Ulster University

Performance of the Private Rental Market in Northern Ireland

Summary Research Report

July - December 2015

Housing Executive

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1.0 Introduction

The latest survey of the Northern Ireland private rental sector indicates a vibrant market with continuing demand for rental. The analysis also reveals growth in average rent over the year but also cautions of some variability over the second half of the year which may be related to stimulus and improving conditions in the residential sales market. Nonetheless, the high rate of transactions indicates continuing buoyancy in the private rented sector. This report focuses on the performance of the private rental market in Northern Ireland during the second half (July-December) 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.

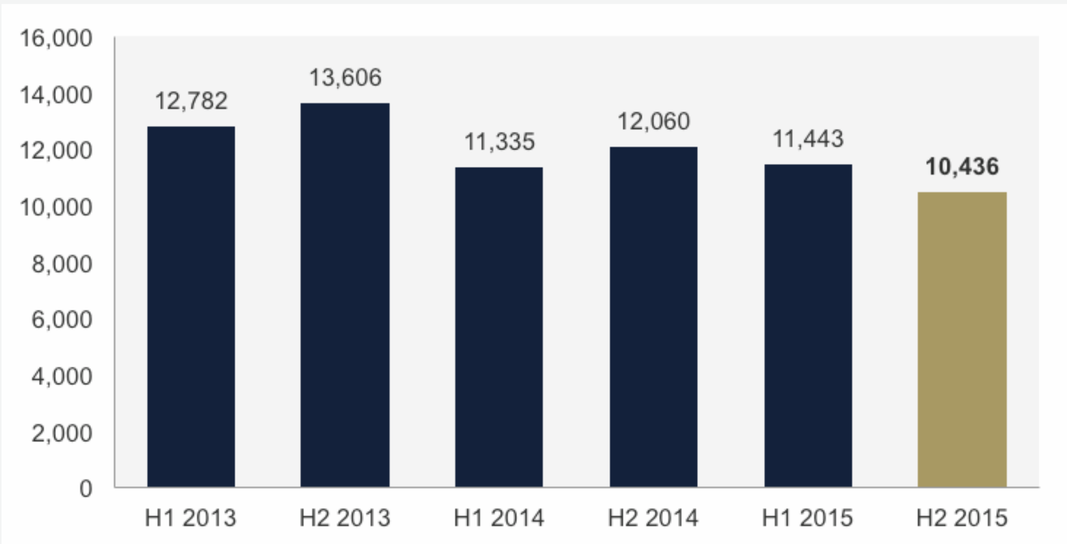
The statistics presented in this report are premised on a sample of 10,436 rental transactions recorded on PropertyNews.com and NIHE (Housing Benefit in the PRS) database for the second half of 2015. The rental figures represent the average rent (per month) as advertised. Rented properties are classified 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 second half (July-December) of 2015 there were 10,436 rental transactions in the private rented sector in Northern Ireland, representing a decrease of 8.8 per cent on the first six months of 2015. Annual comparison shows a notable decrease of 13.5% on the same period the previous year (Figure 1). While transactions would be expected to increase in the second half of the year, the observed decrease is consistent with the general downward trend in the number of rental transactions since the peak of H2 2013. The decrease in transactions may be reflective of the improvement in mortgage and housing market conditions evidenced during 2015. However, it is more likely an indication that the private rented sector is becoming a longer term housing solution for a growing number of households.

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 (41%) and apartment (30%) property types, which account for the vast majority of total rental activity (See Table 1).

The decrease in transactions over the second half of 2015 is reflected across the apartment (12.4%), terrace/townhouse (9.6%) and semi-detached (5.7%) property types. There was, in contrast, a small increase in rental transactions for detached properties (0.6%) over the half year. Overall the annual decline in the number of transactions across all property types is consistent with improving conditions in the residential housing market and evidence from estate agents of constrained supply in the private rental sector.

Table 1: Properties let by type

Property Type	H2 2014	H1 2015	H2 2015	Half Year Change (%)	Annual Change (%)
Apartment	3,538 (29%)	3,618 (31%)	**3,169 (30%)**	-12.4%	-10.4%
Terrace/Townhouse	5,028 (42%)	4,764 (42%)	**4,309 (41%)**	-9.6%	-14.3%
Semi-detached	2,110 (18%)	1,920 (17%)	**1,810 (17%)**	-5.7%	-14.2%
Detached	1,384 (11%)	1,141 (10%)	**1,148 (11%)**	0.6%	-17.1%
TOTAL	**12,060**	**11,443**	**10,436**	**-8.8%**	**-13.5%**

Two (38%) and three (40%) bedroom properties remain the most common property size, accounting for almost four fifths (78%) of properties rented during the second half of 2015. The figures show that the proportion of one bedroom properties (8%) and those with four or more bedrooms (15%) remained consistent over the time period (Table 2). However, in terms of the volume of rental transactions, all bedroom categories observed decreases, with one bedroom properties showing the largest half yearly decrease (17%) and four or more bedroom properties the smallest decline (2.9%). In annual terms, the number of transactions across all bedroom categories displayed sizeable and broadly similar decreases.

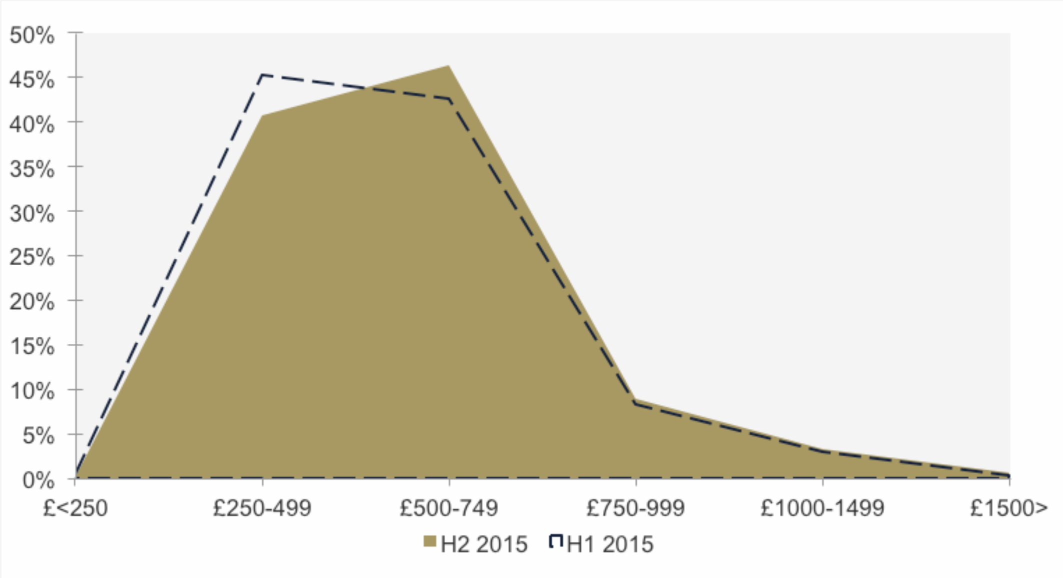
Table 2: Properties let by number of bedrooms

Number of Bedrooms	H2 2014	H1 2015	H2 2015	Half Year Change (%)	Annual Change (%)
1 bedroom	891 (7%)	939 (8%)	**779 (8%)**	-17.0%	-12.6%
2 bedroom	4,442 (37%)	4,329 (38%)	**3,927 (38%)**	-9.3%	-11.2%
3 bedroom	4,973 (41%)	4,598 (40%)	**4,199 (40%)**	-8.7%	-15.9%
4/4+ bedroom	1,754 (15%)	1,577 (14%)	**1,531 (15%)**	-2.9%	-12.7%
TOTAL	**12,060**	**11,443**	**10,436**	**-8.8%**	**-13.5%**

3.2 Distribution of Banded Monthly Rent

Figure 2 shows that almost half (46%) of rental properties let during July-June 2015 were in the £500-749 rental band. Just over two-fifths of properties (41%) were let in the £250-£499 band. Approximately 12% of rental properties let for more than £750 per month or more. The histogram shows an increase in the proportion of properties let in higher rent bands compared with the previous six months.

Figure 2: Histogram showing the distribution of banded monthly rent



3.3 Northern Ireland Average Monthly Rent

For the second half of 2015, the average monthly rent for Northern Ireland was £568, a small increase (2.6%) on the first half of 2015 (£553) and a 3.4% annual increase compared with the same period in 2014 (£549). In terms of property type, the statistics in Table 3 reveal some variation in average rents over the half year. The figures show a moderate half yearly increase in rent for terrace/townhouses (4.7%) and smaller increases for apartment (2.7%) and semi-detached (0.6%) properties respectively. Average rents show strong performance across all property types over the year, apart from detached properties.

Table 3: Average rent by property type

Property Type	H2 2014	H1 2015	H2 2015	Half Year Change (%)	Annual Change (%)
Apartment	£531	£547	**£562**	2.7%	5.8%
Terrace/ Townhouse	£524	£527	**£552**	4.7%	5.3%
Semi-Detached	£549	£556	**£559**	0.6%	1.7%
Detached	£683	£679	**£656**	-3.5%	-4.1%
ALL	**£549**	**£553**	**£568**	**2.6%**	**3.4%**

Table 4 figures indicate increases in average rents over the half year by number of bedrooms, most notably for one bedroom properties (4.1%). In terms of annual change, the analysis shows growth in average rent across all bedroom categories again highlighting the steady growth of the rental market in all sectors over the year.

Table 4: Average rent by number of bedrooms

Number of Bedrooms	H2 2014	H1 2015	H2 2015	Half Year Change (%)	Annual Change (%)
1 bedroom	£413	£416	**£433**	4.1%	4.6%
2 bedrooms	£499	£505	**£513**	1.6%	2.8%
3 bedrooms	£536	£543	**£556**	2.5%	3.8%
4/4+bedrooms	£779	£799	**£807**	1.0%	3.6%
ALL	**£549**	**£553**	**£568**	**2.6%**	**3.4%**

3.4 The Northern Ireland Private Rental Index

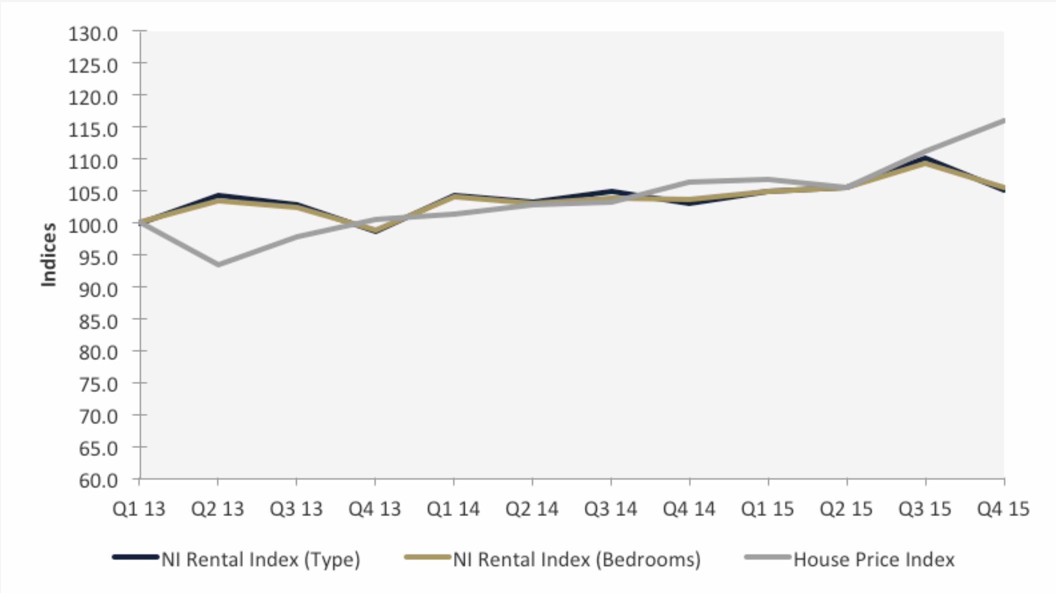
The Northern Ireland Private Rental Indices (NIPRIs) measure change in average rents by property type and number of bedrooms. The indices are calculated using a weighted average by property type and number of bedrooms at the base quarter, Q1 2013 (100). Table 5 shows that the rental index by property type stands at 105.2 at Q4 2015, showing some variance over the second half of the year by type. Annual comparison reveals an increase of 2 percentage points over the year. Similarly, the Index by number of bedrooms stands at 105.4 showing quarterly unevenness over the last six month period but an overall annual increase of 1.7 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	**4.3**		103.3	**3.3**	
	Quarter 3	102.9	**-1.4**		102.3	**-0.9**	
	Quarter 4	98.6	**-4.1**		98.8	**-3.5**	
2014	Quarter 1	104.2	**5.7**	4.2	103.9	**5.2**	3.9
	Quarter 2	103.2	**-1.0**	-1.0	102.9	**-1.0**	-0.4
	Quarter 3	104.9	**1.7**	2.0	103.9	**1.0**	1.5
	Quarter 4	103.1	**-1.7**	4.6	103.6	**-0.3**	4.8
2015	Quarter 1	105	**1.8**	0.7	104.9	**1.2**	0.9
	Quarter 2	105.5	**0.6**	2.2	105.4	**0.5**	2.4
	Quarter 3	110.2	**4.4**	5.0	109.2	**3.6**	5.2
	Quarter 4	105.2	**-4.5**	2.0	105.4	**-3.5**	1.7

The general trend over the course of 2014 and first half of 2015 was one of convergence of house prices and rents indicating consolidation in the residential market with a steady upward trajectory in average rent running broadly in parallel with average house prices. The latter half of 2014 observed property prices increasing beyond rental values which remain relatively flat in comparison. By the second quarter of 2015, house prices and rents once again converged. However, the latter half of 2015 shows divergence in the trends with house price performance reflecting strong and buoyant market conditions. By contrast, average rents have shown unevenness over the period and, although up over the year, have not performed as well as the owner-occupied sector during this period with the rental index dropping back in the fourth quarter of 2015.

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 July-December 2015, there were **4,480** properties let in the Belfast City Council area (BCCA), a transaction decrease of 13.8 per cent on the first six months of 2015 and 11.1 per cent decrease over the year (Figure 4). Belfast continues to be the main rental market in Northern Ireland representing 43 per cent of all rental transactions across Northern Ireland.

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

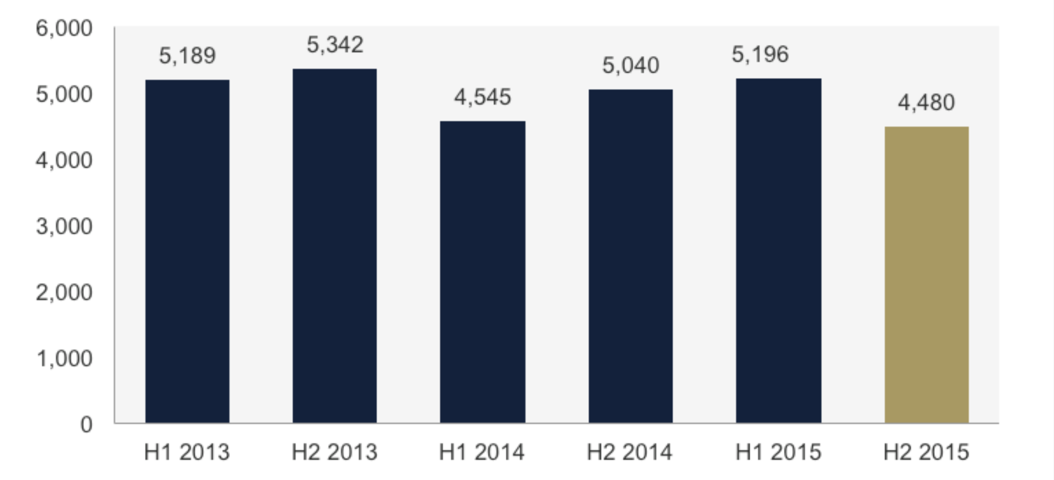


Table 6 shows the distribution of rented properties by property type. Analysis indicates that more than four fifths (83%) of properties let in the BCCA are terrace/townhouses (46%) and apartments (37%). Whilst these proportions are higher when compared to Northern Ireland as a whole (41% and 30% respectively), they have shown half yearly decreases in relative and absolute terms. Regarding the volume of properties let, the figures are more variable with a large half yearly decline in the apartment (20.7%) sector observed over the second half of 2015 and a notable decrease (16.5%) also recorded in the number of terrace/townhouse properties let over the same period. In contrast, the number of detached properties was appreciably up (69.7%) over the second half of the year albeit from a low base, with semi-detached properties (6.6%) also showing moderate growth in transaction levels.

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

Property Type	H2 2014	H1 2015	H2 2015	Half Year Change (%)	Annual Change (%)
Apartment	1,900 (38%)	2,078 (40%)	**1,647 (37%)**	-20.7%	-13.3%
Terrace/Townhouse	2,475 (49%)	2,489 (48%)	**2,079 (46%)**	-16.5%	-16.0%
Semi-detached	514 (10%)	497 (10%)	**530 (12%)**	6.6%	3.1%
Detached	150 (3%)	132 (2%)	**224 (5%)**	69.7%	49.3%
TOTAL	**5,040**	**5,196**	**4,480**	**-13.8%**	**-11.1%**

Table 7 shows that two bedroom properties represent the most common property size, accounting for almost half of all properties let (47%), 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%).

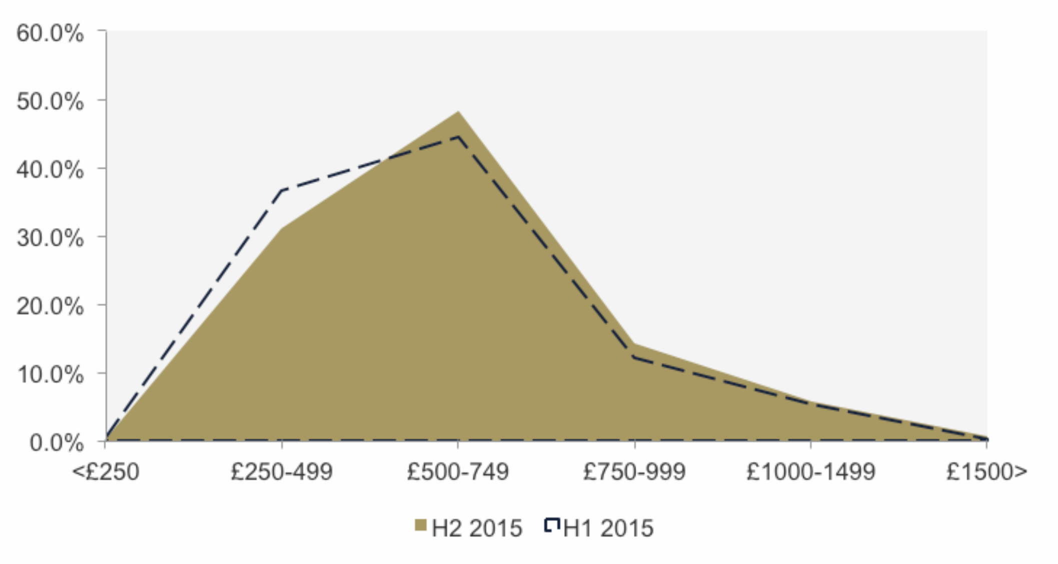
Table 7: Properties let in Belfast City Council Area by number of bedrooms

Number of Bedrooms	H2 2014	H1 2015	H2 2015	Half Year Change (%)	Annual Change (%)
1 bedroom	471 (9%)	523 (10%)	**424 (10%)**	-18.9%	-10.0%
2 bedroom	2,292 (45%)	2,360 (46%)	**2,082 (47%)**	-11.8%	-9.2%
3 bedroom	1,494 (30%)	1,524 (29%)	**1,275 (29%)**	-16.3%	-14.7%
4/4+ bedroom	783 (16%)	789 (15%)	**699 (16%)**	-11.4%	-10.7%
TOTAL	**5,040**	**5,196**	**4,480**	**-13.8%**	**-11.1%**

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 (48%), with an average rent of £587 within this band, followed by the £250-£499 band (31%), with an average rent of £436 towards the upper end of this rent band. Just over one fifth (21%) of all rental properties in the BCCA were let for more than £750 per month, comparatively higher than the rest of Northern Ireland (12%) confirming the higher rent structure in Belfast. The histogram further indicates that that there have been slight changes in the distribution of monthly rent over the second half of 2015 when compared with the first six months.

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 £612 for the second half of 2015, higher than the Northern Ireland average (£568), representing a 3% increase on the previous six months. In general, analysis of rental price locations in the BCCA show increases in average rents compared with the first six months of 2015, except for Belfast City Centre where there has been a slight decline in average rent. However, the city centre remains the most expensive rental location (£741) followed by South Belfast (£718) with mean rents considerably higher than the Belfast average. North Belfast (£476) is the lowest priced location in the BCCA (Table 8). Over the year, rental growth in the BCCA shows strong performance (4%) and was largest in East Belfast (5.3%) and North Belfast (4.4%).

Table 8: Average rent in Belfast City Council Area

Location	H2 2014	H1 2015	H2 2015	Half Year Change (%)	Annual Change (%)
Belfast City Council Area	£589	£594	**£612**	3.0%	4.0%
Belfast City Centre	£727	£745	**£741**	-0.5%	1.9%
North Belfast	£456	£456	**£476**	4.4%	4.4%
South Belfast	£699	£713	**£718**	0.7%	2.8%
East Belfast	£528	£539	**£556**	3.1%	5.3%
West Belfast	£517	£519	**£538**	3.7%	4.0%

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 second half of the year. Terrace/Townhouse properties (5.8%) have experienced strong growth in average rental level over this time period with detached properties (-4.5%) exhibiting decline in average rent. Nonetheless, detached properties remain the most expensive to rent with terrace/townhouse properties the least expensive (£600).

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

Property Type	BCCA H2 2014	BCCA H1 2015	BCCA H2 2015	Half Year Change (%)	Annual Change (%)
Apartment	£586	£605	**£612**	1.1%	4.4%
Terrace/ Townhouse	£569	£567	**£600**	5.8%	5.4%
Semi-Detached	£615	£618	**£624**	1.0%	1.5%
Detached	£863	£838	**£800**	-4.5%	-7.3%
ALL	**£589**	**£594**	**£612**	**3.0%**	**4.0%**

4.3.2 Average Rent by Number of Bedrooms

Table 10 shows that average rents for the second half of 2015, when analysed by number of bedrooms, have increased across all bedroom categories. In terms of annual change, average rents show strong performance across all bedroom categories but particularly one (6.9%) and three (6.3%) bedroom properties.

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

Number of Bedrooms	BCCA H2 2014	BCCA H1 2015	BCCA H2 2015	Half Year Change (%)	Annual Change (%)
1 bedroom	£438	£444	**£468**	5.4%	6.9%
2 bedroom	£527	£528	**£540**	2.2%	2.5%
3 bedroom	£584	£594	**£621**	4.5%	6.3%
4/4+ bedroom	£870	£890	**£898**	0.9%	3.2%
ALL	**£589**	**£594**	**£612**	**3.0%**	**4.0%**

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 £460 in BT13 to £952 in BT3.

Table 11: Average rent grid by postcode

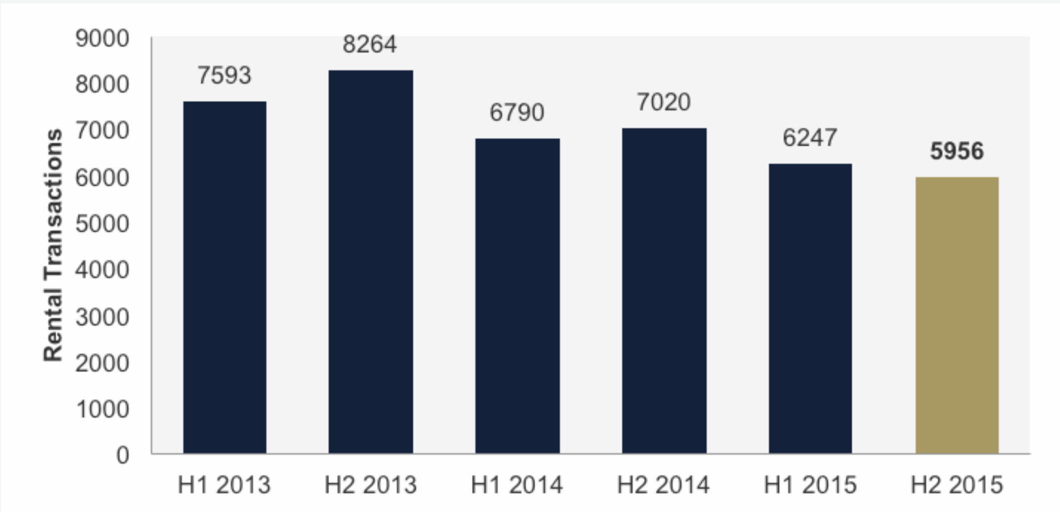
Poscode	1 Bed	2 Bed	3 Bed	4/4+ Bed	ALL
BT1	£606	£766	£919	-	£747
BT2	£608	£736	-	-	£728
BT3	£656	£777	£952	-	£793
BT4	£478	£523	£563	£844	£571
BT5	£422	£497	£609	£756	£535
BT6	£478	£512	£599	£692	£555
BT7	£451	£576	£646	£913	£689
BT8	£425	£552	£633	£809	£630
BT9	£491	£615	£754	£1,036	£740
BT10	£479	£590	£660	£885	£681
BT11	£475	£543	£615	£582	£573
BT12	£515	£481	£525	£615	£506
BT13	£405	£447	£460	£590	£457
BT14	£382	£454	£535	£550	£476
BT15	£387	£461	£544	£669	£494
BT16	£468	£506	£586	£759	£571
BT17	£399	£536	£608	£846	£591
BT18	£472	£584	£674	£1,320	£736
BT19	£459	£555	£616	£996	£652
BT20	£393	£528	£620	£853	£589
BT23	£406	£505	£554	£785	£555
BT26	£418	£570	£678	£1,026	£719
BT27	£441	£499	£577	£929	£599
BT28	£379	£527	£572	£825	£578
BT36	£458	£496	£528	£675	£524
BT37	£373	£469	£499	£777	£500
BT38	£421	£473	£516	£721	£508

5.0 Rental Performance across the Local Government Districts[1]

5.1 Distribution of Properties Let by Local Government Districts

There were **5,956** properties let outside of the BCCA, during the second half of 2015, accounting for approximately 57 per cent of all rental transactions in Northern Ireland but lower in volume terms compared with evidence for 2014. Compared with the first half of the year, rental transactions are down by 4.1 per cent in the last six months and down by 15.2 per cent over the year (Figure 6).

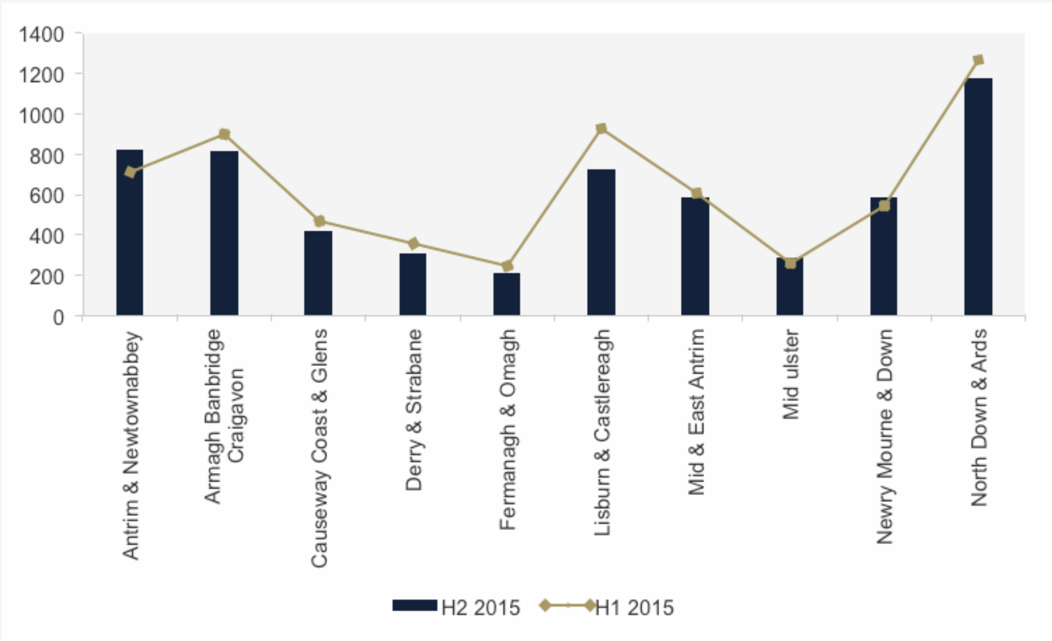
Figure 6: Total number of properties let in Local Government Districts outside Belfast



The distribution of rental transactions (Figure 7) indicates that the North Down & Ards (1,180), Antrim & Newtownabbey (822), Armagh, Banbridge and Craigavon (814) and Lisburn & Castlereagh (725) districts remain the largest rental markets outside of Belfast. Collectively, these district council areas account for 59 per cent of all rental transactions outside of Belfast. The more rural areas of Fermanagh & Omagh (211) and Mid-Ulster (292) observed appreciably lower 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 H2 2015 outside Belfast



Terrace/townhouse properties represent the largest proportion of rented properties accounting for almost two fifths (37%) of the total rental activity (Table 12). Apartments account for just over one quarter of lettings (26%) and semi-detached properties for 22 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 second half of the year down by 4.1% compared with the second half of 2014. Over the year, detached (-25.1%) and semi-detached (-19.8%) properties exhibited the most significant decreases in the number of lettings.

Table 12: Properties let by property type in Local Government Districts outside Belfast

Property Type	H2 2014	H1 2015	H2 2015	Half Year Change (%)	Annual Change (%)
Apartment	1,637 (23%)	1,540 (25%)	**1,522 (26%)**	-1.1%	-7.0%
Terrace/Townhouse	2,553 (36%)	2,275 (36%)	**2,230 (37%)**	-1.8%	-12.7%
Semi-detached	1,596 (23%)	1,423 (23%)	**1,280 (22%)**	-9.0%	-19.8%
Detached	1,234 (18%)	1,009 (16%)	**924 (16%)**	-6.9%	-25.1%
TOTAL	**7,020**	**6,247**	**5,956**	**-4.1%**	**-15.2%**

Table 13 again shows that four fifths (80%) 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 £528 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 £482 per month.

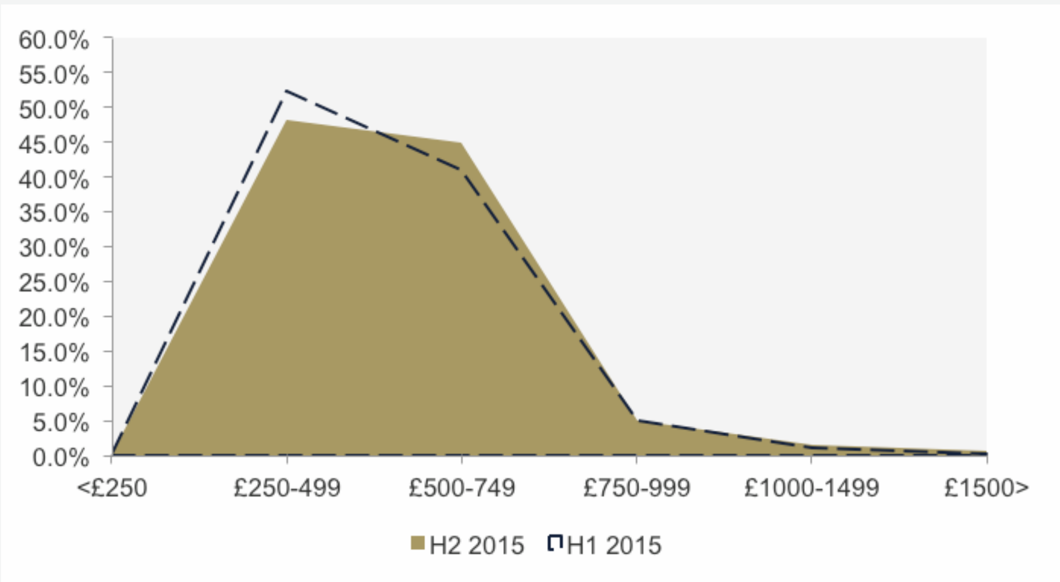
Table 13: Properties let by number of bedrooms in Local Government Districts outside Belfast

Number of Bedrooms	H2 2014	H1 2015	H2 2015	Half Year Change (%)	Annual Change (%)
1 bedroom	420 (6%)	416 (7%)	**355 (6%)**	-14.7%	-15.5%
2 bedroom	2,130 (30%)	1,969 (31%)	**1,845 (31%)**	-6.3%	-13.4%
3 bedroom	3,499 (50%)	3,074 (49%)	**2,924 (49%)**	-4.9%	-16.4%
4/4+ bedroom	971 (14%)	788 (13%)	**832 (14%)**	5.6%	-14.3%
TOTAL	**7,020**	**6,247**	**5,956**	**-4.7%**	**-15.2%**

5.2 Distribution of Banded Monthly Rent across the Local Government Districts

Figure 8 shows that just under half of all rental properties outside BCCA (48%) were let in the £250-£499 per month rent band, with an average rent for this band of £436 per month. The proportion of properties let in the £500-£749 band increased to 45 per cent in this survey with an average rent of £573 towards the lower end of this band. Overall, this continues to confirm the different and lower rent structure outside of Belfast.

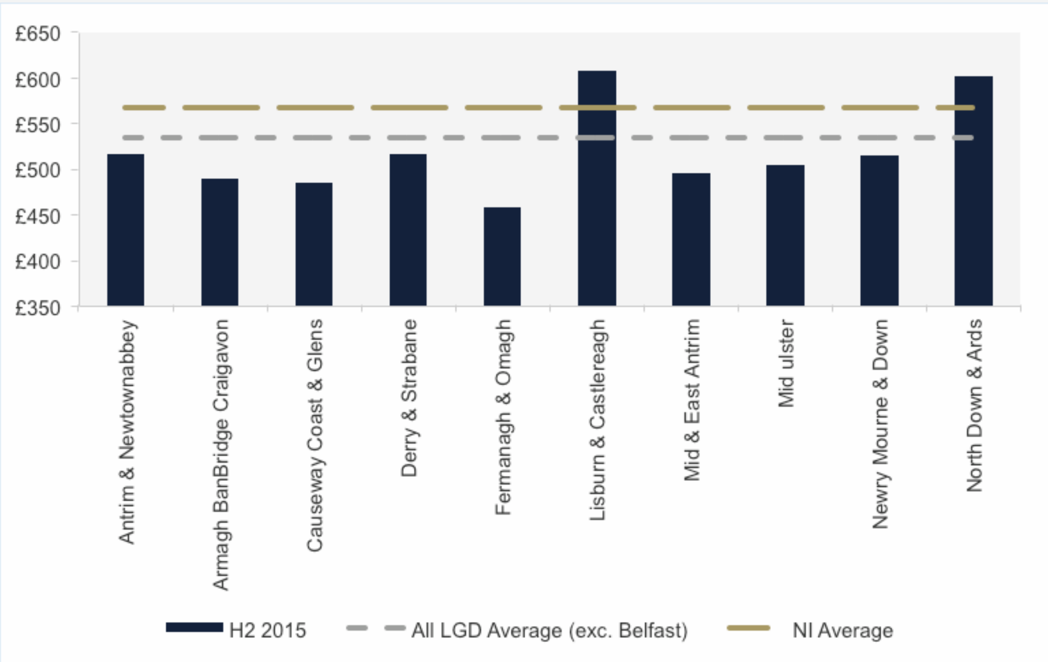
Figure 8: Histogram showing the distribution of banded monthly rents across Local Government Districts outside Belfast



5.3 Average Rent by Local Government Districts

Analysis of rental levels for properties rented outside of the BCCA reveal that the average rent was £534 per month, up 2.7 per cent on the previous six months and lower than the Northern Ireland average rent of £568, which also 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 Lisburn & Castlereagh (£608) and North Down & Ards (£601) are the most expensive council areas and showed rent growth over the period. The lowest average rents were in the Fermanagh & Omagh (£458), Causeway Coast & Glens (£485), Armagh, Banbridge & Craigavon (£490) and Mid & East Antrim (£497) council areas, although slight rent increases were observed. It is also notable that there is a general clustering of average rents in the more rural rental locations of the province.

Figure 9: Average monthly rent by Local Government Districts outside Belfast



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 the Lisburn & Castlereagh (£573) and North Down & Ards (£570) council areas followed some way behind by Antrim & Newtownabbey (£493) with all three experiencing rental growth. The lowest average rents for this property type were in the districts of Fermanagh & Omagh (£406), Armagh, Banbridge & Craigavon (£449) and Causeway Coast & Glens (£446), although again all recorded rent growth over the period. The highest average rents for terrace/ townhouse properties were again in Lisburn & Castlereagh (£579) and North Down & Ards (£557), with Derry & Strabane (£508) remaining the highest rental location outside of BMA council areas in the second half of 2015. The lowest average rents for terrace/townhouse properties were in Fermanagh & Omagh (£445) and Armagh, Banbridge & Craigavon (£466). A similar trend is observed for semi-detached properties where the range of average rents was relatively narrow and the highest priced districts were again found in the BMA: North Down & Ards (£602) and Lisburn & Castlereagh (£600) with Derry & Strabane (£538) the highest rental location outside of the BMA. Although displaying growth, Fermanagh & Omagh (£476), Causeway Coast & Glens (£484), Mid-Ulster (£493) and Armagh, Banbridge & Craigavon (£495) were the lowest priced regions for semi-detached rental properties highlighting the rent disparity between rural and urban contexts. For detached properties, the spread of average rent is generally much larger – ranging from £514 to £769. Detached properties in the districts contiguous to Belfast exhibited the highest average rent for this type of property. Fermanagh & Omagh (£514), Causeway Coast & Glens (£541) and Mid Ulster (£554) were again amongst the lowest priced regions.

Table 14: Average monthly rent across Local Government Districts outside Belfast by property type

Council Area	Average Rent by Property Type (£)				
	Apartment	Terrace/ Townhouse	Semi Detached	Detached	ALL
Antrim & Newtownabbey	£493	£492	£526	£661	£517
Armagh, Banbridge & Craigavon	£449	£466	£495	£585	£490
Causeway Coast & Glens	£446	£475	£484	£541	£485
Derry & Strabane	£478	£508	£538	£680	£517
Fermanagh & Omagh	£406	£445	£476	£514	£458
Lisburn & Castlereagh	£573	£579	£600	£769	£608
Mid & East Antrim	£487	£473	£508	£570	£497
Mid-Ulster	£479	£497	£493	£554	£504
Newry Mourne & Down	£480	£487	£506	£624	£516
North Down & Ards	£570	£557	£602	£767	£601

5.3.2 Average Rent by Number of Bedrooms

One bedroom rental properties are not a common property size across the council areas outside of Belfast. The sample of one bedroom properties (Table 15) reveals a high degree of clustering in rent structure within this category. Consistent with the previous survey, the highest average rent in this category was in Derry & Strabane (£418), Lisburn & Castlereagh (£416) and North Down & Ards (£414). The more rural areas such as Fermanagh & Omagh (£315), Causeway Coast & Glens (£355) and Armagh, Banbridge & Craigavon (£363) exhibit the lowest average monthly rent. Analysis of two bedroom properties again shows a relative clustering of rents between between £417 and £473, with Lisburn & Castlereagh (£525) and North Down & Ards (£522), as outliers, having the highest average monthly rent. The lowest average rent for two bedroom properties was once again observed in Fermanagh & Omagh (£417) and Armagh, Banbridge & Craigavon (£424) to the south and west.

The statistics show that the range of average rent for three bedroom properties is relatively narrow. The highest average rents are in the BMA council areas of Lisburn & Castlereagh (£602) and North Down & Ards (£587), and in the northwest of the province, Derry & Strabane (£531); locations which have been characterised by increases in average rent over the period. Fermanagh & Omagh (£476) and Causeway Coast & Glens (£484), despite experiencing rental increases, once again exhibit the lowest average rent, followed by Armagh, Banbridge & Craigavon (£490).

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

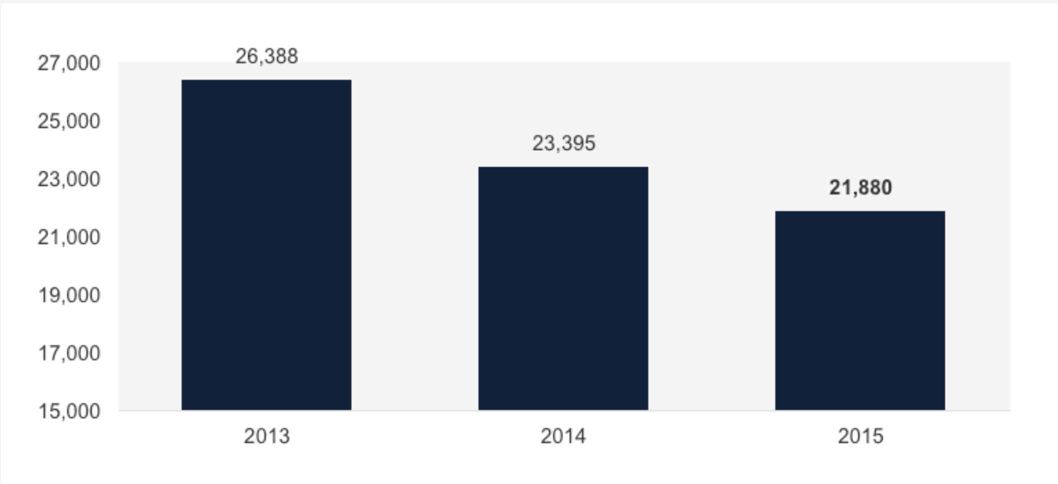
Council Area	Average Rent by Number of Bedrooms (£)				
	1	2	3	4/4+	All
Antrim & Newtownabbey	£377	£473	£515	£718	£517
Armagh, Banbridge & Craigavon	£363	£424	£490	£652	£490
Causeway Coast & Glens	£355	£447	£484	£587	£485
Derry & Strabane	£418	£496	£531	£695	£517
Fermanagh & Omagh	£315	£417	£476	£552	£458
Lisburn & Castlereagh	£416	£525	£602	£867	£608
Mid & East Antrim	£411	£458	£505	£649	£497
Mid-Ulster	£391	£458	£509	£561	£504
Newry Mourne & Down	£366	£463	£508	£680	£516
North Down & Ards	£414	£522	£587	£924	£601

6.0 Performance of the Rental Market in 2015

6.1 Distribution of Properties Let in Northern Ireland in 2015

In 2015, there were 21,880 rental transactions in the private rented sector in Northern Ireland, representing a 6.5 per cent decrease on the previous year (Figure 10). Indeed, the evidence suggests a continuing decline in new rentals year on year, coinciding with recovery and liquidity in the house sales market and also evidence of longer leases and constrained rental product. Nonetheless, the figures do confirm a healthy vibrancy for rental properties.

Figure 10: Number of dwellings let across Northern Ireland in 2015



Analysis by property type indicates little change in the rental market in 2015, with terrace/townhouse (42%) and apartment (31%) properties continuing to dominate the market, in total accounting for almost three quarters (73%) of the total rental activity over the year. The market share of semi-detached (17%) and detached properties (11%) also remains relatively unchanged over the year, although both are marginally down (Table 16). Whilst the overall decline in rental volume in 2015 is reflected in transaction decreases across all property types, this is most pronounced in the detached and semi-detached sectors (See Table 16).

Table 16: Properties let by type in 2015

Property Type	2013	2014	2015	Annual Change (%)
Apartment	7,768 (29%)	7,059 (30%)	**6,787 (31%)**	-3.9%
Terrace/Townhouse	10,287 (39%)	9,430 (40%)	**9,073 (42%)**	-3.8%
Semi-detached	4,846 (18%)	4,185 (18%)	**3,730 (17%)**	-10.9%
Detached	3,487 (13%)	2,721 (12%)	**2,290 (11%)**	-15.8%
TOTAL	**26,388**	23,395	21,880	**-6.5%**

The figures for 2015 are largely consistent with the two previous years and confirm that two (38%) and three (40%) bedroom properties are the most common property size in the Northern Ireland rental market, accounting for almost four fifths (78%) of properties rented during the year (Table 17). In terms of the number of rental transactions, one and two bedroom properties show a slight decline with three and four or more bedroom properties exhibiting sizeable decreases in volume over the year.

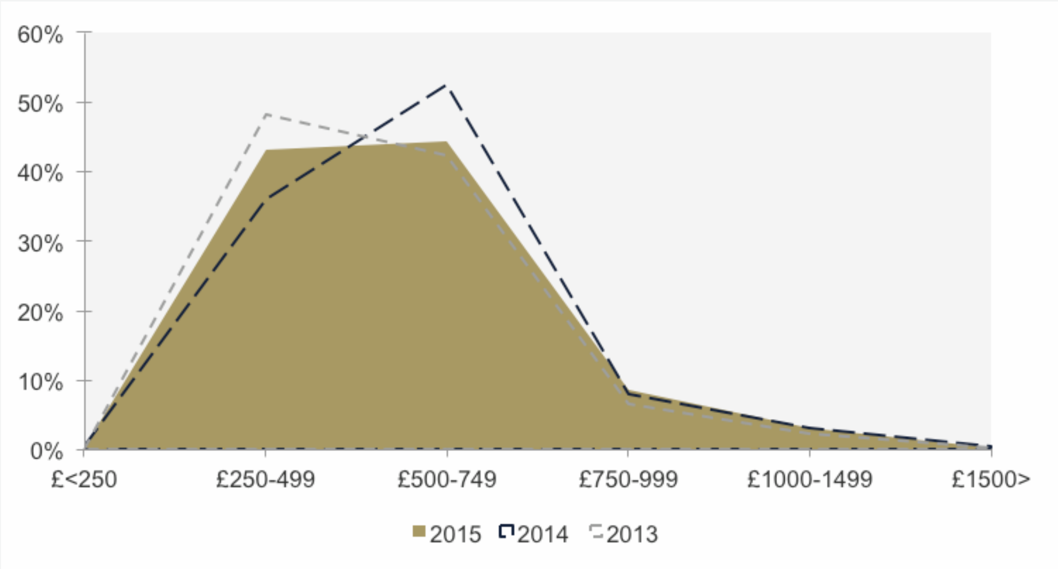
Table 17: Properties let by number of bedrooms in 2015

Number of Bedrooms	2013	2014	2015	Annual Change (%)
1 bedroom	1,679 (7%)	1,728 (7%)	**1,718 (8%)**	-0.6%
2 bedroom	9,472 (36%)	8,432 (36%)	**8,256 (38%)**	-2.1%
3 bedroom	11,177 (42%)	9,782 (42%)	**8,797 (40%)**	-10.1%
4/4+ bedroom	4,038 (15%)	3,453 (15%)	**3,109 (14%)**	-10.0%
TOTAL	**26,366**	**23,395**	**21,880**	**-6.5%**

6.2 Distribution of Banded Monthly Rent in 2015

The distribution of average monthly rents during 2015 varies from both 2013 and 2014 distributions showing a more even representation in the £250-499 and £500-749 rent bands. The histogram (Figure 11) also indicates that the proportion of transactions across the higher rental categories has declined compared with 2014 but is above that for 2013.

Figure 11: Histogram showing the annual distribution of banded monthly rent in 2015



6.3 Northern Ireland Average Monthly Rent in 2015

For 2015 the average monthly rent for Northern Ireland was £560, up two percentage points on the average rent statistic for 2014 (£549). In terms of property type, the statistics in Table 18 reveal modest annual increases in average rents across all sectors, except for detached properties which remained relatively unchanged.

Table 18: Average rent by property type in 2015

Property Type	2013	2014	2015	Annual Change (%)
Apartment	£530	£535	**£554**	3.6%
Terrace/Townhouse	£513	£525	**£539**	2.7%
Semi-Detached	£534	£546	**£557**	2.0%
Detached	£636	£669	**£667**	-0.3%
ALL	**£538**	**£549**	**£560**	**2.0%**

Table 19 generally shows encouraging performance of average rents in 2015 when analysed by number of bedrooms. One bedroom properties were up 2.7 per cent over the year, two bedroom properties by 2.6 per cent and three bedroom properties by 2.8 per cent.

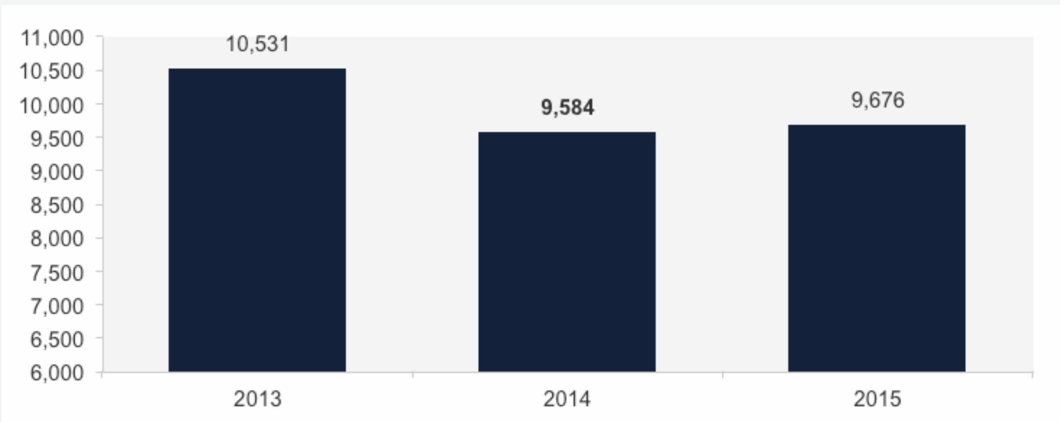
Table 19: Average rent by number of bedrooms in 2015

Number of Bedrooms	2013	2014	2015	Annual Change (%)
1 bedroom	£415	£412	**£423**	2.7%
2 bedrooms	£491	£496	**£509**	2.6%
3 bedrooms	£526	£534	**£549**	2.8%
4/4+bedrooms	£733	£785	**£803**	2.3%
ALL	**£538**	**£549**	**£560**	**2.0%**

6.4 Rental Transactions in Belfast City Council Area in 2015

In 2015 there were 9,676 properties let in the Belfast City Council Area (BCCA), a one per cent increase on 2014 (Figure 12). Belfast continues to be the main rental market in Northern Ireland representing 44% of all rental transactions in 2015; an increase of three percentage points from 41% in 2014 indicating the continued expansion of the private rented market in the city.

Figure 12: Number of dwellings let in Belfast City Council Area in 2015



6.4.1 Average Rent in Belfast City Council Area in 2015

The average monthly rent across the BCCA is £602 for 2015, representing a marginal increase (1.2%) on the average for 2014. In general, analysis shows relatively little change in average rents in real terms with the notable exception of East Belfast which observed a 4.4% increase compared with the previous year. West Belfast and Belfast City Centre also recorded modest growth in average rents compared with the previous year. The annual figures reveal North Belfast to be the lowest priced location in the BCCA with Belfast City Centre the highest (Table 20).

Table 20: Average rent in Belfast City Council Area in 2015

Location	2013	2014	2015	Annual Change (%)
Belfast City Council Area	£581	£595	**£602**	1.2%
Belfast City Centre	£722	£721	**£743**	3.1%
North Belfast	£480	£458	**£465**	1.5%
South Belfast	£677	£707	**£716**	1.3%
East Belfast	£525	£524	**£547**	4.4%
West Belfast	£512	£511	**£528**	3.3%

6.4.2 Average Rent in Belfast City Council Area in 2015 by Property Type

Table 21 shows that average rental levels across property types have exhibited nominal growth in 2015 compared to 2014, except for the detached sector which displayed a significant decline (-12.6%). The apartment sector (2.5%) recorded the largest annual growth in average rent. Overall, the statistics indicate a consolidation in average rents over the past two years.

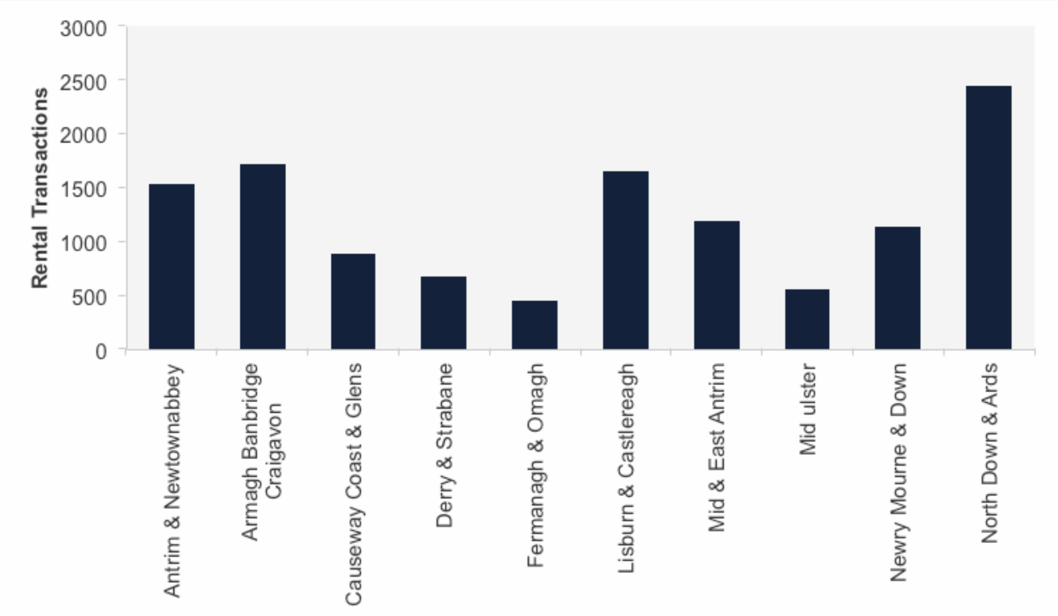
Table 21: Average rent in Belfast City Council Area by property type in 2015

Property Type	BCCA 2013	BCCA 2014	BCCA 2015	Annual Change (%)
Apartment	£583	£593	**£608**	2.5%
Terrace/ Townhouse	£557	£578	**£582**	0.7%
Semi-Detached	£597	£613	**£621**	1.3%
Detached	£878	£859	**£751**	-12.6%
ALL	**£581**	**£595**	**£602**	**1.2%**

6.5 Distribution of Properties Let by Local Government Districts in 2015

There were **12,204** properties let outside of the BCCA during 2015, accounting for approximately 56 per cent of all rental transactions in Northern Ireland, a lower proportion compared with previous years (2014, 59%; 2013, 60%). Annual comparison of rental transaction volume reveals that LGDs outside the BCCA experienced an overall 11.6 per cent decrease from 13,810 in 2014. The distribution of rental transactions (Figure 13) indicates that the prominent rental markets are North Down & Ards (2,443), Armagh, Banbridge & Craigavon (1,711), Lisburn & Castlereagh (1,645), followed by Antrim & Newtownabbey (1,530).

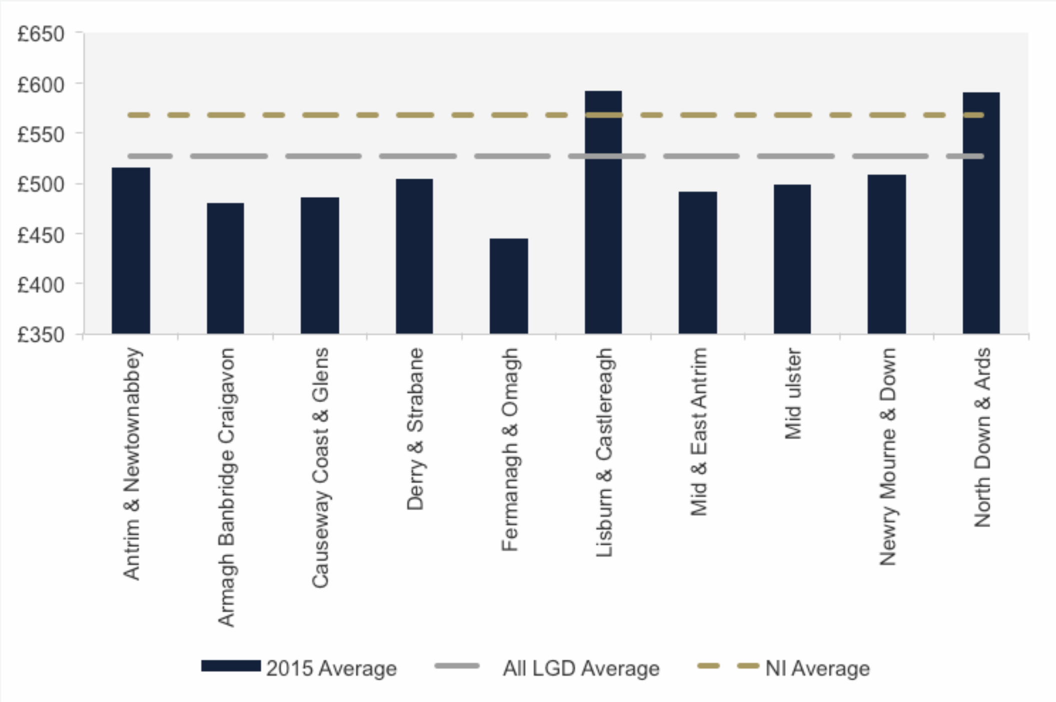
Figure 13: Number of properties let in Local Government Districts in 2015



6.5.1 Average Rent by Local Government Districts in 2015

Analysis of rental levels for properties rented outside of the BCCA reveals that the average rent for 2015 was £527 per month, a 2.1 per cent increase on the 2014 average (£516) and below the Northern Ireland 2015 average rent of £568. Figure 14 illustrates the distribution of average rent statistics by local government district, highlighting the variance in average rents by location. Overall, the rent statistics show that average rents in rural regions, particularly those districts in the West and North of the province, are significantly below the Northern Ireland average. The Belfast Metropolitan Area (BMA) council areas of Lisburn & Castlereagh (£592) and North Down & Ards (£590) have the highest average monthly rents.

Figure 14: Average monthly rent by Local Government Districts in 2015



7.0 Conclusion

The key findings of this latest report suggest that the rental market in Northern Ireland continues to display considerable vibrancy. The volume of transactions has continued to decline when the expectation would have been for the volume of new lets to have been greater in the second half of the year, but this has not materialised and collectively the combined number of rental transactions for 2015 is lower than that for 2014 which was already lower than activity levels in 2013. Nevertheless the overall observation chimes with comments from estate agents on less rental property being available. Significantly this is coinciding with the partial recovery in the house sales market for which the average rate of price increase in 2015 has been placed by various reports to be within the range from 7 to 9 per cent growth in house prices. The increased liquidity in the sales market may have prompted some "accidental investors" to dispose of property assets rather than continue to hold and rent to private sector tenants. However it may simply reflect the greater stability in this sector of the market for a growing number of households who see renting privately as a longer term solution to their housing needs.

The second key finding of the report is the general upward movement in average rental levels, though detached property forms an exception in this survey. The greatest increases in rents are in the apartment and terraced/townhouse sectors and seemingly for smaller units of accommodation with one bedroomed property attracting the highest percentage growth. The rental indices produced in this report show a peaking in third quarter with some falling back in the last three months of the year. However, the overall rental growth may reflect the more restricted supply seemingly available in the latter half of 2015.

The compositional shift in the rental market reported in the previous survey has been largely sustained with 71% of properties being apartments or terrace/townhouses and 46% being either one or two bedroomed property. Similarly the differing character of the rental market in Belfast as distinct from the other district council areas is apparent in terms of the structure and performance of the sector.

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.