Ulster University

Performance of the Private Rental Market in Northern Ireland

Summary Research Report

January - June 2015

Housing Executive

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1.0 Introduction

Evidence derived from rental market data analysis continues to show high demand for rental properties across the Northern Ireland residential sector. Indeed, the private rented sector continues to play a crucial role in supporting tenure choice in the local housing market. This report focuses on the performance of the private rental market in Northern Ireland during the first half (January-June) of 2015. The report analyses trends in the private rental sector at district council level during this six month period. Section 2 provides a brief overview of the methodology. Section 3 provides an insight into the number of properties let in Northern Ireland by property type and number of bedrooms as well as the average monthly rent by property type, number of bedrooms and location. The overall performance of the private rental market is measured and presented by weighted rental indices. Section 4 examines rental performance within the Belfast City Council Area. A rent grid is presented to highlight variance in rents across the wider Belfast region at postcode district level and by number of bedrooms. Section 5 analyses regional rental performance at the district council level by number of properties let and the average monthly rent by property type and number of bedrooms. Section 6 offers brief conclusions.

2.0 Methodology

The Northern Ireland rent index is a tool designed for practical application by policy makers and stakeholders. For this reason, methodological simplicity and transparency are important. The research has combined rental data from PropertyNews.com with NIHE rent data provided by the Housing Executive. The NIHE rental data is used to calculate the Local Housing Allowance received for the administration of private sector housing benefit. In order to combine the data sets, the NIHE rent data has been adjusted to the preferred monthly frequency and adjusted upward by property type to be inclusive of rates[i].

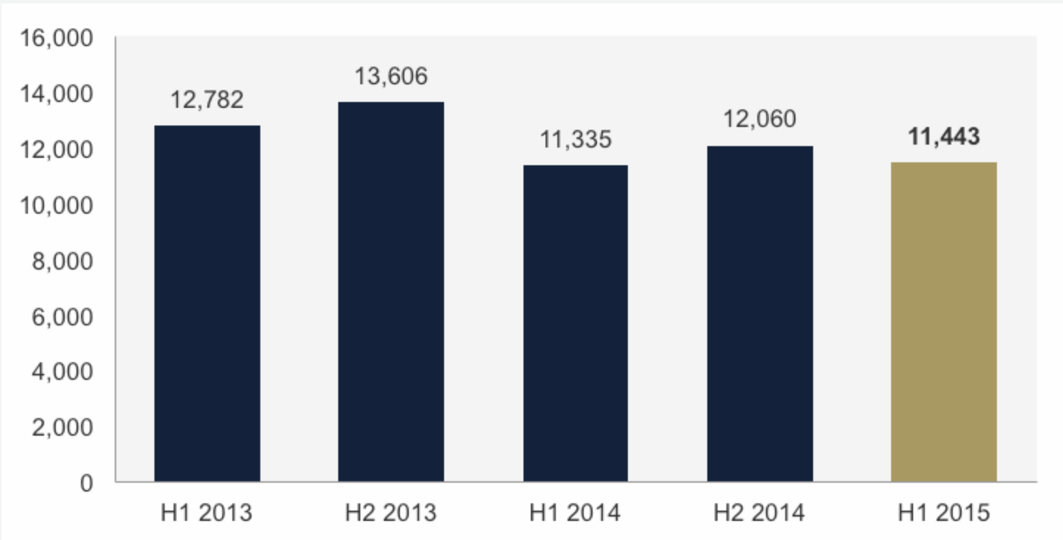
The statistics presented in this report are premised on a sample of 11,443 rental transactions recorded on PropertyNews.com and NIHE (Housing Benefit in the PRS) database for the first half of 2015. The rental figures represent the average rent (per month) as advertised. Rented properties are classified as those that were let during the specified time period. The data has been cleansed to remove outliers, invalid observations, multiple entries and anomalies. The overall performance of the private rental market is measured by two weighted rental indices, one reflecting the weighted average by property type and the other by number of bedrooms. The indices measure change in average rent and are set to a base value of 100 for the first quarter of 2013.

3.0 Rental Performance in Northern Ireland

3.1 Distribution of Properties Let in Northern Ireland

During the first half (January-June) of 2015 there were **11,443** rental transactions in the private rented sector in Northern Ireland, representing a decrease of 5.1 per cent on the last six months of 2014. Annual comparison shows a slight increase of one percentage point on the same period the previous year (Figure 1).

Figure 1: Number of dwellings let across Northern Ireland



Analysis by property type indicates that the rental market continues to be dominated by terrace/townhouse (42%) and apartment (31%) property types, which account for almost three quarters (73%) of total rental activity. The market share of semi-detached (17%) and detached properties (10%) has decreased slightly over the half year period (See Table 1).

The moderate decrease in transactions over the first half of 2015 is reflected across all property types, except apartments, and most notably in the detached sector (-17.6%). The semi-detached (-9%) and terrace/townhouse (-5.3%) sectors also recorded decreases compared with the previous six month period. However, the annual change in number of transactions is more varied with both apartments (2.8%) and terrace/townhouse properties (8.2%) exhibiting increases whereas detached (-14.7%) and to a lesser extent semi-detached (-7.5%) properties observed an annual decline in transactions (See Table 1).

Table 1: Properties let by type

Property Type	H1 2014	H2 2014	H1 2015	Half Yearly Change (%)	Annual Change (%)
Apartment	3,521 (31%)	3,538 (29%)	**3,618 (31%)**	2.3%	2.8%
Terrace/Townhouse	4,402 (39%)	5,028 (42%)	**4,764 (42%)**	-5.3%	8.2%
Semi-detached	2,075 (18%)	2,110 (18%)	**1,920 (17%)**	-9.0%	-7.5%
Detached	1,337 (12%)	1,384 (11%)	**1,141 (10%)**	-17.6%	-14.7%
TOTAL	**11,335 (100%)**	**12,060 (100%)**	**11,443 (100%)**	**-5.1%**	**1.0%**

Generally consistent with previous reports, two (38%) and three (40%) bedroom properties are the most common property size, accounting for almost four fifths (78%) of properties rented during the first half of 2015. The figures also show that the proportion of one bedroom properties (8%) and those with four or more bedrooms (14%) remained consistent over the time period (Table 2). In terms of the number of rental transactions, one bedroom properties were the only category to show a half yearly increase (5.4%), with two, three and four or more bedroom properties all observing decreases. In annual terms, the number of transactions for one and two bedroom properties displayed sizeable increases with moderate decreases observed for 3 and 4 or more bedroom properties. Overall, the evidence indicates a slight change in the market structure by number of bedrooms to potentially smaller properties.

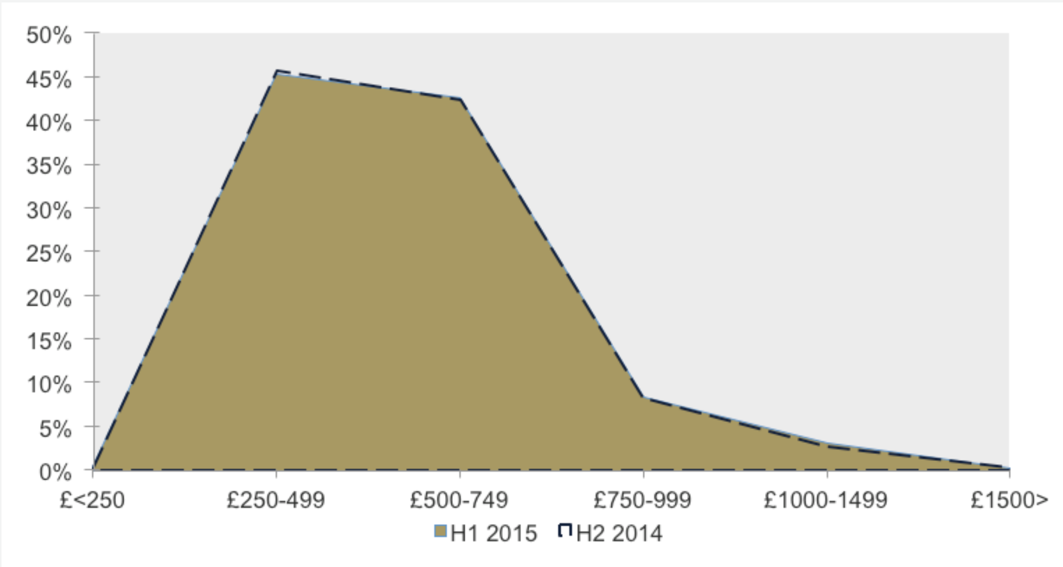
Table 2: Properties let by number of bedrooms

Number of Bedrooms	H1 2014	H2 2014	H1 2015	Half Yearly Change (%)	Annual Change (%)
1 bedroom	837 (8%)	891 (7%)	**939 (8%)**	5.4%	12.2%
2 bedroom	4,010 (35%)	4,442 (37%)	**4,329 (38%)**	-2.5%	8.0%
3 bedroom	4,789 (42%)	4,973 (41%)	**4,598 (40%)**	-7.5%	-4.0%
4/4+ bedroom	1,699 (15%)	1,754 (15%)	**1,577 (14%)**	-10.1%	-7.2%
TOTAL	**11,335 (100%)**	**12,060 (100%)**	**11,443 (100%)**	**-5.1%**	**1.0%**

3.2 Distribution of Banded Monthly Rent

Figure 2 shows that almost half (45%) of rental properties let during January-June 2015 were in the £250-£499 rental band. A similar proportion of properties (43%) were let in the £500-£749 band. Approximately 11% of rental properties let for more than £750 per month or more. The histogram shows a marginal increase in the proportion of properties let in higher rent bands compared with the previous six months, providing further evidence of a slow but gradual increase in average rents in Northern Ireland.

Figure 2: Histogram showing the distribution of banded monthly rent



3.3 Northern Ireland Average Monthly Rent

For the first half of 2015, the average monthly rent for Northern Ireland was £553, a nominal increase (0.7%) on the second half of 2014 (£549) and likewise a small annual increase (0.9%) compared with H1, 2014 (£548). In terms of property type, the statistics in Table 3 reveal relatively little half yearly change in average rents across property types. The figures show a moderate half yearly increase in rent for apartments (3%) and slight increases for semi-detached (1.3%) and terrace properties (0.6%), respectively. Average rents have increased across all property types over the year, apart from terrace/townhouses.

Table 3: Average rent by property type

Property Type	H1 2014	H2 2014	H1 2015	Half Yearly Change (%)	Annual change (%)
Apartment	£539	£531	**£547**	3.0%	1.5%
Terrace/ Townhouse	£527	£524	**£527**	0.6%	0.0%
Semi-Detached	£543	£549	**£556**	1.3%	2.4%
Detached	£653	£683	**£679**	-0.6%	4.0%
ALL	**£548**	**£549**	**£553**	**0.7%**	**0.9%**

Table 4 figures indicate a slight increase in average rents over the half year by number of bedrooms, most notably for 4/4+ bedroom properties (2.6%). In terms of annual change, the analysis generally shows growth in average rent across all bedroom categories again highlighting the slow but steady growth of the rental market in all sectors.

Table 4: Average rent by number of bedrooms

Number of Bedrooms	H1 2014	H2 2014	H1 2015	Half Yearly Change (%)	Annual Change (%)
1 bedroom	£410	£413	**£416**	0.7%	1.5%
2 bedrooms	£493	£499	**£505**	1.2%	2.4%
3 bedrooms	£533	£536	**£543**	1.3%	1.9%
4/4+bedrooms	£791	£779	**£799**	2.6%	1.0%
ALL	**£548**	**£549**	**£553**	**0.7%**	**0.9%**

3.4 The Northern Ireland Private Rental Index

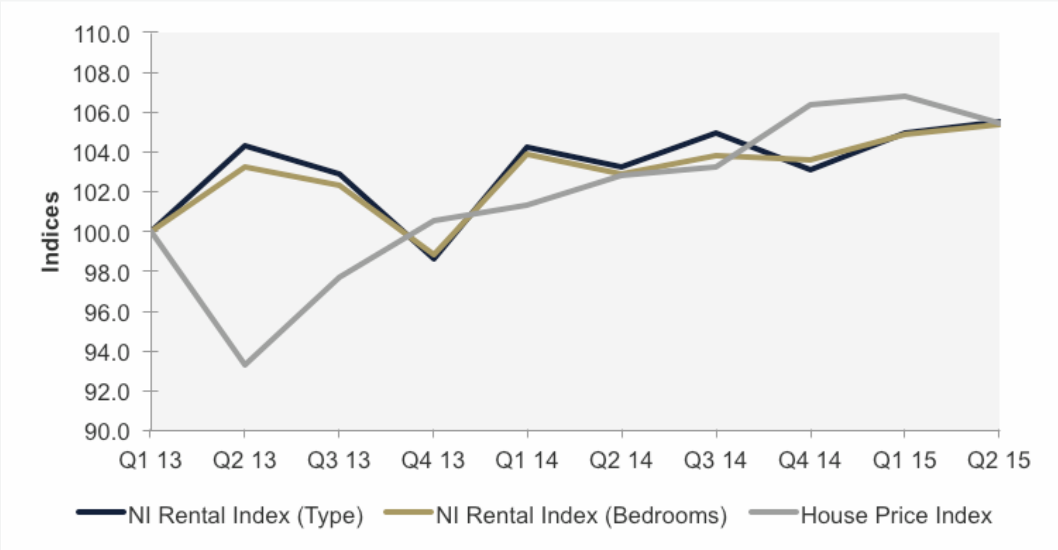
The Northern Ireland Private Rental Indices (NIPRIs) measure change in average rents by property type and number of bedrooms. The indices are calculated using a weighted average by property type and number of bedrooms at the base quarter, Q1, 2013 (100). Table 5 shows that the rental index by property type stands at 105.5 at Q2, 2015, showing consecutive quarterly increases by type. Annual comparison reveals an overall increase of 2.2 percentage points over the year. Similarly, the Index by number of bedrooms stands at 105.4 showing quarterly increases over the last six month period and annual increase of 2.4 percentage points compared with the same period in 2014.

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

Year	Quarter	NI Rental Index (HType)	Quarterly Change (%)	Annual Change (%)	NI Rental Index (Bedrooms)	Quarterly Change (%)	Annual Change (%)
2013	Quarter 1	100 (Base)			100 (Base)		
	Quarter 2	104.3	**4.31**		103.3	**3.27**	
	Quarter 3	102.9	**-1.38**		102.3	**-0.94**	
	Quarter 4	98.6	**-4.13**		98.8	**-3.45**	
2014	Quarter 1	104.2	**5.72**	4.2	103.9	**5.18**	3.9
	Quarter 2	103.2	**-0.97**	-1.0	102.9	**-1.00**	-0.4
	Quarter 3	104.9	**1.65**	2.0	103.9	**0.95**	1.5
	Quarter 4	103.1	**-1.73**	4.6	103.6	**-0.25**	4.8
2015	Quarter 1	105	**1.77**	0.7	104.9	**1.23**	0.9
	Quarter 2	105.5	**0.56**	2.2	105.4	**0.50**	2.4

The emerging trends during the second half of 2013 and first three quarters of 2014 showed a convergence of house prices and rents. The latter half of 2014 saw property prices increasing beyond rental values which remain relatively flat in comparison. However, in Q2 2015 house prices have once again converged with rents. Overall, the trends show consolidation but a steady upward trajectory in average rent which has broadly ran in parallel with average house prices.

Figure 3: Rental Indices v House Price Index Trend



4.0 Rental Performance in Belfast City Council Area

4.1 Distribution of Properties Let in Belfast City Council Area

In the period January-June 2015, there were 5,196 properties let in the Belfast City Council area (BCCA), a transaction increase of 3.1 per cent on the first six months of 2014 and 14.3 per cent increase over the year (Figure 4). Belfast continues to be the main rental market in Northern Ireland representing 45 per cent of all rental transactions across Northern Ireland.

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

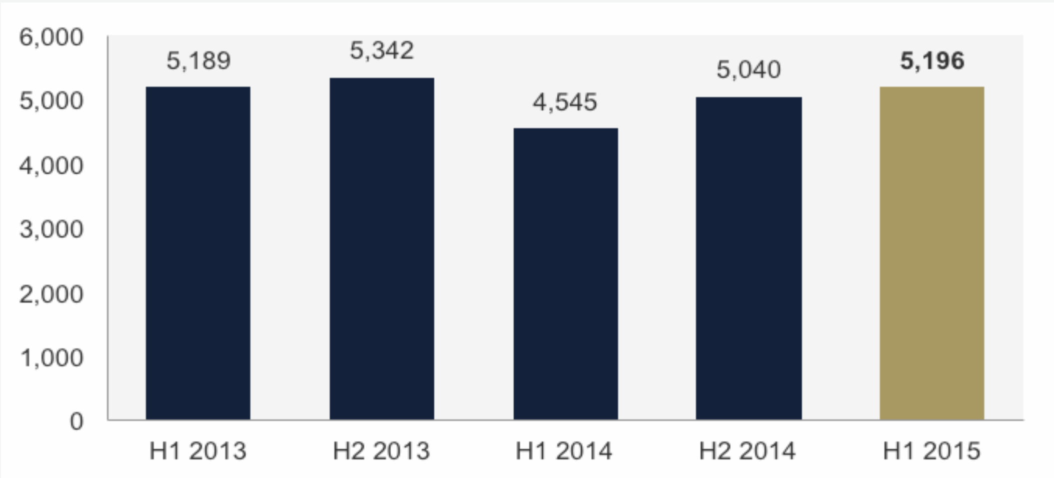


Table 6 shows the distribution of rented properties by property type. Analysis indicates that almost nine out of ten (88%) properties let in the BCCA are terrace/townhouses (48%) and apartments (40%), higher proportions than for Northern Ireland as a whole (42% and 32% respectively). In terms of volume of properties let, a large half yearly increase in the apartment (9.4%) sector was observed over the first half of 2015, with a notable decrease (12%) in the number of detached properties let over the same period. Comparison with the same period in 2014 highlights growth in the number of properties let across all sectors.

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

Property Type	H1 2014	H2 2014	H1 2015	Half Yearly Change (%)	Annual Change (%)
Apartment	1,945 (43%)	1,900 (38%)	**2,078 (40%)**	9.4%	6.8%
Terrace/Townhouse	2,039 (45%)	2,475 (49%)	**2,489 (48%)**	0.6%	22.1%
Semi-detached	461 (10%)	514 (10%)	**497 (10%)**	-3.3%	7.8%
Detached	100 (2%)	150 (3%)	**132 (2%)**	-12.0%	32.0%
TOTAL	**4,545**	**5,040**	**5,196**	**3.1%**	**14.3%**

Table 7 shows that two bedroom properties represent the most common property size, accounting for almost half of all properties let (46%), again a higher proportion than Northern Ireland as a whole (38%). Three bedroom dwellings are the next largest group, accounting for almost a third (29%) of properties let over the time period, a significantly lower proportion than Northern Ireland as a whole (40%).

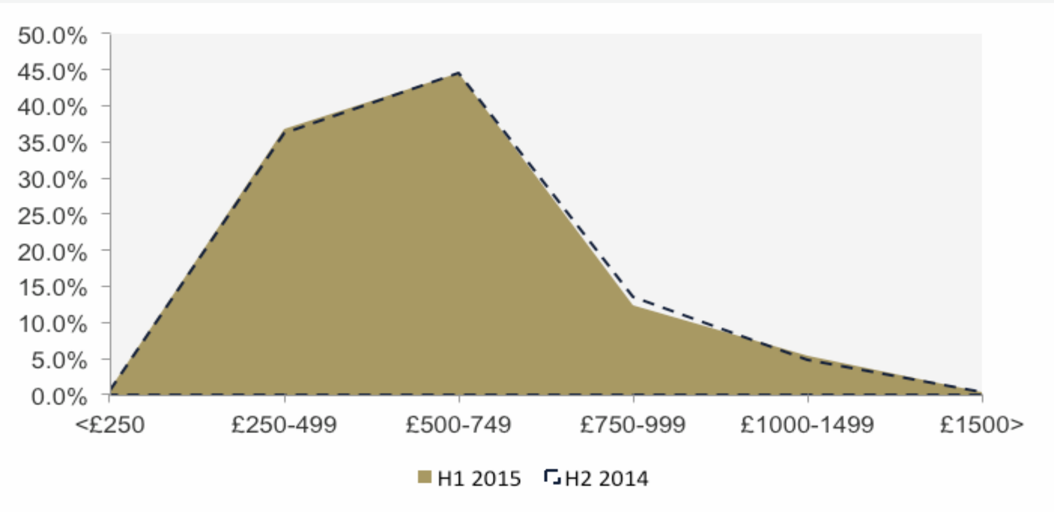
Table 7: Properties let in Belfast City Council Area by number of bedrooms

Number of Bedrooms	H1 2014	H2 2014	H1 2015	Half Yearly Change (%)	Annual Change (%)
1 bedroom	446 (10%)	471 (9%)	**523 (10%)**	11.0%	17.3%
2 bedroom	2,055 (45%)	2,292 (45%)	**2360 (46%)**	3.0%	14.8%
3 bedroom	1,248 (27%)	1,494 (30%)	**1524 (29%)**	2.0%	22.1%
4/4+ bedroom	796 (18%)	783 (16%)	**789 (15%)**	0.8%	-0.9%
TOTAL	**4,545**	**5,040**	**5,196**	**3.1%**	**14.3%**

4.2 Distribution of Banded Monthly Rent in Belfast City Council Area

The frequency distribution in Figure 5 shows that most rental properties in the BCCA were let in the £500-£749 band (45%), with an average rent of £589, followed by the £250-£499 band (37%), with an average rent of £431. In contrast, the majority of rents paid in the rest of Northern Ireland fall within the £250-£499 band (45%) confirming the higher rent structure in Belfast. Approximately one fifth (18%) of all rental properties in the BCCA were let for more than £750 per month. The histogram further indicates that that there has been little change in the distribution of monthly rent over the first half of 2015.

Figure 5: Histogram showing the distribution of banded monthly rent in Belfast City Council Area



4.3 Average Rent in Belfast City Council Area

The average monthly rent across the BCCA is £594 for the first half of 2015, higher than the Northern Ireland average (£553), representing a 0.8% increase on the previous six months. In general, analysis of rental price locations in the BCCA show slight increases in average rents compared with the last six months of 2014. Belfast City Centre (£745) remains the most expensive rental location followed by South Belfast (£713) with mean rents considerably higher than the Belfast average. North Belfast (£456) is the lowest priced location in the BCCA (Table 8). Over the year, rental growth was largest in Belfast City Centre (4.4%) and East Belfast (4%) but overall for BCCA there has been a slight annual decline by 1.3%.

Table 8: Average rent in Belfast City Council Area

Location	H1 2014	H2 2014	H1 2015	Half Yearly Change (%)	Annual Change (%)
Belfast City Council Area	£602	£589	**£594**	0.8%	-1.3%
Belfast City Centre	£713	£727	**£745**	2.5%	4.5%
North Belfast	£456	£456	**£456**	0.0%	0.0%
South Belfast	£716	£699	**£713**	2.0%	-0.4%
East Belfast	£519	£528	**£539**	2.1%	3.9%
West Belfast	£504	£517	**£519**	0.4%	3.0%

4.3.1 Average Rent by Property Type

Table 9 shows that average rental levels across property types have exhibited a degree of variability over the first half of the year. Apartments (3.2%) have experienced growth in average rental level over this time period with detached properties (-2.9%) exhibiting the largest decline in average rent. Nonetheless, detached properties remain the most expensive to rent with terrace/townhouse properties the least expensive (£567).

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

Property Type	BCCA H1 2014	BCCA H2 2014	BCCA H1 2015	Half Yearly Change (%)	Annual Change (%)
Apartment	£601	£586	**£605**	3.2%	0.7%
Terrace/ Townhouse	£588	£569	**£567**	-0.3%	-3.6%
Semi-Detached	£611	£615	**£618**	0.5%	1.1%
Detached	£853	£863	**£838**	-2.9%	-1.8%
ALL	**£602**	**£589**	**£594**	**0.9%**	**-1.3%**

4.3.2 Average Rent by Number of Bedrooms

Table 10 shows that average rents for the first half of 2015, when analysed by number of bedrooms, have observed half-year increases across all bedroom categories. In terms of annual change, average rents have slightly increased across 1 and 2 bedroom properties by approximately 2 per cent but have shown decline in 3 (0.6%) and 4/4+ (3.1%) bedroom properties.

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

Number of Bedrooms	BCCA H1 2014	BCCA H2 2014	BCCA H1 2015	Half Yearly Change (%)	Annual Change (%)
1 bedroom	£435	£438	**£444**	1.4%	2.1%
2 bedrooms	£518	£527	**£528**	0.2%	1.9%
3 bedrooms	£598	£584	**£594**	1.7%	-0.7%
4/4+bedrooms	£918	£870	**£890**	2.3%	-3.1%
ALL	**£602**	**£589**	**£594**	**0.9%**	**-1.3%**

4.4 Wider Belfast Area Rent Guide

Table 11 summarises rents across the wider Belfast region and highlights the considerable variation in average monthly rents at postcode district level by number of bedrooms. For example, the average rent for a typical three bedroom property varies from £456 in BT13 to £904 in BT1.

Table 11: Average rent grid by postcode

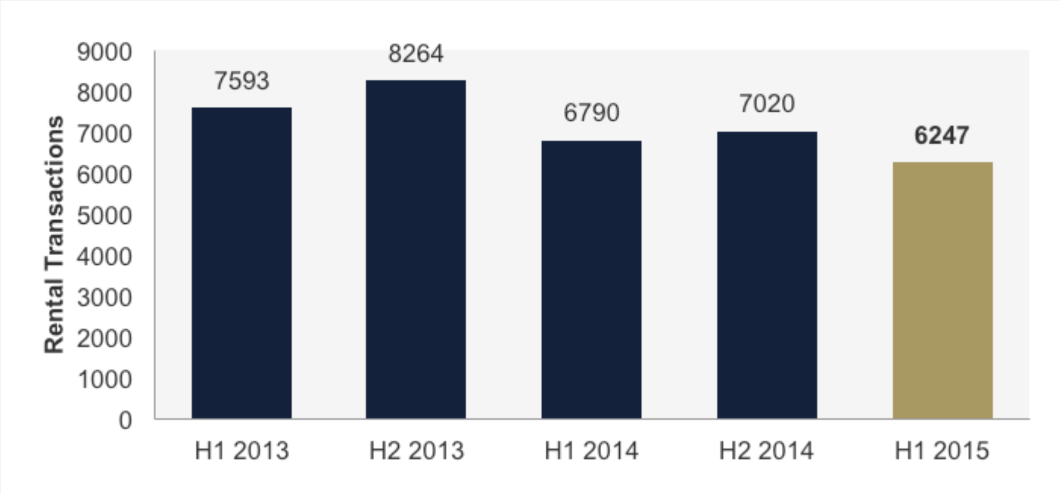
Poscode	1 Bed	2 Bed	3 Bed	4/4+ Bed	All
BT1	£611	£783	£904	-	£762
BT2	£548	£702	-	-	£698
BT3	£543	£766	-	-	£785
BT4	£458	£527	£570	£749	£563
BT5	£406	£477	£582	£784	£513
BT6	£444	£510	£575	£674	£538
BT7	£445	£574	£667	£954	£714
BT8	£428	£537	£631	£825	£612
BT9	£454	£602	£726	£1,012	£721
BT10	£489	£577	£609	£785	£619
BT11	£457	£547	£594	£615	£565
BT12	£497	£468	£503	£602	£492
BT13	£346	£419	£456	£568	£436
BT14	£386	£446	£476	£564	£458
BT15	£386	£453	£516	£634	£475
BT16	£450	£499	£577	£748	£543
BT17	£465	£506	£572	£788	£558
BT18	£616	£590	£725	£1,055	£699
BT19	£428	£533	£587	£933	£618
BT20	£393	£523	£591	£718	£562
BT23	£389	£473	£539	£855	£540
BT26	£455	£628	£610	£910	£675
BT27	£302	£484	£552	£786	£562
BT28	£393	£521	£545	£743	£559
BT36	£413	£497	£519	£735	£522
BT37	£369	£479	£492	£810	£509
BT38	£393	£478	£511	£630	£498

5.0 Rental Performance across the Local Government Districts[1]

5.1 Distribution of Properties Let by Local Government Districts

There were **6,247** properties let outside of the BCCA, during the first half of 2015, accounting for approximately 55 per cent of all rental transactions in Northern Ireland but lower in volume terms compared with evidence for 2013 and 2014.

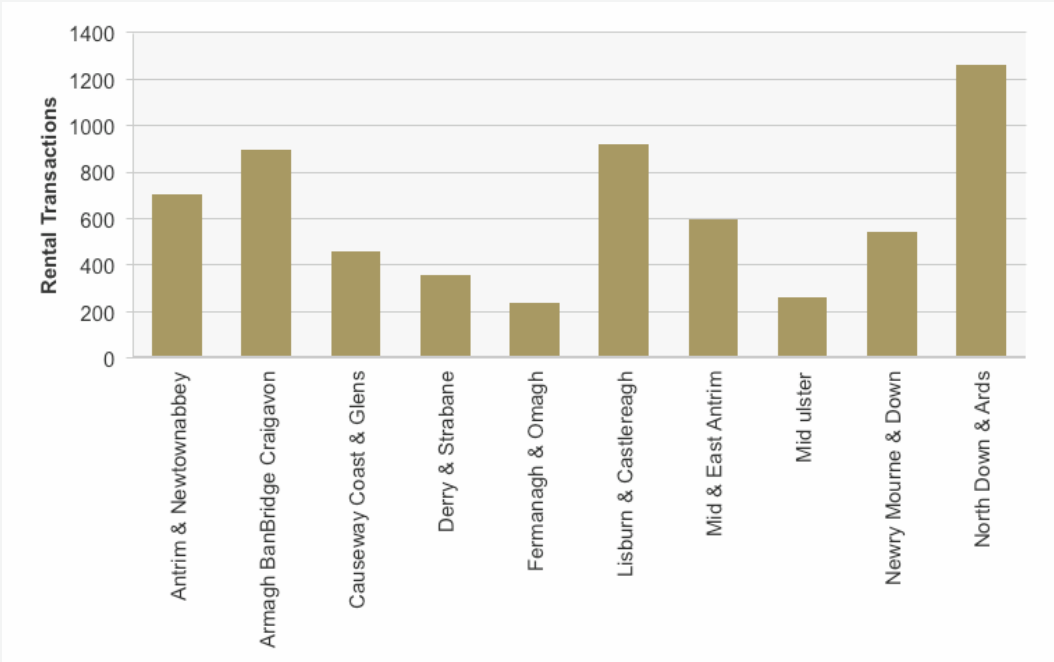
Figure 6: Number of properties let in Local Government Districts



The distribution of rental transactions (Figure 7) indicates that the North Down & Ards (1,263), Lisburn & Castlereagh (920), Armagh, Banbridge and Craigavon (897) and Antrim & Newtownabbey (708) districts are the largest rental markets outside of Belfast. Collectively, these district council areas account for 61 per cent of all rental transactions outside of Belfast. The more rural areas of Fermanagh & Omagh (240) and Mid-Ulster (259) observed low volumes of rental transactions over the time period.

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

Figure 7: Number of properties let in Local Government Districts H1 2015



Terrace/townhouse properties represent the largest proportion of rented properties with over one third (36%) of the total rental activity (Table 12). Apartments account for one quarter of lettings (25%) and semi-detached properties for 23 per cent of rented dwellings. The market share of detached dwellings remains the smallest accounting for 16 per cent of all properties let. The number of properties let across all sectors have shown decline over the first half of the year compared with the second half of 2014, down 11 per cent overall. Over the year, detached and semi-detached properties exhibit the most significant decreases in the number of lettings.

Table 12: Properties let by property type

Property Type	H1 2014	H2 2014	H1 2015	Half Yearly Change (%)	Annual Change (%)
Apartment	1,576 (23%)	1,637 (23%)	**1540 (25%)**	-5.9%	-2.3%
Terrace/Townhouse	2,363 (35%)	2,553 (36%)	**2275 (36%)**	-10.9%	-3.7%
Semi-detached	1,614 (24%)	1,596 (23%)	**1423 (23%)**	-10.8%	-11.8%
Detached	1,237 (18%)	1,234 (18%)	**1009 (16%)**	-18.2%	-18.4%
TOTAL	**6,790 (100%)**	**7,020 (100%)**	**6247 (100%)**	**-11.0%**	**-8.0%**

Table 13 again shows that four fifths (81%) of properties let outside BCCA during the first half of 2015 were two and three bedroom properties. Consistent with the previous half year, three bedroom properties are the most common size representing almost half (49%) of rented properties with an average rent of £517 per month. Two bedroom properties represent the next largest property size and account for almost one third (31%) of properties let, with an average rent of £477 per month.

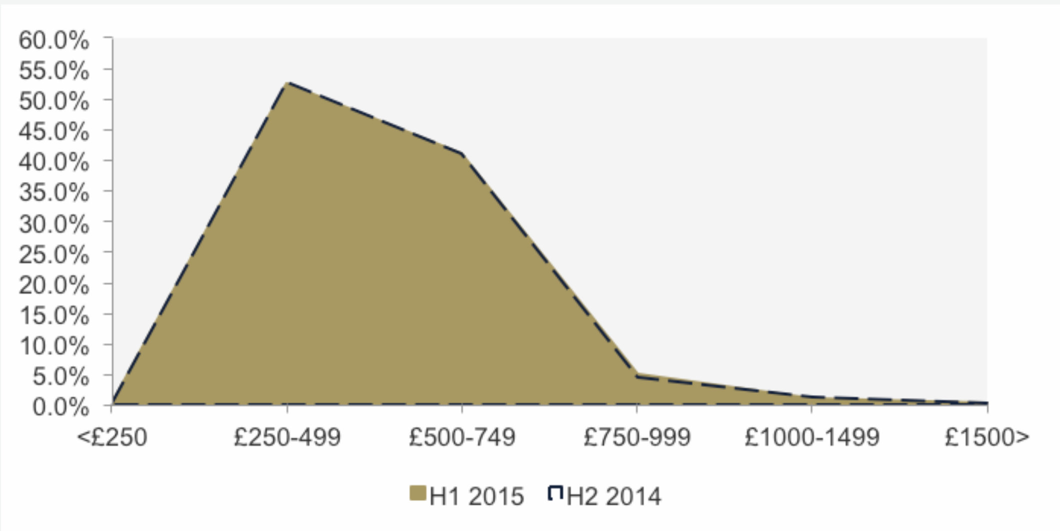
Table 13: Properties let by number of bedrooms

Number of Bedrooms	H1 2014	H2 2014	H1 2015	Half Yearly Change (%)	Annual Change (%)
1 bedroom	391 (6%)	420 (6%)	**416 (7%)**	-1.0%	6.4%
2 bedroom	1,955 (29%)	2,130 (30%)	**1,969 (31%)**	-7.6%	0.7%
3 bedroom	3,541 (52%)	3,499 (50%)	**3,074 (49%)**	-12.1%	-13.2%
4/4+ bedroom	903 (13%)	971 (14%)	**788 (13%)**	-18.8%	-12.7%
TOTAL	**6,790 (100%)**	**7,020 (100%)**	**6,247 (100%)**	**-11.0%**	**-8.0%**

5.2 Distribution of Banded Monthly Rent across the Local Government Districts

Figure 8 shows that over half of all rental properties outside BCCA (52%) were let in the £250-£499 per month rent band, with an average rent of £432 per month. Consistent with previous analysis, 41 per cent of properties were let in the £500-£749 band with an average rent of £572. Overall, this continues to confirm the different and lower rent structure outside of Belfast. The histogram further highlights that there has been no change in the rent bands over the last six months.

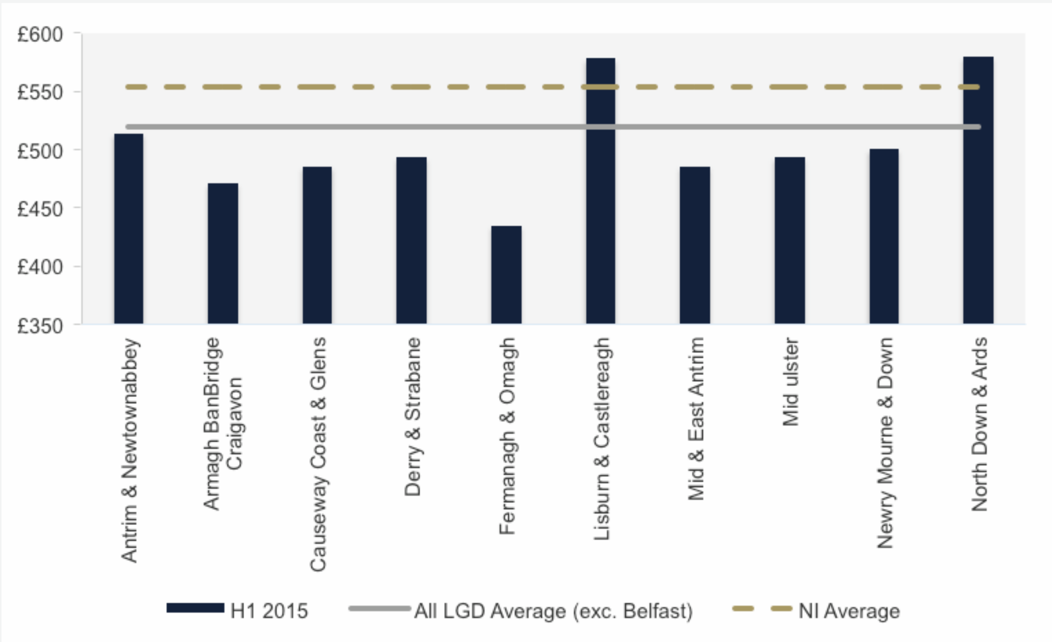
Figure 8: Histogram showing the distribution of banded monthly rents across Local Government Districts



5.3 Average Rent by Local Government District

Analysis of rental levels for properties rented outside of the BCCA reveal that the average rent was £520 per month, the same as the previous half year period and lower than the Northern Ireland average rent of £553, which showed slight growth in the same period. Figure 9 indicates that average rents in rural council areas, particularly those districts in the West and North of the province, are significantly below the Northern Ireland average. The Belfast Metropolitan area (BMA) urban council districts of North Down & Ards (£580), Lisburn & Castlereagh (£578) are the most expensive council areas. The lowest average rents were in the Fermanagh & Omagh (£435), Armagh, Banbridge & Craigavon (£471), Mid & East Antrim and Causeway Coast & Glens (£486) council areas. Nonetheless, it is notable that there is a general clustering of rents in the more rural rental locations.

Figure 9: Average monthly rent by Local Government District



5.3.1 Average Rent by Property Type

Table 14 provides analysis by property type at district council level. The highest average rent for apartments was found in North Down & Ards (£521), followed by Lisburn & Castlereagh (£510) and Antrim and Newtownabbey (£471) council areas. The lowest average rents for this property type were in the districts of Fermanagh & Omagh (£369), Armagh Banbridge & Craigavon (£402) and Mid-Ulster (£416). The highest average rents for terrace/townhouse properties, were in Lisburn & Castlereagh (£536) and North Down & Ards (£524), with Derry & Strabane (£502) remaining the highest rental location outside of BMA council areas in the first half of 2015. The lowest average rents were in Fermanagh & Omagh (£434) and Armagh Banbridge & Craigavon (£437). A similar trend is observed for semi-detached properties where the range of average rent was relatively narrow and the highest priced districts were again the contiguous BMA regions of North Down & Ards (£591), followed by Lisburn & Castlereagh (£582) and Antrim and Newtownabbey (£535), with Derry & Strabane (£532) the highest rental location outside of the BMA. Fermanagh & Omagh (£454), Armagh, Banbridge & Craigavon (£499) and Newry Mourne & Down (£505) in south and west were the lowest priced regions for semi-detached rental properties. For detached properties, the spread of average rent is generally much larger – ranging from £503 to £805. Detached properties in the districts contiguous to Belfast exhibited the highest average rent for this type of property. Fermanagh & Omagh (£503) and Mid Ulster (£548) were again amongst the lowest priced regions.

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

Council District	Average Rent by Property Type (£)				
	Apartment	Terrace/ Townhouse	Semi Detached	Detached	All
Antrim & Newtownabbey	£471	£474	£535	£703	£514
Armagh, Banbridge & Craigavon	£402	£437	£499	£574	£471
Causeway Coast & Glens	£426	£484	£478	£567	£486
Derry & Strabane	£447	£502	£532	£601	£493
Fermanagh & Omagh	£369	£434	£454	£503	£435
Lisburn & Castlereagh	£510	£536	£582	£744	£578
Mid & East Antrim	£469	£448	£515	£609	£486
Mid-Ulster	£416	£475	£516	£548	£493
Newry Mourne & Down	£433	£469	£505	£606	£500
North Down & Ards	£521	£524	£591	£805	£580

5.3.2 Average Rent by Number of Bedrooms

One bedroom rental properties are not a common property size across all regions, although the number of one bedroom lettings has increased by 5.4 per cent in this half year period and is up 12.2 per cent in annual terms. The sample of one bedroom properties (Table 15) reveals a relative clustering of average rent in this category with North Down & Ards (£436), Lisburn & Castlereagh (£407) and Derry & Strabane (£387) displaying the highest average rent. The more rural areas such as Fermanagh & Omagh (£295), Causeway Coast & Glens (£350) and Newry Mourne & Down (£352) exhibit the lowest average monthly rent. Analysis of two bedroom properties shows a relative clustering of rents between between £444 and £484, with Lisburn & Castlereagh (£519) and North Down & Ards (£510) having the highest average monthly rent. The lowest average rent for two bedroom properties was once again observed in Fermanagh & Omagh (£409) and Armagh, Banbridge & Craigavon (£421) to the south and west.

The statistics show that the range of average rent for three bedroom properties is relatively narrow across the province, mostly falling between £500-£573. The highest average rents are in the BMA council areas of Lisburn & Castlereagh (£573) and North Down & Ards (£572), and in the northwest of the province, Derry & Strabane (£524). Fermanagh & Omagh (£458) and Armagh, Banbridge & Craigavon (£473) once again exhibited the lowest average rent statistic, followed by Causeway

Coast & Glens (£491). In general, the figures for this group highlight rent differentials, with the South West and Mid-Ulster generally showing lower average rent profiles for this property size.

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

Council District	Average Rent by Number of Bedrooms (£)				
	1	2	3	4/4+	All
Antrim & Newtownabbey	£376	£484	£502	£730	£514
Armagh, Banbridge & Craigavon	£357	£421	£473	£596	£471
Causeway Coast & Glens	£350	£444	£491	£595	£486
Derry & Strabane	£387	£480	£524	£616	£493
Fermanagh & Omagh	£295	£409	£458	£546	£435
Lisburn & Castlereagh	£407	£519	£573	£793	£578
Mid & East Antrim	£380	£456	£504	£617	£486
Mid-Ulster	£366	£444	£500	£584	£493
Newry Mourne & Down	£352	£445	£510	£670	£500
North Down & Ards	£436	£510	£572	£850	£580

6.0 Conclusion

The key findings of this latest report indicate a generally vibrant rental market in Northern Ireland for the first half of 2015 particularly within the Belfast City Council area. Overall the number of rental transactions recorded (11,443) was one per cent higher than for the first half of 2014 but lower than the second half of 2014, a trend noted in previous surveys.

The analysis suggests a compositional shift in the rental market with an increasing proportion of apartments and terrace/townhouses and a complementary decline in the number of semi-detached and detached houses in the rental market possibly reflecting the improvement in the sales/homeownership market in Northern Ireland over the past year. This structural change is also apparent in the growth of both one and two-bedroomed properties in the rental market and a reduction in the number of larger, three and four bedroomed properties.

In terms of average rent, overall there has been a slight increase by 0.7% and 0.9% respectively over the half-year and year with strongest rental growth apparent for semi-detached and detached property, possibly reflecting the reduced supply of these property types in the rental market. However, in terms of number of bedrooms, the highest increase in average rents is for two-bedroom properties. Compared with the house sales market, the analysis suggests that the rental market shows convergent performance over the first half of 2015.

This survey also highlights the differing performance of the rental market in the Belfast City Council area and the rest of Northern Ireland. The former is characterised by a growth in the volume of transactions (up by 14.3% over the year). Average rent is down by 1.3% over the year, but up by 0.8% over the half-year, whereas collectively across the other council areas the volume of rental transactions has fallen by 8.0% over the year suggesting a somewhat different market dynamic.

Endnote

[i] Rent statistics in PropertyNews.com are generally inclusive of rates. To ensure rent datasets are comparable, NIHE rent statistics for Housing Benefit in the PRS need to be adjusted upward to ensure consistency in average rents across the sample. Following wide and detailed analysis of the council areas, rates poundage and the range of adjustment required for each property type across the LGD areas, the research identified the median percentage adjustment for the NIHE datasets to be as follows: Apartments 11%; Detached 17%; Semi-Detached 13%; and Terrace 13%. It was observed that there was only slight variance in the range across the LGD areas and therefore the percentage uplift could be applied uniformly to the dataset across all LGD areas.