

# Performance of the PRIVATE RENTAL MARKET IN NORTHERN IRELAND

**Housing**  
Executive

 **Propertynews.com**

**H1 2023**  
**Issue Number 21**



# INTRODUCTION

This survey analyses the performance of the Northern Ireland rental market during the first half (January to June; 'H1') of 2023. 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 2022 as a measure of half yearly change and with the same period in 2022 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 5,394 rental transactions recorded on PropertyNews.com and the Housing Executive's 'LHA dataset for Housing Benefit' database for the first half of 2023. 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 continues to evidence strong growth in average rents over both the half yearly and annual timeframes reported. The findings for this reporting period indicate unprecedented average rents, key issues relating to supply, a rental sector facing mounting affordability pressures, and difficulties in terms of tenant tenure options.

### **The key headlines relating to the rental market in H1 2023 are:**

- average rents across Northern Ireland increased by 5% over the half year to £817 per month; appreciably up by 10% compared to the same period last year
- the average monthly rent across the Belfast City Council Area (BCCA) increased by 5.5% to £923, up 8.1% in annual terms
- outside of Belfast, the average LGD rent was up by 4.7% over the half year period to £742 per month, and considerably up by 12.9% over the year.

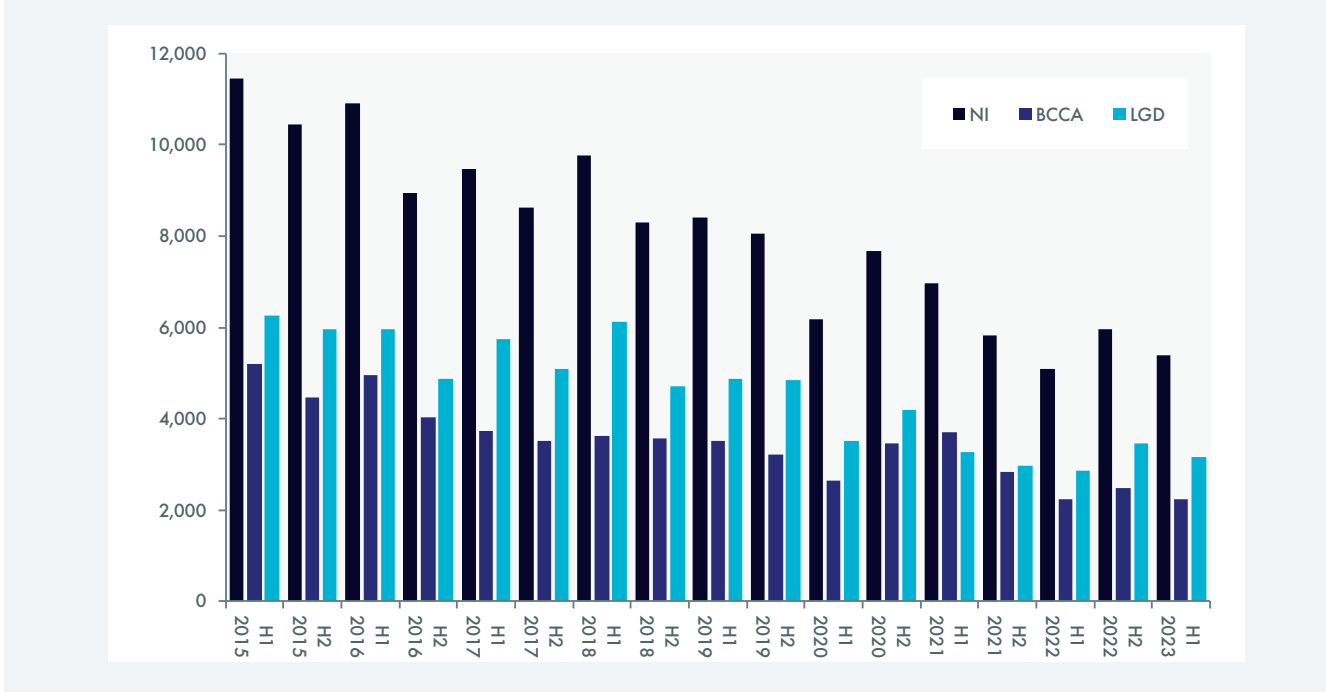


# RENTAL TRENDS

## Number of Lettings

Over the first six months of 2023, this survey captured 5,394 rental transactions across Northern Ireland, representing a 9.5% decrease on the previous six-month period<sup>1</sup>. However, annual comparison with the same period last year (H1 2022) indicates a 5.7% increase in the number of rental market transactions. **Figure 1** depicts a longer-term downward trend in transactions, which continues to result in demand and supply imbalance in the rental sector due to the lack of rental stock and landlords exiting the sector.

**FIGURE 1** Number of lettings – NI, Belfast City Council Area and other LGDs, H1 2016-H1 2023



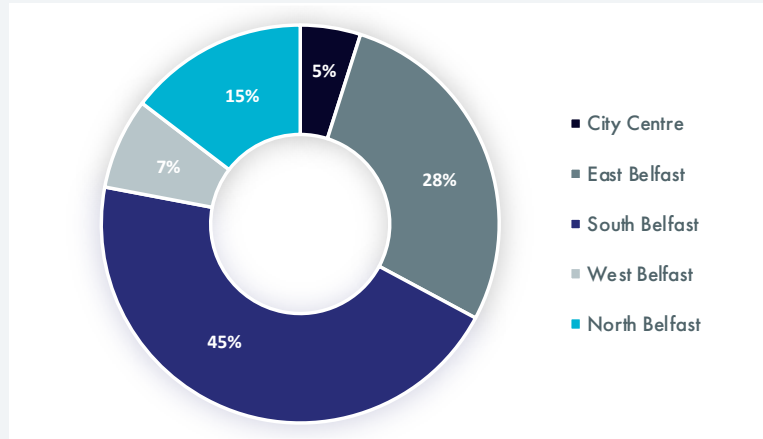
## Belfast City Council Area

Within the Belfast City Council Area (BCCA), there was a sample of 2,244 lettings across the first half of the 2023, reflecting a 9.9% decrease on the last six months of 2022. The annual trend, however, records a nominal increase in transactions in this reporting cycle, up 0.7% compared with the same period in 2022, when the number of recorded lettings in the Belfast Area was lower than at any point in the analysis period (i.e. since 2016). For this survey, the Belfast rental market accounted for 41.6% of all rental transactions over the half year period, a composition similar to the previous survey (41.8%) and broadly in line with longer run trends. However, it is worth noting that from a high point of 53% during H1, 2021, the proportion of the overall sample of transactions accounted for by properties in Belfast has declined steadily, perhaps providing evidence of continuing market stress and supply pressures within the Belfast area.

In terms of market share, properties in South and East Belfast (45% and 28% of lettings respectively) again accounted for the greatest proportions of transactions and both areas marginally increased their share of the sample. As with previous issues of the survey, the comparatively lower volume of activity in the North (15%) and West (7%) areas 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.

**FIGURE 2** Proportion of lettings by sub-market, Belfast City Council Area, H1 2023

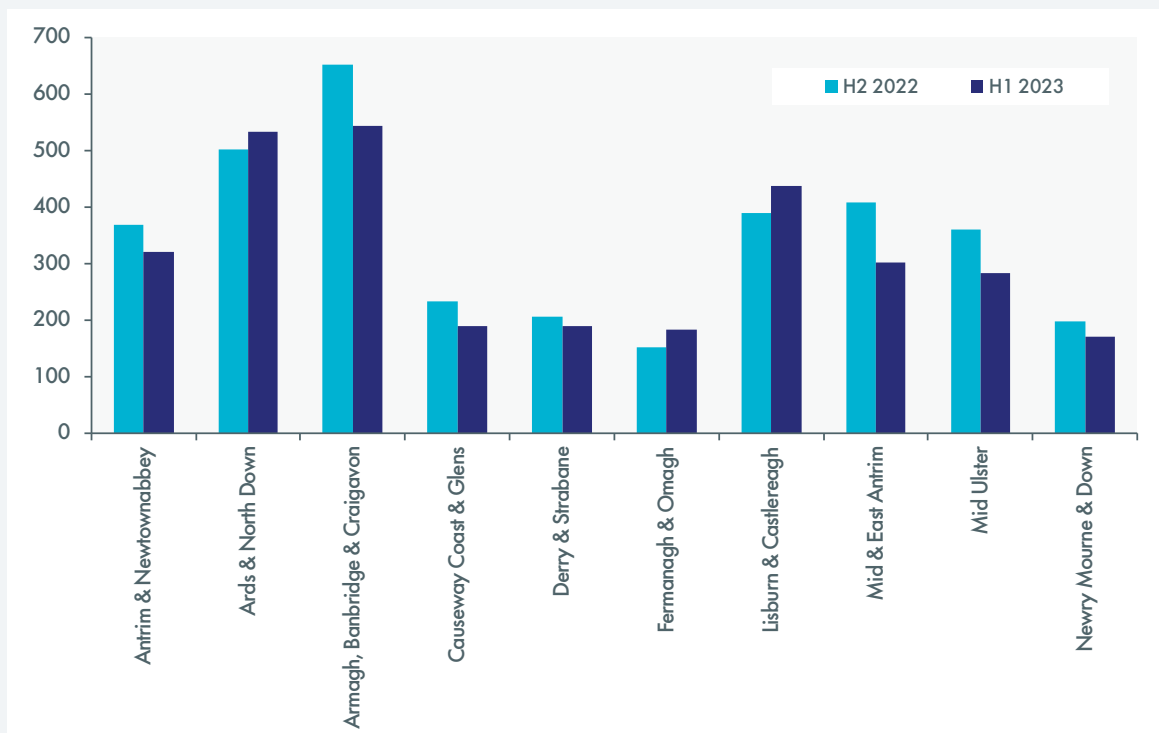


## Local Government Districts

For this reporting period, there were 3,159 lettings in LGDs outside of Belfast: down by 9.2% over the half year, but up by a similar rate (9.6%) in annual terms. Both the half year and annual statistics suggest that renters are looking to LGDs outside of Belfast (Figure 3): overall, the survey indicates that LGDs outside of BCCA accounted for a slightly increased market share at 58.2% of all rental transactions in Northern Ireland, up from the previous survey (H1 2022, 56.3%).

Consistent with previous surveys, 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, although for this survey some differences have been observed. The greatest number of transactions in the sample was in Armagh, Banbridge & Craigavon, followed by Ards & North Down (533), Lisburn & Castlereagh (348) and Antrim & Newtownabbey (320). The rural districts of Newry, Mourne & Down (171), Fermanagh & Omagh (183) and Causeway Coast and Glens (188) again accounted for lower numbers of transactions within the sample, albeit at increased levels for some areas. **Figure 3** shows the number of rental transactions across all LGDs in H1 2023 relative to the previous half year reporting period (H2 2022).

**FIGURE 3** Number of lettings by Local Government District (outside Belfast), H2 2022 and H1 2023



# MARKET SHARE

As previous survey evidence has identified, despite the limited availability of rental stock, the composition of the stock transacting remained highly consistent. For this survey, the market structure remains the same as the previous edition of the report, with the terrace/townhouse sector accounting for the largest proportion of market share (38%), followed by apartments (34%). The market share of the semi-detached sector (17%) and the detached sector (11%) also remained unchanged.

In the Belfast rental market, the largest sector continued to be apartments (46%), the share increasing slightly from the previous survey (45%). The market proportion of terrace/townhouses (42%) remained unchanged, with the result that these sectors accounted for 88% of all rental properties transacting in Belfast. Consistent with the previous reporting period, there was a low volume of lettings for semi-detached (10%) and detached properties (2%) over the half year.

For LGDs outside Belfast, the distribution of rental lettings by property type remained broadly similar by comparison with the previous reporting period. Terrace/townhouse properties accounted for more than one third of transactions in the sample (35%). Apartments comprised 25% of the market (26% previously), semi-detached properties just over one fifth (22%) and the detached sector marginally increased, from 17% to 18% of the market. The figures once again provide evidence of the different market composition of the Belfast City Council Area compared with other local authority areas.

**TABLE 1** Properties let by type, H1 2023

Property type	NI	HY Δ	BCCA	HY Δ	LGDs	HY Δ
Apartment	1,826 (34%)	-10.0%	1,035 (46%)	-7.5%	791 (25%)	-13.0%
Terrace/Townhouse	2,032 (38%)	-9.1%	946 (42%)	-9.5%	1,086 (35%)	-8.8%
Semi-detached	923 (17%)	-10.4%	221 (10%)	-13.0%	702 (22%)	-9.5%
Detached	613 (11%)	-7.7%	42 (2%)	-41.7%	571 (18%)	-3.5%
<b>ALL</b>	<b>5,394</b>	<b>-9.5%</b>	<b>2,244</b>	<b>-9.9%</b>	<b>3,150</b>	<b>-9.2%</b>

Δ denotes percentage change

When disaggregated by number of bedrooms, the market composition is also largely consistent with previous reports, with only marginal changes recorded. At the Northern Ireland level, two and three-bedroom properties remain the most common property sizes, accounting for over three-quarters of all lettings (76%) over the first half of the year, marginally down from 78% in the previous survey. A similar trend was seen in the BCCA, where 70% of properties let were in these categories, with two-bedroom properties accounting for just under half of the market share (48%). By comparison, the analysis indicates that three-bedroom properties accounted for half (50%) of rental transactions in LGDs outside of the BCCA with two-bedroom properties standing at just under one third (31%) of lettings. The analysis once again confirms the difference in market composition by bedroom categories.

**TABLE 2** Properties let by size, H1 2023

No. of bedrooms	NI	HY Δ	BCCA	HY Δ	LGDs	HY Δ
1 Bedroom	548 (10%)	-6.5%	318 (14%)	-4.8%	230 (7%)	-8.7%
2 Bedroom	2,048 (38%)	-13.5%	1,073 (48%)	-16.1%	975 (31%)	-10.5%
3 Bedroom	2,065 (38%)	-7.6%	499 (22%)	-8.1%	1,566 (50%)	-7.5%
4+ Bedroom	733 (14%)	-4.6%	354 (16%)	6.0%	379 (12%)	-12.7%
<b>ALL</b>	<b>5,394</b>	<b>-9.5%</b>	<b>2,244</b>	<b>-9.9%</b>	<b>3,150</b>	<b>-9.2%</b>

Δ denotes percentage change

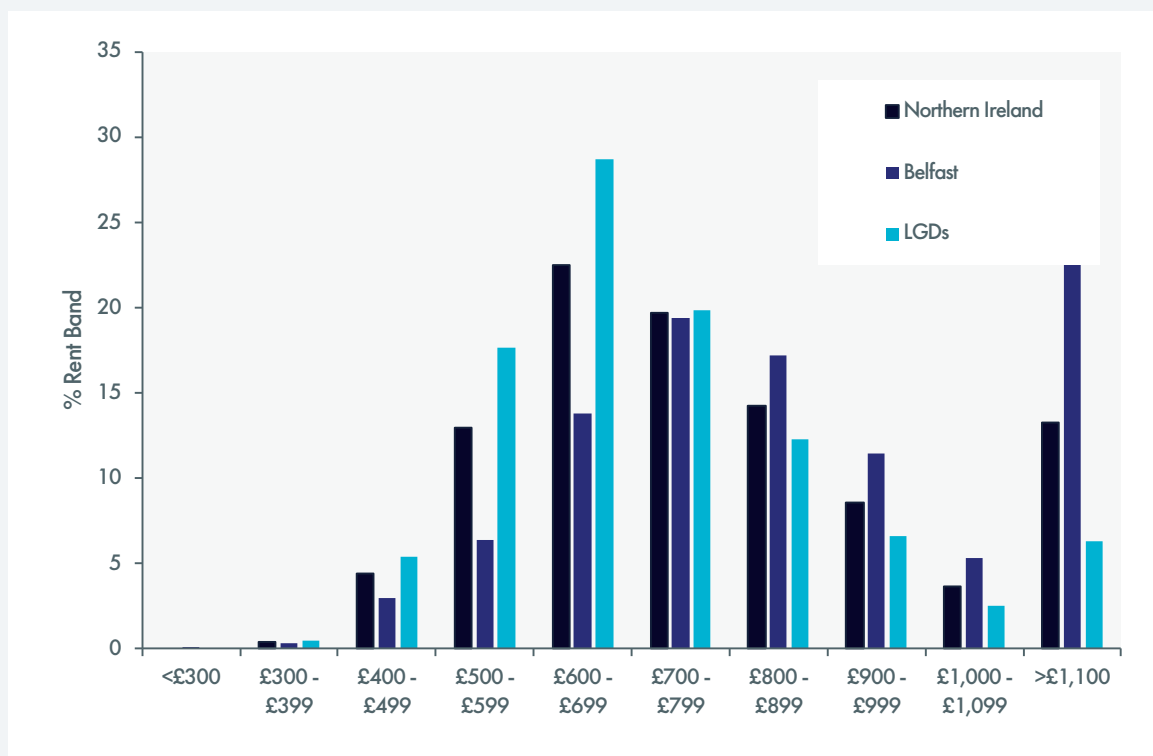
# DISTRIBUTION OF RENTS

Considering the distribution of average rents, the analysis for the first six months of 2023 indicates that 13% of rental properties let across Northern Ireland fell within the £500-£599 band – down a further four percentage points from the previous survey (17% H2 2022) and by 10 percentage points when compared with the same period last year (23%: H1 2022). These figures highlight the rapid acceleration of rents within the Northern Ireland rental sector over the periods analysed. For BCCA, the proportion in this category stood at 6.4%, down by more than three percentage points over the last six months and by over eight per cent in the last year. This statistic is considerably lower than the comparative statistic for the aggregated LGDs which, for this survey, stands at 17.7%, reflecting a decrease of almost five per cent from the previous survey and more than 12 percentage points over the year (22.6%:H2 2022; 30.1%: H1 2022).

Overall, the proportion of rents in Northern Ireland above £600 increased again, highlighting the acceleration in average rents over the period: the proportion transacting at this rent level rose to 82.1% from 77.1% in the previous survey, and was up by 13.5 percentage points over the year (68.6%: H1 2022). For the BCCA, the proportion of rental lettings above £600 increased from 87.2% (H2 2022) to 90.2% in this report. Similarly, the proportion of rents above £600 in LGDs outside of Belfast also increased, from 69.8% in H2 2022 to 76.3% and by approximately 20 percentage points over the year (from 56.4% in H1 2022).

Other trends are notable within the analysis, including a similar proportion of lettings (around one fifth; 19-20%) in the £700-799 category for NI, Belfast and LGDs. Further, the highest rent bracket of >£1,100 accounted for 13.3% of lettings across Northern Ireland; however, this overall figure was highly influenced by the Belfast market, in which almost a quarter (23%) of all lettings were within this price band; in LGDs outside Belfast, the proportion was much lower (6.3%). The analysis of rent distribution over the first half of 2023, when compared with previous surveys, provides important evidence to illustrate the rapid acceleration of rents towards the higher rent bands over the timeframes analysed, signalling strong warnings for the market in terms of rental affordability and tenure options.

**FIGURE 4** Proportion of properties let by rent band – NI, BCCA and other LGDs, H1 2023





## 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 records that lower quartile, median and mean rent levels have increased across most LGDs, with rental variance also evident across some locations. The analysis, together with that considering rent distributions, once again illustrates the continuing shift of average rents towards a higher pricing structure due to the lack of availability of rental stock, evidenced by rent waiting lists and bidding. The Coefficient of Variation (CoV)<sup>2</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, Belfast City Council Area and Ards & North Down area displayed the highest comparative rental spread at 38%. In contrast to the previous survey, the CoV has fallen across a number of LGDs, reflecting some tightening of the variation and availability of rental stock in these areas (Table 3).

**TABLE 3** Average, median, 25th and 75th percentile rents and coefficient of variance by LGD, H1 2023

Council area	Average rent (£)	Coefficient of variance (%)	Median rent (£)	25 <sup>th</sup> percentile	75 <sup>th</sup> percentile
Antrim & Newtownabbey	£711	25	£679	£600	£775
Ards & North Down	£886	38	£795	£675	£950
Armagh Banbridge & Craigavon	£685	22	£650	£594	£750
Belfast	£923	38	£850	£700	£1,050
Causeway Coast & Glens	£688	31	£664	£578	£728
Derry & Strabane	£676	29	£625	£537	£755
Fermanagh & Omagh	£615	21	£600	£525	£677
Lisburn & Castlereagh	£872	28	£805	£725	£960
Mid & East Antrim	£666	25	£630	£559	£724
Mid-Ulster	£639	22	£621	£565	£700
Newry Mourne & Down	£765	26	£750	£650	£850

<sup>2</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 2023

Rental Price Annual Percentage Change

(-1.5%) - (-0.1%)	3.0 - 4.4%
0.0 - 1.4%	4.5 - 5.9%
1.5 - 2.9%	6.0 - 7.4%

Mid and East Antrim	
Average rent H1 2023	£666
Average rent H2 2022	£670
Half yearly variance	-0.6%
Average rent H1 2022	£600
Annual variance	11%

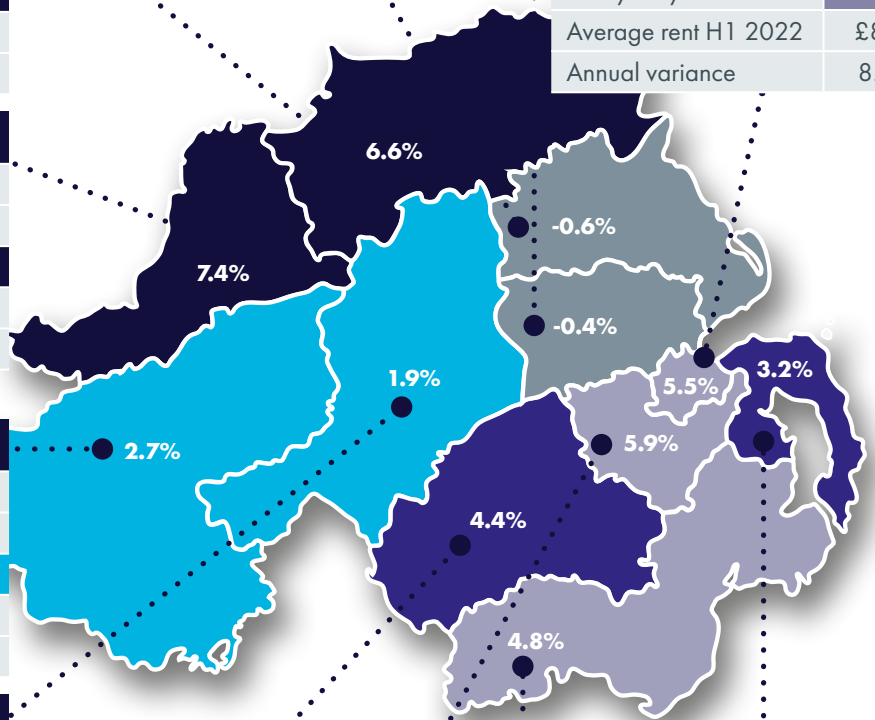
Northern Ireland	
Average rent H1 2023	£817
Average rent H2 2022	£778
Half yearly variance	5.0%
Average rent H1 2022	£743
Annual variance	10%

Antrim and Newtownabbey	
Average rent H1 2023	£711
Average rent H2 2022	£714
Half yearly variance	-0.4%
Average rent H1 2022	£640
Annual variance	11.1%

Causeway Coast and Glens	
Average rent H1 2023	£688
Average rent H2 2022	£645
Half yearly variance	6.6%
Average rent H1 2022	£598
Annual variance	15%

Belfast	
Average rent H1 2023	£923
Average rent H2 2022	£875
Half yearly variance	5.5%
Average rent H1 2022	£853
Annual variance	8.1%

Derry and Strabane	
Average rent H1 2023	£676
Average rent H2 2022	£629
Half yearly variance	7.4%
Average rent H1 2022	£579
Annual variance	16.9%



Fermanagh and Omagh	
Average rent H1 2023	£615
Average rent H2 2022	£599
Half yearly variance	2.7%
Average rent H1 2022	£558
Annual variance	8.4%

Ards and North Down	
Average rent H1 2023	£886
Average rent H2 2022	£859
Half yearly variance	3.2%
Average rent H1 2022	£781
Annual variance	13.4%

Mid Ulster	
Average rent H1 2023	£639
Average rent H2 2022	£627
Half yearly variance	1.9%
Average rent H1 2022	£599
Annual variance	6.6%

Lisburn and Castlereagh	
Average rent H1 2023	£872
Average rent H2 2022	£823
Half yearly variance	5.9%
Average rent H1 2022	£758
Annual variance	15.1%

Newry, Mourne and Down	
Average rent H1 2023	£765
Average rent H2 2022	£729
Half yearly variance	4.8%
Average rent H1 2022	£672
Annual variance	13.7%

Armagh, Banbridge and Craigavon	
Average rent H1 2023	£685
Average rent H2 2022	£656
Half yearly variance	4.4%
Average rent H1 2022	£618
Annual variance	10.9%



# NORTHERN IRELAND

The statistics show strong rates of growth in average rents across Northern Ireland, which were up by 5% over the half year to £817 and by 10% annually (Figure 5). By property type, performance over the half year was variable, but with growth across all market sectors. The average rent for apartments was up by 6.7% to £783 per month. Semi-detached properties also recorded similar growth, up 6.5% to £830 per month, while the average rent for terrace/townhouse properties increased by 4.1% to £799 per month. Detached properties recorded nominal change over the period, standing at £961 in average rents, up by a rate of 1.3%.

## LOCAL GOVERNMENT DISTRICTS OUTSIDE BELFAST

For district council areas outside the BCCA, the survey reveals strong rates of rental growth across most locations, albeit to varying degrees. Taken together, the average rent stood at £742 per month, up by 4.7% over the half year, and appreciably up by 12.9% annually. The average rent remains below the overall Northern Ireland average monthly rent of £817 with the rental gap remaining at a similar figure to the previous survey (£75). Table 4 (below) details the recorded average rents by property type across the local government districts. The statistics indicate that modest to strong increases in average rents were recorded across most Local Government Districts by property type, with comparatively higher rents by property type in those districts near Belfast.

**TABLE 4** Average rent by property type (LGDs outside Belfast), H1 2023

Council area	Average rent by property type (£)				
	Apartment	Terrace/ Townhouse	Semi- detached	Detached	ALL
Antrim & Newtownabbey	£618	£658	£778	£953	£711
Ards & North Down	£767	£792	£899	£1,293	£886
Armagh Banbridge & Craigavon	£602	£625	£714	£843	£685
Causeway Coast & Glens	£619	£636	£687	£808	£688
Derry & Strabane	£592	£679	£748	£914	£676
Fermanagh & Omagh	£553	£604	£637	£693	£615
Lisburn & Castlereagh	£759	£791	£887	£1,158	£872
Mid & East Antrim	£610	£634	£709	£826	£666
Mid-Ulster	£572	£593	£661	£ 713	£639
Newry Mourne & Down	£635	£706	£773	£918	£765
<b>ALL (exc. Belfast)</b>	<b>£653</b>	<b>£ 685</b>	<b>£770</b>	<b>£937</b>	<b>£742</b>

# BELFAST METROPOLITAN AREA

Across the wider Belfast Metropolitan region, the district council areas adjacent to Belfast recorded variable rates of half-yearly and annual growth in average rents. In the **Antrim & Newtownabbey** district council area, average rents remained at around the same level as during the previous six-month period (£711; marginally down by 0.4%) but increased considerably in annual terms (up by 11.1%). In the **Ards & North Down** district, the average rent recorded modest growth, up 3.2% over the half year to £886 per month, with stronger growth again observed over the year (13.4%). A similar picture was evident in **Lisburn & Castlereagh**, where the average rent of £872 represented a 5.9% increase on the previous half year period, and considerable growth (15.1%) over the year.

## NORTH & NORTH WEST

In the North and North West, the district council areas also observed variable change over the half-year, but all recorded considerable growth in average rents over the year. In **Mid & East Antrim**, rents remained relatively stable over the half-year, with a marginal reduction of 0.6% bringing the average rent to £666 per month; however, over the year there was rental price growth of 11%. In the **Causeway Coast & Glens** area, average rents increased over the half year by 6.6% and 15% over the year, to £688. Likewise, for **Derry & Strabane**, at £676, the average rent had increased by 7.4% over the half-year, and 16.9% over the year.

## THE SOUTH

To the south, the picture was also one of rental price growth over the time periods analysed. For the **Armagh Banbridge & Craigavon** region, the rate of growth over the half year was 4.4%, to £685 per month, representing an increase of 10.9% over the year. In the **Newry Mourne & Down** district, the average rent was £765 per month, representing growth of 4.8% over the half year and 13.7% annually.

## THE WEST

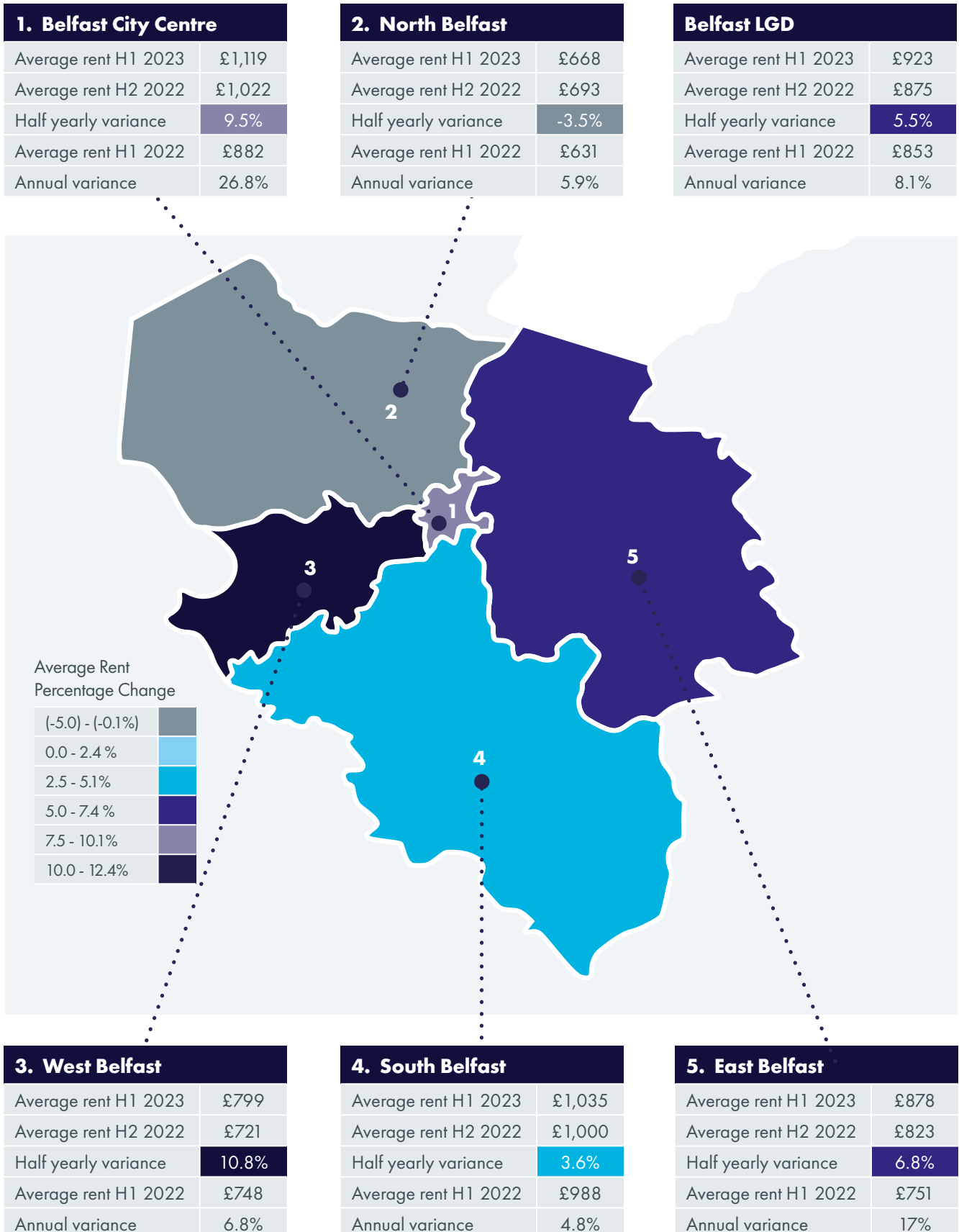
For the districts in the west of Northern Ireland, rental performance was strong but with more variability in growth observed over the year. In **Fermanagh & Omagh**, the average monthly rent increased by 2.7% over the half year to £615; at 8.4%, the annual rate of price growth was higher. In **Mid-Ulster** district price change over the half year period was more subdued, with average rents increasing by 1.9% to £639 per month. Again, however, a stronger rate of growth was observed over the year (6.6%).



# 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 2023



For this survey, the average rent for the BCCA stood at £923 per month, up by 5.5% on the previous six-month period, and up by 8.1% in annual terms. Whilst there is a degree of variability in performance across the sub-market areas, the analysis depicts a picture of strong growth in average rents across the year in the areas where there is most market churn. The City Centre recorded a considerable increase in average rents, up 9.5% to a peak of £1,119 per month, with the average rent up significantly by 26.8% over the year. North Belfast recorded an average monthly rent of £668, representing a half-yearly decrease in rent of 3.5%, although there was still an increase of 5.9% in average rent over the year.

In East Belfast the average rent increased over the half year, up 6.8% to a new peak of £878 per month, with rents considerably up by 17% over the year. Rental price growth was also evident in South Belfast, although at a more subdued level: average rents recorded a modest rate of growth over the half year period (up 3.6% to £1,035 per month), and an increase of 4.8% in annual terms. Average rent was also appreciably up in West Belfast, where there was an increase of 10.8% to £799 per month, up by 6.8% annually; this was the only geographical area of analysis where rents increased at a greater rate over the half year than the year, perhaps suggesting particular levels of recent pressure in the locality.

## BCCA AVERAGE RENT BY TYPE

The average rent across the Belfast City Council Area increased by 5.5% over the half year period to a height of £923 per month, with a higher rate of growth seen in annual terms (8.1%). Similar to the previous survey, rental growth was recorded across all property types, except in the detached sector (Table 5); the greatest half-yearly growth was in the semi-detached sector, in which average rent increased by 11% to £1,019 per month. Terrace/townhouse properties were up by 4.1% to £929 per month, and apartments also recorded strong growth over the half year, up 7.6% to £882 per month. Detached properties fell by 3.4% to £1,289 per month. In annual terms, the picture is one of considerable rental growth across most sectors, particularly in the semi-detached sector (18.6%). The analysis, particularly over the year, suggests latent pressures in the Belfast market in terms of growth in average rents.

**TABLE 5** Average Rent by Property Type, Belfast City Council Area, H1 2022-H1 2023

Property type	BCCA H1 2022	BCCA H2 2022	BCCA H1 2023	Half Yearly Δ	Annual Δ
Apartment	£815	£820	£882	7.6%	8.3%
Terrace/Townhouse	£874	£892	£929	4.1%	6.3%
Semi-detached	£859	£918	£1,019	11.0%	18.6%
Detached	£1,438	£1,335	£1,289	-3.4%	-10.4%
<b>ALL</b>	<b>£853</b>	<b>£875</b>	<b>£923</b>	<b>5.5%</b>	<b>8.1%</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 £1,422 in BT3 to £673 in BT13. Consistent with the previous survey evidence, this survey suggests less market churn in the one-bedroom and four-bedroom sectors at the postcode geography. This survey also observes the notable increase in 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 2023</b>					
<b>Postcode</b>	<b>1 Bed</b>	<b>2 Bed</b>	<b>3 Bed</b>	<b>4+ Bed</b>	<b>ALL</b>
BT1	£928	£1,195	*	*	£1,139
BT2	£893	£989	*	*	£1,069
BT3	*	£1,129	£1,422	*	£1,125
BT4	£667	£806	£883	£1,606	£904
BT5	£661	£808	£954	£1,392	£872
BT6	£660	£788	£902	£1,133	£841
BT7	£649	£895	£986	£1,435	£1,057
BT8	*	£827	£981	£1,203	£947
BT9	£688	£897	£1,122	£1,526	£1,033
BT10	£723	£873	£919	£921	£883
BT11	*	£692	£788	*	£725
BT12	*	£749	£777	£1,627	£803
BT13	£510	£647	£673	*	£648
BT14	£567	£616	£743	£924	£666
BT15	£518	£639	£779	£1,074	£685
BT16	*	£804	£976	*	£914
BT17	*	£764	£879	*	£815
BT18	*	£942	£1,065	£1,821	£1,104
BT19	*	£790	£966	£1,186	£932
BT20	*	£721	£941	£1,089	£831
BT23	£608	£698	£812	£1,266	£790
BT26	*	£859	£1,040	£1,516	£999
BT27	*	£695	£793	£1,229	£828
BT28	*	£740	£832	£1,121	£816
BT36	*	£707	£749	*	£727
BT37	*	£623	£742	*	£692
BT38	£502	£640	£730	£1,077	£711

\* denotes insufficient sample size

# REGIONAL ANALYSIS BASED ON HOUSING MARKET AREAS

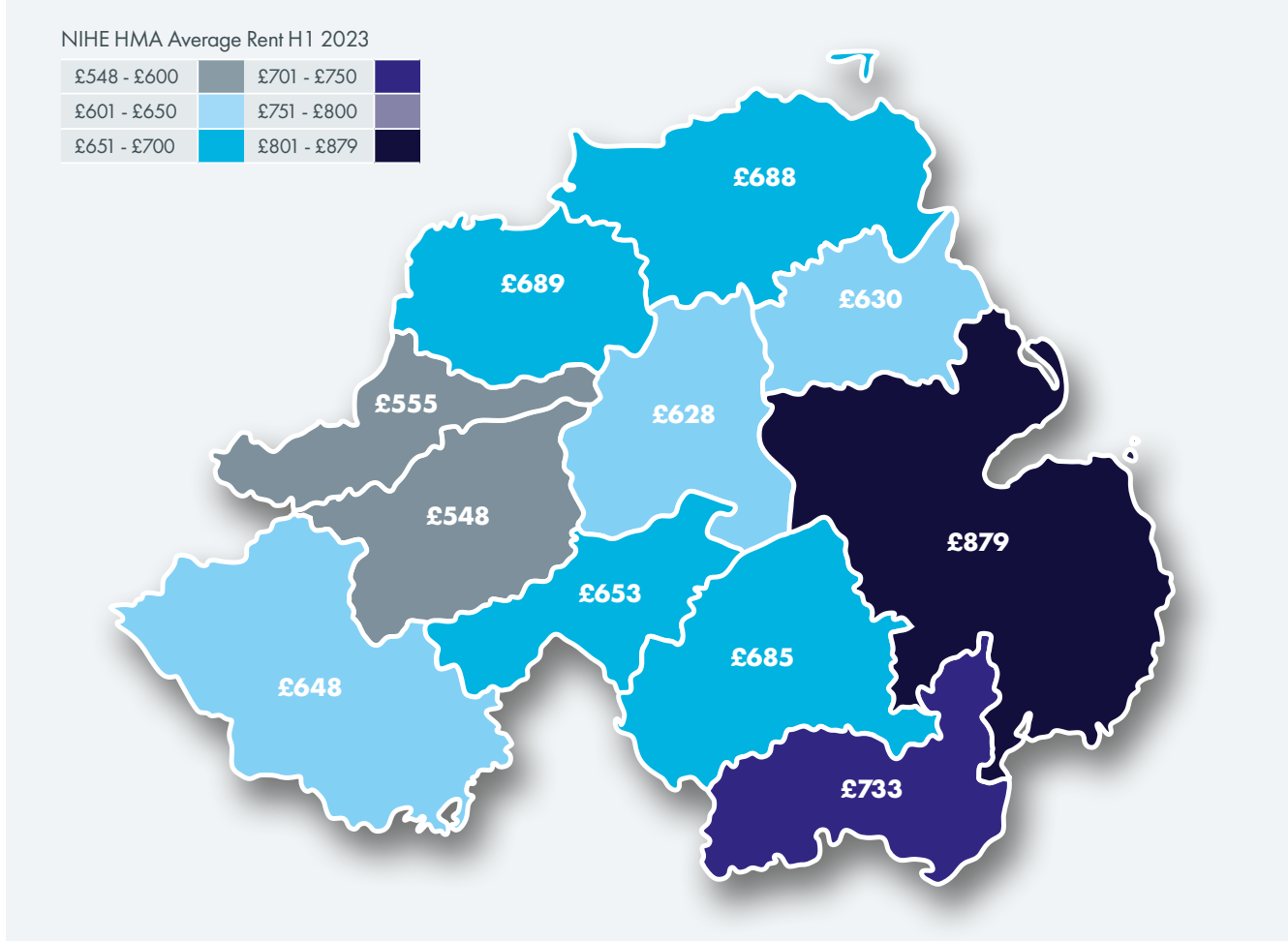
Regional analysis is also undertaken using the functional Housing Market Areas (HMAs), defined on the basis of research that was undertaken for the Housing Executive to help guide spatial study of the housing system<sup>3</sup>.

## Functional Housing Market Areas H1 2023

Figure 7 presents the average rents across the HMAs, with the statistics revealing modest to strong rates of rental growth across most areas. Unsurprisingly, the Belfast Metropolitan HMA displayed an average rent of £879 per month, up 5% on the previous half year. On the urban belt, the Craigavon HMA is up by 4.4% (£685) with Dungannon HMA (£653) again marginally up by 1.4% on the previous survey.

In the more rural HMAs the picture was more varied. In the West, average rents in Cookstown HMA were slightly up by 2% over the half year to £628 per month and the Fermanagh HMA was relatively unchanged, marginally up 0.8% over the period to stand at a high of £648. The Omagh HMA stood unchanged, with an average rent of £548 per month. To the South, the Newry HMA also remained unchanged at £733 per month. In the North, the Ballymena HMA recorded a modest decrease in average rent, down by 6.5% to £630 per month. Similar to the previous survey, the Derry (£689) and Causeway Coast (£688) HMAs again recorded strong rates of growth, up by 8.4% and 6.6% respectively, while the Strabane HMA observed a nominal decrease in rent, down by 0.7% over the half year to £555 in this survey.

**FIGURE 7** Rental Performance by functional Housing Market Areas (HMAs), H1 2023



<sup>3</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)

# AGENTS INSIGHTS H1 2023

Previous editions of the survey have recorded rental growth against the lack of rental supply as an ongoing challenge to the sector. In addition to the reported data analysis, this survey also reports on rental agent sentiment from across the market to gather current insights on rental performance and issues.

## Rental market enquiries, activity and lettings

When asked about the levels of market activity and lettings, agents were in agreement that the rental sector remained extremely busy, with strong demand fuelling unprecedented levels of enquiries against limited supply:

- "Demand outstrips supply."
- "Busy. Not enough rentals for the demand."
- "The rental market is extremely busy with large amounts of enquiries, activity and lettings over the last six months."
- "Very busy, we have multiple enquiries within minutes of listing a property for rent."

This sentiment echoes that of the previous survey, in which the market evidence depicted a picture of a supply crunch with multiple enquiries and waiting lists for lettings and insufficient product to meet demand levels.

## Rent inflation

Considering rental price change, agents considered that the buoyancy of the market and the lack of supply had continued to drive rental inflation in the sector:

- "Rents have increased by approximately 10% due to lack of supply."
- "Rents continue to increase due to the lack of stock available on the market."
- "We estimate that rent prices have increased by at least 10% in general over the last 12 months."

Other agents noted the cost-of-living crisis and implications of mortgage interest rate hikes on the sector. As one agent stated:

- "Rents have increased, partly due to the increase in borrowing costs and partly as a result of poor government policy towards landlords in terms of taxation, capital gains and over legislating. Landlords are leaving the sector, not joining it, creating a supply problem and further pushing up rents."

This was supported by other agents who identified that:

- "[Rents] have increased a lot due to the lack of supply and high demand. Also the interest rate increase means landlords need more to cover expenses."



## Key challenges

For this survey, evidence from agents again points to market pressures relating to supply and the implications of the mortgage interest rate hikes on landlords, as well as the effects of decreased discretionary household expenditure as the economy seeks to fight the runaway inflation. This is placing greater strain on renters and affordability:

- "Lack of stock is a key issue, and I can't see enough properties coming to market in the foreseeable future."
- "Continual mortgage interest rate hikes are making rents unaffordable and causing landlords to exit the sector."
- "Prices are getting unaffordable and not enough rental properties."
- "Lack of available properties and rents increasing beyond anyone's affordability."

Some agents have identified a number of knock-on effects of the current situation, such as tenants refusing to leave properties, which can have legal implications for both landlords and tenants:

- "Ensuring that tenants can afford to pay the higher rent prices, ensuring that rent arrears remain at a manageable level. We also have seen an increase of tenants refusing to leave rental properties when served notice to do so as they are unable to obtain alternative rental accommodation."

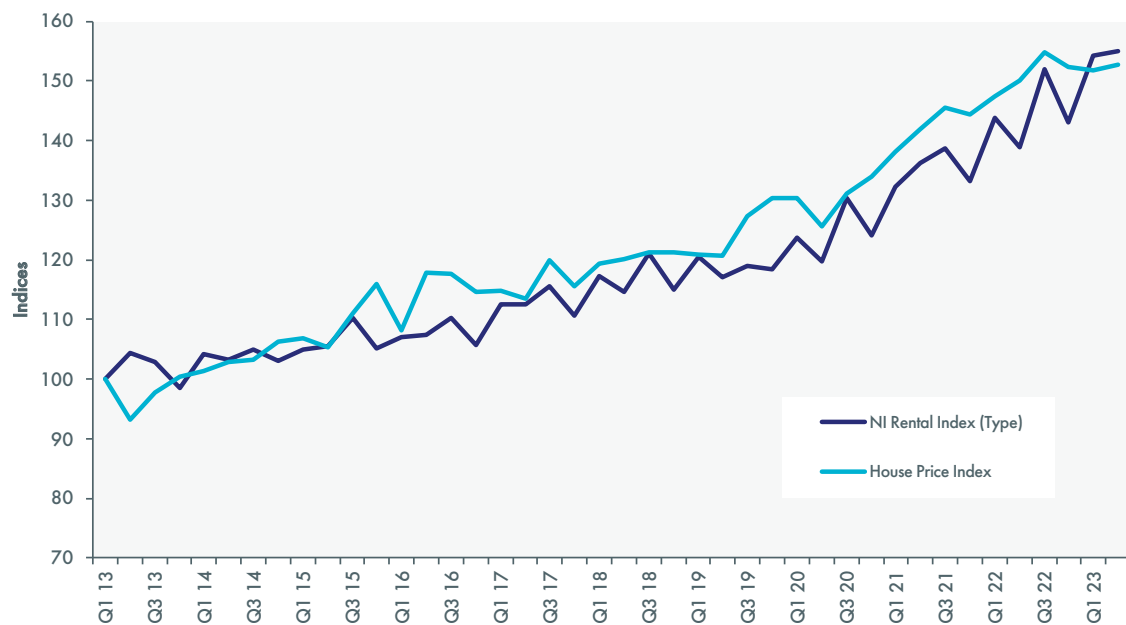




# THE NORTHERN IRELAND PRIVATE RENTAL INDEX

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 155.1 at Q2 2023, up twelve points from the same period last year (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. In a break with trend, the index increased over quarter two of the year, albeit at a slower rate, suggesting that growth in average rents is slowing and perhaps reaching a ceiling. Over the same period, the Northern Ireland house price index largely held, with a smoothing of the trend on a slightly downward trajectory. This reflects market conditions where growth in the sector has been dampened by the economy and mortgage environment. The historical index trend shows that there have been previous points where the indices have converged; however, this is the first time since Q1 2014 when the Rental Index has passed the House Price Index, reflecting the comparative acceleration of average rents against holding house prices. This illustrates the difficult market conditions in the rental sector, particularly in terms of the demand and supply imbalance.

**FIGURE 8** Rental Index v House Price Index trend, Q1 2013-Q2 2023





## CONCLUSION

Once again, the dominant finding of this reporting period is of unprecedented and rapid rental inflation. Warning signals are once again evidenced within this survey, which shows record average rents and key challenges relating to supply and tenant tenure options.

The analysis for the first half of this year indicates that the average rent has increased by 5% on the previous six months to £817 per month, up 10% annually. At the regional level, similar rates of growth were recorded in the BCCA over the half year, up by 5.5% to £923 and by 8.1% annually. Likewise, in districts outside of Belfast, average rents increased by 4.7% over the half year period, with a stronger rate of growth observed annually (12.9%). Whilst there is regional variability, the statistics are supported by province wide rental agent opinion, which indicates that latent affordability and supply pressures within a fast-paced rental sector are leading to rental difficulties and in some instances tenants refusing to leave properties when served with notice to quit by landlords exiting the sector.

Following fourteen consecutive interest rate hikes and persistent inflation, the rental market continues to be squeezed in terms of affordability and the erosion of discretionary household expenditure. Previous editions of the survey have warned of a rental market in considerable trouble. There continues to be a trend of more tenants in the market, but with fewer rental properties available to meet demand and, importantly, provide tenure options. With no signs of abatement, and with affordability at the tipping point or margins for many tenants and landlords, this is leading to a housing crisis within the Northern Ireland rental sector. Thus, given the analysis in this report, and the warnings forecast in previous editions of a supply crunch, against a progressively difficult economic environment for both landlords and tenants, a very real concern is the lack of much needed support measures for those within the rental sector from Government.



## 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 2023

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
H2 2022	5,958	2,490	3,468
H1 2023	5,394	2,244	3,150

**FIGURE 3** Number of lettings by Local Government District (outside Belfast), H2 2022- H1 2023

LGD	H2 2022	H1 2023
Antrim & Newtownabbey	369	320
Ards & North Down	501	533
Armagh, Banbridge & Craigavon	653	544
Causeway Coast & Glens	232	188
Derry & Strabane	206	189
Fermanagh & Omagh	152	183
Lisburn & Castlereagh	390	438
Mid & East Antrim	407	301
Mid Ulster	360	283
Newry, Mourne & Down	198	171
<b>TOTAL</b>	<b>3,468</b>	<b>3,150</b>

**FIGURE 4** Proportion of properties let by rent band – NI, BCCA and other LGDs, H1 2023

Rental Band	NI (%)	Belfast (%)	LGDs (%)
<£300	0	0.1	0
£300 - £399	0.4	0.3	0.5
£400 - £499	4.4	3	5.4
£500 - £599	13	6.4	17.7
£600 - £699	22.5	13.8	28.7
£700 - £799	19.7	19.4	19.9
£800 - £899	14.3	17.2	12.3
£900 - £999	8.6	11.5	6.6
£1,000 - £1,099	3.7	5.3	2.5
>£1,100	13.3	23	6.3

**Average Rent by Quarter, Northern Ireland, Q1 2015 - Q2 2023**

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	£795	£759
2023	£814	£821		