



# Performance of the Private Rental Market in Northern Ireland

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# INTRODUCTION

This survey analyses the performance of the Northern Ireland rental market during the first half (January to June; 'H1') of 2018. The report provides an analysis of trends and patterns at a regional level during this six month period, drawing comparisons with the second half of the previous year as a measure of half yearly change and with the same period in 2017 as an indicator of annual change. The report is produced by Ulster University in partnership with the Northern Ireland Housing Executive (NIHE) and PropertyNews.com.

The statistics presented in this report are based on a sample of 9,759 rental transactions recorded on PropertyNews.com and the NIHE 'LHA dataset for Housing Benefit' database for the first half of 2018. The volume of transactions has increased for this survey, reflecting a degree of buoyancy in the rental sector. Although the increase is consistent with general market trends, which usually result in a bounce in transactions over the first six months of the year, this survey is significant as it is the first time since H1 2015 that transaction levels have increased by comparison with the same period the year before.

In this report, information is presented on the residential rental sector for Northern Ireland, with an analysis of average rental price by different property types and number of bedrooms. The overall performance of the private rental market is measured by two weighted rental indices, one reflecting the weighted average by property type and the other by number of bedrooms. The indices measure change in average rent over time and are set to a base value of 100 for the first quarter of 2013. Regional analysis considers trends in Local Government Districts (LGDs) across Northern Ireland.

## KEY FINDINGS

The latest survey of the Northern Ireland private rental market indicates that, whilst rents have continued to grow over the last six months, there remains some variability across the province. The report also notes a generally stable sector, but highlights a degree of buoyancy with the number of rental transactions increasing at both the regional and sub-regional level.

### **The key headlines relating to the rental market in H1 2018 are:**

- the number of rental transactions increased in both annual (3%) and half yearly (13.9%) terms
- average rents across Northern Ireland continued to grow, rising by 2.3% over the first half of 2018 to £612 a month and by 2.9% compared to H1 2017
- average rent (£697 per month) in the Belfast City Council Area (BCCA) increased by 6.7% in the first six months of 2018 compared to H2 2017 and increased by 5.2% relative to H1 2017
- outside of Belfast, the average LGD rental value was £562 per month in H1 2018, up 1.8% on H1 2017.

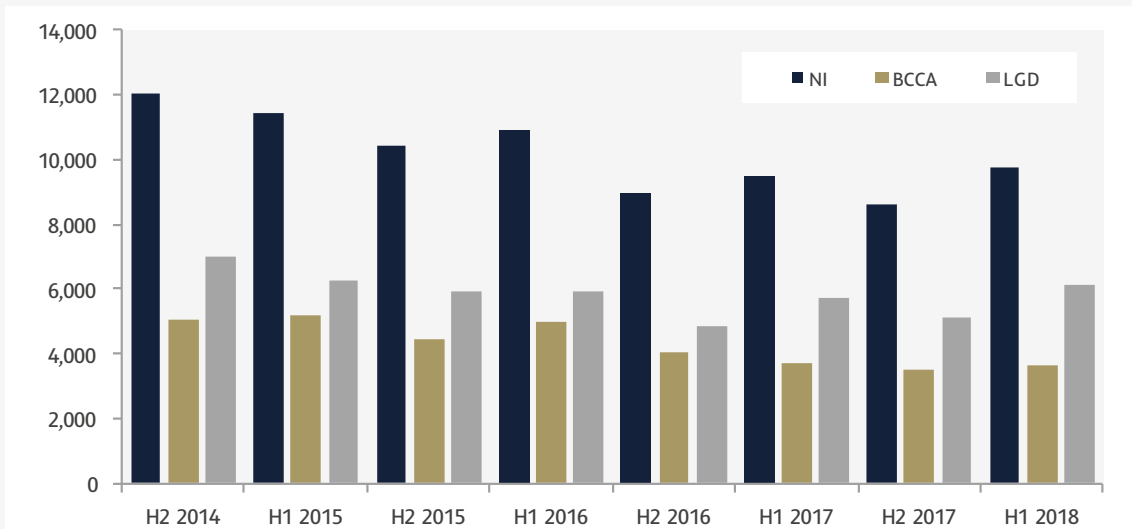


# RENTAL TRENDS

## Number of Lettings

During the first half of the year, this survey captured 9,759 private rental transactions in Northern Ireland, reflecting a 13.9% increase on the last six months of 2017. Annual comparison with the same period in the previous year (H1 2017) also shows an increase of 3% in the number of transactions (Figure 1).

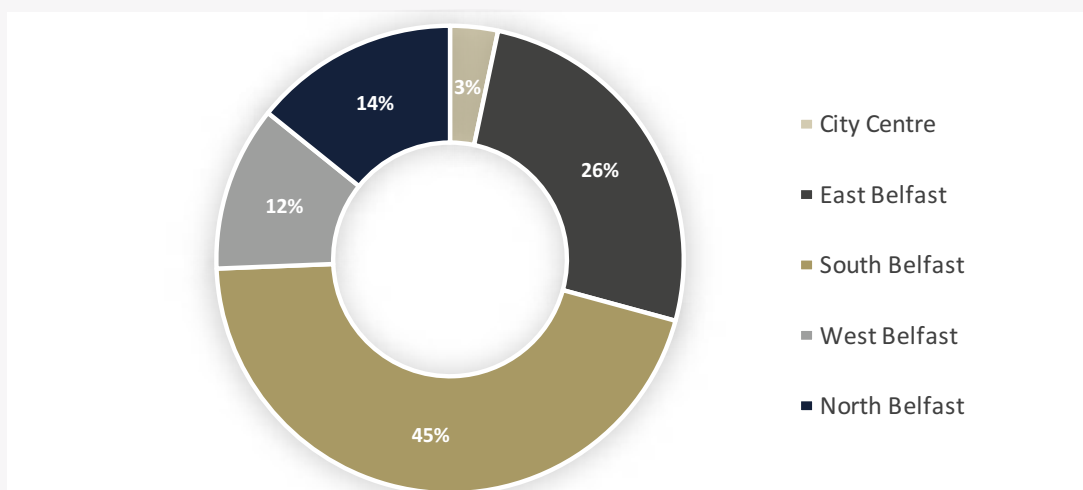
**FIGURE 1** Number of lettings – NI, Belfast City Council Area and other LGDs, H2 2014-H1 2018



## Belfast City Council Area

Within the BCCA, there were 3,625 lettings in the first half of 2018, up 2.8% against the second half of last year, but down 3.1% compared to H1 2017. This survey again confirms Belfast as the main rental market area, accounting for 37% of all rental transactions in the survey; however, the share was lower than in the last survey (41%). Within BCCA, the largest volume of lettings was in South Belfast (45%) followed by East Belfast (26%), reflecting greater market churn in these geographical sectors of the city. In contrast, the number of lettings in North (14%) and West (12%) Belfast was lower, reflecting the greater dominance of the social rented sector in these areas (Figure 2).

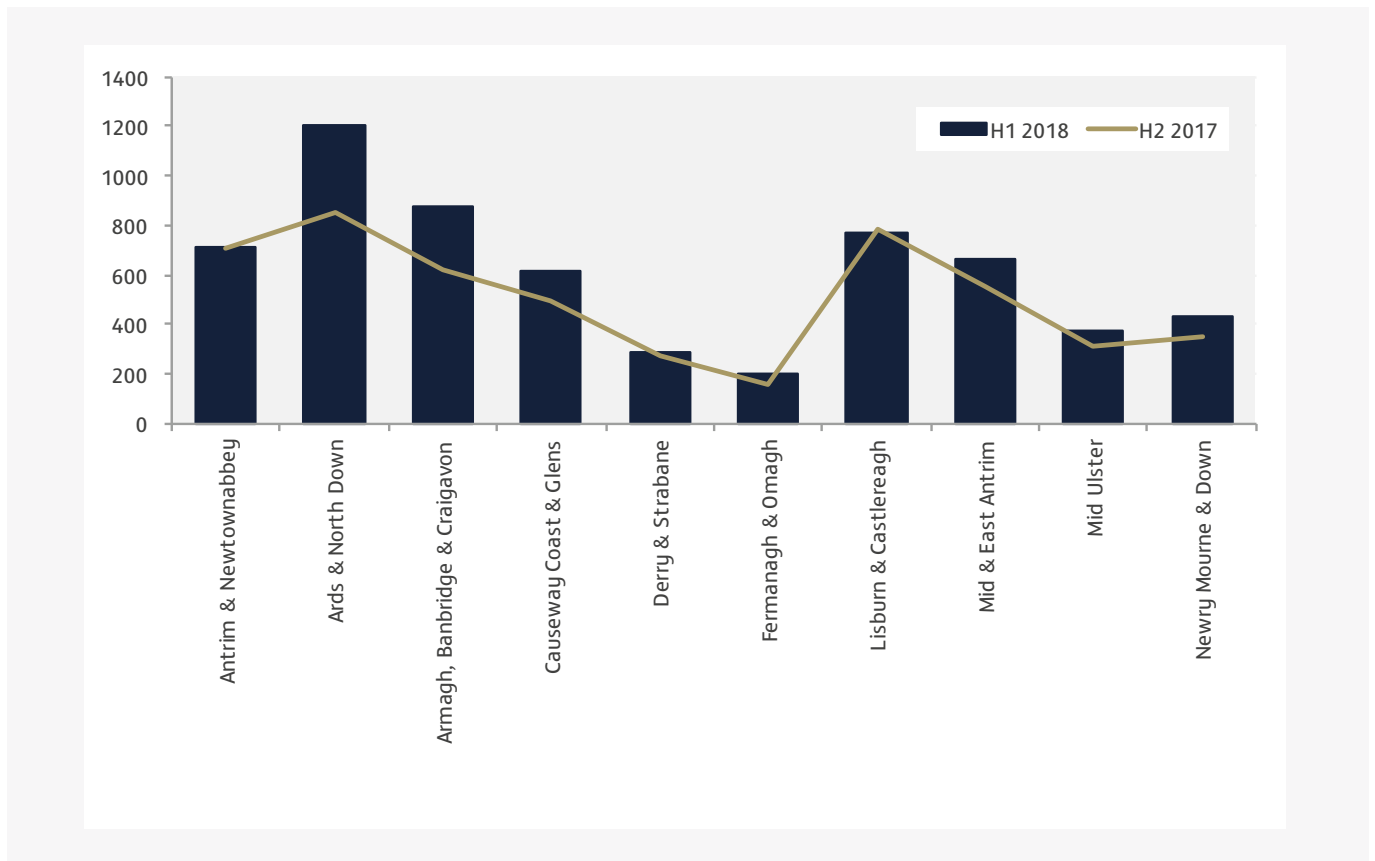
**FIGURE 2** Proportion of lettings by sub-market, Belfast City Council Area, H1 2018



## Local Government Districts

During H1 2018, there were 6,134 lettings in LGDs outside of Belfast, a significant increase of 20.3% in the number of lettings over the half year and a 7% increase compared with H1 2017. Excluding Belfast, these LGDs now represent 63% of all rental transactions. The main rental markets remain those within the wider Belfast metropolitan area and those on the main arterial corridors to Belfast: Ards & North Down (1,202); Armagh, Banbridge & Craigavon (878); Lisburn & Castlereagh (771); and Antrim & Newtownabbey (711). Consistent with previous surveys, there were lower volumes of rental transactions in the more rural areas of Fermanagh & Omagh (201), Derry & Strabane (290) and Mid-Ulster (374) (Figure 3).

**FIGURE 3 Number of lettings by Local Government District (outside Belfast), H2 2017 and H1 2018**



## MARKET SHARE

Across Northern Ireland, the market share by property type remained broadly consistent with previous surveys. Overall, terrace/townhouse properties again dominated with a 40% share in this period, with the apartment sector taking a slightly greater share (32%) of the market when compared to H2 2017. The percentage of semi-detached houses, at 17%, was slightly down from the previous survey (18%) and the share taken by detached property remained unchanged (11%). In the Belfast rental market, the majority of lettings remained in the terrace/townhouse sector, accounting for 47% of rental lettings, followed by apartments (42%) which took a greater share of the market from the previous survey (39%). In contrast, for LGDs outside Belfast, the distribution of rental lettings by property type remained unchanged. Terrace/townhouse properties, accounting for 35% of lettings, is the largest sector, with apartments (26%) and semi-detached properties (23%) continuing to represent approximately one quarter of lettings. Overall, the statistics again confirm the difference in rental market structures by property type between Belfast and other local authority areas.

**TABLE 1 Properties let by type, H1 2018**

Property type	NI	HY <sup>Δ</sup>	BCCA	HY <sup>Δ</sup>	LGDs	HY <sup>Δ</sup>
Apartment	3,135 (32%)	17.2%	1,538 (42%)	12.2%	1,597 (26%)	22.4%
Terrace/Townhouse	3,867 (40%)	12.0%	1,694 (47%)	1.1%	2,173 (35%)	22.3%
Semi-detached	1,699 (17%)	7.1%	320 (9%)	-20.0%	1,379 (23%)	16.2%
Detached	1,058 (11%)	16.0%	73 (2%)	-8.8%	985 (16%)	18.4%
<b>ALL</b>	<b>9,759</b>	<b>13.1%</b>	<b>3,625</b>	<b>2.8%</b>	<b>6,134</b>	<b>20.3%</b>

<sup>Δ</sup>denotes percentage change

When disaggregated by number of bedrooms, the pattern was consistent with previous surveys. Across Northern Ireland, two and three bedroom properties remained the most common property size, accounting for 77% of properties rented over the first half of 2018, although this was down slightly on the previous survey (**Table 2**). This trend was broadly reflected in the BCCA, where 70% of properties were let in these categories, although two bedroom properties took the largest share (43%) and BCCA retained the largest share of one bedroom properties let (10%). Across the LGDs, three bedroom properties accounted for just under half of all lettings (49%), with two bedroom properties accounting for almost one third of lettings (32%). The survey again confirms the varying structure of the rental market by number of bedrooms.

**TABLE 2 Properties let by size, H1, 2018**

No. of bedrooms	NI	HY <sup>Δ</sup>	BCCA	HY <sup>Δ</sup>	LGDs	HY <sup>Δ</sup>
1 Bedroom	753 (8%)	16.9%	359 (10%)	7.2%	394 (6%)	27.5%
2 Bedroom	3,511 (36%)	8.0%	1,551 (43%)	-7.2%	1,960 (32%)	24.0%
3 Bedroom	3,982 (41%)	13.1%	962 (27%)	-1.7%	3,020 (49%)	18.8%
4+ Bedroom	1,513 (16%)	25.0%	753 (21%)	39.2%	760 (12%)	13.6%
<b>ALL</b>	<b>9,759</b>	<b>13.1%</b>	<b>3,625</b>	<b>2.8%</b>	<b>6,134</b>	<b>20.3%</b>

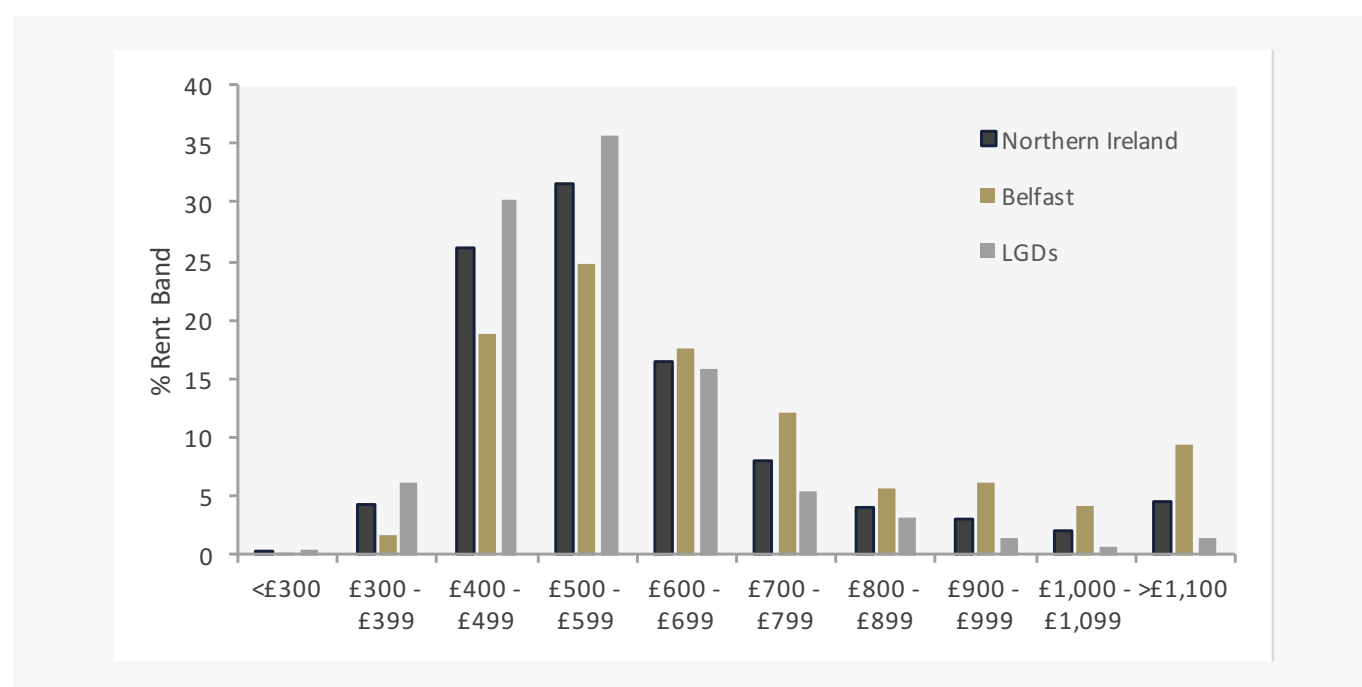
<sup>Δ</sup>denotes percentage change

## DISTRIBUTION OF RENTS

In terms of average rental bands, 32% of rental properties let across Northern Ireland in the first six months of 2018 fell within the £500-£599 band – the same as the previous survey. For BCCA, this proportion stood at 25%, down from 27% in the previous period and comparatively lower than the other LGDs, where it remained at 36%. The next largest category was again the £400-£499 rental band, which accounted for 26% of lettings across NI, down from 28% in H2 2017. A higher proportion of lettings in LGDs outside Belfast (30%) than in the BCCA (19%) fell into this category. Overall, the trend confirms the comparatively higher proportion of rental lettings above £600 in BCCA compared with the NI and LGD average, whereas the higher proportions of lettings across the LGDs outside Belfast in the £400-£499 and £500-£599 range confirms the lower rental pricing structure outside Belfast. The relative change in rent distribution over the period indicates a shift towards higher rents in Belfast (**Figure 4**).



**FIGURE 4 Proportion of properties let by rent band – NI, BCCA and other LGDs, H1 2018**



## Rent structure

Whilst the mean rent across the various regions of Northern Ireland is an important overall indicator of trends in the private rental market, further insight can be gained by taking account of the *distribution* and *variance* of rents within each district council area. The Coefficient of Variation (CoV) ratio provides a relative measure of variability in rents, thereby offering a comparable metric which indicates the *extent of variability in relation to the mean rent* within each district council area. The analysis reveals that during the first half of 2018, Ards & North Down retained the highest rental spread (37%) in comparison to other district council areas, followed by the Belfast council area which remained at 36%, reflecting the variation in both the type and size of property available to rent (Table 3).

**TABLE 3 Average, median, 25<sup>th</sup> and 75<sup>th</sup> percentile rents and coefficient of variance by LGD, H2 2017 and H1 2018**

Council area	Average rent (£)	Coefficient of variance	Median rent (£)	25 <sup>th</sup> percentile	75 <sup>th</sup> percentile
Antrim & Newtownabbey	£553	22%	£525	£475	£600
Ards & North Down	£608	37%	£550	£476	£658
Armagh Banbridge & Craigavon	£520	20%	£503	£495	£650
Belfast	£697	36%	£625	£521	£800
Causeway Coast & Glens	£567	32%	£500	£465	£600
Derry & Strabane	£525	22%	£517	£446	£566
Fermanagh & Omagh	£459	18%	£455	£400	£517
Lisburn & Castlereagh	£634	25%	£595	£525	£699
Mid & East Antrim	£524	25%	£500	£450	£575
Mid-Ulster	£549	22%	£546	£494	£603
Newry Mourne & Down	£542	25%	£520	£465	£594

# FIGURE 5

## Rental Performance by Region, H1 2018

Rental Price Annual Percentage Change

8.1 - 15.0%	0.4 - -0.4%
5.1 - 8.0%	-0.5 - -3.0%
3.1 - 5.0%	-3.1 - -5.0%
0.5 - 3.0%	-5.1 - -8.0%

Mid and East Antrim	
Average rent H1 2018	£524
Average rent H2 2017	£518
Half yearly variance	1.1%
Average rent H1 2017	£505
Annual variance	3.7%

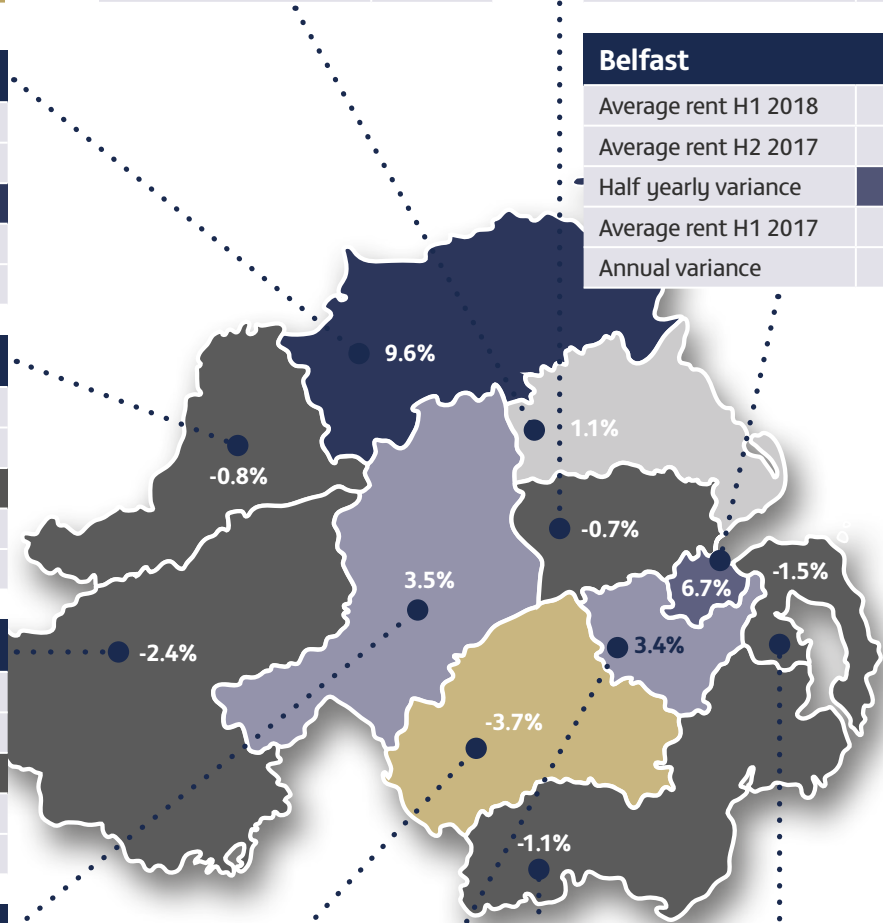
Northern Ireland	
Average rent H1 2018	£612
Average rent H2 2017	£598
Half yearly variance	2.3%
Average rent H1 2017	£595
Annual variance	2.9%

Antrim and Newtownabbey	
Average rent H1 2018	£553
Average rent H2 2017	£557
Half yearly variance	-0.7%
Average rent H1 2017	£544
Annual variance	1.7%

Causeway Coast and Glens	
Average rent H1 2018	£567
Average rent H2 2017	£517
Half yearly variance	9.6%
Average rent H1 2017	£534
Annual variance	6.1%

Belfast	
Average rent H1 2018	£697
Average rent H2 2017	£653
Half yearly variance	6.7%
Average rent H1 2017	£662
Annual variance	5.2%

Derry and Strabane	
Average rent H1 2018	£525
Average rent H2 2017	£529
Half yearly variance	-0.8%
Average rent H1 2017	£505
Annual variance	3.9%



Fermanagh and Omagh	
Average rent H1 2018	£459
Average rent H2 2017	£470
Half yearly variance	-2.4%
Average rent H1 2017	£452
Annual variance	1.5%

Ards and North Down	
Average rent H1 2018	£608
Average rent H2 2017	£618
Half yearly variance	-1.5%
Average rent H1 2017	£609
Annual variance	-0.1%

Mid Ulster	
Average rent H1 2018	£549
Average rent H2 2017	£530
Half yearly variance	3.5%
Average rent H1 2017	£509
Annual variance	7.8%

Newry, Mourne and Down	
Average rent H1 2018	£542
Average rent H2 2017	£548
Half yearly variance	-1.1%
Average rent H1 2017	£525
Annual variance	3.2%

Armagh, Banbridge and Craigavon	
Average rent H1 2018	£520
Average rent H2 2017	£540
Half yearly variance	-3.7%
Average rent H1 2017	£511
Annual variance	1.7%

Lisburn and Castlereagh	
Average rent H1 2018	£634
Average rent H2 2017	£613
Half yearly variance	3.4%
Average rent H1 2017	£613
Annual variance	3.4%

# NORTHERN IRELAND

Figures for the first half of 2018 show that average rents across Northern Ireland continued to show modest growth, rising by 2.3%, with a similar pace of growth observed at 2.9% over the year when compared with the same period in 2017 (Figure 5). The average rent during H1 2018 was £612, up from £598 in the previous six months and equivalent to an average increase in total rental costs of £168 over a year. In this survey, the analysis suggests annual growth in average rents across all council areas, albeit with some regional variability in performance across the market over the half year. When disaggregated by property type, growth is observed across all sectors, except detached properties. The average rent for apartments was up 4.3% over the half year to £595 per month, while a similar rate of increase was recorded for terraced dwellings, for which the average rent increased by 3.5% to £596. The figure for semi-detached dwellings also increased modestly (1.1%) to £609 per month. In contrast, the average rent for detached properties was down 3.4%, to £725 per month, in the first half of the year.

## LOCAL GOVERNMENT DISTRICTS OUTSIDE BELFAST

The average rent for properties let outside the BCCA in the first half of 2018 was £562 per month. Over this time period, average rent increased marginally (by 0.5%) on the previous six months and by 1.8% compared to H1 2017, although continuing to lag behind the overall Northern Ireland average monthly rent of £612. Table 4 shows that the picture was slightly more mixed across the local government districts. As tends to be the case, average rents in rural council areas, notably in the west and north, remained below the Northern Ireland average. In terms of performance, the survey shows some variability in average rent change over the half year; growth in average rents was greatest in the rural areas to the north of the province, while regions in rural district areas to the south and east displayed modest decreases in average rent over the period. However, council districts within the wider Belfast Metropolitan Area remained the most expensive areas in which to rent a property in the private sector.

**TABLE 4 Average rent by property type (LGDs outside Belfast), H1 2018**

Council area	Average rent by property type (£)				
	Apartment	Terrace/ Townhouse	Semi- detached	Detached	ALL
Antrim & Newtownabbey	£510	£509	£588	£745	£553
Ards & North Down	£538	£555	£642	£853	£608
Armagh Banbridge & Craigavon	£454	£482	£544	£632	£520
Causeway Coast & Glens	£520	£556	£588	£612	£567
Derry & Strabane	£461	£525	£576	£677	£525
Fermanagh & Omagh	£412	£458	£472	£534	£459
Lisburn & Castlereagh	£561	£604	£647	£828	£634
Mid & East Antrim	£487	£481	£553	£681	£524
Mid-Ulster	£482	£529	£567	£602	£549
Newry Mourne & Down	£467	£511	£533	£658	£542



# BELFAST METROPOLITAN AREA

Within the Belfast Metropolitan Area, the district council areas contiguous to Belfast displayed a degree of variability in average rents across the time period, a pattern which was also evident when disaggregated by property type.

In **Antrim & Newtownabbey** district council area, the overall average rent was £553, representing a 0.7% decrease on the previous six months (£557). In annual terms, average rent increased marginally by 1.7% from the same period in 2017 (£544). There was some variability by property type, with the strongest performance apparent for apartments (£510pm), which increased by 3.5% over the half year. Relatively modest half yearly growth was also apparent for semi-detached properties (£588pm) which were up by 1.5% from £579 per month. In contrast, average rental levels for detached and terraced properties both declined in the first half of the year, by 2.8% to £745 per month and by 1.3% to £509 per month respectively.

For **Ards & North Down** district, the overall average rent was £608 per month, a marginal decrease over both the year (0.1%) and the half-year (1.5%), with relatively little change in average rents across the respective property types. Detached properties recorded a strong decrease in average rents over the half year period, down 6.6% to £853 per month relative to H2 2017. In contrast, apartments (£538pm) and terrace (£555pm) properties showed no real change over the period. Slight growth was observed in the semi-detached sector, which was up 1.1% over the half year period to £642 per month.

In the **Lisburn & Castlereagh** district, the average rent was £634, up 3.4% in half yearly and annual terms. Within this area, all properties displayed growth in average rents, with terrace/townhouse properties appreciably up by 5.5% over the half year to £604 a month and apartments up by 4.2% to £561 per month. Semi-detached properties also exhibited a modest increase, up by 2.4% over the period to £647 a month, with the detached sector marginally up by 1% to £828 per month.

# NORTH & NORTH WEST

For district council areas in the North and North West, the general picture is one of rental growth.

In **Mid & East Antrim**, average rents increased by 1.1% over the half year to £524 a month and by 3.7% in annual terms. However, the overall modest increase in average rent reflects some variability by property type. Both apartments and terrace/townhouse properties showed nominal growth in average rents, increasing by 1.4% to £487 and by 1.1% to £481 per month, respectively. Detached dwellings showed little change, decreasing marginally by 0.2% to £681 per month. In the semi-detached sector, average rents decreased by 1.8%, with average monthly rents at £553 per month.

In the **Causeway Coast & Glens** considerable rental growth was observed, underpinned by strong performance across all property types. The overall average rent was £567, representing a 9.6% increase on the previous six months (£517). In annual terms, average rents also displayed strong performance, up 6.1% when compared with the same period in 2017. Strongest performance was in the apartment sector, where rents increased by 14.9% to £520 per month. Semi-detached (£588pm) and terrace/townhouse (£556pm) properties also performed well, increasing in average rent by 12.5% and 9.3% respectively. A much lower rate of growth was seen for detached properties, up 3.6% to £612 per month over the period.

For **Derry & Strabane** district, more variable performance was observed, with average rents marginally down by 0.8% over the half year, but up by 3.9% annually. When considered by property type, the performance was largely driven by moderate decreases in the detached sector, which was down by 5.4% to £677 over the period of the survey. Average rents for apartments also decreased by 3.1% to £461 per month. That said, marginal increases in average rents were observed in the semi-detached sector, which was up by 1.8% to £576 per month, and to a lesser extent for terraced/townhouses, up by 0.8% to an average of £525 a month.



## THE SOUTH

In the South of Northern Ireland, both district council areas exhibited weaker performance in terms of half yearly change in average rent, but modest gains over the year.

In the **Armagh Banbridge & Craigavon** area, the overall average monthly rent was £520, down by 3.7% over the half year, but up 1.7% over the year. Disaggregation to individual property type shows relatively little change across most property types, except for the detached sector where there was an appreciable decline of 8% in average rents, to £632 per month. Apartments showed a nominal rate of rental growth in both relative and absolute terms, up by 0.7% to £454 a month, with semi-detached dwellings showing no change (£544pm). In contrast, the average monthly rent for terrace/townhouse properties was slightly down in this survey, by 0.9% to £482.

For the **Newry Mourne & Down** district, the average monthly rent (£542) increased over the year (3.2%) but was marginally down (1.1%) over the half year period. For apartments (£467pm), the average monthly rent decreased by 2.3% and for detached (£658pm) and terrace/townhouse (£511pm) properties the decrease was 2% and 1.7% respectively. At £533pm, the semi-detached sector showed no change in average rent compared to the second half of 2017.

## THE WEST

The districts in the West of Northern Ireland were characterised by rental growth over the year, but performance was more variable over the half year.

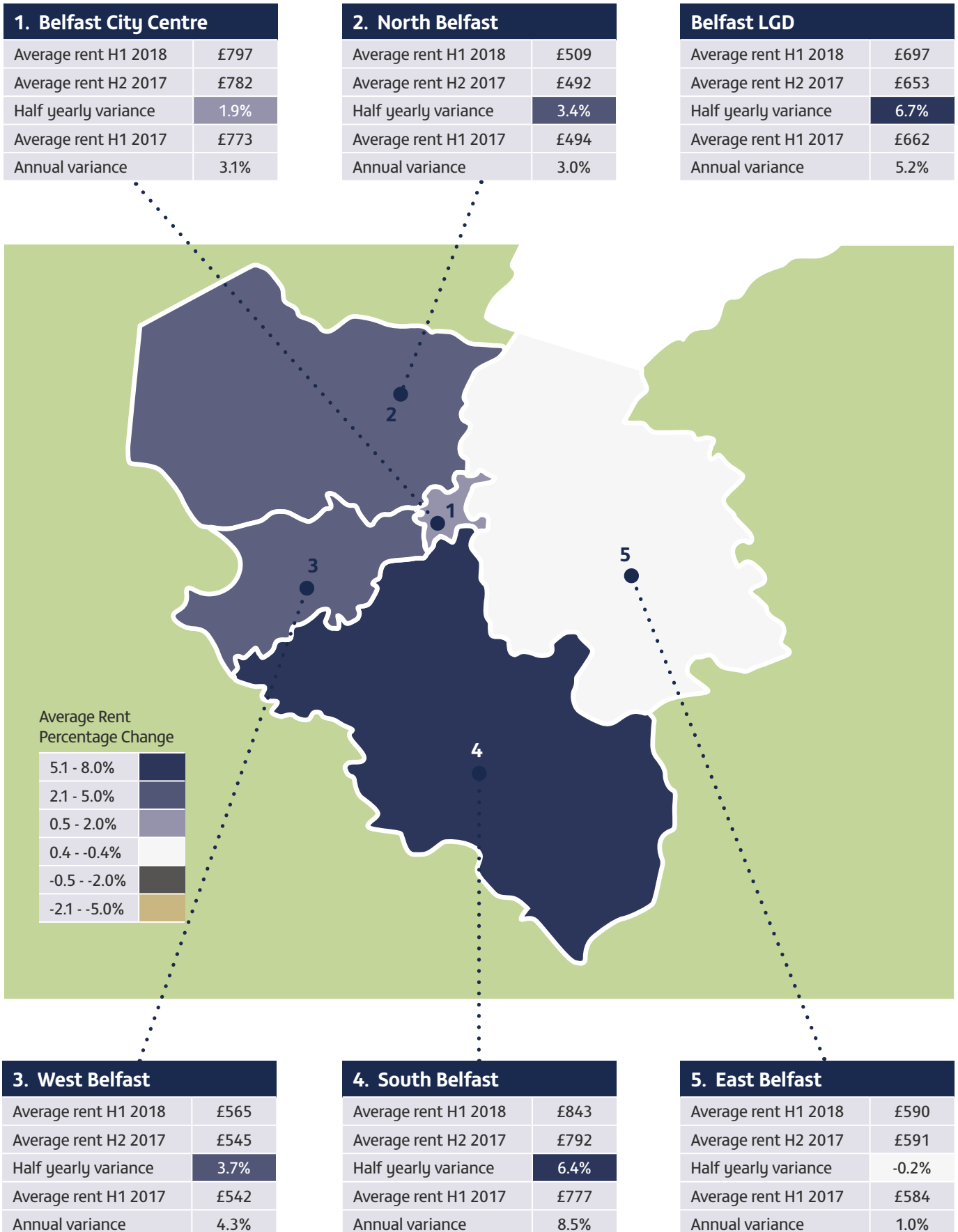
In **Fermanagh & Omagh**, the average monthly rent was £459 per month, down by 2.4% over the half year but up 1.5% annually. The weaker half-yearly performance was largely the result of decreases in average rent in the detached (£534pm) and semi-detached (£472pm) sectors, which fell by 7.9% and 3.4% respectively. Terraced/townhouse properties (£458pm; down 0.2%) and apartments (£412pm; up 0.2%) showed little change in average rental levels.

For the **Mid-Ulster** district, strong rental growth was observed, with average rents up by 3.5% to £549 per month for the first half of the year and up 7.8% over the year. This performance was driven by semi-detached properties, which were up 5.4% to £567 per month. Apartments were also up 3.1%, to £482 per month, with detached properties showing a similar rate of growth, up 3% to £602 per month. The average rent for terrace/townhouse properties (£529) also increased over the half year, although to a lesser extent (by 1.5%).

# BELFAST CITY COUNCIL AREA

This section briefly considers the average rental values for rental sub-markets across the Belfast City Council Area.

**FIGURE 6 Average rent in BCCA, H1 2018**





At £697 for the first half of 2018, the average monthly rent across the BCCA increased by 6.7% relative to H2 2017, with average rents up by 5.2% when compared with the same period the previous year (H1 2017). Average rents in the city centre increased slightly over the half year (by 1.9% to £797) and showed modest growth in annual terms (3.1%). The South Belfast sub-market area showed strong half yearly performance (up 6.4% to £843) and remained the most expensive rental location. In East Belfast, the average rent showed little change in both half year and annual terms, with average rent stable over the half year (£590) and up slightly (by 1%) over the year. In the West Belfast area, average rent (£565) was up by 3.7% over the half year and by 4.3% annually, suggesting increased demand, although – as noted in this report – West Belfast is more restricted in terms of market share. This survey again confirmed North Belfast (£509) as the lowest priced rental location in the BCCA, although average rents increased by 3.4% in the first six months of 2018, and by 3% over the year (Figure 6).

## BCCA AVERAGE RENT BY TYPE

Average rental levels in the Belfast City Council area have generally increased appreciably, but varied by property type over the first six months of 2018 (Table 5). Rental growth was greatest for terraced/townhouse properties, for which average rents increased by 8.4%, while rents for apartments also showed a 6.6% increase over the half year. Detached properties remained the most expensive to rent by a considerable margin but, contrary to the overall picture, showed a decrease in average rent of 1.4% over this time period. In annual terms, the picture was again one of moderate to strong rates of rental increase across all property types, with terraced/townhouse (6.8%), semi-detached properties (4.4%) and apartments (4.7%) showing reasonable rates of growth and detached (2.3%) properties performing less well over the year.

**TABLE 5 Average Rent by Property Type, Belfast City Council Area, H2 2016-H1 2018**

Property type	BCCA H2 2016	BCCA H1 2017	BCCA H2 2017	BCCA H1 2018	Half Yearly Δ	Annual Δ
Apartment	£609	£655	£643	<b>£686</b>	6.6%	4.7%
Terrace/Townhouse	£597	£645	£635	<b>£689</b>	8.4%	6.8%
Semi-detached	£665	£677	£679	<b>£707</b>	4.2%	4.4%
Detached	£995	£1,033	£1,072	<b>£1,057</b>	-1.4%	2.3%
<b>ALL</b>	<b>£623</b>	<b>£662</b>	<b>£653</b>	<b>£697</b>	<b>6.7%</b>	<b>5.2%</b>

Δ denotes percentage change



# WIDER BELFAST AREA RENT GRID

The rent grid (Table 6) summarises rents across the wider Belfast region and highlights the considerable variation in average monthly rents at postcode district level by number of bedrooms. For example, the average rent for a typical three bedroom property varied from £480 in BT13 to £1,297 in BT1.

**TABLE 6 Average rent by postcode district and property size, Belfast, H1 2018**

Postcode	1 Bed	2 Bed	3 Bed	4+ Bed	ALL
BT1	£685	£817	£1,297	*	£840
BT2	£703	£744	*	*	£724
BT3	*	£774	*	*	£806
BT4	£517	£565	£639	£966	£620
BT5	£466	£544	£639	£802	£569
BT6	£538	£553	£625	£725	£589
BT7	£548	£638	£741	£1,076	£863
BT8	£491	£584	£704	£949	£680
BT9	£550	£669	£831	£1,133	£832
BT10	*	£614	£747	£872	£724
BT11	£480	£592	£618	£673	£604
BT12	£482	£534	£550	£709	£553
BT13	*	£463	£480	£573	£480
BT14	£429	£482	£515	£633	£494
BT15	£539	£496	£564	£753	£550
BT16	£512	£559	£647	£791	£611
BT17	£524	£553	£600	£749	£575
BT18	£509	£636	£857	£1,330	£796
BT19	£497	£554	£637	£1,006	£643
BT20	£456	£546	£634	£866	£590
BT23	£415	£512	£592	£899	£561
BT26	£509	£664	£752	£908	£771
BT27	£470	£524	£600	£862	£593
BT28	£435	£557	£613	£848	£616
BT36	£458	£535	£569	£763	£561
BT37	£384	£513	£513	£736	£531
BT38	£376	£496	£538	£726	£525

\*denotes insufficient sample size

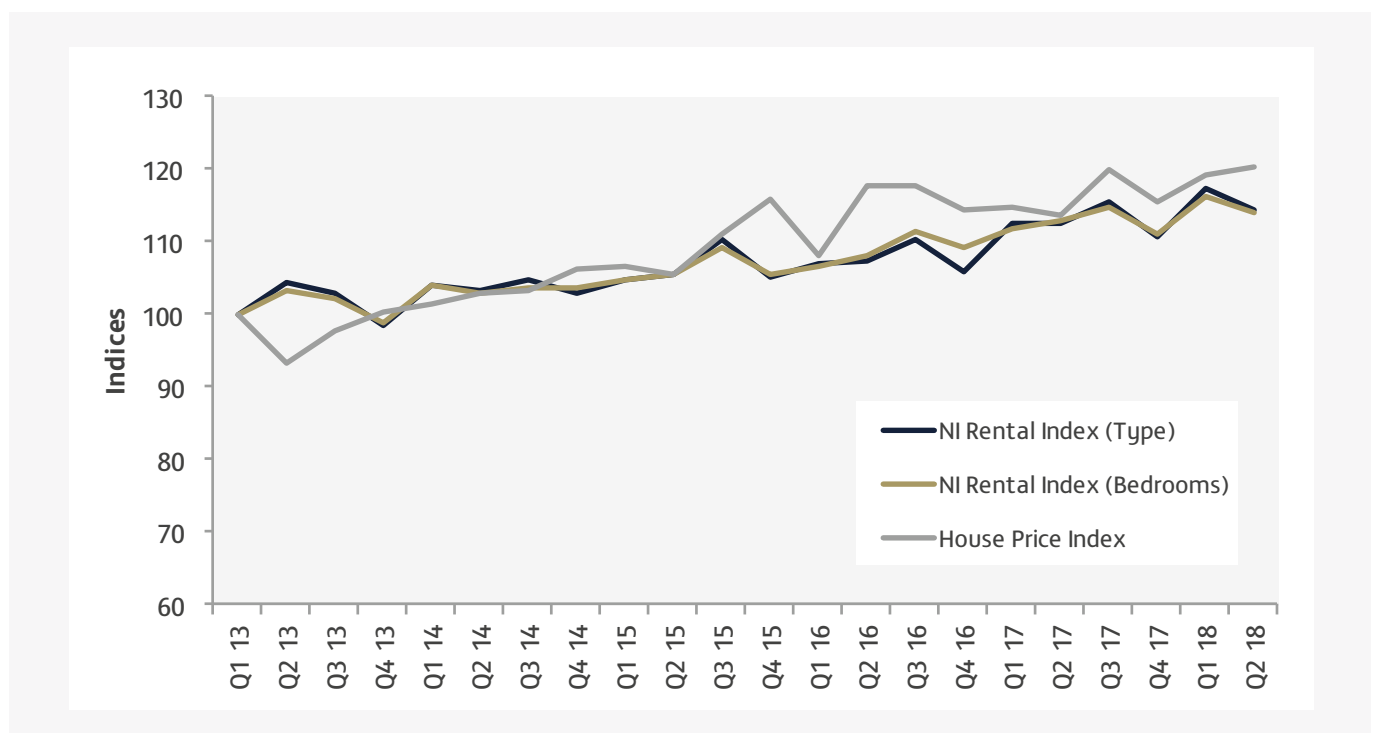




# THE NORTHERN IRELAND PRIVATE RENTAL INDEX

The Northern Ireland Private Rental Indices (NIPRI) measure weighted change in average rents by property type and number of bedrooms by comparison with the base quarter for the survey, the first quarter of 2013. **Figure 7** shows that the overall index, standing at 114.6 (at Q2 2018), increased sharply over the first quarter of the year, reflecting the strong performance of the market, but declined slightly over the second quarter. In annual terms, strong performance is observed when compared with the same period in 2017, when the index stood at 112.5. Likewise, at the half year mark, the index by number of bedrooms stood at 114.2, reflecting a similar trend of strong growth over the first quarter, which declined slightly into the second quarter of the year. Again, over the year, a moderate annual increase was apparent compared with the same period in 2017. In comparison, the Northern Ireland house price index has consistently been out-performing the rental indices over the last three years.

**FIGURE 7 Rental Indices v House Price Index trend, Q1 2013-Q2 2018**



# CONCLUSION

This survey of the private rental market for the first half of 2018 suggests that the rental market has continued to show variability in performance, but overall is displaying a continuing degree of buoyancy. During the first half of 2018, the volume of transactions was appreciably higher at the regional and local level in both half yearly and annual terms, with market composition remaining remarkably consistent with previous surveys and reflecting the increases in transactions across all sectors. In terms of average rents, a slightly more variable picture is apparent, with variable rental growth across district council areas over the half year, but with most areas showing moderate to strong performance annually. The overall picture is one of relative growth in rental values over the survey period with modest growth of 2.3% relative to H2 2017, although the pace of rental growth was slightly stronger, at 2.9%, when compared to the same period last year (H1 2017). At a district council level, average rents in Belfast were appreciably higher relative to the previous six months and in annual terms. Outside Belfast, variability in average rent was evident across most LGDs over the half-year period, although most recorded positive but modest annual increases compared with the first half of 2017.

## ABOUT THE NI RENTAL INDEX

The Northern Ireland rent index is a tool designed for practical application by policy makers and stakeholders. For this reason, methodological simplicity and transparency are important. The research has combined rental data from PropertyNews.com with rent data provided by the Housing Executive. The rental data provided by the Housing Executive is used to calculate the Local Housing Allowance for the administration of private sector Housing Benefit. In order to combine the datasets, the rent data provided by the Housing Executive has been adjusted to the preferred *monthly* frequency.

In addition, in order to ensure rent datasets are comparable, the LHA rent data provided by the Housing Executive needs to be adjusted upward by property type to be inclusive of rates, thus ensuring consistency in average rents across the entire sample used for this analysis. Following wide and detailed analysis of the council areas, rates poundage and the range of adjustment required for each property type across the LGDs, the research team identified the median percentage adjustment for the LHA datasets to be as follows: apartments 11%; detached dwellings 17%; semi-detached dwellings 13%; and terraced properties 13%. It was observed that there was only slight variance in the range of adjustment by property type across the LGD areas and therefore a decision was taken to apply the same percentage adjustments across all LGD areas.

The rental figures represent the average rent (per month) as advertised. Rented properties are classified as those that were let during the specified time period. The data has been cleansed to remove outliers, invalid observations, multiple entries and anomalies. The data used in the preparation of the Rental Index is aggregated to regional and national level only. This ensures that all property or individual records remain strictly anonymous.

This report is prepared from information that we believe is collated with care, but we do not make any statement as to its accuracy or completeness. We reserve the right to vary our methodology. The report does not constitute legal or other professional advice. Persons seeking to place reliance on any information contained in this report for their own or third party commercial purposes do so at their own risk.

**For more information on the Northern Ireland Rental Index please visit:**

[www.ulster.ac.uk/research/institutes/built-environment/centres/research-property-planning/housing-market-reports/rental-index](http://www.ulster.ac.uk/research/institutes/built-environment/centres/research-property-planning/housing-market-reports/rental-index)

[www.nihe.gov.uk/index/corporate/housing\\_research/completed/private\\_rented\\_sector\\_and\\_rents.htm](http://www.nihe.gov.uk/index/corporate/housing_research/completed/private_rented_sector_and_rents.htm)

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# DATA APPENDIX

**FIGURE 1** Number of lettings – NI, Belfast City Council Area and other LGDs, H2 2014-H1 2018

Year/Quarter	NI	BCCA	LGDs
H1 2014	11,335	4,545	6,790
H2 2014	12,060	5,040	7,020
H1 2015	11,443	5,196	6,247
H2 2015	10,436	4,480	5,956
H1 2016	10,919	4,960	5,959
H2 2016	8,923	4,045	4,878
H1 2017	9,475	3,741	5,734
H2 2017	8,627	3,526	5,101
H1 2018	9,759	3,625	6,134

**FIGURE 3** Number of lettings by Local Government District (outside Belfast), H2 2017 and H1 2018

LGD	H2 2017	H1 2018
Antrim & Newtownabbey	704	711
Ards & North Down	849	1202
Armagh, Banbridge & Craigavon	622	878
Causeway Coast & Glens	500	614
Derry & Strabane	274	290
Fermanagh & Omagh	157	201
Lisburn & Castlereagh	789	771
Mid & East Antrim	550	660
Mid Ulster	308	374
Newry, Mourne & Down	348	433
<b>Total</b>	<b>5,101</b>	<b>6,134</b>

**FIGURE 4** Proportion of properties let by rent band – NI, BCCA and other LGDs, H1 2018

Rental Band	NI	Belfast	LGDs
<£300	0.3%	0.1%	0.4%
£300 - £399	4.4%	1.6%	6.0%
£400 - £499	26.0%	18.8%	30.3%
£500 - £599	31.6%	24.7%	35.8%
£600 - £699	16.4%	17.6%	15.7%
£700 - £799	7.9%	12.2%	5.4%
£800 - £899	4.0%	5.5%	3.1%
£900 - £999	3.1%	6.1%	1.4%
£1,000 - £1,099	1.9%	4.1%	0.6%
>£1,100	4.4%	9.35	1.5%