

# 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 2022. 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 2021 as a measure of half yearly change and with the same period in 2021 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 5,102 rental transactions recorded on PropertyNews.com and the Housing Executive's 'LHA dataset for Housing Benefit' database for the first half of 2022. The rent statistics are based upon market evidence which encompasses ongoing COVID-19 pandemic guidance and restrictions which could have affected data collection. From Q1 2022, methodological changes were implemented in the data collection, cleaning and merging of the LHA and PropertyNews.com datasets and in the reporting process. In addition to this, and as noted in previous surveys, at the start of 2020, the Housing Executive's Housing Benefit Unit made a policy decision to reduce the overall volume of data collected for LHA purposes by approximately one third. While the processes involved in merging and cleaning the datasets from the Housing Executive and PropertyNews.com mean that any change in the amount of data derived from the Housing Executive LHA database may not necessarily lead to a commensurate change in the number of transactions recorded, the reduced LHA dataset is likely to be reflected in the size of the datasets from H1 2020. It is worth bearing in mind that the changes outlined will have impacted the overall size of the half-yearly samples from H1 2020, and more so H1 2022, onwards and caution should therefore be applied when considering changes over time in the number of transactions captured in the analysis.

In this report, information is presented on the residential rental sector for Northern Ireland, with an analysis of average rental prices by different property types and number of bedrooms. The overall performance of the private rental market is measured by a weighted rental index, reflecting the weighted average by property type. The index measures changes in average rents over time and is set to a base value of 100 for the first quarter of 2013. Regional analysis also considers trends, primarily, in Local Government Districts (LGDs), as well as by functional Housing Market Areas (HMAs), identified in research for the Housing Executive.

## KEY FINDINGS

The latest survey of the Northern Ireland private rental market indicates strong growth in average rents which have accelerated over both the half yearly and annual time-frames analysed. The findings show that the distinct lack of rental product, against a backdrop of inflationary pressures and continuing evidence of a supply crunch, causing rental price inflation across market areas. Overall, the analysis points to warning signals for an unaffordable, if not unsustainable, rental sector.

### **The key headlines relating to the rental market in H1 2022 are:**

- average rents across Northern Ireland increased by 3.6% over the half year to £743 per month; up 5.6% compared to the same period last year
- the average monthly rent across the Belfast City Council Area (BCCA) increased by 9.9% to £853, up 9.1% in annual terms
- outside of Belfast, the average LGD rent was relatively unchanged over the half year period at £657 per month but was up by 7.1% over the year.

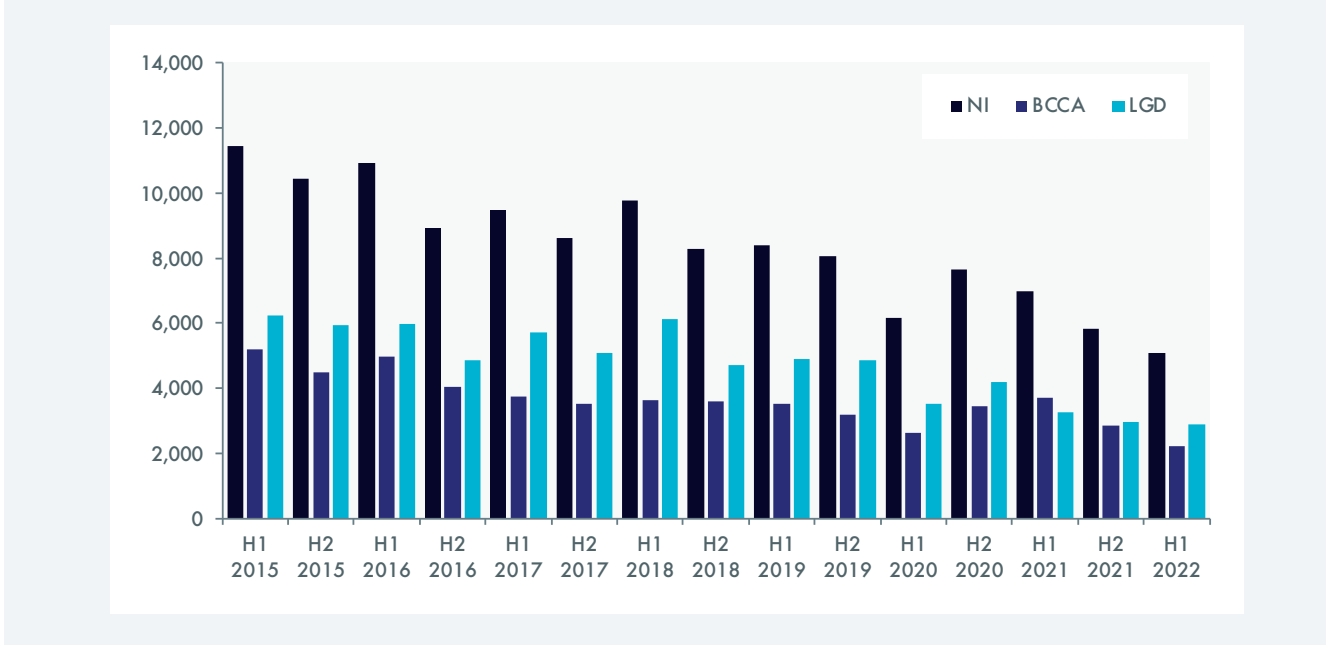


# RENTAL TRENDS

## Number of Lettings

During the first six months of 2022, this survey captured 5,102 rental transactions across Northern Ireland, reflecting a 12.3% decline on the last six months of 2021<sup>1</sup>. Annual comparison with the same period last year (H1 2021) indicates a 26.8% decrease in the number of rental market transactions, although it should be borne in mind that the annual picture is somewhat distorted by the methodological change introduced from this reporting cycle which resulted in a reduced data sample. The longer-term trend (**Figure 1**) continues to show evidence of latent market forces dominated by a lack of rental stock, landlords exiting the market and high rental demand exerting upward pressure on average rents.

**FIGURE 1** Number of lettings – NI, Belfast City Council Area and other LGDs, H1 2015-H1 2022



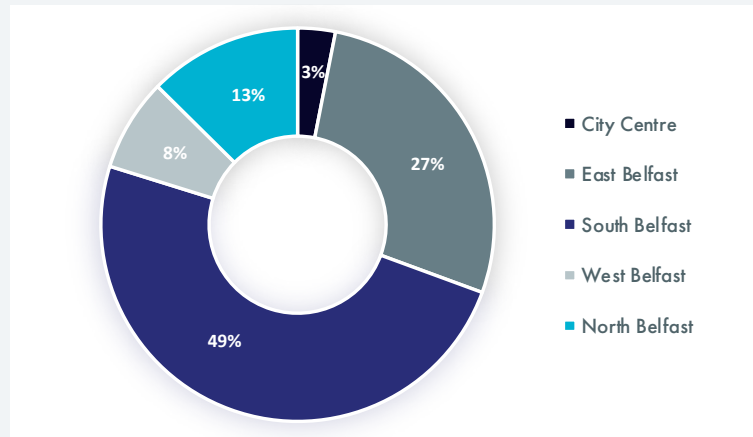
## Belfast City Council Area

Within the Belfast City Council Area (BCCA), there were 2,229 lettings in the first half of 2022, representing a 21.4% decrease on the previous half year and the lowest sample of lettings recorded by the performance index<sup>2</sup>. The annual trend also records a significant decrease in transactions, down 39.8% when compared to the same period in 2021. For this survey, the Belfast rental market accounts for 43.6% of all rental transactions over the half year period, down considerably from H2 2021 (48.8%). Within the BCCA, the survey indicates the largest proportion of market activity remains in the South (49% of lettings) and East (27%); the comparatively lower volume of activity in the North (13%) and West (8%) reflects the different housing market structures across the Belfast area (**Figure 2**).

<sup>1</sup> Note that methodological change and a reduced data sample means that the figures from H2 2021 and H1 2022 are not directly comparable which will have increased the percentage change statistic reported.

<sup>2</sup> Caution should be exercised with the percentage change statistics presented in this edition. A reduced sample is the result of methodological change and therefore not directly comparable.

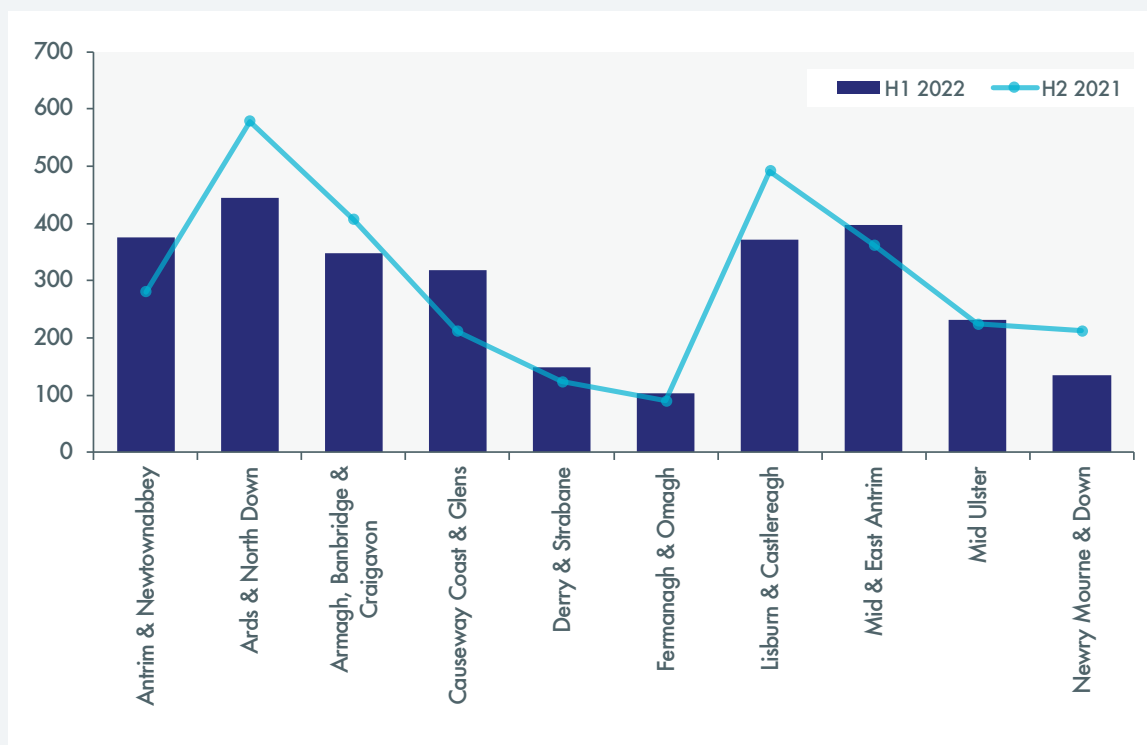
**FIGURE 2** Proportion of lettings by sub-market, Belfast City Council Area, H1 2022



## Local Government Districts

During H1 2022, there were 2,873 lettings in LGDs outside of Belfast: down 3.6% over the half year, and by 12.1% in annual terms. Both the half year and annual statistics suggest reduced market churn in LGDs outside of Belfast, and to market stress in terms of rental product supply (**Figure 3**). Overall, the survey indicates that LGDs outside of BCCA accounted for an increased market share at 56.3% of all rental transactions in Northern Ireland, up from the previous survey (H2 2021, 51.2%). Consistent with the sector and previous survey trends, the rental markets within the wider Belfast metropolitan area and those on the main arterial corridor to Belfast record the highest levels of rental activity, albeit some at significantly reduced levels: Ards & North Down (444), Mid & East Antrim (397), Antrim & Newtownabbey (376) Lisburn & Castlereagh (371). The rural districts of Fermanagh & Omagh (103), Newry, Mourne & Down (135) and the Derry & Strabane (149) area each displayed low transactional activity. Figure 3 shows the number of rental transactions across all LGDs in H1 2022 relative to the last six months of 2021.

**FIGURE 3** Number of lettings by Local Government District (outside Belfast), H2 2021 and H1 2022



# MARKET SHARE

Although the volume of lettings has decreased from previous surveys, the composition of the private rental sector remains consistent. For this survey, some variation in market structure was observed, with terrace/townhouse sector holding the largest proportion of market share (40%) and apartments comprising a reduced share of lettings (37%). The market share of the semi-detached sector (15%) and the detached sector sits at 8%, indicating the lack of supply in these sectors, which is consistent with wider market evidence of an ongoing supply crunch and landlords exiting the market.

In the Belfast rental market, the largest sector remains apartments (46%), although this share has reduced from the previous survey (48%). The market proportion of terrace/townhouses (43%) is up by 3 percentage points, and taken together these sectors account for 89% of all rented properties in Belfast. Again, there is a low volume of market lettings for semi-detached (9%) and detached properties (2%) over the half year. For LGDs outside Belfast, the distribution of rental lettings by property type is similar to that of previous surveys with terrace/townhouse properties marginally remaining the largest sector (37%), followed by apartments whose share is 29%. Semi-detached properties again account for one fifth (20%). The figures once again underline the different market composition of the Belfast City Council Area compared with other local authority areas.

**TABLE 1** Properties let by type, H1 2022

Property type	NI	HY Δ	BCCA	HY Δ	LGDs	HY Δ
Apartment	1,867 (37%)	-17.7%	1,031 (46%)	-24.3%	836 (29%)	-7.7%
Terrace/Townhouse	2,020 (40%)	-7.2%	955 (43%)	-15.8%	1,065 (37%)	2.2%
Semi-detached	785 (15%)	-11.0%	210 (9%)	-26.8%	575 (20%)	-3.4%
Detached	430 (8%)	-12.6%	33 (2%)	-38.9%	397 (14%)	-9.4%
<b>ALL</b>	<b>5,102</b>	<b>-12.3%</b>	<b>2,229</b>	<b>-21.4%</b>	<b>2,873</b>	<b>-3.6%</b>

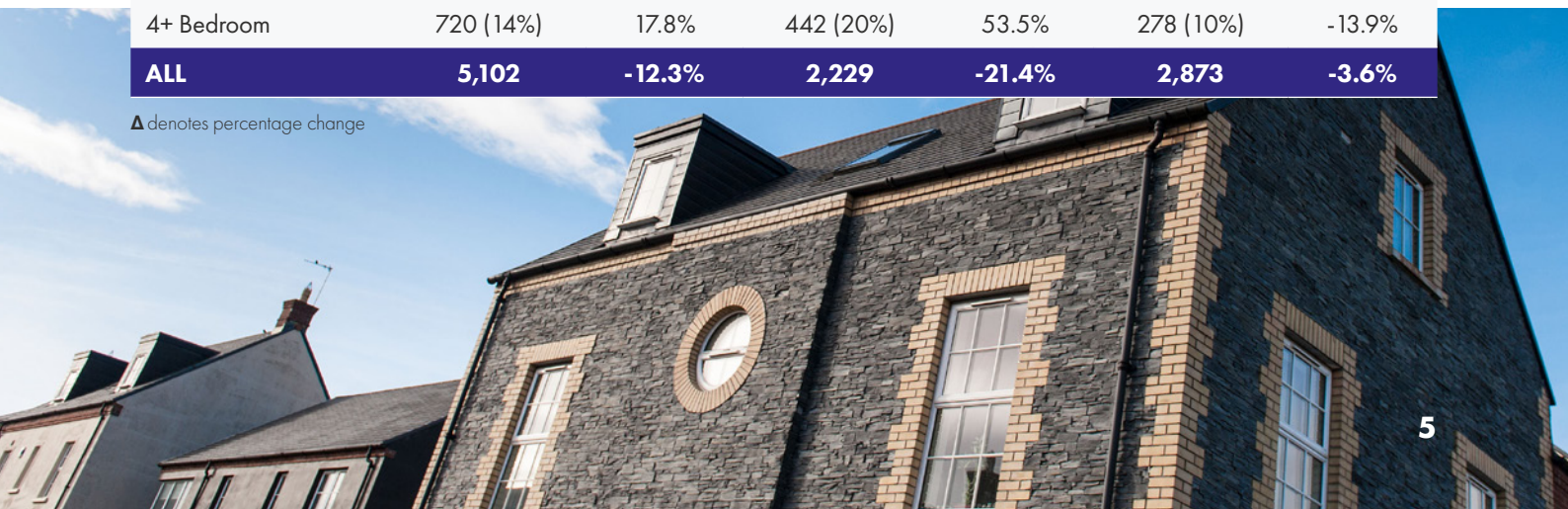
Δ denotes percentage change

When disaggregated by number of bedrooms, the market composition remains in line with previous reports but with some change recorded. At the Northern Ireland level, two and three-bedroom properties remain the most common property sizes, accounting for the majority of all lettings (76%) over the first half of the year, down from 80% in the previous survey. This trend was also seen in the BCCA, where 69% of properties let were in these categories, with two-bedroom properties accounting for almost half of the market share (45%). By comparison, the statistics for LGDs outside of the BCCA indicate that three-bedroom properties accounted for almost half of rental transactions (47%), with two-bedroom properties comprising just over a third (35%) of lettings. The analysis once again confirms the difference in market composition by bedroom categories.

**TABLE 2** Properties let by size, H1, 2022

No. of bedrooms	NI	HY Δ	BCCA	HY Δ	LGDs	HY Δ
1 Bedroom	486 (10%)	-15.9%	251 (11%)	-33.6%	235 (8%)	17.5%
2 Bedroom	2,000 (39%)	-22.9%	995 (45%)	-33.9%	1,005 (35%)	-7.7%
3 Bedroom	1,896(37%)	-6.8%	541 (24%)	-18.6%	1,355 (47%)	-1.0%
4+ Bedroom	720 (14%)	17.8%	442 (20%)	53.5%	278 (10%)	-13.9%
<b>ALL</b>	<b>5,102</b>	<b>-12.3%</b>	<b>2,229</b>	<b>-21.4%</b>	<b>2,873</b>	<b>-3.6%</b>

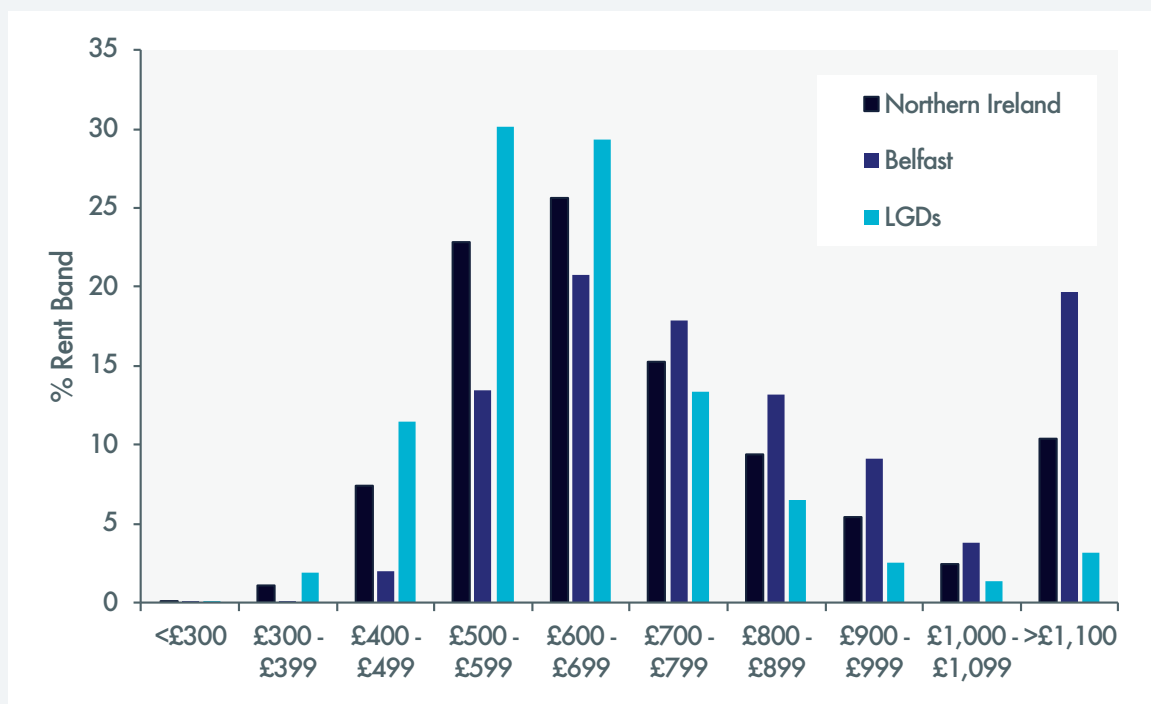
Δ denotes percentage change



# DISTRIBUTION OF RENTS

In terms of distribution of average rents, 23% of rental properties let across Northern Ireland in the first half of 2022 fell within the £500-£599 band – down five percentage points over the year (H1 2021: 28%). For BCCA, this proportion in this category stands at 13.5%, down by more than 6 percentage points in annual terms (H1 2021: 19.8%) and significantly lower than the comparatively statistic for the aggregated LGDs (30.1%), although this has also fallen from 37% in H1 2021. The £400-£499 rental band accounted for 7.4% of lettings across Northern Ireland, a reduction of almost 5% on the same period in 2021 (H1 2021; 12%). A comparative higher proportion of lettings in LGDs outside Belfast (11.5%) fell within the £400-£499 band in comparison to the BCCA which stands at 2% for this survey. The proportions of lettings across the LGDs outside Belfast in the £400-£499 and £500-£599 range has decreased to 41.6% from the last survey (45%); the comparative figure for the BCCA is 15.5% (down from 23% in H2 2021). Overall, the proportion of rents in Northern Ireland above £600 has increased to 68.6% – up by over ten per cent (H1 2021: 58.6%), highlighting the degree of rent inflation over the period. For the BCCA, the proportion of rental lettings above £600 increased from 76.2% in H2 2021 to 84.5%. Similarly, the proportion of rents above £600 in LGDs outside of Belfast increased to 56.4%, up by over three percentage points up on the previous survey (52.9%). The rent distribution over the first half of 2022, when compared with previous surveys, once again demonstrates the upward trajectory in the distribution of average rents towards higher pricing bands. Overall, these statistics indicate a considerable shift in the distribution of market rents over the year, signalling the increasing growth in rents and warnings for the market in terms of rental affordability (Figure 4).

**FIGURE 4** Proportion of properties let by rent band – NI, BCCA and other LGDs, H1 2022



## Rent structure

Further insight on private rented market trends can be observed in the distribution and variance of rents across the district council areas. The survey indicates that during the first half of 2022, lower quartile, median and mean rent levels increased across most LGDs, with a narrowing in rental variance also evident across some locations. The analysis points to a pattern of shifting rents towards a higher pricing structure consistent with the upward pressures of rental demand and some evidence of rent bidding. The Coefficient of Variation (CoV)<sup>3</sup> 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. For this survey, Ards & North Down displayed the highest comparative rental spread at 41%, followed by Belfast City Council Area, which stood at 36% – reflecting the variation and availability of rental stock in these areas (Table 3).

<sup>3</sup> The Coefficient of Variation (CoV) is a measure of relative variability. It is the ratio of the standard deviation to the mean (average). The CoV is particularly useful when comparing results from surveys or samples that have different measures or values. In this case, for example, if the sample for District A has a CoV of 10% and the sample for District B has a CoV of 20%, we can say that District B has more variation in rent, relative to its mean rent, than District A.



**TABLE 3** Average, median, 25<sup>th</sup> and 75<sup>th</sup> percentile rents and coefficient of variance by LGD, H1 2022

Council area	Average rent (£)	Coefficient of variance (%)	Median rent (£)	25 <sup>th</sup> percentile	75 <sup>th</sup> percentile
Antrim & Newtownabbey	£640	32%	£606	£525	£675
Ards & North Down	£781	41%	£695	£595	£850
Armagh Banbridge & Craigavon	£618	21%	£600	£548	£672
Belfast	£853	36%	£775	£650	£975
Causeway Coast & Glens	£598	18%	£584	£538	£675
Derry & Strabane	£579	25%	£551	£498	£621
Fermanagh & Omagh	£568	22%	£549	£481	£625
Lisburn & Castlereagh	£758	28%	£718	£625	£840
Mid & East Antrim	£600	21%	£595	£519	£650
Mid-Ulster	£599	22%	£600	£532	£656
Newry Mourne & Down	£672	21%	£650	£575	£750

<sup>3</sup> The Coefficient of Variation (CoV) is a measure of relative variability. It is the ratio of the standard deviation to the mean (average). The CoV is particularly useful when comparing results from surveys or samples that have different measures or values. In this case, for example, if the sample for District A has a CoV of 10% and the sample for District B has a CoV of 20%, we can say that District B has more variation in rent, relative to its mean rent, than District A.

**FIGURE 5**

# RENTAL PERFORMANCE BY REGION, H1 2022

Rental Price Annual Percentage Change

(-5.0%) - (-2.4%)	2.5 - 4.9%
(-2.5%) - (-0.1%)	5.0 - 7.4%
0.0 - 2.4%	7.5 - 10.5%

### Mid and East Antrim

Average rent H1 2022	£600
Average rent H2 2021	£575
Half yearly variance	4.3%
Average rent H1 2021	£556
Annual variance	7.9%

### Northern Ireland

Average rent H1 2022	£743
Average rent H2 2021	£717
Half yearly variance	3.6%
Average rent H1 2021	£703
Annual variance	5.6%

### Antrim and Newtownabbey

Average rent H1 2022	£640
Average rent H2 2021	£639
Half yearly variance	0.2%
Average rent H1 2021	£612
Annual variance	4.7%

### Causeway Coast and Glens

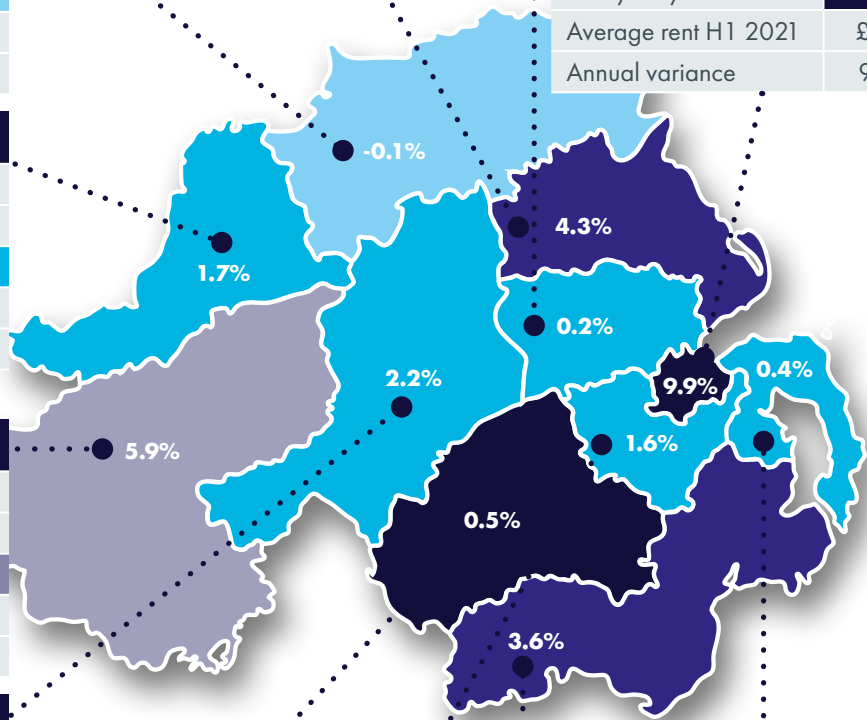
Average rent H1 2022	£598
Average rent H2 2021	£598
Half yearly variance	-0.1%
Average rent H1 2021	£558
Annual variance	7.2%

### Belfast

Average rent H1 2022	£853
Average rent H2 2021	£776
Half yearly variance	9.9%
Average rent H1 2021	£782
Annual variance	9.1%

### Derry and Strabane

Average rent H1 2022	£579
Average rent H2 2021	£569
Half yearly variance	1.7%
Average rent H1 2021	£543
Annual variance	6.6%



### Fermanagh and Omagh

Average rent H1 2022	£568
Average rent H2 2021	£536
Half yearly variance	5.9%
Average rent H1 2021	£497
Annual variance	14.2%

### Mid Ulster

Average rent H1 2022	£599
Average rent H2 2021	£587
Half yearly variance	2.2%
Average rent H1 2021	£577
Annual variance	4.0%

### Ards and North Down

Average rent H1 2022	£781
Average rent H2 2021	£778
Half yearly variance	0.4%
Average rent H1 2021	£714
Annual variance	9.4%

### Armagh, Banbridge and Craigavon

Average rent H1 2022	£618
Average rent H2 2021	£614
Half yearly variance	0.5%
Average rent H1 2021	£566
Annual variance	9.1%

### Lisburn and Castlereagh

Average rent H1 2022	£758
Average rent H2 2021	£746
Half yearly variance	1.6%
Average rent H1 2021	£691
Annual variance	9.7%

### Newry, Mourne and Down

Average rent H1 2022	£672
Average rent H2 2021	£649
Half yearly variance	3.6%
Average rent H1 2021	£597
Annual variance	12.7%



# NORTHERN IRELAND

The statistics show a strong rate of growth in average rents across Northern Ireland, which are up by 3.6% over the half year to £743, and up by 5.6% annually (Figure 5). When disaggregated by property type, performance over the half year is variable across the market sectors. The average rent for terrace/townhouse properties is appreciably up by 8.7% to £737 per month. Semi-detached properties also recorded modest growth, up 1.7% to £744 per month, with apartments up by a similar rate (1.4%) to £713 per month. Detached properties recorded decreases to £895 in average rents, down by a rate of 3.6%.

## LOCAL GOVERNMENT DISTRICTS OUTSIDE BELFAST

For district council areas outside the BCCA, the picture is of rental growth across most locations, although to varying degrees. Overall, the average rent stood at £657 per month, relatively unchanged over the half year (-0.6%), but with a higher rate of growth (7.1%) recorded annually. The average rent remains considerably below the overall Northern Ireland average monthly rent of £743, with rental variance widening further over the last six month period. Table 4 (below) details the recorded average rents by property type across the local government districts. Over the time period, the general picture is of rent increases across most Local Government Districts by property type and, consistent with previous editions of the survey, comparatively higher rents by property type in those districts near Belfast.

**TABLE 4** Average rent by property type (LGDs outside Belfast), H1 2022

Council area	Average rent by property type (£)				
	Apartment	Terrace/ Townhouse	Semi- detached	Detached	ALL
Antrim & Newtownabbey	£569	£584	£736	£963	£640
Ards & North Down	£686	£723	£793	£1,203	£781
Armagh Banbridge & Craigavon	£527	£575	£658	£775	£618
Causeway Coast & Glens	£528	£571	£626	£706	£598
Derry & Strabane	£533	£557	£747	£917	£579
Fermanagh & Omagh	£492	£565	£606	£669	£568
Lisburn & Castlereagh	£668	£709	£801	£993	£758
Mid & East Antrim	£561	£569	£651	£750	£600
Mid-Ulster	£491	£588	£638	£675	£599
Newry Mourne & Down	£593	£670	£679	£759	£672
<b>ALL</b>	<b>£556</b>	<b>£569</b>	<b>£647</b>	<b>£807</b>	<b>£657</b>

# BELFAST METROPOLITAN AREA

Across the wider Belfast Metropolitan region, the district council areas adjacent to Belfast recorded modest growth over the half year but observed strong rates of annual growth in average rents. The **Antrim & Newtownabbey** district council area recorded an average rent of £640 marginally up over the half year (0.2%), with a stronger rate of growth observed annually (4.7%). In the **Ards & North Down** district, the average rent was relatively unchanged, up by 0.4% over the half year to £781, and appreciably up by 9.4% in annual terms. A similar picture was evident in **Lisburn & Castlereagh**, where average rents displayed modest gains over the half year, up 1.6% to £758 per month, with a strong rate of growth seen over the year (9.7%).

## NORTH & NORTH WEST

The district council areas in the North and North West also observed some growth in average rents, although there was a degree of variability by location and over the time periods analysed. In **Mid & East Antrim**, the picture was also one of rental growth with average rent up by 4.3% on the previous six-months, to £600, reflecting a strong rate of change of 7.9% over the year. In the **Causeway Coast & Glens** area average rents up unchanged over the half year standing at £598 and are considerably up by 7.2% over the year. For **Derry & Strabane** average rents were up modestly by 1.7% over the half-year, to £579 per month and recorded a stronger rate of annual growth of 6.6% when compared with the same period last year.

## THE SOUTH

To the south, the picture is one of strong rental growth over the half year and year, although a degree of variability in growth was observed between districts. For the **Armagh Banbridge & Craigavon** average rent were nominally up by 0.5% over the half year to £618, representing a sizeable 9.1% increase over the year. In the **Newry Mourne & Down** district, stronger rental growth was recorded, with the average rent up by 3.6% to £672 per month, which represents strong growth of 12.7% annually.

## THE WEST

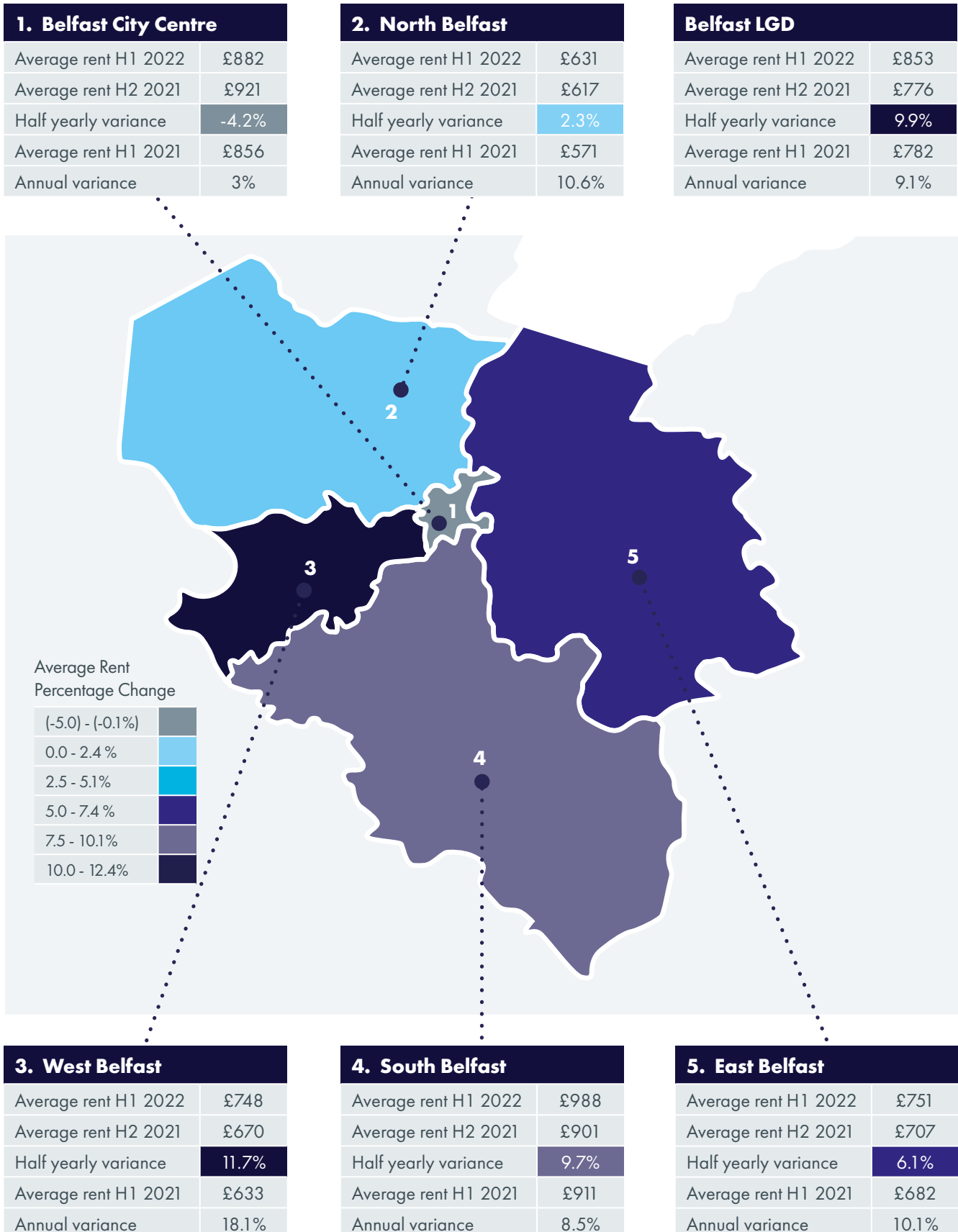
For the districts in the west of Northern Ireland, rental performance was variable over the half year but with strong performance recorded in annual terms. In **Fermanagh & Omagh**, the average monthly rent increased by 5.9% over the half year to £568 per month. Over the year, average rents has appreciably increased by 14.2%. In **Mid-Ulster** district performance was more subdued with average rents increasing by 2.2% to £599 per month, with stronger rate of growth observed over the year (4%).



# BELFAST CITY COUNCIL AREA

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

**FIGURE 6** Average rent in BCCA, H1 2022



For this survey, the average rent for the BCCA stood at £853 per month, representing a significant increase of 9.9% relative to the previous half year, and a 9.1% increase in annual terms. Whilst there is a degree of variability in performance across the sub-market areas, the analysis depicts a picture of sustained growth in average rents. The City Centre recorded a half yearly decrease in average rents, down 4.2% to £882 per month, although it is noteworthy that the average rent recorded an annual increase (3%) in this location. North Belfast recorded an average monthly rent of £631, representing a modest half-yearly gain of 2.3%, with a strong rate of growth observed over the year (10.6%). A similar picture was evident in East Belfast the average rent also increased over the half year, up 6.1% to £751 per month, with a stronger rate of performance recorded over the year, at 10.1%. Notably, considerable rental growth was recorded in West Belfast where average rents grew by 11.7% to £748 per month, reflecting growth of 18.1% annually. Average rent in the South Belfast sub-market also displayed strong performance over the half year period, up 9.7% to £988 per month and by 8.5% in annual terms (Figure 6).

## BCCA AVERAGE RENT BY TYPE

The average rent across the Belfast City Council Area increased by almost ten per cent (9.9%) over the half year period to £853 per month. Rental growth was recorded across all property types, over the half year time period (Table 5); and was most pronounced in terrace/townhouse properties which was significantly up 17% to £874, with detached properties up also appreciably up 13% to £1,438 per month. Apartments also recorded growth over the half year up 5.7% to £815 per month with semi-detached similarly up by 4.1% to £859 per month. In annual terms, the picture depicts strong rental growth across all sectors, particularly in the detached sector. The analysis points to market pressures in the Belfast market in terms of rent bidding and inflation due to the lack of supply.

**TABLE 5** Average Rent by Property Type, Belfast City Council Area, H1 2021-H1 2022

Property type	BCCA H1 2021	BCCA H2 2021	BCCA H1 2022	Half Yearly Δ	Annual Δ
Apartment	£763	£771	£815	5.7%	6.8%
Terrace/Townhouse	£792	£747	£874	17.0%	10.4%
Semi-detached	£782	£825	£859	4.1%	9.8%
Detached	£1,062	£1,273	£1,438	13.0%	35.4%
<b>ALL</b>	<b>£782</b>	<b>£776</b>	<b>£853</b>	<b>9.9%</b>	<b>9.1%</b>

Δ denotes percentage change



# RENT AT POSTCODE LEVEL

Analysed at the aggregate postcode level, the rent grid in **Table 6** summarises rents across the wider Belfast Metropolitan Area and highlights the considerable variation in average monthly rents at postcode level by number of bedrooms. For example, the average rent for a three-bedroom property varied from £613 in BT13 to £1,030 in BT9. Consistent with the previous surveys, this survey provides evidence of less market churn in the one-bedroom and four-bedroom sectors at the postcode geography. This survey also observes the rental pricing points of 4+ bedroom properties across a number of postcode locations.

<b>TABLE 6 Average rent by postcode district and property size, Belfast area, H1 2022</b>					
<b>Postcode</b>	<b>1 Bed</b>	<b>2 Bed</b>	<b>3 Bed</b>	<b>4+ Bed</b>	<b>ALL</b>
BT1	£849	£900	*	*	£907
BT2	£786	£870	*	*	£849
BT3	*	£849	*	*	£849
BT4	£648	£690	£809	£1,261	£769
BT5	£580	£693	£828	£1,284	£738
BT6	£619	£720	£766	£967	£750
BT7	£625	£788	£885	£1,285	£1,012
BT8	£645	£701	£799	£1,152	£780
BT9	£702	£851	£1,030	£1,411	£982
BT10	*	£736	£811	*	£790
BT11	*	£687	£848	*	£758
BT12	*	£669	£762	£1,119	£752
BT13	*	£580	£613	*	£599
BT14	£566	£593	£678	£777	£634
BT15	£545	£608	£790	£1,086	£666
BT16	*	£751	£843	*	£834
BT17	*	£647	£748	*	£687
BT18	*	£819	£1,002	£1,871	£1,079
BT19	*	£701	£829	*	£803
BT20	£551	£681	£799	£1,231	£740
BT23	*	£650	£740	£1,320	£725
BT26	*	£692	£808	*	£905
BT27	*	£671	£788	£1,040	£759
BT28	*	£659	£699	*	£702
BT36	*	£644	£682	*	£667
BT37	*	£597	£699	*	£695
BT38	£454	£578	£646	£899	£619

\*denotes insufficient sample size

# REGIONAL ANALYSIS BASED ON HOUSING MARKET AREAS

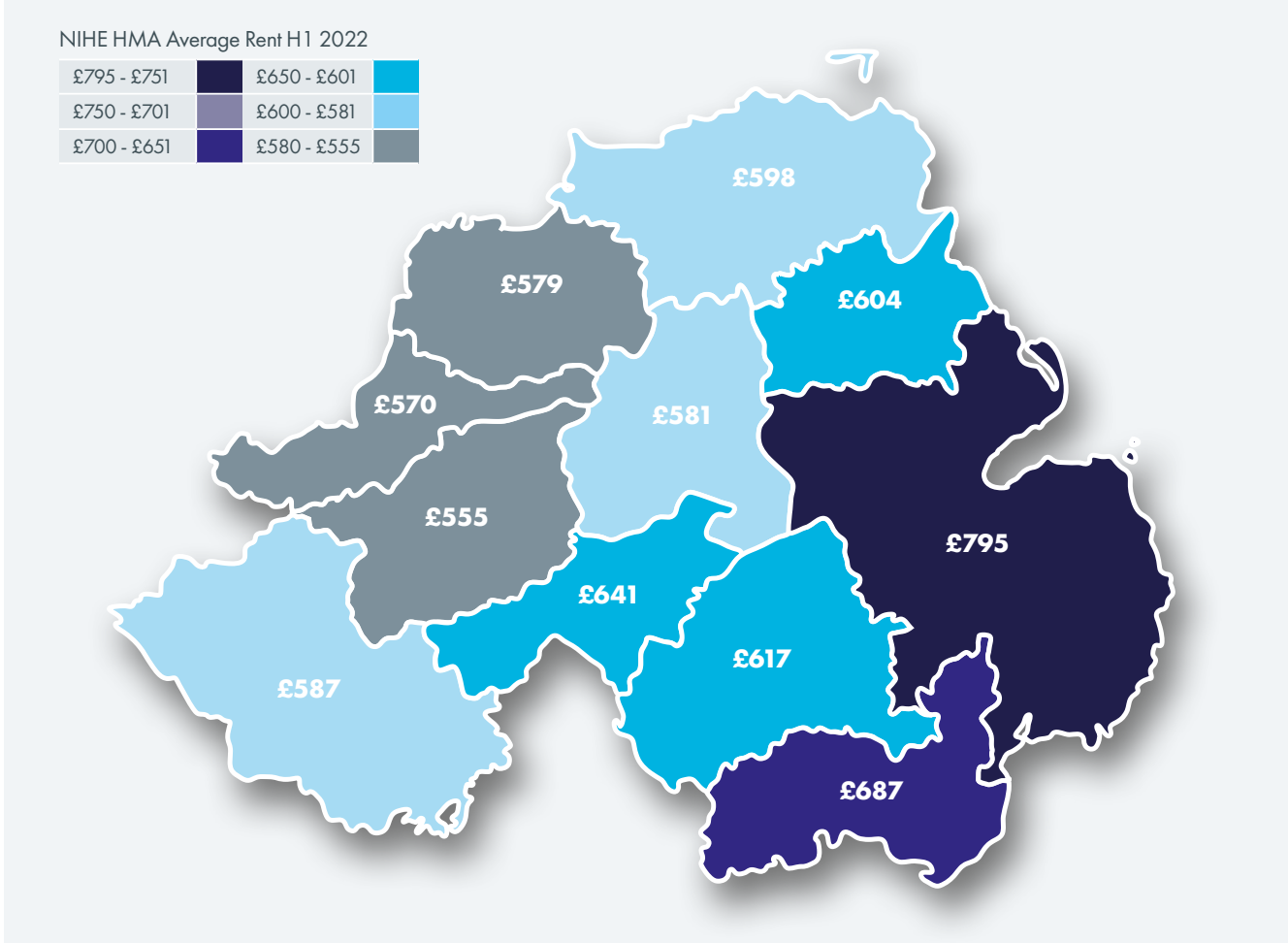
Regional analysis is also undertaken using the functional Housing Market Areas (HMAs), defined on the basis of research that was undertaken for the Housing Executive to help guide spatial study of the housing system<sup>4</sup>.

## Functional Housing Market Areas H1 2022

Figure 7 presents the average rents across the HMAs, with the statistics revealing varying degrees of rent price change<sup>5</sup>. The Belfast Metropolitan HMA displayed an average rent of £795 per month, the highest across the HMAs by a considerable margin and up 6% on the previous half year. The Craigavon (£617) and Dungannon (£641) HMAs, situated on the urban corridor, recorded growth in average rent, up 0.4% and 4.3% on the previous survey.

In the more rural HMAs the picture was more varied. In the West, average rents remained relatively unchanged with the Cookstown HMA increasing by 1.3% over the half year to £581 per month, and the Fermanagh HMA observed modest gains up 2.6% to stand at £587. The Omagh HMA was appreciably up by 6.6% over the half year, recording an average rent of £555 per month. To the South, the Newry HMA was also appreciably up by 7.1% to £687 per month. In the North, the Ballymena HMA increased by 5.4% to £604, Causeway Coast HMA was unchanged at £598 and Derry HMA (£579) observed nominal growth, up by 1.1%. The Strabane HMA recorded stronger, albeit modest, gains over the half year, increasing by 2.6% to £570 in this survey.

**FIGURE 7** Rental Performance by functional Housing Market Areas (HMAs), H1 2022



<sup>4</sup>The research identified eleven broad housing market areas within Northern Ireland. See: [www.nihe.gov.uk/getmedia/4ae016fe-6702-4080-983e-dac39738b342/Mapping-Northern-Irelands-Housing-Market-Areas.pdf.aspx?ext=.pdf](http://www.nihe.gov.uk/getmedia/4ae016fe-6702-4080-983e-dac39738b342/Mapping-Northern-Irelands-Housing-Market-Areas.pdf.aspx?ext=.pdf)

<sup>5</sup>A change to the HMA boundaries mean that caution should be taken when comparing the half yearly price change statistics.

# AGENTS INSIGHTS H1 2022

Previous editions of the survey have noted the headwinds of market demand and rental inflation as considerable challenges in the current market place. In addition to the data analysis, this survey also sought the views of rental agents on market performance and sentiment to garner further insights.

## Market activity

Agents were asked about the rental market activity and enquires in the last six months. Unsurprisingly, the general sentiment amongst those agents surveyed is that demand remains a strong market driver:

- Demand has never been stronger. When we list a property for rent we need to mark as let agreed after a day to ensure phones stop ringing.
- Residential lettings are still performing extremely strong.

## Rents and bidding

Noting previous evidence for the UUPRI on performance and rental inflation, and considering market demand, rental agents were asked about rents increases and whether they have observed any evidence of rent bidding in the market. The evidence from agents pointed to increases in rents caused by pent up demand, potential tenants offering more than the asking rent and landlords increasing rents upon rent review:

- Yes they have increased to quickly in my opinion. We have seen rent bidding, the demand is outstripping supply 10/1.
- Yes increase in rents, rent reviews have all been on the upwards too.

## Inflation and cost of living

Given rent inflation and the well-publicised cost of living crisis, rental agents were asked for their views as to how the rising inflationary environment and cost of living has affected the rental market. In this respect those rental agents surveyed pointed to warning signals for the market, particularly in terms of affordability. It is interesting to note that there is some thoughts that new legislation in the rental sector may result in landlords exiting the market or passing the cost to tenants:

- I see warning signals. Concerning given inflation and impact it has on real living wage.
- Affordability of tenants has been a concern, larger number of individuals applying with DHSS.
- The impact of new legislation, high property value and cost of living means a number of landlords are exiting the market.
- Rents could rise above inflation as landlords pass the costs onto tenants.

## Market challenges

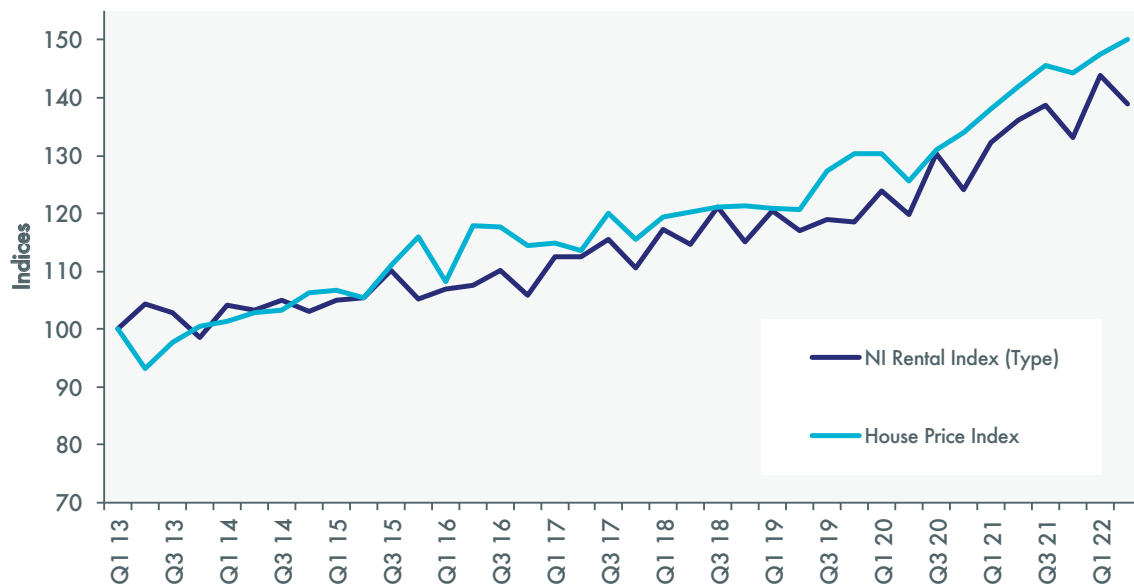
Finally, in view of the market conditions, rental agents were asked what they considered to be the key challenges facing the rental market in their area over the next half year. Whilst responses were varied, in the main, they pointed to the lack of rental stock to be the key challenge over the next 6 months:

- Stock and further increase in rental prices.
- The shortage of stock is driving up rents.



# THE NORTHERN IRELAND PRIVATE RENTAL INDEX

The Northern Ireland Private Rental Index (NIPRI) measures weighted change in average rents by property type by comparison with the base quarter for the survey, the first quarter of 2013. The index stands at 138.8 at Q2 2022 (Figure 8). The quarterly trend shows that the index increased sharply over the first quarter of the year, reflecting the continuing effect of market forces in terms of average rents. The index then decreases into the second quarter of the year, and indicates an increase in rents over the year. Likewise, the Northern Ireland house price index followed a similar trend over the first half of the year; whilst rents converged towards accelerating property value in the first quarter, both house prices have accelerated over the second quarter. This is important, as accelerating house prices, together with lack of supply across market sectors continues to put upward pressure on average rents.





# CONCLUSION

The rental market continues to steer through the discernible trends of a supply crunch and over-heating rental market. Indeed, the previous edition of the survey cautioned of continued market shocks and growth in average rents against pent up demand. This projection is evident in this survey where the strong demand and waiting lists for rental properties, against inelastic supply, has seen growth in average rents across a number of rental market locations over the half year and annually.

According to the analysis for the first half of this year, the average rent has increased by 3.6 per cent on the previous six months to £743 per month, up 5.6% annually. At the regional level, average rents were appreciably up in the BCCA, increasing by 9.9% to £853, up 9.1% in annual terms. In districts outside of Belfast, a slightly dampened rate of growth and a more variable picture was observed over the period, with the average rent statistic relatively unchanged at £657 per month over the half year but notably up by 7.1% in annual terms. These figures are underlined by agent sentiment that queues for rental properties are rife within the rental market with some evidence of bidding up. Many of these issues stem from the pandemic and were inevitable and market evidence indicates that rental enquiries have grown against a backdrop of limited supply, at a time where the demand for rental properties is at an all-time high. Landlords are not immune from market challenges. Following six consecutive base-rate rises, buy-to-let interest rates present increasing costs which will ultimately be passed to tenants. High house prices and impact of recent legislation has also been raised as an issue which will see landlords selling up, impacting on the rental availability which, in turn, pushes up rents. Thus, market responses – including landlords exiting the market and, more recently, regulatory changes and a hike in mortgage rates – continue to create the conditions for a supply crunch, at a time when notable supply constraints and stiff competition for rental properties mean that landlords will charge higher rents and pass increasing costs on to tenants. At the same time, tenants are facing catastrophic hikes to bills when the cost of living is already soaring and, coupled with increasing rents, affordability is a key concern. Therefore, in the context of the current inflationary environment, the very real concern which this report evidences is that tenants may be blindsided by increases in rents in what may become a winter of destitution for many. The dominant conclusion of the report is that the strong demand for rental properties continues to exert upward pressure on average rents and the market conditions signal a heating and unsustainable market in terms of rental affordability and tenure choice.





## 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) first recorded as let agreed during the specified time period. The data has been cleansed to remove outliers, invalid observations, multiple entries and anomalies within a three month period. 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/Working-With-Us/Research/Private-rented-sector-and-rents](http://www.nihe.gov.uk/Working-With-Us/Research/Private-rented-sector-and-rents)

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# DATA APPENDIX

**FIGURE 1** Number of lettings – NI, Belfast City Council Area and other LGDs, H2 2014-H1 2022

Half/Year	NI	BCCA	LGDs
H2 2014	12,060	5,040	7,020
H1 2015	11,443	5,196	6,247
H2 2015	10,436	4,480	5,956
H1 2016	10,919	4,960	5,959
H2 2016	8,923	4,045	4,878
H1 2017	9,475	3,741	5,734
H2 2017	8,627	3,526	5,101
H1 2018	9,759	3,625	6,134
H2 2018	8,299	3,582	4,717
H1 2019	8,406	3,525	4,881
H2 2019	8,058	3,205	4,853
H1 2020	6,168	2,644	3,524
H2 2020	7,663	3,464	4,199
H1 2021	6,967	3,700	3,267
H2 2021	5,818	2,837	2,981
H1 2022	5,102	2,229	2,873

**FIGURE 3** Number of lettings by Local Government District (outside Belfast), H2 2021 and H1 2022

LGD	H2 2021	H1 2022
Antrim & Newtownabbey	280	376
Ards & North Down	579	444
Armagh, Banbridge & Craigavon	407	349
Causeway Coast & Glens	211	318
Derry & Strabane	124	149
Fermanagh & Omagh	90	103
Lisburn & Castlereagh	492	371
Mid & East Antrim	362	397
Mid Ulster	224	231
Newry, Mourne & Down	212	135
<b>TOTAL</b>	<b>2981</b>	<b>2873</b>

**FIGURE 4** Proportion of properties let by rent band – NI, BCCA and other LGDs, H2 2022

Rental Band	NI	Belfast	LGDs
<£300	0.1	0.1	0.1
£300 - £399	1.1	0.1	1.9
£400 - £499	7.4	2	11.5
£500 - £599	22.8	13.5	30.1
£600 - £699	25.6	20.8	29.3
£700 - £799	15.3	17.9	13.4
£800 - £899	9.4	13.2	6.5
£900 - £999	5.4	9.1	2.6
£1,000 - £1,099	2.5	3.8	1.4
>£1,100	10.4	19.7	3.2

Average Rent by Quarter, Northern Ireland, Q1 2015 - Q2 2022

Year	Average Rent			
	Quarter 1	Quarter 2	Quarter 3	Quarter 4
2015	£552	£555	£579	£556
2016	£563	£567	£588	£569
2017	£596	£595	£609	£584
2018	£619	£604	£637	£607
2019	£636	£617	£626	£625
2020	£652	£633	£684	£653
2021	£693	£715	£728	£702
2022	£755	£729		