

# The housing market: reviewing and using the evidence

The last edition of our *Insight Briefing* reflected on the work that has been undertaken by the Housing Executive since its creation, to fulfil its statutory role in examining housing conditions in Northern Ireland. As well as providing a wealth of data in its own right, the House Condition Survey has generated findings that pointed to other areas where research was needed: the growing private rented sector and issues around energy efficiency and fuel poverty are some of the more recent examples.

Alongside our responsibility to examine housing conditions, the Housing Executive was also tasked, in 1971, with regularly examining housing need. That work has continued over the last five decades, using both research evidence and operational data to inform discussions and decision-making on the need for housing.

In this *Insight Briefing*, we summarise recent reports produced for us by Ulster University on affordability and asking price trends in Northern Ireland, and provide an overview of the comprehensive Strategic Housing Market Analysis (SHMA) reports that have been produced for the Belfast Metropolitan Area and Derry and Strabane housing market areas. The SHMAs represent a refreshed approach that provides – for the first time – 15-year cross-tenure projections, estimates of intermediate housing need at local government district level, and three housing growth scenarios.

They also provide a key evidence base for stakeholders across the housing and associated sectors as they respond to the challenges apparent from the evidence on trends in the housing market.

We hope you will find the contents and signposts in this edition interesting and informative, and would welcome any comments or feedback to [research@nihe.gov.uk](mailto:research@nihe.gov.uk).

# Housing Market Trends and Affordability

As part of our research into the housing market in Northern Ireland, the Housing Executive has worked with Ulster University for a number of years to track house prices in the owner occupied sector. The data collected through this research provides valuable insights on developments in the housing market at regional and sub-regional level, and has been used to develop further indicators on asking price trends and affordability for first time buyers in Northern Ireland.

## Background: quarterly house price data

The Ulster University team produces quarterly house price reports, based on a sample survey, with the purpose of detailing key trends and spatial patterns in Northern Ireland's residential property market. Each quarterly report draws comparisons with the preceding quarter (as an indicator of *quarterly* price change) and with the equivalent quarter during the previous year (as an indicator of *annual* price change). Data are collected from around 100 contributing estate agency practices across Northern Ireland, along with recorded and verified sales transactions from propertynews.com. Once collated, the sales information is scrutinised to remove duplications, missing entries and outliers, and is cross-correlated with the domestic capital valuation register for inspection and verification of attribute information.

Each quarter, the overall performance of the housing market is reported on, using a weighted index which reflects the market share of each property type. This long-run House Price Index is calculated relative to price levels for each property type at the base quarter of the survey, the final quarter of 1984.

Figure 1 shows how the data captured through the Ulster University/Housing Executive research traced the rise of the housing market in the early 2000s, through the sharp reduction in both the number of transactions and average house prices in Northern Ireland from their 2007 peak, and the subsequent period of gradual market recovery.

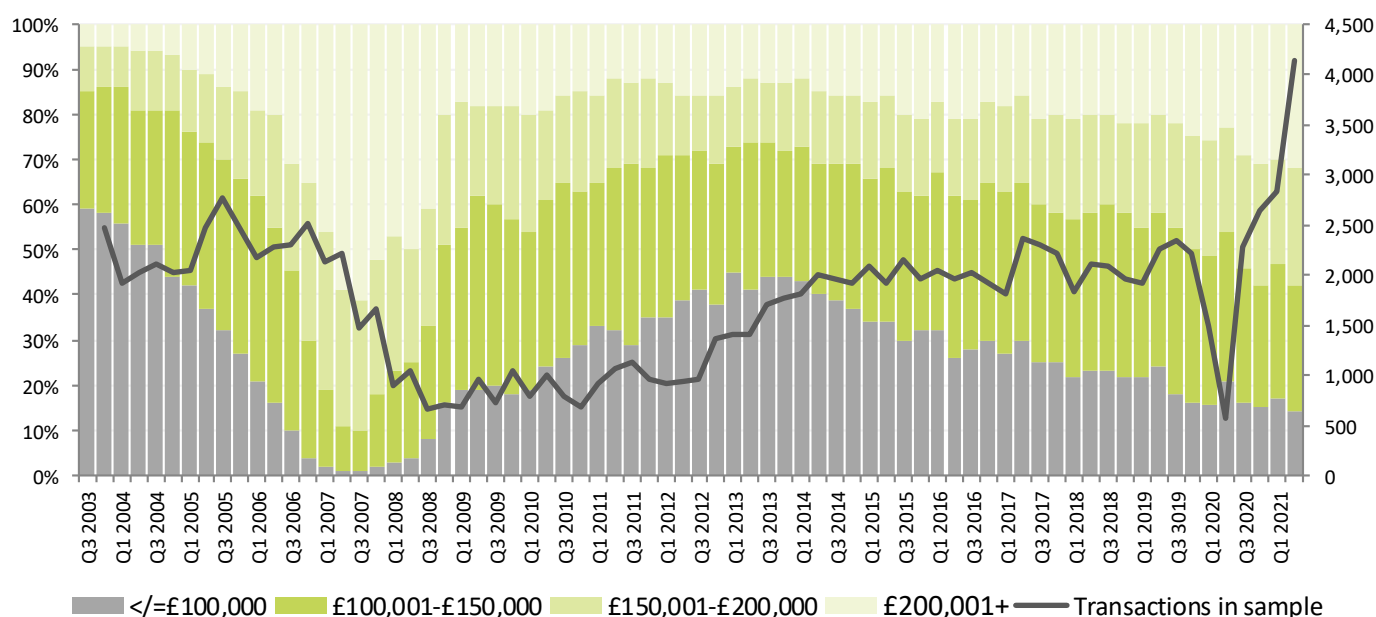
**Figure 1: Average house price and annual % change in house prices, Q1 2004-Q2 2021**



The data also provide a picture of the changing price structure of the housing market over time, both at Northern Ireland level and for the Local Government Districts and housing market areas within the region. Figure 2 (overleaf) illustrates the rapid decline in the proportion of properties selling at or below £100,000 between 2003 and 2007. Over subsequent years, the proportion increased, rising to 45% of transactions in early 2013. However, as the buoyancy in the market gradually returned and the number of transactions captured in the quarterly sample steadily increased, the proportion of properties transacting at up to £100,000 has once again diminished, and had fallen to 14% by Q2 2021.

Figure 2 also very clearly shows the impacts of the pandemic response on the housing market, with a record low number of transactions sampled in Q2 2020, when the market was essentially closed during the initial 'lockdown' period. Despite the unprecedented global events and ongoing uncertainty, a combination of factors including existing pent-up demand, lockdown/pandemic-inspired lifestyle choices and the Stamp Duty 'holiday' subsequently prompted a level of housing market activity that was unprecedented in almost two decades.

**Figure 2: Proportion of transactions by price band and number of transactions in quarterly sample (Northern Ireland), Q3 2003 - Q2 2021**



### Implications for affordability

What, then, do the recent developments in the housing market mean for affordability for prospective first time buyers seeking to purchase their first home? The Housing Executive commissioned Ulster University to produce an affordability index, which was first used in the early 2000s and aimed to:

- Measure change in the affordability of homes in Northern Ireland over time; and
- Highlight geographical differences in affordability at district council level.

The index concentrated on median income households' ability to purchase a home, and has been updated on a number of occasions to reflect the prevailing market and lending conditions. The current methodology seeks to take account of both repayment and access (i.e. *deposit*) affordability.

**Repayment affordability** is measured using an “affordable limit” concept. This approach captures the maximum allowable loan-to-income ratio, using an upper limit threshold premised on the maximum monthly income that can be dedicated to mortgage payments (30%). The measure encompasses the mortgage term, mortgage interest rate and the level of deposit required up-front (10%), and permits a robust estimate of the percentage of housing stock that is unaffordable, relative to the average house price in a given area.

The **access deposit gap** measures the level of deposit required using the first quartile (25<sup>th</sup> percentile) house price and income<sup>1</sup> adjusted to reflect overall net (disposable) household income after tax deductions and National Insurance. The measure permits the development of a **savings ratio** to determine the length of time it would take to amass a deposit, based on: current market prices; a requirement for a 10% deposit (90% loan-to-value); and the annual *median household income* of prospective home owners, who are assumed to save 30 per cent of income towards the deposit. Further iterations of the deposit gap are calculated adjusting median disposable incomes to account for housing (rental) costs and the percentage of disposable income assumed that can be saved, having accounted for ongoing housing costs.

Table 1 shows that repayment affordability, on a simple house price-to-income measure, has not presented significant problems in most areas of Northern Ireland in recent years. Based on the revised methodology, only the Belfast Local Government District (LGD) had a *negative* affordability gap in 2016, indicating a *shortfall* in households’ ability to service the payments on an affordable (lower-quartile priced) home. Thereafter, positive affordability gaps have been recorded in all areas, indicating that servicing the mortgage on an affordable home was, to a greater or lesser degree, within the capacity of a median income household.

**Table 1: Repayment affordability by Local Government District, 2016-2020**

Local Government District (LGD)	2016		2017		2018		2019		2020	
	AG (£)	% Un	AG (£)	% Un	AG (£)	% Un	AG (£)	% Un	AG (£)	% Un
Antrim and Newtownabbey	21,329	58	31,609	53	15,830	61	42,788	52	71,788	56
Ards and North Down	38,620	49	48,897	41	40,331	45	40,404	38	25,442	81
Armagh City, Banbridge and Craigavon	4,909	71	15,518	65	13,899	64	31,286	60	6,275	75
Belfast	-601	75	8,072	71	2,444	73	6,864	70	864	75
Causeway Coast and Glens	21,427	54	31,957	45	27,031	48	22,981	49	8,031	71
Derry City and Strabane	23,385	50	28,166	52	17,505	65	31,540	54	22,540	87
Fermanagh and Omagh	41,927	43	51,957	35	36,081	39	41,236	35	15,986	74
Lisburn and Castlereagh	28,470	58	33,547	53	32,532	50	36,739	71	28,364	75
Mid and East Antrim	82,935	23	92,751	25	77,249	29	60,130	28	40,146	75
Mid Ulster	16,552	58	32,907	40	21,031	55	55,799	55	38,749	74
Newry, Mourne and Down	16,860	66	15,553	58	13,236	63	37,028	59	29,278	75

**AG:** Affordability Gap. N.B. The greater the **positive** figure, the greater the borrowing capacity **beyond** the lower quartile house price  
**% Un:** % Unaffordable

However, the analysis for 2020 shows that the affordability gap reduced noticeably across most LGDs, reflecting house price change and high levels of demand over the year, with evidence of ‘filtering up’ movements towards higher price brackets within the housing market. This served to decrease the

<sup>1</sup> The income figures used in this analysis are drawn from the [Northern Ireland House Condition Survey](#) and the Northern Ireland [Family Resources Survey](#).

affordability position across Northern Ireland, with the general upward trend in house prices resulting in a sharp reduction in the affordability gap within a number of market areas. Notably, the affordability gap in Belfast LGD decreased to a mere £864 when using median incomes, signalling strong warning signs in relation to affordability pressures. The Armagh City, Banbridge and Craigavon and Causeway Coast and Glens LGDs also recorded relatively low affordability gaps, which had decreased substantially over the course of 2020.

The **percentage unaffordable** indicator used in Table 2 shows the percentage of properties selling within a given district at prices above the maximum borrowing capacity (based on median household income). In line with the evidence of deteriorating conditions provided by the affordability gap measure, the level of *unaffordable* stock increased across all Local Government Districts, with the result that in all but one district more than 70% of the dwellings purchased in 2020 transacted at prices that were 'unaffordable'.

### ***The deposit gap***

Additional insight on the accessibility of owner occupation for prospective first time buyers can be gained by considering what the research team has described as the 'deposit gap'.

The deposit gap measures the proportion of annual median income required as a 10% deposit for a first quartile priced home in a given area, and the length of time it would take households to save this amount of money, based on the assumption that 30% of annual disposable income could be set aside for this purpose.

The analysis for 2020 (Table 2) indicates that while the proportion of annual income required for a deposit and the length of time that it would take to save this amount continued to vary across the district council areas, both generally increased substantially between 2019 and 2020. On average, the amount necessary for a 10% deposit equated to 53.9% of annual disposable income. Assuming that 30% of disposable income could be devoted to savings, the analysis indicated that this would take, on average, 1.78 years to save.

**Table 2: The 'deposit gap', 2016-2020**

Local Government District	2016		2017		2018		2019		2020	
	% annual income	Years to save	% annual income	Years to save	% annual income	Years to save	% annual income	Years to save	% annual income	Years to save
Antrim and Newtownabbey	42.0	1.40	41.8	1.39	47.8	1.59	42.6	1.42	47.6	1.59
Ards and North Down	38.8	1.29	39.9	1.33	41.6	1.36	39.3	1.31	52.9	1.76
Armagh City, Banbridge and Craigavon	49.4	1.65	48.1	1.6	47.6	1.59	52.2	1.74	59.9	2.00
Belfast	52.5	1.75	51.8	1.73	53.6	1.79	57.8	1.93	62.4	2.08
Causeway Coast and Glens	43.1	1.44	43.3	1.44	44.1	1.47	37.9	1.26	59.3	1.98
Derry City and Strabane	39.1	1.30	41.1	1.37	45.6	1.52	45.5	1.52	50.9	1.70
Fermanagh and Omagh	34.5	1.15	35.0	1.17	40.4	1.35	35.8	1.19	55.3	1.84
Lisburn and Castlereagh	41.8	1.39	44.5	1.48	43.6	1.45	61.5	2.05	60.8	2.03
Mid and East Antrim	23.3	0.78	24.9	0.83	29.2	0.97	31.0	1.03	46.1	1.54
Mid Ulster	45.2	1.51	42.9	1.43	46.5	1.55	40.6	1.35	48.9	1.63
Newry, Mourne and Down	44.5	1.49	49.6	1.65	49.3	1.64	45.3	1.51	50.7	1.69

### ***Accounting for rental costs***

While the deposit gap indicator provides a very useful sense of affordability trends in different parts of Northern Ireland over time, the Housing Executive

and the research team added a further component to the analysis from 2019, to take account of the fact that many would-be first time buyers are already incurring the housing costs associated with living in the private rented sector.

Based on median annualised rent cost<sup>2</sup>, the analysis considers the proportion of *after housing costs* disposable income that would be required for a 10% deposit and the time that would be required to save this amount, if median income households living in the private rented sector were in a position to save 30%, 20% or 10% of their 'adjusted' (after housing costs) income.

Adjusting annual income to take account of prospective buyers living within the private rental sector presents a much more varied and precarious position. The analysis suggests that, across Northern Ireland as a whole in 2020, a 10% deposit on a first quartile property equated to just over four fifths (80.4%) of median household income, *after rental costs*. Overall, this represented a 15.8 percentage point increase by comparison with 2019, when it was estimated that a household in a similar position would have had to save 64.6% of their annual income (after housing costs) for a 10% deposit.

The figures in Table 3 show the extent to which existing housing costs and capacity to save can curtail access to owner occupation for those currently living in the private rented sector. In 2020, in the Belfast District, where affordability issues tend to be most acute and rental costs are generally highest, the analysis indicates that an amount equivalent to well over one year's disposable income after rental costs (126.9% of annual disposable income) was needed for a median income household to meet the deposit requirement on a first quartile home.

**Table 3: The deposit gap, accounting for median annualised rental costs within each LGD, saving 30%, 20% or 10% of income after rental costs towards a 10% deposit, 2020**

Local Government District	Deposit as % of annual income (before any current housing costs)		Deposit as % of annual income (after private renting costs)		Years to save 10% deposit, saving 30% of median household income (before any current housing costs)		Years to save 10% deposit (saving 30% of median household income after private renting costs)		Years to save 10% deposit, (saving 20% of median household income after private renting costs)		Years to save 10% deposit, (saving 10% of median household income after private renting costs)	
	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Antrim and Newtownabbey	42.6	47.6	61.2	69.7	1.42	1.59	2.04	2.32	3.06	3.42	6.12	6.97
Ards and North Down	39.3	52.9	52.6	76.8	1.31	1.76	1.75	2.56	2.63	2.96	5.26	7.68
Armagh City, Banbridge and Craigavon	52.2	59.9	78.7	86.7	1.74	2.00	2.62	2.89	3.94	4.92	7.87	8.67
Belfast	57.8	62.4	108.4	126.9	1.93	2.08	3.61	4.23	5.42	5.73	10.84	12.69
Causeway Coast and Glens	37.9	59.3	48.1	83.6	1.26	1.98	1.60	2.79	2.40	2.72	4.81	8.36
Derry City and Strabane	45.5	50.9	68.7	78.0	1.52	1.70	2.29	2.60	3.43	3.79	6.87	7.80
Fermanagh and Omagh	35.8	55.3	47.1	77.1	1.19	1.84	1.57	2.57	2.35	3.01	4.71	7.71
Lisburn and Castlereagh	61.5	60.8	92.3	86.7	2.05	2.03	3.08	2.89	4.62	4.07	9.23	8.67
Mid and East Antrim	31.0	46.1	39.6	62.8	1.03	1.54	1.32	2.09	1.98	2.42	3.96	6.28
Mid Ulster	40.6	48.9	52.5	64.3	1.35	1.63	1.75	2.14	2.62	3.00	5.25	6.43
Newry, Mourne and Down	45.3	50.7	61.9	71.7	1.51	1.69	2.06	2.39	3.09	3.30	6.19	7.17

*After private renting costs* figures are based on adjusted income, accounting for housing costs (median annualised rents in each market area). Rental costs are sourced from the Ulster University/Northern Ireland Housing Executive research on the Performance of the Private Rental Market in Northern Ireland.

<sup>2</sup> Rent costs are based on data collated and analysed for the Housing Executive by the Ulster University team as part of the wider suite of research. More information is available from the Housing Executive [website](#).

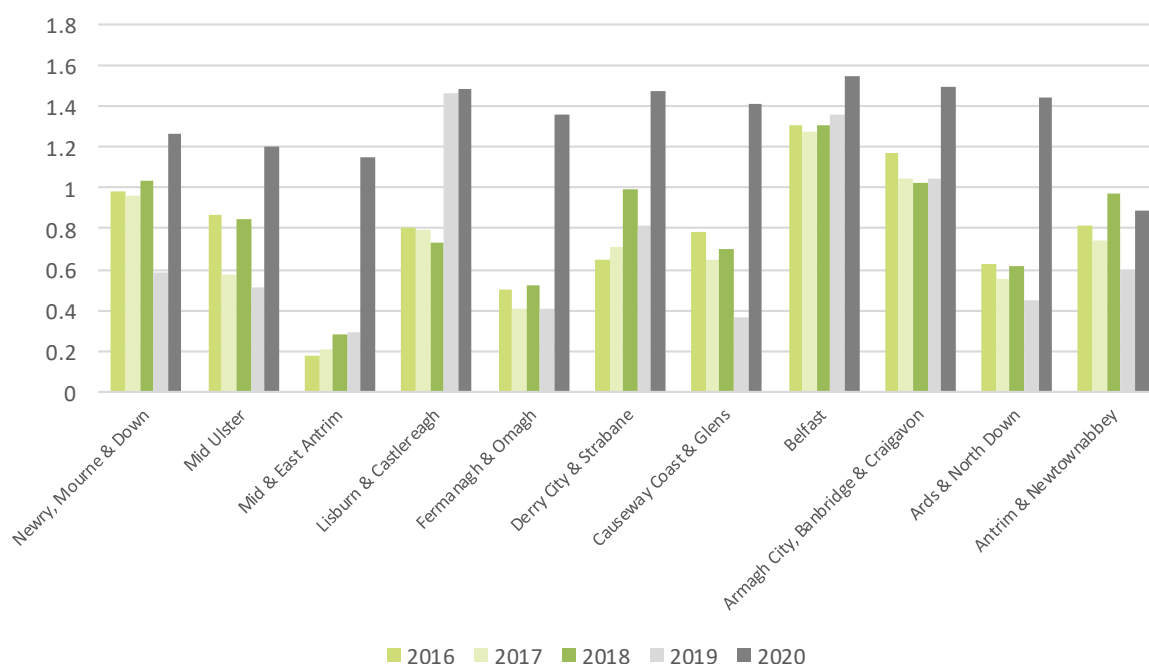
For those able to save 30% of their disposable income after rental costs, the figures show that it would take median income households in Belfast more than four years to save the necessary deposit for a first quartile property, at 2020 prices. Applying the (arguably more realistic) scenarios of saving 20% or 10% of disposable income after housing costs, given the position on house prices and rents in 2020, it would have taken a median income household renting privately in Belfast almost six years (saving 20%) or *almost 13 years* (saving 10%) to save the requisite 10% deposit.

While the analysis suggests that Belfast LGD had the most acute issues for private renters aiming to save for a home, it indicates that even for those able to save 30% of their disposable income after housing costs, it would have taken at least two years to save the deposit needed to purchase a first quartile priced home in all districts in Northern Ireland in 2020. Overall, the varying degrees of house price growth and the cost of renting had a marked impact on prospective first time buyers' ability to save a deposit in 2020.

### ***Composite affordability indicator***

In order to take account of both the repayment and access (deposit) aspects of affordability, the Ulster University team produced a single, relative measure by using the savings ratio to weight the proportion of homes unaffordable at the first quartile, providing a 'multiplier weighting ratio' for each district. **The higher the weighting ratio, the greater the overall affordability problem.** Figure 3 shows that, based on this indicator, affordability for median income first time buyers seeking to purchase a home decreased across all LGDs in Northern Ireland between 2019 and 2020. The extent of change was greater in some districts than others, but the overall picture was more uniform than in previous years, and suggests a challenging scenario for first time buyers, irrespective of location.

**Figure 3: Composite affordability indicator by District, 2016-2020**





## Asking Price Index

As well as the analysis on affordability, the Ulster University team produces an annual Asking Price Index report, which provides insights on trends in vendor confidence and market sentiment and can help provide signals on price movements. Price statistics used in the 2020 report were based on the initial asking price across a sample of 19,353 properties advertised on propertynews.com across the year. The data were cleansed to remove multiple entries and anomalies, including any properties re-listed within a 3-month period.

Reflecting a strong market with sustained price growth – in spite of the highly unusual context – the average list price of residential properties for 2020 increased by 5% to £190,135. This was the latest in a relatively steady upward trend in asking prices, which only faltered slightly in 2007 (Table 4).

**Table 4: Average yearly asking price and annual change, 2007-2020**

Year	Average Asking Price	Annual Change (%)
2007	£243,790	-
2008	£232,322	-4.7%
2009	£207,623	-10.6%
2010	£183,040	-11.8%
2011	£167,217	-8.6%
2012	£138,380	-17.2%
2013	£148,102	7.0%
2014	£153,136	3.4%
2015	£159,949	4.4%
2016	£165,865	3.7%
2017	£164,523	-0.8%
2018	£172,071	4.6%
2019	£181,072	5.2%
<b>2020</b>	<b>£190,135</b>	<b>5.0%</b>

Some of the key findings from the 2020 analysis were:

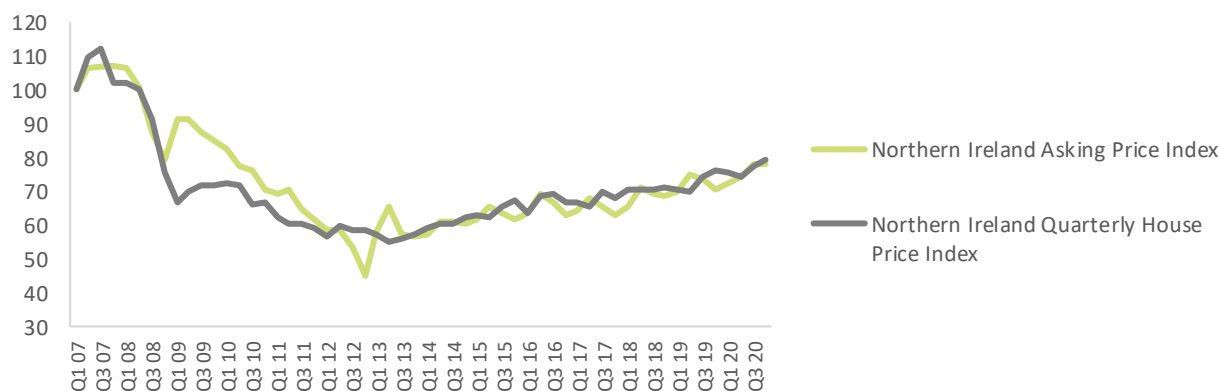
- From 2013 onwards, asking prices generally increased during the first half of the year and fell back slightly during the second. However, the opposite was the case in 2020: asking prices remained virtually unchanged during the first six months of the year (which included the period of market closure due to the initial 'lockdown') by comparison with the latter half of 2019, then increased by 8.1% over the second half of the year.
- Taking account of quarterly figures, the asking prices for all property types increased between Q4 2019 and Q4 2020. However, the pattern of growth over the period was most steady and pronounced for detached houses, followed by detached bungalows and semi-detached houses.
- Comparing the full year averages for 2019 and 2020, terrace/townhouses, detached houses and detached bungalows showed similar levels of growth in asking prices (7.0%, 6.9% and 6.8% respectively).
- There was a slight decrease in the listed price of apartments/flats between 2019 and 2020 (-2.7%). However, following a 5.5% decline in listed prices between the second half of 2019 and the first half of 2020, apartments/flats saw the greatest proportionate increase in asking prices over the second half of the year of all property types (11.8%). The



next greatest increase was for detached houses, the asking prices of which rose by 10%, to an average of almost £309,000, during the second half of 2020.

- The asking price analysis was first carried out in 2007 and the associated Index therefore has a historically high point in the market (Q1 2007) as its base. By Q4 2020, the index stood at 78.3, having risen from 70.51 at Q4 2019. Set alongside the achieved selling price data from the house price index, a pattern of convergence is evident since 2014 (Figure 4).

**Figure 4: NI Asking Price Index and NI Quarterly House Price Index (Ulster University/Housing Executive)**



## Continuing challenges

The Asking Price Index report concludes that the listed asking prices for 2020 are suggestive of both a *heating* market and a *seller's* market. During the year a combination of factors including high levels of demand, an increased savings ratio, low interest rates, the stamp duty 'holiday' and inelastic supply resulted in pricing inflation, especially in the detached sector. Noting that the detached sector has been shown to act as a price 'leader', with filtration effects that radiate into other parts of the housing market, the researchers highlight that the pricing trends apparent during 2020 are likely to have knock-on effects for the private rented sector.

Given the evidence of increasing affordability issues during 2020, the continuing increases in average house prices during the first two quarters of 2021 and the interconnectedness of the owner occupied and private rented markets – which both draw from the same limited supply of stock – the challenges for prospective first time buyers and lower income households look set to continue.

The 2020 Affordability and Asking Price Index reports are available on our [website](#).

## Strategic Housing Market Analysis

**Belfast Metropolitan Housing Market Area and Derry and Strabane Housing Market Areas**

The Housing Executive has a statutory duty, set out in the 1981 Housing Order and within subordinate legislation of the 2011 Planning Act, to regularly examine housing need in Northern Ireland. Associated with this duty, regional planning policy requires that the Housing Executive undertake an assessment that takes account of the full range of housing needs on a long-term basis.

To date, the requirement to assess housing need has been fulfilled through a 'Net Stock Model' approach, which estimated the number of new social dwellings needed over a 10-year planning cycle, based on key assumptions and the best available official data. The model used a residual methodology, which collated the evidence on all projected housing demand set against projected private sector supply, and assumed that any shortfall should be met through the provision of social housing. The model did not in itself determine the scale of the new social housing programme in Northern Ireland, but was used as an aid to decision-making in a wider process of discussion and policy development.

With the previous iteration of the Net Stock Model due to be updated, and the Housing Executive statutorily obliged to provide 15-year tenure projections as evidence for the Local Development Plans that are currently being developed by each of the District Councils in Northern Ireland, we commissioned research to conduct Strategic Housing Market Analysis (SHMA) for three housing market areas (Belfast Metropolitan HMA, and Derry and Strabane HMAs).

### Housing Market Areas

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.*

In 2017, the Housing Executive commissioned Newhaven Research to review the functional housing market area boundaries in Northern Ireland. Based on detailed analysis of 2011 Census data along with the Medical Card Register and Travel to Work Areas data, and advice from key players in the field of planning for housing in Northern Ireland, the researchers defined 11 functional housing market area boundaries for Northern Ireland. The functional housing market areas were grouped for the purposes of reporting:

Housing Market Area (HMA)	Local Authorities included wholly or in part
Belfast Metropolitan HMA	Belfast Antrim and Newtownabbey Ards and North Down Lisburn and Castlereagh Newry, Mourne and Down
Derry and Strabane HMAs	Derry and Strabane
Newry and Craigavon Urban Area HMAs	Armagh City, Banbridge and Craigavon Newry, Mourne and Down Lisburn and Castlereagh Ards and North Down and
Fermanagh, Omagh, Cookstown and Dungannon HMAs	Fermanagh and Omagh Mid Ulster
Ballymena HMA and Causeway Coast HMA	Mid and East Antrim Causeway Coast and Glens Derry and Strabane

### Aims of the SHMA research

The overall aim of the project, which commenced in 2019, was to provide a comprehensive Strategic Housing Market Analysis of the Belfast Metropolitan, Strabane and Derry Housing Market Areas, to include key economic,

demographic and housing data, and to project future need at the appropriate geographic level to inform Local Development Plans and enable policy makers to have a full understanding of the dynamics of each Housing Market Area.

Following extensive data collation and analysis by the appointed contractor (Economic Research and Evaluation), the final reports on the two initial analyses were published in August 2021. The main purposes of the reports are to assist policymakers in their understanding of the dynamics of these HMAs, and to inform Local Development Plans.

## Analysing the data

Each report sets out detailed analysis on a number of characteristics of the respective HMAs, including:

- Past population trends and future projections;
- Past household trends and future projections;
- Housing market trends (residential property market and private rental data); and
- Housing stock and occupancy.

Drawing on the data, each report then uses an updated 'net stock model' approach to project new dwelling requirements over the 15-year period 2020 to 2035. The household projections on which the dwelling requirements are based are taken from a *medium household growth scenario*, with estimates set out in Table 5.

**Table 5: Summary of new dwelling requirements (all tenures) 2020-2035, Belfast HMA and Derry and Strabane HMAs**

2020-2035	Belfast Metropolitan HMA	Derry and Strabane HMAs
<b><i>New dwelling requirements (medium household growth scenario; all tenures)</i></b>		
Projected newly-arising households across HMA(s)	31,480	3,060
New dwellings required to take account of expected changes in second homes, vacant dwellings, dereliction, demolition etc	4,890	310
Total projected new dwelling requirement	36,370	3,370
Average annual new dwelling requirement over 15-year period	2,420	220
<b><i>Backlog</i></b>		
Homeless individuals and families without their own self-contained accommodation	6,320	1,760
Annualised backlog	420	120
<b><i>New dwelling requirement (including backlog)</i></b>		
<b>Total</b> projected new dwelling requirement 2020-2035	<b>42,690</b>	<b>5,130</b>
<b>Annual</b> new dwelling requirement	<b>2,850</b>	<b>340</b>

For each HMA, 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.

The reports present estimated proportions of the total new dwelling requirement assigned to each market sector, *with backlog excluded* and *with net backlog assigned to the social sector*. The proportionate distribution of new dwellings by tenure according to each scenario is summarised in Table 6, which shows that with the net backlog assigned to the social sector, the share of new dwellings that would need to be delivered for social housing would rise substantially.

**Table 6: Annual estimated proportionate distribution of dwelling requirements by tenure, using household affordability model, excluding backlog and with backlog assigned to the social sector**

<b>EXCLUDING BACKLOG</b> , Annualised requirement assigned to...	<b>Belfast Metropolitan HMA</b>	<b>Derry and Strabane HMAs</b>
Market sector	62%	61%
Intermediate sector	19%	20%
Social sector	19%	19%
<b>INCLUDING NET BACKLOG (ASSIGNED TO THE SOCIAL SECTOR)</b> Annualised requirement assigned to...		
Market sector	53%	40%
Intermediate sector	16%	13%
Social sector	31%	47%

Taking account of the fact that new dwelling requirements are inherently uncertain, the reports illustrate the sensitivities around potential growth in household numbers by projecting on the basis of three different scenarios:

- 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.

Across those three scenarios, the household projections for the **Belfast Metropolitan HMA** range from 1,750 per annum in the updated scenario to 2,420 in the high growth scenario, giving a variation of circa  $\pm 330$  ( $\pm 16$  per cent) around the medium growth scenario.

The reports emphasise that the updated net stock model projections are intended to provide a long-term perspective on housing requirements across the HMAs. Within that context, the projections for new dwelling requirements do not take explicit account of the coronavirus pandemic. To the extent that the pandemic dampens activity levels in the housing market, it is considered plausible that new household formation may be suppressed between 2020 and 2021, or for as long as the effects of the pandemic persist, e.g. in terms of measures taken to combat the virus.

However, as the population from which new households arise already exists, suppression of new household growth is expected to prove temporary. Beyond the pandemic, a period of ‘catch-up’ in new household formation may be anticipated, where ‘pent-up’ demand emerges. Thus, over the 15-year projection period considered in the SHMA, the total projected requirements may be expected to remain unchanged, having regard to the underpinning population projections and associated trend assumptions.

### Using the HMAs and next steps

Publication of the SHMAs provides an evidence-based rationale upon which to allocate land for affordable housing within Local Development Plans. This, in turn, should enable access to land, contributing to a supply of social housing units to meet Programme for Government social housing new build targets. In addition, by providing an assessment of intermediate housing need, the SHMAs will help meet the commitment by the Minister for Communities to expand the rental options available by introducing intermediate rent to provide good quality homes that are affordable for lower income households.

It is important to note that:

- The SHMA is an *evidence base*; its purpose is to inform housing decisions and policies.
- In line with best practice in Great Britain, the SHMA is *factual in scope and policy neutral*.
- Nonetheless, the SHMA is an important *tool for decision makers* and *enables the preparation of data-driven policy*.

A further four reports have recently been commissioned to complete the suite of SHMAs for the remaining housing market areas in Northern Ireland:

1. Ballymena Housing Market Area and Causeway Coast Housing Market Areas (including Mid and East Antrim, and Causeway Coast and Glens Local Authorities)
2. Newry and Craigavon Urban Area Housing Market Areas (including Armagh City, Banbridge and Craigavon, and Newry, Mourne and Down Local Authorities)
3. Fermanagh, Omagh, Cookstown and Dungannon Housing Market Areas (including Fermanagh and Omagh, and Mid Ulster Local Authorities); and
4. Northern Ireland

---

## The SHMA is an important tool for decision makers and enables the preparation of data-driven policy

---

The Belfast Metropolitan Area and Derry and Strabane reports and appendices are available on the Research pages of the Housing Executive [website](#), while reports on the analyses that are currently under way are due to be published in 2022.

# Other Housing Executive Research

As well as the reports summarised in this briefing, other recently-published research includes:



## [The Impacts of Chronic Homelessness for Women](#)

In January we commissioned research to explore the impacts of chronic homelessness for women. The purpose of the research was to assist the Housing Executive in understanding the scale and impact of the issue, whilst also identifying any additional gender specific issues that should be addressed in future action plans and service delivery, both by the Housing Executive and wider service providers in the statutory and voluntary sectors.

The research included analysis of data held by the NIHE and other stakeholders/service providers to gauge the proportion of women impacted by chronic homelessness and the factors that influence their housing situation. Qualitative interviews recorded a selection of service users' journeys and life experiences relating to homelessness, and stakeholders provided valuable insights on the provision of services for women experiencing chronic homelessness. The findings will be used to inform homelessness strategy and policy, particularly in relation to ongoing activities associated with the Chronic Homelessness Action Plan.

## [The role of Day Services in delivering support to those experiencing chronic homelessness](#)

The Housing Executive's Chronic Homelessness Action Plan focuses on our commitment, set out in the Homelessness Strategy 2017-22 for Northern Ireland, *Ending Homelessness Together*, to develop appropriate responses to address the needs of individuals experiencing chronic homelessness in Northern Ireland. An important aspect of the delivery of services to those experiencing chronic homelessness is through day services, and the Action Plan recommended the need to evaluate and review the role of the three existing day centres in Northern Ireland, which receive whole or part funding from the Housing Executive.

This research project was commissioned in March 2020 to explore the role of existing day services in delivering support to those experiencing chronic homelessness. The report provides an understating of the role of day centres in addressing chronic homelessness, and the project as a whole contributes to one of the key actions identified in the Chronic Homelessness Action Plan.

## [Homelessness Service User Journeys](#)

In January 2020, Fiona Boyle Associates was commissioned to undertake research to look at the 'homeless journeys' of people experiencing homelessness. The purpose of the research was to provide the Housing Executive with an improved understanding of service users who currently use or have used homeless services, looking specifically at the homelessness process, and the individual's journey into, through and in some cases out of, homelessness.

In particular this research aimed to provide understanding on the type and broad range and variety of 'journeys' experienced by homeless service users.

If you have any comments or questions about this briefing or the Housing Executive's research programme, contact us on 028 9598 2562 or [research@nihe.gov.uk](mailto:research@nihe.gov.uk)