Performance of the PRIVATE RENTAL MARKET IN NORTHERN IRELAND

H2 2018
Issue Number 12

INTRODUCTION

This survey analyses the performance of the Northern Ireland rental market during the second half (July to December; 'H2') of 2018. 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 2018 as a measure of half yearly change and with the same period in 2017 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 8,299 rental transactions recorded on PropertyNews.com and the Housing Executive's 'LHA dataset for Housing Benefit' database for the second half of 2018. The volume of transactions has decreased for this survey, reflecting the traditionally quieter end of year period. This is consistent with general market trends in the rental sector, which usually result in a tailing off in transactions over the last six months of the year, in large part due to seasonal effects and less market churn.

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 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 over time and are 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 still increasing, the rate of growth has slowed over both the half yearly and annual time-frames analysed in this report. Variability is also apparent by local government areas, with evidence of a contraction in average rents in the Belfast City Council Area (BCCA) over the half year – although they are up strongly on an annual comparison – and with modest rates of rental price growth across the remaining district council areas. In addition, the number of transactions in the sample has decreased to the lowest level recorded by these surveys.

The key headlines relating to the rental market in H2 2018 are:

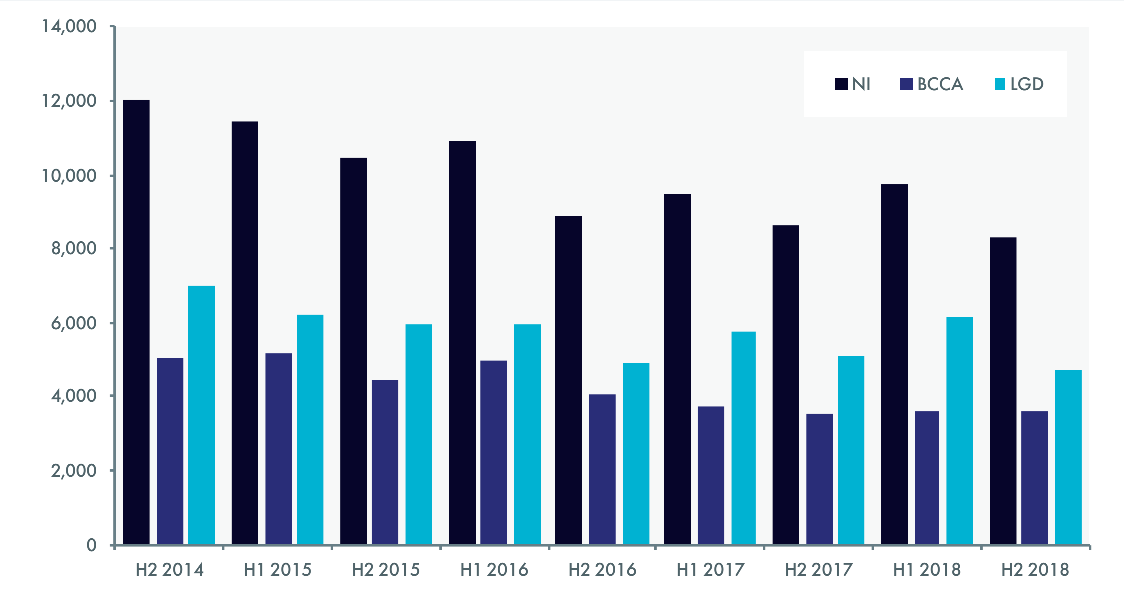
- the number of rental transactions decreased in both annual (15%) and half yearly (3.8%) terms
- average rents across Northern Ireland continued to grow, rising by 1.6% over the second half of 2018 to £622 a month and by 3.9% compared to H2 2017
- average rent in the Belfast City Council Area (BCCA) decreased by 0.9%, to £690 per month over the last six months of 2018, but showed strong performance relative to H2 2017, up by 5.7%
- outside of Belfast, the average LGD rental value was up slightly (1.3%) to £569 per month in H2 2018, and up 1.9% over the year (compared to H2 2017).

RENTAL TRENDS

Number of Lettings

During the second half of the year, this survey captured 8,299 private rental transactions in Northern Ireland, reflecting a 15% decrease on the first six months of 2018. Annual comparison with the same period in the previous year (H2 2017) reveals a 3.8% decrease in the number of transactions (Figure 1).

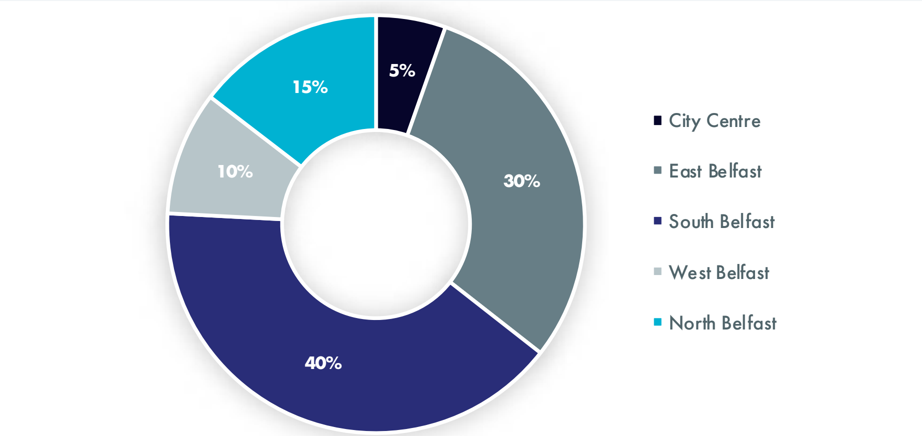
FIGURE 1 Number of lettings – NI, Belfast City Council Area and other LGDs, H2 2014-H2 2018



Belfast City Council Area

Within the BCCA, there were 3,582 lettings in the second half of 2018, down 1.2% against the first half of the year, but up 1.6% compared to H2 2017. This survey again confirms Belfast as the main rental market area, accounting for 43% of all rental transactions in the survey; a higher proportion than in the last survey (37%). Within BCCA, the largest volume of lettings was in South Belfast (40%) followed by East Belfast (30%), reflecting a pattern of greater market churn in these areas of Belfast. The proportion of lettings in North (15%) and West (10%) Belfast remained broadly similar to the previous survey, once again highlighting the dominance of the social rented sector in these areas (Figure 2).

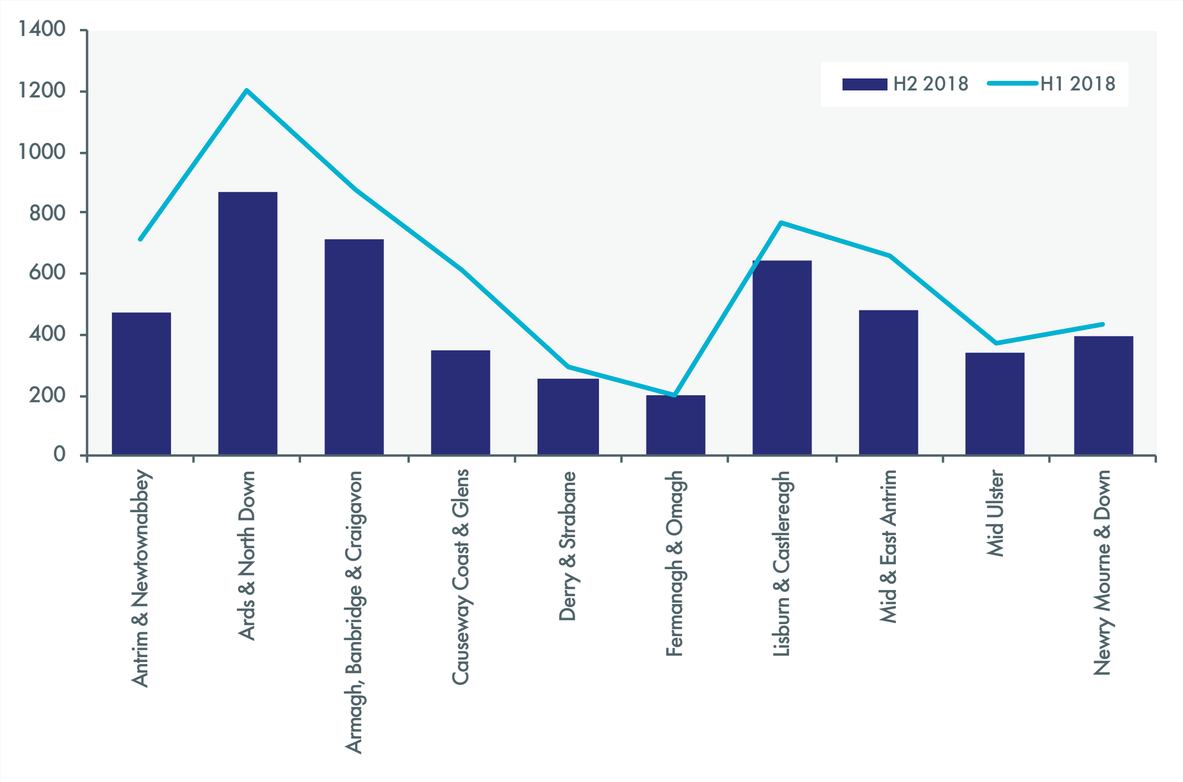
FIGURE 2 Proportion of lettings by sub-market, Belfast City Council Area, H2 2018



Local Government Districts

During H2 2018, there were 4,717 lettings in LGDs outside of Belfast, a significant decrease of 23.1% in the number of lettings over the second half of the year and a 7.5% decrease compared with the same period in 2017. Collectively, these LGDs have a slightly reduced share of rental transactions in Northern Ireland (57%) compared with the last survey (H1 2018). The main rental markets remain those within the wider Belfast metropolitan area and those on the primary urban belt to Belfast: Ards & North Down (873); Armagh, Banbridge & Craigavon (711) and Lisburn & Castlereagh (644). Consistent with previous surveys, there were lower volumes of rental transactions in the more rural areas of Fermanagh & Omagh (198) and Derry & Strabane (251) **(Figure 3)**.

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



MARKET SHARE

Across Northern Ireland, the pattern of market share by property type remains consistent with previous surveys. Overall, terrace/townhouse properties once again dominated with a 38% share in this period, while the apartment sector took a slightly greater share (34%) of the market when compared to H1 2018 (32%). The percentage of semi-detached houses, at 17%, was unchanged from the previous survey, while the share taken by detached properties was slightly down, to 10%. In the Belfast rental market, the majority of lettings for this survey were in the apartment sector, accounting for 45% of rental lettings, and signalling a slight change in the market. This was followed by the terrace/townhouse sector, which took a reduced share at 43%, compared to the previous survey (47%). For LGDs outside Belfast, the distribution of rental lettings by property type remained unchanged from the previous survey. Terrace/townhouse properties, accounting for 35% of lettings, is the largest sector, with apartments (26%) and semi-detached properties (23%) continuing to represent approximately one-quarter of lettings. Overall, the statistics again confirm the difference in rental market structures by property type between Belfast City Council area and other local authority areas across the province.

TABLE 1 Properties let by type, H2 2018						
Property type	**NI**	**HY ^Δ**	**BCCA**	**HY ^Δ**	**LGDs**	**HY ^Δ**
Apartment	2,834 (34%)	-9.6%	1,625 (45%)	5.7%	1,209 (26%)	-24.3%
Terrace/Townhouse	3,172 (38%)	-18.0%	1,503 (43%)	-11.3%	1,669 (35%)	-23.2%
Semi-detached	1,442 (17%)	-15.1%	366 (10%)	14.4%	1,076 (23%)	-22.0%
Detached	851 (10%)	-19.6%	88 (3%)	20.5%	763 (16%)	-22.5%
ALL	**8,299**	**-15.0%**	**3,582**	**-1.2%**	**4,717**	**-23.1%**

Δ denotes percentage change

When disaggregated by number of bedrooms, the pattern was consistent with previous surveys. Across Northern Ireland, two and three bedroom properties remained the most common property size, accounting for 79% of properties rented over the second half of 2018, up slightly on the previous survey (Table 2). This trend was broadly reflected in the BCCA, where three quarters (75%) of properties were let in these categories and, notably, two bedroom properties accounted for almost half of lettings (49%). The BCCA also retained the largest share of one bedroom properties let (11%). Across the LGDs, three bedroom properties accounted for half of all lettings (50%), with two bedroom properties accounting for 32% of lettings. The survey again confirms the varying structure of the rental market by number of bedrooms.

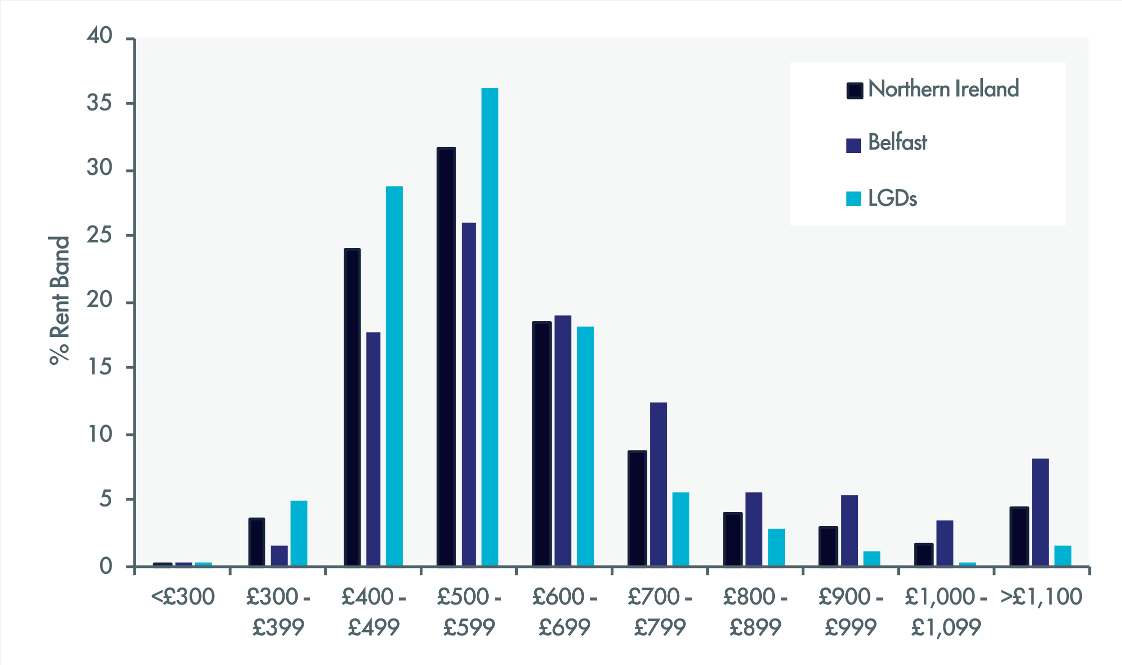
TABLE 2 Properties let by size, H2, 2018						
No. of bedrooms	**NI**	**HY ^Δ**	**BCCA**	**HY ^Δ**	**LGDs**	**HY ^Δ**
1 Bedroom	684 (8%)	-9.2%	389 (11%)	8.4%	295 (6%)	-25.1%
2 Bedroom	3,268 (39%)	-6.9%	1,770 (49%)	14.1%	1,498 (32%)	-23.6%
3 Bedroom	3,284 (40%)	-17.5%	939 (26%)	-2.4%	2,345 (50%)	-22.4%
4+ Bedroom	1,063 (13%)	-29.7%	484 (14%)	-35.7%	579 (12%)	-23.8%
ALL	**8,299**	**-15.0%**	**3,582**	**-1.2%**	**4,717**	**-23.1%**

Δ denotes percentage change

DISTRIBUTION OF RENTS

In terms of average rental bands, 32% of rental properties let across Northern Ireland in the last six months of 2018 fell within the £500-£599 band – the same as the previous survey. For BCCA, this proportion stood at 26%, up from 25% in the previous period and comparatively lower than the other LGDs, where it remained at 36%. The next largest category was again the £400-£499 rental band, which accounted for 24% of lettings across NI, down from 26% in H1 2018. A higher proportion of lettings in LGDs outside Belfast (29%) than in the BCCA (18%) were in this category. Overall, the trend confirms the comparatively higher proportion of rental lettings above £600 in BCCA (54%) compared with the NI (41%) and LGD average (30%), whereas the higher proportions of lettings across the LGDs outside Belfast in the £400-£499 and £500-£599 range confirms the lower rental pricing structure outside Belfast. The relative change in rent distribution over the period indicates a shift towards higher rents in Belfast (Figure 4).

FIGURE 4 Proportion of properties let by rent band – NI, BCCA and other LGDs, H2 2018



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 analysis reveals that during the second half of 2018, Ards & North Down retained the highest comparative rental spread, increasing to 41% from the last survey (37%). The Belfast Council area also increased by one percentage point to 37%, followed by Lisburn & Castlereagh, which increased to 30% from 25% in the last survey – generally 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 2018

Council area	Average rent (£)	Coefficient of variance	Median rent (£)	25th percentile	75th percentile
Antrim & Newtownabbey	£551	21%	£525	£475	£600
Ards & North Down	£640	41%	£575	£500	£685
Armagh Banbridge & Craigavon	£528	21%	£511	£456	£590
Belfast	£690	37%	£621	£525	£775
Causeway Coast & Glens	£515	18%	£500	£450	£574
Derry & Strabane	£526	20%	£521	£467	£567
Fermanagh & Omagh	£478	20%	£477	£412	£531
Lisburn & Castlereagh	£652	30%	£602	£542	£723
Mid & East Antrim	£524	24%	£501	£450	£572
Mid-Ulster	£557	18%	£553	£501	£615
Newry Mourne & Down	£561	27%	£521	£480	£600

FIGURE 5

RENTAL PERFORMANCE BY REGION, H2 2018

Northern Ireland

Average rent H2 2018	£622
Average rent H1 2018	£612
Half yearly variance	1.6%
Average rent H2 2017	£598
Annual variance	3.9%

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%	

Mid and East Antrim

Average rent H2 2018	£524
Average rent H1 2018	£524
Half yearly variance	0.0%
Average rent H2 2017	£518
Annual variance	1.2%

Antrim and Newtownabbey

Average rent H2 2018	£551
Average rent H1 2018	£553
Half yearly variance	-0.3%
Average rent H2 2017	£557
Annual variance	-1.0%

Causeway Coast and Glens

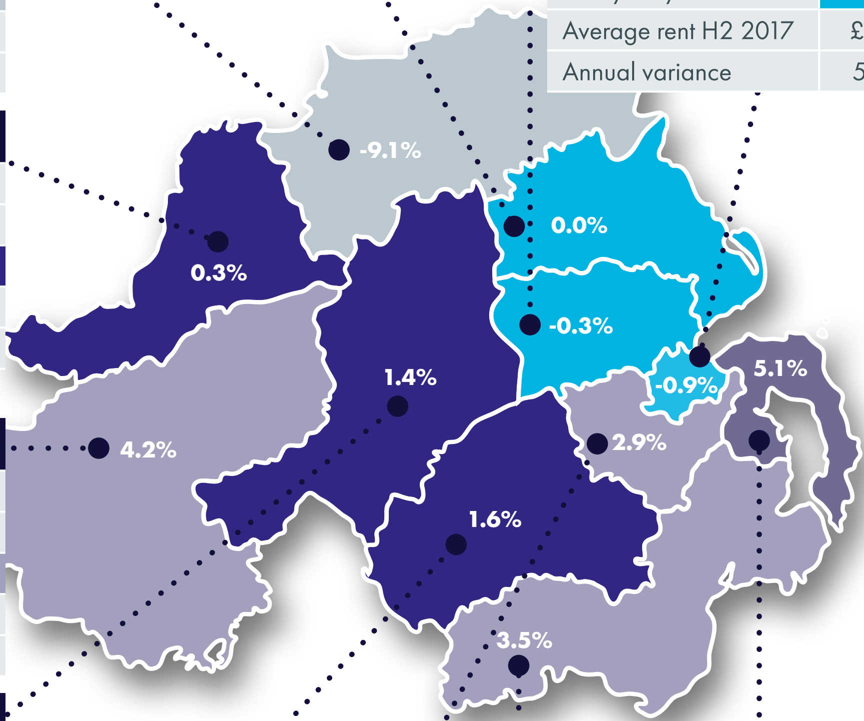
Average rent H2 2018	£515
Average rent H1 2018	£567
Half yearly variance	-9.1%
Average rent H2 2017	£517
Annual variance	-0.4%

Belfast

Average rent H2 2018	£690
Average rent H1 2018	£697
Half yearly variance	-0.9%
Average rent H2 2017	£653
Annual variance	5.7%

Derry and Strabane

Average rent H2 2018	£526
Average rent H1 2018	£525
Half yearly variance	0.3%
Average rent H2 2017	£529
Annual variance	-0.5%



Fermanagh and Omagh

Average rent H2 2018	£478
Average rent H1 2018	£459
Half yearly variance	4.2%
Average rent H2 2017	£470
Annual variance	1.7%

Mid Ulster

Average rent H2 2018	£557
Average rent H1 2018	£549
Half yearly variance	1.4%
Average rent H2 2017	£530
Annual variance	5.0%

Ards and North Down

Average rent H2 2018	£640
Average rent H1 2018	£608
Half yearly variance	5.1%
Average rent H2 2017	£618
Annual variance	3.5%

Armagh, Banbridge and Craigavon

Average rent H2 2018	£528
Average rent H1 2018	£520
Half yearly variance	1.6%
Average rent H2 2017	£540
Annual variance	-2.2%

Lisburn and Castlereagh

Average rent H2 2018	£652
Average rent H1 2018	£634
Half yearly variance	2.9%
Average rent H2 2017	£613
Annual variance	6.4%

Newry, Mourne and Down

Average rent H2 2018	£561
Average rent H1 2018	£542
Half yearly variance	3.5%
Average rent H2 2017	£548
Annual variance	2.3%

NORTHERN IRELAND

The figures for the second half of 2018 show that average rents across Northern Ireland continued to grow, rising by 1.6% by comparison with the first half of the year. A stronger rate of growth is observed over the year, with average rents up 3.9% when compared with the same period in 2017 (Figure 5). The average rent during H2 2018 was £622, up from £612 in the previous six months and equivalent to an average increase in total rental costs of £120 over a year. When disaggregated by property type, growth is observed across all sectors, except terrace/townhouse properties. The average rent for apartments was up 3% over the half year to £613 per month, whilst semi-detached properties increased modestly by 1.8% to £620. Detached properties recorded the strongest performance over the half year, up £5.2% to £763 per month. In contrast, the average rent for terraced properties was largely unchanged, decreasing over the half year by 0.6% to £592 from £596.

LOCAL GOVERNMENT DISTRICTS OUTSIDE BELFAST

The average rent for properties let in district council areas outside the BCCA was £569 per month, increasing marginally by 1.3% over the second half of 2018 and by 1.9% in annual terms. The survey records that the average rent once again continues to lag behind the overall Northern Ireland average monthly rent of £622. Table 4 shows the variability in average rents by property type across the local government districts. Consistent with evidence from previous surveys, average rents in rural council areas, notably in the west and north, remain below the Northern Ireland average. In terms of performance, there is a degree of variability in the change in average rent over the half year, with rural areas to the south and east displaying modest decreases in average rent over the period. As tends to be the case, council districts within the wider Belfast Metropolitan Area remained the most expensive areas for rental properties.

TABLE 4 Average rent by property type (LGDs outside Belfast), H2 2018

Council area	Average rent by property type (£)				
	Apartment	Terrace/ Townhouse	Semi-detached	Detached	ALL
Antrim & Newtownabbey	£509	£521	£592	£752	£551
Ards & North Down	£558	£579	£645	£916	£640
Armagh Banbridge & Craigavon	£442	£486	£557	£657	£528
Causeway Coast & Glens	£461	£481	£525	£597	£515
Derry & Strabane	£482	£525	£604	£677	£526
Fermanagh & Omagh	£421	£463	£507	£561	£478
Lisburn & Castlereagh	£550	£601	£678	£869	£652
Mid & East Antrim	£489	£487	£569	£700	£524
Mid-Ulster	£461	£550	£577	£612	£557
Newry Mourne & Down	£496	£522	£540	£682	£561
ALL	**£504**	**£529**	**£592**	**£729**	**£569**

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 £551, representing a 0.3% decrease on the previous six months (£553) and a 1% decrease when compared to the same period in 2017 (£557). There was some variability by property type, with the strongest performance apparent for terrace/townhouse properties (£521pm), which increased by 2.4% over the half year. Nominal half yearly growth was also apparent for semi-detached properties (£592pm) which were up by 0.7% from £588 per month and detached properties which were up 0.9% from £745 to £752 per month. Rental levels for apartments showed little change over the last six months of the year, standing at £509 per month (down 0.2% from £510).

In **Ards & North Down** district, the overall average rent was £640 per month, appreciably up over both the half-year (5.1%) and year (3.5%), which is reflected in the performance of average rents across the respective property types. Detached properties recorded a strong increase in average rents over the half year period, up 7.4% to £916 per month relative to H1 2018. Terrace/townhouse dwellings (£579) and apartments (£558) also displayed similar rates of growth over the period, up 4.4% and 3.7% respectively. Slight growth was observed in the semi-detached sector, which was up 0.4% over the half year period to £645 per month.

For **Lisburn & Castlereagh** district, the average rent was £652, representing a modest increase of 2.9% over the half year, with stronger annual performance recorded when compared with H2 2017, when average rents were up by 6.4%. Despite the growth in average rents over the year and half year, there is variable performance across property types. Terrace/townhouse properties were marginally down, by 0.6% to £601, and apartments down by 2% to £550 per month. In contrast, average rents for semi-detached and detached properties exhibited similar rates of growth over the period, considerably up by 4.8% to £678 a month and 4.9% to £869, 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 unchanged over the half year, standing at £524 a month, with modest gains recorded over the year, up 1.2%. However, the overall modest increase in average rent reflects some variability by property type. Both apartments and terrace/townhouse properties showed nominal growth in average rents in relative and absolute terms, increasing by 0.4% to £489 and by 1.3% to £487 per month, respectively. In the semi-detached sector, average rents showed the strongest rate of growth, up 3% to £569 per month. Detached properties recorded a similar growth, up 2.7% to £700 per month.

In the **Causeway Coast & Glens** area, average rents contracted considerably over the half year, down 9.1% to £515 per month, largely due to the unusually strong level of rental transactions at the start of 2018. However, in annual terms there is little change in average rents, which are marginally down by 0.4% from £517 in the same period in 2017. The downward half-yearly performance was apparent across all property types. The largest decline was in the terrace/townhouse sector, where rents decreased by 13.5% to £481 per month. Likewise, apartments (£461) and semi-detached (£525pm) properties experienced reductions in average rent by 11.3% and 10.7% respectively. However, a much lower rate of decrease was seen for detached properties, down 2.5% to £597 per month over the period.

For **Derry & Strabane** district, more variable performance was observed, with average rents marginally up by 0.3% over the half year to £526, but down by 0.5% annually. When considered by property type, there were moderate increases in the semi-detached properties, up 4.9% to £604 per month and apartments which were up 4.7% to £482 per month. Average rents for terrace/townhouse and detached properties remained unchanged, remaining at £525 per month and £677 per month, respectively.

THE SOUTH

In the South of Northern Ireland, both district council areas exhibited gains over the half year, but with more variability annually.

In the **Armagh Banbridge & Craigavon** area, the overall average monthly rent was £528, up marginally by 1.6% over the half year, but down 2.2% over the year. Disaggregation to individual property type shows variable rates of change and performance across property types, with all sectors, except for apartments, showing marginal increases in average rents. Detached properties were up 4.1% to £657 per month and, to a lesser extent, semi-detached properties increased by 2.4% to £557. Terrace/townhouse properties showed a nominal rate of rental growth in both relative and absolute terms, up by 0.8% to £486 a month. In contrast, the average monthly rent for apartments was moderately down in this survey, by 2.7% to £442.

For the **Newry Mourne & Down** district, the average monthly rent (£561) increased over the half year by 3.5% but with a slightly lower rate of growth compared to H2 2017 (2.3%). In terms of property type, the largest rate of growth was observed across the apartment sector – where average rents increased by 6.1% to £496 per month – followed by detached properties, which were up 3.7% to £682. Modest growth was also seen in the terrace/townhouse (up 2% to £522) and semi-detached (up 1.3% to £540) sectors.

THE WEST

The districts in the West of Northern Ireland were characterised by rental growth over both the half year and year, albeit with varying rates of change.

In **Fermanagh & Omagh**, the average monthly rent was £478 per month, appreciably up by 4.2% over the half year but less so in annual terms (1.7%). The relatively strong half-yearly performance was largely the result of increases in average rent in the semi-detached (£507pm) and detached (£561pm) sectors, which rose by 7.5% and 5.1% respectively. Terraced/townhouse properties (£463pm; up 1.1%) and apartments (£421pm; up 2.3%) also showed marginal growth in average rental levels.

For the **Mid-Ulster** district, slight rental growth was observed, with average rents up by 1.4% to £557 per month for the second half of the year and up 5% over the year. This performance was driven by terrace properties, which were up 4% to £550 per month and to a lesser extent detached (£612pm; up 1.6%) and semi-detached properties (£577; up 1.8%) which showed similar rates of rental growth. However, the average rent for apartments (£461) decreased by 4.3% over the half year.

BELFAST CITY COUNCIL AREA

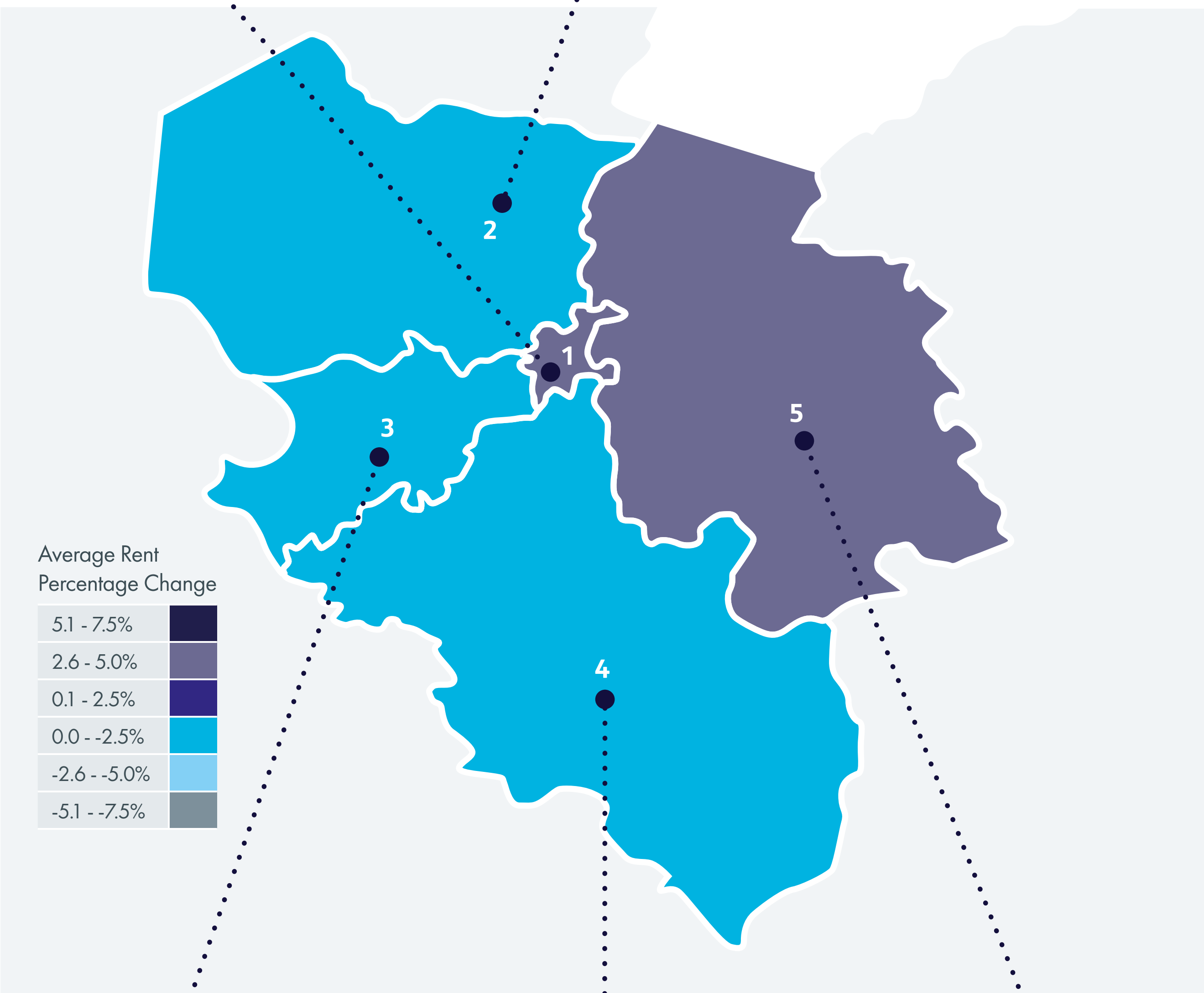
This section briefly considers the average rental values for rental sub-markets across the Belfast City Council Area **(Figure 6)**.

FIGURE 6 Average rent in BCCA, H2 2018

1. Belfast City Centre	
Average rent H2 2018	£822
Average rent H1 2018	£797
Half yearly variance	3.2%
Average rent H2 2017	£782
Annual variance	5.2%

2. North Belfast	
Average rent H2 2018	£500
Average rent H1 2018	£509
Half yearly variance	-1.8%
Average rent H2 2017	£492
Annual variance	1.6%

Belfast LGD	
Average rent H2 2018	£690
Average rent H1 2018	£697
Half yearly variance	-0.9%
Average rent H2 2017	£653
Annual variance	5.7%



3. West Belfast	
Average rent H2 2018	£559
Average rent H1 2018	£565
Half yearly variance	-1.1%
Average rent H2 2017	£545
Annual variance	2.5%

4. South Belfast	
Average rent H2 2018	£830
Average rent H1 2018	£843
Half yearly variance	-1.6%
Average rent H2 2017	£792
Annual variance	4.8%

5. East Belfast	
Average rent H2 2018	£619
Average rent H1 2018	£590
Half yearly variance	5.0%
Average rent H2 2017	£591
Annual variance	4.8%

At £690 for the second half of 2018, the average monthly rent across the BCCA decreased in nominal terms by 0.9% relative to H1 2018, although average rents are appreciably up by 5.7% when compared with the same period the previous year (H2 2017). Average rents in the city centre increased modestly by 3.2% over the half year (£822) and displayed strong growth over the year (5.2%). The South Belfast sub-market area showed a decrease in average rents, which were down 1.6% to £830 over the half year, but up by 4.8% compared to H2 2017, and remained the most expensive rental location in the city. In East Belfast, the average rent showed relatively strong performance, up 5% over the half year to £619 and similarly up 4.8% in annual terms. In the West Belfast area, average rents (£559) showed marginal change over the half year and year, down by 1.1% over the half year but up by 2.5% annually. This survey once again confirms North Belfast (£500) as the lowest priced rental location in the BCCA, with average rents decreasing by 1.8% over the last six months of 2018, although they are up by 1.6% over the year **(Figure 6)**.

BCCA AVERAGE RENT BY TYPE

Average rental levels in the Belfast City Council area decreased marginally over the half year (0.9%), but with strong performance recorded annually. This picture is broadly echoed across the property types, although some variability is apparent (Table 5). In this context, over the half year, average rent decreased for terraced/townhouse properties by 3.8%, with those for semi-detached and detached properties also contracting marginally, down 0.7% and 0.2% respectively. Apartments showed a 1.1% increase over the half year, up to £693 per month. In annual terms, the picture was again one of moderate to strong rates of rental increase across most property types, with apartments (7.8%), terraced/townhouse (4.3%) and semi-detached properties (3.5%) showing appreciable rates of growth over the year.

TABLE 5 Average Rent by Property Type, Belfast City Council Area, H1 2017-H2 2018

Property type	BCCA H1 2017	BCCA H2 2017	BCCA H1 2018	BCCA H2 2018	Half Yearly Δ	Annual Δ
Apartment	£655	£643	£686	£693	1.1%	7.8%
Terrace/Townhouse	£645	£635	£689	£663	-3.8%	4.3%
Semi-detached	£677	£679	£707	£702	-0.7%	3.5%
Detached	£1,033	£1,072	£1,057	£1,055	-0.2%	-1.6%
ALL	**£662**	**£653**	**£697**	**£690**	**-0.9%**	**5.7%**

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 £491 in BT13 to £1,294 in BT2.

TABLE 6 Average rent by postcode district and property size, Belfast area, H2 2018

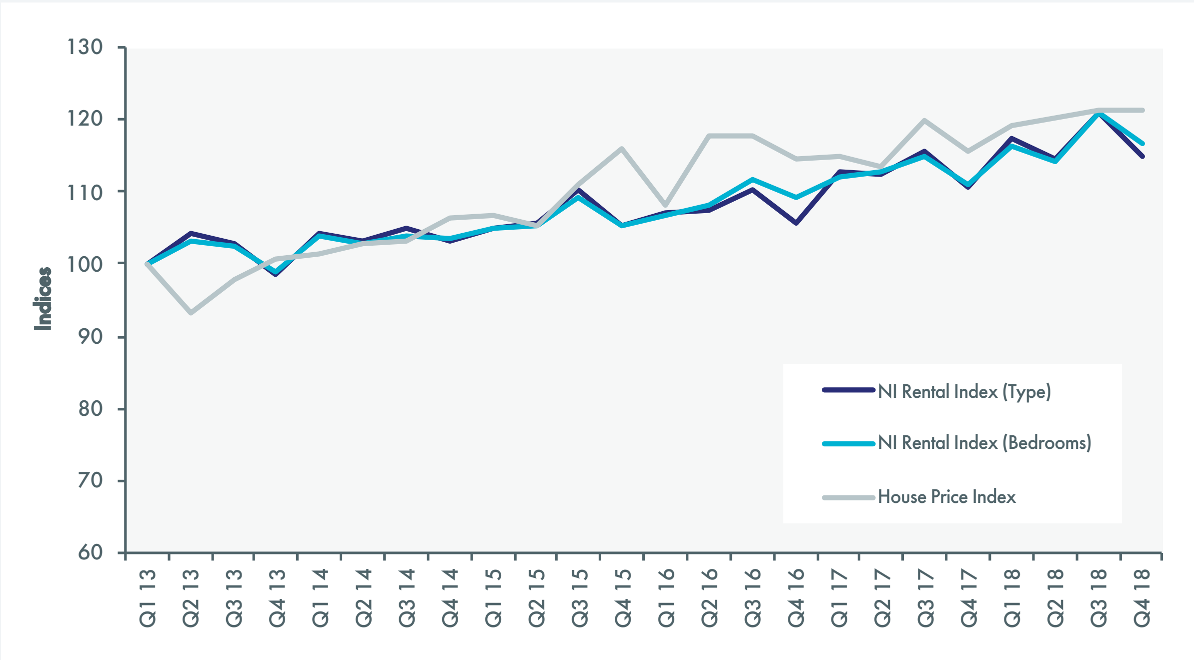
Postcode	1 Bed	2 Bed	3 Bed	4+ Bed	ALL
BT1	£681	£861	£966	*	£837
BT2	£675	£788	£1,294	*	£792
BT3	£714	£819	£981	*	£824
BT4	£539	£591	£642	£1,010	£634
BT5	£480	£575	£651	£879	£599
BT6	£530	£574	£662	£866	£615
BT7	£500	£679	£761	£1,128	£828
BT8	£481	£578	£700	£896	£679
BT9	£562	£713	£878	£1,203	£839
BT10	£549	£650	£722	£973	£718
BT11	£486	£570	£645	*	£601
BT12	£422	£544	£560	£587	£547
BT13	£479	£456	£491	£613	£481
BT14	£441	£482	£538	£643	£505
BT15	£442	£498	£553	£749	£514
BT16	£523	£553	£681	£767	£628
BT17	£492	£542	£627	£1,230	£619
BT18	£507	£684	£745	£1,545	£813
BT19	£535	£553	£691	£1,042	£673
BT20	£430	£535	£689	£901	£622
BT23	£431	£540	£587	£843	£593
BT26	£527	£635	£739	£985	£765
BT27	£383	£522	£571	£949	£599
BT28	£463	£555	£623	£885	£645
BT36	£512	£545	£587	£862	£581
BT37	£412	£498	£534	£720	£522
BT38	£393	£502	£532	£759	£529

*denotes insufficient sample size

THE NORTHERN IRELAND PRIVATE RENTAL INDEX

The Northern Ireland Private Rental Indices (NIPRIs) measure weighted change in average rents by property type and number of bedrooms by comparison with the base quarter for the survey, the first quarter of 2013. With the index standing at 115 at Q4 2018 **(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, but declined slightly over the second quarter. The index again rose sharply into the third quarter, with a steep decline observed in the last quarter, consistent with seasonal effects. Overall, annual comparison reveals a strong performance over the year, with the index up almost five percentage points. Likewise, the index by number of bedrooms stands slightly higher at 116.5, compared to 114.2 recorded in the last survey. This reflects an almost identical trend of strong growth over the first quarter, which declined slightly into the second quarter of the year, rose in the third quarter and fell back over the last quarter. Again, over the year, strong annual increase was apparent compared with the same period in 2017, with the index up 5.4 per cent. In comparison, the Northern Ireland house price index has been smoother over the year and continues to out-perform the rental indices.

FIGURE 7 Rental Indices v House Price Index trend, Q1 2013-Q4 2018



AT A GLANCE RENTAL PERFORMANCE IN 2018

Key Findings

- The number of rental transactions was relatively unchanged from the previous year, down by 0.2% to 18,058.
- Average rents in Northern Ireland rose by 3.4% in 2018 compared with the previous year; the average rent over the full year was £616 per month.
- Rents in Belfast showed an annual increase of 5.4% in 2018 with an average monthly rent of £693.
- Outside of Belfast, the average monthly rent was £565, up 1.8% on the previous year **(Figure 9)**.

Number of rental transactions per annum

In 2018, there were 18,058 private rental transactions in the sample across Northern Ireland. The volume of new lettings remained relatively unchanged from the previous year, marginally down by 0.2%. The figures show a healthy and resilient rental market, with the trend **(Figure 8)** showing signs of a levelling off in terms of volume after a number of years of downward movement in transaction levels following ongoing recovery of the private sector.

FIGURE 8 Annual number of rental transactions in the survey sample, 2013-2018

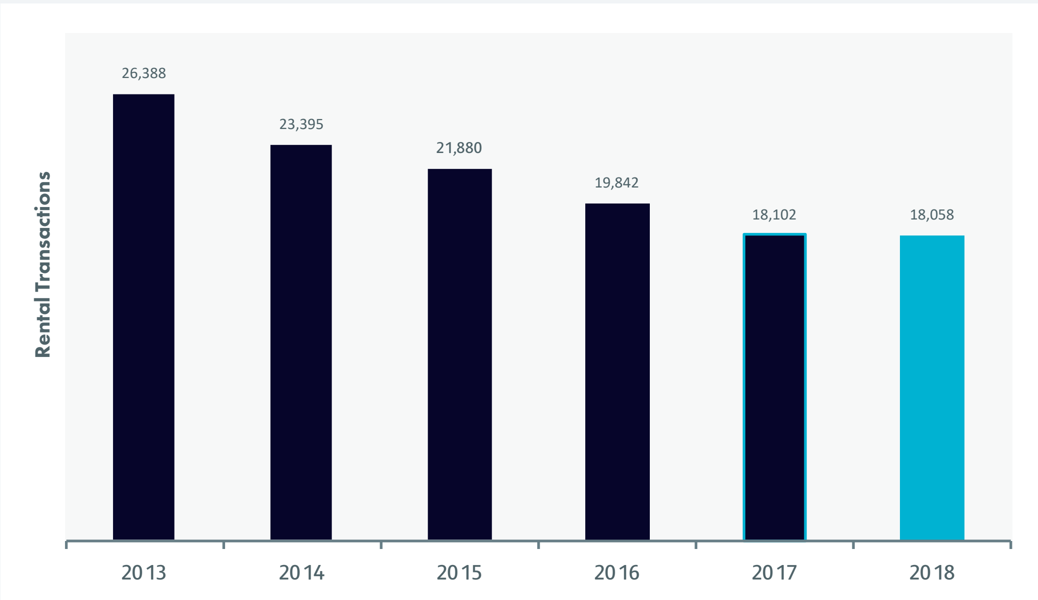


FIGURE 9

ANNUAL VARIANCE IN AVERAGE RENTS
(comparing 2018 with 2017)

Rental Price Annual Percentage Change

8.1 - 10.0%		2.1 - 4.0%	
6.1 - 8.0%		0.1 - 2.0%	
4.1 - 6.0%		-2.1 - 0.0%	

Northern Ireland	
Average rent 2018	£616
Average rent 2017	£596
Annual variance	3.4%

Antrim and Newtownabbey	
Average rent 2018	£552
Average rent 2017	£551
Annual variance	0.3%

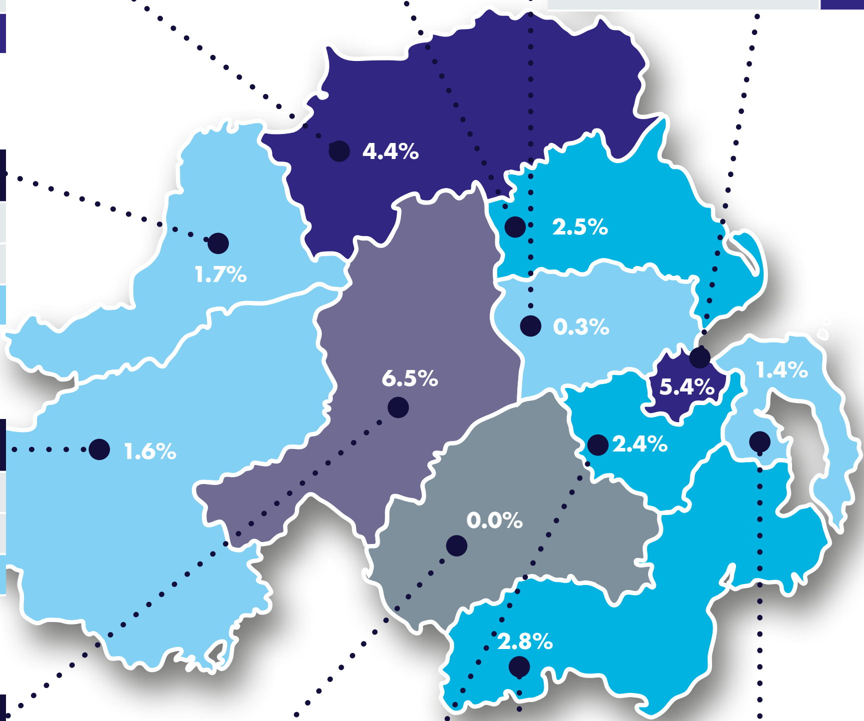
Mid and East Antrim	
Average rent 2018	£524
Average rent 2017	£511
Annual variance	2.5%

Belfast	
Average rent 2018	£693
Average rent 2017	£658
Annual variance	5.4%

Causeway Coast and Glens	
Average rent 2018	£548
Average rent 2017	£525
Annual variance	4.4%

Derry and Strabane	
Average rent 2018	£526
Average rent 2017	£517
Annual variance	1.7%

Fermanagh and Omagh	
Average rent 2018	£468
Average rent 2017	£461
Annual variance	1.6%



Mid Ulster	
Average rent 2018	£553
Average rent 2017	£519
Annual variance	6.5%

Ards and North Down	
Average rent 2018	£622
Average rent 2017	£613
Annual variance	1.4%

Armagh, Banbridge and Craigavon	
Average rent 2018	£523
Average rent 2017	£523
Annual variance	0.0%

Lisburn and Castlereagh	
Average rent 2018	£642
Average rent 2017	£609
Annual variance	2.4%

Newry, Mourne and Down	
Average rent 2018	£551
Average rent 2017	£536
Annual variance	2.8%

Average NI Rent by Property Type

During 2018, the average monthly rent for Northern Ireland was £616, up 3.4% on the average rent in 2017 (£596). In terms of property type, variable annual rates of increase in average rents were apparent, with the apartment sector (5%) performing strongest, followed by terrace/townhouse (3.6%) and semi-detached (2.8%) properties. The detached sector showed marginal growth of 0.7% over the year **(Table 7)**.

TABLE 7 Annual Average Rent by Property Type, Northern Ireland, 2016-2018

Property Type	2016	2017	2018	% change 2017-2018
Apartment	£552	£574	**£603**	5.0%
Terrace/ Townhouse	£543	£574	**£594**	3.6%
Semi-detached	£579	£598	**£614**	2.8%
Detached	£726	£737	**£742**	0.7%
All	**£571**	**£596**	**£616**	**3.4%**

Average NI Rent by Number of Bedrooms

Similarly, average rents were up across all property sizes **(Table 8)**. The average rent for one bedroom properties increased by 6.5% over the year. Average rents for four or more bedroom properties also showed a strong rate of annual growth at 5.7%, with two and three bedroom properties showing a more modest growth at 3.5% and 2.2% respectively.

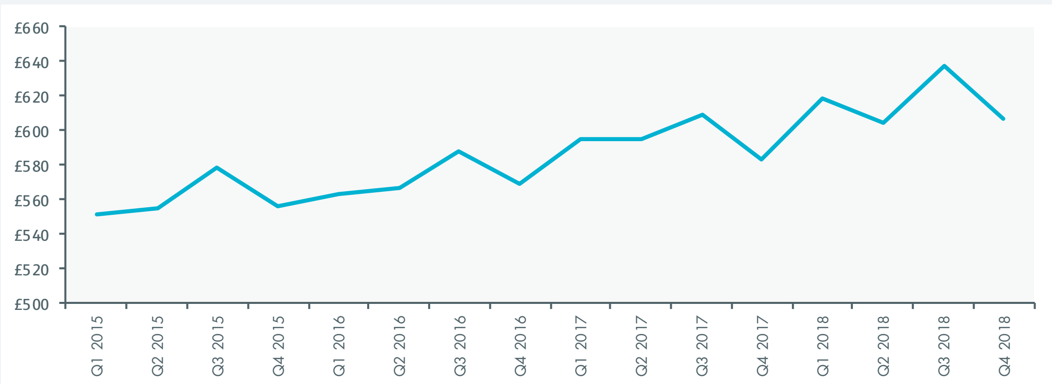
TABLE 8 Annual Average Rent by Property Size, Northern Ireland, 2016-18

No. of Bedrooms	2016	2017	2018	% change 2017-2018
1 bedroom	£435	£451	**£480**	6.5%
2 bedrooms	£523	£537	**£556**	3.5%
3 bedrooms	£567	£585	**£597**	2.2%
4+ bedrooms	£812	£856	**£905**	5.7%
All	**£571**	**£596**	**£616**	**3.4%**

Average Rental values in NI by quarter

Figure 10 shows the general trend of upward movement of average rents each quarter from 2015-2018.

FIGURE 10 Average Rent by Quarter, Northern Ireland, 2015-2018



CONCLUSION

This survey of the private rental market for the second half of 2018 suggests that, while the rental market remains relatively consistent, there are elements of variability that impact upon the overall buoyancy of this important sector of the property market. In particular, when making half-yearly comparisons, there is an apparent decline in the volume of transactions. Nevertheless, market composition in terms of property type and bedroom size have remained largely unaltered.

In terms of market performance, rental growth was observed, both half-yearly and annually, across most district council areas, though with some local exceptions. Overall, the figures show relative consolidation of rental values over the survey period with modest growth of 1.6% relative to H1 2018, although the pace of rental growth was stronger, at 3.9%, when compared to the same period (H2) in 2017. At a district council level, Belfast had a lower average rent over the second half of 2018 (down by 0.9% compared with the first six months of the year), but appreciably higher (5.7%), in annual terms, relative to H2 2017. Outside Belfast, variability in average rent was evident across most LGDs over the half-year period, although most recorded positive but modest annual increases compared with the first half of 2018.

The annual analysis, on a full calendar year basis, smooths out half yearly variations and provides at this level of comparison (2018 compared to 2017) a more consistent set of results. Most notably the volume of rental transactions is relatively unchanged from the previous year, indicating a stable and sustainable market. In terms of performance, average rents in Northern Ireland rose modestly, by 3.4%, compared with the previous year, effectively adding £240 per annum to rents. At the district council level of analysis, rents generally showed moderate to strong performance across most areas over the year, most prominently in Belfast council area.

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 2018

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

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

LGD	H1 2018	H2 2018
Antrim & Newtownabbey	711	472
Ards & North Down	1,202	873
Armagh, Banbridge & Craigavon	878	711
Causeway Coast & Glens	614	349
Derry & Strabane	290	251
Fermanagh & Omagh	201	198
Lisburn & Castlereagh	771	644
Mid & East Antrim	660	477
Mid Ulster	374	344
Newry, Mourne & Down	433	398
TOTAL	**6,134**	**4,717**

FIGURE 4 Proportion of properties let by rent band – NI, BCCA and other LGDs, H2 2018

Rental Band	NI	Belfast	LGDs
<£300	0.3%	0.3%	0.3%
£300 - £399	3.6%	1.7%	5%
£400 - £499	24%	17.8%	28.7%
£500 - £599	31.7%	25.9%	36.1%
£600 - £699	18.5%	19.1%	18.1%
£700 - £799	8.7%	12.5%	5.7%
£800 - £899	4%	5.6%	2.8%
£900 - £999	3%	5.4%	1.2%
£1,000 - £1,099	1.8%	3.6%	0.4%
>£1,100	4.5%	8.2%	1.6%

FIGURE 10 Average Rent by Quarter, Northern Ireland, 2015-2018

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