



BREXIT AND THE HOUSING MARKET

A report for The Northern Ireland Housing Executive by RSM Consulting

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EXECUTIVE SUMMARY

The Northern Ireland Housing Executive (the 'Housing Executive') commissioned this scoping study to help understand the possible impacts of Brexit on the Northern Ireland housing market, based on data on current travel patterns, the housing market and perceptions of key agencies. The research drew on existing literature, interviews with migrant groups and estate agents, a survey of social landlords and analysis of data on migration and the drivers of the housing market.

Key findings

Housing market drivers

There are several key drivers of the housing market, and Brexit may affect all of them to differing extents.

- **Interest rates** may rise if inflation increases, especially in the event of a disorderly Brexit.
- **Migration** may fall, both in and out of Northern Ireland, and falls are most likely to impact on the private rented sector.
- **Disposable incomes** could fall if the economy takes a downturn, though a rise in interest rates would have a more sudden impact on the owner-occupied sector.
- **Housing supply** could reduce in response to a fall in demand, though a fall in new construction rates would have only a very slow and modest impact on prices or rents.
- **Government policies** affecting welfare benefits, taxation or higher education may affect demand for housing.
- The housing market is also affected by whether places are seen as a **desirable place to live**. Northern Ireland is particularly vulnerable here if tensions around Brexit could exacerbate poor community relations in some areas.

Migration and crossing the border

- 86% of Northern Ireland's 2011 population was born in Northern Ireland. 5% was born elsewhere in the UK, 2% in the Republic of Ireland, 4% elsewhere in the EU and 3% outside of the EU.
- The proportion of the working population who were born in the EU (excluding the UK and Ireland) is highest in Dungannon.
- Net migration into Northern Ireland is currently close to zero – just slightly more households arrive each year than leave. Net international migration is highest in Armagh City, Banbridge and Craigavon and lowest in Belfast.

- Around half of migrants move to Northern Ireland from elsewhere in the UK. Around 12 percent come from the Republic of Ireland, a quarter elsewhere in the EU and a sixth from elsewhere in the world.
- The age profile of those migrating in to Northern Ireland is significantly younger than those leaving it. More than twice as many children aged under 18 arrive as leave.
- Migrants to Northern Ireland in the last ten years have come mainly from the Republic of Ireland and Poland. Significant numbers have come also from Lithuania, Romania, Slovakia and Portugal. Of non-EU countries, the largest number of migrants come from India, though this is still below the number from the highest ten EU countries.

Migrants and the housing market

- Of migrants born outside of the UK or Republic of Ireland, a majority (57%) live in private rented housing (Census 2011). A third (34%) live in owner-occupied housing whilst just 9% live in social housing – a lower proportion than for all people.
- There is fuller detail on the country of origin of people on the social housing waiting list. This shows that 5% of the households on the waiting list were from other EU countries (excluding the UK and Ireland), and most of these were Polish, Lithuanian and Portuguese. Four percent of social housing let in the last year was let to EU households (excluding those from the UK and Ireland)

The experience and concerns of migrants currently living in Northern Ireland

- It was apparent from interviews with groups working with migrant communities that the decision to leave the EU has caused heightened levels of fear and anxiety amongst EU migrants since the vote in 2016.
- There are contrasting views as to whether many have left in response to the vote. Some migrant groups felt they had, but evidence suggested that this had not had a noticeable impact on the housing market as yet.
- Migrant groups are working with their communities to help them prepare for Brexit. This should help mitigate the impact of Brexit on their communities and hence reduce the likelihood of them leaving Northern Ireland. A lack of clarity over what Brexit would mean was hindering these efforts.
- There were concerns that limits on the number of EU students studying at Ulster and Queens Universities could reduce student numbers. This may have an impact on specialist student housing (which is often particularly popular with overseas students) and the wider private rented sector in areas dominated by student lets. The impact depends on the extent to which the universities are able to attract students from the EU and/or elsewhere after Brexit.

Crossing the border

- Eurostat estimates that there were 7,600 cross-border commuters from Northern Ireland and 13,900 from the Republic of Ireland in 2015. In relation to total employment, these amount to 1% and 0.6% of the working population respectively (UK Census 2011 and ROI Census 2016).
- Figures published by the Department for the Economy suggest that in 2017, around 86,000 people crossed the border from Northern Ireland to the Republic of Ireland daily, with 38 per cent of these journeys being for work purposes.
- In the 2011 Census, Newry, Mourne and Down had the highest number of people who were usually resident in Northern Ireland working in the Republic of Ireland (28%). Fermanagh and Omagh and Derry and Strabane also had a high number of people who crossed the border for work.

The Northern Ireland Housing Market

- The private rented sector has been the fastest-growing tenure in Northern Ireland in recent years, and now houses 21% of all households (FRS 2016/17).
- Housebuilding rates fell steeply after the boom in the early 2000s, before starting to rise slowly from 2015. House prices followed a similar trend, and are still below the peak in late 2007.
- Private rents are also growing currently, and are highest in Belfast and lowest in Fermanagh and Omagh (Ulster University and Housing Executive Performance of Private Rents Report).
- Social rents (for Housing Associations) are also increasing though remain well below private rents on average (Northern Ireland Housing Statistics, 2017/18).

The social housing sector

- The social housing sector consists largely of two bedroom homes (39%) and three bedroom homes (43%).
- Demand for the sector is strong. There were 34,198 applicants on the waiting list in 2017/18, and the proportion of waiting list applicants in housing stress (24,148 or 67%) is increasing.
- Very little housing is hard to let and this is also true in border areas (NIHE internal statistics).
- Social landlords did not report any current difficulties with recruiting or retaining staff only one survey respondent (a housing with care provider) raised concerns about recruitment after Brexit.

Views of estate and letting agents on the impact of Brexit

- Estate agents generally felt that both the sales and rental market were strong currently.
- There were some concerns that the Brexit vote had deterred people from selling, though this meant that prices held up as demand for housing was still strong.
- Estate agents were unsure on the likely impact of Brexit on the housing market in their area. All felt that the current level of uncertainty was not helpful. Some feared a housing market downturn in border areas if border controls led to long tail-backs. Others felt that the underlying drivers of the housing market were strong so any impact likely to be temporary.
- There were more concerns over the private rented market, as that was where most EU migrants were known to live, and also where people employed in low-waged jobs that could potentially be lost if companies moved overseas in response to Brexit.

Conclusions

This study research was intended to help the Housing Executive and other stakeholders to understand perceptions and plan for any possible housing supply and demand issues that may arise in certain locations as a result of the United Kingdom's withdrawal from the European Union. During the course of the study, Brexit negotiations within Westminster have proceeded in an unpredictable fashion, with the range of options being suggested widening rather than becoming clearer. This means the dominant theme of this study has been the level of uncertainty around what Brexit will involve, across all sectors of the economy, and all parts of the UK, none more so than Northern Ireland with its land border with the Republic of Ireland. Nevertheless, there are some conclusions that can be drawn which help to understand the current situation of migration, migrants living in Northern Ireland, the current housing market and those most at risk if cross-border trade is disrupted.

The evidence suggests that the **housing market** in Northern Ireland is currently in a good state of health. Affordability difficulties are less severe than in many other parts of the UK (though low-income households continue to struggle in many areas).

In terms of **migration**, there are several reasons to think that ending freedom of movement for EU citizens is likely to have a limited impact on the Northern Ireland housing market as net migration is low and existing migrants are likely to be allowed to remain.

The **housing stock** does not change significantly from one year to another, so even a dramatic impact on housebuilding rates in the short- to medium-term would have only a limited impact on the housing market. A shortage of finance, labour or supplies could have a major impact on the **construction sector**, but a slow-down in construction would have only a slow impact on house prices or rents.

Brexit is also likely to have an impact on the **economy** of Northern Ireland, which could in turn affect the housing market. The impact on the economy very much depends on the nature of Brexit – whether there is a withdrawal agreement, what it includes and whether the UK economy is able to adapt to any trade restrictions. One key risk if there is economic shock as a result of

Brexit would on inflation – a sharp rise in inflation could lead to a rise in interest rates, which will in turn exert a downwards pressure on house prices.

This analysis has shown that most economically active migrants in Northern Ireland come from EU countries. Economic turmoil that reduces the **value of the pound relative to the Euro** is therefore likely to encourage migrant workers to move to a different EU country where wages are higher (and therefore buy more back at home) or to return to their country of origin if the value of what they can earn in the UK falls.

In terms of tenure, it is clear that the **private rented sector** is most likely to be affected by Brexit. The **social rented sector** has only a small proportion of tenants from abroad. A secondary impact on the sector is more likely; if migrants form most of the demand for private rented housing and this demand falls, private rents could fall, which could potentially lead to less demand for social renting (as tenants may choose to rent privately instead or find that they are able to afford to do so and so no longer considered to be in housing stress).

Many of these impacts are likely to be felt most in the **border areas** of Northern Ireland. There are higher proportions of migrant workers in these locations, and the job and housing markets of many areas close to the border are linked to those in the Republic of Ireland. The impact of Brexit on these areas is particularly hard to predict, as much depends on the nature of post-Brexit trade deals, the economic impact on the value of the pound relative to the Euro and any possible impact on community relations in areas where Brexit has been (and may continue to be) a divisive issue politically.

INTRODUCTION

The Northern Ireland Housing Executive (the Housing Executive) commissioned this scoping study to help understand the possible impacts of Brexit on the Northern Ireland housing market and understand the key areas of concern.

The research was intended to help the Housing Executive and other stakeholders to scope and plan for any possible housing supply and demand issues that may arise in certain locations as a result of the United Kingdom's withdrawal from the European Union. The focus of the study is on Northern Ireland only and on the housing system as a whole, including social housing as well as market housing.

The ways in which Brexit may affect the Northern Ireland housing system are varied and likely to include changes to:

- immigration levels from the Republic of Ireland and other EU countries;
- emigration of UK nationals living in Northern Ireland to the Republic of Ireland and other EU countries;
- the profile of those immigrating and emigrating;
- inflation, which in turn may impact the Bank of England base rate, and lead to increases in mortgage interest rates and potentially a significant housing market downturn;
- the economy of Northern Ireland, and in particular the economy of the areas nearest to the border with the Republic of Ireland where cross-border trade and employment opportunities may become more restricted; and
- the construction industry, as a significant proportion of the workforce are migrant workers and materials may be harder to obtain if trade frictions increase.

The aims of the study are therefore listed below.

- **Objective 1:** Collate data on demographic profile of Northern Ireland population, with reference to the working migrant population potentially affected by one or more Brexit scenarios;
- **Objective 2:** Conduct an analysis of Housing Executive housing stock up to 10 miles from the border, and use any available data to understand the circumstances of HE tenants who may work and travel across the border;
- **Objective 3:** Consult with advocate groups representing EU migrants and gain an understanding of their preparations for and expectations for impact of various Brexit scenarios; and
- **Objective 4:** Consult with estate agents, lenders, housing associations, and the construction industry regarding the housing market, particularly in areas with a high proportion of migrant households

Methods

This study drew on a range of methods, as outlined below.

Literature review

Key sources included sources from the Brexit and Northern Ireland Reading List, published and maintained by the Northern Ireland Assembly; research papers by the Migration Observatory; research papers about households working/living on different sides of the border with the

Republic of Ireland; policy papers from government departments and guidance issued to the housing sector elsewhere in the UK, such as that produced by England's National Housing Federation.

Review of secondary data

Secondary data sources including the 2011 UK Census and 2016 Republic of Ireland Census, Eurostat, ONS Population and Migration Statistics, NINO registrations, Northern Ireland Housing and Planning Statistics, were reviewed to explore the current trends within the housing market, with particular reference to the migrant population potentially affected by one or more Brexit scenarios.

The study also drew on internal Housing Executive data on Housing Executive housing stock within ten miles of the border and waiting list data to understand the circumstances of the tenants who may work and travel across the border frequently.

Interviews with key stakeholders

Interviews were conducted with:

- the Department for Communities;
- the Northern Ireland Housing Executive;
- the Centre for Cross Border Studies at Queen's University Belfast; and
- One of Northern Ireland's major housebuilders.

The Northern Ireland Federation of Housing Associations declined to take part in an interview but did agree to forward a survey to their members.

Interviews with migrant groups

Interviews were conducted with:

- The Craigavon Intercultural Programme;
- The Northern Ireland Strategic Migration Partnership (NISMP);
- Newry, Mourne and Down Ethnic Minority Support Centre;
- Strabane Ethnic Community Association; and
- The Derry Migrant Centre.

Interviews with estate and letting agents

Interviews were conducted with a total of 11 estate and letting agents based in areas that appeared from the data analysis to be most likely to be affected by Brexit (because they had higher numbers of migrants, or higher numbers of cross-border commuters). The estate agents were based in:

- Mid-Ulster (Dungannon) (two interviews);
- Newry, Mourne and Down (three interviews);
- Derry and Strabane (two interviews);
- Armagh City, Banbridge and Craigavon (two interviews); and
- South Belfast (two interviews).

Survey of housing associations and Housing Executive regional managers

A link to a web-based survey was circulated by NIFHA to housing associations to find out more about the potential impact of Brexit on the social housing sector in Northern Ireland. Seven valid responses were returned by housing associations. A similar survey was sent to regional managers of the Housing Executive in border areas. Two responses were received.

The survey asked about the overall amount of stock owned and where it was located, information about tenants by nationality, and the possible impacts on tenant intentions to move and staff recruitment and retention. It was submitted anonymously and the names of the housing associations who responded were not recorded.

LITERATURE REVIEW

This chapter sets out the key drivers of the housing market in Northern Ireland, explores how Brexit may affect each of them, and then looks in more detail at the possible impact of Brexit on the social housing sector.

What kind of Brexit?

This analysis has drawn on the government's own analysis of the long-term economic impact of Brexit (published in November 2018¹). This analysis modelled four different scenarios:

- the policy position set out by the Government in the July 2018 White Paper on “The future relationship between the United Kingdom and the European Union”, which is the deal as agreed with the EU in autumn 2018;
- European Economic Area (EEA) membership (i.e. the ‘Norway’ model);
- a ‘no deal’ Brexit; and
- remaining in the EU.

Other options that have at times been considered include:

- a free trade agreement, similar to that used by Canada;
- remaining in the customs union; and
- a European Free Trade Agreement (EFTA)/ Bilateral trade agreements, similar to that used by Switzerland.

Some of the analysis distinguishes between the impacts of different types of Brexit, but much of it points to the general areas of concern and likely direction of travel without modelling precise impacts under each scenario, as so many aspects remain unknown.

The drivers of the housing market

Key known drivers of the housing market are listed below.

- **Interest rates:** Interest rates determine the cost of borrowing. The higher the cost, the lower the price households with mortgages can afford to pay. Similarly, higher interest rates eventually raise rents in the private rental sector, as landlords with mortgages must cover higher costs.
- **Demographics and migration:** The number of households seeking accommodation determines the number of potential buyers for homes for rent or sale. The difference in the number of would-be buyers relative to the supply of housing is one of the main factors that determine variations in house prices across regions. The number of would-be households is affected by natural changes in the population (due to longevity and rates of household formation) as well as net migration to the UK from overseas.
- **Disposable incomes:** If earnings increase, this increases the borrowing power of households and the amount they can afford to pay in rent.
- **Housing supply:** The supply of housing has an impact on prices. Increased supply will reduce prices and rents, while reduced supply will increase them.

¹https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/760484/28_November_EU_Exit_-_Long-term_economic_analysis_1_.pdf

- **Government policies:** A variety of government policies can have an impact on the housing market including changes to taxation and welfare.
- **The desirability of places to live:** Housing sells and rents for higher prices in areas that are considered most attractive to live and work. Brexit could affect the relative attractiveness of different locations within Northern Ireland, as well as Northern Ireland's attractiveness relative to other regions in the UK and Ireland.

The impact of Brexit on the drivers of the housing market

Northern Ireland is in many ways the part of the UK most vulnerable to the effects of Brexit, and the housing market may be particularly vulnerable. UK Finance have said that UK national housing market indicator averages mask “very significant variations in the UK housing market”, and that “nowhere is this more marked than in Northern Ireland”, which had a far more serious post-crisis downturn, and one which lasted longer than the rest of the UK. House prices today are 40% below peak, and activity in 2018 was just over half of 2006 levels according to the LPS Northern Ireland House Price Index².

The Bank of England has undertaken stress tests to explore the likely impact on the economy of extreme financial shocks. The worst-case scenario resulting from Brexit indicated a fall of 33% in house prices³. This is not, however, a forecast of what the Bank thinks is likely to happen (even under a no-deal Brexit), but rather an indicator of the likely direction and magnitude of impact on the housing market in this extreme scenario.

The extent to which Brexit impacts on the underlying drivers of the housing market will in many ways affect the social housing sector across the whole of the UK. Housing associations borrow on the same markets and operates under the same trading arrangements throughout the UK. The social housing sector, labour and wider housing markets are also closely linked.

Interest rates

The Bank of England base rate has remained at historically low levels ever since the 2008 financial downturn, sitting at 0.75% at the time of writing. The Monetary Policy Committee has kept interest rates low and warned that in a best-case, ‘smooth’ Brexit scenario (i.e. with an agreed deal and transition period), they would expect to increase the base rate by around 0.25% per year to keep inflation close to its target level of 2%⁴. The Bank has not issued such a clear indication of likely strategy in the event of a no-deal Brexit, instead cautioning that amid rising uncertainty rates could go up or down in ways that are not yet predictable⁵. Some economists have predicted further cuts to interest rates in the event of a no-deal Brexit⁶.

² www.finance-ni.gov.uk/sites/default/files/publications/dfp/NI%20HPI%20statistics%20report%20Quarter%204%202018.pdf

³ www.bbc.co.uk/news/business-45516678

⁴ www.ftadviser.com/mortgages/2018/12/20/bank-freezes-base-rate-citing-brexit-uncertainties/

⁵ www.thisismoney.co.uk/money/news/article-1607881/When-UK-rates-rise.html

⁶ www.theguardian.com/business/2018/nov/01/bank-of-england-keeps-interest-rates-on-hold-no-deal-brexit

A rise in interest rates would increase the costs of borrowing for mortgage holders. However, economists have been predicting the period of very low interest rates to end for most of the past ten years, and so lenders have been stress-testing mortgage offers to ensure affordability even with rises in interest rates, sufficient to cover the modest predictions of a 0.25% rise in interest rates as predicted under the 'smooth' Brexit scenario. This should mean relatively low numbers of households becoming unable to afford mortgage repayments. A rise in interest rates would, however, dampen demand for housing to purchase. This alone is unlikely to be sufficient to trigger a UK housing market crash, but it could become a contributory factor if accompanied by other economic shocks.

Demographics and migration

The main way in which Brexit is likely to affect the overall demographics of Northern Ireland is widely accepted to be via changes in migration levels, both into and out of Northern Ireland. Longevity and household formation patterns (the other causes of demographic change) do not typically change significantly over short time periods.

Existing EU27 migrants are likely to be given the right to remain in the UK, but some may choose to return to their countries of origin (if for instance, because they only ever intended to come in the short term), and immigration rules could make it harder for other EU27 migrants to come in their place.

If leaving the EU ends freedom of movement between the UK and the EU, this will give the government powers to place restrictions on who can come to the UK from EU countries. The Home Secretary, Sajid Javid has stated a desire to cut immigration by up to 80%⁷. Javid has outlined plans which would see modest falls in the number of skilled migrants (from around 15,000 to 11,000) and much higher falls in low-skilled migrants. Proposals include an income limit of £30,000 for medium-skilled workers, and low-skilled workers restricted to one-year visas and only from countries considered to have a low risk of immigration abuse⁸.

It is recognised that there are significant numbers of migrant workers in the agricultural, food processing and services sectors in Donegal/Derry, Monaghan/Armagh and Louth/Newry. Such workers would be unlikely to meet the proposed income threshold, which is around 20% higher than the average salary in Northern Ireland as a whole. A 2015 study explored the effects of migrant workers on the Dungannon and Larne housing markets⁹ and found that migrants (mainly from EU countries) to Dungannon had increased housing demand. In contrast in Larne, where the number of migrants was lower, there were no signs of housing strain but some indications of low demand for housing.

It is of course likely that the EU will set its own rules for the migration of UK nationals into EU countries, which may have an impact on Northern Irish workers seeking to move abroad. Migration between the UK and the Republic of Ireland would not be subject to any new restrictions, something that was set out in the Good Friday/Belfast Agreement of 1998.

⁷ www.thetimes.co.uk/edition/news/javid-bids-to-slash-eu-immigration-by-80-qs3q288t3

⁸ www.politicshome.com/news/uk/home-affairs/immigration/news/100598/sajid-javid-plans-slash-eu-immigration-80-after-brexite

⁹ https://touch.nihe.gov.uk/housing_research_bulletin_issue_18_2015.pdf

There may also be secondary knock-on effects in determining migration rates if Brexit results in a fall in the value of Sterling. Moves could potentially be in either direction: according to *Bordering on Brexit*¹⁰, one resident of Donegal who worked in Derry was considering selling their home and moving to Northern Ireland due to the weakening pound. However, overall, a fall in the value of Sterling relative to the Euro would be expected to reduce immigration to Northern Ireland and increase emigration to the Republic of Ireland and elsewhere. A fall in net migration is likely to put downwards pressure on house prices and rents.

The image of the UK may also have been damaged by Brexit, to both EU and non-EU migrants who may be less likely to see it as a welcoming place. *Bordering on Brexit*¹¹ found people in the Republic of Ireland reporting that Brexit uncertainty had made it less likely that they would wish to move to Northern Ireland in future for education or work.

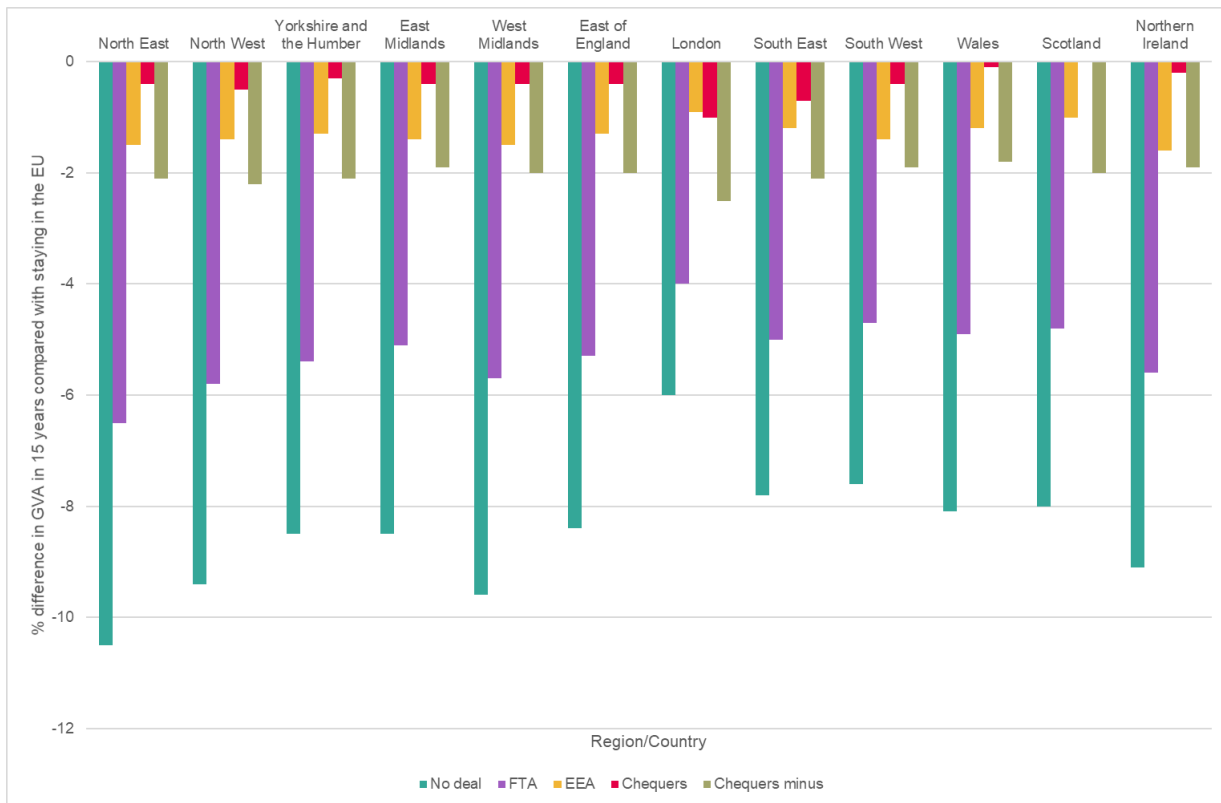
Disposable incomes

In November 2018 the government published its long-term economic analysis of a range of Brexit options covering: the deal negotiated with the EU; no deal; or remaining in the EU. This indicated that Northern Ireland would be one of the most severely affected regions of the UK in terms of economic output (Figure 1).

¹⁰ www.qub.ac.uk/brexit/Brexitfilestore/Filetoupload,780606,en.pdf

¹¹ www.qub.ac.uk/brexit/Brexitfilestore/Filetoupload,780606,en.pdf

Figure 1: Trade impact on economic output (GVA) of regions/countries of the UK



Source: *Brexit deal: Economic analysis (House of Commons Library briefing paper December 2018)*

Recent analysis by the London School for Economics has also suggested Northern Ireland to be the worst-affected part of the UK in terms of the inflation that was experienced following the Brexit vote and subsequent devaluation of the pound¹². This is because households in Northern Ireland spend relatively more on food and drink, clothing and fuel, which are often imported from other countries, and relatively less on rent. The inflation experienced by Northern Irish households was estimated as 0.47%, more than twice the rate in any other region of the UK.

The National Housing Federation (NHF) has alerted housing associations in England to the possible impact on tenants’ livelihoods and wellbeing, especially in the event of a disorderly Brexit. They caution that housing associations may need to help support tenants struggling with sudden changes of circumstances and be prepared for an increase in rent arrears. This is likely also to be particularly significant in Northern Ireland in areas close to the border or where large numbers of tenants are self-employed or employed in sectors trading across the border or elsewhere in the EU.

A no-deal Brexit could also disrupt trade to non-EU countries, such as in the case where intermediate imports used by exporting industries are disrupted. One such area is agri-food,

¹² <http://cep.lse.ac.uk/pubs/download/brexit11.pdf>

which is an important sector of the economy in border regions. The agricultural economy could also be impacted by the ending of the Common Agricultural Policy (CAP). Future funding levels for farmers will be decided by the Northern Ireland Executive rather than Westminster, and political pressure for spending in other areas could mean that the agricultural sector receives lower levels of support than under the CAP.

Tenants who are furthest from the workforce have in many areas benefited from European Social Fund programmes to help them move into employment or training. If these programmes were to end without a successor, there would likely be a negative impact on employment rates and potentially on rent arrears. Since the UK Government has committed to continuing funding for UK organisations agreed under the Social Fund's 2014-20 programme¹³, the primary risk here relates to post-2020 funding, rather than current programmes.

Falling economic growth, as has been forecast for both a deal-based Brexit and – to a greater degree – for a no-deal Brexit¹⁴ will result in increased pressure on government finances, which could ultimately lead to cuts to welfare spending, impacting on households' incomes and wellbeing. On the other hand, a severe downturn may increase political pressure to increase government spending to stimulate the economy.

Government policy

In addition to policies made by the local Assembly, Northern Ireland is affected by policies created by the Westminster government that affect the whole of the UK. While the UK government would seek to limit any disruption from Brexit on the housing market, it may have to juggle other competing demands on parliamentary time or balance the economic needs of the housing market against those of other sectors. Recently introduced policies are likely to continue to have an impact on the housing market after Brexit.

- The **increased taxes on private landlords** (via stamp duty and increased income tax for higher rate payers with mortgages) are likely to exert a downwards pressure on the rate of growth of the private rented sector and result in an increase in the proportion of sales to first time buyers.
- The recent court ruling on **letting agency fees**¹⁵, together with a 2017 consultation¹⁶, suggesting that legislation may be passed in this area if required, are likely to result in changes to the financial models of letting agents – increasing costs to landlords which may or may not be passed on to tenants via higher rents. The evidence from Scotland, where such measures were introduced in 2012, indicated that the effect on the housing market was modest, and a small increase in private rents may have occurred¹⁷. Private landlords and letting agents did not desert the market, though the legislation does make the sector less attractive, which could compound the effects of the taxation to investment by deterring landlords.

¹³ www.gov.uk/government/publications/european-social-fund-esf-grants-if-theres-no-brexit-deal/european-social-fund-esf-grants-if-theres-no-brexit-deal

¹⁴ www.gov.uk/government/publications/exiting-the-european-union-publications

¹⁵ www.bbc.co.uk/news/uk-northern-ireland-48785255

¹⁶ www.communities-ni.gov.uk/consultations/private-rented-sector-northern-ireland-proposals-change

¹⁷ <https://gov.wales/docs/caecd/research/2017/170817-research-letting-agent-fees-tenants-en.pdf>

- The Northern Ireland government has been mitigating the effects of the **social sector size criteria**, which reduces Housing Benefit payments to tenants deemed to have spare bedrooms, but this is due to end in 2020. If mitigation ceases as planned, it could increase any difficulties in letting larger homes, especially in lower demand areas or those where most of the housing stock is family homes with three or more bedrooms, alongside increasing pressure on smaller stock.

In Northern Ireland there are additional risks created by the lack of a functioning Stormont executive to deal with any fall-out from the Brexit process, something that the Chartered Institute of Housing has drawn attention to recently¹⁸.

The desirability of different places to live

One factor that affects demand for housing (and hence prices and rents) is the desirability of different locations in which to live. Desirability depends in part on economic opportunities but also on cultural, social and environmental factors that determine whether people want to live in a specific location. Brexit could affect:

- the relative attractiveness of different locations within Northern Ireland;
- Northern Ireland's attractiveness relative to other regions in the UK and Ireland; and
- the attractiveness of the UK relative to other locations in the world.

The impact of arguments over Brexit on community cohesion has been highlighted as a factor that could make some communities less desirable as a place to live. There are fears that a second referendum could worsen tensions in some communities¹⁹. There are clearly particular risks here for Northern Ireland where Brexit has the potential to amplify existing political divisions.

Dr Katy Hayward of Queen's University, Belfast, led a two-part case study of the views of border-region residents in Northern Ireland and Ireland on Brexit, conducted jointly by QUB and ICBAN, the Irish Central Border Area Network of local authorities (<http://icban.com/brexit/>). The study included online surveys and focus groups, covering on a range of issues relating to the possible impact of Brexit on daily life, work, community relations, trade, and housing. In the first report from this study, *Bordering on Brexit*²⁰ residents of border areas voiced concerns about being unable to sell their homes close to the border, not being able to access mortgages or finance to expand their business. Respondents felt marginalised, deprived, isolated and 'on the periphery'. Forty per cent reported that they crossed the border [very/] frequently for work or business, and most feared that a hard border would disrupt their daily lives in respect to shopping, transport, accessing healthcare, social activities, workplace and place of residence: "*Respondents comment frequently on the potential problems for cross-border trade and business, and the fact that some in the Region would have to make different choices about where they will live and work as a result of a harder border*". The report found "*concerns about maintaining the diversity and levels of the workforce in the border region after Brexit*." One Armagh resident said that her husband's workplace employed many foreign nationals including French and German workers,

¹⁸ www.insidehousing.co.uk/comment/housing-in-northern-ireland-is-facing-an-uncertain-2019-59739

¹⁹ www.insidehousing.co.uk/comment/a-second-brexit-referendum-would-further-threaten-community-cohesion-59714

²⁰ www.qub.ac.uk/brexit/Brexitfilestore/Fileupload,780606,en.pdf

and that these workers were starting to look for employment in mainland Europe or the United States. Respondents cited concerns over the impact on a range of sectors including agri-food, hospitality, construction, engineering and health, if foreign workers do not have leave to remain.

The impact of Brexit on the social housing sector

Across the UK, the social and affordable housing sector sees the likely impact of Brexit as a risk, and a No-Deal scenario is perceived as posing particular risks to the sector. In December the English Regulator of Social Housing warned the housing association sector to be prepared for a “disorderly Brexit”²¹. In February, the regulator again wrote to housing associations in England urging them to ensure their plans for a disorderly Brexit were robust and highlighting six areas of concern that they had identified, comprising:²²

- a deteriorating housing market;
- interest, inflation and currency risk;
- access to finance;
- availability of labour;
- access to materials and components; and
- access to data

We have explored the literature on each of these in turn:

The impact of a deteriorating housing market on the social housing sector

If housing prices were to fall, this would impact on the social housing sector where associations are involved in developing housing for market sale or shared ownership. The English umbrella body for housing associations, the National Housing Federation (NHF) advised associations to think about early warning signs of delays in completions or reduced sales rates or values.

The housing association sector in Northern Ireland is less at risk in this respect than some parts of the UK, and there is relatively little reliance on profits from housing for market sale to cross-subsidise the development of new social rented housing. However, as already outlined, Northern Ireland was the part of the UK that felt the effects of the 2008 housing market downturn most strongly with significant falls in house prices over the following six years, and relatively little growth in the last four years²³.

The NHF have also cautioned that a no-deal Brexit has the potential to increase void levels if EU nationals leave the UK.

There are also some potential opportunities presented for social landlords in a housing market downturn; the sector has always been, to some extent, counter-cyclical, developing proportionally

²¹ www.insidehousing.co.uk/news/housing-associations-must-prepare-for-disorderly-brex-it-warns-regulator-59384

²² www.insidehousing.co.uk/news/regulator-writes-to-housing-associations-with-no-deal-brex-it-warning-60170?utm_source=Ocean%20Media%20Group&utm_medium=email&utm_campaign=10291907_IH-DAILY-14-2-2019-GR&dm_i=1HH2,64LAB,UAQ544,O2XJV,1

²³ www.communities-ni.gov.uk/system/files/publications/communities/ni-housing-stats-17-18-full-copy.PDF

more housing than the private sector at times of economic downturn. At UK level, some housing associations have been able to take advantage of developers' uncertainties around housing market uncertainty by buying up land and homes from private developers who are risk-averse to holding properties that may become hard to sell, or land on which the market is not strong enough to support builds²⁴. For instance, the private firm Crest Nicholson confirmed in January 2019 that it had recently sold more than 200 homes to housing associations in and around London²⁵

Interest, inflation and currency risks

A no-deal Brexit could cause difficulties for housing associations who borrow money on the financial markets. The NHF have raised concerns that an increase in perceived risk associated with lending in the UK could increase borrowing costs. In their recent bulletin to the sector, they cautioned:

A disorderly Brexit could impact currency and interest rates, which would feed through to the bond and housing markets. Housing associations will need to understand their liquidity needs and interest rate exposure to minimise risks, as well as stress test their business plans. Finance teams need to consider how they would reduce the impact of any market fluctuations, for example by having more cash available than usual, or avoiding the need to raise any funds in the 12–18 months after Brexit. Mitigating risk also involves a clear understanding of your organisation's contractual obligations, and understanding what spend is committed but not contracted for yet²⁶.

The housing association sector has been borrowing funds to help insure against a post-Brexit downturn. For instance, *Housing Solutions* (a housing association based in south east England) secured a £50m revolving credit facility in December 2018²⁷.

The NHF have also pointed out that a no-deal Brexit could have a significant impact on the UK Government's fiscal position, which could in turn lead to cuts to grants or welfare, impacting on the incomes of social landlords²⁸. Another option for a government looking to reduce expenditure could be a return to rent freezes, which reduce the overall cost to the Treasury of Housing Benefit (or the housing cost element of Universal Credit) for benefit-dependent tenants, but which also reduce social landlords' incomes. This would, in turn increase the riskiness of the sector from a lender's perspective.

²⁴ www.insidehousing.co.uk/news/housing-associations-buy-up-discounted-homes-from-builders-amid-brexit-uncertainty-59683

²⁵ www.insidehousing.co.uk/news/major-builder-reveals-discount-sale-of-200-homes-to-associations-amid-uncertainty-60009

²⁶ http://s3-eu-west-1.amazonaws.com/pub.housing.org.uk/Brexit_Briefing_January_2019_-_final_240419.pdf

²⁷ www.insidehousing.co.uk/news/housing-association-borrows-50m-to-insure-against-brexit-59361

²⁸ www.housing.org.uk/latest-updates/brexit-issues-for-finance-teams-to-consider/

Availability of labour

The social housing sector employs people in a wide variety of roles. The sectors most at risk of recruitment and retention difficulties post-Brexit are those where there are already some difficulties in recruitment, and where a significant proportion of the workforce are EU nationals.

The NHF has raised concerns about the possible impact of curbs on immigration in particular for the **supported housing sector**:

Significant and rapid curbs on new immigration from the EU, accompanied by a less welcoming environment for workers already in the country, could see a shortage of care and support staff in particular. Even where housing associations do not employ large numbers of EU workers, their private sector competitors might well do. This could put rapid pressure on wages.²⁹

The **construction sector** across the UK has been struggling with an ageing workforce and has recruited overseas for some time³⁰. Brexit has the potential to make it harder to recruit foreign workers, especially for low skilled/low salary posts. To help mitigate this impact, the NHF has recommended associations invest in developing a 'home-grown' construction sector, training up a local workforce rather than recruiting from abroad, as well as investing in new delivery models such as offsite manufacture³¹.

The 2017 report *Black and Minority Ethnic and Migrant Worker Mapping Update* by the Housing Executive Equality Unit gives a range of useful insights into BME and Migrant worker populations at local council level across Northern Ireland. In sum, the report concluded that migrant communities are relatively concentrated in certain local council areas—Mid Ulster; Armagh, Banbridge & Craigavon; Belfast and Newry, Mourne & Down, three of which are border regions. In demographic terms, these areas are more reliant on migrants for population growth, both in terms of inward migrant flows and from the higher levels of births to migrant mothers.

Access to materials and components

If a Brexit deal is agreed, there would be a transition period whereby trading between the UK and EU27 continues under current terms. However, a no-deal Brexit could disrupt imports of both finished and intermediate goods. The NHF have cautioned that this could negatively impact the housing association sector:

Disruption at the border could cause shortages of supplies that are traded with the EU. Housing associations may want to speak to contractors and suppliers about how they plan to mitigate against this risk. This is particularly important for repairs or maintenance materials, or for items only imported occasionally, such as spare parts for critical infrastructure including lifts or water systems³².

²⁹ http://s3-eu-west-1.amazonaws.com/pub.housing.org.uk/Brexit_Briefing_January_2019_-_final_240419.pdf

³⁰ http://s3-eu-west-1.amazonaws.com/pub.housing.org.uk/Brexit_and_Beyond.pdf

³¹ http://s3-eu-west-1.amazonaws.com/pub.housing.org.uk/Brexit_and_Beyond.pdf

³² http://s3-eu-west-1.amazonaws.com/pub.housing.org.uk/Brexit_Briefing_January_2019_-_final_240419.pdf

MIGRATION AND CROSSING THE BORDER

This chapter analyses the demography of the Northern Ireland population in order to help inform an understanding of the implications of Brexit on trade, day-to-day movement and cross border services, and in turn the impact of these on the housing market. It draws on data on migration, cross-border commuting and also on interviews with groups working with migrant communities within Northern Ireland to examine how Brexit may affect them.

The demography of Northern Ireland

A key source of data on the population comes from the census. The UK census collects information every ten years about the characteristics of people and households in Northern Ireland. It is used by central and local government, health authorities and many other organisations to plan and provide future services. The table below shows the country of birth of the Northern Ireland working population in March 2011.

Table 1: Usual residents by country of birth, 2011

Country of Birth	Norther Ireland (n)	Northern Ireland (%)	Rest of UK (n)	Rest of UK (%)
Northern Ireland	1,608,853	88.8%	251,643	0.4%
Rest of UK	83,517	4.6%	53,273,091	86.8%
Republic of Ireland	37,833	2.1%	430,309	0.7%
EU excluding ROI and UK	45,329	2.5%	2,170,529	3.5%
Outside EU	35,331	2.0%	5,245,637	8.5%
Total	1,810,863	100%	61,371,315	100%

Source: 2011 UK Census CT0113NI

This analysis shows that 4.5% of Northern Ireland's population was born outside the UK and Republic of Ireland. Around half of these were born in EU countries (excluding the Republic of Ireland and UK) and half were born outside of the EU. The proportion of EU (non-Irish) migrants in Northern Ireland is similar to the UK as a whole, and there are proportionately fewer migrants coming from outside the EU. Lower average wages mean it is less attractive to migrants than some other parts of the UK, such as London and South East England, and Northern Ireland is also further away geographically.

There is more detailed information available for the working age population living in Northern Ireland. The table below shows the percentage of the population born in each type of location by local authority. The seven districts that border the Republic of Ireland have been listed at the top, and totals given for these regions in order to compare with the rest of Northern Ireland.

Table 2: Usual residents aged 16-74, economically active by pre-2015 district by country of birth, 2011

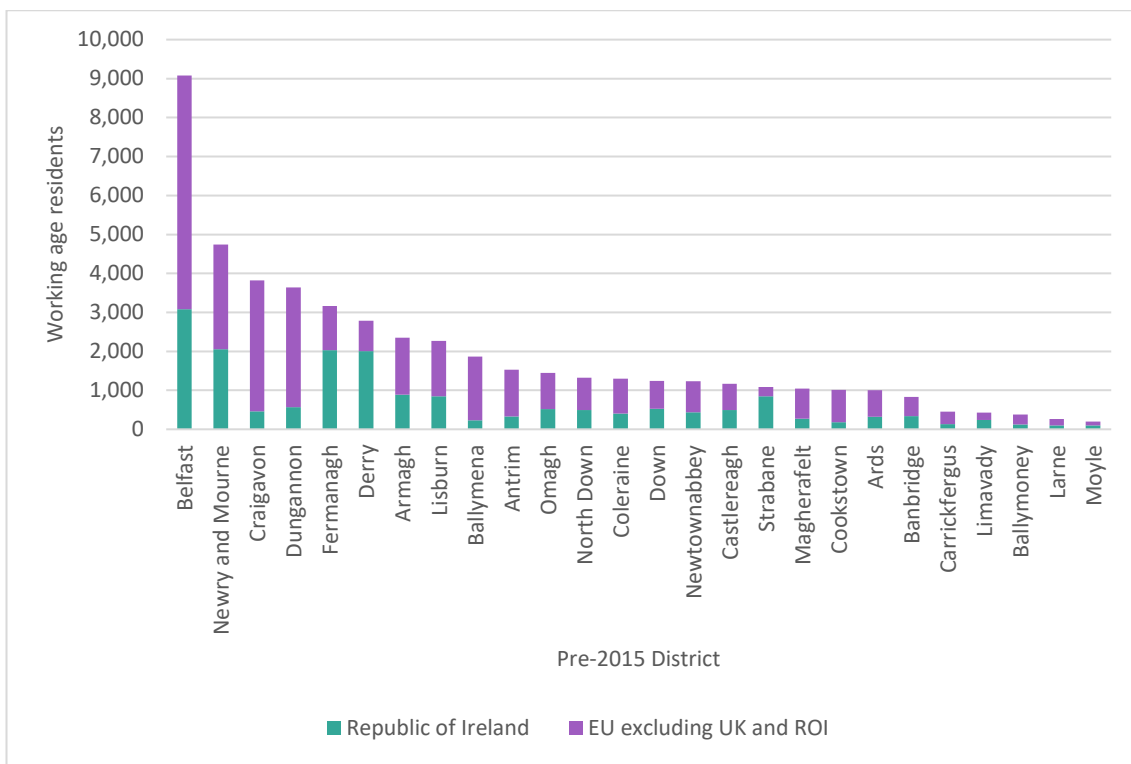
	Northern Ireland	Rest of UK	Republic of Ireland	EU exc. ROI and UK	Outside EU
Armagh	86%	4%	3%	5%	1%
Derry	87%	5%	4%	2%	2%
Dungannon	80%	3%	2%	11%	3%
Fermanagh	82%	6%	7%	4%	1%
Newry and Mourne	84%	5%	4%	6%	2%
Omagh	88%	4%	2%	4%	2%
Strabane	89%	4%	5%	1%	1%
Border districts total	85%	5%	4%	5%	2%
Antrim	84%	8%	1%	4%	3%
Ards	90%	6%	1%	2%	2%
Ballymena	88%	4%	1%	5%	2%
Ballymoney	92%	5%	1%	2%	1%
Banbridge	90%	5%	1%	2%	2%
Belfast	83%	5%	2%	5%	5%
Carrickfergus	89%	6%	1%	2%	2%
Castlereagh	88%	5%	1%	2%	4%
Coleraine	87%	6%	1%	3%	2%
Cookstown	89%	4%	1%	5%	1%
Craigavon	85%	4%	1%	7%	3%
Down	89%	6%	2%	2%	2%
Larne	91%	6%	1%	1%	1%
Limavady	91%	5%	2%	1%	1%
Lisburn	87%	7%	1%	2%	3%
Magherafelt	91%	3%	1%	4%	1%
Moyle	90%	6%	1%	1%	1%
Newtownabbey	90%	5%	1%	2%	3%
North Down	83%	10%	1%	2%	3%
Northern Ireland	86%	5%	2%	4%	3%

Source: 2011 UK Census CT0113NI

The border districts have on average twice the proportion of working people born in the Republic of Ireland. The districts with the highest proportions of ‘other EU’ working people are Dungannon (11%), Craigavon (7%) and Newry and Mourne (6%).

Figure 2 shows the number of working age people born in Ireland and other EU countries.

Figure 2: Usual residents aged 16 to 74 who are economically active born in the Republic of Ireland or rest of EU by district, 2011



Source: 2011 UK Census CT0113NI

As can be seen, Belfast has very much the largest number of EU-born working people, even though the proportion is only slightly higher than the Northern Ireland average.

Migration in and out of Northern Ireland

Net migration

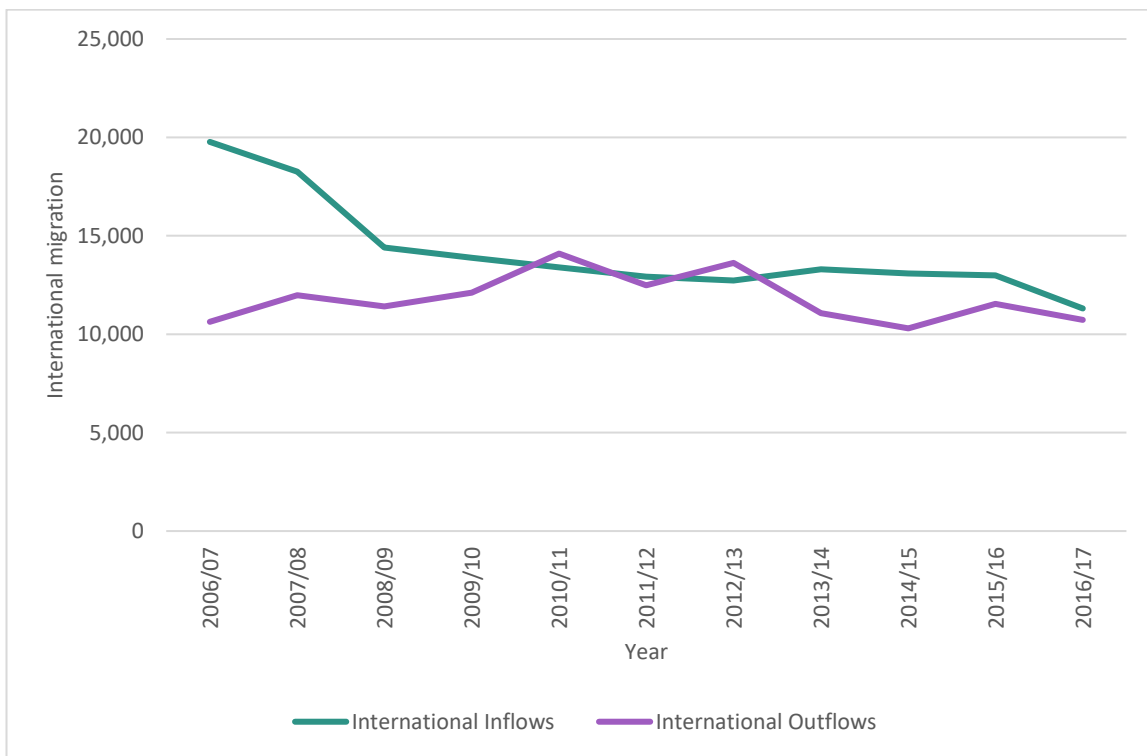
The figure and tables above show the situation in 2011, the most recent date for which comprehensive data by local authority is available. Data is available, however, on flows of people in and out of Northern Ireland for more recent years.

Migration to the UK from EU countries has been a significant contributor to the increasing population in the last 15 years. More recently, within Northern Ireland, the numbers who migrated in are only slightly larger than those migrating out (22,100 arriving and 20,900 leaving in 2016-

17)³³, leaving a net migration into Northern Ireland of 1,200 people. Around half of the arrivals and leavers were moving to or from elsewhere in the UK and the other half moving to or from other countries.

Figure 3 shows international migration flows in and out of Northern Ireland from 2007 to 2017.

Figure 3: International inflow (including origin) and outflows to Northern Ireland 2006/07 to 2016/17



Source: NISRA International Migration Summary Statistics³⁴

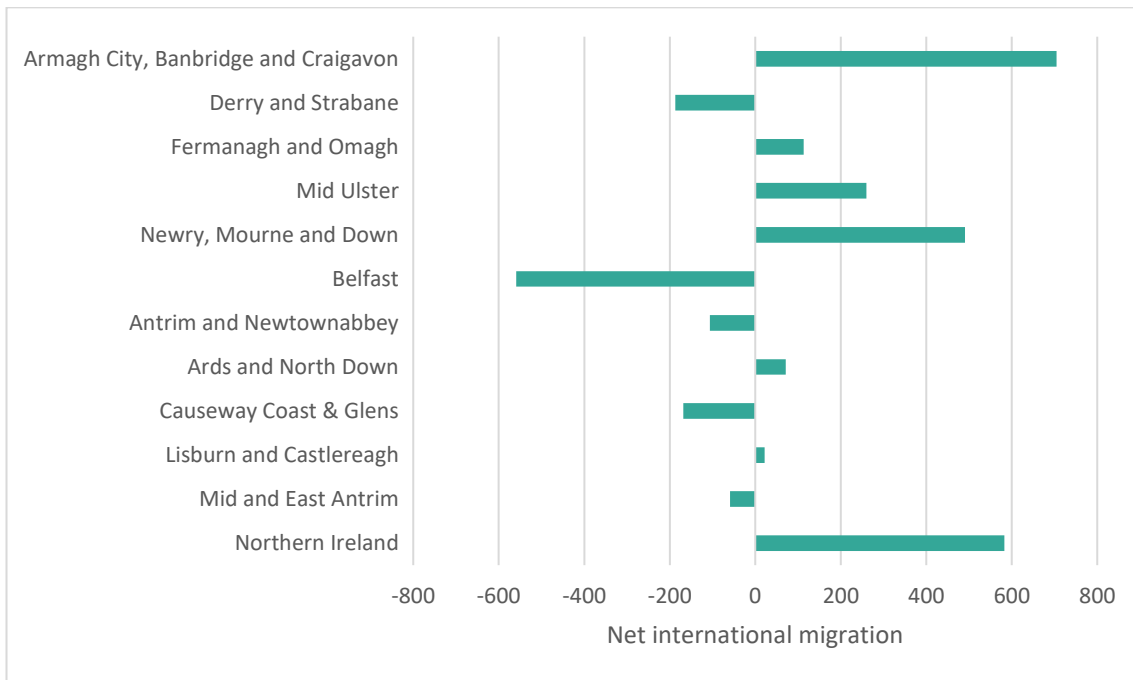
Since the Brexit vote in June 2016 the net migration figure has decreased. However, the figure remains positive, meaning that the number of immigrants coming into Northern Ireland is still greater than the number of people emigrating from Northern Ireland, though the net migration figure is very much lower than a decade ago. The proportion of people coming to Northern Ireland from elsewhere in the EU decreased from a peak of 74% of all new arrivals in 2008 to 60% in 2017. The breakdown between EU and non-EU destinations of people leaving is not available.

Figure 4 shows the local authority destinations of international migrants, i.e. people coming to Northern Ireland from outside the UK (including those coming from the Republic of Ireland, other EU countries and elsewhere overseas).

³³ www.nisra.gov.uk/sites/nisra.gov.uk/files/publications/Mig1617-Bulletin.pdf

³⁴ www.nisra.gov.uk/statistics/population/long-term-international-migration-statistics These include international migrants (including from Republic of Ireland)

Figure 4: Net international migration by district, mid-2016 to mid-2017

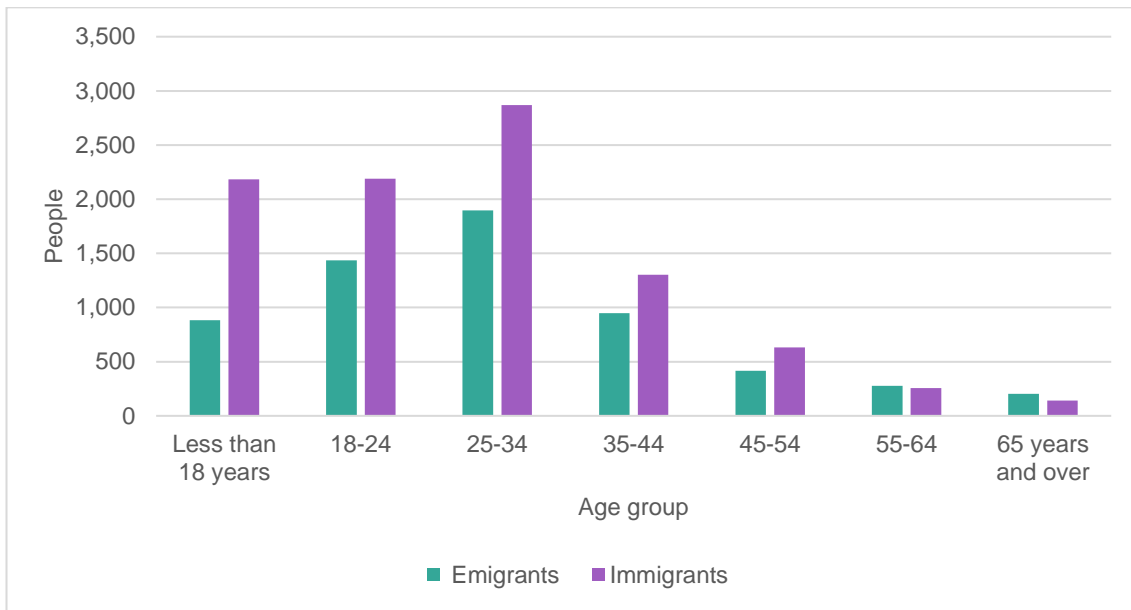


Source: NISRA International Migration Summary Statistics

An interesting point to note from Figure 4 is that all of the top four council areas in terms of net immigration are border areas. Armagh City, Banbridge and Craigavon has the highest net long-term inflow of migrants of any council area in Northern Ireland for the year 2016-2017 with +705 long-term migrants, followed by Newry, Mourne and Down.

The figure below shows the age profile of those moving in and out of Northern Ireland. The data here is from the Medical Card register from outside the UK which appears to record lower numbers of emigrants than other sources.

Figure 5: Age profile of immigrants and emigrants (2017)



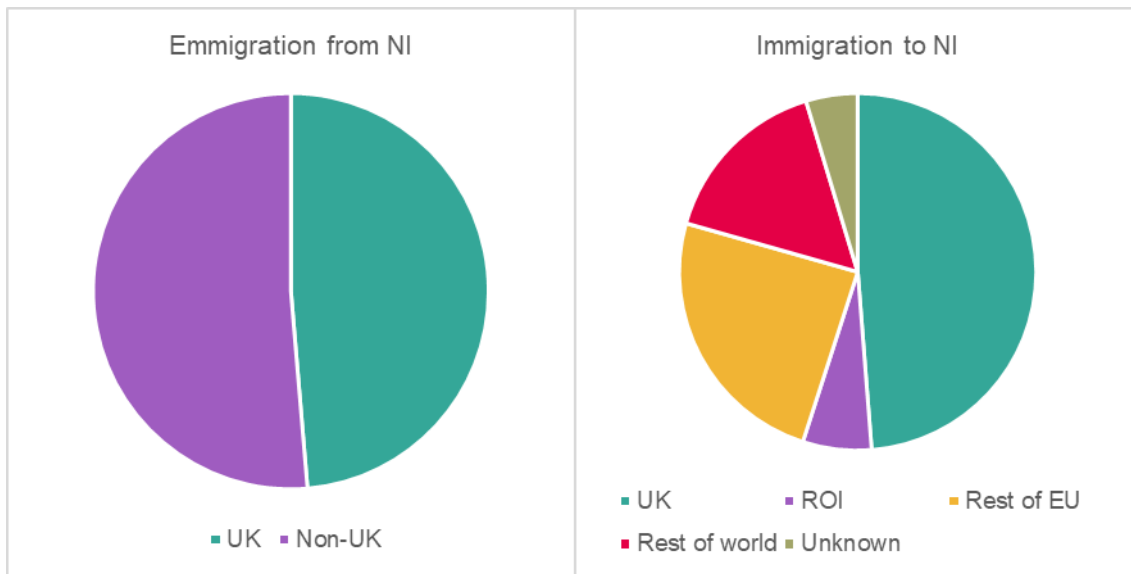
Source: NISRA, based on registrations and de-registrations of non-UK nationals for Medical Cards³⁵

The data does, however, suggest that the people immigrating to Northern Ireland from outside the UK have a somewhat younger age profile than those leaving, with children under 18 being particularly likely to immigrate.

The charts below show estimates of the countries that people are moving to and from as they move in or out of Northern Ireland:

³⁵ www.nisra.gov.uk/publications/long-term-international-migration-statistics-northern-ireland-2017

Figure 6: Immigration and emigration into Northern Ireland



Source: estimated using figures from NISRA³⁶. Split between non-UK countries of origin for immigrants derived from 2017 data. Split between UK and non-UK immigrants and emigrants from 2016-17 data.

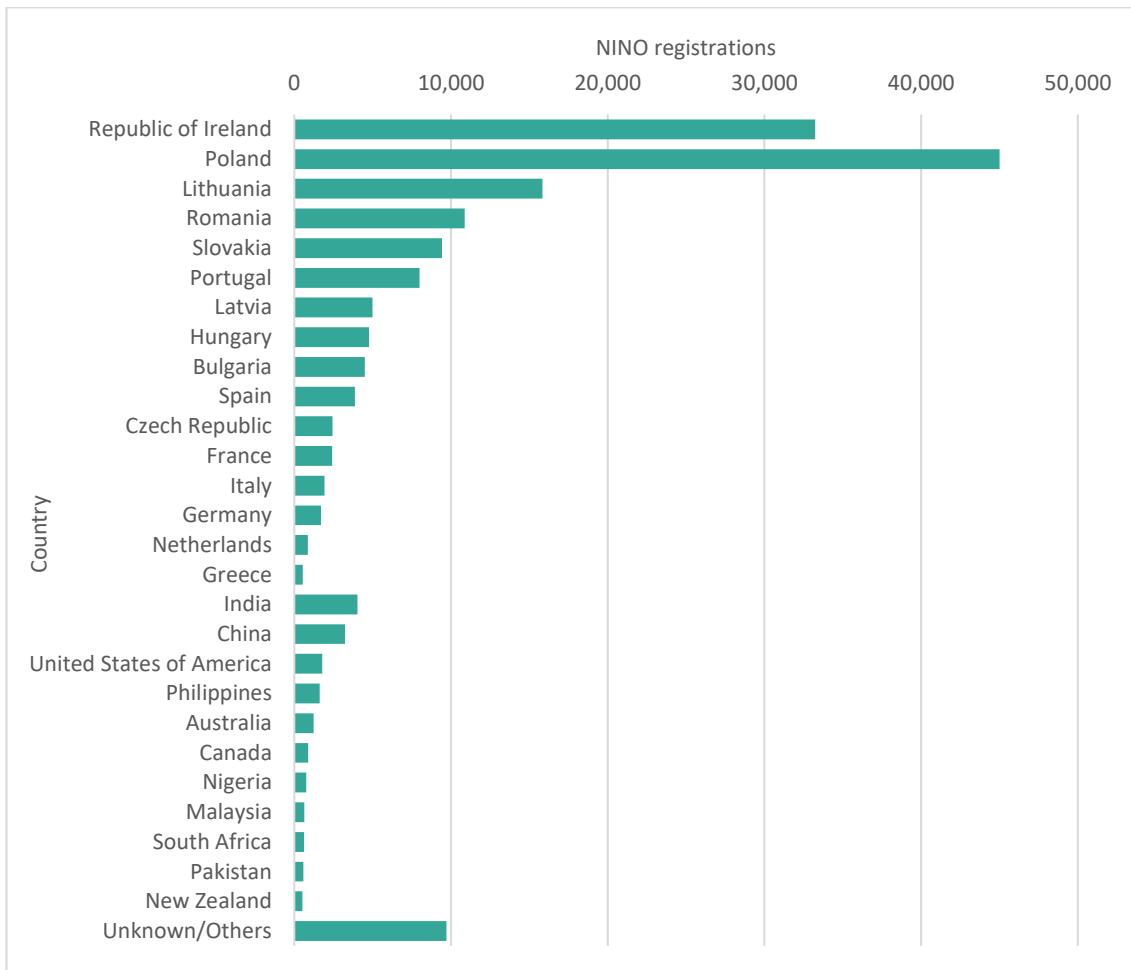
Around half of migrants move to Northern Ireland from elsewhere in the UK. Of those who move from outside the UK, around 12 percent come from the Republic of Ireland, half from elsewhere in the EU and a third from elsewhere in the world. The information recorded on the destination of people leaving Northern Ireland is more limited, but the proportions emigrating to Britain and elsewhere are very similar to the profile of those immigrating to Northern Ireland.

The profile of migrants into Northern Ireland

Data from national insurance registrations gives an indication of the country of origin of people migrating to Northern Ireland over the last decade (Figure 7):

³⁶ www.nisra.gov.uk/publications/long-term-international-migration-statistics-northern-ireland-2017. Data on the destinations of emigrants is less good. The latest published data drawing on surveys is from 2014-15 and suggests that of migrants leaving the UK, 15% went to the Republic of Ireland, a broadly similar proportion to those migrating from to Northern Ireland.

Figure 7: Northern Ireland NINO registrations 2006/07 to 2016/17



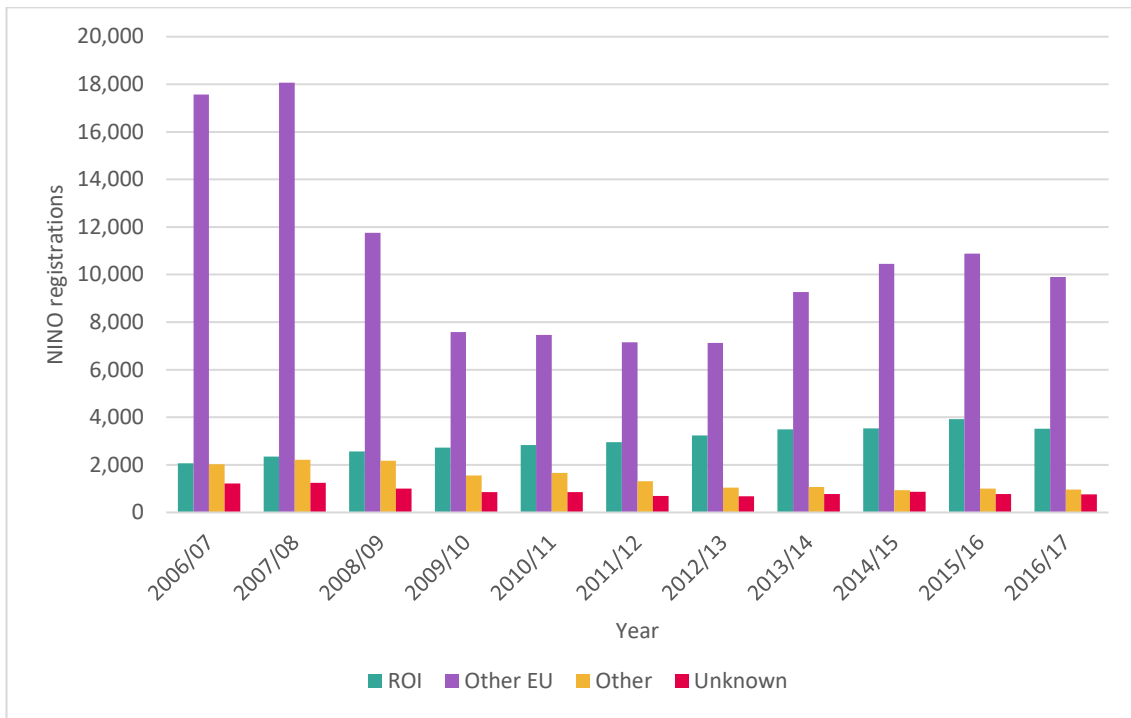
Source: National Insurance Number registrations³⁷

Most registrations came from EU countries workers, particularly Poland, Lithuania, Romania, Slovakia, and Portugal. Previously, most migration came from non-EU countries. China and India were previously the greatest source of inward migrants to Northern Ireland, but the Polish community accounted for the greatest number of NINO registrations in 2016/17.

Figure 8 shows the breakdown and trends in migrants applying for national insurance numbers by the type of country of origin.

³⁷ <https://stat-xplore.dwp.gov.uk/webapi/metadata/NINO/NINO.html>

Figure 8: NINO registrations by country of origin 2006/07 to 2016/17



Source: National Insurance Number registrations

Figure 8 shows that the number of NINO registrations from everywhere except the Republic of Ireland fell between 2007 and 2009, mostly likely in response to the financial crash. Registrations from outside the EU have decreased steadily from 2,030 in 2006/07 to 970 in 2016/17. In contrast, the number of registrations from the EU increased between 2012/13 and 2015/16, suggesting that EU migrants were increasingly replacing non-EU migrants as the main source of migration into Northern Ireland until 2015/16. Of people applying for a national insurance number, 19% were from the Republic of Ireland; 67% were from the rest of the EU; and 15% were from elsewhere. Table 1 shows that of the economically active working age NI residents in 2011 born outside the UK, 25% were born in the Republic of Ireland, 44% were born elsewhere in the EU and 31% were born elsewhere.

Between 2015/16 and 2016/17 the upwards trend of EU migration reversed, possibly in response to the Brexit referendum in July 2016, or the fall in the value of Sterling that occurred at this time.

Migrants and the housing market

Table 3 compares the tenure profile of the usually resident population by district with the profile of residents born elsewhere.

Table 3 : Tenure profile usual residents born overseas and all usual residents, 2011

	Usual residents born outside Northern Ireland, rest of UK and ROI			All usual residents		
	Owner occupied	Social rented	Private rented	Owner occupied	Social rented	Private rented
Armagh, Banbridge and Craigavon	30%	11%	59%	75%	9%	15%
Derry and Strabane	40%	9%	51%	66%	18%	14%
Fermanagh and Omagh	31%	6%	63%	77%	7%	14%
Mid Ulster	22%	8%	70%	76%	7%	15%
Newry, Mourne and Down	32%	5%	64%	76%	8%	15%
Belfast	29%	12%	59%	57%	24%	17%
Antrim and Newtownabbey	45%	6%	50%	77%	10%	12%
Ards and North Down	53%	6%	41%	78%	9%	11%
Causeway Coast and Glens	40%	8%	52%	72%	11%	15%
Lisburn and Castlereagh	50%	8%	43%	79%	10%	10%
Mid and East Antrim	40%	6%	55%	77%	9%	13%
Northern Ireland	34%	9%	57%	72%	12%	14%

Source: 2011 Census, Tables CT0199NI and CT0107NI

In 2011, residents born outside the UK/ Republic of Ireland were much more likely to be renting privately and less likely to own their own home. This was particularly the case in Mid-Ulster, where only 22% of people born outside of the UK or Republic of Ireland owned their own homes. Foreign born people were also less likely to be living in social housing, especially in areas where social housing is more common (Belfast and Derry and Strabane). High rates of private renting are often associated with migrant groups who have immigrated relatively recently.

Migrants in social rented housing

There is limited data on the profile of current Housing Executive or housing association tenants available that is any more up to date than the 2011 Census. The survey of housing associations asked about tenants' nationalities and of the seven respondents, three were able to provide information:

- One association estimated about 19% of their tenants were from elsewhere in the EU (outside of the UK or Republic of Ireland – mostly Poland and Portugal) and 1% were from outside the EU.
- One small provider said all of their tenants were either British or from the Republic of Ireland.
- One Belfast-based provider of mostly general needs social rented stock said that just under 2% were from outside the UK or Republic of Ireland. The nationalities of this group included people from Poland, the Netherlands, China, Africa, Syria and Eritrea.

The NIHE regional managers were unable to provide this information.

There is quite detailed data on the nationality of households applying for social housing. As of the end of 2018, there were 37,526 households on the waiting list for social housing in Northern Ireland. Table 4 below shows the nationality of households on the waiting list.

Table 4: Waiting list by nationality, 31 December 2018

	Armagh, Banbridge and Craigavon	Derry and Strabane	Fermanagh and Omagh	Mid Ulster	Newry, Mourne and Down	Belfast	Antrim and Newtownabbey	Ards and North Down	Causeway Coast and Glens	Lisburn and Castlereagh	Mid and East Antrim	N. Ireland
British/Irish/Northern Irish	2,265	3,101	1,270	1,156	2,441	7,063	1,964	2,091	2,170	1,507	1,875	26,903
Polish	123	14	36	77	61	160	48	17	32	28	66	662
Lithuanian	129	*	22	164	64	26	19	15	*	16	*	460
Portuguese	112			225	*	37	*	*	*	*	*	387
Latvian	33	*	*	29	10	*	*	10	*	*	*	117
Romanian	14	*	*	*	*	25	*	*	*	*	26	94
Slovakian	11		*	*	*	40	*	*		*	*	77
Bulgarian	21		*	*	*	*		*	*	*	*	44
Hungarian	*	*	*	*	*	*	*	*			*	35
Italian	*	*	*	*	*	16		*		*	*	28
Czech	*			*		*	*	*	*		*	26
Spanish		*		*		11	*	*	*		*	18
Dutch					*	*	*	*			*	13
Estonian	*				*	*		*		*		10
German			*		*	*				*		10

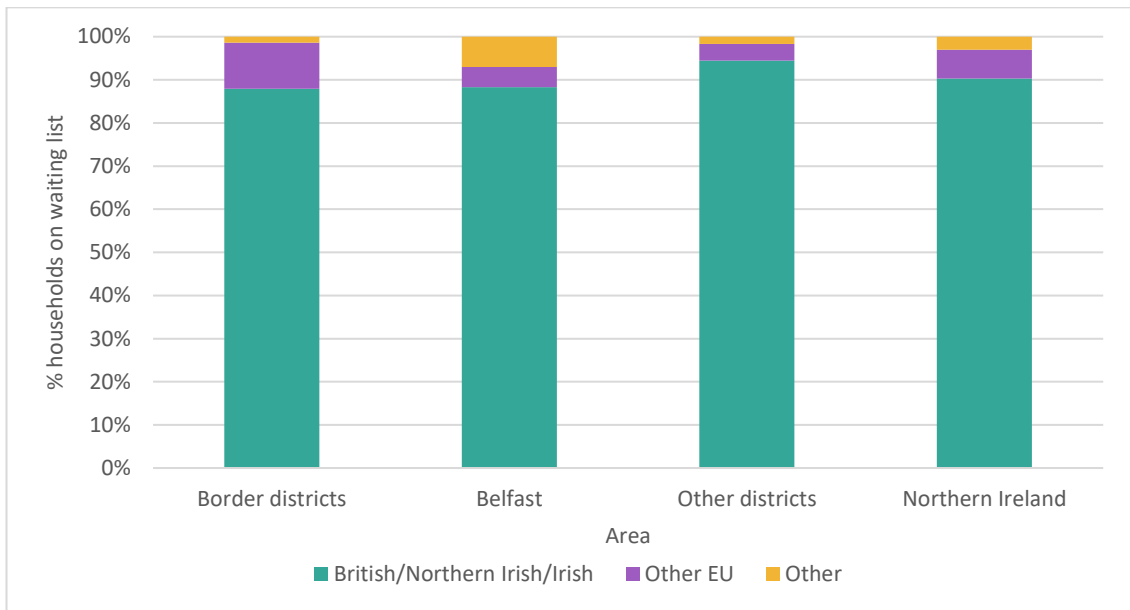
	Armagh, Banbridge and Craigavon	Derry and Strabane	Fermanagh and Omagh	Mid Ulster	Newry, Mourne and Down	Belfast	Antrim and Newtownabbey	Ards and North Down	Causeway Coast and Glens	Lisburn and Castlereagh	Mid and East Antrim	N. Ireland
Other EU	*	*			*	16		*	*	*	*	24
Syrian	27	*	*	17	21	144	27	18		28	*	298
African	*	*	*		*	104	*	*		*		118
Chinese	*	*	*	*		42	*	*	*	*		60
Filipino			*			10				*	*	13
Other non-EU	23	12	*	11	10	258	22	11	*	19	10	390
Mixed		*	*	*	*	*		*	*		*	16
Unknown	273	1,262	133	194	724	2,640	451	624	402	563	457	7,723
Total	3,042	4,410	1,508	1,903	3,358	10,637	2,559	2,814	2,625	2,196	2,474	37,526

Source: Northern Ireland Housing Executive, March 2019. * fewer than ten applicants

In total, 5% of the households on the waiting list were from other EU countries (excluding the Republic of Ireland), and most of these were Polish, Lithuanian and Portuguese. Polish households were the largest EU group in all areas except Armagh, Banbridge and Craigavon and Mid Ulster, where there were more Lithuanian households. A large proportion of the households headed by a Portuguese-born person on the waiting list were registered in Mid Ulster (58%).

Overall, 63% of the households on the waiting list headed by someone born outside Europe were registered in Belfast. Syrians were the largest group of people from outside the EU. Figure 9 summarises the proportion of households on the waiting list by nationality and general area.

Figure 9: Households on the waiting list by nationality and area, 2018



Source: Northern Ireland Housing Executive, March 2019

The border districts had the highest proportion of EU-headed households on the waiting list, and Belfast had the highest percentage of households headed by someone born outside the EU.

The Housing Executive also provided data on the total number of new tenants moving into Housing Executive accommodation by nationality of the head of household over the period from 2014 to 2018. Table 5 shows this information by district.

Table 5: Allocations by nationality, 2014 to 2018

	Armagh, Banbridge and Craigavon	Derry and Strabane	Fermanagh and Omagh	Mid Ulster	Newry, Mourne and Down	Belfast	Antrim and Newtownabbey	Ards and North Down	Causeway Coast and Glens	Lisburn and Castlereagh	Mid and East Antrim	N. Ireland
British/ Northern Irish/Irish	2,434	2,581	1,372	1,243	1,794	8,382	2,505	3,123	1,951	1,712	2,336	29,433
Polish	112	*	34	50	28	158	43	19	33	21	22	520
Lithuanian	130	*	17	88	13	12	20	14		*	*	307
Portuguese	105		*	125		42	*	*	*	*	*	284

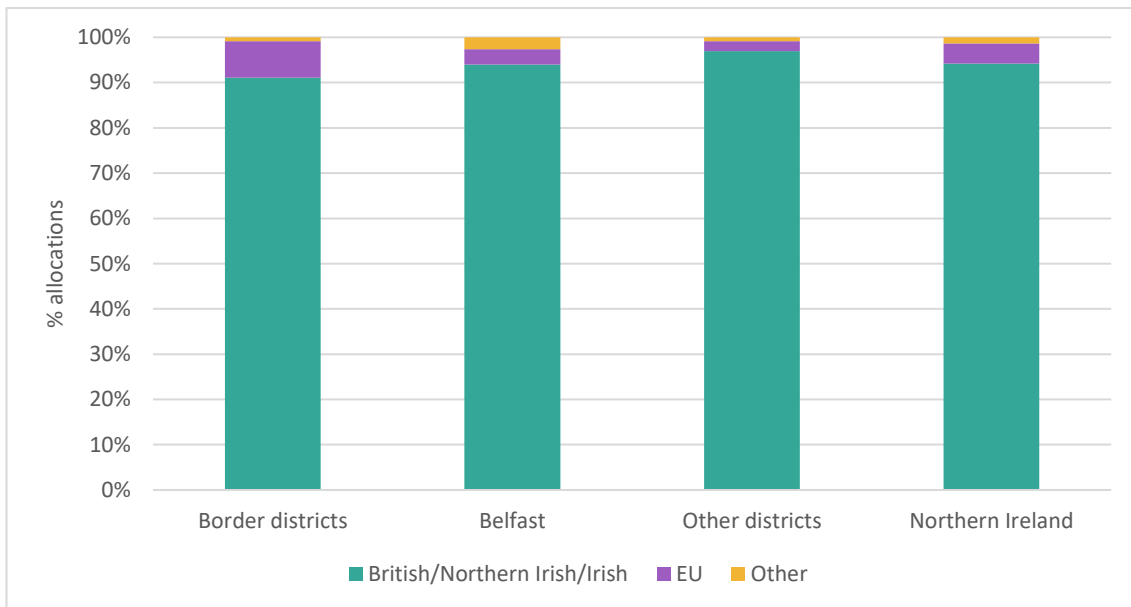
	Armagh, Banbridge and Craigavon	Derry and Strabane	Fermanagh and Omagh	Mid Ulster	Newry, Mourne and Down	Belfast	Antrim and Newtownabbey	Ards and North Down	Causeway Coast and Glens	Lisburn and Castlereagh	Mid and East Antrim	N. Ireland
Latvian	36		*	12	*	*		*		14	*	93
Slovakian	*			*		31	*	*		*	*	46
Romanian	*	*		*	*	*	*	*		*	13	30
Bulgarian	14		*			*			*	*		26
Hungarian	*	*	*	*		*	*		*	*		20
Czech	*		*	*	*	*	*		*	*	*	14
Italian		*				*				*	*	12
Other EU	*	*	*	*	*	21	*		*	*		37
EU (exc UK and ROI)	411	16	70	283	54	304	74	41	39	55	50	1,397
African	*		*	*	*	42	*	*	*		*	63
Chinese	*	*			*	35	*	*		*	*	48
Syrian	*	*	*	*		11	*	*		*		38
Filipino	*		*		*	*	*	*		*	*	17
Mixed			*	*		*	*	*	*	*	*	14
Other non-EU	13	15	*	*	*	137	*	13	*	18	*	247
Outside EU	30	19	15	14	12	233	21	24	11	31	17	427
Unknown	276	1,214	137	146	391	2,784	420	460	477	826	511	7,642
Total	3,151	3,830	1,594	1,686	2,251	11,703	3,020	3,648	2,478	2,624	2,914	38,899
% British/ NI/ Irish	77%	67%	86%	74%	80%	72%	83%	86%	79%	65%	80%	76%
% Rest of EU	13%	0.4%	4%	17%	2%	3%	2%	1%	2%	2%	2%	4%
% Outside EU	1%	1%	1%	1%	1%	2%	1%	1%	0%	1%	1%	1%
% Unknown	9%	32%	9%	9%	17%	24%	14%	13%	19%	31%	18%	20%

Source: Northern Ireland Housing Executive, data provided March 2019. *=Fewer than ten allocations

This shows a different profile of nationalities than by NINO registrations (which also cover a longer time period), especially for outside the EU. The top five EU countries for social housing allocations between 2014 and 2018 were Poland (29% of all EU allocations); Lithuania (17%); Portugal (16%); Latvia (5%); and Slovakia (3%). The top five EU countries for NINO registrations were Poland (26%); Lithuania (9%); Romania (6%); Slovakia (5%); and Portugal (5%) (see Figure 3).

Figure 10 shows the proportion of allocations by nationality at different geographical levels for the period 2014 to 2018.

Figure 10: Allocations by nationality and general area, 2014 to 2018



Source: Northern Ireland Housing Executive, March 2019

The data shows a similar profile to the households on the waiting list, with a higher proportion of EU households allocated homes in the districts near the border and households outside the EU being allocated homes in Belfast.

The nationality profile of recent allocations across Northern Ireland as a whole is broadly similar to the profile of economically active people by country of birth; 93% of the economically active population were born in Northern Ireland or elsewhere in the UK or Ireland, 4% were born elsewhere in the EU, and 3% were born outside the EU (Table 1). For recent allocations, 94.2% of households allocated social housing in the last five years were Northern Irish, British or Irish; 4.5% were from elsewhere in the EU and 1.4% were from outside the EU.

The experience and concerns of migrants currently living in Northern Ireland

Types of organisation working with migrant groups in Northern Ireland

Five interviews were undertaken with agencies that supported migrant groups.

Craigavon Intercultural Programme

The Craigavon intercultural programme runs five programmes for ethnic minorities, mainly Polish, Lithuanian, Romanian and Bulgarian groups within the Craigavon area. Their main activity is advice work; they are able to provide this in five different languages and they support over 1,000 people each year. They also run a youth provision programme. The organisation is committed to supporting people from different cultural and ethnic backgrounds and seeks to be a catalyst in promoting innovation and opportunities for their community development, also offering practical assistance in promoting integration and encouraging full participation in society regardless of race or nationality.

The Programme primarily works with families who live in a mixture of social rented, private rented and owned housing. Most migrants are working, with the vast majority employed in the food sector, often on temporary or zero-hour contracts. The interviewee reported that the migrants they worked with generally have the long-term ambition to stay and settle in Northern Ireland.

Northern Ireland Strategic Migration Partnership (NISMP)

The NISMP work primarily in the area of policy and are funded by the Home Office. They have a network of 11 partnerships across the UK and are hosted by the Northern Ireland Local Government Association. They work closely with migrant groups to develop strategy on the employment of EU migrants, the concerns of EU nationals and also on asylum contracts for non-EU nationals. The majority of migrants they work with are living in private rented housing. The long-term plans of most migrants in Northern Ireland that they worked with was felt to be to settle in Northern Ireland. The people that they worked with were mostly families who wished to raise their families here.

Newry, Mourne and Down Ethnic Minority Support Centre

The organisation has been in operation for ten years and described themselves as like a Citizens Advice Bureau specifically for migrants, providing advice in their original language. The groups they work with primarily include Polish, Lithuanian, Bulgarian and Romanian migrants. The support centre helps with all issues that can arise when migrants arrive in Northern Ireland such as registering with doctors, schools and now residency support services helping migrants secure 'special status'. The large majority of migrants that they work with rent from private landlords. Generally, people they work with arrive in families and are employed in food factories and hospitality, often in jobs that employers may otherwise find hard to fill. It was thought that the long-term plan normally is to settle in Northern Ireland as many have children who often speak English better than their parents' language.

Strabane Ethnic Community Association

The organisation is the first point of contact for people who are moving into the area and they also cater to the needs of ethnic minorities in the area, primarily Polish, Lithuanian, Bulgarian and Romanian migrants. They help with essential tasks such as finding housing, registering with

doctors, helping with benefits and, more recently, assisting with EU settlement applications. They regularly run events in schools, community groups and businesses with the aim of promoting inclusion and also provide English classes and training to develop essential employment skills.

In Strabane it is found that most migrants are in social housing, often they will look to buy after they have been here for a period of time. It is common for migrants to first come on their own to Northern Ireland then choose to bring their families after they have settled. There are a high number of migrants whose English is poor and thus they are on benefits as they find it hard to gain employment. However, there are a couple of companies in Strabane which have factories that employ a lot of foreign nationals. The respondent was also keen to point out that there are some highly skilled migrants who choose to live in Northern Ireland. The long-term plan is normally to bring families and settle in Northern Ireland.

Derry Migrant Centre

Initially started as a project for ethnic minorities, the Derry Migrant Centre was formed in 2012. The organisation has grown and currently has offices in Derry, Belfast, Lurgan and Enniskillen. The bulk of the work is one to one support aimed at protecting migrants' rights and working with victims of hate crime offering a variety of support and assistance. Other services provided include help with health and benefits, employment rights assistance and advice, accommodation advice, and training to increase awareness of people's rights. The majority of immigrants that the Derry Migrant Centre work with were thought to be in privately rented accommodation, though there was also reported to have been an increase in the number of migrants buying properties. The majority of migrants that they work with are in employment mainly in production, hospitality or agri-food, though some are reported to be under-employed. Most are looking to stay permanently in Northern Ireland.

The impact of the decision to leave the EU on migrants

It was apparent that the decision to leave the EU has caused heightened levels of fear and anxiety amongst migrants since the vote in 2016. It is believed that following the Brexit vote there was an initial panic. Many interviews reported that they had seen rather large exodus of migrants from the UK since the Brexit vote in 2016. In contrast, the housing developer interviewed reported that the EU workers he had spoken to had said they had no intention of leaving. The chaotic and uncertain process of agreeing how and when the UK will leave the EU, coupled with the fact that the economic situation in the home countries of many migrants (in particular Poland) has somewhat improved, has led many migrants to return to their country of origin. Others were reported to have decided to go to Germany rather than remain in the UK as a result of the favourable economic conditions there. The organisations reported changes to the demographic in the make-up of migrants in the UK with a fall in the numbers of Polish and Lithuanian migrants and a rise in Portuguese, Bulgarian and Romanian migrants, this may be linked to changing economic conditions in home countries rather than the Brexit vote. This exodus of migrants was reported to have caused some employers great difficulties as they are increasingly finding it more difficult to employ EU nationals. The announcement of the 'settled status scheme and the ease at which EU nationals living in the UK can now apply for special status was felt to have considerably reduced concerns and fears amongst migrants.

The organisations also reported that since the Brexit vote in 2016 there had been a rise in social problems with an increase in racist behaviour towards migrants and a rise in low-level

harassment in workplaces and schools directed towards migrants. The interviewee from the Centre for Cross Border Studies had noted impacts on social cohesion in shared housing initiatives where migrant workers had been made to feel unwelcome. A group that works closely with Eastern European migrants had noticed a worrying rise in migrants questioning their own cultural identity and place within the UK. In Craigavon it was noted that as a result of Brexit-related uncertainty firms were reluctant to invest in new technologies and people as a result of the Brexit vote. This has worsened job opportunities and led to some people moving into the benefit system, with one agency reported having seen people get into debt because of universal credit delays. As of yet there was not felt to have been a considerable impact on the housing market. All respondents noted house prices had continued to rise even after the Brexit vote in 2016. Furthermore, the demand for social housing was also felt to be rising, with Bulgarians and Romanians increasingly looking to that sector, though it was noted that the social housing application system can be quite complex for migrants to navigate.

The UK and Ireland have signed a Memorandum of Understanding (MOU) recently on the common travel area between these two countries which includes associated reciprocal rights, such as access to housing benefit. Previously, arrangements between the British and Irish Government have been more informal. The Irish Government is putting legislation in place around access to social housing and other benefits, but the UK government needs to follow suit.

The survey of housing associations asked whether the UK's plans to leave the EU had affected tenants. For tenants born in the EU (excluding the UK and Republic of Ireland), most housing associations reported no real effects to date (May 2019). One said they were 'anecdotally worried about the economy and being able to travel abroad', while another reported that tenants had not expressed concerns to them regarding residency status date, though noted that this may become an issue if the UK were to leave the EU without a deal. One mentioned the requirement to apply for settled or pre-settled status before 31 December 2020, but also said there were 'no immediate signs of them leaving.' None of the survey were aware of any other potential effects of Brexit on other tenants thus far.

Anticipated effects of Brexit on migrants in the future

There was a general air of uncertainty when respondents were asked what their views were on the anticipated effects of Brexit when the UK does leave the EU. It was felt that effect on migrants currently living in Northern Ireland would be largely dependent on the employment-related effects of Brexit. It was expected that migrants would leave Northern Ireland if there were fewer employment opportunities here as a result of Brexit. The interviewee from the Centre for Cross Border studies reported that pressures on housing market may come from non-Irish, non-UK citizens who've come to work. They were concerned that there was a possibility that pressure could diminish if the number of migrant workers fell. This in turn could see the Northern Ireland economy as a less attractive proposition for business, leading to further reductions in housing demand. The developer interviewed, however, disagreed and felt there were other factors driving demand, such as delays in planning that would not be affected by Brexit and the market would therefore continue to be strong.

Organisations working with migrants have had to adapt and change the services they offer by becoming experts in obtaining residency through settled status. One respondent pointed out that the UK needs the labour of migrants and that as a result they expect most applications for settled

status to go smoothly. It is expected that the effect of Brexit will be more significant for those who wish to come to live and work in the UK in the future who may not be able to do so. There may also be an impact on the work of migrant support organisations as a result of funding related to the EU. The Strabane Ethnic Community Association was unsure what was going to happen to their funding in the future as most of it currently was from the EU.

Migrant groups were not particularly well informed on the housing market in their area. They were aware that a lot of the people they worked with were low-paid and often struggled to afford housing locally, and reported little change to this situation in the last three years. It was generally felt that any changes to the housing market would depend on wider economic impacts of Brexit, which were hard to predict. One respondent did expect to see an increase in demand for social housing as the increasing number of Bulgarian and Romanian migrants look to that market. Another was concerned that Brexit may have negative impacts on minority groups such as the travelling community.

One of the Housing Executive regional managers working in a border area also felt that social tenants, including those born outside the UK, valued their secure tenancies and reported that the indications to date were that they were disinclined to move. The other Housing Executive regional manager was concerned about the need for these tenants to 'partake in EU re-settlement schemes if Brexit proceeds' and was concerned about whether EU tenants applying for social housing transfers would be eligible.

Preparing for Brexit

In terms of action to prepare for the future post-Brexit, members of the organisation have ensured they have full knowledge of the steps required for migrants to obtain 'settled status', so that they could offer the necessary advice and guidance to achieving permanent residency. It was felt that working with migrants now to obtaining 'settled status' prior to the UK's actual departure from the EU would minimise disruption when the UK does finally leave the EU, by avoiding too large a rush of last-minute applications. Organisations are working to assist people in applying for pre-settled and settled status. Some organisations such as the Newry, Mourne and Down Ethnic Minority Centre are going further and hosting information sessions in five different languages, aimed to ease Brexit related concerns. Others, like NISMP, are proactively consulting with employers and communities to address Brexit related concerns and queries.

The Strabane Ethnic Community Association planned to expand the service they provided to migrants by doing their skilling up their workforce to both offer advice and be able to represent migrants in tribunals.

Migrant organisations did not know of any further action they could take in preparation for Brexit and were critical of the very limited information available from government and institutions. They felt they were doing invaluable work in preparing migrants for Brexit and ensuring the necessary steps are followed to allow a smooth process, but should be better supported to provide this service.

Accommodation for international students

One concern raised was in a possible fall in demand for accommodation from international students, who currently come to Northern Ireland to study. The table below shows the number of students studying at universities based in Northern Ireland by domicile.

Table 6: Number of students by domicile, Northern Ireland Universities, 20014/15 to 2017/18

	2014/15	2015/16	2016/17	2017/18
All Northern Ireland Universities				
UK	47,120	46,345	45,665	44,955
EU	2,730	2,575	2,485	2,565
Non-EU	2,795	2,585	2,810	3,195
Total	52,645	51,505	50,960	50,715
Queens University Belfast				
UK	21,265	21,065	20,790	20,880
Rest of EU	940	935	940	995
Non-EU	1,650	1,870	2,125	2,610
Total	23,855	23,870	23,855	24,485
Ulster University				
UK	23,195	22,845	22,445	21,605
EU	1,740	1,595	1,510	1,530
Non-EU	1,145	715	685	575
Total	26,080	25,155	24,640	23,710

Source: HESA. All Northern Ireland universities includes Queens University, Ulster University, St Mary's and Stranmillis University Colleges, but does not include students studying Open University courses. EU in this table includes the Republic of Ireland.

Queens University has the largest number and percentage of students from outside the UK (15% in 2017/18), and especially from outside the EU (11%). Ulster University has a higher number of students from elsewhere in the EU.

Universities in Northern Ireland (mostly based in Belfast) have been increasing their student accommodation. For example, there are just over 400 additional student units available at York Street Belfast for the start of the academic year 2019. The situation for EU-based students (including those from the Republic of Ireland) is currently unclear which could reduce the number coming to study, and 'investments already made (in new housing) may become unsustainable if the assumptions on demand that were made at the time no longer hold.'

This would mean institutions would need to rely more heavily on domestic students or compete more for non-EU international students. If they fail to do this and instead reduce the number of

students, this could cause a fall in demand for student housing and across the wider private rented sector in the parts of Belfast close to universities. This could be compounded by a possible fall in the number of UK-born students over the next three to four years, arising from a fall in the birth rate in the early 2000s (though this will be followed by a rise for the following ten years, as birth rates rose consistently after 2003).

Crossing the border

Data on the numbers and profile of people crossing the border for work were examined. A number of different sources exist, providing a various estimates at different points in time.

Eurostat estimates that there were 7,600 cross-border **commuters** from Northern Ireland and 13,900 from the Republic of Ireland in 2015³⁸. In relation to total employment, these amount to 1% and 0.6% of the working population respectively³⁹. The Good Friday Agreement puts Northern Ireland in a unique situation because it entitles any Northern Irish citizen to become a citizen of the Republic of Ireland (and vice versa). Nevertheless, the uncertainty that surrounds future arrangements raises important questions with regards to the trade and labour relationships that Northern Ireland will be able to sustain.

Figures published by the Department for the Economy suggest that around 86,000 people cross the border from Northern Ireland to the Republic of Ireland daily, with 38 per cent of these journeys being for work purposes. The share of work-related crossings falls to 26 per cent on weekends⁴⁰. Analysis of data from mobile network operators indicated around 86,000 trips per week on weekdays from Northern Ireland to the Republic of Ireland, and around 59,000 trips per week on weekdays from Republic of Ireland to Northern Ireland. The number of trips per week from the Republic of Ireland to Northern Ireland is higher on weekends than for weekdays. For Northern Ireland residents, the number of trips per week is higher for weekdays. This suggests that there is a net outflow of workers from Northern Ireland to the Republic of Ireland.

According to the Irish Times, in 2011, 0.36 per cent of the workforce in the Republic of Ireland worked in Northern Ireland. The Republic of Ireland 2016 Census showed around 9,300 people commuting for work to Northern Ireland⁴¹.

Table 7 below shows the places where people who live in Northern Ireland and work in the Republic live and work.

³⁸ http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=lfst_r_lfe2ecomm&lang=en

³⁹ www.globalbusinessoutlook.com/the-impact-of-brexit-on-northern-ireland-a-first-look/

⁴⁰ www.economy-ni.gov.uk/sites/default/files/publications/economy/Cross-Border-Movements-Research-Article-19-Sep%202018%20FINAL.pdf

⁴¹ www.cso.ie/en/media/csoie/newsevents/documents/census2016profile6-commutinginireland/Cross_Border_Commuters_2016_v2.pdf

Table 7: Location of usual residence in Northern Ireland by place of Work in Republic of Ireland, 2011

	Armagh City, Banbridge and Craigavon	Derry City and Strabane	Fermanagh and Omagh	Mid Ulster	Newry, Mourne and Down	Belfast	Ards and North Down	Antrim and Newtownabbey	Causeway Coast and Glens	Lisburn and Castlereagh	Mid and East Antrim	Total
Donegal County	7	855	199	11	8	6	0	2	36	4	5	1,133
Louth County	124	6	13	18	747	23	3	7	3	13	2	959
Monaghan County	233	6	243	119	107	2	0	1	0	5	1	717
Dublin City	75	21	48	37	218	66	20	20	20	41	17	583
Cavan County	22	3	345	12	7	1	0	2	1	1	0	394
Fingal	39	5	18	9	82	15	11	3	5	13	10	210
Dun Laoghaire-Rathdown	17	4	10	11	32	21	6	1	3	8	4	117
South Dublin	13	7	7	5	38	12	3	5	1	5	3	99
Meath County	16	1	4	8	53	6	3	2	1	0	2	96
Sligo County	1	2	65	2	0	1	0	1	0	0	0	72
Leitrim County	0	0	59	2	2	0	0	0	0	0	0	63
Kildare County	3	8	6	8	17	4	2	2	2	4	0	56
Republic of Ireland - Other	162	310	277	114	438	81	28	28	61	46	26	1,571
Total	712	1,228	1,294	356	1,749	238	76	74	133	140	70	6,070

Source: Census 2011, Table CT0354NI

In 2011, Newry, Mourne and Down had the highest number of people who were usually resident in Northern Ireland working in the Republic of Ireland (28%). Fermanagh and Omagh and Derry and Strabane also had a high number of people who crossed the border for work. People mostly worked in the Republic district closest to the district in Northern Ireland where they lived, e.g. 75% of the people who lived in Derry and worked in the Republic worked in Donegal.

Table 8 shows the top ten wards within ten miles of the border with the highest proportion of people usually resident in Northern Ireland working outside of Northern Ireland.

Table 8: Top ten wards within ten miles of the border with the highest % of people usually resident in Northern Ireland and working outside of Northern Ireland

Ward and local authority	Working in Northern Ireland	Working outside of Northern Ireland	% Outside Northern Ireland
Rosslea - Fermanagh and Omagh	794	177	18%
Belcoo and Garrison - Fermanagh and Omagh	911	183	17%
Forkhill - Newry, Mourne and Down	1,476	293	17%
Newtonbutler - Fermanagh and Omagh	823	159	16%
Creggan - Newry, Mourne and Down	910	173	16%
Silverbridge - Newry, Mourne and Down	1,191	220	16%
Belleek and Boa - Fermanagh and Omagh	918	145	14%
Derrylin - Fermanagh and Omagh	1,125	170	13%
Fathom - Newry, Mourne and Down	1,212	145	11%
Drumalane - Newry, Mourne and Down	1,347	149	10%

UK Census 2011, Table CT0349NI

Five of the top ten wards were in Fermanagh and Omagh and five were in Newry, Mourne and Down. The ward of Rosslea had the highest percentage of people working outside of Northern Ireland at 18% (177 people).

The survey of housing associations asked about tenants living in Northern Ireland and working in the Republic. Only one was able to estimate how many tenants this applied to, and they said there were fewer than ten tenants living in Northern Ireland and working in the Republic. The NIHE regional managers did not have any information available about this issue.

THE NORTHERN IRELAND HOUSING MARKET

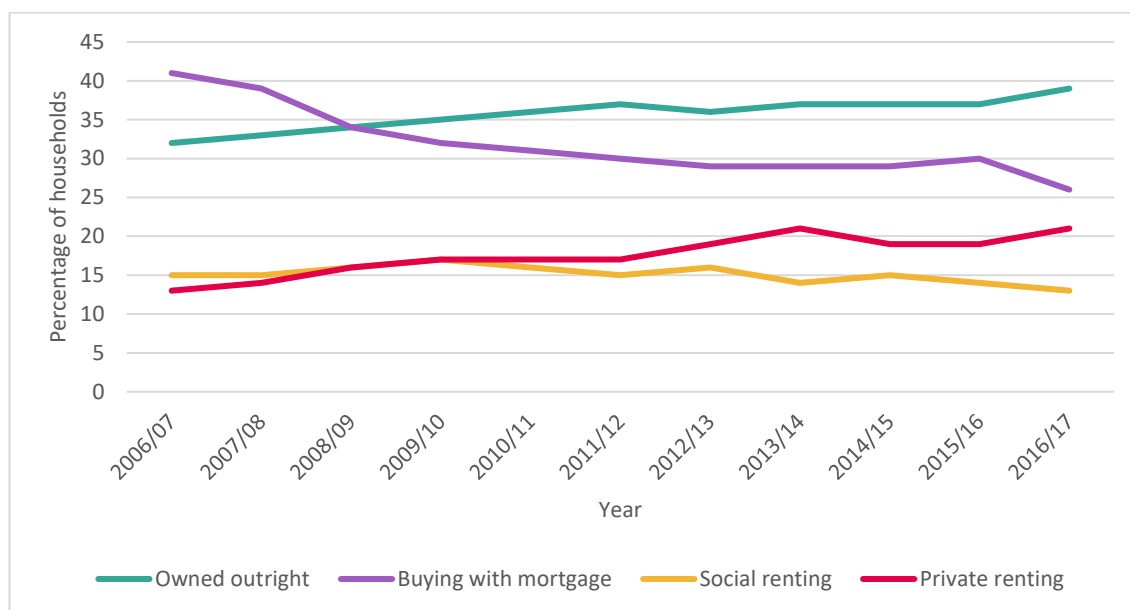
This chapter examines the current situation of the Northern Ireland housing market, in order to help understand how it may react to Brexit. It then draws on interviews with estate and letting agents to examine how the vote to leave the EU has already affected demand for housing, and how estate and letting agents think that Brexit may affect it in the future.

It also includes an analysis of the Housing Executive stock and its occupants, including stock close to the border with the Republic of Ireland, to help understand the impact that Brexit may have on the Housing Executive's own stock.

Tenure patterns in Northern Ireland

Figure 11: shows the tenure trends of households in Northern Ireland for the last ten years.

Figure 11: Tenure trends in Northern Ireland, 2006/7 to 2016/17



Source: Family Resources Survey, 2016/17

As can be seen, over the ten years to 2016/17, the proportion of households in the private rented sector in Northern Ireland increased from 13% to 21%, while the proportions of households buying with a mortgage decreased substantially.

Table 9 shows the percentage of households by tenure and local authority in 2017.

Table 9: Households by tenure and local authority, 2017

	Owned outright	Owned with Mortgage	Rented from NIHE	Rented from Other (inc, housing associations)
Armagh City, Banbridge & Craigavon	43%	27%	9%	20%
Derry City and Strabane	33%	27%	17%	22%
Fermanagh and Omagh	54%	27%	6%	13%
Mid Ulster	39%	26%	9%	22%
Newry, Mourne and Down	44%	27%	10%	17%
Belfast	29%	25%	20%	25%
Antrim and Newtownabbey	38%	39%	8%	14%
Ards and North Down	45%	32%	9%	12%
Causeway Coast and Glens	42%	23%	15%	19%
Lisburn and Castlereagh	43%	37%	10%	10%
Mid and East Antrim	40%	33%	8%	17%
Northern Ireland	40%	29%	12%	19%

Source: Northern Ireland Continuous Household Survey, 2017

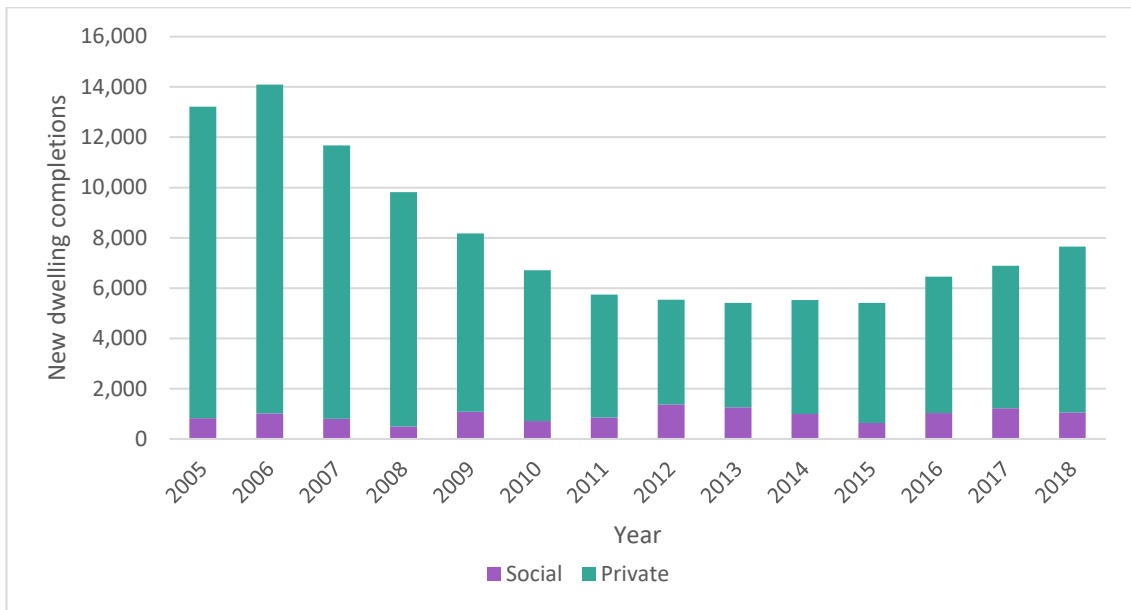
Belfast had the highest proportion of households renting, while Fermanagh and Omagh had the highest proportion of owner occupiers. Derry and Strabane had the highest proportion of rented households outside of Belfast.

The tenure pattern and trends in Northern Ireland are similar to the rest of the UK. However, in Northern Ireland the proportion of households who had been living in the private rented sector for more than ten years was 17%, compared to 10% for the rest of the UK (Family Resources Survey).

Housebuilding rates

Figure 12 shows private and social new dwelling completions from 2005 to 2018.

Figure 12: Annual dwelling completions by tenure



Source: Northern Ireland New Dwelling Completions⁴²

Prior to the recession that began in 2008, new housing output was relatively high. However, following the Global Financial Crisis and subsequent housing market downturn, new house building rates fell for six consecutive years, most drastically from 2007 to 2008.

The figure also shows that the private sector builds significantly more year on year than the social sector. However, for a number of years after the property crash, from 2007 onwards, the gap between the total number built privately and socially reduced. This would suggest that in times of economic downturn, social housing development remains steady, whereas new private housing supply reduces. Private housing builders appear much more sensitive to market conditions. The developer interviewed had not seen any evidence of a significant impact of Brexit to date. They felt that the lack of a government in Stormont had a much greater impact on the housing market currently and did not anticipate that leaving the EU would have an impact in the future.

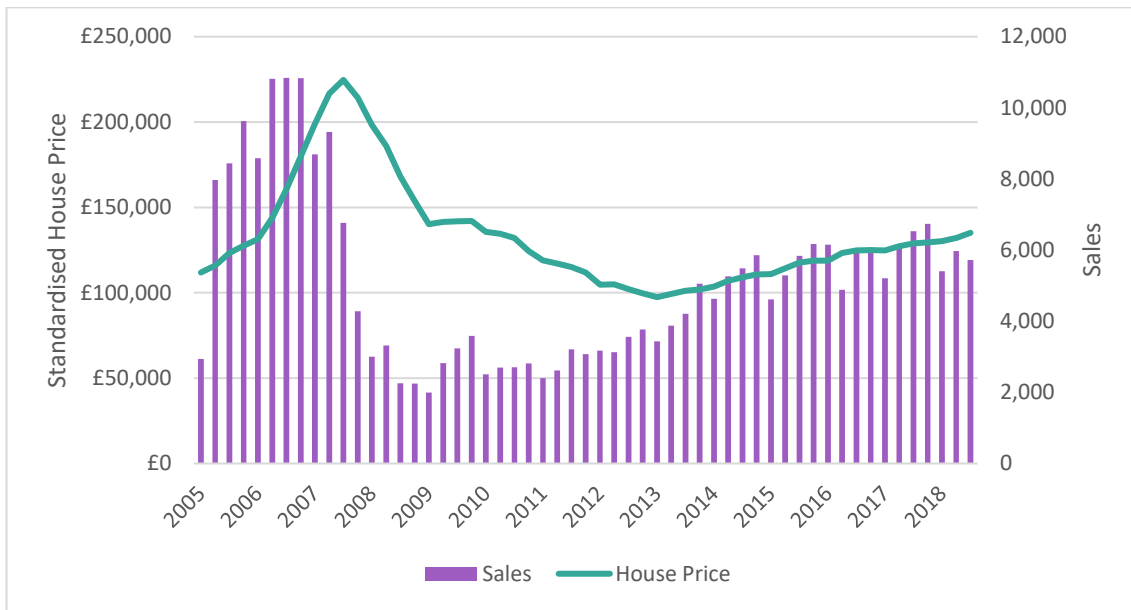
Recent trends in house prices and rents

House price trends

Figure 13 shows the house price index for Northern Ireland as a whole and number of sales by quarter for 2005 to 2018.

⁴² <https://data.gov.uk/dataset/613a03f5-a7f7-4ed3-97e4-c9c0ca0486c9/northern-ireland-new-dwelling-completions>

Figure 13: Quarterly Average House Price and Sales, Northern Ireland 2005 to 2018



Source: Northern Ireland House Price Index reference tables, Land and Property Services & NISRA⁴³

House prices increased between 2005 and 2008 and decreased sharply during the global recession in 2008. Northern Ireland was one of the worst hit areas in the UK by the recession, and the Northern Ireland property market saw one of the largest corrections of any UK region. From a record high in July 2007 of £224,676, the average house price in Northern Ireland had fallen to £168,076, by July 2008, a fall of 25.2% in the space of a year. This correction left many homeowners in negative equity, with the market value of their property below the outstanding amount of mortgage secured on it.

House prices in Q3 2018 were at a similar level to where they were in Q1 2006, but still well below the height of the boom in late 2007. The number of sales per quarter also fell considerably in this period. The average house price has increased since 2013 and the number of sales has increased from around 2,900 to about 5,800 per quarter in the last four years, which is still considerably lower than 2005 to 2007, when there were on average 8,740 sales per quarter.

Table 10 shows the average house price in the first quarter of each year by local authority for the last five years.

⁴³ www.finance-ni.gov.uk/articles/northern-ireland-house-price-index

Table 10: Average house price Q1 2014 to 2018 by district

	Q1 2014	Q1 2015	Q1 2016	Q1 2017	Q1 2018	2014-18 increase
Armagh City, Banbridge and Craigavon	£91,434	£98,572	£107,699	£113,867	£116,125	27%
Derry City and Strabane	£86,293	£94,673	£100,962	£108,879	£113,411	31%
Fermanagh and Omagh	£92,406	£95,838	£109,980	£111,865	£120,626	31%
Mid Ulster	£102,446	£111,846	£122,446	£123,706	£132,378	29%
Newry, Mourne and Down	£108,948	£112,509	£120,754	£129,460	£138,051	27%
Border Districts	£95,629	£102,785	£111,829	£117,690	£123,756	29%
Belfast	£96,224	£105,686	£110,981	£117,077	£122,843	28%
Antrim and Newtownabbey	£107,984	£114,963	£120,735	£129,313	£133,538	24%
Ards and North Down	£126,184	£134,223	£139,778	£143,156	£149,071	18%
Causeway and Coast and Glens	£99,241	£107,966	£122,683	£128,649	£131,529	33%
Lisburn and Castlereagh	£125,887	£134,254	£142,342	£147,983	£153,918	22%
Mid and East Antrim	£101,796	£103,539	£110,691	£116,734	£123,763	22%
Northern Ireland	£103,570	£110,940	£118,851	£124,786	£130,285	26%

Source: Northern Ireland House Price Index reference tables, Land and Property Services & NISRA⁴⁴

The average house price has increased in all areas in the last five years, including since 2016, when the Brexit referendum took place. For the border districts, average house prices in Derry and Strabane, Armagh City, Banbridge and Craigavon, and Fermanagh and Omagh are below the Northern Ireland average. Mid Ulster prices are closest to the national average and trend, and house prices for Newry, Mourne and Down have consistently been higher than average. The average house price in the border districts has increased by between 27% and 31%, which is higher than the average growth in the last five years (26%) for Northern Ireland as a whole.

Between 2015 and 2016, the annual house price growth was 7%. Between 2016 and 2017, growth decreased slightly to 5%.

The developer interviewed felt the current market was very good and very stable and did not anticipate a significant impact on house prices from Brexit as demand was felt to be in excess of supply currently.

⁴⁴ www.nisra.gov.uk/statistics/housing-community-and-regeneration/northern-ireland-house-price-index

Private rental trends

Table 11 shows the average private rent by district for 2017 and 2018. Border districts are listed at the top to allow easy comparison.

Table 11: Average monthly rent and number of lettings, Northern Ireland districts

District	Average Rent Per Month		Number of Lettings	
	July to December 2017	January to June 2018	July to December 2017	January to June 2018
Armagh, Banbridge and Craigavon	£540	£520	622	878
Derry and Strabane	£529	£525	274	290
Fermanagh and Omagh	£470	£459	157	201
Mid Ulster	£530	£549	308	374
Newry, Mourne and Down	£548	£542	348	433
Border Districts total	£507	£524	1,709	2,176
Belfast	£653	£697	3,526	3,625
Antrim and Newtownabbey	£557	£553	704	711
Ards and North Down	£618	£608	849	1,202
Causeway Coast and Glens	£517	£567	500	614
Lisburn and Castlereagh	£613	£634	789	771
Mid and East Antrim	£518	£524	550	660
Northern Ireland	£598	£612	8,627	9,759
Northern Ireland (excluding Belfast)	£548	£559	5,101	6,134

Source: Performance of the Private rental market in Northern Ireland, Ulster University and Housing Executive⁴⁵

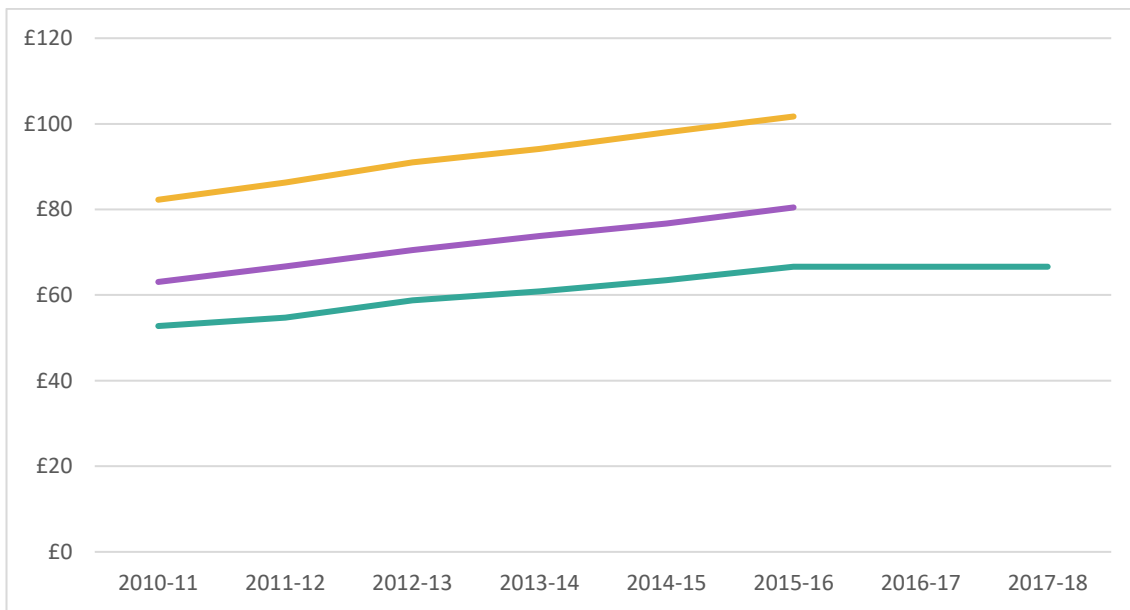
Based on the most recent data, Belfast is significantly more expensive than other districts. For the first half of 2018, rents in the border districts were lower than the Northern Ireland average excluding Belfast. Two-thirds of all lettings in the sample were made in Belfast.

⁴⁵ www.ulster.ac.uk/_data/assets/pdf_file/0007/342277/Private_Rental_Report_FINAL-28Nov18.pdf

Social rental trends

The figure below shows recent trends in social rents across Housing Executive and housing association stock in Northern Ireland.

Figure 14: NIHE and HA average weekly rents, 2010-11 to 2017/18



Source: NI Housing Statistics Social Renting Demand⁴⁶

NIHE rents have been frozen in the last two years, but were rising before that meaning that in the last four years (2014-18) overall, Housing Executive rents increased by nine percent. This is a lower rate of increase than in Scotland or Wales (though higher than England where compulsory rent decreases have been in operation during most of this period).

The social rented sector

The social rented housing stock

Data from the Housing Executive shows that there were 85,517 households as of March 2019. There are also around 24,000 households living in housing association properties⁴⁷.

The table below shows the profile of the Housing Executive stock across the districts in Northern Ireland.

⁴⁶ <https://www.communities-ni.gov.uk/topics/housing-statistics>

⁴⁷ www.nifha.org/about/faqs/

Table 12: Total Housing Executive stock by number of bedrooms and district, 2018

	Bedsits	One bed	Two bed	Three bed	Four bed	Five or more beds	Total
Armagh, Banbridge and Craigavon	0	1,152	2,644	3,277	452	32	7,557
Derry and Strabane	1	832	2,822	4,422	704	59	8,840
Fermanagh and Omagh	1	303	1,467	1,682	169	23	3,645
Mid Ulster	1	272	1,534	1,831	259	23	3,920
Newry, Mourne and Down	0	799	2,031	2,127	311	29	5,297
Belfast	4	2,644	11,429	10,275	1,196	182	25,730
Antrim and Newtownabbey	2	1,218	2,266	2,787	187	15	6,475
Ards and North Down	1	859	2,758	2,494	174	15	6,301
Causeway Coast and Glens	0	665	2,216	3,411	298	14	6,604
Lisburn and Castlereagh	1	821	2,225	2,172	137	16	5,372
Mid and East Antrim	0	953	2,089	2,499	224	11	5,776
Northern Ireland	11	10,518	33,481	36,977	4,111	419	85,517

Source: Northern Ireland Housing Executive, March 2019

At March 2019, the Housing Executive owned and managed 85,517 properties in Northern Ireland. Of these, the large majority had either two bedrooms (39%) or three bedrooms (43%) (Table 12).

New social rented housing supply

New social housing is built largely by the housing association sector. The table below shows the source of new housing supply under the Social Housing Development Programme.

Figure 15: Source of Social Housing Completions, 2010/11-2017/18



Source: Northern Ireland Housing Statistics 2017-18 Section 1 tables - Supply⁴⁸

As can be seen, there was a significant increase in completions in 2013/14 followed by a downturn. Rates of construction have again picked up somewhat in the last two years, mostly through new build construction.

Five of the seven housing associations who responded to the survey said that they developed stock. Four developed 70 homes or fewer in the last year. The largest respondent developed 2-300 a year. They were asked about anticipated impact after then UK leaves the EU on their development programmes. One association anticipated no impacts. Five anticipated an increase in the costs of labour and supplies. One expanded this to highlight possible increases in the costs of maintenance as well as development, arising from market forces.

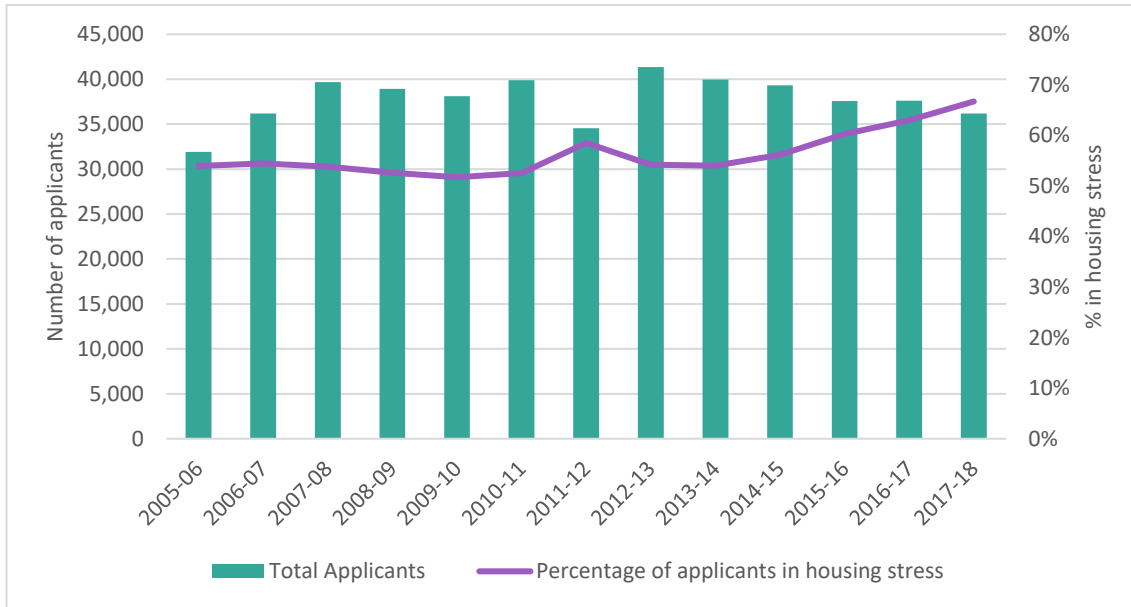
Another association listed a number of issues which they were anticipating after the UK leaves the EU including, potential difficulties with obtaining supplies and components from EU countries, and increased costs resulting from increased prices for goods coming from the EU.

Demand and need for social rented housing

Figure 16 shows the number of households on the common waiting list and the percentage of those in housing stress from 2006 to 2018.

⁴⁸ www.communities-ni.gov.uk/publications/northern-ireland-housing-statistics-2017-18

Figure 16: Total Number of applicant households on common waiting list and % in housing stress, Northern Ireland, 2005/06 to 2017/18



Source: Northern Ireland Housing Statistics: Social Housing⁴⁹

In 2017/18 there were 36,198 households on the waiting list, and 24,148 of these applicants were in housing stress. While the number of households per year on the waiting list decreased between 2013 and 2018, the proportion in housing stress has been increasing in the same time period.

Void and hard to let Housing Executive stock

Table 13 shows the number of void properties as of March 2019.

Table 13: Void Housing Executive stock (2018)

	Total Stock	Total void properties	Voids as % of total stock	Void because difficult to let	Difficult to let as % of total stock
Armagh City Banbridge and Craigavon	7,557	78	1.03%	25	0.33%
Derry City and Strabane	8,840	57	0.64%	13	0.15%
Fermanagh and Omagh	3,645	34	0.93%	7	0.19%
Mid Ulster	3,920	79	2.02%	13	0.33%
Newry, Mourne and Down	5,297	54	1.02%	5	0.09%

⁴⁹ www.communities-ni.gov.uk/publications/northern-ireland-housing-statistics-2017-18

Belfast	25,730	237	0.92%	21	0.08%
Antrim and Newtownabbey	6,475	127	1.96%	5	0.08%
Ards and North Down	6,301	64	1.02%	9	0.14%
Causeway Coast and Glens	6,604	30	0.45%	1	0.02%
Lisburn and Castlereagh	5,372	38	0.71%	4	0.07%
Mid and East Antrim	5,776	100	1.73%	3	0.05%
Northern Ireland	85,517	898	1.05%	106	0.12%

Source: Northern Ireland Housing Executive, March 2019

There were 898 void properties, of which 106 were void because they were classed as difficult to let⁵⁰. These figures appear low overall and are around half of the void levels recorded for social housing in England⁵¹.

Armagh, Banbridge and Craigavon and Mid Ulster had the highest proportion of stock that was void because it was *difficult to let*, but difficulties letting still appear to be very small-scale.

Void levels in the housing association sector

Five of the seven housing associations provided information about the voids. Two associations reported no voids, three reported that the number of void properties were equivalent to less than 2% of overall stock. One smaller sheltered housing provider reported five current voids, or 18.5% of stock. Overall, this analysis suggests that there is high demand for social rented housing across Northern Ireland, and very few difficulties with hard to let housing for general needs.

Staff recruitment and retention in the social housing sector

Five of the seven housing associations who responded to our survey said that they the plans for the UK to leave the EU had not had any impact on their ability to recruit or retain staff. One said there had been no impact to date, but as a provider of housing with care, they assumed that may be impacted in the future and the other said they were concerned about restrictions on hiring staff from outside the UK.

The NIHE regional managers who responded did not foresee any impact on their staff recruitment and retention and one explained that this was because their staff originated locally. The other said that the impact on employment was more likely to affect other sectors in the low wage economy such as meat processing plants and seasonal agricultural work than in housing.

Views of estate and letting agents on the impact of Brexit

The 11 agents interviewed all undertook both sales and lettings. The main theme across all interviews was uncertainty. There was uncertainty around the impact of Brexit on the housing

⁵⁰ A property is a difficult to let property if it has been void for at least four weeks, and no eligible applicants have applied for it. Housing managers also have some discretion to classify a property as difficult to let if they believe it is likely to be so.

⁵¹ www.gov.uk/government/statistical-data-sets/live-tables-on-dwelling-stock-including-vacants
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market and a consensus that uncertainty was not good for the housing market. Most agents did not, however, feel that the market had been heavily impacted by the Brexit vote thus far and were not overly pessimistic about the future.

Strength of local housing markets – for sale

Respondents were asked for their views on the local housing market in their area with reference to houses for sale.

Mid-Ulster (Dungannon)

The two respondents differed slightly in their views. One stressed that the housing market in their area was suffering from a lack of supply which was causing issues for their business. The other, however felt that the market for houses for sale was fairly constant.

Newry, Mourne and Down.

The market for houses for sale in the area was agreed to be experiencing solid demand, though, this was not matched by the appropriate levels of supply. One respondent felt that uncertainty related to Brexit had caused people to delay selling decisions.

Derry and Strabane.

The two respondents here differed in their views on the current housing market with one claiming it was “great”, and the other maintaining that the current market for houses for sale was very flat, with limited activity at present.

Armagh City and Banbridge.

Demand for houses for sale is was felt to be strong throughout this area, though one respondent felt there to be a lack of supply.

South Belfast

The market for houses for sale was described as fairly steady, however, there was a slight drop in activity noted recently as some people hold off both buying and selling decisions.

Strength of local housing markets – for rent

Respondents were asked how they would describe the current lettings market in their local area.

Mid-Ulster (Dungannon)

Across Mid-Ulster there appears to be a very strong and steady lettings market, and this was where most of the business for the estate agents interviewed was conducted. Due to labour market conditions in the area it is heavily populated with migrants, the majority of whom would rent properties.

Newry, Mourne and Down

Within the area the rental market appears to be behaving in a very similar way to the market for houses for sale. Again, there was reported to be strong demand which was not matched by sufficient supply.

Derry and Strabane

Both respondents agreed that the current rental market was “busy”, though they also reported a rise in the number of private landlords deciding to sell their rental property for reasons that were unclear.

Armagh City and Banbridge

The interviewees here differed in their views. One argued the rental market was always steady and with high demand, whilst the other felt there was lack of supply inhibiting the lettings market and driving up rents.

South Belfast

The rental market is an area of great activity for estate agents in south Belfast. The market in the area was reported to be exceptionally strong and described as “buoyant”.

Expected impact of Brexit on the housing market – for sale

Respondents were asked about their expectations for the impact of Brexit on the housing market.

Mid-Ulster (Dungannon)

It was not expected that Brexit would cause a significant impact on the housing market in the area. One respondent was worried that if EU nationals decide to leave then this would negatively affect the housing market and wider economy in Dungannon, an area which employs a significant number of migrants. Estate agents believed the largest impact would be felt in border locations.

Newry, Mourne and Down

All three estate agents stressed there was a very uncertain landscape and it was unclear as to what would happen to the housing market after Brexit. Two of the estate agents interviewed reported they were already seeing people delaying decisions to sell, as a result of Brexit, which was having a direct impact on sales and supply. The impact on house prices was hard to predict. However, estate agents believed that Brexit would have a depressing impact primarily in border locations.

Derry and Strabane

Respondents were uncertain about the impact of the UK’s departure from the EU on the housing market. One respondent pointed out that in the event of a hard border this would have a very negative impact on the housing market in the area. Thus, the extent of the impact is very much dependent on reaching a positive deal for Northern Ireland. Both estate agents expected to see house prices fall in the short-term following Brexit, especially if there was to be a no-deal scenario. It was believed the major impact on house prices will be felt in border locations such as Newry and Strabane. It was felt that a tail-back at the border will have serious negative economic consequences and this will have a knock-on effect on the housing market.

Armagh City and Banbridge

Neither estate agent felt they could not tell if there would be any greater impact under different exit scenarios, though they expected to be little to no impact on house prices. Since the Brexit vote one estate agent had noted a rise in the number of people looking to live in the Republic of Ireland. However, it was unclear what the effect will be on cross-border house-hunting when the UK does leave the EU.

South Belfast

Neither respondent had any clear view on what the impact will be when the UK leaves the EU, one claimed that “Nothing like this has happened before to compare to”. It was clear that a no deal scenario would not be good for the housing market as it would lead to even greater levels of uncertainty than those already being experienced. It is expected that property prices will initially fall as a result of the UK leaving the EU, however, they were expected to rebound to their original prices after a few years.

Impact of Brexit on the private rented housing market

The estate agents were asked what they expect the impact to be on houses for rent.

Mid-Ulster (Dungannon)

The estate agents reported that some tenants were already choosing to leave the area and are citing Brexit uncertainty as a reason; it was unclear where they were moving to. Both respondents felt that the impact of Brexit would be heavy. Much depended on whether EU foreign nationals were to be allowed and wished to remain in the area. This was particularly the case in Dungannon as it has a very high number of migrants due to labour demand in the area. Foreign nationals occupy a large proportion of the rented accommodation within the area.

Newry, Mourne and Down

It was felt that the impact on the rental market will depend on the employment-related impact of Brexit. The agri-food sector which employs a high number of EU foreign nationals is susceptible to shocks. A decline in this sector would be expected to cause decline in the housing market.

Derry and Strabane

Both agents expected that the rental market will react differently to the market for houses for sale and would be less likely to suffer negatively from Brexit, though one respondent pointed out that he expects the commercial rental market to decline under a no-deal scenario as the wider economy will be negatively affected.

Armagh City and Banbridge

Estate agents here indicated that they expected to see no impact on the rental market as a result of Brexit.

South Belfast

There was a mixed response when asked about the potential impact on the rental market from Brexit. One respondent believed Brexit could encourage people to sell off rental properties as they abstain from investments. The other believed it would have a positive impact because if people stop buying property then they are more likely to rent.

The mixed responses in several of these areas further highlight the uncertainty that exists.

Impact of Brexit on the social rented sector

There were very mixed responses from estate agents when asked if it was common to receive enquiries from tenants who are looking to move out of social housing. It appears to be most common in Mid-Ulster and Derry and Strabane, possibly due to larger social housing sector in those areas. When any enquiries were received the main motivating factor was reported to be a

desire to improve the quality of their accommodation and live in a nicer area. Estate agents did not feel able to predict what the impact of Brexit might be on the social rented sector.

One of the housing associations who responded to the survey raised a number of other potential impacts of Brexit, including:

- inability to access funding from sources such as the European Investment Bank or the Special EU Programmes Body;
- difficulties with obtaining supplies and components from EU countries including medical supplies for nursing and supported living schemes;
- negative impact on IT service delivery; and
- negative impact on service delivery to a subsidiary company in Ireland.

The impact of the Brexit vote on estate and letting agents

It was clear that the UK's impending departure from the EU has thus far had little to no impact on the estate agents' businesses. A few did report seeing a drop in activity since the Brexit vote as people refrain from making decisions to buy and/or sell. The fear that Brexit may have a negative impact on the housing market appeared most severe in border areas. The agents interviewed in Derry and Strabane and Newry, Mourne and Down feared that a no-deal Brexit and a hard border would have a serious negative effect on the wider economy and the housing market in those areas. They felt that the economic effect of a tail-back at the border would be disastrous and that consequently a no-deal Brexit could lead to a property recession as a consequence. One respondent in Derry and Strabane had an office less than a mile from the border and regularly conducted business either side of the border. They were worried and unsure if they would be able to continue to do business south of the border. Outside of the border areas in south Belfast it was expected that property prices may decline in the short term following Brexit, but would rebound back to their pre-Brexit peak after only a couple of years.

No estate agent interviewed had planned to take any action to prepare for Brexit as they did not know of any possible actions to take. The interviewees were all already active in both the sales and lettings markets, something that can provide some resilience at times of housing market downturn. They were critical of the lack of clear, concise information available on what would happen. Any action taken would therefore be reactionary rather than proactive.

ANALYSIS OF SOCIAL HOUSING STOCK WITHIN TEN MILES OF THE BORDER

This chapter examines the profile of social housing stock within ten miles of the border, managed by either the Housing Executive or housing associations.

Housing Executive tenants within ten miles of the border

The Housing Executive has supplied data on its stock within ten miles of the border⁵². This was analysed because it is in these areas that residents are most likely to travel across the border regularly for work or be otherwise affected by any changes in the ease of travelling across the border.

Table 14 shows the Housing Executive stock within ten miles of the border by settlement and whether or not it is currently occupied.

Table 14: NIHE properties within ten miles of the border by settlement

Settlement	Occupied	Void	Total
Derry City	5,920	2	5,922
Newry	1,339	0	1,339
Strabane	986	4	990
Armagh	927	0	927
Enniskillen	511	0	511
Warrenpoint / Burren	279	0	279
Strathfoyle	250	0	250
Castledearg	210	0	210
Newtownstewart	191	0	191
Bessbrook	182	0	182
Irvinestown	172	1	173
Lisnaskea	173	0	173
Keady	171	0	171
Rathfriland	168	0	168
Kilkeel	160	0	160
Sion Mills	131	0	131
Markethill	123	0	123
Newbuildings	119	0	119

⁵² It should be noted that the ten-mile buffer used to select these properties was based on the Housing Executive's estimation of the borderline, based on the ROI boundary as the Housing Executive does not hold an official borderline. It is assumed that this borderline stops at the land mass of Northern Ireland on both its north-western and southern limits.

Settlement	Occupied	Void	Total
Fivemiletown	110	0	110
Crossmaglen	103	0	103
Dungannon	96	0	96
Greysteel	80	0	80
Ballykelly	70	0	70
Eglinton	68	0	68
Claudy	60	0	60
Kesh	57	0	57
Rostrevor	57	0	57
Camlough	54	0	54
Aughnacloy	48	0	48
Maguiresbridge	44	0	44
Hilltown	39	0	39
Lisbellaw	23	0	23
Moy	19	0	19
Mayobridge	16	0	16
Culmore	15	0	15
No settlement	2,213	2	2,215
Total	15,184	9	15,193

Source: Northern Ireland Housing Executive, March 2019

The void levels here appear extremely low, less than 0.1% of the total housing stock.

Table 15 shows the property profile of stock within ten miles of the border by type and number of bedrooms.

Table 15: Housing Executive stock within ten miles of the border

	One bed	Two bed	Three bed	Four bed	Five or more beds	Total
Bedsit	11					11
Bungalow	877	3,158	465	32	3	4,535
Cottage	0	24	46	4	1	75
Flat	732	1,113	29			1,874
House	5	1,031	6,361	1,004	90	8,491
Maisonette	0	80	103			183
Other	1	9	8	1		19
Unknown	5					5
Total	1,621	5,415	7,012	1,041	87	15,193

Source: Northern Ireland Housing Executive, March 2019

Houses are the most common type of stock and 46% of the stock has three bedrooms, not dissimilar with the rest of Northern Ireland.

Table 16 shows the number of Housing Executive tenant households from outside the UK/Republic of Ireland living with ten miles of the border by nationality:

Table 16: Nationalities of Housing Executive tenants within ten miles of the border from outside UK and Republic of Ireland

	Number	Percentage
British/Irish/Northern Irish	2,219	95%
Other EU	94	4%
Outside EU	21	1%

Source: Northern Ireland Housing Executive, March 2019

At March 2019, there were 15,078 households housed by the Housing Executive within ten miles of the border. Of these, information on nationality information was not available for a total of 12,742, who have held their tenancies since prior to 2011. The Housing Executive reports that these are thought to be mostly British/Irish/Northern Irish. For those households where nationality information was known (generally the more recent tenants), 95% were British/Irish/Northern Irish, four per cent were headed by people born in the EU and one per cent were headed by someone born outside the EU. In total, 35% of the households living within ten miles of the border headed by someone born overseas were headed by people born in Poland, and 28% were headed by someone from Lithuania.

Table 17 shows length on tenure in years by nationality.

Table 17: Average length of time in current tenancy in years by local authority and nationality, existing Housing Executive tenants

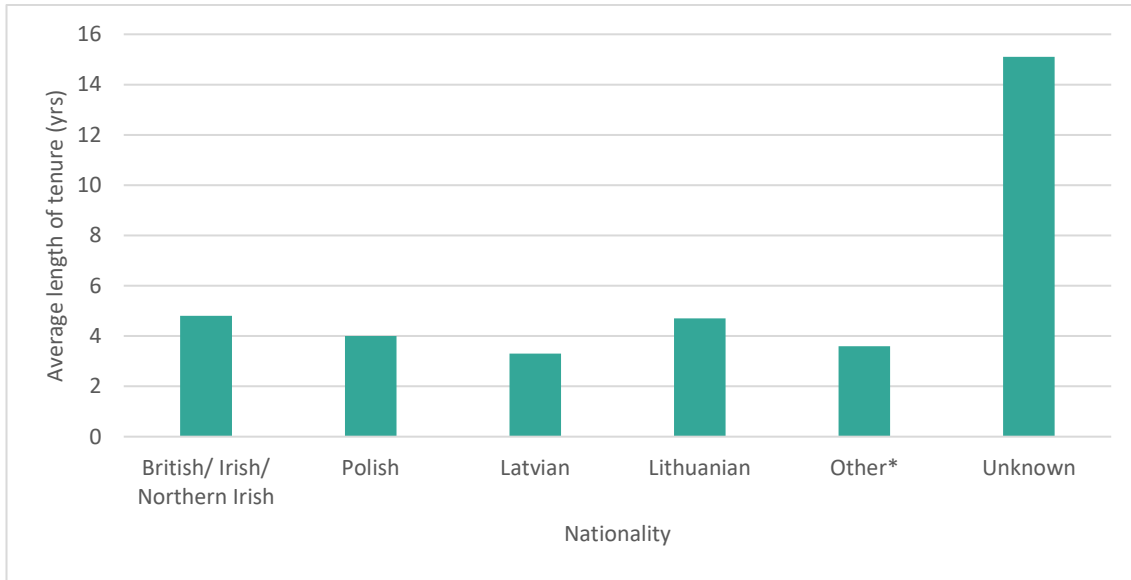
	British/ Irish/ Northern Irish	Rest of EU	Other	Unknown
Armagh City Banbridge and Craigavon	5	4	4	14
Derry City and Strabane	5	4	3	13
Fermanagh and Omagh	5	4	4	14
Mid Ulster	5	4	3	14
Newry Mourne and Down	5	4	3	13
Belfast	5	4	4	12
Antrim and Newtownabbey	4	3	3	12
Ards and North Down	4	2	3	10
Causeway Coast and Glens	4	4	4	14
Lisburn and Castlereagh	4	3	3	10
Mid and East Antrim	4	3	2	11
Norther Ireland	5	4	3	12

Source: Northern Ireland Housing Executive, March 2019

Households from outside the UK and Republic of Ireland had, on average, been in their current home for three to four years, compared to five years for British or Irish tenants and 12 years for tenants whose nationality is unknown.

Figure 17 shows the length of stay by nationality for tenants within ten miles of the border:

Figure 17: Average length of time in current tenancy by nationality, Housing Executive tenants within ten miles of the border



Source: Northern Ireland Housing Executive, March 2019. Nationalities with fewer than five representative households have been grouped.

Households headed by someone from outside this area have an average length of tenure of between three and five years.

Housing association tenants within ten miles of the border

The survey sent to housing associations asked about their stock and tenants within ten miles of the border. The largest respondent had 5,702 homes in total, of which 3,659 (64%) were within ten miles of the border, mostly in Derry and Strabane. There was also a smaller association with 488 properties of which 225 (46%) were within ten miles of the border, mostly in Newry, Mourne and Down, and Fermanagh and Omagh. These were the only respondents who were able to provide data on their stock within ten miles of the border, but does suggest that some housing associations are quite localised in their areas of operation. Their responses to other questions about potential impacts of Brexit were not significantly different from the other associations who responded to the survey.

CONCLUSIONS

This study research was intended to help the Housing Executive and other stakeholders to scope and plan for any possible housing supply and demand issues that may arise in certain locations as a result of the United Kingdom's withdrawal from the European Union. During the course of the study, Brexit negotiations within Westminster have proceeded in an unpredictable fashion, with the range of options being suggested widening rather than becoming clearer. This means the dominant theme of this study has been the level of uncertainty around what Brexit will involve, across all sectors of the economy, and all parts of the UK, none more so than Northern Ireland with its land border with the Republic of Ireland. Nevertheless, there are some conclusions that can be drawn which help to understand the current situation of migration, migrants living in Northern Ireland, the current housing market and those most at risk if cross-border trade is disrupted.

The evidence suggests that the **housing market** in Northern Ireland is currently in a good state of health. Affordability difficulties are less severe than in many other parts of the UK (though low-income households continue to struggle in many areas). House prices have yet to return to their peak before the 2008 downturn, but the current trend is upwards and estate and letting agents all felt the market to be in a reasonable state with demand being sufficient to meet the supply of housing to let or buy. There were some concerns that sellers may be holding off currently due to concerns about Brexit, but this has had no major impact on prices or rents as yet.

In terms of **migration**, there are several reasons to think that ending freedom of movement for EU citizens is likely to have a limited impact on the Northern Ireland housing market. Firstly, most moves to Northern Ireland are from the UK, the Republic of Ireland or outside the EU. Only around a quarter are from within the EU. Secondly, EU citizens already living in the UK are likely to be given the right to remain here. Thirdly, Northern Ireland has seen net migration that is close to zero in recent years – similar numbers of households move to Northern Ireland as move away from it each year. This means that impact of migration on the housing market has not been as significant as in some other parts of the UK. An ending of freedom of movement is likely to affect both immigration and emigration reducing the net impact.

This does, of course depend on any restrictions that are put in place by the UK and by other countries where UK residents may move to. An income limit has been suggested, which – if it operates at a fixed level across the whole of the UK – would have a particularly significant impact on Northern Ireland where average wages are lower and many migrants employed in low-skilled work. It is also likely that a fall in migration into Northern Ireland would however reduce demand for private rented housing, because this tenure is particularly popular with recent migrants.

The **housing stock** does not change significantly from one year to another, so even a dramatic impact on housebuilding rates in the short- to medium-term would have only a limited impact on the housing market. A shortage of finance, labour or supplies could have a major impact on the **construction sector**, but a slow-down in construction would have only a slow impact on house prices or rents.

Brexit is also likely to have an impact on the **economy** of Northern Ireland, which could in turn affect the housing market. The impact on the economy very much depends on the nature of Brexit – whether there is a withdrawal agreement, what it includes and whether the UK economy is able to adapt to any trade restrictions. One key risk if there is economic shock as a result of Brexit would be on inflation – a sharp rise in inflation could lead to a rise in interest rates, which will

in turn exert a downwards pressure on house prices. History suggests the Northern Ireland property market can be more volatile than GB markets, and a negative Brexit outcome has the potential to have greater consequences for the Northern Ireland property market.

This analysis has shown that most economically active migrants in Northern Ireland come from EU countries. Economic turmoil that reduces the **value of the pound relative to the Euro** is therefore likely to encourage migrant workers to move to a different EU country where wages are higher (and therefore buy more back at home) or to return to their country of origin if the value of what they can earn in the UK falls. The value of sterling fell sharply following the Brexit vote in 2016, so some of this impact has already been seen. Migrant groups report some migrants returning to their countries of origin, or moving elsewhere in search of better wages.

In terms of tenure, it is clear that the **private rented sector** is most likely to be affected by Brexit. It is where most migrants live. Localities where large numbers of migrants live and work in the food processing sector are the most likely to be affected, though it is also possible that the student housing sector could be affected, depending on the successes of the two Belfast-based universities in attracting students post-Brexit. The **social rented sector** has only a small proportion of tenants from abroad. Current demand too comes largely from British or Irish-born people, so changes to the numbers migrating to Northern Ireland from the EU (excluding Ireland) are likely to have only a limited impact on the social sector. A secondary impact on the sector is more likely; if migrants form most of the demand for private rented housing and this demand falls, private rents could fall, which could potentially lead to less demand for social renting (as tenants may choose to rent privately instead, or find that they are able to afford to do so and so no longer considered to be in housing stress). Construction of new social rented housing is likely to be more resilient at times of housing market downturn than private housing development – this is because demand for social housing does not decline with the same drivers as demand for market housing. Labour for construction can also be easier to obtain at times when the private sector is building at a slower rate.

Many of these impacts are likely to be felt most in the **border areas** of Northern Ireland. There are higher proportions of migrant workers in these locations, and the job and housing markets of many areas close to the border are linked to those in the Republic of Ireland. The impact of Brexit on these areas is particularly hard to predict, as much depends on the nature of post-Brexit trade deals, the economic impact on the value of the pound relative to the Euro and any possible impact on community relations in areas where Brexit has been (and may continue to be) a divisive issue politically.

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