

Trends in Belfast Private Rented Sector

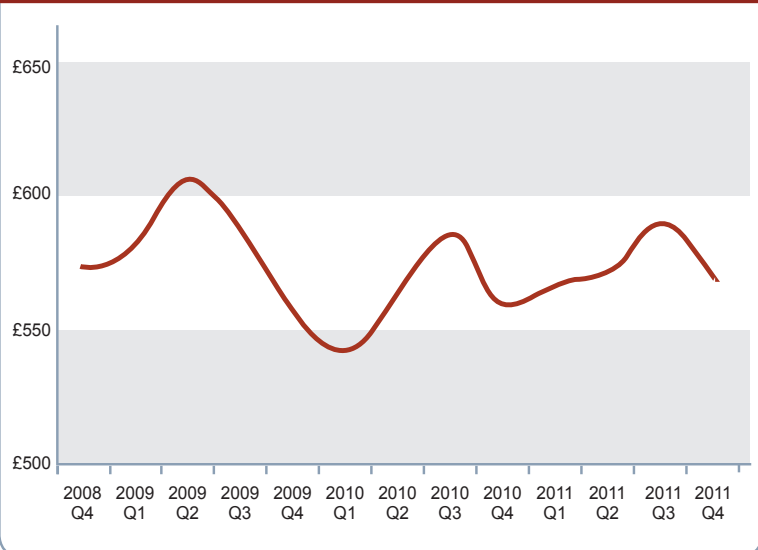
It is evident that the last three months of 2011 (Q4) have been challenging for the housing market in Belfast. The volume of rentals is down by 12.7% on the same period last year and 25% down on the previous quarter. While the downturn from Q3 to Q4 is expected because of the seasonality of the rental market it is somewhat disappointing to see a fall in the year on year figures. Although quarterly volumes of lettings were down the rent levels have held their own and the average mix adjusted rent in Belfast is now £570 which represents a 2% annual increase.

The average Time to Let (TTL) figure is a key indicator of demand in the Private Rented Sector (PRS), and in Q4 2011 the TTL for all properties deteriorated slightly to 51 days from 48 days in Q4 2010. While this is not a dramatic change it is evident that TTL figures for larger properties fared worse, something that we explore later in the report.

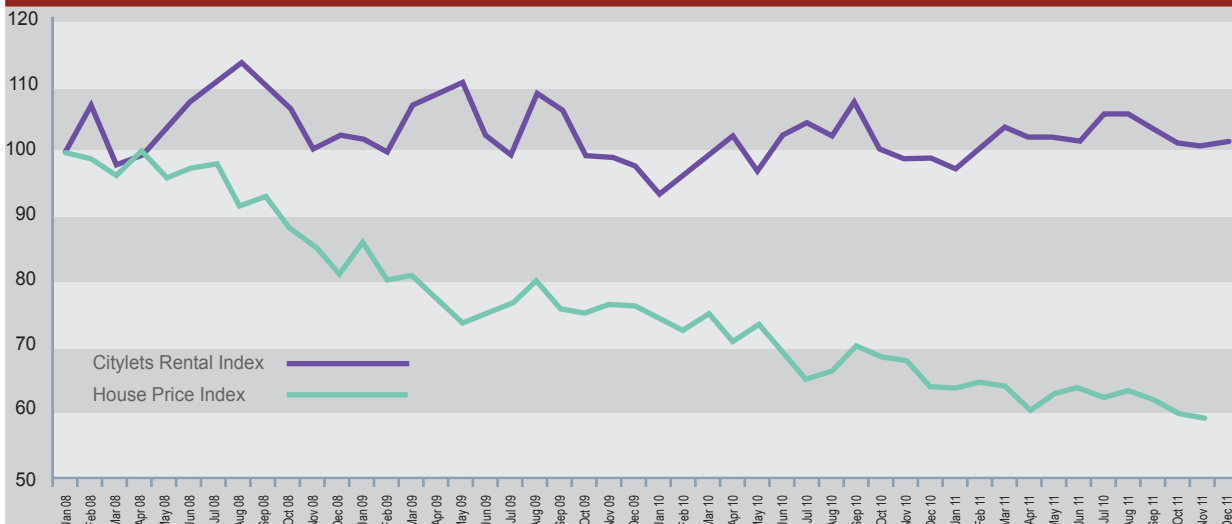
Across the year as a whole there was an increase in demand for rental property in 2011 with 13.6% more properties let in 2011 than in 2010. However, the majority of that increase was caused by a very busy second quarter which compensated for the relatively quiet fourth quarter. Meanwhile the housing sales market continued to experience difficulties in Northern Ireland with average prices falling to a low of £135,402 in November 2011 according to the most recent analysis from the Department of Communities and Local Government (CLG).

In December the Citylets Rental Index stood at 101.8 which means that since we started monitoring the rental market in Belfast (January 2008) rents have risen by 1.8% while house prices have fallen by more than 40% in the same time. The dramatic contrast between the sales and rental markets can be seen in the chart below.

Belfast Average Monthly Rent
Q4 2008 - Q4 2011



Citylets Rental Index v CLG House Price Index for NI
Jan 2008 - Dec 2011



Citylets Rental Index
Base: Jan 2008 = 100

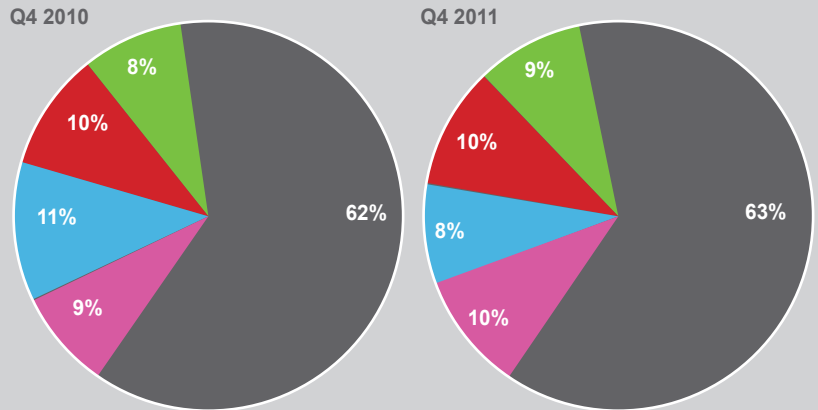
Month	2008	2009	2010	2011
Jan	100.0	101.8	93.0	97.1
Feb	106.8	99.8	96.1	100.2
Mar	97.7	106.9	98.9	103.4
Apr	99.1	108.9	102.1	102.0
May	102.8	110.3	97.0	101.8
Jun	107.7	102.1	102.3	102.0
Jul	110.3	99.3	104.1	106.1
Aug	113.4	108.9	102.1	105.9
Sep	109.6	106.2	107.5	103.4
Oct	106.6	99.3	100.2	101.4
Nov	100.2	98.9	98.8	101.1
Dec	102.3	97.5	98.9	101.8

Time to Let Guide

With rents levels remaining generally stable the Time to Let (TTL) figures become increasingly important as an indicator of demand within the Private Rented Sector (PRS). TTL also gives useful insights in to the likely future demand for particular types of property. The overall TTL for the greater Belfast area shortened in Q4 to 51 days which is 1 days less than Q3 though this represents a slight lengthening from the 48 days seen in Q4 2010.

Time to Let Q4 2010 - Q4 2011

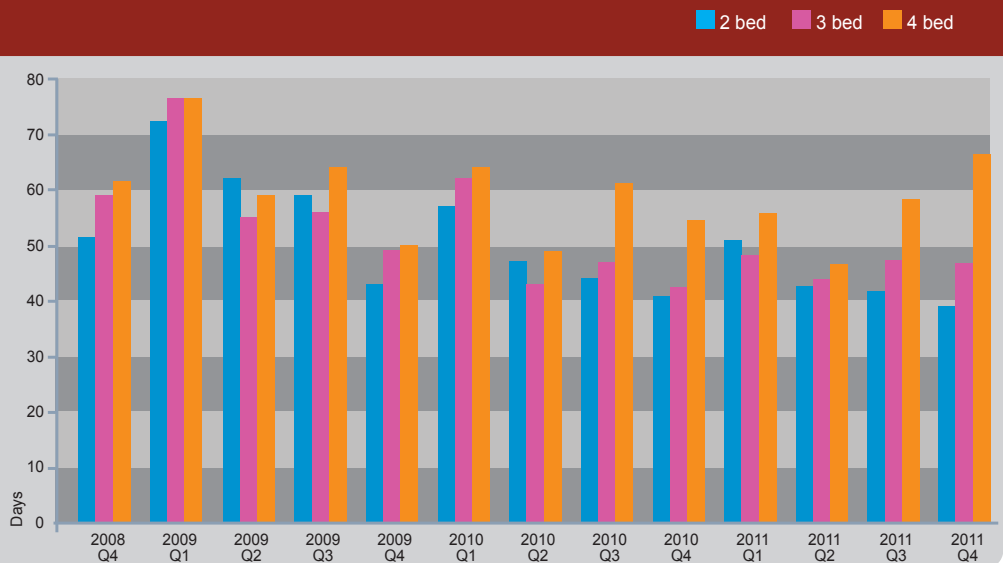
Just under two thirds (63%) of properties took more than 4 weeks to let in Q4 2011 which is a very slight deterioration on Q4 2010 when 62% of properties were taking more than 4 weeks to let. These latest TTL figures are little changed from the previous quarter and just one in ten of all properties are letting within 1 week.



Time to Let in Belfast Houses by Size Q4 2008 - Q4 2011

The TTL bar chart reveals how larger 3 and 4 bed houses are taking significantly longer to let than the smaller 2 bed houses.

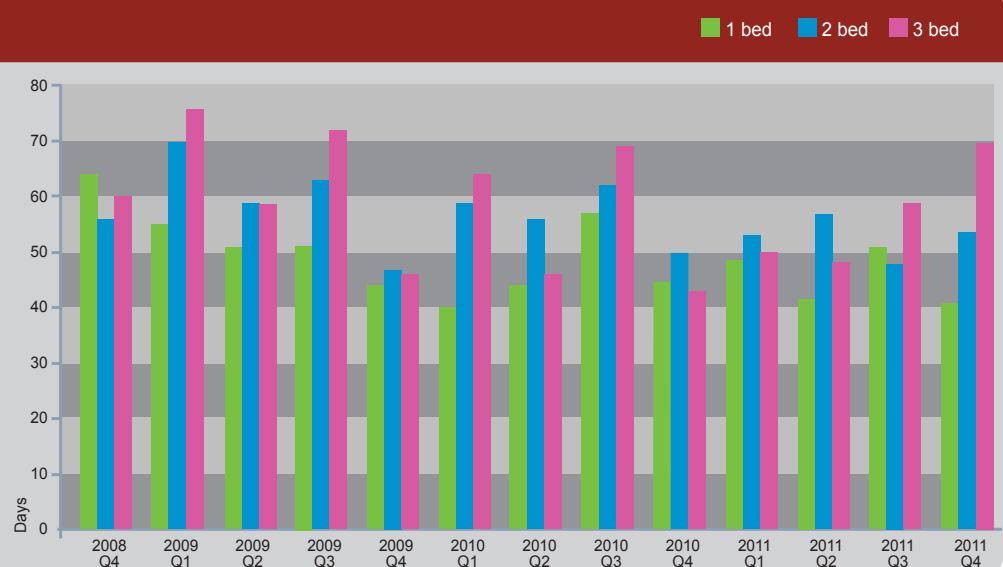
It appears that demand for the traditional 2 bed terraced house has improved slightly from last year with TTL dropping from 41 to 39 days. In contrast, larger 4 bed houses are now taking an average 66 days to let up from 55 days a year ago. 3 bed houses which represent just over a fifth of all rentals in Belfast had average TTL figures of 47 days in Q4 2011 up from 43 days a year ago.



Time to Let in Belfast Apartments by Size Q4 2008 - Q4 2011

The TTL for 1 bed apartments now stands at a reasonable 41 days which is a small improvement from the 45 days recorded in Q4 2010 but a much larger improvement on the most recent quarter (Q3 2011) when the TTL was 51 days. This current TTL of 41 days is the lowest it has been since Q1 2010.

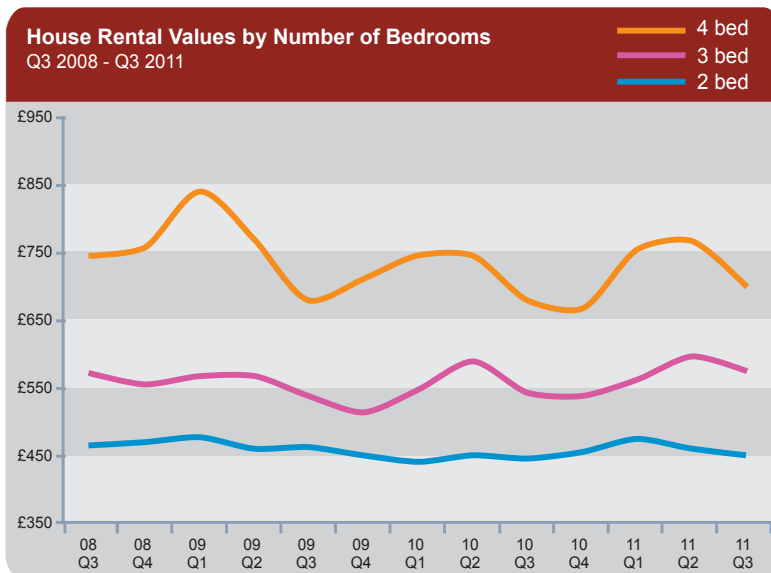
2 bed apartments which make up 22% of the PRS stock are now taking 54 days to let which is up on the 50 days recorded in Q4 2010. Larger 3 bed apartments which are less common and account for 10% of the market experienced quite a significant jump in TTL figures in Q4 2011 which now stand at 70 days, up from 43 days a year ago.



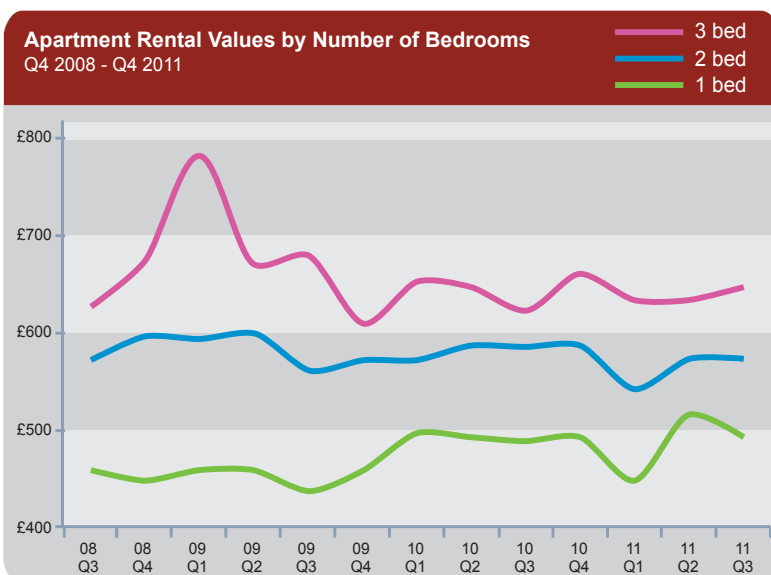
Detailed Rent Guide

Looking more closely at the trends in average monthly rents by property and size we can see that rents for 2 bed houses did not fluctuate a great deal over the last year. Rents are now £444 per month which is 1.8% up on the previous year. Rental values for 3 bed houses tend to be more variable and in Q4 2011 experienced stronger annual growth of 7.1% with rents now at £572 up from £534 in Q4 2010, though down from the high of £589 reported in the previous quarter (Q3 2011).

The average rent value of larger 4 bed houses tends to fluctuate even more than the figures for smaller houses because there are fewer of them (4 bed houses represent 9.8% of all rent transactions within our analysis). Average monthly rents for 4 bed houses now stand at £702 which is up 2.8% from a year ago when we reported rents of £677. However, much like 2 and 3 bed houses the rents have come down from the previous quarter.



Within the rental market for apartments there have been some modest gains and falls in average monthly rents. 1 bed apartments which account for 12% of the market by volume saw average rents rise by £1 to £490 in Q4 2011, up just 0.2% on a year ago. The 2 bed apartment is the most popular type of property to let in Belfast, representing 22% of the market by volume though average rents fell slightly by 1% from £583 in Q4 2010 to the current figure of £577.



As we move in to 2012 there is no getting away from fact that with public sector cuts and declining levels of real income and consumer confidence the outlook for the general housing market is not particularly rosy. However, the rental market does seem to be coping comparatively well given the economic situation and the rapid rise in demand for property to rent over recent years has not resulted in significant rent inflation.

1, 2, 3 and 4 Bedroom Comparison

Bedroom	Average Rent Q4 2011	Growth Q4 2010-Q4 2011	Average TTL (days) Q4 2011	Change Q4 '10 - Q4 '11	Let within a week	Let within a month
1 bed	£499	-1.0%	40	9	14%	49%
2 bed	£519	0.0%	48	2	10%	39%
3 bed	£588	5.8%	52	9	9%	39%
4 bed	£704	-0.7%	67	11	6%	17%

Area Rent Guide

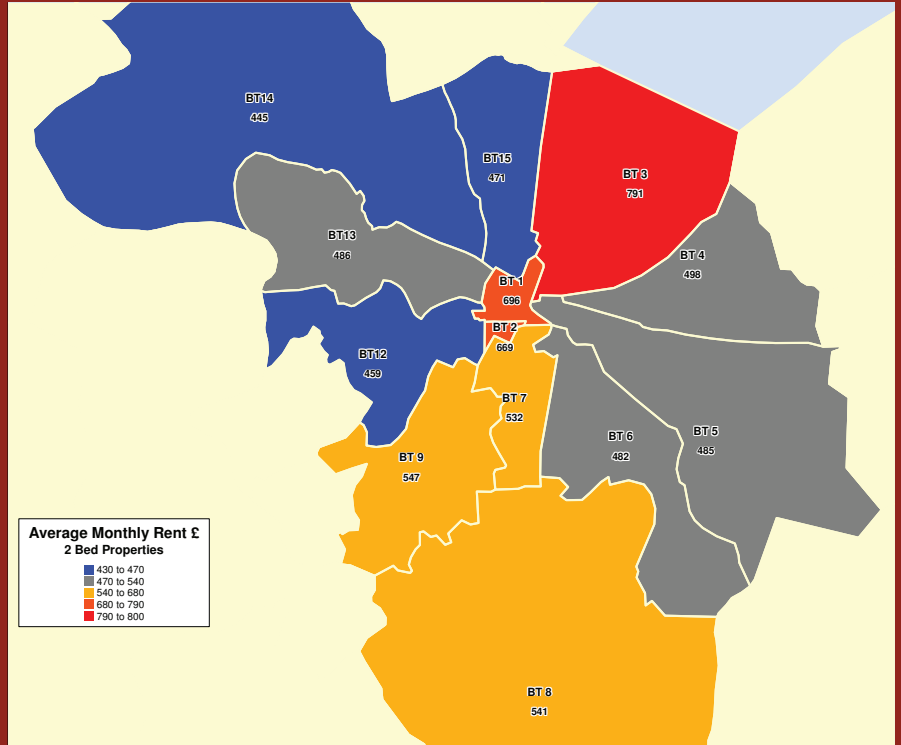
In this section of the report we look at a local analysis of the rents across the wider Belfast region and provide a unique 'heat map' identifying the most expensive and cheapest areas to rent.

Belfast Average Monthly Rents Q4 2011

postcode	1 bed	2 bed	3 bed	4 bed	5 bed	TTL(days)
BT1	£638	£696				57
BT2		£683				36
BT3		£796				55
BT4	£462	£504	£552	£718		50
BT5	£422	£494	£567			50
BT6	£477	£488	£554	£582		44
BT7	£511	£566	£630	£793	£919	60
BT8		£545	£611			47
BT9	£527	£568	£672	£818	£986	59
BT12	£431	£444	£456			42
BT13		£473	£480			52
BT14		£434	£481			43
BT15		£460	£514	£617	£601	43
All	£499	£519	£588	£704	£866	51

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.



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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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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