	*%*	*%*
Mid-Western	**2**	**4**	**11**	**20**	**63**
Housing Market Area					
Mid Ulster	2	5	11	20	62
Cookstown HMA	2	4	11	20	63
Dungannon HMA	3	5	12	20	60
Fermanagh and Omagh	2	4	11	19	64
Fermanagh HMA	2	4	11	20	64
Omagh HMA	2	5	11	19	64
Tenure					
Owner-occupied	2	3	8	16	72
Rented from NIHE	4	9	25	39	24
Rented from Housing Association	3	15	39	28	14
Private rented	3	7	15	26	49
Settlement type					
All urban	2	5	15	23	55
Rural - Intermediate settlement/village	2	5	12	22	60
Rural - Small village, hamlet, open countryside	2	4	9	17	68

Source: Census of Population

The tenure patterns are reflected in the spatial distribution of occupancy ratings. Thus, with relatively high proportions in the owner-occupied sector living in detached dwellings, the incidence of 'over-occupation' was highest in rural areas, ranging between 81 per cent in intermediate settlements and villages to 84 per cent in small villages, hamlets and the open countryside, compared with 78 per cent in the urban areas.

7.5.3 Bedrooms

While the number of rooms is helpful, the number of bedrooms is a more relevant metric for housing market analysis. Unfortunately, the 2011 Northern Ireland Census did not collect information on that topic. The approach adopted has therefore been to convert the Census counts for rooms into estimates for numbers of bedrooms. That was accomplished by calculating, from pooled Family Resources Survey (FRS) data, the distribution of bedrooms by number of rooms, with a control for household tenure, and applying the distribution to the HMA data for rooms by tenure.

Across the Mid-Western area, over one in two households (51 per cent) are estimated to live in three bedroom properties with a further 32 per cent living in properties with four or more rooms (Table 7.15). The bedroom size distribution does not vary greatly across the four HMAs.

Dwelling size contrasts are more evident by tenure. Smaller sized properties, with one to two bedrooms, are estimated to be found most frequently in the social rented sector (50 per cent). Two in four owner-occupiers (40 per cent) live in larger properties with four or more bedrooms.

The estimated distribution of bedroom sizes by age of the HRP is shown in Figure 7.23. The distribution strongly reflects the linkage between tenure and bedroom size and is consistent with the distribution of property types by age of the HRP (see Figure 7.18). Thus, dwelling size distribution does not change hugely from age 40 to 45 onwards, albeit the number of dwellings with 4+ bedrooms falls steadily from 38 per cent where the HRP is aged 45-49 to 26 per cent among households where the HRP is 75+.

Figure 7.23 Bedrooms by age of household reference person, Mid-Western, 2011 (estimated)

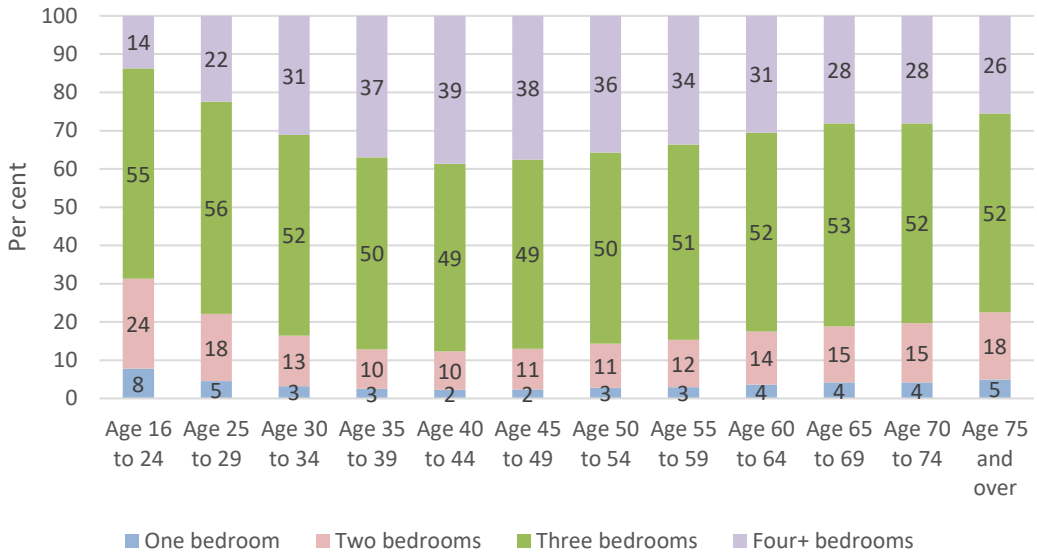


Table 7.15 Bedrooms, Mid-Western, 2011, per cent of households				
	Bedrooms:			
	One	Two	Three	Four+
	%	%	%	%
Mid-Western	**3**	**13**	**51**	**32**
HMA				
Cookstown HMA	3	12	52	33
Dungannon HMA	4	14	52	31
Fermanagh HMA	3	14	51	31
Omagh HMA	4	13	50	33
Tenure				
Owner-occupied	1	8	51	40
Social rented	17	33	45	5
Private rented	6	22	57	15
Settlement type				
Urban	6	16	55	23
Rural - Intermediate settlement/village	4	16	53	27
Rural - Small village, hamlet, open countryside	2	11	48	39
Source: Estimates based on 2011 Census of Population and pooled FRS data				

The distribution of bedroom sizes by age of the HRP presents a sharp contrast to the age distribution of household sizes, most notably in the older age groups. The vast majority of households where the HRP is aged 65 and over (84 per cent) are comprised of one or two persons (Figure 7.24). From Figure 7.23, most households where the HRP is aged 65 and over (79 per cent) live in three and four bedroom properties.

However, on a notional bedroom standard basis, those one and two person households only 'require' one bedroom (Figure 7.25). That is to suggest a considerable degree of 'under-occupancy' among older households. Further, with lengthening life expectancies, the period of time over which dwellings are 'under-occupied' is set to be extended.

Figure 7.24 Household size by age of household reference person, Mid-Western, 2011 (estimated from Census of Population)

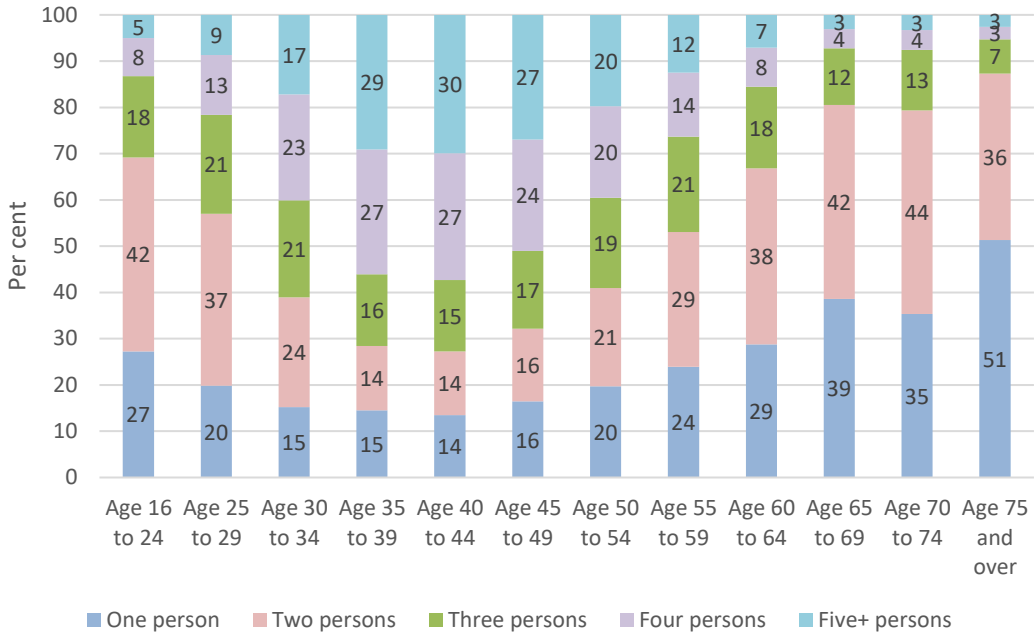
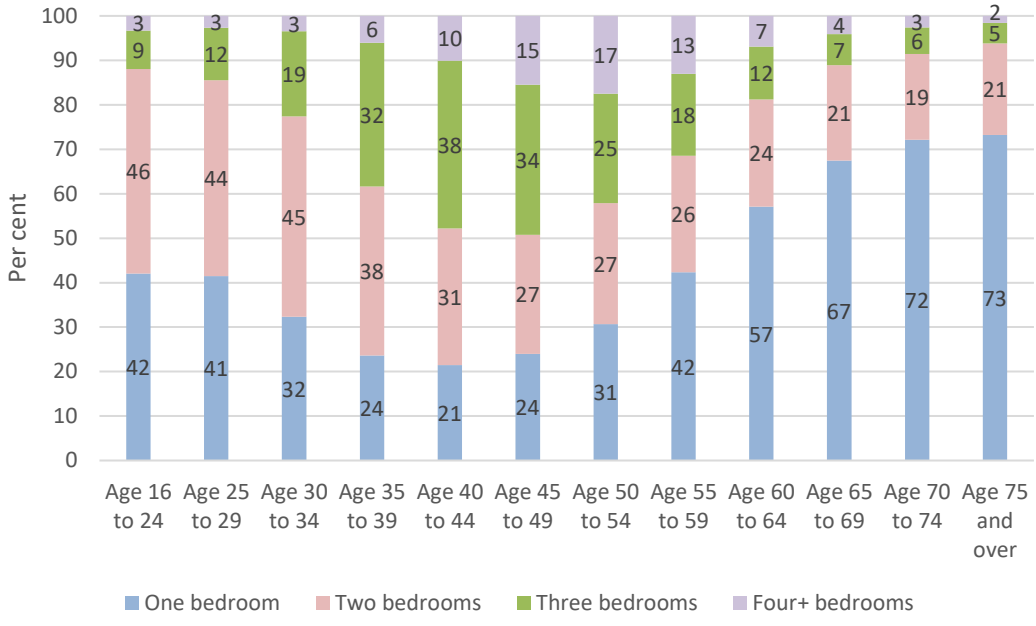


Figure 7.25 Bedroom requirements by age of household reference person, Mid-Western, 2011 (estimated)



A second point to note from the household size by HRP age distribution is the range of household sizes in the 45 to 59 age groups (Figure 7.24). For example, in the 45-49 age group, 68 per cent of households contain three or more persons. That is likely to reflect family life cycle effects, with such households including, in addition to the HRP, a mix of children and young adults who have not yet left the family home. Over the next 15 years, those households with a HRP aged 45 to 49 will age into the 60 to 74 age cohorts. The evidence from this Section, and also the review of housing market tenure trends in Section 6, is that the vast majority will retain their current tenure, continuing to live in the same property with the same number of bedrooms, but in a smaller household size band.

Third, new household formation is concentrated among the younger age groups, in the range 16 to 34. New households forming partnerships with the intention of having children in future years will want to access housing that will accommodate their needs, both current and future. From Figure 7.23, they will mostly demand three and four bedroom properties.

The established patterns may change. For example, the projected decline in the number of children aged under 16 undperpins the projected reduction in the proportion of households with children and increasing proportions in one and two person households, i.e. decreasing average household size and associated bedroom requirements (Table 7.16). On the other hand, trends may emerge that would increase average household sizes. For example, multi-family households are the fastest growing household type across the UK, though such households only represent 1.1 per cent of total families across the UK[45].

Table 7.16 Household composition by type, Mid-Western, per cent of total

	2011	2018	2030	2035
	%	%	%	%
One adult households	23	23	24	25
Two adults without children	24	24	26	27
Other households without children	17	18	19	19
Households with children	34	33	29	27
All households	**100**	**100**	**100**	**100**

Sources: 2011 – Estimated from Census of Population; 2018, 2030 and 2035 – Author's estimates.

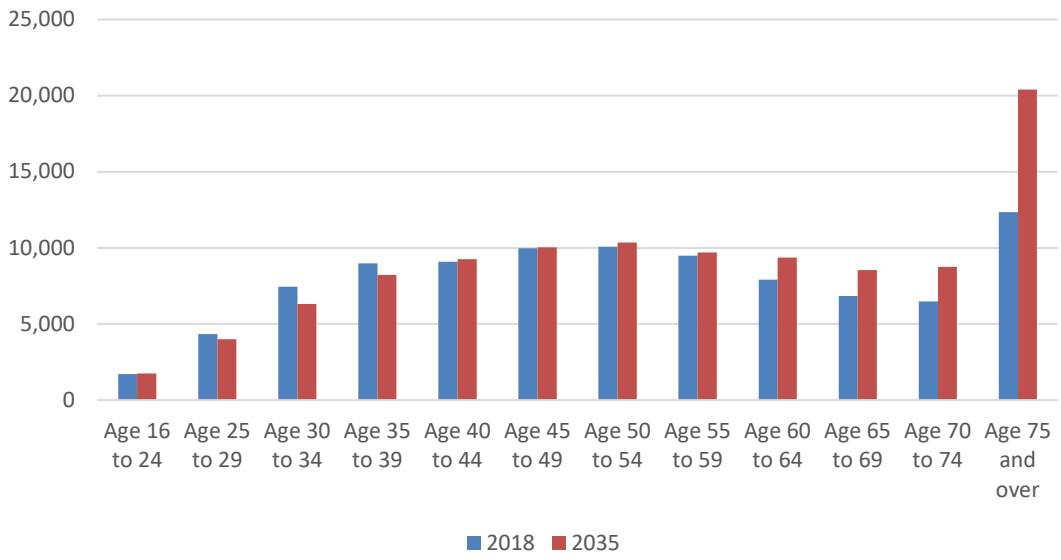
[45] See ONS, 2019, Families and Households in the UK.

7.6 Projections

7.6.1 Demographic Context

The ageing of the population provides the fundamental demographic context in projecting the expected future use and occupation of the dwelling stock. Between 2018 and 2035, the net change in the number of households is projected to be driven by those where the Household Reference Person is aged 60 and over (Figure 7.26. See also Box 7.C). Across the Mid-Western area, households where the HRP is aged 60 and over are projected to increase by 13,500, from 33,600 in 2018 to 47,100 by 2035[46]. The majority of the increase in those aged 60+ (60 per cent) is projected to be due to the rise in households where the HRP is aged 75 and over.

Figure 7.26 Number of households by age of household reference person, Mid-Western, 2018 and 2035, projections



The projected HRP age composition is strongly reflected in the household size projections, with increasing proportions of households living in one and two person households. By 2035, 58 per cent of households are projected to live in one and two person households, up from an estimated 53 per cent in 2018 (Table 7.19). The proportion in households containing four or more persons is expected to fall from an estimated 31 per cent in 2018 to 28 per cent by 2035. The projected shifts in the household size distribution are expected to be similar across the Mid-Western LGDs (see Table A7.7).

[46] The projections presented in this Section are based on the medium household growth scenario discussed in Section 5.

Box 7.C Household Reference Persons: Projections

The NISRA 2016-based household projections include household size and type projections in addition to total households for each LGD. They do not include projections for household reference persons (HRPs) by age group. The HRP was introduced for the 2001 Census of Population to replace the former 'head of household' measure. There is one HRP per household.

HRP projections by age are especially useful in a Housing Market Analysis. For example, as discussed in Section 6, tenure composition varies strongly with the age of the HRP. Similarly, there are distinct differences by age of HRP in the occupancy of the dwelling stock, particularly when assessing patterns in bedroom requirements. It was therefore necessary to add an additional module to the NISRA household methodology to project HRPs by age group. The approach was based on projecting forward household representative rates (HRRs), i.e. the household reference persons as a proportion of the population in the relevant age group. The baseline HRRs for the projection module were derived from the 2011 Census of Population.

HRRs rise sharply among the younger age groups, up to about age 34, due to new household formation as, for example, young adults leave the family home, enter relationships, etc. and enter the housing market. HRRs stabilise from age 35 through to about age 69. From age 70 onwards, HRRs increase as, for example, a two-person household becomes a one-person household following the death of a partner.

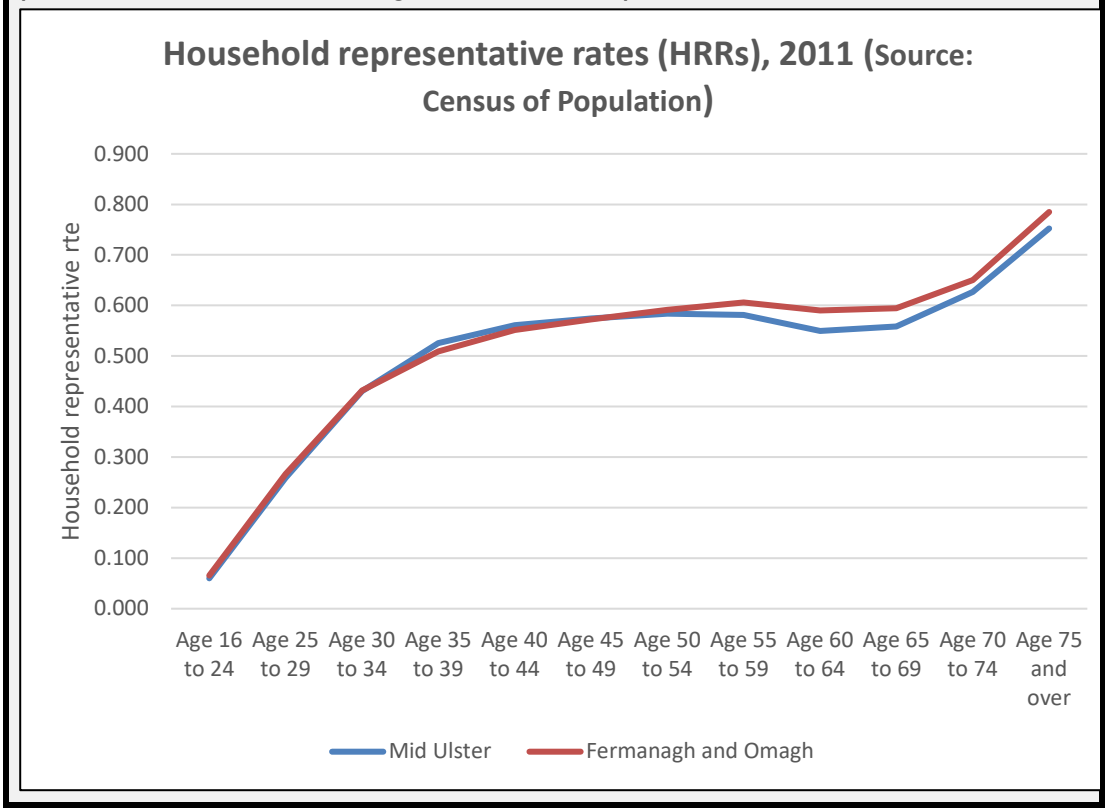


Table 7.17 Household size, Mid-Western, per cent of total				
	2011	**2018**	**2030**	**2035**
	%	*%*	*%*	*%*
One person	25	25	26	27
Two persons	27	28	30	31
Three persons	16	16	15	15
Four persons	16	16	15	15
Five+ persons	16	15	14	13
All households	**100**	**100**	**100**	**100**
Sources: 2011 – Estimated from Census of Population; 2018, 2030 and 2035 – Author's estimates.				

Consequently, in both HMAs, net changes in households between 2018 and 2035 are projected to derive primarily from the growth of one and two person households (Table 7.18). In Fermanagh and Omagh, all of the projected positive net changes are in one- and two-person households. The number of households containing 5+ persons is projected to fall by 13 per cent between 2018 and 2035. The projected net changes for Mid Ulster follow a broadly similar pattern, though some growth is projected for three-and four-person households in addition to the expected rise in one- and two-person households.

Table 7.18 Household size, Mid-Western LGDs, projected net changes, 2018-2035				
	Mid Ulster		**Fermanagh and Omagh**	
	Net change	***% of 2018***	**Net change**	***% of 2018***
One person	3,000	25	2,100	18
Two persons	4,000	29	2,600	21
Three persons	600	7	0	1
Four persons	700	8	-200	-2
Five+ persons	-100	-1	-700	-13
All households	**8,100**	**16**	**3,900**	**9**

The household projections also reflect the anticipated fall in the number of children aged under 16 discussed in Section 4. Thus, the projections by household type show falling numbers of households with children and strong growth in the numbers of households without children (Table 7.19).

Table 7.19 Household type, Mid-Western LGDs, projected net changes, 2018-2035

	Mid Ulster		Fermanagh and Omagh	
	Net change	***% of 2018***	**Net change**	**% of 2018**
One adult households	3,000	25	2,100	18
Two adults without children	3,800	31	2,600	23
Other households without children	2,200	24	700	9
Households with children	-900	-5	-1,500	-11
All households	**8,100**	**16**	**3,900**	**9**

It is, however, important to note that the household size and type projections are presented in terms of net changes. In particular, new households with children will form over the projection period, but they will be out-numbered by existing households transitioning from households with children to those without children, as they age through the family life cycle.

7.6.2 Bedrooms

Bedroom size projections have been prepared primarily to illustrate the potential effects of the projected demographic outlook on the occupancy of the housing stock. The projections have been prepared by rolling forward the 2011 baseline bedroom size estimates by tenure (see Section 6), household size and age and sex of the HRP. The assumption made is that preferences remain unchanged in future years, e.g. on average, across the Mid-Western HMAs, around 51 per cent of owner-occupier households will live in three-bedroom dwellings, after adjusting for projected changes to the household size and HRP age and sex distribution. The projections are not trend-based and should therefore be interpreted strictly as a base case scenario for the future distribution of dwellings by bedroom sizes, assuming no policy or other interventions.

An important point to note in projecting the bedroom size distribution is that the dwelling stock changes very slowly. For example, between 2015 and 2020, new dwelling completions, on average, added about 1.3 per cent per annum to the Mid Ulster housing stock and 0.7 per cent per annum to the Fermanagh and Omagh stock. That is, the vast majority of dwellings that households will occupy in 15 years' time already exist.

While the projections allow for changes in household size and the age distribution of HRPs, it should be understood that they reflect current patterns of demand in the private sector and provision in the social sector. Bearing that caveat in mind, in the base case projection, the size distribution of occupied dwellings in 2035 is not expected to differ greatly from the 2018 baseline position (Table 7.20). The projections for net changes in Mid Ulster anticipate a slight decrease in the proportion living in dwellings with 4+ bedrooms and a corresponding increase in dwellings with three or fewer bedrooms. The projections for Fermanagh and Omagh indicate a similar shift, albeit less pronounced. Those shifts largely reflect the projected increase in the proportion of smaller one and two person households.

Table 7.20 Bedroom size projections, 2018-2035

	Occupied dwellings		Net change, 2018-2035	
	2018	**2035**	**No.**	**Per cent of total**
	%	*%*		
Mid Ulster				
One bedroom	3	4	300	4
Two bedrooms	13	16	1,400	17
Three bedrooms	52	53	4,400	54
Four+ bedrooms	32	28	2,000	24
All	**100**	**100**	**8,100**	**100**
Fermanagh and Omagh				
One bedroom	4	4	300	6
Two bedrooms	14	15	900	24
Three bedrooms	51	51	2,100	53
Four+ bedrooms	32	31	700	17
All	**100**	**100**	**3,900**	**100**

The size distribution by age of the HRP is also projected to remain broadly similar to the baseline position. In both LGDs, around four in five households where the HRP is aged 65+ are projected to live in dwellings with three or more bedrooms; 80 per cent in Mid Ulster and 79 per cent in Fermanagh and Omagh (Figures 7.27 and 7.28).

Figure 7.27 Bedrooms by age of household reference person, Mid Ulster, 2035, projected

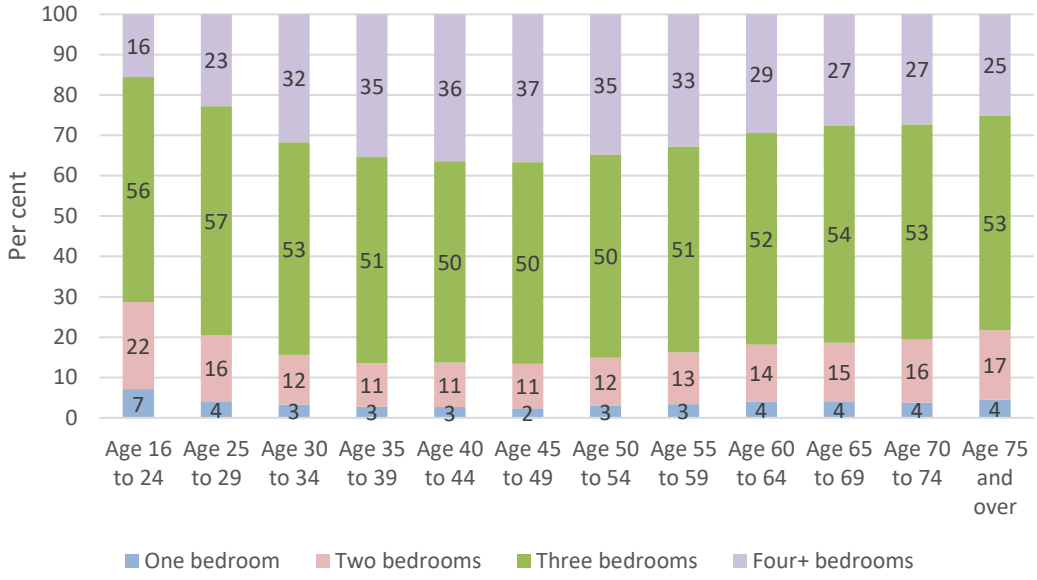
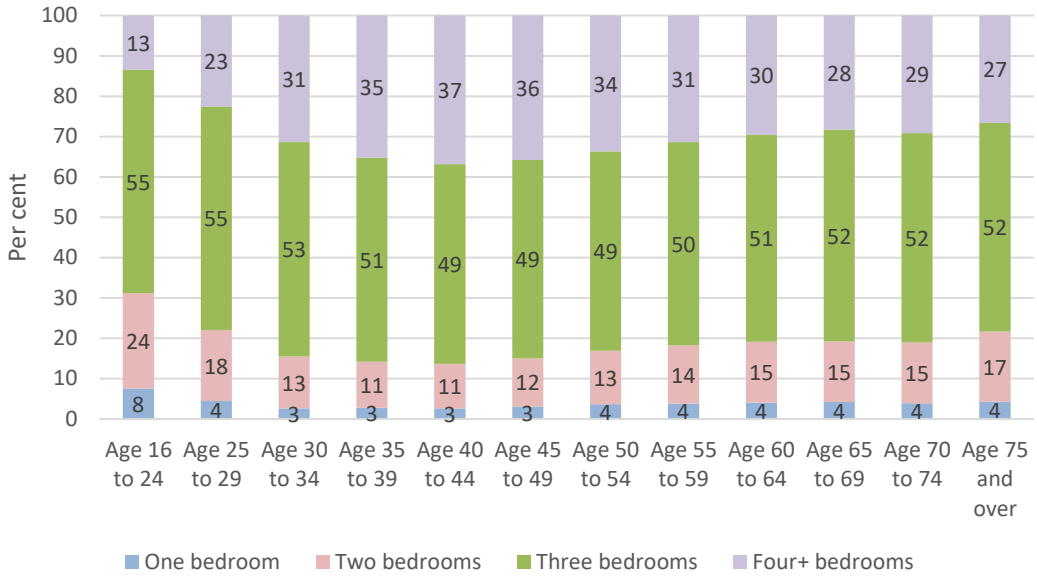


Figure 7.28 Bedrooms by age of household reference person, Fermanagh and Omagh, 2035, projected



7.6.3 Bedroom Requirements

The underlying projections by household size and age of the HRP can be converted into projections for the distribution of bedroom requirements. The projected distributions to 2035 are summarised in Table 7.21 and shown by age of the HRP in Figure 7.29 for Mid Ulster and Figure 7.30 for Fermanagh and Omagh. The influence of the projected changes in the age composition of HRPs and household sizes are most evident in the projected net changes in bedroom requirements, notably the increases in both LGDs in the projected numbers of households 'requiring' one bedroom only.

Table 7.21 Bedroom requirements projections, 2018-2035

	Occupied dwellings		Net change, 2018-2035
	2018	**2035**	**No.**
	%	*%*	
Mid Ulster			
One bedroom	40	44	5,700
Two bedrooms	29	28	1,500
Three bedrooms	21	19	600
Four+ bedrooms	9	8	300
All	**100**	**100**	**8,100**
Fermanagh and Omagh			
One bedroom	46	51	4,000
Two bedrooms	29	28	500
Three bedrooms	18	16	-400
Four+ bedrooms	7	6	-300
All	**100**	**100**	**3,900**

Nonetheless, an important point to note is that bedroom 'requirements' is a notional measure based on household size and composition. For younger households living in a couple, the acquisition of a dwelling with bedrooms in excess of their current notional 'requirement' is perfectly rational where it is anticipated that the household will grow in size over the family life cycle.

For other households, under-occupation may be one element in the sustainability of the dwelling for a household.

Figure 7.29 Bedroom requirements by age of household reference person, Mid Ulster, 2035, projected

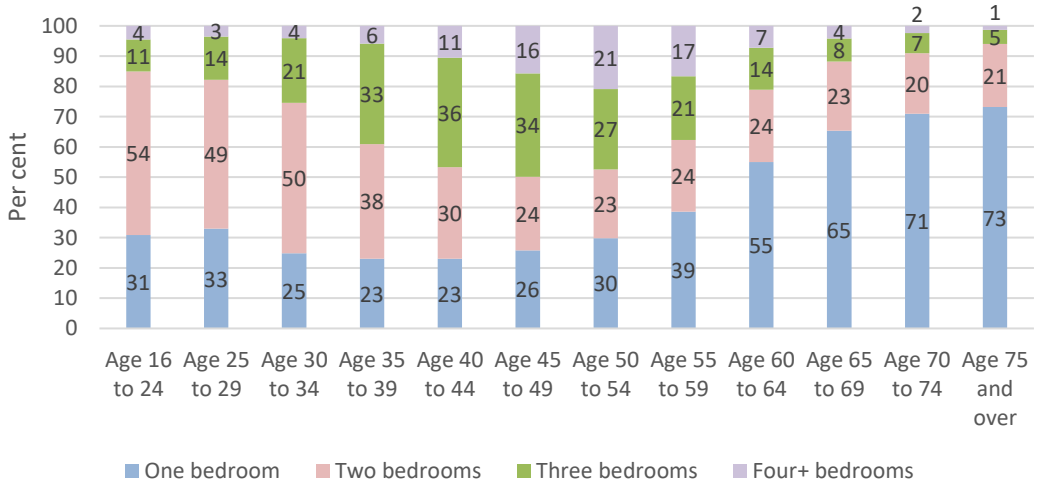
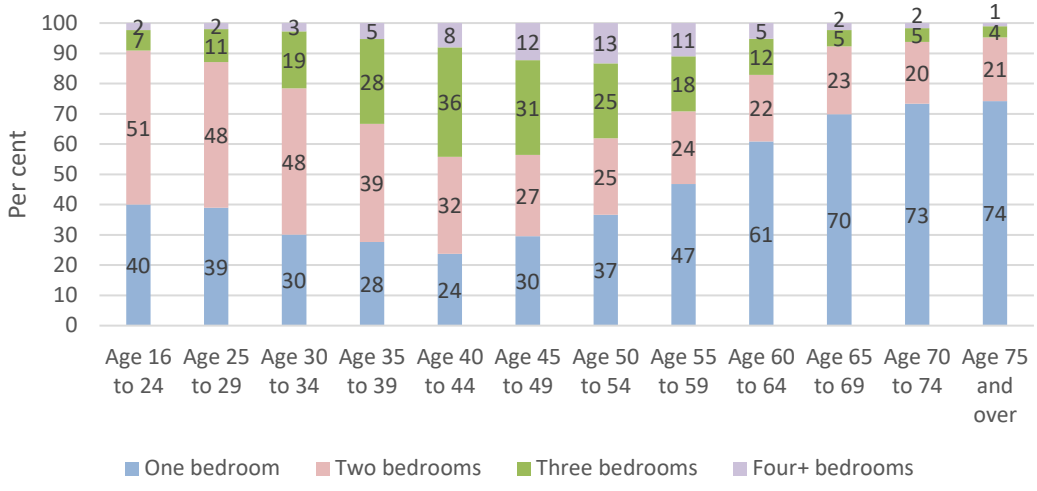


Figure 7.30 Bedroom requirements by age of household reference person, Fermanagh and Omagh, 2035, projected



For example, at the 2011 Census of Population, both in Mid Ulster and Fermanagh and Omagh, 42 per cent of households contained one or two people with a long-term health problem or disability (see Annex 7, Tables A7.8 and A7.9). In Mid Ulster, the proportion rises to 51 per cent for one-person households and 73 per cent in the case of families with all aged 65 and over. Similarly, in Fermanagh and Omagh, the proportions rise to 50 per cent within one-person households and 69 per cent in households comprised of families where all are aged 65+.

Within the resident population living in Mid Ulster, in 2011, 27 per cent of those whose day-to-day activities are limited a lot, lived in dwellings with one or more adaptations (Annex 7, Table A7.10). By tenure, the proportion of the resident population living in households with one or more adaptations ranged from seven per cent in the rented sector to 20 per cent in the social sector (Annex 7, Table A7.11).

The picture was very similar in Fermanagh and Omagh, where 25 per cent of those whose day-to-day activities are limited a lot, lived in dwellings with one or more adaptations and the proportions by tenure ranged from nine per cent in the private rented sector to 21 per cent in the social sector.

Within both LGDs, and their constituent HMAs, the higher prevalence of adaptations in the social sector partly reflects that tenure's older age profile. In addition, the Lifetime Homes Standard is a requirement for grant-funded social housing development. The Standard incorporates criteria that make it easier and less costly to adapt a house for people who develop a mobility problem or disability in later life.

Regarding older people, while the bedroom requirement measure may indicate under-occupancy, householders may not take that perspective. For example, in an analysis of housing needs and ageing, Croucher *et al* (2009) point to changing expectations and conclude that: "One 'spare' bedroom is now the contemporary social norm, and very few older households wish to move to one bedroom accommodation"[47]. The report also highlighted factors rooting households in their current location, such as the neighbourhood, family and friends and access to local services and facilities, which may be more or less difficult to replicate at a different location.

In the Northern Ireland context, research conducted by the Housing Executive found that the majority of older people prefer to stay in their own home[48]. The research also found that older people face a wide range of housing-related issues that may affect their capacity to remain in their own home, including "under-occupation, suitability and accessibility, fuel poverty, affordability and tenure-specific issues". External factors identified by the research as barriers to making a move included: lack of (affordable) alternative options; difficulty or unwillingness to move tenure (particularly connected to the desire for capital retention); and difficulties relating to downsizing and location.

The research discussed two models for addressing the housing-related issues faced by older people, i.e. support to stay in the home and options for support to help the household move. Presently, the main policy support to help people stay in their home within the owner-occupied and private rented

[47] Croucher, K., Wilcox, S., and Holmans, A., 2009. *An Examination of the Housing Needs and Supply for an Ageing Society*. Report commissioned by RICS.
[48] Boyle, F., 2019. Housing and Older People: Housing Issues, Needs and Aspirations.

sectors is the availability of grants to assist with adaptations, administered by the Housing Executive. Other models were also discussed which are under consideration in other jurisdictions, albeit on a small scale. For example, reconfiguring family sized homes to create a new rental unit within the home.

Regarding support for moving house, two main issues were noted. First, on the supply side, while sheltered housing is available, the concepts of retirement villages and extra care schemes have not yet taken root in Northern Ireland, by comparison with developments in Great Britain.

Second, financial considerations are an important consideration in moving house. As discussed in Section 6, the majority of older people in both HMAs own their own home; at the 2011 Census of Population, 78 per cent of HRPs aged 65 and over both in Mid Ulster Fermanagh and Omagh. Most of those households (92 per cent both in Mid Ulster and Fermanagh and Omagh) own their home outright and therefore will have some equity that can be drawn down or released.

However, the level of equity may not be sufficient to enable the household to move to a suitable property and to sustain the accommodation, given the household income level. Where the need exists, there are potential affordable housing options to assist older people with downsizing. For example, Co-Ownership has recently introduced a shared ownership product aimed at those who are over 55 and want to move to a new home but cannot afford to move because "their current house may not have the monetary value (equity) they need to buy their new home and getting a mortgage to cover the difference isn't an option" [49].

From a housing market perspective, helping older households to downsize would release a family sized property for some other household to occupy, thereby reducing new build requirements for such units and providing a better match between household size/composition and dwelling type/size.

7.7 Key Points Summary

Detached and semi-detached dwellings account for a large majority of the housing stock across the Mid-Western area. By 2021, over one in two dwellings in Mid Ulster were detached (an estimated 54 per cent) while semi-detached properties accounted for over one in four dwellings (27 per cent), giving a total of 81 per cent, up from 70 per cent in 1991. The share of the stock accounted for by apartments has risen slightly, reaching four per cent in 2021, up from three per cent in 1991. The terraced dwellings share stood at 15 per cent, down from over one in four (26 per cent) in 1991.

[49] The product is described at https://www.co-ownership.org/co-own-for-over-55s/about-co-own-for-over-55s/.

Similarly, in Fermanagh and Omagh, in 2021, an estimated 59 per cent of dwellings were detached along with 22 per cent semi-detached, a total of 81 per cent, up from 71 per cent in 1991. Apartments accounted for five per cent of the stock, up from four per cent in 1991. The share of the stock in terraced dwellings was 14 per cent, down from 25 per cent in 1991.

Thus, over the past three decades, household growth has mainly been accommodated in the more space-extensive dwelling types.

In Fermanagh and Omagh, the proportion of dwellings unoccupied (7.5 per cent in 2011) has typically been above the Northern Ireland average (six per cent in 2011). The difference is primarily due to dwellings that are unoccupied because they are second homes.

Based on Census of Population results, the proportion of dwellings unoccupied within Mid Ulster has fluctuated around the Northern Ireland average. In 2011, five per cent of dwellings were unoccupied, one percentage point below the Northern Ireland average.

The composition of the occupied housing stock varies markedly with household tenure. Across the Mid-Western area, almost all owner-occupier households (99 per cent) live in a whole dwelling, including 70 per cent in a detached dwelling, 20 per cent in semi-detached properties and 10 per cent in terraced houses. Just one per cent live in apartments. By contrast, in the social rented sector, terraced dwellings are most prevalent (43 per cent), with one in three (33 per cent) living in a semi-detached property, 14 per cent in an apartment and nine per cent in a detached dwelling.

Relative median house prices by property type have been broadly stable over the past decade. Overall, there are no obvious market signals indicating substantial shifts in the future pattern of demand by property type in the residential housing market.

The distribution of property types varies with the age of the HRP. The proportion living in detached properties increases steadily from 26 per cent among households where the Household Reference Person (HRP) is aged 16-24 to 64 per cent where the HRP is aged 45-49. From age 50 onwards, the proportion in such dwellings remains stable, falling only slightly to 62 per cent from age 70 onwards. Overall, the type of property occupied by a household aged 45 to 49 is a good predictor of the type of property that same household will occupy in future years, as they age into the older cohorts.

As measured by the number of rooms (bedrooms plus common spaces such as living rooms), dwelling size is clearly linked to household size. On average, the larger the household, the more rooms that are contained within the occupant's dwelling. Dwelling size also varies by tenure, with owner-occupied households generally occupying the larger dwellings.

Based on the occupancy rating measure, in 2011 seven per cent of households living in Mid Ulster and six per cent in Fermanagh and Omagh were classified as living in 'overcrowded' dwellings. The incidence of 'over-crowding' was therefore on a par with the Northern Ireland average (seven per cent).

Across the Mid-Western area, a large majority of households (83 per cent) are estimated to live in properties with three or more bedrooms, ranging from 50 per cent in the social sector to 91 per cent in the owner-occupied sector.

Smaller sized properties, with one to two bedrooms, are estimated to be found most frequently in the social rented sector (50 per cent), followed by the private rented sector (28 per cent), falling to nine per cent in the owner-occupied sector.

The age distribution of bedroom sizes stands in sharp contrast to the age distribution of household sizes, most notably in the older age groups. The vast majority of households where the HRP is aged 65 and over are comprised of one or two persons (84 per cent). On a notional bedroom standard basis, those one and two person households only 'require' one bedroom. However, almost four in five households (79 per cent) where the HRP is aged 65 and over live in three and four bedroom properties. That is to suggest a considerable degree of 'under-occupancy' among older households.

The ageing of the population provides the fundamental demographic context in projecting the expected future use and occupation of the dwelling stock. Between 2018 and 2035, the net change in the number of households is projected to be driven by those where the HRP is aged 60 and over.

Against that backdrop, the projections presented in this Section indicate that the extent of 'under-occupancy' among older households will increase over the next 15 years. That raises policy issues both around helping people to live in their homes and, where that is desired and appropriate, moving to more suitably sized accommodation.

Annex 7 Accompanying Tables

Table A7.1 Property type by tenure, Mid-Western HMAs, 2011				
	Detached	**Semi-detached**	**Terraced**	**Flat**
	Row%	*Row%*	*Row%*	*Row%*
Cookstown				
Owner-occupied	68	20	11	0
Shared	18	61	20	1
Social rented	7	26	50	17
Private rented	36	33	23	8
All	**57**	**23**	**17**	**3**
Dungannon				
Owner-occupied	65	25	9	1
Shared	18	40	21	20
Social rented	9	32	42	16
Private rented	33	39	19	9
All	**52**	**29**	**15**	**4**
Fermanagh				
Owner-occupied	73	17	9	1
Shared	26	46	22	6
Social rented	9	39	41	11
Private rented	42	31	17	10
All	**61**	**21**	**13**	**4**
Omagh				
Owner-occupied	74	17	9	1
Shared	26	52	16	6
Social rented	10	29	45	16
Private rented	38	32	20	10
All	**60**	**21**	**15**	**4**
Source: Census of Population.				

Table A7.2 Occupancy ratings, Northern Ireland, per cent of households, 2011

	Occupancy rating:				
	-2	**-1**	**0**	**+1**	**+2**
	%	*%*	*%*	*%*	*%*
All households	**1.9**	**5.0**	**14.0**	**22.4**	**56.7**
Tenure					
Owner-occupied	1.1	2.8	8.6	18.0	69.4
Rented from NIHE	3.6	8.9	29.2	37.5	20.8
Rented from Housing Association	4.3	16.8	41.8	25.9	11.1
Private rented	3.5	8.5	19.1	28.7	40.2
HMA					
Belfast Metropolitan HMA	1.9	5.3	15.3	23.7	53.9
Derry HMA	3.1	7.0	17.5	24.2	48.2
Strabane HMA	2.2	5.1	13.5	23.1	56.1
Craigavon Urban Area HMA	1.5	3.9	11.5	22.0	61.2
Newry HMA	2.3	5.4	13.4	21.2	57.8
Cookstown HMA	**2.0**	**4.4**	**10.9**	**19.8**	**62.9**
Dungannon HMA	**2.7**	**5.1**	**12.1**	**19.8**	**60.2**
Fermanagh HMA	**1.6**	**3.9**	**10.9**	**19.8**	**63.7**
Omagh HMA	**1.8**	**4.5**	**10.8**	**18.9**	**63.9**
Ballymena HMA	1.4	3.5	11.3	19.5	64.3
Causeway Coast HMA	1.6	4.2	12.0	20.0	62.2
Settlement type					
Urban	2.2	5.7	16.2	24.5	51.4
Rural - Intermediate settlement/village	1.5	4.0	12.3	22.3	59.9
Rural - Small village, hamlet, open countryside	1.4	3.2	8.4	16.6	70.4

Source: Census of Population

Table A7.3 Household size, 2011, Mid Ulster, per cent of households					
	One	**Two**	**Three**	**Four**	**Five+**
	Row%	*Row%*	*Row%*	*Row%*	*Row%*
Mid Ulster	**23**	**27**	**16**	**17**	**17**
HMAs and subareas					
Cookstown HMA	22	27	16	17	18
Cookstown subarea	23	27	16	16	16
Magherafelt subarea	21	26	16	18	19
Dungannon HMA	24	26	17	16	17
Tenure					
Owner-occupied	19	26	17	19	20
NIHE	42	27	13	9	9
Housing Associations	52	22	9	9	8
Private rented	29	28	18	14	11
Settlement type					
Urban	27	28	17	15	13
Rural - Intermediate settlement/village	25	30	16	15	14
Rural - Small village, hamlet, open countryside	20	25	16	18	21
Source: Census of Population					

Table A7.4 Household size, 2011, Fermanagh and Omagh, per cent of households

	One	Two	Three	Four	Five+
	Row%	*Row%*	*Row%*	*Row%*	*Row%*
Fermanagh and Omagh	**27**	**27**	**16**	**15**	**14**
HMAs					
Fermanagh HMA	27	28	16	15	13
Omagh HMA	27	26	16	16	16
Tenure					
Owner-occupied	22	28	16	17	17
NIHE	46	27	13	8	6
Housing Associations	55	21	10	8	7
Private rented	37	28	15	12	8
Settlement type					
Urban	32	29	16	13	9
Rural - Intermediate settlement/village	31	29	15	13	11
Rural - Small village, hamlet, open countryside	23	26	16	17	18

Source: Census of Population

Table A7.5 Tenure composition by settlement type, 2011, per cent of households			
	Owner-occupied	**Social rented**	**Private rented**
	Row%	*Row%*	*Row%*
Mid Ulster			
Urban	58	16	26
Rural	78	6	16
Fermanagh and Omagh			
Urban	59	16	25
Rural	78	6	16
Mid-Western			
Urban	59	16	25
Rural	78	6	16
Source: Census of Population			

Table A7.6 Household composition by type, Mid-Western LGDs, per cent of total				
	2011	**2018**	**2030**	**2035**
	%	*%*	*%*	*%*
Mid Ulster				
One adult households	23	23	24	25
Two adults without children	24	24	26	27
Other households without children	17	18	19	19
Households with children	36	35	30	29
All households	**100**	**100**	**100**	**100**
Fermanagh and Omagh				
One adult households	27	27	29	30
Two adults without children	25	26	28	29
Other households without children	17	17	16	17
Households with children	32	30	26	25
All households	**100**	**100**	**100**	**100**
Sources: 2011 – Estimated from Census of Population; 2018, 2030 and 2035 – Author's estimates.				

Table A7.7 Household size, per cent of total				
	2011	**2018**	**2030**	**2035**
	%	*%*	*%*	*%*
Mid Ulster				
One person	23	23	24	25
Two persons	27	27	29	30
Three persons	16	16	15	15
Four persons	17	17	16	16
Five+ persons	17	17	15	15
All households	**100**	**100**	**100**	**100**
Fermanagh and Omagh				
One person	27	27	29	30
Two persons	27	29	31	32
Three persons	16	15	15	14
Four persons	15	15	14	14
Five+ persons	14	13	11	11
All households	**100**	**100**	**100**	**100**

Sources: 2011 – Estimated from Census of Population; 2018, 2030 and 2035 – Author's estimates.

Table A7.8 Households containing one or more persons with long-term health problems or disabilities, Mid Ulster

	All households		One-person households	All aged 65+	
	With disability		With disability	With disability	
	One	Two		One	Two
	%	%	%	%	%
Mid Ulster	31.2	10.9	51.4	30.3	42.7
HMAs and subareas					
Cookstown HMA	31.5	11.3	51.8	30.4	42.3
Cookstown	32.7	11.9	52.8	31.0	44.9
Magherafelt	30.6	10.8	50.9	29.8	40.1
Dungannon HMA	30.7	10.5	50.9	30.2	43.3
Settlement type					
Urban	32.2	10.5	51.7	30.8	41.8
Rural - Intermediate settlement/village	31.0	10.0	49.9	32.6	42.9
Rural - Small village, hamlet, open countryside	30.6	11.5	51.7	29.4	43.2

Source: Census of Population, Commissioned Table 0467.

Table A7.9 Households containing one or more persons with long-term health problems or disabilities, Fermanagh and Omagh

	All households		One-person households	All aged 65+	
	With disability		With disability	With disability	
	One	Two		One	Two
	%	%	%	%	%
Fermanagh and Omagh	32.2	10.2	49.9	29.2	40.1
HMAs					
Fermanagh HMA	31.0	9.2	46.8	29.5	37.8
Omagh HMA	33.7	11.4	54.0	28.8	43.2
Settlement type					
Urban	33.6	9.4	49.2	30.8	40.2
Rural - Intermediate settlement/village	33.3	9.9	50.7	27.5	42.3
Rural - Small village, hamlet, open countryside	31.0	10.7	50.3	28.7	39.6

Source: Census of Population, Commissioned Table 0467.

Table A7.10 Resident household population living in dwellings with one or more adaptations of accommodation, by long-term health problem or disability, former Local Government Districts, per cent of total resident household population[1]

	All in a dwelling with adaptation(s)	Population living in dwellings with adaptation(s) and their:		
		Day-to-day activities are limited a lot	Day-to-day activities are limited a little	Day-to-day activities are not limited
	%	%	%	%
Mid Ulster	**14.1**	**26.8**	**15.7**	**12.2**
Cookstown	14.8	28.5	15.7	12.7
Magherafelt	13.8	25.1	16.3	12.3
Dungannon	13.8	26.7	15.1	11.9
Fermanagh and Omagh	**14.0**	**24.7**	**14.7**	**12.5**
Fermanagh	14.6	26.5	15.2	13.0
Omagh	13.4	22.9	14.1	11.8
N. Ireland	*11.1*	*27.8*	*14.2*	*8.4*

1 Population living in households, which does not include the population living in communal establishments.
Note: the adaptations listed in the Census are as follows:

- Wheelchair usage.
- Other physical or mobility difficulties.
- Visual difficulties.
- Hearing difficulties.
- Other.

Source: Census of Population, Table DC4305.

Table A7.11 Resident household population living in dwellings with one or more adaptations of accommodation, by tenure, former Local Government Districts, per cent of total resident household population[1]

	All	Owner-occupied	Social rented	Private rented
	%	%	%	%
Mid Ulster	**14.1**	**15.1**	**19.5**	**7.0**
Cookstown	14.8	15.8	20.1	8.2
Magherafelt	13.8	14.3	22.3	7.7
Dungannon	13.8	15.5	17.4	5.9
Fermanagh and Omagh	**14.0**	**14.5**	**21.2**	**8.6**
Fermanagh	14.6	15.1	21.3	9.2
Omagh	13.4	13.8	21.1	7.9
N. Ireland	*11.1*	*10.1*	*22.6*	*6.9*

1 Population living in households, which does not include the population living in communal establishments.
Note: the adaptations listed in the Census are as follows:

- Wheelchair usage.
- Other physical or mobility difficulties.
- Visual difficulties.
- Hearing difficulties.
- Other.

Source: Census of Population, Table DC4413.

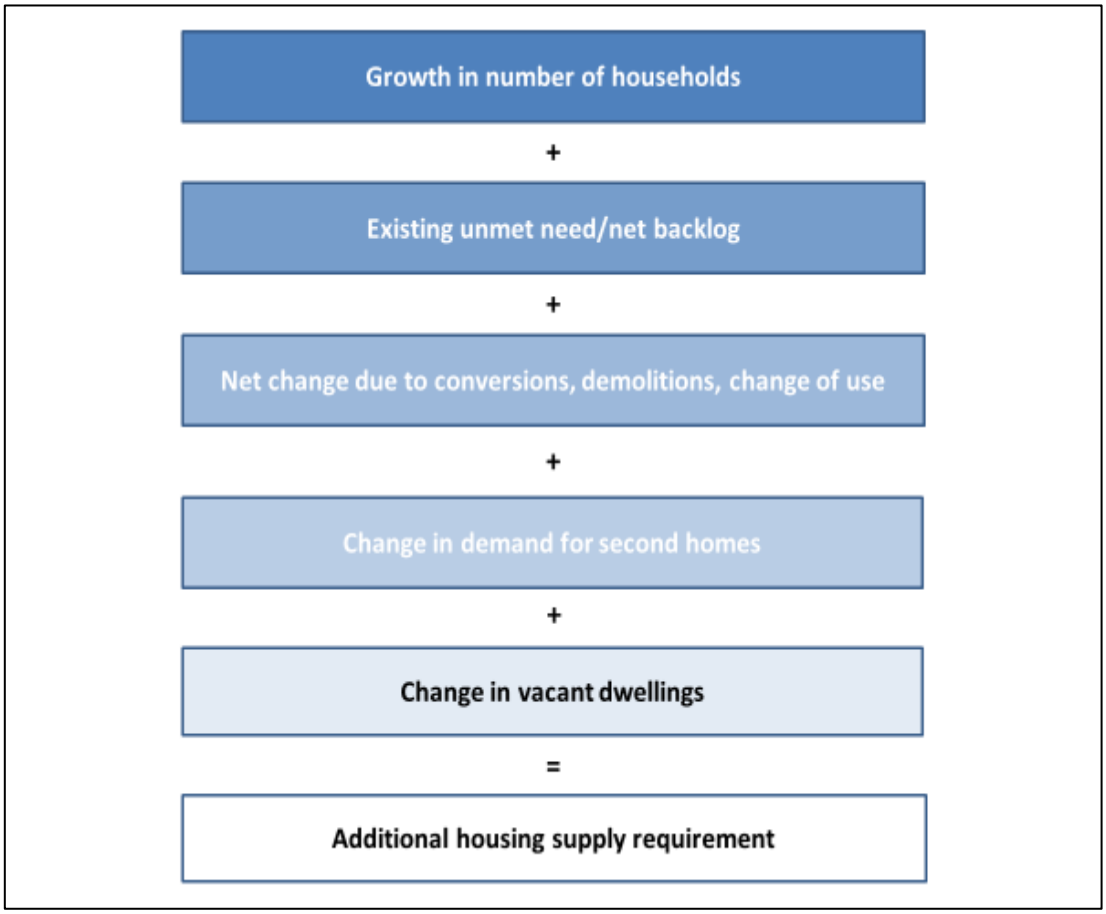
8 Housing Requirements

8.1 Introduction

This Section assesses the implications for new dwelling requirements of the household projections discussed in Section 5. The assessment is based on the net stock model (NSM) which projects future housing requirements from three main components, as follows (Figure 8.1):

- Newly arising need and demand due to projected net growth in the number of households.
- Existing unmet need, most often referred to as the backlog of unmet need, i.e. the shortfall between current provision and the accommodation needs of existing households as well as individuals or families that have not yet formed as separate households.
- Accompanying demand (second homes) and supply-side adjustments (vacant dwellings, conversions, etc.).

Figure 8.1 Net stock model: Components



8.2 Implementation

It is useful to consider first the implementation of the net stock model without reference to the backlog. The model is underpinned by the basic accounting identity, i.e. at a given point in time:

Housing stock = Number of households + Second homes + Vacant dwellings

In that formulation, new housing demand may be estimated by summing the projected changes in households, second homes and vacant dwellings. In practice, the projected net change in the number of households is the main driver in new housing demand.

The supply-side response to a change in housing demand has two components:

New dwelling completions + net changes from conversions, etc.

Conversions of existing dwellings to residential use will reduce the number of newly constructed dwellings required to meet a given change in demand. Alternatively, existing residential dwellings may be demolished or be lost to the stock through dereliction. In that instance, additional new dwellings would be required to replace those lost.

In the net stock model, projected new housing requirements are obtained by projecting forward the change in housing demand (new households plus the changes in the numbers of second homes and vacant dwellings) and adding (or subtracting) the expected flows of net changes due to conversions, etc.

The implementation of the model therefore requires the following inputs:

- Choice of a baseline or initial starting year and projection period.
- Household projections.
- Assumptions for changes in second homes, vacant dwellings and the annual flow of net changes from conversions, demolitions, etc. The assumptions are outlined in Annex 8.A.

The results reported in this Section are derived from a 2020 baseline, projected over a 15-year period to 2035. An important reason for choosing 2020 as a baseline year is that published data on new house completions are available through spring 2020. If an earlier baseline were chosen, the published completions would have to be netted out to derive a projection for remaining new dwelling requirements, having regard to the supply that has already occurred. For example, if running off a 2018 baseline, it would be necessary to net out the known 2018-19 and 2019-20 completions. Furthermore, from the LPS data, the housing stock as at spring 2020 is a known quantity.

The household projections are taken from the **medium household growth scenario** discussed in Section 5. The net stock model results with no backlog in that scenario are summarised in Table 8.1 for the Mid Ulster LGD (the detailed results for the two HMAs within Mid Ulster are in Table A8B.1 in Annex 8.B). Thus, the projected new dwelling requirement for the period 2020 to 2035 is **9,780**[50].

Table 8.1 New dwelling requirements and components, 2020-2035, net stock model with no backlog, Mid Ulster, medium household growth scenario[1]

	2020	2035	Change
	(a)	(b)	(c) = (a) – (b)
	No.	*No.*	*No.*
Households[2]	52,210	59,270	7,060
Second homes[3]	110	130	10
Vacant stock[4]	3,210	3,660	450
Dwellings[5]	55,530	63,050	7,520
Net changes[6]			2,260
Requirements[7]			**9,780**

Notes:

1. All projections are shown rounded to the nearest 10. Calculations are based on unrounded figures, therefore sums or differences may not add to the totals shown.

2. Household projections, medium growth scenario.

3. Constant proportion of dwellings – see Table A8.1 in Annex 8.A.

4. Projected as a constant share of dwellings, from the 2020 modelled vacancy rate in the medium growth scenario - see Annex 8.A.

5. The sum of households, vacant dwellings and second homes. Note that the 2020 dwelling stock figure is an actual count derived from LPS data.

6. Net changes due to conversions/closures/demolitions are an annual flow, which are cumulated over the 15-year projection period. Derived from nine-year average using the residual method - see Annex 8.A and accompanying discussion. As the net changes assumption is a positive number, closures/demolitions out-number conversions by a cumulated 2,260 over the projection period; replacement of those losses adds to the new dwelling requirement.

7. The sum of dwelling stock changes plus the cumulated net changes.

[50] Note that projected new dwelling requirements and components have been rounded to the nearest 10 for reporting purposes. For that reason, components may not always add to the total shown in a table. All modelling work was conducted on unrounded data.

The projections for the Fermanagh and Omagh LGD, again with a zero backlog, are shown in Table 8.2 (the detailed results for the two HMAs within the LGD are in Table A8B.1 in Annex 8.B). The projected new dwelling requirement for the period 2020 to 2035 is **5,040**.

Table 8.2 New dwelling requirements and components, 2020-2035, net stock model with no backlog, Fermanagh and Omagh, medium household growth scenario[1]

	2020	2035	Change
	(a)	(b)	(c) = (a) – (b)
	No.	*No.*	*No.*
Households[2]	44,110	47,380	3,270
Second homes[3]	870	930	60
Vacant stock[4]	4,270	4,600	330
Dwellings[5]	49,250	52,910	3,660
Net changes[6]			1,380
Requirements[7]			**5,040**

Notes: See Table 8.1.

The annualised new dwelling requirements are summarised in Table 8.3. For Mid Ulster, the annualised total requirement 2020 to 2035 is **650** dwellings. The largest component is the net change in new households, projected at **470** per annum, representing 72[51] per cent of the total requirement.

For Fermanagh and Omagh, the annualised total requirement 2020 to 2035 is **340** dwellings. The largest component is the net change in new households, projected at **220** per annum, representing 65 per cent of the total requirement.

It must be emphasised that the net stock model projections presented in this Section are intended to provide a long-term perspective on housing requirements across the two HMAs. Nonetheless, as the model has the capability to generate outputs on an annual basis, it is useful to illustrate further the relationship between projected new dwelling requirements and the projected trend in household growth.

[51] Note that percentages are calculated from the unrounded projections for new dwelling requirements and components.

Table 8.3 New dwelling requirements and components, 2020-2035, net stock model with no backlog, Mid Western HMAs, medium household growth scenario, by component

	Change 2020-2035	Annualised	Composition
	No.	*No.*	*Col%*
Mid Ulster			
New households	7,060	470	72
Vacant stock and second homes	460	30	5
Net changes	2,260	150	23
Requirements	**9,780**	**650**	**100**
Fermanagh and Omagh			
New households	3,270	220	65
Vacant stock and second homes	390	30	8
Net changes	1,380	90	27
Requirements	**5,040**	**340**	**100**

See Table 8.1 for explanation of components.

As discussed in Section 5, in both HMAs, household growth is projected to slacken from the mid-2020s onwards, reflecting the slower growth in population discussed in Section 4. That feature of the household projections is strongly reflected in the projected path of new dwelling requirements when shown on an annual basis.

Based on the projected trend in household growth, in Mid Ulster, new dwelling requirements over the decade 2020 to 2030 are projected to average 690 per annum, falling to 580 per annum in the five years between 2030 and 2035, a drop of -15 per cent (Figure 8.2 and Table 8.4).

The Dungannon HMA is projected to require 5,290 additional new dwellings over the 15 year projection period, giving an annualised requirement of 350 (Table 8.4). The average annual requirement for the first 10 years is 360, falling to 330 over the five years from 2030 to 2035. That equates to a drop of -9 per cent, less than the Mid Ulster average and reflecting the more favourable demographic outlook for the HMA as discussed in Section 4.

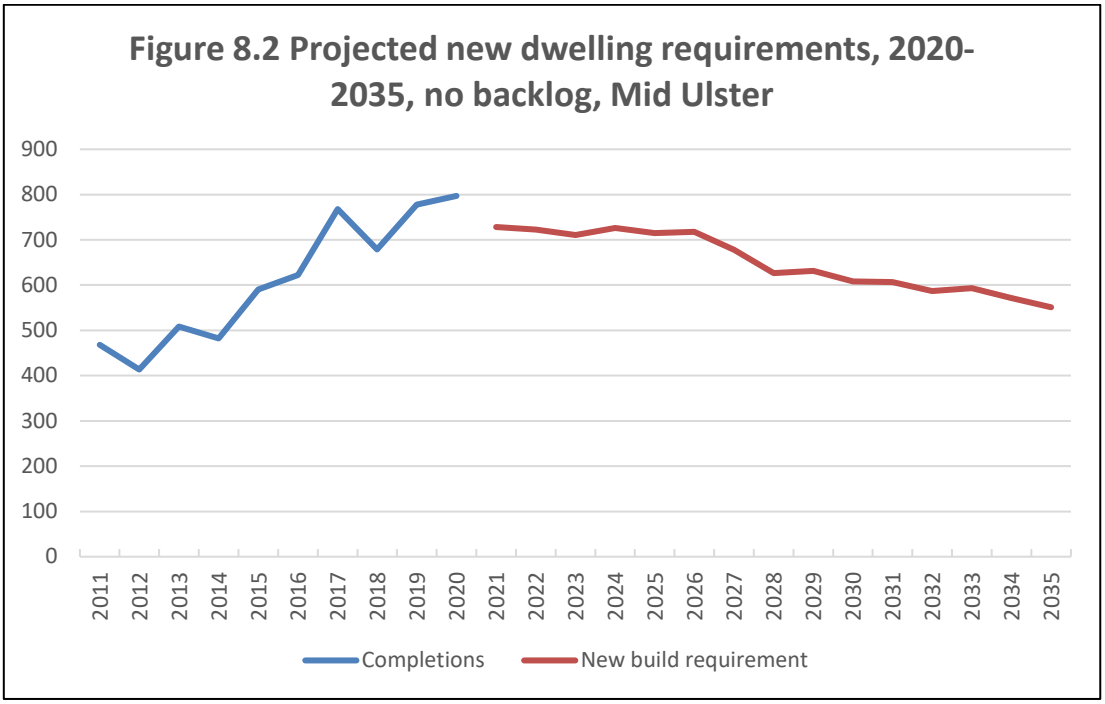


Table 8.4 New dwelling requirements, Mid Ulster HMAs and subareas, net stock model, no backlog, 2020-2035

	Total	Annualised		
		2020-2035	2020-2030	2030-2035
Mid Ulster	**9,780**	**650**	**690**	**580**
Cookstown HMA	4,490	300	320	250
Cookstown subarea	1,800	120	130	100
Magherafelt subarea	2,690	180	190	150
Dungannon HMA	5,290	350	360	330

The Cookstown HMA is projected to require 4,490 additional new dwellings over the 15 year projection period, giving an annualised requirement of 300 (Table 8.4). The average annual requirement for the first 10 years is 320, falling to 250 over the five years from 2030 to 2035. That equates to a drop of -22 per cent. Within the Cookstown HMA, the projected new dwelling requirements are proportionate to the subarea population shares. Thus, with a projected requirement for an additional 1,800 new dwellings, the Cookstown subarea accounts for 40 per cent of the HMA total, only slightly below its 2020 population share of 43 per cent.

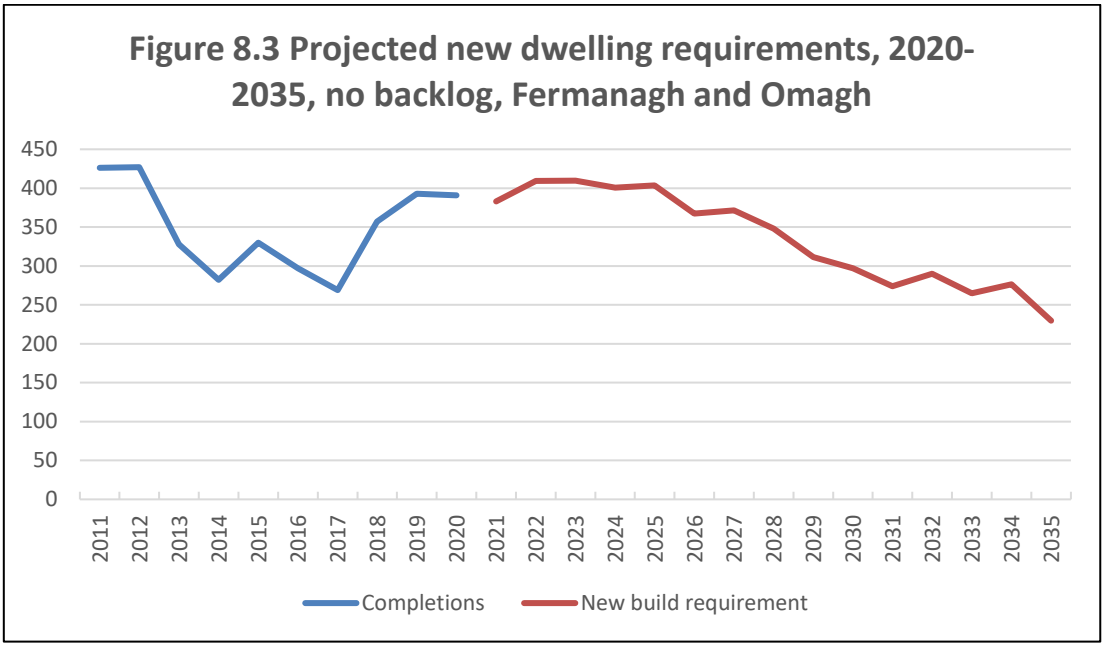


Table 8.5 New dwelling requirements, Fermanagh and Omagh HMAs, net stock model, no backlog, 2020-2035

	Total	Annualised		
		2020-2035	2020-2030	2030-2035
Fermanagh and Omagh	**5,040**	**340**	**370**	**270**
Fermanagh HMA	2,940	200	220	160
Omagh HMA	2,090	140	150	110

Based on the projected trend in household growth, in Fermanagh and Omagh, new dwelling requirements over the decade 2020 to 2030 are projected to average 370 per annum, falling to 270 per annum in the five years between 2030 and 2035, a drop of -28 per cent (Figure 8.3 and Table 8.5). That is in line with the average projected fall across Northern Ireland between the two periods, also -28 per cent.

The projected new dwelling requirements for the Fermanagh and Omagh HMAs are shown separately in Table 8.5. The Fermanagh HMA is projected to require an additional 2,940 dwellings, representing 58 per cent of the LGD total, only slightly above its 2020 household population share (55 per cent). In the Fermanagh HMA, the average annual new dwelling requirements for the five years 2030 to 2035 are 28 per cent below the annual average for the preceding 10 years 2020 to 2030 and 29 per cent in the Omagh HMA.

8.3 Backlog

The backlog of unmet need for social housing can be considered to encompass three main components[52]:

- Households and potential households without self-contained accommodation.
- Owner-occupiers and private renters in need of social rented housing.
- Social rented sector tenants in unsuitable accommodation.

The first of those three components is comprised of households or potential households (such as concealed families) who do not have their own self-contained accommodation. For that reason, they form the 'net backlog', i.e. additional new dwellings are required to meet their need for accommodation.

The second and third elements can be referred to, respectively, as the tenure (or mismatch) backlog and the social backlog. Neither of those components is counted as part of the new dwelling requirements in a net stock framework. Owner-occupiers and private renters who have a need for social rented accommodation (e.g. due to overcrowding) currently occupy self-contained accommodation; if they are allocated social housing, their existing dwelling would free up to be occupied by some other household. Households in the social sector may be counted as part of the backlog in circumstances where their current accommodation is unsuitable, for example, the tenant has serious mobility problems. Again, however, if they are allocated a dwelling, their current accommodation frees up for some other household.

The backlog is inherently difficult to measure. For example, not all of the concealed families counted by the Census of Population (see Table 5.2) may want or desire their own accommodation. Some of those who do may have sufficient resources to rent or buy market housing.

For this SHMA, the issues around measurement and scope are handled through use of the Housing Executive's Common Waiting List (CWL). The CWL offers several advantages for that purpose, as follows:

- It is a comprehensive listing of individuals who have expressed a desire for alternative accommodation by applying for a social rented home.
- The specific housing needs of CWL applicants are identified in the course of assessing their applications. It is therefore possible to identify, for example, those who are homeless and do not have self-contained accommodation, households in over-crowded

[52] See, for example, Holmans, 2008; Greater London Authority, 2017.

accommodation, households with functional mobility problems in their present dwelling, and so on.

- The CWL contains information on the attributes of individuals, such as family type and size.

- Because the CWL is common across Northern Ireland, it is possible to characterise applicants' housing needs without double counting. That is a particular problem with an approach based on multiple datasets, such as a mix of Census, survey and administrative data.

The main caveat to the use of the CWL is the 'no detriment' practice, which applies to applicants who have been accepted as homeless and awarded Full Duty Applicant (FDA) status, i.e. an applicant to whom the Housing Executive has a legal responsibility. When such applicants are awarded points, e.g. for sharing or overcrowding, those points cannot be removed even if the applicant later improves their housing circumstances. That is, the points awarded to an FDA applicant may also reflect their homelessness 'journey', depending on whether their circumstances have changed since making an application for social housing. Consequently, the CWL may not accurately reflect the current housing circumstances of all applicants. Nonetheless, the advantages of the CWL are sufficient to justify its use for estimating the net backlog component in projecting new dwelling requirements.

The criteria for including CWL applicants in the net backlog were as follows:

- Accepted as homeless by the Housing Executive.

  and,

- Lacking their own self-contained accommodation, based on their circumstances according to the CWL.

Concealed households without their own self-contained accommodation are defined to include:

- Adult couples (with or without children) and lone parents whose circumstances indicate that they live with some other family, but are not responsible for the dwelling, e.g. where they have sharing points and/or that is their stated tenure.

- Single adults living with some other family, where they are assessed to warrant sharing points and/or that is their stated tenure.

Households living in temporary accommodation in hostels, etc. are also included in the net backlog, as they do not live in self-contained accommodation.

Conversely, applicants in temporary accommodation but who are in single lets are not included in the net backlog, as they are in self-contained accommodation which would become available to some other household if they were allocated a social home (see Box 8.A). Similarly, households in the private rented or owner-occupied sectors are not included in the net backlog.

Box 8.A Common Waiting List applicants living in temporary accommodation arranged by the Housing Executive

After six months on the CWL, an applicant accepted as homeless and without their own accommodation may be offered and placed in temporary accommodation arranged by the Housing Executive. On the June 2019 CWL, 1,910 applicants were listed as being in temporary accommodation arranged by the Housing Executive. Of those, 536 were in a voluntary sector hostel (291), Housing Executive hostel (130), leased property (60) or external placement (55). The remaining 1,374 were listed as being in private single lets.

The 536 in hostels, etc. are counted in the net backlog. The 1,374 in single lets are not included in the net backlog.

The rationale for excluding private single lets from the net backlog is that they are living in self-contained accommodation; if they are allocated social housing, their single let will free up to be occupied by some other household.

In the net stock model approach, if those single lets were to be included in the net backlog that would introduce an element of double counting, which would inflate the projected new build requirement.

Another way of looking at the issue is to consider how those in temporary accommodation would be counted in the Census of Population.

Applicants living in hostels would be counted in the Census as part of the communal resident population, i.e. they would not be included in the count of households since they are not in self-contained accommodation. For that reason, they properly belong in the net backlog.

Conversely, applicants living in private single lets would be counted as part of the household population, since they live in self-contained accommodation. Thus, when making a net stock projection, those households are already included in the baseline. Consequently, including private single lets in the net backlog would be a form of double counting. The exclusion of private single lets from the net backlog is not at all to imply those households do not have a need for social housing. Rather, if they are allocated social housing, their single let frees up, so there is no net new ‘bricks and mortar’ requirement.

The three main components of the backlog are summarised in Table 8.6. To illustrate the approach, as of June 2019, 1,408 applicants on the CWL for social housing in Mid Ulster had 30 or more points, i.e. they are considered to be in housing stress. That is the gross backlog. Within that gross backlog, 420 CWL applicants met the criteria for inclusion in the net backlog[53]. For the reasons outlined above, the remaining 988 applicants are not counted in projecting requirements for additional dwellings in the net stock model framework. Similarly, in Fermanagh and Omagh, 309 CWL applicants met the net backlog criteria for inclusion in the net stock model.

Table 8.6 The backlog by category, Mid-Western LGDs, CWL applicants in housing stress (30+ points)

	June 2019		Oct 2021	
	No.	*%*	*No*	*% change*
Mid Ulster				
Net backlog	420	30	466	11.0
Tenure/mismatch backlog	752	53	819	8.9
Social backlog	236	17	286	21.2
Gross backlog	**1,408**	**100**	**1,571**	**11.6**
Fermanagh & Omagh				
Net backlog	309	25	384	24.3
Tenure/mismatch backlog	679	56	952	40.2
Social backlog	224	18	256	14.3
Gross backlog	**1,212**	**251**	**1,592**	**31.4**

Source: NIHE, Common Waiting List.

As outlined in Section 2, there was a surge in applicants to the CWL over the course of the pandemic. Between June 2019 and October 2021, the number of applicants in Mid Ulster rose by 12 per cent while the Fermanagh and Omagh CWL saw an increase of 31 per cent.

[53] Note that the net backlog applicants on the CWL were geographically assigned according to their area of choice, i.e. the location where an applicant states they are prepared to live when making an application for social housing. However, the estimated size of the net backlog does not differ greatly if defined on a residence basis, e.g. for Mid Ulster 405 on a residence basis and 420 on a choice basis.

However, as discussed in Section 2, the rise in the CWL over that period was most likely affected, albeit to an unknown degree, by measures taken by the Housing Executive to contain and delay the transmission of the Covid-19 virus. Those measures would have, temporarily, elevated the CWL above what might have been expected compared to normal practice. There is therefore a risk that deriving the net backlog estimate from the October 2021 CWL would serve to over-estimate projected new dwelling requirements. For that reason, the June 2019 CWL is preferred in making the central projections presented in this Section. Though, it should be noted that the projections can readily be varied to reflect alternative assumptions regarding the net backlog, to manage any uncertainty.

The applicants meeting the net backlog criteria are summarised in Table 8.7 by family type and accommodation status. Within each LGD, the majority are concealed households, i.e. families or single adults sharing a dwelling with some other household (82 per cent in both LGDs), albeit adult couples are more prominent in Mid Ulster (38 per cent) than in Fermanagh and Omagh (24 per cent).

In 2019, the net backlog amounted to an estimated 0.8 per cent of households in Mid Ulster and a similar proportion in Fermanagh and Omagh (0.7 per cent). Those proportions can be compared with the Northern Ireland average of 1.5 per cent in 2019.

Table 8.7 The net backlog by family type and accommodation status, Mid-Western LGDs, 2019

	Mid Ulster		**Fermanagh and Omagh**	
	No.	*% of house-holds*	*No.*	*% of house-holds*
Households living in temporary accommodation, not self-contained (hostels, etc.)	49	0.1	35	0.1
Adult couple or lone parent families, accepted as homeless, in shared accommodation	161	0.3	73	0.2
Single adult, accepted as homeless, in shared accommodation	184	0.4	181	0.4
Other homeless not in self-contained accommodation	26	0.1	20	0.0
Total	**420**	**0.8**	**309**	**0.7**

Sources: NIHE, Common Waiting List, June 2019. Household proportion estimated.

The net backlog estimates by HMA are summarised in Table 8.8. As a proportion of the estimated number of households at 2019, the net backlog measure was highest in the Dungannon HMA (1.1 per cent), followed by the Fermanagh HMA (0.8 per cent). In both the Cookstown and Omagh HMAs, the net backlog proportion of all households is estimated at 0.6 per cent.

Table 8.8 The net backlog by Mid-Western HMAs

	2019	% of households	2021	% change, 2019-21
Cookstown HMA	165	0.6	239	44.8
Dungannon HMA	255	1.1	227	-11.0
Fermanagh HMA	183	0.8	210	14.8
Omagh HMA	126	0.6	174	38.1
N. Ireland		*1.5*		*22.4*

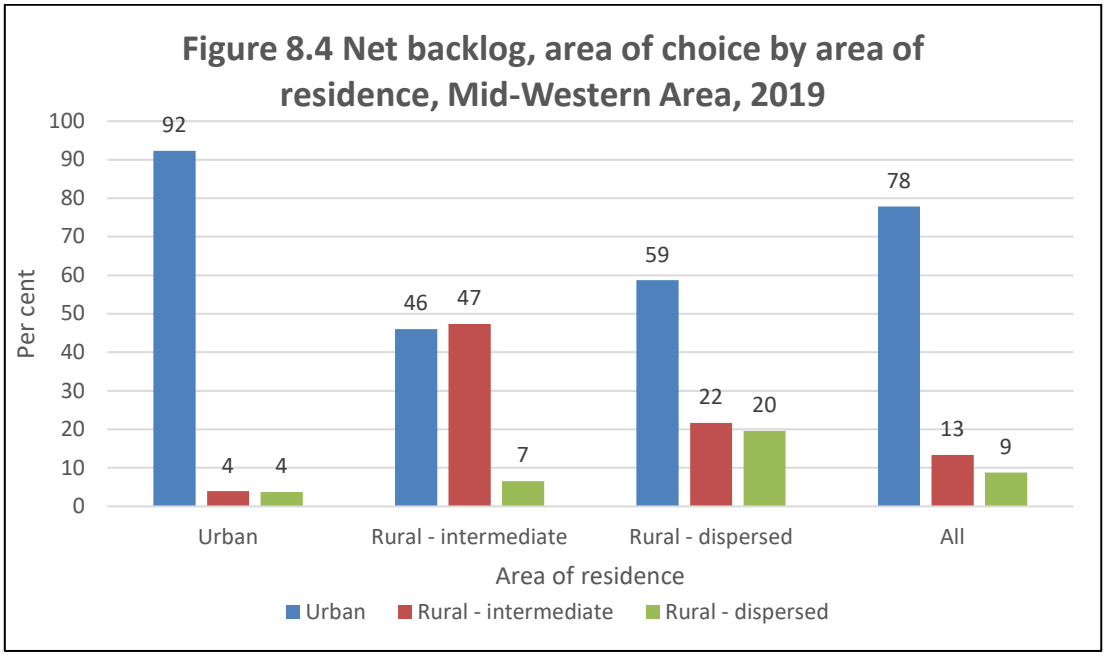
Source: NIHE, Common Waiting List, June 2019. Household proportion estimated.

A final point to note regarding the net backlog is that, in both LGDs, urban areas account for the largest proportion by area of choice, 80 per cent of applicants in Mid Ulster and 74 per cent in Fermanagh and Omagh (Table 8.9). By comparison, in 2019, urban areas accounted for 29 per cent of the population in both LGDs. The contrast is due to a higher proportion of net backlog applicants residing in urban areas. But also, net backlog applicants living in rural areas, especially dispersed rural, are more likely to indicate an urban than a rural location as their area of choice (Figure 8.4).

Table 8.9 The net backlog by settlement type, area of choice, Mid-Western LGDs, 2019

	Mid Ulster		Fermanagh and Omagh	
	No.	% of HMA	No.	% of HMA
Urban	337	80	229	74
Rural - Intermediate	53	13	42	14
Rural - Dispersed	30	7	38	12
All	**420**	**100**	**309**	**100**

Source: NIHE, Common Waiting List, June 2019.



The addition of the net backlog to the net stock model projections is summarised for the Mid Ulster HMAs and subareas in Table 8.10 (see also Table A8B.2 in Annex 8.A for the detailed components).

With the addition of the backlog, the total new dwelling requirement for the Dungannon HMA over the period 2020 to 2035 increases to **5,540**. Over the 15-year projection period, the net backlog adds an annual **20** to the requirement, bringing the annualised total to **370**.

The total new dwelling requirement for the Cookstown HMA over the period 2020 to 2035 increases to **4,650**. Over the 15-year projection period, the net backlog adds an annual **10** to the requirement, bringing the annualised total to **310**.

Within the Cookstown HMA, the net backlog adds 90 to the new dwelling requirement for the Cookstown subarea, bringing the total to 1,890, or 130 per annum.

The net backlog is estimated at 70 for the Magherafelt subarea, bringing the total requirement to 2,760.

Across the Mid Ulster LGD as a whole, the net backlog adds 420 to the new dwelling requirement, giving a total of 10,200, an annual average requirement of 680 new dwellings over the 15 year projection period.

Table 8.10 New dwelling requirements and components, 2020-2035, net stock model with backlog, Mid Ulster HMAs, medium household growth scenario

	Households	Net backlog	Other changes	Total
	No.	*No.*	*No.*	*No.*
Changes 2020-2035				
Mid Ulster	**7,060**	**420**	**2,720**	**10,200**
Cookstown HMA	3,230	170	1,260	4,650
Cookstown subarea	1,250	90	550	1,890
Magherafelt subarea	1,980	70	720	2,760
Dungannon HMA	3,830	260	1,450	5,540
Annualised				
Mid Ulster	**470**	**30**	**180**	**680**
Cookstown HMA	220	10	80	310
Cookstown subarea	80	10	40	130
Magherafelt subarea	130	0	50	180
Dungannon HMA	260	20	100	370

The projected new dwelling requirements with the net backlog included are summarised for the Fermanagh and Omagh HMAs and subareas in Table 8.11 (see also Table A8B.2 in Annex 8.A for the detailed components).

With the addition of the backlog, the total new dwelling requirement for the Fermanagh HMA over the period 2020 to 2035 increases to **3,130**. Over the 15-year projection period, the net backlog adds an annual **10** to the requirement, bringing the annualised total to **210**.

The total new dwelling requirement for the Omagh HMA over the period 2020 to 2035 increases to **2,220**. Over the 15-year projection period, the net backlog adds an annual **10** to the requirement, bringing the annualised total to **150**.

Across the Fermanagh and Omagh LGD as a whole, the net backlog adds 310 to the new dwelling requirement, giving a total of 5,350, an annual average requirement of 360 new dwellings over the 15 year projection period.

Table 8.11 New dwelling requirements and components, 2020-2035, net stock model with backlog, Fermanagh and Omagh HMAs, medium household growth scenario

	Households	Net backlog	Other changes	Total
	No.	*No.*	*No.*	*No.*
Changes 2020-2035				
Fermanagh and Omagh	**3,270**	**310**	**1,760**	**5,350**
Fermanagh	1,730	180	1,220	3,130
Omagh	1,540	130	550	2,220
Annualised				
Fermanagh and Omagh	**220**	**20**	**120**	**360**
Fermanagh	120	10	80	210
Omagh	100	10	40	150

8.4 Tenure

8.4.1 Affordability Tests

The assignment of net new households by tenure is based on an affordability model, with the following categories:

- **Market** – can afford market rent or has sufficient income to enter and sustain home ownership.
- **Intermediate** – cannot afford market rent but can afford more than social rent.
- **Social** – cannot afford intermediate or market rent.

The tenure assignments are made based on simple income tests, following the Scottish and Welsh models (see Centre for Housing Market Analysis (CHMA), 2018,and Statistics for Wales, 2019).

The affordability tests were conducted by combining private rent data for the HMAs (see Section 6) with local area income data, scaled to the Family Resources Survey by broad age group. Newly arising households are assigned to one of the three tenures via the following affordability tests:

- **Market**. Estimated from the proportion of households that can afford to pay the median private rent, without spending more than 25 per cent of household income.

- **Social sector**. Estimated from the proportion of households with an income such that they would spend more than 35 per cent of their income (including Housing Benefit or the housing element of Universal Credit) at the 30th percentile of the private rent distribution.

- **Intermediate**. The estimated proportion of households that cannot afford the market rent but can afford the social rent level.

The results of the affordability tests are summarised in Table 8.12. The tests are based on rent and household income data for 2018-19. From Table 8.12 it can be seen that, in 2018-19, affordability in the Fermanagh and Omagh HMAs compared favourably with the Northern Ireland average. Across the two HMAs, 71-72 per cent of households could afford market rents compared with an average of 63 per cent across Northern Ireland. At 12-13 per cent, the proportion with social rent affordability was lower than the Northern Ireland average (18 per cent).

Affordability is more mixed in the Mid Ulster HMAs. The Dungannon proportions are about in line with the Northern Ireland average. By contrast, in the Cookstown HMA, the proportion able to afford market rents (69 per cent) is six percentage points higher than the Northern Ireland average, rising to nine percentage points in the Magherafelt subarea.

Table 8.12 Affordability tests, Mid-Western HMAs and subareas

	Market	Intermediate	Social
	%	%	%
Mid Ulster	**67**	**17**	**16**
Cookstown HMA	69	16	14
Cookstown subarea	66	17	17
Magherafelt subarea	72	15	12
Dungannon HMA	64	18	18
Fermanagh and Omagh	**71**	**17**	**12**
Fermanagh HMA	71	17	13
Omagh HMA	72	16	12
N. Ireland	**63**	**19**	**18**

As discussed in Section 6, rents have been rising across Northern Ireland over the pandemic period, through the third quarter of 2021. As of early-2022, the short-term affordability implications of that trend are unclear, especially in the absence of up-to-date household income data.

Prior to the pandemic, average rent-to-income ratios in Northern Ireland had been relatively stable. Thus, in the central tenure projections presented here, it is assumed that pandemic effects will unwind and, over the long-term, rent to income ratios will return to their pre-pandemic stability. It should also be noted that the projections in this SHMA seek to relate housing need and demand to new dwelling requirements. They are not constrained by considerations such as the supply of housing land. That said, the pandemic does introduce a new element of uncertainty to the projections.

House purchase affordability tests were also conducted, to estimate the proportion of households with an income (excluding Housing Benefit) sufficient to afford a property in the lower quartile of house prices with a house price to income multiple of 3.6. Leaving aside capital requirements for house purchase, the proportion able to afford house purchase on the income criterion (again based on 2018-19 incomes relative to prices) was 56 per cent of households in both the Cookstown and Dungannon HMAs, compared to the Northern Ireland average of 55 per cent. The proportion is higher in the Fermanagh and Omagh HMAs, 61 per cent in the former and 62 per cent in the latter.

Within each HMA, the proportion estimated to be able to afford house purchase is less than the proportion estimated to afford the median private rent. Therefore, the tenure assignments are made based on the rent tests. In addition, the net backlog is assigned entirely to the social sector.

8.4.2 Tenure Projections

The tenure projections in the medium household growth scenario for the Mid Ulster HMAs are summarised in Table 8.13 with the backlog excluded and in Table 8.14 with the backlog included.

For the Cookstown HMA, excluding the backlog, 69 per cent of the projected annualised requirements are assigned to the market sector with 17 per cent to the intermediate sector and 15 per cent to the social sector (Table 8.13). When the backlog is added, the social sector share rises to 18 per cent while the market share reduces to 66 per cent and the intermediate share to 16 per cent (Table 8.14). Though, it should be appreciated that the projected market and intermediate requirements are unchanged at 210 per annum and 50 per annum respectively. That is because the backlog is added to the social sector only.

Table 8.13 New dwelling requirements by tenure, Mid Ulster, excluding backlog, 2020-2035

	Market	Intermediate	Social	All
Requirements 2020-2035				
Cookstown HMA	3,090	750	650	4,490
Cookstown subarea	1,160	320	310	1,800
Magherafelt subarea	1,930	430	340	2,690
Dungannon HMA	3,370	990	920	5,290
Mid Ulster	**6,460**	**1,740**	**1,580**	**9,780**
Annualised requirements				
Cookstown HMA	210	50	40	300
Cookstown subarea	80	20	20	120
Magherafelt subarea	130	30	20	180
Dungannon HMA	220	70	60	350
Mid Ulster	**430**	**120**	**110**	**650**
Per cent of total				
Cookstown HMA	69	17	15	100
Cookstown subarea	65	18	17	100
Magherafelt subarea	72	16	13	100
Dungannon HMA	64	19	17	100
Mid Ulster	**66**	**18**	**16**	**100**

Similar effects are observed for the Cookstown HMA subareas and the Dungannon HMA:

- For the Cookstown subarea, excluding the backlog, 17 per cent of households are assigned to the social sector, rising to 21 per cent with the inclusion of the backlog.
- For the Magherafelt subarea, 13 per cent of households are assigned to the social sector when the backlog is excluded, rising to 15 per cent with the inclusion of the backlog.
- For the Dungannon HMA, 17 per cent of households are assigned to the social sector without the backlog, rising to 21 per cent with the inclusion of the backlog.

Table 8.14 New dwelling requirements by tenure, Mid Ulster HMAs and subareas, including backlog, 2020-2035

	Market	Intermediate	Social	All
Requirements 2020-2035				
Cookstown HMA	3,090	750	820	4,650
Cookstown subarea	1,160	320	410	1,890
Magherafelt subarea	1,930	430	410	2,760
Dungannon HMA	3,370	990	1,180	5,540
Mid Ulster	**6,460**	**1,740**	**2,000**	**10,200**
Annualised requirements				
Cookstown HMA	210	50	50	310
Cookstown subarea	80	20	30	130
Magherafelt subarea	130	30	30	180
Dungannon HMA	220	70	80	370
Mid Ulster	**430**	**120**	**130**	**680**
Per cent of total				
Cookstown HMA	66	16	18	100
Cookstown subarea	62	17	21	100
Magherafelt subarea	70	15	15	100
Dungannon HMA	61	18	21	100
Mid Ulster	**63**	**17**	**20**	**100**

The projected new dwelling requirements by tenure for the Fermanagh and Omagh HMAs are shown in Table 8.15 with the backlog excluded and in Table 8.16 with the backlog included.

In the Fermanagh HMA, excluding the backlog, 70 per cent of the projected annualised requirements are assigned to the market sector with 16 per cent to the intermediate sector and 13 per cent to the social sector. When the backlog is added, the social sector share rises to 18 per cent while the market share reduces to 66 per cent and the intermediate share falls to 16 per cent.

Similarly, in the Omagh HMA, excluding the backlog, 72 per cent of the projected annualised requirements are assigned to the market sector with 17 per cent to the intermediate sector and 11 per cent to the social sector. When the backlog is added, the social sector share rises to 16 per cent, the market share reduces to 68 per cent and the intermediate share falls to 16 per cent.

Table 8.15 New dwelling requirements by tenure, Fermanagh and Omagh HMAs, excluding backlog, 2020-2035

	Market	Intermediate	Social	All
Requirements 2020-2035				
Fermanagh HMA	2,060	510	370	2,940
Omagh HMA	1,510	350	240	2,090
Fermanagh and Omagh	**3,570**	**860**	**610**	**5,040**
Annualised requirements				
Fermanagh HMA	140	30	20	200
Omagh HMA	100	20	20	140
Fermanagh and Omagh	**240**	**60**	**40**	**340**
Per cent of total				
Fermanagh HMA	70	17	13	100
Omagh HMA	72	17	11	100
Fermanagh and Omagh	**71**	**17**	**12**	**100**

Table 8.16 New dwelling requirements by tenure, Fermanagh and Omagh, including backlog, 2020-2035

	Market	Intermediate	Social	All
Requirements 2020-2035				
Fermanagh HMA	2,060	510	550	3,130
Omagh HMA	1,510	350	370	2,220
Fermanagh and Omagh	**3,570**	**860**	**920**	**5,350**
Annualised requirements				
Fermanagh HMA	140	30	40	210
Omagh HMA	100	20	20	150
Fermanagh and Omagh	**240**	**60**	**60**	**360**
Per cent of total				
Fermanagh HMA	66	16	18	100
Omagh HMA	68	16	16	100
Fermanagh and Omagh	**67**	**16**	**17**	**100**

It is important to note that the projected new dwellings requirement includes an allowance for housing, which is not permanently occupied as a primary residence (vacant dwellings and second homes). As indicated above and in Section 7, the presence of second homes is demand led and therefore they are not a component of housing need and do not contribute to meeting housing need. However, this is not to say that second homes have no effect on local housing needs. Rather, in areas where there is demand for second homes, available housing may be more limited, which may lead to higher housing costs and this may reduce the supply of affordable housing for local people. As set out in the 2015 SPPS (para 6.142), Councils may wish to consider zoning land or include policy within the Local Development Plan, as appropriate, to reflect the local need resulting from demand for second homes.

8.5 Irish Traveller Community

The Housing Executive is responsible for the provision and management of accommodation for the Irish Traveller Community**,** including social housing, Traveller-specific Group Housing, serviced sites, and transit sites**.** Planning for, providing and managing culturally sensitive Irish Traveller accommodation is both complex and challenging. Accommodation is linked with a range of deprivation factors experienced by Irish Travellers such as health and well-being, education, racism, mortality and discrimination.

The Census of Population provides the most recent benchmark data on the geographic distribution of Irish Travellers. At the time of the 2011 Census, there were 466 Irish Traveller households, of which 24 (five per cent) lived in the Omagh HMA and 16 (three per cent) in the Fermanagh HMA, giving a total of 40 households (eight per cent) residing in Fermanagh and Omagh District Council. A total of 69 Irish Traveller households were recorded as living in the Dungannon HMA (15 per cent of the total) and two households in the Cookstown HMA, giving a total of 71 (15 per cent) living in Mid Ulster District Council.

In meeting its responsibilities, the Housing Executive carries out periodic surveys and needs assessments of the Irish Traveller community. The fourth such survey, the Northern Ireland Housing Executive Irish Traveller Accommodation Survey 2018-19, reported in January 2020. The Survey provides an evidence base to inform the Irish Travellers Accommodation Strategy 2020-2025 and will be used to develop a Traveller-specific accommodation needs assessment.

The 2018-19 Survey estimated that the Irish Traveller population stands at 1,628 individuals in 540 households. Based on the reported distribution by LGD, approximately 60 households (11 per cent) live within the Fermanagh and Omagh District Council. The Mid Ulster District Council is reported as being home to 121 households, representing 22 per cent of the total.

The majority of Survey respondents (69 per cent) live in social housing followed by 10 per cent in private rented accommodation, nine per cent on a permanent/serviced site, seven per cent in group housing and three per cent in owner occupation.

A little over one in four respondents (27 per cent) indicated that they would prefer different accommodation, including 16 per cent who said they would prefer social housing, six per cent who said they would prefer to live at a serviced site, and three per cent who said they would prefer to live in group housing.

Other findings from the Survey include:

- 86 per cent of respondents were living in some form of 'bricks and mortar' accommodation.
- The propensity to travel appears to be low, with only seven per cent of respondents expecting that they or a member of their household would travel within the next three years.
- Almost one in five respondents (19 per cent, accounting for 102 households) said that they expected one or more members of their household to seek their own accommodation within the next five years. The majority of these newly arising households (85 per cent) were expected to seek permanent bricks and mortar accommodation.

8.6 Sensitivities

Projections for new dwelling requirements are inherently uncertain. In the context of a 15-year ahead timeframe, the main source of uncertainty is the pace of household growth, as discussed in Section 5. The projected pace of household growth depends on the assumptions for the trend in average household size and population growth.

For a given set of population projections, changes to the assumptions around the trend in average household size are used to generate alternative paths for the pace of household growth. As discussed in Section 5, three household growth scenarios based on the principal 2018-based NISRA population projections have been specified for this SHMA, i.e. the updated and high growth scenarios alongside the medium growth scenario which has served as the central scenario for projecting new dwelling requirements. Compared to the central medium growth scenario, average household size falls faster in the high growth scenario and more slowly in the updated scenario.

The projected new dwelling requirements resulting from each of the three scenarios are summarised, both with and without the backlog, in Table 8.17 for Mid Ulster and in Table 8.18 for Fermanagh and Omagh.

The detailed results by HMA and subarea for the updated and high growth scenarios to accompany the medium growth projections are presented in Annex B to this Section, Tables A8B.3 through A8B.6.

The projections for newly arising households in Mid Ulster range from 6,490 in the updated or slower growth scenario to 7,610 in the high growth scenario (Table 8.17). Thus, in the updated scenario, 570 fewer households form over the period 2020-2035 compared with the central medium growth scenario. The high growth scenario generates an additional 550 households compared with the medium growth scenario. Those differences in the projected numbers of households are directly reflected in the projections for new dwelling requirements, as the updated and high growth scenarios differ from the medium growth scenario by approximately the difference in the household growth projections.

Overall, the scenarios are within a range of about ±5 per cent around the central projection for new dwelling requirements. That range does not equate to a margin of error in the projections and should not be interpreted as such. Nonetheless, the range of ±5 per cent does provide an indication of the sensitivity of the projected new dwelling requirements to the average household size assumptions, within the context of an extrapolation of historic trends.

Table 8.17 Projected new dwelling requirements and household growth scenarios, 2020-2035, Mid Ulster

	Household growth scenario:		
	Updated	**Medium**	**High**
New households			
Total	6,490	7,060	7,610
Annualised	430	470	510
Dwelling requirements			
Excluding backlog			
Total	9,220	9,780	10,300
Annualised	610	650	690
Including backlog			
Total	9,640	10,200	10,720
Annualised	640	680	710

Table 8.18 Projected new dwelling requirements and household growth scenarios, 2020-2035, Fermanagh and Omagh			
	Household growth scenario:		
	Updated	**Medium**	**High**
New households			
Total	3,030	3,270	3,570
Annualised	200	220	240
Dwelling requirements			
Excluding backlog			
Total	4,780	5,040	5,350
Annualised	320	340	360
Including backlog			
Total	5,090	5,350	5,650
Annualised	340	360	380

For Fermanagh and Omagh, the slower updated scenario gives 240 fewer newly arising households compared with the central scenario and 300 more households in the high growth scenario. Again, those differences feed directly through to the projections for new dwelling requirements, both with and without the backlog. The scenarios give a range of -260 and +310 around the central scenario for new dwelling requirements. That is about ±5 per cent, which again provides an indication of the sensitivity of the projected new dwelling requirements to the average household size assumptions.

In addition to the average household size assumptions, the projected number of households depends also on the projected rate of population change. The population change scenarios discussed in Section 4 have therefore been applied to the medium household growth scenario to illustrate the sensitivity of the projections for new dwelling requirements to varying population levels. The results are summarised on an annualised basis, with no backlog, in Table 8.19. The detailed results, showing total changes over the period 2020 to 2035, both with and without the backlog, are presented in Annex B to this Section, at Tables A8B.7 and A8B.8.

Considering first the Mid Ulster HMAs, the zero external migration scenario has the largest effect across the LGD, reducing the dwelling requirement from an annualised 650 to 470 (-27 per cent). However, the effects are highly variable, ranging from -10 per cent in the Cookstown HMA to -41 per cent in the Dungannon HMA, illustrating the vulnerability of the latter to any substantial reduction in international migration inflows.

Table 8.19 Population change scenarios, new dwelling requirements, annualised, no backlog, Mid-Western HMAs

	Population change scenario			
	Principal (2018-based)	**Zero external migration**	**Zero net migration**	**Constant NI share**
	No.	*No.*	*No.*	*No.*
Mid Ulster	**650**	**470**	**580**	**490**
Cookstown HMA	300	270	310	270
Cookstown	120	110	130	110
Magherafelt	180	160	180	150
Dungannon HMA	350	210	280	220
Fermanagh and Omagh	**340**	**240**	**340**	**400**
Fermanagh HMA	200	130	180	230
Omagh HMA	140	110	160	170

The Fermanagh and Omagh HMAs would also be strongly affected in the zero external migration scenario, with the annualised requirement in the Fermanagh HMA falling by 33 per cent and 22 per cent in the Omagh HMA.

Across the three scenarios, the new dwelling requirement projections are least affected in the Cookstown HMA, with the change in the annualised requirement compared with the principal projection ranging from +2 per cent to -11 per cent. By contrast, the sensitivity ranges from -21 per cent to -41 per cent in the Dungannon HMA.

The projected tenure proportions are also subject to uncertainty. First, the tenure split in the projected new dwelling requirements assumes the continued availability of Housing Benefit.

Modelling the potential impact of a change in the availability of Housing Benefit would, ideally, be conducted using a household survey dataset in which households in receipt of Housing Benefit can be separately identified. Such a dataset is not available at the geographic level of detail required for this SHMA.

An indication of the tenure split in the absence of Housing Benefit can be gleaned by running the net stock model in a scenario where the average amount of Housing Benefit received by households is omitted from the household income estimates. That scenario will tend to understate the

potential impact of non-availability of Housing Benefit, as the variability in receipt of Housing Benefit is absent from an average income measure.

Nonetheless, the scenario is useful in highlighting that, when average Housing Benefit is excluded from average household income, the projected social tenure proportion would increase in each HMA and subarea.

The tenure effects of excluding Housing Benefit are shown for the Mid Ulster HMAs in Table 8.20 and for the Fermanagh and Omagh HMAs in Table 8.21.

Within the Cookstown HMA, and with the backlog excluded to focus on the income effect, the social sector share would rise from 15 per cent when HB is included to 18 per cent when Housing Benefit is excluded.

The effect in the Dungannon HMA is similar, with the social sector share up from 17 per cent when Housing Benefit is included to 21 per cent when HB is excluded.

In the Fermanagh and Omagh HMAs, the social sector shares both increase by three percentage points when Housing Benefit is excluded.

Table 8.20 Tenure proportions including and excluding Housing Benefit, Mid Ulster, per cent of total requirements

	Market	Intermediate	Social
	Row%	*Row%*	*Row%*
Include HB			
Mid Ulster	**66**	**18**	**16**
Cookstown HMA	69	17	15
Cookstown	65	18	17
Magherafelt	72	16	13
Dungannon HMA	64	19	17
Exclude HB			
Mid Ulster	**65**	**16**	**19**
Cookstown HMA	67	15	18
Cookstown	63	16	21
Magherafelt	70	15	16
Dungannon HMA	62	17	21

Table 8.21 Tenure proportions including and excluding Housing Benefit, Fermanagh and Omagh, per cent of total requirements			
	Market	**Intermediate**	**Social**
	Row%	*Row%*	*Row%*
Include HB			
Fermanagh and Omagh	**71**	**17**	**12**
Fermanagh HMA	70	17	13
Omagh HMA	72	17	11
Exclude HB			
Fermanagh and Omagh	**69**	**16**	**15**
Fermanagh HMA	68	16	16
Omagh HMA	70	16	14

8.7 Comparison with HGIs and Social Housing Need Estimates

Prior to drawing conclusions, it is useful to briefly consider how the projected new dwelling requirements presented in this Section compare with the Housing Growth Indicators (HGIs) published by the Department for Infrastructure in September 2019 to assist with the local development planning process. Strictly speaking, the new dwelling requirement projections are not comparable with the published HGIs. The main differences are as follows[54]:

- The HGIs project new dwelling requirements for the 14-year period 2016 to 2030 whereas this Section presents requirements over the 15-year period 2020 to 2035.
- The HGIs are based on the NISRA 2016-based household projections. The projections in this Section employ the medium household growth scenario, described in Section 5[55], which is derived from 2018-based population projections.
- The HGIs are based solely on newly arising households and do not include a backlog component.

[54] There are some technical differences in the implementation of the net stock model for the HGIs compared with the scenarios presented in this Section – see Annex 8.A.
[55] Though, as discussed in Section 5, the updated (2018) household projections, which are used for sensitivity testing of the projected new dwelling requirements, are quite similar to the NISRA 2016-based projections.

- The projections in this Section include an affordability analysis, which is not part of the HGIs.

Bearing those caveats in mind, the projected new dwelling requirements 2020 to 2035 for the Mid Ulster and Fermanagh and Omagh LGDs, in the medium household growth scenario, without the backlog, are shown in Table 8.22 alongside the annualised HGIs 2016 to 2030.

The first point to note is that, over the two time periods, the annualised projections do not differ greatly between the medium growth scenario in this SHMA and the HGI projections. In the case of Mid Ulster, the annualised medium household growth projection is lower than the HGI projection. The opposite holds for a comparison between the projections for Fermanagh and Omagh. Those differences are due to a mix of factors, including the different household projections and the assumptions made for projecting additional vacant dwellings within the total requirements. In addition, the medium growth scenario extends to 2035 and therefore encompasses the tapering off in the rate of net new household formation post-2030 (see Figures 8.2 and 8.3).

Table 8.22 Annualised new dwelling requirements 2020-2035, no backlog, compared with Housing Growth Indicators 2016-2030

	Medium household growth scenario	Housing Growth Indicator	
	2020-2035	2016-2030[1]	Adjusted, 2020-2030[2]
Mid Ulster	650	730	720
Fermanagh and Omagh	340	300	280

1. Annualised figures taken from DfI, Housing Growth Indicators.
2. Derived by subtracting new dwelling completions (source: LPS, New dwelling statistics) for the years 2016-17 through 2019-20 from the total HGI requirements projected for 2016 to 2030.

As the HGIs have a 2016 baseline, they can be adjusted for actual new dwelling completions over the period 2016-17 to 2019-20. Over that four-year time span, 3,022 new dwellings were completed across Mid Ulster District Council. At an annual average of 760, the new dwelling completion rate over that period was slightly above the HGI annual average, hence the adjusted HGI figure falls to 720 per annum over the period 2020 to 2030.

In the same four year period, 1,410 new dwellings were completed in the Fermanagh and Omagh HMA. The annual completion rate of 350 over those four years was in excess of the HGI average, hence the adjusted annualised HGI figure falls to 280 for the period 2020 to 2030.

It is also useful to caution against drawing comparisons between the net stock model projections in this SHMA and the social housing need assessments produced by the Housing Executive, such as the five-year ahead housing need estimates contained within the Housing Investment Plans (HIPs) prepared for each LGD.

The 2019-2023 HIP for the Mid Ulster District Council sets out a social housing need estimate 2019 to 2023 of 700, giving an annual average of 140. The estimate for Fermanagh and Omagh District Council is 245, an annual average of 49. As the social housing need estimates are based on a quite different methodology, those figures cannot be compared with the annualised projections presented in this SHMA.

In particular, the social housing need assessments contained within the HIP are based on modelling the gross backlog on the Common Waiting List. Thus, the social housing need estimates will include households with a tenure mismatch who are already in self-contained accommodation but who have a social housing need, due to over-crowding, accommodation which is unsuitable because of mobility problems, etc. If those households' social housing needs are met, the dwelling in which they currently reside frees up for some other household to occupy.

By contrast, in the net stock model projections, only those CWL applicants who do not currently live in their own self-contained accommodation and who have been assessed as homeless are included in the backlog.

There are other differences between the net stock model and the social housing needs model, which should also caution against drawing comparisons. For example, the social housing need model takes account of relets of social sector dwellings, which are vacated and become available for re-allocation to CWL applicants. Relets do not feature in the net stock model, since they are allocations of dwellings that already exist.

In addition, the social housing need and SHMA projections are made over different timescales, i.e., five and 15 years respectively. In the SHMA projections presented in this section, the trajectory of the social housing need projections, with no backlog, are shaped by the household projections, which are higher in the first five years of the projection period and lower thereafter. Within that context, the annualised social housing need projections cannot be compared with the annualised SHMA projections.

8.8 Key Points Summary

Based on the net stock model, new dwelling requirements have been projected over the 15-year period 2020 to 2035. The projections are made for the four HMAs and the two Cookstown HMA subareas.

The household projections on which the dwelling requirements are based are taken from the **medium household growth scenario**.

In that scenario, for the Mid Ulster HMAs, the projected number of **newly arising households** over the projection horizon is **7,060**. After allowing for expected changes in second homes, vacant dwellings, and the replacement of dwellings lost due to dereliction, demolition, etc, the projected total new dwelling requirements amount to **9,780**, giving an average annual requirement of **650** dwellings over the 15-year period.

For the Fermanagh and Omagh HMAs, the projected number of **newly arising households** over the projection horizon is **3,270**. After allowing for expected changes in second homes, vacant dwellings, and the replacement of dwellings lost due to dereliction, demolition, etc, the projected total new dwelling requirements amount to **5,040**, giving an average annual requirement of **340** dwellings over the 15-year period.

Household growth is projected to slacken from the mid-2020s onwards, reflecting the expected slower growth in population. That feature of the household projections is reflected in the projected trajectory of new dwelling requirements. Thus, for the Mid Ulster HMAs, new dwelling requirements over the decade 2020 to 2030 are projected to average 690 per annum, falling to 580 per annum in the five years between 2030 and 2035. Similarly, for the Fermanagh and Omagh HMAs, new dwelling requirements over the decade 2020 to 2030 are projected to average 370 per annum, falling to 270 per annum in the five years between 2030 and 2035.

The Mid Ulster HMAs contain an estimated **420** homeless individuals and families who do not have their own self-contained accommodation. The estimate for the Fermanagh and Omagh HMAs is **310** homeless individuals and families. They form the net **backlog of housing need**, i.e. additional new dwellings are required to meet their need for accommodation. The net backlog has been measured from the Housing Executive's Common Waiting List (CWL) as at August 2019. The CWL is a comprehensive listing of individuals who have expressed a desire for alternative accommodation by applying for a social rented home.

With the addition of the backlog, the total new dwelling requirement for the Mid Ulster HMAs for the period 2020 to 2035 increases to **10,200**. Over the 15-year projection period, the net backlog adds an annual **30** to the requirement, bringing the annualised total to **680**.

For the Fermanagh and Omagh HMAs, the total new dwelling requirement for the period 2020 to 2035 increases to **5,350**. Over the 15-year projection period, the net backlog adds an annual **20** to the requirement, bringing the annualised total to **360.**

The net **new dwelling requirements by tenure** have been projected based on a household affordability model, with income tests deployed to assign the following categories:

- **Market** – can afford market rent or has sufficient income to enter and sustain home ownership.
- **Intermediate** – cannot afford market rent but can afford more than social rent.
- **Social** – cannot afford intermediate or market rent.

Excluding the backlog, 66 per cent of the projected annualised requirements for the Mid Ulster HMAs are assigned to the market sector with 18 per cent to the intermediate sector and 16 per cent to the social sector. When the net backlog is assigned to the social sector, the social share rises to 20 per cent while the market share reduces to 63 per cent and the intermediate share to 17 per cent.

For the Fermanagh and Omagh HMAs, when the backlog is excluded, 71 per cent of the projected annualised requirements are assigned to the market sector with 17 per cent to the intermediate sectors and 12 per cent to the social sector. When the net backlog is assigned to the social sector, the social share rises to 17 per cent while the market share reduces to 67 per cent and the intermediate share to 16 per cent.

The Housing Executive is responsible for the **provision and management of accommodation for the Irish Traveller Community**, including social housing, Traveller-specific Group Housing, serviced sites and transit sites**. The findings from the** Northern Ireland Housing Executive Irish Traveller Accommodation Survey 2018-19 provides an evidence base to inform the Irish Travellers Accommodation Strategy 2020-2025 and will be used to develop a Traveller-specific accommodation needs assessment.

Projections for new dwelling requirements are inherently uncertain. In the present context, the main source of uncertainty is the pace of household growth. To illustrative the sensitivities, the new dwelling requirements have also been projected on the basis of the updated (2018) and high growth household projections.

Across those three scenarios, the projections for newly arising households in the Mid Ulster HMAs range from 6,490 in the updated or slower growth scenario to 7,610 in the high growth scenario. Those differences in the

projected numbers of households are directly reflected in the projections for new dwelling requirements, as the updated and high growth scenarios differ from the medium growth scenario by approximately the difference in the household growth projections. Overall, the scenarios are within a range of ±5 per cent around the central projection for new dwelling requirements.

When applied to the Fermanagh and Omagh HMAs, the slower updated scenario gives 240 fewer newly arising households compared with the central scenario and 300 more households in the high growth scenario. The scenarios give a range of -260 and +310 around the central scenario for new dwelling requirements. That is a variance of about ±5 per cent around the central scenario.

The range in the projection scenarios does not represent a 'confidence interval' and should be viewed strictly as an illustration of potential variation arising from different assumptions for household growth. However, as the scenarios for new dwelling requirements are based on making alternative assumptions regarding future rates of household growth, they can be interpreted as follows:

- The medium growth scenario provides the basis for the main new dwelling requirement projections.
- The updated (2018) projections serve to test projections for new dwelling requirements to reflect slower household growth compared with the medium growth scenario.
- The high growth projections play a similar role in testing for the effects of faster than anticipated household growth.

In addition to the average household size assumptions, the projected number of households depends also on the projected rate of population change. The population change scenarios discussed in Section 4 of the report have therefore been applied to the medium household growth scenario to illustrate the sensitivity of the projections for new dwelling requirements to varying household population levels.

Annex 8.A Data Sources: Net Stock Model

In this report, the net stock model is implemented by assuming that:

- The vacant dwellings rate remains constant over the projection period.
- Dwellings required to clear the backlog are fully occupied, i.e. zero vacancies within that portion of the projected stock.
- The proportion of households owning second homes remains constant, i.e. the level grows with the increase in households.
- Net conversions are held constant at an average of the historic annual flow.

Statistics on the numbers of second homes and vacant dwellings are not published for Northern Ireland. However, from a net stock model perspective, vacant dwellings and second homes share a distinct characteristic, i.e. they each represent a type of unoccupied dwelling. The approach in this SHMA has therefore been taken forward in two stages:

- First, estimate the proportion of dwellings that are unoccupied, regardless of whether they are vacant dwellings or second homes.
- Second, allocate the estimated number of unoccupied dwellings between vacant dwellings and second homes.

The estimation of **the unoccupied stock** in the baseline period is calculated from the simple accounting identity:

Unoccupied stock = Total housing stock – Total households

For the 2020 baseline period in this Section, total housing stock figures by LGD and Electoral Ward are available from the LPS Housing Stock Statistics. From those data, the baseline housing stock levels by HMA and subarea can be calculated.

The estimates for total households have been made from the household projections for 2020, which vary between the updated, medium and high growth scenarios.

For a given household growth scenario, the proportion of the stock that is unoccupied is readily calculated by comparing the 2020 projected households with the 2020 dwelling stock statistics. In each scenario, that proportion is held constant over the projection period.

It may also be noted that, in the approach used here, for a given household growth scenario, the split between second homes and vacant dwellings within the estimated unoccupied dwelling stock is essentially notional, i.e. the

projected new dwelling requirements are not affected by the allocation, albeit the allocation may be of interest in its own right.

The allocation of the unoccupied stock to **second homes** was as follows.

Drawing on survey data, the HGI exercise assumed that, at Northern Ireland level, the proportion of households with a second home is 1.1 per cent. When applied to the projected number of households, that assumption gives the total number of dwellings that are second homes.

For example, from the medium growth scenario discussed in Section 5, the projected total number of households in Northern Ireland in 2020 is 750,740. If 1.1 per cent of those households have a second home in Northern Ireland, that implies a total of 8,325 second home dwellings in 2020.

For this SHMA, the Northern Ireland total of second homes was allocated geographically using the distribution of second homes enumerated at the 2001 Census of Population[56]. The source is dated but it is a benchmark data point and the results would seem reasonable (Table A8.1)[57].

Thus, in 2001, 9.5 per cent of second homes were located in the Fermanagh HMA. Assuming their share of the Northern Ireland total remained at 9.5 per cent, by 2020 the number of second home dwellings across the HMA was 794, i.e. 9.5 per cent of 8,325. That equates to an estimated 2.9 per cent of the Fermanagh HMA dwelling stock.

Once the number of second homes has been determined, the **vacant dwelling stock** is calculated as a residual in the baseline year, by taking the difference between the total housing stock, net of second homes, and the projected number of new households:

Vacant dwellings = (Total dwelling stock – Second homes) - Households

The proportion will therefore vary according to the chosen baseline and the household projection scenario (see Figures 7.12 and 7.13 in Section 7).

An important advantage of the approach outlined above is that the net stock model can be implemented in a wholly consistent fashion throughout the projection period. That is, the fundamental accounting identity (dwelling stock = households + second homes + vacant dwellings) is satisfied both in the baseline year and in each year of the projection period.

[56] DfI used a different method of spreading the Northern Ireland control total.
[57] Note that the geographical spreader is based on the housing stock and that is how the results are presented in Table A8.1.

Table A8.1 Second homes: Distribution by Mid-Western LGDs, HMAs and subareas, 2020 estimated

	Per cent of NI total[1]	No. of second homes[2]	Per cent of dwellings[3]
Mid Ulster	**1.4**	**112**	**0.1**
Cookstown HMA	0.9	77	0.2
Cookstown	0.5	61	0.5
Magherafelt	0.1	15	0.1
Dungannon HMA	0.4	36	0.2
Fermanagh and Omagh	**10.5**	**871**	**1.8**
Fermanagh HMA	9.5	794	2.9
Omagh HMA	0.9	77	0.4
Rest of N. Ireland	**88.2**	**7,341**	**1.0**
N. Ireland	**100**	**8,325**	**1.0**

1. Estimated from Table CAS363, Census of Population 2001.
2. NI total of second homes (8,325) multiplied by HMA's per cent share.
3. Second homes as per cent of dwelling stock, 2020 (dwelling stock sourced from LPS).

To implement the net stock model, **net changes** due to conversions, demolitions, etc. must be added to the projected changes in households, vacancies, and second homes. However, there is no data source available through which net changes can be directly measured. The only viable approach available is to estimate net changes as a residual by comparing new dwelling completions with changes in the housing stock:

Net changes = New dwelling completions – Change in housing stock

That is the same approach used in the production of the HGIs.

When the net changes estimate is positive, the new dwelling requirement is increased, to replace losses from the stock due to demolitions, etc.

When the net changes estimate is negative, the new dwelling requirement is reduced, as conversions, etc. add to the stock of dwellings available for newly forming households to occupy.

Net changes can fluctuate sharply when defined on an annual basis. It is therefore appropriate to take an average of a number of years as the input to the NSM projection.

Five, seven and nine year averages were examined and, following the HGI approach, the medium growth scenario reported in the SHMA uses the nine year average from 2010-11 to 2018-19.

For the Cookstown HMA, that is a requirement for 73 dwellings per annum, totalling 1,093 over the 15-year projection period.

The Dungannon HMA net changes requirement was calculated as 78 per annum, giving a total of 1,163 over the 15-year projection period.

The Fermanagh HMA net changes requirement was calculated as 64 per annum, giving a total of 960 over the 15-year projection period.

The Omagh HMA net changes requirement was calculated as 28 per annum, giving a total of 416 over the 15-year projection period.

Annex 8.B New Dwelling Requirements: Net Stock Model Projections by Housing Market Area

Table A8B.1 Medium household growth - new dwelling requirements and components, 2020-2035, net stock model with no backlog, Mid-Western HMAs

	Changes, 2020 to 2035:				Net changes	Requirements
	Households	Backlog	Vacant stock & second homes	Dwellings		
Changes 2020-2035						
Mid Ulster	**7,060**	**0**	**460**	**7,520**	**2,260**	**9,780**
Cookstown	3,230	0	170	3,400	1,090	4,490
Cookstown subarea	1,250	0	80	1,330	470	1,800
Magherafelt	1,980	0	90	2,070	630	2,690
Dungannon	3,830	0	290	4,120	1,160	5,290
Fermanagh and Omagh	**3,270**	**0**	**390**	**3,660**	**1,380**	**5,040**
Fermanagh	1,730	0	260	1,980	960	2,940
Omagh	1,540	0	130	1,680	420	2,090
Annualised						
Mid Ulster	**470**	**0**	**30**	**500**	**150**	**650**
Cookstown	220	0	10	230	70	300
Cookstown subarea	80	0	10	90	30	120
Magherafelt	130	0	10	140	40	180
Dungannon	260	0	20	270	80	350
Fermanagh and Omagh	**220**	**0**	**30**	**240**	**90**	**340**
Fermanagh	120	0	20	130	60	200
Omagh	100	0	10	110	30	140

Table A8B.2 Medium household growth - new dwelling requirements and components, 2020-2035, net stock model with backlog, Mid-Western HMAs

	Changes, 2020 to 2035:				Net changes	Requirements
	Households	Backlog	Vacant stock & second homes	Dwellings		
Changes 2020-2035						
Mid Ulster	**7,060**	**420**	**460**	**7,940**	**2,260**	**10,200**
Cookstown	3,230	170	170	3,560	1,090	4,650
Cookstown subarea	1,250	90	80	1,420	470	1,890
Magherafelt	1,980	70	90	2,140	630	2,760
Dungannon	3,830	260	290	4,380	1,160	5,540
Fermanagh and Omagh	**3,270**	**310**	**390**	**3,970**	**1,380**	**5,350**
Fermanagh	1,730	180	260	2,170	960	3,130
Omagh	1,540	130	130	1,800	420	2,220
Annualised						
Mid Ulster	**470**	**30**	**30**	**530**	**150**	**680**
Cookstown	220	10	10	240	70	310
Cookstown subarea	80	10	10	90	30	130
Magherafelt	130	0	10	140	40	180
Dungannon	260	20	20	290	80	370
Fermanagh and Omagh	**220**	**20**	**30**	**260**	**90**	**360**
Fermanagh	120	10	20	140	60	210
Omagh	100	10	10	120	30	150

Table A8B.3 Updated (2018) household growth - new dwelling requirements and components, 2020-2035, net stock model with no backlog, Mid-Western HMAs

	Changes, 2020 to 2035:				Net changes	Requirements
	Households	Backlog	Vacant stock & second homes	Dwellings		
Changes 2020-2035						
Mid Ulster	**6,490**	**0**	**470**	**6,970**	**2,260**	**9,220**
Cookstown	2,950	0	170	3,120	1,090	4,210
Cookstown subarea	1,110	0	80	1,190	470	1,660
Magherafelt	1,840	0	90	1,930	630	2,560
Dungannon	3,540	0	300	3,840	1,160	5,010
Fermanagh and Omagh	**3,030**	**0**	**370**	**3,400**	**1,380**	**4,780**
Fermanagh	1,570	0	240	1,810	960	2,770
Omagh	1,460	0	130	1,590	420	2,000
Annualised						
Mid Ulster	**430**	**0**	**30**	**460**	**150**	**610**
Cookstown	200	0	10	210	70	280
Cookstown subarea	70	0	10	80	30	110
Magherafelt	120	0	10	130	40	170
Dungannon	240	0	20	260	80	330
Fermanagh and Omagh	**200**	**0**	**20**	**230**	**90**	**320**
Fermanagh	100	0	20	120	60	180
Omagh	100	0	10	110	30	130

Table A8B.4 Updated (2018) household growth - new dwelling requirements and components, 2020-2035, net stock model with backlog, Mid-Western HMAs

	Changes, 2020 to 2035:				Net changes	Requirements
	Households	Backlog	Vacant stock & second homes	Dwellings		
Changes 2020-2035						
Mid Ulster	**6,490**	**420**	**470**	**7,390**	**2,260**	**9,640**
Cookstown	2,950	170	170	3,290	1,090	4,380
Cookstown subarea	1,110	90	80	1,290	470	1,750
Magherafelt	1,840	70	90	2,000	630	2,630
Dungannon	3,540	260	300	4,100	1,160	5,260
Fermanagh and Omagh	**3,030**	**310**	**370**	**3,710**	**1,380**	**5,090**
Fermanagh	1,570	180	240	1,990	960	2,960
Omagh	1,460	130	130	1,710	420	2,130
Annualised						
Mid Ulster	**430**	**30**	**30**	**490**	**150**	**640**
Cookstown	200	10	10	220	70	290
Cookstown subarea	70	10	10	90	30	120
Magherafelt	120	0	10	130	40	180
Dungannon	240	20	20	270	80	350
Fermanagh and Omagh	**200**	**20**	**20**	**250**	**90**	**340**
Fermanagh	100	10	20	130	60	200
Omagh	100	10	10	110	30	140

Table A8B.5 High household growth - new dwelling requirements and components, 2020-2035, net stock model with no backlog, Mid-Western HMAs

	Changes, 2020 to 2035:				Net changes	Requirements
	Households	Backlog	Vacant stock & second homes	Dwellings		
Changes 2020-2035						
Mid Ulster	**7,610**	**0**	**430**	**8,040**	**2,260**	**10,300**
Cookstown	3,500	0	160	3,660	1,090	4,750
Cookstown subarea	1,380	0	80	1,460	470	1,920
Magherafelt	2,120	0	80	2,200	630	2,830
Dungannon	4,110	0	270	4,380	1,160	5,540
Fermanagh and Omagh	**3,570**	**0**	**400**	**3,970**	**1,380**	**5,350**
Fermanagh	1,910	0	270	2,180	960	3,140
Omagh	1,660	0	130	1,790	420	2,210
Annualised						
Mid Ulster	**510**	**0**	**30**	**540**	**150**	**690**
Cookstown	230	0	10	240	70	320
Cookstown subarea	90	0	10	100	30	130
Magherafelt	140	0	10	150	40	190
Dungannon	270	0	20	290	80	370
Fermanagh and Omagh	**240**	**0**	**30**	**260**	**90**	**360**
Fermanagh	130	0	20	150	60	210
Omagh	110	0	10	120	30	150

Table A8B.6 High household growth - new dwelling requirements and components, 2020-2035, net stock model with backlog, Mid-Western HMAs

	Changes, 2020 to 2035:				Net changes	Requirements
	Households	Backlog	Vacant stock & second homes	Dwellings		
Changes 2020-2035						
Mid Ulster	**7,610**	**420**	**430**	**8,460**	**2,260**	**10,720**
Cookstown	3,500	170	160	3,830	1,090	4,920
Cookstown subarea	1,380	90	80	1,550	470	2,020
Magherafelt	2,120	70	80	2,280	630	2,900
Dungannon	4,110	260	270	4,640	1,160	5,800
Fermanagh and Omagh	**3,570**	**310**	**400**	**4,280**	**1,380**	**5,650**
Fermanagh	1,910	180	270	2,360	960	3,320
Omagh	1,660	130	130	1,920	420	2,330
Annualised						
Mid Ulster	**510**	**30**	**30**	**560**	**150**	**710**
Cookstown	230	10	10	260	70	330
Cookstown subarea	90	10	10	100	30	130
Magherafelt	140	0	10	150	40	190
Dungannon	270	20	20	310	80	390
Fermanagh and Omagh	**240**	**20**	**30**	**290**	**90**	**380**
Fermanagh	130	10	20	160	60	220
Omagh	110	10	10	130	30	160

Table A8B.7 Population change scenarios, new dwelling requirements, no backlog, Mid-Western HMAs

	Population change scenario			
	Principal (2018-based)	**Zero external migration**	**Zero net migration**	**Constant NI share**
	New dwelling requirements			
	No.	*No.*	*No.*	*No.*
Mid Ulster	**9,780**	**7,110**	**8,750**	**7,350**
Cookstown HMA	4,490	4,020	4,600	4,010
Cookstown	1,800	1,640	1,900	1,700
Magherafelt	2,690	2,380	2,700	2,310
Dungannon HMA	5,290	3,100	4,160	3,340
Fermanagh and Omagh	**5,040**	**3,600**	**5,050**	**5,990**
Fermanagh HMA	2,940	1,960	2,630	3,470
Omagh HMA	2,090	1,640	2,430	2,520
	Annualised			
	No.	*No.*	*No.*	*No.*
Mid Ulster	**650**	**470**	**580**	**490**
Cookstown HMA	300	270	310	270
Cookstown	120	110	130	110
Magherafelt	180	160	180	150
Dungannon HMA	350	210	280	220
Fermanagh and Omagh	**340**	**240**	**340**	**400**
Fermanagh HMA	200	130	180	230
Omagh HMA	140	110	160	170

Table A8B.8 Population change scenarios, new dwelling requirements, with backlog, Mid-Western HMAs				
	Population change scenario			
	Principal (2018-based)	**Zero external migration**	**Zero net migration**	**Constant NI share**
	New dwelling requirements			
	No.	*No.*	*No.*	*No.*
Mid Ulster	**10,200**	**7,530**	**9,170**	**7,770**
Cookstown HMA	4,650	4,180	4,760	4,170
Cookstown	1,890	1,730	1,990	1,790
Magherafelt	2,760	2,450	2,770	2,380
Dungannon HMA	5,540	3,350	4,410	3,600
Fermanagh and Omagh	**5,350**	**3,910**	**5,360**	**6,290**
Fermanagh HMA	3,130	2,140	2,810	3,650
Omagh HMA	2,220	1,770	2,550	2,650
	Annualised			
	No.	*No.*	*No.*	*No.*
Mid Ulster	**680**	**500**	**610**	**520**
Cookstown HMA	310	280	320	280
Cookstown	130	120	130	120
Magherafelt	180	160	180	160
Dungannon HMA	370	220	290	240
Fermanagh and Omagh	**360**	**260**	**360**	**420**
Fermanagh HMA	210	140	190	240
Omagh HMA	150	120	170	180

9 Concluding Remarks

Over the next 15 years, housing need and demand in the Mid-Western HMAs will be strongly shaped by established demographic trends.

In particular, the ageing of the population is expected to gather pace in the period to 2035. If present trends continue, the number of persons aged 65 and over is projected to rise by 54 per cent in the Mid Ulster HMAs and by 46 per cent in the Fermanagh and Omagh HMAs. The ageing trend is not at all unique to the Mid-Western HMAs, and will be seen across all of Northern Ireland, as the average increase in persons aged 65 and over is projected at 48 per cent.

The population ageing effect has important consequences for household size and composition, including the number of lone elderly households. Average household size will continue to fall. That trend will be accompanied by a rise in the number of one- and two-person households and falling numbers of households with three or more persons. Between 2018 and 2035, the number of households with children is projected to fall, by -5 per cent in the Mid Ulster HMAs and by -11 per cent in the Fermanagh and Omagh HMAs. By 2035, the majority of households will comprise one or two adults, 52 per cent in the Mid Ulster HMAs and 59 per cent in the Fermanagh and Omagh HMAs.

Reflecting the ageing trend, the number of households where the head is aged 65 and over is expected to increase by 50 per cent in the Mid Ulster HMAs and by 44 per cent in the Fermanagh and Omagh HMAs. Consequently, by 2035, one in three (33 per cent) occupied dwellings in the Mid Ulster HMAs will be headed by persons aged 65 and over, up from 26 per cent in 2018. The shift will be even more pronounced in the Fermanagh and Omagh HMAs, where the proportion of households with a head aged 65 and over is projected to rise from 29 per cent in 2018 to 38 per cent by 2035. Thus, the net change in the number of households to 2035 will be concentrated among those where the head is aged 65 and over.

Most of those older households will be comprised of one or two persons. They will typically own their home, reflecting a tenure choice made when they were in the age range 25 to 39, at the early stage in the family life cycle. If current patterns in the occupancy of dwellings persist, the majority will live in properties that are ‘under-occupied’ insofar as they contain more bedrooms than would be (notionally) implied by their household size and type. While the available evidence indicates that the majority of older people prefer to stay in their own home, some may wish to downsize. In addition, as the prevalence of health problems or a disability increases with age, it is likely that there will be an increase in demand for homes and adaptations that meet the needs of older people.

Nonetheless, new household formation will continue to be driven by younger people in the age range 25 to 39, albeit over the projection period they will be out-numbered by currently existing households ageing into the 65 and over bracket. The evidence from this SHMA is that, where they have the resources to purchase in the housing market, newly forming households in the 25 to 39 age range will mainly demand detached and semi-detached dwellings with three or more bedrooms. Their prospects of satisfying their aspirations will be affected by the affordability of such properties. While house price growth had been modest prior to the pandemic, the period since spring 2020 has seen prices rise across Northern Ireland, including in the Mid-Western HMAs. The expectation is that the recent bout of house price growth will slow down.

The second major demographic trend that will influence the Mid-Western HMAs over the next decade and a half is the projected slowdown in the rate of population growth.

Similar to all other HMAs within Northern Ireland, the outlook for population growth points to a declining contribution from natural change. The Fermanagh and Omagh HMAs are projected to lose population due to natural change by the early 2030s, i.e. more deaths than births. With a younger population, and continuing net migration in-flows, the Mid Ulster HMAs are not expected to see a negative contribution from natural change, albeit the annual contribution is projected to halve from over 1,000 in 2018-19 to around 500 by 2034-35. The fall in the contribution from natural change will result in a slower pace of population growth over the next 15 years compared with the last two decades. An important consequence of that slower pace of population growth is that new household formation is projected to grow more slowly by comparison with the historical experience.

In the Mid Ulster HMAs, and especially the Dungannon HMA, the declining contribution from natural change is expected to be more than offset by a continuation of the historic trend of population gains from international in-migration. That source of population growth is projected to keep the HMAs growing ahead of the Northern Ireland average over the projection period. That assumption is subject to heightened uncertainty as the UK transitions to a new immigration regime in the post-Brexit environment.

Finally, regarding the spatial pattern of growth, in the Mid-Western HMAs, the rural population share had been increasing throughout the 2000s and into the first half of the last decade, driven by faster growth in small villages, hamlets and the open countryside. In recent years, the gap between rural and urban population growth has narrowed, reflecting factors such as the slower pace of population growth in the past decade compared with the previous decade and less permissive planning policies.

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