Northern Ireland Rental Price Index 2019 H2: Issue 14

Ulster University

Performance of the PRIVATE RENTAL MARKET IN NORTHERN IRELAND

Housing Executive

Propertynews.com

H2 2019
Issue Number 14

INTRODUCTION

This survey analyses the performance of the Northern Ireland rental market during the second half (July to December; 'H2') of 2019. The report provides an analysis of trends and patterns at a regional level during this six-month period, drawing comparisons with the first half of 2019 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 8,058 rental transactions recorded on PropertyNews.com and the Housing Executive's 'LHA dataset for Housing Benefit' database for the second half of 2019. The volume of transactions has slightly decreased for this survey, which is consistent with the general market trends in the rental sector which usually shows a tailing off in transactions over the last six months of the year, in large part due to seasonal effects and less market churn. The decrease is also consistent with previous surveys which indicate a trend of overall transactional decline across the rental market.

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 changes in average rents 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 modestly increasing, the rate of growth has contracted over both the half yearly and annual time-frames analysed in this report. In performance terms, the evidence from this survey depicts a spatially differentiated market; while the Local Government Districts (LGDs) to the west of Northern Ireland performed relatively strongly over both the half year and year, rents remained less expensive than in other parts of the country. In contrast, there is evidence of flat and variable performance of rental prices across the Belfast centric district council areas, particularly those within the Belfast metropolitan area. In addition, the number of transactions in the sample, whilst stable overall, has decreased to the lowest level recorded in these surveys.

The key headlines relating to the rental market in H2 2019 are:

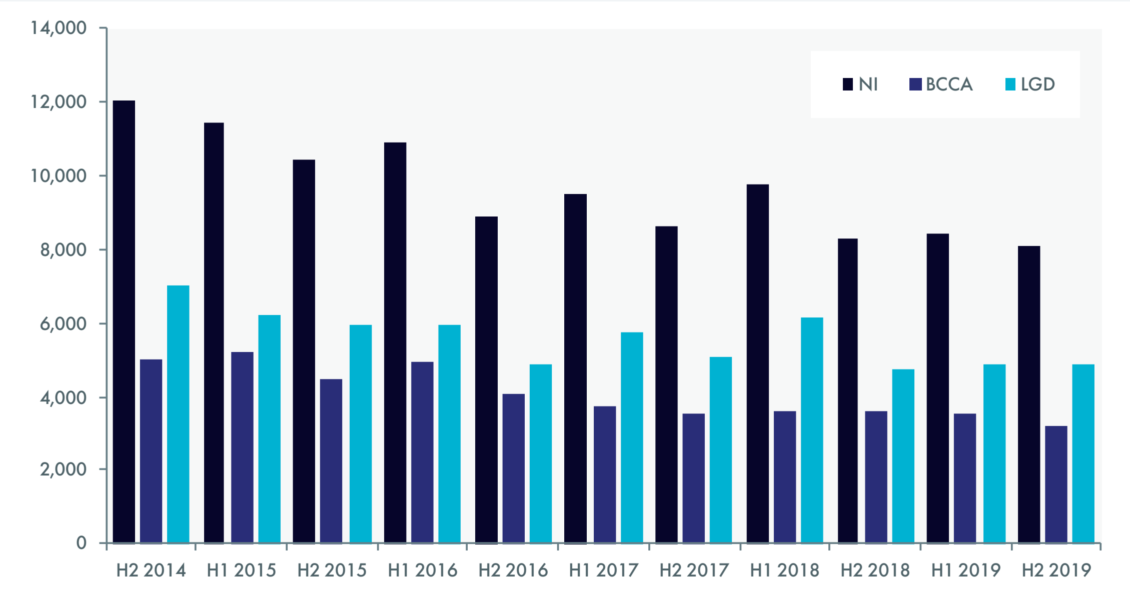
- the number of rental transactions decreased by 4.1% over the half year and was down by 2.9% in annual terms
- average rents across Northern Ireland remained relatively unchanged, down 0.3% over the second half of 2019 to £625 per month and up 0.6% compared to H2 2018
- average rent in the Belfast City Council Area (BCCA) decreased by 2.3%, to £699 per month over the last six months of the year, but was modestly up, by 1.3%, in annual terms
- outside of Belfast, the average LGD rent was up by 2.2% to £577 per month in H2 2019 and up by 1.3% over the year

RENTAL TRENDS

Number of Lettings

During the second half of the year, this survey captured 8,058 rental transactions across Northern Ireland, reflecting a 4.1% decline on the first six months of 2019. Annual comparison with the same period in the previous year (H2 2018) indicates a 2.9% decrease in the number of rental market transactions **(Figure 1)**.

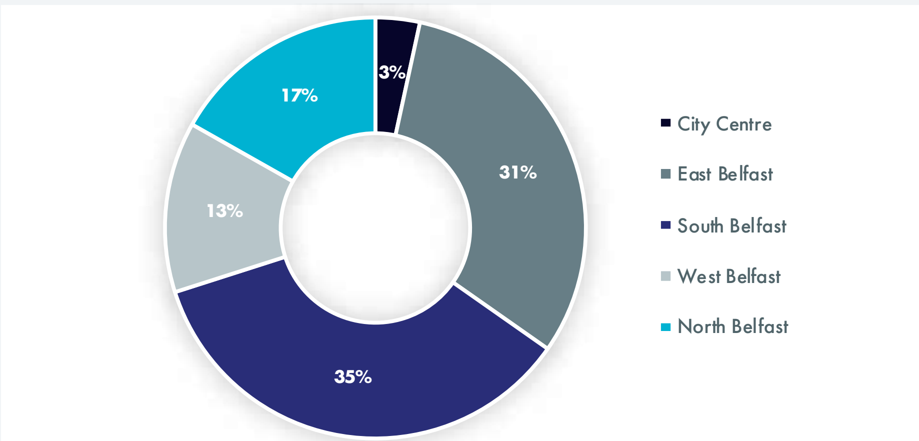
FIGURE 1 Number of lettings – NI, Belfast City Council Area and other LGDs, H2 2014-H2 2019



Belfast City Council Area

Within the Belfast City Council Area (BCCA), there were 3,205 lettings in the last six months of 2019, down on both the previous half year (9.1%) and annually (10.5%) when compared to the same period in 2018. Belfast remains the main rental market area, accounting for 40% of all rental transactions in the survey, although this share of the market has dropped from 42% during H1 2019. Within the BCCA, the survey indicates that the highest market churn and rental volume remains in the South (35% of lettings) and East (31%) of the BCCA. The volumes of lettings in North (17%) and West (13%) Belfast were again comparatively lower and reflect the greater level of social rented dwelling in these areas of Belfast **(Figure 2)**.

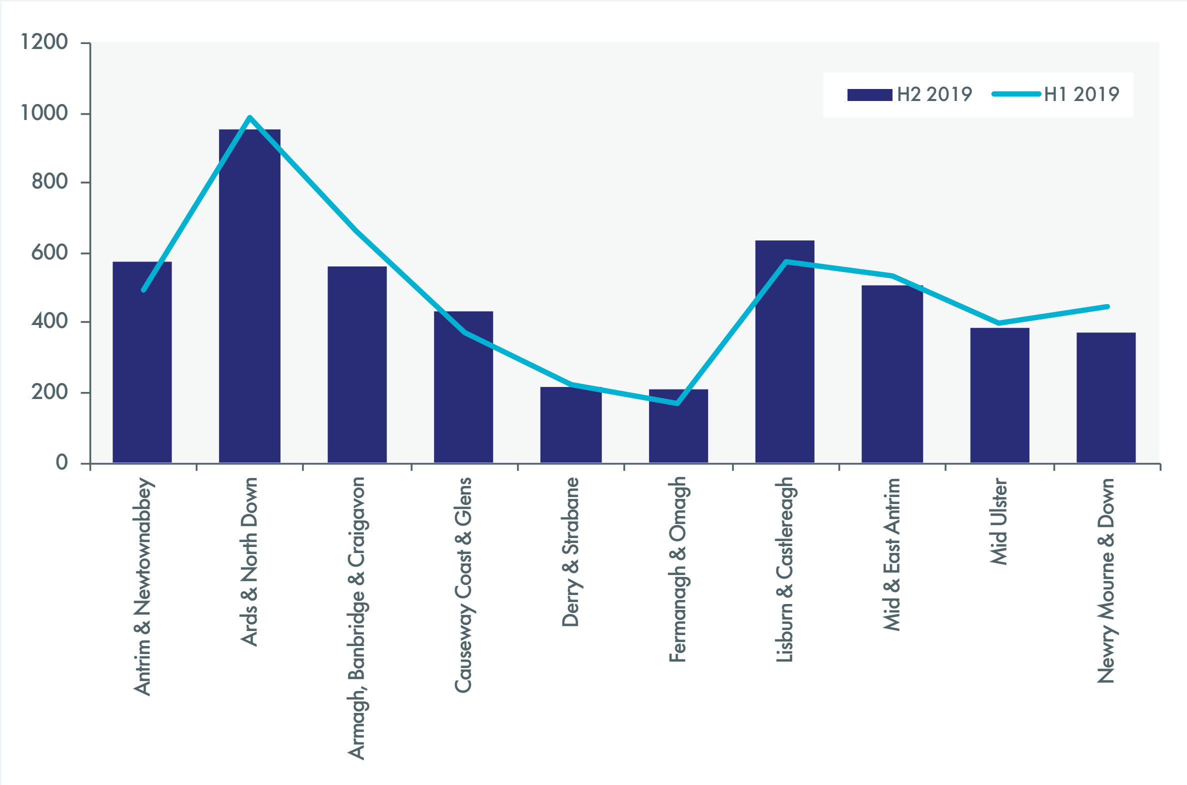
FIGURE 2 Proportion of lettings by sub-market, Belfast City Council Area, H2 2019



Local Government Districts

During H2 2019, there were 4,853 lettings in LGDs outside of Belfast, which is marginally down over the half year (0.6%) but modestly up (2.9%) when compared with the same period in 2018. Overall, the survey indicates that LGDs outside of BCCA accounted for 60% of rental transactions in Northern Ireland, up slightly from the previous survey (58%). As expected, the main rental markets remain those within the wider Belfast metropolitan area and those on the primary urban belt to Belfast: Ards & North Down (956); Lisburn & Castlereagh (639), Antrim & Newtownabbey (576) and Armagh, Banbridge & Craigavon (565). Consistent with previous surveys, there were lower volumes of rental transactions in the rural areas of Fermanagh & Omagh (209) and Derry & Strabane (215) **(Figure 3)**.

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



MARKET SHARE

Across Northern Ireland, the pattern of market share by property type is remarkably consistent with previous surveys. The terrace/townhouse sector has the highest market share of lettings (41%), while the apartment sector represents a reduced share of 30% of the market when compared to H1 2019 (35%). The proportions of properties that were semi-detached (19%) and detached (11%) were slightly up from the previous survey. In the Belfast rental market, the market structure is dominated by terrace/townhouses (47%) and apartments (39%), which accounted for 86% of all rental lettings, once again confirming the domination of market share by these property types. For LGDs outside Belfast, the distribution of rental lettings by property type is largely the same as the previous surveys, with terrace/townhouse properties remaining the largest sector and accounting for over a third of lettings (36%). Apartments (24%) and semi-detached properties (23%) continue to represent approximately one-quarter of lettings, respectively. Overall, the statistics highlight that the compositions of the Belfast City Council area and other local authority areas remain different in terms of property type.

TABLE 1 Properties let by type, H2 2019

Property type	NI	HY Δ	BCCA	HY Δ	LGDs	HY Δ
Apartment	2,440 (30%)	-16.0%	1,255 (39%)	-19.8%	1,185 (24%)	-13.0%
Terrace/Townhouse	3,282 (41%)	2.9%	1,514 (47%)	-0.7%	1,768 (36%)	6.3%
Semi-detached	1,492 (19%)	4.4%	377 (12%)	6.5%	1,115 (23%)	3.7%
Detached	844 (11%)	-2.2%	59 (2%)	-28.9%	785 (16%)	0.6%
ALL	**8,058**	**-4.1%**	**3,205**	**-9.1%**	**4,853**	**-0.6%**

Δ denotes percentage change

When disaggregated by number of bedrooms, market composition was generally consistent with previous surveys. The Northern Ireland picture reveals that two and three bedroom properties remain the most common property size, accounting for the majority of properties rented (79%) over the second half of 2019, slightly up from the previous survey (77%). This trend was generally reflected in the BCCA, where just over three quarters (77%) of properties let were in these categories, with two bedroom properties accounting for almost half (49%) of all rental lettings. In contrast, across the LGDs, three bedroom properties accounted for half of all lettings (50%), with two bedroom properties taking a share of 31% of all lettings. This survey once more confirms the regional differentiation in rental market composition by number of bedrooms.

TABLE 2 Properties let by size, H2, 2019

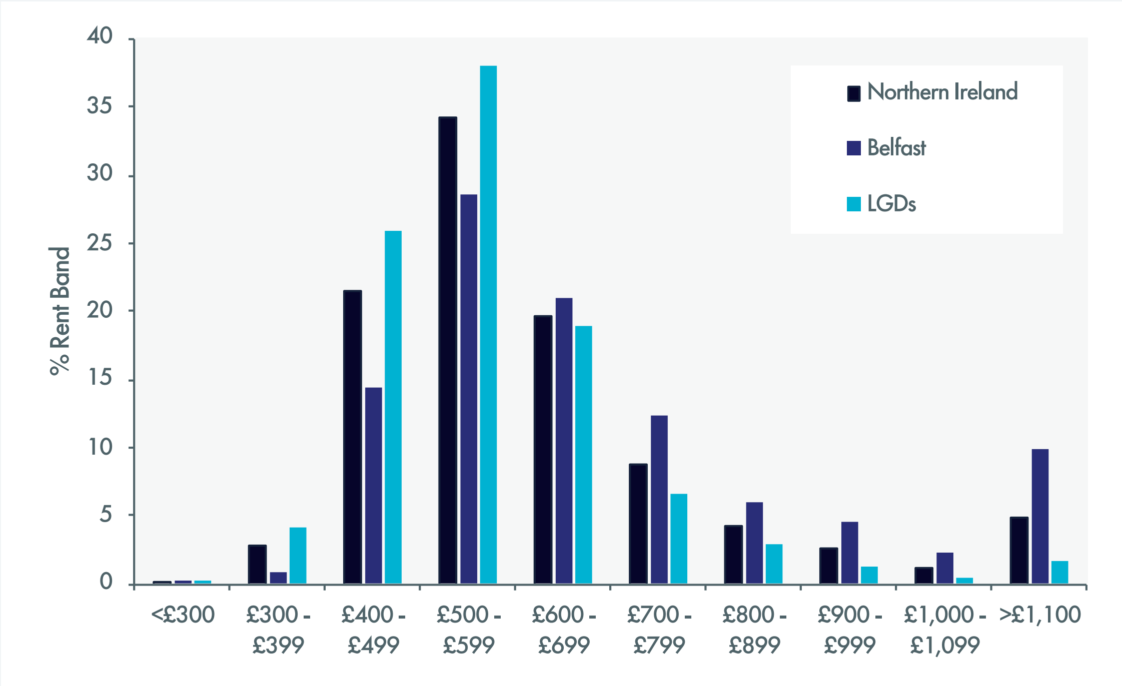
No. of bedrooms	NI	HY Δ	BCCA	HY Δ	LGDs	HY Δ
1 Bedroom	585 (7%)	-22.7%	269 (8%)	-26.5%	316 (7%)	-19.2%
2 Bedroom	3,088 (38%)	-3.4%	1,578 (49%)	-1.2%	1,510 (31%)	-5.7%
3 Bedroom	3,303 (41%)	1.6%	892 (28%)	-8.8%	2,411 (50%)	6.0%
4+ Bedroom	1,082 (13%)	-9.8%	466 (15%)	-20.2%	616 (13%)	0.2%
ALL	**8,058**	**-4.1%**	**3,205**	**-9.1%**	**4,853**	**-0.6%**

Δ denotes percentage change

DISTRIBUTION OF RENTS

In terms of average rental bands, 34% of rental properties let across Northern Ireland in the second half of 2019 fell within the £500-£599 band – up from the previous survey (31%). For BCCA, this proportion stood at 29%, up two percentage points from the previous period and comparatively lower than the aggregated LGDs (38%). The £400-£499 rental band accounted for 21% of lettings across NI, compared with 23% in H1 2019, and a significantly higher proportion of lettings in LGDs outside Belfast (26%) 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 (64%) confirms the lower rental pricing structure outside of Belfast, in comparison to the BCCA where the figure was 43%. The rent distribution over the period, when compared with previous surveys, confirms the comparative widening in rent distribution, illustrated by the proportion of rental lettings above £600 in the BCCA (56%) compared with the NI (41%) and LGD (32%) averages (Figure 4).

FIGURE 4 Proportion of properties let by rent band – NI, BCCA and other LGDs, H2 2019



Rent structure

Whilst the average 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 second half of 2019, Ards & North Down narrowly retained the highest comparative rental spread at 37%, followed by the Belfast City Council area, which stood at 36% – 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, H2 2019

Council area	Average rent (£)	Coefficient of variance (%)	Median rent (£)	25th percentile	75th percentile
Antrim & Newtownabbey	£565	26	£541	£475	£622
Ards & North Down	£643	37	£585	£495	£665
Armagh Banbridge & Craigavon	£539	23	£525	£454	£565
Belfast	£699	36	£625	£540	£800
Causeway Coast & Glens	£538	20	£535	£462	£575
Derry & Strabane	£533	21	£534	£438	£562
Fermanagh & Omagh	£499	16	£491	£426	£540
Lisburn & Castlereagh	£651	25	£624	£550	£739
Mid & East Antrim	£528	22	£513	£450	£573
Mid-Ulster	£548	22	£541	£461	£588
Newry Mourne & Down	£560	20	£542	£475	£600

FIGURE 5

RENTAL PERFORMANCE BY REGION, H2 2019

Rental Price Annual Percentage Change

4.1 - 5.0%		0.1 - 1.0 %	
3.1 - 4.0%		(-0.9) - 0.0%	
2.1 - 3.0%		(-1.9) - (-1.0)%	
1.1 - 2.0%		(-2.9) - (-2.0)%	

Northern Ireland	
Average rent H2 2019	£625
Average rent H1 2019	£627
Half yearly variance	-0.3%
Average rent H2 2018	£622
Annual variance	0.6%

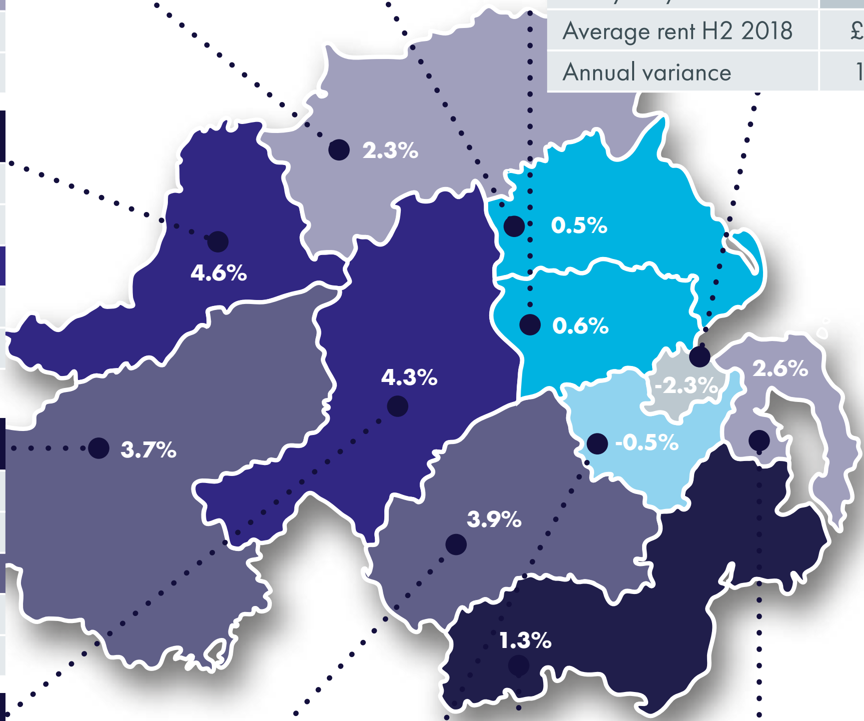
Mid and East Antrim	
Average rent H2 2019	£528
Average rent H1 2019	£525
Half yearly variance	0.5%
Average rent H2 2018	£524
Annual variance	0.8%

Antrim and Newtownabbey	
Average rent H2 2019	£565
Average rent H1 2019	£562
Half yearly variance	0.6%
Average rent H2 2018	£551
Annual variance	2.5%

Causeway Coast and Glens	
Average rent H2 2019	£538
Average rent H1 2019	£526
Half yearly variance	2.3%
Average rent H2 2018	£515
Annual variance	4.5%

Belfast	
Average rent H2 2019	£699
Average rent H1 2019	£716
Half yearly variance	-2.3%
Average rent H2 2018	£690
Annual variance	1.3%

Derry and Strabane	
Average rent H2 2019	£533
Average rent H1 2019	£510
Half yearly variance	4.6%
Average rent H2 2018	£526
Annual variance	1.3%



Fermanagh and Omagh	
Average rent H2 2019	£499
Average rent H1 2019	£482
Half yearly variance	3.7%
Average rent H2 2018	£478
Annual variance	4.4%

Mid Ulster	
Average rent H2 2019	£548
Average rent H1 2019	£525
Half yearly variance	4.3%
Average rent H2 2018	£557
Annual variance	-1.6%

Ards and North Down	
Average rent H2 2019	£643
Average rent H1 2019	£627
Half yearly variance	2.6%
Average rent H2 2018	£640
Annual variance	0.5%

Armagh, Banbridge and Craigavon	
Average rent H2 2019	£539
Average rent H1 2019	£519
Half yearly variance	3.9%
Average rent H2 2018	£528
Annual variance	2.1%

Lisburn and Castlereagh	
Average rent H2 2019	£651
Average rent H1 2019	£655
Half yearly variance	-0.5%
Average rent H2 2018	£652
Annual variance	-0.2%

Newry, Mourne and Down	
Average rent H2 2019	£560
Average rent H1 2019	£553
Half yearly variance	1.3%
Average rent H2 2018	£561
Annual variance	-0.1%

NORTHERN IRELAND

In general terms, the statistics for the second half of 2019 show that average rents across Northern Ireland were relatively flat, nominally down by 0.3% by comparison with the first half of the year. Similar performance is observed annually with the rate of rental growth observed at 0.6% when compared with H2 2018 (Figure 5). The average rent during H2 2019 was £625, down in real terms from £627 in the previous six months. When disaggregated by property type, performance over the half year is relatively flat in real and absolute terms. The average rent for apartments is marginally down (0.6%) to £608 per month, with terrace/townhouse (£605pm) and detached (£748pm) properties also recording a slight contraction in average rents, down by 0.5% and 0.8% respectively. The average monthly rent for semi-detached properties increased by 0.7% from £623 to £628 over the half year.

LOCAL GOVERNMENT DISTRICTS OUTSIDE BELFAST

The average rent for properties in district council areas outside the BCCA was £577 per month, modestly up by 2.2% over the half year and up 1.3% in annual terms. The average rent continues to lag behind the overall Northern Ireland average monthly rent of £625, although the rent differential has narrowed over the six-month period. Table 4 shows the variability in average rents by property type across the local government districts. In a break from previous surveys, the general picture depicts moderate increases of the average rents in the areas to the west of Northern Ireland and a cooling of rents in Belfast and those Belfast-centric Local Government Districts within the contiguous urban corridor, over the time period. It should be noted however, that council districts within the wider Belfast Metropolitan Area remained the most expensive areas to rent.

TABLE 4 Average rent by property type (LGDs outside Belfast), H2 2019

Council area	Average rent by property type (£)				
	Apartment	Terrace/ Townhouse	Semi-detached	Detached	ALL
Antrim & Newtownabbey	£499	£529	£605	£791	£565
Ards & North Down	£579	£580	£655	£892	£643
Armagh Banbridge & Craigavon	£453	£489	£559	£677	£539
Causeway Coast & Glens	£476	£534	£572	£599	£538
Derry & Strabane	£469	£539	£587	£701	£533
Fermanagh & Omagh	£460	£478	£512	£574	£499
Lisburn & Castlereagh	£569	£601	£675	£861	£651
Mid & East Antrim	£496	£493	£567	£676	£528
Mid-Ulster	£434	£533	£568	£622	£548
Newry Mourne & Down	£487	£530	£562	£650	£560
ALL	**£608**	**£605**	**£628**	**£748**	**£625**

BELFAST METROPOLITAN AREA

Across the wider Belfast Metropolitan region, the neighbouring district council areas to Belfast displayed variable but relatively stable 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 £565, representing a slender 0.6% increase on the previous six months (£562) and a slightly stronger rate of growth over the year (2.5%). Over the half year, rent gains were recorded across all property types, with detached properties showing the largest rate of increase, up 6.3% to £791 pm. Rental levels for apartments (£499) and terrace/townhouses (£529) showed nominal upward change at 0.4% and 0.2% respectively.

In the **Ards & North Down** district, the overall average rent was £643 per month, up 2.6% over the half-year, but with the overall annual picture showing nominal rent growth at 0.5%. The increase in average rent over the half year is reflected across most property sectors, with the apartment sector recording the largest increase in average rent over the period, up 4.5% to £579 relative to H1 2019. Terrace/townhouse properties were also modestly up 2.5% to £580 per month, with semi-detached houses also recording a modest increase, up 2% to £655. Detached dwellings displayed a small decline over the period, down 2% to £892 per month.

For **Lisburn & Castlereagh** district, the average rent was broadly unchanged over the half year and year; nominally down by 0.5% to £651 relative to H1 2019 and down 0.2% annually when compared with the same period in 2018. Although rents remained relatively flat, there was some variability in rents across property types. Average rents for semi-detached properties were up 1.7% over the half year to £675 per month. The detached and terrace/townhouse sectors also exhibited marginal rates of increase over the period, up by 0.9% to £861 a month and 0.6% to £601. In contrast, apartments were down by 1.3% over the half year to £569 per month.

NORTH & NORTH WEST

The district council areas in the North and North West were also characterised by rental growth over both the half year and year, but with some variability.

In **Mid & East Antrim**, average rents remained almost unchanged over both the half year and year in relative and absolute terms, increasing by 0.5% to £528 a month over the half year and up 0.8% in annual terms. Despite little overall change, analysis by property type reveals a degree of variability by type. Both apartment and semi-detached properties showed moderate rates of growth in average rents, increasing by 3.2% to £496 and by 2% to £567 per month, respectively. Terrace/townhouse properties also recorded growth, albeit marginal, up 0.8% to £493 per month. In the detached sector, average rents were appreciably down by 7.3% to £676 per month.

In the **Causeway Coast & Glens** area, average rents saw modest gains over the half year, up 2.3% to £538 per month. In annual terms a stronger rate of growth was recorded with average rents up by 4.5%. The upward half-yearly performance

was apparent across most property types. The largest increase was in the semi-detached sector, where rents increased by 4.4% to £572 per month. Likewise, terrace/townhouse properties were up by 4.3% to £534 per month. Apartments were also up, although at a comparably lower rate of 1.7% to £476 per month. Detached properties were slightly down, by 1% to £599 per month.

For **Derry & Strabane** district, average rents were appreciably up by 4.6% over the half year to £533 per month, and by 1.3% annually. When considered by property type, terrace/townhouse dwellings showed a strong rate of growth, up 4.6% over the half year period to £539. Semi-detached properties also recorded moderate increases, up 3.5% to £587 over the period. Both detached (£701) and apartment (£469) properties observed modest decreases in average rent, down 1.9% and 1.5% respectively.

THE SOUTH

Both district council areas in the south of Northern Ireland exhibited average rent increases over the half year, but with flatter annual performance.

In the **Armagh Banbridge & Craigavon** area, the overall average monthly rent was £539, noticeably up by 3.9% over the half year, although the figures indicate a more modest rate of annual growth compared with H2 2018 (2.1%). Disaggregation to individual property type shows growth across all sectors over the half year, albeit at variable rates of change. The largest increase was in the detached sector which was up 4% to £677 per month, followed by semi-detached properties which increased by 3% to £559. Terrace/townhouse properties showed a marginal rate of rental growth in this survey, up 1.1% to £489 per month. Apartments remained unchanged in both relative and absolute terms, up by 0.2% to £453 a month.

For the **Newry Mourne & Down** district, the average monthly rent (£560) marginally increased over the half year by 1.3% and was relatively unchanged over the year (down by 0.1%). In terms of property type, only the terrace/townhouse sector observed growth over the half year period, with average rents moderately up 3% to £530 per month. In contrast, the semi-detached sector was down 1.7% to £562 per month, followed by apartments which were down 1.5% to £487 per month. The detached sector was also down by 0.9% to £650 per month.

THE WEST

The districts in the west of Northern Ireland were characterised by strong rates of rental growth over the half year period.

In **Fermanagh & Omagh**, the average monthly rent (£499) was up over both the half year (3.7%) and annually (4.4%). Over the half year period, the largest increases in average rent were observed in the detached sector which was appreciably up 8.2% to £574 per month, followed by apartments which rose by 7.7% to £460 per month and, to a lesser extent, semi-detached properties (up by 4.1% to £512 per month). Terrace/townhouse properties remained unchanged at £478 per month.

For the **Mid-Ulster** district, average rents increased considerably over the half year, up 4.3% to £548 per month, but decreased by 1.6% over the year. Variable rates of change were observed across all market sectors. The strong performance over the half year was primarily driven by strong increases in the detached sector which recorded a strong rate of growth at 9.2% to £622 per month. Terrace/townhouse properties were also modestly up by 2.1% to £533 per month. In the apartment sector, average rent reduced by 3% to £434 per month, while semi-detached properties remained unchanged at £568 per month.

BELFAST CITY COUNCIL AREA

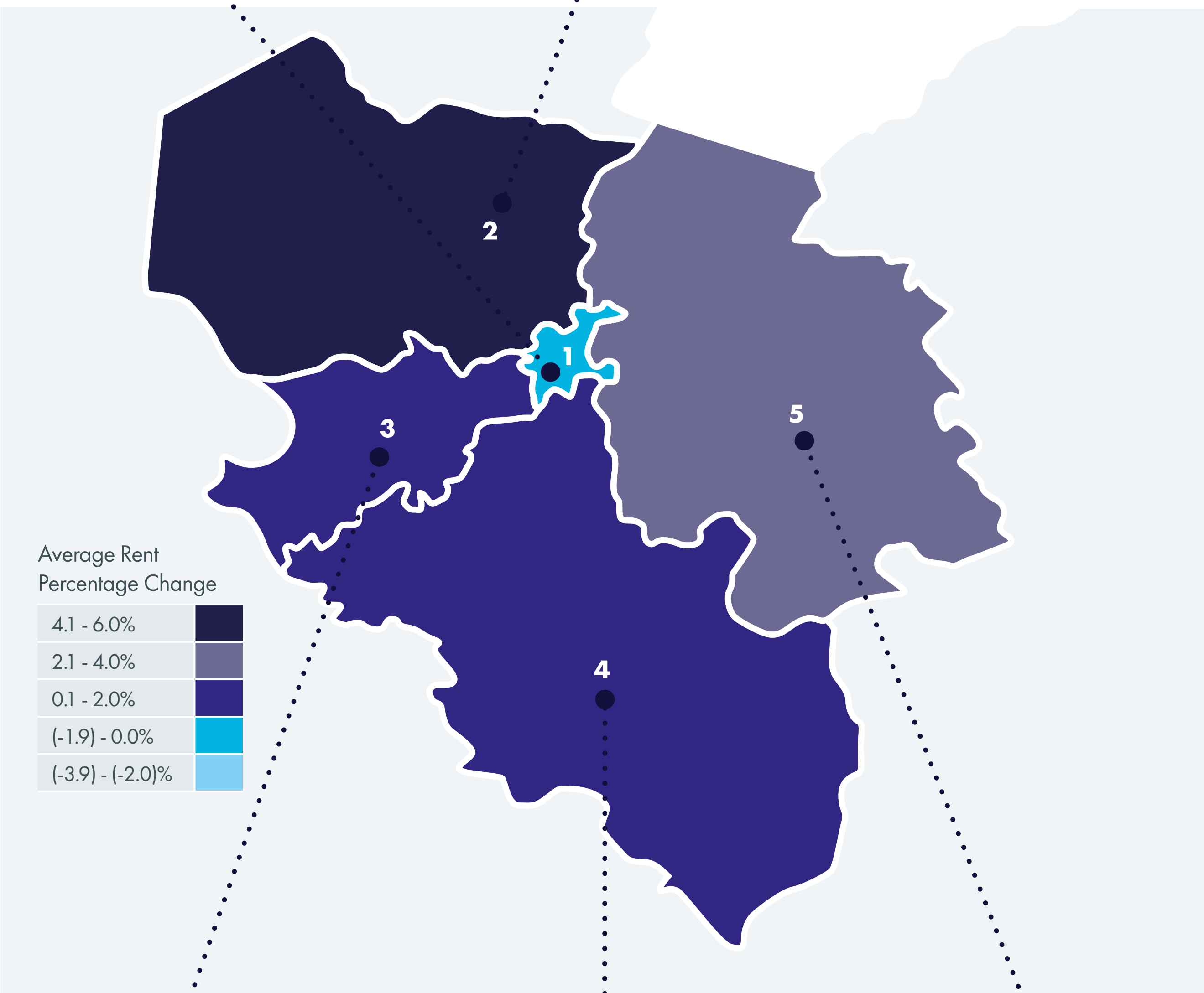
This section briefly considers the average rental values for rental sub-markets across the Belfast City Council Area **(Figure 6)**.

FIGURE 6 Average rent in BCCA, H2 2019

1. Belfast City Centre	
Average rent H2 2019	£852
Average rent H1 2019	£863
Half yearly variance	-1.2%
Average rent H2 2018	£822
Annual variance	3.6%

2. North Belfast	
Average rent H2 2019	£537
Average rent H1 2019	£509
Half yearly variance	5.5%
Average rent H2 2018	£500
Annual variance	7.4%

Belfast LGD	
Average rent H2 2019	£699
Average rent H1 2019	£716
Half yearly variance	-2.3%
Average rent H2 2018	£690
Annual variance	1.3%



3. West Belfast	
Average rent H2 2019	£588
Average rent H1 2019	£586
Half yearly variance	0.3%
Average rent H2 2018	£559
Annual variance	5.2%

4. South Belfast	
Average rent H2 2019	£864
Average rent H1 2019	£861
Half yearly variance	0.3%
Average rent H2 2018	£830
Annual variance	4.1%

5. East Belfast	
Average rent H2 2019	£637
Average rent H1 2019	£622
Half yearly variance	2.4%
Average rent H2 2018	£619
Annual variance	2.9%

At £699 for the second half of 2019, the average monthly rent across the BCCA decreased by 2.3% relative to the first six months of the year, but was slightly up by 1.3% over the year (H2 2018). Across the sub-market areas, there was a mixed picture over the half year, although one generally of rent stability. In this survey, the South Belfast sub-market area is the most expensive rental location, marginally increasing (0.3%) to £864 over the half year, with stronger performance observed annually, up 4.1%. The city centre has an average monthly rent of £852; this represents a decrease of 1.2% over the half year. In annual terms, average rents rose by 3.8% in the city centre. In East Belfast, the average rent increased over the half year, up 2.4% to £637 per month, with a similar rate of performance recorded over the year (2.9%). Rents in the West Belfast area remained relatively flat over the half year, increasing by 0.3% to £588, with strong performance observed annually (5.2%). North Belfast (£537) remains the lowest priced rental location in the BCCA by a considerable margin, although average rents recorded a strong rate of growth over both the half year (5.5%) and year period (7.4%) **(Figure 6)**.

BCCA AVERAGE RENT BY TYPE

The pattern of rental performance across the Belfast City Council area in this survey is reflected across the property types, with slight decreases in average rent apparent across the last six months of the year (Table 5). Over this period, average rent for semi-detached properties was down by 3.7% to £699, with the terrace/townhouse sector also showing a moderate rate of decline in average rent, down 2.5% to £686. The apartment (£698) and detached (£1,069) sectors also exhibited marginal decreases in average rent, down 1.2% and 0.8% respectively. In annual terms, the picture was more positive, with modest rates of rental increase across most property types.

TABLE 5 Average Rent by Property Type, Belfast City Council Area, H1 2018-H2 2019

Property type	BCCA H1 2018	BCCA H2 2018	BCCA H1 2019	BCCA H2 2019	Half Yearly Δ	Annual Δ
Apartment	£686	£693	£707	£698	-1.2%	0.7%
Terrace/Townhouse	£689	£663	£703	£686	-2.5%	3.5%
Semi-detached	£707	£702	£726	£699	-3.7%	-0.4%
Detached	£1,057	£1,055	£1,078	£1,069	-0.8%	1.4%
ALL	**£697**	**£690**	**£716**	**£699**	**-2.3%**	**1.3%**

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 three bedroom property varied from £505 in BT13 to £890 in BT9. This survey once again indicates less market churn in the one bedroom and four bedroom sectors across various postcode locations, likely related to Universal Credit and bedroom tax considerations in the social rented sector.

TABLE 6 Average rent by postcode district and property size, Belfast area, H2 2019

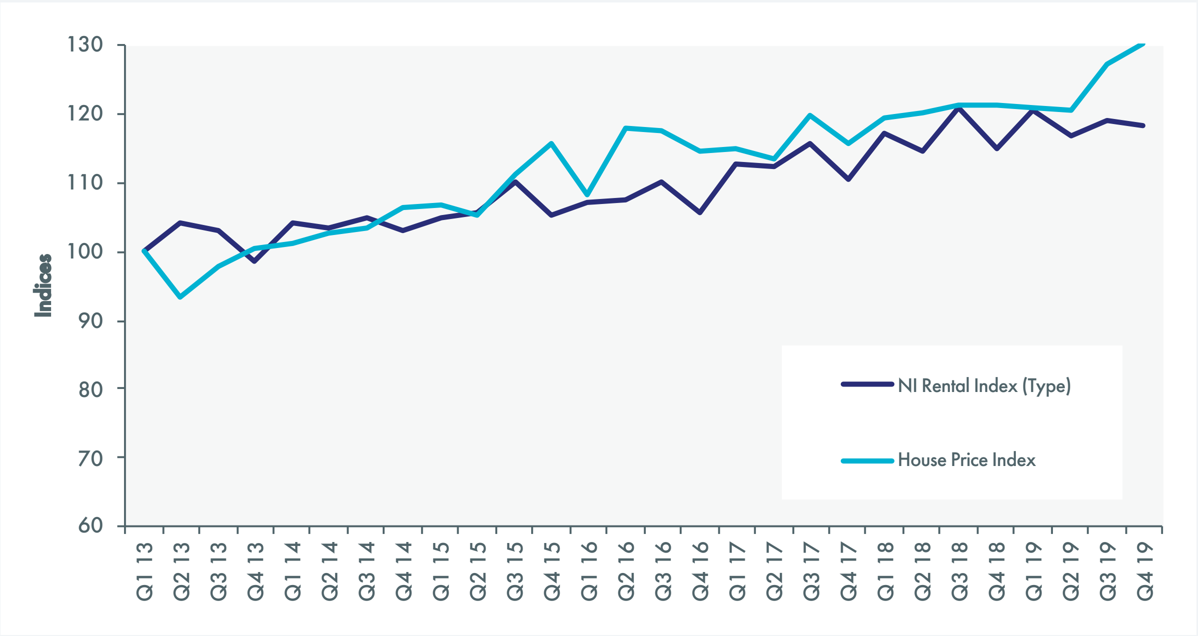
Postcode	1 Bed	2 Bed	3 Bed	4+ Bed	ALL
BT1	£753	£876	*	*	£881
BT2	£695	£799	*	*	£804
BT3	*	£760	*	*	£748
BT4	£524	£587	£668	£1,034	£662
BT5	£507	£591	£679	£900	£627
BT6	£496	£590	£674	£818	£629
BT7	£535	£745	£816	£1,172	£909
BT8	*	£592	£733	£836	£688
BT9	£568	£732	£890	£1,203	£860
BT10	*	£626	£726	*	£687
BT11	*	£577	£626	*	£599
BT12	*	£546	£586	£808	£578
BT13	*	£475	£505	*	£489
BT14	*	£525	£561	£660	£548
BT15	£459	£534	£626	£705	£564
BT16	*	£586	£665	*	£632
BT17	*	£560	£646	*	£601
BT18	£853	£675	£862	£1,296	£838
BT19	£448	£557	£639	£1,026	£645
BT20	£431	£562	£681	£936	£636
BT23	£431	£550	£618	£922	£612
BT26	*	£662	£768	£954	£786
BT27	*	£535	£609	£860	£604
BT28	£453	£574	£634	£870	£637
BT36	*	£551	£575	£800	£577
BT37	£432	£514	£545	£815	£542
BT38	£405	£499	£550	£738	£535

*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 118.4 at Q4 2019 **(Figure 7)**. 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. The index again rose into the third quarter and then decreased at a smaller rate, consistent with seasonal effects. Annual comparison reveals a modest performance over the year, with the index three percentage points higher (3.4%) when compared with the same period in 2018 (115). In comparison, the Northern Ireland house price index increased sharply over the last six months of the year and continues to out-perform the rental index.

FIGURE 7 Rental Index v House Price Index trend, Q1 2013-Q4 2019



AT A GLANCE RENTAL PERFORMANCE IN 2019

Key Findings

- The number of rental transactions captured in this sample decreased to 16,464, down by 8.8% on the previous year.
- Rental performance in 2019 depicts a healthy and stable market with average rents in Northern Ireland rising by 1.7% in 2019 compared with the previous year; the average rent over the full year was £627 per month.
- Rents in Belfast showed an annual increase of 2.1% in 2019 with an average monthly rent of £708.
- Outside of Belfast, the average monthly rent was £570, up 0.9% on the previous year (£565).

Number of rental transactions per annum

In 2019, there were 16,464 private rental transactions in the sample across Northern Ireland. The volume of new lettings dropped noticeably, down 8.8% on the previous year. Whilst the overall level of transactions remains buoyant, the figures show a rental market in a general trend of decline in terms of volume (Figure 8) which is likely related to ongoing recovery within the owner-occupied sector.

FIGURE 8 Annual number of rental transactions in the survey sample, 2013-2019

FIGURE 9

ANNUAL VARIANCE IN AVERAGE RENTS
(comparing 2019 with 2018)

Rental Price Annual Percentage Change

4.1 - 6.0%		(-1.9) - 0.0%	
2.1 - 4.0%		(-3.9) - (-2.0)%	
0.1 - 2.0%		(-5.9) - (-4.0)%	

Northern Ireland	
Average rent 2019	£627
Average rent 2018	£616
Annual variance	1.7%

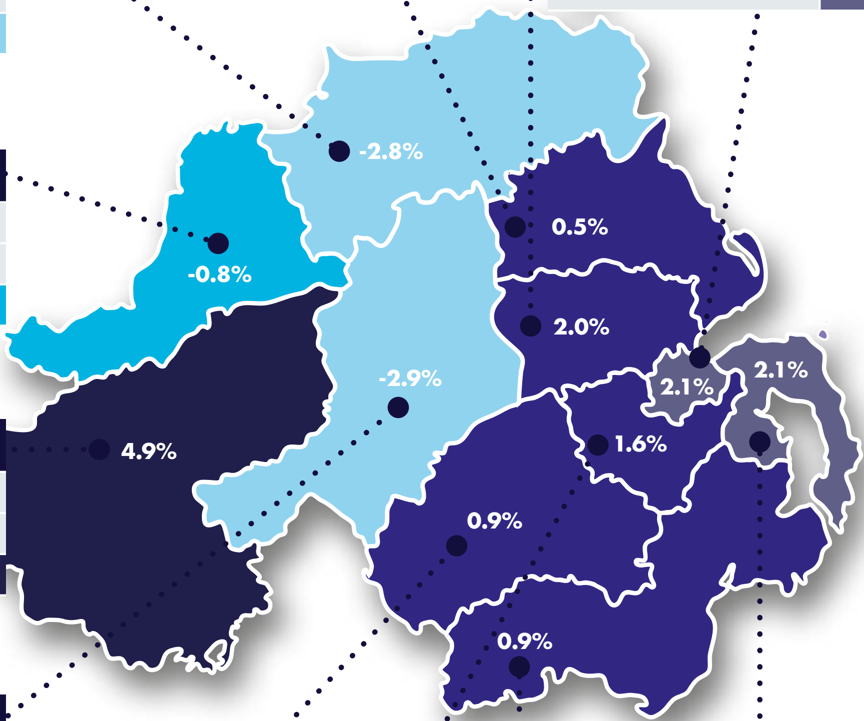
Mid and East Antrim	
Average rent 2019	£527
Average rent 2018	£524
Annual variance	0.5%

Antrim and Newtownabbey	
Average rent 2019	£563
Average rent 2018	£552
Annual variance	2.0%

Causeway Coast and Glens	
Average rent 2019	£533
Average rent 2018	£548
Annual variance	-2.8%

Belfast	
Average rent 2019	£708
Average rent 2018	£693
Annual variance	2.1%

Derry and Strabane	
Average rent 2019	£521
Average rent 2018	£526
Annual variance	-0.8%



Fermanagh and Omagh	
Average rent 2019	£491
Average rent 2018	£468
Annual variance	4.9%

Mid Ulster	
Average rent 2019	£536
Average rent 2018	£553
Annual variance	-2.9%

Ards and North Down	
Average rent 2019	£635
Average rent 2018	£622
Annual variance	2.1%

Armagh, Banbridge and Craigavon	
Average rent 2019	£528
Average rent 2018	£523
Annual variance	0.9%

Lisburn and Castlereagh	
Average rent 2019	£653
Average rent 2018	£642
Annual variance	1.6%

Newry, Mourne and Down	
Average rent 2019	£556
Average rent 2018	£551
Annual variance	0.9%

Average NI Rent by Property Type

For 2019, the average monthly rent for Northern Ireland was £627, up 1.7% on the average rent in 2018 (£616). In terms of property type, modest annual rates of increase in average rents were apparent across all sectors. Average rents in the terrace/townhouse sector grew by 2.2%, followed by semi-detached (1.9%) and detached properties (1.3%) and similarly apartments, which were up 1.1% over the year (Table 7).

TABLE 7 Annual Average Rent by Property Type, Northern Ireland, 2017-2019

Property Type	2017	2018	2019	% change 2018-2019
Apartment	£574	£603	**£610**	1.1%
Terrace/ Townhouse	£574	£594	**£608**	2.2%
Semi-detached	£598	£614	**£626**	1.9%
Detached	£737	£742	**£751**	1.3%
All	**£596**	**£616**	**£627**	**1.7%**

Average NI Rent by Number of Bedrooms

When analysed by number of bedrooms, the figures reveal that average rents in 2019 were relatively consistent with the previous year (Table 8). The average rent for one bedroom properties remained at the same level as 2018. Average rents for four or more bedroom properties also remained flat, noting marginal growth of 0.4% over the year. There was a stronger, albeit modest, rate of annual growth for two and three bedroom properties at 2.4% and 2.7% respectively.

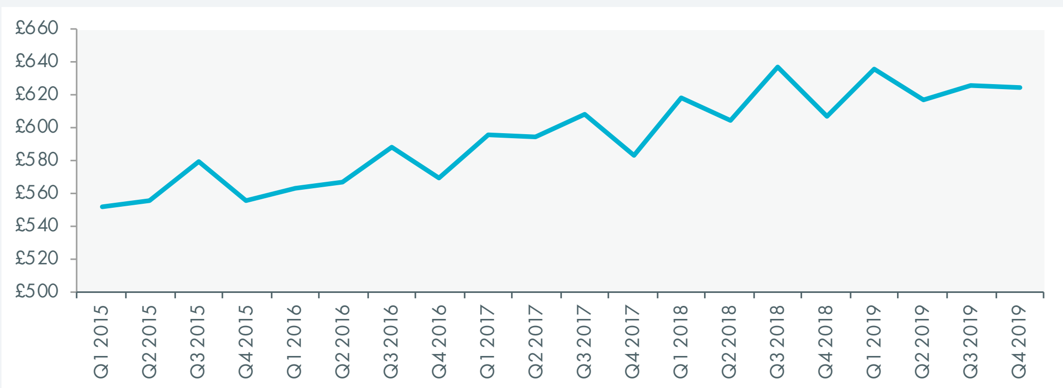
TABLE 8 Annual Average Rent by Property Size, Northern Ireland, 2017-2019

No. of Bedrooms	2017	2018	2019	% change 2018-2019
1 bedroom	£451	£480	**£480**	0%
2 bedrooms	£537	£556	**£570**	2.4%
3 bedrooms	£585	£597	**£613**	2.7%
4+ bedrooms	£856	£905	**£908**	0.4%
All	**£596**	**£616**	**£627**	**1.7%**

Average Rental values in NI by quarter

Figure 10 shows the general trend of upward movement of average rents each quarter from 2015-2019

FIGURE 10 Average Rent by Quarter, Northern Ireland, 2015-2019



CONCLUSION

This survey suggests that while the market performance of the private rental sector remained buoyant and relatively stable during the second half of 2019, some signals in terms of market activity, composition and pricing were notable. In particular, when making half-yearly comparisons, there is an evident decrease in the volume of transactions comparable to the first half of the year, which typically exhibits higher levels of activity. Further, market composition, in terms of property type and bedroom size, whilst broadly similar, also recorded decreases in the availability of one bedroom properties across the regional and local districts.

In terms of market performance, the overall picture is one of market consolidation and stability of rental values in both relative and absolute terms. Generally, the figures show flat rents over the half year period of the survey, with slender growth (0.6%) observed relative to H2 2018, although the pace of rental growth was slightly stronger, at 1.3%, when considered in the local district context. The survey also records that rental performance was stronger in the local district areas outside of the Belfast-centric LGDs and main arterial corridor. During the second half of 2019, average rents in Belfast decreased by comparison with the previous survey (-2.3%) but was marginally up relative to H2 2018 (1.3%). Outside of Belfast, although variability in average rent was evident across most LGDs over the half-year period, rental performance was stronger, with most areas exhibiting slight to moderate increases compared with the first half of 2019.

The annual analysis, on a full calendar year basis, smooths out half yearly variations and provides at this level of comparison (2019 compared to 2018) a more consistent set of results. Most notably the volume of rental transactions has decreased to its lowest level, indicating ongoing change in the market likely related to social sector policy, longer leases and the resilience and recovery of the owner-occupied sector. That said, the figures indicate that the private rental sector remains a healthy and sustainable market. In terms of performance, average rents in Northern Ireland rose modestly, by 1.7%, compared with the previous year, effectively adding £132 per annum to rents. At the district council level of analysis, rental performance was more variable, although both Belfast and the collective LGDs recorded growth over the year.

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-H2 2019

Year/Half	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
H2 2019	8,058	3,205	4,853

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

LGD	H1 2019	H2 2019
Antrim & Newtownabbey	493	576
Ards & North Down	988	956
Armagh, Banbridge & Craigavon	666	565
Causeway Coast & Glens	375	431
Derry & Strabane	222	215
Fermanagh & Omagh	172	209
Lisburn & Castlereagh	578	639
Mid & East Antrim	538	507
Mid Ulster	402	385
Newry, Mourne & Down	447	370
TOTAL	**4,881**	**4,853**

FIGURE 4 Proportion of properties let by rent band – NI, BCCA and other LGDs, H2 2019

Rental Band	NI	Belfast	LGDs
<£300	0.2%	0.2%	0.2%
£300 - £399	2.9%	0.9%	4.2%
£400 - £499	21.4%	14.4%	26%
£500 - £599	34.2%	28.5%	38%
£600 - £699	19.7%	21%	18.9%
£700 - £799	8.8%	12.3%	6.6%
£800 - £899	4.2%	6%	3%
£900 - £999	2.6%	4.6%	1.2%
£1,000 - £1,099	1.1%	2.2%	0.4%
>£1,100	4.9%	9.9%	1.6%

FIGURE 10 Average Rent by Quarter, Northern Ireland, Q1 2015 - Q4 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
Q3 2019	£626
Q4 2019	£625