

Performance of the PRIVATE RENTAL MARKET IN NORTHERN IRELAND

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IN MEMORIAM

This edition of the Rental Performance Index is dedicated to the memory of our late dear colleague and friend, Professor Stanley McGreal, who passed away suddenly on 18 July 2024.

Stanley was a distinguished academic and mentor, earning him the greatest respect and admiration from colleagues. As one of life's true gentlemen, his wisdom, humour and expertise left an indelible mark on all who had the privilege of knowing him and he will be sadly missed by his extended academic family and friends worldwide.

Semper desiderari

INTRODUCTION

This survey analyses the performance of the Northern Ireland rental market during the first half (January to June; 'H1') of 2024. 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 2023 as a measure of half yearly change and with the same period in 2023 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 6,307 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 reports, 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 overall 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

Consistent with our forecast on the previous survey, improved conditions in the mortgage environment, reduced inflation and market equilibrium pricing adjustments have begun to filtrate into the rental sector in terms of inventory and average rents. The survey observes some evidence of improved inventory flow across some rental locations and with this a stabilisation in average rents – suggesting signs that the sector will plateau in some areas and that growth in average rents will ease off as we progress through the rest of the year. However, rents remain elevated, with growth in average rents over the year to a peak in areas where market vibrancy and supply constraints continue to present challenges for the sector and particularly rental affordability.

The key headlines relating to the rental market in H1 2024 are:

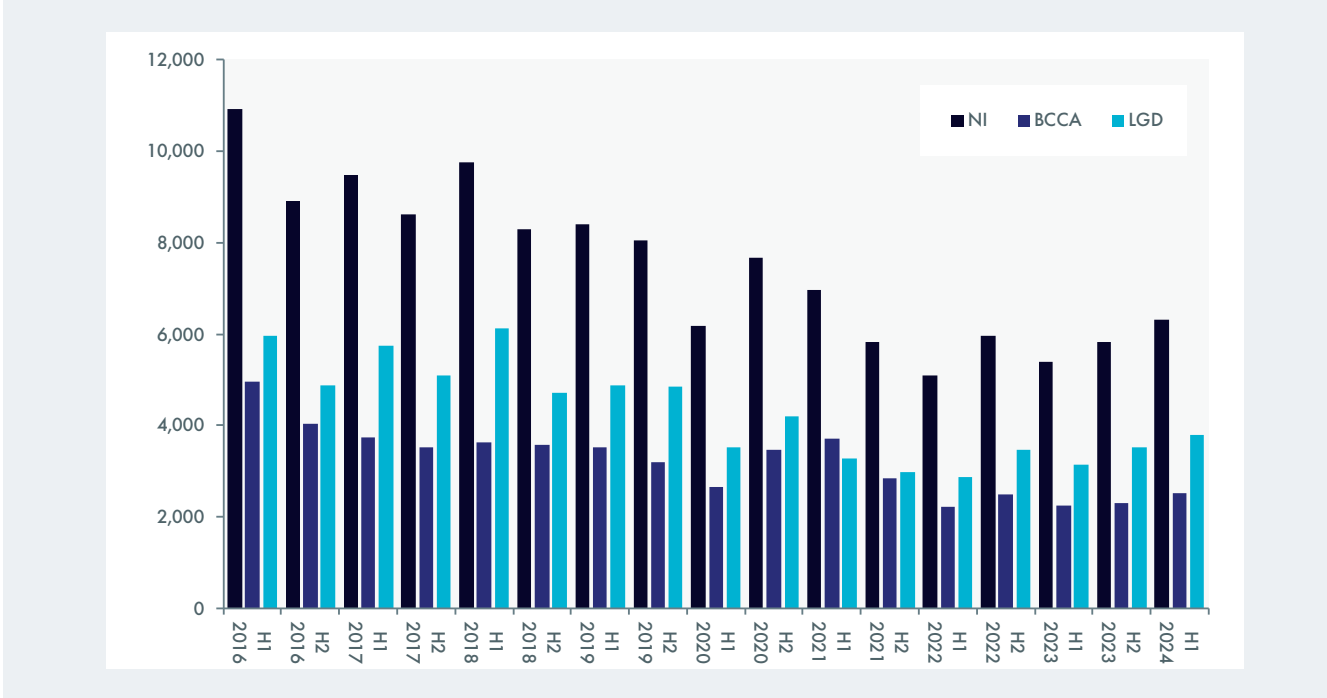
- average rents across Northern Ireland increased by 4.4% over the half year to £886 per month; appreciably up by 8.5% compared to the same period last year
- the average monthly rent across the Belfast City Council Area (BCCA) increased by 7.4% to £1,019, up 10.4% in annual terms
- outside of Belfast, the average aggregated LGD rent was up by 1.7% over the half year period to £797 per month, and up by 7.5% over the year
- The Rental Performance Index stands at 169.6 at Q2 2024, up by 14.5 percentage points from the same period last year.

RENTAL TRENDS

Number of Lettings

Over the first six months of 2024, this survey captured 6,307 rental transactions across Northern Ireland, representing an 8.5% increase on the previous six-month period. Annual comparison with the same period last year (H1 2023) indicates a 16.9% increase in the number of rental market transactions, suggesting latent market churn in the sector. **Figure 1** depicts a longer-term downward trend in transactions. While it is likely that this is primarily due to the lack of rental stock and landlords exiting the sector, another contributing factor may be an increased level of vacancy within the rental market in some locations, as households in some locations struggle with rental affordability at current prices.

FIGURE 1 Number of lettings – NI, Belfast City Council Area and other LGDs, H1 2016-H1 2024

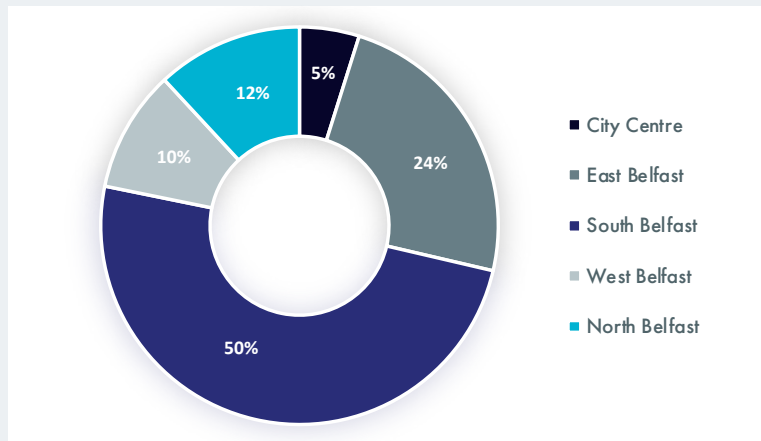


Belfast City Council Area

Within the Belfast City Council Area (BCCA), there was a sample of 2,528 lettings across the first half of 2024, reflecting a 10.4% increase on the last six months of 2023. The annual trend also records increase in transactions in this reporting cycle, up 12.7% compared with the same period in 2023, when the number of recorded lettings in the Belfast Area was almost at a record low. For this survey, the Belfast rental market accounted for 40.1% of all rental transactions over the half year period, a composition similar to the previous survey (39.4%) and broadly in line with longer run trends; the proportion of the overall sample accounted for in Belfast has declined year-on-year due to market stress and supply pressures within the Belfast area.

In terms of market share, properties in South and East Belfast (50% and 24% of lettings respectively) continue to account for the greatest proportion of transactions, with South Belfast increasing its share of the sample. Consistent with previous surveys, a comparatively lower volume of rental activity was recorded in the North (12%) and West (9%) reflecting the different housing market structures across Belfast district (**Figure 2**).

FIGURE 2 Proportion of lettings by sub-market, Belfast City Council Area, H1 2024

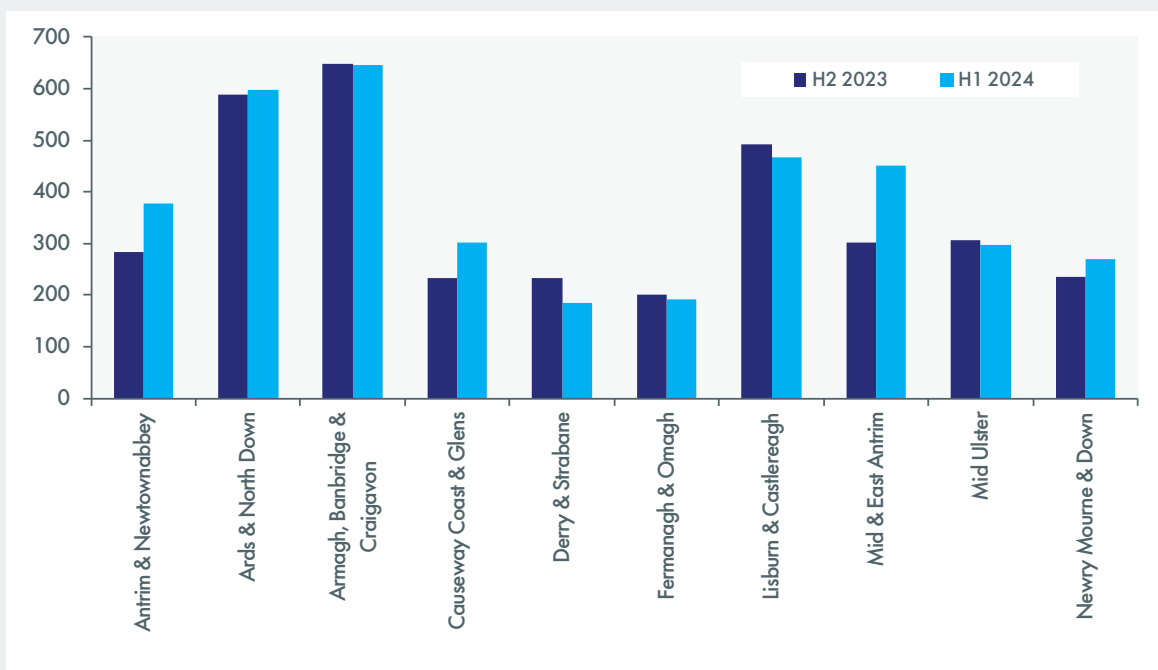


Local Government Districts

For this reporting period, there were 3,779 lettings in LGDs outside of Belfast: up by 7.2% over the half year and considerably up by a rate of 20% in annual terms. The half year and annual statistics in this survey provide further evidence that renters continue to look for tenure options outside of the main Belfast area and that increased rental inventory is dripping into the sector. Overall, the survey indicates that LGDs outside of BCCA accounted for a slightly increased market share at 59.9% of all rental transactions in Northern Ireland, up from the previous survey (H2 2023: 58.2%).

Figure 3 presents the number of rental transactions across all LGDs in H1 2024 relative to the previous half-year reporting period (H2 2023). As in previous surveys, the rental markets within the wider Belfast metropolitan area and along the main arterial corridor to Belfast continue to record the highest levels of rental activity. However, this survey reveals some differences. Armagh, Banbridge & Craigavon experienced the highest number of transactions in the sample (645), followed by Ards & North Down (598), Lisburn & Castlereagh (466), Mid & East Antrim (450), and Antrim & Newtownabbey (377). Derry & Strabane (184) and the more rural districts of Fermanagh & Omagh (191), Newry, Mourne & Down (270) and Mid Ulster (297) accounted for fewer transactions, though some areas saw increased activity.

FIGURE 3 Number of lettings by Local Government District (outside Belfast), H2 2023 and H1 2024



MARKET SHARE

As previous survey evidence has identified, the composition of the transacting rental stock has remained highly consistent with the longer-term trends. For this survey, the market structure remains broadly the same as the previous edition of the report, with the terrace/townhouse sector accounting for the largest proportion of market share (37%), followed by apartments (34%). The market share of the semi-detached sector (17%) slightly decreased from the previous survey, while the detached sector (12%) remained the same.

In the Belfast rental market, the largest sector continued to be apartments (46%), with the share increasing slightly from the previous survey (H2 2023; 44%). The market proportion of terrace/townhouses was down marginally (42%). In combination, the apartment and terrace/townhouse sectors accounted for 88% of all rental properties transacting in Belfast. Consistent with the previous reporting period, a low volume of lettings for semi-detached (9%) and detached properties (2%) were recorded over the half year.

For LGDs outside Belfast, the distribution of rental lettings by property type remained broadly similar compared to the previous reporting period. Terrace/townhouse properties accounted for just over one third of transactions in the sample (34%), apartments comprised 26% of the market, semi-detached properties accounted for just over one-fifth (22%) of rentals, and the detached sector made up 18% of the market. The figures again confirm the different market composition of the Belfast City Council Area compared to other local authority areas.

TABLE 1 Properties let by type, H1 2024

Property type	NI	HY Δ	BCCA	HY Δ	LGDs	HY Δ
Apartment	2,150 (34%)	14.2%	1,170 (46%)	16.4%	980 (26%)	11.6%
Terrace/Townhouse	2,359 (37%)	8.0%	1,072 (42%)	8.1%	1,287 (34%)	7.9%
Semi-detached	1,065 (17%)	-1.5%	229 (9%)	-5.0%	836 (22%)	-0.5%
Detached	733 (12%)	10.1%	57 (2%)	9.6%	676 (18%)	10.1%
ALL	6,307	8.5%	2,528	10.4%	3,779	7.2%

Δ denotes percentage change by comparison with the number of properties of each type in the previous half-year sample.

The market composition by number of bedrooms remains 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 the majority of all lettings (78%) over the first half of the year. A similar trend was seen in the BCCA, where three-quarters (74%) of properties let were in these categories, with two-bedroom properties accounting for just under half of the market share (49%). By comparison, the analysis indicates that three-bedroom properties accounted for nearly half (48%) of rental transactions in LGDs outside of the BCCA, with two-bedroom properties standing at one-third (33%) of lettings. The analysis once again confirms the difference in market composition by bedroom categories.

TABLE 2 Properties let by size, H1 2024

No. of bedrooms	NI	HY Δ	BCCA	HY Δ	LGDs	HY Δ
1 Bedroom	617 (10%)	8.6%	316 (13%)	6.8%	301 (8%)	10.7%
2 Bedroom	2467 (39%)	10.8%	1,227 (49%)	5.2%	1,240 (33%)	17.0%
3 Bedroom	2434 (39%)	5.2%	624 (25%)	13.0%	1,810 (48%)	2.7%
4+ Bedroom	789 (13%)	11.6%	361 (14%)	30.8%	428 (11%)	-0.7%
ALL	6,307	8.5%	2,528	-9.9%	3,779	7.2%

Δ denotes percentage change by comparison with the number of properties of each size in the previous half-year sample.

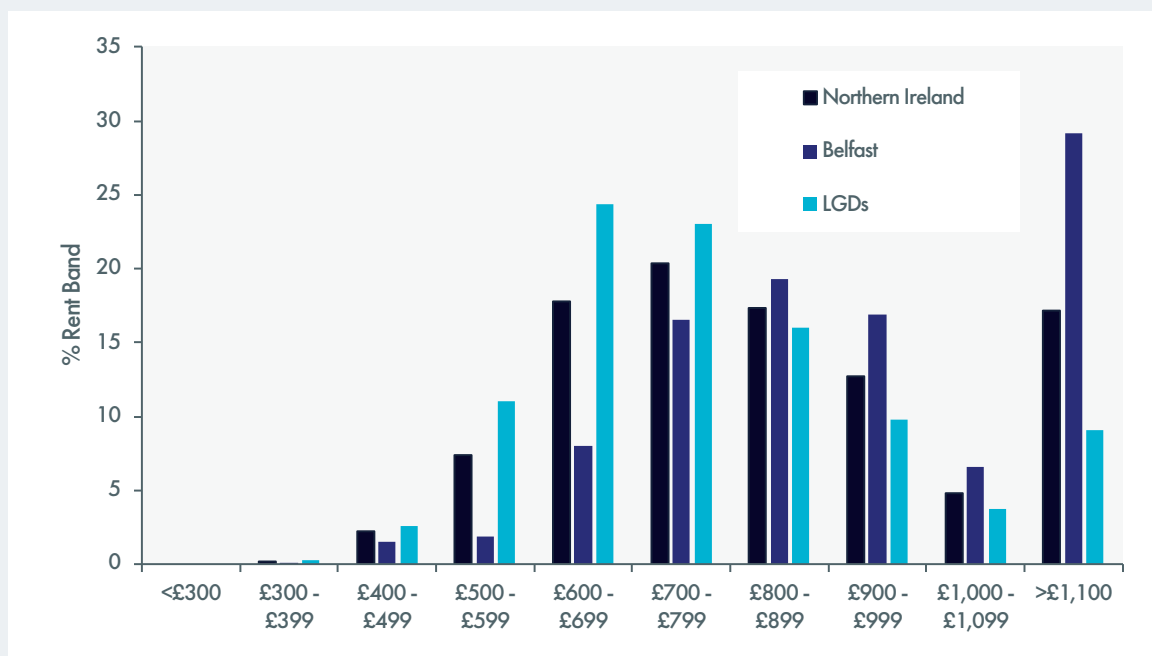
DISTRIBUTION OF RENTS

Considering the distribution of average rents, the analysis for the first half of 2024 indicates that 7.4% of rental properties in Northern Ireland fell within the £500-£599 rent band, falling from 8.7% in the previous survey and by almost 6 percentage points compared to the same period last year (13%: H1 2023). For BCCA, only 1.9% of properties were in this category, down from 2.4% in the previous survey and by more than 5 percentage points compared to last year. The BCCA figure is notably lower than the other aggregated LGDs, in which 11% of properties sampled had monthly rents between £500 and £599; however, this also reflects a 2.7% decrease from the previous survey and by almost 8 percentage points over the year (17.7%: H1 2023).

Overall, the proportion of rents in Northern Ireland above £600 has increased, highlighting the continued rise in average rents: 90.2% of rental transactions were above this rent level, up from 88.7% in the previous survey, and by over 8 percentage points from last year (82.1%: H1 2023). For BCCA, the proportion of rentals above £600 marginally increased to 96.5% from 96.2% in H2 2023, and by 6.3 percentage points from last year (90.2%: H1 2023). Similarly, the proportion of rents above £600 in LGDs outside of Belfast rose from 83.6% in H2 2023 to 86%, marking a 10-percentage point increase over the year (76.3%: H1 2023). These statistics confirm the considerable shift in the structure of average rents over the past year.

Other notable trends include a similar proportion of lettings (around one-fifth; 19-20%) in the £700-£799 category for Northern Ireland, Belfast, and LGDs. Additionally, the highest rent bracket (>£1,100) accounted for 17.2% of all lettings across Northern Ireland, up from 14.9% in the last six months of 2023. This increase is influenced by the Belfast market, where over a quarter (29.2%) of all lettings were within this price band; in LGDs outside Belfast, the proportion was 9.1%, up from 8.8% in the previous survey (H2 2023). These statistics illustrate the impact of escalating rents on the rent structure in Northern Ireland, with clear implications for market affordability and tenure options.

FIGURE 4 Proportion of properties let by rent band – NI, BCCA and other LGDs, H1 2024





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, and that rental variance is wider in some locations than others. 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)¹ 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 37%. In contrast to the previous survey, the CoV has fallen across several LGDs, reflecting some tightening of the variation and availability of rental stock in these areas (Table 3). Overall, however, the CoV has increased across most LGD locations reflecting higher variation in market rents due to market equilibrium effects, household income and increases in average rents.

TABLE 3 Average, median, 25th and 75th percentile rents and coefficient of variance by LGD, H1 2024

Council area	Average rent (£)	Coefficient of variance (%)	Median rent (£)	25 th percentile	75 th percentile
Antrim & Newtownabbey	£763	24	£750	£675	£877
Ards & North Down	£942	37	£850	£730	£1,000
Armagh Banbridge & Craigavon	£734	25	£700	£625	£819
Belfast	£1,019	37	£904	£788	£1,150
Causeway Coast & Glens	£725	21	£710	£621	£793
Derry & Strabane	£704	26	£659	£575	£800
Fermanagh & Omagh	£665	27	£650	£552	£721
Lisburn & Castlereagh	£930	32	£888	£750	£1,000
Mid & East Antrim	£758	30	£705	£618	£819
Mid-Ulster	£693	24	£668	£600	£750
Newry Mourne & Down	£821	23	£796	£700	£900

¹ 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 2024

Rental Price Annual Percentage Change

(-2.0) - (-0.1%)	4.0 - 5.9%
0.0 - 1.9%	6.0 - 7.9%
2.0 - 3.9%	8.0 - 9.9%

Mid and East Antrim

Average rent H1 2024	£758
Average rent H2 2023	£745
Half yearly variance	1.7%
Average rent H1 2023	£666
Annual variance	13.8%

Northern Ireland

Average rent H1 2024	£886
Average rent H2 2023	£849
Half yearly variance	4.4%
Average rent H1 2023	£817
Annual variance	8.5%

Antrim and Newtownabbey

Average rent H1 2024	£763
Average rent H2 2023	£763
Half yearly variance	0%
Average rent H1 2023	£711
Annual variance	7.3%

Causeway Coast and Glens

Average rent H1 2024	£725
Average rent H2 2023	£720
Half yearly variance	0.7%
Average rent H1 2023	£688
Annual variance	5.4%

Belfast

Average rent H1 2024	£1,019
Average rent H2 2023	£949
Half yearly variance	7.4%
Average rent H1 2023	£923
Annual variance	10.4%

Derry and Strabane

Average rent H1 2024	£704
Average rent H2 2023	£715
Half yearly variance	-1.6%
Average rent H1 2023	£676
Annual variance	4.0%

Fermanagh and Omagh

Average rent H1 2024	£665
Average rent H2 2023	£612
Half yearly variance	8.7%
Average rent H1 2023	£615
Annual variance	8.1%

Mid Ulster

Average rent H1 2024	£693
Average rent H2 2023	£676
Half yearly variance	2.6%
Average rent H1 2023	£639
Annual variance	8.5%

Armagh, Banbridge and Craigavon

Average rent H1 2024	£734
Average rent H2 2023	£734
Half yearly variance	0%
Average rent H1 2023	£685
Annual variance	7.2%

Lisburn and Castlereagh

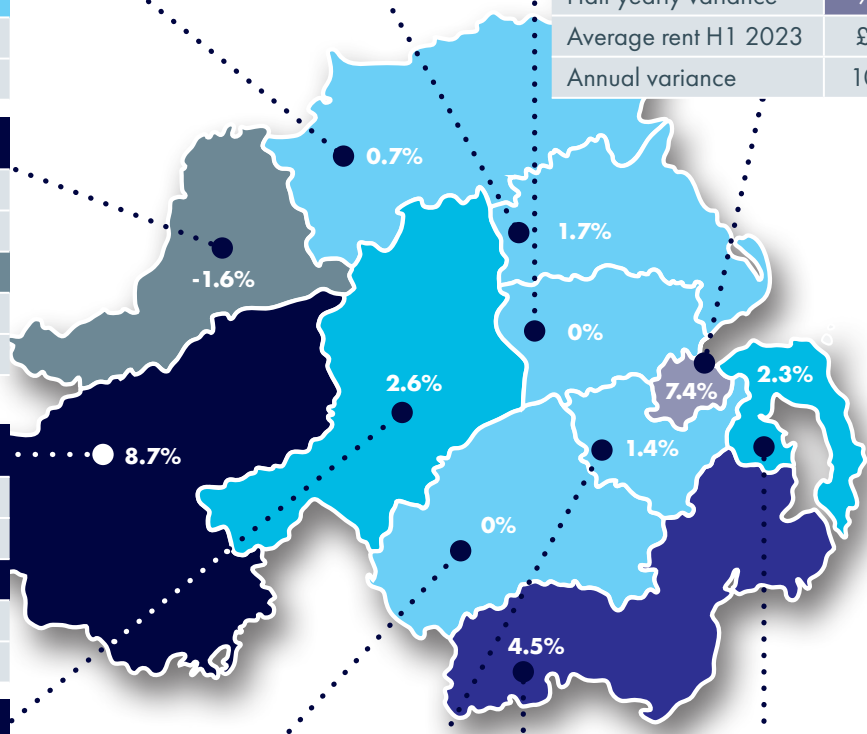
Average rent H1 2024	£930
Average rent H2 2023	£917
Half yearly variance	1.4%
Average rent H1 2023	£872
Annual variance	6.7%

Ards and North Down

Average rent H1 2024	£942
Average rent H2 2023	£921
Half yearly variance	2.3%
Average rent H1 2023	£886
Annual variance	6.3%

Newry, Mourne and Down

Average rent H1 2024	£821
Average rent H2 2023	£786
Half yearly variance	4.5%
Average rent H1 2023	£765
Annual variance	7.4%



NORTHERN IRELAND

The statistics show continued rates of growth in average rents across Northern Ireland, which were up overall by 4.4% over the half year to £886 and by 8.5% 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 increased by 5.6% to £849 per month. Terrace/townhouse properties recorded a similar growth rate, up 5.8% to £880 per month. Semi-detached properties saw a more modest increase of 2.6% to £878 per month. Detached properties experienced nominal change over the period, with average rents rising by 0.7% to £1,025 per month.

LOCAL GOVERNMENT DISTRICTS OUTSIDE BELFAST

The analysis of rental trends across LGDs outside of Belfast indicates a mixed picture, with some areas experiencing significant rent increases while others show signs of stabilisation. This survey again reveals strong rates of rental growth across most locations outside the Belfast City Council Area (BCCA), albeit to varying degrees. Taken together, the average rent stood at £797 per month, up by 1.7% over the half year, and appreciably up by 7.5% annually. The average rent remains below the overall Northern Ireland average monthly rent of £886, with the rental gap increasing to £89 from the previous survey (£65). Table 4 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 almost all LGDs 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 2024

Council area	Average rent by property type (£)				
	Apartment	Terrace/ Townhouse	Semi- detached	Detached	ALL
Antrim & Newtownabbey	£707	£736	£870	£1,043	£763
Ards & North Down	£864	£870	£949	£1,342	£942
Armagh Banbridge & Craigavon	£597	£683	£769	£913	£734
Causeway Coast & Glens	£679	£661	£753	£832	£725
Derry & Strabane	£632	£658	£800	£857	£704
Fermanagh & Omagh	£585	£638	£666	£774	£665
Lisburn & Castlereagh	£811	£851	£950	£1,212	£930
Mid & East Antrim	£670	£683	£826	£1,052	£758
Mid-Ulster	£584	£662	£709	£770	£693
Newry Mourne & Down	£717	£782	£828	£980	£821
ALL (exc. Belfast)	£714	£741	£825	£990	£797

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 the same as during the previous six-month period (£763), but increased considerably in annual terms (up by 7.3%). In the **Ards & North Down** district, the average rent recorded modest growth, up 2.3% over the half year to £942 per month, with stronger growth observed over the year (6.3%). A similar picture was evident in **Lisburn & Castlereagh**, where the average rent of £930 represented a 1.4% increase on the previous half-year period, and a notable growth of 6.7% over the year.

NORTH & NORTH WEST

In the North and Northwest, the district council areas also observed variable changes over the half-year, but all recorded considerable growth in average rents over the year. In **Mid & East Antrim**, rents increased slightly over the half-year by 1.7%, bringing the average rent to £758 per month; over the year, there was a more substantial rental price growth of 13.8%. In the **Causeway Coast & Glens** area, average rents increased by 0.7% over the half year to £725 and by 5.4% over the year. Similarly, for **Derry & Strabane**, the average rent of £704 reflected a 1.6% decrease over the half-year but increased by 4.0% annually.

THE SOUTH

To the south, the picture was one of rental price growth over the time periods analysed. For the **Armagh, Banbridge & Craigavon** area, the average rent remained stable over the half year at £734, representing an increase of 7.2% over the year. In the **Newry, Mourne & Down** district, the average rent was £821 per month, showing growth of 4.5% over the half year and 7.4% annually.

THE WEST

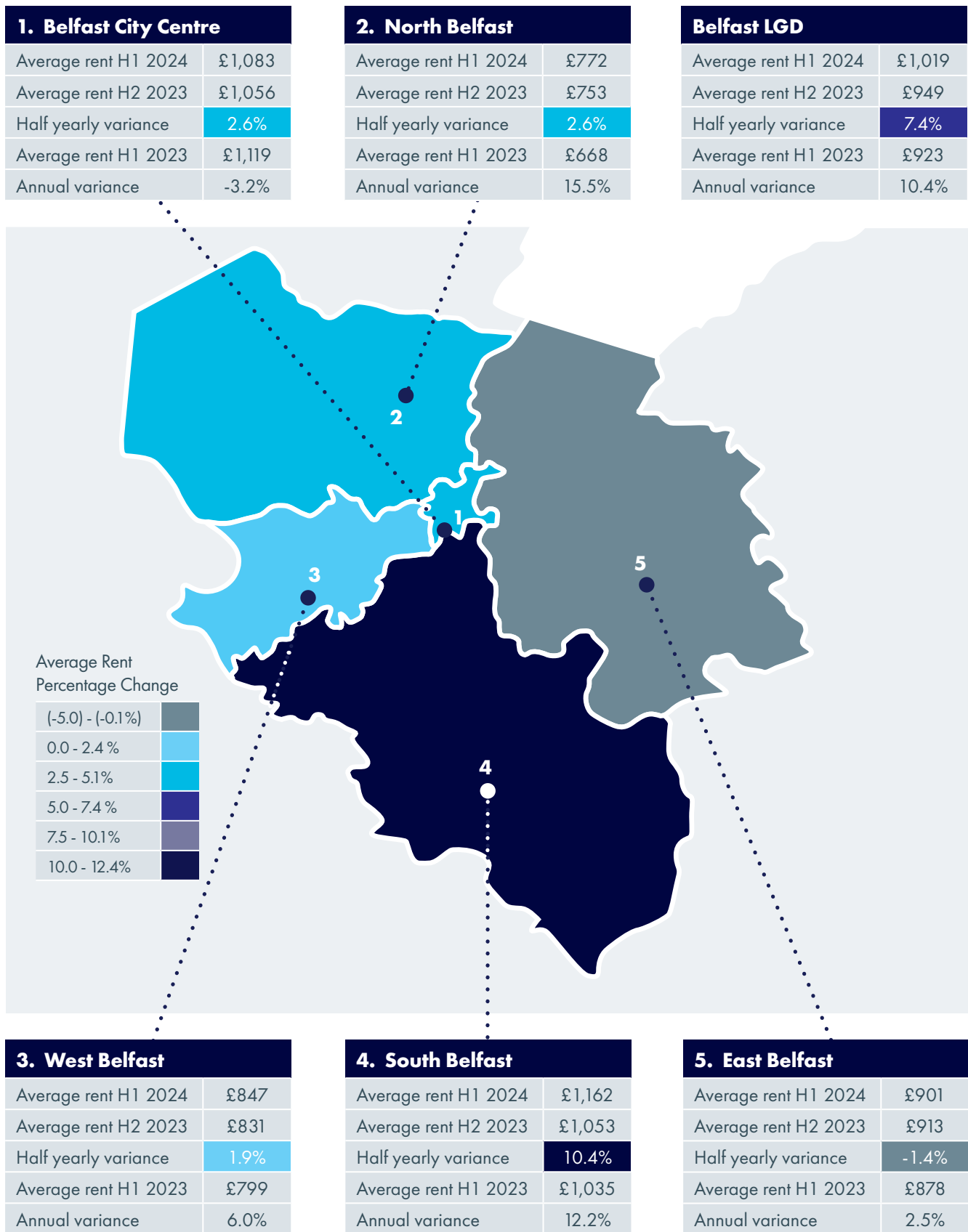
For the districts in the west of Northern Ireland, rental performance was strong, with some variability in growth observed over the year. In **Fermanagh & Omagh**, the average monthly rent increased by 8.7% over the half year to £665, with an annual rate of price growth at 8.1%. In **Mid-Ulster** district, the average rents increased by 2.6% over the half-year period to £693 per month, with a stronger rate of growth observed over the year at 8.5%.



BELFAST CITY COUNCIL AREA

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

FIGURE 6 Average Rent in BCCA, H1 2024



The Belfast LGD remains the most expensive region for renting in Northern Ireland, with the average rent increasing by 7.4% over the half-year period to £1,019 per month, and an annual increase of 10.4%. While 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. Belfast City Centre recorded a moderate increase in average rents, up 2.6% to £1,083 per month, though a decrease of 3.2% annually. North Belfast saw an average monthly rent of £772, representing a half-yearly increase of 2.6% and a significant annual increase of 15.5%. South Belfast experienced a notable increase in average rents, up 10.4% to £1,162 per month, and up 12.2% annually. East Belfast had a slight decrease over the half year, down 1.4% to £901 per month, with a modest annual increase of 2.5%. West Belfast showed an increase in average rents, up 1.9% to £847 per month, and up 6.0% annually. This analysis suggests that while there are local differences, there is overall strong growth in the average rents across Belfast, particularly in areas with high market activity.

BCCA AVERAGE RENT BY TYPE

The average rent across the Belfast City Council Area increased by 7.4% over the half-year period to a height of £1,019 per month, with a higher rate of growth seen in annual terms (10.4%). 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 terrace/townhouse sector, where the average rent increased by 10.2% to £1,047 per month. Apartments also recorded strong growth over the half year, up 6.8% to £963 per month. Semi-detached properties saw a more modest increase of 3.1% to £1,071 per month, while detached properties fell slightly, by 0.9%, to £1,435 per month. In annual terms, the picture is one of considerable rental growth across most sectors, particularly in the detached sector (11.3%). 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 2023-H1 2024

Property type	BCCA H1 2023	BCCA H2 2023	BCCA H1 2024	Half Yearly Δ	Annual Δ
Apartment	£882	£901	£963	6.8%	9.1%
Terrace/Townhouse	£929	£950	£1,047	10.2%	12.8%
Semi-detached	£1,019	£1,038	£1,071	3.1%	5.1%
Detached	£1,289	£1,449	£1,435	-0.9%	11.3%
ALL	£923	£949	£1,019	7.4%	10.4%

Δ denotes percentage change in average rent



RENT AT POSTCODE LEVEL

The rent grid (Table 6) summarises the average monthly rents across the wider Belfast Metropolitan Area, highlighting significant variations at the postcode level by the number of bedrooms. For example, the average rent for a three-bedroom property ranged from £1,241 in BT18 to £738 in BT36. Consistent with previous survey evidence, this survey indicates less market churn in the one-bedroom and four-bedroom sectors at the postcode geography and an increase in rental pricing points for 4+ bedroom properties across several postcode locations.

TABLE 6 Average rent by postcode district and property size, Belfast area, H1 2024

Postcode	1 Bed	2 Bed	3 Bed	4+ Bed	ALL
BT1	£904	£1,103	*	*	£1,130
BT2	£881	£1,037	*	*	£988
BT3	*	*	*	*	£916
BT4	£754	£872	£944	£1,616	£926
BT5	£701	£862	£987	*	£874
BT6	£663	£835	£981	£1,265	£904
BT7	£701	£961	£1,100	£1,614	£1,151
BT8	*	£877	£994	*	£1,003
BT9	£745	£1,002	£1,217	£1,850	£1,177
BT10	*	£951	£1,130	*	£1,079
BT11	*	£780	£863	*	£794
BT12	£673	£813	£837	*	£846
BT13	*	£747	£828	*	£781
BT14	£647	£720	£864	*	£766
BT15	£576	£750	£842	£981	£771
BT16	*	£911	£1,043	*	£974
BT17	*	£813	£901	*	£849
BT18	*	£1,098	£1,241	£2,038	£1,211
BT19	£632	£798	£954	£1,323	£908
BT20	£637	£839	£987	£1,267	£912
BT23	£621	£784	£930	£1,289	£871
BT26	*	£975	£1,089	£1,711	£1,155
BT27	*	£764	£894	£1,302	£857
BT28	£579	£725	£892	£1,191	£851
BT36	*	£641	£738	£840	£806
BT37	*	£742	£824	*	£786
BT38	£543	£723	£829	£1,276	£792

* 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 system².

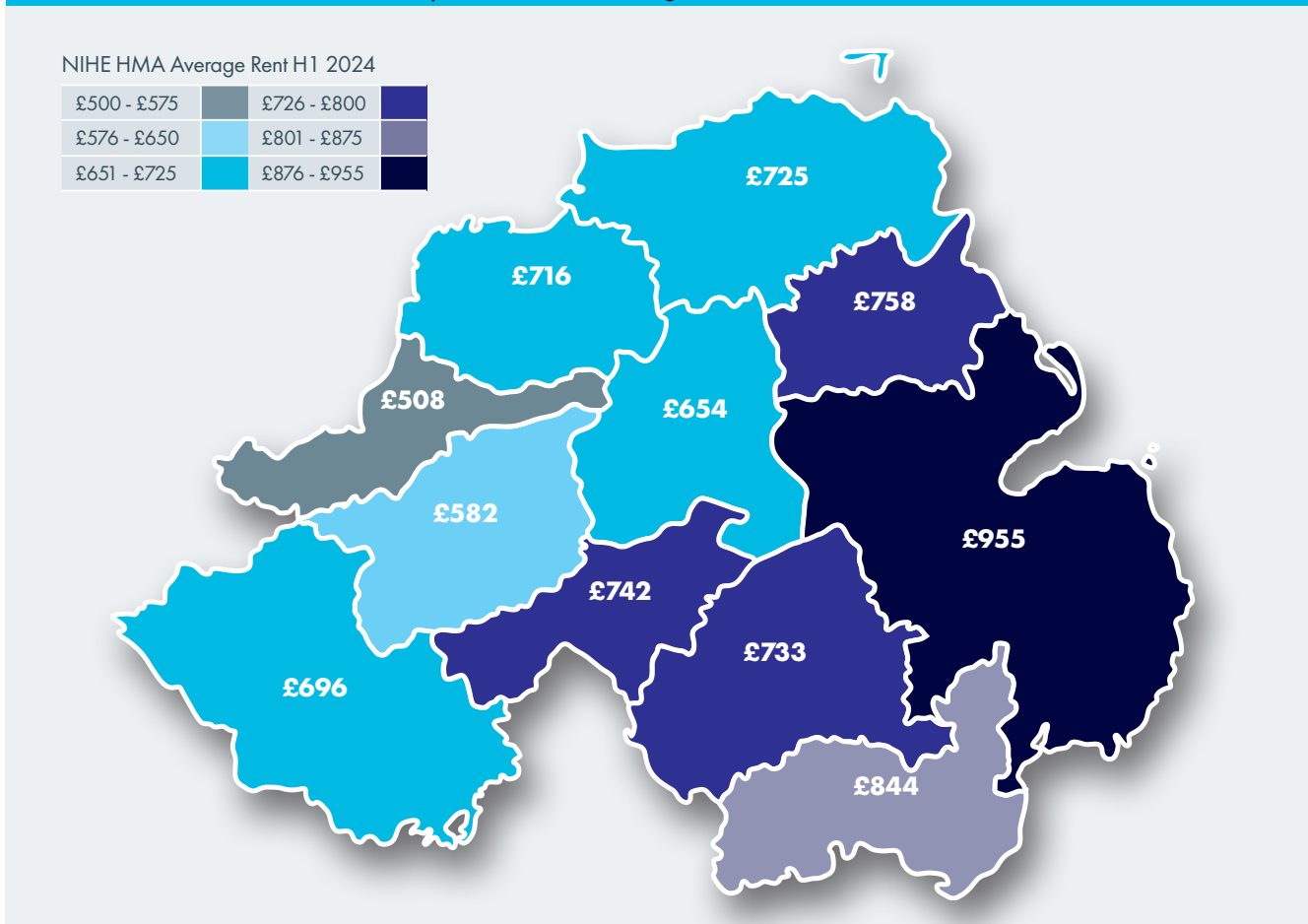
Functional Housing Market Areas H1 2024

Figure 7 presents the average rents across the Housing Market Areas (HMAs), with the statistics revealing modest to strong rates of rental growth across most areas. The Belfast Metropolitan HMA displayed an average rent of £955 per month, up 4.7% from the previous half year. On the urban belt, the Craigavon HMA remained relatively unchanged at £733, while the Dungannon HMA's rent grew by 8.8%, to stand at £742.

In more rural HMAs, the picture was more varied. In the West, average rents in the Cookstown HMA slightly contracted by 2.5% over the half year to £654 per month, while the Fermanagh HMA saw a considerable 10.2% increase, reaching £696. Omagh HMA's average rent was also marginally up by 1.2% to £582 per month. To the South, the Newry HMA observed growth of 6.6% to £844 per month.

In the North, the Ballymena HMA recorded a modest increase in average rent, up by 4.2% to £727 per month. Average rent in the Causeway Coast HMA marginally increased by 0.7% to £725, whilst Derry HMA saw a decrease of 1.5% to £716 per month. Likewise, the Strabane HMA observed a decrease in rent, down by 7.8% over the half year to £508.

FIGURE 7 Rental Performance by functional Housing Market Areas (HMAs), H1 2024



²The 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



RENTAL AFFORDABILITY

The affordability of rental properties continues to be a significant issue. Rent as a percentage of median household income³ is an important indicator of rental affordability. In this reporting period, the average rent across Northern Ireland is approximately 33.4% of the median household income, with variations across different regions. The figures show the latent stress of housing cost on income for renters.

TABLE 7 Rent affordability, H1 2024

Region	Median rent as a % of median income	Average rent as a % of average income	Lower quartile rent as a % of median income	Lower quartile rent as a % of lower quartile income
NI	39.2%	33.4%	30.7%	45.4%
Belfast	35.2%	33.3%	30.7%	44.0%

MARKET FORECAST

Looking forward, the rental market in Northern Ireland is expected to face continued challenges related to affordability and supply constraints. The weighted index points towards a projection of 1.8% for the second half of 2024, suggesting that average rents may begin to stabilize as market equilibrium effects and improvements in the lending environment take hold; however, significant variations across regions and property types are likely.

TABLE 8 Forecast average rents for H2 2024

Region	Forecast average rent	Expected HY change (%)
Northern Ireland	£913	1.8%*

* Forecast using Rental Index

³ Analysis of rental affordability draws on median gross earnings data from the Annual Survey of Hours and Earnings (ASHE), which are available at: <https://www.nisra.gov.uk/publications/employee-earnings-ni-2023>. It should be noted that ASHE data are based on a sample of the population and report on employees only: self-employment income and income from pensions, property rental, investments or welfare benefits are not included. In addition, ASHE measures pay per job, rather than pay per person; the latter could include pay from more than one job.

AGENTS INSIGHTS H1 2024

Previous editions of the survey have recorded significant challenges in the sector and, with unprecedented average rents, difficulties for tenants and landlords in terms of supply and affordability. 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

Consistent with previous survey opinion of a vibrant market characterised by multiple enquiries and waiting lists for lettings, and insufficient product to meet demand levels, this survey again records similar agent sentiment. When asked about the levels of market activity and lettings, agents were of the view that the rental sector remains extremely busy, with difficulties in supply. However, whilst the broad sentiment is that of a busy market, some agent opinion reflects the report statistics, which suggest that there is evidence of a softening in the overall supply/demand imbalance in some areas:

- “Exceptionally busy.”
- “Extremely busy and buoyant. We are receiving large amounts of interest for all our rental properties.”
- “Slowed slightly but still high levels that can’t meet supply.”
- “Very busy and more stock available which means we have fielded a high volume of enquiries.”
- “Whilst there has been some softening in the overall supply/demand imbalance, the rental market continues to experience double digit annual growth, with the average rent now achieving c.£850 per month. Due to the lack of supply, every listing, if realistically priced and well marketed, is still achieving high levels of enquiries, despite the average rent increase.”

Rent inflation

When asked about factors that have impacted on rents in the last six months, agents again indicated that the demand and supply imbalance continued to drive growth in average rents:

- “Rents (continue to increase) have increased due to lack of stock.”
- “Rents have continued to increase due the large levels of tenant interest.”
- “Average rents are now achieving c.£850 per month which is portraying a 10% increase on the previous year. The overall supply/demand imbalance is impacting the rents to increase, however, with costs of living increasing, we are starting to see rents plateau in certain areas and house types.”

However, some agents suggested that landlords were either being opportunistic or expected rents in line with the current market trends which is sustaining high pricing. As one agent stated:

- “Rents have increased significantly. Landlords are driving this, expecting very high monthly amounts.”

This was echoed by other agents who said that:

- “With high borrowing costs and unfavourable conditions for landlords, landlords are seeking high monthly rents in order to stay in the sector.”

Lending and economy

Agents were asked how the lending environment and/or economy have affected the rental market. Their comments indicate ongoing equilibrium effects in the sector, with some suggesting it will remain buoyant due to new demand, tenants not renewing leases to enter the owner-occupier sector and ongoing landlord exodus from the sector:

- “Even if 5% deposit became readily available the rental scene would still be active as ever.”
- “We have noticed a small increase of tenants leaving the rental market to purchase rather than renew their tenancies. We have also noticed an increase of landlords considering selling their properties rather than re-letting.”

Other agents suggest that the impact of lower interest rates on the horizon will stimulate the owner-occupier sector and aid buy-to-let investors which will help address sectoral imbalance going forward:

- “High mortgage rates and the uncertainty surrounding the general election slightly restrained market activity, however, with UK inflation now back to the Bank of England’s target, it appears more a question of when, rather than if, interest rates will fall. Whilst this may aid BTL investors, it will also encourage people to buy their own property rather than rent. With lending rates still at the higher rate, we have seen a stronger demand for rental property at present.”

Key challenges

Looking forward, evidence from agents on the challenges for the sector again points to market pressures relating to affordability and supply, indicating that high monthly rents and rental arrears will continue to impact the sector for some time:

- “Default on rent if cost of living increases.”
- “Getting rents down to a realistic sustainable level.”
- “Supply - there is an under supply of available properties to cope with current demand.”

In this survey, some agents again suppose that legislation and the lack of tax incentives for landlords will further impact on the sector:

- “New legislation being enforced on landlords and properties, to include HMRC self-assessment criteria, will discourage BTL buyers as the return on investment will not be as lucrative as other streams of income (i.e. commercial investments through pension schemes etc). Tenants may look at purchasing their own property if mortgage rates drop as expected, creating less demand for rental properties.”

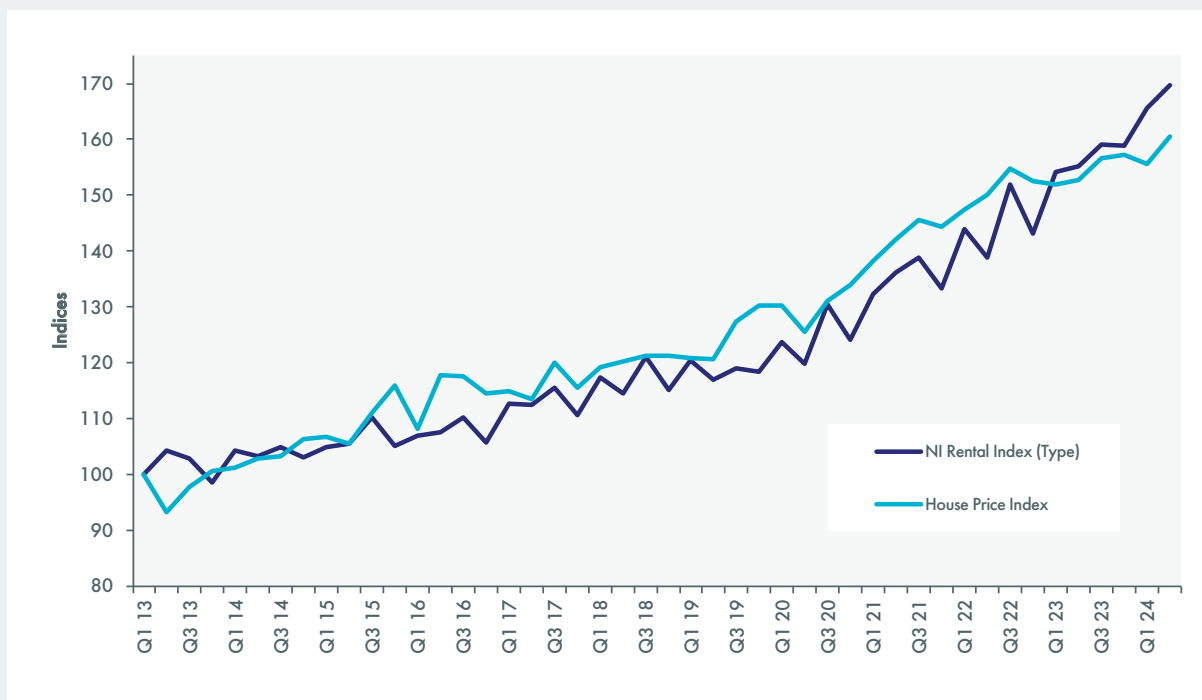


THE NORTHERN IRELAND PRIVATE RENTAL INDEX

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 169.9 at Q2 2024, up by 14.5 percentage 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. The index increased over quarter two of the year, albeit at a slower rate than the previous quarter.

Over the same period, the Northern Ireland house price index largely held, dipping in the first quarter as tends to be the case due to seasonality effects, and increasing to a peak of 160.4 in Q2 2024. This reflects a relatively stable sector, with modest growth. The historical index trend shows that there have been previous points where the indices have converged; however, the trend shows that the Rental Index and House Price Index converged at Q1 2023 and trended in parallel over the course of 2023, with rents outperforming house prices. Most recently, the first half of 2024 records a sharp increase in rents compared to house prices, reflecting the continued acceleration in average rents against more modest growth in house prices over this period. The index continues to illustrate the difficult market conditions in the rental sector, particularly in terms of the demand and supply imbalance and average rents.

FIGURE 8 Rental Index v House Price Index trend, Q1 2013-Q2 2024





CONCLUSION

The rental market in Northern Ireland continues to exhibit growth in average rents, with considerable variability in performance across rental locations and property types. The analysis for the first half of this year indicates that the average rent has increased by 4.4% on the previous six months to £886 per month, up 8.5% annually. At the regional level, a stronger rate of growth was recorded in the BCCA over the half year, up by 7.4% to £1,019 and by 10.4% annually. The aggregated statistics for districts outside of Belfast indicate more subdued growth in average rents, which increased by 1.7% over the half year period, with a stronger rate of growth observed annually (7.5%). The Rental Performance Index stands at 169.6 at Q2 2024, up by 14.5 percentage points from the same period last year and trending higher than the house price index, indicating that rents continue to outpace house prices over the first six months of 2024.

A key finding of this survey is evidence of some improvement in supply across several rental locations and an associated slowing in growth of average rents, which were static or marginal over the half-year period. However, rents remain at a peak and recorded moderate to strong growth across all market locations in annual terms. This is consistent with the forecast in the previous survey: improved conditions in the mortgage environment, reduced inflation and market equilibrium pricing adjustments have begun to filtrate into the rental sector in terms of inventory and average rents. The evidence of improved inventory flow across some rental locations brings with it a stabilisation in average rents - suggesting that the sector will plateau in some areas and that growth in average rents will ease off as we progress through the rest of the year. Nevertheless, rents remain elevated, with growth in average rents over the year to a peak in areas where market vibrancy and supply constraints continue to present challenges for the sector and particularly rental affordability.

High mortgage rates and the uncertainty surrounding the general election slightly restrained market activity during the second quarter of the year; however, with UK inflation now back to the Bank of England's target, it appears more a question of when, rather than if, interest rates will fall. As the market approaches a potential rental ceiling, the second half of 2024 is therefore expected to see a stabilisation and perhaps cooling of rent levels, which could provide some respite for renters. That said, there remains a delicate balance of factors in the sector relating to supply which could significantly impact on pricing structure. Indeed, the previous edition of the survey cautioned of pricing equilibrium effects filtrating into the sector, which may see more inventory because of an end to tenancies due to unaffordability and arrears. This is supported by agent expectation of rental arrears and continued landlord exodus should higher rent for properties not be achieved, meaning that supply pressures and high rents would likely continue to cause considerable stress in the sector. Further, new legislation being enforced on landlords and properties, to include HMRC self-assessment criteria, may discourage BTL investors and fuel further landlord exodus from the sector.



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

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 2024

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
H2 2023	5,815	2,290	3,525
H1 2024	6,307	2,528	3,779

FIGURE 3 Number of lettings by Local Government District (outside Belfast), H2 2023- H1 2024

LGD	H2 2023	H1 2024
Antrim & Newtownabbey	284	377
Ards & North Down	589	598
Armagh, Banbridge & Craigavon	649	645
Causeway Coast & Glens	234	302
Derry & Strabane	234	184
Fermanagh & Omagh	200	191
Lisburn & Castlereagh	492	466
Mid & East Antrim	301	450
Mid Ulster	307	297
Newry, Mourne & Down	235	270
TOTAL	3,525	3,780

FIGURE 4 Proportion of properties let by rent band – NI, BCCA and other LGDs, H1 2024

Rental Band	NI (%)	Belfast (%)	LGDs (%)
<£300	0	0	0
£300 - £399	0.2	0.1	0.3
£400 - £499	2.2	1.5	2.6
£500 - £599	7.4	1.9	11
£600 - £699	17.8	8	24.4
£700 - £799	20.4	16.5	23
£800 - £899	17.3	19.3	16
£900 - £999	12.7	16.9	9.8
£1,000 - £1,099	4.8	6.6	3.7
>£1,100	17.2	29.2	9.1

Average Rent by Quarter, Northern Ireland, Q1 2015 - Q2 2024

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	£856	£841
2024	£876	£897		