

# Performance of the private rental market



Belfast Metropolitan Area: January – June 2011



The Regional Housing Authority

*propertynews.com*





# Summary Report

## Key Findings:

The main findings of this report into the private rental market in the Belfast Metropolitan Area for the first half of 2011 indicate a market sector that is expanding. This is evidenced by the growth in the number of new properties let relative to the first half of 2010 and only modest decline in the total number of lettings secured compared to the second half of 2010, normally the more active stage of the year. Rental levels, on average, have also increased with certain variation, though not at unsustainable levels. The combination of increased volume and activity and growing rental levels confirms the increasingly important role of the private sector in the housing market in the BMA, at a time when there is still considerable uncertainty in the owner-occupied market.

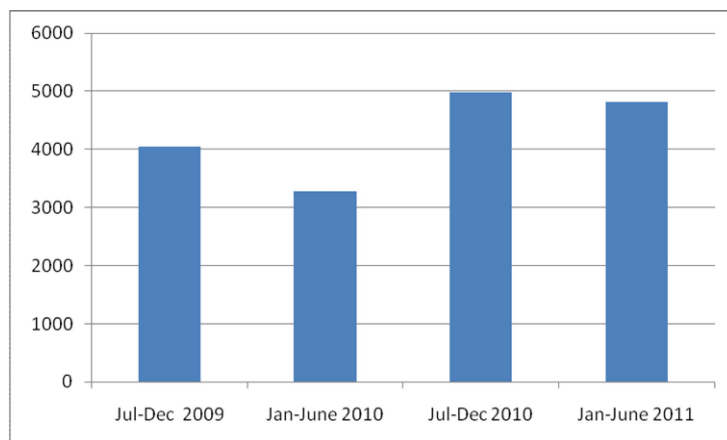
## Introduction:

This report focuses on the performance of the private rental market in the Belfast Metropolitan Area during the first half (January to June) of 2011. The investigation is part of an ongoing research partnership between the Northern Ireland Housing Executive (NIHE), PropertyNews.com and the Centre for Research on Property and Planning at the University of Ulster. The report analyses half yearly trends in the private rental sector. The report is based on a sample of 4808 rental transactions during the first half of 2011 from the PropertyNews.com website. The performance of the market is measured by the number of properties let and the average monthly rent by location, property type and number of bedrooms. Rental figures for the first half of 2011 are compared to figures obtained for the second half of 2010. Comparisons are also made with rental figures for the same period in 2010 to assess annual change.

## The number of properties let

The number of properties let in the Belfast Metropolitan Area in the first half of 2011 confirms a vibrant letting market, with only a small decline in volume terms compared to the second half of 2010 (Figure 1). This contrasts with evidence from previous reports indicating a less buoyant letting market in the first half of the year. Indeed, in comparison with the first half of 2010 there has been a significant increase in the number of new lets.

Figure 1. Dwellings let





## Belfast Metropolitan Area, January–June 2011

### Property Type

Although there has been variation in the number of lets, analysis by property type shows that market share remains highly consistent with previous surveys. Lettings in the terrace/townhouse sector accounted for 40% of the market (n=1926) and remain the predominant property type in the rental sector in the Belfast Metropolitan Area. However, apartments made up a higher proportion of lets than previous surveys with a market share of 34% (n=1639). The market share of both semi-detached (17%, n=809) and detached properties (9%, n=434) remains similar to the first half of 2010 (Table 1).

Table 1. Dwellings let by property type

	Jul-Dec 2009	Jan-June 2010	Jul-Dec 2010	Jan-June 2011
Apartment	1291 (32%)	1097 (33%)	1567 (31%)	1639 (34%)
Terrace/Townhouse	1662 (41%)	1303 (40%)	2090 (42%)	1926 (40%)
Semi-detached	695 (17%)	556 (17%)	898 (18%)	809 (17%)
Detached	405 (10%)	324 (10%)	427 (9%)	434 (9%)
Total	4053	3280	4982	4808

### Number of bedrooms

Similar to previous trends, the majority of properties let during the first half of 2011 were predominantly two bedroom (n=1964) and three bedroom properties (n=1693) with the percentage share highly comparable to previous trends (Table 2). In comparison to the second half of 2010, the number of rentals has increased for both 1 bedroom and 2 bedroom properties. However lettings of three bedroom properties have declined (n=1693) with a market share of 35% compared to 37% in the previous analysis. A reduction in lettings was also experienced for 4/4+ bedroom (n=834) properties in comparison to the second half of 2010, though the percentage share (17%) was up on that for the first half of 2010.

Table 2. Dwellings let by number of bedrooms

Number of properties	Jul-Dec 2009	Jan-June 2010	Jul-Dec 2010	Jan-June 2011
1 bedroom	232 (6%)	221 (7%)	297 (6%)	317 (7%)
2 bedroom	1611 (40%)	1334 (41%)	1929 (39%)	1964 (41%)
3 bedroom	1477 (36%)	1213 (37%)	1827 (37%)	1693 (35%)
4/4+ bedroom	733 (18%)	512 (15%)	929 (18%)	834 (17%)
Total	4053	3280	4982	4808



## Performance of the private rental market: Belfast Metropolitan Area, January – June 2011

### Rental Levels

The average rent per month for the Belfast Metropolitan Area in the first half of 2011 was £586, with rents 4.6% higher than those achieved for the first half of 2010. Half yearly change also shows average rents to be up by 1.7% confirming a healthy letting market. For the Belfast City Council area, average rents (£599) have also increased, up by 5.5% over the year and a half yearly growth of 2.6%. In the rest of the Belfast Metropolitan Area (Carrickfergus, Castlereagh, Lisburn, Newtownabbey and North Down) the average monthly rent for the first half of 2011 was £560, representing a more modest increase (2.2%) on the same period in 2010. However, the half yearly trend in the rest of the Belfast Metropolitan Area shows a slight decline (0.4%) in average rent (Table 3).

Table 3. Average rent per month in Belfast Metropolitan Area

Districts	2010 (Jan-Jun)	2010 (Jul-Dec)	2011 (Jan-Jun)	Annual Change (%)	Half-yearly Change (%)
Belfast Metropolitan Area (BMA)	£560	£576	£586	4.6	1.7
Belfast City Council	£568	£584	£599	5.5	2.6
Rest of BMA	£548	£562	£560	2.2	-0.4

### Rent by Property Type

In the apartment sector, the average monthly rent for the first half of 2011 was £567, an increase of 3.1% compared to the average rental for the first half of 2010 and up marginally by 0.7% on the second half of 2010. However, the average monthly rent for terrace/townhouses (£567) has increased by 7.6% over the year and by 3.09% in terms of half yearly change. Detached properties (£752) also illustrate enhanced rental performance with a rate of annual increase of 6.5% though this rate of growth has slowed to 0.4% compared to the second half of 2010. Semi-detached properties, in contrast, are characterised by marginal increase over the annual (0.4%) and half yearly (0.7%) time period bringing the average rental to £578 (Table 4).

Table 4. Average rent per month by property type

Property Type	2010 (Jan-Jun)	2010 (Jul-Dec)	2011 (Jan-Jul)	Annual Change (%)	Half-yearly Change (%)
Apartment	£550	£563	£567	3.1	0.7
Terrace/townhouse	£527	£550	£567	7.6	3.1
Semi-detached	£576	£574	£578	0.4	0.7
Detached	£706	£749	£752	6.5	0.4



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### Rent by number of bedrooms

Table 5 illustrates rental differences by number of bedrooms in the Belfast Metropolitan Area. For the first half of 2011, one bedroom properties were being let on average for £435, two bedrooms for £519, three bedrooms for £572 and 4/4+ bedrooms for £827 respectively. The annual rate of change also tends to vary by type, based on bedroom numbers. Annual rental growth is highest for 1 bedroom (4.6%) and 4/4+ bedrooms (8.0%) properties, more moderate for 3 bedroom properties (3.4%) and least for 2 bedroom rents (1.6%). Half yearly change follows a similar pattern with the largest increase for 4/4+ bedroom dwellings (5.4%) and 1 bedroom properties (2.8%) (Table 5).

Table 5. Average rent per month by number of bedrooms

Property Type	2010 (Jan-Jul)	2010 (Jul-Dec)	2011 (Jan-Jun)	Annual Change (%)	Half-yearly Change (%)
1 bedroom	£416	£423	£435	4.6	2.8
2 bedroom	£511	£514	£519	1.6	1.0
3 bedroom	£553	£560	£572	3.4	2.1
4/4+ bedroom	£766	£785	£827	8.0	5.4

### Average monthly rent in Belfast City Council Area

The average monthly rent in the Belfast City Council area was £599 for the first half of 2011, a rental value unchanged from the second half of 2010 (Table 6). The highest rental locations within Belfast are the city centre (£673) and South Belfast (£690) with average rents increasing significantly in both markets over the year up by 7.5% and 11.3% respectively, though city centre rents decreased by approximately 1.3% over the half year. For South Belfast, half-year performance remained strong up by 9.18%.

The lowest priced rental location is North Belfast with an average monthly rent of £490, however this illustrates improved market conditions with a half yearly increase of 3.59% and an annual change of 1.4%. Rent levels in East Belfast have also experienced an increase over the year, with the average rent now (£547) up by 6.2%, with more modest growth (1.0%) experienced over the last six months. In West Belfast rents (£520 per month on average) have increased by 4.00% over the past twelve months although the average rent is down by 0.6% over the half year (Table 6).



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Table 6. Average rent per month in Belfast City Council area

Location	2010 (Jan-Jun)	2010 (Jul-Dec)	2011 (Jan-Jun)	Annual Change (%)	Half-yearly Change (%)
Belfast City Council	£568	£584	£599	5.5	2.6
Belfast city centre	£626	£682	£673	7.5	-1.3
North Belfast	£483	£473	£490	1.4	3.6
South Belfast	£620	£632	£690	11.3	9.2
East Belfast	£515	£542	£547	6.2	0.9
West Belfast	£500	£523	£520	4.0	-0.6

### Conclusion

The report highlights a more buoyant private rental sector in the Belfast Metropolitan Area, with significantly higher average rents (up nearly 5%) being achieved compared to the equivalent period in 2010. Transaction levels are also well up over the year and indeed are only slightly below that for the traditionally more active second half of 2010. This analysis suggests that with a growing proportion of households in the private rented sector, the pattern of a stronger rental market in the second half of the year (associated with student lets) may be breaking down, with market activity being spread across the year more equitably. The report confirms the growing significance of the private rental sector in the Belfast Metropolitan Area and in this respect supports other market intelligence concerning lower rates of home ownership related to accessing mortgage finance and uncertainties in the labour market. Given the greater uncertainties in the wider macro-economy, it would appear that for the time being, the private rental sector may become the residential choice for a substantial number of households.

### Methodology and Sample Size

The statistics are based on properties advertised on PropertyNews.com and let during the first half of 2011 (January to June). The rental figures represent the average asking rent (per month) as advertised. Let properties are those that were let during the specified time period.

### Disclaimer

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. 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.