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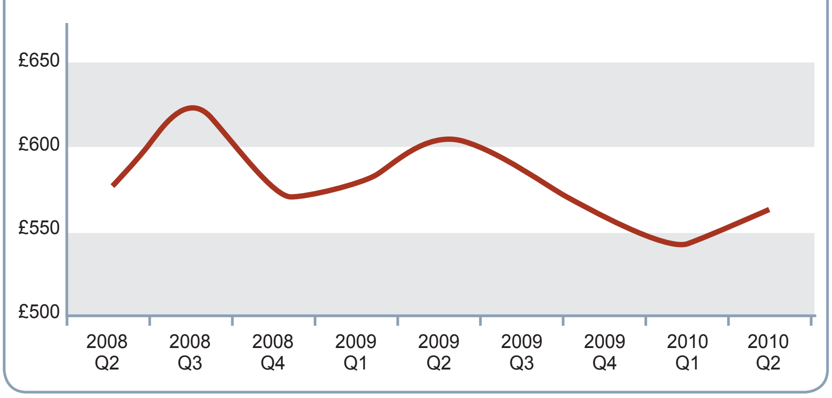
Trends in Belfast Residential Lettings

Detailed research by the NI Housing Executive show that the proportion of households in the Private Rented Sector (PRS) has grown steadily since the 1990s. There are now an estimated 100,000 households privately renting in NI which is more than double the figure of 2001. Citylets have also seen a steady increase in the number of rental properties on the market during the two years that we have been collating data on the PRS in NI. It appears that some disaffection with home ownership caused by the dramatic fall in house prices and the tightening of mortgage credit has further increased the demand for private rented accommodation.

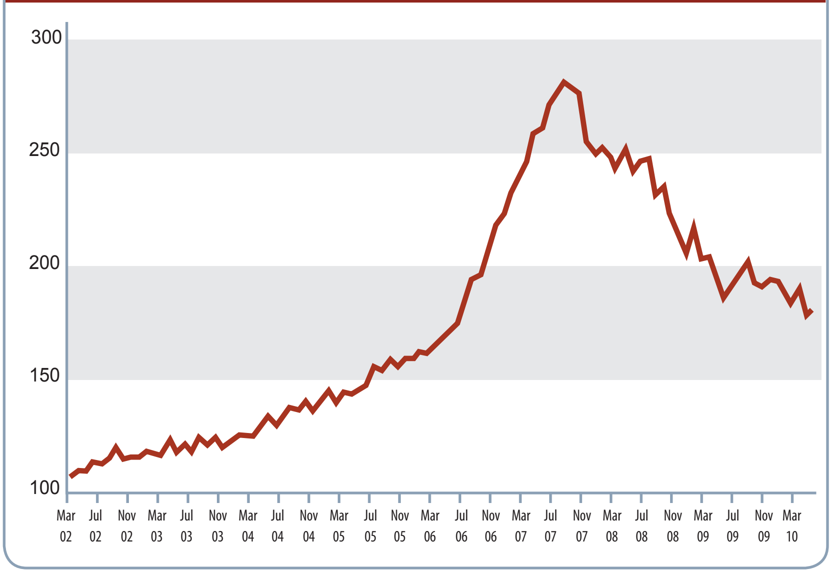
Average monthly rents in the Greater Belfast area rose to £564 in Q2 2010, up from £544 in Q1. This represents a quarterly increase of 3.7% following drops in the two previous quarters though an annual drop of 6.6% when compared with Q2 2009 when rents were £604.

The quarterly upturn is encouraging when one considers the volume of new rental property that has come on to the market in the last two years as a result of the dramatic downturn in the sales market. The most current NI house price data from the Department of Communities and Local Government (DCLG) for May 2010 reports an average mix adjusted price of £168,484 which is down 34.9% from the peak seen in Aug 2007.

Belfast Average Monthly Rent
Q2 2008 - Q2 2010



Northern Ireland House Price Index (DCLG) Index level (Feb 2002=100)
March 2002 to Jun 2010

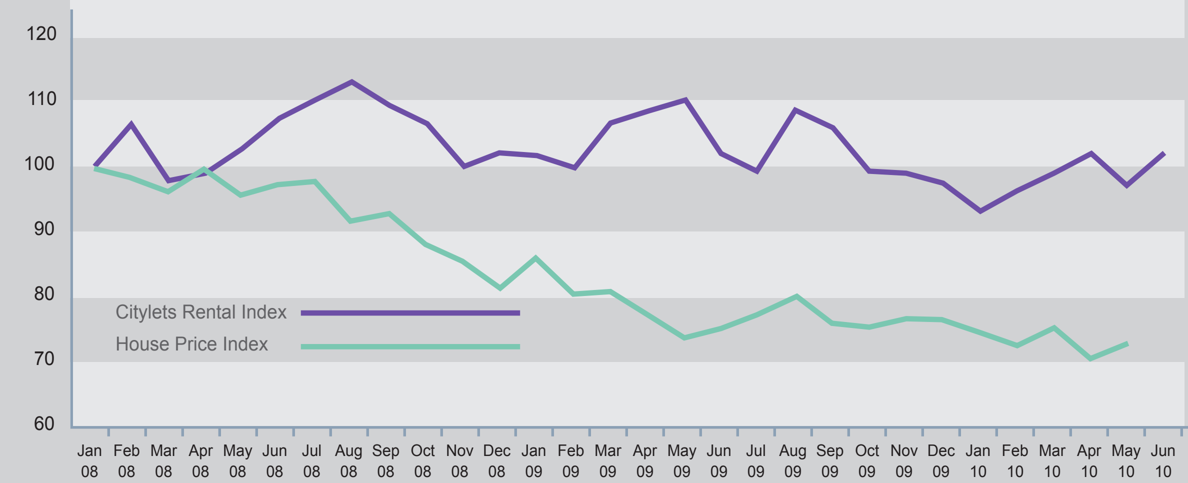


The Citylets Rental Index for Belfast has been mix adjusted and reflects movements in rent rather than changes in the types of property being rented which often has a seasonal component. Our index was initiated in January 2008 (100) and at June 2010 stood at 102.3 indicating a growth of 2.3% in that time. This is evidence that the PRS has adapted well to the turmoil in the sales market which fell 27.4% in the equivalent period.

Citylets Rental Index v House Price Index

Jan 2008 - Jun 2010

Index level (Jan 2008=100)



Citylets Rental Index
Base: Jan 2008 = 100

Month	2008	2009	2010
Jan	100.0	101.8	93.0
Feb	106.8	99.8	96.1
Mar	97.7	106.9	98.9
Apr	99.1	108.9	102.1
May	102.8	110.3	97.0
Jun	107.7	102.1	102.3
Jul	110.3	99.3	
Aug	113.4	108.9	
Sep	109.6	106.2	
Oct	106.6	99.3	
Nov	100.2	98.9	
Dec	102.3	97.5	

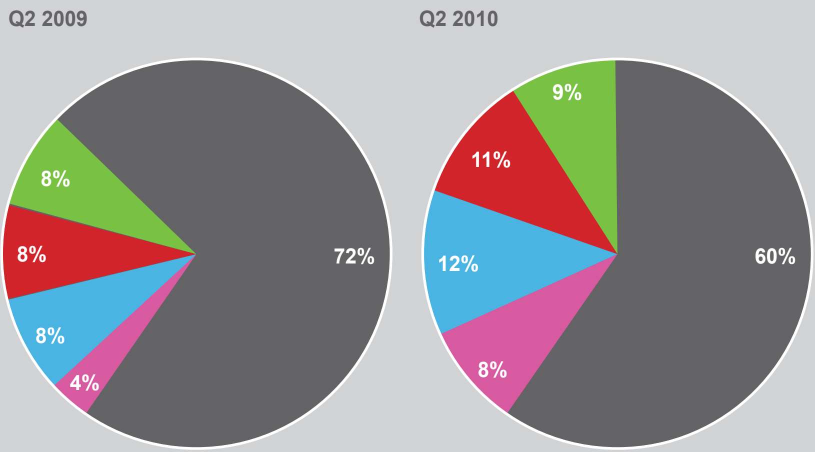
Time To Let

Q2 2009 - Q2 2010

Time to let (TTL) -another key indicator of demand in the PRS- has improved and currently stands at 48 days in Belfast which is 9 days less than last year. This is significantly better than TTL figures of 73 days seen in Q1 2009 but 10 days more than the equivalent TTL in Scotland which currently stands at 38 days.

Landlords will be pleased to see that the proportion of properties taking longer than 4 weeks to rent has come down from 72% in Q2 2009 to 60% in Q2 2010.

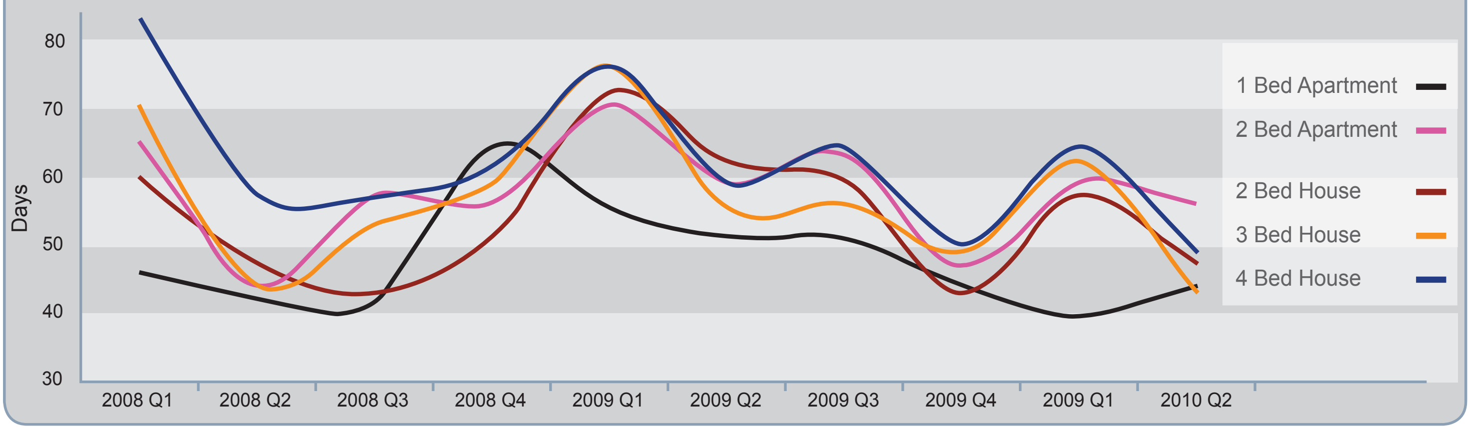
1 weeks 2 weeks 3 weeks 4 weeks >4 weeks



Change in Time To Let By Property Type and Size

Q1 2008 - Q2 2010

A detailed look at TTL by Property type and size shows that all apart from 1 bed apartments have seen improvements in TTL in Q2 2010. Unusually it is 3 bed houses that currently have the shortest TTL (43 days) and 2 bed apartments the longest TTL (56 days).



Detailed Rent Guide

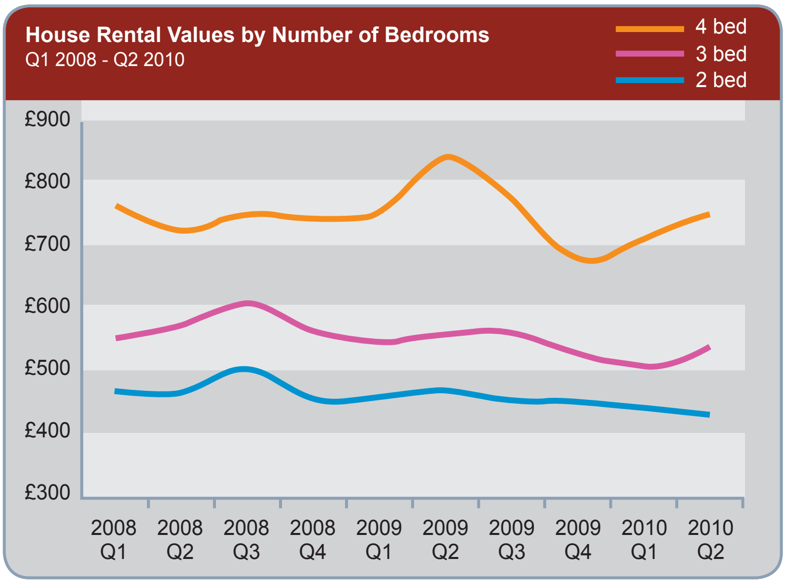
Detailed rental trends for the greater Belfast area by property type and size can be seen in the charts and tables below and show the fluctuations in price over the last two years.

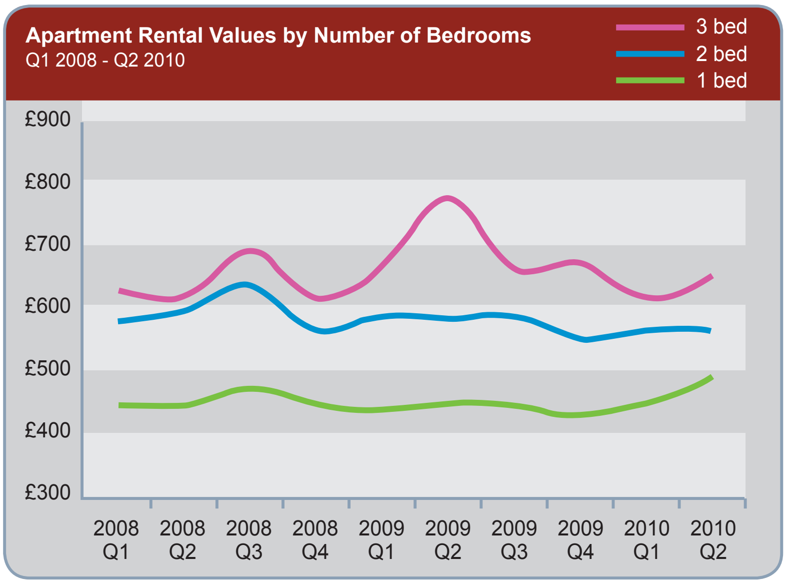
Looking at the rental growth and TTL by number of bedrooms across Belfast the average rent for 1 bed apartment properties was £485 in the 2nd quarter 2010, representing a year on year increase of 3.6% which was predicted in our previous report. It will please landlords that the TTL figure for 1bed apartments continue to come down, by 10 days this quarter which would suggest that pressure of demand will continue to push rental values upward.

In the equivalent period average monthly rentals for 2 bed properties, which are the most popular size of property to rent in Belfast, were £505 representing a year on year decline of 6.3% but again TTL improved by 8 days. Average rents were £567 for 3 bed properties showing an annual decline of 5.8% but a TTL of 44 days which is an improvement of 12 days from Q2 2009.

In the greater Belfast area 42% of all rentals analysed by Citylets were apartments while houses made up the remaining 58%. 2 bed apartments tend to be more modern and are significantly more expensive (£568) than 2 bed houses the majority of which tend to be traditional terraced houses which are far more affordable (£432).

It is clear that the TTL figures have improved across all property types and sizes since last year, and this bodes well for landlords and agents alike with increased demand and a tightening of supply likely to result in higher rents in the latter half of 2010. However, there is a caveat: with a large percentage (45%) of private rental tenants in receipt of housing benefit and probable large cuts in public expenditure in the pipeline especially to housing benefit the knock on effects to the PRS could be considerable. Citylets will be monitoring the situation closely over the coming year.





1, 2, 3 and 4 Bedroom Comparison

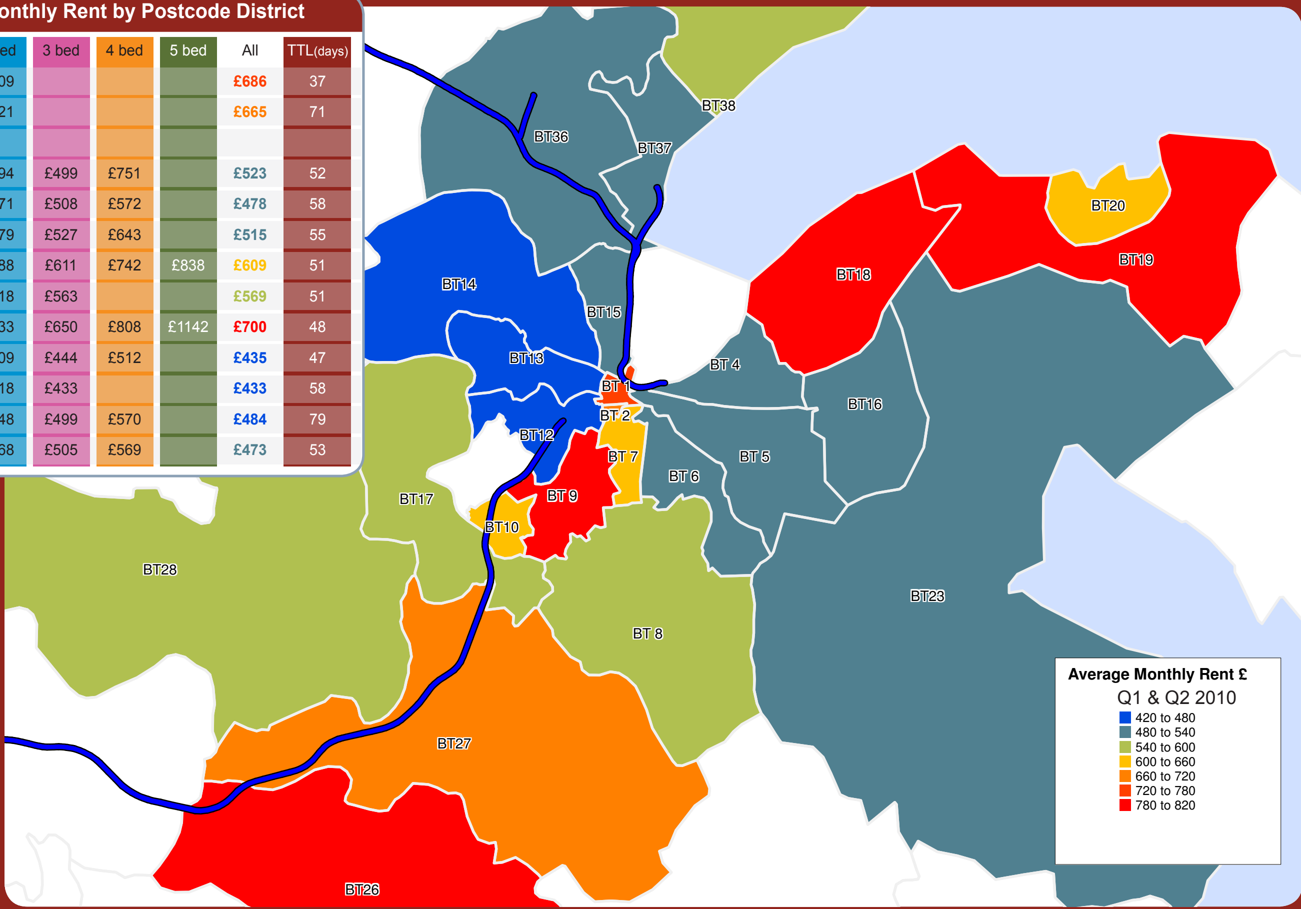
Bedroom	Average Rent Q2 2010	Growth Q2 2009-Q2 2010	Average TTL (days) Q2 2010	Change Q2 '09 - Q2 '10	Let within a week	Let within a month
1 bed	£485	3.6%	43	-10	9%	46%
2 bed	£505	-6.3%	52	-8	8%	49%
3 bed	£567	-5.8%	44	-12	8%	49%
4 bed	£758	-9.9%	48	-9	8%	49%

Area Rent Guide

In this section of the report we look at a local analysis of the rents across the wider Belfast region and provide a unique 'heat map' which highlights the wide disparity in average monthly rents at a Postcode District level.

Average Monthly Rent by Postcode District

postcode	1 bed	2 bed	3 bed	4 bed	5 bed	All	TTL(days)
BT1		£709				£686	37
BT2		£621				£665	71
BT3							
BT4	£471	£494	£499	£751		£523	52
BT5	£414	£471	£508	£572		£478	58
BT6		£479	£527	£643		£515	55
BT7	£436	£588	£611	£742	£838	£609	51
BT8		£518	£563			£569	51
BT9	£469	£633	£650	£808	£1142	£700	48
BT12	£467	£409	£444	£512		£435	47
BT13		£418	£433			£433	58
BT14		£448	£499	£570		£484	79
BT15	£393	£468	£505	£569		£473	53



Note: Area analysis is based on 6 months of data for statistical purposes.

Methodology

The statistics are based on rental properties advertised on Citylets. Rather than employ snapshot sampling our observations are recorded when a property is removed from the site as let. We believe such transaction-based observations provide a better reflection of the market.

The data is cleansed to remove multiple entries and other anomalies. Our cleansing process continues to guide refinements to data recording.

Averages are calculated on a monthly or quarterly basis as weighted (mix-adjusted) means. Indices are constructed holding composition (property type and number of bedrooms) fixed at the average of the last three years. This ensures that changes in the index reflect rent changes and not changes in composition, which are likely to occur seasonally.

Disclaimer

Whilst we have made every effort to ensure information published in this report is correct Citylets gives no warranty or representation as to the accuracy or completeness of the information. The report does not constitute legal or other professional advice. We reserve the right to change methodology, discontinue or revise indices or other analysis at any time.

About Citylets

Founded in 1999, Citylets is Scotland and Northern Ireland's original residential lettings portal & network advertising more than 50,000 properties per year on behalf of over 400 letting agents. Citylets Network is an exclusive group of sites for property to rent including s1homes, FindaProperty, Primelocation and Globrix. Privately owned, Citylets is fully independent of any estate / letting agent group, media or financial organisation and is managed by its founding team in the West End of Edinburgh.

Enquiries

Please feel free to get in touch with us if you would like to discuss any aspect of this report or would like to consider advertising property on the Citylets Network.

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