

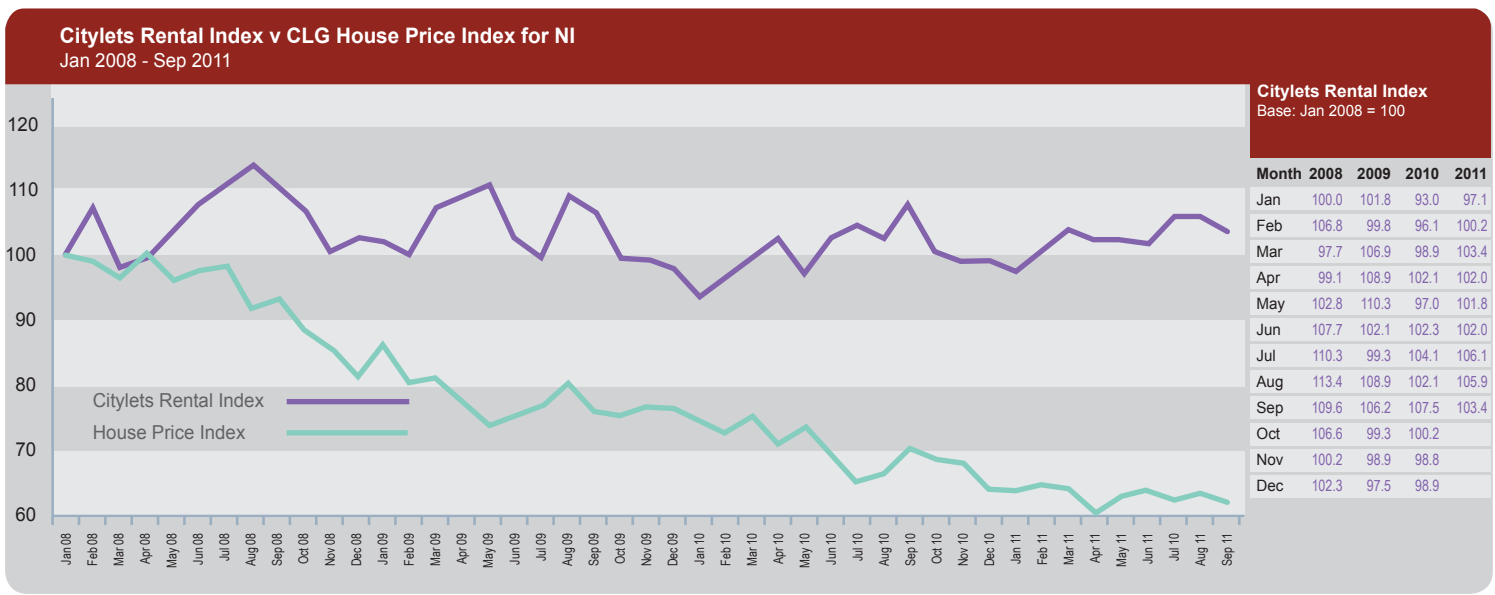
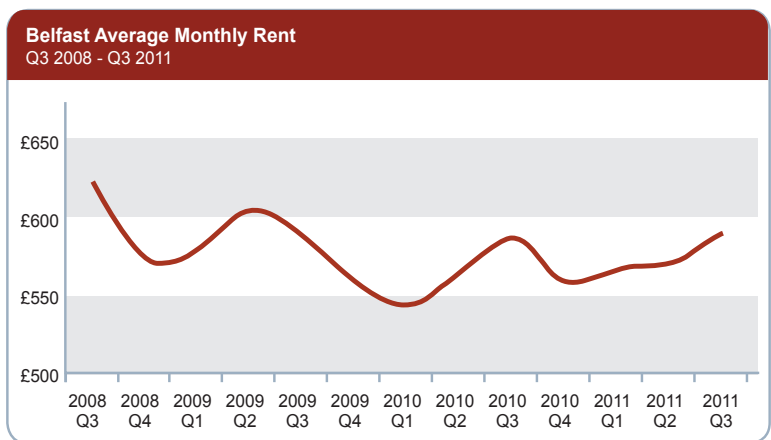
Trends in Belfast Private Rented Sector

In the third quarter of 2011 average rents across Belfast increased steadily to £590, a jump of 3.3% on the figure of the previous quarter, though this actually represented a small rise of just 0.6% on the figure of a year ago. While the rental growth remained modest, the average Time to Let (TTL), a key indicator of demand within the Private Rented Sector (PRS), slowed somewhat during the quarter and now stands at 52 days; which is an improvement on the third quarter of 2010.

With rents edging up in Belfast it is worth considering whether affordability is becoming an issue. Recent research carried out in England by Shelter categorised regions according to the proportion of the typical full-time take home pay that goes towards paying the monthly rent for an average two bed property. The latest official estimate for full-time annual gross pay in Northern Ireland was £22,719 (2010), which equates to a monthly take home pay of £1,484. In the same period (2010) the median price for a 2 bed property was £490, so a private renting tenant in Northern Ireland is typically paying 33% of their take home on rent. At this level rents appear to be fairly affordable, since it is only when the proportion of pay going on rent goes above 40% that the affordability is defined as very unaffordable.

The most recent house price data published by the Department of Communities and Local Government (CLG) shows that the sales market in Northern Ireland continues to fall with average prices in September at £140,726 which compares with an average of £162,740 in September 2010. A small ray of hope is that this figure, while down on the previous month, is still up on the value reported for April (£136,276) which gives encouragement that the bottom of the market might be behind us. However, in the context of the ongoing debt crisis playing out across Europe, it is hard to be certain how this will play out with respect to the housing market.

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. The Index stood at 103.4 in September 2011 which is same as the figure reported in March 2011, but up on the figure for June (102.0). The NI house price index from CLG in September was at 62 which is down 38% from January 2008, in the same period the Citylets Rental Index was up 3.4% and has continued to perform comparatively well.

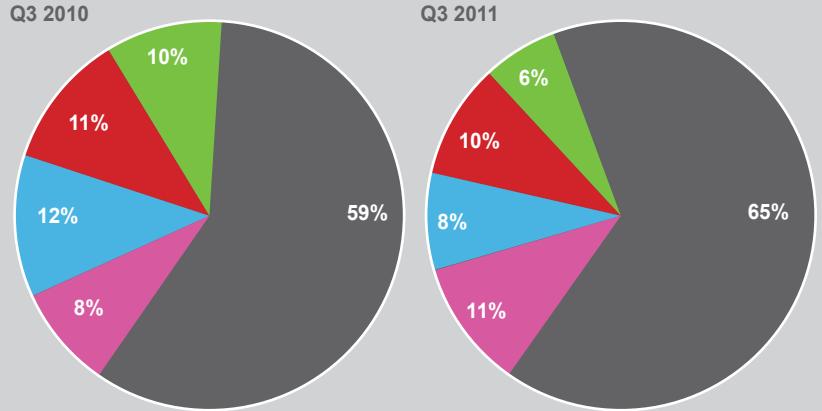


Time to Let Guide

During Q3 2011 the average TTL for all properties let in the Greater Belfast area was 52 days. This is somewhat better than the TTL of 56 days seen in the Q3 2010. In other cities Citylets operates in, such as Edinburgh (32 days), Aberdeen (26 days) and Glasgow (37 days) average TTL figures are considerably lower than in Belfast. It is hard to be certain why the lettings market in Belfast appears more sluggish but one factor might be the comparatively large increase in supply of rental property that was introduced to the market as a result of the sales downturn.

Time to Let Q3 2010 - Q3 2011

Over a third (35%) of properties took less than 4 weeks to let in Q3 2011 which is a slight deterioration on Q3 2010 when 41% of properties let within 4 weeks. The latest figures are an improvement on the previous period when under a quarter (24%) of properties were let within 4 weeks.

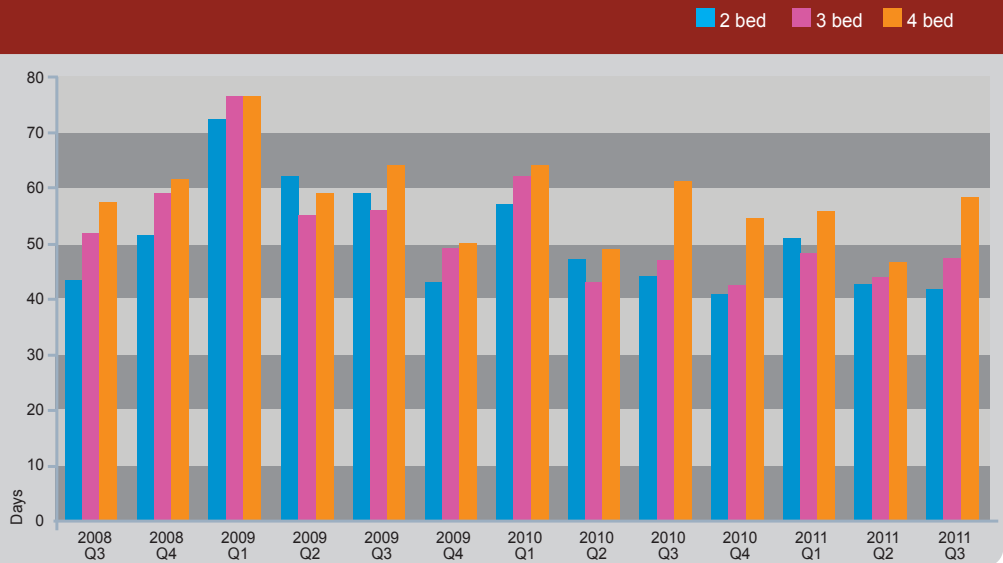


Time to Let in Belfast Houses by Size Q3 2008 - Q3 2011

Our breakdown of TTL by house size shows that there were annual improvements across all house sizes in Q3 2011.

The annual comparison shows there has been a slight improvement in TTL for 2 bed houses which now have a TTL of 41 days from 44 days in Q2 2010.

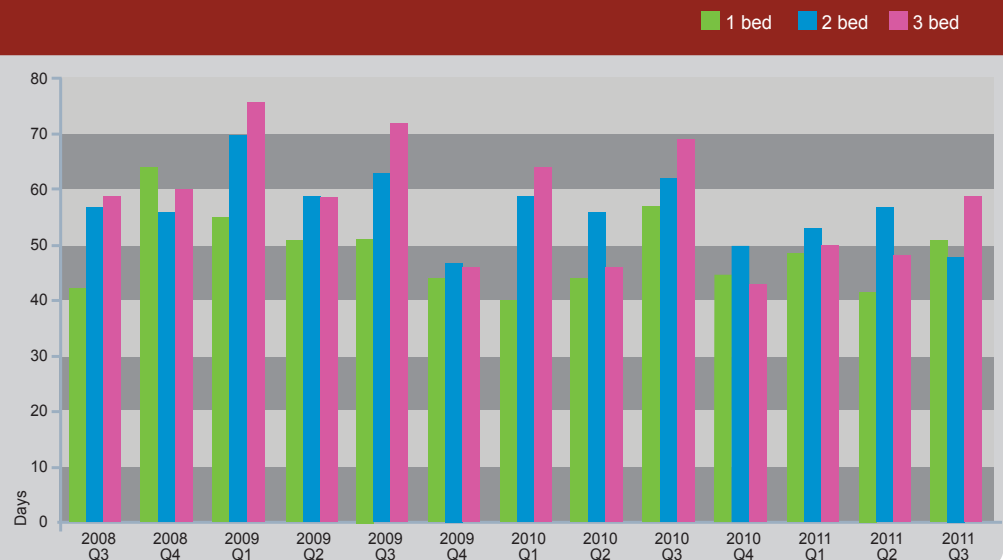
Larger 4 bed houses have an average TTL of 58 days which is an improvement of 3 days on the figure of a year ago though 11 days up on the impressive figures reported for Q2 2011. 3 bed houses (47 days) are taking exactly the same length of time to let as last year.



Time to Let in Belfast Apartments by Size Q3 2008 - Q3 2011

The latest TTL figures for apartments paint a similar trend to houses, with all sizes experiencing annual improvements. In Q3 1 bed apartments took 51 days to let, which is an improvement of 6 days over the year. 2 bed apartments are taking 48 days, while 3 bed apartments are now taking 59 days which is a big jump on the 39 days reported in for previous quarter. The comparison with Q3 2010 shows that 2 and 3 bed apartments saw annual improvements in TTL of 14 days and 10 days respectively.

While these TTL figures are not quite as good as those reported in Q2 of this year the annual improvement is still encouraging.



Detailed Rent Guide

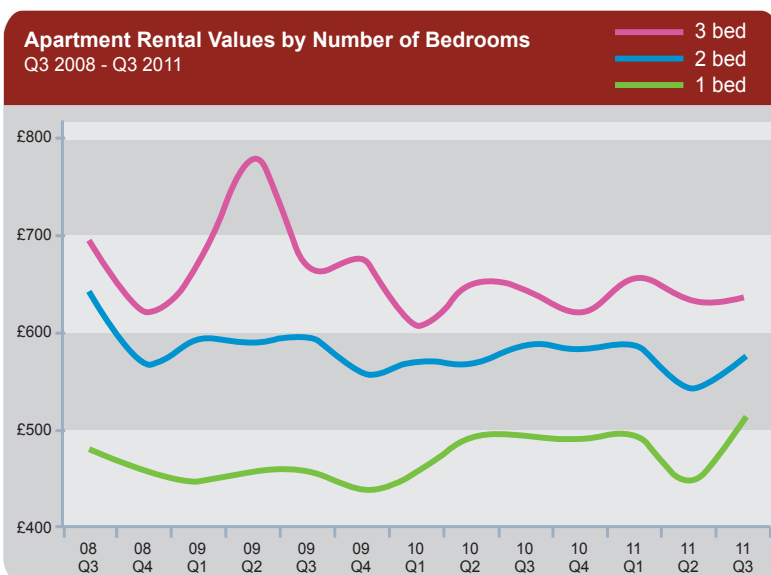
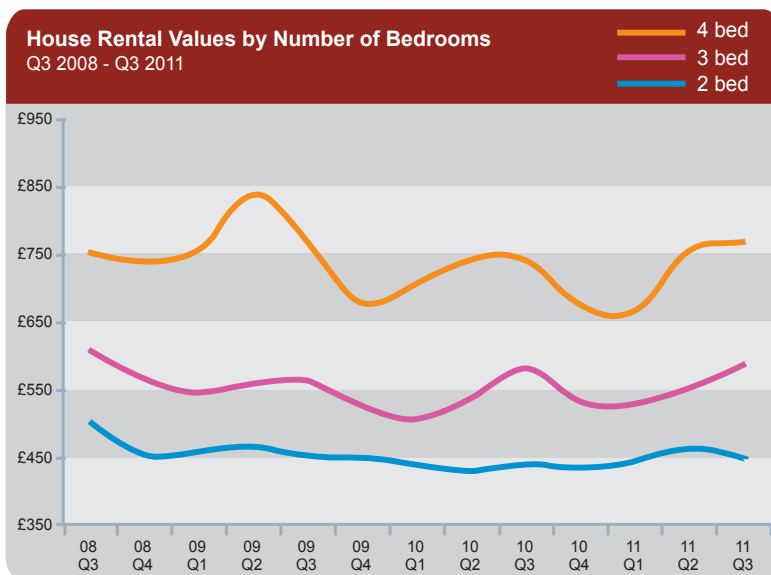
Our analysis of the Belfast PRS shows that it has performed well during the downturn of the housing sales market. The PRS is growing in popularity as a form of tenure in Northern Ireland as it offers tenants the choice, affordability and flexibility they are seeking. Given the continued expansion in demand for rental property it is particularly encouraging that affordability is not yet a major concern.

The charts opposite show the trends in rental values by property type and size over the last 3 years and highlight that rents for 3 and 4 bed houses increased in the most recent quarter.

Over the course of the year 2 bed houses rose 1.5% from Q3 2010 (£442) to Q3 2011 (£451). 3 bed houses saw a 0.9% annual increase in Q3 2011 with average monthly rents now at £582 up from £540 a year ago. Average rents for 4 bed houses rose the most with a 2.5% increase over the year, from £744 in Q3 2010 to £771 in Q3 2011.

The slight dip in rent values for apartments that was seen in Q2 of this year was mostly reversed in Q3. 1 bed apartments are now averaging £512 which is 4.0% up on the figure of £493 a year ago. The average monthly rent for a 2 bed apartment was £577 in Q3 which represents a 1.6% decline over the year, though this up on Q2. The larger 3 bed apartments have also seen a slight fall from Q3 2010 (£646) to Q3 2011 (£637) which equates to an annual drop of 1.1%.

The table at the foot of this page shows trends for houses and apartments together and it is clear that 1 and 2 bed properties experienced higher annual rent growth (2.6 % and 2.9% respectively), than larger 3 and 4 bed properties (1.0 % and 0.9% respectively) though the encouraging take for landlords is that rents increased for all sizes of property, if only modestly. TTL figures have improved for most sizes of property apart from the smallest 1 bed properties which are now taking 9 days longer to let.



Bedroom	Average Rent Q3 2011	Growth Q3 2010-Q3 2011	Average TTL (days) Q3 2011	Change Q3 '10 - Q3 '11	Let within a week	Let within a month
1 bed	£513	2.6%	49	9	15%	42%
2 bed	£532	2.9%	45	-9	12%	36%
3 bed	£608	1.0%	51	-2	10%	37%
4 bed	£781	0.9%	60	-5	10%	27%

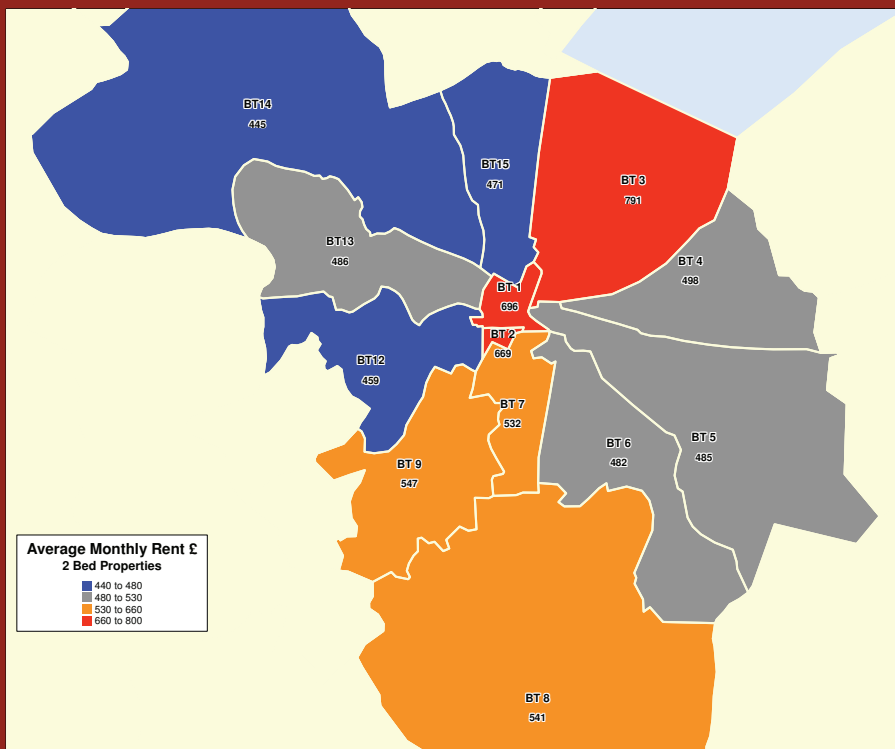
Area Rent Guide

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.

Average Monthly Rent by Postcode District *						
postcode	1 bed	2 bed	3 bed	4 bed	5 bed	TTL(days)
BT1		£696				51
BT2		£669				47
BT3		£791				69
BT4		£498	£520	£717		46
BT5	£401	£485	£553			51
BT6	£441	£482	£545	£634		44
BT7	£455	£532	£631	£812	£987	44
BT8		£541	£611			46
BT9	£526	£547	£653	£870	£1,012	51
BT12	£440	£459	£448			42
BT13		£486	£442			42
BT14		£445	£462			44
BT15	£423	£471	£513	£629		42
All	£513	£532	£608	£781	£958	52

It should be noted that there are many factors other than location and number of bedrooms that can influence rental values. The tables above should only be used as an indicator and not as a definitive guide to set actual rents.

* Note these average figures are based on most recent 6 months of data. In some areas figures have not been calculated because there were insufficient observations to be statistically sound.



Average Monthly Rent £
2 Bed Properties

- 440 to 480
- 480 to 530
- 530 to 660
- 660 to 800

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.

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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 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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