

# Performance of the PRIVATE RENTAL MARKET IN NORTHERN IRELAND

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# INTRODUCTION

This survey analyses the performance of the Northern Ireland rental market during the last six months (July to December; 'H2') of 2023. The report provides an analysis of trends and patterns at a regional level during this six-month period, drawing comparisons with the first half of the year as a measure of half yearly change and with the same period in 2022 as an indicator of annual change. The report is produced by Ulster University in partnership with the Northern Ireland Housing Executive (NIHE) and PropertyNews.com.

The statistics presented in this report are based on a sample of 5,815 rental transactions recorded on PropertyNews.com and the Housing Executive's 'LHA dataset for Housing Benefit' database for the second half of 2023. From Q1 2022, methodological changes were implemented in the data collection, cleaning and merging of the LHA and PropertyNews.com datasets and in the reporting process. In addition to this, and as noted in previous surveys, at the start of 2020, the Housing Executive's Housing Benefit Unit made a policy decision to reduce the overall volume of data collected for LHA purposes by approximately one third. While the processes involved in merging and cleaning the datasets from the Housing Executive and PropertyNews.com mean that any change in the amount of data derived from the Housing Executive LHA database may not necessarily lead to a commensurate change in the number of transactions recorded, the reduced LHA dataset is likely to be reflected in the size of the datasets from H1 2020. It is worth bearing in mind that the changes outlined will have impacted the overall size of the half-yearly samples from H1 2020, and more so H1 2022, onwards and caution should therefore be applied when considering changes over time in the number of transactions captured in the analysis.

In this report, information is presented on the residential rental sector for Northern Ireland, with an analysis of average rental prices by different property types and number of bedrooms. The overall performance of the private rental market is measured by a weighted rental index, reflecting the weighted average by property type. The index measures changes in average rents over time and is set to a base value of 100 for the first quarter of 2013. Regional analysis also considers trends, primarily, in Local Government Districts (LGDs), as well as by functional Housing Market Areas (HMAs), identified in research for the Housing Executive.

## KEY FINDINGS

The latest survey of the Northern Ireland private rental market continues to evidence strong growth in average rents over both the half yearly and annual timeframes reported. The findings for this reporting period indicate a peak in average rents across many rental areas and ongoing challenges related to rental inventory, affordability and tenure and alternative accommodation options. The analysis also suggests signs of an equilibrium pricing effect in the market.

### **The key headlines relating to the rental market in H2 2023 are:**

- average rents across Northern Ireland increased by 3.9% over the half year to £849 per month; appreciably up by 9.1% compared to the same period last year
- the average monthly rent across the Belfast City Council Area (BCCA) increased by 2.8% to £949, up 8.4% in annual terms
- outside of Belfast, the average LGD rent stood at £784 per month, up by 5.7% over the half year, and appreciably up by 10.6% annually.
- the Rental Performance Index stands at 158.8 at Q4 2023, up by almost sixteen percentage points from the same period last year.

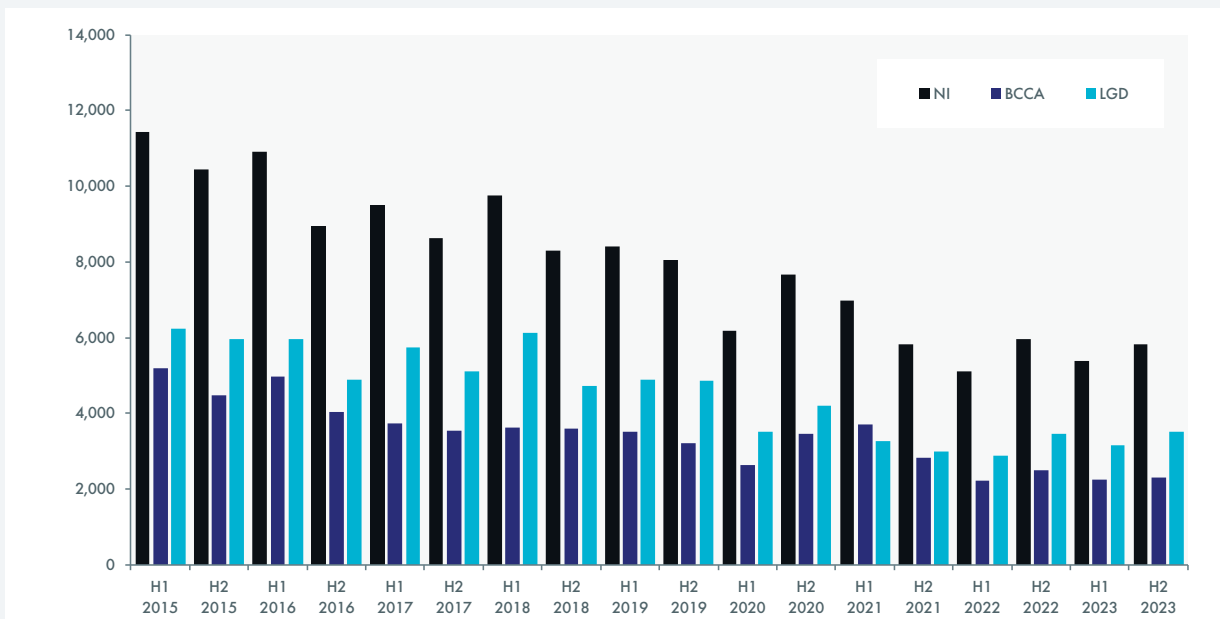


# RENTAL TRENDS

## Number of Lettings

Over the last six months of 2023, this survey captured 5,815 rental transactions across Northern Ireland, representing a 7.8% increase on the previous six-month period. However, annual comparison with the same period last year (H2 2022) reflects a 2.4% decrease in the number of rental market transactions over the year. Overall, **Figure 1** continues to depict the downward trend in rental transactions transaction over the longer term, and that, for this survey, supply constraints continue to impact the rental sector, with considerable implications for tenants and tenure choice.

**FIGURE 1** Number of lettings – NI, Belfast City Council Area and other LGDs, H1 2015-H2 2023

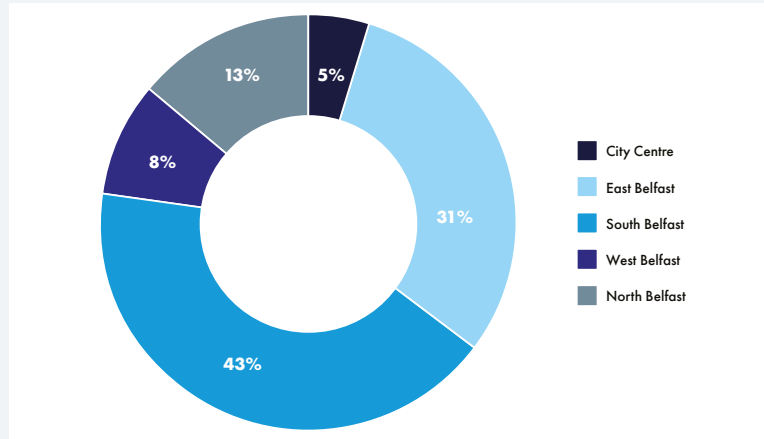


## Belfast City Council Area

For the Belfast City Council Area (BCCA), there was a sample of 2,290 lettings across the second half of 2023, reflecting a 2% increase on the previous six months of the year. However, in this reporting cycle, the annual trend records an overall 8% decrease in the volume of rental transactions demonstrating the supply pressures in the market in this location. Indeed, the sample of lettings is the lowest recorded for the second half of any year analysed across the surveys. For this survey, the Belfast rental market accounted for 39.4% of all rental transactions over the half year period, a reduced market share from the previous survey (41.6%). Whilst this is generally in line with the longer run trends, where the proportion of the overall sample accounted for in Belfast has declined year-on-year, the reduced share recorded again highlights the latent supply pressures and rental stress in this market location.

In terms of market share, properties in South and East Belfast (43% and 31% of lettings respectively) continue to account for the large proportion of transactions with East Belfast increasing its share of the sample. Consistent with previous surveys, a comparatively lower volume of rental activity was recorded in the North (14%) and West (9%) reflecting the different housing market structures across Belfast Council area (**Figure 2**).

**FIGURE 2** Proportion of lettings by sub-market, Belfast City Council Area, H2 2023

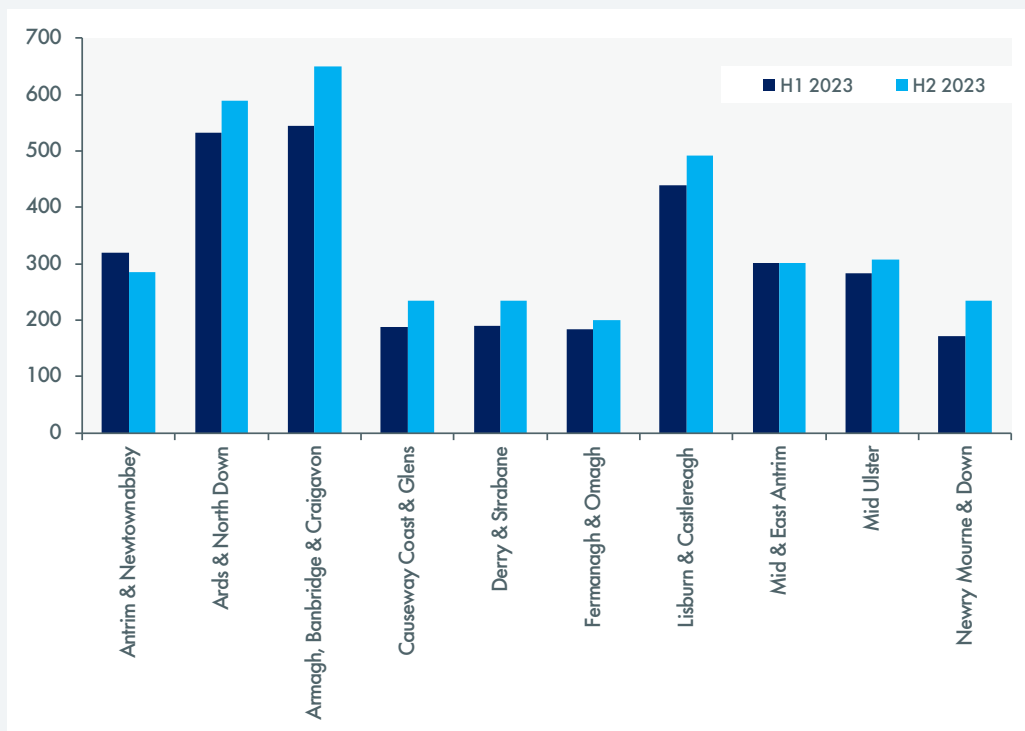


### Local Government Districts

For this reporting period, there were 3,525 lettings in LGDs outside of Belfast: up by 11.9% over the half year, although only marginally (1.6%) in annual terms. The half year and annual statistics in this survey provide further evidence that renters continue to look for tenure options in LGDs outside of Belfast (**Figure 3**): LGDs outside of BCCA once again accounted for an increased market share at 60.6% of all rental transactions in Northern Ireland, up from the previous survey (H1 2023, 58.2%).

**Figure 3** shows the number of rental transactions across all LGDs in H2 2023 relative to the previous half year reporting period (H1 2023). Consistent with previous surveys, the rental markets within the wider Belfast metropolitan area and those on the main arterial corridor to Belfast record the highest levels of rental activity. The greatest number of transactions in the sample was in Armagh, Banbridge & Craigavon (649), followed by Ards & North Down (589), Lisburn & Castlereagh (492). The rural districts of Fermanagh & Omagh (200), Causeway Coast and Glens (234), Derry & Strabane (234), and Newry, Mourne & Down (235), accounted for lower numbers of transactions within the sample, although the volume of transactions across each area has increased.

**FIGURE 3** Number of lettings by Local Government District (outside Belfast), H1 2023 and H2 2023



# MARKET SHARE

Considering market share, the composition of the transacting rental stock has remained consistent with the longer-term trends. For this survey, the market structure remains broadly the same as the previous edition of the report, with the terrace/townhouse sector accounting for the largest proportion of market share (38%), followed by apartments (32%). The market share of the semi-detached sector slightly increased (19%) from the previous survey and the detached sector (12%) relatively unchanged. In the Belfast rental market, the largest sector continued to be apartments (44%), the share increasing slightly from the previous survey (46%). The market proportion of terrace/townhouses was up marginally (43%), these sectors accounting for 87% of all rental properties transacting in Belfast. Consistent with the previous reporting period, a low volume of lettings for semi-detached (11%) and detached properties (2%) were recorded over the half year.

For LGDs outside Belfast, the distribution of rental lettings by property type remained broadly similar by comparison with the previous reporting period. Terrace/townhouse properties accounted for just over one third of transactions in the sample (34%). Apartments were unchanged from the previous survey and comprised 25% of the market. Semi-detached properties also accounted for almost one quarter (24%) of rentals and the detached sector remained at 17% of the market. The figures again confirm the different market composition of the Belfast City Council Area when compared with other local authority areas.

**TABLE 1** Properties let by type, H2 2023

| Property type     | NI           | HY Δ        | BCCA         | HY Δ        | LGDs         | HY Δ         |
|-------------------|--------------|-------------|--------------|-------------|--------------|--------------|
| Apartment         | 1,883 (33%)  | 3.1%        | 1,005 (44%)  | -2.9%       | 878 (25%)    | 11.0%        |
| Terrace/Townhouse | 2,185 (38%)  | 7.5%        | 992 (43%)    | 4.9%        | 1,193 (34%)  | 9.9%         |
| Semi-detached     | 1,081 (19%)  | 17.1%       | 241 (11%)    | 9.0%        | 840 (24%)    | 19.7%        |
| Detached          | 666 (12%)    | 8.6%        | 52 (2%)      | 23.8%       | 614 (17%)    | 7.5%         |
| <b>ALL</b>        | <b>5,815</b> | <b>7.8%</b> | <b>2,290</b> | <b>2.0%</b> | <b>3,525</b> | <b>11.9%</b> |

Δ denotes percentage change

The market composition by number of bedrooms remains consistent with previous reports, with only marginal changes recorded. At the Northern Ireland level, two and three-bedroom properties remain the most common property sizes, accounting for over three-quarters of all lettings (78%) over the first half of the year, marginally up from 76% in the previous survey. A similar trend was seen in the BCCA, where three quarters (75%) of properties let were in these categories, with two-bedroom properties accounting for just over half of the market share (51%). By comparison, the analysis indicates that three-bedroom properties accounted for half (50%) of rental transactions in LGDs outside of the BCCA with two-bedroom properties standing at just under one third (30%) of lettings. The analysis once again confirms the difference in market composition by bedroom categories.

**TABLE 2** Properties let by size, H2 2023

| No. of bedrooms | NI           | HY Δ        | BCCA         | HY Δ        | LGDs         | HY Δ         |
|-----------------|--------------|-------------|--------------|-------------|--------------|--------------|
| 1 Bedroom       | 568 (10%)    | 3.6%        | 296 (13%)    | -6.9%       | 272 (8%)     | 18.3%        |
| 2 Bedroom       | 2,226 (38%)  | 8.7%        | 1,166 (51%)  | 8.7%        | 1,060 (30%)  | 8.7%         |
| 3 Bedroom       | 2,314 (40%)  | 12.1%       | 552 (24%)    | 10.6%       | 1,762 (50%)  | 12.5%        |
| 4+ Bedroom      | 707 (12%)    | -3.5%       | 276 (12%)    | -22.0%      | 431 (12%)    | 13.7%        |
| <b>ALL</b>      | <b>5,815</b> | <b>7.8%</b> | <b>2,290</b> | <b>2.0%</b> | <b>3,525</b> | <b>11.9%</b> |

Δ denotes percentage change

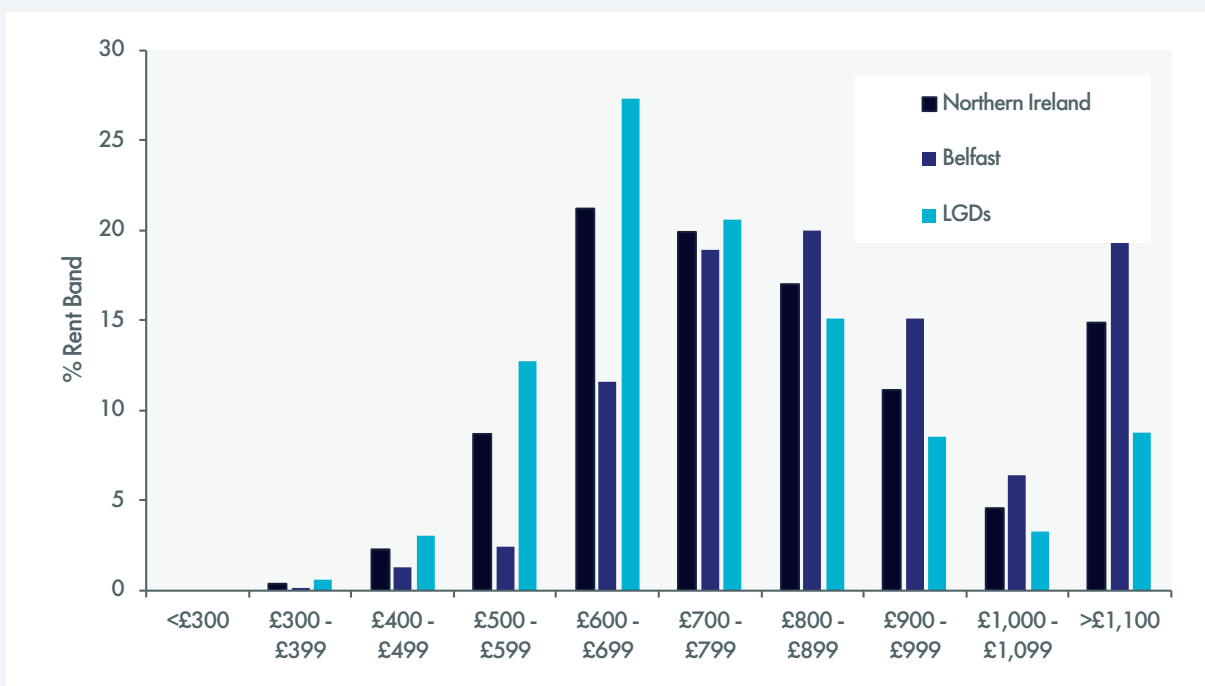
# DISTRIBUTION OF RENTS

Considering the distribution of average rents, the analysis for second half of 2023 indicates that 8.7% of rental properties let across Northern Ireland fell within the £500-£599 rent band – down more than four percentage points from the previous survey where it stood at 13%, and by 8 percentage points when compared with the same period last year (17%: H2 2022). For BCCA, the proportion in this category stood at a low of 2.4%, down by four percentage points over the last six months and by over twelve per cent in the last year. This statistic is considerably lower than the comparative statistic for the aggregated LGDs which, for this survey, stands at 12.7%, reflecting a similar decrease of five percentage points from the previous survey and by 10 percentage points over the year (22.6%:H2 2022).

Overall, the proportion of rents in Northern Ireland above £600 increased again, highlighting the acceleration in average rents over the period: the proportion transacting at this rent level rose by over 6 percentage points to 88.7% from 82.1% in the previous survey, and by over 11% over the year (77.1% H2 2023). For the BCCA, the proportion of rental lettings above £600 increased from to 90.2% (H1 2023) to 96.2% in this report, an increase of 9% over the year (87.2%; H2 2022). Similarly, the proportion of rents above £600 in LGDs outside of Belfast also increased, from 76.3% in H1 2023 to 83.6% in this survey, and up by approximately 14 percentage points over the year (from 69.8% in H2 2022). These statistics once again confirm the rapid acceleration of rents within the Northern Ireland rental sector over the periods analysed.

Other trends are notable within the analysis, including a similar proportion of lettings (around one fifth; 19-20%) in the £700-799 category for NI, Belfast and LGDs. Further, the highest rent bracket of >£1,100 again increased its share to 14.9% of all lettings across Northern Ireland, up from 13.3% in the first half of the year. This overall figure is influenced by the Belfast market where almost a quarter (24.2%) of all lettings were within this price band; in LGDs outside Belfast, the proportion was much lower at 8.8%, although this has increased from the previous survey (6.3%, H1 2023). These statistics show the impact of escalating rents on the traditional rent structure in Northern Ireland with clear implications for market affordability and tenure options.

**FIGURE 4** Proportion of properties let by rent band – NI, BCCA and other LGDs, H2 2023





## Rent structure

Further insight on private rented market trends can be observed in the distribution and variance of rents across the district council areas. The survey records that lower quartile, median and mean rent levels have increased across all LGDs, except Fermanagh & Omagh, with rental variance further evident across some locations. The analysis, together with that considering rent distributions, again reveals the continuing shift of average rents into a considerably higher pricing structure due to demand and supply imbalance in the sector. The Coefficient of Variation (CoV)<sup>1</sup> ratio provides a relative measure of variability in rents, thereby offering a comparable metric which indicates the extent of variability in relation to the mean rent within each district council area. For this survey, Ards & North Down and Belfast City Council Areas displayed the highest comparative rental spread at 36% and 32% respectively, although both contracted. In other areas, such as Armagh, Banbridge & Craigavon it increased from 22% in the previous survey to 28%. Overall, the CoV has increased in some LGD locations but contracted considerably in other LGDs. This variability is likely to be reflective of the variation in market rents due to wage structures, rent ceilings and availability of rental stock across market areas (Table 3).

**TABLE 3** Average, median, 25th and 75th percentile rents and coefficient of variance by LGD, H2 2023

| Council area                 | Average rent (£) | Coefficient of variance (%) | Median rent (£) | 25 <sup>th</sup> percentile | 75 <sup>th</sup> percentile |
|------------------------------|------------------|-----------------------------|-----------------|-----------------------------|-----------------------------|
| Antrim & Newtownabbey        | £763             | 24                          | £725            | £650                        | £850                        |
| Ards & North Down            | £921             | 36                          | £848            | £705                        | £995                        |
| Armagh Banbridge & Craigavon | £734             | 28                          | £700            | £625                        | £799                        |
| Belfast                      | £949             | 32                          | £875            | £750                        | £1,058                      |
| Causeway Coast & Glens       | £720             | 24                          | £695            | £625                        | £795                        |
| Derry & Strabane             | £715             | 27                          | £671            | £598                        | £805                        |
| Fermanagh & Omagh            | £612             | 24                          | 600             | £518                        | £680                        |
| Lisburn & Castlereagh        | £917             | 28                          | £863            | £750                        | £1,011                      |
| Mid & East Antrim            | £745             | 31                          | £690            | £601                        | £798                        |
| Mid-Ulster                   | £676             | 21                          | £653            | £597                        | £735                        |
| Newry Mourne & Down          | £786             | 26                          | £750            | £650                        | £884                        |

<sup>1</sup> The Coefficient of Variation (CoV) is a measure of relative variability. It is the ratio of the standard deviation to the mean (average). The CoV is particularly useful when comparing results from surveys or samples that have different measures or values. In this case, for example, if the sample for District A has a CoV of 10% and the sample for District B has a CoV of 20%, we can say that District B has more variation in rent, relative to its mean rent, than District A.

**FIGURE 5** Rental Performance by Region, H2 2023

# RENTAL PERFORMANCE BY REGION, H2 2023

Rental Price Annual Percentage Change

|                   |            |
|-------------------|------------|
| (-1.5%) - (-0.1%) | 3.0 - 4.4% |
| 0.0 - 1.4%        | 4.5 - 5.9% |
| 1.5 - 2.9%        | 6.0 - 7.4% |

| Causeway Coast and Glens |       |
|--------------------------|-------|
| Average rent H2 2023     | £720  |
| Average rent H1 2023     | £688  |
| Half yearly variance     | 4.7%  |
| Average rent H2 2022     | £645  |
| Annual variance          | 11.7% |

| Derry and Strabane   |       |
|----------------------|-------|
| Average rent H2 2023 | £715  |
| Average rent H1 2023 | £676  |
| Half yearly variance | 5.8%  |
| Average rent H2 2022 | £629  |
| Annual variance      | 13.7% |

| Fermanagh and Omagh  |       |
|----------------------|-------|
| Average rent H2 2023 | £612  |
| Average rent H1 2023 | £615  |
| Half yearly variance | -0.5% |
| Average rent H2 2022 | £599  |
| Annual variance      | 2.2%  |

| Mid Ulster           |      |
|----------------------|------|
| Average rent H2 2023 | £676 |
| Average rent H1 2023 | £639 |
| Half yearly variance | 5.8% |
| Average rent H2 2022 | £627 |
| Annual variance      | 7.8% |

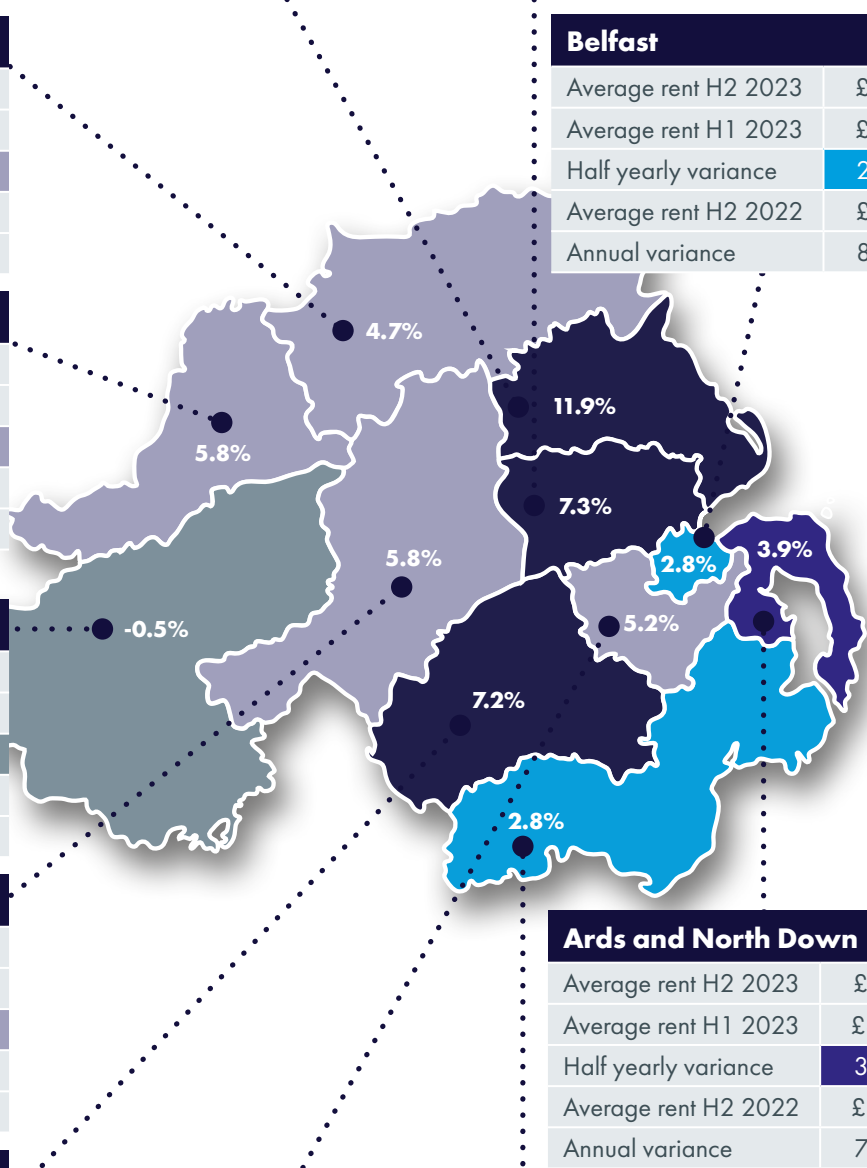
| Armagh, Banbridge and Craigavon |       |
|---------------------------------|-------|
| Average rent H2 2023            | £734  |
| Average rent H1 2023            | £685  |
| Half yearly variance            | 7.2%  |
| Average rent H2 2022            | £656  |
| Annual variance                 | 12.0% |

| Mid and East Antrim  |       |
|----------------------|-------|
| Average rent H2 2023 | £745  |
| Average rent H1 2023 | £666  |
| Half yearly variance | 11.9% |
| Average rent H2 2022 | £670  |
| Annual variance      | 11.2% |

| Northern Ireland     |      |
|----------------------|------|
| Average rent H2 2023 | £849 |
| Average rent H1 2023 | £817 |
| Half yearly variance | 3.9% |
| Average rent H2 2022 | £778 |
| Annual variance      | 9.1% |

| Antrim and Newtownabbey |      |
|-------------------------|------|
| Average rent H2 2023    | £763 |
| Average rent H1 2023    | £711 |
| Half yearly variance    | 7.3% |
| Average rent H2 2022    | £714 |
| Annual variance         | 6.9% |

| Belfast              |      |
|----------------------|------|
| Average rent H2 2023 | £949 |
| Average rent H1 2023 | £923 |
| Half yearly variance | 2.8% |
| Average rent H2 2022 | £875 |
| Annual variance      | 8.4% |



| Ards and North Down  |      |
|----------------------|------|
| Average rent H2 2023 | £921 |
| Average rent H1 2023 | £886 |
| Half yearly variance | 3.9% |
| Average rent H2 2022 | £859 |
| Annual variance      | 7.3% |

| Lisburn and Castlereagh |       |
|-------------------------|-------|
| Average rent H2 2023    | £917  |
| Average rent H1 2023    | £872  |
| Half yearly variance    | 5.2%  |
| Average rent H2 2022    | £823  |
| Annual variance         | 11.4% |

| Newry, Mourne and Down |      |
|------------------------|------|
| Average rent H2 2023   | £786 |
| Average rent H1 2023   | £765 |
| Half yearly variance   | 2.8% |
| Average rent H2 2022   | £729 |
| Annual variance        | 7.8% |



# NORTHERN IRELAND

The statistics show strong rates of growth in average rents across Northern Ireland, which were up by 3.9% over the half year to a peak of £849 and by 9.1% annually (Figure 5). By property type, performance over the half year remained variable, with growth across all sectors. The average rent for detached properties was up by 6% to a height of £1,018 per month. Terrace/townhouse properties also recorded a 4.2% growth to a peak of £832 per month, while the average rent for semi-detached properties increased by 3.2% to £856 per month. Apartments recorded modest change over the period, standing at £804 in average rents, up by a rate of 2.6%.

## LOCAL GOVERNMENT DISTRICTS OUTSIDE BELFAST

For district council areas outside the BCCA, this survey again reveals strong rates of rental growth across most locations, albeit to varying degrees. Taken together, the average rent stood at £784 per month, up by 5.7% over the half year, and appreciably up by 10.6% annually. The average rent remains below the overall Northern Ireland average monthly rent of £849 with the rental gap narrowing to £65 from the previous survey (£75). Table 4 (below) details the recorded average rents by property type across the local government districts. The statistics indicate that modest to strong increases in average rents were recorded across almost all Local Government Districts by property type, with comparatively higher rents by property type in those districts near Belfast.

**TABLE 4** Average rent by property type (LGDs outside Belfast), H2 2023

| Council area                   | Average rent by property type (£) |                       |                   |             |             |
|--------------------------------|-----------------------------------|-----------------------|-------------------|-------------|-------------|
|                                | Apartment                         | Terrace/<br>Townhouse | Semi-<br>detached | Detached    | ALL         |
| Antrim & Newtownabbey          | £663                              | £718                  | £841              | £1,006      | £763        |
| Ards & North Down              | £822                              | £861                  | £929              | £1,309      | £921        |
| Armagh Banbridge & Craigavon   | £607                              | £702                  | £743              | £898        | £734        |
| Causeway Coast & Glens         | £693                              | £676                  | £715              | £841        | £720        |
| Derry & Strabane               | £618                              | £696                  | £805              | £965        | £715        |
| Fermanagh & Omagh              | £523                              | £572                  | £640              | £712        | £612        |
| Lisburn & Castlereagh          | £774                              | £825                  | £960              | £1,199      | £917        |
| Mid & East Antrim              | £688                              | £675                  | £772              | £1,023      | £745        |
| Mid Ulster                     | £578                              | £638                  | £678              | £782        | £676        |
| Newry, Mourne & Down           | £646                              | £750                  | £785              | £936        | £786        |
| <b>All Type (exc. Belfast)</b> | <b>£692</b>                       | <b>£734</b>           | <b>£804</b>       | <b>£982</b> | <b>£784</b> |

# BELFAST METROPOLITAN AREA

Across the wider Belfast Metropolitan region, the district council areas adjacent to Belfast recorded variable rates of half-yearly and annual growth in average rents. In the **Antrim & Newtownabbey** district council area, average increased by 7.3% on the previous six-month period to £763 and by a similar rate in annual terms (6.9%). In the **Ards & North Down** district, the average rent recorded modest growth, up 3.9% over the half year to a height of £921 per month, with higher growth seen over the year (7.3%). In **Lisburn & Castlereagh**, stronger growth was observed with average rent standing at £917, a 5.2% increase on the previous half year period, and strong rate of growth (11.4%) over the year.

## NORTH & NORTH WEST

In the North and Northwest, district council areas again observed variable change over the half-year period, but all recorded considerable growth in average rents over the year. In **Mid & East Antrim**, rents grew by 11.9% over the half-year, bringing the average rent to a height of £745 per month; a similar rate observed over the year (11.2%). In the **Causeway Coast & Glens** area, growth was more subdued with average rents increasing over the half year by 4.7% to £720 over the half year and by 11.7% annually. Likewise, a similar rent for **Derry & Strabane**, is recorded at £715, the average rent increasing by 5.8% over the half-year, and 13.7% over the year.

## THE SOUTH

To the south, the picture is again one of variable but sustained rental price growth over the timescales.

**Armagh, Banbridge & Craigavon** region, the rate of growth over the half year was 7.2%, to £734 per month, representing considerable growth rate of 12% over the year. For the **Newry, Mourne & Down** district, growth in the average rent was flatter, up by 2.8% over the last six-months to £786 per month, and by 7.8% in annual terms.

## THE WEST

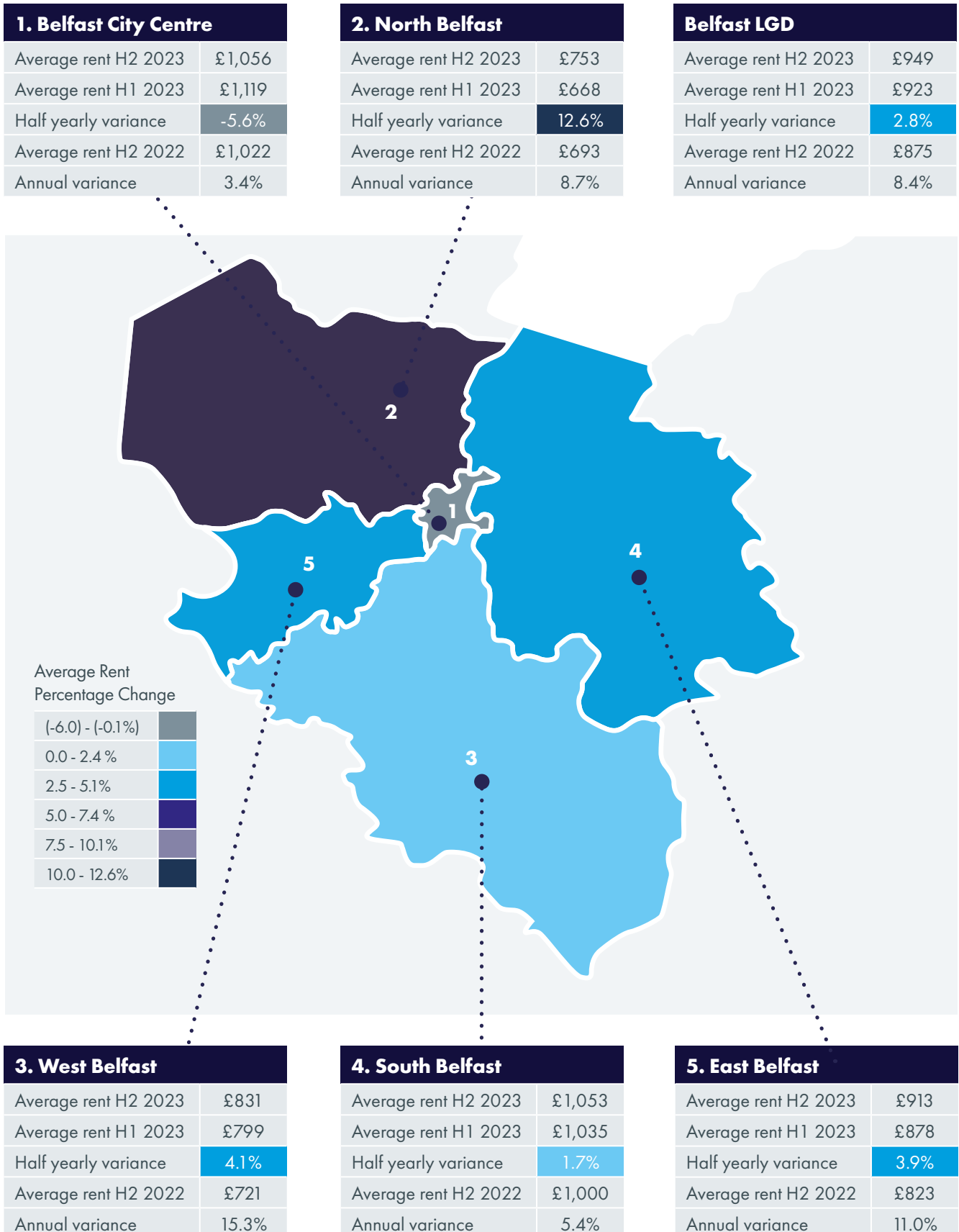
For the districts to the west of Northern Ireland, rental performance was also variable and a little more subdued in terms of half-yearly growth. In **Fermanagh & Omagh**, the average monthly rent remained flat, decreasing by half a per cent over the half year to £612; at 2.2%, the annual rate of price growth was slightly higher. In **Mid-Ulster** district price change over the half year period was stronger, with average rents increasing by 5.8% to £676 per month., with a higher rate of growth recorded over the year (7.8%).



# BELFAST CITY COUNCIL AREA

This section briefly considers the average rental values for rental sub-markets across the Belfast City Council Area (Figure 6).

**FIGURE 6** Average Rent in BCCA, H2 2023



For this survey, the average rent for the BCCA stood at £949 per month, up by 2.8% on the previous six-month period, and reflecting an increase of 8.4% in annual terms. Whilst there is a degree of variability in performance across the sub-market areas, the analysis depicts a picture of strong growth in average rents across the year in the areas where there is most market churn. In contrast to the previous survey, the City Centre recorded a decrease in average rents, down from its peak by 5.6% to £1,056 per month; with the average rent up modestly by 3.4% over the year. In North Belfast rental performance was strong, recording a half-yearly increase of 12.6% in average rent to £753, representing an increase of 8.7% in average rent over the year.

For this survey, the average rent in East Belfast also increased over the half year, up 3.9% to an unprecedented rent of £913 per month, with rents considerably up by 11% over the year. In South Belfast growth was more dampened, with average rents recording a modest rate of growth over the half year period (up 1.7% to £1,053 per month), and an increase of 5.4% in annual terms. Average rent was also up in West Belfast, where there was an increase of 4.1% to a new height of £831 per month, up significantly by 15.3% annually; highlighting rents pressures in this locality as seen from the previous survey.

## BCCA AVERAGE RENT BY TYPE

The average rent across the Belfast City Council Area increased by 2.8% over the half year period to a height of £949 per month, with a higher rate of growth seen in annual terms (8.4%). Rental growth was recorded across all property types in the area (Table 5); the greatest half-yearly growth was in the detached sector, in which average rent increased by 12.4% to £1,449 per month. Across the remaining segments, rental growth was more modest. Terrace/townhouse properties were up by 2.2% to £950 per month, and apartments also recorded similar growth over the half year, up 2.1% to £901 per month. Semi-detached properties were also up by 1.9% to £1,038 per month. In annual terms, the picture is one of stronger rates of growth across each sector, with the semi-detached sector (13.1%) again showing the most gains. Overall, this survey again provides evidence of ongoing market challenges in the Belfast district in terms of average rents.

**TABLE 5** Average Rent by Property Type, Belfast City Council Area, H2 2022 - H2 2023

| Property type     | BCCA<br>H2 2022 | BCCA<br>H1 2023 | BCCA<br>H2 2023 | Half Yearly<br>Δ | Annual<br>Δ |
|-------------------|-----------------|-----------------|-----------------|------------------|-------------|
| Apartment         | £820            | £882            | £901            | 2.1%             | 9.9%        |
| Terrace/Townhouse | £892            | £929            | £950            | 2.2%             | 6.5%        |
| Semi-detached     | £918            | £1,019          | £1,038          | 1.9%             | 13.1%       |
| Detached          | £1,335          | £1,289          | £1,449          | 12.4%            | 8.5%        |
| <b>All</b>        | <b>£875</b>     | <b>£923</b>     | <b>£949</b>     | <b>2.8%</b>      | <b>8.4%</b> |

Δ denotes percentage change



# RENT AT POSTCODE LEVEL

Analysed at the aggregate postcode level, the rent grid in **Table 6** summarises rents across the wider Belfast Metropolitan Area and highlights the considerable variation in average monthly rents at postcode level by number of bedrooms. For example, the average rent for a three-bedroom property varied from £1,398 in BT18 to £752 in BT37. Consistent with the previous survey evidence, this survey suggests less market churn in the one-bedroom and four-bedroom sectors at the postcode geography. This survey also observes the notable increase in rental pricing points of both 3 bedroom and 4+ bedroom properties across several postcode locations.

**TABLE 6 Average rent by postcode district and property size, Belfast area, H2 2023**

| Postcode | 1 Bed       | 2 Bed  | 3 Bed  | 4+ Bed        | ALL    |
|----------|-------------|--------|--------|---------------|--------|
| BT1      | £947        | £1,149 | *      | *             | £1,139 |
| BT2      | £883        | £984   | *      | *             | £1,069 |
| BT3      | *           | *      | *      | *             | £1,125 |
| BT4      | £737        | £858   | £954   | £1,267        | £904   |
| BT5      | £694        | £854   | £994   | £1,284        | £872   |
| BT6      | £725        | £845   | £1,024 | £1,240        | £841   |
| BT7      | £698        | £943   | £1,025 | £1,460        | £1,057 |
| BT8      | *           | £851   | £1,031 | £1,236        | £947   |
| BT9      | £744        | £956   | £1,164 | £1,584        | £1,033 |
| BT10     | *           | £900   | £1,082 | *             | £883   |
| BT11     | *           | £829   | £893   | *             | £725   |
| BT12     | *           | £758   | £842   | £1,047        | £803   |
| BT13     | *           | £695   | £755   | *             | £648   |
| BT14     | *           | £703   | £812   | *             | £666   |
| BT15     | £582        | £725   | £899   | £1,293        | £685   |
| BT16     | *           | £819   | £992   | <b>£1,156</b> | £914   |
| BT17     | *           | £818   | £945   | <b>£1,216</b> | £815   |
| BT18     | *           | £1,054 | £1,398 | £1,737        | £1,104 |
| BT19     | <b>£592</b> | £799   | £985   | £1,208        | £932   |
| BT20     | <b>£624</b> | £797   | £967   | £1,351        | £831   |
| BT23     | £578        | £735   | £892   | £1,332        | £790   |
| BT26     | *           | £903   | £967   | *             | £999   |
| BT27     | *           | £736   | £892   | £1,349        | £828   |
| BT28     | *           | £752   | £857   | £1,185        | £816   |
| BT36     | *           | £742   | £818   | <b>£1,077</b> | £727   |
| BT37     | *           | £663   | £752   | *             | £692   |
| BT38     | £569        | £692   | £789   | £1,249        | £711   |

\* denotes insufficient sample size

# REGIONAL ANALYSIS BASED ON HOUSING MARKET AREAS

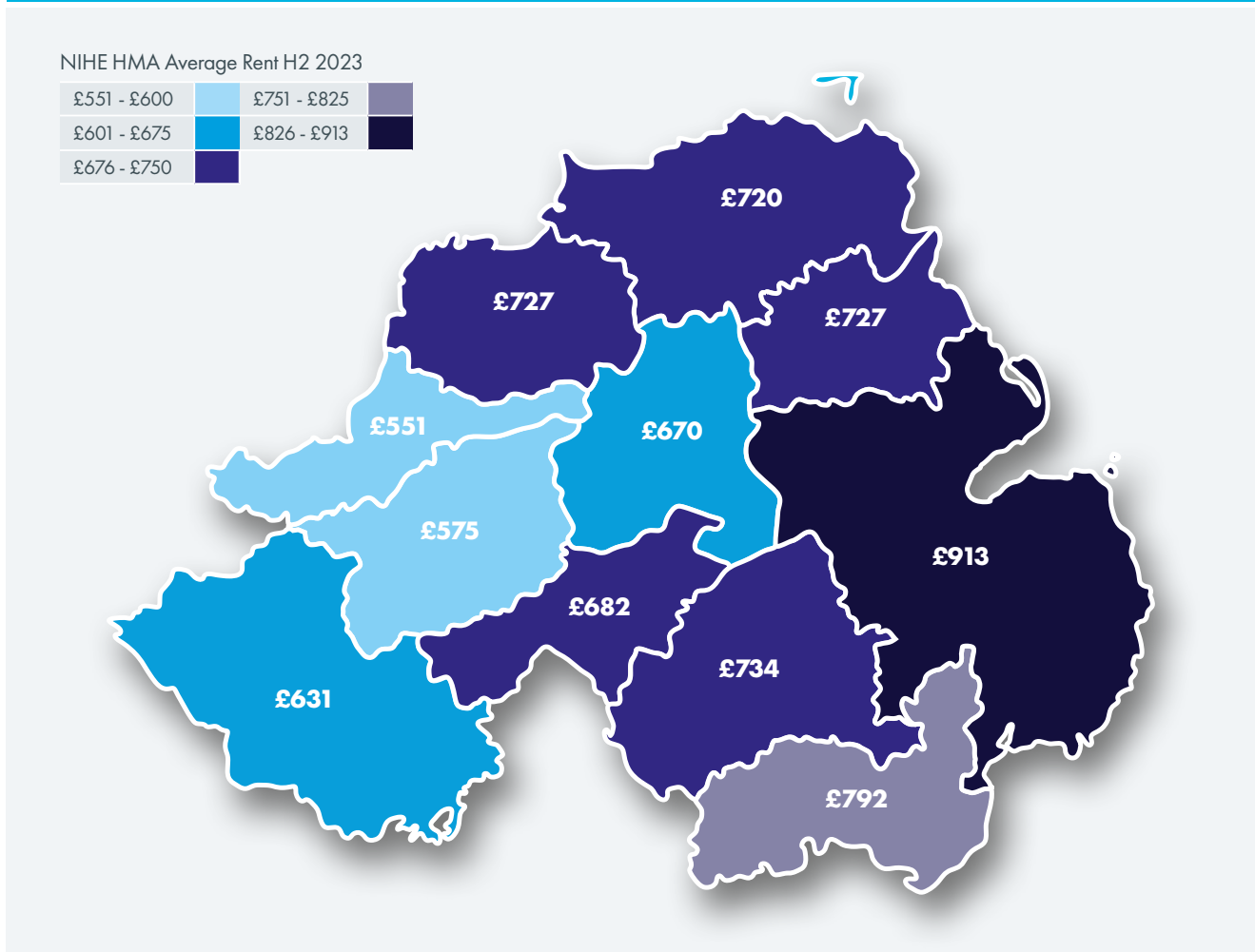
Regional analysis is also undertaken using the functional Housing Market Areas (HMAs), defined on the basis of research that was undertaken for the Housing Executive to help guide spatial study of the housing system<sup>2</sup>.

## Functional Housing Market Areas H2 2023

Figure 7 presents the average rents across the HMAs, with the statistics revealing modest to strong rates of rental growth across most areas. The Belfast Metropolitan HMA displayed the highest average rent by some margin, standing at £913 per month, up 3.9% on the previous half year. On the urban belt, the Craigavon HMA is up by 7.2% (£734) with Dungannon HMA (£682) also up by 4.4% on the previous survey.

In the more rural HMAs the picture was more varied. In the West, average rents in Cookstown HMA were slightly up by 6.6% over the half year to £670 per month and the Fermanagh HMA recorded a decrease in rent, down 2.6% over the period to stand at a high of £631. The Omagh HMA showed a 5% increase, with an average rent of £575 per month. To the South, the Newry HMA was appreciably up by 8% at £792 per month. In the North, the Ballymena HMA recorded the highest gains in this survey, up by 15.4% to £727 per month. As with the previous survey, the Derry (£689) and Causeway Coast (£688) HMAs again recorded rates of growth, up by 5.5% and 4.7% respectively, while the Strabane HMA stood relatively unchanged, down by 0.8% over the half year to £551 in this survey.

**FIGURE 7** Rental Performance by functional Housing Market Areas (HMAs), H2 2023



<sup>2</sup>The research identified eleven broad housing market areas within Northern Ireland. See: [www.nihe.gov.uk/getattachment/825be76f-2e80-4116-88e5-98fc15c983df/Mapping-Northern-Irelands-Housing-Market-Areas.pdf](http://www.nihe.gov.uk/getattachment/825be76f-2e80-4116-88e5-98fc15c983df/Mapping-Northern-Irelands-Housing-Market-Areas.pdf)

# AGENTS INSIGHTS H2 2023

In addition to the reported data analysis, this survey also reports on rental agent sentiment from across the market to gather current insights on rental performance and issues. Previous editions of this survey have observed agent sentiment of considerable supply constraints in the sector and the impact on tenants and landlords, this is borne out in this survey.

## Rental market enquiries, activity and lettings

In terms of market activity, agents remain of the view that the rental sector remains vibrant, with high levels of demand for rental properties against a lack of inventory. This sentiment mirrors the finding of the previous survey where contributing agents referred to an ongoing supply crunch and waiting lists for lettings. This, coupled with the mortgage environment and cost of living continues to drive rental demand and price growth:

- “Extremely strong. Demand for rental properties is at an all-time high.”
- “The relatively subdued activity in the sales market was expected given the Bank of England’s ongoing monetary tightening position and heightened economic uncertainty, which has enforced the persistent challenge of high demand and weak supply in the rental market. High inflation and income growth lead to steady increase in rent levels (approximate increase of 2.5% growth in the last 3 months).”
- “We continue to see extremely high level of demand for rental properties, particularly from those who cannot access to owner-occupier sector due to affordability.”
- “Rental market pressures remain at highly elevated levels with demand (as measured by enquiries sent in for our listed properties), approximately 30% higher than last year.”
- “Lack of inventory (circa. 8% less stock than last year and circa 30% less stock than what was available in 2019) and recent mortgage rate increases have seen a growth in the demand for rental properties.”

## Rent inflation

Turning to the increases in market rents, agents remain of the view that the key driver to the sustained increases in average rents relates to the distinct lack of rental properties available:

- “With the lack of stock/inventory... we have seen rents increase approximately 8-10% the past 18 months. In sought after properties and locations, we have seen potential tenants offer rent over the marketing price or incentives (such as paying rates/management fees) in lieu of the landlord favouring their application.
- “The lack of rental units has driven rent increases of 10% or more over the last year.”

Other agents also noted that the limited supply can also drive rent increases, higher offers and advance payments. As one agent stated:

- “Bidding is something that we do not actively encourage. We have however had an increase of applicants offering to pay a higher amount of rent from the outset or pay rent in advance over a number of months (likely in an attempt to prioritise their application).”



## Key challenges

For this survey, insights from rental agents again points to market pressures relating to rental inventory and affordability. Further, related to market churn and supply, agents also emphasise the continuing knock-on effects and implications for tenants and landlord, such as arrears, tenants refusing to leave properties and new rental legislation:

- “Given the market conditions, key challenges for the sector are tenant affordability, tenant rent arrears and high demand for properties with low supply.”
- “We have noticed an increase of rent arrears. We have also noticed that some tenants are finding it difficult to secure alternative accommodation in instances that tenants are served notice to quit to vacate their current homes.”
- “Unfortunately, there are more instances of rent arrears, tenants refusing to leave tenancies when served notice and landlords having to commence court action as a result.”
- “Lack of new inventory coming to the market, demand reducing due to improving inflation levels and competitive lending, and the implementation of proposed legislation for landlords.”

Some agents also speculate that improvements in the economic and mortgage environment will lead to a cooling in the rental market. In this context, an estate agent based in the Greater Belfast Area stated:

- “The gradually improving inflation levels will create competitiveness in the lending markets with some mortgage rates sitting in the 4% range. These conditions may create a more active sales market in 2024 with increased activity from the first-time buyer’s segment as mortgage rates improve and stable labour market conditions with real income growth. Should this materialise, rental demand could moderate, and overall rent levels may gradually cool later in the year.”



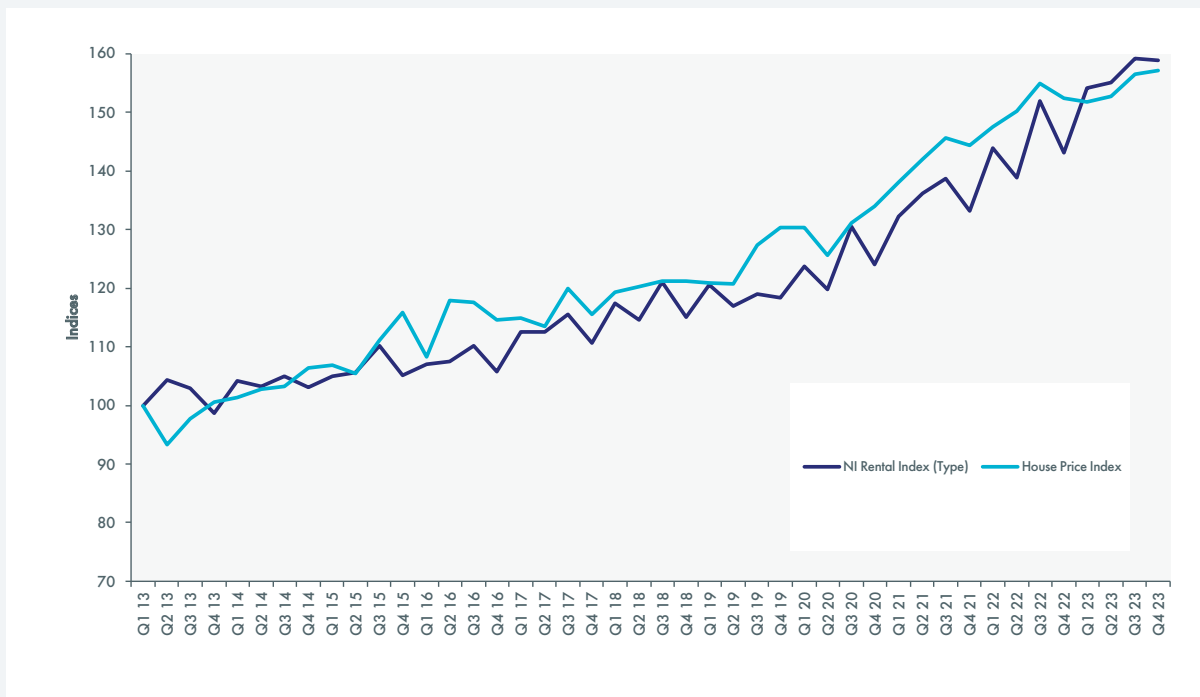


# THE NORTHERN IRELAND PRIVATE RENTAL INDEX

The Northern Ireland Private Rental Index (NIPRI) measures weighted change in average rents by property type by comparison with the base quarter for the survey, the first quarter of 2013. The index stands at 158.8 at Q4 2023, up by almost sixteen percentage points from the same period last year (Figure 8). The quarterly trend shows that the index increased sharply over the first quarter of the year, reflecting the continuing effect of market forces in terms of average rents. In a break with trend, the index increased over quarter two of the year, albeit at a slower rate. Into the third quarter, rents again increased to an index peak of 159.1, before dropping slightly in the traditionally quieter final quarter of the year.

A slight smoothing of the trend line suggests that growth in average rents is slowing and could be reaching a rental ceiling. Over the same period, the Northern Ireland house price index largely held, with a smoothing of the trend on a slightly north trajectory, demonstrating a stable market where there has been modest but dampened growth due to the economy and mortgage interest rates. The historical index trend shows that there have been previous points where the indices have converged; however, the trend shows that the Rental Index and House Price Index converged at Q1 2023 and since then that rents have outperformed house prices, reflecting the continued upward acceleration of average rents against holding house prices over the year. The index continues to illustrate the difficult market conditions in the rental sector, particularly in terms of the demand and supply imbalance and average rents.

**FIGURE 8** Rental Index v House Price Index trend, Q1 2013-Q4 2023





## CONCLUSION

The key findings from this reporting period remain that of rental price growth, across the sector, but with nuances in supply. Overall, the survey continues to indicate significant market challenges relating to tenure choice and rental affordability and arrears, against the backdrop of unprecedented rental pricing levels, the Northern Ireland wage structure and erosion of discretionary household income.

The analysis for the last six-months of the year indicates that average rents across Northern Ireland increased by 3.9% over the half-year to £849 per month; appreciably up by 9.1% compared to the same period last year. At the regional level, the average monthly rent across the Belfast City Council Area (BCCA) increased by 2.8% to £949, up 8.4% in annual terms. Likewise, in districts outside of Belfast, the average LGD rent stood at £784 per month, up by 5.7% over the half year, and appreciably up by 10.6% annually. The Rental Performance Index stands at 158.8 at Q4 2023, up by almost sixteen percentage points from the same period last year, and trending higher than the house price index indicating that rents have outperformed house prices over the year.

Whilst there is regional variability, the statistics are supported by province wide rental agent opinion, which indicates that supply pressures and high rents continue to cause considerable stress in the sector for tenants and landlords. With reference to the prevailing market and economic headwinds, previous surveys cautioned of a pressure pot and crisis in the sector in terms of inelastic rental inventory and unaffordability with unsustainable average rents. These factors remain prevalent in this survey, with average rents continuing to rise to a peak across several rental market locations over the half year and annually. The implications for renters, particularly savings, tenure choice and an end to tenancies, continues to be observed. This is of concern, and is glimpsed at in the report analysis which identifies improvements to rental stock flow in some market locations, most likely due to the re-listings of rental properties due to tenant arrears or the landlord's need to command a higher rental income to cover costs. In such circumstances, this will continue to drive rents upward and provides evidence of an equilibrium price adjustment based on micro and macro-economic drivers in the sector.

However, market conditions can change quickly and there are chinks of light on the horizon for renters and landlords. Reducing inflation and a hold on mortgage interest rates is a welcome sign for rental inventory and pricing structure. This is reflected in agent sentiment, where there is some opinion that **gradually improving inflation levels will create competitiveness in the sales market which may impact rental demand and a cooling of the market later into 2024**. That said, over the longer term, supply issues will remain until the stock flow process is adjusted and there is a volume of stock on stream which is affordable. In this sense, build-to-rent and intermediate schemes remain much needed in the sector.





## ABOUT THE NI RENTAL INDEX

The Northern Ireland rent index is a tool designed for practical application by policy makers and stakeholders. For this reason, methodological simplicity and transparency are important. The research has combined rental data from PropertyNews.com with rent data provided by the Housing Executive. The rental data provided by the Housing Executive is used to calculate the Local Housing Allowance for the administration of private sector Housing Benefit. In order to combine the datasets, the rent data provided by the Housing Executive has been adjusted to the preferred monthly frequency.

In addition, in order to ensure rent datasets are comparable, the LHA rent data provided by the Housing Executive needs to be adjusted upward by property type to be inclusive of rates, thus ensuring consistency in average rents across the entire sample used for this analysis. Following wide and detailed analysis of the council areas, rates poundage and the range of adjustment required for each property type across the LGDs, the research team identified the median percentage adjustment for the LHA datasets to be as follows: apartments 11%; detached dwellings 17%; semi-detached dwellings 13%; and terraced properties 13%. It was observed that there was only slight variance in the range of adjustment by property type across the LGD areas and therefore a decision was taken to apply the same percentage adjustments across all LGD areas.

The rental figures represent the average rent (per month) first recorded as let agreed during the specified time period. The data has been cleansed to remove outliers, invalid observations, multiple entries and anomalies within a three-month period. The data used in the preparation of the Rental Index is aggregated to regional and national level only. This ensures that all property or individual records remain strictly anonymous.

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

**For more information on the Northern Ireland Rental Index please visit:**

[www.ulster.ac.uk/research/topic/built-environment/research-property-planning/housing-market-reports/rental-index-archive](http://www.ulster.ac.uk/research/topic/built-environment/research-property-planning/housing-market-reports/rental-index-archive)

[www.nihe.gov.uk/working-with-us/research/private-rented-sector-and-rents](http://www.nihe.gov.uk/working-with-us/research/private-rented-sector-and-rents)

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**Northern Ireland Housing Executive:** Ursula McAnulty, Head of Research

# DATA APPENDIX

**FIGURE 1** Number of lettings – NI, Belfast City Council Area and other LGDs, H2 2014-H2 2023

| Half/Year | NI     | BCCA  | LGDs  |
|-----------|--------|-------|-------|
| H2 2014   | 12,060 | 5,040 | 7,020 |
| H1 2015   | 11,443 | 5,196 | 6,247 |
| H2 2015   | 10,436 | 4,480 | 5,956 |
| H1 2016   | 10,919 | 4,960 | 5,959 |
| H2 2016   | 8,923  | 4,045 | 4,878 |
| H1 2017   | 9,475  | 3,741 | 5,734 |
| H2 2017   | 8,627  | 3,526 | 5,101 |
| H1 2018   | 9,759  | 3,625 | 6,134 |
| H2 2018   | 8,299  | 3,582 | 4,717 |
| H1 2019   | 8,406  | 3,525 | 4,881 |
| H2 2019   | 8,058  | 3,205 | 4,853 |
| H1 2020   | 6,168  | 2,644 | 3,524 |
| H2 2020   | 7,663  | 3,464 | 4,199 |
| H1 2021   | 6,967  | 3,700 | 3,267 |
| H2 2021   | 5,818  | 2,837 | 2,981 |
| H1 2022   | 5,102  | 2,229 | 2,873 |
| H2 2022   | 5,958  | 2,490 | 3,468 |
| H1 2023   | 5,394  | 2,244 | 3,150 |
| H2 2023   | 5,815  | 2,290 | 3,525 |

**FIGURE 3** Number of lettings by Local Government District (outside Belfast), H1 2023-H2 2023

| LGD                           | H1 2023      | H2 2023      |
|-------------------------------|--------------|--------------|
| Antrim & Newtownabbey         | 320          | 284          |
| Ards & North Down             | 533          | 589          |
| Armagh, Banbridge & Craigavon | 544          | 649          |
| Causeway Coast & Glens        | 188          | 234          |
| Derry & Strabane              | 189          | 234          |
| Fermanagh & Omagh             | 183          | 200          |
| Lisburn & Castlereagh         | 438          | 492          |
| Mid & East Antrim             | 301          | 301          |
| Mid Ulster                    | 283          | 307          |
| Newry, Mourne & Down          | 171          | 235          |
| <b>TOTAL</b>                  | <b>3,150</b> | <b>3,525</b> |

**FIGURE 4** Proportion of properties let by rent band – NI, BCCA and other LGDs, H2 2023

| Rental Band     | NI (%) | Belfast (%) | LGDs (%) |
|-----------------|--------|-------------|----------|
| <£300           | 0      | 0           | 0        |
| £300 - £399     | 0.4    | 0.1         | 0.6      |
| £400 - £499     | 2.3    | 1.3         | 3        |
| £500 - £599     | 8.7    | 2.4         | 12.7     |
| £600 - £699     | 21.2   | 11.6        | 27.3     |
| £700 - £799     | 19.9   | 18.9        | 20.6     |
| £800 - £899     | 17     | 20          | 15.1     |
| £900 - £999     | 11.1   | 15.1        | 8.5      |
| £1,000 - £1,099 | 4.6    | 6.4         | 3.3      |
| >£1,100         | 14.9   | 24.2        | 8.8      |

Average Rent by Quarter, Northern Ireland, Q1 2015 - Q4 2023

| Year | Average Rent |           |           |           |
|------|--------------|-----------|-----------|-----------|
|      | Quarter 1    | Quarter 2 | Quarter 3 | Quarter 4 |
| 2015 | £552         | £555      | £579      | £556      |
| 2016 | £563         | £567      | £588      | £569      |
| 2017 | £596         | £595      | £609      | £584      |
| 2018 | £619         | £604      | £637      | £607      |
| 2019 | £636         | £617      | £626      | £625      |
| 2020 | £652         | £633      | £684      | £653      |
| 2021 | £693         | £715      | £728      | £702      |
| 2022 | £755         | £729      | £795      | £759      |
| 2023 | £814         | £821      | £856      | £841      |