

# **The Private rented sector**

## **Emerging insights from NI**

### **landlords**

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@karlygreene  
@nihecommunity

# Why is this important?

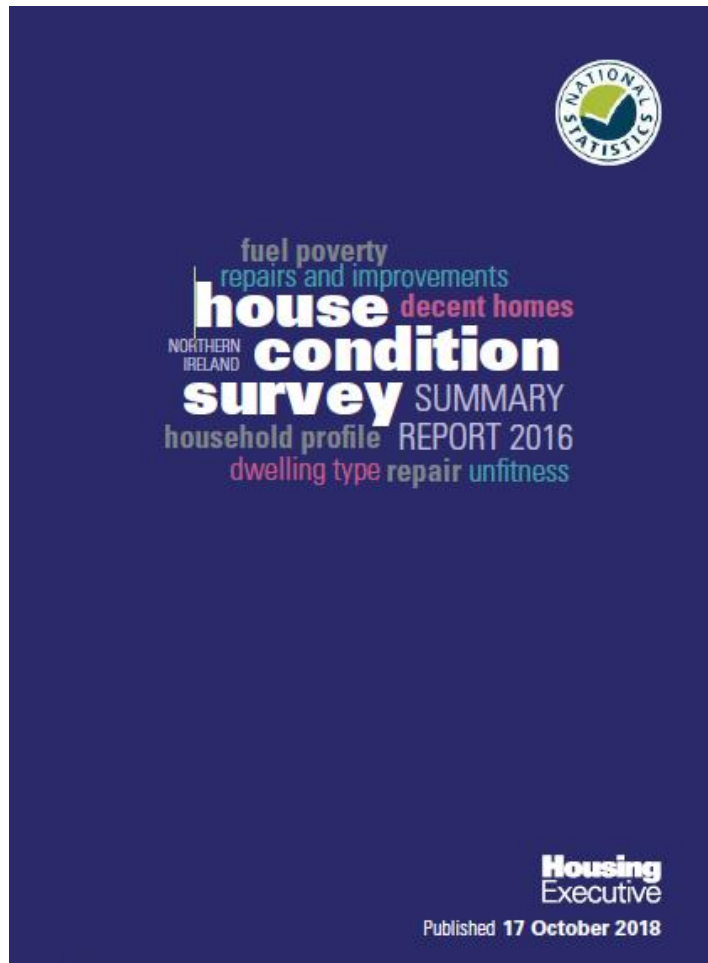
- Growth in private rental sector
- Evidence based policy
- Changes to benefits
- User led insights



# Overview

- 1. Previous research**
- 2. Current research**
- 3. Interim findings house sales and landlords**
- 4. Next steps**

# PRS Conditions and attitudes



# Rise in Private Rented Sector 2016

**17%**



**Rent**

# Private renters?

- **Younger: under 40 – with children**
- **Working**
- **Mid-lower incomes: 48% less than £15,600**
- **Urban - terraces**
- **Urgent repairs – Mean £553**
- **Mean SAP – 65.33**

# Private tenant survey 2016

## WHY RENT PRIVATELY?

### WHAT WE FOUND

**Choice of home**  
(size, state of repair, type of dwelling and cost)

**18%**



**Area and Neighbourhood**

**15%**



**Family/ Personal**

**29%**



**Tenure reasons**

(mainly difficulty accessing other types of housing- waiting list too long for social housing and could not afford to buy own home)

**22%**



# PRS Monitoring performance



## Older reports



- [Download the Performance of the Private Rental Market in Northern Ireland January - June 2018](#)
- [Download the Performance of the Private Rental Market in Northern Ireland January - June 2018 Summary](#)
- [Download the Performance of the Private Rental Market in Northern Ireland July - December 2017](#)
- [Download the Performance of the Private Rental Market in Northern Ireland January - June 2017](#)
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## Affordability in the private rented sector

*in Northern Ireland, 2018*

summer 2019



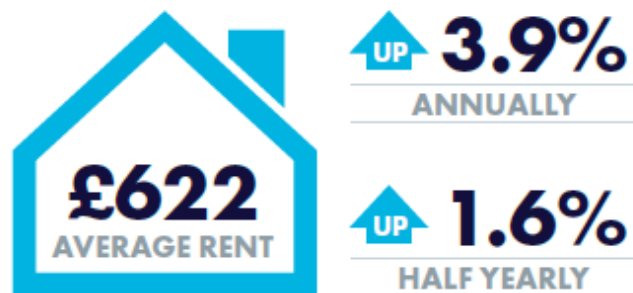
# NI rental index – H2 2018

## Northern Ireland

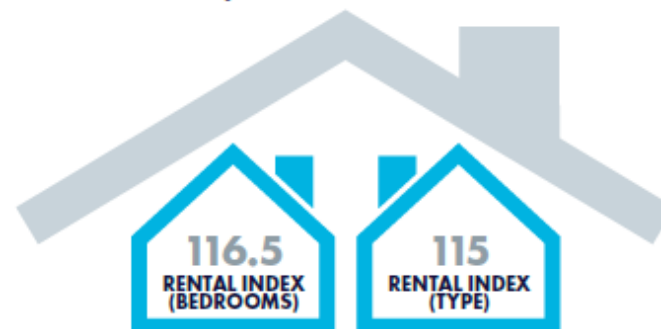
Rental Index H2 2018



### General Market Trends



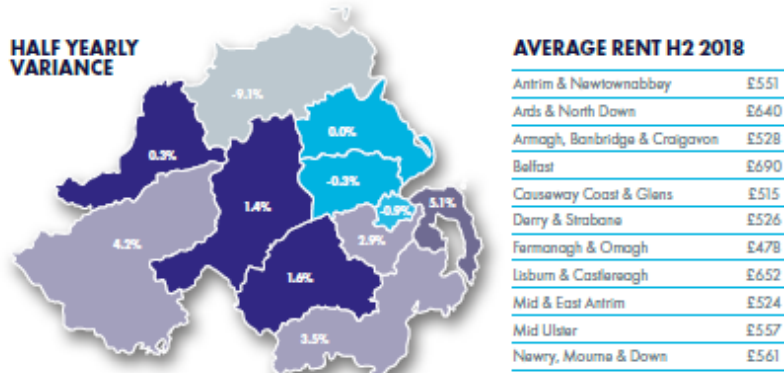
### Rental Indices, H2 2018



### Average Rent by Property Type



### Rental Performance by Region



# Affordability in the PRS

Table 1: Rental Affordability by Local Authority Area in 2018

Local Authority Area	Median Income (£)	First Quartile Rent (£)	Rent-to-Income Ratio	Affordability Gap 2018	Affordability Gap 2017	Affordability Gap 2016	Affordability Gap 2015
Antrim & Newtownabbey	27,840	475	20.47	-4.53	3.10	2.68	3.23
Ards & North Down	25,118	495	23.65	-1.35	-4.06	-3.65	-3.91
Armagh, Banbridge & Craigavon	20,551	450	26.28	1.28	7.17	5.99	5.8
Belfast	17,361	525	36.28	11.29	12.39	11.35	11.41
Causeway Coast & Glens	21,607	458	25.44	0.44	-0.87	-2.63	-0.28
Derry & Strabane	18,406	463	30.19	5.19	9.06	7.16	7.95
Fermanagh & Omagh	20,551	407	23.77	-1.23	-2.93	-3.25	-3.26
Lisburn & Castlereagh	28,302	514	21.79	-3.21	-1.87	-1.64	-1.17
Mid & East Antrim	23,509	450	22.97	-2.03	-5.26	-5.54	-5.38
Mid Ulster	27,208	497	21.92	-3.08	-4.86	-4.68	-4.42
Newry, Mourne & Down	23,611	475	24.14	-0.86	-0.87	-0.39	-0.56

Figures in red refer to those Local Authority Areas where the rent to income ratio exceeded 25%

# Affordability issues...





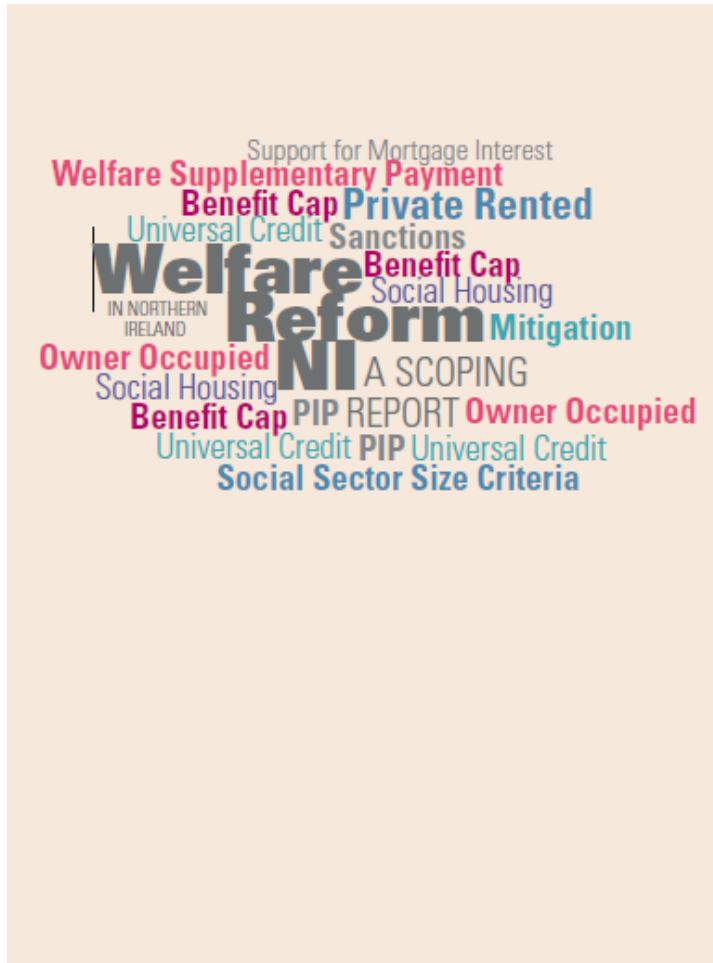
Department for  
**Communities**  
[www.communities-ni.gov.uk](http://www.communities-ni.gov.uk)



*Northern Ireland*  
**Housing** Executive



# PRS and Welfare reform



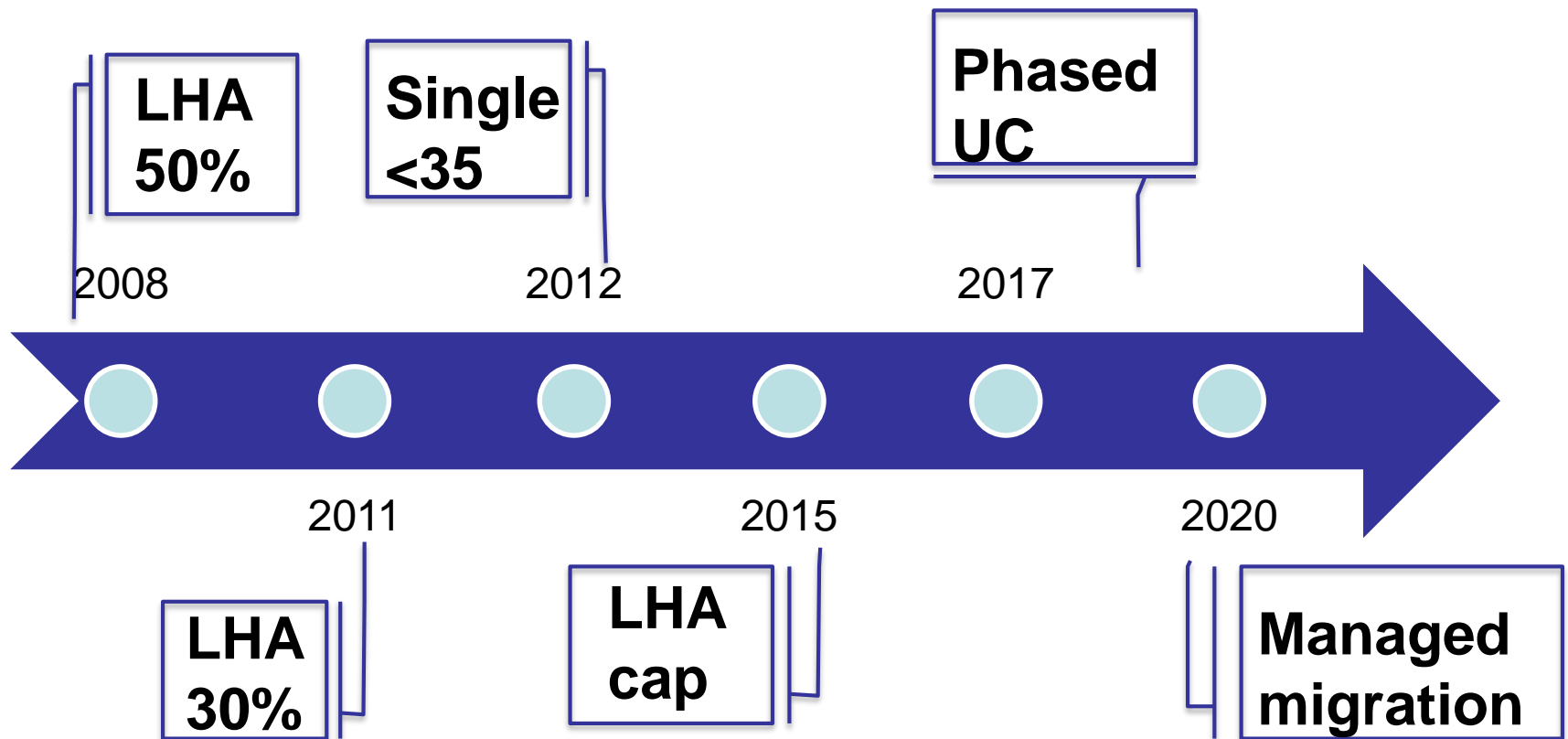
Northern Ireland Broad Rental Market Areas Scoping Study and Impact Assessment



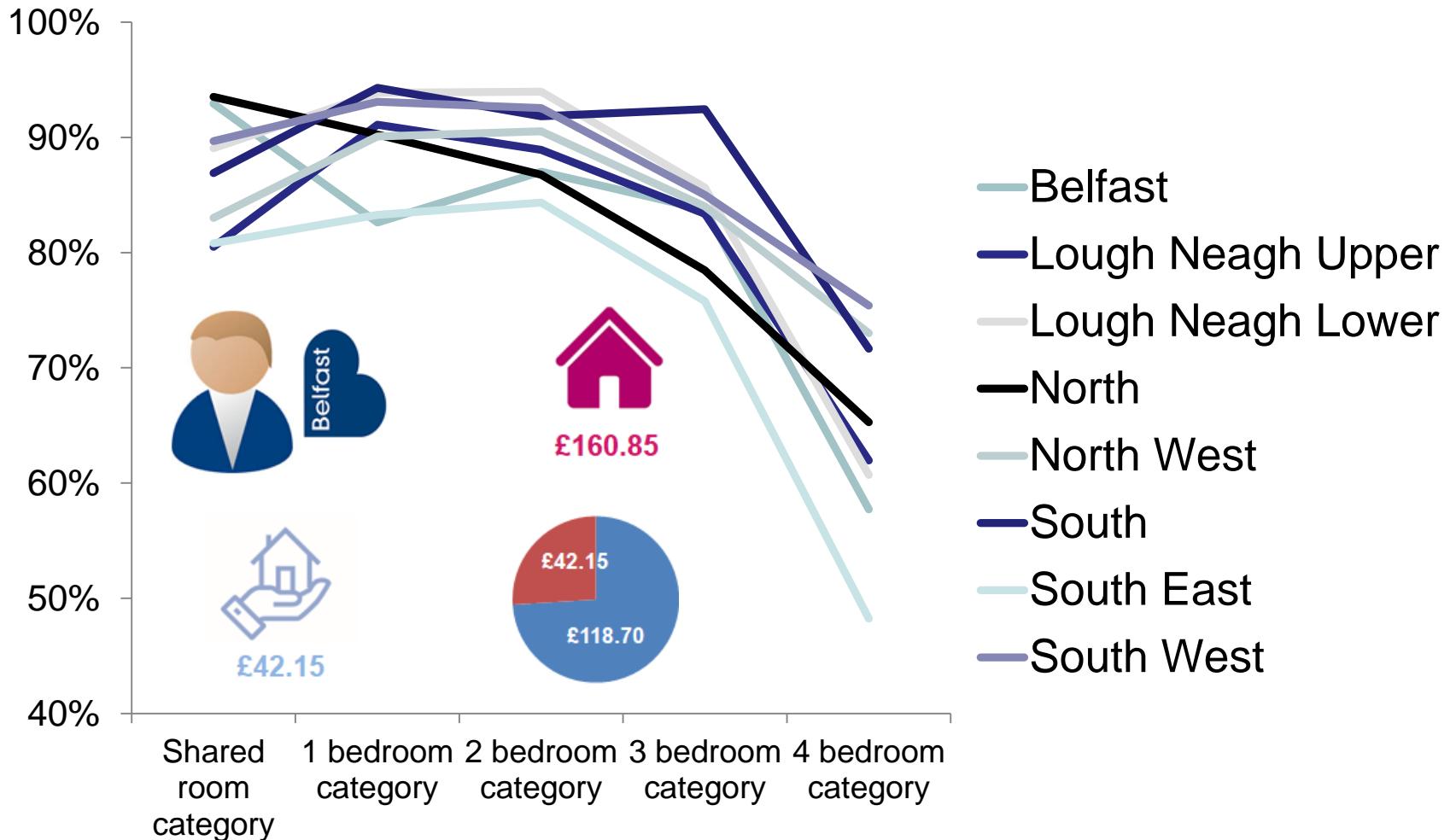
Prepared by Economic Research and Evaluation for the Research Unit, Northern Ireland Housing Executive  
www.nihe.gov.uk

# Renters and changes to benefits

## NI – a timeline



# PRS % of tenants HB claim in excess of LHA



# Current Research



# In progress...

## House Sales Scheme

- Approximately 121,000 sold Housing Executive properties
- 1,313 face-to-face surveys completed
- Weighted and grossed
- 100 by area

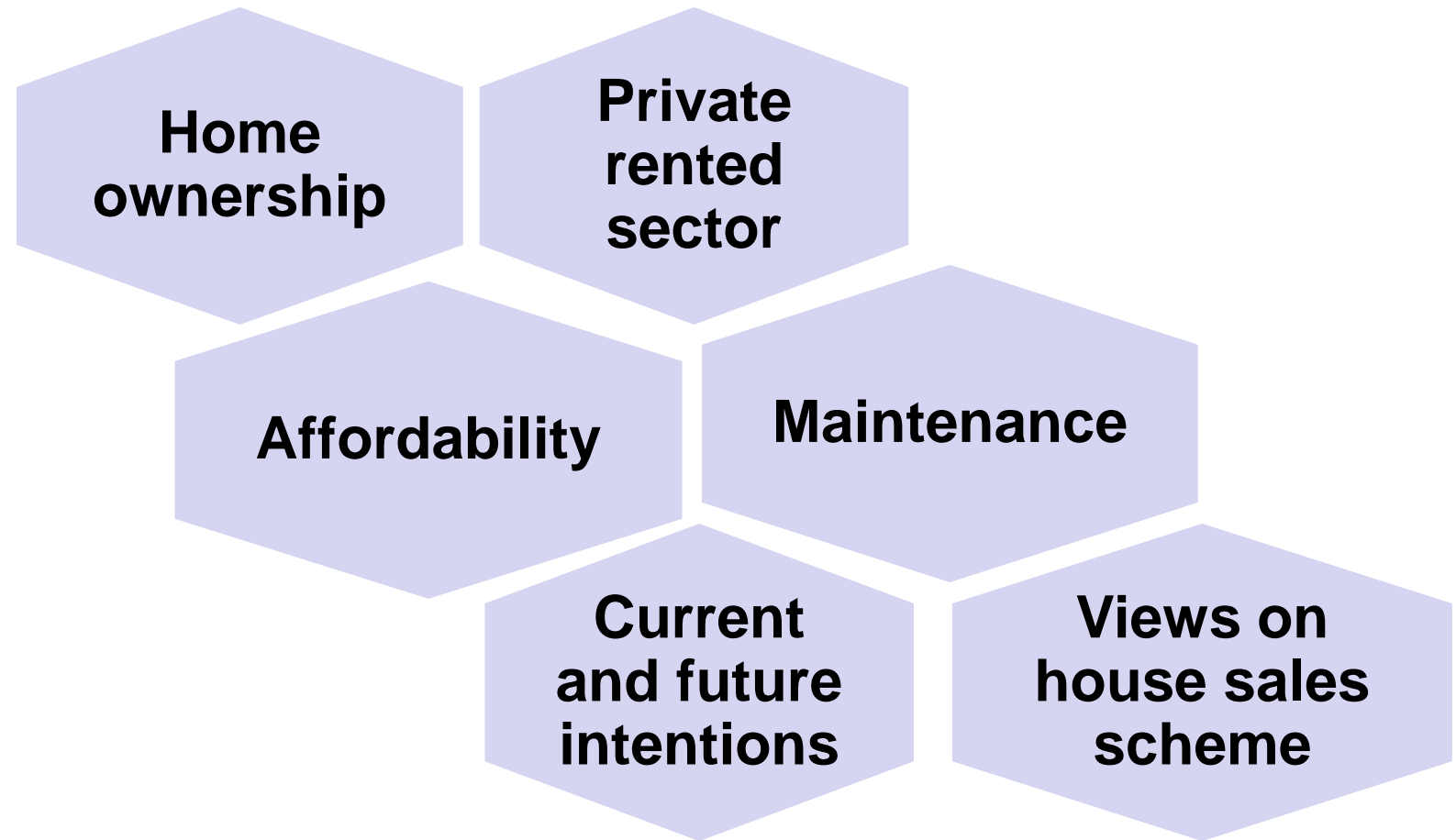
## Landlord

- Approx. 51,000 landlords (LR, TDS, HB)
- Online survey (sent to email)
- 1,224 completed surveys
- Approx. 1,000 opened
- 63 HMO only (later focus groups)

## Tenants

- TDS and HB
- Questionnaire design
- Fieldwork to take place (online survey, email)

# House Sales Scheme - themes



# House Sales Scheme



NIHE sold properties now in PRS

50%: average rent

£433-£519

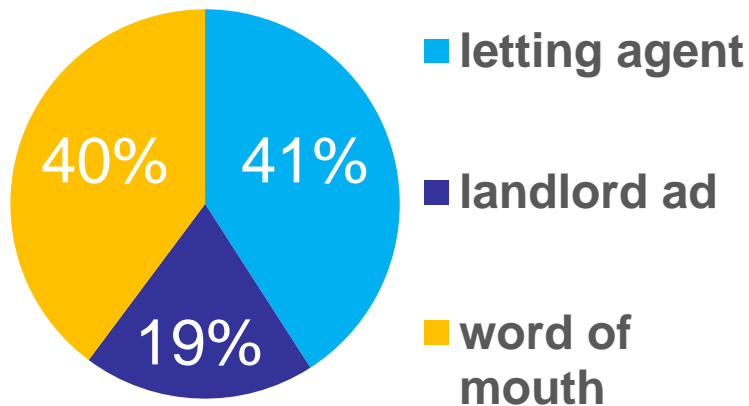


52%: HB/UC

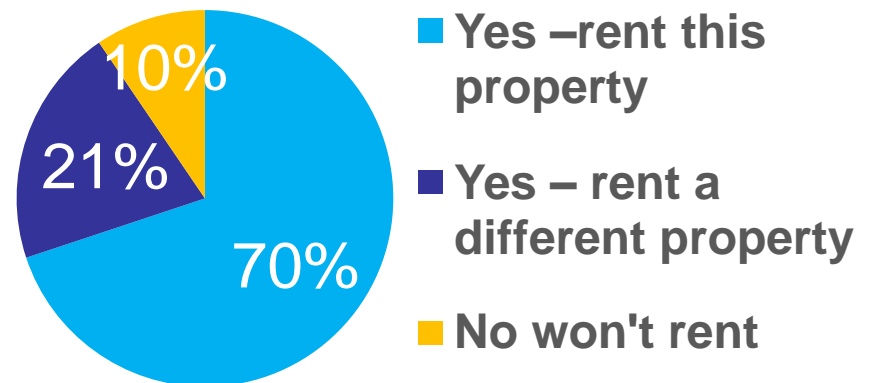


3 in 5: HB/UC doesn't cover full rent

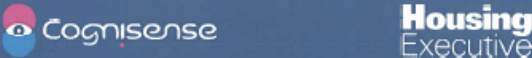
*Finding the property*



*Future Intentions*



# Landlord survey live now!



**Complete our survey for your chance to win one of fifty £50 Marks and Spencer vouchers**

Dear Landlord,

**Help us with our research**  
The Housing Executive has appointed Cognisense, an independent research company, to carry out an **online survey of private landlords** to gather **landlords' views** on a range of topics.

**Why is the Housing Executive carrying out this research?**  
The Housing Executive is the strategic housing authority for Northern Ireland. It conducts research across the housing market.

**Vital Research**  
The private rented sector has grown in size and importance in recent decades. The information gathered will be used to help develop policy and practice **in support of the private rented sector**. This research has been guided by a range of housing sector stakeholders.

**Which landlords will be contacted?**  
We will be contacting **all landlords** currently registered with the Landlord Registration Scheme, those on the Housing Executive's Housing Benefit system and those currently protecting tenants' deposits with TDS Northern Ireland.

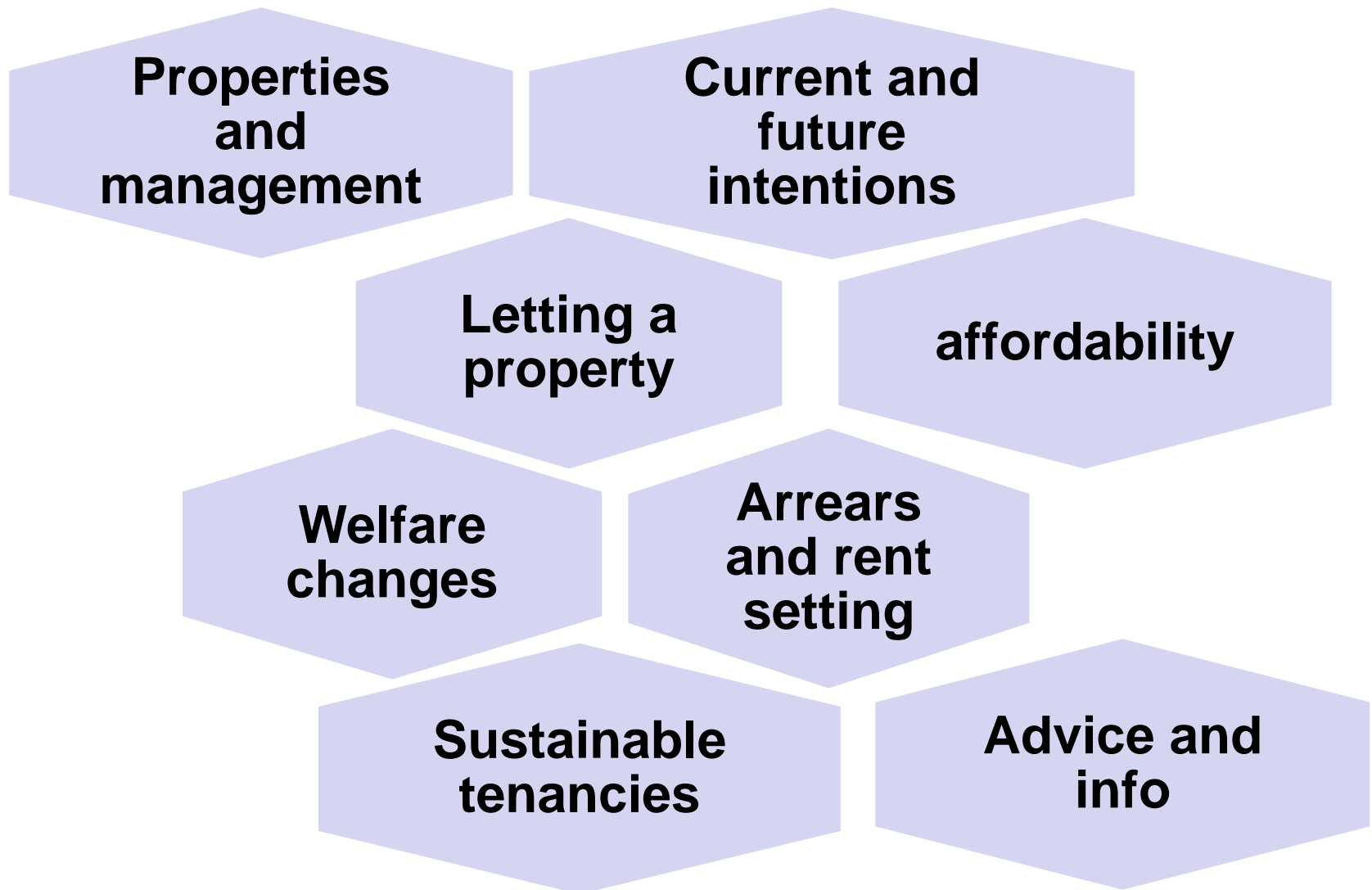
**Your opinion counts**  
Participation in the survey is **voluntary**. For this project to be worthwhile however, **we need to hear from as many landlords as possible**. The survey should take approximately 20 minutes to complete.

The closing date of the survey is **Thursday 31st October 2019**

[For further information on the survey or to access the survey, please click here](#)



# Landlord survey - themes



## **EMERGING FINDINGS 1**

**Majority of landlords 1 or 2 properties**

**Significance of letting agents (4 in 10 smaller landlords with 1 property)**

**Investment/pension main reasons for being a landlord**

**Majority have kept same number of properties**

**2 in 3 – 12 month lease**

**2 in 3 willing to move to more than 12 months**

**Half now on rolling terms**

## **EMERGING FINDINGS 2**

**Tiny % say they will leave rental market**

**Tenants pay rent and deposit in advance (approx £520 rent, £500 deposit)**

**Some increased rents from previous letting**

**2 in 3 return deposit in full**

**3 in 4 rent to families**

**1 in 4 to non UK/Irish residents**

**Half letting to benefit claimants**

## **EMERGING FINDINGS 3**

**3 in 5 own property outright**

**1 in 10 in negative equity**

**1 in 3 depend on rental income to pay mortgage**

**3 in 5 male**

**Over half 40-59**

**1 in 3 working FT**

**1 in 4 retired**

**3 in 4 Don't know Brexit impacts!**

**Almost half let unfurnished properties**



## **EMERGING FINDINGS 4**

**Repairs and ASB top concerns**

**Half plan to continue renting for next 5 years**

**Vast majority have no arrears and haven't evicted (still 1 in 10 who have)**

**1 in 4 plan on increasing future rents (1 in 3 for new tenants)**

**Main reason for rent increase – to keep in line with market**

## EMERGING FINDINGS 5

**Benefit tenants key part of NI market**

**Lack of awareness on LHA changes but some awareness on UC and benefit cap**

**1 in 4 ask tenants for rent in advance due to welfare changes**

**More reference/credit checks now due to welfare reform**

**Reasons *for* – as long as rent paid & direct payment to landlord**

**Reasons *against* – delayed/unpaid rent**

## **EMERGING FINDINGS 6**

**Over half perceive no impacts for them (particularly those who use letting agents)**

**4 in 10 experienced delayed payments and arrears with UC  
1 in 3 no issues**

**Over half plan to keep letting to HB/UC tenants (slightly less for UC)**

**Direct payments to landlord key reason for continuing to let to tenants on benefits**

**Regular use of NI Direct for info/advice**

	<b>Number of Landlords who had tenants in each category</b>	<b>% of landlords who said NO tenants were currently in arrears</b>
<b>Pay rent themselves</b>	795	94
<b>HB tenants</b>	499	83
<b>UC tenants</b>	159	74

# Segmenting Landlords

Reason for becoming a landlord  
(self reported)

Segments

Investment - to avail of rental income

Investment - to avail of capital appreciation

Investment - both rental and capital return

To rent property as a full-time business

Long term investment to contribute to pension

To provide a home for a relative/child/friend

Property/properties did not sell when on the market

Property/properties were in negative equity – not viable to sell

It was not a good time to sell the property/properties due to low house prices

I inherited the property (properties)/it was given to me

I set up home elsewhere with my partner

Could not afford the mortgage to live in the property

Professional

Accidental

Other elements to consider  
e.g. no. of properties

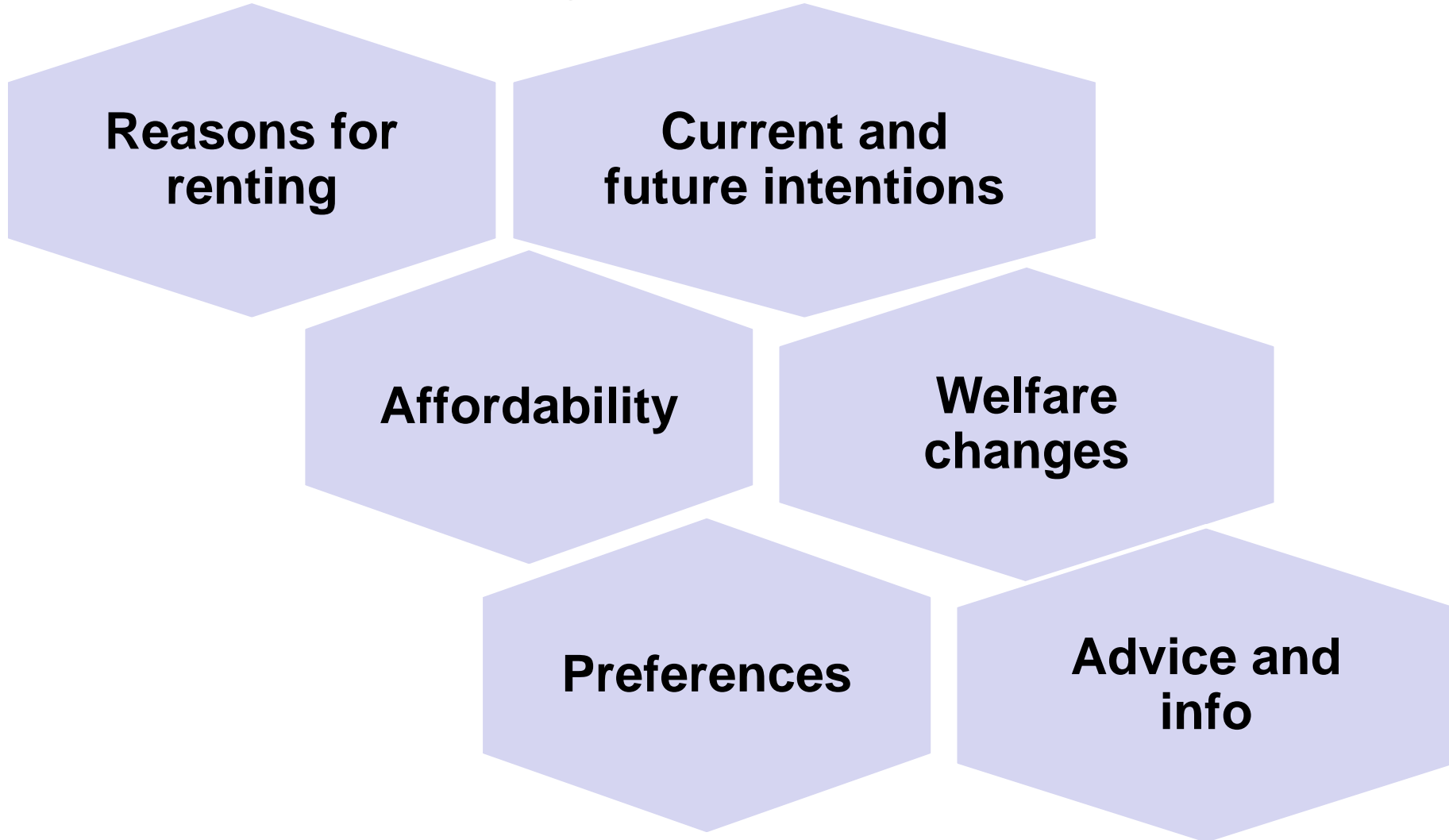
***'Being a private landlord can be difficult at times specifically in relation to calculating how much tax has to be paid. I find doing a tax return very stressful for the one property I own as my own tax from work is calculated on PAYE. I have seriously thought about selling my property just so I don't have the stress of this to do each year'.***

***'Advice from my letting agent is - the tenants sign a tenancy agreement and they are responsible for paying the rent directly to me, I do not want or accept rent payments from any benefits office on behalf of the tenants as the payments are not reliable and can be paid randomly and in drips and drabs - I don't nor can I pay my mortgage payments in drips and drabs! this is not acceptable to me'.***

***'all the regulations are aimed at protecting the tenant and not the landlord'.***

***'Being a landlord can be rewarding, knowing you provide a good safe home for others. As an investment I feel the government would like to stop small private landlords through taxes therefore making other investments more attractive.***

# Tenant survey - themes



# Conclusions & Next Steps



# Conclusions

- **Rental market growth showing no signs of ending**
- **1 in 4 of NIHE sold properties are now rented privately (half on HB/UC)**
- **Benefit dependency in NI rental market**
- **Landlords open to training and advice**
- **What will rental increases mean for low income tenants?**
- **Importance of NI adjustments for UC**

# Next Steps

## By Spring/Summer 2020

- **Launch house sales scheme report**
- **Launch landlord survey report**
- **Commence tenant survey**
- **Continue to fill evidence gaps**

**Wealth of data and insights for research users, policy makers and decision makers**

# Recognition



Customer Service  
Excellence Award



National Statistics  
Accreditation



Market Research Society  
Accredited Company Partner

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**For further information and updates, visit our webpage:**  
<https://www.nihe.gov.uk/Working-With-Us/Research>



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