Ulster University

Performance of the PRIVATE RENTAL MARKET IN NORTHERN IRELAND

Housing Executive

Propertynews.com

H1 2019
Issue Number 13

INTRODUCTION

This survey analyses the performance of the Northern Ireland rental market during the first half (January to June; 'H1') of 2019. The report provides an analysis of trends and patterns at a regional level during this six-month period, drawing comparisons with the second half of 2018 as a measure of half yearly change and with the same period in 2018 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 8,406 rental transactions recorded on PropertyNews.com and the Housing Executive's 'LHA dataset for Housing Benefit' database for the first half of 2019. The volume of transactions has slightly increased for this survey, naturally reflecting the general market trends of increased churn and transaction volume bounce when compared with the traditionally quieter end of year. The increase is consistent with previous surveys, but also notes a trend of overall transactional decline across the rental market since 2014, related to longer leases, regulatory changes, improved tenure choice and product availability within the owner-occupier sector.

In this report, information is presented on the residential rental sector for Northern Ireland, with an analysis of average rental price 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 change in average rent over time and is set to a base value of 100 for the first quarter of 2013. Regional analysis considers trends in Local Government Districts (LGDs) across Northern Ireland.

KEY FINDINGS

The latest survey of the Northern Ireland private rental market indicates that whilst average rents are increasing, generally the rate of growth has slowed over both the half yearly and annual time-frames analysed in this report. In performance terms, the evidence depicts a picture of a polarised market; while the Belfast centric Local Government Districts (LGDs) performed relatively strongly over both the half year and year, there is evidence of flat or negative performance of rental price growth across the remaining district council areas, particularly in more rural areas. In addition, the number of transactions in the sample, whilst stable overall, has decreased to the lowest level recorded in these surveys for this period of the year.

The key headlines relating to the rental market in H1 2019 are:

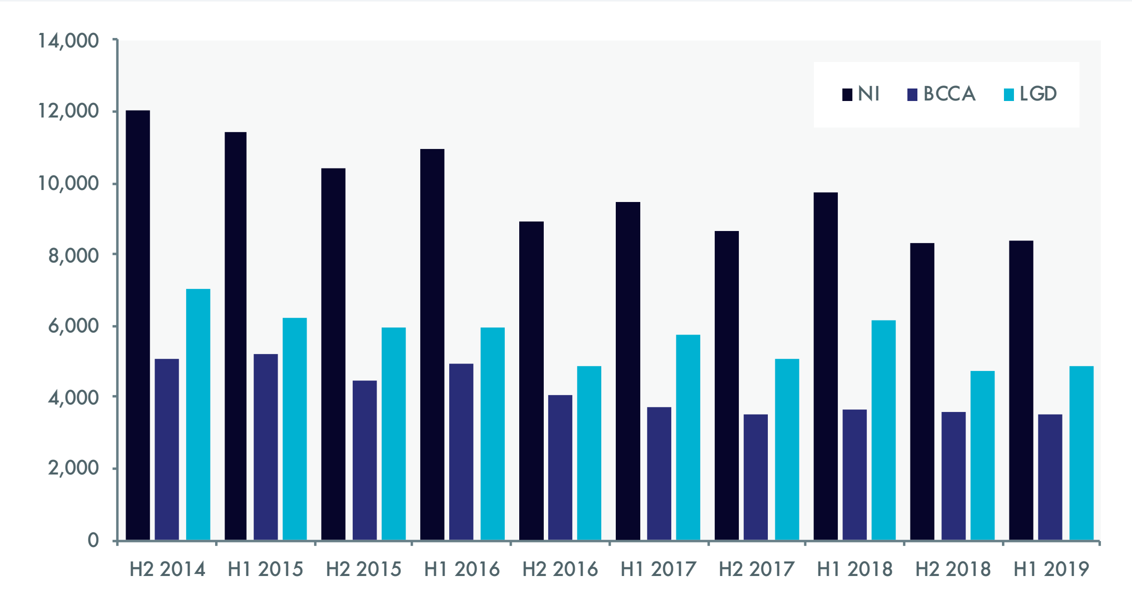
- the number of rental transactions increased by 1.3% over the half year but is down by 13.8% in annual terms
- average rents across Northern Ireland reveal modest growth, rising by 0.9% over the first half of 2019 to £627 a month and by 2.5% compared to H1 2018
- average rent in the Belfast City Council Area (BCCA) increased by 3.7%, to £716 per month over the first six months of 2019, with similar performance annually (up by 2.8%)
- outside of Belfast, the average LGD rental value is marginally down by 0.9% to £564 per month in H1 2019, and relatively unchanged in annual terms, displaying nominal growth of 0.4%.

RENTAL TRENDS

Number of Lettings

During the first half of the year, this survey captured 8,406 private rental transactions in Northern Ireland, reflecting a 1.3% increase on the last six months of 2018. Annual comparison with the same period in the previous year (H1 2018) indicates a 13.8% decrease in the number of rental market transactions (Figure 1).

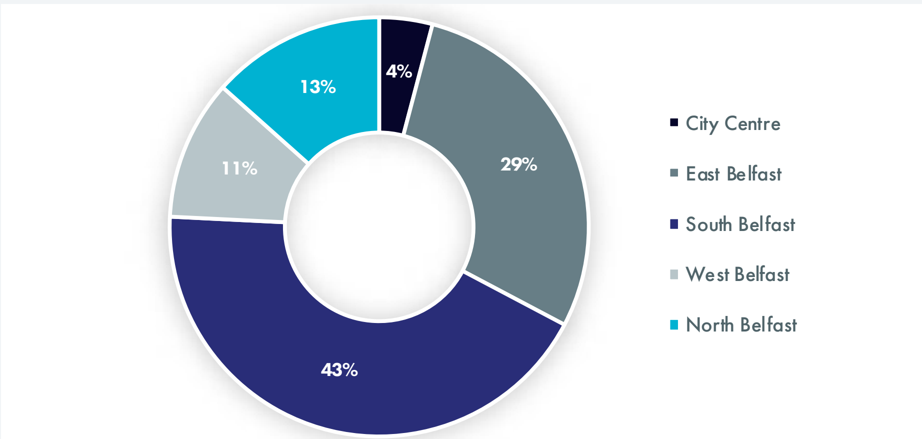
FIGURE 1 Number of lettings – NI, Belfast City Council Area and other LGDs, H2 2014-H1 2019



Belfast City Council Area

Within the Belfast City Council Area (BCCA), there were 3,525 lettings in the first half of 2019, down on both the previous half year (1.6%) and annually (2.8%) when compared to H1 2018. Nevertheless, Belfast remains the main rental market area, accounting for 42% of all rental transactions in the survey (43% during H2 2018). Within the BCCA, the survey again indicates that the highest market churn and rental volume were in South (43% of lettings in BCCA) and East Belfast (29%). The volumes of lettings in North (13%) and West (11%) Belfast were comparatively lower and remained similar to the previous survey, likely reflecting the greater representation of the social rented market sector in these areas (Figure 2).

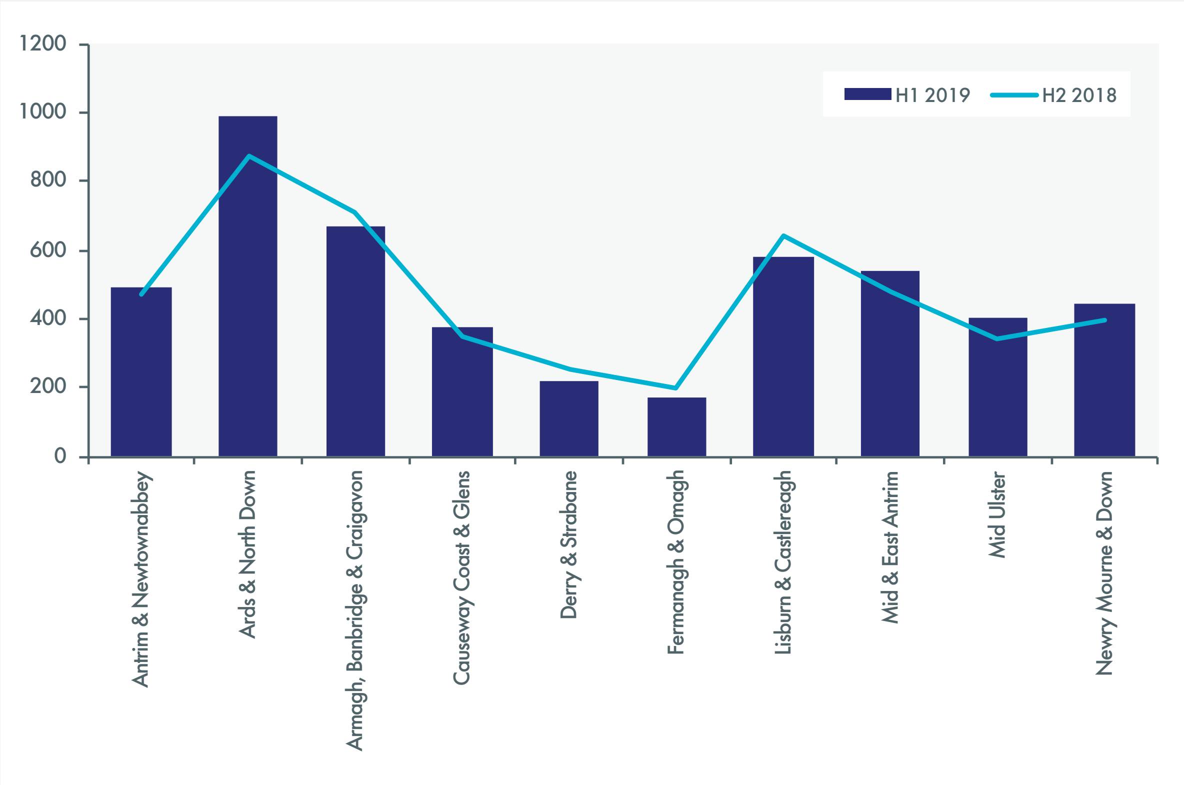
FIGURE 2 Proportion of lettings by sub-market, Belfast City Council Area, H1 2019



Local Government Districts

During H1 2019, there were 4,881 lettings in LGDs outside of Belfast, which is modestly up over the half year (3.5%) but significantly down (20.4%) when compared with the same period in 2018. Taken together, these LGDs accounted for 58% of rental transactions in Northern Ireland, compared with 57% in the previous survey. The main rental markets remain those within the wider Belfast metropolitan area and those on the primary urban belt to Belfast: Ards & North Down (988); Armagh, Banbridge & Craigavon (666) and Lisburn & Castlereagh (578). Consistent with previous surveys, there were lower volumes of rental transactions in the more rural areas of Fermanagh & Omagh (172) and Derry & Strabane (222) (Figure 3).

FIGURE 3 Number of lettings by Local Government District (outside Belfast), H2 2018 and H1 2019



MARKET SHARE

Across Northern Ireland, the pattern of market share by property type is remarkably consistent with previous surveys. The terrace/townhouse sector again dominates the market with a 38% share of lettings, while the apartment sector represents a slightly greater share (35%) of the market when compared to H2 2018 (34%). The percentages of properties that were semi-detached (17%) and detached (10%) remained unchanged from the previous survey. In the Belfast rental market, the market structure is dominated by lettings in the apartment (44%) and terrace/townhouse (43%) sectors, accounting for 87% of all rental lettings and confirming the slight change in the market as noted in the previous survey. For LGDs outside Belfast, the distribution of rental lettings by property type is broadly unchanged from the previous survey, with terrace/townhouse properties remaining the largest sector and accounting for over a third of lettings (34%). Apartments (28%) and semi-detached properties (22%) continue to represent approximately one-quarter of lettings respectively. Overall, the statistics confirm the difference in rental market composition between the Belfast City Council area and other local authority areas across the province.

TABLE 1 Properties let by type, H1 2019						
Property type	**NI**	**HY Δ**	**BCCA**	**HY Δ**	**LGDs**	**HY Δ**
Apartment	2,926 (35%)	2.5%	1,564 (44%)	-3.8%	1,362 (28%)	10.8%
Terrace/Townhouse	3,188 (38%)	0.5%	1,524 (43%)	1.4%	1,664 (34%)	-0.3%
Semi-detached	1,429 (17%)	-0.9%	354 (10%)	-3.3%	1,075 (22%)	-0.1%
Detached	863 (10%)	1.4%	83 (2%)	-5.7%	780 (16%)	2.2%
ALL	**8,406**	**1.3%**	**3,525**	**-1.6%**	**4,881**	**3.5%**

Δ denotes percentage change

When disaggregated by number of bedrooms, the pattern was consistent with previous surveys, showing a consistent and stable market. Across Northern Ireland, two and three bedroom properties remain the most common property size, accounting for 77% of properties rented over the first half of 2019, albeit down slightly on the previous survey (79%). This trend was generally reflected in the BCCA, where just under three quarters (73%) of properties let were in these categories, with two bedroom properties accounting for 45% of all rental lettings. In contrast, across the LGDs, three bedroom properties accounted for almost half of all lettings (47%), with two bedroom properties taking a share of 33% of all lettings. The survey confirms the varying regional composition of the rental market by number of bedrooms.

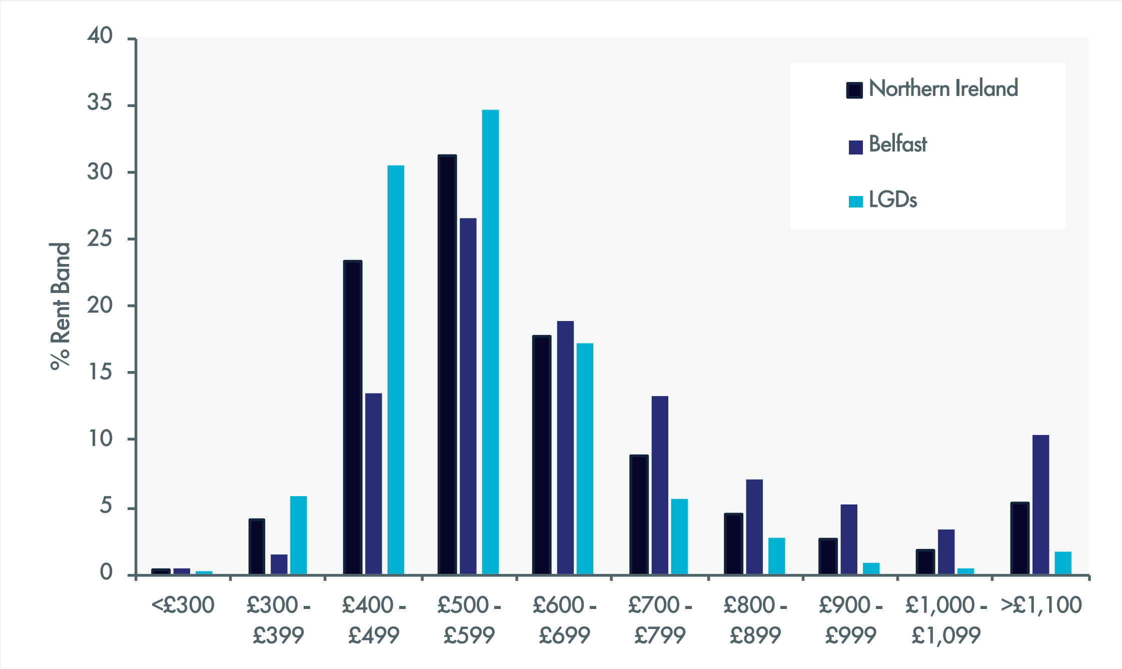
TABLE 2 Properties let by size, H1, 2019						
No. of bedrooms	**NI**	**HY Δ**	**BCCA**	**HY Δ**	**LGDs**	**HY Δ**
1 Bedroom	757 (9%)	10.7%	366 (10%)	-5.9%	391 (8%)	32.5%
2 Bedroom	3,198 (38%)	-2.1%	1,597 (45%)	-9.8%	1,601 (33%)	6.9%
3 Bedroom	3,252 (39%)	-1.0%	978 (28%)	4.2%	2,274 (47%)	-3.0%
4+ Bedroom	1,199 (14%)	12.8%	584 (17%)	20.7%	615 (13%)	6.2%
ALL	**8,406**	**1.3%**	**3,525**	**-1.6%**	**4,881**	**3.5%**

Δ denotes percentage change

DISTRIBUTION OF RENTS

In terms of average rental bands, 31% of rental properties let across Northern Ireland in the first half of 2019 fell within the £500-£599 band – nominally down from the previous survey (32%). For BCCA, this proportion stood at 27%, up one percentage point from the previous period and comparatively lower than the aggregated LGD (35%). The £400-£499 rental band accounts for 23% of lettings across NI, compared with 24% in H2 2018, and a significantly higher proportion of lettings in LGDs outside Belfast (31%) fell within this band than in the BCCA (14%). The proportions of lettings across the LGDs outside Belfast in the £400-£499 and £500-£599 range confirms the continued lower rental pricing structure outside of Belfast. The relative change in rent distribution over the period indicates a shift towards higher rents in Belfast, with the overall trend signalling a slight widening in rent distribution, illustrated by a comparatively higher proportion of rental lettings above £600 in the BCCA (58%) compared with the NI (41%) and LGD (29%) averages **(Figure 4)**.

FIGURE 4 Proportion of properties let by rent band – NI, BCCA and other LGDs, H1 2019



Rent structure

Whilst the mean rent is an important indicator of market movement and trends in the private rental market, further insight can be gained by taking account of the distribution and variance of rents across the district council areas. The Coefficient of Variation (CoV) 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. The survey indicates that during the first half of 2019, Ards & North Down retained the highest comparative rental spread at 39%, followed by the Belfast City Council area, which stood at 37% – broadly reflecting the variation and availability of rental stock in these areas (Table 3).

TABLE 3 Average, median, 25th and 75th percentile rents and coefficient of variance by LGD, H1 2019

Council area	Average rent (£)	Coefficient of variance	Median rent (£)	25th percentile	75th percentile
Antrim & Newtownabbey	562	24	540	475	622
Ards & North Down	627	39	560	495	665
Armagh Banbridge & Craigavon	519	21	502	454	565
Belfast	716	37	646	540	800
Causeway Coast & Glens	526	22	511	462	575
Derry & Strabane	510	19	512	438	562
Fermanagh & Omagh	482	20	477	426	540
Lisburn & Castlereagh	655	26	625	550	739
Mid & East Antrim	525	26	496	450	573
Mid-Ulster	525	20	526	461	588
Newry Mourne & Down	553	26	526	475	600

FIGURE 5

RENTAL PERFORMANCE BY REGION, H1 2019

Rental Price Annual Percentage Change

7.6 - 10.0%	0 - -2.5%
5.1 - 7.5%	-2.6 - 5.0%
2.6 - 5.0%	-5.1 - -7.5%
0.1 - 2.5%	-7.6 - -10.0%

Northern Ireland	
Average rent H1 2019	£627
Average rent H2 2018	£622
Half yearly variance	0.9%
Average rent H1 2018	£612
Annual variance	2.5%

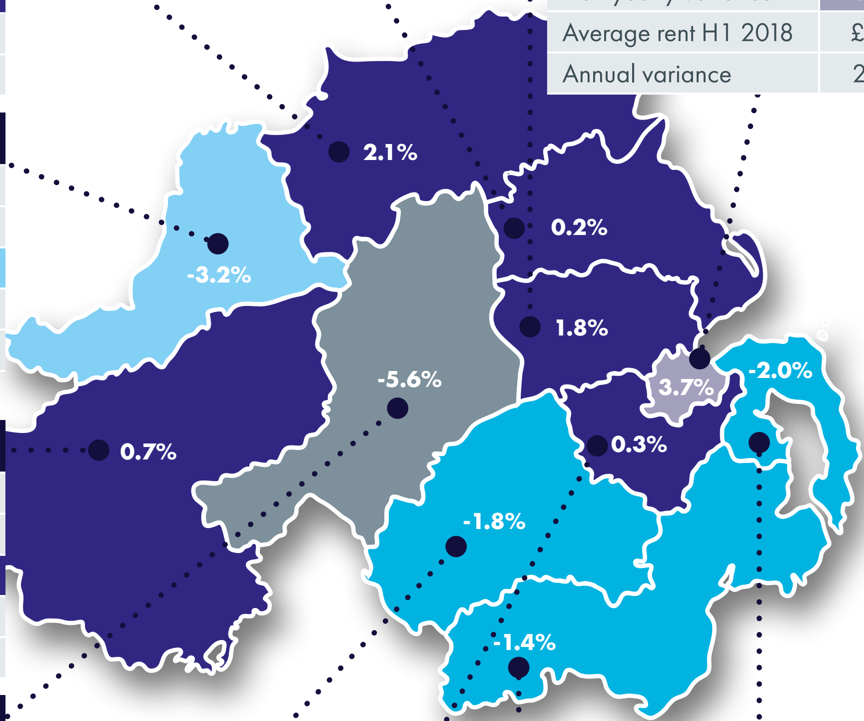
Mid and East Antrim	
Average rent H1 2019	£525
Average rent H2 2018	£524
Half yearly variance	0.2%
Average rent H1 2018	£524
Annual variance	0.2%

Antrim and Newtownabbey	
Average rent H1 2019	£562
Average rent H2 2018	£551
Half yearly variance	1.8%
Average rent H1 2018	£553
Annual variance	1.6%

Causeway Coast and Glens	
Average rent H1 2019	£526
Average rent H2 2018	£515
Half yearly variance	2.1%
Average rent H1 2018	£567
Annual variance	-7.1%

Belfast	
Average rent H1 2019	£716
Average rent H2 2018	£690
Half yearly variance	3.7%
Average rent H1 2018	£697
Annual variance	2.8%

Derry and Strabane	
Average rent H1 2019	£510
Average rent H2 2018	£526
Half yearly variance	-3.2%
Average rent H1 2018	£525
Annual variance	-2.9%



Fermanagh and Omagh	
Average rent H1 2019	£482
Average rent H2 2018	£478
Half yearly variance	0.7%
Average rent H1 2018	£459
Annual variance	5%

Mid Ulster	
Average rent H1 2019	£525
Average rent H2 2018	£557
Half yearly variance	-5.6%
Average rent H1 2018	£549
Annual variance	-4.3%

Ards and North Down	
Average rent H1 2019	£627
Average rent H2 2018	£640
Half yearly variance	-2.0%
Average rent H1 2018	£608
Annual variance	3%

Armagh, Banbridge and Craigavon	
Average rent H1 2019	£519
Average rent H2 2018	£528
Half yearly variance	-1.8%
Average rent H1 2018	£520
Annual variance	-0.2%

Lisburn and Castlereagh	
Average rent H1 2019	£655
Average rent H2 2018	£652
Half yearly variance	0.3%
Average rent H1 2018	£634
Annual variance	3.3%

Newry, Mourne and Down	
Average rent H1 2019	£553
Average rent H2 2018	£561
Half yearly variance	-1.4%
Average rent H1 2018	£542
Annual variance	2%

NORTHERN IRELAND

In general terms, the statistics for the first half of 2019 show that average rents across Northern Ireland exhibit slight growth, rising by 0.9% by comparison with the previous six months. Stronger, albeit modest, performance is observed over the year, with the rate of rental growth observed at 2.5% when compared with the same period in 2018 (Figure 5). The average rent during H1 2019 was £627, up from £622 in the previous six months and equivalent to an average increase in total rental costs of £60 over a year. When disaggregated by property type, performance over the half year is mixed. The average rent for apartments remained broadly flat at £613 per month, whilst semi-detached properties increased nominally, up 0.6% to £623 per month. Terrace properties recorded the greatest, albeit modest, change over the half year, up 2.7% to £608 per month. In contrast, the average monthly rent for detached properties decreased by 1.1%, from £763 to £754, over the half year.

LOCAL GOVERNMENT DISTRICTS OUTSIDE BELFAST

The average rent for properties in district council areas outside the BCCA was £564 per month, slightly down by 0.9% over the half year and relatively unchanged in annual terms (up by 0.4%). The survey again records that the average rent lags behind the overall Northern Ireland average monthly rent of £627, with a slight widening in the rent differential over the period. Table 4 shows the variability in average rents by property type across the local government districts. Consistent with previous surveys, the general picture depicts a cooling of average rents in rural areas, particularly in those districts in the west of Northern Ireland. In terms of performance, there is a degree of variability in the change in average rent in government districts, with rural areas in the mid-east and north-west displaying modest decreases in average rent over the time period. As tends to be the case, council districts within the wider Belfast Metropolitan Area remained the most resilient and expensive areas within which to rent.

TABLE 4 Average rent by property type (LGDs outside Belfast), H1 2019

Council area	Average rent by property type (£)				
	Apartment	Terrace/ Townhouse	Semi-detached	Detached	ALL
Antrim & Newtownabbey	£497	£528	£586	£745	£562
Ards & North Down	£554	£566	£642	£910	£627
Armagh Banbridge & Craigavon	£452	£484	£543	£651	£519
Causeway Coast & Glens	£468	£512	£547	£605	£526
Derry & Strabane	£476	£515	£568	£715	£510
Fermanagh & Omagh	£427	£478	£491	£530	£482
Lisburn & Castlereagh	£576	£598	£664	£853	£655
Mid & East Antrim	£481	£489	£555	£729	£525
Mid-Ulster	£447	£522	£569	£570	£525
Newry Mourne & Down	£495	£514	£572	£657	£553
ALL	**£502**	**£526**	**£590**	**£720**	**£564**

BELFAST METROPOLITAN AREA

Across the wider Belfast Metropolitan region, the neighbouring district council areas to Belfast displayed variable performance in average rents, a pattern which was also evident when disaggregated by property type.

In the **Antrim & Newtownabbey** district council area, the overall average rent was £562, representing a modest 1.8% increase on the previous six months (£551 and similar growth over the year (1.6%). There was some variability by property type, with slight growth apparent for terrace/townhouse properties which increased by 1.3% to £528pm. In contrast, rental levels for apartments showed slight downward change, reducing by 2.4% to £497 from £509 in the previous survey. Nominal half yearly declines were also observed for semi-detached (£586pm) and detached dwellings (£745pm) which were down by 1% over the six month period.

In **Ards & North Down** district, the overall average rent was £627 per month, down 2% over the half-year, but with the annual picture showing modest growth at 3%. The slight contraction in average rent over the half year is reflected across all property sectors with terrace/townhouse properties recording the largest decrease in average rent over the period, down 2.2% to £566 relative to H2 2018. Apartments were nominally down 0.6% to £554 per month with semi-detached (£642) and detached (£910) dwellings also displayed marginal decline over the period, down 0.6% and 0.5% respectively.

For **Lisburn & Castlereagh** district, the average rent was relatively unchanged, nominally up over the half year by 0.3% to £655, with stronger annual performance recorded when compared with the same period in 2018. Despite the modest growth in half yearly and annual rents, there is variable performance across property types. Average rents for apartments were considerably up by 4.7% over the half year to £576 per month. In contrast, average rents for semi-detached and detached properties exhibited similar rates of decline over the period, down by 2.1% to £664a month and 1.9% to £853, respectively.

NORTH & NORTH WEST

The district council areas in the North and North West were characterised by variability over the half year and a modest decrease in rents in annual terms.

In **Mid & East Antrim**, average rents remained almost unchanged over both the half year and year in relative and absolute terms, increasing by 0.2 over both periods, to £525 a month. Despite little overall change, analysis by property type reveals some variability over the period. Both semi-detached and apartment properties showed contraction in average rents, decreasing by 2.5% to £555and by 1.6% to £481 per month, respectively. In the detached sector, average rents showed the strongest rate of growth, up 4.2% to £729 per month. Terrace/townhouse properties also recorded growth, albeit marginal, up 0.5% to £489 per month.

In the **Causeway Coast & Glens** area, average rents saw modest gains over the half year, up 2.1% to £526 per month. However, in annual terms the average rent was down by 7.1%, a degree of change that may be inflated by the unusually strong level of transactions in the area at the start of 2018. The upward half-yearly performance was apparent across all

property types. The largest increase was in the terrace/townhouse sector, where rents increased by 6.5% to £512 per month. Likewise, semi-detached properties were up by 4.2% to £547 per month. Apartments and detached properties also experienced growth in average rent, although at a much lower rate. Apartments were up 1.5% to £468 per month with detached properties similarly by up 1.4% to £605 per month.

For **Derry & Strabane** district, average rents were modestly down by 3.2% over the half year to £510 per month, and down by 2.9% annually. When considered by property type, semi-detached properties were appreciably down by 6% to £568, more in line with average rent in H1 2018. The average rents for terrace/townhouse properties (£515) and apartments (£476) also decreased slightly over the half year, down 1.8% and 1.2% respectively. In contrast, detached properties observed a strong rate of growth, up 5.6% to £715 per month.

THE SOUTH

IBoth district council areas in the south of Northern Ireland exhibited average rent decreases over the half year, but with better performance annually.

In the **Armagh Banbridge & Craigavon** area, the overall average monthly rent was £519, marginally down by 1.8% over the half year, but relatively unchanged over the year (down by 0.2%). Disaggregation to individual property type shows variable rates of change and performance, with all sectors except for apartments showing marginal decreases in average rents. Semi-detached properties were down 2.4% to £543 per month, and detached properties decreased by 1% to £651. Terrace/townhouse properties showed a nominal rate of rental decline in both relative and absolute terms, down by 0.4% to £484 a month. In contrast, the average monthly rent for apartments was moderately up in this survey, by 2.4% to £452per month.

For the **Newry Mourne & Down** district, the average monthly rent (£553) marginally decreased over the half year by 1.4% although the figures indicate a modest rate of annual growth compared with H1 2018 (2%). In terms of property type, only the semi-detached sector observed growth over the period, with average rents considerably up by 5.9% to £572 per month. In contrast, the detached sector observed the largest rate of rental decline, down 3.8% to £657 per month, followed by terrace/townhouse properties which were down 1.4% to £514 per month. The apartment sector remained unchanged in relative terms, slightly down 0.2% at £495 per month.

THE WEST

The districts in the west of Northern Ireland were characterised by variable rates of change in rental performance over both the half year and year.

In **Fermanagh & Omagh**, the average monthly rent (£482) was broadly unchanged over the half year, (up by 0.7%) but appreciably up in annual terms (5%). The relatively flat half-yearly performance was largely the result of a degree of variability by property type. Over the period, increases in average rent were observed in the terrace/townhouse (£478pm) and apartment (£427pm) sectors, which rose by 3.3% and 1.4% respectively. In contrast, rates of decline were seen in detached properties, which were appreciably down by 5.4% to £530 per month, and, to a lesser extent, semi-detached properties (down by 3.1% to £491 per month).

For the **Mid-Ulster** district, average rents contracted considerably over the half year, down 5.6% to £525 per month, with average rents down by 4.3% over the year. The weak performance was driven by declines across all sectors and most notably in the detached sector, in which average rent reduced by 6.9% to £570 per month. Variable rates of decline were also observed for terrace/townhouse properties (£522; down 5%), apartments (£447; down 3.1%) and semi-detached properties (£569; down 1.5%).

BELFAST CITY COUNCIL AREA

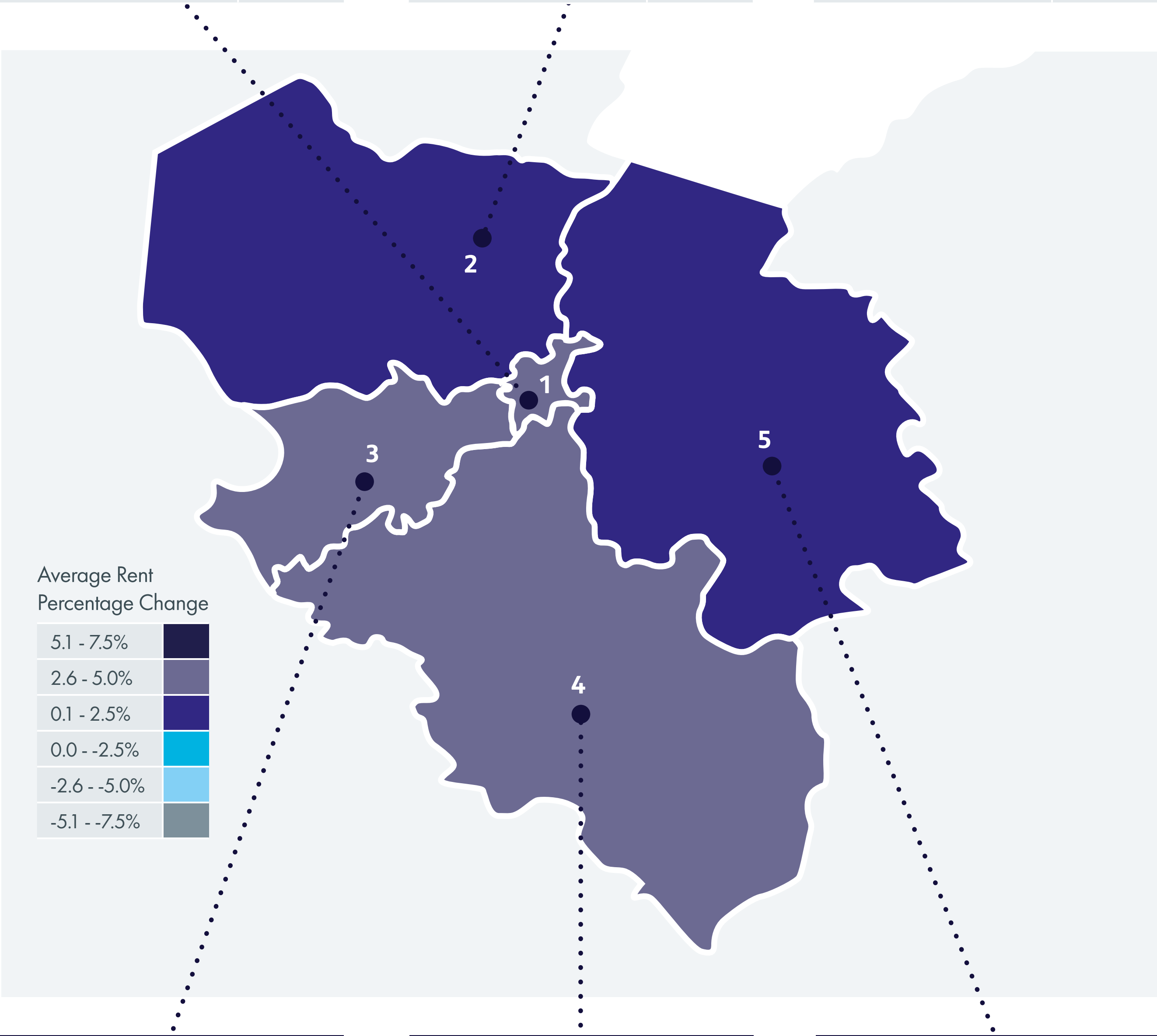
This section briefly considers the average rental values for rental sub-markets across the Belfast City Council Area (**Figure 6**).

FIGURE 6 Average rent in BCCA, H1 2019

1. Belfast City Centre	
Average rent H1 2019	£863
Average rent H2 2018	£822
Half yearly variance	4.9%
Average rent H1 2018	£797
Annual variance	8.3%

2. North Belfast	
Average rent H1 2019	£509
Average rent H2 2018	£500
Half yearly variance	1.8%
Average rent H1 2018	£509
Annual variance	0%

Belfast LGD	
Average rent H1 2019	£716
Average rent H2 2018	£690
Half yearly variance	3.7%
Average rent H1 2018	£697
Annual variance	2.8%



3. West Belfast	
Average rent H1 2019	£586
Average rent H2 2018	£559
Half yearly variance	4.9%
Average rent H1 2018	£565
Annual variance	3.8%

4. South Belfast	
Average rent H1 2019	£861
Average rent H2 2018	£830
Half yearly variance	3.7%
Average rent H1 2018	£843
Annual variance	2.1%

5. East Belfast	
Average rent H1 2019	£622
Average rent H2 2018	£619
Half yearly variance	0.4%
Average rent H1 2018	£590
Annual variance	5.5%

At £716 for the first half of 2019, the average monthly rent across the BCCA increased by 3.7% relative to H2 2018, and by 2.8% when compared with the same period the previous year (H1 2018). All sub-market areas observed growth over the half year, albeit to varying degrees. For this survey, the city centre is the most expensive rental location, with an average monthly rent of £863; this represents an increase of 4.9% over the half year and 8.3% over the year. The South Belfast sub-market area observed a moderate rate of rent growth, up 3.7% to £861 over the half year, and up 2.1% annually. In East Belfast, the average rent remained relatively flat over the half year, up 0.4% to £622 per month, with relatively strong performance recorded over the year (5.5%). Growth was also evident in the West Belfast area, where the average rent of £586 represented an increase of 4.9% over the half year and 3.8% in annual terms. This survey confirms North Belfast (£509) as the lowest priced rental location in the BCCA by a considerable margin, with average rents modestly increasing by 1.8% over the period and remaining unchanged when compared with the same period last year. (Figure 6).

BCCA AVERAGE RENT BY TYPE

The pattern of rental growth across the Belfast City Council area in this survey is reflected across the property types, with some variability apparent (Table 5). Over the half year, average rent for terraced/townhouse properties was appreciably up, by 6.1% to £703, with moderate growth also seen in the semi-detached sector (up 3.4% to £726 per month over the period). The detached (£1,078) and apartment (£707) sectors also exhibited growth, up 2.2% and 2% respectively. In annual terms, the picture was again one of moderate rates of rental increase across all property types.

TABLE 5 Average Rent by Property Type, Belfast City Council Area, H2 2017-H1 2019

Property type	BCCA H2 2017	BCCA H1 2018	BCCA H2 2018	BCCA H1 2019	Half Yearly Δ	Annual Δ
Apartment	£643	£686	£693	£707	2.0%	3.0%
Terrace/Townhouse	£635	£689	£663	£703	6.1%	2.1%
Semi-detached	£679	£707	£702	£726	3.4%	2.7%
Detached	£1,072	£1,057	£1,055	£1,078	2.2%	2.0%
ALL	**£653**	**£697**	**£690**	**£716**	**3.7%**	**2.8%**

Δ denotes percentage change

WIDER BELFAST AREA RENT GRID

The rent grid (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 typical three bedroom property varied from £482 in BT13 to £1,223 in BT2. In this survey, it is noteworthy that there appears to be less churn for one bedroom and four bedroom properties in rental locations; this may be at least partly related to universal credit roll out and occupancy and bedroom tax considerations in the social rented sector.

TABLE 6 Average rent by postcode district and property size, Belfast area, H1 2019

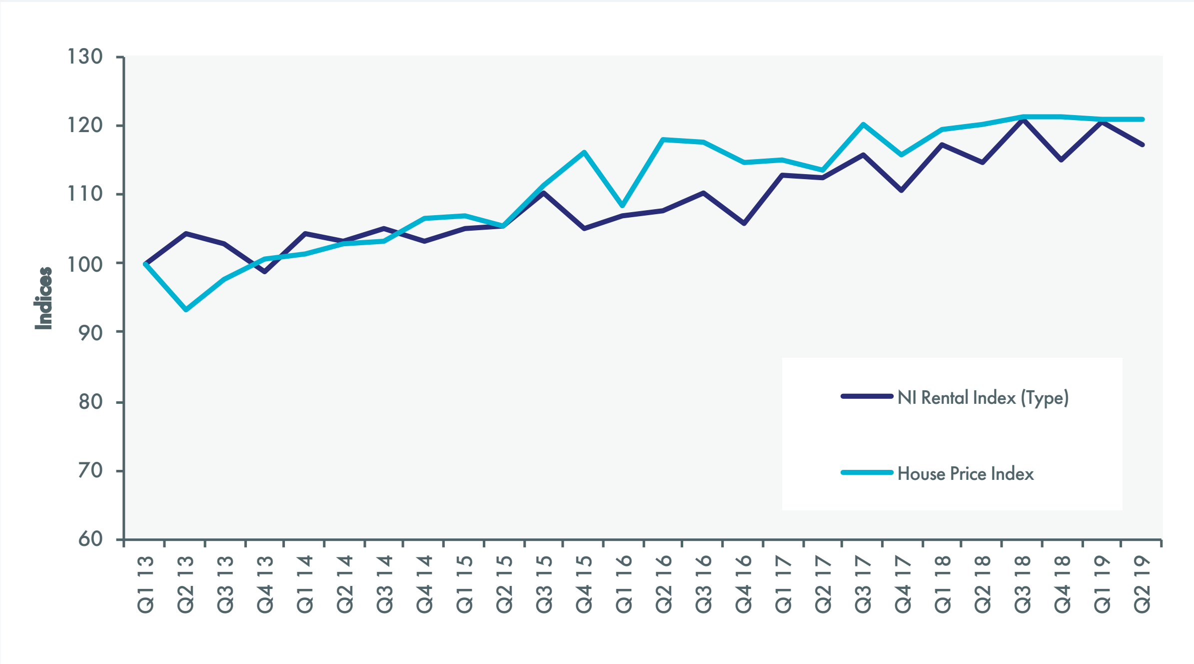
Postcode	1 Bed	2 Bed	3 Bed	4+ Bed	ALL
BT1	£710	£873	*	*	£890
BT2	£697	£807	£1,223	*	£809
BT3	*	£814	*	*	£853
BT4	£528	£588	£661	£934	£644
BT5	£474	£571	£669	£797	£592
BT6	£531	£577	£671	£822	£625
BT7	£508	£679	£836	£1,156	£878
BT8	*	£592	£723	£877	£702
BT9	£553	£720	£894	£1,223	£863
BT10	*	£655	£733	*	£738
BT11	*	£586	£636	*	£611
BT12	£539	£538	£595	£780	£572
BT13	*	£483	£482	*	£486
BT14	*	£505	£522	*	£513
BT15	£415	£517	£549	£722	£530
BT16	*	£571	£667	*	£633
BT17	*	£547	£645	£804	£605
BT18	*	£729	£786	£1,367	£859
BT19	*	£548	£682	£1,081	£671
BT20	£440	£523	£638	£884	£599
BT23	£429	£539	£603	£808	£585
BT26	*	£709	£686	£1,049	£788
BT27	*	£550	£634	*	£600
BT28	*	£579	£627	£852	£635
BT36	*	£527	£589	£829	£579
BT37	*	£484	£521	£842	£528
BT38	£409	£494	£540	£844	£533

*denotes insufficient sample size

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 117 at Q2 2019 (Figure 7), two percentage points higher than at Q4 2018 (115). The quarterly trend shows that the index increased sharply over the first quarter of the year, reflecting the strong performance of the market, which declined slightly over the second quarter. Overall, annual comparison reveals a modest performance over the year, with the index up 2.5 per cent compared with the same period in 2018. In comparison, the Northern Ireland house price index has been smoother over the year and continues to out-perform the rental index.

FIGURE 7 Rental Index v House Price Index trend, Q1 2013-Q2 2019



CONCLUSION

This survey suggests that while the private rental market remained relatively consistent during the first half of 2019, there are elements of variability that impact upon the overall buoyancy and performance of the sector. In particular, when making half-yearly comparisons, there is an apparent levelling off in transactional volume, which is notable given the first half of the year typically exhibits a higher level of activity. Nevertheless, market composition, in terms of property type and bedroom size, has remained largely unaltered.

In terms of market performance, the overall picture is of nominal half-yearly and annual rental growth in both relative and absolute terms. Generally, the figures show relative consolidation of rental values over the survey period, with slender growth of 0.9% observed relative to H2 2018, although the pace of rental growth was slightly stronger, at 2.5%, when compared to the same period (H1) in 2018. However, this headline figure should be treated with caution; overall growth has been dragged up by the Belfast council area, with poorer relative performance to the mid-east and north of the province.

During the first half of 2019, average rents in Belfast increased by comparison with both the previous survey (+3.7%) and relative to H1 2018 (+2.8%). Outside Belfast, however, variability in average rent was evident across most LGDs over the half-year period; most were relatively unchanged or exhibiting slight decreases compared with the second half of 2018.

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) 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 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/institutes/built-environment/centres/research-property-planning/housing-market-reports/rental-index
www.nihe.gov.uk/Working-With-Us/Research/Private-rented-sector-and-rents

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DATA APPENDIX

FIGURE 1 Number of lettings – NI, Belfast City Council Area and other LGDs, H1 2014-H1 2019

Year/Quarter	NI	BCCA	LGDs
H1 2014	11,335	4,545	6,790
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

FIGURE 3 Number of lettings by Local Government District (outside Belfast), H2 2018 and H1 2019

LGD	H2 2018	H1 2019
Antrim & Newtownabbey	472	493
Ards & North Down	873	988
Armagh, Banbridge & Craigavon	711	666
Causeway Coast & Glens	349	375
Derry & Strabane	251	222
Fermanagh & Omagh	198	172
Lisburn & Castlereagh	644	578
Mid & East Antrim	477	538
Mid Ulster	344	402
Newry, Mourne & Down	398	447
TOTAL	**4,717**	**4,881**

FIGURE 4 Proportion of properties let by rent band – NI, BCCA and other LGDs, H1 2019

Rental Band	NI	Belfast	LGDs
<£300	0.3	0.5	0.2
£300 - £399	4	1.4	5.9
£400 - £499	23.4	13.5	30.6
£500 - £599	31.2	26.6	34.6
£600 - £699	17.8	18.8	17.2
£700 - £799	8.9	13.4	5.6
£800 - £899	4.6	7	2.8
£900 - £999	2.7	5.2	0.9
£1,000 - £1,099	1.7	3.3	0.5
>£1,100	5.3	10.4	1.7

Average Rent by Quarter,
Northern Ireland, Q1 2015 - Q2 2019

Year/Quarter	Average Rent
Q1 2015	£552
Q2 2015	£555
Q3 2015	£579
Q4 2015	£556
Q1 2016	£563
Q2 2016	£567
Q3 2016	£588
Q4 2016	£569
Q1 2017	£596
Q2 2017	£595
Q3 2017	£609
Q4 2017	£584
Q1 2018	£619
Q2 2018	£604
Q3 2018	£637
Q4 2018	£607
Q1 2019	£636
Q2 2019	£617