

Trends in Belfast Residential Lettings

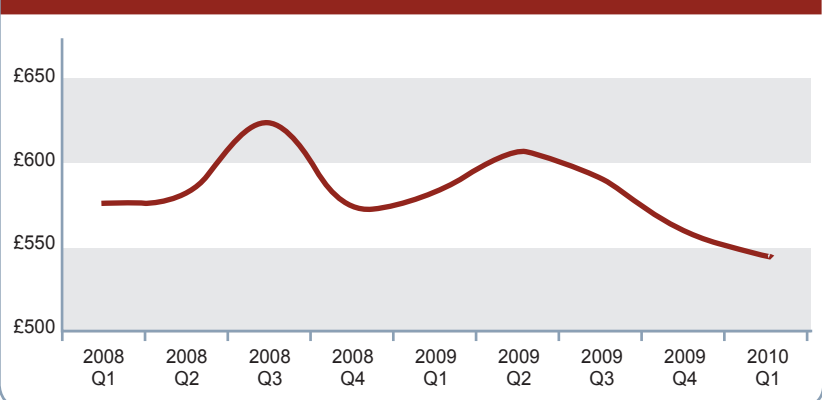
The Private Rented Sector (PRS) is playing an increasingly significant role in the provision of housing in Northern Ireland. The latest figures from the Housing Executive show that the number of privately rented dwellings has risen from 28,600 in 1991 to 124,600 in 2009. Citylets has been operating in Northern Ireland for just two years but has seen a large rise in the number of properties it carries on its site during that time. With the experience gained from producing the definitive guide to the Scottish rental market over the last 3 years now is the right time to start quarterly reporting on the Belfast rental market. Our report is based on several thousand properties advertised on Citylets, more details of the methodology used can be found at the back of this report.

Belfast has seen average rents fall to £544 in the 1st quarter of 2010, a drop of 6.2% from the same time last year and down 2.5% on the previous quarter. This downturn is slight 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 recent review of the housing market from the Department of Communities and Local Government (DCLG) presents a house price index figure for Feb 2010 of 185.6 which is down 34% from the peak seen in Aug 2007 (281.5) Feb 2002=100.0.

It is clear that many property owners who were unwilling or unable to sell have become 'reluctant landlords' which led to pockets of oversupply of rental property. This would normally lead to a significant downturn in rental values however the 'credit crunch' and the resulting tightening of lending criteria and far higher deposits requirements has meant that many prospective first time buyers are unable to get on the first rung of the property ladder and are staying in rented property for longer. Unusually, both supply and demand in the PRS have increased during the last two years which is good news for letting agents.

In this context Belfast's slight decline in average rental values will seem quite benign for investors especially if one considers that the rental yields have become far more attractive now that the capital value of residential property has come down so much.

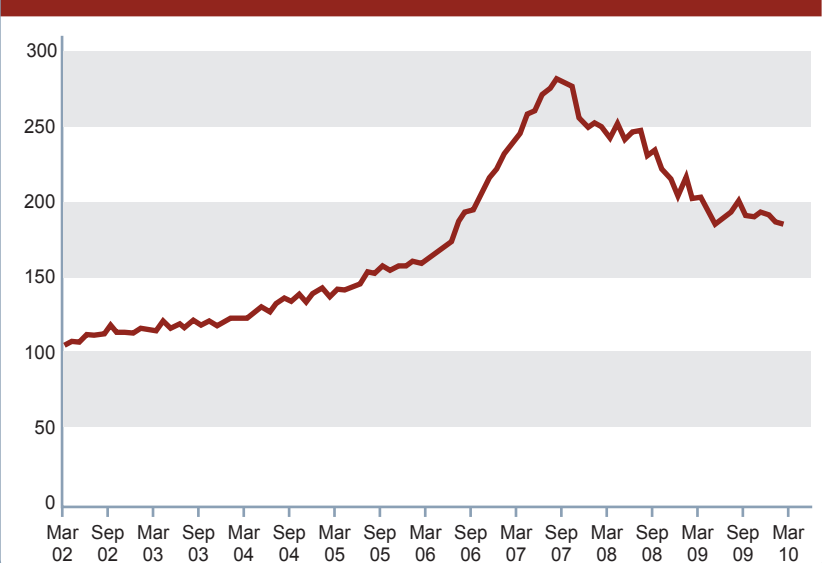
Belfast Average Monthly Rent
Q1 2008 - Q1 2010



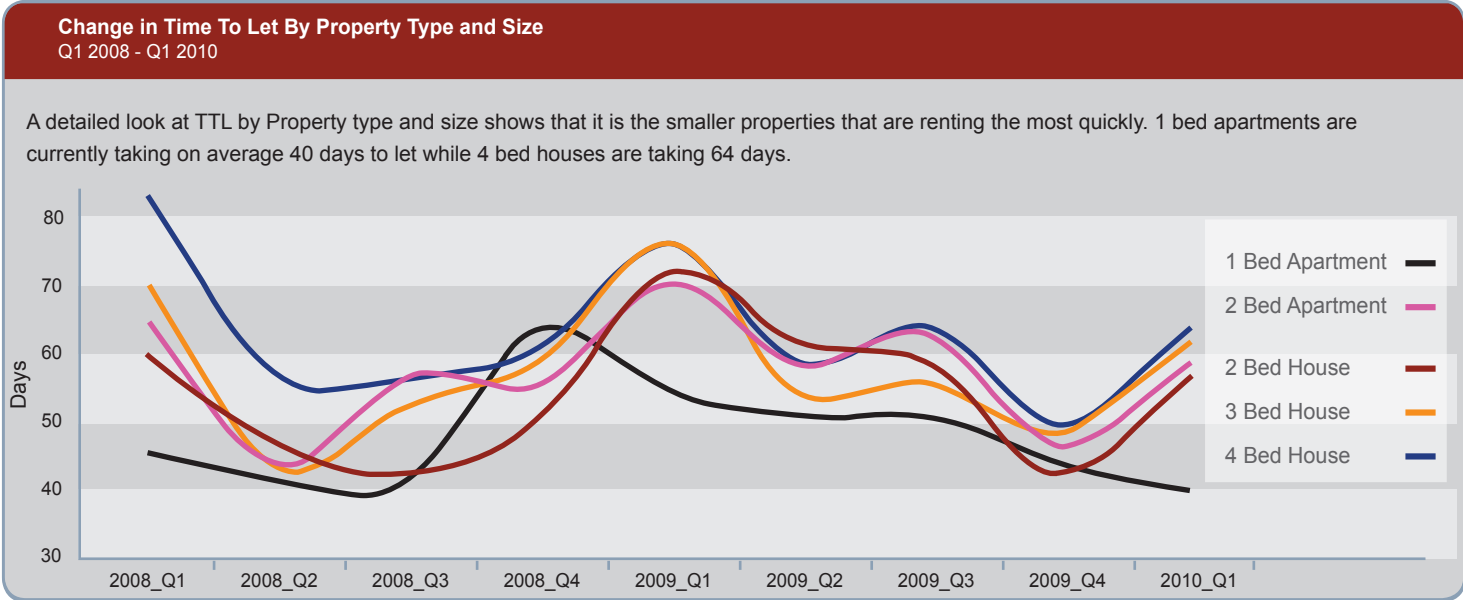
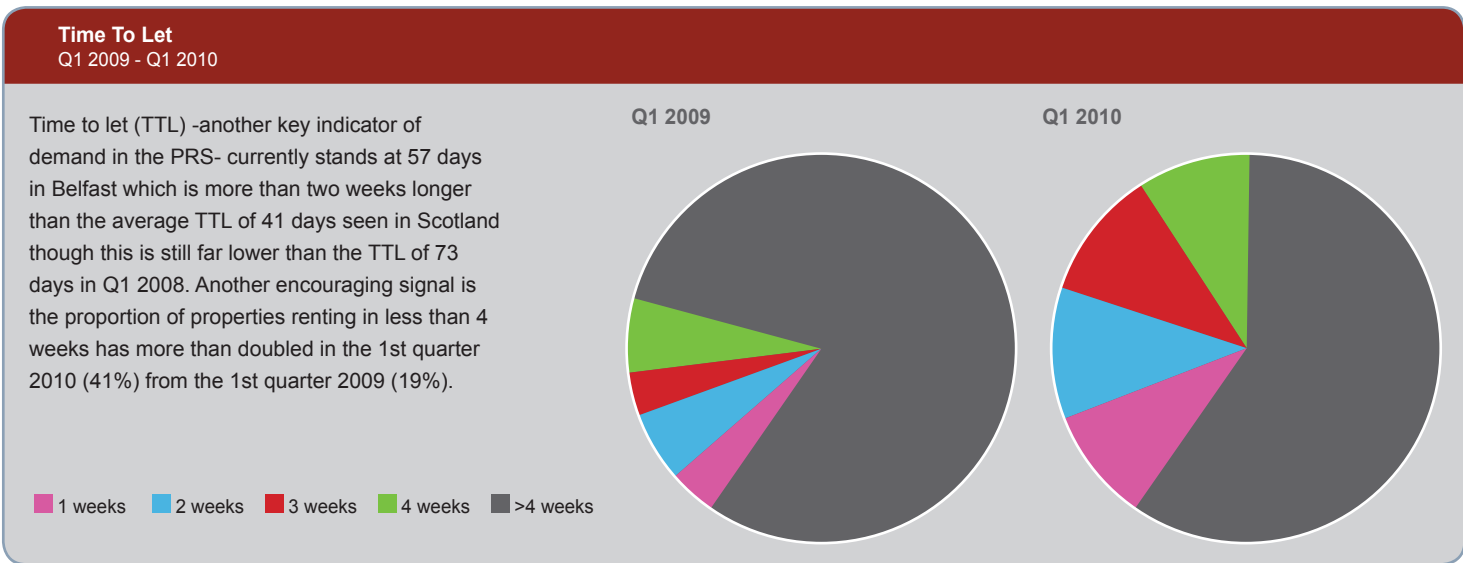
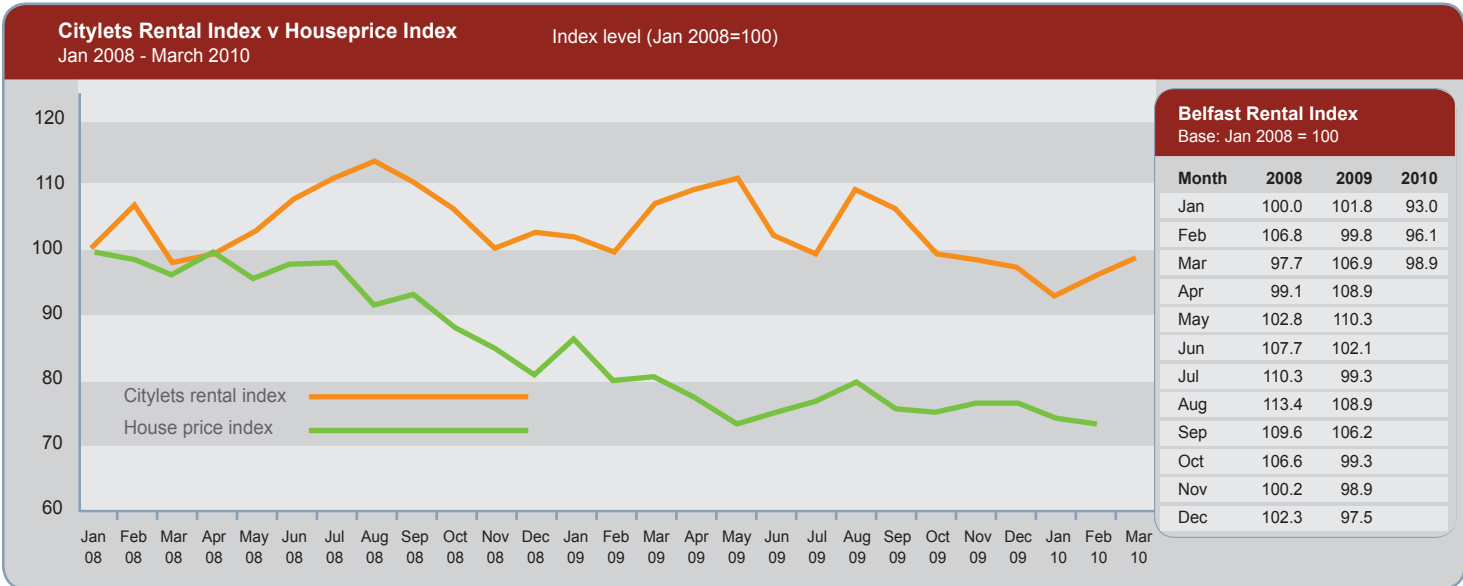
Northern Ireland House Price Index (DCLG)

Index level (Feb 2002=100)

March 2002 to Feb 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 March 2010 stood at 98.9 which suggests that the PRS has adapted very well to the downward shifts in the housing sales market – the index is down just 1.1% in that time. Over the same period the NI Housing Index (DCLG) was down 26%.



Detailed Rent Guide

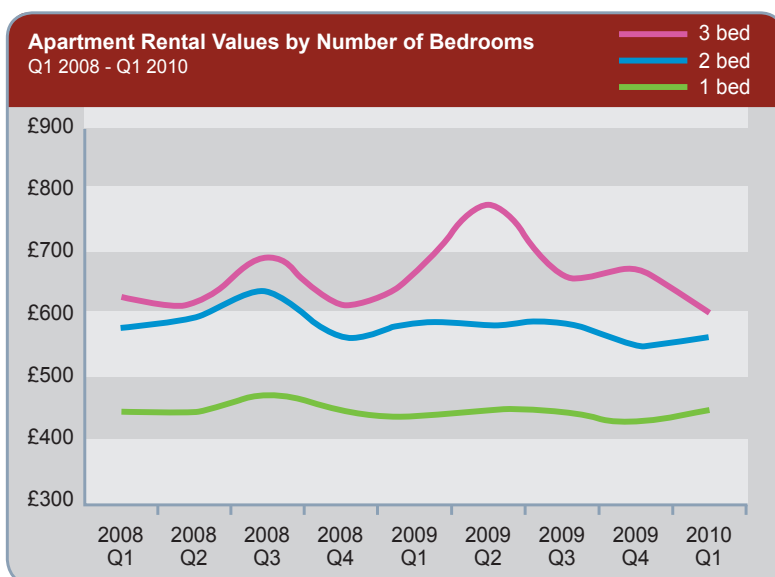
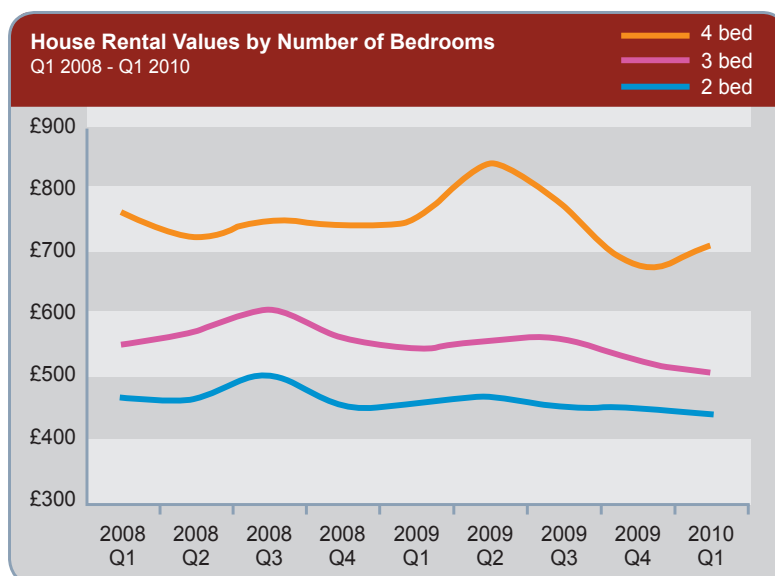
The detailed rental trends by property type and size can be seen in the charts below and illustrate the variability that has been seen in the Northern Irish PRS over the last two years.

Looking at the rental growth and TTL by number of bedrooms across Belfast the average rent for 1 bed properties was £455 in the 1st quarter 2010 a year on year decline of 4.4% though encouragingly the TTL figure has come down significantly by 23 days during the same period which would suggest that rental values are likely to firm up in the next few quarters.

In the equivalent period average monthly rentals for 2 bed properties in Belfast were £510 representing a year on year decline of 5.2% but again TTL improved by 13 days. While average rents were £521 for 3 bed properties an annual decline of 8% and a TTL of 62 days down 14 days from Q1 2009.

The mix of private rental stock in Belfast is very different to the Cities in Scotland where apartments predominate. In Belfast apartments make up just 41.3% of all rentals and houses the remaining 58.7%. This helps explain why the average rent for a 3 bedroom property is just £11 more than a 2 bedroom property. The majority of 2 bed properties are apartments which tend to be modern and more expensive while the vast majority of 3 bed properties are terraced houses which are historically more affordable.

The clear message is that the smaller properties have seen smaller rental declines and are renting more quickly than larger properties.



1, 2 and 3 Bedroom Comparison

Bedroom	Average Rent Q1 2010	Growth Q4 2009- Q4 2010	Average TTL (days) Q4 2010	Change Q1 '09 - Q1 '10	Let within a week	Let within a month
1 bed	£455	-4.4%	38	-23	16.1%	52.9%
2 bed	£510	-5.2%	58	-13	4.8%	49.0%
3 bed	£521	-8.0%	62	-14	6.0%	49.0%

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' identifying the most expensive and cheapest areas to rent.

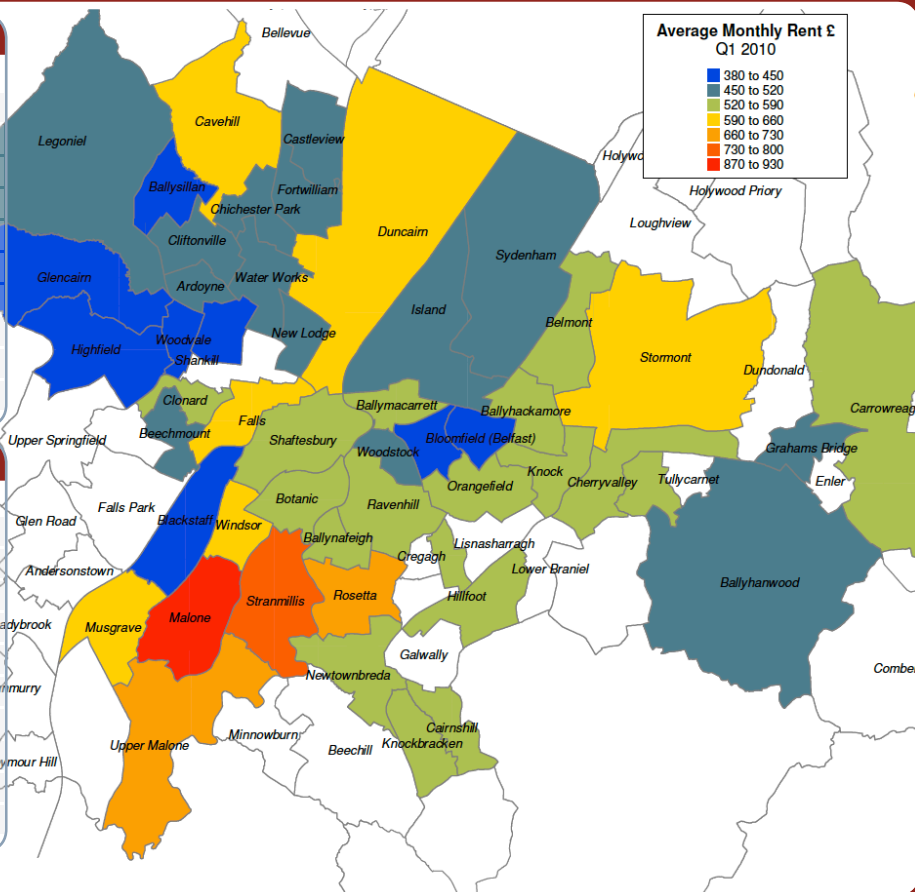
Not surprisingly it is the leafier suburbs of Malone, Stranmills and Rosetta in South Belfast that stand out as the 3 most expensive areas to rent in Belfast. Contrasting with this the 3 most affordable areas are Woodvale, Blackstaff and The Mount.

Most Expensive Areas to rent

	1 bed	2 bed	3 bed	4 bed	All	TTL(days)
Malone		£629		£1,056	£923	47
Stranmills				£885	£786	52
Rosetta		£703	£751	£898	£724	57
Windsor	£485	£631	£634	£669	£633	52
Musgrave		£632			£632	46
Stormont	£436	£608		£870	£620	34
Duncairn		£682	£454		£609	47
Botanic	£410	£580	£588	£748	£589	50
Cherryvalley					£576	60
Knock					£574	53

Cheapest Areas to rent

	1 bed	2 bed	3 bed	4 bed	All	TTL(days)
Woodvale		£369	£369		£383	52
Blackstaff	£396	£395	£395		£408	45
The Mount	£378	£444	£444		£445	61
Bloomfield	£425	£435	£435	£495	£449	59
Ballysillan		£435	£435		£449	57
Fortwilliam		£407	£407		£463	46
Sydenham		£449	£449		£473	50
Castleview		£515	£515		£473	50
Woodstock		£442	£442	£617	£474	66
Water Works	£374	£480	£480	£562	£484	76



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

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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 300 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 Web site.

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