

Housing Executive

STRATEGIC HOUSING MARKET ANALYSIS:

SOUTH EASTERN AREA –
CRAIGAVON URBAN AREA
AND NEWRY HMAS

FINAL REPORT

JUNE 2022



**Strategic Housing Market
Analysis:
South Eastern Area –
Craigavon Urban Area HMA
and Newry HMA**

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Submitted to

**Northern Ireland Housing
Executive**

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By

Economic Research and Evaluation

June 2022

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Abbreviations

ABC	Armagh City, Banbridge and Craigavon
AHS	Average household size
ASHE	Annual Survey of Hours and Earnings
BRMA	Broad Rental Market Area
CHMA	Centre for Housing Market Analysis
CWL	Common Waiting List
DfC	Department for Communities
DfI	Department for Infrastructure
dPS	Draft Plan Strategy
FDA	Full-Duty Applicant
FRS	Family Resources Survey
GDHI	Gross Disposable Household Income
HB	Housing Benefit
HCS	House Condition Survey
HGI	Housing Growth Indicators
HIP	Housing Investment Plan
HMA	Housing Market Area
HRP	Household Reference Person
HRR	Household representative rate
LDP	Local Development Plan
LFS	Labour Force Survey
LGD	Local Government District
LHA	Local Housing Allowance
LPS	Land and Property Services
NIHE	Northern Ireland Housing Executive
NISRA	Northern Ireland Statistics and Research Agency
NMD	Newry, Mourne and Down
NSM	Net stock model
OBR	Office for Budget Responsibility
ONS	Office for National Statistics
PAC	Planning Appeals Commission

PfG	Programme for Government
POP	Preferred Options Paper
PRS	Private rented sector
RDS	Regional Development Strategy
SHBE	Single Housing Benefit Extract
SHMA	Strategic Housing Market Analysis
SOA	Super Output Area
SPPS	Strategic Planning Policy Statement

Preface

This report is one of five Strategic Housing Market Analyses (SHMAs) Reports commissioned by the Housing Executive in its role as the Strategic Regional Housing Authority in Northern Ireland. Collectively, the SHMAs encompass the 11 Housing Market Areas (HMAs) defined in previous research by the Housing Executive entitled [Mapping Northern Ireland's Housing Market Areas](#).

The SHMAs have been prepared in two stages. The first stage involved the preparation of the SHMA reports for the Belfast Metropolitan HMA and the Derry and Strabane HMAs. Those reports set out projections of future housing need and demand for each of the three HMAs for the 15-year period 2020 to 2035. The reports were published in 2021 and are available on the Housing Executive website (<https://www.nihe.gov.uk/Working-With-Us/Research/Housing-Market-Analysis>).

The second stage in the research focuses on the remaining eight HMAs which have been grouped for reporting purposes into the following three areas:

- Mid-Western – the Cookstown, Dungannon, Fermanagh and Omagh HMAs.
- South Eastern – the Craigavon Urban Area and Newry HMAs.
- Northern – the Causeway Coast and Ballymena HMAs.

This report presents the SHMA for the South Eastern area HMAs. The SHMA reports are accompanied by a summary report which presents the key findings at Northern Ireland level and also the 11 Local Government Districts.

The second stage of the research was based on a range of datasets available as at end-2021. Therefore, the 2011 Census of Population was the most recently available benchmark dataset for the research. The decennial Census is the main source of household data at the geographical level required for the SHMAs.

The results from the 2021 Census of Population are expected to be published by the Northern Ireland Statistics and Research Agency (NISRA) in a series of releases commencing in May 2022 and running through summer 2023 and will be used by NISRA to revise the historical mid-year population estimates. In addition, a new set of sub-national population projections will be prepared with a 2021 population base which are likely to be published in late-2023/early-2024.

The implications of the 2021 Census data for the SHMA housing need and demand projections will be considered at a later stage by the Housing Executive.

Executive Summary

Introduction

This report presents the Strategic Housing Market Analysis (SHMA) for the Craigavon Urban Area and Newry Housing Market Areas (HMAs). The report sets out projections of future housing need and demand. The main purpose is to assist policymakers in their understanding of the dynamics of the HMAs and to inform Local Development Plans. The report has been commissioned by the Northern Ireland Housing Executive ('the Housing Executive') in its role as the strategic regional housing authority.

Housing Market Areas are defined as:

"The spatial area within which most households both live and work and where those moving house without changing their place of work search for, and choose, a home."

Within that context, this report serves as an evidence base. While different scenarios for the future evolution of housing need are identified, the report does not suggest targets or policy. It is a matter for Councils to conclude which scenario is most appropriate to their area and this can be referenced in the Local Development Plan (LDP). The scenario deemed most appropriate could change in a different economic/housing market context, over the life of the Plan. The scenarios are based on demographic trends and allow Councils to consider policy responses if they wish to change the identified trends. It is also acknowledged that the LDP can set housing targets due to other factors, set out in the [2015 Strategic Planning Policy Statement](#) (SPPS).

The South Eastern HMAs

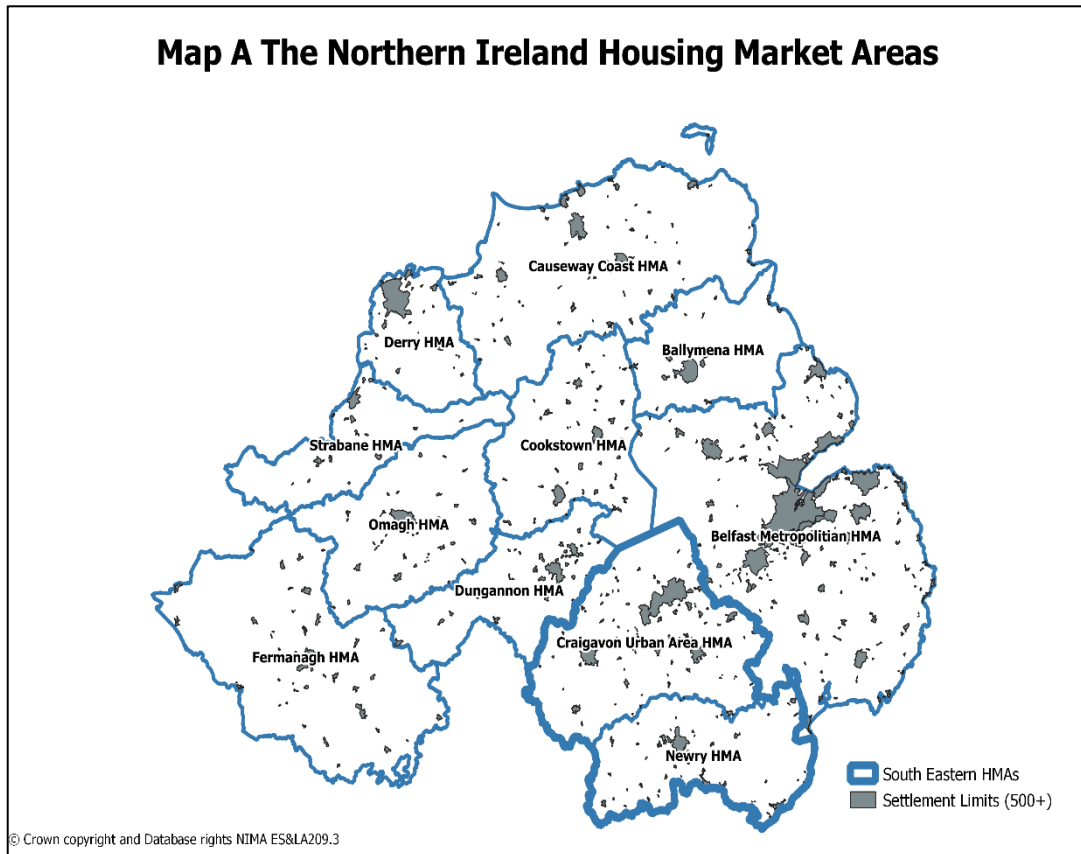
The Craigavon Urban Area and Newry HMAs were defined in a research report commissioned by the Northern Ireland Housing Executive. The two HMAs are shown in Map A along with the nine remaining HMAs.

The Craigavon Urban Area HMA is coterminous with Armagh City, Banbridge and Craigavon Borough Council.

The Newry HMA forms part of the Newry, Mourne and Down Local Government District (LGD), including all of the former Newry and Mourne LGD and 10 per cent of the former Down LGD. Based on the 2020 mid-year population estimates, the Newry HMA contains 63 per cent of the Newry, Mourne and Down LGD.

The spatial framework for the SHMA comprises three main components, as follows:

- The two HMAs.
- Within the Craigavon Urban Area HMA, three subareas, based around the former LGDs of Armagh, Banbridge and Craigavon.
- Settlement type – within both HMAs, a three-way summary classification to reflect the urban-rural dimension.



When the urban-rural grouping is applied to the Craigavon Urban Area HMA, a slight majority of the population (51 per cent at the 2011 Census) live in urban areas along with 14 per cent in the intermediate rural category and 35 per cent dispersed rural.

The distribution for the Newry HMA shows a larger rural share, amounting to 62 per cent comprised of 16 per cent living in intermediate rural settlements and almost half (46 per cent) in small villages, hamlets and the open countryside. While it is centred on Newry City, the high rural share is a distinctive feature of the HMA.

The projection of housing need and demand is at the level of the HMAs and the subareas. The urban-rural classification has been designed to assist in analysis and understanding of the housing market dynamics within the respective HMAs.

Policy Context

The policy context within which this SHMA sits is framed by three main elements:

- Planning policy.
- Programme for Government, with particular reference to housing.
- Welfare reform, again focusing on aspects relevant to housing.

The planning policy framework encompasses the Regional Development Strategy 2035, the 2015 Strategic Planning Policy Statement (SPPS) and the Local Development Plan (LDP) process. The LDP process is ongoing.

Armagh City, Banbridge and Craigavon Borough Council has produced and consulted on a [Preferred Options Paper \(POP\)](#) and is currently working towards the preparation of a draft Plan Strategy (dPS), including updating the evidence base. The timetable for the dPS is currently under review.

Newry, Mourne and Down District Council has produced and consulted on a [Preferred Options Paper \(POP\)](#) and is currently working towards the preparation of a draft Plan Strategy

In January 2021, the Executive Office published a [draft Outcomes Framework Consultation Document](#). While the preparation of a new PfG stalled in the face of the need to tackle the coronavirus pandemic, housing policy has continued to be developed.

The housing priority is being developed under four main themes, as follows:

- Increasing housing supply/options across all tenures.
- Making the best use of existing housing.
- Improving the private rented sector.
- Improving housing for the most vulnerable.

The main thrust of the housing supply theme is to “enhance investment and agree a target for new social and affordable home starts”. As part of the approach to increasing housing supply, the Department for Communities (DfC) is also considering how to expand the range of intermediate housing products for low and middle-income households that can afford social housing but cannot afford market rents and/or house purchase.

Over the last decade, the UK Government has enacted a raft of legislation designed to reform the benefit system. The reforms have been implemented with the aim of streamlining the system and to reduce welfare expenditure. Overall, the amount of Housing Benefit received by social sector tenants has been largely protected from welfare reform measures, notably the social sector size criteria ('the bedroom tax'). Private rented sector tenants have not been protected. Consequently, the vast majority face a shortfall between their Local Housing Allowance (LHA) entitlement and their weekly rent.

The wider context for this SHMA has been shaped by two key events, i.e. the Covid-19 pandemic and the UK's exit from the European Union (Brexit). The pandemic had a hugely disruptive effect across all sectors of society and the economy, including the housing market.

The longer-term impacts of Brexit remain highly uncertain, especially the ramifications for international migration, which is of particular importance in a housing market analysis.

The perspective adopted in this SHMA is that long-term demographic trends will continue, e.g. the ageing of the population. It is also assumed that housing market effects from the pandemic, especially on activities such as transactions, lettings and new dwelling completions, will be transient, albeit the timing and duration of effects is highly uncertain. Those activities tend to fluctuate in any event, more typically with the economic cycle. However, demographic factors will continue to operate over the long term.

Looking to the longer term and considering the 15-year projection period for this SHMA, demographic trends will continue to strongly shape housing market need and demand. The overall total population does not follow a cyclical pattern. The vast majority of those who will be alive in 2035 have already been born.

Population

The key points from the review of population trends are as follows:

- In both HMAs, the pace of population growth was slower in the period 2011-2020 compared with the previous decade from 2001-2011.
- Population growth was especially strong between 2001 and 2011, up by 14 per cent in both HMAs, almost double the Northern Ireland average (7.4 per cent). The growth in that period was driven by rising rates of natural increase (excess of births over deaths) and historically high levels of immigration.
- Between 2011 and 2020, population growth slowed to 8.5 per cent in the Craigavon Urban Area HMA and 6.9 per cent in the Newry HMA, albeit both HMAs remained above the Northern Ireland average (4.5

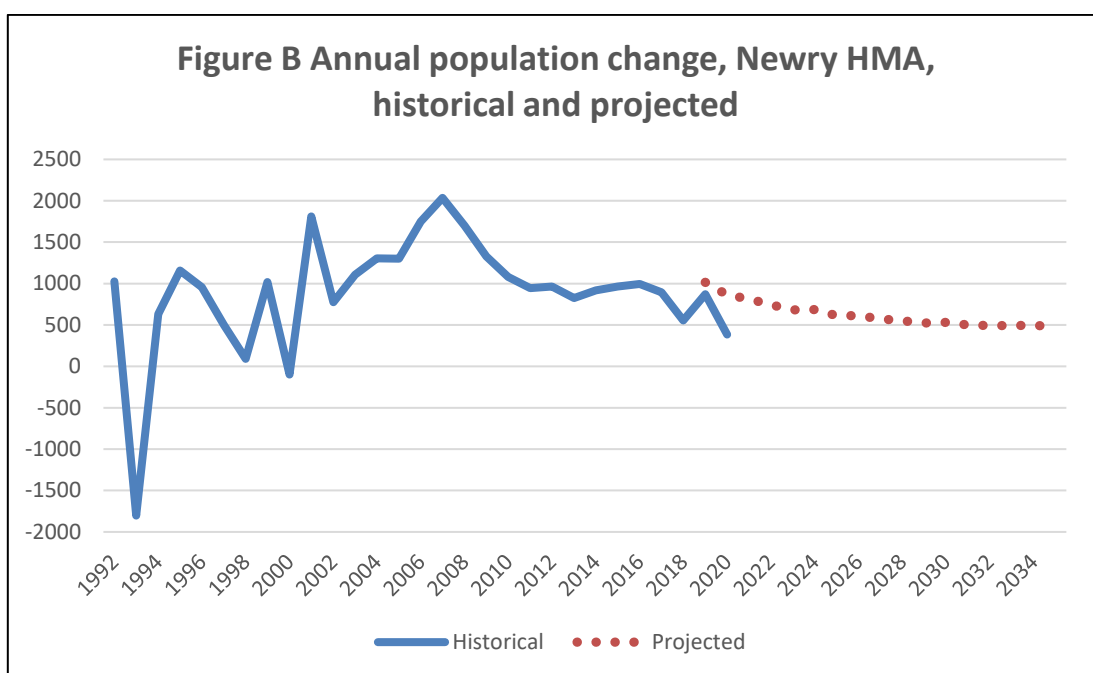
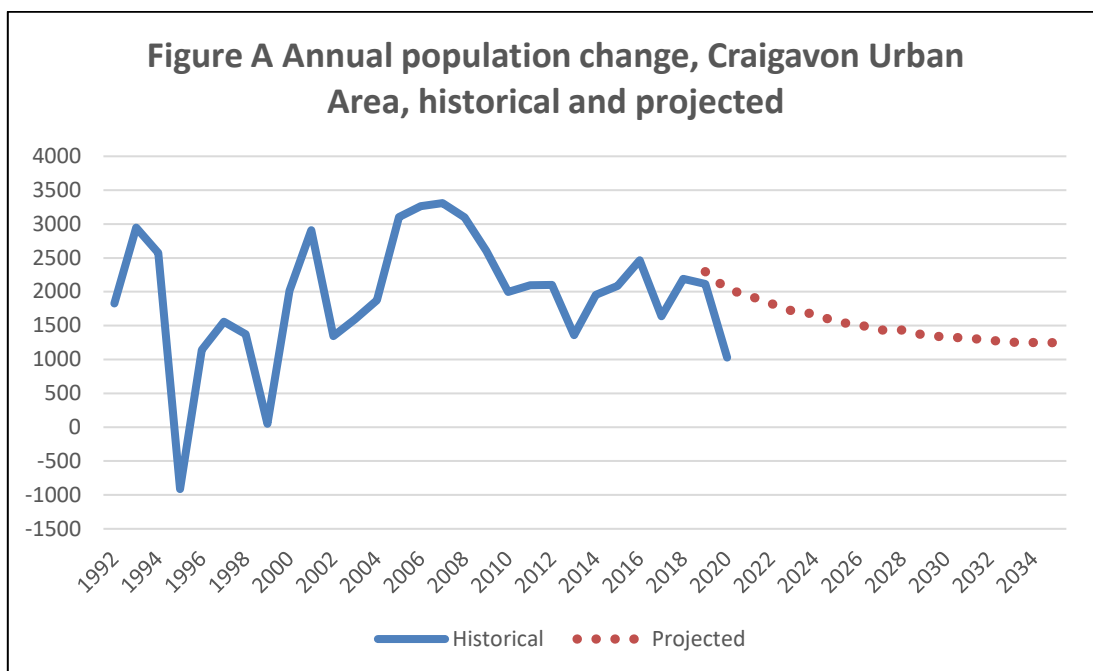
per cent). The slowdown reflected reduced rates of in-migration and natural increase.

- Between 2001 and 2011, in both HMAs, population growth was faster in rural than in urban areas. In the Craigavon Urban Area, that pattern was reversed between 2011 and 2020, when the urban population grew at a slightly faster pace than rural areas (9.3 per cent versus 7.5 per cent).
- By contrast, in the Newry HMA, the rural areas continued to outpace the urban areas in population growth between 2011 and 2020 (nine per cent versus four per cent), albeit the differential in growth rates was reduced compared to the previous decade.
- As the most recent population data are for the period through mid-2020, it is still too early to definitively assess the longer-term effects on population growth either of the Covid-19 pandemic or Brexit. Nonetheless, Brexit and Covid-19 combined to slow population growth in the short-term at least, with both HMAs experiencing a reduction in the rate of growth between mid-2019 and mid-2020 compared with the period 2011-2019. That was due to a rise in deaths and a sharp fall in in-migration.
- Over the past decade, the Craigavon Urban Area HMA has gained from international in-migration.
- The Newry HMA has also gained population due to international in-migration, though the gains have been partly offset through population loss due to internal migration (movements to and from other locations within Northern Ireland).
- Similar to the rest of Northern Ireland, natural change (the excess of births over deaths) has been declining as a contributor to population growth in both HMAs.

When the natural change and migration trends are extrapolated forward, the result is a decreasing rate of population growth over the next 15 years in the HMAs (Figures A and B).

According to NISRA's 2018-based population projections, between 2018 and 2035, the population of the Craigavon Urban Area HMA is expected to rise by 12 per cent while the Newry HMA is expected to increase by 9.5 per cent.

The projected growth of both HMAs is above the Northern Ireland average (4.8 per cent). With a younger population profile, both HMAs also benefit from above-average growth due to natural increase. It is also assumed that both HMAs will continue to gain from net in-migration.



Similar to the rest of Northern Ireland, population ageing has been a key feature shaping the age composition of the population in each of the two HMAs over the last three decades. The 2018-based population projections anticipate a continuation of the ageing trend.

The ageing trend is anticipated to proceed more slowly in the South Eastern Area HMAs. In the Newry HMA, the child population (aged under 16) is projected to remain above the population aged 65+ until 2035. In the Craigavon Urban Area HMA, the population aged 65+ is projected to exceed

the child population in the early-2030s. By comparison, for Northern Ireland as a whole, the 65+ population rises above the child population in 2028.

Reflecting the uncertainties around the population projections, and to highlight some of the risks around the underlying assumptions, especially migration, a number of population change scenarios have been constructed, i.e. zero net external migration, zero net migration and a constant share scenario.

In the zero external migration scenario, population growth is substantially lower than in the principal NISRA projection in both HMAs. The zero net migration scenario also has a large effect on the projected growth of the Craigavon Urban Area HMA, but the effect is less pronounced for the Newry HMA.

Households

Historical data for the number of households at the geographical level required for this SHMA are only available from the decennial Census of Population, with the most recent available data for 2011.

Over the two decades 1991 to 2011, the number of households rose by 45 per cent in the Craigavon Urban Area HMA and by 50 per cent in the Newry HMA. Both HMAs grew ahead of the Northern Ireland average (+33 per cent).

Over that period, the increase in the number of households was driven by the combination of household population growth and falling average household size (fewer people per household).

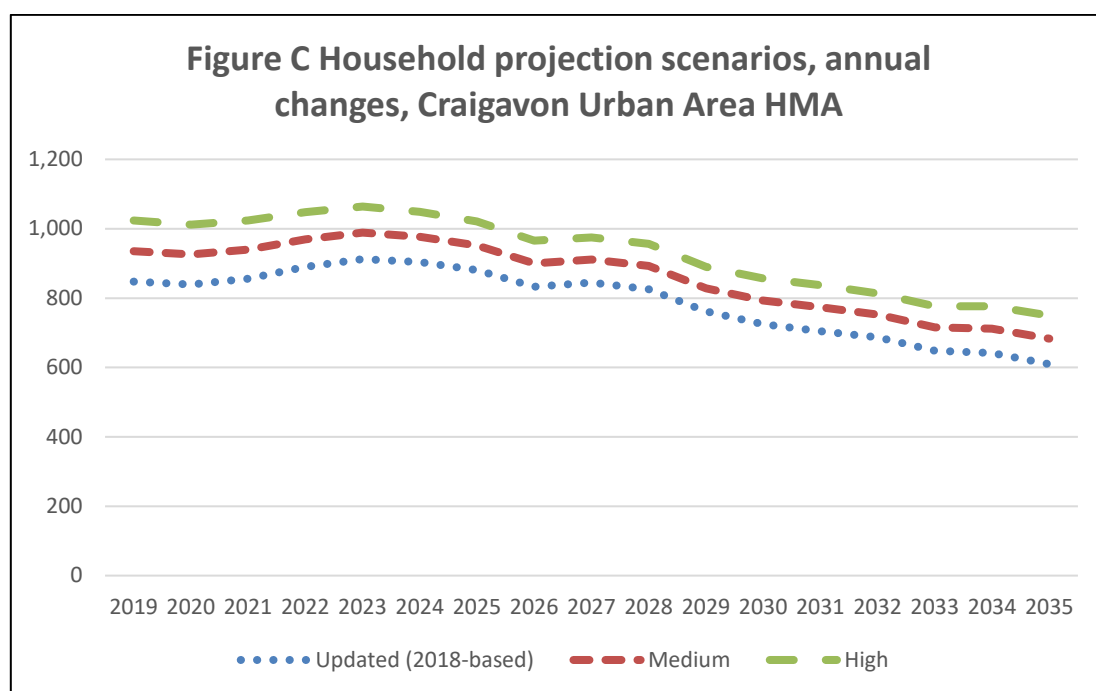
The most recent official population projections indicate that population growth will provide less of an impetus to household growth over the next 15 years. Consequently, household growth is likely to be slower than had been the case up to 2011.

However, there is uncertainty around the trend in average household size. The uncertainty is reflected in the range of scenarios that can be considered around the future evolution of average household size.

For this SHMA, the NISRA 2016-based household projections have been updated to take account of the 2018-based population projections. In addition, medium and high growth scenarios for household growth have been generated which are linked to the official population projections, but with varying assumptions around the trend in average household size. Compared to the medium growth scenario, average household size falls faster in the high growth scenario and more slowly in the updated scenario. Hence, the updated household projections yield a slower growth scenario.

For the Craigavon Urban Area HMA, between 2018 and 2035 the medium growth scenario projects growth of 18 per cent in the number of households (+14,650 newly arising households). The updated scenario yields a slower rate of growth (+16.6 per cent or 13,410 newly arising households) while the fast growth scenario projects a rise of 19.4 per cent (+15,840 newly arising households).

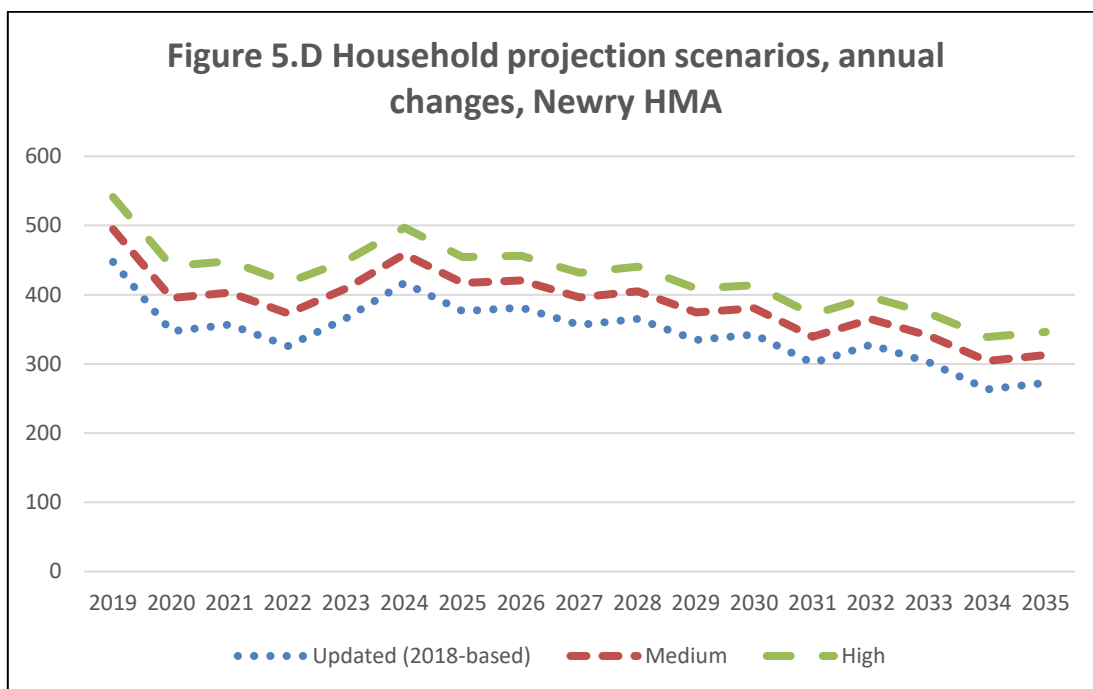
The growth in the number of households is projected to be fastest in the period up to 2025. From the mid-2020s onwards, in each of the projection scenarios, household growth is projected to slacken in tandem with a slower pace of population growth (Figure C).



For the Newry HMA, between 2018 and 2035 the medium growth scenario projects growth of 16.3 per cent in the number of households (+6,590 newly arising households). The updated scenario yields a slower rate of growth (+14.7 per cent or 5,880 newly arising households) while the fast growth scenario projects a rise of 17.8 per cent (+7,230 newly arising households).

Similar to the Craigavon Urban area HMA, the growth in the number of households is projected to be fastest in the period through the mid-2020s (Figure D).

As the future path of household growth plays the major role in the level of demand for housing, the household growth scenarios are key inputs to projecting future housing requirements.



Housing Market

In the residential housing market, the large house price falls that followed the boom of 2005-2007 resulted in a marked improvement in affordability in both HMAs. Between 2016 and 2019, house prices grew at modest rates, 3.0 per cent per annum in Armagh City, Banbridge and Craigavon and 3.8 per cent in Newry, Mourne and Down, in line with the Northern Ireland average (3.4 per cent per annum).

Along with the rest of Northern Ireland, the rate of house price growth in the South Eastern area quickened following the lifting of the first Covid-19 lockdown in summer 2020. Between the first quarter of 2020 and the fourth quarter of 2021, house prices in Armagh City, Banbridge and Craigavon rose by 6.4 per cent per annum, slightly lower than the Northern Ireland average (7.3 per cent per annum). At 9.8 per cent per annum, Newry, Mourne and Down prices rose more quickly than the Northern Ireland average.

It is reasonable to expect that the pandemic-induced house price growth will moderate over the next 12 months or so. That is the expectation of market commentators and those consulted for this SHMA.

The recent trends in the median and lower quartile house price to earnings ratios would suggest that, at this time, affordability is holding reasonably steady with no pronounced deterioration. With house price rises expected to moderate over the next 1-2 years, the outlook for house purchase affordability would appear broadly positive.

Across both HMAs, residential property transactions have followed the housing market cycle. After reaching unsustainable levels during the house

price boom years between 2005 and 2007, there was a steep fall in transactions during the downturn followed by a steady recovery from 2011 through to spring 2020. Similar to the rest of Northern Ireland, transactions fell sharply during the first Covid-19 lockdown in spring 2020 but rebounded just as sharply. In 2021, house sales were back at or above their 2019 pre-pandemic levels in both HMAs, including the three subareas within the Craigavon Urban Area HMA.

Overall, the transactions data would suggest the South Eastern housing markets have broadly stabilised following the disruption wrought by the pandemic.

Prior to the pandemic, in the rented housing market, private sector rentals had been growing at a steady pace in both HMAs. By 2018-19, median weekly private sector rents were estimated to represent 17 per cent of median household income in both the Craigavon Urban Area HMA and the Newry HMA. At the lower priced end of the rental market, 30th percentile rents were estimated to represent 27 per cent of lower quartile household incomes in both HMAs. At those ratios, the median and 30th percentile rents could not be said to have presented an acute affordability problem, on the average.

Reflecting the pressure of demand on the available supply, the rate of increase in private sector rents has risen since the commencement of the pandemic. From the Housing Executive rent data, Northern Ireland rents rose by an estimated four per cent in 2021. Craigavon Urban Area HMA rents are estimated to have also risen by four per cent and by 5.4 per cent in the Newry HMA.

There is, however, considerable uncertainty regarding the future evolution of rent inflation. The pandemic has affected all sectors of society and the economy, but in many respects the disruptive effects have been temporary in nature. The maintained hypothesis in this SHMA is that the recent bout of rent inflation will similarly unwind over time.

As of April 2019, an estimated 41 per cent of private rented sector tenants were in receipt of Housing Benefit in the Craigavon Urban Area HMA. At 43 per cent, the proportion was slightly higher in the Newry HMA. That underscores the importance of Housing Benefit in helping private sector tenants with a low income to sustain their accommodation.

Housing Stock and Occupancy

Detached and semi-detached dwellings account for a large majority of the housing stock across the South Eastern HMAs. By 2021, an estimated 44 per cent of dwellings in the Craigavon Urban Area HMA were detached with semi-detached properties accounting for a further 29 per cent, giving a combined total of 72 per cent, up from 57 per cent in 1991. The share of the

stock accounted for by apartments has remained at around five per cent over the past three decades. In 2021, the terraced dwellings share stood at 23 per cent, down from over 37 per cent in 1991.

Similarly, in the Newry HMA, in 2021, an estimated 48 per cent of dwellings were detached along with 32 per cent semi-detached, a total of 80 per cent, up from 69 per cent in 1991. Apartments accounted for five per cent of the stock, up from four per cent in 1991. The share of the stock in terraced dwellings was 15 per cent, down from 26 per cent in 1991.

Thus, over the past three decades, household growth in both HMAs has mainly been accommodated in the more space-extensive dwelling types.

The proportion of dwellings unoccupied in 2011 was slightly lower than the Northern Ireland average (six per cent) in both the Craigavon Urban Area HMA (5.8 per cent) and the Newry HMA (5.3 per cent).

The composition of the occupied housing stock varies markedly with household tenure. Across the South Eastern HMAs, almost all owner-occupier households (99 per cent) live in a whole dwelling, including 57 per cent in a detached dwelling, 26 per cent in semi-detached properties and 16 per cent in terraced houses. Just one per cent live in apartments. By contrast, in the social rented sector, terraced dwellings are most prevalent (44 per cent), with almost one in three (30 per cent) living in a semi-detached property, 20 per cent in an apartment and six per cent in a detached dwelling.

Relative median house prices by property type have been broadly stable over the past decade. Overall, there are no obvious market signals indicating substantial shifts in the future pattern of demand by property type in the residential housing market.

The distribution of property types varies with the age of the Household Reference Person (HRP). The proportion living in detached properties increases steadily from 14 per cent among households where the HRP is aged 16-24 to 53 per cent where the HRP is aged 45-49. From age 50 onwards, the proportion in such dwellings remains stable. Overall, the type of property occupied by a household aged 45 to 49 is a good predictor of the type of property that same household will occupy in future years, as they age into the older cohorts.

As measured by the number of rooms (bedrooms plus common spaces such as living rooms), dwelling size is clearly linked to household size. On average, the larger the household, the more rooms that are contained within the occupant's dwelling. Dwelling size also varies by tenure, with owner-occupied households generally occupying the larger dwellings.

Based on the occupancy rating measure, in 2011 six per cent of households living in the Craigavon Urban Area HMA and seven per cent in the Newry

HMA were classified as living in 'overcrowded' dwellings. The incidence of 'over-crowding' was therefore on a par with the Northern Ireland average (seven per cent).

Across the South Eastern area, a large majority of households (82 per cent) are estimated to live in properties with three or more bedrooms, ranging from 47 per cent in the social sector to 90 per cent in the owner-occupied sector.

Smaller sized properties, with one to two bedrooms, are estimated to be found most frequently in the social rented sector (53 per cent), followed by the private rented sector (29 per cent), falling to 10 per cent in the owner-occupied sector.

The distribution of bedroom sizes by age of the HRP stands in sharp contrast to the age distribution of household sizes, most notably in the older age groups. The vast majority of households where the HRP is aged 65 and over are comprised of one or two persons (84 per cent). On a notional bedroom standard basis, those one and two person households only 'require' one bedroom. However, almost four in five households (77 per cent) where the HRP is aged 65 and over live in three and four bedroom properties. That is to suggest a considerable degree of 'under-occupancy' among older households.

The ageing of the population provides the fundamental demographic context in projecting the expected future use and occupation of the dwelling stock. Between 2018 and 2035, the net change in the number of households is projected to be driven by those where the HRP is aged 60 and over.

Against that backdrop, the projections presented in this Section indicate that the extent of 'under-occupancy' among older households will increase over the next 15 years. That raises policy issues both around helping people to live in their homes and, where that is desired and appropriate, moving to more suitably sized accommodation.

Housing Requirements

Based on the net stock model, new dwelling requirements have been projected over the 15-year period 2020 to 2035. The projections are made for the two HMAs and the three Craigavon Urban Area HMA subareas.

The household projections on which the dwelling requirements are based are taken from the **medium household growth scenario**.

In that scenario, for the Craigavon Urban Area HMA, the projected number of **newly arising households** over the projection horizon is **12,790**. After allowing for expected changes in second homes, vacant dwellings, and the replacement of dwellings lost due to dereliction, demolition, etc, the projected total new dwelling requirements amount to **15,400**, giving an average annual requirement of **1,030** dwellings over the 15-year period.

For the Newry HMA, the projected number of **newly arising households** over the projection horizon is **5,700**. After allowing for expected changes in second homes, vacant dwellings, and the replacement of dwellings lost due to dereliction, demolition, etc, the projected total new dwelling requirements amount to **6,250**, giving an average annual requirement of **420** dwellings over the 15-year period.

Household growth is projected to slacken from the mid-2020s onwards, reflecting the expected slower growth in population. That feature of the household projections is reflected in the projected trajectory of new dwelling requirements. Thus, for the Craigavon Urban Area HMA, new dwelling requirements over the decade 2020 to 2030 are projected to average 1,090 per annum, falling to 900 per annum in the five years between 2030 and 2035. Similarly, for the Newry HMA, new dwelling requirements over the decade 2020 to 2030 are projected to average 440 per annum, falling to 370 per annum in the five years between 2030 and 2035.

The Craigavon Urban Area HMA contains an estimated **520** homeless individuals and families who do not have their own self-contained accommodation. The estimate for the Newry HMA is **780** homeless individuals and families. They form the net **backlog of housing need**, i.e. additional new dwellings are required to meet their need for accommodation. The net backlog has been measured from the Housing Executive's Common Waiting List (CWL) as of August 2019. The CWL is a comprehensive listing of individuals who have expressed a desire for alternative accommodation by applying for a social rented home.

With the addition of the backlog, the total new dwelling requirement for the Craigavon Urban Area HMA for the period 2020 to 2035 increases to **15,920**. Over the 15-year projection period, the net backlog adds an annual **30** to the requirement, bringing the annualised total to **1,060**.

For the Newry HMA, the total new dwelling requirement for the period 2020 to 2035 increases to **7,030**. Over the 15-year projection period, the net backlog adds an annual **50** to the requirement, bringing the annualised total to **470**.

The projected **changes by HMA and subarea** are summarised in Table A.

Table A New dwelling requirements and components, 2020-2035, net stock model with backlog, South Eastern Area HMAs and subareas, medium household growth scenario

	Households	Net backlog	Other changes	Total
	<i>No.</i>	<i>No.</i>	<i>No.</i>	<i>No.</i>
Craigavon Urban Area HMA	12,790	520	2,610	15,920
Craigavon	7,280	300	1,450	9,020
Armagh	3,070	100	580	3,750
Banbridge	2,450	130	580	3,150
Newry HMA	5,700	780	550	7,030

The net **new dwelling requirements by tenure** have been projected based on a household affordability model, with income tests deployed to assign the following categories:

- **Market** – can afford market rent or has sufficient income to enter and sustain home ownership.
- **Intermediate** – cannot afford market rent but can afford more than social rent.
- **Social** – cannot afford intermediate or market rent.

Excluding the backlog, 67 per cent of the projected annualised requirements for the Craigavon Urban Area HMA are assigned to the market sector with 17 per cent to the intermediate sector and 15 per cent to the social sector. When the net backlog is assigned to the social sector, the social share rises to 18 per cent while the market share reduces to 65 per cent with the intermediate share unchanged at 17 per cent.

For the Newry HMA, when the backlog is excluded, 69 per cent of the projected annualised requirements are assigned to the market sector with 16 per cent to the intermediate sectors and 15 per cent to the social sector. When the net backlog is assigned to the social sector, the social share rises to 24 per cent while the market share reduces to 61 per cent and the intermediate share to 15 per cent.

The requirements by tenure, including the backlog, are summarised for the HMAs and subareas in Table B.

Table B New dwelling requirements by tenure, South Easter Area HMAs and subareas, including backlog, 2020-2035				
	Market	Intermediate	Social	All
Craigavon Urban Area HMA	10,310	2,680	2,940	15,920
Craigavon	5,680	1,580	1,760	9,020
Armagh	2,460	620	670	3,750
Banbridge	2,170	470	510	3,150
Newry HMA	4,300	1,030	1,700	7,030

The Housing Executive is responsible for the **provision and management of accommodation for the Irish Traveller Community**, including social housing, Traveller-specific Group Housing, serviced sites and transit sites. **The findings from the [Northern Ireland Housing Executive Irish Traveller Accommodation Survey 2018-19](#)** provides an evidence base to inform the Irish Travellers Accommodation Strategy 2020-2025 and will be used to develop a Traveller-specific accommodation needs assessment.

Projections for new dwelling requirements are inherently uncertain. In the present context, the main source of uncertainty is the pace of household growth. To illustrate the sensitivities, the new dwelling requirements have also been projected on the basis of the updated (2018) and high growth household projections.

When applied to the Craigavon Urban Area HMA, the scenarios give a range of -1,000 and +920 around the medium growth scenario for new dwelling requirements. That is a variance of about ± 6 per cent around the medium growth scenario.

When applied to the Newry HMA, the scenarios give a range of -590 and +500 around the medium growth scenario for new dwelling requirements. That is a variance of ± 7 to ± 9 per cent around the medium growth scenario.

The range in the projection scenarios does not represent a 'confidence interval' and should be viewed strictly as an illustration of potential variation arising from different assumptions for household growth. However, as the scenarios for new dwelling requirements are based on making alternative assumptions regarding future rates of household growth, they can be interpreted as follows:

- The medium growth scenario provides the basis for the main new dwelling requirement projections.

- The updated (2018) projections serve to test projections for new dwelling requirements to reflect slower household growth compared with the medium growth scenario.
- The high growth projections play a similar role in testing for the effects of faster than anticipated household growth.

In addition to the average household size assumptions, the projected number of households depends also on the projected rate of population change. The population change scenarios discussed in Section 4 of the report have therefore been applied to the medium household growth scenario to illustrate the sensitivity of the projections for new dwelling requirements to varying household population levels.

1 Background

1.1 Introduction

This report presents the Strategic Housing Market Analysis (SHMA) for the Craigavon Urban Area and Newry Housing Market Areas (HMAs). The report sets out projections of future housing need and demand. The main purpose is to assist policymakers in their understanding of the dynamics of the HMAs and to inform Local Development Plans. The report has been commissioned by the Northern Ireland Housing Executive ('the Housing Executive') in its role as the strategic regional housing authority.

Housing Market Areas are defined as¹:

"The spatial area within which most households both live and work and where those moving house without changing their place of work search for, and choose, a home."

HMAs provide a spatial framework for Strategic Housing Market Analyses. The rationale for a SHMA has a number of dimensions, including²:

- Enabling the appropriate authority to develop long-term strategic views of housing need and demand to inform regional spatial strategies and regional housing strategies.
- Enabling planners to think spatially about the nature and influence of the housing markets in respect to their local area.
- Providing robust evidence to inform policies aimed at providing the right mix of housing across the housing market (both market and affordable housing).

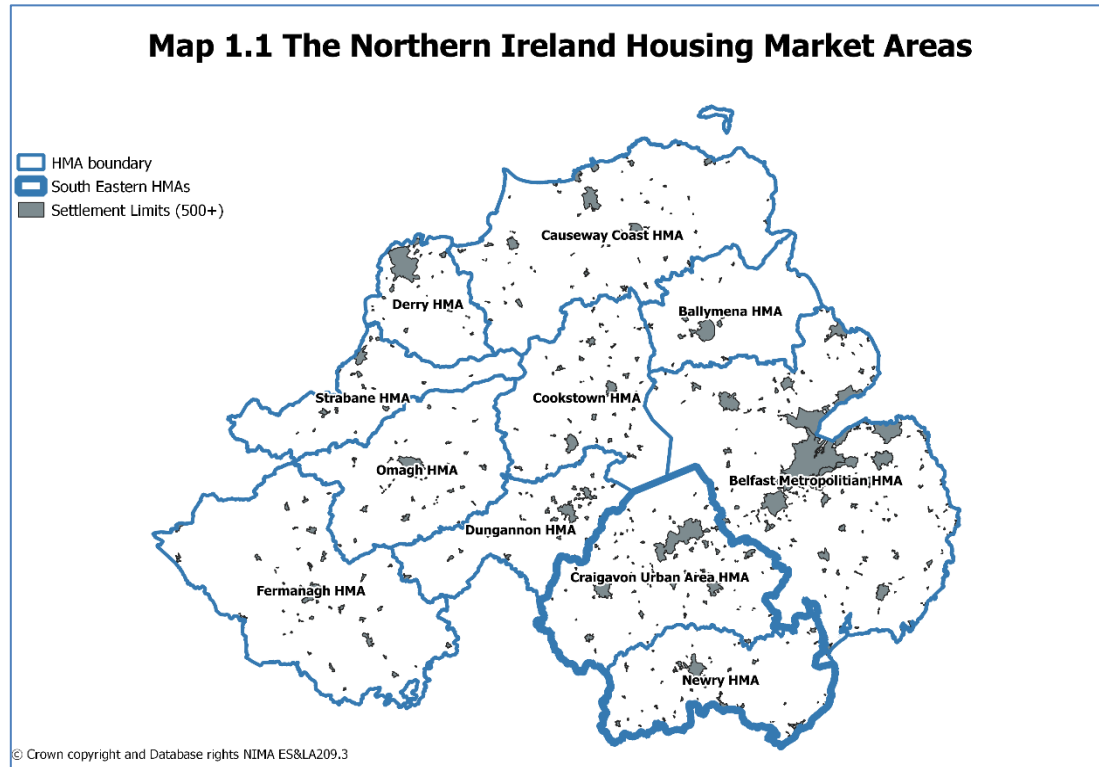
Within that context, this report serves as an evidence base. While different scenarios for the future evolution of housing need are identified, the report does not suggest targets or policy. It is a matter for Councils to conclude which scenario is most appropriate to their area and this can be referenced in the Local Development Plan (LDP). The scenario deemed most appropriate could change in a different economic/housing market context, over the life of the Plan. The scenarios are based on demographic trends and allow Councils to consider policy responses if they wish to change the identified trends. It is also acknowledged that the LDP can set housing targets due to other factors, set out in the [2015 Strategic Planning Policy Statement](#) (SPPS).

¹ Newhaven Research, 2018. [Mapping Northern Ireland's Housing Market Areas](#), page 12.

² Department for Infrastructure, [Regional Development Strategy 2035](#), page 104.

1.2 The South Eastern HMAs

The Craigavon Urban Area and Newry HMAs were defined in a research report commissioned by the Housing Executive³. Together, they comprise the South Eastern area for HMA reporting purposes. The two HMAs are shown in Map 1.1 along with the nine remaining HMAs.



The Craigavon Urban Area HMA is coterminous with Armagh City, Banbridge and Craigavon Borough Council. In the HMA mapping produced by the Newhaven research, the Dromore and Gransha Wards, located within the Borough Council area, had been assigned to the Belfast Metropolitan HMA. Following the July 2019 review of subareas, for the purpose of this SHMA, it was decided to re-assign the Wards to the Craigavon Urban Area HMA. The rationale was to enhance the coherence between the HMA and LGD geographies, within the policy context of helping to inform the Local Development Plan process.

Based on the 2020 mid-year population estimates, the Newry HMA contains 63 per cent of the Newry, Mourne and Down Local Government District (LGD), including all of the former Newry and Mourne LGD and 10 per cent of the former Down LGD. The remaining 37 per cent is located within the Belfast Metropolitan HMA and was included in the previous SHMA.

³ The report, dated August 2018, was prepared by Newhaven Research and is titled [Mapping Northern Ireland's Housing Market Areas](#).

1.3 Objectives

The objectives of this SHMA are as follows:

- Analyse key economic, demographic and housing data to establish the current operation and future trends that influence the Craigavon Urban Area and Newry Housing Market Areas.
- Identify the main housing sub-markets within the Craigavon Urban Area and Newry HMAs and where appropriate, highlight any local issues (including rural-related issues) within the submarkets that deviate from the wider HMAs. It should also highlight specific linkages to other Housing Market Areas and how they inter-relate.
- Provide a 15-year, cross-tenure (private, intermediate and social) housing need assessment methodology to be applied at Housing Market Area, Local Authority level and sub-local authority level within the Craigavon Urban Area and Newry HMAs.
- Provide housing need projections across all tenures for 15 years at Housing Market Area and Local Authority level within the Housing Market Areas, i.e. total, intermediate and social housing need requirements.
- Apply a range of scenarios to the 15-year housing need assessment calculation, i.e. standard, high-level and low-level housing requirements, to accommodate potential variations in performance of the housing market, economy and the policy environment.
- Engage with local authority planners to clarify the most critical issues the housing systems analysis should address, and which will be practical to deliver in light of data availability.

1.4 Structure of the Report

The report is structured as follows:

- **Section 2** presents an overview on **the policy context**, in relation to planning policy, the Programme for Government and welfare reform, with particular reference to housing. This Section also considers the wider context. The policy and wider context reviews in this Section are a summary of the more detailed review presented in the accompanying [Northern Ireland report](#).
- **Section 3** describes **the spatial framework** for the analysis, including Local Government Districts, the urban-rural dimension and subareas.

- **Section 4** analyses **population** trends and projections for the Craigavon Urban Area and Newry HMAs as well as by LGD, subarea and settlement type.
- **Section 5** examines **household growth** trends and projections. The uncertainties around household projections are discussed and alternative scenarios presented.
- **Section 6** assesses the trends in a range of **housing market** indicators, commencing with factors affecting the affordability of owner-occupied accommodation in housing market areas, i.e. house prices, jobs and incomes, and house price to earnings ratios. The Section then considers indicators for activity levels in the housing market, i.e. residential property sales and new dwelling completions. It also looks at the rented sector and concludes with a discussion of tenure shares, both historical and projected.
- **Section 7** presents a profile of **the housing stock and the occupancy of dwellings**. The Section commences with an overview on trends in the housing stock, both overall and by LGD and settlement type. Drawing on the 2011 Census of Population, the distribution of dwellings by number of rooms and occupancy ratings are discussed. The Section also presents estimates and projections for the bedroom size distribution of the occupied dwelling stock, which are compared with projections for bedroom requirements.
- **Section 8** presents the findings from the application of a net stock model to project new **housing requirements**, for a given rate of household growth. The basic net stock model is augmented through the inclusion of a net backlog component, i.e. households in need who lack their own self-contained accommodation. The Section concludes by assigning tenure splits to the projected requirements, based on an affordability test.
- **Section 9** brings together the key findings and themes in the **concluding remarks**.

Note:

All percentage figures shown are calculated from unrounded data. As percentages are presented in rounded numbers, components may not add to the total shown.

Population and other counts or estimates are presented in tables and charts rounded to the nearest 10 or 100. Therefore, components of a population or other total may not add to the total shown in a table or chart.

2 Policy Context

This Section presents an overview on the policy context for this SHMA, under the following headings:

- Planning policy.
- Programme for Government, with particular reference to housing.
- Welfare reform, again focusing on aspects relevant to housing.

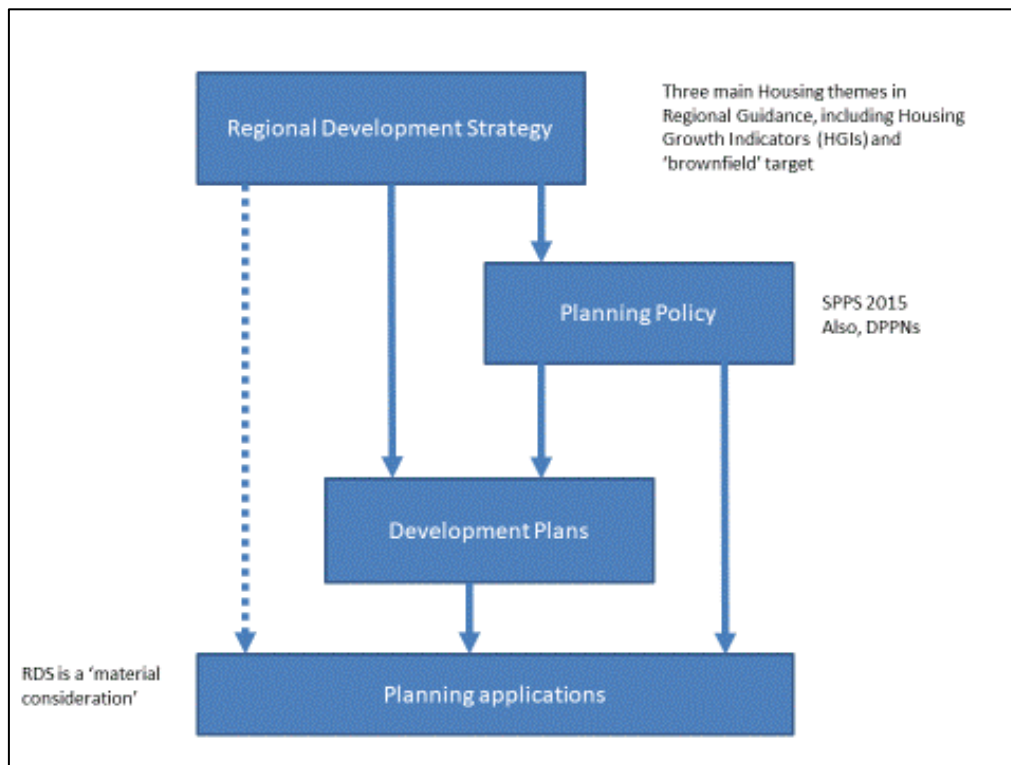
The Section concludes with a discussion of the wider context, in particular the Covid-19 pandemic and the UK's exit from the European Union (Brexit).

2.1 Planning Policy

The planning policy framework within which this SHMA sits is summarised in Figure 2.1 and includes:

- The Regional Development Strategy 2035.
- Strategic planning policy.
- Local development plans.

Figure 2.1 Policy context: Planning



2.1.1 Regional Development Strategy

The [Regional Development Strategy \(RDS\)](#) aims to provide “an overarching strategic planning framework to facilitate and guide the public and private sectors”. It was conceived as the spatial framework for the delivery of the Northern Ireland Executive’s Programme for Government with the intention of informing the spatial aspects of the strategies of Government Departments.

As a strategic framework, the RDS mainly serves to provide guidance to bodies such as Local Government Districts (LGDs) in exercising functions such as the preparation of Local Development Plans (LDPs). The 2035 iteration of the RDS contains three themes relating to housing. One of those themes is to ‘manage housing growth to achieve sustainable patterns of residential development’. As part of that theme, and to promote development within existing urban areas, the RDS has set a regional target for 60 per cent of new housing to be located in appropriate ‘brownfield’ sites within the urban footprints of settlements greater than 5,000 population. Also under the housing theme, the Department for Infrastructure (DfI) produces Housing Growth Indicators (HGIs) at LGD level to “provide an indication of future housing need in Northern Ireland”.

The most recent [Housing Growth Indicators](#) were published in September 2019, based on the NISRA 2016-based household projections, which were commissioned by the Housing Executive. The 2016-based HGIs replaced the previous 2012-based HGIs, which had been prepared from NISRA’s 2012-based household projections.

In the text accompanying the HGIs, DfI states that the estimates “are purely for guidance and should not be considered as a cap or a target on development”. Rather, they represent a “starting point which can subsequently be adjusted”. That is an appropriate caution, as the HGIs are purely trend-based extrapolations and contain no policy content. Nonetheless, the HGIs are tied to expectations of future household growth, which is the main component in projecting new dwellings required to meet housing need and demand.

Most, though not all, LGDs have sought within their local development plans to reflect the HGIs in making estimates of proposed allocations of land to meet the projected housing requirements. Indeed, prior to the issuing of the 2016-based HGIs, seven of the 11 LGDs had perfectly aligned their proposed allocations with the previous 2012-based HGIs (Table 2.1).

Within the managing housing growth theme, and with reference to ensuring an “adequate and available supply of quality housing”, the RDS states that planners should take account of Housing Needs Assessment (HNA)/Housing Market Analysis (HMA) when allocating land, “including land for social and intermediate housing and affordable housing”.

Table 2.1 Proposed dwelling requirements in Local Development Plans as per cent of HGIs¹

	Base year:	
	2012	2016
	%	%
Antrim and Newtownabbey	117	217
Ards and North Down	100	139
Armagh City, Banbridge and Craigavon	100	90
Belfast	200	399
Causeway Coast and Glens	100	129
Derry and Strabane	156	205
Fermanagh and Omagh ²	100	113
Lisburn and Castlereagh	104	101
Mid and East Antrim	100	108
Mid Ulster	100	99
Newry, Mourne and Down	100	117
N. Ireland	119	142

1 The new dwelling requirements for the calculations have been taken from Councils' published draft Plan Strategies or Preferred Options Papers, whichever was the most recent as of June 2022. Note that all but one of the source documents preceded the publication, in September 2019, of the 2016-based HGIs.

2 The new housing requirements in the Fermanagh and Omagh draft Planning Strategy (dated October 2018), and which was undergoing Independent Examination as of June 2022, were calculated from the 2012-based HGIs. In October 2020, the Council submitted a [Schedule of Proposed Changes \(FODC 110\)](#) which proposed amending the new housing requirements to align with the 2016-based HGIs.

Sources: DfI, [2016-based Housing Growth Indicators](#), 2012-based Housing Growth Indicators; Local Government District papers prepared for LDP process, through June 2022 (see LDP documents listed in References).

2.1.2 Strategic Planning Policy

The [2015 Strategic Planning Policy Statement \(SPPS\)](#) was issued following the reform of the planning system from a unitary system (where all powers rested with the Department) to a new two-tier model of delivery where councils have primary responsibility in relation to, *inter alia*, local plan making. The *Housing in Settlements* Section of the SPPS sets out eight processes for allocating housing land. The first process listed identifies the HGIs as a starting point. The processes also include Housing Needs Assessment (HNA)/Housing Market Analysis (HMA), in the following terms:

“Provides an evidence base that must be taken into consideration in the allocation, through the development plan, of land required to facilitate the right mix of housing tenures including open market and special housing needs such as affordable housing, social housing, supported housing and Travellers accommodation. The HNA will influence how LDPs facilitate a reasonable mix and balance of housing tenures and types. The Northern Ireland Housing Executive, or the relevant housing authority, will carry out the HNA/HMA”.

The SPPS also provided a definition of ‘affordable housing’, i.e. social rented housing and intermediate housing (see Box 2.A). That definition was updated by DfC in April 2021. The updated definition, which is discussed further below, has since been adopted by DfI [for planning purposes](#) within the SPPS. It should, however, be noted that the definition included in the SPPS published in September 2015 was still current when LGDs were gathering evidence for their Local Development Plans.

Box 2.A Affordable housing: Strategic Planning Policy Statement definition (September 2015)

Social rented housing is housing provided at an affordable rent by a Registered Housing Association; that is, one which is registered and regulated by the Department for Social Development⁴ as a social housing provider. Social rented accommodation should be available to households in housing need and is offered in accordance with the Common Selection Scheme, administered by the Northern Ireland Housing Executive, which prioritises households who are living in unsuitable or insecure accommodation; and

Intermediate housing consists of shared ownership housing provided through a Registered Housing Association (e.g. the Northern Ireland Co-Ownership Housing Association) and helps households who can afford a

⁴ Since the SPPS was issued, and following the re-organisation of Northern Ireland government Departments, the functions of the former Department for Social Development have been subsumed within the Department for Communities.

small mortgage, but that are not able to afford to buy a property outright. The property is split between part ownership by the householder and part social renting from a Registered Housing Association. The proportion of property ownership and renting can vary depending on householder circumstances and preference.

Source: DfI, [Strategic Planning Policy Statement](#), September 2015, page 114.

2.1.3 Armagh City, Banbridge and Craigavon Borough Council

Armagh City, Banbridge and Craigavon Borough Council has produced and consulted on a [Preferred Options Paper \(POP\)](#) and is currently working towards the preparation of a draft Plan Strategy (dPS), including updating the evidence base. The timetable for the dPS is currently under review and a revised timetable will be published in Q1/Q2 of 2022-2023.

The Borough's POP proposes an approach to new residential development in settlements "in line with existing policies, tailored to reflect regional direction and to meet local circumstances".

Within that context, the housing policies under consideration include:

- Allocating land for affordable/social housing across housing zonings (Key Site Requirements), in consultation with the Housing Executive.
- The inclusion of minimum standards of accessibility for certain scales of residential development, in amended design criteria, such as the suggestion by the Housing Executive that five per cent of 50+ unit schemes should be wheelchair accessible.
- Encouragement of a mix of house types, across tenures, and sizes. Presently, the vast majority of housing schemes are single tenure. Dwelling sizes and types tend to be mainly family-sized.
- The approach to allocating sites and assessing proposals for Traveller-specific accommodation to remain in line with current policy.

A similar approach is proposed for rural housing, i.e., "in line with existing policies and further regional direction, tailored to meet local circumstances".

The POP also sets out a preferred Spatial Growth Strategy which seeks to "further develop Armagh City, Banbridge and the sub-regional Craigavon Urban Area as the main hubs for growth" while supporting local towns and villages in their local service centre roles and also supporting rural communities by providing "appropriate and sustainable opportunities for development in the countryside".

Within that context, The POP sets out a preferred settlement hierarchy as the spatial growth framework (Key Issue SGS 1), as follows:

- Hubs (Main Cities/Towns/Urban Area) – Armagh City, Banbridge town and the Craigavon Urban Area. Together, they accounted for approximately 51 per cent of households living in the Borough Council in 2011 (Census of Population data).
- Local towns – Six listed, accounting for a combined 10 per cent of households in 2011.
- Villages – 30 settlements, with a 12 per cent household share in 2011.
- Small settlements – 67 settlements, including three new candidate settlements. In 2011, the 64 pre-existing settlements had a four per cent share.

The countryside is defined as all areas within the Borough located outside settlement limits. In 2011, the countryside was home to an estimated 23 per cent of households.

Table 2.2 shows the preferred strategic allocation of land for housing in settlements and the open countryside as set out in the POP. When compared with the 2011 household shares, the allocations would entail a very slight skew towards the main towns/hubs. The Council's [Preparatory Paper 2: Housing](#) considered the option of a higher allocation to the Hubs, in line with the RDS direction to focus major population growth on the main hubs. That option was not taken forward, with the preferred option proposing lesser increases to the Hubs and Villages.

Table 2.2 Proposed housing land allocation (preferred option), Armagh City, Banbridge and Craigavon Borough Council			
	Households¹	Housing land allocation²	
	2011	% of HGI	Skew
	%	%	pps
Main towns/hubs	51	52	1
Local towns	10	10	0
Villages	12	13	1
Small settlements and countryside	27	25	-2
Total	100	100	
1 Census of Population, 2011			
2 Armagh City, Banbridge and Craigavon, Preferred Options Paper, Table 5.5.			

The proposed housing allocations in the Borough's POP are based on the HGI figure published by DfI in April 2016, i.e., 14,400 dwellings over the period 2012 to 2025, giving an annualised projection of 1,103, which is extrapolated to 2030 to give a figure of 19,850 dwellings to be allocated.

2.1.4 Newry, Mourne and Down District Council

The District has produced and consulted on a [Preferred Options Paper \(POP\)](#) and is currently working towards the preparation of a draft Plan Strategy.

The POP addresses a number of housing issues, as follows.

- Delivery of social housing (Key Issue 6 – Social Housing Need). The preferred option is a mixed approach, combining zoning/key site requirements with a strategic policy that would require all sites over a specified threshold to include a proportion of units for social housing. The latter option would promote mixed tenure schemes, which are not currently a feature of housing developments within the District.
- Lifetime homes (Key Issue 8 – Future Proofing and Housing for All). Council is considering how to promote lifetime homes within new developments. The preferred option is for a new strategic policy whereby, across all tenures, 20 per cent of homes on sites with 50+ units are built to lifetime homes standard, including wheelchair accessibility.
- Housing in the countryside (Key Issue 7). The preferred option is to continue with the current policy regime, [PPS 21: Sustainable Development in the Countryside](#), with minor changes where improvements can be identified.

The POP also sets out options for the settlement hierarchy as the spatial framework for the District's growth strategy. The recommended option is to re-examine the existing settlement hierarchy to determine whether existing settlements will be reclassified and whether there is potential for adding new settlements. For the District as a whole, the following is the proposed settlement hierarchy:

- City/Main Town – Newry City and Downpatrick town, accounting for 23 per cent of households in the District at the 2011 Census of Population.
- Local and small towns – a total of nine, accounting for 26 per cent of households in 2011.

- Villages – 23 villages were identified. They accounted for 14 per cent of households in 2011.
- Small settlements – a total of 55, accounting for an estimated six per cent of the HMA's households in 2011.

Households living in the open countryside, outside settlement limits, accounted for an estimated 30 per cent of the District total in 2011.

The Council's proposed growth strategy seeks to promote the urban centres and support sustainable rural development. Within that policy context, the preferred option for the distribution of housing land in the POP, across the District as a whole, is shown in Table 2.3. As can be seen, the preferred option would favour development in the City/Main Town and Towns.

Table 2.3 Preferred housing land allocation (preferred option), Newry, Mourne and Down District Council			
	Households¹	Housing land allocation²	
	2011	% of HGI	<i>Skew</i>
	%	%	<i>pps</i>
Settlements	70	79	+9
City/Main town	23	32	+9
Towns	26	30	+4
Villages	14	12	-2
Small settlements	6	5	-1
Countryside	30	21	-9
Total	100	100	
1 Census of Population, 2011			
2 Newry, Mourne and Down, Preferred Options Paper, Figure 7.			

As set out in the POP, the Housing Growth Indicators (HGIs) prevailing at April 2019 (the 2012-based HGIs) formed the basis for strategic allocation of housing to settlements set out in the Spatial Growth Strategy. The 2012-based HGIs projected housing growth of 10,900 for the period 2012-2025, an annual average of 838 dwellings. When extrapolated over the 18-year period to 2012-2030, the annualised HGI figure gives a projection of 15,092 for the District.

The analysis of housing allocation options in [Paper 16: Housing Allocation January 2018](#) concluded that there is "no sound reason to set aside the

published HGI as a reasonable reflection of the quantity of housing that is likely to be needed over the plan period.” (Page 13).

2.2 Northern Ireland Policy Context

This Section presents a summary overview on the Northern Ireland policy context. A more detailed review can be found in the accompanying [Northern Ireland report](#), under the following main headings:

- Programme for Government.
- Housing.
- Welfare Reform.

2.2.1 Programme for Government

In January 2021, the Executive Office published a [draft Outcomes Framework Consultation Document](#). The consultation closed in March 2021 and the responses are now being considered. Nine outcomes were specified in the draft Framework, with housing listed as a Key Priority Area under the following outcomes:

- We live and work sustainably – protecting the environment. The housing priority is about maintaining and developing the housing stock in an energy-efficient and sustainable manner.
- We have a caring society that supports people throughout their lives. The main focus of the housing priority is tackling homelessness and investing in new social and affordable homes.
- People want to live, work and visit here. The housing priority aims to “ensure everyone has access to good-quality, affordable housing and in promoting an integrated, shared society”.

While the preparation of a new PfG stalled in the face of the need to tackle the coronavirus pandemic, housing policy has continued to be developed.

2.2.2 Housing

The housing priority is being developed under four main themes, as follows:

- Increasing housing supply/options across all tenures.
- Making the best use of existing housing.
- Improving the private rented sector.
- Improving housing for the most vulnerable.

As stated in the [New Decade-New Approach](#) document, the main thrust of the housing supply theme is to “enhance investment and agree a target for new social and affordable home starts”.

No targets have yet been set, but in a [statement made in November 2020](#), the DfC Minister noted that the Executive has “never achieved more than 2,200 social new build starts in one year” and expressed an ambition to remedy the position.

Following a Call for Evidence carried out over the period May to July 2021, DfC published a [consultation on the new Housing Supply Strategy](#) in December 2021, running until February 2022. In the Foreword to the Strategy, the Minister stated her aim for the Strategy in the following terms:

“My aim for this Strategy is to create a housing system that can deliver 100,000 plus homes over its 15 year lifetime. I want at least a third of these homes to be social homes. I also have an ambition to deliver a significant number of intermediate homes”.

As part of the approach to increasing housing supply, DfC is considering how to expand the range of intermediate housing products for low and middle-income households that can afford social housing but cannot afford market rents and/or house purchase. Within that context, and following a consultation exercise, in April 2021 the Department published a [revised definition of affordable housing](#), as follows:

Affordable housing is:

- a) Social rented housing; or
- b) Intermediate housing for sale; or
- c) Intermediate housing for rent

that is provided outside of the general market, for those whose needs are not met by the market. Affordable housing which is funded by Government must remain affordable or alternatively there must be provision for the public subsidy to be repaid or recycled in the provision of new affordable housing.

The Department’s explanatory note goes on to state that:

Affordable housing is available to households who otherwise could not house themselves, for example, because they would struggle to afford the cost of housing in the open market, or they need a specific type of house which is not commonly available. It is provided outside the general market i.e. it is not a home bought privately or a home rented from a private landlord. It is therefore not available to households who can meet their own housing needs without Government support.

The Department is currently examining options for an intermediate rent product to augment the range of affordable housing options currently available (social rented and shared ownership).

In October 2021, the Department commenced a [Consultation on Intermediate Rent Development of Policy and Model](#). The consultation is based around an intermediate rent product proposed in a report by the Collaborative Centre for Housing Evidence (CaCHE). The consultation period ran through to mid-January 2022. Subsequently, in late-June 2022, the Department published a [Consultation Outcome Report](#). While the majority of respondents were in favour of the development of Intermediate Rent, a number of issues remain unresolved and development work is ongoing.

In the private rented sector, a number of measures have been implemented to help households sustain their tenancies through the difficulties posed by the coronavirus pandemic. In May 2020, the Northern Ireland Assembly passed the Private Tenancies (Coronavirus Modifications) Regulations (Northern Ireland) 2020, providing for landlords to give 12 weeks' notice to quit. That measure was originally intended to operate through September 2020, but has since been [extended to May 2022](#).

The Covid-19 pandemic had a major impact on the Housing Executive, both through the adoption of working practices to contain and delay the transmission and in response to the housing needs arising from the pandemic. The measures adopted to contain and delay the transmission of the virus have included:

- Changes to the renewal process. Between March 2020 and December 2020, applicants on the Common Waiting List (CWL) were not issued with the usual renewal forms.
- Restriction on works to emergency repairs only.
- Reduction in new build.

In combination, those measures disrupted the level of off-flows from the CWL. The changes to the renewal process meant that applicants remained on the CWL, whereas in normal circumstances they may have flowed off by de-registering. The restriction of works to emergency repairs reduced the number of relets available to allocate to CWL applicants. Similarly, the reduction in new build resulted in fewer dwellings available for allocation to applicants. Both of those measures would therefore also have reduced the number of off-flows from the CWL.

Over the period from mid-2019 to October 2021, the number of applicants on the CWL increased by 20 per cent, including those in housing stress (30+ points on the CWL) and other applicants with fewer points (Table 2.4). It is not, however, possible at this time to separate out the effects of housing

difficulties owing to the pandemic from the effects of the measures adopted in response to the pandemic.

Table 2.4 The Common Waiting List, June 2019 and October 2021				
	June, 2019	October, 2021	Change	
	<i>No.</i>	<i>No.</i>	<i>No.</i>	<i>%</i>
Applicants ¹	37,385	44,837	7,452	19.9
In housing stress ²	25,921	31,129	5,208	20.1
Other	11,464	13,708	2,244	19.6
Social tenants ³	10,858	12,134	1,276	11.8
In housing stress ²	6,553	7,603	1,050	16.0
Other	4,305	4,531	226	5.2
All	48,243	56,971	8,728	18.1
1 Applications to the CWL from households that do not currently have a social tenancy. 2 With 30 or more points on the CWL. 3 Applications to the CWL from those already in a social home seeking a transfer. Source: NIHE.				

Under the Rural Needs Act (NI) 2016, the Housing Executive has a statutory duty to pay due regard to the needs of rural communities in the development of policies, strategies and plans and in the delivery of services. The Housing Executive's first Rural Policy was developed in 1991 and "recognised the need to identify housing need which was often hidden or 'latent' in rural areas" (NIHE, *Reaching Rural*, p. 4).

The most recent Rural Strategy covered the period 2016-2020. In November 2021, the Housing Executive published its [Rural Strategy 2021-2025](#) which aims to promote "Vibrant, shared, healthy and sustainable rural communities where everyone has access to decent and affordable housing".

2.2.3 Welfare Reform

Over the last decade, the UK Government has enacted a raft of legislation designed to reform the benefit system. The reforms have been implemented with the aim of streamlining the system and to reduce welfare expenditure. The reform agenda commenced in October 2010 when the UK government announced plans to introduce the Universal Credit (UC) as a means of integrating and simplifying means tested welfare benefits and in-work tax

credits for working-age adults. Universal Credit comprises a single means-tested benefit for working age claimants, including an allowance for housing costs, whether they are unemployed or in low-paid work.

The Government's plans were given legislative effect through the Welfare Reform Act 2012. The 2012 Act also introduced changes to Housing Benefit which reduced the amount payable to social sector tenants who were deemed to be 'under-occupying' their dwelling according to the social sector size criteria.

The reforms, notably Universal Credit and the social sector size criteria, were implemented in Northern Ireland under the Welfare Reform (Northern Ireland) Order 2015, which came into effect on 9 December 2015. While the social sector size criteria have been introduced in Northern Ireland, the effects have been mitigated to date. In February 2022, the Northern Ireland Assembly passed legislation to indefinitely extend the social sector size criteria mitigation, with a review to be carried out by March 2025.

Private rented sector tenants have also been affected by welfare reform, again for generating savings on welfare expenditure. Since 2008, private rented sector tenants have received a Local Housing Allowance (LHA) rather than Housing Benefit. LHA rates were frozen from April 2016 to March 2020. In response to the pandemic, the Chancellor uprated Local Housing Allowance (LHA) rates so that they were aligned with the 30th percentile of private sector rents in each Broad Rental Market Area (BRMA). Those new rates became effective on 30 March 2020 for the financial year through to April 2021. Northern Ireland has 40 separate LHA rates (five bedroom size categories within each of eight BRMAs). The average (unweighted) increase in LHA rates was 12 per cent. While the uplift in LHA rates was made permanent, the rates determined on 30 March 2020 were frozen for the year March 2021 to April 2022.

Universal Credit was rolled out across Northern Ireland on a phased basis between October 2017 and December 2018. The rollout was for new claims only, with migration of existing claimants of 'legacy benefits' such as Income Support and Jobseekers Allowance scheduled to commence in 2020 and complete by 2023. That schedule is subject to change due to the coronavirus pandemic. In England and Wales, the Department for Work and Pensions (DWP) has indicated that [managed migration would resume in May 2022](#).

Overall, the amount of Housing Benefit received by social sector tenants has been largely protected from welfare reform measures, notably the social sector size criteria. Private rented sector tenants have not been protected.

Consequently, the vast majority face a shortfall between their LHA entitlement and their weekly rent⁵.

2.3 Wider Context

The wider context for this SHMA has been shaped by two key events, i.e. the Covid-19 pandemic and the UK's exit from the European Union (Brexit).

Following a transition period that ran from 1 February 2020, the UK exited the European Union on 31 December 2020. The UK's exit from the EU brought to an end the free movement of workers from the remaining EU states. That has implications for future levels of migration to and from the remaining EU states.

The World Health Organisation declared the Covid-19 outbreak a Public Health Emergency of International Concern on 30 January 2020 and a global pandemic on 11 March 2020. Along with the rest of the UK, Northern Ireland went into its first lockdown on 23 March 2020. The first lockdown lasted through May 2020. Since then, there have been two further waves of the virus and the same number of lockdowns, with varying levels of restrictions in place between and after each lockdown. In February 2022, the Northern Ireland Executive announced the lifting of most remaining restrictions.

The accompanying [Northern Ireland report](#) contains a detailed overview on the impacts from the pandemic. The key points from that review are as follows:

- Over the course of the pandemic, a range of activity indicators (economic output, jobs, unemployment, house sales, new dwelling starts and completions) have each followed a similar trajectory over the course of the pandemic⁶. That is, a sharp increase or decrease in activity during the first lockdown followed by a reversion to pre-pandemic levels.
- The main exception to that general trend has been the plateau reached by Universal Credit claimants, which has persisted and has yet to unwind.
- House prices and rents have followed a different pattern, with both remaining on an upward path over the course of the pandemic.
- Reflecting the rise in house prices, affordability has deteriorated for first-time buyers, albeit the effect has been modest to date and, in

⁵ See NIHE, 2019. [Broad Rental Market Areas Scoping Study](#).

⁶ See the wider context review in the accompanying [Northern Ireland report](#) for the detailed analysis.

affordability terms, Northern Ireland continues to compare favourably with the UK average.

Brexit effects are less obvious and more difficult to disentangle in any event. Of particular relevance in the context of this SHMA, the potential Brexit effects on international migration have not yet been clarified. Thus, the net outflow in international migration from Northern Ireland that was observed in 2019-2020 may also reflect a pandemic effect, due to the restrictions on movements that accompanied the first lockdown.

The issues raised by changes in the wider context are revisited in subsequent sections of this SHMA, when looking ahead. At this juncture, the following points may be noted.

While economic indicators signal an ongoing recovery from the pandemic, the outlook remains uncertain, both in the short-run and beyond. As noted by the Office for Budget Responsibility (OBR):

“The strength of the rebound in demand in the UK and internationally has led [the economic recovery] to bump up against supply constraints in several markets. In the UK, these supply bottlenecks have been exacerbated by changes in the migration and trading regimes following Brexit. Energy prices have soared, labour shortages have emerged in some occupations, and there have been blockages in some supply chains. These can be expected to hold back output growth in the coming quarters, while raising prices and putting pressure on wages.” (OBR, [October 2021 Fiscal Outlook](#), page 7).

The longer-term effects of the pandemic are equally uncertain. In its October 2021 report, the Office for Budget Responsibility (OBR) estimated the ‘scarring’ effect of the pandemic at two per cent of output. But that is down from the three per cent projection in the OBR’s March 2021 report.

The pandemic has also led to a sharp increase in the number of people working regularly from home. It is possible that may lead to a more dispersed population as households seek larger homes to accommodate their home-working requirements and reduce their time spent commuting. That might be expected to affect established internal migration patterns. Theoretically, a reduction in time spent commuting (due to fewer trips to the workplace) would be expected to result in a ‘flattening’ of the population density gradient. Though, as discussed in the [Belfast Metropolitan SHMA](#), there is already a well-established pattern of out-migration from the largest urban area (Belfast City) to surrounding districts.

The ramifications of Brexit for international migration are also highly uncertain. The UK Government’s [immigration White Paper](#), issued in 2018, had seemed to signal a tough immigration regime post-Brexit, with a

minimum salary cap of £30,000. However, writing in 2021, [Portes](#) comments on the resulting legislation as follows:

“It is not the case that the new system represents an unequivocal tightening of immigration controls. Rather, it rebalances the system from one which was essentially laissez-faire for Europeans, while quite restrictionist for non-Europeans, to a uniform system that, on paper at least, is expensive but has relatively simple and transparent criteria, and covers up to half the UK labour market. The new system is likely to lead to a reduction in EU migration, partly offset by a smaller increase in non-EU migration.”

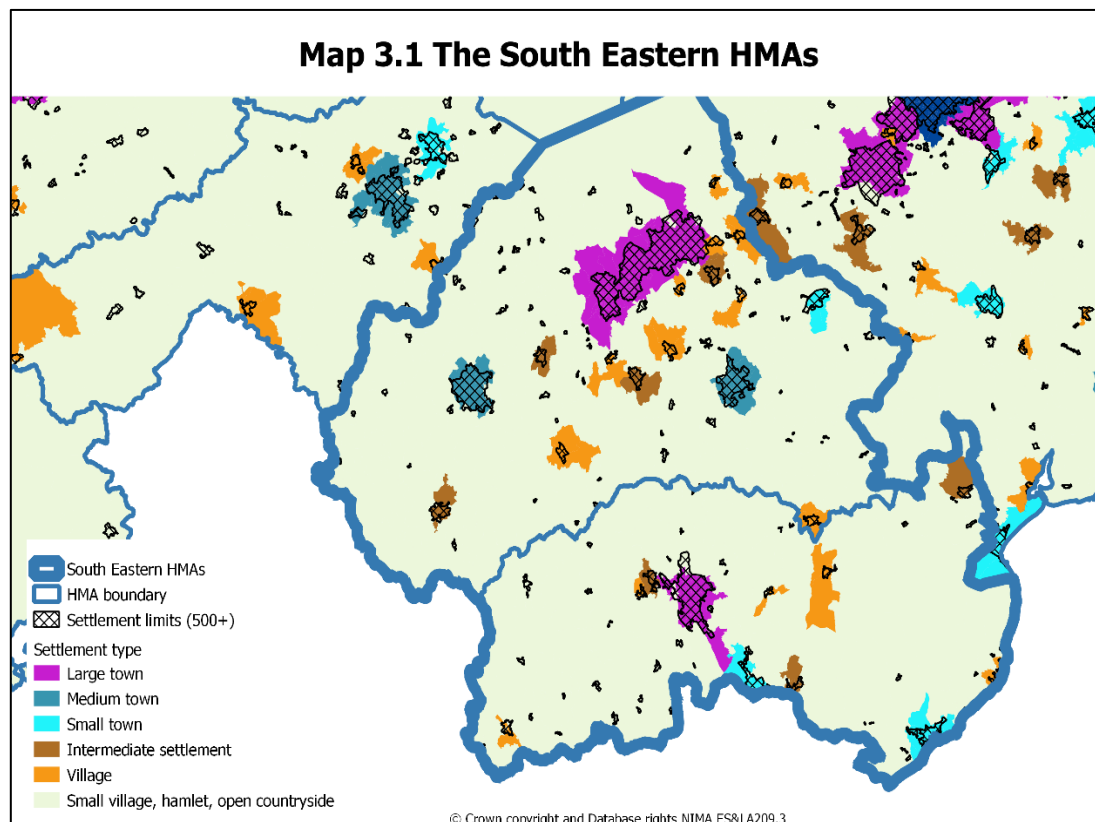
The perspective adopted in this SHMA is that long-term demographic trends will continue, e.g. the ageing of the population. It is also assumed that housing market effects, especially on activities such as transactions, lettings and new dwelling completions, will be transient, albeit the timing and duration of effects is highly uncertain. Those activities tend to fluctuate in any event, more typically with the economic cycle. However, demographic factors will continue to operate over the long term.

Looking to the longer term and considering the 15-year projection period for this SHMA, demographic trends will continue to strongly shape housing market need and demand. The overall total population does not follow a cyclical pattern. The vast majority of those who will be alive in 2035 have already been born.

The cyclical component in population growth largely derives from migration movements. To that extent, the uncertainties around Brexit and the pandemic are to do with the future pattern of migration, both within Northern Ireland and flows to and from other jurisdictions.

3 Spatial Framework

The South Eastern reporting area contains two HMAs, Craigavon Urban Area and Newry. The Craigavon Urban Area HMA incorporates Craigavon, Portadown, Lurgan and Aghacommon, stretching linearly along the M1 motorway to Belfast (Map 3.1). The HMA includes also Armagh City and Banbridge Town. With a population of over 217,000 (Table 3.1), it is the second largest of the 11 HMAs, behind only the Belfast Metropolitan HMA. The Newry HMA is centred on Newry City and, with a population of almost 115,000, ranks as the fifth largest of the 11 HMAs.



Note: The settlement types have been mapped using NISRA's Small Area to settlement type [lookup table](#). The settlement type layer is therefore an approximate representation of settlement boundaries.

Table 3.1 The South Eastern HMAs, population, 2020			
	Population	HMA rank	% of NI
Craigavon Urban Area HMA	217,230	2	11.5
Newry HMA	114,770	5	6.1
Source: Derived from NISRA mid-year population estimates .			

The Craigavon Urban Area HMA is coterminous with the Armagh City, Banbridge and Craigavon LGD (Map 3.2). As of mid-2020, the Newry HMA contained 63 per cent of the Newry, Mourne and Down LGD. The remaining 37 per cent (mainly the former Down LGD) is located within the Belfast Metropolitan HMA and was included in the previous SHMA.

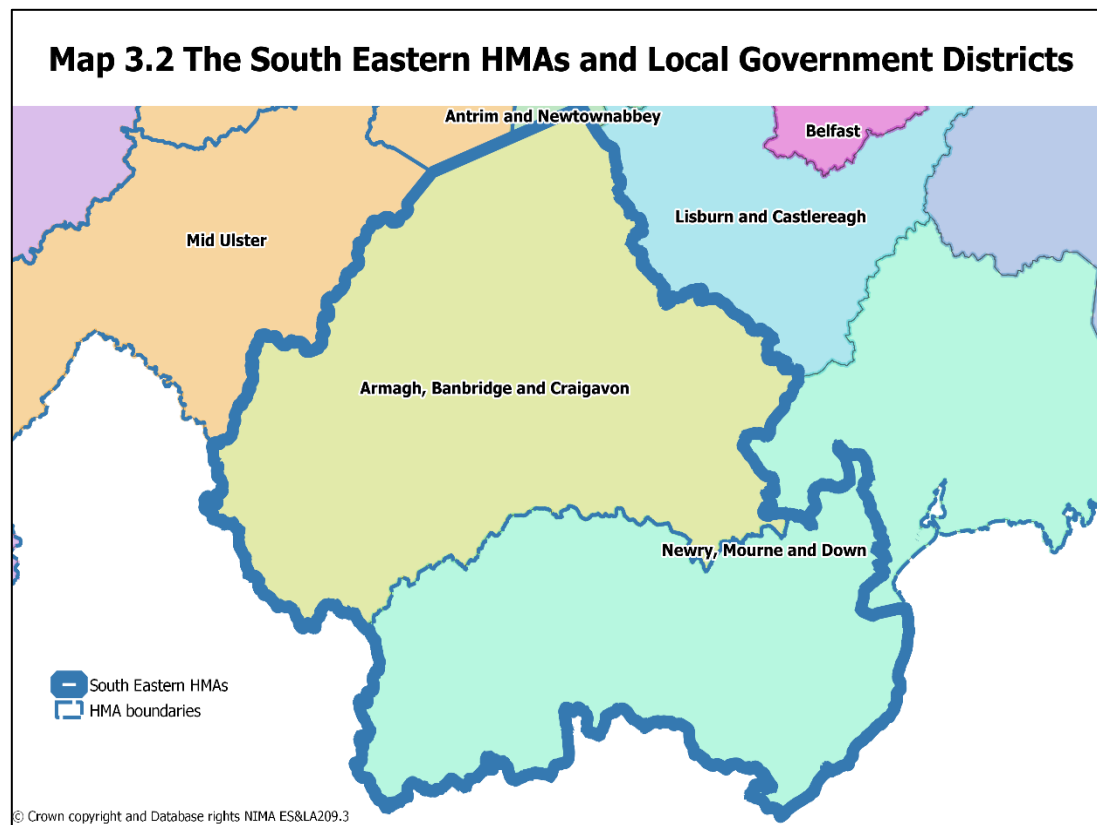


Table 3.2 The South Eastern HMAs within their Local Government Districts, per cent of LGD population, 2020

LGD	HMA	Per cent of LGD population
Armagh City, Banbridge and Craigavon	Craigavon Urban Area	100
Newry, Mourne and Down	Newry	63
Source: Derived from NISRA mid-year population estimates .		

The settlement type classification shown in Map 3.1 is based on NISRA's 2015 [Review of the Statistical Classification and Delineation of Settlements](#). The classification is summarised in Box 3.A. The Review specified a default urban-rural split, with a threshold population size of 5,000 to distinguish urban and rural areas, i.e., the default rural population comprises those living in intermediate (2,500-4,999 population) and village settlements (1,000-2,499 population) along with the population living in small villages, hamlets and the open countryside.

Box 3.A Settlement type classification

Band	Description	Category
A	Belfast City	Urban
B	Derry City	
C	Large town (18,000+ population)	
D	Medium town (10,000-17,999 population)	
E	Small town (5,000-9,999 population)	
F	Intermediate (2,500-4,999 population)	Rural – Intermediate settlements and villages
G	Village (1,000-2,499 population)	
H	Small village, hamlet, open countryside	Rural – Open countryside

Source: NISRA, 2015, [Review of the Statistical Classification and Delineation of Settlements](#).

According to the NISRA classification, the Craigavon Urban Area HMA contains one large town (Craigavon Urban Area⁷), two medium towns (Banbridge and Armagh) and a small town (Dromore) (Table 3.3). Within the rural areas, there are four intermediate settlements and nine villages.

The remaining resident population within the HMA live in small villages (less than 1,000 population), hamlets and the open countryside. Across the HMA, at the time of the 2011 Census of Population, over 70,500 people lived in small villages, hamlets and the open countryside, of which an estimated 52,660 lived in the open countryside, outside of defined settlement limits. Thus, in 2011, the open countryside accounted for 26 per cent of the 199,700 people living in the Craigavon Urban Area HMA.

⁷ Comprised of Craigavon, Portadown, Lurgan and Aghacommon.

Table 3.3 Craigavon Urban Area HMA: Settlements by type		
Classification	Name	Population (2011)
Urban		
Large town	Craigavon Urban Area (Incl. Aghacommon)	64,190
Medium town	Banbridge	16,650
	Armagh	14,750
Small town	Dromore	6,010
Rural		
Intermediate settlement	Waringstown	3,650
	Tandragee	3,490
	Keady	3,040
	Richhill	2,820
Village	Rathfriland	2,470
	Dollingstown	2,130
	Gilford	1,930
	Donaghcloney	1,700
	Markethill	1,650
	Magheralin	1,340
	Laurelvale / Mullavilly	1,280
	Aghagallon	1,060
	Bleary	1,010
Small village, hamlet, open countryside		70,530
Source: Census of Population 2011, Commissioned Table CT0235NI		

The Newry HMA has one large town (Newry) and two small towns (Warrenpoint/Burren and Kilkeel) along with three intermediate settlements and five villages (Table 3.4).

At the time of the 2011 Census of Population, 49,150 people lived in small villages, hamlets and the open countryside, of which an estimated 38,070 lived in the open countryside, outside of defined settlement limits. Thus, in 2011, the open countryside accounted for 36 per cent of the 106,860 people living in the Newry HMA.

Table 3.4 Newry HMA: Settlements by type		
Classification	Name	Population (2011)
Urban		
Large town	Newry	26,890
Small town	Warrenpoint / Burren	8,720
	Kilkeel	6,520
Rural		
Intermediate settlement	Castlewellan	2,790
	Rostrevor	2,790
	Bessbrook	2,740
Village	Annalong	1,800
	Hilltown	1,700
	Crossmaglen	1,610
	Camlough	1,080
	Mayobridge	1,070
Small village, hamlet, open countryside		49,150
Source: Census of Population 2011, Commissioned Table CT0235NI		

The NISRA settlement hierarchy is based on population thresholds. By contrast, in the POPs produced by the two LGDs within which the HMAs are contained, in addition to population, the settlement hierarchy is defined based on factors such as function, range of services/facilities and location (see Table 5.3 of the Armagh City, Banbridge and Craigavon POP and Table 2 of the Newry, Mourne and Down POP).

For example, in the Armagh City, Banbridge and Craigavon (ABC) LGD, with a 2011 population of 3,650, Waringstown is an intermediate settlement in the NISRA classification. However, the POP considers that it is close enough to Lurgan to avail of its services and is classified as a village (Tier 3) in the ABC settlement hierarchy. Conversely, with a population of 1,650, Markethill is a village in the NISRA classification but classified as a local town (Tier 2) in the ABC hierarchy, as it provides a range of services to a distinct hinterland.

In the Armagh City, Banbridge and Craigavon POP, the proposed settlement hierarchy comprises four levels: Hubs (Main Cities/Towns/Urban Area), Local and Small Towns, Villages and Small Settlements. The relationship with the NISRA settlement classification is as follows:

Hubs (Main Cities/Towns/Urban Area). There are three Hubs in the ABC hierarchy – Craigavon Urban Area, Banbridge and Armagh. In the RDS 2035 spatial framework for Northern Ireland, all three are categorised as Main Hubs with the potential to cluster (RDS 2035, Diagram No. 2.3). The Hubs are classified as large and medium towns in the NISRA classification, accounting for 94 per cent of the total ABC urban population (in 2011, a total of 101,610 lived in settlements with 5,000+ population and classified as urban by NISRA).

Local and Small Towns. The ABC hierarchy identifies six Local Towns, ranging in size from 6,010 in Dromore to 1,650 in Markethill. The six Towns had a total population of 18,600 at the 2011 Census of Population, nine per cent of the ABC total. They are distributed across three levels of the NISRA classification, i.e., small towns (Dromore, accounting for 32 per cent of the population living in Local and Small Towns), intermediate settlements (Tandragee and Keady, 35 per cent) and villages (Rathfriland, Gilford and Markethill, 33 per cent). The Local and Small Towns Tier therefore straddles both the urban and rural settlements in the NISRA classification.

Villages. Based on the 2011 Census of Population, the 30 Villages in the ABC hierarchy range in size from 3,650 (Waringstown) to 71 (Tynan). Two of the Villages are intermediate settlements in the NISRA classification (Band F), six are villages (Band G) and 22 are small villages (Band H). In 2011, the Villages had a population of 24,550 (12 per cent of the ABC population), of which 26 per cent lived in the NISRA intermediate settlements, 35 per cent in the Band G villages and the remaining 39 per cent in the Band H small villages.

Small Settlements. The POP lists 37 Small Settlements, ranging in size from a population of 720 (Glenane) to 20 settlements with fewer than 50 people. In 2011, the Small Settlements were home to approximately 8,300 people (four per cent of the ABC total). They are all included in NISRA's small villages, hamlets and open countryside grouping (Band H).

Overall, therefore, the NISRA default urban classification matches well with the ABC hierarchy; 89 per cent of the population in the Hubs and Local/Small Towns tiers are classified as urban in the NISRA hierarchy. The remaining Tiers of the ABC hierarchy are distributed across different levels of the NISRA hierarchy. Albeit, collectively they overlap well with NISRA's default rural classification; 72 per cent of the population in Villages and Small Settlements tiers are classified as rural by NISRA's definition.

In the Newry, Mourne and Down (NMD) POP, settlements are classified into four categories, i.e., City/Main Towns, Local and Small Towns, Villages and Small Settlements. With specific reference to the Newry HMA, the relationship with the NISRA settlement classification is as follows:

City/Main Towns. In the Newry, Mourne and Down hierarchy, Newry City and Downpatrick Town are classified to this tier. The former lies within the Newry HMA. Newry City is a Main Hub in the RDS 2035 spatial framework for Northern Ireland, with the potential to cluster with Warrenpoint (RDS 2035, Diagram No. 2.3). In 2011, with 26,890 residents, Newry City accounted for 64 per cent of the HMA's urban population (42,130) on the NISRA classification.

Local and Small Towns. Within the Newry HMA, the NMD POP classified five settlements as Local and Small Towns, ranging from Warrenpoint⁸ with an estimated population of 7,500 to Crossmaglen with a 1,600 population. In 2011, the five settlements had a total population of 21,140, of which 66 per cent lived in small towns on the NISRA classification (Band E – Warrenpoint and Kilkeel), 26 per cent lived in intermediate settlements (Band F – Castlewellan and Bessbrook) and eight per cent lived in a village (Band G – Crossmaglen).

Villages. The NMD POP proposed classifying 15 settlements within the Newry HMA as Villages, ranging from Rostrevor, with a population of 2,800, to Cullyhanna with 330 residents. In 2011, the 15 Villages had a total population of 15,070, of which 19 per cent lived in an intermediate settlement on the NISRA classification (Band F – Rostrevor), 37 per cent lived in villages (four in Band G) and 36 per cent lived in small villages (nine in Band H). The remaining eight per cent lived in Burren, which is part of the small town of Warrenpoint/Burren (Band E) on the NISRA classification.

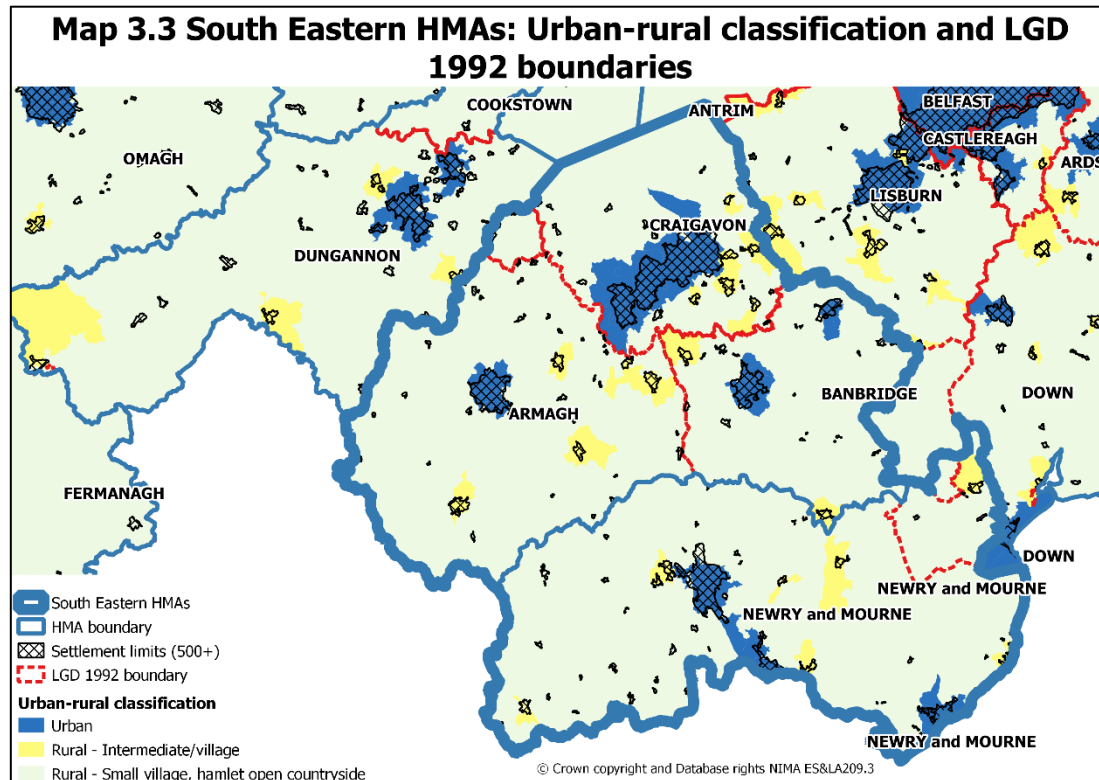
Small Settlements. The NMD POP proposed classifying 30 settlements within the Newry HMA as Small Settlements, ranging in size from a population of 460 (Newtowncloghoge) to five settlements with fewer than 50 people. In 2011, the Small Settlements were home to approximately 5,690 (five per cent of the HMA total). They are all included in NISRA's small villages, hamlets and open countryside grouping (Band H).

Overall, within the Newry HMA, the NISRA default urban population is distributed across three tiers in the NMD hierarchy, including 64 per cent in the main towns, 33 per cent in the Local and Small Towns tier and three per cent (Burren) in the Villages tier. However, the Local and Small Towns tier itself is a mix of both urban and rural settlements on the NISRA default definition.

⁸ In the NISRA settlement classification, Warrenpoint is joined with Burren as a single settlement. In the NMD POP, Burren is separately classified within the hierarchy. For the purposes of this comparison, Warrenpoint and Burren have also been separated.

For analysis and reporting purposes, in this SHMA the NISRA settlement types have been grouped into three categories, within each of the two HMAs, as follows (Map 3.3):

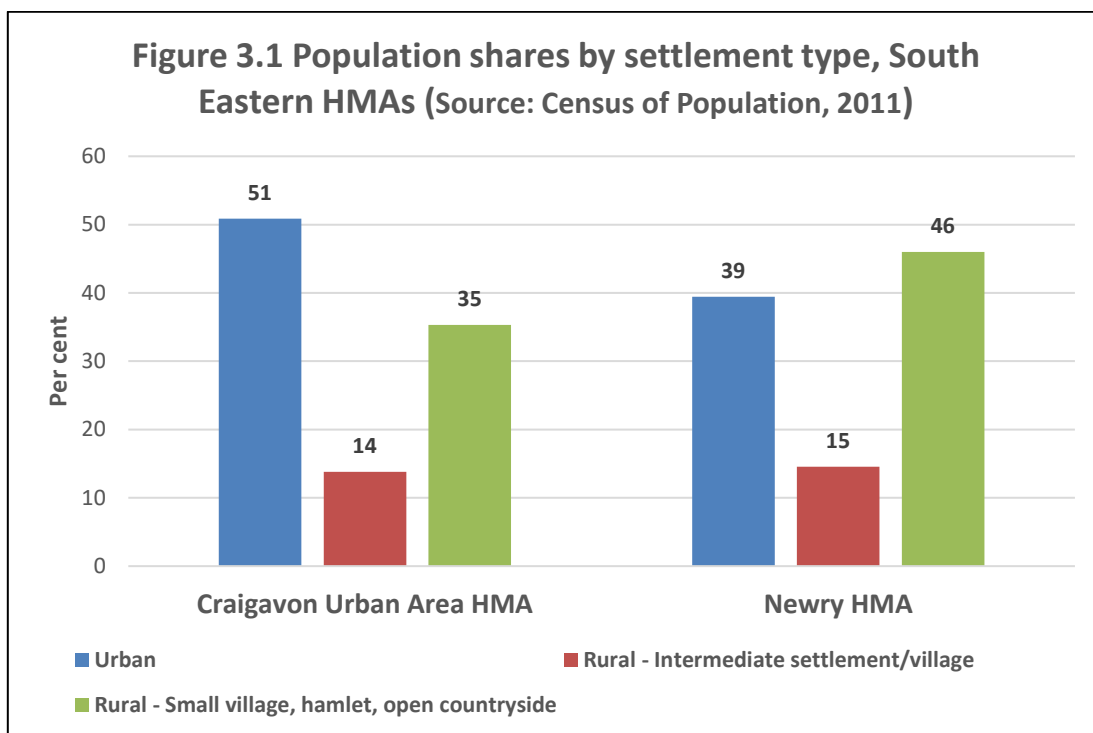
- Urban.
- Rural – intermediate settlements and villages.
- Rural – small villages, hamlets and the open countryside.



When the urban-rural grouping is applied to the Craigavon Urban Area HMA, a slight majority of the population (51 per cent at the 2011 Census) live in urban areas along with 14 per cent in the intermediate category and 35 per cent dispersed rural (Figure 3.1).

The distribution for the Newry HMA shows a larger rural share, amounting to 62 per cent comprised of 16 per cent living in intermediate settlements and almost half (46 per cent) in small villages, hamlets and the open countryside. While it is centred on Newry City, the high rural share is a distinctive feature of the HMA.

The dispersed rural share in both HMAs is above the Northern Ireland average (28 per cent). Though, that is the case for any HMA outside the Belfast Metropolitan HMA which accounts for half the population of Northern Ireland and has a dispersed rural share of just 12 per cent.



Under the re-organisation of local government that took effect in 2014, the new Armagh City, Banbridge and Craigavon Borough Council is comprised of all or most of three former LGDs (Table 3.5. See also Map 3.3). For the purposes of this SHMA, the former LGDs are treated as subareas within the wider Craigavon Urban Area HMA, as follows:

- Craigavon subarea - the former Craigavon LGD plus the small portion of the former Dungannon LGD that was assigned to the new ABC LGD.
- Armagh subarea - all of the former Armagh LGD.
- Banbridge subarea - almost all of the former Banbridge LGD.

As the Newry HMA is almost wholly comprised of the former Newry and Mourne LGD, it has not therefore been further divided into subareas.

The rural-urban splits in each of the three subareas defined for the Craigavon Urban Area HMA are shown in Figure 3.2. The subareas present a clear contrast in terms of their rural-urban distributions. The urban population share is highest in the Craigavon subarea (68 per cent) and lowest in the Armagh subarea (25 per cent), with Banbridge occupying an intermediate position (49 per cent).

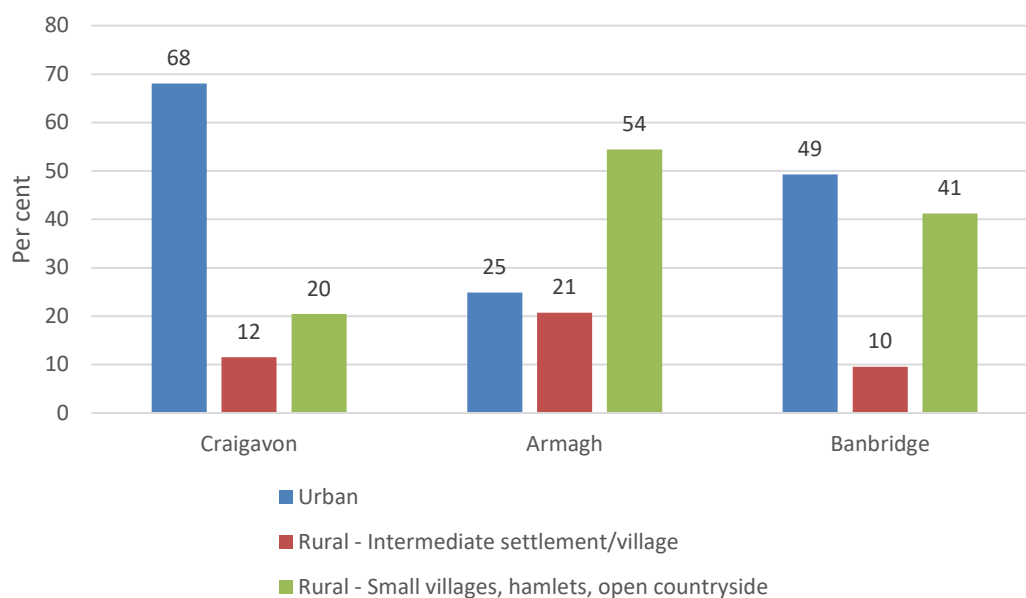
Table 3.5 The South Eastern HMAs and 1992 LGDs, population, 2020

	Population	% of 1992 LGD	% of HMA
Craigavon Urban Area HMA			
Armagh	63,880	100	29
Banbridge	48,610	95	22
Craigavon	103,350	100	48
Dungannon	1,400	2	1
Newry HMA			
Banbridge	520	1	0
Down	7,440	10	6
Newry & Mourne	106,820	100	93

1 When the 11 new LGDs were formed, a portion (two per cent) of the former Dungannon LGD was assigned to Armagh City, Banbridge and Craigavon Borough Council. The remaining 98 per cent was assigned to the new Mid Ulster District Council.

Source: Derived from [NISRA mid-year population estimates](#).

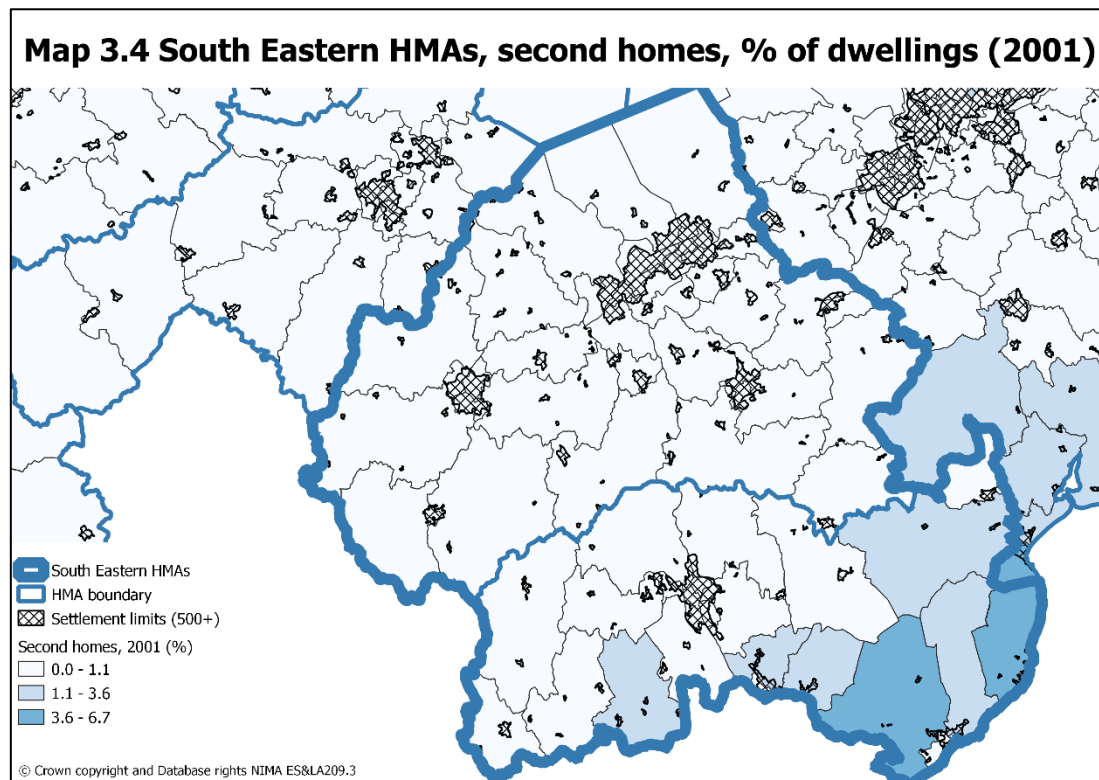
**Figure 3.2 Population shares by settlement type,
Craigavon Urban Area HMA subareas (Source: Census of
Population, 2011)**



Finally, it can be noted that, based on the 2001 Census of Population, there is a small cluster of Wards with second homes in the south-east portion of the Newry HMA (Map 3.4). The 2001 Census of Population is the only data source for the distribution of second homes at the required level of geographical detail.

However, the second homes share of dwellings at the 2001 Census was not large in any Ward contained within that cluster (Map 2.10). The second homes share of dwellings was five per cent in only one Ward (Lisnacree) and higher than two per cent in just two other Wards (Annalong, 3.6 per cent) and Tollymore (2.2 per cent).

Second homes were not mentioned as a housing-related issue in the Council's POP. In the consultations with the LGD planners for this SHMA, it was felt that second homes are not a significant issue within the District.



To summarise, the spatial framework for the Craigavon Urban Area HMA comprises three main components, as follows:

- The LGD – the Craigavon Urban Area HMA is coterminous with Armagh City, Banbridge and Craigavon Borough Council.
- Settlement type – three-way summary classification to reflect the urban-rural dimension.
- Subareas – based around the three former LGDs.

Regarding the Newry HMA, that encompasses all of the former Newry and Mourne LGD along with 10 per cent of the former Down LGD (12 per cent). For the Newry HMA, therefore, further analysis will be focused on the three-way urban-rural grouping.

Finally, it should be noted that the projection of housing need and demand is primarily at the level of HMAs and LGDs. The settlement types and subareas are primarily to assist in analysis and understanding of the housing market dynamics within their respective HMAs.

4 Population

4.1 Introduction

This Section focuses on population change within and across the Craigavon Urban Area and Newry HMAs, commencing with an overview on the main population trends over the period 1991 to 2020, within the spatial framework outlined in Section 3.

The Section then discusses:

- Recent trends in the components of population change, that is, natural change and net migration.
- The projected growth of the population over the period 2018 to 2035, based on the 2018-based sub-national population projections published by NISRA in spring 2020.
- The age composition of the population, including trends and projections.

The Section concludes with a key points summary.

The sources used to derive the time series data are described in Annex 4 at the end of this Section. While the Craigavon Urban Area HMA is coterminous with the Armagh City, Banbridge and Craigavon LGD, the Newry HMA does not correspond with any statistical or administrative unit for which data are published. Within that context, the approach taken to meeting the reporting requirements was to construct a Small Area dataset, by single year of age and sex, scaled to be consistent with published population estimates and benchmarked using 2011 Census of Population Small Area counts. The Small Area dataset was designed to produce estimates at HMA level, subareas and by the rural-urban classification discussed in Section 3.

The [NISRA mid-year population estimates](#) formed the main data inputs for constructing historical data, covering the period 1991 to 2020. The population projections reported in this Section are based on NISRA's [2018-based population projections for areas within Northern Ireland](#). The tables and charts in this Section derive from those two main sources. *As the NISRA data have been processed to meet the geographic requirements for this SHMA, the reader is referred to Annex 4 for information on data sources.*

Finally, this Section focuses on trends within and across the Craigavon Urban Area and Newry HMAs. The Northern Ireland context within which those trends fit is discussed in Appendix A of the accompanying [Northern Ireland report](#).

4.2 Trends

Over the past three decades, since 1991, the South Eastern HMAs have been growing in population ahead of the Northern Ireland average growth rate (Figure 4.1. See also Table 4.1). Between 1991 and 2020, the Craigavon Urban Area HMA population rose by 35.3 per cent while the Newry HMA population rose by 29.3 per cent. Both HMAs were well above the Northern Ireland average of 17.9 per cent over the same period. Across the 11 HMAs, the Craigavon Urban Area HMA ranked second in the pace of population growth while the Newry HMA ranked third. Only the Dungannon HMA (+38.9 per cent) grew more quickly.

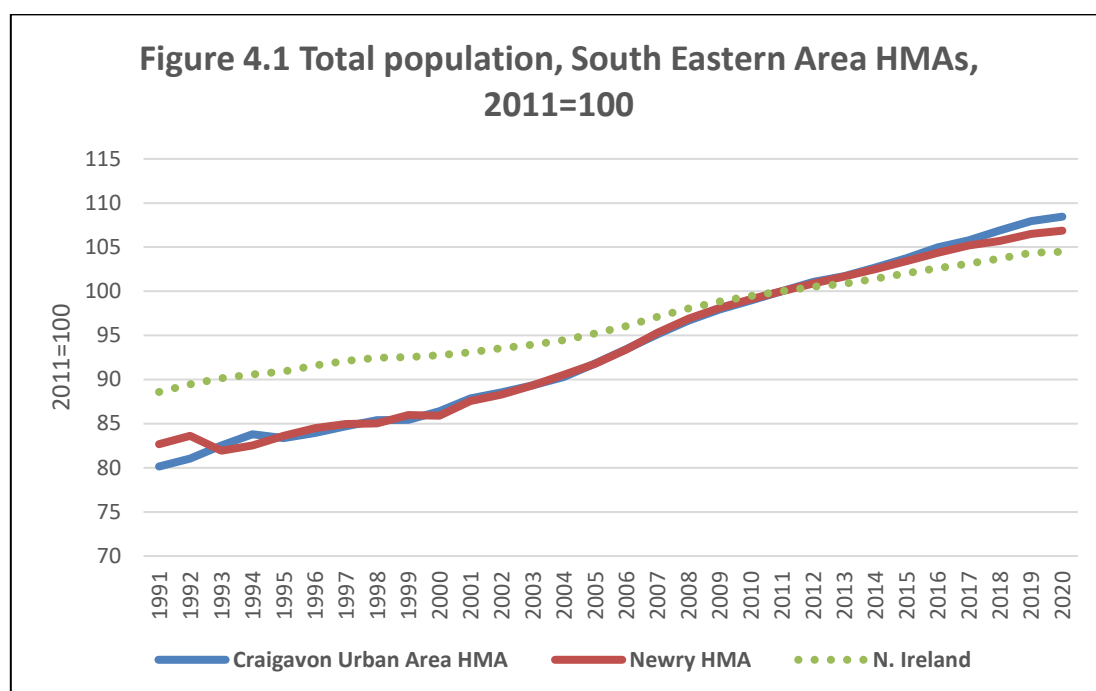


Table 4.1 Total population, 1991 to 2020, South Eastern Area HMAs

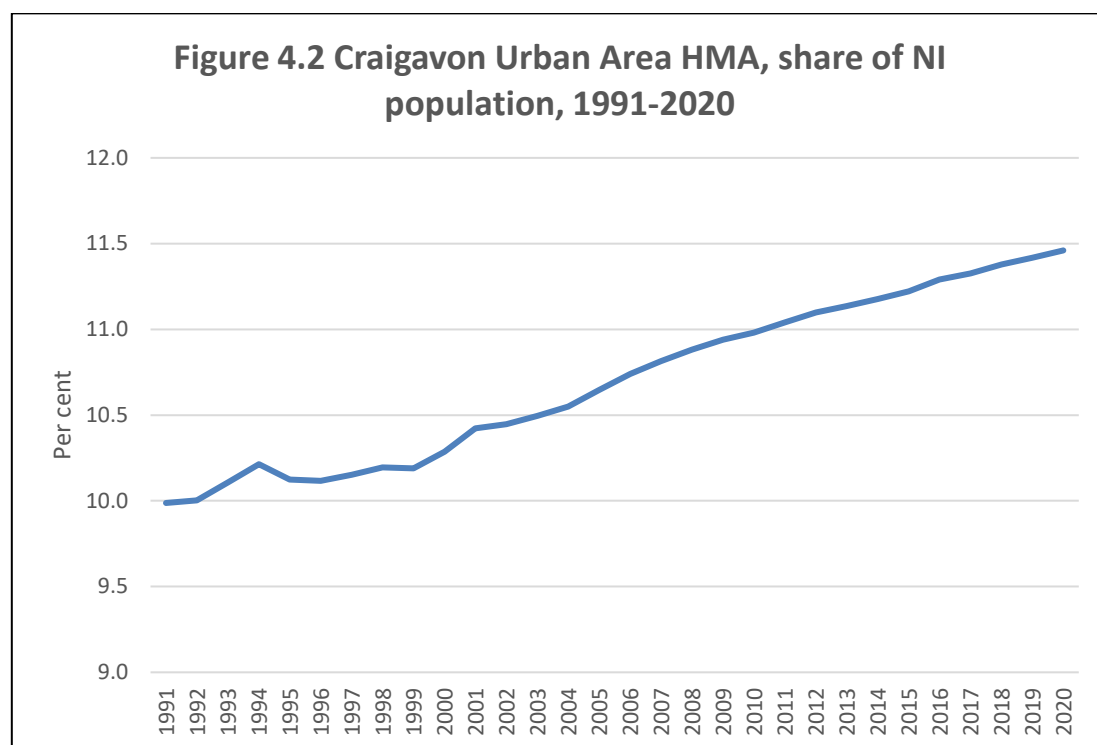
	1991	2001	2011	2020
	'000s	'000s	'000s	'000s
Craigavon Urban Area HMA	160.5	176.0	200.3	217.2
Newry HMA	88.8	94.1	107.4	114.8

In both HMAs, population growth was especially strong between 2001 and 2011 (Table 4.2). The growth in that period was driven by rising rates of natural increase (excess of births over deaths) and historically high levels of immigration. Those drivers of population growth are examined later in this Section.

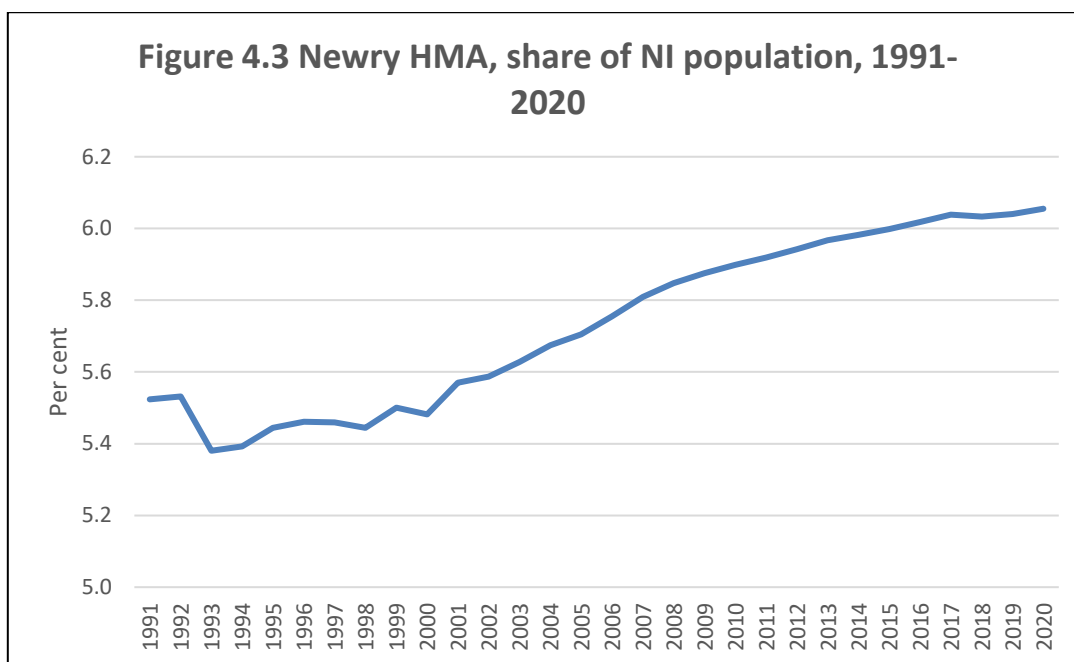
Table 4.2 Population change, Southern Eastern HMAs			
	1991-2001	2001-2011	2011-2020
	%	%	%
Per cent change			
Craigavon Urban Area HMA	9.6	13.8	8.5
Newry HMA	6.0	14.2	6.9
<i>N. Ireland</i>	<i>5.1</i>	<i>7.4</i>	<i>4.5</i>
Per cent per annum			
Craigavon Urban Area HMA	0.93	1.30	0.91
Newry HMA	0.58	1.33	0.74
<i>N. Ireland</i>	<i>0.50</i>	<i>0.72</i>	<i>0.49</i>

Similar to the rest of Northern Ireland, the rate of population growth slowed in the period from 2011 to 2020. However, both HMAs continued to outpace the Northern Ireland average.

Reflecting the population growth trends, the Craigavon Urban Area HMA has accounted for a steadily growing share of the Northern Ireland population, up from 10 per cent in the early-1990s to 11.5 per cent in 2020 (Figure 4.2).



Similarly, the Newry HMA has accounted for a rising population share, up from 5.4 per cent in 1993 to 6.1 per cent in 2020, albeit the rise in the HMA's share has slowed since 2017 (Figure 4.3). It can also be noted that, within the Newry, Mourne and Down LGD, the Newry HMA has been growing more quickly than the rest of the LGD. By 2020, the Newry HMA accounted for 63 per cent of the LGD, up from 61 per cent in 2001. Over that period, the Newry HMA population rose by 22 per cent compared with 12.1 per cent in the rest of the LGD.



Looking ahead, the likely future evolution of the population trends outlined above is a fundamental issue in projecting future housing need and demand across the HMAs. An important factor to consider in that regard is the potential effects of recent changes in the wider context, notably the Covid-19 pandemic and the UK's exit from the European Union (Brexit).

As the most recent population data are for the period through mid-2020, it is still too early to definitively assess the effects on population growth either of the Covid-19 pandemic or Brexit. Nonetheless, even though the mid-2019 to mid-2020 population data include only the first four months of the pandemic, it is apparent that Brexit and Covid-19 have combined to slow population growth in the short-term at least.

According to the most recent population estimates, between mid-2019 and mid-2020 the Northern Ireland population grew by just 0.1 per cent, compared with an average rate of 0.5 per cent per annum between 2011 and 2019. The slowdown in population growth over that period was apparent across all eleven HMAs (Figure 4.4).

In the Craigavon Urban Area HMA, population growth between mid-2019 and mid-2020 (0.5 per cent) was less than half the one per cent annual average over the period 2011 to 2019 (Table 4.3). The Newry HMA also experienced a reduction in the population growth rate, falling from 0.8 per cent per annum between 2011 and 2019 to 0.3 per cent in 2019-2020.

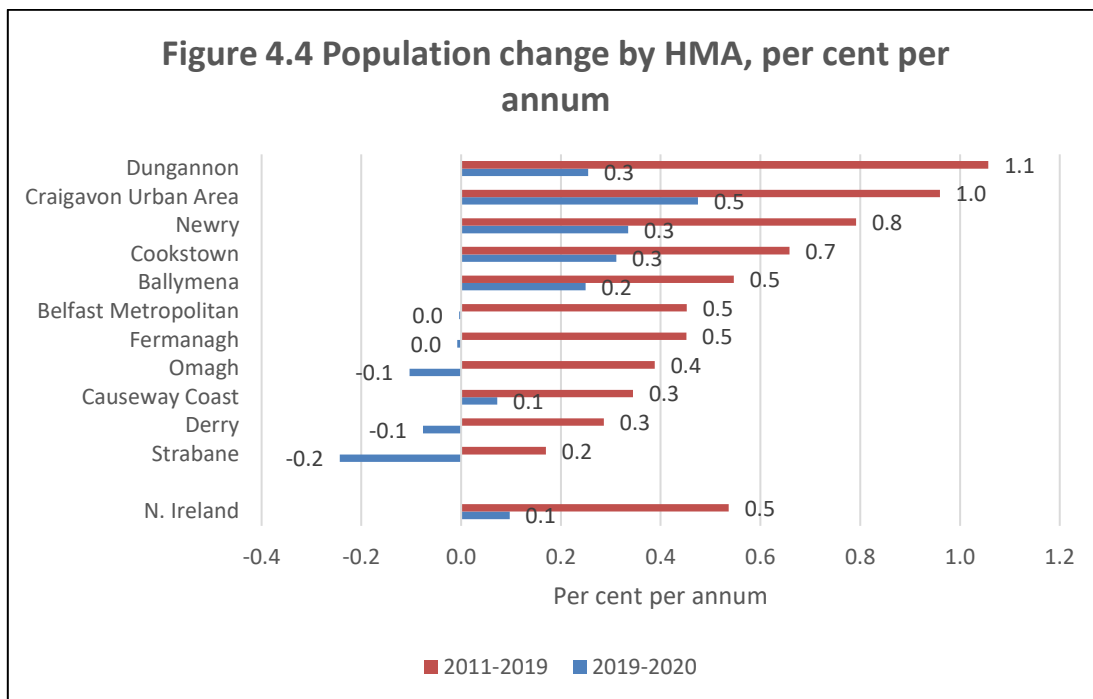


Table 4.3 Population change, South Eastern HMAs, per cent per annum

	2011-2019	2019-2020	2011-2020
	%	%	%
Craigavon Urban Area	0.96	0.48	0.91
Newry	0.79	0.34	0.74
<i>N. Ireland</i>	<i>0.54</i>	<i>0.10</i>	<i>0.49</i>

The short-term effects of Brexit and the Covid-19 pandemic are further explored later in this Section when considering the population growth outlook.

4.2.1 Settlement Type

In general terms, over the past two decades, urban-rural patterns in population change have exhibited two main trends:

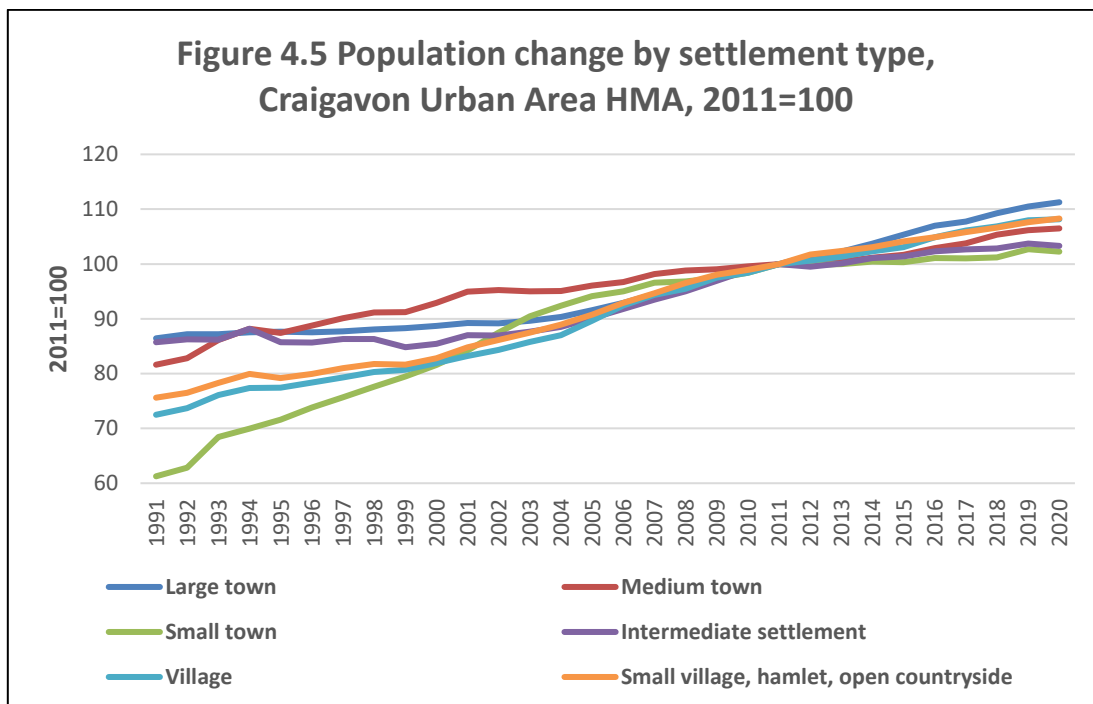
- Faster population growth in rural areas than in urban areas.
- Sharply divergent growth between 2001 and 2011 followed by a narrowing of differences in growth rates since 2011.

The two main trends are discussed at Northern Ireland level in Appendix A to the accompanying [Northern Ireland report](#). Both of those trends are also evident in the South Eastern HMAs, albeit there are some contrasts.

Within the Craigavon Urban Area HMA, the population in rural areas rose by almost 18 per cent between 2001 and 2011 compared to 10.2 per cent in the urban areas, a differential of 7.7 percentage points (Table 4.4). By settlement type, the villages (20.1 per cent) were fastest-growing, followed by the small town (Dromore, 18.7 per cent) and the dispersed rural population (17.9 per cent).

Table 4.4 Population change by settlement type, Craigavon Urban Area HMA, 1991-2020			
	1991-2001	2001-2011	2011-2020
	%	%	%
Urban	8.6	10.2	9.3
Large town (Craigavon UA)	3.2	12.1	11.3
Medium towns	16.3	5.3	6.5
Small town	37.5	18.7	2.2
Rural	10.9	17.9	7.5
Intermediate settlement	1.5	14.9	3.3
Village	14.8	20.1	8.4
Small village, hamlet, open countryside	12.1	17.9	8.2
Craigavon Urban Area	9.6	13.8	8.5

The pattern of growth was different in the period from 2011 to 2020 (Table 4.4. See also Figure 4.5). Since 2011, population growth in the rural areas slowed to 7.6 per cent. By contrast, the urban population growth fell by less than one percentage point, to 9.3 per cent. Posting an 11.3 per cent rise, population growth between 2011 and 2020 was strongest in the large town (Craigavon Urban Area). Population growth slowed most sharply in the small town (Dromore), down to 2.2 per cent, and the four intermediate settlements (down to 3.3 per cent). The spread in the growth rates across the settlement types dropped from almost 15 percentage points between 2001 and 2011 to nine percentage points between 2011 and 2020.



The Newry HMA exhibited similar trends in terms of a reduced spread in population growth rates across the settlement types between 2011 and 2020 when compared with the previous decade (Figure 4.6 and Table 4.6). In the Newry HMA, the spread in the population growth rates dipped from 16.3 percentage points between 2001 and 2011 to 8.2 percentage points between 2011 and 2020.

However, in contrast to the Craigavon Urban Area HMA, in the Newry HMA the rural areas continued to outpace the urban areas in population growth. Largely, that is because, since 2011, population has been growing most quickly in the small villages, hamlets and open countryside (up by 10.6 per cent), with the remaining settlement types growing at broadly similar rates, within the range 2.3 per cent (small towns) to 5.2 per cent (villages).

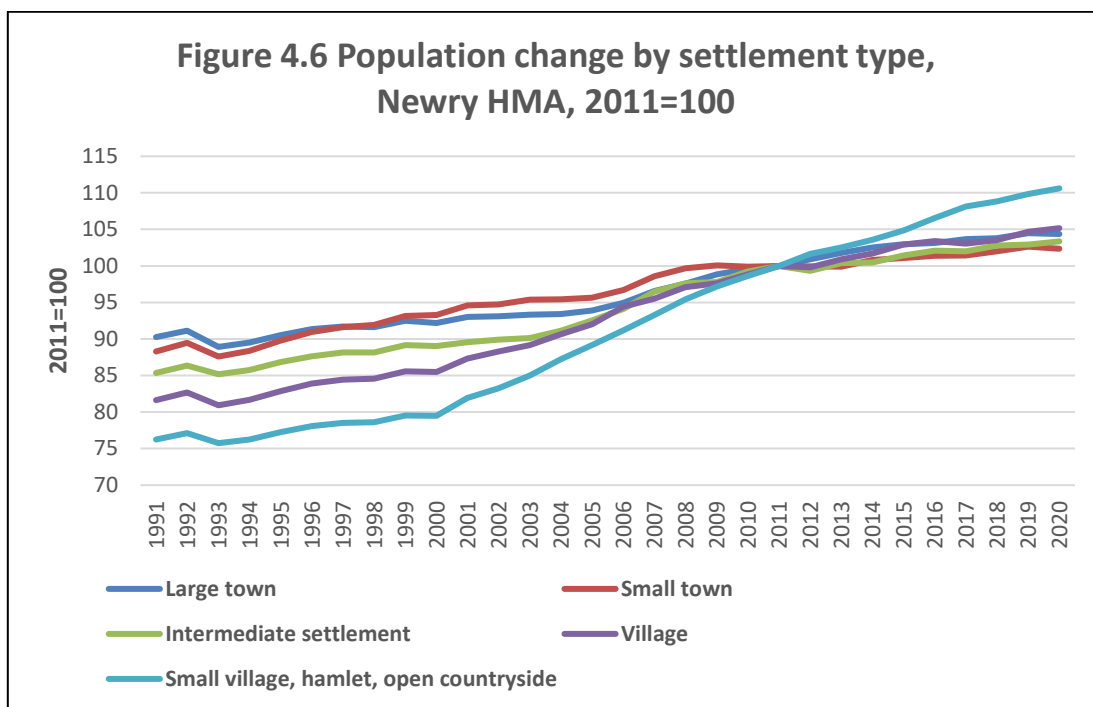
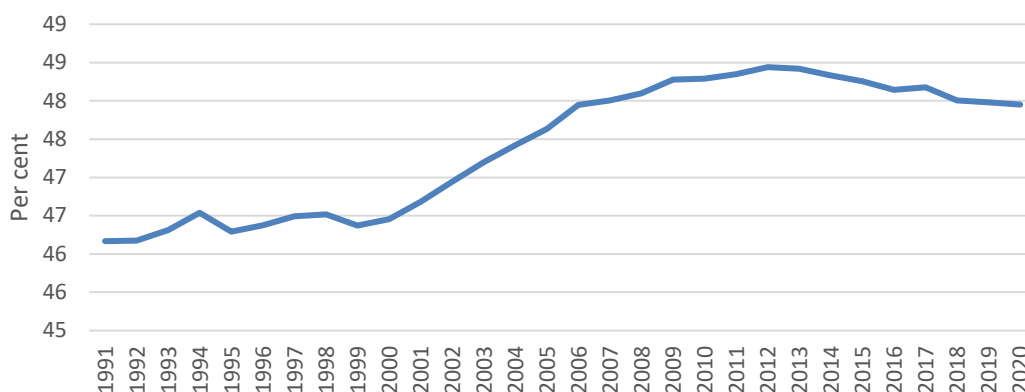
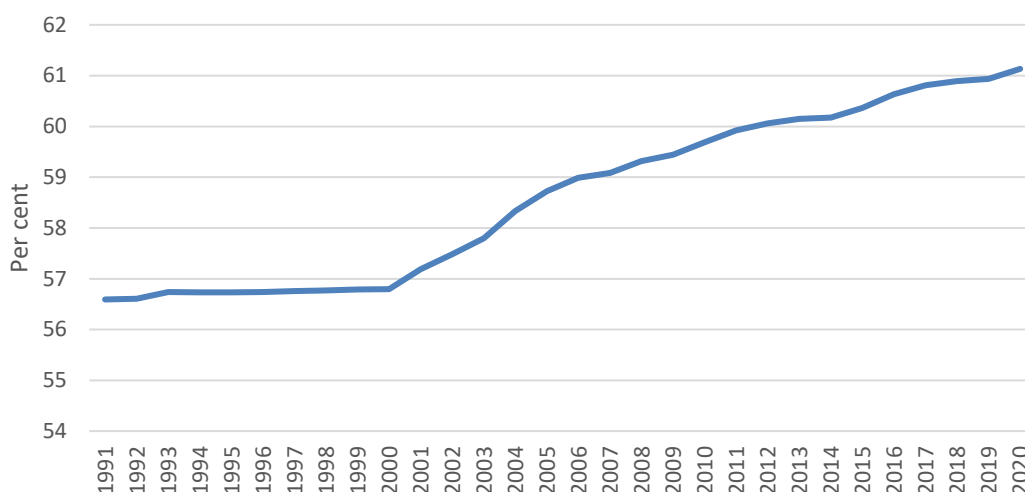


Table 4.5 Population change by settlement type, Newry HMA, 1991-2020

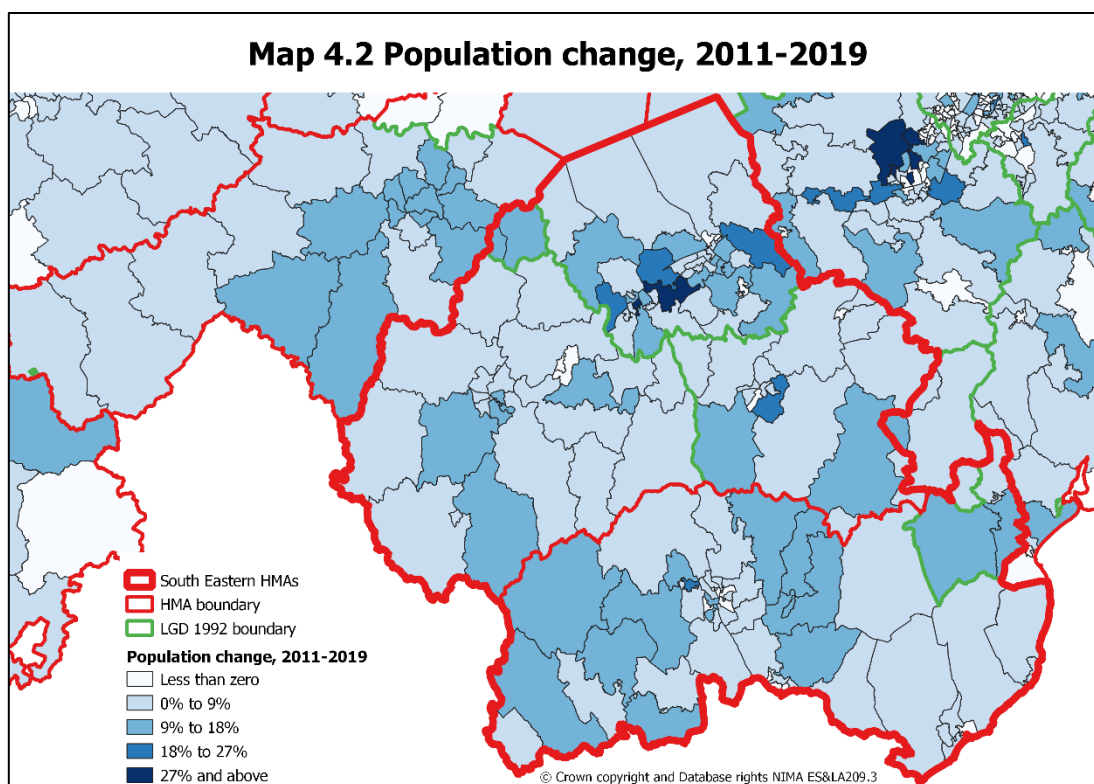
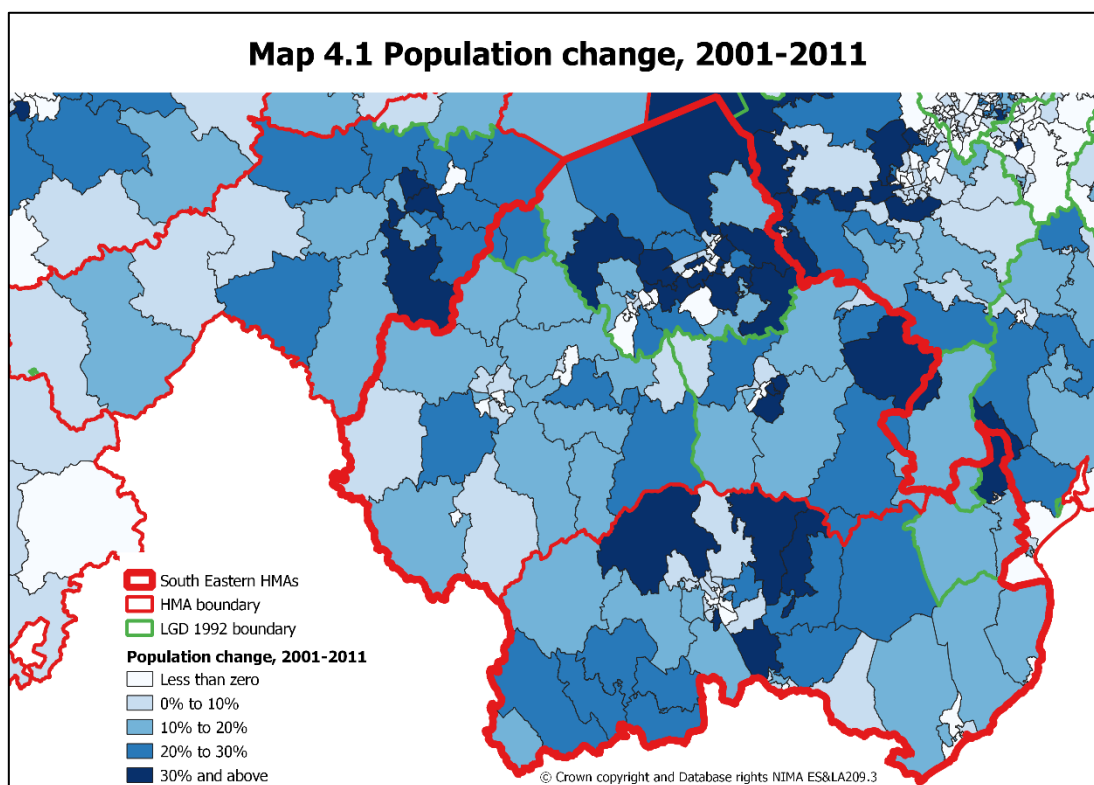
	1991-2001	2001-2011	2011-2020
	%	%	%
Urban	4.5	6.9	3.7
Large town (Newry)	3.1	7.5	4.5
Small towns	7.1	5.7	2.4
Rural	7.1	19.6	9.0
Intermediate settlement	5.0	11.6	2.6
Village	7.0	14.5	5.5
Small village, hamlet, open countryside	7.5	22.0	10.6
Newry HMA	6.0	14.2	6.9

Reflecting the contrasting trends, the rural population share within the Craigavon Urban Area HMA has fallen slightly since 2011 (Figure 4.7) and continued to rise in the Newry HMA (Figure 4.8).

Figure 4.7 Rural population share, Craigavon Urban Area HMA**Figure 4.8 Rural population share, Newry HMA**

The narrowing of the gap in rates of population change is also apparent at smaller spatial scales. That is evident from a comparison of the population growth rates at Super Output Area⁹ (SOA) level between 2001-2011 (Map 4.1) and 2011-2019 (Map 4.2). Though, it should also be noted that the reduced variability in rates of population change at SOA level is also a reflection of the slower overall pace of population change between 2011 and 2019 as compared with the decade from 2001 to 2011. Across the 127 SOAs in the South Eastern HMAs, the median growth rate fell from 12.2 per cent between 2001 and 2011 to 6.6 per cent between 2011 and 2019. That is, the scope for divergence in population growth rates was much reduced in the past decade compared to the previous decade.

⁹ SOAs are statistical units with an average population of around 2,000.



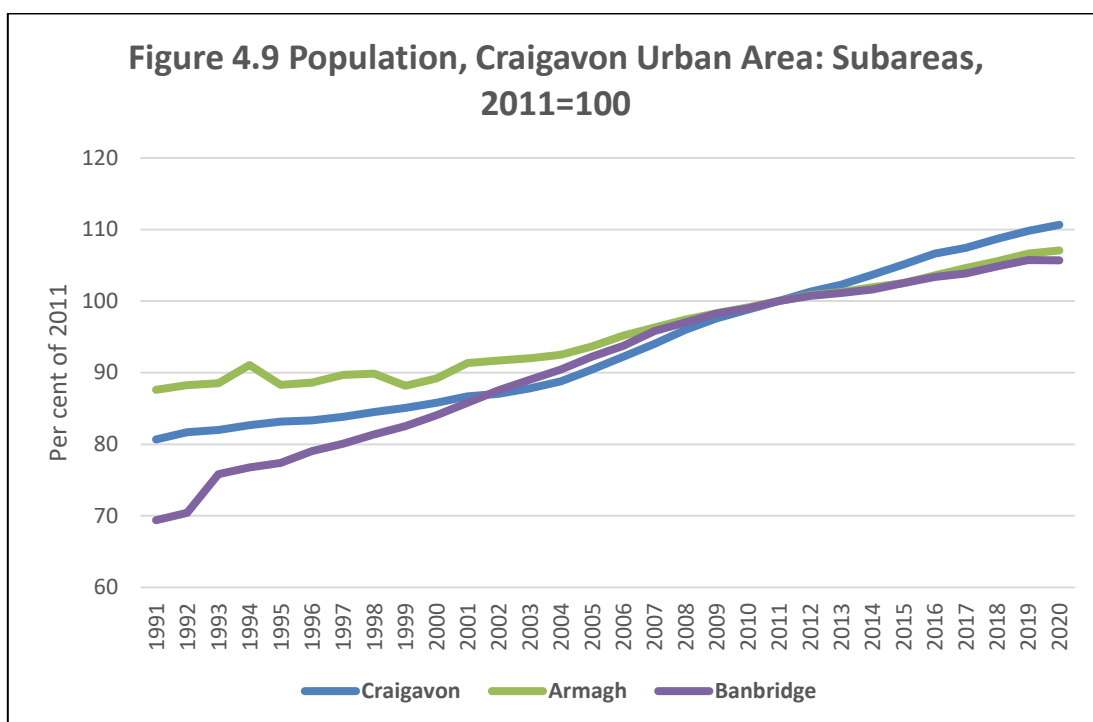
Note: The maps are drawn at Super Output Area (SOA) level, with data sourced from [NISRA mid-year population estimates 2018](#).

4.2.2 Craigavon Urban Area: Subareas

Within the Craigavon Urban Area HMA, the main population growth trends by subarea are summarised in Table 4.6¹⁰. Between 1993 and 2011, Banbridge was the fastest-growing of the three subareas, up by 32 per cent compared to 22 per cent in Craigavon and 13 per cent in Armagh. Since 2011, the Craigavon subarea has been growing fastest, up by 10.7 per cent, followed by Armagh (7.1 per cent) and Banbridge (5.7 per cent) (Table 4.7).

Table 4.6 Total population, 1993 to 2020, Craigavon Urban Area HMA, subareas

	1993	2001	2011	2020
	'000s	'000s	'000s	'000s
Craigavon	77.6	82.1	94.7	104.8
Armagh	52.8	54.5	59.7	63.9
Banbridge	34.9	39.5	46.0	48.6



¹⁰ In 1992, the Rathfriland Ward was re-assigned from the former Newry and Mourne LGD to the former Banbridge LGD. The resulting uplift in the Banbridge population between 1992 and 1993 is clearly evident from Figure 4.9. The NISRA mid-year population estimates for LGDs in that period were not adjusted for the discontinuity. Hence, Table 4.6 shows population change from 1993.

Table 4.7 Population change by subarea, Craigavon Urban Area, 1991-2020

	1993-2001	2001-2011	2011-2020
	%	%	%
Craigavon	5.7	15.3	10.7
Armagh	3.2	9.5	7.1
Banbridge	13.2	16.5	5.7
Craigavon Urban Area	6.5	13.8	8.5
<i>N. Ireland</i>	3.3	7.4	4.5

4.3 Components of Change

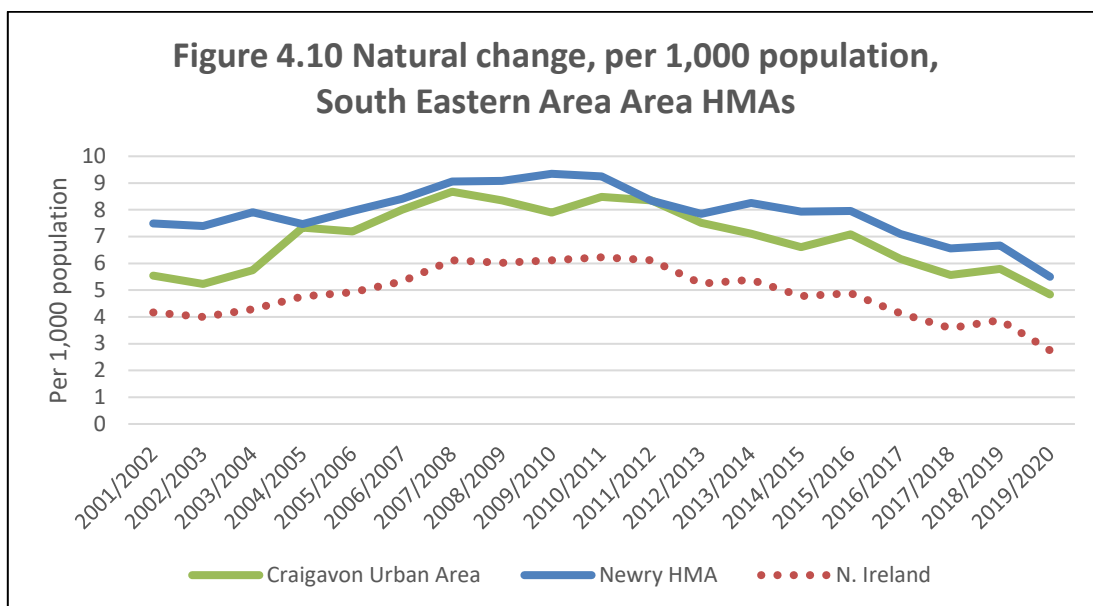
Over a given period, the total population will rise or fall depending on the balance between the components of population change, as follows:

- Natural change, i.e. the difference between births and deaths.
- Net migration, i.e. the difference between inflows to an area and outflows to other areas.

4.3.1 Natural Change

Historically, natural change has been the major contributor to population change across Northern Ireland. However, since about 2010-11, the natural change contribution has been falling¹¹. That is a fundamental demographic trend shaping the population projections presented later in this Section. The falling natural change contribution is evident across both of the South Eastern HMAs (Figure 4.10). The natural change component has been on a downward trend in the Newry HMA since 2010-11 and, in the Craigavon Urban Area HMA, since 2011-12. It can also be seen that, in both HMAs, the natural change component has been above the Northern Ireland average over the entire period for which the statistics are available. That difference has been an important driver of the above-average population growth discussed above (see Figure 4.1).

¹¹ The discussion in this Section focuses on components of change per 1,000 population at the start of the period under discussion, e.g. where the component relates to the change between mid-2001 and mid-2002 (abbreviated to 2001-02 in the text), the denominator is the population at mid-2001. That is to illustrate the difference that the component makes to population change. The contribution that a specific component makes is dependent on parameters such as fertility and mortality rates. See Appendix A of the accompanying [Northern Ireland report](#) for a summary of Northern Ireland's recent demographic trends.



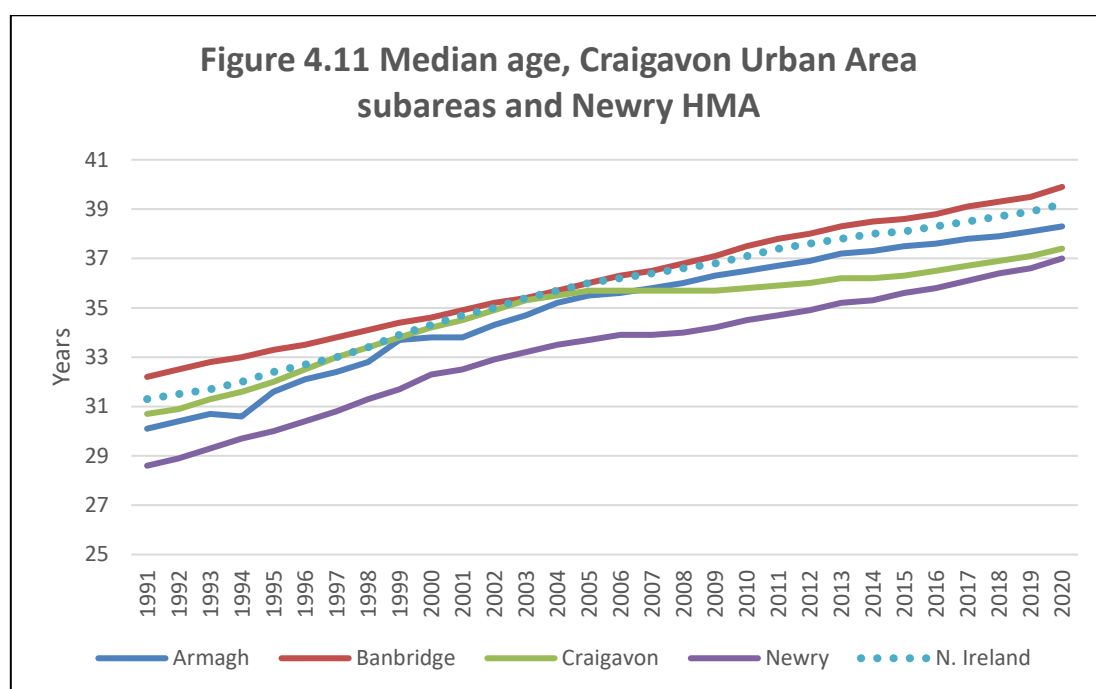
Over the seven-year period from 2012-13 to 2018-19, in proportional terms, the natural change contribution in the Newry HMA ranked second-highest of the 11 HMAs. On that metric, the Craigavon Urban Area HMA ranked fourth among the 11 HMAs. Within the Craigavon Urban Area HMA, the natural change contribution over the seven-year period was highest in the Craigavon subarea and lowest in the Banbridge subarea (Table 4.8).

Table 4.8 Natural increase, per 1,000 population, annualised, seven-year average, 2012-13 to 2018-19

	Births	Deaths	Natural change
Craigavon Urban Area HMA	14.4	7.7	6.7
Armagh	14.6	7.8	6.8
Banbridge	13.1	7.6	5.5
Craigavon	14.9	7.7	7.3
Newry HMA	14.9	7.3	7.6
<i>N. Ireland</i>	<i>13.0</i>	<i>8.4</i>	<i>4.6</i>

In both HMAs, births tend to be above the Northern Ireland average (with the exception of the Banbridge subarea) while deaths are below the Northern Ireland average (Table 4.8).

Those differences underpin the stronger contribution from natural change and partly reflect the younger population age profiles of the HMAs. In 2020, the median population age in the Newry HMA was 37 years, over two years younger than the Northern Ireland median of 39.2 years (Figure 4.11). Similarly, within the Craigavon Urban Area HMA, the median age in both the Craigavon and Armagh subareas was below the Northern Ireland median, albeit Banbridge is slightly above the Northern Ireland median. Particularly in the Craigavon subarea, that younger median age has emerged only since the mid-2000s. As discussed below, in that period, Craigavon and, to a lesser extent, Armagh have seen net inflows of immigrants from abroad. As immigrants tend to be younger than the general population into which they arrive, those inflows are likely to be part of the reason for the slower rise in median age in Craigavon especially.



A final point to note is that, in the 12 months to mid-2020, both HMAs experienced a dip in their natural change components, to the lowest levels since the early-2000s. The two HMAs were no different from the rest of Northern Ireland in that regard. In its report on the 2020 [Mid-year Population Estimates](#), NISRA concluded that, for Northern Ireland as a whole, “the continued natural decline in births, coupled with a higher number of excess deaths during the Covid-19 pandemic has resulted in the lowest level of natural change reported since the time series began in 2001”. The fall in the rate of natural increase is part of the explanation for the slower population growth rates observed in 2019-20 (see Figure 4.4). The second element is the sharp drop in migration flows between mid-2019 and mid-2020, which is discussed in the next part of this Section.

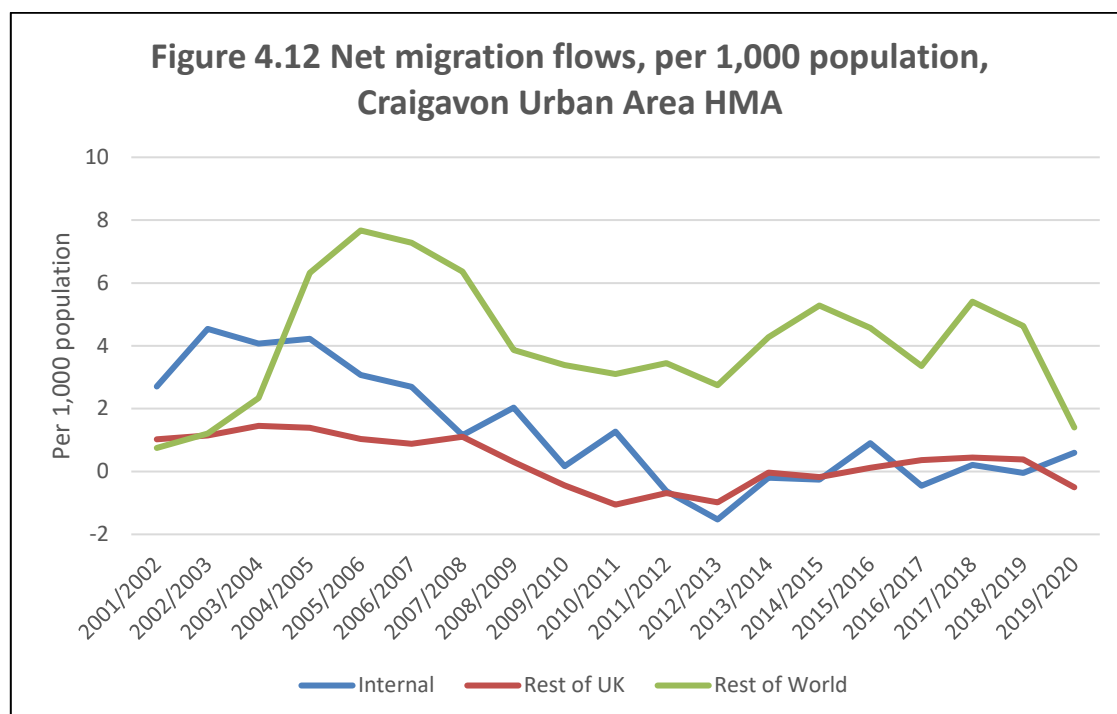
4.3.2 Migration

There are three migration flows affecting the South Eastern HMAs, as follows:

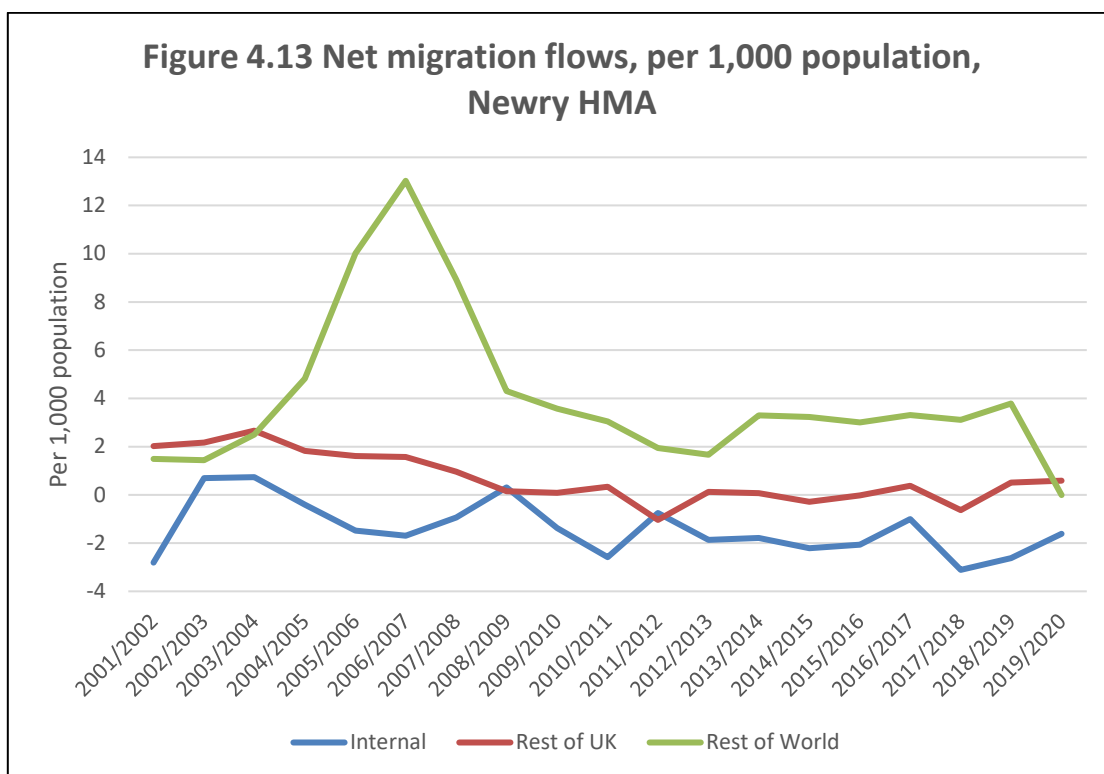
- Internal migration, i.e. flows to and from the rest of Northern Ireland.
- Migration to the rest of the UK.
- International migration.

The net flows under those headings are shown in Figures 4.12 and 4.13 separately for each of the HMAs and can be summarised as follows.

- **The Craigavon Urban Area HMA.** Similar to other areas in Northern Ireland, there was a sharp rise in net migration from the rest of the world following the accession in 2004 of eight new EU member states (Figure 4.12). Since the mid-2000s, the HMA has continued to gain from net international migration; in proportional terms, second highest of the 11 HMAs. Perhaps reflecting the uncertainties around Brexit and reduced flows from EU countries, net international migration fell sharply in 2019-20. Throughout the 2000s, the HMA gained from internal migration flows. Over the past decade, net internal migration flows to and from the HMA have been close to zero, varying slightly from one year to the next. Flows to and from the rest of the UK have also been close to net zero in recent years.



- **The Newry HMA.** Similar to the Craigavon Urban Area HMA, net migration from the rest of the world rose sharply following the accession in 2004 of eight new EU member states (Figure 4.13). After peaking in 2006-07, net flows from abroad have fallen but remained positive. As in the rest of Northern Ireland, net international migration fell sharply between mid-2019 and mid-2020, reflecting Brexit and Covid-19 effects (see the NISRA the 2020 [Mid-year Population Estimates](#), pages 10-11). Over the past decade, net internal migration flows have been negative, resulting in loss of population from the HMA. Flows to and from the rest of the UK have been close to net zero consistently since 2008-09.



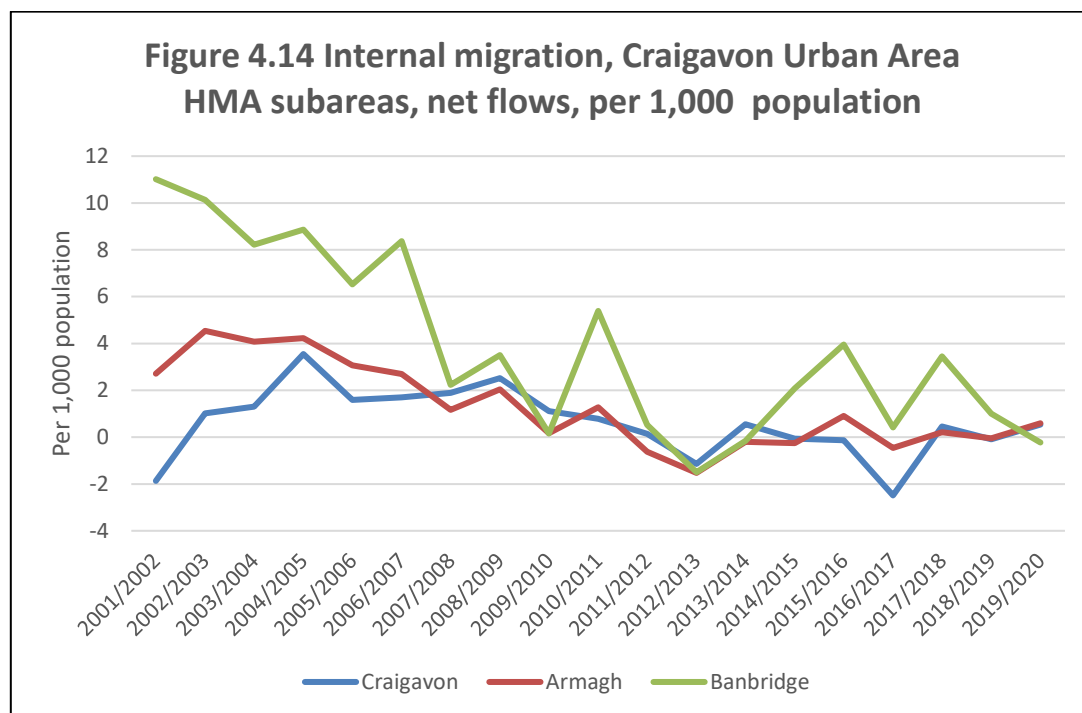
4.3.3 Internal Migration

The net internal migration flows represent the balance between outflows to and inflows from other parts of Northern Ireland. NISRA publishes internal migration figures for both the 11 new LGDs and the 26 former LGDs. The Craigavon Urban Area flows can be taken directly from the published statistics for the coterminous LGD. The subareas within the Craigavon Urban Area HMA, along with the Newry HMA, are similar, though not all identical to the former LGDs. It is therefore possible to derive internal migration estimates separately for the two HMAs. However, it should be noted that the net migration estimates for LGDs (both current and former) do not separately distinguish flows between pairs of LGDs.

The average net internal migration flows over the seven year period 2012-13 to 2018-19 are shown in Table 4.9. Within the Craigavon Urban Area HMA, the Banbridge subarea has gained population, on average over the seven-year period. Though, the net flows have been variable over the past decade and much reduced compared with the preceding decade (Figure 4.14). Both the Craigavon and Armagh subareas have lost population, on average, due to internal migration over the seven-year period, albeit the flows have also been variable.

Table 4.9 Internal migration, per 1,000 population, annualised, seven-year average, 2012-13 to 2018-19

	Inflows	Outflows	Net
Craigavon Urban Area	18.7	18.9	-0.2
Armagh	29.2	30.4	-1.2
Banbridge	31.6	30.2	1.4
Craigavon	22.6	23.1	-0.4
Newry HMA	18.6	20.8	-2.2



Age is an important predictor of the propensity to move within Northern Ireland. Internal migration data are only available at LGD level. Nonetheless, the age patterns in internal migration flows are consistent and clear across the two LGDs within the South Eastern area, i.e. Armagh City,

Banbridge and Craigavon (Figure 4.15) and Newry, Mourne and Down (Figure 4.16). Thus, in both LGDs, relative to the population, inflow and outflow rates are highest among young people aged 16-24. That reflects moves to look for or start a job or to commence higher education. Such moves are also likely to reflect an element of new household formation. As discussed in Section 6 below, the rental market is of particular importance to younger people at the household formation stage.

Figure 4.15 Gross internal inflows and outflows, Armagh City, Banbridge and Craigavon LGD, per cent of population, average, 2013-14 to 2016-17

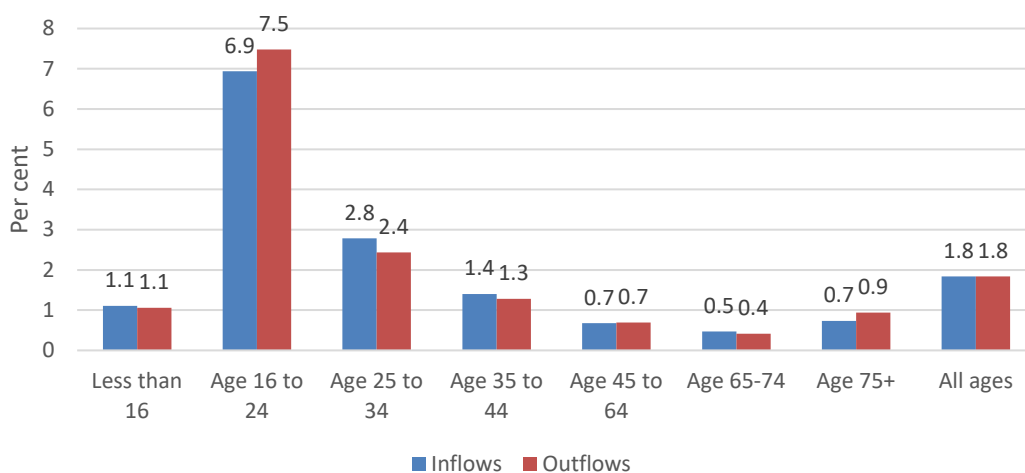
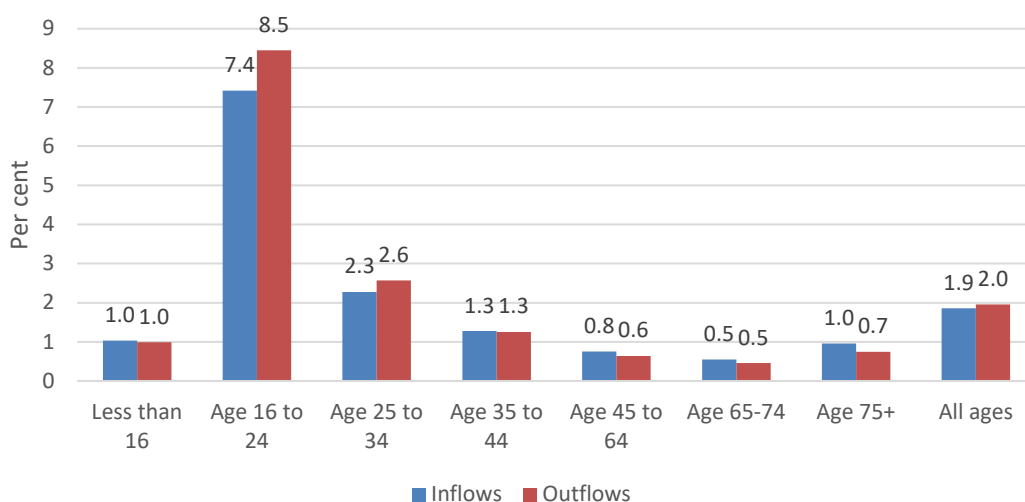


Figure 4.16 Gross internal inflows and outflows, Newry, Mourne and Down LGD, per cent of population, average, 2013-14 to 2016-17



4.3.4 Rest of UK

The annualised gross and net flows to and from the rest of the UK over the seven-year period from 2012-13 to 2018-19 are shown in Table 4.10. In that period, the net flows have been close to zero across both HMAs and the subareas of the Craigavon Urban Area HMA, i.e. losses due to out-flows have been largely cancelled by gains due to in-flows.

Table 4.10 Migration to and from the rest of the UK, per 1,000 population, annualised, seven-year average, 2012-13 to 2018-19			
	Inflows	Outflows	Net
Craigavon Urban Area	4.7	4.7	0.0
Armagh	4.5	4.7	-0.2
Banbridge	5.3	4.9	0.3
Craigavon	4.5	4.6	0.0
Newry HMA	5.0	5.0	0.0
N. Ireland	5.9	6.0	-0.1

4.3.5 International Migration

Since the mid-2000s, net inflows from international migration have contributed to population growth in both the South Eastern HMAs. Along with the Republic of Ireland, the main flows have originated in Eastern European source countries.

The effects of EU migration were evident at the 2011 Census of Population. Then, 5.2 per cent of the Craigavon subarea population said they had been born in an EU country, other than the Republic of Ireland, well above the Northern Ireland average of 2.5 per cent (Table 4.11). The EU proportion was also above average in the Armagh subarea (3.5 per cent) and the Newry HMA (3.7 per cent), albeit below average in the Banbridge subarea (1.5 per cent).

EU states have continued as the main source countries in the years since the 2011 Census. According to NISRA's [Long-Term International Migration Statistics](#), between 2010 and 2017, Poland and Lithuania were the main countries of origin for international in-migrants to the Craigavon Urban Area HMA. Since 2017, Bulgaria and Romania have been the main source of net in-flows to the HMA. Those countries have also been the main sources for international in-flows to the Craigavon and Armagh subareas. The inflows to Banbridge have been at lower levels and less reliant on EU migration.

Table 4.11 Country of birth, 2011, per cent of usual residents					
	N. Ireland	Rest of UK	Republic of Ireland	Other EU	All other
Craigavon Urban Area HMA	89.0	3.9	1.8	3.9	1.6
Craigavon	87.9	3.8	1.2	5.2	1.9
Armagh	88.6	3.6	3.0	3.5	1.2
Banbridge	91.6	4.4	1.3	1.5	1.3
Newry HMA - All	86.8	4.0	4.2	3.7	1.4
N. Ireland	88.8	4.6	2.1	2.5	2.0
Source: Census of Population 2011, Table KS204					

As it borders the Irish Republic, international inflows to the Newry HMA have mainly originated in the Republic of Ireland, but EU countries have also been an important source.

The annualised gross and net flows to and from the rest of the world over the seven-year period from 2012-13 to 2018-19 are shown in Table 4.12. Over that period, the net flows into both the South Eastern HMAs were well in excess of the Northern Ireland average. Within the Craigavon Urban Area HMA, the Craigavon subarea has been the most attractive location for international in-migrants. The Armagh subarea has also gained, while international migration has been less important as a contributor to population change in the Banbridge subarea.

Table 4.12 Migration to and from the rest of the world, per 1,000 population, annualised, seven-year average, 2012-13 to 2018-19			
	Inflows	Outflows	Net
Craigavon Urban Area	8.5	4.1	4.4
Armagh	8.2	4.2	4.0
Banbridge	3.6	2.4	1.2
Craigavon	11.2	4.8	6.3
Newry HMA	8.1	5.0	3.1
N. Ireland	7.1	6.0	1.1

4.3.6 Components: Summary

The relative contributions of the components of change, per 1,000 population, over the seven year period 2012-13 to 2018-19 are summarised in Table 4.13. The historical natural increase and net migration averages are used by NISRA in forming assumptions for those two components when making population projections. They are discussed in more detail in the next part of this Section. Albeit with variations by subarea, the Craigavon Urban Area HMA has benefitted from above-average contributions from both natural increase and net migration. Consequently, the HMA's population growth has been well above the Northern Ireland average. The Newry HMA has also grown more quickly than the Northern Ireland average, but that has been entirely due to an above average rate of natural increase.

Table 4.13 Components of population change, annualised net changes per 1,000 population, seven-year average, 2012-13 to 2018-19				
	Natural increase	Net migration	Other changes	Total
Craigavon Urban Area HMA	6.7	4.3	-1.2	9.7
Armagh	6.8	2.6	-1.1	8.3
Banbridge	5.5	2.9	-1.3	7.1
Craigavon	7.3	5.9	-1.2	12.0
Newry HMA	7.6	1.0	-0.7	7.9
N. Ireland	4.6	1.0	-0.1	5.5

Also shown in Table 4.13 is the adjustment that NISRA makes which it calls 'other changes'. The 'other changes' figure includes changes in the Armed Forces and an adjustment made to reconcile the difference between the two methods that NISRA uses for sub-national population estimates¹². For the two HMAs, the 'other changes' adjustment has been negative.

¹² NISRA makes its mid-year population estimates by taking the average of two methods, i.e. the components of change and ratio change methods. See the [Methodology Report](#) accompanying the NISRA mid-year population estimates. As set out in the notes accompanying the mid-year population estimates: "The ratio change method applies the change in secondary (typically administrative) data sources to Census estimates. The cohort-component method updates the Census estimates by 'ageing on' populations and applying information on births, deaths and migration. An average of both methods is taken and constrained to the published population figures [for Northern Ireland]". Due to the use of two methods, the total population change from one year to the next cannot all be attributed to one or other of the components of change and the remainder is subsumed within the figures for 'other changes'. Note also that the Armed Forces are treated as a special population; they are

4.4 Projections

The methodology used by NISRA for producing population projections is based around making assumptions about how the components of change might evolve in future years. The assumptions are trend-based and it is useful therefore to bear in mind the following points made in the Statistical Bulletin accompanying the [2018-based Population Projections for Areas within Northern Ireland](#):

“... population projections are **not** forecasts and do not attempt to predict the impact that future government policies, changing economic circumstances or other factors might have on demographic behaviour. Due to the inherent uncertainty of demographic behaviour, any set of projections will inevitably differ from actual future outcomes to a greater or lesser extent.” (NISRA, 2019, p. 1).

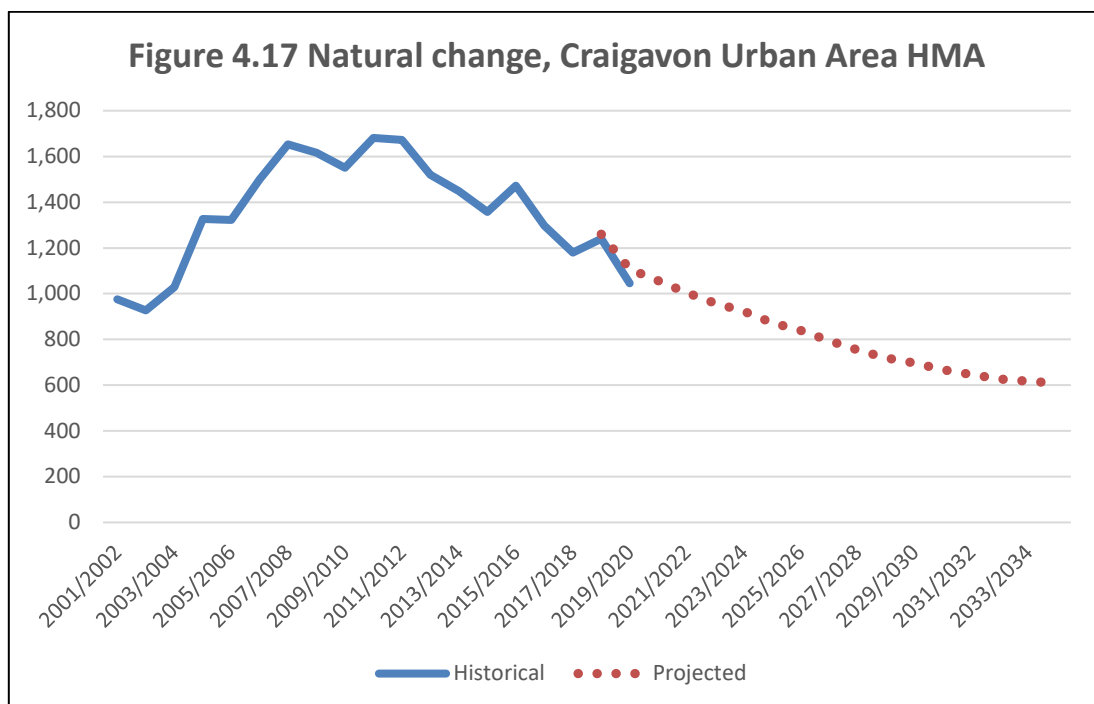
The most recent population projections take as their starting point the 2018 mid-year population estimates. They are therefore referred to as the 2018-based projections. The 2018-based projections for LGDs were issued in Spring 2020 and replaced the previous 2016-based projections. The main assumptions underlying the 2018-based projections for Northern Ireland are summarised in Appendix A of the accompanying [Northern Ireland report](#).

As the combined Craigavon Urban Area HMA is coterminous with Armagh city, Banbridge and Craigavon Borough Council, the official population projections for that LGD can be used without the need for any adjustment.

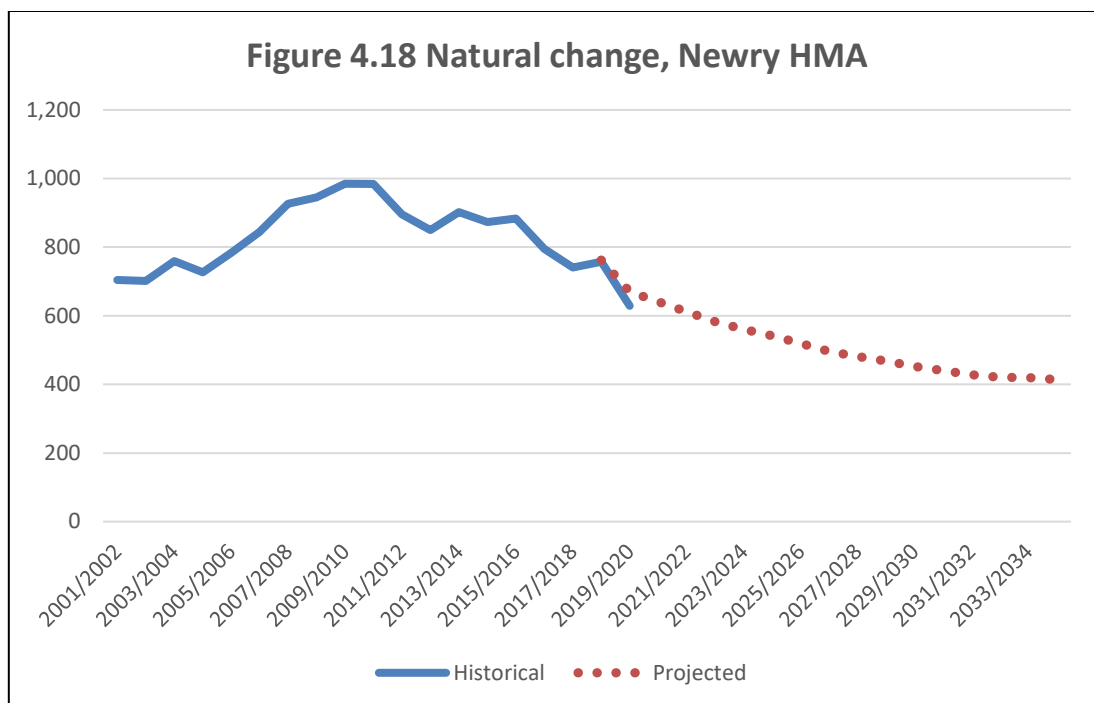
NISRA also publishes projections for the 26 former LGDs. That provides a basis for deriving population projections for the Newry HMA and the subareas within the Craigavon Urban Area HMA that are consistent with the official NISRA projections. Where the geographical areas analysed in this SHMA are not wholly coterminous with a single former LGD (the Newry HMA plus the Craigavon and Banbridge subareas), the central population projections are derived by age and sex apportionment of the published projections.

The assumptions for natural change (births minus deaths) for the Craigavon Urban Area are summarised in Figure 4.17. Over the projection period, the natural change component is expected to continue the downward trend that commenced in 2011-12. Cumulatively, over the period 2018 to 2035, the component adds 14,150 to the population (6.6 per cent of the 2018 base population).

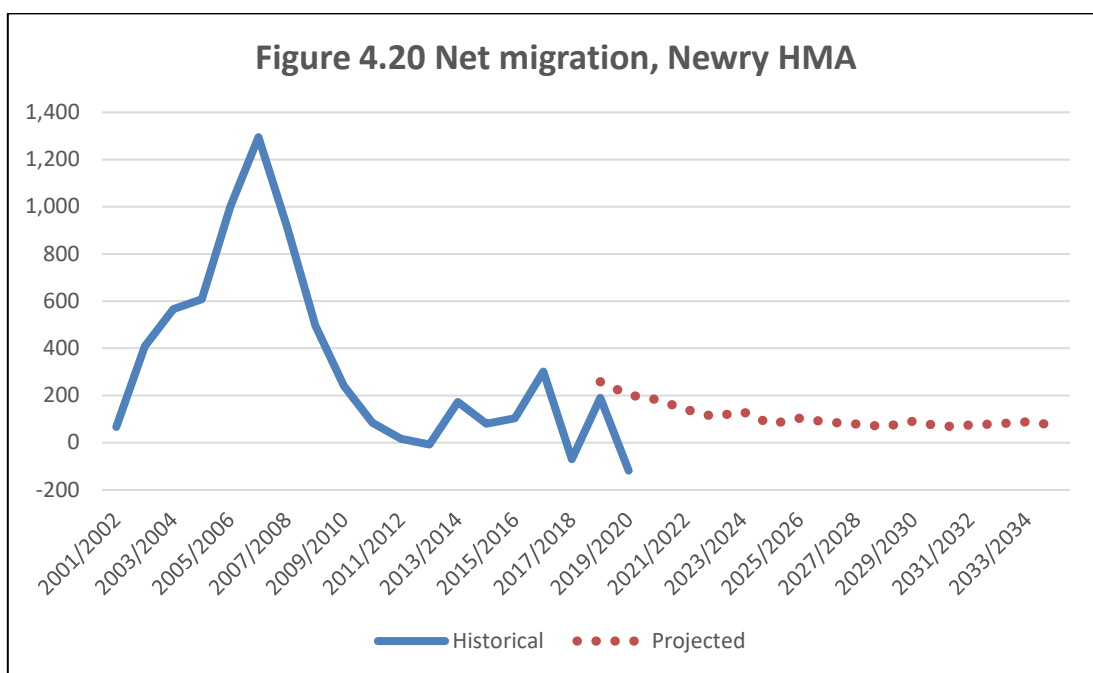
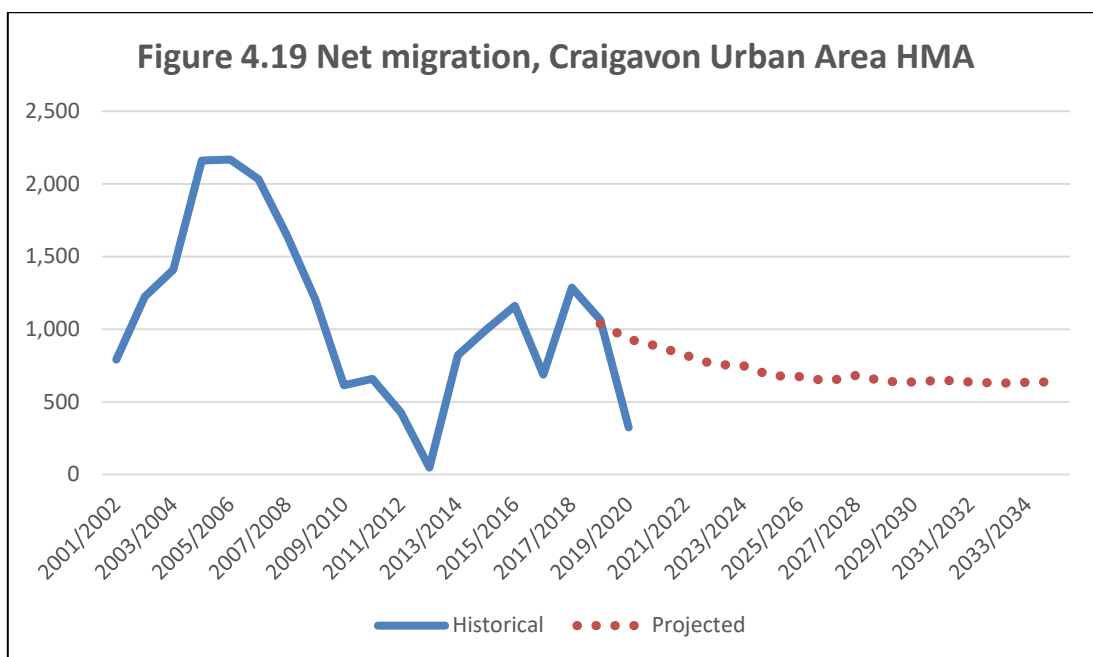
removed from the start year population before ageing on and then added back after the components have been estimated.



The NISRA projections also anticipate a declining contribution from natural increase in the Newry HMA, with a continuation of the downward trend that commenced in 2010-11 (Figure 4.18). Cumulatively, over the period 2018 to 2035, the component adds 8,900 to the population (7.8 per cent of the 2018 base population).



The net migration assumptions underlying the 2018-based projections for the Craigavon Urban Area HMA are shown in Figure 4.19. The expectation is that net migration will stabilise at about +640 per annum. Cumulatively, over the period 2018 to 2035, the component adds 12,300 to the population (5.8 per cent of the 2018 base population). For the Newry HMA, it is assumed that net migration will also be positive, averaging +110 per annum and cumulatively adding 1,900 to the population between 2018 and 2035, representing 1.7 per cent of the 2018 base year population (Figure 4.20).

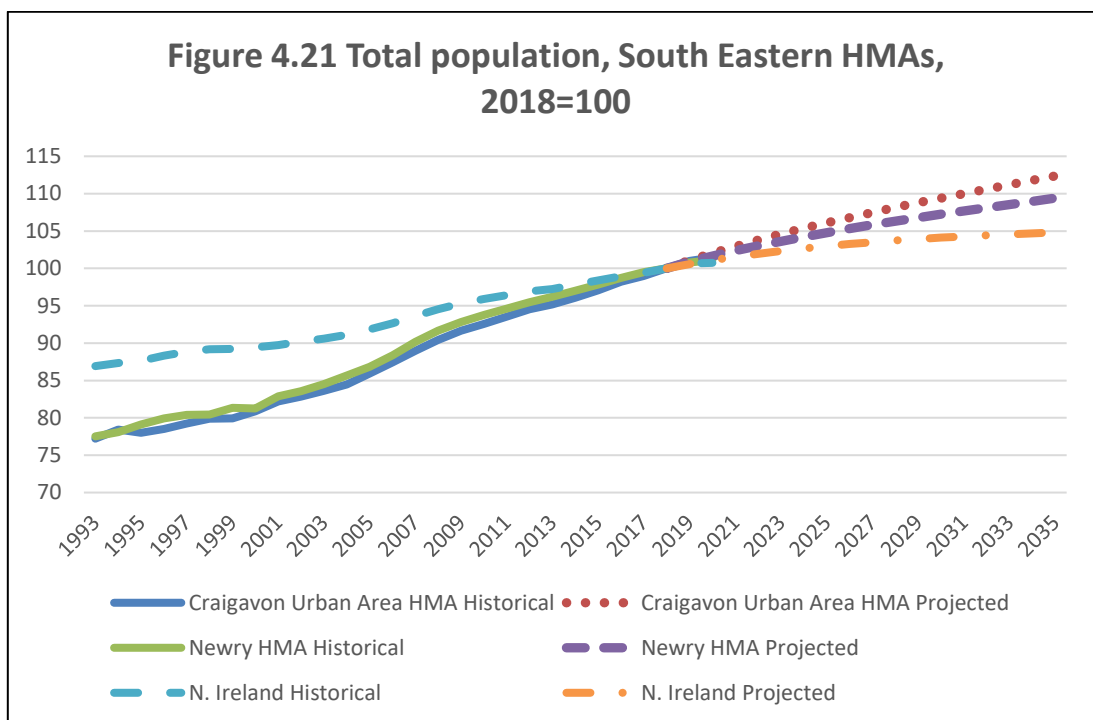


The projections are summarised in Table 4.14. Both HMAs are expected to outpace the Northern Ireland average in population growth by substantial margins; +7.6 percentage points in the case of the Craigavon Urban Area HMA and +4.7 percentage points in the Newry HMA. The differential in the Craigavon Urban Area HMA flows both from higher rates of natural increase and net migration. The Newry HMA differential relies on a higher rate of natural increase.

Table 4.14 Population projections, components of change, 2018 to 2035, per cent of 2018 population			
	Natural increase	Net migration	Population change
Craigavon Urban Area HMA	6.6	5.8	12.4
Armagh	6.5	4.1	10.6
Banbridge	4.4	3.8	8.2
Craigavon	7.7	7.6	15.3
Newry HMA	7.8	1.7	9.5
N. Ireland	3.3	1.5	4.8

Table 4.15 shows the projected population levels for 2030 and 2035, with selected historical data points also shown for comparison. Both HMAs are projected to see population growth throughout the period 2018 to 2035 (Figure 4.21).

Table 4.15 Population, South Eastern HMAs, historical 1991-2018, projected 2018-2035						
	1993	2001	2011	2018	2030	2035
	<i>000s</i>	<i>000s</i>	<i>000s</i>	<i>000s</i>	<i>000s</i>	<i>000s</i>
Craigavon UA HMA	165.3	176.0	200.3	214.1	234.2	240.6
Armagh	52.8	54.5	59.7	63.0	68.2	69.7
Banbridge	34.9	39.5	46.0	48.2	51.4	52.2
Craigavon	77.6	82.1	94.7	102.9	114.6	118.6
Newry HMA	88.0	94.1	107.4	113.5	121.7	124.2
N. Ireland	1635.6	1688.8	1814.3	1881.6	1959.0	1972.2



Nonetheless, and mainly reflecting the fall in the natural change contribution, both HMAs are projected to see population growth rates fall over the period 2018 to 2035, in tandem with the Northern Ireland average (Figures 4.22 and 4.23). The projected slower population growth rates provide an important context for the household projections discussed in Section 5 and the projections for new dwelling requirements in Section 8

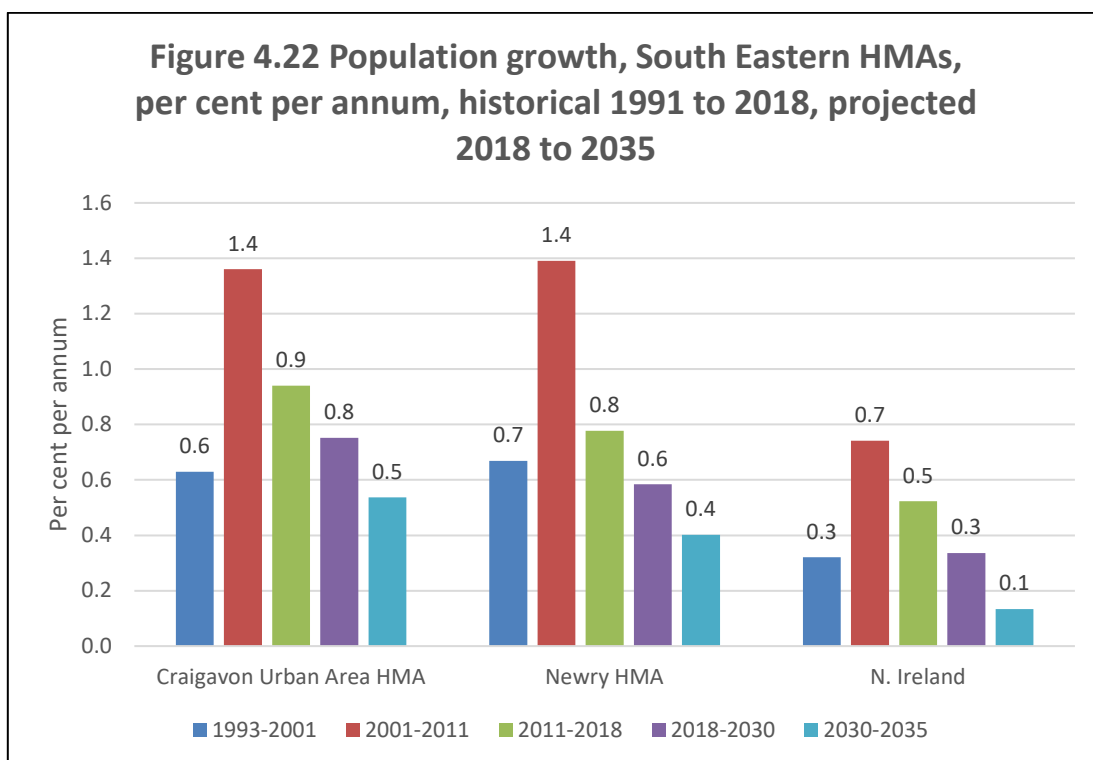
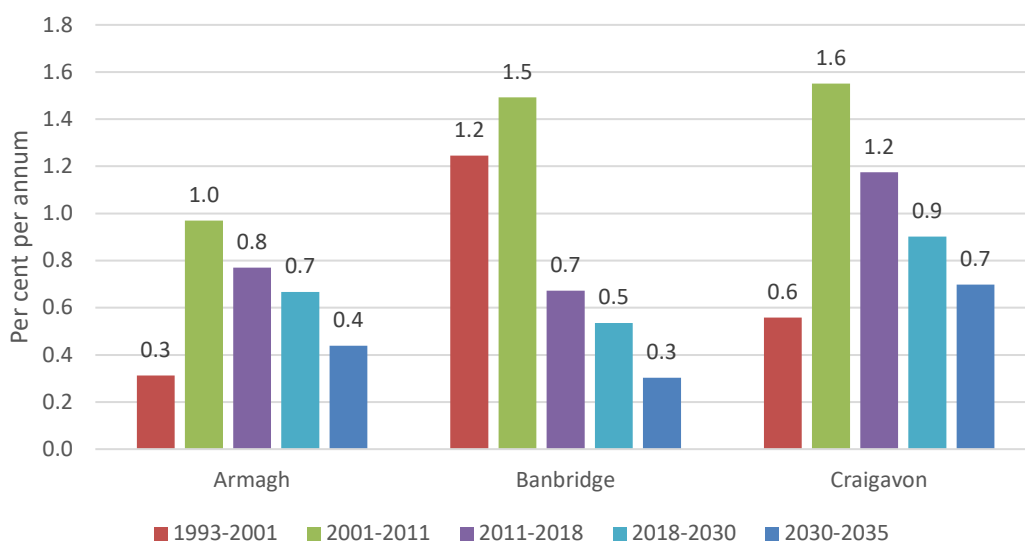
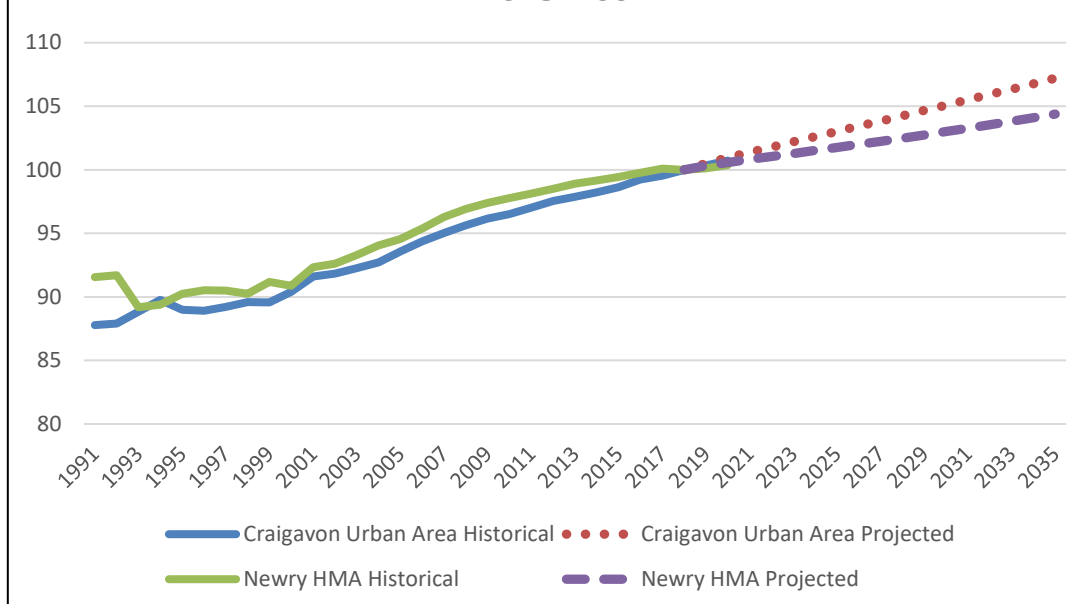


Figure 4.23 Population growth, Craigavon Urban Area HMA subareas, per cent per annum, historical 1991 to 2018, projected 2018 to 2035



The trend-based nature of the central population projections is evident from the projected population share trajectories. Thus, the projections anticipate that the two HMAs will continue to gain in share, particularly the Craigavon Urban Area HMA (Figure 4.23).

Figure 4.24 Population shares, South Eastern HMAs, 2018=100

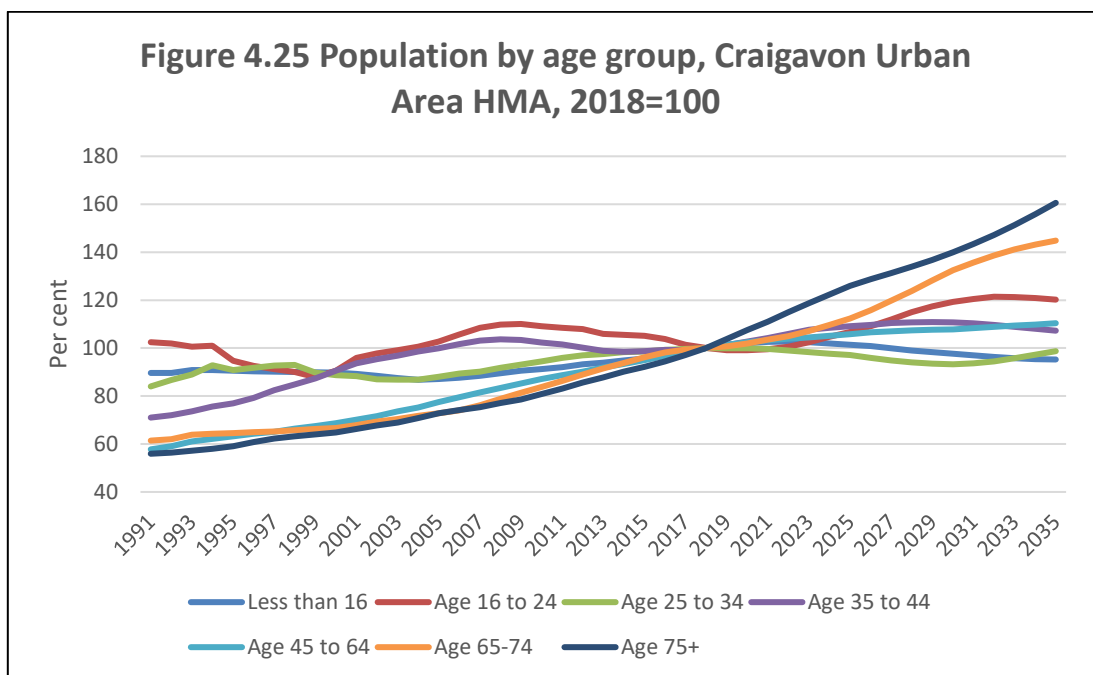


4.5 Age Composition

Similar to the rest of Northern Ireland, and driven by rising life expectancies, population ageing has been a key feature shaping the age composition of the population in each of the two HMAs over the last three decades. Looking first at the Craigavon Urban Area HMA, the proportion of the population aged 65 and over rose from 12 per cent in 1991 to 16 per cent by 2018 and is projected to rise to 21 per cent by 2035 (Table 4.16). Conversely, the proportion aged less than 16 is projected to fall from 22 per cent in 2018 to 19 per cent by 2035. Though, the rise in the older population share is expected to be slower than the Northern Ireland average (a projected increase from 16 per cent in 2018 to 23 per cent by 2035), while the fall in the children share is expected to be similar to the Northern Ireland average (a projected drop from 21 per cent in 2018 to 18 per cent by 2035).

Table 4.16 Population age composition, Craigavon Urban Area HMA						
	1991	2001	2011	2018	2025	2035
	%	%	%	%	%	%
Less than 16	27	24	22	22	21	19
Age 16 to 24	14	12	12	10	10	11
Age 25 to 34	15	15	14	14	12	12
Age 35 to 44	13	15	14	13	14	13
Age 45 to 64	19	22	24	25	25	25
Age 65-74	7	7	8	9	9	11
Age 75+	5	5	6	7	8	10
All ages	100	100	100	100	100	100

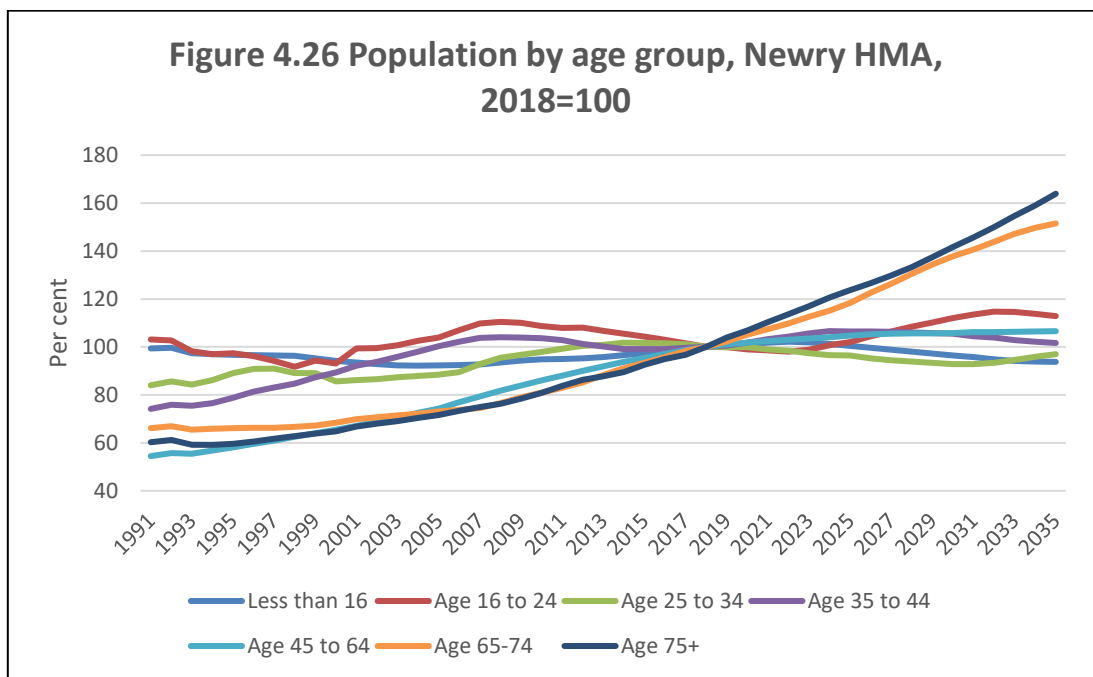
The shifts in the age composition of the population reflect continued faster growth in the older age groups combined with a fall in the child population (Figure 4.25). Between 2018 and 2035, for the Craigavon Urban Area HMA, the projections yield a 52 per cent rise in the population aged 65+ (comprised of a 61 per cent increase in those aged 75+ and a 45 per cent rise in the population aged 65-74). By contrast, the child population aged under 16 years is projected to fall by -5 per cent over the projection period.



The Newry HMA is anticipated to see very similar patterns of change in age composition between 2018 and 2035. There, the proportion aged 65+ is projected to rise from 14 per cent in 2018 to 20 per cent by 2035, accompanied by a fall in the child population share from 24 per cent to 20 per cent over the same period (Table 4.17).

Table 4.17 Population age composition, Newry HMA						
	1991	2001	2011	2018	2025	2035
	%	%	%	%	%	%
Less than 16	30	27	24	24	23	20
Age 16 to 24	14	13	13	11	11	11
Age 25 to 34	14	14	14	13	12	12
Age 35 to 44	12	14	14	13	13	12
Age 45 to 64	17	20	23	25	25	24
Age 65-74	7	7	7	8	9	11
Age 75+	5	5	5	6	7	9
All ages	100	100	100	100	100	100

Again, the projected shifts in the population age composition reflect faster growth in the older age groups (Figure 4.26). Between 2018 and 2035, for the Newry HMA, the projections show a 57 per cent rise in the population aged 65+, including a 64 per cent increase in those aged 75+ and a 52 per cent rise in the population aged 65-74). The child population aged under 16 years is projected to fall by -6 per cent.



The population ageing effect is perhaps most evident when the projected growth in the population aged 65+ is compared with the projections for children aged under 16. In the Craigavon Urban Area HMA, the population aged 65+ is projected to outnumber the child population by around 2032 (Figure 4.27). In the Newry HMA, the older population is projected to draw level with the child population by 2035 (Figure 4.28).

In both HMAs, the convergence in the numbers of people aged 65+ and the child population is projected to occur later than in Northern Ireland as a whole, where the older population is projected to exceed the child population by 2028. That reflects the higher rates of natural increase projected for the two HMAs and the associated faster population growth. The child population is projected to fall by -5 to -6 per cent in both HMAs, whereas across Northern Ireland as a whole the population aged under 16 is expected to fall by 10 per cent between 2018 and 2035.

Nonetheless, the more rapid growth in the older populations and the expected fall in the child population across each HMA have implications for the evolution of average household size (discussed in Section 5) and the occupancy of dwellings (discussed in Section 7).

Figure 4.27 Population aged 65+ and children aged under 16, Craigavon Urban Area HMA, historical and projected

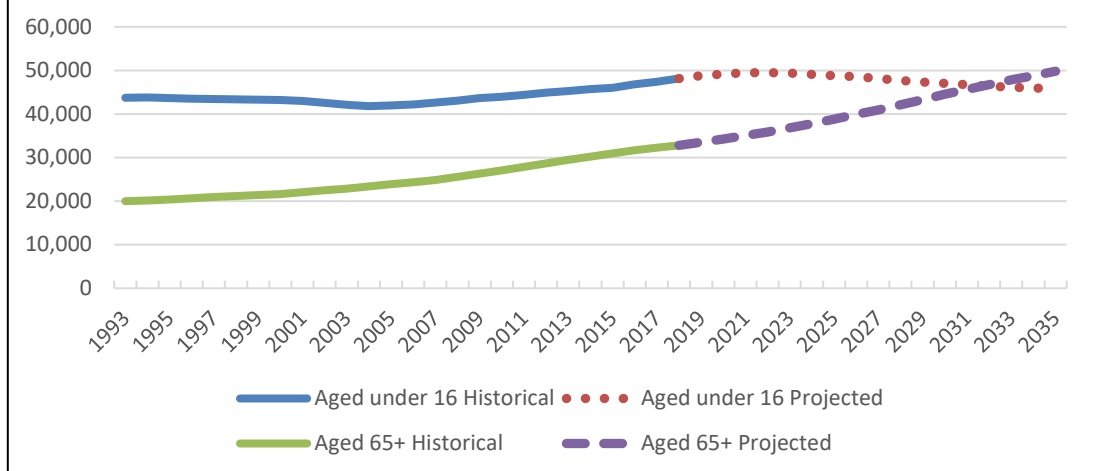
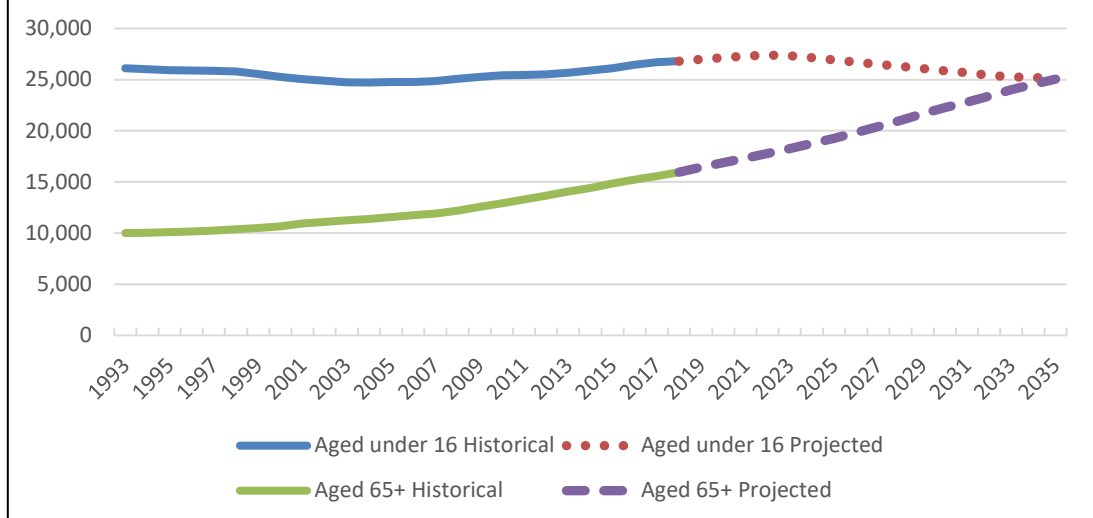
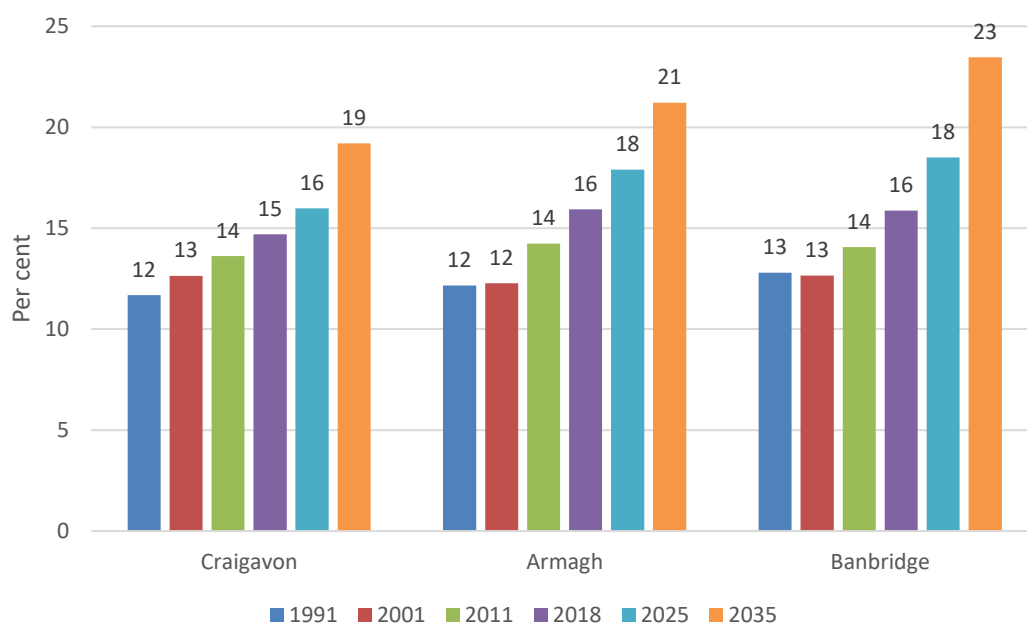


Figure 4.28 Population aged 65+ and children aged under 16, Newry HMA, historical and projected

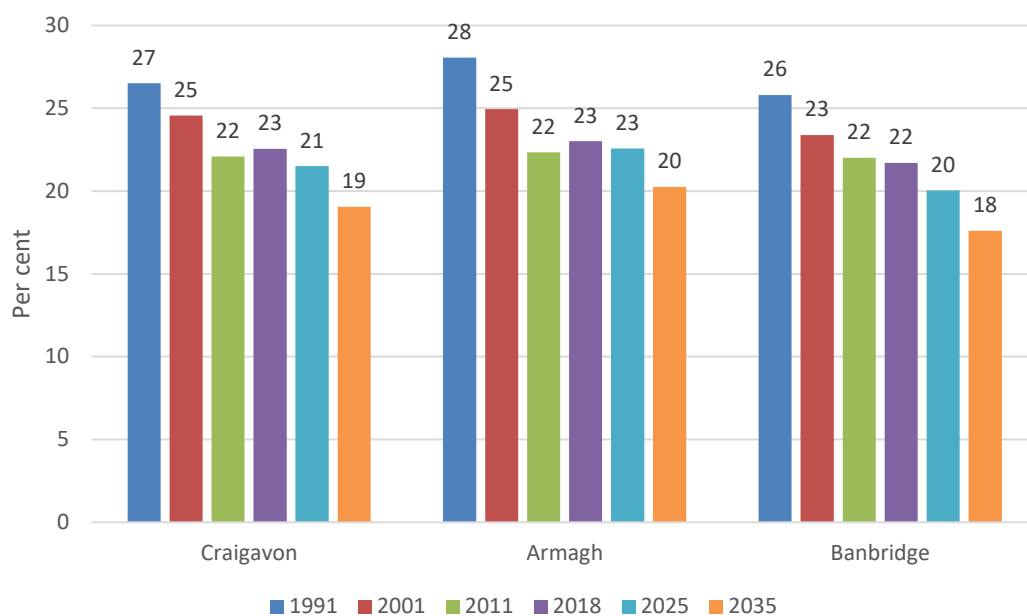


Finally, it can be noted that the ageing population trend is also projected for the subareas of the Craigavon Urban Area HMA. In each subarea, the share of the population aged 65 is expected to increase over the period 2018 to 2035 (Figure 4.29). By 2035, the population aged 65+ is expected to account for almost one in four (23 per cent) of the Banbridge subarea population. Similar to the HMA trends, the share of the population aged under 16 is projected to fall within each subarea (Figure 4.30).

**Figure 4.29 Population aged 65+, Craigavon Urban Area
HMA subareas**



**Figure 4.30 Population aged less than 16, Craigavon
Urban Area HMA subareas**



4.6 Population Change Scenarios

As outlined above, the principal NISRA 2018-based population projections are based on the extrapolation of historic trends to derive assumptions for the components of change. The assumptions made are inevitably subject to uncertainty: trends can change direction; cyclical events and longer-term trends can be more or less difficult to disentangle; external and/or unanticipated 'shocks' may occur; the economic climate may change. As the NISRA projections were made based on information that pre-dates the Covid-19 pandemic and the UK's exit from the European Union, those uncertainties are especially relevant at this juncture.

Within that context, and in order to highlight some of the risks around the NISRA projections, a number of population change scenarios have been constructed. The scenarios are mainly focused around migration, which is of particular interest in a housing market analysis as movements into an area can give rise to new household formation within that area while movements out of an area can result in a reduction in the number of households. Two migration scenarios were constructed¹³, as follows:

- **Zero net external migration.** In this scenario, the flows between Northern Ireland and elsewhere (rest of UK and rest of world) are set to net zero. Migration still occurs, but no area gains or loses population in net terms due to external migration movements.
- **Zero net migration.** For each area, internal and external migration flows are set to net zero. Migration still occurs, but no area gains or loses population in net terms due to migration movements, whether internal or external.

In addition, a 'constant share' scenario was constructed for each area, i.e. a scenario in which each area sees population grow at the same rate as the projections for Northern Ireland.

The three scenarios are 'stylised' projections intended to highlight a particular source of uncertainty in the principal population projections that are used in this SHMA as the main input to the household projections (discussed in Section 5) that in turn serve as the main driver in projecting new dwelling requirements (Section 8). The scenarios are summarised in Table 4.18, showing the projected population change 2018-2035, conditional on the assumptions made for the scenario, along with the principal 2018-based projected changes.

¹³ The migration scenarios were constructed by varying the assumptions for in- and out-migration flows in NISRA's 2018-based principal population projections. The detailed assumptions, by single year of age and sex, were supplied by NISRA for this SHMA and modelled using the components of change method.

Table 4.18 Population change scenarios, South Eastern HMAs				
	Population scenario:			
	Principal (2018- based)	Zero external migration	Zero net migration	Constant share
	Population change, 2018 to 2035			
	<i>No.</i>	<i>No.</i>	<i>No.</i>	<i>No.</i>
Craigavon Urban Area	26,470	10,750	12,300	10,300
Armagh	6,740	1,710	3,440	3,020
Banbridge	3,980	2,870	1,760	2,340
Craigavon	15,760	6,170	7,100	4,940
Newry HMA	10,680	3,760	8,560	5,420
	Per cent change, 2018 to 2035			
	<i>%</i>	<i>%</i>	<i>%</i>	<i>%</i>
Craigavon Urban Area	12.4	5.0	5.7	4.8
Armagh	10.7	2.7	5.5	4.8
Banbridge	8.3	6.0	3.6	4.9
Craigavon	15.3	6.0	6.9	4.8
Newry HMA	9.4	3.3	7.5	4.8
N. Ireland	4.8	2.9	3.1	4.8

In the principal population projections, the Craigavon Urban Area HMA is expected to record the second fastest rate of population growth over the period 2018 to 2035. That projection is very sensitive to the underpinning migration assumptions. In the zero external migration scenario, with international inflows essentially 'switched off', the HMA's growth is projected to fall to five per cent, down from 12.4 per cent in the principal projection. The reduction is slightly smaller in the zero net migration scenario, down to 5.7 per cent. That is because, in the principal projections, it is assumed that the HMA would continue to lose population as a result of internal migration movements. In the zero net migration scenario, setting those flows to net zero would serve to offset the reduction in population growth due to setting external migration flows to zero. However, the projected internal migration loss is not large, hence the slight reduction.

The projections for the Newry HMA are also sensitive to the migration assumptions. In the zero external migration scenario, population growth falls to 3.3 per cent, down from 9.4 per cent in the principal projection.

In contrast to the Craigavon Urban Area HMA, when compared with the principal projection, the reduction in growth in the zero net migration scenario is considerably smaller. In that scenario, the HMA's growth drops only to 7.5 per cent from 9.4 per cent in the principal projection. That is because net internal migration outflows have been a larger component of population change in the Newry HMA than in the Craigavon Urban Area HMA. When those outflows are set to zero in the zero net migration scenario, they offset most of the reduction in population growth stemming from setting external migration flows to net zero.

For each HMA and subarea, the constant share scenario has been designed to replicate the Northern Ireland rate of population growth over the period 2018 to 2035 (+4.8 per cent). For an area that is expected to see its share of the Northern Ireland population fall in that time period, the scenario will give a population projection that is higher than the principal projection, and vice versa.

Both of the South Eastern HMAs have been increasing their share of the Northern Ireland population in each of the last three decades (see Figure 4.24). Within that context, the constant share projection would seem unlikely. Though, it should be noted that, for the Craigavon Urban Area HMA, the population effects of constant share growth are broadly similar to the two migration scenarios shown in Table 4.18.

4.7 Key Points Summary

The key points from the review of population trends are as follows:

- In both HMAs, the pace of population growth was slower in the period 2011-2020 compared with the previous decade from 2001-2011.
- Population growth was especially strong between 2001 and 2011, up by 14 per cent in both HMAs, almost double the Northern Ireland average (7.4 per cent). The growth in that period was driven by rising rates of natural increase (excess of births over deaths) and historically high levels of immigration.
- Between 2011 and 2020, population growth slowed to 8.5 per cent in the Craigavon Urban Area HMA and 6.9 per cent in the Newry HMA, albeit both HMAs remained above the Northern Ireland average (4.5 per cent). The slowdown reflected reduced rates of in-migration and natural increase.

- Between 2001 and 2011, in both HMAs, population growth was faster in rural than in urban areas. In the Craigavon Urban Area, that pattern was reversed between 2011 and 2020, when the urban population grew at a slightly faster pace than rural areas (9.3 per cent versus 7.5 per cent).
- By contrast, in the Newry HMA, the rural areas continued to outpace the urban areas in population growth between 2011 and 2020 (nine per cent versus four per cent), albeit the differential in growth rates was reduced compared to the previous decade.
- As the most recent population data are for the period through mid-2020, it is still too early to definitively assess the longer-term effects on population growth either of the Covid-19 pandemic or Brexit. Nonetheless, Brexit and Covid-19 combined to slow population growth in the short-term at least, with both HMAs experiencing a reduction in the rate of growth between mid-2019 and mid-2020 compared with the period 2011-2019. That was due to a rise in deaths and a sharp fall in in-migration.
- Over the past decade, the Craigavon Urban Area HMA has gained from international in-migration. The Newry HMA has also gained population due to international in-migration, though the gains have been partly offset through population loss due to internal migration (movements to and from other locations within Northern Ireland).
- Similar to the rest of Northern Ireland, natural change (the excess of births over deaths) has been declining as a contributor to population growth in both HMAs.

When the natural change and migration trends are extrapolated forward, the result is a decreasing rate of population growth over the next 15 years in the HMAs (Figures 4.31 and 4.32).

According to NISRA's 2018-based population projections, between 2018 and 2035, the population of the Craigavon Urban Area HMA is expected to rise by 12 per cent while the Newry HMA is expected to increase by 9.5 per cent.

The projected growth of both HMAs is above the Northern Ireland average (4.8 per cent). With a younger population profile, both HMAs also benefit from above-average growth due to natural increase. It is also assumed that both HMAs will continue to gain from net in-migration.

Similar to the rest of Northern Ireland, population ageing has been a key feature shaping the age composition of the population in each of the two HMAs over the last three decades. The 2018-based population projections anticipate a continuation of the ageing trend.

Figure 4.31 Annual population change, Craigavon Urban Area HMA, historical and projected

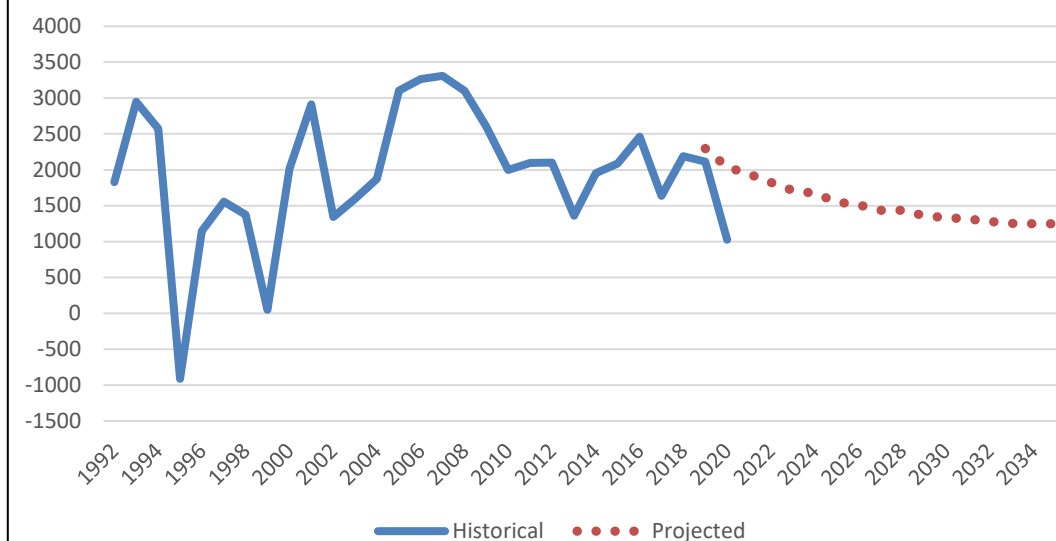
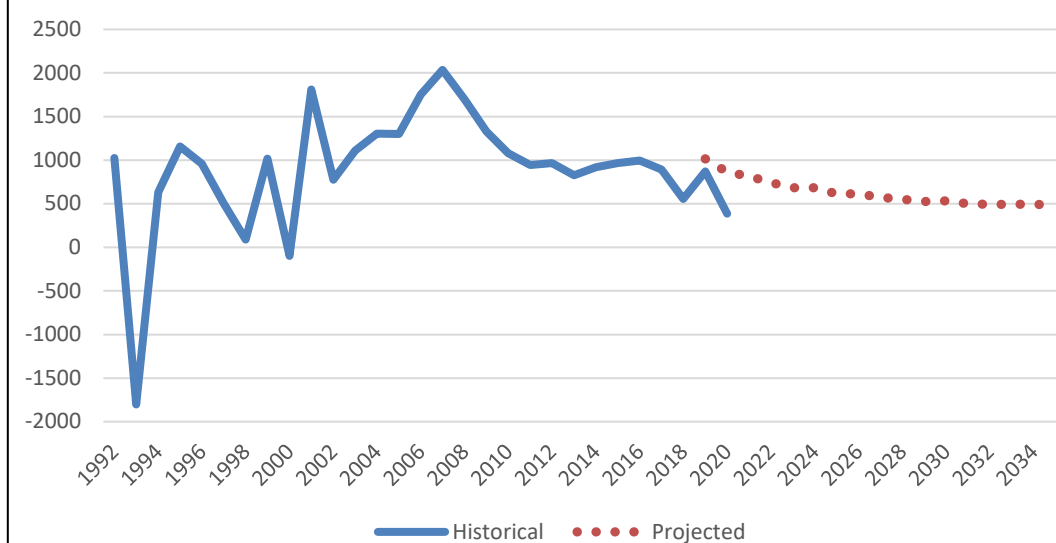


Figure 4.32 Annual population change, Newry HMA, historical and projected



The ageing trend is anticipated to proceed more slowly in the South Eastern Area HMAs. In the Newry HMA, the child population (aged under 16) is projected to remain above the population aged 65+ until 2035. In the Craigavon Urban Area HMA, the population aged 65+ is projected to exceed the child population in the early-2030s. By comparison, for Northern Ireland as a whole, the 65+ population rises above the child population in 2028.

Reflecting the uncertainties around the population projections, and to highlight some of the risks around the underlying assumptions, especially migration, a number of population change scenarios have been constructed, i.e. zero net external migration, zero net migration and a constant share scenario.

In the zero external migration scenario, population growth is substantially lower than in the principal NISRA projection in both HMAs. The zero net migration scenario also has a large effect on the projected growth of the Craigavon Urban Area HMA, but the effect is less pronounced for the Newry HMA.

4.8 Annex 4 Data Sources: Population

The Northern Ireland HMAs do not correspond to any statistical or administrative geography. Further, there is not a one-to-one mapping from existing administrative statistical units for which time series population data are regularly published. In the South Eastern Area, the Craigavon Urban Area HMA is coterminous with the new Armagh City, Banbridge and Craigavon LGD. However, the Newry HMA is not precisely coterminous with any existing administrative geography; it includes all of the former Newry and Mourne LGD and a portion of the former Down LGD. Within the Craigavon Urban Area HMA, the Craigavon subarea includes a portion of the former Dungannon LGD.

In addition, the SHMA is required to report on urban and rural areas, for which no historical time series data are published.

The approach taken to meeting the reporting requirements within the context of the complexities of the HMA geography was to construct a Small Area dataset, by single year of age and sex. The Small Area estimates were scaled to be consistent with published population estimates and benchmarked using the 2011 Census of Population Small Area counts for the [usually resident population by single year of age and sex](#).

The historical data series used as inputs to the construction of the Small Area dataset for analysis of population trends (Section 4.2) were derived from the [NISRA mid-year population estimates 2020](#). The published NISRA data include the following tables:

- The 11 new LGDs – estimates by single year of age and sex, 2001 to 2020.
- The 26 former LGDs – estimates by single year of age and sex, 1991 to 2020
- Super Output Areas (SOAs) – for each of the 890 SOAs, population by sex and four broad age groups, 2001 to 2020.
- Small Areas (SAs) – for each of the 4,537 SAs, total population, 2001 to 2020.

While the Small Area estimates by age and sex have been scaled to be consistent with higher geographies, it is important to appreciate that those estimates serve strictly as building blocks for higher level geographies for which population time series are not available. For example, to build the Newry HMA by adding a portion of the former Down LGD to all of the former Newry and Mourne LGD.

The main data source for the components of change analysis (Section 4.3) was the [NISRA mid-year population estimates 2020](#). Components of change

data are published for the 11 new Local Government Districts and the 26 former Local Government Districts. The components for the Craigavon Urban Area HMA were extracted directly from the published tables. To build the Newry HMA data series, the Small Area dataset for the population trends analysis was used to apportion the data for the former LGDs of Newry and Mourne and Down.

The population projections reported in Section 4.4 are based on NISRA's [2018-based population projections for areas within Northern Ireland](#). NISRA publishes projections for the 11 new LGDs and the 26 former LGDs, by single year of age and sex, from which it was possible to derive HMA-level projections.

NISRA does not publish variant subnational population projections. The population scenarios in this Section were produced by running a components of change projection model using the same natural change assumptions as in the central NISRA projections, but with alternative migration assumptions. The natural change assumptions were based on unpublished tables supplied by NISRA for the purpose of this project.

5 Households

5.1 Introduction

This Section examines household growth trends across the South Eastern HMAs. The Section commences with an overview on the longer-term historical trends in household growth between 1991 and 2011.

The Section then considers the household projections. As the 2011 Census of Population is the most recent source of key data inputs for making such projections, there is considerable uncertainty around the rate of household growth across the HMAs in the period since 2011. Those uncertainties are considered in detail in Appendix A of the accompanying [Northern Ireland report](#), which also includes a range of household projection scenarios that have been developed to reflect uncertainties around the future pace of new household formation. It can also be noted that, to ensure a consistent approach, the household projection scenarios specified for the previous SHMAs are also deployed in this SHMA.

The Section concludes with a key points summary.

5.2 Trends

The number of households at a point in time can be calculated from the household population¹⁴ divided by the number of persons per household, or average household size (AHS)¹⁵. Thus, the change in the number of households depends on changes in the household population combined with the trend in average household size. These are the components of household change.

Historical data for the number of households at the geographical level required for this SHMA are only available from the decennial Census of Population, with the most recent available data for 2011. The main trends between 1991 and 2011 are summarised for the South Eastern HMAs in Table 5.1.

¹⁴ The household population comprises the resident population minus those who are living in communal establishments, which would include hospitals, prisons, hostels, student residences, etc. In 2011, 0.8 per cent of the resident population in the Craigavon Urban Area HMA lived in communal establishments. The proportion was 0.7 per cent of the Newry HMA resident population.

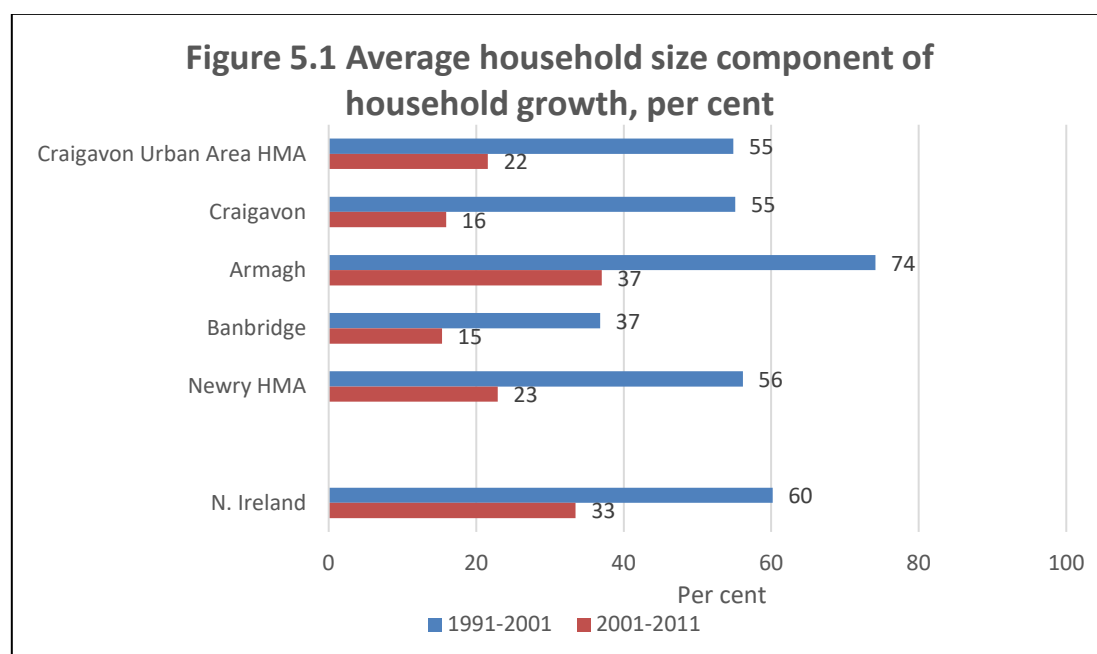
¹⁵ An alternative formulation is to calculate the number of households as the product of the household population aged 16+ and the proportion of the household population aged 16+ heading a household, i.e., the household representative rate (HRR) (also termed the 'headship rate', mainly in the US literature). The two formulations are essentially equivalent, since the AHS can be calculated as the inverse of the household representative rate, with an adjustment for the proportion of the household population aged 16+. The AHS formulation is preferred in this section as it (a) refers to the total household population and (b) is a more intuitive indicator for presenting trend analysis. Also, NISRA's [Household Projections Methodology](#) is not based on HRRs and is more readily interpreted within an AHS framework.

Over the two decades 1991 to 2011, growing household populations combined with falling average household size (fewer people per household) to drive positive growth in the number of households (Table 5.1). Those two factors were strongest in the Newry HMA, where household population growth of 26 per cent from 1991 to 2011 combined with a fall in average household size of -0.55 persons to drive a 50 per cent increase in the number of households. The number of households also rose strongly in the Craigavon Urban Area HMA (45 per cent), well above the Northern Ireland average of 33 per cent.

Table 5.1 Households, population and average household size, 1991-2011, South Eastern HMAs and subareas

	Levels			Change	
	1991	2001	2011	1991-2001	2001-2011
	No.	No.	No.	%	%
Households					
Craigavon Urban Area HMA	52,000	63,600	75,500	22.2	18.8
Craigavon	25,100	30,600	36,400	21.7	19.0
Armagh	15,700	18,500	21,600	17.7	16.9
Banbridge	11,200	14,500	17,500	29.9	20.7
Newry HMA	25,000	31,300	37,600	25.2	19.9
N. Ireland				18.7	12.2
Household population					
Craigavon Urban Area HMA	159,400	173,600	198,200	8.9	14.1
Craigavon	74,700	81,200	93,800	8.7	15.5
Armagh	51,200	53,300	58,600	4.0	10.0
Banbridge	33,400	39,100	45,700	17.0	17.0
Newry HMA	84,400	92,600	106,200	9.7	14.7
N. Ireland				6.7	7.8
Average household size					
Craigavon Urban Area HMA	3.06	2.73	2.62	-0.33	-0.11
Craigavon	2.98	2.66	2.58	-0.32	-0.08
Armagh	3.26	2.89	2.72	-0.38	-0.17
Banbridge	2.99	2.69	2.61	-0.30	-0.08
Newry HMA	3.37	2.95	2.83	-0.42	-0.13
N. Ireland	2.95	2.65	2.54	-0.30	-0.10
Source: Estimated from Census of Population data.					

The mix between the components of change varied between the two decades. Between 1991 and 2001 the main component of growth was falling household size¹⁶. In the Craigavon Urban Area HMA, the household population grew by 8.9 per cent between 1991 and 2001, while the number of households increased by 22.2 per cent. The contrast between the growth in the household population and the change in the number of households was due to a sharp fall in the AHS, down by -0.33 persons over the decade. In that period, the fall in average household size accounted for 55 per cent of the increase in the number of households, ranging from 37 per cent in the Banbridge subarea to 74 per cent in the Armagh subarea (Figure 5.1). By contrast, between 2001 and 2011, the fall in AHS was more modest (-0.11 persons) and contributed just 22 per cent to the growth in the number of households. In that decade, the growth in the household population (+14.1 per cent) was the major contributor to the 18.8 per cent increase in the number of households.



The Newry HMA exhibited a similar pattern. Between 1991 and 2001, average household size fell by -0.42 persons while the household population grew by 9.7 per cent. The fall in the AHS contributed 60 per cent to the 25 per cent rise in the number of households. By contrast, between 2001 and 2011, AHS fell by just -0.13 persons, accounting for one-third of the 19.9 per cent rise in the number of households (Figure 5.1). The remaining two-thirds was accounted for by a 14.7 per cent rise in the household population.

¹⁶ Note that a fall in the AHS means fewer people per households. The more rapid the fall in the AHS, the larger the change in the number of households for a given rate of household population change.

The slower pace of change in average household size between 2001 and 2011 compared with the previous decade has implications for projecting future household growth, especially in light of the projected slower population growth discussed in Section 4. In that respect, it can be noted that the slowdown was less pronounced in Northern Ireland than in the rest of the UK, notably England where the AHS was virtually flat over the decade. Nonetheless, the question posed by [Holmans \(2014\)](#) in the context of projecting future household growth is relevant to Northern Ireland:

“The central question for the household projection is whether what happened in 2001-11 was a structural break from a 40-year trend; or whether household formation was forced downwards by economic and housing market pressures that are likely to ease with time.”

Alternatively, was new household formation ‘suppressed’ over the period 2001-2011 due to cyclical factors, notably the housing market boom and bust of the 2000s, along with the recession of 2008-09 and the accompanying credit restrictions on access to mortgage finance? Or, has there been a longer-term ‘structural’ shift in household behaviour, e.g. younger adults choosing to live longer with their parents?

For example, [Bentley and McCallum \(2018\)](#) argue that housing costs and affordability pressures continue to restrain new household formation. They point in particular to the increasing proportion of young adults living with their parents. That proportion has been rising UK-wide, including Northern Ireland; ONS estimates that, across Northern Ireland, the proportion of young adults aged 20-34 living with their parents increased from 21 per cent in 1999 to 27 per cent in 2019¹⁷.

[Simpson \(2014\)](#) takes an alternative perspective, arguing that the slower pace of new household formation reflects long-term demographic trends and is unlikely to be reversed. For example, he notes that the increased number of young adults living with their parents commenced at the start of the millennium, before the downturn, albeit the increase did accelerate after 2008.

The trend in the proportion of ‘concealed families’ provides one indicator for the presence of suppression effects. Concealed families are defined as families living in households where the family head is not the household head, for example, lone parents or couples with children. Concealed families represent potential households which have not yet formed. That may be through choice or constraint, perhaps due to inability to afford their own self-contained accommodation. A rise in the incidence of concealed families may signal constraints on household formation due to housing costs.

¹⁷ ONS, 2019, [Young adults living with their parents](#).

The Census of Population results for the numbers of concealed families in the South Eastern HMAs are reported in Table 5.2. Across both HMAs, the number of concealed families as a proportion of all families rose between 2001 and 2011. The increase was modest in the Craigavon Urban Area HMA, up from 1.2 per cent to 1.4 per cent. The Newry HMA saw a larger rise, from 1.5 per cent in 2001 to 2.1 per cent in 2011. The rising share of concealed families may suggest constraints on new household formation during that decade.

Table 5.2 Concealed families¹, per cent of all families				
	Craigavon Urban Area HMA²		Newry HMA²	
	2001	2011	2001	2011
	%	%	%	%
Lone Parent	0.7	0.7	0.8	1.0
Couple	0.5	0.6	0.6	1.1
All concealed families	1.2	1.4	1.5	2.1
<i>Base (All families)</i>	<i>46,600</i>	<i>55,200</i>	<i>21,700</i>	<i>26,000</i>
<p>1 Concealed families are defined as families living in households where the family head is not the household head.</p> <p>2 The family type tables are only available at LGD 1992 level. In this table, the Craigavon Urban Area HMA is approximated by the former LGDs of Armagh City, Banbridge and Craigavon. The Newry HMA is approximated by the former Newry and Mourne LGD.</p> <p>Sources: Census of Population 2011, Table CT0164; Census of Population 2001, Table CAS011.</p>				

The question of whether the slowdown in household formation rates is structural, cyclical or some mix of the two cannot be answered by this SHMA. The results from the 2021 Census of Population will help to illuminate the issues. In the absence of Census data post-2011, the approach taken in this SHMA is to produce a range of scenarios for the future path of household growth.

Finally, the following points may be noted regarding the potential impacts of the Covid-19 pandemic. Immediately following the onset of the pandemic, it is likely that AHS rose, mainly due to younger people returning home (perhaps having lost a job or due to university lockdown) or delaying their move away from the family home. However, there are no data available to

say whether and to what extent that may have happened in Northern Ireland and how long any such effect of the pandemic on AHS might have lasted¹⁸.

The working hypothesis for this SHMA is that AHS effects from the pandemic, and especially the lockdown periods, will have largely receded or unwound by 2021. Up-to-date data on that issue are currently lacking for Northern Ireland.

However, the evidence from the U.S. is that the household size effects of the pandemic were short-lived¹⁹. There was an increase in average household size in the early stages of the pandemic in the U.S., due mainly to young adults living in their parents' homes (whether having returned home or by delaying their departure from the family home). However, by March 2021, that effect was no longer evident in the published data on new household formation in the U.S. Clearly, the U.S. experience is not necessarily transferable to Northern Ireland, but it is nonetheless interesting to observe. As discussed in Section 2, a common thread across many indicators affected by the pandemic was an initial spike during the first lockdown followed by recovery towards more 'normal' levels.

5.3 Projections

The most recent set of official [Northern Ireland household projections](#), which were commissioned by the Housing Executive and prepared by NISRA, were published in December 2018. The projections are for the years 2016 to 2041, both for Northern Ireland as a whole and for each of the 11 Local Government Districts. They are referred to as the 2016-based projections because they are tied to NISRA's [2016-based population projections for areas within Northern Ireland](#). Though, the household trends used to convert the population projections to household projections were derived from Census of Population data for the years 2001 to 2011.

As the 2016-based population projections have now been superseded by the [2018-based population projections](#)²⁰, an updated set of household projections has been prepared by the authors for this SHMA, following the approach set out in the published NISRA [methodology paper](#) (see Box 5.A).

¹⁸ The [Continuous Household Survey \(CHS\) results](#) for 2020-21 actually show a large drop in average household size, falling to 2.29 compared to a 2.43 average of the previous three years (2017-18 to 2019-20). However, due to the pandemic, the achieved sample size in the 2020-21 CHS was much reduced compared to previous years (1,403 in 2020-21 versus 4,557 in 2019-20). The 2020-21 AHS estimate cannot therefore be considered robust or reliable.

¹⁹ For an assessment of pandemic effects at an early stage in the U.S., see [Garcia and Paciorek, 2020](#). Writing in March 2021, [McCue](#) finds that: "The surge in young adults living in their parents' homes during the early months of the COVID-19 pandemic appears to have been short-lived".

²⁰ See Appendix A of the accompanying [Northern Ireland report](#) for a comparison between the 2018-based population projections and the preceding 2016-based population projections.

The updated projections replicate the NISRA household projections by LGD for 2016. Beyond 2016, the updated projections differ from the NISRA projections to reflect the changes between the most recent 2018-based population projections and the previous 2016-based population projections. A comparison of the updated household projections with the NISRA 2016-based projections is provided and discussed in Appendix A of the accompanying [Northern Ireland report](#).

Box 5.A Household projections

The Northern Ireland household projections are based on the extrapolation of changes in household membership probabilities.

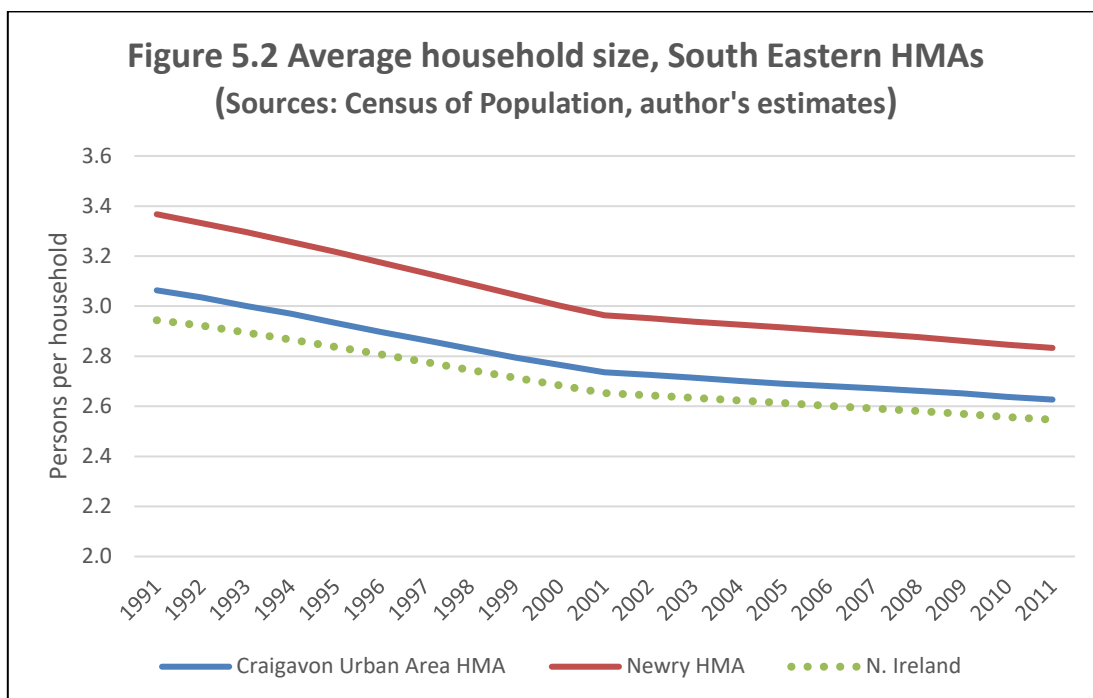
Briefly, in each projection period, for each of 14 age groups and separately for males and females, the probability of being in one of 18 household types is calculated (see NISRA's [Methodology Report](#) published in December 2018). The probabilities are then applied, by age and sex, to the projected population living in households, i.e. the total population minus those projected as living in communal establishments. The results can then be summed across the household types to derive the projected total number of households, with appropriate weightings for household size, i.e. divide the projected population living in two-person households by two, and so on.

For projection purposes, the household membership probabilities are extrapolated forward based on changes between the 2001 and 2011 Population Censuses. That is, household trends between 1991 and 2001 are given zero weight.

The household membership probability tables are published only for Northern Ireland as a whole (Tables B.1 and B.2 accompanying the NISRA [Methodology paper](#)). On request, NISRA supplied the same tables for the Belfast Metropolitan HMA and the rest of Northern Ireland combined. HMA-level tables were then estimated by combining the NISRA-supplied tables with age, sex, and household size counts from the Census of Population. The derived household membership tables served as inputs to a computer programme designed to mirror the NISRA methodology.

The fundamental issue in translating population projections into household projections is the assumptions to be adopted regarding the trend in average household size. For a given rate of population growth, the faster the assumed decline in the AHS, the faster will be the rate of new household formation, and vice versa. In the NISRA methodology, household projections are based on the extrapolation of the AHS trend between the 2001 and 2011 Censuses of Population.

As discussed above, across the South Eastern HMAs, average household size declined at a slower pace between 2001 and 2011 when compared with the preceding decade. The slower AHS fall between 2001 and 2011 compared with the previous decade is illustrated Figure 5.2. In that period 2001 to 2011, house prices boomed and then crashed, accompanied by a deep recession. It is plausible that, over that period, new household formation was suppressed by those cyclical factors²¹.



Insofar as cyclical factors acted to suppress new household formation between 2001 and 2011, the unwinding of those effects in the economic recovery of the 2010s arguably served to boost new household formation, especially as the housing market also rebounded from about 2013 onwards (discussed in Section 6). The true picture will not be known until the results of the 2021 Census of Population are published.

However, to the extent that the rate of household formation may have been positively affected by the economic recovery and accompanying housing market improvement, the reliance on the 2001-2011 trend means that the NISRA 2016-based projections and the updated 2018-based projections run the risk of understating the future path of household change.

²¹ [Paciorek \(2016\)](#) provides a useful discussion of the cyclical factor in new household formation.

For that reason, and to manage the uncertainty around the future path of household growth in projecting future new dwelling requirements, a number of scenarios have been prepared based on varying the assumptions underlying the household projections²², as follows:

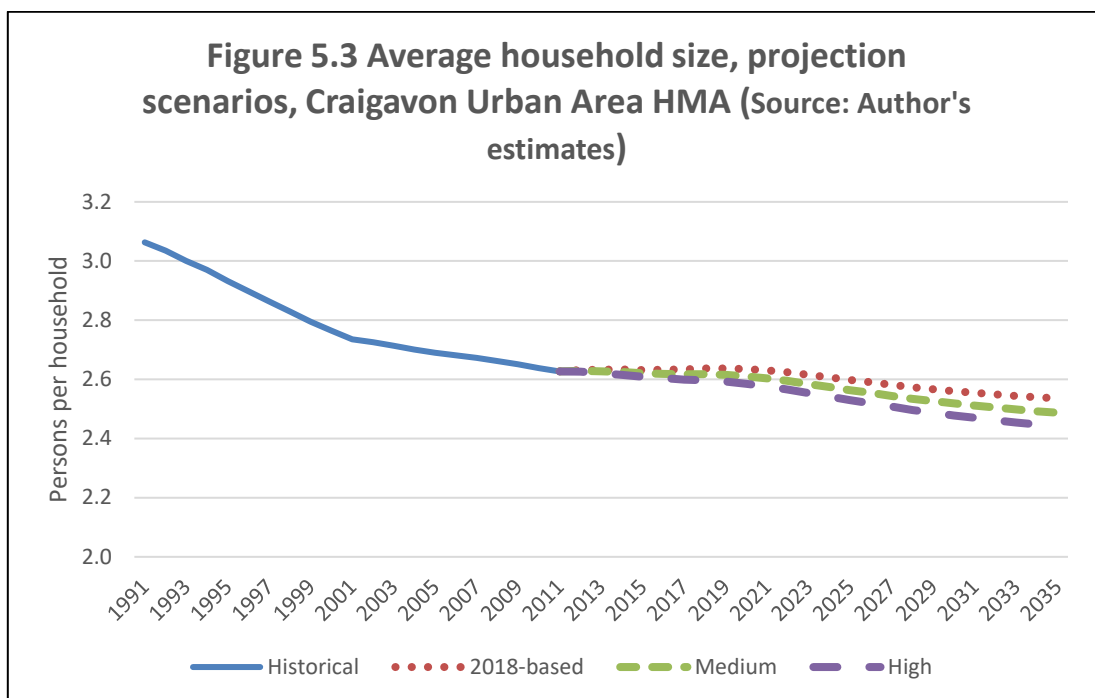
- **Medium growth scenario.** For this scenario, new households are projected by extrapolating from a weighted average of the 1991 to 2001 and 2001 to 2011 trends, with a two-thirds weighting given to the 2001 to 2011 trends.
- **High growth scenario.** In this scenario, households are projected from the 1991 to 2011 trends, i.e. with equal weighting given to the trends from 1991 to 2001 and 2001 to 2011.

The average household size projections in the scenarios are shown in Figure 5.3 for the Craigavon Urban Area HMA and summarised in Table 5.3. As would be expected, the AHS projections in the updated 2018-based scenario closely track the NISRA 2018-based projections. The slight difference shown in Table 5.3 for the period 2018 to 2035 reflects the faster rate of population ageing in the 2018-based population projections compared with the 2016-based population projections. Compared with the updated 2018-based projections, the medium and high growth scenarios both yield larger falls in average household size over the period 2018 to 2035.

Table 5.3 Household projection scenarios, average household size, Craigavon Urban Area HMA

	2011	2018	2035	<i>Change, 2018-2035</i>
	<i>Persons</i>	<i>Persons</i>	<i>Persons</i>	<i>Persons</i>
NISRA 2016-based	2.63	2.63	2.56	-0.07
Updated (2018-based)	2.63	2.64	2.54	-0.10
Scenarios				
Medium growth	2.63	2.62	2.49	-0.13
High growth	2.63	2.60	2.44	-0.16
Sources: NISRA; Author's estimates.				

²² Fuller details on the development of the scenarios at Northern Ireland level is provided in Appendix A of the accompanying [Northern Ireland report](#). In both scenarios, the NISRA assumptions for the trends in households with children were also modified. In addition, a 'fast growth' scenario was also prepared; that is discussed in Appendix A and is not reported here as the assessment was made that the assumptions underlying the 'fast growth' scenario are not sustainable.

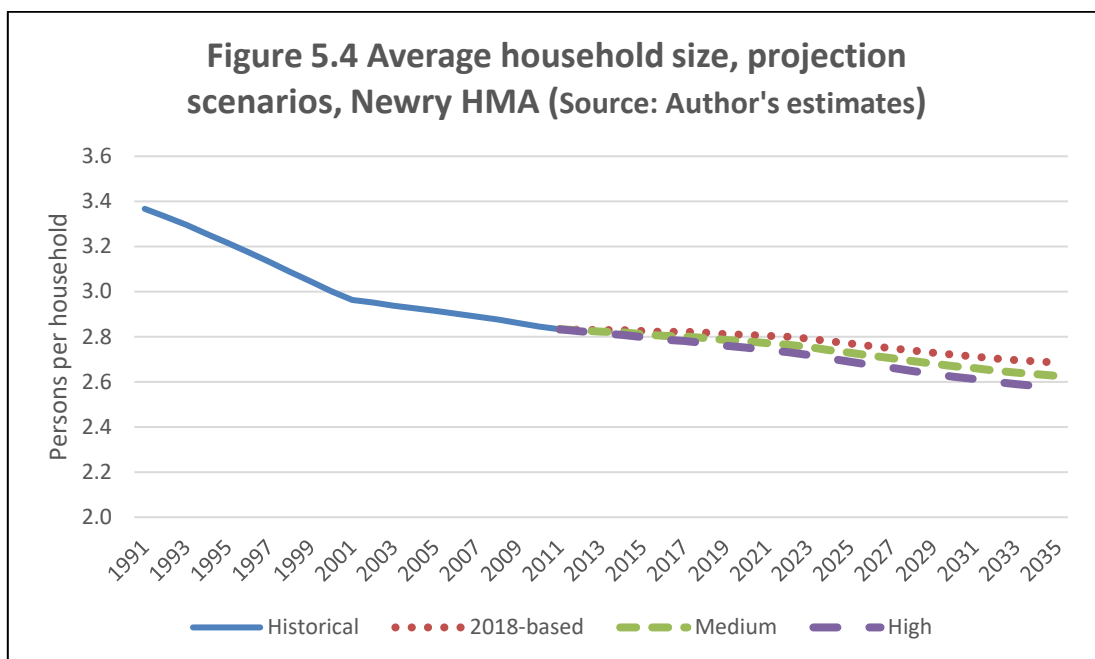


The average household size projections for the Newry HMA are shown in Figure 5.4 and summarised in Table 5.4. Again, the AHS projections in the updated 2018-based projections differ only slightly from the NISRA 2016-based projections, due to the faster rate of population ageing in the underpinning population projections. Compared with the Craigavon Urban Area HMA projections, AHS falls slightly faster in each scenario applied to the Newry HMA. For example, in the medium growth scenario, AHS falls by -0.17 persons between 2018 and 2035 in the Newry HMA versus -0.13 persons in the Craigavon Urban Area HMA. That reflects the slightly faster growth of the population aged 65+ in the Newry HMA, which pushes AHS down, combined with the faster growth of the child population in the Craigavon Urban Area HMA, which tends to increase AHS.

Table 5.4 Household projection scenarios, average household size, Newry HMA

	2011	2018	2035	<i>Change, 2018-2035</i>
	<i>Persons</i>	<i>Persons</i>	<i>Persons</i>	<i>Persons</i>
NISRA 2016-based	2.83	2.82	2.71	-0.11
Updated (2018-based)	2.83	2.82	2.69	-0.13
Scenarios				
Medium growth	2.83	2.79	2.63	-0.17
High growth	2.83	2.77	2.57	-0.20

Sources: NISRA; Author's estimates.

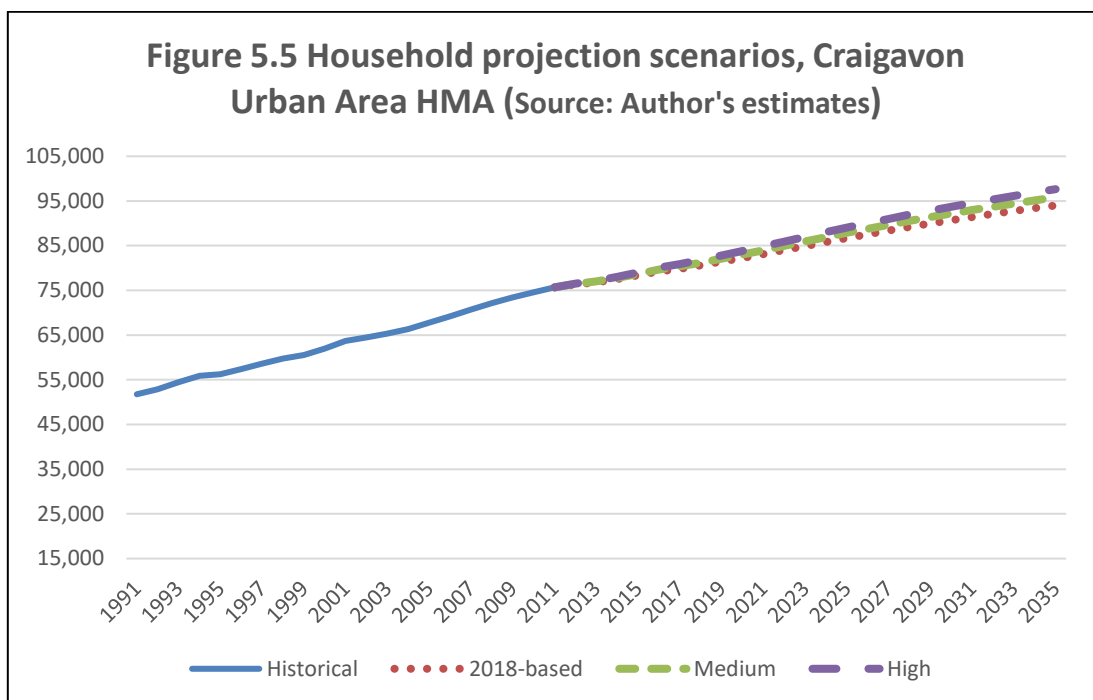


The household projections for the Craigavon Urban Area HMA are shown in Figure 5.5 and summarised in Table 5.5. They are derived by combining the AHS projections with the household population projections²³. As the household population projections are the same in each scenario, the projected growth in the number of households varies across the scenarios in line with the assumptions for the trajectory of average household size (Figure 5.3).

Table 5.5 Household projection scenarios, summary, Craigavon Urban Area HMA

	2018	2035	Change	
	No.	No.	No.	%
NISRA 2016-based	80,710	93,900	13,190	16.3
Updated (2018-based)	80,580	93,990	13,410	16.6
Scenario:				
Medium growth	81,180	95,830	14,650	18.0
High growth	81,810	97,650	15,840	19.4
Sources: NISRA; Author's estimates.				

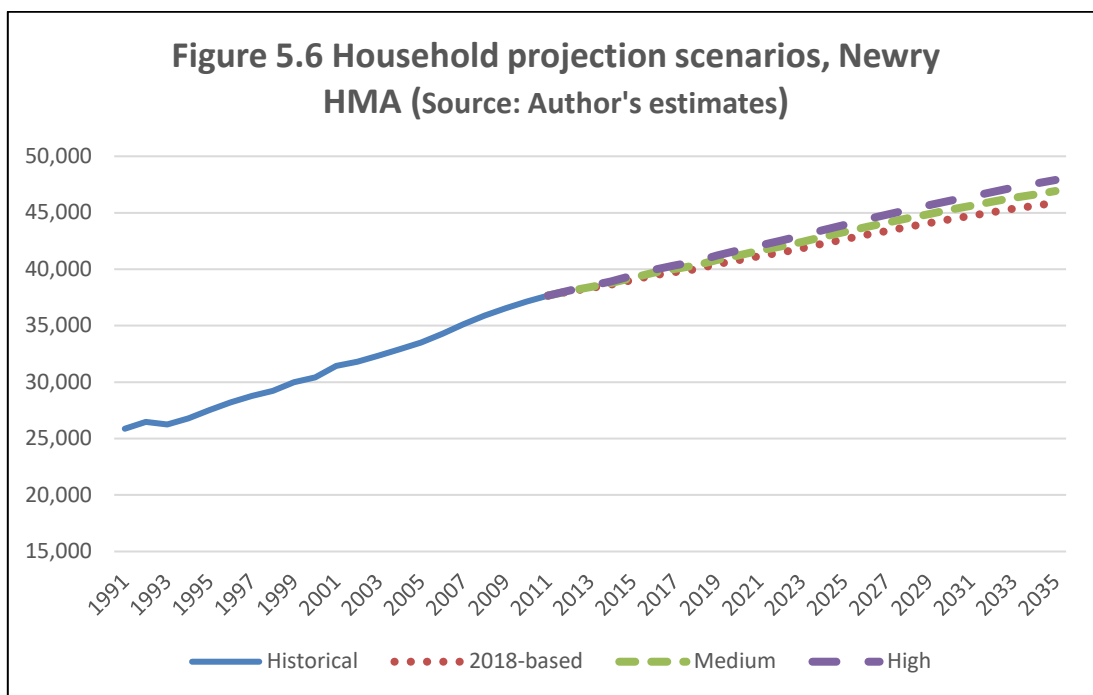
²³ The household population projections are made by adjusting the NISRA total population projections for the population living in communal establishments, following the approach set out in NISRA's [Methodology Report](#) accompanying the 2016-based household projections. The household population accounts for the vast majority of the total resident population (99 per cent in both HMAs in 2011). The household population projections therefore closely track the total population projections. As the population projections have been presented in Section 4, they are not discussed in this Section.



The projections for the Newry HMA are shown in Figure 5.6 and summarised in Table 5.6. The numbers of projected households again vary across each scenario in line with the AHS assumptions (Figure 5.4).

As can be seen from Table 5.6, the projected number of households for the year 2035 in the updated 2018-based scenario for the Newry HMA is almost 400 lower than in NISRA's 2016-based projections. That is because the 2018-based household population projections are lower than the 2016-based projections, by a margin of 2,000 in 2035.

	2018	2035	Change	
	<i>No.</i>	<i>No.</i>	<i>No.</i>	<i>%</i>
NISRA 2016-based	40,130	46,270	6,140	15.3
Updated (2018-based)	40,010	45,890	5,880	14.7
Scenario:				
Medium growth	40,340	46,920	6,590	16.3
High growth	40,670	47,900	7,230	17.8
Sources: NISRA; Author's estimates.				

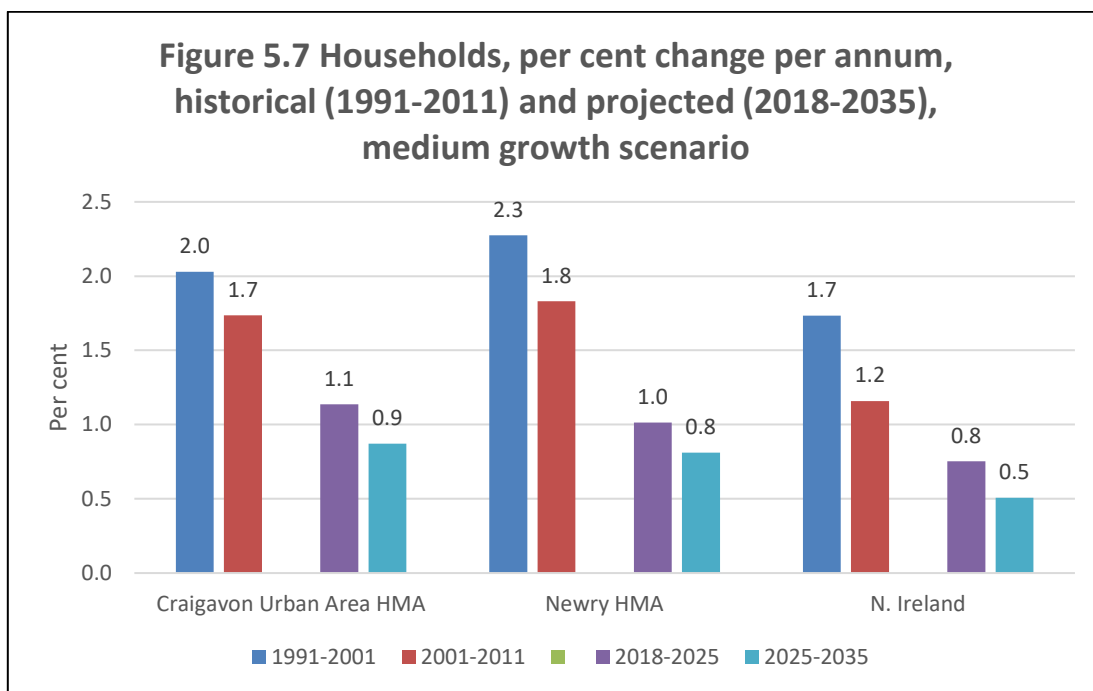


Across each of the scenarios, the household projections are shaped by the slower population growth projected for the period 2018 to 2035 by comparison with the historical growth in population (see Figures 4.22 and 4.23 in Section 4).

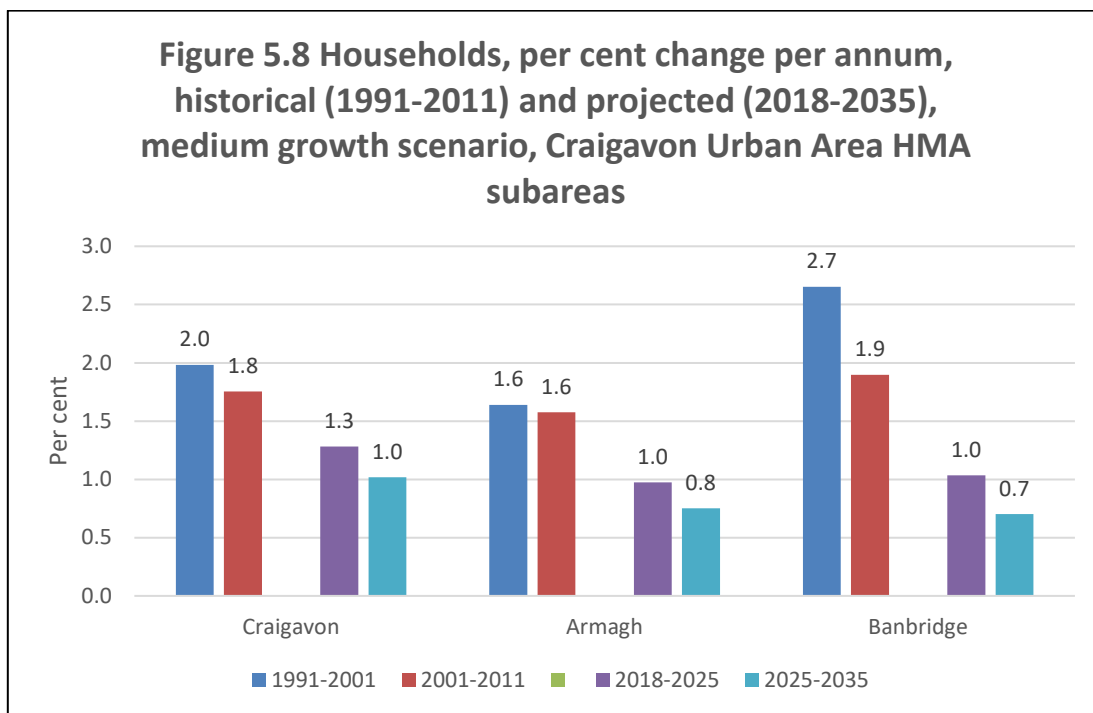
Over the period 2018-2035, the Craigavon Urban Area household population is projected to rise by 0.7 per cent per annum, down from 1.3 per cent per annum between 2001 and 2011. Similarly, household population growth in the Newry HMA is projected to fall to 0.5 per cent per annum from 1.4 per cent per annum between 2001 and 2011.

The effect of slower household population growth will be offset to an extent by the anticipated drop in AHS over the projection period. However, the slower pace of household population growth is expected to drive a reduction in the rate of new household formation in future years. That is illustrated in the medium growth scenario in Figure 5.7 for the South Eastern HMAs.

Thus, over the period 2018 to 2035, the number of households in the Craigavon Urban Area HMA is projected to rise by 0.9-1.1 per cent per annum, compared with 1.7 per cent per annum in the period 2001-2011. A similar pattern is projected for the Newry HMA. Both HMAs follow the general Northern Ireland picture in that regard, albeit with faster rates of growth in the number of households.



The outlook for the subareas within the Craigavon Urban Area HMA is similar (Figure 5.8). The number of households in the Craigavon subarea is projected to rise by 1-1.3 per cent per annum, down from 1.8 per cent per annum between 2001 and 2011. The Armagh and Banbridge subareas follow a similar pattern, though they lag the Craigavon subarea in household growth rates due to the faster population growth projected for Craigavon (see Figure 4.23).



The household growth scenarios play a key role in the projections for new dwelling requirements presented in Section 8 of this SHMA. The assessment of the scenarios for that purpose is presented and discussed in detail in Appendix A of the accompanying [Northern Ireland report](#).

The assessment concluded that the medium growth scenario would best serve as the central scenario for the purpose of projecting new dwelling requirements. The high growth scenario is useful in considering upside risks to new dwelling requirement projections while the updated (2018-based) projections provide an indication of slower than expected growth.

The uncertainties around the rate of new household formation were an important ingredient in the selection of the medium growth scenario as the central scenario for projecting new dwelling requirements.

In the absence of up-to-date historical household formation data, a second element in the assessment was to compare the household projections with observed supply side changes that have actually occurred over the period since 2011. The rationale is that supply side changes ought to reflect the level and pattern of demand for housing, which may be expected to be linked with changes in the number of households.

The published Land and Property Services (LPS) [Housing Stock Statistics](#) provide a direct supply-side measure, i.e. the total number of dwellings available for occupation²⁴. From the LPS data, between 2016 and 2020 there was a net increase in the Craigavon Urban Area HMA dwelling stock of 4,170 properties (Table 5.7). Over that same period, the updated 2018-based projections anticipate an additional 3,020 households, i.e. 72 per cent of the change in the housing stock. The medium growth projections indicate a net additional 3,360 households were formed (81 per cent of the change in the dwelling stock) while the high growth scenario generates an additional 3,720 households formed over the period (89 per cent of the dwelling stock change).

The household projections for the Newry HMA can also be compared with the observed change in the stock of domestic properties. Between 2016 and 2020, the dwelling stock increased by 1,720 dwellings, which can be compared with an additional 1,350 households in the updated 2018-based projections (79 per cent of the change in dwellings), rising to 1,540 households (90 per cent) in the medium growth scenario and 1,730 (100 per cent) in the high growth scenario.

²⁴ Land and Property Services publish annual data giving a count of properties valued as domestic or mixed for the purposes of rating. The counts refer to “properties in the Valuation List which are used for the purposes of a private dwelling”.

Table 5.7 The stock of domestic properties and household projections, changes 2016 to 2020, South Eastern HMAs				
	Domestic properties, change¹	Household projections, net changes²		
		2018-based (updated)	Medium growth	High growth
	<i>No.</i>	<i>No.</i>	<i>No.</i>	<i>No.</i>
Craigavon Urban Area HMA	4,170	3,020	3,360	3,720
Newry HMA	1,720	1,350	1,540	1,730
		<i>Per cent of domestic properties</i>		
Craigavon Urban Area HMA		72.3	80.6	89.1
Newry HMA		78.7	89.7	100.5
1. Source: LPS, Housing Stock Statistics .				
2. Authors' estimates.				

It should be emphasised that the comparisons between the household projections and the dwelling stock changes have not been made to draw any conclusions regarding the balance between demand and supply in the housing market. Rather, the LPS dwelling counts are actual data, which provide relevant and interesting points of comparison for the household projections.

Within that context, the dwelling stock comparisons for the two HMAs should be viewed as in the nature of a 'sense check' on the assumptions underlying the household projection scenarios. From that perspective, the medium growth scenario works well for both HMAs over the period 2016 to 2020. Of course, given that the most recent actual data points date back to the 2011 Census of Population, there are still uncertainties around the pace of household growth in recent years. Those uncertainties will not be resolved until the publication of the results from the 2021 Census of Population.

The medium growth scenario is summarised in Table 5.8, for the South Eastern HMAs along with the Craigavon Urban Area HMA subareas. The subarea projections should be interpreted with particular caution, as uncertainties will be greater for smaller areas.

The household projections summarised in Table 5.8 play a central role in the new dwelling requirements projections presented in Section 8. The following points may be noted.

The number of households in the Craigavon Urban Area HMA is projected to increase by 18 per cent between 2018 and 2035. That is +7 percentage points above the projected growth across Northern Ireland as a whole (11 per cent) and is the second largest percentage increase in the medium growth scenario across the 11 HMAs, behind only the Dungannon HMA (20 per cent). The main driver in the growth of new households in the Craigavon Urban Area HMA is the projected increase in the household population (+12.2 per cent).

The number of households in the Newry HMA is projected to increase by 16 per cent between 2018 and 2035. That is +5 percentage points above the projected growth across Northern Ireland as a whole and is the third largest percentage increase in the medium growth scenario across the 11 HMAs. The projected household growth in the Newry HMA reflects both an above-average rate of growth in the household population (+9.3 per cent versus the Northern Ireland average of +4.6 per cent) and a fall of -0.17 persons per household, again faster than the Northern Ireland average (-0.14 persons).

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Table 5.8 Households, population and average household size, projections, medium growth scenario, 2018-2035, South Eastern HMAs and subareas

	Levels			Change, 2018-2035	
	2018	2025	2035	Per annum	Period
	No.	No.	No.	%	%
Households					
Craigavon Urban Area HMA	81,200	87,900	95,800	1.0	18.0
Craigavon	39,400	43,100	47,700	1.1	21.0
Armagh	23,200	24,900	26,800	0.8	15.3
Banbridge	18,500	19,900	21,300	0.8	15.3
Newry HMA	40,300	43,300	46,900	0.9	16.3
N. Ireland				0.6	10.9
Household population					
Craigavon Urban Area HMA	212,500	225,300	238,400	0.7	12.2
Craigavon	102,300	109,700	117,900	0.8	15.3
Armagh	62,200	65,600	68,700	0.6	10.4
Banbridge	47,900	50,000	51,700	0.5	7.9
Newry HMA	112,700	118,100	123,200	0.5	9.3
N. Ireland				0.3	4.6
Average household size				<i>Persons</i>	
Craigavon Urban Area HMA	2.62	2.56	2.49		-0.13
Craigavon	2.59	2.54	2.47		-0.12
Armagh	2.68	2.64	2.56		-0.11
Banbridge	2.59	2.51	2.43		-0.16
Newry HMA	2.79	2.73	2.63		-0.17
N. Ireland	2.51	2.46	2.37		-0.14
Source: Author's estimates.					

5.4 Key Points Summary

Over the two decades 1991 to 2011, the number of households rose by 45 per cent in the Craigavon Urban Area HMA and by 50 per cent in the Newry HMA. Both HMAs grew ahead of the Northern Ireland average (+33 per cent).

Over that period, the increase in the number of households was driven by the combination of household population growth and falling average household size (fewer people per household).

The most recent official population projections indicate that population growth will provide less of an impetus to household growth over the next 15 years. Consequently, household growth is likely to be slower than had been the case up to 2011.

However, there is uncertainty around the trend in average household size. The uncertainty is reflected in the range of scenarios that can be considered around the future evolution of average household size.

For this SHMA, the NISRA 2016-based household projections have been updated to take account of the 2018-based population projections. In addition, medium and high growth scenarios for household growth have been generated which are linked to the official population projections, but with varying assumptions around the trend in average household size. Compared to the medium growth scenario, average household size falls faster in the high growth scenario and more slowly in the updated scenario. Hence, the updated household projections yield a slower growth scenario.

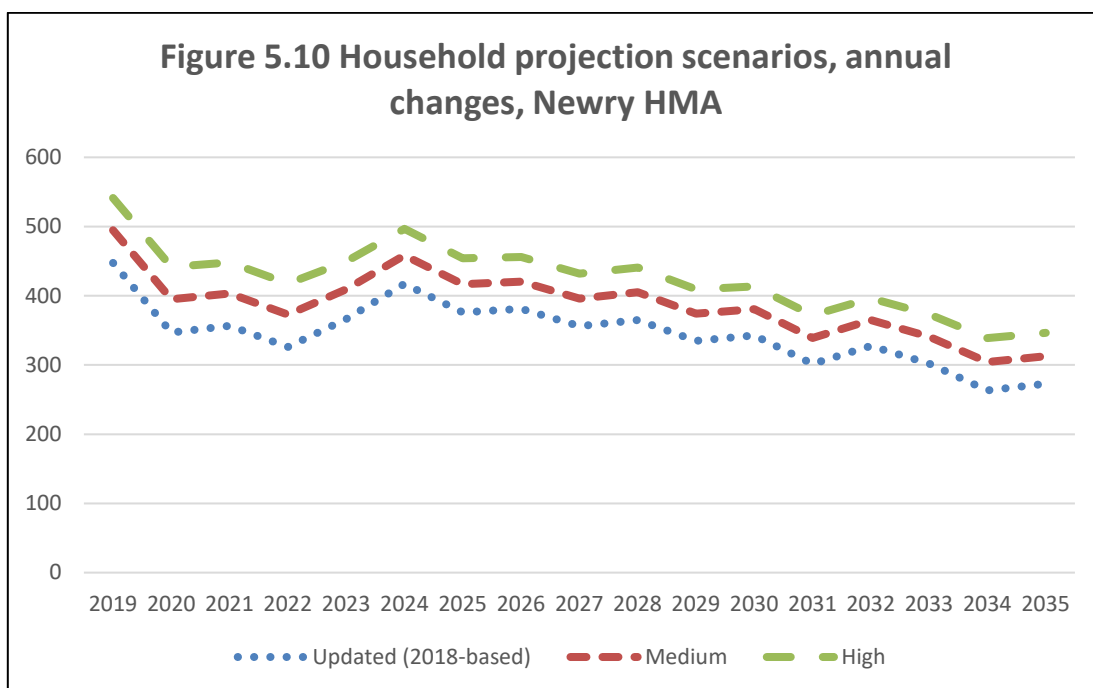
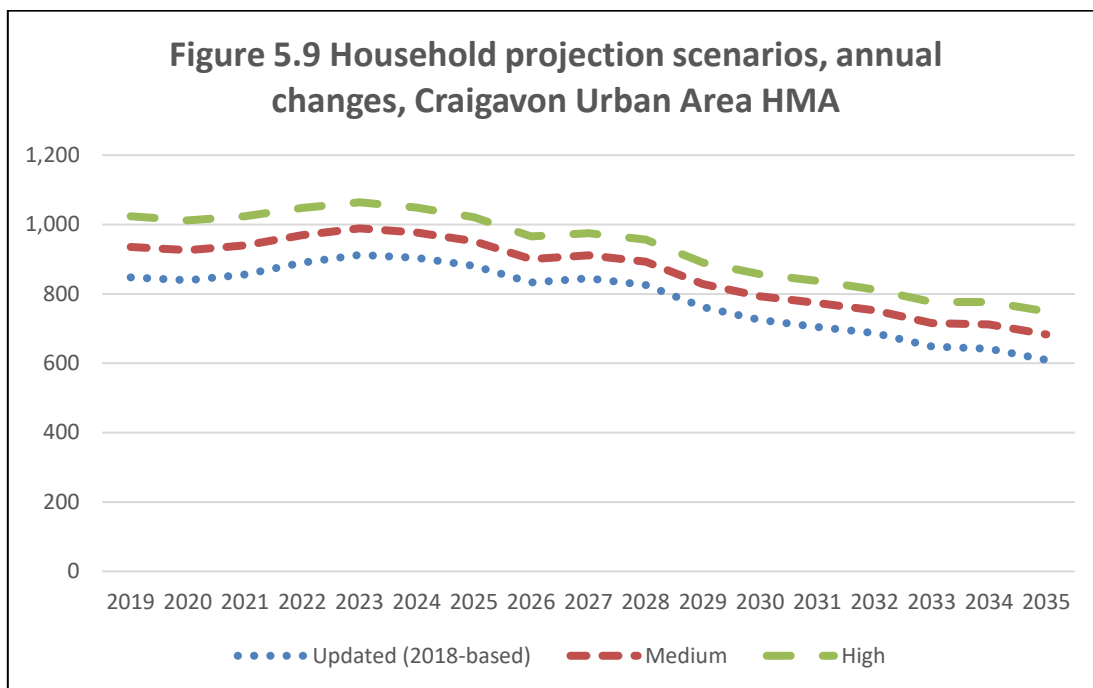
For the Craigavon Urban Area HMA, between 2018 and 2035 the medium growth scenario projects growth of 18 per cent in the number of households (+14,650 newly arising households). The updated scenario yields a slower rate of growth (+16.6 per cent or 13,410 newly arising households) while the fast growth scenario projects a rise of 19.4 per cent (+15,840 newly arising households).

The growth in the number of households is projected to be fastest in the period up to 2025. From the mid-2020s onwards, in each of the projection scenarios, household growth is projected to slacken in tandem with a slower pace of population growth (Figure 5.9).

For the Newry HMA, between 2018 and 2035 the medium growth scenario projects growth of 16.3 per cent in the number of households (+6,590 newly arising households). The updated scenario yields a slower rate of growth (+14.7 per cent or 5,880 newly arising households) while the fast growth scenario projects a rise of 17.8 per cent (+7,230 newly arising households).

Similar to the Craigavon Urban area HMA, the growth in the number of households is projected to be fastest in the period through the mid-2020s (Figure 5.10).

As the future path of household growth plays the major role in the level of demand for housing, the household growth scenarios are key inputs to projecting future housing requirements.



6 Housing Market

6.1 Introduction

This Section presents a review of housing market trends under the following headings:

- House prices.
- Jobs and incomes.
- House price to earnings ratios.
- Residential property transactions.
- Completions.
- Private sector rents.
- Receipt of Housing Benefit.
- Tenure.

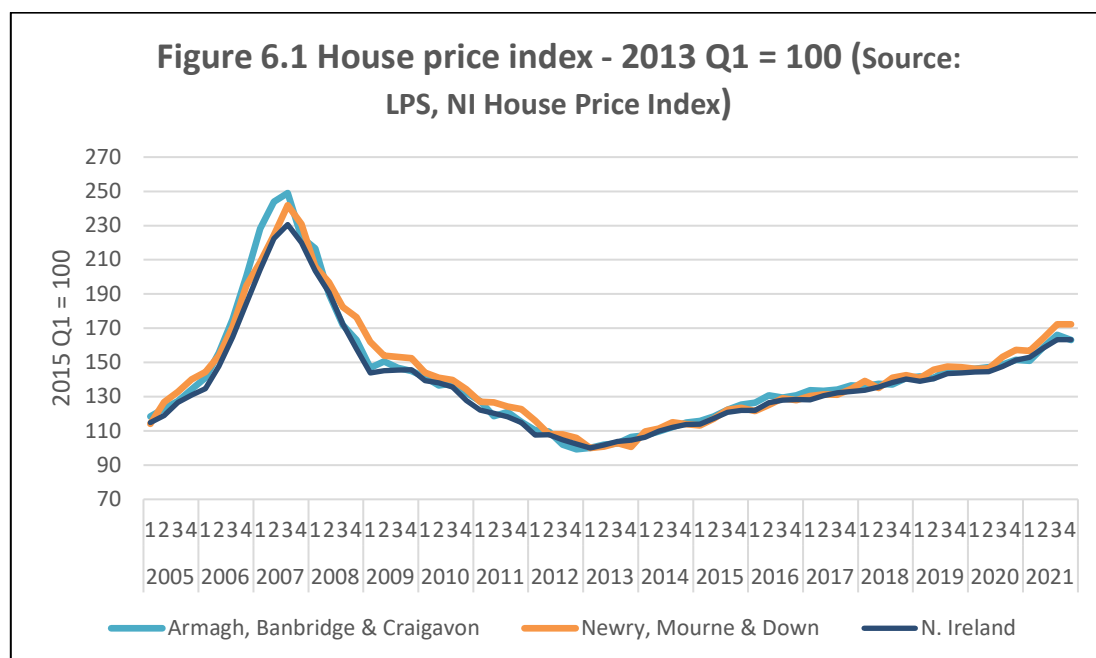
In reviewing the residential property market, the conclusion drawn in the previous SHMAs was that, by 2019, the Northern Ireland housing market had largely recovered from the severe and protracted downturn that followed the 2005-2007 house price boom. That issue was assessed separately at Northern Ireland level in Appendix B of the accompanying [Northern Ireland report](#). That review concluded that the sharp price adjustment that lasted until spring 2013 led to improved affordability and, by 2019, a recovery to more sustainable levels of activity in the mortgage market and residential property transactions.

The extent to which the recovery in the Northern Ireland market has been shared by the South Eastern HMAs is a central focus also of this Section. Of course, since spring 2020, the Covid-19 pandemic has had wide-ranging effects on the economy and society and has been highly disruptive in the housing market.

The full impacts of the Covid-19 pandemic are not yet known, particularly in relation to distinguishing short-term effects that will unwind as the pandemic is brought under control from longer-term effects that may persist. Within the constraints on data availability, the approach taken in this Section is to provide updated data on the position in 2020-21 and comment on what can be observed to date.

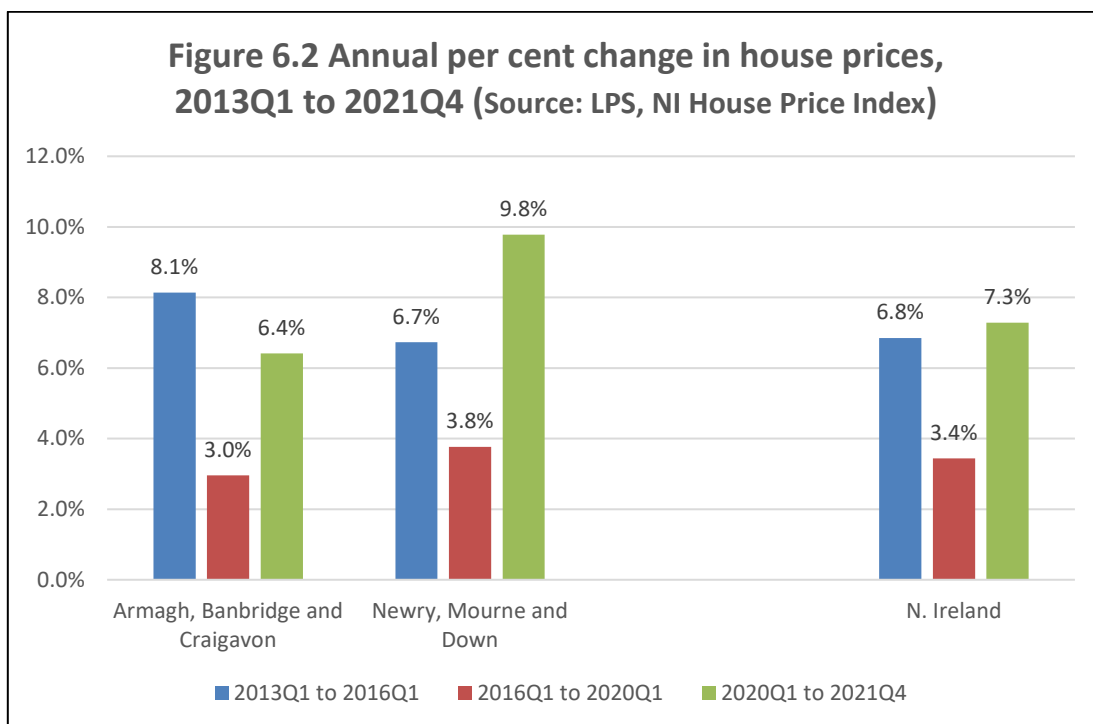
6.2 House Prices

Reflecting the influence of common factors such as mortgage interest rates and the economic cycle, house price movements in the Armagh City, Banbridge and Craigavon (ABC) and Newry, Mourne and Down (NMD) LGDs²⁵ have broadly followed the path of the [Northern Ireland House Price Index](#) (Figure 6.1). In the period of rapid house price inflation between 2005 and 2007, prices peaked in both LGDs in the third quarter of 2007, the same as the Northern Ireland peak. In the subsequent period of sharply falling house prices, the trough was reached in each LGD in late-2012/early-2013, again in line with the Northern Ireland cycle. By then, house prices had more than halved, falling to 40 per cent of their peak in ABC and 41 per cent in NMD, in line with the Northern Ireland drop (43 per cent of the peak). The corrections nonetheless resulted in a marked improvement in affordability in both LGDs, which underpinned the post-2013 recovery.



Since the 2013 trough, and through the first quarter of 2020, the NIHPI rose by 44 per cent, faster in the initial stages of the recovery (6.8 per cent per annum between 2013 Q1 and 2016 Q1) and at a more modest pace between 2016 and the first quarter of 2020 (3.4 per cent per annum) (Figure 6.2). ABC prices rose more quickly in the recovery phase (8.1 per cent per annum) but lagged slightly between 2016 and 2020 Q1 (three per cent per annum). Over the same period, prices in Newry, Mourne and Down closely tracked the Northern Ireland average.

²⁵ Quarterly house prices are published for the 11 new LGDs, but not for geographical units below LGD level, hence the use of the LGD data to track the most recent trends.



Along with the rest of Northern Ireland, the rate of house price growth in both HMAs quickened following the onset of the Covid-19 pandemic in spring 2020 (Figure 6.2). Between the first quarter of 2020 and the final quarter of 2021, ABC prices rose by 12 per cent, equivalent to an annualised 6.4 per cent rate of increase, only slightly below the Northern Ireland average (+13 per cent over the period, an annualised rate of 7.3 per cent). Newry, Mourne and Down house prices rose by 18 per cent, giving an annualised rate of 9.8 per cent, the fastest rate of growth among Northern Ireland's 11 LGDs.

The Northern Ireland average rate of increase slowed in the fourth quarter of 2021, when the average price of a house rose by just 0.1 per cent compared to the previous quarter (see Figure 6.1). That slowdown was also evident in Newry, Mourne and Down, where prices fell by 0.1 per cent in the same period, and more so in Armagh City, Banbridge and Craigavon where the quarter-on-quarter drop was -1.8 per cent.

It would not be prudent to place too much weight on a single quarter house price change, especially at LGD level where house price movements can be erratic (the fourth quarter price changes ranged from ABC's -1.8 per cent to +4.2 per cent in Fermanagh and Omagh). Nonetheless, higher interest rates and rising inflation, leading to pressures on household incomes, can be expected to moderate buyer demand and a reduction in the rate of house price growth can be anticipated. That is also consistent with the expectation of market commentators. For example, Property Pal's June 2022 [Housing and Economic Monitor](#) forecasts Northern Ireland house price growth of 3.2 per cent in 2022, rising modestly to 3.8 per cent by 2024.

While average house prices vary considerably from one local area to another, it is clear from Figure 6.1 that, notwithstanding quarterly fluctuations, the rate at which prices change at LGD level is highly correlated with the Northern Ireland average. That would suggest that house price growth in the South Eastern area will follow the Northern Ireland average to a lower trajectory over the next 2-3 years.

Consultees for this SHMA shared that expectation of a softening of house price growth in the South Eastern area. Prices initially rose sharply due to the release of pent-up demand following the lifting of the spring 2020 lockdown, but that effect may be expected to have unwound at this juncture. Notwithstanding a more restrictive stance by banks in 2020, with rising demand, house prices gained from a low interest rate environment.

Nonetheless, consultees did not expect a decline. One reason for that is debt taken on to purchase housing during the pandemic period is viewed as more sustainable than in the house price boom of the 2000s. For example, household savings rose sharply in 2020, as restrictions curtailed discretionary spending on travel, etc., which is thought to have enabled larger deposits to be made than might otherwise have been the case.

House prices at HMA level are only available through 2020, on an annual rather than quarterly basis. Nonetheless, it is apparent that median as well as upper and lower quartile house prices within each of the two HMAs and also the subareas within the Craigavon Urban Area HMA have broadly followed the house price cycle since 2005 (see Figures 6.3 to 6.5. See also Box 6.A).

In 2019, prior to the pandemic, the median house price in the Newry HMA was £138,000, slightly higher than the Northern Ireland median of £136,500 (Figure 6.3). In 2020, and similar to Northern Ireland as a whole, the median and quartile prices each rose, by six to eight per cent. That would suggest an increase in housing demand across the price spectrum.

In the Craigavon Urban Area HMA, the median house price in 2019 was £127,000, seven per cent lower than the Northern Ireland median (Figure 6.4). In 2020, the median rose to £134,950, a rise of six per cent, slightly lower than the increase in the Northern Ireland median (+8 per cent). The rise in house prices was slightly faster at the upper quartile, which rose by 10 per cent in 2020, albeit not much ahead of the lower quartile rise (+7 per cent). Thus, in 2020, the Craigavon Urban Area HMA saw demand rise across the price range.

Within the Craigavon Urban Area HMA, the median house price rose in each subarea, up six per cent in Craigavon, seven per cent in Banbridge and four per cent in Armagh (Figure 6.5). That would suggest that price pressures were geographically dispersed across the HMA.

Figure 6.3 Median, lower quartile and upper quartile house prices, Newry HMA (Source: LPS)

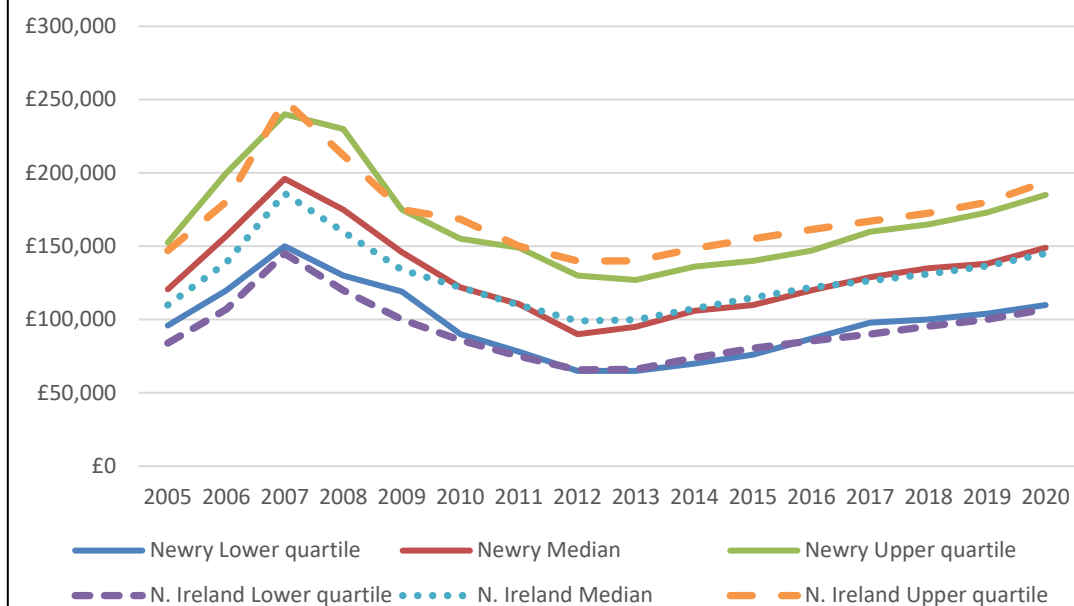
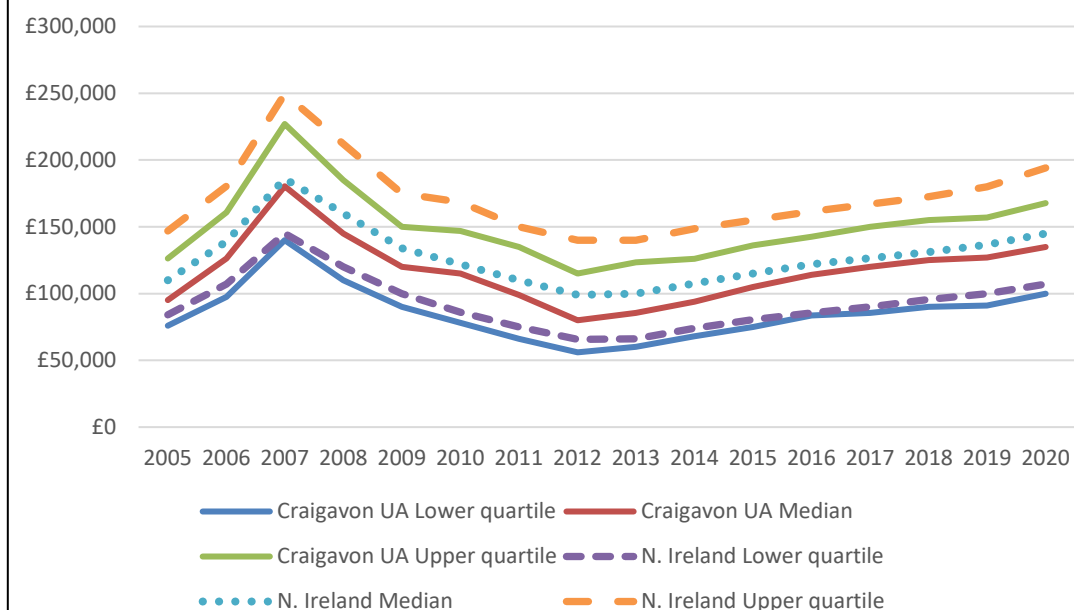


Figure 6.4 Median, lower quartile and upper quartile house prices, Craigavon Urban Area HMA (Source: LPS)



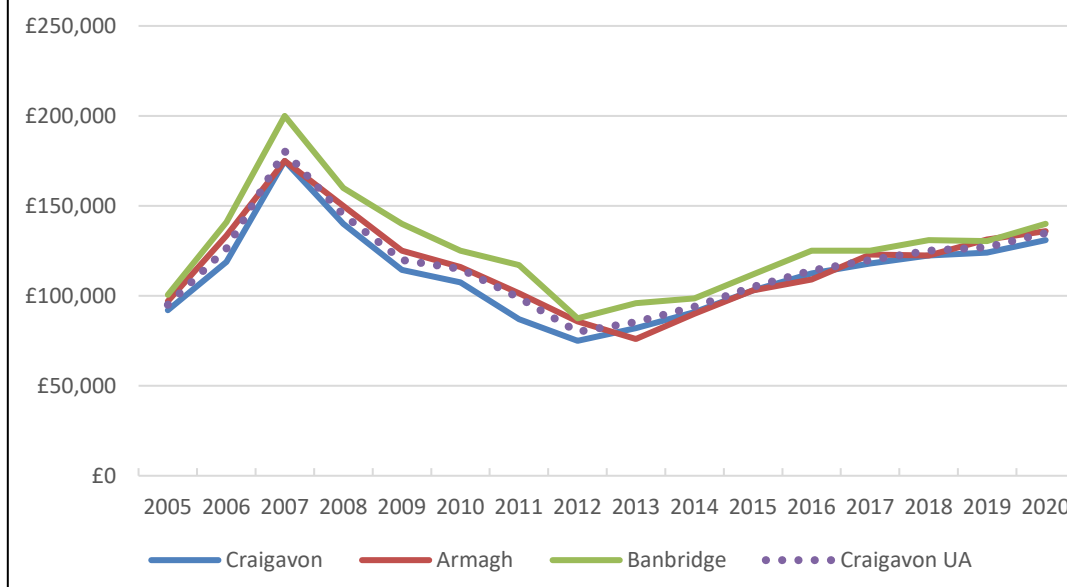
Box 6.A Median and quartile values

The **median** is the middle value in a set of numbers arrayed in rank order from lowest to highest. That is, 50 per cent of values lie below the median and 50 per cent lie above the median. For example, across the Newry HMA, the median value of all dwellings sold in 2019 was £138,000. In that year, half the dwellings sold had a value below £138,000 while the remaining half sold for more than £138,000. As it lies in the middle of a distribution, median values are less affected by extremely high (or low) values. For that reason, the median is often used to measure the 'typical' value at which a property sells.

In an ordered set of numbers, the **lower quartile** is the value separating the 25 per cent of lowest-valued numbers from the rest of the distribution. For example, across the Newry HMA, the lower quartile value of all dwellings sold in 2019 was £104,000. In that year, 25 per cent of the dwellings sold had a value below £104,000 while the remaining three-quarters sold for more than £104,000. In a housing market analysis, the lower quartile is often selected as the entry point for first-time buyers.

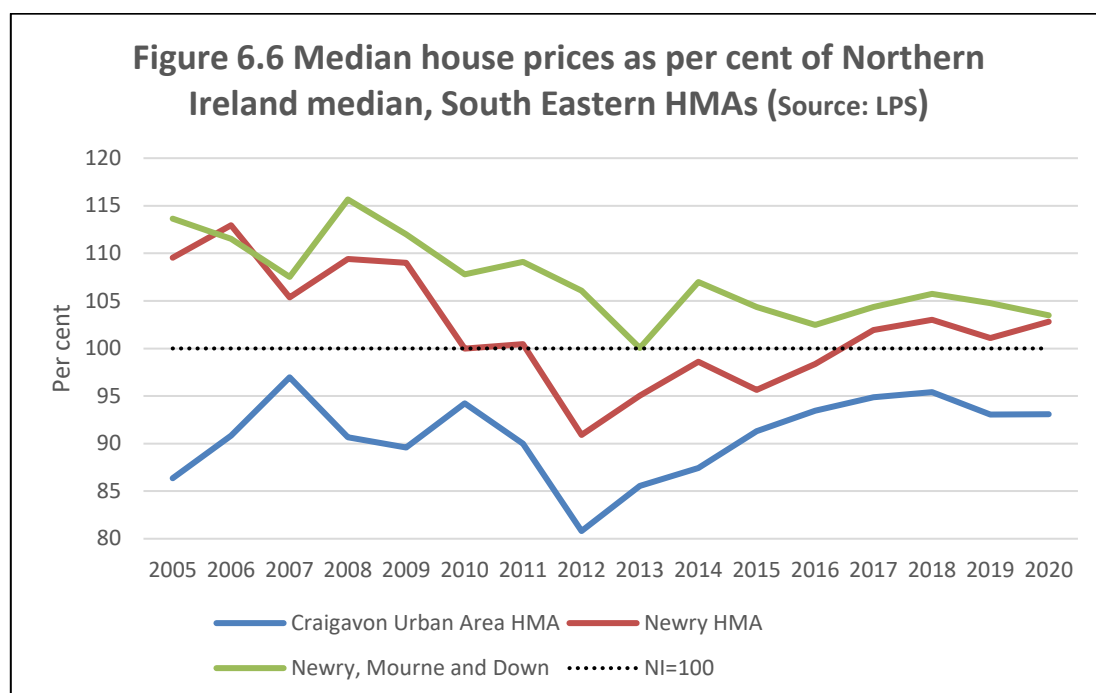
Similarly, the **upper quartile** is the value separating the 25 per cent of highest-valued numbers in the distribution. The upper quartile will typically be accessed by households who are not constrained by affordability.

Figure 6.5 Median house prices by Craigavon Urban Area subareas (Source: LPS)



An interesting contrast between the two HMAs is that the Newry HMA median house price has been above the Northern Ireland average in recent years (Figure 6.3) while the Craigavon Urban Area HMA median is consistently below the average (Figure 6.4).

Between 2016 and 2019, when the housing market was relatively settled, the Craigavon Urban Area HMA median has typically been 5-7 per cent below the Northern Ireland median (Figure 6.6). The Newry HMA median has been more cyclical, rising above the Northern Ireland median during the house price boom of the 2000s before falling below the Northern Ireland median during the slowdown and rising back above as the market recovered (Figure 6.6).



One possible explanation for the contrast between the two HMAs in median house prices is a property mix effect. In particular, whether the higher median in the Newry HMA is because transactions are skewed towards higher price properties such as detached dwellings. In fact, the mix of transactions by property type in the two HMAs is quite similar. For example, in 2019, detached dwellings accounted for one in three sales in both HMAs (Figure 6.7). Indeed, across each property type, the median price point is higher in the Newry HMA than in the Craigavon Urban Area HMA (Figure 6.8). Thus, the mix of properties transacted does not account for the differences between the two HMAs in median and lower quartile house prices. Though, it should be noted that property type is one among a number of dwelling attributes that may affect house prices, such as the size of the property, number of rooms, etc., but information on those attributes is not available.

Figure 6.7 Transaction shares by property type, 2019
(Source: LPS)

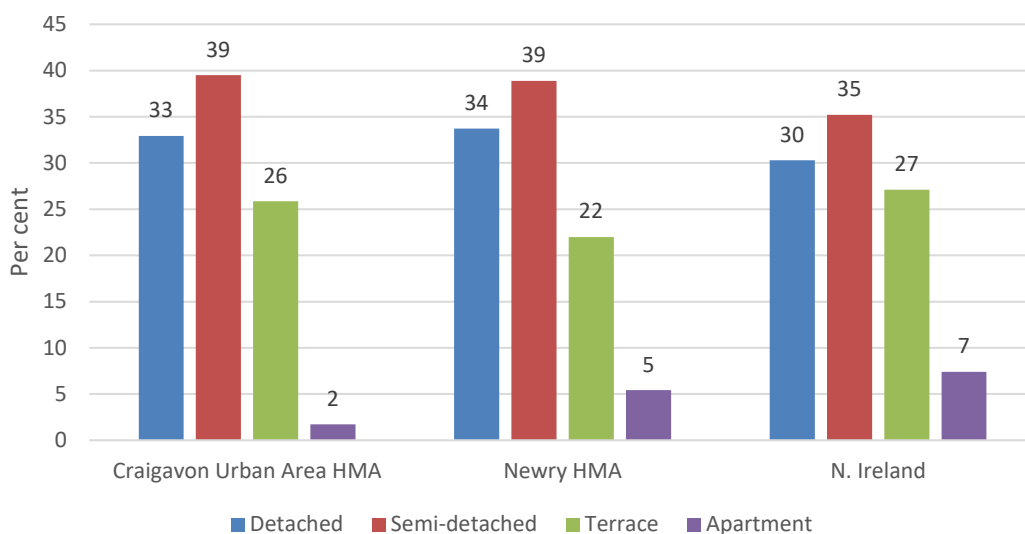
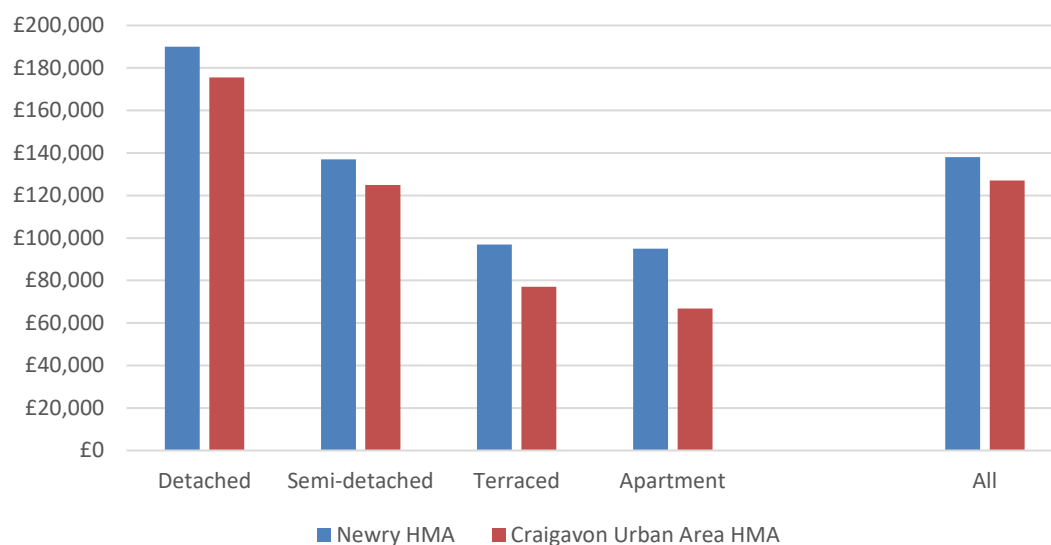


Figure 6.8 Median house prices by property type, 2019
(Source: LPS)



Both median and lower quartile house prices in the Craigavon Urban Area HMA are also below the comparable Northern Ireland values, both overall and by property type (Table 6.1). Within the HMA, house prices are similarly below the Northern Ireland median and lower quartiles in both the Craigavon and Armagh subareas and about on a par in the Banbridge subarea. That would suggest that house prices in the Craigavon Urban Area HMA, in general terms, are below average in the Northern Ireland context.

Table 6.1 Median and lower quartile house prices, per cent of Northern Ireland, 2016-2019 average					
	All	Detached	Semi-detached	Terrace	Flat
	<i>NI=100</i>	<i>NI=100</i>	<i>NI=100</i>	<i>NI=100</i>	<i>NI=100</i>
Median					
Craigavon Urban Area HMA	94	92	93	85	67
Craigavon	92	91	92	80	n.a.
Armagh	94	89	91	87	n.a.
Banbridge	99	99	97	92	n.a.
Newry HMA	101	98	101	105	90
Lower quartile					
Craigavon Urban Area HMA	94	94	93	88	63
Craigavon	94	94	92	84	n.a.
Armagh	95	90	90	92	n.a.
Banbridge	96	100	99	98	n.a.
Newry HMA	105	98	98	110	102
Sources: LPS; Authors' calculations.					

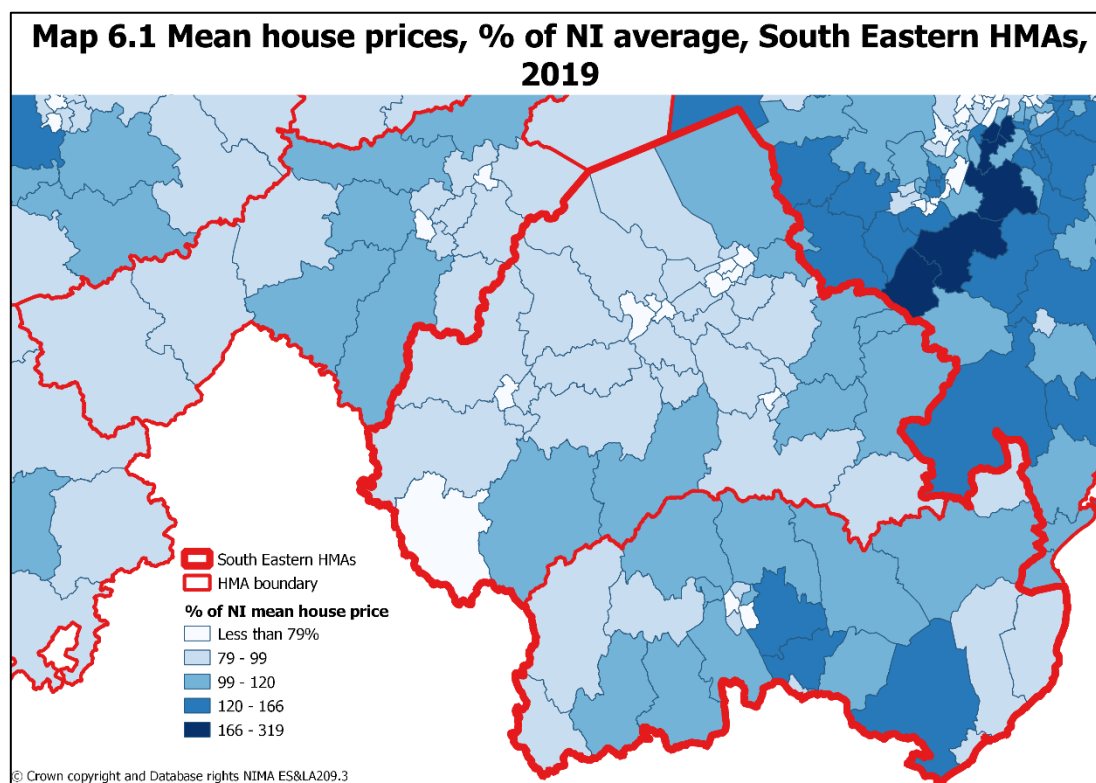
By contrast, in the Newry HMA, median house prices are mostly aligned with the comparable Northern Ireland values. The exception is terraced housing, with a median value five per cent above the Northern Ireland level. Across all property sales, terraced housing will tend to be prominent at the lower quartile. The higher relative value for that property type within the HMA is reflected in a lower quartile house price, across all property types, being five per cent above the Northern Ireland level. For the Newry HMA, therefore, house prices at the median are in line with the Northern Ireland median and slightly higher at the lower quartile.

The conclusions drawn above regarding relative median and lower house prices across the two HMAs do not necessarily lead to conclusions around house purchase affordability. That depends also on factors such as relative household incomes, which are discussed later in this section. Thus, for example, it cannot be concluded at this juncture that there is an affordability problem in Newry but not in Craigavon. A second point to note is that the analysis has focused on both the median and lower quartile points in the house price distribution. The latter is typically used in assessing first-time buyer affordability. However, in addition to its role as a market indicator, the median is also relevant to the analysis of affordability in Northern Ireland.

The dwelling price threshold for the main affordable housing product, shared housing, is £175,000, which is 21 per cent above the median.

Nonetheless, there is no clear reason for the finding that Newry HMA house prices are typically in line with, or above, their comparable Northern Ireland values while the Craigavon Urban Area values are below average, regardless of property type. The next part of this Section looks at relative income levels. However, the differential may also reflect locational influences. In that regard, the relative house price differential between the two HMAs is somewhat surprising. The Newry HMA is more rural than the Craigavon Urban Area HMA (see Figure 3.1); after controlling for property type, mean house prices in rural areas tend to be lower than in urban areas. Conversely, the Newry HMA does contain some clusters of second homes, and it borders the Irish Republic, where house price levels tend to be higher.

Median and lower quartile prices are not available at lower geographical levels than HMAs and subareas. However, mean house prices are available at that lower spatial scale and are shown, relative to the Northern Ireland average, in Map 6.1. The three highest-ranked Wards on that metric are Derryleckagh, Lisnacree and Burren. Of those three, only Lisnacree contained a cluster of second homes according to the 2001 Census of Population. House prices in Derryleckagh and Burren would appear to gain more from their proximity to Newry City.



Source: LPS.

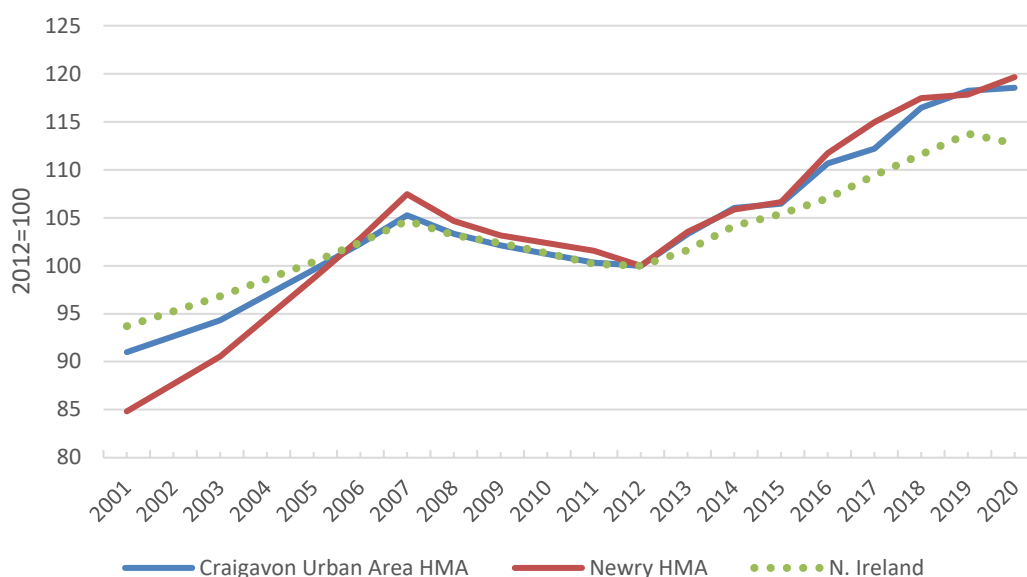
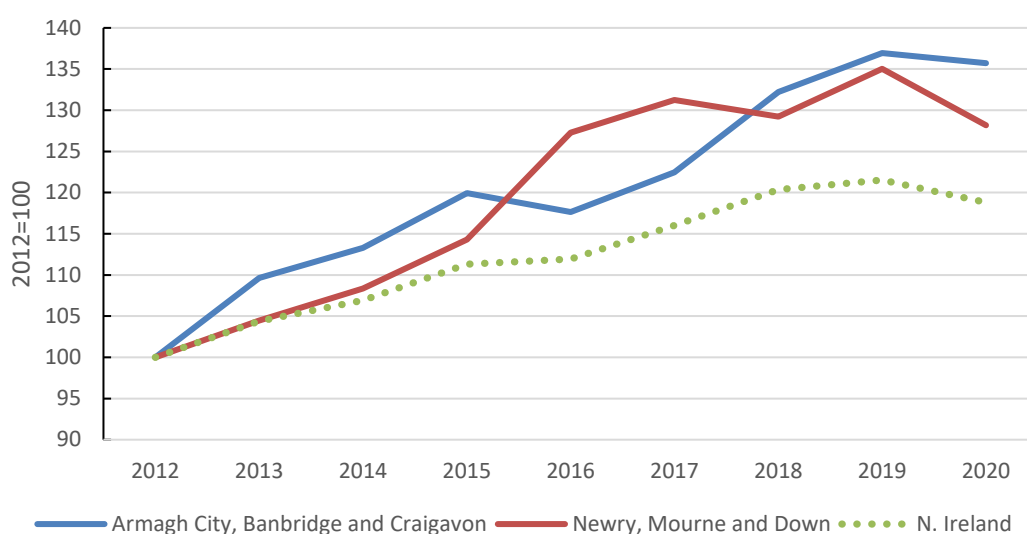
6.3 Jobs and Incomes

The Northern Ireland labour market was badly affected by the Great Recession of 2008-09 that occurred alongside the housing market downturn. Between 2008 and 2012, employee jobs fell by almost six per cent. Since 2012, and prior to the onset of the coronavirus pandemic, the Northern Ireland labour market had been performing strongly, posting a 14 per cent rise in employee job numbers between 2012 and 2019 (Table 6.2 and Figure 6.9).

Over the same period, both the Craigavon Urban Area and Newry HMAs registered strong employment growth, in excess of the Northern Ireland average. In both HMAs, the number of employees in employment grew by 18 per cent between 2012 and 2019 (Table 6.2 and Figure 6.9). Within the Craigavon Urban Area HMA, employment growth was similarly buoyant within each of the three subareas.

Table 6.2 Employee jobs, per cent change			
	2012-2019	2019-2020	2012-2020
	%	%	%
Craigavon Urban Area HMA	18.2	0.3	18.5
Craigavon	17.4	0.3	17.7
Armagh	15.0	0.3	15.3
Banbridge	27.3	0.3	27.7
Newry HMA	17.8	1.6	19.6
N. Ireland	13.8	-0.9	12.7
Source: NISRA, Business Register and Employment Survey (BRES).			

Between 2012 and 2019, manufacturing was a major source of employment growth in both HMAs, rising by 37 per cent in the Craigavon Urban Area HMA and 35 per cent in the Newry HMA, compared to the Northern Ireland average of 21 per cent (Figure 6.10). By 2019, the proportion of employee jobs in manufacturing in the Craigavon Urban Area HMA (17 per cent) was second only to Mid Ulster (28 per cent), well above the Northern Ireland average (11 per cent). The growth in manufacturing jobs was one of the factors underpinning the strong positive net international migration inflows into both HMAs in recent years, as discussed in Section 4 above.

Figure 6.9 Employee jobs, 2012=100 (Source: NISRA, BRES)**Figure 6.10 Manufacturing, employee jobs, 2012=100**

In contrast to the rest of Northern Ireland, employee job levels in the South Eastern HMAs continued to rise between 2019 and 2020, albeit at rates that were modest by comparison with the 2012 to 2019 period (Table 6.2). Though, along with the Northern Ireland average, the number of employee jobs in manufacturing employment declined in both HMAs (Figure 6.10). From the review of employment trends at Northern Ireland level, it is likely that employment growth has resumed in the rebound from the pandemic, though it is not yet known if the rate of expansion observed between 2012 and 2019 has yet returned.

While the employee jobs trend is useful, the more important indicator from a housing market perspective is the working age employment rate, i.e. the proportion of the population aged 16-64 with employment. Higher employment rates have a positive effect on household incomes and the concomitant capacity to obtain a mortgage for those households that may wish to purchase a home.

Unfortunately, employment rate data are not published on a regular basis below the LGD level²⁶. It is therefore necessary to use the employment rate results published for the Newry, Mourne and Down LGD, of which the Newry HMA comprises about 63 per cent²⁷.

Historically, Armagh City, Banbridge and Craigavon (which is coterminous with the Craigavon Urban Area HMA) has enjoyed an employment rate moderately higher than the Northern Ireland average (Table 6.3). The difference was +2.1 percentage points in 2009 and, notwithstanding the employee jobs growth, had slipped to +1.4 percentage points in 2020.

Table 6.3 Employment rate, population 16-64			
	2009	2019	2020
	%	%	%
Armagh City, Banbridge and Craigavon	67.2	72.3	72.3
Newry, Mourne and Down	64.6	73.6	74.8
N. Ireland	65.1	71.9	70.9
Source: NISRA, Labour Force Survey (LFS).			

The Newry, Mourne and Down employment rate was slightly below the Northern Ireland average in 2009 (0.5 percentage points) but has since climbed above the average, rising to +4 percentage points by 2019. Indeed, by 2020, the Newry, Mourne and Down employment rate was above the Armagh City, Banbridge and Craigavon rate. Nonetheless, by 2020, the employment rate in both LGDs was above average, which would be expected to boost housing demand.

Across Northern Ireland as a whole, the rise in employment rates between 2009 and 2020 has been accompanied by declining rates of economic inactivity, i.e. the proportion of the population of working age who are not in

²⁶ The annual employment rate data published by NISRA is drawn from the Labour Force Survey and the sample size is not large enough to permit publication below LGD level.

²⁷ At the 2011 Census of Population, among those aged 16-74, the Newry HMA employment rate (56 per cent) was only slightly below the LGD rate (57 per cent).

employment or unemployed (Table 6.4). Economic inactivity is due to a combination of study, looking after the home or sickness/disability. Generally, higher rates of economic inactivity are associated with lower household incomes and above-average receipt of state benefits, including Housing Benefit or the housing element of Universal Credit.

Table 6.4 Economic inactivity rate, population 16-64			
	2009	2019	2020
	%	%	%
Armagh City, Banbridge and Craigavon	32.8	27.7	27.7
Newry, Mourne and Down	35.4	26.4	25.2
N. Ireland	34.9	28.1	29.1
Source: NISRA, Labour Force Survey (LFS).			

As can be seen from Table 6.4, in 2009, economic inactivity rates in the Armagh City, Banbridge and Craigavon LGD were below the Northern Ireland average, by about two percentage points. Between 2009 and 2020, the rate fell by 5.1 percentage points, slightly slower than the Northern Ireland average (-5.8 percentage points). The differential therefore narrowed, to 1.4 percentage points. Over the same period, the economic inactivity rate fell much faster in the Newry, Mourne and Down LGD, down by 10.2 percentage points. Thus, by 2020, the economic activity rate in Newry, Mourne and Down was almost four percentage points below the Northern Ireland average.

The [Annual Survey of Hours and Earnings \(ASHE\)](#) is the main source of information on median earnings of employees. As the ASHE is a sample survey, the results are only published to LGD level. Further, the results can vary from one year to the next due to sampling variability, which can make the assessment of trends more difficult. Bearing those caveats in mind, the following points can be noted from the ASHE results by LGD (see Figure 6.11 and Table 6.5).

Since 2013, median and lower quartile earnings of employees living in Armagh City, Banbridge and Craigavon have grown slightly faster than the respective Northern Ireland averages. By 2020, annual employee earnings were on a par with the Northern Ireland median and lower quartile values.

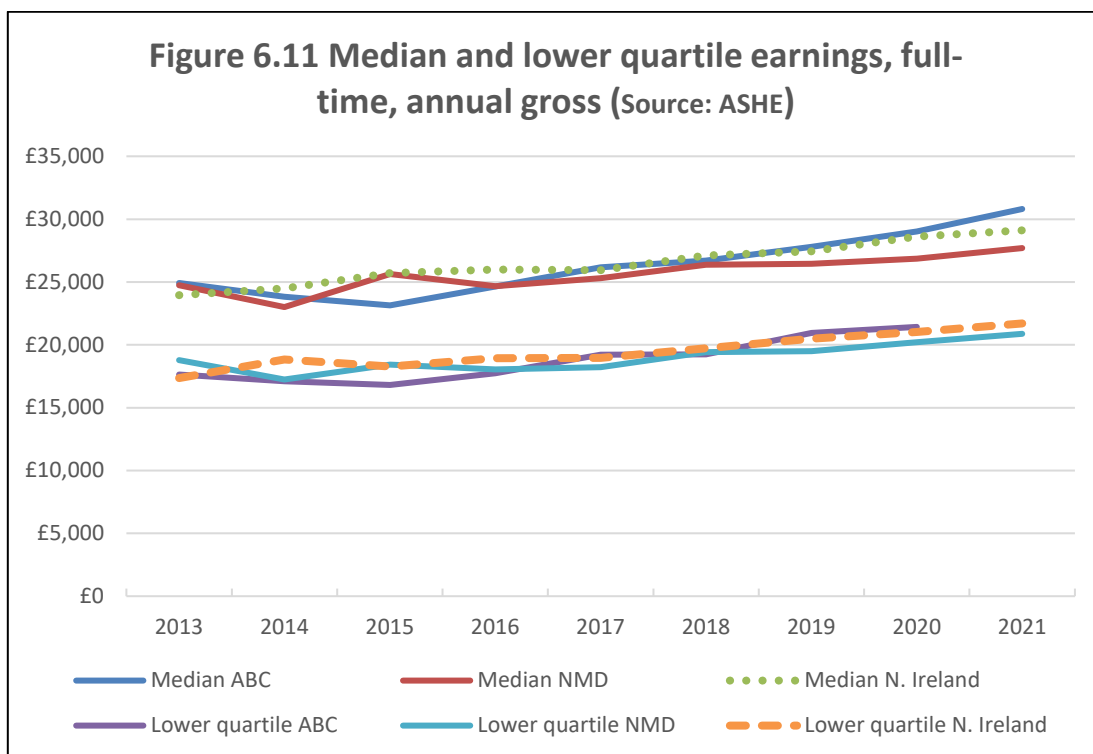


Table 6.5 Median and lower quartile earnings, full-time, annual gross, residence-based, 2020

	£'s	NI=100	Change, 2013-2020, % per annum
Median			
Armagh City, Banbridge and Craigavon	29,032	101	2.8
Newry, Mourne and Down	26,855	94	1.6
N. Ireland	28,624	100	2.6
Lower quartile			
Armagh City, Banbridge and Craigavon	21,426	102	3.1
Newry, Mourne and Down	20,211	96	2.2
N. Ireland	21,021	100	2.8
Source: NISRA, Annual Survey of Hours and Earnings (ASHE) .			

By contrast, annual earnings of employees living in Newry, Mourne and Down have lagged behind the Northern Ireland growth in both median and lower quartile earnings. Thus, by 2020, annual earnings in the LGD were 4-6 per cent below the Northern Ireland median and lower quartile values.

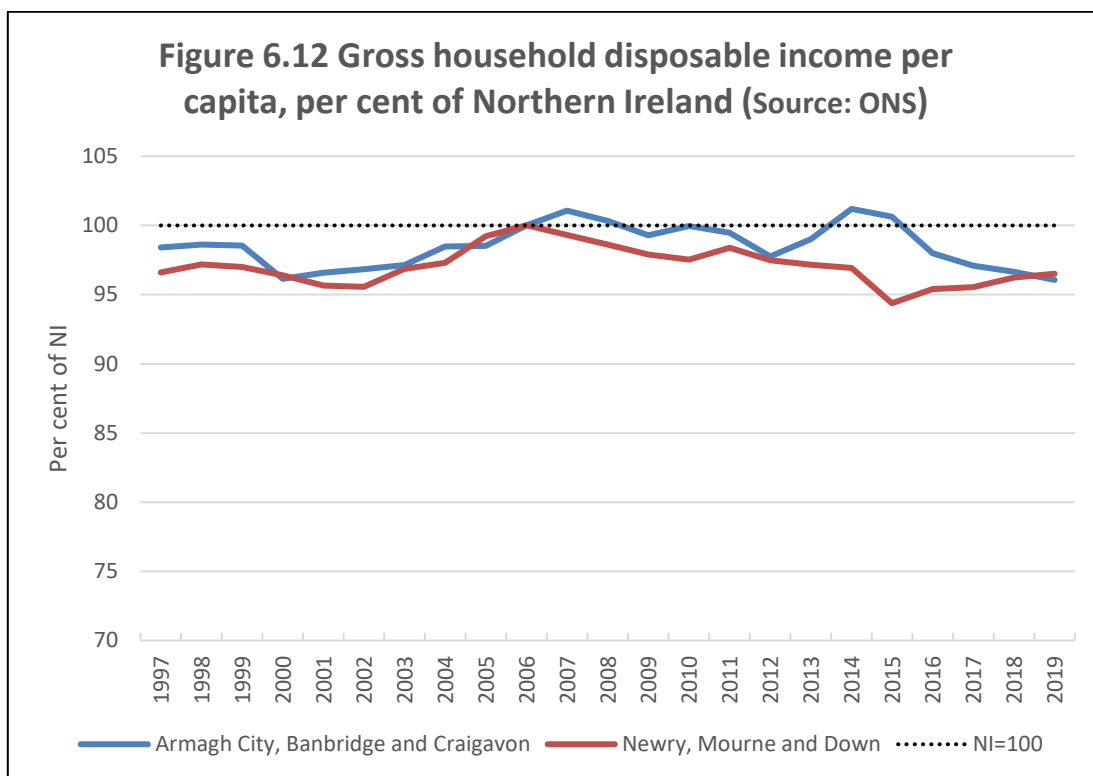
Though, it should be appreciated that, while employee earnings account for the largest share of household incomes, on average, other sources of income such as earnings from self-employment are also important, especially in more rural areas such as the Newry HMA.

A second indicator for the trend in incomes is the [Regional Gross Disposable Household Income](#) series published by the ONS. The ONS defines gross disposable household income (GDHI) as: "The amount of money that all of the individuals in the household sector have available for spending or saving after income distribution measures (for example, taxes, social contributions and benefits) have taken effect. GDHI does not provide measures relating to actual households or family units". It is, therefore, only possible to track changes in per capita GDHI, rather than the average per household.

Between 2013 and 2019, per capita household incomes grew by 15 per cent in Armagh City, Banbridge and Craigavon, an annual rate of 2.3 per cent (Table 6.6). That was below the Northern Ireland rate (2.8 per cent). Thus, over that period, and dating back to around 2008, average per capita disposable income in the LGD has steadily drifted from parity with the Northern Ireland average to four per cent lower by 2019 (Figure 6.12).

Table 6.6 Gross disposable household income per capita, 2019			
	Per cent of NI	Change, 2013-2019	
	<i>NI=100</i>	<i>Per cent change</i>	<i>% per annum</i>
Armagh City, Banbridge and Craigavon	96	15	2.3
Newry, Mourne and Down	97	17	2.7
N. Ireland	100	18	2.8
Source: ONS, Regional Gross Disposable Household Income.			

In the Newry, Mourne and Down LGD, since 2013, average per capita household income growth (+17 per cent) has kept pace with the Northern Ireland growth (+18 per cent). Thus, in relative terms, the average per capita household income in the LGD has remained three per cent below the Northern Ireland average.



However, two points should be noted regarding the GDHI figures. First, they include all sources of income, including self-employment income, which tends to be higher in more rural LGDs such as Newry, Mourne and Down.

Second, while they measure disposable household incomes, the GDHI series are published on a per capita basis. Thus, in LGDs where average household size is above the Northern Ireland average, the per capita GDHI figures will tend to understate relative average disposable income measured at household level. That caveat applies to both LGDs shown in Figure 6.12, since average household size in those LGDs is higher than the Northern Ireland average.

In the case of the Armagh City, Banbridge and Craigavon LGD, the estimated average household size in 2019 was 2.64 compared with 2.53 for Northern Ireland. Adjusting the GDHI figures to a household basis would suggest that, in 2019, average household incomes in that LGD were very slightly (0.6 per cent) above the Northern Ireland average. A similar adjustment for Newry, Mourne and Down suggests the average household income in the LGD was 3.4 per cent above the Northern Ireland average.

6.4 House Price to Earnings Ratios

In 2007, at the peak of the house price boom, the Northern Ireland-wide ratio of median house prices to median earnings stood at 9:1. By the time house prices had reached their trough, in 2013, the ratio had more than halved, to 4.2:1. The ratio ticked upward in the early phase of the house price recovery, from 2013 to 2016, but remained stable at around five from 2017 through April 2020 (Figure 6.13 and Table 6.7). In 2021, the ratio increased, albeit to a modest degree, to 5.2:1.

As noted above, comparable earnings data by LGD are only available since 2013. Nonetheless, it can be seen that the median house price to earnings ratios in both the Armagh City, Banbridge and Craigavon and Newry, Mourne and Down LGDs have tracked the Northern Ireland average over the period since 2013.

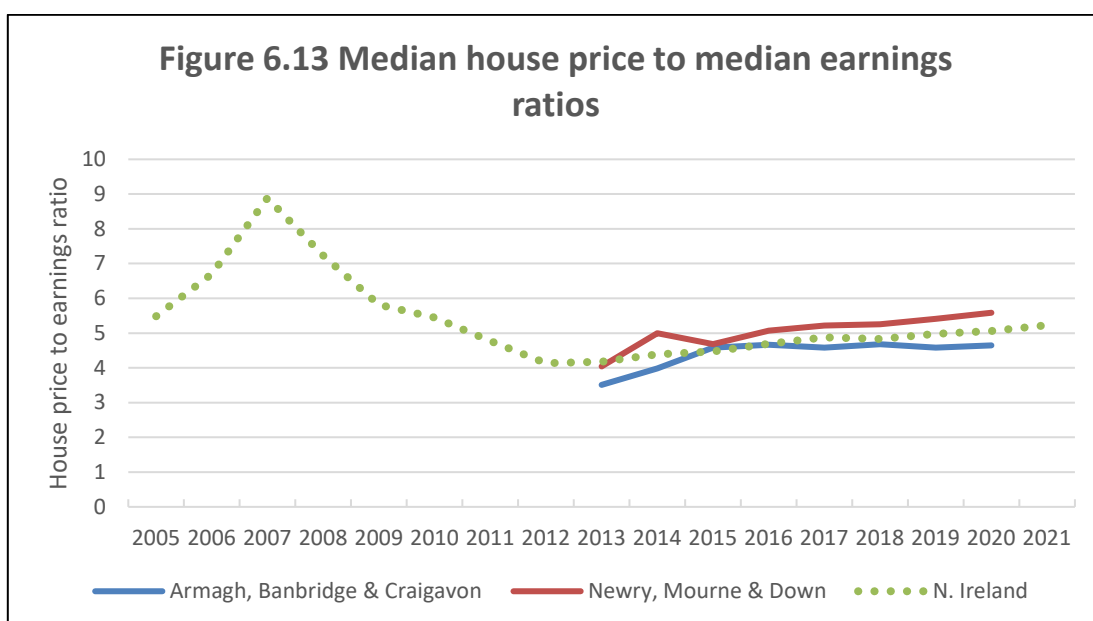


Table 6.7 Median house price to median earnings ratios

	2015	2016	2017	2018	2019	2020
Armagh City, Banbridge and Craigavon	4.6	4.7	4.6	4.7	4.6	4.7
Newry, Mourne and Down	4.7	5.1	5.2	5.3	5.4	5.6
N. Ireland	4.5	4.7	4.9	4.8	5.0	5.1

Sources: Calculated from LPS, [Annual Ward and Local Government District Statistics](#) and NISRA, [Annual Survey of Hours and Earnings \(ASHE\)](#).

It is also evident that, in both LGDs, median house prices relative to median earnings followed the Northern Ireland ratio to more sustainable levels following the house price boom of 2005-07.

The ratio of lower quartile earnings to lower quartile house prices paints a similar picture (Figure 6.14 and Table 6.8). At Northern Ireland level, the ratio has edged up since 2013, but at a modest pace. Both LGDs have followed a similar trajectory.

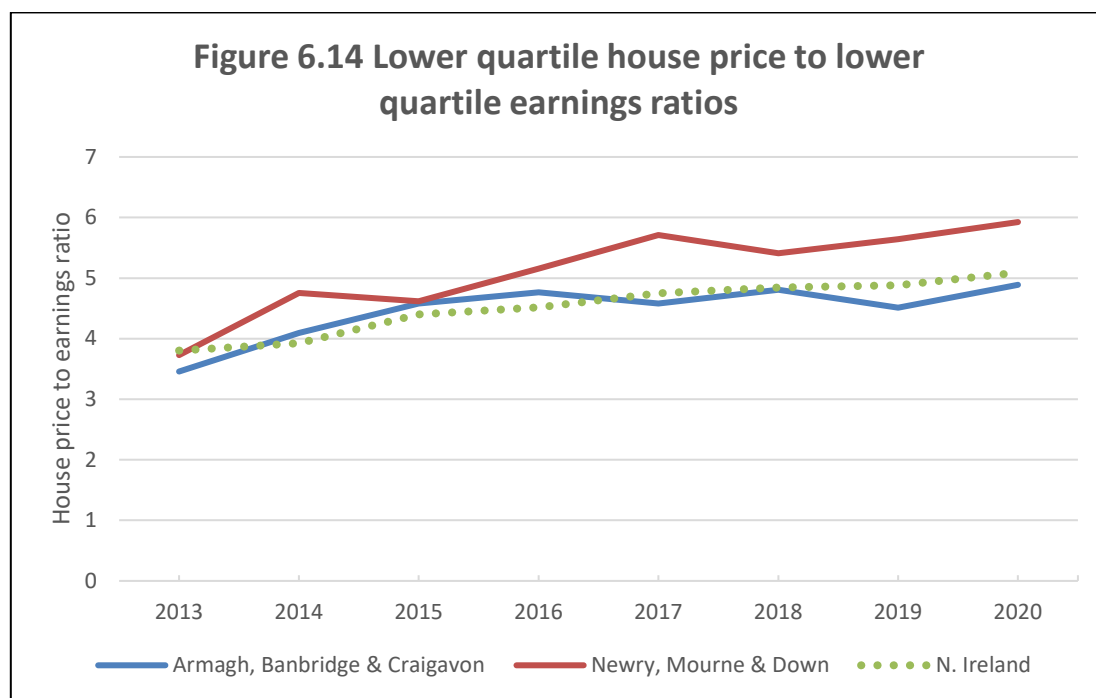


Table 6.8 Lower quartile house price to lower quartile earnings ratios

	2015	2016	2017	2018	2019	2020
Armagh City, Banbridge and Craigavon	4.6	4.8	4.6	4.8	4.5	4.9
Newry, Mourne and Down	4.6	5.2	5.7	5.4	5.6	5.9
N. Ireland	4.4	4.5	4.7	4.8	4.9	5.1

Sources: Calculated from LPS, [Annual Ward and Local Government District Statistics](#) and NISRA, [Annual Survey of Hours and Earnings \(ASHE\)](#).

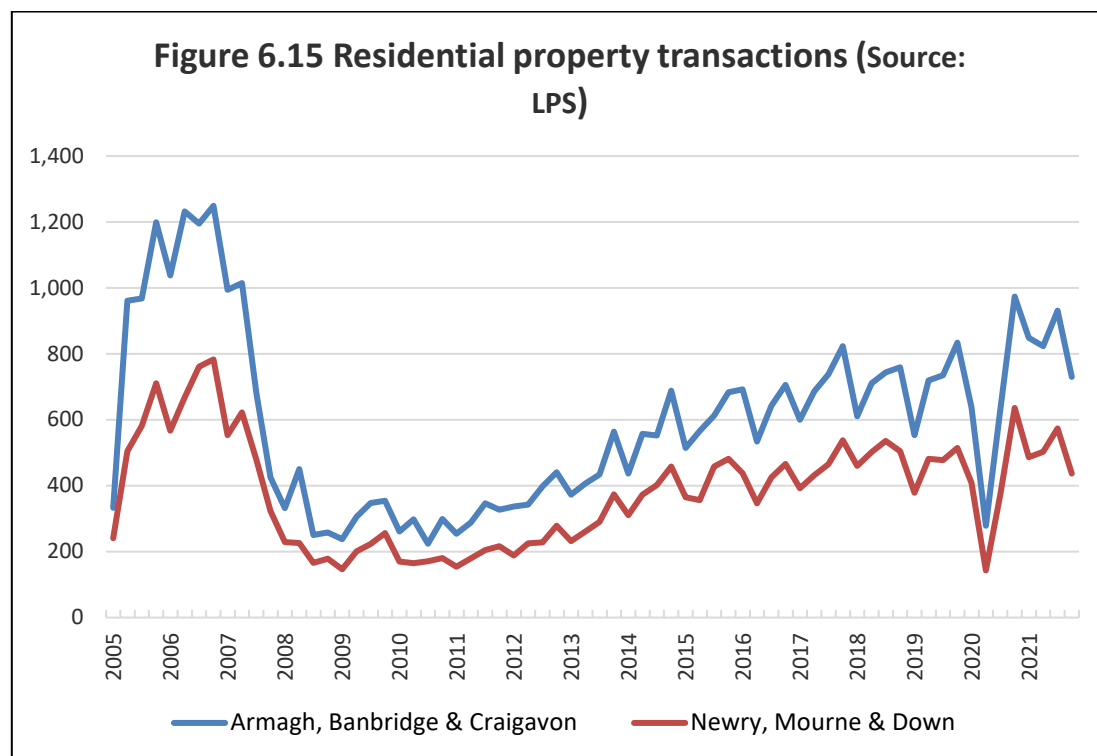
On both the median and lower quartile measures, it can be observed that the ratios are above the Northern Ireland average in Newry, Mourne and Down and below average in Armagh City, Banbridge and Craigavon.

It should, however, be emphasised that the median and lower quartile earnings ratios are not direct measures of affordability. As noted above, there are other sources of household income such as self-employment earnings. Nonetheless, the house price to earnings ratio serves as an indicator for the direction of travel in affordability. Thus, a sharply rising ratio, as was observed in 2006 and 2007, indicates deteriorating affordability, and vice versa.

The trends in the median and lower quartile earnings ratios illustrated in Figures 6.13 and 6.14 would suggest that, at this time, affordability is holding reasonably steady with no pronounced deterioration. With house price rises expected to moderate over the next 1-2 years, the outlook for house purchase affordability would appear broadly positive.

6.5 Transactions

Residential property transactions data on a quarterly basis are only available at LGD level. In both LGDs, property transactions have closely tracked the house price cycle. Similar to the rest of Northern Ireland²⁸, transactions rose to high and unsustainable levels during the house price boom of 2005-07 before tumbling along with the house price crash of 2008 (Figure 6.15).



²⁸ The Northern Ireland trend in transactions is discussed in the accompanying Northern Ireland level report.

From about 2011 onwards, transactions steadily recovered, before falling sharply during the first Covid-19 lockdown in the second quarter of 2021. Since then, in both LGDs, transactions have recovered, rising back to their pre-pandemic levels in 2021.

The recent trends by HMA and subarea are summarised on an annual basis for the years 2019 to 2021 in Table 6.9. Within the Craigavon Urban Area HMA, transactions fell by 11 per cent in 2020, which was less than the Northern Ireland average (-15 per cent). Though, that was mainly because transactions rose slightly in Armagh (+5 per cent) while falling at or above the average in both the Craigavon (-15 per cent) and Banbridge (-17 per cent) subareas. There was much less spatial variation in the 2021 rebound, with transactions up by about one-third in each subarea. Overall, in 2020, the HMA saw transactions rise at about the same rate as all HMAs outside the Belfast Metropolitan HMA. By 2021, transactions across the HMA had risen to 17 per cent above their pre-pandemic level. Though, from Figure 6.15 it can be seen that transaction levels were especially high in the first three quarters of 2021 and fell back sharply in the final quarter.

Table 6.9 Residential property transactions, 2019-2020, South Eastern area					
	2019	2020	2021	Per cent change:	
				2019-20	2020-21
	<i>No.</i>	<i>No.</i>	<i>No.</i>	<i>%</i>	<i>%</i>
Craigavon Urban Area HMA	2,840	2,520	3,330	-11.3	32.2
Craigavon	1,550	1,310	1,750	-15.3	32.8
Armagh	620	650	860	5.1	31.6
Banbridge	670	560	730	-17.1	31.6
Newry HMA	1,020	810	1,030	-21.3	27.6
N. Ireland				-14.9	40.4
Excl. Belfast Met. HMA				-14.5	32.1
Sources: LPS; 2021 HMA shares are authors' estimates.					

The Newry HMA followed a broadly similar pattern between 2019 and 2021, but with some differences. Transactions fell more sharply in 2020 (-21 per cent) and rebounded a little below average (28 per cent). Thus, by 2021, the estimated number of transactions was back to just a little over the 2019 level. For the Newry, Mourne and Down LGD as a whole, transactions were eight per cent higher in 2021 compared with 2020, again reflecting elevated activity levels in the first three quarters of 2021 (Figure 6.15).

The pandemic undoubtedly had a very disruptive effect on the Northern Ireland housing market, both in terms of prices and sales volumes. The full story of that disruption has yet to be written. Nonetheless, one consistent message around the pandemic has been that rising demand at least partly reflected shifts in households' preferences, towards larger dwellings, both in terms of rooms to facilitate increased working from home and garden space for leisure/amenity reasons.

It is plausible that such a shift in preferences contributed to the house price growth from spring 2020 through most of 2021. In December 2021, the Bank of England published [research](#) suggesting that just under half of the UK house price growth through June 2021 could be attributed to the 'race for space', including 11 per cent due to a shift towards larger properties, 21 per cent from a 'premium' on houses rather than flats, and 15 per cent to a location outside London.

The Bank of England findings do not entirely read across to Northern Ireland, and less so to the South Eastern HMAs. First, the London effect is unlikely to apply with the same force to the Northern Ireland market, given the distance from the London market and the presence of a sea border with the rest of the UK.

Second, apartments account for a relatively lower share of transactions in Northern Ireland; seven per cent in 2019 compared with 17 per cent in England and Wales. In the South Eastern HMAs, apartments account for 2-5 per cent of transactions, higher in the Newry HMA (five per cent) and lower in the Craigavon Urban Area HMA (two per cent). Partly, that reflects the proportion of their dwelling stocks in apartments (see Section 7 below). But also, as one of the local housing market consultees remarked, in the South Eastern areas there is a "culture of 2/3-bed houses with a garden rather than a flat". That is, in the South Eastern HMAs, there was less scope for any shift in preferences for houses rather than flats to exert a discernible effect on house prices.

Third, the property mix effect is difficult to detect in Northern Ireland. In the Bank of England modelling, that is represented by an increase in the share of more space-extensive properties such as detached dwellings. At least through 2021, that effect was quite apparent in the transactions data for England and Wales. There, the share of apartments fell from 17 per cent in spring 2020 to 14 per cent by mid-2021 while the detached dwelling share rose from 26 per cent to 29 per cent (Source: [ONS, Property Sales by Type](#)).

Certainly, the detached dwelling share in Northern Ireland transactions did rise in 2020, up by two percentage points from 30 per cent in 2019 to 32 per cent in 2020 (Table 6.10). The increase was larger in the Craigavon Urban Area HMA, where the detached share rose by five percentage points, but smaller in the Newry HMA (+1 percentage point).

Table 6.10 Composition of house sales, 2019-2021¹, South Eastern HMAs			
	2019	2020	2021
	<i>Col%</i>	<i>Col%</i>	<i>Col%</i>
Craigavon Urban Area HMA			
Detached	33	38	34
Semi-detached	39	37	39
Terraced	26	24	26
Apartments	2	2	2
Newry HMA			
Detached	34	35	36
Semi-detached	39	40	38
Terraced	22	19	21
Apartments	5	6	5
N. Ireland			
Detached	30	32	31
Semi-detached	35	35	34
Terraced	27	26	28
Apartments	7	7	8
Sources: LPS; Newry HMA 2021 – Authors' estimates.			

However, within the Craigavon Urban Area HMA, the detached share fell back to 34 per cent in 2021, down by four percentage points from its 2020 level. It is not at this time possible to say whether that reflects a shortage of suitable detached properties for sale or a reversion to the historic pattern of demand. What is clear is that, by 2021, the composition of transactions by property type in the HMA was little different from the pre-pandemic profile. Furthermore, a similar reversion was evident at Northern Ireland level.

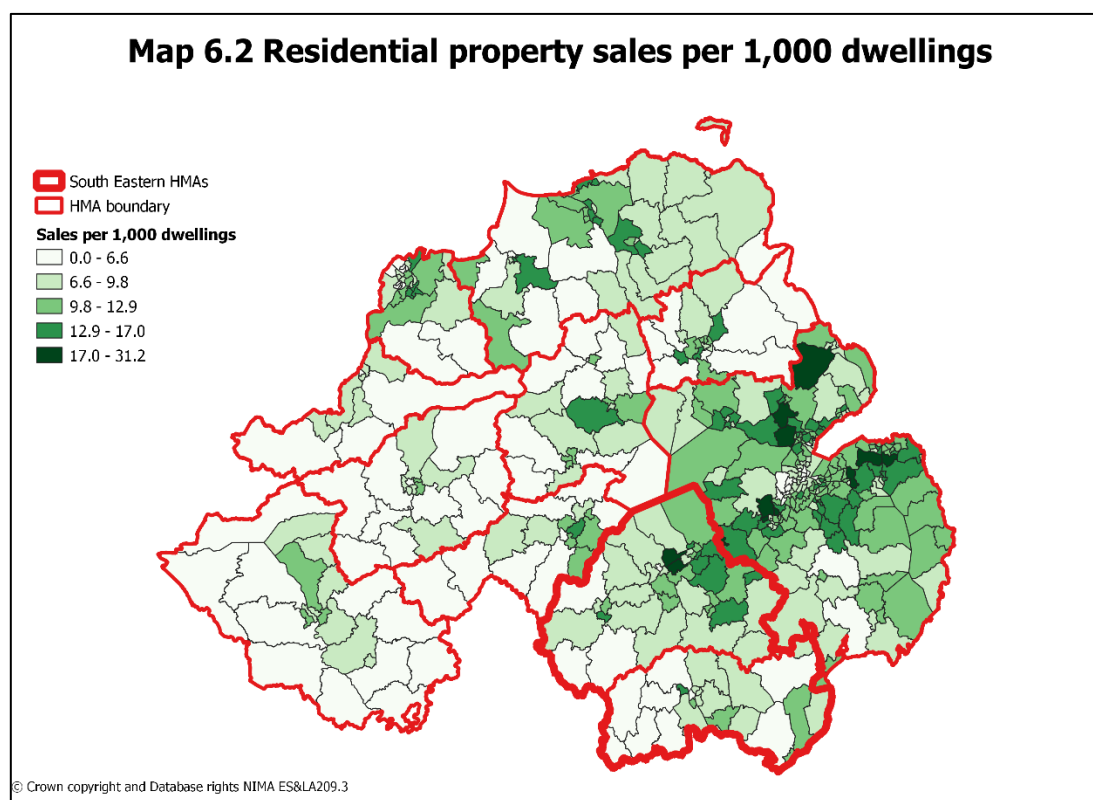
Within the Newry HMA, the detached share edged up in 2021, again by one percentage point, to 36 per cent. Though, similar to the Northern Ireland experience, by 2021 the profile of transactions by property type was still not hugely different from the pre-pandemic mix.

The transactions data provide some limited support for a shift in preferences towards larger dwelling types during the first year of the pandemic, more so in the Craigavon Urban Area HMA than the Newry HMA. However, that effect is not so apparent in the mix of transactions in the latter stages of the pandemic, over the course of 2021.

The rural and new dwelling shares of property transactions by HMA and subarea are shown in Table 6.11, along with sales per 1,000 dwellings. As can be seen, transaction levels tend to be lower in the more rural areas, notably the Newry HMA and the Armagh subarea. That is a general feature of the Northern Ireland housing market (Map 6.2).

Table 6.11 Residential property transactions, 2019, South Eastern			
	Share of total:		Sales per 1,000 dwellings
	Rural area	New dwelling	
	%	%	Ratio
Craigavon Urban Area HMA	37	26	33.2
Craigavon	28	27	37.1
Armagh	62	27	25.6
Banbridge	36	20	34.4
Newry	48	20	24.1
N. Ireland	30	18	31.2
Excl. Belfast Met. HMA	42	22	27.9

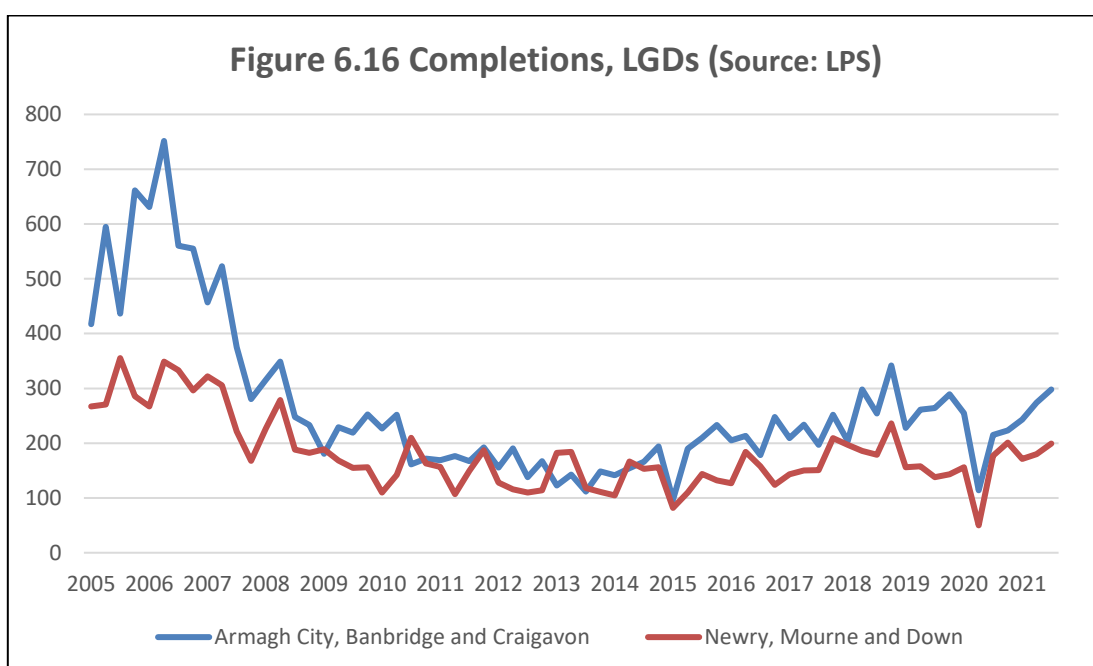
Source: LPS.



Source: LPS.

6.6 Completions

Similar to the rest of Northern Ireland, since 2005, new dwelling completions in Armagh City, Banbridge and Craigavon have tracked the housing market cycle in prices and transactions (Figure 6.16). Completions were elevated between 2005 and 2008 and fell sharply when the house price boom turned to bust in 2008, reaching their low point in 2013 before recovering steadily through 2019. Completions collapsed in the summer 2020 lockdown before recovering in late-2020. By the third quarter of 2021, completions had returned to their pre-pandemic levels. The Newry, Mourne and Down LGD has followed a broadly similar trajectory, albeit completions did not reach the same levels as Armagh City, Banbridge and Craigavon during the boom years of the 2000s and, by the same token, did not recover quite so quickly post-2011.



On an annual basis, between 2019 and 2020, completions fell by 23 per cent in Armagh City, Banbridge and Craigavon (Table 6.12). Based on the first three quarters of 2021, the LGD is on course to see completions in 2021 up by 35 per cent on their 2020 level, slightly above the 2019 figure. That reflects a sharper fall in 2020 compared with the Northern Ireland average (-14 per cent) combined with a faster rebound in 2021, when Northern Ireland completions are estimated to have risen by 15.5 per cent.

In Newry, Mourne and Down, completions fell only slightly in 2020 (-2 per cent) and recovered strongly in 2021, up by an estimated 26 per cent. Consequently, completion activity in 2021 is estimated to have risen to 22 per cent higher than the 2019 pre-pandemic level.

Table 6.12 New dwelling completions, 2019-2021, South Eastern LGDs					
	2019	2020	2021¹	Per cent change:	
				2019-20	2020-21
	<i>No.</i>	<i>No.</i>	<i>No.</i>	<i>%</i>	<i>%</i>
Armagh City, Banbridge and Craigavon	1,040	810	1,090 ¹	-22.6	34.7
Newry, Mourne and Down	600	580	730 ¹	-1.8	25.6
N. Ireland	7,440	6,420	7,410¹	-13.7	15.5
1 Annualised from completions for first three quarters of 2021. Sources: LPS, New Dwelling Statistics .					

Overall, therefore, it would appear that completions in the South Eastern LGDs have rebounded to higher levels than before the pandemic and more quickly than the Northern Ireland average.

Completions by HMA and subarea, averaged over the period 2011 to 2019, are shown in Table 6.12. Over that time period, the Craigavon subarea accounted for an estimated 57 per cent of new dwelling completions within the Craigavon Urban Area HMA. That can be compared with its 48 per cent share of dwellings at the time of the 2011 Census of Population.

Completions in the Banbridge subarea (23 per cent) were proportional to the subarea's share of dwellings in 2011 (also 23 per cent) while the Armagh subarea share of completions (29 per cent) was below its 2011 dwellings share (29 per cent). The number of completions per 1,000 dwellings ranged from 6.9 in Armagh to 11.4 in the Craigavon subarea. The contrast between the Craigavon subarea and the rest of the HMA is consistent with the population trends discussed in Section 4 above. From the consultation with the LGD, it would appear that completion activity in Craigavon has also benefitted from a generous allocation of land in the most recent area plan (Craigavon Area Plan 2010).

Completions within the Newry, Mourne and Down LGD have been evenly distributed across the Newry HMA and the Down subarea within the Belfast Metropolitan HMA.

In the Newry, Mourne and Down LGD, households living in the open countryside, outside settlement limits, accounted for an estimated 30 per cent of the District total in 2011. The rural nature of the District does give rise to development pressures around single houses in the countryside. However, analysis produced by the Council as part of the LDP process indicates those pressures have abated since 2011, following the introduction of PPS 21.

Table 6.13 New dwelling completions, annual averages, 2011-2019, South Eastern area

	Annual average	Per 1,000 dwellings	LGD shares	
			Completions	Dwellings
	<i>No.</i>	<i>Ratio</i>	<i>%.</i>	<i>%</i>
Craigavon Urban Area HMA	800	9.8	100	100
Craigavon	460	11.4	57	48
Armagh	160	6.9	20	29
Banbridge	180	9.7	23	23
Newry, Mourne and Down	590	8.7	100	100
Newry HMA	350	8.5	59	60
Down	250	9.0	41	40
N. Ireland	6,280	8.1		
Sources: LPS, New Dwelling Statistics ; HMAs and subareas- authors' estimates.				

According to the analysis reported in [Countryside - Development Pressure Analysis \(Paper 12\)](#), prepared by the Council in April 2017, since March 2006, there has been a general downward trend in the volume of applications for single rural dwellings. In the four years 2012 to 2016, approvals were running at 390 per annum compared with 1,300 between 2002 and 2010, albeit the high numbers between 2003 to 2008 in particular were reflective of economic conditions during the period.

The same analysis also reported on the type of application made under PPS 21, finding that 36 per cent were replacement dwellings and 32 per cent were farm dwellings. Replacement dwellings in particular do not result in the formation of a new household and that should be borne in mind when interpreting the completion statistics presented above. Unfortunately, there are no published statistics on the number of new dwelling completions in the open countryside, outside settlement limits.

6.7 Private Sector Rents

Prior to the pandemic, private sector rentals in Northern Ireland were growing at a steady pace. According to the ONS experimental [Index of Private Housing Rental Prices](#), between January 2015 and January 2020 average private rental prices rose by 1.8 per cent per annum. That was in line with the rate of increase in the [Consumer Price Index](#), which rose by 1.7 per cent per annum over the same period. Certainly, at Northern Ireland level, private sector rents have not exhibited the volatility that has characterised house prices in the residential property market.

The private sector rents data supplied by the Housing Executive for this SHMA, based on advertised lettings, suggest that, within the South Eastern HMAs, private sector rents were also growing at a modest pace prior to the pandemic (Table 6.14).

Table 6.14 Private sector rents, annual growth, South Eastern HMAs				
	2018	2019	2020	2021
	%	%	%	%
Craigavon Urban Area HMA	1.8	1.9	2.0	3.9
Craigavon	1.8	1.5	1.9	3.7
Armagh	2.6	2.1	1.3	4.4
Banbridge	1.5	2.4	2.8	4.0
Newry HMA	0.8	1.8	4.2	5.4
N. Ireland	1.6	1.8	2.9	4.0
Source: Calculated from advertised lettings data supplied by NIHE.				

Reflecting the pressure of demand on the available supply, the rate of increase in private sector rents has risen since the commencement of the pandemic. From the Housing Executive rent data, Northern Ireland rents rose by an estimated four per cent in 2021. Rents in the Craigavon Urban Area HMA are estimated to have risen at a similar pace while the Newry HMA has seen an estimated increase of 5.4 per cent in 2021.

There is, however, considerable uncertainty regarding the future evolution of rent inflation. The pandemic has affected all sectors of society and the economy, but in many respects the disruptive effects have been temporary in nature. The maintained hypothesis in this SHMA is that the recent bout of rent inflation will similarly unwind over time.

Within that context, it is useful to examine the affordability of private sector rentals based on the available data, which pre-date the pandemic. One

approach is to compare rents with household income levels. Income data by tenure are not available at sub-regional level within Northern Ireland. Therefore, average rents are compared with the small area household income data, based on CACI modelled estimates. As the small area data are for all households, ratios of rents to household incomes are likely to be lower than would be the case with a tenure breakdown²⁹.

Bearing that caveat in mind, it is useful to consider ratios of rents to average household incomes within and across the HMAs. Rent to household income ratios are shown in Table 6.15 for both median and 30th percentile rents³⁰. In calculating the ratios, Housing Benefit is included on the income side.

Table 6.15 Median and 30th percentile rents as per cent of income (including Housing Benefit), 2018-19				
	Median rent		30th percentile rent	
	£'s	% of median income	£'s	% of lower quartile income
Craigavon Urban Area HMA	£105	17	£97	27
Craigavon	£107	18	£99	29
Armagh	£107	17	£100	27
Banbridge	£98	15	£91	24
Newry HMA	£106	17	£100	27
N. Ireland	£112	19	£102	29
Sources: Calculated from rent data supplied by NIHE and CACI Small Area household income data combined with FRS household income data.				

Across the two HMAs, median weekly rents in 2018-19 are estimated to represent 17 per cent of median household income, only slightly below the Northern Ireland average of 19 per cent. At those ratios, the median rent could not be said to present an acute affordability problem, on the average.

The 30th percentile rent is relevant as the reference rent that forms part of the process for determining Local Housing Allowance (LHA) rates paid to private sector tenants who have insufficient income to meet their full accommodation

²⁹ According to the FRS, the median income of households in the private rented sector is 11 per cent below the average for all households when Housing Benefit is included on the income side and 16 per cent lower when Housing Benefit is excluded from income.

³⁰ In an ordered array of numbers, the 30th percentile is the value below which 30 per cent of values are located.

costs. Given its role in assisting those on a low income to meet their housing costs, the 30th percentile rent is compared with the lower quartile of gross household incomes. Across the two HMAs, the 30th percentile of rents is equivalent to 27 per cent of the lower quartile of household incomes, again slightly below the Northern Ireland average (29 per cent).

Within the Craigavon Urban Area HMA subareas, there are some modest variations in affordability. On the median measure, the ratio is highest in Craigavon (18 per cent) and lowest in Banbridge (15 per cent). The 30th percentile ratio varies by five percentage points, between 24 per cent in Banbridge and 29 per cent in the Craigavon subarea.

6.8 Receipt of Housing Benefit

Receipt of help with housing costs provides a direct indicator of affordability problems within the private rented market. That is because Housing Benefit or the housing support element in Universal Credit³¹ is awarded on a means-tested basis.

The estimated numbers of recipients of Housing Benefit within each HMA are shown in Table 6.16. Those estimates have been derived from the Single Housing Benefit Extract (SHBE), with an adjustment to account for the introduction of Universal Credit in October 2017.

The proportions shown in Table 6.16 by sector have been calculated by comparing the SHBE estimates with estimates for the numbers of households within each sector in the relevant year. As outlined in Section 5 above, there is considerable uncertainty around the numbers of households in 2018 and 2019 and, as discussed later in this Section, their tenure composition. Therefore, the proportions in Table 6.16 should be viewed as strictly indicative.

Bearing that caveat in mind, the following points can be noted. As at April 2019, an estimated 56 per cent of households in the Craigavon Urban Area HMA rental sector were in receipt of Housing Benefit. At 60 per cent, the estimated 2019 proportion is slightly higher for the Newry HMA. By comparison, the estimated average share across Northern Ireland was 61 per cent. In both HMAs, the estimated receipt of Housing Benefit is higher within the social rented sector compared with the private rented sector.

³¹ From October 2017, for working age claimants, Housing Benefit was replaced by the housing support element of Universal Credit, with new applications for help with housing costs treated under the Universal Credit regime. For convenience, Housing Benefit is used here as a shorthand for all recipients of help with housing costs.

Table 6.16 Receipt of Housing Benefit¹, South Eastern HMAs				
	2018		2019	
	<i>No.</i>	<i>%²</i>	<i>No.</i>	<i>%²</i>
Craigavon Urban Area HMA				
Private rented	7,100	44	6,700	41
Social rented	7,200	82	7,400	84
All	14,300	57	14,100	56
<i>Per cent of all households</i>		18		17
Newry HMA				
Private rented	4,000	47	3,700	43
Social rented	3,700	92	3,900	96
All	7,700	62	7,600	60
<i>Per cent of all households</i>		19		19
1 Estimated from Single Housing Benefit Extract (SHBE), adjusted to include receipt of housing element of Universal Credit, April of each year shown. 2 Per cent of households (estimated).				

When the number of Housing Benefit recipients is compared with the estimated total number of households, the proportion is 17 per cent in the Craigavon Urban Area HMA and 19 per cent in the Newry HMA. For comparison, the estimated proportion across Northern Ireland is 21 per cent of all households at April 2019.

As discussed in Section 2, the onset of the pandemic was accompanied by a surge in claims for Universal Credit. From the available data, it is estimated that receipt of housing support also rose sharply between 2019 and 2021, by 11.4 per cent across Northern Ireland, with a 16 per cent rise in the Craigavon Urban Area HMA and a 17 per cent increase in the Newry HMA (Table 6.17). Within the Craigavon Urban Area HMA, the increase in receipt of HB did not vary greatly across the three subareas. It is very uncertain whether the increase in receipt of HB/housing support will persist beyond the disruptive influence of the pandemic.

Table 6.17 Receipt of Housing Benefit, 2019 and 2021¹				
		2019	2021	Change
		<i>No.</i>	<i>No.</i>	<i>%</i>
Craigavon UA HMA	Private rented	6,700	7,800	15.5
	Social rented	7,500	8,600	15.7
	All	14,200	16,400	15.6
Craigavon	Private rented	3,800	4,400	16.3
	Social rented	4,000	4,600	15.0
	All	7,800	9,000	15.7
Armagh	Private rented	1,700	2,000	15.4
	Social rented	1,700	2,000	16.8
	All	3,400	4,000	16.1
Banbridge	Private rented	1,300	1,400	13.0
	Social rented	1,800	2,000	16.3
	All	3,000	3,500	14.9
Newry HMA	Private rented	3,700	4,300	15.0
	Social rented	4,000	4,700	19.0
	All	7,700	9,000	17.1
N. Ireland	Private rented	59,100	69,700	17.9
	Social rented	96,500	103,800	7.6
	All	155,600	173,500	11.5
1 Estimated from Single Housing Benefit Extract (SHBE), adjusted to include receipt of housing element of Universal Credit, April 2019 and August 2021.				

Social rented housing, including both the Housing Executive and Housing Associations, is one of the types of affordable housing included in the DfC definition outlined in Section 2. It is therefore useful to compare the rents paid by Housing Benefit recipients in the social sector with the rents paid by their private sector counterparts and the wider private rented market. That is, how do rents in the private sector compare with rents paid for dwellings that are classified as 'affordable housing'?

In making such comparisons, it is necessary to control for variations in rents by bedroom size. Table 6.18 shows the variations in private rented sector lettings by bedroom size for both the median and 30th percentile. As can be seen, rents are comparable across the two HMAs. For comparison, the Northern Ireland median for all properties is £112 and £102 at the 30th percentile.

Table 6.18 Private rented sector lettings: Median and 30th percentile rents by number of rooms, South Eastern HMAs					
	One room	Two rooms	Three rooms	Four rooms	All¹
Craigavon Urban Area HMA					
Median	£81	£94	£108	£126	£105
30th percentile	£73	£88	£101	£119	£97
Newry HMA					
Median	£83	£102	£107	£128	£106
30th percentile	£79	£94	£102	£110	£100
Source: Lettings data supplied by NIHE. 1 Excluding shared accommodation lettings					

Table 6.19 presents the average rents paid by Housing Benefit recipients in the private rented sector³² as well as Housing Associations and the Housing Executive³³, relative to the 30th percentile rents in Table 6.18. Housing Executive rents are shown separately because they were frozen from 2015 to October 2020 and, by April 2019, were 27 per cent below Housing Association rents, on average.

Within the Craigavon Urban Area HMA, the mean rent paid by Housing Association tenants in receipt of Housing Benefit amounted to 82 per cent of the 30th percentile of the private sector rents shown in Table 6.18, ranging from 87 per cent for two bedrooms to 111 per cent for a three-bedroom unit. In the Newry HMA, mean Housing Association rents averaged 85 per cent of the 30th percentile of private sector rents, ranging from 91 per cent for two bedrooms to 102 per cent for three-bedroom units.

The degree of alignment between Housing Association rents and the private sector indicates that the 30th percentile of private sector rents can be considered a valid threshold for defining social affordable rents and is used for that purpose in the forward-looking assessment of housing requirements in Section 8 below.

³² The amounts shown relate to actual contract rent amounts, which are typically greater than the LHA rate that is payable as a contribution towards their rents.

³³ The rents shown within the bedroom size categories within the social sector relate only to working-age claimants. Claimants of pension age within the social sector are not subject to the social sector size criteria (the 'bedroom tax'); therefore, information on the number of bedrooms contained within their accommodation is not included in the SHBE.

Table 6.19 Median rents paid by Housing Benefit recipients, South Eastern HMAs, per cent of PRS 30th percentile					
	One room	Two rooms	Three rooms	Four rooms	All¹
	%	%	%	%	%
Craigavon Urban Area HMA					
Private rented/LHA	100	101	99	95	100
Housing Associations	101	87	111	98	82
NIHE	72	72	73	71	70
Newry HMA					
Private rented	80	89	92	99	92
Housing Associations	93	91	102	101	85
NIHE	71	68	74	77	68
Source: SHBE. 1 Excluding shared accommodation lettings					

The rents paid by Housing Benefit recipients can be further compared with the overall private rented sector distribution by calculating the proportions with rents lying below the 30th percentile; between the 30th percentile and the median. The results are shown in Table 6.20, with proportions adjusted for bedroom size. The following points can be noted.

Within both HMAs, all Housing Executive tenants pay rents that are below the 30th percentile of PRS rents.

Within the Craigavon Urban Area HMA, one in two Housing Association tenants (50 per cent) also pay a rent that is below the 30th percentile with a further 16 per cent paying between the 30th percentile and the median and 34 per cent paying above the PRS median.

In the Newry HMA, 42 per cent of Housing Association tenants pay a rent that is below the 30th percentile. The remaining 58 per cent pay a rent that is above the 30th percentile, including 25 per cent paying between the 30th percentile and the median and 33 per cent paying above the PRS median.

Table 6.20 Housing Benefit recipients¹: Rents² relative to private rented sector median and 30th percentile – South Eastern HMAs			
	Above PRS median	Between 30th percentile and median	Below 30th percentile
	%	%	%
Craigavon Urban Area HMA			
LHA\Private rented	29	17	54
Housing Associations	34	16	50
NIHE	0	0	100
All	19	11	70
Newry HMA			
LHA\Private rented	41	17	42
Housing Associations	33	25	42
NIHE	0	0	100
All	27	13	60
Sources: Calculated from SHBE and NIHE lettings data. 1 Working age recipients with bedroom entitlement (73 per cent of total claimants on SHBE). 2 Adjusted for number of bedrooms.			

In the private rented sector, within the Craigavon Urban Area HMA, 46 per cent of tenants pay a rent that is above the 30th percentile, including 29 per cent paying above the median rent. In the Newry HMA, 58 per cent of those renting in the private sector pay a rent above the 30th percentile, including 41 per cent paying above the median.

The proportion of claimants in the private rented sector paying above the 30th percentile for their weekly rent is at least partly due to the freeze on LHA amounts over the period 2016 to 2020. In both HMAs, the vast majority of those claimants (91 per cent in the Craigavon Urban Area HMA and 87 per cent in the Newry HMA) pay a weekly contract rent that exceeds their LHA amount (Table 6.21).

In the Craigavon Urban Area HMA, the average weekly shortfall among private sector tenants amounts to £25, representing over one-fourth (26 per cent) of their weekly contract rent, which must be met from their own resources. The average shortfall amount is lower in the Newry HMA, both in level terms (£20) and as a proportion of the contract rent (22 per cent).

Nonetheless, that is to underline the importance of the continuing availability of Housing Benefit within the private rented sector.

Table 6.21 Housing Benefit recipients with bedroom entitlement¹: Shortfall between Housing Benefit amount and contract rent, South Eastern HMAs, 2019

	Private rented /LHA	NIHE	Housing Association
Craigavon Urban Area HMA			
Per cent with a shortfall	91%	62%	50%
Median shortfall			
Amount	£25	£11	£15
Per cent of weekly rent (average)	26%	16%	18%
Newry HMA			
Per cent with a shortfall	87%	64%	52%
Median shortfall			
Amount	£20	£11	£16
Per cent of weekly rent (average)	22%	16%	17%
Source: SHBE 1 LHA claimants in the private rented sector, working age claimants in the social sector.			

6.9 Tenure

Similar to the rest of Northern Ireland, prior to 2001, the main trends in tenure composition within both HMAs were the rising share of owner-occupation and the falling share in social rented accommodation (Tables 6.22 and 6.23).

The two trends were linked to the extent that the shift toward owner-occupation was boosted by the introduction of the House Sales Scheme in 1979, whereby sitting Housing Executive tenants could purchase their dwelling.

Table 6.22 Tenure shares, 1991-2011, South Eastern HMAs					
	Shares:			Shift in share:	
	1991	2001	2011	1991-2001	2001-2011
	%	%	%	pps	pps
Owner-occupied	64	73	70	8	-2
Owned outright	27	30	33	3	3
Owned with mortgage	38	42	37	4	-5
Shared ownership	0	1	1	1	0
Social rented	30	19	11	-11	-7
NIHE	28	16	9	-12	-7
Housing Associations	1	3	2	1	-1
Private rented	6	9	18	3	10
Private landlord/letting agency	4	6	14	2	8
Employer/relative/friend	0	2	1	2	-1
Rent-free	1	0	3	-1	2
All	100	100	100		
Source: Census of Population.					

Reflecting similar trends across Northern Ireland, the shifts in tenure shares between 2001 and 2011 were very similar across the two HMAs. First, the shift to owner-occupation went into reverse, with the share falling in each HMA, from 73 per cent to 70 per cent in the Craigavon Urban Area HMA and from 74 per cent to 70 per cent in the Newry HMA. The four percentage points drop in share in the Newry HMA was in excess of the Northern Ireland average (-2 percentage points).

Table 6.23 Tenure shares, 1991-2011, Newry HMA					
	Shares:			Shift in share:	
	1991	2001	2011	1991-2001	2001-2011
	%	%	%	pps	pps
Owner-occupied	65	74	70	9	-4
Owned outright	29	32	35	3	3
Owned with mortgage	36	41	35	5	-6
Shared ownership	0	1	0	1	0
Social rented	29	16	10	-13	-6
NIHE	28	14	8	-14	-7
Housing Associations	1	1	2	1	1
Private rented	6	10	20	4	9
Private landlord/letting agency	5	8	15	3	8
Employer/relative/friend	0	2	2	2	0
Rent-free	1	0	3	-1	2
All	100	100	100		
Source: Census of Population.					

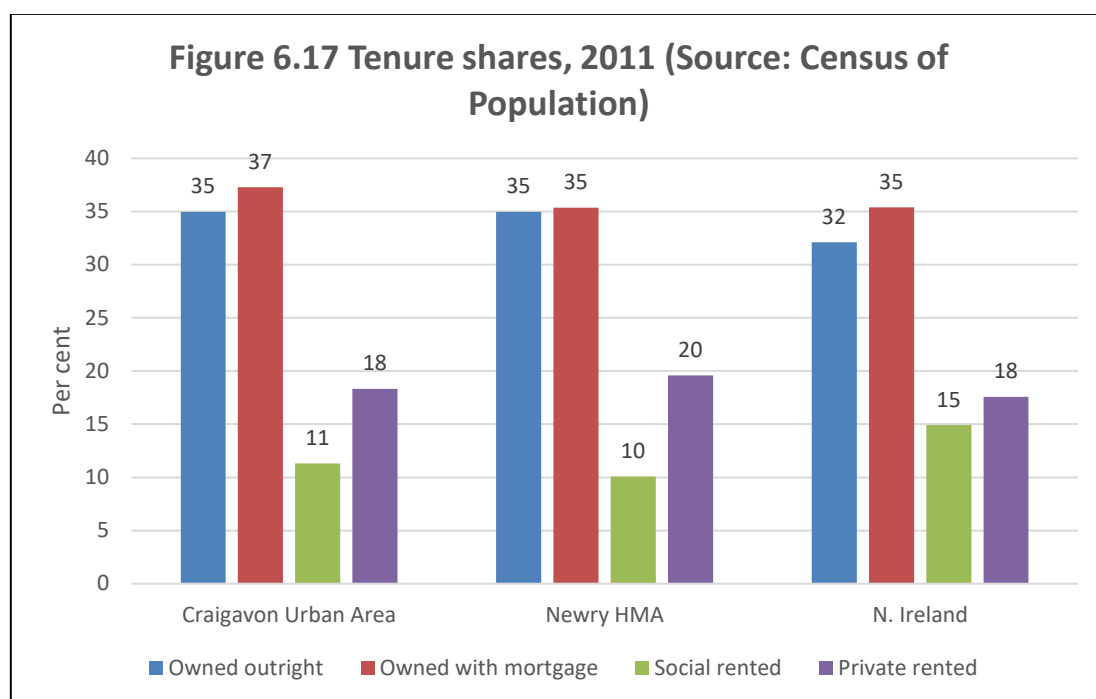
Across both HMAs, the fall in the owner-occupied share was driven by declines in the proportion owning with a mortgage, down by -5 percentage points in the Craigavon Urban Area HMA and -6 percentage points in the Newry HMA. Both HMA declines were in line with the Northern Ireland average fall of -5 percentage points.

The decline in the proportion owning with a mortgage is testimony to the effects of the house price cycle during that period, with first-time buyers squeezed by deteriorating affordability when prices were rising and constrained access to credit during the downturn.

The fall in owner-occupation would likely have been steeper were it not for Housing Executive sales to sitting tenants. During the 2000s, the social sector share continued to decline, by seven percentage points in the Craigavon Urban Area HMA and six percentage points in the Newry HMA. The average reduction in the social sector share 2001 to 2011 across Northern Ireland was -6.3 percentage points.

The opposite of the falling owner-occupation and social sector shares was a sharp rise in the proportion of households living in rented accommodation. In both HMAs, the private rented share rose modestly between 1991 and 2001, up by three percentage points in the Craigavon Urban Area HMA and four percentage points in the Newry HMA. The rise in the sector's share accelerated in the next decade, up by 10 percentage points in the Craigavon Urban Area HMA and nine percentage points in the Newry HMA. Again, the two HMAs were in line with the average shift across Northern Ireland (+8 percentage points).

By 2011, the two HMAs had very similar tenure profiles (Figure 6.17). By comparison with the Northern Ireland average, they each contained relatively fewer households living in the social sector and slightly higher proportions in owner-occupation: 72 per cent in the Craigavon Urban Area HMA and 70 per cent in the Newry HMA versus a Northern Ireland average of 67 per cent. In both HMAs, about one in five households were in the private sector.



The foregoing trends were also evident across the Craigavon Urban Area subareas. Between 2001 and 2011, the private rented sector share rose in each subarea, slowest in Armagh (+8 percentage) and fastest in Craigavon (+11 percentage points) (Table 6.24). As at HMA level, the rise in the rented sector share was mainly reflected in a fall in the social sector share, from -5 percentage points in Armagh to -9 percentage points in Craigavon. The owner-occupied share also declined across the subareas. By 2011, therefore, the owner-occupied share was lowest in the most urban subarea of Craigavon (67 per cent) and above average in the more rural subareas of Armagh (74 per cent) and Banbridge (73 per cent).

Table 6.24 Tenure shares, 2011			
	Owner-occupied	Social rented	Private rented
Shares 2011			
	%	%	%
Craigavon Urban Area HMA	70	11	18
Craigavon	67	13	20
Armagh	74	9	17
Banbridge	73	10	16
Newry HMA	70	10	20
N. Ireland	68	15	18
Change 2001-2011			
	<i>pps</i>	<i>pps</i>	<i>pps</i>
Craigavon Urban Area HMA	-2	-7	10
Craigavon	-2	-9	11
Armagh	-3	-5	8
Banbridge	-2	-7	9
Newry HMA	-4	-6	9
N. Ireland	-2	-6	8
pps Percentage points difference Source: Census of Population.			

In the absence of a Census of the population, it is not possible to say precisely how the household tenure composition has evolved since 2011. Drawing on time series data from the Family Resources Survey (FRS), that issue is addressed in detail in Appendix C of the accompanying [Northern Ireland report](#). While it is not possible to be definitive, the conclusion drawn is that the main tenure trends of 2001 to 2011 continued through to 2018-19 but at a reduced pace. Based on that analysis, the main tenure trends have been estimated through to 2018.

The estimates for the Craigavon Urban Area HMA are summarised in Figure 6.18 and Table 6.25, as follows:

- Owner-occupation – estimated to have declined by 1.2 percentage points.
- Social rented – estimated to have declined by -0.6 percentage points, a much slower reduction compared to the 2001-2011 drop. That is likely due to the combined effects of a sharp fall-off in Housing Executive house sales and continued growth in Housing Associations.
- Private rented – estimated to have increased in share by 1.8 percentage points.

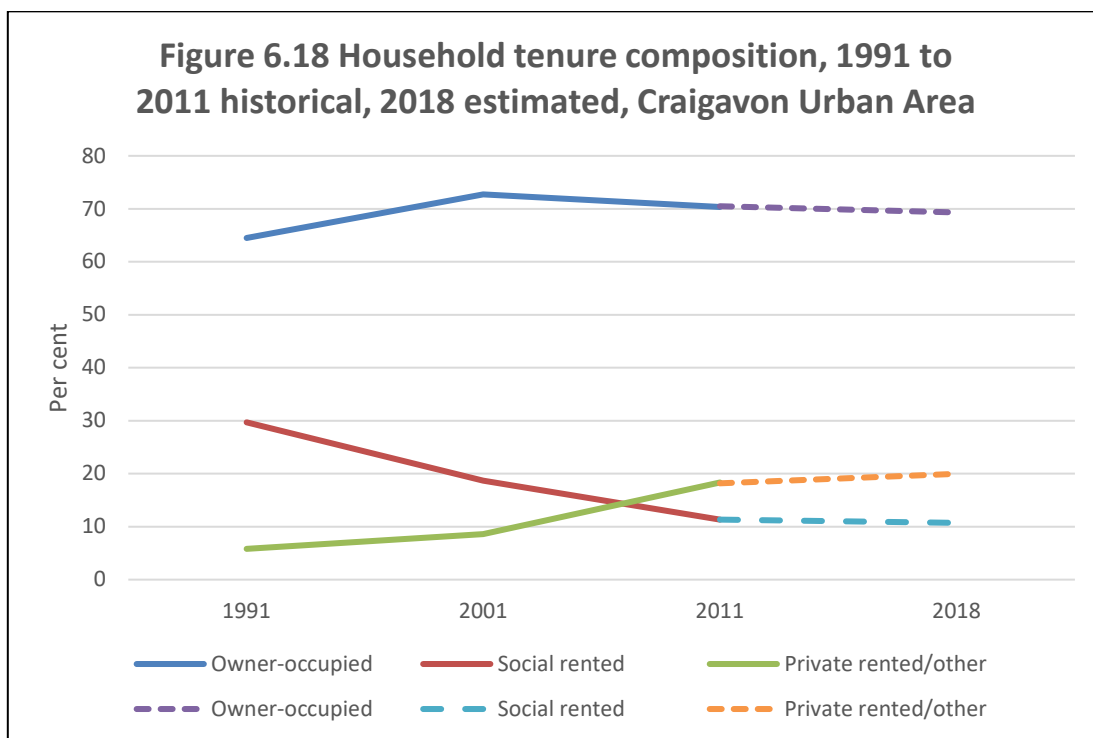


Table 6.25 Tenure shares, 1991-2011 historical, 2018 estimated, Craigavon Urban Area HMA

	1991	2001	2011	2018
Owner-occupied	64.5	72.7	70.3	69.2
Social rented	29.7	18.7	11.3	10.7
Private rented	5.8	8.6	18.3	20.1

Sources: Historical - Census of Population; Estimated – author's estimates.

The estimates for the Newry HMA are summarised in Figure 6.19 and Table 6.26, as follows:

- Owner-occupation – estimated to have declined by -1.1 percentage points.
- Social rented – estimated to have stabilised. That can be compared with the -6 percentage points decline in the decade 2001 to 2011, again reflecting reduced volumes of Housing Executive sales and the expansion of Housing Associations.
- Private rented – estimated to have increased in share by 1.2 percentage points.

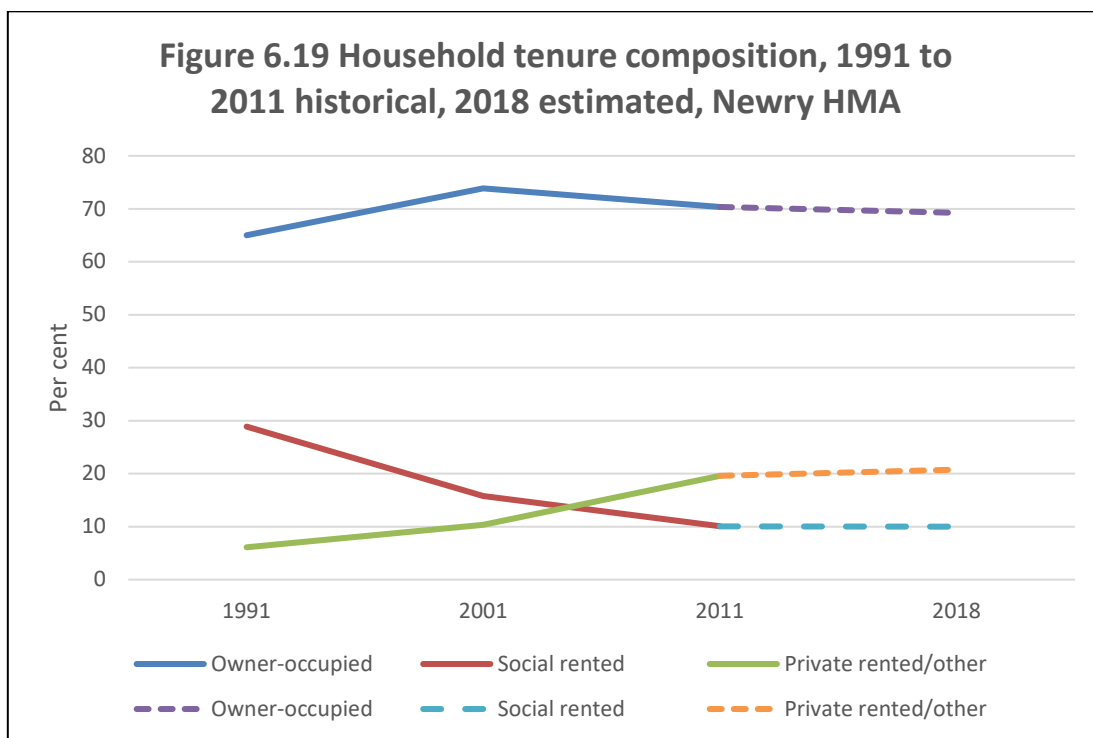


Table 6.26 Tenure shares, 1991-2011 historical, 2018 estimated, Newry HMA

	1991	2001	2011	2018
Owner-occupied	65.0	73.9	70.3	69.2
Social rented	28.9	15.8	10.1	10.0
Private rented	6.1	10.4	19.6	20.8

Sources: Historical - Census of Population; Estimated – author's estimates.

The remainder of this Section assesses the potential future evolution of the main tenure categories from a demographic perspective.

As outlined in Appendix C of the accompanying [Northern Ireland report](#), the tenure shares have been projected forward using Holmans' demographic method. The methodology is grounded in two main features of the tenure composition by age of the Household Reference Person (HRP – see Box 6.C), both of which are present in the Craigavon Urban Area and Newry HMAs.

First, tenure shares are broadly stable among households where the HRP is aged 45 and over (see Figure 6.20 for the Craigavon Urban Area HMA profile and Figure 6.21 for the Newry HMA). Second, in households where the HRP is aged under 45, there is a clear progression from renting to owning (see Figure 6.22 for the Craigavon Urban Area HMA and Figure 6.23 for the Newry HMA). Both of those features are clearly present in both HMAs.

Box 6.C Household Reference Person (HRP)

The **Household Reference Person** (HRP) concept was introduced for the 2001 Census of Population to replace the former 'head of household' measure. There is one HRP per household. The HRP should be one of the usual residents in the household. For a person living alone, it follows that this person is the HRP. Otherwise:

- If the household contains only one family, the HRP is the same as the Family Reference Person (FRP).
- If there is more than one family in the household, the HRP is chosen from among the FRPs using the same criteria as for choosing the FRP (economic activity, then age, then order on the form).

In a lone parent family, the **Family Reference Person** is taken to be the lone parent in a lone parent family. Otherwise:

- In a couple family, the FRP is chosen from the two people in the couple based on their economic activity (in the priority order; full-time job, part-time job, unemployed, retired, other).
- If both people have the same economic activity, the FRP is identified as the elder of the two or, if they are the same age, the first member of the couple on the form.

A **family** comprises of a group of people consisting of a married or cohabiting couple with or without child(ren), or a lone parent with child(ren). It also includes a married or cohabiting couple with their grandchild(ren) or a lone grandparent with his or her grandchild(ren) where there are no children in the intervening generation in the

Box 6.C Household Reference Person (HRP)

household. Cohabiting couples include same sex couples. Children in couple families need not belong to both members of the couple.

If there is no family, the HRP is chosen from the individuals within the household using the same criteria as for the FRP, i.e. economic activity status, age and order in which listed on the form.

Generally, visitors cannot be HRPs and households containing visitors only (e.g. holiday homes) would not have a HRP unless they contained a visitor with no other usual residence. In an all-visitor household containing one or more visitors with no other usual residence, an HRP should be selected from the 'resident visitors' (i.e. visitors with no (other) usual residence).

Source: Extracted from NISRA, 2011 Census Definitions and Output Classifications.

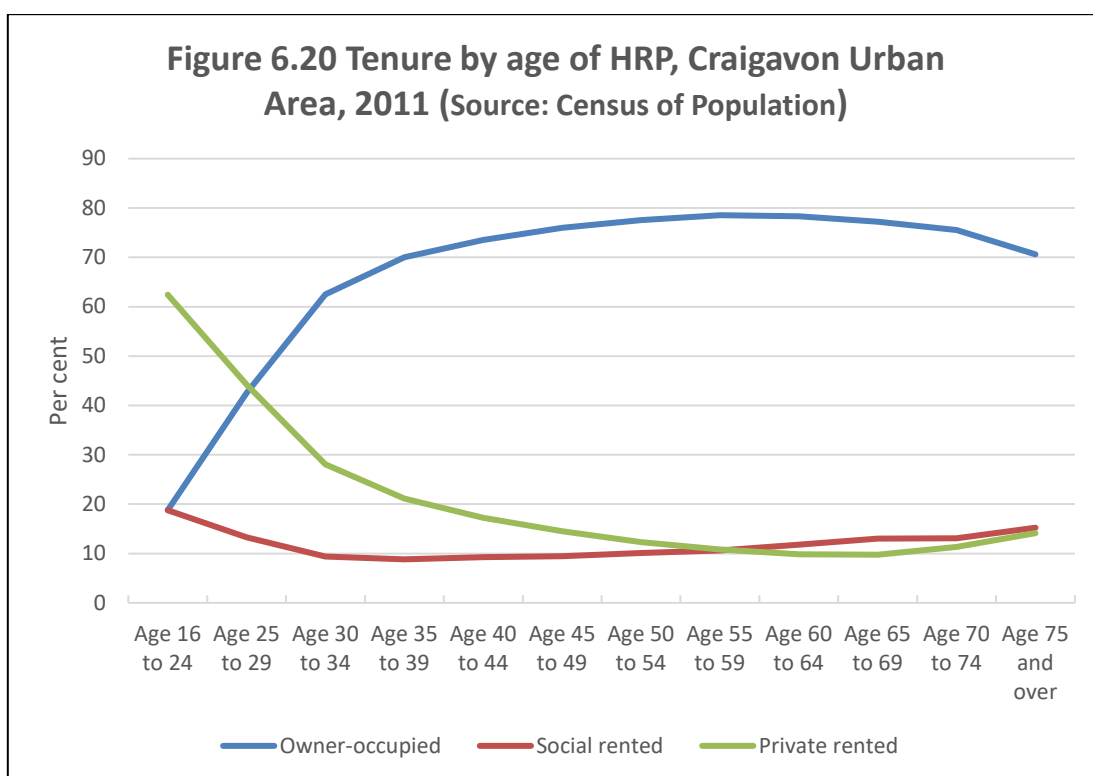


Figure 6.21 Tenure by age of HRP, Newry HMA, 2011
(Source: Census of Population)

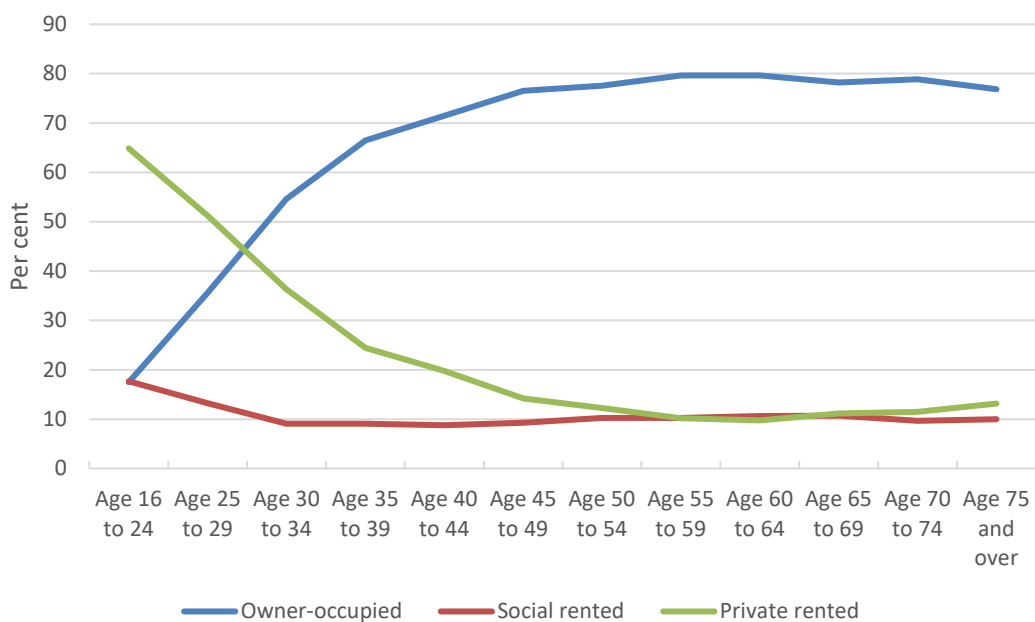
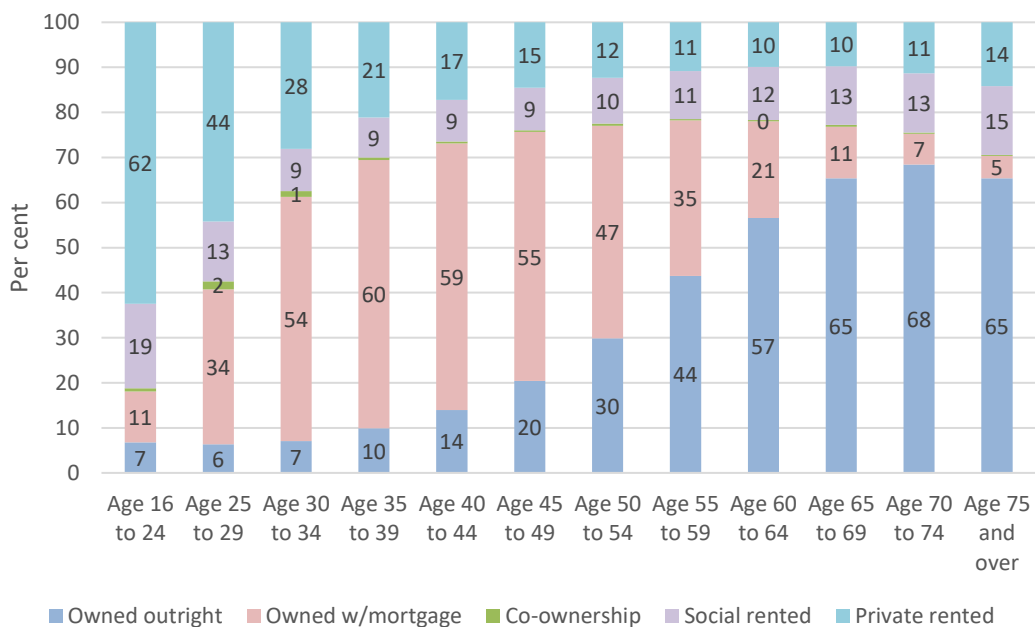
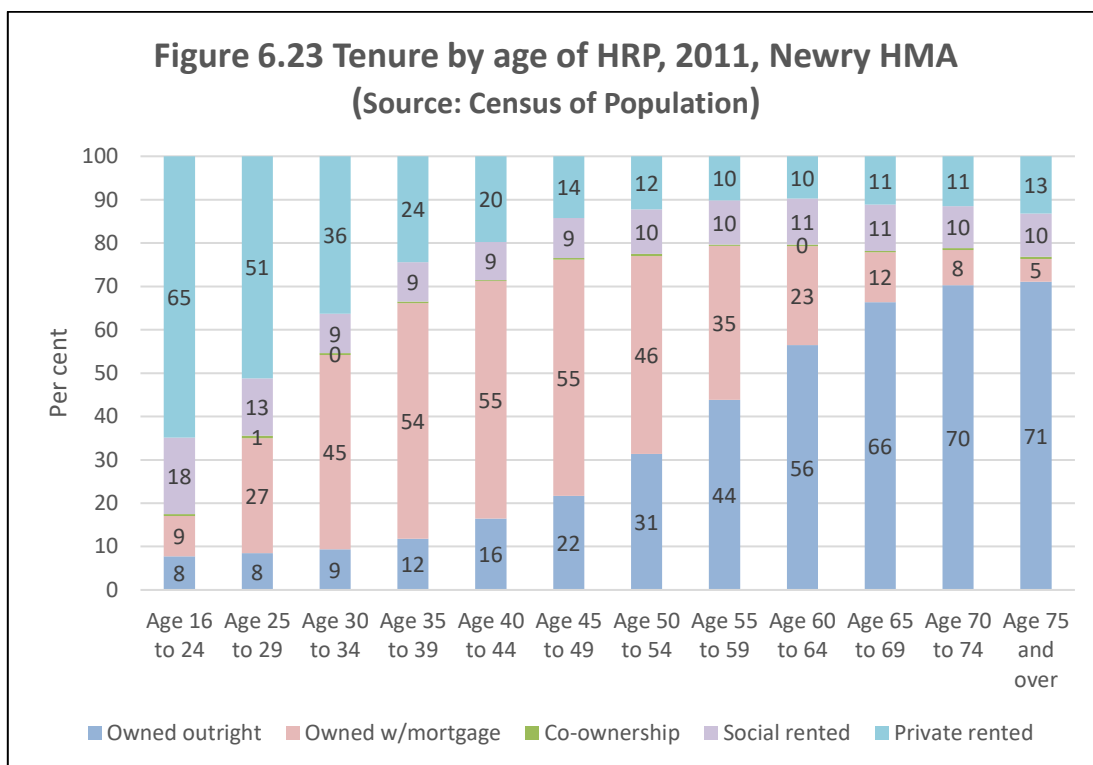


Figure 6.22 Tenure by age of HRP, 2011, Craigavon Urban Area
(Source: Census of Population)





The results of the demographic tenure projections for the two HMAs are summarised in Table 6.27. In both HMAs, the demographic projections result in broadly stable tenure shares. Thus, in the Craigavon Urban Area HMA, the owner-occupied share is projected to increase by 1.1 percentage points between 2018 and 2035, accompanied by declines of -0.6 percentage points in both the social and private rented sectors.

The owner-occupied share is projected to remain almost unchanged in the Newry HMA (+0.2 percentage points). Nonetheless, that projected stability would represent a reversal of the decline that was observed in the period from 2001 to 2011. While the projections are demographically based, they serve to illustrate the housing market recovery that was evident in the period from 2016 through 2019.

Turning to the social sector projections, the Craigavon Urban Area HMA share is expected to fall slightly, by less than one percentage point while the sector's share of households in the Newry HMA is projected to rise by +0.6 percentage points. The tenure projections reflect the underpinning demographic projections, including the ageing of the population, which would tend to keep the social sector share constant or rising (see the path of the social sector shares in Figures 6.20 and 6.21). Nonetheless, the social sector projections also signal a reversal of trends over recent decades which are not unreasonable in light of the sharp decline in Housing Executive house sales in tandem with the Social Housing Development Programme.

Table 6.27 Household tenure composition: Projections to 2035, Holmans demographic method					
	2001	2011	2018	2030	2035
Craigavon Urban Area HMA					
Owner-occupied	72.7	70.3	69.2	70.2	70.3
Social rented	18.7	11.3	10.7	10.2	10.1
Private rented	8.6	18.3	20.1	19.6	19.6
All	100.0	100.0	100.0	100.0	100.0
Newry HMA					
Owner-occupied	73.9	70.3	69.2	69.5	69.4
Social rented	15.8	10.1	10.0	10.4	10.6
Private rented	10.4	19.6	20.8	20.1	20.0
All	100.0	100.0	100.0	100.0	100.0
Sources: Historical - Census of Population; Estimated – author's estimates.					

Of course, there is uncertainty around the projected tenure shares. For example, house purchase affordability may worsen to the extent that first-time buyers become more constrained in accessing home ownership. In that event, newly arising households may be more likely to enter the private rented sector while households already in the private rented sector may find it more difficult to move into home ownership.

For that reason, it is useful to consider a variant scenario in which the private rented sector share increases, albeit at a reduced rate compared with the rapid expansion of the 2000s. The trend-based scenario is summarised in Table 6.28 and provides a different narrative to the demographic projections.

In the trend-based projections for the Craigavon Urban Area HMA, the owner-occupied share falls by -3.2 percentage points between 2018 and 2035. Similarly, the sector's projected share in the Newry HMA falls by -2.7 percentage points in the same period.

In both HMAs, the private sector share in the trend-based scenario rises by around +2 percentage points.

Table 6.28 Household tenure composition: Projections to 2035, FRS-based trends by age with dampening factor (0.5)					
	2001	2011	2018	2030	2035
Craigavon Urban Area HMA					
Owner-occupied	72.7	70.3	69.2	66.9	66.0
Social rented	18.7	11.3	10.7	11.6	11.9
Private rented	8.6	18.3	20.1	21.5	22.2
All	100.0	100.0	100.0	100.0	100.0
Newry HMA					
Owner-occupied	73.4	73.9	70.3	69.2	67.3
Social rented	15.5	15.8	10.1	10.0	10.7
Private rented	11.1	10.4	19.6	20.8	22.0
All	100.0	100.0	100.0	100.0	100.0
Sources: Historical - Census of Population; Estimated – author's estimates.					

6.10 Key Points Summary

In the residential housing market, the large house price falls that followed the boom of 2005-2007 resulted in a marked improvement in affordability in both HMAs. Between 2016 and 2019, house prices grew at modest rates, 3.0 per cent per annum in Armagh City, Banbridge and Craigavon and 3.8 per cent in Newry, Mourne and Down, in line with the Northern Ireland average (3.4 per cent per annum).

Along with the rest of Northern Ireland, the rate of house price growth in the South Eastern area quickened following the lifting of the first Covid-19 lockdown in summer 2020. Between the first quarter of 2020 and the fourth quarter of 2021, house prices in Armagh City, Banbridge and Craigavon rose by 6.4 per cent per annum, slightly lower than the Northern Ireland average (7.3 per cent per annum). At 9.8 per cent per annum, Newry, Mourne and Down prices rose more quickly than the Northern Ireland average.

It is reasonable to expect that the pandemic-induced house price growth will moderate over the next 12 months or so. That is the expectation of market commentators and those consulted for this SHMA.

The recent trends in the median and lower quartile house price to earnings ratios would suggest that, at this time, affordability is holding reasonably

steady with no pronounced deterioration. With house price rises expected to moderate over the next 1-2 years, the outlook for house purchase affordability would appear broadly positive.

Across both HMAs, residential property transactions have followed the housing market cycle. After reaching unsustainable levels during the house price boom years between 2005 and 2007, there was a steep fall in transactions during the downturn followed by a steady recovery from 2011 through to spring 2020. Similar to the rest of Northern Ireland, transactions fell sharply during the first Covid-19 lockdown in spring 2020 but rebounded just as sharply. In 2021, house sales were back at or above their 2019 pre-pandemic levels in both HMAs, including the three subareas within the Craigavon Urban Area HMA.

Overall, the transactions data would suggest the South Eastern housing markets have broadly stabilised following the disruption wrought by the pandemic.

Prior to the pandemic, in the rented housing market, private sector rentals had been growing at a steady pace in both HMAs. By 2018-19, median weekly private sector rents were estimated to represent 17 per cent of median household income in both the Craigavon Urban Area HMA and the Newry HMA. At the lower priced end of the rental market, 30th percentile rents were estimated to represent 27 per cent of lower quartile household incomes in both HMAs. At those ratios, the median and 30th percentile rents could not be said to have presented an acute affordability problem, on the average.

Reflecting the pressure of demand on the available supply, the rate of increase in private sector rents has risen since the commencement of the pandemic. From the Housing Executive rent data, Northern Ireland rents rose by an estimated four per cent in 2021. Craigavon Urban Area HMA rents are estimated to have also risen by four per cent and by 5.4 per cent in the Newry HMA.

There is, however, considerable uncertainty regarding the future evolution of rent inflation. The pandemic has affected all sectors of society and the economy, but in many respects the disruptive effects have been temporary in nature. The maintained hypothesis in this SHMA is that the recent bout of rent inflation will similarly unwind over time.

As of April 2019, an estimated 41 per cent of private rented sector tenants were in receipt of Housing Benefit in the Craigavon Urban Area HMA. At 43 per cent, the proportion was slightly higher in the Newry HMA. That underscores the importance of Housing Benefit in helping private sector tenants with a low income to sustain their accommodation.

7 Housing Stock and Occupancy

7.1 Introduction

This Section presents a profile of the housing stock and the occupancy of dwellings. The Section commences with an overview on trends in the housing stock by type of dwelling, including the distribution by HMA and settlement type. The next part of the Section looks at the trend in unoccupied dwellings, again by HMA and settlement type.

The Section then provides a profile of occupied dwellings, by property type, tenure, and age of the Household Reference Person (HRP). The remainder of the Section focuses on the use of the stock, specifically the size distribution of dwellings. Drawing on the 2011 Census of Population, the distribution of dwellings by number of rooms and occupancy ratings are discussed, including variations by tenure, HMA and settlement type.

The Section next presents estimates for the bedroom size distribution, focusing in particular on occupancy by age of the HRP. The Section concludes by presenting indicative sets of projections for the bedroom size distribution of the occupied dwellings stock, which are compared with projections for bedroom requirements. The demographic context is of particular importance for those projections, notably the projected ageing of the population.

7.2 Housing Stock

Between 1991 and 2011, the housing stock in the Craigavon Urban Area HMA rose by 44 per cent, from 55,530 to 80,120 (Table 7.1). Detached and semi-detached dwellings formed the major component of that growth (Figure 7.1). The number of terraced dwellings fell by 11 per cent from 1991 to 2011, recovering somewhat between 2001 and 2011 with a net addition of 1,260 dwellings. In each decade, the number of apartments rose, up by 38 per cent over the two decades, albeit from a low base (five per cent of the stock in 1991) and more slowly than the more space-extensive detached (+72 per cent) and semi-detached (+89 per cent) dwelling types.

Reflecting the variations in growth, the composition of the dwelling stock showed large shifts (Table 7.2). By 2011, detached dwellings accounted for 44 per cent of the stock, up from 37 per cent in 1991. Semi-detached properties comprised over one in four dwellings (26 per cent), up from 20 per cent in 1991. By 2011, seven in 10 dwellings were detached or semi-detached, compared with 57 per cent in 1991.

Conversely, the share of the stock in terraced dwellings fell sharply, from 37 per cent in 1991 to less than one in four by 2011 (24 per cent). The proportion comprised of apartments fell slightly (-0.2 percentage points) over the two decades.

Table 7.1 The housing stock, Craigavon Urban Area HMA, 1991, 2001 and 2011

	1991	2001	2011
Detached	20,470	28,180	35,230
Semi-detached	11,090	16,120	20,970
Terraced	20,590	18,250	19,510
Flat, maisonette, or apartment	3,050	3,890	4,210
Purpose built	2,130	3,310	3,550
Converted or shared house (including bedsits)	930	590	660
Other ¹	330	390	200
All	55,530	66,830	80,120

1 Caravan or other mobile or temporary structure, shared dwellings.
Source: Census of Population.

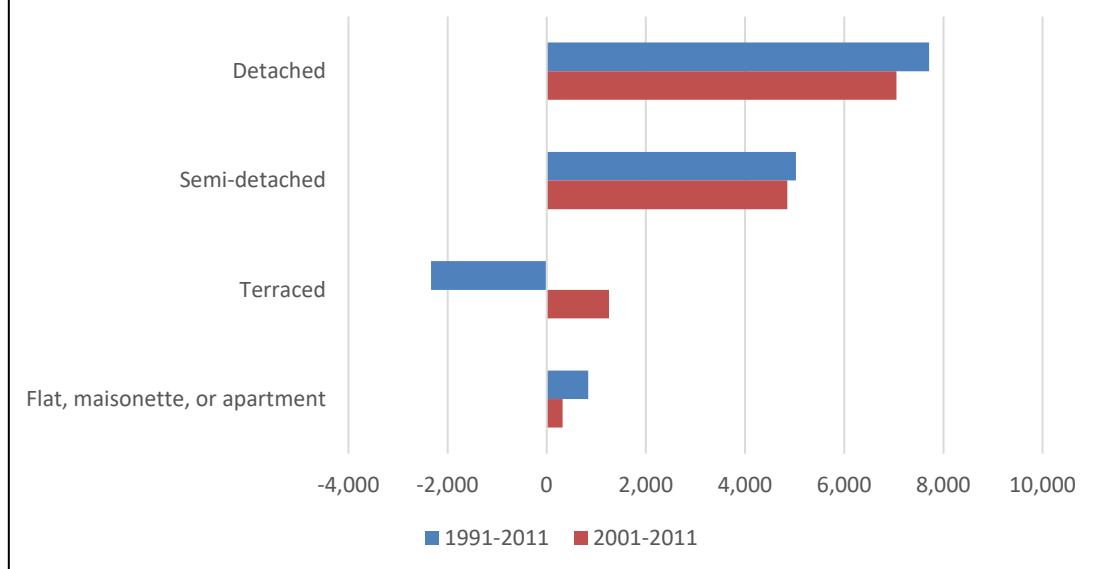
Figure 7.1 Net change in dwellings by type, Craigavon Urban Area HMA, 1991-2011 (Source: Census of Population)

Table 7.2 The housing stock, Craigavon Urban Area HMA, composition by dwelling type, 1991, 2001 and 2011

	1991	2001	2011
	%	%	%
Detached	36.9	42.2	44.0
Semi-detached	20.0	24.1	26.2
Terraced	37.1	27.3	24.3
Flat, maisonette, or apartment	5.5	5.8	5.3
Other	0.6	0.6	0.2
All	100.0	100.0	100.0

Source: Census of Population.

The shift to more space-extensive dwellings was also evident in the Newry HMA (Figure 7.2 and Table 7.3). Between 1991 and 2011, the total dwelling stock increased by 49 per cent, expanding more quickly in the period 1991-2001 (+25 per cent) than in the decade from 2001 to 2011 (+20 per cent). Similar to the Craigavon Urban Area HMA, the growth was driven by detached (+64 per cent) and semi-detached dwellings (+80 per cent) accompanied by a fall in the number of terraced dwellings (-9 per cent).

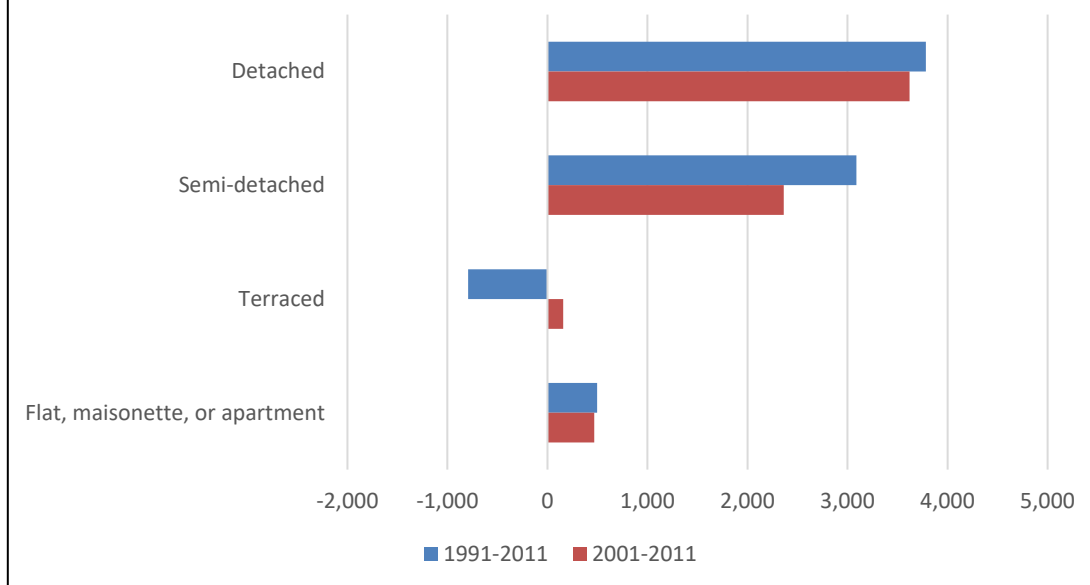
Figure 7.2 Net change in dwellings by type, Newry HMA, 1991-2011 (Source: Census of Population)

Table 7.3 The housing stock, Newry HMA, 1991, 2001 and 2011

	1991	2001	2011
Detached	11,520	15,310	18,930
Semi-detached	6,790	9,880	12,240
Terraced	6,990	6,190	6,350
Flat, maisonette, or apartment	1,080	1,570	2,040
Purpose built	580	1,220	1,670
Converted or shared house (including bedsits)	490	360	370
Other ¹	240	220	130
All	26,610	33,180	39,690

1 Caravan or other mobile or temporary structure, shared dwellings.
Source: Census of Population.

By 2011, almost four in five properties (78.5 per cent) were either detached (47.7 per cent) or semi-detached (30.8 per cent) dwellings (Table 7.4). Less than one in five (16 per cent) were terraced properties, down from 26 per cent in 1991. Though, the shifts in dwelling shares were less pronounced between 2001 and 2011 by comparison with the preceding decade.

Table 7.4 The housing stock, Newry HMA, composition by dwelling type, 1991, 2001 and 2011

	1991	2001	2011
	%	%	%
Detached	43.3	46.1	47.7
Semi-detached	25.5	29.8	30.8
Terraced	26.2	18.7	16.0
Flat, maisonette, or apartment	4.0	4.7	5.1
Other	0.9	0.7	0.3
All	100.0	100.0	100.0

Source: Census of Population.

Between 2001 and 2011, the spatial pattern in the growth of the dwelling stock by settlement type was broadly similar across both HMAs. In the Newry HMA, the growth in the dwelling stock was faster in rural areas (+27 per cent) than in urban areas (+10.5 per cent) (Table 7.5). Within the rural areas, growth was faster in the dispersed small villages and open countryside (+30 per cent) than in the intermediate settlement and villages (+20 per cent).

A broadly similar pattern was observed in the Craigavon Urban Area HMA, where the growth of the stock in rural areas (+26 per cent) outpaced the expansion of the urban stock (+15 per cent). Within the rural areas, growth was faster, but only slightly, in the dispersed small villages and open countryside (+27 per cent) than in the intermediate settlement and villages (+24 per cent). Within the HMA, dwelling stocks grew at comparable rates across the three subareas.

Table 7.5 The housing stock by HMA and settlement type, South Eastern HMAs,		
	Change, 2001-2011	Share of HMA, 2011
	%	%
Craigavon Urban Area HMA	19.9	100.0
Urban	15.2	54.5
Rural	26.1	45.5
Intermediate settlement/village	24.0	14.7
Small village, hamlet, open countryside	27.1	30.8
Craigavon	19.7	47.9
Armagh	18.6	28.9
Banbridge	22.1	23.1
Newry HMA	19.6	100.0
Urban	10.5	42.2
Rural	27.3	57.8
Intermediate settlement/village	20.3	15.6
Small village, hamlet, open countryside	30.1	42.2
Source: Census of Population.		

Similar to the rest of Northern Ireland, in both HMAs, the composition of the stock varies sharply between urban and rural areas (Figures 7.3 and 7.4). The more space extensive dwelling types, notably detached dwellings, are more prevalent in rural than in urban areas. Apartments are less frequently found in rural than in urban areas.

Figure 7.3 Type of dwelling by settlement type, Craigavon Urban Area HMA, 2011 (Source: Census of Population)

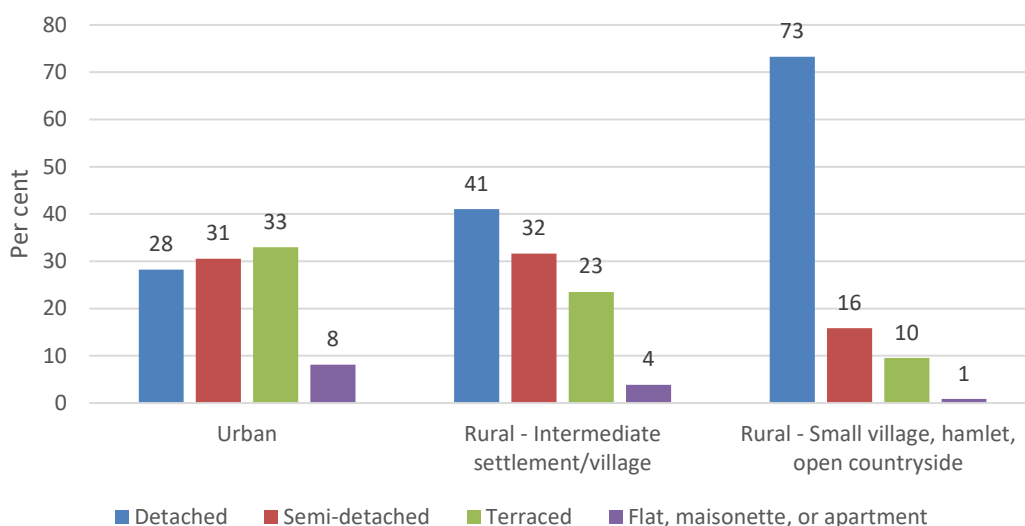
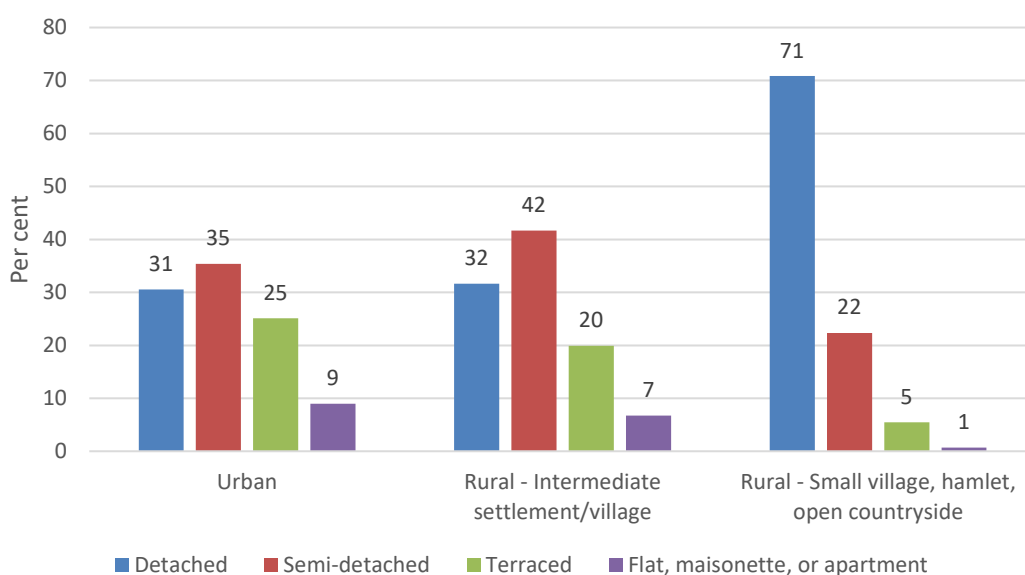


Figure 7.4 Type of dwelling by settlement type, Newry HMA, 2011 (Source: Census of Population)



Within the Craigavon Urban Area HMA, the composition of the stock varies across the subareas, largely reflecting the urban-rural contrasts in their settlement type distributions (see Figure 3.2).

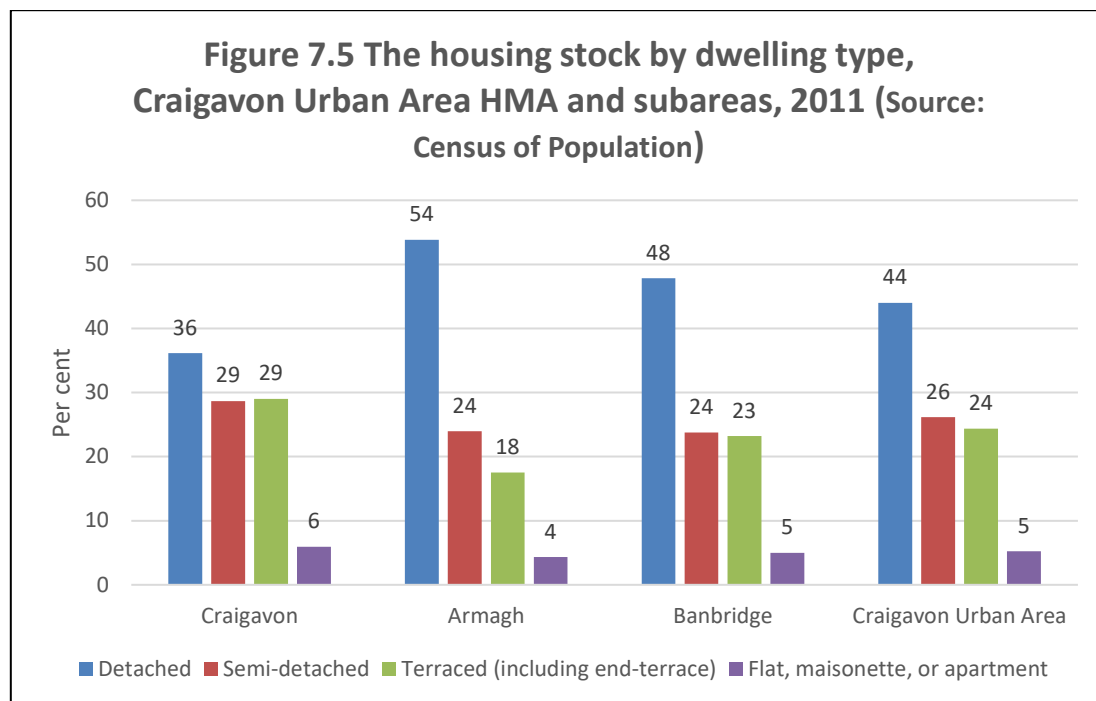
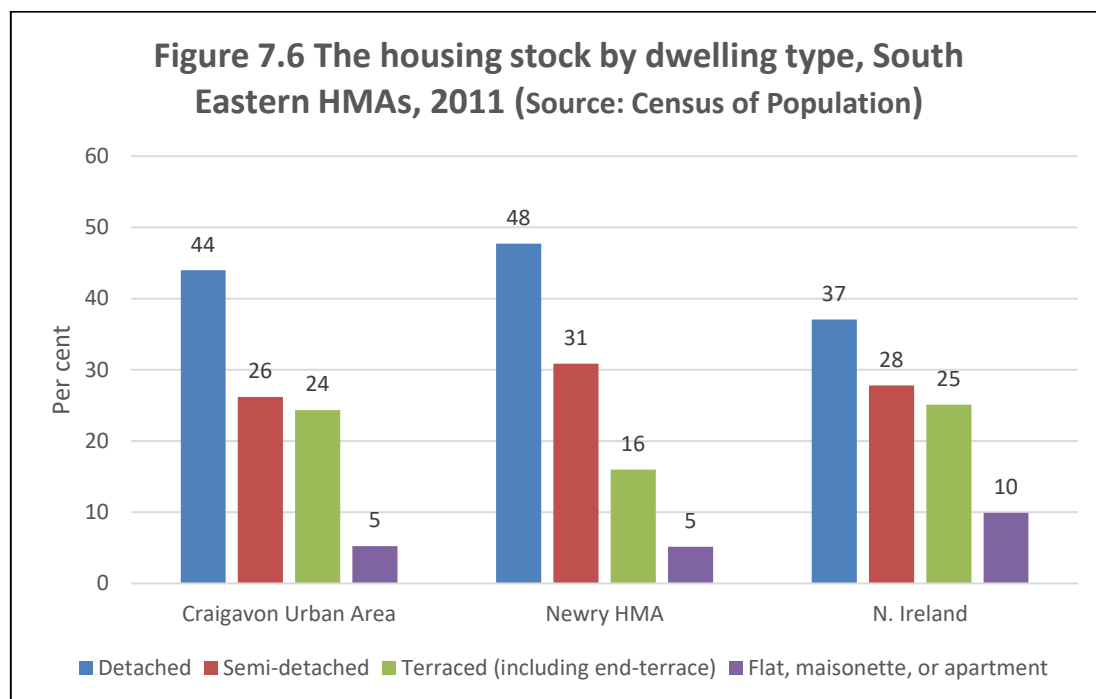


Figure 7.6 provides a comparison between the composition of the stock in the two HMAs and the Northern Ireland average profile. The main point of contrast is the higher share of detached dwellings in both HMAs compared to the Northern Ireland average.



As the most recent Census of Population dates to 2011, the annual Land and Property Services (LPS) dwelling count data are used to track dwelling stock trends from 2011 onwards, both overall and by type (see Box 7.A). On the LPS data, between 2011 and 2021 the total dwelling stock in the Craigavon Urban Area HMA increased by nine per cent, ranging from one per cent for terraced properties to 19 per cent for semi-detached (Figure 7.7). Across all property types, growth has been stronger in the second half of the last decade, growing at 1.2 per cent per annum from 2016 to 2021 (Table 7.6). That represents a rise from 0.4 per cent per annum between 2011 and 2016, a period when the housing market was still recovering from the post-boom downturn.

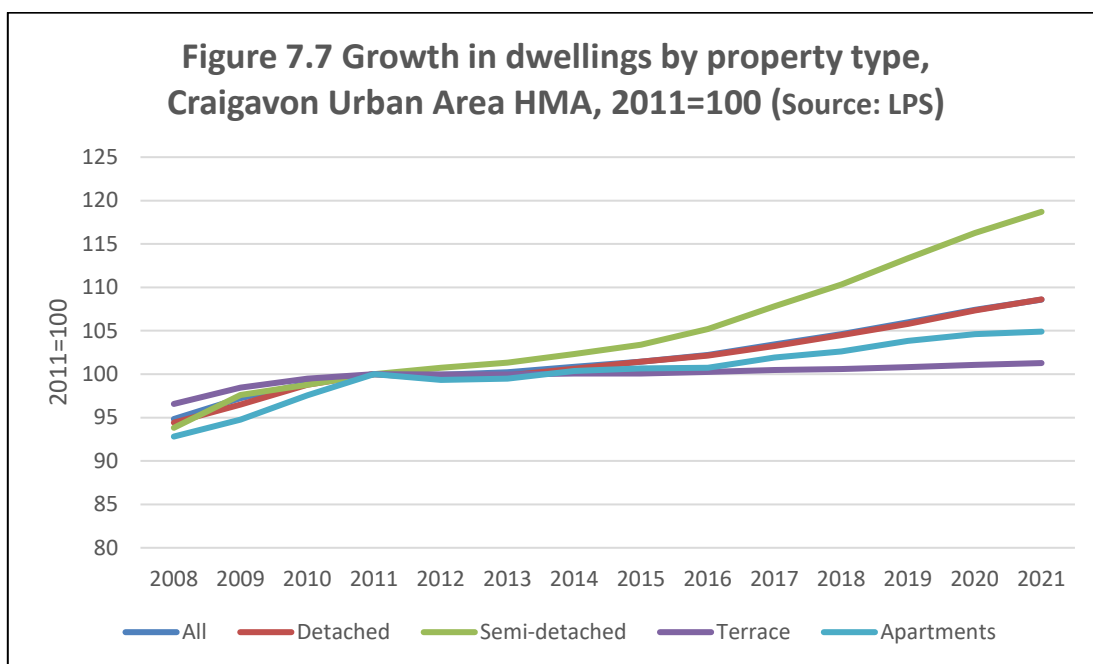


Table 7.6 Change in dwelling stock, Craigavon Urban Area HMA, per cent per annum

	2008-2011	2011-2016	2016-2021
	%	%	%
All dwellings	1.8	0.4	1.2
Detached	1.9	0.4	1.2
Semi-detached	2.1	1.0	2.4
Terraced	1.2	0.1	0.2
Apartment	2.5	0.2	0.8
Source: LPS.			

Box 7.A Annual Housing Stock Statistics

Land and Property Services (LPS) publish annual data giving a count of properties valued as domestic or mixed for the purposes of rating. The counts refer to “properties in the Valuation List which are used for the purposes of a private dwelling”. A private dwelling is defined as a self-contained dwelling and includes both social and private sector dwellings. The counts refer to the position at April/May of each year, from 2008 onwards.

The LPS count excludes caravans, which are included in the Census of Population as a separate type of dwelling. That is a minor difference in scope.

Notwithstanding differences in scope and timing, the LPS and Census dwelling totals are reasonably well-aligned. For Northern Ireland as a whole, the LPS dwelling count for 2011 differs by 1.1 per cent from the Census of Population figure (756,647 on the LPS count for April 2011 compared with 748,048 according to the March 2011 Census, a difference of 8,599).

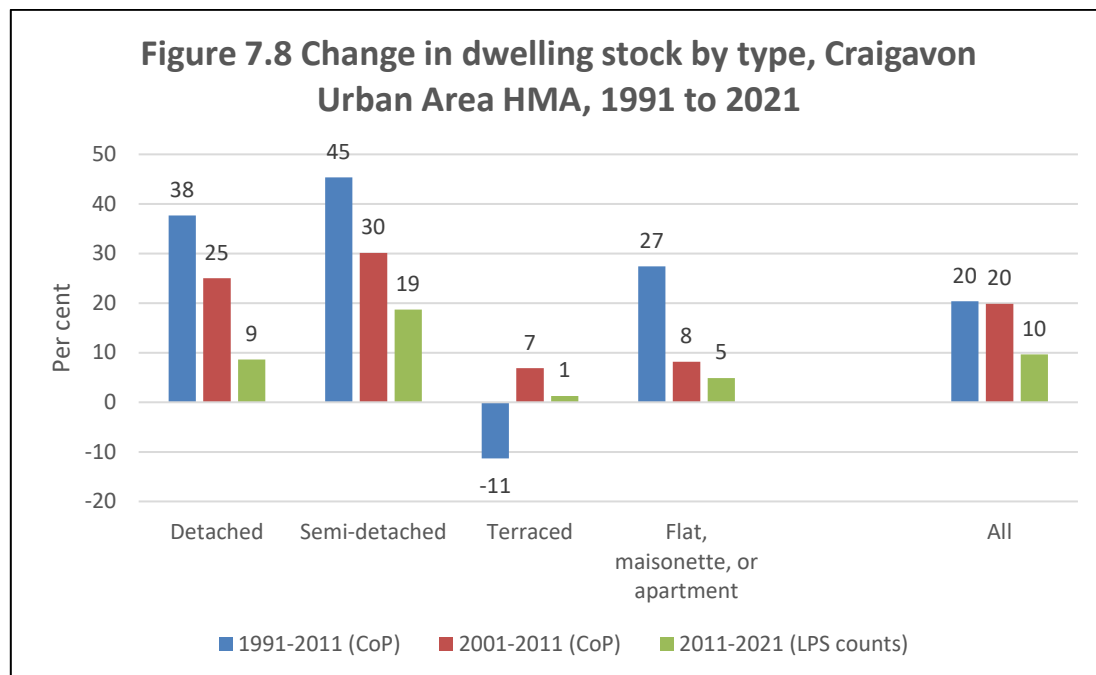
LPS also publishes counts of properties by type. The 2011 count by type refers to September 2011. However, the LPS counts differ from the Census figures by property type, notably in respect of semi-detached and terraced properties, as shown in the table below, which is for Northern Ireland.

	CoP 2011	LPS 2011	Difference
Detached	277,131	270,825	-2.3%
Semi-detached	207,903	185,236	-10.9%
Terraced	187,676	222,510	18.6%
Flat, maisonette, or apartment	74,146	78,076	5.3%
All	748,235	756,647	1.1%

The variances by property type are likely to reflect the different modes of data collection, i.e. the LPS counts are derived from administrative data whereas Census data are mainly self-reported. As the Census of Population contains detailed socio-demographic information, this is the main source of data for the SHMA on the use and occupation of dwellings. Due to the variances by property type, the LPS data have been deployed to indicate the direction of recent trends, with counts indexed to 2011.

The LPS publishes [Housing Stock Statistics](#) by LGD, Ward and Super Output Area (SOA).

Notwithstanding the more recent uptick between 2016 and 2021, since 2011 the growth in the Craigavon Urban Area HMA dwelling stock has been running at a slower pace by comparison with previous decades (Figure 7.8). As the pace of growth in the stock has fallen, so also has the variability in growth rates across different house types. For example, between 2001 and 2011, growth ranged from +7 per cent (terraced) to +30 per cent (detached). From 2011 through 2021, the range was narrower, from +1 per cent (terraced) to +18 per cent (semi-detached). Further, across each dwelling type, the growth in the stock was lower between 2011 and 2021 when compared with the 10 years from 2001 to 2011.



The more even distribution of growth by house type has resulted in the composition of the stock changing relatively slowly since 2011. Updating the dwelling type shares shown in Table 7.2 with the LPS growth rates from Figure 7.8 yields the following estimated shares as at April 2021:

- Detached – 43.8 per cent (-0.2 percentage points compared to 2011)
- Semi-detached – 28.5 per cent (+2.3 percentage points)
- Terraced – 22.6 per cent (-1.7 percentage points)
- Apartments – 5.1 per cent (-0.2 percentage points).

The main point to note from the updated dwelling type shares is the continued shift in share towards semi-detached properties and away from terraced dwellings. That points to the persistence of demand for conventional ‘family-type’ developments.

According to the LPS data, the total dwelling stock in the Newry HMA increased by nine per cent between 2011 and 2021, ranging from one per cent for terraced properties to 12 per cent for apartments (Figure 7.9). In contrast to the Craigavon Urban Area HMA, the growth in the second half of the last decade (one per cent per annum) was not much faster than in the first half (0.8 per cent per annum), between 2011 and 2016 (Table 7.7). Further, while semi-detached dwellings led the expansion of the stock between 2016 and 2021, detached properties and apartments grew close to the HMA average. Terraced dwellings lagged behind the HMA average throughout the period from 2008 to 2021.

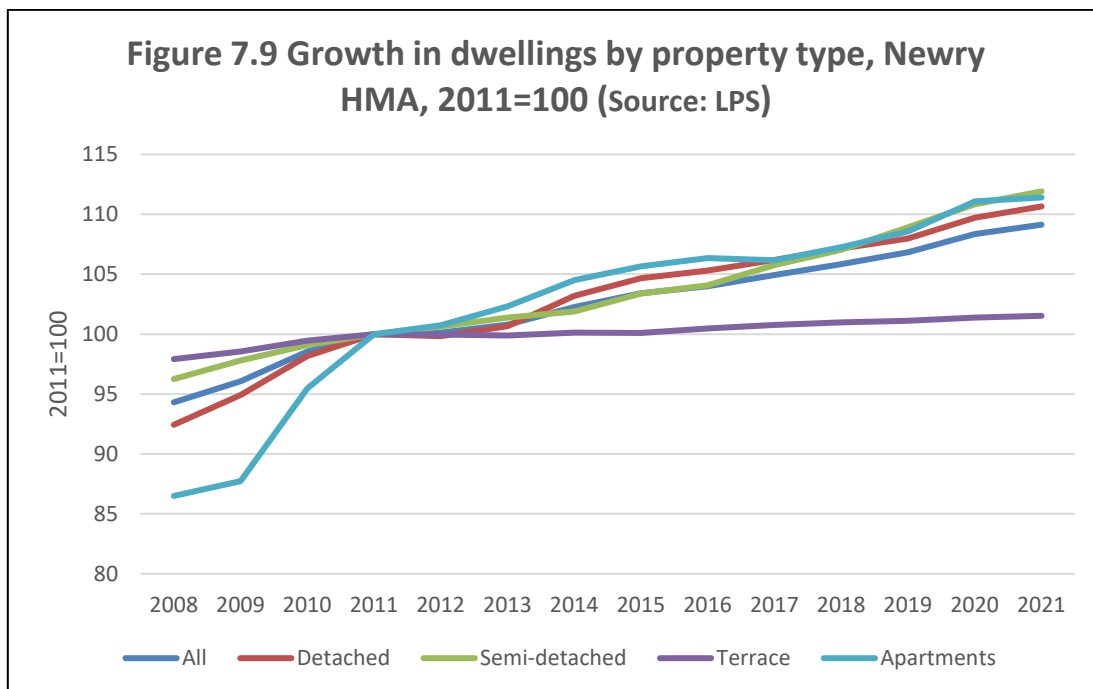
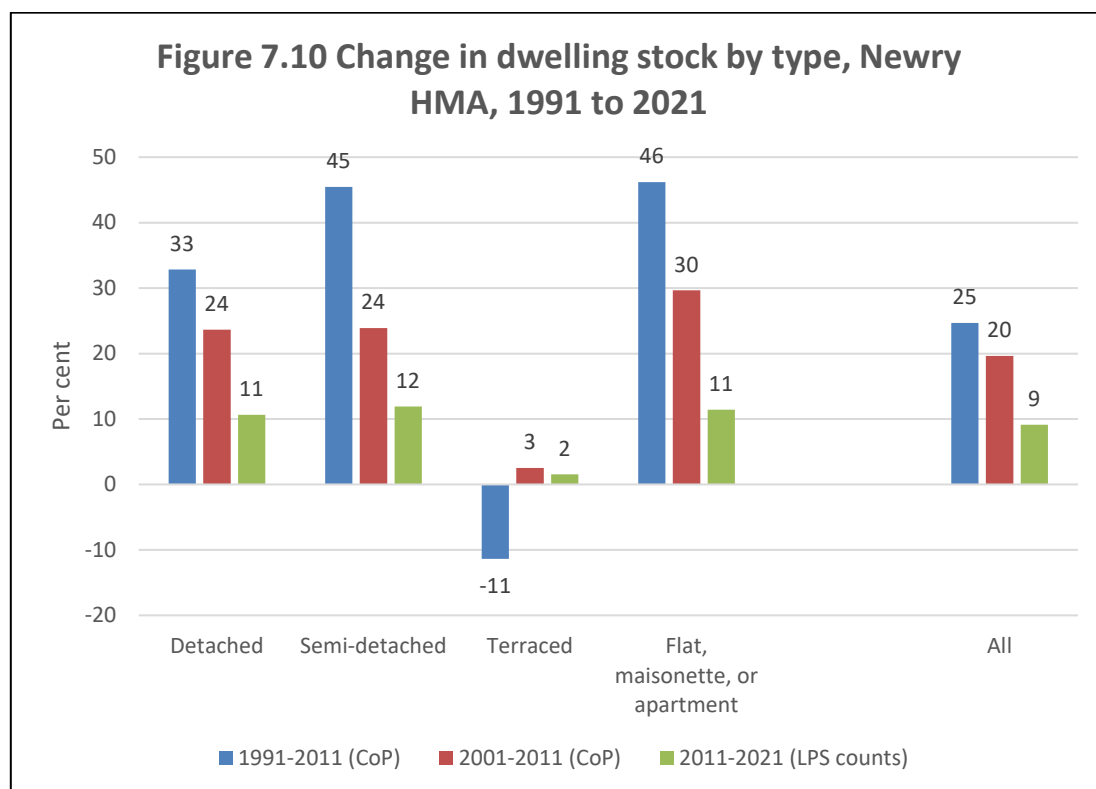


Table 7.7 Change in dwelling stock, Newry HMA, per cent per annum

	2008-2011	2011-2016	2016-2021
	%	%	%
All dwellings	2.0	0.8	1.0
Detached	2.7	1.0	1.0
Semi-detached	1.3	0.8	1.5
Terraced	0.7	0.1	0.2
Apartment	5.0	1.2	0.9
Source: LPS.			

Reflecting the more sluggish housing market conditions which followed the post-boom downturn, since 2011 the growth in the Newry HMA dwelling stock has been slower over the last decade by comparison with the two preceding decades, falling from 20 per cent between 2001 and 2011 to nine per cent from 2011 to 2021 (Figure 7.10). Similar to the Craigavon Urban Area HMA, the past decade has seen reduced dispersion in growth rates across different house types. Thus, the spread in the growth rates across all property types has narrowed from 27 percentage points between 2001 and 2011 (ranging from three per cent for terraced properties to 30 per cent for flats) to 10 percentage points between 2011 and 2021 (from two per cent for terraced to 12 per cent for semi-detached).



Consequently, the composition of the stock has been changing relatively slowly since 2011. Updating the dwelling type shares shown in Table 7.4 with the LPS growth rates from Figure 7.10 yields the following estimated shares as at April 2021:

- Detached – 48.3 per cent (+0.6 percentage points compared to 2011)
- Semi-detached – 31.6 per cent (+0.8 percentage points)
- Terraced – 14.9 per cent (-1.1 percentage points)
- Apartments – 5.2 per cent (+0.1 percentage points).

The population and household projections discussed in Sections 4 and 5 would suggest that the dwelling stock will continue to rise at a more muted pace and, with reduced variability in growth rates by property type, the composition of the stock will also evolve more gradually than had been the case prior to 2011. That provides a degree of assurance in relying on the 2011 Census of Population to profile variations by property type in how the stock is occupied.

The broad spatial patterns in the growth of the dwelling stock since 2011 are summarised in Table 7.8. Across both HMAs, and also the subareas of the Craigavon Urban Area HMA, growth in the dwelling stock has been fastest in the dispersed small villages and open countryside. That is most notable in the Newry HMA, where the growth in dispersed rural dwellings (12 per cent) was three percentage points higher than the HMA average (nine per cent) and almost double the urban growth (6.5 per cent). The faster growth of the rural stock is perhaps also reflective of ongoing development pressures in the countryside, albeit as discussed in Section 6 those pressures have been less acute than in the 2000s.

Table 7.8 Change in LPS dwelling count by HMA, subarea and settlement type, 2011-2021, per cent				
	Urban	Rural		All
		Intermed- iate	Dispersed	
	%	%	%	%
Craigavon Urban Area HMA	8.2	7.8	9.6	8.6
Craigavon	8.8	12.2	12.2	9.7
Armagh	7.1	5.3	8.5	7.4
Banbridge	7.4	4.8	9.0	7.7
Newry HMA	6.5	8.7	12.1	9.1
N. Ireland	7.2	8.1	8.6	7.6
Source: LPS.				

7.3 Unoccupied Dwellings

Before turning to the analysis of how the stock is occupied, it is useful to examine trends in the incidence of unoccupied dwellings. The vacancy rate is an important indicator of imbalances between demand and supply in the housing market. The 2011 Census of Population did not distinguish between vacant dwellings and second homes. Rather, the Census reported on dwellings³⁴ with and without usual residents. Therefore, it is only possible to report on Census estimates for the proportion of dwellings that are unoccupied.

The unoccupied dwellings proportions for 1991, 2001 and 2011 are reported in Table 7.9 for the Craigavon Urban Area HMA by dwelling type and settlement type. The following points can be noted.

First, the proportion of dwellings unoccupied within the HMA has typically been close to the Northern Ireland average. For reference, the average Northern Ireland proportions of dwellings unoccupied over the three Census years are as follows: 1991 – 5.4 per cent; 2001 – 4.8 per cent; and 2011 – 6.0 per cent.

Second, the proportion unoccupied varies by dwelling type, ranging, in 2011, from 3.9 per cent of detached dwellings to 13 per cent of apartments. Again, that is similar to the Northern Ireland picture where, in 2011, the proportions ranged from 3.5 per cent of semi-detached dwellings to 6.8 per cent of terraced properties and 15.9 per cent of apartments. The higher proportions of unoccupied apartments and terraced dwellings is to be expected as those are the property types that are more prevalent in the private rented sector, where higher vacancy rates can be expected due to the higher turnover of occupants.

Third, and consistent with the Northern Ireland picture, the proportion unoccupied has tended to be above the HMA average in rural small villages and the open countryside. That is despite the fact that those areas contain very few apartments or terraced properties (see Figure 7.3).

Fourth, across the three subareas, the proportion unoccupied has typically been higher in Armagh compared with Craigavon or Banbridge. That is likely to reflect the more rural nature of that subarea.

³⁴ The Census distinguishes between 'household spaces' and dwelling. The distinction is that the former includes shared spaces within a single dwelling. However, very few shared spaces were enumerated and, for practical purposes, spaces and dwellings are the same. Across the South Eastern HMAs, the 2011 Census counted 119,809 spaces and 119,800 dwellings, a difference of nine, which is negligible. For convenience, this report refers to 'dwellings'.

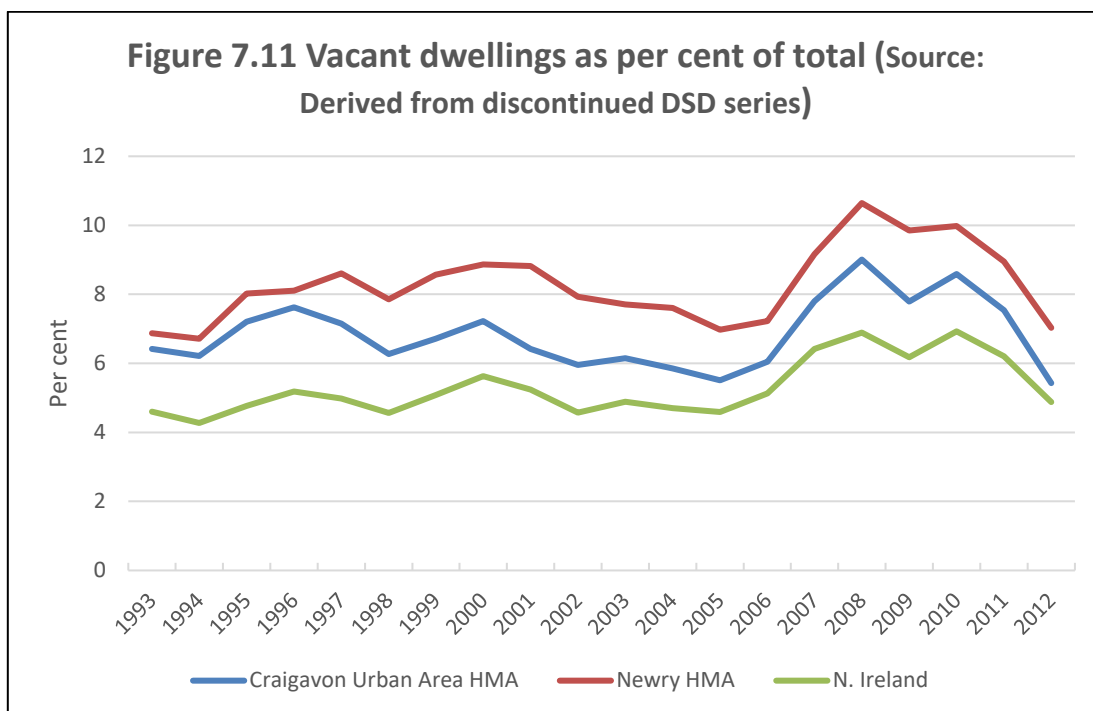
Table 7.9 Unoccupied dwellings, Craigavon Urban Area HMA, per cent of total stock			
	1991	2001	2011
	%	%	%
All unoccupied dwellings	6.2	4.9	5.8
Dwelling type			
Detached	6.9	3.7	4.6
Semi-detached	4.1	3.1	3.9
Terraced (including end-terrace)	6.1	7.4	8.0
Flat, maisonette, or apartment	11.0	9.7	13.0
Settlement type			
All urban	5.4	5.1	5.5
Rural - Intermediate settlement/village	6.6	4.3	5.3
Rural - Small village, hamlet, open countryside	7.6	4.7	6.5
Subarea			
Craigavon	6.1	4.8	5.3
Armagh	6.7	5.6	6.9
Banbridge	5.8	4.2	5.4
Source: Census of Population			

The Newry HMA presents a broadly similar picture, but with some contrasts. According to the Census data, the proportion of dwellings unoccupied fell slightly between 2001 and 2011, from 5.5 per cent to 5.3 per cent (Table 7.10). That was different to the Northern Ireland trend, where the proportion unoccupied increased over the same period. The main reason for the fall was a sharp drop in the proportion unoccupied in urban areas. Conversely, the unoccupied share increased between 2001 and 2011 in the rural areas. The increase in the proportion unoccupied in rural areas was accompanied by a rise in the unoccupied proportion of detached dwellings over the same period. That is to reflect the prominence of detached dwellings in dispersed rural areas (see Figure 7.4). Indeed, and in contrast with the Craigavon Urban Area HMA, the detached dwellings vacancy rate in 2011 was above the proportion for terraced dwellings. It is possible those two related trends may partly reflect a second homes effect, but information on second homes was not collected in the 2011 Census.

Table 7.10 Unoccupied dwellings, Newry HMA, per cent of total stock			
	1991	2001	2011
	%	%	%
All dwellings	5.7	5.5	5.3
Dwelling type			
Detached	6.5	4.8	6.4
Semi-detached	3.1	3.7	2.9
Terraced (including end-terrace)	6.2	7.9	4.9
Flat, maisonette, or apartment	12.4	14.9	10.5
Settlement type			
All urban	5.0	5.9	3.3
Rural - Intermediate settlement/village	6.4	4.9	5.2
Rural - Small village, hamlet, open countryside	6.3	5.3	7.5
Source: Census of Population			

Updating the proportions unoccupied from 2011 onwards is difficult. A time series showing the distribution of the stock between vacant and occupied properties had been published on an annual basis between 1993 and 2012, by the former Department for Social Development (DSD). That series was discontinued in 2012 due to a change in the rating of unoccupied dwellings. However, the data that are available show a rise in the vacancy rate following the house price crash of 2007, both in the two HMAs and across Northern Ireland as a whole (Figure 7.11). Also, similar to the Northern Ireland average, vacancy rates fell after 2010, as the wider economy and housing market started to recover from the Great Recession of 2008-09.

The only data point available for the period post-2012 is the Housing Executive's 2016 [Northern Ireland House Condition Survey](#) (HCS), which reported a 3.7 per cent vacancy rate for Northern Ireland as a whole, down from an estimated 7.2 per cent in the 2011 Survey. That would suggest that, at Northern Ireland level, vacancy rates continued to fall post-2012. From the DSD time series through to 2012, the vacancy rates in the South Eastern HMAs tracked the Northern Ireland average and can be expected to have followed the overall downward trend suggested by the HCS through 2016 at least.



In the absence of published statistics for the vacant dwellings rate, the approach adopted for this SHMA is to estimate the proportion of dwellings that are unoccupied by comparing the household projections discussed in Section 5 with the LPS data for dwelling stocks³⁵.

The results are shown in Figure 7.12 for the Craigavon Urban Area HMA and Figure 7.13 for the Newry HMA, showing unoccupied dwelling proportions for each of the three household growth scenarios. These are the proportions used in projecting new dwelling requirements using the net stock model in Section 8. The methodological details around the use of the estimates for the unoccupied dwellings proportions are presented in Annex 8.A to Section 8.

The following points should be noted. First, for both HMAs and in each household projection scenario, the estimated proportions follow the expected downward path in the period from 2011 to 2016.

Second, for the Craigavon Urban Area HMA, the proportions in each scenario rise from 2016 to 2020. That can be considered consistent with a recovering housing market in which there is increased turnover (more residential property sales) and occupancy lags completions of new dwellings. The effect is less noticeable in the Newry HMA estimates, but it will be recalled from the discussion in Section 6 that the recovery in completions was more muted in the Newry area.

³⁵ The unoccupied proportion of the stock is estimated by calculating $(1 - \text{households/dwellings})\%$.

Figure 7.12 Unoccupied dwellings, per cent of stock, household projection scenarios, Craigavon Urban Area
(Source: Author's estimates)

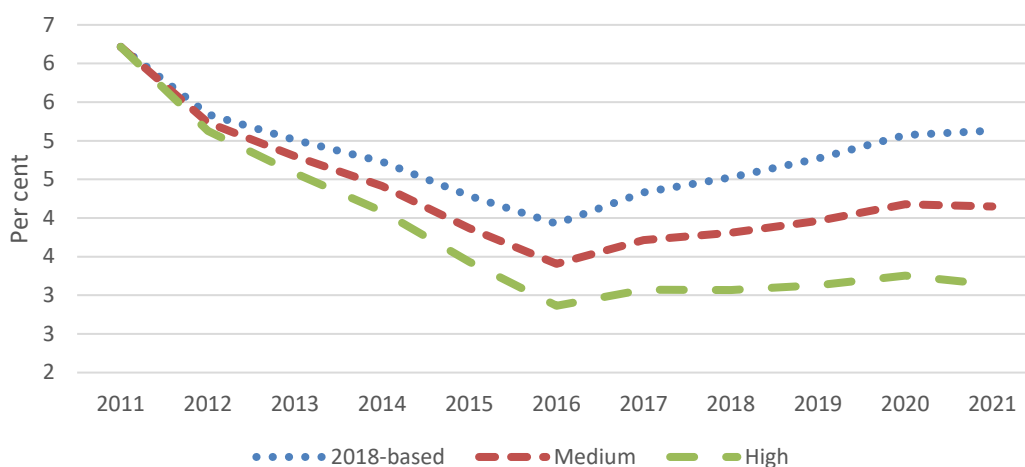
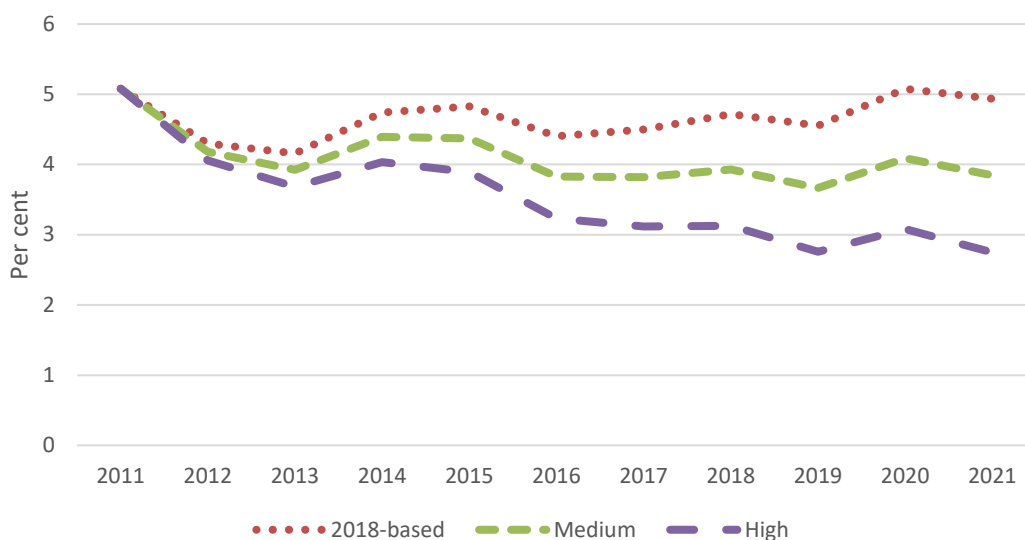


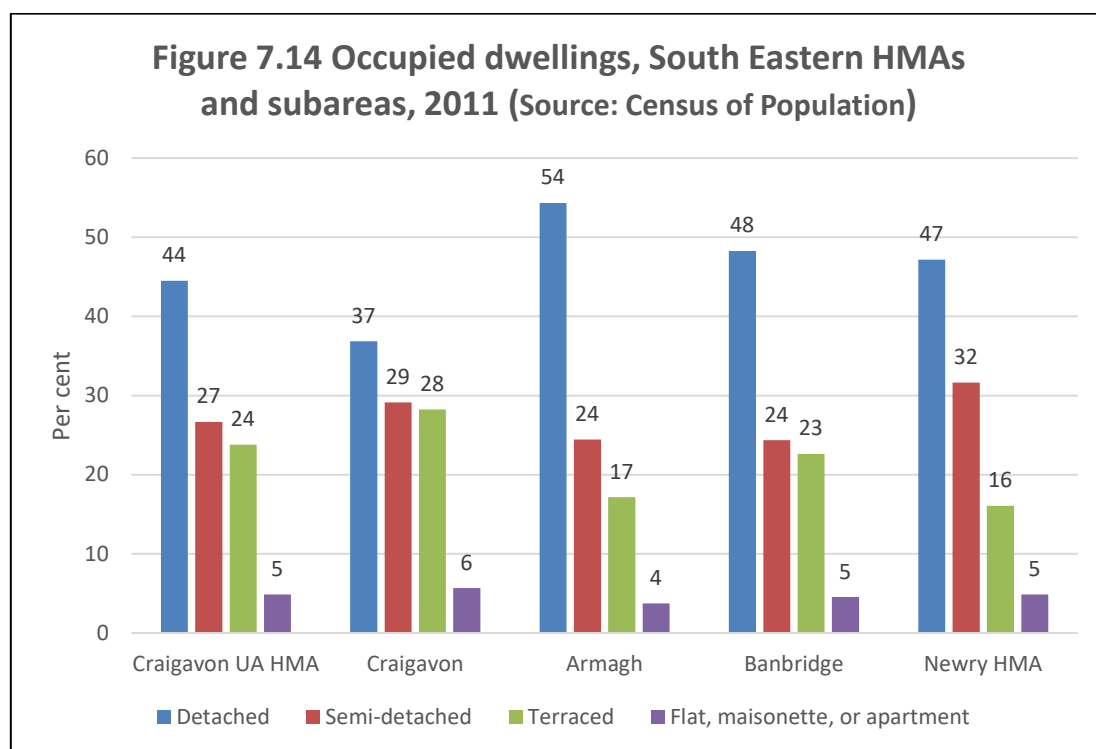
Figure 7.13 Unoccupied dwellings, per cent of stock, household projection scenarios, Newry HMA (Source: Author's estimates)



7.4 The Occupied Stock

7.4.1 Property Type

In 2011, across the South Eastern HMAs, 94 per cent of dwellings were occupied by households. Consequently, the composition of the occupied stock by property type differs only very slightly from the total stock, as can be seen by comparing Figure 7.14 with Figures 7.5 and 7.6. For example, due to their higher proportion unoccupied, within each HMA, apartments tend to have a slightly lower share of occupied dwellings compared with their share of the stock, but the differences are less than 0.5 percentage points in both HMAs.



Furthermore, the spatial patterns in the occupied dwellings are very similar to the total stock within each HMA. For example, in the Craigavon Urban Area HMA, the proportion living in detached dwellings ranges from 29 per cent in the urban settlements to 41 per cent in intermediate settlements/villages and 74 per cent in the rural small villages and open countryside. That distribution is very similar to the dwelling stock profile shown in Figure 7.3.

As the property type and spatial distributions of occupied dwellings closely resemble the patterns in the total stock, as described above, the discussion of the occupied stock focuses on the attributes of households and how they occupy their dwellings.

7.4.2 Tenure

Within both HMAs, there are noticeable differences by tenure in the types of dwellings occupied by households. At the 2011 Census, in the Newry HMA, almost six in 10 owner-occupier households (59 per cent) lived in detached houses (Table 7.11). By contrast, semi-detached (43 per cent) and terraced properties (33 per cent) accounted for the vast majority of dwellings occupied by social sector tenants, with a further 17 per cent in apartments.

Table 7.11 Property type by tenure, South Eastern HMAs, 2011				
	Detached	Semi-detached	Terraced	Flat
	<i>Row%</i>	<i>Row%</i>	<i>Row%</i>	<i>Row%</i>
Craigavon UA HMA				
Owner-occupied	56	25	18	1
Shared	10	55	27	6
Social rented	6	24	49	21
Private rented	25	34	32	9
All	44	27	24	5
Newry				
Owner-occupied	59	28	12	1
Shared	27	52	13	8
Social rented	7	43	33	17
Private rented	27	40	22	11
All	47	32	16	5
Source: Census of Population.				

The Craigavon Urban Area HMA presents a similar, but not identical, profile. As in the Newry HMA, the majority of owner-occupiers (56 per cent) were in detached dwellings. By contrast, almost one in two social sector tenants (49 per cent) lived in terraced properties versus one in three in the Newry HMA. That contrast partly reflects the composition of the housing stock in the more urbanised Craigavon subarea, where 54 per cent of social sector tenants live in terraced dwellings (Table 7.12).

Table 7.12 Property type by tenure, Craigavon Urban Area HMA subareas, 2011				
	Detached	Semi-detached	Terraced	Flat
	<i>Row%</i>	<i>Row%</i>	<i>Row%</i>	<i>Row%</i>
Craigavon				
Owner-occupied	48	30	21	1
Social rented	5	18	54	23
Private rented	20	35	35	9
All	37	29	28	6
Armagh				
Owner-occupied	65	21	13	1
Social rented	7	33	42	17
Private rented	35	34	22	9
All	54	24	17	4
Banbridge				
Owner-occupied	60	22	17	1
Social rented	6	29	45	20
Private rented	24	32	34	9
All	48	24	23	5
Source: Census of Population.				

Similar to other HMAs across Northern Ireland, the tenure differences by property type partly reflect demographic influences. In particular, social sector tenants tend to be in smaller households compared with owner-occupiers and private sector tenants. In 2011, across the Craigavon Urban Area HMA, one- and two-person households accounted for 74 per cent of social sector tenants compared with 50 per cent of owner-occupiers and 63 per cent of private rented sector tenants (see Table A7.2 in Annex 7 at the end of this Section). Similarly, across the Newry HMA, two in three social sector tenants (67 per cent) were in one- and two-person households compared with 46 per cent of owner-occupiers and 61 per cent of private tenants (Table A7.3).

Household income differences also play a role in shaping the tenure contrasts in occupation of dwellings. The Census does not collect information on income differences by tenure, but the available data clearly show higher household incomes in the owner-occupied sector³⁶. Households with the resources to purchase their own property evince a strong preference for more space-extensive dwellings, notably detached dwellings.

The distribution of property types occupied by shared ownership households is interesting as an indicator of the types of dwellings that are purchased by first-time buyers; in 2018-19, first-time buyers accounted for 95 per cent of households assisted into shared housing³⁷. As can be seen from Table 7.11, semi-detached and terraced properties account for the large majority of properties in shared ownership; 82 per cent in the Craigavon Urban Area HMA and 65 per cent in the Newry HMA. In both HMAs, the proportion of detached properties in shared ownership is well below the average for all owner-occupier households.

To the extent that relative house prices may shape future owner-occupier demand for different property types, and especially first-time buyers, it is useful to consider trends in relative house prices by type of dwelling. For that purpose, median house prices by property type, relative to the median values for all sales, are shown in Figure 7.15 for the Craigavon Urban Area HMA and in Figure 7.16 for the Newry HMA³⁸.

In the Craigavon Urban Area HMA, median semi-detached property prices have been in alignment with the median for all house sales over the entire period 2005 to 2020. Apart from the 2011-2014 period, the median detached sales price has been about 35-38 per cent above the all-properties median. Since 2009, the median sale price for terraced dwellings has been stable at around 30 per cent below the all-properties median. Similarly, in the Newry HMA, median sales values by property type have maintained broadly stable differentials compared with the all-properties median.

The stability in the median values by property relative to the all-properties median suggests that there are presently no divergent house price trends that might be expected to disrupt the historical pattern of demand by property type in the residential property market in either the Craigavon Urban Area or Newry HMAs.

³⁶ According to the [2019-20 Households Below Average Income \(HBAI\)](#) report, at Northern Ireland level, relative income poverty rates ranged from eight per cent in households owning with a mortgage to 29 per cent in the private rented sector and 32 per cent in the social rented sector.

³⁷ For an overview on shared ownership, see Appendix C of the accompanying [Northern Ireland report](#).

³⁸ Relative median prices are shown as the median can be considered to measure 'representative' prices for different dwelling types across the residential property market. Also, the upper threshold for assistance with entry to shared ownership in Northern Ireland is £175,000, which is above the median house value in both the Craigavon Urban Area HMA (£134,950 in 2020) and the Newry HMA (£149,000 in 2020).

Figure 7.15 Median house prices by property type, per cent of all sales median, Craigavon Urban Area HMA
(Source: LPS)

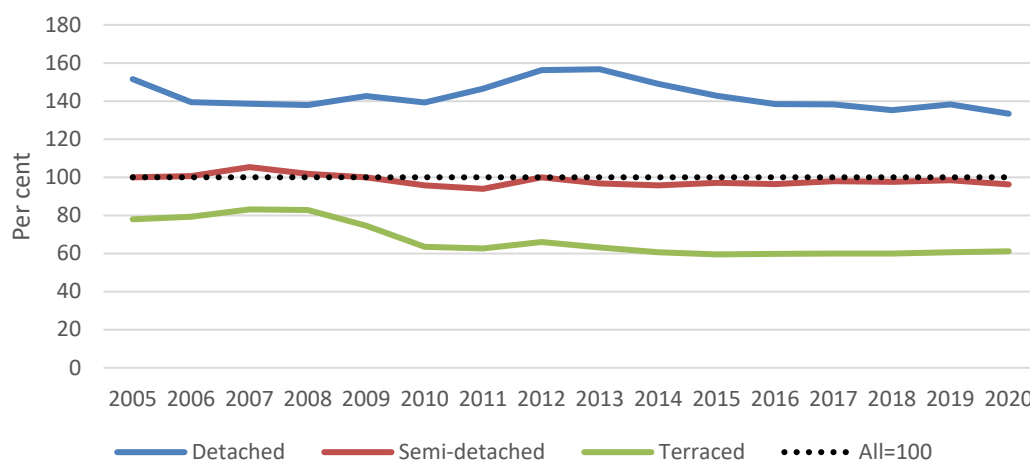
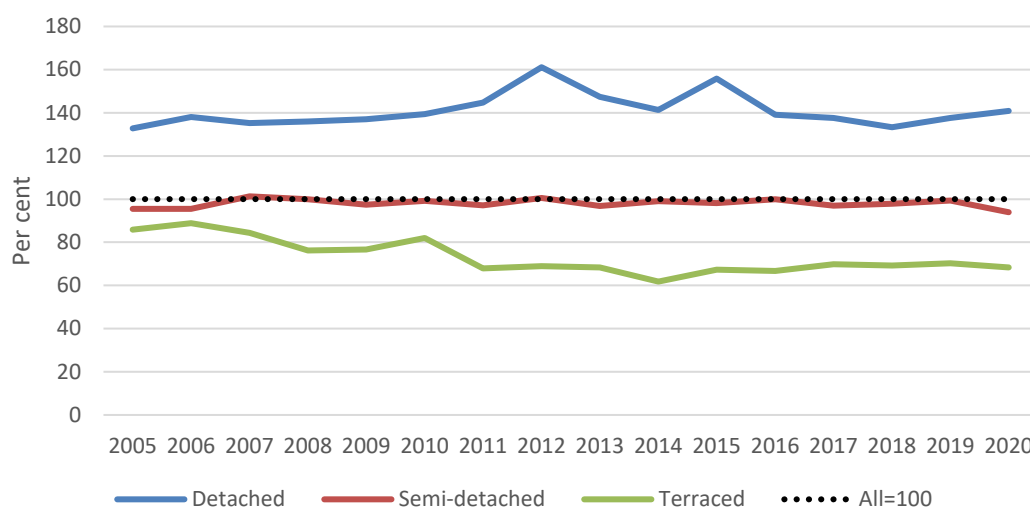


Figure 7.16 Median house prices by property type, per cent of all sales median, Newry HMA (Source: LPS)



It can also be noted that, over the last decade, the distribution of sales by property type has also been relatively stable within each HMA (Figures 7.17 and 7.18). For example, over that period, in both HMAs, detached dwellings have accounted for around 35 per cent of sales.

Overall, therefore, there are no obvious market signals indicating substantial shifts in the future pattern of demand by property type in the residential housing market.

Figure 7.17 Transactions by property type, Craigavon Urban Area HMA, per cent of all sales (Source: LPS)

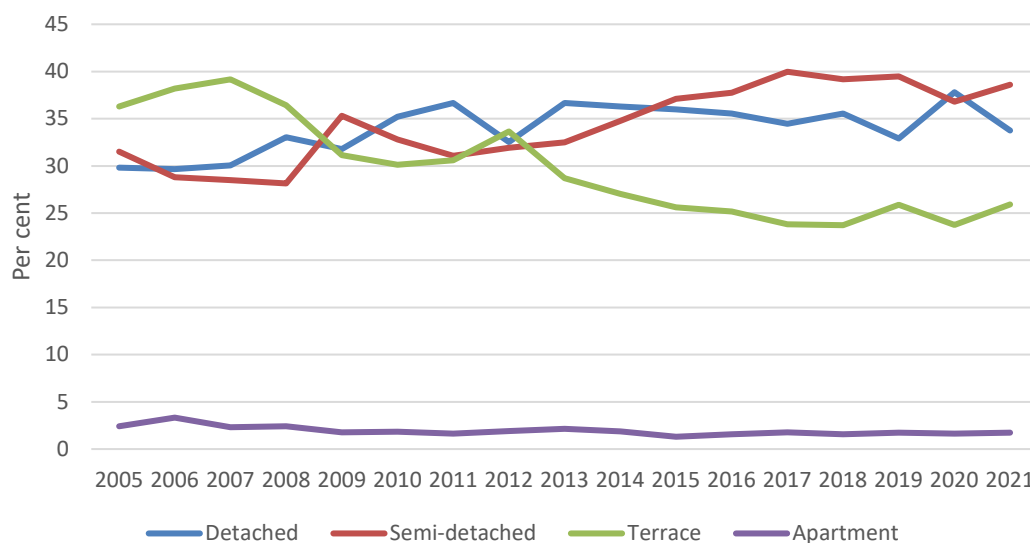
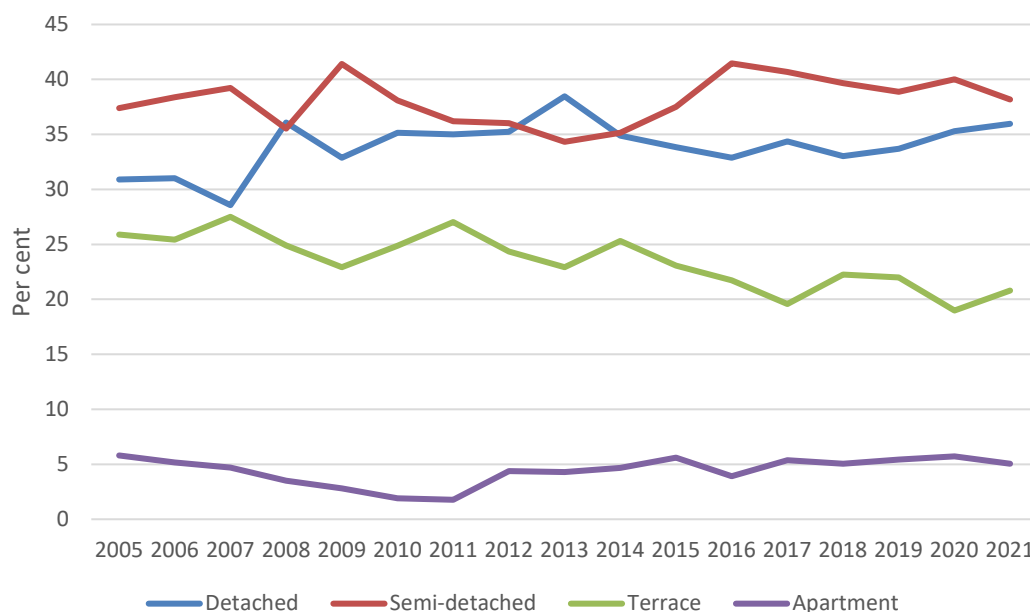
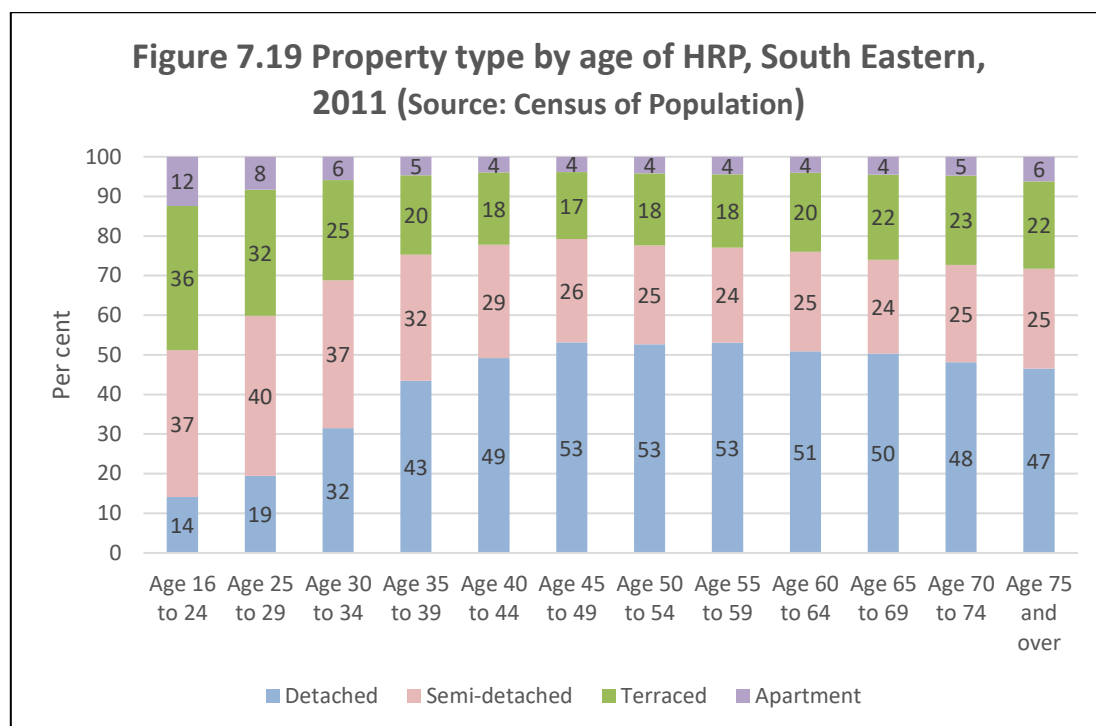


Figure 7.18 Transactions by property type, Newry HMA, per cent of all sales (Source: LPS)



7.4.3 Age of Household Reference Person (HRP)

The distribution of property types by age of the Household Reference Person (HRP) is shown in Figure 7.19. The main points to note are the steady progression of younger households into more space-extensive dwellings and, from age 45-59 onwards, the comparative stability in the distribution of property types. For example, the proportion living in detached properties increases steadily from 14 per cent among households where the HRP is aged 16-24 to 53 per cent where the HRP is aged 45-49. From age 50 onwards, the proportion in such dwellings remains close to 50 per cent.



The stability of the property type distribution among HRPs aged 45-49 and over also suggests that the type of property occupied by a household aged 45-49 is a good predictor of the type of property that same household will occupy in future years, as they age into the older cohorts.

The stability in the mix of dwelling types occupied by households where the HRP is aged 45-49 and over is also apparent from a comparison of urban and rural areas. By broad settlement type, the main point of difference is the higher incidence of the smaller and more space-intensive dwelling types in the urban areas, i.e. terraced properties and apartments (Figure 7.20). In rural areas, detached dwellings are predominant, accounting for around two in three dwellings occupied by households where the HRP is aged 45-49 and over (Figure 7.21).

The urban-rural contrast can also be seen to reflect tenure differences. Owner-occupation is more prevalent in rural than in urban areas (see Table A7.4) and, as noted previously, that tenure is associated with a higher proportion of detached properties.

Figure 7.20 Property type by age of HRP, urban areas, South Eastern, 2011 (Source: Estimated from Census of Population)

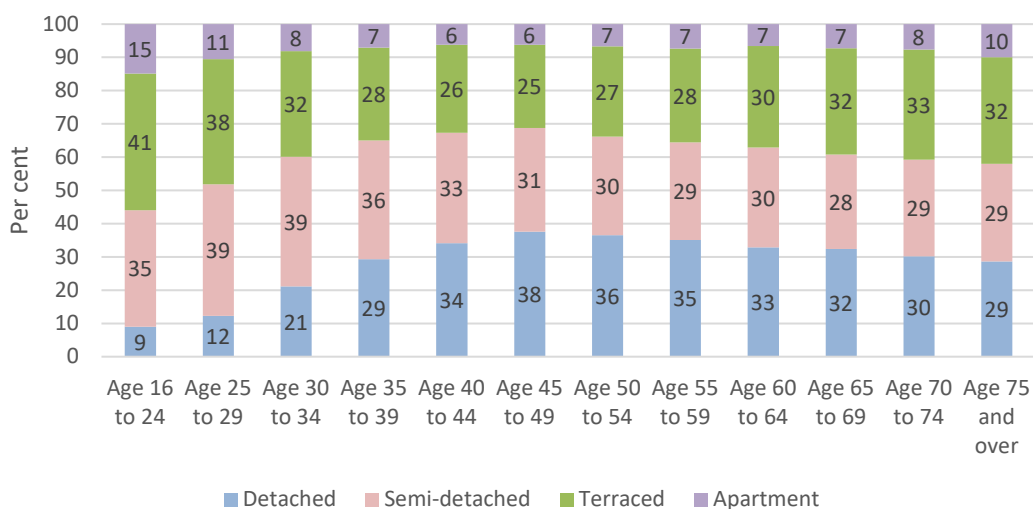
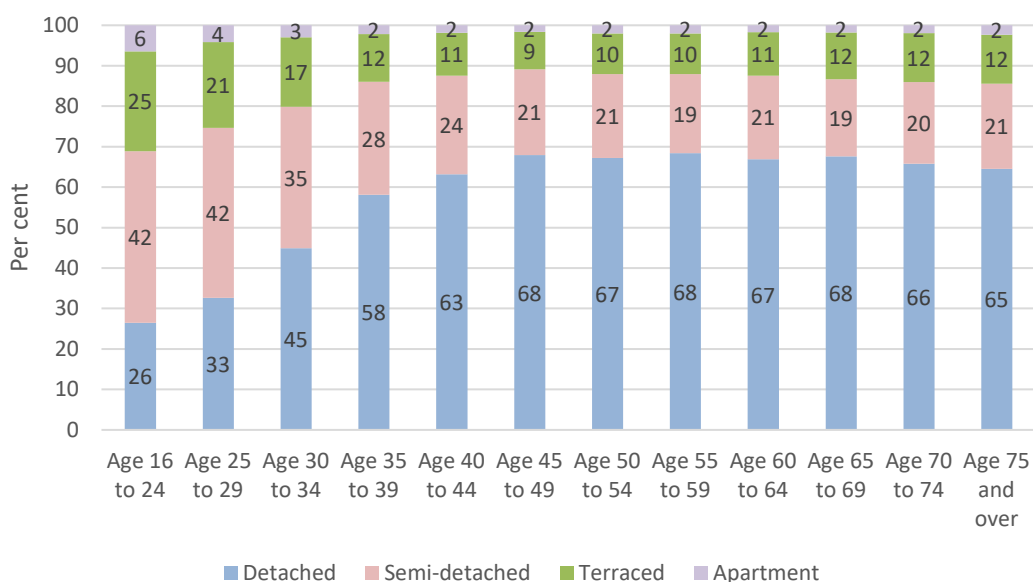


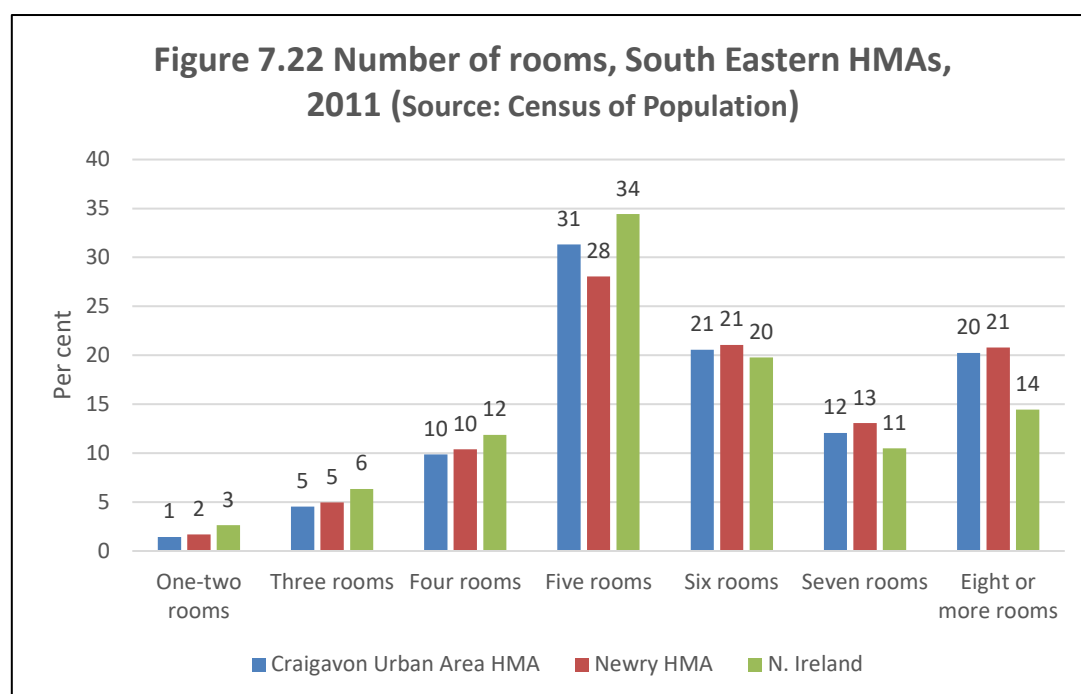
Figure 7.21 Property type by age of HRP, rural areas, South Eastern, 2011 (Source: Estimated from Census of Population)



7.5 Dwelling Size

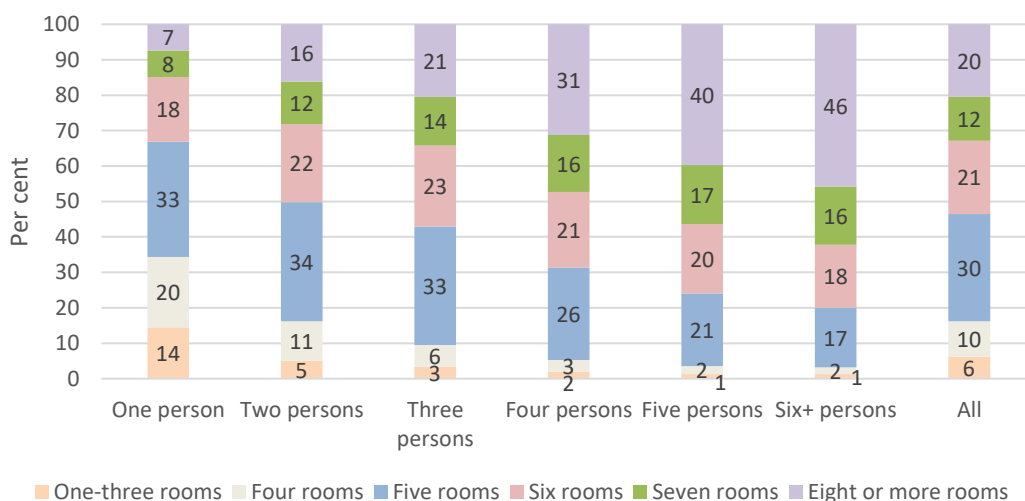
7.5.1 Rooms

Property types are of interest partly because they represent the physical expression of the housing stock, including especially its spatial distribution. The second major point of interest is the size distribution of the stock, which leads to discussion of issues around the occupation of the stock relative to household size. Number of rooms is the only dwelling size indicator for which information is collected in the Census³⁹. On that metric, the distribution of dwelling sizes is quite similar across the South Eastern HMAs (Figure 7.22). Reflecting the greater prevalence of larger property types, the proportion of dwellings with six or more rooms (53 per cent in the Craigavon Urban Area HMA and 55 per cent in the Newry HMA) is higher than the Northern Ireland average (45 per cent).



The published 2011 Census tables do not include the number of rooms by property type. However, information is available by household size and tenure. On average, the larger the household, the more rooms that are contained within the occupant's dwelling (Figure 7.23). The linkage between household size and dwelling size is not perfect. For example, one in three one-person households (33 per cent) live in a property with six or more rooms. Conversely, one in five households with six or more persons (20 per cent) live in a property containing five or fewer rooms.

³⁹ The Census count of rooms includes bedrooms, kitchens, living rooms, utility rooms, studies and conservatories. Bathrooms, toilets, halls and landings are not counted.

Figure 7.23 Number of rooms by household size, South Eastern (Source: Census of Population)

Dwelling size also varies by tenure, with owner-occupiers living in larger properties, on average (Table 7.13). Almost two in three owner-occupier households (65 per cent) live in a dwelling with six or more rooms. By contrast, social sector tenants predominantly occupy dwellings with five or fewer rooms, including 88 per cent of Housing Executive tenants and 90 per cent of Housing Association tenants. The private rented sector distribution is less skewed, with the majority (60 per cent) living in five and six room dwellings.

Table 7.13 Rooms by tenure, South Eastern, 2011

	All	Owner-occupied	NIHE	Housing Associations	Private rented
	%	%	%	%	%
One-two rooms	2	1	4	11	3
Three rooms	5	2	15	25	8
Four rooms	10	6	30	28	15
Five rooms	30	27	39	25	40
Six rooms	21	23	9	6	20
Seven rooms	12	15	2	2	7
Eight+ rooms	20	27	1	2	6
All households	100	100	100	100	100

Source: Census of Population

7.5.2 Occupancy Ratings

The number of rooms in a dwelling can be converted to occupancy ratings, to provide a measure of under-occupancy and overcrowding. The procedure used for Census of Population room counts is to estimate the number of rooms notionally required by a household and subtract the result from the actual number of rooms occupied (Box 7.B). The results are published on a five-point scale, ranging from -2 to +2. Values less than zero imply a 'shortfall' between rooms occupied and rooms required, indicating there is 'overcrowding'. A value in excess of zero implies too many rooms relative to the notional requirement, i.e. 'under-occupation'.

Box 7.B Occupancy ratings

The occupancy rating provides a measure of whether a household's accommodation is overcrowded or under-occupied. There are two measures of occupancy rating, one based on the total number of rooms in a household's accommodation, and one based only on the number of bedrooms.

The occupancy rating of a household is calculated by subtracting the notional number of rooms (bedrooms) required from the actual number of rooms (bedrooms). The ages of the household members and their relationships to each other are used to derive the notional number of rooms (bedrooms) they require, based on a standard formula.

The occupancy ratings for the South Eastern area are summarised in Table 7.14 by HMA, tenure and settlement type. For reference, the ratings for Northern Ireland as a whole are reproduced in Annex A, Table A7.1, also distinguishing HMAs, tenure and settlement type.

Based on the occupancy rating measure, in 2011, the proportion of households with one or more rooms in excess of their notional requirement was 83 per cent in the Craigavon Urban Area HMA and 79 per cent in the Newry HMA. By comparison, the Northern Ireland average was 79 per cent.

The proportion classified as living in 'overcrowded' dwellings stood at six per cent in the Craigavon Urban Area HMA and seven per cent in the Newry HMA. Across Northern Ireland as a whole, the proportion classified as living in 'overcrowded' accommodation was seven per cent. Similar to the rest of Northern Ireland, the distribution of occupancy ratings varies sharply by tenure. Across the South Eastern area, the prevalence of households in 'over-crowded' accommodation was highest in the social rented sector (11 per cent of Housing Executive tenants and 19 per cent of Housing Association tenants) and lowest in the owner-occupier sector (four per cent).

Table 7.14 Occupancy ratings, South Eastern, per cent of households, 2011					
	Occupancy rating:				
	-2	-1	0	+1	+2
	%	%	%	%	%
South Eastern Area	2	4	12	22	60
Housing Market Area					
Craigavon Urban Area HMA	2	4	11	22	61
Newry HMA	2	5	13	21	58
Tenure					
Owner-occupied	1	3	8	17	70
Rented from NIHE	3	8	28	38	23
Rented from Housing Association	5	14	38	30	12
Private rented	3	7	17	29	44
Settlement type					
All urban	2	5	14	24	55
Rural - Intermediate settlement/village	2	4	13	23	59
Rural - Small village, hamlet, open countryside	2	3	8	18	69
Source: Census of Population					

The tenure patterns are reflected in the spatial distribution of occupancy ratings. For example, with relatively high proportions in the owner-occupied sector living in detached dwellings, the incidence of 'over-occupation' was highest in rural areas, estimated at 82 per cent in intermediate settlements and villages and 87 per cent in small villages, hamlets and the open countryside compared with 79 per cent in urban areas.

7.5.3 Bedrooms

While the number of rooms is helpful, the number of bedrooms is a more relevant metric for housing market analysis. Unfortunately, the 2011 Northern Ireland Census did not collect information on that topic. The approach adopted has therefore been to convert the Census counts for rooms into estimates for numbers of bedrooms. That was accomplished by calculating, from pooled Family Resources Survey (FRS) data, the distribution of bedrooms by number of rooms, with a control for household tenure, and applying the distribution to the HMA data for rooms by tenure.

Across the South Eastern area, over one in two households (53 per cent) are estimated to live in three bedroom properties with a further 29 per cent living in properties with four or more rooms (Table 7.15). The bedroom size distribution does not vary greatly across the two HMAs.

Dwelling size contrasts are more evident by tenure. Smaller sized properties, with one to two bedrooms, are estimated to be found most frequently in the social rented sector (53 per cent). Over one in three owner-occupiers (36 per cent) live in larger properties with four or more bedrooms.

The estimated distribution of bedroom sizes by age of the HRP is shown in Figure 7.24. The distribution strongly reflects the linkage between tenure and bedroom size and is consistent with the distribution of property types by age of the HRP (see Figure 7.19). Thus, the proportion living in dwellings with four or more bedrooms rises steadily from 13 per cent where the HRP is aged 16 to 24 to 35 per cent where the HRP is aged 40 to 44.

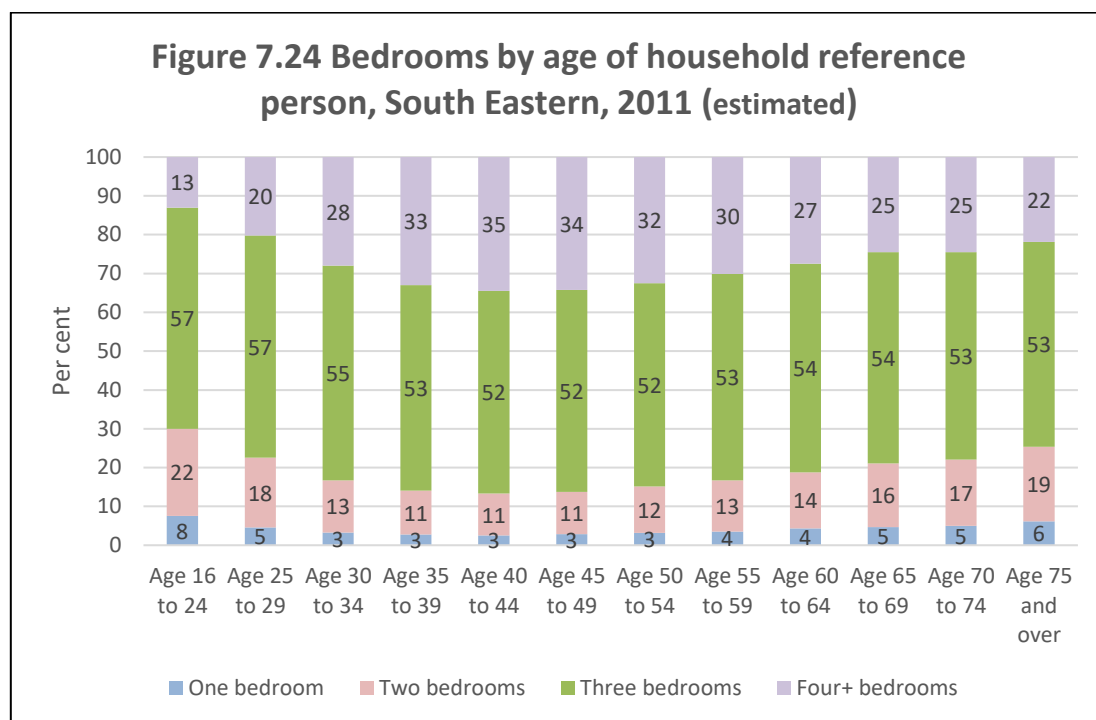


Table 7.15 Bedrooms, South Eastern, 2011, per cent of households				
	Bedrooms:			
	One	Two	Three	Four+
	%	%	%	%
South Eastern	4	14	53	29
HMAs				
Craigavon Urban Area HMA	4	14	54	28
Craigavon	4	14	56	25
Armagh	3	13	53	31
Banbridge	4	15	51	31
Newry HMA	4	15	52	29
Tenure				
Owner-occupied	1	9	54	36
Social rented	20	33	42	5
Private rented	6	23	58	12
Settlement type				
Urban	5	16	56	22
Rural - Intermediate settlement/village	4	16	55	25
Rural - Small village, hamlet, open countryside	2	10	49	39
Source: Estimates based on 2011 Census of Population and pooled FRS data				

The distribution of bedroom sizes by age of the HRP presents a sharp contrast to the age distribution of household sizes, most notably in the older age groups. The vast majority of households where the HRP is aged 65 and over (84 per cent) are comprised of one or two persons (Figure 7.25). From Figure 7.24, most households where the HRP is aged 65 and over (77 per cent) live in three and four bedroom properties.

However, on a notional bedroom standard basis, those one and two person households only 'require' one bedroom (Figure 7.26). That is to suggest a considerable degree of 'under-occupancy' among older households. Further, with lengthening life expectancies, the period of time over which dwellings are 'under-occupied' is set to be extended.

Figure 7.25 Household size by age of household reference person, South Eastern, 2011 (estimated from Census of Population)

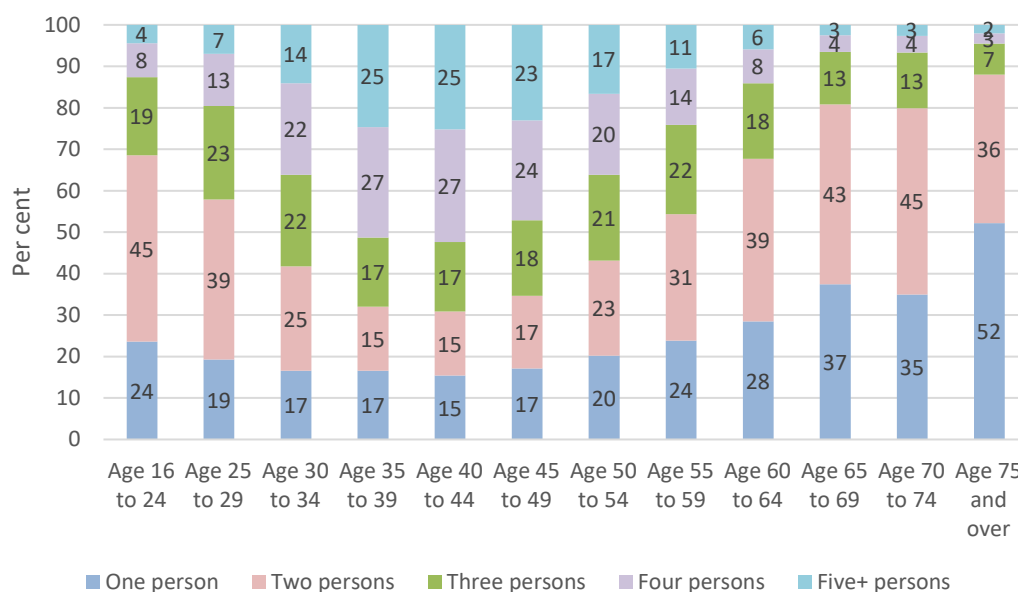
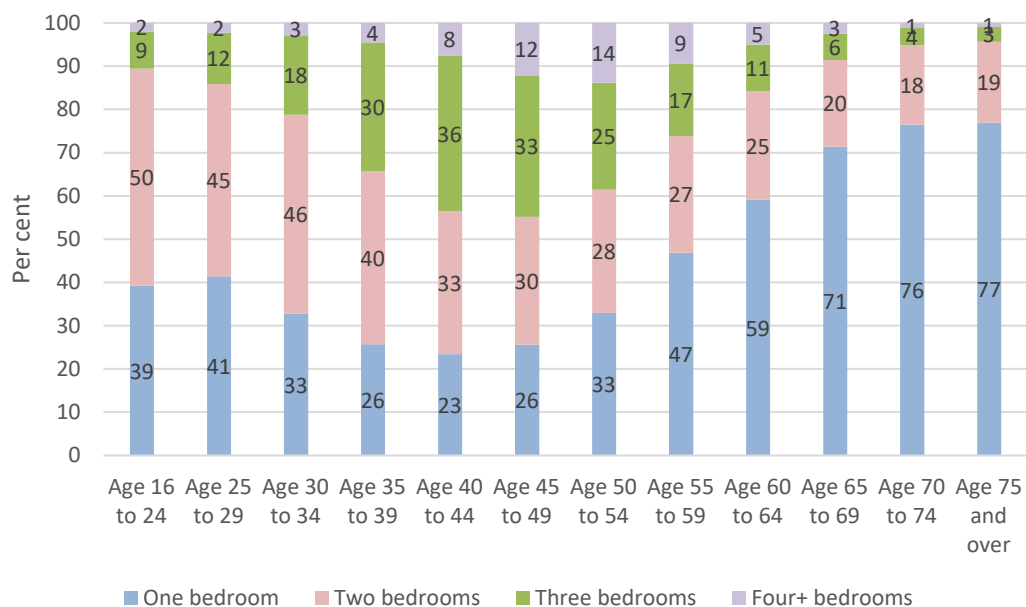


Figure 7.26 Bedroom requirements by age of household reference person, South Eastern, 2011 (estimated)



A second point to note from the household size by HRP age distribution is the range of household sizes in the 45 to 59 age groups (Figure 7.25). For example, in the 45-49 age group, 65 per cent of households contain three or more persons. That is likely to reflect family life cycle effects, with such households including, in addition to the HRP, a mix of children and young adults who have not yet left the family home. Over the next 15 years, those households with a HRP aged 45 to 49 will age into the 60 to 74 age cohorts. The evidence from this Section, and also the review of housing market tenure trends in Section 6, is that the vast majority will retain their current tenure, continuing to live in the same property with the same number of bedrooms, but in a smaller household size band.

Third, new household formation is concentrated among the younger age groups, in the range 16 to 34. New households forming partnerships with the intention of having children in future years will want to access housing that will accommodate their needs, both current and future. From Figure 7.24, they will mostly demand three and four bedroom properties.

The established patterns may change. For example, the projected decline in the number of children aged under 16 underpins the projected reduction in the proportion of households with children and increasing proportions in one and two person households, i.e. decreasing average household size and associated bedroom requirements (Table 7.16. See also Table A7.5 for the projections by HMA). On the other hand, trends may emerge that would increase average household sizes. For example, multi-family households are the fastest growing household type across the UK, though such households only represent 1.1 per cent of total families across the UK⁴⁰.

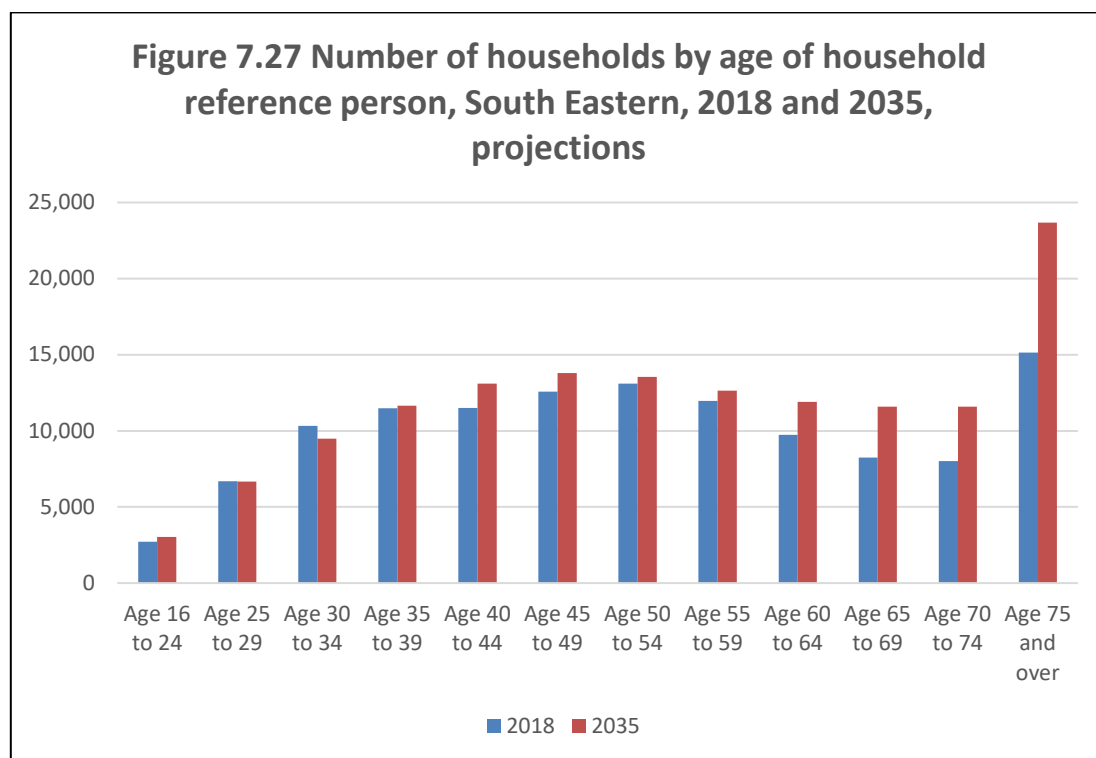
Table 7.16 Household composition by type, South Eastern, per cent of total				
	2011	2018	2030	2035
	%	%	%	%
One adult households	25	25	26	26
Two adults without children	25	26	28	29
Other households without children	17	16	17	17
Households with children	33	34	29	28
All households	100	100	100	100
Sources: 2011 – Estimated from Census of Population; 2018, 2030 and 2035 – Author's estimates.				

⁴⁰ See ONS, 2019, [Families and Households in the UK](#).

7.6 Projections

7.6.1 Demographic Context

The ageing of the population provides the fundamental demographic context in projecting the expected future use and occupation of the dwelling stock. Between 2018 and 2035, the net change in the number of households is projected to be driven by those where the Household Reference Person is aged 60 and over (Figure 7.26. See also Box 7.C). Across the South Eastern area, households where the HRP is aged 60 and over are projected to increase by 17,600, from 41,100 in 2018 to 58,800 by 2035⁴¹. A little under half (48 per cent) of the increase in those aged 60+ is projected to be due to the rise in households where the HRP is aged 75 and over.



The projected HRP age composition is strongly reflected in the household size projections, with increasing proportions of households living in one and two person households. By 2035, 59 per cent of households are projected to live in one and two person households, up from an estimated 54 per cent in 2018 (Table 7.19). The proportion in households containing four or more persons is expected to fall from an estimated 29 per cent in 2018 to 24 per cent by 2035. The projected shifts in the household size distribution are expected to be similar across the South Eastern HMAs (see Table A7.6).

⁴¹ The projections presented in this Section are based on the medium household growth scenario discussed in Section 5.

Box 7.C Household Reference Persons: Projections

The NISRA 2016-based household projections include household size and type projections in addition to total households for each LGD. They do not include projections for household reference persons (HRPs) by age group. The HRP was introduced for the 2001 Census of Population to replace the former 'head of household' measure. There is one HRP per household.

HRP projections by age are especially useful in a Housing Market Analysis. For example, as discussed in Section 6, tenure composition varies strongly with the age of the HRP. Similarly, there are distinct differences by age of HRP in the occupancy of the dwelling stock, particularly when assessing patterns in bedroom requirements. It was therefore necessary to add an additional module to the NISRA household methodology to project HRPs by age group. The approach was based on projecting forward household representative rates (HRRs), i.e. the household reference persons as a proportion of the population in the relevant age group. The baseline HRRs for the projection module were derived from the 2011 Census of Population.

HRRs rise sharply among the younger age groups, up to about age 34, due to new household formation as, for example, young adults leave the family home, enter relationships, etc. and enter the housing market. HRRs stabilise from age 35 through to about age 69. From age 70 onwards, HRRs increase as, for example, a two-person household becomes a one-person household following the death of a partner.

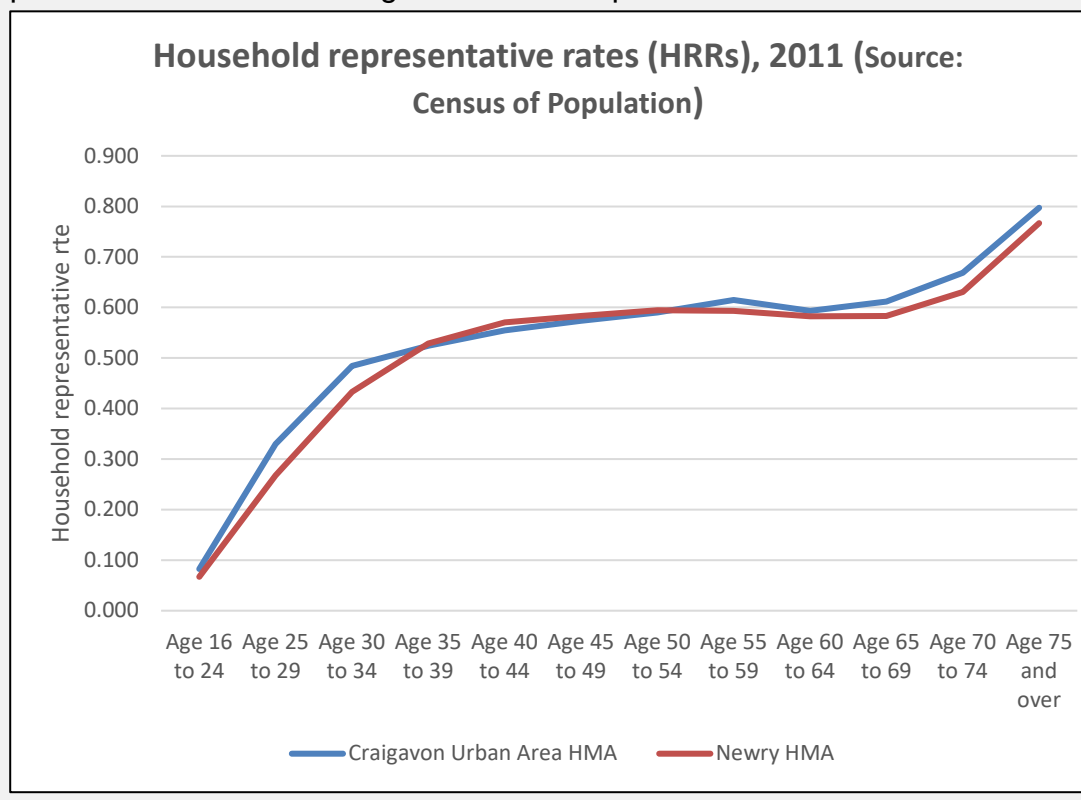


Table 7.17 Household size, South Eastern, per cent of total				
	2011	2018	2030	2035
	%	%	%	%
One person	25	25	26	26
Two persons	28	29	32	33
Three persons	17	17	17	16
Four persons	16	16	15	14
Five+ persons	13	13	11	10
All households	100	100	100	100
Sources: 2011 – Estimated from Census of Population; 2018, 2030 and 2035 – Author's estimates.				

Consequently, in both HMAs, net changes in households between 2018 and 2035 are projected to derive primarily from the growth of one and two person households (Table 7.18). Both HMAs are projected to see a reduction in the number of five person households.

Table 7.18 Household size, South Eastern HMAs, projected net changes, 2018-2035				
	Craigavon Urban Area HMA		Newry HMA	
	Net change	% of 2018	Net change	% of 2018
One person	5,000	24	2,400	25
Two persons	7,600	31	3,400	31
Three persons	1,700	13	1,000	14
Four persons	700	6	300	5
Five+ persons	-400	-5	-500	-7
All households	14,700	18	6,600	16

The household projections also reflect the anticipated fall in the number of children aged under 16 (discussed in Section 4). Thus, the projections by household type show falling numbers of households with children and strong growth in the numbers of households without children (Table 7.19).

Table 7.19 Household type, South Eastern HMAs, projected net changes, 2018-2035				
	Craigavon Urban Area HMA		Newry HMA	
	Net change	% of 2018	Net change	% of 2018
One adult households	5,000	24	2,400	25
Two adults without children	7,100	33	3,200	34
Other households without children	3,100	26	1,500	21
Households with children	-700	-2	-500	-3
All households	14,700	18	6,600	16

It is, however, important to note that the household size and type projections are presented in terms of net changes. In particular, new households with children will form over the projection period, but they will be outnumbered by existing households transitioning from households with children to those without children, as they age through the family life cycle.

7.6.2 Bedrooms

Bedroom size projections have been prepared primarily to illustrate the potential effects of the projected demographic outlook on the occupancy of the housing stock. The projections have been prepared by rolling forward the 2011 baseline bedroom size estimates by tenure (see Section 6), household size and age and sex of the HRP. The assumption made is that preferences remain unchanged in future years, e.g. on average, across the South Eastern HMAs, around 55 per cent of owner-occupier households will live in three-bedroom dwellings, after adjusting for projected changes to the household size and HRP age and sex distribution.

The projections are not trend-based and should therefore be interpreted strictly as a base case scenario for the future distribution of dwellings by bedroom sizes, assuming no policy or other interventions.

An important point to note in projecting the bedroom size distribution is that the dwelling stock changes very slowly. For example, between 2015 and 2020, new dwelling completions, on average, added about 1.1 per cent per annum to the Craigavon Urban Area HMA housing stock and 0.8 per cent per annum to the Newry HMA stock. That is, the vast majority of dwellings that households will occupy in 15 years' time already exist.

While the projections allow for changes in household size and the age distribution of HRPs, it should be understood that they reflect current patterns of demand in the private sector and provision in the social sector. Bearing that caveat in mind, in the base case projection, the size distribution of occupied dwellings in 2035 is not expected to differ greatly from the 2018 baseline position (Table 7.20). The projections for net changes in both the Craigavon Urban Area and Newry HMAs anticipate a very slight decrease in the proportion living in dwellings with 4+ bedrooms and a corresponding increase in dwellings with three or fewer bedrooms. Those shifts largely reflect the projected increase in the proportion of smaller one and two person households.

Table 7.20 Bedroom size projections, 2018-2035				
	Occupied dwellings		Net change, 2018-2035	
	2018	2035	No.	Per cent of total
	%	%		
Craigavon Urban Area HMA				
One bedroom	4	4	500	4
Two bedrooms	14	14	2,400	17
Three bedrooms	54	55	8,300	56
Four+ bedrooms	28	27	3,400	23
All	100	100	14,700	100
Newry HMA				
One bedroom	4	4	400	6
Two bedrooms	15	16	1,400	21
Three bedrooms	52	53	3,500	53
Four+ bedrooms	29	28	1,300	20
All	100	100	6,600	100

The size distribution by age of the HRP is also projected to remain broadly similar to the baseline position. In both HMAs, almost four in five households where the HRP is aged 65+ are projected to live in dwellings with three or more bedrooms; 79 per cent in the Craigavon Urban Area HMA and 77 per cent in the Newry HMA (Figures 7.28 and 7.29).

Figure 7.28 Bedrooms by age of household reference person, Craigavon Urban Area HMA, 2035, projected

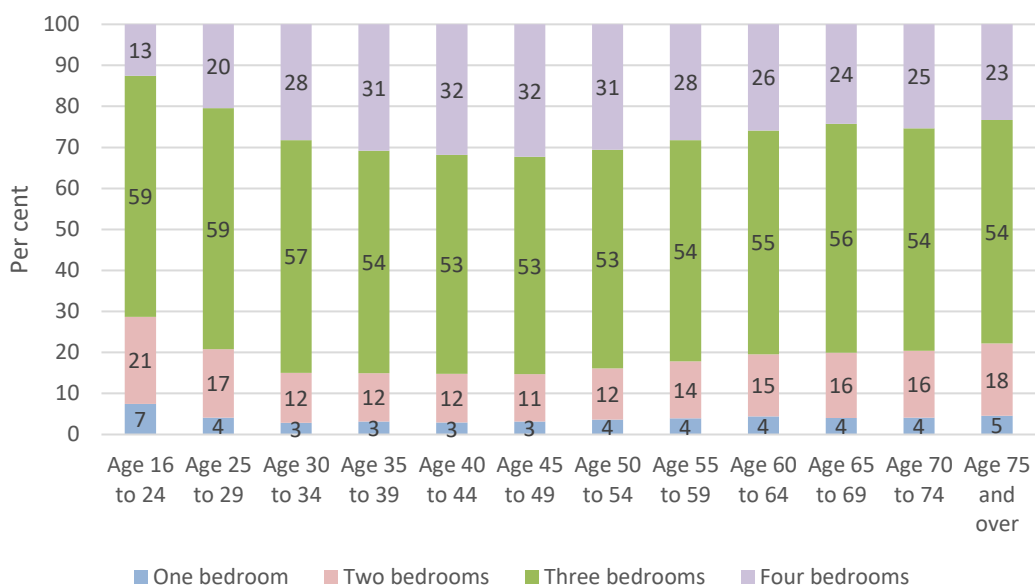
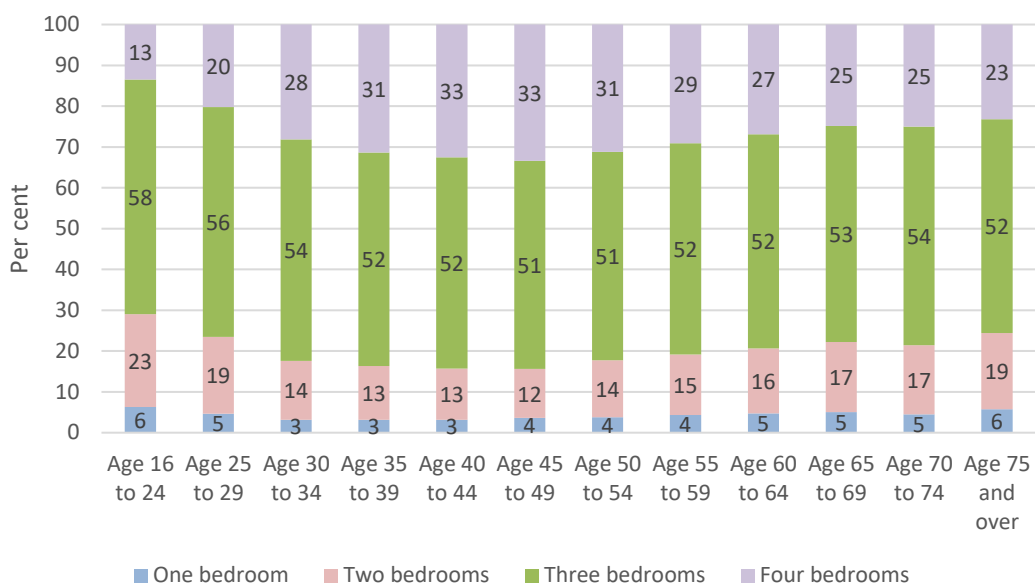


Figure 7.29 Bedrooms by age of household reference person, Newry HMA, 2035, projected



7.6.3 Bedroom Requirements

The underlying projections by household size and age of the HRP can be converted into projections for the distribution of bedroom requirements. The projected distributions to 2035 are summarised in Table 7.21 and shown by age of the HRP in Figure 7.30 for the Craigavon Urban Area HMA and Figure 7.31 for the Newry HMA. The influence of the projected changes in the age composition of HRPs and household sizes are most evident in the projected net changes in bedroom requirements, notably the increases in both HMAs in the projected numbers of households 'requiring' one bedroom only.

Table 7.21 Bedroom requirements projections, 2018-2035			
	Occupied dwellings		Net change, 2018-2035
	2018	2035	No.
	%	%	
Craigavon Urban Area HMA			
One bedroom	47	51	10,800
Two bedrooms	31	30	3,300
Three bedrooms	17	15	500
Four+ bedrooms	5	4	0
All	100	100	14,700
Newry HMA			
One bedroom	41	45	4,700
Two bedrooms	30	30	1,800
Three bedrooms	21	18	200
Four+ bedrooms	8	6	-100
All	100	100	6,600

Nonetheless, an important point to note is that bedroom 'requirements' is a notional measure based on household size and composition. For younger households living in a couple, the acquisition of a dwelling with bedrooms in excess of their current notional 'requirement' is perfectly rational where it is anticipated that the household will grow in size over the family life cycle.

For other households, under-occupation may be one element in the sustainability of the dwelling for a household.

Figure 7.30 Bedroom requirements by age of household reference person, Craigavon Urban Area HMA, 2035, projected

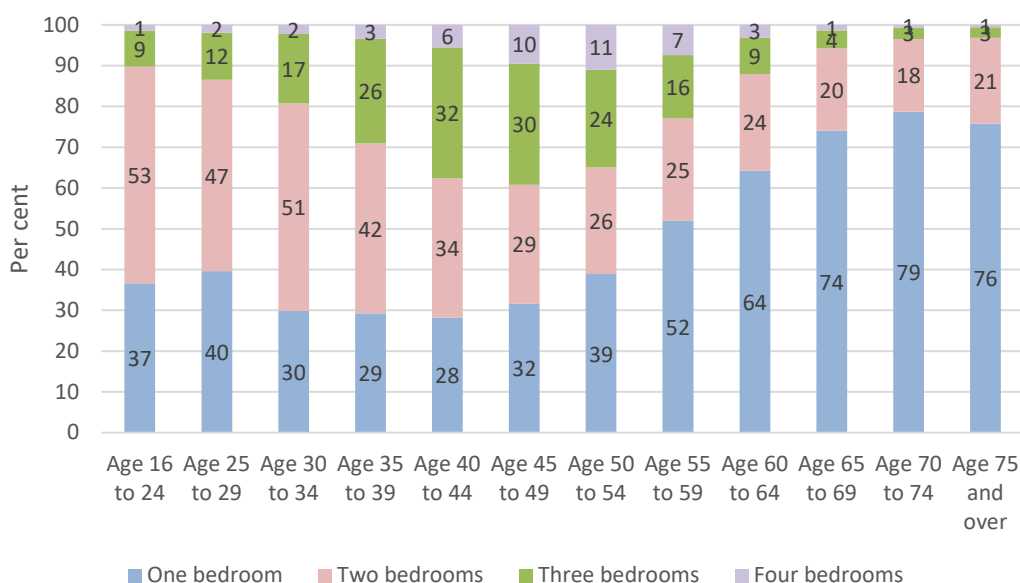
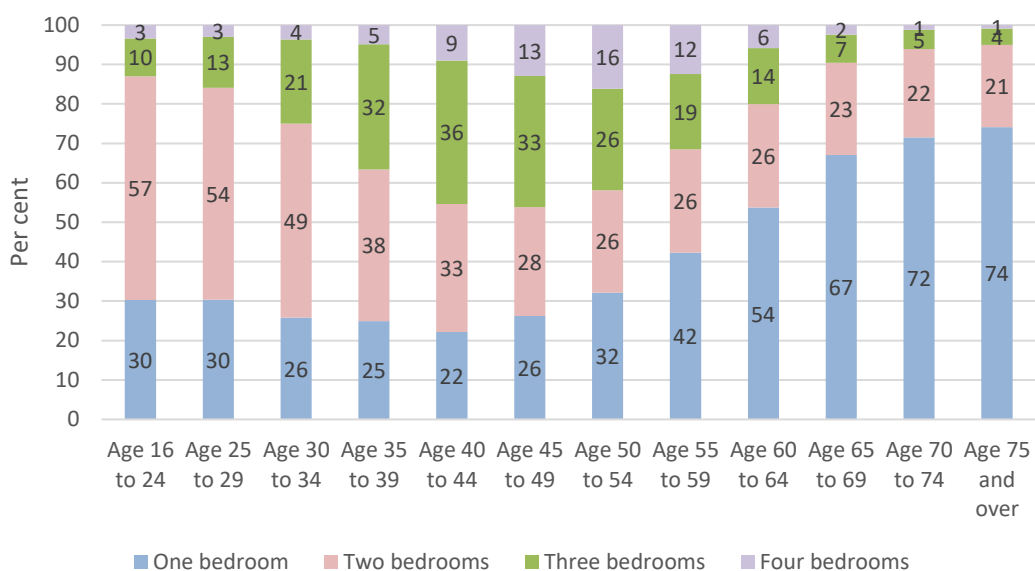


Figure 7.31 Bedroom requirements by age of household reference person, Newry HMA, 2035, projected



For example, at the 2011 Census of Population, in the Craigavon Urban Area HMA, 40 per cent of households contained one or two people with a long-term health problem or disability, rising to 47 per cent in one-person households and 69 per cent in the case of families with all aged 65 and over (see Annex 7, Table A7.7). Similarly, in the Newry HMA, 42 per cent of households contained one or two people with a long-term health problem or disability, rising to 51 per cent in one-person households and 71 per cent in the case of families with all aged 65 and over (see Annex 7, Table A7.8).

Within the resident population living in the Craigavon Urban Area HMA, in 2011, 26 per cent of those whose day-to-day activities are limited a lot, lived in dwellings with one or more adaptations (Annex 7, Table A7.9). By tenure, the proportion of the resident population living in households with one or more adaptations ranged from seven per cent in the rented sector to 21 per cent in the social sector (Annex 7, Table A7.10).

The picture was very similar in the Newry HMA, where 25 per cent of those whose day-to-day activities are limited a lot, lived in dwellings with one or more adaptations and the proportions by tenure ranged from seven per cent in the private rented sector to 24 per cent in the social sector.

Within both HMAs, the higher prevalence of adaptations in the social sector partly reflects that tenure's older age profile. In addition, the Lifetime Homes Standard is a requirement for grant-funded social housing development. The Standard incorporates criteria that make it easier and less costly to adapt a house for people who develop a mobility problem or disability in later life.

Regarding older people, while the bedroom requirement measure may indicate under-occupancy, householders may not take that perspective. For example, in an analysis of housing needs and ageing, Croucher *et al* (2009) point to changing expectations and conclude that: "One 'spare' bedroom is now the contemporary social norm, and very few older households wish to move to one bedroom accommodation"⁴². The report also highlighted factors rooting households in their current location, such as the neighbourhood, family and friends and access to local services and facilities, which may be more or less difficult to replicate at a different location.

In the Northern Ireland context, research conducted by the Housing Executive found that the majority of older people prefer to stay in their own home⁴³. The research also found that older people face a wide range of housing-related issues that may affect their capacity to remain in their own home, including "under-occupation, suitability and accessibility, fuel poverty, affordability and tenure-specific issues".

⁴² Croucher, K., Wilcox, S., and Holmans, A., 2009. *An Examination of the Housing Needs and Supply for an Ageing Society*. Report commissioned by RICS.

⁴³ Boyle, F., 2019. [Housing and Older People: Housing Issues, Needs and Aspirations](#).

External factors identified by the research as barriers to making a move included: lack of (affordable) alternative options; difficulty or unwillingness to move tenure (particularly connected to the desire for capital retention); and difficulties relating to downsizing and location.

The research discussed two models for addressing the housing-related issues faced by older people, i.e. support to stay in the home and options for support to help the household move. Presently, the main policy support to help people stay in their home within the owner-occupied and private rented sectors is the availability of grants to assist with adaptations, administered by the Housing Executive. Other models were also discussed which are under consideration in other jurisdictions, albeit on a small scale. For example, reconfiguring family sized homes to create a new rental unit within the home.

Regarding support for moving house, two main issues were noted. First, on the supply side, while sheltered housing is available, the concepts of retirement villages and extra care schemes have not yet taken root in Northern Ireland, by comparison with developments in Great Britain.

Second, financial considerations are an important consideration in moving house. As discussed in Section 6, the majority of older people in both HMAs own their own home; at the 2011 Census of Population, 74 per cent of HRPs aged 65 and over in the Craigavon Urban Area HMA and 78 per cent in the Newry HMA. Most of those households (90 per cent in both HMAs) own their home outright and therefore will have some equity that can be drawn down or released.

However, the level of equity may not be sufficient to enable the household to move to a suitable property and to sustain the accommodation, given the household income level. Where the need exists, there are potential affordable housing options to assist older people with downsizing.

For example, Co-Ownership has recently introduced a shared ownership product aimed at those who are over 55 and want to move to a new home but cannot afford to move because “their current house may not have the monetary value (equity) they need to buy their new home and getting a mortgage to cover the difference isn’t an option”⁴⁴.

From a housing market perspective, helping older households to downsize would release a family sized property for some other household to occupy, thereby reducing new build requirements for such units and providing a better match between household size/composition and dwelling type/size.

⁴⁴ The product is described at <https://www.co-ownership.org/co-own-for-over-55s/about-co-own-for-over-55s/>.

7.7 Key Points Summary

Detached and semi-detached dwellings account for a large majority of the housing stock across the South Eastern HMAs. By 2021, an estimated 44 per cent of dwellings in the Craigavon Urban Area HMA were detached with semi-detached properties accounting for a further 29 per cent, giving a combined total of 72 per cent, up from 57 per cent in 1991. The share of the stock accounted for by apartments has remained at around five per cent over the past three decades. In 2021, the terraced dwellings share stood at 23 per cent, down from over 37 per cent in 1991.

Similarly, in the Newry HMA, in 2021, an estimated 48 per cent of dwellings were detached along with 32 per cent semi-detached, a total of 80 per cent, up from 69 per cent in 1991. Apartments accounted for five per cent of the stock, up from four per cent in 1991. The share of the stock in terraced dwellings was 15 per cent, down from 26 per cent in 1991.

Thus, over the past three decades, household growth in both HMAs has mainly been accommodated in the more space-extensive dwelling types.

The proportion of dwellings unoccupied in 2011 was slightly lower than the Northern Ireland average (six per cent) in both the Craigavon Urban Area HMA (5.8 per cent) and the Newry HMA (5.3 per cent).

The composition of the occupied housing stock varies markedly with household tenure. Across the South Eastern HMAs, almost all owner-occupier households (99 per cent) live in a whole dwelling, including 57 per cent in a detached dwelling, 26 per cent in semi-detached properties and 16 per cent in terraced houses. Just one per cent live in apartments. By contrast, in the social rented sector, terraced dwellings are most prevalent (44 per cent), with almost one in three (30 per cent) living in a semi-detached property, 20 per cent in an apartment and six per cent in a detached dwelling.

Relative median house prices by property type have been broadly stable over the past decade. Overall, there are no obvious market signals indicating substantial shifts in the future pattern of demand by property type in the residential housing market.

The distribution of property types varies with the age of the HRP. The proportion living in detached properties increases steadily from 14 per cent among households where the Household Reference Person (HRP) is aged 16-24 to 53 per cent where the HRP is aged 45-49. From age 50 onwards, the proportion in such dwellings remains stable. Overall, the type of property occupied by a household aged 45 to 49 is a good predictor of the type of property that same household will occupy in future years, as they age into the older cohorts.

As measured by the number of rooms (bedrooms plus common spaces such as living rooms), dwelling size is clearly linked to household size. On average, the larger the household, the more rooms that are contained within the occupant's dwelling. Dwelling size also varies by tenure, with owner-occupied households generally occupying the larger dwellings.

Based on the occupancy rating measure, in 2011 six per cent of households living in the Craigavon Urban Area HMA and seven per cent in the Newry HMA were classified as living in 'overcrowded' dwellings. The incidence of 'over-crowding' was therefore on a par with the Northern Ireland average (seven per cent).

Across the South Eastern area, a large majority of households (82 per cent) are estimated to live in properties with three or more bedrooms, ranging from 47 per cent in the social sector to 90 per cent in the owner-occupied sector.

Smaller sized properties, with one to two bedrooms, are estimated to be found most frequently in the social rented sector (53 per cent), followed by the private rented sector (29 per cent), falling to 10 per cent in the owner-occupied sector.

The distribution of bedroom sizes by age of the HRP stands in sharp contrast to the age distribution of household sizes, most notably in the older age groups. The vast majority of households where the HRP is aged 65 and over are comprised of one or two persons (84 per cent). On a notional bedroom standard basis, those one and two person households only 'require' one bedroom. However, almost four in five households (77 per cent) where the HRP is aged 65 and over live in three and four bedroom properties. That is to suggest a considerable degree of 'under-occupancy' among older households.

The ageing of the population provides the fundamental demographic context in projecting the expected future use and occupation of the dwelling stock. Between 2018 and 2035, the net change in the number of households is projected to be driven by those where the HRP is aged 60 and over.

Against that backdrop, the projections presented in this Section indicate that the extent of 'under-occupancy' among older households will increase over the next 15 years. That raises policy issues both around helping people to live in their homes and, where that is desired and appropriate, moving to more suitably sized accommodation.

Annex 7 Accompanying Tables

Table A7.1 Occupancy ratings, Northern Ireland, per cent of households, 2011					
	Occupancy rating:				
	-2	-1	0	+1	+2
	%	%	%	%	%
All households	1.9	5.0	14.0	22.4	56.7
Tenure					
Owner-occupied	1.1	2.8	8.6	18.0	69.4
Rented from NIHE	3.6	8.9	29.2	37.5	20.8
Rented from Housing Association	4.3	16.8	41.8	25.9	11.1
Private rented	3.5	8.5	19.1	28.7	40.2
HMA					
Ballymena HMA	1.4	3.5	11.3	19.5	64.3
Belfast Metropolitan HMA	1.9	5.3	15.3	23.7	53.9
Causeway Coast HMA	1.6	4.2	12.0	20.0	62.2
Cookstown HMA	2.0	4.4	10.9	19.8	62.9
Craigavon Urban Area HMA	1.5	3.9	11.5	22.0	61.2
Derry HMA	3.1	7.0	17.5	24.2	48.2
Dungannon HMA	2.7	5.1	12.1	19.8	60.2
Fermanagh HMA	1.6	3.9	10.9	19.8	63.7
Newry HMA	2.3	5.4	13.4	21.2	57.8
Omagh HMA	1.8	4.5	10.8	18.9	63.9
Strabane HMA	2.2	5.1	13.5	23.1	56.1
Settlement type					
Urban	2.2	5.7	16.2	24.5	51.4
Rural - Intermediate settlement/village	1.5	4.0	12.3	22.3	59.9
Rural - Small village, hamlet, open countryside	1.4	3.2	8.4	16.6	70.4
Source: Census of Population					

Annex A7.2 Household size, 2011, Craigavon Urban Area HMA, per cent of households					
	One	Two	Three	Four	Five+
	<i>Row%</i>	<i>Row%</i>	<i>Row%</i>	<i>Row%</i>	<i>Row%</i>
Craigavon Urban Area HMA	26	29	17	16	12
Subarea					
Craigavon	27	30	18	16	10
Armagh	25	28	17	16	14
Banbridge	26	31	17	17	11
Tenure					
Owner-occupied	20	30	18	18	14
Social rented	49	25	12	8	5
NIHE	47	26	13	8	5
Housing Associations	59	20	10	7	5
Private rented	32	31	18	12	8
Settlement type					
Urban	30	30	17	14	9
Rural - Intermediate settlement/village	26	30	17	16	10
Rural - Small village, hamlet, open countryside	19	29	18	18	17
Source: Census of Population					

Annex A7.3 Household size, 2011, Newry HMA, per cent of households					
	One	Two	Three	Four	Five+
	<i>Row%</i>	<i>Row%</i>	<i>Row%</i>	<i>Row%</i>	<i>Row%</i>
Newry HMA	24	26	17	16	17
Tenure					
Owner-occupied	20	26	17	18	20
Social rented	41	26	14	10	9
NIHE	41	28	14	9	8
Housing Associations	43	20	14	11	13
Private rented	31	30	19	12	9
Settlement type					
Urban	28	27	18	15	12
Rural - Intermediate settlement/village	27	28	17	15	14
Rural - Small village, hamlet, open countryside	19	25	16	17	22
Source: Census of Population					

Table A7.4 Tenure composition by settlement type, 2011, per cent of households			
	Owner-occupied	Social rented	Private rented
	<i>Row%</i>	<i>Row%</i>	<i>Row%</i>
Craigavon Urban Area HMA			
Urban	62	16	22
Rural	80	6	14
Newry HMA			
Urban	62	14	24
Rural	77	7	16
South Eastern			
Urban	62	15	23
Rural	79	6	15
Source: Census of Population			

Table A7.5 Household composition by type, South Eastern HMAs, per cent of total				
	2011	2018	2030	2035
	%	%	%	%
Craigavon Urban Area HMA				
One adult households	26	25	27	27
Two adults without children	26	27	29	30
Other households without children	17	15	16	16
Households with children	32	33	29	27
All households	100	100	100	100
Newry HMA				
One adult households	24	24	25	26
Two adults without children	23	24	26	27
Other households without children	17	17	18	18
Households with children	36	35	31	29
All households	100	100	100	100
Sources: 2011 – Estimated from Census of Population; 2018, 2030 and 2035 – Author's estimates.				

Table A7.6 Household size, per cent of total				
	2011	2018	2030	2035
	%	%	%	%
Craigavon Urban Area HMA				
One person	26	25	27	27
Two persons	29	30	33	34
Three persons	17	17	16	16
Four persons	16	16	15	14
Five+ persons	12	11	10	9
All households	100	100	100	100
Newry HMA				
One person	24	24	25	26
Two persons	26	27	30	31
Three persons	17	17	17	17
Four persons	16	16	15	14
Five+ persons	17	16	13	13
All households	100	100	100	100
Sources: 2011 – Estimated from Census of Population; 2018, 2030 and 2035 – Author's estimates.				

**Annex A7.7 Households containing one or more persons with long-term health problems or disabilities,
Craigavon Urban Area HMA**

	All households		One-person households	All aged 65+	
	With disability		With disability	With disability	
	One	Two		One	Two
	%	%	%	%	%
Craigavon Urban Area HMA	30.2	9.7	47.1	30.1	39.0
Subareas					
Craigavon	30.6	10.1	48.0	29.6	40.7
Armagh	30.2	9.5	47.5	30.6	37.3
Banbridge	29.3	9.2	44.7	30.4	37.6
Settlement type					
Urban	31.8	9.5	48.7	30.3	40.1
Rural - Intermediate settlement/village	28.5	9.4	45.1	29.2	37.8
Rural - Small village, hamlet, open countryside	28.0	10.1	44.1	30.1	37.7

Source: Census of Population, Commissioned Table 0467.

Annex A7.8 Households containing one or more persons with long-term health problems or disabilities, Newry HMA					
	All households		One-person households	All aged 65+	
	With disability		With disability	With disability	
	One	Two		One	Two
	%	%	%	%	%
Newry HMA	31.9	10.1	50.8	29.5	41.8
Settlement type					
Urban	32.5	9.8	50.2	28.7	42.6
Rural - Intermediate settlement/village	35.5	9.7	55.7	29.6	46.0
Rural - Small village, hamlet, open countryside	29.9	10.6	49.3	30.4	39.3
Source: Census of Population, Commissioned Table 0467.					

Annex A7.9 Resident household population living in dwellings with one or more adaptations of accommodation, by long-term health problem or disability, former Local Government Districts, per cent of total resident household population¹

	All in a dwelling with adaptation(s)	Population living in dwellings with adaptation(s) and their:		
		Day-to-day activities are limited a lot	Day-to-day activities are limited a little	Day-to-day activities are not limited
	%	%	%	%
Armagh, Banbridge and Craigavon	11.7	26.4	14.1	9.4
Craigavon	10.3	27.1	12.6	7.6
Armagh	13.7	26.2	16.0	11.9
Banbridge	11.9	25.3	14.6	9.9
Newry and Mourne	13.1	25.4	15.1	11.3
<i>N. Ireland</i>	<i>11.1</i>	<i>27.8</i>	<i>14.2</i>	<i>8.4</i>

1 Population living in households, which does not include the population living in communal establishments.

Note: the adaptations listed in the Census are as follows:

- Wheelchair usage.
- Other physical or mobility difficulties.
- Visual difficulties.
- Hearing difficulties.
- Other.

Source: Census of Population, Table DC4305.

Annex A7.10 Resident household population living in dwellings with one or more adaptations of accommodation, by tenure, former Local Government Districts, per cent of total resident household population¹

	All	Owner-occupied	Social rented	Private rented
	%	%	%	%
Armagh, Banbridge and Craigavon	11.7	11.7	20.6	7.2
Craigavon	10.3	9.9	20.5	6.2
Armagh	13.7	14.2	19.4	8.5
Banbridge	11.9	11.6	22.2	8.2
Newry and Mourne	13.1	13.3	24.2	7.1
<i>N. Ireland</i>	<i>11.1</i>	<i>10.1</i>	<i>22.6</i>	<i>6.9</i>

1 Population living in households, which does not include the population living in communal establishments.

Note: the adaptations listed in the Census are as follows:

- Wheelchair usage.
- Other physical or mobility difficulties.
- Visual difficulties.
- Hearing difficulties.
- Other.

Source: Census of Population, Table DC4413.

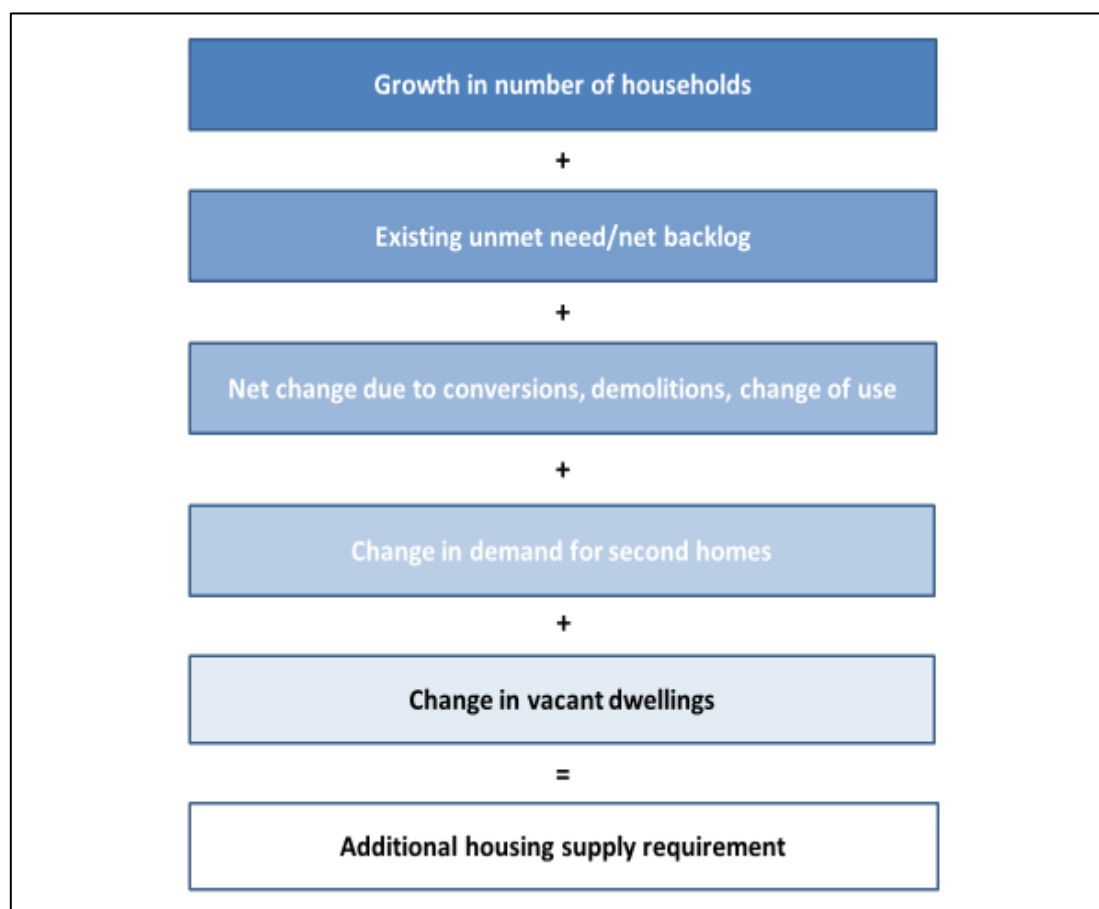
8 Housing Requirements

8.1 Introduction

This Section assesses the implications for new dwelling requirements of the household projections discussed in Section 5. The assessment is based on the net stock model (NSM) which projects future housing requirements from three main components, as follows (Figure 8.1):

- Newly arising need and demand due to projected net growth in the number of households.
- Existing unmet need, most often referred to as the backlog of unmet need, i.e. the shortfall between current provision and the accommodation needs of existing households as well as individuals or families that have not yet formed as separate households.
- Accompanying demand (second homes) and supply-side adjustments (vacant dwellings, conversions, etc.).

Figure 8.1 Net stock model: Components



8.2 Implementation

It is useful to consider first the implementation of the net stock model without reference to the backlog. The model is underpinned by the basic accounting identity, i.e. at a given point in time:

Housing stock = Number of households + Second homes + Vacant dwellings

In that formulation, new housing demand may be estimated by summing the projected changes in households, second homes and vacant dwellings. In practice, the projected net change in the number of households is the main driver in new housing demand.

The supply-side response to a change in housing demand has two components:

New dwelling completions + net changes from conversions, etc.

Conversions of existing dwellings to residential use will reduce the number of newly constructed dwellings required to meet a given change in demand. Alternatively, existing residential dwellings may be demolished or be lost to the stock through dereliction. In that instance, additional new dwellings would be required to replace those lost.

In the net stock model, projected new housing requirements are obtained by projecting forward the change in housing demand (new households plus the changes in the numbers of second homes and vacant dwellings) and adding (or subtracting) the expected flows of net changes due to conversions, etc.

The implementation of the model therefore requires the following inputs:

- Choice of a baseline or initial starting year and projection period.
- Household projections.
- Assumptions for changes in second homes, vacant dwellings and the annual flow of net changes from conversions, demolitions, etc. The assumptions are outlined in Annex 8.A.

The results reported in this Section are derived from a 2020 baseline, projected over a 15-year period to 2035. An important reason for choosing 2020 as a baseline year is that published data on new house completions are available through spring 2020. If an earlier baseline were chosen, the published completions would have to be netted out to derive a projection for remaining new dwelling requirements, having regard to the supply that has already occurred. For example, if running off a 2018 baseline, it would be necessary to net out the known 2018-19 and 2019-20 completions. Furthermore, from the LPS data, the housing stock as at spring 2020 is a known quantity.

The household projections are taken from the **medium household growth scenario** discussed in Section 5. The net stock model results with no backlog in that scenario are summarised in Table 8.1 for the Craigavon Urban Area HMA. Thus, the projected new dwelling requirement for the period 2020 to 2035 is **15,400**⁴⁵.

Table 8.1 New dwelling requirements and components, 2020-2035, net stock model with no backlog, Craigavon Urban Area HMA, medium household growth scenario¹

	2020	2035	Change
	(a)	(b)	(c) = (a) – (b)
	<i>No.</i>	<i>No.</i>	<i>No.</i>
Households ²	83,040	95,830	12,790
Second homes ³	150	170	20
Vacant stock ⁴	3,470	4,020	550
Dwellings ⁵	86,660	100,020	13,360
Net changes ⁶			2,040
Requirements⁷			15,400

Notes:

1. All projections are shown rounded to the nearest 10. Calculations are based on unrounded figures, therefore sums or differences may not add to the totals shown.
2. Household projections, medium growth scenario.
3. Constant proportion of dwellings – see Table A8.1 in Annex 8.A.
4. Projected as a constant share of dwellings (four per cent), from the 2020 modelled vacancy rate in the medium growth scenario - see Annex 8.A.
5. The sum of households, vacant dwellings and second homes. Note that the 2020 dwelling stock figure is an actual count derived from LPS data.
6. Net changes due to conversions/closures/demolitions are an annual flow, which are cumulated over the 15-year projection period. Derived from nine-year average using the residual method - see Annex 8.A and accompanying discussion. As the net changes assumption is a positive number, closures/demolitions outnumber conversions by a cumulated 2,040 over the projection period; replacement of those losses adds to the new dwelling requirement.
7. The sum of dwelling stock changes plus the cumulated net changes.

⁴⁵ Note that projected new dwelling requirements and components have been rounded to the nearest 10 for reporting purposes. For that reason, components may not always add to the total shown in a table. All modelling work was conducted on unrounded data.

The projections for the Newry HMA, again with a zero backlog, are shown in Table 8.2. The projected new dwelling requirement for the period 2020 to 2035 is **6,250**.

Table 8.2 New dwelling requirements and components, 2020-2035, net stock model with no backlog, Newry HMA, medium household growth scenario¹			
	2020	2035	Change
	(a)	(b)	(c) = (a) – (b)
	<i>No.</i>	<i>No.</i>	<i>No.</i>
Households ²	41,230	46,920	5,700
Second homes ³	520	590	70
Vacant stock ⁴	1,230	1,420	190
Dwellings ⁵	42,980	48,940	5,960
Net changes ⁶			290
Requirements⁷			6,250
Notes: See Table 8.1.			

The annualised new dwelling requirements are summarised in Table 8.3. For the Craigavon Urban Area HMA, the annualised total requirement 2020 to 2035 is **1,030** dwellings. The largest component is the net change in new households, projected at **850** per annum, representing 83 per cent⁴⁶ of the total requirement. Net changes due to conversions, etc. account for 13 per cent of the projected requirements.

For the Newry HMA, the annualised total requirement 2020 to 2035 is **420** dwellings. The largest component is the net change in new households, projected at **380** per annum, representing 91 per cent of the total requirement.

It must be emphasised that the net stock model projections presented in this Section are intended to provide a long-term perspective on housing requirements across the two HMAs. Nonetheless, as the model has the capability to generate outputs on an annual basis, it is useful to illustrate further the relationship between projected new dwelling requirements and the projected trend in household growth.

⁴⁶ Note that percentages are calculated from the unrounded projections for new dwelling requirements and components.

Table 8.3 New dwelling requirements and components, 2020-2035, net stock model with no backlog, South Eastern Area HMAs, medium household growth scenario, by component, annualised

	Change 2020-2035	Annualised	Composition
	<i>No.</i>	<i>No.</i>	<i>Col%</i>
Craigavon Urban Area HMA			
New households	12,790	850	83
Vacant stock and second homes	570	40	4
Net changes	2,040	140	13
Requirements	15,400	1,030	100
Newry HMA			
New households	5,700	380	91
Vacant stock and second homes	260	20	4
Net changes	290	20	5
Requirements	6,250	420	100
See Table 8.1 for explanation of components.			

As discussed in Section 5, in both HMAs, household growth is projected to slacken from the mid-2020s onwards, reflecting the slower growth in population discussed in Section 4. Based on the projected trend in household growth, in the Craigavon Urban Area HMA, new dwelling requirements over the decade 2020 to 2030 are projected to average 1,090 per annum, falling to 900 per annum in the five years between 2030 and 2035, a drop of -18 per cent (Figure 8.2 and Table 8.4).

For the Newry HMA, the projected new dwelling requirements over the decade 2020 to 2030 average 440 per annum, falling to 370 per annum in the five years between 2030 and 2035, a drop of -17 per cent (Table 8.4).

Nonetheless, reflecting their more favourable demographic outlook, discussed in Section 4, in both the South Eastern HMAs, the projected fall in annualised new dwelling requirements between 2020 and 2035 is less pronounced compared to all other HMAs, with the exception of Dungannon (a drop of -9 per cent between the two periods).

Figure 8.2 Projected new dwelling requirements, 2020-2035, no backlog, Craigavon Urban Area HMA

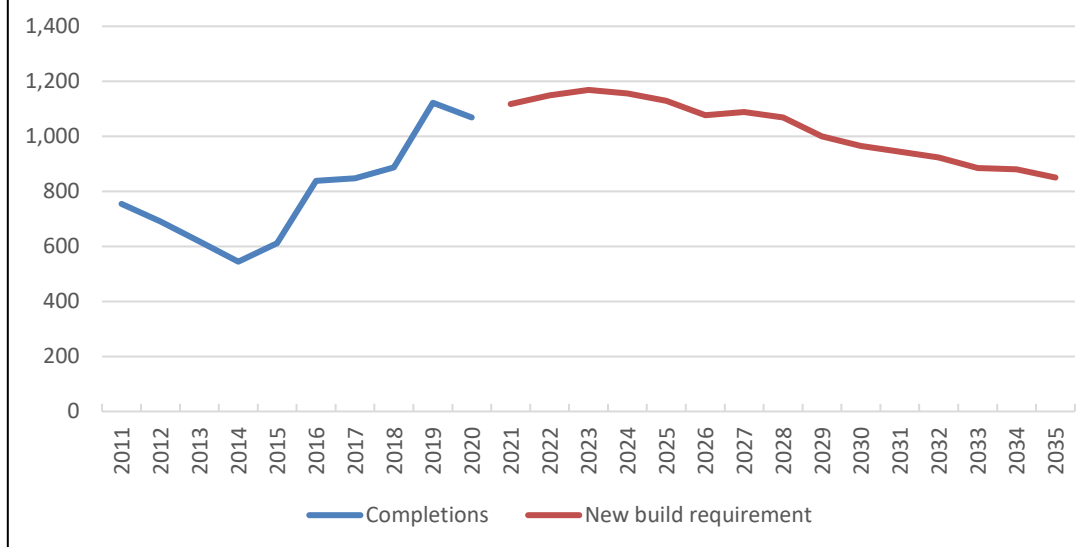
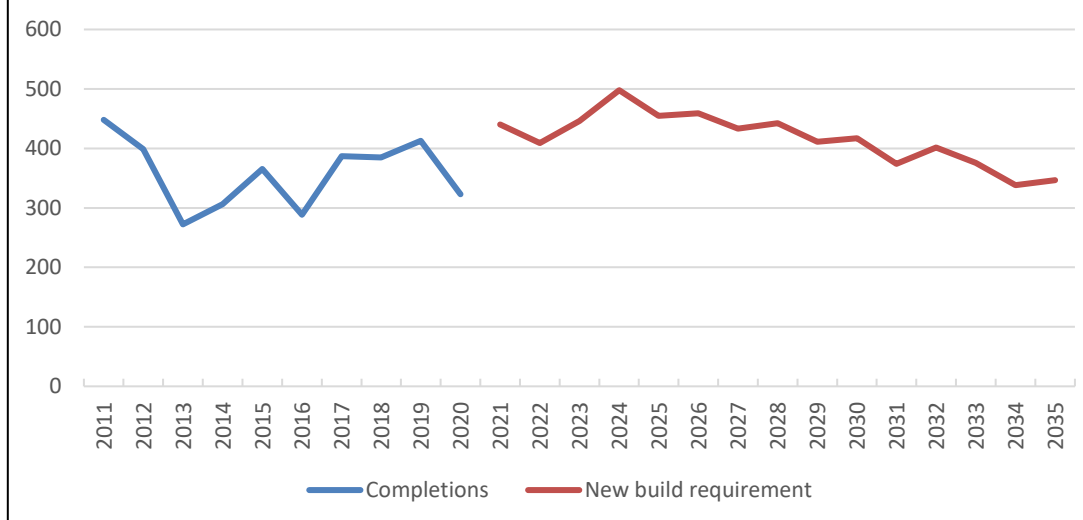


Figure 8.3 Projected new dwelling requirements, 2020-2035, no backlog, Newry HMA



The projected new dwelling requirements for the Craigavon Urban Area subareas are summarised in Table 8.4. The projections by component are reported in Annex B, Table A8B.1. Similar to the projections for the HMA, the annualised projections by subarea are mainly shaped by the expected household growth. For each subarea, and following the path of household growth, the projected annualised new dwelling requirements over the first 10 years of the projection period, to 2030, are in excess of the annualised requirements for the final five years from 2030 to 2035.

Table 8.4 New dwelling requirements by HMA and Craigavon Urban Area HMA subarea, net stock model, no backlog, 2020-2035				
	Total	Annualised		
		2020-2035	2020-2030	2030-2035
Craigavon Urban Area HMA	15,400	1,030	1,090	900
Craigavon	8,730	580	610	520
Armagh	3,650	240	260	210
Banbridge	3,030	200	220	160
Newry HMA - All	6,250	420	440	370

8.3 Backlog

The backlog of unmet need for social housing can be considered to encompass three main components⁴⁷:

- Households and potential households without self-contained accommodation.
- Owner-occupiers and private renters in need of social rented housing.
- Social rented sector tenants in unsuitable accommodation.

The first of those three components is comprised of households or potential households (such as concealed families) who do not have their own self-contained accommodation. For that reason, they form the 'net backlog', i.e. additional new dwellings are required to meet their need for accommodation.

The second and third elements can be referred to, respectively, as the tenure (or mismatch) backlog and the social backlog. Neither of those components is counted as part of the new dwelling requirements in a net stock framework. Owner-occupiers and private renters who have a need for social rented accommodation (e.g. due to overcrowding) currently occupy self-contained accommodation; if they are allocated social housing, their existing dwelling would free up to be occupied by some other household. Households in the social sector may be counted as part of the backlog in circumstances where their current accommodation is unsuitable, for example, the tenant has

⁴⁷ See, for example, [Holmans](#), 2008; [Greater London Authority](#), 2017.

serious mobility problems. Again, however, if they are allocated a dwelling, their current accommodation frees up for some other household.

The backlog is inherently difficult to measure. For example, not all of the concealed families counted by the Census of Population (see Table 5.2) may want or desire their own accommodation. Some of those who do may have sufficient resources to rent or buy market housing.

For this SHMA, the issues around measurement and scope are handled through use of the Housing Executive's Common Waiting List (CWL). The CWL offers several advantages for that purpose, as follows:

- It is a comprehensive listing of individuals who have expressed a desire for alternative accommodation by applying for a social rented home.
- The specific housing needs of CWL applicants are identified in the course of assessing their applications. It is therefore possible to identify, for example, those who are homeless and do not have self-contained accommodation, households in over-crowded accommodation, households with functional mobility problems in their present dwelling, and so on.
- The CWL contains information on the attributes of individuals, such as family type and size.
- Because the CWL is common across Northern Ireland, it is possible to characterise applicants' housing needs without double counting. That is a particular problem with an approach based on multiple datasets, such as a mix of Census, survey and administrative data.

The main caveat to the use of the CWL is the 'no detriment' practice, which applies to applicants who have been accepted as homeless and awarded Full Duty Applicant (FDA) status, i.e. an applicant to whom the Housing Executive has a legal responsibility. When such applicants are awarded points, e.g. for sharing or overcrowding, those points cannot be removed even if the applicant later improves their housing circumstances. That is, the points awarded to an FDA applicant may also reflect their homelessness 'journey', depending on whether their circumstances have changed since making an application for social housing. Consequently, the CWL may not accurately reflect the current housing circumstances of all applicants. Nonetheless, the advantages of the CWL are sufficient to justify its use for estimating the net backlog component in projecting new dwelling requirements.

The criteria for including CWL applicants in the net backlog were as follows:

- Accepted as homeless by the Housing Executive.

and,

- Lacking their own self-contained accommodation, based on their circumstances according to the CWL.

Concealed households without their own self-contained accommodation are defined to include:

- Adult couples (with or without children) and lone parents whose circumstances indicate that they live with some other family, but are not responsible for the dwelling, e.g. where they have sharing points and/or that is their stated tenure.
- Single adults living with some other family, where they are assessed to warrant sharing points and/or that is their stated tenure.

Households living in temporary accommodation in hostels, etc. are also included in the net backlog, as they do not live in self-contained accommodation.

Conversely, applicants in temporary accommodation but who are in single lets are not included in the net backlog, as they are in self-contained accommodation which would become available to some other household if they were allocated a social home (see Box 8.A). Similarly, households in the private rented or owner-occupied sectors are not included in the net backlog.

Box 8.A Common Waiting List applicants living in temporary accommodation arranged by the Housing Executive

After six months on the CWL, an applicant accepted as homeless and without their own accommodation may be offered and placed in temporary accommodation arranged by the Housing Executive. On the June 2019 CWL, 1,910 applicants were listed as being in temporary accommodation arranged by the Housing Executive. Of those, 536 were in a voluntary sector hostel (291), Housing Executive hostel (130), leased property (60) or external placement (55). The remaining 1,374 were listed as being in private single lets.

The 536 in hostels, etc. are counted in the net backlog. The 1,374 in single lets are not included in the net backlog.

The rationale for excluding private single lets from the net backlog is that they are living in self-contained accommodation; if they are allocated social housing, their single let will free up to be occupied by some other household.

Box 8.A Common Waiting List applicants living in temporary accommodation arranged by the Housing Executive

In the net stock model approach, if those single lets were to be included in the net backlog that would introduce an element of double counting, which would inflate the projected new build requirement.

Another way of looking at the issue is to consider how those in temporary accommodation would be counted in the Census of Population.

Applicants living in hostels would be counted in the Census as part of the communal resident population, i.e. they would not be included in the count of households since they are not in self-contained accommodation. For that reason, they properly belong in the net backlog.

Conversely, applicants living in private single lets would be counted as part of the household population, since they live in self-contained accommodation. Thus, when making a net stock projection, those households are already included in the baseline. Consequently, including private single lets in the net backlog would be a form of double counting. The exclusion of private single lets from the net backlog is not at all to imply those households do not have a need for social housing. Rather, if they are allocated social housing, their single let frees up, so there is no net new 'bricks and mortar' requirement.

The three main components of the backlog are summarised in Table 8.5. To illustrate the approach, as of June 2019, 2,059 applicants on the CWL for social housing in the Craigavon Urban Area HMA had 30 or more points, i.e. they are considered to be in housing stress. That is the gross backlog.

Within that gross backlog, 524 CWL applicants met the criteria for inclusion in the net backlog⁴⁸. For the reasons outlined above, the remaining 1,535 applicants are not counted in projecting requirements for additional dwellings in the net stock model framework. Similarly, in the Newry HMA, 780 CWL applicants met the net backlog criteria for inclusion in the net stock model.

As outlined in Section 2, there was a surge in applicants to the CWL over the course of the pandemic. Between June 2019 and October 2021, the number of applicants in the Craigavon Urban Area HMA rose by 32 per cent while the Newry HMA CWL saw an increase of 12 per cent (Table 8.5).

⁴⁸ Note that the net backlog applicants on the CWL were geographically assigned according to their area of choice, i.e. the location where an applicant states they are prepared to live when making an application for social housing. However, the estimated size of the net backlog barely differs if defined on a residence basis: 536 versus 524 on a choice basis in the Craigavon Urban Area HMA. For the Newry HMA, the net backlog is 790 on a residence basis versus 780 on a choice basis.

Table 8.5 The backlog by category, South Eastern HMAs, CWL applicants in housing stress (30+ points)				
	June 2019		October 2021	
	<i>No.</i>	<i>%</i>	<i>No</i>	<i>% change</i>
Craigavon Urban Area HMA				
Net backlog	524	25	758	44.7
Tenure/mismatch backlog	1,175	57	1,552	32.1
Social backlog	360	17	407	13.1
Gross backlog	2,059	100	2,717	32.0
Newry HMA				
Net backlog	780	42	917	17.6
Tenure/mismatch backlog	831	45	914	10.0
Social backlog	240	13	238	-0.8
Gross backlog	1,851	100	2,069	11.8
Source: NIHE, Common Waiting List.				

However, as discussed in Section 2, the rise in the CWL over that period was most likely affected, albeit to an unknown degree, by measures taken by the Housing Executive to contain and delay the transmission of the Covid-19 virus. Those measures would have, temporarily, elevated the CWL above what might have been expected compared to normal practice. There is therefore a risk that deriving the net backlog estimate from the October 2021 CWL would serve to over-estimate projected new dwelling requirements. For that reason, the June 2019 CWL is preferred in making the central projections presented in this Section. Though, it should be noted that the projections can readily be varied to reflect alternative assumptions regarding the net backlog, to manage any uncertainty.

The applicants meeting the net backlog criteria are summarised in Table 8.6 by family type and accommodation status. Within each HMA, the majority are concealed households, i.e. families or single adults sharing a dwelling with some other household (80 per cent in the Craigavon Urban Area HMA and 94 per cent in the Newry HMA). In 2019, the net backlog amounted to 0.6 per cent of households in the Craigavon Urban Area HMA and a higher

proportion (1.9 per cent) in the Newry HMA. Those proportions can be compared with the Northern Ireland average of 1.5 per cent in 2019.

Table 8.6 The net backlog by family type and accommodation status, South Eastern HMAs, 2019

	Craigavon Urban Area HMA		Newry HMA	
	No.	% of households	No.	% of households
Households living in temporary accommodation, not self-contained (hostels, etc.)	57	0.1	29	0.1
Adult couple or lone parent families, accepted as homeless, in shared accommodation	133	0.2	355	0.9
Single adult, accepted as homeless, in shared accommodation	287	0.3	376	0.9
Other homeless not in self-contained accommodation	47	0.1	20	0.0
Total	524	0.6	780	1.9
Sources: NIHE, Common Waiting List, June 2019. Household proportion estimated.				

The distribution of the net backlog by subarea within the Craigavon Urban Area HMA is summarised in Table 8.7. As a proportion of the estimated number of households at 2019, the net backlog measure was lower than the HMA average in the Armagh HMA (0.4 per cent). Though, that subarea also recorded the largest percentage increase between June 2019 and October 2021 (+64 per cent compared with +45 per cent for the wider HMA).

Table 8.7 The net backlog by subarea, Craigavon Urban Area HMA, 2019

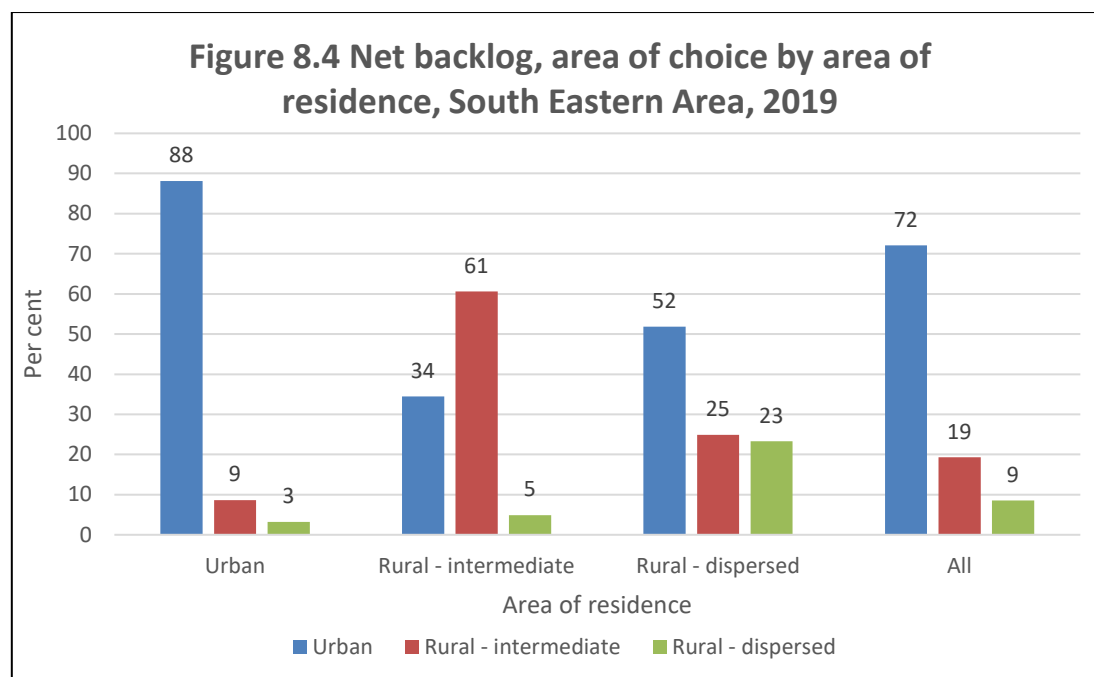
	No.	% of HMA	% of households	% change, 2019-21
Craigavon	295	56	0.7	50.2
Armagh	103	20	0.4	64.1
Banbridge	126	24	0.7	15.9
Craigavon Urban Area HMA	524	100	0.6	44.7
Source: NIHE, Common Waiting List. Household proportions are estimates.				

A final point to note regarding the net backlog is that, in both HMAs, urban areas account for the largest proportion by area of choice, 86 per cent of applicants in the Craigavon Urban Area HMA and 60 per cent in the Newry HMA (Table 8.8). In both HMAs, the urban share of the net backlog was higher than the urban population share; in 2019, urban areas accounted for 52 per cent of the population in the Craigavon Urban Area HMA and 39 per cent in the Newry HMA. Mainly, that contrast is due to a higher proportion of net backlog applicants residing in urban areas. But also, net backlog applicants living in rural areas, especially dispersed rural, are more likely to indicate an urban than a rural location as their area of choice (Figure 8.4).

Table 8.8 The net backlog by settlement type, area of choice, South Eastern HMA, 2019

	Craigavon Urban area HMA		Newry HMA	
	No.	% of HMA	No.	% of HMA
Urban	453	86	471	60
Rural - Intermediate	49	9	212	27
Rural - Dispersed	22	4	97	12
All	524	100	780	100

Source: NIHE, Common Waiting List, June 2019.



The addition of the net backlog to the net stock model projections is summarised for the Craigavon Urban Area HMA in Table 8.9. With the addition of the backlog, the total new dwelling requirement over the period 2020 to 2035 increases to **15,920**. Over the 15-year projection period, the net backlog adds an annual **30** to the requirement, bringing the annualised total to **1,060**.

Table 8.9 New dwelling requirements and components, 2020-2035, net stock model with backlog, Craigavon Urban Area HMA, medium household growth scenario

	Change 2020-2035	Annualised	Composition
	<i>No.</i>	<i>No.</i>	<i>Col%</i>
New households	12,790	850	80
Net backlog	520	30	3
Other changes	2,610	170	16
Requirements	15,920	1,060	100

See Table 8.1 for explanation of components.

The addition of the net backlog to the net stock model projections is summarised for the Newry HMA in Table 8.10. With the addition of the backlog, the total new dwelling requirement over the period 2020 to 2035 increases to **7,030**. Over the 15-year projection period, the net backlog adds an annual **50** to the requirement, bringing the annualised total to **470**.

Table 8.10 New dwelling requirements and components, 2020-2035, net stock model with backlog, Newry HMA, medium household growth scenario

	Change 2020-2035	Annualised	Composition
	<i>No.</i>	<i>No.</i>	<i>Col%</i>
New households	5,700	380	81
Net backlog	780	50	11
Other changes	550	40	8
Requirements	7,030	470	100

See Table 8.1 for explanation of components.

The results for the subareas of the Craigavon Urban Area HMA are summarised in Table 8.11. The detailed results are reported in Table A8B.2 in Annex 8.B. The largest increase is in the Craigavon subarea, which accounts for over half the total HMA net backlog (56 per cent). There, the total requirement increases by 300, followed by Banbridge (+130) and Armagh (+100). In each subarea, the net backlog effect is modest in proportional terms, raising the total requirements by 3-4 per cent compared with the requirements when the backlog is not included.

Table 8.11 New dwelling requirements and components, 2020-2035, net stock model with backlog, Craigavon Urban Area HMA subareas, medium household growth scenario

	Households	Net backlog	Other changes	Total
	<i>No.</i>	<i>No.</i>	<i>No.</i>	<i>No.</i>
Changes 2020-2035				
Craigavon	7,280	300	1,450	9,020
Armagh	3,070	100	580	3,750
Banbridge	2,450	130	580	3,150
Craigavon Urban Area HMA	12,790	520	2,610	15,920

8.4 Tenure

8.4.1 Affordability Tests

The assignment of net new households by tenure is based on an affordability model, with the following categories:

- **Market** – can afford market rent or has sufficient income to enter and sustain home ownership.
- **Intermediate** – cannot afford market rent but can afford more than social rent.
- **Social** – cannot afford intermediate or market rent.

The tenure assignments are made based on simple income tests, following the Scottish and Welsh models (see [Centre for Housing Market Analysis \(CHMA\)](#), 2018, and [Statistics for Wales](#), 2019).

The affordability tests were conducted by combining private rent data for the HMAs (see Section 6) with local area income data, scaled to the Family Resources Survey by broad age group. Newly arising households are assigned to one of the three tenures via the following affordability tests:

- **Market.** Estimated from the proportion of households that can afford to pay the median private rent, without spending more than 25 per cent of household income.
- **Social sector.** Estimated from the proportion of households with an income such that they would spend more than 35 per cent of their income (including Housing Benefit or the housing element of Universal Credit) at the 30th percentile of the private rent distribution.
- **Intermediate.** The estimated proportion of households that cannot afford the market rent but can afford the social rent level.

The results of the affordability tests are summarised in Table 8.12. The tests are based on rent and household income data for 2018-19. From Table 8.12 it can be seen that, in 2018-19, affordability in both the Craigavon Urban Area and Newry HMAs compared favourably with the Northern Ireland average. Across the two HMAs, 68-69 per cent of households could afford market rents compared with an average of 63 per cent across Northern Ireland. At 15 per cent, the proportion with social rent affordability was lower than the Northern Ireland average (18 per cent).

Within the Craigavon Urban Area HMA, affordability varies by subarea. Market affordability was lowest in Craigavon (65 per cent) and highest in Banbridge (72 per cent). The profile of affordability in the Craigavon subarea was more closely aligned with the Northern Ireland average.

Table 8.12 Affordability tests, South Eastern Area HMAs and subareas			
	Market	Intermediate	Social
	%	%	%
Craigavon Urban Area HMA	68	17	15
Craigavon	65	18	17
Armagh	68	17	15
Banbridge	72	15	12
Newry HMA	69	16	15
N. Ireland	63	19	18

As discussed in Section 6, rents have been rising across Northern Ireland over the pandemic period, through the third quarter of 2021. As of early-2022, the short-term affordability implications of that trend are unclear, especially in the absence of up-to-date household income data.

Prior to the pandemic, average rent-to-income ratios in Northern Ireland had been relatively stable. Thus, in the central tenure projections presented here, it is assumed that pandemic effects will unwind and, over the long-term, rent to income ratios will return to their pre-pandemic stability. It should also be noted that the projections in this SHMA seek to relate housing need and demand to new dwelling requirements. They are not constrained by supply considerations. That said, the pandemic does introduce a new element of uncertainty to the projections.

House purchase affordability tests were also conducted, to estimate the proportion of households with an income (excluding Housing Benefit) sufficient to afford a property in the lower quartile of house prices with a house price to income multiple of 3.6. Leaving aside capital requirements for house purchase, an estimated 59 per cent of households in the Craigavon Urban Area HMA meet the criterion, ranging from 58 per cent in the Craigavon subarea to 61 per cent in the Armagh subarea. On the income criterion, at 57 per cent, house purchase affordability is a little lower in the Newry HMA. In both HMAs, house purchase affordability was slightly higher than the Northern Ireland average (55 per cent).

Within each HMA, the proportion estimated to be able to afford house purchase is less than the proportion estimated to afford the median private rent. Therefore, the tenure assignments are made based on the rent tests. In addition, the net backlog is assigned entirely to the social sector.

8.4.2 Tenure Projections

The tenure projections in the medium household growth scenario with the backlog excluded are summarised in Table 8.13. The projections with the backlog included are shown in Table 8.14.

Excluding the backlog, in the Craigavon Urban Area HMA, 67 per cent of the projected annualised requirements are assigned to the market sector with 17 per cent to the intermediate sector and 16 per cent to the social sector (Table 8.13). When the backlog is added, the social sector share increases to 18 per cent while the market share reduces to 65 per cent. The intermediate share remains unchanged at 17 per cent. Though, it should be noted that, in level terms, the projected market and intermediate requirements are unchanged at 690 per annum and 180 per annum respectively. That is because the backlog is added to the social sector only.

Table 8.13 New dwelling requirements by tenure, excluding backlog, 2020-2035				
	Market	Intermediate	Social	All
Requirements 2020-2035				
Craigavon Urban Area HMA	10,310	2,680	2,410	15,400
Craigavon	5,680	1,580	1,460	8,730
Armagh	2,460	620	570	3,650
Banbridge	2,170	470	380	3,030
Newry HMA	4,300	1,030	920	6,250
Annualised requirements				
Craigavon Urban Area HMA	690	180	160	1,030
Craigavon	380	110	100	580
Armagh	160	40	40	240
Banbridge	140	30	30	200
Newry HMA	290	70	60	420
Per cent of total				
Craigavon Urban Area HMA	67	17	16	100
Craigavon	65	18	17	100
Armagh	67	17	16	100
Banbridge	72	16	13	100
Newry HMA	69	16	15	100

The Newry HMA has a larger net backlog of 780, accounting for 11 per cent when included in total new dwelling requirements, compared with three per cent in the Craigavon Urban Area HMA projections. Consequently, when the backlog is added, the social sector share increases to 24 per cent from 15 per cent while the market share reduces to 61 per cent from 69 per cent and the intermediate share falls slightly, from 16 per cent to 15 per cent.

Again, in level terms, the projected Newry HMA requirements for the market and intermediate sectors are unchanged when the net backlog is added to the social sector.

Table 8.14 New dwelling requirements by tenure, including backlog, 2020-2035				
	Market	Intermediate	Social	All
Requirements 2020-2035				
Craigavon Urban Area HMA	10,310	2,680	2,940	15,920
Craigavon	5,680	1,580	1,760	9,020
Armagh	2,460	620	670	3,750
Banbridge	2,170	470	510	3,150
Newry HMA	4,300	1,030	1,700	7,030
Annualised requirements				
Craigavon Urban Area HMA	690	180	200	1,060
Craigavon	380	110	120	600
Armagh	160	40	40	250
Banbridge	140	30	30	210
Newry HMA	290	70	110	470
Per cent of total				
Craigavon Urban Area HMA	65	17	18	100
Craigavon	63	18	19	100
Armagh	66	17	18	100
Banbridge	69	15	16	100
Newry HMA	61	15	24	100

It is important to note that the projected new dwellings requirement includes an allowance for housing, which is not permanently occupied as a primary residence (vacant dwellings and second homes). As indicated above and in Section 7, the presence of second homes is demand led and therefore they are not a component of housing need and do not contribute to meeting housing need. However, this is not to say that second homes have no effect on local housing needs. Rather, in areas where there is demand for second homes, available housing may be more limited, which may lead to higher housing costs and this may reduce the supply of affordable housing for local people. As set out in the 2015 SPPS (para 6.142), Councils may wish to consider zoning land or include policy within the Local Development Plan, as appropriate, to reflect the local need resulting from demand for second homes.

8.5 Irish Traveller Community

The Housing Executive is responsible for the provision and management of accommodation for the Irish Traveller Community, including social housing, Traveller specific Group Housing, serviced sites, and transit sites. Planning for, providing and managing culturally sensitive Irish Traveller accommodation is both complex and challenging. Accommodation is linked with a range of deprivation factors experienced by Irish Travellers such as health and well-being, education, racism, mortality and discrimination.

The Census of Population provides the most recent benchmark data on the geographic distribution of Irish Travellers. At the time of the 2011 Census, there were 466 Irish Traveller households, of which 51 (11 per cent) lived in the Craigavon Urban Area HMA and 62 (13 per cent) resided in the Newry HMA.

In meeting its responsibilities, the Housing Executive carries out periodic surveys and needs assessments of the Irish Traveller community. The fourth such survey, the [Northern Ireland Housing Executive Irish Traveller Accommodation Survey 2018-19](#), reported in January 2020. The Survey provides an evidence base to inform the Irish Travellers Accommodation Strategy 2020-2025 and will be used to develop a Traveller-specific accommodation needs assessment.

The 2018-19 Survey estimated that the Irish Traveller population stands at 1,628 individuals in 540 households. Based on the reported distribution by LGD, approximately 60 households (11 per cent) live within the Newry HMA and 122 (23 per cent) in the Craigavon Urban Area HMA.

The majority of Survey respondents (69 per cent) live in social housing followed by 10 per cent in private rented accommodation, nine per cent on a permanent/serviced site, seven per cent in group housing and three per cent in owner occupation.

A little over one in four respondents (27 per cent) indicated that they would prefer different accommodation, including 16 per cent who said they would prefer social housing, six per cent who said they would prefer to live at a serviced site, and three per cent who said they would prefer to live in group housing.

Other findings from the Survey include:

- 86 per cent of respondents were living in some form of 'bricks and mortar' accommodation.
- The propensity to travel appears to be low, with only seven per cent of respondents expecting that they or a member of their household would travel within the next three years.

- Almost one in five respondents (19 per cent, accounting for 102 households) said that they expected one or more members of their household to seek their own accommodation within the next five years. The majority of these newly arising households (85 per cent) were expected to seek permanent bricks and mortar accommodation.

8.6 Sensitivities

Projections for new dwelling requirements are inherently uncertain. In the context of a 15-year ahead timeframe, the main source of uncertainty is the pace of household growth, as discussed in Section 5. The projected pace of household growth depends on the assumptions for the trend in average household size and population growth.

For a given set of population projections, changes to the assumptions for the trend in average household size are used to generate alternative paths for the pace of household growth. As discussed in Section 5, three household growth scenarios based on the principal 2018-based NISRA population projections have been specified for this SHMA, i.e. the updated and high growth scenarios alongside the medium growth scenario which has served as the central scenario for projecting new dwelling requirements. Compared to the central medium growth scenario, average household size falls faster in the high growth scenario and more slowly in the updated scenario. The projected new dwelling requirements resulting from each of the three scenarios are summarised, both with and without the backlog, in Table 8.15 for the Craigavon Urban Area HMA and in Table 8.16 for the Newry HMA. The detailed results by HMA and subarea for the updated and high growth scenarios are presented in Annex B to this Section, Tables A8B.3 through A8B.6

The projections for newly arising households in the Craigavon Urban Area range from 11,720 in the updated or slower growth scenario to 13,800 in the high growth scenario (Table 8.15). Thus, in the updated scenario, 1,070 fewer households form over the period 2020-2035 compared with the central medium growth scenario. The high growth scenario generates an additional 1,010 households compared with the medium growth scenario. Those differences in the projected numbers of households are directly reflected in the projections for new dwelling requirements, as the updated and high growth scenarios differ from the medium growth scenario by approximately the difference in the household growth projections.

Overall, the scenarios are within a range of about ± 6 per cent around the central projection for new dwelling requirements. That range does not equate to a margin of error in the projections and should not be interpreted as such. Nonetheless, the range of ± 6 per cent does provide an indication of the sensitivity of the projected new dwelling requirements to the average household size assumptions, within the context of an extrapolation of historic trends.

Table 8.15 Projected new dwelling requirements and household growth scenarios, 2020-2035, Craigavon Urban Area HMA

	Household growth scenario:		
	Updated	Medium	High
New households			
Total	11,720	12,790	13,800
Annualised	780	850	920
Dwelling requirements			
Excluding backlog			
Total	14,400	15,400	16,320
Annualised	960	1,030	1,090
Including backlog			
Total	14,920	15,920	16,840
Annualised	990	1,060	1,120

Table 8.16 Projected new dwelling requirements and household growth scenarios, 2020-2035, Newry HMA

	Household growth scenario:		
	Updated	Medium	High
New households			
Total	5,090	5,700	6,240
Annualised	340	380	420
Dwelling requirements			
Excluding backlog			
Total	5,660	6,250	6,750
Annualised	380	420	450
Including backlog			
Total	6,440	7,030	7,530
Annualised	430	470	500

For the Newry HMA, the slower updated scenario gives 610 fewer newly arising households compared with the central scenario and 540 more households in the high growth scenario. Again, those differences feed directly through to the projections for new dwelling requirements, both with and without the backlog. The scenarios give a range of -590 and +500 around the central scenario for new dwelling requirements. With some slight variation in proportional terms around the scenarios and inclusion or exclusion of the backlog, those differences are within a range of ± 7 to ± 9 per cent, which again provides an indication of the sensitivity of the projected new dwelling requirements to the average household size assumptions.

In addition to the average household size assumptions, the projected number of households depends also on the projected rate of population change. The population change scenarios discussed in Section 4 have therefore been applied to the medium household growth scenario to illustrate the sensitivity of the projections for new dwelling requirements to varying population levels. The results are summarised on an annualised basis, with no backlog, in Table 8.17. The detailed results, showing total changes over the period 2020 to 2035, both with and without the backlog, are presented in Annex B to this Section, at Tables A8B.7 and A8B.8.

In the principal population projection, the Craigavon Urban Area HMA is expected to grow well ahead of the Northern Ireland average. Consequently, each of the three population change scenarios reduces the new dwelling requirement compared to the principal projection, by comparable amounts (32 per cent in the zero external migration scenario, 29 per cent in the zero net migration scenario and 34 per cent in the constant share scenario).

Table 8.17 Population change scenarios, new dwelling requirements, annualised, no backlog, South Eastern HMAs				
	Population change scenario			
	Principal (2018- based)	Zero external migration	Zero net migration	Constant NI share
	<i>No.</i>	<i>No.</i>	<i>No.</i>	<i>No.</i>
Craigavon Urban Area HMA	1,030	690	730	680
Craigavon	580	370	390	340
Armagh	240	140	180	170
Banbridge	200	180	150	170
Newry HMA	420	280	380	310

The range in the effects is wider for the Newry HMA. The zero external migration scenario has the largest effect, pushing new dwelling requirements down from an annualised 420 in the principal projection to 280 in the scenario (-33 per cent). The zero net migration scenario has a smaller effect, reducing the new dwelling requirement by -8 per cent compared with the principal projection. That is because, in that scenario, internal migration flows are set to net zero along with external flows and, while the HMA has benefitted from external flows it has lost population through internal moves to other parts of Northern Ireland.

The projected tenure proportions are also subject to uncertainty. First, the tenure split in the projected new dwelling requirements assumes the continued availability of Housing Benefit.

Modelling the potential impact of a change in the availability of Housing Benefit would, ideally, be conducted using a household survey dataset in which households in receipt of Housing Benefit can be separately identified. Such a dataset is not available at the geographic level of detail required for this SHMA.

An indication of the tenure split in the absence of Housing Benefit can be gleaned by running the net stock model in a scenario where the average amount of Housing Benefit received by households is omitted from the household income estimates. That scenario will tend to understate the potential impact of non-availability of Housing Benefit, as the variability in receipt of Housing Benefit is absent from an average income measure.

Nonetheless, the scenario is useful in highlighting that, when average Housing Benefit is excluded from average household income, the projected social tenure proportion would increase in each HMA and subarea (Table 8.18).

In the Craigavon Urban Area HMA, and with the backlog excluded to focus on the income effect, the social sector share would rise from 16 per cent when HB is included to 19 per cent when HB is excluded.

The effect in the Newry HMA is similar, with the social sector share up from 15 per cent when HB is included to 18 per cent when HB is excluded.

Table 8.18 Tenure proportions including and excluding Housing Benefit, South Eastern HMAs, per cent of total requirements			
	Market	Intermediate	Social
	<i>Row%</i>	<i>Row%</i>	<i>Row%</i>
Include HB			
Craigavon Urban Area HMA	67	17	16
Craigavon	65	18	17
Armagh	67	17	16
Banbridge	72	16	13
Newry HMA	69	16	15
Exclude HB			
Craigavon Urban Area HMA	65	16	19
Craigavon	63	17	21
Armagh	65	16	19
Banbridge	69	15	16
Newry HMA	67	15	18

8.7 Comparison with HGIs and Social Housing Need Estimates

Prior to drawing conclusions, it is useful to briefly consider how the projected new dwelling requirements presented in this Section compare with the [Housing Growth Indicators](#) (HGIs) published by the Department for Infrastructure in September 2019 to assist with the local development planning process. Strictly speaking, the new dwelling requirement projections are not comparable with the published HGIs. The main differences are as follows⁴⁹:

- The HGIs project new dwelling requirements for the 14-year period 2016 to 2030 whereas this Section presents requirements over the 15-year period 2020 to 2035.
- The HGIs are based on the NISRA 2016-based household projections. The projections in this Section employ the medium household growth

⁴⁹ There are some technical differences in the implementation of the net stock model for the HGIs compared with the scenarios presented in this Section – see Annex 8.A.

scenario, described in Section 5⁵⁰, which is derived from 2018-based population projections.

- The HGIs are based solely on newly arising households and do not include a backlog component.
- The projections in this Section include an affordability analysis, which is not part of the HGIs.

Bearing those caveats in mind, the projected new dwelling requirements 2020 to 2035 for the Armagh City, Banbridge and Craigavon LGD (coterminous with the Craigavon Urban Area HMA) and the Newry, Mourne and Down LGD in the medium household growth scenario, without the backlog, are shown in Table 8.19 alongside the annualised HGIs 2016 to 2030.

As can be seen from Table 8.19, for both LGDs the annualised HGIs exceed the annualised figures from the medium household growth scenario. The main reason for that variation lies in the use of different assumptions for the change in vacant dwellings. For example, in the HGI projections for Armagh City, Banbridge and Craigavon, the change in vacant dwellings between 2016 and 2030 adds 275 per annum to the projected new dwelling requirements, representing 22.5 per cent of the total⁵¹. Alternatively, 22.5 per cent of the projected HGI requirement would not be occupied by newly arising households. Similarly, for the Newry, Mourne and Down HGI projections, the change in vacant dwelling requirements accounts for 20 per cent of the projected total HGI (144 per annum).

By contrast, in the specification for the projections in this SHMA, the vacant dwelling rate is held constant. With that assumption, the projected requirement for additional vacant dwellings in Armagh City, Banbridge and Craigavon is 36 per annum. That difference of 239 (275 minus 36) is the main factor accounting for the difference between the annualised HGI requirement (1,220) and the medium household growth scenario (1,030 per annum). For the Newry, Mourne and Down LGD, the constant vacancy rate assumption yields a requirement for 24 additional vacant dwellings per annum. That is 120 fewer than in the HGI specification, again accounting for the main part of the difference between the annualised requirements shown in Table 8.19.

⁵⁰ Though, as discussed in Section 5, the updated (2018) household projections, which are used for sensitivity testing of the projected new dwelling requirements, are quite similar to the NISRA 2016-based projections.

⁵¹ The technical reason is that the HGI assumes a vacant dwelling rate of 6.4 per cent for Armagh City, Banbridge and Craigavon, which is above the baseline 2016 vacant dwelling rate (3.0 per cent based on the 2016-based NISRA household projections used in the HGIs). As the vacant dwellings rate is assumed to rise over the HGI projection period, new dwellings are required to supply the required higher number of vacant dwellings.

Table 8.19 Annualised new dwelling requirements 2020-2035, no backlog, compared with Housing Growth Indicators 2016-2030

	Medium household growth scenario	Housing Growth Indicator	
	2020-2035	2016-2030 ¹	Adjusted, 2020-2030 ²
Armagh City, Banbridge and Craigavon	1,030	1,220	1,310
Newry, Mourne and Down LGD	630	720	740
1. Annualised figures taken from DfI, Housing Growth Indicators . 2. Derived by subtracting new dwelling completions (source: LPS, New dwelling statistics) for the years 2016-17 through 2019-20 from the total HGI requirements projected for 2016 to 2030.			

In addition, as the HGIs have a 2016 baseline, they can be adjusted for actual new dwelling completions over the period 2016-17 to 2019-20. Over that four-year time span, 3,926 new dwellings were completed in the Armagh City, Banbridge and Craigavon LGD. As the annualised completion rate of 982 over that period is below the annualised HGI figure (1,220), the adjusted HGI figure for the period 2020 to 2030 increases, to 1,310.

The picture is similar for the Newry, Mourne and Down LGD. There, 2,668 dwellings were completed in the four year period 2016-17 to 2019-20, giving an annual rate of 667. As that is below the annualised HGI figure of 720 for the 14 year period 2016-2030, the adjusted HGI requirement for the period 2020 to 2030 rises to 740 per annum.

A final point to bear in mind when comparing the SHMA projections with the HGI requirements is that, as illustrated in Table 8.4 above, the slower household growth projections in the years 2030 to 2035 are not reflected in the HGI projections.

It is also useful to caution against drawing comparisons between the net stock model projections in this SHMA and the social housing need assessments produced by the Housing Executive, such as the five-year ahead housing need estimates contained within the [Housing Investment Plans](#) (HIPs) prepared for each LGD.

The 2019-2023 HIP for the Armagh City, Banbridge and Craigavon LGD sets out a social housing need estimate 2018 to 2023 of 360, giving an annual average of 72. For the Newry, Mourne and Down LGD, the HIP gives a social housing need estimate of 1,884, giving an annual estimate for the five

year period of 377. However, as the social housing need estimates are based on a quite different methodology, those figures cannot be compared with the annualised projections presented in this SHMA.

In particular, the social housing need assessments contained within the HIP are based on modelling the gross backlog on the Common Waiting List. Thus, the social housing need estimates will include households with a tenure mismatch who are already in self-contained accommodation but who have a social housing need, due to over-crowding, accommodation which is unsuitable because of mobility problems, etc. If those households' social housing needs are met, the dwelling in which they currently reside frees up for some other household to occupy.

By contrast, in the net stock model projections, only those CWL applicants who do not currently live in their own self-contained accommodation and who have been assessed as homeless are included in the backlog.

There are other differences between the net stock model and the social housing needs model, which should also caution against drawing comparisons. For example, the social housing need model takes account of relets of social sector dwellings, which are vacated and become available for re-allocation to CWL applicants. Relets do not feature in the net stock model, since they are allocations of dwellings that already exist.

In addition, the social housing need and SHMA projections are made over different timescales, i.e., five and 15 years respectively. In the SHMA projections presented in this section, the trajectory of the social housing need projections, with no backlog, are shaped by the household projections, which are higher in the first five years of the projection period and lower thereafter. Within that context, the annualised social housing need projections cannot be compared with the annualised SHMA projections.

8.8 Key Points Summary

Based on the net stock model, new dwelling requirements have been projected over the 15-year period 2020 to 2035. The projections are made for the two South Eastern HMAs and the three Craigavon Urban Area HMA subareas.

The household projections on which the dwelling requirements are based are taken from the **medium household growth scenario**.

In that scenario, for the Craigavon Urban Area HMA, the projected number of **newly arising households** over the projection horizon is **12,790**. After allowing for expected changes in second homes, vacant dwellings, and the replacement of dwellings lost due to dereliction, demolition, etc, the projected total new dwelling requirements amount to **15,400**, giving an average annual requirement of **1,030** dwellings over the 15-year period.

For the Newry HMA, the projected number of **newly arising households** over the projection horizon is **5,700**. After allowing for expected changes in second homes, vacant dwellings, and the replacement of dwellings lost due to dereliction, demolition, etc, the projected total new dwelling requirements amount to **6,250**, giving an average annual requirement of **420** dwellings over the 15-year period.

Household growth is projected to slacken from the mid-2020s onwards, reflecting the expected slower growth in population. That feature of the household projections is reflected in the projected trajectory of new dwelling requirements. Thus, for the Craigavon Urban Area HMA, new dwelling requirements over the decade 2020 to 2030 are projected to average 1,090 per annum, falling to 900 per annum in the five years between 2030 and 2035. Similarly, for the Newry HMA, new dwelling requirements over the decade 2020 to 2030 are projected to average 440 per annum, falling to 370 per annum in the five years between 2030 and 2035.

The Craigavon Urban Area HMA contains an estimated **520** homeless individuals and families who do not have their own self-contained accommodation. The estimate for the Newry HMA is **780** homeless individuals and families. They form the net **backlog of housing need**, i.e. additional new dwellings are required to meet their need for accommodation. The net backlog has been measured from the Housing Executive's Common Waiting List (CWL) as at August 2019. The CWL is a comprehensive listing of individuals who have expressed a desire for alternative accommodation by applying for a social rented home.

With the addition of the backlog, the total new dwelling requirement for the Craigavon Urban Area HMA for the period 2020 to 2035 increases to **15,920**. Over the 15-year projection period, the net backlog adds an annual **30** to the requirement, bringing the annualised total to **1,060**.

For the Newry HMA, the total new dwelling requirement for the period 2020 to 2035 increases to **7,030**. Over the 15-year projection period, the net backlog adds an annual **50** to the requirement, bringing the annualised total to **470**.

The net **new dwelling requirements by tenure** have been projected based on a household affordability model, with income tests deployed to assign the following categories:

- **Market** – can afford market rent or has sufficient income to enter and sustain home ownership.
- **Intermediate** – cannot afford market rent but can afford more than social rent.
- **Social** – cannot afford intermediate or market rent.

Excluding the backlog, 67 per cent of the projected annualised requirements for the Craigavon Urban Area HMA are assigned to the market sector with 17 per cent to the intermediate sector and 15 per cent to the social sector. When the net backlog is assigned to the social sector, the social share rises to 18 per cent while the market share reduces to 65 per cent with the intermediate share unchanged at 17 per cent.

For the Newry HMA, when the backlog is excluded, 69 per cent of the projected annualised requirements are assigned to the market sector with 16 per cent to the intermediate sectors and 15 per cent to the social sector. When the net backlog is assigned to the social sector, the social share rises to 24 per cent while the market share reduces to 61 per cent and the intermediate share to 15 per cent.

The Housing Executive is responsible for the **provision and management of accommodation for the Irish Traveller Community**, including social housing, Traveller specific Group Housing, serviced sites and transit sites. **The findings from the [Northern Ireland Housing Executive Irish Traveller Accommodation Survey 2018-19](#)** provides an evidence base to inform the Irish Travellers Accommodation Strategy 2020-2025 and will be used to develop a Traveller-specific accommodation needs assessment.

Projections for new dwelling requirements are inherently uncertain. In the present context, the main source of uncertainty is the pace of household growth. To illustrate the sensitivities, the new dwelling requirements have also been projected on the basis of the updated (2018) and high growth household projections.

When applied to the Craigavon Urban Area HMA, the scenarios give a range of -1,000 and +920 around the central scenario for new dwelling requirements. That is a variance of about ± 6 per cent around the central scenario.

When applied to the Newry HMA, the scenarios give a range of -590 and +500 around the central scenario for new dwelling requirements. That is a variance of ± 7 to ± 9 per cent around the central scenario.

The range in the projection scenarios does not represent a 'confidence interval' and should be viewed strictly as an illustration of potential variation arising from different assumptions for household growth. However, as the scenarios for new dwelling requirements are based on making alternative assumptions regarding future rates of household growth, they can be interpreted as follows:

- The medium growth scenario provides the basis for the main new dwelling requirement projections.

- The updated (2018) projections serve to test projections for new dwelling requirements to reflect slower household growth compared with the medium growth scenario.
- The high growth projections play a similar role in testing for the effects of faster than anticipated household growth.

In addition to the average household size assumptions, the projected number of households depends also on the projected rate of population change. The population change scenarios discussed in Section 4 of the report have therefore been applied to the medium household growth scenario to illustrate the sensitivity of the projections for new dwelling requirements to varying household population levels.

Annex 8.A Data Sources: Net Stock Model

In this report, the net stock model is implemented by assuming that:

- The vacant dwellings rate remains constant over the projection period.
- Dwellings required to clear the backlog are fully occupied, i.e. zero vacancies within that portion of the projected stock.
- The proportion of households owning second homes remains constant, i.e. the level grows with the increase in households.
- Net conversions are held constant at an average of the historic annual flow.

Statistics on the numbers of second homes and vacant dwellings are not published for Northern Ireland. However, from a net stock model perspective, vacant dwellings and second homes share a distinct characteristic, i.e. they each represent a type of unoccupied dwelling. The approach in this SHMA has therefore been taken forward in two stages:

- First, estimate the proportion of dwellings that are unoccupied, regardless of whether they are vacant dwellings or second homes.
- Second, allocate the estimated number of unoccupied dwellings between vacant dwellings and second homes.

The estimation of **the unoccupied stock** in the baseline period is calculated from the simple accounting identity:

$$\text{Unoccupied stock} = \text{Total housing stock} - \text{Total households}$$

For the 2020 baseline period in this Section, total housing stock figures by LGD and Electoral Ward are available from the LPS [Housing Stock Statistics](#). From those data, the baseline housing stock levels by HMA and subarea can be calculated.

The estimates for total households have been made from the household projections for 2020, which vary between the updated, medium and high growth scenarios.

For a given household growth scenario, the proportion of the stock that is unoccupied is readily calculated by comparing the 2020 projected households with the 2020 dwelling stock statistics. In each scenario, that proportion is held constant over the projection period.

It may also be noted that, in the approach used here, for a given household growth scenario, the split between second homes and vacant dwellings within the estimated unoccupied dwelling stock is essentially notional, i.e. the

projected new dwelling requirements are not affected by the allocation, albeit the allocation may be of interest in its own right.

The allocation of the unoccupied stock to **second homes** was as follows.

Drawing on survey data, the HGI exercise assumed that, at Northern Ireland level, the proportion of households with a second home is 1.1 per cent. When applied to the projected number of households, that assumption gives the total number of dwellings that are second homes.

For example, from the medium growth scenario discussed in Section 5, the projected total number of households in Northern Ireland in 2020 is 750,740. If 1.1 per cent of those households have a second home in Northern Ireland, that implies a total of 8,325 second home dwellings in 2020.

For this SHMA, the Northern Ireland total of second homes was allocated geographically using the distribution of second homes enumerated at the 2001 Census of Population⁵². The source is dated but it is a benchmark data point and the results would seem reasonable (Table A8.1)⁵³.

Thus, in 2001, 6.3 per cent of second homes were located in the Newry HMA. Assuming their share of the Northern Ireland total remained at 6.3 per cent, by 2020 the number of second home dwellings across the HMA was 523, i.e. 6.3 per cent of 8,325. That equates to an estimated 1.2 per cent of the Newry HMA dwelling stock.

Once the number of second homes has been determined, the **vacant dwelling stock** is calculated as a residual in the baseline year, by taking the difference between the total housing stock, net of second homes, and the projected number of new households:

Vacant dwellings = (Total dwelling stock – Second homes) - Households

The proportion will therefore vary according to the chosen baseline and the household projection scenario (see Figures 7.12 and 7.13 in Section 7).

An important advantage of the approach outlined above is that the net stock model can be implemented in a wholly consistent fashion throughout the projection period. That is, the fundamental accounting identity (dwelling stock = households + second homes + vacant dwellings) is satisfied both in the baseline year and in each year of the projection period.

⁵² DfI used a different method of spreading the Northern Ireland control total.

⁵³ Note that the geographical spreader is based on the housing stock and that is how the results are presented in Table A8.1.

Table A8.1 Second homes: Distribution by South Eastern Area HMAs and subareas, 2020 estimated

	Per cent of NI total ¹	No. of second homes ²	Per cent of dwellings ³
Craigavon Urban Area HMA	1.8	148	0.2
Craigavon	0.5	41	0.1
Armagh	0.7	61	0.2
Banbridge	0.6	46	0.2
Newry HMA	6.3	523	1.2
Rest of N. Ireland	91.9	7,653	1.1
N. Ireland	100	8,325	1.0

1. Estimated from Table CAS363, Census of Population 2001.

2. NI total of second homes (8,325) multiplied by HMA's per cent share.

3. Second homes as per cent of dwelling stock, 2020 (dwelling stock sourced from LPS).

To implement the net stock model, **net changes** due to conversions, demolitions, etc. must be added to the projected changes in households, vacancies, and second homes. However, there is no data source available through which net changes can be directly measured. The only viable approach available is to estimate net changes as a residual by comparing new dwelling completions with changes in the housing stock:

Net changes = New dwelling completions – Change in housing stock

That is the same approach used in the production of the HGIs.

When the net changes estimate is positive, the new dwelling requirement is increased, to replace losses from the stock due to demolitions, etc.

When the net changes estimate is negative, the new dwelling requirement is reduced, as conversions, etc. add to the stock of dwellings available for newly forming households to occupy.

Net changes can fluctuate sharply when defined on an annual basis. It is therefore appropriate to take an average of a number of years as the input to the NSM projection.

Five, seven and nine year averages were examined and, following the HGI approach, the medium growth scenario reported in the SHMA uses the nine year average from 2010-11 to 2018-19.

For the Craigavon Urban Area HMA, that is a requirement for 136 dwellings per annum, totalling 2,043 over the 15-year projection period.

The Newry HMA net changes requirement was calculated as 19 per annum, giving a total of 291 over the 15-year projection period.

Annex 8.B New Dwelling Requirements: Net Stock Model Projections by Housing Market Area

Table A8B.1 Medium household growth - new dwelling requirements and components, 2020-2035, net stock model with no backlog, South Eastern HMAs

	Changes, 2020 to 2035:				Net changes	Requirements
	Households	Backlog	Vacant stock & second homes	Dwellings		
Changes 2020-2035						
Craigavon Urban Area HMA	12,790	0	570	13,360	2,040	15,400
Craigavon	7,280	0	360	7,640	1,090	8,730
Armagh	3,070	0	100	3,170	480	3,650
Banbridge	2,450	0	100	2,550	480	3,030
Newry HMA	5,700	0	260	5,960	290	6,250
Annualised						
Craigavon Urban Area HMA	850	0	40	890	140	1,030
Craigavon	490	0	20	510	70	580
Armagh	200	0	10	210	30	240
Banbridge	160	0	10	170	30	200
Newry HMA	380	0	20	400	20	420

Table A8B.2 Medium household growth - new dwelling requirements and components, 2020-2035, net stock model with backlog, South Eastern HMAs

	Changes, 2020 to 2035:				Net changes	Requirements
	Households	Backlog	Vacant stock & second homes	Dwellings		
Changes 2020-2035						
Craigavon Urban Area HMA	12,790	520	570	13,880	2,040	15,920
Craigavon	7,280	300	360	7,930	1,090	9,020
Armagh	3,070	100	100	3,270	480	3,750
Banbridge	2,450	130	100	2,670	480	3,150
Newry HMA	5,700	780	260	6,740	290	7,030
Annualised						
Craigavon Urban Area HMA	850	30	40	930	140	1,060
Craigavon	490	20	20	530	70	600
Armagh	200	10	10	220	30	250
Banbridge	160	10	10	180	30	210
Newry HMA	380	50	20	450	20	470

Table A8B.3 Updated (2018) household growth - new dwelling requirements and components, 2020-2035, net stock model with no backlog, South Eastern HMAs

	Changes, 2020 to 2035:				Net changes	Requirements
	Households	Backlog	Vacant stock & second homes	Dwellings		
Changes 2020-2035						
Craigavon Urban Area HMA	11,720	0	630	12,360	2,040	14,400
Craigavon	6,620	0	410	7,020	1,090	8,110
Armagh	2,880	0	110	2,990	480	3,470
Banbridge	2,230	0	110	2,340	480	2,820
Newry HMA	5,090	0	280	5,370	290	5,660
Annualised						
Craigavon Urban Area HMA	780	0	40	820	140	960
Craigavon	440	0	30	470	70	540
Armagh	190	0	10	200	30	230
Banbridge	150	0	10	160	30	190
Newry HMA	340	0	20	360	20	380

Table A8B.4 Updated (2018) household growth - new dwelling requirements and components, 2020-2035, net stock model with backlog, South Eastern HMAs

	Changes, 2020 to 2035:				Net changes	Requirements
	Households	Backlog	Vacant stock & second homes	Dwellings		
Changes 2020-2035						
Craigavon Urban Area HMA	11,720	520	630	12,880	2,040	14,920
Craigavon	6,620	300	410	7,320	1,090	8,410
Armagh	2,880	100	110	3,090	480	3,570
Banbridge	2,230	130	110	2,470	480	2,950
Newry HMA	5,090	780	280	6,150	290	6,440
Annualised						
Craigavon Urban Area HMA	780	30	40	860	140	990
Craigavon	440	20	30	490	70	560
Armagh	190	10	10	210	30	240
Banbridge	150	10	10	160	30	200
Newry HMA	340	50	20	410	20	430

Table A8B.5 High household growth - new dwelling requirements and components, 2020-2035, net stock model with no backlog, South Eastern HMAs

	Changes, 2020 to 2035:				Net changes	Requirements
	Households	Backlog	Vacant stock & second homes	Dwellings		
Changes 2020-2035						
Craigavon Urban Area HMA	13,800	0	480	14,280	2,040	16,320
Craigavon	7,930	0	300	8,230	1,090	9,320
Armagh	3,240	0	90	3,330	480	3,800
Banbridge	2,630	0	90	2,720	480	3,200
Newry HMA	6,240	0	220	6,460	290	6,750
Annualised						
Craigavon Urban Area HMA	920	0	30	950	140	1,090
Craigavon	530	0	20	550	70	620
Armagh	220	0	10	220	30	250
Banbridge	180	0	10	180	30	210
Newry HMA	420	0	10	430	20	450

Table A8B.6 High household growth - new dwelling requirements and components, 2020-2035, net stock model with backlog, South Eastern HMAs

	Changes, 2020 to 2035:				Net changes	Requirements
	Households	Backlog	Vacant stock & second homes	Dwellings		
Changes 2020-2035						
Craigavon Urban Area HMA	13,800	520	480	14,800	2,040	16,840
Craigavon	7,930	300	300	8,520	1,090	9,610
Armagh	3,240	100	90	3,430	480	3,910
Banbridge	2,630	130	90	2,850	480	3,330
Newry HMA	6,240	780	220	7,240	290	7,530
Annualised						
Craigavon Urban Area HMA	920	30	30	990	140	1,120
Craigavon	530	20	20	570	70	640
Armagh	220	10	10	230	30	260
Banbridge	180	10	10	190	30	220
Newry HMA	420	50	10	480	20	500

Table A8B.7 Population change scenarios, new dwelling requirements, no backlog, South Eastern HMAs

	Population change scenario			
	Principal (2018- based)	Zero External migration	Zero net migration	Constant NI share
	New dwelling requirements, no backlog			
	<i>No.</i>	<i>No.</i>	<i>No.</i>	<i>No.</i>
Craigavon Urban Area HMA	15,400	10,400	10,920	10,180
Craigavon	8,730	5,550	5,880	5,090
Armagh	3,650	2,150	2,720	2,590
Banbridge	3,030	2,700	2,320	2,510
Newry HMA	6,250	4,160	5,720	4,670
	Annualised			
	<i>No.</i>	<i>No.</i>	<i>No.</i>	<i>No.</i>
Craigavon Urban Area HMA	1,030	690	730	680
Craigavon	580	370	390	340
Armagh	240	140	180	170
Banbridge	200	180	150	170
Newry HMA	420	280	380	310

Table A8B.8 Population change scenarios, new dwelling requirements, with backlog, South Eastern HMAs				
	Population change scenario			
	Principal (2018- based)	Zero External migration	Zero net migration	Constant NI share
	New dwelling requirements, no backlog			
	<i>No.</i>	<i>No.</i>	<i>No.</i>	<i>No.</i>
Craigavon Urban Area HMA	15,920	10,920	11,440	10,710
Craigavon	9,020	5,850	6,170	5,380
Armagh	3,750	2,260	2,820	2,690
Banbridge	3,150	2,820	2,450	2,630
Newry HMA	7,030	4,940	6,500	5,450
	Annualised			
	<i>No.</i>	<i>No.</i>	<i>No.</i>	<i>No.</i>
Craigavon Urban Area HMA	1,060	730	760	710
Craigavon	600	390	410	360
Armagh	250	150	190	180
Banbridge	210	190	160	180
Newry HMA	470	330	430	360

9 Concluding Remarks

Over the next 15 years, housing need and demand in the South Eastern HMAs will be strongly shaped by established demographic trends.

In particular, the ageing of the population is expected to gather pace in the period to 2035. If present trends continue, the number of persons aged 65 and over is projected to rise by 52 per cent in the Craigavon Urban Area HMA and by 57 per cent in the Newry HMA. The ageing trend is not at all unique to the South Eastern HMAs, and will be seen across all of Northern Ireland, as the average increase in persons aged 65 and over is projected at 48 per cent.

The population ageing effect has important consequences for household size and composition, including the number of lone elderly households. Average household size will continue to fall. That trend will be accompanied by a rise in the number of one- and two-person households and falling numbers of households with three or more persons. Between 2018 and 2035, the number of households with children is projected to fall, by -2 per cent in the Craigavon Urban Area HMA and by -3 per cent in the Newry HMA. By 2035, the majority of households will comprise one or two adults, 57 per cent in the Craigavon Urban Area HMA and 53 per cent in the Newry HMA.

Reflecting the ageing trend, the number of households where the head is aged 65 and over is expected to increase by 46 per cent in the Craigavon Urban Area HMA and by 56 per cent in the Newry HMA. Consequently, by 2035, in both HMAs one in three (33 per cent) occupied dwellings will be headed by persons aged 65 and over, up from 26 per cent in 2018 in the Craigavon Urban Area HMA and 25 per cent in the Newry HMA. Thus, the net change in the number of households to 2035 will be concentrated among those where the head is aged 65 and over.

Most of those older households will be comprised of one or two persons. They will typically own their home, reflecting a tenure choice made when they were in the age range 25 to 39, at the early stage in the family life cycle. If current patterns in the occupancy of dwellings persist, the majority will live in properties that are 'under-occupied' insofar as they contain more bedrooms than would be (notionally) implied by their household size and type. While the available evidence indicates that the majority of older people prefer to stay in their own home, some may wish to downsize. In addition, as the prevalence of health problems or a disability increases with age, it is likely that there will be an increase in demand for homes and adaptations that meet the needs of older people.

Nonetheless, new household formation will continue to be driven by younger people in the age range 25 to 39, albeit over the projection period they will be outnumbered by currently existing households ageing into the 65 and over bracket. The evidence from this SHMA is that, where they have the

resources to purchase in the housing market, newly forming households in the 25 to 39 age range will mainly demand detached and semi-detached dwellings with three or more bedrooms. Their prospects of satisfying their aspirations will be affected by the affordability of such properties. While house price growth had been modest prior to the pandemic, the period since spring 2020 has seen prices rise across Northern Ireland, including in the South Eastern HMAs. The expectation is that the recent bout of house price growth will slow down.

The second major demographic trend that will influence the South Eastern HMAs over the next decade and a half is the projected slowdown in the rate of population growth.

Similar to all other HMAs within Northern Ireland, the outlook for population growth points to a declining contribution from natural change. In the Craigavon Urban Area HMA, the annual contribution from natural increase is projected to more than halve, from over 1,260 in 2018-19 to 610 by 2034-25. Similarly, in the Newry HMA, the contribution is projected to fall from 760 in 2018-19 to 410 by 2030-35. The fall in the contribution from natural change will result in a slower pace of population growth over the next 15 years compared with the last two decades. An important consequence of that slower pace of population growth is that new household formation is projected to grow more slowly by comparison with the historical experience.

In both HMAs, and especially the Craigavon Urban Area HMA, the declining contribution from natural change is expected to be more than offset by a continuation of the historic trend of population gains from international immigration. That source of population growth is projected to keep the HMAs growing ahead of the Northern Ireland average over the projection period. That assumption is subject to heightened uncertainty as the UK transitions to a new immigration regime in the post-Brexit environment.

Finally, regarding the spatial pattern of growth, in the Craigavon Urban Area HMA, the rural population share has fallen slightly since 2011, having risen sharply in the previous decade. Driven mainly by faster growth in small villages, hamlets and the open countryside, the rural population share in the Newry HMA has remained on an upward trend over the past decade.

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